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CLASS III - FOMC

October 2, 1992

SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

TABLE OF CONTENTS

| | Page |
|---|------|
| THE DOMESTIC NONFINANCIAL ECONOMY | |
| Employment and unemployment. | 1 |
| Purchasing managers' report. | 2 |
| Consumer sentiment | 3 |
| Manufacturers' inventories, shipments, and orders. . . | 4 |
| Nonresidential construction. | 4 |
| <u>Tables</u> | |
| Initial claims with EUC adjustment. | 1 |
| Average hourly earnings | 2 |
| Changes in employment | 5 |
| Unemployment and labor force participation rates . . . | 5 |
| University of Michigan Survey Research Center: | |
| Survey of consumer attitudes | 9 |
| Changes in manufacturing and trade inventories | 10 |
| Inventories relative to sales. | 10 |
| Business capital spending indicators | 12 |
| <u>Charts</u> | |
| Labor market indicators. | 6 |
| Alternative labor market indicators. | 7 |
| Purchasing managers. | 8 |
| Ratio of inventories to sales. | 11 |
| Recent data on orders and shipments. | 13 |
| Nonresidential construction and selected indicators. . | 14 |
| THE FINANCIAL ECONOMY | |
| <u>Tables</u> | |
| Monetary aggregates | 15 |
| Commercial bank credit and short- and intermediate-term business credit. | 16 |
| Selected financial market quotations | 17 |

SUPPLEMENTAL NOTES

THE DOMESTIC NONFINANCIAL ECONOMY

Employment and Unemployment

The September labor market surveys point to continued weakness in labor market conditions last month. Private payroll employment rose just 31,000, after a decline in August that was larger than originally reported. The average workweek and the aggregate number of hours worked both reversed their sharp reported August increases. The civilian unemployment rate did edge down to 7.5 percent in September. However, initial claims for unemployment insurance were trending up as of the week following the survey reference week.

INITIAL CLAIMS WITH EUC ADJUSTMENT
(In thousands; seasonally adjusted by BLS)

| | 1992 | | | | | |
|------------------------------|------------|------------|------------|-----------|------------|------------|
| | Aug. 15 | Aug. 22 | Aug. 29 | Sep. 5 | Sep. 12 | Sep. 19 |
| Initial claims | | | | | | |
| All regular programs | 391 | 394 | 402 | 408 | 422 | 438 |
| EUC effect | 12 | 15 | 25 | 23 | 30 | 33 |
| Adjusted claims ¹ | 403 | 409 | 427 | 431 | 452 | 471 |

1. Initial claims (all regular programs) plus the EUC effect.

As expected, the overall payroll figures for September were depressed by the end of many of the federally funded summer jobs for youth. The BLS estimates that about 140,000 such jobs were created in July and August (mostly in local governments) and that about 97,000 of these jobs ended in September. The only notable increase in private payrolls in September came from the services industry, where employment was up 72,000 after a small decline in August. Health services posted a modest gain, but hiring in business services was down slightly. The trade and finance industries reported little change in employment. In contrast, manufacturing

and construction both posted modest declines in jobs in September after much larger losses in the preceding month.

In the household survey, employment edged down 36,000 last month. The decline was concentrated among adult women; teenage employment was up despite the loss of temporary summer jobs. Unemployment fell as well, and the civilian labor force declined 164,000 in September. After rising about 300,000 per month between November and June, the labor force has declined about 100,000 per month since then. Other indicators from the household survey changed little in September. Indeed, the number of persons working part time for economic reasons and the share of the unemployed who are job losers both have shown no clear trend in recent months.

Average hourly earnings of production or nonsupervisory workers dropped back 0.2 percent in September after jumping 0.7 percent in August. Over the 12 months ended in September, average hourly earnings for the private production workers increased only 2.2 percent, down about 3/4 percentage point from the preceding twelve-month period.

AVERAGE HOURLY EARNINGS
(Percent change; based on seasonally adjusted data)

| | 12 months ending in Sep. | | | 1992 | | |
|------------------------------------|--------------------------|------|------|------|------|------|
| | 1990 | 1991 | 1992 | July | Aug. | Sep. |
| Total private nonfarm | 3.8 | 3.0 | 2.2 | .0 | .7 | -.2 |
| Manufacturing | 3.5 | 3.1 | 2.7 | .1 | .6 | .3 |
| Services | 4.9 | 3.8 | 2.7 | .0 | .8 | -.3 |
| Finance, insurance, real estate | 5.2 | 4.2 | 3.2 | .0 | 1.8 | -.9 |

Purchasing Managers' Report

The Purchasing Managers' Report suggests that the pace of industrial activity weakened a bit in September. The Purchasing Managers' Index fell to 49.0 last month--the lowest reading since

January. In September, the number of companies reporting declines in new orders about matched those reporting increases; the net difference of -0.8 percentage point was down sharply from the 19 percentage points that had prevailed in earlier months. In contrast to total new orders, net new export orders picked up in September. Production gains reportedly continued in September, but at a slower pace than in August. More firms reduced inventories and employment in September than increased them.

The speed of supplier deliveries slowed for the fourth consecutive month, and average lead times for ordering maintenance and repair supplies, production materials, and capital goods all edged up. However, the number of firms reporting higher prices for materials dropped in September, retracing much of the firming that had been evident earlier in the year.

Consumer Sentiment

Based on a complete tally of responses for September, the University of Michigan's composite index of consumer sentiment edged down 0.5 index points, to a level of 75.6, almost 5 index points below its recent peak in June. The current conditions component of the index rose 2 index points, but the expected conditions component, which is weighted more heavily in the composite index, dropped 2 points. The deterioration in expected conditions owed chiefly to greater pessimism about business conditions over the next five years. The brighter assessment of current conditions resulted from a substantial improvement in the assessment of personal financial conditions. The other component of the current conditions index, consumers' appraisal of buying conditions for large household durable goods, declined.

Among survey items not included in the composite index, expectations about unemployment worsened a bit, inflation

expectations were essentially unchanged, and slightly more consumers believed that it is a good time to buy a house.

Manufacturers' Inventories, Shipments, and Orders

Manufacturers' inventories rose sharply in August as shipments of manufactured goods slackened. In current-cost terms, factory stocks increased at an annual rate of \$25.3 billion while factory shipments slumped 2.4 percent. As a result, the inventory-to-shipments ratio for all manufacturing shot up to 1.60 months in August--about midway in the range of the past year.

Among the major industries, only aircraft reported a significant inventory drawdown in August. Stocks held by producers of primary metals, industrial machinery, electrical and electronic equipment, and chemicals all posted sizable increases, while their shipments fell. By stage of fabrication, about 70 percent of the August accumulation was in stocks of finished goods.

Revised data now indicate that new orders for all manufactured goods fell 1.9 percent in August, following a 0.9 percent drop in July. For nondefense capital goods excluding aircraft, more complete sample counts now show that orders fell 3.1 percent in August, a bit more than the 2.9 percent decline indicated in the advance report.

Nonresidential Construction

The nominal value of private nonresidential construction put in place plunged 5.8 percent in August. The large decline was concentrated in the office, other commercial, and industrial sectors, all of which fell more than 10 percent. Nothing else we have seen points to such an abrupt deterioration in nonresidential construction, and we would be inclined to discount the steep drop in this preliminary report. Nonetheless, these data will be the latest

available to BEA when it compiles the advance estimate of third-quarter activity.

Expenditures on public construction projects were little changed in August from an upward-revised estimate for July. Relative to a year earlier, the average level of this spending in July and August was up 7.4 percent, with most of the gain coming from projects of state and local governments.

