



fed LETTER

Colorado * Kansas * Missouri * Nebraska * New Mexico * Oklahoma * Wyoming

MAY 2006

FEDERAL RESERVE BANK of KANSAS CITY

MANUFACTURING SURVEY RELEASED

The [monthly manufacturing survey](#) for the Tenth Federal Reserve District was released March 30. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District. Manufacturing activity in the Tenth Federal Reserve District accelerated in March, with the monthly production index posting its highest reading in a year. Expectations for future factory activity also remained strong. Slightly fewer firms raised their selling prices over the past month, but the share of firms planning to raise prices in future months increased somewhat.

BEIGE BOOK RELEASED

The latest edition of the [Beige Book](#) was released April 26. The Beige Book is a summary of current economic conditions in each Federal Reserve District.

Reports from all 12 Districts indicate that economic activity continued to expand in March and the first half of April. The Minneapolis, Kansas City, and San Francisco Districts characterize growth as “solid,” while a number of others describe the rate of economic activity as “modest,” “moderate,” or “steady.” Richmond notes a quicker pace of growth, and Dallas indicates that activity continued to strengthen. By contrast, New York says the rate of growth may have slipped a bit since the last report.

TEN SPRING 2006 ISSUE RELEASED

The [new issue of TEN](#), the quarterly magazine of the Federal Reserve Bank of Kansas City, has been released. This issue looks at the double bottom line of financial and social returns offered by community development funds, the future of Medicare and Social Security, new contactless payment technology, the impact of immigration on labor imbalances, and the link between financial performance and governance. The issue also includes the Bank’s 2005 annual report.

For a free subscription to the publication, register on the [TEN page](#) of our website or call 816-881-2683.

HOLIDAY REMINDER

The Fed will be closed Monday, May 29, 2006, for Memorial Day. The Federal Reserve Bank Services website offers a [complete listing](#) of the holidays observed by the Federal Reserve System.

REGULATORY DEVELOPMENTS

*Proposed rulemaking
to implement Basel II*

An interagency [notice of proposed rulemaking](#) (NPR) that would implement Basel II risk-based capital requirements in the United States for large, internationally active banking organizations was made public on March 30 by the Federal Reserve Board. The NPR is not yet formally available for public comment.

The NPR details the agencies' plan for implementing the Basel Committee on Banking Supervision's new capital accord, Basel II, and builds on an advance notice of proposed rulemaking issued by the agencies in August 2003.

The Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) also are considering the NPR. The Board has authorized publication of the NPR in the Federal Register for public comment after the other agencies complete their approval processes. For the OCC and OTS, that includes review by the Office of Management and Budget.

Report on improving financial privacy notices for consumers

On March 31, Federal regulators released "[Evolution of a Prototype Financial Privacy Notice](#)," a report by Kleimann Communication Group summarizing consumer research commissioned by the regulators as part of their ongoing efforts to develop improved financial privacy notices. The report's release concludes the first phase of an interagency project by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission to explore alternatives for financial privacy notices that would be easier for consumers to read, understand, and use than many of the notices consumers currently receive from financial institutions.

The report's findings indicate that it is possible for financial privacy notices to include all of the information required by law in a short document that consumers can readily understand. The report fully describes the extensive research that underlies these findings and the development of a prototype simplified privacy notice.

The six agencies, together with the Office of Thrift Supervision, will fund a second phase of the project, to be contracted separately. The agencies have deferred consideration of policy action with respect to financial privacy notices until the next phase of consumer testing is completed. At that time, the agencies expect to consider a full range of options for improving financial privacy notices in light of all their consumer research.

*Frequently asked questions
about HMDA price data*

The federal bank, credit union, and thrift supervisory agencies, along with the Department of Housing and Urban Development, released on April 3 updated [answers to frequently asked questions](#) (FAQs) to aid interpretation of the 2005 home loan data to be disclosed this year under the Home Mortgage Disclosure Act (HMDA). For the second year in a row, the data will include price information on loans priced above reporting thresholds set by the Federal Reserve Board regulation that implements HMDA, Regulation C. The updated FAQs will be posted on each of the agencies' websites and on the website of the Federal Financial Institutions Examination Council.

*More Regulatory
Developments*

To see more regulatory developments like those above, go to the [Banking Information page](#) on our website and select a category under "Regulations/Guidance" in the left column, as appropriate.

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