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# MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

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Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

December 16, 1977

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) M-1 declined at a 1.8 per cent annual rate in November, following its sharp advance in October. With growth apparently resuming in December, M-1 is projected to increase at a 2 per cent annual rate over November and December, 1 percentage point above the lower end of its FOMC range. Expansion in M-2 also weakened significantly in November and for November-December is projected at an annual rate of 6 per cent, also about 1 percentage point above the lower end of its range. Growth in the interest-bearing component of M-2 has remained relatively strong in recent weeks, reflecting a sharp rise in the large denomination time deposits included in this measure. Balances in small time and savings deposit accounts, on the other hand, are estimated to have declined somewhat in November, apparently in lagged response to the rise in market interest rates that occurred in late summer and early fall. Inflows to deposit accounts at nonbank thrift institutions also weakened markedly in November.

Growth in Monetary Aggregates  
over November-December Period  
(SAAR in per cent)

	<u>Ranges</u>	<u>Latest Estimates</u>	
M-1	1 to 7	2.0	
M-2	5 to 9	6.0	
Memo: Federal funds rate (per cent per annum)		Avg. for statement <u>week ending</u>	
		Nov. 16	6.42
		23	6.51
		30	6.55
		Dec. 7	6.51
		14	6.49

(2) Throughout the period since the November 15 FOMC meeting, projections of growth rates of the key monetary aggregates for the November-December period have been well within the ranges specified by the Committee. Accordingly, the Account Management has continued to aim for reserve conditions consistent with Federal funds trading around  $6\frac{1}{2}$  per cent.

(3) Total reserves are projected to expand at a moderate 5 per cent annual rate over the November-December period. Nonborrowed reserves, however, are expected to rise at an 18 per cent annual rate, reflecting the substantial decline in member bank borrowing over the past several weeks. In response to the October 26 increase in the discount rate, member bank borrowing from Federal Reserve Banks dropped from the average October level of \$1.3 billion to an average of about \$550 million in the first two weeks of December.

(4) In addition to the sizable increase in large denomination time deposits included in M-2, negotiable CD's at weekly reporting banks also expanded sharply further in November. Together, the increase in both forms of large denomination time deposits amounted to a record  $\$9\frac{1}{2}$  billion, substantially greater than October's relatively large increase of just over \$5 billion. Banks have been issuing substantial volumes of such instruments recently in order to raise funds to meet strong credit demands at a time when flows into demand and other time and savings deposits have been weak.

(5) The substantial further rise in bank credit in November was concentrated in loan portfolios, as continued liquidation of Treasury securities more than offset a further rise in other security holdings. Business loans again expanded at a rapid pace, and gains in mortgages and consumer loans are also estimated to have been quite large. The advance in business loans--which apparently occurred at both large and small banks--extends the more rapid upward trend observable since around mid-year.

(6) With the Federal funds rate remaining essentially unchanged and published data indicating that growth in the aggregates was weakening significantly, most market participants appear to have concluded that the System would not change its funds rate target over the remainder of this year. Against this background, the general level of short-term interest rates has remained essentially unchanged. However, some minor realignments in relationships among individual rates have occurred: rates on private short-term instruments have edged a bit higher, apparently in response to the large volume of bank CD's being offered, while Treasury bill rates have edged down somewhat, reflecting, in part, the impact of substantial foreign central bank acquisitions of these securities.

(7) In longer-term markets, on the other hand, yields have generally moved somewhat higher. The increase in longer-term yields appears to reflect in part an upward revision in interest rate projections for next year, as market participants apparently have interpreted

recently published data, such as the upward revision in third quarter GNP and the November rise in employment, as indicating stronger than previously anticipated economic activity in prospect for next year. In addition, market expectations may have been influenced by larger than anticipated Treasury borrowing in recent weeks, as well as by increased prospects for a tax cut in 1978.

(8) The table on the following page shows (in terms of percentage annual rate of change) related monetary and financial flows over various time periods.

	1975 & 1976 Average	Past Twelve Months Nov. '77 over Nov. '76	Past Six Months Nov. '77 over May '77	Past Three Months Nov. '77 over Aug. '77	Past Month Nov. '77 over Oct. '77
Nonborrowed reserves	1.5	2.6	3.7	6.6	19.4
Total reserves	0.4	4.9	7.4	4.2	3.8
Monetary Base	6.4	8.2	9.2	8.6	8.1
<u>Concepts of Money</u>					
M-1 (Currency plus demand deposits) <u>1/</u>	5.1	7.3	7.8	5.8	-1.8
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	10.0	9.6	9.1	7.6	4.5
M-3 (M-2 plus deposits at thrift institutions)	12.3	11.6	11.8	10.8	7.3
M-4 (M-2 plus CD's)	7.0	9.9	10.5	10.6	10.5
M-5 (M-3 plus CD's)	10.2	11.7	12.6	12.5	10.8
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>					
Month-end basis	6.5	11.2	10.3	9.8	11.8
Average of Wednesdays	6.2	11.1	11.9	10.7	12.9
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	-1.1	0.7	1.4	2.6	4.5
Nonbank commercial paper	0.0	0.2	0.0	-0.3	-0.4

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

(9) The table below presents, for the Committee's consideration, three alternative sets of specifications for the monetary aggregates and the Federal funds rate for the forthcoming inter-meeting period. (More detailed and longer-term data for the aggregates are shown in the tables on pp. 7 and 8).

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Ranges for December-January			
M-1	4 to 10	3½ to 9½	3 to 9
M-2	6½ to 10½	6 to 10	5½ to 9½
Federal funds rate (Inter-meeting period)	5¾ to 6¼	6¼ to 6¾	6¾ to 7¼

(10) In view of the underlying strength of the economy, it is unlikely that the weakness in M-1 behavior in November will persist. Given projections of nominal GNP, money demand can be expected to be relatively strong over the months ahead as the restraining effect of the 1½ to 2 percentage point rise in short rates since last spring wears off. While the growth in GNP will probably generate less demand for money than historical relationships would suggest, it appears likely, on the basis of recent experience, that demand will be stronger relative to economic activity than was the case in 1975 and 1976.

(11) Against that background, M-1 growth is likely to pick up in the December-January period. Given the Federal funds rate assumptions of alternative B--where the rate is centered at the prevailing level of 6-1/2 per cent--M-1 growth over this period is likely to be



Alternative Levels and Growth Rates for Key Monetary Aggregates

	<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>
1977 November	333.2	333.2	333.2	802.6	802.6	802.6
December	334.9	334.8	334.7	807.8	807.6	807.6
1978 January	337.0	336.8	336.6	813.6	813.1	812.8
1977 QIII	328.5	328.5	328.5	788.0	788.0	788.0
QIV	333.9	333.9	333.9	803.3	803.3	803.3
1978 QI	338.9	338.6	338.3	819.1	818.3	817.8
QII	343.1	342.4	342.2	834.0	832.3	831.8
QIII	345.8	345.8	345.8	846.4	845.9	845.9
<u>Growth Rates</u>						
<u>Monthly:</u>						
1977 December	6.1	5.8	5.4	7.8	7.5	7.5
1978 January	7.5	7.2	6.8	8.6	8.2	7.7
<u>Quarterly Average:</u>						
1977 QIV	6.6	6.6	6.6	7.8	7.8	7.8
1978 QI	6.0	5.6	5.3	7.9	7.5	7.2
QII	5.0	4.5	4.6	7.3	6.8	6.8
QIII	3.1	4.0	4.2	5.9	6.5	6.8
<u>Semi-Annual:</u>						
QIII '77-QI '78	6.3	6.1	6.0	7.9	7.7	7.6
QI '78-QIII '78	4.1	4.3	4.4	6.7	6.7	6.9
<u>Annual:</u>						
QIII '77-QIII '78	5.3	5.3	5.3	7.4	7.3	7.3
FOMC Range		4-6½			6½-9	

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>
1977 November	1365.3	1365.3	1365.3	870.5	870.5	870.5
December	1374.9	1374.6	1374.4	877.8	877.8	877.8
1978 January	1385.3	1384.4	1383.6	884.9	884.6	884.3
1977 QIII	1329.8	1329.8	1329.8	847.7	847.7	847.7
QIV	1365.8	1365.7	1365.6	870.1	870.1	870.1
1978 QI	1395.4	1393.7	1392.4	891.3	890.8	890.2
QII	1424.0	1419.7	1418.0	909.6	908.4	907.2
QIII	1449.0	1445.0	1443.4	927.6	925.7	924.0
<u>Growth Rates</u>						
<u>Monthly:</u>						
1977 December	8.4	8.2	8.0	10.1	10.1	10.1
1978 January	9.1	8.6	8.0	9.7	9.3	8.9
<u>Quarterly Average:</u>						
1977 QIV	10.8	10.8	10.8	10.6	10.6	10.6
1978 QI	8.7	8.2	7.9	9.7	9.5	9.2
QII	8.2	7.5	7.4	8.2	7.9	7.6
QIII	7.0	7.1	7.2	7.9	7.6	7.4
<u>Semi-annual:</u>						
QIII '77-QI '78	9.9	9.6	9.4	10.3	10.2	10.0
QI '78-QIII '78	7.7	7.4	7.3	8.1	7.8	7.6
<u>Annual:</u>						
QIII '77-QIII '78	9.0	8.7	8.5	9.4	9.2	9.0
FOMC Range		8-10½			7-10	

in a 3-1/2 to 9-1/2 per cent annual rate range. If the staff's December projection of 6 per cent annual rate of increase in M-1 proves correct, growth in the fourth quarter would be at a 6-1/2 per cent annual rate, significantly below the rates of growth for the second and third quarters. For the year 1977 (measured from QIV '76 to QIV '77) M-1 would grow at around a 7-1/4 per cent rate.

