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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

November 16, 1979

MONETARY AGGREGATES AND  
 MONEY MARKET CONDITIONS

Recent developments

(1) Growth rates for the monetary aggregates during the fourth quarter of 1979 consistent with the decision by the FOMC at its meeting on October 6 are shown in the first and second columns of the table below. Such growth rates, if attained, would keep expansion in the aggregates over the year from QIV '78 to QIV '79 within the Committee's desired longer-run ranges, as shown in columns three and four of the table. The fourth quarter growth rates, in combination with growth over the first nine months of the year (shown in column five), would imply rates of expansion for M-1 and M-3 in the upper halves of their longer-run growth ranges, and for M-2 at the top of its range.

	QIV '79 Target Growth Rates Consistent with FOMC Decision on Oct. 6, 1979		QIV '78 to QIV '79 Period		Addendum: Growth Rates from QIV '78 to QIII '79
	<u>Sept. to Dec.</u> (1)	<u>Quarterly Averages</u> (2)	<u>Implied Growth Rates</u> (3)	<u>Target Ranges</u> (4)	
M-1	4.5	6.1	5.3	3 to 6 <sup>1/2</sup>	5.0
M-2	7.6	8.9	8.0	5 to 8	7.5
M-3	7.4	8.4	8.1	6 to 9	7.8

<sup>1/2</sup> Represents the original 1½ to 4½ percent range specified by the FOMC, adjusted upward by staff's estimate that ATS effects will reduce measured M-1 growth by about 1½ percentage points over the longer-run policy period rather than the 3 percentage points originally estimated in February.

(2) The growth rates from September to December in the family of reserve aggregates needed to attain the Committee's monetary aggregate objectives were estimated by the staff immediately following the FOMC's October 6 meeting and took account of the Committee's decision to "bias" the paths, especially for nonborrowed reserves, toward an immediate tightening of the money market. These estimates assumed: (a) an increase in M-1, seasonally adjusted, at a steady rate month-by-month (a pattern of money supply that was roughly consistent with our projected pattern of money demand); (b) continuation of the recent patterns of deposit mix; (c) excess reserves averaging \$200 million; and (d) for purposes of deriving the non-borrowed path, an increase in the initially contemplated average level of member bank borrowings to \$1.5 billion from the September average of \$1.3 billion. Of course, the actual level of borrowing and money market conditions would depend on the demand for reserves relative to the nonborrowed reserves supplied through the open market desk.

(3) As shown in the table below, growth rates in the monetary aggregates, and in the family of reserve measures, since September have generally decelerated from the pace of the preceding three months.<sup>1/</sup> Non-borrowed reserves increased by about a 2½ percent annual rate from September to the first half of November, slower than the pace given by the fourth quarter path. On the other hand, total reserves expanded at about an

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<sup>1/</sup> Data are expressed as annual rates of growth. This, it should be recognized, particularly exaggerates swings in the reserve series where relatively modest changes in borrowings, excess reserves, or deposit mix can lead to large percentage changes in nonborrowed or total reserves because the level of the series is relatively small.

11-1/2 percent annual rate over this period, a bit above path. At the same time, growth in M-2 has been about equal to path, while growth in M-1 has been running low.<sup>1/</sup> Expansion in the broader aggregates has been almost wholly dependent on growth in money market certificates and large CD's, as the outstanding amount of savings deposits at banks and thrift institutions declined sharply in the wake of the run-up of interest rates.

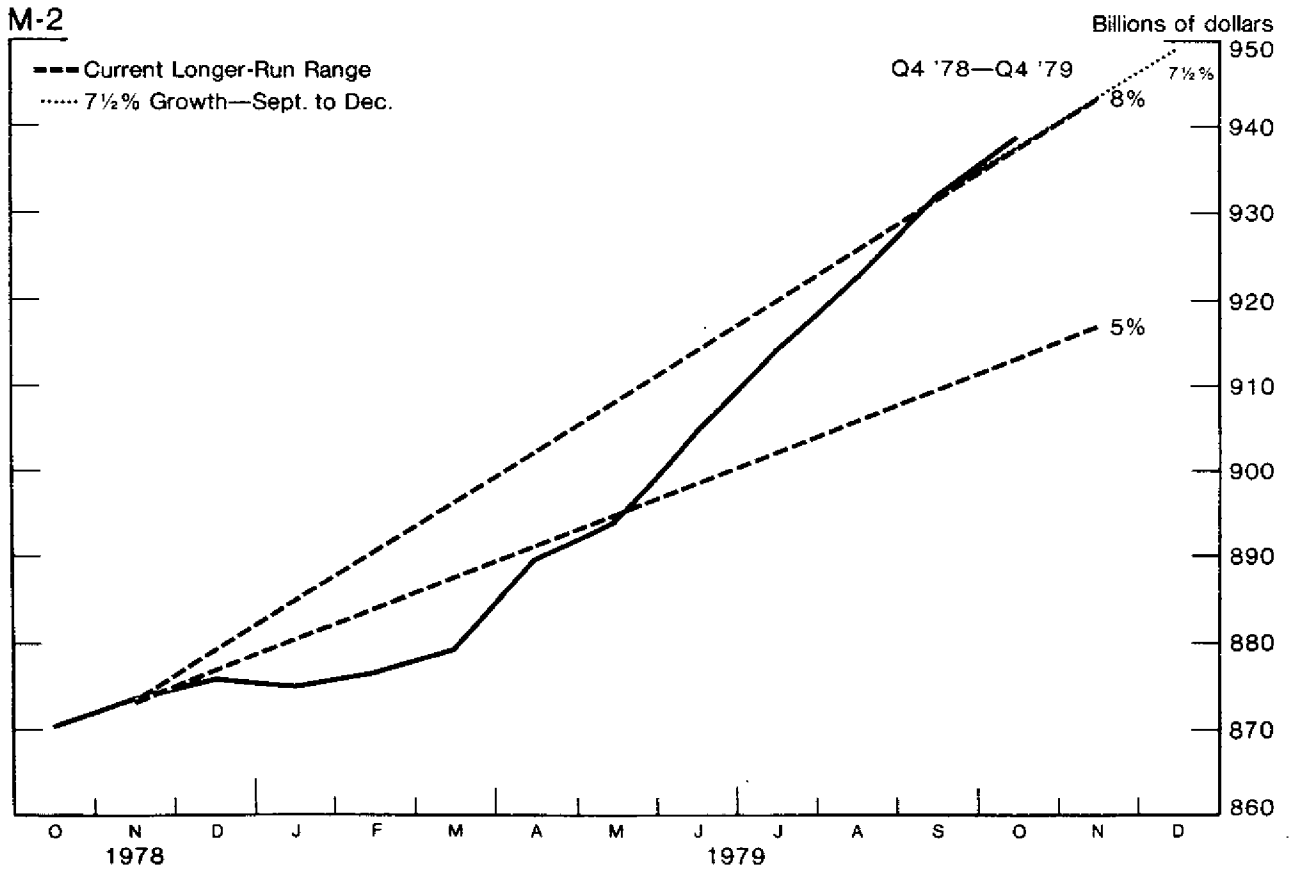
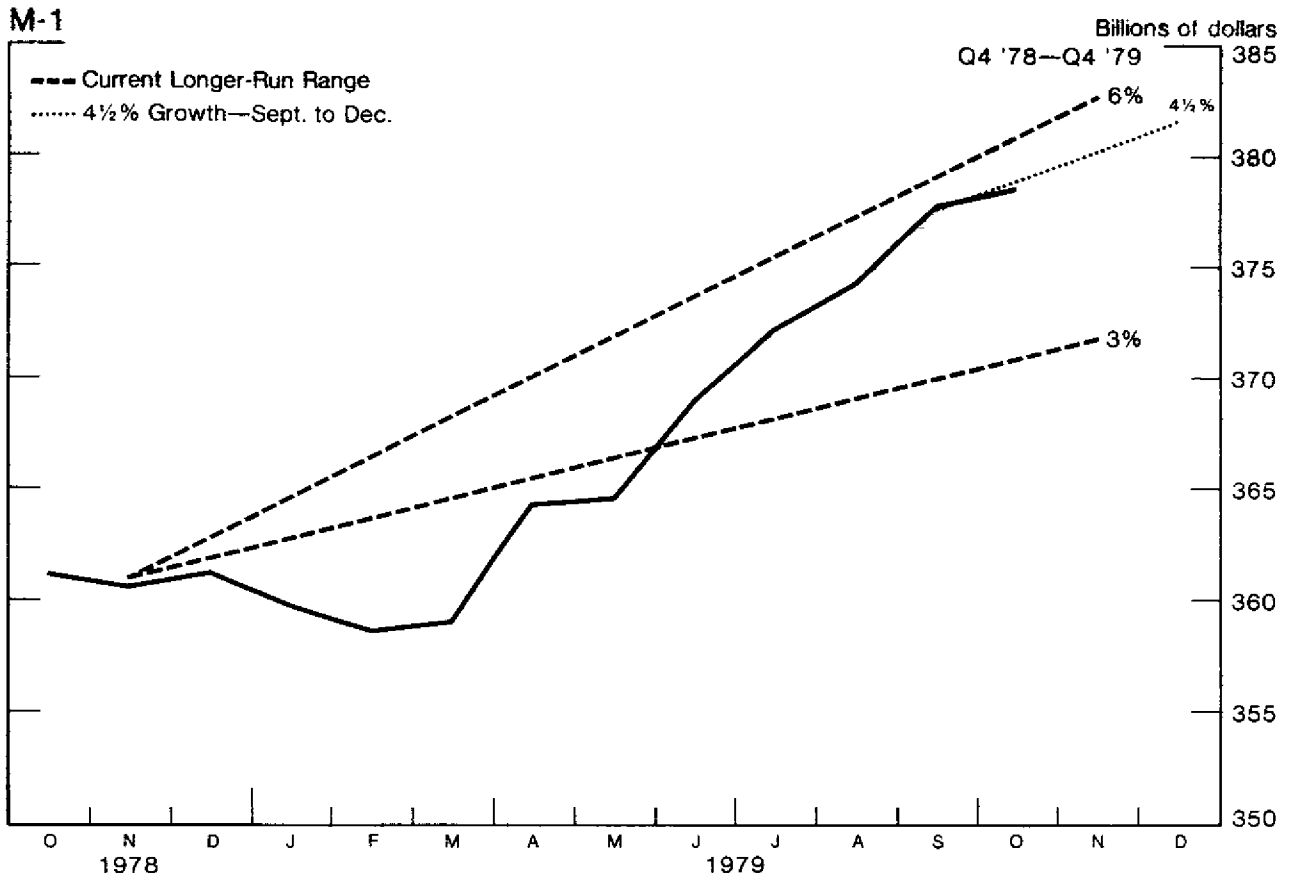
(The charts on the next two pages place the recent growth in the monetary aggregates and bank credit in longer-run perspective.)

