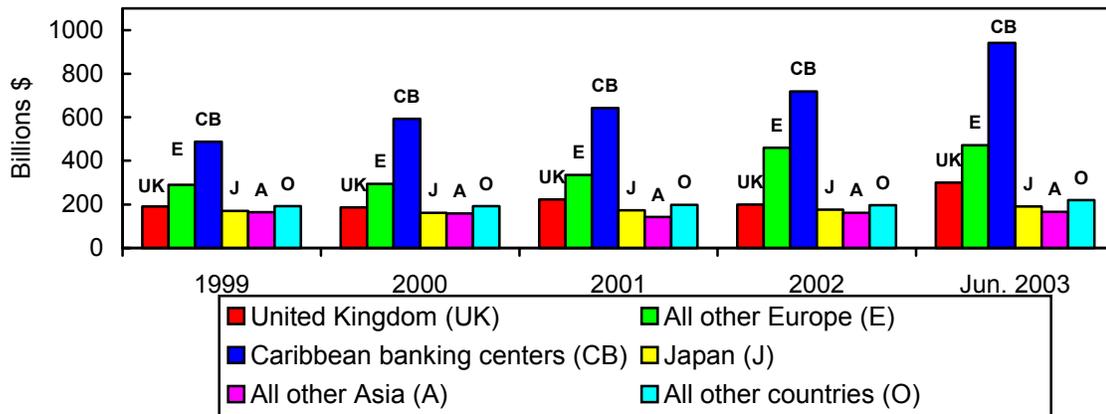


Chart CM-A -- U.S. Liabilities to Foreigners Reported by U.S. Banks, Brokers and Dealers with Respect to Selected Countries



(In millions of dollars. Source: Treasury International Capital Reporting System)

Country	1999	2000	2001	2002	June 2003
United Kingdom.....	190,706	187,145	222,321	199,107	300,091
All other Europe.....	290,632	294,716	335,190	461,100	472,551
Caribbean banking ctrs ¹ \2	487,601	593,499	642,870	718,488	940,472
Japan.....	170,614	162,449	174,067	175,993	190,277
All other Asia.....	165,229	158,524	143,475	161,837	165,920
Subtotal.....	1,304,782	1,396,333	1,517,923	1,716,525	2,069,311
All other countries.....	192,495	192,856	197,978	196,764	220,686
Grand total.....	1,497,277	1,589,189	1,715,901	1,913,289	2,289,997

¹ Includes Bahamas, Bermuda, British West Indies, Netherlands Antilles, and Panama.

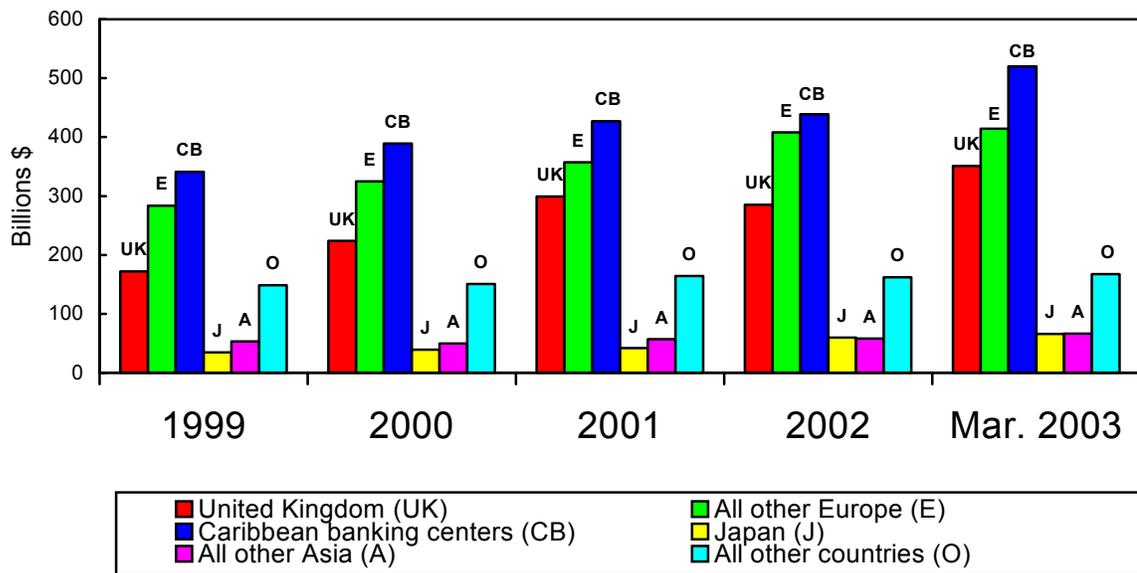
² Beginning January 2001, Cayman Islands replaced British West Indies in reporting format.

