

Prefatory Note

The attached document represents the most complete and accurate version available based on original copies culled from the files of the FOMC Secretariat at the Board of Governors of the Federal Reserve System. This electronic document was created through a comprehensive digitization process which included identifying the best-preserved paper copies, scanning those copies,¹ and then making the scanned versions text-searchable.² Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that this document may contain occasional gaps in the text. These gaps are the result of a redaction process that removed information obtained on a confidential basis. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

¹ In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

² A two-step process was used. An advanced optimal character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

October 13, 1978

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) M-1 growth surged to a 14.1 per cent annual rate in September, but appears to be slowing in October on the basis of data for the early part of the month. Over September and October M-1 is now projected to rise at about a 9 per cent rate, at the upper end of the FOMC's range. M-2 appears to be increasing at about a 10 per cent annual rate in the September-October period, just below the upper end of the FOMC's range. Both savings and small time deposits grew surprisingly rapidly at banks in September, and growth in total deposits at thrift institutions accelerated further to about a 15-1/2 per cent annual rate. Sales of the new money market certificates by banks and thrift institutions remained large last month, in total matching the August pace.

Growth in Monetary Aggregates
over September-October Period

	<u>Ranges</u>	<u>Latest Estimates</u>
M-1	5 to 9	8.9
M-2	6-1/2 to 10-1/2	10.0
Memo: Federal funds rate (per cent per annum)	8-1/4 to 8-3/4	Avg. for statement <u>week ending</u> Sept. 20 8.36 27 8.62 Oct. 4 8.85 11 8.71

(2) Following the September FOMC meeting, incoming data suggested that M-1 growth would be around the upper end, and M-2 growth

in the upper half, of their respective short-run ranges. The Account Management responded by raising its Federal funds rate objective to 8-3/4 per cent, the upper end of the Committee's range. The discount rate was raised 1/4 point to 8 per cent on September 22 and was again raised to 8-1/2 per cent after the close of business Friday, October 13. Member bank borrowing has averaged from \$1-1/4 to \$1-1/2 billion during the past three statement weeks.

(3) Prior to the latest discount rate increase, most short-term interest rates had increased another 20 to 50 basis points from the September FOMC meeting, as the market reacted to the further increases in the Federal funds rate and to the continued strength in published monetary aggregate data. The 3-month Treasury bill rate, however, dropped back sharply to around 7-3/4 per cent--below its level at the time of the September meeting--as foreign demand for bills were relatively strong and the Treasury continued to emphasize 6-month bills in the regular weekly refundings. In after-hours trading on Friday, following the latest discount rate action, Treasury bill rates rose 10 to 15 basis points.

(4) Yields on long-term Treasury and corporate securities also moved higher over the inter-meeting period--generally by 20 to 30 basis points as of the close of business on Friday--as interest rate expectations appeared to shift in response not only to the further rise in short rates, but also to the persistence of rapid inflation and to signs that economic activity might be stronger over coming months than some had anticipated. These recent increases left long-term Treasury

and corporate yields somewhat below their highs for the current expansion reached in mid-July, even though the funds rate had risen 100 basis points since that time. In contrast to yields on other long-term bonds, yields on municipal issues remained essentially unchanged during recent weeks, owing in part to a sharp decline in advance refundings by State and local units.

(5) Growth in commercial bank credit picked up somewhat in September, as investments and security loans rose after declining in August. Real estate and business loans expanded at just below the average rates observed since late spring, and the bank prime rate rose to 10 per cent. Average rates charged by S&Ls on new home loan commitments also have edged up of late, despite enlarged deposits flows and reduced borrowing from Home Loan Banks, as the cost of obtaining funds through the 6-month money market certificate has risen further. Mortgage credit demands apparently remain strong, and loan takedowns and commitments rose at S&Ls in August.

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

	1976 & 1977 Average	Past Twelve Months Sept. '78 over Sept. '77	Past Six Months Sept. '78 over Mar. '78	Past Three Months Sept. '78 over June '78	Past Months Sept. '78 over Aug. '78
Nonborrowed reserves	2.5	6.4	4.3	5.3	11.3
Total reserves	3.2	7.5	8.2	4.8	8.4
Monetary Base	7.7	9.4	9.6	8.6	12.7
<u>Concepts of Money</u>					
M-1 (Currency plus demand deposits) <u>1/</u>	6.9	8.4	10.5	9.2	14.1
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	10.4	8.5	9.7	10.4	12.5
M-3 (M-2 plus deposits at thrift institutions)	12.3	9.4	10.2	11.7	13.7
M-4 (M-2 plus CD's)	8.6	10.7	10.1	10.0	13.7
M-5 (M-3 plus CD's)	11.1	10.7	10.5	11.4	14.3
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>					
Month-end basis	9.8	11.3	12.3	10.7	9.9
Monthly average	9.5	11.1	10.8	9.7	9.7
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	-0.4	2.0	1.0	0.5	1.8
Nonbank commercial paper	0.2	0.2	0.4	0.3	0.3

1/ Other than interbank and U.S. Government.

2/ Includes loans sold to affiliates and branches.

NOTE: All items are based on averages of daily figures, except for data on total loans and investments of commercial banks, commercial paper, and thrift institutions--which are derived from either end-of-month or Wednesday statement date figures. Growth rates for reserve measures in this and subsequent tables are adjusted to remove the effect of discontinuities from breaks in the series when reserve requirements are changed.

Prospective developments

(7) Alternative longer-run growth ranges for the monetary aggregates over the one-year QIII '78 to QIII '79 period are shown below for Committee consideration. M-1 ranges shown in the top line reflect staff estimates of the expected shift from demand deposits to savings deposits over the year ahead as a result of the introduction of the automatic transfer service (ATS) on November 1, while M-1 ranges that abstract from the estimated impact of ATS are shown in parentheses in the second line. The upper limits of the ranges on the top line are noticeably lower than those on the second line because the staff believes that some significant shift from demand to savings deposits as a result of ATS will almost assuredly occur, as explained in paragraph 8; the ranges of the top line are relatively wide to allow for the uncertain size of this shift. Alternative B is based on the same growth rate range for M-1 as adopted by the Committee in July for the QII '78 to QII '79 period, while alternatives A and C encompass, respectively, more and less expansion of M-1. For reasons to be discussed later, the M-2 and M-3 ranges in nearly all cases have been raised relative to current ranges.

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Current Ranges</u>
M-1	$\frac{1}{2}$ to 6	$-\frac{1}{2}$ to 5	$-1\frac{1}{2}$ to 4	--
(M-1, as if no ATS)	(5 to $7\frac{1}{2}$)	(4 to $6\frac{1}{2}$)	(3 to $5\frac{1}{2}$)	(4 to $6\frac{1}{2}$)
M-2	$7\frac{1}{2}$ to 10	7 to $9\frac{1}{2}$	$6\frac{1}{2}$ to 9	$6\frac{1}{2}$ to 9
M-3	9 to $11\frac{1}{2}$	$8\frac{1}{2}$ to 11	8 to $10\frac{1}{2}$	$7\frac{1}{2}$ to 10
Bank Credit	9 to 12	$8\frac{1}{2}$ to $11\frac{1}{2}$	8 to 11	$8\frac{1}{2}$ to $11\frac{1}{2}$
Addendum:				
M-1+ ^{1/}	6 to $8\frac{1}{2}$	5 to $7\frac{1}{2}$	4 to $6\frac{1}{2}$	--

1/ M-1+ is defined as M-1 plus savings deposits at commercial banks, NOW accounts at thrifts, credit union share drafts, and demand deposits at MSBs. See appendix V of the September Bluebook.

(8) Over the QIII '78-QIII '79 policy period, the staff projects that ATS would reduce M-1 growth by between $1\frac{1}{2}$ and $4\frac{1}{2}$ percentage points. The upper end of this range assumes that something less than 20 per cent of the nearly \$95 billion of eligible demand deposits shift to savings deposits in the first year of ATS, while the lower end assumes something less than 10 per cent shifts. While uncertainties are, of course, vast, the upper end of the range is comparable to first year experience with NOW accounts in the four New England states that were permitted to offer such accounts in early 1976. Transfers under present circumstances may be slower because of the absence of competition from thrifts, which was present in New England. However, it would appear that bank pricing of the ATS will make such service quite attractive for large deposit holders, who account for a major share of eligible deposits.

(9) Given the degree of uncertainty regarding the size of the distortion in M-1 produced by automatic transfers, the staff also proposes that the Committee consider the desirability of supplementing, at least for a transition period, the other monetary measures with the aggregate "M-1+", which will not be affected by shifts between demand and savings deposits at banks and should provide useful collateral evidence about the strength of the transactions demand for money.^{1/} This aggregate--defined as M-1 plus savings deposits at commercial banks, NOW accounts at thrifts, credit union share drafts, and demand deposits at MSB's--was discussed in appendix V of the September Bluebook. The addendum to the table

^{1/} It would, of course, be affected by shifts from deposits at savings institutions to commercial bank ATS accounts. Such shifts should be relatively modest. We have assumed a shift of \$2 billion, which adds .4 of a percentage point to growth in M-1+ over the QIII '78-QIII '79 period.

in paragraph (7) shows M-1+ ranges thought to be consistent with the other aggregates.

(10) The demand for transactions balances is expected to remain quite strong over the new QIII '78 to QIII '79 policy period, with nominal GNP projected to rise at almost an 11 per cent annual rate. Thus, a further rise in the Federal funds rate appears needed under alternatives B and C if growth in the aggregates is to be held within their ranges. Even under alternative A, some further increase in the funds rate might well be required. Staff projections of the funds rate for each alternative are shown in appendix I.

(11) Under alternative B, we would expect the Federal funds rate to level off in a 9 to 10½ per cent range by early next year if M-1 growth over the QIII '78-QIII '79 period is to be at around the upper end of a 4 to 6½ per cent range, abstracting from the effects of ATS.^{1/} This represents an upward adjustment in the level of interest rates forecast by the staff. The interest rate forecast might have been expected to decline because alternative B in effect forgives the "overshoot" in M-1 growth during the third quarter and, hence, does not imply as low a rate of monetary growth over the next few quarters as it did earlier. However, our previous interest rate forecast assumed a fairly significant downward shift in M-1 demand relative to income. There has been no evidence of such a shift in recent quarters, and without the restraint of even higher interest rates than earlier projected it appears that growth in M-1 (or M-1+) would run above the

^{1/} Allowing for the ATS effect on M-1, and given the 1½ to 4½ per cent range of probable ATS effect, M-1 growth in a 2 to 5 per cent range after ATS would be economically equivalent to 6½ per cent ex-ATS.

alternative B range. Even so it should be noted that our new interest rate estimates still assume some renewed downward drift in M-1 demand, apart from the effects of automatic transfers.^{1/}

(12) The longer-run ranges for M-2 and M-3 have been raised relative to M-1. Thus, under alternative B, M-2 growth for the year ahead is expected to be in a 7 to 9½ per cent range and M-3 growth in an 8½ to 11 per cent range, ½ and 1 percentage point higher than current longer-run ranges. The M-2 range was raised to take account of the recent somewhat more rapid growth in time deposits other than large CD's and to allow for a modest shift from deposits at thrift institutions to ATS accounts at banks.^{2/} The range for M-3 was raised more substantially in recognition of the apparent ability, and also willingness, of savings institutions, especially S&L's, to raise substantial amounts of new money through the 6-month money market certificate. Of course, net inflows of deposits to thrifts should slow from its recent pace in the months ahead, as rising interest rates further moderate inflows of deposits subject to fixed rate-ceilings, the effects of the stock adjustment from other financial assets wane, and depository institutions perhaps

^{1/} Appendix II displays projected velocity changes, with and without automatic transfers in the case of M-1.

