

Prefatory Note

The attached document represents the most complete and accurate version available based on original copies culled from the files of the FOMC Secretariat at the Board of Governors of the Federal Reserve System. This electronic document was created through a comprehensive digitization process which included identifying the best-preserved paper copies, scanning those copies,¹ and then making the scanned versions text-searchable.² Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

¹ In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

² A two-step process was used. An advanced optical character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

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 14, 1976

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent Developments

(1) M_1 increased at a 15.7 per cent annual rate during April, as both currency and demand deposits rose sharply. Even though M_1 expansion appears to be moderating in May, growth for April and May combined is projected at around a 12½ per cent annual rate, well above the 8½ per cent upper bound of the Committee's range. Growth in M_2 over the April-May period is projected at about 12 per cent, at the upper end of the Committee's range. Inflows to savings accounts at commercial banks have remained strong, though continuing to decelerate from February's extraordinary pace; growth in time deposits other than CD's has strengthened somewhat.

Growth in Monetary Aggregates
over April-May period

<u>Reserve and monetary aggregates (Growth at SAAR, in per cent)</u>	<u>Ranges</u>	<u>Latest Estimates</u>
M_1	4½ to 8½	12.3
M_2	8 to 12	12.1
Memo:		Avg. for statement
Federal funds rate	4½ to 5½	<u>week ending</u>
(per cent per annum)		April 21 4.78
		28 4.93
		May 5 5.03
		12 5.02

(2) Following the April 20 FOMC meeting, the Desk promptly became somewhat less accommodative in the provision of reserves and sought a funds rate around 4-7/8 per cent, a shade above the then prevailing rate of 4½ per cent and equal to the mid-point of the range that had been adopted by the Committee. Subsequently, with incoming data suggesting rates of growth in M_1 well above the Committee's desired range and M_2 near the upper end of the range, the Desk adopted successively higher funds rate objectives. In moving to these higher rates the Desk took care in early May to avoid any undue disruption of the Treasury's refunding operation. Most recently, the Desk has been in process of establishing a 5½ per cent Federal funds rate in the market, and as of this writing funds were trading around 5-3/16--5½ per cent.

(3) Growth in nonborrowed reserves in the April-May period, though quite modest, has been somewhat more rapid than contemplated at the time of the previous FOMC meeting. Such reserves increased at only a 1½ per cent annual rate, on average, during April, as the sizable decline in CD's outstanding freed reserves to support the expansion of other deposits, but they show signs of increasing somewhat more rapidly in early May.^{1/} Member bank borrowings averaged about \$40 million in the interval between Committee meetings, little changed from the previous intermeeting period.

(4) Since the last Committee meeting, short-term market yields have risen 35 to 50 basis points in response to the rising funds rate, to

^{1/} A discussion of the expected and actual behavior of nonborrowed reserves relative to the Committee's short-run targets for monetary growth may be found in Appendix A.

indications of a significant pickup in growth in the key monetary aggregates, and to further signs of vigorous economic recovery. Rates on most long-term securities have moved up by roughly 25 to 40 basis points. Rates in the secondary mortgage market have increased along with yields in other sectors of the credit markets; however, primary mortgage rates have only halted their downward trend as deposit growth continued strong at nonbank thrift institutions.

(5) The Treasury announced that its May refunding would include an offering of three issues, with the following amounts available to the public: \$2 billion of 1-year, 11½-month notes and \$750 million of reopened 23½-year bonds on an auction basis, as well as about \$3½ billion of 10-year notes on a fixed-price subscription basis. The 10-year notes were substantially oversubscribed, and \$4.7 billion of them were allotted. As a result, new cash raised in the refunding amounted to about \$3½ billion. The issues have been readily absorbed by the market despite the recent rise in interest rates, and dealers have distributed nearly all of the \$1.4 billion of securities they received in the operation. Most recently, the two notes traded about ½-¾ of a point below their average issue price, while the bond has been near issue price.

(6) Total short-term business credit remained unchanged during April as a \$1 billion rise in outstanding commercial paper issued by non-financial firms offset a similar decline in bank loans to businesses. Total loans at all commercial banks are estimated to have contracted slightly

during the month, but banks' net acquisitions of U.S. Government securities were substantial. Weekly reporting banks allowed another \$3½ billion of CD's to run-off in April, as inflows from other deposits were strong.

(7) The table on the following page shows (in percentage annual rates of change) related monetary and financial flows over various time periods. The data in this table and all subsequent tables except Table 2 in the back of the blue book incorporate benchmark revisions for the money supply based on nonmember call reports for December 31, 1975. These revisions were relatively small in magnitude, and a comparison of the unrevised and revised data may be found in Appendix table VI.

	Calendar Year	Past Twelve Months	Past Six Months	Past Three Months	Past Month
	1975	Apr. '76 over Apr. '75	Apr. '76 over Oct. '75	Apr. '76 over Jan. '75	Apr. '76 over Mar. '76
Nonborrowed reserves	1.3	-1.1	-0.4	-2.1	1.3
Total reserves	-.4	-1.3	-1.2	-2.5	0.9
Monetary Base	5.8	6.6	7.4	7.8	12.2
<u>Concepts of Money (Revised Series)</u>					
M ₁ (currency plus demand deposits) <u>1/</u>	4.1	5.9	5.7	9.1	15.3
M ₂ (M ₁ plus time deposits at commercial banks other than large CD's)	8.5	10.4	11.1	13.1	15.3
M ₃ (M ₂ plus deposits at thrift institutions)	11.3	12.7	12.2	13.6	14.8
M ₄ (M ₂ plus CD's)	6.4	6.8	7.2	7.5	10.8
M ₅ (M ₃ plus CD's)	9.7	10.1	9.7	10.0	12.1
<u>Bank Credit</u>					
Total member bank deposits (bank credit proxy adj.)	3.9	3.3	3.7	2.6	3.3
Loans and investments of commercial banks <u>2/</u>	4.3	4.8	5.0	7.1	4.9
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	-.6	-1.4	-1.6	-2.6	-1.8
Nonbank commercial paper	-.2	-.1	0.3	0.4	1.0

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

2/ Based on month-end figures. 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 last Wednesday-of-month 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

(8) Summarized below for the Committee's consideration are three alternative sets of short-run specifications for the monetary aggregates and the Federal funds rate. (More detailed data, as well as longer-run growth rates, are shown in the tables on pp. 6a and 6b, while reserve aggregates consistent with the specifications are presented in appendix table V.

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Ranges for May-June			
M_1	6-10	$5\frac{1}{2}$ - $9\frac{1}{2}$	$4\frac{1}{2}$ - $8\frac{1}{2}$
M_2	$7\frac{1}{2}$ - $11\frac{1}{2}$	7-11	$5\frac{1}{2}$ - $9\frac{1}{2}$
Federal funds rate (intermeeting range)	$4\frac{1}{2}$ - $5\frac{1}{2}$	$4\frac{3}{4}$ - $5\frac{1}{4}$	$5\frac{1}{2}$ - $6\frac{1}{4}$

(9) Alternative B assumes a Federal funds rate range centered on 5-1/4 per cent, the most recent Desk objective, while alternative A assumes some easing of the money market and alternative C some further tightening. Under all three alternatives, the rate of growth in M_1 over the May-June period is expected to be considerably reduced from its April pace, though remaining stronger than in the latter part of 1975 and early 1976. For instance, under alternative B growth may be in a 5-1/4 to 9-1/4 per cent annual rate range.

(10) The very rapid rate of expansion of M_1 in April may have been caused in part by a large decline in U.S. Treasury deposits. However, the underlying demand for money also appears strong, and a relatively

Alternative Levels and Growth Rates for Key Monetary Aggregates

		<u>M₁</u>			<u>M₂</u>			<u>M₃</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>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1976	April	301.8	301.8	301.8	692.1	692.1	692.1	1141.2	1141.2	1141.2
	May	304.0	303.8	303.6	697.9	697.6	696.9	1152.3	1151.6	1150.6
	June	305.9	305.5	305.1	703.2	702.4	700.8	1163.0	1161.2	1158.6
1976	QI	296.5	296.5	296.5	677.4	677.4	677.4	1116.1	1116.1	1116.1
	QII	303.9	303.7	303.5	697.7	697.4	696.6	1152.2	1151.3	1150.1
	QIII	309.0	308.5	307.3	712.3	711.6	708.8	1178.5	1177.7	1172.7
	QIV	311.9	311.2	309.8	721.8	723.0	719.4	1194.7	1198.0	1191.9
1977	QI	313.5	313.5	313.5	725.5	731.4	731.7	1200.5	1212.7	1213.8
<u>Growth Rates</u>										
<u>Monthly:</u>										
1976	May	8.7	8.0	7.2	10.1	9.5	8.3	11.7	10.9	9.9
	June	7.5	6.7	5.9	9.1	8.3	6.7	11.1	10.0	8.3
<u>Quarterly Average:</u>										
1976	QII	10.0	9.7	9.4	12.0	11.8	11.3	12.9	12.6	12.2
	QIII	6.7	6.3	5.0	8.4	8.1	7.0	9.1	9.2	7.9
	QIV	3.8	3.5	3.3	5.3	6.4	6.0	5.5	6.9	6.5
1977	QI	2.1	3.0	4.8	2.1	4.6	6.8	1.9	4.9	7.3
<u>Semi-annual</u>										
QI '76-QIII '76		8.4	8.1	7.3	10.3	10.1	9.3	11.2	11.0	10.1
QIII '76-QI '77		2.9	3.2	4.0	3.7	5.6	6.5	3.7	5.9	7.0
<u>Annual</u>										
QI '76-QI '77		5.7	5.7	5.7	7.1	8.0	8.0	7.6	8.7	8.8
FOMC longer-run range										
QI '76-QI '77			4½-7			7½-10			9-12	

Alternative Levels and Growth Rates for Key Monetary Aggregates (cont'd)

