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MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

March 17, 1978

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) M-1 declined at about a 4 per cent annual rate in February, but growth appears to have resumed in March and, over the two months, is projected at about a $\frac{1}{2}$ per cent annual rate, slightly below the lower end of the FOMC's range.^{1/} Reflecting weakness in M-1, M-2 growth over the February-March period is projected at around a 5 per cent annual rate, in the lower half of its range. Large denomination time deposits included in M-2 have continued to expand sharply in recent weeks, while flows into small time and savings deposits have remained quite weak. Deposit growth at thrift institutions has been relatively slow as well.

Growth in Monetary Aggregates
over February-March Period
(SAAR in per cent)

	<u>Range</u>	<u>Latest Estimates</u>
M-1	1 to 6	.5
M-2	4 $\frac{1}{2}$ to 8 $\frac{1}{2}$	5.0

Memo: Federal funds rate (per cent per annum)	<u>Avg. for statement</u>	
	<u>week ending</u>	
	Mar. 1	6.80
	8	6.76
	15	6.77

^{1/} These figures do not incorporate the revisions for benchmarking based on recently available call report data for nonmember banks and for regular annual adjustments of seasonal factors; these revisions will be published on March 23. Growth rates for 1977 were increased--for M-1, from 7.4 to 7.8 per cent; for M-2, from 9.6 to 9.8 per cent. All tables on subsequent pages of this report (with the exception of Tables 1 and 2 following the charts) are based on the new series. The new and old series are compared in Appendix III.

(2) The Account Manager aimed for a Federal funds rate of around $6\frac{1}{2}$ per cent throughout the intermeeting period, even though M-1 and M-2 growth weakened relative to their respective ranges. The FOMC, in a telephone meeting on March 10, decided to retain the $6\frac{1}{2}$ per cent funds rate target for the time being in view of the weakness of the dollar in international exchange markets and the probability that the economic effects of the prolonged coal strike and severe weather were temporarily depressing the aggregates.

(3) With Federal funds trading steadily at rates around $6\frac{1}{2}$ per cent, private short-term interest rates have remained essentially unchanged since the February FOMC meeting. Treasury bill rates, however, have edged down a bit further over this period, mainly in response to continued large foreign central bank acquisitions of these securities. In addition, the volume of Treasury bill financing has been somewhat smaller than previously anticipated, reflecting a short-fall in Federal outlays and lagging disbursements of tax refunds. Bond yields also have edged lower as the volume of public bond offerings by corporations and State and local governments has remained moderate.

(4) Yields in both primary and secondary sectors of the mortgage market have stayed about unchanged since late February, following their advance earlier in the first quarter. However, with deposit inflows still sluggish, S&L's have continued their sizable borrowings from the Federal Home Loan Banks. As a result, the thrifts

probably have continued to become less accommodative in extending new loan commitments and appear to be tightening lending terms.

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

	1976 & 1977 Average	Past Twelve Months Feb. '78 over Feb. '77	Past Six Months Feb. '78 over Aug. '77	Past Three Months Feb. '78 over Nov. '77	Past Month Feb. '78 over Jan. '77
Nonborrowed reserves	1.5	6.4	11.3	15.8	4.3
Total reserves	2.1	7.4	7.3	10.4	1.7
Monetary Base	7.6	9.3	9.5	10.2	5.3
<u>Concepts of Money (Revised Series)</u>					
M-1 (Currency plus demand deposits) <u>1/</u>	6.9	7.2	6.0	5.3	-1.1
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	10.3	8.6	7.3	6.4	4.4
M-3 (M-2 plus deposits at thrift institutions)	12.2	10.3	9.0	7.2	5.2
M-4 (M-2 plus CD's)	8.8	9.9	10.6	9.8	8.2
M-5 (M-3 plus CD's)	11.1	11.1	10.9	9.2	7.5
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>					
Month-end basis	9.5	10.5	8.6	7.2	10.1
Average of Wednesdays	9.3	10.9	10.1	9.4	12.0
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	-0.3	1.3	2.7	2.8	3.1
Nonbank commercial paper	0.2	0.1	-0.1	-0.3	-0.5

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

(6) The table below presents for Committee consideration three alternative sets of specifications for the monetary aggregates and the Federal funds rate for the forthcoming intermeeting period.^{1/} (More detailed and longer-term data for the aggregates are shown in the tables on pp. 6 and 7.)

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Ranges for March-April			
M-1	5 to 10	4½ to 9½	4 to 9
M-2	6½ to 10½	6 to 10	5½ to 9½
Federal funds rate (Intermeeting period)	6 to 6½	6½ to 7	7 to 7½

(7) Each of the alternatives is consistent with the growth ranges for QIV '77 to QIV '78--as indexed by M-1 growth in a 4 to 6½ per cent range--adopted by the Committee at its February meeting and each requires that interest rates would rise over the balance of the year in order to constrain growth in the aggregates to the mid-point of the longer-run ranges. Under alternative B, the Federal funds rate would be expected to remain unchanged over the intermeeting period and then begin rising thereafter, reaching about 8 per cent by fall. The near-term decline in the funds rate contemplated

^{1/} The ranges are based on the revised series for the monetary aggregates, described in Appendix III. The benchmark revision raised the growth of M-1 and M-2 in 1977 by .4 and .2 of a percentage point. The impact of the revision was reported orally to the FOMC at its last meeting, when the current longer-run ranges were established.

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>
1978	February	339.1	339.1	339.1	816.6	816.6	816.6
	March	340.5	340.4	340.3	821.4	821.1	820.8
	April	343.4	343.1	342.8	828.3	827.6	826.9
1977	QIV	335.3	335.3	335.3	803.9	803.9	803.9
1978	QI	339.7	339.6	339.6	817.2	817.1	817.0
	QII	345.0	344.5	344.1	833.7	832.9	832.5
	QIII	349.0	348.2	348.0	851.6	849.9	848.0
	QIV	353.0	353.0	353.0	868.8	866.0	863.3
<u>Growth Rates</u>							
<u>Monthly:</u>							
1978	March	5.0	4.6	4.2	7.1	6.6	6.2
	April	10.2	9.5	8.8	10.1	9.5	8.9
<u>Quarterly Average:</u>							
1978	QI	5.2	5.1	5.1	6.6	6.6	6.5
	QII	6.2	5.8	5.3	8.1	7.7	7.6
	QIII	4.6	4.3	4.5	8.6	8.2	7.4
	QIV	4.6	5.5	5.7	8.1	7.6	7.2
<u>Semi-Annual:</u>							
QIV '77-QII '78		5.8	5.5	5.2	7.4	7.2	7.1
QII '78-QIV '78		4.6	4.9	5.2	8.4	7.9	7.4
<u>Annual:</u>							
QIV '77-QIV '78		5.3	5.3	5.3	8.1	7.7	7.4

Alternative Levels and Growth Rates for Key Monetary Aggregates (cont'd)

		<u>M-3</u>			<u>Bank Credit</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978	February	1390.0	1390.0	1390.0	889.0	889.0	889.0
	March	1398.3	1397.9	1397.4	895.5	895.5	895.5
	April	1409.3	1408.1	1406.8	902.0	901.8	901.6
1977	QIV	1365.4	1365.4	1365.4	865.0	865.0	865.0
1978	QI	1390.8	1390.6	1390.5	888.1	888.1	888.1
	QII	1419.0	1417.2	1416.0	909.8	909.6	909.4
	QIII	1450.4	1446.3	1442.5	929.0	928.7	928.4
	QIV	1481.6	1475.1	1468.9	946.3	945.8	945.3
<u>Growth Rates</u>							
<u>Monthly:</u>							
1978	March	7.2	6.8	6.4	8.8	8.8	8.8
	April	9.4	8.8	8.1	8.7	8.4	8.2
<u>Quarterly Average:</u>							
1978	QI	7.4	7.4	7.4	10.7	10.7	10.7
	QII	8.1	7.7	7.3	9.8	9.7	9.6
	QIII	8.9	8.2	7.5	8.4	8.4	8.4
	QIV	8.6	8.0	7.3	7.4	7.4	7.3
<u>Semi-Annual:</u>							
QIV '77-QII '78		7.9	7.6	7.4	10.4	10.3	10.3
QII '78-QIV '78		8.8	8.2	7.5	8.0	8.0	7.9
<u>Annual:</u>							
QIV '77-QIV '78		8.5	8.0	7.6	9.4	9.3	9.3

under alternative A would likely require a greater rise in this rate over the summer and fall. Under alternative C, restraint would begin earlier; thus the required upward adjustments in the funds rate over 1978 would be somewhat less.^{1/} The levels of interest rates consistent with each alternative imply continued relatively slow growth of interest-bearing deposits subject to rate ceilings at banks and thrift institutions, even though the projections of deposit aggregates assume a 50 basis point increase in time deposit ceiling rates in the months ahead.

