



Banc of America Securities LLC

9 West 57th Street
New York, NY 10019

Tel 212.583.8000

Economic and Financial Conditions

MICKEY D. LEVY
CHIEF ECONOMIST
BANK OF AMERICA

SHADOW OPEN MARKET COMMITTEE
WASHINGTON, DC
NOVEMBER 12-13, 2000

Banc of America Securities LLC

A Nonbank Subsidiary of Bank of America Corporation
Member NASD and SIPC



S N A P S H O T												
QUARTERLY DATA	Levels				Quarterly % Change (annualized)				Yr-to-Yr % Change			
	1999				1999				1999			
	Q4-99	Q1-00	Q2-00	Q3-00	Q4-99	Q1-00	Q2-00	Q3-00	Q4-99	Q1-00	Q2-00	Q3-00
Nominal GDP	9559.7	9752.7	9945.7	10063.3	9.7	8.3	8.2	4.8	6.5	7.1	8.2	7.7
GDP	9084.1	9191.8	9318.9	9382.2	8.3	4.8	5.6	2.7	5.0	5.3	6.1	5.3
Domestic Demand	9414.1	9543.6	9694.3	9763.6	8.4	5.6	6.5	2.9	5.9	6.1	6.8	5.8
Final Sales	9000.5	9148.0	9235.3	9296.7	6.4	6.7	3.9	2.7	4.8	5.4	5.4	4.9
Domestic Final Sales	9330.4	9499.9	9610.5	9677.9	6.6	7.5	4.7	2.8	5.8	6.2	6.1	5.4
Disposable Personal Income	6412.2	6443.1	6502.0	6542.6	4.5	1.9	3.7	2.5	3.1	2.9	3.1	3.2
Consumption	6101.0	6213.5	6260.6	6330.4	5.9	7.6	3.1	4.5	5.6	6.0	5.4	5.3
Residential Investment	368.5	371.4	372.6	363.7	0.5	3.2	1.3	-9.2	2.8	1.6	0.5	-1.2
Business Investment	1301.8	1365.3	1412.5	1436.3	9.5	21.0	14.6	6.9	10.1	12.9	14.1	12.9
Inventory Investment	80.9	36.6	78.6	79.9	NA	NA	NA	NA	NA	NA	NA	NA
Government Purchases	1569.5	1565.1	1583.7	1569.4	8.5	-1.1	4.8	-3.6	4.4	3.2	4.2	2.1
Exports	1068.4	1084.8	1121.8	1164.6	10.3	6.3	14.4	16.2	4.3	8.1	10.2	11.7
Imports	1420.9	1461.7	1525.2	1575.5	10.7	12.0	18.5	13.9	12.0	13.9	14.5	13.7
Current Account	(c) -96.2	-101.5	-106.1	#N/A	-6.6	-5.3	-4.6	#N/A	-34.3	-34.9	-27.2	#N/A
GDP Deflator	105.3	106.2	106.8	107.3	1.6	3.3	2.4	2.0	1.6	1.8	2.1	2.3
Employment Costs (Private)	144.5	146.6	148.2	149.7	4.0	5.9	4.4	4.1	3.4	4.5	4.5	4.6
Unit Labor Costs (Non-Farm)	109.3	109.8	109.7	110.4	-3.6	1.8	-0.4	2.6	0.7	0.7	-0.5	0.1
Productivity (Non-Farm)	115.8	116.3	118.1	119.2	8.0	1.7	6.3	3.8	4.1	3.8	5.4	4.9
Compensation (Non-Farm)	126.5	127.8	129.6	131.6	4.2	4.2	5.8	6.3	4.7	4.7	4.9	5.1
Corporate Profits A/T	(a) 599.9	634.4	650.4	#N/A	6.2	5.8	2.5	#N/A	19.3	15.4	17.5	#N/A
Operating Profits A/T	(a) 893.2	936.3	963.6	#N/A	6.1	4.8	2.9	#N/A	11.2	9.9	15.2	#N/A
Net Cash Flow	(a) 955.8	999.2	1023.2	#N/A	3.7	4.5	2.4	#N/A	15.1	12.8	13.9	#N/A
MONTHLY DATA	Levels				Monthly % Change				12 Month % Change			
	Jul-00	Aug-00	Sep-00	Oct-00	Jul-00	Aug-00	Sep-00	Oct-00	Jul-00	Aug-00	Sep-00	Oct-00
Purchasing Managers Index	51.8	49.5	49.9	48.3	0.0	-4.4	0.8	-3.2	-3.4	-9.0	-12.9	-15.1
Non-Farm Payrolls	(b) 131.607	131.528	131.723	131.860	-40	-79	195	137	2.10	1.91	1.90	1.80
Manufacturing Payrolls	(b) 18.548	18.432	18.363	18.363	55	-116	-69	0	-0.02	-0.38	-0.71	-0.65
Unemployment Rate	(c) 4.0	4.1	3.9	3.9	0.0	0.1	-0.2	0.0	-0.3	-0.1	-0.3	-0.2
Average Workweek (sa)	34.4	34.3	34.4	34.3	-0.3	-0.3	0.3	-0.3	-0.3	-0.6	-0.3	-0.6
Avg. Hourly Earnings (sa)	13.8	13.8	13.8	13.9	0.4	0.4	0.2	0.4	3.6	3.8	3.6	3.8
Total Vehicle Sales, incl. Lt. Trucks	17.0	17.4	17.8	#N/A	-0.1	2.3	2.2	#N/A	0.3	0.6	4.2	#N/A
Domestic Unit Auto Sales	6.8	6.8	6.8	6.6	-0.4	0.1	-0.2	-3.4	-3.0	-7.3	-1.7	-2.8
Industrial Production	145.0	145.6	146.0	#N/A	-0.2	0.4	0.3	#N/A	5.5	5.7	5.7	#N/A
Capacity Utilization	82.1	82.2	82.2	#N/A	-0.5	0.1	0.0	#N/A	1.7	1.9	2.0	#N/A
PPI	138.1	137.8	139.0	139.5	-0.1	-0.2	0.9	0.4	4.1	3.3	3.3	3.6
PPI Ex. Food & Energy	147.9	148.0	148.5	148.4	0.1	0.1	0.3	-0.1	1.5	1.5	1.2	1.0
CPI	172.8	172.7	173.6	#N/A	0.2	-0.1	0.5	#N/A	3.7	3.3	3.5	#N/A
CPI Ex. Food & Energy	181.8	182.1	182.6	#N/A	0.2	0.2	0.3	#N/A	2.5	2.6	2.5	#N/A
Retail Sales	270.6	270.9	273.2	#N/A	0.8	0.1	0.9	#N/A	8.3	6.9	7.6	#N/A
Housing Starts	1527.0	1525.0	1530.0	#N/A	-2.8	-0.1	0.3	#N/A	-10.4	-8.0	-6.0	#N/A
Permits	1511.0	1486.0	1518.0	#N/A	-1.1	-1.7	2.2	#N/A	-9.7	-10.4	-2.3	#N/A
Federal Budget Surplus/Deficit	(d) 5.1	-10.4	65.8	#N/A	30.2	-7.6	7.8	#N/A	236.8	229.2	237.0	#N/A
Durable Goods Orders	209.9	215.9	222.4	#N/A	-13.2	2.9	3.0	#N/A	2.1	4.1	8.8	#N/A
Manufacturing Orders	375.0	382.4	388.6	#N/A	-8.1	2.0	1.6	#N/A	4.2	4.9	7.7	#N/A
Personal Income (\$)	8302.4	8334.8	8425.1	#N/A	0.3	0.4	1.1	#N/A	6.5	6.3	7.4	#N/A
Personal Outlays (\$)	7018.4	7054.1	7111.1	#N/A	0.7	0.5	0.8	#N/A	8.0	7.7	8.0	#N/A
Personal Saving Rate	(c) -0.1	-0.4	-0.1	#N/A	-0.4	-0.3	0.3	#N/A	-2.2	-2.5	-1.4	#N/A
Leading Economic Indicators	105.8	105.7	105.7	#N/A	-0.2	-0.1	0.0	#N/A	0.2	0.2	0.3	#N/A
Total Business Inventories	1197.1	1205.9	#N/A	#N/A	0.4	0.7	#N/A	#N/A	6.7	7.1	#N/A	#N/A
Inventory/Total Sales	(c) 1.33	1.34	#N/A	#N/A	0.01	0.01	#N/A	#N/A	-0.01	0.01	#N/A	#N/A
International Trade	(c) -31.7	-29.4	#N/A	#N/A	-1.8	2.3	#N/A	#N/A	-7.0	-5.5	#N/A	#N/A
3 Month Bill	(c) 5.96	6.09	6.00	6.11	0.27	0.13	-0.09	0.11	1.41	1.37	1.32	1.25
2 Year Note	(c) 6.34	6.23	6.08	5.91	-0.14	-0.11	-0.15	-0.17	0.79	0.55	0.42	0.05
10 Year Note	(c) 6.05	5.83	5.80	5.74	-0.05	-0.22	-0.03	-0.06	0.26	-0.11	-0.12	-0.37
30 Year Bond	(c) 5.85	5.72	5.83	5.80	-0.08	-0.13	0.11	-0.03	-0.13	-0.35	-0.24	-0.46
DJIA	10663.0	11014.5	10967.9	10441.0	0.8	3.3	-0.4	-4.8	-3.5	0.7	2.4	0.4
S&P 500	1472.99	1485.46	1468.05	1390.14	0.8	0.8	-1.2	-5.3	6.7	11.9	11.4	6.9
U.S. Dollar (FRB)	97.7	99.2	100.8	102.3	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Yen/\$	108	108	107	108	2.0	-0.1	-1.1	1.5	-9.3	-4.5	0.0	2.3
DM/\$	2.08	2.16	2.25	2.30	1.3	3.8	4.0	2.0	10.5	17.3	20.8	25.6
M1	1104.4	1101.2	1095.3	#N/A	0.1	-0.3	-0.5	#N/A	0.4	0.2	-0.1	#N/A
M2	4806.1	4836.2	4871.4	#N/A	0.3	0.6	0.7	#N/A	5.5	5.8	6.1	#N/A
Bank reserves	40258.0	39944.0	39861.0	39570.0	0.8	-0.8	-0.2	-0.7	-4.2	-4.7	-4.6	-4.3
C&I Loans & Non-Financial CP	1072.2	1081	1082.2	#N/A	0.6	0.8	0.1	#N/A	10.4	10.7	10.3	#N/A
Consumer Credit	1469.5	1481.8	1488.3	#N/A	0.5	0.8	0.4	#N/A	8.4	8.6	8.9	#N/A

