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MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

October 14, 1977

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) M-1 growth picked up to a 7.7 per cent annual rate in September, and for the September-October period is projected at an 8.8 per cent annual rate, almost 2 percentage points above the upper end of the Committee's range. Growth in the time and savings deposit component of M-2 has shown little net change in recent weeks, despite further advances in short-term market interest rates. Thus, M-2 is projected to increase at about an 8.6 per cent annual rate over September and October, somewhat over the Committee's range. Funds continued to flow into deposit accounts at nonbank thrift institutions in September at a rate only slightly below August's very strong pace. Reflecting the recent strong expansion of demand and time deposits, nonborrowed reserves are expected to rise at a 9.2 per cent annual rate in the September-October period.

Growth in Monetary Aggregates
over September-October period
(SAAR in per cent)

	<u>Ranges</u>	<u>Latest Estimates</u>
M-1	2 to 7	8.8
M-2	4 to 8	8.6
Memorandum:		Avg. for statement
Federal funds rate	6 to 6-1/2	<u>week ending</u>
(per cent per annum)		Sept. 21 6.10
		28 6.35
		Oct. 5 6.41
		12 6.41

(2) In light of the policy agreed upon by the FOMC at its September meeting, the Desk began to aim for a Federal funds rate of 6-1/4 per cent on the day following that meeting. Thereafter, as incoming data suggested that growth rates of the key aggregates would be near or above the FOMC's ranges, the funds rate was raised to 6-3/8 per cent and then to the 6-1/2 per cent upper end of its range. Short-term market interest rates have generally increased about 30 to 65 basis points since the September FOMC meeting, and long-term market yields have moved up 10 to 20 basis points. As short-term rates rose relative to the discount rate, member bank borrowing at the discount window increased, reaching an average of \$1,051 million in the statement week just passed. The System's \$2.5 billion direct loan to the U.S. Treasury, extended on September 30 in anticipation of the lapse in the Treasury's temporary debt ceiling, was repaid on October 4, 1977.

(3) Aggregate demands for credit have been fairly well maintained in recent weeks. Although outstanding short-term business debt was about unchanged in September following two months of moderate growth, corporations continued to issue fairly substantial amounts of long-term debt. State and local governments and the U.S. Treasury have raised a substantial volume of funds in securities markets in recent weeks, and households have apparently continued to borrow heavily in the mortgage market. With sales of autos and other durables slackening somewhat in September, however, expansion in consumer instalment credit probably slowed a bit from August's strong pace.

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

	1975 & 1976 Average	Past Twelve Months Sept. '77 over Sept. '76	Past Six Months Sept. '77 over Mar. '77	Past Three Months Sept. '77 over June '77	Past Month Sept. '77 over Aug. '77
Nonborrowed reserves	1.5	3.8	4.9	5.2	16.3
Total reserves	0.4	5.5	8.0	9.3	1.2
Monetary Base	6.4	8.2	9.4	10.4	8.6
<u>Concepts of Money</u>					
M-1 (Currency plus demand deposits) <u>1/</u>	5.1	7.7	9.5	10.6	7.7
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	10.0	10.7	9.8	10.5	8.1
M-3 (M-2 plus deposits at thrift institutions)	12.3	12.5	11.8	13.3	12.0
M-4 (M-2 plus CD's)	7.0	9.9	9.3	9.3	7.5
M-5 (M-3 plus CD's)	10.2	11.8	11.4	12.4	11.5
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>					
Month-end basis	6.5	10.5	9.9	8.5	3.7
Average of Wednesdays	6.2	10.8	9.4	9.2	6.7
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	-1.2	0.0	0.2	-0.2	0.0
Nonbank commercial paper	0.0	0.3	0.3	-0.1	-0.3

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

(5) Displayed below for Committee consideration are four alternative sets of longer-run ranges for the monetary aggregates applicable to the QIII '77-QIII '78 period. Also shown are the ranges currently in place that pertain to the QII '77-QII '78 period.

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. D</u>	<u>Current</u>
M-1	4-7	4-6½	4-6	3-5½	4-6½
M-2	6½-9	6-8½	5½-8	5-7½	7-9½
M-3	8-10½	7½-10	7-9½	6½-9	8½-11
Bank credit	7½-10½	7-10	7-10	6-9	7-10

(6) Alternative B retains the growth range for M-1 adopted by the Committee in July. However, the associated ranges for M-2 and M-3 are lower than those currently in place. The staff has assumed that a higher average level of market interest rates would be required in the QIII '77-QIII '78 period than had been earlier contemplated to keep M-1 growth at the mid-point of a 4-6½ per cent range in the face of an apparently strengthened demand for cash balances. Higher interest rates would work to constrain growth in the time and savings deposit component of M-2 and M-3 by more than would be implied by the mid-points of the current ranges for those aggregates. Alternatives A and C encompass, respectively, slightly higher and slightly lower longer-run growth ranges for the aggregates. Alternative D reflects a larger downward adjustment in growth ranges, including a reduction in the M-1 range sufficient to compensate for the third-quarter overshoot in M-1 growth.

(7) The implications of mid-points in the proposed growth ranges for M-1 and M-2 for growth rates in these aggregates over 15-month and 18-month periods beginning in QII '77 and QI '77, respectively, and ending in QIII '78 are shown in the table below.^{1/}

Growth Rates in Monetary Aggregates
Assuming Growth over QIII '77-QIII '78
Period at near Mid-Points of Alternative Ranges
(Annual rates, compounded quarterly)

<u>Period</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
			<u>M-1</u>	
QIII '77-QIII '78	5.6	5.3	5.0	4.2
QII '77-QIII '78	6.4	6.1	5.9	5.3
QI '77-QIII '78	6.8	6.6	6.4	5.8
Memo:				
QII '77-QII '78	6.6	6.4	6.2	5.6
			<u>M-2</u>	
QIII '77-QIII '78	7.9	7.5	7.0	6.4
QII '77-QIII '78	8.5	8.1	7.8	7.3
QI '77-QIII '78	8.6	8.3	8.0	7.6
Memo:				
QII '77-QII '78	8.6	8.3	8.0	7.5

(8) It may be seen that under alternative D growth in M-1 at around a 4½ per cent rate over the QIII '77-QIII '78 period would lead to expansion in the QII '77-QIII '78 period at a 5½ per cent annual rate --the mid-point of the current longer-run range. Growth would be somewhat higher if measured from QI '77 since there was also an overshoot in the second quarter for which alternative D does not compensate. Growth of

^{1/} Implications for growth over longer time periods are shown in appendix IV for alternatives B and D. To permit the Committee to evaluate proposed ranges in relation to growth in the aggregates over a variety of past periods, appendix V contains growth triangles for M-1, M-2 and M-3. These tables show base periods for each quarter from QIV '74 to QII '77 and terminal periods from QI '75 to QIII '77.

M-1 of around $5\frac{1}{2}$ per cent in the QIII '77-QIII '78 period, as called for under alternative B, would be associated with expansion over the 15-month QII '77-QIII '78 period at an annual rate of close to 6 per cent, in the upper part of the FOMC's current longer-run range. Under all of the alternatives, however, growth rates in M-2 over the more extended 15- and 18-month periods would generally be near the mid-point, or in the lower half, of its current $7-9\frac{1}{2}$ per cent range.

(9) Proposed shorter-run specifications to guide Desk operations in the interval between FOMC meetings (and that are believed consistent with longer-run proposals) are summarized below for Committee consideration. (More detailed, and longer-term, data are shown in the tables on pp. 8 and 9).

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C (or D)</u>
Ranges for October-November			
M-1	$3\frac{1}{2}-8\frac{1}{2}$	3-8	$2\frac{1}{2}-7\frac{1}{2}$
M-2	6-10	$5\frac{1}{2}-9\frac{1}{2}$	5-9
Federal funds rate (intermeeting period)	$5\frac{3}{4}-6\frac{1}{4}$	$6\frac{1}{4}-6\frac{3}{4}$	$6\frac{3}{4}-7\frac{1}{4}$

(10) Alternative B includes a Federal funds rate centered on the recently prevailing level of about $6\frac{1}{2}$ per cent. With such a funds rate, M-1 growth during October-November may be in a 3-8 per cent, annual rate, range. A relatively rapid growth appears to be in train for October, given data thus far available for the month. The mid-point of the October-November range assumes a substantially slower rate of growth in November

Alternative Levels and Growth Rates for Key Monetary Aggregates

		<u>M-1</u>				<u>M-2</u>			
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. D</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. D</u>
1977	September	330.4	330.4	330.4	330.4	793.0	793.0	793.0	793.0
	October	333.1	333.1	333.1	333.1	799.0	799.0	799.0	799.0
	November	333.7	333.5	333.3	333.3	803.4	802.9	802.4	802.4
1977	QIII	328.5	328.5	328.5	328.5	788.1	788.1	788.1	788.1
	QIV	334.1	333.9	333.7	333.4	803.8	803.3	802.9	802.3
1978	QI	338.3	337.7	337.2	336.1	819.1	817.7	816.2	814.3
	QII	342.3	341.5	340.8	338.9	834.3	832.0	829.6	826.2
	QIII	346.8	345.8	344.8	342.3	850.4	846.9	843.5	838.6
<u>Growth Rates</u>									
<u>Monthly:</u>									
1977	October	9.8	9.8	9.8	9.8	9.1	9.1	9.1	9.1
	November	2.2	1.4	0.7	0.7	6.6	5.9	5.1	5.1
<u>Quarterly Average:</u>									
1977	QIV	6.8	6.6	6.3	6.0	8.0	7.7	7.5	7.2
1978	QI	5.0	4.6	4.2	3.2	7.6	7.2	6.6	6.0
	QII	4.7	4.5	4.3	3.3	7.4	7.0	6.6	5.8
	QIII	5.3	5.0	4.7	4.0	7.7	7.2	6.7	6.0
<u>Semi-Annual:</u>									
	QIII '77-QI '78	6.0	5.6	5.3	4.6	7.9	7.5	7.1	6.6
	QI '78-QIII '78	5.0	4.8	4.5	3.7	7.6	7.1	6.7	6.0
<u>Annual:</u>									
	QIII '77-QIII '78	5.6	5.3	5.0	4.2	7.9	7.5	7.0	6.4

