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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).
[2] A two-step process was used. An advanced optimal character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

CONFIDENTIAL (FR)
CLASS II - FOMC

September 25, 1998

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

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THE DOMESTIC NONFINANCIAL ECONOMY

Gross Domestic Product

According to BEA's final release, real GDP increased at an annual rate of 1.8 percent in the second quarter, up 0.2 percentage point from the preliminary estimate. As was the case in the preliminary release, a large gain in domestic final sales was partly offset by a sharp drop in net exports and a reduction in inventory accumulation. Net exports reduced last quarter's increase in real GDP 2.1 percentage points while slower inventory accumulation subtracted another 2.7 percentage points. For inventories, about half of the negative contribution was from motor vehicle inventories, owing to the effects of the GM strike on production and of coupon incentive programs on sales; the remainder reflected a stepdown in stockbuilding elsewhere following the outsized accumulation of the first quarter.

The upward revision to second-quarter GDP was concentrated in final sales, particularly in personal consumption expenditures; inventory investment was slightly less than previously estimated. At the same time, disposable personal income was revised down, mostly because of an upward revision to personal tax payments, and the second-quarter saving rate was revised down 0.2 percentage point, to 0.4 percent.

BEA estimates that corporate profits on an economic basis (that is, including the inventory valuation and capital consumption adjustments) declined $8.6 billion in the second quarter, a slightly smaller decline than in the preliminary estimate. The profit share of GNP (excluding profits of Federal Reserve Banks) is estimated to have been 9.5 percent, down slightly from the first quarter.

Personal Income and Outlays

Total nominal personal income increased 0.5 percent ($37.9 billion) in August, following a 0.4 percent ($29.8 billion) gain in July. Nominal wages and salaries rose a hefty 0.8 percent ($32.3 billion) in August, boosted by the return of workers involved in the strikes against General Motors. Those strikes reduced wages and salaries $3.5 billion in June and $7.5 billion in July.[1] Farm proprietors' income dropped $3.4 billion in August, following a similar decline in July.

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1. The BEA did not provide an estimate of the impact of the return of striking workers on wages in August.

Elsewhere, increases in other components of personal income were similar to that of recent months. Disposable personal income also rose 0.5 percent ($28.5 billion) in August, and after factoring in a small increase in prices, real disposable income climbed 0.4 percent.

Real personal consumption expenditures increased 0.5 percent in August. A jump in real purchases of motor vehicles boosted durable goods outlays and accounted for more than half of the increase in total real PCE last month.[2] Real spending on services rose a strong 0.6 percent in August. As expected, real outlays for personal brokerage services jumped 6.4 percent, and real expenditures for electricity climbed 5.7 percent. However, real outlays for transportation edged lower in August, owing in part to a decline in spending for air travel. Real spending for nondurable goods was little changed last month, held down by declines in spending for food and apparel.

With outlays rising faster than income in August, the personal saving rate dropped 0.2 percentage point to 0.3 percent.

Orders and Shipments of Durable Goods

New orders for durable goods rose 1.6 percent in August. However, a jump in the volatile aircraft component accounted for almost all of the increase; excluding aircraft, new orders rose only 0.1 percent. The staff's constructed series on real adjusted durable goods orders--which strips out nondefense aircraft, defense capital goods, and industries for which reported orders actually equal shipments--fell 1.4 percent in August, after having increased about 3 percent in each of the previous two months. The decline in this series was due to a drop in orders for electronic components, a category that consists primarily of semiconductors. Bookings for electronic components fell 16 percent in August after having jumped 27 percent in July. Excluding electronic components, real adjusted durable goods orders rose 2 percent in June, 0.2 percent in July, and 0.4 percent in August.

Orders for nondefense capital goods excluding aircraft and parts rose 1.2 percent in August. Bookings for communications equipment moved up 3.1 percent following July's

2. Real PCE is now estimated to have declined 0.3 percent in July, 0.1 percentage point less than shown earlier. The increase in real PCE in June was revised down 0.1 percentage point.

13.8 percent decline. Orders for office and computing equipment declined 1.1 percent, but this series has little predictive power for future shipments. Excluding aircraft and parts and high-tech equipment, orders posted a 1.8 percent increase in August. After having declined 5.4 percent over the first five months of the year, orders for this category have rebounded in recent months, advancing 6.9 percent over the three months ended in August.

Shipments of nondefense capital goods excluding aircraft and parts fell 1.1 percent in August. Shipments of communications equipment rose 2.3 percent in August, and July's decline was scaled back from -11.3 percent to -7.9 percent. Shipments of computers fell 2 percent in August, a modest decline compared with the 4-1/2 percent drop in producer prices for computing equipment last month. Shipments of equipment excluding high-tech and transportation equipment--on which export demand has had an important influence--declined another 1-1/2 percent in August.

Existing Home Sales

Sales of existing homes decreased 3.7 percent in August to an annual rate of 4.73 million units after having reached 4.91 million units in July, a record high. The preliminary estimate of existing home sales in July was revised down by 20,000 units. Since February of this year, sales of existing homes have remained within a fairly narrow range around an average of 4.81 million units.

The median price of existing homes increased 4.2 percent in August compared with a year earlier, the slowest year-over-year rise since early 1997. The average sales price was up 4.3 percent, the lowest increase in the past year. These price series do not adjust for compositional changes in the structural characteristics and amenities of homes sold. The most recent data for the repeat-sales price index for existing homes show a 5.3 percent increase in the second quarter from a year earlier.[3]

3. This index is calculated by Fannie Mae and Freddie Mac using price data obtained when houses are sold repeatedly or refinanced, and therefore holds constant some of the compositional shifts that can affect the median and average prices.

THE FINANCIAL ECONOMY

Special Senior Loan Officer Opinion Survey on Bank Lending Practices

The Federal Reserve conducted a special Senior Loan Officer Opinion Survey in mid-September to assess the impact of recent financial turbulence on the bank loan market. In order to limit the burden, the survey was kept rather brief; questions focused only on changes between mid-August and mid-September in the supply of and demand for commercial and industrial loans and consumer installment loans.[4]

The survey results indicate that there has been a fairly widespread tightening of standards and terms on commercial and industrial loans to large and middle-market firms. However, the respondents reported little change in standards and terms for commercial and industrial loans to small businesses, and they were slightly more willing to provide consumer installment loans than they had been a month earlier. Demand for both business and consumer loans reportedly has softened recently.

The domestic responses to the questions on business lending standards and terms differed markedly by size of the borrower. A quarter of the domestic respondents, on net, reported that standards for loans to large and middle-market firms had been tightened over the past month. Somewhat smaller, but still substantial, shares reported tighter loan terms--including the sizes of credit lines, fees, and loan spreads. A few banks, on net, reported having tightened collateralization requirements and loan covenants on loans to larger customers. The survey has not shown such broad evidence of banks pulling back from this type of lending since 1991. By contrast, there was little net change reported in standards for commercial and industrial loans to small businesses. Most terms on these loans were also little changed, on net, although maximum sizes of credit lines were trimmed by a substantial fraction of banks. However, even the relative stability of the terms on small loans marks a departure from recent surveys, which have generally shown some easing.

The domestic responses also differed substantially by bank size. Larger banks were considerably more likely than smaller banks to report having tightened standards and terms.

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4. This summary is based on responses from 51 of the 58 domestic banks and from 21 of the 24 U.S. branches and agencies of foreign banks on the survey panel.