		<u>M₄</u>			<u>M₅</u>			<u>Credit Proxy</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>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1976	April	763.4	763.4	763.4	1212.5	1212.5	1212.5	517.4	517.4	517.4
	May	765.8	765.5	765.1	1220.2	1219.5	1218.9	516.6	516.4	516.3
	June	770.5	769.9	769.1	1230.3	1228.7	1226.9	519.1	518.7	518.5
1976	QI	753.3	753.3	753.3	1192.0	1192.0	1192.0	515.2	515.2	515.2
	QII	766.6	766.3	765.9	1221.0	1220.2	1219.4	517.7	517.5	517.4
	QIII	780.8	780.1	777.8	1247.0	1246.3	1241.8	524.8	524.3	522.9
	QIV	794.0	793.7	790.9	1266.9	1268.7	1263.4	532.5	531.9	530.2
1977	QI	804.8	806.4	805.7	1279.7	1287.7	1287.9	538.9	538.5	537.7
<u>Growth Rates</u>										
<u>Monthly:</u>										
1976	May	3.8	3.3	2.7	7.6	6.9	6.3	-1.9	-2.3	-2.6
	June	7.4	6.9	6.3	9.9	9.1	7.9	5.8	5.3	5.1
<u>Quarterly Averages:</u>										
1976	QII	7.1	6.9	6.7	9.7	9.5	9.2	1.9	1.8	1.7
	QIII	7.4	7.2	6.2	8.5	8.6	7.3	5.5	5.3	4.3
	QIV	6.8	7.0	6.7	6.4	7.2	7.0	5.9	5.8	5.6
1977	QI	5.4	6.4	7.5	4.0	6.0	7.8	4.8	5.0	5.7
<u>Semi-annual</u>										
QI '76-QIII '76		7.3	7.1	6.5	9.2	9.1	8.4	3.7	3.5	3.0
QIII '76-QI '77		6.1	6.7	7.2	5.2	6.6	7.4	5.4	5.4	5.7
<u>Annual</u>										
QI '76-QI '77		6.8	7.0	7.0	7.4	8.0	8.0	4.6	4.5	4.4

rapid growth in M_1 is likely to continue. Perhaps indicative of the strength of underlying money demand, there was no significant reversal in late April and early May of the large build-up in private demand deposits in the first half of April.

(11) Growth in M_2 over the May-June period is expected to remain relatively rapid under alternatives A and B. Nevertheless, growth under alternative B--as measured by the mid-point of a 7-11 per cent, annual rate, range--is expected to be slower than during the first four months of the year. This reflects the higher level of market interest rates that has developed as well as some shift of funds out of savings and time deposits in payment for the \$4.7 billion of new 10-year notes recently offered by the Treasury.

(12) Under alternative C, growth in M_2 is expected to slow more markedly over the May-June period. The further rise in the Federal funds rate that is envisaged would lead to a continued rise in other short-term rates, with the 3-month Treasury bill rate likely to move up to the 5-3/4-6 per cent area. This would probably lead to a considerable outflow from savings deposits of those interest-sensitive funds that were shifted into such accounts when short-term market rates first moved down to around 5 per cent, the Regulation Q ceiling rate on commercial banks' savings deposits.

(13) The firming of money market conditions associated with alternative C would also exert upward pressure on longer-term interest rates over the next few weeks. Loan demands are still focused more on

securities markets than on banks. The corporate bond calendar has built up further in recent weeks, partly in anticipation of higher interest rates later, and the municipal calendar remains sizable. Moreover, the Treasury is likely to continue raising much of its new cash in the coupon area. Even if the Federal funds rate stabilizes around 5-1/4 per cent between now and the next Committee meeting--as is contemplated under alternative B--some further upward adjustment in longer-term, as well as short-term interest rates may still occur, since markets probably have not yet fully adjusted to a 5-1/4 per cent funds rate.

(14) Over the coming year, the staff expects interest rates generally to be under considerable upward pressure, assuming M_1 growth from QI '76 to QI '77 is at a rate around the mid-point of the 4-1/2-7 per cent range adopted by the Committee. Interest rates are projected to reach higher levels than anticipated at the time of the last meeting for three main reasons: (a) the FOMC lowered its longer-run growth rates for M_1 and M_2 slightly; (b) the staff has revised upward somewhat its projection for the rate of growth in nominal GNP; and (c) the much faster than expected increase in the money stock apparently in store for the second quarter probably reflects, at least in part, an increase in money demand relative to GNP. Because the annual rate of M_1 growth in the second quarter now seems likely to be in the area of 9½-10 per cent, annual rate, over the next three quarters the growth rate would have to be held to about 4-1/4 per cent (annual rate) if the 5-3/4 per cent growth of the QI '76-QI '77 range is to be achieved.

(15) The staff's longer-run projections of the Federal funds rate under each of the three alternatives are shown in appendix table IV. As may be seen, the staff expects that under alternative B the funds rate would peak out at around 8-1/2 per cent early next year. However, under alternative C, which contemplates a prompt further move toward restraint, the funds rate may peak out at a lower 7-3/4 per cent level by the winter of this year. A considerably higher ultimate level for the funds rate is envisaged under alternative A, since it would be necessary to offset later the effects of near-term easing in reserve conditions contemplated by that alternative. In view of these interest rate expectations, we have assumed for all alternatives an increase in Regulation Q ceiling rates in the fall of this year of 50 basis points for certificates maturing in 4 years or more and 25 basis points for shorter-term certificates. Even so, as indicated in the last two lines of the table on p. 6a, over the QI '76-QI '77 period, growth in M_1 at a rate equal to the mid-point of the FOMC's range is expected to be associated with growth in M_2 and M_3 at rates near the bottom of their respective ranges.

Proposed directive

(16) Given below is a proposed operational paragraph if the Committee wishes to formulate its instructions in terms of desired growth in monetary aggregates over the months ahead. No alternatives are presented for this formulation, in the expectation that the reference to desired growth will be taken to apply to the longer-term targets and that at this meeting the Committee will not reconsider those targets.

"Monetary Aggregates" Proposal

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to achieve bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the period ahead.

(17) Should the Committee desire to place main emphasis on bank reserve and money market conditions, the language needed would depend on the specific conditions sought. Three alternative "money market" directives intended to correspond to the similarly lettered policy alternatives are given below.

Alternative "Money Market" Proposals

Alternative A

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to achieve SOMEWHAT EASIER bank reserve and money market conditions ~~consistent with moderate growth in monetary aggregates~~ over the

period IMMEDIATELY ahead, PROVIDED THAT MONETARY AGGREGATES APPEAR TO BE GROWING AT ABOUT THE RATES CURRENTLY EXPECTED.

Alternative B

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to achieve MAINTAIN PREVAILING bank reserve and money market conditions ~~consistent-with-moderate-growth-in-monetary-aggregates~~ over the period IMMEDIATELY ahead, PROVIDED THAT MONETARY AGGREGATES APPEAR TO BE GROWING AT ABOUT THE RATES CURRENTLY EXPECTED.

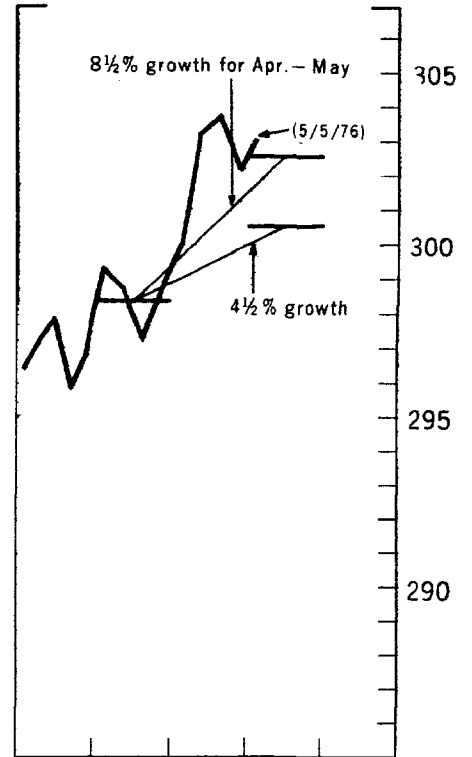
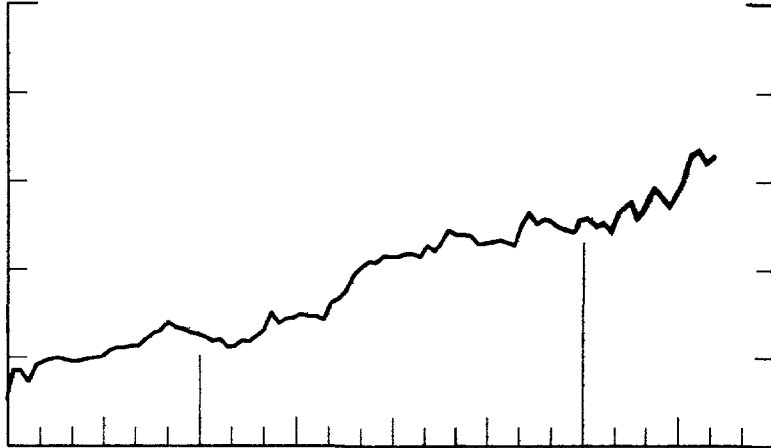
Alternative C

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to achieve SOMEWHAT FIRMER bank reserve and money market conditions ~~consistent-with-moderate-growth-in-monetary-aggregates~~ over the period IMMEDIATELY ahead, PROVIDED THAT MONETARY AGGREGATES APPEAR TO BE GROWING AT ABOUT THE RATES CURRENTLY EXPECTED.