CHANGES IN EMPLOYMENT¹
(Thousands of employees; based on seasonally adjusted data)

| | 1990 | 1991 | 1992 | | | 1992 | | |
|--|-------------------------------------|------|------|------|------|------|------|-------|
| | | | Q1 | Q2 | Q3 | July | Aug. | Sept. |
| | ----- Average monthly changes ----- | | | | | | | |
| Nonfarm payroll employment ² | -5 | -79 | 15 | 74 | -5 | 171 | -128 | -57 |
| Private | -34 | -91 | -4 | 64 | -23 | 103 | -203 | 31 |
| Manufacturing | -47 | -36 | -17 | -14 | -37 | 6 | -92 | -26 |
| Durable | -36 | -33 | -16 | -15 | -29 | -24 | -44 | -18 |
| Defense-related ³ | -4 | -8 | -9 | -12 | -12 | -16 | -12 | -8 |
| Nondurable | -11 | -3 | -1 | 1 | -9 | 30 | -48 | -8 |
| Construction | -23 | -26 | 4 | -1 | -12 | -16 | 2 | -21 |
| Retail trade | -8 | -35 | -7 | 21 | -17 | 28 | -79 | 0 |
| Finance, insurance, real estate | -1 | -3 | 2 | -1 | -1 | -12 | 3 | 5 |
| Services | 44 | 30 | 28 | 70 | 61 | 117 | -7 | 72 |
| Health services | 31 | 29 | 16 | 20 | 19 | 32 | 7 | 18 |
| Business services | 0 | 3 | 11 | 39 | 5 | 8 | 14 | -8 |
| Total government | 29 | 12 | 19 | 10 | 18 | 68 | 75 | -86 |
| Private nonfarm production workers | -40 | -76 | 18 | 89 | -38 | 59 | -170 | -2 |
| Manufacturing production workers | -39 | -23 | 1 | -9 | -30 | 14 | -81 | -21 |
| Total employment ⁴ | -32 | -62 | 207 | 75 | 42 | 198 | -35 | -38 |
| Nonagricultural | -39 | -54 | 203 | 56 | 46 | 246 | -49 | -60 |
| Memo: | | | | | | | | |
| Aggregate hours of private production workers (percent change) | .0 | -.1 | .1 | .0 | -.1 | .0 | .7 | -1.1 |
| Average workweek (hours) | 34.5 | 34.3 | 34.5 | 34.4 | 34.4 | 34.3 | 34.6 | 34.1 |

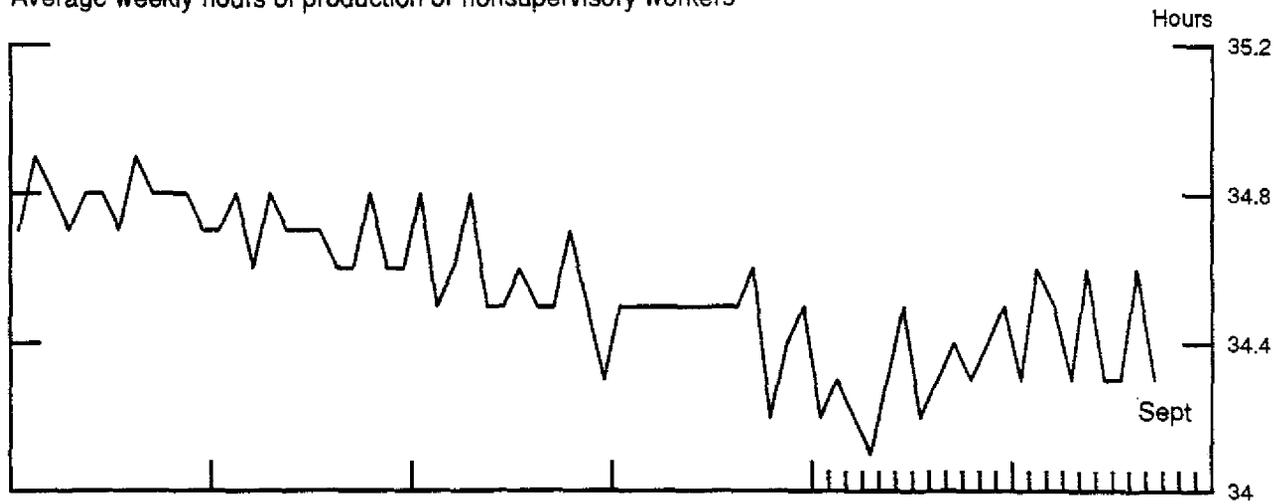
1. Average change from final month of preceding period to final month of period indicated.
2. Survey of establishments.
3. Industries which are dependent on defense expenditures for at least 50 percent of their output.
4. Survey of households.

UNEMPLOYMENT AND LABOR FORCE PARTICIPATION RATES
(Percent; seasonally adjusted)

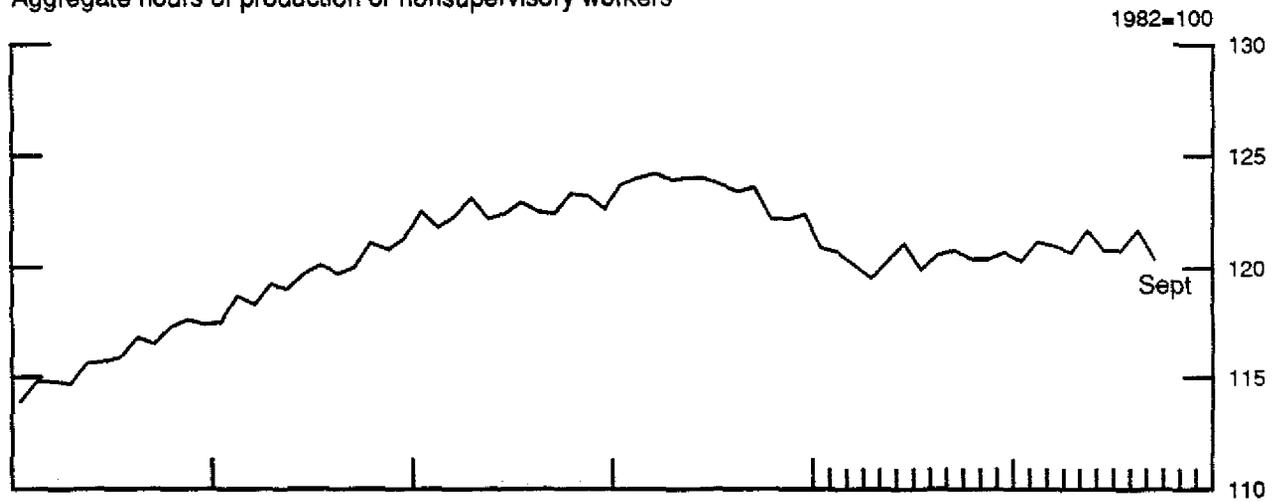
| | 1990 | 1991 | 1992 | | | 1992 | | |
|--|------|------|------|------|------|------|------|-------|
| | | | Q1 | Q2 | Q3 | July | Aug. | Sept. |
| Civilian unemployment rate (16 years and older) | 5.5 | 6.7 | 7.2 | 7.5 | 7.6 | 7.7 | 7.6 | 7.5 |
| Teenagers | 15.5 | 18.7 | 19.6 | 21.0 | 20.4 | 21.0 | 19.8 | 20.4 |
| 20-24 years old | 8.8 | 10.8 | 11.1 | 11.3 | 11.6 | 11.7 | 11.5 | 11.6 |
| Men, 25 years and older | 4.4 | 5.7 | 6.3 | 6.5 | 6.6 | 6.5 | 6.7 | 6.6 |
| Women, 25 years and older | 4.3 | 5.1 | 5.6 | 5.8 | 5.8 | 5.9 | 5.9 | 5.7 |
| Labor force participation rate | 66.4 | 66.0 | 66.2 | 66.5 | 66.4 | 66.6 | 66.4 | 66.3 |

LABOR MARKET INDICATORS

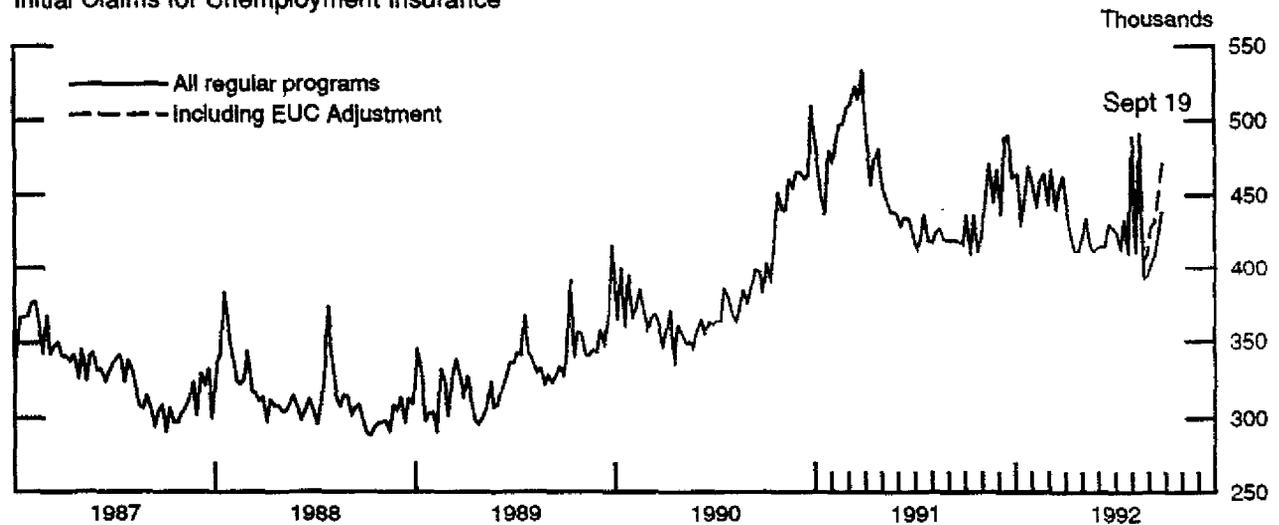
Average weekly hours of production or nonsupervisory workers



