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[1] In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

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Confidential (FR) Class II FOMC

March 17, 2000

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Supplemental Notes

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

Contents

Supplemental Notes

The Domestic Nonfinancial Economy

Housing Markets

Total private housing starts rose 1-1/4 percent last month to an annual rate of 1.78 million units. The continuing overall strength of residential construction activity was the result of a sharp--but likely temporary--surge in multifamily starts that offset a decline in single-family starts.

At the regional level in February, total starts jumped 21 percent in both the Northeast and Midwest; the surprisingly strong reading in the Midwest was the highest since late 1978. Starts rose 1-1/4 percent in the West and declined 11-1/4 percent in the South. The extent to which favorable weather may have given some support to construction in February is not clear. The sizable increases in starts in the Northeast and Midwest coincided with above-normal temperatures. However, unusually good weather should boost single-family as well as multifamily starts, and the strength was confined to the latter category. In addition, weather conditions in the South, the only region where starts declined, were even better in comparison to historical norms than in the other regions.[1]

In the single-family sector at the national level, starts declined nearly 4 percent to an annual rate of 1.31 million units in February from a January estimate that was revised down almost 2-1/2 percent to 1.36 million units. Permits for new single-family houses turned down noticeably in February, more than retracing January's increase. The ratio of starts to permits was close to its long-term average, implying that the starts estimate likely does not understate the underlying level of construction activity.

Multifamily housing starts jumped 19 percent to an annual rate of 471,000 units in February--the highest level since January 1989. However, permits dropped sharply, and the ratio of starts to permits in the multifamily sector was 2-1/2 standard deviations above its mean, which strongly suggests that starts will retreat to a more moderate level.

Prices

The consumer price index jumped 0.5 percent in February reflecting a 4-1/2 percent surge in energy prices. Over the past twelve months, the CPI rose 3.2 percent, compared with a 1.6 percent increase over the preceding twelve-

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1. Some evidence suggests that unusual weather has a more noticeable effect on housing starts in the South, where winter weather conditions are marginal for construction, than in areas such as the Northeast and upper Midwest where conditions typically are unfavorable even if the weather is somewhat better than normal.

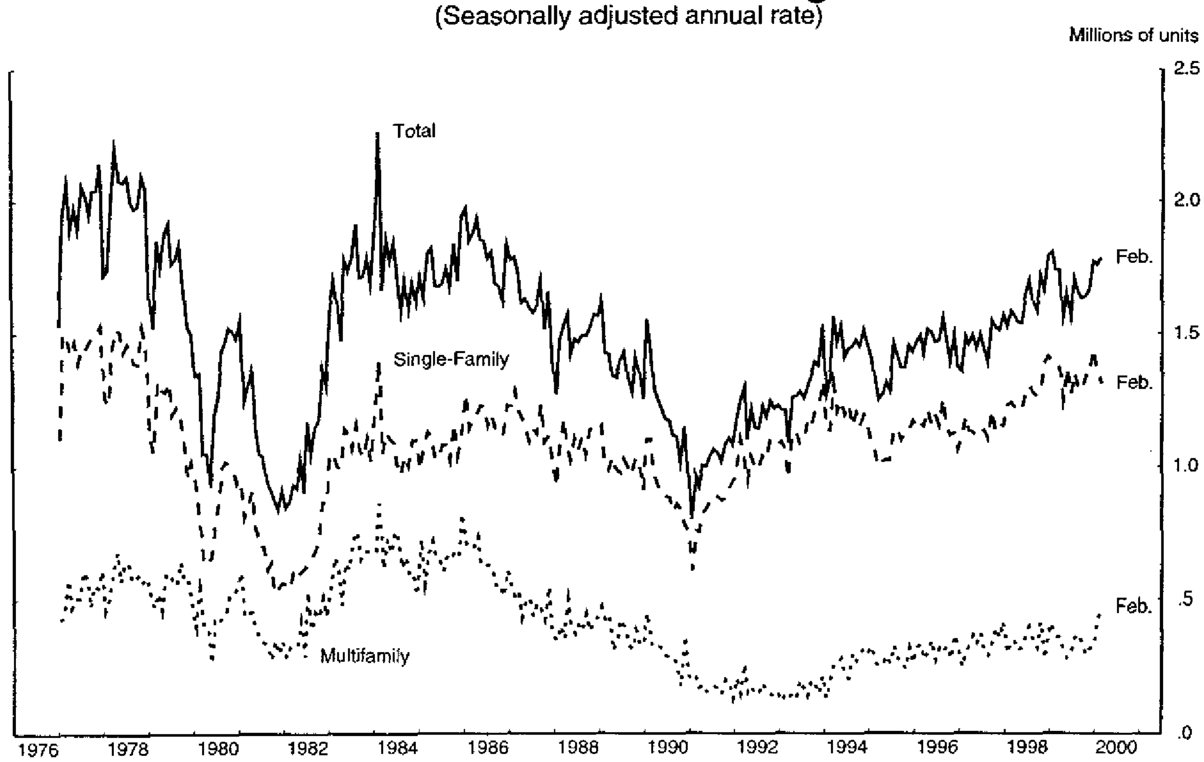
Private Housing Activity
(Millions of units; seasonally adjusted annual rate)

		1999				2000	
	1999	Q2	Q3	Q4r	Dec.r	Jan.r	Feb.p
All units							
Starts	1.67	1.59	1.66	1.69	1.77	1.76	1.78
Permits	1.64	1.60	1.59	1.61	1.62	1.77	1.63
Single-family units							
Starts	1.33	1.30	1.31	1.38	1.44	1.36	1.31
Permits	1.23	1.23	1.21	1.20	1.23	1.32	1.22
Adjusted permits[1]	1.32	1.32	1.30	1.30	1.35	1.38	1.29
New home sales	.91	.93	.90	.90	.92	.88	n.a.
Existing home sales	5.20	5.29	5.25	5.06	5.14	4.59	n.a.
Multifamily units							
Starts	.33	.30	.36	.31	.33	.40	.47
Permits	.41	.37	.38	.41	.39	.45	.41
Mobile homes							
Shipments	.35	.36	.33	.31	.30	.31	n.a.

