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MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

May 12, 1978

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) Growth in M-1 accelerated to an annual rate of 19 per cent in April, partly reflecting the sharp rebound in economic activity that is in process. In addition, the month appears to have been affected by transitory tax-related factors, including a build-up in individual cash balances to make larger than usual nonwithheld tax payments and some delay by the Treasury in processing such payments. M-1 is expected to increase at about a 6-1/2 per cent annual rate in May, given data thus far available in the month, bringing growth over the April-May period to around a 13 per cent annual rate, well above the upper end of the Committee's range. The rapid expansion of M-1 also has boosted growth in M-2 over April and May to about an 8-3/4 per cent annual rate, near the upper end of its two-month range. The pick-up in deposit growth in April enabled banks to accelerate their acquisitions of earning assets to a 21½ per cent annual rate. Deposit growth at nonbank thrift institutions remained weak in April.

Growth in Monetary Aggregates
over April-May Period
(SAAR in per cent)

	<u>Ranges</u>	<u>Latest Estimates</u>
M-1	4 to 8½	12.9
M-2	5½ to 9½	8.8
Memo: Federal funds rate (per cent per annum)	6¾ to 7½	<u>Avg. for statement week ending</u> Apr. 19 6.78 26 7.00 May 3 7.27 10 7.32

(2) As incoming data on the aggregates continued to strengthen following the April FOMC meeting, the Desk raised its Federal funds rate target to around 7-1/4 per cent from the 6-3/4 per cent level which had prevailed since early January. At a telephone conference meeting on May 5, it was reported that growth in M-1 appeared to be well in excess of the Committee's range and growth in M-2 at the top of its range. To provide time for more evidence on the economy and on the extent to which the strength in the aggregates would subside, the FOMC decided that the Desk should continue aiming for a 7-1/4 per cent Federal funds rate. However, the Manager was instructed to be more tolerant of deviations of the funds rate above the desired level than below it, and in the most recent statement week the Federal funds rate averaged 7.32 per cent.

(3) The increase in the Federal funds rate from the earlier 6-3/4 per cent level induced a sharp rise in member bank borrowing from Federal Reserve Banks. In the statement week just ended, such borrowing totalled \$1.7 billion, up from a level of \$239 million in the week of April 19. The discount rate was raised 1/2 point to 7 per cent on May 11, in order to bring it into better alignment with market rates, and most recently member bank borrowing has declined substantially. Still, increased member bank borrowing on average is estimated to supply the bulk of the 11-1/4 per cent expansion in total reserves over the April-May period.

(4) Along with the rise in the Federal funds rate, most short- and longer-term market interest rates have risen by 20 to 45

basis points since the April Committee meeting, and the bank prime rate was increased from 8 to 8-1/4 per cent. Demands of nonfinancial businesses for short-term credit remained quite strong, as evidenced by substantial increases in both commercial paper and bank business loans in April. The Treasury, on the other hand, has paid down \$12 billion of cash management bills since the April tax date, contributing to a relative scarcity of short-term bills. The reduction in the available supply of these instruments has helped to limit the response of many short-term interest rates to the firming of money market conditions. In its mid-May refunding, the Treasury redeemed \$1.9 billion of the \$5.9 billion of publicly held maturing issues and offered a total of \$4 billion in a 10 year note and a 22-1/4 year bond. Dealers distributed the bulk of their awards of the bond and about half of their holdings of the new notes within a day or two of the auction. Despite the rise in interest rates, stock prices have moved higher on balance over the inter-meeting period.

(4) Conditions in mortgage markets have continued to tighten. Rates on primary conventional mortgages have risen 15 basis points since mid-April, bringing the increase in this rate over the first four months of 1978 to about 1/2 percentage point. In addition, savings and loan associations reduced their outstanding level of loan commitments again in March, and concern about further upward movements in mortgage rates has contributed to a marked rise in offerings at FNMA auctions of forward purchase commitments.

(6) The table on the next page shows percentage annual rates of change in related monetary and financial flows over various time periods.

	1976 & 1977 Average	Past Twelve Months Apr. '78 over Apr. '77	Past Six Months Apr. '78 over Oct. '77	Past Three Months Apr. '78 over Jan. '78	Past Month Apr. '78 over Mar. '77
Nonborrowed reserves	1.5	5.0	11.1	3.4	2.8
Total reserves	2.1	6.4	6.5	4.1	10.2
Monetary Base	7.6	8.7	8.5	6.0	8.1
<u>Concepts of Money</u>					
M-1 (Currency plus demand deposits) <u>1/</u>	6.9	7.3	6.5	7.2	19.1
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	10.3	8.2	6.9	7.0	11.3
M-3 (M-2 plus deposits at thrift institutions)	12.2	9.9	7.7	7.3	9.9
M-3 (M-2 plus CD's)	8.8	10.3	10.3	9.6	12.1
M-5 (M-3 plus CD's)	11.1	11.1	9.8	8.8	10.4
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>					
Month-end basis	9.5	10.9	11.0	13.9	21.5
Monthly average	9.3	11.1	10.7	11.1	12.5
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	-0.3	1.8	2.8	2.4	1.4
Nonbank commercial paper	0.2	0.2	0.2	0.5	0.6

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

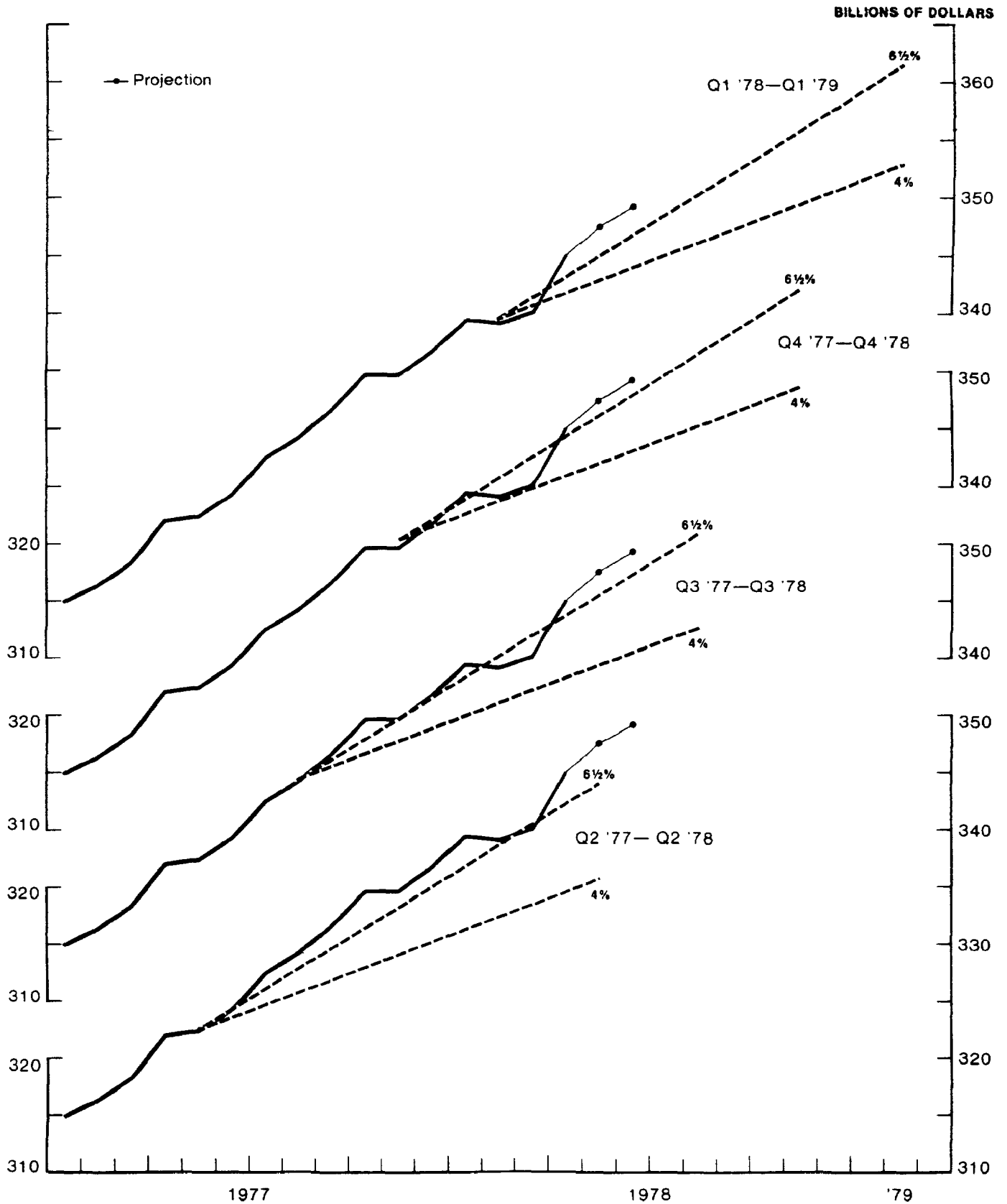
(7) The table below presents for Committee consideration two alternative sets of specifications for the monetary aggregates and the Federal funds rate for the forthcoming intermeeting period. (More detailed and longer-term data for the aggregates are shown in the tables on pp. 6 and 7.)

	<u>Alt. A</u>	<u>Alt. B</u>
Ranges for May-June		
M-1	4½ to 8½	4 to 8
M-2	5 to 9	4½ to 8½
Federal funds rate (Intermeeting period)	7 to 7½	7½ to 8½

(8) Growth in M-1 is expected to slow considerably over the two-month May-June period from the extraordinary April rate, partly because the temporary impact of tax-related factors should be unwinding. Under alternative A--which encompasses a range for the Federal funds rate centered on its recently prevailing level of around 7-3/8 per cent--M-1 is expected to expand in a 4½ to 8½ per cent annual rate range over the May-June period. Given this projection, the level of M-1 in each month of the second quarter would be above levels implied by the FOMC's longer-run range, as shown in Chart 1 on the following page. Growth in M-1 in the second quarter would be at a 9½ per cent annual rate, reflecting for the most part the sharp rebound in economic activity this quarter, when nominal GNP is now anticipated to expand at a 17½ per cent annual rate.