Aggregate hours of production or nonsupervisory workers

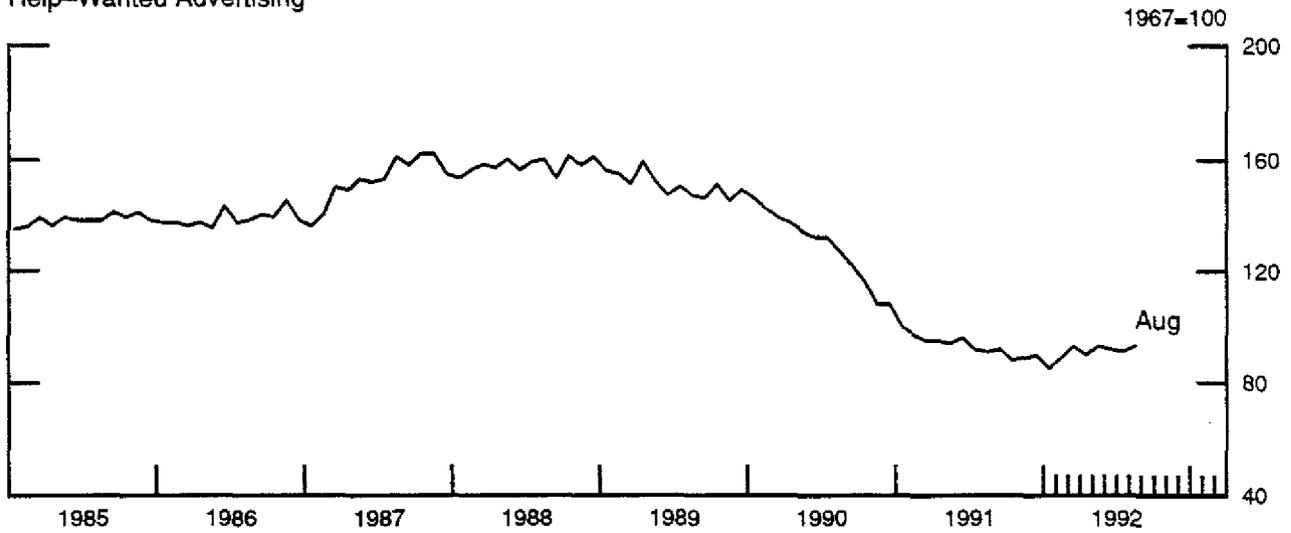


Initial Claims for Unemployment Insurance

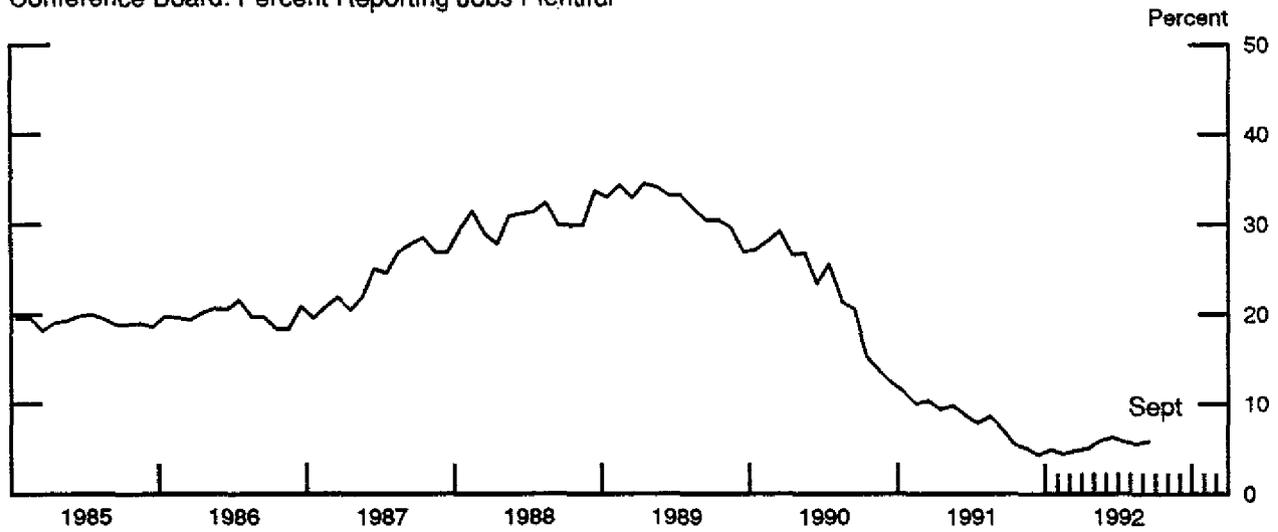


ALTERNATIVE LABOR MARKET INDICATORS

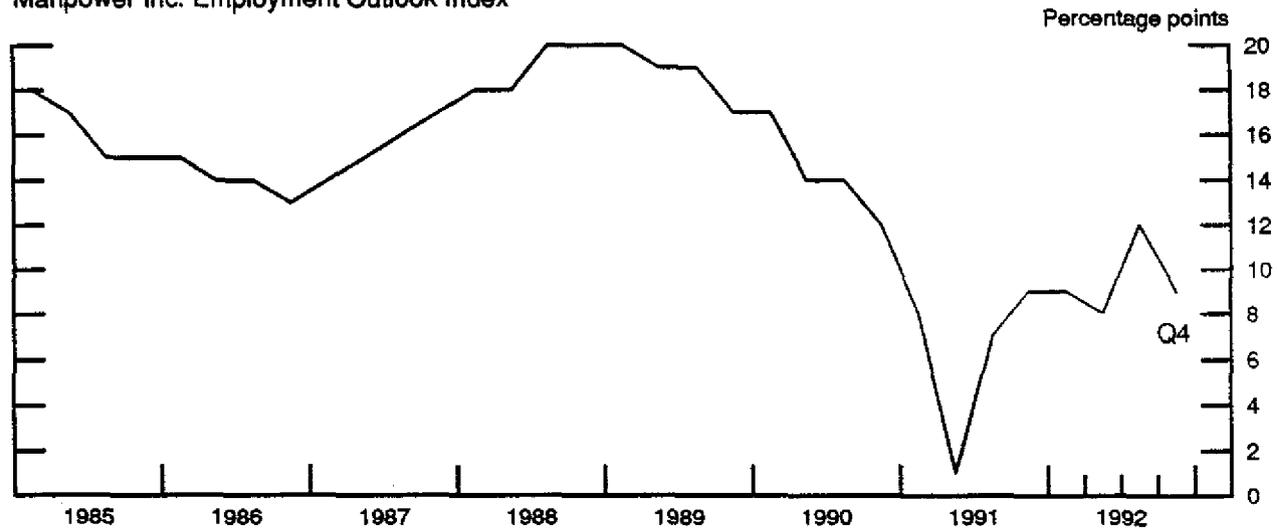
Help-Wanted Advertising



Conference Board: Percent Reporting Jobs Plentiful

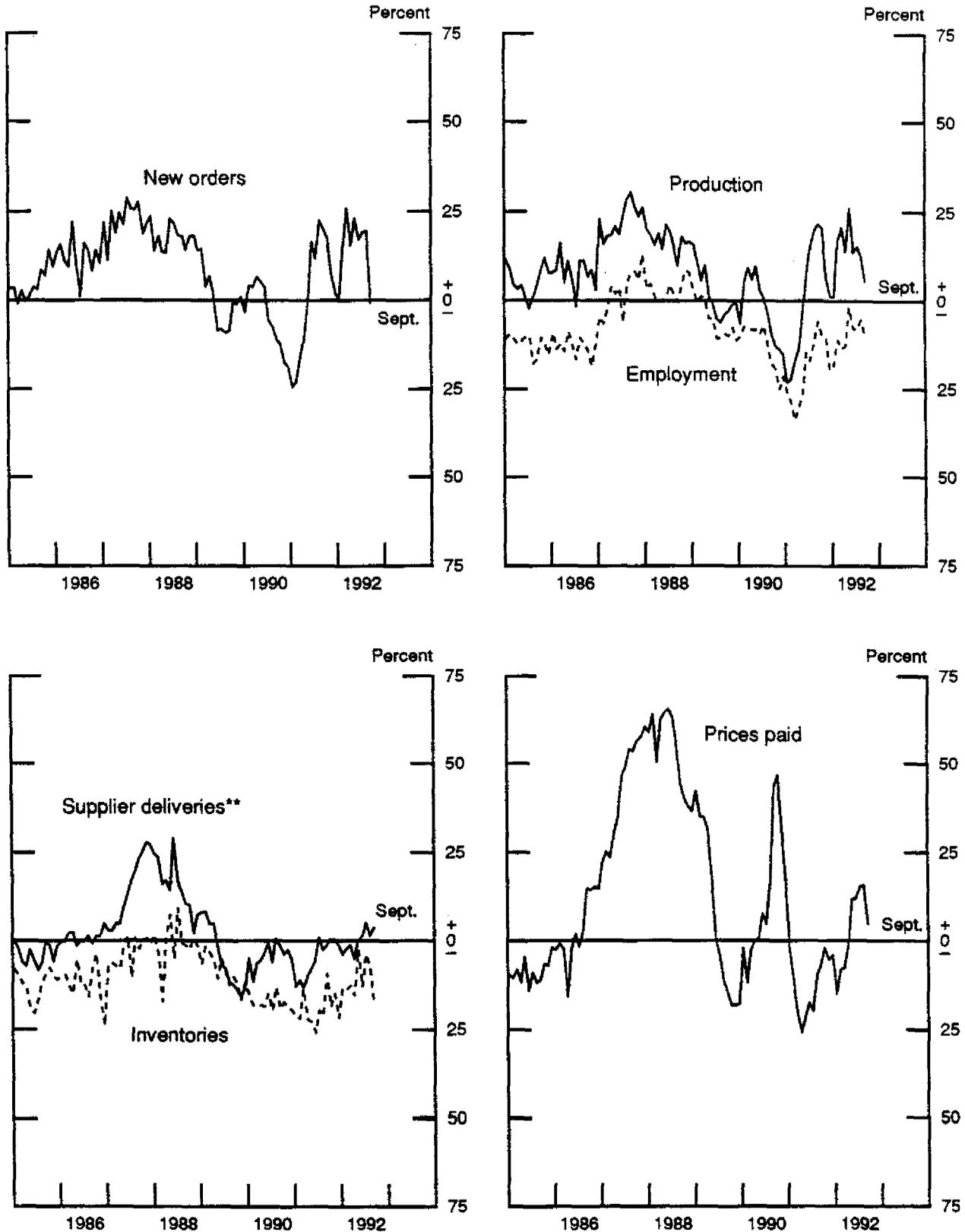


Manpower Inc. Employment Outlook Index ¹



1. Percent of respondents planning to increase employment minus the percent planning to decrease employment; seasonally adjusted.

Purchasing Managers* (Seasonally adjusted)



* Percent reporting increases are netted with those reporting decreases.
** Positive entries represent slower deliveries.

October 2, 1992

UNIVERSITY OF MICHIGAN SURVEY RESEARCH CENTER: SURVEY OF CONSUMER ATTITUDES
(Not seasonally adjusted)

| | 1992 Jan | 1992 Feb | 1992 Mar | 1992 Apr | 1992 May | 1992 Jun | 1992 Jul | 1992 Aug | 1992 Sep (f) |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| Indexes of consumer sentiment (Feb. 1966=100) | | | | | | | | | |
| Composite of current and expected conditions | 67.5 | 68.8 | 76.0 | 77.2 | 79.2 | 80.4 | 76.6 | 76.1 | 75.6 |
| Current conditions | 80.5 | 79.7 | 84.9 | 87.7 | 91.5 | 95.4 | 90.6 | 86.2 | 88.3 |
| Expected conditions | 59.1 | 61.8 | 70.3 | 70.5 | 71.2 | 70.7 | 67.6 | 69.5 | 67.4 |
| Personal financial situation | | | | | | | | | |
| Now compared with 12 months ago* | 90 | 91 | 93 | 97 | 97 | 100 | 96 | 91 | 102 |
| Expected in 12 months* | 119 | 123 | 113 | 129 | 122 | 125 | 125 | 121 | 123 |
| Expected business conditions | | | | | | | | | |
| Next 12 months* | 53 | 60 | 90 | 87 | 92 | 88 | 78 | 81 | 78 |
| Next 5 years* | 63 | 63 | 77 | 66 | 70 | 70 | 66 | 76 | 68 |
| Appraisal of buying conditions | | | | | | | | | |
| Cars | 123 | 126 | 125 | 131 | 135 | 144 | 128 | 129 | 130 |
| Large household appliances* | 117 | 114 | 126 | 130 | 139 | 147 | 138 | 132 | 126 |
| Houses | 155 | 163 | 153 | 162 | 159 | 163 | 153 | 159 | 162 |
