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CLASS III - FOMC

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SUPPLEMENT  
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

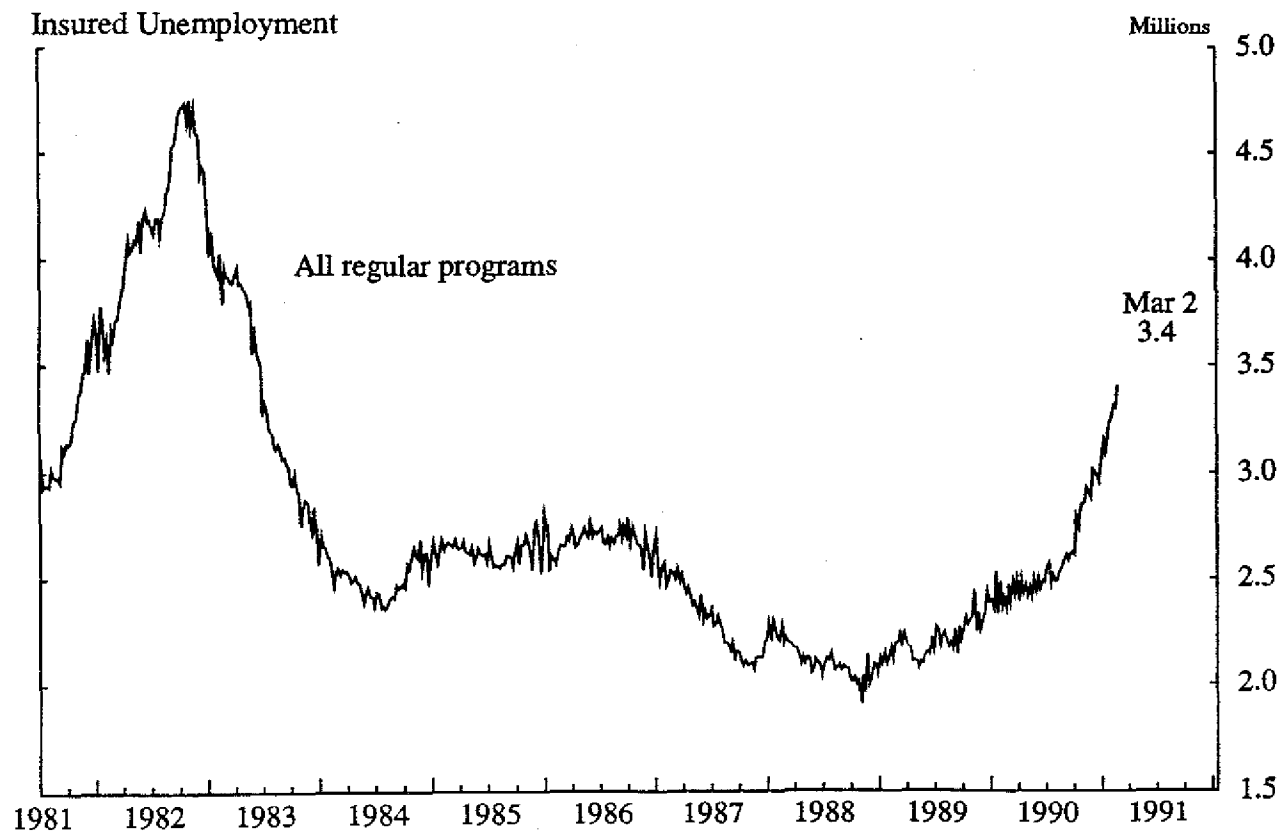
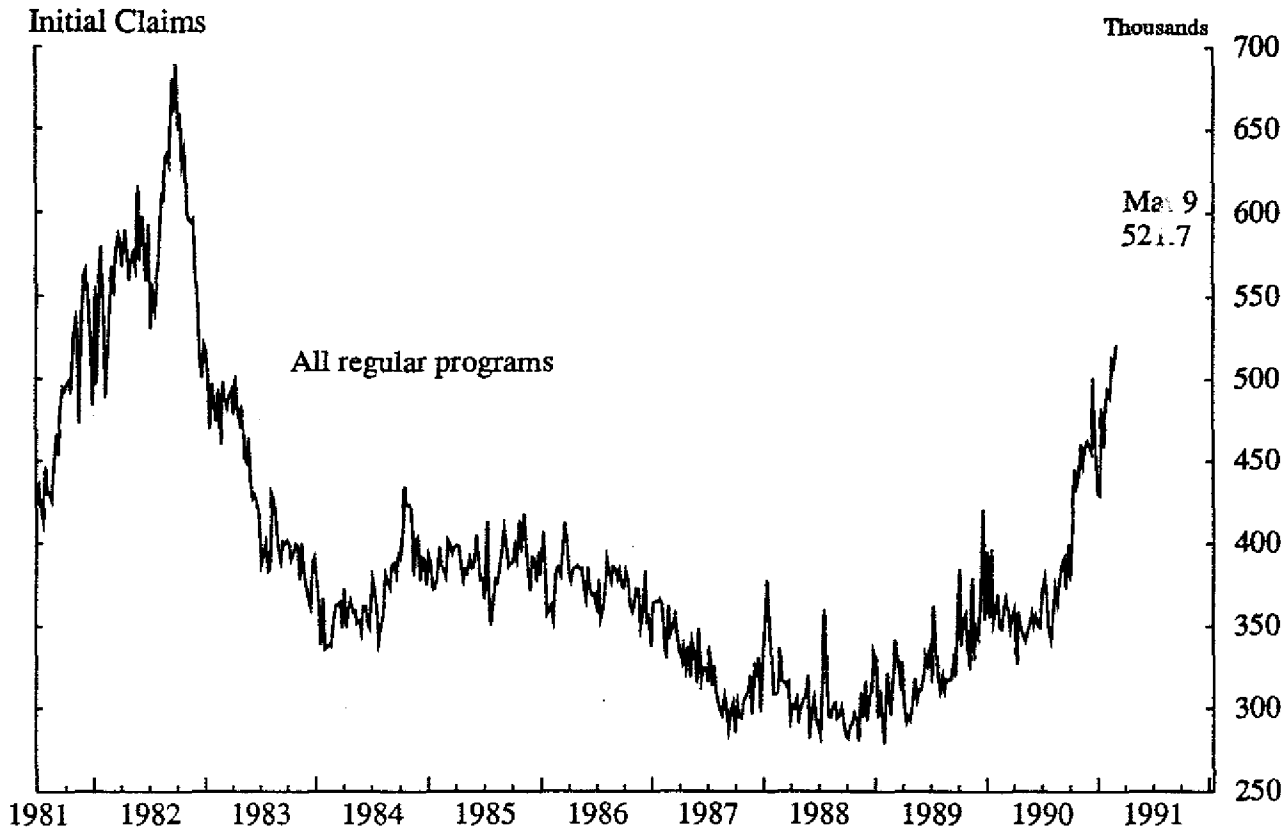
By the Staff  
Board of Governors  
of the Federal Reserve System

