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March 26, 1982

Strictly Confidential (FR) Class I FOMC

MONETARY POLICY ALTERNATIVES

Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

March 26, 1982

MONETARY POLICY ALTERNATIVES

Recent developments

(1) After growing rapidly over the three months November through January, M1 contracted in February at a 3¾ percent annual rate, and now appears to have grown only about 2 percent in March. Thus, over the last two months behavior of this aggregate has been close to the zero growth objective for that period specified by the Committee at its February meeting. Demand deposits contracted sharply over the past two months--more than offsetting their December-January bulge in growth. However, other checkable deposits (OCDs) continued to expand at a relatively rapid, though decelerating, pace during the period.

(2) The recent performance of M1 has brought it closer to, but still above, the upper limit of the Committee's longer-run range. As shown in the next-to-last column of the table on the next page, growth of M1 from QIV '81 to March '82 is estimated at about a 7¾ percent annual rate; however, growth on a quarterly average basis for the first three months of the year was at a more substantial 10½ percent annual rate.

(3) Growth of M2 thus far this year has been just above its longer-run target range, with expansion since QIV '81 at a 9½ percent annual rate. Over the two-month February-March period, M2 appears to have grown at about a 7 percent annual rate, a bit below the 8 percent rate targeted by the Committee. Growth in money market funds, though picking up recently, has been somewhat slower than anticipated as interest rate spreads for a time were unfavorable. Savings deposits, which had expanded rapidly since October, grew slightly over the past two months, while small time deposits resumed a more rapid rate of expansion.

KEY MONETARY POLICY AGGREGATES
(Seasonally adjusted, annual rates of growth)

	1982 Jan.	1982 Feb.	1982 Mar.[1]	Jan. to Mar.[1]	QIV '81 to Mar.'82[1]	QIV '81 to QI '82[1]
Money and Credit Aggregates						
M1	21.0	-3.7	2.1	-0.8	7.8	10.3
M2	12.2	4.3	9.9	7.1	9.2	9.6
(Nontransaction component)	(9.4)	(6.9)	(12.3)	(9.7)	(9.7)	(9.3)
M3	8.8	5.8	10.6	8.2	8.7	8.6
Bank Credit[2]	10.5	11.4	n.a.	n.a.	n.a.	n.a.
					Dec. '81 to Mar. '82	
Reserve Measures[3]						
Nonborrowed reserves[4]	-2.5	-17.5	12.7	-2.5	-2.5	0.2
Total reserves	22.2	-10.0	3.6	-3.2	5.2	8.2
Monetary base	11.6	3.4	4.2	3.8	6.4	8.0
Memo: (Millions of dollars)						
Adjustment borrowing	1321	1558	1265	--	--	--
Excess reserves	418	307	326	--	--	--

n.a.--not available.
1. March estimated on the basis of partial data.
2. Adjusted for shifts of assets from U.S. offices to IBFs.
3. Growth rates for reserves measures are adjusted to remove the effects of discontinuities resulting from phased changes in reserve ratios under the Monetary Control Act.
4. Nonborrowed reserves include special borrowing and other extended credit from the Federal Reserve.

(4) Expansion of bank credit continued at around an 11 percent annual rate in January and February (adjusted for shifts of assets to IBFs), paced by strength in business loans. Bank credit growth seems to have slowed in March, along with a weakening in demand for business loans, insofar as can be judged from weekly large bank data for the first half of March. Issuance of commercial paper has remained strong thus far in March. Business financing obtained from long-term sources receded to unusually low levels in the first two months of the year, but the pace has picked up somewhat in March as long-term rates edged off from peaks reached in early February.

(5) In conjunction with its decision to seek no M1 growth in February and March the Committee specified an initial level of adjustment borrowing of $1.5 billion, implying a considerable reduction in nonborrowed reserves in February. Owing to the weaker-than-targeted money growth early in the intermeeting period, the level of adjustment borrowing implied by the reserves path gradually declined, but most recently the pick-up of required reserves associated with the strengthening of M1 has contributed to a higher level of adjustment borrowing and moderate growth in total reserves.[1/] For the intermeeting period, adjustment borrowing averaged about $1.4 billion. Since the beginning of the year, all of the total reserves growth of about 5½ percent, at an annual rate, has reflected expansion in borrowed reserves. Nonborrowed reserves, despite a substantial rise in March, have declined somewhat on balance since December.

1/ Reserve paths and adjustments made since the last Committee meetings are shown in Appendix I.

(6) The federal funds rate has fluctuated generally in a 13½ to 15½ percent range over the intermeeting period. In the most recent statement week, funds averaged 14½ percent. Other short-term interest rates, too, have been volatile over the intermeeting period, reflecting market participants' changing perceptions of the outlook for money growth and reserve market conditions. Most short-term market rates have declined on balance ½ to 1 point since the February FOMC meeting, and long-term interest rates are down ½ to ¾ of a point.

(7) The dollar has risen by about 4 percent since the last FOMC meeting. While daily movements of the dollar often have been related to movements in U.S. short-term interest rates relative to foreign rates, at the end of the period interest differentials were about the same as at the beginning. The dollar benefited from relatively favorable price developments and from a general perception that governments abroad may be shifting to less restrictive demand policies.