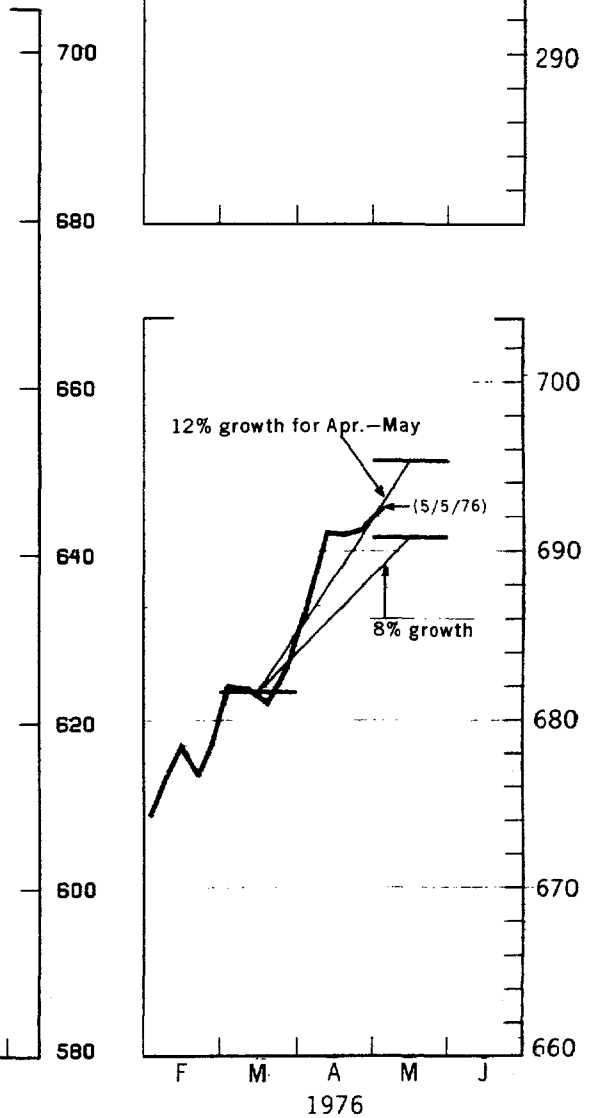
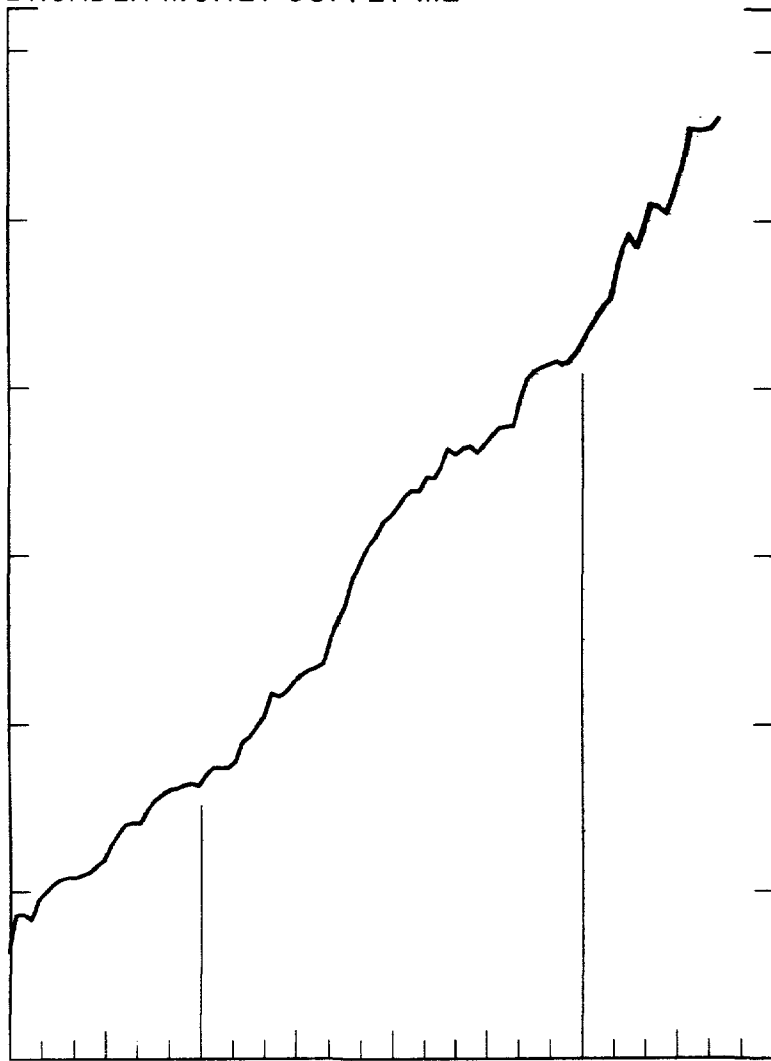
MONETARY AGGREGATES