Thirty percent of the large banks on the panel (those with assets greater than $15 billion) reported having tightened lending standards on loans to large and middle-market firms, while only about ten percent of the smaller banks, on net, had done so. Similarly, a larger share of the large banks generally reported having tightened terms on such loans; the only exception was maximum credit line size, which was tightened by a somewhat larger fraction of the smaller respondents.

The banks that had tightened lending standards and terms most commonly attributed their decision to a less favorable economic outlook, and a worsening of industry-specific problems, as well as a reduced tolerance for risk. The banks indicated that the reduced tolerance for risk did not stem from concerns about foreign losses or exposures, but rather from other causes.

Several of the domestic respondents, on net, noted weaker demand for commercial and industrial loans. They attributed this decline primarily to decreased demand for merger and acquisition financing and, to a lesser extent, to reductions in their customers' investments in plant and equipment. In their comments, a few banks noted that loan demand had been boosted by a shift from the securities markets, especially the junk bond market, toward bank finance. However, it appears that this substitution was generally more than offset by other factors that weakened demand. A couple of banks noted that a shift from the capital markets might be in the works, but that it had not yet occurred.

Responses from the branches and agencies of foreign banks showed a continuation of the trend, visible in the last few surveys, toward tighter standards and terms on commercial and industrial loans. Like their domestic counterparts, the foreign respondents attributed the tightening to a less favorable economic outlook, a worsening of industry-specific problems, and reduced tolerance for risk (although they were more likely than the domestic banks to attribute their reduced tolerance for risk to heightened concerns about their losses or exposures outside the U.S.). In addition, many of the Japanese branches and agencies again pointed to a deterioration in their parent bank's capital position. The branches and agencies reported a modest decline, on net, in the demand for business loans, attributing the weakness primarily to a decline in merger and acquisition financing.

Because larger banks and foreign branches and agencies are more likely to be involved in the market for large syndicated credits, the pattern of tightening reported on the survey is consistent with anecdotal reports suggesting that conditions in that market have deteriorated in recent weeks. Indeed, a couple of the large domestic respondents indicated in their comments that they were tightening terms in order to be able to syndicate the loans. In contrast, the survey suggests that the troubles in this sector have not greatly affected lending to small businesses.

Only two of the domestic banks indicated that their willingness to make consumer installment loans had risen over the past month. The other respondents reported no change. In August, a somewhat larger fraction of the respondents reported increased willingness to make such loans. Demand for consumer loans reportedly eased a bit, on net, since mid-August. By comparison, demand was unchanged, on net, in the August survey.

Real Gross Domestic Product and Related Items

(Percent change from previous period at compound annual rates; based on seasonally adjusted data, chain-type indexes)

		1996:Q4 to 1997:Q4	1998:Q1 Final	1998:Q2 Preliminary	1998:Q2 Final
1.	Gross domestic product	3.8	5.5	1.6	1.8
2.	Final sales	3.4	4.3	4.4	4.6
3.	Consumer spending	3.7	6.1	5.8	6.1
4.	Durables	7.4	15.8	11.1	11.2
5.	Nondurables	2.0	7.4	5.0	5.3
6.	Services	3.8	3.5	5.2	5.4
7.	Business fixed investment	9.8	22.2	12.6	12.8
8.	Producers' durable equipment	12.7	34.3	18.1	18.8
9.	Nonresidential structures	2.5	–4.9	–1.6	–2.3
10.	Residential investment	4.2	15.6	14.8	15.0
11.	Federal government consumption expenditures and investment	.6	–8.8	6.6	7.3
12.	State and local government consumption expenditures and investment	2.6	2.1	2.1	1.8
13.	Exports of goods and services	9.6	–2.8	–7.4	–7.7
14.	Imports of goods and services	14.0	15.7	10.0	9.3
	ADDENDA:				
15.	Nonfarm inventory investment [1]	58.8[2]	85.9	30.7	29.9
16.	Motor vehicles [1]	3.2[2]	2.4	–22.2	–22.5
17.	Excl. motor vehicles [1]	55.5[2]	83.5	52.9	52.4
18.	Farm inventory investment [1]	4.3[2]	5.3	8.8	8.7
19.	Net exports of goods and services [1]	–136.1[2]	–198.5	–246.3	–245.2
20.	Nominal GDP	5.6	6.4	2.5	2.7
21.	GDP price index	1.7	.9	.8	.9
22.	Profit share [3]	10.1[2]	9.9	9.7	9.7
23.	(Excluding FR banks)	9.8[2]	9.6	9.4	9.5
24.	Real disposable personal income	2.9	4.0	2.9	2.6
25.	Personal saving rate (percent)	2.1[2]	1.2	.6	.4

1. Level, billions of chained (1992) dollars.
2. Annual average.
3. Economic profits as a share of nominal GNP.

PERSONAL INCOME
(Average monthly change at an annual rate; billions of dollars)

	1996	1997	1997 Q4	1998 Q1	1998 Q2	1998 July	1998 Aug.
Total personal income	30.9	28.6	26.1	35.2	23.5	29.8	37.9
Wages and salaries	20.6	21.4	23.5	23.9	17.2	22.8	32.3
Private	19.0	19.5	22.1	21.0	15.0	20.8	30.5
Other labor income	-.6	1.1	1.5	1.4	.9	.9	.9
Proprietors' income	2.4	2.0	-.7	3.8	2.0	.3	1.1
Farm	.4	-.5	-2.0	-.8	.5	-3.7	-3.4
Rent	1.2	.2	.1	-.2	1.4	2.4	1.7
Dividend	3.6	.1	.2	.1	.2	.1	.4
Interest	1.3	1.9	.5	2.0	1.9	2.5	2.7
Transfer payments	3.8	3.5	2.6	6.7	1.2	2.3	1.3
Less: Personal contributions for social insurance	1.3	1.7	1.7	2.4	1.3	1.7	2.3
Less: Personal tax and nontax payments	8.6	8.8	9.1	12.8	9.4	5.3	9.5
Equals: Disposable personal income	22.3	19.8	16.9	22.4	14.2	24.4	28.5
Memo: Real disposable income[1]	10.9	12.0	11.9	21.0	8.2	13.3	19.1

1. Billions of chained (1992) dollars.

REAL PERSONAL CONSUMPTION EXPENDITURES
(Percent change from the preceding period)

	1997	1997 Q4	1998 Q1	1998 Q2	1998 July	1998 Aug.
		- - - Annual rate		- - -	Monthly rate	
Personal consumption expenditures	3.7	2.8	6.1	6.1	-.3	.5
Durable goods	7.4	3.1	15.8	11.2	-4.6	1.4
Excluding motor vehicles	9.4	6.4	19.8	7.1	.4	.8
Nondurable goods	2.0	-.4	7.4	5.3	.5	-.0
Excluding gasoline	2.1	-.3	7.9	5.8	.6	-.3
Services	3.8	4.3	3.5	5.4	.3	.6
Excluding energy	3.9	4.3	4.9	4.6	.4	.5
Memo:						
Personal saving rate (percent)	2.1	1.7	1.2	.4	.5	.3
Real disposable income[1]	2.9	2.9	4.0	2.6	.2	.4

