

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.

October 30, 2009

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

The Domestic Nonfinancial Economy 1

Real Gross Domestic Product 1

Consumer Spending 3

Prices and Labor Costs 6

Tables and Charts

Real Gross Domestic Product and Related Items 2

Output per Hour 3

Real Personal Consumption Expenditures 4

Fundamentals of Household Spending 5

Price Measures 8

Consumer Prices 9

Broad Measures of Inflation/Surveys of Inflation Expectations 10

Hourly Compensation and Unit Labor Costs 11

Change in Employment Cost Index of Hourly Compensation for
Private-Industry Workers/Change in ECI Benefits (unpublished) 12

The Domestic Financial Economy 7

Tables

Commercial Bank Credit 13

Selected Financial Market Quotations 14

Supplemental Notes

The Domestic Nonfinancial Economy

Real Gross Domestic Product

According to the BEA's advance release, real GDP moved up at an annual rate of 3½ percent in the third quarter following a decline at a ¾ percent rate in the second quarter. The BEA's third-quarter estimate somewhat exceeded our expectation, as stronger-than-anticipated estimate of private inventory investment more than offset a weaker-than-expected final sales.

Final sales accelerated in the third quarter, increasing at an annual rate of 2½ percent after having risen at a ¾ percent rate in the second quarter. This acceleration was driven by private domestic expenditures, which turned up in most categories following second-quarter declines. Real personal consumer expenditures increased at an annual rate of 3½ percent in the third quarter after having fallen at an annual rate of 1.0 percent in the second quarter—a swing that was particularly pronounced in the durable goods category because of the temporary boost to motor vehicle purchases from the “cash-for-clunkers” program. Residential investment spending also turned up in the third quarter, rising at an annual rate of nearly 25 percent, following 14 consecutive quarterly declines. Though expenditures on business fixed investment continued to contract in the third quarter, the rate of spending decline moderated a fair bit, in part as a result of a small upturn in outlays on equipment and software. In the government sector, federal spending posted another strong quarterly increase, at an annual rate of 7.9 percent, while spending at the state and local level edged lower. In the external sector, imports of goods and services were estimated to have increased at an annual rate of 16-½ percent in the third quarter and exports to have risen at an annual rate of almost 15 percent. On net, trade in goods and services subtracted about ½ percentage point from the change in real GDP reported in the advance third-quarter estimate after having boosted the second-quarter change by more than 1½ percentage points.

The BEA estimated that a slower pace of private inventory liquidation contributed about a percentage point to the change in real GDP in the third quarter: Real private inventories fell at an annual rate of \$131 billion following a \$160 billion decline in the preceding three-month period.

On the income side of the accounts, real disposable personal income fell at an annual rate of 3½ percent in the third quarter, retracing much of a second-quarter increase that had been augmented by one-time economic recovery payments of \$250 to beneficiaries of

Real Gross Domestic Product and Related Items
(Percent change from previous period at a compound annual rate;
based on seasonally adjusted data, chain-type quantity indexes)

Item	2009:Q1 Third	2009:Q2 Third	2009:Q3 Advance
Gross Domestic Product	-6.4	-.7	3.5
Final sales	-4.1	.7	2.5
Consumer spending	.6	-.9	3.4
Goods	2.5	-3.1	8.1
Durables	3.9	-5.6	22.3
Nondurables	1.9	-1.9	2.0
Services	-.3	.2	1.2
Business fixed investment	-39.2	-9.6	-2.5
Nonresidential structures	-43.6	-17.3	-9.0
Equipment and software	-36.4	-4.9	1.1
Residential investment	-38.2	-23.3	23.4
Federal government	-4.3	11.4	7.9
State and local government	-1.5	3.9	-1.1
Exports of goods and services	-29.9	-4.1	14.7
Imports of goods and services	-36.4	-14.7	16.4
<i>ADDENDA:</i>			
Inventory investment ¹	-113.9	-160.2	-130.8
Net exports of goods and services ¹	-386.5	-330.4	-348.3
Nominal GDP	-4.6	-.8	4.3
Nominal GDI	-5.9	-2.6	n.a.
Statistical discrepancy ²	185.4	249.8	n.a.
Change in economic profits ²	59.1	43.8	n.a.
Profit share ³	8.3	8.6	n.a.
Real disposable personal income	.2	3.8	-3.4
Personal saving rate (percent)	3.7	4.9	3.3

1. Level, billions of chained (2005) dollars.

2. Billions of dollars.

3. Economic profits as a share of GNP.

n.a. not available.

Source: Bureau of Economic Analysis.

Social Security and other retirement programs. The personal saving rate fell to 3.3 percent in the third quarter after having jumped to 4.9 percent in the second quarter. According to the BEA, nonfarm business output rose at an annual rate of 4.0 percent in the third quarter; this implies that nonfarm business productivity increased at an annual rate of 7½ percent in the third quarter following an increase at a 7 percent rate in second quarter.

Output per Hour
(Percent change from preceding period at an annual rate;
seasonally adjusted)

Sector	2007:Q3 to 2008:Q3	2008:Q3 to 2009:Q3 ¹	2008	2009		
			Q4	Q1	Q2	Q3 ¹
Nonfarm business						
All persons	1.2	3.8	.8	.3	7.0	7.5
All employees ²	.8	3.7	-1.0	1.1	7.7	7.2

1. Staff estimates.

2. Assumes that the growth rate of hours of non-employees equals the growth rate of hours of employees.

Source: For output, U.S. Dept. of Commerce, Bureau of Economic Analysis; for hours, U.S. Dept. of Labor, Bureau of Labor Statistics.

Consumer Spending

Real PCE fell 0.6 percent in September after jumping in August. For the third quarter as a whole, PCE moved up at an annual rate of about 3½ percent. The recent monthly volatility was the result of swings in motor vehicle sales during and after the government's cash-for-clunkers program. Real outlays for other goods and services moved up by a robust ¼ percent per month, on average, in the third quarter. While the spending gains were broad-based across the various categories of goods and services, the increases for furniture, electronics, and other durable goods were especially pronounced. Real disposable personal income was reported to have fallen for the fourth consecutive month in September.