NARROW MONEY SUPPLY M1

BILLIONS OF DOLLARS



BROADER MONEY SUPPLY M2



1974

1975

1976

F

M

A

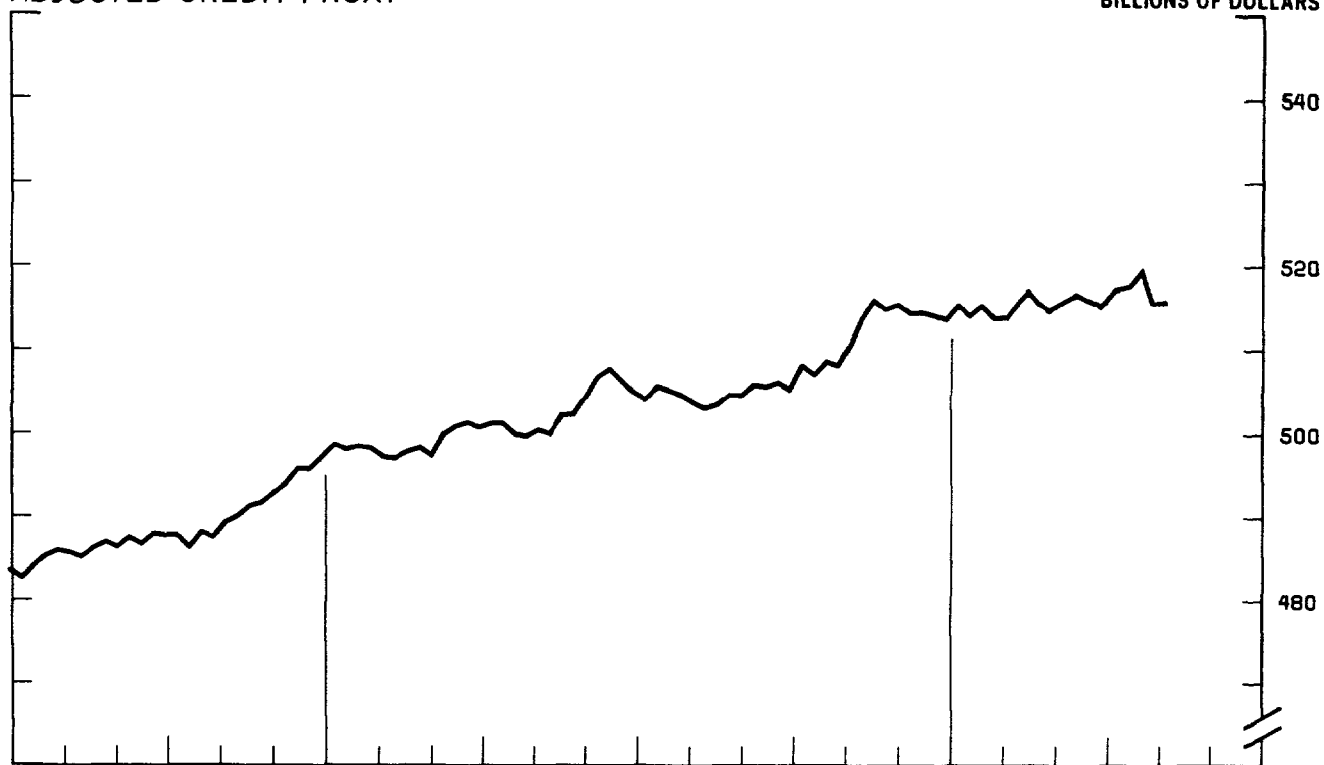
M

J

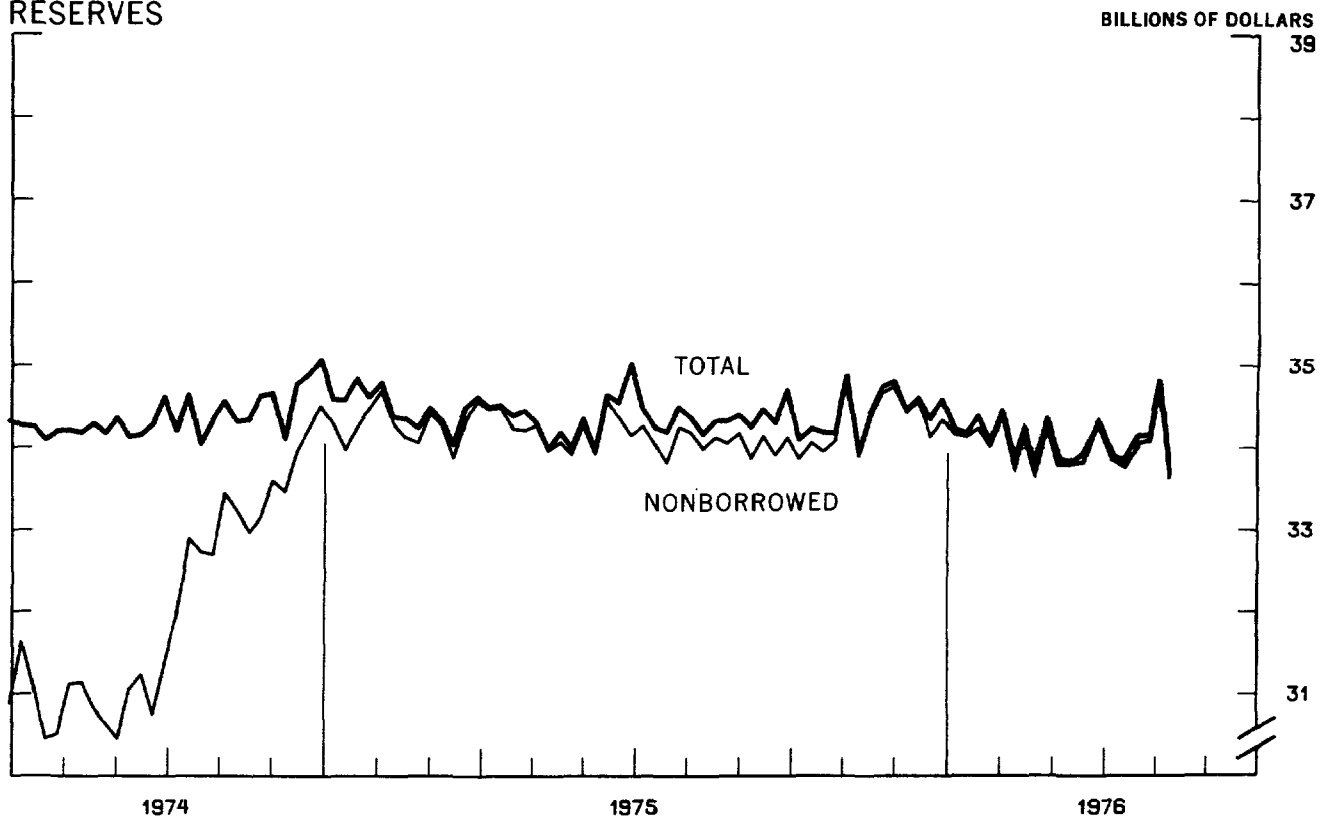
1976

MONETARY AGGREGATES

ADJUSTED CREDIT PROXY



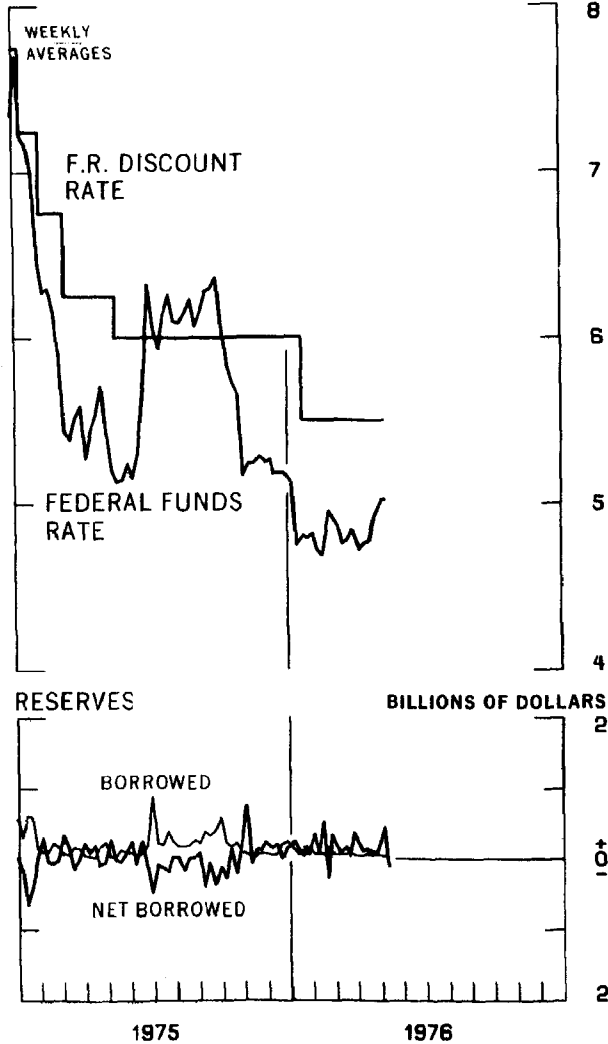
RESERVES



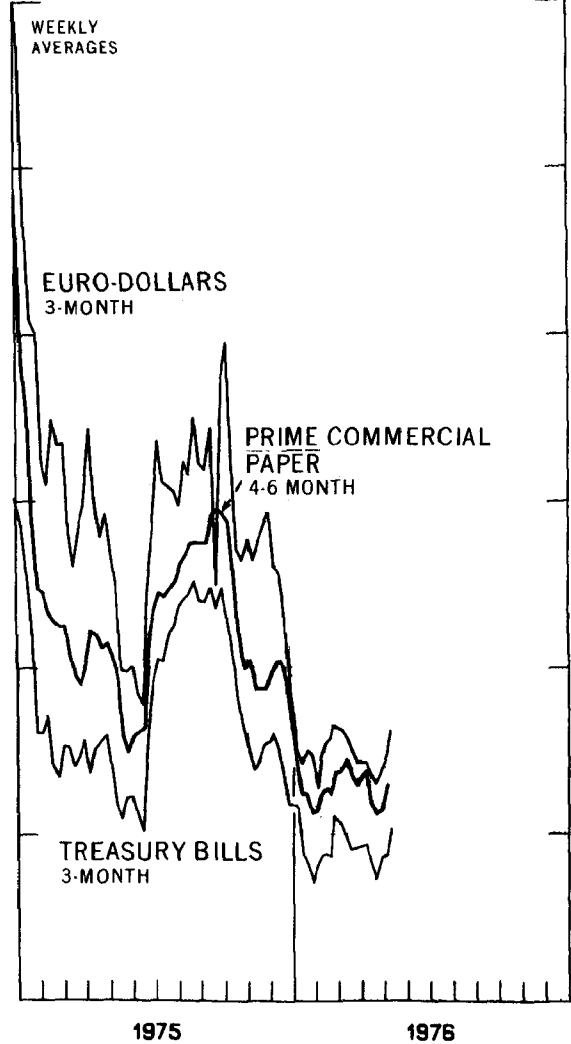
Total and nonborrowed reserve series have been adjusted to remove discontinuities associated with changes in reserve requirement ratios.

MONEY MARKET CONDITIONS AND INTEREST RATES

MONEY MARKET CONDITIONS



INTEREST RATES Short-term



INTEREST RATES Long-term

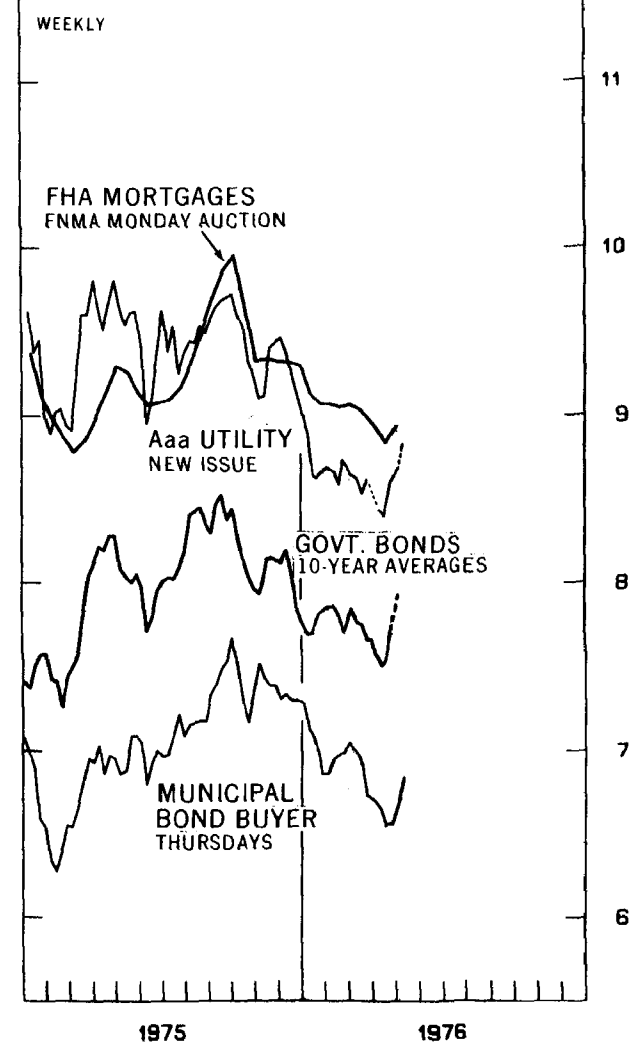


TABLE 1
BANK RESERVES
 ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

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							
1976--FEB.	34,052	33,971	111,537	33,833	19,715	11,915	2,203
MAR.	34,003	33,949	112,191	33,780	19,659	11,869	2,252
APR.	34,029	33,985	113,335	33,862	19,783	11,931	2,148
MAY	(34,162)	(34,081)	(114,114)	(33,962)	(20,013)	(11,758)	(2,191)
PERCENT ANNUAL GROWTH							
QUARTERLY							
1975--3RD QTR.	-0.8	-2.8	4.1	-0.7	3.4	-9.0	
4TH QTR.	1.4	4.5	7.3	0.5	-3.4	4.1	
1976--1ST QTR.	-6.2	-5.3	4.5	-5.7	-2.0	-11.1	
QUARTERLY-AV							
1975--3RD QTR.	0.1	-1.9	6.3	-0.1	6.2	-12.2	
4TH QTR.	0.6	2.7	5.6	-0.1	-2.1	-0.6	
1976--1ST QTR.	-3.8	-3.2	5.3	-3.6	-1.0	-6.5	
MONTHLY							
1976--FEB.	-6.8	-6.9	4.0	-6.1	-1.0	-21.1	
MAR.	-1.7	-0.8	7.0	-1.9	-3.4	-4.6	
APR.	0.9	1.3	12.2	2.9	7.6	6.3	
MAY	(4.7)	(3.4)	(8.2)	(3.5)	(14.0)	(-17.4)	
APR.--MAY	(2.8)	(2.3)	(10.3)	(3.2)	(10.8)	(-5.6)	
WEEKLY LEVELS--\$MILLIONS							
1976--MAR. 31	34,315	34,279	112,748	33,917	19,781	11,892	2,244
APR. 7	33,865	33,841	112,438	33,742	19,576	11,914	2,253
14	33,805	33,744	112,937	33,632	19,692	11,955	1,985
21	34,095	34,055	113,905	33,965	19,739	11,983	2,243
28	34,126	34,073	113,775	33,977	20,024	11,910	2,042
MAY 5	34,815	34,785	114,334	34,329	20,140	11,792	2,397
12	33,662	33,606	113,258	33,725	19,922	11,779	2,024

NOTE: RESERVE SERIES HAVE BEEN ADJUSTED TO REMOVE DISCONTINUITIES ASSOCIATED WITH CHANGES IN RESERVE REQUIREMENT RATIO. DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS.