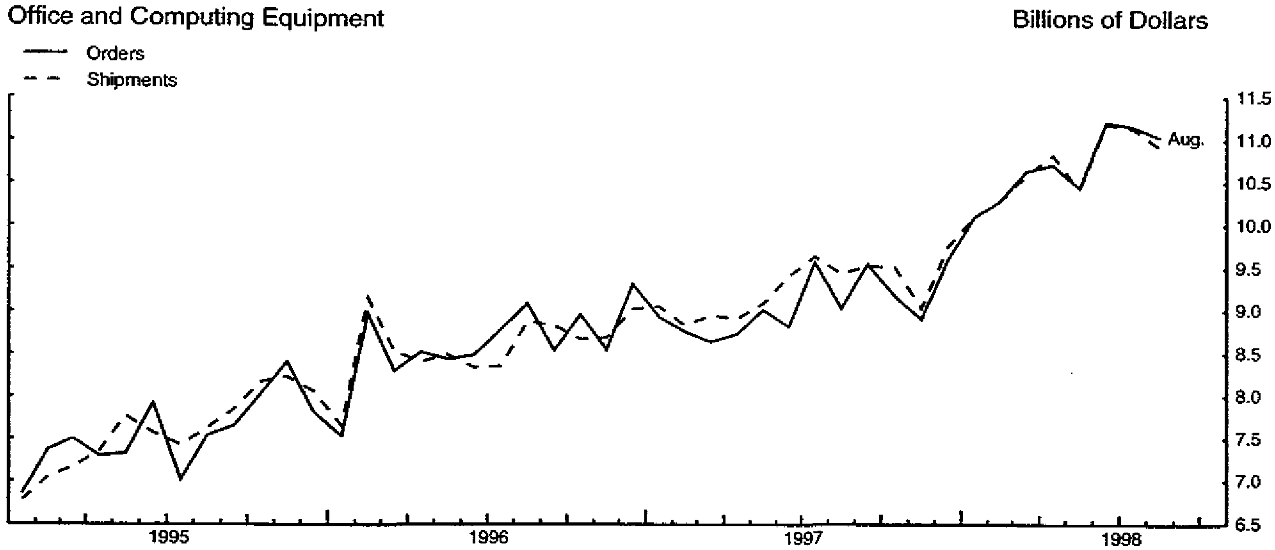
1. Percent changes derived from billions of chained (1992) dollars.

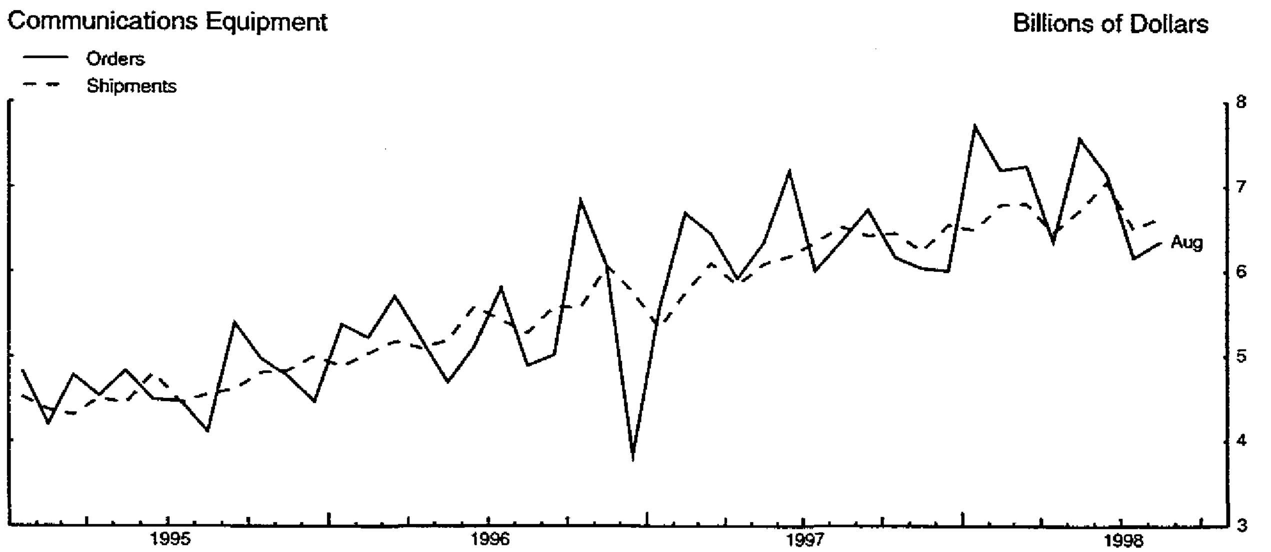
ORDERS AND SHIPMENTS OF DURABLE GOODS
(Percent change from comparable previous period, seasonally adjusted)

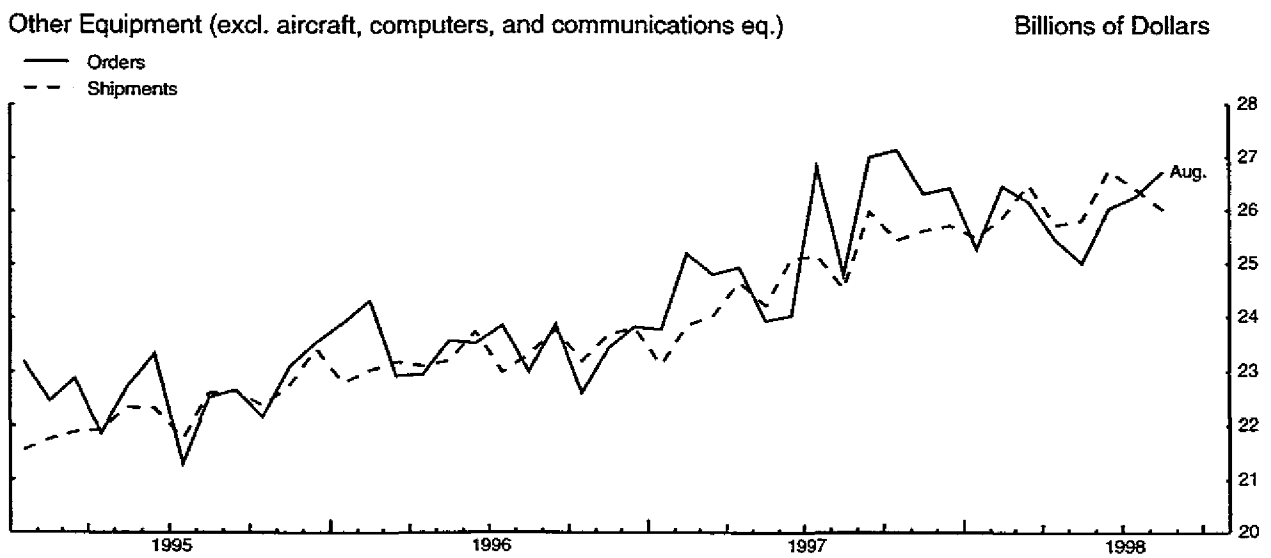
	1997	1998		1998		
	Q4	Q1	Q2	June	July (r)	Aug. (a)
Nondefense capital goods						
Orders	7.8	-1.9	-.1	.4	-.8	7.7
Aircraft and parts	59.8	-27.4	4.6	-14.7	6.1	47.8
Excluding aircraft and parts	-.1	4.2	-.9	3.2	-1.8	1.2
Office and computing	-1.7	12.1	4.3	7.3	-.5	-1.1
Communications equipment	-4.7	21.8	-4.9	-5.7	-13.8	3.1
All other	1.6	-2.5	-1.8	4.1	.9	1.8
Shipments	.1	4.6	1.4	3.6	-2.2	-.5
Aircraft and parts	-3.1	10.0	.3	-2.8	-2.8	2.9
Excluding aircraft and parts	.6	3.7	1.6	4.7	-2.1	-1.1
Office and computing	-1.1	9.5	4.7	7.4	-.4	-2.0
Communications equipment	-.3	4.4	.8	4.8	-7.9	2.3
All other	1.5	1.4	.6	3.6	-1.3	-1.5
Supplementary orders series						
Durable goods*	2.2	-.8	-.8	.1	1.9	1.6
Industries with unfilled orders	3.0	-.9	-.7	1.0	2.3	.6
Capital goods	7.6	-.7	-.6	.8	-.9	5.9
Nondefense	7.8	-1.9	-.1	.4	-.8	7.7
Defense	6.2	9.9	-4.8	4.8	-2.2	-10.7
Real adjusted durable goods	1.1	2.1	.7	3.1	2.9	-1.4