| Willingness to use credit | 37 | 39 | 39 | 31 | 45 | 38 | 39 | 41 | 44 |
| Willingness to use savings | 46 | 47 | 53 | 54 | 59 | 67 | 58 | 61 | 65 |
| Average expected increase in prices during the next 12 months | 3.5 | 3.5 | 3.3 | 3.7 | 3.4 | 4.2 | 3.9 | 4.0 | 4.1 |
| Average expected increase in prices (per year) over the next 5 to 10 years | 5.4 | 4.5 | 4.6 | 4.9 | 5.5 | 4.7 | 4.7 | 5.0 | 5.0 |

* -- Indicates the question is one of the five equally-weighted components of the index of sentiment.

(p) -- Preliminary

(f) -- Final

Note: Figures on financial, business, and buying conditions are the percent reporting 'good times' (or 'better') minus the percent reporting 'bad times' (or 'worse'), plus 100. Asterisk (*) indicates the question is one of the five equally-weighted components of the index of sentiment.

CHANGES IN MANUFACTURING AND TRADE INVENTORIES
(Billions of dollars at annual rates;
based on seasonally adjusted data)

| | 1991 | 1992 | | 1992 | | |
|------------------------|-------|-------|------|------|------|------|
| | Q4 | Q1 | Q2 | June | July | Aug. |
| Current-cost basis | | | | | | |
| Total | 23.1 | -7.9 | 22.7 | 46.1 | 18.5 | n.a. |
| Excluding auto dealers | 22.1 | -13.7 | 16.1 | 44.4 | 23.6 | n.a. |
| Manufacturing | -14.0 | -11.2 | -1.5 | -5.2 | 7.6 | 25.3 |
| Excluding aircraft | -7.0 | -7.1 | 6.3 | 2.5 | 15.7 | 27.8 |
| Wholesale | 19.9 | -1.2 | 6.1 | 33.7 | -6.1 | n.a. |
| Retail | 17.3 | 4.5 | 18.1 | 17.6 | 17.0 | n.a. |
| Automotive | 1.1 | 5.8 | 6.6 | 1.6 | -5.1 | n.a. |
| Excluding auto dealers | 16.2 | -1.3 | 11.5 | 15.9 | 22.1 | n.a. |
| Constant-dollar basis | | | | | | |
| Total | 16.2 | -13.2 | 7.4 | 34.1 | 7.9 | n.a. |
| Excluding auto dealers | 17.0 | -18.0 | 1.9 | 29.5 | 15.3 | n.a. |
| Manufacturing | -11.3 | -8.7 | -6.5 | -6.5 | 5.3 | n.a. |
| Wholesale | 15.2 | -4.9 | 2.1 | 25.2 | -7.5 | n.a. |
| Retail | 12.3 | .5 | 11.8 | 15.4 | 10.1 | n.a. |
| Automotive | -.9 | 4.8 | 5.5 | 4.6 | -7.3 | n.a. |
| Excluding auto dealers | 13.1 | -4.4 | 6.3 | 10.7 | 17.5 | n.a. |

