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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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## SUPPLEMENTAL NOTES

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### THE DOMESTIC NONFINANCIAL ECONOMY

#### Producer Prices

Producer prices of finished goods rose 0.3 percent in October, in line with increases during the preceding two months. The index for consumer finished foods increased about 1 percent in October, led by higher prices for fresh fruits, vegetables, and beef. Prices of consumer goods excluding food were little changed on average. The index for capital equipment rose 0.3 percent in October, after a similar decline in September. At earlier stages of processing, increases for intermediate materials excluding food and energy remained quite moderate (up 0.2 percent) continuing the pattern seen throughout the year, while the index for crude nonfood materials (less energy) edged down over the month.

Retail Sales

Retail sales rose 1.1 percent in October, following a downward revised 1.3 percent advance in September. Part of the October sales gain reflected a strong increase in outlays at the automotive grouping of stores. Retail sales excluding autos (as well as nonconsumer items and gasoline) rose 0.7 percent in October, slightly more rapid than the 0.5 percent average monthly advance during the third quarter. Spending increases were widespread, with especially large gains reported for furniture and appliance outlets and apparel stores.

**RECENT CHANGES IN PRODUCER PRICES**  
(Percentage change at annual rates; based on seasonally adjusted data)<sup>1</sup>

	Relative Importance Dec. 1982	1981	1982	1983				
				Q1	Q2	Q3	Sept.	Oct.
Finished goods	100.0	7.1	3.7	-4.7	3.0	2.5	2.1	3.8
Consumer foods	23.7	1.4	2.1	4.1	0.0	1.5	7.8	13.3
Consumer energy	13.2	14.1	-.1	-35.5	11.4	3.7	3.0	-1.7
Other consumer goods	40.5	7.1	5.3	-2.0	3.1	2.9	1.5	0.0
Capital equipment	22.5	9.2	3.9	2.0	1.7	2.5	-3.3	3.3
Intermediate materials <sup>2</sup>	95.2	7.3	.3	-4.7	3.2	5.3	5.6	4.5
Exc. energy	78.8	6.6	.6	.8	2.9	4.0	3.2	2.0
Crude food materials	51.2	-14.0	1.5	18.1	.8	5.9	1.9	2.8
Crude energy	34.4	22.8	2.6	-9.2	-5.1	-1.5	3.4	-12.3
Other crude materials	14.4	-11.4	-7.6	-16.2	61.9	20.2	21.5	-3.6

1. Changes are from final month of preceding period to final month of period indicated; monthly changes are not compounded.

2. Excludes materials for food manufacturing and animal feeds.

**RETAIL SALES**  
(Percent change from previous period;  
based on seasonally adjusted data)

	1983					
	Q1	Q2	Q3	Aug.	Sept.	Oct.
Total sales	.3	5.9	1.2	-1.7	1.3	1.1
(Real) <sup>1</sup>	.3	4.9	.2	-2.1	1.0	--
Total, less automotive group and nonconsumer stores	.6	3.0	2.1	.2	.6	.6
Total, less automotive group, nonconsumer stores, and gasoline stations	1.3	2.9	2.0	.1	.8	.7
GAF <sup>2</sup>	1.2	4.2	1.2	.0	.6	1.1
Durable	.4	12.4	-.1	-5.1	3.5	2.9
Automotive Group	-2.6	17.6	-2.4	-9.1	5.6	3.5
Furniture & appliances	3.2	4.0	4.5	1.0	.5	2.3
Nondurable	.3	3.0	1.7	-.1	.3	.2
Apparel	-.4	7.2	-2.2	-1.3	.2	1.4
Food	-.3	2.6	1.7	-.7	-.1	.3
General merchandise <sup>3</sup>	1.2	3.1	1.4	.2	.8	.5
Gasoline stations	-4.3	3.8	3.2	1.3	-1.2	-.6

1. BCD series 59. Data are available approximately 3 weeks following the retail sales release.

2. General merchandise, apparel, furniture and appliance stores.

3. General merchandise excludes mail-order nonstores; mail-order sales are also excluded in the GAF grouping.

MONETARY AGGREGATES  
(Based on seasonally adjusted data unless otherwise noted)<sup>1</sup>

