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CLASS III - FOMC

August 14, 1992

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

Consumer Attitudes

According to preliminary data, the University of Michigan's composite index of consumer sentiment edged down 1.3 index points in early August. These results are based on about two-thirds of the sample of participants. The current conditions component of the composite index fell 7.4 index points, reflecting respondents' less favorable perceptions of personal financial conditions and buying conditions for large household durables. These declines were largely offset in the composite index by more favorable views of future business conditions. Respondents expect inflation to be 3.9 percent over the next twelve months, the same rate expected last month. Long-run inflation expectations rose 0.3 percentage point to 5.0 percent.

Retail Inventories

In current-cost terms, retail inventories rose at an annual rate of $25.0 billion in June after a $7.7 billion decline in May. With a 0.3 percent drop in sales, the retailers' inventory-sales ratio rose from 1.55 to 1.57 months. Excluding auto dealers, stocks rose $16.6 billion in June and the inventory-sales ratio moved up to 1.48 months--near the high end of the range of the past year. The June inventory accumulation was almost equally spread between durable and nondurable goods, with the largest increases reported by general merchandise stores and automotive dealers.

For all manufacturing and trade, inventories rose in June at a $64.1 billion annual rate in current-cost terms. Total shipments and sales rose 1.6 percent in June, and the overall inventory-sales ratio moved down slightly to 1.50 months.

Over the second quarter, retail inventories excluding autos rose at an annual rate of $11.7 billion in current-cost terms, $2.6 billion more than BEA's assumption when the advance GDP estimate was prepared. For all manufacturing and trade excluding autos, Census data now show an accumulation of $19.9 billion at an annual rate (in current-cost terms), about $7 billion above BEA's earlier assumptions; these data imply an upward revision to nonfarm inventory investment excluding auto dealers' stocks of approximately $6 billion in real terms.

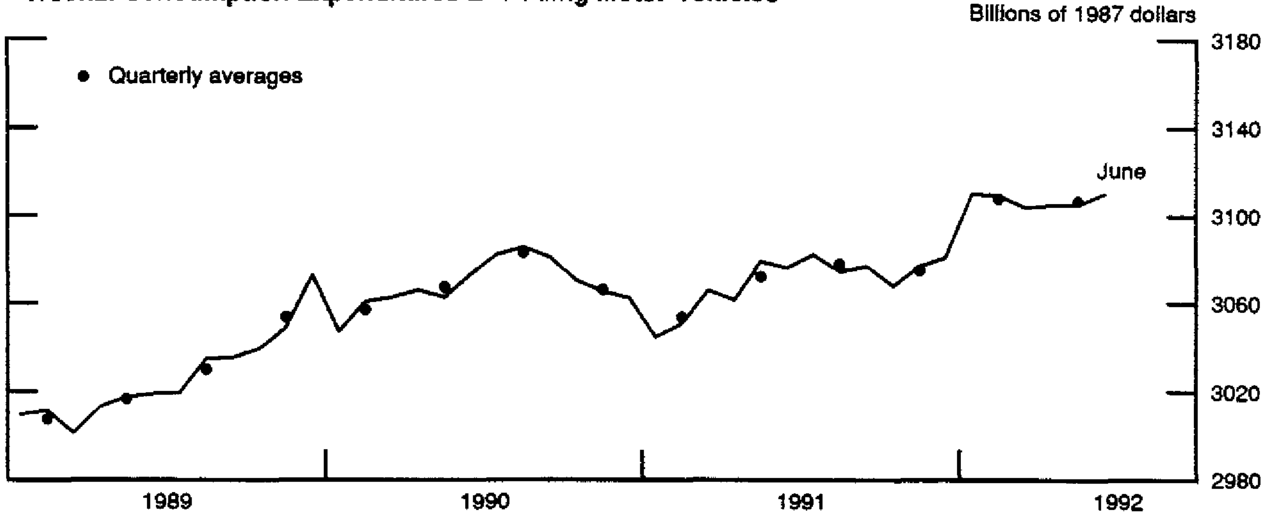
August 14, 1992

UNIVERSITY OF MICHIGAN SURVEY RESEARCH CENTER: SURVEY OF CONSUMER ATTITUDES
(Not seasonally adjusted)