Chart 1

RECENTLY ESTABLISHED M-1 GROWTH RANGES AND ACTUAL M-1



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. A</u>	<u>Alt. B</u>
1978	April	345.5	345.5	827.9	827.9
	May	347.4	347.3	832.2	832.1
	June	349.2	348.9	837.9	837.2
1978	QI	339.5	339.5	816.8	816.8
	QII	347.4	347.2	832.7	832.4
	QIII	352.2	351.6	848.2	847.0
	QIV	354.8	354.5	863.0	862.0
1979	QI	357.3	357.3	877.4	877.1
<u>Growth Rates</u>					
<u>Monthly:</u>					
1978	May	6.6	6.3	6.2	6.1
	June	6.2	5.5	8.2	7.4
<u>Quarterly Average:</u>					
1978	QII	9.3	9.1	7.8	7.6
	QIII	5.5	5.1	7.4	7.0
	QIV	3.0	3.3	7.0	7.1
1979	QI	2.8	3.2	6.7	7.0
<u>Semi-Annual:</u>					
	QI '78-QIII '78	7.5	7.1	7.7	7.4
	QIII '78-QI '79	2.9	3.2	6.9	7.1
<u>Annual:</u>					
	QI '78-QI '79	5.2	5.2	7.4	7.4

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. A</u>	<u>Alt. B</u>
1978	April	1409.2	1409.2	905.0	905.0
	May	1417.2	1416.7	913.4	913.4
	June	1426.3	1425.0	920.6	920.3
1978	QI	1390.8	1390.8	888.2	888.2
	QII	1417.6	1417.0	913.0	912.9
	QIII	1444.3	1441.5	932.4	932.1
	QIV	1470.0	1466.7	951.0	950.3
1979	QI	1495.1	1492.1	968.1	966.4
<u>Growth Rates</u>					
<u>Monthly:</u>					
1978	May	6.8	6.4	11.1	11.1
	June	7.7	7.0	9.5	9.1
<u>Quarterly Average:</u>					
1978	QII	7.7	7.5	11.2	11.1
	QIII	7.5	6.9	8.5	8.4
	QIV	7.1	7.0	8.0	7.8
1979	QI	6.8	6.9	7.2	6.8
<u>Semi-Annual:</u>					
QI '78-QIII '78		7.7	7.3	10.0	9.9
QIII '78-QI '79		7.0	7.0	7.7	7.4
<u>Annual:</u>					
QI '78-QI '79		7.5	7.3	9.0	8.8

(9) Growth in M-2 over the May-June period is also likely to be in a 5 to 9 per cent annual rate range under alternative A. Unlike levels of M-1, the implied levels of M-2 would be generally within the longer-run ranges adopted by the Committee for this aggregate, as shown in Chart 2 on the following page.^{1/}

(10) The recent and expected near-term increases in market rates of interest will probably be associated with continued slow growth in savings deposits. Banks are expected to benefit only modestly from the June 1 introduction of the new 6-month and 8-year certificates, because these instruments are likely to be particularly attractive to the most interest-sensitive depositors who will probably take advantage of the higher rates offered by thrift institutions.^{2/} However, with loan demands expected to remain large, and demand deposits decelerating from their rapid growth in April, banks are projected to step up significantly their issuance of large-denomination time deposits. Since a major portion of such instruments are included in M-2, the interest-bearing component of this aggregate is expected to pick up somewhat from its reduced March-April pace.

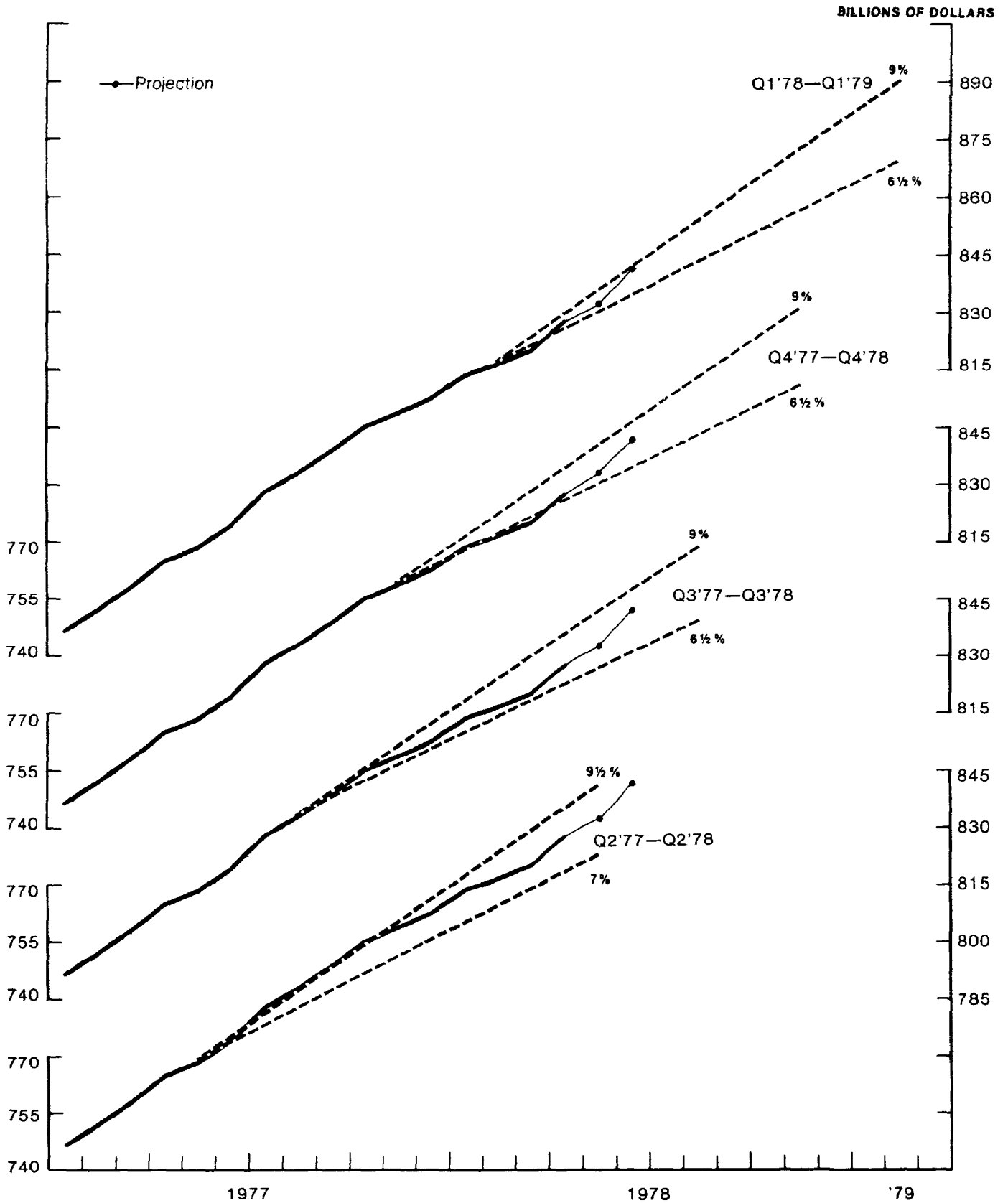
(11) Even if the funds rate does not rise significantly from recent levels, other short-term rates could edge up further

^{1/} Charts 3 and 4 showing the relationship between the short-run behavior of M-3 and bank credit and their longer-run ranges may be found following page 16.

^{2/} On May 11, the Federal regulatory agencies announced authorization of a new 8-year certificate at ceiling rates of 8 and 7½ per cent at thrifts and banks, respectively, and a 6-month, \$10,000 minimum, certificate whose ceiling rate floats with the auction rate on 6-month Treasury bills; the 6-month certificate ceiling is ½ of a percentage point more than the bill rate for thrifts and equal to the bill rate for banks.

Chart 2

RECENTLY ESTABLISHED M-2 GROWTH RANGES AND ACTUAL M-2



over the weeks ahead. Issuance of commercial paper and bank CD's is likely to be substantial in coming weeks to accommodate the expected large business demands for credit. Moreover, the Treasury is not expected to retire bills, as it did following the April tax date, and it is possible that the Treasury may issue a sizable short-dated cash management bill in early June. Finally, if the dollar continues to strengthen on exchange markets, foreign official accounts might become significant net sellers of bills.

(12) Long-term rates are expected to show relatively little change under the conditions of alternative A. Public offerings of corporate bonds are projected to remain moderate over the coming weeks, and State and local bond issuance should drop off markedly in late May after the effective date of the new IRS ruling with regard to sinking fund provisions of tax-exempt bond offerings. On the other hand, the Treasury--after retiring about \$2 billion of coupon securities in the latest refunding--will probably raise about \$2 to \$2½ billion of new cash when it sells the regular four-year cycle note in early June. In addition, the FHLB System will announce terms for its mid-quarter refunding early next week, and is expected to raise about \$1½ billion in this operation. Receptions for these offerings could be quite good, however, since dealers have distributed the bulk of their awards of the Treasury refunding issues and have reestablished a short position in coupon issues.

(13) Alternative B calls for an increase in the Federal funds rate to the mid-point of a 7½ to 8½ per cent range between now and mid-June. M-1 growth would likely be in a 4 to 8 per cent

annual rate range over May and June and M-2 growth in a 4-1/2 to 8-1/2 per cent range. Under this alternative, short-term rates generally might rise 1/2 percentage point or a little more. With loan demands expected to remain sizable, relatively prompt upward adjustments in the prime loan rate may be anticipated. Moreover, a rise in member bank borrowings would also increase pressure for another discount rate adjustment. Bond yields too could be expected to rise, though increases may be limited since current market yields have probably anticipated some further monetary tightness. The widening spread between interest rates in the United States and the rest of the world would tend to provide support for the exchange value of the dollar.

(14) The staff believes that over the QI '78 to QI '79 period interest rates will have to rise to levels significantly higher than previously projected if M-1 growth is to be restrained to the mid-point, or perhaps even the upper half, of its 4 to 6½ per cent longer-run range. M-1 is now expected to expand at about a 9½ per cent annual rate in the second quarter--3½ percentage points more than projected last month. Consequently, in order to achieve 5½ per cent M-1 growth over the four-quarter period, interest must rise sufficiently to restrain M-1 growth to an annual rate below 4 per cent over the remaining three quarters--an interval in which nominal GNP is projected to grow at an 11-3/4 per cent annual rate. The implied rates of increase in velocity--shown in Appendix II--are unusually large, more than twice the average of the past two years.

