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The Launch of the Euro

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The introduction on January 1, 1999, of the euro—the single currency adopted by eleven of the fifteen countries of the European Union—marked the beginning of the final stage of Economic and Monetary Union and the start of a new era in Europe. This historic achievement was the culmination of a lengthy process that began in March 1957, when six European nations—Belgium, France, Germany, Italy, Luxembourg, and the Netherlands—signed the Treaty of Rome, thereby founding the European Economic Community (EEC).[1] The Treaty came into effect on January 1, 1958, exactly forty-one years before the inception of the new single European currency.[2]

Although the Treaty of Rome created a closer economic union among member countries, these countries did not at the time envisage an actual monetary union. In 1971, a group of European experts developed a proposal for coordinated or harmonized monetary policy among EEC members; this proposal was made explicit in the Werner plan. Further progress toward monetary integration was set in motion by the establishment in 1979 of a system of stable, but adjustable, exchange rates known as the European Monetary System. The first major revision to the Treaty of Rome was the Single European Act, signed in 1986, which affirmed old objectives and set new ones, including the establishment of a European single market and the gradual realization of monetary union. In 1989, specific stages toward achieving Economic and Monetary Union (EMU) were detailed in the Delors Committee report, and in December 1991 in the Dutch city of Maastricht, European Union (EU) nations produced the Treaty on European Union.[3]

1. Comparison of the euro area and the United States
Percent except as noted

Item	Euro area	United States
Population (1997, millions)	282	268
Nominal GDP (1998, trillions of dollars)	6.6	8.5
Inflation (June 1999, twelve-month percent change)[1]	.9	2.0
Unemployment rate (July 1999)[2]	10.3	4.3
Exports as a share of GDP (1998)	33.7	11.3
Excluding intra-euro-area trade	13.5	. . .
Imports as a share of GDP (1998)	31.5	13.0
Excluding intra-euro-area trade	12.1	. . .

1. Euro-area harmonized inflation is calculated from a weighted average of harmonized consumer price indexes for individual countries. The harmonized indexes are constructed by standardizing some aspects of statistical practice and eliminating categories from national consumer price indexes, leaving indexes with basically identical coverage across countries.

2. Euro-area unemployment estimates are based on the results of the European Community Labour Force Survey.

. . . Not applicable.

This treaty, generally referred to as the Maastricht Treaty, became the effective "constitution" for EMU, providing the criteria for judging macroeconomic convergence and laying the groundwork for the eventual establishment of the European Central Bank.[4] In early May 1998, the heads of state or government of the fifteen EU countries agreed that eleven countries (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain) should move forward into the final stage of EMU, creating an economic area comparable in size to that of the United States (table 1). The European Commission of the European Union and the European Monetary Institute evaluated each country's readiness for entry on the basis of the

1. The Treaty of Rome was preceded in 1951 by the Treaty of Paris to which the same six European nations were signatories; the Treaty of Paris established the European Coal and Steel Community, which aimed at the more-limited objective of pooling the coal and steel resources of member countries.

2. Over the years, membership in the EEC, which was renamed the European Union, grew from the initial six countries to fifteen, with Denmark, Ireland, and the United Kingdom becoming full members in 1973, Greece in 1981, Spain and Portugal in 1986, and Austria, Finland, and Sweden in 1995.

3. For further background on the stages leading up to EMU, see Hervé Carré and Karen H. Johnson, "Progress toward a European Monetary Union," *Federal Reserve Bulletin*, vol. 77 (October 1991), pp. 769–83; Peter Kenen, *Economic and Monetary Union in Europe: Moving beyond Maastricht* (Cambridge University Press, 1995), and Robert Solomon, *Money on the Move: The Revolution in International Finance since 1980* (Princeton University Press, 1999).

4. The Maastricht Treaty also provided the legal basis for the European Central Bank and protocols for the European System of Central Banks (ESCB) and the European Monetary Institute (EMI). The ESCB comprises the European Central Bank and the fifteen EU-member national central banks. The EMI was the precursor to the ECB. During its transitory existence between January 1994 and July 1998, the EMI worked to strengthen cooperation and monetary policy coordination among national central banks and to facilitate preparations for the establishment of the ESCB.

performance criteria for inflation, fiscal policy, long-term interest rates, and exchange rates and on the conformity of each country's national central bank legislation with the Maastricht Treaty. The European Central Bank came into formal existence on July 1, 1998, and took over responsibility for the monetary policy of the EMU member states on January 1, 1999.

The creation of a single currency and a single monetary policy has provided both extraordinary challenges and exceptional opportunities within Europe. A new financial infrastructure was necessary to handle transactions in the new currency. Although the euro does not yet exist as a physical currency—bank notes and coins will not be introduced until 2002—the euro is traded in financial markets, new issues of securities are denominated in euros, and official statistics in the euro area are quoted in the euro (table 2). For financial firms, the creation of the euro required conversion of numerous existing accounts and systems for trading, risk analysis, and liquidity management to the new currency. Although development of these systems had been ongoing for several years, the actual switchover took place over the long "conversion weekend" from the close of business on December 31, 1998, through the opening of business on January 4, 1999. Round-the-clock efforts in major financial centers were necessary for handling the complexities of re-denominating euro-area government bonds to the new currency, converting financial accounts, and doing final testing of the system for interbank payments. Now that the initial transition has been successfully completed, the establishment of the single monetary area and the removal of currency risk among member countries is expected to provide unprecedented opportunities for cross-border trading, portfolio expansion, and mergers and acquisitions among European companies.

This article reviews the organization, objectives, and targets of the euro area's new central bank and discusses some of the early challenges it has faced in setting and implementing monetary policy with the new common currency. It discusses the initial functioning of the payment system and the interbank market and reviews the effects to date of the single currency on European bond and equity markets, on the banking system, and in euro-area transactions.

2. Official currency conversion rates

Country	Currency	Currency units per euro
Austria	schilling	13.7603
Belgium	franc	40.3399
Finland	markka	5.94573
France	franc	6.55957
Germany	mark	1.95583
Ireland	punt	.787564
Italy	lira	1936.27
Luxembourg	franc	40.3399
Netherlands	guilder	2.20371
Portugal	escudo	200.482
Spain	peseta	166.386

SOURCE. European Central Bank.

ORGANIZATION OF THE NEW EUROPEAN CENTRAL BANK AND THE EUROSYSTEM

With the start of the final stage of EMU, monetary policy is no longer set individually at each of the national central banks of the euro-area countries. Instead, monetary policy is determined for the euro area as a whole by the Eurosystem. The Eurosystem comprises the new European Central Bank (ECB) at its center as well as the national central banks of the eleven countries currently participating in the monetary union.[5] The Maastricht Treaty grants the ECB full constitutional independence. It explicitly states that neither the ECB nor any member of its decisionmaking bodies shall seek or take instructions from European Commission institutions, from any government of a member state, or from any other organization or institution. The primary decisionmaking bodies of the ECB are the Executive Board and the Governing Council. The Executive Board consists of the president and vice president of the ECB and four other members (table 3). These members are appointed by common agreement among the governments of EMU member states on a recommendation from the EU Council after consulting with the European Parliament. The members of the Executive Board are also members of the Governing Council, along with the governors of the national central banks of the eleven EMU member countries. The primary responsibility of the Governing Council is the setting of monetary policy within the euro area. The primary responsibility of the Executive Board is to implement monetary policy and to issue instructions as necessary to the national central banks in accordance with the guidelines of the Governing Council. Although required by law to meet at least ten times a year, the Governing Council in practice meets every two

5. The ESCB includes the ECB and the national central banks from all fifteen EU member states. At the time that the Maastricht Treaty was signed, it was generally understood that all EU countries would enter into EMU at the same time, and the Maastricht Treaty refers to the ESCB and not the Eurosystem. The national central banks of the member states that do not participate in the Eurosystem are members of the ESCB but have a special status; they are allowed to conduct their respective national monetary policies, and they do not take part in the decisionmaking regarding euro-area monetary policy and its implementation.

3. Comparison of the organizational structure of the Eurosystem and the Federal Reserve System

Item	Eurosystem	Federal Reserve System
Staffing		
Total	53,000+	24,500+
At headquarters	500+	1,700+
Monetary policy decisionmaking committee	The Governing Council	The Federal Open Market Committee
Number of members on the monetary policy committee	Seventeen: six members of the Executive Board plus eleven governors of the national central banks of EMU member states.	Twelve: seven members of the Board of Governors, plus the president of the Federal Reserve Bank of New York, and four of the remaining eleven regional Federal Reserve Bank presidents rotating on a two-year basis.
Geographic representation	No specific requirements for the six Executive Board members.	No more than one member of the Board of Governors may be selected from any of the twelve Federal Reserve Districts.
Meeting frequency	At least ten meetings per year required by law. In practice, bi-monthly, every other Thursday.	At least four meetings per year required by law. In practice, eight times per year.
Publication of minutes	Minutes accessible after thirty years. In special cases, the Governing Council may shorten this period. The president and the vice president hold a press conference following the first Governing Council meeting of each month.	Minutes released a few days after the next regularly scheduled FOMC meeting. Lightly edited transcripts of all meetings for a complete year released after a lag of five years.
Regulatory and supervisory responsibilities	Most of the key prudential regulations are harmonized in the EU. The primary responsibility for supervision remains at the national level. European Banking Supervisory Committee of the ECB aims to ensure coordinated supervision.	Primary responsibility for supervising and regulating all bank holding companies and their nonbank foreign subsidiaries, state-chartered banks that are members of the Federal Reserve and their foreign branches, and Edge Act and agreement corporations.

weeks, a schedule similar to that employed by the German Bundesbank through December 1998.

Objectives and Targets

As specified in the Maastricht Treaty, the primary objective of the ECB is to "maintain price stability." Without jeopardizing this objective, the ECB is also expected to support the general economic policies of the European Commission. In this respect, the mandate of the ECB is similar to that of the Bundesbank. Section 3 of the Deutsche Bundesbank Act, which was signed into law in 1957 and later amended to comply with the Maastricht Treaty, names the main duties of the central bank as the regulation of the amount of money in circulation and of credit supplied to the economy with the aim of "safeguarding the currency." In practice, safeguarding the currency was interpreted to mean price stability. In comparison, the Federal Reserve Act states that U.S. monetary policy should seek "to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates."

The ECB's published definition of price stability is inflation, measured as the twelve-month change in the harmonized index of consumer prices for the euro area, of below 2 percent—with no explicitly defined lower bound.[6] Although the ultimate goal of euro-area monetary policy is clearly specified as price stability, the Governing Council of the ECB has adopted a flexible approach toward achieving this goal. Unlike the Bundesbank, which followed a specific intermediate target for a broad monetary aggregate, the Governing Council would—as Wim Duisenberg, president of the ECB, announced in October 1998—take into consideration a "reference value" for growth of a monetary aggregate and a mix of other indicators defined as "a broadly-based assessment of the outlook for future price develop-

6. Harmonized inflation for the euro area is calculated from a weighted average of harmonized consumer price indexes for individual countries. The harmonized indexes are constructed by standardizing some aspects of statistical practice and eliminating categories from national consumer price indexes, leaving indexes with basically identical coverage across countries.

ments."[7] The relevant reference value for the central bank's monetary growth target, which was announced in December 1998 and is effective through December 1999, is for areawide M3 growth of 4½ percent, as measured by a three-month moving average of the twelve-month percent change. In January 1999, the ECB noted that, among other things, the mix of other indicators will include wages, bond prices, the yield curve, measures of real activity, business and consumer surveys, and the exchange rate.[8]

To an important degree, the ECB's adoption of a flexible and pragmatic approach to monetary policy was influenced by a number of transitory constraints. During the initial stages, ECB officials were confronted with euro-area data that at times were incomplete and not fully harmonized, especially regarding historical data. Moreover, because national statistical agencies continued to publish the bulk of national statistics, there was a risk that financial markets might pay undue attention to developments in individual countries instead of those in the euro area as a whole. These constraints noted, the availability of timely and accurate euro-area data grew considerably in the first months of 1999. However, the "structural break" associated with monetary union provided another complication for interpreting and projecting basic economic relationships in the medium run, because both inflation and money growth relationships rely, explicitly or implicitly, on an understanding of the historical relationship between aggregate economic variables and the price level. Thus, the ECB's choice of a flexible approach to monetary policymaking was pragmatic. The need for the ECB to be flexible in the short run makes its policy setting less transparent. However, given the uncertainties about structural economic relationships during the transition, the ECB has chosen not to specify any intermediate target—at least, not until experience provides sufficient evidence that such a step would be productive.

Implementation of Monetary Policy at the ECB

Although decisions regarding monetary policy are made centrally by the Governing Council of the Eurosystem, the operational aspects of monetary policy implementation—including open market operations, administration of the minimum reserve system, and management of the standing facilities—are undertaken in a decentralized fashion at the eleven national central banks. The main features of the Eurosystem's operating procedures are similar in many respects to those employed by the Bundesbank and other national central banks in the euro area in recent years (see the box "Comparison of Eurosystem Monetary Operating Procedures with Those of the Bundesbank and the Federal Reserve System"). The Eurosystem provides liquidity to the euro-area banking system primarily through a weekly refinancing operation with a two-week maturity.[9]

Beginning with its first weekly tender settled on January 7, the ECB has offered only fixed-rate tenders at its weekly refinancing operations. These tenders are bids by eligible banks for credit at the interest rate specified by the ECB. The Eurosystem then allocates the amount it decides to provide among the bids it has received.[10] Individual banks are not restricted as to the volume of their bids, and they are required to have sufficient collateral to cover only the actual amount allocated. Additional liquidity is provided through longer-term monthly tenders that are conducted as variable-rate tenders with a three-month maturity. "Fine-tuning" operations may also be used to make further adjustments to the amount of liquidity in the market, although through June 30, no such operations had been undertaken.

The Eurosystem also has two standing facilities to provide and absorb overnight money and to provide a "corridor" for the market-determined interbank rate: the marginal lending facility and the deposit facility. The marginal lending facility provides overnight credit to all eligible credit institutions with sufficient collateral, and its interest rate usually serves as a ceiling for the overnight interbank rate. There is no stigma associated with borrowing at the marginal lending facility. However, such borrowing takes place at a penalty rate, in that the interest rate on the marginal lending facility is generally set between

7. For more details on Germany's use of monetary targets, see Linda S. Kole and Ellen E. Meade, "German Monetary Targeting: A Retrospective View," *Federal Reserve Bulletin*, vol. 85 (October 1995), pp. 917–31.

8. For further information on the ECB's monetary strategy, see "The stability-oriented monetary strategy of the Eurosystem," *European Central Bank Monthly Bulletin* (January 1999), pp. 39–51.

9. The underlying securities for the weekly refinancing operations are predominantly euro-area government bonds and notes, but they also include shorter-maturity government securities and some private-sector securities. Each week, the ECB announces the list of securities that are eligible for use in monetary operations.

10. In this article, the terms *bank* and *banking system* are intended to include all euro-area credit institutions that are eligible to conduct operations with the Eurosystem. For further details, see European Central Bank, "The Single Monetary Policy in Stage Three: General documentation on ESCB monetary policy and procedures" (September 1998).

100 and 150 basis points above the official weekly refinancing rate. The overnight interbank rate usually trades close to the weekly refinancing rate, giving banks an incentive to borrow in the interbank market if possible. Intra-day credit that is not repaid by the end of the day automatically rolls over to overnight lending through the marginal lending facility.

The second standing facility, the deposit facility, usually provides a floor for the interbank rate. This facility is available for banks to deposit excess funds

Comparison of Eurosystem Monetary Operating Procedures with Those of the Bundesbank and the Federal Reserve System

EUROSYSTEM

Primary Operations

The refinancing tender is a weekly repurchase operation with a two-week maturity. The tenders may be offered at a fixed or variable interest rate. To date, only fixed-rate tenders have been offered at the weekly refinancing operations. Allocated credit must be collateralized; eligible counterparties include all credit institutions subject to the Eurosystem's minimum reserve requirements that have sufficient collateral and that satisfy the operational criteria required by individual national central banks. The underlying securities for the weekly refinancing operations are predominantly euro-area government bonds and notes but also include shorter-maturity government securities and some private-sector securities. Each week, the ECB announces the list of securities that are eligible for use in monetary operations. Additional liquidity is provided through monthly refinancing operations. These are repurchase transactions at a three-month maturity, offered as variable-rate tenders of a fixed amount.

Standing Facilities

Marginal Lending Facility. The marginal lending facility is open to all eligible credit institutions with sufficient collateral for overnight credit from the Eurosystem. To date, the normal setting for the interest rate on the marginal lending facility is 100 to 150 basis points above the weekly refinancing rate.

Deposit Facility. The deposit facility is open to all eligible credit institutions for depositing excess funds overnight. To date, the normal setting for the interest rate on the deposit facility is 100 basis points below the refinancing rate.

BUNDESBANK (before January 1, 1999)

Primary Operations

From December 1993 through December 1998, the Bundesbank's primary monetary operations were conducted through weekly repurchase tenders with a two-week maturity, using either a fixed- or a variable-rate tender. The resulting "repo" rate was regarded as the most-important official interest rate. In general, the Bundesbank tended to use a variable-rate tender except during periods when it wanted to provide guidance to market interest rates. Between February 1996 and December 1998, the Bundesbank conducted only fixed-rate tenders.

Standing Facilities

Marginal Lending (Lombard) Facility. The Lombard facility was available for overnight credit from the Bundesbank for eligible credit institutions with sufficient collateral. The interest rate on the Lombard facility was normally set about 150 basis points above the repo rate. No stigma was associated with borrowing at the Lombard rate, but the facility was not intended as a permanent source of funding.

Discount Facility. Discount lending provided an additional source of liquidity at a subsidized rate, normally set about 100 basis points below the repo rate. Over time, the importance of the discount facility diminished; by 1996, it accounted for about one-third of central bank liquidity, down from nearly two-thirds in the mid-1980s.

FEDERAL RESERVE SYSTEM

Primary Operations

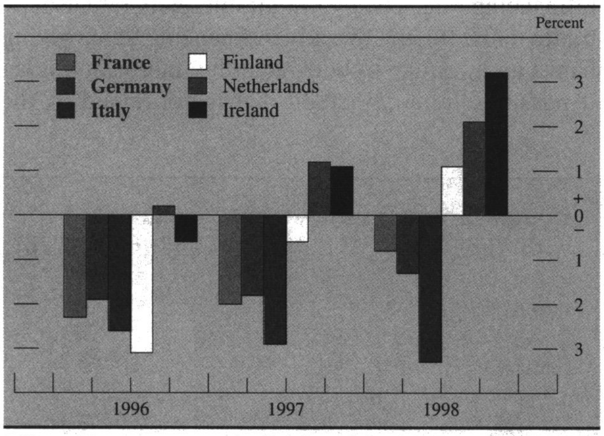
In contrast to the European Central Bank, the Federal Reserve System does not have an official repurchase rate at which it provides credit to the banking system. Instead, the Federal Reserve specifies as a target an intended level for the federal funds rate, which is the market overnight interbank borrowing rate, and conducts open market operations to influence the level of liquidity in the funds market to achieve that interest rate on average. Open market operations are conducted several times a week primarily in the form of variable-rate repurchase transactions of government securities, with a maturity ranging from one day to ninety days. Outright transactions in Treasury bills are also occasionally used.

Standing Facility

Discount Window. The discount window is a source of below-market-rate borrowing; borrowing at the discount window is normally restricted to banks that cannot obtain funds elsewhere at reasonable cost.

that earn interest, although excess funds are not automatically swept into it. Normally, the interest rate on the deposit facility is 100 basis points below the refinancing rate. Thus, in normal times, the corridor provided by the marginal lending and deposit facilities is quite wide, at 2 percent to 2.5 percent. From January 4 through January 21, however, interest rates on the two standing facilities were set only 50 basis points apart—25 basis points on either side of the refinancing rate—to help ease distortions in the money market during the initial weeks of operations under the single currency.

1. Output gaps for selected euro-area countries, 1996–98



NOTE. The output gaps are the deviations of actual GDP from potential GDP as a percentage of potential GDP.
SOURCE. OECD *Economic Outlook*, June 1999.

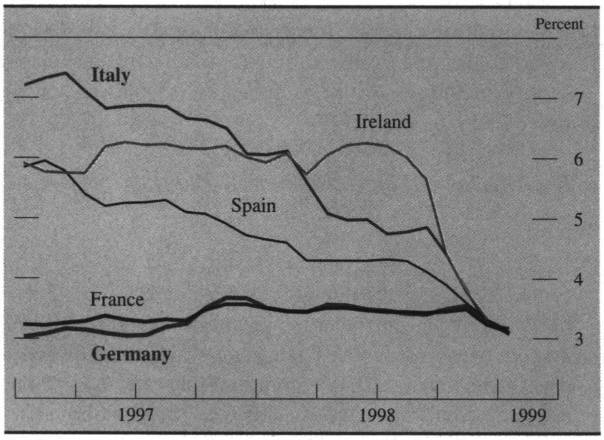
MACROECONOMIC BACKGROUND AND RECENT ECONOMIC DEVELOPMENTS IN THE EURO AREA

The euro came into existence in an economic environment that turned out to be less than hospitable. Considerable downside risks to real economic activity were evident around the globe in the fall of 1998, stemming mainly from the Russian financial crisis in mid-1998, but also from the latter stages of the financial crisis in Asia and the signs of turmoil in Latin America. At the same time, the prolonged stagnation in Japan showed no signs of abating in the near term, and in the United Kingdom—a potential future entrant into the euro area—growth had slowed sharply from its previous robust pace. In contrast, U.S. economic activity continued to expand rapidly.[11]

Moreover, most European countries that were striving to meet the criteria of the Maastricht Treaty for EMU membership in the first round had undertaken significant fiscal tightening in 1997, the lagged effects of which, to some extent, carried over to 1998. The fiscal tightening, coupled with the negative effects of the Asian and Latin American crises on European foreign trade, brought early signs of a slowdown in Europe in the last quarter of 1998—the period in which final preparations for the launch of the euro were being made. Thus, given the robust pace of activity across the Atlantic, differences in cyclical economic positions set the stage for significant potential downward pressure on the exchange rate of the yet-to-be-born currency against the dollar.

Cyclical differences among countries heading into the final stage added another complication to the economic picture. Economic activity in some countries, such as Germany and Italy, grew at only a moderate pace in 1998, while the economies of some other countries, notably Finland and Ireland, expanded rapidly. These differences could be seen in the increasing divergence in output gaps, a measure of unused capacity in the economy (chart 1). The differences became all the more relevant for the setting of monetary policy in light of the lower nominal interest rates brought about by convergence of official interest rates to levels prevailing in Belgium, France, Germany, and the Netherlands in the months leading up to January 1, 1999 (chart 2). Long-term interest rates had largely converged by early 1998, bringing forward some of the benefit of EMU (chart 3). In countries in which activity was already

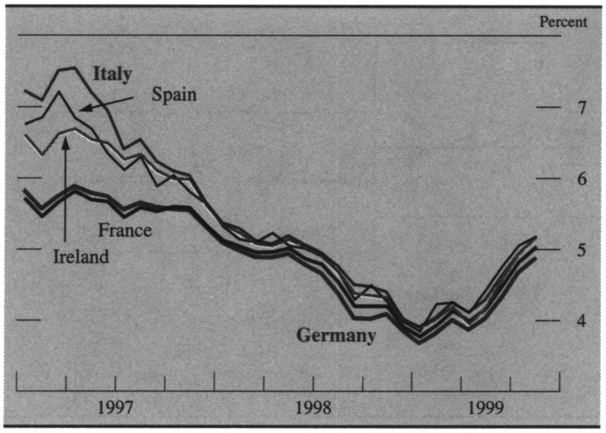
2. Short-term interest rates for selected euro-area countries, January 1997–March 1999



NOTE. The data are monthly averages. Short-term interest rates are three-month interbank rates.

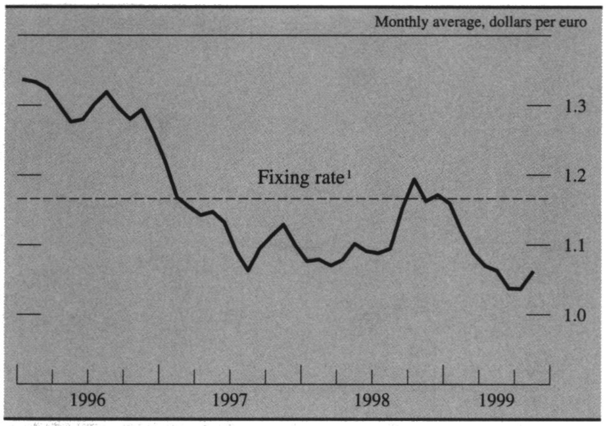
11. To preserve the ongoing economic expansion in the United States, the Federal Open Market Committee responded to the increasing risks associated with weakening economic activity abroad and volatile conditions in financial markets in the autumn by reducing the intended federal funds rate a total of 75 basis points.

3. Long-term interest rates for selected euro-area countries, January 1997–August 1999



NOTE. The data are monthly averages. Long-term rates are nominal ten-year (or closest available maturity) government bond yields.

4. Exchange rate of the euro against the U.S. dollar, January 1996–August 1999



NOTE. The data are monthly averages. The exchange rate monthly data use the restated German mark before January 1999.

1. The fixing rate was set on December 31, 1998, at 1.16675 U.S. dollars per euro.

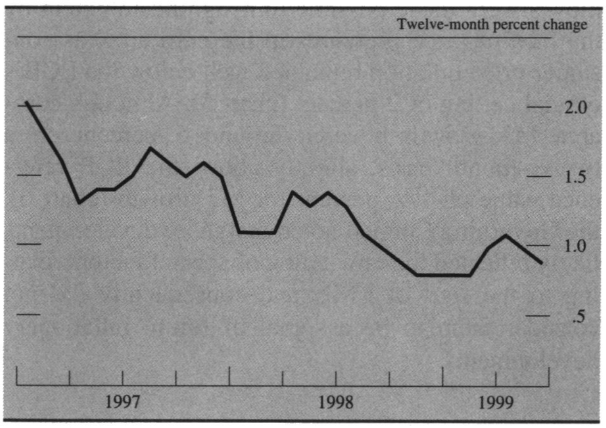
robust, such as Ireland, the convergence process provided some additional marginal stimulus.[12]

Recent Economic Developments and Policy Actions

From mid-September through the end of December 1998, the currencies of the eleven euro-area countries appreciated significantly against those of some trading partners, particularly against the U.S. dollar. After its inauguration on January 4, 1999, however, the new currency depreciated fairly steadily against other major currencies. By the end of July, the exchange value of the euro against the dollar had depreciated more than 13 percent from its initial value of 1.167 dollars per euro (see chart 4); recently it has reversed some of this depreciation.[13]

For the most part, the euro's steady weakening against the dollar was driven by differences in cyclical conditions between the euro area, where economic activity in the largest countries remained subdued, and the United States, where economic activity was still robust. The weaker euro provided some stimulus to euro-area foreign trade, although in evaluating the potential effects of the depreciation of the euro against other major currencies, namely the U.S. dollar and the U.K. pound, it is useful to note that once intra-euro-area trade is excluded, the euro-area economy is relatively closed compared with the individual economies of the eleven countries before the adoption of the euro (see table 1). Thus, larger movements in the value of the euro may be necessary to affect areawide economic activity than the move-

5. Monetary Union Index of Consumer Prices (MUICP) for the euro area, January 1997–June 1999

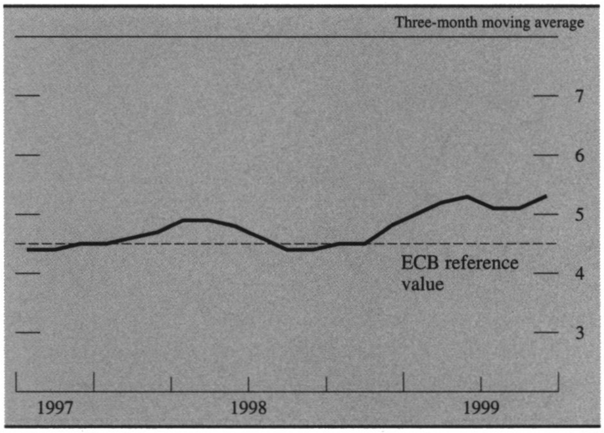


NOTE. The data are monthly averages. The MUICP is calculated as a weighted average of harmonized consumer price indexes of the euro-area countries. The harmonized indexes are constructed by standardizing some aspects of statistical practice and eliminating categories from national consumer price indexes, leaving indexes with basically identical coverage across countries. Country weights are calculated every year from the country's share of private final domestic consumption expenditure in the euro-area total (from Eurostat).

12. In early October, central banks in Spain and Portugal reduced official rates 50 basis points, and the Central Bank of Ireland cut rates 125 basis points. The Bank of Italy waited until December 28 before cutting its official rates 50 basis points to complete the process of convergence. A coordinated interest rate reduction by all prospective euro-area national central banks on December 3 provided additional stimulus. By January 1, the total weighted-average decline in euro-area rates that had occurred since September 1998 was about 75 basis points.

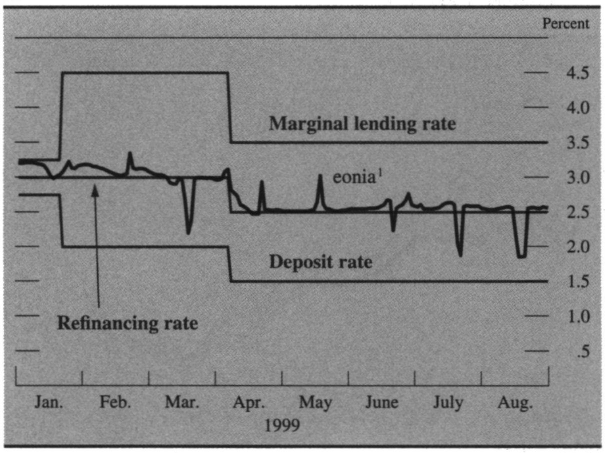
13. The fixing value of 1.16675 dollars per euro was determined by the value of the dollar–ECU exchange rate on December 31, 1998. However, when European financial markets opened on January 4, 1999, the euro traded at 1.1789 dollars per euro, an appreciation of about 1 percent relative to its fixing rate.

6. Harmonized M3 growth for the euro area, January 1997–June 1999



NOTE. The data are monthly averages. Euro-area harmonized series are compiled by the European Central Bank based on monthly reporting by monetary financial institutions in each country.

7. Eurosystem interest rates, January–August 1999



NOTE. The data are monthly averages.
1. Euro overnight index average.

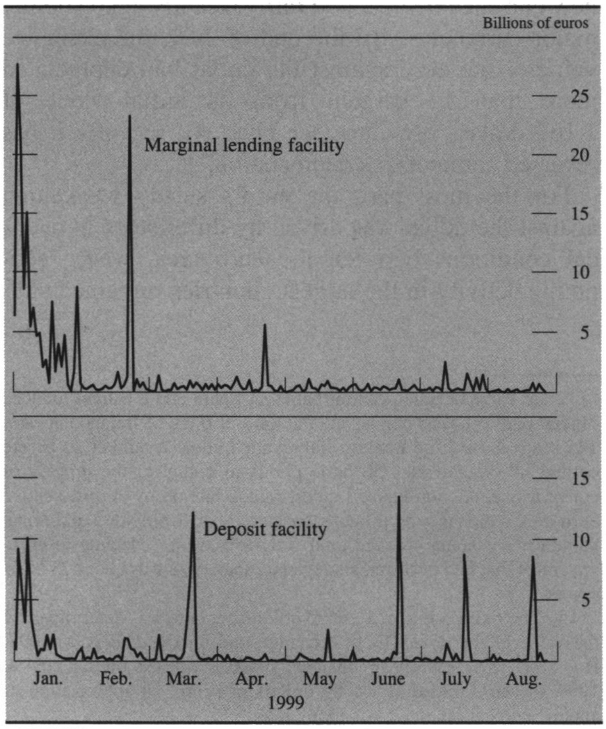
ments that had to occur for national currencies to affect their respective national economies.

At its meeting on April 8, the Governing Council of the ECB responded to the emerging evidence of weaker activity in the euro area by cutting official interest rates. The Governing Council reduced the refinancing rate 50 basis points, to 2½ percent, which was more than market participants had expected, and also cut the marginal lending rate and deposit rates 100 basis points and 50 basis points, respectively, to 3½ percent and 1½ percent. These actions marked the first change in the policy stance by the ECB, although official interest rates had been reduced to 3 percent last December by the national central banks of prospective members of the Eurosystem. The moves were made possible to a significant extent by the lack of price pressures in the euro area, as consumer price inflation remained well below the ECB's official ceiling of 2 percent (chart 5). Although euro-area M3 growth hovered around 5 percent on a twelve-month basis, slightly above the ECB reference value of 4½ percent for M3 growth (chart 6), the Governing Council noted that these developments likely reflected the unwinding of special factors relating to the start of EMU and consequently did not consider them to be a signal of future inflationary developments.

Early Developments in Money Markets

Besides the challenges of determining the appropriate monetary stance for the euro area as a whole in the uncertain environment of early 1999, Eurosystem officials faced challenges in ensuring that monetary policy was implemented smoothly and effectively throughout the Eurosystem. Early in 1999, overnight market interbank rates in the euro area, as measured by the euro overnight index average (eonia), traded close to the official marginal lending rate, suggesting some interbank liquidity strains (chart 7). Also, according to ECB President Duisenberg, the spread

8. Daily use of Eurosystem standing facilities, January–August 1999



between interbank rates in different countries was larger than should be considered normal for a single currency area: The spread was as much as 21 basis points on January 4; by January 18, however, it had narrowed to less than 10 basis points. Initially, the use of both standing facilities, especially that of the marginal lending facility, was high (chart 8). In part, the unusually heavy use of the marginal lending facility likely reflected the relatively high cost of funds in the interbank market as well as some start-up difficulties with the Eurosystem's wholesale payment system. Heavy use of the deposit facility also indicated payment system problems. As these difficulties have been resolved, use of the marginal lending facility and the deposit facility has decreased, and the overnight rate has generally traded close to the refinancing rate, with major deviations only at the ends of reserve maintenance periods.

Developments in European Financial Systems and Markets

Wholesale Payment Systems

One of the biggest challenges for the successful implementation of monetary policy under the single currency was the creation of a wholesale payment system that would enable transactions to be conducted quickly and efficiently across borders and would facilitate integration of money markets in the euro area. Since January, the majority of the domestic and cross-border euro payments have been sent through the TARGET (Trans-European Automated Real-time Gross-settlement Express Transfer) system. TARGET consists of a real-time gross settlement (RTGS) system for funds transfer in each of the fifteen EU countries (including the EU countries not currently participating in EMU), the ECB's payment mechanism, and an interlinking among all the component systems.[14]

Credit institutions in member countries may obtain central bank credit only from the national central bank in the country in which they are based, but they may use TARGET to conduct interbank operations across the EU area. About 5,000 credit institutions have direct access to one of the fifteen euro RTGS systems in the EU and, through the TARGET interlinking, to each other. Some of the distortions that arose in the money market during the first few weeks reflected "teething problems" with TARGET, as noted by ECB President Duisenberg. Payments occasionally were incorrectly routed or otherwise mishandled and subsequently rejected by TARGET, and resulting positions at the relevant banks were often not resolved until the end of the day, requiring the banks to resort to the automatic conversion of intraday drafts to overnight loans at the marginal lending facility. In response to some of these payment system difficulties, TARGET settlement was extended an hour each day for most of January, but a penalty was imposed to discourage late settlement.[15] Overall, the functioning of TARGET as an EU-wide payment system has been quite successful: In the first quarter of 1999, it processed a daily average of more than 150,000 transactions valued at 966 billion euros ($863 billion).[16]

Securities Settlement Systems

In contrast to the relatively quick establishment of a wholesale payment system to handle a large volume of cross-border transactions, the consolidation of securities settlement systems remains limited. Most systems serve only their domestic securities markets, with multiple systems existing within some countries. Differences across the euro area in legal arrangements applying to securities holdings and transactions have also made integration of securities settlement systems more difficult. To help compensate for inadequacies in market structures and to ensure that all banks in the euro area have equal access to eligible collateral when borrowing from the national central banks (NCBs), the Eurosystem has established a system to transfer securities through the so-called Correspondent Central Bank Model. Under this arrangement, a bank in one country may pledge securities eligible for collateral but held in another country by arranging for those securities to be transferred to a custodial account at the NCB of that country and notifying the home NCB of its intent. Once the home NCB receives acknowledgment from the custodial NCB that the securities transfer is com-

14. Alternative payment systems include non-RTGS German and French systems, which run frequent batch settlements throughout the day, and the EU-wide Euro1 system run by the Euro Banking Association, which is an end-of-day, multilateral net settlement system.

15. For further details on TARGET and developments in wholesale payment and securities settlement systems, see Bank of England, *Practical Issues Arising from the Euro* (June 1999).

16. By way of comparison, over the same period, the Federal Reserve System's Fedwire service, available to approximately 10,000 U.S. depository institutions, processed a daily average of more than 400,000 funds transfers with a daily average value of $1,343 billion.

plete, it authorizes the credit. However, increasing integration of European capital markets and greater demand for cross-border securities trading and settlement are expected in time to lead to an integrated European securities settlement system. In particular, the Eurosystem has encouraged the development of links among securities settlement systems. Twenty-six links already allow for transfers of securities from one system to another, and further links and other projects to integrate the securities settlement structure are under development.[17]

Debt Markets

To date, debt markets have reacted favorably to the new currency.[18] The value of new issues of euro-denominated international bonds and notes accounted for about 38 percent of all new international bonds in the first two quarters of 1999.[19] The share is considerably larger than in 1998, when new issues of international bonds denominated in the eleven national legacy currencies and the ECU accounted for about 27 percent of all new international issues.[20] Of all new issues denominated in the euro, most are domestic bonds issued by euro-area governments. Although yields on long-term government bonds of the member countries continued to converge through 1998, some differentials remain, reflecting differences across member countries in credit ratings and market liquidity (table 4). The introduction of the single currency has led to competition for "benchmark" status among euro-denominated bonds.[21] At the moment, ten- and thirty-year German government bonds are emerging as the euro benchmark issues, although some market firms use French government securities for reference at shorter maturities.

4. Sovereign credit ratings and government bond spreads for euro-area countries

Country	Credit rating, long-term debt		Spread over German long-term government bonds (basis points, June 1999 average)
	Moody's	Standard & Poor's	
Austria	Aaa	AAA	18
Belgium	Aa1	AA+	28
Finland	Aaa	AA+	22
France	Aaa	AAA	11
Germany	Aaa	AAA	...
Ireland	Aaa	AA+	23
Italy	Aa3	AA	26
Luxembourg	Aaa	AAA	1
Netherlands	Aaa	AAA	15
Portugal	Aa2	AA	28
Spain	Aa2	AA+	25

. . . Not applicable.

In general, European corporate debt markets are less developed than those in the United States, and corporate financing is more heavily weighted toward bank financing. Corporate debt markets account for only about 26 percent of corporate financing in the EU area, compared with 68 percent in the United States. Creation of the single currency area appears to be helping development of this sector, with recent increases in issuance of less-than-AA-grade bonds, especially in the second quarter, although issuance of so-called junk bonds remains uncommon.[22]

Financing of heavy merger and acquisition activity, brought about in large part by the cross-border opportunities provided by EMU, has also led to increased corporate issuance, while low bond yields in the first half of the year made bond issuance especially attractive. The introduction of the euro has also benefited the German Pfandbriefe market for "secured" asset-backed bonds issued primarily by banks and mortgage institutions. Jumbo issues of

17. Some of the legal issues surrounding securities transactions should be clarified by the Settlement Finality Directive, due to be implemented by all EU members by December 1999. This directive addresses systemic risk in payment and settlement systems primarily, but it also covers some legal aspects of cross-border use of collateral.

18. For further details on developments in euro-area debt and equity markets, see Bank of England, *Practical Issues Arising from the Euro* (June 1999) and European Central Bank, "The international role of the euro," *European Central Bank Monthly Bulletin* (August 1999), pp. 32–53.

19. New issues of U.S. dollar-denominated bonds accounted for almost half of all new international issues in the first two quarters of 1999, a share slightly lower than that in 1998. Conclusions about the relative shares of euro- and U.S. dollar-denominated new issues are influenced importantly by the definitions of bonds included in the comparison. The definition used in this article includes issues denominated in a currency other than that of the country in which the borrower resides, and issues in domestic currency where the targeted investor resides outside the country of the issuer's residence. For further details, see Bank for International Settlements, *Quarterly Review: International Banking and Financial Market Developments* (August 1999).

20. The official ECU was a weighted market basket of twelve EU currencies established in connection with the EMS. The composition of the basket was fixed in January 1994, and currencies of countries that joined the EU subsequent to January 1994 (the Austrian schilling, the Finish markka, and Swedish krona) were not included in the ECU. Thus, the ECU currency basket included nine euro-area currencies as well as the British pound, the Danish kroner, and the Greek drachma. On January 1, 1999, holdings of the official ECU were converted one for one to the euro.

21. Benchmark bonds are traditionally of very high credit quality and are easily and widely traded. They tend to be larger issues, which are usually more liquid at any given maturity.

22. Junk bonds are bonds rated BB+ or lower by Standard and Poor's or Ba1 and lower by Moody's.

more than a billion euros have become more common, and the distribution is much wider than it was previously. Foreign investors are increasingly active in this market; they hold 15 percent to 20 percent of the total outstanding in these jumbo bonds and have increased their investment in recent issues.

Among nondomestic currency issues, European countries outside the EU accounted for many of the new euro-denominated issues in the first quarter of 1999. More recently, several emerging-market governments have substantially increased euro-denominated issues, especially in the second quarter, reflecting higher yields and more volatility in the dollar market. In early July, Brazil successfully launched a sizable euro-denominated issue, and Argentina indicated that for the remainder of the year, it did not intend to issue debt in U.S. dollars and would turn instead to the euro market.

Equity Markets

Early indications are that EMU is also serving as a catalyst for changes in equity markets. Traditionally, divergence has been considerable across the euro area in the mix of bonds versus equities in institutional portfolio allocations, with a relatively low average share for equities of less than 10 percent in Germany and a considerably higher share, of about 50 percent, in other euro-area countries such as the Netherlands. Surveys suggest that European fund managers intend to rebalance portfolios or redirect new flows of funds, in terms of both the bond–equity split and geographic diversification. Increasing interest in Europe-wide investment opportunities has led to a proliferation in equity indexes in the past couple of years, both in euro-area indexes and in "Pan-European" indexes that also include Swiss and U.K. companies; however, as yet no index has emerged as a clear benchmark.

Developments in European Banking

Most of the developments in banking in the euro area have taken the form of consolidation within individual euro-area countries, and from the mid-1980s, the number of European credit institutions declined substantially. Between 1985 and 1997, for example, the number of banks declined 24 percent in Germany, 38 percent in France, 40 percent in Spain, and 19 percent in Italy.[23]

Most of these merger and acquisition activities involved relatively small institutions, such as savings banks, credit cooperatives, and mutual banks. More recently, however, merger and acquisition activity involving larger institutions has become increasingly important, and from the 1991–94 period to the 1995–98 period, the average value of merger and acquisition transactions increased almost tenfold.

Although bank mergers in the larger continental European countries continue to occur primarily within national boundaries, cross-border bank acquisitions between banks in geographically close countries have become more common in the past four years. Intra-European transactions have been undertaken mainly in the Nordic and Benelux countries, leading to the emergence of regional banking markets in these areas. In addition, several cross-border purchases of equity holdings in banks have recently occurred: Large Dutch, German, and French banks have purchased important stakes in large Spanish and Italian banks. Although less spectacular than recent large acquisitions within some countries, these purchases signal further steps toward the integration of European banking.

Such developments in European banking have been driven by several fundamental forces of change that swept through the international financial system, including financial liberalization, technological advances, and global diversification of savings and investment portfolios. These factors are likely to continue to reshape banking in Europe. The final stage of European economic and monetary union, which has already helped raise the potential profitability of economies of scale and scope across Europe, is likely to lead to further structural changes and more competition in the banking sector.

Use of the Euro for Transactions and as a Reserve Currency

Euro-area countries expect to circulate euro-denominated notes and coins beginning January 1, 2002. Until then, and for six months following that date, national currencies will continue to circulate as legal tender. Because the euro does not yet exist in physical form, it can be used only for noncash transactions. However, prices may be quoted in euros, and cash transactions can be conducted in the national currencies using the official convergence rates (table 2). In the current transition period before the introduction of euro currency, businesses are encouraged to quote prices in both the national currency and euros. Surveys suggest that the current use of euro

23. By way of comparison, the number of banks decreased 37 percent in the United States during the same period.

pricing remains limited and that considerable differences exist across countries. For example, Dun and Bradstreet in April 1999 found that only about 30 percent of the 2,040 businesses surveyed in the euro area responded that they had started quoting prices in euros, ranging from a high of about 40 percent in Luxembourg and Austria to only about 10 percent in Portugal. A majority of businesses responded that they planned to begin pricing in euros by the end of 2000, but few expected to be pricing solely in euros before 2002. Anecdotal evidence suggests that dual pricing is more prevalent in the financial sector and at the retail level.

The creation of a single European currency has led to speculation that the euro could eventually challenge the U.S. dollar in importance as an international reserve currency. In terms of official reserves, at the end of 1998 the U.S. dollar accounted for about 60 percent of total official holdings of foreign exchange. Holdings of the legacy currencies of the euro-area countries accounted for about 14 percent, with the single largest share of such currency holdings in the deutsche mark. About 1 percent of reserves were also held in market instruments denominated in the ECU.[24] Although no comprehensive details are currently available on total official holdings of the euro so far this year, the share of the euro in total official holdings has probably declined relative to the share held in the legacy currencies and in ECUs. A significant portion of official reserves held in these currencies, primarily in the deutsche mark, was held by other euro-area NCBs, and with the conversion of these assets to the euro, they are no longer classified as foreign exchange reserves. However, holdings of the euro currently account for about half of U.S. official reserves and are an even larger share in the official foreign exchange portfolios of some nonparticipating EU countries, such as the United Kingdom.[25]

In private-sector use, the dollar remains the preeminent currency in international financial transactions. The Bank for International Settlements triennial central bank survey in 1998 of foreign exchange and derivatives market activity reports that a significant majority (87 percent) of "traditional" foreign exchange transactions involved exchanges of U.S. dollars for another currency.[26]

Use of the deutsche mark accounted for about 30 percent of "traditional" transactions. In the smaller, but rapidly growing, over-the-counter derivatives market, transactions involving the deutsche mark grew especially quickly in recent years. Because many of these transactions were between the deutsche mark and other euro-area legacy currencies, it is difficult to infer from these statistics the current importance of the euro in international financial transactions.

Over time, the use of the euro as a means of making international payments may well increase. For example, with the introduction of euro notes and coins in 2002, residents of countries with emerging financial markets that currently conduct financial transactions using the U.S. dollar may begin to use the euro instead, especially in countries that are near the euro area and that trade more extensively with the euro area than with the United States. Recent developments in European financial markets are also encouraging for the euro's future prospects as a major international currency. As euro-area markets become more fully integrated, the euro is likely to play an increasing role in international financial transactions. □

24. On December 31, 1998, the Eurosystem converted into gold and U.S. dollars the official ECUs that had been issued to EU central banks through revolving swaps in exchange for 20 percent of their gross gold holdings and U.S. dollar reserves. Such ECUs amounted to about 4 percent of international official reserves at the end of September 1998.

25. For details on the currency composition of U.S. official foreign exchange reserves, see Laura F. Ambroseno, "Treasury and Federal Reserve Foreign Exchange Operations," *Federal Reserve Bulletin*, vol. 85 (September 1999), pp. 616–20. For details on U.K. official foreign exchange reserves, see the U.K. Treasury press release, "Quarterly Report on UK Official Holdings of Foreign Currency and Gold: April–June 1999."

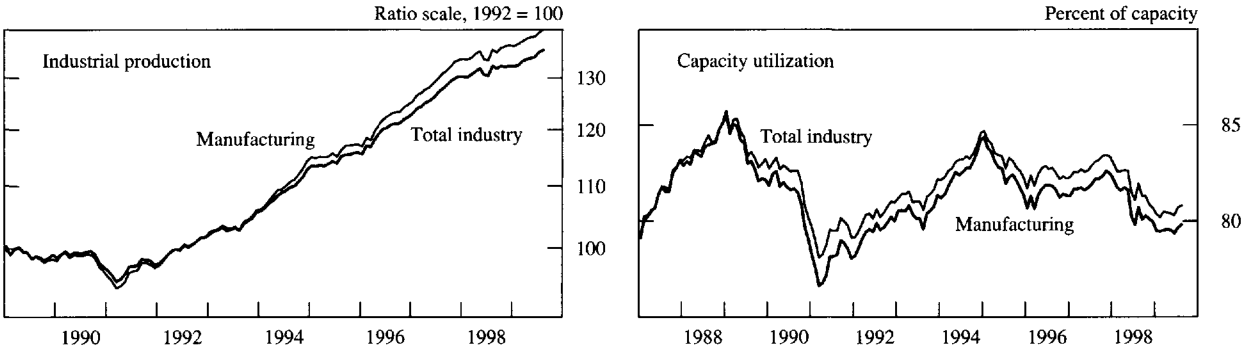
26. To some extent, this figure is inflated by the rise in the exchange value of the dollar in recent years. In constant-dollar terms, the dollar's role on one side of foreign exchange transactions still remains slightly above 75 percent of all transactions. For further details on the survey, see Bank for International Settlements, "Central Bank Survey of Foreign Exchange and Derivatives Market Activity 1998" (May 1999).

Industrial Production and Capacity Utilization for August 1999

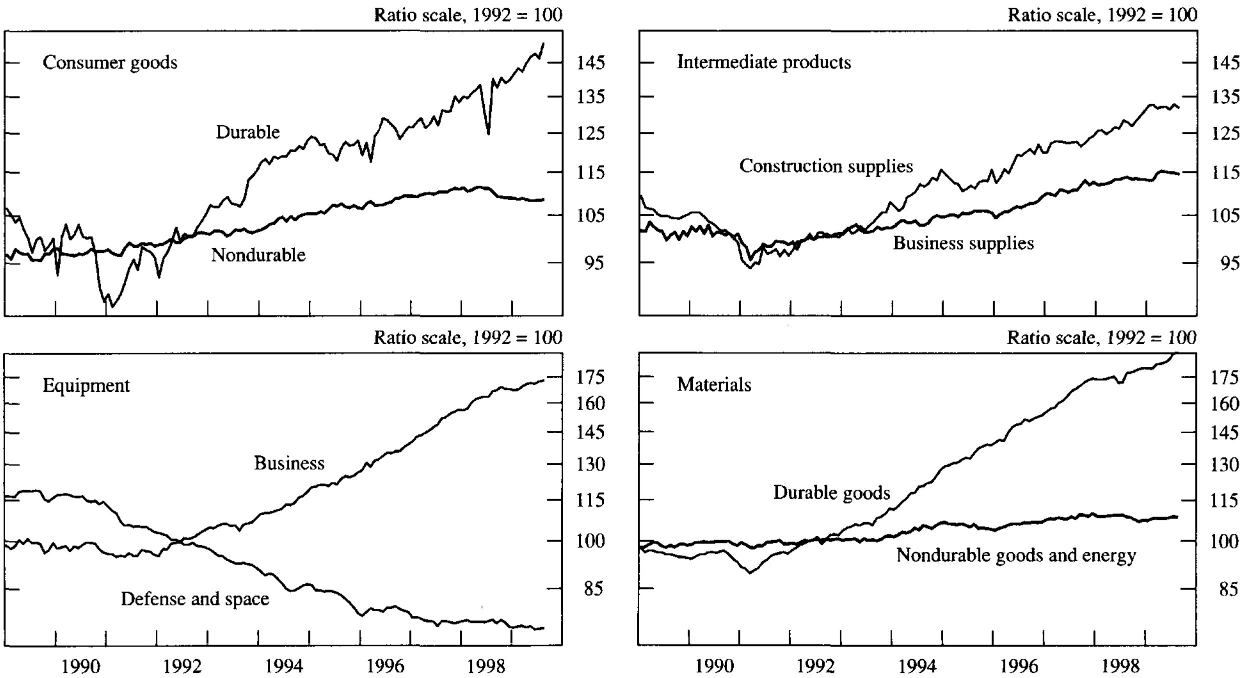
Released for publication September 16

Industrial production, which had increased 0.7 percent in July, advanced 0.3 percent in August. A surge in the production of motor vehicles and parts accounted for the bulk of the advance. The output of electric utilities, which had moved up sharply earlier in the summer, fell back as temperatures returned to more normal levels. At 135.6 percent of its 1992 average, industrial production in August was 2.5 percent higher than in August 1998. The rate of capacity utilization for total industry rose 0.1 percentage point, to 80.8 percent, a level 1.3 percentage points below its 1967–98 average.

Industrial production and capacity utilization



Industrial production, market groups



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

Industrial production and capacity utilization, August 1999

Category	Industrial production, index, 1992 = 100								
	1999				Percentage change				
					1999[1]				Aug. 1998 to Aug. 1999
	May r	June r	July p	Aug. r	May r	June r	July p	Aug. r	
Total	**134.0**	**134.2**	**135.2**	**135.6**	**.2**	**.2**	**.7**	**.3**	**2.5**
Previous estimate	134.0	134.2	135.1	. . .	.2	.1	.7	. . .	. . .
Major market groups									
Products, total[2]	125.8	125.6	126.0	126.4	.2	–.1	.3	.4	1.2
Consumer goods	115.6	115.9	115.7	116.6	.1	.2	–.2	.8	.4
Business equipment	171.4	170.8	172.3	172.7	.5	–.4	.9	.2	3.7
Construction supplies	132.1	131.4	132.8	131.9	.0	–.6	1.1	–.6	3.0
Materials	147.3	148.2	150.4	150.8	.2	.6	1.5	.3	4.5
Major industry groups									
Manufacturing	138.4	138.5	139.3	139.9	.3	.1	.6	.4	3.2
Durable	165.0	165.6	167.7	168.9	.5	.4	1.2	.7	5.7
Nondurable	111.7	111.3	111.1	111.2	–.1	–.4	–.1	.1	–.1
Mining	97.9	97.7	98.6	99.2	–.4	–.2	.9	.6	–4.4
Utilities	115.4	117.6	120.4	118.4	–.4	2.0	2.3	–1.6	–1.5

Category	Capacity utilization, percent								Memo Capacity, percentage change, Aug. 1998 to Aug. 1999
	Average, 1967–98	Low, 1982	High, 1988–89	1998	1999				
				Aug.	May r	June r	July p	Aug. r	
Total	**82.1**	**71.1**	**85.4**	**82.0**	**80.4**	**80.3**	**80.7**	**80.8**	**3.9**
Previous estimate	. . .	. . .	. . .	. . .	80.4	80.3	80.7	. . .	. . .
Manufacturing	81.1	69.0	85.7	80.7	79.5	79.4	79.6	79.8	4.3
Advanced processing	80.5	70.4	84.2	79.9	78.6	78.4	78.6	78.9	5.2
Primary processing	82.4	66.2	88.9	83.1	82.5	82.4	82.8	82.7	2.3
Mining	87.5	80.3	88.0	86.3	80.8	80.5	81.2	81.7	1.1
Utilities	87.4	75.9	92.6	95.1	90.8	92.5	94.6	93.1	.6

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 rose 0.8 percent after having eased a bit in July. The output of durable consumer goods increased 3.2 percent as the production of automotive products, which had dropped 4.6 percent in July, surged 8.1 percent. In contrast, the production of other consumer durables, which had risen 2.0 percent in July, declined 0.6 percent, with the output of household appliances falling back. Even with this decline, the production of appliances remained at a high level, up nearly 5 percent from a year earlier. The production of nondurable consumer goods was unchanged in spite of a 1 percent decline in the production of energy products; the output of non-energy products, which had been trending slightly downward, turned up a bit.

The production of business equipment, which had risen nearly 1 percent in July, advanced 0.2 percent further. Declines in the output of industrial equipment, civilian transport aircraft, and medium and heavy trucks largely offset gains in the production of automobiles and light trucks for business use, information processing equipment, and farm equipment. Despite the upturn, the level of farm equipment production remains depressed.

The production of construction supplies fell 0.6 percent, reversing part of the July gain. So far this quarter, the output of construction supplies is running a little above the elevated pace of the first half of the year. The output of materials increased 0.3 percent after having risen 2 percent over June and July. The growth in the output of durable goods materials slowed, to 0.5 percent, down from 2.2 percent in July; growth in this sector so far this year has largely been fueled by the strong production of parts for motor vehicles and high-tech equipment, as well as a recent pickup in steel production. The output of nondurable goods materials remained sluggish, while the production of energy materials declined 0.3 percent, after having risen more than 1 percent in July.

Industry Groups

Manufacturing output advanced 0.4 percent, a slightly slower rate than in July. Excluding motor vehicles and parts, the gain in August was only 0.2 percent, down from 0.7 percent in July. The 0.7 percent gain in the output of durables was led by gains at makers of light vehicles, computers, and semiconductors. The output indexes for commercial aircraft and parts, lumber, and instruments declined noticeably. The production in nondurable manufacturing edged up after having declined in the preceding three months. Among nondurables, some recovery in chemicals, paper, and printing and publishing offset some easing in the other sectors. On balance, the output of nondurables has changed little over the past year.

The factory operating rate edged up to 79.8 percent, as an increase in advanced-processing industries was partially offset by a small decline in the rate for primary-processing industries. With the strong gain in light-vehicle production, capacity utilization for motor vehicles and parts jumped 3.6 percentage points, to 85.3 percent, its highest level since January 1995.

The operating rate at utilities, which had risen over June and July to 94.6 percent, fell back to 93.1 percent. The operating rate for mining rose for a second month, to 81.7 percent. With the continuing recovery in oil and gas well drilling as well as a further increase in coal mining, mining production increased 0.6 percent in August after a 0.9 percent gain in July.

