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September 30, 1983

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MONETARY POLICY ALTERNATIVES

Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

September 30, 1983

MONETARY POLICY ALTERNATIVES

Recent developments

(1) Growth of M2 remained relatively low in August and September, averaging about 5-1/2 percent at an annual rate. Its growth over the 3-month June-to-September short-run target period was about 6 percent at an annual rate, well below the FOMC's 8 percent specification. Growth in the nontransactions component remained low throughout the summer relative to past experience and expansion in its M1 component slowed markedly in August and September. On a quarterly average basis, M2 grew at about a 7-3/4 percent annual rate in the third quarter, implying an increase in its velocity of nearly 2-3/4 percent at an annual rate, a bit more than in the second quarter.

(2) In some contrast to M2, growth of M3 picked up in August and September--to about an 8 percent annual rate on average--from its relatively modest July pace, as banks increased reliance on managed liabilities while CD issuance by thrifts remained heavy. M3 over June to September is estimated to have grown at a 7-1/4 percent annual rate, somewhat below the 8 percent pace anticipated by the FOMC at the August meeting.

(3) The deceleration of M1 from the surge in the spring extended into August and, judging from available data, growth remained low in September--with this aggregate estimated to have expanded at an annual rate of just over 3 percent over the two months. In both months, demand deposits declined, following three months of substantial increases; currency growth, on the other hand, picked up in both August and September from the reduced July rate. Although M1 grew at only a 5 percent annual rate over the June-to-September period--about 2 points lower than the FOMC's short-run

KEY MONETARY POLICY AGGREGATES
(Seasonally adjusted annual rates of growth)

	1983			Growth to September		
	July	Aug.	Sept.	From June	From Longer-run Base ¹	
<u>Money and Credit Aggregates</u>						
M1	8.9	2.8	3.5	5.1	7.7	
M2	6.6	6.2	4.8	5.9	7.6	
M3	5.5	8.7	7.3	7.2	9.0	
Domestic nonfinancial debt	10.4	8.9				
Bank credit	9.7	11.2				
<u>Reserve Measures²</u>						
Nonborrowed reserves ³	-0.3	-9.3	4.1	-1.8	--	
Total reserves	6.0	-3.4	-0.5	0.7	--	
Monetary base	5.1	6.5	7.8	6.5	--	
Memo: (Millions of dollars)						
Adjustment and seasonal borrowing	875	1,055	933	--	--	
Excess reserves	507	446	480	--	--	

1. The base for M1 is QII '83, for M2 is February-March 1983, and for M3 is QIV'82.

2. Growth rates of reserve measures are adjusted to remove the effects of discontinuities resulting from phased changes in reserve ratios under the Monetary Control Act.

3. Includes special borrowing and other extended credit from the Federal Reserve.

path--quarterly average growth was at a 9-1/4 percent rate owing to strong growth in the latter part of the preceding quarter. M1 velocity rose at about a 1-1/2 percent annual rate, more than in the second quarter but still well below the pace that had been common in earlier postwar recoveries.

(4) With the general slowing of growth in the monetary aggregates over the past two months, all of the aggregates are rather comfortably within their longer-run ranges. As shown in the last column of the table on the preceding page, growth through September would place M1 somewhat above the midpoint, M2 in the lower portion, and M3 in the upper portion of their respective longer-run ranges.

(5) The growth in borrowing by domestic nonfinancial sectors is estimated to have moderated further in August--to about a 9 percent annual rate--reflecting an appreciable reduction in funds raised by non-federal sectors. Credit growth at commercial banks in August, at an 11 percent annual rate, was somewhat faster than that of total credit, as expansion of real estate, consumer and business loans remained strong. However, data available for September suggest that growth in both loans and securities at banks has decelerated; lending to consumers appears to have slowed somewhat from the very rapid pace of the spring and summer while business lending apparently was off sharply despite continued relatively light financing in long-term markets. Commercial paper issuance by nonfinancial business in September is estimated to have remained at about the August pace.

(6) Total reserves of depository institutions contracted in both August and September. The August decline reflected a reduction in the demand for excess reserves and required reserves against large time and government deposits, while in September weakness of deposits in M1 reduced required reserves. Growth of the monetary base, by contrast,

picked up a bit in August and September as currency growth accelerated. A contraction in nonborrowed reserves plus extended credit in August was retraced only partially in September.

(7) The level of borrowing assumed in constructing reserve paths has been decreased in stages from \$800 to \$700 and then to \$650 million since the last FOMC meeting. Nonetheless, borrowing has fluctuated widely within a range of about \$650 million to the \$1.6 billion figure reached in the statement week of September 21. In that week and also in the week just past bank reserve management and to a degree System reserve management were complicated greatly by huge flows of funds related to the unusual and unexpectedly large build-up in Treasury cash balances at both banks and the Federal Reserve in the latter part of the month. Despite the fluctuations in borrowing, the federal funds rate averaged close to 9-1/2 percent for the first five weeks of the intermeeting period before dropping to an average of just over 9 percent in the reserve settlement week just past. In that week large money center banks were experiencing less than usual strain on reserve positions owing in part to the availability of Treasury funds, thereby contributing to lessened pressure on the federal funds market. The federal funds rate rose substantially in the past two days, reflecting usual end-of-quarter statement date positioning.

