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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

Private housing starts

Total private housing starts surged 26 percent in November to a seasonally-adjusted annual rate of 1.4 million units, after hovering up just above a one million unit pace for several months. Newly-issued permits also exhibited strength in November, increasing 6 percent on top of the revised 17 percent increase registered in October. Both measures of new residential construction were two-thirds higher in November than their extremely depressed levels of a year earlier.

The continuing improvement in new housing construction in November was widespread across type of structures and regions. Starts of both single- and multifamily units were up sharply in November. Newly-issued permits for single-family units registered a substantial gain for the second month in a row--with the November total a third above the September pace. Multifamily permits also remained much improved, even though they did fall back slightly in November after a substantial gain in October. Housing starts in November were well above their recent low points in all regions of the nation.

PRIVATE HOUSING ACTIVITY
 (Seasonally adjusted annual rates, millions of units)

	1981	1982					
	Annual	Q1	Q2	Q3	Sept.	Oct.	Nov.1
All units							
Permits	.99	.82	.92	.98	1.00	1.17	1.24
Starts	1.08	.92	.95	1.12	1.13	1.13	1.43
Single-family units							
Permits	.56	.45	.49	.52	.56	.65	.75
Starts	.71	.59	.61	.65	.68	.71	.87
Sales							
New homes	.44	.39	.37	.41	.49	.49	n.a.
Existing homes	2.35	1.93	1.93	1.85	1.84	1.92	n.a.
Multifamily units							
Permits	.42	.37	.43	.47	.44	.52	.50
Starts	.38	.33	.35	.47	.45	.42	.56
Mobile home shipments	.24	.24	.25	.23	.22	.22	n.a.

1. Preliminary estimates.

n.a.--Not available.

MONETARY AGGREGATES
(Based on seasonally adjusted data unless otherwise noted)¹

	1982						QIV. '81
	Q1	Q2	Q3	Sept.	Oct.	Nov. P	to Nov. 82P
--Percentage change at annual rates--							
<u>Money stock measures</u>							
1. M1	10.4	3.3	3.5	14.0	20.6	16.9	8.8
2. (M1) ²	(9.5)	(3.6)	(4.4)	(17.4)	(14.5)	(18.7)	(8.8)
3. M2	9.8	9.5	9.7	5.0	8.2	11.7	9.9
4. M3	8.7	10.7	12.1	3.9	9.2	9.2	10.5
<u>Selected components</u>							
5. Currency	7.9	9.3	6.9	9.3	6.4	3.7	7.8
6. Demand deposits	-0.5	-5.8	-1.4	7.8	18.6	10.2	1.0
7. Other checkable deposits	49.5	19.6	11.4	37.3	45.2	51.0	35.2
8. M2 minus M1 (9+10+11+14)	9.5	11.5	11.7	2.3	4.3	10.1	10.3
9. Overnight RPs and Eurodollars, NSA ³	63.6	-8.4	15.2	-32.4	83.1	41.5	29.1
10. General purpose and broker/dealer money market mutual fund shares, NSA	33.8	20.9	31.0	12.7	9.9	15.7	28.6
11. Commercial banks	9.4	17.2	12.2	7.7	-1.1	9.3	11.6
12. savings deposits	8.7	2.0	-9.7	5.4	20.7	34.7	4.9
13. small time deposits	9.7	23.8	21.3	8.8	-9.6	-0.9	14.5
14. Thrift institutions	1.6	6.0	6.4	-2.0	3.2	7.3	4.5
15. savings deposits	10.2	0.6	-7.8	-1.3	47.8	31.0	7.1
16. small time deposits	-1.5	8.1	11.7	-2.3	-12.7	-1.6	3.5
17. M3 minus M2 (18+21+22)	3.3	16.9	23.8	-1.5	14.1	-2.6	13.5
18. Large time deposits	8.9	19.1	19.6	-1.1	13.1	-9.1	13.1
19. at commercial banks, net ⁴	6.1	19.9	21.4	-5.2	7.8	-21.9	11.0
20. at thrift institutions	21.6	15.5	11.5	19.8	35.1	47.3	22.5
21. Institutions-only money market mutual fund shares, NSA	-2.5	15.2	104.0	22.3	24.6	13.4	42.9
22. Term RPs, NSA	-29.9	6.2	-25.7	-59.8	11.8	77.9	-5.7
--Average monthly change in billions of dollars--							
<u>MEMORANDA:</u>							
23. Managed liabilities at commercial banks ⁴ (24+25)	0.6	6.3	1.7	-6.7	5.3	-4.0	2.5
24. Large time deposits, gross ⁵	2.7	5.8	5.7	-0.5	0.8	-7.0	3.0
25. Nondeposit funds ⁵	-2.1	0.5	-4.0	-6.2	4.5	3.0	-0.5
26. Net due to related foreign institutions, NSA ⁵	-2.1	0.4	-4.3	-4.4	-2.6	3.1	-1.6
27. Other ^{5,6}	0.0	0.1	0.3	-1.8	7.1	-0.1	1.1
28. U.S. government deposits at commercial banks ⁷	1.9	-2.5	0.2	1.4	3.0	-3.8	-0.2