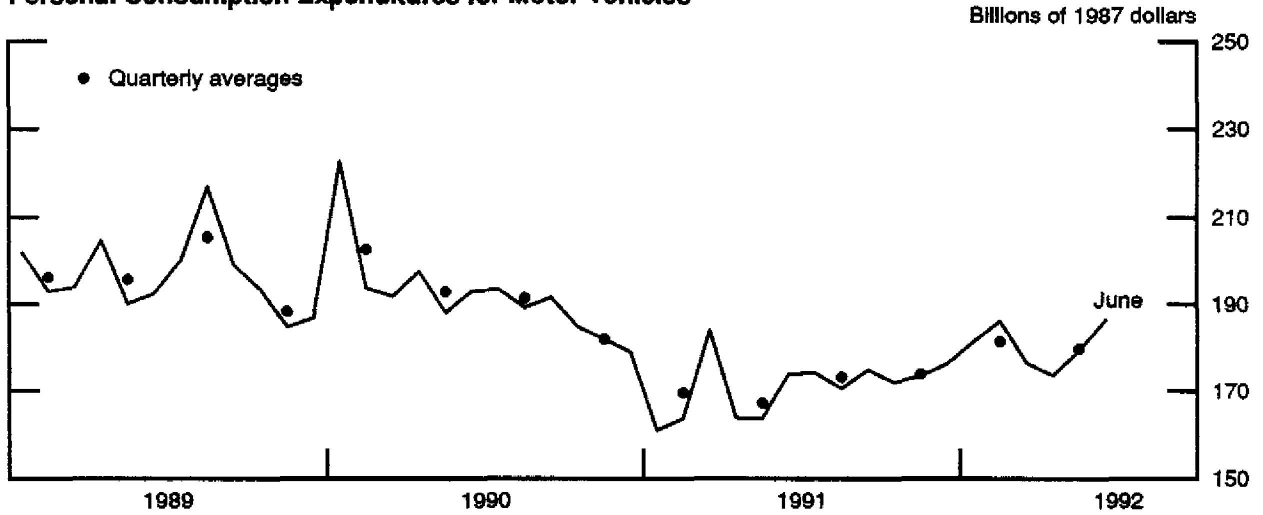
	1991 Dec	1992 Jan	1992 Feb	1992 Mar	1992 Apr	1992 May	1992 Jun	1992 Jul	1992 Aug (p)
Indexes of consumer sentiment (Feb. 1966=100)									
Composite of current and expected conditions	68.2	67.5	68.8	76.0	77.2	79.2	80.4	76.6	75.3
Current conditions	78.7	80.5	79.7	84.9	87.7	91.5	95.4	90.6	83.2
Expected conditions	61.5	59.1	61.8	70.3	70.5	71.2	70.7	67.6	70.2
Personal financial situation									
Now compared with 12 months ago*	88	90	91	93	97	97	100	96	87
Expected in 12 months*	115	119	123	113	129	122	125	125	120
Expected business conditions									
Next 12 months*	67	53	60	90	87	92	88	78	83
Next 5 years*	64	63	63	77	66	70	70	66	78
Appraisal of buying conditions									
Cars	113	123	126	125	131	135	144	128	124
Large household appliances*	114	117	114	126	130	139	147	138	127
Houses	141	155	163	153	162	159	163	153	159
Willingness to use credit	36	37	39	39	31	45	38	39	43
Willingness to use savings	50	46	47	53	54	59	67	58	61
Average expected increase in prices during the next 12 months	4.0	3.5	3.5	3.3	3.7	3.4	4.2	3.9	3.9
Average expected increase in prices (per year) over the next 5 to 10 years	4.8	5.4	4.5	4.6	4.9	5.5	4.7	4.7	5.0

* -- Indicates the question is one of the five equally-weighted components of the index of sentiment.
(p) -- Preliminary
(f) -- Final
Note: Figures on financial, business, and buying conditions are the percent reporting 'good times' (or 'better') minus the percent reporting 'bad times' (or 'worse'), plus 100. Asterisk (*) indicates the question is one of the five equally-weighted components of the index of sentiment.

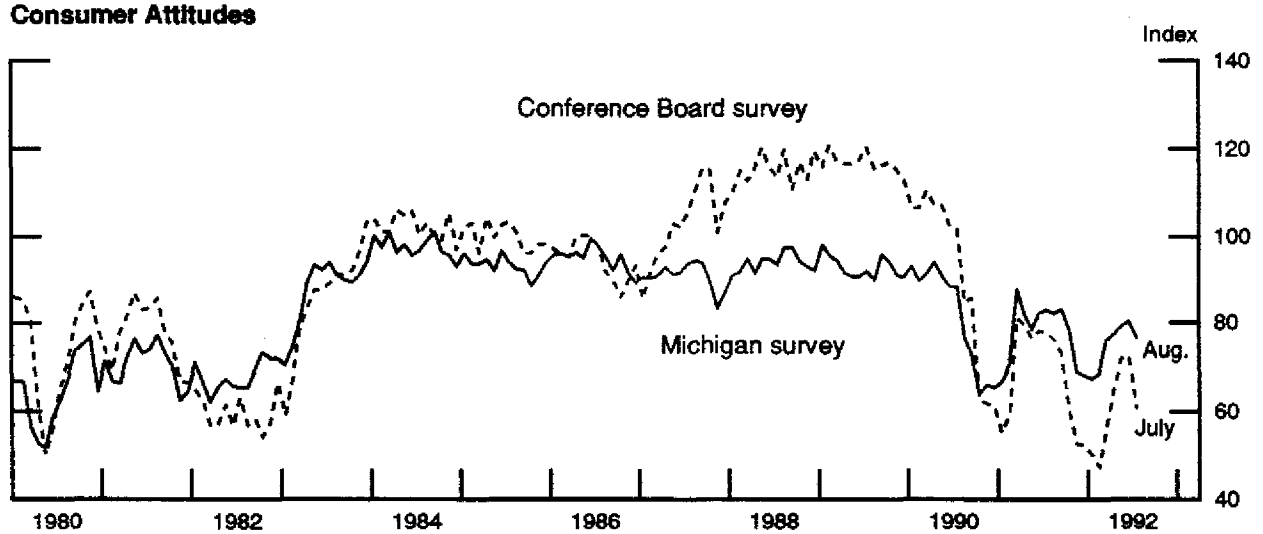
Personal Consumption Expenditures Excluding Motor Vehicles



