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November 11, 1977

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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

November 11, 1977

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) M-1 growth accelerated to a 12 per cent annual rate in October, but recent data suggest that growth in November will slow substantially to about a 1 per cent annual rate. Thus, over the October-November period, M-1 is now expected to expand at an annual rate of about  $6\frac{1}{2}$  per cent, as compared with the Committee's 3 to 8 per cent range for this period. Growth of time deposits other than negotiable CD's has picked up in recent weeks, about offsetting a slowing in the expansion of passbook accounts. M-2 growth for October and November is projected at near a  $7\frac{3}{4}$  per cent annual rate, just above the mid-point of its range. Deposit flows into thrifts moderated in October, but remained at historically high levels. Nonborrowed reserves declined in October, reflecting increased volume of member bank borrowing from the System. However, borrowing has fallen somewhat since the increase in the discount rate to 6 per cent in late October, and, given the recent strength in deposits, nonborrowed reserves are expected to expand at a  $2\frac{3}{4}$  per cent average annual rate for October and November combined.

Growth in Monetary Aggregates  
over October-November Period  
(SAAR in per cent)

|     | <u>Ranges</u> | <u>Latest Estimates</u> |
|-----|---------------|-------------------------|
| M-1 | 3 to 8        | 6.5                     |
| M-2 | 5½ to 9½      | 7.8                     |

|                      |                    |
|----------------------|--------------------|
| Memorandum:          | Avg. for statement |
| Federal funds rate   | <u>week ending</u> |
| (per cent per annum) | Oct. 19      6.50  |
|                      | 26          6.49   |
|                      | Nov. 2      6.50   |
|                      | 9          6.58    |

(2) Following the October FOMC meeting, the Desk continued to aim for a Federal funds rate of around 6½ per cent. However, at the end of October, as available data suggested that the aggregates were growing at rates near to, or above, the upper ends of their ranges, the Desk sought slightly firmer money market conditions. Most recently, with additional data indicating a more moderate growth of the aggregates, the Desk has once again been aiming at a funds rate around 6½ per cent. Over the inter-meeting period, the funds rate has generally fluctuated between 6½ and 6-5/8 per cent.

(3) With the Federal funds rate showing little change on balance since the October meeting--at a time when a number of market observers had expected it to rise further--short-term market interest rates have declined somewhat. This small decline in rates occurred even though credit flows in short-term markets increased. Business loan growth at banks accelerated in October--perhaps reflecting in part a change in seasonal borrowing patterns. In addition, outstanding commercial paper of nonfinancial

firms remained unchanged after declining in September. Banks met a portion of the rise in loan volume by running off Treasury securities, as they have been doing since June of this year, and by issuing negotiable CD's at the fastest rate in over three years.

(4) Rates on Treasury and corporate bonds have edged slightly higher since October, while yields on municipal issues have dropped somewhat. Corporate and municipal bond offerings moderated in recent weeks, especially relative to normal seasonal patterns. The Treasury, however, has auctioned a substantial volume of intermediate- and longer-term debt in conjunction with its mid-quarter refunding operation. Also, household demands for mortgages and consumer credit appear to have remained strong. Despite some slowing in their deposit growth, savings and loan associations apparently have maintained a very active stance in mortgage markets, in part by augmenting deposit inflows with borrowings from Home Loan Banks.

(5) In its refunding operations, the Treasury auctioned \$3.3 billion of 3-year notes at an average rate of 7.24 per cent, \$2 billion of 10-year notes at 7.69 per cent and \$1.3 billion of 30-year bonds at 7.94 per cent, to raise \$4.1 billion of new money and redeem \$2.4 billion of maturing debt. The 3-year note auction was marked by a very large volume of noncompetitive tenders. In trading after the auction, the price of this note fell following the System's temporary firming move, but subsequent price increases have erased this early decline; the other issues have been consistently trading at premiums relative to their respective auction averages. Dealers distributed the bulk of their awards of each issue quite rapidly.

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

|  | 1975 &<br>1976<br>Average | Past<br>Twelve<br>Months<br>Oct. '77<br>over<br>Oct. '76 | Past<br>Six<br>Months<br>Oct. '77<br>over<br>Apr. '77 | Past<br>Three<br>Months<br>Oct. '77<br>over<br>July '77 | Past<br>Month<br>Oct. '77<br>over<br>Sept. '77 |
|--|---------------------------|--|---|---|--|
| Nonborrowed reserves   | 1.5                       | 2.0  | -0.1  | -5.1  | -14.2  |
| Total reserves   | 0.4                       | 5.6  | 7.0   | 6.1   | 8.9  |
| Monetary Base  | 6.4                       | 8.3  | 8.9   | 8.5   | 9.2  |
| <u>Concepts of Money</u>   |                           |  |   |   |  |
| M-1 (Currency plus demand<br>deposits) <u>1/</u>                             | 5.1                       | 7.5  | 8.2   | 8.4   | 12.0   |
| M-2 (M-1 plus time deposits<br>at commercial banks<br>other than large CD's) | 10.0                      | 10.2   | 9.2   | 8.2   | 10.1   |
| M-3 (M-2 plus deposits at<br>thrift institutions)                            | 12.3                      | 12.1   | 11.8  | 12.2  | 12.5   |
| M-4 (M-2 plus CD's)  | 7.0                       | 9.9  | 9.6   | 9.3   | 13.6   |
| M-5 (M-3 plus CD's)  | 10.2                      | 11.8   | 12.0  | 12.7  | 14.7   |
| <u>Bank Credit</u>   |                           |  |   |   |  |
| Loans and investments of<br>all commercial banks <u>2/</u>                   |                           |  |   |   |  |
| Month-end basis  | 6.5                       | 10.5   | 9.9   | 10.0  | 13.6   |
| Average of Wednesdays  | 6.2                       | 10.5   | 9.5   | 9.8   | 10.6   |
| <u>Short-term Market Paper</u><br>(Monthly average change<br>in billions)    |                           |  |   |   |  |
| Large CD's   | -1.1                      | 0.3  | 0.8   | 1.2   | 3.1  |
| Nonbank commercial paper   | 0.0                       | 2.4  | 0.1   | -0.1  | -0.1   |

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

(7) Shown below for the Committee's consideration are three alternative sets of specifications for the monetary aggregates and the Federal funds rate for the forthcoming intermeeting period. (More detailed and longer-term data for the aggregates are shown in the tables on pp. 7 and 8).

|   | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
|---|---------------|---------------|---------------|
| Ranges for Nov.-Dec.                        |               |               |               |
| M-1   | 2½ to 7½      | 2 to 7        | 1½ to 6½      |
| M-2   | 5½ to 9½      | 5 to 9        | 4½ to 8½      |
| Federal funds rate<br>(Intermeeting period) | 5½ to 6½      | 6½ to 6¾      | 6¾ to 7½      |

(8) Under alternative B, the Federal funds rate would be expected to remain near the mid-point of the 6½ to 6¾ per cent rate range specified by the Committee at its last meeting. M-1 growth over the November-December period likely to be associated with such a funds rate would be in a 2-7 per cent annual rate range. While data available so far this month suggest that M-1 will expand only slightly in November, the staff would anticipate an acceleration in December--perhaps to about an 8 per cent annual rate--given the projected strengthening of nominal GNP and the associated underlying transactions demands for cash. Such an expansion would produce a 7½ per cent annual rate of growth of M-1 from the third to the fourth quarter, somewhat below the 9 per cent average annual rate of growth of this aggregate in the second and third quarters of 1977.



Alternative Levels and Growth Rates for Key Monetary Aggregates

|                           |          | <u>M-1</u>    |               |               | <u>M-2</u>    |               |               |
|---------------------------|----------|---------------|---------------|---------------|---------------|---------------|---------------|
|                           |          | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
| 1977                      | October  | 333.7         | 333.7         | 333.7         | 799.6         | 799.6         | 799.6         |
|                           | November | 334.0         | 334.0         | 334.0         | 803.2         | 803.2         | 803.2         |
|                           | December | 336.5         | 336.2         | 335.9         | 809.2         | 808.8         | 808.3         |
| 1977                      | QIII     | 328.5         | 328.5         | 328.5         | 788.0         | 788.0         | 788.0         |
|                           | QIV      | 334.7         | 334.6         | 334.5         | 804.0         | 803.9         | 803.7         |
| 1978                      | QI       | 340.0         | 339.4         | 338.9         | 819.4         | 818.2         | 817.3         |
|                           | QII      | 343.7         | 343.0         | 342.5         | 833.3         | 832.1         | 831.2         |
|                           | QIII     | 345.8         | 345.8         | 345.8         | 845.2         | 845.4         | 845.4         |
| <u>Growth Rates</u>       |          |               |               |               |               |               |               |
| <u>Monthly:</u>           |          |               |               |               |               |               |               |
| 1977                      | November | 1.1           | 1.1           | 1.1           | 5.4           | 5.4           | 5.4           |
|                           | December | 9.0           | 7.9           | 6.8           | 9.0           | 8.4           | 7.6           |
| <u>Quarterly Average:</u> |          |               |               |               |               |               |               |
| 1977                      | QIV      | 7.5           | 7.4           | 7.3           | 8.1           | 8.1           | 8.0           |
| 1978                      | QI       | 6.3           | 5.7           | 5.3           | 7.7           | 7.1           | 6.8           |
|                           | QII      | 4.4           | 4.2           | 4.2           | 6.8           | 6.8           | 6.8           |
|                           | QIII     | 2.4           | 3.3           | 3.9           | 5.7           | 6.4           | 6.8           |
| <u>Semi-Annual:</u>       |          |               |               |               |               |               |               |
| QIII '77-QI '78           |          | 7.0           | 6.6           | 6.3           | 8.0           | 7.7           | 7.4           |
| QI '78-QIII '78           |          | 3.4           | 3.8           | 4.1           | 6.3           | 6.6           | 6.9           |
| <u>Annual:</u>            |          |               |               |               |               |               |               |
| QIII '77-QIII '78         |          | 5.3           | 5.3           | 5.3           | 7.3           | 7.3           | 7.3           |
| FOMC Range                |          |               | 4-6½          |               |               | 6½-9          |               |

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> |
| 1977                      | October           | 1357.1        | 1357.1        | 1357.1        | 853.2              | 853.2         | 853.2         |
|                           | November          | 1366.5        | 1366.5        | 1366.5        | 858.5              | 858.5         | 858.5         |
|                           | December          | 1378.1        | 1377.3        | 1376.6        | 865.4              | 865.1         | 864.8         |
| 1977                      | QIII              | 1329.8        | 1329.8        | 1329.8        | 839.9              | 839.9         | 839.9         |
|                           | QIV               | 1367.2        | 1367.0        | 1366.7        | 859.0              | 858.9         | 858.8         |
| 1978                      | QI                | 1398.0        | 1396.0        | 1394.3        | 877.9              | 877.4         | 876.8         |
|                           | QII               | 1424.0        | 1422.1        | 1421.0        | 895.9              | 894.7         | 893.5         |
|                           | QIII              | 1446.1        | 1447.1        | 1448.1        | 913.6              | 911.7         | 910.0         |
| <u>Growth Rates</u>       |                   |               |               |               |                    |               |               |
| <u>Monthly:</u>           |                   |               |               |               |                    |               |               |
| 1977                      | November          | 8.3           | 8.3           | 8.3           | 7.5                | 7.5           | 7.5           |
|                           | December          | 10.2          | 9.5           | 8.9           | 9.6                | 9.2           | 8.8           |
| <u>Quarterly Average:</u> |                   |               |               |               |                    |               |               |
| 1977                      | QIV               | 11.3          | 11.2          | 11.1          | 9.1                | 9.0           | 9.0           |
| 1978                      | QI                | 9.0           | 8.5           | 8.1           | 8.8                | 8.6           | 8.4           |
|                           | QII               | 7.4           | 7.5           | 7.7           | 8.2                | 7.9           | 7.6           |
|                           | QIII              | 6.2           | 7.0           | 7.6           | 7.9                | 7.6           | 7.4           |
| <u>Semi-annual:</u>       |                   |               |               |               |                    |               |               |
|                           | QIII '77-QI '78   | 10.3          | 10.0          | 9.7           | 9.0                | 8.9           | 8.8           |
|                           | QI '78-QIII '78   | 6.9           | 7.3           | 7.7           | 8.1                | 7.8           | 7.6           |
| <u>Annual:</u>            |                   |               |               |               |                    |               |               |
|                           | QIII '77-QIII '78 | 8.7           | 8.8           | 8.9           | 8.8                | 8.5           | 8.3           |
| FOMC Range                |                   |               | 8-10½         |               | 7-10               |               |               |

(9) If staff expectations are realized for November-December, M-1 in the first three quarters of 1978 would have to expand at a 4 to 4½ per cent annual rate to achieve the mid-point of the Committee's longer-run range of 4-6½ per cent for the QIII '77-QIII '78 period. This is likely to require further increases in interest rates, given our view that money demand will continue to be stronger relative to economic activity than was the case in 1975 and 1976, and also given the projected 11 per cent annual rate of increase for nominal GNP over the first three quarters of next year. The Federal funds rate may have to begin rising by late December and reach a level of about 7½ per cent in the spring, as shown in Appendix I. The increases in money market rates would, of course, be accompanied by a return to higher rates of velocity growth, as shown in Appendix II.