1. Quarterly growth rates are computed on a quarterly average basis. Dollar amounts shown under memoranda for quarterly changes are calculated on an end-month-of-quarter basis.

2. M1 seasonally adjusted using alternative model-based procedure applied to weekly data.

3. Overnight and continuing contract RPs issued to the nonbank public by commercial banks, net of amounts held by money market mutual funds, plus overnight Eurodollar deposits issued by Caribbean branches of U.S. member banks to U.S. nonbank customers. Excludes retail RPs, which are in the small time deposit components.

4. Net of large-denomination time deposits held by money market mutual funds and thrift institutions.

5. Adjusted for shifts of assets and liabilities to International Banking Facilities (IBFs) which affected flows from December 1981 to September 1982.

6. Consists of borrowings from other than commercial banks in the form of federal funds purchased, securities sold under agreements to repurchase and other liabilities for borrowed money (including borrowings from the Federal Reserve and unaffiliated foreign banks), loans sold to affiliates, loan RPs and other minor items. Data are partially estimated.

7. Consists of Treasury demand deposits at commercial banks and Treasury note balances.

p--Preliminary.

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT
(Percentage changes at annual rates, based on seasonally adjusted data)¹

	1982						QIV '81
	Q1	Q2	Q3	Sept.	Oct.	Nov.	to Nov. '82
--Commercial Bank Credit--							
1. Total loans and investments at banks ^{2,3}	10.1	8.0	5.8	4.4	6.8	1.5	7.5 ⁴
2. Investments ³	5.7	4.7	4.8	3.4	12.1	9.3	6.0
3. Treasury securities	11.5	4.9	8.3	4.1	41.6	40.2	13.4
4. Other securities ³	2.8	4.8	3.0	3.0	-2.5	-7.1	2.4
5. Total loans ^{2,3}	11.5	9.1	6.2	4.8	4.9	-1.0	8.0
6. Business loans ^{2,3}	16.7	15.0	9.0	13.0	6.7	-7.9	11.5
7. Security loans	-18.3	-26.8	63.6	67.3	85.0	-39.7	12.5
8. Real estate loans	7.8	6.6	2.8	3.6	3.6	4.4	5.9
9. Consumer loans	2.8	2.8	3.0	0.6	2.5	3.2	3.2
--Short- and Intermediate-Term Business Credit--							
10. Total short- and intermediate-term business credit (sum of lines 14, 15 and 16) ³	15.2	13.2	9.2	5.3	-1.5	n.a.	n.a.
11. Business loans net of bankers acceptances ³	16.5	15.9	9.0	12.7	6.6	-4.8	12.0
12. Commercial paper issued by non-financial firms ⁵	30.0	16.8	-6.0	-52.7	-71.4	-69.4	.2
13. Sum of line 11 & 12 ³	18.2	16.0	7.0	3.9	-3.4	-12.8	10.5
14. Line 13 plus loans at foreign branches ^{3,6}	18.5	15.8	8.3	3.8	-3.5	-13.4	11.0
15. Finance company loans to business ⁷	1.0	1.5	15.8	13.0	-5.7	n.a.	n.a.
16. Total bankers acceptances outstanding ⁷	11.7	10.2	6.6	6.6	14.7	n.a.	n.a.

