

Date of Fund Membership:

December 27, 1945

Standard Sources:

Board of Governors of the Federal Reserve System

U.S. Department of Commerce

U.S. Treasury Department

Exchange Rates:

Data relate to the par value through June 1974 and to the rate determined through a method known as the standard "basket" valuation thereafter.

International Liquidity:

Foreign Exchange (line 1d.d) includes holdings of Treasury and the Federal Reserve System. Beginning November 1978, these holdings are valued at current market exchange rates or, where appropriate, at such other rates as may be agreed upon by the parties to the transactions. Consistent with reporting guidelines, it excludes outstanding reciprocal currency swaps with the European Central Bank, the Swiss National Bank, the Bank of England, the Bank of Japan, the Reserve Bank of Australia, and the National Bank of Denmark.

Lines 7a.d and 7b.d are derived from the U.S. Treasury International Capital (TIC) reports. They differ from the commercial banks' *Foreign Assets (line 21)* and *Foreign Liabilities (line 26c)*, reported in section 20, mainly because they include the accounts of international banking facilities (IBFs). See notes on commercial banks in the section on other depository corporations. † Beginning in 1978, *Other Depository Corporations: Assets (line 7a.d)* and *Other Depository Corporations: Liabilities (line 7b.d)* reflect a broader coverage of international banking facilities (IBFs). Beginning in December 2001, data are based on a new reporting system for other depository corporations.

Central Bank:

Consists of the Federal Reserve Banks (FED) only.

Data are based on a standardized report form (SRF) for central banks, which accords with the concepts and definitions of the IMF's *Monetary and Financial Statistics Manual (MFSM)*, 2000. Data in the SRF format are compiled from pre-SRF data derived from the *Bulletin* which are not fully based on the *MFSM* methodology. Departures from the *MFSM* methodology are explained below. Beginning in October 2008, data refer to the last Wednesday of the month.

Financial derivatives are excluded from the data. Beginning in December 2007, central bank liquidity swaps are included.

Shares and other equity includes funds contributed by owners and retained earnings.

For December 2001 through July 2003, *Currency in circulation* was estimated.

Liabilities to Other Sectors includes some accounts with nonresidents.

Accounts receivable and payable are included in *Other Items (Net)* rather than in the FED's claims on or liabilities to the corresponding economic sectors.

Accrued interest is included in *Other items (Net)* rather than in the outstanding amounts of the financial assets and liabilities.

Securities other than shares issued by the US Government and Federal agencies are valued at acquisition cost rather than at current market price or fair value.

Exchange rate revaluation account, which reflects the daily revaluation at mid-day market exchange rates of foreign currency denominated position, is included in *Other items (Net)* rather than in *Shares and Other Equity*.

Other Depository Corporations:

Comprises commercial banks, savings institutions, credit unions, and money market mutual funds. Commercial banks include U.S.-chartered commercial banks, foreign banking offices in the U.S., bank holding companies, and banks on U.S.-affiliated areas and exclude international banking facilities. Savings institutions include savings and loan associations, mutual savings banks, federal savings banks, and Massachusetts cooperative banks. Beginning in March 2009, excludes bank holding companies, which were reclassified as other financial corporations.

Data are based on a standardized report form (SRF) for other depository corporations, which accords with the concepts and definitions of the *Monetary and Financial Statistics Manual (MFSM)*. Data in the SRF format are compiled from the data contained in the *Flow of Funds (FOF)* which are not fully based on the *MFSM* methodology. For other depository corporations in the United States, departures from the *MFSM* methodology are explained below.

Data are available only on a quarterly basis.

Financial derivatives and accounts payable/receivable are excluded from the data.

Financial assets and liabilities for which economic sectorization is unavailable are allocated to the economic sector based on an estimate. The estimate is calculated using *FOF* data as follows: the volume of a financial instrument recorded in the balance sheet of the other depository corporations multiplied by the percentage share of economic sectors recorded in balance sheet of the financial instruments.

Claim on Central Government includes a small portion of claims on public nonfinancial corporations.

Claims on State and Local Government includes a significant portion of claims on public nonfinancial corporations.