Alternative near-term targets

(8) Shown below are alternative targets, and associated federal funds rate ranges, for M1 and M2 for the second quarter. (More detailed and longer-run data for the alternatives are contained in the table and charts on the following pages, and the quarterly interest rate pattern underlying the staff's GNP projection for 1982 is contained in appendix II.) Alternative A, calling for a 4½ percent rate of growth of M1 in the March-to-June interval, would, as shown in Chart 1, maintain the level of narrow money above the upper end of the Committee's 2½-to-5½ percent longer-run range throughout the second quarter; however, that rate, if sustained over the second half, would bring M1 down to the upper end of range by year-end. The 3 percent M1 rate of growth from March to June of alternative B is designed to bring the level of that aggregate to about the upper limit of the Committee's longer-run range by around mid-year. The alternative C specification of 1½ percent M1 growth would place that aggregate at about the middle of the upper half of the range by mid-year. Under all three alternatives, M2 would be expected to move within the upper half of its longer-run range.[1/]

1/ The new 91-day deposit instrument authorized by the DIDC, to be effective May 1, is unlikely to significantly strengthen time deposit growth, but--reflecting the temporary ceiling rate differential--is likely to add to thrift deposit expansion relative to that for commercial banks. Similarly, the new unregulated 3½ year deposit is not expected to add to time deposit growth since about half of the depository institutions have been offering less than the ceiling rate on the 2½ year and over SSC.

	Alt. A	Alt. B	Alt. C
Growth from March to June			
M1	4½	3	1½
M2	8¼	7½	6¾
Federal funds rate range	11 to 15	12 to 16	13 to 17

(9) Despite the staff's projection of second-quarter growth in nominal GNP at a 9 percent annual rate, money demand is not expected to strengthen significantly in the March to June period. M1 growth in the first quarter was considerably in excess of what might be expected on the basis of actual income and interest rates, and apparently reflected the public's increased demand for liquidity in an environment of economic uncertainty. This demand was reflected in part in a resurgence in growth of the OCD component of M1. Resumption of economic growth is likely to reduce uncertainty, with the public in consequence readjusting its financial asset holdings by drawing on its accumulated money and liquidity balances for spending and/or investing in other financial assets. Such behavior would lead to a sharp rise in velocity of the existing money stock and permit expanding nominal GNP to be financed with relatively little additional M1. The projected adjustment in money holdings and liquidity balances is expected to take the form of a further deceleration in growth of OCD--in the April-June period to a rate of close to 15 percent per annum, as compared with growth at about a 50 percent annual rate in the November-February period and at more than a 20 percent annual rate in March.

(10) In setting a path for second-quarter growth in the money supply, we have allowed for most, and possibly all, of M1 expansion to occur in April. Growth of M1 in April (seasonally adjusted) accelerated over the last half of the 1970s. In the past two years, however, M1 has been

Alternative Levels and Growth Rates for Key Monetary Aggregates

	M1			M2			M3		
	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C
1982--January	448.6	448.6	448.6	1840.9	1840.9	1840.9	2203.9	2203.9	2203.9
February	447.2	447.2	447.2	1847.5	1847.5	1847.5	2214.6	2214.6	2214.6
March	448.0	448.0	448.0	1862.8	1862.8	1862.8	2234.2	2234.2	2234.2
April	451.7	451.4	451.0	1877.6	1876.7	1875.7	2251.8	2250.9	2249.9
May	452.3	451.4	450.2	1889.4	1887.3	1885.0	2269.6	2267.5	2265.2
June	453.0	451.4	449.7	1901.3	1897.9	1894.5	2287.6	2284.2	2281.0
Growth Rates Monthly									
1982--January	21.0	21.0	21.0	12.2	12.2	12.2	8.8	8.8	8.8
February	-3.7	-3.7	-3.7	4.3	4.3	4.3	5.8	5.8	5.8
March	2.1	2.1	2.1	9.9	9.9	9.9	10.6	10.6	10.6
April	9.9	9.1	8.0	9.5	9.0	8.3	9.4	9.0	8.4
May	1.6	0.0	-2.1	7.5	6.8	5.9	9.5	8.8	8.2
June	1.9	0.0	-1.3	7.6	6.7	6.2	9.5	8.8	8.4
March '82 - June '82	4.5	3.0	1.5	8.3	7.5	6.8	9.6	9.0	8.4
Growth Rates Quarterly									
1982--QI	10.3	10.3	10.3	9.6	9.6	9.6	8.6	8.6	8.6
QII	3.9	3.1	2.1	8.4	8.0	7.5	9.4	9.0	8.6