(15) The Federal funds rate level that the staff believes will be needed to induce such velocity increases are shown in Appendix I. Under alternative A the Federal funds rate might need to rise by fall into a range of 9 to 10 per cent--about one percentage point higher than projected last month.^{1/} These projections assume some further downward shift in the demand for money--as a result, for example, of more intensive marketing of previously introduced innovations and cash management services as interest rates rise.^{2/} It should be noted, though, that the relationship between money demand, income, and interest rates in the Board's econometric model has not generated any evidence of a further downward shift over the past five quarters.

(16) Under either alternative A or B, growth over the quarters ahead of interest-bearing deposits subject to rate ceilings will slow more than projected last month. Not only are market interest rates now expected to be higher, but the upward adjustment in deposit rate ceilings announced by the regulatory agencies is less

^{1/} Under alternative B, restraint would be introduced earlier and, as a result, the level of the funds rate required at the end of the longer-run policy period would be somewhat less--possibly in an 8½ to 9½ per cent range.

^{2/} However, the staff as yet has made no allowance for the impact on measured M-1 of automatic transfers from savings accounts to demand deposits, scheduled to be authorized at commercial banks on November 1. This service is expected to have a significant depressing impact on the level of M-1, as balances are shifted from demand to savings accounts, and consequently is likely to reduce, perhaps sharply, the rate of growth of M-1 over the QI '78 to QI '79 period; M-2, on the other hand, is likely to be only marginally affected. Of course, after automatic transfers are implemented, smaller rates of growth of measured M-1 will have the same economic and policy significance as larger rates of growth previously. During the transition period, however, changes in M-1 will be difficult to interpret.

than the staff had previously projected.^{1/} Consequently, the staff believes that a further increase in deposit rate ceilings on longer-term certificates will be needed to maintain flows of small-denomination time deposits, and has assumed such an increase in the fourth quarter. Even with an increase in ceiling rates, growth in M-3 over the longer-run policy period may be around the lower end of its 7½ to 10 per cent range. While growth in small-denomination time and savings deposits at banks will also remain weak, M-2 expansion is expected to be near the mid-point of the Committee's longer-run range, reflecting sizable issuance of time deposits not subject to interest rate ceilings. The slower growth of deposits subject to rate ceilings, and the resultant increased reliance on managed liabilities and draw-downs of portfolio liquidity by both banks and thrift institutions, will be associated with mounting strains on their balance sheet positions. As the year progresses, therefore, the ability and willingness of these institutions to meet credit demands can be expected to decline substantially.

^{1/} The staff had assumed a 50 basis point increase on all time deposit ceiling rates.

Directive language

(17) Given below are alternatives for the operational paragraphs of the directive.^{1/} The first formulation, like the directive adopted at the last meeting, places main emphasis on near-term rates of growth in monetary aggregates; it shows--in strike-through form--the specifications adopted at the last meeting. The second formulation places main emphasis on money market conditions. In both formulations, variants are shown for particular phrases that are intended to be associated with the specifications discussed in the preceding section under alternatives A and B.

"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 ~~April-May~~ MAY-JUNE period to be within ranges of ~~4-~~to~~-8½~~ ____ TO ____ per cent for M-1 and ~~5½-~~to~~-9½~~ ____ 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

- (A) AT ABOUT THE CURRENT LEVEL.
- (B) slightly (OR SOMEWHAT) above the current level.

1/ In a memorandum dated May 11 Chairman Miller proposed modified language for these operational paragraphs and for the preceding paragraphs dealing with the Committee's general policy stance and longer-run ranges for the aggregates.

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 midpoints of the indicated ranges, the operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of ~~6½-7½~~ ____ TO ____ per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

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 (A) to maintain about the prevailing money market conditions (or (B) to achieve slightly 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 (A) to maintain the weekly-average Federal funds rate at about the current level (or (B) to increase the weekly-average Federal funds rate slightly or somewhat from the current level), so

long as M-1 and M-2 appear to be growing over the May-June period at annual rates within ranges of ____ to ____ per cent and ____ 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 ____ to ____ per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

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.

Chart 3

RECENTLY ESTABLISHED M-3 GROWTH RANGES AND ACTUAL M-3

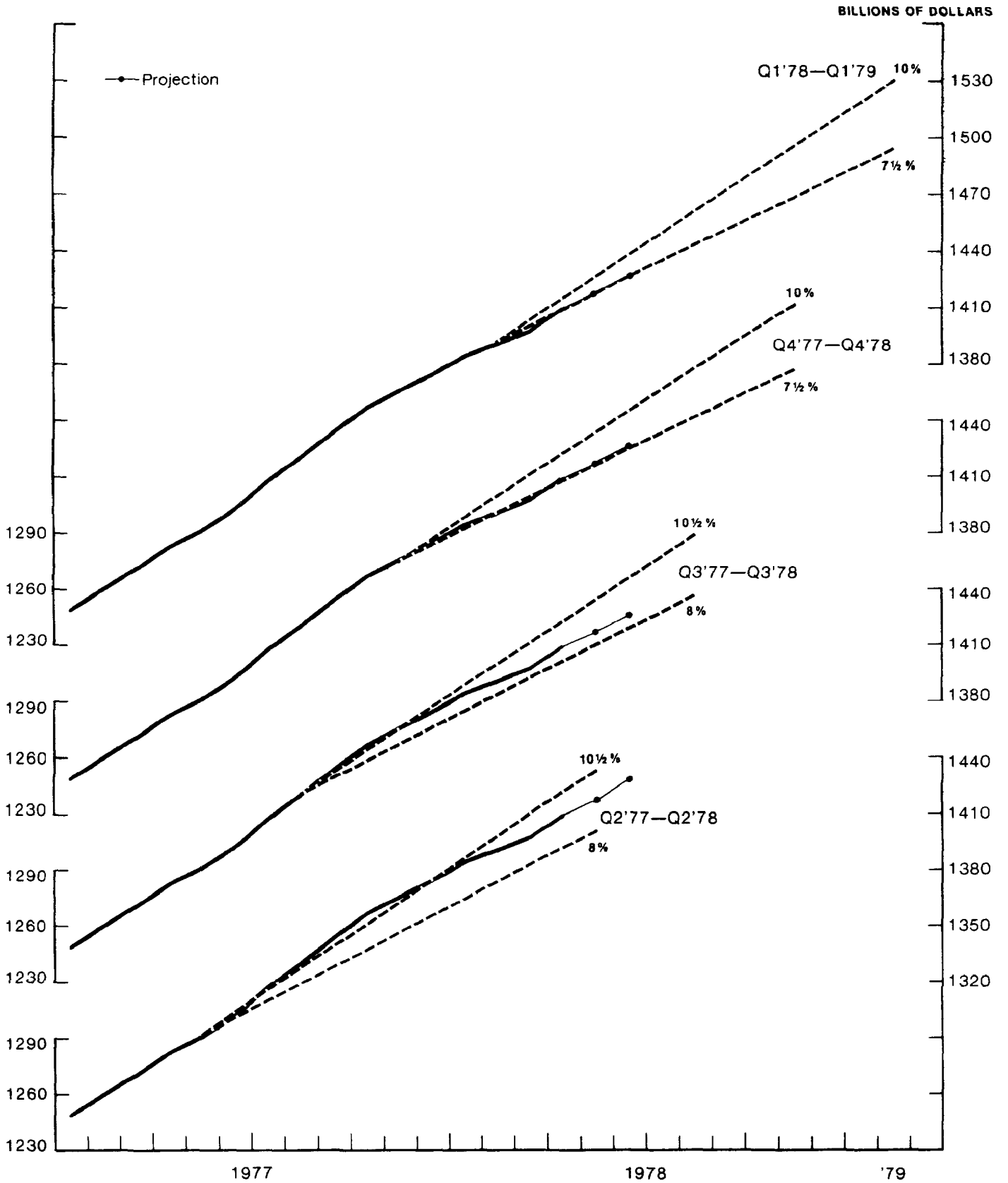
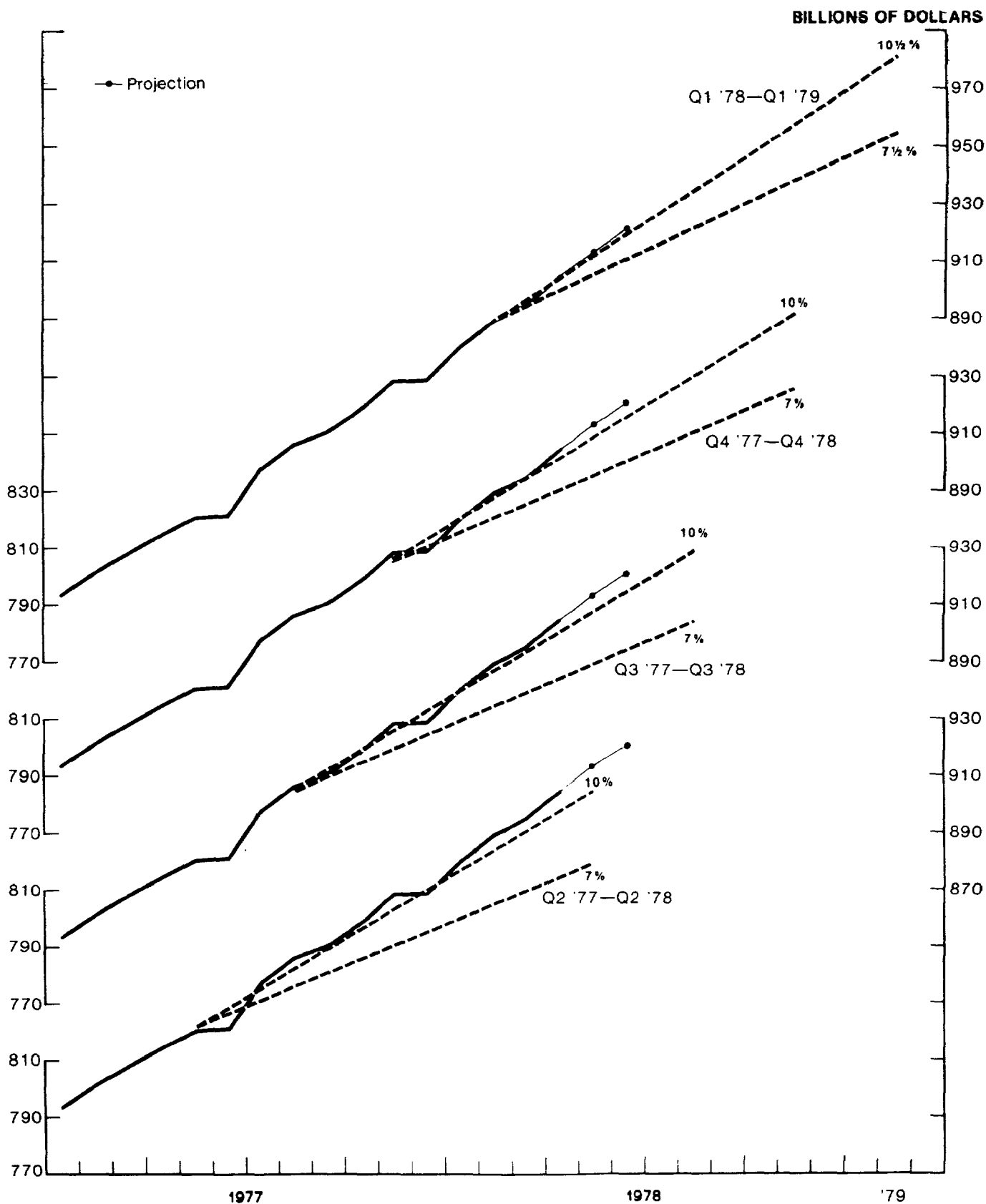


