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September 14, 1979

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# MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

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Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

September 14, 1979

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) Over the August-September period growth of M-1 is projected to be above the upper end of the Committee's 4 to 8 percent range, while M-2 growth is expected to be close to the upper bound of its 7 to 11 percent FOMC range. M-1 growth slowed to a 6½ percent annual rate in August, but available data suggest a more rapid expansion in September. Savings deposits at banks increased in August for the third consecutive month, though not as rapidly as in July, and the rate of expansion appears to be slowing further in September. Small time deposits posted another strong gain last month; large time deposits included in M-2 advanced at about the same pace in August as in July, after the outstanding level had declined sharply over the second quarter. Deposit inflows to thrift institutions are estimated to have picked up a bit in August on a month-end basis.

Comparison of FOMC Policy Ranges for  
August-September  
to Latest Staff Estimates

|   | <u>Ranges</u>            | <u>Latest Estimates</u>           |
|---|--------------------------|-----------------------------------|
| M-1                                       | 4 to 8                   | 8.4                               |
| M-2                                       | 7 to 11                  | 10.9                              |
| Federal funds rate<br>(percent per annum) | 10½ to 11½ <sup>1/</sup> | Avg. for statement<br>week ending |
|   |                          | Aug. 15 10.80                     |
|   |                          | 22 11.04                          |
|   |                          | 29 11.16                          |
|   |                          | Sept. 5 11.02                     |
|   |                          | 12 11.30                          |

<sup>1/</sup> On August 30, the FOMC voted to raise the upper limit of the intermeeting range for the Federal funds rate from 11½ percent to 11¾ percent.

(2) Bank credit expansion slowed to about a 10 percent annual rate in August, as holdings of Treasury securities were reduced and growth in total loans dropped off somewhat. Growth in business loans was down from July but in line with that for the second quarter, while expansion in real estate loans picked up for the third consecutive month. To help finance their credit expansion, banks sold \$2½ billion of large time deposits and raised about \$4½ billion from domestic nondeposit sources. They also raised about \$3½ billion net through their foreign affiliates, a significant part of which likely reflected recycling of U.S. resident deposits in offshore banks.

(3) Following the August 14 FOMC meeting, the Account Manager began aiming for a Federal funds rate of 11 percent, up from the 10-5/8 to 10½ percent area, and on August 17 the discount rate was raised ½ percentage point to 10½ percent. In the latter part of August, with projections for the monetary aggregates suggesting that M-1 growth would be above the upper end of its range and M-2 growth just below the upper bound of its range, the Account Manager began to seek an 11½ percent funds rate, the top of the range specified by the Committee. On August 30, as projections for the aggregates strengthened, the FOMC moved the upper end of the intermeeting range to 11½ percent with the understanding that the Account Manager would not raise the objective for the weekly average funds rate to the new upper limit immediately but would be guided by the subsequent behavior of the monetary aggregates and by developments in foreign exchange markets. The Desk has since been aiming for a funds rate in the 11-3/8 percent area.

(4) Over the August-September period, total member bank reserves are expected to grow at about an 8½ percent annual rate. September will be

the third straight month in which total reserves have expanded, after having declined over the first half of the year. The monetary base--reflecting the rapid growth of currency--is projected to expand at about a 13 percent annual rate over the two-month policy period. Member bank borrowing has been fairly stable in the neighborhood of \$1½ billion since the August Committee meeting.

(5) In response to the System's tightening actions, short-term interest rates have generally advanced about  $\frac{3}{4}$  to  $1\frac{1}{2}$  percentage points over the intermeeting period, and long-term bond yields have moved up 25 to 45 basis points. The relatively sharp response of market interest rates appeared to reflect anticipations of further tightening by the System in the face of continued rapid inflation and monetary growth. Strong credit demands by businesses contributed to pressures in short-term markets with nonfinancial firms issuing a near record volume of commercial paper as well as borrowing heavily at banks. Over the intermeeting period, the Treasury sold \$2 billion of cash management bills and added \$200 million to each weekly bill auction; it also offered \$2.5 billion 4-year 8-month notes. Conventional mortgage rates have also risen in recent weeks, reflecting the continued slow growth of deposits at thrift institutions and rising costs of funds.

(6) The dollar's weighted average exchange value has changed little since the August FOMC meeting, with a rise against the yen and sterling about offsetting declines against other major currencies.

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(7) The table on the next page shows seasonally adjusted annual rates of change, in percent, for selected monetary and financial flows over various time periods.

|   | 1977 &<br>1978<br>Average | Past<br>Twelve<br>Months<br>Aug. '79<br>over<br>Aug. '78 | Past<br>Six<br>Months<br>Aug. '79<br>over<br>Feb. '79 | Past<br>Three<br>Months<br>Aug. '79<br>over<br>May '79 | Past<br>Month<br>Aug. '79<br>over<br>July '79 |
|---|---------------------------|--|---|--|---|
| Nonborrowed reserves  | 4.9                       | 0.5  | 1.0   | 13.1   | 10.1  |
| Total reserves  | 6.0                       | 0.4  | 1.6   | 5.8  | 7.3   |
| Monetary base   | 8.7                       | 7.3  | 7.1   | 9.8  | 12.1  |
| <u>Concepts of Money</u>  |                           |  |   |  |   |
| M-1 (Currency plus demand deposits <u>1/</u> )  | 7.6                       | 4.9  | 8.7   | 10.6   | 6.8   |
| 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) | 7.4                       | 2.5  | 6.2   | 9.7  | 6.5   |
| M-2 (M-1 plus time deposits at commercial banks other than large CD's)  | 9.1                       | 7.7  | 10.4  | 12.8   | 10.9  |
| M-3 (M-2 plus deposits at thrift institutions)  | 10.5                      | 8.3  | 9.2   | 11.1   | 9.6   |
| M-4 (M-2 plus CD's)   | 10.3                      | 6.8  | 6.0   | 9.8  | 11.7  |
| M-5 (M-3 plus CD's)   | 11.1                      | 7.8  | 6.7   | 9.3  | 10.1  |
| <u>Bank Credit</u>  |                           |  |   |  |   |
| Loans and investments of all commercial banks <u>2/</u>   | 12.3                      | 13.5   | 11.3  | 12.2   | 10.1  |
| <u>Short-term Market Paper</u><br>(Monthly average change in billions)  |                           |  |   |  |   |
| Large CD's  | 1.4                       | -0.1   | -2.7  | -1.6   | 1.2   |
| Nonbank commercial paper  | 0.2                       | 0.7  | 1.2   | 1.2  | 1.4   |

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) Three alternative specifications for the monetary aggregates and the Federal funds rate for the September-October period are shown below for Committee consideration. The Federal funds rate specifications of alternative B are centered on the currently prevailing  $11\frac{1}{2}$  to  $11\frac{1}{2}$  percent range. Money market conditions would be respectively eased or tightened under alternatives A and C. (More detailed and longer-term data are contained in the tables on pages 7 and 8.)

|   | <u>Alt. A</u>                      | <u>Alt. B</u>                     | <u>Alt. C</u>                      |
|---|------------------------------------|-----------------------------------|------------------------------------|
| Ranges for Sept.-Oct.                       |                                    |                                   |                                    |
| M-1   | $5\frac{1}{2}$ to $9\frac{1}{2}$   | 5 to 9                            | $4\frac{1}{2}$ to $8\frac{1}{2}$   |
| M-2   | 8 to 12                            | $7\frac{1}{2}$ to $11\frac{1}{2}$ | 7 to 11                            |
| Federal funds rate<br>(Intermeeting period) | $10\frac{1}{2}$ to $11\frac{1}{4}$ | 11 to $11\frac{1}{2}$             | $11\frac{1}{2}$ to $12\frac{1}{2}$ |

(9) Under alternative B, M-1 would be expected to expand in a 5 to 9 percent annual rate range over the September-October period, down from the 10 percent average pace of the preceding five months. Growth is expected to be slower in October than in September, and continued relatively moderate growth is projected over the balance of the year. The expected deceleration reflects the lagged effects of the tightening of money market conditions this summer and the reduction in transactions demand for money associated with the projected slowing of nominal GNP growth in the months ahead.