Note. p Preliminary. r Revised. n.a. Not available.

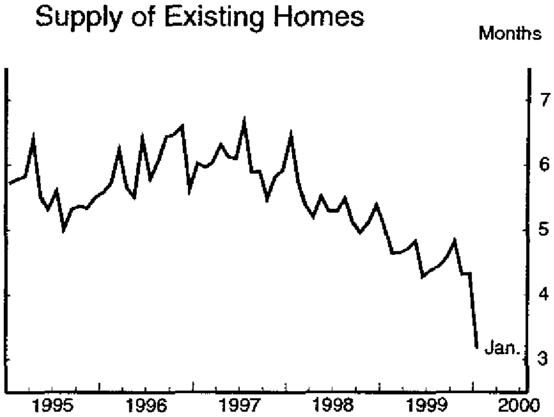
1. Adjusted permits equals permit issuance plus total starts outside of permit-issuing areas, minus a correction for those starts in permit-issuing places that lack a permit.

Total Private Building
(Seasonally adjusted annual rate)



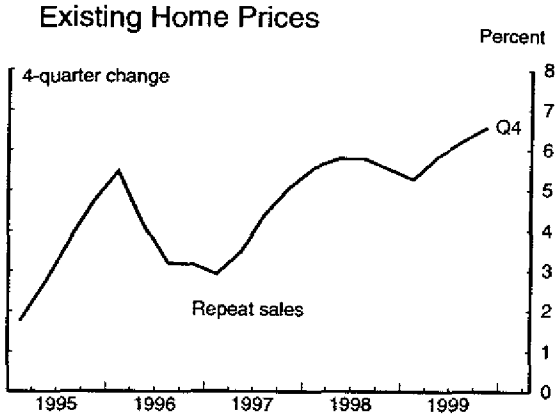
Indicators of Housing Supply, Home Prices, and Housing Demand

Supply of Existing Homes



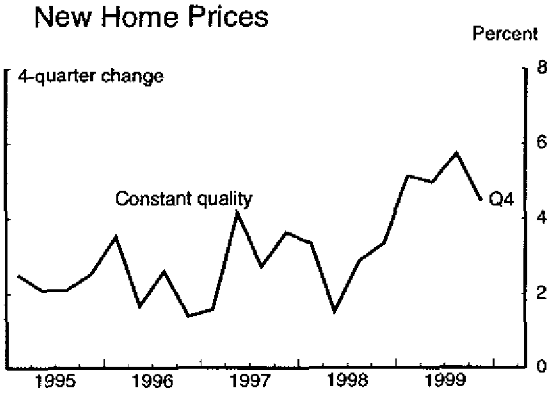
Note. Ratio of inventory, seasonally adjusted by Board staff, to sales, seasonally adjusted by the National Association of Realtors.

Existing Home Prices



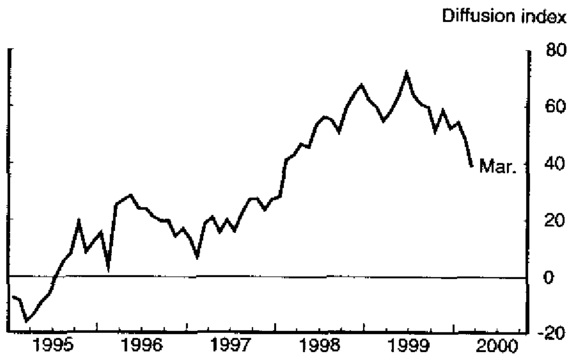
Note. Not seasonally adjusted.

New Home Prices



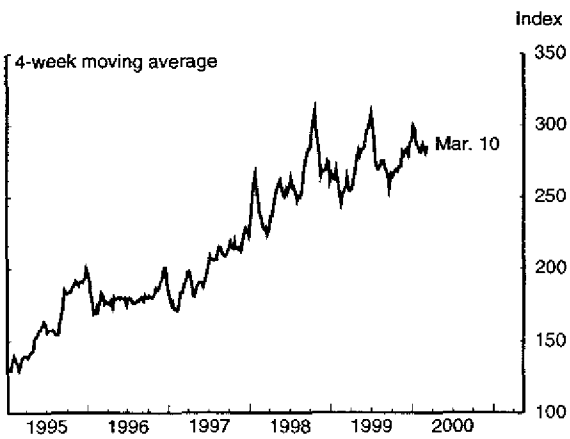
Note. Not seasonally adjusted.

Builders' Rating of New Home Sales



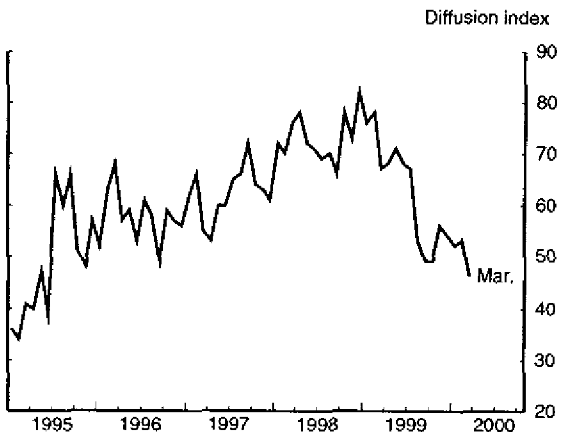
Note. Calculated from National Association of Homebuilders' data as the proportion of respondents rating current sales as good minus the proportion rating them as poor. Seasonally adjusted by Board staff.