(a) Quarterly % changes are not annualized

(b) Monthly changes are in levels

(c) All changes are in levels or basis points

(d) Monthly: change from same month last year; Annual: sum of past 12 months

Note: All GDP data reflect chain-weighted measures.

11/09/00

Chart 1

U.S. Macroeconomic Trends

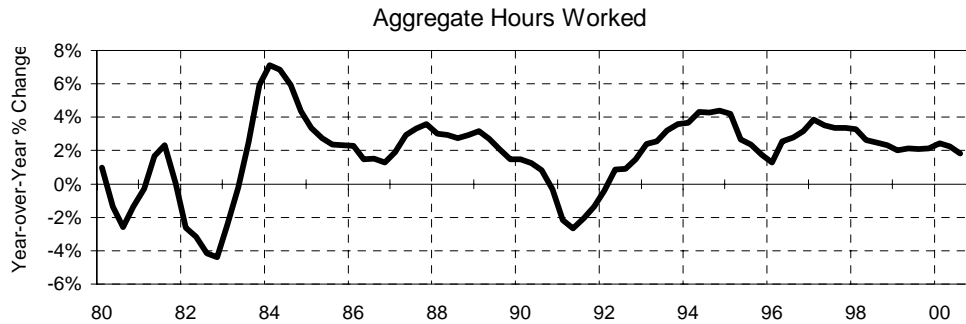
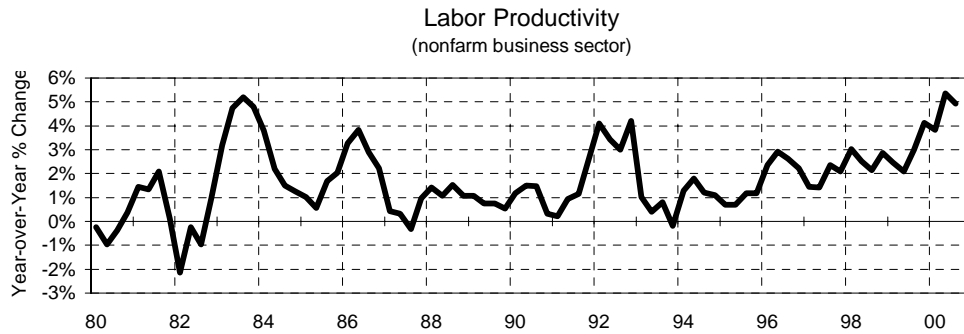
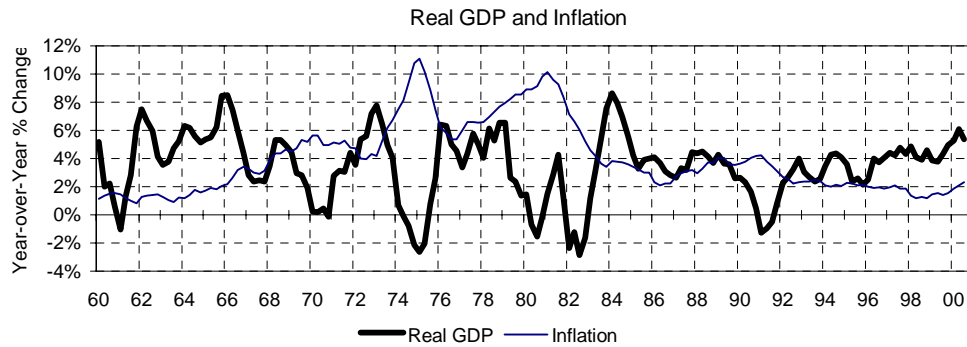
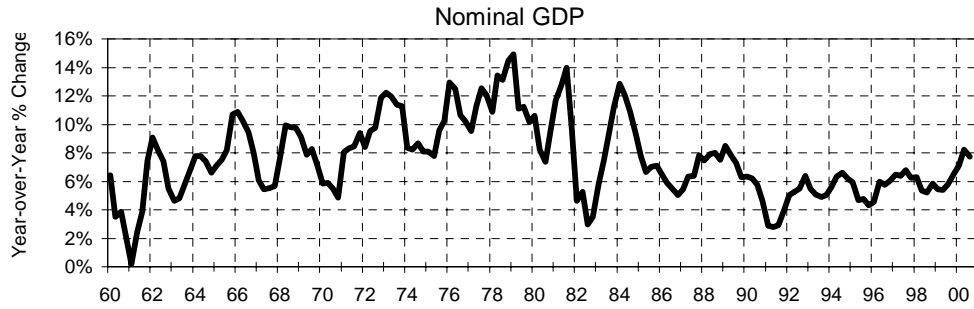
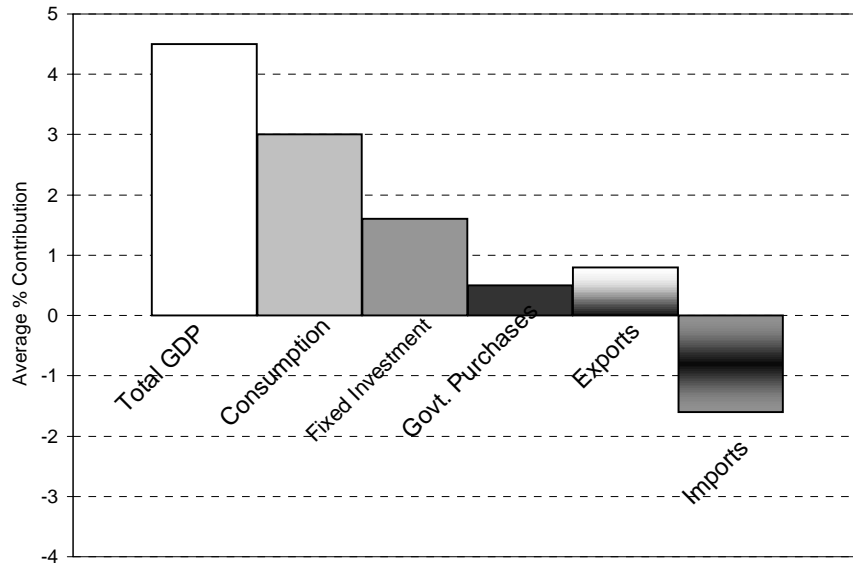