(8) It is likely that the recent weakness in M-1 growth will be reversed over the near-term. The abatement of severe weather conditions is expected to contribute to an acceleration of economic activity and an associated pick-up in money demand. Moreover, tax refunds are expected to accelerate in coming weeks, thus temporarily buoying money balances in March-April. In addition, the restraining impact on money demand of the relatively sharp increase in interest rates from the spring to the fall of last year by now probably has been exhausted, and short-term rate increases since fall have been relatively small, about 1/4 of a percentage point.

(9) Against this background, M-1 growth is expected to accelerate in the weeks ahead. Given the Federal funds rate assumption of alternative B--with the rate centered at the 6½ per cent

^{1/} See Appendix I for projected Federal funds rate under each alternative. Appendix II displays the implied velocities of M-1 and M-2 associated with each alternative.

level prevailing since early January--M-1 growth over March-April is likely to be in a $4\frac{1}{2}$ to $9\frac{1}{2}$ per cent annual rate range.

(10) Growth in M-2 over this period is expected to be in a 6 to 10 per cent annual rate range under alternative B. As has been the case since last fall, savings deposits at commercial banks are projected to remain essentially unchanged. Temporary inflows from larger than seasonal tax refunds may do little more than offset deposit weakness caused by the large differential between market rates and the ceiling rate on passbook savings accounts. With market yields also above the effective ceiling rates on all maturities of small denomination time deposits at commercial banks, such deposits are likely to grow only moderately in the March-April period. However, loan demands are expected to remain relatively strong; thus banks are likely to continue aggressively to offer large denomination time deposits in order to supplement their deposit base. A major portion of these deposits is included in M-2. Consequently the interest-bearing component of this aggregate is projected to continue to expand at an 8 to 9 per cent seasonally adjusted annual rate.

(11) The modest pace of inflows to thrift institutions can be expected to persist in March-April under alternative B. Growth of deposits at mutual savings banks and savings and loan associations, combined, may be around a 6 to 7 per cent annual rate. Over subsequent months, the assumed increase in deposit rate ceilings would keep deposit inflows to thrifts from eroding further as market

interest rates rise. Reductions in thrift portfolio liquidity and increased borrowings from the Federal Home Loan Banks and from other sources are thus likely to continue in order to finance takedowns of existing commitments. Moreover, further reductions in new commitment activity and in spot purchases of mortgages from mortgage bankers and others can be expected.

(12) If the Federal funds rate remains at the $6\frac{3}{4}$ per cent level contemplated under alternative B, short- and intermediate-term interest rates over the intermeeting period are likely to remain near their current levels. Some upward rate pressures might develop as accelerating economic activity bolsters financing demands of businesses at banks and in the commercial paper market. In addition, Treasury borrowing in short- and intermediate-term markets between now and mid-April will be relatively heavy. Potential upward rate pressures in the short-term sector will tend to be offset, however, by market anticipation of the substantial pay-down of Treasury bills following the mid-April tax date. Moreover, rates on shorter-term Treasury securities could remain low relative to other market rates, should foreign central banks continue to acquire large amounts of such securities as a result of their intervention activities in foreign exchange markets.

(13) Under alternative B, mortgage rates might rise somewhat further in the intermeeting period as thrifts adjust lending policies in response to sustained weak deposit inflows.

Bond yields, however, are expected to be essentially unchanged. The forward calendar for corporate issues remains relatively modest and institutional demands large. Furthermore, the forward calendar for tax-exempt offerings continues below the exceptional 1977 level and interest in such issues by fire and casualty insurance companies, commercial banks, and individuals are projected to remain sizable.

(14) Alternative C contemplates an increase in the Federal funds rate to the mid-point of a 7 to 7-1/2 per cent range between now and mid-April. Growth in M-1 in the March-April period would probably be in a 4 to 9 per cent and M-2 in a 5-1/2 to 9-1/2 per cent annual rate range. Although the market is expecting some tightening of policy later this spring, an increase in the Federal funds rate over the near-term apparently is not being anticipated by market participants, given the recent moderation of growth in the monetary aggregates. The 3-month bill might move into a 6-5/8--6-3/4 per cent area, and there would be commensurate adjustment in other short-term rates. Member bank borrowing from the discount window would rise substantially, producing expectations of an upward adjustment in the discount rate. Such borrowing has been relatively low recently, and no banks are under administrative pressure at the window.

(15) The sizable increase in short-term rates likely to develop under alternative C would probably be accompanied by only modest upward pressure on bond yields in the intermeeting period.

As previously noted, new bond offerings are expected to be modest and institutional investment demand strong. By contributing to slower deposit inflows, however, alternative C would add to near-term upward pressure on mortgage rates and increase the need for an adjustment in deposit ceiling rates.

(16) An easing of the Federal funds rate to around $6\frac{1}{2}$ per cent, as contemplated under alternative A, would be very surprising to the market in light of the weakness of the dollar in foreign exchange markets and recent indications of acceleration in the rise of wholesale and retail prices. In addition, if staff projections are correct, such an easing action would be taking place in conjunction with publication of accelerated growth in M-1. Short-term market rates would decline, with the 3-month Treasury bill rate possibly falling below 6 per cent. The value of the dollar would probably decline in international exchange markets. Long-term interest rates would probably decline little, since market participants would likely view such an action as temporary. Indeed, as noted earlier, interest rates would soon need to begin rising in order to restrain growth in the aggregates to the mid-point of their longer-run ranges, and by autumn would have to reach levels higher than under alternatives B and C.

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.

"Monetary Aggregates" Formulation

The Committee seeks to encourage near-term rates of growth in M-1 and M-2 on a path believed to be reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, at present, it expects the annual growth rates over the March-April period to be within 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. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

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 the current level (OR TO REDUCE OR TO INCREASE THE WEEKLY-AVERAGE FEDERAL FUNDS RATE SOMEWHAT FROM THE CURRENT LEVEL) _____,

so long as M-1 and M-2 appear to be growing over the ~~February-~~
~~March~~ MARCH-APRIL period at annual rates within ranges of ~~1-1/2-6~~
~~_____~~ TO ~~_____~~ per cent and ~~4-1/2-8-1/2~~ ~~_____~~ 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 ~~6-1/2-7~~ ~~_____~~ TO ~~_____~~ per cent. In the conduct of day-
to-day operations, account shall be taken of emerging financial
market conditions, including the conditions in foreign exchange
markets.

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

Appendix I

Projected Federal Funds Rate

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978--QI	6-3/4	6-3/4	6-3/4
QII	6-3/4	7-1/8	7-3/8
QIII	8	7-7/8	7-3/4
QIV	8-1/2	8	7-3/4

Appendix II

Implied Velocity Growth Rates

$\underline{V_1 (GNP/M_1)}$	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978 I	5.3	5.5	5.5
II	4.9	5.3	5.8
III	5.5	5.9	5.6
IV	6.6	5.7	5.4
$\underline{V_2 (GNP/M_2)}$			
1978 I	3.9	3.9	4.1
II	3.1	3.4	3.4
III	1.6	2.1	2.7
IV	3.2	3.7	4.2

APPENDIX III

Revisions in the Monetary Aggregates

Benchmark adjustments for domestic nonmember banks and revised seasonal factors have been incorporated into the money stock series and related data. The benchmark adjustments are based on the most recent call report data and go back to December 1976. Seasonal factors have been revised to incorporate an additional year of data and adjustments resulting from the Board staff's annual review of these factors. Growth rates for the revised M_1 and M_2 in 1977 are 7.8 and 9.8 per cent, respectively, as compared with rates of 7.4 and 9.6 per cent for the old series. The impact of benchmark and seasonal factor changes on monthly, quarterly, and annual M_1 and M_2 growth rates for 1977 are shown in Tables III-1 and III-2.

The benchmark adjustments are based on corrected data for the universe of domestic nonmember banks for December 1976 as well as such universe figures for March, June, and September 1977. The adjustments added \$400 million to M_1 at the end of 1976 and \$1.6 billion to the level of M_1 at the end of 1977. The level of M_2 was reduced by \$400 million at the end of 1976 and was raised by \$1.4 billion at the end of 1977. As shown in column 4 of Tables III-1 and III-2, over the year 1977, on a quarterly average basis (QIV '76 to QIV '77), the benchmark adjustment added 0.4 percentage point to M_1 and 0.2 to M_2 . For M_1 , the benchmark added about 1 percentage point to the growth rate in the first half of the year, but had essentially no effect on growth in the second half of the year.

Seasonal revisions, shown in the last column of Tables III-1 and III-2, smoothed the quarterly and the monthly data by considerably reducing bulges in growth of M-1 that had occurred in April, July, and October of last year. Bulges in April and October had also developed in 1976. Growth in these months is still quite strong, however, possibly indicating development of a new seasonal pattern not yet fully captured in the seasonal adjustment procedure.