(12) Growth in M-2 over the December-January period is likely to be in a 6-10 per cent annual rate range under alternative B. Commercial bank savings deposits, after contracting in November, are likely to resume modest growth over the period, even though market yields will remain above rate ceilings on such deposits, as the most interest sensitive holders have probably shifted to other instruments. Small denomination time deposits with maturities in excess of 4 years, whose rates are still above those on marketable securities of comparable maturity, are also expected to grow moderately in the December-January period. As in October-November, however, most of the expansion in the interest bearing component of M-2 is likely to occur in large denomination time deposits not subject to interest rate ceilings.

(13) At thrift institutions, inflows over the months ahead are likely to remain well below the unusually rapid pace of July-October, when these institutions were apparently successful in capturing a substantial volume of maturing wild card deposits from commercial banks. Saving deposits at S&L's and MSB's have already slowed considerably in reflection of the higher level of market yields, but longer-term deposits at these institutions, where offering rates remain above market yields, can be expected to grow at a relatively rapid pace in December-January. While thrift institutions have only limited ability to supplement

deposit flows with ceiling-free large denomination deposits, they appear to be in a position to fulfill their record level of mortgage commitments by reducing liquid asset holdings and continuing to draw on FHLB advances.

(14) If the Federal funds rate remains near its present  $6\frac{1}{2}$  per cent level over the inter-meeting period, as envisioned under alternative B, short-term rates probably will remain fairly near their current levels. Credit demands are not likely to exert upward pressures on short-term rates in the weeks immediately ahead. The Treasury is not expected to expand the supply of bills until late January or early February. In private short-term markets, banks are likely to issue a sizable amount of new large, negotiable CD's in coming weeks, though the amount issued will probably drop below the exceptional volume of the fourth quarter, as other deposit inflows pick-up somewhat and loan demands moderate.

(15) Over the longer-run, however, short-term rates can be expected to rise further. Given the 11 per cent increase in nominal GNP projected for the first three quarters of 1978, further increases in interest rates seem required to restrain M-1 growth during that period to about the  $4\frac{3}{4}$  per cent annual rate necessary to achieve the midpoint of the Committee's longer-run range of 4- $6\frac{1}{2}$  per cent for the QIII '77-QIII '78 period. The Federal funds rate may have to begin rising around mid-January and reach a level of about  $7\frac{3}{4}$  per cent by spring, as shown in Appendix I. This would probably be accompanied by

a rise of  $1\frac{1}{2}$  percentage points or so in other short rates and of about a  $\frac{1}{2}$  percentage point in bond yields. Mortgage rates may rise somewhat less, given prospective Federal support programs.

(16) Alternative C contemplates an increase in the Federal funds rate to the mid-point of a  $6\frac{3}{4}$ - $7\frac{1}{2}$  per cent range between now and mid-January. With additional monetary restraint in place sooner, the staff would expect growth in the monetary aggregates to be somewhat slower over the next few months than under alternative B. Consequently, interest rates would have to rise somewhat less next year in order to achieve the mid-points of the Committee's longer-run ranges for the QIII '77-QIII '78 period.

(17) In light of the recent moderation in the growth of the monetary aggregates, an increase in the Federal funds rate to the 7 per cent mid-point of the alternative C range over the next few weeks would probably surprise market participants and involve a substantial upward adjustment in short rates--with the 3-month bill rate, for example, rising to about  $6\frac{1}{2}$  per cent. Longer-term rates would also probably be subject to upward pressures, but the large volume of investible funds from insurance companies and pension funds would very likely restrain the net increase in such rates. Member bank borrowing from the discount window would rise substantially, and pressure for another increase in the discount rate would develop.

(18) An easing in the Federal funds rate to 6 per cent, as envisioned under alternative A, could stimulate a substantial downward adjustment in short-term market rates. However, the lower level of

rates could not be maintained for long if growth in the aggregates is to be held within the Committee's longer-run ranges. Thus, interest rates would soon need to begin rising, and would reach levels next year higher than those necessary under alternatives B and C. Under alternative A, M-1 is likely to expand at a  $6\frac{1}{2}$  per cent average rate of growth over the fourth quarter of 1977 and the first quarter of 1978, requiring interest rate increases sufficient to hold M-1 growth in the second and third quarters of 1978 to about a 4 per cent annual rate. The projected Federal funds rate pattern to achieve such a slowdown calls for an increase to around  $8\frac{1}{2}$  per cent in the third quarter of 1978. Such rate levels would likely warrant consideration of adjustments to Regulation Q ceilings by next summer.

Directive language

(19) Given below are alternatives for the operational paragraphs of the directive. The first formulation places main emphasis on near-term rates of growth in monetary aggregates. The second formulation, like the directive adopted at the last meeting, places main emphasis on money market conditions; it shows--in strike-through form--the specifications adopted at the last meeting. As suggested below, the particular language needed in the opening lines of the money market formulation would depend on the specific conditions sought; the three alternatives shown--calling, respectively, for somewhat easier, prevailing, and somewhat firmer money market conditions--are intended to be associated with the specifications discussed in the preceding section under alternatives A, B, and C.

"Monetary Aggregates" Formulation

The Committee seeks to encourage near-term rates of growth in M-1 and M-2 on a path believed to be reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, at present, it expects the annual growth rates over the December-January period to be within the ranges of \_\_\_\_ to \_\_\_\_ per cent for M-1 and \_\_\_\_ to \_\_\_\_ per cent for M-2. In the judgment of the Committee such growth rates are likely to be associated with a weekly-average Federal funds rate of about \_\_\_\_ per cent. If, giving approximately equal weight to M-1 and M-2, it appears that

growth rates over the 2-month period will deviate significantly from the mid-points of the indicated ranges, the operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of \_\_\_\_ to \_\_\_\_ per cent.

IN THE CONDUCT OF DAY-TO-DAY OPERATIONS, ACCOUNT SHALL BE TAKEN OF EMERGING FINANCIAL MARKET CONDITIONS.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

"Money Market" Formulation

At this time, the Committee seeks to maintain about the prevailing money market conditions (OR TO ACHIEVE SOMEWHAT EASIER OR SOMEWHAT FIRMER MONEY MARKET CONDITIONS) during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about ~~the-current-level~~ \_\_\_\_\_, so long as M-1 and M-2 appear to be growing over the ~~November-December~~ DECEMBER-JANUARY period



at annual rates within ranges of ~~1-10-7~~ \_\_\_\_\_ TO \_\_\_\_\_ per cent and ~~5-10-9~~ \_\_\_\_\_ TO \_\_\_\_\_ per cent, respectively. If, giving approximately equal weight to M-1 and M-2, it appears that growth rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the weekly-average Federal funds rate shall be modified in an orderly fashion within a range of ~~6 1/2-10-6 1/2~~ \_\_\_\_\_ TO \_\_\_\_\_ per cent. IN THE CONDUCT OF DAY-TO-DAY OPERATIONS, ACCOUNT SHALL BE TAKEN OF EMERGING FINANCIAL MARKET CONDITIONS.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Appendix I

Projected Federal Funds Rates

		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1977	QIV	6½	6½	6½
1978	QI	6½	7-1/8	7½
	QII	7½	7½	7-5/8
	QIII	8½	7½	7-5/8

Appendix II

Implied Velocity Growth Rates

<u><math>V_1</math></u> ( <u>GNP/M<sub>1</sub></u> )		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1977	IV	5.2	5.2	5.2
1978	I	4.7	5.1	5.4
	II	5.6	6.0	5.9
	III	6.8	5.9	5.7
<u><math>V_2</math></u> ( <u>GNP/M<sub>2</sub></u> )				
1977	IV	4.0	4.0	4.0
1978	I	2.9	3.3	3.6
	II	3.2	3.7	3.6
	III	4.0	3.4	3.2

Appendix III

Expansion in Reserves Over the Period From QIII 1977 to  
 QI 1978 Consistent with Proposed Alternatives  
 (Seasonally adjusted annual rates)

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Nonborrowed Reserves	5.9	0.8	-0.1
Total Reserves	6.3	6.0	5.7
Monetary Base	8.7	8.6	8.5

On average, nonborrowed reserves expanded at about a 3 per cent annual rate, total reserves at about a 5-1/2 per cent rate, and the monetary base at an 8-1/2 per cent rate in the fourth quarter. The fourth quarter growth rates for total reserves and the monetary base are at or somewhat below the growth rates for the 1977 QIII to 1978 QI period thought to be consistent with the alternatives presented to Committee, as shown in the table above. Thus, a modest acceleration in the growth of these reserve aggregates will be needed over the months ahead. On the other hand, recent growth in nonborrowed reserves has been below the longer-run growth thought consistent with Alternative A, but above the growth rates shown for Alternatives B and C. The estimates for nonborrowed reserves shown in the table assume no change in the discount rate from its current level of 6 per cent. Increases in the discount rate would, of course, shift the composition of total reserves more toward nonborrowed than borrowed reserves.