	Actual June to Sept.	Targeted Sept. to Dec.	<u>Recent Periods</u> Sept. to Oct.      Sept. to First Half of Nov.	
Monetary Aggregates				
M-1	9.5	4.5	2.5	0.9
M-2	12.2	7.6	8.6	7.5
M-3	10.8	7.4	7.5	n.a.
Reserve Measures				
Monetary Base	12.5	8.0	10.6	7.9
Total Reserves	10.6	7.0	20.7	11.4
Nonborrowed Reserves	11.7	5.7	1.1	2.2

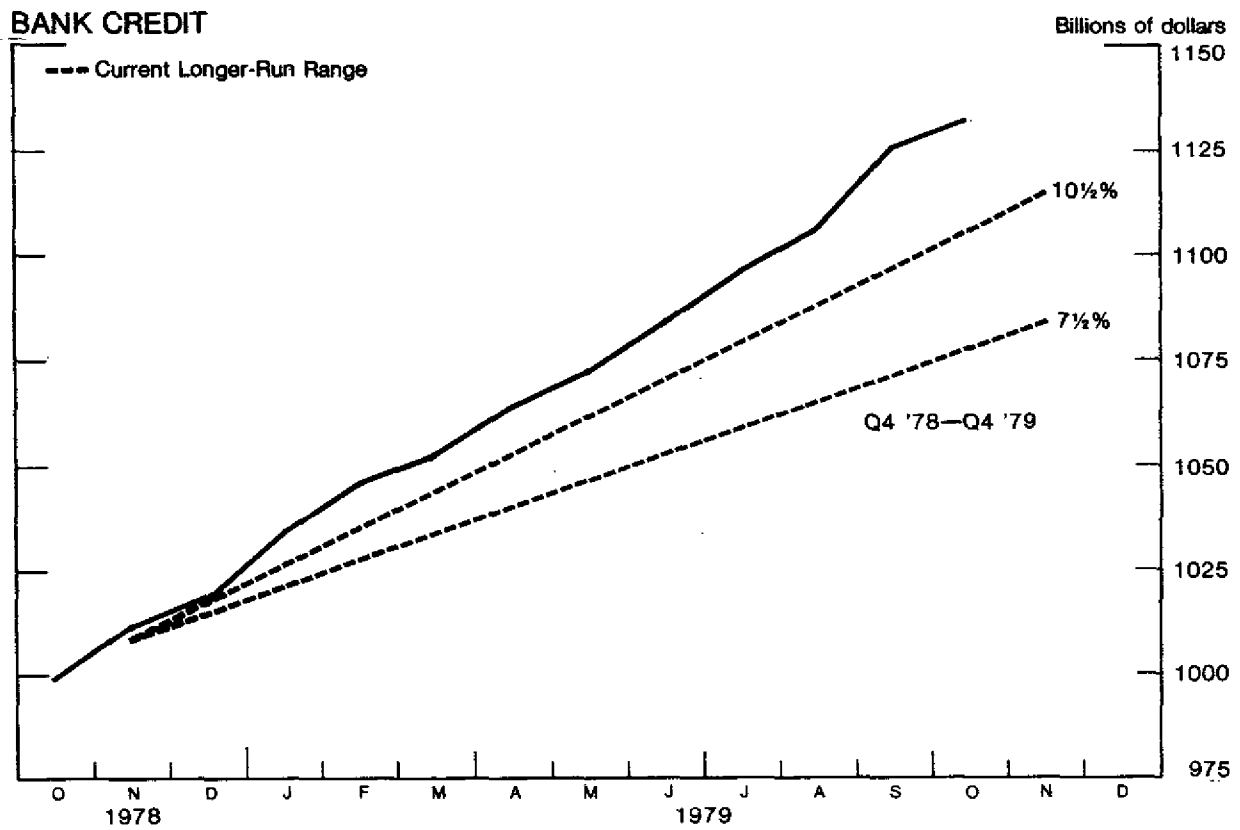
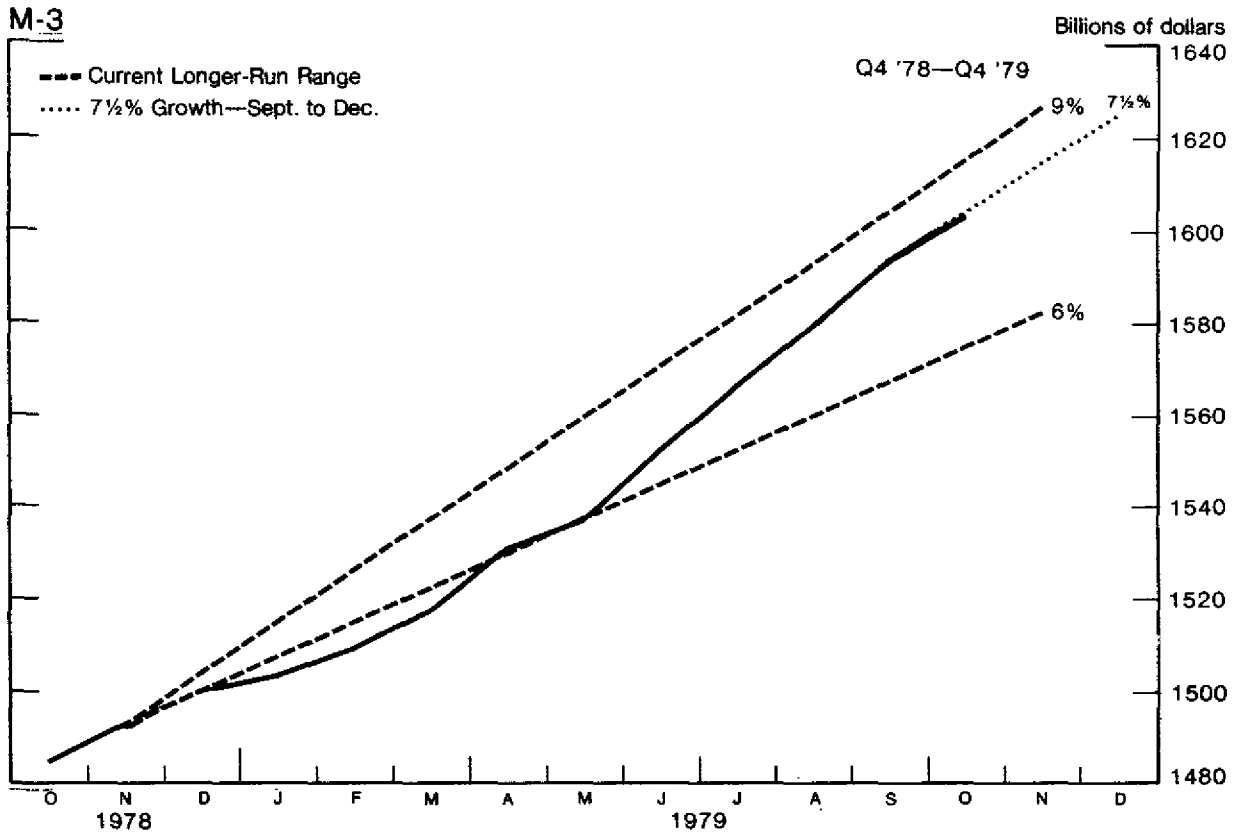
(4) The Committee at its October 6 meeting had contemplated a federal funds rate initially around 13 to 13-1/2 percent, within an 11-1/2 to 15-1/2 percent range, and member bank borrowings around \$1-1/2 billion-- levels reached (as shown in the table below) in the week ended October 17, the first full statement week after the Committee's decision. However, over the