Table III-1

EFFECT OF BENCHMARK AND REVISED SEASONAL FACTORS ON M₁ GROWTH
(Seasonally adjusted annual rates of change in per cent)

	Old Series (1)	Revised Series (2)	Difference (1) - (2) (3)	Differences due to: ^{1/}	
				Benchmark (4)	Seasonal Factors (5)
<u>Annual</u> ^{2/}					
1977	7.4	7.8	0.4	0.4	--
<u>Quarterly</u> ^{3/}					
1977-QI	4.2	6.9	2.7	1.1	1.6
QII	8.4	8.1	-0.3	1.2	-1.5
QIII	9.3	8.1	-1.2	0.3	-1.5
QIV	6.8	7.2	0.4	-0.4	0.8
1978-QI (proj)	3.6	5.1	1.5	--	1.5
<u>Monthly</u>					
1977-January	5.4	9.2	3.8	0.7	3.1
February	0.8	5.3	4.5	1.5	3.0
March	5.4	7.6	1.2	1.8	-0.6
April	19.4	13.9	-5.5	1.0	-6.5
May	0.7	1.1	0.4	0.4	--
June	4.5	7.8	3.3	0.7	2.6
July	18.3	11.5	-6.8	-0.5	-6.3
August	5.9	6.2	0.3	-0.8	1.1
September	7.3	8.7	1.4	-0.8	2.2
October	12.0	10.9	-1.1	-0.4	-0.7
November	-1.4	0.4	1.0	--	1.0
December	7.6	7.5	-0.4	--	-0.4
1978-January	7.2	9.6	2.4	--	2.4
February	-3.9	-1.1	2.8	--	2.8
March (proj)	5.0	4.6	-0.4	--	-0.4

^{1/} In percentage points.

^{2/} From average of QIV to average of QIV.

^{3/} Quarterly average.

Table III-2

EFFECT OF BENCHMARK AND REVISED SEASONAL FACTORS ON M₂ GROWTH
(Seasonally adjusted annual rates of change in per cent)

	Old Series (1)	Revised Series (2)	Difference (1) - (2) (3)	Differences due to: ^{1/}	
				Benchmark (4)	Seasonal Factors (5)
<u>Annual</u> ^{2/}					
1977	9.6	9.8	0.2	0.2	--
<u>Quarterly</u> ^{3/}					
1977-QI	9.9	10.9	1.0	0.2	0.8
QII	9.2	9.0	-0.2	0.3	-0.5
QIII	10.3	9.9	-0.4	0.2	-0.6
QIV	7.6	8.0	0.4	--	0.4
1978-QI (proj)	6.0	6.6	0.6	--	0.6
<u>Monthly</u>					
1977-January	9.7	11.2	1.5	0.2	1.3
February	7.1	9.2	2.1	0.7	1.4
March	8.6	9.6	1.0	0.5	0.5
April	13.5	10.8	-2.7	0.3	-3.0
May	4.7	5.3	0.6	0.3	0.3
June	8.1	9.4	1.3	0.5	0.8
July	16.6	13.3	-3.3	0.3	-3.6
August	6.4	7.7	1.3	--	1.3
September	7.9	9.0	1.0	--	1.0
October	10.1	9.7	-0.4	--	-0.4
November	4.7	5.4	0.7	-0.1	0.8
December	5.7	5.7	--	0.1	-0.1
1978-January	8.2	8.9	0.7	0.2	0.5
February	3.5	4.4	0.9	0.1	0.9
March (proj)	6.3	6.6	0.3	0.2	0.1

1/ In percentage points.

2/ From average of QIV to average of QIV.

3/ Quarterly average.

Appendix Table IV-1

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

Ending 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>	<u>77IV</u>
1975 I	2.3												
II	4.3	6.4											
III	5.0	6.3	6.3										
IV	4.4	5.1	4.5	2.8									
1976 I	4.5	5.0	4.6	3.7	4.7								
II	4.9	5.4	5.2	4.8	5.9	7.0							
III	4.7	5.1	4.9	4.6	5.2	5.4	3.8						
IV	5.1	5.5	5.3	5.1	5.7	6.1	5.6	7.4					
1977 I	5.3	5.7	5.6	5.5	6.0	6.3	6.1	7.3	7.1				
II	5.6	6.0	5.9	5.9	6.4	6.7	6.6	7.6	7.7	8.3			
III	5.8	6.2	6.2	6.2	6.7	7.0	7.0	7.8	7.9	8.3	8.3		
IV	6.0	6.3	6.3	6.3	6.7	7.0	7.0	7.7	7.8	8.0	7.8	7.4	
* * * * *													
1978 IV													
Alt. A	5.8	6.0	6.0	6.0	6.2	6.4	6.3	6.6	6.5	6.4	6.1	5.7	5.3
Alt. B	5.8	6.0	6.0	6.0	6.2	6.4	6.3	6.6	6.5	6.4	6.1	5.7	5.3
Alt. C	5.8	6.0	6.0	6.0	6.2	6.4	6.3	6.6	6.5	6.4	6.1	5.7	5.3

^{1/} Based on quarterly average data.

Appendix Table IV-2

MONEY STOCK--M-2
 (Annual rates of growth, compounded quarterly)^{1/}

Ending 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>	<u>77IV</u>
1975 I	6.4												
II	8.3	10.2											
III	8.8	10.1	9.9										
IV	8.3	9.0	8.4	6.9									
1976 I	8.9	9.5	9.3	8.9	11.0								
II	9.1	9.7	9.5	9.4	10.7	10.4							
III	9.1	9.5	9.4	9.3	10.1	9.6	8.9						
IV	9.6	10.1	10.0	10.1	10.9	10.8	11.1	13.2					
1977 I	9.8	10.2	10.2	10.3	11.0	10.9	11.1	12.3	11.3				
II	9.7	10.1	10.1	10.1	10.7	10.6	10.7	11.3	10.3	9.4			
III	9.8	10.1	10.1	10.2	10.6	10.6	10.6	11.0	10.3	9.8	10.3		
IV	9.7	10.0	9.9	9.9	10.3	10.2	10.2	10.5	9.8	9.3	9.2	8.2	
* * * * *													
1978 IV													
Alt. A	9.3	9.5	9.4	9.4	9.6	9.4	9.3	9.4	8.9	8.6	8.5	8.1	8.1
Alt. B	9.2	9.4	9.3	9.3	9.4	9.3	9.2	9.2	8.7	8.4	8.2	7.8	7.7
Alt. C	9.1	9.3	9.2	9.1	9.3	9.2	9.1	9.1	8.6	8.2	8.0	7.6	7.4

^{1/} Based on quarterly average data.

Appendix Table IV-3

MONEY STOCK--M-3
 (Annual rates of growth, compounded quarterly)^{1/}

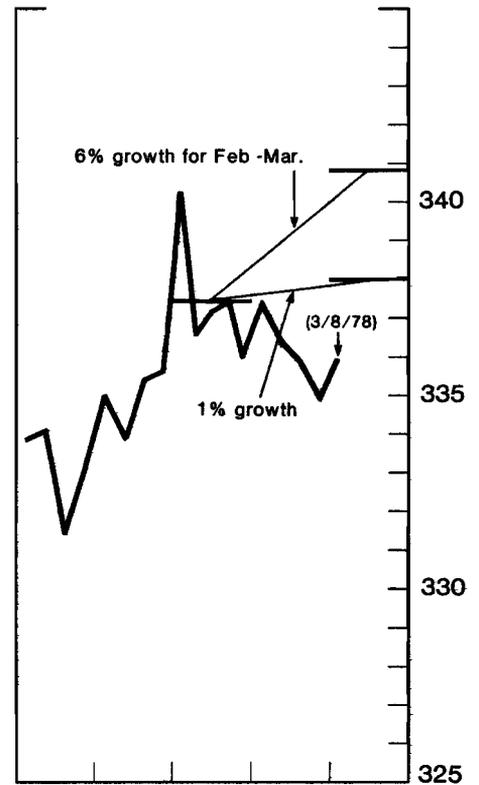
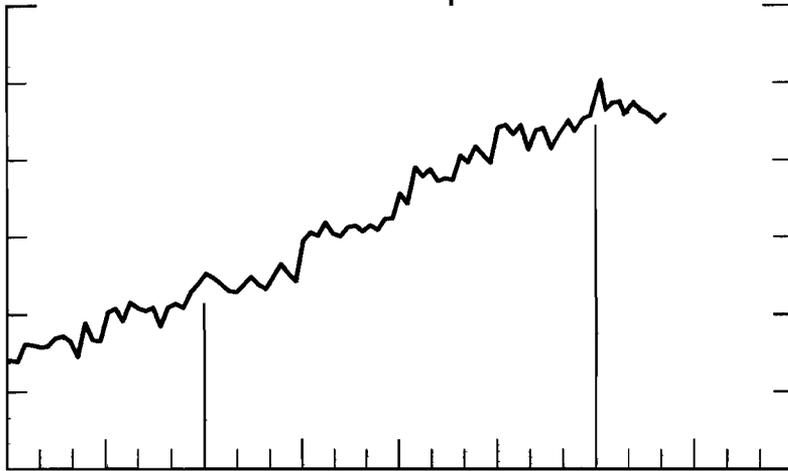
Ending Period	Base Period												
	<u>74IV</u>	<u>75I</u>	<u>75II</u>	<u>75III</u>	<u>75IV</u>	<u>76I</u>	<u>76II</u>	<u>76III</u>	<u>76IV</u>	<u>77I</u>	<u>77II</u>	<u>77III</u>	<u>77IV</u>
1975 I	8.3												
II	10.6	13.0											
III	11.5	13.1	13.2										
IV	11.1	12.0	11.5	9.8									
1976 I	11.4	12.2	11.9	11.2	12.7								
II	11.5	12.2	12.0	11.6	12.5	12.2							
III	11.5	12.0	11.8	11.5	12.1	11.8	11.3						
IV	11.9	12.5	12.4	12.2	12.8	12.8	13.1	15.0					
1977 I	12.0	12.5	12.4	12.3	12.8	12.8	13.0	13.9	12.7				
II	11.9	12.3	12.2	12.0	12.4	12.4	12.4	12.8	11.7	10.6			
III	11.9	12.3	12.2	12.1	12.4	12.4	12.4	12.7	11.9	11.5	12.5		
IV	11.9	12.2	12.1	12.0	12.2	12.2	12.4	11.7	11.4	11.7	11.0		
* * * * *													
1978 IV													
Alt. A	11.0	11.2	11.1	10.9	11.0	10.8	10.7	10.6	10.1	9.7	9.6	9.0	8.5
Alt. B	10.9	11.1	10.9	10.7	10.8	10.7	10.5	10.4	9.9	9.4	9.3	8.6	8.0
Alt. C	10.8	10.9	10.8	10.6	10.7	10.5	10.3	10.2	9.6	9.2	8.9	8.3	7.6