^{2/} The \$2 billion shift that we have assumed would increase M-2 growth by about ½ percentage point over the QIII '78 QIII '79 period.

become less aggressive in offering the new certificates as the spread continues to narrow between their deposit costs and mortgage rates.

(13) The longer-run alternative C ranges encompass growth rates for M-2 and M-3 nearer to those currently in place. In addition, alternative C calls for a slower longer-run growth in M-1--in a 3 to 5½ per cent range, abstracting from ATS. Growth around the upper end of that range would tend to compensate for the "overshoot" in M-1 expansion over the first three quarters of this year and would lead to about a 6½ per cent annual rate of growth from the end of 1977 through the third quarter of 1979, as may be seen in the bottom line of appendix III-1.

(14) Two alternative short-run specifications for the monetary aggregates and the Federal funds rate believed to be generally consistent with the longer-run proposals for the aggregates are presented below for Committee consideration. Alternative I contemplates a Federal funds rate range centered on the current 8½ per cent level, while Alternative II calls for a rise in the funds rate to 9½ per cent. No easing alternative for the short-run is presented because all proposed longer-run ranges involve either stable or rising interest rates over the next several months. (More detailed and longer-run data are shown in tables on pages 10 and 11; the numbers in parentheses in those tables show estimates abstracting from the effect of ATS).

Alternative Levels and Growth Rates for Key Monetary Aggregates

		<u>M-1</u>			<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>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978	September	360.9	360.9	360.9	588.0	588.0	588.0	862.4	862.4	862.4
	October	362.0	362.0	361.9	589.5	589.5	589.3	867.8	867.8	867.4
	November	363.3 (364.2)	363.3 (364.2)	363.3 (363.9)	593.2	593.2	592.6	874.0	874.0	873.2
1978	QIII	357.3	357.3	357.3	582.6	582.6	582.6	854.0	854.0	854.0
	QIV	363.2 (364.2)	363.1 (364.1)	362.8 (363.8)	593.1	593.0	592.4	874.0	873.9	873.1
1979	QI	365.9 (370.5)	364.3 (368.9)	363.0 (367.6)	603.8	601.4	599.2	892.7	890.8	888.7
	QII	368.8 (376.7)	366.1 (374.0)	363.4 (371.3)	614.2	609.9	605.7	911.6	908.1	904.3
	QIII	372.2 (383.2)	368.6 (379.6)	365.0 (376.0)	625.0	619.2	613.4	931.2	926.4	921.2

Growth Rates

Monthly:

1978	October	3.7	3.7	3.3	3.1	3.1	2.7	7.5	7.5	7.0
	November	4.3 (7.3)	4.3 (7.3)	3.6 (6.6)	7.5	7.5	6.7	8.6	8.6	8.0

Quarterly Average:

1978	QIV	6.6 (7.7)	6.5 (7.6)	6.2 (7.3)	7.2	7.1	6.7	9.4	9.3	8.9
1979	QI	3.0 (6.9)	1.3 (5.3)	0.2 (4.2)	7.2	5.7	4.6	8.6	7.7	7.1
	QII	3.2 (6.7)	2.0 (5.5)	0.4 (4.0)	6.9	5.7	4.3	8.5	7.8	7.0
	QIII	3.7 (6.9)	2.7 (6.0)	1.8 (5.1)	7.0	6.1	5.1	8.6	8.1	7.5

Semi-Annual:

QIII '78-QI '79	4.8 (7.4)	3.9 (6.5)	3.2 (5.8)	7.3	6.5	5.7	9.1	8.6	8.1
QI '79-QIII '79	3.4 (6.9)	2.4 (5.8)	1.1 (4.6)	7.0	5.9	4.7	8.6	8.0	7.3

Annual:

QIII '78-QIII '79	4.2 (7.2)	3.2 (6.2)	2.2 (5.2)	7.3	6.3	5.3	9.0	8.5	7.9
-------------------	-----------	-----------	-----------	-----	-----	-----	-----	-----	-----

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>
1978	September	1471.7	1471.7	1471.7	946.9	946.9	946.9
	October	1485.2	1485.2	1484.8	955.1	955.1	955.1
	November	1498.9	1498.9	1498.0	964.5	964.0	963.5
1978	QIII	1455.9	1455.9	1455.9	939.9	939.9	939.9
	QIV	1498.7	1498.5	1497.7	964.0	963.6	963.2
1979	QI	1536.6	1534.5	1531.9	989.7	988.6	987.5
	QII	1571.8	1567.4	1562.4	1015.3	1013.6	1011.9
	QIII	1607.8	1601.0	1593.9	1040.4	1037.6	1034.8

Growth Rates
Monthly

1978	October	11.0	11.0	10.7	10.4	10.4	10.4
	November	11.1	11.1	10.7	11.8	11.2	10.6

Quarterly Average:

1978	QIV	11.8	11.7	11.5	10.3	10.1	9.9
1979	QI	10.1	9.6	9.1	10.7	10.4	10.1
	QII	9.2	8.6	8.0	10.3	10.1	9.9
	QIII	9.2	8.6	8.1	9.9	9.5	9.1

Semi-Annual:

QIII '78-QI '79	11.1	10.8	10.4	10.6	10.4	10.1
QI '69-QIII '79	9.3	8.7	8.1	10.2	9.9	9.6

Annual:

QIII '78-QIII '79	10.4	10.0	9.5	10.7	10.4	10.1
-------------------	------	------	-----	------	------	------

	<u>Alt. I</u>	<u>Alt. II</u>
Ranges for Oct.-Nov.		
M-1	1 to 7	$\frac{1}{2}$ to $6\frac{1}{2}$
(M-1 without ATS)	($3\frac{1}{2}$ to $7\frac{1}{2}$)	(3 to 7)
M-2	6 to 10	$5\frac{1}{2}$ to $9\frac{1}{2}$
Addendum:		
M-1+	3 to 7	$2\frac{1}{2}$ to $6\frac{1}{2}$
Federal funds rate (Intermeeting period)	$8\frac{1}{2}$ to 9	9 to $9\frac{1}{2}$

(15) For the Committee's convenience, and in case of an adverse court finding, the short-run specifications include M-1 both with and without the impact of automatic transfers. The supplementary aggregate M-1+ is also shown should the Committee wish to provide additional quantitative guidance for the Desk in the transitional period. In developing our estimate for M-1 including the effect of ATS, we have assumed that \$900 million are shifted from demand to ATS accounts on average in November, with a range of error of plus or minus \$600 million. This works out to an effect on M-1 over the two month Oct-Nov. period of $\frac{1}{2}$ to $2\frac{1}{2}$ percentage points at an annual rate. Over this period M-1 can be expected to grow in a 1 to 7 per cent annual rate range (or $3\frac{1}{2}$ to $7\frac{1}{2}$ per cent abstracting from ATS). A sizable build-up in Treasury cash balances may be a factor holding down M-1 growth in October, but in November

M-1 expansion is expected to resume at close to the average pace thus far this year (apart from the effect of ATS).^{1/}

(16) Expansion in M-2 under Alternative I is likely to be in a 6 to 10 per cent annual rate range over the October-November period. The interest-bearing component of M-2 will, of course, be buoyed by shifts from demand to automatic transfer savings accounts, and growth of the remaining savings and time deposits included in this aggregate is expected to slow only somewhat from its recent strong pace. Although inflows to nontransferable savings accounts are expected to slow sharply from the recent surprisingly rapid pace, sales of 6-month certificates and large denomination time deposits are likely to continue to support time deposit growth at a rate close to recent levels.

(17) The continued surprising strength of thrift deposits is also likely to be sustained in October as these institutions, through the issuance of 6-month certificates, capture a larger than normal portion of the sizable volume of longer-term certificates maturing this month at banks and thrifts. Growth in thrift deposit inflows seems likely to begin slowing by November, though remaining considerably stronger than in the first half of the year.

(18) If the Federal funds rate remains around its current level of $8\frac{3}{4}$ per cent over the intermeeting period and published

^{1/} The relationship between current levels of M-1, as well as other monetary aggregates, and the FOMC's longer-run ranges are shown in the set of charts attached after p. 18.

growth of the monetary aggregates moderates as the staff projects, other short-term interest rates are also likely to change little. Business demands for short-term credit probably will continue at the more moderate third quarter level, and the Treasury is not expected to be tapping the bill market for new money until late in the year.

(19) Under alternative I, yields on longer-term securities also are likely to show little further change in the near-term, abstracting from possible expectational effects of any new Administration wage-price program. Oncoming supplies of new corporate and municipal securities are expected to remain relatively moderate, and given recent foreign central bank acquisitions of nonmarketable Treasury securities, the Treasury's need to raise new cash in the market over the fourth quarter has been reduced somewhat further. In its mid-November refunding--to be announced October 25--the Treasury is expected to roll over \$4.6 billion of maturing debt and to raise around \$1½ to 2 billion of new money. Following this operation, the Treasury probably will need to raise only about \$7½ billion of new money in the coupon market over the remainder of the fourth quarter.

(20) Alternative II calls for an increase in the Federal funds rate to around the mid-point of a 9 to 9½ per cent range during the intermeeting period. This alternative appears particularly appropriate if the Committee opts for the slower longer-run growth in the aggregates encompassed by alternative C. It would also be consistent with the longer-run policy stance indexed by alternative B, as well as with near-term efforts to support the dollar in exchange markets. The tightening of the funds market over the weeks ahead

envisaged by alternative II would--by introducing restraint earlier-- increase the likelihood that the funds rate would not have to rise into the upper part of the 9 to 10½ per cent range projected for next year under alternative B.

(21) Under alternative II, M-1 growth, including the effect of automatic transfers, would likely be in a ½ to 6½ per cent annual rate range over the October-November period, M-2 in a 5½ to 9½ per cent range, and M-1+ in a 2½ to 6½ per cent range. The additional interest rate pressure would slow the growth of non-transferable savings deposits and time deposits subject to fixed rate-ceilings, but the effects of this slowing on the total interest-bearing components of M-2 and M-3 may be dampened by issuance of 6-month certificates and, at banks, large denomination time deposits.

(22) The ½ percentage point increase in the funds rate contemplated under alternative II would place further upward pressure on other short- and long-term interest rates. The bond markets appear to be in a strong technical position, with dealer inventories light and the forward calendar of new offerings moderate, but such a rise in the funds rate, coupled with the recent discount rate action, is likely to carry long rates back above the early July peaks. Mortgage market conditions are likely to tighten further as the effective cost of the 6-month money market certificate moves up to close to 9½ per cent, and thrifts become somewhat more cautious in their lending attitudes.

