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CONFIDENTIAL (FR)  
CLASS II - FOMC

February 24, 1978

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

New orders for durable goods declined 4.4 per cent in January, according to Census Bureau partial-sample estimates; this sharp drop followed a 6.7 per cent increase in December. Decreases in January were fairly widespread, but were particularly sharp in aircraft. Machinery orders were about unchanged as an increase in bookings of electrical machinery offset a decline in the nonelectrical category. Orders for primary metals rose almost 4 per cent due to a rebound in iron and steel bookings.

Nondefense capital goods orders, which are usually a good advance indicator of capital outlays for equipment, declined 4.7 per cent in January, after rising 9.3 per cent in December. The January level of these orders was slightly below the average for the fourth quarter. Over the past year much of the volatility in nondefense capital goods new orders has reflected developments in transportation equipment orders; in January the nondefense capital goods component of these is estimated to have declined about 16-1/2 per cent, after about a 15 per cent rise in December. In contrast, the machinery component of these orders, fell only about 1 per cent in January after rising almost 8 per cent in December. Over the past year, these machinery orders have risen 16 per cent.

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 3.

INTEREST RATES  
(One day quotes--in per cent)

	1977		1978	
	Highs	Lows	Jan. 16	Feb. 23
<u>Short-term Rates</u>				
Federal funds (wkly avg.)	6.65(12/28)	4.47(1/5)	6.78(1/18)	6.78(2/22)
3-month				
Treasury bills (bid)	6.36(10/13)	4.39(4/28)	6.46	6.43
Comm. paper (90-119 days)	6.68(12/30)	4.63(1/10)	6.84	6.77
Bankers' acceptances	6.75(12/29)	4.66(1/3)	6.90	6.79
Eurodollars	7.56(12/29)	4.88(1/5)	7.38	7.44
CDs (NYC) 90 days				
Most often quoted new	6.70(12/21)	4.50(1/5)	6.87(1/18)	6.75(2/22)
6-month				
Treasury bills (bid)	6.55(10/13)	4.54(1/3)	6.76	6.75
Comm. paper (4-6 mos.)	6.75(10/18)	4.63(1/7)	6.86	6.82
CDs (NYC) 180 days				
Most often quoted new	6.92(11/9)	4.65(1/5)	7.00(1/18)	7.13(2/22)
1-year				
Treasury bills (bid)	6.64(10/13)	4.66(1/3)	6.86	6.88
CDs (NYC)				
Most often quoted new	7.10(12/28)	5.00(1/5)	7.25(1/18)	7.38(2/22)
Prime municipal note	3.65(12/30)	2.65(1/7)	3.80(1/13)	3.65(2/17)
<u>Intermediate- and long-term</u>				
Treasury (constant maturity)				
3-year	7.40(12/29)	5.73(1/3)	7.66	7.74
7-year	7.77(12/29)	6.50(1/3)	7.91	7.99
20-year	8.00(12/29)	7.20(1/3)	8.17	8.24
Corporate				
Seasoned Aaa	8.30(12/28)	7.87(1/5)	8.45	8.50(2/22)
Baa	9.18(2/25)	8.77(9/9)	9.20	9.21(2/22)
Aaa Utility New Issue	8.36(12/16)	7.90(1/5)	8.70(1/13)	8.73p(2/24)
Recently offered	8.48(12/30)	7.95(1/5)	8.65(1/13)	8.71p(2/24)
Municipal				
Bond Buyer Index	5.93(2/2)	5.45(11/17)	5.75(1/12)	5.65
Mortgage--average yields in				
FNMA auction	8.98(12/26)	8.46(1/12)	9.13(1/9)	9.35(2/20)