Appendix Table IV-1

MONEY STOCK--M-1  
 (Annual rates of growth, compounded quarterly)<sup>1/</sup>

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>
1975 I	0.7											
II	3.9	7.1										
III	5.0	7.2	7.3									
IV	4.4	5.6	4.9	2.5								
1976 I	4.1	4.9	4.2	2.7	2.9							
II	4.8	5.6	5.3	4.6	5.6	8.5						
III	4.7	5.4	5.1	4.5	5.2	6.4	4.4					
IV	5.0	5.6	5.4	5.0	5.6	6.5	5.6	6.7				
1977 I	4.9	5.4	5.2	4.9	5.3	6.0	5.1	5.5	4.3			
II	5.3	5.8	5.6	5.4	5.9	6.5	6.0	6.5	6.5	8.7		
III	5.7	6.2	6.1	5.9	6.4	7.0	6.7	7.3	7.5	9.2	9.7	
IV p	5.8	6.2	6.1	6.0	6.5	7.0	6.7	7.2	7.3	8.2	8.2	6.7
* * * * *												
1978 III <sup>2/</sup>	5.6	5.9	5.8	5.7	6.0	6.3	6.1	6.3	6.2	6.6	6.1	5.3

<sup>1/</sup> Based on quarterly average data.

<sup>2/</sup> Based on attainment of mid-point of current longer-run range.

p Projected

Appendix Table IV-2

MONEY STOCK--M-2  
 (Annual rates of growth, compounded quarterly)<sup>1/</sup>

<u>Ending Period</u>	<u>Base Period</u>											
	<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>
1975 I	5.8											
II	8.1	10.4										
III	8.9	10.4	10.5									
IV	8.3	9.2	8.5	6.6								
1976 I	8.7	9.4	9.1	8.4	10.2							
II	9.1	9.7	9.6	9.3	10.6	10.9						
III	9.1	9.7	9.5	9.3	10.2	10.2	9.4					
IV	9.6	10.2	10.1	10.0	10.9	11.1	11.2	13.1				
1977 I	9.7	10.2	10.1	10.1	10.8	10.9	10.9	11.7	10.3			
II	9.7	10.1	10.1	10.0	10.6	10.7	10.6	11.0	9.9	9.5		
III	9.8	10.2	10.1	10.1	10.6	10.7	10.6	10.9	10.2	10.1	10.7	
IV p	9.6	10.0	9.9	9.9	10.3	10.3	10.1	10.3	9.6	9.4	9.3	8.0
	* * * * *											
1978 III <sup>2/</sup>	9.1	9.3	9.3	9.2	9.4	9.3	9.1	9.1	8.5	8.3	8.0	7.3

<sup>1/</sup> Based on quarterly average data.

<sup>2/</sup> Based on growth rate projected under alternative B.

p Projected

Appendix Table IV-3

MONEY STOCK--M-3  
(Annual rates of growth, compounded quarterly)<sup>1/</sup>

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>
1975 I	7.9											
II	10.4	12.9										
III	11.5	13.3	13.7									
IV	11.1	12.2	11.8	9.9								
1976 I	11.3	12.1	11.8	10.9	11.9							
II	11.4	12.2	12.0	11.4	12.1	12.3						
III	11.5	12.1	11.9	11.5	12.0	12.1	11.9					
IV	12.0	12.5	12.5	12.2	12.8	13.1	13.5	15.2				
1977 I	11.9	12.5	12.4	12.2	12.6	12.8	12.9	13.5	11.8			
II	11.8	12.2	12.1	11.9	12.2	12.3	12.3	12.5	11.1	10.4		
III	11.9	12.3	12.2	12.0	12.3	12.4	12.4	12.6	11.7	11.6	13.0	
IV p	11.8	12.2	12.1	12.0	12.2	12.3	12.2	12.3	11.6	11.6	12.1	11.3
* * * * *												
1978 III <sup>2/</sup>	11.0	11.2	11.1	10.9	11.0	10.9	10.7	10.6	10.0	9.7	9.5	8.7

<sup>1/</sup> Based on quarterly average data.

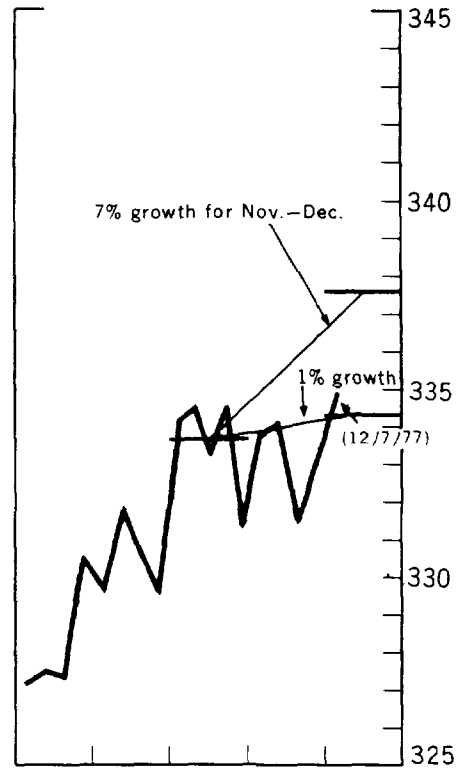
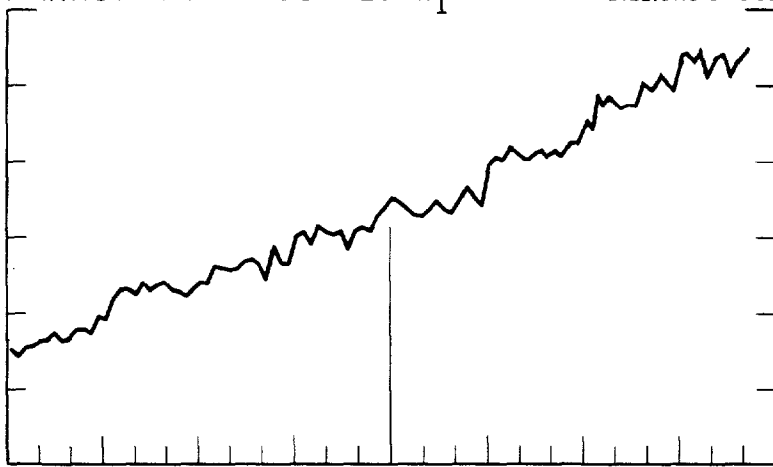
<sup>2/</sup> Based on growth rate projected under alternative B.