(10) Growth in M-2 over the November-December period is likely to be in a 5 to 9 per cent annual rate range under Alternative B. The time and savings deposit component of M-2 under this alternative is expected to continue to expand at near its recent pace. Although savings deposits at commercial banks are likely to continue growing relatively slowing over the near-term as interest sensitive depositors shift to higher yielding assets, time deposits at banks, especially those not subject to Regulation Q ceiling, are expected to grow at a relatively rapid rate. In addition, shifting of maturing wildcard accounts from banks to thrifts will no longer be a depressant on commercial bank time deposit growth, as seems to have been the case during the third quarter.

(11) Even with the higher rates of interest expected in 1978, the time and savings deposit component of M-2 is likely to grow next year at a pace only marginally below that expected for November-December. Historically, very low rates of growth of savings deposits at banks have been short-lived--as the most interest sensitive depositors tend to shift out of such assets quickly. Inflows of consumer-type time deposits to banks are likely to weaken significantly. However, given the staff's projection of continued sizable bank credit demands, banks can be expected to step up their offerings of large denomination time deposits included in M-2 but not subject to Regulation Q ceilings.

(12) Inflows to thrift institutions moderated somewhat in October. Such inflows may moderate somewhat further over the next few weeks under alternative B, and can be expected to decelerate markedly in 1978 if the projected rise of interest rates materializes. However, the deceleration at thrifts--and at banks as well--is not likely to be as marked as might be expected from interest rate considerations alone because of the high level of nominal income growth projected for 1978 and the large volume of longer-term time certificates now outstanding at depository institutions. This would tend to moderate the extent to which thrifts will have to increase their borrowing and reduce liquidity in order to meet outstanding mortgage commitments.

(13) If the Federal funds rate remains near its present 6-1/2 per cent level over the intermeeting period, as envisioned under Alternative B, short-term interest rates will probably show little net change during the next few weeks, even though demands for short-term funds are likely

to be rather strong over this period. The Treasury is expected to sell a large block of cash management bills in early December and the moderate forward calendar of corporate bond offerings suggests that business demands for credit may be relatively strong in the short-term area over the balance of the year. Under these circumstances, it appears likely that yields on long-term bonds will be relatively stable over the near term and could even edge down a bit.

(14) Alternative C contemplates an increase in the Federal funds rate to the mid-point of a  $6\frac{1}{2}$  to  $7\frac{1}{2}$  per cent range between now and the next Committee meeting. With additional monetary restraint in place somewhat sooner, the staff would expect growth in the monetary aggregates to be somewhat slower over the next few months than under Alternative B. Consequently, somewhat less monetary restraint would be needed later in 1978, and interest rates would rise a little less next year under alternative C than under B.

(15) A near-term increase in the Federal funds rate to around 7 per cent would probably be associated with an increase in money market rates of about one-half percentage point. Member bank borrowing from the discount window would probably once again rise substantially, and pressures for another increase in the discount rate would soon develop. The bank prime rate also could be expected to increase by at least one-fourth of a percentage point. Long-term rates would probably rise considerably less, on balance, than short-term market rates, particularly in view of the large volume of investable funds available from insurance companies and pension funds.

(16) An easing in the funds rate to the mid-point of a  $5\frac{3}{4}$  to  $6\frac{1}{4}$  per cent range, as envisioned under Alternative A, could stimulate substantial downward adjustments in interest rates. Such rate movements, however, would probably be short-lived, since the added impetus to growth in the monetary aggregates would soon require a sharp reversal in interest rates in order to constrain the aggregates to the Committee's longer-run ranges. With M-1 likely to expand at about a 7 per cent average annual rate over the fourth quarter of 1977 and the first quarter of 1978 under this alternative, interest rates would have to rise sufficiently to hold M-1 growth in the second and third quarters of 1978 to a  $3\frac{1}{2}$  per cent annual rate. The projected Federal funds pattern for this alternative calls, therefore, for sustained increases to around  $8\frac{1}{4}$  per cent in the third quarter of 1978. Under such circumstances, some adjustment in Regulation Q ceilings may have to be considered by next summer.

Directive language

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

"Money Aggregates" Formulation

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

ranges, the operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of \_\_\_\_\_ to \_\_\_\_\_ per cent.

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

"Money Market" Formulation

At this time, the Committee seeks to maintain about the prevailing money market conditions (OR TO ACHIEVE SOMEWHAT EASIER OR SOMEWHAT FIRMER MONEY MARKET CONDITIONS) during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about 6-1/2 \_\_\_\_\_ per cent, so long as M-1 and M-2 appear to be growing over the ~~October-November~~ NOVEMBER-DECEMBER period at annual rates within ranges of 3-~~to~~-8 \_\_\_\_\_ TO \_\_\_\_\_ per cent and 5-1/2 ~~to~~-9-1/2 \_\_\_\_\_ TO \_\_\_\_\_ per cent, respectively. If, giving approximately equal weight to M-1 and M-2, it appears that growth rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the



weekly-average Federal funds rate shall be modified in an orderly fashion within a range of ~~6-1/2-to-6-3/4~~ \_\_\_\_\_ to \_\_\_\_\_ per cent.

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

Appendix I

Projected Federal Funds Rates

|      |      | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
|------|------|---------------|---------------|---------------|
| 1977 | QIV  | 6½            | 6½            | 6½            |
| 1978 | QI   | 7             | 7½            | 7-3/8         |
|      | QII  | 7½            | 7½            | 7½            |
|      | QIII | 8½            | 7½            | 7½            |

Appendix II

Implied Velocity Growth Rates

| <u><math>V_1</math></u> ( <u>GNP/M<sub>1</sub></u> ) | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
|--|---------------|---------------|---------------|
| 1977 IV  | 4.0           | 4.1           | 4.3           |
| 1978 I   | 4.6           | 5.2           | 5.6           |
| II   | 6.1           | 6.1           | 6.1           |
| III  | 7.6           | 6.7           | 6.1           |
| <u><math>V_2</math></u> ( <u>GNP/M<sub>2</sub></u> ) |               |               |               |
| 1977 IV  | 3.3           | 3.5           | 3.5           |
| 1978 I   | 3.3           | 3.8           | 4.1           |
| II   | 3.6           | 3.6           | 3.7           |
| III  | 4.3           | 3.5           | 3.0           |

### Appendix III

Expansion in Reserves Over the Period From QIII 1977 to  
QI 1978 Consistent with Proposed Alternatives  
(Seasonally adjusted annual rates)

|                      | <u>Alt. A</u> | <u>Alt. B</u> | <u>Alt. C</u> |
|----------------------|---------------|---------------|---------------|
| Nonborrowed Reserves | -1.3          | -3.3          | -4.2          |
| Total Reserves       | 5.1           | 4.8           | 4.5           |
| Monetary Base        | 7.7           | 7.6           | 7.5           |

On average thus far in the fourth quarter, nonborrowed reserves have expanded at a  $3\frac{1}{2}$  per cent annual rate, total reserves at a  $5\frac{1}{2}$  per cent rate, and the monetary base at an  $8\frac{1}{2}$  per cent rate. These rates are above the growth rates for the 1977 QIII to 1978 QI period shown in the table above that are thought to be consistent with the alternatives presented to the Committee. Thus, a slowing in the growth of reserves, and a considerable slowing in nonborrowed reserves, will be needed over the months ahead. (The estimates for nonborrowed reserves shown in the table assume no change in the discount rate from its current level of 6 per cent. Increases in the discount rate would, of course, shift the composition of total reserves more toward nonborrowed than borrowed reserves).

Appendix Table IV-1

MONEY STOCK--M-1  
 (Annual rates of growth, compounded quarterly)<sup>1/</sup>

| <u>Ending<br/>Period</u> | <u>Base Period</u> |            |             |              |             |            |             |              |             |            |             |              |
|--------------------------|--------------------|------------|-------------|--------------|-------------|------------|-------------|--------------|-------------|------------|-------------|--------------|
|                          | <u>74IV</u>        | <u>75I</u> | <u>75II</u> | <u>75III</u> | <u>75IV</u> | <u>76I</u> | <u>76II</u> | <u>76III</u> | <u>76IV</u> | <u>77I</u> | <u>77II</u> | <u>77III</u> |
| 1975 I                   | 0.7                |            |             |              |             |            |             |              |             |            |             |              |
| II                       | 3.9                | 7.1        |             |              |             |            |             |              |             |            |             |              |
| III                      | 5.0                | 7.2        | 7.3         |              |             |            |             |              |             |            |             |              |
| IV                       | 4.4                | 5.6        | 4.9         | 2.5          |             |            |             |              |             |            |             |              |
| 1976 I                   | 4.1                | 4.9        | 4.2         | 2.7          | 2.9         |            |             |              |             |            |             |              |
| II                       | 4.8                | 5.6        | 5.3         | 4.6          | 5.6         | 8.5        |             |              |             |            |             |              |
| III                      | 4.7                | 5.4        | 5.1         | 4.5          | 5.2         | 6.4        | 4.4         |              |             |            |             |              |
| IV                       | 5.0                | 5.6        | 5.4         | 5.0          | 5.6         | 6.5        | 5.6         | 6.7          |             |            |             |              |
| 1977 I                   | 4.9                | 5.4        | 5.2         | 4.9          | 5.3         | 6.0        | 5.1         | 5.5          | 4.3         |            |             |              |
| II                       | 5.3                | 5.8        | 5.6         | 5.4          | 5.9         | 6.5        | 6.0         | 6.5          | 6.5         | 8.7        |             |              |
| III                      | 5.7                | 6.2        | 6.1         | 5.9          | 6.4         | 7.0        | 6.7         | 7.3          | 7.5         | 9.2        | 9.7         |              |
| * * * * *                |                    |            |             |              |             |            |             |              |             |            |             |              |
| 1978 III <sup>2/</sup>   | 5.6                | 5.9        | 5.8         | 5.7          | 6.0         | 6.3        | 6.1         | 6.3          | 6.2         | 6.6        | 6.1         | 5.3          |

<sup>1/</sup> Based on quarterly average data.

<sup>2/</sup> Based on attainment of mid-point of current longer-run range.

Appendix Table IV-2

MONEY STOCK--M-2  
 (Annual rates of growth, compounded quarterly)<sup>1/</sup>

| Ending<br>Period       | Base Period |            |             |              |             |            |             |              |             |            |             |              |
|------------------------|-------------|------------|-------------|--------------|-------------|------------|-------------|--------------|-------------|------------|-------------|--------------|
|                        | <u>74IV</u> | <u>75I</u> | <u>75II</u> | <u>75III</u> | <u>75IV</u> | <u>76I</u> | <u>76II</u> | <u>76III</u> | <u>76IV</u> | <u>77I</u> | <u>77II</u> | <u>77III</u> |
| 1975 I                 | 5.8         |            |             |              |             |            |             |              |             |            |             |              |
| II                     | 8.1         | 10.4       |             |              |             |            |             |              |             |            |             |              |
| III                    | 8.9         | 10.4       | 10.5        |              |             |            |             |              |             |            |             |              |
| IV                     | 8.3         | 9.2        | 8.5         | 6.6          |             |            |             |              |             |            |             |              |
| 1976 I                 | 8.7         | 9.4        | 9.1         | 8.4          | 10.2        |            |             |              |             |            |             |              |
| II                     | 9.1         | 9.7        | 9.6         | 9.3          | 10.6        | 10.9       |             |              |             |            |             |              |
| III                    | 9.1         | 9.7        | 9.5         | 9.3          | 10.2        | 10.2       | 9.4         |              |             |            |             |              |
| IV                     | 9.6         | 10.2       | 10.1        | 10.0         | 10.9        | 11.1       | 11.2        | 13.1         |             |            |             |              |
| 1977 I                 | 9.7         | 10.2       | 10.1        | 10.1         | 10.8        | 10.9       | 10.9        | 11.7         | 10.3        |            |             |              |
| II                     | 9.7         | 10.1       | 10.1        | 10.0         | 10.6        | 10.7       | 10.6        | 11.0         | 9.9         | 9.5        |             |              |
| III                    | 9.8         | 10.2       | 10.1        | 10.1         | 10.6        | 10.7       | 10.6        | 10.9         | 10.2        | 10.1       | 10.7        |              |
| * * * * *              |             |            |             |              |             |            |             |              |             |            |             |              |
| 1978 III <sup>2/</sup> | 9.1         | 9.3        | 9.2         | 9.1          | 9.4         | 9.3        | 9.1         | 9.1          | 8.5         | 8.2        | 8.0         | 7.3          |

<sup>1/</sup> Based on quarterly average data.