(8) Short-term interest rates generally have declined about 25 to 50 basis points over the intermeeting period as evidence of slower money growth and moderation of economic activity continued to mount, and, late in the period, as perceptions of some easing in monetary policy spread. In the long-term markets, rates have come down about 10 to 20 basis points and mortgage rates have decline around one-quarter of a percentage point.

(9) The dollar on a weighted average basis has shown little net change since the last Committee meeting,

. The dollar advanced in late August, but moved lower during September as dollar interest rates declined. Over the period, the interest differential between U.S. and key foreign short-term interest rates narrowed slightly.

Prospective developments

(10) The table below shows alternative specifications for the monetary aggregates over the September-to-December period, together with associated federal funds rate ranges for the upcoming intermeeting period. All the alternatives keep the monetary aggregates within their long-run target ranges through the fourth quarter, though differing money market conditions are implied. The lower panels give the implied growth rates for each aggregate from the base period established by the Committee for its longer-term ranges to the fourth quarter. (More detailed data for the alternatives are shown in the charts and table on the following pages.)

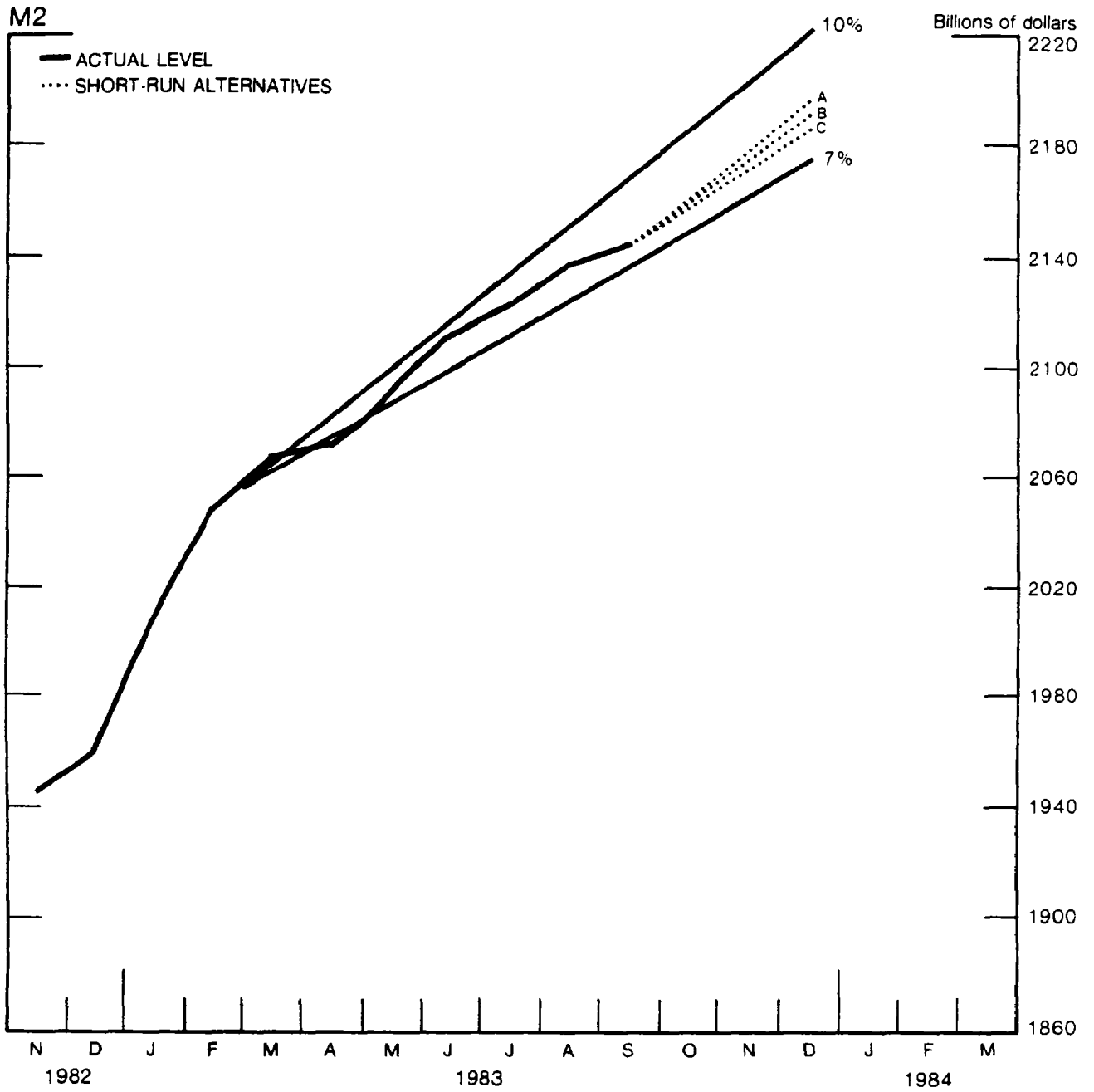
	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Longer-run range</u>
Growth from Sept. to Dec.				
M2	9-1/2	8-1/2	7-1/2	
M3	9-1/4	8-3/4	8-1/4	
M1	9	7	5	
Federal funds rate range	6 to 9-1/2	6 to 10	7 to 11	
Implied growth from base period to QIV ^{1/}				
M2	8-1/4	8	7-3/4	7 to 10
M3	9-1/4	9	9	6-1/2 to 9-1/2
M1	8	7-1/2	7	5 to 9

^{1/} Base for M2 is February/March 1983, for M3 is QIV 1982, and for M1 is QII 1983.