Personal Consumption Expenditures for Motor Vehicles



Consumer Attitudes



CHANGES IN MANUFACTURING AND TRADE INVENTORIES
(Billions of dollars at annual rates;
based on seasonally adjusted data)

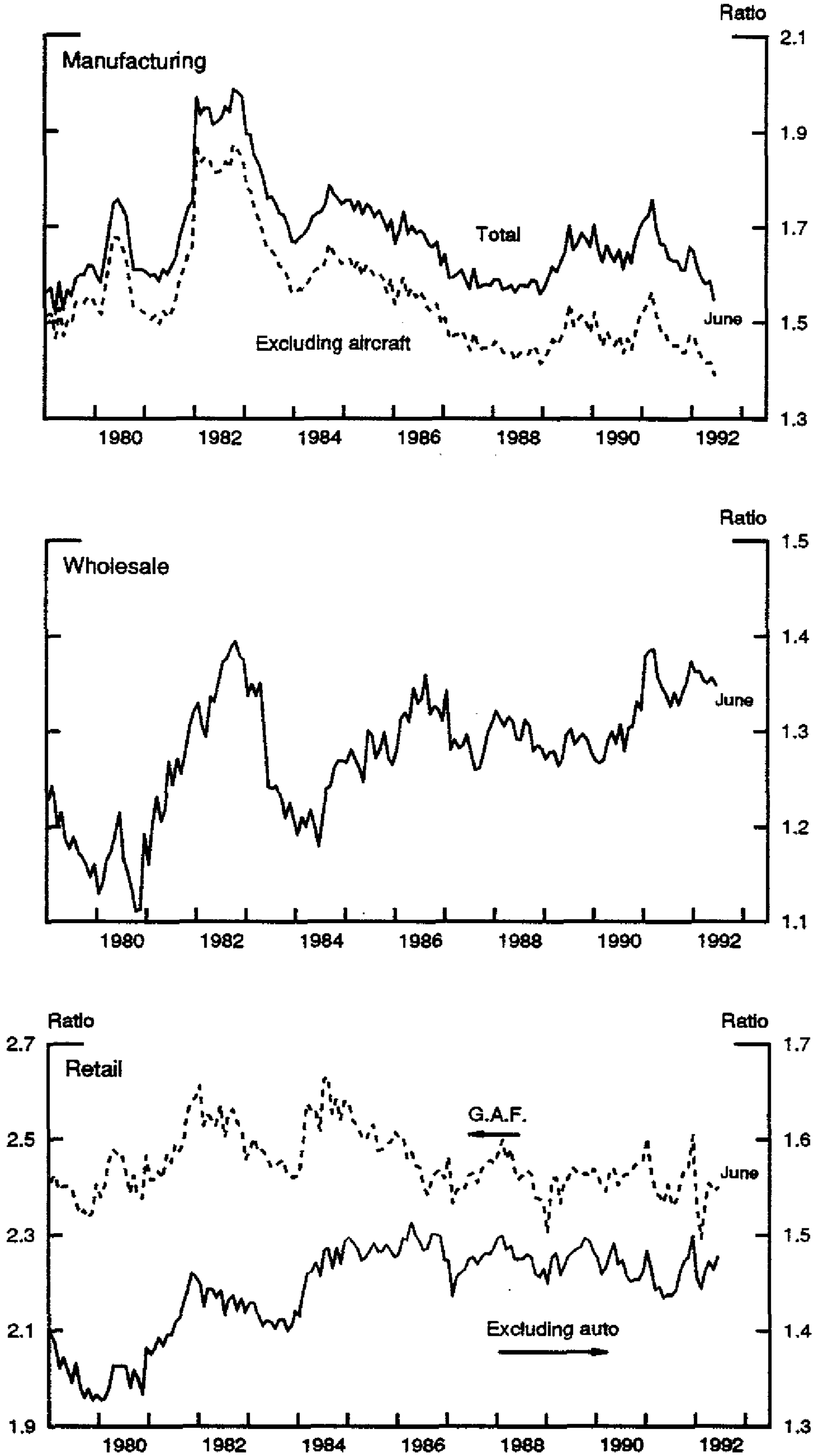
	1991	1992		1992		
	Q4	Q1	Q2	Apr.	May	June
Current-cost basis						
Total	23.1	-7.9	28.7	29.1	-7.2	64.1
Excluding auto dealers	22.1	-13.7	19.8	6.2	-2.4	55.7
Manufacturing	-14.0	-11.2	-1.4	-12.4	13.0	-4.9
Excluding aircraft	-7.0	-7.1	8.2	.2	16.3	8.2
Wholesale	19.9	-1.2	9.5	-2.9	-12.4	43.9
Retail	17.3	4.5	20.6	44.4	-7.7	25.0
Automotive	1.1	5.8	8.8	22.9	-4.8	8.4
Excluding auto dealers	16.2	-1.3	11.7	21.6	-3.0	16.6
Constant-dollar basis						
Total	16.2	-13.2	n.a.	10.8	-1.6	n.a.
Excluding auto dealers	17.0	-18.0	n.a.	-5.3	-5.0	n.a.
Manufacturing	-11.3	-8.7	n.a.	-16.7	4.5	n.a.
Wholesale	15.2	-4.9	n.a.	-4.0	-1.0	n.a.
Retail	12.3	.5	n.a.	31.6	-5.1	n.a.
Automotive	-.9	4.8	n.a.	16.1	3.3	n.a.
Excluding auto dealers	13.1	-4.4	n.a.	15.5	-8.4	n.a.