r--Revised.
a--Advance.
*--Contains industry detail not shown separately.

RECENT DATA ON ORDERS AND SHIPMENTS







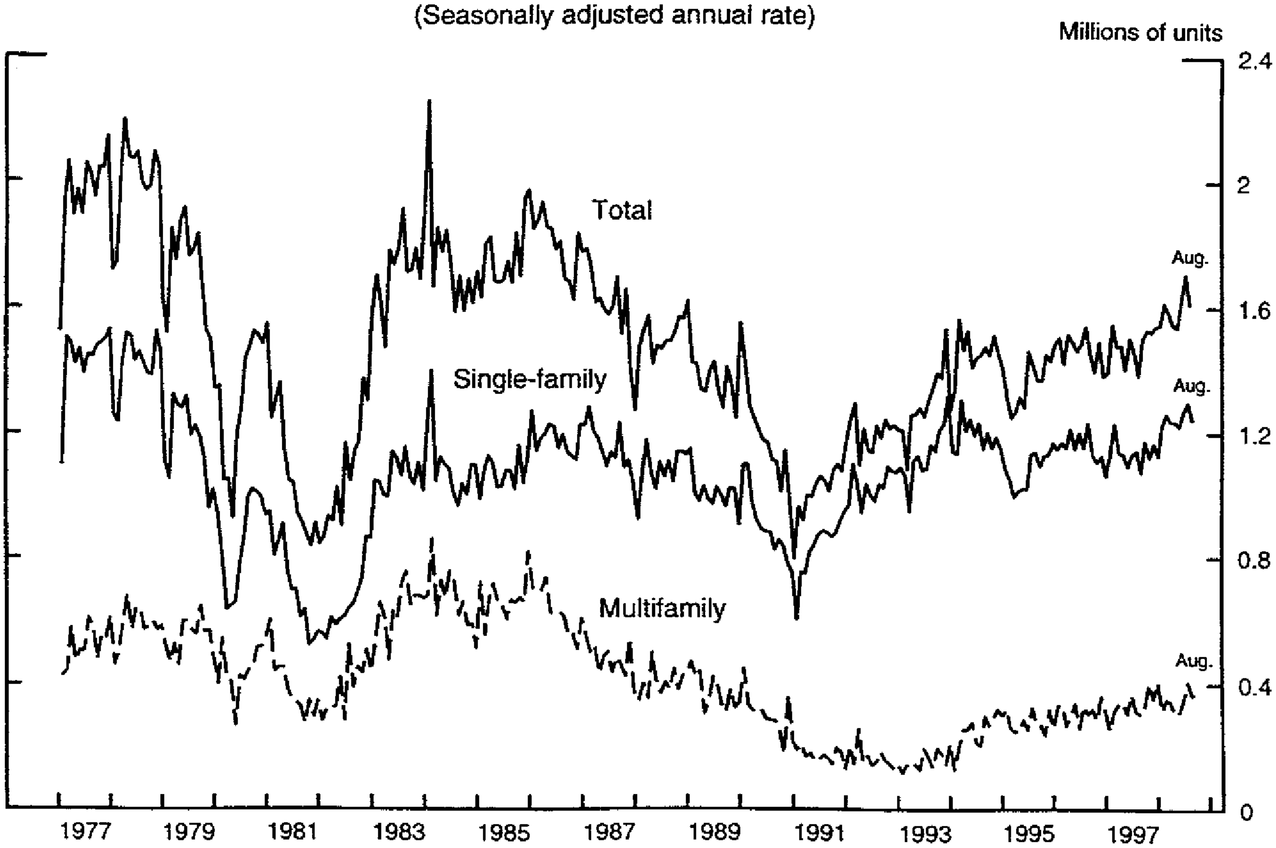
Private Housing Activity
(Millions of units; seasonally adjusted annual rate)

		1997	1998				
	1997	Q4	Q1	Q2[r]	June[r]	July[r]	Aug.[p]
All units							
Starts	1.47	1.53	1.58	1.57	1.62	1.71	1.61
Permits	1.44	1.48	1.59	1.53	1.52	1.58	1.62
Single-family units							
Starts	1.13	1.14	1.24	1.24	1.27	1.30	1.25
Permits	1.06	1.10	1.15	1.14	1.13	1.17	1.17
Adjusted permits[1]	1.14	1.18	1.24	1.23	1.23	1.26	1.25
New home sales	.80	.83	.86	.89	.90	.89	n.a.
Existing home sales	4.22	4.38	4.68	4.78	4.74	4.91	4.73
Multifamily units							
Starts	.34	.39	.34	.33	.35	.41	.37
Permits	.39	.38	.44	.38	.39	.41	.44
Mobile homes							
Shipments	.35	.35	.37	.37	.36	.36	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.

Private Housing Starts
(Seasonally adjusted annual rate)



CHANGES IN MANUFACTURING AND TRADE INVENTORIES
(Billions of dollars at annual rates;
based on seasonally adjusted data)

	1997	1998		1998		
	Q4	Q1	Q2	May	June	July
Book value basis						
Total	39.8	62.7	7.0	-6.4	5.9	.9
Excluding wholesale and retail motor vehicles	40.2	55.3	35.0	23.9	44.3	22.2
Manufacturing	15.6	23.3	19.0	12.7	11.7	15.0
Excluding aircraft	15.0	19.2	6.9	6.9	1.9	9.0
Wholesale	18.1	17.3	-.4	21.2	-2.2	-7.4
Excluding motor vehicles	19.5	11.5	10.9	28.9	6.3	.1
Retail	6.0	22.1	-11.5	-40.3	-3.6	-6.7
Auto dealers	.9	1.6	-16.6	-22.6	-29.9	-13.7
Excluding auto dealers	5.1	20.5	5.0	-17.7	26.3	7.0