(11) Money growth rates between now and year-end under alternative B would be expected to accelerate from the relatively slow pace of recent months, but even so M1 and M2 in the fourth quarter on average would be, respectively, just above and just below the midpoints of their longer-run

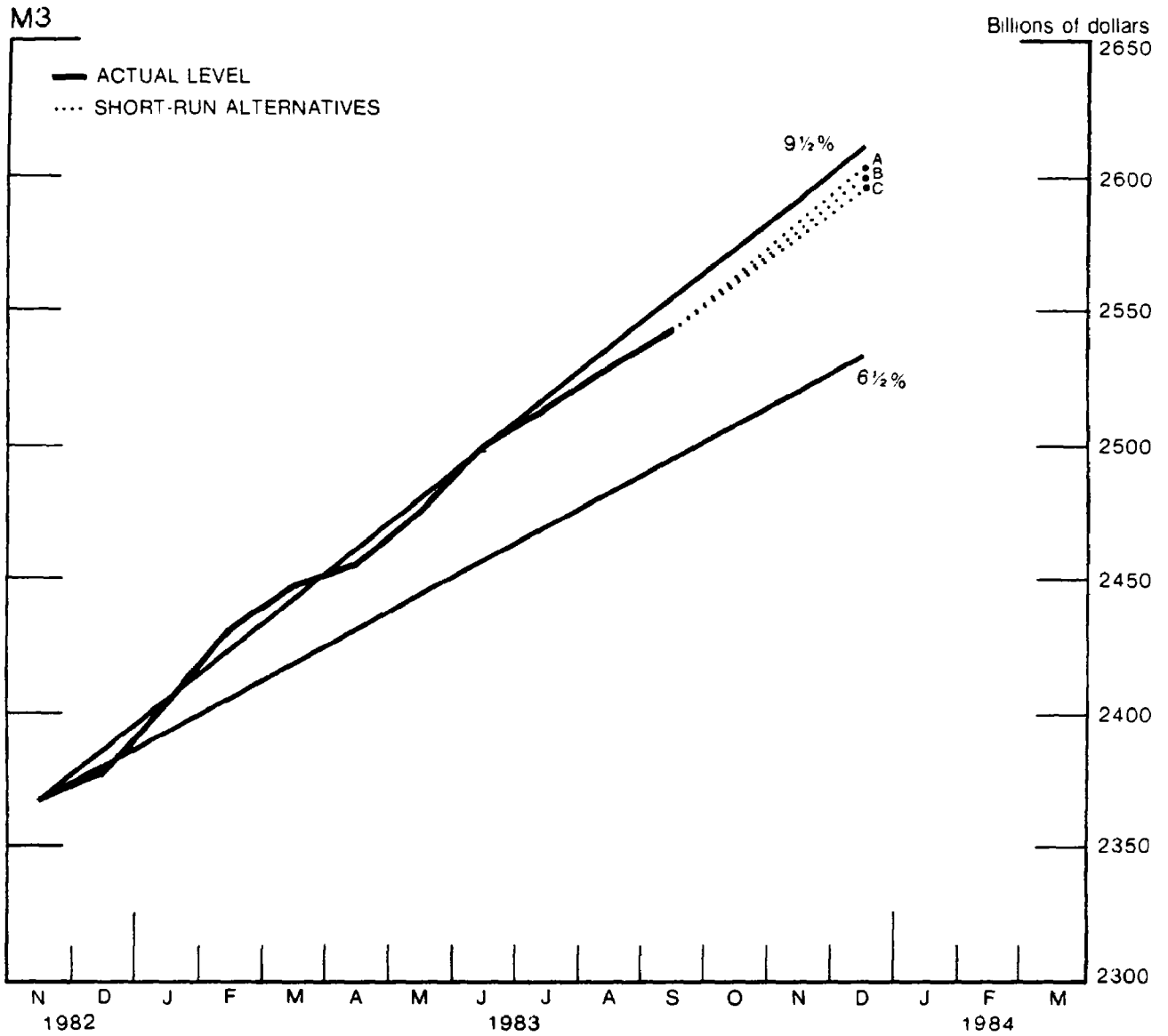
Actual and Targeted M2

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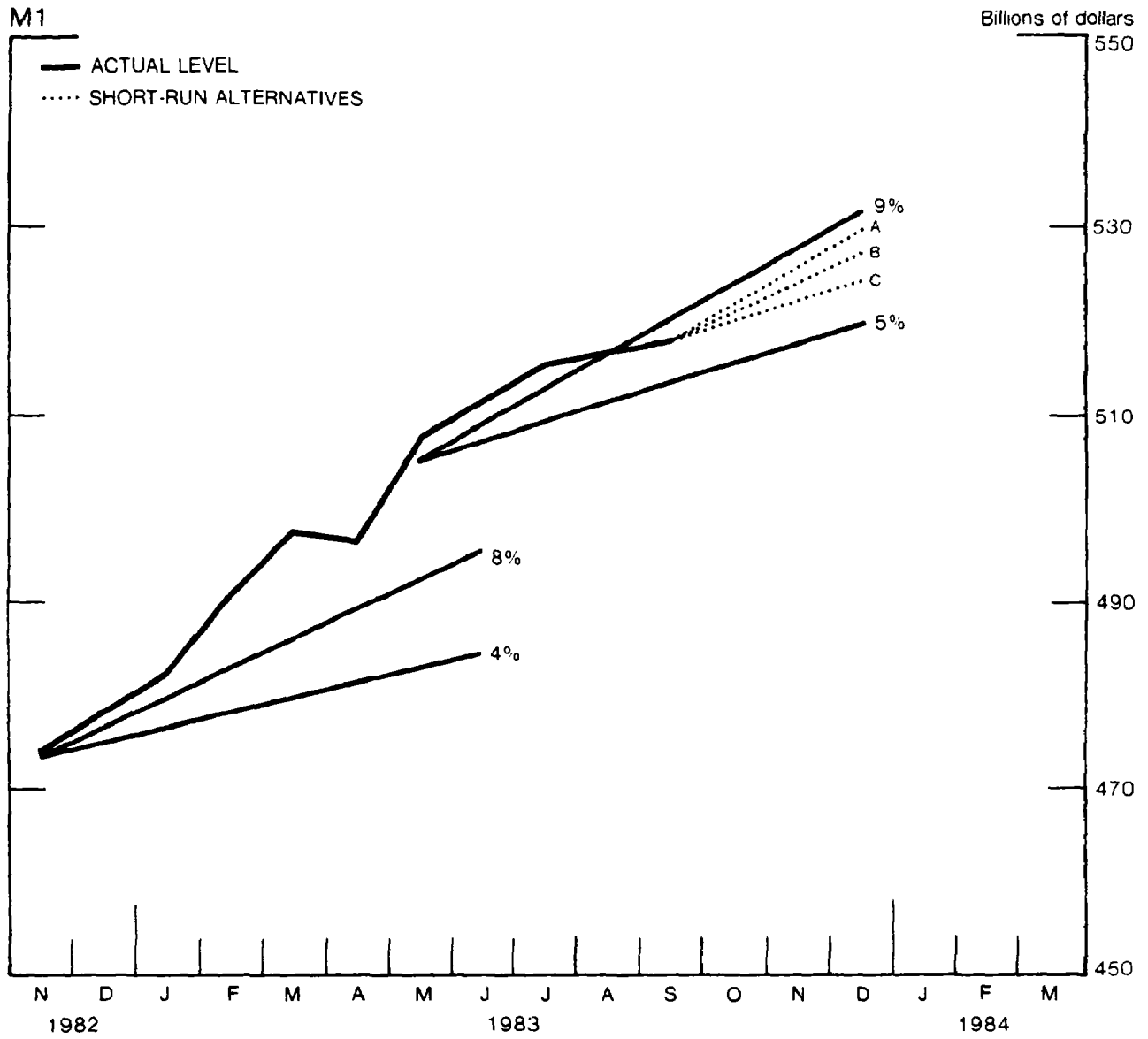
Actual and Targeted M3

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Actual and Targeted M1

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Alternative Levels and Growth Rates for Key Monetary Aggregates

	M2			M3			M1		
	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C
1983--July	2126.0	2126.0	2126.0	2510.2	2510.2	2510.2	515.5	515.5	515.5
August	2136.9	2136.9	2136.9	2528.5	2528.5	2528.5	516.7	516.7	516.7
September	2145.4	2145.4	2145.4	2543.9	2543.9	2543.9	518.2	518.2	518.2