(10) Under alternative B, M-1 in October would be considerably above the level implied by the upper end of the Committee's stated  $1\frac{1}{2}$  to  $4\frac{1}{2}$  percent growth range for the QIV '78 to QIV '79 period, as shown in the upper panel of the chart on page 10. However, as is indicated in the lower

Alternative Levels and Growth Rates for Key Monetary Aggregates

|                           |                 | <u>M-1<sup>1/</sup></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                      | August          | 374.2                   | 374.2         | 374.2         | 922.4         | 922.4         | 922.4         |
|                           | September       | 377.4                   | 377.3         | 377.2         | 931.0         | 930.7         | 930.4         |
|                           | October         | 378.9                   | 378.6         | 378.3         | 937.5         | 936.8         | 936.1         |
| 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             | 365.9                   | 365.9         | 365.9         | 896.0         | 896.0         | 896.0         |
|                           | QIII            | 374.6                   | 374.5         | 374.5         | 922.5         | 922.4         | 922.3         |
|                           | QIV             | 380.1                   | 380.1         | 380.1         | 943.2         | 942.9         | 942.5         |
| <u>Growth Rates</u>       |                 |                         |               |               |               |               |               |
| <u>Monthly:</u>           |                 |                         |               |               |               |               |               |
| 1979                      | September       | 10.3                    | 9.9           | 9.6           | 11.2          | 10.8          | 10.4          |
|                           | October         | 4.8                     | 4.1           | 3.5           | 8.4           | 7.9           | 7.4           |
| <u>Quarterly Average:</u> |                 |                         |               |               |               |               |               |
| 1979                      | QI              | -2.1                    | -2.1          | -2.1          | 1.8           | 1.8           | 1.8           |
|                           | QII             | 7.6                     | 7.6           | 7.6           | 8.6           | 8.6           | 8.6           |
|                           | QIII            | 9.5                     | 9.4           | 9.4           | 11.8          | 11.8          | 11.7          |
|                           | QIV             | 5.9                     | 6.0           | 6.0           | 9.0           | 8.9           | 8.8           |
| <u>Semi-Annual:</u>       |                 |                         |               |               |               |               |               |
|                           | QIV '78-QII '79 | 2.7                     | 2.7           | 2.7           | 5.2           | 5.2           | 5.2           |
|                           | QII '79-QIV '79 | 7.8                     | 7.8           | 7.8           | 10.5          | 10.5          | 10.4          |
| <u>Annual:</u>            |                 |                         |               |               |               |               |               |
|                           | QIV '78-QIV '79 | 5.3                     | 5.3           | 5.3           | 8.0           | 8.0           | 7.9           |

<sup>1/</sup> 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 1½ 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 | August    | 1579.5        | 1579.5        | 1579.5        | 1104.7             | 1104.7        | 1104.7        |
|      | September | 1592.5        | 1592.1        | 1591.6        | 1114.0             | 1113.7        | 1113.4        |
|      | October   | 1603.2        | 1602.1        | 1601.2        | 1122.3             | 1121.8        | 1121.3        |
| 1978 | QIV       | 1492.7        | 1492.7        | 1492.7        | 1009.2             | 1009.2        | 1009.2        |
| 1979 | QI        | 1510.3        | 1510.3        | 1510.3        | 1044.2             | 1044.2        | 1044.2        |
|      | QII       | 1540.0        | 1540.0        | 1540.0        | 1073.4             | 1073.4        | 1073.4        |
|      | QIII      | 1579.6        | 1579.5        | 1579.3        | 1104.7             | 1104.6        | 1104.5        |
|      | QIV       | 1612.8        | 1612.0        | 1611.3        | 1129.9             | 1128.9        | 1127.8        |

Growth Rates

Monthly:

|      |           |     |     |     |      |     |     |
|------|-----------|-----|-----|-----|------|-----|-----|
| 1979 | September | 9.9 | 9.6 | 9.2 | 10.1 | 9.8 | 9.5 |
|      | October   | 8.1 | 7.5 | 7.2 | 8.9  | 8.7 | 8.5 |

Quarterly Average:

|      |      |      |      |      |      |      |      |
|------|------|------|------|------|------|------|------|
| 1979 | QI   | 4.7  | 4.7  | 4.7  | 13.6 | 13.6 | 13.6 |
|      | QII  | 7.9  | 7.9  | 7.9  | 11.2 | 11.2 | 11.2 |
|      | QIII | 10.3 | 10.3 | 10.2 | 11.7 | 11.6 | 11.6 |
|      | QIV  | 8.4  | 8.2  | 8.1  | 9.1  | 8.8  | 8.4  |

Semi-Annual:

|                 |     |     |     |      |      |      |
|-----------------|-----|-----|-----|------|------|------|
| QIV '78-QII '79 | 6.3 | 6.3 | 6.3 | 12.6 | 12.6 | 12.6 |
| QII '79-QIV '79 | 9.5 | 9.4 | 9.3 | 10.5 | 10.3 | 10.1 |

Annual:

|                 |     |     |     |      |      |      |
|-----------------|-----|-----|-----|------|------|------|
| QIV '78-QIV '79 | 8.0 | 8.0 | 7.9 | 12.0 | 11.9 | 11.8 |
|-----------------|-----|-----|-----|------|------|------|

panel of the chart, when the Committee's longer-run range is adjusted to reflect the downward revision in the staff's estimate of ATS/NOW effects on M-1, the projected October level of M-1 under alternative B is within, though in the upper half of, its adjusted 3 to 6 percent longer-run range.<sup>1/</sup> The same would be true for alternatives A and C.

(11) M-1 growth is expected to remain within its adjusted longer-run range over the balance of the year. Expansion of M-1 in the fourth quarter is projected to be at about a 6 percent annual rate, even assuming some slight decline in interest rates later in the year. Growth in M-1 over the one year QIV '78-QIV '79 period would then be about 5½ percent, in the upper half of the adjusted range.<sup>2/</sup>

(12) M-2 growth also is projected to decelerate under alternative B, expanding at a 7 to 11 percent annual rate during the September-October period. Most of the slowdown reflects the moderation of M-1 growth, but, in light of the current higher level of market interest rates, the rate of expansion of savings and small time deposits subject to fixed rate ceilings is expected to moderate. However, commercial banks should continue to capture a relatively large proportion of flows into 6-month MMCs. With loan demands likely to moderate only slightly in the near term, banks are also expected to continue to issue large time deposits and borrow from

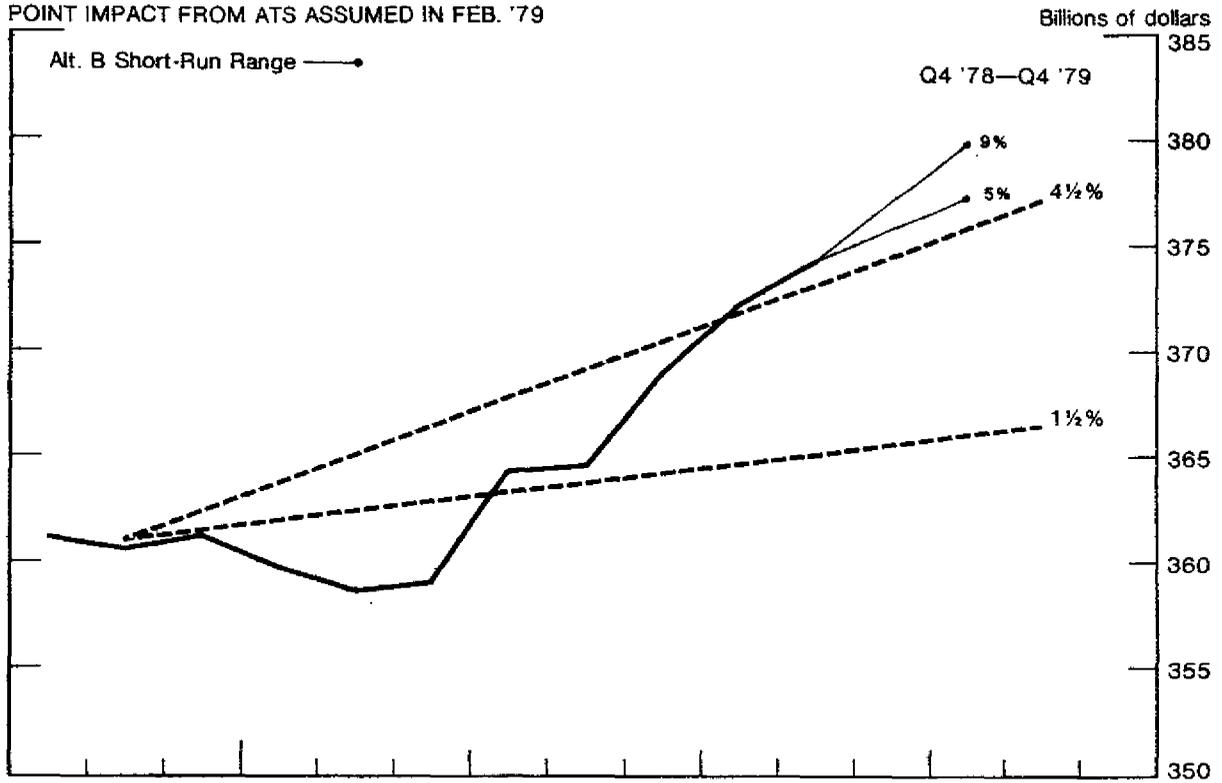
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<sup>1/</sup> The FOMC's long-run M-1 growth range of 1½ to 4½ percent for 1979 assumed, when originally set in February, that ATS effects would reduce M-1 growth by 3 percentage points. In July, when the range was re-adopted, it was estimated that ATS effects for the year would be about half as large. At present, we estimate that such ATS effects will reduce measured M-1 growth by a little less than 1½ percentage points. On this basis, an adjusted range of 3 to 6 percent, or even a little higher, would be comparable with 1½ to 4½ percent.

