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May 18, 1979

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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

May 18, 1979

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) M-1 grew at a $17\frac{1}{2}$ per cent annual rate in April, with somewhat more than half of the acceleration estimated to be related to the processing of tax payments and refunds. Deposit data for early May indicate that these temporary influences are unwinding, and for the April-May period, M-1 is projected to expand at about an $8\frac{3}{4}$ per cent annual rate, above the 4 to 8 per cent range adopted by the FOMC. M-2 is projected to grow at a $9\frac{1}{2}$ per cent rate for the 2-month policy period, also above its 4 to $8\frac{1}{2}$ per cent range selected at the April FOMC meeting. The interest-bearing component of M-2 grew more rapidly in April than expected, as sales of money market certificates (MMCs) by banks spurted and outflows of savings and other small time deposits included in this aggregate slowed markedly. The success of banks in attracting MMCs during the first full month since the elimination of the differential ceiling rate on such deposits apparently came at the expense of reduced growth of

Comparison of FOMC Policy Ranges for
April-May
to Latest Staff Estimates ^{1/}

| | <u>Ranges</u> | <u>Latest Estimates</u> |
|--|-----------------------------------|-----------------------------------|
| M-1 | 4 to 8 | 8.7 |
| M-2 | 4 to $8\frac{1}{2}$ | 9.3 |
| Federal funds rate (per cent per annum) | $9\frac{3}{4}$ to $10\frac{1}{2}$ | Avg. for statement week ending |
| | | April 18 9.96 |
| | | 25 10.10 |
| | | May 2 10.22 |
| | | 9 10.25 |
| | | 16 10.25 |

^{1/} These data do not incorporate the benchmark revisions based on recently available September 1978 Call Report data for nonmember banks; the revised aggregates will be published on May 24. As shown in Appendix II, the benchmark revisions were negligible. All tables on subsequent pages of the Bluebook are based on the revised series.

MMCs at thrift institutions. In part reflecting this shift, thrift deposit inflows fell to a $2\frac{1}{2}$ per cent annual rate in April on a month-end basis, compared to an average $9\frac{1}{2}$ per cent annual rate over the first quarter.

(2) Growth in commercial bank credit picked up sharply in April to a $13\frac{1}{2}$ per cent annual rate, led by a rebound in business lending. Banks, nonetheless, reduced their outstanding amount of large time deposits, financing their asset growth with the increased inflows of demand deposits, MMCs, and funds borrowed from abroad.

(3) The Manager of the System Open Market Account continued to seek reserve conditions consistent with a Federal funds rate of 10 per cent or a bit higher early in the period after the April FOMC meeting. In late April, projections for the monetary aggregates suggested that growth of M-1 and M-2 would be at or above the upper ends of their respective ranges for the April-May period. Following a telephone conference of the Committee on April 27, the Manager began aiming for a Federal funds rate of $10\frac{1}{2}$ per cent. On May 11, the FOMC concurred in the Chairman's view that, though the growth of the monetary aggregates had been revised up somewhat further, this funds rate objective remained consistent with the prevailing directive after taking account of overall financial market conditions and uncertainties in projections of the aggregates in this period.

(4) Required reserves declined in April and are expected to fall further in May despite the pronounced strengthening in monetary growth. The disparate movements of reserves and money are explained mainly by the release of required reserves associated with the substantial run-offs of large denomination time deposits. In addition, the growth in demand deposits at nonmember banks and currency is estimated to account

for half of the projected expansion of M-1 in the April-May period. Provision of reserves via the discount window has risen with the widening of the spread between the Federal funds rate and the discount rate. Member bank borrowing has averaged a little over \$1½ billion thus far in May, up from an average of just under \$1 billion during the first four months of the year. Given the increase in borrowing, nonborrowed reserves are expected to fall at about a 13½ per cent annual rate over the April-May period while total reserves are projected to decline at only a 5 per cent annual rate. Growth in currency continues to account for all of the growth of the monetary base. Growth of the base is expected to remain around the 4½ per cent annual rate that prevailed over the first three months of the year.

(5) Short-term interest rates are little changed on balance from their mid-April levels. They declined around the time of the FOMC meeting but then rebounded in late April and early May in response to the System's move toward additional money market restraint. The 3-month bill rate was most recently quoted around 9.7 per cent and the 3-month commercial paper rate about 10 per cent. Longer-term interest rates have risen 10 to 25 basis points, though, in part reflecting increased inflationary expectations by market participants. With thrift deposit flows slowing further, mortgage yields continued to rise to new highs.

(6) The dollar has continued to show strength in the exchange markets, reflecting stronger U.S. trade figures, further indications of a slowdown in U.S. economic expansion, and continued acceleration of inflation abroad. The dollar's average exchange value has risen a bit more than 1 per cent since the April FOMC meeting,

. U.S. authorities sold about \$1 billion against German marks, half of which were acquired by the System and used to extinguish its swap debt to the Bundesbank. The swap line had been in continuous use since October 1977.

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

| | 1977 & 1978 Average | Past Twelve Months Apr. '79 over Apr. '78 | Past Six Months Apr. '79 over Oct. '78 | Past Three Months Apr. '79 over Jan. '79 | Past Month Apr. '79 over Mar. '79 |
|---|---------------------------|--|---|---|---|
| Nonborrowed reserves | 4.9 | 1.1 | -1.9 | -7.3 | -2.8 |
| Total reserves | 6.0 | 2.0 | -3.6 | -8.0 | -4.9 |
| Monetary base | 8.7 | 7.5 | 5.3 | 3.0 | 4.9 |
| <u>Concepts of Money</u> | | | | | |
| M-1 (Currency plus demand deposits ^{1/}) | 7.6 | 4.7 | 1.6 | 4.9 | 17.0 |
| M-1+ (M-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks) | 7.3 | 2.2 | -1.8 | 1.0 | 10.8 |
| M-2 (M-1 plus time deposits at commercial banks other than large CD's) | 9.1 | 7.1 | 4.5 | 6.7 | 13.8 |
| M-3 (M-2 plus deposits at thrift institutions) | 10.5 | 8.4 | 6.3 | 7.3 | 10.8 |
| M-4 (M-2 plus CD's) | 10.3 | 7.7 | 5.4 | 3.7 | 7.5 |
| M-5 (M-3 plus CD's) | 11.1 | 8.8 | 6.7 | 5.5 | 7.2 |
| <u>Bank Credit</u> | | | | | |
| Loans and investments of all commercial banks ^{2/} | | | | | |
| Month-end basis | 11.9 | 12.5 | 11.7 | 10.2 | 13.6 |
| Monthly average | 12.1 | 12.7 | 12.1 | 10.1 | 12.9 |
| <u>Short-term Market Paper</u> (Monthly average change in billions) | | | | | |
| Large CD's | 1.4 | 1.0 | 1.1 | -1.8 | -4.0 |
| Nonbank commercial paper | 0.3 | 0.5 | 0.7 | 1.0 | 1.6 |

^{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

(8) The table below presents for Committee consideration three alternative specifications for the monetary aggregates and the Federal funds rate for the May-June period. Alternative B would maintain the Federal funds rate at the current 10-1/4 per cent level, while alternatives A and C, respectively, would ease and tighten money market conditions in coming weeks. (More detailed and longer-term data are contained in the tables on pp. 7 and 8.)

| | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
|---|----------------|---------------|----------------|
| Ranges for May-June | | | |
| M-1 | 1 to 5 | 1/2 to 4-1/2 | 0 to 4 |
| M-2 | 4-1/2 to 8-1/2 | 4 to 8 | 3-1/2 to 7-1/2 |
| Federal funds rate (Intermeeting period) | 9-1/2 to 10 | 10 to 10-1/2 | 10-1/2 to 11 |

(9) The unwinding of the Treasury lag in processing April individual income tax payments and of the recent bulge in the payment of tax refunds will be retarding the growth rate of M-1 over the balance of the current quarter. Partly because of these special factors, M-1 growth is expected to be quite slow in the May-June period. Under alternative B, with the funds rate remaining at the prevailing level of around 10-1/4 per cent, M-1 is likely to increase over the two-month policy period in a 1/2 to 4-1/2 per cent annual rate range.

