

## **Prefatory Note**

The attached document represents the most complete and accurate version available based on original copies culled from the files of the FOMC Secretariat at the Board of Governors of the Federal Reserve System. This electronic document was created through a comprehensive digitization process which included identifying the best-preserved paper copies, scanning those copies,<sup>1</sup> and then making the scanned versions text-searchable.<sup>2</sup> Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that this document may contain occasional gaps in the text. These gaps are the result of a redaction process that removed information obtained on a confidential basis. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

---

<sup>1</sup> In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

<sup>2</sup> A two-step process was used. An advanced optimal character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

# **MONETARY AGGREGATES AND MONEY MARKET CONDITIONS**

---

**Prepared for the Federal Open Market Committee**

**By the staff Board of Governors of the Federal Reserve System**

March 16, 1979

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) M-1 declined further in February, at a  $3\frac{1}{2}$  per cent annual rate. Data for early March suggest a resumption of M-1 growth, but for the February-March period growth is still projected at only a 1 per cent annual rate, 2 percentage points below the low end of the range set by the FOMC. Shifts of transactions balances to Automatic Transfer Service (ATS) savings accounts and NOW accounts in New York are estimated to be reducing M-1 growth by about  $2\frac{1}{2}$  percentage points during February and March, about one percentage point less than the effect in each of the first three months after the introduction of these accounts. After allowing for this impact, M-1 continues to be much weaker than would be expected on the basis of the continued rapid expansion of nominal GNP and the usual lagged effect of higher interest rates. The persistence of this weakness since last fall and collateral evidence of very sharp increases in close substitutes for money, such as money market mutual funds and repurchase agreements, suggest that a downward adjustment in the public's demand for money relative to income may be under way--similar to the adjustment that took place in 1975-76 following the high interest rate levels reached in 1974.

Comparison of FOMC Policy Ranges for  
February-March  
to Latest Staff Estimates

	<u>Ranges</u>	<u>Latest Estimates</u>
M-1	3 to 7	1.0
M-2	5 to 9	3.7
Federal funds rate (per cent per annum)	10 or a bit higher	Avg. for statement <u>week ending</u>
		Feb. 7      10.06
		14        10.15
		21        9.97
		28        10.06
		Mar. 7     10.07
		14        10.21

(2) M-2 increased at a 2½ per cent annual rate in February--following its January decline--and is projected to grow at a 3½ per cent annual rate over February and March, also below the lower end of its range. Despite the continued growth of ATS accounts, savings deposits dropped sharply further in February. Money Market Certificates (MMCs), on the other hand, continued to expand at a rapid pace, and growth in the large time deposits included in M-2 strengthened. Deposits at savings and loan associations and mutual savings banks expanded in February at about a 9½ per cent annual rate, roughly the same pace as recorded in each of the preceding three months, as large sales of MMCs continued to offset outflows from other account categories.

(3) Following a weak advance in December, commercial bank credit in January-February expanded at about a 12½ per cent annual rate, with business loan growth unusually strong. Banks financed the expansion of earning assets during the two months in part by issuing nearly \$8 billion of large-denomination time deposits--only some of which are included in M-2. Moreover, funds obtained from nondeposit sources

expanded about \$8½ billion--mainly Federal funds and RP's with nonbank customers. Another estimated \$5 billion of bank credit was financed from foreign branch repayments of advances previously extended by domestic head offices. Foreign branches obtained a portion of the funds for these repayments from increased Eurodollar deposits of U.S. residents and perhaps others as confidence in the stability of the dollar on exchange markets increased and the relatively high Eurodollar interest rates became attractive to investors active in international money markets.

(4) The Trading Desk has continued to maintain a Federal funds rate of 10 per cent or a bit higher since the February FOMC meeting. On March 2, as incoming data suggested that growth in both M-1 and M-2 over February-March would likely be at rates below the Committee's ranges, the FOMC held a telephone meeting to determine whether supplementary instructions were required. In light of contradictory evidence on underlying trends in the economy following the economy's strong performance in the fourth quarter of 1978, the FOMC decided that the funds rate objective should remain unchanged.

(5) Nonborrowed reserves are expected to decline at about an 8½ per cent annual rate over the February-March period, as a sharp decrease in February is projected to be only partly offset by modest growth in March. This contraction reflects mainly the decline of demand deposits from mid-January through late February. As in January, member bank borrowing at the discount window averaged about \$1 billion in February, and is expected to continue at close to this level in March. Thus, the growth in total reserves over February and March is expected to be similar to that for nonborrowed reserves. Given the decline in total reserves over February-March, the monetary base is expected to expand

at only a  $3\frac{3}{4}$  per cent annual rate, even though the currency component is projected to grow at a  $9\frac{3}{4}$  per cent annual rate over the period.

(6) Short-term interest rates have generally risen about 5 to 25 basis points and bond yields about 10 to 20 basis points since the February FOMC meeting. With economic activity continuing to expand and the rise in prices accelerating, some market participants appear to have concluded that the probability of a further tightening in monetary policy over the near-term has increased, despite the weak performance of the aggregates. Nonetheless, most short-term rates remain below levels reached around the turn of the year. Rates on shorter-dated Treasury bills provide the main exception to this pattern, as they have moved up to their highest level of the current expansion, partly in response to sizable bill sales by foreign official institutions and Treasury issuance of cash management bills. Treasury and corporate bond yields also reached new highs for the current expansion during the intermeeting period. Rates on primary mortgages have remained essentially unchanged since year end.

(7) The dollar has been quite firm in the exchange markets since the last FOMC meeting.

the U.S. has sold large amount of dollars to acquire marks and Swiss francs to repay swap debt. In addition, the Desk has added modestly to foreign currency balances, particularly yen. From February 6 to March 16 the System purchased about \$1 billion equivalent of foreign currencies and the Treasury about \$750 million equivalent.

(8) The table on the next page shows percentage annual rates of change in related monetary and financial flows over various time periods.

	1977 & 1978 Average	Past Twelve Months Feb. '79 over Feb. '78	Past Six Months Feb. '79 over Aug. '78	Past Three Months Feb. '79 over Nov. '78	Past Months Feb. '79 over Jan. '79
Nonborrowed reserves	4.9	1.2	0.1	-7.6	-20.0
Total reserves	6.0	2.6	-0.7	-4.8	-20.3
Monetary base	8.7	7.7	7.3	5.4	-0.3
<u>Concepts of Money</u>					
M-1 (Currency plus demand deposits) <u>1/</u>	7.6	4.8	1.0	-2.4	-3.7
M-1+ (M-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks)	7.3	2.4	-1.5	-5.6	-7.0
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	9.2	7.1	4.7	1.3	2.5
M-3 (M-2 plus deposits at thrift institutions)	10.6	8.4	7.1	4.3	4.7
M-4 (M-2 plus CD's)	10.3	9.0	7.4	4.0	4.2
M-5 (M-3 plus CD's)	11.1	9.5	8.6	5.8	5.7
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>					
Month-end basis	11.3	11.1	8.9	8.8	10.5
Monthly average	11.4	10.9	9.9	8.0	12.0
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	1.4	1.9	2.4	2.2	1.6
Nonbank commercial paper	0.3	4.1	0.3	0.1	0.0

1/ Other than interbank and U.S. Government.

2/ Includes loans sold to affiliates and branches.

NOTE: All items are based on averages of daily figures, except for data on total loans and investments of commercial banks, commercial paper, and thrift institutions--which are derived from either end-of-month or Wednesday statement date figures. Growth rates for reserve measures in this and subsequent tables are adjusted to remove the effect of discontinuities from breaks in the series when reserve requirements are changed.