The final October reading from the Reuters/University of Michigan survey indicated that consumer sentiment edged down relative to September and remained at a level consistent with only sluggish gains in spending.

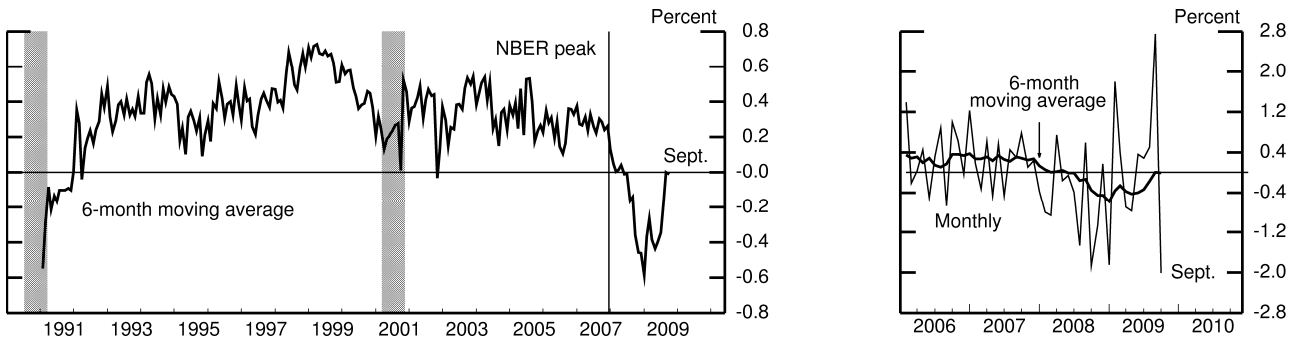
Real Personal Consumption Expenditures (Percent change from preceding comparable period)

Category	2009			2009		
	Q1	Q2	Q3	July	Aug.	Sept.
	Annual rate			Monthly rate		
Total real PCE	.6	-.9	3.4	.2	1.0	-.6
Motor vehicles	9.5	-6.3	69.1	6.4	19.7	-23.0
Goods ex. motor vehicles	2.0	-2.8	3.9	.0	1.2	.3
Services	-.3	.2	1.2	.0	.2	.1
Ex. energy	-.2	.7	1.3	.1	.2	.1
Memo:						
Real PCE control ¹	1.3	-2.5	3.2	.0	.9	.3
Nominal retail control ²	1.9	-2.8	1.7	-.2	.7	.5

1. Durables excluding motor vehicles, nondurables excluding gasoline, and food services.
 2. Total sales less outlays at building material and supply stores, automobile and other motor vehicle dealers, and gasoline stations.

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

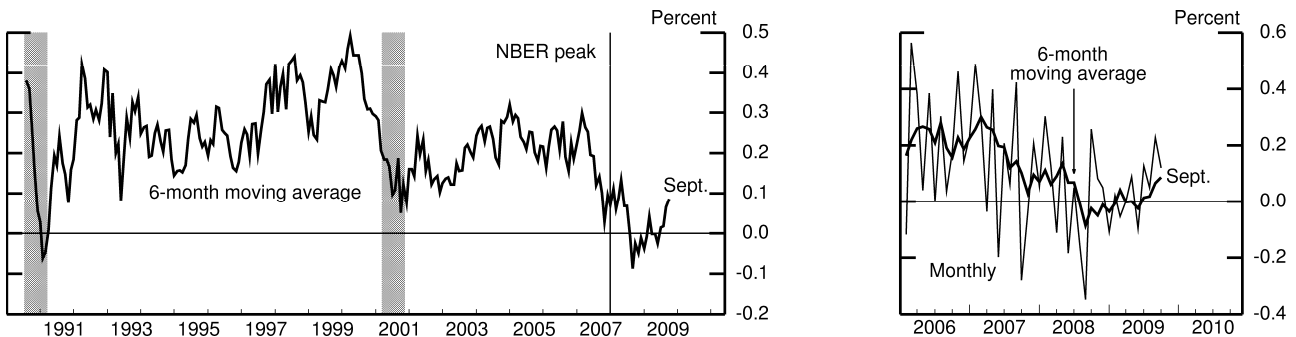
Change in Real PCE Goods



Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER). The NBER peak is the last business cycle peak as defined by the NBER.

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

Change in Real PCE Services

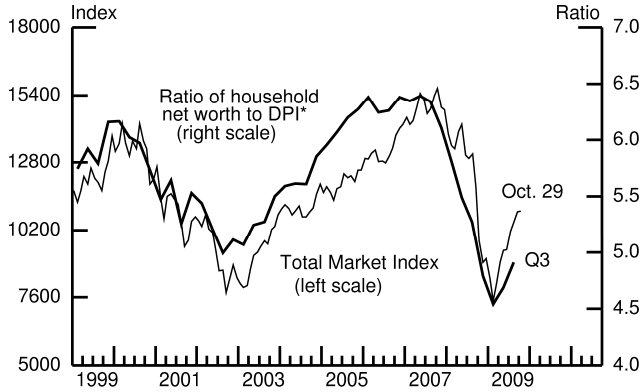


Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER). The NBER peak is the last business cycle peak as defined by the NBER.