<sup>2/</sup> Based on growth rate projected under alternative B.

Appendix Table IV-3

MONEY STOCK--M-3  
(Annual rates of growth, compounded quarterly)<sup>1/</sup>

| <u>Ending<br/>Period</u> | <u>Base Period</u> |            |             |              |             |            |             |              |             |            |             |              |
|--------------------------|--------------------|------------|-------------|--------------|-------------|------------|-------------|--------------|-------------|------------|-------------|--------------|
|                          | <u>74IV</u>        | <u>75I</u> | <u>75II</u> | <u>75III</u> | <u>75IV</u> | <u>76I</u> | <u>76II</u> | <u>76III</u> | <u>76IV</u> | <u>77I</u> | <u>77II</u> | <u>77III</u> |
| 1975 I                   | 7.9                |            |             |              |             |            |             |              |             |            |             |              |
| II                       | 10.4               | 12.9       |             |              |             |            |             |              |             |            |             |              |
| III                      | 11.5               | 13.3       | 13.7        |              |             |            |             |              |             |            |             |              |
| IV                       | 11.1               | 12.2       | 11.8        | 9.9          |             |            |             |              |             |            |             |              |
| 1976 I                   | 11.3               | 12.1       | 11.8        | 10.9         | 11.9        |            |             |              |             |            |             |              |
| II                       | 11.4               | 12.2       | 12.0        | 11.4         | 12.1        | 12.3       |             |              |             |            |             |              |
| III                      | 11.5               | 12.1       | 11.9        | 11.5         | 12.0        | 12.1       | 11.9        |              |             |            |             |              |
| IV                       | 12.0               | 12.5       | 12.5        | 12.2         | 12.8        | 13.1       | 13.5        | 15.2         |             |            |             |              |
| 1977 I                   | 11.9               | 12.5       | 12.4        | 12.2         | 12.6        | 12.8       | 12.9        | 13.5         | 11.8        |            |             |              |
| II                       | 11.8               | 12.2       | 12.1        | 11.9         | 12.2        | 12.3       | 12.3        | 12.5         | 11.1        | 10.4       |             |              |
| III                      | 11.9               | 12.3       | 12.2        | 12.0         | 12.3        | 12.4       | 12.4        | 12.6         | 11.7        | 11.6       | 13.0        |              |
| * * * * *                |                    |            |             |              |             |            |             |              |             |            |             |              |
| 1978 III <sup>2/</sup>   | 11.1               | 11.3       | 11.2        | 11.0         | 11.0        | 11.0       | 10.8        | 10.7         | 10.1        | 9.8        | 9.6         | 8.8          |

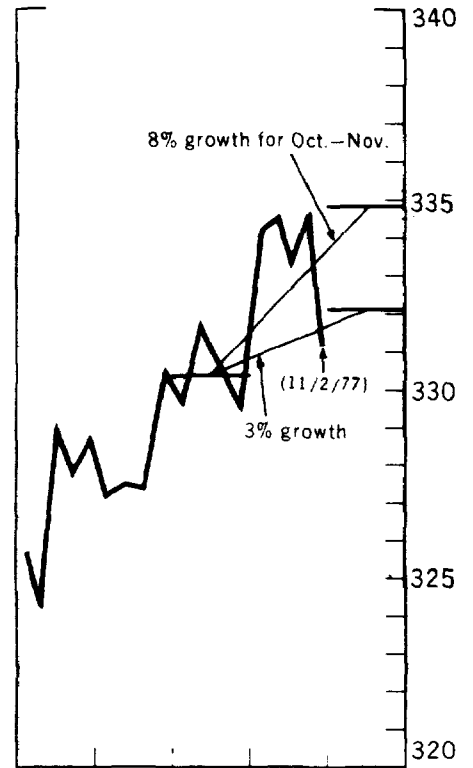
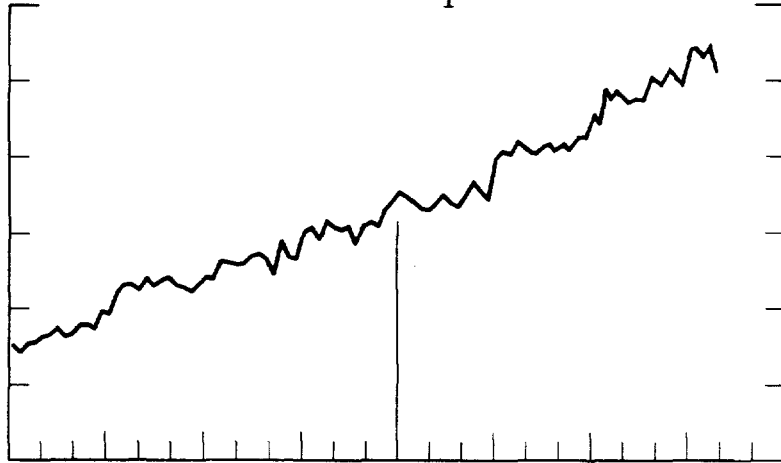
<sup>1/</sup> Based on quarterly average data.

<sup>2/</sup> Based on growth rate projected under alternative B.

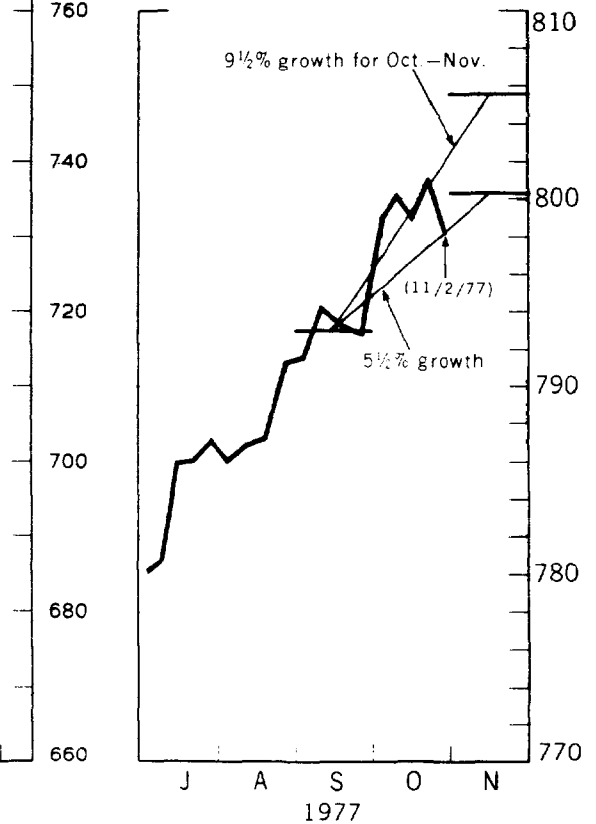
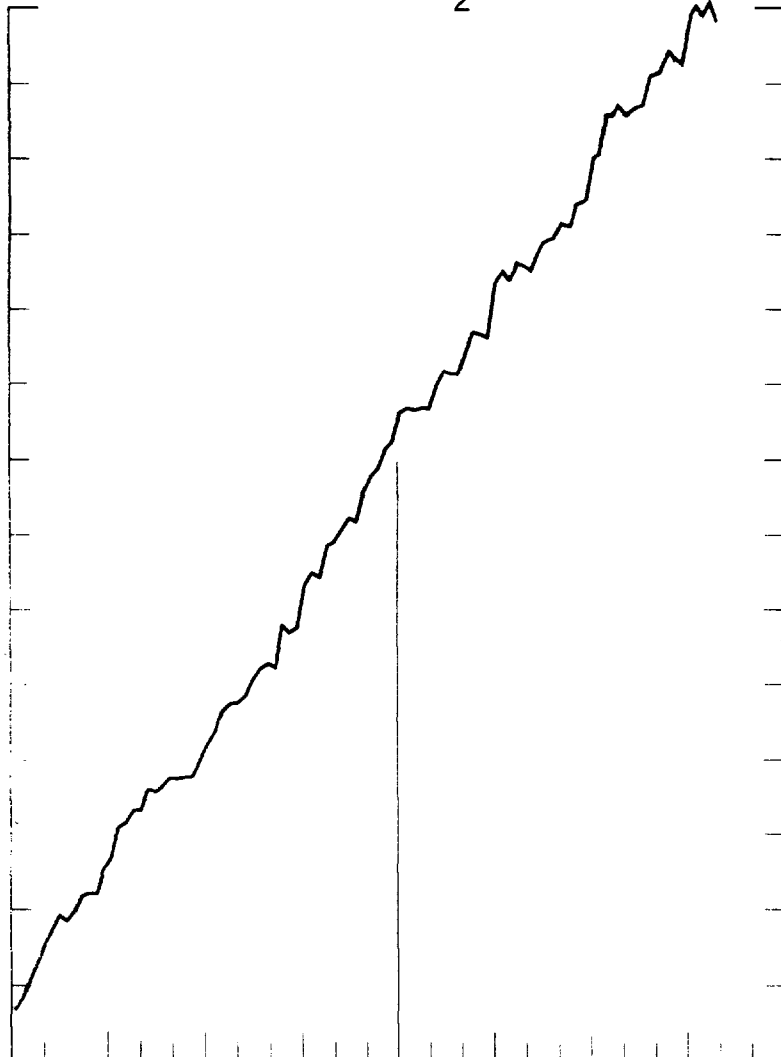
# MONETARY AGGREGATES