<sup>1/</sup> Somewhat more reserves than expected have been absorbed by shifts in the deposit mix, expansion of net interbank deposits, and increased demand for excess reserves.

**Actual and Targeted M-1 and M-2**



Actual and Targeted M-3 and Bank Credit



first half of October, all aggregate reserve measures were running well above path, partly in consequence of stronger demands for reserves than expected and partly because the Desk adjusted its operations to take account of the unsettled conditions in financial markets. During the second half of the month, Desk operations were directed more firmly at holding nonborrowed reserve growth to path levels, or somewhat below, in view of the continued strength of total reserves. Operations were accompanied by a sharp rise in the federal funds rate and in member bank borrowings. By the last week of October, the average federal funds rate had increased to about 15½ percent and member bank borrowings to around \$3 billion. Both the funds rate and member bank borrowing dropped back in the first half of November, to around 13½ percent and \$2 billion, respectively, as banks' demand for reserves eased.

	<u>Average Federal Funds Rate</u>	<u>Member Bank Borrowings (Millions of dollars)</u>
October 3	11.91	1,119
10	12.00	938
17	13.22	1,530
24	15.14	2,960
31	15.61	3,056
November 7	13.77	1,928
14	13.30	1,858

(5) Short-term market interest rates have risen sharply on balance since the System's October 6 announcement. Treasury bill rates--which have displayed a good deal of volatility in response to shifting pressures in the federal funds market and to unexpected changes in bill supplies--have increased on balance by about 1 to 1-3/8 percentage points. Rates on private short-term instruments have generally posted larger gains--in the 1-3/8 to 1½ percentage point range.



(6) Long-term yields, too, have moved higher since early October. Yields on Treasury bonds show net gains of about one percentage point; those on corporate and municipal bonds registered increases of about  $1\frac{1}{2}$  percentage points and  $5/8$  percentage points, respectively. The sharp rise in rates, together with the generally turbulent market conditions and the cautious attitudes of underwriters, resulted in the postponement or cancellation by both corporate and municipal borrowers of a comparatively large number of debt offerings, especially by lower-rated borrowers. In its mid-quarter financing the Treasury decided to offer a standard package of issues--a  $3\frac{1}{2}$ -year note, a 10-year note and a 30-year bond--to raise \$1.4 billion of new money and refinance \$4.6 billion of maturing debt. Record yields (for given maturities) were set on all three issues.

(7) Expansion of both loans and investments at commercial banks slowed substantially in October. Security loans declined sharply, as security holdings by dealers fell in reaction to uncertain market conditions, declining security prices, and sharply rising borrowing costs. Growth in business loans (net of holdings of acceptances) moderated somewhat from the recent rapid pace, while real estate lending remained strong. With demand and savings deposits declining, banks financed loan growth for the most part by issuing money market certificates and large CD's, offering repurchase agreements, and liquidating bankers acceptances.

(8) Conditions in mortgage markets tightened markedly in response not only to the general rise in interest rates, but also to pressures on deposit inflows at thrifts and to problems caused by interest rate ceilings. S&Ls were reported to have sharply curtailed their mortgage commitment activity after October 6. The average interest rate on new commitments

at S&Ls rose around  $1\frac{1}{2}$  percentage points to 12.85 percent, a rate exceeding usury ceilings in 20 states. Secondary market rates also rose rapidly, and the volume of offerings at FNMA auctions surged.

(9) The foreign exchange value of the dollar rebounded on average following the October 6 measures, with the weighted average value of the dollar having risen by nearly  $3\frac{1}{2}$  percent through November 13, just prior to announcements concerning the disposition of official Iranian assets. Improvement over this period was most substantial against the yen, which declined by about 9 percent against the dollar. The dollar rose only 2 percent against the DM.

. Most recently, in the wake of the Iranian situation, the value of the dollar has retraced some of its earlier gains.

(10) The table on the next page shows seasonally adjusted annual rates of change, in percent, for selected monetary and financial flows over various time periods.

	1977 & 1978 Average	Past Twelve Months Oct. '79 over Oct. '78	Past Six Months Oct. '79 over Apr. '79	Past Three Months Oct. '79 over July '79	Past Month Oct. '79 over Sept. '79
Nonborrowed reserves	5.0	0.2	2.4	5.1	1.1
Total reserves	6.0	2.0	7.7	13.3	20.7
Monetary base	8.7	7.6	9.7	12.3	10.6
<u>Concepts of Money</u>					
M-1 (Currency plus demand deposits <u>1/</u> )	7.6	4.8	7.9	6.9	2.5
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	9.1	7.9	11.0	10.7	8.6
M-3 (M-2 plus deposits at thrift institutions)	10.5	8.1	9.6	9.5	7.5
M-4 (M-2 plus CD's)	10.3	7.4	9.1	12.3	11.3
M-5 (M-3 plus CD's)	11.1	7.8	8.6	10.6	9.3
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>	12.3	13.5	12.9	13.8	7.6
<u>Managed Liabilities of Banks</u> (Monthly average change in billions)					
Large CD's	1.4	0.2	-0.7	2.1	3.0
Eurodollars	0.1	3.0	4.0	4.5	-1.0
Other borrowings <u>3/</u>	1.2	1.6	1.9	2.4	2.5
<u>Memo</u>					
Nonbank commercial paper	0.2	0.8	1.1	0.9	0.3

1/ Other than interbank and U.S. Government.

2/ Includes loans sold to affiliates and branches.