Alternative Levels and Growth Rates for Key Monetary Aggregates

| | | <u>M-1^{1/}</u> | | | <u>M-2</u> | | |
|---------------------------|-----------------|-------------------------|---------------|---------------|---------------|---------------|---------------|
| | | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
| 1979 | April | 364.1 | 364.1 | 364.1 | 889.6 | 889.6 | 889.6 |
| | May | 364.2 | 364.1 | 364.0 | 893.4 | 893.1 | 892.8 |
| | June | 365.9 | 365.6 | 365.3 | 899.1 | 898.4 | 897.7 |
| 1978 | QIV | 361.0 | 361.0 | 361.0 | 873.2 | 873.2 | 873.2 |
| 1979 | QI | 359.1 | 359.1 | 359.1 | 877.1 | 877.1 | 877.1 |
| | QII | 364.7 | 364.6 | 364.5 | 894.0 | 893.7 | 893.4 |
| | QIII | 370.2 | 369.9 | 369.6 | 911.5 | 910.8 | 910.2 |
| | QIV | 374.7 | 374.7 | 374.7 | 927.9 | 927.9 | 927.8 |
| <u>Growth Rates</u> | | | | | | | |
| <u>Monthly:</u> | | | | | | | |
| 1979 | May | 0.3 | 0.0 | -0.3 | 5.1 | 4.7 | 4.3 |
| | June | 5.6 | 4.9 | 4.3 | 7.7 | 7.1 | 6.6 |
| <u>Quarterly Average:</u> | | | | | | | |
| 1979 | QI | -2.1 | -2.1 | -2.1 | 1.8 | 1.8 | 1.8 |
| | QII | 6.2 | 6.1 | 6.0 | 7.7 | 7.6 | 7.4 |
| | QIII | 6.0 | 5.8 | 5.6 | 7.8 | 7.7 | 7.5 |
| | QIV | 4.9 | 5.2 | 5.5 | 7.2 | 7.5 | 7.7 |
| <u>Semi-Annual:</u> | | | | | | | |
| | QIV '78-QII '79 | 2.0 | 2.0 | 1.9 | 4.8 | 4.7 | 4.6 |
| | QII '79-QIV '79 | 5.5 | 5.5 | 5.6 | 7.6 | 7.7 | 7.7 |
| <u>Annual:</u> | | | | | | | |
| | QIV '78-QIV '79 | 3.8 | 3.8 | 3.8 | 6.3 | 6.3 | 6.3 |

^{1/} The staff has assumed that over the longer-run policy period from QIV '78 to QIV '79 M-1 growth will be reduced by about 2½ percentage points by ATS.

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. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
| 1979 | April | 1531.2 | 1531.2 | 1531.2 | 1028.1 | 1028.1 | 1028.1 |
| | May | 1537.3 | 1536.9 | 1536.5 | 1036.9 | 1036.9 | 1036.9 |
| | June | 1546.1 | 1545.1 | 1544.2 | 1045.5 | 1045.1 | 1044.7 |
| 1978 | QIV | 1492.7 | 1492.7 | 1492.7 | 978.7 | 978.7 | 978.7 |
| 1979 | QI | 1510.3 | 1510.3 | 1510.3 | 1009.8 | 1009.8 | 1009.8 |
| | QII | 1538.2 | 1537.7 | 1537.3 | 1036.8 | 1036.7 | 1036.6 |
| | QIII | 1564.8 | 1563.7 | 1562.7 | 1063.3 | 1062.4 | 1061.4 |
| | QIV | 1590.6 | 1590.5 | 1590.3 | 1085.4 | 1083.4 | 1081.4 |

Growth Rates

Monthly:

| | | | | | | | |
|------|------|-----|-----|-----|------|------|------|
| 1979 | May | 4.8 | 4.5 | 4.2 | 10.3 | 10.3 | 10.3 |
| | June | 6.9 | 6.4 | 6.0 | 10.0 | 9.5 | 9.0 |

Quarterly Average:

| | | | | | | | |
|------|------|-----|-----|-----|------|------|------|
| 1979 | QI | 4.7 | 4.7 | 4.7 | 12.7 | 12.7 | 12.7 |
| | QII | 7.4 | 7.3 | 7.2 | 10.7 | 10.7 | 10.6 |
| | QIII | 6.9 | 6.8 | 6.6 | 10.2 | 9.9 | 9.6 |
| | QIV | 6.6 | 6.9 | 7.1 | 8.3 | 7.9 | 7.5 |

Semi-Annual:

| | | | | | | |
|-----------------|-----|-----|-----|------|------|------|
| QIV '78-QII '79 | 6.1 | 6.0 | 6.0 | 11.9 | 11.9 | 11.8 |
| QII '79-QIV '79 | 6.8 | 6.9 | 6.9 | 9.4 | 9.0 | 8.6 |

Annual:

| | | | | | | |
|-----------------|-----|-----|-----|------|------|------|
| QIV '78-QIV '79 | 6.6 | 6.6 | 6.5 | 10.9 | 10.7 | 10.5 |
|-----------------|-----|-----|-----|------|------|------|

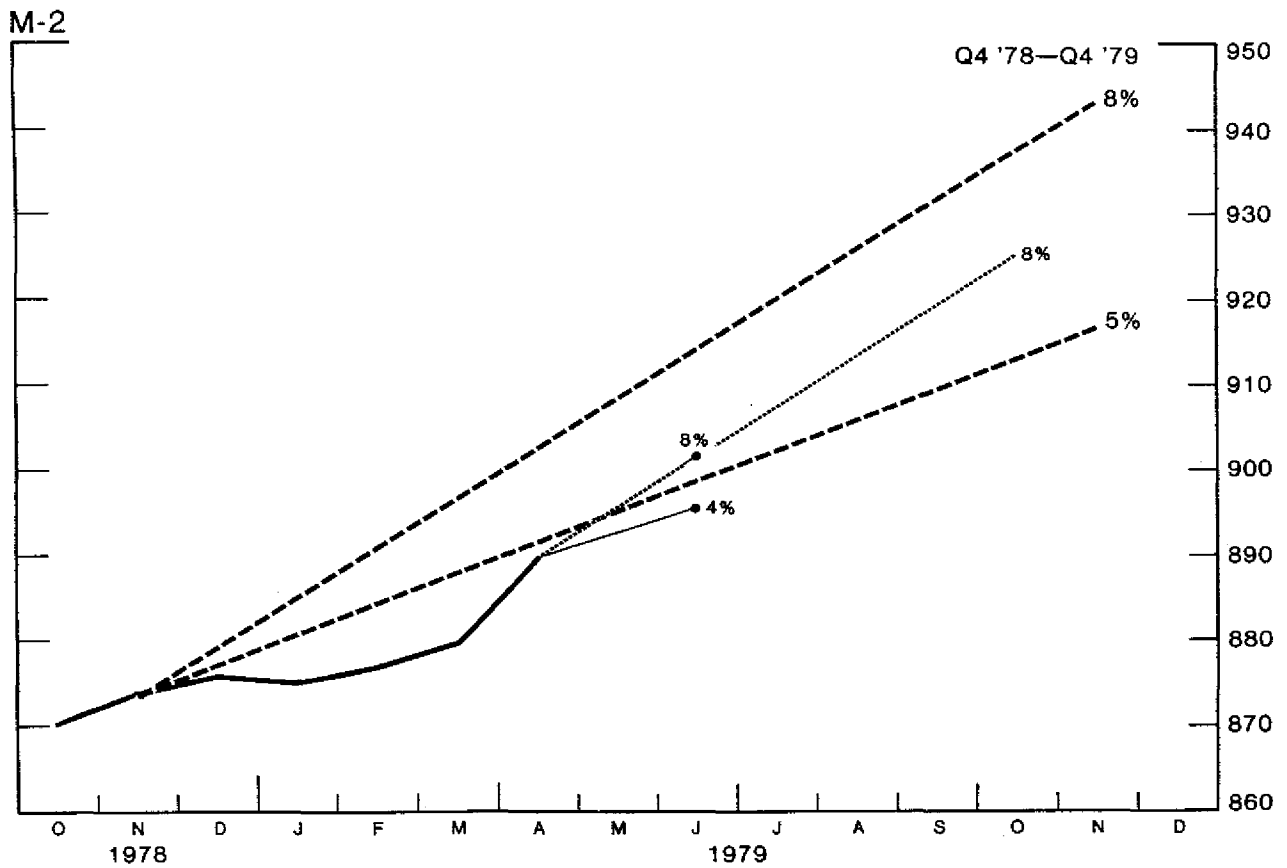
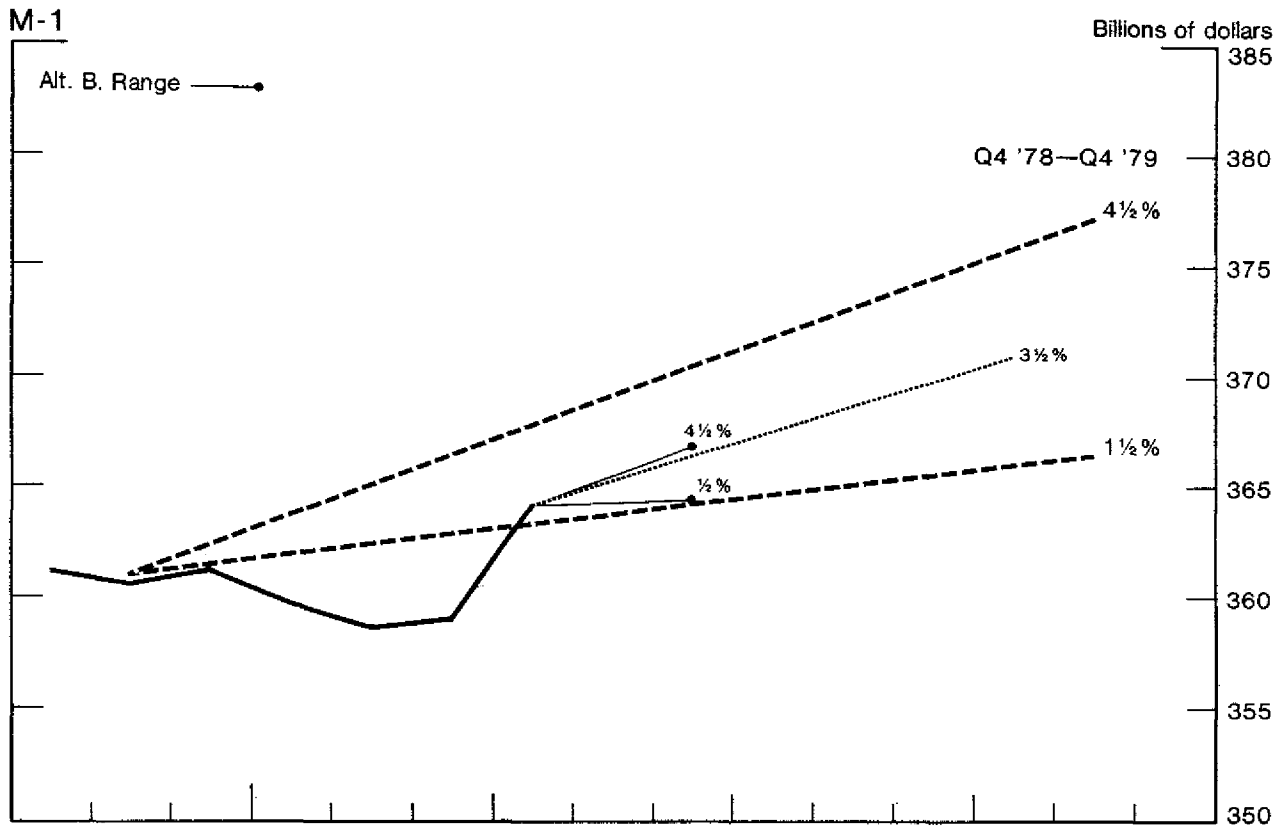
(10) As illustrated in the upper panel of the chart on page 10, the April increase in M-1 raised the level of that aggregate to just above the low end path of its longer-run QIV '78 to QIV '79 range. Growth in M-1 at the lower end of its projected May-June alternative B range would place the level of this aggregate by June around the lower limit of its longer-run range while growth at the upper end of the range would move the aggregate higher in the range, though not quite to the midpoint. (The table on p. 11 shows growth rates from April required to achieve levels implied by the FOMC's longer-run ranges).