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

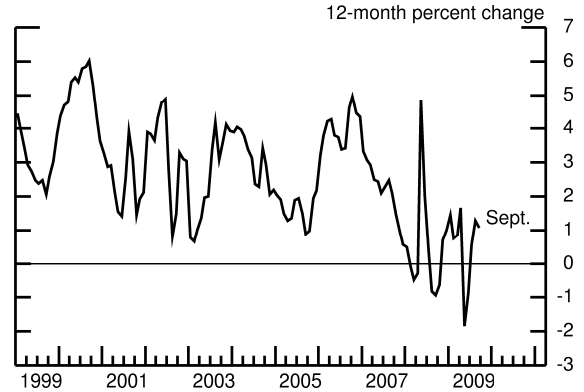
Fundamentals of Household Spending

Household Net Worth and Dow Jones Total Market Index



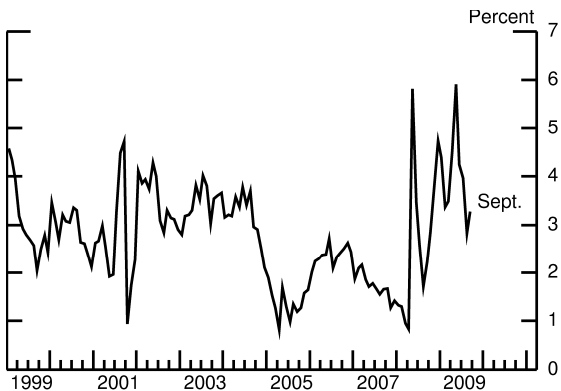
* The value for 2004:Q4 excludes the effect on income of the one-time Microsoft dividend in December 2004.
 Source: Federal Reserve Board; U.S. Department of Commerce, Bureau of Economic Analysis; *Wall Street Journal*.

Change in Real Disposable Personal Income



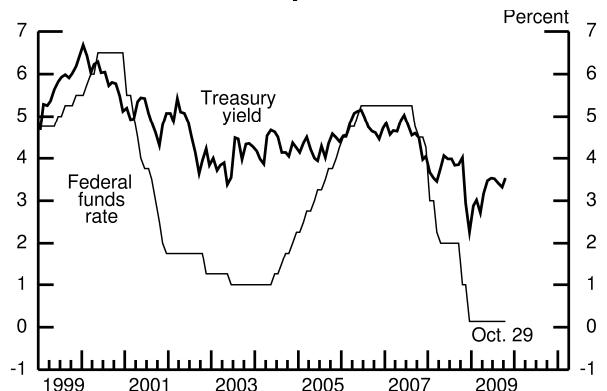
Note: Values for December 2004 and December 2005 exclude the effect on income of the one-time Microsoft dividend in December 2004.
 Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Personal Saving Rate



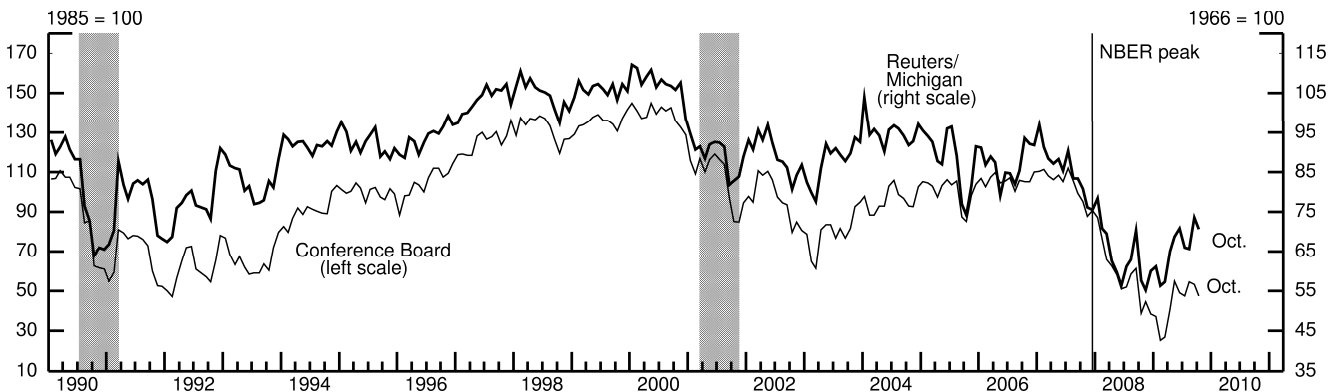
Note: The value for December 2004 excludes the effect on income of the one-time Microsoft dividend in that month.
 Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Target Federal Funds Rate and 10-Year Treasury Yield



Source: Federal Reserve Board.

Consumer Confidence



Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER). The NBER peak is the last business cycle peak as defined by the NBER.
 Source: Reuters/University of Michigan Surveys of Consumers; Conference Board.

Prices and Labor Costs

The latest monthly readings on PCE prices came in broadly similar to our estimates in the October Greenbook and indicate that consumer price inflation has remained subdued in recent months. Both total and core PCE prices edged up 0.1 percent in September. Broader measures of inflation also showed a deceleration in prices over the past year. The change in GDP prices over the four quarters ending in 2009:Q3 was only $\frac{3}{4}$ percent compared with the increase of $2\frac{1}{2}$ percent over four quarters ending a year earlier. GDP prices excluding food and energy also decelerated over that period, reflecting a drop in core PCE inflation and a deceleration in both residential and business fixed investment prices.

After decelerating sharply in the first half of the year, measures of labor costs rebounded in the third quarter, posting moderate rates of increase. Based on the most recent NIPA data, we estimate that compensation per hour in the nonfarm business sector (as published in the productivity and cost release) increased at an annual rate of nearly 2 percent in the third quarter after decreasing at an annual rate of $2\frac{1}{4}$ percent in the first half. The fall in this measure of compensation per hour in the first half included a drop of $4\frac{3}{4}$ percent (annual rate) in the first quarter, which may have reflected a steep decline in bonus payments; a similar drop in bonuses reported in the employment cost index (ECI).