Directive language

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

(24) To take account of uncertainties associated with the introduction of ATS, the Committee may also wish to consider certain modifications of its instructions to the Manager. These might include introduction of M-1+ as a third operating range and insertion of language to recognize the uncertainties introduced by ATS. In addition, at least for now, the Committee may wish to eliminate the phrase in the directive that gives equal weight to M-1 and M-2 so as to enable the Manager to take the behavior of M-1+ into account in appraising performance of the aggregates in the transition period. These modifications are indicated in the language below in capital letters and strike-through form.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to developing conditions in domestic

and international financial markets more generally AND TO UNCERTAINTIES ASSOCIATED WITH THE INTRODUCTION OF THE AUTOMATIC TRANSFER SERVICE. Early in the period until the next regular meeting, System open market operations shall be directed at attaining a weekly-average Federal funds rate

- (A) AT ABOUT THE CURRENT LEVEL
- (B) slightly (OR SOMEWHAT) above the current level.

Subsequently, operations shall be directed at maintaining the weekly-average Federal funds rate with the range of ~~8½-to-8¾~~ ____ TO ____ per cent. In deciding on the specific objective for the Federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the ~~September-October~~ OCTOBER-NOVEMBER period of M-1, M-1+, and M-2 and the following ranges of tolerance: ~~5-to-9~~ ____ TO ____ per cent for M-1, ____ TO ____ PER CENT FOR M-1+, and ~~6½-to-10½~~ ____ TO ____ per cent for M-2. If, ~~giving-approximately-equal-weight-to-M-1-and-M-2,~~ their rates of growth appear to be

Monetary aggregates emphasis

significantly above or below the midpoints

Money market emphasis

CLOSE TO OR BEYOND THE UPPER OR LOWER LIMITS

of the indicated ranges, the objective for the funds rate shall be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be above the upper limit or below the lower limit of the indicated

ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

CHART 1

Recently Established M-1 Growth Ranges and Actual M-1

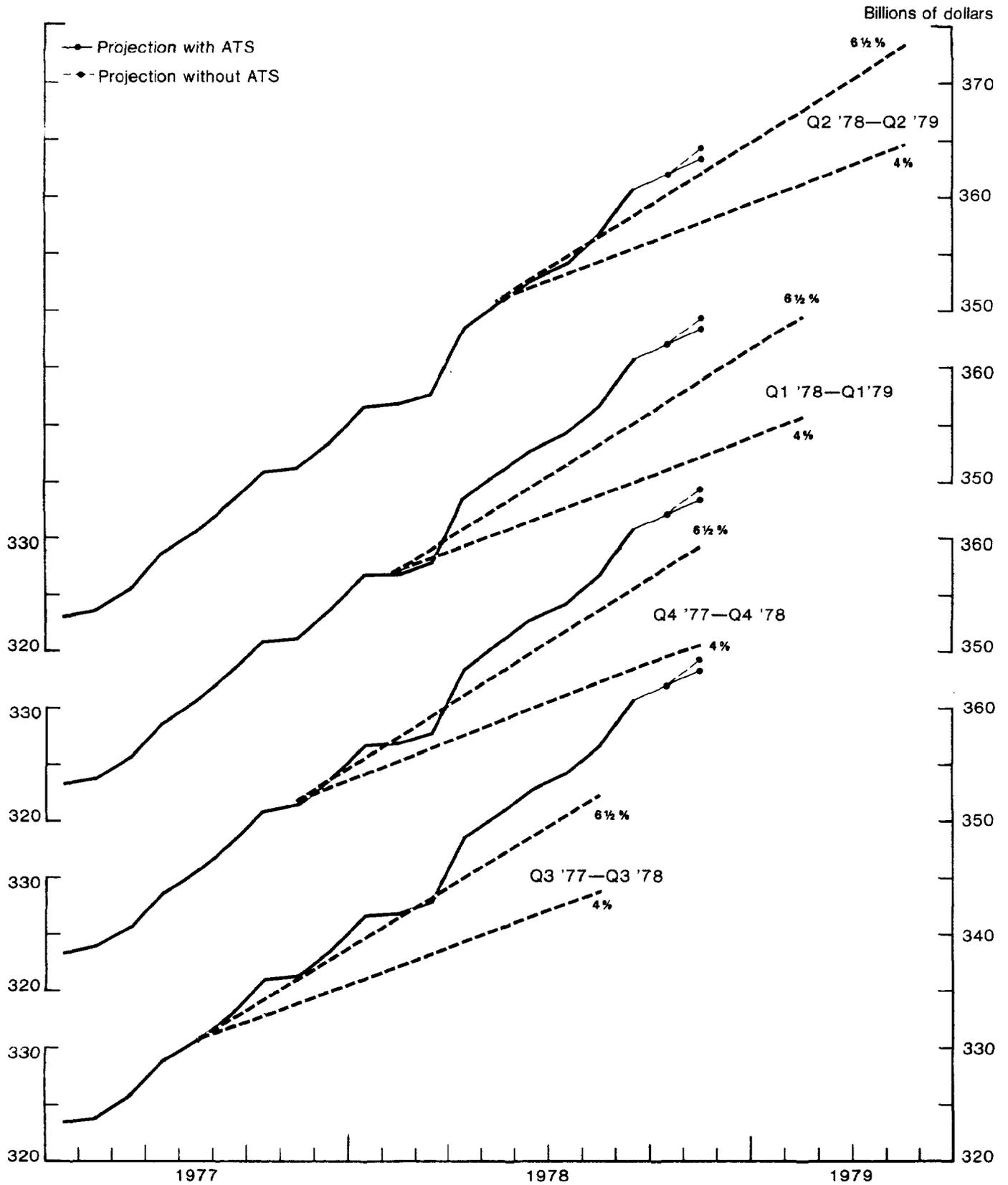
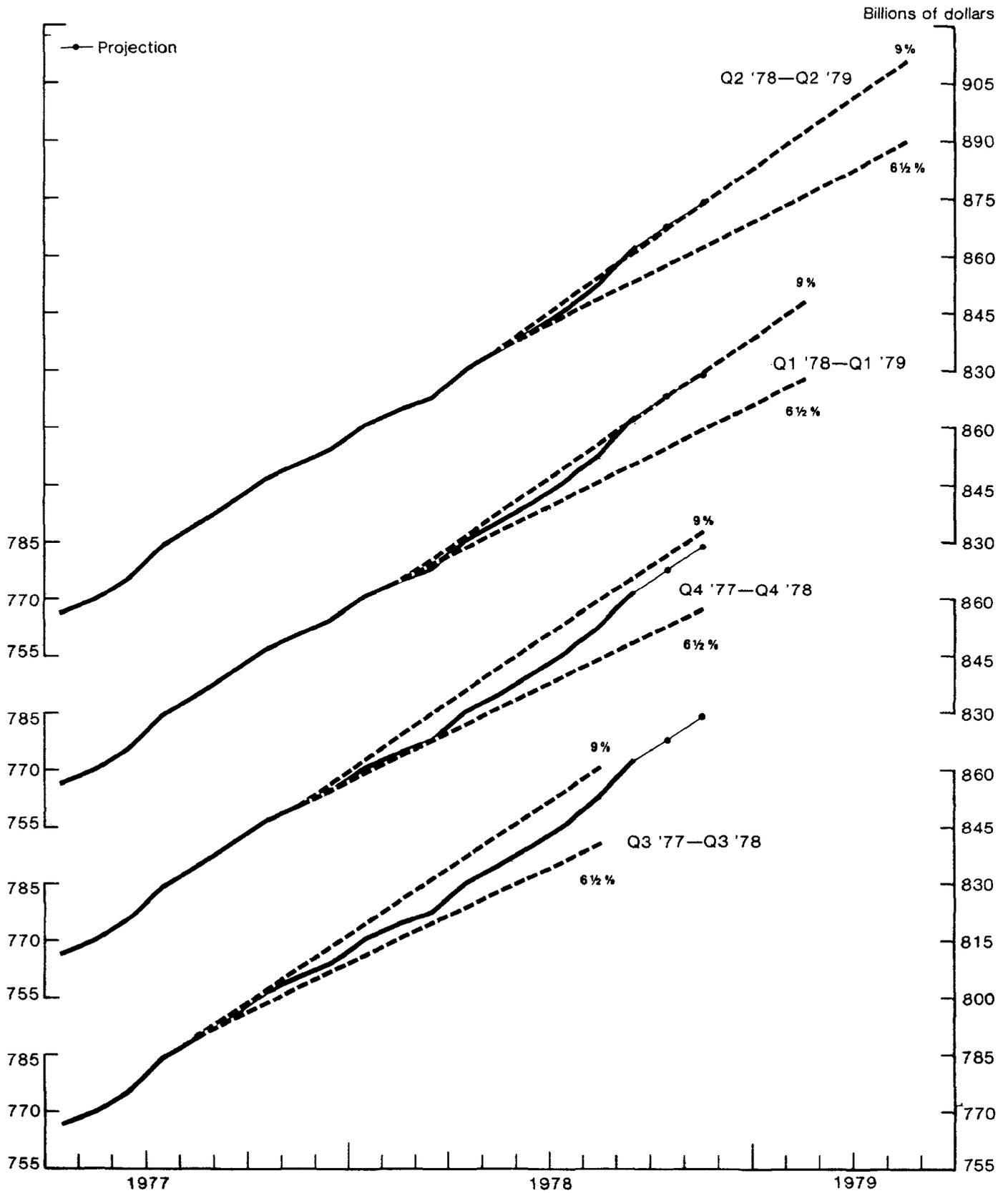