Prospective developments

(9) Shown below for Committee consideration are three alternative specifications for the monetary aggregates and the Federal funds rate for the March-April period. Alternative B calls for no near-term change in the Federal funds rate, while alternatives A and C, respectively, would ease and increase restraint in coming weeks. (More detailed and longer-term data are contained in the tables on pp. 8 and 9.)

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Ranges for March-April			
M-1	4½ to 9½	4 to 9	3½ to 8½
M-2	4 to 8	3½ to 7½	3 to 7
Federal funds rate (intermeeting period)	9½ to 10	9¾ to 10½	10¼ to 11

(10) The table on page 10 shows the growth rates for the aggregates that would be required to reach levels in April and June implied by the longer-run ranges adopted by the FOMC in February. To reach levels in April that are on the midpoint paths of the longer-run QIV '78 to QIV '79 ranges, M-1 would have to expand at about a 12 per cent annual rate from February and M-2 at a 14 per cent annual rate, as shown in the middle column of the table. Growth for M-1 would have to be about 3¾ percentage points

Alternative Levels and Growth Rates for Key Monetary Aggregates

		<u>M-1<sup>1/</sup></u>			<u>M-2</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1979	February	358.8	358.8	358.8	877.2	877.2	877.2
	March	360.6	360.5	360.4	881.1	880.8	880.4
	April	362.9	362.6	362.3	886.2	885.4	884.7
1978	QIV	361.4	361.4	361.4	873.8	873.8	873.8
1979	QI	359.8	359.7	359.7	877.9	877.8	877.7
	QII	365.0	364.4	364.0	891.7	890.4	889.4
	QIII	369.7	369.0	368.5	907.2	905.5	904.2
	QIV	373.1	373.1	373.1	921.9	921.7	921.5
<u>Growth Rates</u>							
<u>Monthly:</u>							
1979	March	6.0	5.7	5.4	5.3	4.9	4.4
	April	7.7	7.0	6.3	6.9	6.3	5.9
<u>Quarterly Average:</u>							
1979	QI	-1.8	-1.9	-1.9	1.9	1.8	1.8
	QII	5.8	5.2	4.8	6.3	5.7	5.3
	QIII	5.2	5.0	4.9	7.0	6.8	6.7
	QIV	3.7	4.4	5.0	6.5	7.2	7.7
<u>Semi-Annual:</u>							
	QIV '78-QII '79	2.0	1.7	1.4	4.1	3.8	3.6
	QII '79-QIV '79	4.4	4.8	5.0	6.8	7.0	7.2
<u>Annual:</u>							
	QIV '78-QIV '79	3.2	3.2	3.2	5.5	5.5	5.5

<sup>1/</sup> The staff has assumed that over the longer-run policy period from QIV '78 to QIV '79 M-1 growth will be reduced by a little under 3 percentage points by ATS.

Alternative Levels and Growth Rates for Key Monetary Aggregates (cont'd)

		<u>M-3</u>			<u>Bank Credit</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1979	February	1510.0	1510.0	1510.0	991.2	991.2	991.2
	March	1518.2	1517.8	1517.4	999.2	999.2	999.2
	April	1527.4	1526.4	1525.5	1007.6	1007.4	1007.2
1978	QIV	1493.3	1493.3	1493.3	967.2	967.2	967.2
1979	QI	1510.8	1510.6	1510.5	990.6	990.6	990.6
	QII	1536.6	1534.9	1533.5	1015.9	1015.4	1014.9
	QIII	1562.8	1560.5	1558.5	1040.8	1039.8	1038.5
	QIV	1588.3	1587.9	1587.3	1064.7	1062.9	1059.8
<u>Growth Rates</u>							
<u>Monthly:</u>							
1979	March	6.5	6.2	5.9	9.7	9.7	9.7
	April	7.3	6.8	6.4	10.1	9.8	9.6
<u>Quarterly Average:</u>							
1979	QI	4.7	4.6	4.6	9.7	9.7	9.7
	QII	6.8	6.4	6.1	10.2	10.0	9.8
	QIII	6.8	6.7	6.5	9.8	9.6	9.3
	QIV	6.5	7.0	7.4	9.2	8.9	8.2
<u>Semi-Annual:</u>							
	QIV '78-QII '79	5.8	5.6	5.4	10.1	10.0	9.9
	QII '79-QIV '79	6.7	6.9	7.0	9.6	9.4	8.8
<u>Annual:</u>							
	QIV '78-QIV '79	6.4	6.3	6.3	10.1	9.9	9.6

Growth Rates from February Levels Required to Achieve  
Levels Implied by Adopted FOMC Longer-run Range

	<u>Low End of Range</u>	<u>Midpoint of Range</u>	<u>High End of Range</u>
		<u>M-1</u>	
Achieve level by:			
April 1979	8.2	11.9	15.7
June 1979	4.8	7.4	10.1
Qtr. III 1979	3.7	6.0	8.2
Qtr. IV 1979 <u>1/</u>	3.0	5.0	7.0
		<u>M-2</u>	
April 1979	10.1	13.9	17.6
June 1979	7.6	10.2	12.8
Qtr. III 1979	6.7	8.9	11.2
Qtr. IV 1979 <u>1/</u>	6.1	8.1	10.1

---

1/ QIV '79 is the end-point of the longer-run range.

slower or faster to reach by April the lower or upper ends, respectively, of the longer-run ranges. M-1 would have to expand at a 7-1/2 per cent annual rate and M-2 at over a 10 per cent annual rate to achieve mid-points paths by June.

(11) The staff now expects that M-1 will decline at about a 2 per cent annual rate in the first quarter, despite projected growth of nominal GNP at an annual rate of more than 12 per cent. Thus, a sub-

stantial increase in V-1, at about a 14 per cent annual rate, is implied for the current quarter, as shown in Appendix II. About 3 percentage points of this increase can be explained by shifts of demand deposits to ATS and NOW accounts, and another few percentage points by the usual lagged effects of higher interest rates on money demand. But there is also a large unexplained residual, and, as noted in paragraph (1), it appears to the staff that this residual may to a great extent reflect a downward shift in money demand relative to income.

(12) The strength and duration of such a shift in money demand is most difficult to estimate while it is in process. The downward shift that began in late 1974 seems to have lasted for a little over two years, and may have reduced M-1 growth by as much as 5 percentage points at an annual rate in the early part of the period and  $3\frac{1}{2}$  percentage points later (based on experience with the money demand equation in the Board's quarterly econometric model). With the public having economized on cash balances to such a great extent only a few years ago, we are projecting that the present shift may not be as large nor last as long. Thus, we have--again--projected a resumption of M-1 growth for the policy period immediately ahead.