Chart 1

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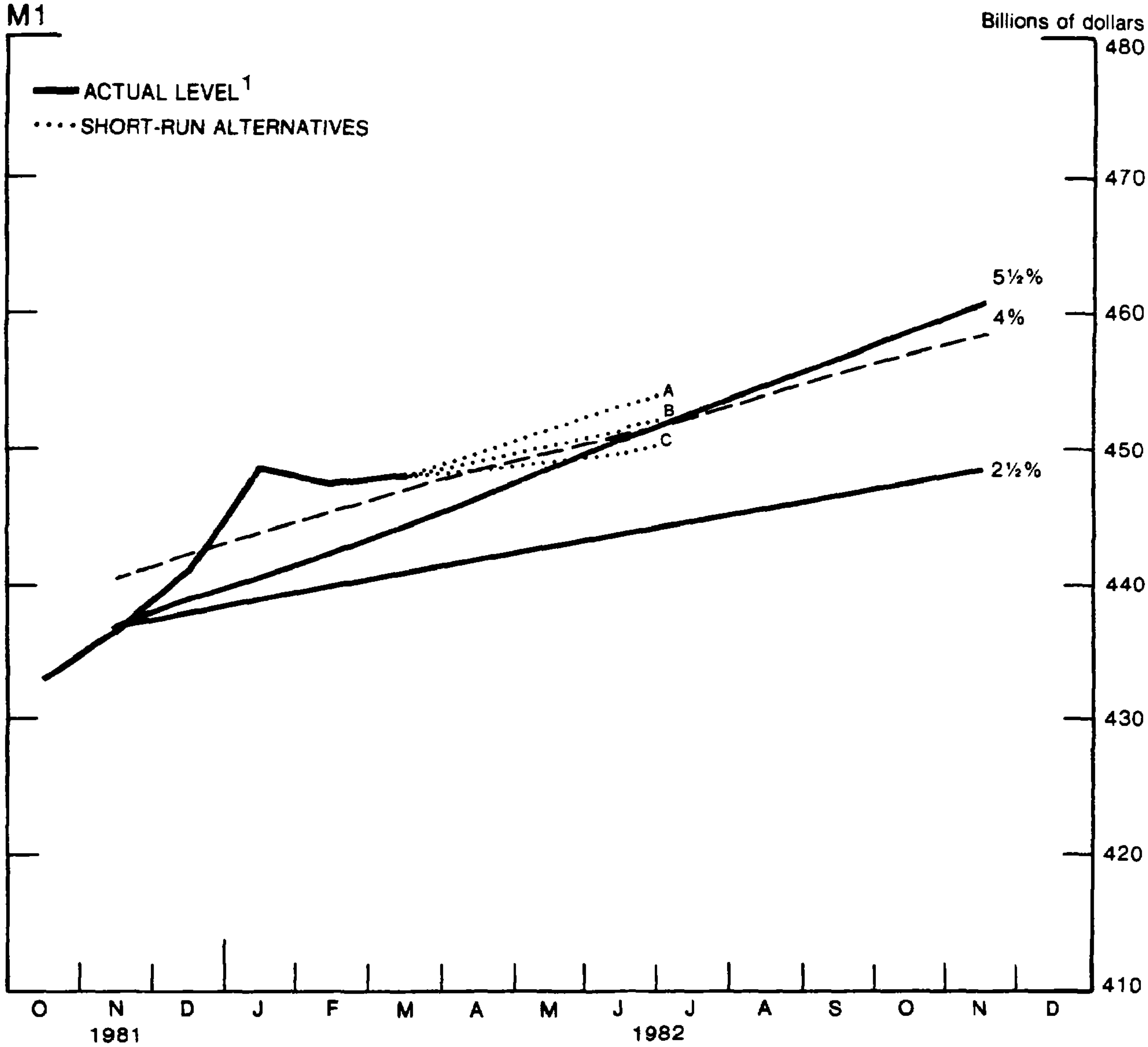
Actual and Targeted M1

