

## **Prefatory Note**

The attached document represents the most complete and accurate version available based on original files from the FOMC Secretariat at the Board of Governors of the Federal Reserve System.

Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

June 20, 2008

# CURRENT ECONOMIC AND FINANCIAL CONDITIONS

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## **Supplemental Notes**

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### Commercial Bank Credit

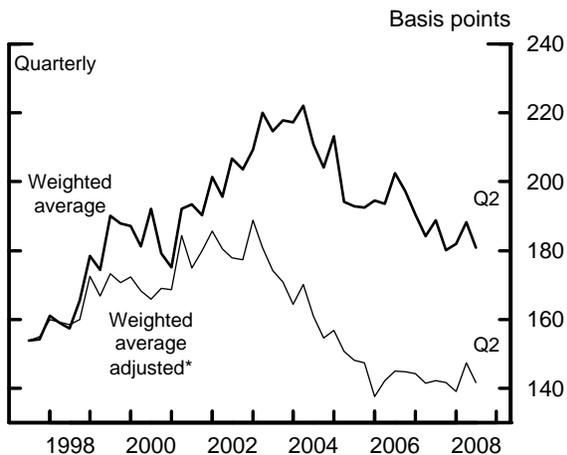
(Percent change, annual rate, except as noted; seasonally adjusted)

Type of credit	2007	H2 2007	Q4 2007	Q1 2008	Apr. 2008	May 2008	Level <sup>1</sup> May 2008
Total	10.4	10.9	9.4	6.7	-5.3	2.2	9,005
<i>Loans<sup>2</sup></i>							
Total	11.3	11.3	10.5	9.9	.2	2.7	6,817
To businesses							
Commercial and industrial	19.2	25.2	27.5	15.8	12.2	3.2	1,490
Commercial real estate	10.1	9.8	9.0	9.3	11.0	6.7	1,645
To households							
Residential real estate	5.8	-1.4	-5.4	5.5	2.0	-6.0	1,876
Revolving home equity	5.7	6.4	7.3	11.0	19.9	12.7	508
Other	5.8	-4.0	-9.6	3.5	-4.3	-12.8	1,369
Consumer	7.9	10.8	10.6	7.5	9.2	6.2	822
Originated <sup>3</sup>	7.2	9.4	8.4	7.7	9.5	8.1	1,237
Other <sup>4</sup>	16.7	20.8	20.9	12.4	-44.7	9.0	984
<i>Securities</i>							
Total	7.6	9.7	6.0	-2.7	-22.5	.8	2,188
Treasury and agency	-6.7	-6.6	-17.9	-7.4	-5.4	5.2	1,128
Other <sup>5</sup>	27.9	30.0	34.2	2.1	-39.8	-4.0	1,060

Note. Yearly annual rates are Q4 to Q4; quarterly and monthly annual rates use corresponding average levels. Data have been adjusted to remove the effects of mark-to-market accounting rules (FIN 39 and FAS 115), the initial consolidation of certain variable interest entities (FIN 46), the initial adoption of fair value accounting (FAS 159), and the effects of sizable thrift-to-bank and bank-to-thrift structure activity in October 2006, March 2007, and October 2007. Data also account for breaks caused by reclassifications.

1. Billions of dollars. Pro rata averages of weekly (Wednesday) levels.
2. Excludes interbank loans.
3. Includes an estimate of outstanding loans securitized by commercial banks.
4. Includes security loans and loans to farmers, state and local governments, and all others not elsewhere classified. Also includes lease financing receivables.
5. Includes private mortgage-backed securities; securities of corporations, state and local governments, and foreign governments; and any trading account assets that are not Treasury or agency securities.

C&I Loan Rate Spreads

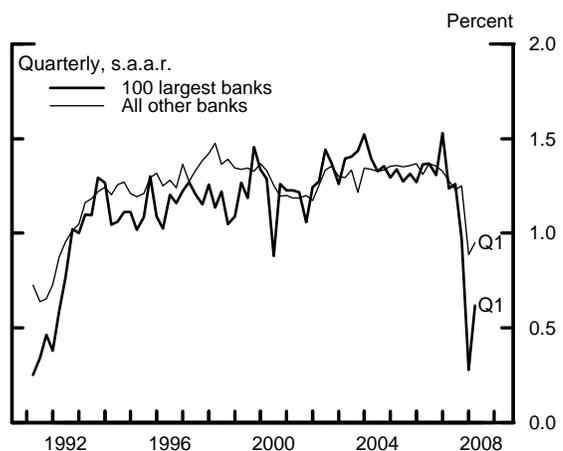


Note. Spreads over market interest rate on an instrument of comparable maturity on loans less than \$25 million (2006\$).