MBA Index of Purchase Applications



Note. Seasonally adjusted by Board staff.

Perceived Homebuying Conditions



Source. Michigan Survey, not seasonally adjusted.

month period; faster energy price inflation more than accounts for this acceleration in the total CPI. Excluding food and energy, the CPI rose 0.2 percent in February and was up 2.1 percent over the past twelve months, the same as the increase over the preceding period. On a current-methods basis, the twelve-month change in the core CPI has increased 0.2 percentage point over the past year; excluding tobacco as well as food and energy items, the acceleration over the past year is 0.4 percentage point.

Among energy items, consumer motor fuel prices jumped 6 percent in February, and heating fuel prices surged 28 percent--by far the largest monthly increase on record. In fact, that increase seems to be an aberration; it is out of line with movements in wholesale prices, and we expect some fallback in consumer heating fuel prices in March. However, for motor fuel, survey data for the first half of March point to further large price increases this month. Consumer prices of natural gas also rose notably in February, in part reflecting substitution away from petroleum-based fuels, and electricity prices were up last month as well. In all, the CPI for energy increased nearly 20 percent over the past twelve months.

Food prices rose 0.4 percent in February, reflecting larger than usual increases in the meats, poultry, fish, and eggs category, as well as higher prices for fruits and vegetables. Overall food prices have increased 1-3/4 percent over the past twelve months, not much different from the rise in the core index.

Prices of commodities excluding food and energy were unchanged in February. New car and truck prices edged down further last month; with the expiration of the General Motors coupon incentives at the end of February, some uptick in these prices may be expected in March. Over the past year, new vehicle prices have fallen 1/2 percentage point. In addition, computer prices declined at a more-typical 2.8 percent rate in February after two months of unusually firm prices. (A similar result was evident in the PPI for computers in February.) However, consumer tobacco prices rose 2 percent last month, reflecting the remainder of the mid-January wholesale cigarette price increase. And, prices of apparel items moved up 0.2 percent last month after a sizable decline in January that may have been exaggerated by seasonal adjustment difficulties. Overall, prices of core commodities have increased 0.3 percent over the past twelve months--a 1/2 percentage point deceleration from its year-earlier increase that is more than explained by a sharp deceleration in tobacco prices over this period.

Prices of non-energy services rose 0.3 percent in February, the same as the average increase over the preceding three months. Owners' equivalent rent rose another 0.3 percent last month, continuing its string of larger monthly gains following unusually small increases through much of last year. Elsewhere, prices in the erratic airfares category jumped 3.8 percent in February; airlines'

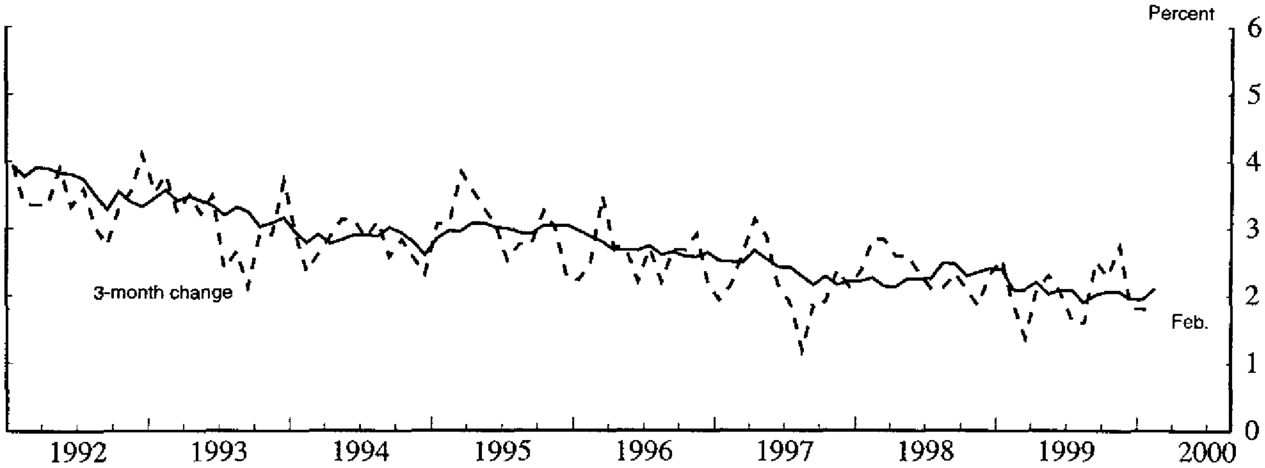
CPI AND PPI INFLATION RATES
(Percent)