(11) Under alternative B, the staff expects M-2 to expand in a 4 to 8 per cent annual rate range in May-June. Growth at the midpoint of that range would bring M-2 to the low-end path of the Committee's QIV '78 to QIV '79 objective for this aggregate by mid-year.

(12) Although growth in M-2 over the balance of this quarter will be retarded by the slowing of M-1 growth, the interest-bearing component is expected to remain relatively strong. Not only is the decline in savings deposits likely to remain more modest than earlier this year, but also banks are expected to retain an enlarged share of the MMC market in view of the recent elimination of the rate ceiling differential on these deposits. Large denomination time deposits are not expected to contribute to growth in M-2 in the near-term because banks will probably continue to rely on Eurodollar and other nondeposit funds to finance their credit expansion.

(13) Looking ahead to the whole QIV '78-QIV '79 policy period, the staff expects growth in both M-1 and M-2 to be within the Committee's

Growth Ranges and Actual M-1 and M-2



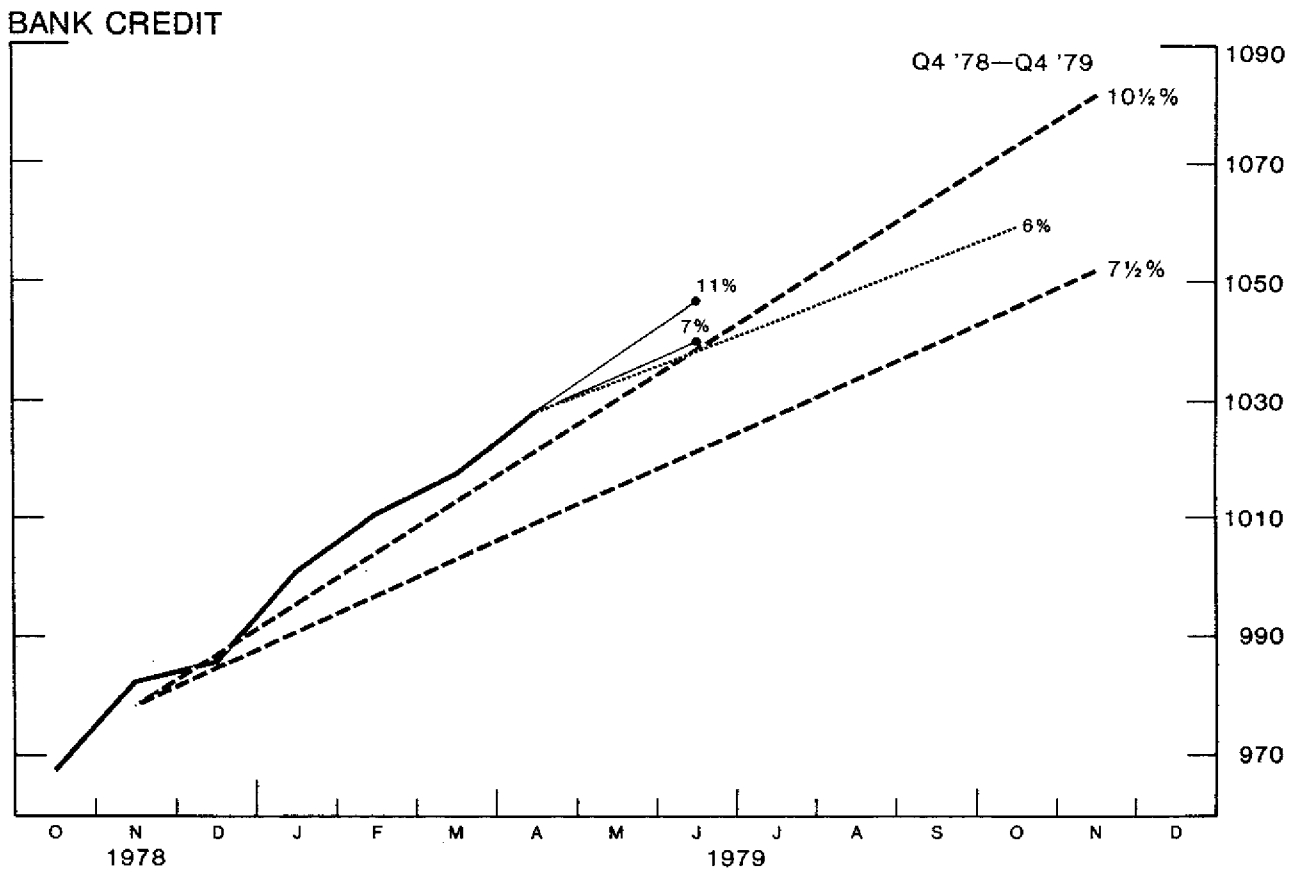
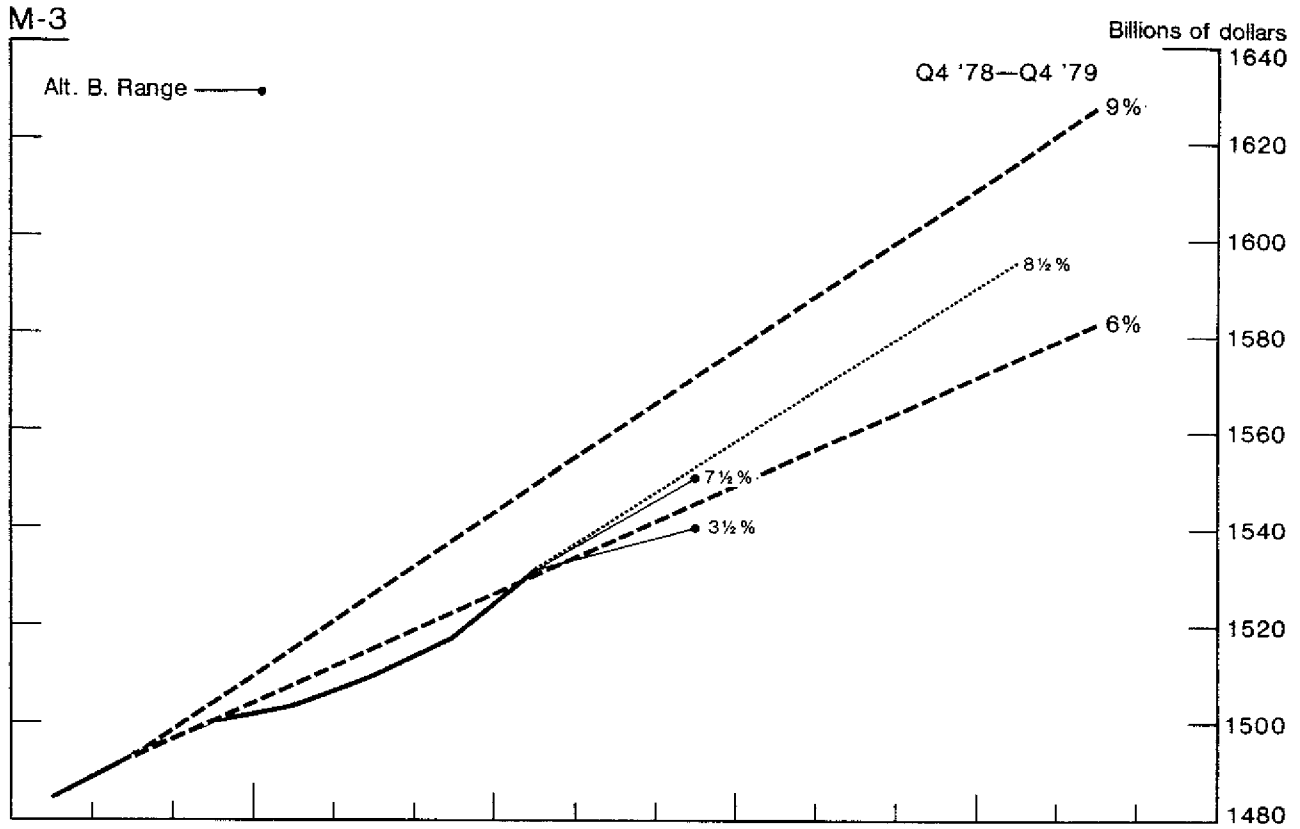
Growth Rates from April Required to Achieve Levels
Implied by FOMC Longer-Run Ranges
for M-1 and M-2