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. D</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. D</u>
1977	September	1342.6	1342.6	1342.6	1342.6	845.8	845.8	845.8	845.8
	October	1356.1	1356.1	1356.1	1356.1	851.8	851.8	851.8	851.8
	November	1367.6	1366.9	1366.2	1366.2	856.9	856.6	856.3	856.3
1977	QIII	1329.6	1329.6	1329.6	1329.6	839.9	839.9	839.9	839.9
	QIV	1365.4	1364.7	1363.9	1362.9	856.5	856.3	856.1	855.9
1978	QI	1394.9	1392.9	1390.7	1386.4	875.3	874.7	874.1	872.7
	QII	1422.8	1419.4	1416.1	1409.5	893.8	892.6	891.4	887.9
	QIII	1451.3	1446.1	1440.9	1432.2	913.8	912.3	910.5	905.4
<u>Growth Rates</u>									
<u>Monthly:</u>									
1977	October	12.1	12.1	12.1	12.1	8.5	8.5	8.5	8.5
	November	10.2	9.6	8.9	8.9	7.2	6.8	6.3	6.3
<u>Quarterly Average:</u>									
1977	QIV	10.8	10.6	10.3	10.0	7.9	7.8	7.7	7.6
1978	QI	8.6	8.3	7.9	6.9	8.8	8.6	8.4	7.9
	QII	8.0	7.6	7.3	6.7	8.5	8.2	7.9	7.0
	QIII	8.0	7.5	7.0	6.4	9.0	8.8	8.6	7.9
<u>Semi-annual:</u>									
	QIII '77-QI '78	9.8	9.5	9.2	8.5	8.4	8.3	8.1	7.8
	QI '78-QIII '78	8.1	7.6	7.2	6.6	8.8	8.6	8.3	7.5
<u>Annual:</u>									
	QIII '77-QIII '78	9.2	8.8	8.4	7.7	8.8	8.6	8.4	7.8

(which would represent a pattern similar to last year's), and is consistent with growth in M-1 from the third to the fourth quarter at about a $6\frac{1}{2}$ per cent annual rate. Such a moderation in M-1 growth from the advanced rates of the past two quarters is likely as a result of the lagged effect on money demand of the rise of about $1\frac{1}{2}$ percentage points in short-term rates that has occurred since mid-year.

(11) The staff expects, however, that even further increases in interest rates would be required as time goes on if growth in M-1 over the QIII '77-QIII '78 period is to be held to the mid-point of the longer-run $4-6\frac{1}{2}$ per cent range associated with alternative B. This would entail M-1 growth in the area of $4\frac{1}{2}-5$ per cent, annual rate, during the first three quarters of 1978. Given staff GNP projections and our assessment of the likely strength of money demand, the Federal funds rate may peak out at about $7\frac{1}{2}$ per cent in the second quarter of 1978, as shown in appendix I.

(12) Our projection of the Federal funds rate still assumes some downward shift in demand for M-1 relative to GNP in the year ahead. However, given the rapid growth in M-1 of the past two quarters, we have assumed a somewhat slower downward shift than in the year ending in QIII '77. If the downward shift proceeds even more slowly, or stops entirely, upward interest rate pressures would be larger than we have projected. On the other hand, a rebound in economic confidence could well be accompanied by an increased willingness to spend out of existing cash balances by businesses and consumers, as appears to have occurred in earlier stages of the current economic expansion; if this takes place, a rebound in velocity need not entail significant interest rate pressures.

(13) Growth in M-2 over the October-November period is likely to be in a $5\frac{1}{2}$ - $9\frac{1}{2}$ per cent annual rate range under alternative B. The time and savings deposit component of M-2 is expected to expand by only slightly more than its reduced August-September pace. We continue to anticipate little, if any, growth in outstanding large CD's at banks--including the large-denomination time deposits that are included in M-2--as short-term credit demands on banks remain moderate. In addition, market rates are above bank ceiling rates on time deposits under \$100,000 and maturing in less than four years, and this may be tending to constrain inflows of such deposits.

(14) If the Federal funds rate remains around $6\frac{1}{2}$ per cent over the next few weeks, short-term market rates generally may show little further change. There has been a substantial upward adjustment of Treasury bill rates in the last few days, and this market appears to have fully adjusted to a $6\frac{1}{2}$ per cent funds rate. In long-term markets, an enlarged volume of corporate and municipal bond offerings is expected in October and November. In addition, longer-term markets will have to absorb a sizable Treasury debt offering to be announced October 21. At that time the Treasury is expected to offer $\$5\frac{1}{2}$ to $\$6$ billion of new issues to refund about $\$2\frac{1}{2}$ billion of publicly-held issues maturing in mid-November and to raise about $\$3$ to $\$3\frac{1}{2}$ billion of new cash. Recent upward adjustments in intermediate- and longer-term rates may have been sufficient to accommodate this enlarged volume of bond offerings, but some further rise cannot be ruled out.

(15) A tightening of the funds market to the mid-point of a $6\frac{3}{4}$ - $7\frac{1}{4}$ per cent range over the next few weeks is contemplated under alternatives C or D--alternatives that over the longer-run involve lower growth ranges for the monetary aggregates than alternative B. Such a rise in the funds rate in the weeks immediately ahead would probably be associated with a $2\frac{1}{2}$ - $7\frac{1}{2}$ per cent annual rate range for M-1 and a 5-9 per cent range for M-2.

(16) Under both alternatives C and D, interest rates would probably have to rise further in late 1977 and in 1978 to achieve the mid-points of their respective longer-run ranges for the monetary aggregates. Rate increases would, of course, be larger under alternative D, which involves M-1 growth over the QIII '77-QIII '78 period at a mid-point rate of $4\frac{1}{2}$ per cent. The funds rate under this alternative would be expected to reach around $8\frac{1}{2}$ per cent by the third quarter of 1978, as compared with a level of $7\frac{5}{8}$ per cent under alternative C. Under alternative D, we have assumed an upward adjustment in Regulation Q ceilings on time deposits of $\frac{1}{4}$ percentage point across the board in the second quarter of next year.

(17) A rise in the funds rate to around 7 per cent over the next few weeks would probably entail an increase in the 3-month bill rate to around $6\frac{3}{4}$ per cent, with commensurate adjustments in other short-term rates. Long-term rates may be somewhat more sensitive to increases in short rates over the period ahead than has been the case in the past several months. Deposit flows to thrift institutions would very likely

begin to slow and this could cause mortgage yields to begin rising; given the current wide spread of mortgage over bond rates, bond yields could also be expected to adjust upwards. Still, upward pressures on longer-term market rates would be moderated by the sizable cash flow to insurance companies and pension funds.

(18) The easing in money market conditions over the next few weeks under alternative A would be consistent with a shift to somewhat higher longer-run growth ranges than those of alternative B. A decline in the funds rate would have to be soon reversed, though, given the staff's GNP projections. We would expect the funds rate to rise to around 7-1/4 per cent by the second quarter of 1978 under this alternative.

Directive language

(19) Given below are alternatives for the operational paragraphs of the directive. The first formulation, like the directive adopted at the last meeting, places main emphasis on near-term rates of growth in monetary aggregates; it shows--in strike-through form--the specifications adopted at the last meeting. The second formulation places main emphasis on money market conditions. As suggested below, the particular language needed in the opening lines of the money market formulation would depend on the specific conditions sought; the three alternatives shown--calling, respectively, for somewhat easier, prevailing, and somewhat firmer money market conditions--are intended to be associated with the specifications discussed in the preceding section under alternatives A, B, and C.

"Monetary Aggregates" Formulation

The Committee seeks to encourage near-term rates of growth in M-1 and M-2 on a path believed to be reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, at present, it expects the annual growth rates over the ~~September-October~~ OCTOBER-NOVEMBER period to be within the ranges of ~~2-to-7~~ _____ to _____ per cent for M-1 and ~~4-to-8~~ _____ to _____ per cent for M-2. In the judgment of the Committee such growth rates are likely to be associated with a weekly-average Federal funds rate of about ~~6-1/4~~ _____ per cent. If, giving, approximately equal weight to M-1 and M-2, it appears that growth rates over the 2-month period will deviate significantly from the midpoints of the indicated ranges, the

operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of ~~6-10-6-1/2~~ _____ to _____ per cent.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

"Money Market" Formulation

At this time, the Committee seeks to maintain about the prevailing money market conditions (or to achieve somewhat easier or somewhat firmer money market conditions) during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about _____ per cent, so long as M-1 and M-2 appear to be growing over the October-November period at annual rates within ranges of _____ to _____ per cent and _____ to _____ per cent, respectively. If, giving approximately equal weight to M-1 and M-2, it appears that growth rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the weekly-average

Federal funds rate shall be modified in an orderly fashion within a range of _____ to _____ per cent.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to 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>	<u>Alt. D</u>
1977	QIV	6-3/8	6½	6-7/8	7
1978	QI	7	7-1/8	7-3/8	7-7/8
	QII	7½	7½	7-5/8	8-1/8
	QIII	7½	7½	7-5/8	8½

Appendix II

Expansion in Reserves Over the Period
From QIII '77 to QI '78 Consistent
With Proposed Alternatives
(Seas. adj. annual rates)

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. D</u>
Nonborrowed Reserves	-0.9	-1.5	-2.6	-3.9
Total Reserves	4.5	4.3	4.1	3.9
Monetary Base	7.6	7.5	7.5	7.4

Shown above are 6-month growth rates in various reserve measures consistent with the midpoints of the alternative longer-run paths for the monetary aggregates presented in this blue book.