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 IP area of 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 STAT-USA web site of the Department of Commerce (http://www.stat-usa.gov). Further information on these revisions is available from the Board's Industrial Output Section (telephone 202-452-3197). □

Announcements

ACTION BY THE FEDERAL OPEN MARKET COMMITTEE AND AN INCREASE IN THE DISCOUNT RATE

The Federal Open Market Committee on August 24, 1999, voted to raise its target for the federal funds rate by 25 basis points to 5¼ percent. In a related action, the Board of Governors approved a 25 basis point increase in the discount rate to 4¾ percent.

With financial markets functioning more normally, and with persistent strength in domestic demand, foreign economies firming and labor markets remaining very tight, the degree of monetary ease required to address the global financial market turmoil of last fall is no longer consistent with sustained, noninflationary, economic expansion.

Today's increase in the federal funds rate, together with the policy action in June and the firming of conditions more generally in U.S. financial markets over recent months, should markedly diminish the risk of rising inflation going forward. As a consequence, the directive the Federal Open Market Committee adopted is symmetrical with regard to the outlook for policy over the near term.

In taking the discount rate action, the Federal Reserve Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, and San Francisco. Subsequently, the Board approved similar actions by the board of directors of the Federal Reserve Bank of Minneapolis, effective August 25, 1999, and by the board of directors of the Federal Reserve Bank of Dallas, effective August 26, 1999. The discount rate is the interest rate that is charged depository institutions when they borrow from their District Federal Reserve Banks.

ROGER W. FERGUSON, JR.: NOMINATION AS VICE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The White House Office of the Press Secretary issued the following press release on August 6, 1999:

The President today announced his intent to nominate Roger W. Ferguson, Jr. to serve as Vice Chair of the Board of Governors for the Federal Reserve System.

Dr. Roger W. Ferguson, Jr. was appointed to the Federal Reserve Board in November of 1997. Prior to that appointment, Dr. Ferguson was a partner at McKinsey & Company, Inc., an international management-consulting firm. He was based in New York City, where he managed a variety of studies for financial institutions from 1984–1997. From 1981–84, Dr. Ferguson was an attorney at the New York City office of Davis Polk & Wardwell, where he worked with commercial banks, investment banks and Fortune 500 corporations on syndicated loans, public offerings, mergers and acquisitions, and new product development.

Dr. Ferguson received a B.A. magna cum laude in economics in 1973, a J.D. cum laude 1979, and a Ph.D in economics in 1981, all from Harvard University. In 1973–74 Dr. Ferguson was Frank Knox Fellow at Pembroke College, Cambridge University.

The Federal Reserve System's primary function is the formulation of monetary policy. The System consists of a seven member Board of Governors with headquarters in Washington, D.C. and twelve Reserve Banks located in major cities throughout the United States. In addition to monetary policy responsibilities, the Federal Reserve Board has supervisory and regulatory responsibilities over various banking organizations and plays a key role in assuring the smooth functioning and continued development of the nation's payments systems.

Governor Ferguson issued the following statement on August 6, 1999:

I am delighted to have been nominated by the President to serve as Vice Chairman of the Federal Reserve Board. During my tenure at the Board, I have been engaged in a wide range of policy matters and enjoyed immensely working with Chairman Greenspan and our colleagues. I welcome this opportunity to expand my role in this vital institution.

Chairman Alan Greenspan of the Federal Reserve Board on August 6, 1999, issued the following statement:

In selecting Roger Ferguson for the position of Vice Chairman, President Clinton has chosen a person highly respected by his colleagues.

Governor Ferguson is an outstanding public servant, with broad experience and sound judgment. I look forward to working with him in this new role upon his confirmation by the Senate.

Federal Reserve Board member Edward W. Kelley, Jr. on August 6, 1999, issued the following statement on the nomination of Governor Roger W. Ferguson, Jr. as Vice Chairman:

> I strongly support the nomination of Roger Ferguson to be Vice Chairman of the Federal Reserve Board. We have worked together very closely since his arrival here. He has made important contributions to all of the various components of our activities and his contributions will be enhanced when he becomes Vice Chairman.

Governor Kelley, appointed in 1987, is the longest-serving member of the Board.

Regulation DD: Interim Rule

The Federal Reserve Board on August 31, 1999, published an interim rule to Regulation DD, which implements the Truth in Savings Act. The rule permits depository institutions to deliver disclosures on periodic statements to a consumer's e-mail account or post them on a web site if the consumer agrees. The interim rule was effective September 1, 1999.

Under an earlier interim rule published by the Board in March 1998, periodic statements and other disclosures required under Regulation E (which implements the Electronic Fund Transfer Act) may be delivered electronically if the consumer agrees. Institutions commonly provide a single periodic statement that complies with Regulations E and DD. Therefore, this interim rule for Regulation DD, approved by the Board on August 18, should allow depository institutions to deliver deposit account statements electronically under a single set of procedures and avoid the cost of printing and mailing the information.

Proposed Actions

The Federal Reserve Board on August 4, 1999, published proposed revisions to Regulation B, which implements the Equal Credit Opportunity Act. Comments are requested by November 10, 1999.

The Federal Reserve Board on August 31, 1999, requested comment on revised proposals to permit electronic delivery of federally mandated disclosures under five consumer protection regulations: B (Equal Credit Opportunity), E (Electronic Fund Transfers), M (Consumer Leasing), Z (Truth in Lending), and DD (Truth in Savings). Comments are requested by October 29.

In March 1998, the Board had published an interim rule to Regulation E and proposed changes to Regulations B, M, Z, and DD to permit financial institutions and others to send electronic disclosures if the consumer agrees, with few other requirements. Disclosures may be sent to the consumer's e-mail address or posted on a web site.

In response to comments, the Board on August 18 approved the publication of revised and more comprehensive proposals, together with proposed commentary that would provide guidance on electronic communication. The interim rule to Regulation E remains in effect.

Order for Currency Notes for Fiscal Year 2000

The Federal Reserve Board announced on August 13, 1999, that it had ordered nine billion currency notes, with a face value of $67 billion, for fiscal year 2000.

The order, sent to the Treasury Department's Bureau of Engraving and Printing, represents a return to historical ordering patterns. Last year, the Board ordered eleven billion notes worth $267 billion to meet normal business needs and to prepare for the possibility of increased demand around the year 2000 rollover.

The face value of the new order is considerably smaller than that of the previous year because the Board decided not to print additional $50 and $100 notes. The inventory of larger notes is sufficient to meet anticipated demand over the next federal fiscal year, which begins October 1. In last year's order, the Board aimed for an increase in inventory because even though it expects the full variety of payment options to work during the rollover, it wants the public to have confidence in the availability of cash. "Because of increasing confidence in the readiness of the financial infrastructure, we do not anticipate extraordinary demand for cash. Nevertheless, we have taken all the appropriate steps to make sure it is available if the public wants it," said Governor Edward W. Kelley, Jr.

While currency inventory levels depend on flows into and out of Reserve Banks from the nation's depository institutions and on the destruction rate of worn-out bills, the Board expects by year-end to have well over $200 billion in Reserve Bank vaults. That's more than enough to replace all of the approximately $170 billion in currency circulating in the United States.

The Board expects inventory levels to decrease gradually next year as replacement currency enters circulation, and the Bureau of Engraving and Printing delivers fewer notes.

PROCEEDINGS OF A FEDERAL RESERVE RESEARCH CONFERENCE AVAILABLE ON THE INTERNET

The Federal Reserve System on August 6, 1999, published on the Internet the proceedings of a research conference, *Business Access to Capital and Credit*, held March 8–9, 1999, in Arlington, Virginia.

Economists and scholars presented papers at the conference, which was sponsored by the System's Community Affairs officers. Topics included access to credit for minority-owned businesses, microenterprise lending, and credit scoring and securitization of small business loans. Federal Reserve Board Chairman Alan Greenspan presented the keynote address, and Edward M. Gramlich, a member of the Board of Governors, delivered a luncheon address.

The conference proceedings—including a summary, final versions of fifteen working papers, and commentary—are available through the web sites of the Federal Reserve Board and the Federal Reserve Bank of Chicago at respectively: http://www.federalreserve.gov/community.htm/ and http://www.chi.frb.org/cedric/cedric.html/

The next research conference, *Changing Financial Markets and Community Development*, will be held in spring 2001 in Washington, D.C. A call for papers is planned for fall 1999.

RELEASE OF A SPANISH-LANGUAGE VERSION OF *KEYS TO VEHICLE LEASING*

The Federal Reserve Board on August 19, 1999, announced the release of *Consejos para arrendar un vehículo: Guía del consumidor*, a Spanish-language version of the popular *Keys to Vehicle Leasing: A Consumer Guide*.

Since 1997 nearly 750,000 copies of the English version of this brochure have been distributed. The brochure provides consumers with an overview of the most common type of vehicle lease used by the automotive industry, a closed-end lease. It provides four key messages for consumers:

- Leasing is different from buying (Arrendar un vehículo es distinto a comprarlo)
- Consider beginning, middle, and end-of-lease costs (Considere los costos al inicio, durante, y al final del contrato de arrendamiento)
- Compare different lease offers and negotiate terms (Comparar distintas ofertas de arrendamiento y negociar algunas de las condiciones)
- Know your rights and responsibilities (Conozca sus derechos y responsabilidades)

A sample consumer leasing form (muestra del formulario de arrendamiento para el consumidor) is included in the brochure so consumers can become more familiar with the document.

Copies of both the English and Spanish versions of the brochure are available by contacting the Federal Reserve Board's Publications Services, Mail Stop 127, Washington, DC 20551 (202-452-3245). The first 100 copies are free of charge. Additional information on leasing is available on the Board's public web site at http://www.federalreserve.gov/pubs/leasing/

ENFORCEMENT ACTIONS AND TERMINATIONS OF PREVIOUS ACTIONS

The Federal Reserve Board on August 9, 1999, announced the issuance of an order of prohibition and order to cease and desist against Craig J. Fahrner, a former institution-affiliated party of the Hinsbrook Bank and Trust, Willowbrook, Illinois.

Mr. Fahrner, without admitting to any allegations, consented to the order due to his alleged embezzlement of bank funds.

The Federal Reserve Board on August 11, 1999, announced the execution of a written agreement by and between Belmont Bancorp, Bridgeport, Ohio, and the Federal Reserve Bank of Cleveland.

The Federal Reserve Board on August 20, 1999, announced the issuance of a consent order to cease and desist against the American Bank, Wichita, Kansas, a state member bank. The order was issued jointly with the State of Kansas Office of the State Bank Commissioner.

The Federal Reserve Board on August 2, 1999, announced the termination of a written agreement by and between Community Capital Corporation, Greenwood, South Carolina, and the Federal Reserve Bank of Richmond. The written agreement included provisions addressing Year 2000 readiness.

The Federal Reserve Board on August 2, 1999, announced the termination of a cease and desist order against Putnam-Greene Financial Corporation, Eatonton, Georgia. The cease and desist order included provisions addressing Year 2000 readiness.

Federal banking and credit union regulators jointly announced on August 25, 1999, the termination of the March 30, 1999, agreement with First Data Corporation on Year 2000 compliance. The regulators said that the service provider to more than 200 banks, thrift institutions, and credit unions had complied with the terms of the agreement.

Changes in Board Staff

The Board of Governors of the Federal Reserve System announced that Peter Hooper III, Deputy Director, Division of International Finance, resigned effective in September 1999.

The Board also announced on August 23, 1999, the transfer of Vincent R. Reinhart from the Division of Monetary Affairs to the Division of International Finance and his appointment as Deputy Director in International Finance. Mr. Reinhart will have general oversight responsibility for the International Banking, Financial Markets, and U.S. International Transactions Sections, plus the Administrative Office. He was appointed to the official staff in 1994 and was named Deputy Associate Director in the Division of Monetary Affairs in 1998. □

Minutes of the Federal Open Market Committee Meeting Held on June 29–30, 1999

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, June 29, 1999, at 2:30 p.m. and continued on Wednesday, June 30, 1999, at 9:00 a.m.

Present:

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

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

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

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

Messrs. Alexander, Cecchetti, Hooper, Hunter, Lang, Lindsey, Rolnick, Rosenblum,[1] Slifman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

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

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

1. Attended Tuesday's session only.

Messrs. Porter[2] and Reinhart, Deputy Associate Directors, Division of Monetary Affairs, Board of Governors

Mr. Reifschneider,[2] Section Chief, Division of Research and Statistics, Board of Governors

Mses. Edwards,[3] and Mauskopf,[3] and Messrs. Lebow[3] and Orphanides,[2] Senior Economists, Divisions of Monetary Affairs, International Finance, Research and Statistics, and Monetary Affairs respectively, Board of Governors

Ms. Garrett and Mr. Tetlow,[2] Economists, Divisions of Monetary Affairs and Research and Statistics respectively, Board of Governors

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

Mr. Barron, First Vice President, Federal Reserve Bank of Atlanta

Messrs. Beebe, Eisenbeis, Goodfriend, Hakkio, Rasche, and Sniderman, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Atlanta, Richmond, Kansas City, St. Louis, and Cleveland respectively

Mr. Fuhrer and Ms. Perelmuter, Vice Presidents, Federal Reserve Banks of Boston and New York respectively

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on May 18, 1999, were approved.

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

2. Attended portions of the meeting relating to the discussion of the policy implications of uncertainty about key economic variables.

3. Attended portions of the meeting relating to the Committee's review of the economic outlook and consideration of its monetary and debt ranges for 1999 and 2000.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period May 18, 1999, through June 29, 1999. The Committee ratified these transactions by unanimous vote.

The Committee then turned to a discussion of the economic and financial outlook, the ranges for the growth of money and debt in 1999 and 2000, and the implementation of monetary policy over the intermeeting period ahead.

The information reviewed at this meeting suggested that economic activity continued to expand vigorously, though at a somewhat slower pace than earlier in the year. Consumer outlays and construction spending had decelerated somewhat after having grown very rapidly in the first quarter, but the deceleration had been partly offset by a step-up in business purchases of durable equipment and a smaller decline in net exports. Labor markets remained very tight, and recent wage and price increases had been a little larger on balance; nonetheless, longer-term inflation trends continued generally favorable in an environment of robust improvements in productivity.

Nonfarm payroll employment rose substantially further on balance in April and May, but the increase was a little below the rate for the first quarter. Growth in employment remained robust in the service-producing sector in the April–May period. However, the number of jobs fell in the goods-producing sector: payrolls in manufacturing and mining continued to contract, and construction employment changed little on net after a sizable first-quarter increase. The civilian unemployment rate edged down in May to 4.2 percent, matching its low for the year and for the period since 1970.

Industrial production advanced somewhat further in May despite a sharp weather-related drop in utility services and continued sluggishness in mining activity. Manufacturing output registered another substantial advance, reflecting a surge in the production of motor vehicles and parts and persisting strength in the manufacture of many other durable goods. The output of nondurable goods posted another small increase in May, with the gains being relatively broadly based. Reflecting the stepped-up pace of manufacturing, the rate of utilization of capacity edged higher in May but continued to be below its long-run average level.

Growth of consumer spending appeared to have slowed somewhat from its extraordinary pace of the first quarter; nonetheless, the underlying trend in consumption remained strongly upward, with household income and wealth continuing to expand rapidly and consumer sentiment remaining very high. Total retail sales rose substantially in May following large increases on average earlier in the year. Gains in retail sales were relatively widespread, with outsized advances in the food, general merchandise, and durable goods categories.

Housing demand remained robust in recent months despite the recent rise in mortgage rates. However, builders were faced with shortages of workers and some materials and were hard-pressed to keep pace with the demand for new homes. As a result, both single-family and multifamily housing starts fell somewhat on balance over April and May.

Information on shipments of nondefense capital goods in April and May suggested that business investment in durable equipment picked up substantially in the second quarter from the already brisk pace of the first quarter. Shipments of high-tech equipment, notably computers, were particularly robust over the April–May period. In addition, business demand for motor vehicles continued to be strong, particularly for medium and heavy trucks for which the backlog of unfilled orders was still quite large. By contrast, nonresidential construction activity weakened in April (latest data) after a rise in the first quarter, and available information on contracts for future construction pointed to sluggish building activity for some period ahead.

Business inventory accumulation slowed a bit in April from the relatively subdued first-quarter pace, and total business stocks remained at fairly low levels in relation to sales. In manufacturing, inventories continued to decline in April, and the aggregate inventory–shipment ratio for this sector stayed at the bottom of its range for the past twelve months. Wholesale stocks rose in April at about their average pace for the early months of the year, and the ratio of stocks to sales in this sector stayed in the lower end of its range for the past year. Retail inventory accumulation slowed in April after a relatively large gain in the first quarter, and the aggregate inventory–sales ratio also remained in the lower end of its range for the past twelve months.

The nominal deficit on U.S. trade in goods and services widened somewhat in April from its first-quarter average. The value of exports increased slightly from its first-quarter average, primarily reflecting greater exports of computers and semiconductors, motor vehicles, and industrial supplies. The value of imports rose somewhat more, principally owing to larger imports of oil. The available information suggested that economic activity had picked up somewhat on balance in the major foreign industrial countries. The Japanese economy was reported to have expanded markedly in the first quarter, recording its first quarterly rise in the past year and a half. In Europe, economic growth rebounded in Germany but slowed somewhat in France and the United Kingdom. Signs of an improved economic performance also were evident in Latin America and Southeast Asia.

The consumer price index was unchanged in May following a sizable increase in April that was associated in part with a jump in energy prices. Excluding the effects of movements in food and energy prices, though, consumer inflation was a little higher in the April–May period than in the first quarter; for the twelve months ended in May, core consumer prices rose slightly less than in the previous twelve-month period. Producer prices of finished goods also were affected by the volatility of energy prices in April and May, but core producer prices recorded only a small rise in each month. For the twelve months ended in May, however, core producer inflation was up noticeably compared with the year-earlier period, owing in important part to sharp increases in the prices of tobacco products. With regard to labor costs, average hourly earnings grew a little faster in May than in April, but they rose less in the twelve months ended in May than in the previous twelve-month period.

At its meeting on May 18, 1999, the Committee adopted a directive that called for maintaining conditions in reserve markets that would be consistent with an unchanged federal funds rate of about 4¾ percent, but the directive also contained a bias toward a possible tightening of policy. The members' concerns about inflation had increased appreciably since the meeting in late March; nonetheless, the members felt that the current stance of policy could remain consistent with subdued inflation for some time, especially if productivity gains continued robust and, as projected, the growth of aggregate demand moderated somewhat in the months ahead.

Open market operations were directed throughout the intermeeting period toward maintaining the federal funds rate at around 4¾ percent, and the average rate for the period was very close to the Committee's target. Other interest rates rose somewhat over the period since the May meeting in response to the combined effects of the Committee's announcement of an asymmetric directive, economic data that generally were stronger than expected, and reported comments of Federal Reserve officials. With the market effects of higher interest rates roughly offset by brighter second-quarter earnings prospects, broad indexes of share prices in equity markets changed little on balance over the intermeeting period.

In foreign exchange markets, the trade-weighted value of the dollar edged up over the intermeeting period in relation to the currencies of a broad group of important U.S. trading partners. The dollar appreciated against the euro, partly reflecting the contrast between continuing robust growth in the United States and generally subpar activity in euro-area economies. The dollar also rose against the pound in association with slower growth in the United Kingdom and a reduction in the Bank of England's repo rate. By contrast, the dollar weakened against the yen as yields on Japanese government debt increased sharply relative to rates on U.S. Treasury securities. Among other important trading partners, the dollar fell against the currencies of many emerging Asian economies, whose financial markets had generally improved, but appreciated in terms of the Brazilian real in association with periods of particular stress in Brazil's financial markets.

After having recorded sizable increases in April that apparently were associated with tax-related buildups in liquid accounts, the growth of M2 and M3 slowed sharply in May, as tax payments cleared, and appeared to have remained moderate in June. The expansion of these aggregates also seemed to have been damped in recent months by the rise in their opportunity costs associated with earlier increases in interest rates. M2 was estimated to have increased for the year through June at a rate somewhat above the Committee's annual range and M3 at a rate near the upper end of its range. Although growth of total domestic nonfinancial debt had moderated a little recently, it continued to expand at a pace somewhat above the middle of its range.

The staff forecast prepared for this meeting suggested that the expansion would gradually moderate to a rate commensurate with the growth of the economy's estimated potential. The lagged effects of the earlier rise in the foreign exchange value of the dollar were expected to place continuing, though diminishing, restraint on the demand for U.S. exports for some period ahead. The increase of private final demand would be restrained by the anticipated waning of positive wealth effects associated with earlier large increases in equity prices; by slower growth of spending on consumer durables, houses, and business equipment in the wake of the prolonged buildup in the stocks of these items; and by the rise that had already occurred in market interest rates, especially for intermediate and longer maturities, in the expectation that higher interest rates would be needed to achieve a better balance between aggregate demand and aggregate supply. Price inflation was projected to rise somewhat over the projection horizon, in large part as a result of some upturn in import prices and a slight firming of gains in nominal labor compensation that would not be fully offset by rising productivity.

In the Committee's discussion of the outlook for economic activity and inflation, members commented that the incoming information continued to suggest a vigorous expansion but also subdued inflation despite very tight labor markets. Growth in aggregate demand was estimated to have slowed somewhat in the second quarter from outsized advances in the two previous quarters, largely as a result of less ebullient though still robust growth in consumer spending. The members questioned, however, whether the limited indications of some moderation in the expansion in recent months were a harbinger of a more sustainable pace of economic activity that would be consistent with the economy's estimated output potential and low inflation. Indeed, in the absence of some policy firming most of the members saw tightening labor markets and an upward drift in measured inflation as a significant risk. They acknowledged that the timing and extent of a potential rise in inflation were subject to considerable uncertainty. In particular, as the experience of recent years had amply demonstrated, strengthening advances in productivity had reduced increases in unit costs to very low or even slightly negative levels despite growing scarcities of labor and some rise in the growth of labor compensation and in profit margins. Rising productivity growth had not been sufficient, however, to keep labor markets from tightening, given the extraordinary strength in final U.S. demands, which if continued would show through into higher inflation. Moreover, it remained unclear how long faster gains in productivity could continue to offset increases in labor costs and avert an intensification of price inflation.

In keeping with the practice at meetings just before the Federal Reserve's semiannual monetary policy report to the Congress and the Chairman's associated testimony, the members of the Committee and the Federal Reserve Bank presidents not currently serving as members had provided individual projections of the growth in nominal and real GDP, the rate of unemployment, and the rate of inflation for the years 1999 and 2000. With regard to the growth of nominal GDP, most of the forecasts were in ranges of 5 to 5½ percent for 1999 as a whole and 4 to 5 percent for 2000. The forecasts of the rate of expansion in real GDP for 1999 had a central tendency of 3½ to 3¾ percent and for 2000 they were centered on a range of 2½ to 3 percent, below the increases experienced over the last three years. The civilian rate of unemployment associated with these forecasts had central tendencies of 4 to 4¼ percent in the fourth quarter of 1999 and 4¼ to 4½ percent in the fourth quarter of 2000. Projections of the rate of inflation, as measured by the consumer price index, pointed to an appreciable increase in 1999, largely reflecting a swing in the price of energy, and little further change in 2000; specifically, the projections converged on CPI inflation rates of 2¼ to 2½ percent in 1999 and 2 to 2½ percent in 2000. The members anticipated that the effects of the century date change on economic activity would, on balance, be limited or negligible over the forecast period, possibly adding somewhat to growth later this year and temporarily reducing growth early next year.

Key factors underlying the members' forecasts of appreciable moderation in the trend of real GDP growth included a waning of the financial stimulus that had boosted domestic demand in recent years and the buildup of stocks of consumer durables, housing, and business equipment after an extended period of rapidly expanding purchases. However, the members acknowledged that the signs of slower growth in household and business spending were still quite limited.

In the household sector, further substantial increases in income and financial wealth and high levels of consumer confidence had fostered continued robust growth in consumer spending in recent months, but apart from exceptional strength in purchases of motor vehicles, growth in real spending for durable consumer goods appeared to have moderated recently from a very rapid pace earlier in the year. How long the favorable factors that continued to stimulate substantial growth in consumer expenditures would persist was uncertain, notably with regard to the outlook for stock market prices and their effects on consumer resources and willingness to spend. The stimulus to household spending from rapidly rising stock market wealth obviously would diminish should prices in the stock market tend to level out as many expected. In that event, growth in consumer spending might be expected to moderate to a pace more in line with the expansion in disposable incomes.

Business investment spending, which featured exceptional growth in expenditures for producers' durable equipment, appeared to have picked up in recent months from an already rapid pace earlier in the year. Nonetheless, business firms were expected to trim the growth in their outlays for equipment as forecasts of moderating expansion in aggregate demand materialized. Such a cutback would be abetted to an extent by the somewhat higher levels of market interest rates that business borrowers now faced. While growth in spending for high-technology equipment and related products probably would remain rapid in light of the accelerated pace of innovations and declining prices for such equipment, a significant deceleration or slowdown in spending for other types of capital equipment seemed likely under projected economic conditions, especially given currently reduced rates of capacity utilization in many manufacturing industries. In the nonresidential construction sector, business expenditures were expected to remain near current levels, reflecting ongoing strength in many parts of the country but also some signs of overbuilding in other areas.

A number of recent indicators suggested that on a seasonally adjusted basis residential building activity had slowed a bit in the second quarter from an elevated level earlier in the year. However, homebuilding apparently had been held back to some extent recently by scarcities of labor and some building supplies, and sizable backlogs evidently had built up. Looking ahead, the members expected residential construction expenditures to hold near current levels in the second half of this year as backlogs were worked lower, but they anticipated some softening subsequently. Factors bearing on this outlook included the large additions to the stock of housing in recent years and to some extent the backup that had occurred in mortgage rates. At some point the higher financing costs would begin to show through to housing demand.

The available information indicated that U.S. exports of goods and services had declined on balance thus far this year, while imports had posted very strong gains in line with continuing strength in U.S. domestic spending. However, improving economies in a number of the nation's important trading partners and the slower expansion forecast for the U.S. economy were expected to have a favorable effect on exports and to moderate increases in imports over the next several quarters. Indeed, recent data suggested that U.S. exports had advanced slightly after having posted sizable declines during the first quarter while imports had continued to grow strongly. On net, the members anticipated that the nation's trade balance would continue to worsen, although more slowly and with a less negative effect on the U.S. economy over the forecast period.

Members commented that inflation, as reflected in a wide range of statistical measures and anecdotal reports, remained remarkably subdued despite the persisting strength of the expansion and very tight labor markets across the nation. It seemed likely that rising productivity, which appeared to have accelerated markedly of late, accounted for much of the surprising combination of rapid growth in economic activity and low inflation. In particular, accelerating labor productivity clearly had curbed the rise in unit labor costs and damped pressures on prices. Very recent data on underlying productivity trends were not yet available, but the fact that profit forecasts had continued to be marked up suggested that it might still be accelerating and holding down costs. Such increases in productivity along with slack in foreign economies contributed to the very strong competition in most markets that was continuing generally to suppress efforts to raise prices. Other factors constraining inflation that were cited by the members included the ample availability of capacity in most industries and the declines that had occurred in non-oil import prices. Despite these favorable developments, most members had become increasingly worried about the risks of an overheating economy and rising inflation over time.

The concerns about the outlook for inflation tended to focus on the risk that, in the absence of an appreciable moderation in overall demands, very tight labor markets would at some point foster significantly faster increases in labor compensation that could no longer be offset by stronger productivity growth. Indeed, at recent rates of increase in output, labor utilization was likely to continue to rise, adding to pressures on costs. The higher labor cost increases would in turn generate more rapid price inflation. Members noted in this regard that the trend in average hourly earnings appeared to have tilted up in recent months. While this relatively recent development was not yet conclusive evidence of accelerating labor costs, especially without further information about productivity, anecdotal reports of faster increases in labor compensation also appeared to have multiplied. In addition, improving economic conditions abroad, among other factors, had induced a firming in oil and other commodity prices, and had supported the foreign exchange value of other currencies relative to the dollar. As a consequence, the declines in commodity and other import prices that had helped to suppress inflation and inflation expectations over the past two years were not likely to be repeated. Members acknowledged that the prospects for rising inflation, including the potential timing of an acceleration, if any, remained uncertain given the questions surrounding both the ongoing strength of aggregate demand and the outlook for productivity, but they viewed the risks of added price pressures as having risen further.

In keeping with the requirements of the Full Employment and Balanced Growth Act of 1978 (the Humphrey–Hawkins Act), the Committee reviewed at this meeting the ranges for growth of the monetary and debt ranges that it had established in February for 1999, and it set tentative ranges for those aggregates for 2000. The current ranges approved in February for the period from the fourth quarter of 1998 to the fourth quarter of 1999, which were unchanged from those for the last several years, included growth of 1 to 5 percent for M2 and 2 to 6 percent for M3. An unchanged range of 3 to 7 percent also was set in February for growth of total domestic nonfinancial debt in 1999.

All the members favored retaining the current ranges for this year and extending them on a provisional basis to 2000. The members recognized that the growth of both M2 and M3, while decelerating markedly from 1998, might still exceed the ranges for the current year and be near the upper ends of the ranges in 2000, assuming economic and financial conditions approximating their current expectations. However, as had been the case for many years, the members remained concerned that forecasts of money growth were still subject to a wide range of error in terms of the anticipated relationships between money growth and aggregate economic performance. Accordingly, they agreed that those ranges should not reflect or be centered on forecasts of money growth under projected economic and financial conditions, but should be regarded as anchors or benchmarks for money growth that would be associated with approximate price stability and sustained economic expansion, assuming behavior of velocity in line with historical experience. A reaffirmation of those ranges for 1999 and their extension to 2000 would therefore underscore the Committee's commitment to achieving and maintaining price stability over time and thereby fostering maximum sustainable economic growth. It was noted during this discussion that the apparent pickup in productivity, if it persisted, suggested that somewhat higher ranges than those adopted in recent years might more accurately reflect money growth under conditions of price stability and historically typical velocity trends. However, the members agreed that the marked degree of uncertainty in the outlook for productivity as well as velocity argued against any increases in the ranges at this point.

The Committee members were unanimously in favor of retaining the current range of 3 to 7 percent for growth of total domestic nonfinancial debt in 1999 and extending that range on a provisional basis to 2000. They took account of a staff projection indicating that growth of the debt aggregate was likely to be around the middle of this range, perhaps somewhat above in 1999 and somewhat below in 2000. Unlike the ranges for the monetary aggregates, selection of the range for debt did not reflect a price stability and sustainable economic growth rationale but was based on forecasts of actual growth in this measure.

At the conclusion of this discussion, the Committee voted to reaffirm the ranges for growth of M2, M3, and total domestic nonfinancial debt that it had established in February for 1999 and to extend these ranges on a tentative basis to 2000. In keeping with its usual procedures under the Humphrey–Hawkins Act, the Committee would review its preliminary ranges for 2000 early next year. Accordingly, the Committee voted to incorporate the following statement regarding the 1999 and 2000 ranges in its domestic policy directive:

> The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee reaffirmed at this meeting the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1998 to the fourth quarter of 1999. The range for growth of total domestic nonfinancial debt was maintained at 3 to 7 percent for the year. For 2000, the Committee agreed on a tentative basis to set the same ranges for growth of the monetary aggregates and debt, measured from the fourth quarter of 1999 to the fourth quarter of 2000. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

Votes for this action: Messrs. Greenspan, McDonough, Boehne, Ferguson, Gramlich, McTeer, Meyers, Moskow, Kelly, and Stern. Votes against this action: None. Absent and not voting: Ms. Rivlin

In the Committee's discussion of policy for the intermeeting period ahead, all but one member supported a proposal for a slight tightening of conditions in reserve markets consistent with an increase of ¼ percentage point in the federal funds rate to an average of around 5 percent. In the view of most members, such a policy move represented a desirable and cautious preemptive step in the direction of reducing what they saw as a significant risk of rising inflation. While current indications of accelerating inflation were quite limited, the economy had been expanding rapidly enough to put added pressure on labor markets over time, and many members expressed growing concern that, given the current stance of monetary policy, the persisting strength of domestic demand augmented by increasing demand from abroad would show through at some point to even tighter labor markets and higher inflation, which would impinge over time on the economy's ability to realize its full growth potential. In these circumstances, a small preemptive move at this time would provide a degree of insurance against worsening inflation later. Members commented that the action in question would reverse a portion of the easing actions implemented during the fall of 1998 that had been undertaken in part to protect against the possibility that unsettled global markets would place even greater constraints on foreign and domestic economic activity than were then evident. As financial markets and foreign economies stabilized and recovered, that added protection was no longer required and policy needed to move to a less accommodative stance to promote sustainable growth in spending. One member did not agree that any tightening of policy was necessary to contain inflation, given the persistence of low inflation, accelerating productivity, and what in his view was an already sufficiently restrictive monetary policy stance.

The members were divided over whether to retain the current asymmetrical directive tilted toward restraint or to adopt a symmetrical directive in conjunction with the contemplated tightening action. A majority endorsed a proposal to shift to a symmetrical directive. They agreed that following today's limited policy move the risks would still remain tilted toward rising inflation, and they expected that the announcement of a change in policy shortly after the meeting would include a reference to the Committee's ongoing concerns in that regard. But in light of the marked degree of uncertainty relating to the extent and timing of prospective inflationary pressures, they believed that further firming of policy might not be necessary in the near term and in any case would depend importantly on future developments. Some of these members were concerned that retention of asymmetry might be interpreted as an indication that the Committee was relatively certain that it would need to take further tightening action fairly soon, a view that tended to be reinforced by the behavior of expectations in the period after the announcement of a shift to asymmetry at the May meeting.

Members who preferred to retain an asymmetrical directive agreed that, although there was little likelihood of a further policy change during the intermeeting period, such a directive was the best way to convey their concerns about the risks of rising inflation and the potential need for policy tightening over time. A number of those in favor of asymmetry were concerned that a symmetrical directive would not capture the Committee's thinking with regard to the most likely policy course over an extended period of time and could foster the misleading conclusion that the Committee no longer believed a further adjustment to policy might be warranted at some point later this year. They saw the odds as reasonably high that further tightening would be needed before the end of the year to gain adequate assurance that inflation would be contained. Despite their differing preferences, all the members who supported a policy tightening move also indicated that they could accept a symmetrical directive because the announcement to be released after this meeting along with the Chairman's Humphrey–Hawkins testimony during the latter part of July could serve to correct possible misinterpretations.

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

The information reviewed at this meeting suggests continued vigorous expansion in economic activity. Nonfarm payroll employment has increased at a relatively rapid pace in recent months and the civilian unemployment rate, at 4.2 percent in May, matched its low for the year. Manufacturing output rose substantially further in May. Total retail sales increased briskly last month after recording large gains on average earlier in the year. Housing activity has remained robust in recent months. Available indicators suggest that business capital spending, especially for information technology, has accelerated this spring. The nominal deficit on U.S. trade in goods and services widened somewhat in April from its first-quarter average. Consumer price inflation was up somewhat on balance in April and May, boosted by a sharp increase in energy prices; improving productivity has held down increases in unit labor costs despite very tight labor markets.

Interest rates have risen somewhat since the meeting on May 18, 1999. Key measures of share prices in equity markets are unchanged to somewhat lower on balance over the intermeeting period. In foreign exchange markets, the trade-weighted value of the dollar has changed little over the period in relation to the currencies of a broad group of important U.S. trading partners.

After recording sizable increases in April, apparently owing to a tax-related buildup in liquid accounts, growth of M2 and M3 slowed in May as tax payments cleared and appears to have remained moderate in June. For the year through June, M2 is estimated to have increased at a rate somewhat above the Committee's annual range and M3 at a rate near the upper end of its range. Total domestic nonfinancial debt has continued to expand at a pace somewhat above the middle of its range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee reaffirmed at this meeting the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1998 to the fourth quarter of 1999. The range for growth of total domestic nonfinancial debt was maintained at 3 to 7 percent for the year. For 2000, the Committee agreed on a tentative basis to set the same ranges for growth of the monetary aggregates and debt, measured from the fourth quarter of 1999 to the fourth quarter of 2000. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

To promote the Committee's long-run objectives of price stability and sustainable economic growth, the Committee in the immediate future seeks conditions in reserve markets consistent with increasing the federal funds rate to an average of around 5 percent. In view of the evidence currently available, the Committee believes that prospective developments are equally likely to warrant an increase or a decrease in the federal funds rate operating objective during the intermeeting period.

Votes for this action: Messrs. Greenspan, McDonough, Boehne, Ferguson, Gramlich, Meyers, Moskow, Kelley, and Stern. Vote against this action: Mr. McTeer. Absent and not voting: Ms. Rivlin

Mr. McTeer dissented because he believed that tightening was unnecessary to contain inflation. He noted that most measures of current inflation remain low, and he saw few signs of inflation in the pipeline. Conditions that called for a preemptive tightening in 1994—rapidly rising commodity prices and real short-term interest rates near zero—are not present today. While money growth has been rapid by historical standards, market-based indicators of monetary policy suggest sufficient restraint. Except for oil, most sensitive commodity prices have risen only slightly after years of decline, the dollar remains strong, real short-term interest rates are near historical norms, and productivity growth has accelerated in recent quarters. Mr. McTeer does not believe that rapid growth based on new technology, rising productivity, and other supply-side factors is inflationary, especially in the current global environment. He would have preferred to continue to test the growth limits of the new economy.

By notation vote completed on July 14, 1999, available members of the Committee voted unanimously to delegate responsibility to Mr. Gramlich and in his absence to Mr. Ferguson for making decisions on appeals of denials by the secretary of the Committee for access to Committee records. This action was taken in keeping with the provisions of 271.4(d) of the Committee's Rules Regarding Availability of Information.

Votes for this action: Messrs. Greenspan, McDonough, Boehne, Ferguson, Gramlich, Meyers, Moskow, Kelley, and Stern. Votes against this action: None. Not voting: Mr. McTeer and Ms. Rivlin

It was agreed that the next meeting of the Committee would be held on Tuesday, August 24, 1999.

The meeting adjourned at 11:45 a.m.

Donald L. Kohn
Secretary

Legal Developments

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Texas Regional Bancshares, Inc.
McAllen, Texas

Texas State Bank
McAllen, Texas

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

Texas Regional Bancshares, Inc. ("Texas Regional"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Harlingen Bancshares, Inc. ("Harlingen"), and thereby to acquire Harlingen's wholly owned subsidiary, HN Bancshares of Delaware, Inc., which in turn owns Harlingen National Bank ("Harlingen National"), all in Harlingen, Texas. Texas Regional's lead bank, Texas State Bank, McAllen, Texas, also has requested the Board's approval under section 18(c) of the Federal Deposit Insurance Act (the "Bank Merger Act") (12 U.S.C. § 1828(c)) to merge with Harlingen National, and approval under section 9 of the Federal Reserve Act ("FRA") (12 U.S.C. § 321) to establish branches at the six current offices of Harlingen National, all in Texas, listed in the Appendix.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 36,017 (1999)) in accordance with the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, notice of the proposal also has been published in relevant newspapers, and reports on the competitive effects of the bank mergers have been requested from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired and the Board has considered the proposal and all comments received in light of the factors set forth in the BHC Act, the Bank Merger Act, and the FRA.

Texas Regional is the 12th largest banking organization in Texas, controlling $1.5 billion in deposits, representing less than 1 percent of total deposits in insured depository institutions in the state ("state deposits").[1] Harlingen Bancshares is the 95th largest banking organization in Texas, controlling $194 million in deposits representing less than 1 percent of state deposits. On consummation of the proposal, Texas Regional would become the tenth largest banking organization in Texas, controlling deposits of $1.7 billion, representing less than 1 percent of state deposits.

Competitive Considerations

The BHC Act and the Bank Merger Act prohibit the Board from approving a proposal if it would result in, or be in the furtherance of a monopoly. These acts also prohibit the Board from approving a proposal if the effect of the proposal may be substantially to lessen competition 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 effect of the transaction in meeting the convenience and needs of the community to be served.[2]

Texas Regional and Harlingen Bancshares compete directly in two Texas banking markets, the McAllen-Edinburg-Mission banking market (the "McAllen banking market") and the Brownsville-Harlingen-San Benito banking market (the "Brownsville banking market").[3] Consummation of the proposal would be consistent with the Department of Justice Merger Guidelines ("DOJ Guidelines")[4] and prior Board precedent in the McAllen banking market. On consummation of the proposal, Texas Regional would remain the largest banking organization in the McAllen banking market and control $1.1 billion in deposits, representing 27.4 percent of total deposits in depository institutions in the market ("market deposits"). The HHI would increase 17 points to 1441.[5]

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

2. 12 U.S.C. §§ 1842(c)(1)(B) and 1828(c)(5)(B).

3. The McAllen banking market is defined as Hidalgo, Starr, and Willacy Counties, all in Texas. The Brownsville banking market is defined as Cameron County, Texas.

4. Under the revised DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger Herfindahl–Hirschman Index ("HHI") is above 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.

5. Market share data are as of June 30, 1998. These data are based on calculations in which the deposits of thrift institutions are included

In the Brownsville banking market, consummation of the proposal would increase the level of market concentration, as measured by the HHI, to levels that exceed the DOJ Guidelines. Texas Regional is the fourth largest of 12 banking organizations in the Brownsville banking market, and controls deposits of $287.6 million, representing approximately 13.8 percent of market deposits. Harlingen Bancshares is the sixth largest banking organization in the market, and controls deposits of $180.8 million, representing approximately 8.6 percent of market deposits. On consummation of the proposal, Texas Regional would become the second largest banking organization in the market with deposits of $468 million, representing approximately 22.4 percent of market deposits. The HHI would increase 238 points to 1940.

In reviewing the competitive effects of this proposal, the Board has considered that several factors appear to mitigate the likely effect of the proposal on competition in the Brownsville banking market. In particular, one thrift operating in the Brownsville banking market has been an active commercial lender.[6] In addition, 11 competitors would remain in the Brownsville banking market following the merger, and five of those competitors would each have market shares of more than 5 percent.[7] The Brownsville banking market is attractive for entry. The Brownsville banking market recently had the tenth largest increase in population for Metropolitan Statistical Areas in the United States. Since June 1996, four banking organizations have entered the market *de novo*.

The Justice Department reviewed the proposal and advised the Board that consummation of the proposal would not likely have any significantly adverse competitive effects in the Brownsville banking market or any other relevant banking market. The FDIC and OCC have not objected to the proposal.

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

Other Considerations

The BHC Act and the Bank Merger Act require the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved, the convenience and needs of the communities to be served, and certain supervisory factors. The Board has reviewed these factors in light of the record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by Texas Regional. Based on all the facts of record, the Board concludes that the financial and managerial resources and the future prospects of Texas Regional, Harlingen 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 related to the convenience and needs of the communities to be served, including the records of performance of the institutions under the Community Reinvestment Act, are consistent with approval of the proposal.

The Board also has considered the factors it is required to consider when reviewing applications for establishment of branches under section 9 of the FRA, including the permissibility of the branch locations under state law.[8] Based on all the facts of record, the Board concludes that these factors are consistent with approval of Texas State Bank's application to establish branches listed in the Appendix.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications and notices in this case should be, and hereby are, approved. The Board's approval is specifically conditioned on compliance by Texas Regional with all the commitments made in connection with these applications and notices. For the purpose of this action, the commitments and conditions relied on by the Board in reaching its decisions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of the bank shall not be consummated before the fifteenth calendar day following the effective date of this order, or 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.

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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). Thus the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

6. The thrift, Coastal Banc, has 5.9 percent of its total loan portfolio in nonmortgage commercial loans, and provides a variety of consumer and mortgage loans and other banking products and services. Accordingly, competition from Coastal Banc more closely approximates competition from a commercial bank. The Board previously has indicated that it may consider the competitiveness of a thrift institution at a level greater than 50 percent of the thrift's deposits when appropriate. *See Banknorth Group, Inc.*, 75 *Federal Reserve Bulletin* 703 (1989). Accounting for the deposits of the thrift at 100 percent, consummation of the proposal would increase the HHI in the Brownsville banking market by 211 points to 1822, and Texas Regional would have a post-merger market share of approximately 21.1 percent.

7. Three competitors, excluding Texas Regional, would have market shares of 30, 16 and 15 percent, respectively.

8. *See* Tex. Fin. Code Ann. § 32.203 (West 1997).

By order of the Board of Governors, effective August 23, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix

Branches of Texas State Bank to be established at Harlingen National's current offices in Texas.

1. 115 East Van Buren Street, Harlingen.
2. 2302 South 77 Sunshine Strip, Harlingen.
3. 1902 West Tyler Street, Harlingen.
4. 1200 North Stuart Place Road, Harlingen.
5. 101 North Main Street, La Feria.
6. 201 Starr Street, Mercedes.

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

AmSouth Bancorporation
Birmingham, Alabama

Order Approving the Merger of Bank Holding Companies

AmSouth Bancorporation ("AmSouth"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. §1842) to merge with First American Corporation ("First American"), and thereby acquire First American's only subsidiary bank, First American National Bank ("FANB"), Nashville, Tennessee. AmSouth also 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 First American's nonbanking subsidiaries, First American Federal Savings Bank ("FA-FSB") and First American Community Development Corporation, both in Nashville, Tennessee.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 36,875 (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 sections 3 and 4 of the BHC Act.

AmSouth, with total consolidated assets of $19.9 billion, is the 43rd largest commercial banking organization in the United States, controlling less than 1 percent of the total assets of insured commercial banks in the United States ("total banking assets").[2] AmSouth is the third largest depository institution in Alabama, controlling deposits of $6.9 billion, representing approximately 13.6 percent of total deposits in depository institutions in the state.[3] AmSouth's subsidiary bank also operates in Florida, Georgia, and Tennessee, and AmSouth engages in a number of permissible nonbanking activities.

First American, with total consolidated assets of $20.7 billion, is the 41st largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets. First American is the second largest depository institution in Tennessee, controlling deposits of $9 billion in the state, representing approximately 13.7 percent of total deposits in depository institutions in the state. First American's subsidiary depository institutions also operate in Arkansas, Georgia, Kentucky, Louisiana, Mississippi, and Virginia.

After consummation of the proposal, AmSouth would become the 22nd largest commercial banking organization in the United States, with total consolidated assets of $40.6 billion, representing less than 1 percent of total banking assets. After consummation, AmSouth's subsidiary insured depository institutions would operate in nine states.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met.[4] For purposes of the BHC Act, the home state of AmSouth is Alabama, and AmSouth proposes to acquire FANB, which is located in Arkansas, Georgia, Kentucky, Louisiana, Mississippi, and Tennessee.[5] All the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[6] In light of all the facts of record, the

1. Under the proposal, First American would merge with a newly formed, wholly owned subsidiary of AmSouth and, shortly thereafter, this subsidiary would merge into AmSouth, with AmSouth surviving the transactions. AmSouth and First American also each have requested the Board's approval to hold and exercise an option to acquire up to 19.9 percent of the other's voting shares. These options would expire on consummation of the proposed merger.

2. All data used for purposes of calculating nationwide rankings are as of December 31, 1998. All other banking data are as of June 30, 1998, and have been adjusted to account for mergers consummated since that date.

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

4. *See* 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

5. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (2)(B) and 1841(o)(4), (5), (6), and (7).

6. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). AmSouth meets the capital and managerial requirements established under applicable law. FANB also has been in existence and operated for the minimum period of time required by applicable state law. On consummation, AmSouth would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent, or the appropriate percentage established by applicable state law, of total deposits held by insured depository institutions in Georgia and Tennessee, the states in which

Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Factors

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or be in furtherance of a monopoly. Section 3 also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[7]

AmSouth and First American compete directly in the Cleveland, Nashville, and Rhea County banking markets, all in Tennessee, and the Chattanooga banking market, in Tennessee and Georgia.[8] The Board has carefully reviewed the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the market, the share of total deposits in depository institutions in the market ("market deposits") controlled by each competitor in the market,[9] the concentration level of market deposits in the market and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI"),[10] and other characteristics of the markets.

Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in the Cleveland and Nashville banking markets in Tennessee, and the Chattanooga banking market in Tennessee and Georgia.[11] Each of these banking markets would remain moderately concentrated after consummation of the proposal and numerous competitors would remain in each market relative to the size of the market.

Consummation of the proposal in the Rhea County banking market, without divestitures, would exceed the DOJ Guidelines as measured by the HHI. AmSouth is the third largest depository institution in the Rhea County banking market, controlling deposits of $47.5 million, representing approximately 20.5 percent of market deposits. First American is the second largest depository institution in the market, controlling deposits of $65.3 million, representing approximately 28.2 percent of market deposits.

To mitigate the potential anticompetitive effects of the proposal in the Rhea County banking market, AmSouth has committed to divest one branch of First American, which currently controls approximately $41.4 million in deposits.[12] After accounting for the proposed divestiture, consummation of the transaction would result in AmSouth controlling approximately 30.6 percent of market deposits in the Rhea County banking market, and AmSouth would become the largest depository institution in the market. A new competitor would control approximately 18 percent of market deposits, and would become the third largest depository institution in the market. In light of the proposed divestiture, the HHI in the Rhea County banking market would increase by 50 points to 3901, and consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines.

AmSouth and First American both operate insured depository institutions. *See* Ga. Code Ann. § 7-1-622(b); Tenn. Code Ann. § 45-2-1404. All other requirements under section 3(d) of the BHC Act also would be met on consummation of the proposal.

7. *See* 12 U.S.C. § 1842(c).

8. The Cleveland banking market is defined as Bradley County, and the towns of Benton and Ocoee in Polk County, all in Tennessee. The Nashville banking market is defined as the counties of Cheatham, Davidson, Robertson, Rutherford, Sumner, Williamson, and Wilson, all in Tennessee. The Rhea County banking market is defined as Rhea County, Tennessee. The Chattanooga banking market is defined to include Hamilton and Marion Counties in Tennessee (excluding the town of Monteagle in Marion County), and Catoosa, Dade, and Walker Counties in Georgia.

The Board notes that AmSouth has withdrawn its request that the Chattanooga banking market be expanded to include Rhea County. Accordingly, the Board has considered the Chattanooga and Rhea County banking markets as separate markets in reviewing the competitive effects of the proposal and has treated comments challenging the proposed expansion of the Chattanooga banking market to include Rhea County as moot.

9. Market share data are based on calculations that include the deposits of thrift institutions, which include savings banks and savings associations, 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). FA-FSB operates a branch in the Chattanooga banking market. Because FA-FSB is, and would continue to be, controlled by a bank holding company, the thrift's deposits have been included in the calculation of market shares on a 100-percent weighted basis.

10. Under the Department of Justice Merger Guidelines ("DOJ Guidelines"), 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.

11. The competitive effects of the proposal in these three banking markets are summarized in the Appendix.

12. AmSouth has committed to execute, before consummation of the proposal, an agreement to sell the relevant branch to an out-of-market commercial banking organization that is competitively suitable to the Board and to complete the proposed divestiture within 180 days of consummation of the proposal. AmSouth also has committed that, if it is unsuccessful in completing the divestiture within the 180-day period, it will transfer the unsold branch to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branch promptly to an alternative purchaser acceptable to the Board. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991).

The Board has sought and considered the views of the Department of Justice regarding the competitive effects of the proposal in each relevant banking market, including Rhea County. Based on all the facts of record, including the proposed branch divestiture in Rhea County, 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 banking markets in which AmSouth and First American now compete or any other relevant banking market.

Financial, Managerial, and Other Supervisory Factors

Section 3 of the BHC Act also requires that the Board consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors. The Board has carefully considered the financial and managerial resources and future prospects of AmSouth, First American, and their respective subsidiary banks and other supervisory factors in light of all the facts of record, including comments received on the proposal,[13] reports of examination and other confidential supervisory information assessing the financial and managerial resources of the organizations, and financial information provided by AmSouth. The Board notes that AmSouth and First American and their subsidiary depository institutions currently are well capitalized and are expected to remain so on consummation of the proposal. Based on these and all the other facts of record, the Board concludes that the financial and managerial resources and future prospects of AmSouth, First American, and their subsidiary banks are consistent with approval, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.[14]

Convenience and Needs Factor

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

Approximately 54 interested persons submitted comments either supporting the proposal or commenting favorably on the CRA-related activities of AmSouth or First American. Some of these commenters commended AmSouth or First American for providing loans, investments, technical assistance, or other forms of support to community development and nonprofit organizations in their local communities. Others commented favorably on AmSouth's announced $3.5 billion, five-year lending and community development pledge, which would include formation of a new AmSouth Community Development Corporation.[15]

Two commenters opposed the proposal, alleging that AmSouth and First American have inadequate records of meeting the banking and credit needs of the communities they serve, particularly in areas with predominantly low- and moderate-income ("LMI") and minority populations.[16] Commenters opposing the proposal also alleged, on the basis of individual customer transactions or housing-related lending data submitted by AmSouth and First American under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA"), that AmSouth and First American have violated the fair lending laws.[17]

13. These comments include submissions: (i) contending that AmSouth and First American improperly terminated employees in anticipation of receiving Board approval of the proposal, and (ii) citing reports that, in 1959, a branch employee of a bank subsequently acquired by First American notified certain Mississippi public officials that a local chapter of the National Association for the Advancement of Colored People had opened a deposit account with the bank. AmSouth has indicated that First American independently determined to discontinue certain operations in light of the proposed merger and in furtherance of previously initiated business reorganizations and the record does not support a finding that AmSouth exercised a controlling influence over First American regarding this or any other management decision or policy. AmSouth also has indicated that the branch employee responsible for the 1959 incident is no longer with First American.

14. Certain commenters criticized the manner in which the management of AmSouth or First American handled loan, banking, and other financial service transactions in individual cases. These comments included allegations of improper treatment by First American and its predecessors arising from a 1984 loan transaction that has been the subject of three separate judicial proceedings, each of which has been resolved in favor of First American. Some of the other transactions mentioned by commenters also have been the subject of suits that were judicially resolved in favor of AmSouth or First American, or are the subject of litigation that remains pending with no adjudication of wrongdoing on the part of AmSouth or First American. The Board has considered these comments in light of all the facts of record in reviewing the managerial and convenience and needs factors, and has forwarded those comments relating to FANB to the Office of the Comptroller of the Currency, the bank's appropriate federal supervisor.

15. This pledge includes a $2 billion goal for small business lending in low- and moderate-income areas, and a $1.5 billion goal for housing-related loans to low- or moderate-income individuals or in low- or moderate-income areas. The proposed new community development organization would provide homeownership counseling programs and technical assistance to nonprofit organizations that support affordable housing, small businesses, or community development.

16. The commenters that opposed the proposal were Inner City Press/Community on the Move and Inner City Public Interest Law Center, Bronx, New York, and Citizens Against Legal Abuse, Inc., New Orleans, Louisiana.

17. One commenter submitted information contending that AmSouth has discriminated against minorities in its hiring practices and placement of personnel. The racial composition of an applicant's workforce is not a factor the Board is permitted to consider in acting on an application under the BHC Act. The Board notes that the Equal Employment Opportunity Commission ("EEOC") has jurisdiction to determine whether banking organizations such as AmSouth and AmSouth Bank are in compliance with federal equal employment opportunity statutes under the regulations of the Department of Labor.

CRA Performance Examinations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations of the CRA performance records of the relevant depository institutions by the appropriate federal financial supervisory agency.[18] AmSouth's only subsidiary bank, AmSouth Bank, Birmingham, Alabama, received a "satisfactory" rating at its most recent CRA performance examination by the Federal Reserve Bank of Atlanta, as of September 1998. In addition, FANB, which accounts for approximately 97 percent of First American's total consolidated assets, received a "satisfactory" rating at its most recent CRA performance examination by the Office of the Comptroller of the Currency ("OCC"), as of July 1998. FA-FSB also received a "satisfactory" rating from the Office of Thrift Supervision ("OTS") at its most recent CRA performance examination, as of August 1998.

AmSouth has indicated that it does not expect to implement significant changes in the products or services of First American and that the CRA-related programs and activities of the combined organization would be based on the current programs of the two individual organizations. Consequently, the Board has carefully considered the CRA performance records of AmSouth and First American in evaluating the proposal.

CRA Performance Record of AmSouth

In the 1998 examination of AmSouth Bank, examiners found that the bank offered a variety of loan products designed to meet the credit needs of its local communities, including fixed- and adjustable-rate mortgage loans, Federal Housing Administration and Veterans Administration loans, business loans of varying types and duration, and consumer loans. Examiners favorably commented on the bank's use of innovative and flexible lending programs to assist in meeting the credit needs of its communities, including LMI borrowers. These programs included the AmSouth Affordable Housing Program, which required only a 3-percent down payment, allowed higher debt-to-income ratios than typically accepted, and permitted waivers of private mortgage insurance requirements. AmSouth Bank originated more than 500 loans, totaling approximately $27 million, under this program from January 1, 1997, through August 27, 1998.[19] The bank also participated in the Federal National Mortgage Association Community Home Buyer's Program, a low down payment mortgage product designed for LMI individuals.

Examiners found that AmSouth Bank solicited loan applications from all segments of its communities, including LMI neighborhoods, and that a high percentage of the bank's loan originations were within the bank's assessment areas, which included portions of Alabama, Florida, Georgia, and Tennessee.[20] Examiners concluded that the bank had performed well in lending to borrowers of different income levels, and that the distribution of the bank's lending activity in census tracts of different income levels was adequate. In addition, examiners found that the bank's branches were reasonably distributed throughout its communities, including LMI neighborhoods.

Examiners also found that AmSouth Bank had assisted in meeting the credit needs of small businesses in its local communities, and that the bank's small business lending was well distributed among businesses of different sizes. The bank made more than 7,800 small business loans, totaling approximately $548 million, during the assessment period, and approximately 85 percent of the number and 36 percent of the total dollar amount of these loans were made to businesses with total annual revenues of $100,000 or less.[21] Examiners noted that approximately 20 percent of the bank's small business loan originations were in LMI census tracts.