CHART 2

Recently Established M-2 Growth Ranges and Actual M-2



Recently Established M-3 Growth Ranges And Actual M-3

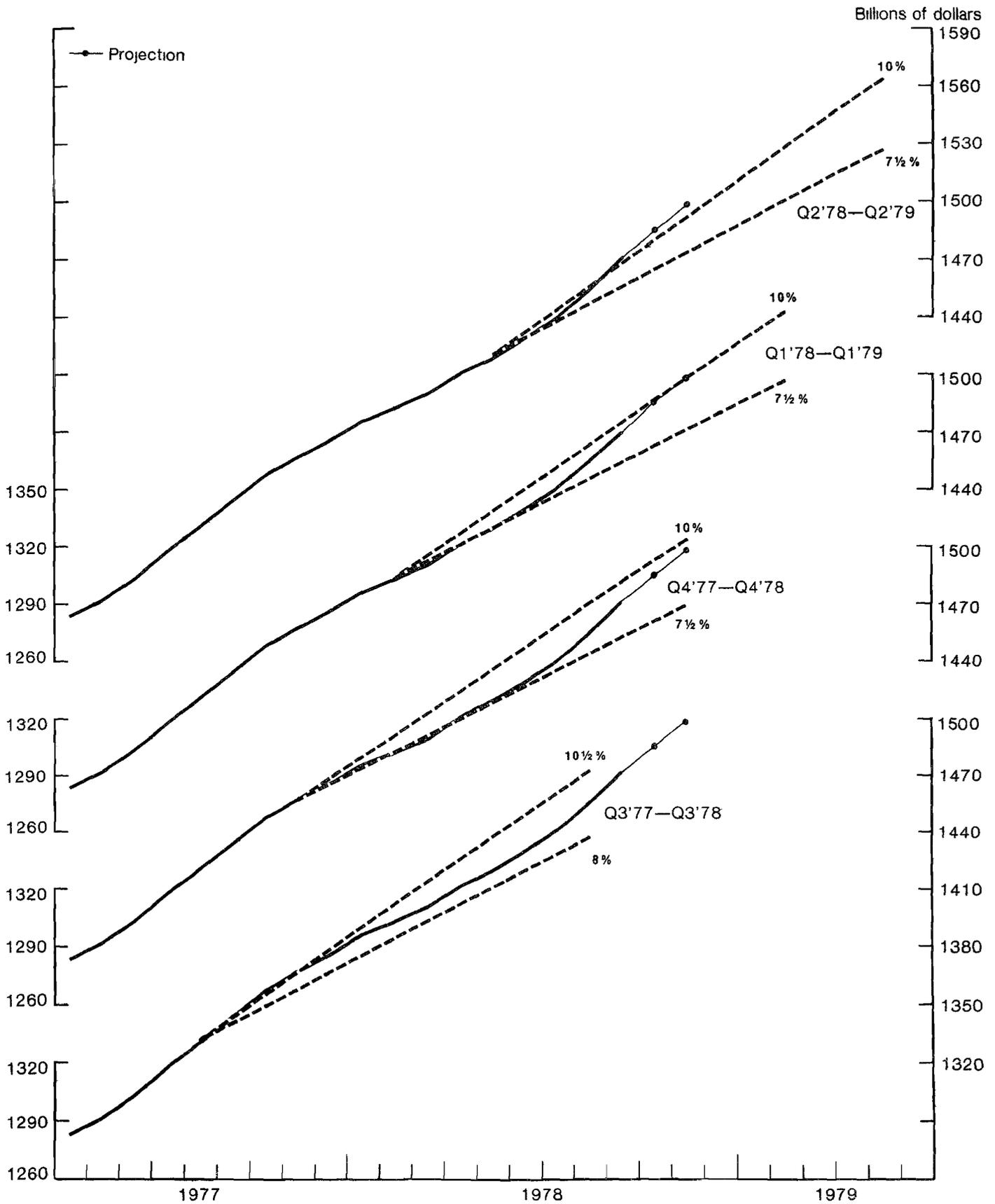
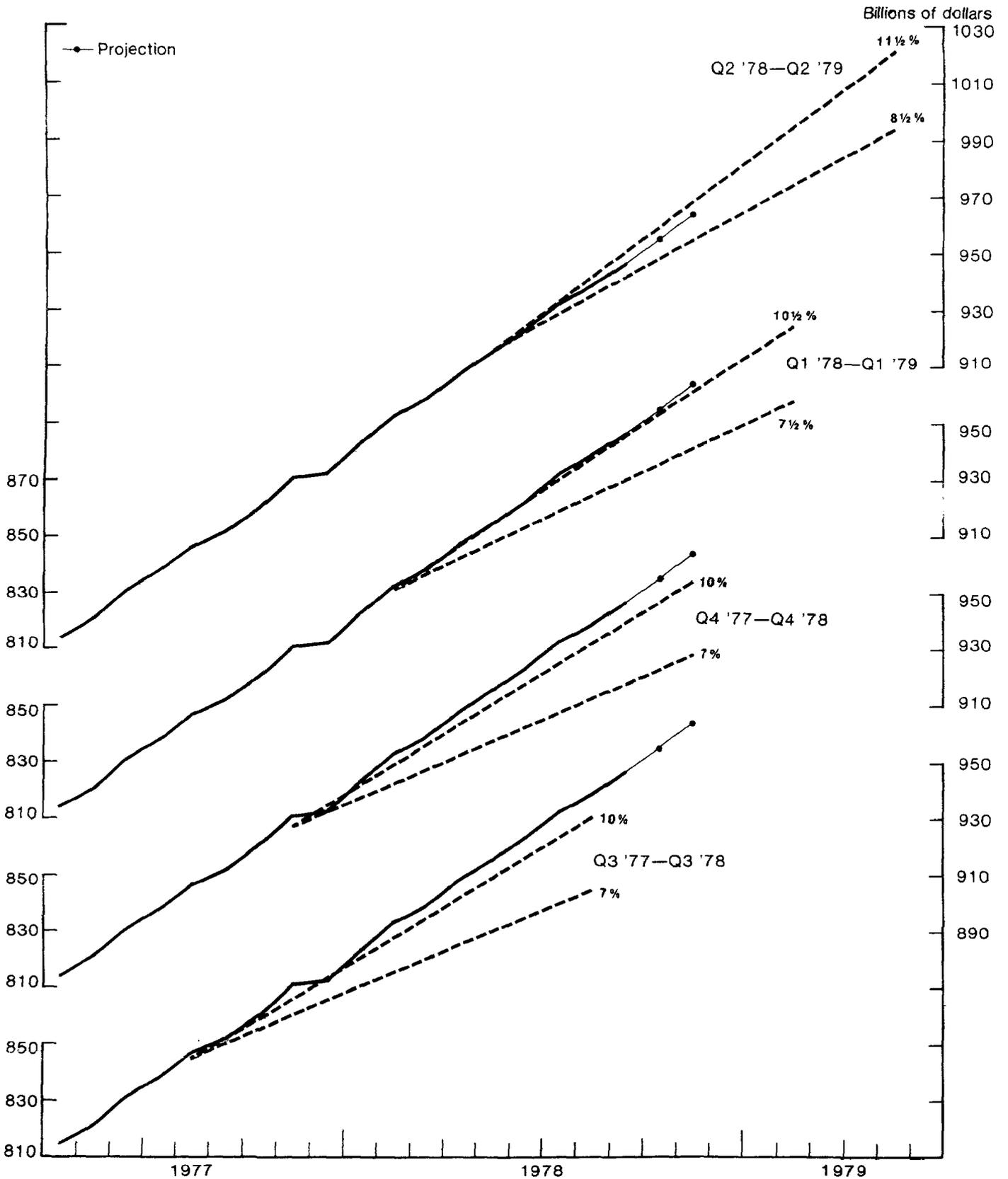


Chart 4

Recently Established Bank Credit Growth Ranges and Actual Bank Credit



Appendix I

Projected Federal Funds Rate

		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978	QIV	8½ to 9	8¾ to 9¼	9 to 9½
1979	QI	8½ to 9½	9 to 10¼	9¾ to 11
	QII	8½ to 9½	9 to 10¼	9¾ to 11
	QIII	8½ to 9½	9 to 10¼	9¾ to 11

Appendix II

Implied Velocity Growth Rates

<u>V-1 (GNP/M-1)</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978 III	2.5	2.5	2.5
IV	4.0 (2.9)	3.9 (2.9)	4.1 (3.0)
1979 I	8.8 (4.8)	10.0 (6.0)	10.5 (6.5)
II	7.5 (4.0)	8.0 (4.4)	8.6 (5.0)
III	7.2 (4.0)	7.2 (3.9)	7.1 (3.7)
<u>V-1+(GNP/M-1+)</u>			
1978 III	4.8	4.8	4.8
IV	3.5	3.4	3.6
1979 I	4.4	5.5	6.0
II	3.8	4.4	4.7
III	3.8	3.8	3.8
<u>V-2 (GNP/M-2)</u>			
1978 III	1.3	1.3	1.3
IV	1.3	1.1	1.3
1979 I	3.2	3.5	3.5
II	2.2	2.2	2.0
III	2.2	1.9	1.4

Appendix Table III-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>	<u>78I</u>	<u>78II</u>	<u>78III</u>
1975 I	2.1															
II	4.3	6.5														
III	5.2	6.7	7.0													
IV	4.6	5.4	4.9	2.9												
1976 I	4.6	5.3	4.8	3.8	4.7											
II	5.0	5.6	5.4	4.9	5.9	7.0										
III	4.9	5.3	5.1	4.6	5.2	5.4	3.9									
IV	5.2	5.7	5.5	5.2	5.8	6.2	5.8	7.7								
1977 I	5.4	5.8	5.8	5.6	6.1	6.4	6.2	7.4	7.2							
II	5.7	6.1	6.1	6.0	6.5	6.9	6.8	7.8	7.9	8.6						
III	6.0	6.4	6.3	6.3	6.8	7.1	7.1	7.9	8.0	8.4	8.3					
IV	6.1	6.5	6.5	6.4	6.9	7.2	7.2	7.9	7.9	8.2	8.0	7.7				
1978 I	6.1	6.5	6.5	6.4	6.8	7.1	7.1	7.6	7.6	7.7	7.4	7.0	6.3			
II	6.4	6.8	6.8	6.8	7.2	7.4	7.5	8.0	8.1	8.2	8.1	8.1	8.3	10.3		
III	6.5	6.8	6.9	6.9	7.2	7.5	7.5	8.0	8.0	8.2	8.1	8.0	8.2	9.1	7.9	
	* * * * *															
1979 III																
Alt. A	6.0	6.2	6.2	6.2	6.4	6.5	6.5	6.7	6.6	6.6	6.3	6.1	5.9	5.8	4.9	4.2
Alt. B	5.8	6.0	6.0	5.9	6.1	6.2	6.2	6.4	6.2	6.1	5.9	5.6	5.3	5.1	4.1	3.2
Alt. C	5.6	5.8	5.7	5.7	5.8	5.9	5.8	6.0	5.9	5.7	5.4	5.1	4.7	4.4	3.3	2.2
Without the effect of automatic transfers																
Alt. A	6.7	6.9	7.0	6.9	7.2	7.4	7.4	7.7	7.7	7.8	7.7	7.6	7.6	7.9	7.4	7.2
Alt. B	6.5	6.7	6.7	6.7	7.0	7.1	7.1	7.4	7.4	7.4	7.3	7.1	7.1	7.2	6.6	6.2
Alt. C	6.2	6.5	6.5	6.4	6.7	6.8	6.8	7.1	7.0	7.0	6.8	6.6	6.5	6.5	6.8	5.2

^{1/} Based on quarterly average data.

Appendix Table III-2

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>	<u>78I</u>	<u>78II</u>	<u>78III</u>
1975 I	5.3															
II	8.5	11.9														
III	9.4	11.6	11.3													
IV	8.8	10.0	9.1	6.9												
1976 I	9.8	11.0	10.7	10.4	14.1											
II	10.5	11.6	11.5	11.5	13.9	13.8										
III	10.1	10.9	10.7	10.6	11.8	10.7	7.7									
IV	10.7	11.5	11.4	11.5	12.6	12.2	11.3	15.1								
1977 I	11.0	11.7	11.7	11.8	12.8	12.4	12.0	14.1	13.2							
II	10.8	11.4	11.3	11.3	12.1	11.7	11.2	12.4	11.1	8.9						
III	10.5	11.1	11.0	10.9	11.5	11.1	10.6	11.3	10.1	8.6	8.2					
IV	10.2	10.7	10.6	10.5	11.0	10.5	10.0	10.4	9.3	8.0	7.6	7.0				
1978 I	9.8	10.2	10.1	9.9	10.3	9.8	9.2	9.5	8.4	7.3	6.7	6.0	5.0			
II	9.6	10.0	9.8	9.7	9.9	9.5	9.0	9.1	8.2	7.2	6.8	6.3	6.0	7.0		
III	9.3	9.6	9.5	9.3	9.5	9.1	8.6	8.7	7.8	6.9	6.5	6.1	5.8	5.4		
	* * * * *															
1979 III																
Alt. A	8.9	9.1	8.9	8.8	8.9	8.6	8.2	8.2	7.6	7.1	6.8	6.7	6.6	6.9	6.9	7.3
Alt. B	8.7	8.9	8.7	8.5	8.6	8.3	7.9	7.9	7.2	6.7	6.4	6.2	6.1	6.3	6.1	6.3
Alt. C	8.5	8.6	8.5	8.3	8.4	8.0	7.5	7.5	6.9	6.3	6.0	5.7	5.5	5.6	5.3	5.3

^{1/} Based on quarterly average data.