Chart 2

Contribution to GDP Growth, 1996-present



Average Annualized Growth Rates, 1996-present

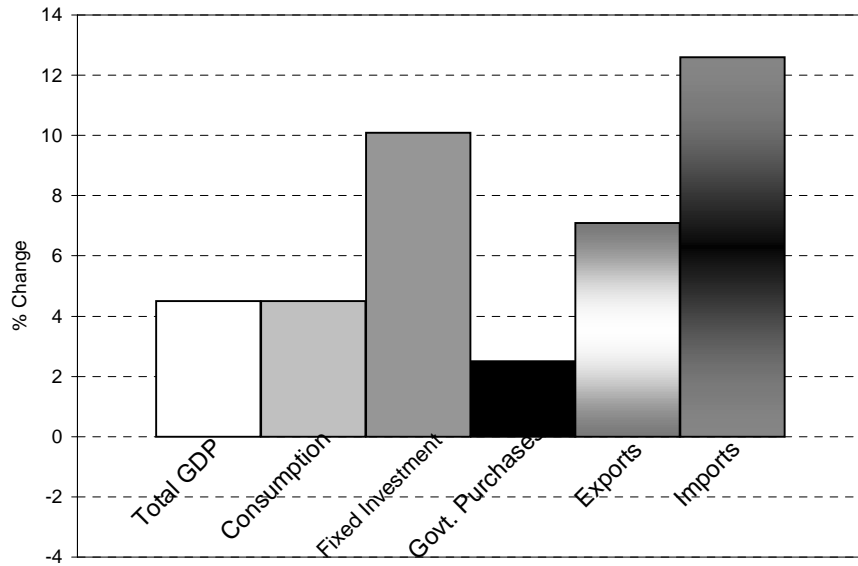
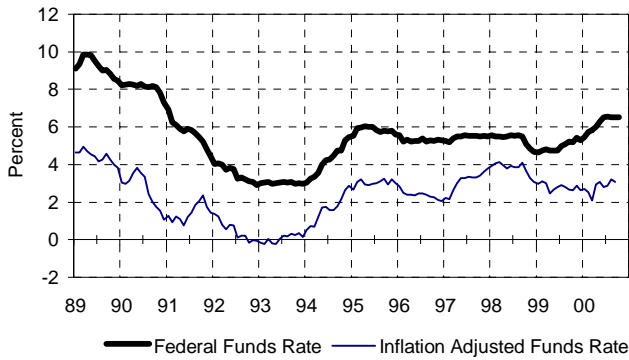


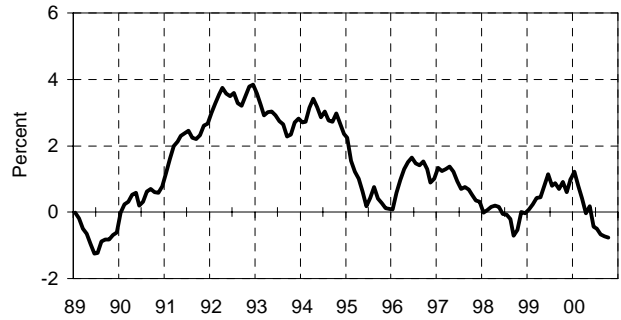
Chart 3

Measures of Monetary Thrust

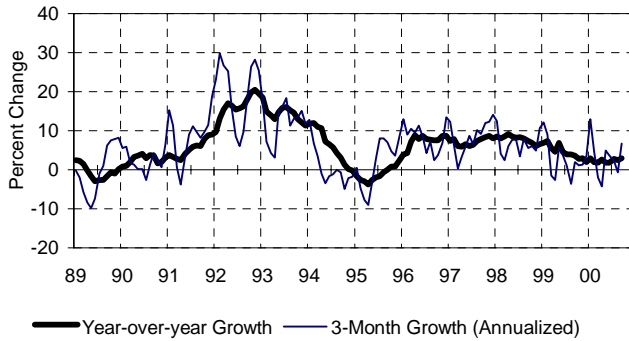
Nominal and Real Federal Funds Rate



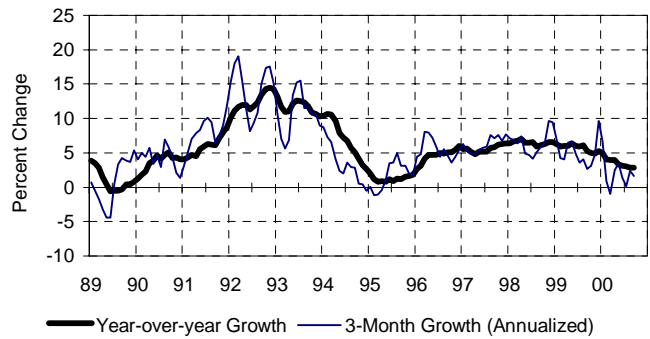
10-Year Treasury Bond/Federal Funds Spread



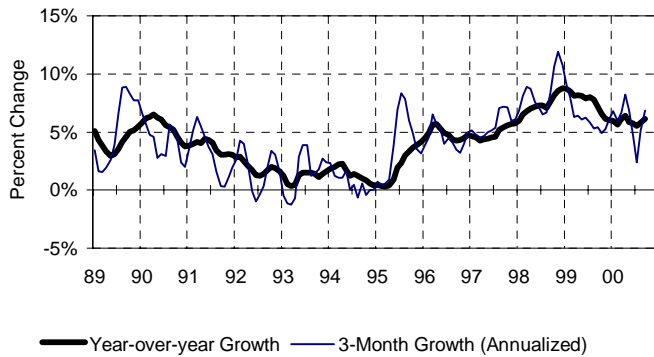
Bank Reserves
Adjusted for Sweep Accounts
(based on FRB estimates)