INVENTORIES RELATIVE TO SALES[1]
(Months supply; based on seasonally adjusted data)

	1991	1992		1992		
	Q4	Q1	Q2	Apr.	May	June
Current-cost basis						
Total	1.54	1.52	1.52	1.51	1.52	1.50
Excluding auto dealers	1.52	1.50	1.49	1.49	1.49	1.47
Manufacturing	1.62	1.62	1.57	1.58	1.59	1.55
Excluding aircraft	1.45	1.45	1.41	1.42	1.42	1.39
Wholesale	1.37	1.36	1.37	1.35	1.36	1.35
Retail	1.58	1.54	1.57	1.57	1.55	1.57
Automotive	1.87	1.85	1.93	1.92	1.90	1.93
Excluding auto dealers	1.50	1.46	1.48	1.47	1.46	1.48

1. Ratio of end of period inventories to average monthly sales for the period.

RATIO OF INVENTORIES TO SALES
(Current-cost data)



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RETAIL SALES
(Seasonally adjusted percentage change)

	1991	1992		1992		
	Q4	Q1	Q2	May	June	July
Total sales	.0	2.7	.2	.5	-.3	.5
Previous estimate			.4	.4	.5	
Retail control[1]	-.7	2.2	.2	.5	-.1	.7
Previous estimate			.2	.2	.3	
Total excl. automotive group	-.6	2.5	.3	.5	-.2	.6
Previous estimate			.2	.2	.1	
GAF[2]	-1.7	5.5	-.7	.5	.4	1.7
Previous estimate			-.8	.4	.3	
Durable goods stores	.9	3.8	.3	.3	-.5	.4
Previous estimate			1.0	.8	.7	
Bldg. material and supply	-.5	7.5	.3	.0	-1.6	.7
Automotive dealers	2.4	3.2	-.3	.4	-.7	.1
Furniture and appliances	-1.8	4.0	-.5	-.8	1.8	1.3
Other durable goods	-1.3	2.5	3.6	1.8	-.2	.1
Nondurable goods stores	-.5	2.0	.1	.5	-.2	.6
Previous estimate			.1	.2	.4	
Apparel	-2.5	4.0	1.9	1.5	1.1	.8
Food	.3	.2	.3	-.5	.0	.1
General merchandise[3]	-1.3	6.8	-1.9	.6	-.5	2.3
Gasoline stations	-1.5	-.9	2.6	2.4	1.3	.2
Other nondurables[4]	.1	1.6	-.1	.7	-1.1	.2

1. Total retail sales less building material and supply stores and automotive dealers, except auto and home supply stores.
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.
4. Includes sales at eating and drinking places, drug and proprietary stores.

THE FINANCIAL ECONOMY

Senior Loan Officer Opinion Survey

The August 1992 Senior Loan Officer Opinion Survey on Bank Lending Practices posed questions about changes in bank lending standards and terms, about the demand for bank loans by businesses and households, about bank capital levels, and about loan sales. Fifty-eight domestic commercial banks and eighteen foreign branches and agencies took part in the survey.

The survey suggests that the market for loans to businesses has not greatly changed over the last three months, while credit availability to households has increased modestly. A large majority of respondents reported no changes in terms and standards for commercial and industrial loans, while the net tightening of standards on real estate loans was smaller than in any recent survey. Most respondents indicated that demand for loans by businesses has been unchanged since May, with a modest number reporting a decline in demand by large and medium-sized borrowers. The respondents also reported little change in the standards for mortgage loans to individuals. On the other hand, a substantial fraction indicated that they are more willing to make loans to individuals now than they were three months ago. In addition, large fractions of the respondents reported increased demand for mortgages, home equity lines of credit, and consumer loans.