The 1998 CRA performance examination also found that AmSouth Bank had a strong record of community development investments and a high level of community development loans. Examiners noted that AmSouth Bank made community development investments totaling approximately $12 million during the assessment period, and held an additional 14 qualified community development investments, totaling approximately $18 million. Examiners also noted that the bank made 18 qualified community development loans, totaling approximately $44.5 million, during the assessment period that assisted in providing housing for more than 1,100 LMI families. AmSouth Bank's community development loans included a $9.45 million loan to construct a 252-unit apartment project in Orlando, Florida, that qualified for low-income housing tax credits and a $5.1 million loan for the construction and development of four apartment complexes in Albertville, Alabama, under the Alabama Housing Finance Authority HOME Program.

CRA Performance Record of First American

Examiners at the most recent CRA performance examination of FANB found that the bank offered a wide variety of

See 41 C.F.R. 60–1.7(a), 60–1.40. Accordingly, the Board has forwarded commenter's contentions to the EEOC for consideration.

18. The Interagency Questions and Answers Regarding Community Reinvestment provides that an institution's most recent CRA performance evaluation is an important and often controlling factor in the consideration of an institution's CRA record because it represents a detailed evaluation of the institution's overall record of performance under the CRA by its appropriate federal banking supervisor. 64 *Federal Register* 23,618 and 23,641 (1999).

19. Examiners also noted that the AmSouth Affordable Housing Program loans were marketed by community lending officers of the bank to real estate professionals who assisted LMI individuals in purchasing a home. Six of the bank's community lenders were located in each of the following communities: Birmingham, Alabama; Tampa, St. Petersburg, and Pensacola, Florida; and Chattanooga and Nashville, Tennessee.

20. For example, examiners found that more than 90 percent of the number and dollar amount of the bank's home purchase, home improvement, home refinancing, and small business loans were made within the bank's assessment areas.

21. The assessment period for the 1998 examination of AmSouth Bank was January 1, 1997, to June 30, 1998.

products to address the credit and banking needs of its communities, including LMI individuals and communities. FANB originated more than 17,900 HMDA-reportable loans, totaling approximately $1.23 billion, and more than 11,700 small business loans, totaling approximately $600 million, in its assessment areas during the examination period.[22] Examiners reviewed the distribution of the bank's lending in its assessment areas and concluded that the bank's lending was reasonably distributed among geographies and individuals with different income levels area including LMI neighborhoods and individuals.

Examiners at the 1998 examination favorably noted that FANB offered two mortgage products that used flexible underwriting criteria and that were designed for LMI borrowers. FANB made 1,571 loans, totaling approximately $46.5 million, under these flexible mortgage programs during the assessment period in Tennessee, Kentucky, and Virginia. Examiners also noted that FANB offered a consumer loan product designed for LMI individuals, which permitted debt-to-income ratios that were higher than normal and alternative sources of credit verification.[23]

In addition, the 1998 examination found that FANB had demonstrated a strong commitment to lending to small businesses located in LMI areas. Examiners favorably noted that 38 percent of the bank's small business loans in the Knoxville, Tennessee, Metropolitan Statistical Area ("MSA") were originated in LMI areas, and 32 percent of the bank's small business loans in the Nashville, Tennessee, MSA were originated in LMI areas. These percentages exceeded the respective percentage of small businesses located in LMI census tracts in each of these MSAs.

Furthermore, examiners concluded that FANB had demonstrated an excellent record of community development lending and investments within its assessment areas. During the assessment period, FANB originated more than 30 community development loans in Tennessee, totaling approximately $21.3 million,[24] and nine community development loans, totaling approximately $2.5 million, in Kentucky. These loans included a $1.2 million loan to a nonprofit organization in Knoxville to renovate a 32-unit assisted living facility for low-income senior citizens, and a $1.2 million loan to a housing development agency to develop low-income census tracts in Nashville.

During the assessment period, FANB also made community development investments totaling approximately $30 million in Tennessee, and $2.5 million in Kentucky. Examiners noted that the largest of these investments was an innovative and complex investment, which involved the securitization of a portion of the bank's portfolio of affordable mortgage loans and the subsequent swap of these securities for securities issued by the Federal Home Loan Bank Board and backed by affordable mortgages originated throughout Tennessee. The bank's other community development investments included an investment of $250,000 in 1996 in a Nashville area loan pool that provided downpayment and closing-costs assistance to qualified LMI borrowers. The bank also purchased $707,000 in low-income housing tax credits to finance the construction of 24 units of affordable housing in Bowling Green, Kentucky.[25]

Examiners found that FANB's branches and alternative delivery systems were accessible to all portions of the bank's communities. Examiners noted that approximately 22 percent of the bank's branches in Tennessee were located in LMI census tracts, which approximated the percentage of census tracts in the state that were LMI census tracts. In addition, examiners concluded that FANB, both alone and in conjunction with a variety of community groups, provided a high level of community development services in its assessment areas, including counseling to first-time homebuyers and technical assistance to small businesses and community development organizations.[26]

HMDA Data

The Board also has considered the lending record of AmSouth and First American in light of comments about the HMDA data reported by the organizations' subsidiaries. These data show that in 1996, 1997, and 1998, AmSouth Bank originated a higher percentage of its housing-related loans in LMI areas in the Birmingham and Mobile, Alabama, MSAs than lenders in the aggregate in these MSAs. In addition, in the Birmingham and Mobile, Alabama, MSAs, the percentage of AmSouth Bank's housing-related loan originations to African Americans in 1997 and 1998, compared with the bank's total housing-related originations for those years, exceeded or approximated the performance of lenders in the aggregate in the relevant MSA. These data also show that in 1996, 1997, and 1998, FANB originated a higher percentage of its housing-related loans in LMI areas in Tennessee than lenders in the aggregate in the state.

The data, however, reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial groups and individuals at different

22. The 1998 examination of FANB reviewed the bank's activities during 1996, 1997, and the first quarter of 1998. During this period, the bank's assessment area consisted of Tennessee and certain areas of Kentucky and Virginia.

23. The 1998 examination also noted that FANB offered special checking accounts with lower minimum balances and monthly fees for small businesses and LMI individuals.

24. Of this amount, approximately $12.9 million was originated in the Nashville MSA, and $2.4 million was originated in the Knoxville MSA.

25. AmSouth has stated that First American recently made a $1 million investment in the Enterprise Corporation of the Delta, which provides capital, education, and technical support to emerging and expanding small businesses throughout the Mississippi delta region.

26. After completion of the 1998 CRA examination of FANB, First American acquired Deposit Guaranty National Bank, Jackson, Mississippi ("Deposit Guaranty"), and merged the bank into FANB, with FANB surviving the merger. Deposit Guaranty received a "satisfactory" rating from the OCC at its last CRA performance examination before this merger, as of August 1995. The CRA and fair lending policies and programs of FANB were implemented at Deposit Guaranty after consummation of the banks' merger.

income levels. The Board is concerned when an institution's record indicates such disparities in lending, and believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound banking, but also equal access to credit by creditworthy applicants regardless of their race or income level.

The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because the data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[27] HMDA data, therefore, have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has carefully considered the data and comments in light of other information, including information provided by AmSouth and First American and confidential supervisory information and examination reports that provide an onsite evaluation of the compliance by the subsidiary depository institutions of AmSouth and First American with the fair lending laws. AmSouth has stated that AmSouth and First American use a centralized underwriting process for all HMDA-reportable loans to ensure the fair and consistent application of the banks' underwriting guidelines, and provide a second review process for all denials of HMDA-reportable loans. AmSouth also has indicated that both AmSouth and First American employ community lenders that focus on marketing the organization's credit and other products to communities with large LMI or minority populations.

Furthermore, as noted above, examiners at the most recent examination of AmSouth Bank found that the bank solicited loan applications from all segments of the bank's communities. Examiners also found that AmSouth Bank had adequate policies and procedures to ensure that the evaluations of credit applications were based solely on financial and economic factors, and found no evidence of prohibited discrimination or other illegal credit practices. Examiners at the most recent examination of FANB reviewed the bank's fair lending policies and procedures and found these policies and procedures appropriate for ensuring the bank's compliance with the fair lending laws. Examiners found no evidence of prohibited discrimination or other illegal credit practices at the most recent examinations of FANB and FA-FSB.

Branch Closings

Two commenters expressed concern that consummation of the proposal would result in branch closings and that these closings would have adverse effects on the local communities in which the branches are located. AmSouth has stated that it currently is reviewing 24 full-service branches of the two organizations for potential closure and has submitted preliminary and confidential information about these branches. AmSouth has indicated that it continues to review information about the branches identified for potential closure, and that it has not made a final determination with respect to the closing of any branch.

The Board has carefully considered the comments concerning branch closings in light of all the facts of record, including the preliminary branch closing information submitted by AmSouth, the branch closing policies of AmSouth and First American, and the record of the two organizations in opening and closing branches. The Board notes that only two of the 24 full-service branches identified for potential closure are located in LMI areas, and that each of these branches is located close to another AmSouth or First American facility. Furthermore, examiners at the most recent CRA examination of AmSouth Bank and FANB reviewed the banks' records of opening and closing branches and found that the banks' branch closings had not adversely affected the accessibility of banking services in their communities.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.[28] The law does not authorize federal regulators to prevent the closing of any branch. Any branch closings resulting from the proposal will be considered by the appropriate federal supervisor at the next CRA examination of the relevant subsidiary depository institution.

Conclusion on the Convenience and Needs Factor

In its review of the convenience and needs factor under the BHC Act, the Board has carefully considered the entire record, including the CRA performance examinations of each of the insured depository institutions involved in the proposal, all the information provided by the commenters, AmSouth, and First American, and confidential supervisory information.[29] Based on all the facts of record, and for

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

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

29. Two commenters criticized the size and scope of AmSouth's announced $3.5 billion, five-year lending and community development pledge and questioned whether AmSouth would work with

the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant insured depository institutions, are consistent with approval of the proposal.

Nonbanking Activities

AmSouth also has filed notice under section 4(c)(8) of the BHC Act to acquire FA-FSB and First American Community Development Corporation and thereby engage in operating a savings association and in community development activities. The Board has determined by regulation that operation of a savings association and community development activities are, within certain limits, closely related to banking for purposes of the BHC Act.[30] AmSouth has committed to conduct these nonbanking activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations governing each of these activities.

In order to approve a notice under section 4(c)(8) of the BHC Act, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposal "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."[31] As noted above, FA-FSB received a "satisfactory" rating from the OTS at its most recent CRA performance examination, as of August 1998.

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

The Board also has considered the competitive effects of the proposed acquisition by AmSouth of the nonbanking subsidiaries of First American. FA-FSB has eight branches located in Virginia and Georgia, and competes with AmSouth only in the Chattanooga, Tennessee, banking market. For the reasons discussed above, the Board has concluded that the acquisition of First American's subsidiary depository institutions, including FA-FSB, is not likely to have any significantly adverse effects in the Chattanooga, Tennessee, banking market or any other relevant banking market. Numerous competitors also would remain in the market for community development services, and the market structure for providing these services would remain unconcentrated. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisitions proposed in the transaction.

AmSouth has indicated that consummation of the proposal would provide current and future customers of the two organizations greater convenience. AmSouth also has stated that the proposal would permit the combined organization to achieve greater operational efficiencies and economies of scale, and that these efficiencies and economies of scale would strengthen AmSouth's ability to compete in the markets in which it operates. In addition, as the Board has previously noted, 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 and actions are consistent, as in this case, with the relevant considerations under the BHC Act.[32]

The Board also concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and prior Board precedent is not likely to result in adverse effects, such as undue concentration of resources, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act are consistent with approval of AmSouth's notice.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved.[33] The Board's

community groups located throughout the organization's franchise to develop and implement the pledge. The Board previously has stated that, to gain approval of a proposal to acquire an insured depository institution, an applicant must demonstrate a satisfactory record under the CRA without reliance on plans or commitments for future action. *See NationsBank Corporation*, 84 *Federal Reserve Bulletin* 858, 876 (1998); *Totalbank Corporation*, 81 *Federal Reserve Bulletin* 876 (1995). The Board also previously has noted that, while communications with community groups provide a valuable method of assessing and determining how an institution may best address the credit needs of the community, the CRA does not require depository institutions to enter into agreements with any organization. *See Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994). Accordingly, the Board has carefully considered the actual record of past performance of the insured depository institution subsidiaries of AmSouth and First American under the CRA, and has reviewed AmSouth's pledge only as an indication of the company's intent to maintain and strengthen these records of past performance. The Board notes, moreover, that the future activities of the combined organization, including efforts to implement the proposed lending and community development plan, would be reviewed by the appropriate federal supervisors of the relevant depository institutions in future performance examinations, and would be considered by the Board in future applications by AmSouth to acquire an insured depository institution.

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

31. 12 U.S.C. § 1843(c)(8).

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

33. The Board received comments, including numerous untimely comments, requesting that the Board hold a public meeting or hearing

approval is specifically conditioned on compliance by AmSouth with all the commitments made in connection with this application and with the conditions stated or referred to in this order. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.[34]

The merger with First American shall not be consummated before the thirtieth calendar day following the effective date of this order, or such shorter period as agreed to by the Attorney General of the United States, and the proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 30, 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: Governors Kelley, Meyer, and Ferguson. Absent and not voting: Chairman Greenspan and Governor Gramlich.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix

Summary of Market Structure in Banking Markets Without Divestitures

Tennessee

Cleveland

AmSouth is the sixth largest depository institution in the market, controlling deposits of $64 million, representing approximately 7.1 percent of market deposits. First American is the third largest depository institution in the market, controlling deposits of $129.5 million, representing approximately 14.3 percent of market deposits. After the proposed merger, AmSouth would become the second largest depository institution in the market, controlling deposits of $193.5 million, representing approximately 21.3 percent of market deposits. On consummation of the proposal, the HHI would increase 202 points to 1790, and eight other competitors would remain in the market.

Nashville

AmSouth is the 12th largest depository institution in the market, controlling deposits of $186.9 million, representing approximately 1.3 percent of market deposits. First American is the largest depository institution in the market, controlling deposits of $3.6 billion, representing approximately 25 percent of market deposits. After the proposed merger, AmSouth would become the largest depository institution in the market, controlling deposits of approximately $3.8 billion, representing approximately 26.3 percent of market deposits. The HHI would increase 64 points to 1483, and 29 other competitors would remain in the market.

Tennessee and Georgia

Chattanooga

AmSouth is the fourth largest depository institution in the market, controlling deposits of $584.2 million, representing approximately 12.2 percent of market deposits. First American is the third largest depository institution in the market, controlling deposits of $648.3 million, representing approximately 13.4 percent of market deposits.

on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial. The Board has not received such a recommendation from the appropriate supervisory authorities. The Board's regulations provide for a hearing under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. *See* 12 C.F.R. 225.25(a)(2). Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e).

The Board has carefully considered the requests for a public meeting or hearing in light of all the facts of record. In the Board's view, commenters have had ample opportunity to submit their views and, in fact, have submitted written comments that have been carefully considered by the Board in acting on the proposal. The requests fail to identify disputed issues of fact that are material to the Board's decision and that may be clarified by a public meeting or hearing. Commenters have provided substantial written comments that have been carefully considered by the Board, and the requests fail to show why a public meeting or hearing is necessary for the proper presentation or consideration of commenters' views. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the requests are hereby denied.

34. Certain commenters also requested that the Board delay action on the proposal and investigate the allegations made by the commenters, including allegations that AmSouth and First American have violated the fair lending laws. The Board has accumulated a significant record in this case, including reports of examination, supervisory information, public reports and information, and public comment. In addition, the commenters have had ample opportunity to submit their views and, in fact, have provided substantial written submissions that have been considered carefully by the Board in acting on the proposal. Based on a review of all the facts of record, the Board concludes that the record in this case is sufficient to warrant Board consideration and action on the proposal at this time, and further delay of consideration of the proposal or an extension of the comment period is not warranted.

After the proposed merger, AmSouth would become the largest depository institution in the market, controlling deposits of $1.2 billion, representing approximately 25.6 percent of market deposits. On consummation of the proposal, the HHI would increase 331 points to 1668, and 21 other competitors would remain in the market.

Bank Iowa
Red Oak, Iowa

Order Approving Acquisition of a Branch

Bank Iowa, a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to acquire the branch of U.S. Bank, N.A., Minneapolis, Minnesota ("U.S. Bank"), located at 802 Broadway, Red Oak, Iowa ("Branch").[1] Bank Iowa proposes to merge Branch into a nearby Bank Iowa branch on consummation of this proposal.

Notice of the application, 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 merger were requested from the United States Attorney General and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the application and all the facts of record in light of the factors set forth in the Bank Merger Act.

Bank Iowa controls $72.6 million in deposits, representing less than one percent of total deposits in depository institutions[2] in Iowa.[3] Branch controls $17.8 million in deposits, and, on consummation of this proposal, Bank Iowa would control deposits of $92.4 million, representing less than one percent of total deposits in depository institutions in the state.

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]

The Board has carefully considered the competitive effects of the proposal as required by the Bank Merger Act. Bank Iowa and Branch compete in the Montgomery County, Iowa, banking market.[6] The Board has reviewed the competitive effects of the proposal in this 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 insured depository institutions in this market ("market deposits")[7] as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines").[8]

Bank Iowa is the fourth largest depository institution in the market, controlling $21.9 million in deposits, representing 11.5 percent of market deposits. Branch represents the fifth largest depository institution in the market, controlling $17.8 million in deposits, representing 9.4 percent of market share. On consummation of this proposal, Bank Iowa would become the second largest depository institution in the market, controlling deposits of $39.7 million, representing 20.9 percent of market deposits. The HHI would increase by 216 points to 2941.

As the Board has indicated in previous cases, in a market in which the competitive effects of a proposal exceed the DOJ Guidelines, the Board will consider whether other factors tend to mitigate the competitive effects of the proposal. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the level of market concentration and size of the increase in market concentration. In this case, the structural effect of the proposed transaction would marginally exceed the DOJ Guidelines.

Several factors, including the structure of the Montgomery County banking market, indicate that the likely effect of consummation of this proposal on competition in the market would not be significantly adverse. Five depository institutions, including Bank Iowa, would operate in the market after consummation of this proposal. The largest competitor in the market controls approximately 45 percent of market deposits and two additional competitors (other than Bank Iowa) control approximately 17 percent and

1. Bank Iowa would acquire Branch from Liberty Bank, FSB, Arnolds Park, Iowa, which acquired eight Iowa branches from U.S. Bank in May 1999.

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

3. All state banking data are as of December 31, 1998.

4. 12 U.S.C. § 1828(c)(5)(A).

5. 12 U.S.C. § 1828(c)(5)(B).

6. The Montgomery County banking market is defined as Montgomery County, plus Indian Creek township in Mills County, all in Iowa.

7. All market 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* 42 (1991).

8. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 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 or acquisition increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers or acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

16 percent of market deposits. Furthermore, Branch does not appear to be a strong competitor in the market. U.S. Bancorp entered the market through the acquisition of Branch in 1997, and Branch has lost market share in the past two years.

The Department of Justice has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant market.

After carefully reviewing all the facts of record, and for the reasons discussed in this order, the Board concludes that consummation of the proposal would not have any significantly adverse effects on competition or on the concentration of banking resources in the Montgomery County banking market or in any other relevant banking market. Accordingly, based on all the facts of record, the Board has determined that competitive factors are consistent with approval of the proposal.

Financial, Managerial and Other Considerations

The Bank Merger Act also requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal, and the convenience and needs of the communities to be served. The Board has reviewed carefully these factors in light of all the factors of record, including supervisory reports of examination assessing the financial and managerial resources of the organizations. Based on these and all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Bank Iowa are consistent with approval.

In considering the convenience and needs factor, the Board has reviewed the record of Bank Iowa under the Community Reinvestment Act ("CRA"). The Board notes that Bank Iowa received a "satisfactory" rating at its last CRA performance examination by the OCC, as of December 1, 1997. Based on all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance record of Bank Iowa, are consistent with approval of the proposal.

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval of this proposal is conditioned on compliance by Bank Iowa with the commitments made in connection with this application. 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 Branch may not be consummated before the fifteenth calendar day after the effective date of this order, and this proposal may not be consummated 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 August 18, 1999.

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

JENNIFER J. JOHNSON
Secretary of the Board

Manufacturers and Traders Trust Company Buffalo, New York

Order Approving the Acquisition of Branches and Establishment of Bank Branches

Manufacturers and Traders Trust Company ("M&T"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to acquire 32 branches of The Chase Manhattan Bank, New York, New York ("Chase"). M&T also has applied under section 9 of the Federal Reserve Act ("FRA") (12 U.S.C. §321) to establish branches at the locations of the branches to be acquired, as described in Appendix A.

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 merger were requested from the United States Attorney General and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all the facts of record in light of the factors set forth in the Bank Merger Act and section 9 of the FRA.

M&T is the seventh largest commercial banking organization in New York, controlling deposits of $14.2 billion, representing 3.4 percent of total deposits in commercial banking organizations in the state.[1] Chase is the largest commercial banking organization in New York, controlling deposits of 95.3 billion, representing 22.4 percent of total deposits in commercial banking organizations in the state. This proposal involves the acquisition by M&T of 32 branches of Chase that are located primarily in banking markets in upstate New York. Chase would continue to operate 389 branches throughout New York State following the transaction. On consummation of this proposal, M&T would remain the seventh largest commercial banking organization in New York, and would control deposits of $14.8 billion, representing 3.6 percent of total deposits in commercial banking organizations in the state.

The Bank Merger Act prohibits the Board from approving an application if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking.[2] The Bank Merger Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any relevant market, unless the Board finds that the anticompetitive effects of the proposed transaction are

1. All banking data are as of June 30, 1998.
2. 12 U.S.C. § 1828(c)(5)(A).

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.[3]

The Board has carefully considered the competitive effects of the proposal as required by the Bank Merger Act. M&T and Chase currently compete in the Albany, Binghamton, Buffalo, Elmira-Corning, and Jamestown banking markets in New York.[4] The Board has carefully reviewed the competitive effects of the proposal in each of these markets in light of all the facts of record, including the characteristics of the markets and the projected increase in the concentration of total deposits in insured depository institutions in these markets ("market deposits")[5] as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines").[6] The Board also has carefully examined the number of competitors that would remain in each of the banking markets after consummation of the proposal. Consummation of the proposal would be consistent with the DOJ Guidelines and prior Board decisions in the Albany, Binghamton, Buffalo, and Elmira-Corning banking markets.[7] The proposal would exceed the DOJ guidelines in the Jamestown banking market.

Jamestown Banking Market. M&T is the fifth largest depository institution in the Jamestown banking market, controlling $93.1 million in deposits, representing 8.6 percent of market deposits.[8] Chase is the third largest depository institution in the Jamestown banking market, controlling $201.2 million in deposits, representing 18.7 percent of market deposits. On consummation of this proposal, M&T would become the largest depository institution in the market, controlling $294.3 million in deposits, representing 27.3 percent of market deposits. The HHI would increase by 324 to 1952.

As the Board has indicated in previous cases, in a market in which the competitive effects of a proposal exceed the DOJ Guidelines, the Board will consider whether other factors tend to mitigate the competitive effects of the proposal. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the level of market concentration and size of the increase in market concentration.

In this case, nine depository institutions, including M&T, would remain in the Jamestown banking market after consummation of the proposal. Three of the largest competitors in the market, excluding M&T, are multistate banking organizations. In addition, three competitors will have market shares exceeding 10 percent, including two competitors with market shares exceeding 20 percent. The Jamestown market also appears to be reasonably attractive for entry. The unemployment rate in the market has fallen from 7.2 percent to 5 percent over the past five years, personal income grew by 24 percent and nonagricultural employment grew by 4.1 percent in that time. Furthermore, two depository institutions have entered the Jamestown market in the last several years. A *de novo* savings bank opened in 1995, and a community bank entered the market in 1997 by acquiring four branches in the market. Since 1994 the HHI for the Jamestown market has steadily declined, from 1975 to 1628 at present. The Board believes that these factors indicate that the likely effect of consummation of this proposal on competition in the Jamestown banking market would not be significantly adverse.

Views of the Department of Justice and Conclusions. The Department of Justice has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant market.

After carefully reviewing all the facts of record and for the reasons discussed in this order and its appendices, the Board concludes that consummation of the proposal would not have any significantly adverse effects on competition or on the concentration of banking resources in any of the five banking markets in which M&T and Chase compete or in any other relevant banking market. Accordingly, the Board has determined that competitive factors are consistent with approval of the proposal.

Other Factors under the Bank Merger Act

The Bank Merger Act also requires the Board, in acting on an application, to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served.

A. Financial, Managerial, and Future Prospects

The Board has carefully considered the financial and managerial resources and future prospects of M&T, and the effect of its acquisition of the Chase branches on those

3. 12 U.S.C. § 1828(c)(5)(B).

4. These banking markets are described in Appendix B.

5. 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* 42 (1991).

6. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. A market in which the post-merger HHI is above 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 or acquisition increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers or acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

Market data for these banking markets after consummation of the proposal are described in Appendix C.

7. Market data for these banking markets after consummation of the proposal are described in Appendix C.

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

resources and prospects in light of all the facts of record. As part of its consideration, the Board has reviewed relevant reports of examination and other supervisory information prepared by the Reserve Banks and other federal agencies. Based on these and other facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of M&T and the Chase branches are consistent with approval of the proposal.

B. Convenience and Needs Considerations

In acting on this proposal, the Board also must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C §§ 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal supervisory authority to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansion proposals. The Board has carefully considered the convenience and needs factor and the CRA performance record of M&T in light of all the facts of record, including public comments on the proposal.[9]

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

M&T received an "outstanding" rating in the most recent examination of its CRA performance by the Federal Reserve Bank of New York, as of May 1998 ("1998 Examination"). The examination found no evidence of any credit practices that violated the substantive provisions of antidiscrimination laws and regulations. Examiners found that M&T responded to the credit needs of its assessment areas by originating 95 percent of its home purchase and home improvement loans and refinancings ("HMDA-related loans"),[11] small farm and small business loans, and community development loans within its assessment areas. The geographic distribution of these loans was deemed excellent. The percentage of M&T's HMDA-related loans to low-income borrowers was found to be lower than the percentage of low-income families in all assessment areas. Examiners noted, however, that this also was true of M&T's peer institutions and appeared to be primarily due to the high cost of housing compared with family income throughout New York State. Examiners noted, moreover, that when the number of HMDA-related loans in an assessment area was compared with the number of owner-occupied housing units in that area, M&T's proportion of loans was greater in LMI communities than in non-LMI communities. Examiners also found that M&T demonstrated a good record of lending to small businesses of different sizes.

The 1998 Examination deemed M&T's record of meeting the credit needs of its communities through community development lending to be excellent. Examiners found that M&T had total community development lending of $103.9 million, $69.5 million of which represented loans or lines of credit originated or increased during the examination period. Examiners also cited M&T's use of a variety of innovative or flexible lending practices that address the credit needs of LMI individuals and geographies. These practices include a program that provides borrowers with low-interest loans to help them meet closing costs on other loans, and a "$500 down" program that allows borrowers in certain cities with household incomes below 80 percent of the median to purchase a home with a $500 down payment. During the examination period, M&T made 64 loans for $2.7 million under the $500 down program. M&T also participates in the State of New York Mortgage Association ("SONYMA") low interest rate and new construction incentive program, which provides low-interest, high loan-to-value mortgage loans to first-time homebuyers with incomes below a ceiling set by SONYMA. M&T made 940 of these loans totaling $73 million during the examination period.

Examiners rated M&T's CRA-related investment performance to be "high satisfactory," and found that M&T has made a significant level of qualified investments not routinely provided by other banks and private investors. M&T's qualified investments totaled $9.3 million, and supported community services, revitalization and stabilization projects, affordable housing, and economic development projects. Examiners also found that M&T made good use of innovative and complex investments to support community development initiatives, and that overall

9. Two community groups ("Protestants") submitted timely written comments opposing the proposal. Protestants note that Chase previously entered into a voluntary $18.1 billion, five year community reinvestment commitment in connection with the 1996 merger of Chemical Banking Corporation and Chase Manhattan Corporation. Protestants express concern that Chase may seek to avoid compliance with this commitment by selling its branches to competitors. The Board notes that the BHC Act and the CRA require the Board to consider the record and resources of the applicant, which in this case is M&T, and its subsidiaries, and do not provide for review of the record or resources of the selling institution. The Board also notes that Chase states that it has already reached 88 percent of the $18.1 billion nationwide goal.

10. The Interagency Questions and Answers Regarding Community Reinvestment provide that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record. *See* 64 *Federal Register* 23,641 (1999).

11. Home purchase and home improvement loans and refinancings are reported under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA").

M&T's investments demonstrated a good level of responsiveness to credit and community development needs.

Examiners rated M&T's record of providing banking services in its assessment areas as "outstanding," and found that M&T's banking services and delivery systems were accessible to virtually all geographies and individuals within those areas. At the time of the 1998 Examination of M&T's 155 branches, at least one was in each of its assessment areas, and M&T also had 138 automatic teller machines ("ATMs"), including ten ATMs in low-income geographies that offered check-cashing services. Examiners also noted that M&T also offers 24-hour telephone and personal computer banking services. From July 1996 through December 1997, M&T opened 39 branches, closed five, relocated two and consolidated one. Examiners found that the branch openings had improved the accessibility of M&T's services in LMI and other communities. Four of the 39 new branches were in LMI communities, and no branches were closed in LMI communities.

While M&T has not indicated that any branches will be closed or consolidated at the time of the transaction, any subsequent closures or consolidations of the branches acquired in this transaction would be reviewed by the Federal Reserve System in the course of the examination process. This record would be taken into account in assessing the CRA performance of M&T, in accordance with the Joint Interagency Policy Statement Regarding Branch Closings ("Interagency Statement"), and in reviewing future applications involving M&T.[12]

Examiners described M&T as a leader in providing community development services that focus on LMI individuals in its assessment areas. This included sponsoring seminars and similar events concerning affordable housing and personal financial management, as well as small business seminars and workshops. Examiners found that M&T provided financial technical assistance to community development, housing, educational, and charitable organizations that benefit LMI individuals, and that M&T employees also serve on the boards of these groups.

One Protestant criticized the lending record of M&T's subsidiary, M&T Mortgage Corporation, in the New York City Metropolitan Statistical Area ("MSA"), the Buffalo, New York MSA, and the Syracuse, New York MSA. Specifically, the Protestant asserted that a significant disparity in denial rates existed between African Americans and whites in M&T Mortgage Corporation's lending in the New York City MSA and in the Buffalo MSA. Protestant asserted that, in the Syracuse MSA, M&T Mortgage Corporation made no conventional home purchase loans to either African Americans or Latinos.

12. Protestants have expressed concern over the possibility that M&T may close or consolidate some of the branches on consummation of this proposal. In addition to reviewing any such closures or consolidations in the manner described above, the Board notes that M&T's past branch closures have been in accordance with M&T's written branch closing policy, which conforms to the Interagency Statement (64 *Federal Register* 34,844 (1999)).

The Board is concerned when an institution's record indicates disparities in lending to minority applicants, and believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also equal access to credit by credit applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining that an institution has engaged in illegal discrimination in making lending decisions.

In light of the limitations of HMDA data, the Board considers the results of fair lending examinations and other sources of information in evaluating allegations that a banking organization has violated fair lending. In this case, the CRA performance examination of M&T indicates that examiners did not find evidence of discrimination or other illegal credit practices. The examination also stated that directors and senior management of M&T have developed policies, procedures and training programs to ensure that the bank does not illegally discourage or prescreen applicants. Also, as noted above, M&T was found to have an excellent geographic distribution of loans throughout its assessment areas, including LMI and minority communities, and to offer a wide variety of loan products.

The Board has carefully considered the entire record, including public comments in this case, in reviewing the convenience and needs factors under the relevant banking statutes. Based on a review of the entire record of performance, including information provided by Protestants, relevant reports of examination, and other supervisory information, the Board concludes that the convenience and needs considerations, including the CRA performance record of M&T, are consistent with approval of these applications.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval of this proposal is conditioned on compliance by M&T with the commitments made in connection with 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 Chase branches may not be consummated before the fifteenth calendar day after the effective date of this order, and this proposal may not be consummated 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 New York, acting pursuant to delegated authority.

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

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

JENNIFER J. JOHNSON
Secretary of the Board

Appendix A

Branches of Chase Manhattan to be established by M&T Bank (All in New York)

1. 23 Main Street, Bemus Point.
2. 2 Court Street, Binghamton.
3. 33 West State Street, Binghamton.
4. 904 Broadway, Buffalo.
5. 307 Conklin Avenue, Binghamton.
6. 2–8 East Market Street, Corning.
7. 6348 Transit Road, Depew.
8. 149–153 Robinson Street, Binghamton.
9. 295 Main Street, Buffalo.
10. 1310 North Street, Endicott.
11. 20 West Main Street, Falconer.
12. 181 Clinton Street, Binghamton.
13. 19 East Main Street, Frewsburg.
14. 1085 Chenango Street, Town of Fenton.
15. One West Sixth Street, Jamestown.
16. 2–8 East Third Street, Jamestown.
17. 737 Foote Avenue, Jamestown.
18. 1635 West Third Street, Jamestown.
19. 20 Jenison Avenue, Johnson City.
20. 5 Mile Point Shopping Center, Crescent Drive, Kirkwood.
21. 281 East Fairmount Avenue, Lakewood.
22. 76 South Erie Street, Mayville.
23. 5 Niagara Square, Buffalo.
24. 58 East Pulteney Street, Corning.
25. Oakdale Mall, Store 17, Reynolds Road & Harry L. Drive, Johnson City.
26. 6532–34 East Quaker Road, Orchard Park.
27. 195 Front Street, Owego.
28. 1766 Union Street, Niskayuna.
29. 2225 Colvin Boulevard, Town of Tonawanda.
30. 4481 Vestal Parkway East, Vestal.
31. Main Street & 119th Street, Whitney Point.
32. 5930 Main Street, Williamsville.

Appendix B

Banking Markets in New York in which M&T and Chase Compete

1. The Albany banking market is approximated by Albany, Columbia, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, and Washington Counties, all in New York.
2. The Binghamton banking market is approximated by Broome and Tioga Counties, plus the municipalities of Alton, Coventry, Greene, and Smithville in Chenango County, all in New York, and Susquehanna County, Pennsylvania.
3. The Buffalo banking market is approximated by Erie and Niagara Counties, plus portions of Cattaraugus, Orleans, and Wyoming Counties, all in New York.
4. The Elmira-Corning banking market is approximated by Chemung County, the municipalities of Alfred, Andover, and Independence in Allegany County, the municipalities of Catharine, Cayuta, Dix, Orange, Montour, Reading, and Tyrone in Schuyler, and the municipalities of Addison, Bath, Bradford, Cameron, Campbell, Canisteo, Caton, Erwin, Greenwood, Hartsville, Hornby, Jasper, Lindley, Rathbone, Thurston, Troupsbury, Wayne, West Union, Woodhull, Urbana, and the city and town of Corning in Steuben County, all in New York.
5. The Jamestown banking market is approximated by Chautauqua County, New York, plus the Allegheny Indian Reservation and the towns of Cold Springs, Conewango, Leon, Napoli, New Albion (less the village of Cattaraugus), Randolph, and South Valley in Cattaraugus County, New York.

Appendix C

Banking Markets in which Consummation of the Proposal Would Not Exceed the DOJ Guidelines

Albany
After consummation of the proposal, M&T would control 2.5 percent of market deposits and would remain the tenth largest of 31 depository institutions in the market. The HHI would decrease 1 point to 1063.

Binghamton
After consummation of the proposal, M&T would control 18.1 percent of market deposits and would become the second largest of 13 depository institutions in the market. The HHI would increase 96 points to 2409.

Buffalo
After consummation of the proposal, M&T would control 37.7 percent of market deposits and would remain the largest of 16 depository institutions in the market. The HHI would increase 46 points to 2521.

Elmira-Corning
After consummation of the proposal, M&T would control 7.5 percent of market deposits and would become the fourth largest of 15 depository institutions in the market. The HHI would increase 11 points to 1507.

ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (APRIL 1, 1999-JUNE 30, 1999)

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin* Volume and Page
ANB Corporation, Muncie, Indiana	Farmers State Bancorp, Union City, Ohio The Farmers State Bank of Union City, Union City, Ohio	April 1, 1999	85, 439
Anglo Irish Bank Corporation plc, Dublin, Ireland	To establish a representative office in Boston, Massachusetts	June 28, 1999	85, 587
Banco BA-Creditanstalt S.A., Sao Paulo, Brazil	To establish a representative office in New York, New York	May 17, 1999	85, 518
Banco de Credito e' Inversiones S.A., Santiago, Chile	To establish an agency in Miami, Florida	April 12, 1999	85, 446
Banco Santander, S.A., Madrid, Spain	BCH-USA, New York, New York Banco Central Hispano-americano, S.A., Madrid, Spain	April 1, 1999	85, 441
BankBoston Corporation, Boston, Massachusetts The Bank of New York Company, Inc., New York, New York	The Chase Manhattan Corporation, New York, New York Citizens Financial Group, Inc., Providence, Rhode Island Comerica Incorporated, Detroit, Michigan First Union Corporation, Charlotte, North Carolina Fleet Financial Group, Inc., Boston, Massachusetts HSBC Holdings PLC, London, England HSBC Holdings BV, Amsterdam, The Netherlands HSBC Americas, Inc., Buffalo, New York The Royal Bank of Scotland Group PLC, Edinburgh, Scotland The Royal Bank of Scotland PLC, Edinburgh, Scotland Summit Bancorp, Princeton, New Jersey Magic Line, Inc., Dearborn, Michigan NYCE Corporation, Woodcliff Lake, New Jersey	June 30, 1999	85, 582
BOK Financial Corporation, Tulsa, Oklahoma BOKF Merger Corporation Number Seven, Tulsa, Oklahoma	First Bancshares of Muskogee, Inc., Muskogee, Oklahoma First National Bank and Trust Company of Muskogee, Muskogee, Oklahoma First of Muskogee Insurance Corporation, Muskogee, Oklahoma	May 24, 1999	85, 505

Orders Issued—Continued

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin* Volume and Page
Chittenden Corporation, Burlington, Vermont	Vermont Financial Services Corp., Brattleboro, Vermont Vermont National Bank, Brattleboro, Vermont United Bank, Greenfield, Massachusetts	May 12, 1999	85, 499
Community Capital Bancshares, Inc., Albany, Georgia	Albany Bank & Trust, N.A., Albany, Georgia	April 12, 1999	85, 444
Deutsche Bank AG, Frankfurt am Main, Germany	Bankers Trust Corporation, New York, New York Bankers Trust Company, New York, New York Bankers Trust (Delaware), Wilmington, Delaware Bankers Trust Florida, N.A., Palm Beach, Florida	May 20, 1999	85, 509
Deutsche VerkehrsBank AG, Frankfurt am Main, Germany	To establish a representative office in New York, New York	June 28, 1999	85, 588
Ideal Bancshares, Inc., West Fargo, North Dakota	First State Bank of Goodrich, Goodrich, North Dakota	June 14, 1999	85, 577
ING Bank, N.V., Amsterdam, The Netherlands	To establish a representative office in New York, New York	April 19, 1999	85, 448
Otto Brmer Foundation, St. Paul, Minnesota Bremer Financial Corporation, St. Paul, Minnesota	Dean Financial Services, Inc., St. Paul, Minnesota First National Bank of Aitkin, Aitkin, Minnesota State Bank of Edgerton, Edgerton, Minnesota First State Banko of Eden Prairie, Eden Prairie, Minnesota Princeton Bank, St. Paul, Minnesota	June 16, 1999	85, 578
Paribas, Paris, France	To establish a representative office in Atlanta, Georgia	April 1, 1999	85, 449
Piraeus Bank S.A., Athens, Greece	Marathon Banking Corporation, Astoria, New York Marathon National Bank of New York, Astoria, New York	June 14, 1999	85, 579

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

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

Section 3

Applicant(s)	Bank(s)	Effective Date
Zions Bancorporation, Salt Lake City, Utah	Regency Bancorp, Fresno, California Regency Bank, Fresno, California	August 19, 1999

Section 4

Applicant(s)	Bank(s)	Effective Date
Old Kent Financial Corporation, Grand Rapids, Michigan	Old Kent Securities Corporation, Grand Rapids, Michigan	August 30, 1999
Wachovia Corporation, Winston-Salem, North Carolina	Barry, Evans, Josephs & Snipes, Inc., Charlotte, North Carolina	August 11, 1999
Wachovia Corporation, Winston-Salem, North Carolina	OFFITBANK Holdings, Inc., New York, New York	August 20, 1999
Zions Bancorporation, Salt Lake City, Utah	Regency Bancorp, Fresno, California Regency Investment Advisors, Inc., Fresno, California	August 19, 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
American Heartland Bancshares, Inc., Sugar Grove, Illinois	American Heartland Bank and Trust, Sugar Grove, Illinois	Chicago	August 5, 1999
Arvest Bank Group, Inc., Bentonville, Arkansas	Delaware Bancshares, Inc., Jay, Oklahoma The Delaware County Bank, Jay, Oklahoma	St. Louis	August 5, 1999
The Bancorp, Inc., Cedarburg, Wisconsin	Elcho Bancorporation, Elcho, Wisconsin Northwoods State Bank, Elcho, Wisconsin	Chicago	August 5, 1999
BCB Holding Company, Theodore, Alabama	Bay Bank, Theodore, Alabama	Altanta	July 22, 1999
BCC Bankshares, Inc., Phenix, Virginia	The Bank of Charlotte County, Phenix, Virginia	Richmond	August 26, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Capitol Bancorp Ltd., Lansing, Michigan Sun Community Bancorp Limited, Phoenix, Arizona	Nevada Community Bancorp Limited, Las Vegas, Nevada Desert Community Bank, Las Vegas, Nevada	Chicago	July 22, 1999
Commerce Bancshares, Inc., Waukee, Iowa	Waukee State Bank, Waukee, Iowa	Chicago	August 4, 1999
Cornerstone Bancorp, Easley, South Carolina	Cornerstone National Bank, Easley, South Carolina	Richmond	August 24, 1999
Fayette Bancorporation, Marion, Iowa	Shell Rock Bancorporation, Shell Rock, Iowa	Chicago	August 17, 1999
Fidelity Company, Dyersville, Iowa	First Postville Bancorporation, Inc., Postville, Iowa Citizens State Bank, Postville, Iowa	Chicago	August 19, 1999
First Flo Corporation, Florence, Colorado	FAM Financial, Inc., Macksville, Kansas	Kansas City	July 29, 1999
First Mutual Bancshares, Inc., Bellevue, Washington	First Mutual Savings Bank, Bellevue, Washington	San Francisco	August 12, 1999
Georgia Community Bancorp, Inc., Reynolds, Georgia	Bank of Terrell, Dawson, Georgia Commercial State Bank, Donalsonville, Georgia	Altanta	July 30, 1999
Greater Bay Bancorp, Palo Alto, California	Bay Commercial Services, San Leandro, California Bay Bank of Commerce, San Leandro, California	San Francisco	August 10, 1999
Great Northern Corporation, St. Michael, Minnesota	Great Northern Bank, St. Michael, Minnesota	Minneapolis	August 25, 1999
Griffith Family Financial Holdings, L.L.C., Lindsay, Oklahoma	First Fletcher Bancshares, Inc., Fletcher, Oklahoma American Holding Company of Lindsay, Lindsay, Oklahoma	Kansas City	August 4, 1999
Inwood Bancshares, Inc., Dallas, Texas	Inwood Delaware, Inc., Dover, Delaware Provident Bank, Dallas, Texas	Dallas	August 12, 1999
Lehigh Acres First National Bancshares, Inc., Lehigh Acres, Florida	Lehigh Acres First National Bank, Lehigh Acres, Florida	Altanta	August 13, 1999
Lewiston Bancorp, Lewiston, Utah	Lewiston State Bank, Lewiston, Utah	San Francisco	August 6, 1999
Main Street Bancorp, Inc., Reading, Pennsylvania	Main Street Bank of New Jersey, Lambertville, New Jersey	Philadelphia	August 2, 1999
Mercantile Bancorp, Inc., Quincy, Illinois	Farmers State Bancshares of Andrew County, Inc., Savannah, Missouri Farmers State Bank of Northern Missouri, Savannah, Missouri	St. Louis	August 10, 1999
Milk River Banquo, Inc., Malta, Montana	Malta Banquo, Inc., Malta, Montana	Minneapolis	August 25, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Oak Hill Financial, Inc., Jackson Ohio	Towne Bank, Blue Ash, Ohio The Blue Ash Building and Loan Company, Blue Ash, Ohio	Cleveland	August 19, 1999
Peoples Bancorp, Inc., Lubbock, Texas	Peoples Bancorp of Delaware, Inc., Dover, Delaware Lorenzo State Bank, Lorenzo, Texas	Dallas	July 27, 1999
Peoples Florida Banking Corporation, Palm Harbor, Florida	Peoples Bank, Palm Harbor, Florida	Altanta	August 13, 1999
Pilot Grove Savings Bank Employee Stock Ownership Plan, Pilot Grove, Iowa	Pilot Bancorp, Pilot Grove, Iowa	Chicago	July 22, 1999
Pilot Grove Savings Bank Employee Stock Ownership Plan, Pilot Grove, Iowa	Pilot Bancorp, Inc., Pilot Grove, Iowa	Chicago	July 22, 1999
Premier Bancshares, Inc., Altanta, Georgia	Bank Altanta, Decatur, Georgia	Altanta	August 9, 1999
Pritchard Acquisition Co., Inc., San Antonio, Texas	InterContinental Bank Shares Corporation, San Antonio, Texas	Dallas	August 18, 1999
Prosperity Bancshares, Inc., Houston, Texas	South Texas Bancshares, Inc., Beeville, Texas	Dallas	August 12, 1999
Rome, MHC, Rome, New York Rome Bancorp, Inc., Rome, New York	The Rome Savings Bank, Rome, New York	New York	August 16, 1999
Jere J. Ruff Family Limited Partnership II, Longview, Texas	The First State Bank, Hallsville, Texas	Dallas	August 19, 1999
Sky Financial Group, Inc., Bowling Green, Ohio	Mahoning National Bancorp, Youngstown, Ohio	Cleveland	August 19, 1999
Skylake Bankshares, Inc., North Miami Beach, Florida	Kislak Financial Corporation, Miami Lakes, Florida	Altanta	August 23, 1999
Somerset Bancorp, Inc., Corbin, Kentucky	Somerset National Bank, Somerset, Kentucky	Cleveland	August 19, 1999
Southern Jersey Bancorp of Delaware, Inc., Bridgeton, New Jersey	Farmers and Merchants National Bank, Bridgeton, New Jersey Hudson United Bank, Union City, New Jersey	New York	August 9, 1999
Synovus Financial Corp., Columbus, Georgia TB&C Bancshares, Inc., Columbus, Georgia	Merit Holding Corporation, Tucker, Georgia Mountain National Bank, Tucker, Georgia Charter Bank & Trust Company, Marietta, Georgia	Altanta	August 9, 1999
Summersville Bancorporation, Inc., Summersville, Missouri	First National Bank, Summersville, Missouri	St. Louis	August 10, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
United Community Banks, Inc., Blairsville, Georgia	1st Floyd Bankshares, Inc., Rome, Georgia 1st Floyd Bank, Rome, Georgia	Altanta	July 22, 1999
Western Commerce Bank Stock Bonus Plan and Trust Agreement, Carlsbad, New Mexico	Western Commerce Bancshares of Carlsbad, Inc., Carlsbad, New Mexico Western Commerce Bank, Carlsbad, New Mexico	Dallas	August 19, 1999
Wewahitchka State Bank Employee Stock Ownership Plan, Wewahitchka, Florida	Wewahitchka State Bank, Wewahitchka, Florida	Altanta	August 18, 1999

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bank of America Corporation, Charlotte, North Carolina	PaymentNet, Inc., Pleasanton, California	Richmond	July 29, 1999
Bank Calumet, Hammond, Indiana	Mortgage Advisors, Inc., Hammond, Indiana	Chicago	July 22, 1999
Banque Nationale de Paris, Paris, France	Charter Atlantic Corporation, New York, New York	San Francisco	July 28, 1999
BB&T Corporation, Winston-Salem, North Carolina	First Liberty Financial Corp., Macon, Georgia	Richmond	July 30, 1999
Charter One Financial, Inc., Cleveland, Ohio	St. Paul Bancorp, Inc., Cleveland, Ohio	Cleveland	August 17, 1999
Commonwealth Bancshares, Inc., Shelbyville, Kentucky	F.A.S.T., Software, L.L.C., Louisville, Kentucky	St. Louis	July 23, 1999
Dai-Ichi Kangyo Bank, Limited, Tokyo, Japan Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd., Tokyo, Japan	Yasuda Bank and Trust Company (U.S.A.), New York, New York	San Francisco	August 3, 1999
Doral Financial Corporation, San Juan, Puerto Rico	Doral Bank, FSB, New York, New York	New York	August 4, 1999
FLAG Financial Corporation, LaGrange, Georgia	Thomaston Federal Savings Bank, Thomaston, Georgia	Altanta	August 6, 1999
FNB Financial Services Corporation, Reidsville, North Carolina	Black Diamond Savings Bank, F.S.B., Norton, Virginia	Richmond	August 4, 1999
The Fuji Bank, Limited, Tokyo, Japan	Yasuda Bank and Trust Company (U.S.A.), New York, New York	New York	August 3, 1999
Gold Banc Corporation, Inc., Leawood, Kansas	Regional Holding Company, Inc., Kansas City, Missouri Regional Investment Company, Kansas City, Missouri	Kansas City	July 23, 1999
Independent Community Bankshares, Inc., Middleburg, Virginia	Gilkison and Patterson Investment Advisors, Inc., Alexandria, Virginia	Richmond	July 22, 1999

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Customers Forever, LLC, Milwaukee, Wisconsin	Chicago	August 16, 1999
Mellon Bank Corporation, Pittsburgh, Pennsylvania	Mellon Financial Services Corporation #4, Pittsburgh, Pennsylvania	Cleveland	July 22, 1999
National City Corporation, Cleveland, Ohio	First Franklin Financial Companies, Inc., San Jose, California	Cleveland	August 10, 1999
National Westminster Bank Plc, London, England	Greenwich Capital Markets, Inc., Greenwich, Connecticut	New York	August 12, 1999
Oak Hill Financial, Inc., Jackson, Ohio	Towne Financial Corporation, Blue Ash, Ohio The Blue Ash Building and Loan Company, Blue Ash, Ohio	Cleveland	August 19, 1999
SunTrust Banks, Inc., Altanta, Georgia	Atlantic Financial Group, Inc., Arlington, Texas	Altanta	July 23, 1999
U.S. Trust Corporation, New York, New York	NCT Holdings, Inc., Greensboro, North Carolina North Carolina Trust Company, Greensboro, North Carolina	New York	August 24, 1999
Wells Fargo & Company, San Francisco, California	Norwest Financial Services, Inc., Des Moines, Iowa Norwest Financial, Inc., Des Moines, Iowa Realty Finance, Inc., Hilo, Hawaii	San Francisco	August 10, 1999
Wells Fargo & Company, San Franciso, California Norwest Services, Inc., Minneapolis, Minnesota	Just In Time Solutions, Inc., San Francisco, California	San Francisco	July 21, 1999
Westbank Corporation, West Springfield, Massachusetts	New London Trust, FSB, New London, New Hampshire	Boston	August 18, 1999

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Wallowa Bancorp, Joseph, Oregon	Community Bancshares, Inc., Joseph, Oregon Community Bank, Joseph, Oregon Citizens Title & Escrow Service, Inc., Enterprise, Oregon	San Francisco	August 13, 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
Citizens Bank, Flint, Michigan	Bank One, Michigan, Detroit, Michigan	Chicago	August 19, 1999
Clear Lake Bank and Trust Company, Clear Lake, Iowa	Liberty Bank, F.S.B., Arnolds Park, Iowa	Chicago	July 30, 1999
Effingham State Bank, Effingham, Illinois	State Bank of Farina, Farina, Illinois	St. Louis	August 6, 1999
Fifth Third Bank, Kentucky, Inc., Louisville, Kentucky	Fifth Third Bank of Lexington, Inc., Lexington, Kentucky	Cleveland	August 19, 1999
First American Bank, Carpentersville, Illinois	First American Bank, Joliet, Illinois First American Bank, Kankakee, Illinois	Chicago	July 27, 1999
First Interstate Bank, Billings, Montana	Security State Bank and Trust Company, Polson, Montana	Minneapolis	July 29, 1999
Fort Madison Bank & Trust Co., Fort Madison, Iowa	Bank of Dallas City, Dallas City, Illinois	Chicago	August 5, 1999
Main Street Bank, Reading, Pennsylvania	Main Street Bank of New Jersey, Lambertville, New Jersey	Philadelphia	August 2, 1999
Pullman Bank and Trust Company, Chicago, Illinois	Chicago City Bank and Trust Company, Chicago, Illinois	Chicago	August 13, 1999
Sky Bank, Salineville, Ohio	Mahoning National Bank, National Association, Youngstown, Ohio	Cleveland	August 19, 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.

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

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 (WBB)(D.D.C., filed December 22, 1998). Declaratory judgment action challenging Board labor practices. On February 26, 1999, the Board filed a motion to dismiss the action.

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 (EGS) (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

American Bank
Wichita, Kansas

The Federal Reserve Board announced on August 20, 1999, the issuance of a Conest Order to Cease and Desist against the American Bank, Wichita, Kansas, a state member bank.

Craig J. Fahrner
Hinsbrook Bank and Trust Willowbrook, Illinois

The Federal Reserve Board announced on August 9, 1999, the issuance of an Order of Prohibition and Order to Cease and Desist against Craig J. Fahrner, a former institution-affiliated party of the Hinsbrook Bank and Trust, Willowbrook, Illinois.

Putnam-Greene Financial Corporation
Eatonton, Georgia

The Federal Reserve Board announced on August 2, 1999, the issuance of a Cease and Desist and Order against Putnam-Greene Financial Corporation, Eatonton, Georgia.

TERMINATION OF ENFORCEMENT ACTIONS

The Federal Reserve Board announced on August 9, 1999, the termination of the following enforcement actions:

Farmers & Merchants Bank
Long Beach, California

Written Agreement dated November 30, 1992; terminated April 29, 1999.

Bank of Adairsville
Adairsville, Georgia

Sections 16 and 17 of the Written Agreement dated December 10, 1998; terminated May 6, 1999.

Marin National Bancorp
Las Vegas, Nevada

Written Agreement dated March 23, 1993; terminated July 29, 1999.

Hanmi Bank
Los Angeles, California

Written Agreement dated December 9, 1994; terminated June 22, 1999.

Skandinaviska Enskilda Banken
Skandinaviska Enskilda Banken's New York Branch Skandinaviska Enskilda Banken Corporation

Cease and Desist Order dated September 17, 1997; terminated August 5, 1999.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Belmont Bancorp
Bridgeport, Ohio

The Federal Reserve Board announced on August 11, 1999, the execution of a Written Agreement by and between Belmont Bancorp, Bridgeport, Ohio, and the Federal Reserve Bank of Cleveland.

Community Capital Corporation
Greenwood, South Carolina

The Federal Reserve Board announced on August 2, 1999, the termination of a Written Agreement by and between Community Capital Corporation, Greenwood, South Carolina, and the Federal Reserve Bank of Richmond.

Wellington State Bank
Wellington, Texas

The Federal Reserve Board announced on August 19, 1999, the termination of a Written Agreement by and among the Wellington State Bank, Wellington, Texas, the Federal Reserve Bank of Dallas, and the Banking Commissioner of Texas.