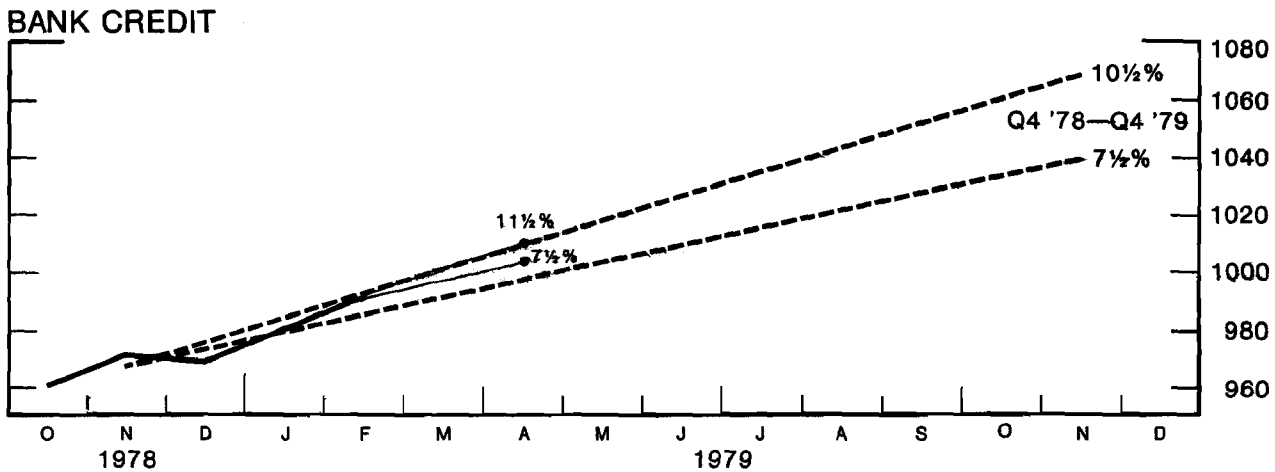
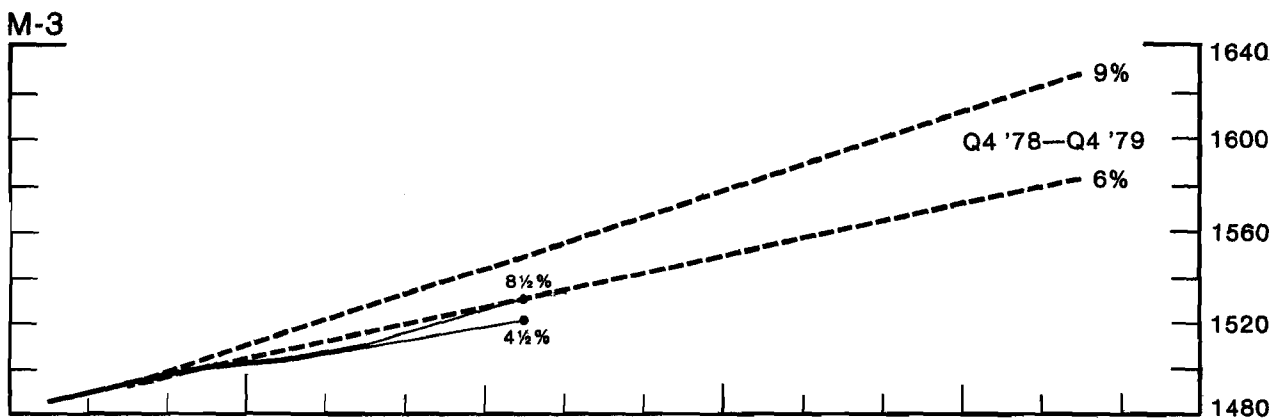
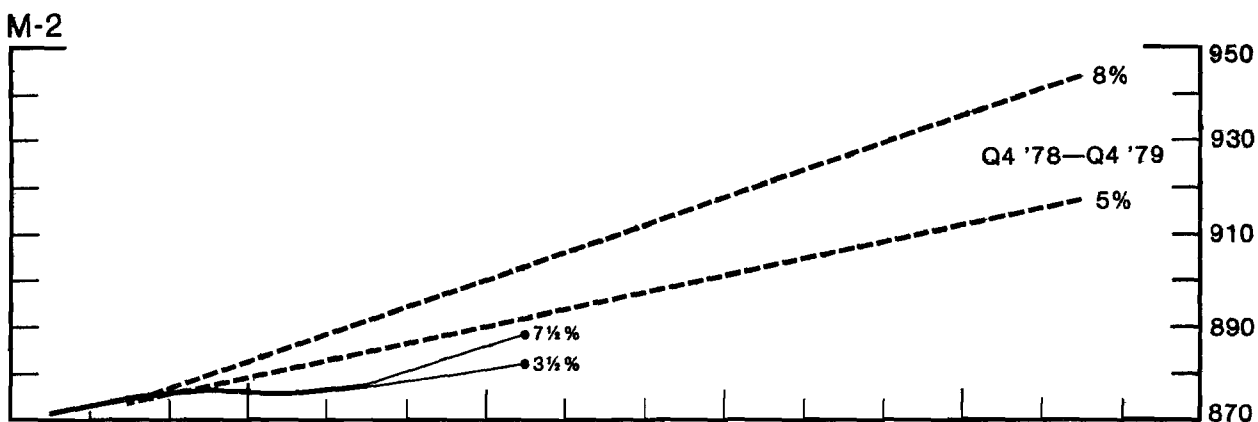
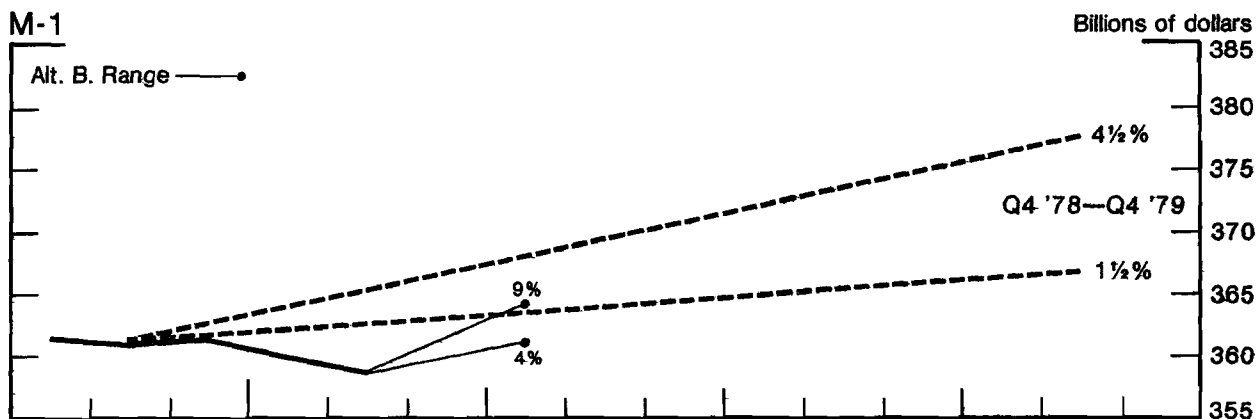
(13) Under alternative B, with the funds rate remaining unchanged from the currently prevailing level of 10 per cent or a little higher, given the staff's GNP projection, we expect M-1 to increase over the March-April period in a range centered on a 4 to 9 per cent annual rate range. With growth at the midpoint of this range, the level of M-1 in April would be below the low end of the path implied by the Committee's current longer-run range. Growth at the 9 per cent upper end

of the alternative B short-run range, would bring M-1 to a level in April just above the low end of the Committee's longer-run range, as shown in the chart on the next page.

(14) Under alternative B, M-2 is expected to expand in a  $3\frac{1}{2}$  to  $7\frac{1}{2}$  per cent annual rate range in March-April, considerably above its recent rate of growth. Most of the acceleration reflects the projected strengthening of M-1, but the interest-bearing component of M-2 is expected to rise a little faster than it has, on average, over the past few months. Commercial banks can be expected to benefit to some extent from the elimination of the rate ceiling differential on MMCs, effective mid-March, and the unusually rapid outflow of savings deposits of recent months is expected to diminish. However, as shown in the chart on the following page, even growth in M-2 at the upper end of the alternative B range would leave the level of this aggregate in April below the lower end of the path implied by the Committee's longer-run range.

