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CONFIDENTIAL (FR)
CLASS II - FOMC

July 6, 1979

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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Employment at nonfarm establishments continued to increase at a rather slow rate in June as the net gain in payroll employment was 97,000. The average monthly increase in nonfarm employment between March and June was just 115,000 compared to 325,000 during the preceding three months. In June, employment increases were concentrated in three major sectors--services (50,000), construction (30,000), and transportation (45,000), in which the bulk of the rise is attributable to the return of striking airline workers. These gains more than offset the 45,000 decline in manufacturing employment. More than three-quarters of the drop in factory jobs occurred in the transportation equipment industry; in addition, small cutbacks in employment were widespread among producers of nondurable goods. The average workweek in manufacturing edged down 0.1 hour to 40.1 hours.

The household survey, which measures total employment and unemployment, indicated a much larger monthly increase in employment in June (435,000) than the establishment tally. The household measure, however, had indicated an unusually sharp decline in April, and last month's increase still leaves the June level of total employment almost 90,000 below the March reading.

Unemployment declined 155,000 in June with almost the entire drop among teenagers. As a result, the teenage jobless rate fell sharply, pulling the over-all unemployment rate down from 5.8 in May to 5.6 percent in June. (BLS cautions that seasonal adjustment of data for teenagers is particularly difficult in June, and, therefore, the May to June changes may be subject to unusual fluctuations.) Unemployment rates for most adult workers, by contrast, remained in the same narrow range that they have held for the past year.

The index of average hourly earnings rose at a 5 percent annual rate in June, bringing the average rate of increase for the second quarter to a 6-1/2 percent rate. Wage rates in manufacturing and construction continued to rise at rapid rates in 1979:QII--at rates of 9 percent and 8 percent respectively. In service-producing industries, however, wage increases decelerated in the second quarter from first-quarter rates, which were effected by the January minimum wage adjustment.

Producer prices of finished goods, seasonally adjusted, rose 0.5 percent on average from May to June. The increase, slightly larger than in May but smaller than in earlier months this year, reflected a further large decline in prices of consumer finished foods and another sizable increase in prices of other finished goods. Prices of foods and food materials at all stages of processing declined in June, and the rate of increase in prices of nonfood, nonenergy goods slowed somewhat at the finished and intermediate stages of processing. However, prices of crude nonfood, nonenergy materials increased very sharply again in June, as did prices of energy items.

The index of prices for consumer finished goods increased 0.5 percent in June, somewhat more than the May increase but markedly lower than the average rise for the first four months of the year. Prices of consumer finished foods fell 1.2 percent, about the same as in May; most of all of the June drop was due to lower prices for beef and veal, pork, and processed poultry. Prices rose for roasted coffee, fruits and vegetables, fish, eggs, and dairy products. Prices of consumer finished goods excluding foods showed another sharp increase, 1.4 percent. Prices of consumer nonfood nondurable goods advanced sharply further; its rise of 2 percent, led by increases for heating oil and gasoline, was the largest in five years; also increasing substantially were prices of leather footwear, tires and tubes, and pharmaceutical preparations. Consumer durables goods prices increased 0.4 percent, less than in April and May; increases for passenger cars, precious jewelry, and household flatware were important contributors to the price rise.

Prices of capital equipment rose 0.5 percent, somewhat less than in April or May; large increases occurred for railroad equipment, motor trucks, metal cutting machine tools, and photographic equipment.

Prices of intermediate materials and goods rose 0.9 percent in June, about the same as in May. Intermediate nonfood goods prices increased at May's rate of 1 percent, with sharply higher energy-related prices accounting for a significant part of the advance. Prices of intermediate materials for foods and feeds declined 0.6 percent last month, following a 0.7 percent rise in May; this June decline reflected lower prices for animal fats and oils, refined vegetable oils, flour, and manufactured animal feeds.

Crude materials increased 0.7 percent in price in June, slightly less than the May increase. Prices of crude nonfood materials rose 3.3 percent, with large increases for iron and steel scrap, crude petroleum, natural gas, cotton, and natural rubber accounting for most of the rise in these materials. Prices of crude foodstuffs and feedstuffs fell 1.2 percent further, with declines for livestock and live poultry offsetting increases, especially for wheat, green coffee, cocoa beans, raw cane sugar, fluid milk, and corn.