| | <u>Low End of Range</u> | <u>Midpoint of Range</u> | <u>High End of Range</u> |
|---|-----------------------------|------------------------------|------------------------------|
| Achieve level by: | | | |
| | | <u>M-1</u> | |
| June 1979 (in 2 mos.) | 0.2 | 5.3 | 10.5 |
| October 1979 (in 6 mos.) | 1.0 | 3.7 | 6.5 |
| QIV '79 (end-point of longer-run ranges) | 1.1 | 3.6 | 6.2 |
| | | <u>M-2</u> | |
| June 1979 (in 2 mos.) | 6.1 | 11.3 | 16.4 |
| October 1979 (in 6 mos.) | 5.3 | 8.0 | 10.7 |
| QIV '79 (end-point of longer-run ranges) | 5.3 | 7.8 | 10.3 |

longer-run ranges, on balance, with little change in interest rates, given the GNP projection. With respect to M-1, this assumes further that in the second half of 1979 demand deposits shift to ATS accounts at a rate that depresses M-1 growth by about 2 percentage points (annual rate) and that the public also continues to economize on M-1 holdings through shifts to other assets, though at a slower pace than seems to have been the case thus far this year. There is substantial uncertainty about both of these assumptions, however, in part because of possible repercussions on bank and public attitudes toward ATS and similar accounts of the recent court ruling that would forbid such accounts after the end of this year unless the Congress acts to authorize them. Bank credit growth over the year may be slightly above the targeted range. At present, bank credit appears to be running well above the upper end of its longer-run range; however, loan demand is projected to be lower in the second half of the year as the economy grows at a slow pace, and this should work to bring bank credit growth down closer to its longer-run range.

(14) In contrast to banks, thrift institutions' deposit flows are expected to remain relatively weak, although above the exceptionally low April rate of growth. The mid-March regulatory actions have apparently had a larger than expected impact on the ability of thrifts to issue MMCs--the major vehicle through which their deposit inflows had been maintained since mid-1978. Despite the lower than expected thrift deposit inflows, the more rapid growth of the commercial bank deposit component of M-3 is likely to keep the rate of expansion of this aggregate near the low-end of its longer-run range, as shown in the chart on page 13.

Growth Ranges and Actual M-3 and Bank Credit



(15) Under alternative B, market interest rates are expected to show little net change, although markets remain highly sensitive to incoming information on prices, economic activity, energy, and the money supply. Short-term credit demands from business may remain fairly strong over the next few weeks but--with the exception of a very short-term cash management bill offering in early June--the Treasury is not expected to raise any new cash in the bill market over the balance of the quarter. In the long-term area, offerings of corporate and State and local government bonds are expected to be moderate for the rest of the quarter. The Treasury will likely be out of the longer-term market over the balance of the quarter, meeting its needs in coupon markets with comparatively small additions to the regular 2-year note cycle offerings. In the mortgage market, however, yields can be expected to continue rising as available supplies of credit are constrained by the reduced deposit flows to thrift institutions.

(16) Alternative C contemplates a rise in the Federal funds rate to the midpoint of a $10\frac{1}{2}$ to 11 per cent range. Growth in M-1 and M-2 would likely be in an annual rate range of 0 to 4 and $3\frac{1}{2}$ to $7\frac{1}{2}$ per cent, respectively. Short-term interest rates would increase as the funds rate rises. Treasury bill rates could come under particular upward pressure if the dollar strengthens on exchange markets and foreign central banks in consequence engage in substantial support operations. In the short-run, long-term rates would also likely rise; however, such increases might be moderated if the market came to believe that a tightening action now will hasten the ultimate peak in interest rates.

(17) Alternative A calls for a decline in the funds rate over the intermeeting period to the midpoint of a $9\frac{1}{2}$ to 10 per cent range. Growth in M-1 and M-2 would likely be in annual rate ranges of 1 to 5 and $4\frac{1}{2}$ to $8\frac{1}{2}$ per cent, respectively. An easing action at this time would

be unexpected by the market and hence could induce a sharp decline in short-term interest rates. On the other hand, market concerns about the inflationary outlook might moderate the impact of an easing action on longer-term yields. Similar concerns might also induce some weakness of the dollar in exchange markets.

Directive language

(18) Given below are suggested operational paragraphs for the directive in the customary form. Alternative language consistent with the short-run specifications of the alternatives discussed in the preceding section is shown for the Committee's objective for the Federal funds rate early in the period. At a later point, alternative language is also provided for placing main emphasis either on monetary aggregates or on money market conditions. The specifications adopted last month are shown in strike-through form.

In the short-run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to the program for supporting the foreign exchange value of the dollar and to developing conditions in domestic financial markets. Early in the period before the next regular meeting, System open market operations are to be directed at maintaining the (or ATTAINING A) weekly average Federal funds rate

- (A) SLIGHTLY BELOW THE CURRENT LEVEL.
- (B) at about the current level.
- (C) SLIGHTLY ABOVE THE CURRENT LEVEL.

Subsequently, operations shall be directed at maintaining the weekly average Federal funds rate within the range of ~~9½-10½~~ ____ TO ____ per cent. In deciding on the specific objective for the Federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the ~~April-May~~ MAY-JUNE period of M-1 and M-2 and the following ranges of tolerance: ~~4-6-8~~ ____ TO ____ per cent for M-1 and

~~4-20-81~~ ____ TO ____ per cent for M-2. If, with approximately equal weight given to M-1 and M-2, their rates of growth appear to be

Monetary aggregates emphasis

SIGNIFICANTLY ABOVE OR BELOW THE MIDPOINTS

Money market emphasis

close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate is to be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be above the upper limit or below the lower limit of the indicated ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager will promptly notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

Appendix I

Implied Velocity Growth Rates

| | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
|----------------------|---------------|---------------|---------------|
| <u>V-1 (GNP/M-1)</u> | | | |
| 1978--III | 1.4 | 1.4 | 1.4 |
| IV | 10.5 (9.4) | 10.5 (9.4) | 10.5 (9.4) |
| 1979--I | 11.3 (8.5) | 11.3 (8.5) | 11.3 (8.5) |
| II | 5.2 (3.4) | 5.3 (3.5) | 5.5 (3.6) |
| III | 2.1 (0.1) | 2.3 (0.3) | 2.5 (0.4) |
| IV | 4.5 (2.7) | 4.2 (2.4) | 3.9 (2.1) |
| <u>V-2 (GNP/M-2)</u> | | | |
| 1978--III | -0.5 | -0.5 | -0.5 |
| IV | 6.9 | 6.9 | 6.9 |
| 1979--I | 7.4 | 7.4 | 7.4 |
| II | 3.7 | 3.9 | 4.0 |
| III | 0.3 | 0.5 | 0.6 |
| IV | 2.3 | 2.0 | 1.7 |

Note: Figures in parentheses reflect V-1 without ATS.

Appendix II

Revisions in the Monetary Aggregates

Benchmark adjustments for domestic nonmember banks have been incorporated into the money stock series and related data. The benchmark adjustments are based on the September 1978 call report. The adjustments were minor, lowering the level of M1 about \$200 million in September 1978 and by lesser amounts in earlier and subsequent months.^{1/} The benchmarking also lowered the level of M2 about \$600 million in September 1978 and \$300 million in April 1979.

The impacts of the benchmark adjustments on monthly, quarterly and annual growth rates are shown in Table II-1. In general, monthly growth rates were lowered slightly in the third quarter of 1978 and were unchanged or raised somewhat in the fourth quarter of 1978 and the first quarter of 1979. M1 growth for the year 1978 was reduced 0.1 of a percentage point from 7.3 to 7.2 per cent and M2 growth was reduced from an 8.5 per cent annual rate of growth to 8.4 per cent.

^{1/} The benchmark adjustments also incorporate estimates of the level of domestic nonmember bank deposits in December 1978 and March 1979 derived from the FDIC's sample of insured nonmember banks. Data from this sample are available only with a lag and are not incorporated into published money stock measures on a regular basis.