Appendix Table III-3

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>	<u>78I</u>	<u>78II</u>	<u>78III</u>
1975 I	6.4															
II	8.3	10.2														
III	8.9	10.2	10.3													
IV	8.4	9.1	8.6	6.9												
1976 I	8.9	9.6	9.4	9.0	11.1											
II	9.2	9.7	9.6	9.4	10.7	10.3										
III	9.2	9.6	9.5	9.3	10.2	9.7	9.0									
IV	9.7	10.2	10.1	10.1	10.9	10.9	11.2	13.3								
1977 I	9.8	10.2	10.3	10.3	11.0	11.0	11.2	12.3	11.2							
II	9.8	10.2	10.2	10.2	10.8	10.7	10.8	11.4	10.4	9.5						
III	9.9	10.2	10.2	10.2	10.7	10.6	10.7	11.1	10.3	9.9	10.2					
IV	9.7	10.0	10.0	10.0	10.4	10.3	10.3	10.5	9.8	9.4	9.3	8.3				
1978 I	9.5	9.8	9.7	9.7	10.0	9.9	9.8	9.9	9.3	8.8	8.5	7.7	7.0			
II	9.4	9.7	9.6	9.5	9.8	9.7	9.6	9.7	9.1	8.6	8.4	7.8	7.6	8.2		
III	9.4	9.6	9.6	9.5	9.8	9.6	9.6	9.6	9.1	8.7	8.6	8.2	8.1	8.7	9.2	
	* * * * *															
1979 III																
Alt. A	9.3	9.5	9.4	9.4	9.6	9.5	9.4	9.4	9.1	8.9	8.8	8.6	8.6	8.9	9.1	9.0
Alt. B	9.2	9.4	9.3	9.3	9.4	9.3	9.2	9.2	8.9	8.6	8.5	8.3	8.3	8.5	8.6	8.5
Alt. C	9.1	9.2	9.2	9.1	9.3	9.1	9.0	9.0	8.6	8.4	8.3	8.0	8.0	8.1	8.1	7.9

^{1/} Based on quarterly average data.

Appendix Table III-4

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>	<u>78I</u>	<u>78II</u>	<u>78III</u>
1975 I	8.3															
II	10.6	13.0														
III	11.6	13.2	13.5													
IV	11.1	12.1	11.6	9.8												
1976 I	11.4	12.2	12.0	11.2	12.7											
II	11.6	12.2	12.0	11.6	12.5	12.3										
III	11.5	12.1	11.9	11.5	12.1	11.8	11.3									
IV	12.0	12.5	12.4	12.2	12.8	12.9	13.2	15.0								
1977 I	12.1	12.5	12.5	12.3	12.8	12.8	13.0	13.9	12.8							
II	11.9	12.3	12.2	12.1	12.4	12.4	12.4	12.8	11.7	10.7						
III	12.0	12.3	12.3	12.1	12.4	12.4	12.4	12.7	12.0	11.6	12.5					
IV	11.9	12.2	12.1	12.0	12.3	12.2	12.2	12.4	11.7	11.4	11.8	11.1				
1978 I	11.6	11.9	11.8	11.6	11.8	11.7	11.6	11.6	11.0	10.5	10.5	9.5	7.9			
II	11.3	11.6	11.4	11.3	11.4	11.3	11.1	11.1	10.5	10.0	9.9	9.0	8.0	8.0		
III	11.3	11.5	11.4	11.2	11.3	11.2	11.1	11.0	10.5	10.1	10.0	9.3	8.8	9.2	10.4	
	* * * * *															
1979 III																
Alt A	11.1	11.2	11.1	11.0	11.1	11.0	10.9	10.8	10.4	10.2	10.2	9.9	9.7	10.0	10.4	10.4
Alt B	11.0	11.1	11.0	10.9	10.9	10.8	10.7	10.7	10.3	10.0	10.0	9.7	9.4	9.7	10.0	10.0
Alt C	10.9	11.0	10.9	10.8	10.8	10.7	10.7	10.6	10.5	10.1	9.8	9.7	9.4	9.2	9.4	9.7

^{1/} Based on quarterly average data.

Money Market Conditions and Interest Rates

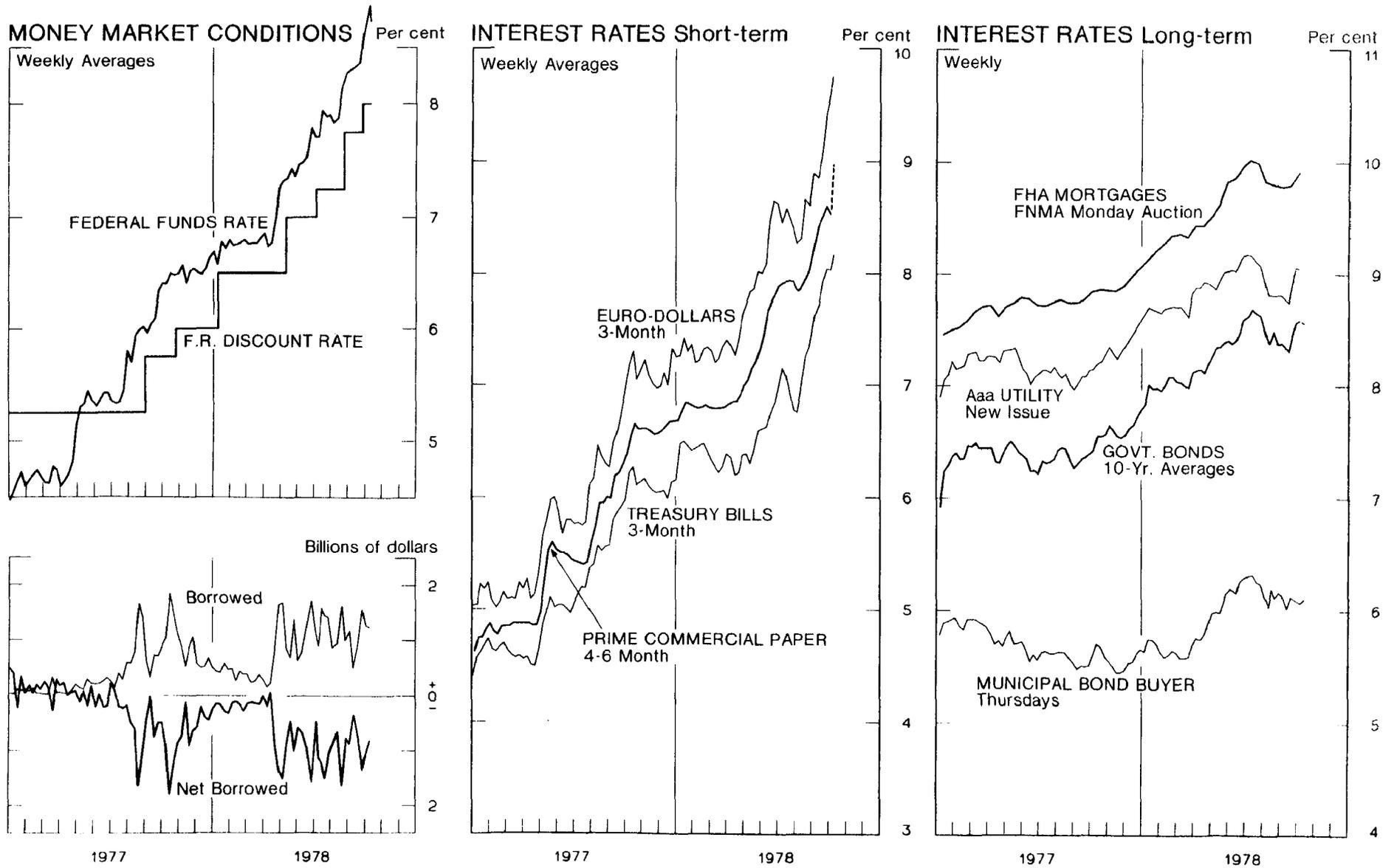


Chart II
Actual and Projected Reserves

CONFIDENTIAL (FR)
 Class II-FOMC
 10/13/78

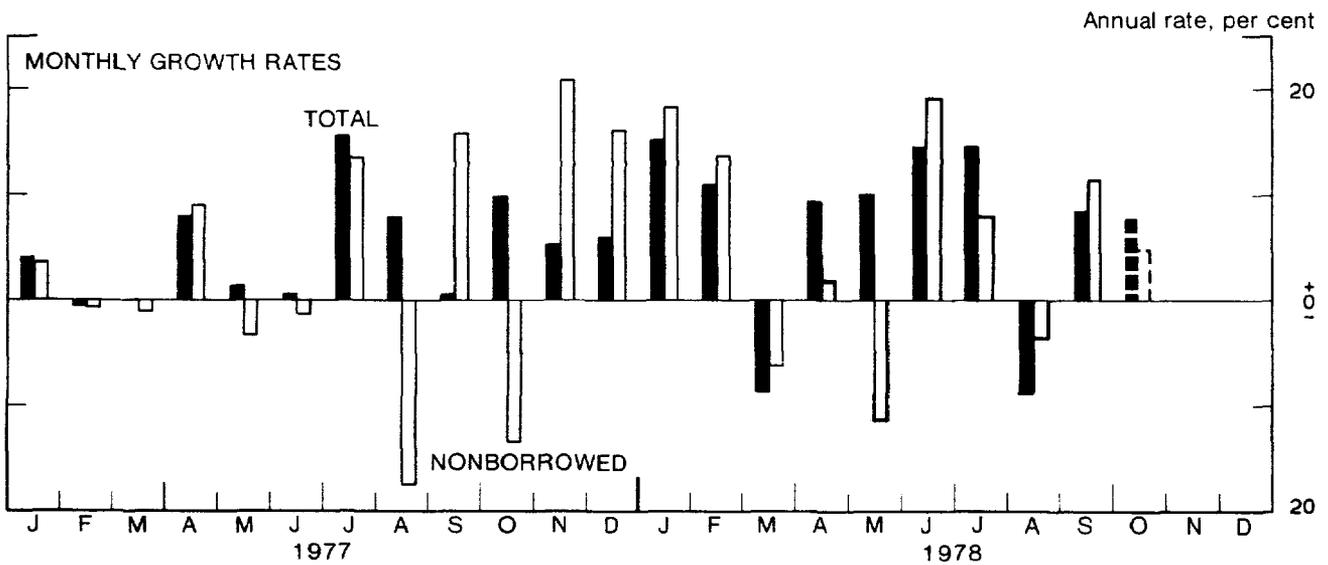
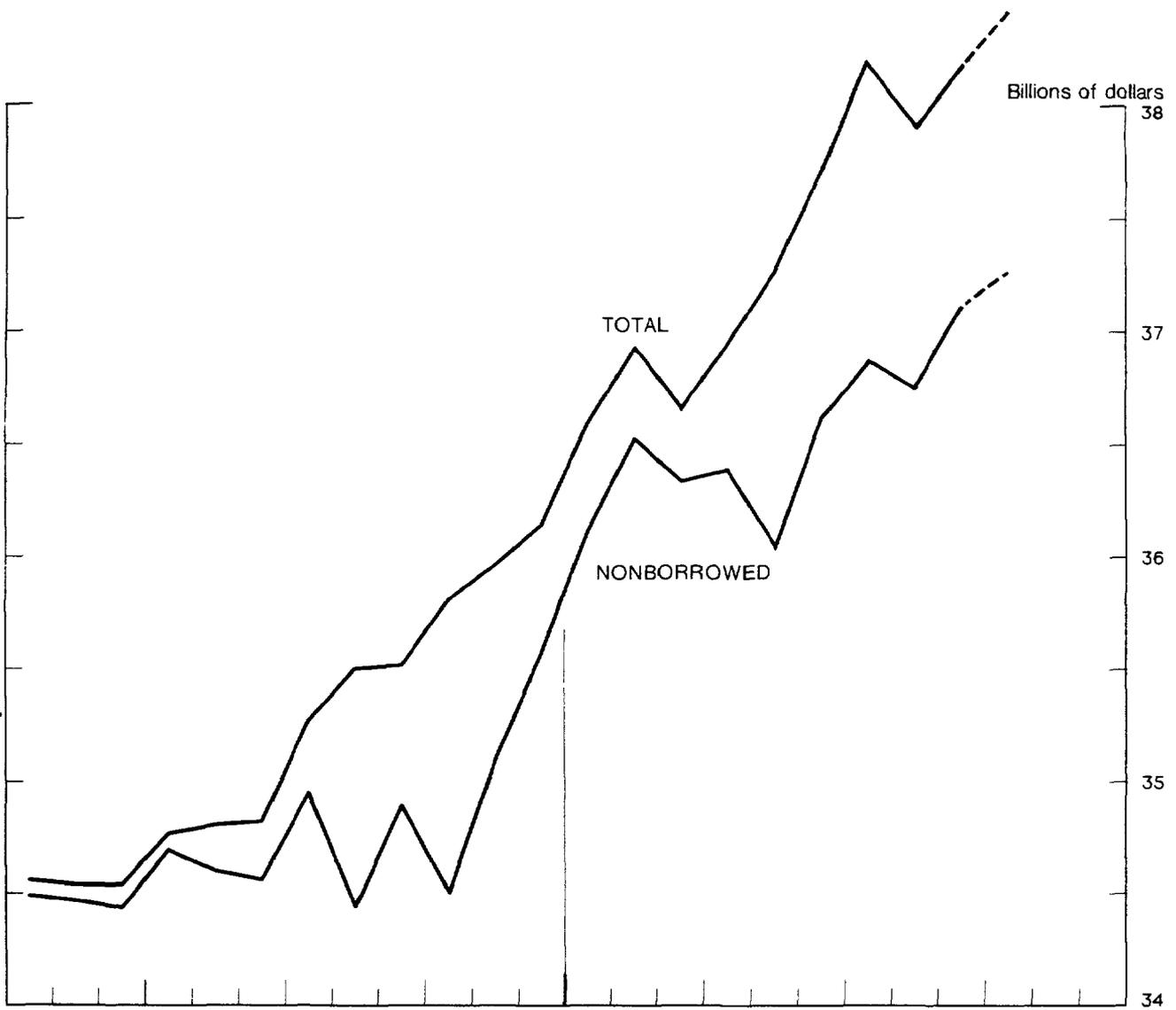