U.S. banking liabilities to foreigners were recorded at about \$2.3 trillion in June 2003, an increase of about \$375 billion from year-end 2002. The increase in liabilities to foreigners in the first half of this year in part reflects changes to the reporting scope of the Treasury International Capital (TIC) reporting system effective February 2003. In particular, these figures now include brokerage balances and positions with affiliated foreign offices reported by U.S. brokers and dealers. U.S. banking liabilities increased \$197 billion in 2002 and \$127 billion in 2001.

U.S. banking liabilities, excluding long-term securities, are concentrated in international financial centers. The data on this page show that over half of U.S. banking liabilities is currently recorded against the United Kingdom and banking centers in the Caribbean. These two areas also recorded most of the reported increase in liabilities during the first half of 2003. Foreigners domiciled in the rest of Europe and in Asia account for nearly 40 percent of U.S. banking liabilities.

In the mid-1990s, U.S. banking liabilities grew rapidly, with annual growth averaging about 10 percent. Growth slowed to about 5 percent per year from 1998 through 2000, but picked up again to 8 percent in 2001 and over 10 percent 2002.

Chart CM-B -- U.S. Claims on Foreigners Reported by U.S. Banks, Brokers and Dealers with Respect to Selected Countries



[In millions of dollars. Source: Treasury International Capital Reporting System]

Country	1999	2000	2001	2002	Mar. 2003
United Kingdom.....	172,345	223,976	299,262	285,176	350,929
All other Europe.....	283,430	324,734	357,454	408,033	414,429
Caribbean banking ctrs\1 \2...	340,917	388,987	427,091	438,665	520,108
Japan.....	34,627	39,179	41,989	59,624	66,119
All other Asia.....	53,267	49,440	57,229	58,019	66,601
Subtotal.....	884,586	1,026,316	1,183,025	1,249,517	1,418,186
All other countries.....	148,542	150,876	164,109	162,172	167,244
Grand total.....	1,033,128	1,177,192	1,347,134	1,411,689	1,585,430

\1 Includes Bahamas, Bermuda, British West Indies, Netherlands Antilles, and Panama