Appendix III

Implied Velocity Growth Rates

$\underline{V_1} \text{ (GNP/M}_1\text{)}$		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. D</u>
1977	IV	5.1	5.2	5.3	5.5
1978	I	6.1	6.4	6.5	7.1
	II	6.3	6.2	6.2	6.4
	III	5.3	5.1	5.1	5.0
$\underline{V_2} \text{ (GNP/M}_2\text{)}$					
1977	IV	3.9	4.1	4.2	4.3
1978	I	3.6	3.7	4.1	4.3
	II	3.6	3.7	3.9	3.9
	III	2.9	3.0	3.1	3.0

Appendix IV

Growth Rates of Monetary Aggregates From
Earlier Quarters to QIII '78 Implied by
Mid-points of Selected Alternative Longer-run Ranges
(Per cent annual rates, compounded quarterly)

Base Quarter:	<u>M-1</u>		<u>M-2</u>		<u>M-3</u>		
	<u>Alt. A</u>	<u>Alt. D</u>	<u>Alt. B</u>	<u>Alt. D</u>	<u>Alt. B</u>	<u>Alt. D</u>	
1975	II	5.8	5.5	9.3	9.0	11.1	10.8
	III	5.7	5.3	9.2	8.9	10.9	10.6
	IV	6.0	5.6	9.5	9.1	11.0	10.6
1976	I	6.3	5.9	9.4	8.9	10.9	10.5
	II	6.1	5.6	9.2	8.7	10.8	10.3
	III	6.3	5.7	9.2	8.6	10.6	10.1
	IV	6.2	5.6	8.6	8.0	10.0	9.4
1977	I	6.6	5.8	8.3	7.6	9.7	9.0
	II	6.1	5.3	8.1	7.3	9.6	8.7
	III	5.3	4.2	7.5	6.4	8.8	7.7

Note: Alternatives A and C would encompass growth rates slightly higher and slightly lower, respectively, than those shown for alternative B.

Appendix Table V-1

MONEY STOCK-M₁
 (Annual rates of growth, compounded quarterly)^{1/}

Ending Period	Base Period		75II	75III	75IV	76I	76II	76III	76IV	77I	77II
	74IV	75I									
1975--I	0.7										
II	3.9	7.1									
III	5.0	7.2	7.3								
IV	4.4	5.6	4.9	2.5							
1976--I	4.1	4.9	4.2	2.7	2.9						
II	4.8	5.6	5.3	4.6	5.6	8.5					
III	4.7	5.4	5.1	4.5	5.2	6.4	4.4				
IV	5.0	5.6	5.4	5.0	5.6	6.5	5.6	6.7			
1977--I	4.9	5.4	5.2	4.9	5.3	6.0	5.1	5.5	4.3		
II	5.3	5.8	5.6	5.4	5.9	6.5	6.0	6.5	6.5	8.7	
III	5.7	6.2	6.1	5.9	6.4	7.0	6.7	7.3	7.5	9.2	9.7

^{1/} Based on quarterly average data.

Appendix Table V-2

MONEY STOCK-M₂
 (Annual rates of growth, compounded quarterly)^{1/}

Ending Period	Base Period		75II	75III	75IV	76I	76II	76III	76IV	77I	77II
	74IV	75I									
1975--I	5.8										
II	8.1	10.4									
III	8.9	10.4	10.5								
IV	8.3	9.2	8.5	6.6							
1976--I	8.7	9.4	9.1	8.4	10.2						
II	9.1	9.7	9.6	9.3	10.6	10.9					
III	9.1	9.7	9.5	9.3	10.2	10.2	9.4				
IV	9.6	10.2	10.1	10.0	10.9	11.1	11.2	13.1			
1977--I	9.7	10.2	10.1	10.1	10.8	10.9	10.9	11.7	10.3		
II	9.7	10.1	10.1	10.0	10.6	10.7	10.6	11.0	9.9	9.5	
III	9.8	10.2	10.1	10.1	10.6	10.7	10.6	10.9	10.2	10.1	10.7

^{1/} Based on quarterly average data.

Appendix Table V-3

MONEY STOCK-M₃
 (Annual rates of growth, compounded quarterly)^{1/}

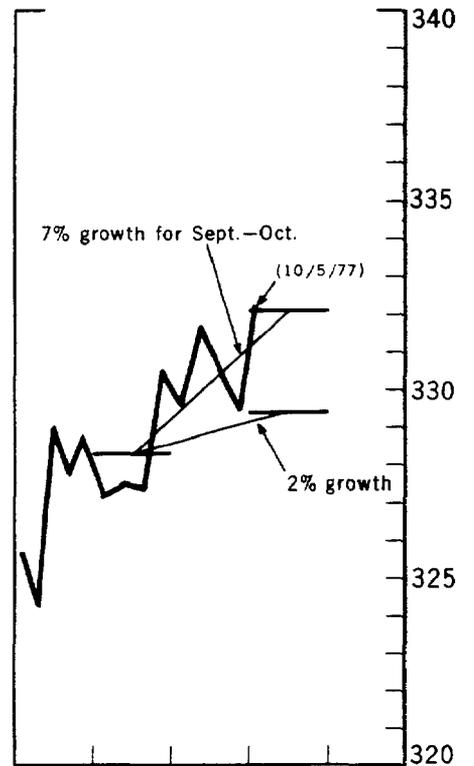
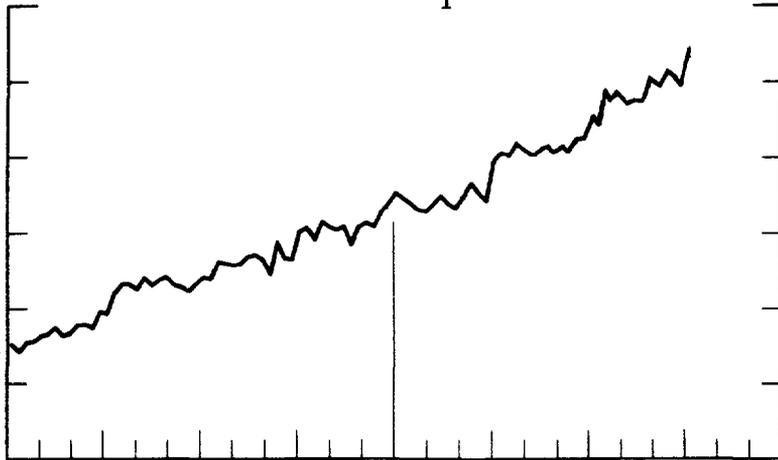
Ending Period	Base Period		75II	75III	75IV	76I	76II	76III	76IV	77I	77II
	74IV	75I									
1975--I	7.9										
II	10.4	12.9									
III	11.5	13.3	13.7								
IV	11.1	12.2	11.8	9.9							
1976--I	11.3	12.1	11.8	10.9	11.9						
II	11.4	12.2	12.0	11.4	12.1	12.3					
III	11.5	12.1	11.9	11.5	12.0	12.1	11.9				
IV	12.0	12.5	12.5	12.2	12.8	13.1	13.5	15.2			
1977--I	11.9	12.5	12.4	12.2	12.6	12.8	12.9	13.5	11.8		
II	11.8	12.2	12.1	11.9	12.2	12.3	12.3	12.5	11.1	10.4	
III	11.9	12.3	12.2	12.0	12.3	12.4	12.4	12.6	11.7	11.6	12.9

^{1/} Based on quarterly average data.