Chart 4

RECENTLY ESTABLISHED BANK CREDIT GROWTH RANGES AND ACTUAL BANK CREDIT



Appendix I

Projected Federal Funds Rate

		<u>Alt. A</u>	<u>Alt. B</u>
1978	QII	7½ to 7¾	7½ to 8
	QIII	8½ to 9¼	8¾ to 9½
	QIV	9 to 10	8¾ to 9¾
1979	QI	9 to 10	8¾ to 9¾

Appendix II

Implied Velocity Growth Rates

<u>V_1</u> (<u>GNP/M₁</u>)	<u>Alt. A</u>	<u>Alt. B</u>
1978 II	6.9	7.1
III	5.6	6.0
IV	8.7	8.3
1979 I	8.1	7.6
<u>V_2</u> (<u>GNP/M₂</u>)		
1978 II	8.4	8.5
III	3.7	4.0
IV	4.6	4.6
1979 I	4.1	3.9

Appendix Table III-1

MONEY STOCK--M-1
 (Annual rates of growth, compounded quarterly)^{1/}

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>	<u>77IV</u>	<u>78I</u>
1975 I	2.3													
II	4.3	6.4												
III	5.0	6.3	6.3											
IV	4.4	5.1	4.5	2.8										
1976 I	4.5	5.0	4.6	3.7	4.7									
II	4.9	5.4	5.2	4.8	5.9	7.0								
III	4.7	5.1	4.9	4.6	5.2	5.4	3.8							
IV	5.1	5.5	5.3	5.1	5.7	6.1	5.6	7.4						
1977 I	5.3	5.7	5.6	5.5	6.0	6.3	6.1	7.3	7.1					
II	5.6	6.0	5.9	5.9	6.4	6.7	6.6	7.6	7.7	8.3				
III	5.8	6.2	6.2	6.2	6.7	7.0	7.0	7.8	7.9	8.3	8.3			
IV	6.0	6.3	6.3	6.3	6.7	7.0	7.0	7.7	7.8	8.0	7.8	7.4		
1978 I	5.9	6.2	6.2	6.2	6.6	6.8	6.8	7.3	7.2	7.3	6.9	6.2	5.1	
	* * * * *													
1979 I														
Alt. A	5.7	6.0	5.9	5.9	6.2	6.3	6.2	6.5	6.3	6.3	6.0	5.6	5.2	5.2
Alt. B	5.7	6.0	5.9	5.9	6.2	6.3	6.2	6.5	6.3	6.3	6.0	5.6	5.2	5.2

^{1/} Based on quarterly average data.

Appendix Table III-2

MONEY STOCK--M-2
 (Annual rates of growth, compounded quarterly)^{1/}

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>	<u>77IV</u>	<u>78I</u>
1975 I	6.4													
II	8.3	10.2												
III	8.8	10.1	9.9											
IV	8.3	9.0	8.4	6.9										
1976 I	8.9	9.5	9.3	8.9	11.0									
II	9.1	9.7	9.5	9.4	10.7	10.4								
III	9.1	9.5	9.4	9.3	10.1	9.6	8.9							
IV	9.6	10.1	10.0	10.1	10.9	10.8	11.1	13.2						
1977 I	9.8	10.2	10.2	10.3	11.0	10.9	11.1	12.3	11.3					
II	9.7	10.1	10.1	10.1	10.7	10.6	10.7	11.3	10.3	9.4				
III	9.8	10.1	10.1	10.2	10.6	10.6	10.6	11.0	10.3	9.8	10.3			
IV	9.7	10.0	9.9	9.9	10.3	10.2	10.2	10.5	9.8	9.3	9.2	8.2		
1978 I	9.4	9.7	9.6	9.6	9.9	9.8	9.7	9.8	9.1	8.6	8.3	7.4	6.6	
	* * * * *													
1979 I														
Alt. A	8.9	9.1	9.0	9.0	9.1	9.0	8.8	8.8	8.4	8.0	7.8	7.4	7.2	7.4
Alt. B	8.9	9.1	9.0	9.0	9.1	9.0	8.8	8.8	8.3	8.0	7.8	7.4	7.2	7.4

^{1/} Based on quarterly average data.

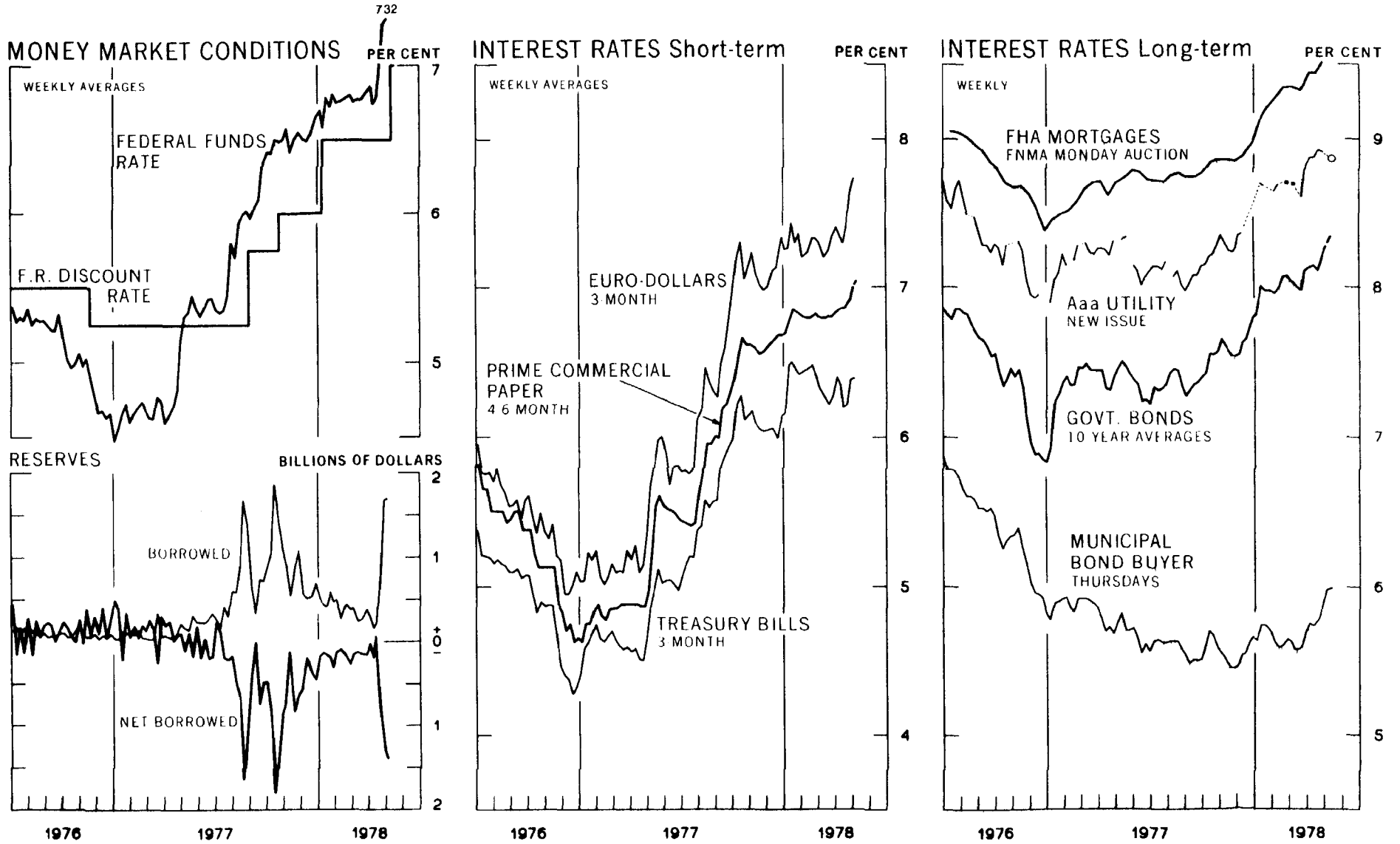
Appendix Table III-3

MONEY STOCK--M-3
 (Annual rates of growth, compounded quarterly)^{1/}

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>	<u>77IV</u>	<u>78I</u>
1975 I	8.3													
II	10.6	13.0												
III	11.5	13.1	13.2											
IV	11.1	12.0	11.5	9.8										
1976 I	11.4	12.2	11.9	11.2	12.7									
II	11.5	12.2	12.0	11.6	12.5	12.2								
III	11.5	12.0	11.8	11.5	12.1	11.8	11.3							
IV	11.9	12.5	12.4	12.2	12.8	12.8	13.1	15.0						
1977 I	12.0	12.5	12.4	12.3	12.8	12.8	13.0	13.9	12.7					
II	11.9	12.3	12.2	12.0	12.4	12.4	12.4	12.8	11.7	10.6				
III	11.9	12.3	12.2	12.1	12.4	12.4	12.4	12.7	11.9	11.5	12.5			
IV	11.8	12.2	12.1	12.0	12.2	12.2	12.2	12.3	11.7	11.4	11.7	11.0		
1978 I	11.5	11.8	11.7	11.5	11.7	11.6	11.5	11.5	10.9	10.4	10.3	9.3	7.6	
	* * * * *													
1979 I														
Alt. A	10.6	10.7	10.6	10.4	10.4	10.2	10.0	9.9	9.4	8.9	8.7	8.1	7.5	7.5
Alt. B	10.5	10.6	10.5	10.3	10.3	10.1	10.0	9.8	9.3	8.8	8.6	8.0	7.4	7.3

^{1/} Based on quarterly average data.