On a commodity basis, average prices of all commodities rose 0.7 percent. Industrial commodities increased 1.2 percent in price, and prices of farm and food products declined 0.8 percent.

Consumer instalment credit outstanding increased by $3.7 billion in May, after seasonal adjustment, down from a revised $4.0 billion in April. The advance in May was equivalent to a 16 percent annual rate of growth, compared with a revised 17 percent in April, 15 percent in the first quarter, and 19 percent between December 1977 and December 1978. Most of the slower growth in May was accounted for by commercial banks, where credit expanded by $1.7 billion in May compared with the revised $2.1 billion in April.

Both credit extended and liquidation of existing debt increased to new highs in May. Mobile home credit was the only major type that expanded more in May than in April. Automobile credit, revolving credit, and the large "other" category all rose less than in April.

New capital appropriations of investor owned electric and gas utilities declined 32 percent in the first quarter of 1979, after a 2.0 percent rise in the fourth, according to Confidential data from The Conference Board. New appropriations net of cancellations, however declined 63 percent in the first quarter, and were less than in any quarter in the 1970s except the second quarter of 1977 and the third quarter of 1978. It should be noted that this net appropriations series is highly volatile; the mean quarterly change without regard to sign was 83 percent between the first quarter of 1976 and the fourth quarter of 1978.

Cancellations of previously approved appropriations of these utilities increased sharply in the first quarter--particularly by electric utilities, but total cancellations were not as large as in the first and third quarters of last year or the second quarter of 1977. The backlog of unspent appropriations for all utilities fell 3 percent in the first quarter, and now represents 14.2 months of spending at current rates--the lowest figure since 1973. Capital expenditures by utilities rose only 0.7 percent in the first quarter, the smallest rise since 1976 QIII.

CHANGES IN EMPLOYMENT 1/
(Thousands of employees; based on seasonally adjusted data)

	1978	1979 QI	1979 QII	1979 May	1979 June
	- - - Average monthly changes - - -				
Nonfarm payroll employment 2/	297	327	117	268	97
Strike adjusted	281	329	126	251	85
Manufacturing	62	78	-36	-20	-45
Durable	53	69	-26	-18	-26
Nondurable	9	9	-10	-2	-19
Construction	37	43	29	77	28
Trade, Finance and Services	145	169	65	76	51
Private nonfarm production workers	224	245	50	213	60
Manufacturing production workers	45	56	-40	-31	-37
Total employment 3/	275	329	-29	144	436
Nonagricultural	268	344	-2	147	360

1/ Changes are from final month of preceding period to final month of period indicated.
2/ Survey of establishments. Not strike adjusted, except where noted.
3/ Survey of households.

SELECTED UNEMPLOYMENT RATES
(Percent; based on seasonally adjusted data)

	1973	1978	1979 QI	1979 QII	1979 May	1979 June
Total, 16 years and older	4.9	6.0	5.7	5.7	5.8	5.6
Teenagers	14.5	17.0	15.8	16.2	16.8	15.3
20-24 years old	7.8	5.4	8.7	8.8	8.9	8.9
Men, 25 years and older	2.5	3.2	3.2	3.2	3.1	3.1
Women, 25 years and older	4.0	5.0	4.9	4.9	5.0	4.8
White	4.3	5.2	5.0	4.9	5.0	4.9
Black and other	8.9	11.9	11.4	11.6	11.6	11.3
Fulltime workers	4.3	5.5	5.2	5.2	5.2	5.1
White collar	2.9	3.5	3.4	3.3	3.2	3.4
Blue collar	5.3	6.9	6.5	6.7	6.7	6.5

HOURLY EARNINGS INDEX 1/
(Percent change at compound annual rates;
based on seasonally adjusted data) 2/

	June 77- June 78	June 78- June 79	1979 QI	QII	May	June
Total private nonfarm	8.1	7.6	9.0	6.6	2.6	5.0
Manufacturing	8.1	8.6	8.7	9.1	5.1	5.7
Contract construction	6.9	6.2	7.6	7.9	12.7	.5
Transportation and public utilities	8.3	7.0	10.7	3.9	12.4	6.8
Total trade	8.7	8.2	10.7	5.2	.3	5.3
Services	7.3	6.5	8.3	4.5	-5.4	5.8

1/ Excludes the effect of interindustry shifts in employment and fluctuations in overtime pay in manufacturing.
2/ Changes over a period longer than one quarter are from final quarter of preceding period to final quarter of period indicated. Monthly percent changes at annual rates, not compounded.