Following an increase at an annual rate of only $\frac{3}{4}$ percent over the first half of the year, the ECI for private industry workers increased at an annual rate of $1\frac{3}{4}$ percent over the three months ending in September. The ECI index for wages and salaries, which increased at an annual rate of $1\frac{3}{4}$ percent over the three months ending September, was boosted by gains in several industry categories such as retail trade, accommodation and food services, and other services, which may reflect the increase in the minimum wage in July. The ECI index for benefits rose more slowly, increasing at an annual rate of 1 percent over the three months ending in September, as increases in a number of components were partially offset by declines in the retirement and savings, state unemployment, and workers' compensation components.

According to the ECI, employer contributions for health insurance rose $4\frac{3}{4}$ percent over the 12 months ending in September, up from a rise of 4 percent over the preceding year. Taken together, the available indicators thus far provide no evidence that any dramatic change in the rate of increase of health insurance costs is in the offing. Private surveys—which typically show somewhat larger increases than the ECI—suggest that overall premiums (that is, the shares paid by both employers and employees) will rise in the neighborhood of 6 to 7 percent in 2010, just a bit above the survey results for 2009.

Among the major plans for public employees, premiums in the Federal Employees Health Benefits Program are expected to increase 7½ percent, on average, in 2010 after a rise of 6½ percent in 2009. The premiums for the California Public Employees' Retirement System are expected to move up 3 percent in 2010 after a 5 percent increase in 2009.

The Domestic Financial Economy

Tables attached

Price Measures
(Percent change)

Measures	12-month change		3-month change		1-month change	
	Sept. 2008	Sept. 2009	Annual rate		Monthly rate	
			June 2009	Sept. 2009	Aug. 2009	Sept. 2009
<i>CPI</i>						
Total	4.9	-1.3	3.3	2.5	.4	.2
Food	6.2	-.2	-1.5	-1.1	.1	-.1
Energy	23.1	-21.6	22.1	21.1	4.6	.6
Ex. food and energy	2.5	1.5	2.4	1.3	.1	.2
Core goods	.5	1.6	4.1	.9	-.3	.3
Core services	3.2	1.5	1.8	1.4	.2	.1
Shelter	2.4	.7	1.4	-.1	.1	.1
Other services	4.5	2.6	2.1	4.0	.4	.3
Memo: core ex. tobacco	2.4	1.2	2.0	1.1	.1	.2
Chained CPI (n.s.a.) ¹	4.2	-1.4	...	...	...	...
Ex. food and energy ¹	2.0	1.1	...	...	...	...
<i>PCE prices</i>						
Total	4.1	-.5	2.8	2.0	.3	.1
Food and bev. at home	7.0	-1.4	-2.8	-2.8	.1	-.4
Energy	24.5	-22.6	26.9	23.6	5.1	.8
Ex. food and energy	2.5	1.3	2.0	1.3	.1	.1
Core goods	.6	1.3	2.7	.0	-.2	.3
Core services	3.2	1.3	1.8	1.7	.2	.1
Housing services	2.7	1.4	1.4	-.4	.1	-.1
Other services	3.3	1.3	2.0	2.4	.2	.1
Memo: core ex. tobacco	2.5	1.0	1.7	1.2	.1	.1
Core market-based	2.6	1.6	2.0	1.1	.1	.1
Core non-market-based	2.1	-.7	2.6	2.4	.1	.2
<i>PPI</i>						
Total finished goods	8.8	-4.8	9.0	1.2	1.7	-.6
Food	7.8	-4.2	4.4	-4.9	.4	-.1
Energy	23.4	-22.1	40.8	12.0	8.0	-2.4
Ex. food and energy	4.0	1.8	2.1	.0	.2	-.1
Core consumer goods	4.2	2.2	2.4	.0	.1	-.1
Capital equipment	3.6	1.2	1.3	.0	.3	-.1
Intermediate materials	15.3	-11.7	6.8	7.2	1.8	.2
Ex. food and energy	11.8	-7.5	-2.1	7.2	.6	.9
Crude materials	24.2	-31.5	54.4	-11.3	3.8	-2.1
Ex. food and energy	16.4	-19.7	37.3	63.3	6.0	3.6

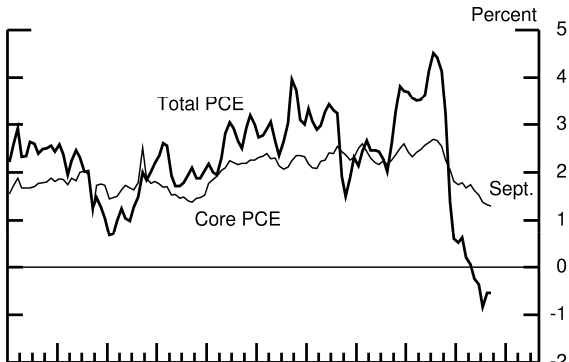
1. Higher-frequency figures are not applicable for data that are not seasonally adjusted (n.s.a.).

... Not applicable.

Source: For consumer price index (CPI) and producer price index (PPI), U.S. Dept. of Labor, Bureau of Labor Statistics; for personal consumption expenditures (PCE), U.S. Dept. of Commerce, Bureau of Economic Analysis.

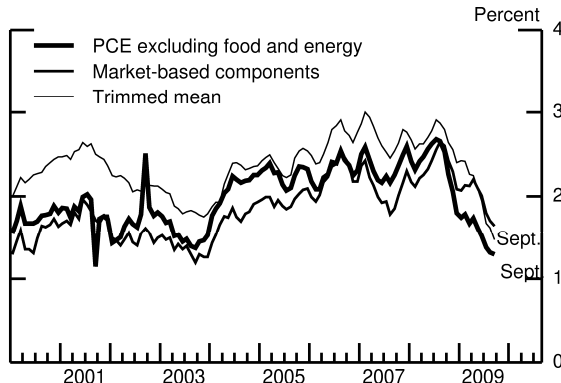
Consumer Prices (12-month change except as noted)