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	Q2	Mar.[r]	Apr.[r]	May[r]	June	July
Reserves of depository institutions[2]									
1 Total	−7.7	−1.8	−1.2	−6.6	−22.5	7.2	10.4	−40.4	−24.9
2 Required	−8.9	−2.5	1.0	−5.6	−25.6	11.5	8.0	−41.7	−20.3
3 Nonborrowed	−8.6	−.6	−1.3	−6.7	−21.1	4.4	11.5	−41.0	−29.5
4 Monetary base[3]	6.9	8.7	9.1	10.1	7.8	10.3	13.9	6.2	7.9
Concepts of money and debt[4]									
5 M1	−2.0	5.0	2.8	3.5	10.3	7.0	−4.0	−4.0	−1.7
6 M2	6.9	11.0	7.2	5.7	2.8	8.8	4.7	4.3	5.4
7 M3	8.6	12.9[r]	7.6[r]	5.4	−1.1	8.5	4.9	5.5	4.9
8 Debt	5.8	6.3	6.0[r]	5.9	7.2	6.6	4.4	4.6	n.a.
Nontransaction components									
9 In M2[5]	9.9	13.0	8.7	6.5	.3	9.5	7.5	6.9	7.7
10 In M3 only[6]	13.6[r]	18.4[r]	8.7[r]	4.5	−11.6	7.6	5.8	9.0	3.4
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	15.8	17.6	11.6	9.7	.2	17.7	8.0	12.1	13.7
12 Small time[7]	.1	.3	−5.4	−3.6	−3.7	−3.3	−2.1	−2.7	.6
13 Large time[8,9]	3.5	3.8	.0[r]	−3.9	−18.3	13.4	−3.4	−8.3	22.2
Thrift institutions									
14 Savings, including MMDAs	9.0	10.1	12.8[r]	14.6	7.6	9.3	27.0	18.2	19.3
15 Small time[7]	−7.3	−6.7	−6.3	−6.7	−7.8	−4.1	−7.1	−11.7	−2.3
16 Large time[8]	.5	10.4	7.6	−7.1	−14.7	4.1	−14.8	−2.7	12.3
Money market mutual funds									
17 Retail	19.0	28.4	20.5	10.3	3.1	12.6	9.1	7.8	1.5
18 Institution-only	26.6	41.8	17.9	14.5	−1.8	21.1	13.8	7.7	−4.6
Repurchase agreements and Eurodollars									
19 Repurchase agreements[10]	12.5[r]	18.9[r]	14.1[r]	−2.7	−45.7	−32.6	23.2	53.2	−.4
20 Eurodollars[10]	21.7	3.2	−.8[r]	20.1	49.4	21.1	−11.8	−3.7	−30.0
Debt components[4]									
21 Federal	−1.5	−2.0	−2.6	−3.0	−1.2	−2.4	−5.3	.1	n.a.
22 Nonfederal	8.2	8.9	8.6[r]	8.6	9.7	9.3	7.2	5.9	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						
	May	June	July	June 16	June 23	June 30	July 7	July 14	July 21	July 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	518,390	522,071	525,806	522,522	519,161	526,608	525,657	527,196	523,374	526,201
U.S. government securities[2]										
2 Bought outright—System account[3]	477,296	484,748	486,633	484,684	485,298	485,755	485,758	486,856	486,839	487,190
3 Held under repurchase agreements	3,974	2,017	1,718	1,851	44	4,259	1,213	1,355	1,607	2,190
Federal agency obligations										
4 Bought outright	311	276	255	263	263	260	259	257	254	252
5 Held under repurchase agreements	3,492	2,514	3,451	2,988	837	3,331	4,996	5,093	1,239	2,637
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	14	18	75	24	26	20	47	225	16	18
8 Seasonal credit	91	126	226	111	142	173	186	205	241	257
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	512	281	388	695	350	−29	685	285	252	281
11 Other Federal Reserve assets	32,700	32,090	33,061	31,906	32,202	32,841	32,514	32,920	32,927	33,376
12 Gold stock	11,049	11,047	11,046	11,047	11,047	11,046	11,046	11,045	11,046	11,047
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	26,816[r]	26,950	27,042	26,939	26,971	27,004	27,018	27,032	27,046	27,060
ABSORBING RESERVE FUNDS										
15 Currency in circulation	523,518[r]	528,619	533,727	528,252	527,946	529,034	534,389	534,717	533,012	532,818
16 Treasury cash holdings	148	108	70	109	89	90	90	87	56	53
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,421	5,929	5,221	5,449	7,023	6,823	5,766	5,264	5,056	4,901
18 Foreign	200	214	213	247	211	223	207	235	198	205
19 Service-related balances and adjustments	6,889[r]	6,961	7,110	6,727	7,022	7,215	6,927	7,030	7,215	7,312
20 Other	273	232	271	245	212	202	264	276	287	274
21 Other Federal Reserve liabilities and capital	17,361	17,638	17,611	17,656	17,569	17,960	17,513	17,584	17,462	17,650
22 Reserve balances with Federal Reserve Banks[4]	10,644[r]	8,566	7,872	10,022	5,308	11,310	6,763	8,281	6,379	9,295

Factor	End-of-month figures			Wednesday figures						
	May	June	July	June 16	June 23	June 30	July 7	July 14	July 21	July 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	526,186	532,865	527,785	520,219	519,623	532,865	525,538	532,139	520,437	527,669
U.S. government securities[2]										
2 Bought outright—System account[3]	482,531	484,866	486,103	484,812	485,243	484,866	485,449	487,411	486,677	487,589
3 Held under repurchase agreements	6,004	9,100	3,195	1,430	50	9,100	1,425	3,172	415	2,355
Federal agency obligations										
4 Bought outright	311	259	249	263	263	259	259	254	254	249
5 Held under repurchase agreements	4,497	5,179	3,280	1,457	1,107	5,179	4,246	6,986	1,170	4,135
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	14	56	82	7	125	56	32	2	67	12
8 Seasonal credit	107	164	266	128	169	164	191	215	252	265
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	373	272	81	72	279	272	1,105	916	−1,445	−508
11 Other Federal Reserve assets	32,350	32,968	34,529	32,051	32,386	32,968	32,832	33,182	33,045	33,572
12 Gold stock	11,048	11,046	11,048	11,047	11,046	11,046	11,046	11,045	11,047	11,047
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	26,874[r]	27,004	27,074	26,939	26,971	27,004	27,018	27,032	27,046	27,060
ABSORBING RESERVE FUNDS										
15 Currency in circulation	528,042[r]	532,026	533,441	529,021	529,001	532,026	536,236	534,603	533,517	534,539
16 Treasury cash holdings	145	90	57	89	90	90	92	56	53	57
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,056	6,720	4,984	4,709	6,885	6,720	5,707	5,491	4,566	5,311
18 Foreign	157	410	257	195	174	410	260	265	169	321
19 Service-related balances and adjustments	6,882[r]	7,215	7,012	6,727	7,022	7,215	6,927	7,030	7,216	7,312
20 Other	223	241	229	251	199	241	262	276	289	232
21 Other Federal Reserve liabilities and capital	17,575	17,662	18,389	17,368	17,294	17,662	17,348	17,422	17,125	17,437
22 Reserve balances with Federal Reserve Banks[4]	14,226[r]	14,749	9,737	8,046	5,175	14,749	4,969	13,271	3,794	8,766

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	1996 Dec.	1997 Dec.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May^{r}	1999 June	1999 July
	Prorated monthly averages of biweekly averages									
1 Reserve balances with Reserve Banks[2]	13,330	10,664	9,021	9,658	8,578	8,851	9,238	10,070	8,539	7,797
2 Total vault cash[3]	44,525	44,740	44,305	45,499	46,468	42,898	42,164^{r}	42,459	42,632	44,059
3 Applied vault cash[4]	37,844	37,255	35,997	36,687	36,660	34,270	34,407	34,805	33,856	34,006
4 Surplus vault cash[5]	6,681	7,485	8,308	8,812	9,809	8,628	7,757^{r}	7,654	8,776	10,053
5 Total reserves[6]	51,174	47,920	45,018	46,345	45,237	43,121	43,645	44,875	42,394	41,803
6 Required reserves	49,758	46,235	43,435	44,811	44,022	41,816	42,486	43,619	41,133	40,727
7 Excess reserve balances at Reserve Banks[7]	1,416	1,685	1,583	1,534	1,215	1,305	1,159	1,256	1,261	1,076
8 Total borrowings at Reserve Banks[8]	155	324	117	206	116	65	166	127	145	309
9 Seasonal borrowings	68	79	15	7	9	18	39	89	127	226
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

Reserve classification	1999 Apr. 7	Apr. 21	May 5	May 19	June 2^{r}	June 16	June 30	July 14	July 28	Aug. 11
	Biweekly averages of daily figures for two week periods ending on dates indicated									
1 Reserve balances with Reserve Banks[2]	9,213	8,409	10,547	9,878	10,096	8,546	8,309	7,526	8,041	7,926
2 Total vault cash[3]	42,525	42,350^{r}	41,595^{r}	42,563^{r}	42,697	41,829	43,426	44,019	43,899	44,994
3 Applied vault cash[4]	34,147	34,422	34,586	34,749	34,962	33,492	34,062	33,788	34,198	34,128
4 Surplus vault cash[5]	8,378	7,928^{r}	7,010^{r}	7,814^{r}	7,736	8,337	9,365	10,231	9,702	10,866
5 Total reserves[6]	43,360	42,831	45,133	44,626	45,058	42,037	42,371	41,314	42,238	42,054
6 Required reserves	41,872	41,915	43,852	43,533	43,623	40,883	41,027	40,303	41,098	40,974
7 Excess reserve balances at Reserve Banks[7]	1,487	916	1,281	1,093	1,434	1,154	1,343	1,011	1,140	1,080
8 Total borrowings at Reserve Banks[8]	130	149	223	103	117	114	180	331	266	409
9 Seasonal borrowings	24	33	59	85	106	100	158	196	249	263
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 9/3/99	Effective date	Previous rate	On 9/3/99	Effective date	Previous rate	On 9/3/99	Effective date	Previous rate
Boston	4.75	8/24/99	4.50	5.25	8/26/99	5.20	5.75	8/26/99	5.70
New York		8/24/99							
Philadelphia		8/24/99							
Cleveland		8/24/99							
Richmond		8/24/99							
Atlanta		8/24/99							
Chicago		8/24/99							
St. Louis		8/24/99							
Minneapolis		8/25/99							
Kansas City		8/24/99							
Dallas		8/26/99							
San Francisco	4.75	8/24/99	4.50	5.25	8/26/99	5.20	5.75	8/26/99	5.70

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1982—July 20	11.5–12	11.5	1990—Dec. 19	6.5	6.5
			23	11.5	11.5			
1978—Jan. 9	6–6.5	6.5	Aug. 2	11–11.5	11	1991—Feb. 1	6–6.5	6
20	6.5	6.5	3	11	11	4	6	6
May 11	6.5–7	7	16	10.5	10.5	Apr. 30	5.5–6	5.5
12	7	7	27	10–10.5	10	May 2	5.5	5.5
July 3	7–7.25	7.25	30	10	10	Sept. 13	5–5.5	5
10	7.25	7.25	Oct. 12	9.5–10	9.5	17	5	5
Aug. 21	7.75	7.75	13	9.5	9.5	Nov. 6	4.5–5	4.5
Sept. 22	8	8	Nov. 22	9–9.5	9	7	4.5	4.5
Oct. 16	8–8.5	8.5	26	9	9	Dec. 20	3.5–4.5	3.5
20	8.5	8.5	Dec. 14	8.5–9	9	24	3.5	3.5
Nov. 1	8.5–9.5	9.5	15	8.5–9	8.5			
3	9.5	9.5	17	8.5	8.5	1992—July 2	3–3.5	3
						7	3	3
1979—July 20	10	10	1984—Apr. 9	8.5–9	9			
Aug. 17	10–10.5	10.5	13	9	9	1994—May 17	3–3.5	3.5
20	10.5	10.5	Nov. 21	8.5–9	8.5	18	3.5	3.5
Sept. 19	10.5–11	11	26	8.5	8.5	Aug. 16	3.5–4	4
21	11	11	Dec. 24	8	8	18	4	4
Oct. 8	11–12	12				Nov. 15	4–4.75	4.75
10	12	12	1985—May 20	7.5–8	7.5	17	4.75	4.75
			24	7.5	7.5			
1980—Feb. 15	12–13	13				1995—Feb. 1	4.75–5.25	5.25
19	13	13	1986—Mar. 7	7–7.5	7	9	5.25	5.25
May 29	12–13	13	10	7	7			
30	12	12	Apr. 21	6.5–7	6.5	1996—Jan. 31	5.00–5.25	5.00
June 13	11–12	11	23	6.5	6.5	Feb. 5	5.00	5.00
16	11	11	July 11	6	6			
July 28	10–11	10	Aug. 21	5.5–6	5.5	1998—Oct. 15	4.75–5.00	4.75
29	10	10	22	5.5	5.5	Oct. 16	4.75	4.75
Sept. 26	11	11						
Nov. 17	12	12	1987—Sept. 4	5.5–6	6	1998—Nov. 17	4.50–4.75	4.50
Dec. 5	12–13	13	11	6	6	Nov. 19	4.50	4.50
8	13	13						
1981—May 5	13–14	14	1988—Aug. 9	6–6.5	6.5	1999—Aug. 24	4.50–4.75	4.75
8	14	14	11	6.5	6.5	Aug. 26	4.75	4.75
Nov. 2	13–14	13						
6	13	13	1989—Feb. 24	6.5–7	7	In effect Sept. 3, 1999	4.75	4.75
Dec. 4	12	12	27	7	7			

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					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
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	41,393	35,069	36,862	35,065	48,142	37,107	35,045
4 For new bills	426,928	435,907	450,835	41,393	35,069	36,862	35,065	48,142	37,107	35,045
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	0	0	2,103	1,060	1,677	1,421	880
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	30,512	41,716	46,062	2,539	2,865	5,578	3,015	3,768	3,768	2,740
9 Exchanges	−41,394	−27,499	−49,434	−2,555	−400	−7,458	−5,956	−3,370	−4,607	−5,540
10 Redemptions	2,015	1,996	2,676	0	492	0	0	726	0	0
One to five years										
11 Gross purchases	3,898	19,580r	12,901	0	0	2,752	2,428	3,362	4,442	948
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−25,022	−37,987	−37,777	−2,539	−2,865	−4,928	−3,015	−3,768	−3,768	−2,740
14 Exchanges	31,459	20,274	37,154	2,555	0	4,778	5,956	3,020	2,562	5,540
Five to ten years										
15 Gross purchases	1,116	3,449r	1,877r	0	0	335	346	945	1,281	65
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,469	−1,954	−5,908	0	0	−650	0	0	0	0
18 Exchanges	6,666	5,215	7,439	0	400	1,340	0	0	2,045	0
More than ten years										
19 Gross purchases	1,655	5,897	4,864r	0	615	0	2,404	262	2,890	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−20	−1,775	−2,377	0	0	0	0	0	0	0
22 Exchanges	3,270	2,360	4,842	0	0	1,340	0	350	0	0
All maturities										
23 Gross purchases	17,094	43,622r	29,489r	0	615	5,190	6,238	6,246	10,034	1,893
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,015	1,996	4,676	0	492	0	0	726	0	0
Matched transactions										
26 Gross purchases	3,092,399	3,577,954	4,395,430	418,538	365,779	324,078	393,267	366,838	356,960	380,872
27 Gross sales	3,094,769	3,580,274	4,399,330	420,397	363,604	322,669	394,865	364,476	358,362	380,464
Repurchase agreements										
28 Gross purchases	457,568	810,485	512,671	49,296	21,968	26,098	62,878	45,067	27,605	17,710
29 Gross sales	450,359	809,268	514,186	38,592	37,157	27,025	53,706	48,867	30,531	14,614
30 Net change in U.S. Treasury securities	19,919	40,522r	19,398r	8,845	−12,891	5,672	13,812	4,082	5,705	5,397
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	30	2	0	25	0	0	52
Repurchase agreements										
34 Gross purchases	75,354	160,409	284,316	48,815	23,577	37,416	35,731	20,623	38,167	32,786
35 Gross sales	74,842	159,369	276,266	44,285	31,744	36,067	34,009	22,937	36,962	32,104
36 Net change in federal agency obligations	103	−500	7,703	4,500	−8,169	1,349	1,697	−2,314	1,205	630
37 Total net change in System Open Market Account	**20,021**	**40,022r**	**27,101r**	**13,345**	**−21,060**	**7,021**	**15,509**	**1,768**	**6,910**	**6,028**

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	1999					1999		
	June 30	July 7	July 14	July 21	July 28	May 31	June 30	July 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,046	11,046	11,045	11,047	11,047	11,048	11,046	11,048
2 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
3 Coin	311	293	290	289	300	372	311	322
Loans								
4 To depository institutions	220	222	217	319	276	121	220	348
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	259	259	254	254	249	311	259	249
8 Held under repurchase agreements	5,179	4,246	6,986	1,170	4,135	4,497	5,179	3,280
9 **Total U.S. Treasury securities**	**493,966**	**486,874**	**490,583**	**487,092**	**489,944**	**488,535**	**493,966**	**489,298**
10 Bought outright[2]	484,866	485,449	487,411	486,677	487,589	482,531	484,866	486,103
11 Bills	198,127	198,709	199,720	199,022	199,934	197,719	198,127	198,447
12 Notes	208,855	208,856	209,807	209,771	209,771	207,108	208,855	209,771
13 Bonds	77,884	77,884	77,884	77,884	77,884	77,704	77,884	77,884
14 Held under repurchase agreements	9,100	1,425	3,172	415	2,355	6,004	9,100	3,195
15 **Total loans and securities**	**499,624**	**491,601**	**498,040**	**488,836**	**494,605**	**493,463**	**499,624**	**493,175**
16 Items in process of collection	7,765	11,314	7,907	7,035	6,692	5,658	7,765	5,087
17 Bank premises	1,321	1,321	1,322	1,322	1,329	1,315	1,321	1,327
Other assets								
18 Denominated in foreign currencies[3]	14,799	14,802	14,806	14,810	14,814	14,860	14,799	15,498
19 All other[4]	16,898	16,709	17,081	17,012	17,502	16,164	16,898	17,723
20 **Total assets**	**559,964**	**555,287**	**558,691**	**548,551**	**554,488**	**551,080**	**559,964**	**552,378**
LIABILITIES								
21 Federal Reserve notes	505,423	509,604	507,918	506,812	507,836	501,685	505,423	506,746
22 **Total deposits**	**29,527**	**18,682**	**26,069**	**17,660**	**22,528**	**26,577**	**29,527**	**22,112**
23 Depository institutions	22,156	12,452	20,023	12,635	16,663	21,140	22,156	16,642
24 U.S. Treasury—General account	6,720	5,707	5,491	4,566	5,311	5,056	6,720	4,984
25 Foreign—Official accounts	410	260	265	169	321	157	410	257
26 Other	241	262	276	289	232	223	241	229
27 Deferred credit items	7,352	9,654	7,282	6,954	6,686	5,243	7,352	5,131
28 Other liabilities and accrued dividends[5]	4,654	4,297	4,323	4,028	4,337	4,474	4,654	4,402
29 **Total liabilities**	**546,956**	**542,236**	**545,592**	**535,454**	**541,387**	**537,979**	**546,956**	**538,391**
CAPITAL ACCOUNTS								
30 Capital paid in	6,282	6,280	6,287	6,293	6,296	6,239	6,282	6,296
31 Surplus	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952
32 Other capital accounts	775	819	860	852	853	911	775	1,739
33 **Total liabilities and capital accounts**	**559,964**	**555,287**	**558,691**	**548,551**	**554,488**	**551,080**	**559,964**	**552,378**
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)	726,892	728,786	733,984	739,343	744,902	710,687	726,892	746,929
36 LESS: Held by Federal Reserve Banks	221,469	219,183	226,066	232,531	237,066	209,002	221,469	240,184
37 Federal Reserve notes, net	505,423	509,604	507,918	506,812	507,836	501,685	505,423	506,746
Collateral held against notes, net								
38 Gold certificate account	11,046	11,046	11,045	11,047	11,047	11,048	11,046	11,048
39 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	486,177	490,358	488,673	487,565	488,589	482,437	486,177	487,498
42 **Total collateral**	**505,423**	**509,604**	**507,918**	**506,812**	**507,836**	**501,685**	**505,423**	**506,746**

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 30	July 7	July 14	July 21	July 28	May 31	June 30	July 31
1 **Total loans**	**220**	**222**	**217**	**319**	**277**	**68**	**193**	**348**
2 Within fifteen days[1]	149	80	64	301	245	40	159	228
3. Sixteen days to ninety days	71	142	153	18	32	28	34	120
4 **Total U.S. Treasury securities**[2]	**493,966**	**486,874**	**490,583**	**487,092**	**489,944**	**482,503**	**493,966**	**489,298**
5 Within fifteen days[1]	24,353	12,385	14,937	17,267	14,331	13,804	24,353	7,883
6 Sixteen days to ninety days	92,490	99,693	100,023	100,396	101,194	103,293	92,490	107,061
7 Ninety-one days to one year	142,621	140,291	141,120	134,552	139,542	142,071	142,621	139,477
8 One year to five years	122,393	122,393	122,393	122,393	122,393	115,147	122,393	122,393
9 Five years to ten years	49,487	49,488	49,488	49,861	49,861	47,546	49,487	49,861
10 More than ten years	62,623	62,623	62,623	62,623	62,623	60,642	62,623	62,623
11 **Total federal agency obligations**	**5,438**	**4,505**	**7,240**	**1,424**	**4,384**	**3,603**	**5,438**	**3,529**
12 Within fifteen days[1]	5,184	4,251	6,991	1,175	4,135	3,292	5,184	3,280
13 Sixteen days to ninety days	16	26	21	21	31	37	16	31
14 Ninety-one days to one year	68	58	58	58	48	79	68	48
15 One year to five years	20	20	20	20	20	20	20	20
16 Five years to ten years	150	150	150	150	150	150	150	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	1999						
					Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	56.45	50.16	46.86	44.90	44.90	45.13	44.55	43.72	43.98	44.36	42.87	41.98
2 Nonborrowed reserves[4]	56.20	50.01	46.54	44.79	44.79	44.92	44.44	43.65	43.81	44.23[r]	42.72	41.67
3 Nonborrowed reserves plus extended credit[5]	56.20	50.01	46.54	44.79	44.79	44.92	44.44	43.65	43.81	44.23[r]	42.72	41.67
4 Required reserves	55.16	48.75	45.18	43.32	43.32	43.59	43.34	42.41	42.82	43.11	41.61	40.90
5 Monetary base[6]	434.10	451.37	478.88	512.32	512.32	516.81	520.84	524.23	528.74	534.86[r]	537.63	541.16
	Not seasonally adjusted											
6 Total reserves[7]	58.02	51.45	48.01	45.12	45.12	46.34	45.25	43.14	43.67	44.91	42.43	41.85
7 Nonborrowed reserves	57.76	51.30	47.69	45.00	45.00	46.14	45.13	43.08	43.50	44.78[r]	42.29	41.54
8 Nonborrowed reserves plus extended credit[5]	57.76	51.30	47.69	45.00	45.00	46.14	45.13	43.08	43.50	44.78[r]	42.29	41.54
9 Required reserves[8]	56.73	50.04	46.33	43.54	43.54	44.81	44.03	41.84	42.51	43.65	41.17	40.77
10 Monetary base[9]	439.03	456.63	484.98	518.28	518.28	520.01	519.70	523.35	526.77	533.12[r]	535.88	540.94
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	57.90	51.17	47.92	45.02	45.02	46.35	45.24	43.12	43.65	44.88	42.39	41.80
12 Nonborrowed reserves	57.64	51.02	47.60	44.90	44.90	46.14	45.12	43.06	43.48	44.75	42.25	41.49
13 Nonborrowed reserves plus extended credit[5]	57.64	51.02	47.60	44.90	44.90	46.14	45.12	43.06	43.48	44.75	42.25	41.49
14 Required reserves	56.61	49.76	46.24	43.44	43.44	44.81	44.02	41.82	42.49	43.62	41.13	40.73
15 Monetary base[12]	444.45	463.40	491.79	525.06	525.06	527.59	526.85	530.30	533.49	539.98[r]	542.82	548.03
16 Excess reserves[13]	1.29	1.42	1.69	1.58	1.58	1.53	1.22	1.31	1.16	1.26	1.26	1.08
17 Borrowings from the Federal Reserve	.26	.16	.32	.12	.12	.21	.12	.07	.17	.13	.15	.31

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 Apr.[r]	1999 May[r]	1999 June	1999 July
	Seasonally adjusted							
Measures[2]								
1 M1	1,126.7	1,081.3	1,074.9	1,093.4	1,108.4	1,104.7	1,101.0	1,099.4
2 M2	3,649.1	3,823.9	4,046.6	4,402.0	4,490.0	4,507.4	4,523.5	4,543.9
3 M3	4,618.5	4,955.6	5,403.7[r]	5,996.9[r]	6,104.1	6,129.1	6,157.4	6,182.4
4 Debt	13,697.7	14,392.8[r]	15,094.9[r]	16,026.1	16,356.6	16,416.2	16,478.9	n.a.
M1 components								
5 Currency[3]	372.3	394.1	424.5	459.2	476.5	480.9	484.1	487.3
6 Travelers checks[4]	8.3	8.0	7.7	7.8	7.8	7.8	8.2	8.6
7 Demand deposits[5]	389.4	403.0	396.5	377.5	374.0	369.4	362.9	362.5
8 Other checkable deposits[6]	356.7	276.2	246.2	248.8	250.1	246.5	245.9	241.0
Nontransaction components								
9 In M2[7]	2,522.4	2,742.6	2,971.8	3,308.7	3,381.7	3,402.7	3,422.4	3,444.5
10 In M3 only[8]	969.4	1,131.7	1,357.0[r]	1,594.9[r]	1,614.0	1,621.8	1,633.9	1,638.5
Commercial banks								
11 Savings deposits, including MMDAs	775.3	905.2	1,022.9	1,189.8	1,225.7	1,233.9	1;246.3	1,260.5
12 Small time deposits[9]	575.0	593.7	626.1	626.0	614.4	613.3	611.9	612.2
13 Large time deposits[10, 11]	346.6	414.8	490.2	541.0	534.4	532.9	529.2	539.0
Thrift institutions								
14 Savings deposits, including MMDAs	359.8	367.1	377.3	415.2	431.4	441.1	447.8	455.0
15 Small time deposits[9]	356.7	353.8	343.2	325.9	319.7	317.8	314.7	314.1
16 Large time deposits[10]	74.5	78.4	85.9	89.1	89.1	88.0	87.8	88.7
Money market mutual funds								
17 Retail	455.5	522.8	602.3	751.7	790.5	796.5	801.7	802.7
18 Institution-only	255.9	313.3	379.9	516.2	538.4	544.6	548.1	546.0
Repurchase agreements and Eurodollars								
19 Repurchase agreements[12]	198.7	211.3	251.7[r]	297.8[r]	290.0	295.6	308.7	308.6
20 Eurodollars[12]	93.7	113.9	149.3[r]	150.7	162.2	160.6	160.1	156.1
Debt components								
21 Federal debt	3,638.9	3,780.6	3,798.4	3,747.4	3,707.2	3,690.8	3,691.0	n.a.
22 Nonfederal debt	10,058.8	10,612.3[r]	11,296.5[r]	12,278.7	12,649.4	12,725.4	12,787.8	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,152.4	1,104.9	1,097.4	1,115.3	1,113.7	1,096.7	1,098.3	1,098.0
24 M2	3,671.7	3,843.7	4,064.8	4,418.8	4,527.6	4,486.7	4,511.4	4,534.1
25 M3	4,638.0	4,972.5	5,419.9[r]	6,013.0[r]	6,141.1	6,114.3	6,140.9	6,153.2
26 Debt	13,699.2	14,392.9[r]	15,094.4[r]	16,026.5[r]	16,343.2	16,381.5	16,439.4	n.a.
M1 components								
27 Currency[3]	376.2	397.9	428.9	464.2	476.0	479.9	483.2	487.7
28 Travelers checks[4]	8.5	8.3	7.9	8.0	7.9	7.9	8.1	8.3
29 Demand deposits[5]	407.2	419.9	412.3	392.4	374.1	363.6	361.3	362.5
30 Other checkable deposits[6]	360.5	278.8	248.3	250.7	255.7	245.3	245.7	239.5
Nontransaction components								
31 In M2[7]	2,519.3	2,738.9	2,967.4	3,303.6	3,413.9	3,390.1	3,413.1	3,436.2
32 In M3 only[8]	966.4	1,128.8	1,355.0[r]	1,594.2[r]	1,613.6	1,627.6	1,629.5	1,619.1
Commercial banks								
33 Savings deposits, including MMDAs	774.1	903.3	1,020.4	1,186.8	1,241.5	1,235.2	1,249.8	1,261.4
34 Small time deposits[9]	573.8	592.7	625.3	625.4	614.5	612.0	610.6	612.0
35 Large time deposits[10, 11]	345.8	413.3	487.7	537.4	535.1	538.7	534.7	538.8
Thrift institutions								
36 Savings deposits, including MMDAs	359.2	366.3	376.4	414.1	437.0	441.6	449.1	455.4
37 Small time deposits[9]	355.9	353.2	342.8	325.6	319.8	317.2	314.0	314.0
38 Large time deposits[10]	74.3	78.1	85.4	88.5	89.2	89.0	88.8	88.6
Money market mutual funds								
39 Retail	456.1	523.2	602.5	751.7	801.1	784.0	789.6	793.4
40 Institution-only	257.7	316.0	384.5	523.3	536.7	538.3	540.6	533.4
Repurchase agreements and Eurodollars								
41 Repurchase agreements[12]	193.8	205.7	245.1[r]	290.5[r]	292.7	302.1	308.6	305.9
42 Eurodollars[12]	94.9	115.7	152.3	154.5	159.9	159.5	156.9	152.4
Debt components								
43 Federal debt	3,645.9	3,787.9	3,805.8	3,754.9	3,717.1	3,674.2	3,662.8	n.a.
44 Nonfederal debt	10,053.3	10,605.0[r]	11,288.6[r]	12,271.5[r]	12,626.1	12,707.3	12,776.6	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	1999							1999			
	July[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July	July 7	July 14	July 21	July 28
	Seasonally adjusted											
Assets												
1 Bank credit	4,285.1	4,539.5	4,525.2	4,494.4	4,499.5	4,504.8	4,538.0	4,531.5	4,528.3	4,532.2	4,531.7	4,526.6
2 Securities in bank credit	1,134.0	1,217.2	1,207.0	1,188.5	1,188.1	1,187.0	1,204.2	1,220.7	1,217.5	1,218.4	1,218.5	1,221.1
3 U.S. government securities	763.6	794.2	791.4	798.7	799.9	797.8	811.7	815.1	813.4	815.5	815.1	814.7
4 Other securities	370.3	423.0	415.7	389.8	388.2	389.1	392.5	405.6	404.1	402.8	403.4	406.4
5 Loans and leases in bank credit[2]	3,151.1	3,322.3	3,318.2	3,305.9	3,311.4	3,317.9	3,333.8	3,310.9	3,310.8	3,313.9	3,313.3	3,305.5
6 Commercial and industrial	903.2	948.7	948.8	952.5	957.1	952.1	957.8	958.7	955.5	958.9	959.3	959.9
7 Real estate	1,273.7	1,336.3	1,338.2	1,339.6	1,341.9	1,349.3	1,353.8	1,354.3	1,351.8	1,351.6	1,357.6	1,353.5
8 Revolving home equity	100.1	98.8	98.4	98.6	99.4	100.5	99.8	94.3	94.1	94.2	94.3	94.3
9 Other	1,173.6	1,237.5	1,239.8	1,241.0	1,242.4	1,248.8	1,254.0	1,260.0	1,257.7	1,257.4	1,263.3	1,259.2
10 Consumer	492.6	503.3	502.8	502.1	502.7	498.3	493.3	484.7	485.3	485.5	486.1	483.4
11 Security[3]	132.0	147.5	140.1	120.1	122.9	127.4	131.3	122.5	124.0	126.0	120.0	120.1
12 Other loans and leases	349.6	386.5	388.3	391.7	386.8	390.8	397.6	390.6	394.1	391.9	390.4	388.6
13 Interbank loans	212.7	223.2	227.9	221.4	217.3	227.3	224.3	224.8	224.3	216.1	222.7	239.6
14 Cash assets[4]	246.4	259.1	256.4	259.0	257.7	259.6	260.8	259.4	270.6	264.2	252.7	256.6
15 Other assets[5]	314.7	353.5	357.1	354.9	344.2	345.1	345.3	346.1	347.2	356.0	348.1	339.3
16 **Total assets**[6]	**5,001.6**	**5,317.2**	**5,308.4**	**5,271.1**	**5,260.2**	**5,278.0**	**5,309.5**	**5,303.5**	**5,312.1**	**5,310.1**	**5,296.8**	**5,303.6**
Liabilities												
17 Deposits	3,213.3	3,369.6	3,378.7	3,368.1	3,375.8	3,370.4	3,370.8	3,386.4	3,395.1	3,393.9	3,370.2	3,383.9
18 Transaction	668.0	667.4	659.4	665.2	658.8	651.1	657.0	651.5	650.9	647.9	643.5	667.8
19 Nontransaction	2,545.3	2,702.2	2,719.3	2,702.9	2,717.0	2,719.3	2,713.8	2,734.9	2,744.2	2,746.0	2,726.8	2,716.1
20 Large time	687.0	726.4	730.5	719.4	725.3	722.2	716.9	720.8	721.9	724.5	722.7	714.2
21 Other	1,858.3	1,975.8	1,988.9	1,983.6	1,991.7	1,997.1	1,996.9	2,014.1	2,022.3	2,021.5	2,004.1	2,001.9
22 Borrowings	912.5	1,004.1	991.9	988.3	983.6	997.6	1,020.9	1,019.3	1,014.7	1,012.4	1,024.4	1,031.1
23 From banks in the U.S.	294.0	318.3	316.4	319.1	311.8	323.4	337.0	338.3	345.0	338.3	333.5	339.1
24 From others	618.4	685.8	675.5	669.2	671.8	674.2	683.9	681.0	669.7	674.1	690.8	692.0
25 Net due to related foreign offices	195.8	213.5	217.4	217.3	210.5	204.0	216.6	216.8	231.6	214.9	215.5	203.7
26 Other liabilities	281.1	304.7	295.9	271.4	272.5	268.1	269.7	263.1	272.0	269.8	258.6	253.5
27 **Total liabilities**	**4,602.6**	**4,891.9**	**4,883.8**	**4,845.1**	**4,842.4**	**4,840.0**	**4,878.0**	**4,885.6**	**4,913.4**	**4,891.0**	**4,868.7**	**4,872.2**
28 Residual (assets less liabilities)[7]	398.9	425.4	424.5	426.0	417.8	437.9	431.5	417.9	398.6	419.2	428.1	431.4
	Not seasonally adjusted											
Assets												
29 Bank credit	4,271.1	4,548.6	4,522.8	4,492.7	4,507.6	4,507.3	4,532.2	4,515.8	4,520.7	4,517.1	4,512.2	4,505.0
30 Securities in bank credit	1,124.6	1,219.8	1,212.5	1,195.1	1,196.8	1,192.4	1,200.9	1,209.6	1,209.3	1,207.7	1,205.3	1,208.8
31 U.S. government securities	756.7	794.5	795.6	805.1	809.8	806.0	811.2	807.2	808.8	808.3	805.9	805.0
32 Other securities	367.9	425.3	416.9	390.0	386.9	386.4	389.8	402.3	400.5	399.4	399.4	403.8
33 Loans and leases in bank credit[2]	3,146.5	3,328.8	3,310.3	3,297.6	3,310.9	3,314.9	3,331.2	3,306.3	3,311.4	3,309.4	3,306.9	3,296.2
34 Commercial and industrial	900.9	947.6	950.3	956.0	963.8	956.5	958.0	956.4	957.2	956.5	957.0	954.0
35 Real estate	1,274.7	1,335.3	1,332.5	1,333.0	1,338.6	1,348.7	1,354.4	1,355.3	1,352.7	1,353.9	1,357.3	1,354.4
36 Revolving home equity	99.8	98.9	98.0	97.7	98.8	100.1	99.4	94.2	93.7	94.0	94.1	94.3
37 Other	1,174.9	1,236.4	1,234.5	1,235.3	1,239.8	1,248.6	1,254.9	1,261.2	1,259.0	1,259.8	1,263.2	1,260.1
38 Consumer	489.8	509.6	502.7	497.3	499.2	495.8	490.6	482.3	481.1	482.5	483.9	482.6
39 Security[3]	129.9	147.5	139.7	123.5	124.8	127.2	130.8	120.5	121.4	123.9	117.9	118.4
40 Other loans and leases	351.1	388.8	385.2	387.7	384.6	386.7	397.5	391.8	398.9	392.7	390.8	386.8
41 Interbank loans	206.7	226.1	227.6	224.5	222.3	223.1	221.7	218.5	227.2	210.4	213.3	225.4
42 Cash assets[4]	239.0	272.1	257.5	251.5	255.4	257.4	256.4	251.6	275.1	255.5	237.9	241.9
43 Other assets[5]	317.4	346.0	353.8	350.3	347.2	346.6	351.1	348.8	355.5	357.9	346.4	339.9
44 **Total assets**[6]	**4,976.8**	**5,335.2**	**5,303.5**	**5,260.6**	**5,274.2**	**5,275.5**	**5,302.3**	**5,276.3**	**5,320.1**	**5,282.5**	**5,251.2**	**5,253.7**
Liabilities												
45 Deposits	3,199.1	3,368.9	3,355.7	3,362.7	3,386.6	3,360.9	3,368.8	3,370.0	3,409.2	3,378.6	3,338.5	3,344.2
46 Transaction	659.7	682.2	654.5	658.7	666.5	642.0	652.1	640.7	665.7	636.5	620.3	640.5
47 Nontransaction	2,539.4	2,686.7	2,701.2	2,704.0	2,720.1	2,718.9	2,716.7	2,729.3	2,743.5	2,742.1	2,718.2	2,703.8
48 Large time	680.9	724.5	731.2	721.4	722.2	723.4	714.2	714.1	712.0	718.0	715.9	709.7
49 Other	1,858.5	1,962.2	1,970.0	1,982.7	1,997.9	1,995.6	2,002.5	2,015.2	2,031.5	2,024.1	2,002.3	1,994.1
50 Borrowings	906.3	1,020.2	994.5	981.6	983.5	1,005.7	1,023.7	1,009.0	1,005.9	1,003.5	1,016.3	1,019.4
51 From banks in the U.S.	290.7	323.3	316.7	318.7	312.4	324.3	336.6	333.3	341.3	334.0	328.5	333.0
52 From others	615.6	696.9	677.7	663.0	671.0	681.4	687.1	675.7	664.6	669.5	687.8	686.4
53 Net due to related foreign offices	189.1	216.4	227.1	215.4	203.5	210.4	210.8	209.0	213.3	203.0	210.2	211.3
54 Other liabilities	280.2	305.6	298.3	272.0	272.1	267.8	269.0	262.3	270.6	268.9	257.6	253.3
55 **Total liabilities**	**4,574.7**	**4,911.1**	**4,875.6**	**4,831.8**	**4,845.6**	**4,844.8**	**4,872.4**	**4,850.3**	**4,899.0**	**4,854.0**	**4,822.6**	**4,828.2**
56 Residual (assets less liabilities)[7]	402.1	424.1	427.9	428.7	428.6	430.7	429.9	426.0	421.0	428.5	428.6	425.5
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	93.4	112.5	108.5	87.0	86.0	85.4	84.3	86.5	87.2	85.4	83.0	87.1
58 Revaluation losses on off-balance-sheet items[8]	91.8	109.5	106.7	85.9	87.3	86.7	85.9	87.6	87.7	86.3	84.5	88.2

Footnotes appear on p. A21.

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

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1999							1999			
	July[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July	July 7	July 14	July 21	July 28
	Seasonally adjusted											
Assets												
1 Bank credit	3,707.2	3,954.2	3,955.1	3,940.4	3,950.5	3,965.6	4,006.1	4,012.4	4,010.1	4,011.2	4,013.1	4,010.4
2 Securities in bank credit	928.6	1,005.5	1,002.5	990.1	988.7	992.0	1,009.7	1,032.0	1,029.0	1,029.0	1,029.3	1,035.3
3 U.S. government securities	672.2	710.0	708.5	715.0	712.1	712.2	723.7	727.0	724.9	726.0	727.2	728.8
4 Other securities	256.5	295.5	294.0	275.1	276.6	279.8	286.0	305.0	304.1	302.9	302.1	306.5
5 Loans and leases in bank credit[2]	2,778.6	2,948.7	2,952.6	2,950.4	2,961.8	2,973.6	2,996.5	2,980.4	2,981.1	2,982.2	2,983.8	2,975.1
6 Commercial and industrial	688.9	735.3	736.8	742.3	748.7	750.9	761.4	766.4	763.1	766.9	767.5	767.7
7 Real estate	1,249.7	1,314.9	1,317.7	1,319.8	1,322.2	1,329.7	1,334.9	1,336.3	1,333.4	1,333.4	1,339.8	1,335.6
8 Revolving home equity	100.1	98.8	98.4	98.6	99.4	100.5	99.8	94.3	94.1	94.2	94.3	94.3
9 Other	1,149.7	1,216.1	1,219.3	1,221.3	1,222.7	1,229.2	1,235.1	1,242.0	1,239.3	1,239.3	1,245.5	1,241.3
10 Consumer	492.6	503.3	502.8	502.1	502.7	498.3	493.3	484.7	485.3	485.5	486.1	483.4
11 Security[3]	69.9	84.3	80.6	69.3	71.4	74.7	80.3	70.7	75.0	73.3	68.4	66.5
12 Other loans and leases	277.3	310.9	314.7	316.8	316.8	320.0	326.6	322.3	324.3	323.0	322.0	321.8
13 Interbank loans	191.8	193.8	196.4	195.7	191.9	200.4	199.4	196.8	197.7	192.2	195.5	205.7
14 Cash assets[4]	211.4	222.5	220.2	222.0	223.1	223.7	227.2	224.0	236.0	227.8	216.8	221.3
15 Other assets[5]	280.3	314.8	319.3	317.4	306.9	309.8	312.8	314.5	313.0	321.6	318.0	309.8
16 **Total assets[6]**	**4,333.5**	**4,627.5**	**4,632.9**	**4,617.2**	**4,614.1**	**4,641.0**	**4,686.9**	**4,689.5**	**4,698.8**	**4,694.7**	**4,685.2**	**4,689.0**
Liabilities												
17 Deposits	2,915.1	3,048.6	3,056.6	3,057.7	3,064.1	3,060.6	3,065.8	3,075.9	3,084.0	3,081.2	3,057.3	3,078.7
18 Transaction	654.1	654.4	645.7	652.5	648.7	640.7	646.3	640.8	640.3	637.4	633.3	656.3
19 Nontransaction	2,261.0	2,394.2	2,410.9	2,405.1	2,415.4	2,419.9	2,419.5	2,435.1	2,443.7	2,443.8	2,424.0	2,422.4
20 Large time	404.3	420.2	423.4	422.8	425.3	424.7	424.7	423.7	423.8	425.0	422.3	423.2
21 Other	1,856.8	1,974.0	1,987.6	1,982.4	1,990.1	1,995.2	1,994.8	2,011.4	2,019.8	2,018.9	2,001.7	1,999.2
22 Borrowings	720.7	810.4	810.9	813.9	811.4	824.5	839.2	846.1	839.5	839.6	852.3	859.2
23 From banks in the U.S.	268.9	296.7	298.5	295.2	290.6	302.3	311.1	314.6	318.3	314.8	310.8	317.5
24 From others	451.8	513.8	512.4	518.7	520.7	522.2	528.1	531.4	521.3	524.7	541.5	541.7
25 Net due to related foreign offices	88.0	111.8	117.3	117.8	115.4	118.4	145.5	145.6	162.9	147.5	145.1	127.6
26 Other liabilities	211.1	230.2	225.7	204.2	206.0	209.0	210.4	204.7	209.8	208.9	203.2	198.2
27 **Total liabilities**	**3,935.0**	**4,201.1**	**4,210.5**	**4,193.5**	**4,196.9**	**4,212.5**	**4,260.9**	**4,272.3**	**4,296.2**	**4,277.2**	**4,257.9**	**4,263.7**
28 Residual (assets less liabilities)[7]	398.5	426.4	422.3	423.7	417.1	428.6	425.9	417.3	402.6	417.5	427.2	425.3
	Not seasonally adjusted											
Assets												
29 Bank credit	3,696.2	3,959.8	3,948.9	3,937.2	3,961.5	3,973.3	4,003.4	3,999.8	4,005.0	3,999.5	3,996.6	3,992.2
30 Securities in bank credit	920.8	1,007.9	1,006.3	995.6	999.0	999.1	1,007.3	1,022.5	1,021.9	1,020.5	1,018.0	1,024.0
31 U.S. government securities	665.8	710.6	712.3	720.6	722.4	719.6	722.8	719.7	720.3	719.5	718.2	719.9
32 Other securities	255.1	297.2	294.0	275.0	276.6	279.6	284.5	302.8	301.7	301.0	299.8	304.1
33 Loans and leases in bank credit[2]	2,775.4	2,951.9	2,942.6	2,941.6	2,962.5	2,974.2	2,996.1	2,977.3	2,983.1	2,979.0	2,978.5	2,968.2
34 Commercial and industrial	687.4	732.3	736.4	745.5	756.8	758.0	763.3	764.8	765.7	765.2	765.6	762.9
35 Real estate	1,251.0	1,313.8	1,311.6	1,313.2	1,319.1	1,329.4	1,335.7	1,337.5	1,334.4	1,335.9	1,339.6	1,336.8
36 Revolving home equity	99.8	98.9	98.0	97.7	98.8	100.1	99.4	94.2	93.7	94.0	94.1	94.3
37 Other	1,151.2	1,214.9	1,213.6	1,215.5	1,220.3	1,229.3	1,236.3	1,243.4	1,240.7	1,241.9	1,245.5	1,242.5
38 Consumer	489.8	509.6	502.7	497.3	499.2	495.8	490.6	482.3	481.1	482.5	483.9	482.6
39 Security[3]	68.3	84.4	80.6	72.1	73.4	74.8	79.5	69.0	72.8	71.7	66.9	65.1
40 Other loans and leases	278.8	311.9	311.3	313.4	314.0	316.2	327.0	323.7	329.0	323.7	322.6	320.8
41 Interbank loans	185.7	196.7	196.1	198.8	196.9	196.3	196.7	190.6	200.6	186.6	186.1	191.5
42 Cash assets[4]	204.1	235.1	222.0	215.6	221.9	221.8	221.9	216.2	240.1	219.3	202.4	206.8
43 Other assets[5]	283.8	307.1	314.8	312.2	311.6	312.1	319.7	317.9	322.7	324.2	317.1	310.8
44 **Total assets[6]**	**4,312.6**	**4,641.3**	**4,623.9**	**4,605.5**	**4,633.8**	**4,644.9**	**4,683.0**	**4,666.3**	**4,710.2**	**4,671.5**	**4,643.9**	**4,643.2**
Liabilities												
45 Deposits	2,903.4	3,050.5	3,034.8	3,049.1	3,075.5	3,048.8	3,063.1	3,062.0	3,102.8	3,068.3	3,028.0	3,039.4
46 Transaction	645.8	669.2	641.0	645.9	656.6	631.8	641.6	630.1	655.0	626.2	610.3	629.2
47 Nontransaction	2,257.6	2,381.3	2,393.8	2,403.1	2,418.9	2,417.0	2,421.5	2,431.9	2,447.9	2,442.1	2,417.6	2,410.2
48 Large time	399.9	421.9	425.8	422.6	423.2	423.5	421.1	418.8	418.5	420.1	417.4	418.2
49 Other	1,857.6	1,959.5	1,968.0	1,980.6	1,995.7	1,993.4	2,000.4	2,013.1	2,029.3	2,022.0	2,000.2	1,992.0
50 Borrowings	714.6	826.6	813.5	807.2	811.2	832.6	842.0	835.8	830.7	830.6	844.2	847.5
51 From banks in the U.S.	265.6	301.7	298.9	294.7	291.3	303.2	310.7	309.7	314.5	310.6	305.8	311.4
52 From others	449.0	524.9	514.6	512.5	519.9	529.4	531.3	526.1	516.2	520.1	538.4	536.1
53 Net due to related foreign offices	84.9	112.0	123.4	117.7	114.0	126.7	141.1	140.2	148.3	137.8	142.4	134.9
54 Other liabilities	211.2	230.9	226.5	204.8	206.7	209.1	210.2	204.8	209.7	209.0	203.3	198.4
55 **Total liabilities**	**3,914.1**	**4,220.0**	**4,198.3**	**4,178.8**	**4,207.4**	**4,217.3**	**4,256.5**	**4,242.9**	**4,291.5**	**4,245.7**	**4,217.9**	**4,220.2**
56 Residual (assets less liabilities)[7]	398.6	421.3	425.6	426.8	426.4	427.6	426.6	423.4	418.7	425.8	425.9	423.0
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	51.5	66.5	64.9	46.8	48.3	50.6	51.0	53.8	54.0	52.7	51.0	54.6
58 Revaluation losses on off-balance-sheet items[8]	51.6	67.2	65.4	46.7	49.3	52.5	53.4	55.5	54.3	53.6	53.2	57.4
59 Mortgage-backed securities[9]	293.0	342.8	341.6	336.9	335.4	334.3	330.3	328.6	327.7	328.4	327.6	329.3

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1999							1999			
	July[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July	July 7	July 14	July 21	July 28
	Seasonally adjusted											
Assets												
1 Bank credit	2,298.3	2,441.0	2,434.3	2,407.0	2,411.4	2,419.5	2,446.4	2,440.0	2,441.5	2,442.6	2,438.8	2,435.5
2 Securities in bank credit	525.8	567.5	561.5	545.1	542.1	542.0	552.3	571.2	568.1	568.6	568.8	574.4
3 U.S. government securities	362.7	379.6	377.3	380.8	377.0	375.1	381.4	381.5	379.7	380.3	381.7	383.3
4 Trading account	21.6	25.1	17.9	22.5	25.9	22.3	25.1	22.7	23.2	22.2	23.1	23.2
5 Investment account	341.2	354.5	359.4	358.4	351.1	352.8	356.3	358.8	356.4	358.1	358.6	360.1
6 Other securities	163.0	188.0	184.2	164.3	165.1	166.8	170.9	189.7	188.4	188.2	187.1	191.1
7 Trading account	77.9	91.4	87.5	66.7	66.1	68.3	67.5	73.0	72.1	71.6	70.6	74.3
8 Investment account	85.1	96.6	96.7	97.5	99.0	98.6	103.4	116.7	116.3	116.6	116.5	116.8
9 State and local government	22.7	24.6	24.7	24.9	24.6	24.8	25.3	25.4	25.5	25.3	25.3	25.6
10 Other	62.4	71.9	72.0	72.7	74.4	73.8	78.2	91.3	90.8	91.3	91.2	91.3
11 Loans and leases in bank credit[2]	1,772.6	1,873.5	1,872.8	1,861.9	1,869.2	1,877.5	1,894.1	1,868.8	1,873.5	1,874.0	1,869.9	1,861.1
12 Commercial and industrial	506.7	537.4	538.5	542.9	548.1	548.3	556.7	559.1	556.6	559.9	560.1	559.6
13 Bankers acceptances	1.2	1.3	1.2	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0
14 Other	505.5	536.1	537.4	541.8	547.1	547.3	555.7	558.1	555.6	558.9	559.1	558.6
15 Real estate	698.6	712.7	712.0	708.4	708.0	711.4	710.8	705.6	704.9	705.0	708.0	703.5
16 Revolving home equity	71.6	70.0	69.9	70.0	70.6	71.3	70.5	64.9	64.6	64.8	64.9	64.9
17 Other	627.0	642.7	642.0	638.4	637.4	640.0	640.4	640.7	640.3	640.2	643.1	638.6
18 Consumer	296.0	305.0	304.1	301.6	300.1	297.2	292.6	284.7	286.7	285.6	284.7	283.1
19 Security[3]	64.2	78.4	74.8	63.5	65.8	69.5	75.2	65.5	69.7	68.3	63.4	61.4
20 Federal funds sold to and repurchase agreements with broker–dealers	45.5	61.6	57.7	46.3	47.8	51.4	55.6	46.8	51.3	49.3	45.4	41.9
21 Other	18.7	16.8	17.0	17.2	18.0	18.2	19.6	18.7	18.3	19.0	18.1	19.6
22 State and local government	11.2	11.7	11.6	11.6	11.8	11.8	11.8	11.9	12.0	12.1	11.9	11.9
23 Agricultural	10.2	10.3	10.4	10.3	10.2	9.9	9.9	9.7	9.7	9.7	9.8	9.7
24 Federal funds sold to and repurchase agreements with others	9.1	12.9	12.2	12.2	11.6	14.2	38.0	32.2	33.7	32.2	32.0	31.7
25 All other loans	80.6	96.4	96.2	95.8	95.9	96.1	79.3	78.6	79.4	80.0	78.5	78.1
26 Lease-financing receivables	95.9	108.6	113.1	115.6	117.8	119.2	119.9	121.5	120.9	121.3	121.6	121.9
27 Interbank loans	126.2	128.1	130.7	132.9	130.8	142.3	143.8	139.7	141.5	137.4	138.8	144.7
28 Federal funds sold to and repurchase agreements with commercial banks	74.0	80.9	81.0	84.1	80.2	87.1	86.2	88.7	87.5	87.6	89.2	93.8
29 Other	52.2	47.2	49.7	48.9	50.6	55.2	57.6	51.0	53.9	49.8	49.6	50.8
30 Cash assets[4]	146.3	152.7	150.7	152.3	154.5	152.3	155.4	151.1	161.3	155.5	144.9	147.8
31 Other assets[5]	219.7	238.5	243.1	239.9	229.2	230.3	232.1	229.6	232.3	233.5	232.4	225.4
32 **Total assets**[6]	**2,752.4**	**2,922.0**	**2,920.3**	**2,893.5**	**2,887.6**	**2,906.0**	**2,939.3**	**2,922.3**	**2,938.4**	**2,930.8**	**2,916.7**	**2,915.3**
Liabilities												
33 Deposits	1,647.5	1,691.2	1,686.5	1,684.8	1,691.8	1,686.6	1,686.8	1,686.3	1,695.1	1,694.7	1,670.2	1,685.1
34 Transaction	373.4	367.3	358.8	362.8	365.2	356.3	358.3	353.7	357.5	353.2	346.1	360.8
35 Nontransaction	1,274.1	1,323.9	1,327.7	1,322.0	1,326.6	1,330.3	1,328.5	1,332.7	1,337.6	1,341.6	1,324.0	1,324.2
36 Large time	222.6	230.9	230.2	227.5	228.3	225.3	227.2	228.2	229.4	230.2	226.7	226.7
37 Other	1,051.5	1,093.0	1,097.5	1,094.5	1,098.3	1,105.0	1,101.3	1,104.5	1,108.2	1,111.3	1,097.4	1,097.5
38 Borrowings	560.1	628.6	625.2	622.3	621.3	629.1	639.5	636.4	632.7	631.0	641.6	646.0
39 From banks in the U.S.	193.2	213.4	213.7	208.5	205.6	214.1	219.4	216.9	221.6	217.3	212.7	217.9
40 From others	366.9	415.2	411.5	413.8	415.7	415.0	420.2	419.5	411.1	413.7	428.9	428.1
41 Net due to related foreign offices	84.4	108.7	114.1	113.2	110.5	113.4	141.4	141.3	158.6	143.1	141.1	123.0
42 Other liabilities	183.3	199.3	195.2	173.4	174.5	176.7	177.3	172.3	177.9	176.4	170.4	166.0
43 **Total liabilities**	**2,475.3**	**2,627.9**	**2,621.0**	**2,593.8**	**2,598.0**	**2,605.8**	**2,645.0**	**2,636.3**	**2,664.3**	**2,645.2**	**2,623.2**	**2,620.0**
44 Residual (assets less liabilities)[7]	277.1	294.1	299.3	299.7	289.6	300.1	294.3	285.9	274.1	285.6	293.5	295.2

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	1999							1999			
	July[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July	July 7	July 14	July 21	July 28
	Not seasonally adjusted											
Assets												
45 Bank credit	2,286.3	2,453.2	2,438.9	2,409.5	2,417.3	2,417.1	2,436.7	2,426.2	2,436.7	2,428.5	2,421.5	2,414.8
46 Securities in bank credit	519.4	570.6	567.5	549.1	547.5	543.7	548.1	563.4	562.8	561.3	559.6	564.7
47 U.S. government securities	357.7	380.8	382.7	384.9	383.1	378.0	378.6	375.7	376.4	374.8	374.5	375.9
48 Trading account	19.9	25.2	18.6	23.4	25.2	20.8	23.5	20.9	21.7	20.3	21.1	20.9
49 Investment account	337.8	355.6	364.2	361.4	357.9	357.2	355.1	354.7	354.8	354.5	353.5	355.0
50 Mortgage-backed securities	221.5	252.9	250.8	244.1	241.3	238.3	233.9	232.5	231.5	231.8	231.8	233.8
51 Other	116.3	102.7	113.4	117.3	116.5	118.9	121.2	122.2	123.2	122.7	121.7	121.2
52 One year or less	30.9	27.9	26.0	24.2	24.6	24.0	25.0	25.1	26.0	26.5	24.8	23.6
53 One to five years	53.0	38.2	47.5	52.9	53.5	55.2	56.9	58.0	58.6	57.6	58.0	58.0
54 More than five years	32.4	36.6	39.9	40.2	38.4	39.7	39.3	39.0	38.7	38.6	38.9	39.7
55 Other securities	161.7	189.8	184.8	164.2	164.4	165.8	169.5	187.7	186.4	186.4	185.1	188.8
56 Trading account	77.9	91.4	87.5	66.7	66.1	68.3	67.5	73.0	72.1	71.6	70.6	74.3
57 Investment account	83.8	98.4	97.3	97.5	98.2	97.5	102.0	114.7	114.3	114.8	114.5	114.5
58 State and local government	22.3	24.8	24.8	24.9	24.7	24.9	25.1	24.9	24.8	24.8	24.9	25.2
59 Other	61.5	73.6	72.5	72.6	73.5	72.6	76.9	89.8	89.5	90.0	89.6	89.3
60 Loans and leases in bank credit[2]	1,766.9	1,882.5	1,871.3	1,860.4	1,869.8	1,873.4	1,888.6	1,862.8	1,873.9	1,867.3	1,861.9	1,850.1
61 Commercial and industrial	505.3	535.1	538.5	545.6	554.1	552.7	556.7	557.6	558.3	558.0	558.6	555.7
62 Bankers acceptances	1.2	1.3	1.2	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0
63 Other	504.1	533.8	537.3	544.4	553.1	551.8	555.7	556.7	557.4	557.0	557.6	554.7
64 Real estate	698.0	715.5	710.6	705.4	705.1	708.7	708.8	704.7	704.9	704.8	705.8	701.8
65 Revolving home equity	71.5	70.1	69.6	69.3	70.1	71.0	70.2	64.9	64.5	64.8	65.0	65.0
66 Other	385.2	395.7	388.3	382.1	379.7	381.5	382.2	383.1	384.9	382.9	382.8	380.4
67 Commercial	241.2	249.7	252.7	254.1	255.3	256.1	256.4	256.7	255.5	257.1	258.0	256.4
68 Consumer	294.2	310.4	304.5	298.9	297.6	295.0	290.7	282.9	284.2	283.3	282.9	282.1
69 Security[3]	62.6	78.5	74.8	66.2	67.8	69.7	74.4	63.9	67.4	66.7	61.9	60.0
70 Federal funds sold to and repurchase agreements with broker–dealers	44.0	62.2	58.3	48.8	49.8	51.1	54.0	45.2	48.9	47.7	44.3	40.3
71 Other	18.6	16.3	16.5	17.4	18.0	18.6	20.4	18.6	18.6	18.9	17.5	19.8
72 State and local government	11.2	11.7	11.6	11.6	11.6	11.7	11.7	11.9	11.9	12.0	11.8	11.8
73 Agricultural	10.5	10.2	10.0	9.9	9.9	9.9	10.0	10.0	10.0	10.0	10.0	10.0
74 Federal funds sold to and repurchase agreements with others	9.1	12.9	12.2	12.2	11.6	14.2	38.0	32.2	33.7	32.2	32.0	31.7
75 All other loans	80.5	98.0	94.7	94.1	93.9	92.5	78.1	78.5	82.4	79.3	77.9	75.7
76 Lease-financing receivables	95.6	110.3	114.4	116.5	118.0	119.1	120.1	121.1	121.1	121.0	120.9	121.2
77 Interbank loans	125.2	131.0	130.5	133.0	134.8	142.5	144.2	137.5	144.2	135.4	135.4	138.7
78 Federal funds sold to and repurchase agreements with commercial banks	71.7	84.5	81.6	83.8	82.9	86.2	85.3	85.1	88.5	84.1	84.0	86.9
79 Other	53.6	46.4	49.0	49.3	52.0	56.3	58.8	52.4	55.7	51.3	51.4	51.8
80 Cash assets[4]	140.8	162.0	151.5	147.3	153.4	150.7	151.2	145.1	162.4	149.3	134.6	137.5
81 Other assets[5]	222.1	233.8	239.9	236.1	233.6	232.6	237.4	231.8	237.4	235.8	232.5	226.0
82 **Total assets**[6]	**2,736.2**	**2,942.1**	**2,922.4**	**2,887.4**	**2,901.0**	**2,904.4**	**2,930.8**	**2,902.4**	**2,942.5**	**2,910.8**	**2,885.8**	**2,879.0**
Liabilities												
83 Deposits	1,639.4	1,700.4	1,682.2	1,683.2	1,697.9	1,672.2	1,680.7	1,675.0	1,705.3	1,684.1	1,649.1	1,656.9
84 Transaction	369.1	377.5	355.9	357.5	369.3	349.8	354.6	346.9	365.6	345.7	331.9	344.7
85 Nontransaction	1,270.3	1,322.9	1,326.4	1,325.7	1,328.6	1,322.4	1,326.1	1,328.1	1,339.7	1,338.4	1,317.3	1,312.2
86 Large time	218.3	232.5	232.6	227.3	226.2	224.1	223.7	223.3	224.1	225.4	221.8	221.7
87 Other	1,052.0	1,090.4	1,093.7	1,098.5	1,102.4	1,098.3	1,102.4	1,104.8	1,115.6	1,112.9	1,095.5	1,090.5
88 Borrowings	554.2	644.3	630.4	621.3	623.8	636.8	641.2	626.4	624.4	622.8	633.5	633.1
89 From banks in the U.S.	190.6	217.7	215.2	210.5	207.9	215.2	218.7	212.8	218.7	214.1	208.4	212.0
90 From nonbanks in the U.S.	363.6	426.6	415.2	410.8	415.8	421.7	422.5	413.5	405.7	408.8	425.1	421.1
91 Net due to related foreign offices	81.2	109.0	120.2	113.1	109.0	121.7	137.0	136.0	144.0	133.4	138.4	130.3
92 Other liabilities	183.3	199.3	195.2	173.4	174.5	176.7	177.3	172.3	177.9	176.4	170.4	166.0
93 **Total liabilities**	**2,458.1**	**2,653.1**	**2,628.1**	**2,591.1**	**2,605.2**	**2,607.5**	**2,636.2**	**2,609.6**	**2,651.6**	**2,616.7**	**2,591.5**	**2,586.3**
94 Residual (assets less liabilities)[7]	278.1	289.0	294.4	296.3	295.8	297.0	294.6	292.8	290.8	294.2	294.3	292.7
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	51.5	66.5	64.9	46.8	48.3	50.6	51.0	53.8	54.0	52.7	51.0	54.6
96 Revaluation losses on off-balance-sheet items[8]	51.6	67.2	65.4	46.6	49.3	52.5	53.4	55.5	54.3	53.6	53.2	57.4
97 Mortgage-backed securities[9]	245.3	282.4	279.5	272.5	269.8	265.8	261.2	259.7	258.7	259.3	258.7	260.5
98 Pass-through securities	160.1	194.5	189.8	182.7	179.8	177.1	173.8	173.4	171.7	172.8	172.9	175.1
99 CMOs, REMICs, and other mortgage-backed securities	85.2	87.9	89.7	89.7	90.0	88.7	87.5	86.4	87.0	86.6	85.8	85.3
100 Net unrealized gains (losses) on available-for-sale securities[10]	3.5	3.0	2.3	0.6	0.9	0.5	−1.3	−3.3	−2.9	−3.0	−3.2	−3.8
101 Offshore credit to U.S. residents[11]	35.3	38.9	38.9	39.0	37.9	37.7	37.0	36.3	37.0	36.4	36.6	35.6

Footnotes appear on p. A21.