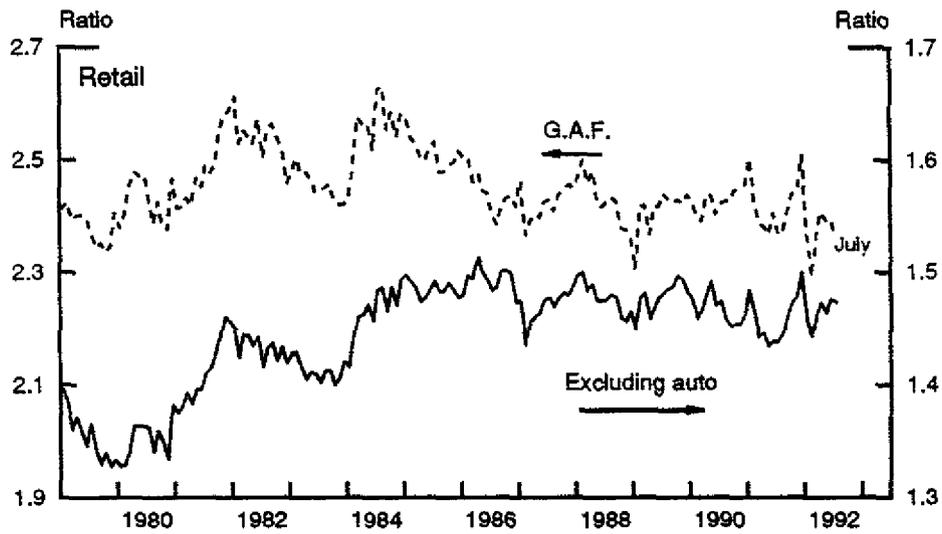
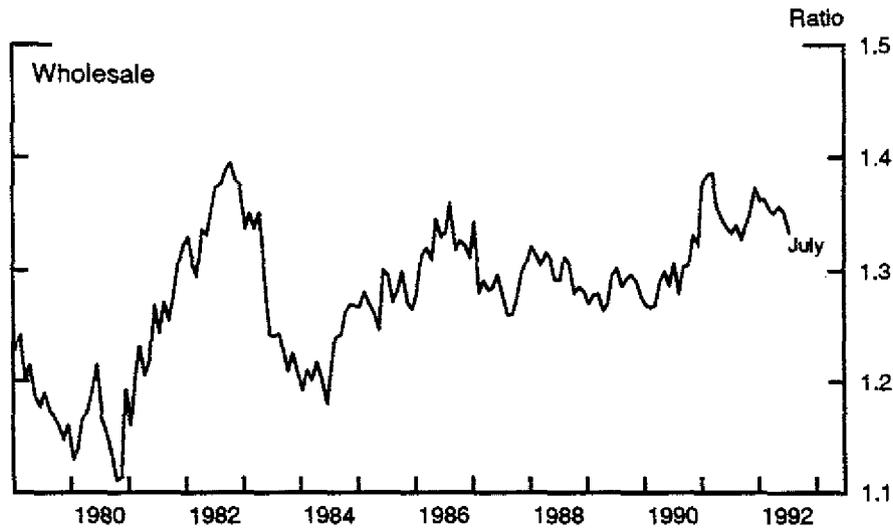
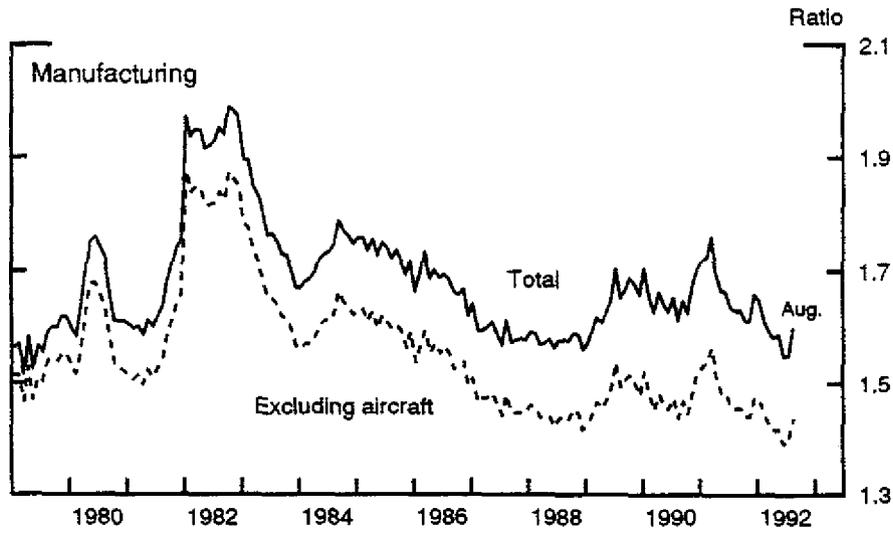
INVENTORIES RELATIVE TO SALES¹
(Months supply; based on seasonally adjusted data)

| | 1991 | 1992 | | 1992 | | |
|------------------------|------|------|------|------|------|------|
| | Q4 | Q1 | Q2 | June | July | Aug. |
| Current-cost basis | | | | | | |
| Total | 1.54 | 1.52 | 1.51 | 1.50 | 1.49 | n.a. |
| Excluding auto dealers | 1.52 | 1.50 | 1.49 | 1.47 | 1.47 | n.a. |
| Manufacturing | 1.62 | 1.62 | 1.57 | 1.55 | 1.55 | 1.60 |
| Excluding aircraft | 1.45 | 1.45 | 1.41 | 1.39 | 1.39 | 1.43 |
| Wholesale | 1.37 | 1.36 | 1.36 | 1.35 | 1.33 | n.a. |
| Retail | 1.58 | 1.54 | 1.57 | 1.57 | 1.56 | n.a. |
| Automotive | 1.87 | 1.85 | 1.90 | 1.90 | 1.88 | n.a. |
| Excluding auto dealers | 1.50 | 1.46 | 1.48 | 1.48 | 1.47 | n.a. |

1. Ratio of end of period inventories to average monthly sales for the period.

RATIO OF INVENTORIES TO SALES

(Current-cost data)



BUSINESS CAPITAL SPENDING INDICATORS
(Percent change from preceding comparable period;
based on seasonally adjusted data)

| | 1991 | 1992 | | 1992 | | |
|---|-------|-------|-------|------|-------|-------|
| | Q4 | Q1 | Q2 | June | July | Aug. |
| <u>Producers' durable equipment</u> | | | | | | |
| Shipments of nondefense capital goods | .9 | .5 | 1.4 | 7.3 | -3.0 | -2.2 |
| Excluding aircraft and parts | 1.2 | .2 | 2.6 | 4.9 | .2 | -2.5 |
| Office and computing | 6.8 | 5.0 | 3.8 | 4.5 | .4 | -3.2 |
| All other categories | -.3 | -1.2 | 2.3 | 5.0 | .1 | -2.3 |
| Shipments of complete aircraft ¹ | -23.2 | 65.0 | -12.7 | 9.8 | -16.3 | n.a. |
| Sales of heavy weight trucks | -1.4 | 7.1 | 5.9 | .5 | .8 | 1.2 |
| Orders of nondefense capital goods | -4.0 | 2.5 | -.4 | 1.6 | -5.4 | -3.9 |
| Excluding aircraft and parts | -1.3 | 4.0 | .5 | 4.9 | -1.3 | -3.1 |
| Office and computing | .4 | 9.2 | 4.4 | 2.4 | -2.5 | 3.9 |
| All other categories | -1.8 | 2.6 | -.6 | 5.6 | -.9 | -5.1 |
| <u>Nonresidential structures</u> | | | | | | |
| Construction put-in-place | -4.2 | .6 | .6 | 2.8 | -2.1 | -5.8 |
| Office | -10.8 | -4.9 | -6.7 | 4.3 | -9.7 | -10.5 |
| Other commercial | -10.4 | 1.5 | 3.8 | 13.0 | -7.0 | -11.9 |
| Industrial | 2.7 | 2.4 | -6.0 | -3.4 | .9 | -13.7 |
| Public utilities | .8 | 5.2 | 2.5 | .3 | 1.4 | 1.8 |
| All other | -4.2 | -2.7 | 6.2 | 1.4 | .6 | -1.8 |
| Rotary drilling rigs in use | -9.2 | -4.7 | -1.4 | -7.3 | 6.5 | -.2 |
| Footage drilled ² | .7 | -18.0 | -4.0 | -8.9 | n.a. | n.a. |
| Memo: | | | | | | |
| Business fixed investment ³ | -5.2 | 3.0 | 16.1 | n.a. | n.a. | n.a. |

1. From the Current Industrial Report "Civil Aircraft and Aircraft Engines." Monthly data are seasonally adjusted using FRB seasonal factors constrained to BEA quarterly seasonal factors. Quarterly data are seasonally adjusted using BEA seasonal factors.