	From 12 months earlier		1999		2000	
	Feb. 1999	Feb. 2000	Q3	Q4	Jan.	Feb.
			-Annual rate-		-Monthly rate-	
CPI						
All items (100.0)[1]	1.6	3.2	2.4	2.9	.2	.5
Food (15.3)	2.4	1.8	1.8	2.7	-.1	.4
Energy (7.0)	-5.7	19.9	12.7	10.7	1.0	4.6
CPI less food and energy (77.7)	2.1	2.1	2.1	2.3	.2	.2
Commodities (23.4)	.7	.3	.6	1.5	-.2	.0
New vehicles (4.8)	-.4	-.6	-.1	.5	-.3	-.1
Used cars and trucks (1.9)	-.1	3.2	12.1	5.0	-.7	-.6
Apparel (4.7)	-1.7	-.4	-3.5	3.5	-1.1	.2
Tobacco (1.3)	33.5	9.8	16.9	12.5	1.6	2.1
Other Commodities (10.7)	-.3	-.4	-.7	-.7	.1	-.2
Services (54.3)	2.8	2.8	2.3	2.7	.3	.3
Shelter (29.9)	3.0	2.8	2.5	2.3	.3	.3
Medical care (4.5)	3.4	3.7	3.5	3.4	.3	.5
Other Services (20.0)	2.3	2.7	1.9	3.3	.3	.2
PPI						
Finished goods (100.0)[2]	.5	4.0	4.0	3.7	.0	1.0
Finished consumer foods (22.9)	.4	1.3	2.3	1.1	.1	.4
Finished energy (13.8)	-7.6	24.7	24.9	14.1	.7	5.2
Finished goods less food and energy (63.3)	2.2	1.0	.8	2.5	-.2	.3
Consumer goods (38.9)	3.6	1.5	1.7	3.4	-.4	.5
Capital equipment (24.4)	.1	.3	-.5	1.4	.1	.0
Intermediate materials (100.0)[3]	-2.7	5.3	6.0	4.3	.4	.8
Intermediate materials less food and energy (81.6)	-1.8	2.7	3.8	2.3	.3	.2
Crude materials (100.0)[4]	-11.9	26.1	32.7	16.2	2.7	4.2
Crude food materials (38.8)	-6.6	-.6	-2.2	8.8	.7	.7
Crude energy (39.4)	-18.0	73.8	96.2	19.7	4.4	10.0
Crude materials less food and energy (21.8)	-13.1	15.4	18.3	25.1	3.2	-.2

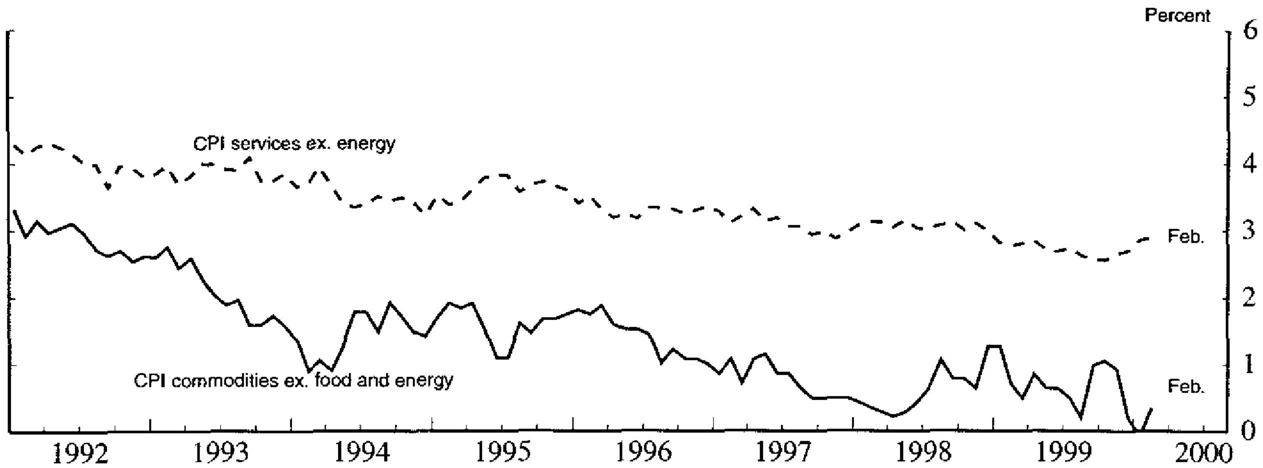
1. Relative importance weight for CPI, December 1999.
2. Relative importance weight for PPI, December 1999.
3. Relative importance weight for intermediate materials, December 1999.
4. Relative importance weight for crude materials, December 1999.

Measures of Core Consumer Price Inflation
(12-month change except as noted)

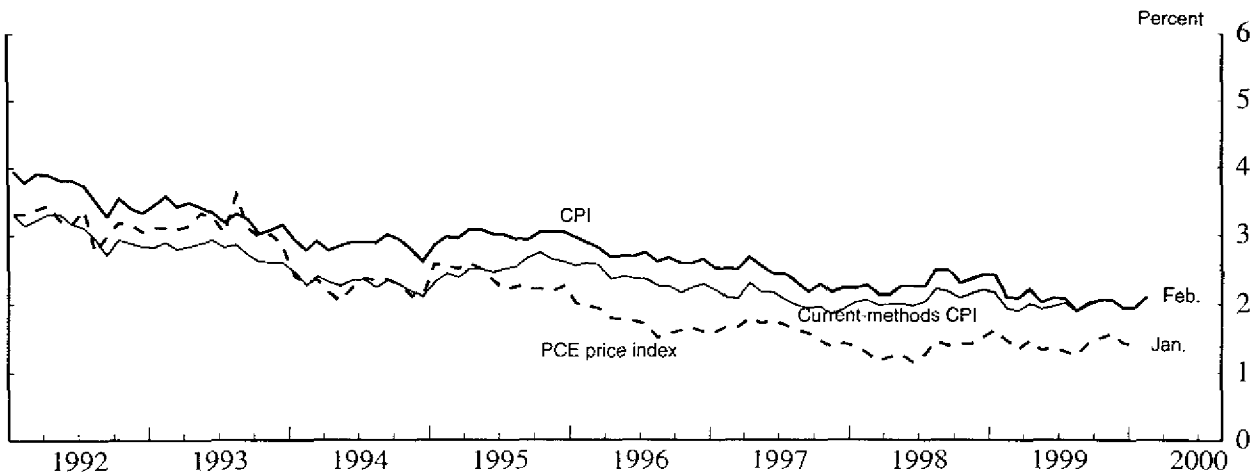
CPI Excluding Food and Energy



CPI Services and Commodities



CPI and PCE Excluding Food and Energy



attempts to add fuel surcharges to ticket prices, which has met with only partial success, may explain part of last month's increase. Overall, the CPI for non-energy services increased 2.8 percent over the past year, the same as its year-earlier increase.