M1
Adjusted for Sweep Accounts
(based on FRB estimates)



M2



MZM

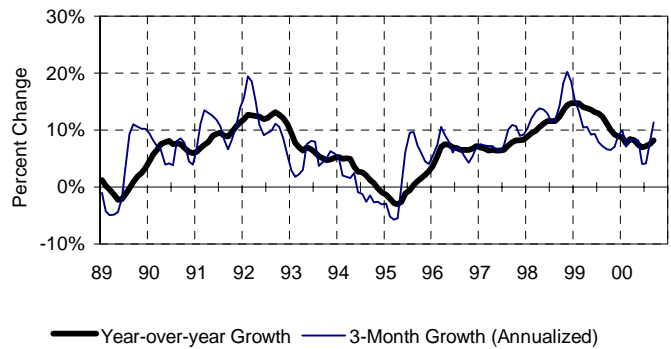
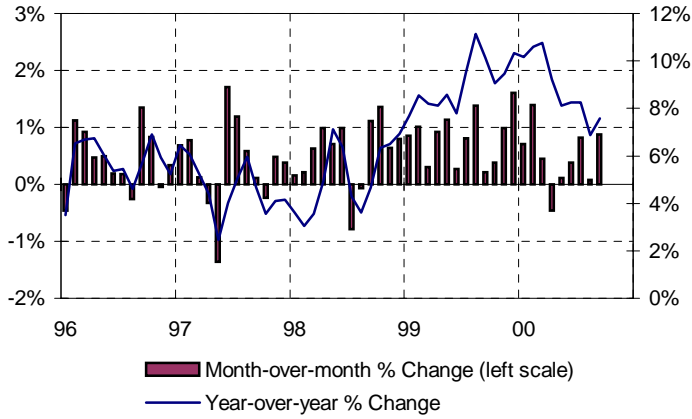


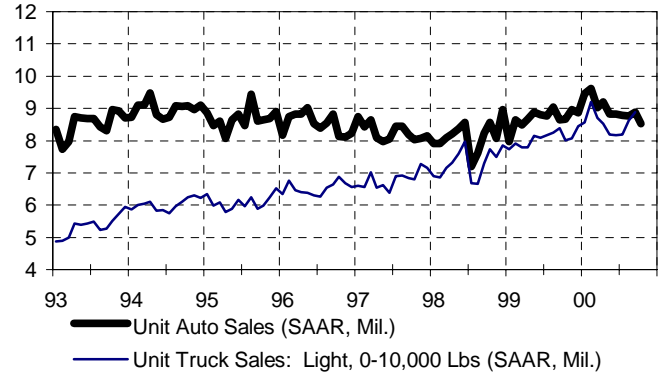
Chart 4

U.S. Domestic Demand Moderates

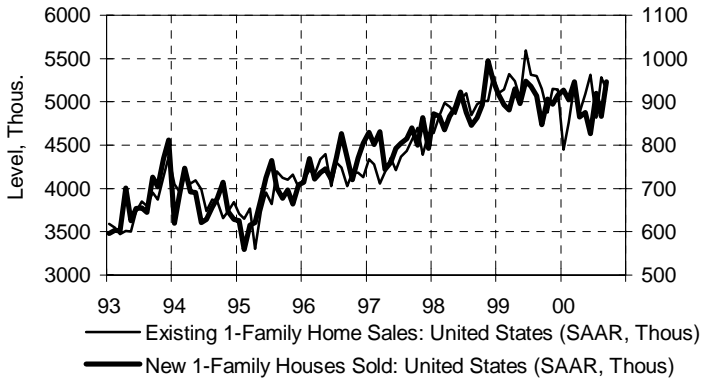
Retail Sales



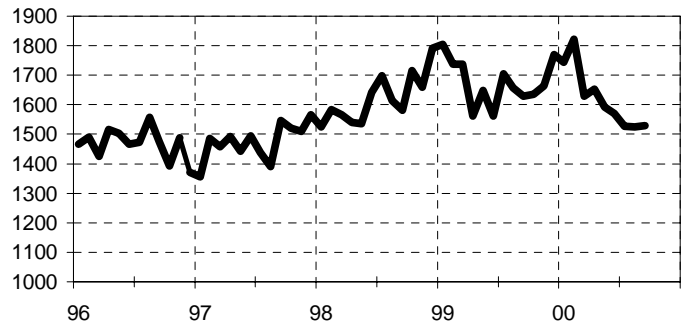
Unit Vehicle Sales



Home Sales (1-Family)



New Housing Starts



Real Consumption

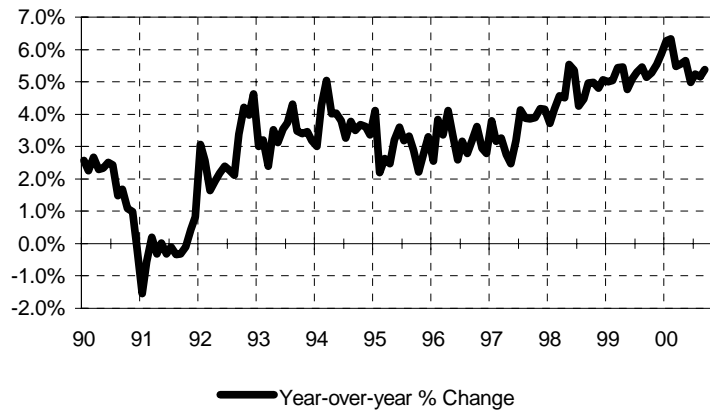
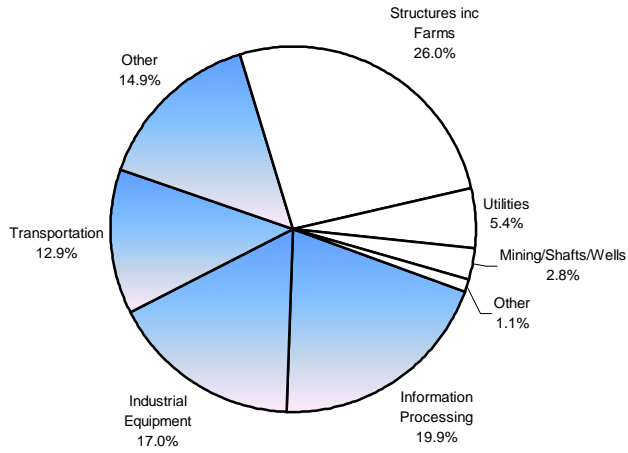


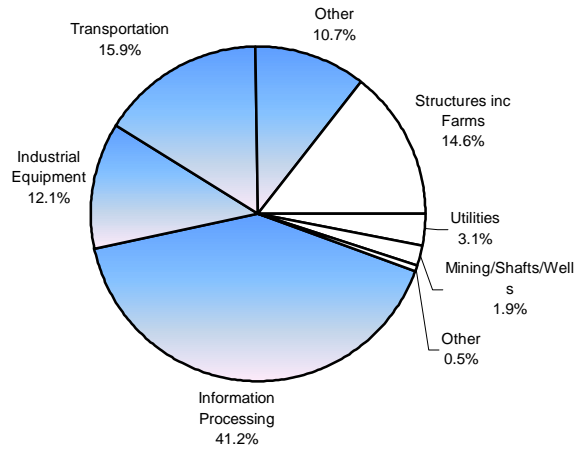
Chart 5

Business Fixed Investment

1989



1999



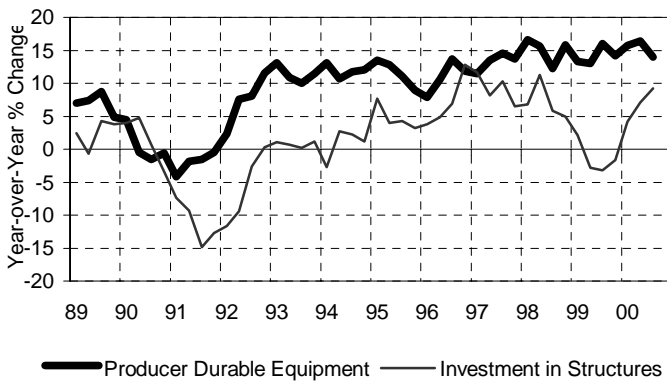
Equipment and Software - \$414 bil.