Shares and other equity comprises funds contributed by owners only.

The reported discrepancy between the total volume of assets and liabilities is included in *Other items (Net)*.

Securities other than shares are valued at acquisition cost rather than at current market price or fair value.

Depository Corporations:

See notes on central bank and other depository corporations.

Other Financial Corporations:

Comprises property-casualty insurance companies, life insurance companies, private pension funds, state and local government employee retirement funds, federal government retirement funds, mutual funds, closed-end and exchange-traded funds, government-sponsored enterprises (GSE), agency-and GSE-backed mortgage pools, issuers of asset-backed securities, finance companies, mortgage companies, real estate investment trust, security brokers and dealers, and funding corporations. Beginning in March 2009, includes holding companies.

Data are based on a standardized report form (SRF) for other financial corporations, which accords with the concepts and definitions of the *Monetary and Financial Statistics Manual (MFSM)*. Data in the SRF format are compiled from data contained in the *FOF* which are not fully based on the *MFSM* methodology. For other financial corporations in United States, departures from the *MFSM* methodology are explained below.

Data are available only on a quarterly basis.

Financial derivatives are excluded from the data.

Financial assets and liabilities for which economic sectorization is unavailable are allocated to the economic sector based on an estimate. The estimate is calculated using the *FOF* data as follows: the volume of a financial instrument recorded in the balance sheet of the other financial corporations multiplied by the percentage share of economic sectors recorded in balance sheet of the financial instruments.

Claim on Central Government includes a small portion of claims on public nonfinancial corporations.

Claims on State and Local Government includes a significant portion of claims on public nonfinancial corporations.

Shares and other equity comprises funds contributed by owners only.

The reported discrepancy between the total volume of assets and liabilities is included in *Other items (Net)*.

Securities other than shares are recorded at acquisition cost rather than at current market price or fair value.

Financial Corporations:

See notes on central bank, other depository corporations, and other financial corporations.

Monetary Aggregates:

Broad Money:

Broad Money includes estimates of currency issued by the central government. Broad money calculated from the liability data in the sections for the central bank and other depository corporations differs from M2 described below as broad money excludes traveler's checks of nonbank issuers and does not exclude cash items in the process of collection, Federal Reserve float, and individual retirement account (IRA) and Keogh balances at other depository corporations. In addition, deposits included in broad money may be overstated due to the estimates to allocate these deposits to money holding sectors described in the note on the other depository corporations.

Money (National Definitions):

Monetary Base comprises currency in circulation, and total reserves balances maintained at the Federal Reserve Banks. Monthly values are prorated balances of biweekly averages.

M1 comprises currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of other depository corporations; traveler's checks of nonbank issuers; demand deposits at commercial banks (excluding those amounts held by other depository corporations, the U.S. government, and foreign banks and official institutions) less cash items in the process of collection and Federal Reserve float; and other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. *Seasonally adjusted M1* is constructed by summing currency, traveler's checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2 comprises M1; savings deposits (including money market deposit accounts); small-denomination time deposits (time deposits in amounts of less than \$100,000), less IRA and Keogh balances at other depository corporations; and balances in retail money market mutual funds, less IRA and Keogh balances at money market mutual funds. *Seasonally adjusted M2* is constructed by summing savings deposits, small-denomination time deposits, and retail money funds, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3 comprises M2; balances in institutional money market mutual funds; large-denomination time deposits (time deposits in amounts of \$100,000 or more); repurchase agreement (RP) liabilities of depository institutions, in denominations of \$100,000 or more, on U.S. government and federal agency securities; and Eurodollars held by U.S. addressees at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Large-denomination time deposits, RPs, and Eurodollars exclude those amounts held by depository institutions, the U.S. government, foreign banks and official institutions, and money market mutual funds. *Seasonally adjusted M3* is constructed by summing institutional money funds, large-denomination time deposits, RPs, and Eurodollars, each adjusted separately, and adding this result to seasonally adjusted M2. The Federal Reserve Board stopped publishing figures for M3 in March of 2006.