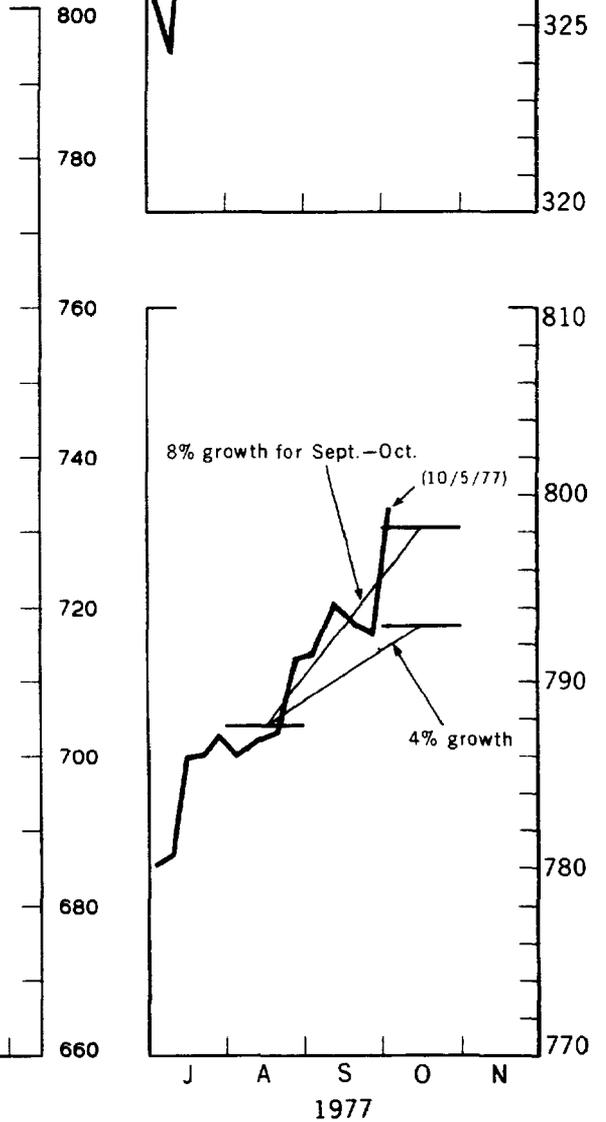
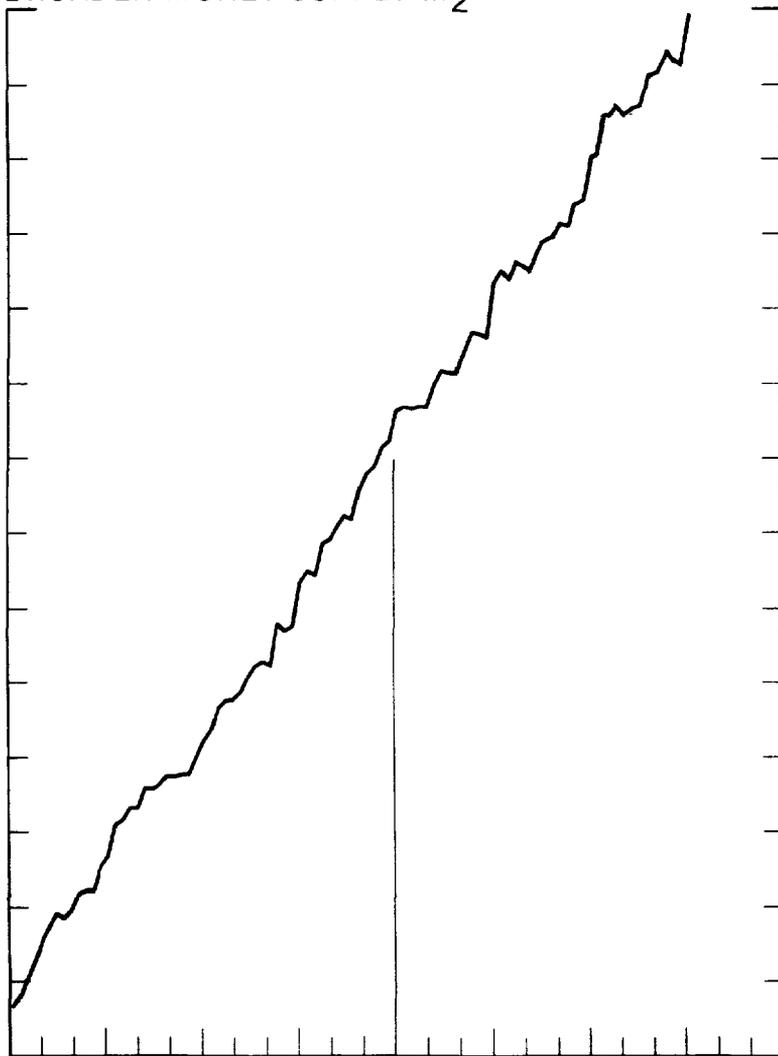
MONETARY AGGREGATES