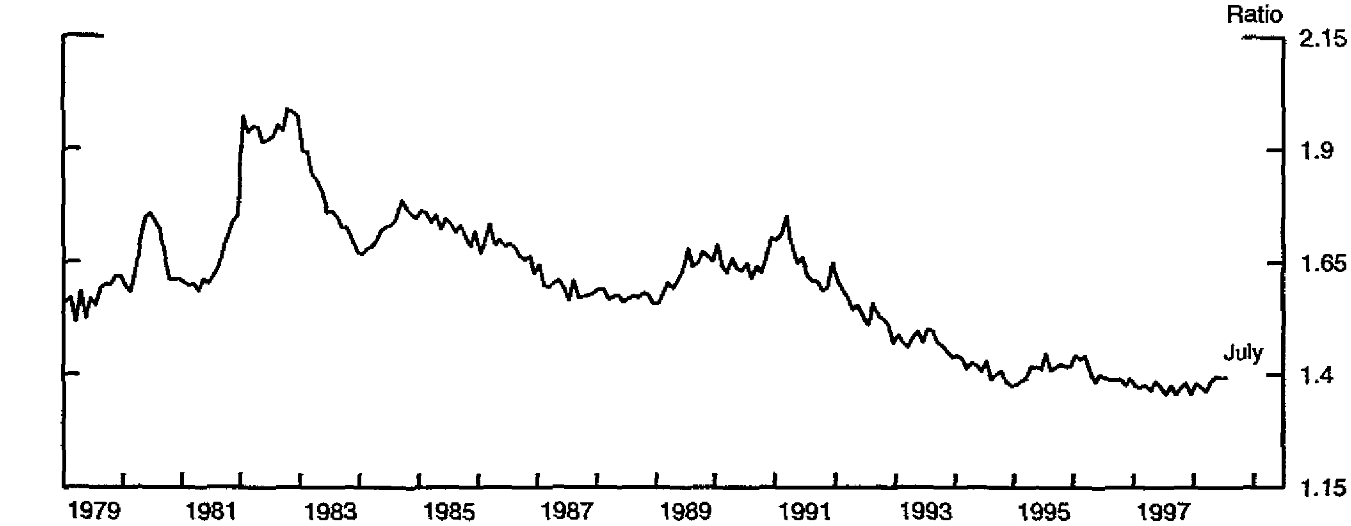
SELECTED INVENTORY-SALES RATIOS
(Months' supply, based on Census book-value data, seasonally adjusted)

	Cyclical reference points 1990-91 high	Cyclical reference points 1995-96 low	Range over preceding 12 months High	Range over preceding 12 months Low	July 1998
Manufacturing and trade	1.58	1.38	1.39	1.37	1.38
Less wholesale and retail motor vehicles	1.55	1.35	1.36	1.34	1.36
Manufacturing	1.75	1.38	1.40	1.36	1.39
Primary metals	2.08	1.49	1.64	1.53	1.65
Nonelectrical machinery	2.48	1.77	1.75	1.61	1.62
Electrical machinery	2.08	1.41	1.39	1.30	1.29
Transportation equipment	2.93	1.51	1.83	1.57	1.85
Motor vehicles	.97	.56	.64	.54	.62
Aircraft	5.84	4.44	5.12	4.34	4.96
Nondefense capital goods	3.09	2.27	2.33	2.12	2.19
Textiles	1.71	1.42	1.54	1.40	1.48
Chemicals	1.44	1.25	1.41	1.30	1.41
Petroleum	.94	.80	.89	.83	.89
Home goods & apparel	1.96	1.63	1.69	1.59	1.64
Merchant wholesalers	1.36	1.26	1.30	1.26	1.29
Less motor vehicles	1.31	1.22	1.28	1.23	1.28
Durable goods	1.83	1.55	1.62	1.56	1.58
Nondurable goods	.95	.91	.96	.92	.96
Retail trade	1.61	1.50	1.50	1.45	1.45
Less automotive dealers	1.48	1.43	1.42	1.40	1.40
Automotive dealers	2.22	1.69	1.77	1.56	1.60
General merchandise	2.42	2.20	2.11	2.00	2.03
Apparel	2.53	2.27	2.45	2.32	2.42
GAF	2.42	2.23	2.15	2.06	2.08

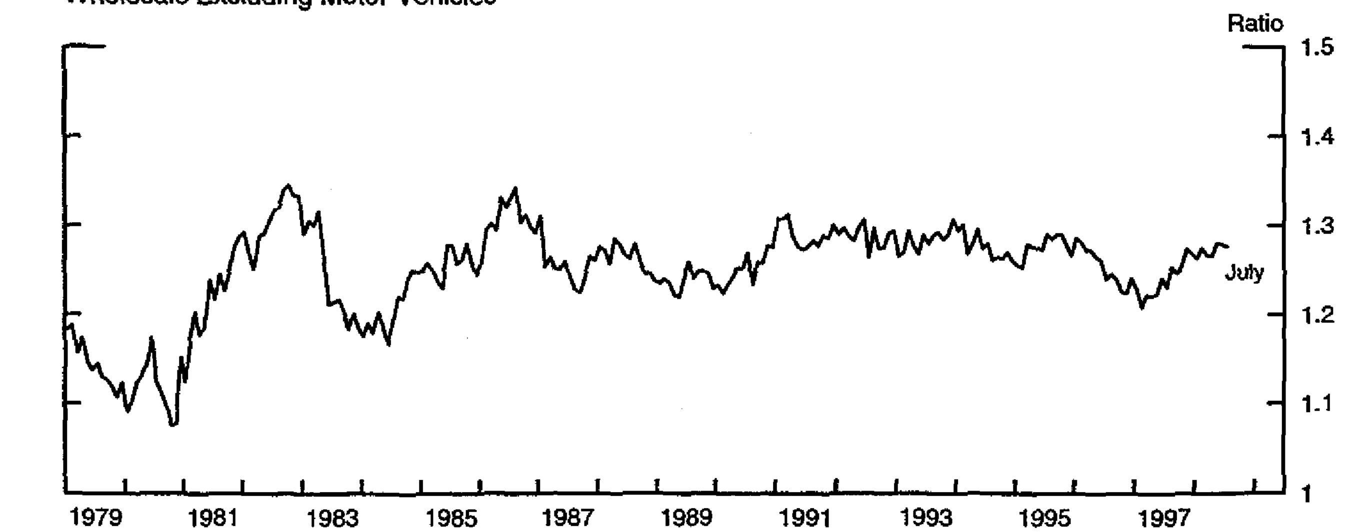
Inventory-Sales Ratios, by Major Sector

(Book value)