^{1/} Based on quarterly average data.

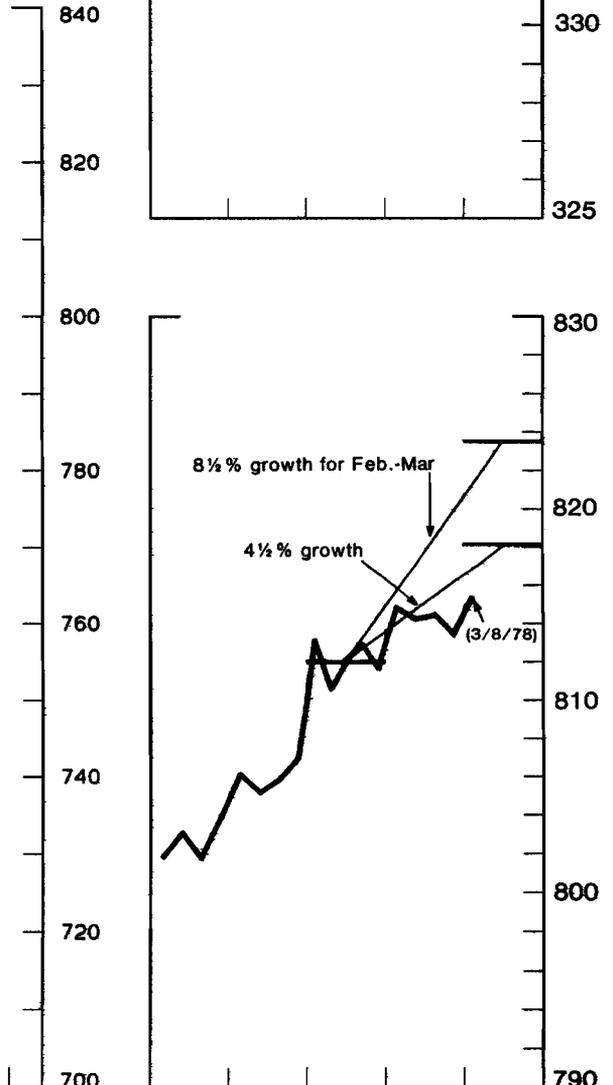
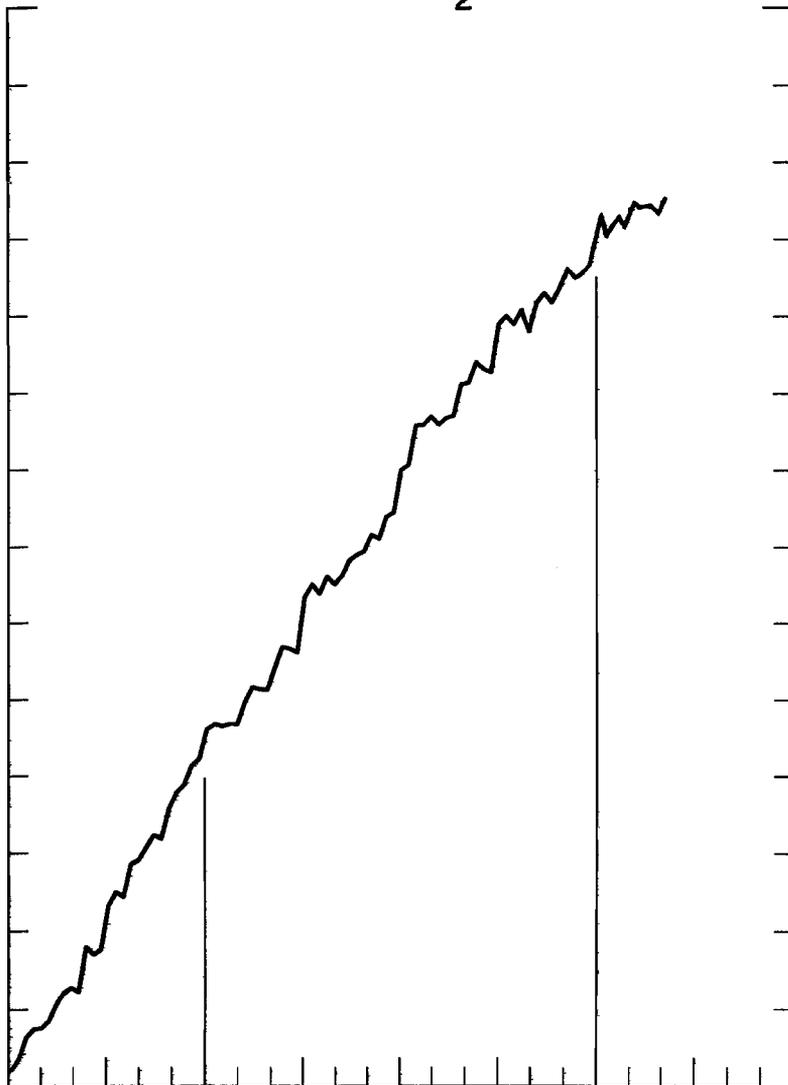
MONETARY AGGREGATES