\*Adjusted for changes in nonprice loan characteristics.

Source. Survey of Terms of Business Lending.

Return on Assets at Commercial Banks



Source. Call Report.

III-T-1  
**Selected Financial Market Quotations**  
(One-day quotes in percent except as noted)

Instrument	2007		2008			Change to June 19 from selected dates (percentage points)		
	Aug. 6	Jan. 31	Apr. 29	June 19	2007 Aug. 6	2008 Jan. 31	2008 Apr. 29	
<i>Short-term</i>								
FOMC intended federal funds rate	5.25	3.00	2.25	2.00	-3.25	-1.00	-.25	
Treasury bills <sup>1</sup>								
3-month	4.74	1.92	1.44	1.87	-2.87	-.05	.43	
6-month	4.72	2.02	1.70	2.23	-2.49	.21	.53	
Commercial paper (A1/P1 rates) <sup>2</sup>								
1-month	5.26	2.95	2.50	2.36	-2.90	-.59	-.14	
3-month	5.29	2.98	2.83	2.72	-2.57	-.26	-.11	
Large negotiable CDs <sup>1</sup>								
3-month	5.34	3.01	2.84	2.78	-2.56	-.23	-.06	
6-month	5.27	2.93	2.98	3.17	-2.10	.24	.19	
Eurodollar deposits <sup>3</sup>								
1-month	5.33	3.15	2.90	2.70	-2.63	-.45	-.20	
3-month	5.35	3.15	3.15	2.95	-2.40	-.20	-.20	
Bank prime rate	8.25	6.00	5.25	5.00	-3.25	-1.00	-.25	
<i>Intermediate- and long-term</i>								
U.S. Treasury <sup>4</sup>								
2-year	4.49	2.16	2.28	2.94	-1.55	.78	.66	
5-year	4.52	2.83	3.11	3.70	-.82	.87	.59	
10-year	4.82	3.86	4.04	4.44	-.38	.58	.40	
U.S. Treasury indexed notes <sup>5</sup>								
5-year	2.43	.68	1.10	1.24	-1.19	.56	.14	
10-year	2.48	1.35	1.71	1.84	-.64	.49	.13	
Municipal general obligations (Bond Buyer) <sup>6</sup>	4.51	4.39	4.68	4.76	.25	.37	.08	
Private instruments								
10-year swap	5.44	4.23	4.39	4.86	-.58	.63	.47	
10-year FNMA <sup>7</sup>	5.34	4.28	4.53	5.01	-.33	.73	.48	
10-year AA <sup>8</sup>	6.12	5.62	6.01	6.51	.39	.89	.50	
10-year BBB <sup>8</sup>	6.57	6.39	6.82	7.06	.49	.67	.24	
10-year high yield <sup>8</sup>	9.21	9.80	9.80	9.95	.74	.15	.15	
Home mortgages (FHLMC survey rate)								
30-year fixed	6.59	5.68	6.06	6.42	-.17	.74	.36	
1-year adjustable	5.65	5.05	5.29	5.19	-.46	.14	-.10	

Stock exchange index	Record high		2008			Change to June 19 from selected dates (percent)		
	Level	Date	Jan. 31	Apr. 29	June 19	Record high	2008 Jan. 31	2008 Apr. 29
Dow Jones Industrial	14,165	10-9-07	12,650	12,832	12,063	-14.84	-4.64	-5.99
S&P 500 Composite	1,565	10-9-07	1,379	1,391	1,343	-14.20	-2.59	-3.46
Nasdaq	5,049	3-10-00	2,390	2,426	2,462	-51.23	3.02	1.48
Russell 2000	856	7-13-07	713	719	738	-13.78	3.44	2.63
Wilshire 5000	15,807	10-9-07	13,897	14,033	13,759	-12.96	-.99	-1.95

1. Secondary market.
2. Financial commercial paper.
3. Bid rates for Eurodollar deposits collected around 9:30 a.m. eastern time.
4. Derived from a smoothed Treasury yield curve estimated using off-the-run securities.
5. Derived from a smoothed Treasury yield curve estimated using all outstanding securities and adjusted for the carry effect.
6. Most recent Thursday quote.
7. Constant-maturity yields estimated from Fannie Mae domestic noncallable coupon securities.
8. Derived from smoothed corporate yield curves estimated using Merrill Lynch bond data.

NOTES:

August 6, 2007, is the day before the August 2007 FOMC meeting.  
January 31, 2008, is the day after the January 2008 FOMC meeting.  
April 29, 2008, is the day before the most recent FOMC monetary policy announcement.