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

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1999							1999			
	July[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July	July 7	July 14	July 21	July 28
	Seasonally adjusted											
Assets												
1 Bank credit	1,408.9	1,513.2	1,520.8	1,533.4	1,539.1	1,546.1	1,559.7	1,572.4	1,568.6	1,568.6	1,574.3	1,574.9
2 Securities in bank credit	402.9	438.0	441.0	445.0	446.6	450.0	457.4	460.8	461.0	460.4	460.5	460.9
3 U.S. government securities	309.5	330.4	331.2	334.2	335.1	337.0	342.3	345.5	345.2	345.7	345.5	345.5
4 Other securities	93.4	107.5	109.8	110.8	111.5	113.0	115.0	115.3	115.7	114.7	115.0	115.3
5 Loans and leases in bank credit[2]	1,006.0	1,075.2	1,079.8	1,088.4	1,092.6	1,096.1	1,102.4	1,111.6	1,107.6	1,108.2	1,113.8	1,114.1
6 Commercial and industrial	182.3	197.9	198.2	199.3	200.6	202.6	204.7	207.3	206.5	207.0	207.4	208.1
7 Real estate	551.1	602.2	605.8	611.4	614.2	618.3	624.1	630.7	628.5	628.5	631.8	632.1
8 Revolving home equity	28.5	28.8	28.5	28.6	28.8	29.2	29.4	29.5	29.5	29.4	29.4	29.4
9 Other	522.6	573.4	577.3	582.9	585.4	589.2	594.7	601.3	599.0	599.1	602.3	602.6
10 Consumer	196.6	198.3	198.8	200.5	202.6	201.1	200.7	200.0	198.6	199.9	201.3	200.3
11 Security[3]	5.7	5.9	5.8	5.9	5.6	5.1	5.1	5.1	5.4	5.0	5.0	5.1
12 Other loans and leases	70.3	70.9	71.2	71.3	69.5	68.9	67.8	68.4	68.6	67.8	68.3	68.5
13 Interbank loans	65.6	65.7	65.6	62.7	61.1	58.1	55.6	57.1	56.3	54.8	56.7	61.1
14 Cash assets[4]	65.1	69.8	69.4	69.7	68.6	71.4	71.8	72.9	74.7	72.3	71.8	73.5
15 Other assets[5]	60.6	76.3	76.2	77.5	77.7	79.5	80.7	84.9	80.7	88.1	85.6	84.4
16 **Total assets**[6]	**1,581.1**	**1,705.5**	**1,712.5**	**1,723.7**	**1,726.5**	**1,735.0**	**1,747.6**	**1,767.3**	**1,760.4**	**1,763.9**	**1,768.5**	**1,773.8**
Liabilities												
17 Deposits	1,267.6	1,357.4	1,370.1	1,372.9	1,372.4	1,374.0	1,379.0	1,389.6	1,388.8	1,386.5	1,387.1	1,393.7
18 Transaction	280.7	287.1	286.9	289.7	283.5	284.4	288.0	287.1	282.8	284.3	287.2	295.5
19 Nontransaction	986.9	1,070.3	1,083.2	1,083.1	1,088.8	1,089.6	1,091.0	1,102.5	1,106.1	1,102.3	1,099.9	1,098.2
20 Large time	181.6	189.3	193.2	195.3	197.0	199.4	197.5	195.5	194.4	194.7	195.6	196.5
21 Other	805.3	880.9	890.1	887.8	891.8	890.2	893.5	906.9	911.6	907.5	904.3	901.6
22 Borrowings	160.6	181.8	185.7	191.5	190.1	195.4	199.7	209.7	206.8	208.6	210.7	213.2
23 From banks in the U.S.	75.7	83.3	84.8	86.6	85.1	88.2	91.7	97.7	96.6	97.6	98.2	99.6
24 From others	84.9	98.5	100.9	104.9	105.0	107.2	107.9	111.9	110.2	111.0	112.5	113.6
25 Net due to related foreign offices	3.7	3.0	3.2	4.5	4.9	5.0	4.1	4.3	4.2	4.4	4.0	4.6
26 Other liabilities	27.8	30.9	30.5	30.8	31.6	32.2	33.1	32.4	31.9	32.5	32.9	32.2
27 **Total liabilities**	**1,459.6**	**1,573.2**	**1,589.5**	**1,599.7**	**1,598.9**	**1,606.6**	**1,615.9**	**1,635.9**	**1,631.8**	**1,632.0**	**1,634.7**	**1,643.7**
28 Residual (assets less liabilities)[7]	121.5	132.4	123.0	124.0	127.6	128.4	131.7	131.3	128.5	131.9	133.8	130.1
	Not seasonally adjusted											
Assets												
29 Bank credit	1,409.9	1,506.6	1,510.0	1,527.6	1,544.2	1,556.2	1,566.8	1,573.7	1,568.3	1,571.0	1,575.0	1,577.5
30 Securities in bank credit	401.4	437.2	438.8	446.5	451.5	455.4	459.2	459.1	459.1	459.2	458.4	459.4
31 U.S. government securities	308.1	329.9	329.6	335.7	339.3	341.6	344.2	344.0	343.8	344.7	343.6	344.0
32 Other securities	93.3	107.4	109.2	110.8	112.2	113.8	115.0	115.1	115.3	114.5	114.8	115.3
33 Loans and leases in bank credit[2]	1,008.5	1,069.4	1,071.2	1,081.1	1,092.7	1,100.9	1,107.6	1,114.5	1,109.2	1,111.7	1,116.6	1,118.1
34 Commercial and industrial	182.1	197.2	197.9	200.0	202.7	205.2	206.6	207.2	207.4	207.2	206.9	207.2
35 Real estate	553.1	598.3	601.0	607.8	614.0	620.7	626.9	632.8	629.5	631.1	633.8	634.9
36 Revolving home equity	28.3	28.8	28.4	28.4	28.7	29.1	29.2	29.2	29.2	29.2	29.2	29.2
37 Other	524.8	569.5	572.5	579.4	585.3	591.6	597.7	603.6	600.3	601.9	604.7	605.7
38 Consumer	195.6	199.2	198.2	198.4	201.5	200.8	199.9	199.4	197.0	199.2	200.9	200.6
39 Security[3]	5.7	5.9	5.8	5.9	5.6	5.1	5.1	5.1	5.4	5.0	5.0	5.1
40 Other loans and leases	72.0	68.8	68.4	69.1	68.9	68.9	69.0	70.0	70.0	69.2	69.9	70.3
41 Interbank loans	60.5	65.8	65.5	65.8	62.0	53.8	52.6	53.0	56.4	51.1	50.6	52.8
42 Cash assets[4]	63.3	73.0	70.5	68.2	68.5	71.0	70.7	71.1	77.7	70.0	67.9	69.2
43 Other assets[5]	61.7	73.2	74.9	76.1	78.0	79.5	82.3	86.1	85.2	88.5	84.6	84.8
44 **Total assets**[6]	**1,576.4**	**1,699.2**	**1,701.4**	**1,718.1**	**1,732.9**	**1,740.4**	**1,752.2**	**1,763.9**	**1,767.8**	**1,760.6**	**1,758.1**	**1,764.2**
Liabilities												
45 Deposits	1,263.9	1,350.0	1,352.6	1,365.8	1,377.6	1,376.6	1,382.4	1,387.0	1,397.5	1,384.2	1,378.8	1,382.5
46 Transaction	276.7	291.6	285.1	288.4	287.3	282.0	286.9	283.2	289.4	280.4	278.5	284.5
47 Nontransaction	987.2	1,058.4	1,067.4	1,077.4	1,090.3	1,094.6	1,095.4	1,103.8	1,108.1	1,103.8	1,100.4	1,098.0
48 Large time	181.6	189.3	193.2	195.3	197.0	199.4	197.5	195.5	194.4	194.7	195.6	196.5
49 Other	805.6	869.1	874.3	882.1	893.3	895.2	898.0	908.3	913.7	909.0	904.7	901.5
50 Borrowings	160.5	182.3	183.1	185.9	187.4	195.8	200.8	209.5	206.3	207.8	210.7	214.4
51 From banks in the U.S.	75.0	84.0	83.6	84.2	83.4	88.1	92.0	96.9	95.8	96.5	97.4	99.4
52 From others	85.4	98.3	99.5	101.7	104.1	107.7	108.8	112.6	110.5	111.3	113.3	115.0
53 Net due to related foreign offices	3.7	3.0	3.2	4.5	4.9	5.0	4.1	4.3	4.2	4.4	4.0	4.6
54 Other liabilities	27.9	31.6	31.3	31.4	32.3	32.4	32.9	32.5	31.9	32.6	32.9	32.4
55 **Total liabilities**	**1,455.9**	**1,566.9**	**1,570.2**	**1,587.7**	**1,602.2**	**1,609.8**	**1,620.2**	**1,633.3**	**1,639.9**	**1,629.0**	**1,626.4**	**1,633.9**
56 Residual (assets less liabilities)[7]	120.5	132.3	131.2	130.5	130.7	130.6	131.9	130.6	127.8	131.6	131.6	130.3
MEMO												
57 Mortgage-backed securities[9]	47.7	60.4	62.2	64.5	65.7	68.5	69.1	68.9	69.0	69.0	68.8	68.8

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	1999							1999			
	July	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July	July 7	July 14	July 21	July 28
	Seasonally adjusted											
Assets												
1 Bank credit	577.9	585.3	570.1	553.9	549.0	539.2	531.8	519.1	518.1	521.1	518.6	516.2
2 Securities in bank credit	205.3	211.7	204.6	198.4	199.4	195.0	194.5	188.7	188.5	189.4	189.1	185.9
3 U.S. government securities	91.4	84.2	82.9	83.7	87.8	85.7	88.0	88.1	88.5	89.5	87.9	85.9
4 Other securities	113.9	127.5	121.7	114.7	111.6	109.3	106.5	100.6	100.0	99.9	101.3	100.0
5 Loans and leases in bank credit[2]	372.6	373.6	365.6	355.5	349.7	344.3	337.3	330.5	329.7	331.7	329.5	330.4
6 Commercial and industrial	214.3	213.4	212.0	210.2	208.4	201.2	196.4	192.3	192.4	192.0	191.8	192.2
7 Real estate	24.0	21.4	20.5	19.7	19.7	19.6	18.9	18.0	18.5	18.2	17.8	17.9
8 Security[3]	62.0	63.2	59.4	50.7	51.5	52.7	51.0	51.8	49.0	52.7	51.5	53.6
9 Other loans and leases	72.3	75.6	73.6	74.9	70.1	70.8	71.0	68.3	69.8	68.9	68.4	66.7
10 Interbank loans	20.9	29.4	31.5	25.7	25.5	26.8	25.0	28.0	26.6	23.8	27.2	33.8
11 Cash assets[4]	35.0	36.6	36.3	37.1	34.6	35.9	33.6	35.4	34.6	36.4	36.0	35.3
12 Other assets[5]	34.5	38.7	37.8	37.5	37.3	35.2	32.5	31.6	34.2	34.5	30.1	29.5
13 **Total assets**[6]	**668.1[r]**	**689.7**	**675.5**	**653.9**	**646.2**	**636.9**	**622.6**	**613.9**	**613.3**	**615.5**	**611.6**	**614.6**
Liabilities												
14 Deposits	298.2	321.0	322.1	310.4	311.6	309.8	305.0	310.4	311.2	312.7	312.9	305.2
15 Transaction	13.9	12.9	13.7	12.7	10.0	10.4	10.7	10.7	10.6	10.5	10.1	11.5
16 Nontransaction	284.3	308.0	308.4	297.8	301.6	299.4	294.3	299.8	300.6	302.2	302.8	293.7
17 Borrowings	191.7	193.6	181.0	174.4	172.2	173.1	181.7	173.2	175.2	172.8	172.1	171.9
18 From banks in the U.S.	25.1	21.6	17.9	23.9	21.2	21.1	25.9	23.6	26.8	23.5	22.7	21.6
19 From others	166.6	172.0	163.1	150.5	151.1	152.0	155.8	149.6	148.4	149.4	149.3	150.3
20 Net due to related foreign offices	107.7	101.7	100.1	99.6	95.1	85.6	71.1	71.3	68.7	67.3	70.4	76.1
21 Other liabilities	70.0	74.5	70.2	67.2	66.5	59.1	59.3	58.4	62.2	60.9	55.3	55.3
22 **Total liabilities**	**667.7[r]**	**690.8**	**673.3**	**651.6**	**645.5**	**627.6**	**617.0**	**613.3**	**617.3**	**613.8**	**610.8**	**608.5**
23 Residual (assets less liabilities)[7]	.4	−1.1	2.2	2.4	.7	9.4	5.6	.6	−4.0	1.7	.9	6.1
	Not seasonally adjusted											
Assets												
24 Bank credit	574.9	588.8	573.9	555.5	546.2	534.0	528.7	516.0	515.7	517.6	515.6	512.8
25 Securities in bank credit	203.8	212.0	206.2	199.5	197.8	193.3	193.6	187.1	187.3	187.2	187.3	184.8
26 U.S. government securities	90.9	83.9	83.2	84.5	87.4	86.4	88.4	87.5	88.5	88.7	87.8	85.1
27 Trading account	25.3	17.4	18.0	19.1	20.4	17.5	19.7	18.5	18.9	19.1	19.4	16.7
28 Investment account	65.7	66.5	65.3	65.5	67.1	68.9	68.7	69.1	69.6	69.6	68.4	68.4
29 Other securities	112.9	128.1	123.0	115.0	110.4	106.8	105.2	99.5	98.8	98.5	99.5	99.7
30 Trading account	70.7	79.0	74.7	70.3	67.3	65.6	62.6	58.1	57.4	57.6	57.9	58.0
31 Investment account	42.2	49.1	48.2	44.7	43.0	41.2	42.7	41.4	41.4	40.9	41.7	41.7
32 Loans and leases in bank credit[2]	371.1	376.9	367.7	356.0	348.4	340.7	335.1	329.0	328.4	330.4	328.3	328.0
33 Commercial and industrial	213.5[r]	215.2	213.9	210.5	206.9	198.6	194.7	191.5	191.6	191.3	191.5	191.1
34 Real estate	23.7	21.6	20.8	19.8	19.5	19.3	18.6	17.8	18.3	18.0	17.7	17.6
35 Security[3]	61.6	63.2	59.1	51.4	51.4	52.4	51.3	51.5	48.6	52.2	51.0	53.2
36 Other loans and leases	72.3[r]	76.9	73.8	74.3	70.6	70.4	70.5	68.1	69.9	69.0	68.2	66.0
37 Interbank loans	20.9	29.4	31.5	25.7	25.5	26.8	25.0	28.0	26.6	23.8	27.2	33.8
38 Cash assets[4]	34.9	37.0	35.5	36.0	33.5	35.6	34.5	35.3	35.0	36.2	35.5	35.1
39 Other assets[5]	33.7	39.0	39.0	38.1	35.6	34.5	31.4	30.9	32.9	33.7	29.3	29.1
40 **Total assets**[6]	**664.1**	**693.9**	**679.7**	**655.1**	**640.4**	**630.7**	**619.3**	**610.0**	**609.9**	**611.0**	**607.4**	**610.6**
Liabilities												
41 Deposits	295.7	318.4	320.8	313.7	311.1	312.1	305.7	308.0	306.3	310.3	310.5	304.8
42 Transaction	13.8	13.0	13.5	12.8	9.9	10.2	10.5	10.6	10.7	10.4	10.0	11.3
43 Nontransaction	281.9	305.4	307.4	300.9	301.2	301.9	295.2	297.4	295.6	299.9	300.6	293.6
44 Borrowings	191.7	193.6	181.0	174.4	172.2	173.1	181.7	173.2	175.2	172.8	172.1	171.9
45 From banks in the U.S.	25.1	21.6	17.9	23.9	21.2	21.1	25.9	23.6	26.8	23.5	22.7	21.6
46 From others	166.6	172.0	163.1	150.5	151.1	152.0	155.8	149.6	148.4	149.4	149.3	150.3
47 Net due to related foreign offices	104.2	104.4	103.7	97.8	89.5	83.7	69.7	68.7	65.1	65.2	67.8	76.4
48 Other liabilities	69.0	74.7	71.8	67.2	65.4	58.6	58.8	57.5	60.9	59.9	54.3	54.9
49 **Total liabilities**	**660.7[r]**	**691.1**	**677.3**	**653.1**	**638.2**	**627.6**	**615.9**	**607.4**	**607.5**	**608.3**	**604.7**	**608.0**
50 Residual (assets less liabilities)[7]	3.5	2.8	2.4	2.0	2.2	3.1	3.4	2.6	2.4	2.8	2.7	2.5
MEMO												
51 Revaluation gains on off-balance-sheet items[8]	41.9	46.0	43.6	40.2	37.7	34.8	33.3	32.7	33.2	32.7	32.0	32.4
52 Revaluation losses on off-balance-sheet items[8]	40.2	42.3	41.3	39.2	38.0	34.2	32.5	32.2	33.4	32.8	31.3	30.9

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					1999					
	1994	1995	1996	1997	1998	Jan.	Feb.	Mar.	Apr.	May	June
1 **All issuers**	**595,382**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,178,168**	**1,178,303**	**1,204,627**	**1,219,789**	**1,230,009**	**1,221,020**
Financial companies[1]											
2 Dealer-placed paper, total[2]	223,038	275,815	361,147	513,307	614,142	629,569	615,053	684,616	697,030	710,857	705,603
3 Directly placed paper, total[3]	207,701	210,829	229,662	252,536	322,030	314,601	320,468	276,424	276,721	268,129	272,014
4 Nonfinancial companies[4]	164,643	188,260	184,563	200,857	227,132	233,998	242,782	243,587	246,038	251,023	243,404

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
Aug. 25	8.25	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	Aug.	8.06
		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				
				Apr.	May	June	July	July 2	July 9	July 16	July 23	July 30
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.30	5.46	5.35	4.74	4.74	4.76	4.99	4.95	5.00	4.97	4.96	5.01
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	4.79	4.79	4.95	5.06	5.13	5.06	5.06	5.04	5.07
4 2-month	n.a.	5.57	5.38	4.78	4.80	4.98	5.08	5.13	5.08	5.08	5.08	5.09
5 3-month	n.a.	5.56	5.34	4.79	4.81	4.98	5.11	5.13	5.11	5.10	5.11	5.12
Financial												
6 1-month	n.a.	5.59	5.42	4.80	4.80	4.96	5.08	5.13	5.08	5.07	5.06	5.09
7 2-month	n.a.	5.59	5.40	4.80	4.82	5.00	5.10	5.14	5.10	5.10	5.10	5.10
8 3-month	n.a.	5.60	5.37	4.80	4.83	5.04	5.14	5.17	5.16	5.15	5.13	5.14
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	4.80	4.86	5.04	5.16	5.20	5.15	5.19	5.14	5.17
16 6-month	5.31	5.57	5.30	4.80	4.89	5.14	5.42	5.35	5.38	5.40	5.43	5.46
Certificates of deposit, secondary market[3,10]												
17 1-month	5.35	5.54	5.49	4.84	4.84	5.01	5.13	5.18	5.13	5.12	5.11	5.14
18 3-month	5.39	5.62	5.47	4.88	4.92	5.13	5.24	5.28	5.23	5.23	5.22	5.27
19 6-month	5.47	5.73	5.44	4.94	5.03	5.31	5.58	5.51	5.57	5.58	5.56	5.64
20 Eurodollar deposits, 3-month[3,11]	5.38	5.61	5.45	4.87	4.90	5.09	5.21	5.23	5.19	5.20	5.24	5.20
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.01	5.06	4.78	4.29	4.50	4.57	4.55	4.63	4.55	4.57	4.50	4.59
22 6-month	5.08	5.18	4.83	4.37	4.56	4.82	4.58	4.85	4.61	4.52	4.49	4.61
23 1-year	5.22	5.32	4.80	4.45	4.60	4.82	4.75	4.84	4.78	4.72	4.71	4.80
Auction high[3,5,12]												
24 3-month	5.02	5.07	4.81	4.28	4.51	4.59	4.60	4.75	4.59	4.60	4.52	4.54
25 6-month	5.09	5.18	4.85	4.36	4.55	4.81	4.62	4.96	4.59	4.54	4.49	4.52
26 1-year	5.23	5.36	4.85	4.50	4.63	4.89	4.71	n.a.	n.a.	n.a.	4.71	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.52	5.63	5.05	4.69	4.85	5.10	5.03	5.11	5.06	5.01	4.98	5.07
28 2-year	5.84	5.99	5.13	4.98	5.25	5.62	5.55	5.61	5.62	5.52	5.49	5.59
29 3-year	5.99	6.10	5.14	5.03	5.33	5.70	5.62	5.68	5.70	5.57	5.55	5.65
30 5-year	6.18	6.22	5.15	5.08	5.44	5.81	5.68	5.76	5.75	5.61	5.61	5.75
31 7-year	6.34	6.33	5.28	5.28	5.64	6.05	5.94	6.01	6.01	5.87	5.87	6.03
32 10-year	6.44	6.35	5.26	5.18	5.54	5.90	5.79	5.87	5.87	5.72	5.72	5.86
33 20-year	6.83	6.69	5.72	5.82	6.08	6.36	6.28	6.34	6.33	6.20	6.23	6.34
34 30-year	6.71	6.61	5.58	5.55	5.81	6.04	5.98	6.03	6.04	5.91	5.94	6.05
Composite												
35 More than 10 years (long-term)	6.80	6.67	5.69	5.77	6.04	6.31	6.22	6.29	6.28	6.15	6.18	6.29
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.52	5.32	4.93	4.89	5.05	5.22	5.24	5.27	5.23	5.22	5.20	5.27
37 Baa	5.79	5.50	5.14	5.27	5.43	5.59	5.64	5.64	5.62	5.61	5.60	5.71
38 *Bond Buyer* series[15]	5.76	5.52	5.09	5.08	5.18	5.37	5.36	5.35	5.34	5.36	5.35	5.41
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.66	7.54	6.87	7.05	7.32	7.62	7.57	7.63	7.60	7.47	7.53	7.67
Rating group												
40 Aaa	7.37	7.27	6.53	6.64	6.93	7.23	7.19	7.24	7.23	7.09	7.15	7.29
41 Aa	7.55	7.48	6.80	6.96	7.23	7.52	7.48	7.53	7.51	7.38	7.44	7.58
42 A	7.69	7.54	6.93	7.13	7.40	7.69	7.65	7.70	7.67	7.56	7.62	7.75
43 Baa	8.05	7.87	7.22	7.48	7.72	8.02	7.95	8.01	7.98	7.86	7.91	8.04
MEMO												
Dividend–price ratio[17]												
44 Common stocks	2.19	1.77	1.49	1.24	1.24	1.25	1.20	1.21	1.19	1.19	1.21	1.22

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 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June	1999 July
	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	564.26	576.05	595.43	588.70	603.69	627.75	635.62	629.53	648.83
2 Industrial	453.57	574.97	684.35	704.46	717.14	741.43	736.20	751.93	780.84	791.72	783.96	809.33
3 Transportation	327.30	415.08	468.61	442.95	456.70	479.72	477.47	491.25	523.08	537.88	520.66	528.72
4 Utility	126.36	143.87	190.52	206.29	215.57	224.75	218.24	218.11	228.48	242.98	241.36	250.50
5 Finance	303.94	424.84	516.65	501.45	510.31	523.38	514.75	544.08	564.99	562.66	546.43	557.92
6 Standard & Poor's Corporation (1941–43 = 10)[2]	670.49	873.43	1,085.50	1,144.43	1,190.05	1,248.77	1,246.58	1,281.66	1,334.76	1,332.07	1,322.55	1,380.99
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	570.86	628.34	682.69	667.60	660.76	704.22	699.15	711.08	748.29	787.02	772.01	803.75
Volume of trading (thousands of shares)												
8 New York Stock Exchange	409,740	523,254	666,534	668,932	680,397	847,135	756,932	776,538	874,818	785,778	723,025	721,294
9 American Stock Exchange	22,567	24,390	28,870	27,266	28,756	31,015	31,774	29,563	38,895	35,241	28,806	25,754
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[4]	**97,400**	**126,090**	**140,980**	**139,710**	**140,980**	**153,240**	**151,530**	**156,440**	**172,880**	**177,984**	**176,930**	**178,360**
Free credit balances at brokers[5]												
11 Margin accounts[6]	22,540	31,410	40,250	40,620	40,250	36,880	38,850	40,120	41,200	41,250	42,865	44,330
12 Cash accounts	40,430	52,160	62,450	56,170	62,450	59,600	57,910	59,435	60,870	61,665	64,100	60,000

Margin requirements (percent of market value and effective date)[7]

Indicator	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	Feb.	Mar.	Apr.	May	June	July
U.S. budget[1]									
1 Receipts, total	1,453,062	1,579,292	1,721,798	99,414	130,292	266,142	98,587	199,479	121,905
2 On-budget	1,085,570	1,187,302	1,305,999	65,058	92,425	219,403	62,646	156,901	87,941
3 Off-budget	367,492	391,990	415,799	34,356	37,867	46,739	35,941	42,578	33,964
4 Outlays, total	1,560,512	1,601,235	1,652,552	141,760	152,701	152,683	122,556	145,911	147,068
5 On-budget	1,259,608	1,290,609	1,335,948	110,486	121,999	123,376	91,358	136,113	117,634
6 Off-budget	300,904	310,626	316,604	31,274	30,702	29,307	31,197	9,799	29,434
7 Surplus or deficit (−), total	−107,450	−21,943	69,246	−42,345	−22,409	113,459	−23,969	53,568	−25,164
8 On-budget	−174,038	−103,307	−29,949	−45,428	−29,574	96,027	−28,712	20,788	−29,693
9 Off-budget	66,588	81,364	99,195	3,082	7,165	17,432	4,744	32,779	4,530
Source of financing (total)									
10 Borrowing from the public	129,712	38,171	−51,049	1,688	37,013	−85,208	−551	−22,246	1,193
11 Operating cash (decrease, or increase (−))	−6,276	604	4,743	52,432	−16,988	−36,512	32,495	−27,459	13,553
12 Other[2]	−15,986	−16,832	−22,940	−11,775	2,384	8,261	−7,975	−3,863	10,418
MEMO									
13 Treasury operating balance (level, end of period)	44,225	43,621	38,878	4,638	21,626	58,138	25,643	53,102	39,549
14 Federal Reserve Banks	7,700	7,692	4,952	4,538	5,374	10,040	5,506	6,720	4,984
15 Tax and loan accounts	36,525	35,930	33,926	100	16,252	48,098	20,586	46,382	34,565

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 1997	Fiscal year 1998	Calendar year 1997 H2	Calendar year 1998 H1	Calendar year 1998 H2	Calendar year 1999 H1	1999 May	1999 June	1999 July
RECEIPTS									
1 **All sources**	**1,579,292**	**1,721,798**	**773,810**	**922,630**	**825,057**	**965,636**	**98,587**	**199,479**	**121,905**
2 Individual income taxes, net	737,466	828,586	354,072	447,514	392,332	481,527	30,585	92,993	59,975
3 Withheld	580,207	646,483	306,865	316,309	339,144	351,068	50,727	57,716	59,717
4 Nonwithheld	250,753	281,527	58,069	219,136	65,204	240,278	4,119	37,706	3,262
5 Refunds	93,560	99,476	10,869	87,989	12,032	109,875	24,273	2,438	3,006
Corporation income taxes									
6 Gross receipts	204,493	213,249	104,659	109,353	104,163	106,861	5,176	40,610	5,303
7 Refunds	22,198	24,593	10,135	14,220	14,250	17,092	1,229	1,346	1,898
8 Social insurance taxes and contributions, net	539,371	571,831	260,795	312,713	268,466	324,831	53,698	55,144	46,368
9 Employment taxes and contributions[2]	506,751	540,014	247,794	293,520	256,142	306,235	45,617	54,380	44,392
10 Unemployment insurance	28,202	27,484	10,724	17,080	10,121	16,378	7,731	370	1,573
11 Other net receipts[3]	4,418	4,333	2,280	2,112	2,202	2,216	350	393	403
12 Excise taxes	56,924	57,673	31,133	29,922	33,366	31,015	4,978	5,880	5,723
13 Customs deposits	17,928	18,297	9,679	8,546	9,838	8,440	1,256	1,599	1,725
14 Estate and gift taxes	19,845	24,076	10,262	12,971	12,359	14,915	1,942	1,857	1,938
15 Miscellaneous receipts[4]	25,465	32,658	13,348	15,829	18,735	15,140	2,181	2,742	2,771
OUTLAYS									
16 **All types**	**1,601,235**	**1,652,552**	**824,368**	**815,884**	**877,412**	**816,828**	**122,556**	**145,911**	**147,068**
17 National defense	270,473	268,456	140,873	129,351	140,196	134,414	19,211	24,122	26,153
18 International affairs	15,228	13,109	9,420	4,610	8,297	6,879	640	1,053	569
19 General science, space, and technology	17,174	18,219	10,040	9,426	10,142	9,319	1,581	1,800	1,597
20 Energy	1,483	1,270	411	957	699	797	104	557	−13
21 Natural resources and environment	21,369	22,396	11,106	10,051	12,671	10,351	1,595	1,906	1,935
22 Agriculture	9,032	12,206	10,590	2,387	16,757	9,803	487	2,591	489
23 Commerce and housing credit	−14,624	1,014	−3,526	−2,483	4,046	−1,629	989	−116	64
24 Transportation	40,767	40,332	20,414	16,196	20,836[r]	17,082	3,010	3,882	3,375
25 Community and regional development	11,005	9,720	5,749	4,863	6,972	5,368	906	1,201	755
26 Education, training, employment, and social services	53,008	54,919	26,851	25,928	27,760	29,003	4,464	4,143	3,980
27 Health	123,843	131,440	63,552	65,053	67,836	69,320	10,657	12,307	11,685
28 Social security and Medicare	555,273	572,047	283,109	286,305	316,809	261,146	44,519	52,990	51,157
29 Income security	230,886	233,202	106,353	125,196	109,481	126,144	12,880	14,574	20,514
30 Veterans benefits and services	39,313	41,781	22,077	19,615	22,750	20,105	1,893	3,619	5,130
31 Administration of justice	20,197	22,832	10,212	11,287	12,041	13,149	1,886	2,536	1,935
32 General government	12,768	13,444	7,302	6,139	9,136	6,650	621	3,508	1,360
33 Net interest[5]	244,013	243,359	122,620	122,345	116,954	116,655	19,976	18,518	19,598
34 Undistributed offsetting receipts[6]	−49,973	−47,194	−22,795	−21,340	−25,795	−17,724	−2,864	−3,278	−3,214

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**	**5,681r**	**5,668**
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	3,795	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	29r	29
6 Held by public	26	26	27	26	26	26	29	28	n.a.
7 Held by agencies	7	7	7	5	4	4	1	1	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	3,431.2	3,414.6	3,334.0	3,313.2	3,334.0	3,327.6	
19 Depository institutions	315.4	296.6	300.3	237.1	243.5	237.1	n.a.	
20 Mutual funds	286.4	315.8	321.3	351.1	327.8	351.1	n.a.	
21 Insurance companies	241.5	214.1	176.6	184.2	182.5	184.2	n.a.	n.a.
22 State and local treasuries[6]	289.8	257.0	239.3	237.3	254.4	237.3	n.a.	
Individuals								
23 Savings bonds	185.0	187.0	186.5	186.7	186.0	186.7	186.6	
24 Pension funds	474.5	505.1	539.1	557.3	549.0	557.3	n.a.	
25 Private	298.7	314.6	334.3	361.9	352.2	361.9	n.a.	
26 State and Local	175.8	190.5	204.8	195.4	196.8	195.4	n.a.	
27 Foreign and international[7]	835.2	1,102.1	1,241.6	1,276.3	1,221.8	1,276.3	1,268.4	
28 Other miscellaneous investors[6,8]	679.8	553.5	409.9	304.0	348.4	304.0	n.a.	

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

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

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

Millions of dollars, daily averages

Item	1999			1999, week ending								
	Apr.	May	June	June 2	June 9	June 16	June 23	June 30	July 7	July 14	July 21	July 28
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	28,670	30,791	28,954	44,136	26,723	28,957	28,737	25,325	27,182	22,184	25,392	21,697
Coupon securities, by maturity												
2 Five years or less	87,799	109,736	98,738	106,003	87,777	98,614	109,472	96,184	88,369	92,147	96,071	95,315
3 More than five years	53,786	76,896	61,981	66,867	57,031	69,981	58,992	59,964	51,859	58,826	48,561	52,692
4 Inflation-indexed	1,415	1,147	1,278	1,368	730	1,573	1,620	1,154	2,719	1,831	275	934
Federal agency												
5 Discount notes	37,345	42,161	44,580	43,296	42,921	44,185	45,409	46,320	52,486	40,079	40,327	40,365
Coupon securities, by maturity												
6 One year or less	1,222	1,194	677	1,248	423	807	743	505	649	681	413	810
7 More than one year, but less than or equal to five years	6,875	5,966	5,526	3,978	6,850	4,278	4,466	7,127	3,729	5,195	3,456	5,780
8 More than five years	4,625	4,333	4,256	3,013	7,717	4,275	3,004	2,524	2,266	4,990	5,405	3,835
9 Mortgage-backed	69,382	73,553	72,636	52,876	85,323	99,470	57,709	55,947	75,744	103,433	50,217	49,315
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	93,341	118,422	103,512	115,167	96,344	108,996	107,973	96,074	89,684	97,134	92,603	93,702
11 Federal agency	3,904	4,202	3,636	2,751	4,148	3,606	3,771	3,373	2,998	3,644	4,026	3,509
12 Mortgage-backed	23,682	26,585	26,565	20,066	31,289	33,004	23,007	21,558	25,896	32,366	19,405	23,394
With other												
13 U.S. Treasury	78,330	100,149	87,439	103,208	75,918	90,129	90,848	86,552	80,445	77,853	77,696	76,936
14 Federal agency	46,162	49,452	51,402	48,783	53,762	49,938	49,851	53,103	56,132	47,301	45,575	47,281
15 Mortgage-backed	45,700	46,968	46,072	32,810	54,034	66,466	34,702	34,389	49,849	71,067	30,812	25,921
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	0	n.a.	0	n.a.	n.a.	n.a.	0	0	0	0	0	0
Coupon securities, by maturity												
17 Five years or less	1,947	3,921	3,813	8,515	3,878	3,729	3,494	2,272	2,670	2,428	1,460	2,851
18 More than five years	11,950	18,045	14,278	19,888	13,311	15,059	13,695	12,802	12,078	14,767	10,616	11,915
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	985	1,434	1,725	1,816	1,924	2,048	1,438	1,453	1,422	493	967	933
27 More than five years	4,657	6,556	4,992	5,383	4,946	4,607	6,116	4,144	3,450	4,716	3,720	3,780
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	n.a.	n.a.	0	0	n.a.	n.a.	0	0
32 More than five years	0	0	0	0	n.a.	0	0	0	0	0	0	0
33 Mortgage-backed	783	827	779	612	1,056	735	871	519	1,911	1,162	740	1,033

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							
	Apr.	May	June	June 2	June 9	June 16	June 23	June 30	July 7	July 14	July 21
					Positions[2]						
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	24,563	6,146	3,929	14,784	8,035	584	3,279	718	2,005	2,231	6,403
Coupon securities, by maturity											
2 Five years or less	−14,332	−33,183	−30,024	−34,104	−33,478	−33,837	−27,785	−23,830	−26,206	−20,426	−26,617
3 More than five years	−5,060	−11,576	−15,615	−12,003	−15,259	−16,490	−15,219	−16,523	−16,843	−16,676	−14,005
4 Inflation-indexed	2,618	2,523	2,036	2,282	2,291	2,211	1,870	1,701	3,250	3,051	2,983
Federal agency											
5 Discount notes	24,321	19,406	16,953	16,847	18,208	19,790	15,999	13,845	23,313	24,717	16,857
Coupon securities, by maturity											
6 One year or less	2,538	2,439	2,518	2,091	2,450	2,627	2,611	2,505	2,991	3,282	3,229
7 More than one year, but less than or equal to five years	3,991	6,001	6,288	4,742	5,978	6,901	5,442	7,273	8,095	8,614	7,655
8 More than five years	6,131	6,705	6,450	5,943	9,292	6,797	5,468	4,389	3,810	3,618	3,470
9 Mortgage-backed	12,875	16,251	14,787	13,776	14,450	12,849	18,844	13,294	21,758	20,409	19,606
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	n.a.	n.a.	0	n.a.	n.a.	0	0	0	0	0	0
Coupon securities, by maturity											
11 Five years or less	93	7,117	8,731	6,104	8,742	8,852	9,919	8,162	7,599	6,368	6,354
12 More than five years	−17,408	−4,873	−827	−1,355	−2,451	−326	−42	−336	−1,797	−4,517	−9,047
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	−1,180	−142	−2,266	111	−1,374	−2,230	−2,791	−3,348	−3,163	−2,221	−983
21 More than five years	−396	−1,581	−1,000	−753	−1,159	−272	−1,230	−1,410	−833	−409	−259
22 Inflation-indexed	n.a.	n.a.	0	n.a.	n.a.	n.a.	0	0	0	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	n.a.	n.a.	n.a.	n.a.	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	5,579	7,992	5,880	8,257	8,416	6,247	5,412	2,765	2,433	2,964	943
					Financing[5]						
Reverse repurchase agreements											
28 Overnight and continuing	251,605	262,314	272,933	276,464	250,601	283,399	261,829	294,893	277,344	262,182	245,999
29 Term	818,297	806,177	790,804	745,598	803,032	824,794	846,179	702,127	778,711	806,537	835,362
Securities borrowed											
30 Overnight and continuing	212,240	226,515	244,326	240,721	234,845	248,702	243,760	251,029	259,881	256,145	253,568
31 Term	102,440	97,977	91,955	85,116	91,587	90,676	96,640	90,872	88,437	89,560	91,383
Securities received as pledge											
32 Overnight and continuing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
33 Term	0	0	0	n.a.	n.a.	0	0	0	n.a.	n.a.	n.a.
Repurchase agreements											
34 Overnight and continuing	677,260	660,275	651,952	657,693	639,636	672,973	650,226	643,332	675,783	686,633	671,765
35 Term	711,067	693,158	674,583	631,770	676,202	699,832	731,503	603,027	651,619	675,913	691,902
Securities loaned											
36 Overnight and continuing	10,235	10,819	13,306	10,988	11,799	12,487	12,000	17,599	11,098	11,956	11,249
37 Term	5,942	6,566	5,886	6,528	6,003	6,074	6,093	5,190	6,732	6,184	7,307
Securities pledged											
38 Overnight and continuing	45,650	47,279	49,670	46,461	44,679	45,196	52,037	57,683	56,751	56,164	55,411
39 Term	10,700	9,702	9,290	8,582	8,781	9,182	9,907	9,491	9,512	9,814	9,456
Collateralized loans											
40 Total	17,891	16,223	14,760	18,417	17,414	17,966	13,101	9,512	13,496	17,095	17,096

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	1999				
					Jan.	Feb.	Mar.	Apr.	May
1 **Federal and federally sponsored agencies**	**844,611**	**925,823**	**1,022,609**	**1,296,477**	**1,311,010**	**1,324,812**	**1,347,872**	**1,377,524**	**1,404,576**
2 Federal agencies	37,347	29,380	27,792	26,502	26,355	26,180	26,243	26,100	26,094
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	70	69	80	84	88
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	26,349	26,174	26,237	26,094	26,088
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	1,284,655	1,298,632	1,321,629	1,351,424	1,378,482
11 Federal Home Loan Banks	243,194	263,404	313,919	382,131	383,572	383,769	402,364	415,602	421,655
12 Federal Home Loan Mortgage Corporation	119,961	156,980	169,200	287,396	300,927	299,171	299,196	310,387	317,533
13 Federal National Mortgage Association	299,174	331,270	369,774	460,291	461,157	471,300	475,418	478,994	492,913
14 Farm Credit Banks[8]	57,379	60,053	63,517	63,488	61,292	66,622	66,529	67,527	66,608
15 Student Loan Marketing Association[9]	47,529	44,763	37,717	35,399	36,385	36,464	36,762	37,660	38,129
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**	**43,803**	**43,151**	**41,454**	**41,637**	**41,131**
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	9,090	8,715	8,550	8,275
26 Rural Electrification Administration	17,144	16,702	14,898	14,091	14,101	14,100	13,980	13,999	13,997
27 Other	29,513	21,714	20,110	20,538	20,202	19,961	18,759	19,088	18,859

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						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues, new and refunding**[1]	**171,222**	**214,694**	**262,342**	**24,288**	**16,926**	**16,233**	**24,323**	**15,758**	**16,234**	**23,428**	**18,671**
By type of issue											
2 General obligation	60,409	69,934	87,015	8,632	6,925	6,786	8,323	6,443	5,294	10,997	6,206
3 Revenue	110,813	134,989	175,327	15,656	10,001	9,446	16,000	9,315	10,941	12,431	12,465
By type of issuer											
4 State	13,651	18,237	23,506	2,561	318	1,837	1,895	907	1,220	1,236	2,194
5 Special district or statutory authority[2]	113,228	134,919	178,421	15,937	12,929	11,145	14,604	10,010	11,279	18,414	13,572
6 Municipality, county, or township	44,343	70,558	60,173	5,790	3,679	3,251	7,825	4,841	3,735	3,779	2,906
7 **Issues for new capital**	**112,298**	**135,519**	**160,568**	**14,517**	**11,917**	**10,674**	**16,201**	**10,474**	**12,149**	**19,509**	**12,172**
By use of proceeds											
8 Education	26,851	31,860	36,904	2,766	2,936	3,751	3,537	2,734	2,795	3,793	3,415
9 Transportation	12,324	13,951	19,926	1,800	1,706	628	1,640	1,107	1,791	1,650	1,264
10 Utilities and conservation	9,791	12,219	21,037	984	672	394	2,839	1,372	603	1,594	535
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	1,376	452	343	1,084	618	1,058	739	850
13 Other purposes	32,462	35,095	42,450	4,477	4,439	3,207	3,918	2,592	3,760	7,195	2,729

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					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May	June
1 **All issues**[1]	**773,110**	**929,256**	**1,128,491**[r]	**111,762**	**82,317**[r]	**93,665**	**103,175**	**126,161**	**85,862**	**110,475**	**96,291**
2 **Bonds**[2]	**651,104**	**811,376**	**1,001,736**[r]	**102,860**	**73,647**[r]	**86,529**	**92,885**	**116,440**	**76,721**	**94,713**	**88,337**
By type of offering											
3 Sold in the United States	567,671	708,188	923,771[r]	95,106	70,386[r]	76,511	82,871	101,024	65,886	86,730	79,031
4 Sold abroad	83,433	103,188	77,965	7,754	3,261	10,018	10,014	15,416	10,834	7,983	9,306
MEMO											
5 Private placements, domestic	43,688	54,990	37,845	2,878	3,874	684	648	1,224	n.a.	n.a.	n.a.
By industry group											
6 Nonfinancial	167,904	222,603	307,935[r]	32,124	25,008	21,193	23,131	39,818	30,676	32,843	22,931
7 Financial	483,200	588,773	693,801[r]	70,736	48,639[r]	65,336	69,754	76,623	46,045	61,870	63,807
8 **Stocks**[3]	**122,006**	**117,880**	**126,755**	**8,902**	**8,670**	**7,136**	**10,290**	**9,721**	**9,141**	**15,762**	**7,954**
By type of offering											
9 Public	122,006	117,880	126,755	8,902	8,670	7,136	10,290	9,721	9,141	15,762	7,954
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	6,145	7,559	3,701	8,911	8,534	7,640	10,425	6,303
12 Financial	41,546	57,494	52,642	2,757	1,111	3,435	1,379	1,187	1,501	5,337	1,651

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	1999						
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July
1 **Sales of own shares**[2]	**1,190,900**	**1,461,430**	**140,700**	**161,889**	**132,199**	**164,290**	**166,324**	**140,422**	**138,502**	**140,518**
2 Redemptions of own shares	918,728	1,217,022	134,289	135,713	128,125	146,479	139,035	127,800	117,953	128,227
3 Net sales[3]	272,172	244,408	6,412	26,176	4,074	17,811	27,288	12,622	20,550	12,291
4 **Assets**[4]	**3,409,315**	**4,173,531**	**4,173,531**	**4,298,071**	**4,180,115**	**4,328,150**	**4,505,237**	**4,442,880**	**4,650,385**	**4,584,097**
5 Cash[5]	174,154	191,393	191,393	203,470	198,134	198,741	211,243	211,580	214,779	209,264
6 Other	3,235,161	3,982,138	3,982,138	4,094,601	3,981,982	4,129,409	4,293,994	4,231,300	4,435,607	4,374,833

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1996	1997	1998	1997		1998				1999	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Profits with inventory valuation and capital consumption adjustment	750.4	817.9	824.6	840.9	820.8	829.2	820.6	827.0	821.7	868.8	859.6
2 Profits before taxes	680.2	734.4	717.8	758.9	736.4	719.1	723.5	720.5	708.1	752.6	768.2
3 Profits-tax liability	226.1	246.1	240.1	254.2	249.3	239.9	241.6	243.2	235.6	250.7	257.5
4 Profits after taxes	454.1	488.3	477.7	504.7	487.1	479.2	481.8	477.3	472.5	501.9	510.7
5 Dividends	261.9	275.1	279.2	275.1	276.4	277.3	278.1	279.0	282.3	285.6	289.7
6 Undistributed profits	192.3	213.2	198.5	229.5	210.6	201.8	203.7	198.3	190.2	216.4	221.0
7 Inventory valuation	−1.2	6.9	14.5	4.8	4.3	25.3	7.8	11.7	13.4	11.6	−17.1
8 Capital consumption adjustment	71.4	76.6	92.3	77.2	80.1	84.9	89.4	94.8	100.2	104.6	108.6

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	1997	1998				1999	
				Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2
ASSETS										
1 Accounts receivable, gross[2]	637.1	663.3	711.7	663.3	667.2	676.0	687.6	711.7	733.8	756.5
2 Consumer	244.9	256.8	261.8	256.8	251.7	251.3	254.0	261.8	261.7	269.2
3 Business	309.5	318.5	347.5	318.5	325.9	334.9	335.1	347.5	362.8	373.7
4 Real estate	82.7	87.9	102.3	87.9	89.6	89.9	98.5	102.3	109.2	113.5
5 LESS: Reserves for unearned income	55.6	52.7	56.3	52.7	52.1	53.2	52.4	56.3	52.9	53.4
6 Reserves for losses	13.1	13.0	13.8	13.0	13.1	13.2	13.2	13.8	13.4	13.4
7 Accounts receivable, net	568.3	597.6	641.6	597.6	601.9	609.6	622.0	641.6	667.6	689.7
8 All other	290.0	312.4	337.9	312.4	329.7	340.1	313.7	337.9	363.3	373.2
9 **Total assets**	**858.3**	**910.0**	**979.5**	**910.0**	**931.6**	**949.7**	**935.7**	**979.5**	**1,030.8**	**1,062.9**
LIABILITIES AND CAPITAL										
10 Bank loans	19.7	24.1	26.3	24.1	22.0	22.3	24.9	26.3	24.8	25.1
11 Commercial paper	177.6	201.5	231.5	201.5	211.7	225.9	226.9	231.5	222.9	231.0
Debt										
12 Owed to parent	60.3	64.7	61.8	64.7	64.6	60.0	58.3	61.8	64.6	65.4
13 Not elsewhere classified	332.5	328.8	339.7	328.8	338.2	348.7	337.6	339.7	366.7	383.1
14 All other liabilities	174.7	189.6	203.2	189.6	193.1	188.9	185.4	203.2	220.3	226.1
15 Capital, surplus, and undivided profits	93.5	101.3	117.0	101.3	102.1	103.9	103.6	117.0	131.5	132.2
16 **Total liabilities and capital**	**858.3**	**910.0**	**979.5**	**910.0**	**931.6**	**949.7**	**936.6**	**979.5**	**1,030.8**	**1,062.9**

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	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June
	Seasonally adjusted								
1 **Total**	**761.9**	**809.8**	**874.9**	**888.2**	**898.4**	**911.3**	**919.5[r]**	**932.5**	**938.9**
2 Consumer	307.7	327.7	352.5	356.5	360.7	363.4	363.2[r]	369.2	370.6
3 Real estate	111.9	121.1	131.4	135.7	135.7	137.5	141.2[r]	142.8	141.2
4 Business	342.4	361.0	391.0	396.0	402.0	410.4	415.2[r]	420.5	427.1
	Not seasonally adjusted								
5 **Total**	**769.7**	**818.1**	**884.0**	**888.4**	**897.8**	**911.9**	**919.4[r]**	**931.6**	**942.4**
6 Consumer	310.6	330.9	356.1	355.8	357.4	359.7	360.9[r]	368.3	374.0
7 Motor vehicles loans	86.7	87.0	103.1	102.8	105.0	104.7	106.8	105.1	108.6
8 Motor vehicle leases	92.5	96.8	93.3	93.9	94.5	93.9	94.8	95.3	95.6
9 Revolving[2]	32.5	38.6	32.3	32.1	31.5	31.2	31.5	31.7	32.4
10 Other[3]	33.2	34.4	33.1	32.1	32.5	32.0	32.0	32.0	32.6
Securitized assets[4]									
11 Motor vehicle loans	36.8	44.3	54.8	56.0	54.9	59.0	57.8	65.8	65.4
12 Motor vehicle leases	8.7	10.8	12.7	12.5	12.3	12.0	11.8	11.6	11.3
13 Revolving	.0	.0	8.7	8.6	8.7	9.1	8.8	8.6	9.7
14 Other	20.1	19.0	18.1	17.9	18.1	17.8	17.6	18.3	18.4
15 Real estate	111.9	121.1	131.4	135.7	135.7	137.5	141.2[r]	143.2	141.2
16 One- to four-family	52.1	59.0	75.7	80.1	80.3	77.7	81.7	83.6	80.5
17 Other	30.5	28.9	26.6	26.9	27.1	31.6	31.6	31.9	33.0
Securitized real estate assets[4]									
18 One- to four-family	28.9	33.0	29.0	28.6	28.3	28.0	27.6[r]	27.4	27.0
19 Other	.4	.2	.1	.1	.1	.3	.3	.3	.2
20 Business	347.2	366.1	396.5	396.9	404.6	414.8	416.3	418.2	427.1
21 Motor vehicles	67.1	63.5	79.6	79.1	82.1	84.8	86.2	84.4	82.8
22 Retail loans	25.1	25.6	28.1	28.4	28.9	30.0	30.7	31.6	30.9
23 Wholesale loans[5]	33.0	27.7	32.8	31.9	34.3	36.0	36.5	33.8	32.7
24 Leases	9.0	10.2	18.7	18.9	18.9	18.8	18.9	19.0	19.2
25 Equipment	194.8	203.9	198.0	197.6	200.7	202.3	203.1	203.7	208.3
26 Loans	59.9	51.5	50.4	49.7	51.0	51.6	52.0	51.7	53.3
27 Leases	134.9	152.3	147.6	147.8	149.8	150.7	151.0	152.0	155.1
28 Other business receivables[6]	47.6	51.1	69.9	72.5	73.3	75.7	75.8	76.7	82.6
Securitized assets[4]									
29 Motor vehicles	24.0	33.0	29.2	28.2	28.8	31.0	30.5	32.0	32.1
30 Retail loans	2.7	2.4	2.6	2.5	2.4	2.4	2.4	2.2	2.9
31 Wholesale loans	21.3	30.5	24.7	23.8	24.6	26.6	26.2	27.8	27.2
32 Leases	.0	.0	1.9	1.9	1.9	1.9	1.9	1.9	2.0
33 Equipment	11.3	10.7	13.0	12.7	12.9	12.8	12.5	13.2	13.3
34 Loans	4.7	4.2	6.6	6.3	6.2	6.1	5.8	6.5	6.7
35 Leases	6.6	6.5	6.4	6.4	6.7	6.7	6.6	6.6	6.6
36 Other business receivables[6]	2.4	4.0	6.8	6.8	6.8	8.2	8.3	8.3	8.0

