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SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

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THE DOMESTIC NONFINANCIAL ECONOMY

Existing home sales

Sales of existing homes fell 4 percent in February, after rising 14 percent in January. Taken together, home sales during the first two months of 1983 were up 18 percent from the pace in the fourth quarter of 1982. Price increases have remained moderate; in February, both average and median sales prices of existing homes were about 2 percent above year earlier levels.

Agricultural developments

Farmers participating in the administration's acreage reduction programs have agreed to devote 82 million acres of crop land to conservation uses in 1983, about one-third of the acreage base of those crops directly affected by the programs. Even assuming that some farmers drop out of the programs during the year, the level of idled acreage this year appears likely to exceed the previous peak levels of the 1960s.

The acreage cutbacks are expected to lead to sharp declines in the output of some farm crops. The Agriculture Department's initial--and highly tentative--supply-demand projections for the 1983-84 marketing year show 1983 corn production down about one-third from 1982, wheat production off nearly 20 percent, and soybean production declining by less than 10 percent. Because of large stocks remaining from earlier harvests, the total supplies of these crops are not expected to fall by as much as current production.

The USDA projections show corn inventories falling to about a three month supply at the end of the 1983-84 marketing year; this level of stocks would be down considerably from that of the current marketing year, but would still be well above the stocks of the 1973-75 period when end-of-year inventories were less than a one month supply. The USDA is projecting that wheat inventories will remain quite high at the end of the 1983-84 marketing year; the months' supply of soybeans at the end of the 1983-84 marketing year is expected to be in about the range of most recent years.

EXISTING HOMES SOLD

Period	Sales Volume (Thousands of Units, Saar)	Sales Prices			
		Average		Median	
		Level (\$1000)	Percent Change Year Earlier	Level (\$1000)	Percent Change Year Earlier
1978	3986	55.1	17.0	48.7	13.9
1979	3826	64.0	16.2	55.5	14.1
1980	2974	72.7	13.6	62.0	11.7
1981	2418	78.0	7.2	66.1	6.6
1982	1991	80.4	3.1	67.7	2.4
1981 Q3..	2313	79.7	5.2	67.6	4.9
Q4..	2000	77.6	4.7	66.2	4.5
1982 Q1..	1970	79.2	4.3	66.8	3.8
Q2..	1953	80.8	2.8	68.1	2.5
Q3..	1893	81.3	2.0	68.5	1.3
Q4..	2133	80.1	3.3	67.5	2.0
1982 Jan.	1890	79.8	4.9	66.4	2.9
Feb.	1990	78.8	4.1	66.9	4.4
Mar.	2030	79.1	3.8	67.0	4.0
Apr.	1960	79.4	2.7	67.1	2.8
May	1920	80.6	2.5	67.8	2.3
June	1980	82.3	3.0	69.4	2.5
July	1910	82.0	3.0	69.2	2.5
Aug.	1860	82.0	1.9	68.9	1.2
Sept	1910	80.0	1.1	67.3	0.3
Oct.	1990	79.3	3.5	66.9	1.4
Nov.	2150	80.4	3.7	67.7	2.7
Dec.	2260	80.6	2.5	67.8	1.8
1983 Jan. r	2580	80.0	0.3	68.1	2.6
Feb. p	2470	80.4	2.0	68.3	2.1

r--Revised.

p--Preliminary.

USDA SUPPLY-DEMAND ESTIMATES
FOR SELECTED FARM CROPS

	Marketing year beginning in				Percent change, 1982 to 1983
	1980	1981	1982(p)	1983(p)	
U.S. Production:	- - - - - Millions of bushels- - - - -				
Corn	6645	8202	8397	5640	-32.8
Wheat	2374	2799	2809	2265	-19.4
Soybeans	1792	2000	2277	2100	-7.8
Total U.S. supplies:					
Corn	8263	9237	10684	9075	-15.1
Wheat	3279	3791	3977	3850	-3.2
Soybeans	2151	2318	2543	2480	-2.5
Total domestic use and exports:					
Corn	7229	6951	7250	7200	-.7
Wheat	2290	2627	2395	2410	.6
Soybeans	1833	2052	2163	2195	1.5
	- - - - - Months' supply ¹ - - - - -				
End-of-year stocks:					
Corn	1.7	3.9	5.7	3.1	--
Wheat	5.2	5.3	7.9	7.2	--
Soybeans	2.1	1.6	2.1	1.6	--

p = USDA projections as of March 23, 1983.