October	2163.3	2162.0	2160.8	2564.5	2564.0	2563.5	521.4	521.0	520.6
November	2179.9	2177.0	2174.1	2583.8	2582.5	2581.0	525.1	523.8	522.6
December	2196.4	2191.0	2185.6	2602.6	2599.2	2595.8	529.9	527.3	524.7
<u>Growth Rates</u>									
<u>Monthly</u>									
1983--July	6.6	6.6	6.6	5.5	5.5	5.5	8.9	8.9	8.9
August	6.2	6.2	6.2	8.7	8.7	8.7	2.8	2.8	2.8
September	4.8	4.8	4.8	7.3	7.3	7.3	3.5	3.5	3.5
October	10.0	9.3	8.6	9.7	9.5	9.2	7.5	6.5	5.6
November	9.2	8.3	7.4	9.0	8.7	8.2	8.5	6.5	4.6
December	9.1	7.7	6.3	8.7	7.8	6.9	11.0	8.0	4.8
September-December	9.5	8.5	7.5	9.2	8.7	8.2	9.0	7.0	5.0
<u>Growth Rates</u>									
<u>Quarterly Average</u>									
1983--Q1	20.3	20.3	20.3	10.2	10.2	10.2	14.1	14.1	14.1
Q2	10.1	10.1	10.1	8.1	8.1	8.1	12.2	12.2	12.2
Q3	7.8	7.8	7.8	8.3	8.3	8.3	9.2	9.2	9.2
Q4	8.2	7.6	7.0	8.9	8.6	8.3	6.7	5.6	4.5
<u>Memo:</u>									
<u>Growth Rate</u>									
Base period to 1983Q4 ¹	8.2	8.0	7.7	9.2	9.1	9.0	8.0	7.4	6.9