1. Average of Wednesdays for domestically chartered banks and average of current and preceding ends of months for foreign-related institutions.

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. Adjusted for shifts of assets and liabilities to International Banking Facilities (IBFs) which affected flows from December 1981 to September 1982.

4. Growth of bank credit from the FOMC's December-January base through November 1982, not adjusted for shifts of assets from domestic offices to IBFs, was at an annual rate of 6.8 percent. Adjusted for such shifts after January, growth over this period was 7.3 percent.

5. Average of Wednesdays.

6. Loans at foreign branches are loans made to U.S. firms by foreign branches of domestically chartered banks.

7. Based on average of current and preceding ends of month.

n.a.—Not available.

SELECTED FINANCIAL MARKET QUOTATIONS¹
(Percent)

	1981	1982		Change from:		
	1981 highs	Early summer highs	FOMC Nov. 16	Dec. 16	Early summer highs	FOMC Nov. 16
<u>Short-term rates</u>						
Federal funds ²	20.06	14.81	9.61	8.86	-5.95	-.75
Treasury bills						
3-month	17.01	13.19	8.40	7.83	-5.36	-.57
6-month	15.93	13.40	8.47	8.03	-5.37	-.44
1-year	15.21	13.12	8.51	8.14	-4.98	-.37
Commercial paper						
1-month	18.63	14.89	9.13	8.52	-6.37	-.61
3-month	18.29	15.00	9.11	8.50	-6.50	-.61
Large negotiable CDs ³						
1-month	18.90	14.99	9.21	8.66	-6.33	-.55
3-month	19.01	15.58	9.38	8.67	-6.91	-.71
6-month	18.50	15.70	9.51	8.75	-6.95	-.76
Eurodollar deposits ²						
1-month	19.80	15.66	9.73	9.33	-6.33	-.40
3-month	19.56	16.28	9.93	9.56	-6.72	-.37
Bank prime rate	21.50	16.50	12.00	11.50	-5.00	-.50
Treasury bill futures						
Mar. 1983 contract	14.20	13.69	8.75	7.90	-5.79	-.85
Sept. 1983 contract	14.07	13.67	9.36	8.85	-4.82	-.51
<u>Intermediate- and long-term rates</u>						
U.S. Treasury (constant maturity)						
3-year	16.59	14.98	10.10	9.83	-5.15	-.27
10-year	15.84	14.74	10.67	10.59	-4.15	-.08
30-year	15.21	14.26	10.60	10.66	-3.60	.06
Municipal (Bond Buyer)	13.30	12.63	9.92 ⁴	10.05	-2.58	.13
Corporate--Aaa utility						
Recently offered	17.72	16.19	11.86 ^e	12.10 ^P	-4.09	.24
S&L fixed-rate mortgage commitment	18.63	16.93	13.84 ⁵	13.66 ⁵	-3.27	-.18
	1981 highs	1982		Percent change from:		
		FOMC Nov. 16	Dec. 16	1981 highs	FOMC Nov. 16	
<u>Stock Prices</u>						
Dow-Jones Industrial	1,024.05	1008.00	990.25	-3.3	-1.8	
NYSE Composite	79.14	78.30	78.04	-1.4	-.3	
AMEX Composite	380.36	328.19	325.36	-14.5	-.9	
IASDAO (OTC)	223.47	224.97	225.60	1.0	.3	

1. One-day quotes except as noted.

2. Averages for statement week closest to date shown.

3. Secondary market.

4. One-day quotes for preceding Thursday.

5. One-day quotes for preceding Friday.

p--preliminary. e--estimated.