MONEY MARKET CONDITIONS AND INTEREST RATES



MONETARY AGGREGATES

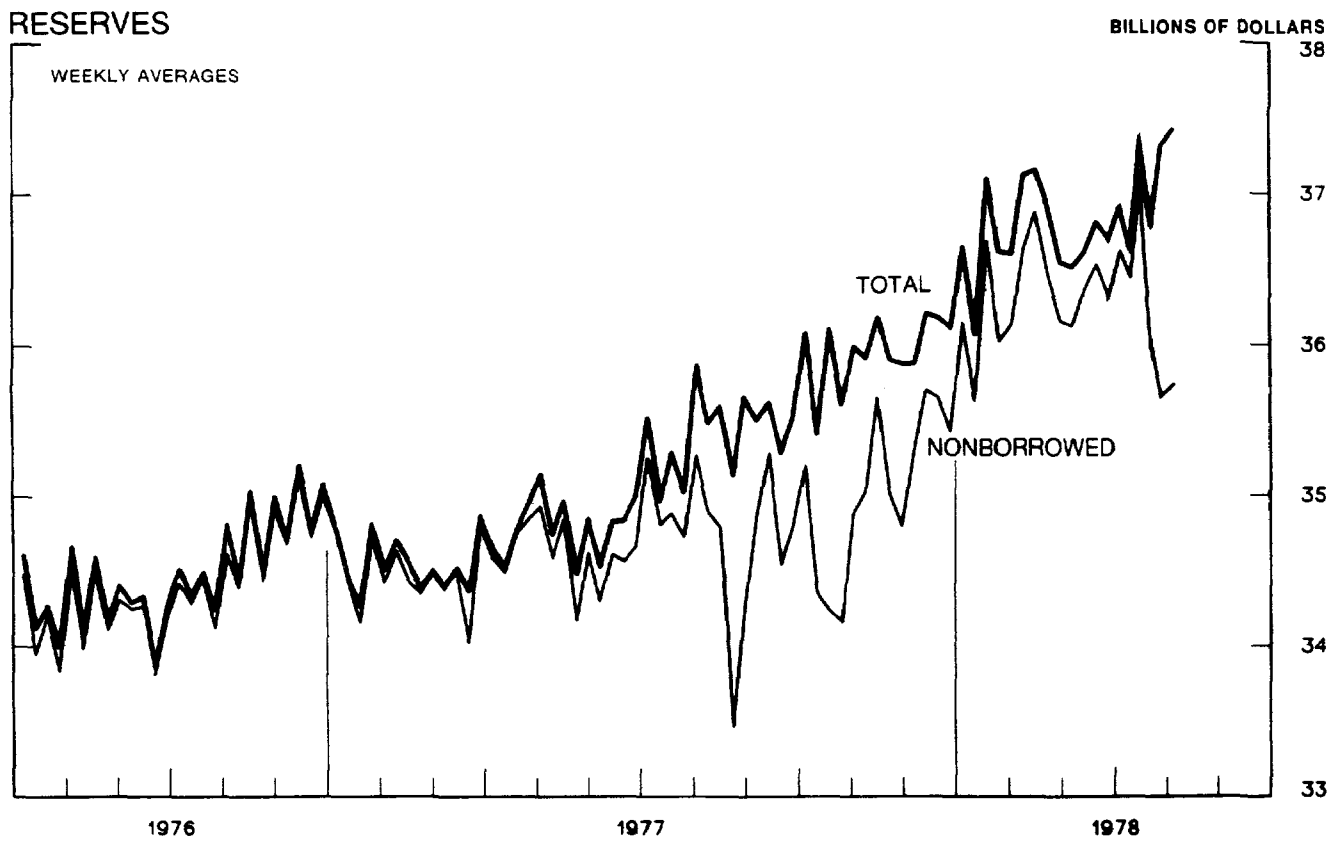
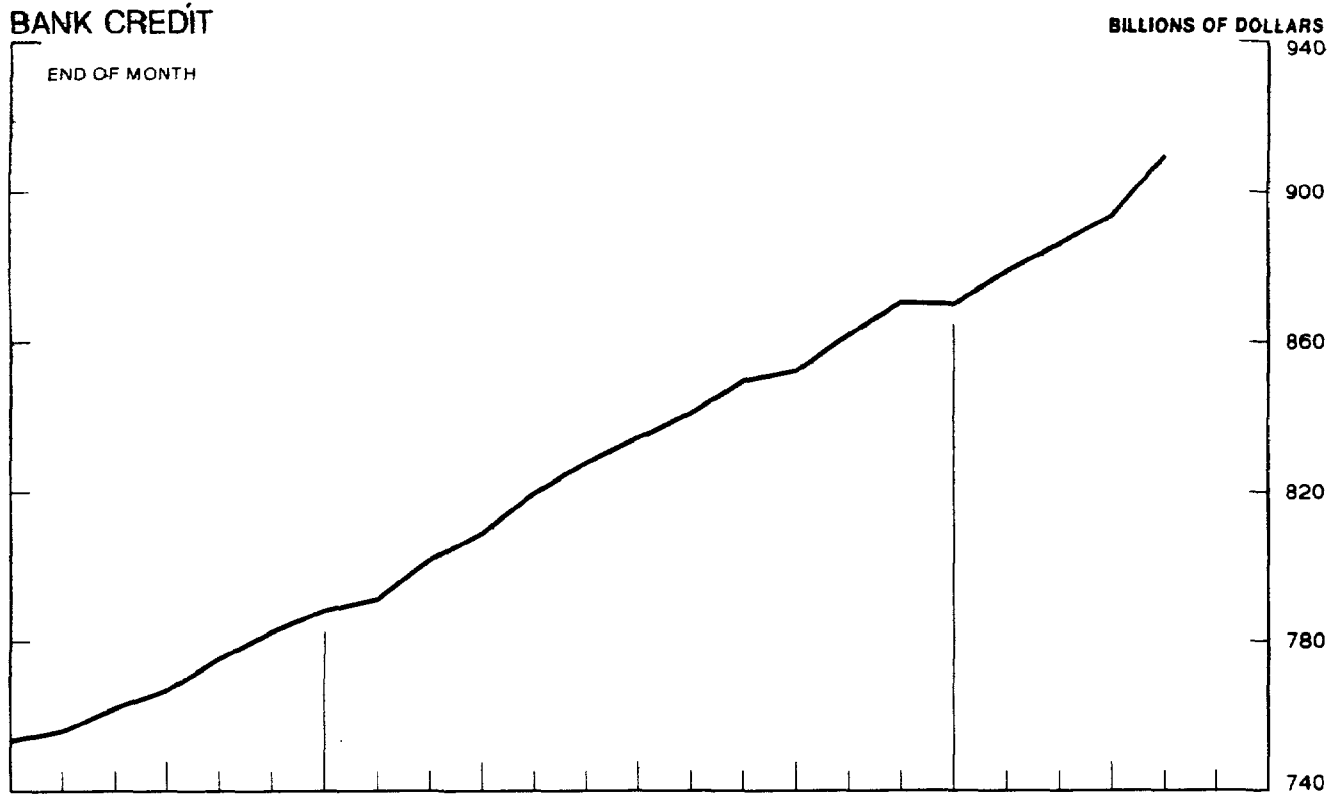


Table 1
MONETARY AGGREGATES

CONFIDENTIAL (FR)
 CLASS II-FOMC
 MAY 12, 1978

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		Other		
					Total	Savings			
	1	2	3	4	5	6	7	8	9
MONTHLY LEVELS--\$BIL									
1978--FEB.	339.1	816.6	7.5	556.8	477.5	220.7	256.7	79.4	66.9
MAR.	340.1	820.2	7.9	562.1	480.1	220.8	259.3	82.0	67.2
APR.	345.5	827.9	8.3	565.9	482.4	221.4	261.0	83.4	65.5
MAY	(347.4)	(832.2)	(8.1)	(571.6)	(484.8)	(221.2)	(263.6)	(86.8)	
% ANNUAL GROWTH									
QUARTERLY									
1977--3RD QTR.	9.0	10.1		9.9	10.8	10.9	10.8	3.2	
4TH QTR.	6.2	7.0		14.5	7.6	1.3	13.3	64.0	
1978--1ST QTR.	4.0	6.2		12.6	7.8	2.4	12.6	43.2	
QUARTERLY-AV									
1977--3RD QTR.	8.1	9.9		10.3	11.2	7.3	14.6	4.5	
4TH QTR.	7.2	8.0		13.0	8.5	5.4	11.4	44.9	
1978--1ST QTR.	5.0	6.4		13.1	7.5	2.2	12.0	50.0	
MONTHLY									
1978--FEB.	-1.1	4.4		13.7	8.4	0.5	14.7	48.8	
MAR.	3.5	5.3		11.4	6.5	0.5	12.2	39.3	
APR.	19.1	11.3		8.1	5.7	3.3	7.9	20.5	
MAY	(6.6)	(6.2)		(12.1)	(6.0)	(-1.1)	(12.0)	(48.9)	
APR.--MAY	(12.9)	(8.8)		(10.1)	(5.9)	(1.1)	(9.9)	(35.1)	
WEEKLY LEVELS--\$BIL									
1978--APR. 5	341.8	823.7	8.4	564.0	481.9	221.2	260.7	82.1	67.5
12	344.0	825.9	9.0	564.4	481.9	222.0	259.9	82.5	66.3
19	344.8	827.8	8.5	566.1	482.9	221.4	261.5	83.2	61.8
26	346.5	829.5	8.1	567.5	483.0	221.1	261.9	84.4	67.0
MAY 3	350.5	833.7	7.5	568.9	483.1	221.3	261.8	85.8	