p Projected

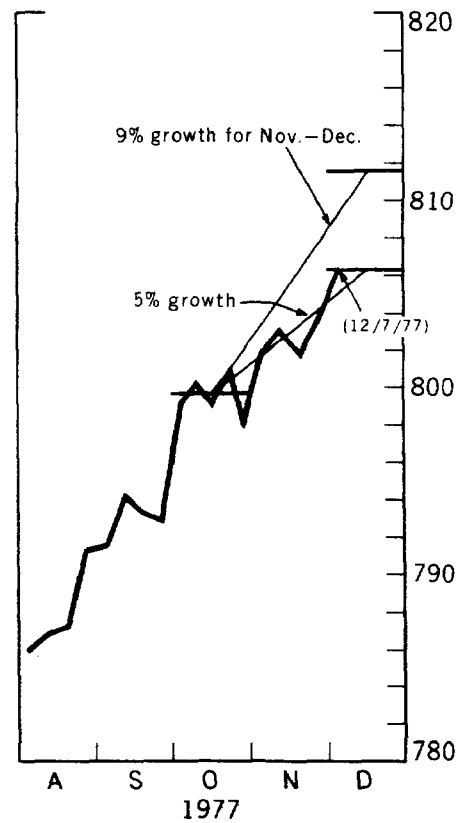
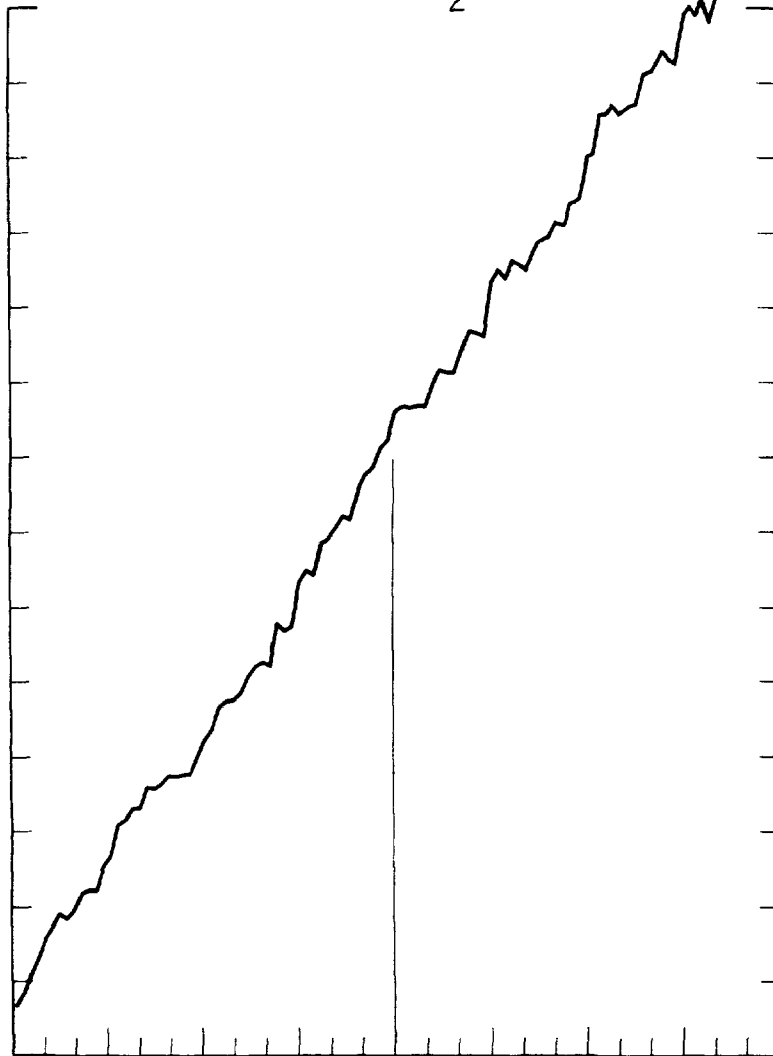
# MONETARY AGGREGATES