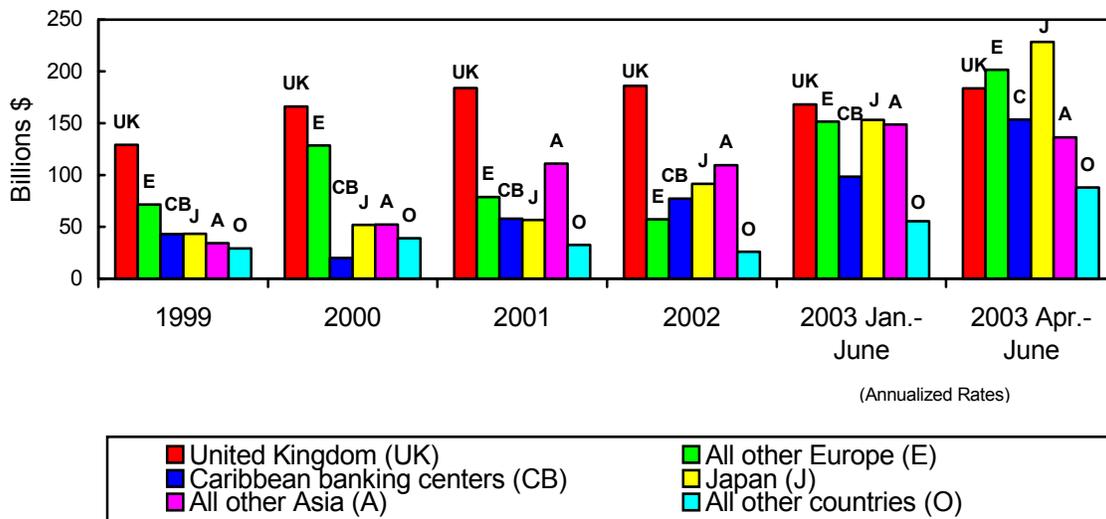
\2 Beginning January 2001, Cayman Islands replaced British West Indies in reporting format.

In March 2003, U.S. banking claims amounted to over \$1.5 trillion, an increase of nearly \$175 billion from yearend 2002. In part, the increase in claims reflects changes to the reporting scope of the Treasury International Capital (TIC) reporting system effective February 2003. In particular, these figures now include brokerage balances and positions with affiliated foreign offices reported by U.S. brokers and dealers.

U.S. banking claims on foreigners, excluding long-term securities, are concentrated in international financial centers. About 80 percent of these claims are reported opposite the United Kingdom, "All other Europe," and banking centers in the Caribbean. These areas also accounted for most of the increase in U.S. banking claims in the first quarter. The share of claims against foreigners domiciled in Asia has declined over the past several years from about 20 percent at the end of 1996 to less than 10 percent currently.

U.S. banking claims on foreigners grew markedly in the mid-1990s, but claims leveled off in 1998 and 1999, growing on average about 5 percent per year. In 2000 and 2001, claims grew 14 percent, matching the growth rate in 1997, but growth in banking claims slowed again in 2002 to less than 5 percent.

Chart CM-C -- Net Purchases of Long-Term Domestic Securities by Foreigners, Selected Countries



[In millions of dollars. Source: Treasury International Capital Reporting System]

Country	2000	2001	2002	2003 Jan. - June	2003 Apr. - June
United Kingdom.....	166,290	183,986	186,004	84,047	45,913
All other Europe.....	128,577	78,921	57,148	75,787	50,373
Caribbean banking ctrs\1 \2...	19,883	57,817	77,099	49,212	38,372
Japan.....	52,006	56,589	91,549	76,518	57,091
All other Asia.....	52,151	110,995	109,465	74,330	34,131
Subtotal.....	418,907	488,308	521,265	359,894	225,880
All other countries.....	38,921	32,541	26,061	27,740	21,959
Grand total.....	457,828	520,849	547,326	387,634	247,839

\1 Includes Bahamas, Bermuda, British West Indies, Cayman Islands, Netherlands Antilles, and Panama.

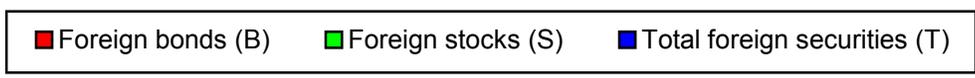
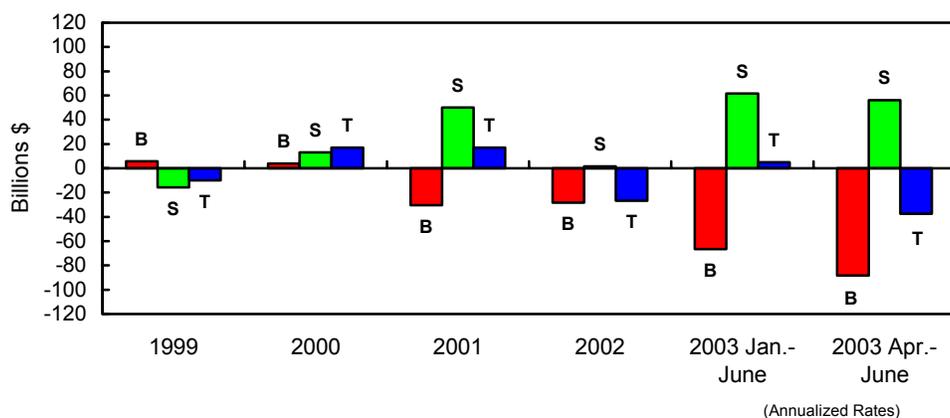
\2 Beginning January 2001, Cayman Islands replaced British West Indies in reporting format.