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 1-A

TIME AND SAVINGS DEPOSITS AT ALL COMMERCIAL BANKS

SEASONALLY ADJUSTED EXCEPT AS NOTED

CONFIDENTIAL (FR)
CLASS II-FOMC

MAY 12, 1978

Period	Total Time and Savings	Savings Deposits				Time Deposits			Memo: Large Negotiable CD's
		Total	Individual and Nonprofit	Business (NSA)	Government (NSA)	Total	Large Denomination	Small Denomination	
	1	2	3	4	5	6	7	8	9
OUTSTANDING (\$ BILLIONS)									
1977--AUG.	521.9	217.0	201.2	10.5	5.3	304.9	142.0	162.9	63.2
SEPT.	525.9	218.8	203.2	10.6	5.1	307.1	143.6	163.6	63.8
OCT.	531.9	219.5	204.1	10.5	4.9	312.3	148.1	164.2	66.4
NOV.	540.0	219.4	204.5	10.6	4.3	320.6	157.6	163.0	70.9
DEC.	544.9	219.5	204.7	10.6	4.2	325.4	162.1	163.3	74.0
1978--JAN.	550.5	220.6	205.8	10.2	4.5	329.9	165.9	164.0	76.3
FEB.	556.8	220.7	206.0	10.1	4.7	336.1	171.9	164.2	79.4
MAR.	562.1	220.8	206.2	10.1	4.5	341.4	175.6	165.7	82.0
APR.	565.9	221.4	206.9	10.1	4.4	344.5	177.4	167.1	83.4
CHANGES (\$ BILLIONS)									
1977 YEAR	55.2	17.6	17.4	2.1	-1.9	37.6	25.4	12.2	11.3
QUARTERLY AVERAGE:									
1977--I	14.8	10.5	7.3	1.2	1.8	4.5	1.0	3.4	0.5
II	10.4	4.6	4.1	0.8	-0.2	5.7	-0.7	6.6	-0.3
III	13.1	3.9	4.7	0.4	-1.2	9.2	5.9	3.3	0.7
IV	16.9	2.9	3.5	0.2	-0.8	14.0	13.5	0.4	7.1
1978--I	17.6	1.2	1.6	-0.5	0.1	16.4	15.2	1.1	8.8
MONTHLY AVERAGE:									
1977--SEPT.	4.0	1.8	2.0	0.1	-0.2	2.2	1.6	0.7	0.6
OCT.	6.0	0.7	0.9	-0.1	-0.2	5.2	4.5	0.6	2.6
NOV.	8.1	-0.1	0.4	0.1	-0.6	8.3	9.5	-1.2	4.5
DEC.	4.9	0.1	0.2	0.0	-0.1	4.8	4.5	0.3	3.1
1978--JAN.	5.6	1.1	1.1	-0.4	0.3	4.5	3.8	0.7	2.3
FEB.	6.3	0.1	0.2	-0.1	0.2	6.2	6.0	0.2	3.1
MAR.	5.3	0.1	0.2	0.0	-0.2	5.3	3.7	1.5	2.6
APR.	3.8	0.6	0.7	0.0	-0.1	3.1	1.8	1.4	1.4

NOTE: COLUMNS (1), (2), AND (9) ON THIS TABLE CORRESPOND TO COLUMNS (4), (6), AND (8), RESPECTIVELY, ON TABLE 1--MONETARY AGGREGATES. FIGURES IN COLUMNS (1), (2), AND (6) REFLECT DAILY DATA REPORTED BY MEMBER BANKS, WITH ESTIMATES FOR NONMEMBER BANKS DERIVED FROM DATA REPORTED BY SMALL MEMBER BANKS, BENCHMARKED TO NONMEMBER CALL REPORT FIGURES. SAVINGS DEPOSITS OF BUSINESS AND GOVERNMENTAL UNITS--COLUMNS (4) AND (5)-- AND LARGE DENOMINATION TIME DEPOSITS --COLUMN (7)--REFLECT BREAKDOWNS REPORTED EACH WEDNESDAY BY LARGE COMMERCIAL BANKS BLOWN UP TO REPRESENT DEPOSITS AT ALL COMMERCIAL BANKS ON THE BASIS OF CALL REPORT RELATIONSHIPS.

TABLE 2

BANK RESERVES

ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

MAY 12, 1978

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
MONTHLY LEVELS—\$MILLIONS							
1978—FEB.	36,933	36,528	130,157	36,692	21,795	13,030	1,867
MAR.	36,667	36,339	130,484	36,468	21,420	13,240	1,808
APR.	36,979	36,423	131,363	36,803	21,598	13,293	1,912
MAY	(37,349)	(35,790)	(132,786)	(37,091)	(21,872)	(13,409)	(1,810)
PERCENT ANNUAL GROWTH							
QUARTERLY							
1977—3RD QTR.	8.0	3.9	9.2	7.3	10.1	3.8	
4TH QTR.	7.1	7.8	9.6	7.5	5.2	13.5	
1978—1ST QTR.	5.8	8.6	7.8	5.7	-1.1	12.8	
QUARTERLY—AV							
1977—3RD QTR.	7.3	1.7	8.8	6.8	8.1	5.2	
4TH QTR.	6.1	3.5	9.1	6.3	6.1	9.1	
1978—1ST QTR.	8.5	14.5	9.6	8.3	3.6	12.8	
MONTHLY							
1978—FEB.	10.9	13.7	6.9	11.8	10.6	12.3	
MAR.	-8.6	-6.2	3.0	-7.3	-20.6	19.3	
APR.	10.2	2.8	8.1	11.0	10.0	4.8	
MAY	(12.0)	(-20.9)	(13.0)	(9.4)	(15.2)	(10.5)	
APR.—MAY	(11.2)	(-9.1)	(10.6)	(10.2)	(12.7)	(7.7)	
WEEKLY LEVELS—\$MILLIONS							
1978—APR. 5	36,915	36,611	130,977	36,608	21,308	13,321	1,978
12	36,627	36,456	130,496	36,639	21,522	13,300	1,816
19	37,381	37,143	131,776	37,076	21,625	13,294	2,157
26	36,777	35,968	131,525	36,742	21,782	13,258	1,703
MAY 3	37,329	35,664	132,353	36,964	21,723	13,304	1,937
10	37,430	35,742	132,361	37,044	21,852	13,342	1,849

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^{1/}
(\$ million, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
MAY 12, 1978

	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
1977	4,361	517	2,833	758	553	4,660	--	792	428	213	1,433	10,035	-2,892
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
Qtr. IV	186	99	628	166	108	1,001	--	386	177	145	707	-643	34
1978--Qtr. I	-2,655	345	1,123	459	247	2,175	--	--	--	--	--	-555	-1,133
1977--Nov.	-736	--	--	--	--	--	--	--	--	--	--	-736	2,996
Dec.	2,798	93	628	166	108	1,001	--	386	177	145	707	4,474	3,568
1978--Jan.	-627	56	311	89	100	556	--	--	--	--	--	-71	-7,149
Feb.	-2,695	--	--	--	--	--	--	--	--	--	--	-2,717	4,141
Mar.	668	288	813	370	147	1,618	--	--	--	--	--	2,233	1,874
Apr.	1,670	100	235	191	145	671	--	--	--	--	--	2,341	-1,026
1978--Mar. 1	-862	--	--	--	--	--	--	--	--	--	--	-862	-1,474
8	351	--	--	--	--	--	--	--	--	--	--	351	-4,050
15	--	--	--	--	--	--	--	--	--	--	--	-44	612
22	--	248	448	275	54	1,024	--	--	--	--	--	1,016	3,386
29	79	--	--	--	--	--	--	--	--	--	--	79	2,615
Apr. 5	410	41	365	95	93	594	--	--	--	--	--	1,004	-7,652
12	108	--	--	--	--	--	--	--	--	--	--	108	636
19	828	100	235	191	145	671	--	--	--	--	--	1,499	1,693
26	563	--	--	--	--	--	--	--	--	--	--	563	2,671
May 3	--	--	--	--	--	--	--	--	--	--	--	--	2,284
10	238	--	--	--	--	--	--	--	--	--	--	238	-415
17p	--	53	290	101	74	519	--	--	--	--	--	--	--
24	--	--	--	--	--	--	--	--	--	--	--	--	--
31	--	--	--	--	--	--	--	--	--	--	--	--	--
LEVEL--May 10	42.2	14.3	29.9	10.1	7.9	62.2	1.5	4.0	1.6	.9	7.9	112.3	2.1

(in billions)

- 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
MAY 12, 1978

	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
1977--High	7,234	3,017	295	487	513	1,861	131	-9,151	-13,975
Low	1,729	-1,445	0	116	-111	20	8	-4,234	- 8,206
1978--High	5,625	2,043	215	349	370	592	59	-8,224	-14,602
Low	*1,249	*-351	0	151	120	172	25	-3,993	- 8,533
1977--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	251	863	83	-6,971	-11,825
Dec.	4,257	804	195	367	193	570	55	-7,403	-11,350
1978--Jan.	4,127	327	42	293	268	484	32	-6,047	-12,299
Feb.	3,418	1,492	24	197	243	406	49	-4,980	-12,603
Mar.	2,713	740	96	268	200	328	47	-6,778	-11,060
Apr.	*3,183	*-183	46	202	177p	557p	44p	-6,220p	-12,997p
1978--Mar. 1	2,176	1,577	37	253	120	391	59	-4,836	-11,655
8	2,807	1,290	64	210	264	395	47	-6,932	-11,783
15	2,923	891	70	244	131	248	40	-7,537	-11,771
22	2,705	450	215	282	148	280	47	-7,525	-11,473
29	2,158	390	93	349	248	385	51	-5,510	- 9,237
Apr. 5	4,398	2	23	189	275	304	45	-6,383	-10,673
12	4,083	-310	6	186	12	172	37	-8,224	-14,602
19	*3,767	*-351	145	185	305	238	36	-6,336	-13,831
26	*1,325	*33	8	248	35p	809p	49p	-5,356	-12,667
May 3	*1,624	*-287	5	281	365p	1,665p	60p	-3,819p	-12,210p
10	*1,249	*189	50p	185p	290p	1,688p	72p	-5,056p	-12,249p
17									
24									
31									