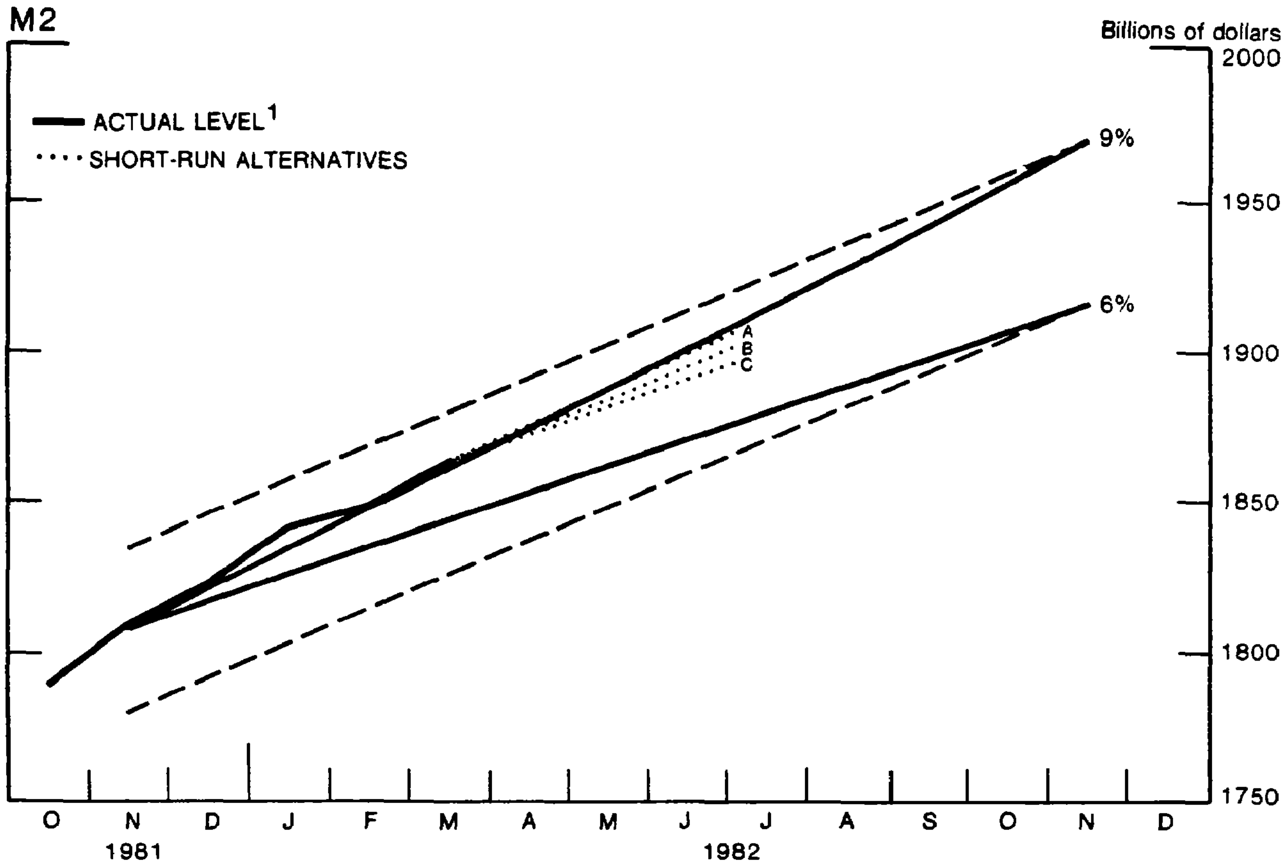


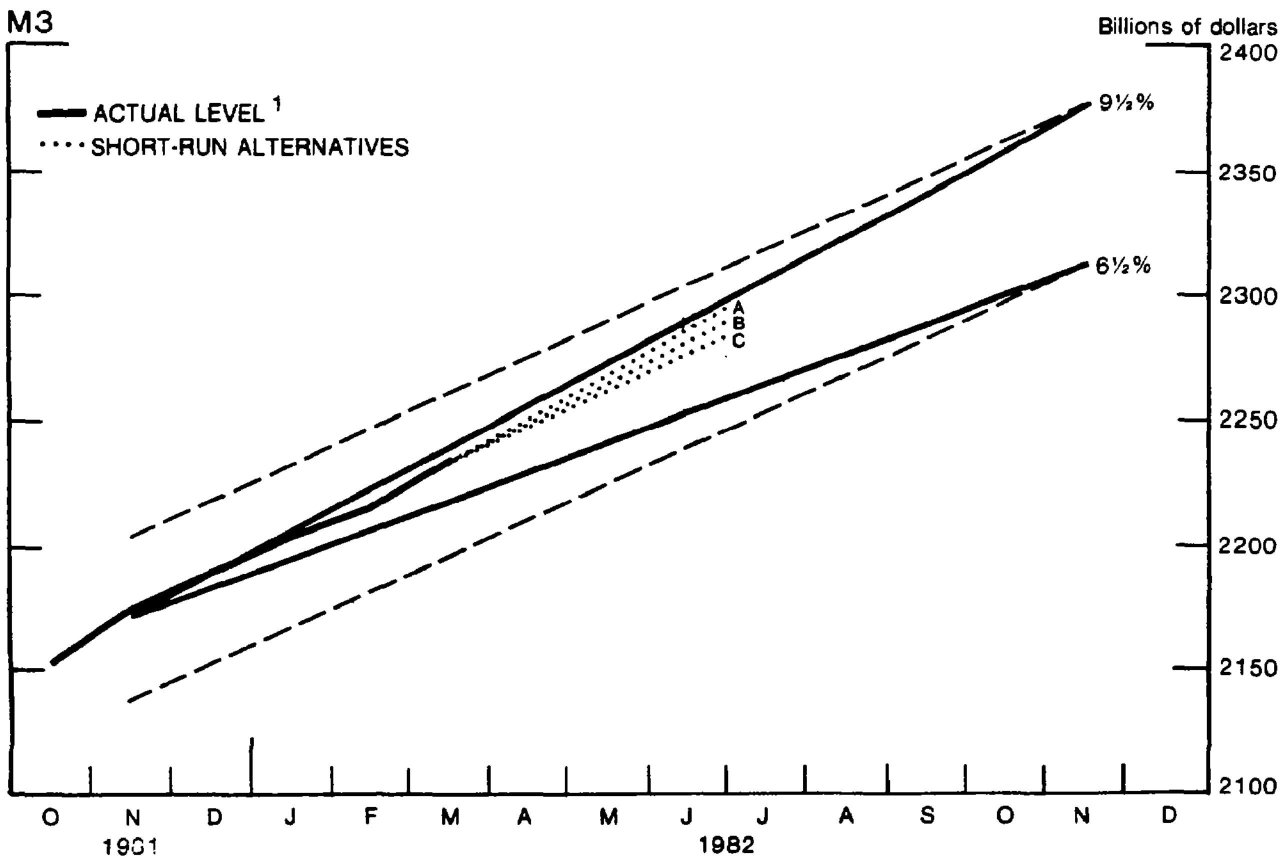
[1] March level is projected.

Chart 2

CONFIDENTIAL (FR)
Class II - FOMC

Actual and Targeted M2 and M3





[1]March level is projected.

quite volatile in April--declining sharply in 1980, presumably reflecting the credit control program, and rising very rapidly in 1981, partly reflecting the preceding policy-induced drop of short-term interest rates. With so volatile a performance of M1 in the most recent years, it is difficult to judge whether the pre-1980 trend has continued and thus whether it should be reflected in current seasonal adjustment factors. Under the circumstances, we have assumed that the odds are tilted toward the computed April seasonal factor this year having underestimated the seasonal increase. But uncertainties with respect to April are great, not only because of the special factors noted above, but also because there are always questions about how rapidly individuals will pay their taxes, how they will manage their cash in doing so, how quickly the Treasury will pay refunds, and how promptly they will collect the checks mailed in. Thus, while we have allowed for a bulge in growth in April, a relatively moderate growth cannot be ruled out, particularly if tax payments are made out of NOW accounts that were built up earlier or out of money market funds (thereby avoiding a temporary build-up in demand deposits).