PCE Prices



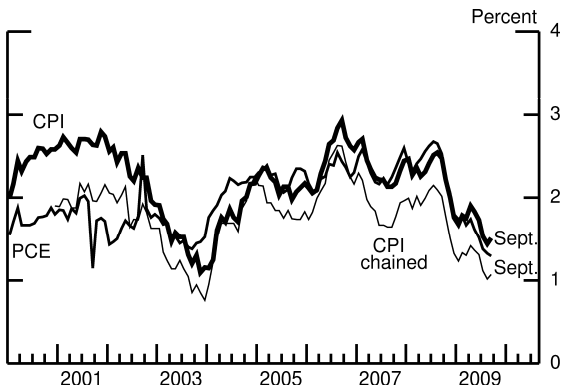
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Measures of Core PCE



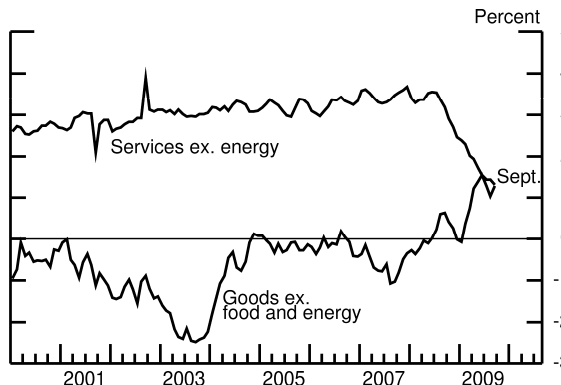
Source: For trimmed mean, Federal Reserve Bank of Dallas; for all else, U.S. Dept. of Commerce, Bureau of Economic Analysis.

CPI and PCE ex. Food and Energy



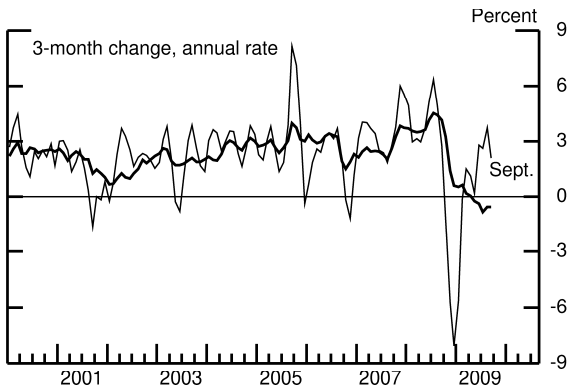
Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for PCE, U.S. Dept. of Commerce, Bureau of Economic Analysis.

PCE Goods and Services



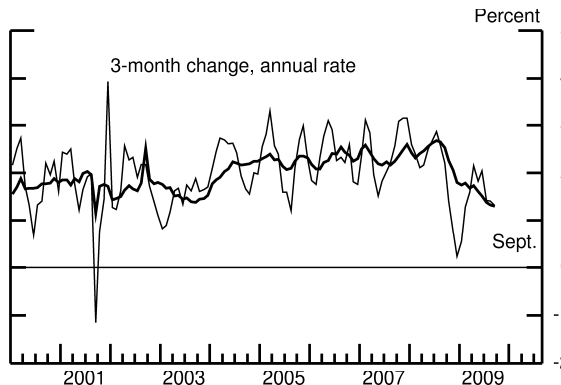
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Total PCE



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

PCE excluding Food and Energy



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

Broad Measures of Inflation
(Percent change, Q3 to Q3)

Measure	2006	2007	2008	2009
<i>Product prices</i>				
GDP price index	3.3	2.6	2.5	.7
Less food and energy	3.3	2.6	2.7	.3
Nonfarm business chain price index	3.0	2.1	1.9	.8
<i>Expenditure prices</i>				
Gross domestic purchases price index	3.4	2.6	4.0	-.8
Less food and energy	3.2	2.6	2.9	.2
PCE price index	2.8	2.3	4.3	-.6
Less food and energy	2.5	2.2	2.6	1.3
PCE price index, market-based components	2.9	2.0	4.6	-.6
Less food and energy	2.5	1.9	2.6	1.7
CPI	3.3	2.3	5.2	-1.6
Less food and energy	2.8	2.1	2.5	1.5
Chained CPI	3.1	2.0	4.5	-1.6
Less food and energy	2.6	1.7	2.1	1.1
Median CPI	3.0	2.9	3.2	1.7
Trimmed mean CPI	2.8	2.5	3.6	1.1
Trimmed mean PCE	2.8	2.5	2.9	1.6

Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for median and trimmed mean CPI, Federal Reserve Bank of Cleveland; for all else, U.S. Dept. of Commerce, Bureau of Economic Analysis.

Surveys of Inflation Expectations
(Percent)

Period	Actual CPI inflation ¹	Reuters/Michigan Survey				Professional forecasters (10 years) ⁴	
		1 year ²		5 to 10 years ³		CPI	PCE
		Mean	Median	Mean	Median		
2007:Q4	4.0	4.1	3.3	3.3	2.9	2.4	2.1
2008:Q1	4.1	4.2	3.8	3.3	3.0	2.5	2.2
Q2	4.4	6.4	5.0	3.8	3.3	2.5	2.2
Q3	5.3	5.4	4.7	3.6	3.1	2.5	2.2
Q4	1.6	3.0	2.8	2.9	2.8	2.5	2.2
2009:Q1	.0	2.4	2.0	3.3	2.9	2.4	2.2
Q2	-1.2	3.4	2.9	3.1	2.9	2.5	2.3
Q3	-1.6	3.1	2.6	3.2	2.9	2.5	2.2
2009:June	-1.4	3.9	3.1	3.2	3.0	...	...
July	-2.1	3.6	2.9	3.4	3.0	...	...
Aug.	-1.5	3.0	2.8	3.1	2.8	2.5	2.2
Sept.	-1.3	2.8	2.2	3.2	2.8	...	...
Oct.	n.a.	3.2	2.9	3.2	2.9	...	...

1. Percent change from the same period in the preceding year.

2. Responses to the question, By about what percent do you expect prices to go up, on average, during the next 12 months?