Interest Rates:

Central Bank Policy Rate (End of Period):

Refers to the federal funds rate, which is the rate at which private depository institutions (mostly banks) lend balances (federal funds) at the Federal Reserve to other depository institutions, usually overnight. It is the rate banks charge each other for loans.

Discount Rate (End of Period):

Rate at which the Federal Reserve Bank of New York discounts eligible paper and makes advances to member banks. Establishment of the discount rate is at the discretion of each Federal Reserve bank but is subject to review and determination by the Board of Governors in Washington every fourteen days; these rates are publicly announced. Borrowing from a Federal Reserve bank is a privilege of being a member of the Federal Reserve system. Borrowing may take the form either of discounts of short-term commercial, industrial, and other financial paper or of advances against government securities and other eligible collateral; most transactions are in the form of advances. Federal Reserve advances to or discounts for member banks are usually of short maturity up to fifteen days. Federal Reserve banks do not discount eligible paper or make advanced to members banks automatically. Ordinarily, the continuous use of Federal reserve credit by a member bank over a considerable period of time is not regarded as appropriate. The volume of discount is consequently very small. † Effective January 9, 2003, the rate charged for primary credit replaces that for adjustment credit. Primary credit, which is broadly similar to credit programs offered by many, which is broadly similar to credit programs offered by many other central banks, is made available by the Federal Reserve Bank for short terms as a backup source of liquidity to other depository corporations that are in sound financial condition.

Federal Funds Rate:

Weighted average rate at which banks borrow funds through New York brokers. Monthly rate is the average of rates of all calendar

days, and the daily rate is the average of the rate on a given day weighted by the volume of transaction.

Commercial Paper Rate:

Rate on three-month commercial paper of nonfinancial firms. Rates are quoted on a discount basis and interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors.

Treasury Bill Rate:

Weighted average yield on multiple-price auctions of 13-week treasury bills. Monthly averages are computed on an issue-date basis. Beginning on October 28, 1998, data are stop yields from uniform-price auctions.

Certificate of Deposit Rate:

Average of dealer offering rates on nationally traded certificates of deposits.

Lending Rate:

Base rate charged by banks on short-term business loans. Monthly rate is the average of rates of all calendar days and is posted by a majority of the top 25 insured U.S. chartered commercial banks.

Mortgage Rate:

Contract rate on 30-year fixed-rate first mortgages.

Government Bond Yield: Long-Term (line 61):

Yield on actively traded treasury issues adjusted to constant maturities. Yield on treasury securities at constant maturity are interpolated by the U.S. Treasury from the daily yield curve. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. Medium-Term rate refers to three-year constant maturities. Long-term rate refers to ten-year constant maturities.

Prices, Production, Labor:

Share Prices:

Price-weighted monthly average covering 30 blue chip stocks quoted in the Dow Jones Industrial Average (DJIA).

NASDAQ Composite:

Market capitalization-weighted index covering domestic and international-based common stocks, ordinary shares, American Depository Receipts (ADRs), shares of beneficial interest, REITs, base February 5, 1971, Tracking Stocks and Limited Partnerships and excluding exchange traded funds, structured products, convertible debentures, rights, units, warrants and preferred issues.

S&P Industrials:

Laspeyres-type index based on daily closing quotations for companies in the Industrials on the New York Exchange, base 41–43.

Amex Average:

Total-market-value-weighted index that covers all common shares, warrants, and (ADRs) listed, base August 31, 1973.

Producer Prices:

Source: compiled by the Bureau of Labor Statistics (U.S. Department of Labor) and published by the U.S. Department of Commerce; Weights Reference Period: 1982; Coverage: the entire output of domestic goods-producing sectors; Number of Items in Basket: approximately 30,000 establishments providing close to 100,000 price quotations per month; Basis for Calculation: the weights are taken from the Economic Census conducted by the Census Bureau and are revised every five years.

Consumer Prices:

Source: compiled by the Bureau of Labor Statistics (U.S. Department of Labor) and published by the U.S. Department of Commerce. Weights reference period: 1982–1984; Geographical Coverage: covers all residents in urban areas; Number of Items in Basket: 305 entry level items representing all goods and services; Basis for Calculation: is computed using a modified Laspeyres methodology, the weights are derived from the Consumer Expenditure Surveys for 2003–2004, and the average for those two years. Historically weights have been revised once every 10 years; however, starting in 2002, weights will be revised every other year.