NARROW MONEY SUPPLY  $M_1$

BILLIONS OF DOLLARS



BROADER MONEY SUPPLY  $M_2$

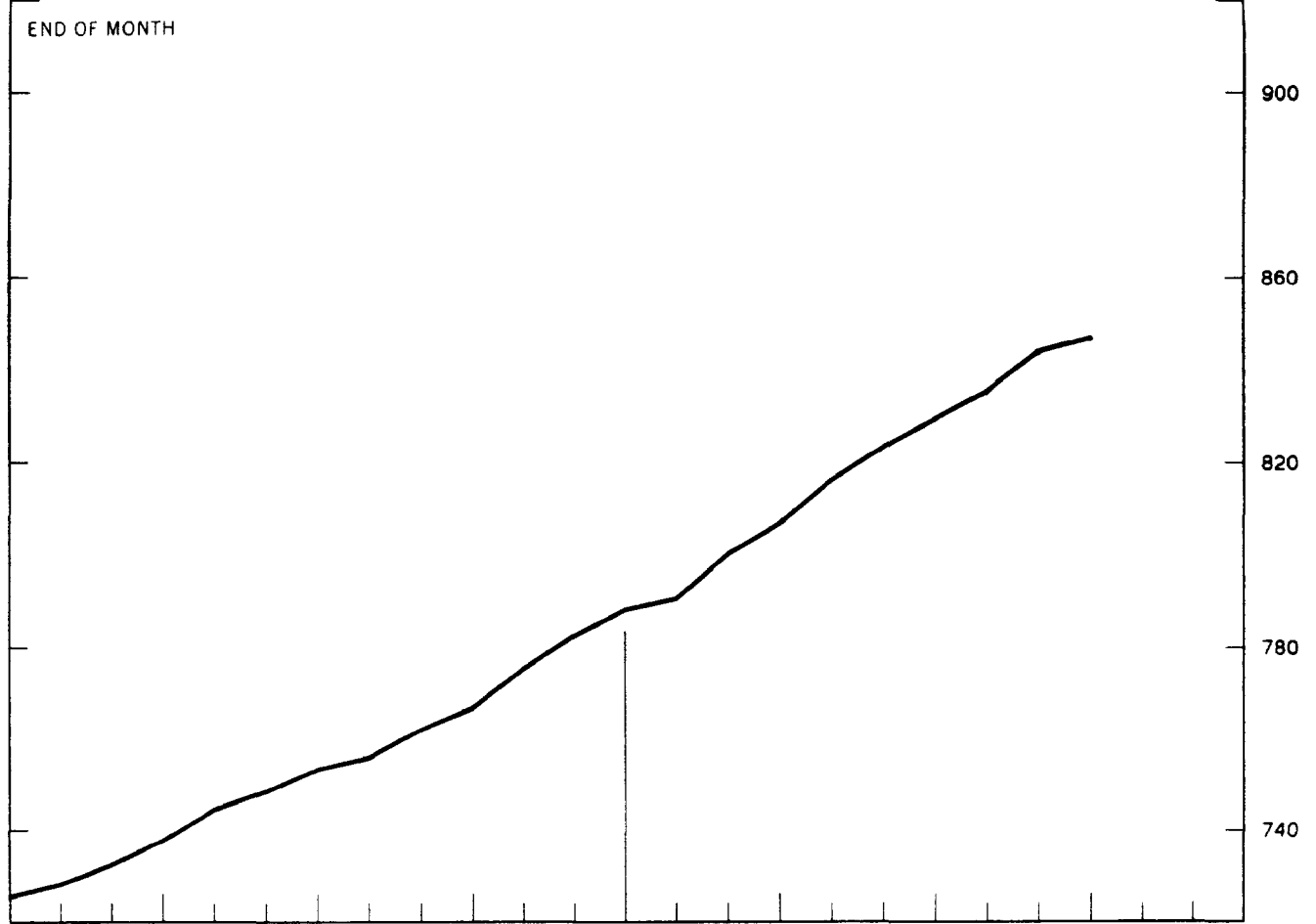




# MONETARY AGGREGATES

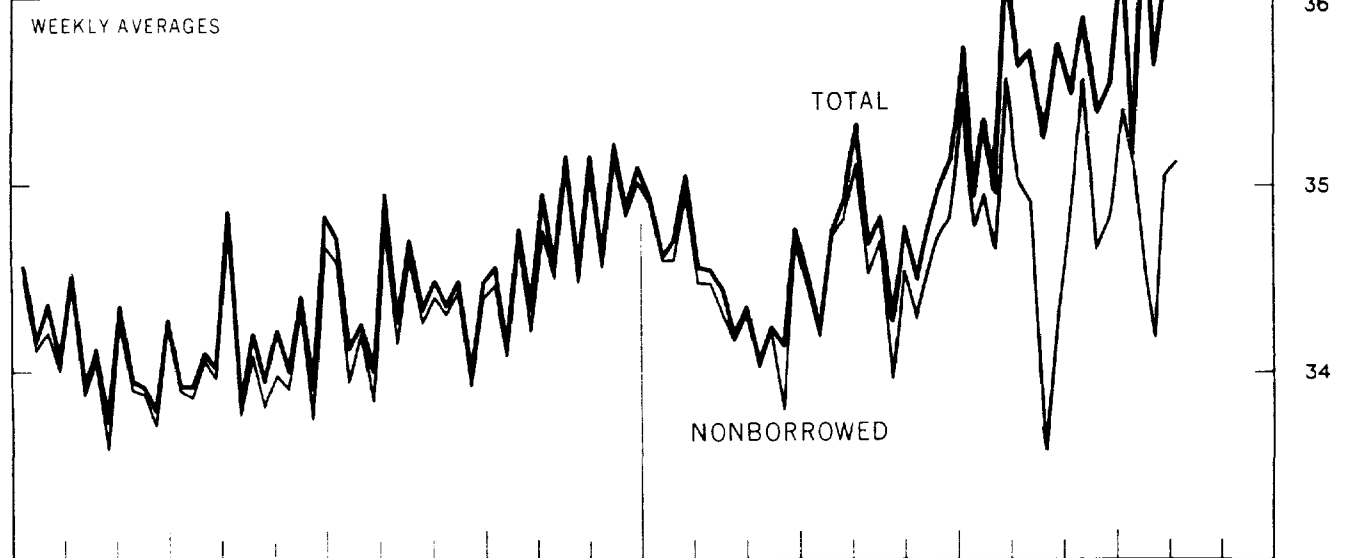
BANK CREDIT

BILLIONS OF DOLLARS



RESERVES

BILLIONS OF DOLLARS



1976

1977

# MONEY MARKET CONDITIONS AND INTEREST RATES

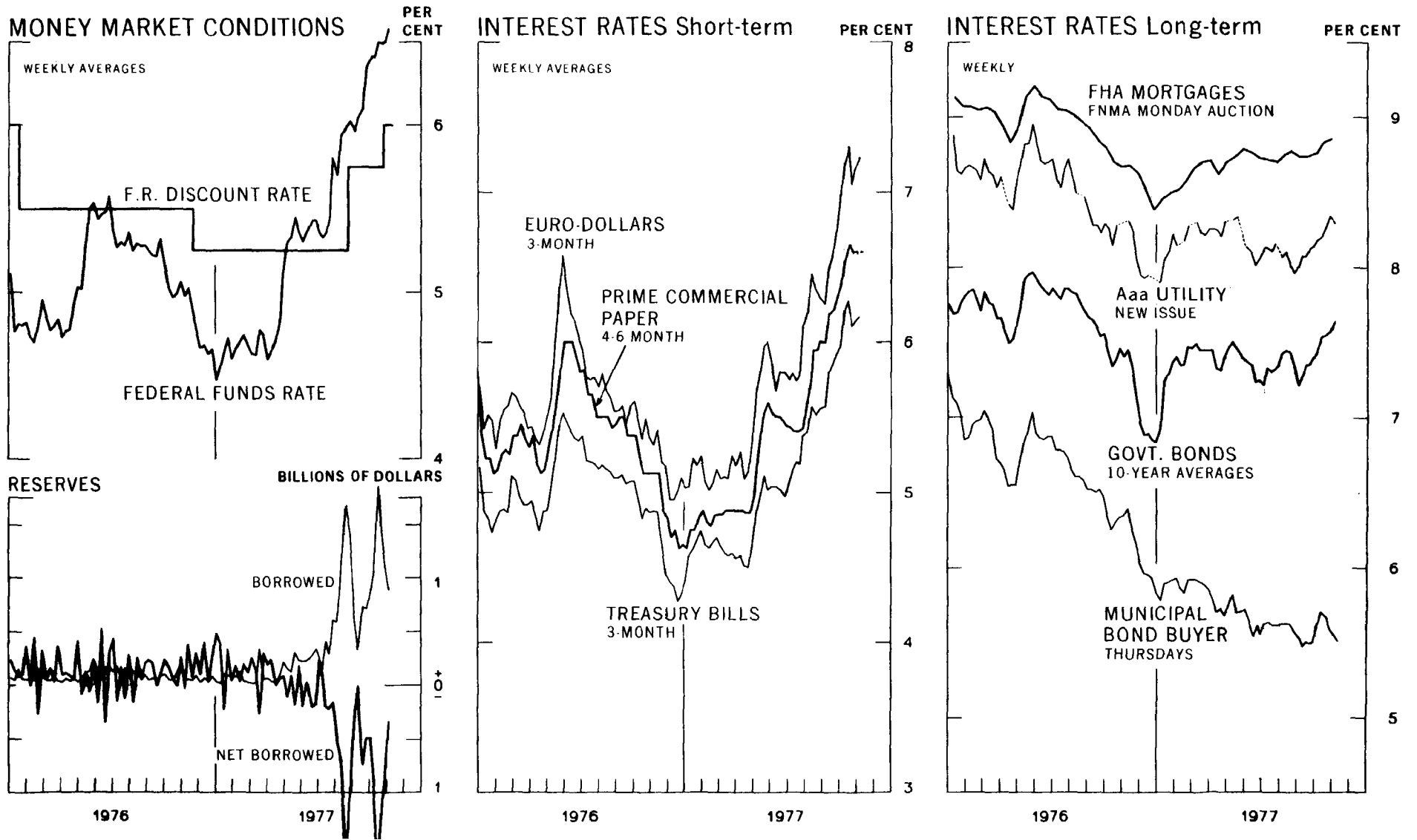


Table 1  
**MONETARY AGGREGATES**

CONFIDENTIAL (FR)  
CLASS II-FOMC  
NOV. 11, 1977

ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

| Period                       | Money Supply   |               | Total<br>U S. Govt.<br>Deposits 1/ | Time & Savings Deposits |                 |         |         | CD's    | Nondeposit<br>Sources of<br>Funds 2/ |
|------------------------------|----------------|---------------|------------------------------------|-------------------------|-----------------|---------|---------|---------|--------------------------------------|
|                              | Narrow<br>(M1) | Broad<br>(M2) |                                    | Total                   | Other Than CD's |         | CD's    |         |                                      |
|                              |                |               |                                    |                         | Total           | Savings |         |         |                                      |
|                              | 1              | 2             | 3                                  | 4                       | 5               | 6       | 7       | 8       | 9                                    |
| <b>MONTHLY LEVELS--\$BIL</b> |                |               |                                    |                         |                 |         |         |         |                                      |
| 1977--AUG.                   | 328.4          | 787.7         | 10.2                               | 522.5                   | 459.4           | 216.2   | 243.1   | 63.2    | 57.9                                 |
| SEPT.                        | 330.4          | 792.9         | 10.7                               | 525.8                   | 462.6           | 217.8   | 244.8   | 63.2    | 60.6                                 |
| OCT.                         | 333.7          | 799.6         | 10.3                               | 532.2                   | 465.9           | 216.4   | 247.5   | 66.3    | 60.9                                 |
| NOV.                         | (334.0)        | (803.2)       | ( 7.0)                             | (538.6)                 | (469.2)         | (218.0) | (251.3) | ( 69.3) |                                      |
| <b>% ANNUAL GROWTH</b>       |                |               |                                    |                         |                 |         |         |         |                                      |
| <b>QUARTERLY</b>             |                |               |                                    |                         |                 |         |         |         |                                      |
| 1977--1ST QTR.               | 3.8            | 8.5           | 0.0                                | 9.5                     | 11.9            | 16.3    | 8.1     | -7.0    |                                      |
| 2ND QTR.                     | 8.2            | 6.8           | -39.3                              | 9.5                     | 9.4             | 5.1     | 13.2    | 10.9    |                                      |
| 3RD QTR.                     | 10.6           | 10.4          | 23.6                               | 8.5                     | 10.4            | 9.6     | 11.1    | -4.4    |                                      |
| <b>QUARTERLY--4V</b>         |                |               |                                    |                         |                 |         |         |         |                                      |
| 1977--1ST QTR.               | 4.2            | 9.9           | -48.0                              | 12.5                    | 14.0            | 21.1    | 8.0     | 1.9     |                                      |
| 2ND QTR.                     | 8.4            | 9.2           | -18.2                              | 8.3                     | 9.8             | 8.5     | 10.8    | -1.9    |                                      |
| 3RD QTR.                     | 9.3            | 10.3          | 15.2                               | 10.0                    | 11.0            | 6.6     | 15.0    | 3.2     |                                      |
| <b>MONTHLY</b>               |                |               |                                    |                         |                 |         |         |         |                                      |
| 1977--AUG.                   | 5.9            | 6.4           | -162.7                             | 6.9                     | 7.1             | 14.6    | 0.0     | 7.6     |                                      |
| SEPT.                        | 7.3            | 7.9           | 58.8                               | 7.6                     | 8.4             | 8.9     | 8.4     | 0.0     |                                      |
| OCT.                         | 12.0           | 10.1          | -44.9                              | 14.6                    | 8.6             | 3.3     | 13.2    | 58.9    |                                      |
| NOV.                         | ( 1.1)         | ( 5.4)        | (-384.5)                           | ( 14.4)                 | ( 8.5)          | ( -2.2) | ( 18.4) | ( 54.3) |                                      |
| OCT.--NOV.                   | ( 6.5)         | ( 7.8)        | (-207.5)                           | ( 14.6)                 | ( 8.6)          | ( 0.6)  | ( 15.9) | ( 57.9) |                                      |
| <b>WEEKLY LEVELS--\$BIL</b>  |                |               |                                    |                         |                 |         |         |         |                                      |
| 1977--OCT. 5                 | 334.2          | 799.0         | 13.0                               | 529.8                   | 464.8           | 217.8   | 247.0   | 65.0    | 58.5                                 |
| 12                           | 334.5          | 800.1         | 8.4                                | 531.0                   | 465.6           | 218.3   | 247.3   | 65.4    | 59.9                                 |
| 19                           | 353.3          | 799.0         | 10.0                               | 531.8                   | 465.7           | 218.3   | 247.4   | 66.1    | 63.1                                 |
| 26                           | 334.6          | 801.0         | 10.3                               | 533.4                   | 466.4           | 218.4   | 248.0   | 67.0    | 60.7                                 |
| NOV. 2                       | 331.2          | 798.1         | 9.1                                | 535.1                   | 466.9           | 218.3   | 248.6   | 68.2    |                                      |

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

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

2/ INCLUDES BORROWINGS FROM OTHER THAN COMMERCIAL BANKS IN THE FORM OF FEDERAL FUNDS PURCHASED, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, AND OTHER LIABILITIES FOR BORROWED MONEY, PLUS GROSS LIABILITIES TO OWN FOREIGN BRANCHES (EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, AND OTHER MINOR ITEMS.