At earlier stages of processing, the PPI for intermediate materials excluding food and energy rose another 0.2 percent in February. The increase in recent months has been most pronounced in a variety of petroleum-related materials, including chemicals and plastics, as well as in metals. Over the past twelve months, this index has risen 2-3/4 percent, more than reversing the decline registered in the preceding year. However, the PPI for core crude prices edged down last month after having jumped more than 3 percent in January; the rise over the past year still is more than 15 percent reflecting sizable price increases for several metals.

The energy price increases appear to be showing through more noticeably to expectations of inflation. According to the preliminary Michigan survey, median one-year-ahead inflation expectations moved up to 3.2 percent in early March, from an average of 2.9 to 3 percent over the preceding few months. Median five- to ten-year ahead expectations ticked up early this month as well, to 3.1 percent.

Consumer Sentiment

According to the preliminary report, the Michigan Survey Research Center index of consumer sentiment fell about 3-1/2 points in early March. While the overall index has retreated from the historical high level posted in January, it remains above the highly favorable level recorded, on average, over last year. Compared with February, respondents reported improved views of their current financial situations early this month, but were a bit less optimistic about their finances looking ahead twelve months. Expectations of business conditions for this year and over the next five years moved down significantly relative to last month. Also, consumers lowered their appraisals of buying conditions for large household appliances in early March.

Among those questions not in the overall index, assessments of current buying conditions for homes and cars were not as favorable as last month. According to the early-March results, current buying conditions for cars were at their lowest level in more than two years, as consumers' views of price discounting fell sharply. After having recorded very low values since December, the index of unemployment change moved up in early March, but was still in the middle of the favorable range posted over 1999.

March 17, 2000

UNIVERSITY OF MICHIGAN SURVEY RESEARCH CENTER: SURVEY OF CONSUMER ATTITUDES
(Not seasonally adjusted)

	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.	2000 Mar (p)
Indexes of consumer sentiment (Feb. 1966=100)									
Composite of current and expected conditions	106.0	104.5	107.2	103.2	107.2	105.4	112.0	111.3	107.7
Current conditions	116.5	114.1	115.9	112.7	116.8	112.2	117.3	116.8	115.7
Expected conditions	99.2	98.4	101.5	97.1	101.0	101.1	108.6	107.8	102.6
Personal financial situation									
Now compared with 12 months ago*	132	132	132	127	138	133	135	132	135
Expected in 12 months*	135	139	135	133	138	132	141	138	135
Expected business conditions									
Next 12 months*	147	140	150	140	146	150	165	161	151
Next 5 years*	118	118	124	118	123	125	133	136	127
Appraisal of buying conditions									
Cars	153	148	145	146	148	141	144	153	135
Large household appliances*	171	165	169	166	166	158	169	172	166
Houses	167	153	149	149	156	154	152	153	146
Willingness to use credit	49	50	47	48	50	50	51	48	54
Willingness to use savings	73	65	62	59	68	70	85	75	71
Expected unemployment change - next 12 months	109	113	110	112	111	105	104	106	111
Prob. household will lose a job - next 5 years	24	21	20	20	21	19	19	21	21
Expected inflation - next 12 months									
Mean	3.0	3.2	3.2	3.5	3.3	3.6	3.5	3.5	3.9
Median	2.7	2.8	2.7	2.9	2.9	3.0	3.0	2.9	3.2
Expected inflation - next 5 to 10 years									
Mean	3.3	3.3	3.5	3.2	3.5	3.2	3.5	3.3	3.8
Median	2.9	2.8	2.9	2.8	2.9	2.9	3.0	2.9	3.1

* -- Indicates the question is one of the five equally-weighted components of the index of sentiment.
(p) -- Preliminary
(f) -- Final
Note: Figures on financial, business, and buying conditions are the percent reporting 'good times' (or 'better') minus the percent reporting 'bad times' (or 'worse'), plus 100. Expected change in unemployment is the fraction expecting unemployment to rise minus the fraction expecting unemployment to fall, plus 100.

Labor Settlement at Boeing

Boeing announced earlier today that the company had reached a tentative contract agreement with its striking engineers, which would end the strike which began February 9. The union workers are expected to vote on Sunday and, according to the company, could be back to work as early as Monday. The proposed contract looks favorable to the union on the three key issues in the strike: guaranteed annual wage increases, bonuses, and health insurance provisions regarding copayments/deductibles and employee contributions to premiums.

According to the terms of the agreement (as provided by the union), professional workers will receive wage increases totaling 8 percent in the first year and 4-1/2 percent in the second and third years, of which 3 percent per year is guaranteed and the rest is allocated for merit increases, skills improvement, and promotions. Technical workers are slotted to receive wage increases of 5-1/2 percent in the first year and 4-1/2 percent in years two and three, with guaranteed wage increases of 4 percent in the first year and three percent in the other years. Although the total wage increases are only about 1/2 percentage point per year higher than Boeing's initial offer, Boeing had not initially offered any guaranteed wage increases to the professional workers and much more modest increases for the technical workers. In addition, both professional and technical workers will receive $2,500 bonuses, with the first $1000 guaranteed and the remainder tied to aircraft delivery goals that seem quite attainable.

The agreement also leaves the basic health and disability benefit packages essentially unchanged from the previous contract. Specifically, the workers will not face monthly premiums for health insurance, their deductibles or copayments for medical costs as well as the nature of the disability and pension plans will not be changed--although pension benefits will increase.