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	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June	1999 July
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	182.4	180.1	195.2	202.3	204.1	211.0	209.4	207.5	211.0	207.6
2 Amount of loan (thousands of dollars)	139.2	140.3	151.1	153.3	155.4	162.9	162.4	161.6	162.0	158.2
3 Loan-to-price ratio (percent)	78.2	80.4	80.0	78.0	78.2	79.4	79.5	79.8	79.0	78.6
4 Maturity (years)	27.2	28.2	28.4	28.4	28.7	28.8	28.9	28.7	28.6	28.5
5 Fees and charges (percent of loan amount)[2]	1.21	1.02	.89	1.01	.92	.82	.77	.69	.72	.83
Yield (percent per year)										
6 Contract rate[1]	7.56	7.57	6.95	6.81	6.78	6.74	6.74	6.78	6.92	7.15
7 Effective rate[1,3]	7.77	7.73	7.08	6.96	6.92	6.86	6.85	6.89	7.03	7.29
8 Contract rate (HUD series)[4]	8.03	7.76	7.00	6.80	7.02	7.03	6.93	7.17	7.59	7.75
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.19	7.89	7.04	7.08	7.10	7.07	7.08	7.58	8.13	8.00
10 GNMA securities[6]	7.48	7.26	6.43	6.18	6.42	6.58	6.50	6.79	7.21	7.28
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	287,052	316,678	414,515	418,323	431,836	440,139	446,025	464,530	473,315[r]	480,651
12 FHA/VA insured	30,592	31,925	33,770	33,483	34,000	34,870	36,158	38,938	41,143	n.a.
13 Conventional	256,460	284,753	380,745	384,840	397,836	405,269	409,867	425,592	432,172	n.a.
14 Mortgage transactions purchased (during period)	68,618	70,465	188,448	14,005	22,029	16,923	14,225	25,640	15,934	14,004
Mortgage commitments (during period)										
15 Issued[7]	65,859	69,965	193,795	20,754	26,509	16,891	20,192	12,517	19,507	12,966
16 To sell[8]	130	1,298	1,880	0	0	266	75	178	351	260
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	137,755	164,421	255,010	257,062	262,921	277,624	284,006	285,881	299,184	300,093
18 FHA/VA insured	220	177	785	387	755	754	1,613	1,610	1,726[r]	1,725
19 Conventional	137,535	164,244	254,225	256,675	262,166	276,870	282,393	284,271	297,458[r]	298,368
Mortgage transactions (during period)										
20 Purchases	125,103	117,401	267,402	27,680	25,225	29,921	26,473	22,503	21,950	17,602
21 Sales	119,702	114,258	250,565	31,430	24,231	28,740	25,464	21,972	20,349	16,835
22 Mortgage commitments contracted (during period)[9]	128,995	120,089	281,899	23,900	24,829	32,546	24,050	20,052	21,610	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for 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 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1[p]
1	**All holders**	**4,604,408**	**4,898,791**	**5,212,899**	**5,323,116**	**5,434,606**	**5,568,971**	**5,723,504**	**5,860,041**
	By type of property								
2	One- to four-family residences	3,510,749	3,726,748	3,969,525	4,055,368	4,135,647	4,238,430	4,343,358	4,441,804
3	Multifamily residences	277,001	294,396	308,794	314,636	321,223	327,661	337,736	347,448
4	Nonfarm, nonresidential	732,097	790,513	844,281	861,819	884,814	908,635	946,096	973,710
5	Farm	84,561	87,134	90,299	91,291	92,923	94,244	96,315	97,080
	By type of holder								
6	Major financial institutions	1,900,089	1,981,885	2,083,978	2,114,077	2,121,531	2,136,776	2,194,959	2,198,641
7	Commercial banks[2]	1,090,189	1,145,389	1,245,315	1,270,586	1,281,440	1,295,173	1,337,545	1,337,140
8	One- to four-family	646,545	677,603	745,510	764,656	770,438	770,489	797,746	783,291
9	Multifamily	42,521	45,451	49,670	51,007	51,449	52,443	53,123	56,430
10	Nonfarm, nonresidential	377,293	397,452	423,148	427,465	431,234	443,553	457,642	467,907
11	Farm	23,830	24,883	26,986	27,458	28,319	28,688	29,034	29,512
12	Savings institutions[3]	596,763	628,335	631,822	637,012	632,359	634,244	643,773	646,202
13	One- to four-family	482,353	513,712	520,672	527,036	522,088	525,842	533,680	534,490
14	Multifamily	61,987	61,570	59,543	59,074	58,908	56,706	56,806	56,761
15	Nonfarm, nonresidential	52,135	52,723	51,252	50,532	50,978	51,297	52,871	54,516
16	Farm	288	331	354	369	386	399	417	435
17	Life insurance companies	213,137	208,161	206,841	206,479	207,732	207,359	213,640	215,299
18	One- to four-family	8,890	6,977	7,187	6,979	6,814	6,594	6,590	6,631
19	Multifamily	28,714	30,750	30,402	30,394	30,618	30,565	31,522	31,004
20	Nonfarm, nonresidential	165,876	160,314	158,780	158,493	159,456	159,189	164,004	166,060
21	Farm	9,657	10,120	10,472	10,613	10,844	11,011	11,524	11,604
22	Federal and related agencies	308,757	295,192	286,167	286,877	287,161	287,125	292,636	288,312
23	Government National Mortgage Association	2	2	8	8	8	7	7	7
24	One- to four-family	2	2	8	8	8	7	7	7
25	Multifamily	0	0	0	0	0	0	0	0
26	Farmers Home Administration[4]	41,791	41,596	41,195	40,972	40,921	40,907	40,851	40,691
27	One- to four-family	17,705	17,303	17,253	17,160	17,059	17,025	16,895	16,777
28	Multifamily	11,617	11,685	11,720	11,714	11,722	11,736	11,739	11,731
29	Nonfarm, nonresidential	6,248	6,841	7,370	7,369	7,497	7,566	7,705	7,769
30	Farm	6,221	5,768	4,852	4,729	4,644	4,579	4,513	4,413
31	Federal Housing and Veterans' Administrations	9,809	6,244	3,821	3,694	3,631	3,405	3,674	3,675
32	One- to four-family	5,180	3,524	1,767	1,641	1,610	1,550	1,849	1,850
33	Multifamily	4,629	2,719	2,054	2,053	2,021	1,855	1,825	1,825
34	Resolution Trust Corporation	1,864	0	0	0	0	0	0	0
35	One- to four-family	691	0	0	0	0	0	0	0
36	Multifamily	647	0	0	0	0	0	0	0
37	Nonfarm, nonresidential	525	0	0	0	0	0	0	0
38	Farm	0	0	0	0	0	0	0	0
39	Federal Deposit Insurance Corporation	4,303	2,431	724	786	564	482	361	315
40	One- to four-family	492	365	109	118	85	72	54	47
41	Multifamily	428	413	123	134	96	82	61	54
42	Nonfarm, nonresidential	3,383	1,653	492	534	384	328	245	214
43	Farm	0	0	0	0	0	0	0	0
44	Federal National Mortgage Association	178,807	168,813	161,308	160,048	159,816	159,104	157,675	157,185
45	One- to four-family	163,648	155,008	149,831	149,254	149,383	149,069	147,594	147,063
46	Multifamily	15,159	13,805	11,477	10,794	10,433	10,035	10,081	10,122
47	Federal Land Banks	28,428	29,602	30,657	31,005	31,352	32,009	32,983	33,128
48	One- to four-family	1,673	1,742	1,804	1,824	1,845	1,883	1,941	1,949
49	Farm	26,755	27,860	28,853	29,181	29,507	30,126	31,042	31,179
50	Federal Home Loan Mortgage Corporation	43,753	46,504	48,454	50,364	50,869	51,211	57,085	53,312
51	One- to four-family	39,901	41,758	42,629	44,440	44,597	44,254	49,106	44,139
52	Multifamily	3,852	4,746	5,825	5,924	6,272	6,957	7,979	9,173
53	Mortgage pools or trusts[5]	1,863,210	2,064,882	2,272,953	2,330,799	2,442,558	2,548,192	2,632,893	2,761,941
54	Government National Mortgage Association	472,283	506,340	536,810	533,011	537,586	541,431	537,431	542,409
55	One- to four-family	461,438	494,158	523,156	519,152	523,243	526,934	522,483	527,461
56	Multifamily	10,845	12,182	13,654	13,859	14,343	14,497	14,948	14,948
57	Federal Home Loan Mortgage Corporation	515,051	554,260	579,385	583,144	609,791	635,726	646,459	687,179
58	One- to four-family	512,238	551,513	576,846	580,715	607,469	633,124	643,465	684,240
59	Multifamily	2,813	2,747	2,539	2,429	2,322	2,602	2,994	2,939
60	Federal National Mortgage Association	582,959	650,780	709,582	730,832	761,359	798,460	834,518	881,815
61	One- to four-family	569,724	633,210	687,981	708,125	737,631	770,979	804,205	849,513
62	Multifamily	13,235	17,570	21,601	22,707	23,728	27,481	30,313	32,302
63	Farmers Home Administration[4]	11	3	2	2	2	2	1	1
64	One- to four-family	2	0	0	0	0	0	0	0
65	Multifamily	0	0	0	0	0	0	0	0
66	Nonfarm, nonresidential	5	0	0	0	0	0	0	0
67	Farm	4	3	2	2	2	2	1	1
68	Private mortgage conduits	292,906	353,499	447,173	483,810	533,820	572,573	614,484	650,537
69	One- to four-family[6]	227,800	261,900	318,000	336,824	364,316	391,736	410,900	430,653
70	Multifamily	15,584	21,967	29,218	33,432	38,098	40,895	44,654	48,403
71	Nonfarm, nonresidential	49,522	69,633	99,955	113,554	131,406	139,942	158,930	171,482
72	Farm	0	0	0	0	0	0	0	0
73	Individuals and others[7]	532,353	556,832	569,802	591,363	583,357	596,877	603,017	611,147
74	One- to four-family	372,468	367,973	376,773	397,437	389,063	398,871	406,843	413,692
75	Multifamily	64,969	68,791	70,966	71,116	71,213	71,806	71,691	71,756
76	Nonfarm, nonresidential	77,109	101,898	103,284	103,871	103,860	106,761	104,699	105,763
77	Farm	17,806	18,169	18,779	18,939	19,221	19,440	19,784	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	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May[r]	1999 June
	Seasonally adjusted								
1 **Total**	**1,182,439**	**1,234,122**	**1,300,491**	**1,315,653**	**1,325,101**	**1,332,139**	**1,332,500[r]**	**1,344,205**	**1,347,035**
2 Revolving	499,532	531,295[r]	560,653	565,035	566,858	567,283	569,923[r]	571,914	576,031
3 Nonrevolving[2]	682,907	702,828	739,838	750,619	758,244	764,857	762,577[r]	772,291	771,004
	Not seasonally adjusted								
4 **Total**	**1,211,590**	**1,264,103**	**1,331,742**	**1,324,528**	**1,318,872**	**1,318,611**	**1,321,860[r]**	**1,332,039**	**1,339,641**
By major holder									
5 Commercial banks	526,769	512,563	508,932	508,635	500,429	494,039	495,873	495,821	482,091
6 Finance companies	152,391	160,022	168,491	166,979	169,013	167,815	170,145[r]	168,490	173,617
7 Credit unions	144,148	152,362	155,406	155,726	155,203	155,110	155,933	156,924	156,621
8 Savings institutions	44,711	47,172	51,611	52,283	52,953	53,623	54,294	54,964	55,634
9 Nonfinancial business	77,745	78,927	74,877	70,947	67,948	67,138	67,114[r]	68,050	68,024
10 Pools of securitized assets[3]	265,826	313,057	372,425	369,958	373,326	380,886	378,501[r]	387,790	403,654
By major type of credit[4]									
11 Revolving	522,860	555,858	586,528	574,901	567,549	561,542	563,969[r]	565,976	569,990
12 Commercial banks	228,615	219,826	210,346	204,774	197,623	190,028	191,295	190,216	177,370
13 Finance companies	32,493	38,608	32,309	32,088	31,544	31,197	31,327[r]	31,296	32,408
14 Credit unions	17,826	19,552	19,930	19,295	19,202	18,894	19,044	19,008	19,195
15 Savings institutions	10,313	11,441	12,450	12,425	12,399	12,373	12,348	12,322	12,296
16 Nonfinancial business	44,901	44,966	39,166	36,401	34,337	33,754	33,726	34,446	34,618
17 Pools of securitized assets[3]	188,712	221,465	272,327	269,918	272,444	275,296	276,229	278,688	294,103
18 Nonrevolving credit	688,730	708,245	745,214	749,627	751,323	757,069	757,891[r]	766,063	769,651
19 Commercial banks	298,154	292,737	298,586	303,861	302,806	304,011	304,578	305,605	304,721
20 Finance companies	119,898	121,414	136,182	134,891	137,469	136,618	138,818	137,194	141,209
21 Credit unions	126,322	132,810	135,476	136,431	136,001	136,216	136,889	137,916	137,426
22 Savings institutions	34,398	35,731	39,161	39,858	40,554	41,250	41,946	42,642	43,338
23 Nonfinancial business	32,844	33,961	35,711	34,546	33,611	33,384	33,388[r]	33,604	33,406
24 Pools of securitized assets[3]	77,114	91,592	100,098	100,040	100,882	105,590	102,272	109,102	109,551

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 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.05	9.02	8.72	n.a.	n.a.	8.34	n.a.	n.a.	8.30	n.a.
2 24-month personal	13.54	13.90	13.74	n.a.	n.a.	13.41	n.a.	n.a.	13.26	n.a.
Credit card plan										
3 All accounts	15.63	15.77	15.71	n.a.	n.a.	15.41	n.a.	n.a.	15.21	n.a.
4 Accounts assessed interest	15.50	15.57	15.59	n.a.	n.a.	14.73	n.a.	n.a.	14.94	n.a.
Auto finance companies										
5 New car	9.84	7.12	6.30	6.43	6.22	6.43	6.31	6.52	6.57	6.60
6 Used car	13.53	13.27	12.64	12.31	11.81	12.08	12.09	12.17	12.16	12.31
OTHER TERMS[3]										
Maturity (months)										
7 New car	51.6	54.1	52.1	52.2	52.1	53.4	53.0	52.8	52.4	52.3
8 Used car	51.4	51.0	53.5	54.2	56.0	55.9	56.0	56.0	56.1	56.0
Loan-to-value ratio										
9 New car	91	92	92	91	92	92	91	92	92	92
10 Used car	100	99	99	100	99	99	99	99	99	100
Amount financed (dollars)										
11 New car	16,987	18,077	19,083	19,734	19,628	19,304	19,339	19,435	19,539	19,722
12 Used car	12,182	12,281	12,691	13,202	13,497	13,604	13,653	13,647	13,700	13,816

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[r]				1999	
						Q4[r]	Q1	Q2	Q3	Q4	Q1[r]	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**584.4[r]**	**575.8[r]**	**720.4[r]**	**743.0[r]**	**785.3[r]**	**912.0**	**1,075.5**	**1,042.4**	**899.2**	**1,072.8**	**1,248.1**	**865.6**
By sector and instrument												
2 Federal government	256.1	155.8[r]	144.4	145.0	23.1	−5.5	−14.5	−28.4	−113.5	−54.1	−75.2	−112.2
3 Treasury securities	248.3	155.7	142.9	146.6	23.2	−7.3	−12.1	−26.9	−113.1	−66.3	−73.7	−112.8
4 Budget agency securities and mortgages	7.8	.2	1.5	−1.6	−.1	1.7	−2.4	−1.4	−.4	12.2	−1.5	.6
5 Nonfederal	328.3[r]	420.0[r]	576.0[r]	598.0[r]	762.2[r]	917.5	1,090.0	1,070.8	1,012.6	1,127.0	1,323.3	977.8
By instrument												
6 Commercial paper	10.0	21.4	18.1	−.9	13.7	12.8	51.1	3.8	85.6	−43.0	64.4	3.4
7 Municipal securities and loans	74.8	−35.9	−48.2	2.6	71.4	99.9	113.5	101.3	82.9	89.6	100.7	48.0
8 Corporate bonds	75.2	23.3	91.1[r]	116.3[r]	150.5[r]	163.6	278.8	294.8	108.0	193.2	274.0	260.8
9 Bank loans n.e.c.	6.4	75.2	103.7[r]	70.5[r]	106.5[r]	178.1	35.0	169.2	107.8	120.9	70.0	21.8
10 Other loans and advances	−18.9	34.0	67.2	33.5[r]	69.1[r]	141.4	76.3	40.8	77.7	102.5	114.1	−5.3
11 Mortgages	122.4[r]	177.0	205.1	287.4[r]	298.4[r]	278.6	476.4	398.9	471.1	593.8	573.4	595.7
12 Home	160.1[r]	183.4[r]	179.8[r]	243.0	235.8	188.8	376.5	287.3	373.7	427.8	414.6	424.2
13 Multifamily residential	−5.1	−2.1	7.6	11.5	10.8	18.3	21.6	21.1	16.1	30.6	35.9	36.8
14 Commercial	−33.6	−6.5	16.2	30.4[r]	48.7[r]	68.6	74.1	83.8	75.9	126.8	119.3	125.4
15 Farm	1.0	2.2	1.6	2.6	3.2	2.9	4.1	6.7	5.5	8.6	3.6	9.3
16 Consumer credit	58.4[r]	124.9	138.9	88.8	52.5	43.1	58.9	62.1	79.6	69.9	126.6	53.2
By borrowing sector												
17 Household	209.4[r]	316.3[r]	350.3[r]	351.7[r]	325.5[r]	311.1	463.3	418.5	471.9	527.3	553.3	511.0
18 Nonfinancial business	52.7	150.0	277.2[r]	253.2[r]	380.6[r]	520.3	532.5	570.3	470.7	524.6	682.6	431.1
19 Corporate	46.9	142.3[r]	243.7[r]	164.6[r]	297.0[r]	425.0	426.9	467.4	365.8	413.7	574.4	320.6
20 Nonfarm noncorporate	3.2	3.3	30.6	83.8	77.4	86.6	97.1	95.4	97.6	103.3	101.6	111.2
21 Farm	2.6	4.4	2.9	4.8	6.2	8.6	8.4	7.5	7.3	7.5	6.6	−.7
22 State and local government	66.2	−46.2	−51.5	−6.8	56.1	86.2	94.2	82.0	70.0	75.1	87.4	35.7
23 Foreign net borrowing in United States	69.8	−13.9[r]	71.1	77.2[r]	57.6[r]	44.8	95.0	97.9	−19.6	−38.9	17.3	−43.3
24 Commercial paper	−9.6	−26.1	13.5	11.3	3.7	.7	55.3	−25.5	6.2	−4.7	18.3	−27.1
25 Bonds	82.9	12.2	49.7	55.8	47.2[r]	34.2	42.5	119.2	−27.2	−34.2	.9	−19.1
26 Bank loans n.e.c.	.7	1.4	8.5	9.1	8.5	15.7	5.2	8.4	3.6	9.8	.9	5.7
27 Other loans and advances	−4.2	−1.4[r]	−.5	1.0[r]	−1.8[r]	−5.8	−8.0	−4.2	−2.2	−9.7	−2.8	−2.7
28 **Total domestic plus foreign**	**654.2[r]**	**561.9[r]**	**791.5[r]**	**820.3[r]**	**842.9[r]**	**956.8**	**1,170.4**	**1,140.3**	**879.5**	**1,034.0**	**1,265.4**	**822.4**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**294.4**	**468.4**	**453.9[r]**	**548.9[r]**	**652.2[r]**	**961.5**	**931.3**	**988.9**	**1,056.3**	**1,298.7**	**1,216.0**	**1,014.1**
By instrument												
30 Federal government-related	165.3	287.5	204.1	231.5	212.8	290.9	249.2	405.4	555.8	673.3	592.3	579.3
31 Government-sponsored enterprise securities	80.6	176.9	105.9	90.4	98.4	157.9	142.5	166.4	294.0	510.5	193.0	304.7
32 Mortgage pool securities	84.7	115.4	98.2	141.1	114.5[r]	133.0	106.7	239.0	261.7	162.8	399.3	274.6
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	249.8[r]	317.5[r]	439.4[r]	670.7	682.1	583.5	500.5	625.4	623.7	434.8
35 Open market paper	−5.5	40.5	42.7	92.2	166.7	244.7	236.7	135.6	141.0	130.7	78.3	57.8
36 Corporate bonds	123.1	121.8	195.9	176.9	209.0	348.8	346.3	361.8	177.4	281.9	492.5	260.8
37 Bank loans n.e.c.	−14.4	−13.7	2.5[r]	12.6[r]	13.2[r]	−4.7	57.3	−9.7	60.2	12.4	−8.8	10.5
38 Other loans and advances	22.4	22.6	3.4	27.9	35.6	61.7	32.7	76.0	82.3	169.9	41.6	117.9
39 Mortgages	3.6	9.8	5.3	7.9	14.9	20.1	9.1	19.9	39.6	30.6	20.1	−12.3
By borrowing sector												
40 Commercial banking	13.4	20.1	22.5	13.0	46.1	61.4	82.8	80.8	61.7	66.3	31.1	61.6
41 Savings institutions	11.3	12.8	2.6	25.5	19.7	41.7	10.6	31.2	63.7	103.2	58.0	58.6
42 Credit unions	.2	.2	−.1	.1	.1	.3	.5	.2	1.0	.4	1.5	1.4
43 Life insurance companies	.2	.3	−.1	1.1	.2	−.3	.0	−.6	1.6	1.8	3.3	3.0
44 Government-sponsored enterprises	80.6	172.1	105.9	90.4	98.4	157.9	142.5	166.4	294.0	510.5	193.0	304.7
45 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.5[r]	133.0	106.7	239.0	261.7	162.8	399.3	274.6
46 Issuers of asset-backed securities (ABSs)	85.4	76.5	142.4	153.9	200.7	374.8	283.0	352.4	294.2	335.7	302.2	318.3
47 Finance companies	−1.4	48.7	50.2	45.9	48.7	70.7	74.6	91.9	−12.0	17.8	71.2	88.4
48 Mortgage companies	.0	−11.5	−2.2[r]	4.1[r]	−4.6[r]	−46.8	29.4	−28.2	2.3	3.0	−4.6	5.1
49 Real estate investment trusts (REITs)	1.7	10.2	4.5	11.9	39.6	66.0	63.1	64.4	79.3	44.0	25.6	−19.7
50 Brokers and dealers	12.0	.5	−5.0	−2.0	8.1	7.0	−1.0	20.0	−2.6	12.4	−31.1	−18.3
51 Funding corporations	6.3	23.1	34.9	64.1	80.7	95.9	139.2	−28.6	11.2	40.9	166.5	−63.4

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

Transaction category or sector	1993	1994	1995	1996	1997	1997	1998[r]				1999	
						Q4[r]	Q1	Q2	Q3	Q4	Q1[r]	Q2
	All sectors											
52 **Total net borrowing, all sectors**	**948.6[r]**	**1,030.3[r]**	**1,245.4[r]**	**1,369.2[r]**	**1,495.1[r]**	**1,918.3**	**2,101.7**	**2,129.3**	**1,935.8**	**2,332.7**	**2,481.3**	**1,836.4**
53 Open market paper	−5.1	35.7	74.3	102.6	184.1	258.2	343.0	113.8	232.7	83.0	161.1	34.1
54 U.S. government securities	421.4	448.1	348.5	376.5	235.9	285.3	234.7	377.1	442.3	619.1	517.1	467.1
55 Municipal securities	74.8	−35.9	−48.2	2.6	71.4	99.9	113.5	101.3	82.9	89.6	100.7	48.0
56 Corporate and foreign bonds	281.2	157.3	336.7[r]	348.9[r]	406.7[r]	546.5	667.6	775.8	258.2	440.9	767.4	502.5
57 Bank loans n.e.c.	−7.2	62.9	114.7	92.1	128.2	189.2	97.6	167.9	171.6	143.0	62.1	38.0
58 Other loans and advances	−.8	50.4[r]	70.1[r]	62.5[r]	102.8[r]	197.4	101.0	112.5	157.8	262.7	152.9	110.0
59 Mortgages	126.0[r]	186.8[r]	210.5[r]	295.3[r]	313.3[r]	298.7	485.5	418.7	510.7	624.4	593.5	583.5
60 Consumer credit	58.4[r]	124.9	138.9	88.8	52.5	43.1	58.9	62.1	79.6	69.9	126.6	53.2
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**429.7**	**125.2**	**144.3**	**228.9**	**188.4[r]**	**160.9**	**213.5**	**268.5**	**−147.2**	**18.3**	**140.6**	**6.4**
62 Corporate equities	137.7	24.6	−3.1	−8.6[r]	−76.7[r]	−100.0	−108.8	−109.3	−320.6	−206.5	−114.7	−241.5
63 Nonfinancial corporations	21.3	−44.9	−58.3	−69.5	−114.4	−143.3	−139.2	−129.1	−308.4	−491.3	−65.7	−354.0
64 Foreign shares purchased by U.S. residents	63.4	48.1	50.4	60.0	42.0[r]	1.7	14.0	12.3	−32.8	317.4	−33.4	124.7
65 Financial corporations	53.0	21.4	4.8	.8	−4.3[r]	41.6	16.4	7.5	20.5	−32.7	−15.6	−12.2
66 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	260.9	322.3	377.8	173.4	224.8	255.3	247.9

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 Q4[r]	1998[r] Q1	1998[r] Q2	1998[r] Q3	1998[r] Q4	1999 Q1[r]	1999 Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**948.6[r]**	**1,030.3[r]**	**1,245.4[r]**	**1,369.2[r]**	**1,495.1[r]**	**1,918.3**	**2,101.7**	**2,129.3**	**1,935.8**	**2,332.7**	**2,481.3**	**1,836.4**
2 Domestic nonfederal nonfinancial sectors	30.0[r]	231.2[r]	−90.0[r]	22.5[r]	−88.9[r]	48.1	−49.7	512.7	94.9	−318.3	307.5	347.9
3 Household	−10.6[r]	268.0[r]	5.5[r]	61.4[r]	−86.2[r]	7.5	−64.2	385.2	−44.8	−424.1	244.9	255.1
4 Nonfinancial corporate business	9.1	17.7	−8.8	−.8[r]	−2.3[r]	−13.0	8.4	−46.9	14.0	14.1	10.4	39.5
5 Nonfarm noncorporate business	−1.1	.6	4.7	−4.3	−.6	−.6	.0	.0	.0	.0	.0	.0
6 State and local governments	32.6	−55.0	−91.4	−33.7	.1	54.2	6.1	174.3	125.7	91.7	52.2	53.3
7 Federal government	−18.4	−27.4[r]	−.2	−7.4[r]	5.1[r]	9.2	15.7	12.9	13.8	11.7	17.5	6.5
8 Rest of the world	129.3	132.3	273.9	414.4[r]	310.7[r]	203.9	223.8	321.8	60.8	390.7	213.3	51.6
9 Financial sectors	807.8[r]	694.1[r]	1,061.7[r]	939.7[r]	1,268.1[r]	1,657.1	1,912.0	1,281.9	1,766.3	2,248.6	1,943.0	1,430.5
10 Monetary authority	36.2	31.5	12.7	12.3	38.3	54.3	27.6	11.5	41.6	3.5	71.8	62.4
11 Commercial banking	142.2	163.4	265.9	187.5	324.3	447.4	306.7	132.7	250.1	531.5	68.9	135.0
12 U.S.-chartered banks	149.6	148.1	186.5	119.6	274.9	357.6	268.4	130.0	309.2	540.2	134.1	231.5
13 Foreign banking offices in United States	−9.8	11.2	75.4	63.3	40.2	69.3	17.5	15.2	−68.1	−12.1	−54.9	−105.8
14 Bank holding companies	.0	.9	−.3	3.9	5.4	19.4	15.3	−17.6	6.0	−7.4	−6.0	.1
15 Banks in U.S.-affiliated areas	2.4	3.3	4.2	.7	3.7	1.1	5.5	5.1	2.9	10.7	−4.4	9.2
16 Savings institutions	−23.3	6.7	−7.6	19.9	−4.7	8.9	11.8	2.1	17.9	113.3	102.7	88.8
17 Credit unions	21.7	28.1	16.2	25.5	16.8	6.5	16.1	22.7	21.0	16.0	37.7	34.7
18 Bank personal trusts and estates	9.5	7.1	−8.3	−7.7	7.6	8.8	2.4	3.1	2.0	3.9	3.1	2.2
19 Life insurance companies	100.4	72.0	100.0	69.6	94.3	34.1	92.1	63.4	65.6	86.0	72.6	89.0
20 Other insurance companies	27.7	24.9	21.5	22.5	25.2	34.7	23.4	−1.5	−7.7	67.5	−19.7	5.0
21 Private pension funds	50.2	46.1	56.0	52.3	65.5	79.5	74.5	130.1	95.6	174.4	60.5	150.0
22 State and local government retirement funds	24.7[r]	30.9[r]	33.6[r]	37.3[r]	63.8[r]	42.7	67.4	78.4	65.6	48.5	74.3	37.4
23 Money market mutual funds	20.4	30.0	86.5	88.8	87.5	141.8	159.3	208.1	255.5	353.1	227.6	−92.6
24 Mutual funds	159.5	−7.1	52.5	48.9	80.9	64.8	156.4	146.4	92.9	103.5	101.5	98.8
25 Closed-end funds	20.0	−3.7	10.5	4.7	−2.9[r]	−2.9	4.5	4.5	4.5	4.5	4.4	4.4
26 Government-sponsored enterprises	87.8	117.8	86.7	84.2	94.3	158.1	198.3	150.6	264.7	429.5	157.2	259.5
27 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.5[r]	133.0	106.7	239.0	261.7	162.8	399.3	274.6
28 Asset-backed securities issuers (ABSs)	82.8	69.4	120.6	123.6	162.3	321.9	223.9	321.4	248.7	312.7	284.6	301.5
29 Finance companies	−20.9	48.3	49.9	18.4	21.9	−19.7	28.7	24.0	79.5	75.3	92.2	79.6
30 Mortgage companies	.0	−24.0	−3.4	8.2	−9.1	−93.6	58.8	−56.4	4.5	6.0	−9.1	10.2
31 Real estate investment trusts (REITs)	.4	−.7	1.4	4.4	20.2	38.9	25.6	6.1	−11.3	−40.8	1.7	−2.2
32 Brokers and dealers	14.8	−44.2	90.1	−15.7	14.9	71.7	245.8	−183.1	77.0	−209.1	184.5	−204.5
33 Funding corporations	−31.0[r]	−17.8[r]	−21.2[r]	14.0[r]	52.7[r]	126.2	82.0	−21.4	−63.3	6.4	27.1	96.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**948.6[r]**	**1,030.3[r]**	**1,245.4[r]**	**1,369.2[r]**	**1,495.1[r]**	**1,918.3**	**2,101.7**	**2,129.3**	**1,935.8**	**2,332.7**	**2,481.3**	**1,836.4**
Other financial sources												
35 Official foreign exchange	.8	−5.8	8.8	−6.3	.7	17.5	1.0	8.1	8.9	8.6	−14.0	−5.4
36 Special drawing rights certificates	.0	.0	2.2	−.5	−.5	.0	.0	.0	.0	.0	−4.0	.0
37 Treasury currency	.4	.7	.6	.1	.0	−1.9	.3	.2	1.7	−2.3	.0	.7
38 Foreign deposits	−18.5	52.9	35.3	85.9	106.8[r]	100.6	−46.5	92.9	84.9	−131.9	127.7	114.5
39 Net interbank transactions	50.5	89.8	10.0[r]	−51.6	−19.7	54.3	−95.2	39.8	44.2	−122.9	49.1	68.2
40 Checkable deposits and currency	117.3	−9.7	−12.7	15.8	41.5	72.1	52.6	90.1	−24.9	72.8	61.7	10.3
41 Small time and savings deposits	−70.3	−39.9	96.6	97.2	97.1	136.7	99.0	84.9	144.7	281.2	−63.8	104.0
42 Large time deposits	−23.5	19.6	65.6	114.0	122.5	59.2	187.8	−5.6	81.8	104.4	−5.9	42.6
43 Money market fund shares	20.2	43.3	142.3	145.8	157.6	149.9	213.6	247.2	367.9	313.1	204.9	100.5
44 Security repurchase agreements	71.3	78.2	110.5	41.4	120.9	103.3	250.3	−100.8	231.1	−170.3	408.2	−65.6
45 Corporate equities	137.7	24.6	−3.1	−8.6[r]	−76.7[r]	−100.0	−108.8	−109.3	−320.6	−206.5	−114.7	−241.5
46 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	260.9	322.3	377.8	173.4	224.8	255.3	247.9
47 Trade payables	52.2	94.0	101.6[r]	86.1[r]	96.2[r]	122.6	108.3	−57.4	34.6	−86.8	155.5	98.4
48 Security credit	61.4	−.1	26.7	52.4	111.0	128.0	159.3	134.3	167.0	−27.2	−86.9	89.3
49 Life insurance reserves	37.1	35.5	45.8	44.5	54.3	37.4	49.3	53.3	51.7	59.0	40.8	65.9
50 Pension fund reserves	268.0[r]	254.7[r]	235.1[r]	246.9[r]	304.0[r]	304.1	294.7	272.9	279.5	313.8	284.3	316.4
51 Taxes payable	11.4	2.6	6.2	16.0	16.8	3.9	12.2	.9	27.3	11.7	−10.3	27.2
52 Investment in bank personal trusts	.9	17.8	4.0	−8.6	75.0	78.4	50.3	57.5	47.8	67.1	64.1	53.0
53 Noncorporate proprietors' equity	24.1	53.6	60.3	−.6[r]	6.1[r]	−43.5	−11.0	−5.4	−61.2	3.2	−2.5	12.3
54 Miscellaneous	356.0[r]	245.6[r]	444.6[r]	498.3[r]	513.3[r]	222.2	980.1	376.5	712.6	702.0	238.7	1,092.8
55 **Total financial sources**	**2,337.6[r]**	**2,088.3[r]**	**2,773.2[r]**	**2,975.1[r]**	**3,487.1[r]**	**3,624.1**	**4,621.2**	**3,687.3**	**3,988.1**	**3,746.3**	**4,069.6**	**3,968.0**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.2	−.5	−.9	−.6	−2.4	−.2	−.3	1.1	−3.4	−1.5	−.4
57 Foreign deposits	−5.7	43.0	25.1	59.6	106.8[r]	145.5	−95.7	119.9	69.9	−156.5	62.0	73.5
58 Net interbank liabilities	4.2	−2.7	−3.1	−3.3	−19.9	−38.1	35.1	8.9	22.3	−52.8	58.7	−1.7
59 Security repurchase agreements	50.5[r]	67.7[r]	20.2[r]	4.5[r]	62.3[r]	185.1	120.8	−170.0	110.2	.2	362.2	−14.8
60 Taxes payable	15.8	16.6	21.1	20.4	18.8	14.4	9.4	2.8	24.2	17.4	−22.4	−15.0
61 Miscellaneous	−158.5[r]	−160.1[r]	−221.4[r]	−66.9[r]	−254.9[r]	−640.7	61.0	−225.9	−106.7	−43.9	−568.0	−390.0
Floats not included in assets (−)												
62 Federal government checkable deposits	−1.5	−4.8	−6.0	.5	−2.7	−10.0	8.3	−44.4	32.4	14.0	−1.8	−41.4
63 Other checkable deposits	−1.3	−2.8	−3.8	−4.0	−3.9	−5.0	−4.0	−2.9	−3.6	−1.8	−1.9	−1.0
64 Trade credit	−4.0	1.5	−11.7	−49.9[r]	3.6[r]	15.7	41.9	−150.7	−94.5	−31.1	55.7	−6.9
65 **Total identified to sectors as assets**	**2,438.2[r]**	**2,130.1[r]**	**2,953.4[r]**	**3,015.2[r]**	**3,577.6[r]**	**3,959.6**	**4,444.8**	**4,150.0**	**3,932.8**	**4,004.0**	**4,126.5**	**4,365.7**

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	1998				1999	
					Q4	Q1[r]	Q2	Q3	Q4	Q1[r]	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,013.9[r]**	**13,734.3[r]**	**14,477.4[r]**	**15,261.1[r]**	**15,261.1[r]**	**15,522.2**	**15,742.1[r]**	**15,956.2[r]**	**16,283.6[r]**	**16,588.0**	**16,758.7**
By sector and instrument											
2 Federal government	3,492.3	3,636.7	3,781.8	3,804.9	3,804.9	3,830.8	3,749.0	3,720.2	3,752.2	3,759.7	3,651.7
3 Treasury securities	3,465.6	3,608.5	3,755.1	3,778.3	3,778.3	3,804.8	3,723.4	3,694.7	3,723.7	3,731.6	3,623.4
4 Budget agency securities and mortgages	26.7	28.2	26.6	26.5	26.5	25.9	25.6	25.5	28.5	28.1	28.3
5 Nonfederal	9,521.6[r]	10,097.6[r]	10,695.6[r]	11,456.3[r]	11,456.3[r]	11,691.4	11,993.2[r]	12,236.0[r]	12,531.4[r]	12,828.3	13,107.0
By instrument											
6 Commercial paper	139.2	157.4	156.4	168.6	168.6	193.1	202.5	216.9	193.0	223.9	232.4
7 Municipal securities and loans	1,341.7	1,293.5	1,296.0	1,367.5	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0
8 Corporate bonds	1,253.0	1,344.1[r]	1,460.4[r]	1,610.9[r]	1,610.9[r]	1,680.6	1,754.3[r]	1,781.3[r]	1,829.6[r]	1,898.1	1,963.3
9 Bank loans n.e.c.	759.9	863.6[r]	934.1[r]	1,040.5[r]	1,040.5[r]	1,047.9	1,097.6[r]	1,120.6[r]	1,148.8[r]	1,165.2	1,178.4
10 Other loans and advances	669.6	736.9	770.4[r]	839.5	839.5	863.5	873.1[r]	886.8[r]	913.8[r]	947.5	945.8
11 Mortgages	4,374.2[r]	4,579.4[r]	4,866.8[r]	5,165.2[r]	5,165.2[r]	5,273.3	5,379.7[r]	5,504.0[r]	5,650.3[r]	5,784.1	5,939.2
12 Home	3,330.0[r]	3,509.8[r]	3,719.0[r]	3,954.8[r]	3,954.8[r]	4,037.9	4,116.4[r]	4,216.4[r]	4,321.1[r]	4,413.8	4,526.0
13 Multifamily residential	261.5	269.1	284.3	295.0[r]	295.0[r]	300.4	305.7[r]	309.7[r]	317.4[r]	326.6	335.8
14 Commercial	699.8	716.0	776.4[r]	825.1[r]	825.1[r]	843.6	864.6[r]	883.6[r]	915.3[r]	946.3	977.7
15 Farm	83.0	84.6	87.1	90.3	90.3	91.3	93.0[r]	94.4[r]	96.5[r]	97.4	99.7
16 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6	1,338.0
By borrowing sector											
17 Household	4,427.0[r]	4,782.2[r]	5,105.1[r]	5,433.3[r]	5,433.3[r]	5,494.5	5,613.2[r]	5,746.1[r]	5,903.6[r]	5,985.9	6,128.1
18 Nonfinancial business	3,972.9	4,245.2[r]	4,527.1[r]	4,903.5[r]	4,903.5[r]	5,052.6	5,209.2[r]	5,311.1[r]	5,428.0[r]	5,619.2	5,740.7
19 Corporate	2,708.9	2,947.7[r]	3,141.0[r]	3,433.8[r]	3,433.8[r]	3,559.4	3,686.4[r]	3,762.5[r]	3,852.2[r]	4,019.2	4,107.9
20 Nonfarm noncorporate	1,121.8	1,152.4	1,236.1	1,313.6	1,313.6	1,337.9	1,361.8	1,385.5	1,411.9	1,437.6	1,466.7
21 Farm	142.2	145.1	149.9	156.1	156.1	155.3	161.0[r]	163.1[r]	163.8[r]	162.4	166.2
22 State and local government	1,121.7	1,070.2	1,063.4	1,119.5	1,119.5	1,144.3	1,170.8	1,178.8	1,199.8	1,223.2	1,238.2
23 **Foreign credit market debt held in United States**	**370.3[r]**	**441.4[r]**	**518.7[r]**	**570.1[r]**	**570.1[r]**	**591.6**	**617.1[r]**	**612.8[r]**	**603.7[r]**	**607.8**	**596.5**
24 Commercial paper	42.7	56.2	67.5	65.1	65.1	76.7	71.4	74.0	72.9	77.2	70.1
25 Bonds	242.3	291.9	347.7	394.9[r]	394.9[r]	405.6	435.4[r]	428.6[r]	420.0[r]	420.2	415.4
26 Bank loans n.e.c.	26.1	34.6	43.7	52.1	52.1	53.4	55.5	56.4	58.9	59.1	60.5
27 Other loans and advances	59.3[r]	58.8[r]	59.8[r]	58.0	58.0	55.9	54.8	53.8	52.0	51.3	50.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**13,384.2[r]**	**14,175.8[r]**	**14,996.0[r]**	**15,831.2[r]**	**15,831.2[r]**	**16,113.8**	**16,359.2[r]**	**16,568.9[r]**	**16,887.3[r]**	**17,195.8**	**17,355.2**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**3,822.2**	**4,278.8[r]**	**4,827.7[r]**	**5,446.8[r]**	**5,446.8[r]**	**5,670.1**	**5,926.8[r]**	**6,195.5[r]**	**6,515.6[r]**	**6,809.7**	**7,073.6**
By instrument											
30 Federal government-related	2,172.7	2,376.8	2,608.3	2,821.1[r]	2,821.1[r]	2,878.0	2,981.4[r]	3,121.7[r]	3,292.0	3,434.1	3,580.8
31 Government-sponsored enterprise securities	700.6	806.5	896.9	995.3	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0
32 Mortgage pool securities	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9[r]	1,975.7[r]	2,018.4	2,112.3	2,182.8
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,649.5	1,901.9[r]	2,219.4[r]	2,625.7[r]	2,625.7[r]	2,792.1	2,945.4[r]	3,073.8[r]	3,223.6[r]	3,375.6	3,492.7
35 Open market paper	441.6	486.9	579.1	745.7	745.7	804.9	838.9	874.2	906.7	926.4	940.9
36 Corporate bonds	1,008.8	1,204.7	1,381.5	1,557.5	1,557.5	1,640.8	1,738.7	1,786.2	1,849.4	1,969.3	2,042.9
37 Bank loans n.e.c.	48.9	51.4[r]	64.0[r]	77.2[r]	77.2[r]	90.6	88.2[r]	103.2[r]	107.2[r]	104.1	106.8
38 Other loans and advances	131.6	135.0	162.9	198.5	198.5	206.6	225.6	246.2	288.7	299.1	328.6
39 Mortgages	18.7	24.1	31.9	46.8	46.8	49.1	54.1	64.0	71.6	76.6	73.6
By borrowing sector											
40 Commercial banks	94.5	102.6	113.6	140.6	140.6	148.7	159.6	169.6	188.6	187.5	202.7
41 Bank holding companies	133.6	148.0	150.0	168.6	168.6	181.2	190.5	196.1	193.5	202.6	202.7
42 Savings institutions	112.4	115.0	140.5	160.3	160.3	162.9	170.7	186.6	212.4	226.9	241.6
43 Credit unions	.5	.4	.4	.6	.6	.7	.8	1.0	1.1	1.5	1.8
44 Life insurance companies	.6	.5	1.6	1.8	1.8	1.8	1.6	2.0	2.5	3.3	4.0
45 Government-sponsored enterprises	700.6	806.5	896.9	995.3	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0
46 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9[r]	1,975.7[r]	2,018.4	2,112.3	2,182.8
47 Issuers of asset-backed securities (ABSs)	570.1	712.5	866.4	1,078.2	1,078.2	1,142.9	1,230.4	1,307.0	1,394.6	1,463.8	1,542.9
48 Brokers and dealers	34.3	29.3	27.3	35.3	35.3	35.1	40.1	39.4	42.5	34.8	30.2
49 Finance companies	433.7	483.9	529.8	554.5	554.5	571.9	596.9	589.4	597.5	614.4	639.2
50 Mortgage companies	18.7	16.5[r]	20.6[r]	16.0[r]	16.0[r]	23.4	16.3[r]	16.9[r]	17.7[r]	16.5	17.8
51 Real estate investment trusts (REITs)	40.0	44.6	56.5	96.1	96.1	111.9	128.0	147.8	158.8	165.2	160.3
52 Funding corporations	211.0	248.6	312.7	373.7	373.7	411.6	410.5	417.9	414.4	459.1	449.6
	All sectors										
53 **Total credit market debt, domestic and foreign**	**17,206.4[r]**	**18,454.5[r]**	**19,823.7[r]**	**21,278.1[r]**	**21,278.1[r]**	**21,783.9**	**22,286.0[r]**	**22,764.5[r]**	**23,402.9[r]**	**24,005.5**	**24,428.7**
54 Open market paper	623.5	700.4	803.0	979.4	979.4	1,074.8	1,112.7	1,165.1	1,172.6	1,227.6	1,243.3
55 U.S. government securities	5,665.0	6,013.6	6,390.0	6,626.0[r]	6,626.0[r]	6,708.7	6,730.3[r]	6,841.9[r]	7,044.3[r]	7,193.8	7,232.5
56 Municipal securities	1,341.7	1,293.5	1,296.0	1,367.5	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0
57 Corporate and foreign bonds	2,504.0	2,840.7[r]	3,189.6[r]	3,563.3[r]	3,563.3[r]	3,727.0	3,928.3[r]	3,996.0[r]	4,098.9[r]	4,287.6	4,421.6
58 Bank loans n.e.c.	834.9	949.6	1,041.7	1,169.8	1,169.8	1,191.9	1,241.3	1,280.3	1,314.9[r]	1,328.3	1,345.6
59 Other loans and advances	860.5[r]	930.6[r]	993.1[r]	1,095.9	1,095.9	1,126.1	1,153.6[r]	1,186.8[r]	1,254.4[r]	1,297.8	1,324.8
60 Mortgages	4,393.0[r]	4,603.4[r]	4,898.7[r]	5,212.0[r]	5,212.0[r]	5,322.4	5,433.7[r]	5,568.0[r]	5,721.9[r]	5,860.7	6,012.7
61 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6	1,338.0

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	
					Q4	Q1	Q2	Q3	Q4[r]	Q1[r]	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**17,206.4[r]**	**18,454.5[r]**	**19,823.7[r]**	**21,278.1[r]**	**21,278.1[r]**	**21,783.9[r]**	**22,286.0[r]**	**22,764.5[r]**	**23,402.9**	**24,005.5**	**24,428.7**
2 Domestic nonfederal nonfinancial sectors	2,988.8[r]	2,856.8[r]	2,924.6[r]	2,781.4[r]	2,781.4[r]	2,761.2[r]	2,847.0[r]	2,876.6[r]	2,813.0	2,875.4	2,915.9
3 Household	1,932.1[r]	1,895.5[r]	2,011.6[r]	1,871.1[r]	1,871.1[r]	1,868.2[r]	1,919.2[r]	1,913.4[r]	1,805.8	1,874.9	1,889.2
4 Nonfinancial corporate business	289.2	280.4	270.2[r]	268.0[r]	268.0[r]	249.6[r]	238.7[r]	244.7[r]	265.4	246.1	257.0
5 Nonfarm noncorporate business	37.6	42.3	38.0	37.4	37.4	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	605.0	606.0	651.6[r]	681.1	704.4	717.1	732.3
7 Federal government	202.9[r]	202.7[r]	195.3[r]	200.4	200.4	204.3	207.5	210.9	213.9	218.3	219.9
8 Rest of the world	1,216.0	1,531.1[r]	1,926.6[r]	2,256.8[r]	2,256.8[r]	2,317.1[r]	2,396.0[r]	2,412.2[r]	2,534.3	2,591.8	2,603.3
9 Financial sectors	12,798.8[r]	13,863.9[r]	14,777.2[r]	16,039.5[r]	16,039.5[r]	16,501.3[r]	16,835.5[r]	17,264.8[r]	17,841.7	18,320.0	18,689.7
10 Monetary authority	368.2	380.8	393.1	431.4	431.4	433.8	440.3	446.5	452.5	466.0	485.1
11 Commercial banking	3,254.3	3,520.1	3,707.7	4,031.9	4,031.9	4,093.4[r]	4,136.4	4,195.7	4,335.7	4,338.4	4,383.3
12 U.S.-chartered banks	2,869.6	3,056.1	3,175.8	3,450.7	3,450.7	3,505.1[r]	3,543.6	3,616.2	3,761.2	3,782.9	3,847.6
13 Foreign banking offices in United States	337.1	412.6	475.8	516.1	516.1	517.9	525.6	510.1	504.2	487.8	465.7
14 Bank holding companies	18.4	18.0	22.0	27.4	27.4	31.2	26.8	28.3	26.5	25.0	25.0
15 Banks in U.S.-affiliated areas	29.2	33.4	34.1	37.8	37.8	39.2	40.4	41.1	43.8	42.7	45.0
16 Savings institutions	920.8	913.3	933.2	928.5	928.5	931.3[r]	930.8	939.3	964.8	990.8	1,011.4
17 Credit unions	246.8	263.0	288.5	305.3	305.3	306.7	315.1	320.5	324.2	331.0	342.5
18 Bank personal trusts and estates	248.0	239.7	232.0	239.5	239.5	240.1	240.9	241.4	242.4	243.1	243.7
19 Life insurance companies	1,487.5	1,587.5	1,657.0	1,751.3	1,751.3	1,777.3	1,793.2	1,810.6	1,828.0	1,853.7	1,876.0
20 Other insurance companies	446.4	468.7	491.2	515.3	515.3	521.1	520.8	518.9	535.7	530.8	532.1
21 Private pension funds	660.9	716.9	769.2	834.7	834.7	853.4	885.9	909.8	953.4	968.5	1,006.0
22 State and local government retirement funds	497.4[r]	531.0[r]	568.2[r]	632.0[r]	632.0[r]	648.9[r]	668.5[r]	684.9[r]	697.0	715.6	724.9
23 Money market mutual funds	459.0	545.5	634.3	721.9	721.9	775.0	815.9	869.9	965.9	1,036.2	1,001.8
24 Mutual funds	718.8	771.3	820.2	901.1	901.1	940.0	979.1	1,005.9	1,025.9	1,050.5	1,078.1
25 Closed-end funds	86.0	96.4	101.1	98.3[r]	98.3[r]	99.4[r]	100.5[r]	101.7[r]	102.8	103.9	105.0
26 Government-sponsored enterprises	663.3	750.0	807.9	902.2	902.2	951.4	989.4	1,055.4	1,163.0	1,201.9	1,267.1
27 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1[r]	1,908.9[r]	1,975.7[r]	2,018.4	2,112.3	2,182.8
28 Asset-backed securities issuers (ABSs)	532.8	653.4	777.0	939.3	939.3	989.2[r]	1,068.9	1,134.2	1,216.0	1,280.8	1,355.7
29 Finance companies	476.2	526.2	544.5	566.4	566.4	572.0	579.0	592.7	618.4	639.9	660.9
30 Mortgage companies	36.5	33.0	41.2	32.1	32.1	46.8	32.7	33.8	35.3	33.0	35.6
31 Real estate investment trusts (REITs)	24.6	26.0	30.4	50.6	50.6	57.0	58.5	55.7	45.5	45.9	45.3
32 Brokers and dealers	93.3	183.4	167.7	182.6	182.6	244.0	198.3	217.5	165.2	211.4	160.2
33 Funding corporations	106.0[r]	87.4[r]	101.4[r]	149.4[r]	149.4[r]	173.5[r]	172.6[r]	155.1[r]	151.7	166.4	192.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**17,206.4[r]**	**18,454.5[r]**	**19,823.7[r]**	**21,278.1[r]**	**21,278.1[r]**	**21,783.9[r]**	**22,286.0[r]**	**22,764.5[r]**	**23,402.9**	**24,005.5**	**24,428.7**
Other liabilities											
35 Official foreign exchange	53.2	63.7	53.7	48.9	48.9	48.2	50.1	54.5	60.1	53.6	50.9
36 Special drawing rights certificates	8.0	10.2	9.7	9.2	9.2	9.2	9.2	9.2	9.2	8.2	8.2
37 Treasury currency	17.6	18.2	18.3	18.3	18.3	18.4	18.4	18.8	18.3	18.3	18.5
38 Foreign deposits	373.9	418.8	516.1	618.8[r]	618.8[r]	607.2[r]	630.4	651.7[r]	639.9	671.8	700.4
39 Net interbank liabilities	280.1	290.7	240.8	219.4	219.4	179.6[r]	189.1[r]	198.7[r]	187.7	180.5	196.4
40 Checkable deposits and currency	1,242.0	1,229.3	1,245.1	1,286.6	1,286.6	1,259.2[r]	1,320.7[r]	1,282.3[r]	1,334.2	1,311.5	1,354.3
41 Small time and savings deposits	2,183.2	2,279.7	2,377.0	2,474.1	2,474.1	2,525.4[r]	2,531.0[r]	2,553.8[r]	2,626.5	2,638.6	2,646.6
42 Large time deposits	411.2	476.9	590.9	713.4	713.4	760.9	754.0	776.5	805.5	804.3	809.0
43 Money market fund shares	602.9	745.3	891.1	1,048.7	1,048.7	1,130.7	1,153.7	1,249.7	1,334.2	1,416.0	1,398.1
44 Security repurchase agreements	549.5	660.0	701.5	822.4	822.4	889.3[r]	861.5	918.9[r]	875.0	980.3	961.4
45 Mutual fund shares	1,477.3	1,852.8	2,342.4	2,989.4	2,989.4	3,339.3	3,438.4	3,137.3	3,610.5	3,760.8	4,029.9
46 Security credit	279.0	305.7	358.1	469.1	469.1	505.3	540.6	579.0	577.4	552.7	576.7
47 Life insurance reserves	520.3	566.2	610.6	665.0	665.0	677.3	690.6	703.5	718.3	730.9	747.4
48 Pension fund reserves	4,948.1[r]	5,767.8[r]	6,642.5[r]	7,894.4[r]	7,894.4[r]	8,583.1[r]	8,730.8[r]	8,194.6[r]	9,160.7	9,335.8	9,770.1
49 Trade payables	1,140.6	1,242.3[r]	1,328.4[r]	1,424.6[r]	1,424.6[r]	1,419.2[r]	1,405.0[r]	1,418.3[r]	1,424.3	1,430.4	1,454.6
50 Taxes payable	101.4	107.6	123.6	140.4	140.4	151.7[r]	144.4[r]	154.7[r]	153.4	159.6	158.4
51 Investment in bank personal trusts	699.4	803.0	871.7	1,082.8	1,082.8	1,179.5	1,204.9	1,118.9	1,274.2	1,317.0	1,402.7
52 Miscellaneous	5,287.2[r]	5,634.7[r]	6,098.8[r]	6,663.5[r]	6,663.5[r]	6,737.3[r]	6,807.2[r]	7,024.1[r]	7,094.4	7,087.4	7,184.8
53 **Total liabilities**	**37,381.6[r]**	**40,927.2[r]**	**44,843.8[r]**	**49,867.0[r]**	**49,867.0[r]**	**51,804.7[r]**	**52,765.9[r]**	**52,809.1[r]**	**55,306.8**	**56,463.3**	**57,897.0**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	22.1	21.4	21.1	21.1	21.2	21.0	21.2	21.6	20.7	20.8
55 Corporate equities	6,237.9	8,331.3	10,062.4	12,776.0	12,776.0	14,397.6	14,556.1	12,758.4	15,437.7	15,970.3	17,137.5
56 Household equity in noncorporate business	3,410.5	3,658.3	3,864.5[r]	4,213.4[r]	4,213.4[r]	4,039.4[r]	4,255.1[r]	4,265.5[r]	4,288.4	4,293.4	4,257.7
Liabilities not identified as assets (−)											
57 Treasury currency	−5.4	−5.8	−6.7	−7.3	−7.3	−7.4	−7.4	−7.2	−8.0	−8.4	−8.5
58 Foreign deposits	325.4	360.2	431.4	534.0[r]	534.0[r]	510.1[r]	540.1[r]	557.6[r]	539.7	555.1	573.5
59 Net interbank transactions	−6.5	−9.0	−10.6	−32.2	−32.2	−21.2	−17.1	−15.4	−27.0	−11.3	−10.5
60 Security repurchase agreements	66.2[r]	86.4[r]	90.9[r]	153.1[r]	153.1[r]	187.4[r]	140.9[r]	175.2[r]	168.4	263.0	255.6
61 Taxes payable	48.8	62.4	76.7	93.5	93.5	89.6[r]	95.6[r]	101.9[r]	103.9	90.6	108.2
62 Miscellaneous	−948.1[r]	−1,350.8[r]	−1,714.9[r]	−2,087.0[r]	−2,087.0[r]	−2,259.2[r]	−2,311.2[r]	−2,449.9[r]	−2,719.9	−2,953.5	−2,998.9
Floats not included in assets (−)											
63 Federal government checkable deposits	3.4	3.1	−1.6	−8.1	−8.1	−10.4	−16.1	−12.0	−3.9	−7.2	−12.4
64 Other checkable deposits	38.0	34.2	30.1	26.2	26.2	21.4	24.2	15.7	23.1	18.9	22.1
65 Trade credit	−245.9	−257.5[r]	−307.7[r]	−314.5[r]	−314.5[r]	−358.1[r]	−412.2[r]	−440.1[r]	−373.7	−415.3	−432.3
66 **Total identified to sectors as assets**	**47,775.0[r]**	**54,015.9[r]**	**60,204.6[r]**	**68,519.7[r]**	**68,519.7[r]**	**72,110.7[r]**	**73,561.4[r]**	**71,928.4[r]**	**77,351.9**	**79,215.7**	**81,816.2**