NARROW MONEY SUPPLY M₁

BILLIONS OF DOLLARS



BROADER MONEY SUPPLY M₂



1976

1977

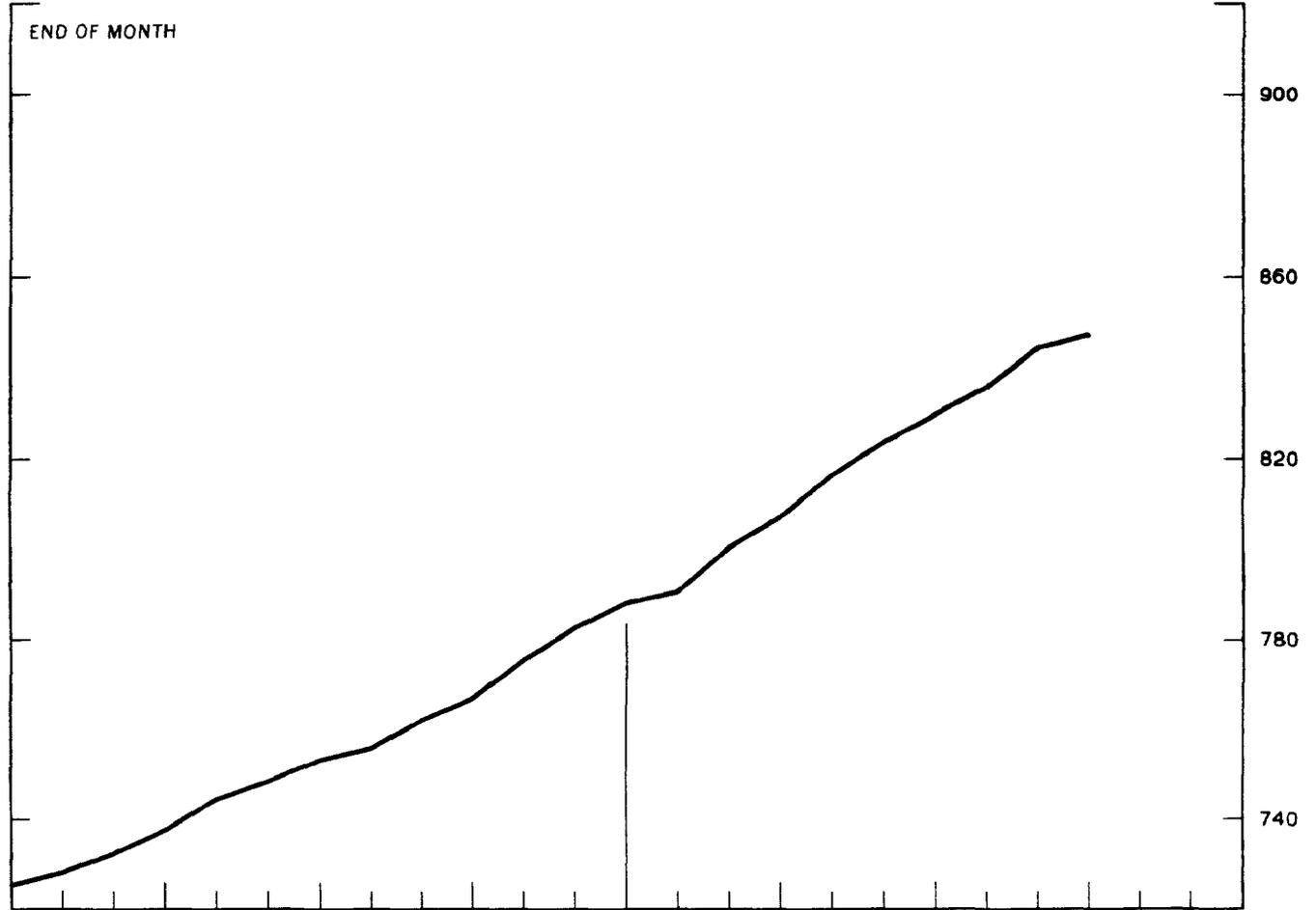
1977

MONETARY AGGREGATES

BANK CREDIT

END OF MONTH

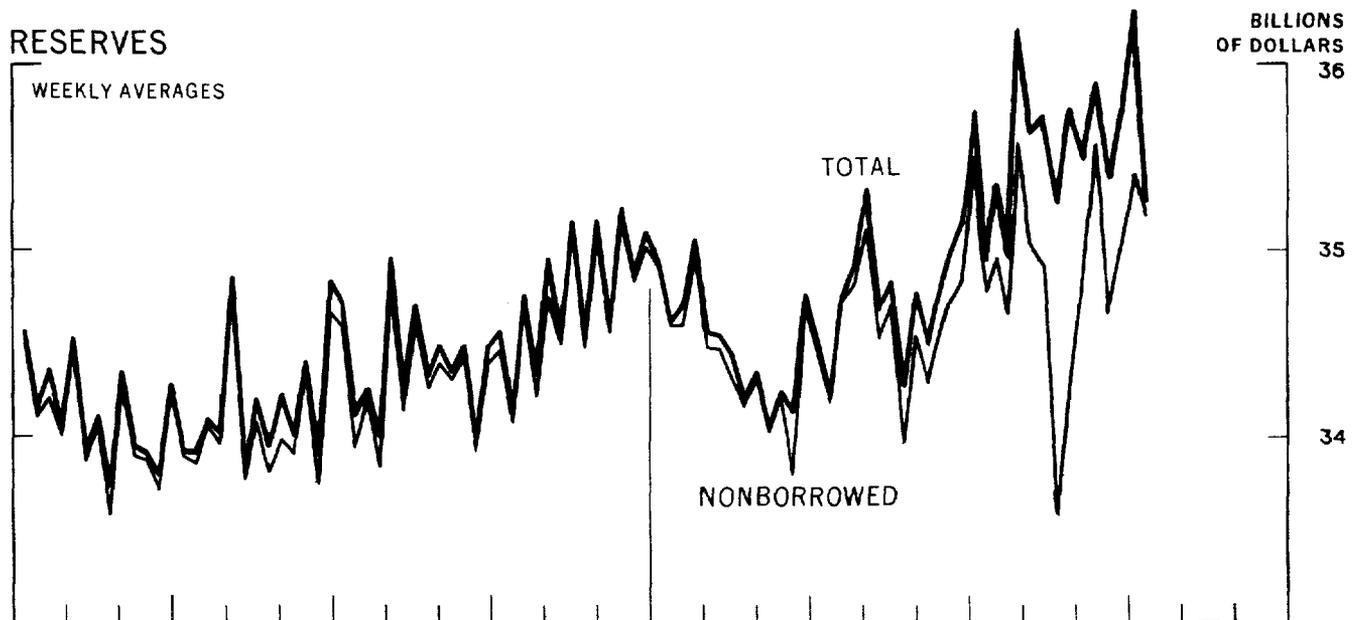
BILLIONS OF DOLLARS



RESERVES

WEEKLY AVERAGES

BILLIONS OF DOLLARS



1976

1977

MONEY MARKET CONDITIONS AND INTEREST RATES

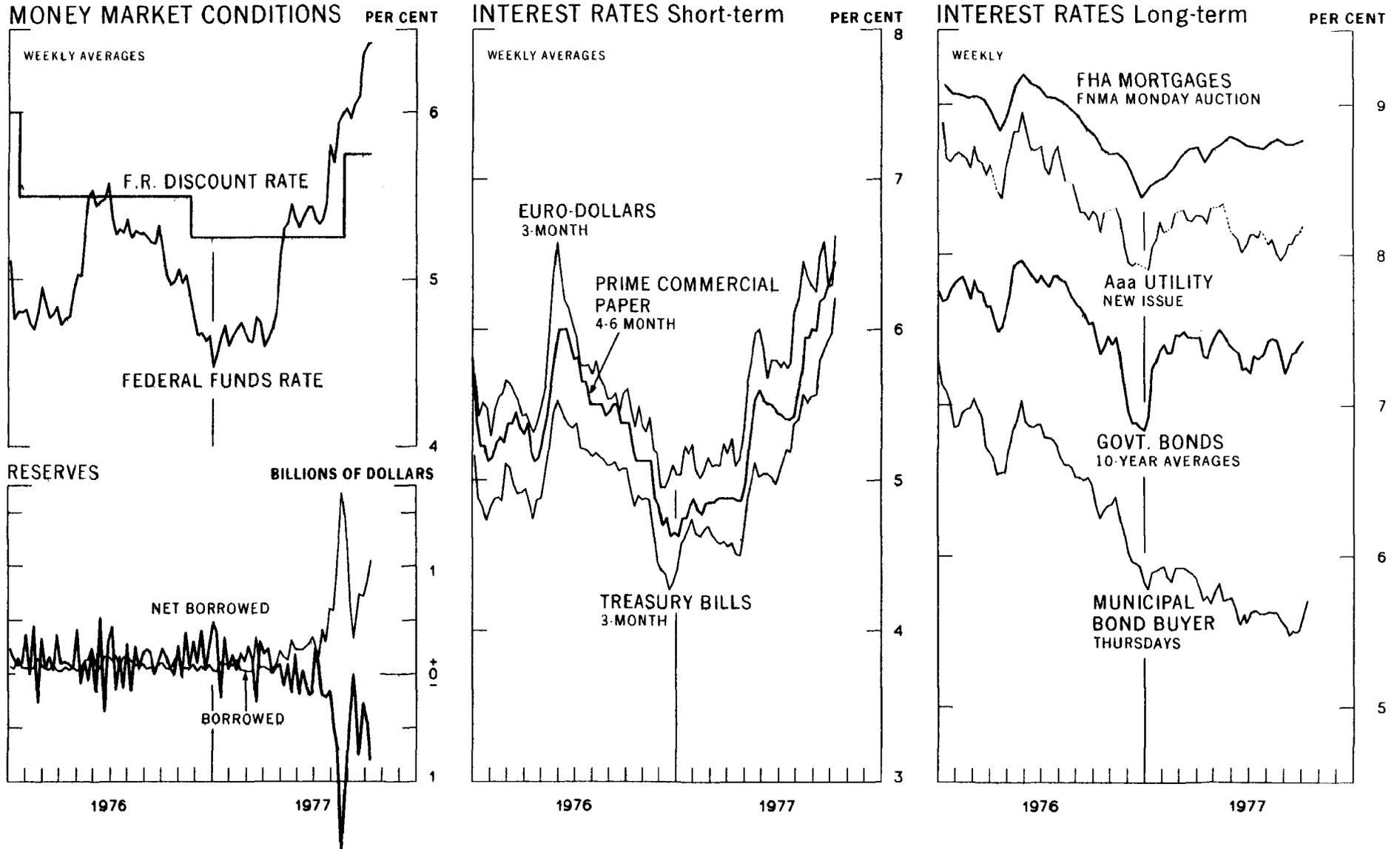


Table 1
MONETARY AGGREGATES

CONFIDENTIAL (FR)
CLASS II-FOMC

ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

OCT. 14, 1977

Period	Money Supply		Total U.S. Govt. Deposits 1/	Time & Savings Deposits			CD's	Nondeposit Sources of Funds 2/	
	Narrow (M1)	Broad (M2)		Total	Other Than CD's				
					Total	Savings			Other
	1	2	3		5	6	7	8	9
MONTHLY LEVELS--\$BIL									
1977--JULY	326.8	783.5	11.6	519.5	456.7	213.8	242.9	62.8	55.9
AUG.	328.3	787.7	10.2	522.5	459.4	216.2	243.1	63.2	57.9
SEPT.	330.4	793.0	10.7	525.8	462.6	217.8	244.8	63.2	
OCT.	(333.1)	(799.0)	(11.6)	(531.2)	(465.9)	(218.2)	(247.7)	(65.3)	
% ANNUAL GROWTH									
QUARTERLY									
1977--1ST QTR.	3.8	8.5	0.0	9.5	11.9	15.4	8.7	-7.0	
2ND QTR.	8.2	8.8	-39.3	9.5	9.4	4.0	14.2	10.9	
3RD QTR.	10.6	10.5	23.8	8.5	10.4	10.4	10.4	-4.4	
QUARTERLY--AV									
1977--1ST QTR.	4.2	9.9	-48.0	12.5	14.0	21.9	7.1	1.9	
2ND QTR.	8.4	9.2	-18.2	8.3	9.8	7.9	11.6	-1.9	
3RD QTR.	9.3	10.3	15.2	10.0	11.0	6.8	14.6	3.2	
MONTHLY									
1977--JULY	18.3	16.6	202.0	11.0	15.4	8.5	21.6	-20.7	
AUG.	5.5	6.4	-162.7	6.9	7.1	13.5	1.0	7.6	
SEPT.	7.7	8.1	58.8	7.6	8.4	8.9	8.4	0.0	
OCT.	(9.8)	(9.1)	(100.9)	(12.3)	(8.6)	(2.2)	(14.2)	(39.9)	
SEPT.-OCT.	(8.6)	(8.6)	(82.4)	(10.0)	(6.5)	(5.6)	(11.4)	(19.9)	
WEEKLY LEVELS--\$BIL									
1977--SEPT. 7	329.7	791.5	7.3	524.7	461.8	217.6	244.2	62.9	58.3
14	331.7	794.1	8.6	525.1	462.4	217.8	244.6	62.7	65.2
21	330.6	793.2	12.9	525.5	462.6	217.9	244.7	62.9	59.7
28	329.5	792.6	12.3	527.0	463.1	218.0	245.1	63.9	63.2
OCT. 5	334.4	799.1	13.1	529.7	464.7	218.2	246.5	65.0	

NOTE: DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS. P - PRELIMINARY

1/ INCLUDES TREASURY DEPOSITS AT MEMBER BANKS AND FEDERAL RESERVE BANKS.

2/ INCLUDES 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, PLUS GROSS LIABILITIES TO OWN FOREIGN BRANCHES (EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN KPS, AND OTHER MINOR ITEMS.