NARROW MONEY SUPPLY M₁

BILLIONS OF DOLLARS



BROADER MONEY SUPPLY M₂



1976

1977

1978

1977

1978

MONEY MARKET CONDITIONS AND INTEREST RATES

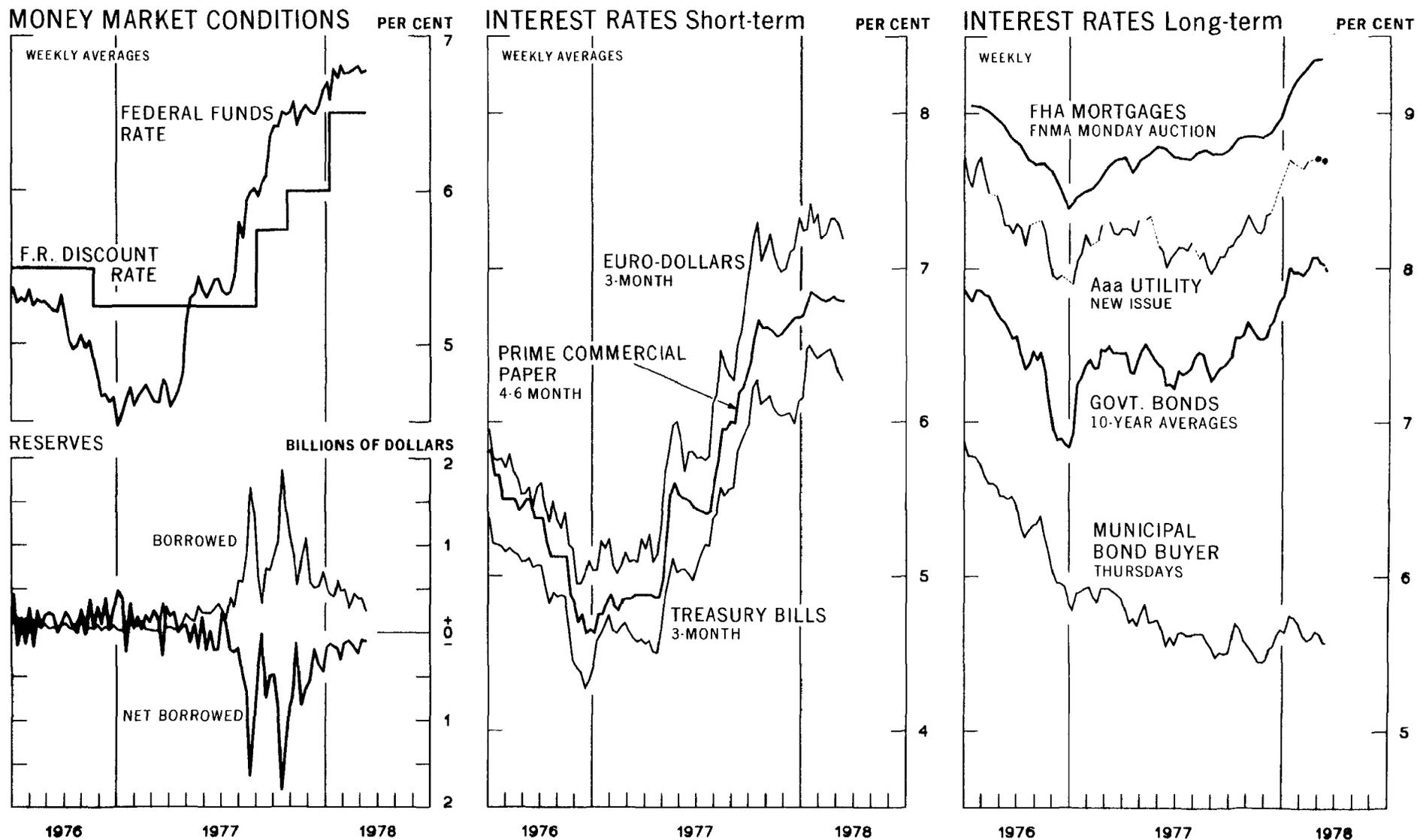


Table 1
MONETARY AGGREGATES

CONFIDENTIAL (FR)
CLASS II-FOMC
MAR. 17, 1978

ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

Period	Money Supply		Total U.S. Govt. Deposits 1/	Time & Savings Deposits				CD's	Nondeposit Sources of Funds 2/	
	Narrow (M1)	Broad (M2)		Total	Other Than CD's		Savings			Other
					Total	Other				
	1	2	3	4	5	6	7	8	9	
MONTHLY LEVELS-\$BIL										
1977--DEC.	335.4	806.5	11.4	545.8	471.1	218.3	252.8	74.7	61.6	
1978--JAN.	337.4	812.0	9.7	550.9	474.6	219.4	255.2	76.3	63.8	
FEB.	336.3	814.4	7.5	557.4	478.0	219.6	256.4	79.4	66.3	
MAR.	(337.7)	(818.7)	(7.9)	(562.3)	(481.0)	(219.5)	(261.5)	(81.2)		
% ANNUAL GROWTH										
QUARTERLY										
1977--3RD QTR.	10.6	10.4		8.5	10.4	9.6	11.1	-4.4		
4TH QTR.	6.1	6.9		15.2	7.3	0.9	13.1	72.8		
1978--1ST QTR.	(2.7)	(6.1)		(12.1)	(8.4)	(2.2)	(13.8)	(34.8)		
QUARTERLY-AV										
1977--3RD QTR.	9.3	10.3		10.0	10.9	6.6	15.0	3.2		
4TH QTR.	6.8	7.6		12.9	8.1	4.4	11.2	48.2		
1978--1ST QTR.	(3.6)	(6.0)		(13.0)	(7.6)	(2.2)	(12.6)	(47.0)		
MONTHLY										
1977--DEC.	7.6	5.7		12.2	4.3	0.0	8.1	64.3		
1978--JAN.	7.2	8.2		11.2	8.9	6.0	11.4	25.7		
FEB.	-3.9	3.5		14.2	8.6	1.1	15.0	48.8		
MAR.	(5.0)	(6.3)		(10.5)	(7.5)	(-0.5)	(14.4)	(27.2)		
FEB.-MAR.	(0.5)	(5.0)		(12.4)	(8.1)	(0.3)	(14.6)	(38.5)		
WEEKLY LEVELS-\$BIL										
1978-FEB. 1	336.0	811.7	9.8	553.0	475.7	219.6	256.1	77.3	70.1	
8	337.3	814.8	10.0	555.9	477.5	219.7	257.8	78.4	65.0	
15	336.4	814.2	7.3	556.8	477.8	219.9	257.9	79.0	61.3	
22	335.9	814.4	6.3	558.3	478.6	219.8	258.8	79.7	69.3	
MAR. 1	334.9	813.5	6.1	559.3	478.6	219.5	259.1	80.8	69.1	
8	335.9	815.4	7.3	561.0	479.5	219.7	259.8	81.5		

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 1-A
TIME AND SAVINGS DEPOSITS AT ALL COMMERCIAL BANKS
 SEASONALLY ADJUSTED EXCEPT AS NOTED

CONFIDENTIAL (FR)
 CLASS II-FOMC

MAR. 17, 1978

Period	Total Time and Savings	Savings Deposits				Time Deposits			Memo: Large Negotiable CD's
		Total	Individual and Nonprofit	Business (NSA)	Government (NSA)	Total	Large Denomination	Small Denomination	
	1	2	3	4	5	6	7	8	9
OUTSTANDING (\$ BILLIONS)									
1977--JUNE	514.8	212.7	196.9	9.9	6.0	302.1	137.9	164.2	63.9
JULY	519.5	213.6	198.6	9.9	5.0	305.9	140.8	165.1	62.8
AUG.	522.5	216.2	201.4	10.1	4.8	306.3	141.0	165.3	63.2
SEPT.	525.8	217.8	203.3	10.1	4.4	308.0	142.0	166.0	63.2
OCT.	532.2	218.4	204.2	10.0	4.2	313.9	147.2	166.7	66.4
NOV.	540.3	218.3	204.5	10.1	3.7	322.0	150.6	165.4	70.9
DEC.	545.8	218.3	204.7	10.1	3.6	327.5	161.8	165.7	74.7
1978--JAN.	550.9	219.4	205.8	9.7	3.9	331.5	164.9	166.5	76.3
FEB.	557.4	219.6	206.0	9.6	4.0	337.8	170.9	166.9	79.4
CHANGES (\$ BILLIONS)									
1977 YEAR	54.7	16.5	17.5	1.6	-2.5	38.2	24.4	13.7	11.4
QUARTERLY AVERAGE:									
1976--IV	14.3	11.6	8.4	1.4	1.9	2.5	-5.6	8.1	-3.1
1977--I	15.1	10.4	7.1	1.2	2.1	4.7	-0.2	4.9	0.3
II	10.4	4.4	4.4	0.7	-0.5	5.9	-1.4	7.3	-0.3
III	12.7	3.5	4.9	0.1	-1.6	9.3	6.4	3.0	0.5
IV	16.8	2.4	3.4	0.1	-0.9	14.4	13.9	0.4	7.6
MONTHLY AVERAGE:									
1977--AUG.	3.0	2.6	2.8	0.2	-0.2	0.4	0.2	0.2	0.4
SEPT.	3.3	1.6	1.9	0.0	-0.4	1.7	1.0	0.7	0.0
OCT.	6.4	0.6	0.9	-0.1	-0.2	5.9	5.2	0.7	3.2
NOV.	8.1	-0.1	0.3	0.1	-0.5	8.1	9.4	-1.3	4.5
DEC.	5.5	0.0	0.2	0.0	-0.1	5.5	5.2	0.3	3.8
1978--JAN.	5.1	1.1	1.1	-0.4	0.3	4.0	3.1	0.8	1.6
FEB.	6.5	0.2	0.2	-0.1	0.1	6.3	6.0	0.4	3.1

NOTE: COLUMNS (1), (2), AND (9) ON THIS TABLE CORRESPOND TO COLUMNS (4), (6), AND (8), RESPECTIVELY, ON TABLE 1--MONETARY AGGREGATES. FIGURES IN COLUMNS (1), (2), AND (6) REFLECT DAILY DATA REPORTED BY MEMBER BANKS, WITH ESTIMATES FOR NONMEMBER BANKS DERIVED FROM DATA REPORTED BY SMALL MEMBER BANKS, BENCHMARKED TO NONMEMBER CALL REPORT FIGURES. SAVINGS DEPOSITS OF BUSINESS AND GOVERNMENTAL UNITS--COLUMNS (4) AND (5)-- AND LARGE DENOMINATION TIME DEPOSITS --COLUMN (7)--REFLECT BREAKDOWNS REPORTED EACH WEDNESDAY BY LARGE COMMERCIAL BANKS BLOWN UP TO REPRESENT DEPOSITS AT ALL COMMERCIAL BANKS ON THE BASIS OF CALL REPORT RELATIONSHIPS.