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						
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June	July
1 Industrial production[1]	**119.5**	**126.8**	**131.3**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**	**135.1**
Market groupings												
2 Products, total	114.4	119.6	123.5	124.5	124.4	124.5	124.6	125.2[r]	125.6	125.8	125.7	126.2
3 Final, total	115.5	121.1	125.4	126.1	125.9	125.8	125.9	126.5	126.8	127.2	127.0	127.5
4 Consumer goods	111.3	114.1	115.2	114.8	114.9	115.2	115.3	115.3[r]	115.5	115.7	115.9	115.9
5 Equipment	122.7	133.9	144.2	146.5	145.6	145.0	145.1	146.7[r]	147.2	147.9	147.1	148.3
6 Intermediate	110.9	115.2	118.0	119.3	119.8	120.3	120.4	121.0[r]	121.5	121.6	121.3	122.2
7 Materials	127.8	138.2	144.0	144.6	145.2	144.9	145.3	146.7[r]	146.9	147.3	148.2	149.9
Industry groupings												
8 Manufacturing	121.4	129.7	135.1	136.4	136.7	136.4	136.9	137.5	138.0	138.4	138.6	139.4
9 Capacity utilization, manufacturing (percent)[2]	81.4	82.0	80.8	80.1	80.0	79.5	79.5	79.5	79.6	79.5	79.4	79.7
10 Construction contracts[3]	130.9[r]	142.9[r]	156.3[r]	164.0[r]	167.0[r]	172.0[r]	164.0[r]	161.0[r]	166.0	166.0	166.0	158.0
11 Nonagricultural employment, total[4]	117.3	120.3	123.4	124.4	124.8	124.9	125.3	125.4	125.7	125.7	126.0	126.3
12 Goods-producing, total	2.4	2.4	2.3	102.5	102.8	102.6	102.7	102.5	102.5	102.1	102.1	102.3
13 Manufacturing, total	97.4	98.2	98.5	98.1	98.0	97.8	97.6	97.4	97.2	97.0	96.8	97.0
14 Manufacturing, production workers	98.6	99.6	99.6	98.9	98.8	98.6	98.3	98.2	98.0	97.8	97.5	97.8
15 Service-producing	123.1	126.5	130.1	131.4	131.8	132.1	132.5	132.7	133.1	133.2	133.6	133.9
16 Personal income, total	165.2	174.5	183.3	187.2	187.1	188.2	189.1	189.6	190.5	191.1	192.5	193.0
17 Wages and salary disbursements	159.8	171.2	182.6	186.7	187.6	189.0	190.2	190.6	191.7	192.6	193.6	195.0
18 Manufacturing	135.7	144.7	151.1	151.6	151.7	152.4	152.8	152.9	153.5	154.4	155.1	156.4
19 Disposable personal income[5]	164.0	171.7	178.6	182.4	182.1	183.2	183.9	184.6	185.4	185.8	187.1	187.4
20 Retail sales[5]	162.5[r]	170.1[r]	178.5[r]	182.9[r]	184.7[r]	186.8[r]	190.0[r]	189.8[r]	190.9	192.8	192.5	193.9
Prices[6]												
21 Consumer (1982–84=100)	156.9	160.5	163.0	164.0	163.9	164.3	164.5	165.0	166.2	166.2	166.2	166.7
22 Producer finished goods (1982=100)	131.3	131.8	130.7	130.9	131.1	131.4	130.8[r]	131.1[r]	131.8	132.4	132.7	132.9

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in 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	1999						
				Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June	July
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	133,943	136,297	137,673	138,547	139,347	139,271	138,816	139,091	139,019	139,408	139,254
Employment											
2 Nonagricultural industries[3]	123,264	126,159	128,085	129,304	130,097	129,817	129,752	129,685	129,929	130,078	130,015
3 Agriculture	3,443	3,399	3,378	3,222	3,299	3,328	3,281	3,384	3,295	3,354	3,292
Unemployment											
4 Number	7,236	6,739	6,210	6,021	5,950	6,127	5,783	6,022	5,795	5,975	5,947
5 Rate (percent of civilian labor force)	5.4	4.9	4.5	4.3	4.3	4.4	4.2	4.3	4.2	4.3	4.3
ESTABLISHMENT SURVEY DATA											
6 Nonagricultural payroll employment[4]	**119,608**	**122,690**	**125,833**	**127,186**	**127,378**	**127,730**	**127,813**	**128,134**	**128,162**	**128,435**	**128,745**
7 Manufacturing	18,495	18,657	18,716	18,611	18,585	18,538	18,503	18,473	18,429	18,393	18,424
8 Mining	580	592	575	570	560	553	550	538	531	527	524
9 Contract construction	5,418	5,686	5,965	6,173	6,170	6,238	6,232	6,277	6,239	6,260	6,282
10 Transportation and public utilities	6,253	6,395	6,551	6,684	6,708	6,723	6,732	6,750	6,758	6,778	6,792
11 Trade	28,079	28,659	29,299	29,426	29,480	29,585	29,558	29,689	29,725	29,781	29,888
12 Finance	6,911	7,091	7,341	7,542	7,570	7,581	7,595	7,611	7,621	7,639	7,652
13 Service	34,454	36,040	37,525	38,207	38,313	38,458	38,556	38,697	38,782	38,946	39,056
14 Government	19,419	19,570	19,862	19,973	19,992	20,054	20,087	20,099	20,077	20,111	20,127

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

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

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

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

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

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1992=100) 1998 Q3	1998 Q4	1999 Q1[r]	1999 Q2	Capacity (percent of 1992 output) 1998 Q3	1998 Q4	1999 Q1	1999 Q2	Capacity utilization rate (percent)[2] 1998 Q3	1998 Q4	1999 Q1[r]	1999 Q2
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	121.8	145.1	146.1	146.9	147.7	82.9	82.5	82.8	82.5
4 Advanced processing[4]	142.1	144.4	144.6	146.6	179.2	182.0	184.5	186.7	79.3	79.3	78.3	78.5
5 Durable goods	157.9	161.2	162.1	164.8	197.5	201.2	204.4	207.4	79.9	80.1	79.3	79.5
6 Lumber and products	117.7	119.2	121.6	121.4	143.9	144.9	146.0	147.1	81.8	82.3	83.3	82.5
7 Primary metals	122.4	119.3	120.4	123.0	143.2	144.4	145.4	145.9	85.5	82.6	82.8	84.3
8 Iron and steel	118.7	112.9	115.5	120.3	144.6	146.5	147.9	148.8	82.1	77.0	78.1	80.8
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	219.5	242.9	251.6	259.8	266.9	85.6	84.1	82.6	82.2
11 Electrical machinery	292.7	304.8	310.3	327.4	381.6	396.6	411.0	424.9	76.7	76.9	75.5	77.0
12 Motor vehicles and parts	137.2	148.5	147.5	151.2	184.9	186.0	186.7	187.1	74.2	79.8	79.0	80.8
13 Aerospace and miscellaneous transportation equipment	106.6	105.8	103.1	99.8	128.0	128.5	128.8	128.7	83.3	82.4	80.1	77.5
14 Nondurable goods	111.3	111.4	111.6	111.7	137.5	138.4	139.1	139.6	80.9	80.5	80.2	80.0
15 Textile mill products	112.1	110.2	109.7	111.1	135.1	135.2	135.0	134.7	83.0	81.5	81.2	82.5
16 Paper and products	115.0	114.3	116.3	114.6	132.5	133.4	134.2	135.0	86.8	85.7	86.7	84.9
17 Chemicals and products	114.4	114.0	114.0	115.6	148.9	149.7	150.3	150.8	76.8	76.1	75.8	76.7
18 Plastics materials	128.4	131.9	129.6	131.1	141.9	143.2	144.4	145.6	90.5	92.1	89.8	90.0
19 Petroleum products	112.7	111.9	115.4	112.9	116.8	117.1	117.4	117.7	96.5	95.6	98.3	95.9
20 Mining	103.6	100.7	98.8	98.3	120.1	120.6	120.9	121.2	86.2	83.5	81.7	81.1
21 Utilities	119.6	112.9	114.3	115.7	126.5	126.7	126.9	127.1	94.6	89.2	90.0	91.0
22 Electric	121.2	116.7	116.4	118.0	124.0	124.3	124.5	124.7	97.7	93.9	93.5	94.7

Capacity utilization rate (percent)[2]

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1998 July	1999 Feb.	1999 Mar.	1999 Apr.[r]	1999 May[r]	1999 June[r]	1999 July[p]
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**81.1**	**80.2**	**80.5**	**80.4**	**80.4**	**80.3**	**80.7**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	79.8	79.5	79.5	79.6	79.5	79.4	79.7
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	83.4	82.7	82.7	82.5	82.4	82.5	83.0
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	78.5	78.4	78.4[r]	78.6	78.6	78.4	78.6
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	78.6	79.1	79.4[r]	79.5	79.5	79.4	79.7
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	81.8	83.6	82.5[r]	82.1	83.4	82.1	82.1
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	85.9	81.5	83.8[r]	83.9	83.9	85.0	85.4
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	83.5	76.1	79.0[r]	80.0	80.2	82.3	82.8
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	88.9	88.4	89.9	88.9	88.8	88.5	88.8
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	87.0	82.3	83.0[r]	82.9	82.2	81.5	81.8
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	76.8	75.2	75.3[r]	76.7	77.2	77.3	78.7
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	58.3	79.2	79.8[r]	79.9	80.5	82.0	80.3
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	83.8	80.6	79.5[r]	78.5	77.4	76.6	76.5
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	81.7	80.4	80.2[r]	80.2	80.0	79.9	80.1
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	83.9	81.9	80.8[r]	82.6	82.3	82.5	83.0
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	87.7	86.7	86.6	85.1	84.6	85.0	84.2
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	77.9	76.1	76.5[r]	76.4	76.6	77.1	77.3
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	91.6	91.7	89.4	90.0	90.4	89.7	88.8
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	97.2	99.1	96.2[r]	97.2	96.0	94.4	97.1
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	87.2	81.8	81.8[r]	81.1	81.2	81.1	81.6
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	93.7	87.7	91.9[r]	91.1	90.8	91.1	93.3
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	96.7	91.6	95.4	94.9	94.5	94.6	97.6

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 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.[r]	1999 May[r]	1999 June[r]	1999 July[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**131.3**	**130.5**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**	**135.1**
2 Products	60.5	123.5	123.3	124.9	124.1	124.9	124.5	124.4	124.5	124.6	125.2	125.6	125.8	125.7	126.2
3 Final products	46.3	125.4	124.7	126.8	126.0	126.7	126.1	125.9	125.8	125.9	126.5	126.8	127.2	127.0	127.5
4 Consumer goods, total	29.1	115.2	114.0	116.1	114.8	115.2	114.8	114.9	115.2	115.3	115.3	115.5	115.7	115.9	115.9
5 Durable consumer goods	6.1	135.7	124.6	140.1	137.4	140.5	138.9	139.8	141.5	143.3	142.2	144.9	146.6	147.7	146.1
6 Automotive products	2.6	132.9	107.3	141.7	136.4	141.1	139.6	139.8	141.7	140.4	138.4	140.9	144.6	147.0	140.6
7 Autos and trucks	1.7	137.8	92.8	151.4	143.4	150.6	149.1	147.7	149.4	149.3	147.5	150.1	154.2	158.9	146.7
8 Autos, consumer	.9	109.2	75.8	124.4	128.3	119.9	113.7	115.5	111.7	109.0	110.8	112.8	108.8	112.4	107.2
9 Trucks, consumer	.7	166.2	110.0	178.9	161.1	181.0	183.2	179.1	185.2	187.2	182.5	185.7	196.4	202.2	184.0
10 Auto parts and allied goods	.9	125.0	125.6	127.6	125.9	127.4	125.9	128.2	130.5	127.5	125.3	127.7	130.7	130.0	131.1
11 Other	3.5	137.8	138.7	138.5	138.0	139.7	137.9	139.5	141.0	145.4	145.0	147.9	148.0	148.0	150.4
12 Appliances, televisions, and air conditioners	1.0	206.2	207.8	209.4	209.9	215.2	222.5	226.0	229.6	241.4	241.7	251.5	248.4	251.8	262.7
13 Carpeting and furniture	.8	117.1	117.3	116.7	116.3	120.3	117.5	116.8	120.7	123.1	117.8	119.0	120.3	120.3	121.6
14 Miscellaneous home goods	1.6	114.7	115.9	115.3	114.5	113.6	109.5	111.4	110.9	113.5	115.5	116.7	117.3	116.2	116.4
15 Nondurable consumer goods	23.0	110.1	111.2	110.3	109.3	109.1	109.0	108.9	108.9	108.6	108.8	108.5	108.3	108.3	108.7
16 Foods and tobacco	10.3	109.0	108.5	107.5	106.9	108.0	109.6	109.6	110.0	110.2	109.6	109.0	108.6	108.3	108.2
17 Clothing	2.4	97.8	98.4	97.7	97.1	95.4	94.5	94.6	93.4	92.6	92.3	92.9	91.2	91.2	90.4
18 Chemical products	4.5	120.5	122.2	119.0	118.0	117.2	119.3	118.7	115.3	117.4	117.3	116.8	117.6	117.8	119.0
19 Paper products	2.9	105.8	106.3	106.6	105.9	105.2	104.1	103.6	102.0	101.0	99.5	100.4	101.0	101.7	101.2
20 Energy	2.9	112.2	118.4	120.1	116.8	115.0	106.5	107.1	113.3	108.9	115.3	114.0	113.5	113.0	116.2
21 Fuels	.8	110.5	112.9	112.1	108.3	108.4	109.1	109.6	112.2	113.3	110.5	112.0	111.5	109.3	113.1
22 Residential utilities	2.1	112.3	120.7	123.7	120.7	117.8	104.5	105.2	113.3	106.0	117.2	114.4	114.0	114.4	117.3
23 Equipment	17.2	144.2	143.9	146.0	146.2	147.5	146.5	145.6	145.0	145.1	146.7	147.2	147.9	147.1	148.3
24 Business equipment	13.2	163.5	163.5	166.6	167.4	169.0	168.1	167.9	167.3	167.6	169.3	170.6	171.3	170.5	171.9
25 Information processing and related	5.4	209.9	211.8	213.1	217.3	219.0	219.7	220.8	222.0	222.1	226.6	232.6	239.9	241.0	246.1
26 Computer and office equipment	1.1	646.0	654.6	671.6	693.6	716.7	745.2	759.9	777.0	787.2	824.8	852.8	875.9	898.6	921.1
27 Industrial	4.0	140.0	144.2	142.3	139.5	141.6	139.9	141.3	139.9	137.9	138.5	139.4	137.1	136.2	137.2
28 Transit	2.5	133.7	121.9	141.6	140.1	141.6	140.5	139.6	137.6	137.7	137.2	137.3	135.0	133.9	133.7
29 Autos and trucks	1.2	124.6	91.7	136.9	135.6	136.1	136.4	136.0	134.8	133.2	135.0	137.9	138.1	140.6	142.4
30 Other	1.3	138.9	146.6	132.6	140.9	141.1	138.5	131.7	131.5	140.2	142.8	135.7	135.0	130.5	127.4
31 Defense and space equipment	3.3	75.7	76.1	76.5	75.5	76.4	75.7	74.6	74.4	74.8	74.9	74.5	74.8	74.0	74.2
32 Oil and gas well drilling	.6	134.7	131.9	127.7	123.4	119.4	115.2	103.2	99.2	97.4	104.2	97.2	100.3	100.4	102.0
33 Manufactured homes	.2	149.2	151.1	145.7	147.8	150.9	154.6	156.6	159.1	154.1	152.8	148.0	145.2	142.8	141.8
34 Intermediate products, total	14.2	118.0	119.1	119.1	118.3	119.0	119.3	119.8	120.3	120.4	121.0	121.5	121.6	121.3	122.2
35 Construction supplies	5.3	127.2	128.5	128.0	126.9	128.4	129.6	131.0	132.4	132.7	131.7	132.0	132.7	131.9	133.1
36 Business supplies	8.9	112.6	113.6	113.8	113.3	113.5	113.2	113.3	113.1	113.1	114.7	115.2	115.0	115.1	115.7
37 Materials	39.5	144.0	141.9	144.4	144.4	144.5	144.6	145.2	144.9	145.3	146.7	146.9	147.3	148.2	149.9
38 Durable goods materials	20.8	176.4	171.8	177.4	177.7	178.8	179.9	180.4	180.1	180.0	182.6	183.3	184.0	185.4	187.9
39 Durable consumer parts	4.0	144.0	129.7	149.6	147.7	146.2	145.6	144.8	141.9	145.4	147.7	145.7	145.2	147.0	148.7
40 Equipment parts	7.6	277.4	274.1	278.0	282.7	287.0	289.9	292.6	293.2	292.5	297.0	302.5	306.7	310.3	316.1
41 Other	9.2	129.0	128.1	128.3	127.7	128.4	129.3	129.3	129.8	128.6	130.2	130.0	129.7	129.9	131.2
42 Basic metal materials	3.1	121.2	120.2	121.9	118.2	118.3	117.3	116.3	118.4	116.1	118.4	119.2	118.3	119.0	119.5
43 Nondurable goods materials	8.9	113.5	114.1	113.1	112.0	111.7	112.2	112.5	112.0	113.2	113.0	112.7	113.0	113.4	113.3
44 Textile materials	1.1	108.7	110.1	107.7	107.6	108.8	103.0	102.5	99.0	101.1	101.8	103.1	102.5	102.2	103.2
45 Paper materials	1.8	116.0	117.3	116.4	115.0	115.8	112.7	114.7	116.5	116.0	116.9	116.3	114.6	116.9	115.0
46 Chemical materials	3.9	114.5	114.6	113.6	111.8	111.1	113.7	113.0	112.8	114.0	113.7	113.7	114.5	115.1	115.1
47 Other	2.1	111.5	111.7	111.6	111.5	110.4	113.2	114.4	112.5	114.8	113.1	112.0	113.6	112.1	113.0
48 Energy materials	9.7	103.5	104.8	104.4	105.2	103.7	101.5	102.6	102.6	102.6	103.4	103.4	103.1	103.6	105.6
49 Primary energy	6.3	101.2	102.9	101.2	102.3	102.6	99.8	100.3	100.4	101.2	100.4	98.7	99.3	99.1	100.9
50 Converted fuel materials	3.3	108.1	108.6	110.7	110.9	106.1	104.9	107.2	107.1	105.6	109.2	112.4	110.5	112.4	114.6
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	131.3	131.6	132.1	131.7	132.1	131.9	132.1	132.0	132.3	133.2	133.4	133.7	133.8	134.9
52 Total excluding motor vehicles and parts	95.1	130.8	131.7	131.3	131.0	131.5	131.4	131.7	131.7	131.7	132.6	132.9	133.2	133.3	134.4
53 Total excluding computer and office equipment	98.2	127.1	126.2	128.0	127.4	127.8	127.4	127.5	127.4	127.6	128.2	128.4	128.6	128.7	129.6
54 Consumer goods excluding autos and trucks	27.4	113.9	114.9	114.3	113.2	113.4	113.0	113.2	113.4	113.5	113.6	113.7	113.7	113.6	114.3
55 Consumer goods excluding energy	26.2	115.5	113.5	115.7	114.6	115.3	115.8	115.8	115.4	116.0	115.3	115.7	116.0	116.2	115.9
56 Business equipment excluding autos and trucks	12.0	167.9	171.8	169.9	171.0	172.7	171.6	171.5	170.9	171.5	173.1	174.3	175.0	173.9	175.2
57 Business equipment excluding computer and office equipment	12.1	142.4	142.2	144.8	145.1	146.2	144.6	144.1	143.1	143.2	144.0	144.7	144.9	143.6	144.6
58 Materials excluding energy	29.8	156.7	153.6	156.9	156.7	157.3	158.2	158.6	158.2	158.6	160.2	160.6	161.2	162.2	163.8

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

Group	SIC code[2]	1992 proportion	1998 avg.	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.[r]	1999 May[r]	1999 June[r]	1999 July[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**131.3**	**130.5**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**	**135.1**
60 Manufacturing	...	85.4	135.1	133.6	135.7	135.2	136.1	136.4	136.7	136.4	136.9	137.5	138.0	138.4	138.6	139.4
61 Primary processing	...	26.5	120.7	120.7	120.6	119.3	120.1	120.3	121.3	121.8	121.6	121.7	121.7	121.7	122.0	122.9
62 Advanced processing	...	58.8	142.1	139.9	143.3	143.2	144.2	144.6	144.4	143.8	144.6	145.4	146.2	146.8	146.9	147.7
63 Durable goods	...	45.0	157.5	154.4	159.8	159.6	161.2	161.0	161.5	161.4	161.7	163.1	164.1	165.0	165.4	166.6
64 Lumber and products	24	2.0	117.0	117.5	118.5	117.0	118.0	118.3	121.4	122.0	122.1	120.7	120.4	122.7	121.1	121.4
65 Furniture and fixtures	25	1.4	121.4	120.8	120.1	121.6	124.5	123.6	122.9	122.5	124.5	126.1	123.6	125.0	124.7	125.9
66 Stone, clay, and glass products	32	2.1	126.2	125.4	127.0	126.6	128.3	130.5	131.6	133.5	132.2	131.1	128.8	128.4	128.3	129.6
67 Primary metals	33	3.1	123.8	122.6	124.4	120.1	120.6	118.7	118.6	120.7	118.5	122.0	122.4	122.5	124.2	124.9
68 Iron and steel	331,2	1.7	121.1	120.2	122.5	113.4	114.4	109.7	114.6	116.7	112.6	117.1	118.9	119.3	122.7	123.5
69 Raw steel	331PT	.1	115.7	118.3	120.3	112.6	109.7	100.2	102.0	106.6	106.6	109.1	110.5	113.4	110.9	114.9
70 Nonferrous	333–6,9	1.4	127.0	125.4	126.7	128.1	128.0	129.3	123.4	125.4	125.6	127.9	126.6	126.4	126.0	126.6
71 Fabricated metal products	34	5.0	127.3	127.8	126.3	126.2	126.9	127.7	128.7	127.6	126.7	127.5	127.6	126.6	127.5	128.9
72 Industrial machinery and equipment	35	8.0	203.7	209.0	207.0	207.7	211.2	211.1	212.7	212.3	213.9	217.6	219.5	219.6	219.4	221.7
73 Computer and office equipment	357	1.8	649.1	657.0	673.6	695.5	718.5	746.9	761.6	778.9	789.3	828.3	859.3	883.8	907.2	929.9
74 Electrical machinery	36	7.3	291.9	289.4	290.8	297.7	302.4	304.8	307.3	308.7	309.2	313.1	322.2	328.1	331.9	341.2
75 Transportation equipment	37	9.5	123.0	108.2	130.3	127.6	128.4	127.1	125.6	124.0	125.6	125.5	124.9	124.7	125.5	123.9
76 Motor vehicles and parts	371	4.9	141.1	107.6	154.2	149.9	150.2	148.8	146.6	145.3	147.9	149.2	149.4	150.7	153.5	150.4
77 Autos and light trucks	371PT	2.6	128.5	86.9	142.0	136.5	140.4	138.1	137.3	137.9	137.3	136.3	138.7	141.1	145.4	135.0
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	104.9	107.1	106.9	105.8	106.9	105.7	104.8	103.2	103.7	102.4	101.1	99.7	98.5	98.3
79 Instruments	38	5.4	113.0	112.6	113.0	114.2	114.6	114.1	113.9	114.3	113.8	114.6	115.6	117.5	115.7	116.6
80 Miscellaneous	39	1.3	117.7	118.5	117.7	117.0	115.9	114.1	115.4	114.8	115.8	116.7	118.2	119.4	118.4	118.4
81 Nondurable goods	...	40.4	111.9	112.1	111.3	110.6	110.9	111.6	111.7	111.3	111.9	111.7	111.8	111.7	111.7	112.1
82 Foods	20	9.4	109.6	109.0	107.9	107.7	109.1	111.3	111.1	112.0	112.3	111.4	111.4	110.9	110.6	110.4
83 Tobacco products	21	1.6	106.0	106.0	107.0	104.2	101.9	99.8	100.0	96.9	97.4	97.3	96.0	97.2	96.3	97.0
84 Textile mill products	22	1.8	112.2	113.2	111.8	111.2	112.4	108.8	109.4	109.3	110.6	109.0	111.4	110.8	111.1	111.6
85 Apparel products	23	2.2	99.2	100.1	99.2	98.3	97.3	95.5	95.3	94.1	93.6	93.3	94.0	92.8	92.4	93.0
86 Paper and products	26	3.6	115.0	115.9	115.3	113.9	115.4	112.3	115.3	116.2	116.4	116.5	114.6	114.2	115.0	114.1
87 Printing and publishing	27	6.7	105.1	105.4	104.9	104.6	104.2	105.4	105.1	103.6	103.8	103.7	104.3	104.1	104.0	104.1
88 Chemicals and products	28	9.9	115.5	115.7	114.3	113.3	113.1	114.7	114.0	112.5	114.4	115.1	115.1	115.5	116.3	116.8
89 Petroleum products	29	1.4	112.0	113.4	114.1	110.7	110.4	112.8	112.5	116.7	116.4	113.1	114.3	113.0	111.2	114.5
90 Rubber and plastic products	30	3.5	132.6	132.7	132.2	132.6	133.4	135.0	136.0	135.4	135.2	135.4	136.2	137.4	136.6	138.7
91 Leather and products	31	.3	75.3	75.3	74.0	73.5	72.8	74.3	73.0	70.9	70.5	70.7	70.3	70.6	70.4	68.8
92 Mining	...	6.9	104.0	104.6	103.7	102.4	102.0	101.1	99.0	98.5	98.9	98.9	98.3	98.4	98.3	99.0
93 Metal	10	.5	110.0	105.7	109.0	106.4	113.6	110.7	108.3	110.1	108.4	104.1	105.2	98.8	93.5	93.1
94 Coal	12	1.0	109.7	112.8	109.7	115.8	110.8	108.6	114.5	107.7	109.1	103.4	106.8	106.1	106.5	109.6
95 Oil and gas extraction	13	4.8	99.6	100.0	99.2	96.8	96.8	94.2	91.0	91.5	91.7	93.3	91.8	92.4	92.7	93.2
96 Stone and earth minerals	14	.6	124.7	125.4	124.3	120.3	118.8	132.1	125.6	126.9	127.7	129.1	126.7	128.7	128.9	129.1
97 Utilities	...	7.7	113.9	118.3	120.2	120.3	116.5	110.6	111.8	114.7	111.3	116.7	115.8	115.4	115.8	118.7
98 Electric	491,493PT	6.2	117.2	119.8	121.2	122.6	120.3	114.6	115.2	116.2	114.1	118.9	118.2	117.8	118.0	121.8
99 Gas	492,493PT	1.6	101.9	111.7	115.7	109.7	98.7	92.0	96.0	108.4	98.6	106.9	104.5	104.3	105.7	104.2
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.5	134.7	135.1	134.6	134.4	135.3	135.7	136.2	136.0	136.3	136.8	137.4	137.7	137.7	138.8
101 Manufacturing excluding computer and office equipment	...	83.6	130.2	128.6	130.6	130.0	130.8	130.9	131.1	130.8	131.2	131.5	131.9	132.1	132.2	132.9
102 Computers, communications equipment, and semiconductors	...	5.9	515.6	511.8	522.5	538.3	552.1	562.8	571.2	576.6	580.0	597.8	620.1	640.2	655.0	673.2
103 Manufacturing excluding computers and semiconductors	...	81.1	120.1	118.9	120.6	119.9	120.4	120.4	120.5	120.1	120.5	120.7	120.8	120.8	120.7	121.3
104 Manufacturing excluding computers, communications equipment, and semiconductors	...	79.5	118.5	117.2	119.0	118.1	118.7	118.8	118.9	118.5	118.9	119.0	119.0	118.9	118.8	119.2
				Gross value (billions of 1992 dollars, annual rates)												
Major Markets																
105 **Products, total**	...	**2,001.9**	**2,489.8**	**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**	**2,547.5**	**2,550.4**	**2,549.6**	**2,559.6**
106 Final	...	1,552.1	1,958.0	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	1,997.8	2,000.1	2,001.1	2,006.5
107 Consumer goods	...	1,049.6	1,212.3	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	1,230.6	1,231.2	1,234.5	1,234.4
108 Equipment	...	502.5	746.9	734.3	762.5	762.7	769.8	765.2	762.0	758.8	759.5	767.3	771.5	773.3	770.8	776.7
109 Intermediate	...	449.9	533.6	538.4	540.3	535.7	538.7	539.1	541.9	545.4	545.1	547.1	550.2	550.8	549.2	553.5

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 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 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.[r]	1999 Apr.[r]	1999 May	1999 June
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,426	1,441	1,604	1,569	1,726	1,688	1,708	1,778	1,738	1,654	1,572	1,591	1,641
2 One-family	1,070	1,062	1,184	1,171	1,210	1,254	1,296	1,279[r]	1,306	1,242	1,214	1,243	1,241
3 Two-family or more	356	379	421	398	516	434	412	499[r]	432	412	358	348	400
4 Started	1,477	1,474	1,617	1,576	1,698	1,654	1,750	1,820	1,752	1,746	1,577	1,668	1,571
5 One-family	1,161	1,134	1,271	1,251	1,298	1,375	1,383	1,393	1,380	1,394	1,260	1,389	1,272
6 Two-family or more	316	340	346	325	400	279	367	427	372	352	317	279	299
7 Under construction at end of period[1]	819	834	935	946	968	971	999	1,011	1,032	1,036	1,031	1,026	1,015
8 One-family	584	570	638	648	659	667	688	697	712	714	708	706	699
9 Two-family or more	235	264	297	298	309	304	311	314	320	322	323	320	316
10 Completed	1,406	1,406	1,473	1,459	1,455	1,600	1,440	1,648	1,528	1,700	1,633	1,660	1,692
11 One-family	1,123	1,120	1,158	1,184	1,164	1,254	1,150	1,292	1,246	1,357	1,324	1,344	1,369
12 Two-family or more	283	285	315	275	291	346	290	356	282	343	309	316	323
13 Mobile homes shipped	361	354	372	369	352	389	382	390	381	383	368	365	355
Merchant builder activity in one-family units													
14 Number sold	757	804	886	861	903	985	958	908	909	885	952	912	979
15 Number for sale at end of period[1]	326	287	300	289	293	292	295	295	297	300	300	305	307
Price of units sold (thousands of dollars)[2]													
16 Median	140.0	146.0	152.5	155.0	154.5	151.0	152.5	152.5	159.9	155.0	160.0	151.2	155.0
17 Average	166.4	176.2	181.9	182.7	182.8	178.6	183.3	182.8	191.4	189.4	191.4	186.4	190.7
EXISTING UNITS (one-family)													
18 Number sold	4,196	4,381	4,970	4,960	4,940	5,020	5,340	5,060	5,140	5,420	5,250	5,000	5,630
Price of units sold (thousands of dollars)[2]													
19 Median	115.8	121.8	128.4	129.4	128.1	129.4	128.5	130.3	128.1	129.6	130.7	132.8	136.9
20 Average	141.8	150.5	159.1	158.9	157.7	159.9	159.6	162.8	159.6	162.3	163.8	167.4	174.2
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**581,920[r]**	**617,877[r]**	**664,451[r]**	**672,053[r]**	**674,253[r]**	**680,117[r]**	**690,462[r]**	**697,858[r]**	**710,657[r]**	**715,396**	**705,492**	**695,895**	**699,396**
22 Private	447,593[r]	474,842[r]	518,987[r]	524,270[r]	528,694[r]	534,743[r]	541,591[r]	543,471[r]	548,682[r]	555,362	549,005	546,794	549,989
23 Residential	255,577[r]	265,908[r]	293,569[r]	299,752[r]	302,056[r]	306,299[r]	310,261[r]	315,828[r]	318,483[r]	323,133	322,297	322,772	322,014
24 Nonresidential	192,017[r]	208,933[r]	225,418[r]	224,518[r]	226,638[r]	228,444[r]	231,330[r]	227,643[r]	230,199[r]	232,229	226,708	224,022	227,975
25 Industrial buildings	32,644[r]	31,355[r]	32,308[r]	32,423[r]	30,928[r]	30,845[r]	30,327[r]	29,895[r]	28,967[r]	29,052	26,298	25,455	25,804
26 Commercial buildings	75,829[r]	86,190[r]	95,252[r]	93,286[r]	97,705[r]	99,831[r]	101,605[r]	100,164[r]	102,802[r]	103,983	102,318	102,372	102,881
27 Other buildings	30,648[r]	37,198[r]	39,438[r]	39,017[r]	38,749[r]	39,744[r]	42,354[r]	38,833[r]	40,449[r]	39,840	39,718	38,497	38,589
28 Public utilities and other	52,896[r]	54,190[r]	58,421[r]	59,792[r]	59,256[r]	58,024[r]	57,044[r]	58,751[r]	57,981[r]	59,354	58,374	57,698	60,701
29 Public	134,326[r]	143,035[r]	145,464[r]	147,783[r]	145,559[r]	145,374[r]	148,871[r]	154,387[r]	161,975[r]	160,033	156,487	149,101	149,407
30 Military	2,604[r]	2,559[r]	2,588[r]	2,103[r]	2,407[r]	2,296[r]	2,306[r]	1,881[r]	2,636[r]	2,223	2,290	2,155	2,168
31 Highway	39,883[r]	44,295[r]	45,067[r]	45,057[r]	46,301[r]	43,929[r]	44,583[r]	50,538[r]	54,880[r]	53,099	50,586	47,033	43,634
32 Conservation and development	5,827[r]	5,576[r]	5,487[r]	5,920[r]	5,321[r]	5,639[r]	5,406[r]	6,018[r]	6,271[r]	6,194	6,020	5,188	6,018
33 Other	86,012[r]	90,605[r]	92,322[r]	94,703[r]	91,530[r]	93,510[r]	96,576[r]	95,950[r]	98,188[r]	98,517	97,591	94,725	97,587

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, July 1999[1]
	1998 July	1999 July	1998 Sept.	1998 Dec.	1999 Mar.	1999 June	1999 Mar.	1999 Apr.	1999 May	1999 June	1999 July	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**1.7**	**2.1**	**1.5**	**2.0**	**1.5**	**2.9**	**.2**	**.7**	**.0**	**.0**	**.3**	**166.7**
2 Food	2.2	2.1	2.5	2.8	1.7	1.7	−.2	.1	.4	.0	.2	163.8
3 Energy items	−5.6	3.3	−9.0	−5.1	5.8	14.2	1.6	6.1	−1.3	−1.2	2.1	108.7
4 All items less food and energy	2.2	2.1	2.3	2.5	.9	2.3	.1	.4	.1	.1	.2	176.9
5 Commodities	.6	.6	1.1	2.5	−3.0	2.0	−.3	.6	−.1	.0	.1	143.2
6 Services	3.0	2.7	3.0	2.5	2.7	2.5	.3	.4	.2	.1	.3	196.1
PRODUCER PRICES (1982=100)												
7 Finished goods	−.2	1.5	.6	2.2	.6r	2.5	.3r	.5	.2	−.1	.2	132.9
8 Consumer foods	.5	−.3	1.8	.3	2.1	.3	.3r	−.9	.5	.4	−.9	134.3
9 Consumer energy	−7.5	4.9	−9.2	−8.9	5.7r	21.9	1.7r	5.3r	.0	−.3	3.4	80.7
10 Other consumer goods	2.1	2.3	3.0	8.3	−1.3r	.3	−.1r	.2r	.0	−.1	.1	150.8
11 Capital equipment	−.5	−.1	.9	.3	−.6r	.0	−.1r	.1r	.2	−.3	−.1	137.0
Intermediate materials												
12 Excluding foods and feeds	−1.4	.4	−2.2	−4.5	.3r	5.7	.3	.8r	.2	.4	.6	124.4
13 Excluding energy	−.4	−.1	−1.8	−2.7	−.9	3.1	.1	.2	.2	.5	.4	133.4
Crude materials												
14 Foods	−7.4	−7.5	−19.6	−7.0	4.1	.0	−.7r	−2.5	2.2	.4	−4.8	95.9
15 Energy	−10.4	12.1	−25.3	13.5	−21.1r	158.3	2.9r	9.9r	11.9	3.1	3.7	79.5
16 Other	−7.6	−6.6	−19.9	−24.3	.9r	7.3	−1.1r	−1.0r	2.3	.5	2.3	134.3

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 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
GROSS DOMESTIC PRODUCT								
1 **Total**	**7,661.6**	**8,110.9**	**8,511.0**	**8,440.6**	**8,537.9**	**8,681.2**	**8,808.7**	**8,881.9**
By source								
2 Personal consumption expenditures	5,215.7	5,493.7	5,807.9	5,773.7	5,846.7	5,934.8	6,050.6	6,155.9
3 Durable goods	643.3	673.0	724.7	720.1	718.9	754.5	771.2	784.6
4 Nondurable goods	1,539.2	1,600.6	1,662.4	1,655.2	1,670.0	1,691.3	1,736.0	1,771.1
5 Services	3,033.2	3,220.1	3,420.8	3,398.4	3,457.7	3,488.9	3,543.4	3,600.1
6 Gross private domestic investment	1,131.9	1,256.0	1,367.1	1,345.0	1,364.4	1,392.4	1,417.4	1,423.2
7 Fixed investment	1,099.8	1,188.6	1,307.8	1,305.8	1,307.5	1,346.7	1,377.9	1,410.9
8 Nonresidential	787.9	860.7	938.2	941.9	931.6	957.9	972.6	995.1
9 Structures	216.9	240.2	246.9	245.4	246.2	250.9	255.0	256.0
10 Producers' durable equipment	571.0	620.5	691.3	696.6	685.4	706.9	717.6	739.1
11 Residential structures	311.8	327.9	369.6	363.8	375.8	388.9	405.3	415.8
12 Change in business inventories	32.1	67.4	59.3	39.2	57.0	45.7	39.5	12.4
13 Nonfarm	24.5	63.1	52.7	31.5	49.3	39.3	36.4	9.9
14 Net exports of goods and services	−91.2	−93.4	−151.2	−159.3	−165.5	−156.2	−196.9	−240.0
15 Exports	873.8	965.4	959.0	949.6	936.2	976.8	962.7	972.6
16 Imports	965.0	1,058.8	1,110.2	1,108.9	1,101.7	1,133.0	1,159.6	1,212.7
17 Government consumption expenditures and gross investment	1,405.2	1,454.6	1,487.1	1,481.2	1,492.3	1,510.2	1,537.5	1,542.8
18 Federal	518.4	520.2	520.6	520.7	519.4	530.7	536.6	533.0
19 State and local	886.8	934.4	966.5	960.4	972.9	979.5	1,000.9	1,009.8
By major type of product								
20 Final sales, total	7,629.5	8,043.5	8,451.6	8,401.3	8,480.9	8,635.5	8,769.1	8,869.6
21 Goods	2,780.3	2,911.2	3,044.7	3,025.3	3,029.0	3,118.8	3,154.1	3,189.0
22 Durable	1,228.8	1,310.1	1,391.0	1,380.8	1,373.0	1,433.1	1,436.1	1,449.6
23 Nondurable	1,551.6	1,601.0	1,653.7	1,644.4	1,655.9	1,685.7	1,718.1	1,739.4
24 Services	4,179.5	4,414.1	4,641.0	4,619.5	4,678.5	4,727.7	4,793.7	4,853.8
25 Structures	669.7	718.3	765.9	756.6	773.5	789.0	821.3	826.8
26 Change in business inventories	32.1	67.4	59.3	39.2	57.0	45.7	39.5	12.4
27 Durable goods	20.8	33.6	25.2	4.5	19.5	27.0	16.5	−2.4
28 Nondurable goods	11.4	33.8	34.1	34.7	37.5	18.7	23.1	14.7
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,994.8**	**7,269.8**	**7,551.9**	**7,498.6**	**7,566.5**	**7,677.7**	**7,759.6**	**7,794.3**
NATIONAL INCOME								
30 **Total**	**6,256.0**	**6,646.5**	**6,994.7**	**6,945.5**	**7,032.3**	**7,126.0**	**7,265.2**	**7,346.6**
31 *Compensation of employees*	4,409.0	4,687.2	4,981.0	4,945.2	5,011.6	5,084.3	5,166.5	5,237.0
32 Wages and salaries	3,640.4	3,893.6	4,153.9	4,121.6	4,181.1	4,246.8	4,317.0	4,378.1
33 Government and government enterprises	640.9	664.2	689.3	685.8	692.7	699.2	711.2	716.2
34 Other	2,999.5	3,229.4	3,464.6	3,435.8	3,488.4	3,547.6	3,605.7	3,661.9
35 Supplement to wages and salaries	768.6	793.7	827.1	823.5	830.5	837.5	849.6	858.9
36 Employer contributions for social insurance	381.7	400.7	420.1	417.9	422.1	426.5	434.9	439.3
37 Other labor income	387.0	392.9	406.9	405.7	408.4	411.0	414.7	419.6
38 Proprietors' income[1]	527.7	551.2	577.2	571.7	576.1	596.9	598.3	610.4
39 Business and professional[1]	488.8	515.8	548.5	544.0	550.9	562.2	575.8	586.7
40 Farm[1]	38.9	35.5	28.7	27.7	25.2	34.7	22.5	23.7
41 Rental income of persons[2]	150.2	158.2	162.6	161.0	163.6	167.5	167.7	170.4
42 Corporate profits[1]	750.4	817.9	824.6	820.6	827.0	821.7	868.8	859.6
43 Profits before tax[3]	680.2	734.4	717.8	723.5	720.5	708.1	752.6	768.2
44 Inventory valuation adjustment	−1.2	6.9	14.5	7.8	11.7	13.4	11.6	−17.1
45 Capital consumption adjustment	71.4	76.6	92.3	89.4	94.8	100.2	104.6	108.6
46 Net interest	418.6	432.0	449.3	447.1	454.0	455.6	463.9	469.2

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			1999	
				Q2	Q3	Q4	Q1	Q2
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,425.2**	**6,784.0**	**7,126.1**	**7,081.9**	**7,160.8**	**7,257.9**	**7,349.3**	**7,442.3**
2 Wage and salary disbursements	3,631.1	3,889.8	4,149.9	4,117.6	4,177.1	4,242.8	4,317.0	4,378.1
3 Commodity-producing industries	909.0	975.0	1,026.9	1,023.2	1,028.0	1,037.4	1,048.1	1,060.6
4 Manufacturing	674.6	719.5	751.5	750.8	750.9	754.1	759.2	767.4
5 Distributive industries	823.3	879.8	939.6	932.2	945.8	961.5	971.4	982.3
6 Service industries	1,257.9	1,370.8	1,494.0	1,476.4	1,510.6	1,544.6	1,586.2	1,619.0
7 Government and government enterprises	640.9	664.2	689.3	685.8	692.7	699.2	711.2	716.2
8 Other labor income	387.0	392.9	406.9	405.7	408.4	411.0	414.7	419.6
9 Proprietors' income[1]	527.7	551.2	577.2	571.7	576.1	596.9	598.3	610.4
10 Business and professional[1]	488.8	515.8	548.5	544.0	550.9	562.2	575.8	586.7
11 Farm[1]	38.9	35.5	28.7	27.7	25.2	34.7	22.5	23.7
12 Rental income of persons[2]	150.2	158.2	162.6	161.0	163.6	167.5	167.7	170.4
13 Dividends	248.2	260.3	263.1	262.1	263.0	265.7	268.8	272.7
14 Personal interest income	719.4	747.3	764.8	763.0	769.2	769.9	771.0	777.8
15 Transfer payments	1,068.0	1,110.4	1,149.0	1,145.8	1,152.9	1,158.3	1,175.2	1,181.3
16 Old-age survivors, disability, and health insurance benefits	538.0	565.9	586.5	585.0	589.0	590.6	597.9	601.4
17 LESS: Personal contributions for social insurance	306.3	326.2	347.4	345.1	349.5	354.1	363.4	367.9
18 EQUALS: Personal income	6,425.2	6,784.0	7,126.1	7,081.9	7,160.8	7,257.9	7,349.3	7,442.3
19 LESS: Personal tax and nontax payments	890.5	989.0	1,098.3	1,092.9	1,108.4	1,124.9	1,144.1	1,162.6
20 EQUALS: Disposable personal income	5,534.7	5,795.1	6,027.9	5,988.9	6,052.4	6,133.1	6,205.2	6,279.6
21 LESS: Personal outlays	5,376.2	5,674.1	6,000.2	5,963.3	6,039.8	6,133.6	6,250.7	6,358.8
22 EQUALS: Personal saving	158.5	121.0	27.7	25.6	12.6	−.6	−45.5	−79.1
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	26,335.7	27,136.2	27,938.9	27,783.0	27,972.1	28,299.8	28,527.9	28,582.0
24 Personal consumption expenditures	17,893.0	18,340.9	19,065.0	19,007.8	19,156.3	19,336.4	19,602.7	19,771.9
25 Disposable personal income	18,989.0	19,349.0	19,790.0	19,719.0	19,829.0	19,980.0	20,101.0	20,172.0
26 Saving rate (percent)	2.9	2.1	.5	.4	.2	.0	−.7	−1.3
GROSS SAVING								
27 **Gross saving**	**1,274.5**	**1,406.3**	**1,468.0**	**1,448.5**	**1,474.5**	**1,466.6**	**1,511.4**	**1,487.2**
28 Gross private saving	1,114.5	1,141.6	1,090.4	1,079.0	1,078.7	1,073.7	1,061.9	1,017.9
29 Personal saving	158.5	121.0	27.7	25.6	12.6	−.6	−45.5	−79.1
30 Undistributed corporate profits[1]	262.4	296.7	305.4	300.9	304.8	303.9	332.5	312.4
31 Corporate inventory valuation adjustment	−1.2	6.9	14.5	7.8	11.7	13.4	11.6	−17.1
Capital consumption allowances								
32 Corporate	452.0	477.3	500.6	497.8	503.1	508.9	514.9	521.8
33 Noncorporate	232.3	242.8	252.7	250.7	254.2	257.5	260.0	262.8
34 Gross government saving	160.0	264.7	377.6	369.4	395.7	392.9	449.4	469.3
35 Federal	−39.6	49.5	142.5	143.9	161.6	135.8	192.3	210.2
36 Consumption of fixed capital	70.6	70.6	69.7	69.5	69.6	70.0	69.5	69.4
37 Current surplus or deficit (−), national accounts	−110.3	−21.1	72.8	74.4	92.0	65.8	122.7	140.8
38 State and local	199.7	215.2	235.2	225.6	234.2	257.1	257.2	259.1
39 Consumption of fixed capital	77.1	81.1	85.0	84.3	85.4	86.6	87.5	89.0
40 Current surplus or deficit (−), national accounts	122.6	134.1	150.2	141.3	148.7	170.5	169.7	170.2
41 **Gross investment**	**1,242.3**	**1,350.5**	**1,391.5**	**1,362.7**	**1,372.5**	**1,402.4**	**1,418.3**	**1,366.7**
42 Gross private domestic investment	1,131.9	1,256.0	1,367.1	1,345.0	1,364.4	1,392.4	1,417.4	1,423.2
43 Gross government investment	229.7	235.4	237.0	232.5	239.7	238.3	255.6	249.6
44 Net foreign investment	−119.2	−140.9	−212.6	−214.8	−231.6	−228.3	−254.7	−306.2
45 **Statistical discrepancy**	**−32.2**	**−55.8**	**−76.5**	**−85.7**	**−102.0**	**−64.2**	**−93.1**	**−120.5**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
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	1997	1998	1998	1999					
				Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[p]
1 Goods and services, balance	−104,318	−104,731	−164,282	−14,241	−16,269	−18,543	−18,947	−18,591	−21,169	−24,622
2 Merchandise	−191,270	−196,652	−246,932	−21,059	−23,349	−25,172	−25,680	−25,334	−27,899	−31,413
3 Services	86,952	91,921	82,650	6,818	7,080	6,629	6,733	6,743	6,730	6,791
4 Goods and services, exports	849,806	938,543	933,907	78,161	77,903	77,139	77,054	78,224	77,955	78,370
5 Merchandise	612,057	679,715	670,246	56,005	55,263	54,704	54,326	55,269	55,121	55,284
6 Services	237,749	258,828	263,661	22,156	22,640	22,435	22,728	22,955	22,834	23,086
7 Goods and services, imports	−954,124	−1,043,273	−1,098,189	−92,402	−94,172	−95,682	−96,001	−96,815	−99,124	−102,992
8 Merchandise	−803,327	−876,366	−917,178	−77,064	−78,612	−79,876	−80,006	−80,603	−83,020	−86,697
9 Services	−150,797	−166,907	−181,011	−15,338	−15,560	−15,806	−15,995	−16,212	−16,104	−16,295

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	1996	1997	1998	1999							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**75,090**	**69,954**	**81,755**	**80,675**	**75,322**	**74,359**	**73,694**	**72,121**	**71,689**	**73,305**	**72,651**
2 Gold stock, including Exchange Stabilization Fund[1]	11,049	11,050	11,041	11,046	11,048	11,049	11,049	11,049	11,046	11,048	11,048
3 Special drawing rights[2,3]	10,312	10,027	10,603	10,465	9,474	9,682	9,634	9,784	9,719	9,925	10,152
4 Reserve position in International Monetary Fund[2]	15,435	18,071	24,111	24,129	24,283	23,231	23,054	21,689	21,462	21,462	19,885
5 Foreign currencies[4]	38,294	30,809	36,001	35,035	30,517	30,397	29,957	29,599	29,462	30,870	31,566

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	1996	1997	1998	1999							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Deposits**	**167**	**457**	**167**	**233**	**200**	**166**	**260**	**157**	**409**	**257**	**166**
Held in custody											
2 U.S. Treasury securities[2]	638,049	620,885	607,574	612,670	615,139	610,649	606,662	606,579	611,372	619,004	626,669
3 Earmarked gold[3]	11,197	10,763	10,343	10,343	10,347	10,347	10,340	10,340	10,329	10,329	10,271

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					
			Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[p]
1 **Total**[1]	**756,533**	**776,505**	**759,387**	**764,568**	**765,480**	**765,689**	**766,569**	**760,483**	**765,473**
By type									
2 Liabilities reported by banks in the United States[2]	113,098	135,384	125,332	124,910	127,989	124,743	135,791	124,343	125,945
3 U.S. Treasury bills and certificates[3]	198,921	148,301	134,177	137,106	138,235	141,941	135,765	136,199	138,518
U.S. Treasury bonds and notes									
4 Marketable	384,045	428,004	432,127	433,590	429,891	425,046	418,350	421,573	421,970
5 Nonmarketable[4]	5,968	5,994	6,074	6,114	6,151	6,191	6,231	6,143	5,982
6 U.S. securities other than U.S. Treasury securities[5]	54,501	58,822	61,677	62,848	63,214	67,768	70,432	72,225	73,058
By area									
7 Europe[1]	246,983	252,289	256,026	258,298	256,238	253,970	245,500	242,386	241,849
8 Canada	38,723	36,177	36,715	37,471	38,462	39,611	38,563	38,181	39,001
9 Latin America and Caribbean	79,949	96,942	79,422	73,987	75,986	72,828	81,379	81,075	76,632
10 Asia	403,265	400,144	400,171	407,756	408,606	412,353	414,051	411,812	421,252
11 Africa	7,242	9,981	10,059	10,144	9,838	9,906	9,656	9,326	8,377
12 Other countries	6,457	7,058	3,080	2,998	2,436	3,107	3,506	3,789	4,448

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.	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[r]	1998	1999					
				Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	June[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,347,176**	**1,347,176**	**1,332,512**	**1,340,815**	**1,337,831**	**1,334,253**	**1,352,677**	**1,376,171**
2 Banks' own liabilities	758,998	882,980	884,874	884,874	872,307	880,164	872,914	879,742	900,889	914,990
3 Demand deposits	27,034	31,344	29,556	29,556	33,039	31,906	30,913	31,180	32,184	38,192
4 Time deposits[2]	186,910	198,546	152,227	152,227	147,455	153,275	152,157	157,727	156,633	156,538
5 Other[3]	143,510	168,011	140,245	140,245	145,310	161,865	157,083	160,393	160,684	149,391
6 Own foreign offices[4]	401,544	485,079	562,846	562,846	546,503	533,118	532,761	530,442	551,388	570,869
7 Banks' custodial liabilities[5]	403,150	400,047	462,302	462,302	460,205	460,651	464,917	454,511	451,788	461,181
8 U.S. Treasury bills and certificates[6]	236,874	193,239	183,494	183,494	185,298	184,890	192,840	178,515	177,769	179,243
9 Other negotiable and readily transferable instruments[7]	72,011	93,641	141,103	141,103	137,448	134,110	133,311	129,051	124,100	123,279
10 Other	94,265	113,167	137,705	137,705	137,459	141,651	138,766	146,945	149,919	158,659
11 Nonmonetary international and regional organizations[8]	13,972	11,690	11,833	11,833	13,839	19,707	15,337	15,669	13,997	17,085
12 Banks' own liabilities	13,355	11,486	10,850	10,850	12,829	18,949	14,621	14,932	13,250	15,100
13 Demand deposits	29	16	172	172	62	407	194	13	25	49
14 Time deposits[2]	5,784	5,466	5,793	5,793	6,161	7,215	6,856	6,324	5,840	7,231
15 Other[3]	7,542	6,004	4,885	4,885	6,606	11,327	7,571	8,595	7,385	7,820
16 Banks' custodial liabilities[5]	617	204	983	983	1,010	758	716	737	747	1,985
17 U.S. Treasury bills and certificates[6]	352	69	636	636	623	549	548	555	616	956
18 Other negotiable and readily transferable instruments[7]	265	133	347	347	387	207	168	182	131	1,029
19 Other	0	2	0	0	0	2	0	0	0	0
20 Official institutions[9]	312,019	283,685	259,509	259,509	262,016	266,224	266,684	271,556	260,542	264,463
21 Banks' own liabilities	79,406	102,028	80,251	80,251	78,682	79,510	76,996	86,061	79,525	78,078
22 Demand deposits	1,511	2,314	3,003	3,003	3,912	3,107	3,393	3,599	2,789	4,826
23 Time deposits[2]	33,336	41,396	29,602	29,602	24,176	25,988	23,840	29,109	27,372	26,305
24 Other[3]	44,559	58,318	47,646	47,646	50,594	50,415	49,763	53,353	49,364	46,947
25 Banks' custodial liabilities[5]	232,613	181,657	179,258	179,258	183,334	186,714	189,688	185,495	181,017	186,385
26 U.S. Treasury bills and certificates[6]	198,921	148,301	134,177	134,177	137,106	138,235	141,941	135,765	136,199	138,518
27 Other negotiable and readily transferable instruments[7]	33,266	33,151	44,407	44,407	45,640	47,679	47,174	49,443	44,586	47,714
28 Other	426	205	674	674	588	800	573	287	232	153
29 Banks[10]	694,835	815,247	885,047	885,047	864,429	852,867	851,749	848,081	881,364	905,249
30 Banks' own liabilities	562,898	641,447	675,998	675,998	656,592	646,831	648,753	646,370	676,337	691,948
31 Unaffiliated foreign banks	161,354	156,368	113,152	113,152	110,089	113,713	115,992	115,928	124,949	121,079
32 Demand deposits	13,692	16,767	14,071	14,071	15,327	15,275	13,985	13,344	15,957	15,807
33 Time deposits[2]	89,765	83,433	46,219	46,219	46,741	46,704	49,101	50,206	49,336	48,171
34 Other[3]	57,897	56,168	52,862	52,862	48,021	51,734	52,906	52,378	59,656	57,101
35 Own foreign offices[4]	401,544	485,079	562,846	562,846	546,503	533,118	532,761	530,442	551,388	570,869
36 Banks' custodial liabilities[5]	131,937	173,800	209,049	209,049	207,837	206,036	202,996	201,711	205,027	213,301
37 U.S. Treasury bills and certificates[6]	23,106	31,915	35,359	35,359	35,090	34,134	36,737	29,636	28,323	27,757
38 Other negotiable and readily transferable instruments[7]	17,027	35,393	45,102	45,102	44,087	40,108	37,304	34,959	35,580	36,778
39 Other	91,804	106,492	128,588	128,588	128,660	131,794	128,955	137,116	141,124	148,766
40 Other foreigners	141,322	172,405	190,787	190,787	192,228	202,017	204,061	198,947	196,774	189,374
41 Banks' own liabilities	103,339	128,019	117,775	117,775	124,204	134,874	132,544	132,379	131,777	129,864
42 Demand deposits	11,802	12,247	12,310	12,310	13,738	13,117	13,341	14,224	13,413	17,510
43 Time deposits[2]	58,025	68,251	70,613	70,613	70,377	73,368	72,360	72,088	74,085	74,831
44 Other[3]	33,512	47,521	34,852	34,852	40,089	48,389	46,843	46,067	44,279	37,523
45 Banks' custodial liabilities[5]	37,983	44,386	73,012	73,012	68,024	67,143	71,517	66,568	64,997	59,510
46 U.S. Treasury bills and certificates[6]	14,495	12,954	13,322	13,322	12,479	11,972	13,614	12,559	12,631	12,012
47 Other negotiable and readily transferable instruments[7]	21,453	24,964	51,247	51,247	47,334	46,116	48,665	44,467	43,803	37,758
48 Other	2,035	6,468	8,443	8,443	8,211	9,055	9,238	9,542	8,563	9,740
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	14,573	16,083	27,026	27,026	25,858	23,341	23,035	21,718	24,141	22,362