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

TABLE 5
SELECTED INTEREST RATES
(per cent)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
MAY 12, 1978

	Short-Term						Long-Term								
	Federal Funds	Treasury Bills		CD's New Issue- NYC 90-Day	Comm. Paper 90-119 Day	Bank Prime Rate	U.S. Govt.-Constant Maturity Yields			Corp-Aaa Utility		Municipal Bond Buyer	Home Mortgages		
		90-Day	1-Year				3-yr	7-yr	20-yr	New Issue	Recently Offered		Prim. Conv.	FNMA Auc.	GNMA Sec.
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1977--High	6.65	6.27	6.62	6.70	6.66	7.75	7.39	7.70	7.99	8.36	8.48	5.93	9.00	8.98	8.39
Low	4.47	4.41	4.67	4.50	4.63	6.25	5.83	6.59	7.26	7.90	7.95	5.45	8.65	8.46	7.56
1978--High	7.32	6.50	7.21	7.13	6.96	8.21	8.07	8.24	8.43	8.93	8.93	5.99	9.48	9.52	8.85
Low	6.58	6.16	6.55	6.65	6.68	7.75	7.40	7.72	8.01	8.61	8.48	5.58	8.98	9.13	8.43
1977--Apr.	4.73	4.54	5.10	4.67	4.75	6.25	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	5.16	5.26	6.41	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	5.35	5.42	6.75	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	5.28	5.38	6.75	6.51	7.12	7.60	8.15	8.12	5.63	8.95	8.72	7.96
Aug.	5.90	5.49	5.97	5.78	5.75	6.83	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	6.01	6.09	7.13	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	6.53	6.51	7.52	7.19	7.44	7.71	8.23	8.22	5.64	8.92	8.82	8.16
Nov.	6.51	6.10	6.52	6.56	6.54	7.75	7.22	7.46	7.76	8.28	8.25	5.49	8.92	8.86	8.19
Dec.	6.56	6.07	6.52	6.65	6.61	7.75	7.30	7.59	7.87	8.34	8.38	5.57	8.96	8.94	8.27
1978--Jan.	6.70	6.44	6.80	6.82	6.75	7.93	7.61	7.86	8.14	8.68	8.60	5.71	9.02	9.17	8.56
Feb.	6.78	6.45	6.86	6.77	6.76	8.00	7.67	7.94	8.22	8.69	8.67	5.62	9.15	9.31	8.64
Mar.	6.79	6.29	6.82	6.73	6.75	8.00	7.70	7.95	8.21	8.71	8.67	5.61	9.20	9.35	8.60
Apr.	6.89	6.29	6.96	6.84	6.82	8.00	7.85	8.06	8.32	8.90	8.85	5.80	9.36	9.44	8.71
1978--Mar. 1	6.80	6.41	6.85	6.75	6.75	8.00	7.71	7.95	8.21	--	8.70	5.63	9.15	--	8.61
8	6.76	6.33	6.83	6.75	6.75	8.00	7.69	7.94	8.21	8.70	8.65	5.58	9.15	9.36	8.63
15	6.77	6.27	6.81	6.73	6.75	8.00	7.64	7.91	8.17	--	8.64	5.58	9.23	--	8.55
22	6.77	6.22	6.76	6.70	6.75	8.00	7.65	7.90	8.17	8.61	8.64	5.59	9.23	9.33	8.53
29	6.82	6.27	6.84	6.70	6.76	8.00	7.79	8.02	8.27	8.83	8.75	5.69	9.25	--	8.68
Apr. 5	6.86	6.39	6.94	6.75	6.76	8.00	7.82	8.04	8.31	8.88	8.82	5.76	9.28	9.44	8.70
12	6.74	6.35	6.95	6.83	6.80	8.00	7.81	8.04	8.33	8.88	8.84	5.74	9.33	--	8.67
19	6.78	6.20	6.88	6.83	6.79	8.00	7.83	8.04	8.30	8.93	8.84	5.79	9.38	9.44	8.67
26	7.00	6.22	6.99	6.95	6.86	8.00	7.95	8.13	8.36	8.92	8.91	5.89	9.43	--	8.81
May 3	7.27	6.38	7.16	7.05	6.91	8.00	7.99	8.16	8.40	--	8.90	5.98	9.48	9.52	8.80
10	7.32	6.39	7.21	7.13	6.96	8.21	8.07p	8.24p	8.43p	8.87p	8.93p	5.99	n.a.	--	8.85
17															
24															
31															
Daily--May 4	7.27	6.33	7.13	--	6.94	8.00	7.97	8.14	8.39	--	--	--	--	--	--
11	7.36p	6.32	7.26	--	7.02	8.25	8.08p	8.24p	8.41p	--	--	--	--	--	--

NOTE: Weekly data for columns 1, 2, 3, 5, and 6 are statement week averages of daily data. Data in column 4 are 1-day Wednesday quotes. 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 ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
^{2/} ANNUALLY:	(PER CENT ANNUAL RATES OF GROWTH)										
1975	-0.3	3.2	5.9	3.9	4.4	8.3	11.0	6.5	9.6	10.4	10.0
1976	1.0	1.2	7.0	8.0	5.7	10.9	12.8	7.1	10.3	9.8	10.0
1977	5.2	2.7	8.3	10.9	7.8	9.8	11.7	10.0	11.7	11.4	11.9
^{2/} SEMI-ANNUALLY:											
2ND HALF 1976	3.0	3.2	6.6	8.9	5.5	10.6	12.7	7.8	10.8	9.8	9.9
1ST HALF 1977	3.5	2.9	7.3	11.6	7.6	10.1	11.3	9.3	10.8	10.2	10.7
2ND HALF 1977	6.8	2.6	9.0	9.7	7.7	9.0	11.4	10.2	12.0	12.1	12.4
QUARTERLY:											
2ND QTR. 1977	3.3	1.4	7.9	12.6	7.5	6.5	9.9	8.4	9.8	8.5	9.2
3RD QTR. 1977	8.0	3.9	9.2	8.6	9.0	10.1	12.7	9.6	12.3	12.9	12.5
4TH QTR. 1977	7.1	7.8	9.6	8.3	6.2	7.0	9.1	11.2	11.6	11.7	13.0
1ST QTR. 1978	5.8	8.6	7.6	10.5	4.0	6.2	6.9	9.3	8.8	9.5	9.3
QUARTERLY-AV:											
2ND QTR. 1977	2.9	1.8	7.3	13.3	6.1	9.0	10.2	8.2	9.6	9.0	9.9
3RD QTR. 1977	7.3	1.7	8.8	9.8	6.1	9.9	11.9	9.5	11.6	11.4	11.4
4TH QTR. 1977	6.1	3.5	9.1	9.3	7.2	8.0	10.6	10.7	12.1	12.5	13.1
1ST QTR. 1978	8.5	14.5	9.6	8.5	5.0	6.4	7.4	10.0	9.5	10.1	10.6
MONTHLY:											
1977--APR.	7.9	9.0	10.2	15.7	13.9	10.8	11.0	9.1	9.9	9.4	10.2
MAY	1.3	-3.3	6.4	12.0	1.5	5.5	8.1	7.0	8.9	7.3	8.0
JUNE	0.6	-1.4	7.1	9.6	7.1	9.1	10.3	8.9	10.2	8.6	9.1
JULY	15.5	13.5	11.1	9.5	11.8	13.5	14.0	11.9	12.9	13.1	13.0
AUG.	7.8	-17.4	8.4	12.3	6.2	7.7	11.7	7.5	11.5	12.6	12.1
SEPT.	0.5	15.7	8.0	3.8	8.7	9.0	12.2	9.2	12.2	12.6	12.1
OCT.	9.8	-13.4	10.0	13.5	10.9	9.7	11.8	12.5	13.3	13.7	14.4
NOV.	5.3	20.9	8.1	11.8	0.4	5.4	7.8	11.2	11.3	11.4	13.0
DEC.	5.9	16.1	10.4	-0.7	7.2	5.7	7.6	9.6	9.8	9.6	11.1
1978--JAN.	15.2	18.3	13.5	12.1	9.6	8.9	8.7	11.3	10.2	11.4	11.8
FEB.	10.9	13.7	6.9	10.1	-1.1	4.4	5.5	8.2	7.7	8.8	8.4
MAR.	-8.6	-6.2	3.0	9.1	3.5	5.3	6.2	8.3	6.2	6.0	7.5
APR-P	10.2	2.8	8.1	21.5	19.1	11.3	9.9	12.1	10.4	10.0	9.7