TABLE 2  
**BANK RESERVES**  
ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

NOV. 11, 1977

| Period                            | BANK RESERVES  |                      |               | REQUIRED RESERVES |                |                     |                      |
|-----------------------------------|----------------|----------------------|---------------|-------------------|----------------|---------------------|----------------------|
|                                   | Total Reserves | Nonborrowed Reserves | Monetary Base | Total Required    | Private Demand | Total Time Deposits | Gov't. and Interbank |
|                                   | 1              | 2                    | 3             | 4                 | 5              | 6                   | 7                    |
| <b>MONTHLY LEVELS--\$MILLIONS</b> |                |                      |               |                   |                |                     |                      |
| 1977--AUC.                        | 35,641         | 34,580               | 124,297       | 35,441            | 21,218         | 12,389              | 1,834                |
| SEPT.                             | 35,627         | 35,001               | 125,144       | 35,418            | 21,279         | 12,388              | 1,751                |
| OCT.                              | 35,891         | 34,586               | 126,099       | 35,687            | 21,384         | 12,456              | 1,847                |
| NOV.                              | (36,034)       | (35,158)             | (126,656)     | (35,604)          | (21,371)       | (12,640)            | (1,793)              |
| <b>PERCENT ANNUAL GROWTH</b>      |                |                      |               |                   |                |                     |                      |
| <b>QUARTERLY</b>                  |                |                      |               |                   |                |                     |                      |
| 1977--1ST QTR.                    | -1.8           | -2.4                 | 5.1           | -1.1              | 3.7            | 6.9                 |                      |
| 2ND QTR.                          | 6.5            | 4.6                  | 8.2           | 7.3               | 3.9            | 6.1                 |                      |
| 3RD QTR.                          | 6.8            | 4.6                  | 10.2          | 8.1               | 13.2           | 2.6                 |                      |
| <b>QUARTERLY--AV</b>              |                |                      |               |                   |                |                     |                      |
| 1977--1ST QTR.                    | 2.7            | 2.6                  | 6.6           | 3.0               | 5.0            | 9.5                 |                      |
| 2ND QTR.                          | 3.0            | 1.9                  | 7.2           | 3.5               | 3.0            | 4.0                 |                      |
| 3RD QTR.                          | 9.0            | 3.4                  | 9.6           | 6.6               | 10.2           | 6.3                 |                      |
| <b>MONTHLY</b>                    |                |                      |               |                   |                |                     |                      |
| 1977--AUC.                        | 9.6            | -15.4                | 8.1           | 12.5              | 12.6           | 0.5                 |                      |
| SEPT.                             | -0.5           | 14.6                 | 8.2           | -0.8              | 3.5            | -0.1                |                      |
| OCT.                              | 8.9            | -14.2                | 9.2           | 9.1               | 5.9            | 6.6                 |                      |
| NOV.                              | (4.8)          | (19.8)               | (7.2)         | (3.9)             | (-0.7)         | (17.7)              |                      |
| OCT.-NOV.                         | (6.9)          | (2.7)                | (8.2)         | (6.5)             | (2.6)          | (12.2)              |                      |
| <b>WEEKLY LEVELS--\$MILLIONS</b>  |                |                      |               |                   |                |                     |                      |
| 1977-OCT. 5                       | 36,266         | 35,383               | 125,987       | 35,865            | 21,318         | 12,348              | 2,199                |
| 12                                | 35,171         | 34,120               | 124,989       | 35,002            | 21,049         | 12,408              | 1,546                |
| 19                                | 36,406         | 34,547               | 126,668       | 36,324            | 21,692         | 12,496              | 2,137                |
| 26                                | 35,634         | 34,191               | 126,149       | 35,488            | 21,425         | 12,485              | 1,577                |
| NOV. 2                            | 36,160         | 35,047               | 126,869       | 35,855            | 21,432         | 12,535              | 1,889                |
| 9                                 | 36,020         | 35,133               | 126,298       | 35,872            | 21,538         | 12,583              | 1,752                |

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

TABLE 3  
NET CHANGES IN SYSTEM HOLDINGS OF SECURITIES<sup>1/</sup>  
(\$ million, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
NOVEMBER 11, 1977

| Period         | Treasury Bills<br>Net Change 2/ | Treasury Coupons<br>Net Purchases 3/ |       |        |            |       | Federal Agencies<br>Net Purchases 4/ |       |        |            |       | Net Change<br>Outright<br>Holdings<br>Total 5/ | Net<br>RP's<br>6/ |
|----------------|---------------------------------|--------------------------------------|-------|--------|------------|-------|--------------------------------------|-------|--------|------------|-------|--|-------------------|
|                |                                 | Within<br>1 year                     | 1 - 5 | 5 - 10 | Over<br>10 | Total | Within<br>1 year                     | 1 - 5 | 5 - 10 | Over<br>10 | Total |  |                   |
| 1972           | -490                            | 87                                   | 789   | 539    | 167        | 1,582 | 46                                   | 592   | 253    | 168        | 1,059 | 1,631  | -1,358            |
| 1973           | 7,232                           | 207                                  | 579   | 500    | 129        | 1,415 | 120                                  | 400   | 244    | 101        | 864   | 9,273  | -46               |
| 1974           | 1,280                           | 320                                  | 797   | 434    | 196        | 1,747 | 439                                  | 1,665 | 659    | 318        | 3,082 | 6,303  | -154              |
| 1975           | -468                            | 337                                  | 3,284 | 1,510  | 1,070      | 6,202 | 191                                  | 824   | 460    | 138        | 1,613 | 7,267  | 1,272             |
| 1976           | 863                             | 472                                  | 3,025 | 1,048  | 642        | 5,187 | 105                                  | 469   | 203    | 114        | 891   | 6,227  | 3,607             |
| 1976--Qtr. III | 45                              | 171                                  | 881   | 345    | 160        | 1,557 | --                                   | --    | --     | --         | --    | 1,398  | 392               |
| Qtr. IV        | -886                            | 77                                   | 794   | 232    | 192        | 1,294 | --                                   | 41    | 37     | 36         | 115   | 436  | 304               |
| 1977--Qtr. I   | 1,164                           | 192                                  | 997   | 325    | 165        | 1,680 | --                                   | --    | --     | --         | --    | 2,738  | -4,771            |
| Qtr. II        | 2,126                           | 109                                  | 526   | 171    | 152        | 959   | --                                   | 406   | 251    | 68         | 726   | 3,666  | 4,175             |
| Qtr. III       | 886                             | 116                                  | 681   | 96     | 128        | 1,021 | --                                   | --    | --     | --         | --    | 4,273  | -2,331            |
| 1977--May      | -208                            | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -254   | -3,207            |
| June           | 942                             | 89                                   | 200   | 68     | 114        | 470   | --                                   | 233   | 113    | 33         | 380   | 1,744  | 4,561             |
| July           | -1,136                          | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -1,159   | -2,861            |
| Aug.           | 636                             | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | 552  | -1,353            |
| Sept.          | 1,385                           | 116                                  | 681   | 96     | 128        | 1,021 | --                                   | --    | --     | --         | --    | 4,881  | 1,883             |
| Oct.           | -1,877                          | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -4,380   | -6,530            |
| 1977--Sept. 7  | -603                            | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -603   | -6,625            |
| 14             | 296                             | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | 271  | 4,519             |
| 21             | 53                              | 57                                   | 347   | 56     | 41         | 500   | --                                   | --    | --     | --         | --    | 553  | 24                |
| 28             | 1,363                           | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | 1,363  | 6,816             |
| Oct. 5         | 124                             | 60                                   | 333   | 40     | 87         | 520   | --                                   | --    | --     | --         | --    | 645  | -5,482            |
| 12             | -459                            | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -459   | -3,846            |
| 19             | -304                            | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -304   | -3,846            |
| 26             | -394                            | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -397   | 5,898             |
| Nov. 2         | -568                            | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -569   | -2,690            |
| 9              | -376                            | --                                   | --    | --     | --         | --    | --                                   | --    | --     | --         | --    | -376   | -4,479            |
| 16             |                                 |                                      |       |        |            |       |                                      |       |        |            |       |  |                   |
| 23             |                                 |                                      |       |        |            |       |                                      |       |        |            |       |  |                   |
| 30             |                                 |                                      |       |        |            |       |                                      |       |        |            |       |  |                   |
| LEVEL--Nov. 9  | 40.5                            | 12.9                                 | 28.2  | 10.5   | 6.7        | 58.4  | 1.3                                  | 3.8   | 1.5    | .8         | 7.3   | 106.2  | -4.4              |

(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 (-).

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

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
NOVEMBER 11, 1977

|               | U.S. Govt. Security Dealer Positions |               | Underwriting Syndicate Positions |                 | Excess** Reserves | Member Bank Reserve Positions |          |                         |           |
|---------------|--------------------------------------|---------------|----------------------------------|-----------------|-------------------|-------------------------------|----------|-------------------------|-----------|
|               | Bills                                | Coupon Issues | Corporate Bonds                  | Municipal Bonds |                   | Borrowing at FRB**            |          | Basic Reserve Deficit** |           |
|               |                                      |               |                                  |                 |                   | Total                         | Seasonal | 8 New York              | 38 Others |
| 1976--High    | 8,896                                | 3,046         | 334                              | 343             | 655               | 242                           | 34       | -8,161                  | -12,744   |
| Low           | 3,668                                | 175           | 0                                | 34              | -180              | 24                            | 8        | -2,367                  | - 6,908   |
| 1977--High    | 7,234                                | 3,017         | 278                              | 350             | 513               | 1,665                         | 131      | -8,742                  | -13,975   |
| Low           | 1,729                                | -1,445        | 0                                | 125             | -111              | 20                            | 8        | -4,234                  | - 8,206   |
| 1976--Oct.    | 6,271                                | 1,832         | 94                               | 258             | 221               | 94                            | 32       | -6,428                  | -10,527   |
| Nov.          | 6,876                                | 2,418         | 79                               | 217             | 257               | 72                            | 22       | -6,289                  | -11,618   |
| Dec.          | 8,005                                | 2,443         | 145                              | 167             | 274               | 53                            | 13       | -7,168                  | -11,449   |
| 1977--Jan.    | 6,406                                | 2,320         | 82                               | 202             | 265               | 68                            | 10       | -6,421                  | -11,504   |
| Feb.          | 4,450                                | 1,650         | 72                               | 226             | 198               | 72                            | 12       | -5,604                  | -11,503   |
| Mar.          | 4,906                                | 972           | 103                              | 162             | 214               | 103                           | 13       | -5,661                  | -10,912   |
| Apr.          | 4,567                                | 696           | 101                              | 173             | 192               | 73                            | 14       | -6,586                  | -11,409   |
| May           | 3,072                                | 123           | 20                               | 228             | 213               | 206                           | 30       | -5,693                  | -10,175   |
| June          | 4,752                                | 206           | 142                              | 217             | 154               | 262                           | 54       | -5,341                  | -10,332   |
| July          | 3,899                                | -309          | 143                              | 209             | 275               | 323                           | 60       | -6,391                  | -11,012   |
| Aug.          | 2,533                                | -933          | 71                               | 199             | 200               | 1,084                         | 102      | -5,581                  | -11,452   |
| Sept.         | 4,812                                | -313          | 128                              | 230             | 209               | 626                           | 112      | -7,333                  | -11,120   |
| Oct.          | *4,142                               | *-360         | 83                               | 186             | 204p              | 1,305p                        | 112p     | -6,483p                 | -11,481p  |
| 1977--Sept. 7 | 4,562                                | 263           | 96                               | 183             | 231               | 636                           | 114      | -7,285                  | -11,729   |
| 14            | 4,998                                | -268          | 190                              | 204             | 321               | 337                           | 108      | -7,990                  | -12,979   |
| 21            | 5,927                                | -682          | 126                              | 259             | -3                | 738                           | 110      | -7,441                  | -12,249   |
| 28            | 3,976                                | -272          | 158                              | 321             | 232               | 718                           | 116      | -6,797                  | - 8,206   |
| Oct. 5        | 3,898                                | -777          | 54                               | 263             | 401               | 883                           | 117      | -6,699                  | - 8,730   |
| 12            | 3,868                                | -216          | 63                               | 200             | 169               | 1,051                         | 112      | -8,525                  | -12,135   |
| 19            | *3,930                               | *-496         | 108                              | 166             | 84                | 1,861                         | 112      | -6,416                  | -13,061   |
| 26            | *4,712                               | *-90          | 108                              | 116             | 146p              | 1,443p                        | 116p     | -5,391                  | -11,294   |
| Nov. 2        | *4,346                               | *-203         | 0                                | 124             | 305p              | 1,113p                        | 104p     | -5,028p                 | -11,367p  |
| 9             | *3,688                               | *546          | 75p                              | 140             | 148p              | 887p                          | 87p      | -7,709p                 | -13,928p  |
| 16            |                                      |               |                                  |                 |                   |                               |          |                         |           |
| 23            |                                      |               |                                  |                 |                   |                               |          |                         |           |
| 30            |                                      |               |                                  |                 |                   |                               |          |                         |           |

NOTE: Government security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury securities financing by repurchase agreements maturing in 16 days or more, are indicators of dealer holdings available for sale over the near-term. Underwriting syndicate positions consist of issues still in syndicate, excluding trading positions. The basic reserve deficit is excess reserves less borrowing at Federal Reserve less net Federal funds purchases. Weekly data are daily averages for statement weeks, except for corporate and municipal issues in syndicate which are Friday figures.