1. End-of-year stocks relative to total use during the preceding marketing year.

MONETARY AGGREGATES
(Based on seasonally adjusted data unless otherwise noted)¹

	1982				1983		Feb. '82 to Feb. '83P
	Q2	Q3	Q4	Dec.	Jan.	Feb. P	
--Percentage change at annual rates--							
<u>Money stock measures</u>							
1. M1	3.2	6.1	13.1	10.6	9.8	22.2	9.6
2. (M1) ²	(4.2)	(4.3)	(14.5)	(9.4)	(6.3)	(23.9)	(9.7)
3. M2	7.0	10.9	9.3	8.9	29.8	24.3	12.8
4. M3	8.5	12.5	9.5	3.8	12.2	13.6	10.8
<u>Selected components</u>							
5. Currency	8.7	7.2	7.4	8.2	12.7	12.5	8.7
6. Demand deposits	-5.4	0.0	8.4	11.1	-2.0	-3.5	1.4
7. Other checkable deposits	19.3	21.6	34.0	14.4	36.7	92.0	34.8
8. M2 minus M1 (9+10+11+14)	8.3	12.4	8.1	8.3	36.2	24.9	13.9
9. Overnight RPs and Eurodollars, NSA ³	2.1	28.6	23.9	-21.3	84.0	48.1	29.7
10. General purpose and broker/dealer money market mutual fund shares, NSA	22.4	35.0	15.1	-56.5	-102.1	-50.4	2.3
11. Commercial banks	11.2	12.6	9.9	37.8	102.8	44.4	25.2
12. savings deposits, SA, plus MMDAs, NSA ⁴	-1.7	-1.8	35.3	169.0	479.7	189.5	92.3
13. small time deposits	17.0	-18.7	-0.4	-18.2	-83.6	-63.6	-4.9
14. Thrift institutions	2.8	5.7	4.1	4.9	15.5	22.9	6.9
15. savings deposits, SA, plus MMDAs, NSA ⁴	0.4	2.8	30.1	72.6	248.8	170.0	56.4
16. small time deposits	3.7	6.9	-5.9	-23.0	-88.4	-62.3	-12.4
17. M3 minus M2 (18+21+22)	16.0	20.0	10.4	-19.5	-70.0	-40.5	1.3
18. Large time deposits	17.5	13.4	4.3	-22.6	-82.3	-48.2	-3.6
19. at commercial banks, net ⁵	17.0	12.9	-1.3	-28.5	-86.2	-58.5	-6.9
20. at thrift institutions	19.1	15.6	29.3	-1.8	-64.8	-7.6	11.0
21. Institution-only money market mutual fund shares, NSA	10.4	109.3	32.7	-55.3	-37.8	-23.4	34.5
22. Term RPs, NSA	16.9	-11.9	34.4	27.4	11.9	8.8	14.8

--Average monthly change in billions of dollars--

MEMORANDA:

23. Managed liabilities at commercial banks (24+25)	6.3	1.6	-4.1	-13.7	-37.2	-13.9	-38.3
24. Large time deposits, gross ⁶	5.8	5.7	-6.5	-13.3	-28.1	-16.3	-24.4
25. Nondeposit funds ⁶	0.5	-4.1	2.4	-0.4	-9.1	2.4	-13.9
26. Net due to related foreign institutions, NSA ⁶	0.4	-4.4	-0.8	-3.0	-14.1	0.4	-31.6
27. Other ^{6,7}	0.1	0.3	3.2	2.6	5.0	2.0	17.6
28. U.S. government deposits at commercial banks ⁸	-1.6	0.2	0.3	1.3	3.8	-6.9	-8.6

1. Quarterly growth rates are computed on a quarterly average basis. Dollar amounts shown under memoranda for quarterly changes are calculated on an end-month-of-quarter basis.