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

Appendix Table 1-B
MONEY AND CREDIT AGGREGATE MEASURES
 SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
ANNUALLY:											
1975	33,969	33,839	110,345	725.5	294.5	664.1	1091.8	745.4	1173.2	1307.3	1350.3
1976	34,441	34,388	118,062	788.2	312.6	739.6	1235.6	802.3	1298.3	1436.7	1484.0
1977	36,143	35,573	127,973	870.0	336.7	807.6	1374.1	881.6	1448.1	1600.6	1662.5
MONTHLY:											
1977--APR.	34,766	34,693	120,807	819.7	322.0	764.9	1282.2	826.5	1343.8	1486.9	1539.4
MAY	34,805	34,599	121,448	827.9	322.4	768.4	1290.9	831.3	1353.8	1495.9	1549.7
JUNE	34,821	34,559	122,163	834.5	324.3	774.2	1302.0	837.5	1365.3	1506.6	1561.4
JULY	35,271	34,948	123,294	841.1	327.5	782.9	1317.2	845.6	1380.0	1523.0	1578.3
AUG.	35,501	34,440	124,155	849.7	329.2	787.9	1330.0	851.1	1393.2	1539.0	1594.2
SEPT.	35,517	34,892	124,984	852.4	331.6	793.8	1343.5	857.6	1407.4	1555.1	1610.3
OCT.	35,808	34,503	126,025	862.0	334.6	800.2	1356.7	866.5	1423.0	1572.9	1629.6
NOV.	35,965	35,103	126,872	870.5	334.7	803.8	1365.5	874.6	1436.4	1587.9	1647.3
DEC.	36,143	35,573	127,973	870.0	336.7	807.6	1374.1	881.6	1448.1	1600.6	1662.5
1978--JAN.	36,600	36,116	129,409	878.8	339.4	813.6	1384.1	889.9	1460.4	1615.8	1678.8
FEB.	36,933	36,528	130,157	886.2	339.1	816.6	1390.5	896.0	1469.8	1627.6	1690.5
MAR.	36,667	36,339	130,484	893.3	340.1	820.2	1397.7	902.2	1479.8	1638.5	1701.1
APR.P	36,979	36,423	131,363	909.3	345.5	827.9	1409.2	911.3	1492.6	1652.1	1714.8
WEEKLY:											
1978--MAR.	8	36,510	36,114	129,747	339.3	818.7		900.5			
	15	36,611	36,363	130,258	338.5	818.2		900.3			
	22	36,807	36,527	130,845	340.7	821.6		903.6			
	29	36,689	36,303	131,007	341.3	821.9		904.2			
APR.	5	36,915	36,611	130,977	341.8	823.7		905.6			
	12	36,627	36,456	130,496	344.0	825.9		908.4			
	19	37,381	37,143	131,776	344.8	827.8		910.9			
	26P	36,777	35,908	131,525	346.5	829.5		913.9			
MAY	3P	37,329	35,664	132,353	350.5	833.7		919.4			

NOTES: WEEKLY DATA ARE DAILY AVERAGES FOR STATEMENT WEEKS. MONTHLY DATA ARE DAILY AVERAGES. WEEKLY DATA ARE NOT AVAILABLE FOR M₃, M₅, M₆, M₇, TOTAL LOANS AND INVESTMENTS AND THRIFT INSTITUTION DEPOSITS.

^{1/} BASED ON DATA ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS. DATA SHOWN IN MILLIONS OF DOLLARS.

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 ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short Term U.S. Gov't Securities ^{1/}	Other Private Short-term Assets ^{1/}
			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)												
ANNUALLY: ^{2/}												
1975	8.9	2.9	7.9	11.7	17.5	7.8	-6.4	15.3	19.5	6.2	33.8	-0.7
1976	9.6	4.4	8.0	15.0	25.0	7.4	-23.4	15.5	18.8	6.9	5.5	13.9
1977	9.5	7.2	11.4	11.2	11.1	11.4	12.8	14.2	19.4	6.6	10.9	24.8
SEMI-ANNUALLY: ^{2/}												
2ND HALF 1976	7.8	4.7	9.3	14.9	19.8	10.6	-21.7	15.5	18.1	7.2	-4.6	13.0
1ST HALF 1977	8.7	7.2	10.4	11.9	15.3	8.9	0.6	12.9	16.6	6.4	2.1	25.6
2ND HALF 1977	9.8	7.0	11.8	9.9	6.4	13.2	24.9	14.5	20.6	6.5	19.6	21.2
QUARTERLY:												
2ND QTR. 1977	8.7	7.1	8.9	9.2	5.5	12.5	7.1	11.6	15.7	6.6	-14.4	29.8
3RD QTR. 1977	10.0	8.7	9.9	10.8	10.9	10.8	3.2	16.2	21.7	6.5	31.0	2.9
4TH QTR. 1977	10.2	4.7	14.5	7.6	1.3	13.3	64.0	11.6	18.8	6.4	19.4	48.6
1ST QTR. 1978	9.5	2.1	12.6	7.8	2.4	12.6	43.2	6.9	17.9	6.3	27.4	4.5
QUARTERLY-AV:												
2ND QTR. 1977	8.8	7.8	8.3	9.7	8.8	10.5	-1.9	11.6	14.9	6.6	-1.2	39.3
3RD QTR. 1977	9.1	7.7	10.3	11.2	7.3	14.6	4.5	14.6	20.1	7.0	11.7	11.2
4TH QTR. 1977	10.3	6.2	13.0	8.5	5.4	11.4	44.9	13.9	20.0	5.9	26.7	30.4
1ST QTR. 1978	10.0	3.2	13.1	7.5	2.2	12.0	50.0	8.0	18.2	6.3	25.6	22.9
MONTHLY:												
1977--APR.	10.2	15.3	6.0	8.5	10.9	6.3	-11.6	10.9	14.7	6.6	1.7	35.3
MAY	10.1	-1.5	10.5	8.4	5.7	10.9	25.3	11.6	14.5	6.5	-24.1	29.7
JUNE	5.7	7.5	10.1	10.5	0.0	20.1	7.6	12.0	17.2	6.5	-21.1	22.3
JULY	12.8	11.0	11.9	14.9	6.2	22.8	-9.5	14.3	19.8	8.1	19.7	10.9
AUG.	5.6	6.9	8.3	8.4	16.3	1.5	7.6	17.1	19.5	6.4	44.0	-2.2
SEPT.	11.2	7.9	9.2	8.9	10.0	7.9	11.4	16.6	24.7	4.8	27.2	0.0
OCT.	11.1	10.8	13.7	8.8	3.8	13.3	48.9	14.0	21.5	6.4	29.9	34.8
NOV.	8.3	-2.4	18.3	9.3	-0.5	16.0	81.3	11.0	15.8	6.3	19.4	54.9
DEC.	10.9	5.8	10.9	4.6	0.5	8.2	52.5	9.3	18.2	6.3	8.0	50.5
1978--JAN.	10.8	9.2	12.3	8.4	6.0	10.5	37.3	7.9	17.9	6.3	41.2	21.3
FEB.	9.4	-4.8	13.7	8.4	0.5	14.7	48.8	6.0	15.2	6.2	30.6	-3.8
MAR.	8.0	1.9	11.4	6.5	0.5	12.2	39.3	6.8	20.0	6.2	9.0	-3.8
APR-P	7.9	23.1	8.1	5.7	3.3	7.9	20.5	7.0	14.7	6.2	4.4	1.9

^{1/} GROWTH RATES ARE BASED ON ESTIMATED MONTHLY AVERAGE LEVELS DERIVED BY AVERAGING END OF CURRENT MONTH AND END OF PREVIOUS MONTH REPORTED DATA.

^{2/} BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY.

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits				CD's	Mutual Savings Bank & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short-Term U.S. Gov't Sec ^{1/}	Other Private Short-term Assets ^{1/ 2/}	Non-Deposit Funds ^{3/}	Total Gov't Demand Deposits ^{4/}
			Total	Other Than CD's										
				Total	Savings	Other								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
ANNUALLY:														
1975	73.7	220.8	450.9	369.6	160.5	209.1	81.3	394.8	33.0	67.2	66.9	43.0	33.8	8.3
1976	80.7	231.9	489.7	427.0	201.9	225.1	62.7	456.9	39.1	71.9	66.6	47.3	51.1	11.2
1977	88.5	248.2	544.9	470.9	219.5	251.4	74.0	519.7	46.8	76.6	75.8	61.9	61.4	11.4
MONTHLY:														
1977--APR.	83.1	238.9	504.5	442.9	212.0	230.9	61.6	476.0	41.3	73.4	69.7	52.5	52.3	10.8
MAY	83.8	238.6	508.9	446.0	213.0	233.0	62.9	480.6	41.8	73.8	68.3	53.8	53.8	10.6
JUNE	84.2	240.1	513.2	449.9	213.0	236.9	63.3	485.4	42.4	74.2	67.1	54.8	53.2	10.1
JULY	85.1	242.3	518.3	455.5	214.1	241.4	62.8	491.2	43.1	74.7	68.2	55.3	53.6	11.8
AUG.	85.5	243.7	521.9	458.7	217.0	241.7	63.2	498.2	43.8	75.1	70.7	55.2	55.9	10.2
SEPT.	86.3	245.3	525.9	462.1	218.8	243.3	63.8	505.1	44.7	75.4	72.3	55.2	57.5	10.7
OCT.	87.1	247.5	531.9	465.5	219.5	246.0	66.4	511.0	45.5	75.8	74.1	56.8	58.4	10.3
NOV.	87.7	247.0	540.0	469.1	219.4	249.7	70.9	515.7	46.1	76.2	75.3	59.4	60.1	6.7
DEC.	88.5	248.2	544.9	470.9	219.5	251.4	74.0	519.7	46.8	76.6	75.8	61.9	61.4	11.4
1978--JAN.	89.3	250.1	550.5	474.2	220.6	253.6	76.3	523.1	47.5	77.0	78.4	63.0	66.0	9.7
FEB.	90.0	249.1	556.8	477.5	220.7	256.7	79.4	525.7	48.1	77.4	80.4	62.8	66.9	7.5
MAR.	90.6	249.5	562.1	480.1	220.8	259.3	82.0	528.7	48.9	77.8	81.0	62.6	67.2	7.9
APR. P	91.2	254.3	565.9	482.4	221.4	261.0	83.4	531.8	49.5	78.2	81.3	62.7	65.5	8.3
WEEKLY:														
1978--MAR.	8	90.3	249.1	561.2	479.3	220.9	258.4	81.8					68.7	7.3
	15	90.5	248.0	561.8	479.6	220.8	258.8	82.2					68.9	7.0
	22	90.9	249.8	562.9	480.9	220.8	260.1	82.0					65.0	9.4
	29	91.0	250.3	562.8	480.6	220.8	259.7	82.3					66.4	7.6
APR.	5	90.9	250.9	564.0	481.9	221.2	260.7	82.1					67.5	8.4
	12	90.8	253.2	564.4	481.9	222.0	259.9	82.5					66.3	9.0
	19	91.1	253.7	566.1	482.9	221.4	261.5	83.2					61.8	8.5
	26P	91.4	255.1	567.5	483.0	221.1	261.9	84.4					67.0	8.1
MAY	3P	91.8	258.7	568.9	483.1	221.3	261.8	85.8						7.5

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