TABLE 2
BANK RESERVES
ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

SEP. 14, 1977

Period	BANK RESERVES			REQUIRED RESERVES			
	Total Reserves	Nonborrowed Reserves	Monetary Base	Total Required	Private Demand	Total Time Deposits	Gov't. and Interbank
	1	2	3	4	5	6	7
MONTHLY LEVELS--\$MILLIONS							
1977--JULY	35,352	35,029	123,468	35,077	20,998	12,214	1,695
AUG.	35,641	34,580	124,297	35,441	21,218	12,309	1,854
SEPT.	35,676	35,050	125,191	35,418	21,279	12,360	1,751
OCT.	(36,012)	(35,110)	(126,101)	(35,694)	(21,357)	(12,454)	(1,863)
PERCENT ANNUAL GROWTH							
QUARTERLY							
1977--1ST QTR.	-1.8	-2.4	5.1	-1.1	3.7	0.9	
2ND QTR.	6.5	4.0	8.2	7.3	3.9	6.1	
3RD QTR.	9.3	5.2	10.4	8.1	13.2	2.6	
QUARTERLY--AV							
1977--1ST QTR.	2.7	2.6	6.8	3.0	5.0	9.5	
2ND QTR.	3.0	1.9	7.2	3.5	3.0	4.0	
3RD QTR.	9.2	3.6	9.7	8.6	10.2	6.3	
MONTHLY							
1977--JULY	16.9	14.9	14.2	12.5	23.1	7.5	
AUG.	9.8	-15.4	8.1	12.5	12.6	0.5	
SEPT.	1.2	16.3	8.6	-0.8	3.5	-0.1	
OCT.	(11.3)	(2.1)	(8.7)	(9.4)	(4.4)	(6.4)	
SEPT.-OCT.	(6.2)	(9.2)	(8.7)	(4.3)	(3.9)	(3.1)	
WEEKLY LEVELS--\$MILLIONS							
1977--SEPT. 7	35,497	34,661	124,596	35,266	21,025	12,396	1,844
14	35,890	35,553	125,203	35,569	21,449	12,412	1,708
21	35,395	34,657	124,998	35,398	21,290	12,369	1,719
28	35,750	35,031	125,745	35,311	21,339	12,368	1,604
OCT. 5	36,285	35,402	125,971	35,865	21,318	12,346	2,199
12	35,251	34,195	124,977	35,023	21,091	12,403	1,529

NOTE: RESERVE SERIES HAVE BEEN ADJUSTED TO REMOVE DISCONTINUITIES ASSOCIATED WITH CHANGES IN RESERVE REQUIREMENT RATIO. DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS.

TABLE 3
NET CHANGES IN SYSTEM HOLDINGS OF SECURITIES^{1/}
(\$ million, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
OCTOBER 14, 1977

Period	Treasury Bills Net Change 2/	Treasury Coupons Net Purchases 3/					Federal Agencies Net Purchases 4/					Net Change Outright Holdings Total 5/	Net RP's 6/
		Within 1 year	1 - 5	5 - 10	Over 10	Total	Within 1 year	1 - 5	5 - 10	Over 10	Total		
1972	-490	87	789	539	167	1,582	46	592	253	168	1,059	1,631	-1,358
1973	7,232	207	579	500	129	1,415	120	400	244	101	864	9,273	-46
1974	1,280	320	797	434	196	1,747	439	1,665	659	318	3,082	6,303	-154
1975	-468	337	3,284	1,510	1,070	6,202	191	824	460	138	1,613	7,267	1,272
1976	863	472	3,025	1,048	642	5,187	105	469	203	114	891	6,227	3,607
1976--Qtr. III	45	171	881	345	160	1,557	--	--	--	--	--	1,398	392
Qtr. IV	-886	77	794	232	192	1,294	--	41	37	36	115	436	304
1977--Qtr. I	1,164	192	997	325	165	1,680	--	--	--	--	--	2,738	-4,771
Qtr. II	2,126	109	526	171	152	959	--	406	251	68	726	3,666	4,175
Qtr. III	886	116	681	96	128	1,021	--	--	--	--	--	4,273	-2,331
1977--Apr.	1,392	20	327	104	38	489	--	173	138	35	346	2,176	2,822
May	-208	--	--	--	--	--	--	--	--	--	--	-254	-3,207
June	942	89	200	68	114	470	--	233	113	33	380	1,744	4,561
July	-1,136	--	--	--	--	--	--	--	--	--	--	-1,159	-2,861
Aug.	636	--	--	--	--	--	--	--	--	--	--	552	-1,353
Sept.	1,385	116	681	96	128	1,021	--	--	--	--	--	4,881	1,883
1977--Aug. 3	--	--	--	--	--	--	--	--	--	--	--	-14	-2,009
10	-176	--	--	--	--	--	--	--	--	--	--	-184	-4,604
17	450	--	--	--	--	--	--	--	--	--	--	448	3,347
24	--	--	--	--	--	--	--	--	--	--	--	-1	-1,028
31	362	--	--	--	--	--	--	--	--	--	--	303	3,521
Sept. 7	-603	--	--	--	--	--	--	--	--	--	--	-603	-6,625
14	296	--	--	--	--	--	--	--	--	--	--	271	4,519
21	53	57	347	16	41	500	--	--	--	--	--	553	24
28	1,363	--	--	--	--	--	--	--	--	--	--	1,363	6,816
Oct. 5	124	60	333	40	87	520	--	--	--	--	--	645	-5,482
12	-459	--	--	--	--	--	--	--	--	--	--	-459	-1,333
19													
26													
LEVEL--Oct. 12	42.1	13.0	28.1	10.5	6.7	58.4	1.3	3.7	1.5	.8	7.3	107.8	-2.1

1/ Change from end-of-period to end-of-period.

2/ Outright transactions in market and with foreign accounts, and redemptions (-) in bill auctions.

3/ Outright transactions in market and with foreign accounts, and short-term notes acquired in exchange for maturing bills. Excludes redemptions, maturity shifts, rollovers of maturing coupon issues, and direct Treasury borrowing from the System.

4/ Outright transactions in market and with foreign accounts only. Excludes redemptions and maturity shifts.

5/ In addition to net purchases of securities, also reflects changes in System holdings of bankers' acceptances, direct Treasury borrowings from the System, and redemptions (-) of Agency and Treasury coupon issues.

6/ Includes changes in both RP's (+) and matched sale-purchase transactions (-).

TABLE 4
SECURITY DEALER POSITIONS AND BANK POSITIONS
(millions of dollars)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
OCTOBER 14, 1977

	U.S. Govt. Security Dealer Positions		Underwriting Syndicate Positions		Excess** Reserves	Member Bank Reserve Positions			
	Bills	Coupon Issues	Corporate Bonds	Municipal Bonds		Borrowing at FRB**		Basic Reserve Deficit**	
						Total	Seasonal	8 New York	38 Others
1976--High	8,896	3,046	334	343	655	242	34	-8,161	-12,744
Low	3,668	175	0	34	-180	24	8	-2,367	- 6,908
1977--High	7,234	3,017	278	350	513	1,665	131	-8,742	-13,975
Low	1,729	-1,445	0	125	-111	20	8	-4,234	- 8,570
1976--Sept.	7,838	1,509	95	172	205	63	31	-5,703	- 9,716
Oct.	6,271	1,832	94	258	221	94	32	-6,428	-10,527
Nov.	6,876	2,418	79	217	257	72	22	-6,289	-11,618
Dec.	8,005	2,443	145	167	274	53	13	-7,168	-11,449
1977--Jan.	6,406	2,320	82	202	265	68	10	-6,421	-11,504
Feb.	4,450	1,650	72	226	198	72	12	-5,604	-11,503
Mar.	4,906	972	103	162	214	103	13	-5,661	-10,912
Apr.	4,567	696	101	173	192	73	14	-6,586	-11,409
May	3,072	123	20	228	213	206	30	-5,693	-10,175
June	4,752	206	142	217	154	262	54	-5,341	-10,332
July	3,899r	-309r	143	209	275	323	60	-6,391	-11,012
Aug.	2,533r	-933r	71	199	200	1,084	102	-5,581	-11,452
Sept.	*4,812	*-313	128	230	259p	626p	112p	-6,852p	-11,233p
1977--Aug. 3	2,176	1,265	76	229	424	598	69	-6,675	- 9,792
10	1,910	-494	78	202	103	585	74	-6,458	-11,765
17	2,171	-1,445	52	204	202	901	99	-5,534	-12,313
24	3,338	-1,231	76	161	28	1,665	116	-4,969	-12,161
31	2,906	-379	69	182	371	1,393	131	-4,892	-10,279
Sept. 7	4,562	263	96	183	231	636	114	-7,285	-11,729
14	4,998	-268	190	204	321	337	108	-7,990	-12,979
21	*5,927	*-682	126	259	-3	738	110	-7,441	-12,249
28	*3,976	*-272	158	321	439p	719p	116p	-6,433p	- 8,604p
Oct. 5	*3,898	*-777	54	263	420p	883p	117p	-6,776p	- 8,930p
12	*3,868	*-216	25p	186p	251p	1,051p	112p	-11,284p	-10,282p
19									
26									

NOTE: Government security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury securities financing 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.

TABLE 5
SELECTED INTEREST RATES
(per cent)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
OCTOBER 14, 1977