The data on this page represent foreign investors' purchases and sales of long-term U.S. securities (that is, U.S. Treasury and Government agency bonds and notes, and U.S. corporate bonds and stocks) as reported to the Treasury International Capital (TIC) reporting system. Foreign investors also acquire U.S. equities through mergers that involve stock swaps. Net foreign acquisitions of U.S. equities through stock swaps amounted to \$21 billion in 2000, \$7 billion in both 2001 and 2002, and zero in the first half of 2003. (Stock swaps data for the most recent quarter are Federal Reserve Board/Treasury estimates and are subject to substantial revisions.) These stock swaps are not reported under the TIC reporting system.

The data present aggregate net purchases for 2000 through the first half of 2003. The figures show that foreigners' annual net purchases (gross purchases minus gross sales) of U.S. securities have maintained an extremely high level since 2000.

Annual net foreign purchases of U.S. securities first surpassed \$100 billion in 1993. In 2002, net acquisitions (including stock swaps) of U.S. securities totaled a record \$554 billion. In the first half of 2003, net foreign acquisitions of U.S. securities have accelerated to \$388 billion, or over \$700 billion on an annual basis.

Chart CM-D -- Net Purchases of Long-Term Foreign Securities
by U.S. Investors*



[In millions of dollars. Source: Treasury International Capital Reporting System]

Type	1999	2000	2001	2002	2003 Jan. - June	2003 Apr.-June
Foreign Bonds.....	5,676	4,054	-30,502	-28,406	-33,264	-23,371
Foreign Stocks.....	-15,640	13,088	50,113	1,629	30,730	14,000
Total.....	-9,964	17,142	19,611	-26,777	-2,534	-9,371

* Net purchases by U.S. investors equal net sales by foreigners, or gross sales minus gross purchases of securities.

The data on this page represent U.S. investors' purchases and sales of long-term foreign securities as reported to the Treasury International Capital (TIC) reporting system. However, in the past several years, U.S. investors also have acquired a substantial amount of foreign stocks, mostly European, through mergers that involve stock swaps. Net acquisitions through stock swaps amounted to \$80 billion in 2000, \$47 billion in 2001, only \$3 billion in 2002, and \$15 billion in the first half of 2003. (Stock swaps data for the most recent quarter are Federal Reserve Board/Treasury estimates and are subject to substantial revisions.) These stock swaps are not reported under the TIC reporting system.

Including the stock swaps, annual U.S. net purchases of long-term foreign securities averaged about \$100 billion from the mid-1990s through 2000, without much variation from year to year. In 2001, U.S. investors sold \$31 billion in foreign bonds, but U.S. purchases of foreign stocks held up and U.S. acquisitions of foreign securities (including stock swaps) only fell to \$67 billion. In 2002, U.S. investors again sold foreign bonds (\$28 billion), but U.S. purchases of foreign stocks (including stock swaps) fell sharply and on net U.S. investors sold \$24 billion in foreign securities. In 2003, strong U.S. demand for foreign equities has offset continued net sales of foreign bonds; on net (including stock swaps), U.S. investors acquired \$12 billion in foreign securities in the first half of the year.