U.S. International Transactions

Prices of Internationally Traded Goods

Non-oil imports and exports. Prices of imported non-oil goods rose in February following a small decline in January Most of the increase was in industrial supplies, particularly metals. For January-February combined, prices of non-oil imports rose at an annual rate of 3/4 percent, a smaller increase than in the fourth quarter of last year. Prices of imported computers and semiconductors declined in January-February at rates similar to those recorded in the fourth quarter. Prices of core goods (which exclude oil, computers, and semiconductors) rose less in January-February than in the fourth quarter as prices of imported machinery swung back to a decline (as did prices of consumer goods) and prices of industrial supplies and foods rose a bit less rapidly than previously.

Oil. The price of imported oil (BLS) jumped sharply in February following a much smaller increase in January. For January-February combined, the price of oil imports rose at an annual rate of 83 percent, about the same rate as in the fourth quarter Oil prices have continued to rise since February, with spot West Texas intermediate breaking through $34 per barrel on March 7 to set a new post-Gulf War high. Spot WTI is currently trading around $31 per barrel.

Prices of total goods exports rose strongly in February, following a small increase (revised) in January, with most of the rise in agricultural products and industrial supplies. For January-February combined, prices of exports rose at an annual rate of 2 percent, a little less than the increase recorded by BLS for the fourth quarter of last year. The price index for agricultural exports in January-February averaged about the same as in the fourth quarter. Prices of exported core goods rose at an annual rate of 3 percent, nearly as fast as in the fourth quarter. While much of the rise was in industrial supplies, prices of exported machinery and consumer goods also posted moderate increases.

IMPLICATIONS FOR THE GREENBOOK FORECAST

For imports, data for February matched what we had estimated for prices of imported core goods and suggest that <u>no</u> revisions are necessary to the staff projection of import prices in 2000:Q1 (prices of imported core goods are projected to rise 1-3/4 percent AR).

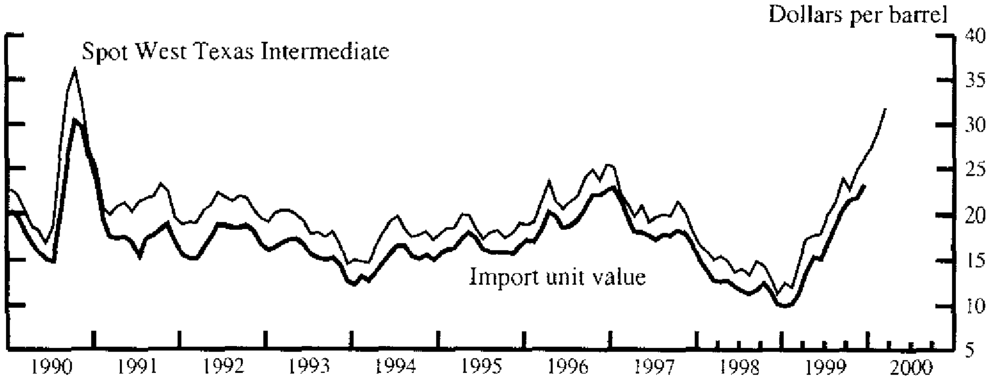
For exports, the smaller rise in prices in January-February than in the fourth quarter of last year reported in the BLS data is consistent with the direction we anticipated for Q1 export prices in the Greenbook. The magnitude of export price increases reported in NIPA figures is smaller than shown in BLS data for both 1999:Q4 and (we project) for 2000:Q1.

Prices of U.S. Imports and Exports
(Percentage change from previous period)

	Annual rates			Monthly rates		
	1999		2000	1999	2000	
	Q3	Q4	Q1e	Dec.	Jan.	Feb.
	------------- BLS prices (1995 weights)-------------					
Merchandise imports	9.0	8.2	8.0	0.6	0.3	1.9
Oil	178.2	83.8	83.3	6.5	3.0	13.9
Non-oil	-0.1	1.9	0.8	0.0	-0.1	0.3
Core goods*	1.0	2.5	1.0	0.0	-0.1	0.4
Foods, feeds, beverages	-6.8	2.6	0.7	1.9	-1.3	-0.6
Industrial supplies ex oil	7.9	9.9	5.1	-0.1	0.1	1.4
Computers	-13.7	-1.0	-0.6	0.5	-0.2	-0.5
Semiconductors	-7.4	-1.6	-2.9	-0.3	0.0	-0.2
Cap. goods ex comp & semi	-2.1	0.3	-1.5	-0.3	-0.1	0.0
Automotive products	0.8	0.5	0.6	0.0	0.1	0.1
Consumer goods	-0.4	0.1	-0.1	-0.1	0.0	0.0
Merchandise exports	0.7	2.6	1.8	0.0	0.1	0.5
Agricultural	-4.2	-1.7	-0.3	-0.7	0.2	1.0
Nonagricultural	1.1	3.1	2.2	0.1	0.1	0.5
Core goods*	1.6	4.1	3.1	0.0	0.3	0.6
Industrial supples ex ag	10.1	10.6	8.6	0.7	0.5	1.6
Computers	-8.6	-2.0	-1.8	-0.4	0.0	-0.3
Semiconductors	-9.6	-3.8	-4.6	-0.9	-0.4	-0.1
Cap. goods ex comp & semi	-0.5	0.5	0.9	-0.2	0.2	0.2
Automotive products	0.8	2.6	-0.2	-0.1	0.0	0.1
Consumer goods	0.3	1.3	0.9	0.2	0.0	0.2
Chain price index	---Prices in the NIPA accounts (1996 weights)---					
Imports of goods & services	6.2	4.6	n.a.	...	...	...
Non-oil merchandise	-0.7	0.8	n.a.	...	...	...
Core goods*	1.1	1.2	n.a.	...	...	...
Exports of goods & services	1.3	2.6	n.a.	...	...	...
Nonag merchandise	1.0	2.8	n.a.	...	...	...
Core goods*	2.5	2.9	n.a.	...	...	...

*/ Excludes computers and semiconductors.
e/ Average of two months.
n.a. Not available. ... Not applicable.