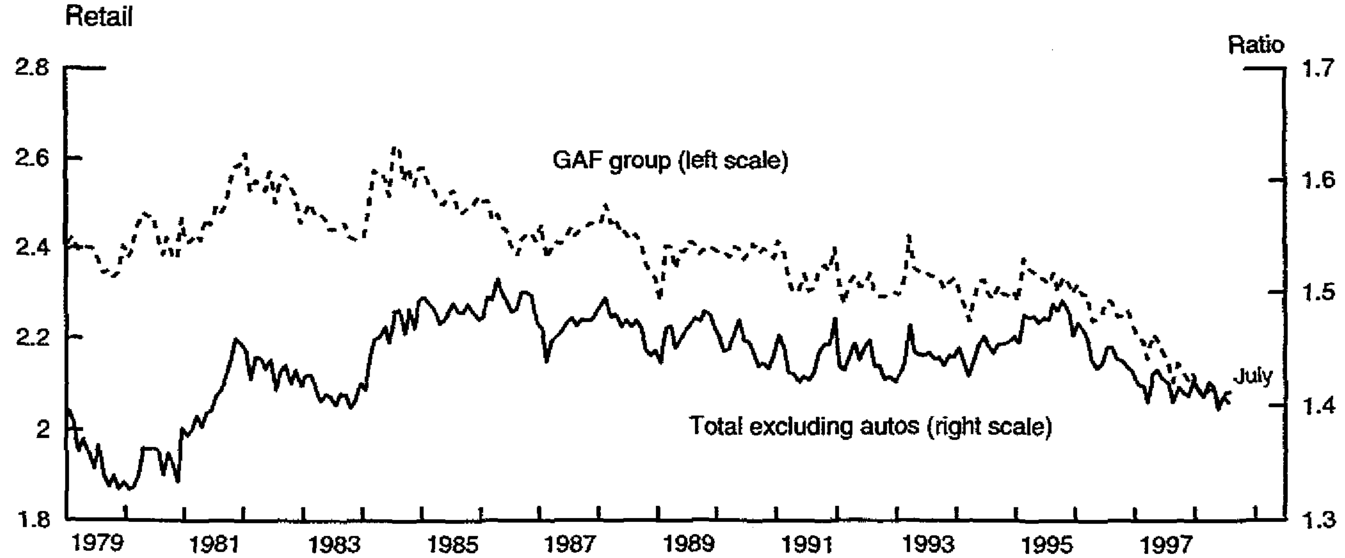
Manufacturing



Wholesale Excluding Motor Vehicles



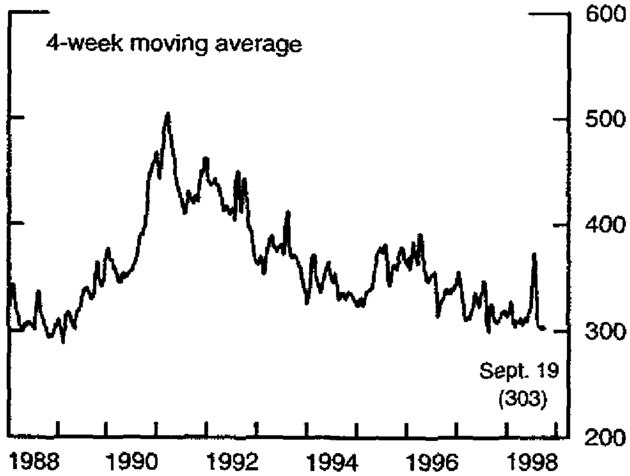
Retail



Labor Market Indicators

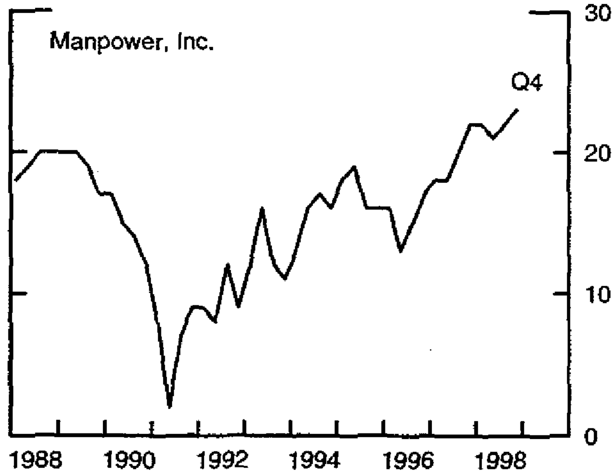
Initial Claims for Unemployment Insurance

Thousands



Note. State programs, includes EUC adjustment.

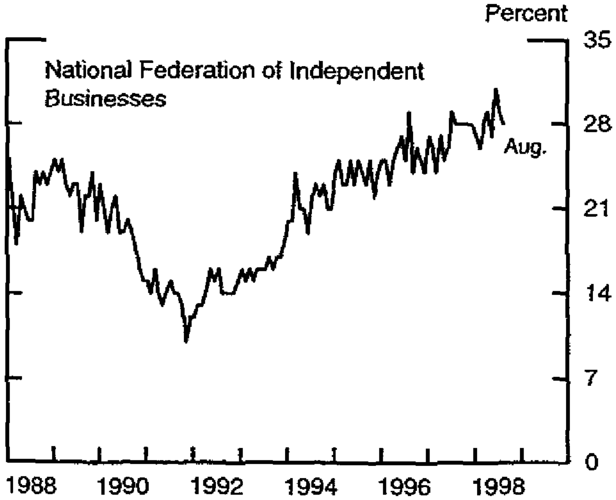
Net Hiring Strength



Note. Percent planning an increase in employment minus percent planning a reduction.

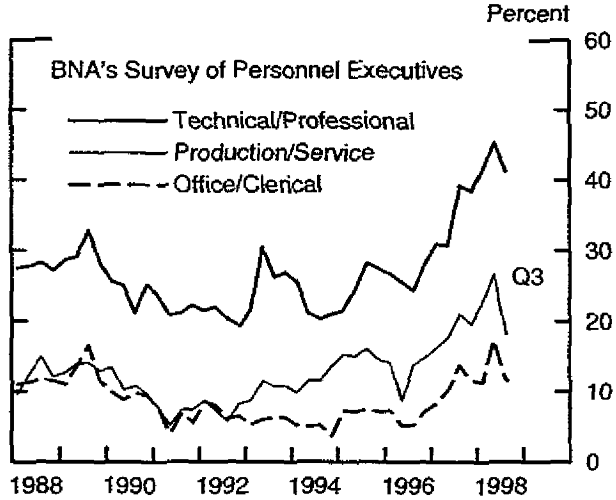
Reporting Positions Hard to Fill

Percent



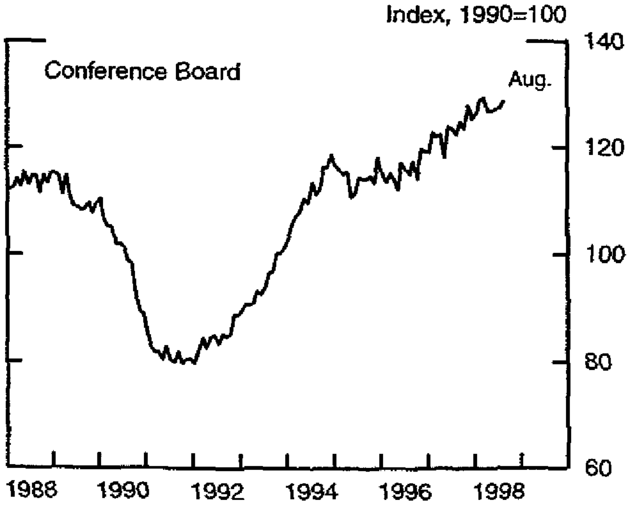
Reporting Positions Hard to Fill

Percent



Help Wanted Index

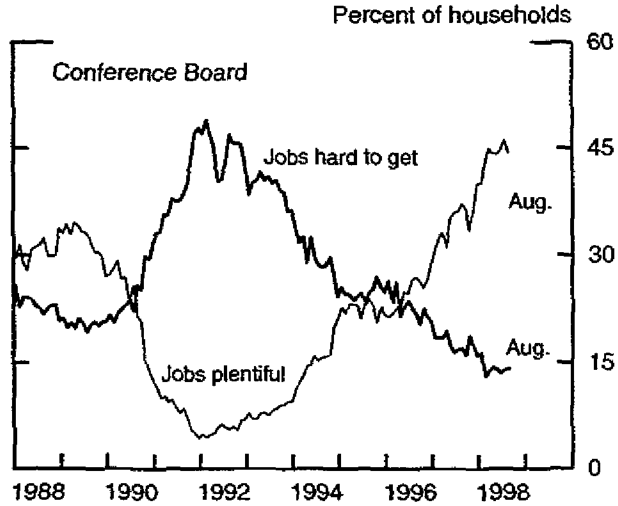
Index, 1990=100



Note. Series has been adjusted to take account of structural and institutional changes, including consolidation of newspaper industry and tendency to increase hiring through personnel supply agencies.