(15) It is estimated that the mid-March regulatory changes that reduced the effective interest rates on MMCs offered by thrifts by about 50 basis points could slow their total deposit inflows by roughly 2 percentage points, at an annual rate. Thrifts are thus likely to have to reduce their liquidity and borrow more from the FHLBanks and other sources to finance mortgage lending. They may also limit their new commitment activity further over the near-term as they reevaluate their prospective deposit inflows. Such a slowing of thrift deposit flows suggests that the level of M-3 in April will remain below the lower limit of the path traced by its longer-run growth rate range.

### Growth Ranges and Actual M-1, M-2, M-3, and Bank Credit



(16) If, as projected, the monetary aggregates strengthen in March-April, market expectations of a near-term tightening of monetary policy may themselves lead to some upward pressures on short-term interest rates. In addition, the Treasury market may have to absorb further bill sales by foreign accounts, and the Treasury may have to offer a sizable amount of cash management bills to cover cash drains prior to the mid-April tax date. Rate pressures could be intensified if banks increase the pace of their CD offerings, which they might well do if bank credit demands remain strong, availability of corporate RP money declines as the April tax date approaches, or the return flow of funds from their branches abroad diminishes. Any tendency for short-term rates to rise, however, would be blunted by stability of the funds rate at near current levels, as contemplated under alternative B. The dollar may well continue to trade around current levels in the exchange markets over the next few weeks, accompanied by continuation of some central bank net sales of dollars.

(17) Under alternative B, bond yields can be expected to fluctuate in a fairly narrow range. The volume of oncoming supplies in the municipal market is likely to rise from the recent pace, but the corporate new issue calendar remains quite modest. Moreover, the Treasury is entering a period of seasonally light coupon financing activity. It is expected to raise about \$2 billion of new money in early April through sale of a 15-year bond (or perhaps a 5-year note), but thereafter it is expected to borrow only about \$1 billion of additional new money in the coupon market until June. While there appears to be little reason to expect any significant rise in bond market rates under alternative B, the projected slowing of deposit flows at thrift institutions suggests that primary mortgage yields may edge higher in coming weeks.



(18) Under alternative C, the Federal funds rate would rise to the midpoint of a 10-1/4 to 11 per cent range. Growth in M-1 and M-2 would likely be in annual rate ranges of 3-1/2 to 8-1/2 per cent and 3 to 7 per cent, respectively. A tightening action at this time, while widely discussed by financial market participants in recent weeks, does not appear to have been fully discounted, and thus market interest rates would be expected to move up rather significantly in both long- and short-term markets, with the increases greatest in the short-term area.

(19) A firming policy action at this time could lead to a further strengthening of the dollar. This would probably be reflected mainly in larger central bank net sales of dollars and would also provide greater opportunities to reduce outstanding Federal Reserve swap debt. Such developments would, in domestic markets, tend to raise shorter-dated Treasury bill rates further relative to other short-term interest rates and, if foreign official institutions continued to liquidate their holdings of nonmarketable Treasury issues, increase Treasury borrowing in domestic markets.

(20) Alternative A involves a decline in the funds rate over the intermeeting period to the midpoint of a 9-1/4 to 10 per cent range. Market rates would likely respond initially to this action by declining from current levels. Thereafter, however, if the monetary aggregates continue to rise as projected, and incoming data confirm the staff's economic forecast, the decline of interest rates might begin to be reversed. A decline in the funds rate would probably induce some downward pressure on the international exchange value of the dollar.

(21) Over the QIV '78-QIV '79 period as a whole, the staff still expects little net change in the Federal funds rate, given M-1 growth a shade above the middle of the Committee's  $1\frac{1}{2}$  to  $4\frac{1}{2}$  per cent range.<sup>1/</sup> The funds rate might drift upward between now and mid-year under alternative B and would, of course, more surely rise under alternative C. But interest rates might tend to decline somewhat in the latter half of the year, especially under alternative C, as the rate of growth in nominal GNP decelerates further. Under alternative A, however, we would expect interest rates to rise later in the year to offset the stimulative effect on the aggregates of the easing in market conditions assumed for the weeks ahead if M-1 growth over the year is to be near the middle of the  $1\frac{1}{2}$  to  $4\frac{1}{2}$  per cent range. The projected interest rate paths are shown in appendix I. All paths assume a downward shift in money demand (in addition to ATS effects) on the order of 2 to  $2\frac{1}{2}$  percentage points for the year.

---

<sup>1/</sup> Assuming, on the basis of recent evidence, that ATS shifts reduce M-1 growth by a little less than 3 percentage points.

Directive language

(22) Given below are suggested operational paragraphs for the directive in the customary form. Alternative language consistent with the short-run specifications of the alternatives discussed in the preceding section is shown for the Committee's objective for the Federal funds rate early in the period. At a later point, alternative language is also provided for placing main emphasis either on monetary aggregates or on money market conditions. The language and specifications adopted last month are shown in strike-through form.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to the program for supporting the foreign exchange value of the dollar and to developing conditions in domestic financial markets. Early in the period before the next regular meeting, System open market operations are to be directed at ~~maintaining-the~~ ATTAINING A weekly average Federal funds rate

- (A) SLIGHTLY BELOW THE CURRENT LEVEL.
- (B) at about the current level.
- (C) SLIGHTLY ABOVE THE CURRENT LEVEL.

~~provided-that-over-the-February-March-period-the-annual-rates-of growth-of-M-1-and-M-2,-given-approximately-equal-weight,-appear to-be-within-ranges-of-3-to-7-per-cent-and-5-to-9-per-cent, respectively,-If-growth-of-M-1-and-M-2-for-the-2-month-period appears-to-be-outside-the-indicated-limits,-the-Manager-will promptly-notify-the-Chairman,-who-will-then-consult-with-the Committee-to-determine-whether-the-situation-calls-for supplementary-instructions,~~

SUBSEQUENTLY, OPERATIONS SHALL BE DIRECTED AT MAINTAINING THE WEEKLY AVERAGE FEDERAL FUNDS RATE WITHIN THE RANGE OF \_\_\_\_ TO \_\_\_\_ PER CENT. IN DECIDING ON THE SPECIFIC OBJECTIVE FOR THE FEDERAL FUNDS RATE THE MANAGER SHALL BE GUIDED MAINLY BY THE RELATIONSHIP BETWEEN THE LATEST ESTIMATES OF ANNUAL RATES OF GROWTH IN THE MARCH-APRIL PERIOD OF M-1 AND M-2 AND THE FOLLOWING RANGES OF TOLERANCE: \_\_\_\_ TO \_\_\_\_ PER CENT FOR M-1 AND \_\_\_\_ TO \_\_\_\_ PER CENT FOR M-2. IF, WITH APPROXIMATELY EQUAL WEIGHT GIVEN TO M-1 AND M-2, THEIR RATES OF GROWTH APPEAR TO BE

Monetary aggregates emphasis

SIGNIFICANTLY ABOVE OR BELOW THE MIDPOINTS

Money market emphasis

CLOSE TO OR BEYOND THE UPPER OR LOWER LIMITS OF THE INDICATED RANGES, THE OBJECTIVE FOR THE FUNDS RATE IS TO BE RAISED OR LOWERED IN AN ORDERLY FASHION WITHIN ITS RANGE.