1. Base period is February-March 1983 average for M2, fourth quarter 1982 average for M3, and second quarter 1983 average for M1.

ranges while M3 would be in the upper portion of its range. For M1, some rebound in growth over the next three months might be expected as the restraining effect of the higher interest rates that emerged in the spring and early summer dissipates. Moreover, underlying transactions needs and income growth are likely to be fairly sizable, as indicated by the staff projection of about a 9 percent growth in nominal GNP in the fourth quarter. Even with the acceleration in monthly growth rates under alternative B, on a quarterly average basis M1 is projected to increase at only a 5-1/2 percent annual rate in the fourth quarter. The implied increase in velocity would not be especially large when compared to other expansion periods, but it would represent a further quickening of M1 velocity growth rates following the turn-around to small increases in the second and third quarters.

(12) M2 growth is also expected to accelerate under alternative B--as well as M3 growth to a degree--as expansion in its nontransactions component picks up from the unusually sluggish pace of recent months. The anticipated decline in Treasury deposits from their very high end-of-September level should be accompanied by more aggressive efforts by banks to obtain funds from the public generally. The staff does not expect the decontrol of most time deposits on October 1 to affect growth of the aggregates very significantly over time, given the earlier availability of ceiling-free MMDAs and longer-term time accounts. Active promotion of the new accounts does not appear to be widespread, according to results of a Reserve Bank survey, though there are reports of emerging price competition in a few key markets. The money paths allow for only

small near-term effects--in the direction of restraining M1 and increasing M2 growth.

(13) Federal funds under alternative B would be expected to trade in the area of 9-1/4 to 9-1/2 percent, and adjustment plus seasonal borrowing might average between \$550 and \$750 million. Nonborrowed and total reserves would be expected to increase at 9 and 6 percent rates, respectively. It is difficult to foresee any significant change in market interest rates more generally under this alternative. Rates could back up a little in the degree that some market participants are anticipating more of an easing in monetary policy given the recent weakness in money supply. Any increase in rates should be quite limited, though, as incoming data are expected to continue to show money growth well within the FOMC's ranges and economic activity expanding only moderately.

(14) The debt of domestic nonfinancial sectors is projected to increase in the fourth quarter at about the 9 percent annual rate of the third quarter. This would bring growth for the year to around 10-1/4 percent, in the middle of the Committee's 8-1/2 to 11-1/2 percent monitoring range. Borrowing by the U.S. Government is expected to continue at about the pace of the third quarter as an increased deficit is financed by the Treasury drawing down its unusually large cash balance. The increase in household mortgage indebtedness should also be roughly the same in the fourth quarter as in the third, but consumer installment credit may pick up a little further with the strengthening in consumer durables purchases. Business borrowing may remain modest as a quite moderate growth in investment spending is accompanied by a further rise in profits.

(15) Alternative A contemplates that the federal funds rate would need to fall to an area just above the current 8-1/2 percent

discount rate--with a drop in borrowing to the \$200 to \$400 million range-- if the Committee were to seek the more rapid growth rates in money specified by this alternative. These specifications include a 9 percent M1 and 9-1/2 percent M2 growth from September to December; such growth rates would leave M1 in the upper part of its long-run range in the fourth quarter on average, and M2 close to its midpoint. M3 would approach its upper limit.

(16) A substantial rally in financial markets would probably accompany an easing in bank reserve positions of the dimensions suggested in alternative A, with the 3-month bill rate falling to the neighborhood of 8-1/4 percent. A further decline in CD rates would put downward pressure on the prime rate, which might be reduced 1/2 percentage point, or perhaps somewhat more, given the relatively wide spread that already has developed between the prime and short-term market rates. The easing in market conditions would probably lead to resumption of balance sheet restructuring by businesses through increased issuance of bonds--and also of stocks as equity prices tended to improve along with the drop in bond yields. The downward pressure on mortgage rates that would be generated under this alternative would tend to limit the drop in housing starts that currently seems in store. The foreign exchange value of the dollar would decline further.

(17) Whether the rate declines contemplated under alternative A, with money market rates hovering around the current discount rate, would be sustained into next year is, at this point, questionable. Assuming moderate continuing strength in the economy, interest rates might have to rise later this year or early next to begin restraining M1 and M2 growth to rates within the Committee's reduced longer-run

ranges for 1984 tentatively set at 4 to 8 percent and 6-1/2 to 9-1/2 percent, respectively.

(18) Alternative C--which calls for some tightening of money market conditions in the period ahead--would tend to restrain M2 growth within the lower part of its longer-run range, while bringing M1 growth to its midpoint. This alternative implies M1 growth at 5 percent from September to December, about the same as in the previous three months, while M2 and M3 growth would accelerate only modestly.

(19) The federal funds rate under alternative C would be expected to rise to around 10 per cent, with discount window borrowing rising to around \$1 billion, as reserve provision is constrained relative to demand. Other market interest rates would move up substantially. The 3-month bill might increase to around 9-1/2 percent, and yields on bonds and mortgages would adjust upward by perhaps 50 to 75 basis points over the near term. Over a longer horizon, though, with higher interest rates damping money demand and probably slowing the economic expansion relative to staff forecasts, interest rate increases might be expected at least to be reversed and perhaps move to levels somewhat below those currently prevailing to sustain a moderate pace of economic recovery next year.