3/ Primarily Federal funds purchases and securities sold under agreements to repurchase

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

(11) At its last meeting, the Committee decided on a target rate of growth in M-1 from September to December on the order of  $4\frac{1}{2}$  percent, associated with growth in M-2 of about  $7\frac{1}{2}$  percent. The Committee also indicated that somewhat slower rates of growth were acceptable. Of the alternatives shown below for Committee consideration, alternative B involves a November-December growth rate for M-1 that achieves a  $4\frac{1}{2}$  percent rate of expansion from September to December, but with an accompanying M-2 growth above the Committee's earlier target. Alternative C is based on a lower M-1 growth rate, and includes an M-2 growth closer to, though still above, the Committee's earlier objective. Alternative A involves more rapid growth in the aggregates. Because only six weeks are left before the end of the year, monetary growth rates for the year 1979 may not be substantially affected by alternative policy courses, although these policies would have an immediate influence on credit conditions and on the trajectory of monetary growth entering the new year. (The tables on pp. 9 and 10 show more detailed figures, including growth rates for the year).

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
<u>Annual growth rates for</u>			
<u>November-December <sup>1/</sup></u>			
M-1	6	$5\frac{1}{2}$	$4\frac{1}{2}$
M-2	$9\frac{1}{2}$	9	$8\frac{1}{2}$
M-3	8	$7\frac{1}{2}$	7
Federal funds rate range between now and next FOMC meeting (mid-December)			
	$10\frac{1}{2}$ to $15\frac{1}{2}$	$11\frac{1}{2}$ to $15\frac{1}{2}$	$11\frac{1}{2}$ to 16
<u>Implied quarterly growth rates</u> <u>(measured from Sept. to Dec.)</u>			
M-1	5	$4\frac{1}{2}$	$3\frac{1}{2}$
M-2	$9\frac{1}{2}$	$8\frac{1}{2}$	$8\frac{1}{2}$
M-3	8	$7\frac{1}{2}$	$7\frac{1}{2}$

<sup>1/</sup> For convenience in communication under a reserve operating target, monetary growth rates are expressed as point estimates, rather than a range.

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>
1979	October	378.6	378.6	378.6	938.6	938.6	938.6
	November	378.9	378.8	378.7	944.2	944.0	943.7
	December	382.4	382.0	381.4	953.4	952.5	951.4
1980	January	384.2	383.8	383.3	960.4	959.7	958.6
1978	QIV	361.0	361.0	361.0	873.2	873.2	873.2
1979	QI	359.1	359.1	359.1	877.1	877.1	877.1
	QII	365.9	365.9	365.9	896.0	896.0	896.0
	QIII	374.8	374.8	374.8	922.8	922.8	922.8
	QIV	380.0	379.8	379.6	945.4	945.0	944.6

Growth Rates

Quarterly Average:

1979	QI	-2.1	-2.1	-2.1	1.8	1.8	1.8
	QII	7.6	7.6	7.6	8.6	8.6	8.6
	QIII	9.7	9.7	9.7	12.0	12.0	12.0
	QIV	5.5	5.3	5.1	9.8	9.6	9.4

Annual:

QIV '78-QIV '79	5.3	5.2	5.2	8.3	8.2	8.2
FOMC Target Growth	3 to 6 <sup>1/2</sup>			5 to 8		

<sup>1/</sup> The staff has assumed that over the longer-run policy period from QIV '78 to QIV '79 M-1 growth will be reduced by about 1-1/2 percentage points by ATS.

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>
1979	October	1604.4	1604.4	1604.4	1133.6	1133.6	1133.6
	November	1612.6	1612.4	1612.0	1141.8	1141.6	1141.4
	December	1625.8	1624.6	1623.1	1151.5	1151.0	1150.5
1980	January	1636.4	1635.5	1634.3	1162.0	1161.0	1160.0
1978	QIV	1492.7	1492.7	1492.7	1009.2	1009.2	1009.2
1979	QI	1510.3	1510.3	1510.3	1044.2	1044.2	1044.2
	QII	1540.0	1540.0	1540.0	1073.6	1073.6	1073.6
	QIII	1580.5	1580.5	1580.5	1109.6	1109.6	1109.6
	QIV	1614.3	1613.8	1613.2	1142.3	1142.1	1141.8
<u>Growth Rates</u>							
<u>Quarterly Average:</u>							
1979	QI	4.7	4.7	4.7	13.7	13.7	13.7
	QII	7.9	7.9	7.9	11.3	11.3	11.3
	QIII	10.5	10.5	10.5	13.4	13.4	13.4
	QIV	8.6	8.4	8.2	11.8	11.7	11.6
<u>Annual:</u>							
	QIV '78-QIV '79	8.1	8.1	8.1	13.2	13.2	13.1
	FOMC Target Growth		6 to 9			7½ to 10½	

(12) Alternative B involves acceleration in money growth rates over the balance of the year from their recent pace, with M-1 expanding at a  $5\frac{1}{2}$  percent annual rate on average in November and December and M-2 at a 9 percent rate. Since the latest data suggest that M-1 in mid-November is quite low relative to path, a considerable spurt of M-1 growth in the last half of November and in December is needed to achieve the objective in this alternative. This would probably be reflected mainly in a rapid December growth rate.

(13) The staff would expect that expansion in the aggregates as specified under alternative B could be attained by growth (at annual rates) in the family of reserve measures over November and December as follows: monetary base,  $7\frac{1}{2}$  percent; total reserves, 7 percent; and non-borrowed reserves, 15 percent. For purposes of constructing the nonborrowed reserve path, given the current discount rate, member bank borrowings were assumed to average \$ $1\frac{1}{2}$  billion, the same initial assumption as adopted by the Committee in early October.

(14) The increase in M-1 targeted over the balance of the quarter is consistent with the expected transactions demand for money over the fourth quarter as a whole, given the GNP projections. The federal funds rate under this alternative probably would be around the 13 percent level early in the period and it might go a bit lower as the period progresses. If bearish economic news tends to cumulate, interest rates generally might drop rather substantially and in practice there may also be some sympathetic further downward pressure on the funds rate. But any drop in market rates in general, and concomitant decline in the federal funds rate, would tend to be more sustained and deeper if economic activity and/or demand for money in the fourth quarter were substantially weaker than the staff has projected. On the other hand, of course, a stronger pace of

economic activity and/or inflation than is being projected would probably be associated with strengthening money demand, stronger bank credit demands, and renewed upward pressures on the funds rate.

(15) Bank credit growth is likely to remain near its recent reduced pace over the weeks ahead, with business loan growth at a more moderate pace as inventory growth slows further, with consumer loan growth remaining at a reduced pace in view of already high debt burdens and the extended decline in real personal income, and with real estate loan growth beginning to slack off as housing demand weakens. Bank acquisitions of securities could pick up, however, especially if the market becomes even more convinced that the peak in interest rates for this cycle has been reached.

(16) Pressures on thrift institutions are unlikely to ease over the next few weeks under alternative B. However, if the funds rate drops a little, and corporate bond yields do decline, mortgage rates could edge off. A stabilized market atmosphere would make thrift institutions less hesitant to commit funds to the mortgage market. It is not likely, though, that mortgage market conditions will improve markedly unless short-term market rates drop significantly and/or adjustments favorable to thrift institutions are made in deposit ceiling rates.

(17) The specifications of alternative C involve slower growth in the monetary aggregates than alternative B, as indicated in the table in paragraph (11). Such growth rates would be consistent with expansion in the monetary base and total reserves over November-December at annual rates of  $7\frac{1}{2}$  and  $6\frac{1}{2}$  percent, respectively. Given the expected demand for money, this alternative is likely to be associated with either no change or some rise in market rates. On the assumption that adoption of this



alternative would mean that the Committee desires greater assurance that growth rates for the aggregates will not be excessive, the upper limit of the proposed funds rate range has been raised slightly from that of alternative B. Consistent with such an approach, the nonborrowed reserve path for this alternative has been constructed on the assumption that borrowings average a shade under \$2 billion, implying growth in nonborrowed reserves of around  $8\frac{3}{4}$  percent over November and December--considerably less than the alternative B pace. The funds rate initially would probably be around  $13\frac{1}{2}$  percent, or a bit higher, given the present discount rate. If the discount rate were raised, in light of a continuing relatively wide gap between the discount and federal funds rates, additional nonborrowed reserves would have to be provided unless the Committee wished to tolerate further upward pressures on market rates--a decision that might depend in part on the behavior at the time of monetary aggregates, total reserves, and the monetary base.