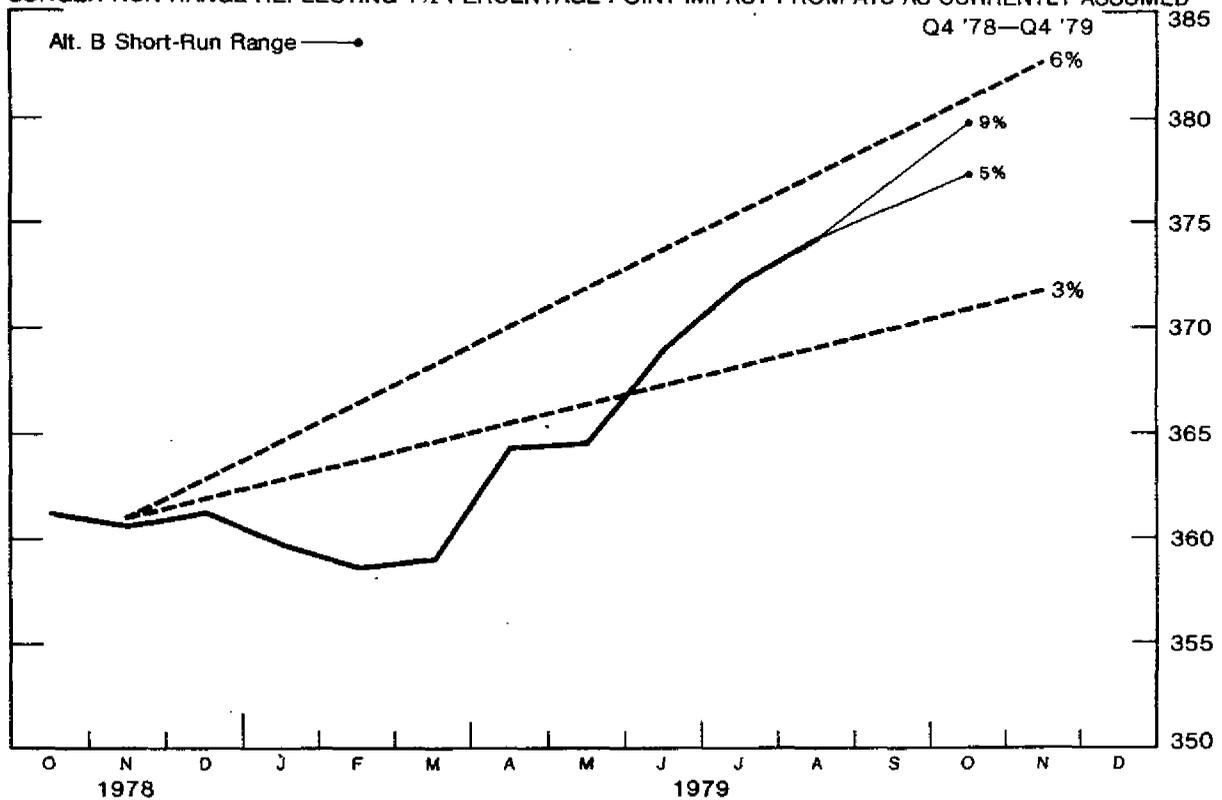
<sup>2/</sup> If M-1 expanded at an 8½ percent annual rate in the fourth quarter, the growth in this aggregate in 1979 would be at the upper end of its adjusted longer-run range.

### Growth Ranges and Actual M-1

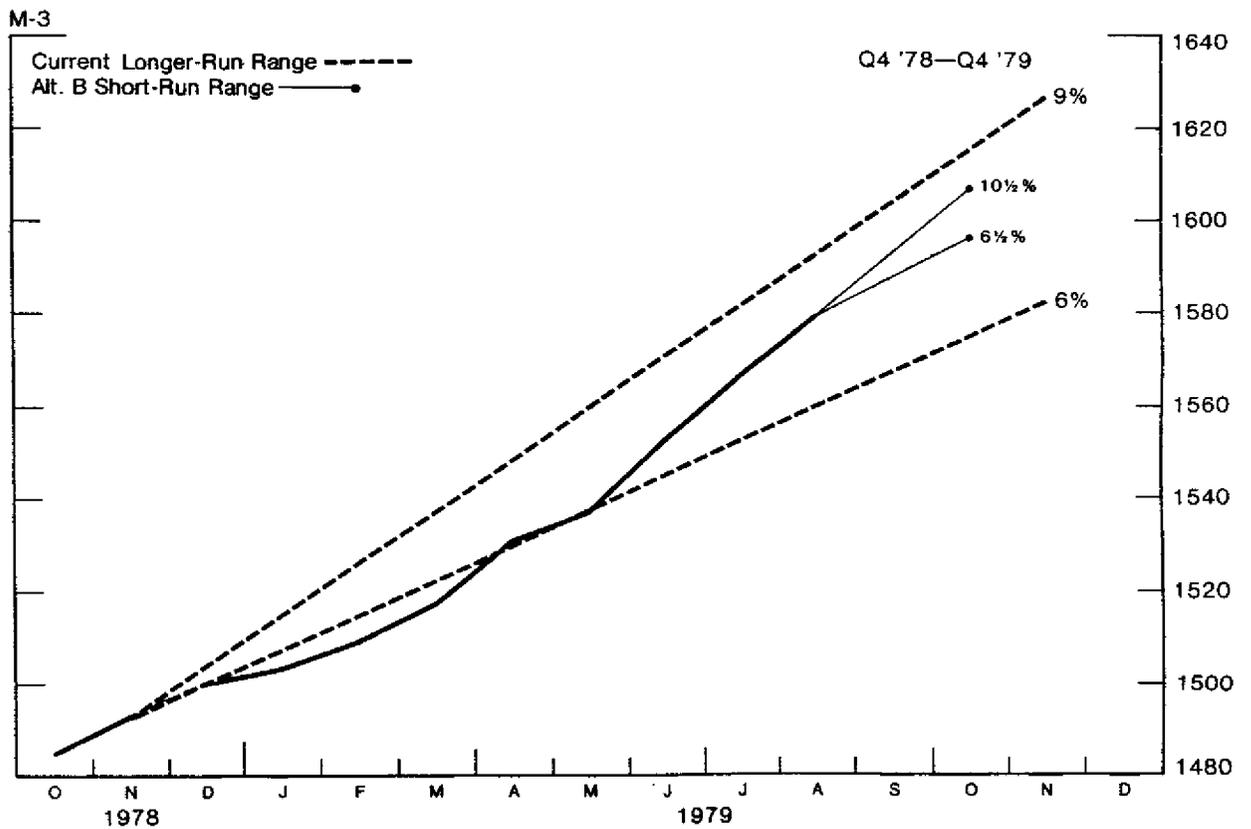
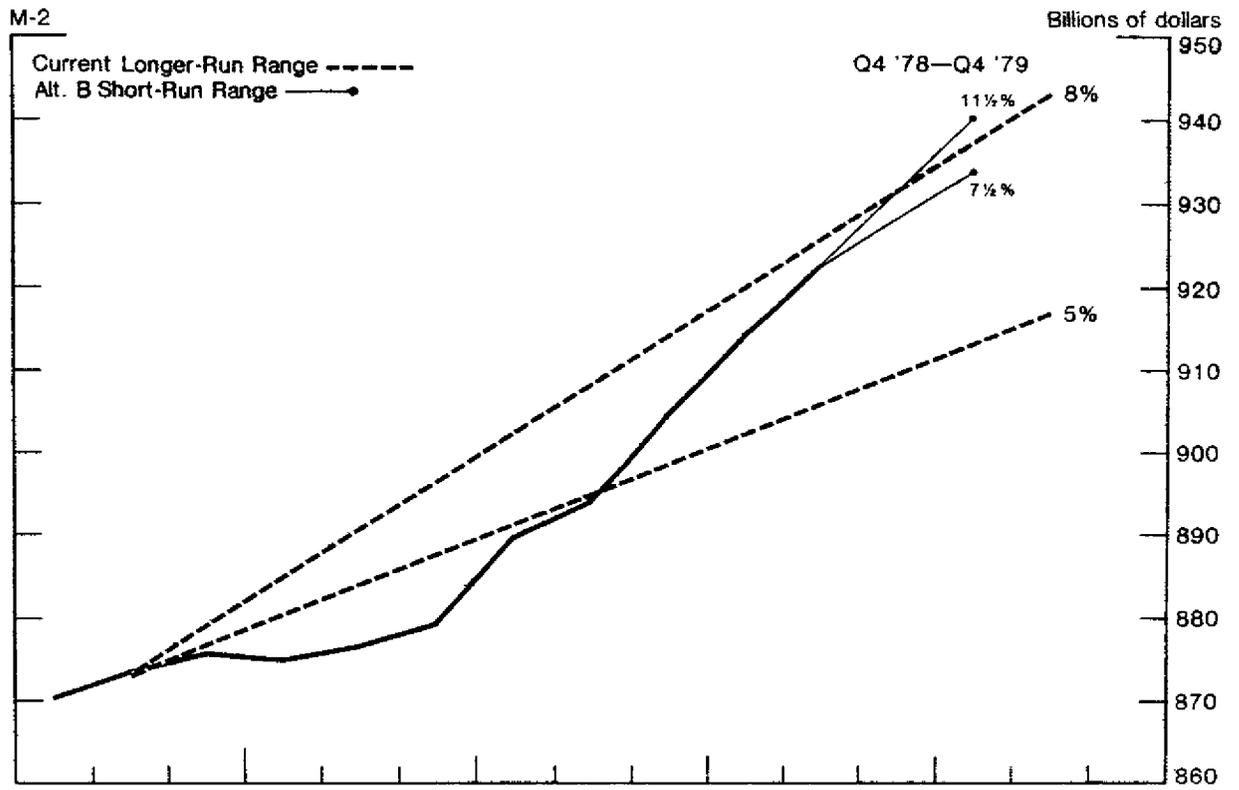
LONGER-RUN RANGE REFLECTING 3 PERCENTAGE POINT IMPACT FROM ATS ASSUMED IN FEB. '79