The questions on capital ratios, holdings of U.S. government and agency securities, and loan sales provide some evidence on the importance of capital constraints for bank lending. Few of the domestic banks indicated that their lending has been constrained by a shortage of capital. Almost unanimously they reported that increased holdings of U.S. government and agency securities are the result of the relatively high returns on the securities and not their low risk-weight. In addition, the respondents reported a decline in loan sales.

Business Lending

Non-merger related commercial and industrial loans. As was the case in the May survey, most domestic banks reported unchanged standards for approving commercial and industrial loans over the last three months. No net easing occurred among large borrowers, with one bank easing and one tightening standards. Three banks reported easing standards on loans to medium-sized borrowers while only one tightened, and one bank reported easing standards on loans to small businesses. The banks that tightened standards cited a less favorable outlook for the economy, increased industry-specific problems, and regulatory pressure as the reasons. In contrast, those that eased pointed to actual or expected improvements in their capital position and a lessening of industry-specific problems as the main reasons.

Most domestic banks reported that lending terms on commercial and industrial loans and lines of credit were basically unchanged over the last three months. As in May, respondents reported a small net reduction in the size of credit lines for large and medium-sized borrowers, and a very small net increase for small borrowers. For medium-sized borrowers, more banks cut the cost of credit lines than increased the cost. No net change occurred in the cost of credit lines for small borrowers, and a very small net increase for large borrowers. Spreads of loan rates over base rates were virtually unchanged for large and medium-sized firms, but more banks increased spreads for small customers than decreased them. A small net increase in the use of loan covenants for large and medium-sized borrowers occurred over the past three months. For small borrowers, however, no net change was reported. net increases in collateral requirements between May and August for borrowers of all sizes were very small.

The behavior of foreign branches and agencies has been similar to, but somewhat tighter than, that of domestic banks. Most of the foreign branches and agencies reported no change in lending standards for commercial and industrial loans, but two of the nineteen have tightened their standards since May. The same two foreign respondents have also tightened many of their lending terms over the last three months. Lending terms at the other foreign respondents showed either no net change or a small net tightening.

Real estate loans. The number of domestic banks reporting tighter standards for construction and land development loans and for loans for commercial office buildings has fallen since May, but a small net tightening of standards on such loans was still apparent over the past three months. In contrast, respondents indicated a very small net loosening of standards on loans by domestic banks for industrial structures. None of the foreign branches reported any change in standards on any type of real estate loan.

Demand. Loan demand by large and medium-sized borrowers softened over the past three months. Although most domestic respondents reported that business loan demand changed little since May, fourteen banks reported weaker demand by large borrowers while only five reported stronger demand. There was a much smaller net decline in demand reported for medium-sized borrowers, and a small net strengthening of demand reported for small borrowers. In the May survey there was no net change in demand by large borrowers, and substantial net strengthening of demand by small and medium-sized borrowers. The domestic banks that reported a change in loan demand by businesses indicated that the change in demand was primarily due to changes in inventories or capital expenditures. Most foreign branches and agencies also reported no change in loan demand, although more of them saw falls in demand than saw rises. In May none of the foreign branches or agencies reported a decline in demand. The foreign respondents that reported a change in demand attributed it to changes in inventories, changes in capital expenditures, or changes in customers' use of other sources of financing. Since the foreign branches and agencies tend to have larger customers, it is not a surprise that their assessment of demand is similar to that of the domestic banks for their larger customers.

Lending to Households

The availability of credit to households appears to have increased slightly over the past three months. Respondents indicated a very small net easing of standards on home mortgages since May. The May survey showed no net change in standards over the previous three months. As in the May survey, the demand for residential mortgages and for home equity loans was generally reported to be stronger. The demand for consumer installment loans was stronger at twelve banks and weaker at five, a smaller net strengthening than in May. About a fifth of the respondents reported increased willingness to provide consumer credit, a larger proportion than in May.

Capital Ratios, Securities Holdings, and Loan Sales

Two new sets of questions in the survey were intended to provide information on the degree to which a shortage of bank capital has limited the growth in bank lending. When asked about the adequacy of their capital, more than 85 percent of the domestic banks indicated that their capital level was either "fairly comfortable" or "very comfortable." Only about five percent reported that their risk-based capital ratio or their tier-1 capital ratio was either "fairly tight" or "very tight." Of the respondents reporting comfortable capital levels, only about ten percent said that they were taking a more aggressive lending stance as a result. Those reporting tight capital ratios indicated that their institutions are likely to increase loan sales as a result, and that they may reduce dividends or issue capital. None of the Japanese banks' branches or agencies reported very comfortable capital positions at their parent institutions, and four of them reported fairly tight capital positions--presumably a result of the current real estate and stock market slumps in that country. Three of the Japanese respondents reporting tight capital positions indicated that they were limiting lending in response.