	1983					Rounded	Level in billions of dollars Sept. 1983
	Q1	Q2	Q3	Aug.	Sept.		
----- Percentage change at annual rates -----							
<u>Money stock measures</u>							
1. M1	14.1	12.2	8.9	2.8	0.9	1	517.1
2. (M1) <sup>3</sup>	(13.8)	(12.6)	(6.6)	(7.0)	(-0.5)	(4)	515.0
3. M2	20.3	10.1	7.8	6.0	4.6	9	2145.1
4. M3	10.2	8.1	8.2	8.7	7.2	8	2543.4
<u>Selected components</u>							
5. Currency	10.9	10.6	7.8	7.7	10.2	10	143.0
6. Demand deposits	2.7	4.0	4.6	-6.3	-5.4	-3	243.4
7. Other checkable deposits	46.2	30.6	19.4	15.5	1.9	-1	126.0
8. M2 minus M1 (9+10+11+14)	22.4	9.4	7.5	7.0	5.8	11	1628.0
9. Overnight RPs and Eurodollars, NSA <sup>4</sup>	34.2	47.3	-10.4	-15.9	16.2	75	52.7
10. General purpose and broker/dealer money market mutual fund shares, NSA	-57.5	-44.0	-11.2	4.3	-14.7	3	137.5
11. Commercial banks	57.8	16.5	12.3	9.3	10.1	13	693.8
12. Savings deposits, SA, plus MMDAs, NSA <sup>5</sup>	296.1	62.4	10.1	-2.7	4.0	3	356.9
13. Small time deposits	-48.5	-24.1	14.9	22.4	17.3	23	337.0
14. Thrift institutions	14.7	12.4	8.0	6.4	5.0	7	751.4
15. Savings deposits, SA, plus MMDAs, NSA <sup>5</sup>	171.0	56.8	2.8	-10.0	-6.9	-8	330.7
16. Small time deposits	-51.0	-18.0	12.3	20.0	14.4	19	420.7
17. M3 minus M2 (18+21+22)	-36.5	-2.3	10.5	23.4	21.2	3	398.3
18. Large time deposits	-43.0	-0.5	13.9	23.6	24.3	8	317.9
19. At commercial banks, net <sup>6</sup>	-49.9	-15.6	-4.2	3.7	3.7	-15	227.1
20. At thrift institutions	-14.6	55.4	71.9	78.1	80.4	63	90.8
21. Institution-only money market mutual fund shares, NSA	-32.7	-41.9	-14.9	-6.2	21.9	25	39.1
22. Term RPs, NSA	19.4	31.2	0.0	56.1	2.7	-40	44.9

-- Average monthly change in billions of dollars --

MEMORANDA:

23. Managed liabilities at commercial banks (24+25)	-18.8	-0.2	-2.9	4.6	0.7	-10	366.5
24. Large time deposits, gross	-16.5	-4.3	-1.2	-0.7	-0.9	-5	283.3
25. Nondeposit funds	-2.3	4.1	-1.7	5.3	1.6	-5	83.2
26. Net due to related foreign institutions, NSA	-4.8	2.4	1.2	7.1	0.4	-5	-51.5
27. Other <sup>7</sup>	2.5	1.7	-2.9	-1.9	1.3	0	134.7
28. U.S. government deposits at commercial banks <sup>8</sup>	0.2	0.2	1.2	-3.4	-4.1	5	16.5

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.

2a. Estimate based on complete data through October 26 and partial data for later in the month.

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

4. 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.

5. Beginning December, 1982, growth rates are for savings deposits, seasonally adjusted, plus money market deposit accounts (MMDAs), not seasonally adjusted. Commercial bank savings deposits excluding MMDAs declined during August, September, and October at rates of 11.2, 8.7 and 10.5 respectively. At thrift institutions, savings deposits excluding MMDAs declined during August, September and October at rates of 0.7, 3.3, and 2.6 respectively.

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

7. Consists of 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 (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.



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

	1983						Levels in bil. of dollars Oct. 1983 <sup>P</sup>
	Q1	Q2	Q3	Aug.	Sept.	Oct. <sup>P</sup>	
----- Commercial Bank Credit -----							
1. Total loans and securities at banks <sup>2</sup>	10.7	9.9	8.6	11.2	4.9	9.6	1534.6
2. Securities	25.6	23.9	6.3	9.1	4.8	13.6	428.7
3. Treasury securities	61.1	53.5	13.3	10.4	17.2	35.3	182.1
4. Other securities	5.3	5.8	1.3	8.3	-3.4	-2.4	246.6
5. Total loans <sup>2</sup>	5.7	4.8	9.5	11.9	4.9	8.1	1105.9
6. Business loans <sup>2</sup>	3.9	-1.3	7.6	10.1	0.3	6.9	407.0
7. Security loans	-34.0	-5.3	25.1	-35.4	36.5	60.8	24.9
8. Real estate loans	7.1	9.7	11.6	11.6	13.8	9.9	328.9
9. Consumer loans	6.3	10.3	15.8	14.2	12.8	24.3	211.9
----- Short- and Intermediate-Term Business Credit -----							
10. Total short- and intermediate-term business credit (sum of lines 14, 15 and 16)	-3.1	-1.5	n.a.	12.1	n.a.	n.a.	n.a.
11. Business loans net of bankers acceptances	3.0	-0.4	7.4	10.0	0.9	5.2	398.1
12. Commercial paper issued by non-financial firms <sup>3</sup>	-33.1	-23.5	5.4	10.8	18.8	21.1	46.2
13. Sum of lines 11 & 12	-0.4	-2.8	7.1	10.1	2.6	7.6	444.3
14. Line 13 plus loans at foreign branches <sup>4</sup>	0.3	-2.2	6.9	9.2	3.8	9.6	462.3
15. Finance company loans to business <sup>5</sup>	4.0	7.8	n.a.	10.0	n.a.	n.a.	n.a.
16. Total bankers acceptances outstanding <sup>5</sup>	-30.9	-7.3	n.a.	40.0	n.a.	n.a.	n.a.

