

## **Prefatory Note**

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January 22, 2010

# CURRENT ECONOMIC AND FINANCIAL CONDITIONS

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## **Supplemental Notes**

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

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**Selected Financial Market Quotations**

(One-day quotes in percent except as noted)

Instrument	2008	2009		2010	Change to Jan. 21 from selected dates (percentage points)			
	Sept. 12	Nov. 3	Dec. 15	Jan. 21	2008 Sept. 12	2009 Nov. 3	2009 Dec. 15	
<i>Short-term</i>								
FOMC intended federal funds rate	2.00	.13	.13	.13	-1.87	.00	.00	
Treasury bills <sup>1</sup>								
3-month	1.46	.06	.05	.06	-1.40	.00	.01	
6-month	1.80	.17	.17	.14	-1.66	-.03	-.03	
Commercial paper (A1/P1 rates) <sup>2</sup>								
1-month	2.39	.16	.13	.11	-2.28	-.05	-.02	
3-month	2.75	.18	.20	.16	-2.59	-.02	-.04	
Large negotiable CDs <sup>1</sup>								
3-month	2.79	.22	.22	.19	-2.60	-.03	-.03	
6-month	3.09	.32	.31	.28	-2.81	-.04	-.03	
Eurodollar deposits <sup>3</sup>								
1-month	2.60	.30	.32	.30	-2.30	.00	-.02	
3-month	3.00	.45	.45	.40	-2.60	-.05	-.05	
Bank prime rate	5.00	3.25	3.25	3.25	-1.75	.00	.00	
<i>Intermediate- and long-term</i>								
U.S. Treasury <sup>4</sup>								
2-year	2.24	.93	.87	.85	-1.39	-.08	-.02	
5-year	2.97	2.37	2.33	2.37	-.60	.00	.04	
10-year	3.93	3.73	3.79	3.78	-.15	.05	-.01	
U.S. Treasury indexed notes <sup>5</sup>								
5-year	1.33	.70	.50	.36	-.97	-.34	-.14	
10-year	1.77	1.48	1.42	1.35	-.42	-.13	-.07	
Municipal general obligations (Bond Buyer) <sup>6</sup>	4.54	4.39	4.19	4.30	-.24	-.09	.11	
Private instruments								
10-year swap	4.26	3.62	3.74	3.74	-.52	.12	.00	
10-year FNMA <sup>7</sup>	4.36	4.06	4.08	4.10	-.26	.04	.02	
10-year AA <sup>8</sup>	6.62	5.12	5.04	4.95	-1.67	-.17	-.09	
10-year BBB <sup>8</sup>	7.22	6.25	6.09	5.67	-1.55	-.58	-.42	
10-year high yield <sup>8</sup>	10.66	9.48	9.29	8.62	-2.04	-.86	-.67	
Home mortgages (FHLMC survey rate)								
30-year fixed	5.78	4.98	4.94	4.99	-.79	.01	.05	
1-year adjustable	5.03	4.47	4.34	4.32	-.71	-.15	-.02	
<b>Stock exchange index</b>								
	Record high		2009		2010	Change to Jan. 21 from selected dates (percent)		
	Level	Date	Nov. 3	Dec. 15	Jan. 21	Record high	2009 Nov. 3	2009 Dec. 15
Dow Jones Industrial	14,165	10-9-07	9,772	10,452	10,390	-26.65	6.32	-.59
S&P 500 Composite	1,565	10-9-07	1,045	1,108	1,116	-28.67	6.80	.77
Nasdaq	5,049	3-10-00	2,057	2,201	2,266	-55.12	10.13	2.94
Russell 2000	856	7-13-07	571	606	628	-26.57	10.12	3.64
D.J. Total Stock Index	15,807	10-9-07	10,729	11,385	11,540	-26.99	7.56	1.36

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.  
 November 3, 2009, is the day before the November 2009 FOMC monetary policy announcement.  
 December 15, 2009, is the day before the most recent FOMC monetary policy announcement.

### Commercial Bank Credit

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

Type of credit	2007	2008	2009	Q3 2009	Oct. 2009	Nov. 2009	Dec. 2009	Level <sup>1</sup> Dec. 2009
Total	9.9	4.9	-6.5	-7.1	-10.9	-4.6	-3.2	9,088
<i>Loans<sup>2</sup></i>								
Total	10.6	4.4	-9.6	-12.3	-14.1	-5.6	-9.5	6,732
Core	9.5	5.0	-7.6	-9.5	-13.0	-7.3	-9.3	5,985
To businesses								
Commercial and industrial	19.2	16.3	-17.0	-19.8	-26.6	-16.6	-20.2	1,343
Commercial real estate	9.4	6.1	-4.3	-5.6	-9.4	-8.7	-9.0	1,648
To households								
Residential real estate	5.3	-3.2	-5.3	-7.8	-11.1	-.7	-.8	2,161
Revolving home equity	5.6	13.0	.5	-4.5	-5.3	-5.9	-5.8	602
Closed-end mortgages	5.3	-8.0	-7.4	-9.1	-13.4	1.4	1.2	1,559
Consumer	6.8	7.1	-2.2	-3.7	-2.0	-6.2	-13.7	833
Memo: Originated <sup>3</sup>	6.5	5.7	-3.6	-4.6	-3.9	-9.0	-5.2	1,225
Other	18.5	.4	-22.8	-33.4	-22.8	8.2	-11.8	747
<i>Securities</i>								
Total	7.7	6.8	3.8	9.5	-1.4	-1.8	15.5	2,356
Treasury and agency	-6.2	16.3	8.0	18.1	-.7	2.1	33.6	1,439
Other <sup>4</sup>	29.4	-4.2	-2.0	-2.5	-2.4	-7.6	-11.9	918

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) and off-balance sheet vehicles (FAS 166 and 167). 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.

Source: Federal Reserve Board.