Table II-1

Comparison of Growth Rates-Old and Revised
Money Stock Measures
(per cent annual rate)

| | M1 | | | M2 | | |
|------------------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| | <u>Old Series</u> | <u>Revised Series</u> | <u>Difference</u> | <u>Old Series</u> | <u>Revised Series</u> | <u>Difference</u> |
| Annual ^{1/} 1978 | 7.3 | 7.2 | -0.1 | 8.5 | 8.4 | -0.1 |
| Quarterly | | | | | | |
| 1978-III | 8.1 | 7.9 | -0.2 | 9.9 | 9.8 | -0.1 |
| IV | 4.4 | 4.1 | -0.3 | 7.7 | 7.6 | -0.1 |
| 1979 I | -2.4 | -2.1 | 0.3 | 1.6 | 1.8 | 0.2 |
| Monthly | | | | | | |
| 1978 June | 6.2 | 6.2 | 0.0 | 8.5 | 8.5 | 0.0 |
| July | 6.8 | 6.5 | -0.3 | 8.7 | 8.5 | -0.2 |
| Aug. | 8.5 | 7.8 | -0.7 | 11.6 | 11.2 | -0.4 |
| Sept. | 13.8 | 13.5 | -0.3 | 13.0 | 12.8 | -0.2 |
| Oct. | 1.7 | 1.7 | 0.0 | 6.5 | 6.4 | -0.1 |
| Mar. | -2.0 | -2.0 | 0.0 | 4.7 | 4.8 | 0.1 |
| Dec. | 1.7 | 2.0 | 0.3 | 2.7 | 2.9 | 0.2 |
| 1979 Jan. | -5.3 | -5.0 | 0.3 | -1.2 | -1.1 | 0.1 |
| Feb. | -3.7 | -3.7 | 0.0 | 2.3 | 2.3 | 0.0 |
| Mar. | 0.7 | 1.3 | 0.6 | 3.7 | 3.8 | 0.1 |
| April | 17.4 | 17.0 | -0.4 | 13.8 | 13.8 | 0.0 |

Table 1

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-1+ | M-2 | M-3 | M-4 | M-5 | M-6 | M-7 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | (PER CENT ANNUAL RATES OF GROWTH) | | | | | | | | | | | |
| ANNUALLY: ^{2/} | | | | | | | | | | | | |
| ----- | | | | | | | | | | | | |
| 1976 | 0.6 | 0.8 | 6.7 | 8.0 | 5.8 | 12.6 | 10.9 | 12.7 | 7.1 | 10.2 | 9.9 | 9.9 |
| 1977 | 5.3 | 3.0 | 8.3 | 11.2 | 7.0 | 9.3 | 9.8 | 11.7 | 10.1 | 11.7 | 11.5 | 11.6 |
| 1978 | 6.6 | 6.7 | 9.1 | 12.4 | 7.2 | 5.3 | 8.4 | 9.3 | 10.4 | 10.5 | 10.2 | 11.5 |
| SEMI-ANNUALLY: ^{2/} | | | | | | | | | | | | |
| 2ND HALF 1977 | 6.9 | 3.0 | 9.2 | 10.7 | 9.1 | 7.5 | 9.1 | 11.1 | 10.3 | 11.8 | 12.0 | 12.0 |
| 1ST HALF 1978 | 7.6 | 7.6 | 8.8 | 12.7 | 6.0 | 6.2 | 7.7 | 8.3 | 10.6 | 10.0 | 10.1 | 11.5 |
| 2ND HALF 1978 | 5.5 | 5.6 | 9.0 | 11.3 | 6.1 | 4.4 | 8.8 | 9.0 | 9.7 | 10.4 | 9.9 | 10.8 |
| QUARTERLY: | | | | | | | | | | | | |
| 2ND QTR. 1978 | 10.4 | 2.7 | 9.0 | 17.0 | 10.8 | 8.6 | 9.7 | 9.4 | 11.2 | 10.3 | 10.2 | 11.2 |
| 3RD QTR. 1978 | 6.2 | 6.7 | 9.8 | 11.1 | 9.3 | 7.5 | 10.9 | 11.4 | 10.7 | 11.3 | 10.8 | 10.7 |
| 4TH QTR. 1978 | 0.5 | 2.4 | 7.3 | 7.9 | 0.6 | -1.6 | 4.7 | 7.1 | 7.7 | 8.7 | 9.0 | 11.4 |
| 1ST QTR. 1979 | -4.4 | -5.7 | 4.2 | 14.1 | -2.4 | -5.2 | 1.7 | 4.6 | 2.5 | 5.0 | 6.3 | 8.7 |
| QUARTERLY-AV: | | | | | | | | | | | | |
| 2ND QTR. 1978 | 6.2 | 0.6 | 7.6 | 14.9 | 9.2 | 7.2 | 9.4 | 9.4 | 10.6 | 9.8 | 9.8 | 10.9 |
| 3RD QTR. 1978 | 9.6 | 6.6 | 9.3 | 11.8 | 7.9 | 6.1 | 9.8 | 10.3 | 9.9 | 10.4 | 9.7 | 10.0 |
| 4TH QTR. 1978 | 2.3 | 4.6 | 8.4 | 10.6 | 4.1 | 2.6 | 7.6 | 9.3 | 9.3 | 10.2 | 9.9 | 11.4 |
| 1ST QTR. 1979 | -2.9 | -3.2 | 5.7 | 13.1 | -2.1 | -5.0 | 1.8 | 4.7 | 4.5 | 6.2 | 8.0 | 10.5 |
| MONTHLY: | | | | | | | | | | | | |
| ----- | | | | | | | | | | | | |
| 1978--APR. | 9.2 | 1.3 | 7.8 | 19.9 | 16.4 | 12.1 | 11.2 | 9.9 | 13.0 | 11.0 | 11.0 | 12.2 |
| MAY | 11.0 | -8.0 | 10.5 | 16.6 | 9.7 | 8.4 | 9.2 | 8.6 | 11.9 | 10.4 | 10.6 | 11.6 |
| JUNE | 11.6 | 15.6 | 8.6 | 13.7 | 6.2 | 5.2 | 8.5 | 9.4 | 8.3 | 9.2 | 8.8 | 9.7 |
| JULY | 14.8 | 8.5 | 10.6 | 10.1 | 6.5 | 3.1 | 8.5 | 9.5 | 9.4 | 10.0 | 8.2 | 8.4 |
| AUG. | -5.0 | 0.2 | 5.2 | 7.6 | 7.8 | 7.2 | 11.2 | 11.2 | 9.6 | 10.3 | 9.7 | 9.4 |
| SEPT. | 8.6 | 11.2 | 13.5 | 15.3 | 13.5 | 12.1 | 12.9 | 13.3 | 12.7 | 13.2 | 14.1 | 13.0 |
| OCT. | 5.1 | -1.2 | 8.0 | 10.2 | 1.7 | 0.8 | 6.4 | 8.7 | 5.9 | 8.3 | 7.1 | 8.8 |
| NOV. | -3.6 | 13.4 | 5.7 | 12.7 | -2.0 | -4.5 | 4.8 | 6.7 | 12.9 | 11.6 | 9.8 | 12.7 |
| DEC. | -0.1 | -4.9 | 7.9 | 0.4 | 2.0 | -1.2 | 2.9 | 5.6 | 4.1 | 6.1 | 9.8 | 12.5 |
| 1979--JAN. | 6.0 | 2.2 | 9.6 | 25.3 | -5.0 | -8.0 | -1.1 | 2.9 | 3.8 | 5.6 | 8.6 | 11.0 |
| FEB. | -21.0 | -20.6 | -0.5 | 13.9 | -3.7 | -6.6 | 2.3 | 4.8 | 4.1 | 5.8 | 6.3 | 8.7 |
| MAR. | 1.9 | 1.3 | 4.6 | 6.8 | 1.3 | -1.2 | 3.8 | 6.2 | -0.4 | 3.5 | 3.8 | 6.3 |
| APR. P | -4.9 | -2.8 | 4.9 | 13.6 | 17.5 | 10.8 | 13.8 | 10.8 | 7.5 | 7.2 | 6.8 | 9.1 |