	Short-term						Long-term									
	Federal Funds	Treasury Bills		Commercial Paper 90-119 Day	CD's New Issue-NYC		U.S. Govt.-Constant Maturity Yields			Corp.-Aaa Utility		Municipal Bond Buyer	Home Mortgages			
		90-Day	1-Year		60-Day	90-Day	3-yr	7-yr	20-yr	New Issue	Recently Offered		Primary Conv.	FNMA Auc	GNMA Sec.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)		
1976--High	5.58	5.53	6.32	5.90	5.63	5.75	7.52	7.89	8.17	8.95	8.94	7.13	9.10	9.20	8.45	
Low	4.63	4.27	4.62	4.63	4.40	4.50	5.65	6.33	7.23	7.93	7.84	5.83	8.70	8.39	7.57	
1977--High	6.41	6.22	6.52	6.43	6.38	6.63	7.17	7.47	7.78	8.34	8.33	5.93	8.95	8.79	8.16	
Low	4.47	4.41	4.67	4.63	4.48	4.63	5.83	6.59	7.26	7.90	7.95	5.48	8.65	8.46	7.56	
1976--Sept.	5.25	5.08	5.50	5.33	5.11	5.24	6.66	7.41	7.78	8.29	8.33	6.51	8.98	8.88	8.10	
Oct.	5.03	4.92	5.19	5.10	4.90	5.04	6.24	7.16	7.70	8.25	8.24	6.30	8.93	8.75	7.98	
Nov.	4.95	4.75	5.00	4.98	4.84	4.94	6.09	6.86	7.64	8.17	8.18	6.29	8.81	8.66	7.93	
Dec.	4.65	4.35	4.64	4.66	4.68	4.50	5.68	6.37	7.30	7.94	7.93	5.94	8.79	8.45	7.59	
1977--Jan.	4.61	4.62	5.00	4.72	4.61	4.68	6.22	6.92	7.48	8.08	8.09	5.87	8.72	8.48	7.83	
Feb.	4.68	4.67	5.16	4.76	4.58	4.70	6.44	7.16	7.64	8.22	8.19	5.89	8.67	8.55	7.98	
Mar.	4.69	4.60	5.19	4.75	4.58	4.72	6.47	7.20	7.73	8.25	8.29	5.89	8.69	8.68	8.06	
Apr.	4.73	4.54	5.10	4.75	4.57	4.67	6.32	7.11	7.67	8.26	8.22	5.73	8.75	8.67	7.96	
May	5.35	4.96	5.43	5.26	5.04	5.16	6.55	7.26	7.74	8.33	8.31	5.75	8.83	8.74	8.04	
June	5.39	5.02	5.41	5.42	5.24	5.35	6.39	7.05	7.64	8.08	8.12	5.62	8.86	8.75	7.95	
July	5.42	5.19	5.57	5.38	5.16	5.28	6.51	7.12	7.60	8.14	8.12	5.63	8.95	8.72	7.96	
Aug.	5.90	5.49	5.97	5.75	5.65	5.78	6.79	7.24	7.64	8.04	8.05	5.62	8.94	8.76	8.03	
Sept.	6.14	5.81	6.13	6.09	5.95	6.01	6.84	7.21	7.57	8.07	8.07	5.51	8.90	8.74	8.02	
1977--Aug.	3	5.80	5.37	5.82	5.49	5.50	5.65	6.74	7.27	7.66	--	8.10	5.63	8.95	--	8.04
10	5.70	5.40	5.88	5.60	5.50	5.65	6.81	7.30	7.69	8.07	8.05	5.63	8.95	8.75	8.04	
17	5.94	5.57	6.05	5.80	5.76	5.90	6.85	7.29	7.68	8.11	8.04	5.63	8.93	--	8.08	
24	5.99	5.52	6.04	5.89	5.75	5.86	6.78	7.18	7.58	8.01	8.03	5.58	8.93	8.77	8.04	
31	6.02	5.56	5.99	5.88	5.72	5.85	6.72	7.11	7.52	7.97	8.02	5.54	8.88	--	7.97	
Sept.	7	5.97	5.57	5.98	5.88	5.70	6.75	7.15	7.52	8.02	8.03	5.48	8.90	8.74	7.96	
14	6.05	5.80	6.14	6.01	5.91	6.00	6.84	7.22	7.57	8.08	8.07	5.51	8.90	--	8.07	
21	6.10	5.87	6.10	6.17	5.97	6.00	6.86	7.22	7.59	8.08	8.09	5.50	8.90	8.74	8.01	
28	6.35	5.93	6.21	6.22	6.20	6.28	6.94	7.26	7.61	8.14	8.12	5.51	8.90	--	8.08	
Oct.	5	6.41	5.98	6.29	6.31	6.20	6.30	6.97	7.32	7.63	8.15	8.14	5.60	8.93	8.77	8.09
12	6.41	6.22	6.52	6.43	6.38	6.63	7.17p	7.47p	7.71p	8.20p	8.21p	5.70	n.a.	--	8.16	
19																
26																
Daily--Oct.	6	6.41	6.13	6.42	6.38	--	--	6.98	7.34	7.63	--	--	--	--	--	
13	6.50p	6.36	6.64	6.50	--	--	7.21p	7.47p	7.73p	--	--	--	--	--	--	

NOTE: Weekly data for columns 1 to 4 are statement week averages of daily data. Columns 5 and 6 are 1-day Wednesday quotes (prior to 1976, figures shown are for 60-89 day and 90-119 day ranges, respectively). For columns 7 through 10, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 11 and 12 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 13 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 14 gives FNMA auction data for Monday preceding the end of the statement week. Column 15 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.

Appendix Table 1-A
MONEY AND CREDIT AGGREGATE MEASURES

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	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
ANNUALLY: ^{2/}	(PER CENT ANNUAL RATES OF GROWTH)										

1974	7.0	7.7	9.1	10.1	5.1	7.7	7.1	10.6	9.0	8.9	9.5
1975	-0.2	3.2	5.9	3.9	4.4	8.3	11.1	6.5	9.7	10.5	10.1
1976	1.0	1.2	6.9	6.0	5.6	10.9	12.8	7.1	10.3	10.0	10.2
SEMI-ANNUALLY: ^{2/}											

1ST HALF 1976	-1.5	-1.3	6.9	6.7	5.6	10.3	11.8	6.0	8.9	9.2	9.6
2ND HALF 1976	3.6	3.7	6.8	8.9	5.5	10.9	13.1	8.0	11.1	10.3	10.4
1ST HALF 1977	2.9	2.3	7.0	10.5	6.4	9.7	10.8	9.0	10.3	10.2	10.4
QUARTERLY:											

4TH QTR. 1976	7.6	7.7	8.0	11.2	7.2	13.4	14.5	12.4	13.8	11.9	11.6
1ST QTR. 1977	-1.6	-2.4	5.1	9.5	3.8	8.5	10.0	7.3	9.2	10.1	10.5
2ND QTR. 1977	6.5	4.6	8.2	11.2	8.2	8.8	9.9	9.1	10.0	9.7	9.9
3RD QTR. 1977	9.3	5.2	10.4	8.5	10.6	10.5	13.3	9.3	12.4	11.8	11.6
QUARTERLY-AV:											

4TH QTR. 1976	4.4	4.8	7.1	10.8	6.5	12.5	14.4	9.8	12.7	11.1	11.0
1ST QTR. 1977	2.7	2.6	6.8	8.8	4.2	9.9	11.3	9.3	10.9	10.7	10.8
2ND QTR. 1977	3.0	1.9	7.2	11.9	8.4	9.2	10.0	8.5	9.4	9.5	9.8
3RD QTR. 1977	9.2	3.6	9.7	9.4	9.3	10.3	12.3	9.7	11.9	11.3	11.2
MONTHLY:											

1976--SEPT.	-6.2	-4.8	5.1	7.6	1.6	10.0	13.3	6.2	10.8	8.6	8.7
OCT.	6.0	4.9	7.1	13.5	13.7	16.1	16.9	13.5	15.3	14.1	13.8
NOV.	11.8	12.6	9.1	11.1	0.0	10.6	12.6	9.7	11.9	10.8	10.5
DEC.	4.9	5.6	7.7	8.6	7.7	13.1	13.4	13.4	13.7	10.5	10.3
1977--JAN.	10.9	10.4	10.6	3.7	5.4	9.7	11.4	8.7	10.8	10.9	11.0
FEB.	-13.1	-13.3	-0.2	14.7	0.8	7.1	8.9	7.0	8.7	11.4	11.7
MAR.	-3.1	-4.3	5.0	10.0	5.4	8.6	9.4	6.2	8.0	7.8	8.5
APR.	13.0	14.1	11.8	14.0	19.4	13.5	12.4	11.7	11.3	10.6	10.8
MAY	1.5	-3.1	6.2	10.3	0.7	4.7	7.3	5.4	7.6	7.7	7.9
JUNE	4.8	2.9	6.4	8.9	4.5	8.1	9.8	10.0	10.7	10.5	10.6
JULY	16.9	14.9	14.2	9.3	18.3	16.6	16.0	13.6	14.3	13.3	12.9
AUG.	9.8	-15.4	8.1	12.3	5.5	6.4	11.4	6.5	11.2	10.7	10.5
SEPT. P	1.2	16.3	8.6	3.7	7.7	8.1	12.0	7.5	11.5	11.1	11.0

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

MONEY AND CREDIT AGGREGATE MEASURES

SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	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
ANNUALLY:											
1974	34,174	33,447	104,380	695.2	283.1	612.4	981.5	701.4	1070.5	1181.2	1221.6
1975	34,015	33,885	110,394	725.5	294.8	664.3	1092.6	746.5	1174.7	1308.3	1351.1
1976	34,465	34,412	118,054	788.2	312.4	740.3	1237.1	803.5	1300.3	1439.1	1488.8
MONTHLY:											
1976--SEPT.	33,823	33,761	115,739	766.8	306.9	716.3	1193.9	779.4	1257.0	1397.5	1446.7
OCT.	33,992	33,898	116,424	775.4	310.4	725.9	1210.7	788.2	1273.0	1413.9	1463.3
NOV.	34,325	34,253	117,304	782.6	310.4	732.3	1223.4	794.6	1285.6	1426.6	1476.1
DEC.	34,465	34,412	118,054	788.2	312.4	740.3	1237.1	803.5	1300.3	1439.1	1488.8
1977--JAN.	34,778	34,710	119,100	790.6	313.8	746.3	1248.9	809.3	1312.0	1452.2	1502.4
FEB.	34,397	34,326	119,077	800.3	314.0	750.7	1258.2	814.0	1321.5	1466.0	1517.1
MAR.	34,308	34,204	119,572	807.0	315.4	756.1	1268.1	818.2	1330.3	1475.5	1527.8
APR.	34,680	34,606	120,749	816.4	320.5	764.6	1281.2	826.2	1342.8	1488.5	1541.6
MAY	34,723	34,517	121,376	823.4	320.7	767.6	1289.0	829.9	1351.3	1498.1	1551.8
JUNE	34,862	34,599	122,027	829.5	321.9	772.8	1299.5	836.6	1363.4	1511.2	1565.5
JULY	35,352	35,029	123,468	835.9	326.8	783.5	1316.8	846.3	1379.6	1527.9	1582.3
AUG.	35,641	34,580	124,297	844.5	326.3	787.7	1329.3	850.9	1392.5	1541.5	1596.2
SEPT. P	35,676	35,050	125,191	847.1	330.4	793.0	1342.6	856.2	1405.8	1555.6	1610.8
WEEKLY:											
1977--AUG. 10	35,635	35,050	123,931		327.2	786.0		849.3			
17	35,705	34,907	124,226		327.5	786.8		850.1			
24	35,258	33,593	124,044		327.4	787.2		850.4			
31	35,745	34,352	124,827		330.5	791.2		854.3			
SEPT. 7	35,497	34,861	124,596		329.7	791.5		854.3			
14	35,890	35,553	125,203		331.7	794.1		856.6			
21	35,395	34,657	124,998		330.6	793.2		856.1			
28P	35,750	35,031	125,745		329.5	792.6		856.5			
OCT. 5P	36,285	35,402	125,971		334.4	799.1		864.1			

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.