RECENT CHANGES IN PRODUCER PRICES
(Percent change at compound annual rates; based on seasonally adjusted data)1/

	Relative importance Dec. 1978	1978	1979 QI	1979 QII	1979 May	1979 June
Finished goods	41.0	9.2	13.7	7.5	4.5	6.2
Consumer foods	10.4	11.9	20.1	-10.5	-15.3	-14.5
Consumer nonfoods	18.6	8.4	12.9	17.3	15.0	16.6
Capital equipment	12.1	8.0	9.8	9.6	7.9	6.1
Materials:						
Intermediate 2/	44.8	8.3	13.2	15.1	12.2	11.6
Construction	8.3	11.0	11.6	7.0	1.5	6.4
Crude nonfood	4.8	15.6	29.5	21.7	27.5	39.1
Crude food	6.8	18.3	30.6	-6.8	-3.4	-14.2
Memorandum:						
Energy commodities 3/	11.0	7.1	20.8	58.4	51.1	50.6

1/ Changes are from final month of preceding period to final month of period indicated. Monthly changes are not compounded.

2/ Excludes intermediate materials for food manufacturing and manufactured animal feeds.

3/ Fuels and related products and power. This series is on a commodity basis, while the other data in this table are on a stage of processing basis.

CONSUMER INSTALLMENT CREDIT[1/]

	1976	1977	1978	1978 QIV	1979 QI	1979 Apr.	1979 May
Total							
Change in outstandings							
Billions of dollars	21.7	35.3	44.8	46.5	40.4	48.5	44.8
Percent	12.6	18.2	19.4	17.9	14.8	17.2	15.7
Bank share (percent)	49.8	52.9	53.1	46.2	43.8	50.3	44.5
Extensions							
Billions of dollars	211.0	254.1	298.3	312.9	313.8	322.7	336.3
Bank share (percent)	46.1	46.4	47.8	47.2	47.2	48.2	48.2
Liquidations							
Billions of dollars	189.4	218.8	253.5	266.4	273.4	274.2	291.5
Ratio to disposable income	16.0	16.8	17.5	17.6	17.5	17.2	18.2
Automobile Credit							
Change in outstandings							
Billions of dollars	10.5	15.2	19.6	19.6	18.9	15.8	14.7
Percent	18.3	22.5	23.6	20.1	18.5	14.8	13.5
Extensions							
Billions of dollars	63.7	75.6	89.0	92.5	92.4	94.1	98.7

1/ Quarterly and monthly dollar figures and related percent changes are seasonally adjusted annual rates.

Capital Appropriations and Expenditures
(Percent change, seasonally adjusted)

	1978 QI	1978 QII	1978 QIII	1978 QIV	1979 QI
Capital Appropriations 1/					
Electric Utilities	13.5	-49.1	-29.1	202.5	-65.4
Gas Utilities	-24.4	87.8	-60.9	165.3	-45.0
Total	9.0	-37.8	-37.1	196.8	-62.6
Capital Expenditures					
Electric Utilities	2.3	4.0	2.8	8.3	-0.7
Gas Utilities	-0.3	2.0	19.5	-0.5	9.6
Total	1.9	3.8	4.9	7.0	0.7

1/ Net of Cancellations.

The Domestic Financial Economy

Commercial paper outstanding rose by a record $5.0 billion in June, as all major categories posted sharp gains (see Table). Nonbank-related financial issuers that directly place their paper increased their outstandings by $1.8 billion, reflecting in large part the further rise in automobile dealer inventories during June. Dealer-placed nonbank financial paper increased sharply also, and commercial paper dealers reported that this gain was broadly based. Nonfinancial paper outstanding climbed by $1.1 billion, due to heavy issuance by both public utilities and industrial corporations. Bank-related issuers boosted their outstandings by $800 million in June; this category has increased by almost $2.9 billion since the end of last year.

International Developments:

Errata: Part I, page I-25, line 13, should read "$185 billion" instead of $180 billion".