Directive language

(20) Given below is a suggested operational paragraph for the directive, with proposed deletions of language and the numerical specifications adopted at the meeting on August 23 shown in strike-through form.

The Committee seeks in the short run to (maintain/INCREASE SLIGHTLY/DECREASE SLIGHTLY) the existing degree of reserve restraint. The action is expected to be associated with growth of M2 and M3 at annual rates of around 8 ___ AND ___ percent RESPECTIVELY from ~~June-to~~ September TO DECEMBER, consistent with the targets established for these aggregates for the year. Depending on evidence about the strength of economic recovery and other factors bearing on the business and inflation outlook, lesser restraint would be acceptable in the context of a significant shortfall in growth of the aggregates from current expectations, while somewhat greater restraint would be acceptable should the aggregates expand more rapidly. The Committee anticipates that a ~~deceleration-in~~ M1 growth ~~to~~ AT an annual rate of around 7 ___ percent from ~~June-to~~ September TO DECEMBER will be consistent with its ~~third~~ FOURTH-quarter objectives for the broader aggregates, and that expansion in total domestic nonfinancial debt would remain within the ranges established for the year. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of ~~6-to-10~~ ___ to ___ percent.

Net Changes in System Holdings of Securities¹

October 3, 1983

Millions of dollars, not seasonally adjusted

Period	Treasury bills net change ²	Treasury coupons net purchases ³					Federal agencies net purchases ⁴					Net change outright holdings total ⁵	Net RPs ⁶
		within 1-year	1-5	5-10	over 10	total	within 1-year	1-5	5-10	over 10	total		
1978	870	1,184	4,188	1,526	1,063	7,962	-47	45	104	24	127	8,724	-1,774
1979	6,243	603	3,456	523	454	5,035	131	317	5	--	454	10,290	-2,597
1980	-3,052	912	2,138	703	811	4,564	217	308	29	24	668	2,035	2,462
1981	5,337	294	1,702	393	379	2,768	133	360	--	--	494	8,491	684
1982	5,698	312	1,794	388	307	2,803	--	--	--	--	--	8,312	1,461
1982--Qtr. I	-4,329	20	50	--	--	70	--	--	--	--	--	-4,371	-999
II	5,585	-68	570	81	52	635	--	--	--	--	--	6,208	-5,375
III	150	71	891	113	123	1,198	--	--	--	--	--	1,295	7,855
IV	4,292	88	485	194	132	900	--	--	--	--	--	5,179	-20
1983--Qtr. I	-1,403	--	--	--	--	--	--	--	--	--	--	-1,425	-3,325
II	5,116	173	595	326	108	1,203	--	--	--	--	--	6,208	-793
1983--Mar.	1,259	--	--	--	--	--	--	--	--	--	--	1,250	-168
Apr.	2,880	--	--	--	--	--	--	--	--	--	--	2,873	2,971
May	516	173	595	326	108	1,203	--	--	--	--	--	1,718	-3,041
June	1,721	--	--	--	--	--	--	--	--	--	--	1,617	-723
July	666	156	481	215	124	975	--	--	--	--	--	1,632	523
Aug.	1,480	--	--	--	--	--	--	--	--	--	--	1,341	1,152
1983--July 6	267	--	--	--	--	--	--	--	--	--	--	267	3,081
13	193	156	481	215	124	975	--	--	--	--	--	1,158	-969
20	159	--	--	--	--	--	--	--	--	--	--	159	3,689
27	83	--	--	--	--	--	--	--	--	--	--	83	-4,706
Aug. 3	86	--	--	--	--	--	--	--	--	--	--	86	736
10	942	--	--	--	--	--	--	--	--	--	--	942	-15
17	560	--	--	--	--	--	--	--	--	--	--	560	-837
24	266	--	--	--	--	--	--	--	--	--	--	266	-542
31	-289	--	--	--	--	--	--	--	--	--	--	427	2,479
Sept. 7	-714	--	--	--	--	--	--	--	--	--	--	-714	2,879
14	50	--	--	--	--	--	--	--	--	--	--	45	-4,312
21	2,636	--	--	--	--	--	--	--	--	--	--	2,636	2,346
28	153	--	--	--	--	--	--	--	--	--	--	153	-133
LEVEL--Sept. 28	66.0	19.1	32.9	13.7	17.6	83.3	2.7	4.3	1.2	.5	8.7	158.0	.5

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 the net purchases of securities, also reflects changes in System holdings of bankers' acceptances, direct Treasury borrowing from the System and redemptions (-) of agency and Treasury coupon issues.