LONGER-RUN RANGE REFLECTING 1 1/2 PERCENTAGE POINT IMPACT FROM ATS AS CURRENTLY ASSUMED



### Growth Ranges and Actual M-2 and M-3



abroad. S&L and MSB deposit inflows are projected to continue sluggish, despite their likely further use of large time deposits.

(13) As shown in the upper panel of the chart on page 11, growth in M-2 under alternative B would place that aggregate in October around the upper end of its 5 to 8 percent longer-run range for the QIV '78 to QIV '79 period. And for the one-year period, staff projections indicate that M-2 will grow at a rate about equal to the upper limit. Largely reflecting the slow deposit growth at thrifts because of the absence of the MMC inter-institutional ceiling rate differential at current and projected rates of interest, M-3 growth is expected to remain within its longer-run range, though in the upper half.

(14) There may still be some expectation in the market that the Federal funds rate will rise over the near term. Thus, if funds continue to trade around the prevailing 11-3/8 percent--the midpoint of the alternative B range--both short- and long-term market rates could decline. However, any such movement is likely to be limited since aggregate credit demands are expected to remain strong in the weeks ahead, before edging off later in the year as economic activity weakens. Business credit demands are likely to continue to be substantial in the very near term, mainly in short-term markets. In addition, the amount of cash raised by the Treasury in the market over the next month is expected to remain near recent levels, with the sale of \$1½ to \$2 billion of 15-year bonds and \$200 million add-ons to weekly bill auctions. In the near term, new issues of municipal bonds are likely to continue sizable, given the large volume of mortgage revenue bonds still in the pipeline. With the Federal funds rate unchanged and no significant decline expected in other money market rates, adoption of

Alternative B should in itself have no substantial impact on the value of the dollar in exchange markets.

(15) Alternative A calls for a decline in the Federal funds rate to the midpoint of a  $10\frac{1}{2}$  to  $11\frac{1}{2}$  percent range, and would be associated with ranges for M-1 and M-2 of  $5\frac{1}{2}$  to  $9\frac{1}{2}$  and 8 to 12 percent, respectively. In the current environment, an easing in policy would take the market by surprise, and the initial reaction to such a development would likely be a rather sharp drop in both short- and long-term interest rates, particularly if market participants were to interpret the easing as the cyclical turning point in interest rates. In foreign exchange markets, the dollar would very probably come under strong downward pressure. The rally in bond markets might be constrained by a buildup of the corporate bond calendar, as firms accelerated offerings, and by continuing investor concern about the outlook for inflation. The anticipated decline in interest rates under alternative A is likely to be associated with only a slight easing of mortgage markets, especially since short-term interest rates would not be expected to decline sufficiently to restore the differential on MMC's favoring thrift institutions.

(16) Alternative C involves an increase in the Federal funds rate to the midpoint of an  $11\frac{1}{2}$  to  $12\frac{1}{4}$  percent range and would tend to exert more restraint on the monetary aggregates over the months ahead than alternative B. While some tightening in the System's funds rate objective may still be built into the current level of rates, a rise in the funds rate of the dimensions contemplated by alternative C would be expected to trigger further increases in market rates. Such interest rate adjustments would likely be associated with a modest strengthening of the dollar in foreign exchange markets. Domestically, a further rise in the funds rate might

prompt thrift institutions to make vigorous efforts to reduce outstanding mortgage commitments, which are now high relative to cash flows. Pressures on banks would be increased not only as their cost of funds rose but also as businesses shifted even more borrowing to short-term maturities in anticipation that a cyclical peak in rates was being approached.

Directive language

(17) Given below are suggested operational paragraphs for the directive in the customary form, with alternative language related to the short-run specifications presented in the preceding section. 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 developing conditions in foreign exchange and domestic financial markets. Early in the period before the next regular meeting, System open market operations are to be directed at attaining a (OR MAINTAINING THE) 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 ~~10½-11~~ ~~11½~~ \_\_\_\_ TO \_\_\_\_ percent. 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 ~~August-September~~ SEPTEMBER-OCTOBER period of M-1 and M-2 and the following ranges of tolerance: ~~4-10-8~~ \_\_\_\_ TO \_\_\_\_ percent for M-1 and ~~7-10-11~~ \_\_\_\_ TO \_\_\_\_ percent for M-2.

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1/ On August 30, the Committee voted to raise the upper limit of the range from 11½ percent to 11½ percent.

If rates of growth of M-1 and M-2, given approximately equal weight, 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 beyond the upper or lower limits 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 shall 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>     |               |               |               |
| 1979 QI                  | 12.3 ( 9.7)   | 12.3 ( 9.7)   | 12.3 ( 9.7)   |
| QII                      | -1.1 (-2.4)   | -1.1 (-2.4)   | -1.1 (-2.4)   |
| QIII                     | -0.3 (-1.1)   | -0.3 (-1.0)   | -0.3 (-1.0)   |
| QIV                      | 1.2 ( 0.6)    | 1.1 ( 0.5)    | 1.1 ( 0.5)    |
| <br><u>V-2 (GNP/M-2)</u> |               |               |               |
| 1979 QI                  | 8.3           | 8.3           | 8.3           |
| QII                      | -2.0          | -2.0          | -2.0          |
| QIII                     | -2.6          | -2.6          | -2.6          |
| QIV                      | -1.9          | -1.7          | -1.5          |