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# Unemployment Insurance

(Weekly data; seasonally adjusted, FRB basis <1>)



<1> Only the state program components of these series are seasonally adjusted.

MORTGAGE-BACKED SECURITY ISSUANCE  
 (Monthly averages, billions of dollars, NSA unless noted)

	Federally related pass-through securities			Multiclass securities				
	Total (SA)	Fixed- Rate	ARM- backed	Total	Private issues <sup>1</sup>	FNMA REMICs	FHLMC REMICs	Agency strips
1989	16.5	14.1	2.6	8.1	1.4	3.1	3.2	.3
1990 r	19.7	17.3	2.3	11.3	2.2	5.0	3.4	.5
1989-Q4	19.8	19.4	2.2	10.7	1.2	5.2	4.0	.4
1990-Q1	21.5	18.5	1.4	11.3	1.6	5.0	3.8	.9
Q2	19.9	16.3	2.2	11.1	2.9	4.7	3.0	.4
Q3	18.2	17.6	1.6	12.1	2.7	6.6	2.3	.6
Q4 r	19.0	16.6	4.1	10.9	2.2	3.9	4.5	.3
1990-June	19.1	17.3	2.2	11.5	1.8	4.7	3.8	1.3
July	16.5	16.2	.5	11.0	1.5	6.7	2.8	.0
Aug.	20.1	19.1	1.6	11.8	3.6	4.4	2.4	1.4
Sep.	18.0	17.3	2.8	13.6	3.1	8.6	1.6	.3
Oct.	18.4	16.7	2.5	14.2	2.2	5.6	5.7	.6
Nov. r	18.7	17.8	2.6	8.4	2.3	3.8	2.1	.2
Dec. r	19.9	15.5	7.1	10.1	2.2	2.4	5.5	.0
1991-Jan. p	15.7	13.0	.7	4.9	1.1	2.4	1.2	.2
Feb. p	n.a.	n.a.	n.a.	n.a.	1.2	3.2	n.a.	.2

1. Excludes pass-through securities with senior/subordinated structures.  
 r--revised p--preliminary n.a.--not available.

**MONETARY AGGREGATES**  
(based on seasonally adjusted data unless otherwise noted)

	1990 <sup>1</sup>	1990 Q3	1990 Q4	1990 Dec	1991 Jan	1991 Feb p	Growth Q4 90- Feb 91p
-----Percent change at annual rates-----							
1. M1	4.2	3.7	3.4	3.1	1.9	14.1	6.4
2. M2	3.9	3.0	2.2	1.7	1.0	8.6	3.6
3. M3	1.7	1.6	1.1	0.7	3.3	10.6	4.8
-----Percent change at annual rates-----							Levels bil. \$ Feb 91p
<b>Selected components</b>							
4. M1-A	4.6	6.0	4.9	2.7	2.7	14.9	539.5
5. Currency	11.0	11.2	11.1	6.9	25.3	16.7	255.1
6. Demand deposits	-0.6	1.3	-0.7	-1.3	-17.3	14.5	276.2
7. Other checkable deposits	3.5	-0.3	0.7	3.7	0.8	11.8	296.8
8. M2 minus M1 <sup>2</sup>	3.8	2.7	1.8	1.2	0.8	6.8	2521.0
9. Overnight RPs and Eurodollars, NSA	3.0	5.4	-20.8	-58.7	-39.0	-6.7	71.1
10. General purpose and broker/dealer money market mutual fund shares	11.4	9.9	11.2	16.4	29.7	14.1	360.5
11. Commercial banks	9.9	11.4	7.8	11.0	5.0	11.6	1192.0
12. Savings deposits plus MMDAs <sup>3</sup>	7.5	7.4	4.1	4.4	2.9	14.9	586.3
13. Small time deposits	12.4	15.5	11.5	17.3	7.2	8.2	605.7
Thrift institutions	-5.4	-8.8	-7.6	-12.8	-7.7	-3.7	897.3
Savings deposits plus MMDAs <sup>3</sup>	-2.2	-4.9	-7.4	-11.6	-3.5	8.9	340.5
Small time deposits	-7.2	-11.1	-7.9	-13.6	-10.2	-11.3	556.8
.. M3 minus M2 <sup>4</sup>	-6.4	-3.9	-3.6	-3.7	13.0	19.1	803.6
18. Large time deposits	-9.5	-8.9	-13.0	-12.9	10.7	8.2	515.0
19. At commercial banks, net <sup>5</sup>	-3.6	-2.2	-8.5	-4.3	23.9	19.8	400.2
20. At thrift institutions	-23.9	-27.3	-26.3	-39.3	-30.7	-31.6	114.8
21. Institution-only money market mutual fund shares	20.2	21.6	30.4	51.8	42.0	84.9	139.3
22. Term RPs, NSA	-12.0	1.6	-25.9	-69.0	-22.6	-20.3	87.0
23. Term Eurodollars, NSA	-12.5	12.2	15.4	3.4	-5.2	31.1	71.3
-----Average monthly change in billions of dollars-----							
<b>MEMORANDA:<sup>6</sup></b>							
24. Managed liabilities at commercial banks (25+26)	-0.2	0.9	-2.5	-8.1	-1.5	-2.3	715.4
25. Large time deposits, gross	-2.6	-2.6	-3.9	-3.4	9.1	9.4	450.3
26. Nondeposit funds	2.4	3.6	1.5	-4.7	-10.6	-11.7	265.1
27. Net due to related foreign institutions	2.2	1.4	4.4	4.5	-1.2	-8.8	24.6
28. Other <sup>7</sup>	0.2	2.1	-2.8	-9.2	-9.5	-2.9	240.5
29. U.S. government deposits at commercial banks <sup>8</sup>	0.3	1.8	-0.5	-0.8	1.4	7.6	33.4