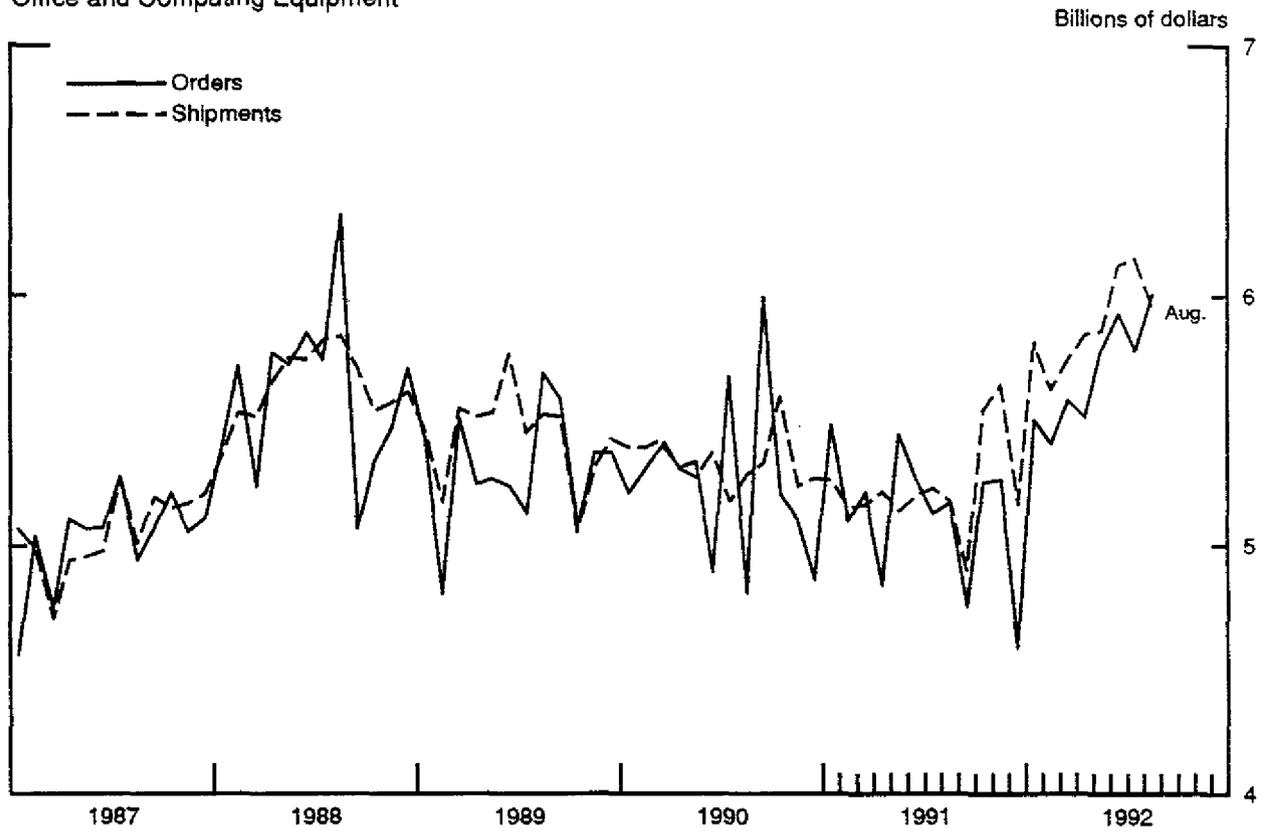
2. From Department of Energy. Not seasonally adjusted.

3. Based on constant-dollar data; percent change, annual rate.

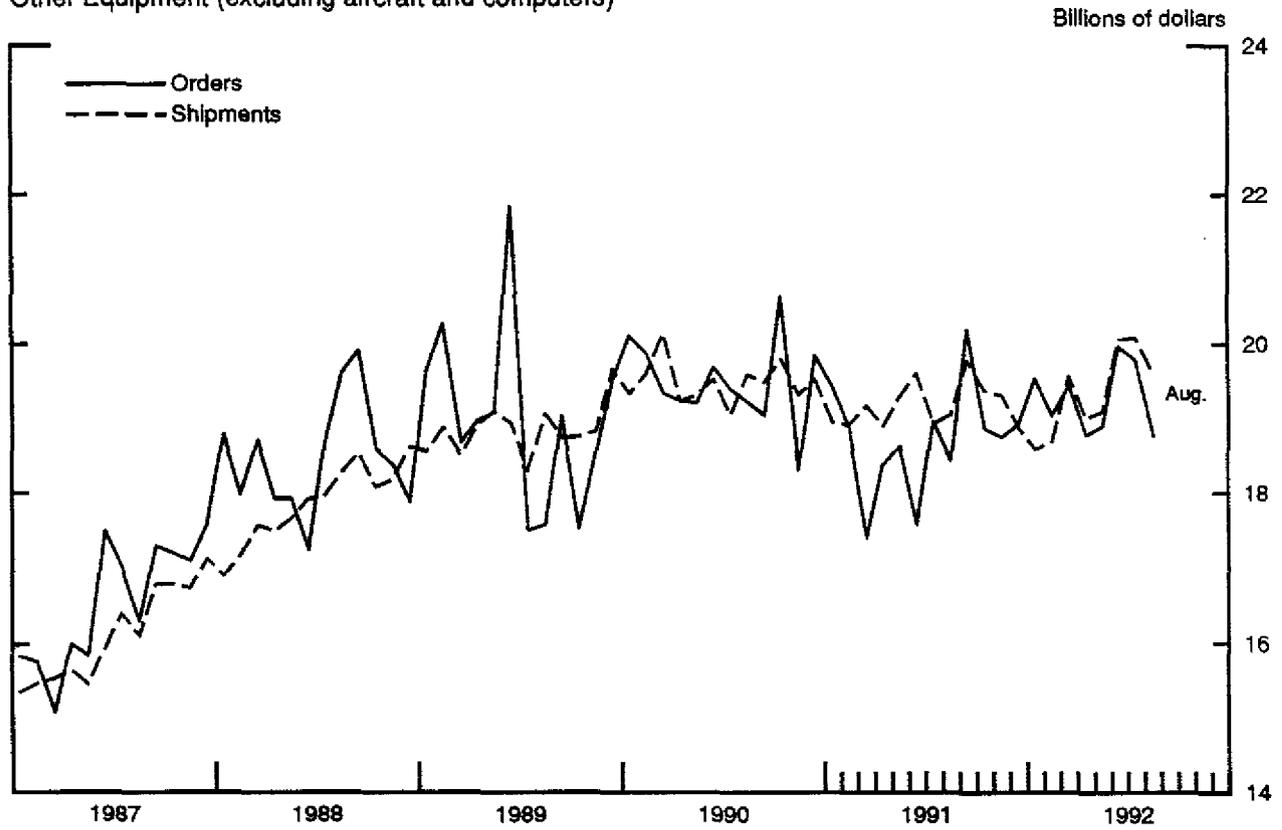
n.a. Not available.

RECENT DATA ON ORDERS AND SHIPMENTS

Office and Computing Equipment



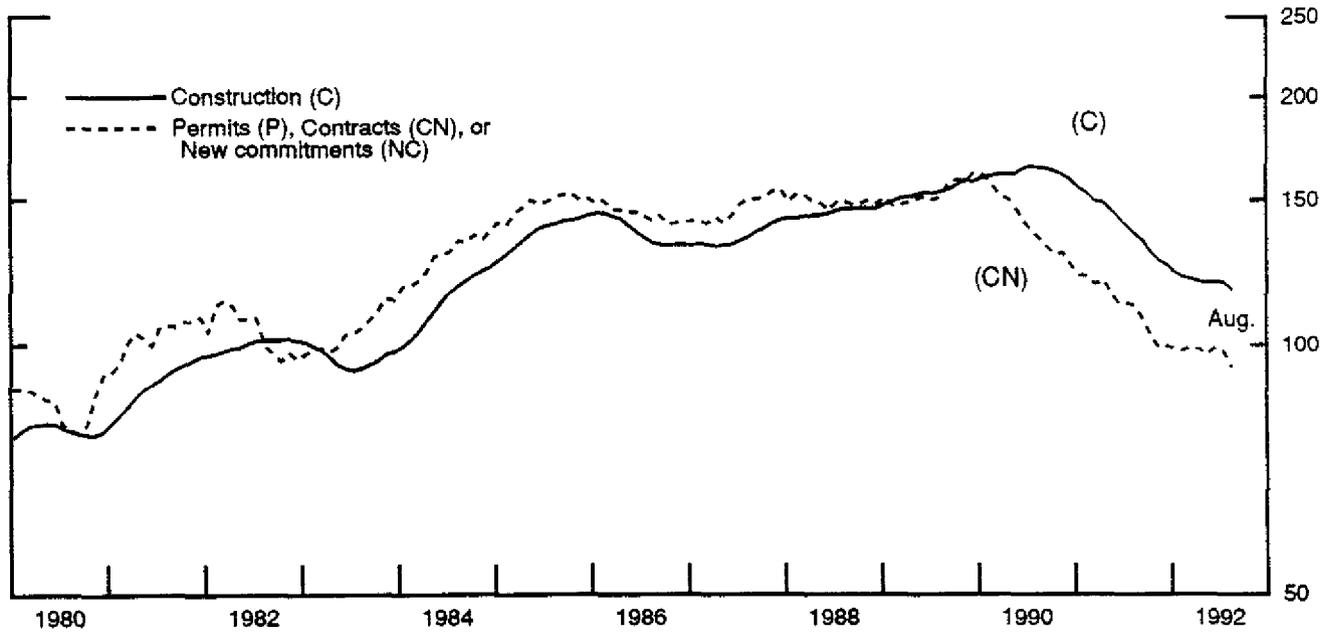
Other Equipment (excluding aircraft and computers)