CHANGE IN COMMERCIAL PAPER OUTSTANDING
(monthly totals or monthly averages, sea. adj., billions of dollars)

	1979					Outstanding
	QI	QII p/	Apr.	May	June p/	6/30/79 p/
Total commercial paper	2.4	3.4	1.9	3.4	5.0	101.2
Bank-related 1/	0.2	0.8	0.6	0.9	0.8	18.7
Nonbank-related	2.2	2.7	1.3	2.5	4.3	82.5
Financial	1.8	1.8	-0.2	2.3	3.2	58.7
Dealer placed	0.6	0.8	0.3	0.7	1.4	12.8
Directly placed	1.2	1.0	-0.5	1.6	1.8	45.9
Nonfinancial	0.4	1.0	1.6	0.2	1.1	2.38

1/ Not seasonally adjusted.
p/ Preliminary.

NOTE: Components may not add to total due to rounding.

COMMERCIAL BANK CREDIT
(Percentage changes at seasonally adjusted annual rates) 1/

	1978 H1	1978 QIII	1978 QIV	1979 Q1	Apr.-May	1979 Apr.	1979 May	12 months ending May
1. Total loans and investments 2/	14.0	11.1	7.9	14.1	12.5	13.8	11.1	12.0
2. Investments	8.5	3.2	-8.6	10.5	12.7	9.8	15.5	4.3
3. Treasury securities	9.6	-9.6	-36.8	7.7	26.5	18.6	33.9	-3.5
4. Other securities	7.8	11.0	7.8	12.0	6.0	4.7	6.7	9.0
5. Total loans 2/	16.2	14.2	14.1	15.5	12.4	15.4	9.4	15.1
6. Business loans	16.7	11.4	9.3	21.8	19.7	18.5	20.6	15.1
7. Security loans	23.5	-28.7	-43.3	43.9	21.9	162.5	-104.6	6.4
8. Real estate loans	18.7	18.9	18.6	15.1	14.5	14.2	14.6	18.4
9. Consumer loans	20.5	15.6	16.1	14.2	15.0	16.1	13.8	17.1
MEMORANDA:								
10. Commercial paper issued by nonfinancial firms 3/	11.5	28.9	42.7	24.4	51.7	91.9	10.7	40.0
11. Sum of items 6 & 10	12.4	12.6	11.7	22.0	22.2	24.3	19.8	16.8
12. Memo item 11 plus business loans from finance companies	13.2	10.7	15.4	20.5	21.3	22.7	19.8	16.8

e--estimated.

1/ Last-Wednesday-of-month series except for June and December, which are based on the last business day of the month.

2/ Loans include outstanding amounts of loans reported as sold outright to a bank's own foreign branches, unconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and unconsolidated nonbank subsidiaries of the holding company.

3/ Measured on an end-of-month basis.

SELECTED FINANCIAL MARKET QUOTATIONS
(percent)