3. Responses to the question, By about what percent per year do you expect prices to go up, on average, during the next 5 to 10 years?

4. Median CPI and PCE price projections.

... Not applicable.

n.a. Not available.

Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for Reuters/Michigan Survey, Reuters/University of Michigan Surveys of Consumers; for professional forecasters, the Federal Reserve Bank of Philadelphia.

Hourly Compensation and Unit Labor Costs

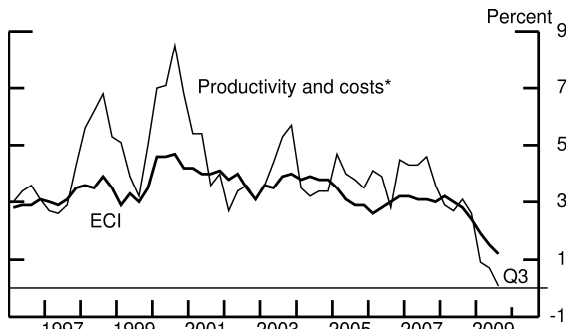
(Percent change from preceding period at compound annual rate; based on seasonally adjusted data)

Category	2007:Q3 to 2008:Q3	2008:Q3 to 2009:Q3 ^e	2008	2009		
			Q4	Q1	Q2 ^c	Q3 ^c
<i>Compensation per hour</i> Nonfarm business	3.1	.1	2.9	-4.7	.4	1.9
<i>Output per hour</i> Nonfarm business	1.2	3.8	.8	.3	7.0	7.2
<i>Unit labor costs</i> Nonfarm business	1.9	-3.6	2.0	-5.0	-6.2	-5.0

^e Staff estimate.

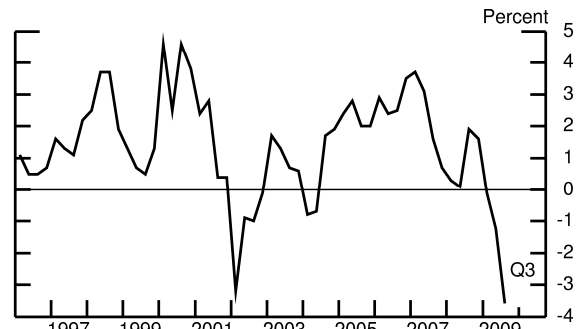
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Compensation per Hour
(Percent change from year-earlier period)



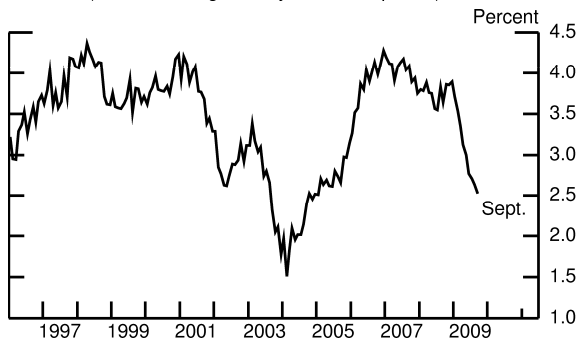
*Value for 2009:Q3 is a staff estimate.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Unit Labor Costs
(Percent change from year-earlier period)



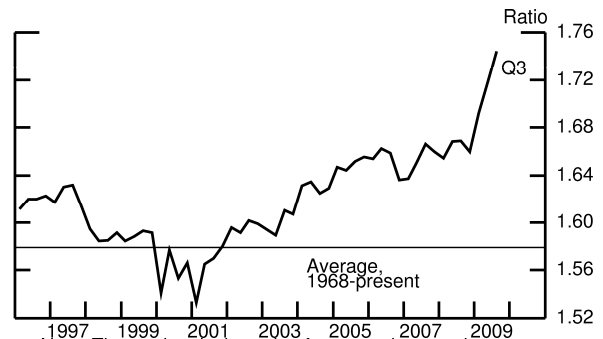
Note: Value for 2009:Q3 is a staff estimate.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Average Hourly Earnings
(Percent change from year-earlier period)



Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Markup, Nonfarm Business



Note: The markup is the ratio of output price to unit labor costs. Value for 2009:Q3 is a staff estimate.
Source: For output price, U.S. Dept. of Commerce, Bureau of Economic Analysis; for unit labor costs, U.S. Dept. of Labor, Bureau of Labor Statistics.

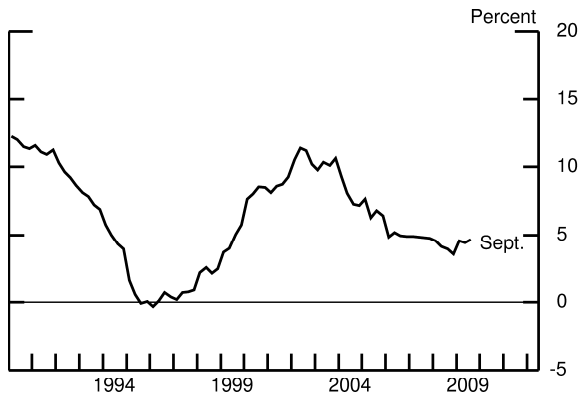
Change in Employment Cost Index of Hourly Compensation for Private-Industry Workers

Measure	2008		2009		
	Sept.	Dec.	Mar.	June	Sept.
	Quarterly change (compound annual rate) ¹				
Total hourly compensation	2.6	1.9	.7	.7	1.8
Wages and salaries	2.6	1.8	.7	.7	1.8
Benefits	2.3	1.5	.7	.7	1.1
	12-month change				
Total hourly compensation	2.8	2.4	1.9	1.5	1.2
Wages and salaries	2.9	2.6	2.0	1.6	1.4
Benefits	2.4	2.0	1.6	1.3	1.1