Survey participants were asked whether they had increased holdings of U.S. government and agency securities and, if so, whether the increases were a result of the securities' low risk-weight. More than two thirds of the domestic respondents reported that their institution had increased its holdings of such securities over the past two and a half years. Virtually all of them reported, however, that the relatively weak demand for loans and the wide spreads between yields on government securities and deposit rates made these securities the most profitable use of their funds. The second most common reason given for the increased holdings of government securities was the uncertain economic outlook, and the third most common reason was an anticipated increase in loan demand. The low risk weight of such securities was offered by only nine of the respondents. None of the foreign branches and agencies reported increased holdings of US government and agency securities.

The survey has asked about loan sales on an annual basis for the last eight years. If bank lending were constrained by the supply of bank capital, one would expect to see an increase in loan sales to institutions other than banks. Such sales do not appear, however, to have increased recently. Over the past year, loan sales at the respondent banks were $54.6 billion, down from $65.2 billion last year. As in past surveys, the largest purchasers of these loans were large domestic banks and branches and agencies of foreign banks. Most domestic banks reported that the demand for loan purchases changed little over the past year, with those reporting stronger demand somewhat more numerous than those reporting weaker demand. In contrast, foreign branches and agencies reported a net decline in the demand for loans by their usual purchasers.

MONETARY AGGREGATES
(based on seasonally adjusted data unless otherwise noted)

	1991[1]	1992 Q1	1992 Q2	1992 May	1992 Jun	1992 Jul p	Growth Q4 91- Jul 92p
	------------Percent change at annual rates--------------------						
1. M1	8.0	16.5	9.8	14.6	-3.1	11.6	11.9
2. M2	2.8	4.3	0.0	0.5	-3.8	-1.3	1.1
3. M3	1.2	2.2	-1.9	-0.7	-4.4	-1.8	-0.5
	------------Percent change at annual rates------------						Levels bil. $ Jul 92p
Selected components							
4. M1-A	5.6	14.9	9.1	10.1	-5.4	14.7	602.4
5. Currency	8.4	7.4	5.8	4.8	6.6	11.7	278.9
6. Demand deposits	3.4	22.2	12.5	15.0	-15.6	17.7	315.6
7. Other checkable deposits	12.4	19.2	11.0	22.3	0.7	6.7	358.7
8. M2 minus M1[2]	1.1	0.0	-3.7	-4.8	-4.0	-6.2	2493.9
9. Overnight RPs and Eurodollars, NSA	-7.9	15.4	-35.5	-66.1	26.9	-8.8	67.9
10. General purpose and broker/dealer money market mutual fund shares	3.9	1.0	-7.3	3.0	-5.7	-11.9	349.8
11. Commercial banks	7.1	0.9	0.4	-3.1	-3.8	-2.1	1259.8
12. Savings deposits (including MMDAs)	13.3	19.2	12.0	7.8	4.7	9.5	716.3
13. Small time deposits	1.1	-18.9	-13.3	-16.7	-14.6	-16.8	543.6
14. Thrift institutions	-6.9	-3.6	-6.6	-2.9	-6.3	-7.3	816.2
15. Savings deposits (including MMDAs)	9.3	22.4	18.9	18.8	5.2	5.2	418.0
16. Small time deposits	-16.8	-24.2	-29.1	-24.0	-17.8	-20.1	398.2
17. M3 minus M2[3]	-5.6	-7.3	-10.5	-6.4	-7.5	-4.3	696.9
18. Large time deposits	-11.7	-20.4	-18.6	-14.2	-14.1	-19.4	389.8
19. At commercial banks, net[4]	-5.1	-18.2	-14.4	-8.0	-12.0	-22.1	320.4
20. At thrift institutions	-31.7	-29.6	-37.0	-40.7	-25.2	-6.9	69.4
21. Institution-only money market mutual fund shares	33.4	27.0	20.1	35.5	30.2	48.1	207.7
22. Term RPs, NSA	-21.7	-6.0	-5.0	-11.6	-26.8	-48.0	67.2
23. Term Eurodollars, NSA	-11.0	-27.1	-24.1	-50.2	-31.9	-25.7	50.2
	-----Average monthly change in billions of dollars----						
MEMORANDA:[5]							
24. Managed liabilities at commercial banks (25+26)	-0.6	-2.7	-2.7	-3.1	-1.1	-3.9	684.5
25. Large time deposits, gross	-0.2	-5.7	-4.8	-3.2	-4.3	-6.6	385.8
26. Nondeposit funds	-0.5	3.0	2.1	0.1	3.2	2.7	298.7
27. Net due to related foreign institutions	0.4	2.2	5.1	4.8	5.9	2.1	63.3
28. Other[6]	-0.9	0.7	-3.0	-4.5	-2.8	0.6	235.4
29. U.S. government deposits at commercial banks[7]	0.2	-1.5	1.3	-2.9	8.8	-3.7	22.1