TABLE 2
BANK RESERVES
ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

MAR. 17, 1978

Period	BANK RESERVES			REQUIRED RESERVES				
	Total Reserves	Nonborrowed Reserves	Monetary Base	Total Required	Private Demand	Total Time Deposits	Gov't. and Interbank	
	1	2	3	4	5	6	7	
MONTHLY LEVELS--\$MILLIONS								
1977--DEC.	36,207	35,637	127,911	36,017	21,454	12,854	1,709	
1978--JAN.	36,689	36,405	129,612	36,623	21,742	13,038	1,843	
FEB.	36,941	36,536	130,179	36,693	21,838	13,074	1,780	
MAR.	(36,439)	(36,075)	(130,031)	(36,186)	(21,275)	(13,210)	(1,701)	
PERCENT ANNUAL GROWTH								
QUARTERLY								
1977--3RD QTR.	8.8	4.6	10.2	8.1	13.2	2.6		
4TH QTR.	6.5	7.3	8.8	6.8	3.3	15.0		
1978--1ST QTR.	(2.6)	(4.9)	(6.6)	(1.9)	(-3.3)	(11.1)		
QUARTERLY-AV								
1977--3RD QTR.	9.0	3.4	9.6	8.6	10.2	6.3		
4TH QTR.	5.6	2.9	8.7	5.6	4.9	6.6		
1978--1ST QTR.	(8.0)	(13.8)	(9.3)	(7.6)	(3.6)	(14.4)		
MONTHLY								
1977--DEC.	6.6	16.7	9.1	8.7	1.0	19.7		
1978--JAN.	22.6	25.9	16.0	20.2	16.1	17.2		
FEB.	1.7	4.3	5.3	2.3	5.3	3.3		
MAR.	(-16.3)	(-15.1)	(-1.4)	(-16.6)	(-30.9)	(12.5)		
FEB.-MAR.	(-7.3)	(-5.4)	(1.9)	(-7.2)	(-12.9)	(7.9)		
WEEKLY LEVELS--\$MILLIONS								
1978-FEB.	1	36,833	36,363	129,928	36,675	21,834	13,011	1,830
	8	37,362	36,869	130,178	36,992	22,108	13,025	1,859
	15	37,104	36,823	130,180	36,926	22,160	13,054	1,712
	22	36,768	36,322	130,336	36,476	21,427	13,117	1,931
MAR.	1	36,479	36,089	130,040	36,327	21,627	13,117	1,584
	8	36,251	35,855	129,413	35,937	21,142	13,145	1,650
	15	36,298	36,050	129,482	36,142	21,153	13,192	1,798

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

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

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
MARCH 17, 1978

	Treasury Bills Net Change 2/	Treasury Coupons Net Purchases 3/					Federal Agencies Net Purchases 4/					Net Change Outright Holdings Total 5/	Net RP's 6/
		Within 1 year	1 - 5	5 - 10	Over 10	Total	Within 1 year	1 - 5	5 - 10	Over 10	Total		
1972	-490	87	789	539	167	1,582	46	592	253	168	1,059	1,631	-1,358
1973	7,232	207	579	500	129	1,415	120	400	244	101	864	9,273	-46
1974	1,280	320	797	434	196	1,747	439	1,665	659	318	3,082	6,303	-154
1975	-468	337	3,284	1,510	1,070	6,202	191	824	460	138	1,613	7,267	1,272
1976	863	472	3,025	1,048	642	5,187	105	469	203	114	891	6,227	3,607
1977	4,361	517	2,833	758	553	4,660	--	792	428	213	1,433	10,035	-2,892
1976--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
Qtr. IV	186	99	628	166	108	1,001	--	386	177	145	707	-643	34
1977--Sept.	1,385	116	681	96	128	1,021	--	--	--	--	--	4,881	1,883
Oct.	-1,877	--	--	--	--	--	--	--	--	--	--	-4,380	-6,530
Nov.	-736	--	--	--	--	--	--	--	--	--	--	-736	2,996
Dec.	2,798	93	628	166	108	1,001	--	386	177	145	707	4,474	3,568
1978--Jan.	-627	56	311	89	100	556	--	--	--	--	--	-71	-7,149
Feb.	-2,695	--	--	--	--	--	--	--	--	--	--	-2,717	4,141
1978--Jan. 4	--	--	--	--	--	--	--	--	--	--	--	-9	-4,526
11	-347	--	--	--	--	--	--	--	--	--	--	-347	-7,893
18	696	--	--	--	--	--	--	--	--	--	--	696	5,232
25	-116	56	311	89	100	556	--	--	--	--	--	440	-2,239
Feb. 1	-860	--	--	--	--	--	--	--	--	--	--	-882	5,009
8	-275	--	--	--	--	--	--	--	--	--	--	-275	-5,745
15	-1,358	--	--	--	--	--	--	--	--	--	--	-1,358	4,629
22	-200	--	--	--	--	--	--	--	--	--	--	-200	2,408
Mar. 1	-862	--	--	--	--	--	--	--	--	--	--	-862	-1,474
8	351	--	--	--	--	--	--	--	--	--	--	351	-4,050
15	--	--	--	--	--	--	--	--	--	--	--	-44	612
22p		248	448	275	54	1,024							
29													
LEVEL--Mar. 15 (in billions)	40.0	13.9	28.8	9.6	7.6	59.9	1.4	4.0	1.6	.9	7.9	107.8	-3.1

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

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

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

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

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

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

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

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
MARCH 17, 1978

	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	295	487	513	1,861	131	-9,151	-13,975
Low	1,729	-1,445	0	116	-111	20	8	-4,234	-8,206
1977--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	210	1,305	112	-6,480	-11,511
Nov.	3,617	610	36	210	251	863	83	-6,971	-11,825
Dec.	4,257	804	195	367	193	570	55	-7,403	-11,350
1978--Jan.	4,127	327	42	293	268	484	32	-6,047	-12,299
Feb.	*3,418	*1,492	24	197	269p	294p	50p	-5,007p	-12,558p
1978--Jan. 4	4,416	1,247	0	316	287	506	30	-6,675	-8,533
11	5,625	369	39	284	313	440	26	-7,699	-13,055
18	3,565	-221	72	273	261	418	25	-6,352	-13,938
25	3,167	365	58	297	315	592	34	-5,496	-12,729
Feb. 1	3,599	674	7	154	158	470	44	-3,993	-11,516
8	3,842	2,043	35	151	370	493	48	-5,056	-13,137
15	4,128	1,264	0	251	185	281	48	-4,906	-13,295
22	*3,185	*968	55	231	292	446	53	-5,241	-12,344
Mar. 1	*2,176	*1,577	37	253	152p	390p	59p	-4,962p	-11,444p
8	*2,807	*1,290	64	210	314p	396p	47p	-7,142p	-11,527p
15	*2,923	*891	95p	236p	148p	248p	40p	-7,497p	-11,606p
22									
29									

NOTE: Government security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury securities financed 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
MARCH 17, 1978

	Short-Term						Long-Term									
	Federal Funds	Treasury Bills		CD's New Issue-NYC	Comm. Paper	Bank Prime	U.S. Govt.-Constant Maturity Yields			Corp.-Aaa Utility		Municipal	Home Mortgages			
		90-day	1-Year	90-Day	90-119 Day	Rate	3-yr	7-yr	20-yr	New Issue	Recently Offered	Bond Buyer	Primary Conv.	Secondary Market		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)		
1976--High	5.58	5.53	6.32	5.75	5.90	7.25	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	4.50	4.63	6.25	5.65	6.33	7.23	7.93	7.84	5.83	8.70	8.39	7.57	
1977--High	6.65	6.27	6.62	6.70	6.66	7.75	7.39	7.70	7.99	8.36	8.48	5.93	9.00	8.98	8.39	
Low	4.47	4.41	4.67	4.50	4.63	6.25	5.83	6.59	7.26	7.90	7.95	5.45	8.65	8.46	7.56	
1977--Feb.	4.68	4.67	5.16	4.70	4.76	6.25	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	4.72	4.75	6.25	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	4.67	4.75	6.25	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	5.16	5.26	6.41	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	5.35	5.42	6.75	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	5.28	5.38	6.75	6.51	7.12	7.60	8.15	8.12	5.63	8.95	8.72	7.96	
Aug.	5.90	5.49	5.97	5.78	5.75	6.83	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	6.01	6.09	7.13	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	6.53	6.51	7.52	7.19	7.44	7.71	8.23	8.22	5.64	8.92	8.82	8.16	
Nov.	6.51	6.10	6.52	6.56	6.54	7.75	7.22	7.46	7.76	8.28	8.25	5.49	8.92	8.86	8.19	
Dec.	6.56	6.07	6.52	6.65	6.61	7.75	7.30	7.59	7.87	8.34	8.38	5.57	8.96	8.94	8.27	
1978--Jan.	6.70	6.44	6.80	6.82	6.75	7.93	7.61	7.86	8.14	8.68	8.60	5.71	9.02	9.17	8.56	
Feb.	6.78	6.45	6.86	6.77r	6.76	8.00	7.67	7.94	8.22	8.69	8.67	5.62	9.15	9.31	8.64	
1978--Jan.	4	6.69	6.16	6.55	6.65	6.68	7.75	7.40	7.72	8.01	--	8.48	5.64	9.00	--	8.43
	11	6.58	6.48	6.81	6.87	6.69	7.82	7.71	7.93	8.18	8.70	8.65	5.75	9.03	9.13	8.54
	18	6.78	6.50	6.87	6.87	6.80	8.00	7.66	7.89	8.16	8.68	8.65	5.74	8.98	--	8.60
	25	6.72	6.46	6.83	6.88	6.79	8.00	7.65	7.89	8.17	--	8.62	5.70	9.05	9.21	8.59
Feb.	1	6.80	6.42	6.80	6.81	6.76	8.00	7.58	7.85	8.17	8.65	8.60	5.63	9.13	--	8.62
	8	6.75	6.44	6.83	6.75	6.76	8.00	7.62	7.91	8.20	8.69	8.64	5.59	9.15	9.27	8.62
	15	6.76	6.46	6.86	6.75	6.76	8.00	7.71	7.99	8.25	--	8.68	5.61	9.15	--	8.65
	22	6.78	6.48	6.91	6.75	6.78	8.00	7.74	7.99	8.25	8.71	8.70	5.65	9.15	9.35	8.68
Mar.	1	6.80	6.41	6.85	6.75	6.75	8.00	7.71	7.95	8.21	--	8.70	5.63	9.15	--	8.61
	8	6.76	6.33	6.83	6.75	6.75	8.00	7.69	7.94	8.21	8.70	8.65	5.58	9.15	9.36	8.63
	15	6.77	6.27	6.81	6.73	6.75	8.00	7.64p	7.91p	8.17p	--	8.64p	5.58	n.a.	--	8.55
	22															
	29															
Daily--Mar.	9	6.76	6.25	6.81	--	6.75	8.00	7.68	7.95	8.20	--	--	--	--	--	--
	16	6.75p	6.25	6.79	--	6.75	8.00	7.64p	7.91p	8.17p	--	--	--	--	--	--