Wages: Hourly Earnings (Mfg):

Source: compiled by the Bureau of Labor Statistics (U.S. Department of Labor). In June 2003, the Current Employment Statistics survey converted to the 2002 North American Industry Classification System (NAICS) from 1987 Standard Industrial Classification System (SIC). NAICS emphasis on new, emerging, service-providing, and high-tech industries. Both current and historical data are now based on NAICS.

Industrial Production:

Source: Board of Governors of the Federal Reserve System. Weights Reference Period: 2012; Sectoral Coverage: manufacturing, mining, and electric and gas utilities; Basis for Calculation: the weights are based on annual estimates of value added.

Crude Petroleum Production:

Data are from Energy Information Administration, U.S. Department of Energy.

Nonagricultural Employment, Seasonally Adjusted:

Data are from the Board of Governors of the Federal Reserve System. and represent an establishment survey that covers all full- and part-time employees who worked during or received pay for the pay period that includes the 12th of the month. The survey excludes proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces.

Labor:

Data are compiled by the Bureau of Labor Statistics (U.S. Department of Labor). Beginning in January 2000, Employment data presents statistics from two major surveys, the Current Population Survey (household survey) which provides the information on the labor force, employment, and unemployment that marked Household Data and the Current Employment Statistics Survey (establishment survey) which provides the information on the employment, hours, and earnings of workers on non-farm payrolls that marked Establishment Data.

International Transactions:

All trade value data are from the U.S. Bureau of Census web site. Total trade data include trade of the U.S. Virgin Islands. Beginning January 1975, data include exports and imports, respectively, of nonmonetary gold, which prior to January 1975 are excluded. † Beginning in 1987, all trade data are reported on the revised statistical month based on import entry and export

declaration transaction dates, whereas previous data reflect import entries and export declarations transmitted to the U.S. Bureau of the Census during a fixed monthly processing period. Export and import price data are Laspeyres-type indices with 1995 trade weights and are compiled by the Bureau of Labor Statistics, U.S. Department of Labor. Volume indices are Paasche-type indices derived for *IFS* from import and export value data divided by the respective Laspeyres price indices. The f.a.s. (free alongside ship) value is the value of exports at the U.S. seaport, airport, or border port of export, based on the transaction price, including inland freight, insurance, and other charges incurred in placing the merchandise alongside the carrier at the U.S. port of exportation. The value, as defined, excludes the cost of loading the merchandise aboard the exporting carrier and also excludes freight, insurance, and any charges or transportation costs beyond the port of exportation.

Balance of Payments:

Data for *Business Travel* (credits and debits) include only *Expenditures by seasonal and border workers*. Other business travel services are included indistinguishably under *Personal Travel - Other* since source data do not distinguish between personal and other business travel.

Government Finance:

The monthly cash flow and balance sheet information are derived from *The Monthly Treasury Statement of Receipts and Outlays of the United States Government (MTS)* as prepared by the Financial Management Service, Department of the Treasury. This statement summarizes the financial activities of the Federal Government and off-budget Federal entities conducted in accordance with the Budget of the U.S. Government, i.e., receipts and outlays of funds, the surplus or deficit, and the means of financing the deficit or disposing of the surplus. Information is presented on a modified cash basis; receipts are accounted for on the basis of collections; refunds of receipts are treated as deductions from gross receipts; revolving and management fund receipts, reimbursements and refunds of monies previously expended are treated as deductions from gross outlays; and interest on the public debt (public issues) is recognized on the accrual basis. For the cash data the fiscal year ends September 30. Beginning in 2005, quarterly and annual accrual data on Central and General Government Operations are as reported by the Bureau of Economic Analysis (BEA). These data are derived from the National Income and Product Accounts (NIPAs) compiled by the BEA. For accrual data the fiscal year ends December 31.

National Accounts:

Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce. As indicated by the country, data are compiled according to the recommendations of the *2008 SNA*.