(18) Adoption of alternative C would probably lead to some rebound in market interest rates, as expectations that interest rates had already peaked were disappointed. Pressures on thrift institutions would be somewhat more intense than under alternative B, mortgage rates would probably rise a little further, and the bank prime rate would also be under further upward pressure. Any increase of interest rates might be quite modest in magnitude and short-lived, however, if business news were adverse. Nevertheless, the higher rate levels than under alternative B would tend to hold down money demanded in early 1980, implying a decline of interest rates early in the new year if the Committee wishes to provide

the reserves needed to keep M-1 in the first quarter of next year on the midpoint of its longer-run growth path--assumed for these purposes to be a 6 percent rate of growth.<sup>1/</sup>

(19) Provision of reserves needed to attain the specifications for the monetary aggregates presented under alternative A would appear to involve an easing in money market conditions. The growth in the monetary base and total reserves over November and December implied by that alternative--at  $7\frac{3}{4}$  and  $7\frac{1}{2}$  percent, annual rates, respectively--are only slightly more rapid than under alternative B. However, growth in nonborrowed reserves, at over a 20 percent annual rate, would be considerably more rapid. Such growth is consistent with an initial decline in the funds rate to around  $12\frac{1}{2}$  percent and a drop in member bank borrowing to around \$1 billion or so, given the prevailing 12 percent discount rate. The funds rate range proposed for this alternative is  $10\frac{1}{2}$  to  $15\frac{1}{2}$  percent, involving a reduction in the lower limit as compared with alternative B.

(20) The approach to open market operations of alternative A would exert considerably downward pressure on market interest rates generally as more and more participants came to believe rates had peaked. This decline of interest rates would ease cost pressures on banks and thrift institutions, but would not, given present ceiling rates, substantially increase deposit flows to thrifts, relative to alternative B, even if the funds rate began to approach its  $10\frac{1}{2}$  percent alternative A lower limit.

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<sup>1/</sup> The Committee at its July meeting decided that growth of the aggregates in 1980 would be within the same ranges as for 1979, although with certain qualifications for changing economic conditions and institutional changes. The 1979 range of  $1\frac{1}{2}$  to  $4\frac{1}{2}$  percent for M-1 assumed that ATS effects would depress M-1 growth by 3 percentage points. It now appears that ATS effects will be negligible in 1980, implying a  $4\frac{1}{2}$  to  $7\frac{1}{2}$  percent M-1 range, centering on 6 percent.

(21) The monetary aggregates targeted over the last two months of the year under alternative A would not lead to growth in the monetary aggregates for the year 1979 very much different from that of alternative B, but the lower interest rates associated with this alternative might tend to moderate the expected recession in economic activity and tend to increase the quantity of money demanded in early 1980. A reasonable implication of this alternative, therefore, might be a policy in early 1980 that supplied somewhat more reserves and money than consistent with the assumed 6 percent midpoint of the Committee's longer-term target for 1980. Such a policy early next year would, in turn, imply the need for more constraint on money growth as the year progressed.

(22) With regard to effects of monetary policy choices on exchange markets, some decline of interest rates here might lead to downward pressures on the exchange value of the dollar, but such pressures probably would not be significant unless the decline in interest rates were substantial and accompanied by an acceleration of inflation or of the monetary aggregates. A rise of interest rates here may help the dollar on exchange markets, but any tendency for the dollar to rise would be limited to the extent that other countries raised interest rates or moderated, through exchange market intervention, declines in the value of their own currencies. Of course, exchange market developments over the near-term may be most affected by further economic and political developments in the Middle East.

Directive language

(23) Given below are suggested operational paragraphs for the directive consistent with the form of the directive adopted at the meeting on October 6. It calls for restraining expansion of reserve aggregates to a pace consistent with the desired rates of growth in M-1, M-2, and M-3 in the fourth quarter of 1979, provided that the federal funds rate on a weekly average basis remains within a specified range. The range for the funds rate adopted on October 6 is shown in strike-through form.

In the short run, the Committee seeks to restrain expansion of reserve aggregates to a pace consistent with deceleration in growth of M-1, M-2, and M-3 in the fourth quarter of 1979 to rates that would hold growth of these monetary aggregates over the whole period from the fourth quarter of 1978 to the fourth quarter of 1979 within the Committee's longer-run ranges, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of ~~11½ to 15½~~ \_\_\_\_ TO \_\_\_\_ percent. ~~The Committee will consider the need for supplementary instructions if it appears that operations to restrain expansion of reserve aggregates would maintain the federal funds rate near the upper limit of its range.~~

IF IT APPEARS DURING THE PERIOD BEFORE THE NEXT MEETING THAT THE CONSTRAINT ON THE FEDERAL FUNDS RATE IS INCONSISTENT WITH THE OBJECTIVE FOR THE EXPANSION OF RESERVES, THE MANAGER FOR DOMESTIC OPERATIONS IS PROMPTLY TO NOTIFY THE CHAIRMAN WHO WILL THEN DECIDE WHETHER THE SITUATION CALLS FOR SUPPLEMENTARY INSTRUCTIONS FROM THE COMMITTEE.

Appendix I

Implied Velocity Growth Rates

		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
<u>V-1 (GNP/M-1)</u>				
1979	QI	12.3	12.3	12.3
	QII	-1.0	-1.0	-1.0
	QIII	0.9	0.9	0.9
	QIV	1.3	1.4	1.6
<u>V-2 (GNP/M-2)</u>				
1979	QI	8.3	8.3	8.3
	QII	-2.0	-2.0	-2.0
	QIII	-1.2	-1.2	-1.2
	QIV	-2.9	-2.8	-2.6