\* Strictly confidential.

\*\* Monthly averages for excess reserves and borrowings are weighted averages of statement week figures.

TABLE 5  
SELECTED INTEREST RATES  
(per cent)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
NOVEMBER 11, 1977

|               | Short-Term    |                |        |                             |                     |        | Long-Term                           |       |       |           |                  |            |                |                           |           |
|---------------|---------------|----------------|--------|-----------------------------|---------------------|--------|-------------------------------------|-------|-------|-----------|------------------|------------|----------------|---------------------------|-----------|
|               | Federal Funds | Treasury Bills |        | Commercial Paper 90-119 Day | CD's New Issue- NYC |        | U.S. Govt.-Constant Maturity Yields |       |       | Corp.-Aaa | Utility          | Municipal  | Home Mortgages |                           |           |
|               |               | 90-Day         | 1-Year |                             | 60-Day              | 90-Day | 3-yr                                | 7-yr  | 20-yr | New Issue | Recently Offered | Bond Buyer | Primary Conv.  | Secondary Market FNMA Auc | GNMA Sec. |
| (1)           | (2)           | (3)            | (4)    | (5)                         | (6)                 | (7)    | (8)                                 | (9)   | (10)  | (11)      | (12)             | (13)       | (14)           | (15)                      |           |
| 1976--High    | 5.58          | 5.53           | 6.32   | 5.90                        | 5.63                | 5.75   | 7.52                                | 7.89  | 8.17  | 8.95      | 8.94             | 7.13       | 9.10           | 9.20                      | 8.45      |
| Low           | 4.63          | 4.27           | 4.62   | 4.63                        | 4.40                | 4.50   | 5.65                                | 6.33  | 7.23  | 7.93      | 7.84             | 5.83       | 8.70           | 8.39                      | 7.57      |
| 1977--High    | 6.58          | 6.27           | 6.62   | 6.59                        | 6.45                | 6.63   | 7.34                                | 7.56  | 7.79  | 8.35      | 8.33             | 5.93       | 8.95           | 8.86                      | 8.21      |
| Low           | 4.47          | 4.41           | 4.67   | 4.63                        | 4.48                | 4.50   | 5.83                                | 6.59  | 7.26  | 7.90      | 7.95             | 5.48       | 8.65           | 8.46                      | 7.56      |
| 1976--Oct.    | 5.03          | 4.92           | 5.19   | 5.10                        | 4.90                | 5.04   | 6.24                                | 7.16  | 7.70  | 8.25      | 8.24             | 6.30       | 8.93           | 8.75                      | 7.98      |
| Nov.          | 4.95          | 4.75           | 5.00   | 4.98                        | 4.84                | 4.94   | 6.09                                | 6.86  | 7.64  | 8.17      | 8.18             | 6.29       | 8.81           | 8.66                      | 7.93      |
| Dec.          | 4.65          | 4.35           | 4.64   | 4.66                        | 4.68                | 4.50   | 5.68                                | 6.37  | 7.30  | 7.94      | 7.93             | 5.94       | 8.79           | 8.45                      | 7.59      |
| 1977--Jan.    | 4.61          | 4.62           | 5.00   | 4.72                        | 4.61                | 4.68   | 6.22                                | 6.92  | 7.48  | 8.08      | 8.09             | 5.87       | 8.72           | 8.48                      | 7.83      |
| Feb.          | 4.68          | 4.67           | 5.16   | 4.76                        | 4.58                | 4.70   | 6.44                                | 7.16  | 7.64  | 8.22      | 8.19             | 5.89       | 8.67           | 8.55                      | 7.98      |
| Mar.          | 4.69          | 4.60           | 5.19   | 4.75                        | 4.58                | 4.72   | 6.47                                | 7.20  | 7.73  | 8.25      | 8.29             | 5.89       | 8.69           | 8.68                      | 8.06      |
| Apr.          | 4.73          | 4.54           | 5.10   | 4.75                        | 4.57                | 4.67   | 6.32                                | 7.11  | 7.67  | 8.26      | 8.22             | 5.73       | 8.75           | 8.67                      | 7.96      |
| May           | 5.35          | 4.96           | 5.43   | 5.26                        | 5.04                | 5.16   | 6.55                                | 7.26  | 7.74  | 8.33      | 8.31             | 5.75       | 8.83           | 8.74                      | 8.04      |
| June          | 5.39          | 5.02           | 5.41   | 5.42                        | 5.24                | 5.35   | 6.39                                | 7.05  | 7.64  | 8.08      | 8.12             | 5.62       | 8.86           | 8.75                      | 7.95      |
| July          | 5.42          | 5.19           | 5.57   | 5.38                        | 5.16                | 5.28   | 6.51                                | 7.12  | 7.60  | 8.14      | 8.12             | 5.63       | 8.95           | 8.72                      | 7.96      |
| Aug.          | 5.90          | 5.49           | 5.97   | 5.75                        | 5.65                | 5.78   | 6.79                                | 7.24  | 7.64  | 8.04      | 8.05             | 5.62       | 8.94           | 8.76                      | 8.03      |
| Sept.         | 6.14          | 5.81           | 6.13   | 6.09                        | 5.95                | 6.01   | 6.84                                | 7.21  | 7.57  | 8.07      | 8.07             | 5.51       | 8.90           | 8.74                      | 8.02      |
| Oct.          | 6.47          | 6.16           | 6.52   | 6.51                        | 6.33                | 6.53   | 7.19                                | 7.44  | 7.71  | 8.23      | 8.22             | 5.64       | 8.92           | 8.82                      | 8.16      |
| 1977--Sept. 7 | 5.97          | 5.57           | 5.98   | 5.88                        | 5.70                | 5.75   | 6.75                                | 7.15  | 7.52  | 8.02      | 8.03             | 5.48       | 8.90           | 8.74                      | 7.96      |
| 14            | 6.05          | 5.80           | 6.14   | 6.01                        | 5.91                | 6.00   | 6.84                                | 7.22  | 7.57  | 8.08      | 8.07             | 5.51       | 8.90           | --                        | 8.07      |
| 21            | 6.10          | 5.87           | 6.10   | 6.17                        | 5.97                | 6.00   | 6.86                                | 7.22  | 7.59  | 8.08      | 8.09             | 5.50       | 8.90           | 8.74                      | 8.01      |
| 28            | 6.35          | 5.93           | 6.21   | 6.22                        | 6.20                | 6.28   | 6.94                                | 7.26  | 7.61  | 8.14      | 8.12             | 5.51       | 8.90           | --                        | 8.08      |
| Oct. 5        | 6.41          | 5.98           | 6.29   | 6.31                        | 6.20                | 6.30   | 6.97                                | 7.32  | 7.63  | 8.15      | 8.14             | 5.60       | 8.93           | 8.77                      | 8.09      |
| 12            | 6.41          | 6.22           | 6.52   | 6.43                        | 6.38                | 6.63   | 7.18                                | 7.47  | 7.72  | 8.20      | 8.23             | 5.70       | 8.93           | --                        | 8.16      |
| 19            | 6.50          | 6.27           | 6.62   | 6.59                        | 6.38                | 6.63   | 7.28r                               | 7.47  | 7.73  | 8.22      | 8.21             | 5.67       | 8.93           | 8.84                      | 8.18      |
| 26            | 6.49          | 6.11           | 6.53   | 6.57                        | 6.37                | 6.56   | 7.28                                | 7.50  | 7.74  | 8.28      | 8.24             | 5.59       | 8.90           | --                        | 8.19      |
| Nov. 2        | 6.50          | 6.14           | 6.55   | 6.55                        | 6.41                | 6.55   | 7.32                                | 7.56  | 7.81  | 8.35      | 8.32             | 5.55       | 8.90           | 8.86                      | 8.18      |
| 9             | 6.58          | 6.17           | 6.58   | 6.57                        | 6.45                | 6.60   | 7.24p                               | 7.48p | 7.80p | 8.30p     | 8.29p            | 5.51       | n.a.           | --                        | 8.21      |
| 16            |               |                |        |                             |                     |        |                                     |       |       |           |                  |            |                |                           |           |
| 23            |               |                |        |                             |                     |        |                                     |       |       |           |                  |            |                |                           |           |
| 30            |               |                |        |                             |                     |        |                                     |       |       |           |                  |            |                |                           |           |
| Daily--Nov. 3 | 6.62          | 6.20           | 6.62   | 6.55                        | --                  | --     | 7.31                                | 7.57  | 7.83  | --        | --               | --         | --             | --                        | --        |
| 10            | 6.52p         | 6.13           | 6.42   | 6.56                        | --                  | --     | 7.23p                               | 7.46p | 7.79p | --        | --               | --         | --             | --                        | --        |

NOTE: Weekly data for columns 1 to 4 are statement week averages of daily data. Columns 5 and 6 are 1-day Wednesday quotes (prior to 1976, figures shown are for 60-89 day and 90-119 day ranges, respectively). For columns 7 through 10, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 11 and 12 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 13 is an average of contract interest rates on commitments for conventional first mortgages with 80 per cent loan-to-value ratios made by a sample of insured savings and loan associations on the Friday following the end of the statement week. Column 14 gives FNMA auction data for Monday preceding the end of the statement week. Column 15 is a 1-day quote for Monday preceding the end of the statement week. The FNMA auction yield is the average yield in bi-weekly auction for short-term forward commitments for Government underwritten mortgages. GNMA yields are average net yields to investors on mortgage-backed securities for immediate delivery, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the coupon rate 50 basis points below the current FHA/VA ceiling.