NARROW MONEY SUPPLY  $M_1$

BILLIONS OF DOLLARS



BROADER MONEY SUPPLY  $M_2$



1976

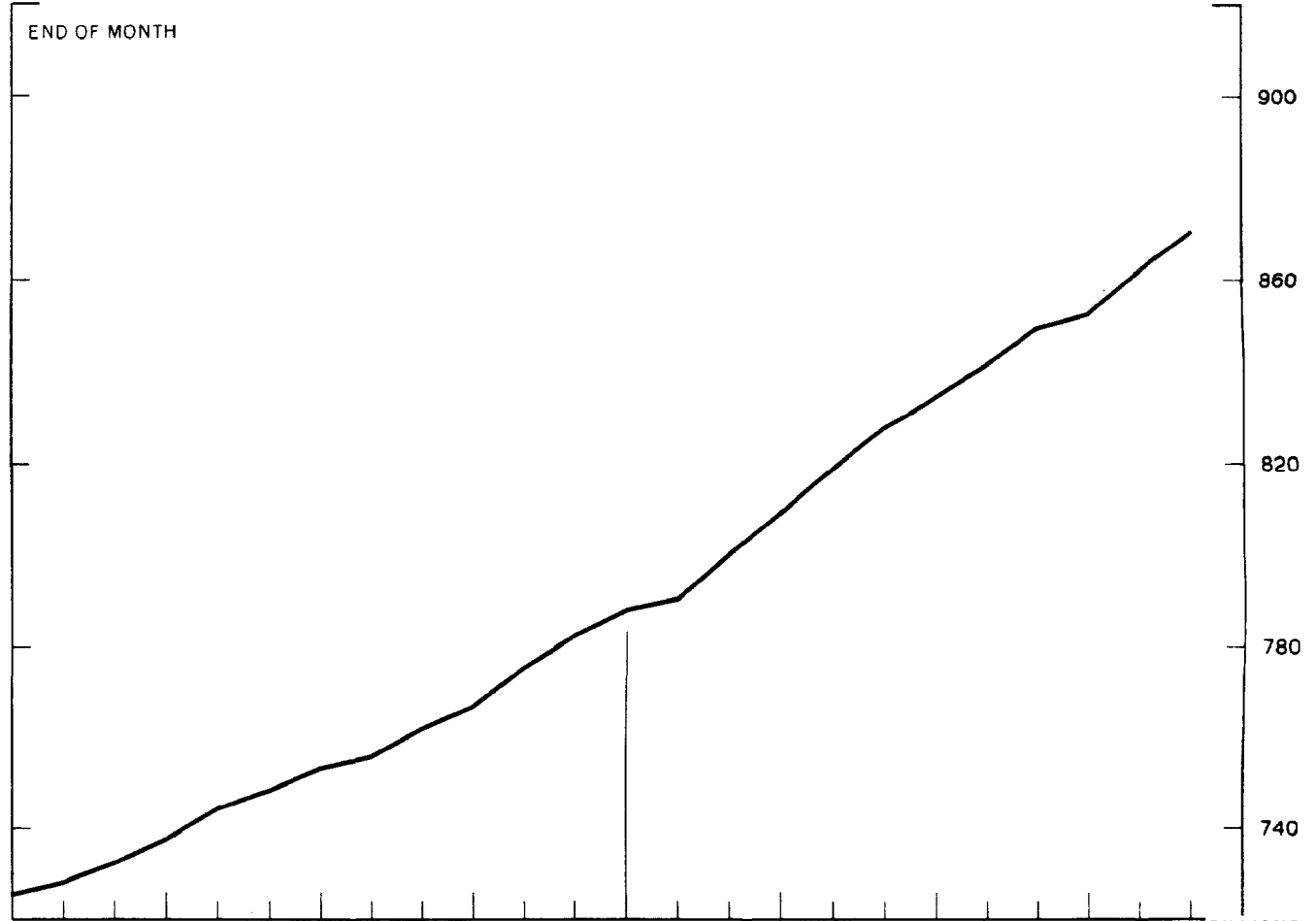
1977

A S O N D  
1977

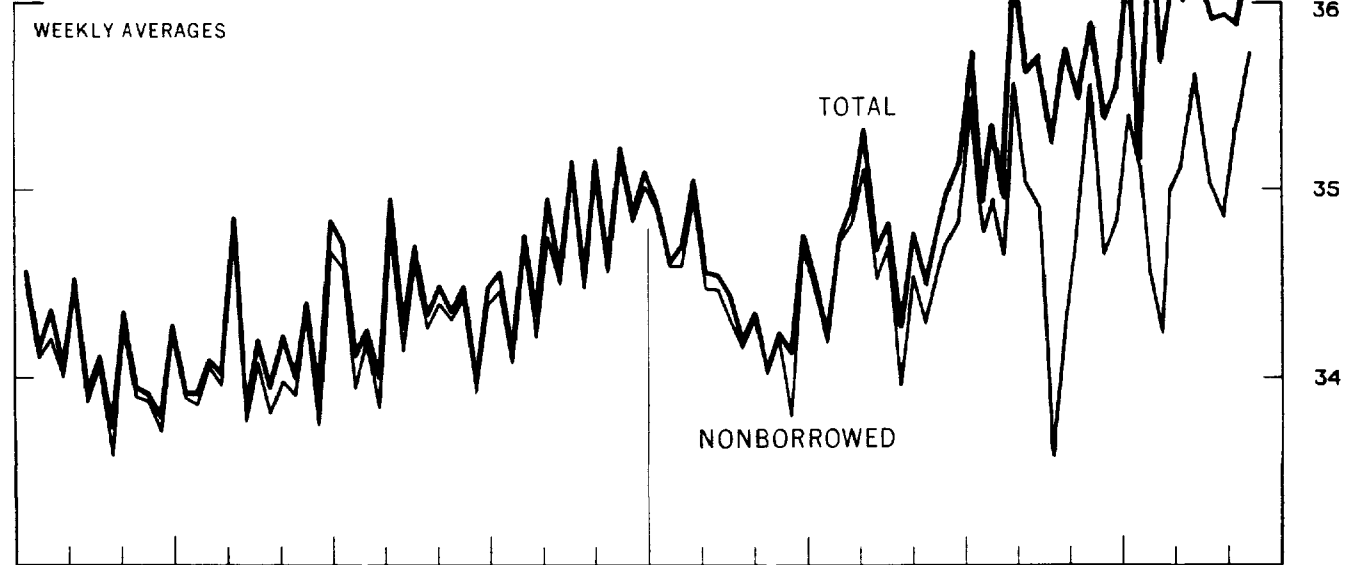


# MONETARY AGGREGATES

## BANK CREDIT



## RESERVES



1976

1977

# MONEY MARKET CONDITIONS AND INTEREST RATES

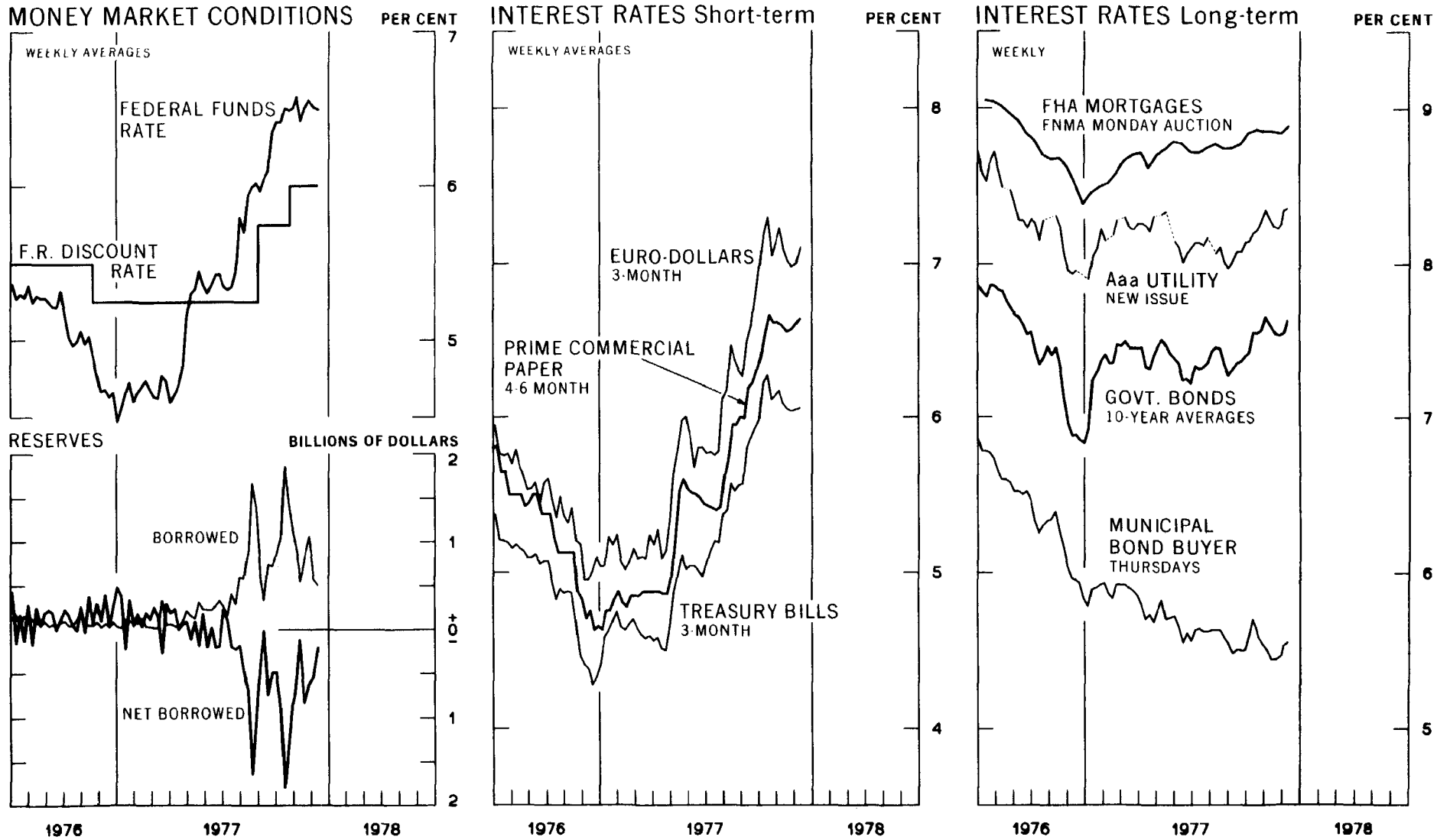


Table 1  
**MONETARY AGGREGATES**

CONFIDENTIAL (FR)  
 CLASS II-FOMC  
 DEC. 16, 1977

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
<b>MONTHLY LEVELS--\$BIL</b>									
1977--SEPT.	330.4	792.9	10.7	525.8	462.6	217.8	244.8	63.2	57.7
OCT.	333.7	799.6	10.3	532.2	465.9	218.4	247.5	66.4	57.4
NOV.	333.2	802.6	6.7	540.3	469.4	218.3	251.1	70.9	60.0
DEC.	(334.8)	(807.6)	(10.5)	(547.3)	(472.8)	(218.8)	(254.0)	(74.4)	
<b>% ANNUAL GROWTH</b>									
<b>QUARTERLY</b>									
1977--2ND QTR.	8.2	8.8	-39.3	9.5	9.4	5.1	13.2	10.9	
3RD QTR.	10.6	10.4	23.8	8.5	10.4	9.6	11.1	-4.4	
4TH QTR.	(5.3)	(7.4)	(-7.5)	(16.4)	(8.8)	(1.8)	(15.0)	(70.9)	
<b>QUARTERLY-AV</b>									
1977--2ND QTR.	8.4	9.2	-18.2	8.3	9.8	8.5	10.8	-1.9	
3RD QTR.	9.3	10.3	15.2	10.0	10.9	6.6	15.0	3.2	
4TH QTR.	(6.6)	(7.8)	(-62.4)	(13.2)	(6.6)	(4.8)	(11.8)	(47.5)	
<b>MONTHLY</b>									
1977--SEPT.	7.3	7.9	58.8	7.6	8.6	8.9	8.4	0.0	
OCT.	12.0	10.1	-44.9	14.6	8.6	3.3	13.2	60.8	
NOV.	-1.8	4.5	-419.4	18.3	9.0	-0.5	17.5	81.3	
DEC.	(5.8)	(7.5)	(680.6)	(15.5)	(8.7)	(2.7)	(13.9)	(59.2)	
NOV.-DEC.	(2.0)	(6.0)	(11.7)	(17.0)	(8.9)	(1.1)	(15.8)	(72.3)	
<b>WEEKLY LEVELS--\$BIL</b>									
1977--NOV. 2	331.3	798.0	9.1	535.0	466.7	218.3	248.5	68.2	60.7
9	333.8	801.8	6.6	537.4	468.0	218.2	249.8	69.4	56.1
16	334.1	803.0	6.3	539.5	468.9	218.3	250.6	70.5	58.1
23	331.5	801.8	6.5	542.2	470.3	218.2	252.2	71.8	63.4
30	333.1	803.8	6.1	543.2	470.7	217.9	252.7	72.5	63.3
DEC. 7	334.9	806.3	10.0	544.2	471.4	218.2	253.2	72.8	

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 2  
**BANK RESERVES**  
ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

DEC. 16, 1977

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
<b>MONTHLY LEVELS—\$MILLIONS</b>							
1977—SEPT.	35,627	35,001	125,144	35,418	21,279	12,388	1,751
OCT.	35,897	34,591	126,109	35,686	21,384	12,456	1,846
NOV.	36,012	35,151	126,956	35,757	21,437	12,646	1,674
DEC.	(36,205)	(35,629)	(127,778)	(35,993)	(21,411)	(12,855)	(1,728)
<b>PERCENT ANNUAL GROWTH</b>							
<b>QUARTERLY</b>							
1977—2ND QTR.	6.5	4.6	8.2	7.3	3.9	6.1	
3RD QTR.	8.8	4.6	10.2	8.1	13.2	2.6	
4TH QTR.	( 6.5)	( 7.2)	( 8.4)	( 6.5)	( 2.5)	( 15.1)	
<b>QUARTERLY-AV</b>							
1977—2ND QTR.	3.0	1.9	7.2	3.5	3.0	4.0	
3RD QTR.	9.0	3.4	9.6	8.6	10.2	6.3	
4TH QTR.	( 5.6)	( 2.9)	( 8.5)	( 5.7)	( 4.6)	( 8.6)	
<b>MONTHLY</b>							
1977—SEPT.	-0.5	14.6	8.2	-0.8	3.5	-0.1	
OCT.	9.1	-14.1	9.3	9.1	5.9	6.6	
NOV.	3.8	19.4	8.1	2.4	3.0	18.3	
DEC.	( 6.4)	( 16.3)	( 7.8)	( 7.9)	( -1.5)	( 19.8)	
NOV.—DEC.	( 5.1)	( 18.0)	( 7.9)	( 5.2)	( 0.8)	( 19.2)	
<b>WEEKLY LEVELS—\$MILLIONS</b>							
1977—NOV. 2	36,112	34,999	126,860	35,847	21,432	12,535	1,881
9	36,013	35,126	126,503	35,858	21,586	12,594	1,678
16	36,158	35,624	127,038	35,741	21,472	12,620	1,649
23	35,908	35,027	126,840	35,919	21,352	12,670	1,897
30	35,941	34,868	127,470	35,484	21,340	12,731	1,413
DEC. 7	35,891	35,308	127,081	35,856	21,263	12,801	1,792
14	36,227	35,717	127,680	35,931	21,476	12,630	1,625