## 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-1	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	12
	(PER CENT ANNUAL RATES OF GROWTH)											
ANNUALLY: <sup>2/</sup>												
-----												
1976	0.7	0.9	6.7	7.5	5.8	12.6	10.9	12.7	7.1	10.2	9.9	9.9
1977	5.3	3.1	8.3	11.1	7.9	9.3	9.8	11.7	10.1	11.7	11.5	11.6
1978	6.7	6.8	9.1	13.5	7.2	5.4	8.4	9.3	10.4	10.5	10.2	11.4
SEMI-ANNUALLY: <sup>2/</sup>												
-----												
1ST HALF 1978	7.6	7.6	8.8	12.5	8.0	6.2	7.7	8.3	10.6	10.0	10.0	11.3
2ND HALF 1978	5.6	5.7	9.0	13.6	6.1	4.4	8.8	9.9	9.7	10.4	9.8	10.8
1ST HALF 1979	-3.9	-6.1	4.8	12.8	2.7	-0.6	5.2	6.3	4.0	5.5	6.9	9.4
QUARTERLY:												
-----												
4TH QTR. 1978	0.7	2.6	7.3	12.7	0.6	-1.6	4.7	7.1	7.7	8.7	8.4	10.9
1ST QTR. 1979	-4.5	-5.8	4.2	13.3	-2.4	-5.2	1.7	4.6	2.5	5.0	6.2	8.5
2ND QTR. 1979	-3.9	-8.3	4.7	11.9	11.1	7.2	11.3	9.2	4.4	5.1	6.8	9.1
3RD QTR. 1979	10.6	11.7	12.5	15.8	9.5	8.0	12.2	10.8	12.4	11.0	9.8	12.7
QUARTERLY-AV:												
-----												
4TH QTR. 1978	2.4	4.7	8.5	13.9	4.1	2.7	7.6	9.3	9.3	10.2	9.7	11.1
1ST QTR. 1979	-3.0	-3.4	5.6	13.7	-2.1	-5.0	1.8	4.7	4.5	6.2	7.1	9.7
2ND QTR. 1979	-5.0	-8.8	4.0	11.3	7.6	3.7	8.6	7.9	3.5	4.8	6.7	8.8
3RD QTR. 1979	6.3	8.2	9.8	13.4	9.7	8.2	12.0	10.5	9.3	9.0	8.5	11.2
MONTHLY:												
-----												
1978--OCT.	5.1	-1.2	8.0	14.1	1.7	0.8	6.4	8.7	5.9	8.3	7.2	8.5
NOV.	-2.9	14.1	5.9	15.4	-2.0	-4.3	4.8	6.7	12.9	11.6	10.0	12.7
DEC.	0.0	-4.9	7.9	8.3	2.0	-1.2	2.9	5.6	4.1	6.1	7.9	11.2
1979--JAN.	5.6	1.8	8.5	18.7	-5.0	-7.8	-1.1	2.9	3.8	5.6	6.5	9.0
FEB.	-21.2	-20.9	-0.6	12.9	-3.7	-6.8	2.3	4.8	4.1	5.7	6.1	8.4
MAR.	2.1	1.6	4.7	7.9	1.3	-1.0	3.8	6.2	-0.4	3.5	6.1	7.9
APR.	-5.5	-3.5	4.8	13.9	17.7	11.4	14.1	10.5	7.7	7.0	9.2	11.0
MAY	-4.7	-30.3	3.2	8.8	0.7	-2.1	5.4	4.9	-0.5	1.3	3.1	5.7
JUNE	-1.5	9.1	6.2	12.6	14.8	12.3	14.2	11.9	6.0	7.1	8.0	10.4
JULY	12.7	20.7	11.2	13.4	10.4	10.2	12.9	11.4	11.5	10.6	9.5	12.1
AUG.	7.2	10.0	12.1	11.6	6.8	6.5	11.0	10.0	11.5	10.4	8.7	11.6
SEPT. P	11.5	4.2	13.9	21.7	11.2	7.2	12.2	10.9	13.8	11.8	11.0	13.8
OCT. P	20.7	1.1	10.6	7.6	2.5	-4.6	8.6	7.5	11.3	9.3	8.4	11.3

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

Table 2.

NOV. 16, 1979

## 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-1+	M-2	M-3	M-4	M-5	M-6	M-7
	1	2	3	4	5	6	7	8	9	10	11	12
<b>ANNUALLY:</b>												
1976	37,242	37,189	120,801	808.1	313.8	517.2	740.6	1235.6	803.0	1298.0	1436.1	1483.8
1977	39,179	38,610	130,896	895.9	338.7	560.6	809.4	1374.3	883.1	1448.0	1601.8	1658.1
1978	41,572	40,703	142,682	1018.1	361.2	587.2	875.8	1500.1	972.4	1596.7	1762.6	1848.0
<b>MONTHLY:</b>												
1978--OCT.	41,674	40,397	141,052	998.3	361.2	589.9	870.2	1484.8	958.8	1573.4	1736.7	1811.8
NOV.	41,573	40,870	141,749	1011.1	360.6	587.8	873.7	1493.1	969.1	1588.6	1751.1	1830.9
DEC.	41,572	40,703	142,682	1018.1	361.2	587.2	875.8	1500.1	972.4	1596.7	1762.6	1848.0
1979--JAN.	41,767	40,764	143,688	1034.5	359.7	583.4	875.0	1503.7	975.5	1604.2	1772.1	1861.8
FEB.	41,028	40,055	143,619	1045.6	358.6	580.1	876.7	1509.7	978.8	1611.8	1781.1	1874.8
MAR.	41,100	40,109	144,178	1052.5	359.0	579.6	879.5	1517.5	978.5	1616.5	1790.1	1887.1
APR.	40,910	39,993	144,749	1064.7	364.3	585.1	889.8	1530.8	984.8	1625.9	1803.8	1904.4
MAY	40,749	38,984	145,129	1072.5	364.5	584.1	893.8	1537.0	984.4	1627.6	1808.5	1913.4
JUNE	40,697	39,279	145,877	1083.8	369.0	590.1	904.4	1552.3	989.3	1637.2	1820.5	1930.0
JULY	41,127	39,957	147,240	1095.9	372.2	595.1	914.1	1567.0	998.8	1651.7	1834.9	1949.5
AUG.	41,375	40,290	148,725	1106.5	374.3	598.3	922.5	1580.0	1008.4	1666.0	1848.2	1968.4
SEPT. P	41,771	40,430	150,444	1126.5	377.8	601.9	931.9	1594.4	1020.0	1682.4	1865.1	1991.1
OCT. P	42,492	40,468	151,776	1133.6	378.6	599.6	938.6	1604.4	1029.6	1695.5	1878.2	2009.8
<b>WEEKLY:</b>												
1979--SEPT. 19	41,830	40,068	150,303		377.3	601.6	931.6		1019.9			
26	42,041	40,882	150,702		377.7	600.8	932.8		1021.8			
OCT. 3P	42,177	41,058	151,375		379.7	602.4	936.7		1025.9			
10P	42,324	41,386	151,539		380.5	603.2	939.6		1029.5			
17P	42,530	41,000	151,751		378.7	600.5	938.7		1029.7			
24P	42,063	39,103	151,208		376.9	597.1	937.1		1029.0			
31P	43,185	40,129	152,794		376.2	594.6	937.8		1030.3			
NOV. 7P	42,635	40,707	152,390		379.2	595.2	942.2		1036.1			
14P	42,272	40,415	151,953		377.4	592.4	941.9		1036.1			

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.

P - PRELIMINARY

Table 3

## Components of Money Stock and Related Measure

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 CDs								CDs
				Total	Savings	Other						
	1	2	3	4	5	6	7	8	9	10	11	12
(Per cent annual rates of growth)												
<sup>2/</sup> ANNUALLY:												
1976	9.5	4.6	8.1	15.0	25.0	7.5	-23.3	15.4	17.8	6.9	7.1	12.1
1977	9.3	7.4	11.4	11.2	11.1	11.4	12.8	14.0	19.5	6.6	12.6	13.5
1978	10.0	6.1	12.4	9.4	2.2	15.6	32.8	10.2	15.0	5.4	8.9	46.7
<sup>2/</sup> SEMI-ANNUALLY:												
1ST HALF 1978	9.3	7.6	12.2	7.6	2.9	11.7	42.6	8.5	17.0	6.3	12.5	50.9
2ND HALF 1978	10.2	4.5	12.0	10.7	1.5	18.4	19.0	11.5	12.0	4.3	4.9	33.9
1ST HALF 1979	8.7	0.6	4.8	6.9	-6.3	17.4	-7.1	8.2	4.5	0.7	39.5	62.2
QUARTERLY:												
4TH QTR. 1978	9.7	-2.7	11.9	7.7	-5.3	18.1	36.6	10.7	7.7	4.0	6.2	69.3
1ST QTR. 1979	7.8	-6.4	5.4	4.6	-9.5	15.6	9.9	9.5	1.5	0.0	36.1	54.9
2ND QTR. 1979	8.5	12.3	0.5	11.5	0.2	19.4	-57.0	5.9	9.8	0.0	41.7	51.5
3RD QTR. 1979	13.4	8.2	14.1	14.0	5.3	19.9	15.1	8.0	19.8	0.5	-2.7	60.3
QUARTERLY-AV:												
4TH QTR. 1978	10.6	1.7	12.3	10.2	0.2	18.2	25.0	11.8	10.1	4.0	7.3	44.4
1ST QTR. 1979	9.1	-6.2	8.4	4.5	-9.6	15.6	29.9	9.6	0.8	1.5	29.2	66.9
2ND QTR. 1979	8.1	7.5	1.2	9.3	-3.1	18.5	-41.0	6.7	8.3	0.0	46.4	49.2
3RD QTR. 1979	11.1	9.2	9.0	13.6	5.5	19.2	-17.7	7.5	19.3	0.0	8.0	58.3
MONTHLY:												
1978--OCT.	7.6	-0.9	8.5	10.0	-0.5	18.5	1.4	12.5	9.2	4.5	-11.4	41.3
NOV.	10.0	-5.9	21.7	9.4	-8.5	23.7	92.1	9.8	4.6	3.0	-14.4	75.0
DEC.	11.2	-1.4	5.3	3.5	-7.0	11.2	15.1	9.5	9.1	4.5	45.3	81.1
1979--JAN.	8.6	-10.0	9.0	1.6	-11.8	12.8	48.4	9.7	-4.5	1.5	28.1	61.9
FEB.	8.6	-8.3	8.6	6.5	-12.0	20.0	19.1	9.6	-6.8	-1.5	19.2	53.5
MAR.	6.1	-0.9	-1.4	5.6	-4.9	13.6	-36.4	8.9	16.0	0.0	58.2	42.3
APR.	9.7	21.3	2.1	11.8	0.0	19.8	-48.5	5.5	6.8	0.0	55.5	44.5
MAY	6.0	-1.4	-1.4	8.7	-7.2	19.9	-55.6	3.9	4.5	0.0	38.2	50.1
JUNE	9.5	16.8	0.8	13.6	7.8	17.6	-75.5	8.1	17.8	0.0	27.5	53.8
JULY	10.6	10.3	12.2	14.8	9.4	18.1	-2.8	7.9	24.2	0.0	-1.2	55.9
AUG.	14.1	4.0	14.6	13.7	6.6	19.4	17.0	7.2	21.5	0.0	-11.7	58.6
SEPT. P	15.1	10.2	15.1	12.9	0.0	21.2	30.7	8.8	12.7	1.5	4.7	57.9
OCT. P	4.6	0.9	16.6	12.8	-16.9	32.0	40.9	6.3	4.2	1.5	-1.2	53.3