2. M1 seasonally adjusted using experimental model-based procedure applied to weekly data.

3. Overnight and continuing contract RPs issued to the nonbank public by commercial banks plus overnight Eurodollar deposits issued by branches of U.S. banks to U.S. nonbank customers, both net of amounts held by money market mutual funds. Excludes retail RPs, which are in the small time deposit component.

4. Beginning December, 1982, growth rates are for savings deposits, seasonally adjusted, plus money market deposit accounts (MMDAs), not seasonally adjusted. Savings deposits excluding MMDAs declined at commercial banks at annual rates of 21.7 percent in December, 88.2 percent in January and 57.1 percent in February. At thrift institutions, savings deposits excluding MMDAs declined during December, January and February at annual rates of 27.6 percent, 87.2 percent, and 21.8 percent, respectively.

5. Net of large-denomination time deposits held by money market mutual funds and thrift institutions.

6. Adjusted for shifts of assets and liabilities to International Banking Facilities (IBFs) which affected flows from December 1981 to September 1982.

7. Consists of borrowings from other than commercial banks in the form of federal funds purchased, securities under agreements to repurchase and other liabilities for borrowed money (including borrowings from the Federal Reserve and unaffiliated foreign banks), loans sold to affiliates, loan RPs and other minor items. Data are partially estimated.

8. Consists of Treasury demand deposits at commercial banks and Treasury note balances.

p--Preliminary.

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT
(Percentage changes at annual rates, based on seasonally adjusted data)¹

	1982				1983		Feb. '82 to Feb. '83
	Q2	Q3	Q4	Dec.	Jan.	Feb.	
--Commercial Bank Credit--							
1. Total loans and investments at banks ^{2,3}	8.0	5.8	6.3	10.5	12.8	7.5	7.6
2. Investments ³	4.7	4.8	15.9	26.1	41.7	13.8	11.5
3. Treasury securities	4.9	8.3	43.0	42.7	81.6	40.3	25.3
4. Other securities ³	4.8	3.0	2.5	17.3	20.0	-.9	4.6
5. Total loans ^{2,3}	9.1	6.2	3.0	5.1	2.8	5.3	6.6
6. Business loans ^{2,3}	15.0	9.0	-.2	.0	8.5	1.2	8.2
7. Security loans	-26.8	63.6	37.2	66.7	-97.2	-26.4	6.7
8. Real estate loans	6.6	2.8	4.9	6.4	7.1	6.3	5.3
9. Consumer loans	2.8	3.0	4.6	9.5	6.3	1.9	3.7
--Short- and Intermediate-Term Business Credit--							
10. Total short- and intermediate-term business credit (sum of lines 14, 15 and 16) ³	11.7	9.2	-2.9	-3.1	-2.5	n.a.	n.a.
11. Business loans net of bankers acceptances ³	15.9	9.0	.6	-.3	7.8	3.0	8.6
12. Commercial paper issued by non-financial firms ⁴	2.8	-6.2	-39.6	-38.1	-104.0	12.7	-40.5
13. Sum of lines 11 & 12 ³	14.1	7.0	-4.5	-4.7	-4.8	4.0	5.3
14. Line 13 plus loans at foreign branches ^{3,5}	13.9	8.4	-4.8	-4.8	-2.6	4.6	6.0
15. Finance company loans to business ⁶	1.5	15.8	-15.2	-16.1	1.5	n.a.	n.a.
16. Total bankers acceptances outstanding ⁶	10.2	6.6	22.9	20.4	-4.6	n.a.	n.a.

1. Average of Wednesdays for domestically chartered banks and average of current and preceding ends of months for foreign-related institutions.

2. Loans include outstanding amounts of loans reported as sold outright to a bank's own foreign branches, unconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and unconsolidated nonbank subsidiaries of the holding company.

3. Adjusted for shifts of assets and liabilities to International Banking Facilities (IBFs) which affected flows from December 1981 to September 1982.

4. Average of Wednesdays.

5. Loans at foreign branches are loans made to U.S. firms by foreign branches of domestically chartered banks.

6. Based on average of current and preceding ends of month.

n.a.--Not available.