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<sup>1/</sup>  
(\$ million, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
DECEMBER 16, 1977

	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
1976--Qtr. III	45	171	881	345	160	1,557	--	--	--	--	--	1,398	392
Qtr. IV	-886	77	794	232	192	1,294	--	41	37	36	115	436	304
1977--Qtr. I	1,164	192	997	325	165	1,680	--	--	--	--	--	2,738	-4,771
Qtr. II	2,126	109	526	171	152	959	--	406	251	68	726	3,666	4,175
Qtr. III	886	116	681	96	128	1,021	--	--	--	--	--	4,273	-2,331
1977--June	942	89	200	68	114	470	--	233	113	33	380	1,744	4,561
July	-1,136	--	--	--	--	--	--	--	--	--	--	-1,159	-2,861
Aug.	636	--	--	--	--	--	--	--	--	--	--	552	-1,353
Sept.	1,385	116	681	96	128	1,021	--	--	--	--	--	4,881	1,883
Oct.	-1,877	--	--	--	--	--	--	--	--	--	--	-4,380	-6,530
Nov.	-736	--	--	--	--	--	--	--	--	--	--	-736	2,996
1977--Oct. 5	124	60	333	40	87	520	--	--	--	--	--	645	-5,482
12	-459	--	--	--	--	--	--	--	--	--	--	-459	-1,333c
19	-304	--	--	--	--	--	--	--	--	--	--	-304	-3,846
26	-394	--	--	--	--	--	--	--	--	--	--	-397	5,898
Nov. 2	-568	--	--	--	--	--	--	--	--	--	--	-569	-2,690
9	-376	--	--	--	--	--	--	--	--	--	--	-376	-4,479
16	--	--	--	--	--	--	--	--	--	--	--	--	-1,726
23	-360	--	--	--	--	--	--	--	--	--	--	-360	8,439
30	--	--	--	--	--	--	--	--	--	--	--	--	-1,167
Dec. 7	585	--	--	--	--	--	--	--	--	--	--	585	1,317
14	351	--	--	--	--	--	--	--	--	--	--	327	-4,553
21p		99	604	166	108	977							
28													
LEVEL--Dec. 14	41.1	14.3	26.9	10.2	7.0	58.4	1.3	3.8	1.5	.8	7.3	106.7	-4.9

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  
DECEMBER 16, 1977

	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
1976--High	8,896	3,046	334	343	655	242	34	-8,161	-12,744
Low	3,668	175	0	34	-180	24	8	-2,367	- 6,908
1977--High	7,234	3,017	295	350	513	1,861	131	-8,742	-13,975
Low	1,729	-1,445	0	116	-111	20	8	-4,234	- 8,206
1976--Nov.	6,876	2,418	79	217	257	72	22	-6,289	-11,618
Dec.	8,005	2,443	145	167	274	53	13	-7,168	-11,449
1977--Jan.	6,406	2,320	82	202	265	68	10	-6,421	-11,504
Feb.	4,450	1,650	72	226	198	72	12	-5,604	-11,503
Mar.	4,906	972	103	162	214	103	13	-5,661	-10,912
Apr.	4,567	696	101	173	192	73	14	-6,586	-11,409
May	3,072	123	20	228	213	206	30	-5,693	-10,175
June	4,752	206	142	217	154	262	54	-5,341	-10,332
July	3,899	-309	143	209	275	323	60	-6,391	-11,012
Aug.	2,533	-933	71	199	200	1,084	102	-5,581	-11,452
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	255p	861p	83p	-6,971	-11,825
1977--Oct. 5	3,898	-777	54	263	401	883	117	-6,699	- 8,730
12	3,868	-216	63	200	169	1,051	112	-8,525	-12,135
19	3,930	-496	108	166	84	1,861	112	-6,416	-13,061
26	4,712	-90	108	116	202	1,444	116	-5,391	-11,294
Nov. 2	4,203r	-203	0	124	265	1,113	104	-5,011	-11,554
9	3,662r	547r	40	140	155	887	87	-7,494	-13,734
16	4,428	426	21	306	417	534	81	-7,340	-12,638
23	*3,326	*575	48	271	-11	879	84	-7,447	-10,748
30	*2,818	*1,203	295	221	457p	1,073p	74p	-6,165	-10,259
Dec. 7	*3,397	*1,026	160	281	35p	583p	70p	-7,728p	-11,617p
14	*5,059	*447	215p	380p	304p	509p	56p	-9,089p	-11,781p
21									
28									

NOTE: Government security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury securities financing 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.

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TABLE 5  
SELECTED INTEREST RATES  
(per cent)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
DECEMBER 16, 1977

	Short-Term						Long-Term								
	Federal Funds	Treasury Bills		Commercial Paper 90-119 Day	CD's New Issue-NYC		U.S. Govt.-Constant Maturity Yields			Corp.-Aaa Utility		Municipal Bond Buyer	Home Mortgages		
		90-Day	1-Year		60-Day	90-Day	3-yr	7-yr	20-yr	New Issue	Recently Offered		Primary Conv.	Secondary Market	FNMA Auc.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
1976--High	5.58	5.53	6.32	5.90	5.63	5.75	7.52	7.89	8.17	8.95	8.94	7.13	9.10	9.20	8.45
Low	4.63	4.27	4.62	4.63	4.40	4.50	5.65	6.33	7.23	7.93	7.84	5.83	8.70	8.39	7.57
1977--High	6.58	6.27	6.62	6.60	6.45	6.63	7.32	7.57	7.84	8.35	8.34	5.93	8.95	8.89	8.24
Low	4.47	4.41	4.67	4.63	4.48	4.50	5.83	6.59	7.26	7.90	7.95	5.45	8.65	8.46	7.56
1976--Nov.	4.95	4.75	5.00	4.98	4.84	4.94	6.09	6.86	7.64	8.17	8.18	6.29	8.81	8.66	7.93
Dec.	4.65	4.35	4.64	4.66	4.68	4.50	5.68	6.37	7.30	7.94	7.93	5.94	8.79	8.45	7.59
1977--Jan.	4.61	4.62	5.00	4.72	4.61	4.68	6.22	6.92	7.48	8.08	8.09	5.87	8.72	8.48	7.83
Feb.	4.68	4.67	5.16	4.76	4.58	4.70	6.44	7.16	7.64	8.22	8.19	5.89	8.67	8.55	7.98
Mar.	4.69	4.60	5.19	4.75	4.58	4.72	6.47	7.20	7.73	8.25	8.29	5.89	8.69	8.68	8.06
Apr.	4.73	4.54	5.10	4.75	4.57	4.67	6.32	7.11	7.67	8.26	8.22	5.73	8.75	8.67	7.96
May	5.35	4.96	5.43	5.26	5.04	5.16	6.55	7.26	7.74	8.33	8.31	5.75	8.83	8.74	8.04
June	5.39	5.02	5.41	5.42	5.24	5.35	6.39	7.05	7.64	8.08	8.12	5.62	8.86	8.75	7.95
July	5.42	5.19	5.57	5.38	5.16	5.28	6.51	7.12	7.60	8.14	8.12	5.63	8.95	8.72	7.96
Aug.	5.90	5.49	5.97	5.75	5.65	5.78	6.79	7.24	7.64	8.04	8.05	5.62	8.94	8.76	8.03
Sept.	6.14	5.81	6.13	6.09	5.95	6.01	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	6.51	6.33	6.53	7.19	7.44	7.71	8.23	8.22	5.64	8.92	8.82	8.16
Nov.	6.51	6.10r	6.52	6.54	6.44	6.56	7.22	7.46	7.76	8.28	8.25	5.49	8.92	8.86	8.19
1977--Oct. 5	6.41	5.98	6.29	6.31	6.20	6.30	6.97	7.32	7.63	8.15	8.14	5.60	8.93	8.77	8.09
12	6.41	6.22	6.52	6.43	6.38	6.63	7.18	7.47	7.72	8.20	8.23	5.70	8.93	--	8.16
19	6.50	6.27	6.62	6.59	6.38	6.63	7.28	7.47	7.73	8.22	8.21	5.67	8.93	8.84	8.18
26	6.49	6.11	6.53	6.57	6.37	6.56	7.28	7.50	7.74	8.28	8.24	5.59	8.90	--	8.19
Nov. 2	6.50	6.14	6.55	6.55	6.41	6.55	7.32	7.56	7.81	8.35	8.32	5.55	8.90	8.86	8.18
9	6.58	6.17	6.58	6.57	6.45	6.60	7.24	7.47	7.80	8.29	8.26	5.51	8.93	--	8.21
16	6.42	6.10	6.51	6.56	6.45	6.55	7.17	7.41	7.74	8.24	8.24	5.45	8.93	8.86	8.17
23	6.51	6.06	6.48	6.52	6.45	6.55	7.19	7.42	7.73	8.23	8.19	5.45	8.93	--	8.18
30	6.55	6.04	6.49	6.53	6.45	6.55	7.22	7.45	7.75	8.26	8.23	5.47	8.95	8.85	8.18
Dec. 7	6.51	6.05	6.50	6.54	6.45	6.55	7.27	7.54	7.81	8.35	8.34	5.54	8.95	--	8.23
14	6.49	6.06	6.51	6.60	6.50	6.70	7.28p	7.57p	7.84p	8.36p	8.37p	5.55	n.a.	8.89	8.24
21															
28															
Daily--Dec. 8	6.50	6.08	6.53	6.55	--	--	7.27	7.55	7.82	--	--	--	--	--	--
15	6.54p	6.01	6.48	6.63	--	--	7.26p	7.57p	7.85p	--	--	--	--	--	--