(11) Alternative A, which entails growth of M1 at a 4½ percent rate from March to June, would call for an increase in total reserves over the quarter at about an 8½ percent annual rate. Assuming a decline in adjustment borrowing to about $750 million, nonborrowed reserves would expand at a 13½ percent annual rate over the quarter. A federal funds rate of 13 percent or so would be implied, given the present discount rate.

(12) The 3-month bill rate under this alternative may decline into the 11 to 12 percent area. Bond yields, too, would be likely to

decline, although the rally might be limited by a pick-up in corporate bond offerings. Pressures on thrift institutions would ease a bit, but operating losses still would continue for most institutions, especially given the lag between declines in market rates and average deposit costs. With U.S. interest rates falling, there is likely to be some tendency for the foreign exchange value of the dollar to decline from recent advanced levels, though any such weakening would be limited if foreign monetary authorities took the opportunity to permit their interest rates to decrease further.

(13) The alternative B specifications, which call for M1 growth at a 3 percent rate from March to June, imply an increase in total reserves at a 7 percent rate. Assuming adjustment borrowing of \$1¼ billion, nonborrowed reserves would also increase at around a 7 percent rate, and the federal funds rate would likely fluctuate around 14 percent or a bit higher. Other interest rates would probably continue to fluctuate within the range of the past several weeks, absent any substantial change in the fiscal outlook. In addition, to the extent that the market has discounted a considerable bulge in money growth in April, market rates could decline somewhat if such a bulge does not develop.

(14) Alternative C, involving a 1½ percent rate of growth of M1 over the March-to-June period, would require a growth in total reserves at a 5½ percent rate. This alternative would appear to be consistent with adjustment borrowing of near \$1¾ billion, implying essentially no growth in nonborrowed reserves. Under this approach, the federal funds rate would likely rise into the 15 to 16 percent range over the inter-meeting period. Such a rebound in the funds rate would probably lead to a substantial rise in other short-term rates and renewed upward

pressure on long rates. These rate pressures might be moderated to the extent that market expectations about the vigor of economic recovery and future credit demands are dampened. The dollar would come under substantial upward pressure in exchange markets.

(15) In considering the proposed alternatives for the second quarter, the Committee may also want to take account of implications for the second half of the year. If the M1 specification of alternative A is adopted for the second quarter, this would imply a further deceleration of M1 growth over the last six months of the year to a 2¾ percent annual rate to be consistent with growth for the year (QIV to QIV basis) at 4¾ percent rate, the middle of the upper half of the FOMC's M1 range for the year (see the top line of the "4¾" column in the table below.) The last column of the table shows that growth at about a 4 percent annual rate over the last six months of the year would be consistent with hitting the upper limit of the longer-run range under alternative A--which would provide more scope for financing expected economic recovery. If the Committee were to adopt the second-quarter targets of alternatives B or C, some acceleration in growth over the 6-month June-to-December period--to just above a 4 percent annual rate under alternative C--would be in prospect even if growth for the year were constrained to 4¾ percent. Should the Committee accept growth in M1 for the year at the upper limit of its longer-run range, even more rapid growth in the second half would be in prospect (5 to 6 percent, depending on whether alternative B or C is adopted at this meeting).

Alternatives	March-June Target	Implied Growth June to December to Hit QIV '81 to QIV '82 Growth of: 4	4¾	5½
A	4½	1.2	2.7	4.1
B	3	1.9	3.4	5.0
C	1½	2.7	4.2	5.8

Directive language

(16) Given below is a suggested operational paragraph for the directive. The specifications adopted at the meeting on February 1-2 are shown in strike-through form. The phrase in brackets is presented as an option that would effectively give added weight to M2 in operations in the circumstances of the forthcoming period.

> IN THE SHORT RUN, the Committee seeks behavior of reserve aggregates ~~over the balance of the quarter~~ consistent with GROWTH OF M1 AND M2 FROM MARCH TO JUNE AT ANNUAL RATES OF ABOUT ____ PERCENT AND ____ PERCENT RESPECTIVELY ~~bringing M1 and M2 over time into their longer run target ranges for the year. Taking account of the recent surge in growth of M1, the Committee seeks no further growth in M1 for the January to March period and growth in M2 at an annual rate of around 8 percent. Some decline in M1 would be associated with more rapid attainment of the longer run range and would be acceptable in the context of reduced pressure in the money market.~~ [THE COMMITTEE ALSO NOTED THAT DEVIATIONS FROM THESE TARGETS SHOULD BE EVALUATED IN LIGHT OF THE POSSIBILITY THAT M2 WOULD BE LESS AFFECTED OVER THE PERIOD THAN M1 BY DEPOSIT SHIFTS RELATED TO THE TAX DATE AND BY CHANGES IN THE RELATIVE IMPORTANCE OF NOW ACCOUNTS AS A SAVINGS VEHICLE.] The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of ~~12 to 16~~ ____ TO ____ percent.