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

Table 1

SEPT. 14, 1979

## Money and Credit Aggregate Measures

| Period                              | Bank Reserves <sup>1/</sup>       |              |               | 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) |              |               |                             |                      |      |      |      |      |      |      |      |
| <b>ANNUALLY:</b> <sup>2/</sup>      |                                   |              |               |                             |                      |      |      |      |      |      |      |      |
| 1976                                | 0.6                               | 0.8          | 6.7           | 7.5                         | 5.8                  | 12.6 | 10.9 | 12.7 | 7.1  | 10.2 | 9.9  | 9.9  |
| 1977                                | 5.3                               | 3.0          | 8.3           | 11.1                        | 7.9                  | 9.3  | 9.8  | 11.7 | 10.1 | 11.7 | 11.5 | 11.6 |
| 1978                                | 6.6                               | 6.7          | 9.1           | 13.5                        | 7.2                  | 5.4  | 8.4  | 9.3  | 10.4 | 10.5 | 10.2 | 11.4 |
| <b>SEMI-ANNUALLY:</b> <sup>2/</sup> |                                   |              |               |                             |                      |      |      |      |      |      |      |      |
| 1ST HALF 1978                       | 7.6                               | 7.6          | 8.8           | 12.5                        | 8.0                  | 6.2  | 7.7  | 8.3  | 10.6 | 10.0 | 10.0 | 11.3 |
| 2ND HALF 1978                       | 5.5                               | 5.6          | 9.0           | 13.6                        | 6.1                  | 4.4  | 8.8  | 9.9  | 9.7  | 10.4 | 9.8  | 10.8 |
| 1ST HALF 1979                       | -3.9                              | -6.0         | 4.9           | 12.6                        | 2.7                  | -0.6 | 5.2  | 6.3  | 4.0  | 5.5  | 6.9  | 9.5  |
| <b>QUARTERLY:</b>                   |                                   |              |               |                             |                      |      |      |      |      |      |      |      |
| 3RD QTR. 1978                       | 6.2                               | 6.7          | 9.8           | 13.3                        | 9.3                  | 7.5  | 10.9 | 11.4 | 10.7 | 11.3 | 10.9 | 11.0 |
| 4TH QTR. 1978                       | 0.5                               | 2.4          | 7.3           | 12.7                        | 0.6                  | -1.6 | 4.7  | 7.1  | 7.7  | 8.7  | 8.4  | 10.9 |
| 1ST QTR. 1979                       | -4.4                              | -5.7         | 4.2           | 13.2                        | -2.4                 | -5.2 | 1.7  | 4.6  | 2.5  | 5.0  | 6.2  | 8.6  |
| 2ND QTR. 1979                       | -3.9                              | -8.2         | 4.7           | 11.9                        | 11.1                 | 7.2  | 11.3 | 9.2  | 4.4  | 5.1  | 6.8  | 9.1  |
| <b>QUARTERLY-AV:</b>                |                                   |              |               |                             |                      |      |      |      |      |      |      |      |
| 3RD QTR. 1978                       | 8.6                               | 6.6          | 9.3           | 12.9                        | 7.9                  | 6.1  | 9.8  | 10.3 | 9.9  | 10.4 | 9.7  | 10.2 |
| 4TH QTR. 1978                       | 2.3                               | 4.6          | 8.4           | 13.9                        | 4.1                  | 2.7  | 7.6  | 9.3  | 9.3  | 10.2 | 9.7  | 11.1 |
| 1ST QTR. 1979                       | -2.9                              | -3.3         | 5.7           | 13.6                        | -2.1                 | -5.0 | 1.8  | 4.7  | 4.5  | 6.2  | 7.1  | 9.7  |
| 2ND QTR. 1979                       | -4.9                              | -8.8         | 4.0           | 11.2                        | 7.6                  | 3.7  | 8.6  | 7.9  | 3.5  | 4.8  | 6.7  | 9.0  |
| <b>MONTHLY:</b>                     |                                   |              |               |                             |                      |      |      |      |      |      |      |      |
| 1978--AUG.                          | -5.0                              | 0.2          | 5.2           | 9.9                         | 7.8                  | 7.2  | 11.2 | 11.2 | 9.6  | 10.3 | 9.8  | 9.7  |
| SEPT.                               | 8.6                               | 11.3         | 13.5          | 16.1                        | 13.5                 | 12.1 | 12.8 | 13.3 | 12.7 | 13.2 | 14.1 | 13.9 |
| OCT.                                | 5.1                               | -1.2         | 8.0           | 14.1                        | 1.7                  | 0.8  | 6.4  | 8.7  | 5.9  | 8.3  | 7.2  | 8.5  |
| NOV.                                | -3.6                              | 13.4         | 5.7           | 15.4                        | -2.0                 | -4.3 | 4.8  | 6.7  | 12.9 | 11.6 | 10.0 | 12.7 |
| DEC.                                | -0.1                              | -4.9         | 7.9           | 8.3                         | 2.0                  | -1.2 | 2.9  | 5.6  | 4.1  | 6.1  | 7.9  | 11.2 |
| 1979--JAN.                          | 6.0                               | 2.2          | 8.6           | 18.7                        | -5.0                 | -7.8 | -1.1 | 2.9  | 3.8  | 5.6  | 6.5  | 9.0  |
| FEB.                                | -21.0                             | -20.6        | -0.5          | 13.1                        | -3.7                 | -6.8 | 2.3  | 4.8  | 4.1  | 5.7  | 6.1  | 8.4  |
| MAR.                                | 1.8                               | 1.3          | 4.6           | 7.3                         | 1.3                  | -1.0 | 3.8  | 6.2  | -0.4 | 3.5  | 6.0  | 8.2  |
| APR.                                | -4.9                              | -2.9         | 4.9           | 14.1                        | 17.7                 | 11.4 | 14.1 | 10.5 | 7.7  | 7.0  | 9.1  | 11.4 |
| MAY                                 | -4.9                              | -30.6        | 3.1           | 8.3                         | 0.7                  | -2.1 | 5.4  | 4.9  | -0.5 | 1.3  | 3.2  | 5.5  |
| JUNE                                | -1.8                              | 8.9          | 6.1           | 13.0                        | 14.8                 | 12.3 | 14.2 | 11.9 | 6.0  | 7.1  | 8.0  | 10.2 |
| JULY                                | 12.0                              | 20.0         | 11.0          | 13.2                        | 10.1                 | 10.0 | 12.9 | 11.3 | 11.4 | 10.6 | 9.7  | 11.9 |
| AUG. P                              | 7.3                               | 10.1         | 12.1          | 10.1                        | 6.8                  | 6.5  | 10.9 | 9.6  | 11.7 | 10.1 | 9.7  | 11.9 |

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

Table 2

SEPT. 14, 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     |
| <b>ANNUALLY:</b> |                  |              |               |                             |                      |       |       |        |        |        |        |        |
| 1976             | 37,013           | 36,960       | 120,572       | 808.1                       | 313.8                | 517.2 | 740.6 | 1235.6 | 803.0  | 1298.0 | 1436.1 | 1483.8 |
| 1977             | 38,923           | 38,354       | 130,640       | 895.9                       | 338.7                | 560.6 | 809.4 | 1374.3 | 883.1  | 1448.0 | 1601.8 | 1658.1 |
| 1978             | 41,271           | 40,403       | 142,381       | 1018.1                      | 361.2                | 587.2 | 875.8 | 1500.1 | 972.4  | 1596.7 | 1762.6 | 1848.0 |
| <b>MONTHLY:</b>  |                  |              |               |                             |                      |       |       |        |        |        |        |        |
| 1978--AUG.       | 40,928           | 39,788       | 138,290       | 973.6                       | 356.7                | 583.6 | 856.5 | 1458.0 | 944.1  | 1545.6 | 1706.4 | 1778.5 |
| SEPT.            | 41,223           | 40,163       | 139,841       | 986.7                       | 360.7                | 589.5 | 865.6 | 1474.1 | 954.1  | 1562.6 | 1726.4 | 1799.1 |
| OCT.             | 41,399           | 40,122       | 140,777       | 998.3                       | 361.2                | 589.9 | 870.2 | 1484.8 | 958.8  | 1573.4 | 1736.7 | 1811.8 |
| NOV.             | 41,274           | 40,570       | 141,450       | 1011.1                      | 360.6                | 587.8 | 873.7 | 1493.1 | 969.1  | 1588.6 | 1751.1 | 1830.9 |
| DEC.             | 41,271           | 40,403       | 142,381       | 1018.1                      | 361.2                | 587.2 | 875.8 | 1500.1 | 972.4  | 1596.7 | 1762.6 | 1848.0 |
| 1979--JAN.       | 41,479           | 40,476       | 143,400       | 1034.5                      | 359.7                | 583.4 | 875.0 | 1503.7 | 975.5  | 1604.2 | 1772.1 | 1861.8 |
| FEB.             | 40,754           | 39,781       | 143,345       | 1045.8                      | 358.6                | 580.1 | 876.7 | 1509.7 | 978.8  | 1611.8 | 1781.1 | 1874.8 |
| MAR.             | 40,815           | 39,825       | 143,893       | 1052.2                      | 359.0                | 579.6 | 879.5 | 1517.5 | 978.5  | 1616.5 | 1790.0 | 1887.6 |
| APR.             | 40,647           | 39,730       | 144,486       | 1064.6                      | 364.3                | 585.1 | 889.8 | 1530.8 | 984.8  | 1625.9 | 1803.6 | 1905.5 |
| MAY              | 40,481           | 38,716       | 144,862       | 1072.0                      | 364.5                | 584.1 | 893.8 | 1537.0 | 984.4  | 1627.6 | 1808.4 | 1914.3 |
| JUNE             | 40,421           | 39,004       | 145,601       | 1083.6                      | 369.0                | 590.1 | 904.4 | 1552.3 | 989.3  | 1637.2 | 1820.5 | 1930.5 |
| JULY             | 40,824           | 39,653       | 146,936       | 1095.5                      | 372.1                | 595.0 | 914.1 | 1566.9 | 998.7  | 1651.6 | 1835.2 | 1949.6 |
| AUG. P           | 41,072           | 39,987       | 148,421       | 1104.7                      | 374.2                | 598.2 | 922.4 | 1579.5 | 1008.4 | 1665.5 | 1850.1 | 1969.0 |
| <b>WEEKLY:</b>   |                  |              |               |                             |                      |       |       |        |        |        |        |        |
| 1979--JULY 18    | 41,081           | 39,899       | 147,071       |                             | 372.4                | 595.4 | 914.6 |        | 998.5  |        |        |        |
| 25               | 41,005           | 39,713       | 147,296       |                             | 371.2                | 594.3 | 914.0 |        | 998.6  |        |        |        |
| AUG. 1           | 41,080           | 40,134       | 147,848       |                             | 372.2                | 595.3 | 916.6 |        | 1001.9 |        |        |        |
| 8                | 40,691           | 39,929       | 147,707       |                             | 373.5                | 597.3 | 920.1 |        | 1005.5 |        |        |        |
| 15               | 41,013           | 39,990       | 148,307       |                             | 375.4                | 599.5 | 923.2 |        | 1008.8 |        |        |        |
| 22               | 41,039           | 39,653       | 148,543       |                             | 374.2                | 598.2 | 922.7 |        | 1008.7 |        |        |        |
| 29P              | 41,433           | 40,317       | 149,107       |                             | 374.2                | 598.3 | 923.8 |        | 1010.4 |        |        |        |
| SEPT. 5P         | 41,455           | 40,115       | 150,061       |                             | 376.9                | 601.6 | 928.5 |        | 1015.2 |        |        |        |
| 12P              | 40,920           | 39,690       | 149,232       |                             |                      |       |       |        |        |        |        |        |