Table 2

CONFIDENTIAL (FR)

CLASS II-FOMC

MAY 14, 1976

MONETARY AGGREGATES

ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

Period	Money Supply		Adjusted Credit Proxy	Total U.S. Govt. Deposits ^{1/}	Time and Savings Deposits				Nondeposit Sources of Funds	Member Bank U.S. Govt. Deposits	
	Narrow (M1)	Broad (M2)			Total	Other Than CD'S		CD'S			
						Total	Savings				Other
	1	2	3	4	5	6	7	8	9	10	11
MONTHLY LEVELS--\$BIL											
1976--FEB.	296.9	677.0	515.6	10.9	455.5	380.1	170.2	210.0	75.4	8.0	2.6
MAR.	298.4	681.7	516.0	11.0	456.4	383.2	173.5	209.8	73.1	8.2	2.5
APR.	302.3	690.1	517.4	7.2	459.1	387.8	176.6	211.1	71.3	7.5	2.5
MAY	(304.5)	(695.5)	(516.2)	(7.1)	(458.6)	(391.0)	(179.1)	(211.9)	(67.6)	(7.5)	(2.5)
% ANNUAL GROWTH											
QUARTERLY											
1975--3RD QTR.	3.6	6.5	-0.8		2.6	8.9	14.5	4.9	-23.8		
4TH QTR.	1.9	6.4	7.0		11.8	10.1	17.1	4.7	19.2		
1976--1ST QTR.	4.6	11.1	1.2		4.6	16.2	32.1	4.0	-47.3		
QUARTERLY--AV											
1975--3RD QTR.	7.1	10.1	1.4		4.7	12.7	18.4	8.6	-27.5		
4TH QTR.	2.5	6.1	6.0		9.1	9.1	14.7	4.9	9.5		
1976--1ST QTR.	3.0	9.5	2.3		6.8	14.8	28.6	4.4	-29.3		
MONTHLY											
1976--FEB.	6.5	14.3	3.5		6.9	20.6	43.8	2.9	-57.6		
MAR.	6.1	8.3	0.9		2.4	9.8	23.3	-1.1	-36.6		
APR.	15.7	14.8	3.3		7.1	14.4	21.4	7.4	-29.5		
MAY.	(8.7)	(9.4)	(-2.8)		(-1.3)	(9.9)	(17.0)	(4.5)	(-62.3)		
APR.--MAY	(12.3)	(12.1)	(0.2)		(2.9)	(12.2)	(19.4)	(6.0)	(-45.1)		
WEEKLY LEVELS--\$BIL											
1976--MAR. 31	298.6	683.2	515.3	9.0	457.8	384.5		73.3		8.2	1.9
APR. 7	300.0	686.6	517.3	7.3	459.9	386.6		73.2		7.2	2.4
14	303.3	691.1	517.9	5.6	459.8	387.8		72.0		7.2	2.5
21	303.7	691.0	519.6	9.6	458.0	387.2		70.8		8.0	3.6
28	302.3	691.2	515.2	6.2	458.5	388.8		69.7		7.6	1.9
MAY 5 P	303.1	692.4	515.8	6.8	458.4	389.3		69.1		7.3	1.7

NOTE: DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS.
^{1/} INCLUDES TREASURY DEPOSITS AT MEMBER BANKS AND FEDERAL RESERVE BANKS.

TABLE 3
 RESERVE EFFECTS OF
 OPEN MARKET OPERATIONS AND OTHER RESERVE FACTORS
 (Millions of dollars, not seasonally adjusted)

Period	Open Market Operations ^{1/}					Daily Average Reserve Effects ^{2/}			Δ In Reserve Categories	
	Bills & Accept. (1)	Coupon Issues (2)	Agency Issues (3)	RP's Net ^{3/} (4)	Total (5)	Open Market Operations (6)	Δ Member Bank Borrowing (7)	Other ^{4/} Factors (8)	Req. res. against U.S.G. and interb. (9)	Available res. ^{5/} (6)+(7)+(8)-(9) (10)
1975--Oct.	147	--	284	15	445	1,276	-205	-1,150	15	-94
Nov.	-608	709	-1	-2,637	-2,537	521	-130	-387	1	3
Dec.	1,799	297	--	1,219	3,315	1,165	66	-813	79	339
1976--Jan.	-1,590	321	240	3,597	2,567	942	-48	-308	137	449
Feb.	1,205	528	295	-3,129	-1,101	1,631	-3	-3,250	-76	-1,546
Mar.	-180	203	--	788	812	128	-18	-96	-22	36
Apr.	464	294	--	1,261	2,019	-1,769	-14	1,888p	-116p	221
1976--Mar. 3	110	--	297	-3,314	-2,907	-93	-63	588	144	288
10	-711	-107	--	-8,835	-9,653	-4,051	-38	3,380	-50	-659
17	401	310	--	4,115	4,826	429	-7	-91	-112	443
24	376	--	--	3,143	3,519	3,541	38	-3,727	-159	11
31	-147	--	--	1,142	995	-1,002	-42	1,718	184	490
Apr. 7	-1,608	-70	--	-7,764	-9,442	-4,396	-12	3,759	-64	-585
14	-521	--	--	5,064	4,543	-1,273	37	1,492	-225	482
21	801	364	--	5,206	6,372	4,845	-21	-4,139	310	375
28	988	--	--	-1,002	-13	138	13	-195p	-297	253p
May 5	242	--	--	-2,077	-1,835	2,600	-23	-1,677p	444	456p
12	-634	--	--	522	-112	-4,089	26	2,454p	-349	-1,260p
19										
26										

^{1/} Represents change in System's portfolio from end-of-period to end-of-period; includes redemptions in regular bill auctions.

^{2/} Represents change in daily average level for preceding period.

^{3/} Includes matched sale-purchase transactions as well as RP's.

^{4/} Sum of changes in vault cash, currency in circulation, Treasury operations, F.R. float, gold and foreign accounts, and other F.R. accounts.

^{5/} Reserves to support private nonbank deposits.

P - Preliminary.

TABLE 4
NET CHANGES IN SYSTEM HOLDINGS OF SECURITIES^{1/}
(\$ millions, not seasonally adjusted)

Period	Treasury Bills Net Change 2/	Treasury Coupons					Federal Agencies					Net Change Outright Holdings Total 5/	Net RP's 6/
		Net Purchases 3/					Net Purchases 4/						
		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
1975--Qtr. I	-2,093	33	1,054	625	312	2,024	69	169	285	61	584	508	53
Qtr. II	1,086	218	1,135	454	273	2,079	--	--	-2	--	-2	3,076	230
Qtr. III	-757	13	712	201	171	1,096	64	514	106	63	747	1,060	2,392
Qtr. IV	1,294	74	385	234	315	1,006	58	141	71	14	284	2,626	-1,403
1976--Qtr. I	-363	115	554	226	156	1,052	102	288	108	38	535	1,022	1,256
1975--Nov.	-588	43	267	156	244	709	--	--	--	--	--	99	-2,637
Dec.	1,784	31	118	78	71	297	--	--	--	--	--	2,096	1,219
1976--Jan.	-1,596	37	110	100	73	321	26	139	47	27	240	-1,030	3,597
Feb.	1,275	40	366	63	59	528	76	149	61	11	297	2,029	-3,129
Mar.	-42	38	78	63	24	203	--	--	--	--	--	23	788
Apr.	513	27	179	51	38	294	--	--	--	--	--	758	1,261
1976--Mar. 3	150	--	--	--	--	--	76	149	61	11	297	407	-3,314
10	-688	--	-107	--	--	-107	--	--	--	--	--	-818	-8,835
17	438	38	185	63	24	310	--	--	--	--	--	711	4,115
24	431	--	--	--	--	--	--	--	--	--	--	376	3,143
31	-156	--	--	--	--	--	--	--	--	--	--	-147	1,142
Apr. 7	-1,593	--	-70	--	--	-70	--	--	--	--	--	-1,678	-7,764
14	-501	--	--	--	--	--	--	--	--	--	--	-521	5,064
21	800	27	249	51	38	364	--	--	--	--	--	1,166	5,206
28	1,008	--	--	--	--	--	--	--	--	--	--	988	-1,002
May 5	240	--	--	--	--	--	--	--	--	--	--	242	-2,077
12	-626	--	--	--	--	--	--	--	--	--	--	-634	522
19													
26													

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 borrowings 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 5
SECURITY DEALER POSITIONS AND BANK POSITIONS
 (millions of dollars)