1. Seasonally adjusted.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

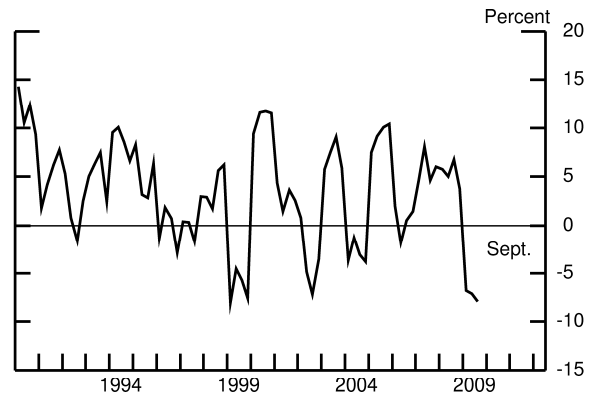
Change in ECI Benefits (unpublished)* (Private-industry workers; 12-month change)

Health Insurance



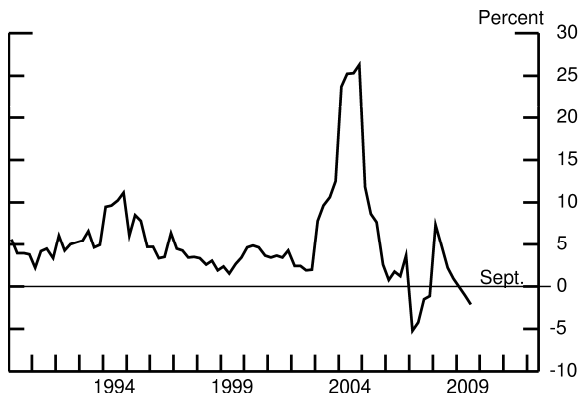
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Nonproduction Bonuses



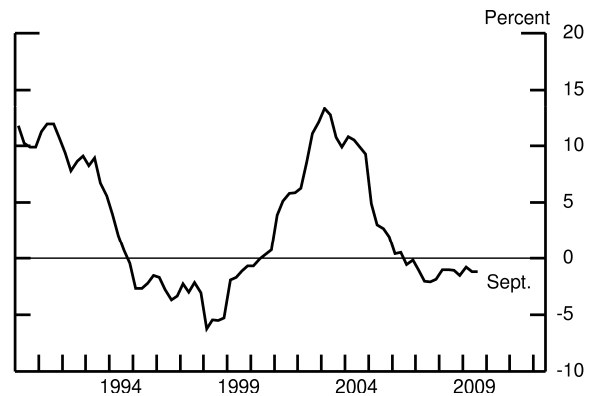
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Retirement and Savings



Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Workers' Compensation Insurance



Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

*The data on the costs of individual benefits should be interpreted with care because, with the exception of health insurance, they do not meet BLS's standard publication criteria.

Commercial Bank Credit

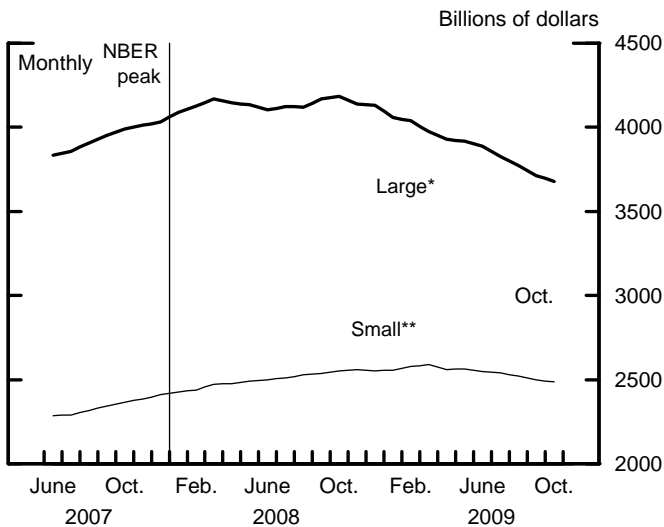
(Percent change, annual rate, except as noted; seasonally adjusted)

Type of credit	2007	2008	H2 2008	H1 2009	July 2009	Aug. 2009	Sept. 2009	Oct. 2009 ^e	Level ¹ Oct. 2009 ^e
Total	10.0	4.9	4.6	-5.8	-7.1	-6.9	-12.5	-10.8	9,049
<i>Loans²</i>									
Total	10.8	4.6	3.1	-7.2	-16.4	-15.3	-18.3	-15.6	6,708
Core	9.6	5.2	3.4	-4.4	-8.8	-12.6	-17.9	-14.4	5,964
To businesses									
Commercial and industrial	19.0	16.3	14.0	-13.9	-15.7	-26.5	-31.9	-28.5	1,378
Commercial real estate	9.4	6.0	3.2	-1.6	-5.5	-6.8	-9.2	-10.3	1,663
To households									
Residential real estate	5.5	-3.0	-5.2	-1.4	-8.0	-11.3	-21.1	-14.0	2,074
Revolving home equity	5.6	13.0	12.8	6.6	-6.5	-5.3	-5.7	-4.2	601
Closed-end mortgages	5.5	-7.9	-11.1	-4.4	-8.6	-13.7	-27.1	-17.9	1,473
Consumer	6.8	7.1	7.6	.0	-5.2	-3.0	-3.2	-.6	848
Memo: Originated ³	6.5	5.6	4.5	-1.7	-2.3	-7.4	-5.7	-2.0	1,243
Other	18.7	.7	1.3	-25.4	-72.4	-35.8	-22.0	-25.1	743
<i>Securities</i>									
Total	7.7	6.0	9.8	-1.0	22.1	18.7	4.9	3.2	2,341
Treasury and agency	-5.4	15.0	29.0	-1.7	48.3	33.4	11.9	6.6	1,407
Other ⁴	28.1	-4.2	-12.0	.1	-13.6	-2.3	-5.5	-2.1	934