NOTE: Weekly data for columns 1, 2, 3, 5, and 6 are statement week averages of daily data. Data in column 4 are 1-day Wednesday quotes. 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

Revised Series

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
	(PER CENT ANNUAL RATES OF GROWTH)										
^{2/} ANNUALLY:											
1975	-0.2	3.2	5.9	3.9	4.4	8.3	11.1	6.5	9.5	10.4	10.0
1976	1.0	1.2	7.0	8.0	5.7	10.9	12.8	7.1	10.3	10.0	10.2
1977	5.2	2.7	8.3	10.9	7.8	7.8	11.7	10.0	11.7	11.4	11.4
^{2/} SEMI-ANNUALLY:											
2ND HALF 1976	3.5	3.6	16.9	8.9	5.5	10.8	12.7	7.8	10.8	10.0	10.1
1ST HALF 1977	2.9	2.3	7.9	11.6	7.6	10.1	11.3	9.3	10.8	10.7	10.9
2ND HALF 1977	7.3	3.1	8.4	9.7	7.7	9.0	11.4	10.2	12.0	11.6	11.4
QUARTERLY:											
1ST QTR. 1977	-1.6	-2.2	5.1	10.6	7.3	10.0	11.3	9.0	10.6	11.4	11.7
2ND QTR. 1977	6.5	4.7	8.9	12.6	7.7	8.5	9.9	8.4	9.8	9.6	9.8
3RD QTR. 1977	8.9	4.7	9.5	8.6	8.9	10.1	12.7	9.6	12.3	11.7	11.5
4TH QTR. 1977	6.1	6.8	9.3	8.3	6.2	7.0	9.1	11.2	11.6	11.2	11.1
QUARTERLY-AV:											
1ST QTR. 1977	2.7	2.6	6.7	9.5	6.9	10.9	12.2	10.2	11.7	11.4	11.5
2ND QTR. 1977	3.2	2.0	8.9	13.3	8.1	9.0	10.2	8.2	9.6	9.6	10.0
3RD QTR. 1977	8.9	3.3	7.7	9.6	8.1	9.9	11.9	9.5	11.6	11.1	10.9
4TH QTR. 1977	5.7	3.0	8.9	9.3	7.2	8.0	10.6	10.7	12.1	11.7	11.5
MONTHLY:											
1977--FEB.	-12.4	-12.6	-1.0	15.9	5.3	9.2	10.7	8.6	10.3	12.9	13.2
MAR.	-3.1	-4.2	5.3	10.9	7.6	9.6	10.4	7.4	8.9	8.5	9.2
APR.	12.5	13.6	17.6	15.7	13.9	10.8	11.0	9.1	9.9	9.4	9.7
MAY	2.8	-1.8	8.5	12.0	1.1	5.3	8.0	6.8	8.6	8.9	9.1
JUNE	4.2	2.3	0.3	9.6	7.8	9.4	10.5	9.2	10.4	10.2	10.2
JULY	15.4	13.5	11.1	9.5	11.5	13.3	13.9	11.7	12.8	12.0	11.6
AUG.	10.7	-14.5	9.2	12.3	6.2	7.7	11.7	7.5	11.5	10.9	10.8
SEPT.	0.3	15.4	7.9	3.8	8.7	9.0	12.2	9.2	12.2	11.8	11.6
OCT.	8.5	-14.6	9.6	13.5	10.9	9.7	11.8	12.5	13.3	12.8	12.6
NOV.	4.3	19.8	7.8	11.8	0.4	5.4	7.8	11.2	11.3	11.0	10.8
DEC.	5.4	15.5	10.3	-0.7	7.2	5.7	7.6	9.6	9.8	9.6	9.5
1978--JAN.	22.4	25.7	15.5	12.1	9.6	8.9	8.6	11.3	10.1	9.9	9.8
FEB.P	2.8	5.4	4.7	10.1	-1.1	4.4	5.2	8.2	7.5	7.5	7.5

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

Appendix Table 1-B

MONEY AND CREDIT AGGREGATE MEASURES

SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

Revised Series

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
ANNUALLY:											
1975	33,995	33,865	110,371	725.5	294.5	664.1	1091.8	745.4	1173.2	1306.7	1349.5
1976	34,448	34,395	118,070	766.2	312.6	739.6	1235.6	802.3	1298.3	1437.1	1486.7
1977	36,189	35,619	128,019	870.0	336.7	807.6	1374.1	881.6	1448.1	1601.1	1657.0
MONTHLY:											
1977--FEB.	34,401	34,330	119,040	801.8	316.3	752.1	1259.7	815.3	1323.0	1467.5	1518.6
MAR.	34,312	34,209	119,566	809.1	318.3	758.1	1270.6	820.3	1332.8	1477.9	1530.2
APR.	34,669	34,596	121,319	819.7	322.0	764.9	1282.2	826.5	1343.8	1489.5	1542.6
MAY	34,751	34,545	122,180	827.9	322.3	768.3	1290.8	831.2	1353.7	1500.5	1554.3
JUNE	34,873	34,610	122,214	834.5	324.4	774.3	1302.1	837.6	1365.4	1513.2	1567.5
JULY	35,321	34,998	123,344	841.1	327.5	782.9	1317.2	845.8	1380.0	1528.3	1582.7
AUG.	35,636	34,576	124,291	849.7	329.2	787.9	1330.0	851.1	1393.2	1542.2	1596.9
SEPT.	35,646	35,020	125,113	852.4	331.6	793.8	1343.5	857.6	1407.4	1557.4	1612.4
OCT.	35,898	34,593	126,115	862.0	334.6	800.2	1356.7	866.5	1423.0	1574.0	1629.3
NOV.	36,027	35,165	126,934	870.5	334.7	803.8	1365.5	874.6	1436.4	1588.4	1644.0
DEC.	36,189	35,619	128,019	870.0	336.7	807.6	1374.1	881.6	1448.1	1601.1	1657.0
1978--JAN.	36,865	36,381	129,673	876.8	339.4	813.6	1384.0	889.9	1460.3	1614.3	1670.5
FEB. P	36,951	36,546	130,177	886.2	339.1	816.6	1390.0	896.0	1469.4	1624.4	1680.9
WEEKLY:											
1978--JAN.											
11	36,172	35,730	128,848		336.7	612.4		888.0			
18	37,517	37,099	130,245		339.5	814.0		890.0			
25	36,917	36,325	129,806		339.6	814.6		891.3			
FEB.											
1	36,845	36,376	129,885		339.2	814.5		892.2			
8	37,375	36,882	130,279		339.4	816.4		894.9			
15	37,122	36,841	130,306		338.9	816.1		895.1			
22	36,770	36,324	130,146		339.4	817.5		897.2			
MAR.											
1P	36,487	36,097	129,994		339.4	817.5		898.4			
8P	36,261	35,865	129,487		339.1	818.4		900.3			

NOTES: WEEKLY DATA ARE DAILY AVERAGES FOR STATEMENT WEEKS. MONTHLY DATA ARE DAILY AVERAGES. WEEKLY DATA ARE NOT AVAILABLE FOR M₃, M₅, M₆, M₇, TOTAL LOANS AND INVESTMENTS AND THRIFT INSTITUTION DEPOSITS.