Oil Prices



U.S. Current Account

In the fourth quarter of 1999, the U.S. current account deficit rose to $399 billion at a seasonally adjusted annual rate, an increase of $43 billion over the third quarter (revised).

Nearly half of the widening of the deficit in the fourth quarter was from a jump in net payments of income on investments. While income receipts from U.S. direct investments abroad rose a bit, there was an extraordinary surge in income payments to foreigners on their direct investments in the United States (reflecting in part the robust U.S. profits picture). In addition, the sharp rise in income payments on foreign portfolio investments in the United States exceeded the increase in income receipts on U.S. portfolio investments abroad (both reflected increased capital flows and a rising rate of return).

About one-fourth of the rise in the current account deficit in Q4 was from trade in goods and services. Although the global expansion has fueled increasing demand for U.S. exports, the U.S. appetite for imports has remained stronger.

The jump in "other net income and unilateral transfers" by $11 billion at an annual rate largely reflected year-end government grants to Israel.

For the year 1999, the current account deficit was $339 billion compared with $221 billion in 1998. Most of the $118 billion widening in the deficit was from trade in goods and services, particularly from the strong steady growth of merchandise imports. Most of the pick-up in exports occurred in the second half of the year.

IMPLICATIONS FOR THE GREENBOOK FORECAST.

The current account deficit was $10 billion SAAR larger in 1999:Q4 than anticipated in the March Greenbook. Net trade in goods and services was $11 billion SAAR stronger (smaller deficit, all services), and payments of net investment income were $21 billion SAAR larger than projected. These data suggest that NIPA real net exports will be $7-1/2 (SAAR) stronger (smaller deficit than in the preliminary NIPA press release. Exports will be $2-3/4 billion (SAAR) higher, and imports will be $4-3/4 billion lower.

A preliminary assessment suggests that not all of the fourth-quarter jump in income payments on foreign direct investments in the United States will be sustained in the current quarter, but that other elements of the current account will grow at rates projected in the March Greenbook from the new fourth quarter levels. Thus, for the current quarter and over the forecast period, a higher level of net receipts from service transactions is just about offset by a higher level of

U.S. Current Account
(Billions of dollars, seasonally adjusted annual rate)

Period	Goods and services, net	Investment income, net	Other income and transfers, net	Current account balance
Annual				
1998	-164.3	-7.0	-49.3	-220.6
1999	-267.5	-19.2	-52.2	-338.9
Quarterly				
1999:Q1	-216.7	-12.1	-46.8	-275.6
Q2	-261.2	-13.2	-50.2	-324.6
Q3	-290.4	-15.5	-50.4	-356.3
Q4	-302.0	-35.9	-61.3	-399.1
Change				
Q1-Q4	-43.7	2.2	12.6	-28.9
Q2-Q1	-44.5	-1.1	-3.4	-49.0
Q3-Q2	-29.2	-2.3	-0.2	-31.7
Q4-Q3	-11.6	-20.3	-10.9	-42.8

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

net investment income payments, which leaves the projected current account deficit for 2000 and 2001 very close to what it was in the March Greenbook.

U.S. International Financial Transactions

Quarterly balance of payments data (released Wednesday) indicate continued large direct investment capital flows both into and out of the United States. In the third quarter of last year foreign direct investment into the United States (line 7 on the Summary of U.S. International Transactions table) totaled $61 billion–$16 billion higher than previously reported. Preliminary data for the fourth quarter record an inflow of $44 billion. As has been the case for the past few years, direct investment into the United States was buoyed by foreign takeovers of U.S. firms. And, as has been the case for the past two years, a significant part of the direct investment inflow was effected by swapping shares in the acquired firm for shares in the acquiring firm. BEA estimates that U.S. residents acquired $26 billion in foreign equity through stock swaps in the third quarter (revised from $19 billion) and acquired $10 billion though this mechanism in the fourth quarter. (Stock swaps are included in line 9 of the Summary table.) As shown in line 6, U.S. direct investment abroad remained robust in the fourth quarter ($31 billion). As with the direct investment inflows, merger activity contributed significantly.

The statistical discrepancy in the international accounts (the last line in the table) was a positive $10 billion in the fourth quarter. This represents the sum of all errors and omissions in the international accounts and a positive number indicates some combination of under reporting of net capital inflows or over reporting of the current account deficit. The discrepancy in the third quarter was negative $5 billion (revised from negative $16 billion).

Summary of U.S. International Transactions
(Billions of dollars, not seasonally adjusted except as noted)