1. Amounts shown are from fourth quarter to fourth quarter.
2. Nontransactions M2 is seasonally adjusted as a whole.
3. The non-M2 component of M3 is seasonally adjusted as a whole.
4. Net of large denomination time deposits held by money market mutual funds and thrift institutions.
5. Dollar amounts shown under memoranda are calculated on an end-month-of-quarter basis.
6. Consists of borrowing 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 borrowing from the Federal Reserve and unaffiliated foreign banks, loan RPs and other minor items). Data are partially estimated.
7. Consists of Treasury demand deposits and note balances at commercial banks.
p - preliminary

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT[1]
(Percentage change at annual rate, based on seasonally adjusted data)

Category	Dec. 1990 to Dec. 1991	1992 Q1	1992 Q2	1992 May.	1992 Jun.	1992 Jul. p	Level (billions of dollars) 1992 Jul. p
	Commercial bank credit						
1. Total loans and securities at banks	3.9	2.1	2.1	-0.9	1.7	-0.1	2,870.5
2. Securities	17.6	6.7	14.7	11.8	11.3	14.3	789.6
3. U.S. government	23.8	11.3	19.7	15.6	17.6	14.2	615.1
4. Other	1.4	-7.9	-2.1	-1.4	-10.4	15.3	174.6
5. Loans	-0.2	0.5	-2.4	-5.5	-1.8	-5.5	2,080.9
6. Business	-2.8	-6.4	-7.3	-7.3	-8.1	-5.2	597.1
7. Real estate	2.9	2.6	0.5	1.2	-1.6	-2.2	878.9
8. Consumer	-3.9	-0.9	-2.2	-5.0	1.3	-1.0	359.7
9. Security	21.6	45.4	24.3	-60.5	44.4	-65.1	61.0
10. Other	-2.7	3.2	-8.8	-12.1	-3.9	-9.0	184.3
	Short- and intermediate-term business credit						
11. Business loans net of bankers acceptances	-2.5	-6.6	-7.0	-7.8	-7.0	-6.9	590.1
12. Loans at foreign branches[2]	-1.6	-40.9	26.3	-5.3	84.6	44.4	25.2
13. Sum of lines 11 and 12	-2.5	-7.9	-5.7	-7.7	-3.7	-4.9	615.3
14. Commercial paper issued by nonfinancial firms	-10.4	14.9	-3.9	-12.7	6.0	-4.3	139.9
15. Sum of lines 13 and 14	-3.9	-4.0	-5.4	-8.6	-1.9	-4.7	755.2
16. Bankers acceptances, U.S. trade-related[3]	-16.2	-22.9	-27.3	-27.7	-37.8	n.a.	24.6[5]
17. Finance company loans to business[4]	1.4	-1.9	-1.5	0.0	5.6	n.a.	298.8[5]
18. Total (sum of lines 15, 16, and 17)	-2.9	-3.9	-4.9	-6.7	-0.9	n.a.	1,081.5[5]

1. Average of Wednesdays. Data are adjusted for breaks caused by reclassifications.
2. Loans at foreign branches are loans made to U.S. firms by foreign branches of domestically chartered banks.
3. Consists of acceptances that finance U.S. imports, U.S. exports, and domestic shipment and storage of goods. Based on average of data for current and preceding ends of month.
4. Based on average of data for current and preceding ends of month.
5. June 1992 data.

p--Preliminary.
n.a.--Not available.

SELECTED FINANCIAL MARKET QUOTATIONS
(percent)

		1992	1992	1992	Change from:		
	Dec-Jan Lows	FOMC Jul 1	Jul 2	Aug 13	Dec-Jan Lows	FOMC Jul 1	Jul 2
Short-term rates							
Federal funds[2]	3.94	3.56	3.56	3.25	-0.69	-0.31	-0.31
Treasury bills[3]							
3-month	3.72	3.55	3.24	3.09	-0.63	-0.46	-0.15
6-month	3.76	3.63	3.34	3.18	-0.58	-0.45	-0.16
1-year	3.81	3.87	3.55	3.29	-0.52	-0.58	-0.26
Commercial paper							
1-month	4.01	3.89	3.53	3.34	-0.67	-0.55	-0.19
3-month	3.94	3.88	3.56	3.36	-0.58	-0.52	-0.20
Large negotiable CDs[3]							
1-month	3.95	3.80	3.55	3.27	-0.68	-0.53	-0.28
3-month	3.89	3.82	3.55	3.28	-0.61	-0.54	-0.27
6-month	3.89	3.97	3.67	3.34	-0.55	-0.63	-0.33
Eurodollar deposits[4]							
1-month	3.94	3.81	3.75	3.25	-0.69	-0.56	-0.50
3-month	3.88	3.81	3.75	3.31	-0.57	-0.50	-0.44
Bank prime rate	6.50	6.50	6.00	6.00	-0.50	-0.50	0.00
Intermediate- and long-term rates							
U.S. Treasury (constant maturity)							
3-year	5.05	5.38	5.15	4.72	-0.33	-0.66	-0.43
10-year	6.71	7.10	6.93	6.55	-0.16	-0.55	-0.38
30-year	7.39	7.76	7.63	7.36	-0.03	-0.40	-0.27
Municipal revenue[5] (Bond Buyer)	6.53	6.58	6.55	6.20	-0.33	-0.38	-0.35
Corporate--A utility recently offered	8.46	8.55	8.55	8.09	-0.37	-0.46	-0.46
Home mortgage rates[6]							
FHLMC 30-yr. FRM	8.23	8.43	8.43	8.06	-0.17	-0.37	-0.37
FHLMC 1-yr. ARM	5.79	5.78	5.78	5.30	-0.49	-0.48	-0.48