6 Includes changes in RPs (+), matched sale-purchase transactions (-), and matched purchase-sale transactions (+).

Selected Interest Rates

Percent

October 3, 1983

Period	Short-Term								Long-Term							
	federal funds	Treasury bills secondary market			CDs secondary market 3-month	comm. paper 1-month	money market mutual fund	bank prime loan	U.S. government constant maturity yields			corporate Aaa utility recently offered	municipal Bond Buyer	home mortgages		
		3-month	6-month	1-year					3-year	10-year	30-year			conventional at S & Ls	FHA/VA ceiling	GNMA security
		1	2	3					4	5	6					
1982--High	15.61	14.41	14.23	13.51	15.84	15.56	13.89	16.86	15.01	14.81	14.63	16.34	13.44	17.66	16.50	15.56
Low	8.69	7.43	7.84	8.12	8.53	8.19	8.09	11.50	9.81	10.46	10.42	11.75	9.25	13.57	12.00	12.41
1983--High	10.21	9.49	9.64	9.79	9.93	9.53	8.78	11.50	11.57	12.14	12.11	12.90	9.85	13.89	13.50	13.42
Low	8.42	7.63	7.72	7.82	8.15	8.07	7.71	10.50	9.40	10.18	10.32	11.03	8.78	12.55	11.50	11.53
1982--Aug.	10.12	8.68	9.88	10.37	10.61	9.50	11.02	14.39	12.62	13.06	12.77	14.47	11.23	16.27	15.13	14.51
Sept.	10.31	7.92	9.37	9.92	10.66	9.96	9.73	13.50	12.03	12.34	12.07	13.57	10.66	15.43	13.80	13.57
Oct.	9.71	7.71	8.29	8.63	9.51	9.08	9.16	12.52	10.62	10.91	11.17	12.34	9.69	14.61	12.75	12.83
Nov.	9.20	8.07	8.34	8.44	8.95	8.66	8.54	11.85	9.98	10.55	10.54	11.88	10.06	13.83	12.25	12.66
Dec.	8.05	7.94	8.16	8.23	8.66	8.53	8.22	11.50	9.88	10.54	10.54	11.91	9.96	13.62	12.00	12.60
1983--Jan.	8.68	7.86	7.93	8.01	8.36	8.19	7.96	11.16	9.64	10.46	10.63	11.84	9.50	13.25	12.00	12.06
Feb.	8.51	8.11	8.23	8.28	8.54	8.30	7.79	10.98	9.91	10.72	10.88	12.09	9.58	13.04	12.00	11.94
Mar.	8.77	8.35	8.37	8.36	8.69	8.56	7.77	10.50	9.84	10.51	10.63	11.74	9.20	12.80	12.00	11.87
Apr.	8.80	8.21	8.30	8.29	8.63	8.58	7.96	10.50	9.76	10.40	10.48	11.50	9.05	12.78	12.00	12.06
May	8.63	8.19	8.22	8.23	8.49	8.36	7.83	10.50	9.66	10.38	10.53	11.37	9.11	12.63	11.60	11.72
June	8.98	8.79	8.89	8.87	9.20	8.97	8.01	10.50	10.32	10.85	10.93	11.81	9.52	12.87	12.00	12.09
July	9.37	9.08	9.26	9.34	9.50	9.15	8.34	10.50	10.90	11.38	11.40	12.39	9.53	13.42	12.36	12.54
Aug.	9.56	9.34	9.51	9.60	9.77	9.41	n.a.	10.89	11.30	11.85	11.82	12.75	9.72	13.81	13.30	13.01
1983--July 6	9.39	8.89	9.02	9.03	9.32	9.10	8.22	10.50	10.57	11.07	11.12	12.25	9.55	13.30	12.00	12.24
13	9.21	9.10	9.30	9.37	9.50	9.14	8.24	10.50	10.85	11.34	11.37	12.30	9.54	13.50	12.50	12.58
20	9.43	9.11	9.28	9.37	9.55	9.19	8.36	10.50	10.95	11.39	11.37	12.37	9.44	13.58	12.50	12.61
27	9.46	9.08	9.25	9.35	9.52	9.16	8.44	10.50	10.96	11.43	11.45	12.62	9.60	13.65	12.50	12.73
Aug. 3	9.59	9.31	9.51	9.63	9.71	9.32	8.47	10.50	11.25	11.79	11.79	12.86	9.74	13.73	13.50	13.15
10	9.66	9.49	9.64	9.79	9.93	9.53	8.57	10.71	11.57	12.14	12.11	12.90	9.85	13.84	13.50	13.42
17	9.67	9.43	9.54	9.63	9.89	9.54	8.73	11.00	11.32	11.82	11.78	12.68	9.70	13.89	13.50	12.96
24	9.41	9.22	9.34	9.38	9.59	9.29	8.73	11.00	11.05	11.61	11.60	12.53	9.59	13.78	13.00	12.64
31	9.44	9.21	9.46	9.55	9.63	9.25	8.70	11.00	11.27	11.80	11.77	12.80	9.75	13.77	13.00	12.87
Sept. 7	9.53	9.19	9.44	9.57	9.65	9.36	8.78	11.00	11.35	11.88	11.86	12.59	9.67	13.77	13.00	13.04
14	9.54	9.10	9.26	9.36	9.43	9.26	8.78	11.00	11.14	11.69	11.67	12.55	9.62	13.72	13.00	12.67
21	9.48	9.02	9.13	9.25	9.42	9.27	8.78	11.00	11.09	11.67	11.65	12.31	9.42	13.72	13.00	12.69
28	9.04	8.81	8.91	9.05	9.22	8.97	8.66	11.00	10.86	11.49	11.47	12.38	9.46	13.65	13.00	12.52
Daily--Sept. 23	9.08	8.88	8.93	9.07	9.27	9.06	--	11.00	10.89	11.49	11.47	--	--	--	--	--
29	9.68	8.81	8.95	9.10	9.20	9.03	--	11.00	10.87	11.50	11.48	--	--	--	--	--
30	10.64p	8.71	8.88	9.04	9.15	9.14	--	11.00	10.81p	11.44p	11.44p	--	--	--	--	--

