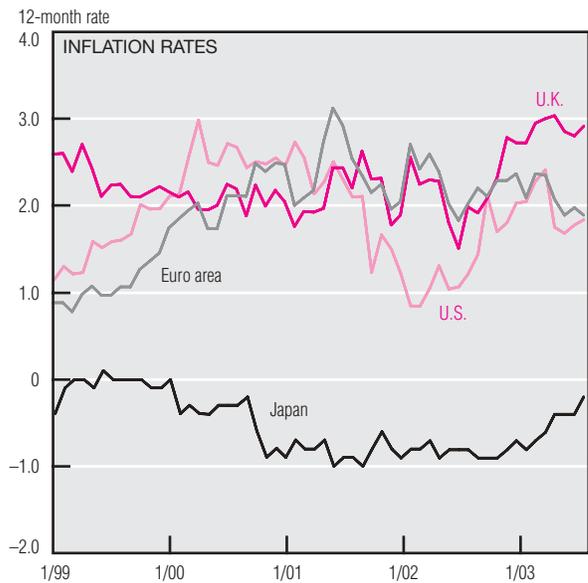
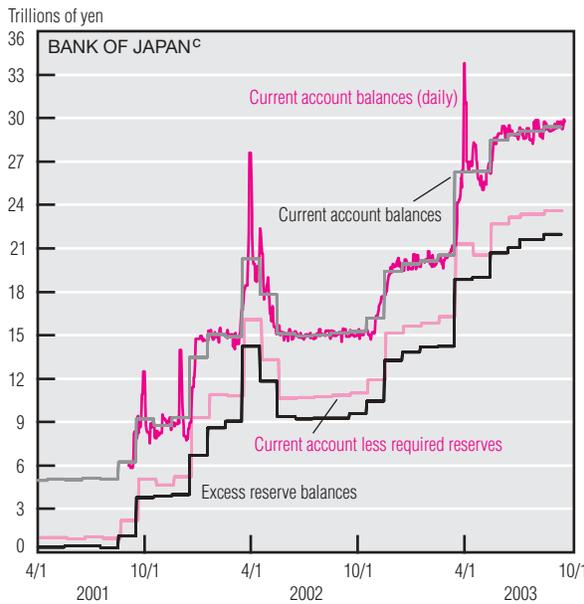
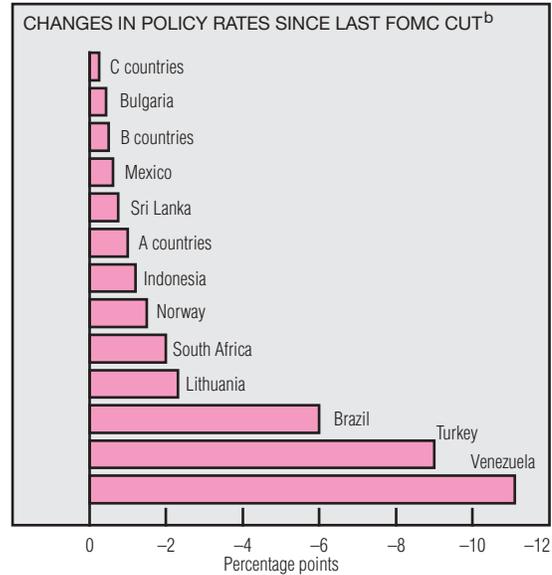
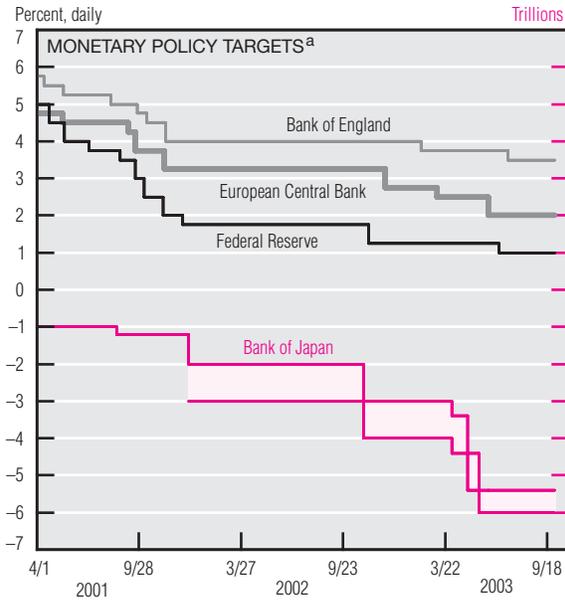


Foreign Central Banks



a. Federal Reserve: overnight interbank rate. Bank of Japan: a quantity of current account balances (since December 19, 2001, a range of quantity of current account balances). Bank of England and European Central Bank: two-week repo rate.
 b. A countries are Israel and Peru; B countries are Canada and Thailand; C countries are Czech Republic, Malta, New Zealand, Philippines, South Korea, Sweden, and Taiwan.
 c. Current account balances at the Bank of Japan are required and excess reserve balances at depository institutions subject to reserve requirements plus the balances of certain other financial institutions not subject to reserve requirements. Reserve requirements are satisfied on the basis of the average of a bank's daily balances at the Bank of Japan starting the sixteenth of one month and ending the fifteenth of the next.
 SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; Board of Governors of the Federal Reserve System; Bank of Japan; European Central Bank; Bank of England; Wholesale Markets Brokers Association; and Bloomberg Financial Information Services.

The major central banks' operating targets have not changed over the past three months, but interest rate cuts in other countries have been common. The Bank of Japan's supply of current account balances crept up within the unchanged target range of ¥27 trillion–¥30 trillion. However, that gain was small compared to the almost sixfold gain in daily average balances since August 2001. The Bank of Japan also has announced a one-year extension of its program for

purchasing stock from commercial banks' portfolios; like the U.S. Federal Open Market Committee, it has discussed improving communication of its policy intentions to the public. In a September 14 referendum, 56% of Swedish voters favored retaining the krona as their national currency instead of adopting the euro. Thus, with the U.K. and Denmark, Sweden remains a member of the European Union but not of the European System of Central Banks.

Inflation rates for the euro and the dollar have converged over the past year to a point just below the ECB's target ceiling, while Japan's deflation rate has moved up toward zero. The U.K.'s inflation rate, however, has stuck stubbornly above the government's 2.5% target and is more than one percentage point higher than an alternative inflation index comparable to that used by the ECB. The government has announced that it will target that alternative index starting next year.