IF THE RATES OF GROWTH IN THE AGGREGATES APPEAR TO BE FALLING ABOVE THE UPPER LIMIT OR BELOW THE LOWER LIMIT OF THE INDICATED RANGES AT A TIME WHEN THE OBJECTIVE FOR THE FUNDS RATE HAS ALREADY BEEN MOVED TO THE CORRESPONDING LIMIT OF ITS RANGE, THE MANAGER WILL PROMPTLY NOTIFY THE CHAIRMAN, WHO WILL THEN DECIDE WHETHER THE SITUATION CALLS FOR SUPPLEMENTARY INSTRUCTIONS FROM THE COMMITTEE.

APPENDIX I

Projected Federal Funds Rate

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1979--QI	9-7/8 to 10	10 to 10-1/8	10 to 10 $\frac{1}{2}$
QII	9 $\frac{1}{2}$ to 10	10 to 10 $\frac{1}{2}$	10 $\frac{1}{2}$ to 11
QIII	9 $\frac{3}{4}$ to 10 $\frac{1}{2}$	9 $\frac{3}{4}$ to 10 $\frac{3}{4}$	9 $\frac{3}{4}$ to 10 $\frac{3}{4}$
QIV	10 to 11	9 $\frac{1}{2}$ to 10 $\frac{1}{2}$	9 to 10

APPENDIX II

Implied Velocity Growth Rates

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
<u>V-1 (GNP/M-1)</u>			
1978--III	1.2	1.2	1.2
IV	9.5 (8.5)	9.5 (8.5)	9.5 (8.5)
1979--I	13.7 (10.6)	13.9 (10.8)	13.9 (10.8)
II	4.2 (1.5)	4.7 (2.0)	5.2 (2.5)
III	2.8 (0.2)	2.8 (0.3)	2.9 (0.4)
IV	5.1 (2.7)	4.3 (2.0)	3.8 (1.4)
<u>V-2 (GNP/M-2)</u>			
1978--III	-0.6	-0.6	-0.6
IV	6.1	6.1	6.1
1979--I	10.0	10.0	10.1
II	3.7	4.3	4.6
III	0.9	1.1	1.2
IV	2.3	1.7	1.2

Note: Figures in parentheses reflect V-1 without ATS.

Table 1

## Money and Credit Aggregate Measures

Period	Bank Reserves <sup>1/</sup>			Bank Credit	Money Stock Measures							
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M-1	M-1+	M-2	M-3	M-4	M-5	M-6	M-7
	1	2	3	4	5	6	7	8	9	10	11	12
	(PER CENT ANNUAL RATES OF GROWTH)											
ANNUALLY: <sup>2/</sup>												
-----												
1976	0.6	0.8	6.7	8.0	5.8	12.6	10.9	12.7	7.1	10.2	9.9	9.9
1977	5.3	3.0	8.3	11.3	7.9	9.3	9.8	11.7	10.1	11.7	11.5	11.6
1978	6.6	6.7	9.1	11.3	7.3	5.3	8.5	9.4	10.5	10.5	10.1	11.4
SEMI-ANNUALLY: <sup>2/</sup>												
-----												
2ND HALF 1977	6.9	3.0	9.2	10.7	8.1	7.5	9.1	11.1	10.3	11.8	12.0	11.9
1ST HALF 1978	7.6	7.6	8.8	12.7	8.0	6.2	7.7	8.3	10.6	10.0	9.9	11.3
2ND HALF 1978	5.5	5.6	9.0	9.4	6.3	4.2	8.9	10.0	9.8	10.5	9.9	10.8
QUARTERLY:												
-----												
1ST QTR. 1978	6.6	9.3	8.7	10.4	5.3	4.1	6.5	7.6	9.5	9.3	9.3	10.8
2ND QTR. 1978	10.4	2.7	9.0	17.0	10.8	8.6	9.7	9.4	11.2	10.3	10.0	11.1
3RD QTR. 1978	6.2	6.7	9.8	8.7	9.8	7.5	11.2	11.6	11.0	11.4	11.0	10.9
4TH QTR. 1978	0.5	2.4	7.3	5.9	0.4	-2.0	4.7	7.0	7.6	8.7	7.9	10.3
QUARTERLY-AV:												
-----												
1ST QTR. 1978	8.9	14.5	9.9	10.1	6.6	5.0	7.0	8.1	10.2	10.0	10.1	11.5
2ND QTR. 1978	6.2	0.6	7.6	14.9	9.2	7.2	8.4	8.4	10.6	9.8	9.6	10.9
3RD QTR. 1978	8.6	6.6	9.3	10.8	8.1	6.0	9.9	10.4	10.1	10.5	9.7	10.1
4TH QTR. 1978	2.3	4.6	8.4	7.7	4.4	2.4	7.7	9.3	9.4	10.2	9.8	11.2
MONTHLY:												
-----												
1978--FEB.	7.1	9.6	9.1	8.5	1.8	1.5	5.0	6.4	8.6	8.5	8.5	10.0
MAR.	-9.2	-2.9	3.1	7.9	2.8	2.3	4.7	6.4	7.6	8.1	7.4	9.1
APR.	8.3	1.3	7.8	19.9	16.4	12.1	11.2	9.9	13.0	11.0	10.9	12.1
MAY	11.0	-8.9	10.5	16.6	9.7	8.4	9.2	8.6	11.9	10.4	10.3	11.3
JUNE	11.6	15.6	8.6	13.7	6.2	5.2	8.5	9.4	8.3	9.2	8.6	9.7
JULY	14.8	8.5	10.6	11.0	6.8	2.9	8.7	9.6	9.6	10.1	8.2	8.6
AUG.	-5.0	0.2	5.2	5.1	8.5	7.0	11.6	11.5	10.0	10.5	10.1	9.9
SEPT.	8.6	11.3	13.4	9.7	13.8	12.3	13.0	13.4	13.1	13.4	14.3	14.0
OCT.	5.1	-1.2	8.0	9.8	1.7	0.6	6.5	8.8	6.0	8.4	7.5	9.4
NOV.	-3.6	13.4	5.7	6.7	-2.0	-5.1	4.7	6.7	12.6	11.5	9.9	12.7
DEC.	-0.1	-4.9	7.9	1.1	1.7	-1.6	2.7	5.5	4.0	6.1	6.0	8.6
1979--JAN.	6.0	2.2	8.6	14.8	-5.3	-8.2	-1.2	2.8	3.7	5.5	4.8	5.9
FEB. P	-20.3	-20.0	-0.3	10.5	-3.7	-7.0	2.5	4.7	4.2	5.7	5.6	7.2

1/ BASED ON DATA ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS.