Current Job Availability

Percent of households



Selected Financial Market Quotations

(One-day quotes in percent except as noted)

Instrument	1997		1998		Change to Sept. 24 from selected dates (percentage points)		
	Sept. 30	Dec. 31	FOMC* Aug. 18	Sept. 24	Sept. 30	Dec. 31	FOMC* Aug. 18
Short-term							
Federal funds							
FOMC intended rate	5.50	5.50	5.50	5.50	.00	.00	.00
Realized rate [1]	5.51	5.44	5.55	5.42	-.09	-.02	-.13
Treasury bills [2]							
3-month	4.93	5.22	4.93	4.44	-.49	-.78	-.49
6-month	5.08	5.23	4.98	4.39	-.69	-.84	-.59
1-year	5.18	5.22	4.98	4.32	-.86	-.90	-.66
Commercial paper							
1-month	5.51	5.65	5.50	5.44	-.07	-.21	-.06
3-month	5.48	5.57	5.48	5.20	-.28	-.37	-.28
Large negotiable CDs [2]							
1-month	5.59	5.65	5.57	5.45	-.14	-.20	-.12
3-month	5.67	5.72	5.59	5.34	-.33	-.38	-.25
6-month	5.72	5.74	5.62	5.23	-.49	-.51	-.39
Eurodollar deposits [3]							
1-month	5.56	5.63	5.50	5.38	-.18	-.25	-.12
3-month	5.63	5.72	5.56	5.31	-.32	-.41	-.25
Bank prime rate	8.50	8.50	8.50	8.50	.00	.00	.00
Intermediate- and long-term							
U.S. Treasury (constant maturity)							
2-year	5.80	5.66	5.34	4.43	-1.37	-1.23	-.91
10-year	6.12	5.75	5.40	4.64	-1.48	-1.11	-.76
30-year	6.41	5.93	5.56	5.15	-1.26	-.78	-.41
U.S. Treasury 10-year indexed note	3.61	3.70	3.82	3.62	.01	-.08	-.20
Municipal revenue (Bond Buyer) [4]	5.63	5.40	5.34	5.17	-.46	-.23	-.17
Corporate bonds, Moody's seasoned Baa	7.66	7.28	7.14	7.06	-.60	-.22	-.08
High-yield corporate [5]	9.02	9.06	9.53	10.48	1.46	1.42	.95
Home mortgages (FHLMC survey rate) [6]							
30-year fixed	7.28	6.99	6.91	6.66	-.62	-.33	-.25
1-year adjustable	5.51	5.53	5.60	5.43	-.08	-.10	-.17

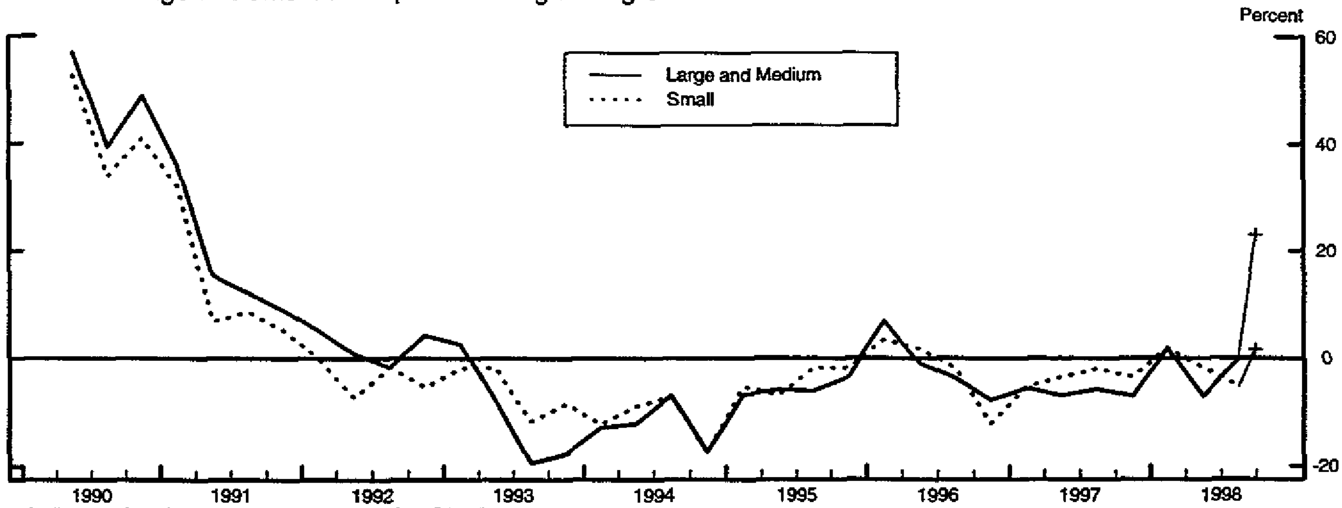
Stock exchange index	Record high		1997	1998		Change to Sept. 24 from selected dates (percent)		
	Level	Date	Dec. 31	FOMC* Aug. 18	Sept. 24	Record high	Dec. 31	FOMC* Aug. 18
Dow-Jones Industrial	9,337.97	7-17-98	7,908.25	8,574.85	8,001.99	-14.31	1.19	-6.68
S&P 500 Composite	1,186.75	7-17-98	970.43	1,083.67	1,042.72	-12.14	7.45	-3.78
NASDAQ (OTC)	2,014.25	7-20-98	1,570.35	1,818.04	1,720.34	-14.59	9.55	-5.37
Russell 2000	491.41	4-21-98	437.02	403.96	370.25	-24.66	-15.28	-8.34
Wilshire 5000	11,106.10	7-17-98	9,298.19	10,064.79	9,566.24	-13.86	2.88	-4.95

1. Average for two-week reserve maintenance period ending on or before date shown. Most recent observation is average for current maintenance period to date.
2. Secondary market.
3. Bid rates for Eurodollar deposits collected around 9:30 a.m. Eastern time.
4. Most recent Thursday quote.
5. Merrill Lynch Master II high-yield bond index composite.
6. For week ending Friday previous to date shown.

* Data are as of the close on August 17, 1998.