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

P - PRELIMINARY

APPENDIX TABLE 2-A

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits				Mutual Savings Bank & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short Term U.S. Gov't Securities ^{1/}	Other Private Short-term Assets ^{1/}	
			Total	Other Than CD's								CD's
				Total	Savings	Other						
	1	2	3	4	5	6	7	8	9	10	11	12
(Per cent annual rates of growth)												
ANNUALLY: ^{2/}												
1974	10.3	3.6	14.7	10.1	6.5	12.7	36.5	5.6	12.3	4.7	13.5	29.6
1975	8.8	2.9	8.0	11.7	17.4	7.8	-6.1	15.5	19.4	6.2	33.4	-1.0
1976	9.6	4.3	8.1	15.2	25.0	7.7	-23.5	15.6	17.8	6.9	7.5	19.2
SEMI-ANNUALLY: ^{2/}												
1ST HALF 1976	10.7	4.0	6.3	14.1	27.6	3.8	-28.9	13.8	16.6	6.3	16.6	21.6
2ND HALF 1976	8.0	4.6	9.7	15.2	19.7	11.4	-21.1	16.2	17.6	7.2	-1.4	15.2
1ST HALF 1977	8.5	5.7	10.5	12.1	15.1	9.4	0.0	12.2	16.1	6.4	12.5	16.5
QUARTERLY:												
4TH QTR. 1976	6.6	7.4	15.7	18.1	27.5	10.0	1.3	15.9	18.2	6.2	-16.1	4.1
1ST QTR. 1977	8.4	2.2	9.5	11.9	15.4	8.7	-7.0	12.0	16.4	6.1	31.1	20.9
2ND QTR. 1977	8.8	8.2	9.5	9.4	4.0	14.2	10.9	11.1	13.6	6.6	8.3	15.3
3RD QTR. 1977	11.4	10.3	8.5	10.4	10.4	10.4	-4.4	17.3	20.0	7.0	4.9	5.2
QUARTERLY-AV:												
4TH QTR. 1976	8.1	6.0	12.2	17.1	24.7	10.8	-18.9	17.2	18.5	7.4	-11.9	7.4
1ST QTR. 1977	7.5	3.1	12.5	14.0	21.9	7.1	1.9	13.3	16.7	6.7	11.1	12.9
2ND QTR. 1977	9.3	8.3	8.3	9.8	7.9	11.6	-1.9	10.9	15.0	6.1	13.6	19.5
3RD QTR. 1977	10.0	8.9	10.0	11.0	6.8	14.6	3.2	15.0	18.3	6.5	5.5	7.4
MONTHLY:												
1976--SEPT.	9.2	-1.1	9.2	16.3	23.3	11.0	-35.1	18.0	19.6	10.3	-28.6	9.8
OCT.	9.1	15.3	13.5	17.9	19.6	15.8	-15.2	18.0	19.3	5.1	0.0	7.3
NOV.	6.0	-2.1	16.1	18.8	29.9	9.7	-1.9	15.3	15.8	6.8	-3.4	0.0
DEC.	4.5	8.9	17.1	16.8	31.0	4.3	21.2	13.8	18.8	6.7	-44.9	4.8
1977--JAN.	8.9	4.1	11.0	12.9	21.9	4.8	-3.8	14.2	15.4	6.7	17.9	12.1
FEB.	10.4	-3.1	10.7	11.7	13.4	10.6	3.8	11.4	15.2	6.6	68.9	21.5
MAR.	5.9	5.7	6.7	10.7	10.4	10.5	-20.9	10.0	18.0	5.0	5.0	28.2
APR.	13.1	21.6	6.9	9.5	9.7	9.4	-11.6	10.4	11.8	6.6	3.3	18.4
MAY	7.2	-1.5	6.3	7.6	4.5	10.3	13.6	11.1	11.7	6.5	11.6	15.8
JUNE	5.7	4.6	13.2	10.7	-2.3	22.5	30.8	11.5	17.4	6.5	9.9	11.2
JULY	15.7	18.2	11.0	15.4	8.5	21.6	-20.7	14.9	20.0	6.5	0.0	2.2
AUG.	5.6	6.0	6.9	7.1	13.5	1.0	7.6	18.6	19.7	6.4	6.5	6.6
SEPT. P	12.6	6.4	7.6	8.4	8.9	8.4	0.0	17.6	19.4	8.0	8.1	6.6

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.

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits					Mutual Savings Banks & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short-Term U.S. Gov't Sec ^{1/}	Other Private Short-term Assets ^{1/}	Non-Deposit Funds ^{3/}	Total Gov't Demand Deposits ^{4/}
			Total	Other Than CD's			CD's							
				Total	Savings	Other								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
ANNUALLY:														
1974	67.8	215.3	418.3	329.3	136.2	193.1	89.0	341.5	27.6	63.5	47.4	40.4	37.0	6.0
1975	73.7	221.0	451.7	369.6	161.0	208.0	82.1	395.2	33.0	67.3	66.3	42.8	33.7	8.3
1976	80.5	231.9	491.1	427.9	202.4	225.5	63.3	457.8	39.0	71.9	66.9	49.7	51.4	11.2
MONTHLY:														
1976--SEPT.	79.2	227.7	472.5	409.4	189.4	220.0	63.1	440.3	37.3	70.8	69.7	49.2	42.0	12.0
OCT.	79.8	230.6	477.3	415.5	192.5	222.9	62.3	446.9	37.9	71.1	69.7	49.5	43.8	13.2
NOV.	80.2	230.2	484.2	422.0	197.3	224.7	62.2	452.6	38.4	71.5	69.5	49.5	42.2	13.0
DEC.	80.5	231.9	491.1	427.9	202.4	225.5	63.3	457.8	39.0	71.9	66.9	49.7	51.4	11.2
1977--JAN.	81.1	232.7	495.6	432.5	206.1	226.4	63.1	463.2	39.5	72.3	67.9	50.2	50.3	10.0
FEB.	81.8	232.1	500.0	436.7	208.4	228.4	63.3	467.6	40.0	72.7	71.8	51.1	50.7	11.7
MAR.	82.2	233.2	502.8	440.6	210.2	230.4	62.2	471.5	40.6	73.0	72.1	52.3	52.7	11.2
APR.	83.1	237.4	505.7	444.1	211.9	232.2	61.6	475.6	41.0	73.4	72.3	53.1	52.7	10.8
MAY	83.6	237.1	509.2	446.9	212.7	234.2	62.3	480.0	41.4	73.8	73.0	53.8	56.2	10.6
JUNE	84.0	238.0	514.8	450.9	212.3	238.6	63.9	484.6	42.0	74.2	73.6	54.3	55.9	10.1
JULY	85.1	241.6	519.5	456.7	213.8	242.9	62.8	490.6	42.7	74.6	73.6	54.4	55.9	11.6
AUG.	85.5	242.8	522.5	459.4	216.2	243.1	63.2	498.2	43.4	75.0	74.0	54.7	57.9	10.2
SEPT. P	86.4	244.1	525.8	462.6	217.8	244.6	63.2	505.5	44.1	75.5	74.5	55.0	57.9	10.7
WEEKLY:														
1977--AUG. 10	85.4	241.8	522.0	458.8	215.7	243.0	63.3						59.4	10.2
17	85.4	242.1	522.6	459.3	216.2	243.0	63.3						59.0	10.5
24	85.6	241.7	523.0	459.9	216.6	243.3	63.1						57.4	10.7
31	85.6	244.7	523.8	460.7	216.8	243.9	63.1						58.4	8.5
SEPT. 7	86.2	243.4	524.7	461.8	217.6	244.2	62.9						58.3	7.3
14	86.1	245.6	525.1	462.4	217.8	244.6	62.7						65.2	8.6
21	86.4	244.2	525.5	462.6	217.9	244.7	62.9						59.7	12.9
28P	86.7	242.7	527.0	463.1	218.0	245.1	63.9						63.2	12.3
OCT. 5P	86.6	247.7	529.7	464.7	218.2	246.5	65.0							13.1

- 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 DEPOSITS AT MEMBER BANKS AND FEDERAL RESERVE BANKS.
P - PRELIMINARY