1. Amounts shown are from fourth quarter to fourth quarter.

2. Nontransactions M2 is seasonally adjusted as a whole.

3. Commercial bank savings deposits excluding MMDAs grew during January and February at rates of 12 percent and 11.3 percent, respectively. At thrift institutions, savings deposits excluding MMDAs grew during January and February at rates of -4.5 percent and 9.1 percent, respectively.

4. The non-M2 component of M3 is seasonally adjusted as a whole.

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

Dollar amounts shown under memoranda are calculated on an end-month-of-quarter basis.

Consists of borrowing 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 borrowing from the Federal Reserve and unaffiliated foreign banks, loan RPs and other minor items). Data are partially estimated.

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

p - preliminary

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM

(Percentage changes at annual rates, based on seasonally adjusted data)

	1989:Dec.	1990			1991		Levels bil.\$ Feb.
	to 1990:Dec.	Q3	Q4	Dec.	Jan.	Feb.	
----- Commercial Bank Credit -----							
1. Total loans and securities at banks	5.3	5.7	2.3	3.1	-1.0	6.3	2735.1
2. Securities	8.6	8.4	.5	-.4	4.2	7.4	635.5
3. U.S. government securities	13.9	10.6	3.7	.5	-.3	10.3	458.0
4. Other securities	-3.1	2.7	-7.2	-2.0	15.1	.0	177.6
5. Total loans	4.3	4.9	2.9	4.1	-2.5	6.0	2099.5
6. Business loans	1.9	1.2	3.1	4.1	-5.7	.4	643.9
7. Real estate loans	9.5	7.5	6.1	5.6	.0	6.9	842.6
8. Consumer loans	1.3	1.3	.6	1.3	-8.9	5.7	377.7
9. Security loans	4.1	72.0	-6.8	30.3	76.8	.0	43.2
10. Other loans	-1.8	3.6	-4.6	-.6	-6.3	21.0	192.3
----- Short- and Intermediate-Term Business Credit -----							
11. Business loans net of bankers acceptances	1.9	1.5	3.2	4.0	-5.3	2.1	637.8
12. Loans at foreign branches <sup>2</sup>	19.3	36.7	37.0	38.1	13.8	-13.7	26.0
13. Sum of lines 11 & 12	2.5	2.6	4.4	5.4	-4.3	1.3	663.8
14. Commercial paper issued by nonfinancial firms	12.2	16.8	-3.2	-4.0	3.2	-15.1	149.0
15. Sum of lines 13 & 14	4.2	5.2	3.0	3.5	-3.1	-1.6	812.8
16. Bankers acceptances: U.S. trade related <sup>3,4</sup>	-9.6	-27.2	17.8	.0	3.6	-7.3	32.8
17. Line 15 plus bankers acceptances: U.S. trade related	3.6	3.9	3.5	3.4	-2.7	-2.0	845.6
18. Finance company loans to business <sup>3</sup>	12.7	20.7	8.0	8.8	13.2	n.a.	293.2 <sup>5</sup>
19. Total short- and intermediate- term business credit (sum of lines 17 & 18)	5.8	8.0	4.6	4.9	1.3	n.a.	1140.0 <sup>5</sup>