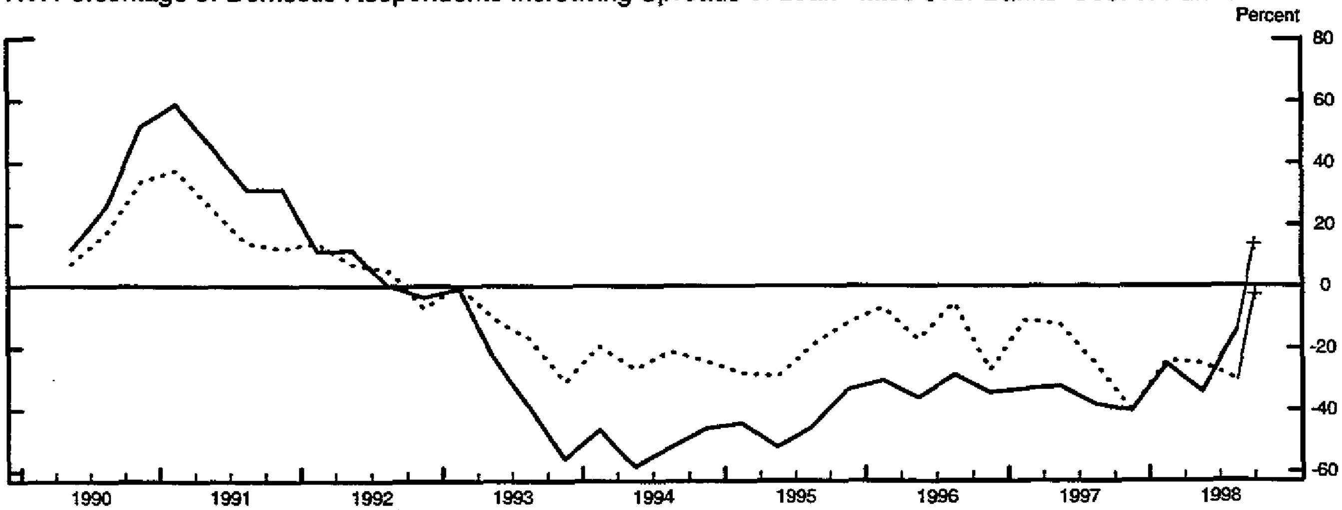
Measures of Supply and Demand for C&I Loans, by Size of Firm Seeking Loan

Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



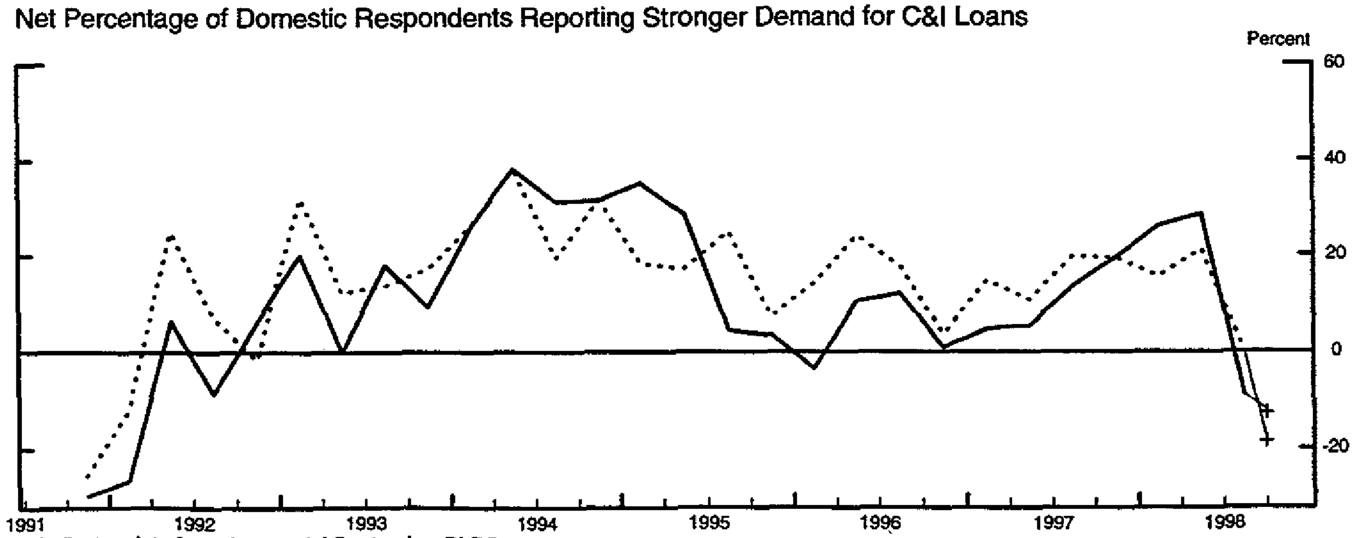
+ Indicates data from the special September BLPS

Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Cost of Funds



+ Indicates data from the special September BLPS

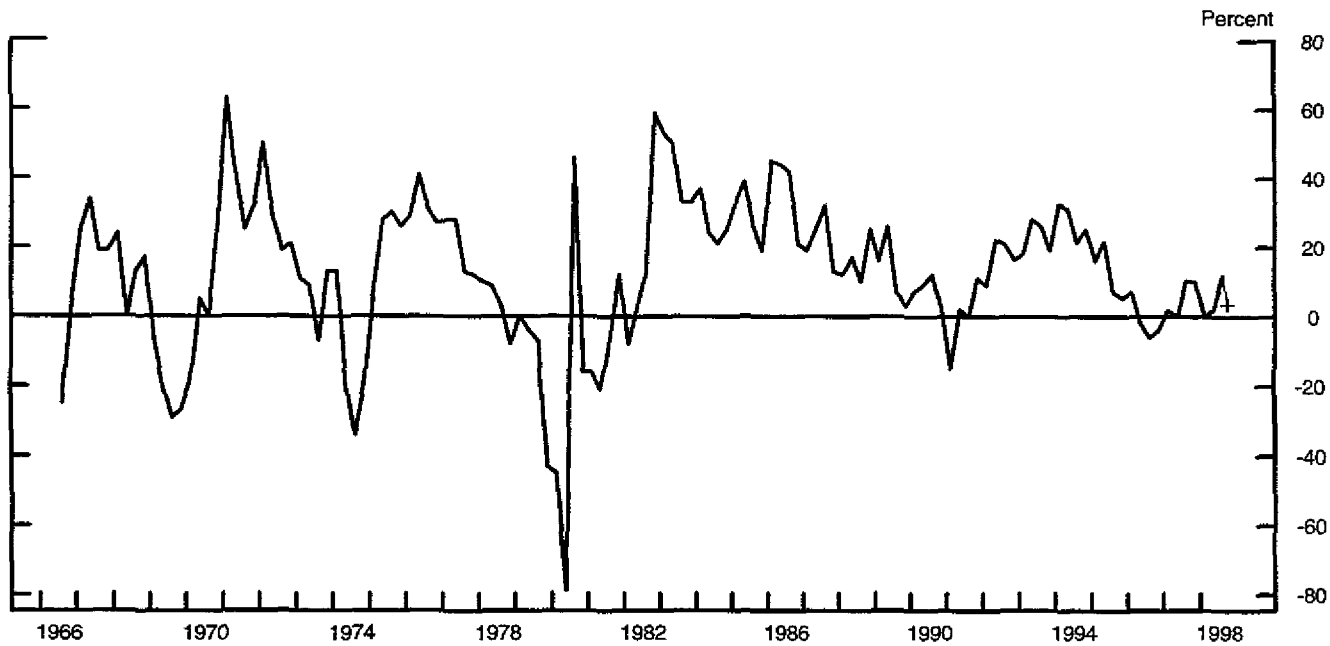
Net Percentage of Domestic Respondents Reporting Stronger Demand for C&I Loans



+ Indicates data from the special September BLPS

Measures of Supply and Demand for Loans to Households

Net Percentage of Domestic Respondents Indicating More Willingness to Make Consumer Installment Loans



+ Indicates data from the special September BLPS

Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans

+ Indicates data from the special September BLPS