Period	U.S. Govt. Security Dealer Positions		Underwriting Syndicate Positions		Member Bank Reserve Positions				
	Bills (1)	Coupon Issues (2)	Corporate Bonds (3)	Municipal Bonds (4)	Excess** Reserves (5)	Borrowing at FRB**		Basic Reserve Deficit	
						Total (6)	Seasonal (7)	8 New York (8)	38 Others (9)
1975--High	7,029	2,845	464	389	804	609	74	-7,387	-11,632
Low	1,586	253	0	48	-42	17	5	-1,757	-7,207
1976--High	*6,821	1,684	167	239	570	153	11	-6,736	-12,603
Low	*4,100	349	0	34	-106	24	8	-2,367	-7,997
1975--Apr.	2,737	1,617	35	115	143	110	6	-4,079	-10,426
May	4,744	1,752	91	170	155	66	9	-3,965	-9,567
June	5,201	1,351	89	118	201	227	11	-5,821	-9,344
July	4,231	1,246	60	135	188	259	17	-5,546	-9,896
Aug.	4,020	1,204	44	181	195	211	37	-3,964	-9,966
Sept.	5,008	588	31	122	191	397	58	-3,551	-9,015
Oct.	5,766	1,480	14	123	161	189	65	-2,644	-9,202
Nov.	4,751	2,073	156	173	251	60	29	-3,812	-10,159
Dec.	4,822	1,075	95	103	265	130	14	-2,811	-10,418
1976--Jan.	4,959	1,220	34	97	232	79	9	-3,581	-9,746
Feb.	5,214	1,051	66	181	256	81	10	-4,138	-10,015
Mar.	5,910	778	43	151	223	54	8	-4,726	-9,640
Apr.	*5,750	*605	69	133	185p	43p	10p	-5,248p	-10,675p
1976--Mar. 3	4,530	581	165	155	410	84	8	-4,415	-9,390
10	5,984	911	30	187	103	48	8	-6,510	-10,252
17	6,107	349	6	169	201	40	8	-4,980	-9,914
24	6,106	809	63	93	111	78	8	-3,681	-10,095
31	6,032	1,184	46	134	398	36	10	-4,226	-8,824
Apr. 7	6,725	669	10	158	123	24	10	-5,819	-10,533
14	6,821	773	41	97	173	61	10	-6,686	-12,660
21	*6,190	*611	98	139	130	39	10	-5,016	-11,856
28	*4,100	*405	151	136	149p	53p	11p	-3,533	-9,215
May 5	*4,309	*548	110	137	486p	30p	11p	-4,270p	-7,145p
12	*4,620	*949	60p	200p	-60p	56p	9p	-6,198p	-9,232p
19									
26									

NOTE: Government security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury bills financed by repurchase agreements maturing in 16 days or more, are indicators of dealer holdings for sale over the near-term. Other security dealer positions 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 6
SELECTED INTEREST RATES
(Per Cent)

Period	Short-Term						Long-Term					
	Federal Funds	Treasury Bills		90-119 Day Commercial Paper	CD's New Issue-NYC		Aaa Utility		Municipal Bond Buyer	U.S. Govt. (20-yr. Constant Maturity)	FNMA Auction Yield	GNMA Guaranteed Securities
		90-Day	1-year		60-89 Day	90-119 Day	New Issue	Recently Offered				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1975--High	7.70	6.68	7.31	8.43	7.88	7.75	9.80	9.71	7.67	8.63	9.95	9.10
Low	5.13	5.02	5.46	5.38	5.25	5.38	8.89	9.06	6.27	7.63	8.78	7.93
1976--High	5.12	5.17	5.92	5.44	5.13	5.38	8.88	8.94	7.13	8.15p	9.13	8.45
Low	4.70	4.73	5.35	5.00	4.75	4.88	8.38	8.44	6.54	7.80	8.83	8.12
1975--Apr.	5.49	5.61	6.40	6.11	5.85	6.03	9.67	9.66	6.94	8.36	9.06	8.48
May	5.22	5.23	5.91	5.70	5.44	5.63	9.63	9.65	6.97	8.22	9.27	8.51
June	5.55	5.34	5.86	5.67	5.34	5.51	9.25	9.33	6.94	8.04	9.09	8.34
July	6.10	6.13	6.64	6.32	6.05	6.25	9.41	9.43	7.06	8.17	9.14	8.50
Aug.	6.14	6.44	7.16	6.59	6.31	6.63	9.46	9.49	7.17	8.50	9.41	8.75
Sept.	6.24	6.42	7.20	6.79	6.44	6.81	9.68	9.57	7.44	8.57	9.78	8.97
Oct.	5.82	5.96	6.48	6.35	6.08	6.45	9.45	9.43	7.39	8.35	9.80	8.87
Nov.	5.22	5.48	6.07	5.78	5.69	6.03	9.20	9.26	7.43	8.28	9.80	8.50
Dec.	5.20	5.44	6.16	5.88	5.65	5.83	9.36	9.23	7.31	8.23	9.31	8.56
1976--Jan.	4.87	4.87	5.44	5.15	4.91	5.03	8.70	8.79	7.07	8.01	9.10	8.37
Feb.	4.77	4.88	5.53	5.13	4.84	5.06	8.63	8.63	6.94	8.03	9.06	8.29
Mar.	4.84	5.00	5.82	5.25	5.05	5.20	8.62	8.61	6.92	7.97	9.05	8.30
Apr.	4.82	4.86	5.54	5.08	4.81	4.94	8.48	8.52	6.60	7.86	8.89	8.22
1976--Mar. 3	4.95	5.11	5.87	5.20	5.13	5.38	8.72	8.72	7.04	8.07	--	8.31
10	4.86	5.08	5.92	5.25	5.13	5.25	8.63	8.64	6.98	7.99	9.06	8.31
17	4.77	4.97	5.86	5.33	5.13	5.25	8.61	8.60	6.92	7.97	--	8.31
24	4.79	4.91	5.71	5.30	5.00	5.13	8.53	8.50	6.72	7.89	9.03	8.31
31	4.84	4.92	5.71	5.13	4.88	5.00	8.60	8.54	6.69	7.90	--	8.28
Apr. 7	4.73	4.94	5.69	5.20	4.88	5.00	--	8.50	6.65	7.84	8.94	8.27
14	4.77	4.84	5.42	5.10	4.75	4.88	8.42	8.44	6.54	7.80	--	8.12
21	4.78	4.74	5.40	5.03	4.75	4.88	8.38	8.54	6.55	7.84r	8.83	8.27
28	4.93	4.87	5.57	5.00	4.88	5.00	8.58	8.57	6.55	7.94	--	8.23
May 5	5.03	4.88	5.65	5.13	5.00	5.13	8.68	8.62	6.71	8.03	8.94	8.31
12	5.02	5.04	5.79	5.25	5.13	5.25	8.82p	8.78p	6.83	8.15p	--	8.31
19												
26												
Daily--May 6	4.94	4.92	5.69	5.25	--	--	--	--	--	8.02	--	--
13	5.12p	5.10	5.91	5.38	--	--	--	--	--	8.17(5/12)	--	--

NOTE: Weekly data for columns 1 to 4 are statement week averages of daily data. Columns 5 and 6 are 1-day Wednesday quotes. For columns 7 and 10, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 8 and 9 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 11 gives FNMA auction data for the Monday preceding the end of the statement week. Column 12 is a 1-day quote for the 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 prevailing ceiling rate.

Appendix A

Comparison of "Targeted" and Actual Reserves

The table below compares the actual average level of reserves for the 4 week period ending May 19 with the "targeted" level that had been thought to be consistent with the mid-points of the short-run ranges for the monetary aggregates adopted at the last FOMC meeting.

	Actual ^{1/}	"Targeted"	Difference
Nonborrowed reserves	34,136	33,886	250
Total reserves	34,190	33,964	226
Monetary base	113,870	113,234	636
Memorandum:			
Member bank borrowing	54	78	-24
Excess reserves	196	169	27

1/ Includes week of May 19, which is partly projected.

As can be seen, nonborrowed reserves during the intermeeting period turned out to be \$250 million higher than "targeted." In evaluating the relationship between "targeted" and actual reserves during the period just past, it needs to be recognized that the FOMC adopted a Federal funds rate range--4-1/2 to 5-1/4 per cent--that was somewhat lower than the range the staff had believed consistent with the chosen monetary and reserve aggregates--which was 4-3/4 to 5-3/4 per cent. Thus, the chances of hitting the nonborrowed "target" were reduced by the particular Federal funds rate constraint adopted.

Given the actual Federal funds rate, about \$50 million more in nonborrowed reserves had to be supplied to accommodate larger bank demands for free reserves (excess reserves minus borrowings) than the

have had to rise sufficiently in the short run to limit expansion in deposits and required reserves. Upward rate pressures would have been most pronounced in pursuing a monetary base target, given the need to reduce total reserves in order to offset the very rapid expansion in currency that took place.

staff had assumed. In addition, reserve demands were considerably strengthened as required reserves turned out to be \$200 million higher than originally expected at the time of the last FOMC meeting. This reflected stronger deposits than earlier anticipated. However, the multiplier relationship between lagged deposits and current required reserves turned out to be higher than anticipated, and therefore held down the increase in required reserves that would otherwise have been associated with deposit growth.

If the Desk had restrained nonborrowed reserves further, banks would have been forced to borrow their required reserves and/or to reduce deposit expansion. However, given the strength in deposit demand, and assuming an orderly upward adjustment in the funds rate, the nonborrowed reserve "target" (within a \$50 million range) probably would not have been achieved even if the upper limit of the funds rate constraint had been as high as 5-3/4 per cent.

Actual total reserves differed from "target" by about the same magnitude as nonborrowed reserves. The monetary base showed a much larger overshoot, reflecting the considerably greater than anticipated rise in currency.