<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.



Table 4

NOV. 16, 1979

## 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 CDs			CDs							
				Total	Savings	Other								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>ANNUALLY:</b>														
1976	80.8	233.0	489.2	426.7	202.1	224.7	62.4	456.1	38.9	71.9	66.2	47.7	54.6	11.4
1977	88.6	250.1	544.4	470.7	219.7	251.0	73.7	518.3	46.6	76.6	77.2	56.3	61.8	11.7
1978	97.5	263.7	611.2	514.6	223.0	291.5	96.6	571.2	53.1	80.6	85.3	85.3	84.9	15.4
<b>MONTHLY:</b>														
1978--OCT.	95.8	265.3	597.7	509.1	225.9	283.2	88.6	562.1	52.5	80.1	83.2	75.2	85.0	20.1
NOV.	96.6	264.0	608.5	513.1	224.3	288.8	95.4	566.7	52.7	80.3	82.2	79.9	82.5	21.0
DEC.	97.5	263.7	611.2	514.6	223.0	291.5	96.6	571.2	53.1	80.6	85.3	85.3	84.9	15.4
1979--JAN.	98.2	261.5	615.8	515.3	220.8	294.6	100.5	575.8	52.9	80.7	87.3	89.7	83.1	14.7
FEB.	98.9	259.7	620.2	518.1	218.6	299.5	102.1	580.4	52.6	80.6	88.7	93.7	95.8	10.2
MAR.	99.4	259.5	619.5	520.5	217.7	302.9	99.0	584.7	53.3	80.6	93.0	97.0	100.8	9.4
APR.	100.2	264.1	620.6	525.6	217.7	307.9	95.0	587.4	53.6	80.6	97.3	100.6	104.9	8.1
MAY	100.7	263.8	619.9	529.4	216.4	313.0	90.6	589.3	53.8	80.6	100.4	104.8	111.2	9.3
JUNE	101.5	267.5	620.3	535.4	217.8	317.6	84.9	593.3	54.6	80.6	102.7	109.5	115.8	13.8
JULY	102.4	269.8	626.6	542.0	219.5	322.4	84.7	597.2	55.7	80.6	102.6	114.6	119.5	16.0
AUG.	103.6	270.7	634.2	548.2	220.7	327.6	85.9	600.8	56.7	80.6	101.6	120.2	130.3	15.9
SEPT. P	104.9	273.0	642.2	554.1	220.7	333.4	88.1	605.2	57.3	80.7	102.0	126.0	138.6	15.8
OCT. P	105.3	273.2	651.1	560.0	217.6	342.3	91.1	608.4	57.5	80.8	101.9	131.6	140.1	15.6
<b>WEEKLY:</b>														
1979--SEPT. 12	104.4	273.8	640.3	553.1	221.9	331.2	87.2							15.6
19	104.7	272.6	642.7	554.3	220.9	333.4	88.4							15.5
26	104.8	272.9	644.1	555.1	219.7	335.4	89.0							17.6
OCT. 3P	105.3	274.4	646.2	557.0	219.3	337.7	89.2							15.7
10P	105.4	275.1	649.0	559.2	219.4	339.8	89.9							12.2
17P	105.2	273.5	650.9	560.0	218.4	341.7	90.9							16.3
24P	105.2	271.7	652.1	560.2	216.8	343.4	91.9							17.7
31P	105.6	270.6	654.2	561.6	215.1	346.6	92.5							16.4
NOV. 7P	105.9	273.3	656.9	562.9	212.6	350.3	93.9							11.0

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 NET LIABILITIES TO RELATED FOREIGN INSTITUTIONS, (NET EURO DOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, AND OTHER MINOR ITEMS.

4/ INCLUDES TREASURY DEMAND DEPOSITS AT COMMERCIAL BANKS AND FEDERAL RESERVE BANKS AND TREASURY NOTE BALANCES.

P - PRELIMINARY

TABLE 5  
SELECTED INTEREST RATES  
(percent)