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.  
 P - PRELIMINARY

SEPT. 14, 1979

Table 3

## COMPONENTS OF MONEY STOCK AND RELATED MEASURES

| Period                              | Currency                          | Demand Deposits | Time and Savings Deposits |                 |         |       |       | Mutual Savings Bank & S&L Shares <sup>1/</sup> | Credit Union Shares <sup>1/</sup> | Savings Bonds <sup>1/</sup> | Short Term U.S. Gov't Securities <sup>1/</sup> | Other Private Short-term Assets <sup>1/</sup> |
|-------------------------------------|-----------------------------------|-----------------|---------------------------|-----------------|---------|-------|-------|--|-----------------------------------|-----------------------------|--|---|
|                                     |                                   |                 | Total                     | Other Than CD's |         |       | CD's  |  |                                   |                             |  |   |
|                                     |                                   |                 |                           | Total           | Savings | Other |       |  |                                   |                             |  |   |
|                                     | 1                                 | 2               | 3                         | 4               | 5       | 6     | 7     | 8  | 9                                 | 10                          | 11   | 12  |
| <b>ANNUALLY:</b> <sup>2/</sup>      | (Per cent annual rates of growth) |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 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  | 32.8  | 10.2   | 15.0                              | 5.4                         | 8.9  | 46.7  |
| <b>SEMI-ANNUALLY:</b> <sup>2/</sup> |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 1ST HALF 1978                       | 9.3                               | 7.6             | 12.2                      | 7.6             | 2.9     | 11.7  | 42.6  | 8.5  | 17.0                              | 6.3                         | 12.5   | 50.9  |
| 2ND HALF 1978                       | 10.2                              | 4.5             | 12.0                      | 10.7            | 1.5     | 18.4  | 19.0  | 11.5   | 12.0                              | 4.3                         | 4.9  | 33.9  |
| 1ST HALF 1979                       | 8.7                               | 0.6             | 4.8                       | 6.9             | -6.3    | 17.4  | -7.1  | 8.2  | 4.5                               | 0.7                         | 39.5   | 64.4  |
| <b>QUARTERLY:</b>                   |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 3RD QTR. 1978                       | 11.7                              | 8.5             | 11.6                      | 12.1            | 4.5     | 18.5  | 8.3   | 12.1   | 13.5                              | 4.6                         | 9.3  | 13.7  |
| 4TH QTR. 1978                       | 9.7                               | -2.7            | 11.9                      | 7.7             | -5.3    | 18.1  | 36.6  | 10.7   | 7.7                               | 4.0                         | 6.2  | 69.3  |
| 1ST QTR. 1979                       | 7.8                               | -6.4            | 5.4                       | 4.6             | -9.5    | 15.6  | 9.9   | 9.5  | 1.5                               | 0.0                         | 35.2   | 58.1  |
| 2ND QTR. 1979                       | 8.5                               | 12.3            | 0.5                       | 11.5            | 0.2     | 19.4  | -57.0 | 5.9  | 9.8                               | 0.0                         | 43.1   | 49.9  |
| <b>QUARTERLY-AV:</b>                |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 3RD QTR. 1978                       | 9.6                               | 7.3             | 11.3                      | 11.0            | 2.9     | 17.9  | 12.2  | 10.9   | 13.7                              | 4.6                         | 2.5  | 21.0  |
| 4TH QTR. 1978                       | 10.6                              | 1.7             | 12.3                      | 10.2            | 0.2     | 18.2  | 25.0  | 11.8   | 10.1                              | 4.0                         | 7.3  | 44.4  |
| 1ST QTR. 1979                       | 9.1                               | -6.2            | 8.4                       | 4.5             | -9.6    | 15.6  | 29.9  | 9.6  | 0.8                               | 1.5                         | 28.7   | 67.9  |
| 2ND QTR. 1979                       | 8.1                               | 7.5             | 1.2                       | 9.3             | -3.1    | 18.5  | -41.0 | 6.7  | 8.3                               | 0.0                         | 46.9   | 52.1  |
| <b>MONTHLY:</b>                     |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 1978--AUG.                          | 9.0                               | 7.4             | 10.9                      | 13.8            | 6.5     | 19.9  | -5.5  | 11.2   | 11.8                              | 3.0                         | 5.9  | 6.7   |
| SEPT.                               | 16.6                              | 12.3            | 12.5                      | 12.2            | 10.2    | 13.9  | 12.3  | 13.5   | 16.3                              | 4.5                         | 39.9   | 11.7  |
| OCT.                                | 7.6                               | -0.9            | 8.5                       | 10.0            | -0.5    | 18.5  | 1.4   | 12.5   | 9.2                               | 4.5                         | -11.4  | 41.3  |
| NOV.                                | 10.0                              | -5.9            | 21.7                      | 9.4             | -8.5    | 23.7  | 92.1  | 9.8  | 4.6                               | 3.0                         | -14.4  | 75.0  |
| DEC.                                | 11.2                              | -1.4            | 5.3                       | 3.5             | -7.0    | 11.2  | 15.1  | 9.5  | 9.1                               | 4.5                         | 45.3   | 81.1  |
| 1979--JAN.                          | 8.6                               | -10.0           | 9.0                       | 1.6             | -11.8   | 12.8  | 48.4  | 9.7  | -4.5                              | 1.5                         | 28.1   | 61.9  |
| FEB.                                | 8.6                               | -8.3            | 8.6                       | 6.5             | -12.0   | 20.0  | 19.1  | 9.6  | -6.8                              | -1.5                        | 19.2   | 53.5  |
| MAR.                                | 6.1                               | -0.9            | -1.4                      | 5.6             | -4.9    | 13.6  | -36.4 | 8.9  | 16.0                              | 0.0                         | 55.5   | 51.2  |
| APR.                                | 9.7                               | 21.3            | 2.1                       | 11.8            | 0.0     | 19.8  | -48.5 | 5.5  | 6.8                               | 0.0                         | 56.9   | 51.6  |
| MAY                                 | 6.0                               | -1.4            | -1.4                      | 8.7             | -7.2    | 19.9  | -55.6 | 3.9  | 4.5                               | 0.0                         | 38.3   | 47.1  |
| JUNE                                | 9.5                               | 16.8            | 0.8                       | 13.6            | 7.8     | 17.6  | -75.5 | 8.1  | 17.8                              | 0.0                         | 29.9   | 45.3  |
| JULY                                | 10.6                              | 10.3            | 12.2                      | 14.6            | 9.4     | 18.1  | -2.8  | 7.9  | 24.2                              | 0.0                         | 1.2  | 49.1  |
| AUG. P                              | 14.1                              | 3.6             | 14.6                      | 14.0            | 6.6     | 19.0  | 17.0  | 6.6  | 19.4                              | 1.5                         | 12.8   | 47.2  |

<sup>1/</sup> GROWTH RATES ARE BASED ON ESTIMATED MONTHLY AVERAGE LEVELS DERIVED BY AVERAGING END OF CURRENT MONTH AND END OF PREVIOUS MONTH REPORTED DATA.