Appendix Table 1-A  
**MONEY AND CREDIT AGGREGATE MEASURES**

| Period                       | Bank Reserves <sup>1/</sup>       |              |               | Bank Credit                 | Money Stock Measures |                |                |                |                |                |                |
|------------------------------|-----------------------------------|--------------|---------------|-----------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                              | Total                             | Non-borrowed | Monetary Base | Total Loans and Investments | M <sub>1</sub>       | M <sub>2</sub> | M <sub>3</sub> | M <sub>4</sub> | M <sub>5</sub> | M <sub>6</sub> | M <sub>7</sub> |
|                              | 1                                 | 2            | 3             | 4                           | 5                    | 6              | 7              | 8              | 9              | 10             | 11             |
| ANNUALLY: <sup>2/</sup>      | (PER CENT ANNUAL RATES OF GROWTH) |              |               |                             |                      |                |                |                |                |                |                |
| 1974                         | 7.0                               | 7.7          | 9.1           | 10.1                        | 5.1                  | 7.7            | 7.1            | 10.6           | 9.0            | 8.9            | 9.5            |
| 1975                         | -0.2                              | 3.2          | 5.9           | 3.9                         | 4.4                  | 8.3            | 11.1           | 6.5            | 9.7            | 10.5           | 10.1           |
| 1976                         | 1.0                               | 1.2          | 6.9           | 8.0                         | 5.6                  | 10.9           | 12.8           | 7.1            | 10.3           | 10.0           | 10.2           |
| SEMI-ANNUALLY: <sup>2/</sup> |                                   |              |               |                             |                      |                |                |                |                |                |                |
| 1ST HALF 1976                | -1.5                              | -1.3         | 6.9           | 6.7                         | 5.6                  | 10.3           | 11.8           | 6.0            | 8.9            | 9.2            | 9.6            |
| 2ND HALF 1976                | 3.6                               | 3.7          | 6.8           | 8.9                         | 5.5                  | 10.9           | 13.1           | 8.0            | 11.1           | 10.3           | 10.4           |
| 1ST HALF 1977                | 2.9                               | 2.3          | 7.0           | 10.5                        | 6.4                  | 9.7            | 10.8           | 9.0            | 10.3           | 10.2           | 10.4           |
| QUARTERLY:                   |                                   |              |               |                             |                      |                |                |                |                |                |                |
| 4TH QTR. 1976                | 7.6                               | 7.7          | 8.0           | 11.2                        | 7.2                  | 13.4           | 14.5           | 12.4           | 13.8           | 11.9           | 11.6           |
| 1ST QTR. 1977                | -1.8                              | -2.4         | 5.1           | 9.5                         | 3.6                  | 8.5            | 10.0           | 7.3            | 9.2            | 10.1           | 10.5           |
| 2ND QTR. 1977                | 6.5                               | 4.6          | 6.2           | 11.2                        | 8.2                  | 8.8            | 9.9            | 9.1            | 10.0           | 9.7            | 9.9            |
| 3RD QTR. 1977                | 8.8                               | 4.6          | 10.2          | 8.5                         | 10.6                 | 10.4           | 13.4           | 9.3            | 12.6           | 11.9           | 11.7           |
| QUARTERLY-AV:                |                                   |              |               |                             |                      |                |                |                |                |                |                |
| 4TH QTR. 1976                | 4.4                               | 4.8          | 7.1           | 10.8                        | 6.5                  | 12.5           | 14.4           | 9.8            | 12.7           | 11.1           | 11.0           |
| 1ST QTR. 1977                | 2.7                               | 2.6          | 6.8           | 8.8                         | 4.2                  | 9.9            | 11.3           | 9.3            | 10.9           | 10.7           | 10.8           |
| 2ND QTR. 1977                | 3.0                               | 1.9          | 7.2           | 11.9                        | 8.4                  | 9.2            | 10.0           | 8.5            | 9.4            | 9.5            | 9.8            |
| 3RD QTR. 1977                | 9.0                               | 3.4          | 9.6           | 9.4                         | 9.3                  | 10.3           | 12.4           | 9.7            | 11.9           | 11.4           | 11.3           |
| MONTHLY:                     |                                   |              |               |                             |                      |                |                |                |                |                |                |
| 1976--OCT.                   | 6.0                               | 4.9          | 7.1           | 13.5                        | 13.7                 | 16.1           | 16.9           | 13.5           | 15.3           | 14.1           | 13.8           |
| NOV.                         | 11.8                              | 12.6         | 9.1           | 11.1                        | 0.0                  | 10.6           | 12.6           | 9.7            | 11.9           | 10.8           | 10.5           |
| DEC.                         | 4.9                               | 5.6          | 7.7           | 8.6                         | 7.7                  | 13.1           | 13.4           | 13.4           | 13.7           | 10.5           | 10.3           |
| 1977--JAN.                   | 10.9                              | 10.4         | 10.6          | 3.7                         | 5.4                  | 9.7            | 11.4           | 8.7            | 10.8           | 10.9           | 11.0           |
| FEB.                         | -13.1                             | -13.3        | -0.2          | 14.7                        | 0.8                  | 7.1            | 8.9            | 7.0            | 8.7            | 11.4           | 11.7           |
| MAR.                         | -3.1                              | -4.3         | 5.0           | 10.0                        | 5.4                  | 8.6            | 9.4            | 6.2            | 8.0            | 7.8            | 8.5            |
| APR.                         | 13.0                              | 14.1         | 11.8          | 14.0                        | 19.4                 | 13.5           | 12.4           | 11.7           | 11.3           | 10.6           | 10.8           |
| MAY                          | 1.5                               | -3.1         | 6.2           | 10.3                        | 0.7                  | 4.7            | 7.3            | 5.4            | 7.6            | 7.7            | 7.9            |
| JUNE                         | 4.8                               | 2.9          | 6.4           | 8.9                         | 4.5                  | 8.1            | 9.8            | 10.0           | 10.8           | 10.5           | 10.6           |
| JULY                         | 16.9                              | 14.9         | 14.2          | 9.3                         | 18.3                 | 16.6           | 16.1           | 13.6           | 14.3           | 13.3           | 13.0           |
| AUG.                         | 9.8                               | -15.4        | 8.1           | 12.3                        | 5.9                  | 6.4            | 11.4           | 6.5            | 11.1           | 10.7           | 10.5           |
| SEPT.                        | -0.5                              | 14.6         | 8.2           | 3.7                         | 7.3                  | 7.9            | 12.4           | 7.5            | 11.8           | 11.4           | 11.3           |
| OCT. P                       | 8.9                               | -14.2        | 9.2           | 13.6                        | 12.0                 | 10.1           | 12.5           | 13.6           | 14.7           | 14.0           | 13.8           |

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY



**MONEY AND CREDIT AGGREGATE MEASURES**

SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

| Period           | Bank Reserves <sup>1/</sup> |              |               | Bank Credit                 | Money Stock Measures |                |                |                |                |                |                |
|------------------|-----------------------------|--------------|---------------|-----------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                  | Total                       | Non-borrowed | Monetary Base | Total Loans and Investments | M <sub>1</sub>       | M <sub>2</sub> | M <sub>3</sub> | M <sub>4</sub> | M <sub>5</sub> | M <sub>6</sub> | M <sub>7</sub> |
|                  | 1                           | 2            | 3             | 4                           | 5                    | 6              | 7              | 8              | 9              | 10             | 11             |
| <b>ANNUALLY:</b> |                             |              |               |                             |                      |                |                |                |                |                |                |
| 1974             | 34,174                      | 33,447       | 104,380       | 695.2                       | 283.1                | 612.4          | 981.5          | 701.4          | 1070.5         | 1181.2         | 1221.6         |
| 1975             | 34,015                      | 33,885       | 110,394       | 725.5                       | 294.8                | 664.3          | 1092.6         | 746.5          | 1174.7         | 1308.3         | 1351.1         |
| 1976             | 34,465                      | 34,412       | 118,054       | 788.2                       | 312.4                | 740.3          | 1237.1         | 803.5          | 1300.3         | 1439.1         | 1488.8         |
| <b>MONTHLY:</b>  |                             |              |               |                             |                      |                |                |                |                |                |                |
| 1976--OCT.       | 33,992                      | 33,898       | 116,424       | 775.4                       | 310.4                | 725.9          | 1210.7         | 788.2          | 1273.0         | 1413.9         | 1463.3         |
| NOV.             | 34,325                      | 34,253       | 117,304       | 782.6                       | 310.4                | 732.3          | 1223.4         | 794.6          | 1285.6         | 1426.6         | 1476.1         |
| DEC.             | 34,465                      | 34,412       | 118,054       | 788.2                       | 312.4                | 740.3          | 1237.1         | 803.5          | 1300.3         | 1439.1         | 1488.8         |
| 1977--JAN.       | 34,778                      | 34,710       | 119,100       | 790.6                       | 313.8                | 746.3          | 1248.9         | 809.3          | 1312.0         | 1452.2         | 1502.4         |
| FEB.             | 34,397                      | 34,326       | 119,077       | 800.3                       | 314.0                | 750.7          | 1258.2         | 814.0          | 1321.5         | 1466.0         | 1517.1         |
| MAR.             | 34,308                      | 34,204       | 119,572       | 807.0                       | 315.4                | 756.1          | 1266.1         | 818.2          | 1330.3         | 1475.5         | 1527.8         |
| APR.             | 34,680                      | 34,606       | 120,749       | 816.4                       | 320.5                | 764.6          | 1281.2         | 826.2          | 1342.8         | 1488.5         | 1541.6         |
| MAY              | 34,723                      | 34,517       | 121,376       | 823.4                       | 320.7                | 767.6          | 1289.0         | 829.9          | 1351.3         | 1498.1         | 1551.8         |
| JUNE             | 34,862                      | 34,599       | 122,027       | 829.5                       | 321.9                | 772.8          | 1299.5         | 836.8          | 1363.5         | 1511.2         | 1565.5         |
| JULY             | 35,352                      | 35,029       | 123,468       | 835.9                       | 326.6                | 783.5          | 1316.9         | 846.3          | 1379.8         | 1528.0         | 1582.4         |
| AUG.             | 35,641                      | 34,580       | 124,297       | 844.5                       | 328.4                | 787.7          | 1329.4         | 850.9          | 1392.6         | 1541.6         | 1596.3         |
| SEPT.            | 35,627                      | 35,001       | 125,144       | 847.1                       | 330.4                | 792.9          | 1343.1         | 856.2          | 1406.3         | 1556.3         | 1611.3         |
| OCT. P           | 35,891                      | 34,586       | 126,099       | 856.7                       | 333.7                | 799.6          | 1357.1         | 865.9          | 1423.5         | 1574.5         | 1629.8         |
| <b>WEEKLY:</b>   |                             |              |               |                             |                      |                |                |                |                |                |                |
| 1977--SEPT. 7    | 35,497                      | 34,861       | 124,596       |                             | 329.7                | 791.5          |                | 854.3          |                |                |                |
| 14               | 35,890                      | 35,553       | 125,203       |                             | 331.7                | 794.1          |                | 856.8          |                |                |                |
| 21               | 35,395                      | 34,657       | 124,998       |                             | 330.6                | 793.2          |                | 856.1          |                |                |                |
| 28               | 35,544                      | 34,826       | 125,539       |                             | 329.6                | 792.8          |                | 856.6          |                |                |                |
| OCT. 5           | 36,266                      | 35,363       | 125,987       |                             | 334.2                | 799.0          |                | 864.0          |                |                |                |
| 12               | 35,171                      | 34,120       | 124,989       |                             | 334.5                | 800.1          |                | 865.5          |                |                |                |
| 19               | 36,408                      | 34,547       | 126,688       |                             | 333.3                | 799.0          |                | 865.0          |                |                |                |
| 26P              | 35,634                      | 34,191       | 126,149       |                             | 334.6                | 801.0          |                | 868.1          |                |                |                |
| NOV. 2P          | 36,160                      | 35,047       | 126,869       |                             | 331.2                | 798.1          |                | 866.2          |                |                |                |

NOTES: WEEKLY DATA ARE DAILY AVERAGES FOR STATEMENT WEEKS. MONTHLY DATA ARE DAILY AVERAGES. WEEKLY DATA ARE NOT AVAILABLE FOR M<sub>3</sub>, M<sub>5</sub>, M<sub>6</sub>, M<sub>7</sub>, TOTAL LOANS AND INVESTMENTS AND THRIFT INSTITUTION DEPOSITS.