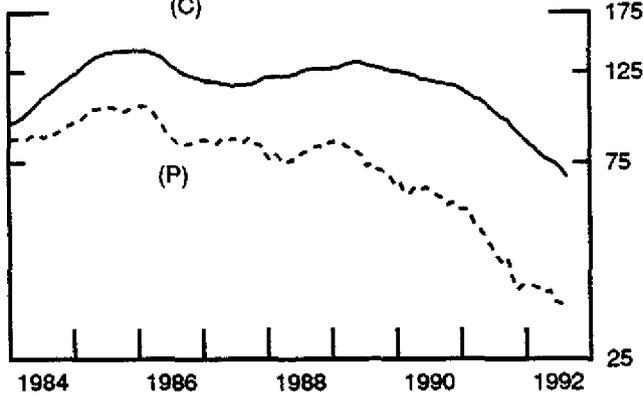
NONRESIDENTIAL CONSTRUCTION AND SELECTED INDICATORS*

(Index, Dec. 1982 = 100, ratio scale)

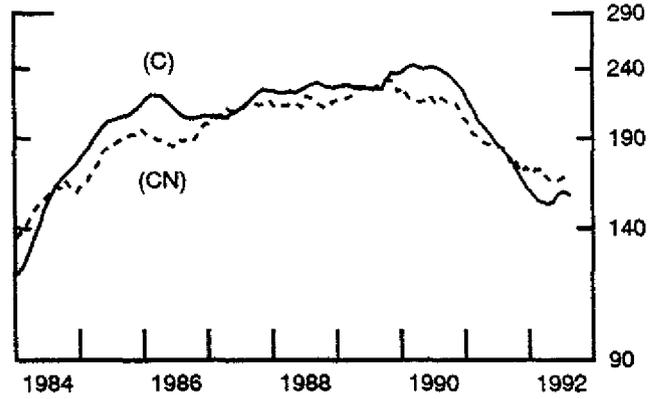
Total Building



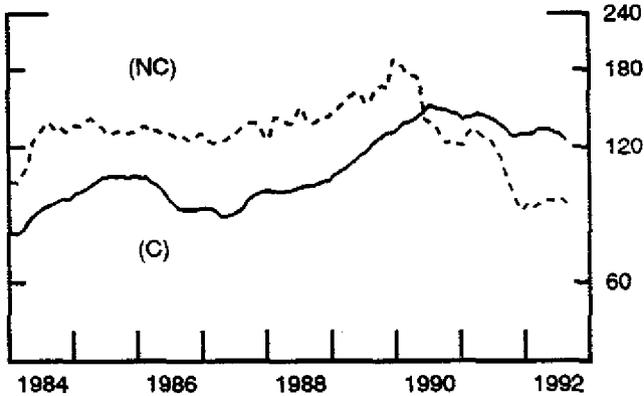
Office



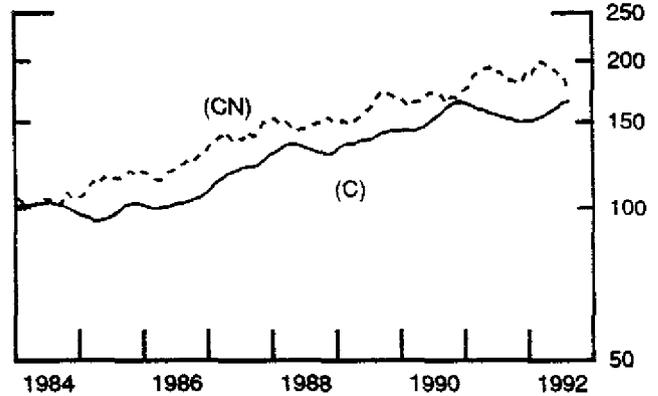
Other Commercial



Industrial



Institutional



*Six-month moving average for all series shown. For contracts, total only includes private, while individual sectors include private and public. New commitments are the sum of permits and contracts.

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

| | 1991 ¹ | 1992 Q2 | 1992 Q3pe | 1992 Jul | 1992 Aug | 1992 Sep pe | Growth Q4 91- Sep 92pe |
|--|-------------------|------------|--------------|-------------|-------------|----------------|------------------------------|
| -----Percent change at annual rates----- | | | | | | | |
| 1. M1 | 8.0 | 9.8 | 10½ | 11.3 | 16.0 | 19 | 13½ |
| 2. M2 | 2.8 | 0.3 | 0 | -0.9 | 3.1 | 3 | 1½ |
| 3. M3 | 1.2 | -1.3 | -½ | -1.1 | 2.7 | 1 | ½ |
| -----Percent change at annual rates----- | | | | | | | Levels bil. \$ Aug 92 |

Selected components

| | | | | | | | |
|--|-------|-------|------|-------|-------|-----|--------|
| 4. M1-A | 5.6 | 9.1 | 11½ | 14.7 | 16.9 | 22 | 610.9 |
| 5. Currency | 8.4 | 5.8 | 11½ | 12.2 | 14.2 | 17 | 282.3 |
| 6. Demand deposits | 3.4 | 12.5 | 11½ | 17.7 | 19.4 | 26 | 320.7 |
| 7. Other checkable deposits | 12.4 | 11.0 | 9½ | 6.1 | 14.1 | 13 | 362.7 |
| 8. M2 minus M1 ² | 1.1 | -3.1 | -3½ | -5.6 | -1.9 | -3 | 2496.0 |
| 9. Overnight RPs and Eurodollars, NSA | -6.9 | -27.1 | 16½ | 8.3 | 57.6 | -35 | 76.4 |
| 10. General purpose and broker/dealer money market mutual fund shares | 3.9 | -4.8 | -8 | -11.5 | -5.8 | -17 | 349.1 |
| 11. Commercial banks | 7.1 | 0.5 | -1½ | -2.1 | -0.6 | 3 | 1259.5 |
| 12. Savings deposits (including MMDAs) | 13.3 | 12.0 | 10 | 9.3 | 13.6 | 18 | 724.4 |
| 13. Small time deposits | 1.1 | -13.2 | -16½ | -17.0 | -19.0 | -17 | 535.2 |
| 14. Thrift institutions | -6.9 | -6.7 | -5½ | -7.3 | -5.9 | -4 | 811.9 |
| 15. Savings deposits (including MMDAs) | 9.3 | 18.9 | 8 | 5.2 | 8.9 | 11 | 421.1 |
| 16. Small time deposits | -16.8 | -29.4 | -19½ | -19.6 | -21.7 | -19 | 390.8 |
| 17. M3 minus M2 ³ | -5.7 | -9.1 | -2½ | -1.9 | 0.9 | -8 | 702.7 |
| 18. Large time deposits | -11.7 | -18.9 | -17½ | -20.6 | -16.1 | -16 | 383.3 |
| 19. At commercial banks, net ⁴ | -5.1 | -14.8 | -17½ | -23.6 | -15.4 | -18 | 315.0 |
| 20. At thrift institutions | -31.7 | -37.0 | -17½ | -5.2 | -22.4 | -5 | 68.2 |
| 21. Institution-only money market mutual fund shares | 33.4 | 20.1 | 41½ | 48.1 | 54.9 | 10 | 217.2 |
| 22. Term RPs, NSA | -22.0 | 6.1 | -3½ | -23.0 | 5.0 | 17 | 71.9 |
| 23. Term Eurodollars, NSA | -11.0 | -18.4 | -20½ | -11.3 | -22.8 | -63 | 51.6 |