NOTE: Weekly data for columns 1 to 4 are statement week averages of daily data. Columns 5 and 6 are 1-day Wednesday quotes (prior to 1976, figures shown are for 60-89 day and 90-119 day ranges, respectively). For columns 7 through 10, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 11 and 12 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 13 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 14 gives FNMA auction data for Monday preceding the end of the statement week. Column 15 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 <sup>1/</sup>			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>
	1	2	3	4	5	6	7	8	9	10	11
ANNUALLY: <sup>2/</sup>	(PER CENT ANNUAL RATES OF GROWTH)										
1974	7.0	7.7	9.1	10.1	5.1	7.7	7.1	10.6	9.0	8.9	9.5
1975	-0.2	3.2	5.9	3.9	4.4	8.3	11.1	6.5	9.7	10.5	10.1
1976	1.0	1.2	6.9	8.0	5.6	10.9	12.8	7.1	10.3	10.0	10.2
SEMI-ANNUALLY: <sup>2/</sup>											
1ST HALF 1976	-1.5	-1.3	6.9	6.7	5.6	10.3	11.8	6.0	8.9	9.2	9.6
2ND HALF 1976	3.6	3.7	6.8	8.9	5.5	10.9	13.1	8.0	11.1	10.3	10.4
1ST HALF 1977	2.9	2.3	7.0	11.6	6.4	9.7	10.8	9.0	10.3	10.2	10.4
QUARTERLY:											
4TH QTR. 1976	7.6	7.7	8.0	11.2	7.2	13.4	14.5	12.4	13.8	11.9	11.6
1ST QTR. 1977	-1.8	-2.4	5.1	10.6	3.8	8.5	10.0	7.3	9.2	10.1	10.5
2ND QTR. 1977	6.5	4.6	8.2	12.6	8.2	8.8	9.9	9.1	10.0	9.7	9.9
3RD QTR. 1977	8.8	4.6	10.2	8.6	10.6	10.4	13.4	9.3	12.6	11.9	11.7
QUARTERLY-AV:											
4TH QTR. 1976	4.4	4.8	7.1	10.8	6.5	12.5	14.4	9.8	12.7	11.1	11.0
1ST QTR. 1977	2.7	2.6	6.8	9.5	4.2	9.9	11.3	9.3	10.9	10.7	10.8
2ND QTR. 1977	3.0	1.9	7.2	13.3	8.4	9.2	10.0	8.5	9.4	9.5	9.8
3RD QTR. 1977	9.0	3.4	9.6	9.8	9.3	10.3	12.4	9.7	11.9	11.4	11.3
MONTHLY:											
1976--NOV.	11.8	12.6	9.1	11.1	0.0	10.6	12.6	9.7	11.9	10.8	10.5
DEC.	4.9	5.6	7.7	8.6	7.7	13.1	13.4	13.4	13.7	10.5	10.3
1977--JAN.	10.9	10.4	10.6	4.7	5.4	9.7	11.4	8.7	10.8	10.9	11.0
FEB.	-13.1	-13.3	-0.2	15.9	0.8	7.1	8.9	7.0	8.7	11.4	11.7
MAR.	-3.1	-4.3	5.0	10.9	5.4	8.6	9.4	6.2	8.0	7.8	8.5
APR.	13.0	14.1	11.8	15.7	19.4	13.5	12.4	11.7	11.3	10.6	10.8
MAY	1.5	-3.1	6.2	12.0	0.7	4.7	7.3	5.4	7.6	7.7	7.9
JUNE	4.8	2.9	6.4	9.6	4.5	8.1	9.8	10.0	10.8	10.5	10.6
JULY	16.9	14.9	14.2	9.5	18.3	16.6	16.1	13.6	14.3	13.3	13.0
AUG.	9.8	-15.4	8.1	12.3	5.9	6.4	11.5	6.5	11.2	10.8	10.6
SEPT.	-0.5	14.6	8.2	3.8	7.3	7.9	12.3	7.5	11.7	11.4	11.2
OCT.	9.1	-14.1	9.3	13.5	12.0	10.1	12.5	13.6	14.6	14.0	13.7
NOV. P	3.8	19.4	8.1	11.8	-1.8	4.5	7.3	10.5	10.8	10.5	10.4

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY



**MONEY AND CREDIT AGGREGATE MEASURES**

SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

Period	Bank Reserves <sup>1/</sup>			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>
	1	2	3	4	5	6	7	8	9	10	11
<b>ANNUALLY:</b>											
1974	34,174	33,447	104,380	695.2	283.1	612.4	981.5	701.4	1070.5	1181.2	1221.6
1975	34,015	33,885	110,394	725.5	294.8	664.3	1092.6	746.5	1174.7	1308.3	1351.1
1976	34,465	34,412	118,054	788.2	312.4	740.3	1237.1	803.5	1300.3	1439.1	1488.8
<b>MONTHLY:</b>											
1976--NOV.	34,325	34,253	117,304	782.6	310.4	732.3	1223.4	794.6	1285.6	1426.6	1476.1
DEC.	34,465	34,412	118,054	788.2	312.4	740.3	1237.1	803.5	1300.3	1439.1	1488.8
1977--JAN.	34,778	34,710	119,100	791.3	313.8	746.3	1248.9	809.3	1312.0	1452.2	1502.4
FEB.	34,397	34,326	119,077	801.8	314.0	750.7	1258.2	814.0	1321.5	1466.0	1517.1
MAR.	34,308	34,204	119,572	809.1	315.4	756.1	1268.1	818.2	1330.3	1475.5	1527.8
APR.	34,680	34,606	120,749	819.7	320.5	764.6	1281.2	826.2	1342.8	1488.5	1541.6
MAY	34,723	34,517	121,376	827.9	320.7	767.6	1289.0	829.9	1351.3	1498.1	1551.8
JUNE	34,862	34,599	122,027	834.5	321.9	772.8	1299.5	836.8	1363.5	1511.2	1565.5
JULY	35,352	35,029	123,468	841.1	326.8	783.5	1316.9	846.3	1379.8	1528.0	1582.4
AUG.	35,641	34,580	124,297	849.7	328.4	767.7	1329.5	850.9	1392.7	1541.7	1596.4
SEPT.	35,627	35,001	125,144	852.4	330.4	792.9	1343.1	856.2	1406.3	1556.3	1611.3
OCT.	35,897	34,591	126,109	862.0	333.7	799.6	1357.1	865.9	1423.4	1574.4	1629.7
NOV. P	36,012	35,151	126,956	870.5	333.2	802.6	1365.3	873.5	1436.2	1588.2	1643.8
<b>WEEKLY:</b>											
1977--OCT. 12	35,171	34,120	124,989		334.5	800.1		865.5			
19	36,408	34,547	126,688		333.3	799.0		865.0			
26	35,693	34,249	126,202		334.5	800.8		867.9			
NOV. 2	36,112	34,999	126,860		331.3	798.0		866.3			
9	36,013	35,126	126,503		333.8	801.8		871.2			
16	36,158	35,624	127,038		334.1	803.0		873.6			
23	35,908	35,027	126,840		331.5	801.8		873.6			
30P	35,941	34,868	127,470		333.1	803.8		876.3			
DEC. 7P	35,691	35,306	127,081		334.9	806.3		879.1			

NOTES: WEEKLY DATA ARE DAILY AVERAGES FOR STATEMENT WEEKS. MONTHLY DATA ARE DAILY AVERAGES. WEEKLY DATA ARE NOT AVAILABLE FOR M<sub>3</sub>, M<sub>5</sub>, M<sub>6</sub>, M<sub>7</sub>, TOTAL LOANS AND INVESTMENTS AND THRIFT INSTITUTION DEPOSITS.