			1989	1992		Percent change from:		
	Record highs	Date	Lows Jan 3	FOMC Jul 1	Aug 13	Record highs	1989 lows	FOMC Jul 1
Stock prices								
Dow-Jones Industrial	3413.21	6/1/92	2144.64	3354.10	3313.27	-2.93	54.49	-1.22
NYSE Composite	233.66	8/3/92	154.00	226.75	229.95	-1.59	49.32	1.41
AMEX Composite	418.99	2/12/92	305.24	383.01	386.73	-7.70	26.70	0.97
NASDAQ (OTC)	644.92	2/12/92	378.56	568.99	570.99	-11.46	50.83	0.35
Wilshire	4121.28	1/15/92	2718.59	3971.45	4024.89	-2.34	48.05	1.35

1/ One-day quotes except as noted.
2/ Average for two-week reserve maintenance period closest to date shown. Last observation is average to date for maintenance period ending August 19, 1992.
3/ Secondary market.
4/ Bid rates for Eurodollar deposits at 11 a.m. London time.
5/ Based on one-day Thursday quotes and futures market index changes
6/ Quotes for week ending Friday previous to date shown.

Replaces Greenbook pages I-35 and I-36

TRADE QUANTITIES*
(Percent change from preceding period shown, except as noted, A.R.)

	1990:Q4 to 1991:Q4	------ Projection ------ 1992 Q1	Q2	Q3	Q4	1993 Q4
Nonag. exports	8.3	0.2	-3.5	5.1	7.4	9.2
Agric. exports	10.8	6.4	-11.8	19.4	-17.0	0.9
Non-oil imports	6.5	5.2	6.7	3.7	5.5	6.1
Oil imports	6.9	1.7	25.2	37.4	-7.3	9.0

* GDP basis, 1987 dollars.

SELECTED PRICE INDICATORS
(Percent change from preceding period shown, except as noted, A.R.)

	1990:Q4 to 1991:Q4	------ Projection ------ 1992 Q1	Q2	Q3	Q4	1993 Q4
PPI (exp. wts.)	-0.9	-0.3	3.7	2.5	1.7	1.8
Nonag. exports*	-0.4	0.1	1.9	2.6	2.5	2.0
Non-oil imports*	0.3	2.1	5.8	4.8	4.5	3.6
Oil imports ($/bl)	18.13	15.27	17.37	18.94	18.25	18.00

* Excluding computers.

BOARD OF GOVERNORS
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WASHINGTON, D. C. 20551

August 14, 1992

STRICTLY CONFIDENTIAL - FR
CLASS II - FOMC

TO: Federal Open Market Committee

FROM: Normand Bernard

Attached is a revised version of the table that appears on page I-38 of the August 13 Greenbook, Part I. The revision extends the staff forecast of foreign GDP and consumer prices through 1994.

August 14, 1992

STRICTLY CONFIDENTIAL - FR
CLASS II FOMC

REAL GDP AND CONSUMER PRICES, SELECTED COUNTRIES, 1990-94
(Percent change from fourth quarter to fourth quarter)

Measure and country	1990	1991	1992 (Projection)	1993 (Projection)	1994 (Projection)
REAL GDP					
Canada	-2.0	-0.0	1.9	3.4	3.4
France	1.5	1.7	2.6	2.8	2.7
Western Germany	5.2	1.8	2.5	2.4	2.6
Italy	1.6	1.8	1.6	2.0	2.4
Japan*	4.7	3.2	1.3	2.5	4.0
United Kingdom	-0.7	-1.7	0.2	2.5	2.5
Average, weighted by 1987-89 GNP	2.5	1.6	1.6	2.6	3.1
Average, weighted by share of U.S. nonagricultural exports					
Total foreign	1.8	1.7	2.5	3.5	3.7
G-6	0.5	0.8	1.7	3.0	3.2
Developing countries	4.9	5.2	5.2	5.7	5.8
CONSUMER PRICES					
Canada	4.9	4.1	2.5	2.6	2.3
France	3.6	2.9	2.8	2.8	2.6
Western Germany	3.0	3.9	3.2	3.3	3.3
Italy	6.3	6.1	4.9	3.5	3.2
Japan	3.2	3.2	2.5	1.9	2.1
United Kingdom	10.0	4.2	3.9	3.5	3.2
Average, weighted by 1987-89 GNP	4.8	3.9	3.2	2.7	2.7
Average, weighted by share of U.S. non-oil imports	4.4	3.8	2.8	2.5	2.4

* Japanese data reported on GNP basis.