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

Table 2

MAY 18, 1979

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-1+ | M-2 | M-3 | M-4 | M-5 | M-6 | M-7 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| ANNUALLY: | | | | | | | | | | | | |
| 1976 | 37,013 | 36,960 | 120,572 | 788.9 | 313.8 | 517.2 | 749.6 | 1235.6 | 803.0 | 1299.0 | 1436.1 | 1483.8 |
| 1977 | 38,923 | 38,354 | 130,640 | 975.5 | 338.7 | 560.6 | 909.4 | 1374.3 | 883.1 | 1449.0 | 1601.8 | 1658.1 |
| 1978 | 41,271 | 40,403 | 142,381 | 981.5 | 361.2 | 587.1 | 875.8 | 1500.1 | 972.4 | 1596.7 | 1765.9 | 1851.0 |
| MONTHLY: | | | | | | | | | | | | |
| 1978--APP. | 39,843 | 39,286 | 134,350 | 913.5 | 347.9 | 572.1 | 830.3 | 1411.9 | 913.8 | 1495.3 | 1655.0 | 1722.2 |
| MAY | 40,208 | 38,996 | 135,525 | 926.1 | 350.7 | 576.1 | 835.7 | 1422.0 | 922.0 | 1508.2 | 1669.6 | 1738.8 |
| JUNE | 40,597 | 39,503 | 136,494 | 936.7 | 352.5 | 578.6 | 842.6 | 1433.1 | 929.3 | 1519.8 | 1681.9 | 1752.8 |
| JULY | 41,099 | 39,782 | 137,699 | 944.6 | 354.4 | 580.1 | 848.6 | 1444.5 | 936.6 | 1532.5 | 1693.4 | 1765.1 |
| AUG. | 40,928 | 39,788 | 138,290 | 950.6 | 356.7 | 583.6 | 856.5 | 1458.0 | 944.1 | 1545.6 | 1707.1 | 1778.9 |
| SEPT. | 41,223 | 40,163 | 139,841 | 962.7 | 360.7 | 589.5 | 865.6 | 1474.1 | 954.1 | 1562.6 | 1727.2 | 1799.5 |
| OCT. | 41,399 | 40,122 | 140,777 | 971.0 | 361.2 | 589.9 | 870.2 | 1484.8 | 958.8 | 1573.4 | 1737.4 | 1812.7 |
| NOV. | 41,274 | 40,570 | 141,450 | 981.3 | 360.6 | 587.7 | 873.7 | 1493.1 | 969.1 | 1588.6 | 1751.6 | 1831.9 |
| DEC. | 41,271 | 40,403 | 142,381 | 981.5 | 361.2 | 587.1 | 875.8 | 1500.1 | 972.4 | 1596.7 | 1765.9 | 1851.0 |
| 1979--JAN. | 41,479 | 40,476 | 143,400 | 1002.2 | 359.7 | 583.2 | 875.0 | 1503.7 | 975.5 | 1604.1 | 1778.6 | 1867.9 |
| FEB. | 40,754 | 39,781 | 143,345 | 1011.3 | 358.6 | 580.0 | 875.7 | 1509.7 | 978.8 | 1611.8 | 1788.0 | 1881.4 |
| MAR. | 40,815 | 39,825 | 143,893 | 1016.2 | 359.0 | 579.4 | 879.5 | 1517.5 | 978.5 | 1616.5 | 1793.7 | 1891.3 |
| APR. P | 40,650 | 39,733 | 144,485 | 1027.7 | 364.1 | 584.6 | 889.6 | 1531.2 | 984.6 | 1626.2 | 1803.8 | 1905.6 |
| WEEKLY: | | | | | | | | | | | | |
| 1979--MAR. | 21 | 40,949 | 39,925 | 143,972 | 359.6 | 580.0 | 879.4 | | 978.2 | | | |
| | 28 | 40,302 | 39,220 | 143,575 | 358.8 | 573.6 | 880.5 | | 977.5 | | | |
| APR. | 4 | 40,770 | 39,903 | 144,453 | 359.7 | 579.9 | 882.8 | | 979.0 | | | |
| | 11 | 40,118 | 39,490 | 143,458 | 361.5 | 582.6 | 885.5 | | 982.5 | | | |
| | 18 | 40,917 | 39,969 | 144,655 | 365.8 | 586.5 | 890.9 | | 986.1 | | | |
| | 25 | 40,461 | 39,470 | 144,324 | 365.8 | 586.2 | 892.2 | | 986.5 | | | |
| MAY | 29 | 41,182 | 39,975 | 145,377 | 364.0 | 583.6 | 891.5 | | 984.8 | | | |
| | 99 | 40,612 | 39,123 | 144,558 | 364.8 | 584.4 | 893.3 | | 985.6 | | | |
| | 169 | 40,636 | 38,878 | 144,920 | | | | | | | | |

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. DATA SHOWN IN MILLIONS OF DOLLARS.

Table 3

MAY 18, 1979

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

| Period | Currency | Demand Deposits | Time and Savings Deposits | | | | CD's | 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 | | | | | | | | |
| | | | | Total | Savings | Other | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| (Per cent annual rates of growth) | | | | | | | | | | | | |
| ANNUALLY: ^{2/} | | | | | | | | | | | | |
| 1976 | 9.5 | 4.6 | 8.1 | 15.0 | 25.0 | 7.5 | -23.3 | 15.4 | 17.8 | 6.9 | 7.1 | 12.1 |
| 1977 | 9.3 | 7.4 | 11.4 | 11.2 | 11.1 | 11.4 | 12.8 | 14.0 | 19.5 | 6.6 | 12.6 | 13.5 |
| 1978 | 10.0 | 6.1 | 12.4 | 9.4 | 2.2 | 15.6 | 32.9 | 10.2 | 15.0 | 5.5 | 10.8 | 46.9 |
| SEMI-ANNUALLY: ^{2/} | | | | | | | | | | | | |
| 2ND HALF 1977 | 10.0 | 7.3 | 11.7 | 9.8 | 6.4 | 12.9 | 25.6 | 13.6 | 20.1 | 6.5 | 22.9 | 12.5 |
| 1ST HALF 1978 | 9.3 | 7.6 | 12.2 | 7.6 | 2.9 | 11.7 | 42.6 | 8.5 | 17.0 | 6.0 | 14.8 | 53.1 |
| 2ND HALF 1978 | 10.2 | 4.5 | 12.0 | 10.7 | 1.5 | 18.4 | 19.0 | 11.5 | 12.0 | 4.9 | 6.3 | 32.1 |
| QUARTERLY: | | | | | | | | | | | | |
| 2ND QTR. 1978 | 7.9 | 11.9 | 11.4 | 8.9 | 4.7 | 12.5 | 25.5 | 8.3 | 14.0 | 5.7 | 13.9 | 36.3 |
| 3RD QTR. 1978 | 11.7 | 8.5 | 11.6 | 12.1 | 4.5 | 18.5 | 8.3 | 12.1 | 13.5 | 4.6 | 8.2 | 7.3 |
| 4TH QTR. 1978 | 9.7 | -2.7 | 11.9 | 7.7 | -5.3 | 18.1 | 36.6 | 10.7 | 7.7 | 4.0 | 17.4 | 70.9 |
| 1ST QTR. 1979 | 7.8 | -6.4 | 5.4 | 4.6 | -9.5 | 15.5 | 9.9 | 9.5 | 1.5 | 0.0 | 36.1 | 59.3 |
| QUARTERLY-AV: | | | | | | | | | | | | |
| 2ND QTR. 1978 | 8.0 | 9.7 | 11.5 | 7.9 | 3.8 | 11.4 | 33.5 | 7.8 | 15.9 | 5.7 | 12.5 | 42.2 |
| 3RD QTR. 1978 | 9.6 | 7.3 | 11.3 | 11.0 | 2.9 | 17.9 | 12.2 | 10.9 | 13.7 | 5.1 | 1.9 | 16.2 |
| 4TH QTR. 1978 | 10.6 | 1.7 | 12.3 | 10.2 | 0.2 | 18.2 | 25.0 | 11.8 | 10.1 | 4.5 | 10.6 | 46.2 |
| 1ST QTR. 1979 | 9.1 | -6.2 | 8.4 | 4.5 | -9.6 | 15.6 | 29.9 | 9.6 | 0.8 | 1.0 | 47.9 | 65.8 |
| MONTHLY: | | | | | | | | | | | | |
| 1978--APR. | 7.9 | 10.5 | 10.9 | 7.8 | 4.3 | 10.7 | 28.0 | 7.5 | 14.8 | 6.2 | 16.4 | 40.6 |
| MAY | 9.2 | 10.3 | 13.4 | 8.7 | 6.0 | 11.0 | 40.3 | 7.2 | 12.2 | 4.6 | 16.1 | 37.5 |
| JUNE | 6.5 | 5.6 | 9.6 | 10.1 | 3.8 | 15.5 | 7.0 | 10.1 | 14.5 | 6.1 | 5.8 | 27.7 |
| JULY | 9.1 | 5.5 | 11.0 | 9.8 | -3.2 | 20.7 | 18.0 | 11.1 | 11.9 | 6.1 | -21.6 | 13.5 |
| AUG. | 9.0 | 7.4 | 10.9 | 13.8 | 6.5 | 19.9 | -5.5 | 11.2 | 11.8 | 3.0 | 4.4 | 0.0 |
| SEPT. | 16.6 | 12.3 | 12.5 | 12.2 | 10.2 | 13.9 | 12.3 | 13.5 | 16.3 | 4.5 | 42.4 | 8.4 |
| OCT. | 7.6 | -0.9 | 8.5 | 10.0 | -0.5 | 18.5 | 1.4 | 12.5 | 9.2 | 4.5 | -14.1 | 51.5 |
| NOV. | 10.0 | -5.9 | 21.7 | 9.4 | -8.5 | 23.7 | 92.1 | 9.9 | 4.6 | 4.6 | -17.2 | 79.7 |
| DEC. | 11.2 | -1.4 | 5.3 | 3.5 | -7.0 | 11.2 | 15.1 | 9.5 | 9.1 | 3.0 | 85.6 | 70.2 |
| 1979--JAN. | 8.6 | -10.0 | 9.0 | 1.6 | -11.8 | 12.8 | 48.4 | 9.7 | -4.5 | 1.5 | 70.4 | 60.7 |
| FEB. | 8.6 | -8.3 | 8.6 | 6.5 | -12.0 | 20.0 | 19.1 | 9.6 | -6.8 | -1.5 | 23.0 | 55.1 |
| MAR. | 6.1 | -0.9 | -1.4 | 5.6 | -4.9 | 13.2 | -36.4 | 8.9 | 16.0 | 0.0 | 12.6 | 54.0 |
| APR. P | 9.7 | 20.3 | 1.9 | 11.5 | 0.0 | 19.8 | -48.5 | 6.0 | 15.8 | 0.0 | 5.0 | 51.6 |

^{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.