Fixed Private Nonresidential Investment: Structures - \$233 bil.

Equipment and Software - \$975 bil.

Fixed Private Nonresidential Investment: Structures - \$248 bil.

Business Fixed Investment



Information Processing Equipment

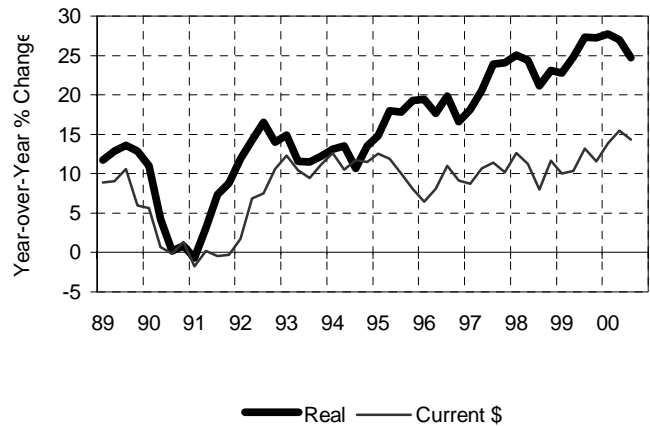
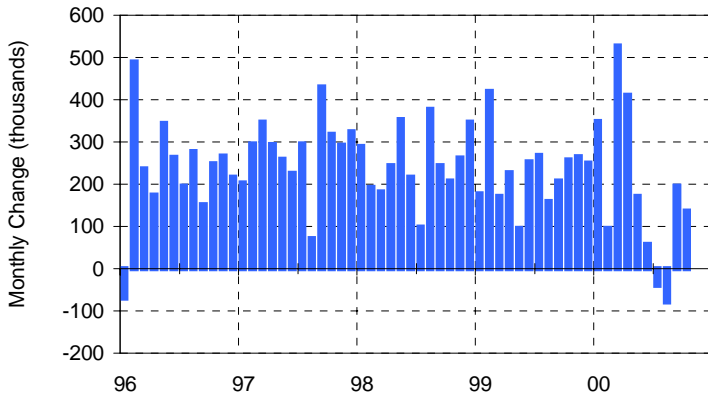


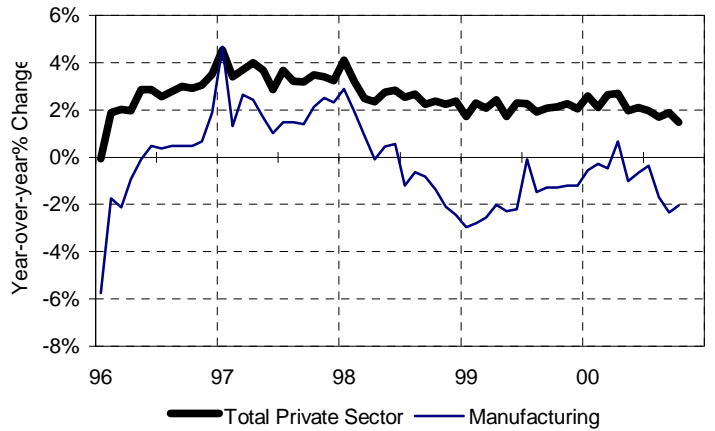
Chart 6

Trends in Employment, Production and Trade

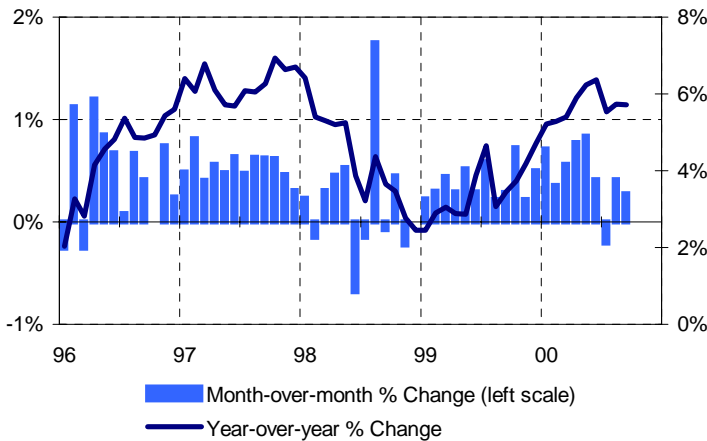
Nonfarm Payrolls



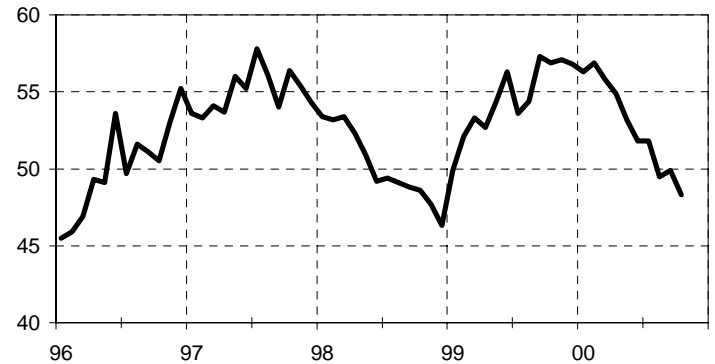
Aggregate Hours Worked



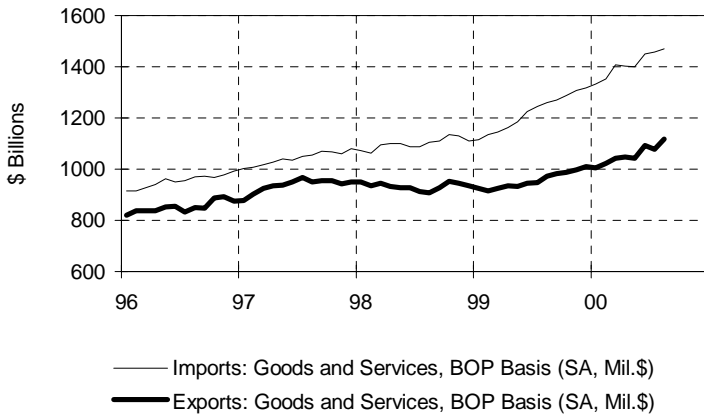
Industrial Production



NAPM: Composite Index



Imports and Exports



Net Exports
(Contribution to GDP Growth)