APPENDIX I

RESERVE TARGETS AND RELATED MEASURES
INTERMEETING PERIOD
(Millions of dollars; not seasonally adjusted)

Date Reserves Path Constructed	Reserve Targets for Intermeeting Sub-Period (4-week average basis)		Projection of Reserves Demanded (4-week average basis)			Implied Adjustment Borrowing	
	Total Reserves (1)	Nonborrowed Reserves (2)	Total Reserves (3)	Required Reserves (4)	Excess Reserves (5)	4-week Average Basis (6)	For Remaining Statement Weeks of Intermeeting Period 1/ (7)
	Sub-Period: February 10 to March 3						
February 5	41,270	39,770	41,270	41,045	225	1500	1500
12	41,309 2/	39,809 2/	41,214	40,994	220	1405	1394
19	41,158 3/	39,658 3/	41,077	40,795	282	1419	1278
26	41,181 4/	39,581 4/5/	41,065	40,802	263	1484	1139
Actual 4-week Average	41,112	39,592	41,112	40,799	313	1520	--
	Sub-Period: March 10 to March 31						
March 5	39,376 6/	37,876 6/	39,102	38,802	300	1226	1226
12	39,239 7/	37,760 7/8/	39,094	38,806	288	1334	1398
19	39,159 9/	37,739 9/10/	38,988	38,703	285	1249	1346
26	39,002	37,739	39,002	38,698	304	1263	1405

1/ Represents borrowing in remaining statement weeks (as intermeeting sub-period progresses) implied by each weekly updating of the 4-week average nonborrowed reserves path. The movement in implied borrowing represents deviations in total reserves from target as well as any compensation for misses in nonborrowed reserves from target in earlier weeks of the intermeeting sub-period.

2/ Total and nonborrowed reserves paths adjusted upward by $39 million due to changes affecting the reserves multiplier.

3/ Total and nonborrowed reserves paths adjusted downward by $151 million due to changes affecting the reserves multiplier.

4/ Total and nonborrowed reserves paths adjusted upward by $23 million due to changes affecting the reserves multiplier.

5/ Nonborrowed reserves path adjusted downward by $100 million to offset the unusually large borrowing in the week of February 24.

6/ Total and nonborrowed reserves paths adjusted downward by $2 billion due to changes affecting the reserves multiplier.

7/ Total and nonborrowed reserves paths adjusted downward by $137 million due to changes affecting the reserves multiplier.

8/ Nonborrowed reserves path adjusted upward by $21 million to offset the unexpectedly low borrowing in the week of March 10.

9/ Total and nonborrowed reserves paths adjusted downward by $80 million due to changes affecting the reserves multiplier with some allowance for the weakness in M2.

10/ Nonborrowed reserves path adjusted upward by $59 million to offset the reduced demand for borrowing in the week of March 17.

Appendix II

Interest Rates Assumed in the Greenbook GNP Projection
(Quarterly averages, percent)

1982	Federal Funds	3-month Treasury Bills	Recently Offered Aaa Utility Bond	Fixed Rate Mortgage
Q1	14¼	12¾	15-5/8	17-3/8
Q2	13½	12	14¾	16¾
Q3	13¼	12	14¾	16½
Q4	13¼	12	14¾	16½