Table 4

MAY 18, 1979

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 Sec ^{1/} | Other Private Short-term Assets ^{1/ 2/} | 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: | | | | | | | | | | | | | | |
| 1976 | 80.8 | 233.0 | 489.2 | 426.7 | 202.1 | 224.7 | 62.4 | 456.1 | 38.9 | 71.9 | 66.7 | 47.7 | 51.0 | 11.4 |
| 1977 | 88.6 | 250.1 | 544.4 | 477.7 | 219.7 | 251.0 | 73.7 | 518.3 | 46.6 | 76.6 | 77.2 | 56.3 | 62.0 | 11.7 |
| 1978 | 97.5 | 263.7 | 611.2 | 514.6 | 223.0 | 291.5 | 96.6 | 571.2 | 53.1 | 80.6 | 88.6 | 85.0 | 79.7 | 15.4 |
| MONTHLY: | | | | | | | | | | | | | | |
| 1978--APR. | 91.3 | 256.6 | 565.9 | 482.5 | 221.7 | 260.8 | 83.4 | 532.3 | 49.2 | 78.2 | 81.5 | 67.2 | 65.7 | 10.2 |
| MAY | 92.0 | 258.8 | 572.2 | 486.0 | 222.8 | 263.2 | 86.2 | 535.5 | 49.8 | 78.5 | 82.8 | 69.3 | 66.2 | 8.3 |
| JUNE | 92.5 | 260.0 | 576.8 | 490.1 | 223.5 | 266.6 | 86.7 | 540.0 | 50.4 | 78.9 | 83.2 | 70.9 | 66.5 | 13.4 |
| JULY | 93.2 | 261.2 | 582.1 | 494.1 | 222.9 | 271.7 | 88.0 | 545.0 | 50.9 | 79.3 | 81.7 | 71.7 | 67.5 | 14.7 |
| AUG. | 93.9 | 262.8 | 587.4 | 499.8 | 224.1 | 275.7 | 87.6 | 550.1 | 51.4 | 79.5 | 82.0 | 71.7 | 69.7 | 16.8 |
| SEPT. | 95.2 | 265.5 | 593.5 | 504.9 | 226.0 | 279.9 | 88.5 | 556.3 | 52.1 | 79.9 | 84.9 | 72.2 | 70.8 | 16.7 |
| OCT. | 95.8 | 265.3 | 597.7 | 509.1 | 225.9 | 283.2 | 88.6 | 562.1 | 52.5 | 90.1 | 83.9 | 75.3 | 74.7 | 20.1 |
| NOV. | 96.6 | 264.0 | 608.5 | 513.1 | 224.3 | 288.8 | 95.4 | 566.7 | 52.7 | 80.4 | 82.7 | 80.3 | 73.5 | 21.0 |
| DEC. | 97.5 | 263.7 | 611.2 | 514.6 | 223.0 | 291.5 | 96.6 | 571.2 | 53.1 | 80.6 | 88.6 | 85.0 | 79.7 | 15.4 |
| 1979--JAN. | 98.2 | 261.5 | 615.8 | 515.3 | 220.8 | 294.6 | 100.5 | 575.8 | 52.9 | 80.7 | 93.8 | 89.3 | 81.7 | 14.7 |
| FEB. | 98.9 | 259.7 | 620.2 | 518.1 | 218.6 | 299.5 | 102.1 | 580.4 | 52.6 | 80.6 | 95.6 | 93.4 | 84.0 | 10.2 |
| MAR. | 99.4 | 259.5 | 619.5 | 520.5 | 217.7 | 302.8 | 99.0 | 584.7 | 53.3 | 80.6 | 96.6 | 97.6 | 88.4 | 9.4 |
| APR. P | 100.2 | 263.9 | 620.5 | 525.5 | 217.7 | 307.8 | 95.0 | 587.6 | 54.0 | 80.6 | 97.0 | 101.8 | 91.3 | 8.2 |
| WEEKLY: | | | | | | | | | | | | | | |
| 1979--MAR. 14 | 99.1 | 259.6 | 620.3 | 520.1 | 218.1 | 302.0 | 100.2 | | | | | | 93.1 | 7.1 |
| 21 | 99.4 | 260.2 | 618.6 | 519.8 | 217.6 | 302.2 | 98.8 | | | | | | 92.5 | 10.9 |
| 28 | 99.7 | 259.1 | 618.8 | 521.7 | 217.0 | 304.7 | 97.0 | | | | | | 83.8 | 9.5 |
| APR. 4 | 100.0 | 259.7 | 619.3 | 523.1 | 217.4 | 305.7 | 96.2 | | | | | | 88.4 | 8.1 |
| 11 | 99.8 | 261.7 | 621.0 | 525.1 | 218.2 | 306.9 | 95.9 | | | | | | 93.4 | 7.8 |
| 18 | 100.1 | 265.7 | 620.3 | 525.1 | 217.8 | 307.3 | 95.1 | | | | | | 92.8 | 8.7 |
| 25 | 100.2 | 265.7 | 620.7 | 526.3 | 217.5 | 308.8 | 94.4 | | | | | | 91.2 | 8.2 |
| MAY 22 | 100.4 | 263.6 | 620.9 | 527.5 | 216.8 | 310.7 | 93.4 | | | | | | 89.6 | 7.6 |
| 29 | 100.4 | 264.4 | 620.8 | 528.5 | 216.7 | 311.7 | 92.3 | | | | | | | 9.0 |

- 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 RP'S, AND OTHER MINOR ITEMS.
4/ INCLUDES TREASURY DEMAND DEPOSITS AT COMMERCIAL BANKS AND FEDERAL RESERVE BANKS AND TREASURY NOTE BALANCES.
P - PRELIMINARY

TABLE 5
SELECTED INTEREST RATES
(per cent)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
MAY 18, 1979