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

P - PRELIMINARY

APPENDIX TABLE 2-A

## COMPONENTS OF MONEY STOCK AND RELATED MEASURES

| Period                       | Currency                          | Demand Deposits | Time and Savings Deposits |                 |         |       | CD's  | 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 |         |       |       |  |                                   |                             |  |   |
|                              |                                   |                 |                           | Total           | Savings | Other |       |  |                                   |                             |  |   |
|                              | 1                                 | 2               | 3                         | 4               | 5       | 6     | 7     | 8  | 9                                 | 10                          | 11   | 12  |
| ANNUALLY: <sup>2/</sup>      | (Per cent annual rates of growth) |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 1974                         | 10.3                              | 3.0             | 14.7                      | 10.1            | 6.5     | 12.7  | 36.5  | 5.6  | 12.3                              | 4.7                         | 13.5   | 29.6  |
| 1975                         | 8.8                               | 2.9             | 8.0                       | 11.7            | 17.5    | 7.8   | -6.1  | 15.5   | 19.4                              | 6.2                         | 33.4   | -1.0  |
| 1976                         | 9.6                               | 4.3             | 5.1                       | 15.2            | 25.0    | 7.7   | -23.5 | 15.6   | 17.8                              | 6.9                         | 7.5  | 19.2  |
| SEMI-ANNUALLY: <sup>2/</sup> |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 1ST HALF 1976                | 10.7                              | 4.0             | 6.3                       | 14.1            | 27.5    | 3.9   | -28.9 | 13.8   | 16.6                              | 6.3                         | 16.6   | 21.6  |
| 2ND HALF 1976                | 8.0                               | 4.6             | 9.7                       | 15.2            | 19.8    | 11.3  | -21.1 | 16.2   | 17.6                              | 7.2                         | -1.4   | 15.2  |
| 1ST HALF 1977                | 8.5                               | 5.7             | 10.5                      | 12.1            | 15.0    | 9.5   | 0.0   | 12.2   | 16.1                              | 6.4                         | 12.5   | 16.5  |
| QUARTERLY:                   |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 4TH QTR. 1976                | 6.6                               | 7.4             | 15.7                      | 18.1            | 26.2    | 10.9  | 1.3   | 15.9   | 18.2                              | 6.2                         | -16.1  | 4.1   |
| 1ST QTR. 1977                | 8.4                               | 2.2             | 9.5                       | 11.9            | 16.3    | 8.1   | -7.0  | 12.0   | 16.4                              | 6.1                         | 31.1   | 20.9  |
| 2ND QTR. 1977                | 8.8                               | 8.2             | 9.5                       | 9.4             | 5.1     | 13.2  | 10.9  | 11.2   | 13.8                              | 6.6                         | 8.3  | 15.3  |
| 3RD QTR. 1977                | 11.4                              | 10.1            | 6.5                       | 10.4            | 9.6     | 11.1  | -4.4  | 17.3   | 23.8                              | 7.0                         | 4.9  | 5.2   |
| QUARTERLY-AV:                |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 4TH QTR. 1976                | 6.1                               | 6.0             | 12.2                      | 17.1            | 25.4    | 10.2  | -18.9 | 17.2   | 18.5                              | 7.4                         | -11.9  | 7.4   |
| 1ST QTR. 1977                | 7.5                               | 3.1             | 12.5                      | 14.0            | 21.1    | 8.0   | 1.9   | 13.3   | 16.7                              | 6.7                         | 11.1   | 12.9  |
| 2ND QTR. 1977                | 9.3                               | 8.3             | 6.3                       | 9.8             | 8.5     | 10.8  | -1.9  | 10.9   | 15.0                              | 6.1                         | 13.6   | 19.5  |
| 3RD QTR. 1977                | 10.0                              | 8.9             | 10.0                      | 11.0            | 6.6     | 15.0  | 3.2   | 15.2   | 19.3                              | 6.5                         | 5.5  | 7.4   |
| MONTHLY:                     |                                   |                 |                           |                 |         |       |       |  |                                   |                             |  |   |
| 1976--OCT.                   | 9.1                               | 15.3            | 13.5                      | 17.9            | 25.3    | 10.9  | -15.2 | 18.0   | 19.3                              | 5.1                         | 0.0  | 7.3   |
| NOV.                         | 6.0                               | -2.1            | 16.1                      | 18.8            | 25.4    | 13.5  | -1.9  | 15.3   | 15.8                              | 6.8                         | -3.4   | 0.0   |
| DEC.                         | 4.5                               | 8.9             | 17.1                      | 16.8            | 26.1    | 8.0   | 21.2  | 13.8   | 18.8                              | 6.7                         | -44.9  | 4.8   |
| 1977--JAN.                   | 8.9                               | 4.1             | 11.0                      | 12.9            | 23.2    | 4.2   | -3.8  | 14.2   | 15.4                              | 6.7                         | 17.9   | 12.1  |
| FEB.                         | 10.4                              | -3.1            | 10.7                      | 11.7            | 14.6    | 9.5   | 3.8   | 11.4   | 15.2                              | 6.6                         | 68.9   | 21.5  |
| MAR.                         | 5.9                               | 5.7             | 6.7                       | 10.7            | 10.4    | 10.5  | -20.9 | 10.0   | 18.0                              | 5.0                         | 5.0  | 28.2  |
| APR.                         | 13.1                              | 21.6            | 6.9                       | 9.5             | 10.9    | 8.3   | -11.6 | 10.4   | 11.8                              | 6.6                         | 3.3  | 18.4  |
| MAY                          | 7.2                               | -1.5            | 8.3                       | 7.6             | 4.5     | 10.3  | 13.6  | 11.1   | 11.7                              | 6.5                         | 11.6   | 15.8  |
| JUNE                         | 5.7                               | 4.6             | 13.2                      | 10.7            | 0.0     | 20.5  | 30.8  | 11.8   | 17.4                              | 6.5                         | 9.9  | 11.2  |
| JULY                         | 15.7                              | 18.2            | 11.0                      | 15.4            | 5.1     | 24.7  | -20.7 | 15.1   | 20.0                              | 6.5                         | 0.0  | 2.2   |
| AUG.                         | 5.6                               | 6.0             | 6.9                       | 7.1             | 14.6    | 0.0   | 7.6   | 18.3   | 19.7                              | 6.4                         | 6.5  | 6.6   |
| SEPT.                        | 12.6                              | 5.9             | 7.6                       | 8.4             | 8.9     | 8.4   | 0.0   | 17.8   | 30.4                              | 8.0                         | 8.1  | 6.6   |
| OCT. P                       | 9.7                               | 12.8            | 14.6                      | 8.6             | 3.3     | 13.2  | 58.9  | 15.2   | 24.3                              | 7.9                         | 8.1  | 6.5   |

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY.

## COMPONENTS OF MONEY STOCK AND RELATED MEASURES

| Period           | Currency | Demand Deposits | Time and Savings Deposits |                 |         |       |      | Mutual Savings 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> |          |                 |                           |                 |         |       |      |  |                                   |                             |   |   |                                 |   |
| 1974             | 67.8     | 215.3           | 418.3                     | 329.3           | 135.8   | 193.5 | 89.0 | 341.5  | 27.6                              | 63.3                        | 47.4                                    | 40.4  | 37.6                            | 6.0                                       |
| 1975             | 73.7     | 221.0           | 451.7                     | 369.6           | 160.5   | 209.1 | 82.1 | 395.2  | 33.0                              | 67.3                        | 66.3                                    | 42.8  | 33.7                            | 8.3                                       |
| 1976             | 60.5     | 231.9           | 491.1                     | 427.9           | 201.8   | 226.0 | 63.3 | 457.8  | 39.0                              | 71.9                        | 66.9                                    | 49.7  | 51.4                            | 11.2                                      |
| <b>MONTHLY:</b>  |          |                 |                           |                 |         |       |      |  |                                   |                             |   |   |                                 |   |
| 1976--OCT.       | 79.8     | 230.6           | 477.8                     | 415.5           | 193.4   | 222.0 | 62.3 | 446.9  | 37.9                              | 71.1                        | 69.7                                    | 49.5  | 43.8                            | 13.2                                      |
| NOV.             | 80.2     | 230.2           | 484.2                     | 422.0           | 197.5   | 224.5 | 62.2 | 452.6  | 38.4                              | 71.5                        | 69.5                                    | 49.5  | 48.2                            | 13.0                                      |
| DEC.             | 80.5     | 231.9           | 491.1                     | 427.9           | 201.8   | 226.0 | 63.3 | 457.8  | 39.0                              | 71.9                        | 66.9                                    | 49.7  | 51.4                            | 11.2                                      |
| 1977--JAN.       | 61.1     | 232.7           | 495.6                     | 432.5           | 205.7   | 226.8 | 63.1 | 463.2  | 39.5                              | 72.3                        | 67.9                                    | 50.2  | 50.3                            | 10.0                                      |
| FEB.             | 61.8     | 232.1           | 500.6                     | 436.7           | 208.2   | 228.6 | 63.3 | 467.6  | 40.0                              | 72.7                        | 71.8                                    | 51.1  | 50.7                            | 11.7                                      |
| MAR.             | 62.2     | 233.2           | 502.8                     | 440.6           | 210.0   | 230.6 | 62.2 | 471.5  | 40.6                              | 73.0                        | 72.1                                    | 52.3  | 52.7                            | 11.2                                      |
| APR.             | 63.1     | 237.4           | 505.7                     | 444.1           | 211.9   | 232.2 | 61.6 | 475.6  | 41.0                              | 73.4                        | 72.3                                    | 53.1  | 52.7                            | 10.8                                      |
| MAY              | 63.6     | 237.1           | 509.2                     | 446.9           | 212.7   | 234.2 | 62.3 | 480.0  | 41.4                              | 73.8                        | 73.0                                    | 53.8  | 56.2                            | 10.6                                      |
| JUNE             | 64.0     | 238.0           | 514.8                     | 450.9           | 212.7   | 238.2 | 63.9 | 484.7  | 42.0                              | 74.2                        | 73.6                                    | 54.3  | 55.9                            | 10.1                                      |
| JULY             | 65.1     | 241.6           | 519.5                     | 456.7           | 213.6   | 243.1 | 62.8 | 490.8  | 42.7                              | 74.6                        | 73.6                                    | 54.4  | 55.9                            | 11.8                                      |
| AUG.             | 65.5     | 242.8           | 522.5                     | 459.4           | 216.2   | 243.1 | 63.2 | 498.3  | 43.4                              | 75.0                        | 74.0                                    | 54.7  | 57.9                            | 10.2                                      |
| SEPT.            | 66.4     | 244.0           | 525.8                     | 462.6           | 217.8   | 244.8 | 63.2 | 505.7  | 44.5                              | 75.5                        | 74.5                                    | 55.0  | 60.6                            | 10.7                                      |
| OCT. P           | 67.1     | 246.6           | 532.2                     | 465.9           | 218.4   | 247.5 | 66.3 | 512.1  | 45.4                              | 76.0                        | 75.0                                    | 55.3  | 60.9                            | 10.3                                      |
| <b>WEEKLY:</b>   |          |                 |                           |                 |         |       |      |  |                                   |                             |   |   |                                 |   |
| 1977--SEPT. 7    | 66.2     | 243.4           | 524.7                     | 461.8           | 217.4   | 244.4 | 62.9 |  |                                   |                             |   |   | 58.3                            | 7.3                                       |
| 14               | 66.1     | 245.6           | 525.1                     | 462.4           | 217.7   | 244.7 | 62.7 |  |                                   |                             |   |   | 65.2                            | 8.6                                       |
| 21               | 66.4     | 244.2           | 525.5                     | 462.6           | 217.8   | 244.8 | 62.9 |  |                                   |                             |   |   | 59.7                            | 12.9                                      |
| 28               | 66.7     | 242.9           | 527.0                     | 463.2           | 218.0   | 245.1 | 63.9 |  |                                   |                             |   |   | 63.2                            | 12.3                                      |
| OCT. 5           | 66.7     | 247.5           | 529.8                     | 464.8           | 217.8   | 247.0 | 65.0 |  |                                   |                             |   |   | 58.5                            | 13.0                                      |
| 12               | 66.9     | 247.6           | 531.0                     | 465.6           | 218.3   | 247.3 | 65.4 |  |                                   |                             |   |   | 59.9                            | 8.4                                       |
| 19               | 67.1     | 246.1           | 531.8                     | 465.7           | 218.3   | 247.4 | 66.1 |  |                                   |                             |   |   | 63.1                            | 10.0                                      |
| 26P              | 67.3     | 247.4           | 533.4                     | 466.4           | 218.4   | 248.0 | 67.0 |  |                                   |                             |   |   | 60.7                            | 10.3                                      |
| NOV. 2P          | 67.5     | 243.7           | 535.1                     | 466.9           | 218.3   | 248.6 | 68.2 |  |                                   |                             |   |   |                                 | 9.1                                       |

1/ ESTIMATED MONTHLY AVERAGE LEVELS DERIVED BY AVERAGING END OF CURRENT MONTH AND END OF PREVIOUS MONTH REPORTED DATA.

2/ INCLUDES PRIVATE DOMESTIC NONFINANCIAL INVESTORS' HOLDINGS OF COMMERCIAL PAPER, BANKERS ACCEPTANCES, SECURITY RP'S AND MONEY MARKET MUTUAL FUND SHARES.

3/ BORROWINGS BY BANKS FROM OTHER THAN COMMERCIAL BANKS IN THE FORM OF FEDERAL FUNDS PURCHASED, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, AND OTHER LIABILITIES FOR BORROWED MONEY, PLUS GROSS LIABILITIES TO OWN FOREIGN BRANCHES (EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, AND OTHER MINOR ITEMS.

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

P - PRELIMINARY