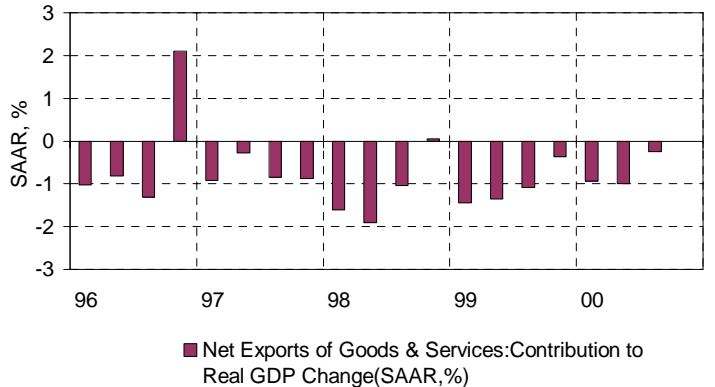
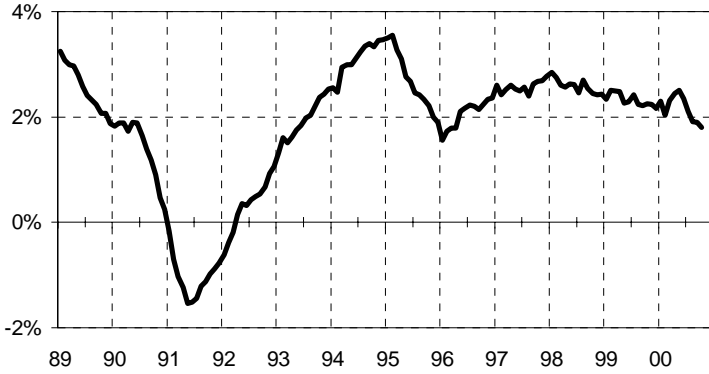


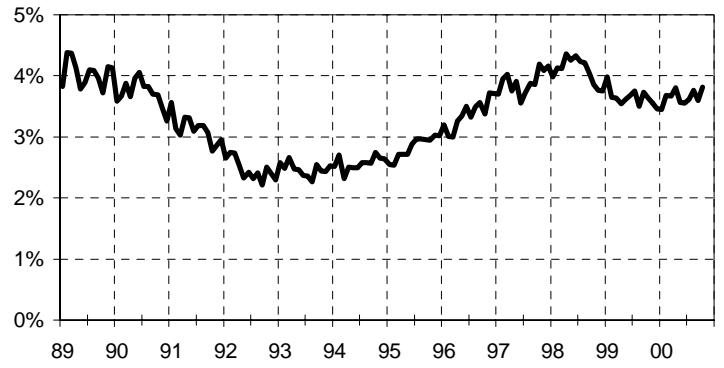
Chart 7

U.S. Labor Market Conditions, Productivity and Unit Labor Costs

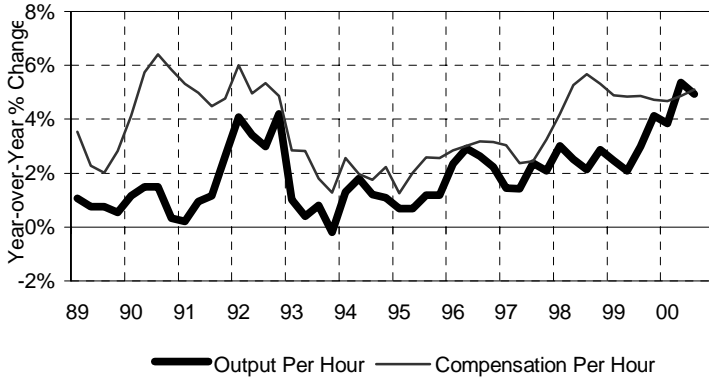
Establishment Payrolls



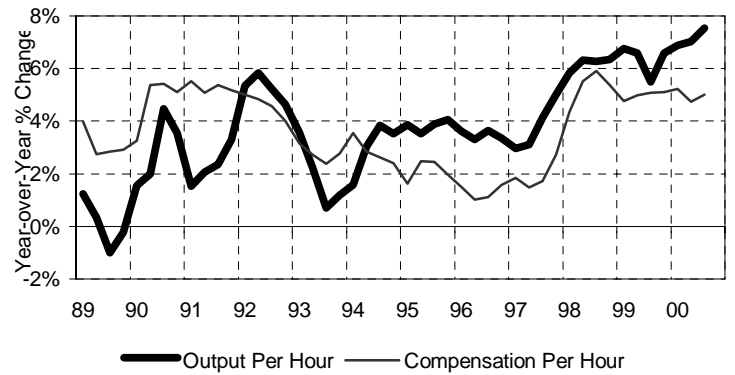
Average Hourly Earnings



Compensation and Productivity
(nonfarm business sector)



Compensation and Productivity
(manufacturing)



Unit Labor Costs
(nonfarm business sector)



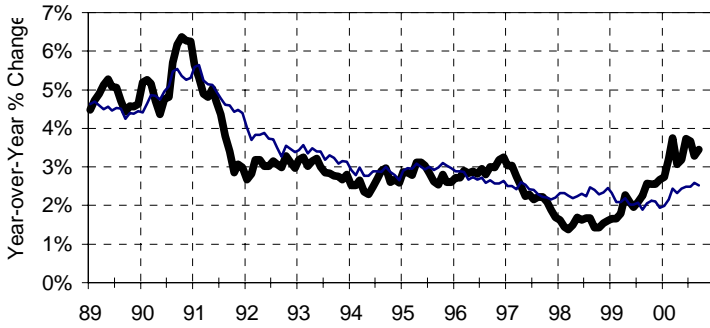
Unit Labor Costs
(manufacturing)



Chart 8

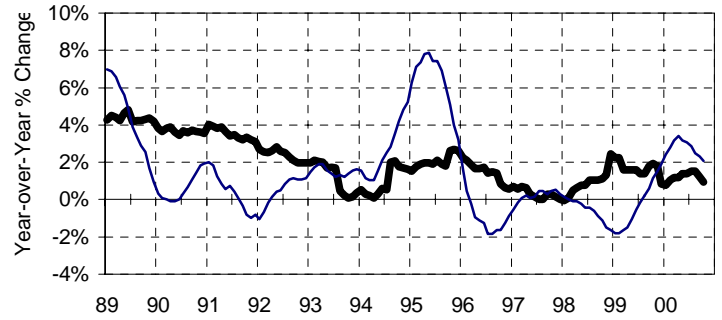
Selected Indicators of Inflation

Consumer Price Index



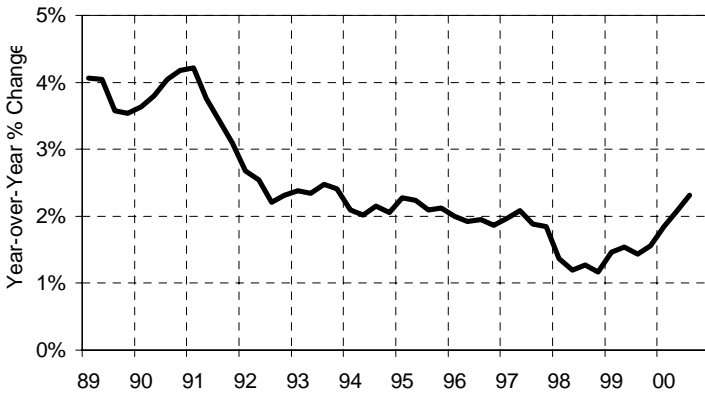
— CPI-U: All Items (SA, 1982-84=100)
— CPI-U: All Items Less Food and Energy (SA, 1982-84=100)