Table 1

Selected Interest Rates

Percent

March 29, 1982

Period	Short-Term: federal funds	Short-Term: Treasury bills, secondary market, 3-month	Short-Term: Treasury bills, secondary market, 1-year	Short-Term: Treasury bills, auction, 6-month	Short-Term: CDs secondary market 3-month	Short-Term: comm. paper 3-month	Short-Term: money market mutual fund	Short-Term: bank prime loan	Long-Term: U.S. government constant maturity yields, 3-year	Long-Term: U.S. government constant maturity yields, 10-year	Long-Term: U.S. government constant maturity yields, 30-year	Long-Term: corporate Aaa utility recently offered	Long-Term: muni-cipal Bond Buyer	Long-Term: home mortages, primary conv.	Long-Term: home mortages, secondary market, FNMA auction	Long-Term: home mortages, secondary market, GNMA security
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1980--High	19.83	16.73	14.39	15.70	20.50	19.74	16.64	21.50	14.29	13.36	12.91	15.03	10.56	16.35	15.93	14.17
Low	8.68	6.49	7.18	6.66	8.17	7.97	8.12	11.00	8.61	9.51	9.54	10.79	7.11	12.18	12.28	10.73
1981--High	20.06	16.72	15.05	15.85	18.70	18.04	17.32	20.64	16.54	15.65	15.03	17.72	13.30	18.63	19.23	17.46
Low	12.04	10.20	10.64	10.70	11.51	11.26	11.84	15.75	12.55	12.27	11.81	13.98	9.49	14.80	14.84	13.18
1981--Feb.	15.93	14.79	12.99	14.13	16.14	15.49	16.29	19.43	13.65	13.19	12.80	14.58	10.10	15.13	15.24	14.13
Mar.	14.70	13.36	12.28	12.98	14.43	13.94	15.12	18.05	13.51	13.12	12.69	14.41	10.16	15.40	15.74	14.18
Apr.	15.72	13.69	12.79	13.43	15.08	14.56	14.10	17.15	14.09	13.68	13.20	15.48	10.62	15.58	16.54	14.59
May	18.52	16.30	14.29	15.33	18.27	17.56	15.56	19.61	15.08	14.10	13.60	15.48	10.79	16.40	16.93	15.31
June	19.10	14.73	13.22	13.95	16.90	16.32	16.92	20.03	14.29	13.47	12.96	14.81	10.67	16.70	16.17	15.02
July	19.04	14.95	13.91	14.40	17.76	17.00	17.04	20.39	15.15	14.28	13.59	15.73	11.14	16.83	16.65	15.76
Aug.	17.82	15.51	14.70	15.55	17.96	17.23	17.17	20.50	16.00	14.94	14.17	16.82	12.26	17.29	17.63	16.67
Sept.	15.87	14.70	14.53	15.06	16.84	16.09	16.55	20.08	16.22	15.32	14.67	17.33	12.92	18.16	18.99	17.06
Oct.	15.08	13.54	13.62	14.01	15.39	14.85	15.32	18.45	15.50	15.15	14.68	17.24	12.83	18.45	18.13	16.61
Nov.	13.31	10.86	11.20	11.53	12.48	12.16	14.33	16.84	13.11	13.39	13.35	15.49	11.89	17.83	16.64	15.10
Dec.	12.37	10.85	11.57	11.47	12.49	12.12	12.09	15.75	13.66	13.72	13.45	15.18	12.90	16.92r	16.92	15.51
1982--Jan.	13.22	12.28	12.77	12.93	13.51	13.09	12.01	15.75	14.64	14.59	14.22	15.88	13.28	17.40r	17.80	16.19
Feb.	14.78	13.48	13.11	13.71	15.00	14.53	13.11	16.56	14.73	14.43	14.22	15.97	12.97	17.60	18.00	16.21
1982--Jan. 6	12.98	11.46	12.23	12.28	12.94	12.60	11.81	15.75	14.20	14.30	13.99	16.04	13.36	17.30	17.56	15.98
13	12.42	11.85	12.63	12.81	13.03	12.59	11.77	15.75	14.57	14.67	14.32	16.12	13.44	17.44	--	16.29
20	12.96	12.36	12.99	13.10	13.50	13.03	11.95	15.75	14.86	14.78	14.33	16.00	13.16	17.61	18.04	16.20
29	13.98	12.99	13.07	13.53	14.18	13.73	12.20	15.75	14.83	14.60	14.20	15.59	13.15	17.59	--	16.30
Feb. 3	14.77	13.17	12.93	13.85	14.60	14.23	12.49	15.96	14.60	14.43	14.18	15.97	13.13	17.56	18.00	16.47
10	15.19	13.92	13.32	13.93	15.32	14.83	12.85	16.50	15.01	14.81	14.63	16.34	13.09	17.65	--	16.56
17	15.61	14.41	13.51	14.36	15.84	15.39	13.26	16.50	14.96	14.58	14.39	16.00	12.96	17.66	17.99	16.20
24	13.86	12.82	12.78	12.70	14.57	14.05	13.47	16.86	14.44	14.04	13.82	15.57	12.70	17.52	--	15.62
Mar. 3	14.07	12.32	12.48	12.79	14.04	13.63	13.29	16.50	14.17	13.84	13.60	15.31	12.53	17.29	17.16	15.47
10	14.35	12.25	12.11	12.06	13.77	13.43	13.45	16.50	13.78	13.66	13.42	15.15	12.71	17.19	--	15.40
17	14.89	12.77	12.56	12.96	14.31	13.90	13.52	16.50	14.19	13.93	13.59	15.14	12.99	17.12	17.26	15.64
24	14.48	12.75	12.51	12.67	14.23	13.79	13.51	16.50	14.15	13.83	13.46	15.08p	13.04	n.a.	--	15.37
31																
Daily--Mar. 19	14.90	13.04	12.65	--	14.50	13.98	--	16.50	14.24	13.89	13.56	--	--	--	--	--
25	14.11	12.75	12.50	--	14.31	13.81	--	16.50	14.22	13.90	13.49	--	--	--	--	--
26	14.35p	13.00	12.67	--	14.32	13.83	--	16.50	14.32p	14.01p	13.64p	--	--	--	--	--

NOTE Weekly data for columns 1, 2, 3, and 5 through 11 are statement week averages. Weekly data in column 4 are average rates set in the auction of 6-month bills that will be issued on the Thursday following the end of the statement week Data in column 7 are taken from Donoghues Money Fund Report 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 The FNMA auction yield is the average yield in a bi-weekly auction for short term forward commitments for government underwritten mortgages, figures exclude graduated payment 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

Table 2

Net Changes in System Holdings of Securities[1]

Millions of dollars, not seasonally adjusted

March 29, 1982

Period	Treasury bills net change[2]	Treasury coupons net purchases[3]					Federal agencies net purchases[4]					Net change outright holdings total[5]	Net RPs[6]
		within 1-year	1-5	5-10	over 10	total	within 1-year	1-5	5-10	over 10	total		
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
1979	6,243	603	3,456	523	454	5,035	131	317	5	--	454	10,290	-2,597
1980	-3,052	912	2,138	703	811	4,564	217	398	29	24	668	2,035	2,462
1981	5,337	294	1,702	393	379	2,768	133	360	--	--	494	8,491	684
1980--Qtr. IV	-58	100	--	--	--	100	--	--	--	--	--	-1	1,107
1981--Qtr. I	-2,514	-23	--	--	--	-23	--	--	--	--	--	-2,555	-1,694
II	2,135	115	469	164	89	836	--	--	--	--	--	2,944	-1,352
III	2,912	122	607	64	182	976	--	--	--	--	--	3,855	424
IV	2,803	80	626	165	108	979	133	360	--	--	494	4,247	3,305
1981--Sept.	308	--	--	--	--	--	--	--	--	--	--	275	-500
Oct.	-1,116	--	--	--	--	--	--	--	--	--	--	-1,131	-209
Nov.	1,750	--	100	--	--	100	133	360	--	--	494	2,333	2,747
Dec.	2,170	80	526	165	108	879	--	--	--	--	--	3,045	767
1982--Jan.	-3,356	--	--	--	--	--	--	--	--	--	--	-3,424	900
Feb.	148	20	50	--	--	70	--	--	--	--	--	191	-3,770
1982--Jan. 6	-243	--	--	--	--	--	--	--	--	--	--	-259	-4,116
13	-418	--	--	--	--	--	--	--	--	--	--	-438	-2,330
20	-670	--	--	--	--	--	--	--	--	--	--	-702	3,588
27	-2,025	--	--	--	--	--	--	--	--	--	--	-2,025	3,177
Feb. 3	--	--	--	--	--	--	--	--	--	--	--	-4	4,428
10	-559	--	--	--	--	--	--	--	--	--	--	-567	-8,203
17	560	--	--	--	--	--	--	--	--	--	--	560	5,235
24	456	20	50	--	--	70	--	--	--	--	--	511	-5,254
Mar. 3	-547	--	--	--	--	--	--	--	--	--	--	-552	2,084
10	-1,074	--	--	--	--	--	--	--	--	--	--	-1,087	-1,967
17	92	--	--	--	--	--	--	--	--	--	--	92	2,265
24	99	--	--	--	--	--	--	--	--	--	--	99	-1,795
31													
LEVEL--Mar. 24	48.0	15.6	35.9	10.2	16.7	78.4	2.1	5.4	1.0	0.5	9.0	135.5	-1.0