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

Table 2

MAR. 16, 1979

## Money and Credit Aggregate Measures

Seasonally Adjusted, Billions of Dollars

Period	Bank Reserves <sup>1/</sup>			Bank Credit	Money Stock Measures							
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M-1	M-1+	M-2	M-3	M-4	M-5	M-6	M-7
	1	2	3	4	5	6	7	8	9	10	11	12
<b>ANNUALLY:</b>												
1976	37,013	36,960	120,572	788.9	313.8	517.2	740.6	1235.6	803.0	1298.0	1436.4	1484.2
1977	38,923	38,354	130,640	875.5	338.7	560.6	809.4	1374.3	883.1	1448.0	1602.2	1658.5
1978	41,271	40,403	142,381	971.1	361.5	586.4	876.3	1500.6	972.9	1597.3	1760.5	1845.1
<b>MONTHLY:</b>												
1978--FEB.	39,741	39,336	133,138	892.3	342.4	565.3	819.4	1392.9	898.3	1471.8	1629.3	1690.6
MAR.	39,570	39,242	133,480	898.6	343.2	566.4	822.6	1400.3	904.0	1481.7	1639.3	1703.4
APR.	39,843	39,286	134,350	913.5	347.9	572.1	830.3	1411.9	913.8	1495.3	1654.2	1720.6
MAY	40,208	38,996	135,525	926.1	350.7	576.1	836.7	1422.0	922.9	1508.2	1668.4	1736.8
JUNE	40,597	39,503	136,494	936.7	352.5	578.6	842.6	1433.1	929.3	1519.8	1680.4	1750.8
JULY	41,099	39,782	137,699	945.3	354.5	580.0	848.7	1444.6	936.7	1532.6	1691.9	1763.3
AUG.	40,928	39,788	138,290	949.3	357.0	583.4	856.9	1458.4	944.5	1546.0	1706.2	1777.8
SEPT.	41,223	40,163	139,840	957.0	361.1	589.4	866.2	1474.7	954.8	1563.2	1726.6	1798.6
OCT.	41,399	40,122	140,778	964.8	361.6	589.7	870.9	1485.5	959.6	1574.1	1737.4	1812.7
NOV.	41,274	40,570	141,450	970.2	361.0	587.2	874.3	1493.8	969.7	1589.2	1751.7	1831.9
DEC.	41,271	40,403	142,381	971.1	361.5	586.4	876.3	1500.6	972.9	1597.3	1760.5	1845.1
1979--JAN.	41,478	40,476	143,399	983.0	359.9	582.4	875.4	1504.1	975.9	1604.6	1767.5	1854.1
FEB. <sup>P</sup>	40,776	39,803	143,369	991.6	358.8	579.0	877.2	1510.0	979.3	1612.2	1775.8	1865.3
<b>WEEKLY:</b>												
1979--JAN.	17	42,086	41,190	143,872	360.9	583.5	876.3		976.9			
	24	41,269	40,346	143,336	357.9	579.6	874.0		975.9			
	31	41,679	40,251	143,942	357.3	578.1	873.8		976.2			
FEB.	7	41,163	40,346	143,640	360.1	580.6	876.9		978.7			
	14	40,699	39,645	142,991	360.3	580.6	878.7		980.5			
	21	41,029	40,091	143,500	358.3	578.4	876.9		979.3			
	28P	40,212	39,128	143,121	356.4	576.7	876.6		979.1			
MAR.	7P	41,294	40,268	144,417	360.1	579.8	879.5		980.7			
	14P	40,774	39,892	144,001								

NOTES: WEEKLY DATA ARE DAILY AVERAGES FOR STATEMENT WEEKS. MONTHLY DATA ARE DAILY AVERAGES. WEEKLY DATA ARE NOT AVAILABLE FOR M3, M5, M6, M7, TOTAL LOANS AND INVESTMENTS AND THRIFT INSTITUTION DEPOSITS.

<sup>1/</sup> BASED ON DATA ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS. DATA SHOWN IN MILLIONS OF DOLLARS.

P - PRELIMINARY



Table 3

MAR. 16, 1979

# COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits					Mutual Savings Bank & S&L Shares <sup>1/</sup>	Credit Union Shares <sup>1/</sup>	Savings Bonds <sup>1/</sup>	Short Term U.S. Gov't Securities <sup>1/</sup>	Other Private Short-term Assets <sup>1/</sup>
			Total	Other Than CD's			CD's					
				Total	Savings	Other						
(Per cent annual rates of growth)												
1	2	3	4	5	6	7	8	9	10	11	12	
<b>ANNUALLY:</b> <sup>2/</sup>												
1976	9.5	4.6	8.1	15.0	25.0	7.5	-23.3	15.4	17.8	6.9	7.1	11.9
1977	9.3	7.4	11.4	11.2	11.1	11.4	12.8	14.0	19.5	6.6	12.6	13.4
1978	10.0	6.3	12.5	9.4	1.8	16.1	32.8	10.2	15.0	5.5	7.7	47.3
<b>SEMI-ANNUALLY:</b> <sup>2/</sup>												
2ND HALF 1977	10.0	7.3	11.7	9.8	6.4	12.9	25.6	13.6	20.1	6.5	22.3	10.1
1ST HALF 1978	9.3	7.6	12.2	7.6	2.9	11.7	42.6	8.5	17.0	6.3	12.0	51.9
2ND HALF 1978	10.2	4.9	12.0	10.8	0.7	19.3	19.0	11.5	12.0	4.6	3.2	33.9
<b>QUARTERLY:</b>												
1ST QTR. 1978	9.5	3.8	12.1	7.4	2.2	12.0	42.3	8.3	18.0	6.3	11.3	55.4
2ND QTR. 1978	7.9	11.9	11.4	8.9	4.7	12.5	25.5	8.3	14.0	5.7	9.5	39.3
3RD QTR. 1978	11.7	9.1	11.7	12.2	3.6	19.5	8.3	12.1	13.5	4.6	9.3	9.1
4TH QTR. 1978	9.7	-2.7	11.9	7.7	-6.2	18.9	36.6	10.7	7.7	4.0	-4.3	70.0
<b>QUARTERLY-AV:</b>												
1ST QTR. 1978	10.5	5.5	12.5	7.2	2.0	11.7	47.7	8.9	17.4	6.3	16.2	52.3
2ND QTR. 1978	8.0	9.7	11.5	7.9	3.8	11.4	33.5	7.8	15.9	6.2	7.5	45.6
3RD QTR. 1978	9.6	7.6	11.3	11.1	2.3	18.5	12.2	10.9	13.7	4.6	1.0	18.7
4TH QTR. 1978	10.6	2.1	12.4	10.2	-0.9	19.2	25.0	11.8	10.1	4.5	5.4	46.9
<b>MONTHLY:</b>												
1978--FEB.	10.7	-1.0	12.9	7.3	1.1	12.8	47.4	7.8	17.8	6.2	9.1	55.2
MAR.	6.7	1.0	10.6	6.0	1.6	9.8	39.5	7.8	20.0	6.2	-4.5	52.8
APR.	7.9	19.5	10.9	7.8	4.3	10.7	28.0	7.5	14.8	6.2	13.5	43.1
MAY	9.2	10.3	13.4	8.7	6.0	11.0	40.3	7.2	12.2	6.1	13.4	34.3
JUNE	6.5	5.6	9.6	10.1	3.8	15.5	7.0	10.1	14.5	4.6	1.5	36.9
JULY	9.1	6.0	11.2	9.8	-3.8	21.6	18.0	11.1	11.9	6.1	-23.5	15.3
AUG.	9.0	7.8	10.9	14.1	4.8	21.2	-5.5	11.2	11.8	3.0	9.0	5.0
SEPT.	16.6	13.2	12.7	12.5	9.7	14.8	12.3	13.5	16.3	4.5	43.1	6.7
OCT.	7.6	-0.5	8.5	10.0	-1.6	19.3	1.4	12.5	9.2	4.5	-7.2	55.0
NOV.	10.0	-6.3	21.9	9.4	-9.6	24.5	92.1	9.8	4.6	4.5	-14.4	78.1
DEC.	11.2	-1.4	5.1	3.5	-7.5	12.0	15.1	9.5	9.1	3.0	8.8	65.8
1979--JAN.	8.6	-10.9	9.0	1.6	-13.0	12.7	48.4	9.7	-4.5	1.5	-5.8	28.4
FEB.P	8.6	-8.3	9.0	7.0	-12.0	20.7	19.1	9.2	-6.8	1.5	7.3	40.2

1/ GROWTH RATES ARE BASED ON ESTIMATED MONTHLY AVERAGE LEVELS DERIVED BY AVERAGING END OF CURRENT MONTH AND END OF PREVIOUS MONTH REPORTED DATA.