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

P - PRELIMINARY

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 <sup>1/</sup>	Credit Union Shares <sup>1/</sup>	Savings Bonds <sup>1/</sup>	Short Term U.S. Gov't Securities <sup>1/</sup>	Other Private Short-term Assets <sup>1/</sup>
			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)												
<b>ANNUALLY:</b> <sup>2/</sup>												
1974	10.3	3.6	14.7	10.1	6.5	12.7	36.5	5.6	12.3	4.7	13.5	29.6
1975	8.8	2.9	8.0	11.7	17.5	7.8	-6.1	15.5	19.4	6.2	33.4	-1.0
1976	9.6	4.3	8.1	15.2	25.0	7.7	-23.5	15.6	17.8	6.9	7.5	19.2
<b>SEMI-ANNUALLY:</b> <sup>2/</sup>												
1ST HALF 1976	10.7	4.0	6.3	14.1	27.5	3.9	-28.9	13.8	16.6	6.3	16.6	21.6
2ND HALF 1976	8.0	4.6	9.7	15.2	19.8	11.3	-21.1	16.2	17.6	7.2	-1.4	15.2
1ST HALF 1977	6.5	5.7	10.5	12.1	15.0	9.5	0.0	12.2	16.1	6.4	12.5	16.5
<b>QUARTERLY:</b>												
4TH QTR. 1976	6.6	7.4	15.7	18.1	26.2	10.9	1.3	15.9	18.2	6.2	-16.1	4.1
1ST QTR. 1977	8.4	2.2	9.5	11.9	16.3	8.1	-7.0	12.0	16.4	0.1	31.1	20.9
2ND QTR. 1977	8.8	8.2	9.5	9.4	5.1	13.2	10.9	11.2	13.8	6.6	8.3	15.3
3RD QTR. 1977	11.4	10.1	8.5	10.4	9.6	11.1	-4.4	17.3	23.8	7.0	4.9	5.2
<b>QUARTERLY-AV:</b>												
4TH QTR. 1976	8.1	6.0	12.2	17.1	25.4	10.2	-18.9	17.2	18.5	7.4	-11.9	7.4
1ST QTR. 1977	7.5	3.1	12.5	14.0	21.1	6.0	1.9	13.3	16.7	6.7	11.1	12.9
2ND QTR. 1977	9.3	8.3	8.3	9.8	8.5	10.8	-1.9	10.9	15.0	6.1	13.6	19.5
3RD QTR. 1977	10.0	9.1	10.0	10.9	6.6	15.0	3.2	15.2	19.3	6.5	5.5	7.4
<b>MONTHLY:</b>												
1976--NOV.	6.0	-2.1	16.1	18.8	25.4	13.5	-1.9	15.3	15.8	6.8	-3.4	0.0
DEC.	4.5	8.9	17.1	16.8	26.1	8.0	21.2	13.8	18.8	6.7	-44.9	4.8
1977--JAN.	8.9	4.1	11.0	12.9	23.2	4.2	-3.8	14.2	15.4	6.7	17.9	12.1
FEB.	10.4	-3.1	10.7	11.7	14.6	9.5	3.8	11.4	15.2	6.6	68.9	21.5
MAR.	5.9	5.7	6.7	10.7	10.4	10.5	-20.9	10.6	18.0	5.0	5.0	28.2
APR.	13.1	21.6	6.9	9.5	10.9	8.3	-11.6	10.4	11.8	6.6	3.3	18.4
MAY	7.2	-1.5	8.3	7.6	4.5	10.3	13.6	11.1	11.7	6.5	11.6	15.8
JUNE	5.7	4.6	13.2	10.7	0.0	20.5	30.8	11.8	17.4	6.5	9.9	11.2
JULY	15.7	16.7	11.0	15.4	5.1	24.7	-20.7	15.1	20.0	6.5	0.0	2.2
AUG.	5.6	6.0	6.9	6.8	14.6	0.0	7.6	16.3	19.7	6.4	6.5	6.6
SEPT.	12.6	5.4	7.6	8.6	8.9	8.4	0.0	17.8	30.4	8.0	8.1	6.6
OCT.	9.7	12.6	14.6	8.6	3.3	13.2	60.6	14.9	27.0	7.9	8.1	6.5
NOV. P	9.6	-5.4	16.3	9.0	-0.5	17.5	81.3	10.8	15.8	7.9	8.0	6.5

<sup>1/</sup> GROWTH RATES ARE BASED ON ESTIMATED MONTHLY AVERAGE LEVELS DERIVED BY AVERAGING END OF CURRENT MONTH AND END OF PREVIOUS MONTH REPORTED DATA.

<sup>2/</sup> 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 <sup>1/</sup>	Credit Union Shares <sup>1/</sup>	Savings Bonds <sup>1/</sup>	Short-Term U.S. Gov't Sec <sup>1/</sup>	Other Private Short-term Assets <sup>1/2/</sup>	Non-Deposit Funds <sup>3/</sup>	Total Gov't Demand Deposits <sup>4/</sup>
			Total	Other Than CD's			CD's							
				Total	Savings	Other								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>ANNUALLY:</b>														
1974	67.8	215.3	416.3	329.3	135.8	193.5	89.0	341.5	27.6	63.3	47.4	40.4	37.6	6.0
1975	73.7	221.0	451.7	369.6	160.5	209.1	82.1	395.2	33.0	67.3	66.3	42.8	33.7	8.3
1976	80.5	231.9	491.1	427.9	201.8	226.0	63.3	457.8	39.0	71.9	66.9	49.7	51.4	11.2
<b>MONTHLY:</b>														
1976--NOV.	80.2	230.2	484.2	422.0	197.5	224.5	62.2	452.6	38.4	71.5	69.5	49.5	48.2	13.0
DEC.	80.5	231.9	491.1	427.9	201.8	226.0	63.3	457.8	39.0	71.9	66.9	49.7	51.4	11.2
1977--JAN.	81.1	232.7	495.6	432.5	205.7	226.8	63.1	463.2	39.5	72.3	67.9	50.2	49.9	10.0
FEB.	81.8	232.1	500.0	436.7	208.2	228.6	63.3	467.6	40.0	72.7	71.8	51.1	50.3	11.7
MAR.	82.2	233.2	502.8	440.6	210.0	230.6	62.2	471.5	40.6	73.0	72.1	52.3	51.4	11.2
APR.	83.1	237.4	505.7	444.1	211.9	232.2	61.6	475.6	41.0	73.4	72.3	53.1	50.8	10.8
MAY	83.6	237.1	509.2	446.9	212.7	234.2	62.3	480.0	41.4	73.8	73.0	53.8	54.6	10.6
JUNE	84.0	238.0	514.8	450.9	212.7	238.2	63.9	484.7	42.0	74.2	73.6	54.3	53.5	10.1
JULY	85.1	241.7	519.5	456.7	213.6	243.1	62.8	490.8	42.7	74.6	73.6	54.4	53.3	11.8
AUG.	85.5	242.9	522.5	459.3	216.2	243.1	63.2	498.3	43.4	75.0	74.0	54.7	55.6	10.2
SEPT.	86.4	244.0	525.8	462.6	217.8	244.8	63.2	505.7	44.5	75.5	74.5	55.0	57.7	10.7
OCT.	87.1	246.6	532.2	465.9	218.4	247.5	66.4	512.0	45.5	76.0	75.0	55.3	57.4	10.3
NOV. P	87.8	245.5	540.3	469.4	218.3	251.1	70.9	516.6	46.1	76.5	75.5	55.6	60.0	6.7
<b>WEEKLY:</b>														
1977--OCT.														
12	86.9	247.6	531.0	465.6	218.3	247.3	65.4						56.2	8.4
19	87.1	246.1	531.8	465.7	218.3	247.4	66.1						60.2	10.0
26	87.3	247.2	533.4	466.3	218.4	247.9	67.1						58.9	10.2
NOV.														
2	87.5	243.8	535.0	466.7	218.3	248.5	68.2						60.7	9.1
9	87.6	246.2	537.4	468.0	218.2	249.8	69.4						56.1	6.6
16	87.7	246.4	539.5	468.9	218.3	250.6	70.5						58.1	6.3
23	87.7	243.8	542.2	470.3	218.2	252.2	71.8						63.4	6.5
30P	88.1	245.1	543.2	470.7	217.9	252.7	72.5						63.3	6.1
DEC.														
7P	88.0	246.9	544.2	471.4	218.2	253.2	72.8							10.0

- 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 RPS, AND OTHER MINOR ITEMS.  
4/ INCLUDES TREASURY DEPOSITS AT MEMBER BANKS AND FEDERAL RESERVE BANKS.  
P - PRELIMINARY