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 the net purchases of securities, also reflects changes in System holdings of bankers' acceptances, direct Treasury borrowing from the System and redemptions (–) of agency and Treasury coupon issues.

6 Includes changes in RPs (+), matched sale-purchase transactions (–), and matched purchase-sale transactions (+).

Table 3

Security Dealer Positions and Bank Positions

Millions of dollars

March 29, 1982

Period	U.S. government securities dealer positions				Underwriting syndicate positions		Member bank reserve positions				
	cash		futures and forwards		corporate bonds	municipal bonds	excess** reserves	borrowing at FRB**			
	bills	coupons	bills	coupons				adjustment	seasonal	extended (includes special)	total
1980--High	8,838	2,263			299	466	933	3,298	174	816	3,438
Low	1,972	-1,482			0	22	-207	12	5	0	215
1981--High	15,668	4,633	-12,865	-4,676	595	268	562	2,597	309	464	2,912
Low	540	540	-4,535	-2,514	0	11	-21	145	30	*	317
1981--Feb.	13,317	1,812	-12,203	-2,798	8	95	350	1,134	148	21	1,303
Mar.	13,597	3,415	-11,561	-3,251	46	124	280	789	196	15	1,000
Apr.	8,518	3,149	-7,277	-3,050	15	194	169	1,168	162	8	1,338
May	1,676	2,745	-6,486	-2,822	2	110	257	1,954	269	6	2,228
June	5,547	3,278	-9,934	-2,925	42	192	338	1,740	291	7	2,037
July	2,950	3,314	-8,340	-3,012	5	153	340	1,429	247	3	1,679
Aug.	4,324	2,242	-10,071	-2,972	10	65	292	1,105	235	80	1,420
Sept.	5,611	1,614	-9,830	-2,856	2	55	414	933	222	301	1,456
Oct.	4,781	1,629	-8,575	-3,655	29	59	278	591	152	438	1,181
Nov.	5,037	3,821	-7,120	-4,307	195	107	344	403	95	165	663
Dec.	2,414	1,970	-5,402	-4,144	21	172	319	433	54	148	636
1982--Jan.	3,317	1,824	-6,108	-3,118	0	52	418	1,245	75	197	1,518
Feb.	1,853	2,351	-7,672	-3,177	8	97	307p	1,426p	131p	232p	1,790
1982--Jan. 6	7,241	2,281	-5,962	-3,550	0	43	622	1,201	60	193	1,454
13	3,732	2,202	-5,617	-3,160	0	56	344	753	53	194	1,000
20	1,728	1,413	-6,852	-3,208	0	48	528	685	70	195	950
27	2,895	1,958	-7,000	-3,234	0	60	172	2,176	96	199	2,471
Feb. 3	1,692	1,943	-6,847	-3,584	0	81	481	1,525	110	212	1,847
10	1,844	3,063	-8,102	-3,437	0	82	144	1,325	114	225	1,664
17	800	1,844	-8,476	-2,908	0	99	568	1,547	134	227	1,908
24	2,817	2,411	-7,175	-2,985	30	126	3	1,534	146p	222p	1,902
Mar. 3	1,932**	1,986**	-8,379**	-3,080**	0	54	536p	1,131p	147p	288p	1,566p
10	3,059**	2,385**	-7,349**	-3,224**	186	202	325p	990p	151p	306p	1,447p
17	3,008**	-1,806**	-6,923**	-3,087**	165	86	337p	976p	187p	301p	1,464p
24	4,351p**	-2,510p**	-6,670p**	-3,118p**	73	72	254p	1,170p	173p	311p	1,654p
31											

NOTE: Government securities dealer cash positions consist of securities already delivered, commitments to buy (sell) securities on an outright basis for immediate delivery (5 business days or less), and certain "when-issued" securities for delayed delivery (more than 5 business days). Futures and forward positions include all other commitments involving delayed delivery; futures contracts are arranged on organized exchanges. Underwriting syndicate positions consists of issues in syndicate, excluding trading positions.

Weekly data are daily averages for statement weeks, except for corporate and municipal issues in syndicate, which are Friday figures. Monthly averages for excess reserves and borrowing are weighted averages of statement week figures. Monthly data for dealer futures and forwards are end-of-month figures for 1980.

** Strictly confidential