<sup>2/</sup> BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY.

Table 4

SEPT. 14, 1979

# COMPONENTS OF MONEY STOCK AND RELATED MEASURES

| Period           | Currency | Demand Deposits | Time and Savings Deposits |                 |         |       | Mutual Savings Bank & S&L Shares <sup>1/</sup> | Credit Union Shares <sup>1/</sup> | Savings Bonds <sup>1/</sup> | Short-Term U.S. Gov't Sec <sup>1/</sup> | Other Private Short-term Assets <sup>1/ 2/</sup> | Non-Deposit Funds <sup>3/</sup> | Total Gov't Demand Deposits <sup>4/</sup> |      |
|------------------|----------|-----------------|---------------------------|-----------------|---------|-------|--|-----------------------------------|-----------------------------|---|--|---------------------------------|---|------|
|                  |          |                 | Total                     | Other Than CD's |         |       |  |                                   |                             |   |  |                                 |   | CD's |
|                  |          |                 |                           | Total           | Savings | Other |  |                                   |                             |   |  |                                 |   |      |
|                  | 1        | 2               | 3                         | 4               | 5       | 6     | 7  | 8                                 | 9                           | 10                                      | 11   | 12                              | 13  | 14   |
| <b>ANNUALLY:</b> |          |                 |                           |                 |         |       |  |                                   |                             |   |  |                                 |   |      |
| 1976             | 80.8     | 233.0           | 489.2                     | 426.7           | 202.1   | 224.7 | 62.4   | 456.1                             | 38.9                        | 71.9                                    | 66.2   | 47.7                            | 55.4                                      | 11.4 |
| 1977             | 88.6     | 250.1           | 544.4                     | 470.7           | 219.7   | 251.0 | 73.7   | 518.3                             | 46.6                        | 76.6                                    | 77.2   | 56.3                            | 62.7                                      | 11.7 |
| 1978             | 97.5     | 263.7           | 611.2                     | 514.6           | 223.0   | 291.5 | 96.6   | 571.2                             | 53.1                        | 80.6                                    | 85.3   | 85.3                            | 84.9                                      | 15.4 |
| <b>MONTHLY:</b>  |          |                 |                           |                 |         |       |  |                                   |                             |   |  |                                 |   |      |
| 1978--AUG.       | 93.9     | 262.8           | 587.4                     | 499.8           | 224.1   | 275.7 | 87.6   | 550.1                             | 51.4                        | 79.5                                    | 81.3   | 72.0                            | 77.9                                      | 16.8 |
| SEPT.            | 95.2     | 265.5           | 593.5                     | 504.9           | 226.0   | 278.9 | 88.5   | 556.3                             | 52.1                        | 79.8                                    | 84.0   | 72.7                            | 78.3                                      | 16.7 |
| OCT.             | 95.8     | 265.3           | 597.7                     | 509.1           | 225.9   | 283.2 | 88.6   | 562.1                             | 52.5                        | 80.1                                    | 83.2   | 75.2                            | 85.0                                      | 20.1 |
| NOV.             | 96.6     | 264.0           | 608.5                     | 513.1           | 224.3   | 288.8 | 95.4   | 566.7                             | 52.7                        | 80.3                                    | 82.2   | 79.9                            | 82.5                                      | 21.0 |
| DEC.             | 97.5     | 263.7           | 611.2                     | 514.6           | 223.0   | 291.5 | 96.6   | 571.2                             | 53.1                        | 80.6                                    | 85.3   | 85.3                            | 84.9                                      | 15.4 |
| 1979--JAN.       | 98.2     | 261.5           | 615.8                     | 515.3           | 220.8   | 294.6 | 100.5  | 575.8                             | 52.9                        | 80.7                                    | 87.3   | 89.7                            | 83.1                                      | 14.7 |
| FEB.             | 98.9     | 259.7           | 620.2                     | 518.1           | 218.6   | 299.5 | 102.1  | 580.4                             | 52.6                        | 80.6                                    | 88.7   | 93.7                            | 95.8                                      | 10.2 |
| MAR.             | 99.4     | 259.5           | 619.5                     | 520.5           | 217.7   | 302.9 | 99.0   | 584.7                             | 53.3                        | 80.6                                    | 92.8   | 97.7                            | 100.7                                     | 9.4  |
| APR.             | 100.2    | 264.1           | 620.6                     | 525.6           | 217.7   | 307.9 | 95.0   | 587.4                             | 53.6                        | 80.6                                    | 97.2   | 101.9                           | 104.8                                     | 8.1  |
| MAY              | 100.7    | 263.8           | 619.9                     | 529.4           | 216.4   | 313.0 | 90.6   | 589.3                             | 53.8                        | 80.6                                    | 100.3  | 105.9                           | 111.2                                     | 9.3  |
| JUNE             | 101.5    | 267.5           | 620.3                     | 535.4           | 217.8   | 317.6 | 84.9   | 593.3                             | 54.6                        | 80.6                                    | 102.8  | 109.9                           | 115.8                                     | 13.8 |
| JULY             | 102.4    | 269.8           | 626.6                     | 541.9           | 219.5   | 322.4 | 84.7   | 597.2                             | 55.7                        | 80.6                                    | 102.9  | 114.4                           | 119.4                                     | 16.0 |
| AUG. P           | 103.6    | 270.6           | 634.2                     | 548.2           | 220.7   | 327.5 | 85.9   | 600.5                             | 56.6                        | 80.7                                    | 104.0  | 118.9                           | 127.7                                     | 16.0 |
| <b>WEEKLY:</b>   |          |                 |                           |                 |         |       |  |                                   |                             |   |  |                                 |   |      |
| 1979--JULY 11    | 102.0    | 271.3           | 625.1                     | 540.4           | 219.5   | 320.9 | 84.7   |                                   |                             |   |  |                                 |   | 14.3 |
| 18               | 102.3    | 270.2           | 626.1                     | 542.2           | 219.6   | 322.6 | 83.9   |                                   |                             |   |  |                                 |   | 15.3 |
| 25               | 102.6    | 268.6           | 627.3                     | 542.8           | 219.7   | 323.1 | 84.6   |                                   |                             |   |  |                                 |   | 17.7 |
| AUG. 1           | 103.0    | 269.3           | 629.7                     | 544.4           | 219.7   | 324.7 | 85.3   |                                   |                             |   |  |                                 |   | 17.8 |
| 8                | 103.3    | 270.2           | 632.0                     | 546.6           | 220.5   | 326.1 | 85.4   |                                   |                             |   |  |                                 |   | 18.4 |
| 15               | 103.5    | 271.9           | 633.4                     | 547.9           | 220.8   | 327.1 | 85.5   |                                   |                             |   |  |                                 |   | 15.4 |
| 22               | 103.8    | 270.4           | 634.6                     | 548.5           | 220.7   | 327.8 | 86.1   |                                   |                             |   |  |                                 |   | 15.7 |
| 29P              | 103.9    | 270.3           | 636.3                     | 549.6           | 220.8   | 328.8 | 86.7   |                                   |                             |   |  |                                 |   | 14.8 |
| SEPT. 5P         | 104.8    | 272.1           | 638.2                     | 551.6           | 221.3   | 330.2 | 86.6   |                                   |                             |   |  |                                 |   | 13.0 |