1. Average of Wednesdays.

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

3. Based on average of data for current and preceding ends of month.

4. Consists of acceptances that finance U.S. imports, U.S. exports, and domestic shipment and storage of goods.

5. January data.

p--preliminary.

n.a.--not available

SELECTED FINANCIAL MARKET QUOTATIONS  
(percent)

	1989		1990	1991		Change from:		
	March highs	Dec lows	Aug highs	FOMC Feb 6	Mar 21	Aug 90 highs	FOMC Feb 6	
<b>Short-term rates</b>								
Federal funds <sup>2</sup>	9.85	8.45	8.21	6.89	6.13	-2.08	-0.76	
Treasury bills <sup>3</sup>								
3-month	9.09	7.53	7.59	5.91	5.87	-1.72	-0.04	
6-month	9.11	7.29	7.51	5.88	5.87	-1.64	-0.01	
1-year	9.05	7.11	7.45	5.86	5.99	-1.46	0.13	
Commercial paper								
1-month	10.05	8.51	8.10	6.42	6.37	-1.73	-0.05	
3-month	10.15	8.22	8.05	6.41	6.32	-1.73	-0.09	
Large negotiable CDs <sup>3</sup>								
1-month	10.07	8.52	8.14	6.40	6.36	-1.78	-0.04	
3-month	10.32	8.22	8.18	6.45	6.33	-1.85	-0.12	
6-month	10.08	8.01	8.25	6.45	6.44	-1.81	-0.01	
Eurodollar deposits <sup>4</sup>								
1-month	10.19	8.38	8.13	6.38	6.38	-1.75	0.00	
3-month	10.50	8.25	8.19	6.50	6.38	-1.81	-0.12	
Bank prime rate	11.50	10.50	10.00	9.00	9.00	-1.00	0.00	
<b>Intermediate- and long-term rates</b>								
U.S. Treasury (constant maturity)								
3-year	9.88	7.69	8.50	6.99	7.40	-1.10	0.41	
10-year	9.53	7.77	9.05	7.79	8.16	-0.89	0.37	
30-year	9.31	7.83	9.17	8.02	8.34	-0.83	0.32	
Municipal revenue <sup>5</sup> (Bond Buyer)	7.95	7.28	7.80	7.24	7.33	-0.47	0.09	
Corporate--A utility recently offered	10.47	9.29	10.50	9.61	9.66	-0.84	0.05	
Home mortgage rates <sup>6</sup>								
S&L fixed-rate	11.22	9.69	10.29	9.56	9.50	-0.79	-0.06	
S&L ARM, 1-yr.	9.31	8.34	8.39	7.75	7.45	-0.94	-0.30	
<b>Stock prices</b>								
			1989	1991		Percent change from:		
	Record highs	Date	Lows Jan 3	FOMC Feb 6	Mar 21	Record highs	1989 lows	FOMC Feb 6
Dow-Jones Industrial	2999.75	7/16/90	2144.64	2830.94	2855.45	-4.81	33.14	0.87
NYSE Composite	205.74	3/5/91	154.00	195.38	200.79	-2.41	30.38	2.77
AMEX Composite	397.03	10/10/89	305.24	332.73	353.15	-11.05	15.70	6.14
NASDAQ (OTC)	485.73	10/9/89	378.56	439.24	464.60	-4.35	22.73	5.77
Wilshire	3582.30	3/5/91	2718.59	3390.97	3497.00	-2.38	28.63	3.13

1/ One-day quotes except as noted.

2/ Average for two-week reserve maintenance period closest to date shown. Last observation is average for the maintenance period ending March 20, 1991.

3/ Secondary market.

4/ Bid rates for Eurodollar deposits at 11 a.m. London time.

5/ Based on one-day Thursday quotes and futures market index changes.

6/ Quotes for week ending Friday closest to date shown.