NOTE: Weekly data for columns 1 through 11 are statement week averages. Data in column 7 are taken from Donoghue Money Fund Report. Columns 12 and 13 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 14 is an average of contract interest rates on commitments for conventional first mortgages with 80 percent loan-to-value ratios made by a sample of

insured savings and loan associations on the Friday following the end of the statement week. 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.

Security Dealer Positions

Millions of dollars

October 3, 1983

Period	Net ¹ Total	Cash Positions					Forward and Futures Positions				
		Treasury bills	Treasury coupons		federal agency	private short-term	Treasury bills	Treasury coupons		federal agency	private short-term
			under 1 year	over 1 year				under 1 year	over 1 year		
1982--High	49,437	11,156	679	8,169	6,281	16,213	7,674	36	-687	-526	853
Low	-18,698	-2,151	-747	1,005	1,955	6,758	-11,077	-56	-4,182	-2,715	-6,455
1983--High	20,856	13,273	473	7,108	8,641	15,658	1,654	14	-325	-848	-4,863
Low	-348	-478	-687	-1,265	4,013	8,839	-10,310	-95	-3,225	-4,286	-9,564
1982--Aug.	24,048	1,330	-630	4,256	3,556	14,701	6,243	-29	-2,794	-1,507	-1,077
Sept.	14,300	275	-534	2,365	4,416	12,801	3,161	-21	-1,286	-2,259	-4,618
Oct.	18,880	1,156	109	3,233	5,285	13,371	5,285	-14	-1,648	-2,404	-5,493
Nov.	17,317	3,654	497	4,268	5,684	11,821	1,461	-9	-3,218	-2,371	-4,468
Dec.	18,876	8,732	428	5,655	5,949	14,046	-5,519	-29	-2,898	-2,443	-5,045
1983--Jan.	13,041	9,962	-232	4,950	5,125	13,166	-7,782	-50	-2,766	-2,654	-6,677
Feb.	16,604	10,534	-428	4,061	4,455	11,477	-3,631	-70	-1,807	-2,099	-5,886
Mar.	15,934	9,544	3	1,852	4,855	12,087	-1,734	-4	-2,357	-1,988	-6,325
Apr.	8,706	7,775	-371	1,610	5,278	11,753	-7,508	-9	-2,479	-1,482	-5,860
May	5,330	4,449	31	1,818	5,694	10,914	-6,994	0	-2,628	-1,666	-6,288
June	7,615	3,657	63	157	5,631	9,787	-914	-23	-722	-1,598	-8,423
July	3,004	411	126	35	6,919	10,275	-2,634	-6	-1,641	-1,815	-8,665
Aug.	7,535*	880*	-198*	2,577*	7,994*	10,358*	-1,850*	-3*	-2,706*	-3,619*	-5,899*
July 6	5,482	500	133	303	5,583	10,474	-1,455	-6	-503	-848	-8,698
13	4,527	1,554	167	-1,265	6,520	10,513	-1,385	-7	-632	-1,564	-9,374
20	2,474	1,044	108	-614	7,434	10,488	-2,305	-6	-2,007	-2,103	-9,564
27	1,909	-478	95	1,666	7,440	10,003	-4,381	-6	-2,694	-2,016	-7,720
Aug. 3	4,724	189	125	794	7,462	10,141	-1,356	-9	-2,599	-2,631	-7,391
10	11,913	606	201	3,024	8,423	10,536	1,654	-5	-3,046	-2,838	-6,643
17	8,733	1,003	-89	2,042	8,641	10,060	-386	0	-2,891	-4,056	-5,591
24	3,846	859	-553	2,537	7,287	9,798	-4,298	-1	-2,541	-3,881	-5,462
31	5,934	958	-541	3,853	7,904	10,961	-5,624	-1	-2,426	-4,286	-4,863
Sept. 7	8,356*	-1,366*	-621*	4,759*	8,559*	12,066*	-3,720*	0*	-2,354*	-4,559*	-4,408*
14	8,535*	1,081*	-494*	3,453*	9,559*	13,854*	-6,321*	0*	-3,276*	-4,780*	-4,542*
21	9,445*	1,519*	-527*	6,436*	9,785*	13,324*	-7,259*	0*	-2,528*	-6,168*	-5,138*
28	11,644*	3,482*	-615*	8,687*	8,659*	12,925*	-9,591*	-1*	-2,151*	-4,263*	-5,490*

NOTE: Government securities dealer cash positions consist of securities already delivered, commitments to buy (sell) securities on an outright basis for immediate delivery (5 business days or less), and certain "when-issued" securities for delayed delivery (more than 5 business days). Futures and forward positions include all other commitments involving delayed delivery; futures contracts are arranged on organized exchanges.

1. Cash plus forward plus futures positions in Treasury, federal agency, and private short-term securities.

* Strictly confidential