| | Short-Term | | | | | | | Long-Term | | | | | | | | |
|---------------|---------------|----------------|---------|------|---------------------|--------------------|-----------------|-------------------------------------|-------|-------|-------------------|------------------|----------------------|----------------|-----------|-----------|
| | Federal Funds | Treasury Bills | | | CD's New Issue- NYC | Comm. Paper 90-119 | Bank Prime Rate | U.S. Govt. Constant Maturity Yields | | | Corp.-Aaa Utility | | Municipal Bond Buyer | Home Mortgages | | |
| | | Market | Auction | | | | | 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) |
| 1978--High | 10.25 | 9.30 | 9.62 | 9.58 | 10.65 | 10.52 | 11.57 | 9.59 | 9.22 | 9.00 | 9.30 | 9.54 | 6.67 | 10.38 | 10.60 | 9.68 |
| Low | 6.58 | 6.16 | 6.55 | 6.42 | 6.65 | 6.68 | 7.75 | 7.40 | 7.72 | 8.01 | 8.61 | 8.48 | 5.58 | 8.98 | 9.13 | 8.43 |
| 1979--High | 10.59 | 9.65 | 9.68 | 9.63 | 10.46 | 10.57 | 11.75 | 9.60 | 9.34 | 9.30 | 9.87 | 9.94 | 6.58 | 10.68 | 10.88 | 10.05 |
| Low | 9.93 | 9.20 | 9.19 | 9.30 | 9.70 | 9.67 | 11.75 | 9.15 | 8.93 | 8.89 | 9.42 | 9.40 | 6.22 | 10.38 | 10.42 | 9.54 |
| 1978--Apr. | 6.89 | 6.29 | 6.96 | 6.70 | 6.84 | 6.82 | 8.00 | 7.85 | 8.06 | 8.32 | 8.90 | 8.85 | 5.80 | 9.36 | 9.44 | 8.71 |
| May | 7.36 | 6.41 | 7.28 | 7.02 | 7.20 | 7.06 | 8.27 | 8.07 | 8.25 | 8.44 | 8.95 | 8.98 | 6.03 | 9.57 | 9.66 | 8.90 |
| June | 7.60 | 6.73 | 7.53 | 7.20 | 7.66 | 7.59 | 8.63 | 8.30 | 8.40 | 8.53 | 9.09 | 9.07 | 6.22 | 9.70 | 9.91 | 9.05 |
| July | 7.81 | 7.01 | 7.79 | 7.47 | 8.00 | 7.85 | 9.00 | 8.54 | 8.55 | 8.69 | 9.14 | 9.18 | 6.28 | 9.74 | 10.01 | 9.15 |
| Aug. | 8.04 | 7.08 | 7.73 | 7.36 | 7.86 | 7.83 | 9.01 | 8.33 | 8.38 | 8.45 | 8.82 | 8.91 | 6.12 | 9.79 | 9.81 | 8.97 |
| Sept. | 8.45 | 7.85 | 8.01 | 7.95 | 8.34 | 8.39 | 9.41 | 8.41 | 8.42 | 8.47 | 8.86 | 8.86 | 6.09 | 9.76 | 9.79 | 9.04 |
| Oct. | 8.96 | 7.99 | 8.45 | 8.49 | 9.12 | 8.98 | 9.94 | 8.62 | 8.64 | 8.69 | 9.17 | 9.13 | 6.13 | 9.86 | 10.03 | 9.25 |
| Nov. | 9.76 | 8.64 | 9.20 | 9.20 | 10.15 | 10.14 | 10.94 | 9.04 | 8.80 | 8.75 | 9.27 | 9.27 | 6.19 | 10.11 | 10.30 | 9.39 |
| Dec. | 10.03 | 9.08 | 9.44 | 9.40 | 10.44 | 10.37 | 11.55 | 9.33 | 9.03 | 8.90 | 9.28 | 9.41 | 6.51 | 10.35 | 10.50 | 9.38 |
| 1979--Jan. | 10.07 | 9.35 | 9.54 | 9.50 | 10.20 | 10.25 | 11.75 | 9.50 | 9.14 | 8.98 | 9.54 | 9.51 | 6.47 | 10.39 | 10.70 | 9.67 |
| Feb. | 10.06 | 9.32 | 9.39 | 9.35 | 9.81 | 9.95 | 11.75 | 9.29 | 9.11 | 9.03 | 9.53 | 9.56 | 6.31 | 10.41 | 10.54 | 9.67 |
| Mar. | 10.09 | 9.48 | 9.38 | 9.46 | 9.86 | 9.90 | 11.75 | 9.38 | 9.15 | 9.08 | 9.62 | 9.62 | 6.33 | 10.43 | 10.43 | 9.70 |
| Apr. | 10.01 | 9.46 | 9.28 | 9.50 | 9.76 | 9.85 | 11.75 | 9.43 | 9.21 | 9.12 | 9.70 | 9.74p | 6.29 | 10.50 | 10.59 | 9.78 |
| 1979--Mar. 7 | 10.07 | 9.41 | 9.43 | 9.42 | 9.88 | 9.96 | 11.75 | 9.39 | 9.13 | 9.08 | 9.61 | 9.60 | 6.35 | 10.40 | 10.43 | 9.69 |
| 14 | 10.21 | 9.50 | 9.42 | 9.46 | 9.89 | 9.97 | 11.75 | 9.39 | 9.16 | 9.07 | -- | 9.65 | 6.30 | 10.40 | -- | 9.70 |
| 21 | 10.09 | 9.52 | 9.40 | 9.48 | 9.85 | 9.95 | 11.75 | 9.38 | 9.15 | 9.08 | 9.64 | 9.63 | 6.29 | 10.45 | 10.42 | 9.72 |
| 28 | 10.00 | 9.51 | 9.31 | 9.44 | 9.82 | 9.81 | 11.75 | 9.33 | 9.13 | 9.05 | 9.60 | 9.59 | 6.28 | 10.45 | -- | 9.69 |
| Apr. 4 | 9.95 | 9.48 | 9.30 | 9.50 | 9.75 | 9.76 | 11.75 | 9.34 | 9.12 | 9.05 | 9.59 | 9.61 | 6.25 | 10.48 | 10.44 | 9.72 |
| 11 | 9.93 | 9.64 | 9.31 | 9.57 | 9.83 | 9.97 | 11.75 | 9.46 | 9.23 | 9.11 | 9.68 | 9.68 | 6.33 | 10.48 | -- | 9.72 |
| 18 | 9.96 | 9.54 | 9.28 | 9.63 | 9.75 | 10.07 | 11.75 | 9.44 | 9.20 | 9.12 | 9.66 | 9.70 | 6.30 | 10.50 | 10.51 | 9.77 |
| 25 | 10.09 | 9.20 | 9.19 | 9.30 | 9.70 | 9.67 | 11.75 | 9.47 | 9.26 | 9.20 | 9.87 | 9.88 | 6.26 | 10.53 | -- | 9.84 |
| May 2 | 10.22 | 9.48 | 9.38 | 9.57 | 9.80 | 9.76 | 11.75 | 9.54 | 9.34 | 9.28 | -- | 9.93 | 6.27 | 10.60 | 10.82 | 9.84 |
| 9 | 10.25 | 9.65 | 9.43 | 9.62 | 9.89 | 9.92 | 11.75 | 9.54 | 9.34 | 9.30 | -- | 9.93 | 6.30 | 10.68 | -- | 10.05 |
| 16 | 10.25 | 9.58 | 9.32 | 9.46 | 9.89 | 9.98 | 11.75 | 9.46p | 9.28p | 9.24p | 9.86p | 9.84p | 6.30 | n.a. | 10.88 | 10.03 |
| 23 | | | | | | | | | | | | | | | | |
| 30 | | | | | | | | | | | | | | | | |
| Daily--May 10 | 10.23 | 9.64 | 9.41 | -- | -- | 9.96 | 11.75 | 9.54 | 9.36 | 9.31 | -- | -- | -- | -- | -- | -- |
| 17 | 10.24p | 9.57 | 9.19 | -- | -- | 9.98 | 11.75 | 9.36p | 9.23p | 9.21p | -- | -- | -- | -- | -- | -- |

NOTE: Weekly data for columns 1, 2, 3, 6, and 7 are statement week averages of daily data. Weekly data in column 4 are average rates set in the auctions of 6-month bills that will be issued on the Thursday following the end of the statement week. Data in column 5 are 1-day Wednesday quotes. For columns 8 through 11, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 12 and 13 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 14 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 15 gives FNMA auction data for Monday preceding the end of the statement week. Column 16 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.

TABLE 6
NET CHANGES IN SYSTEM HOLDINGS OF SECURITIES^{1/}
(millions of dollars, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
MAY 18, 1979

| | 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 |
| 1977 | 4,361 | 517 | 2,833 | 758 | 553 | 4,660 | -- | 792 | 428 | 213 | 1,433 | 10,035 | -2,892 |
| 1978 | 870 | 1,184 | 4,188 | 1,526 | 1,063 | 7,962 | -47 | 45 | 104 | 24 | 127 | 8,724 | -1,774 |
| 1978--Qtr. I | -2,655 | 345 | 1,123 | 459 | 247 | 2,175 | -- | -- | -- | -- | -- | -555 | -1,133 |
| Qtr. II | 5,444 | 288 | 1,156 | 468 | 334 | 2,246 | 46 | 127 | 104 | 24 | 301 | 7,930 | 1,224 |
| Qtr. III | 3,152 | 340 | 774 | 349 | 235 | 1,697 | -92 | -81 | -- | -- | -173 | 4,632 | 266 |
| Qtr. IV | -5,072 | 212 | 1,135 | 250 | 247 | 1,844 | -- | -- | -- | -- | -- | -3,283 | -2,130 |
| 1979--Qtr. I | -3,750 | 48 | 426 | 134 | 93 | 700 | -170 | -229 | -- | -- | -399 | -882 ^{7/} | 680 |
| 1978--Nov. | -2,151 | 139 | 628 | 163 | 108 | 1,037 | -- | -- | -- | -- | -- | -1,154 | -1,265 |
| Dec. | -2,751 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -2,754 | 728 |
| 1979--Jan. | -4,258 | -- | -- | -- | -- | -- | -150 | -229 | -- | -- | -379 | -4,647 | -5,745 |
| Feb. | -628 | 48 | 426 | 134 | 93 | 700 | -20 | -- | -- | -- | -20 | 52 ^{7/} | 2,135 |
| Mar. | 1,136 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 3,713 ^{7/} | 4,290 |
| Apr. | 1,021 | -- | 640 | -- | -- | 640 | -- | -- | -- | -- | -- | -1,579 ^{7/8/} | -944 |
| 1979--Mar. 7 | -255 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -278 | -6,673 |
| 14 | 641 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 641 | 10,940 |
| 21 | 1,300 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1,300 | -12,298 |
| 28 | -350 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -350 | 7,914 |
| Apr. 4 | 440 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -200 ^{8/} | -8,683 |
| 11 | -625 | -- | 640 | -- | -- | 640 | -- | -- | -- | -- | -- | 15 | 7,387 |
| 18 | 826 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 826 | 414 |
| 25 | 179 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 179 | 4,577 |
| May 2 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -3,991 |
| 9 | -131 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -161 | -1,109 |
| 16 | -120 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -120 | 810 |
| 23 | | | | | | | | | | | | | |
| 30 | | | | | | | | | | | | | |
| LEVEL--May 16 | 40.8 | 15.5 | 28.6 | 12.2 | 11.8 | 68.0 | 1.6 | 3.5 | 1.6 | .8 | 7.4 | 116.3 | -4.2 |

(in billions)

^{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 (-).

^{7/} The Treasury sold \$2,600 million of special certificates to the Federal Reserve on March 31 and redeemed the last of them on April 4.

^{8/} \$640 million of 2-year notes were exchanged for a like amount of cash management bills on April 3. On April 9 the bills were exchanged for new 2-year notes.