	1998	1999	1999					2000
			Q1	Q2	Q3	Q4	Dec	Jan
Official capital								
1. Change in foreign official assets in U.S. (increase, +)	-16.6	46.0	5.8	*	13.0	27.3	26.7	-2.2
a. G-10 countries	6.9	49.7	12.7	7.6	19.2	10.2	9.5	4.0
b. OPEC countries	-9.0	1.7	2.2	2.5	-1.3	-1.7	-1.3	3.2
c. All other countries	-14.4	-5.4	-9.2	-10.2	-5.0	18.9	18.6	-9.4
2. Change in U.S. official reserve assets (decrease, +)	-6.8	8.6	3.9	1.2	1.9	1.6	.8	-.1
Private capital								
Banks								
3. Change in net foreign positions of banking offices in the U.S.[1]	57.3	5.9	6.0	19.0	-21.5	2.4	-48.1	47.3
Securities[2]								
4. Foreign net purchases of U.S. securities (+)	275.2	320.8	55.8	83.5	105.7	75.7	19.5	28.0
a. Treasury securities[3]	49.3	-19.8	-7.3	-5.2	9.8	-17.1	-1.9	*
b. Agency bonds	50.5	73.8	18.1	17.1	21.2	17.5	2.6	3.9
c. Corporate and municipal bonds	121.7	158.6	34.8	33.8	49.5	40.4	9.9	13.7
d. Corporate stocks	53.7	108.2	10.2	37.9	25.2	35.0	8.9	10.4
5. U.S. net purchases (-) of foreign securities	-11.1	10.0	7.3	17.4	-10.8	-3.9	2.4	-2.4
a. Bonds	-17.4	-5.7	-.8	3.2	-10.1	2.0	3.9	-3.5
b. Stocks[4]	6.2	15.6	8.1	14.2	-.8	-5.9	-1.5	1.1
Other flows (quarterly data, s.a.)								
6. U.S. direct investment (-) abroad	-132.8	-152.2	-41.6	-31.8	-47.4	-31.3	...	...
7. Foreign direct investment in U.S.	193.4	282.5	23.1	154.5	60.8	44.1	...	...
8. Foreign holdings of U.S. currency	16.6	22.4	2.4	3.1	4.7	12.2	...	...
9. Other (inflow, +)[4,5]	-164.7	-166.0	11.0	-127.3	-11.9	-37.9	...	...
U.S. current account balance (s.a.)	-220.6	-338.9	-68.9	-81.2	-89.1	-99.8	...	...
Statistical discrepancy (s.a.)	10.1	-39.1	-4.8	-38.4	-5.4	9.6	...	...

NOTE. The sum of official capital, private capital, the current account balance, and the statistical discrepancy is zero. Details may not sum to totals because of rounding.

1. Changes in dollar-denominated positions of all depository institutions and bank holding companies plus certain transactions between broker-dealers and unaffiliated foreigners (particularly borrowing and lending under repurchase agreements). Includes changes in custody liabilities other than U.S. Treasury bills.

2. Includes commissions on securities transactions and excludes securities acquired through exchange of equities; therefore does not match exactly the data on U.S. international transactions published by the Department of Commerce.

3. Includes Treasury bills.

4. Quarterly balance of payments data include large U.S. acquisitions of foreign equities associated with foreign takeovers of U.S. firms. These are not included in line 5.b but are included in line 9.

5. Transactions by nonbanking concerns and other banking and official transactions not shown elsewhere plus amounts resulting from adjustments made by the Department of Commerce and revisions in lines 1 through 5 since publication of the quarterly data in the Survey of Current Business.

n.a. Not available. ... Not applicable. * Less than $50 million.

Selected Financial Market Quotations

(One-day quotes in percent except as noted)

Instrument	1999 June 29	1999 Dec. 31	2000 FOMC* Feb. 2	2000 Mar. 16	Change to Mar. 16 from selected dates (percentage points): 1999 June 29	1999 Dec. 31	FOMC* Feb. 2
Short-term							
FOMC intended federal funds rate	4.75	5.50	5.50	5.75	1.00	.25	.25
Treasury bills [1]							
3-month	4.70	5.17	5.54	5.70	1.00	.53	.16
6-month	4.92	5.49	5.69	5.85	.93	.36	.16
1-year	4.89	5.63	5.92	5.84	.95	.21	-.08
Commercial paper							
1-month	5.18	5.13	5.79	5.95	.77	.82	.16
3-month	5.12	5.75	5.84	6.03	.91	.28	.19
Large negotiable CDs [1]							
1-month	5.21	5.72	5.86	6.03	.82	.31	.17
3-month	5.32	5.90	6.01	6.14	.82	.24	.13
6-month	5.43	6.08	6.24	6.35	.92	.27	.11
Eurodollar deposits [2]							
1-month	5.13	5.69	5.84	6.00	.87	.31	.16
3-month	5.25	5.88	6.03	6.13	.88	.25	.10
Bank prime rate	7.75	8.50	8.50	8.75	1.00	.25	.25
Intermediate- and long-term							
U.S. Treasury (constant maturity)							
2-year	5.68	6.24	6.60	6.50	.82	.26	-.10
10-year	5.93	6.45	6.62	6.26	.33	-.19	-.36
30-year	6.07	6.48	6.43	6.05	-.02	-.43	-.38
U.S. Treasury 10-year indexed note	4.01	4.33	4.30	4.17	.16	-.16	-.13
Municipal revenue (Bond Buyer) [3]	5.62	6.23	6.34	6.16	.54	-.07	-.18
Corporate bonds, Moody's seasoned Baa	8.05	8.18	8.27	8.42	.37	.24	.15
High-yield corporate [4]	10.74	11.12	11.50	11.77	1.03	.65	.27
Home mortgages (FHLMC survey rate) [5]							
30-year fixed	7.63	8.06	8.25	8.23	.60	.17	-.02
1-year adjustable	5.93	6.56	6.65	6.68	.75	.12	.03

Stock exchange index	Record high: Level	Record high: Date	1999 Dec. 31	2000 FOMC* Feb. 2	2000 Mar. 16	Change to Mar. 16 from selected dates (percent): Record high	Dec. 31	FOMC* Feb. 2
Dow-Jones Industrial	11,723	1-14-00	11,497	11,041	10,631	-9.32	-7.54	-3.72
S&P 500 Composite	1,469	12-31-99	1,469	1,409	1,458	-.73	-.73	3.49
Nasdaq (OTC)	5,049	3-10-00	4,069	4,052	4,717	-6.56	15.93	16.42
Russell 2000	606	3-9-00	505	504	574	-5.26	13.77	13.99
Wilshire 5000	14,202	3-16-00	13,813	13,393	14,202	.00	2.82	6.04

1. Secondary market.
2. Bid rates for Eurodollar deposits collected around 9:30 a.m. Eastern time.
3. Most recent Thursday quote.
4. Merrill Lynch Master II high-yield bond index composite.
5. For week ending Friday previous to date shown.
* Data are as of the close on February 1, 2000.

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