Table 1
MONETARY AGGREGATES

CONFIDENTIAL (FR)
 CLASS II-FOMC
 OCT. 13, 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				
					Total	Savings			Other
	1	2	3	4	5	6	7	8	9
MONTHLY LEVELS--\$BIL									
1978--JULY	354.2	846.2	14.2	579.4	492.0	220.9	271.1	87.4	69.2
AUG.	356.7	853.5	14.9	583.0	496.7	222.4	274.3	86.3	71.3
SEPT.	360.9	862.4	15.7	589.5	501.4	224.2	277.3	88.1	73.3
OCT.	(362.0)	(867.7)	(19.7)	(592.9)	(505.7)	(224.6)	(281.0)	(87.3)	
% ANNUAL GROWTH									
QUARTERLY									
1978--1ST QTR.	5.2	6.5		12.3	7.4	2.6	11.5	43.2	
2ND QTR.	11.5	8.8		9.1	6.8	1.3	11.4	22.9	
3RD QTR.	9.2	10.4		10.4	11.2	4.5	16.6	6.5	
QUARTERLY--AV									
1978--1ST QTR.	6.2	6.9		12.8	7.3	2.6	11.4	50.0	
2ND QTR.	9.9	7.9		10.1	6.4	1.6	10.5	32.6	
3RD QTR.	7.6	8.9		9.5	9.9	1.3	17.2	7.5	
MONTHLY									
1978--JULY	4.8	8.0		10.2	10.3	-4.3	22.5	9.7	
AUG.	8.5	10.4		7.5	11.5	8.1	14.2	-15.1	
SEPT.	14.1	12.5		13.4	11.4	9.7	13.1	25.0	
OCT.	(3.7)	(7.4)		(6.9)	(10.3)	(2.1)	(16.0)	(-10.9)	
SEPT.-OCT.	(8.9)	(10.0)		(10.2)	(10.9)	(5.9)	(14.7)	(7.0)	
WEEKLY LEVELS--\$BIL									
1978--SEPT. 6	361.4	861.3	14.5	587.4	499.9	223.7	276.2	87.5	70.0
13	360.5	861.7	14.3	589.8	501.2	224.1	277.1	88.6	70.7
20	361.1	862.6	16.2	590.6	501.5	224.1	277.4	89.1	74.1
27 P	361.9	864.2	16.5	589.8	502.3	224.2	278.1	87.5	75.5
OCT. 4 P	359.9	864.0	16.2	591.1	504.1	224.3	279.8	87.0	

NOTE: DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS. P - PRELIMINARY
 1/ INCLUDES TREASURY DEPOSITS AT MEMBER BANKS AND FEDERAL RESERVE BANKS.
 2/ INCLUDES BORROWINGS FROM OTHER THAN COMMERCIAL BANKS IN THE FORM OF FEDERAL FUNDS PURCHASED, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, AND OTHER LIABILITIES FOR BORROWED MONEY, PLUS GROSS LIABILITIES TO OWN FOREIGN BRANCHES (EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, AND OTHER MINOR ITEMS.

Table 1-A
TIME AND SAVINGS DEPOSITS AT ALL COMMERCIAL BANKS

CONFIDENTIAL (FR)
CLASS II-FOMC

SEASONALLY ADJUSTED EXCEPT AS NOTED

OCT. 13, 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)									
1978--JAN.	550.6	220.7	205.2	10.5	5.0	329.9	164.2	165.7	76.3
FEB.	556.7	220.9	205.2	10.5	5.2	335.8	170.4	165.4	79.4
MAR.	561.7	221.0	205.8	10.5	4.7	340.8	174.3	166.5	82.0
APR.	565.2	221.6	206.3	10.6	4.7	343.6	176.1	167.5	83.4
MAY	571.6	222.0	206.5	10.7	4.8	349.7	181.2	168.5	87.1
JUNE	574.5	221.7	206.1	10.8	4.9	352.8	182.7	170.1	86.7
JULY	579.4	220.9	206.0	10.6	4.2	358.5	187.2	171.3	87.4
AUG.	583.0	222.4	207.7	10.8	4.0	360.6	188.7	171.9	86.3
SEPT.	589.5	224.2	209.2	11.0	4.0	365.4	191.9	173.5	86.1
CHANGES (\$ BILLIONS)									
1977 YEAR	55.3	17.7	16.9	2.3	-1.6	37.7	23.9	13.8	11.5
QUARTERLY AVERAGE:									
1977--III	13.1	3.9	4.7	0.4	-1.2	9.2	5.9	3.3	0.7
IV	17.0	2.9	3.3	0.3	-0.6	14.1	12.7	1.3	7.1
1978--I	17.3	1.4	1.2	-0.2	0.3	16.0	14.5	1.5	8.8
II	14.1	0.9	0.9	0.2	-0.2	13.2	10.4	2.8	6.5
III	13.6	0.7	1.3	0.1	-0.7	12.8	9.3	3.5	1.6
MONTHLY AVERAGE:									
1978--FEB.	6.1	0.2	0.0	0.0	0.2	5.9	6.2	-0.3	3.1
MAR.	5.0	0.1	0.6	0.0	-0.5	5.0	3.9	1.1	2.6
APR.	3.5	0.6	0.5	0.1	0.0	2.8	1.8	1.0	1.4
MAY	6.4	0.4	0.2	0.1	0.1	6.1	5.1	1.0	3.7
JUNE	2.9	-0.3	-0.4	0.1	0.1	3.1	1.5	1.6	-0.4
JULY	4.9	-0.8	-0.1	-0.2	-0.7	5.7	4.5	1.2	0.7
AUG.	3.6	1.5	1.7	0.2	-0.2	2.1	1.5	0.6	-1.1
SEPT.	6.5	1.8	1.5	0.2	0.0	4.8	3.2	1.6	1.8

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

OCT. 13, 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							
1978--JULY	38,194	36,877	134,835	37,996	22,485	13,613	1,901
AUG.	37,909	36,769	135,314	37,741	22,575	13,625	1,538
SEPT.	38,174	37,115	136,742	37,974	22,845	13,734	1,394
OCT.	(38,418)	(37,263)	(137,722)	(38,213)	(22,629)	(13,643)	(1,741)
PERCENT ANNUAL GROWTH							
QUARTERLY							
1978--1ST QTR.	5.8	8.6	7.9	5.7	-6.2	12.9	
2ND QTR.	11.6	3.2	10.4	11.8	13.1	10.1	
3RD QTR.	4.8	5.3	8.6	4.5	8.5	4.7	
QUARTERLY-AV							
1978--1ST QTR.	8.5	14.5	9.7	8.3	4.3	12.8	
2ND QTR.	6.3	0.3	8.0	6.9	5.0	11.5	
3RD QTR.	8.4	6.2	9.1	6.3	9.5	6.7	
MONTHLY							
1978--JULY	14.9	8.0	8.6	14.3	5.6	3.4	
AUG.	-9.0	-3.5	4.3	-8.1	5.1	1.1	
SEPT.	8.4	11.3	12.7	7.4	14.2	9.6	
OCT.	(7.7)	(4.8)	(8.6)	(7.6)	(-0.6)	(-8.0)	
SEPT.-OCT.	(8.1)	(8.1)	(10.7)	(7.5)	(6.7)	(0.8)	
WEEKLY LEVELS--\$MILLIONS							
1978--SEPT. 6	38,235	37,070	136,421	37,930	22,668	13,620	1,621
13	37,903	37,393	136,287	37,790	22,539	13,701	1,556
20	37,872	36,949	136,418	37,697	23,049	13,748	899
27	38,469	36,910	137,405	38,234	23,038	13,817	1,379
OCT. 4	38,705	37,420	137,654	38,532	22,949	13,814	1,769