<sup>P</sup>—preliminary

n.a.—not available.

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. Average of Wednesdays.

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

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

SELECTED FINANCIAL MARKET QUOTATIONS<sup>1</sup>  
(Percent)

	1982		1983				Change from:	
	Highs	FOMC Dec. 21	Recent low	FOMC Aug. 23	FOMC Oct. 4	FOMC Nov. 9	Recent low	FOMC Oct. 4
<u>Short-term rates</u>								
Federal funds <sup>2</sup>	15.61	8.69	8.48	9.41	10.00	9.36	.88	-.64
Treasury bills								
3-month	14.57	7.90	7.96	9.19	8.65	8.78	.82	.13
6-month	14.36	8.01	7.97	9.33	8.86	8.97	1.00	.11
1-year	13.55	8.11	7.95	9.37	9.00	9.10	1.15	.10
Commercial paper								
1-month	15.73	8.48	8.17	9.24	9.05	9.16	.99	.11
3-month	15.61	8.43	8.13	9.34	9.02	9.15	1.02	.13
Large negotiable CDs <sup>3</sup>								
1-month	15.94	8.59	8.26	9.37	9.13	9.26	1.00	-.13
3-month	16.14	8.62	8.26	9.50	9.18	9.40	1.14	.22
6-month	16.18	8.78	8.29	9.81	9.36	9.55	1.26	.19
Eurodollar deposits <sup>2</sup>								
1-month	16.36	9.44	8.68	9.73	9.38	9.55	.87	.17
3-month	16.53	9.56	8.71	10.04	9.48	9.84	1.13	.36
Bank prime rate	17.00	11.50	10.50	11.00	11.00	11.00	.50	0
Treasury bill futures								
Dec. 1983 contract	13.97	8.98	8.21	9.61	8.89	8.99	.78	.10
June 1984 contract	13.50	9.56	8.53	10.09	9.55	9.75	1.22	.20
<u>Intermediate- and long-term rates</u>								
U.S. Treasury (constant maturity)								
3-year	15.16	9.87	9.36	11.02	10.82	11.06	1.70	.24
10-year	14.95	10.54	10.12	11.57	11.46	11.84	1.72	.38
30-year	14.80	10.53	10.27	11.56	11.47	11.87	1.60	.40
Municipal (Bond Buyer)	13.44	10.05 <sup>4</sup>	8.78	9.70 <sup>4</sup>	9.46 <sup>4</sup>	9.79 <sup>4</sup>	1.01	.33
Corporate--Aaa utility Recently offered	16.34	11.96e	11.03	12.50e	12.38e	12.78	1.75	.40
S&L fixed-rate mortgage commitment	17.66	13.63 <sup>5</sup>	12.55	13.89 <sup>5</sup>	13.65 <sup>5</sup>	13.42 <sup>5</sup>	.87	-.23
	1982		1983			Percent change from		
	Lows	Highs	FOMC Aug. 23	FOMC Oct. 4	FOMC Nov. 9	1983 high	FOMC Oct. 4	
<u>Stock prices</u>								
Dow-Jones Industrial	776.92	1248.30	1192.89	1236.69	1232.52	-1.3	-.3	
NYSE Composite	58.80	99.01	94.27	96.24	94.44	-4.6	-1.9	
AMEX Composite	118.65	246.38	229.67	229.41	215.28	-12.6	-6.2	
NASDAQ (OTC)	159.14	328.91	293.66	294.81	271.00	-17.6	-8.1	

1. One-day quotes except as noted.

2. Averages for statement week closest to date shown.

3. Secondary market.

4. One-day quotes for preceding Thursd.

5. One-day quotes for preceding Friday

p--preliminary. e--estimated.