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 NET LIABILITIES TO RELATED FOREIGN INSTITUTIONS, (NET EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, 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  
(percent)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
SEPTEMBER 14, 1979

|                | Short-Term    |                |      |         |                   |                        |                 | Long-Term                           |       |       |                   |                  |                      |                |                  |       |
|----------------|---------------|----------------|------|---------|-------------------|------------------------|-----------------|-------------------------------------|-------|-------|-------------------|------------------|----------------------|----------------|------------------|-------|
|                | Federal Funds | Treasury Bills |      |         | CDs New Issue-NYC | Comm. Paper 90-119 day | 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.  | Secondary Market |       |
|                |               | 3-mo           | 1-yr | 6-mo    | 90-day            | FNMA Auc.              | GNMA Sec.       |                                     |       |       |                   |                  |                      |                |                  |       |
| (1)            | (2)           | (3)            | (4)  | (5)     | (6)               | (7)                    | (8)             | (9)                                 | (10)  | (11)  | (12)              | (13)             | (14)                 | (15)           | (16)             |       |
| 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     | 11.30         | 10.43          | 9.95 | 10.29   | 11.35             | 11.59                  | 12.68           | 9.69                                | 9.38  | 9.30  | 9.87              | 9.93             | 6.58                 | 11.20          | 10.92            | 10.36 |
| Low            | 9.93          | 8.85           | 8.64 | 8.87    | 9.46              | 9.66                   | 11.50           | 8.78                                | 8.74  | 8.79  | 9.40              | 9.39             | 6.08                 | 10.38          | 10.42            | 9.51  |
| 1978--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              | 9.74             | 6.29                 | 10.50          | 10.59            | 9.78  |
| May            | 10.24         | 9.61           | 9.27 | 9.53    | 9.80              | 9.95                   | 11.75           | 9.42                                | 9.23  | 9.21  | 9.83              | 9.84             | 6.25                 | 10.69          | 10.84            | 9.89  |
| June           | 10.29         | 9.06           | 8.81 | 9.06    | 9.58              | 9.76                   | 11.65           | 8.95                                | 8.86  | 8.91  | 9.50              | 9.50             | 6.13                 | 11.04          | 10.77            | 9.75  |
| July           | 10.47         | 9.24           | 8.87 | 9.19    | 9.70              | 9.87                   | 11.54           | 8.94                                | 8.92  | 8.92  | 9.58              | 9.53             | 6.13                 | 11.09          | 10.66            | 9.77  |
| Aug.           | 10.94         | 9.52           | 9.16 | 9.45    | 10.25             | 10.43                  | 11.91           | 9.14                                | 9.05  | 8.97  | 9.48              | 9.49             | 6.20                 | 11.09          | 10.67            | 9.90  |
| 1979--July 4   | 10.42         | 8.96           | 8.64 | 8.87    | 9.60              | 9.66                   | 11.50           | 8.78                                | 8.74  | 8.79  | --                | 9.41             | 6.08                 | 11.13          | --               | 9.69  |
| 11             | 10.28         | 9.25           | 8.78 | 9.16    | 9.63              | 9.75                   | 11.50           | 8.88                                | 8.87  | 8.88  | --                | 9.50             | 6.11                 | 11.08          | 10.66            | 9.69  |
| 18             | 10.35         | 9.29           | 8.84 | 9.26    | 9.68              | 9.87                   | 11.50           | 8.96                                | 8.97  | 8.97  | 9.57              | 9.58             | 6.15                 | 11.08          | --               | 9.78  |
| 25             | 10.63         | 9.34           | 9.01 | 9.47    | 9.87              | 9.96                   | 11.50           | 9.05                                | 9.00  | 8.98  | 9.63              | 9.59             | 6.19                 | 11.08          | 10.65            | 9.80  |
| Aug. 1         | 10.75         | 9.16           | 8.94 | 9.30    | 9.89              | 9.98                   | 11.71           | 9.01                                | 8.99  | 8.96  | 9.52c             | 9.57             | 6.14                 | 11.08          | --               | 9.88  |
| 8              | 10.67         | 9.37           | 8.91 | 9.32    | 9.91              | 10.04                  | 11.75           | 8.98                                | 8.95  | 8.92  | 9.40              | 9.44             | 6.13                 | 11.08          | 10.64            | 9.82  |
| 15             | 10.80         | 9.47           | 9.08 | 9.48    | 10.15             | 10.24                  | 11.75           | 9.06                                | 9.00  | 8.95  | 9.42              | 9.45             | 6.16                 | 11.08          | --               | 9.88  |
| 22             | 11.04         | 9.54           | 9.22 | 9.50    | 10.48             | 10.53                  | 12.00           | 9.20                                | 9.09  | 8.97  | 9.47              | 9.47             | 6.23                 | 11.10          | 10.69            | 9.90  |
| 29             | 11.16         | 9.67           | 9.36 | 9.65    | 10.83             | 10.76                  | 12.07           | 9.40                                | 9.23  | 9.04  | 9.62              | 9.54             | 6.36                 | 11.13          | --               | 10.03 |
| Sept. 5        | 11.02         | 9.91           | 9.62 | 9.78    | 11.04             | 11.03                  | 12.25           | 9.68                                | 9.38  | 9.18  | --                | 9.70             | 6.47                 | 11.20          | 10.92            | 10.14 |
| 12             | 11.30         | 10.43          | 9.95 | 10.29   | 11.35             | 11.59                  | 12.68           | 9.66p                               | 9.34p | 9.20p | 9.84p             | 9.87p            | 6.49                 | n.a.           | --               | 10.36 |
| 19             |               |                |      |         |                   |                        |                 |                                     |       |       |                   |                  |                      |                |                  |       |
| 26             |               |                |      |         |                   |                        |                 |                                     |       |       |                   |                  |                      |                |                  |       |
| Daily--Sept. 6 | 11.31         | 10.27          | 9.86 | --      | --                | 11.25                  | 12.25           | 9.65                                | 9.40  | 9.19  | --                | --               | --                   | --             | --               | --    |
| 13             | 11.38p        | 10.50          | 9.97 | --      | --                | 11.74                  | 12.75           | 9.70p                               | 9.36p | 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 percent 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<sup>1/</sup>  
(millions of dollars, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
SEPTEMBER 14, 1979

| Period          | Treasury Bills Net Change <sup>2/</sup> | Treasury Coupons Net Purchases <sup>3/</sup> |       |        |         |       | Federal Agencies Net Purchases <sup>4/</sup> |       |        |         |       | Net Change Outright Holdings Total <sup>5/</sup> | Net RPs <sup>6/</sup> |
|-----------------|---|--|-------|--------|---------|-------|--|-------|--------|---------|-------|--|-----------------------|
|                 |   | 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. 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 <sup>7/</sup>                               | 680                   |
| Qtr. II         | 465                                     | 42   | 640   | --     | --      | 682   | 110  | 258   | 2      | --      | 371   | -1,795   | 2,542                 |
| 1979--Mar.      | 1,136                                   | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | 3,713 <sup>7/</sup>                              | 4,290                 |
| Apr.            | 1,021                                   | --   | 640   | --     | --      | 640   | --   | --    | --     | --      | --    | -1,579 <sup>7/8/</sup>                           | -944                  |
| May             | -451                                    | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | -491   | -2,353                |
| June            | -105                                    | 42   | --    | --     | --      | 42    | 110  | 258   | 2      | --      | 371   | 275  | 5,840                 |
| July            | 2,252                                   | 218  | 237   | 96     | 142     | 693   | 191  | 288   | 3      | --      | 482   | 3,427  | -1,665                |
| Aug.            | 1,712                                   | 57   | 699   | 140    | 81      | 976   | --   | --    | --     | --      | --    | 2,687  | -2,279                |
| 1979--July 4    | 113                                     | 218  | 237   | 96     | 142     | 693   | --   | --    | --     | --      | --    | 806  | -4,853                |
| 11              | 266                                     | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | 266  | -3,554                |
| 18              | 1,384                                   | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | 1,384  | 8,063                 |
| 25              | 188                                     | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | 188  | -3,828                |
| Aug. 1          | 211                                     | --   | --    | --     | --      | --    | 191  | 288   | 3      | --      | 482   | 693  | 1,184                 |
| 8               | --                                      | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | --   | -5,466                |
| 15              | 525                                     | 57   | 699   | 140    | 81      | 976   | --   | --    | --     | --      | --    | 1,501  | 2,721                 |
| 22              | 75                                      | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | 75   | 1,346                 |
| 29              | 1,001                                   | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | 1,001  | 4,368                 |
| Sept. 5         | 107                                     | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | 107  | -5,531                |
| 12              | -200                                    | --   | --    | --     | --      | --    | --   | --    | --     | --      | --    | -218   | -5,182                |
| 19              |   |  |       |        |         |       |  |       |        |         |       |  |                       |
| 26              |   |  |       |        |         |       |  |       |        |         |       |  |                       |
| LEVEL--Sept. 12 | 44.2                                    | 18.4   | 26.8  | 12.2   | 12.3    | 69.7  | 1.7  | 4.4   | 1.4    | .7      | 8.2   | 122.1  | -8.1                  |
| (in billions)   |   |  |       |        |         |       |  |       |        |         |       |  |                       |

<sup>1/</sup> Change from end-of-period to end-of-period.

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

<sup>3/</sup> 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.

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

<sup>5/</sup> 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.

<sup>6/</sup> Includes changes in both RPs (+) and matched sale-purchase transactions (-).

<sup>7/</sup> The Treasury sold \$2,600 million of special certificates to the Federal Reserve on March 31, 1979 and redeemed the last of them on April 4, 1979.

<sup>8/</sup> \$640 million of 2-year notes were exchanged for a like amount of cash management bills on April 3, 1979. On April 9, 1979 the bills were exchanged for new 2-year notes.