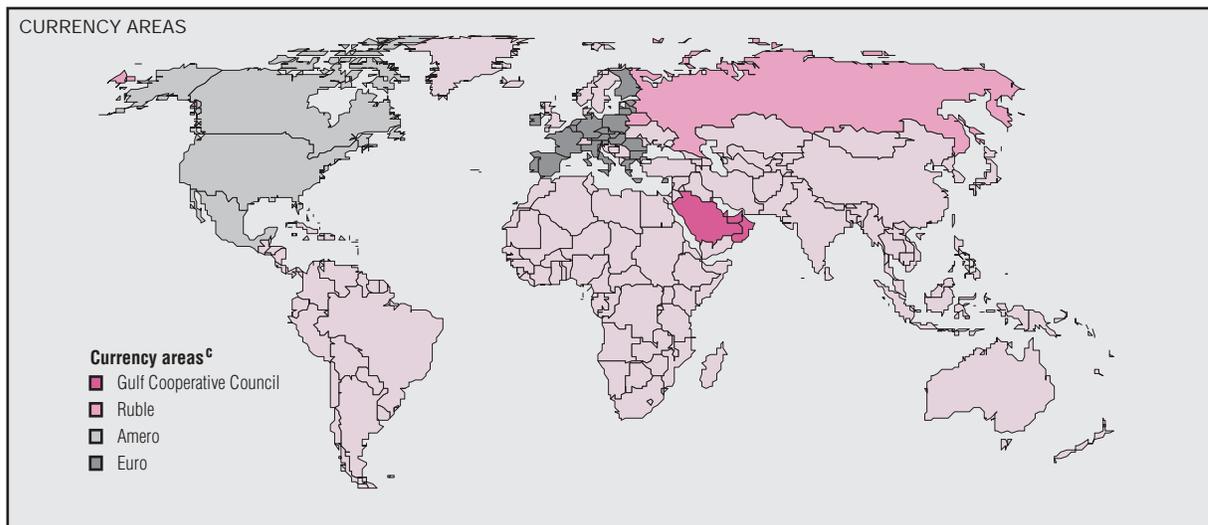
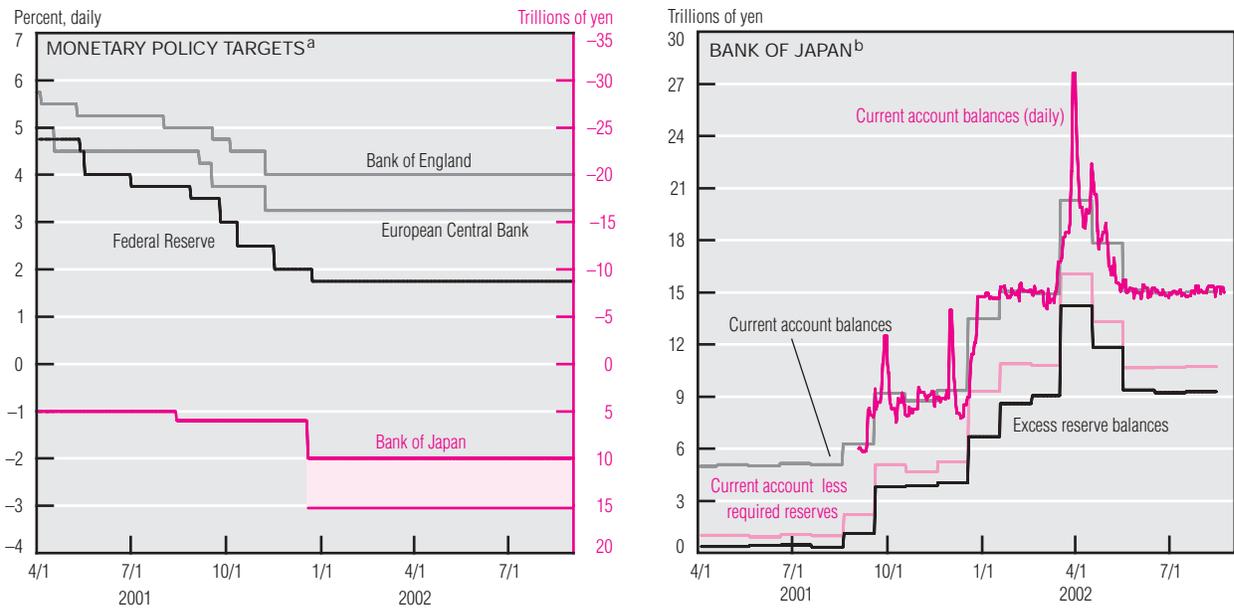


# Foreign Central Banks



a. Bank of England and European Central Bank: two-week repo rate. Federal Reserve: overnight interbank rate. Bank of Japan: quantity of current account balances; since December 19, 2001: a range of the quantity of current account balances.

b. Current account balances include balances at depository institutions subject to reserve requirements and balances at certain other financial institutions.

c. The Gulf Cooperative Council includes the United Arab Emirates, Bahrain, Qatar, Kuwait, and Saudi Arabia; the euro area includes 12 current members plus Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia; the amero area includes the U.S., Canada, and Mexico; and the ruble area includes Russia and Belarus.

SOURCES: Board of Governors of the Federal Reserve System; Bank of Japan; European Central Bank; and Bank of England.

None of the four major central banks changed its policy setting over the past month. At their most recent meetings, however, the Federal Reserve, Bank of England, and European Central Bank each shaded their outlooks for economic activity relative to those of previous meetings.

The Bank of Japan has settled into a steady routine, having maintained about ¥15 trillion in current operating balances for the past several months, both as a monthly average

for each maintenance period and on a daily basis.

Several stories about currency unions have surfaced recently. President Putin has proposed introducing the Russian ruble as the common currency of Russia and Belarus at the beginning of 2004 rather than in 2005 as originally planned, but Belarus' reaction has been cool. Twelve nations now are known to be waiting to join the European Union and European Monetary System; what EU requirements will be and how successfully each nation will meet them remains to

be seen. Gulf Cooperative Council officials hope that their nations will form a monetary union in 2010, as planned. All six already have agreed to peg their currencies to the U.S. dollar, in which petroleum has been priced so far. Finally, Herbert Grubel, professor (emeritus) of economics at Simon Fraser University, has proposed creating a new currency, the amero, for use in Mexico, the U.S., and Canada. Though far from an official plan, this proposal has been receiving considerable press attention.