	1978 1/		1978 - 1979 2/					Change from:	
	High*	Low	End of 1978	FOMC Apr.17	FOMC May 22	June 25	July 5	End of 1978	May FOMC
Short-term rates									
Federal funds 1/	10.25	6.58	10.25	9.96	10.17	10.32	10.33 5/	+.08	+.16
Treasury bills									
3-month	9.30	6.16	9.26	9.50	9.70	8.75	9.19	-.07	-.51
6-month	9.51	6.45	9.48	9.49	9.50	8.91	9.00	-.48	-.50
1-year	9.62	6.55	9.69	9.24	9.16	8.73	8.73	-.96	-.43
Commercial paper									
1-month	10.29	6.48	10.32	10.03	9.90	9.66	9.72	-.60	-.18
3-month	10.52	6.68	10.55	10.13	10.00	9.68	9.66	-.89	-.34
6-month	10.56	6.70	10.61	10.15	10.01	9.63	9.63	-.98	-.38
Large negotiable CDs 4/									
1-month	10.36	n.a.	10.29	10.04	10.02	9.89	9.81	-.48	-.21
3-month	10.96	6.77	10.83	10.21	10.21	9.94	9.85	-.98	-.36
6-month	11.52	6.97p	11.44	10.40	10.44	10.08	9.88	-1.56	-.56
Euro-dollars									
3-month	11.95	7.20	11.69	10.88	10.75	10.69	10.63	-1.06	-.12
Bank prime rate	11.57	7.75	11.75	11.75	11.75	11.50	11.50	-.25	-.25
Intermediate- and long-term rates									
U.S. Treasury (constant maturity)									
3-year	9.59	7.40	9.59	9.45	9.35	8.96	8.79	-.80	-.56
7-year	9.22	7.72	9.23	9.20	9.15	8.90	8.74	-.49	-.41
20-year	9.00	8.01	8.99	9.12	9.16	8.89	8.79	-.20	-.37
Municipal (Bond Buyer) 5/	6.67	5.58	6.61	6.33	6.30	6.18	6.08	-.53	-.22
Corporate Aaa									
New issue 6/	9.30	8.61	--	9.68	9.85	--	--	--	--
Recently offered 7/	9.54	8.48	9.51	9.68	9.85	9.48	9.42p	-.09	-.43
Primary conventional mortgages 7/	10.38	8.98	10.38	10.48	10.73	11.10	11.10	+.72	+.37
	Low 8/	High 8/	End of 1978	FOMC Apr.17	FOMC May 22	June 25	July 5	End of 1978	May FOMC
Stock prices									
Dow-Jones Industrial	742.12	907.74	805.01	857.93	845.37	844.25	835.75	+30.74	-9.62
NYSE Composite	48.43	60.38	53.62	57.05	56.65	57.90	58.16	+4.54	+1.51
AMEX Composite	119.73	176.87	150.56	178.65	181.75	199.73	199.16	+48.6	+17.41
NASDAQ (OTC)	102.66	149.53	117.98	132.26	131.90	136.89	137.79	+19.81	+5.89

1/ Daily averages for statement week except where noted.
2/ One-day quotes except as noted.
3/ Average for statement week ending July 4.
4/ Secondary market.
5/ One-day quotes for preceding Thursday.
6/ Averages for preceding week.
7/ One-day quotes for preceding Friday.
8/ Calendar week averages.

*All highs were reached at or close to the end of 1978.

UPDATED

MONETARY AGGREGATES
(Seasonally adjusted annual rates of growth) 1/

	1978			1979				June '78 to June '79 e/
	H1	QIII	QIV	QI	QII e/	May	June e/	
Major monetary aggregates								
1. M-1 (currency plus demand deposits)	8.0	7.9	4.1	-2.1	7.6	0.7	14.2	4.6
2. M-2 (M-1 plus time & savings deposits at CBs, other than large CDs)	7.7	9.8	7.6	1.8	8.6	5.4	13.8	7.3
3. M-3 (M-2 plus all deposits at thrift institutions)	8.3	10.3	9.3	4.7	7.8	4.9	11.6	8.3
Bank time and savings deposits								
4. Total	12.2	11.3	12.3	8.4	1.1	-1.4	0.4	7.5
5. Other than large negotiable CDs at weekly reporting banks	7.6	11.0	10.2	4.5	9.3	8.7	13.4	9.2
6. Savings deposits	2.9	2.9	0.2	-9.6	-3.1	-7.2	7.8	-2.6
7. Individuals 2/	2.7	4.1	0.0	-9.4	-2.9	-7.7	6.5	-2.2
8. Other 3/	5.2	-10.1	0.0	-10.4	-8.0	8.2	16.3	-6.9
9. Time deposits	11.7	17.9	18.2	15.6	18.5	19.9	17.3	19.1
10. Small time 4/	6.8	12.7	15.8	16.5	36.1	35.3	34.8	23.9
11. Large time 4/	21.5	26.9	22.4	13.6	-12.1	-10.1	-15.8	10.4
12. Time and savings deposits subject to rate ceilings (6+10)	4.7	6.9	7.0	2.2	15.0	13.2	21.0	8.9
Deposits at nonbank thrift institutions 5/								
13. Total	9.2	11.1	11.6	8.8	6.8	4.1	8.4	9.7
14. Savings and loan associations	9.5	12.3	13.1	11.3	7.8	5.1	9.4	11.3
15. Mutual savings banks	5.6	6.8	7.8	4.6	3.4	0.8	2.5	5.4
16. Credit unions	17.0	13.7	10.1	0.8	8.3	4.5	15.6	8.1
MEMORANDA:	Average monthly changes, billions of dollars							
17. Total U.S. Govt. deposits 6/	0.3	1.1	-0.4	-2.0	1.4	1.2	4.4	0.0
18. Total large time deposits 7/	3.6	2.9	4.7	1.3	-6.3	-5.3	-7.2	0.7
19. Nondeposit sources of funds 8/	0.8	1.4	3.0	2.4	n.a.	1.1	n.a.	n.a.

e--estimated. n.a.--not available. p--preliminary.