-----Average monthly change in billions of dollars-----

MEMORANDA:⁵

| | | | | | | | |
|--|------|------|-----|------|------|----|-------|
| 24. Managed liabilities at commercial banks (25+26) | -0.6 | -2.8 | -3½ | -3.7 | -4.1 | -2 | 681.1 |
| 25. Large time deposits, gross | -0.2 | -4.8 | -3½ | -6.4 | -1.5 | -3 | 384.5 |
| 26. Nondeposit funds | -0.5 | 2.1 | 0 | 2.7 | -2.6 | 0 | 296.6 |
| 27. Net due to related foreign institutions | 0.4 | 5.0 | -1 | 2.1 | -4.0 | -1 | 59.8 |
| 28. Other ⁶ | -0.9 | -3.0 | 1 | 0.6 | 1.4 | 1 | 236.8 |
| 29. U.S. government deposits at commercial banks ⁷ | 0.2 | 1.3 | 0 | -3.9 | 10.7 | -7 | 32.6 |

1. Amounts shown are from fourth quarter to fourth quarter.
 2. Nontransactions M2 is seasonally adjusted as a whole.
 3. The non-M2 component of M3 is seasonally adjusted as a whole.
 4. Net of large denomination time deposits held by money market mutual funds and thrift institutions.
 5. Dollar amounts shown under memoranda are calculated on an end-month-of-quarter basis.
 6. 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.
 7. Consists of Treasury demand deposits and note balances at commercial banks.
- pe - preliminary estimate

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT¹
(Percentage change at annual rate, based on seasonally adjusted data)

| Category | 1990 Dec. to 1991 Dec. | 1992 Q 2 | 1992 Q 3 p | 1992 Jul. | 1992 Aug. | 1992 Sep. p | Level, bil.\$ 1992 Sep. p |
|--|---------------------------------|-------------|---------------|--------------|--------------|----------------|------------------------------------|
| Commercial bank credit | | | | | | | |
| 1. Total loans and securities at banks | 3.9 | 2.1 | 3.6 | -0.0 | 5.4 | 5.5 | 2,895.5 |
| 2. Securities | 17.6 | 14.7 | 15.1 | 14.5 | 22.9 | 7.3 | 809.7 |
| 3. U.S. government | 23.8 | 19.7 | 17.2 | 14.4 | 28.7 | 8.0 | 634.1 |
| 4. Other | 1.4 | -2.3 | 7.7 | 15.3 | 2.8 | 4.8 | 175.6 |
| 5. Loans | -0.2 | -2.4 | -0.7 | -5.5 | -1.3 | 4.9 | 2,085.9 |
| 6. Business | -2.9 | -7.3 | -1.4 | -5.0 | -4.0 | 4.8 | 596.3 |
| 7. Real estate | 2.9 | 0.5 | 0.0 | -2.5 | -1.5 | 4.0 | 881.4 |
| 8. Consumer | -3.9 | -2.2 | -3.1 | -1.0 | -5.0 | -3.4 | 356.7 |
| 9. Security | 21.3 | 25.0 | 1.9 | -65.0 | 37.3 | 36.2 | 64.9 |
| 10. Other | -2.7 | -9.3 | 2.8 | -8.4 | 2.6 | 14.3 | 186.6 |
| Short- and intermediate-term business credit | | | | | | | |
| 11. Business loans net of bankers acceptances | -2.5 | -7.0 | -1.7 | -6.7 | -3.7 | 5.3 | 589.7 |
| 12. Loans at foreign branches ² | -1.6 | 26.3 | 1.6 | 44.4 | -42.9 | 4.9 | 24.4 |
| 13. Sum of lines 11 and 12 | -2.5 | -5.8 | -1.6 | -4.7 | -5.1 | 4.9 | 614.0 |
| 14. Commercial paper issued by nonfinancial firms | -10.4 | -3.9 | 10.8 | 4.3 | 15.3 | 12.6 | 144.2 |
| 15. Sum of lines 13 and 14 | -4.0 | -5.4 | 0.7 | -3.0 | -1.3 | 6.5 | 758.3 |
| 16. Bankers acceptances, U.S. trade-related ^{3,4} | -16.2 | -27.3 | n.a. | -4.9 | -29.4 | n.a. | 23.9 ⁵ |
| 17. Finance company loans to business ⁴ | 1.4 | -1.6 | n.a. | 9.2 | n.a. | n.a. | 301.0 ⁶ |
| 18. Total (sum of lines 15, 16, and 17) | -2.9 | -4.9 | n.a. | 0.3 | n.a. | n.a. | 1,080.4 ⁶ |

1. Average of Wednesdays. Data are adjusted for breaks caused by reclassifications.

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

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

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

5. August 1992.

6. July 1992.

p--Preliminary.

n.a.--Not available.

1
SELECTED FINANCIAL MARKET QUOTATIONS
(percent)

| | 1992 | | 1992 | | Change from: | | | |
|--|-----------------|---------|---------------|----------------|--------------|----------------------|--------------|----------------|
| | FOMC Aug 18 | Sept 4 | Oct 1 | FOMC Sept 4 | Aug 18 | | | |
| Short-term rates | | | | | | | | |
| Federal funds ² | 3.27 | 3.19 | 3.24 | 0.05 | -0.03 | | | |
| Treasury bills³ | | | | | | | | |
| 3-month | 3.07 | 2.92 | 2.61 | -0.31 | -0.46 | | | |
| 6-month | 3.13 | 2.96 | 2.75 | -0.21 | -0.38 | | | |
| 1-year | 3.22 | 3.06 | 2.85 | -0.21 | -0.37 | | | |
| Commercial paper | | | | | | | | |
| 1-month | 3.38 | 3.22 | 3.24 | 0.02 | -0.14 | | | |
| 3-month | 3.37 | 3.22 | 3.23 | 0.01 | -0.14 | | | |
| Large negotiable CDs³ | | | | | | | | |
| 1-month | 3.26 | 3.06 | 3.06 | 0.00 | -0.20 | | | |
| 3-month | 3.27 | 3.06 | 3.09 | 0.03 | -0.18 | | | |
| 6-month | 3.33 | 3.11 | 3.09 | -0.02 | -0.24 | | | |
| Eurodollar deposits⁴ | | | | | | | | |
| 1-month | 3.25 | 3.31 | 3.06 | -0.25 | -0.19 | | | |
| 3-month | 3.31 | 3.31 | 3.13 | -0.18 | -0.18 | | | |
| Bank prime rate | 6.00 | 6.00 | 6.00 | 0.00 | 0.00 | | | |
| Intermediate- and long-term rates | | | | | | | | |
| U.S. Treasury (constant maturity) | | | | | | | | |
| 3-year | 4.56 | 4.38 | 4.18 | -0.20 | -0.38 | | | |
| 10-year | 6.48 | 6.40 | 6.23 | -0.17 | -0.25 | | | |
| 30-year | 7.33 | 7.29 | 7.30 | 0.01 | -0.03 | | | |
| Municipal revenue⁵ | | | | | | | | |
| (Bond Buyer) | 6.20 | 6.31 | 6.45 | 0.14 | 0.25 | | | |
| Corporate--A utility recently offered | 8.10 | 8.06 | 8.17 | 0.11 | 0.07 | | | |
| Home mortgage rates⁶ | | | | | | | | |
| FHLMC 30-yr. FRM | 7.96 | 7.84 | 8.02 | 0.18 | 0.06 | | | |
| FHLMC 1-yr. ARM | 5.30 | 5.15 | 5.02 | -0.13 | -0.28 | | | |
| Stock prices | | | | | | | | |
| | | | 1989 | 1992 | | Percent change from: | | |
| | Record highs | Date | Lows Jan 3 | FOMC Aug 18 | Oct 1 | Record highs | 1989 lows | FOMC Aug 18 |
| Dow-Jones Industrial | 3413.21 | 6/1/92 | 2144.64 | 3329.48 | 3254.37 | -4.65 | 51.74 | -2.26 |
| NYSE Composite | 233.73 | 9/14/92 | 154.00 | 231.90 | 228.73 | -2.14 | 48.53 | -1.37 |
| AMEX Composite | 418.99 | 2/12/92 | 305.24 | 386.81 | 374.81 | -10.54 | 22.79 | -3.10 |
| NASDAQ (OTC) | 644.92 | 2/12/92 | 378.56 | 570.87 | 578.33 | -10.33 | 52.77 | 1.31 |
| Wilshire | 4121.28 | 1/15/92 | 2718.59 | 4053.95 | 4010.55 | -2.69 | 47.52 | -1.07 |

1/ One-day quotes except as noted.

2/ Average for two-week reserve maintenance period closest to date shown. Last observation is average for maintenance period ending September 30, 1992.

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 previous to date shown.