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

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

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
OCTOBER 13, 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
1977--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
1978--Qtr. I	-2,655	345	1,123	459	247	2,175	--	--	--	--	--	-555	-1,133
Qtr. II	5,444	288	1,156	468	334	2,246	46	127	104	24	301	7,930	1,224
Qtr. III	3,152	340	774	349	235	1,697	-92	-81	--	--	-173	4,632	266
1978--Apr.	1,670	100	235	191	145	671	--	--	--	--	--	2,341	-1,026
May	-620	53	290	101	74	519	--	--	--	--	--	-135	-699
June	4,395	135	631	176	115	1,057	46	127	104	24	301	5,724	2,950
July	235	--	--	--	--	--	--	--	--	--	--	231	-2,536
Aug.	283	171	424	238	113	947	-92	-81	--	--	-173	1,043	1,701
Sept.	2,635	168	350	110	122	751	--	--	--	--	--	3,358	1,102
1978--Aug. 2	--	--	--	--	--	--	--	--	--	--	--	-6	6,760
9	-689	--	--	--	--	--	-92	-81	--	--	-173	-863	-4,641
16	465	--	--	--	--	--	--	--	--	--	--	461	3,445
23	294	171	424	238	113	947	--	--	--	--	--	1,241	3,056
30	212	--	--	--	--	--	--	--	--	--	--	209	-373
Sept. 6	--	--	--	--	--	--	--	--	--	--	--	-6	-7,473
13	--	--	--	--	--	--	--	--	--	--	--	-22	2,869
20	634	--	--	--	--	--	--	--	--	--	--	634	145
27	2,001	168	350	110	122	751	--	--	--	--	--	2,751	5,729
Oct. 4	721	--	--	--	--	--	--	--	--	--	--	712	-6,270
11	100	--	--	--	--	--	--	--	--	--	--	100	5,822
18p		73	507	87	139	807							
25													
LEVEL--Oct. 11	49.7	10.8	31.3	13.6	9.8	65.5	1.9	3.6	1.6	.9	7.9	123.1	3.5

(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
OCTOBER 13, 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
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
1978--High	5,625	2,043	215	349	719	1,716	208	-8,224	-14,602
Low	278	-1,076	0	123	-227	172	25	-2,839	- 8,273
1977--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	243	406	49	-4,980	-12,603
Mar.	2,713	740	96	268	200	328	47	-6,778	-11,060
Apr.	3,183	-183	46	202	149	557	44	-6,196	-12,998
May	1,203	5	25	264	219	1,212	92	-4,038	-11,653
June	2,847	78	35	188	178	1,094	120	-4,514	-12,202
July	1,196	-626	51	159	197	1,317	143	-3,651	-10,204
Aug.	1,994	423	34	176	168	1,139	189	-4,793	-11,089
Sept.,	*2,571	*125	49	95	200p	1,060p	191p	-5,155p	-11,398p
1978--Aug. 2	1,595	-301	0	184	353	1,438	166	-3,242	-10,095
9	1,928	1,382	14	172	15	878	175	-5,145	-11,433
16	1,956	400	0	188	323	963	184	-5,946	-10,999
23	1,941	-305	123	179	-9	1,606	196	-4,567	-11,768
30	2,087	462	33	156	269	1,023	208	-3,969	-10,364
Sept. 6	2,338	352	15	139	305	1,165	186	-4,707	-11,622
13	3,086	455	90	57	113	510	174	-5,502	-13,362
20	*3,606	*52	92	117	175	923	189	-4,971	-11,031
27	*1,533	*-297	0	67	235p	1,559p	205p	-5,122	- 9,861
Oct. 4	*1,676	*-19	35	126	173p	1,285p	213p	-5,175p	-10,420p
11	*1,393	*-369	20p	98p	439p	1,239p	209p	-6,360p	-10,137p
18									
25									

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
OCTOBER 13, 1978

	Short-Term							Long-Term								
	Federal Funds	Treasury Bills			CD's New Issue- NYC	Comm. Paper 90-119	Bank Prime Rate	U.S. Govt.-Constant Maturity Yields			Corp.-Aaa Utility		Municipal Bond Buyer	Home Mortgages		
		Market		Auction				3-yr	7-yr	20-yr	New Issue	Recently Offered		Primary Conv.	Secondary Market	
		3-mo	1-yr	6-mo	90-Day	Day	Day						Rate		Rate	Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1977--High	6.65	6.27	6.62	6.51	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	4.56	4.50	4.63	6.25	5.83	6.59	7.26	7.90	7.95	5.45	8.65	8.46	7.56
1978--High	8.85	8.17	8.27	8.42	9.13	8.83	9.75	8.56	8.57	8.72	9.18	9.22	6.32	9.85	10.02	9.20
Low	6.58	6.16	6.55	6.42	6.65	6.68	7.75	7.40	7.72	8.01	8.61	8.48	5.58	8.98	9.13	8.43
1977--Sept.	6.14	5.81	6.13	5.99	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	6.41	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	6.43	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	6.38	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	6.68	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	6.74	6.77	6.76	8.00	7.67	7.94	8.22	8.69	8.67	5.62	9.15	9.31	8.64
Mar.	6.79	6.29	6.82	6.64	6.73	6.75	8.00	7.70	7.95	8.21	8.71	8.67	5.61	9.20	9.35	8.60
Apr.	6.89	6.29	6.96	6.70	6.84	6.82	8.00	7.85	8.06	8.32	8.90	8.85	5.80	9.36	9.44	8.71
May	7.36	6.41	7.28	7.02	7.20	7.06	8.27	8.07	8.25	8.44	8.95	8.98	6.03	9.57	9.66	8.90
June	7.60	6.73	7.53	7.20	7.66	7.59	8.63	8.30	8.40	8.53	9.09	9.07	6.22	9.70	9.91	9.05
July	7.81	7.01	7.79	7.47	8.00	7.85	9.00	8.54	8.55	8.69	9.14	9.18	6.28	9.74	10.01	9.15
Aug.	8.04	7.08	7.73	7.36	7.86	7.83	9.01	8.33	8.38	8.45	8.82	8.91	6.12	9.79	9.81	8.86
Sept.	8.45	7.85	8.01	7.95	8.34	8.39	9.41	8.41	8.42	8.47	8.86	8.86	6.09	9.76	9.79	8.95
1978--Aug. 2	7.89	6.78	7.71	7.36	7.88	7.81	9.00	8.36	8.40	8.49	8.90	8.91	6.12	9.78	--	9.10
9	7.83	6.76	7.56	7.17	7.85	7.78	9.00	8.21	8.32	8.41	8.81	8.89	6.03	9.78	9.82	8.89
16	7.87	6.96	7.68	7.26	7.85	7.76	9.00	8.37	8.43	8.52	--	9.00	6.19	9.78	--	9.00
23	8.14	7.25	7.83	7.47	7.80	7.85	9.00	8.35	8.36	8.42	8.80	8.87	6.11	9.80	9.80	9.01
30	8.28	7.35	7.82	7.55	7.90	7.93	9.00	8.37	8.39	8.43	8.80	8.85	6.16	9.75	--	8.92
Sept. 6	8.30	7.60	7.86	7.74	8.00	8.07	9.25	8.35	8.35	8.39	8.77	8.79	6.13	9.75	9.78	8.92
13	8.33	7.70	7.91	7.79	8.34	8.30	9.25	8.34	8.33	8.36	8.74	8.73	6.02	9.75	--	8.89
20	8.36	7.92	8.02	7.98	8.50	8.45	9.50	8.45	8.46	8.49	8.90	8.92	6.12	9.75	9.79	8.90
27	8.62	8.04	8.15	8.28	8.50	8.52	9.50	8.49	8.54	8.61	9.06	9.00	6.09	9.78	--	9.10
Oct. 4	8.85	8.03	8.19	8.38	8.75	8.64	9.75	8.50	8.56	8.64	9.04	9.04	6.07	9.85	9.91	9.13
11	8.71	8.17	8.27	8.42	9.13	8.83	9.75	8.48p	8.52p	8.61p	--	9.04p	6.10	n.a.	--	9.07
18																
25																
Daily--Oct. 5	8.75	8.19	8.25	--	--	8.73	9.75	8.51	8.56	8.65	--	--	--	--	--	--
12	8.80p	7.78	8.26	--	--	8.93	9.75	8.48p	8.49p	8.59p	--	--	--	--	--	--

NOTE: Weekly data for columns 1, 2, 3, 6, and 7 are statement week averages of daily data. Weekly data in column 4 are average rates set in the auctions of 6-month bills that will be issued on the Thursday following the end of the statement week. Data in column 5 are 1-day Wednesday quotes. For columns 8 through 11, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 12 and 13 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 14 is an average of contract interest rates on commitments for conventional first mortgages with 80 per cent loan-to-value ratios made by a sample of insured savings and loan associations on the Friday following the end of the statement week. Column 15 gives FNMA auction data for Monday preceding the end of the statement week. Column 16 is a 1-day quote for Monday preceding the end of the statement week. The FNMA auction yield is the average yield in bi-weekly auction for short-term forward commitments for Government underwritten mortgages. GNMA yields are average net yields to investors on mortgage-backed securities for immediate delivery, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the coupon rate 50 basis points below the current FHA/VA ceiling.

Appendix Table 1-A
MONEY AND CREDIT AGGREGATE MEASURES

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
ANNUALLY: ^{2/}	(PER CENT ANNUAL RATES OF GROWTH)										
1975	-0.3	3.2	5.9	3.9	4.6	8.4	11.1	6.6	9.7	10.5	10.1
1976	1.0	1.2	7.0	8.0	5.8	10.9	12.8	7.1	10.3	9.9	10.0
1977	5.2	2.7	8.3	11.3	7.9	9.8	11.7	10.1	11.8	11.5	12.1
SEMI-ANNUALLY: ^{2/}											
1ST HALF 1977	3.5	2.9	7.3	11.3	7.8	10.1	11.4	9.4	10.8	10.2	10.7
2ND HALF 1977	6.8	2.6	9.0	10.7	7.8	9.1	11.4	10.3	12.1	12.2	12.7
1ST HALF 1978	7.5	7.4	8.9	11.4	8.1	7.4	7.8	10.3	9.5	9.5	10.9
QUARTERLY:											
4TH QTR. 1977	7.0	7.8	9.6	9.5	6.6	7.2	9.3	11.5	11.8	11.9	13.2
1ST QTR. 1978	5.8	8.6	7.9	9.5	5.2	6.5	7.0	9.6	8.9	9.1	10.2
2ND QTR. 1978	11.6	3.2	10.4	13.5	11.5	8.8	8.4	10.0	9.2	8.9	10.4
3RD QTR. 1978	4.8	5.3	8.5	10.7	9.2	10.4	11.7	10.0	11.4	9.9	9.9
QUARTERLY-AV:											
4TH QTR. 1977	6.1	3.4	9.1	9.9	7.5	8.1	10.6	10.8	12.2	12.6	13.3
1ST QTR. 1978	8.5	14.5	9.7	9.6	6.2	6.9	7.7	10.3	9.8	10.0	11.3
2ND QTR. 1978	6.3	0.3	8.0	13.0	9.9	7.9	7.8	10.1	9.1	8.9	10.2
3RD QTR. 1978	8.4	6.2	9.1	11.0	7.6	8.9	10.0	8.8	9.9	8.6	9.2
MONTHLY:											
1977--SEPT.	0.7	15.9	8.1	7.2	9.1	9.0	12.3	9.2	12.2	12.4	12.1
OCT.	9.8	-13.4	10.0	12.9	10.5	9.5	11.6	12.4	13.3	13.7	14.4
NOV.	5.2	20.9	8.0	9.2	1.1	6.0	8.1	11.8	11.5	12.0	13.5
DEC.	5.9	16.1	10.4	6.3	8.2	6.1	7.9	9.9	10.1	9.7	11.2
1978--JAN.	15.4	18.6	13.6	13.6	11.3	9.5	9.2	11.8	10.6	11.5	12.7
FEB.	10.6	13.3	6.9	7.9	0.4	4.7	5.6	8.5	7.9	8.0	9.3
MAR.	-8.6	-6.1	3.0	6.9	3.9	5.1	6.2	8.3	8.0	7.5	8.6
APR.	9.3	1.8	7.8	18.5	19.6	11.2	9.5	11.9	10.2	10.1	11.7
MAY	10.0	-11.4	12.0	15.6	7.2	7.1	7.2	11.2	9.6	9.7	10.8
JUNE	15.0	19.4	11.1	6.0	7.5	7.8	8.4	6.6	7.6	6.8	8.3
JULY	14.9	8.0	8.6	16.7	4.8	8.0	9.3	8.2	9.3	7.4	8.0
AUG.	-9.0	-3.5	4.3	5.2	8.5	10.4	11.8	8.0	10.3	9.1	8.8
SEPT. P	8.4	11.3	12.7	9.9	14.1	12.5	13.7	13.7	14.3	12.9	12.7

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

2/ BASED ON QUARTERLY AVERAGE DATA.