1/ Quarterly growth rates are computed on a quarterly average basis.
2/ Savings deposits held by individuals and nonprofit organizations.
3/ Savings deposits of business, government, and others, not seasonally adjusted.
4/ Small time deposits are time deposits in denominations less than $100,000. Large time deposits are time deposits in denominations of $100,000 and above excluding negotiable CDs at weekly reporting banks.
5/ Growth rates computed from monthly levels are based on average of current and preceding end-of-month data.
6/ Includes Treasury demand deposits at commercial banks and Federal Reserve Banks and Treasury note balances.
7/ All large time certificates, negotiable and nonnegotiable, at all CBs.
8/ Nondeposit borrowings of commercial banks from nonbank sources include Federal funds purchased and security RPs plus other liabilities for borrowed money (including borrowings from the Federal Reserve), gross Eurodollar borrowings, and loans sold, less interbank borrowings.

Appendix*

Security RPs of All Commercial Banks with the Nonbank Public

A monthly series has been developed for security repurchase agreements (RPs) of all commercial banks. This new series is based on daily average figures for RPs at 46 money market banks, blown up by using quarterly estimates of the universe of RPs based on the Call Report. Since the Call collects only the sum of Federal funds and RPs, Federal funds borrowings from nonbanks are removed using separate data for Federal funds sold by S&Ls, MSBs and the FHLBB. Data subsequent to the most recent Call, which currently is December 1978, should be considered preliminary.

As shown in Chart 1, RPs are estimated to have risen rapidly in recent years. As shown in the top panel of Chart 2, most of the more recent growth in RPs has been accounted for by banks other than the 46 money center banks, evidently reflecting collateral constraints at the larger banks and a tendency for other banks to enter the market more vigorously in the face of strong loan demands. The estimated ratio of RPs at all commercial banks to RPs at 46 money market banks is shown in the bottom panel of Chart 2.

The quality of the series is highest for the period March 1976 through September 1978, the only period for which all the data necessary to calculate blowup factors are available. Before 1976, the Call Report did not provide information on the sum of Federal fund and RP liabilities (FF/RPs) by type of customer, and consequently FF/RPs <u>lent</u> to banks was used to estimate FF/RPs <u>borrowed</u> from banks.[1] As of December 1978, the Call Report began collecting FF/RP data only for those 424 banks havings assets in excess of $300 million. The universe of FF/RPs borrowed from nonbanks for this Call date was estimated from the average ratio of FF/RPs (excluding interbank) at the 424 reporting banks to FF/RPs at all banks (excluding interbank) on Call Report dates from March 1976 through September 1978. The quality of the blowup factors beginning with the one for December 1978 will depend on the continued stability of this ratio.[2]

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* Prepared by Thomas F. Brady, Banking Section.

1/ The Call report instructions define "bank" to include agencies of foreign banks, stock savings banks, Edge and Agreement Corporations performing a commercial banking business and industrial and private banks. Most of these institutions, including agencies and Edges, do not complete the Call Report. Consequently, FF/RPs lent to commercial banks do not equal FF/RPs borrowed from commercial banks. Over the 1976-78 period, FF/RPs borrowed averaged 110 per cent of FF/RPs lent; this ratio was used to estimate interbank FF/RPs borrowing before 1976.

2/ Over the 11 Calls ending with September 1978 the ratios were: .895; .896; .898; .912; .916; .921; .915; .912; .919; .916; .912. The average is .910.

The 46-bank series for FF/RPs begins in November 1969, and estimates for all commercial banks have been developed back to that month. However, many of the data necessary to calculate blowup factors are unavailable as one goes further back in time, requiring even further estimation. One judgmental adjustment has been made to the series. The calculated blowup factor for the first quarter of 1974 has been replaced by the average value of the factors that surround it. The calculated factor was extremely large, and gave rise to what was regarded as an unreasonably large increase in RPs.