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY.

Table 4

MAR. 16, 1979

# COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits				Mutual Savings Bank & S&L Shares <sup>1/</sup>	Credit Union Shares <sup>1/</sup>	Savings Bonds <sup>1/</sup>	Short-Term U.S. Gov't Sec <sup>1/</sup>	Other Private Short-term Assets <sup>1/ 2/</sup>	Non-Deposit Funds <sup>3/</sup>	Total Gov't Demand Deposits <sup>4/</sup>	
			Total	Other Than CD's										CD's
				Total	Savings	Other								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>ANNUALLY:</b>														
1976	80.8	233.0	489.2	426.7	202.1	224.7	62.4	456.1	38.9	71.9	66.5	47.8	51.0	11.4
1977	88.6	250.1	544.4	470.7	219.7	251.0	73.7	518.3	46.6	76.6	77.6	56.3	62.0	11.7
1978	97.5	264.1	611.4	514.8	222.0	292.8	96.6	571.2	53.1	80.6	82.7	84.6	77.1	15.4
<b>MONTHLY:</b>														
1978--FEB.	90.2	252.3	555.9	477.0	220.6	256.4	78.9	525.6	47.9	77.4	80.1	61.4	65.5	8.7
MAR.	90.7	252.5	560.8	479.4	220.9	258.5	81.5	529.0	48.7	77.8	79.8	64.1	65.4	9.3
APR.	91.3	256.6	565.9	482.5	221.7	260.8	83.4	532.3	49.3	78.2	80.7	66.4	65.7	10.2
MAY	92.0	258.8	572.2	486.0	222.8	263.2	86.2	535.5	49.8	78.6	81.6	68.3	66.2	8.3
JUNE	92.5	260.0	576.8	490.1	223.5	266.6	86.7	540.0	50.4	78.9	81.7	70.4	66.4	13.4
JULY	93.2	261.3	582.2	494.1	222.8	271.4	88.0	545.0	50.9	79.3	80.1	71.3	66.7	14.7
AUG.	93.9	263.0	587.5	499.9	223.7	276.2	87.6	550.1	51.4	79.5	80.7	71.6	68.8	16.9
SEPT.	95.2	265.9	593.7	505.1	225.5	279.6	88.5	556.3	52.1	79.8	83.6	72.0	69.8	16.8
OCT.	95.8	265.8	597.9	509.3	225.2	284.1	88.6	562.1	52.5	80.1	83.1	75.3	74.9	20.1
NOV.	96.6	264.4	608.8	513.3	223.4	289.9	95.4	566.7	52.7	80.4	82.1	80.2	73.0	21.0
DEC.	97.5	264.1	611.4	514.8	222.0	292.8	96.6	571.2	53.1	80.6	82.7	84.6	77.1	15.4
1979--JAN.	98.2	261.7	616.0	515.5	219.6	295.9	100.5	575.8	52.9	80.7	82.3	86.6	82.8	14.8
FEB.P	98.9	259.9	620.6	518.5	217.4	301.0	102.1	580.2	52.6	80.8	82.8	89.5	85.7	10.2
<b>WEEKLY:</b>														
1979--JAN.	10	98.0	262.7	613.2	514.4	221.0	293.4	98.9					81.9	13.6
	17	98.0	262.9	615.9	515.4	219.7	295.7	100.5					84.7	14.1
	24	98.4	259.5	618.0	516.1	218.8	297.3	101.9					83.8	15.0
	31	98.5	258.7	618.9	516.6	218.0	298.5	102.4					82.4	15.1
FEB.	7	98.9	261.2	618.6	516.8	217.6	299.2	101.8					84.0	11.8
	14	98.6	261.7	620.2	518.4	217.5	300.9	101.8					88.5	9.7
	21	98.8	259.5	621.0	518.6	217.3	301.4	102.4					87.1	9.4
	28P	99.1	257.3	622.7	520.3	217.5	302.8	102.4					83.5	9.5
MAR.	7P	99.5	260.5	620.7	519.5	216.9	302.6	101.2						10.3

1/ ESTIMATED MONTHLY AVERAGE LEVELS DERIVED BY AVERAGING END OF CURRENT MONTH AND END OF PREVIOUS MONTH REPORTED DATA.

2/ INCLUDES PRIVATE DOMESTIC NONFINANCIAL INVESTORS' HOLDINGS OF COMMERCIAL PAPER, BANKERS ACCEPTANCES, SECURITY RP'S AND MONEY MARKET MUTUAL FUND SHARES.

3/ BORROWINGS BY BANKS FROM OTHER THAN COMMERCIAL BANKS IN THE FORM OF FEDERAL FUNDS PURCHASED, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, AND OTHER LIABILITIES FOR BORROWED MONEY, PLUS GROSS LIABILITIES TO OWN FOREIGN BRANCHES (EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, AND OTHER MINOR ITEMS.

4/ INCLUDES TREASURY DEMAND DEPOSITS AT COMMERCIAL BANKS AND FEDERAL RESERVE BANKS AND TREASURY NOTE BALANCES.

P - PRELIMINARY

TABLE 5  
SELECTED INTEREST RATES  
(per cent)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
MARCH 16, 1979