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

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

Item	1996	1997	1998	1998	1999					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
AREA										
50 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,347,176r**	**1,347,176r**	**1,332,512r**	**1,340,815r**	**1,337,831r**	**1,334,253r**	**1,352,677**	**1,376,171**
51 **Foreign countries**	**1,148,176**	**1,271,337**	**1,335,343r**	**1,335,343r**	**1,318,673r**	**1,321,108r**	**1,322,494r**	**1,318,584r**	**1,338,680**	**1,359,086**
52 Europe	376,590	419,672	427,367	427,367	429,636	436,331r	418,436r	409,512r	434,125	431,377
53 Austria	5,128	2,717	3,178	3,178	2,902	3,070	3,274	2,428	2,224	2,678
54 Belgium and Luxembourg	24,084	41,007	42,818	42,818	38,897	41,594	41,468	37,991	39,227	31,291
55 Denmark	2,565	1,514	1,437	1,437	1,200	1,826	1,992	1,300	1,267	961
56 Finland	1,958	2,246	1,862	1,862	1,989	1,643	1,800	1,655	1,645	1,384
57 France	35,078	46,607	44,616	44,616	44,444	47,617	47,937r	49,097r	48,328	45,234
58 Germany	24,660	23,737	21,357	21,357	20,315	23,111	23,747r	18,575r	24,689	21,999
59 Greece	1,835	1,552	2,066	2,066	2,195	2,509	2,447	2,237	2,691	2,737
60 Italy	10,946	11,378	7,103	7,103	6,155	6,684	5,744r	5,910r	5,943	6,192
61 Netherlands	11,110	7,385	10,793	10,793	10,580	14,792	12,273	11,037r	11,752	12,152
62 Norway	1,288	317	710	710	1,065	1,102	1,022	1,181r	1,210	1,049
63 Portugal	3,562	2,262	3,235	3,235	2,543	2,225	2,237	2,277	2,461	2,439
64 Russia	7,623	7,968	2,439	2,439	2,231	2,438	2,500	2,693	2,794	2,871
65 Spain	17,707	18,989	15,775	15,775	12,843	13,457	9,336r	11,075r	8,083	8,678
66 Sweden	1,623	1,628	3,027	3,027	3,132	2,918	2,193	1,974	3,429	2,966
67 Switzerland	44,538	39,023	50,654	50,654	59,871	60,348	47,874	54,547	66,214	65,967
68 Turkey	6,738	4,054	4,286	4,286	5,105	5,045	5,639	5,787r	5,810	5,914
69 United Kingdom	153,420	181,904	181,554	181,554	177,240	173,543r	175,302r	169,795r	178,014	188,088
70 Yugoslavia[11]	206	239	233r	233r	231r	287r	274r	221	242	254
71 Other Europe and other former U.S.S.R.[12]	22,521	25,145	30,224r	30,224r	36,698r	32,122r	31,377r	29,732r	28,102	28,523
72 Canada	38,920	28,341	30,212	30,212	29,725	28,019	31,788	28,360r	28,543	29,950
73 Latin America and Caribbean	467,529	536,393	554,733r	554,733r	540,664	538,465	551,711r	578,151r	591,046	604,158
74 Argentina	13,877	20,199	19,013	19,013	17,175	18,245	16,891	18,349r	16,428	17,555
75 Bahamas	88,895	112,217	118,085	118,085	121,606	118,727	119,207r	118,649r	118,123	123,534
76 Bermuda	5,527	6,911	6,839	6,839	8,969	8,370	7,514	6,957	7,951	9,168
77 Brazil	27,701	31,037	15,800	15,800	12,268	12,913	13,841	17,128	17,294	14,695
78 British West Indies	251,465	276,418	302,472	302,472	287,308	285,676	300,109r	322,011r	334,385	341,763
79 Chile	2,915	4,072	5,010	5,010	5,188	5,189	5,057	6,805	7,236	5,918
80 Colombia	3,256	3,652	4,616	4,616	4,535	4,462	4,636	4,710r	4,861	4,615
81 Cuba	21	66	62	62	64	62	63	64r	64	70
82 Ecuador	1,767	2,078	1,572r	1,572r	1,525	1,513	1,606	1,688	1,800	1,930
83 Guatemala	1,282	1,494	1,333r	1,333r	1,224	1,338	1,392	1,386	1,449	1,468
84 Jamaica	628	450	539	539	565	542	551	534	547	527
85 Mexico	31,240	33,972	37,148	37,148	35,965	35,891	36,622	36,004r	37,588	37,920
86 Netherlands Antilles	6,099	5,085	5,010	5,010	5,681	8,406	7,256	5,633	3,853	5,662
87 Panama	4,099	4,241	3,864	3,864	4,499	4,401	4,196	3,974	3,984	4,130
88 Peru	834	893	840	840	864	828	810	819	854	816
89 Uruguay	1,890	2,382	2,486	2,486	2,380	2,274	2,378	2,345r	2,331	2,552
90 Venezuela	17,363	21,601	19,894	19,894	20,250	19,354	19,149	20,512r	21,204	20,206
91 Other	8,670	9,625	10,150r	10,150r	10,598	10,274	10,433	10,583r	11,094	11,629
92 Asia	249,083	269,379	307,490r	307,490r	301,541r	302,561r	305,483	287,545r	269,095	276,921
China										
93 Mainland	30,438	18,252	13,041	13,041	14,854	15,345	13,996	16,350	14,753	13,371
94 Taiwan	15,995	11,840	12,708	12,708	10,980	12,211	13,183	12,641r	10,868	11,404
95 Hong Kong	18,789	17,722	20,900r	20,900r	22,844	25,510r	27,589	26,314r	25,724	24,571
96 India	3,930	4,567	5,250	5,250	5,279	5,241	6,189	5,979	5,520	5,421
97 Indonesia	2,298	3,554	8,282	8,282	7,909	6,172	6,675	7,434	6,211	6,530
98 Israel	6,051	6,281	7,749	7,749	7,287	7,598	8,246	7,037	7,004	6,144
99 Japan	117,316	143,401	168,563r	168,563r	161,207	161,073	161,887	142,326r	132,605	143,635
100 Korea (South)	5,949	13,060	12,454	12,454	12,446	9,990	11,141	9,849	11,387	12,901
101 Philippines	3,378	3,250	3,324	3,324	2,318	2,482	2,362	2,440	2,492	2,273
102 Thailand	10,912	6,501	7,359	7,359	7,300	6,590	6,588	6,296	5,739	5,296
103 Middle Eastern oil-exporting countries[13]	16,285	14,959	15,609	15,609	14,655	16,157	15,433	14,497r	15,453	15,168
104 Other	17,742	25,992	32,251r	32,251r	34,462r	34,192r	32,194	36,382r	31,339	30,207
105 Africa	8,116	10,347	8,905	8,905	9,110	8,658	8,463	7,874	7,713	7,484
106 Egypt	2,012	1,663	1,339	1,339	1,856	1,902	1,758	1,599	1,339	1,576
107 Morocco	112	138	97	97	98	73	85	90	72	101
108 South Africa	458	2,158	1,522	1,522	1,308	1,343	1,258	1,165	1,132	1,091
109 Zaire	10	10	5	5	6	13	9	4	12	16
110 Oil-exporting countries[14]	2,626	3,060	3,088	3,088	2,989	2,737	2,772	2,534	2,508	2,247
111 Other	2,898	3,318	2,854	2,854	2,853	2,590	2,581	2,482	2,650	2,453
112 Other	7,938	7,205	6,636	6,636	7,997	7,074r	6,613	7,142	8,158	9,196
113 Australia	6,479	6,304	5,495	5,495	6,854	5,552r	5,582	5,987	6,820	7,756
114 Other	1,459	901	1,141	1,141	1,143	1,522	1,031	1,155	1,338	1,440
115 Nonmonetary international and regional organizations	13,972	11,690	11,833	11,833	13,839	19,707r	15,337	15,669r	13,997	17,085
116 International[15]	12,099	10,517	10,221	10,221	11,787	17,080r	12,845	13,242r	11,689	14,085
117 Latin American regional[16]	1,339	424	594	594	917	1,411	1,394	1,304	653	898
118 Other regional[17]	534	749	1,018	1,018	1,135	1,216	1,098	1,123	1,655	2,102

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 Dec.	1999 Jan.	1999 Feb.[r]	1999 Mar.[r]	1999 Apr.[r]	1999 May[r]	1999 June[p]
1 **Total, all foreigners**	**599,925**	**708,225**	**735,124[r]**	**735,124[r]**	**718,119[r]**	**712,828**	**710,790**	**735,899**	**750,437**	**751,462**
2 **Foreign countries**	**597,321**	**705,762**	**731,507[r]**	**731,507[r]**	**713,113[r]**	**707,402**	**706,170**	**730,646**	**745,950**	**747,389**
3 Europe	165,769	199,880	233,362[r]	233,362[r]	225,776[r]	230,307	226,441	236,306	265,773	300,667
4 Austria	1,662	1,354	1,043	1,043	2,634	1,824	2,759	2,389	2,902	2,476
5 Belgium and Luxembourg	6,727	6,641	7,187	7,187	5,599	7,073	5,451	7,533	9,811	9,850
6 Denmark	492	980	2,383	2,383	1,816	1,656	1,619	2,297	2,141	1,900
7 Finland	971	1,233	1,070	1,070	963	1,233	1,351	1,349	1,480	1,730
8 France	15,246	16,239	15,251	15,251	18,575	18,583	15,187	15,942	15,800	18,249
9 Germany	8,472	12,676	15,922	15,922	15,115	16,362	16,879	17,188	18,367	20,793
10 Greece	568	402	575	575	533	637	554	651	585	537
11 Italy	6,457	6,230	7,283	7,283	6,168	5,714	6,035	6,727	6,434	6,784
12 Netherlands	7,117	6,141	5,734	5,734	5,828	6,048	6,690	7,251	8,588	8,724
13 Norway	808	555	827	827	646[r]	561	596	970	753	717
14 Portugal	418	777	669	669	584	888	1,205	1,060	1,134	1,122
15 Russia	1,669	1,248	789	789	742	723	971	787	1,016	768
16 Spain	3,211	2,942	5,735	5,735	4,560	4,260	3,041	2,949	4,516	6,180
17 Sweden	1,739	1,854	4,223	4,223	4,338	4,664	4,439	4,141	2,950	3,005
18 Switzerland	19,798	28,846	46,880	46,880	46,122	50,905	51,677	48,477	65,498	75,540
19 Turkey	1,109	1,558	1,982	1,982	1,796	1,871	2,078	1,943	1,918	2,269
20 United Kingdom	85,234	103,143	106,349[r]	106,349[r]	98,950[r]	97,422	97,275	105,246	112,920	131,588
21 Yugoslavia[2]	115	52	53	53	53	54	54	55	54	54
22 Other Europe and other former U.S.S.R.[3]	3,956	7,009	9,407[r]	9,407[r]	10,754[r]	9,829	8,580	9,351	8,906	8,381
23 Canada	26,436	27,189	47,212	47,212	42,925	40,801	41,264	40,756	41,116	37,041
24 Latin America and Caribbean	274,153	343,730	342,564[r]	342,564[r]	344,347	340,678	341,434	365,120	352,437	326,323
25 Argentina	7,400	8,924	9,553	9,553	9,713	10,184	10,399	10,075	10,318	11,122
26 Bahamas	71,871	89,379	96,455	96,455	93,000	91,104	88,639	84,023	78,480	71,971
27 Bermuda	4,129	8,782	4,969	4,969	5,547	6,033	4,096	4,426	6,276	6,117
28 Brazil	17,259	21,696	16,193	16,193	15,616	15,357	15,143	14,788	14,879	14,872
29 British West Indies	105,510	145,471	153,752[r]	153,752[r]	158,010	155,326	162,867	193,306	184,928	166,497
30 Chile	5,136	7,913	8,261	8,261	8,232	8,085	8,082	7,810	7,545	7,531
31 Colombia	6,247	6,945	6,523	6,523	6,433	6,462	6,222	6,105	5,877	5,571
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	1,031	1,311	1,400	1,400	1,403	1,341	1,219	1,135	1,104	1,061
34 Guatemala	620	886	1,127	1,127	1,107	1,255	1,052	1,062	1,157	1,033
35 Jamaica	345	424	239	239	333	602	318	326	327	303
36 Mexico	18,425	19,428	21,143	21,143	21,128	21,564	20,532	19,434	19,284	18,580
37 Netherlands Antilles	25,209	17,838	6,779	6,779	7,403	6,571	6,661	5,711	5,867	5,483
38 Panama	2,786	4,364	3,584	3,584	3,549	3,390	3,320	4,329	3,298	3,351
39 Peru	2,720	3,491	3,260	3,260	3,364	3,353	3,232	3,111	3,053	2,974
40 Uruguay	589	629	1,126	1,126	997	934	838	772	724	1,052
41 Venezuela	1,702	2,129	3,089	3,089	3,312	3,684	3,506	3,138	3,245	3,475
42 Other	3,174	4,120	5,111	5,111	5,200	5,433	5,308	5,569	6,075	5,330
43 Asia	122,478	125,092	98,616[r]	98,616[r]	90,806[r]	86,492	88,048	79,232	77,630	74,590
China										
44 Mainland	1,401	1,579	1,311	1,311	2,691	2,400	3,398	3,461	3,006	3,740
45 Taiwan	1,894	922	1,041	1,041	728	778	1,331	866	763	870
46 Hong Kong	12,802	13,991	9,080[r]	9,080[r]	8,329[r]	6,806	8,014	6,309	4,977	7,110
47 India	1,946	2,200	1,440	1,440	1,483	1,529	1,701	1,703	1,458	1,568
48 Indonesia	1,762	2,651	1,954	1,954	1,948	2,110	1,897	1,911	2,061	1,760
49 Israel	633	768	1,166	1,166	833	774	1,082	803	1,236	1,943
50 Japan	59,967	59,549	46,712	46,712	41,817	39,141	39,971	32,639	30,596	27,100
51 Korea (South)	18,901	18,162	8,238	8,238	8,679	8,479	9,119	11,119	12,325	11,316
52 Philippines	1,697	1,689	1,465	1,465	1,310	1,589	1,540	1,546	1,808	1,669
53 Thailand	2,679	2,259	1,806	1,806	1,759	1,708	1,720	1,732	1,623	1,850
54 Middle Eastern oil-exporting countries[4]	10,424	10,790	16,130[r]	16,130[r]	14,312[r]	12,815	12,151	11,669	10,569	10,128
55 Other	8,372	10,532	8,273[r]	8,273[r]	6,917[r]	8,363	6,124	5,474	7,208	5,536
56 Africa	2,776	3,530	3,122	3,122	2,899	3,087	2,938	2,688	2,448	2,798
57 Egypt	247	247	257	257	302	264	260	228	221	241
58 Morocco	524	511	372	372	378	361	422	463	444	454
59 South Africa	584	805	643	643	802	933	798	567	640	723
60 Zaire	0	0	0	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	420	1,212	936	936	516	625	325	257	288	415
62 Other	1,001	755	914	914	901	904	1,133	1,173	855	965
63 Other	5,709	6,341	6,631	6,631	6,360	6,037	6,045	6,544	6,546	5,970
64 Australia	4,577	5,300	6,167	6,167	5,866	5,367	5,638	6,060	6,093	5,636
65 Other	1,132	1,041	464	464	494	670	407	484	453	334
66 Nonmonetary international and regional organizations[6]	2,604	2,463	3,617[r]	3,617[r]	5,006	5,426	4,620	5,253	4,487	4,073

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[r]	1998	1999					
				Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[p]
1 **Total**	**743,919**	**852,852**	**875,662**	**875,662**	...	...	**862,079**	...	...	...
2 Banks' claims	599,925	708,225	735,124	735,124	718,119	712,828	710,790	735,899	750,437	751,462
3 Foreign public borrowers	22,216	20,581	23,572	23,572	30,330	31,515	34,773	35,807	36,632	37,285
4 Own foreign offices[2]	341,574	431,685	484,456	484,456	459,017	461,705	467,948	485,347	492,109	488,986
5 Unaffiliated foreign banks	113,682	109,230	106,087	106,087	106,523	102,561	93,813	93,591	99,699	104,111
6 Deposits	33,826	30,995	27,208	27,208	30,564	29,406	25,070	23,979	25,230	24,275
7 Other	79,856	78,235	78,879	78,879	75,959	73,155	68,743	69,612	74,469	79,836
8 All other foreigners	122,453	146,729	121,009	121,009	122,249	117,047	114,256	121,154	121,997	121,080
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	39,978	38,941	39,055	33,038	33,474	31,210	29,501

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.	Dec.	Mar.[p]
1 **Total**	**224,932**	**258,106**	**276,550**	**293,060**	**281,505**	**250,743**	**242,398**
By borrower							
2 Maturity of one year or less	178,857	211,859	205,781	211,599	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	194,103	173,049	154,583
5 Maturity of more than one year	46,075	46,247	70,769	81,461	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	61,863	54,187	53,603
By area							
Maturity of one year or less							
8 Europe	55,622	55,690	58,294	73,786	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	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	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	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.
1 **Total**	**551.9**	**645.3**	**647.6**	**678.8**	**711.0**	**719.3**	**739.1**	**749.7**^{r}	**738.9**^{r}	**714.1**^{r}	**678.3**^{r}
2 G-10 countries and Switzerland	206.0	228.3	231.4	250.0	247.8	242.8	249.0	278.3^{r}	268.3^{r}	255.8^{r}	246.4^{r}
3 Belgium and Luxembourg	13.6	11.7	14.1	9.4	11.4	11.0	11.2	16.2^{r}	15.1^{r}	13.4^{r}	14.1^{r}
4 France	19.4	16.6	19.7	17.9	20.2	15.4	15.5	20.5	19.9	18.4^{r}	19.5
5 Germany	27.3	29.8	32.1	34.1	34.7	28.6	25.5	28.8	28.9	31.1^{r}	32.0^{r}
6 Italy	11.5	16.0	14.4	20.2	19.3	15.5	19.7	19.5	18.0^{r}	11.5^{r}	13.2
7 Netherlands	3.7	4.0	4.5	6.4	7.2	6.2	7.3	8.3	8.1	7.9^{r}	8.9
8 Sweden	2.7	2.6	3.4	3.6	4.1	3.3	4.8	3.1	2.2^{r}	2.3^{r}	3.6
9 Switzerland	6.7	5.3	6.0	5.4	4.8	7.2	5.6	6.9	7.5^{r}	8.3^{r}	7.3
10 United Kingdom	82.4	104.7	99.2	110.6	108.3	113.4	120.1	134.9	130.4^{r}	121.5^{r}	110.6^{r}
11 Canada	10.3	14.0	16.3	15.7	15.1	13.7	13.5	16.5	15.6^{r}	16.7	15.7
12 Japan	28.5	23.7	21.7	26.8	22.6	28.6	25.8	23.7	22.8^{r}	24.7^{r}	21.3
13 Other industrialized countries	50.2	65.7	66.4	71.7	73.8	64.5	74.3	72.1	71.6^{r}	68.5^{r}	75.8^{r}
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	2.2^{r}	3.2
16 Finland	.8	.8	.7	1.4	1.9	1.3	1.5	1.4	1.6	1.5^{r}	1.4
17 Greece	5.7	6.7	6.3	6.1	6.2	5.1	6.1	5.8	5.8^{r}	6.0^{r}	6.2
18 Norway	3.2	8.0	5.3	4.7	4.6	3.6	4.0	3.4	3.3^{r}	3.2	2.9^{r}
19 Portugal	1.3	.9	1.0	1.1	1.4	.9	.7	1.3	1.1^{r}	1.3	1.3
20 Spain	11.6	13.2	14.4	15.4	13.9	11.7	16.5	15.2	17.5	13.6^{r}	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	10.6^{r}	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	25.3^{r}
25 OPEC[2]	22.1	19.7	21.8	22.3	22.9	26.0	25.7	25.3	25.9^{r}	27.1^{r}	26.0^{r}
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	4.8^{r}	4.5^{r}
29 Middle East countries	13.3	10.7	13.2	12.5	11.8	14.4	14.3	15.5	16.1	17.0^{r}	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	141.7^{r}	140.6^{r}	147.9^{r}	143.7^{r}
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	27.2^{r}	24.9	24.2	23.6
34 Chile	6.8	7.0	6.8	7.6	8.0	8.7	9.0	9.1	9.3^{r}	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	25.3^{r}	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	12.2^{r}	12.8	11.7^{r}
41 India	4.4	4.3	4.9	5.3	4.9	4.9	5.0	4.9	5.3	5.3	5.5^{r}
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	13.7^{r}	13.3
44 Malaysia	4.4	6.0	6.5	6.4	5.6	5.1	4.5	4.7	5.1^{r}	5.7^{r}	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	6.1^{r}
53 Russia[4]	1.0	3.7	3.5	4.2	5.1	5.1	7.5	6.8	2.8	2.2	2.2^{r}
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	125.8^{r}	121.9^{r}	94.1^{r}	83.0^{r}
56 Bahamas	11.0	20.3	20.9	16.1	19.8	23.3	29.2	24.7	29.0^{r}	33.0	30.2
57 Bermuda	6.3	4.5	6.7	7.9	9.8	9.8	9.0	9.3	10.4	4.6^{r}	3.8
58 Cayman Islands and other British West Indies	32.4	37.2	32.8	35.1	45.7	43.4	24.9	34.2^{r}	30.6^{r}	15.4^{r}	6.3^{r}
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	3.9^{r}	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	23.4^{r}	22.8^{r}
63 Singapore	13.1	16.7	17.9	16.7	12.7	12.7	15.0	13.5	11.1	11.2^{r}	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	115.5^{r}	97.3^{r}

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**	**46,553**	**46,663**
2 Payable in dollars	33,903	39,542	41,956	41,956	42,258	40,026	38,410	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	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	16,337	14,206
10 Payable in dollars	21,000	27,629	28,913	28,913	28,690	28,038	28,598	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	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**	**69,065**
2	Payable in dollars	48,711	59,156	62,173	62,173	65,359	57,601	62,034	72,188	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	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	19,435
9	Payable in dollars	10,976	12,374	11,806	11,806	16,981	14,918	19,867	14,049	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	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	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	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	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	3,075
45	Latin America and Caribbean	4,364	5,276	5,750	5,750	5,481	6,082	5,773	6,298	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	936
49	British West Indies	79	190	109	109	88	110	91	104	117
50	Mexico	993	1,128	1,392	1,392	1,302	1,462	1,356	1,545	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	1999 Jan.– June	1998 Dec.	1999 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	1,097,958	1,574,185[r]	1,084,626	139,201[r]	156,181	159,759	179,894	223,006	185,819	179,967
2 Foreign sales	1,028,361	1,524,189[r]	1,036,283	134,637[r]	152,704	155,650	177,007	205,493	177,326	168,103
3 **Net purchases, or sales (−)**	**69,597**	**49,996[r]**	**48,343**	**4,564[r]**	**3,477**	**4,109**	**2,887**	**17,513**	**8,493**	**11,864**
4 **Foreign countries**	**69,754**	**50,376[r]**	**48,310**	**4,562[r]**	**3,463**	**4,109**	**2,887**	**17,497**	**8,504**	**11,850**
5 Europe	62,688	68,124	43,402	2,441	6,048	6,403	6,563	11,493	5,260	7,635
6 France	6,641	5,672	2,808	−614	537	−175	1,199	534	−206	919
7 Germany	9,059	9,195	6,548	−189	1,035	872	480	1,814	971	1,376
8 Netherlands	3,831	8,249	4,481	332	86	956	1,103	417	738	1,181
9 Switzerland	7,848	5,001	5,990	−314	−10	582	1,551	1,934	481	1,452
10 United Kingdom	22,478	23,952	14,181	3,154	3,893	2,833	575	3,758	1,822	1,300
11 Canada	−1,406	−4,689	1,812	−976	728	248	723	−129	−159	401
12 Latin America and Caribbean	5,203	760	6,006	3,088	−1,279	−1,279	−1,415	5,516	2,004	2,459
13 Middle East[1]	383	−1,449[r]	−194	−291[r]	113	−733	298	−355	419	64
14 Other Asia	2,072	−12,347	−3,443	155	−2,306	−630	−3,257	905	574	1,271
15 Japan	4,787	−1,171	−282	141	−616	−344	−1,925	1,458	464	681
16 Africa	472	639	376	16	22	11	87	37	138	81
17 Other countries	342	−662	351	129	137	89	−112	30	268	−61
18 **Nonmonetary international and regional organizations**	**−157**	**−380**	**33**	**2**	**14**	**0**	**0**	**16**	**−11**	**14**
BONDS[2]										
19 Foreign purchases	610,116	905,782[r]	423,596	59,068[r]	68,565	75,169	77,101	69,804	65,486	67,471
20 Foreign sales	475,958	727,044[r]	311,386	41,268[r]	53,831	56,187	52,331	47,355	49,485	52,197
21 **Net purchases, or sales (−)**	**134,158**	**178,738[r]**	**112,210**	**17,800[r]**	**14,734**	**18,982**	**24,770**	**22,449**	**16,001**	**15,274**
22 **Foreign countries**	**133,595**	**179,081[r]**	**112,236**	**17,722[r]**	**14,733**	**18,941**	**24,974**	**22,389**	**15,914**	**15,285**
23 Europe	71,631	130,057[r]	61,517	9,156[r]	4,765	14,402	12,832	10,448	9,615	9,455
24 France	3,300	3,386	865	−170	145	124	22	−36	352	258
25 Germany	2,742	4,369	2,931	217	398	1,268	190	−43	797	321
26 Netherlands	3,576	3,443	868	996	60	329	418	106	−232	187
27 Switzerland	187	4,826	1,779	−36	403	535	272	467	128	−26
28 United Kingdom	54,134	99,637[r]	46,187	6,920[r]	2,611	10,803	9,268	8,538	7,414	7,553
29 Canada	6,264	6,121	2,131	184	100	475	640	319	413	184
30 Latin America and Caribbean	34,733	23,938	27,594	2,688	6,382	2,057	5,203	5,967	3,382	4,603
31 Middle East[1]	2,155	4,997	2,142	2,472	1,436	314	859	364	−717	−114
32 Other Asia	16,996	12,662	18,073	3,152	2,032	1,439	5,132	4,904	3,108	1,458
33 Japan	9,357	8,384	2,840	2,238	561	165	589	1,215	0	310
34 Africa	1,005	190	673	16	40	266	261	331	82	−307
35 Other countries	811	1,116	106	54	−22	−12	47	56	31	6
36 **Nonmonetary international and regional organizations**	**563**	**−343**	**−26**	**78**	**1**	**41**	**−204**	**60**	**87**	**−11**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−40,942	6,370[r]	22,555	844[r]	3,308	3,085	1,845	5,583	2,500	6,234
38 Foreign purchases	756,015	929,921[r]	529,198	69,585[r]	77,931	73,948	95,216	98,501	86,179	97,423
39 Foreign sales	796,957	923,551[r]	506,643	68,741[r]	74,623	70,863	93,371	92,918	83,679	91,189
40 Bonds, net purchases, or sales (−)	−48,171	−17,360	3,574	−4,684	−2,304	−255	1,710	−5,147	601	8,969
41 Foreign purchases	1,451,704	1,328,282	423,160	56,845	56,072	66,198	76,129	73,376	72,372	79,013
42 Foreign sales	1,499,875	1,345,642	419,586	61,529	58,376	66,453	74,419	78,523	71,771	70,044
43 **Net purchases, or sales (−), of stocks and bonds**	**−89,113**	**−10,990[r]**	**26,129**	**−3,840[r]**	**1,004**	**2,830**	**3,555**	**436**	**3,101**	**15,203**
44 **Foreign countries**	**−88,921**	**−10,654[r]**	**26,020**	**−3,680[r]**	**883**	**2,554**	**3,595**	**554**	**3,201**	**15,233**
45 Europe	−29,874	12,930[r]	53,556	3,075[r]	406	6,431	14,014	9,710	6,246	16,749
46 Canada	−3,085	−1,896	−333	−4,828	−310	−551	−131	−449	−93	1,201
47 Latin America and Caribbean	−25,258	−13,931	−9,913	−19	2,355	491	−3,586	−4,353	−2,050	−2,770
48 Asia	−25,123	−3,890	−16,304	−1,489	−1,558	−3,344	−7,155	−3,946	−495	194
49 Japan	−10,001	−1,739	−15,889	−1,882	141	−3,390	−7,250	−3,445	−704	−1,241
50 Africa	−3,293	−1,373	88	5	22	−25	−16	20	112	−25
51 Other countries	−2,288	−2,494	−1,074	−424	−32	−448	469	−428	−519	−116
52 **Nonmonetary international and regional organizations**	**−192**	**−336**	**109**	**−160**	**121**	**276**	**−40**	**−118**	**−100**	**−30**

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 Jan.– June	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June[p]
1 **Total estimated**	**184,171**	**49,039**	**−15,498**	**10,549**	**−4,165**	**−14,623**	**1,532**	**−3,271**	**5,638**	**−609**
2 Foreign countries	183,688	46,570	−15,283	9,426	−4,107	−14,182	1,762	−3,257	5,316	−815
3 Europe	144,921	23,797	−28,669	8,077	2,530	−7,354	1,342	−15,394	−3,997	−5,796
4 Belgium and Luxembourg	3,427	3,805	1,271	2,148	−229	204	−54	476	121	753
5 Germany	22,471	144	−28	−556	−268	217	428	−653	−290	538
6 Netherlands	1,746	−5,533	2,424	898	2,347	−584	197	−256	797	−77
7 Sweden	−465	1,486	417	581	163	−228	386	−462	−21	579
8 Switzerland	6,028	5,240	−3,033	175	−2,171	47	−1,457	−302	−121	971
9 United Kingdom	98,253	14,384	−21,278	3,074	1,729	−5,721	1,129	−6,672	−4,528	−7,215
10 Other Europe and former U.S.S.R.	13,461	4,271	−8,442	1,757	959	−1,289	713	−7,525	45	−1,345
11 Canada	−811	615	3,856	614	−1,729	1,127	213	1,205	2,580	460
12 Latin America and Caribbean	−2,554	−3,662	−5,397	−3,817	−5,621	−6,037	1,100	5,200	1,364	−1,403
13 Venezuela	655	59	60	108	−17	463	−445	2	88	−31
14 Other Latin America and Caribbean	−549	9,523	−3,094	−165	−1,979	−2,024	−2,570	3,654	−123	−52
15 Netherlands Antilles	−2,660	−13,244	−2,363	−3,760	−3,625	−4,476	4,115	1,544	1,399	−1,320
16 Asia	39,567	27,433	15,462	4,347	1,299	−2,216	−1,714	5,973	5,631	6,489
17 Japan	20,360	13,048	8,095	3,750	−2,134	−1,124	−1,311	6,475	1,284	4,905
18 Africa	1,524	751	−496	16	17	−6	−52	−11	−198	−246
19 Other	1,041	−2,364	−39	189	−603	304	873	−230	−64	−319
20 Nonmonetary international and regional organizations	483	2,469	−215	1,123	−58	−441	−230	−14	322	206
21 International	621	1,502	−424	1,084	−77	−371	−206	15	223	−8
22 Latin American regional	170	199	313	2	3	1	−5	0	122	192
MEMO										
23 Foreign countries	183,688	46,570	−15,283	9,426	−4,107	−14,182	1,762	−3,257	5,316	−815
24 Official institutions	43,959	4,123	−10,157	5,274	1,463	−3,699	−4,845[r]	−6,696	3,223	397
25 Other foreign	139,729	42,447	−5,126	4,152	−5,570	−10,483	6,607[r]	3,439	2,093	−1,212
Oil-exporting countries										
26 Middle East[2]	7,636	−16,554	7,119	−2,442	3,069	−618	1,478	65	2,887	238
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 Mar.	1999 Apr.	1999 May	1999 June[r]	1999 July	1999 Aug.
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	78.28	74.37	62.91	63.08	64.20	66.28	65.63	65.62	64.46
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	1.9057	1.7025	1.6853	1.7669	1.8023	1.8859
5 Canada/dollar	1.3638	1.3849	1.4836	1.5176	1.4881	1.4611	1.4695	1.4890	1.4932
6 China, P.R./yuan	8.3389	8.3193	8.3008	8.2792	8.2792	8.2785	8.2780	8.2776	8.2772
7 Denmark/krone	5.8003	6.6092	6.7030	6.8287	6.9475	6.9925	7.1643	7.1792	7.0144
8 European Monetary Union/euro[3]	n.a.	n.a.	n.a.	1.0886	1.0701	1.0630	1.0377	1.0370	1.0605
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	296.36	304.26	305.96	312.49	313.52	307.84
13 Hong Kong/dollar	7.7345	7.7431	7.7467	7.7493	7.7495	7.7531	7.7575	7.7603	7.7638
14 India/rupee	35.51	36.36	41.36	42.52	42.80	42.86	43.21	43.36	43.50
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	119.47	119.77	122.00	120.72	119.33	113.23
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	9.732	9.430	9.396	9.515	9.370	9.398
20 Netherlands/guilder	1.6863	1.9525	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	68.77	66.25	53.61	53.45	54.27	55.30	53.25	52.61	52.59
22 Norway/krone	6.4594	7.0857	7.5521	7.8151	7.7750	7.7496	7.8749	7.9029	7.8036
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	1.7292	1.7134	1.7122	1.7107	1.6958	1.6787
25 South Africa/rand	4.3011	4.6072	5.5417	6.2136	6.1186	6.1809	6.0880	6.1182	6.1302
26 South Korea/won	805.00	947.65	1,400.40	1,229.72	1,209.96	1,197.92	1,168.91	1,189.10	1,198.31
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	69.570	69.588	70.581	71.211	71.912	71.868
29 Sweden/krona	6.7082	7.6446	7.9522	8.2144	8.3293	8.4432	8.5065	8.4431	8.2589
30 Switzerland/franc	1.2361	1.4514	1.4506	1.4660	1.4971	1.5078	1.5374	1.5474	1.5093
31 Taiwan/dollar	27.468	28.775	33.547	33.165	32.965	32.791	32.525	32.338	32.076
32 Thailand/baht	25.359	31.072	41.262	37.557	37.631	37.051	36.926	37.143	38.060
33 United Kingdom/pound[2]	156.07	163.76	165.73	162.13	160.89	161.54	159.50	157.51	160.58
34 Venezuela/bolivar	417.19	488.39	548.39	580.06	587.79	596.48	603.29	611.17	615.95
	Indexes[4]								
NOMINAL									
35 G-10 (March 1973=100)[5]	87.34	96.38	98.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
36 Broad (January 1997=100)[6]	97.43	104.47	116.25	117.80	117.15	116.91	117.45	117.48	116.46
37 Major currencies (March 1973=100)[7]	85.23	91.85	96.52	95.69	95.76	95.79	96.56	96.78	94.74
38 Other important trading partners (January 1997=100)[8]	98.25	104.67	125.70	131.03	129.24	128.55	128.56	128.26	129.26
REAL									
39 Broad (March 1973=100)[6]	87.32[r]	91.97[r]	99.97[r]	100.07[r]	99.99[r]	99.64[r]	100.09	100.16	99.05
40 Major currencies (March 1973=100)[7]	85.75[r]	93.11[r]	98.22[r]	98.27[r]	98.63[r]	98.53[r]	99.33	99.56	97.49
41 Other important trading partners (March 1973=100)[8]	97.68[r]	98.79[r]	111.71[r]	111.88[r]	111.14[r]	110.37[r]	110.35	110.20	110.42

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*

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

A. Pro forma balance sheet

Millions of dollars

Item	June 30, 1999		June 30, 1998	
Short-term assets (Note 1)				
Imputed reserve requirement on clearing balances	665.3		633.0	
Investment in marketable securities	5,987.7		5,697.0	
Receivables	72.0		69.3	
Materials and supplies	4.4		4.7	
Prepaid expenses	29.3		23.4	
Items in process of collection	4,560.5		6,462.3	
Total short-term assets		11,319.1		12,889.7
Long-term assets (Note 2)				
Premises	411.6		392.9	
Furniture and equipment	144.1		127.9	
Leases and leasehold improvements	35.0		24.6	
Prepaid pension costs	491.5		395.1	
Total long-term assets		1,082.3		940.5
Total assets		**12,401.4**		**13,830.1**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	7,242.6		7,926.3	
Deferred-availability items	3,970.9		4,866.0	
Short-term debt	105.6		97.4	
Total short-term liabilities		11,319.1		12,889.7
Long-term liabilities				
Obligations under capital leases	.0		.0	
Long-term debt	219.8		190.9	
Postretirement/postemployment benefits obligation	222.1		211.2	
Total long-term liabilities		441.9		402.1
Total liabilities		**11,761.1**		**13,291.8**
Equity		640.4		538.3
Total liabilities and equity (Note 3)		**12,401.4**		**13,830.1**

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(1) SHORT-TERM ASSETS

The imputed reserve requirement on clearing balances held at Reserve Banks by depository institutions reflects a treatment comparable to that of compensating balances held at correspondent banks by respondent institutions. The reserve requirement imposed on respondent balances must be held as vault cash or as nonearning balances maintained at a Reserve Bank; thus, a portion of priced services clearing balances held with the Federal Reserve is shown as required reserves on the asset side of the balance sheet. The remainder of clearing balances is assumed to be invested in three-month Treasury bills, shown as investment in marketable securities.

Receivables are (1) amounts due the Reserve Banks for priced services and (2) the share of suspense-account and difference-account balances related to priced services.

Materials and supplies are the inventory value of short-term assets.

Prepaid expenses include salary advances and travel advances for priced-service personnel.

Items in process of collection is gross Federal Reserve cash items in process of collection (CIPC) stated on a basis comparable to that of a commercial bank. It reflects adjustments for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; adjustments for items associated with non-priced items, such as those collected for government agencies; and adjustments for items associated with providing fixed availability or credit before items are received and processed. Among the costs to be recovered under the Monetary Control Act is the cost of float, or net CIPC during the period (the difference between gross CIPC and deferred-availability items which is the portion of gross CIPC that involves a financing cost), valued at the federal funds rate.

(2) LONG-TERM ASSETS

Consists of long-term assets used solely in priced services, the priced-services portion of long-term assets shared with nonpriced services, and an estimate of the assets of the Board of Governors used in the development of priced services. Effective Jan. 1, 1987, the Reserve Banks implemented the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions* (SFAS 87). Accordingly, the Federal Reserve Banks recognized credits to expenses of $54.2 million in the second quarter of 1999, $21.9 million in the first quarter of 1999 $28.7 million in the second quarter of 1998, and $16.2 million in the first quarter of 1998, and corresponding increases in this asset account.

(3) LIABILITIES AND EQUITY

Under the matched-book capital structure for assets that are not "self-financing," short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the fifty largest bank holding companies, which are used in the model for the private-sector adjustment factor (PSAF). The PSAF consists of the taxes that would have been paid and the return on capital that would have been provided had priced services been furnished by a private-sector firm. Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

B. Pro forma income statement

Millions of dollars

Item	Quarter ending June 30, 1999		Quarter ending June 30, 1998	
Revenue from services provided to depository institutions (Note 4)		205.3		202.0
Operating expenses (Note 5)		164.5		154.0
Income from operations		40.7		48.0
Imputed costs (Note 6)				
Interest on float	.3		3.9	
Interest on debt	4.6		4.3	
Sales taxes	2.4		1.7	
FDIC insurance	.8	8.3	.0	9.8
Income from operations after imputed costs		32.4		38.1
Other income and expenses (Note 7)				
Investment income on clearing balances	77.3		88.0	
Earnings credits	−70.5	6.8	−81.5	6.5
Income before income taxes		39.3		44.6
Imputed income taxes (Note 8)		12.5		14.3
Net income		**26.7**		**30.3**
MEMO				
Targeted return on equity (Note 9)		14.2		17.2
	Six months ending June 30, 1999		**Six months ending June 30, 1998**	
Revenue from services provided to depository institutions (Note 4)		408.4		397.1
Operating expenses (Note 5)		334.9		316.9
Income from operations		73.5		80.2
Imputed costs (Note 6)				
Interest on float	5.9		9.3	
Interest on debt	9.2		8.5	
Sales taxes	4.6		3.7	
FDIC insurance	1.6	21.4	.0	21.5
Income from operations after imputed costs		52.1		58.7
Other income and expenses (Note 7)				
Investment income on clearing balances	159.2		181.5	
Earnings credits	−141.0	18.3	−165.5	16.0
Income before income taxes		70.4		74.7
Imputed income taxes (Note 8)		22.5		24.0
Net income		**47.9**		**50.7**
MEMO				
Targeted return on equity (Note 9)		31.5		32.8

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(4) REVENUE

Revenue represents charges to depository institutions for priced services and is realized from each institution through one of two methods: direct charges to an institution's account or charges against its accumulated earnings credits.

(5) OPERATING EXPENSES

Operating expenses consist of the direct, indirect, and other general administrative expenses of the Reserve Banks for priced services plus the expenses for staff members of the Board of Governors working directly on the development of priced services. The expenses for Board staff members were $.85 million in the first and second quarters of 1999 and $0.7 million in the first and second quarters of 1998. The credit to expenses under SFAS 87 (see note 2) is reflected in operating expenses.

(6) IMPUTED COSTS

Imputed costs consist of interest on float, interest on debt, sales taxes, and the FDIC assessment. Interest on float is derived from the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include costs for checks, book-entry securities, noncash collection, ACH, and funds transfers.

Interest is imputed on the debt assumed necessary to finance priced-service assets. The sales taxes and FDIC assessment that the Federal Reserve would have paid had it been a private-sector firm are among the components of the PSAF (see note 3).

Float costs are based on the actual float incurred for each priced service, multiplied by the appropriate federal funds rate. Other imputed costs are allocated among priced services according to the ratio of operating expenses less shipping expenses for each service to the total expenses for all services less the total shipping expenses for all services.

The following list shows the daily average recovery of float (before converting to float costs) by the Reserve Banks for the second quarter of 1999 and 1998 in millions of dollars:

	1999	1998
Total float	394.7	627.9
Unrecovered float	(49.6)	40.1
Float subject to recovery	444.2	587.8
Sources of float recovery		
Income on clearing balances	33.5	58.6
As-of adjustments	318.8	308.8
Direct charges	41.6	107.7
Per-item fees	50.4	112.7

Unrecovered float includes float generated by services to government agencies and by other central bank services. Float recovered through income on clearing balances is the result of the increase in investable clearing balances; the increase is produced by a deduction for float for cash items in process of collection, which reduces imputed reserve requirements. The income on clearing balances reduces the float to be recovered through other means. As-of adjustments are memorandum adjustments to an institution's reserve or clearing position to recover float incurred by the institution. Direct charges are billed to the institution for float incurred when an institution chooses to close on a normal business day and for float incurred on interterritory check transportation. Float recovered through direct charges is valued at cost using the federal funds rate and charged directly to an institution's account. Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in the second quarters of 1999 and 1998.

(7) OTHER INCOME AND EXPENSES

Consists of imputed investment income on clearing balances and the actual cost of earnings credits. Investment income on clearing balances represents the average coupon-equivalent yield on three-month Treasury bills applied to the *total* clearing balance maintained, adjusted for the effect of reserve requirements on clearing balances. Expenses for earnings credits granted to depository institutions on their clearing balances are derived by applying the average federal funds rate to the *required* portion of the clearing balances, adjusted for the net effect of reserve requirements on clearing balances.

(8) INCOME TAXES

Imputed income taxes are calculated at the effective tax rate derived from the PSAF model (see note 3).

(9) RETURN ON EQUITY

Represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, as derived from the PSAF model (see note 3). This amount is adjusted to reflect the recovery of automation consolidation costs of $3.5 million for the second quarter of 1999, $3.3 million for first quarter of 1999, $6.7 million in the second quarter of 1998, and $2.6 million for the first quarter of 1998. The Reserve Banks plan to recover these amounts, along with a finance charge, by the end of 1999.

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Short pamphlets suitable for classroom use. Multiple copies are available without charge.

Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
A Guide to Business Credit for Women, Minorities, and Small Businesses
Series on the Structure of the Federal Reserve System
- The Board of Governors of the Federal Reserve System
- The Federal Open Market Committee
- Federal Reserve Bank Board of Directors
- Federal Reserve Banks

A Consumer's Guide to Mortgage Lock-Ins
A Consumer's Guide to Mortgage Settlement Costs
A Consumer's Guide to Mortgage Refinancings
Home Mortgages: Understanding the Process and Your Right to Fair Lending
How to File a Consumer Complaint
Making Sense of Savings
SHOP: The Card You Pick Can Save You Money
Welcome to the Federal Reserve
When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit
Keys to Vehicle Leasing
Looking for the Best Mortgage

STAFF STUDIES: Only Summaries Printed in the BULLETIN

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 1–158, 161, 163, 165, 166, 168, and 169 are out of print.

159. NEW DATA ON THE PERFORMANCE OF NONBANK SUBSIDIARIES OF BANK HOLDING COMPANIES, by Nellie Liang and Donald Savage. February 1990. 12 pp.
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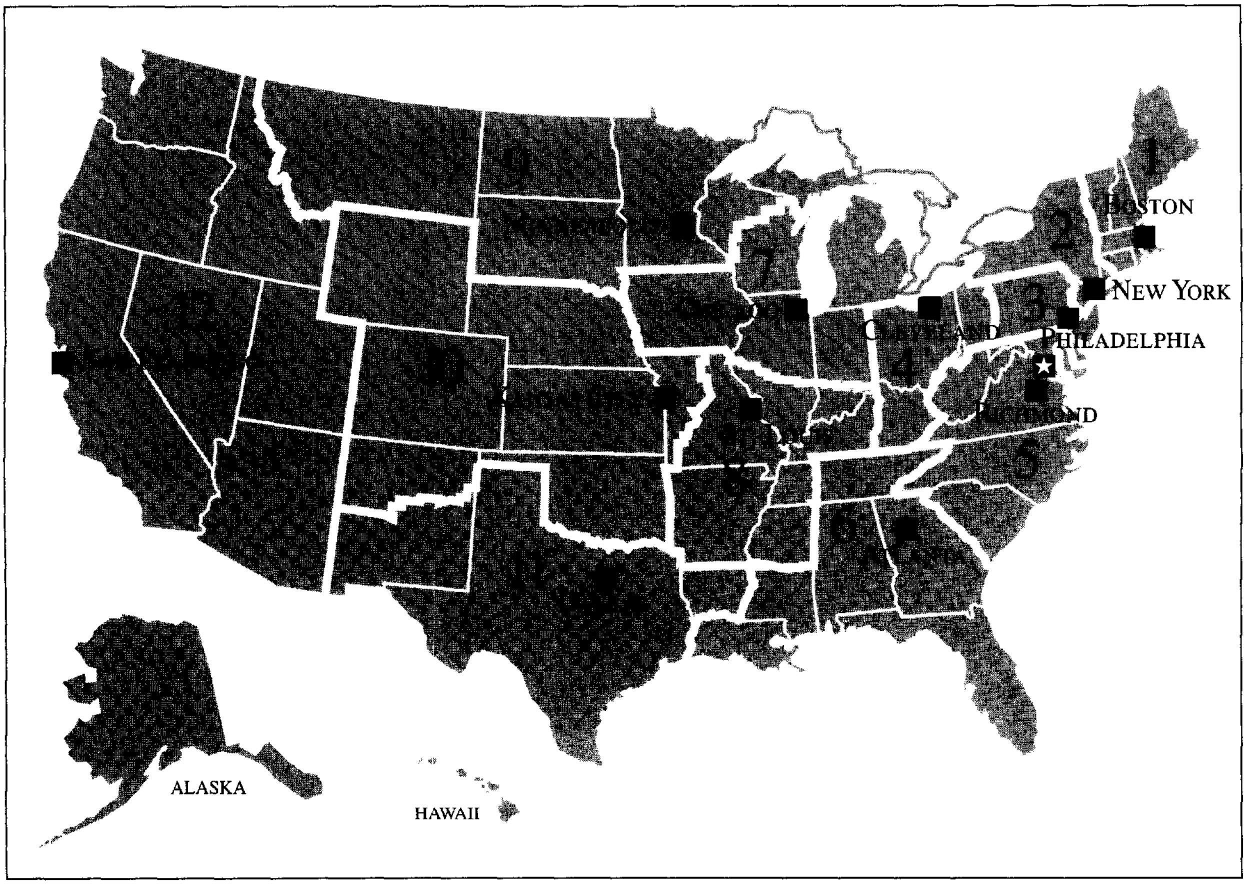
Maps of the Federal Reserve System



NOTE

LEGEND

Both pages

■ Federal Reserve Bank city

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

Facing page

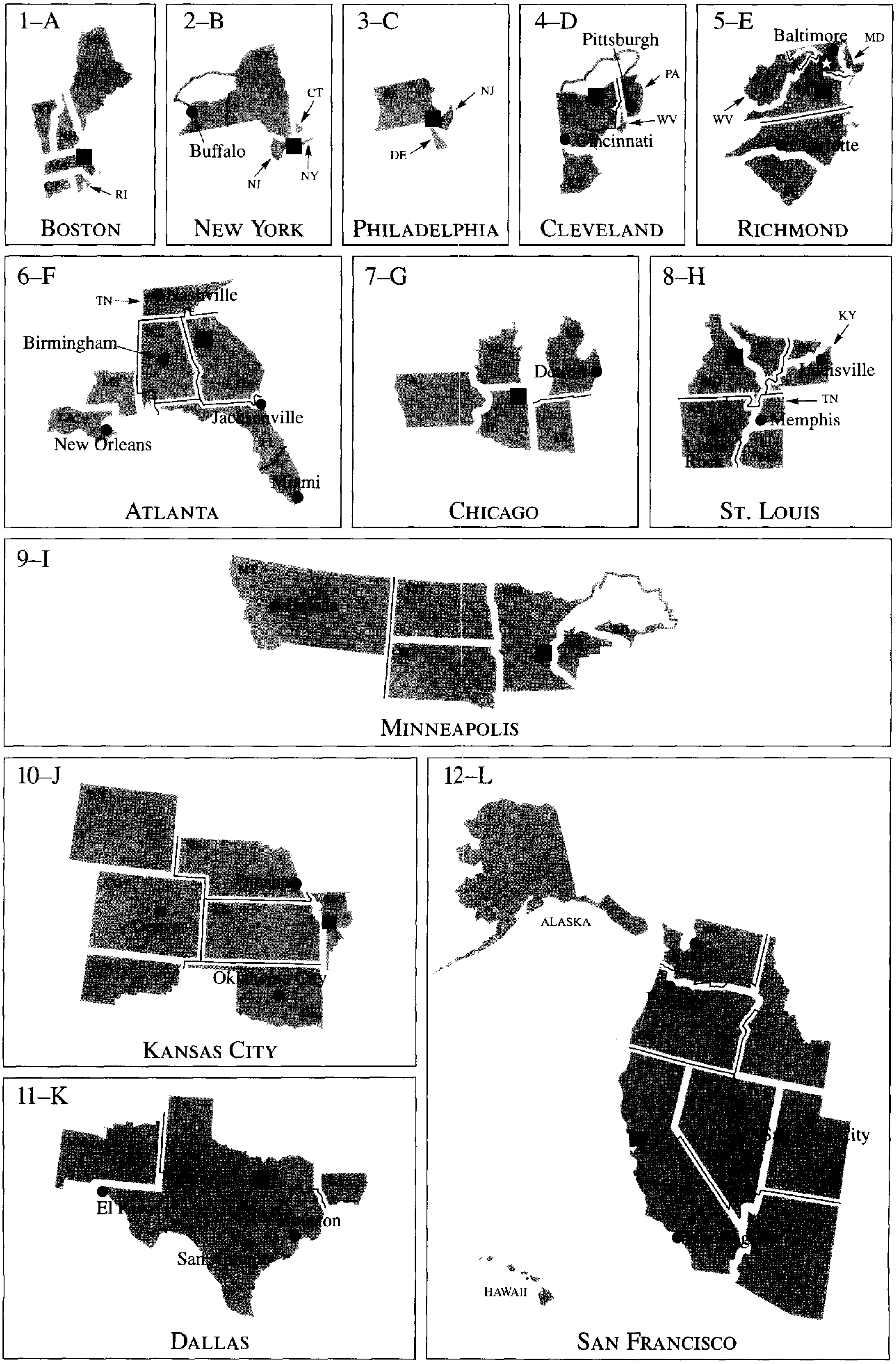
• Federal Reserve Branch city

— Branch boundary

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

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.


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

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	William C. Brainard William O. Taylor	Cathy E. Minehan Paul M. Connolly	
NEW YORK*	10045	John C. Whitehead Peter G. Peterson	William J. McDonough Jamie B. Stewart, Jr.	
Buffalo	14240	Bal Dixit		Carl W. Turnipseed[1]
PHILADELPHIA	19105	Joan Carter Charisse R. Lillie	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	G. Watts Humphrey, Jr. David H. Hoag	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	George C. Juilfs		Barbara B.Henshaw
Pittsburgh	15230	John T. Ryan, III		Robert B. Schaub
RICHMOND*	23219	Claudine B. Malone Jeremiah J. Sheehan	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore	21203	Daniel R. Baker		William J. Tignanelli[1]
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ATLANTA	30303	John F. Wieland Paula Lovell	Jack Guynn Patrick K. Barron	James M. McKee
Birmingham	35283	V. Larkin Martin		Andre T. Anderson
Jacksonville	32231	Marsha G. Rydberg		Robert J. Slack
Miami	33152	Mark T. Sodders		James T. Curry III
Nashville	37203	N. Whitney Johns		Melvyn K. Purcell[1]
New Orleans	70161	R. Glenn Pumpelly		Robert J. Musso[1]
CHICAGO*	60690	Lester H. McKeever, Jr. Arthur C. Martinez	Michael H. Moskow William C. Conrad	
Detroit	48231	Florine Mark		David R. Allardice[1]
ST. LOUIS	63166	Susan S. Elliott Charles W. Mueller	William Poole W. LeGrande Rives	
Little Rock	72203	Diana T. Hueter		Robert A. Hopkins
Louisville	40232	Roger Reynolds		Thomas A. Boone
Memphis	38101	Mike P. Sturdivant, Jr.		Martha Perine Beard
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Helena	59601	Thomas O. Markle		Samuel H. Gane
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DALLAS	75201	Roger R. Hemminghaus James A. Martin	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso	79999	Patricia Z. Holland-Branch		Sammie C. Clay
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San Antonio	78295	Patty P. Mueller		James L. Stull[1]
SAN FRANCISCO	94120	Gary G. Michael Nelson C. Rising	Robert T. Parry John F. Moore	
Los Angeles	90051	Lonnie Kane		Mark L. Mullinix[1]
Portland	97208	Nancy Wilgenbusch		Raymond H. Laurence[1]
Salt Lake City	84125	Barbara L. Wilson		Andrea P. Wolcott
Seattle	98124	Richard R. Sonstelie		Gordon R. G. Werkema[2]

*Additional offices of these Banks are located at Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.

1. Senior Vice President.
2. Executive Vice President

Publications of Interest

FEDERAL RESERVE CONSUMER CREDIT PUBLICATIONS

The Federal Reserve Board publishes a series of brochures covering individual credit laws and topics, as pictured below.

Five brochures on the mortgage process are available: *A Consumer's Guide to Mortgage Lock-Ins*, *A Consumer's Guide to Mortgage Refinancings*, *A Consumer's Guide to Mortgage Settlement Costs*, *Home Mortgages: Understanding the Process and Your Right to Fair Lending*, and *Looking for the Best Mortgage: Shop, Compare, Negotiate*. These brochures were prepared in conjunction with the Federal Home Loan Bank Board and in consultation with other federal agencies and trade and consumer groups. The Board also publishes the *Consumer Handbook to Credit Protection Laws*, a complete guide to consumer credit protections. This forty-four-page booklet explains how to shop and obtain credit, how to maintain a good credit rating, and how to dispute unfair credit transactions.

Shop . . . The Card You Pick Can Save You Money is designed to help consumers comparison shop when looking for a credit card. It contains the results of the Federal Reserve Board's survey of the terms of credit card plans offered by credit card issuers throughout the United States. Because the terms can affect the amount an individual pays for using a credit card, the booklet lists the annual percentage rate (APR), annual fee, grace period, type of pricing (fixed or variable rate), and a telephone number for each card issuer surveyed. *A Guide to Business Credit for Women, Minorities, and Small Businesses* covers the credit application process and points out sources of technical assistance for small business loans.

Up to 100 copies of consumer publications are available free of charge from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Publications of Interest

FEDERAL RESERVE REGULATORY SERVICE

To promote public understanding of its regulatory functions, the Board publishes the *Federal Reserve Regulatory Service,* a four-volume loose-leaf service containing all Board regulations as well as related statutes, interpretations, policy statements, rulings, and staff opinions. For those with a more specialized interest in the Board's regulations, parts of this service are published separately as handbooks pertaining to monetary policy, securities credit, consumer affairs, and the payment system.

These publications are designed to help those who must frequently refer to the Board's regulatory materials. They are updated monthly, and each contains citation indexes and a subject index.

The Monetary Policy and Reserve Requirements Handbook contains Regulations A, D, and Q, plus related materials.

The Securities Credit Transactions Handbook contains Regulations T, U, and X, dealing with extensions of credit for the purchase of securities, together with related statutes, Board interpretations, rulings, and staff opinions. Also included is the Board's list of foreign margin stocks.

The Consumer and Community Affairs Handbook contains Regulations B, C, E, M, Z, AA, BB, and DD, and associated materials.

The Payment System Handbook deals with expedited funds availability, check collection, wire transfers, and risk-reduction policy. It includes Regulations CC, J, and EE, related statutes and commentaries, and policy statements on risk reduction in the payment system.

For domestic subscribers, the annual rate is $200 for the *Federal Reserve Regulatory Service* and $75 for each handbook. For subscribers outside the United States, the price including additional air mail costs is $250 for the service and $90 for each handbook.

The *Federal Reserve Regulatory Service* is also available on CD-ROM for use on personal computers. For a standalone PC, the annual subscription fee is $300. For network subscriptions, the annual fee is $300 for 1 concurrent user, $750 for a maximum of 10 concurrent users, $2,000 for a maximum of 50 concurrent users, and $3,000 for a maximum of 100 concurrent users. Subscribers outside the United States should add $50 to cover additional airmail costs. For further information, call (202) 452-3244.

All subscription requests must be accompanied by a check or money order payable to the Board of Governors of the Federal Reserve System. Orders should be addressed to Publications Services, mail stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

GUIDE TO THE FLOW OF FUNDS ACCOUNTS

Guide to the Flow of Funds Accounts explains in detail how the U.S. financial flow accounts are prepared. The accounts, which are compiled by the Division of Research and Statistics, are published in the Board's quarterly Z.1 statistical release, "Flow of Funds Accounts, Flows and Outstandings." The *Guide* updates and replaces *Introduction to Flow of Funds*, published in 1980.

The 670-page *Guide* begins with an explanation of the organization and uses of the flow of funds accounts and their relationship to the national income and product accounts prepared by the U.S. Department of Commerce. Also discussed are the individual data series that make up the accounts and such procedures as seasonal adjustment, extrapolation, and interpolation.

The balance of the *Guide* contains explanatory tables corresponding to the tables of financial flows data that appeared in the September 1992 Z.1 release. These tables give, for each data series, the source of the data or the methods of calculation, along with annual data for 1991 that were published in the September 1992 release.

Guide to the Flow of Funds Accounts is available for $8.50 per copy from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551. Orders must include a check or money order, in U.S. dollars, made payable to the Board of Governors of the Federal Reserve System.