Producer Price Index

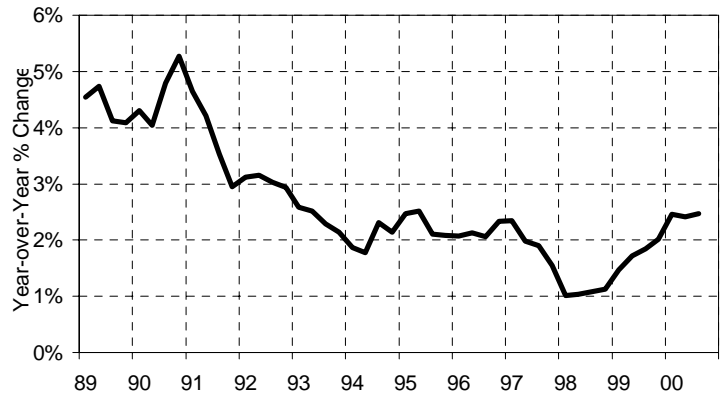


— PPI: Finished Goods less Food and Energy (SA, 1982=100)
— PPI: Intermediate Materials Less Food & Energy (NSA, 1982=100)

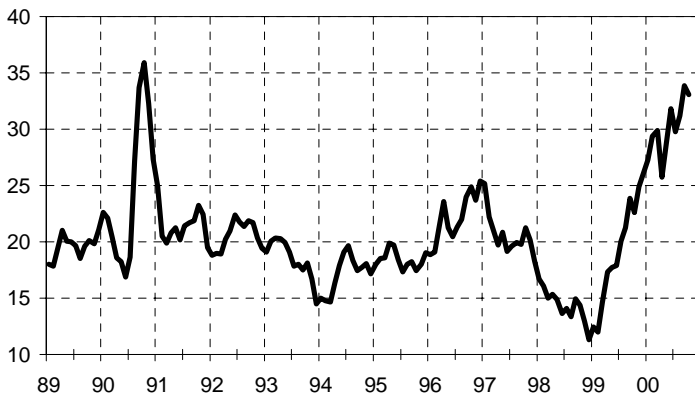
GDP Deflator



PCE Deflator



Spot Oil Price: West Texas Intermediate [Prior '82=Posted Price] (\$/Bbl)



NAPM: Survey of Prices

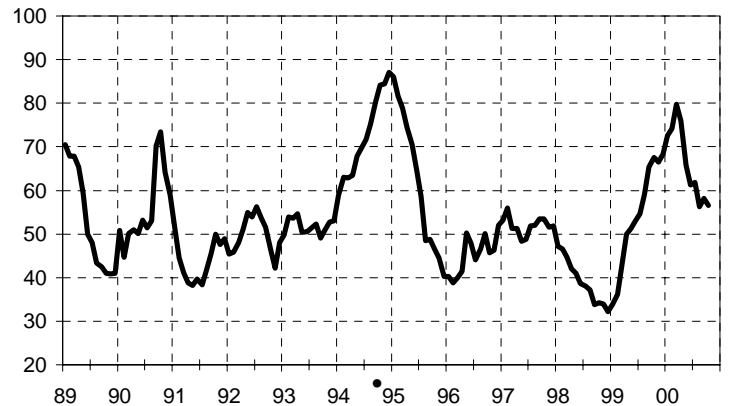


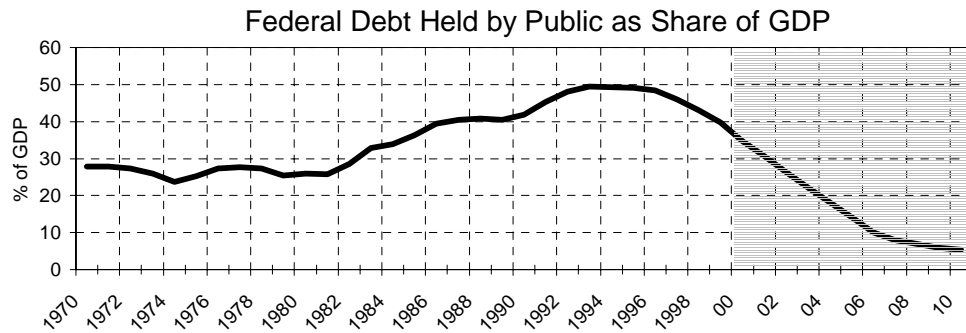
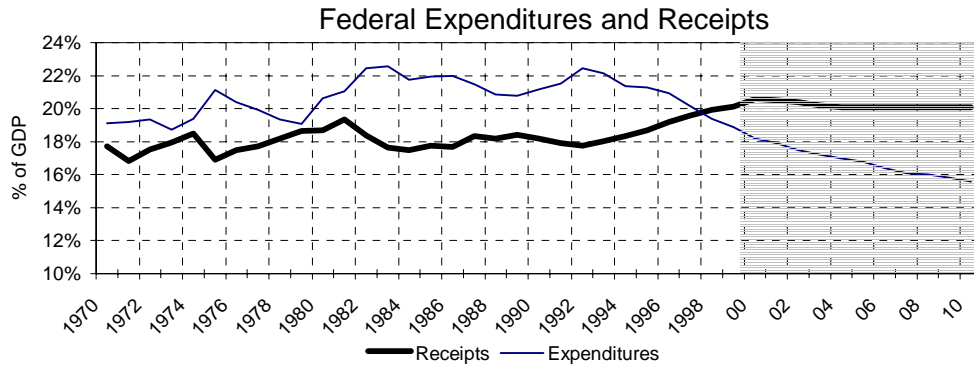
Table 1

**Federal Reserve Central Tendency Forecasts
Q4/Q4 % Changes**

	<u>2000</u>		<u>2001</u>
Fed forecast made in:	Feb 2000	July 2000	July 2000
Real GDP	3 ½ - 3 ¾	4 - 4 ½	3 ¼ - 3 ¾
Nominal GDP	5 ¼ - 5 ½	6 ¼ - 6 ¾	5 ½ - 6
PCE Price Index	1 ¾ - 2	2 ½ - 2 ¾	2 - 2 ½
Unemployment Rate	4 - 4 ¼	about 4	4 - 4 ¼

Chart 9

The Shifting Financial Picture of the U.S. Government



shaded portions represent CBO projections, July 2000

Gross Federal Debt Held by Public

(\$ billions)

	Actual	CBO Forecast
1970	283	2000 3409
1975	395	2001 3158
1980	712	2002 2854
1985	1507	2003 2522
1990	2412	2004 2165
1995	3605	2005 1774
1997	3773	2006 1315
1999	3633	2007 1081
		2008 989
		2009 887
		2010 830