	Short-Term							Long-Term								
	Federal Funds	Treasury Bills			CD's New Issue- NYC	Comm. Paper 90-119	Bank Prime Rate	U.S. Govt. Constant Maturity Yields			Corp.-Aaa Utility		Municipal Bond Buyer	Home Mortgages		
		Market		Auction				90-Day	Day	3-yr	7-yr	20-yr		New Issue	Recently Offered	Primary Conv.
		3-mo	1-yr	6-mo	FNMA Auc.	GNMA Sec.										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1977--High	6.65	6.27	6.62	6.51	6.70	6.66	7.75	7.39	7.70	7.99	8.36	8.48	5.93	9.00	8.98	8.39
Low	4.47	4.41	4.67	4.56	4.50	4.63	6.25	5.83	6.59	7.26	7.90	7.95	5.45	8.65	8.46	7.56
1978--High	10.25	9.30	9.62	9.58	10.65	10.52	11.57	9.59	9.22	9.00	9.30	9.54	6.67	10.38	10.60	9.68
Low	6.58	6.16	6.55	6.42	6.65	6.68	7.75	7.40	7.72	8.01	8.61	8.48	5.58	8.98	9.13	8.43
1978--Feb.	6.78	6.45	6.86	6.74	6.77	6.76	8.00	7.67	7.94	8.22	8.69	8.67	5.62	9.15	9.31	8.64
Mar.	6.79	6.29	6.82	6.64	6.73	6.75	8.00	7.70	7.95	8.21	8.71	8.67	5.61	9.20	9.35	8.60
Apr.	6.89	6.29	6.96	6.70	6.84	6.82	8.00	7.85	8.06	8.32	8.90	8.85	5.80	9.36	9.44	8.71
May	7.36	6.41	7.28	7.02	7.20	7.06	8.27	8.07	8.25	8.44	8.95	8.98	6.03	9.57	9.66	8.90
June	7.60	6.73	7.53	7.20	7.66	7.59	8.63	8.30	8.40	8.53	9.09	9.07	6.22	9.70	9.91	9.05
July	7.81	7.01	7.79	7.47	8.00	7.85	9.00	8.54	8.55	8.69	9.14	9.18	6.28	9.74	10.01	9.15
Aug.	8.04	7.08	7.73	7.36	7.86	7.83	9.01	8.33	8.38	8.45	8.82	8.91	6.12	9.79	9.81	8.97
Sept.	8.45	7.85	8.01	7.95	8.34	8.39	9.41	8.41	8.42	8.47	8.86	8.86	6.09	9.76	9.79	9.04
Oct.	8.96	7.99	8.45	8.49	9.12	8.98	9.94	8.62	8.64	8.69	9.17	9.13	6.13	9.86	10.03	9.25
Nov.	9.76	8.64	9.20	9.20	10.15	10.14	10.94	9.04	8.80	8.75	9.27	9.27	6.19	10.11	10.30	9.39
Dec.	10.03	9.08	9.44	9.40	10.44	10.37	11.55	9.33	9.03	8.90	9.28	9.41	6.51	10.35	10.50	9.38
1979--Jan.	10.07	9.35	9.54	9.50	10.20	10.25	11.75	9.50	9.14	8.98	9.54	9.51	6.47	10.39	10.70	9.67
Feb.	10.06	9.32	9.39	9.35	9.81	9.95	11.75	9.29	9.11	9.03	9.53	9.56	6.31	10.41	10.54	9.67
1979--Jan. 3	10.59	9.30	9.68	9.55	10.46	10.57	11.75	9.58	9.21	8.99	--	9.51	6.58	10.38	--	9.72
10	9.97	9.31	9.59	9.44	10.40	10.37	11.75	9.60	9.22	9.01	--	9.55	6.50	10.38	10.67	9.71
17	10.05	9.39	9.62	9.53	10.25	10.31	11.75	9.59	9.21	9.03	9.54	9.57	6.48	10.40	--	9.70
24	10.05	9.38	9.55	9.48	10.12	10.19	11.75	9.42	9.06	8.95	--	9.45	6.30	10.40	10.73	9.67
31	10.12	9.32	9.36	9.38	9.76	10.02	11.75	9.15	8.93	8.89	--	9.40	6.22	10.40	--	9.55
Feb. 7	10.06	9.23	9.29	9.31	9.76	9.94	11.75	9.20	9.05	9.00	9.42	9.51	6.31	10.43	10.61	9.54
14	10.15	9.28	9.36	9.34	9.77	9.96	11.75	9.28	9.12	9.04	--	9.55	6.33	10.40	--	9.66
21	9.97	9.34	9.40	9.37	9.76	9.96	11.75	9.39	9.21	9.09	9.59	9.63	6.38	10.40	10.47	9.71
28	10.06	9.45	9.52	9.50	9.96	9.96	11.75	9.45	9.22	9.12	9.64	9.67	6.42	10.43	--	9.75
Mar. 7	10.07	9.41	9.43	9.42	9.88	9.96	11.75	9.39	9.13	9.08	9.61	9.60	6.35	10.40	10.43	9.69
14	10.21	9.50	9.42	9.46	9.89	9.97	11.75	9.39p	9.15p	9.08p	--	9.64p	6.30	n.a.	--	9.70
21																
28																
Daily--Mar. 8	10.02	9.42	9.34	--	--	9.95	11.75	9.35	9.12	9.06	--	--	--	--	--	--
15	10.15p	9.49	9.43	--	--	9.98	11.75	9.40p	9.17p	9.09p	--	--	--	--	--	--

NOTE: Weekly data for columns 1, 2, 3, 6, and 7 are statement week averages of daily data. Weekly data in column 4 are average rates set in the auctions of 6-month bills that will be issued on the Thursday following the end of the statement week. Data in column 5 are 1-day Wednesday quotes. For columns 8 through 11, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 12 and 13 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 14 is an average of contract interest rates on commitments for conventional first mortgages with 80 per cent loan-to-value ratios made by a sample of insured savings and loan associations on the Friday following the end of the statement week. Column 15 gives FNMA auction data for Monday preceding the end of the statement week. Column 16 is a 1-day quote for Monday preceding the end of the statement week. The FNMA auction yield is the average yield in bi-weekly auction for short-term forward commitments for Government underwritten mortgages. GNMA yields are average net yields to investors on mortgage-backed securities for immediate delivery, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the coupon rate .50 basis points below the current FHA/VA ceiling.

TABLE 6  
SECURITY DEALER POSITIONS AND BANK POSITIONS  
(millions of dollars)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
MARCH 16, 1979

	U.S. Govt. Security Dealer Positions		Underwriting Syndicate Positions		Member Bank Reserve Positions				
	Bills	Coupon Issues	Corporate Bonds	Municipal Bonds	Excess** Reserves	Borrowing at FRB**		Basic Reserve Deficit**	
						Total	Seasonal	8 New York	38 Others
1977--High	7,234	3,017	295	487	513	1,861	131	-9,151	-13,975
Low	1,729	-1,445	0	116	-111	20	8	-4,234	-8,206
1978--High	5,625	2,043	215	349	719	1,716	236	-8,224	-14,657
Low	278	-1,076	0	57	-227	172	25	-2,370	-8,273
1978--Feb.	3,418	1,492	24	197	243	406	49	-4,980	-12,603
Mar.	2,713	740	96	268	200	328	47	-6,778	-11,060
Apr.	3,183	-183	46	202	149	557	44	-6,196	-12,998
May	1,023	5	25	264	219	1,212	92	-4,038	-11,653
June	2,847	78	35	188	178	1,094	120	-4,514	-12,202
July	1,196	-626	51	159	197	1,317	143	-3,651	-10,204
Aug.	1,994	423	34	176	168	1,139	189	-4,793	-11,089
Sept.	2,571	125	49	95	193	1,060	191	-5,098	-11,357
Oct.	1,495	-309	16	156	177	1,277	233	-4,651	-11,551
Nov.	1,960	462	23	115	214	703	186	-3,448	-13,448
Dec.	1,697	219	51	241	232	868	134	-3,345	-12,533
1979--Jan.	2,818	503	5	93	214	1,003	106	-3,424	-12,351
Feb.	*2,819	*16	25	147	158p	973p	114p	-2,631	-12,921
1979--Jan. 3	138	544	0	78	726	1,183	122	-4,188	-10,520
10	2,195	833	0	151	-122	686	93	-4,182	-13,555
17	2,913	441	18	65	404	896	105	-4,341	-12,858
24	3,463	451	0	77	16	923	105	-2,503	-12,798
31	3,649	364	0	115	340	1,428	113	-2,344	-10,977
Feb. 7	4,156	36	15	53	279	817	101	-2,582	-11,620
14	2,767	645	0	156	111	1,054	111	-3,108	-13,088
21	*2,236	*-339	86	264	357	938	121	-2,602	-13,549
28	*1,989	*-224	4	138	165p	1,084p	123p	-2,232	-13,427
Mar. 7	*3,647	*-136	0	122	171p	1,026p	107	-3,998p	-13,714p
14	*2,571	*313	0	160p	92p	882p	108p	-4,770p	-14,191p
21									
28									

NOTE: Government security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury securities financed by repurchase agreements maturing in 16 days or more, are indicators of dealer holdings available for sale over the near-term. Underwriting syndicate positions consist of issues still in syndicate, excluding trading positions. The basic reserve deficit is excess reserves less borrowing at Federal Reserve less net Federal funds purchases. Weekly data are daily averages for statement weeks, except for corporate and municipal issues in syndicate which are Friday figures.

\* Strictly confidential.

\*\* Monthly averages for excess reserves and borrowings are weighted averages of statement week figures.