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SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

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SUPPLEMENTAL NOTES

The Domestic Nonfinancial Economy

Retail sales in October increased 3/10's of a per cent from a sharply downward revised September level, according to the advance partial sample estimate. Excluding autos and mainly non-consumer items, the gain was 0.5 per cent. Consistent with the earlier weekly data, the largest increases in sales were among the general merchandise group and the apparel stores. Reflecting the strike at Ford Motors, sales of the automotive group were down for the second successive month.

Present data indicate a 1.1 per cent increase in total sales in the third quarter, instead of the 1.9 per cent gain that occurred in the Spring quarter. On balance, the further moderation in the third quarter was concentrated in the automotive group. Excluding autos and mainly nonconsumer items, the third quarter increase in sales was 1.6 per cent--about the same as the 1.3 per cent increase of the second quarter. Sales at apparel and general merchandise stores, especially among softgoods, strengthened markedly in the third quarter.

RETAIL SALES
(Seasonally adjusted, percentage change from previous period)

	1976		1976		
	QII	QIII	Aug.	Sept.	Oct.
Total Sales	1.9	1.1	1.7	-1.3	.3
Durable	3.4	.0	2.9	-4.7	-.4
Auto	4.5	-.8	4.3	-6.5	-.3
Furniture and appliances	2.7	-.4	.8	-2.9	.3
Nondurable	1.2	1.7	1.1	.4	.6
Apparel	-3.4	6.0	1.2	-.5	2.3
Food Stores	1.2	.9	1.6	-.5	.6
General merchandise	-.1	2.9	3.1	-1.6	1.6
Gasoline Stations	.0	2.6	.4	1.6	.4
Total, less auto and nonconsumption items	1.3	1.6	1.2	.1	.5
GAF	-.2	2.9	2.4	-1.6	1.5
Real*	.9	.6	.9	.0	n.a.

* Deflated by an unpublished Bureau of Economic Affairs price measure.

Wholesale trade inventories. The book value of wholesale trade inventories rose at a \$6.1 billion annual rate in September, faster than the \$2.4 billion August rate of rise. The resulting third quarter increase was at \$3.5 billion average annual rate, substantially below the \$9.0 billion second quarter average annual rate of accumulation.

NOTE: Industrial production data for October will be ready for release, November 16.

The Domestic Financial Economy

No textual addendums to the Greenbook were required, but the usual updating of interest rate developments is contained in the table on page 4.

INTEREST RATES
(One day quotes - in per cent)

	1976			
	Highs	Lows	Oct. 18	Nov. 10
<u>Short-Term Rates</u>				
Federal funds (wkly. avg.)	5.58(6/30)	4.70(2/18)	4.97(10/20)	4.98
3-month				
Treasury bills (bid)	5.57(6/2)	4.68(1/29)	4.79	4.92
Comm. paper (90-119 day)	6.00(6/15)	5.00(11/5)	5.00	5.13
Bankers' acceptances	5.95(6/2)	4.80(4/21)	4.93	5.00
Euro-dollars	6.81(6/1)	5.19(4/22)	5.38	5.25
CD's (NYC) 90 days				
Most often quoted new	5.75(6/16)	4.88(4/21)	5.00(10/13)	5.06
6-month				
Treasury bills (bid)	5.96(5/27)	4.90(10/18)	4.90	5.05
Comm. paper (4-6 mo.)	6.00(6/22)	5.13(11/10)	5.13	5.13
Federal agencies	6.42(5/27)	5.15(10/15)	5.20	5.36(11/5)
CD's (NYC) 180 day				
Most often quoted new	6.50(6/2)	5.00(10/20)	5.25(10/13)	5.30
1-year				
Treasury bills (bid)	6.39(5/27)	5.02(10/18)	5.02	5.18
Federal agencies	6.86(5/28)	5.50(10/18)	5.50	5.60(11/5)
CD's (NYC)				
Most often quoted new	6.75(6/16)	5.38(2/4)	5.50(10/13)	5.50
Prime municipals	3.70(5/28)	2.85(11/5)	2.85(10/15)	2.95(11/12)
<u>Intermediate and Long-Term</u>				
Treasury coupon issues				
5-years	7.82(5/27)	6.55(10/18)	6.55	6.78
20-years	8.20(5/21)	7.63(10/15)	7.66	7.76
Corporate				
Seasoned Aaa	8.66(1/2)	8.29(11/4)	8.30	8.33
Baa	10.34(1/2)	9.10(11/10)	9.18	9.10
New Issue Aaa Utility	8.95(5/28)	8.15(10/15)	8.15(10/15)	8.31(11/11)
Municipal				
Bond Buyer Index	7.13(1/8)	6.25(10/14)	6.25(10/14)	6.39(11/11)
Mortgage--average yield				
in FNMA auction	9.20(6/1)	8.67(11/1)	8.70	8.67(11/1)