In sum, if the Desk had adhered to a nonborrowed target, upward interest rate pressures would have been stronger over the intermeeting period. Such pressures would have been even stronger if attempts had been made to achieve the total reserve target, since interest rates would

APPENDIX TABLE 1-A
MONEY AND CREDIT AGGREGATE MEASURES

MAY 14, 1976

Period	BANK RESERVES ^{1/}			BANK CREDIT MEASURES		MONEY STOCK MEASURES						
	Total	Non-borrowed	Monetary Base	Adj. Credit proxy	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	12
	(Per cent annual rates of growth)											
ANNUALLY:	REVISED SERIES											
1973	6.7	6.0	7.7	10.5	13.5	6.0	8.8	8.8	11.6	10.6	11.1	11.9
1974	7.1	9.2	9.2	10.2	9.2	4.7	7.2	6.8	10.6	9.0	8.9	8.9
1975	-0.4	1.3	5.8	3.9	4.3	4.1	8.5	11.3	6.4	9.7	10.1	9.6
SEMI-ANNUALLY:												
2ND HALF 1974	4.2	19.3	8.0	6.1	3.1	3.9	6.1	6.2	7.8	7.4	7.1	7.0
1ST HALF 1975	-1.2	1.7	5.6	4.5	5.1	5.6	9.8	11.9	6.9	9.9	9.5	9.4
2ND HALF 1975	0.3	0.9	5.7	3.1	3.4	2.6	6.8	10.1	5.7	9.2	10.2	9.4
QUARTERLY:												
2ND QTR. 1975	1.3	-0.1	7.2	5.3	4.6	9.7	12.5	14.5	7.7	11.3	10.8	10.1
3RD QTR. 1975	-0.8	-2.8	4.1	-0.8	3.6	3.6	6.5	10.7	3.0	8.1	8.6	7.5
4TH QTR. 1975	1.4	4.5	7.3	7.0	3.1	1.6	7.0	9.3	8.4	10.0	11.5	11.2
1ST QTR. 1976	-6.2	-5.3	4.6	1.2	7.3	4.3	11.5	12.6	5.0	8.4	8.3	8.0
QUARTERLY-AV:												
2ND QTR. 1975	-1.4	-0.4	5.2	3.6	5.1	7.4	10.2	12.6	5.6	9.4	8.7	8.7
3RD QTR. 1975	0.1	-1.9	6.3	1.4	4.1	7.1	10.1	13.3	5.7	10.1	10.7	9.5
4TH QTR. 1975	0.6	2.7	5.6	6.0	4.7	2.3	6.4	9.4	6.7	9.4	10.3	9.7
1ST QTR. 1976	-3.8	-3.2	5.3	2.3	4.0	2.6	10.1	11.4	5.8	8.6	8.9	8.6
MONTHLY:												
1975--APR.	3.5	3.4	4.5	2.2	3.4	3.4	7.1	10.8	3.9	8.3	7.8	7.8
MAY	-11.6	-10.1	3.6	1.0	5.1	11.4	12.4	14.9	6.2	10.1	9.4	8.6
JUNE	12.2	6.5	13.3	12.7	5.1	14.2	16.5	17.4	12.9	15.0	14.9	13.5
JULY	-3.2	-5.8	4.7	-3.3	2.0	3.7	9.5	13.2	5.1	10.0	11.9	10.6
AUG.	-3.1	0.0	4.9	-4.3	6.8	5.3	5.7	10.3	-0.5	5.9	7.0	6.0
SEPT.	3.9	-2.6	2.8	5.2	2.0	1.6	4.2	8.5	4.3	8.2	6.5	5.7
OCT.	-6.3	0.8	3.6	5.9	6.0	-0.8	5.3	8.7	7.9	9.9	11.1	10.5
NOV.	9.7	14.3	11.1	14.4	10.5	9.0	11.5	11.9	11.7	12.1	14.9	14.7
DEC.	0.8	-1.6	7.0	0.7	-7.3	-3.2	4.0	7.1	5.3	7.7	8.2	8.0
1976--JAN.	-10.2	-8.4	2.6	-0.7	5.3	1.2	10.7	11.9	3.5	7.2	7.0	6.7
FEB.	-6.8	-6.9	4.0	3.5	8.1	5.7	14.9	14.7	7.0	9.8	9.6	9.2
MAR.	-1.7	-0.8	7.0	0.9	8.2	6.1	8.7	10.8	4.5	7.8	8.0	7.8
APR. P	1.2	1.6	12.3	3.3	4.9	15.3	15.3	14.8	10.8	12.1	11.8	11.4

NOTES: ADJUSTED CREDIT PROXY INCLUDES MAINLY TOTAL MEMBER BANK DEPOSITS SUBJECT TO RESERVE REQUIREMENTS, LOANS SOLD TO BANK-RELATED INSTITUTIONS, AND EURODOLLAR BORROWINGS OF U.S.BANKS.
^{1/} BASED ON DATA ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS.

APPENDIX TABLE I-B
MONEY AND CREDIT AGGREGATE MEASURES

MAY 14, 1976

SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

Period	BANK RESERVES ^{1/}			BANK CREDIT MEASURES		MONEY STOCK MEASURES						
	Total	Non-borrowed	Monetary Base	Adj. Credit proxy	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	12
ANNUALLY:												

1973	32,390	31,092	96,051	449.4	634.6	270.5	571.4	919.5	634.9	982.9	1093.7	1132.0
1974	34,693	33,966	104,892	495.3	691.9	283.1	612.4	981.6	702.2	1071.4	1191.0	1232.7
1975	34,539	34,409	110,930	514.4	721.6	294.8	664.3	1092.9	747.2	1175.8	1311.1	1351.5
MONTHLY:												

1975--APR.	34,477	34,367	106,331	500.8	703.7	284.9	626.7	1012.7	715.1	1101.1	1222.8	1267.2
MAY	34,143	34,077	106,647	501.2	706.7	287.6	633.7	1025.3	718.8	1110.4	1232.4	1276.3
JUNE	34,490	34,263	107,833	506.5	709.7	291.0	642.4	1040.2	726.5	1124.3	1247.7	1290.7
JULY	34,399	34,098	108,254	505.1	710.9	291.9	647.5	1051.6	729.6	1133.7	1260.1	1302.1
AUG.	34,310	34,099	108,694	503.3	714.9	293.2	650.6	1060.6	729.3	1139.3	1267.5	1308.6
SEPT.	34,421	34,024	108,949	505.5	716.1	293.6	652.9	1068.1	731.9	1147.1	1274.4	1314.6
OCT.	34,239	34,048	109,279	508.0	719.7	293.4	655.8	1075.8	736.7	1156.6	1286.2	1326.3
NOV.	34,515	34,455	110,287	514.1	726.0	295.6	662.1	1086.5	743.9	1168.3	1302.2	1342.6
DEC.	34,409	34,409	110,930	514.4	721.6	294.8	664.3	1092.9	747.2	1175.8	1311.1	1351.5
1976--JAN.	34,245	34,167	111,171	514.1	724.8	295.1	670.2	1103.7	749.4	1182.9	1318.7	1359.1
FEB.	34,052	33,971	111,538	515.6	729.7	296.5	678.5	1117.2	753.8	1192.6	1329.3	1369.5
MAR.	34,003	33,949	112,192	516.0	734.7	298.0	683.4	1127.3	756.6	1200.4	1336.2	1378.4
APR. P	34,037	33,993	113,344	517.4	737.7	301.8	692.1	1141.2	763.4	1212.5	1351.4	1391.5
WEEKLY:												

1976--MAR. 10	33,834	33,786	111,863	515.7		298.9	683.7		756.7			
17	33,843	33,803	112,025	516.7		298.9	683.5		756.5			
24	33,876	33,798	112,212	515.9		296.9	682.8		755.8			
31	34,315	34,279	112,749	515.3		298.2	685.1		758.4			
APR. 7	33,865	33,841	112,438	517.3		299.6	688.6		761.8			
14	33,805	33,744	112,937	517.9		302.8	693.1		765.1			
21	34,130	34,091	113,940	519.6		303.3	693.0		763.8			
28P	34,126	34,073	113,777	515.2		301.9	693.4		763.1			
MAY 5P	34,813	34,773	114,333	515.8		302.6	694.6		763.7			

NOTES: ADJUSTED CREDIT PROXY INCLUDES MAINLY TOTAL MEMBER BANK DEPOSITS SUBJECT TO RESERVE REQUIREMENTS, LOANS SOLD TO BANK-RELATED INSTITUTIONS, AND EURODOLLAR BORROWINGS OF U.S. BANKS. 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.