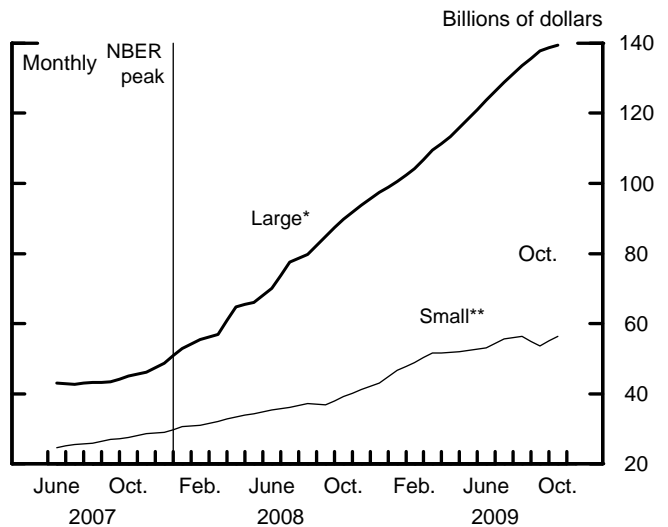
Note: Yearly annual rates are Q4 to Q4; quarterly and monthly annual rates use corresponding average levels. Data have been adjusted to remove the effects of mark-to-market accounting rules (FAS 115) and the initial consolidation of certain variable interest entities (FIN 46). Data also account for the effects of nonbank structure activity of \$5 billion or more.

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 that retained recourse or servicing rights.
 4. Includes private mortgage-backed securities; securities of corporations, state and local governments, and foreign governments; and any trading account securities that are not Treasury or agency securities.
- e Estimated.
Source: Federal Reserve.

Total Loans at Commercial Banks



Allowance for Loan Losses at Commercial Banks



Note: The NBER peak is the last business cycle peak as defined by the National Bureau of Economic Research (NBER).

* Large domestically chartered commercial banks are defined as the top 25 domestically chartered commercial banks, ranked by domestic assets as of the previous commercial bank Call Report to which the H.8 release data have been benchmarked.

** Small domestically chartered commercial banks are defined as all domestically chartered commercial banks not included in the top 25.

Source: Federal Reserve.

Selected Financial Market Quotations

(One-day quotes in percent except as noted)

Instrument	2008	2009			Change to Oct. 29 from selected dates (percentage points)			
	Sept. 12	Aug. 11	Sept. 22	Oct. 29	2008 Sept. 12	2009 Aug. 11	2009 Sept. 22	
<i>Short-term</i>								
FOMC intended federal funds rate	2.00	.13	.13	.13	-1.87	.00	.00	
Treasury bills ¹								
3-month	1.46	.18	.11	.06	-1.40	-.12	-.05	
6-month	1.80	.28	.20	.17	-1.63	-.11	-.03	
Commercial paper (A1/P1 rates) ²								
1-month	2.39	.22	.18	.19	-2.20	-.03	.01	
3-month	2.75	.29	.21	.22	-2.53	-.07	.01	
Large negotiable CDs ¹								
3-month	2.79	.32	.25	.22	-2.57	-.10	-.03	
6-month	3.09	.46	.35	.32	-2.77	-.14	-.03	
Eurodollar deposits ³								
1-month	2.60	.50	.40	.30	-2.30	-.20	-.10	
3-month	3.00	.80	.55	.45	-2.55	-.35	-.10	
Bank prime rate	5.00	3.25	3.25	3.25	-1.75	.00	.00	
<i>Intermediate- and long-term</i>								
U.S. Treasury ⁴								
2-year	2.24	1.20	.99	.99	-1.25	-.21	.00	
5-year	2.97	2.70	2.44	2.44	-.53	-.26	.00	
10-year	3.93	3.97	3.74	3.76	-.17	-.21	.02	
U.S. Treasury indexed notes ⁵								
5-year	1.33	1.54	1.11	.76	-.57	-.78	-.35	
10-year	1.77	1.89	1.69	1.51	-.26	-.38	-.18	
Municipal general obligations (Bond Buyer) ⁶	4.54	4.65	4.20	4.39	-.15	-.26	.19	
Private instruments								
10-year swap	4.26	3.98	3.67	3.65	-.61	-.33	-.02	
10-year FNMA ⁷	4.36	4.35	4.12	4.09	-.27	-.26	-.03	
10-year AA ⁸	6.62	5.41	5.11	5.16	-1.46	-.25	.05	
10-year BBB ⁸	7.22	6.72	6.36	6.28	-.94	-.44	-.08	
10-year high yield ⁸	10.66	10.61	9.90	9.59	-1.07	-1.02	-.31	
Home mortgages (FHLMC survey rate)								
30-year fixed	5.78	5.29	5.04	5.03	-.75	-.26	-.01	
1-year adjustable	5.03	4.72	4.52	4.57	-.46	-.15	.05	
Stock exchange index								
Stock exchange index	Record high		2009			Change to Oct. 29 from selected dates (percent)		
	Level	Date	Aug. 11	Sept. 22	Oct. 29	Record high	2009 Aug. 11	2009 Sept. 22
Dow Jones Industrial	14,165	10-9-07	9,241	9,830	9,963	-29.67	7.80	1.35
S&P 500 Composite	1,565	10-9-07	994	1,072	1,066	-31.88	7.22	-.52
Nasdaq	5,049	3-10-00	1,970	2,146	2,098	-58.45	6.49	-2.27
Russell 2000	856	7-13-07	562	621	580	-32.20	3.22	-6.52
D.J. Total Stock Index	15,807	10-9-07	10,243	11,083	10,924	-30.89	6.64	-1.43

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:

September 12, 2008, is the last business day before Lehman Brothers Holdings filed for bankruptcy.
 August 11, 2009, is the day before the August 2009 FOMC monetary policy announcement.
 September 22, 2009, is the day before the most recent FOMC monetary policy announcement.