Chart 10

Recent U.S. Financial Trends

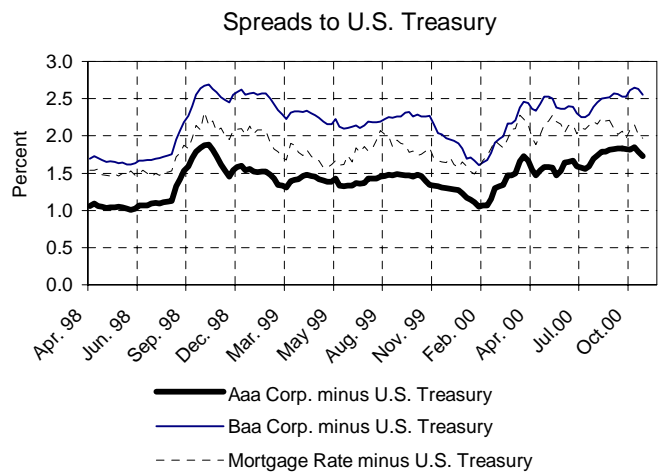
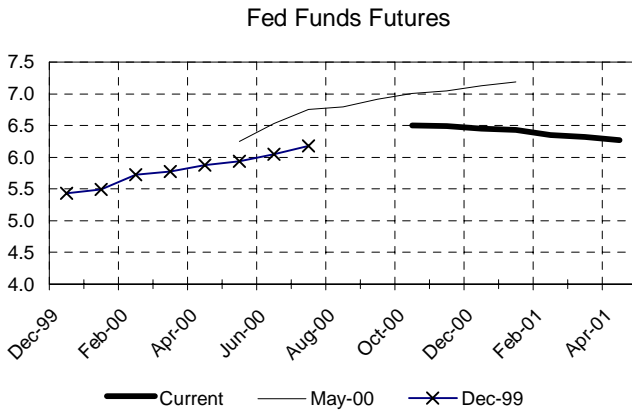
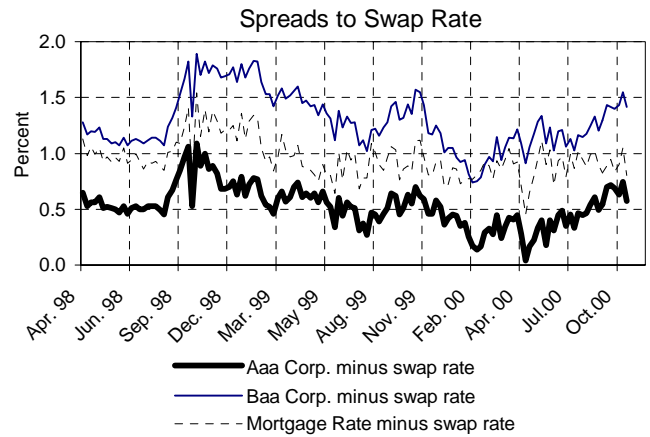
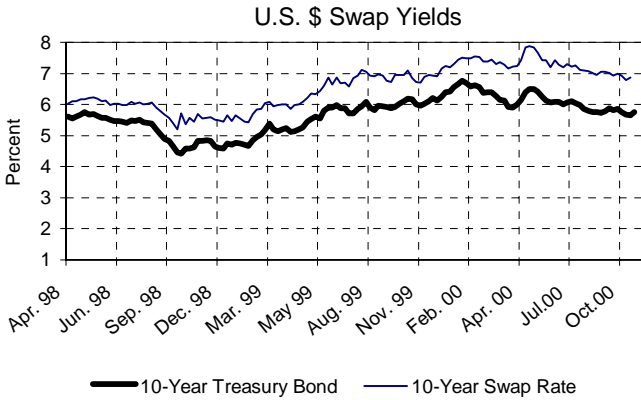
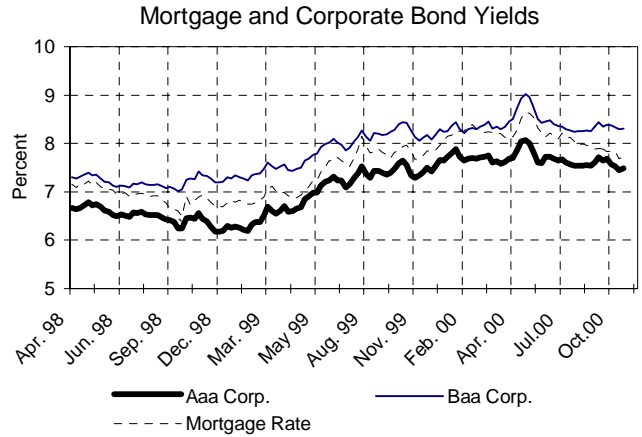
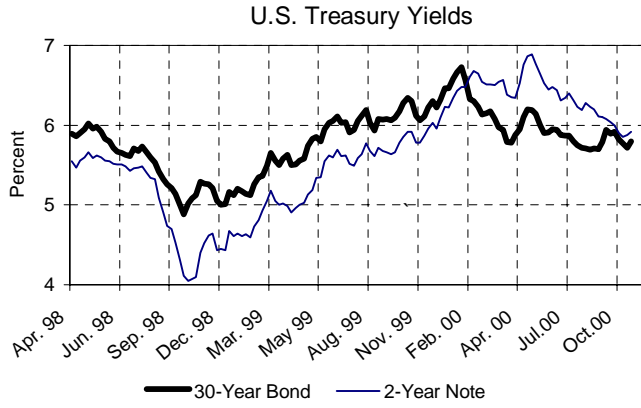


Table 2**International Economic and Inflation Conditions**

	Real GDP		Unemployment Rate %	Inflation	
	Yr/Yr	Current		CPI (Yr/Yr)	PPI (Yr/Yr)
	<u>% Change</u>	<u>Condition</u>			
United Kingdom	3.2	accelerating	5.3	3.3	2.5
Canada	5.3	strong growth	6.8	2.5	4.0
France	3.4	accelerating	9.6	1.8	5.9
Germany	3.1	accelerating	9.4	2.5	5.6
Italy	2.6	stable growth	10.5	2.6	6.5
Japan	0.8	slow improvement	4.6	-0.8	0.3
United States	6.1	strong growth	3.9	3.6	3.3
Euro-11	3.5	cyclical rebound	9.0	2.3	5.6

Economic Performance in Selected Asian Nations

	Real GDP	
	% Change Yr/Yr	
	<u>1998 Trough</u>	<u>2000Q2</u>
Japan	-3.4 (Q1)	0.8
Korea	-7.2 (Q2)	9.6
Thailand	-12.5 (Q2)	6.6
Philippines	-0.8 (Q2)	4.5
Hong Kong	-6.8 (Q3)	10.8
Singapore	-1.9 (Q2)	8.0
Taiwan	3.7 (Q4)	5.4

Economic Performance in Selected Latin American Nations

	Real GDP	
	% Change Yr/Yr	
	<u>1998/99 Trough</u>	<u>2000Q2</u>
Brazil	-2.1 (98Q4)	3.9
Argentina	-4.9 (99Q2)	0.8
Mexico	1.9 (99Q1)	7.6

Table 3**Recent Interest Rate Trends in Major Industrialized Nations**

	10-Year Bond	Short-term	Yield	Inflation-Adjusted Yields		Inflation Adjusted Yield Spreads to U.S.	
	<u>Yields</u>	<u>Yields</u>	<u>Spread</u>	<u>Bonds</u>	<u>Short-Term</u>	<u>Bonds</u>	<u>Short-Term</u>
United Kingdom	5.1	5.8	-0.7	1.8	2.5	-0.4	-0.3
Canada	5.7	5.6	0.1	3.2	3.1	1	0.3
France	5.2	4.8	0.4	3.4	3.0	1.2	0.2
Germany	5.0	4.8	0.2	2.5	2.3	0.3	-0.5
Italy	5.6	4.2	1.4	3.0	1.6	0.8	-1.2
Japan	1.9	0.4	1.5	2.7	1.2	0.5	-1.8
United States	5.7	6.3	-0.6	2.2	2.8	--	--
Euro-11	5.1	5.0	0.1	2.8	2.7	0.6	-0.1