P - PRELIMINARY

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Total Time Deposits	Time Other Than CD's	Mutual Savings Bank and S & L Shares ^{1/}	Credit Union Shares ^y	CD's	Savings Bonds ^y	Short Term U.S. Gov't Securities ^y	Commercial Paper ^y	
	1	2	3	4	5	6	7	8	9	10	
	REVISIED SERIES										
	(Per cent annual rates of growth)										
ANNUALLY:											
1973	8.1	5.3	16.2	11.4	8.5	13.8	45.6	4.9	31.3	39.3	
1974	10.2	3.0	15.0	9.4	5.6	12.1	41.4	4.8	11.9	9.1	
1975	8.7	2.6	7.9	12.2	15.8	20.2	-7.7	6.3	21.0	-3.3	
SEMI-ANNUALLY:											
2ND HALF 1974	9.9	2.1	10.6	8.0	6.1	11.5	20.9	5.2	4.4	4.4	
1ST HALF 1975	9.4	4.4	7.8	13.4	15.2	20.9	-12.7	5.7	6.7	5.7	
2ND HALF 1975	7.6	0.9	7.8	10.4	15.2	17.6	-2.9	6.8	34.0	-12.1	
QUARTERLY:											
2ND QTR. 1975	9.2	9.9	6.3	14.6	17.7	20.6	-25.4	5.6	7.0	-9.1	
3RD QTR. 1975	5.6	2.9	2.6	8.9	17.4	17.0	-23.8	6.8	19.2	-24.2	
4TH QTR. 1975	9.4	-1.1	12.9	11.6	12.5	17.6	19.2	6.6	46.6	0.0	
1ST QTR. 1976	10.9	2.4	5.4	17.1	14.3	14.4	-47.3	5.9	8.2	-2.0	
QUARTERLY-AV:											
2ND QTR. 1975	8.1	6.9	4.5	12.5	16.2	21.0	-24.5	5.6	-2.8	9.3	
3RD QTR. 1975	8.5	6.6	4.7	12.7	18.2	18.6	-27.5	6.8	26.4	-23.7	
4TH QTR. 1975	8.4	0.2	9.7	9.8	14.0	16.5	9.5	6.7	30.7	-8.7	
1ST QTR. 1976	9.8	0.4	7.8	15.9	13.4	15.9	-29.3	5.4	17.0	0.0	
MONTHLY:											
1975--APR.	1.7	3.9	3.9	9.9	16.4	20.6	-18.7	5.6	0.0	10.9	
MAY	12.1	11.1	3.1	15.1	17.2	20.3	-44.8	5.6	-2.1	-13.5	
JUNE	13.7	14.4	12.0	18.4	18.9	19.9	-14.1	5.6	23.1	-24.6	
JULY	5.1	3.3	5.8	14.0	18.9	15.7	-28.5	9.2	53.6	-25.1	
AUG.	10.1	3.8	-3.8	6.4	17.7	19.4	-48.2	5.5	27.6	-28.5	
SEPT.	1.7	1.6	5.8	6.0	14.9	15.2	4.6	5.5	-23.2	-20.4	
OCT.	10.0	-4.3	13.7	10.7	13.5	18.8	27.3	7.3	37.4	-5.9	
NOV.	13.2	7.1	13.5	13.6	12.4	14.8	13.4	7.2	78.2	6.0	
DEC.	4.9	-5.9	11.0	10.1	11.3	18.3	16.1	5.4	19.7	0.0	
1976--JAN.	8.1	-1.1	5.3	18.2	13.4	18.0	-53.6	5.3	1.8	0.0	
FEB.	14.6	3.8	7.7	21.4	14.7	10.7	-57.6	5.3	10.6	-3.0	
MAR.	9.6	4.3	3.1	11.0	14.2	14.1	-36.6	7.1	12.2	-3.0	
APR. P	17.4	15.1	8.1	15.3	14.1	10.4	-29.5	5.3	13.8	-3.0	

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

P - PRELIMINARY.

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Total Time Deposits	Time Other Than CD's	Mutual Savings Bank and S & L Shares ^{1/}	Credit Union Shares ^{1/}	CD's	Savings Bonds ^{1/}	Short Term U.S. Gov't Securities	Commercial Paper ^{1/}	Non-deposit Funds	U.S. Gov't Demand
	1	2	3	4	5	6	7	8	9	10	11	12
REVISED SERIES												
ANNUALLY:												
1973	61.5	209.0	364.4	300.9	323.5	24.7	63.5	60.4	50.3	38.3	6.6	5.0
1974	67.8	215.3	419.1	329.3	341.6	27.7	89.8	62.3	56.3	41.8	8.4	3.4
1975	73.7	221.0	452.4	369.6	395.5	33.3	82.9	67.3	68.1	40.4	8.4	3.0
MONTHLY:												
1975--APR.	69.5	215.4	430.1	341.8	356.7	29.6	88.4	64.5	57.2	44.4	6.7	2.7
MAY	70.2	217.4	431.2	346.1	361.8	30.1	85.1	64.8	57.1	43.9	7.4	2.5
JUNE	71.0	220.0	435.5	351.4	367.5	30.6	84.1	65.1	58.2	43.0	7.0	3.2
JULY	71.3	220.6	437.6	355.5	373.3	31.0	82.1	65.6	60.8	42.1	6.8	2.6
AUG.	71.9	221.3	436.2	357.4	378.8	31.5	78.8	65.9	62.2	41.1	7.0	2.8
SEPT.	72.0	221.6	438.3	359.2	383.5	31.9	79.1	66.2	61.0	40.4	7.0	3.0
OCT.	72.6	220.8	443.3	362.4	387.8	32.4	80.9	66.6	62.9	40.2	7.9	3.0
NOV.	73.4	222.1	448.3	366.5	391.8	32.8	81.8	67.0	67.0	40.4	8.2	3.9
DEC.	73.7	221.0	452.4	369.6	395.5	33.3	82.9	67.3	68.1	40.4	8.4	3.0
1976--JAN.	74.2	220.8	454.4	375.2	399.9	33.8	79.2	67.6	68.2	40.4	7.9	2.6
FEB.	75.1	221.5	457.3	381.9	404.8	34.1	75.4	67.9	68.8	40.3	8.0	2.6
MAR.	75.7	222.3	458.5	385.4	409.6	34.5	73.1	68.3	69.5	40.2	8.2	2.5
APR. P	76.8	225.1	461.6	390.3	414.4	34.8	71.3	68.6	70.3	40.1	7.5	2.5
WEEKLY:												
1976--MAR. 10	75.8	223.1	457.8	384.8			73.0				8.1	2.9
17	75.8	222.6	458.2	385.2			73.0				8.3	2.8
24	75.9	221.0	458.9	386.0			73.0				8.5	2.8
31	75.9	222.4	460.1	386.9			73.3				8.2	1.9
APR. 7	76.3	223.3	462.3	389.0			73.2				7.2	2.4
14	76.6	226.1	462.3	390.3			72.0				7.2	2.5
21	77.2	226.0	460.6	389.8			70.8				8.0	3.6
28P	76.9	224.9	461.2	391.5			69.7				7.6	1.9
MAY 5P	77.0	225.5	461.2	392.1			69.1				7.3	1.7

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

P - PRELIMINARY

Appendix Table III

Growth Rate in Money Supply
(Per cent change in an annual rate)
(Revised Series)

		<u>M₁</u>		<u>M₂</u>		<u>M₃</u>	
		<u>M</u>	<u>Q</u>	<u>M</u>	<u>Q</u>	<u>M</u>	<u>Q</u>
1973	I	3.6	7.4	7.3	9.2	8.4	10.3
	II	10.1	6.4	9.9	8.2	9.8	8.5
	III	1.8	5.5	6.3	7.9	6.1	7.8
	IV	7.8	5.1	10.5	9.0	9.9	8.4
QIV '72-QIV '73		6.0	6.2	8.8	8.8	8.8	9.0
1974	I	5.3	6.0	9.0	9.6	8.4	8.9
	II	5.3	5.6	6.9	7.4	5.7	6.5
	III	3.0	4.2	5.5	6.4	5.2	5.6
	IV	4.7	4.0	6.6	6.4	7.2	6.5
QIV '73-QIV '74		4.7	5.0	7.2	7.7	6.8	7.1
1975	I	1.4	0.6	6.9	5.6	9.0	7.5
	II	9.7	7.4	12.5	10.2	14.5	12.6
	III	3.6	7.1	6.5	10.1	10.7	13.3
	IV	1.6	2.3	7.0	6.4	9.3	9.4
QIV '74-QIV '75		4.1	4.4	8.5	8.3	11.3	11.1
1976	I	4.3	2.6	11.5	10.1	12.6	11.4

M = Annual rates of growth calculated from average levels in the final months of the quarters.

Q = Annual rate calculated from average levels in all three months of the quarters.

Appendix Table IV

Projected Federal Funds Rates

		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1976	QII	4-7/8	5-1/8	5-3/8
	QIII	6½	6½	7
	QIV	8½	7¾	7¾
1977	QI	9½	8½	7¾

Appendix Table V

Reserve Measures Consistent With Short-run Alternatives
(seasonally adjusted)

	<u>Average of 5 weeks May 26 to June 23</u> (\$ million)			<u>Change from average of previous 4-week period</u> (\$ million)			<u>2-month Annual Percentage Growth Rate for May-June</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>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Nonborrowed reserves	34,246	34,164	33,944	84	2	-218	4.1	4.1	-0.7
Member bank borrowing	59	96	275	3	40	219	--	--	--
Excess reserves	188	175	162	-36	-49	-62	--	--	--
Other reserve aggregates:									
Total reserves	34,305	34,261	34,219	143	43	1	6.1	5.1	4.2
Monetary base ^{1/}	114,765	114,721	114,679	866	822	780	9.0	8.7	8.4
Nonborrowed monetary base	114,706	114,625	114,404	863	782	561	8.9	8.4	6.9

^{1/} Total reserves plus currency held outside the Treasury, the Federal Reserve, and member banks.

Appendix Table VI

Comparison of Old and Revised Money Stock Growth Rates
(Per cent annual rate)

		<u>M₁</u>		<u>M₂</u>		<u>M₃</u>	
		<u>Old</u>	<u>Revised</u>	<u>Old</u>	<u>Revised</u>	<u>Old</u>	<u>Revised</u>
1975	Oct.	-0.8	-0.8	5.1	5.3	8.4	8.7
	Nov.	9.4	9.0	10.8	11.5	11.6	11.9
	Dec.	-2.8	-3.2	3.1	4.0	6.5	7.1
1976	Jan.	1.2	1.2	10.3	10.7	11.6	11.9
	Feb.	6.5	5.7	14.3	14.9	14.4	14.7
	Mar.	6.1	6.1	8.3	8.7	10.5	10.8
	April	15.7	15.3	14.6	15.3	14.5	14.8
Quarterly: ^{1/}							
1975	IV	1.9	1.6	6.4	7.0	8.9	9.3
1976	I	4.6	4.3	11.1	11.5	12.3	12.6
Quarterly average:							
1975	IV	2.5	2.3	6.1	6.4	9.2	9.4
1976	I	3.0	2.6	9.5	10.0	11.1	11.4

^{1/} End-month-of-quarter to end-month-of-quarter.

May 17, 1976

CORRECTION

Monetary Aggregates and Money Market Conditions
(Blue book)

In appendix A (which follows charts 1-3 and tables 1-6),
the numbering of pages A-2 and A-3 should be reversed.