STRICTLY CONFIDENTIAL (FR)  
CLASS II - FOMC  
NOVEMBER 16, 1979

	Short-Term							Long-Term								
	Federal funds	Treasury Bills			Secondary Market 90-day	Comm. Paper 90 Day*	Bank Prime Rate	U.S. Govt. Constant Maturity Yields			Corp.-Aaa Utility		Municipal Bond Buyer	Home Mortgages		
		Market	Auction	6-mo				3-yr	7-yr	20-yr	New Issue	Recently Offered		Primary Conv.	Secondary Market	
		(1)	3-mo (2)	1-yr (3)	6-mo (4)	90-day (5)	90 Day* (6)	Prime Rate (7)	(8)	(9)	(10)	(11)	(12)		(13)	(14)
1978--High	10.25	9.30	9.62	9.58	10.96	10.52	11.57	9.59	9.22	9.00	9.30	9.54	6.67	10.38	10.60	9.68
Low	6.58	6.16	6.55	6.42	6.76	6.68	7.75	7.40	7.72	8.01	8.61	8.48	5.58	8.98	9.13	8.43
1979--High	15.61	12.60	11.89	12.65	14.53	14.26	15.46	11.83	11.09	10.56	11.51	11.45	7.38	12.85	13.29	11.77
Low	9.93	8.85	8.64	8.87	9.84	9.66	11.50	8.78	8.74	8.79	9.40	9.39	6.08	10.38	10.42	9.51
1978--Oct.	8.96	7.99	8.45	8.49	9.45	8.98	9.94	8.62	8.64	8.69	9.17	9.13	6.13	9.86	10.03	9.25
Nov.	9.76	8.64	9.20	9.20	10.72	10.14	10.94	9.04	8.80	8.75	9.27	9.27	6.19	10.11	10.30	9.39
Dec.	10.03	9.08	9.44	9.40	10.72	10.37	11.55	9.33	9.03	8.90	9.28	9.41	6.51	10.35	10.50	9.38
1979--Jan.	10.07	9.35	9.54	9.50	10.51	10.25	11.75	9.50	9.14	8.98	9.54	9.51	6.47	10.39	10.70	9.67
Feb.	10.06	9.32	9.39	9.35	10.19	9.95	11.75	9.29	9.11	9.03	9.53	9.56	6.31	10.41	10.54	9.67
Mar.	10.09	9.48	9.38	9.46	10.13	9.90	11.75	9.38	9.15	9.08	9.62	9.62	6.33	10.43	10.43	9.70
Apr.	10.01	9.46	9.28	9.50	10.06	9.85	11.75	9.43	9.21	9.12	9.70	9.74	6.29	10.50	10.59	9.78
May	10.24	9.61	9.27	9.53	10.16	9.95	11.75	9.42	9.23	9.21	9.83	9.84	6.25	10.69	10.84	9.89
June	10.29	9.06	8.81	9.06	9.95	9.76	11.65	8.95	8.86	8.91	9.50	9.50	6.13	11.04	10.77	9.75
July	10.47	9.24	8.87	9.19	10.11	9.87	11.54	8.94	8.92	8.92	9.58	9.53	6.13	11.09	10.66	9.77
Aug.	10.94	9.52	9.16	9.45	10.71	10.43	11.91	9.14	9.05	8.97	9.48	9.49	6.20	11.09	10.67	9.90
Sept.	11.43	10.26	9.89	10.13	11.89	11.63	12.90	9.69	9.38	9.21	9.93	9.87	6.52	11.30	11.09	10.31
Oct.	13.77	11.70	11.23	11.34	13.66	13.23	14.39	10.95	10.47	9.99	10.97	10.91	7.08	11.64	12.52	11.25
1979--Sept. 5	11.02	9.91	9.62	9.78	11.39	11.03	12.25	9.68	9.38	9.18	--	9.70	6.47	11.20	10.92	10.14
12	11.30	10.43	9.95	10.29	11.87	11.59	12.68	9.66	9.34	9.19	9.84	9.87	6.49	11.30	--	10.36
19	11.37	10.35	9.94	10.32	12.04	11.76	12.96	9.72	9.37	9.19	9.97	9.92	6.57	11.35	11.25	10.38
26	11.61	10.12	9.84	10.11	11.91	11.74	13.21	9.71	9.41	9.26	9.98	10.00	6.56	11.35	--	10.36
Oct. 3	11.91	10.26	9.95	10.33	12.01	11.71	13.46	9.85	9.58	9.38	10.22	10.25	6.64	11.35	11.66	10.65
10	12.00	11.21	10.77	10.66	12.94	12.43	13.79	10.65	10.29	9.85	10.88	10.79	7.12	11.45	--	11.02
17	13.22	11.61	11.26	11.72	13.59	13.29	14.50	11.01	10.56	10.04	11.05	11.00	7.18	11.75	12.60	11.21
24	15.14	12.60	11.89	12.65	14.44	13.79	14.64	11.83	11.09	10.42	11.45	11.36	7.38	12.00	--	11.77
31	15.61	12.13	11.69	12.19	14.47	14.14	15.00	11.64	11.00	10.44	11.51	11.42	7.26	12.80r	13.29	11.58
Nov. 7	13.77	12.16	11.74	12.09	14.53	14.26	15.25	11.56	11.03	10.56	11.50	11.45	7.27	12.85	--	11.73
14	13.30	12.11	11.31	11.95	14.28	14.09	15.46	11.10p	10.80p	10.40p	11.51p	11.45p	7.31	n.a.	12.93	11.51
21																
28																
Daily--Nov. 8	13.52	12.44	11.76	--	14.63	14.21	15.25	11.67	11.10	10.61	--	--	--	--	--	--
15	13.40p	11.70	11.00	--	14.13	13.62	15.50	11.06p	10.78p	10.35p	--	--	--	--	--	--

NOTE: Weekly data for columns 1, 2, 3, 5, 6, and 7 are statement week averages of daily data. Weekly data in column 4 are average rates set in the auctions of 6-month bills that will be issued on the Thursday following the end of the statement week. For columns 8 through 11, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 12 and 13 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 14 is an average of contract interest rates on commitments for conventional first mortgages with 80 percent loan-to-value ratios made by a sample of insured savings and loan associations on the Friday following the end of the statement week. Column 15 gives FNMA auction data for Monday preceding the end of the statement week. Column 16 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.

\* 90-119 day maturity prior to November 1979.

TABLE 6  
NET CHANGES IN SYSTEM HOLDINGS OF SECURITIES<sup>1/</sup>  
(millions of dollars, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FK)  
CLASS II - FOMC  
NOVEMBER 16, 1979

Period	Treasury Bills Net Change <sup>2/</sup>	Treasury Coupons Net Purchases <sup>3/</sup>					Federal Agencies Net Purchases <sup>4/</sup>					Net Change Outright Holdings Total <sup>5/</sup>	Net RPs <sup>6/</sup>
		Within 1 year	1 - 5	5 - 10	Over 10	Total	Within 1 year	1 - 5	5 - 10	Over 10	Total		
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
1978	870	1,184	4,188	1,526	1,063	7,962	-47	45	104	24	127	8,724	-1,774
1978--Qtr. III	3,152	340	774	349	235	1,697	-92	-81	--	--	-173	4,632	226
Qtr. IV	-5,072	212	1,135	250	247	1,844	--	--	--	--	--	-3,283	-2,130
1979--Qtr. I	-3,750	48	426	134	93	700	-170	-229	--	--	-399	-882 <sup>7/</sup>	680
Qtr. II	465	42	640	--	--	682	110	258	2	--	371	-1,795 <sup>8/</sup>	2,542
Qtr. III	5,363	395	1,289	309	310	2,302	191	288	3	--	482	8,129	-2,019
1979--May	-451	--	--	--	--	--	--	--	--	--	--	-491	-2,353
June	-105	42	--	--	--	42	110	258	2	--	371	275	5,840
July	2,252	218	237	96	142	693	191	288	3	--	482	3,427	-1,665
Aug.	1,712	57	699	140	81	976	--	--	--	--	--	2,687	-2,279
Sept.	1,399	120	354	73	87	634	--	--	--	--	--	2,015	1,922
Oct.	-219	28	703	--	--	731	--	--	--	--	--	-159 <sup>9/</sup>	-2,499
1979--Sept. 5	107	--	--	--	--	--	--	--	--	--	--	107	-5,531
12	-200	--	--	--	--	--	--	--	--	--	--	-218	-5,182
19	630	--	--	--	--	--	--	--	--	--	--	630	3,396
26	486	--	--	--	--	--	--	--	--	--	--	486	5,699
Oct. 3	1,333 <sup>9/</sup>	120	354 <sup>9/</sup>	73	87	634 <sup>9/</sup>	--	--	--	--	--	1,299 <sup>9/</sup>	-8,223
10	-970 <sup>9/</sup>	--	668 <sup>9/</sup>	--	--	668 <sup>9/</sup>	--	--	--	--	--	-305 <sup>9/</sup>	4,470
17	103	--	--	--	--	--	--	--	--	--	--	103	400
24	-240	28	35	--	--	63	--	--	--	--	--	-177	-483
31	132	--	--	--	--	--	--	--	--	--	--	132	1,739
Nov. 7	-198	--	--	--	--	--	--	--	--	--	--	-198	-2,903
14	1,937	--	--	--	--	--	--	--	--	--	--	1,937	-643
21													
28													
LEVEL--Nov. 14	47.4	18.7	27.1	12.3	12.4	70.4	1.8	4.3	1.4	.7	8.2	126.0	-4.7

(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 RPs (+) and matched sale-purchase transactions (-).  
7/ The Treasury sold \$2,600 million of special certificates to the Federal Reserve on March 31, 1979 and redeemed the last of them on April 4, 1979.  
8/ \$640 million of 2-year notes were exchanged for a like amount of cash management bills on April 3, 1979. On April 9, 1979 the bills were exchanged for new 2-year notes.  
9/ On October 1, 1979, \$668 million of maturing 2- and 4-year notes were exchanged for a like amount of short-term bills, because the note auctions were delayed. On October 9 and 10, the bills were exchanged for new 2- and 4-year notes, respectively.