^{1/} BASED ON DATA ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS. DATA SHOWN IN MILLIONS OF DOLLARS.

P - PRELIMINARY

APPENDIX TABLE 2-A

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Revised Series

Period	Currency	Demand Deposits	Time and Savings Deposits					Mutual Savings Bank & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short Term U.S.Gov't Securities ^{1/}	Other Private Short-term Assets ^{1/}
			Total	Other Than CD's			CD's					
				Total	Savings	Other						
	1	2	3	4	5	6	7	8	9	10	11	12
(Per cent annual rates of growth)												
ANNUALLY: ^{2/}												
1975	8.9	3.0	7.9	11.7	17.5	7.8	-6.4	15.3	19.5	6.2	33.4	-1.0
1976	9.6	4.4	8.0	15.0	25.0	7.5	-23.4	15.5	18.8	6.9	7.5	19.2
1977	9.5	7.2	11.4	11.2	10.5	11.8	12.8	14.2	19.4	7.0	9.9	12.1
SEMI-ANNUALLY: ^{2/}												
2ND HALF 1976	7.8	4.7	9.3	14.9	19.8	10.7	-21.7	15.5	18.1	7.2	-1.4	15.2
1ST HALF 1977	8.7	7.2	10.4	11.9	15.0	9.0	0.6	12.9	16.6	6.4	12.5	16.5
2ND HALF 1977	9.8	7.0	11.8	9.9	5.6	14.0	24.9	14.5	20.6	7.3	6.8	7.1
QUARTERLY:												
1ST QTR. 1977	8.4	6.9	10.0	12.0	16.3	8.2	-3.2	13.0	17.4	6.1	31.1	20.9
2ND QTR. 1977	9.2	7.1	8.9	9.2	5.1	12.9	7.1	11.6	15.7	6.6	8.3	15.3
3RD QTR. 1977	9.5	8.7	9.9	10.8	9.6	12.0	3.2	16.2	21.7	7.0	4.9	5.2
4TH QTR. 1977	10.2	4.7	14.5	7.6	0.9	13.6	64.0	11.6	18.8	7.9	8.1	6.5
QUARTERLY-AV:												
1ST QTR. 1977	8.5	6.4	12.2	13.7	21.1	7.2	3.2	13.9	17.6	6.7	11.1	12.9
2ND QTR. 1977	8.8	7.8	8.3	9.7	8.5	10.7	-1.9	11.6	14.9	6.1	13.6	19.5
3RD QTR. 1977	9.1	7.7	10.3	11.2	6.6	15.6	4.5	14.6	20.1	6.5	5.5	7.4
4TH QTR. 1977	10.3	6.2	13.0	8.5	4.4	12.0	44.9	13.9	20.0	8.0	8.1	6.6
MONTHLY:												
1977--FEB.	8.9	4.1	10.7	12.0	14.6	9.6	3.8	12.7	18.1	6.6	68.9	21.5
MAR.	7.3	7.7	7.2	11.0	10.4	11.6	-20.9	11.0	14.9	5.0	5.0	28.2
APR.	10.2	15.3	6.0	8.5	10.9	6.3	-11.6	10.9	14.7	6.6	3.3	18.4
MAY	8.7	-1.5	10.5	8.4	4.5	11.9	25.3	11.6	14.5	6.5	11.6	15.8
JUNE	8.6	7.5	10.1	10.5	0.0	20.1	7.6	12.0	17.2	6.5	9.9	11.2
JULY	11.4	11.0	11.9	14.9	5.1	23.8	-9.5	14.3	19.8	6.5	0.0	2.2
AUG.	5.6	6.9	8.3	8.4	14.6	3.0	7.6	17.1	19.5	6.4	6.5	6.6
SEPT.	11.2	7.9	9.2	8.9	8.9	8.9	11.4	16.6	24.7	8.0	8.1	6.6
OCT.	11.1	10.8	13.7	8.6	3.3	13.8	48.9	14.0	21.5	7.9	8.1	6.5
NOV.	8.3	-2.4	18.3	9.3	-0.5	18.5	81.3	11.0	15.8	7.9	8.0	6.5
DEC.	10.9	5.8	10.9	4.6	0.0	8.1	52.5	9.3	18.2	7.6	7.9	6.5
1978--JAN.	10.8	9.2	12.3	8.4	6.0	10.5	37.3	7.4	17.9	7.8	7.9	6.4
FEB.P	9.4	-4.8	14.0	8.4	1.1	14.6	48.8	5.7	12.6	7.7	7.8	6.4

^{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.

APPENDIX TABLE 2-B

MAR. 17, 1978

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Revised Series

Period	Currency	Demand Deposits	Time and Savings Deposits					Mutual Savings Bank & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short-Term U.S. Gov't Sec ^{1/}	Other Private Short-term Assets ^{1/2/}	Non-Deposit Funds ^{3/}	Total Gov't Demand Deposits ^{4/}
			Total	Other Than CD's			CD's							
				Total	Savings	Other								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
ANNUALLY:														
1975	73.7	220.8	450.9	369.6	160.5	209.1	81.3	394.8	33.0	67.3	66.3	42.8	33.7	8.3
1976	80.7	231.9	489.7	427.0	201.8	225.2	62.7	456.9	39.1	71.9	66.9	49.7	51.4	11.2
1977	88.5	248.2	544.9	470.9	218.3	252.6	74.0	519.7	46.8	77.0	76.0	55.9	61.6	11.4
MONTHLY:														
1977--FEB.	81.9	234.4	499.0	435.8	208.2	227.6	63.3	467.4	40.3	72.7	71.8	51.1	50.3	11.7
MAR.	82.4	235.9	502.0	439.8	210.0	229.8	62.2	471.7	40.8	73.0	72.1	52.3	51.4	11.2
APR.	83.1	238.9	504.5	442.9	211.9	231.0	61.6	476.0	41.3	73.4	72.3	53.1	50.8	10.8
MAY	83.7	238.6	508.9	446.0	212.7	233.3	62.9	480.6	41.8	73.8	73.0	53.8	54.6	10.6
JUNE	84.3	240.1	513.2	449.9	212.7	237.2	63.3	485.4	42.4	74.2	73.6	54.3	53.5	10.1
JULY	85.1	242.3	518.3	455.5	213.6	241.9	62.8	491.2	43.1	74.6	73.6	54.4	53.3	11.8
AUG.	85.5	243.7	521.9	458.7	216.2	242.5	63.2	498.2	43.8	75.0	74.0	54.7	55.6	10.2
SEPT.	86.3	245.3	525.9	462.1	217.8	244.3	63.8	505.1	44.7	75.5	74.5	55.0	57.7	10.7
OCT.	87.1	247.5	531.9	465.5	218.4	247.1	66.4	511.0	45.5	76.0	75.0	55.3	57.4	10.3
NOV.	87.7	247.0	540.0	469.1	218.3	250.9	70.9	515.7	46.1	76.5	75.5	55.6	60.0	6.7
DEC.	88.5	248.2	544.9	470.9	218.3	252.6	74.0	519.7	46.8	77.0	76.0	55.9	61.6	11.4
1978--JAN.	89.3	250.1	550.5	474.2	219.4	254.8	76.3	522.9	47.5	77.5	76.5	56.2	63.8	9.7
FEB. P	90.0	249.1	556.9	477.5	219.6	257.9	79.4	525.4	48.0	78.0	77.0	56.5	66.3	7.5
WEEKLY:														
1978--JAN.	11	89.1	249.6	549.3	473.7	220.0	253.7	75.5	0.0	0.0	0.0	0.0	65.2	10.4
	18	89.3	250.3	550.5	474.5	219.9	254.7	76.0	0.0	0.0	0.0	0.0	62.5	9.3
	25	89.4	250.4	551.5	474.6	219.9	254.9	76.7	0.0	0.0	0.0	0.0	64.4	9.3
FEB.	1	89.6	249.6	553.0	475.3	219.6	255.7	77.6	0.0	0.0	0.0	0.0	70.1	9.8
	8	89.9	249.5	555.4	477.0	219.7	257.2	78.5	0.0	0.0	0.0	0.0	65.0	10.0
	15	90.0	248.9	556.2	477.2	219.9	257.3	79.0	0.0	0.0	0.0	0.0	61.3	7.3
	22	90.2	249.3	557.8	478.1	219.8	258.3	79.7	0.0	0.0	0.0	0.0	69.3	6.3
MAR.	1P	90.2	249.2	559.0	478.2	219.5	258.7	80.9	0.0	0.0	0.0	0.0	69.1	6.1
	8P	90.3	248.8	561.2	479.3	219.7	259.6	81.8	0.0	0.0	0.0	0.0		7.3

- 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