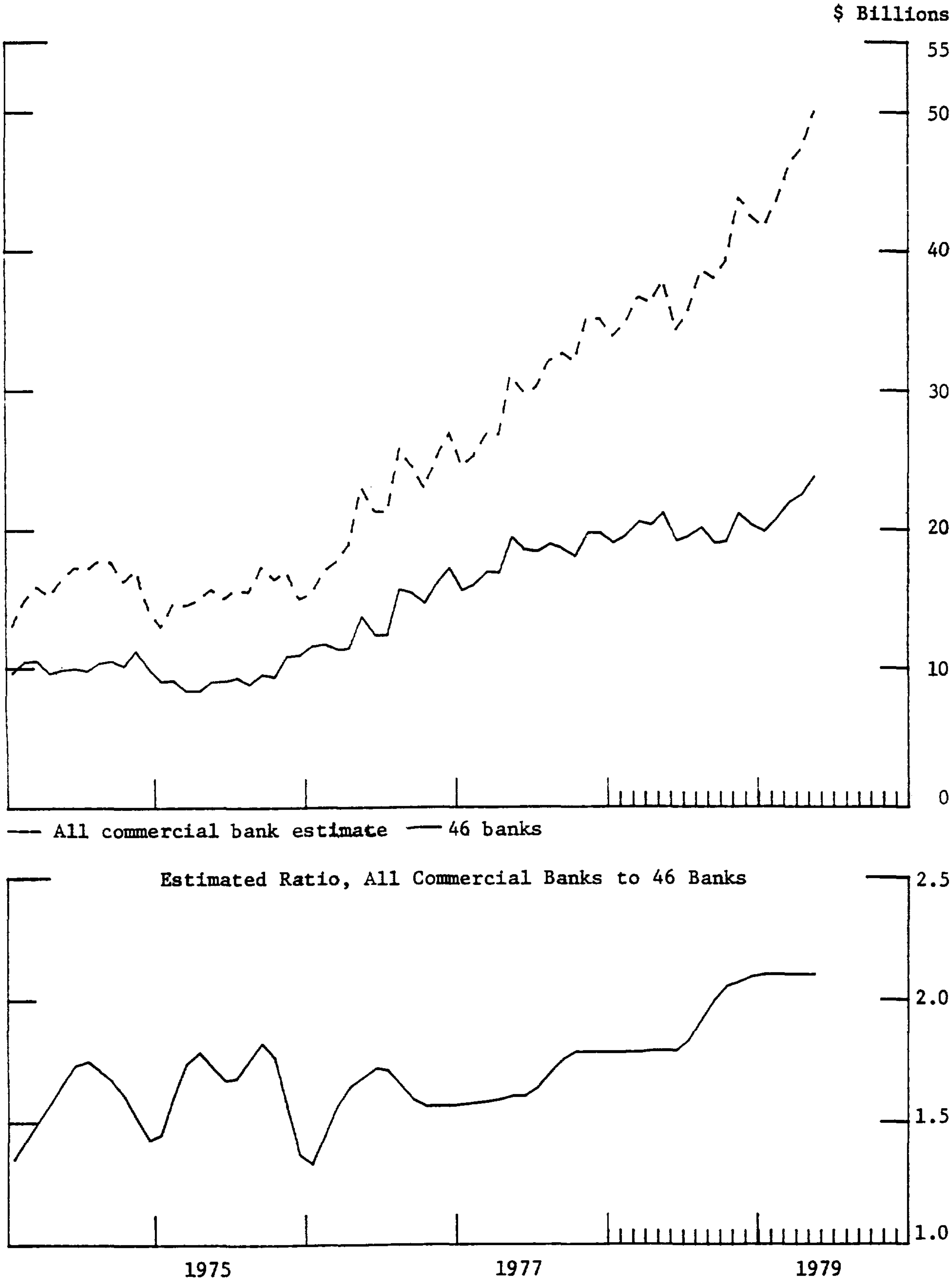
Chart 1

Estimated Security RPs of All
Commercial Banks with the Nonbank Public
(Seasonally adjusted)

Note: Data subsequent to December 1978 are preliminary.

Chart 2

Security RPs with the Nonbank Public
(Not seasonally adjusted)



Note: Estimated data subsequent to December 1978 are preliminary.