MONEY AND CREDIT AGGREGATE MEASURES

SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
ANNUALLY:											
1975	33,969	33,839	110,345	726.2	295.2	664.7	1092.5	746.1	1173.8	1308.0	1351.6
1976	34,441	34,388	118,063	788.9	313.5	740.5	1236.5	803.2	1299.2	1437.6	1485.0
1977	36,143	35,574	127,972	875.5	338.5	809.5	1376.1	883.5	1450.1	1603.4	1666.6
MONTHLY:											
1977--SEPT.	35,520	34,894	124,987	855.1	333.0	795.1	1344.9	858.9	1408.7	1557.1	1613.6
OCT.	35,809	34,503	126,026	864.3	335.9	801.4	1357.9	867.8	1424.3	1574.9	1633.0
NOV.	35,965	35,103	126,871	870.9	336.2	805.4	1367.1	876.3	1438.6	1590.6	1651.4
DEC.	36,143	35,574	127,972	875.5	338.5	809.5	1376.1	883.5	1450.1	1603.4	1666.6
1978--JAN.	36,608	36,124	129,417	885.4	341.7	815.9	1386.6	892.2	1462.9	1618.7	1684.4
FEB.	36,931	36,525	130,156	891.2	341.8	819.1	1393.1	898.5	1472.5	1629.5	1697.4
MAR.	36,667	36,339	130,484	896.7	342.9	822.6	1400.3	904.7	1482.3	1639.7	1709.5
APR.	36,951	36,394	131,334	910.5	348.5	830.3	1411.4	913.7	1494.9	1653.5	1726.1
MAY	37,260	36,048	132,647	922.3	350.6	835.2	1419.9	922.2	1506.9	1666.8	1741.7
JUNE	37,726	36,632	133,873	926.9	352.8	840.6	1429.8	927.3	1516.5	1676.3	1753.8
JULY	38,194	36,877	134,835	939.8	354.2	846.2	1440.9	933.6	1528.3	1686.7	1765.5
AUG.	37,909	36,769	135,314	943.9	356.7	853.5	1455.1	939.8	1541.4	1699.5	1778.4
SEPT. P	38,174	37,115	136,742	951.7	360.9	862.4	1471.7	950.5	1559.8	1717.7	1797.2
WEEKLY:											
1978--AUG. 9	37,723	36,845	134,616		356.7	852.0		938.3			
16	38,122	37,159	135,360		357.5	853.8		939.8			
23	37,618	36,012	135,196		357.4	854.9		941.0			
30	38,101	37,078	136,017		355.5	854.3		940.9			
SEPT. 6	38,235	37,070	136,421		361.4	861.3		948.8			
13	37,903	37,393	136,287		360.5	861.7		950.3			
20	37,872	36,949	136,418		361.1	862.6		951.8			
27P	38,469	36,910	137,405		361.9	864.2		951.7			
OCT. 4P	38,705	37,420	137,654		359.9	864.0		951.0			

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

OCT. 13, 1978

APPENDIX TABLE 2-A

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits					Mutual Savings Bank & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short Term U.S Gov't Securities ^{1/}	Other Private Short-term Assets ^{1/}
			Total	Other Than CD's			CD's					
				Total	Savings	Other						
	1	2	3	4	5	6	7	8	9	10	11	12
(Per cent annual rates of growth)												
ANNUALLY: ^{2/}												
1975	8.9	3.3	7.9	11.7	17.5	7.8	-6.4	15.3	19.5	6.2	33.8	-0.7
1976	9.6	4.6	8.0	15.0	25.0	7.4	-23.4	15.5	16.8	6.9	5.5	13.9
1977	9.5	7.4	11.4	11.2	11.1	11.4	12.8	14.2	19.4	5.6	12.3	27.5
SEMI-ANNUALLY: ^{2/}												
1ST HALF 1977	8.7	7.4	10.4	11.9	15.3	8.9	0.6	12.9	16.6	6.4	2.7	25.6
2ND HALF 1977	9.8	7.1	11.8	10.0	6.4	13.3	24.9	14.5	20.6	6.5	21.6	26.1
1ST HALF 1978	9.6	7.7	11.7	6.9	2.1	11.1	43.5	7.5	17.4	6.3	12.9	47.1
QUARTERLY:												
4TH QTR. 1977	10.7	5.4	14.5	7.7	1.5	13.5	64.0	11.6	18.8	6.4	20.3	48.1
1ST QTR. 1978	9.5	3.8	12.3	7.4	2.6	11.5	43.2	6.9	17.9	6.3	15.1	40.4
2ND QTR. 1978	9.3	12.0	9.1	6.8	1.3	11.4	22.9	7.3	14.7	5.7	6.5	44.1
3RD QTR. 1978	10.3	8.9	10.4	11.2	4.5	16.8	6.5	13.9	12.6	5.1	-14.3	10.5
QUARTERLY-AV:												
4TH QTR. 1977	10.3	6.4	13.0	8.5	5.4	11.6	44.9	13.9	20.0	5.9	26.4	32.0
1ST QTR. 1978	10.5	5.0	12.8	7.3	2.6	11.4	50.0	8.1	16.2	6.3	17.9	46.8
2ND QTR. 1978	8.4	10.3	10.1	6.4	1.6	10.5	32.8	6.8	15.8	6.2	7.6	42.5
3RD QTR. 1978	9.6	7.0	9.5	9.9	1.3	17.2	7.5	11.4	12.8	5.1	-11.4	21.9
MONTHLY:												
1977--SEPT.	11.2	7.8	9.2	8.9	10.0	7.9	11.4	16.6	24.7	4.8	23.5	6.4
OCT.	11.1	10.2	13.7	8.8	4.4	13.3	48.9	14.0	21.5	6.4	31.2	29.7
NOV.	8.3	-1.0	18.5	9.5	-1.1	18.0	81.3	11.0	15.8	6.3	24.0	57.9
DEC.	12.3	6.8	10.9	4.6	1.1	8.7	52.5	9.5	18.2	6.3	4.7	51.3
1978--JAN.	10.8	11.0	12.3	8.4	6.0	10.0	37.3	7.8	17.9	6.3	32.9	43.5
FEB.	9.4	-2.4	13.3	7.6	1.1	13.2	46.8	6.2	15.2	6.2	13.7	40.2
MAR.	8.0	2.9	10.8	6.0	0.5	10.8	39.3	6.6	20.0	6.2	-1.5	33.6
APR.	6.6	23.8	7.5	5.3	3.3	6.5	20.5	6.6	14.7	6.2	13.6	48.1
MAY	11.8	5.6	13.6	6.7	2.2	11.5	53.2	6.8	12.1	6.1	11.9	38.0
JUNE	9.1	6.5	6.1	8.2	-1.6	16.0	-5.5	8.3	16.8	4.6	-5.9	41.7
JULY	6.5	4.6	10.2	10.3	-4.3	22.5	9.7	11.4	11.8	6.1	-26.7	20.1
AUG.	9.0	8.7	7.5	11.5	8.1	14.2	-15.1	14.1	11.7	3.0	-7.6	1.5
SEPT. P	15.3	13.2	13.4	11.4	9.7	13.1	25.0	15.7	13.9	6.0	-9.2	9.1

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 ^{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	221.5	450.9	369.6	160.5	209.1	81.3	394.8	33.0	67.2	66.9	43.0	34.4	8.3
1976	80.7	232.8	489.7	427.0	201.9	225.1	62.7	456.9	39.1	71.9	66.6	47.3	51.0	11.2
1977	88.6	249.9	545.0	471.0	219.6	251.5	74.0	519.8	46.8	76.6	76.7	63.4	62.0	11.4
MONTHLY:														
1977--SEPT.														
OCT.	87.1	248.7	531.9	465.5	219.6	246.0	66.4	511.0	45.5	75.8	74.9	58.0	58.1	10.3
NOV.	87.7	248.5	540.1	469.2	219.4	249.7	70.9	515.7	46.1	76.2	76.4	60.6	60.1	6.7
DEC.	88.6	249.9	545.0	471.0	219.6	251.5	74.0	519.8	46.8	76.6	76.7	63.4	62.0	11.4
1978--JAN.														
FEB.	90.1	251.7	556.7	477.3	220.9	256.4	79.4	525.9	46.1	77.4	79.7	67.9	66.6	7.5
MAR.	90.7	252.3	561.7	479.7	221.0	258.7	82.0	528.8	48.9	77.8	79.6	69.8	67.0	7.9
APR.	91.2	257.3	565.2	481.8	221.6	260.1	83.4	531.7	49.5	78.2	80.5	72.6	68.1	8.3
MAY	92.1	258.5	571.6	484.5	222.0	262.6	87.1	534.7	50.0	78.6	81.3	74.9	68.2	7.3
JUNE	92.8	259.9	574.5	487.8	221.7	266.1	86.7	538.4	50.7	78.9	80.9	77.5	69.2	11.3
JULY	93.3	260.9	579.4	492.0	220.9	271.1	87.4	543.5	51.2	79.3	79.1	78.8	69.2	14.2
AUG.	94.0	262.8	583.0	496.7	222.4	274.3	86.3	549.9	51.7	79.5	78.6	78.9	71.3	14.9
SEPT. P	95.2	265.7	589.5	501.4	224.2	277.3	88.1	557.1	52.3	79.9	78.0	79.5	73.3	15.7
WEEKLY:														
1978--AUG.														
9	93.8	262.8	581.6	495.3	221.4	273.8	86.3						72.0	13.8
16	93.9	263.5	582.3	496.3	222.2	274.1	86.0						69.4	14.4
23	94.2	263.2	583.6	497.5	222.9	274.6	86.1						71.3	15.7
30	94.4	261.1	585.3	498.7	223.2	275.5	86.6						72.9	16.0
SEPT.														
6	95.1	266.3	587.4	499.9	223.7	276.2	87.5						70.0	14.5
13	95.0	265.5	589.8	501.2	224.1	277.1	88.6						70.7	14.3
20	95.1	266.0	590.6	501.5	224.1	277.4	89.1						74.1	16.2
27P	95.4	266.4	589.8	502.3	224.2	278.1	87.5						75.5	16.5
OCT.														
4P	95.6	264.3	591.1	504.1	224.3	279.8	87.0							16.2

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

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

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

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

P - PRELIMINARY