



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

April 15, 1977

CONFIDENTIAL (FR)
CLASS II - FOMC

TO: Federal Open Market Committee
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As requested by the Federal Open Market Committee at its last meeting, attached are tables summarizing the staff's flow-of-funds projection through mid-1978. This projection is consistent with the GNP projection as of April 15, 1977, and Alternative B in the current Bluebook.

Similar tables will be provided the Committee each month in the future.

Attachments

Table 1

FLOW OF FUNDS PROJECTION

Highlights

(Net flows in billions of dollars, seasonally adjusted annual rates)

	CALENDAR YEARS				1976	1977		1978
	1974	1975	1976	1977	H2	H1	H2	H1
1 Net funds raised by nonfinancial sectors	189	210	258	295	277	283	307	311
2 Per cent of GNP (%)	13.4	13.9	15.2	15.8	16.0	15.6	16.0	15.2
Bank credit:								
3 Annual growth rate (%) Total	9.0	4.4	7.5	10.2	7.0	10.6	9.3	8.9
4 Business loans	17.4	-4.0	2.2	10.3	7.8	9.9	10.2	10.6
5 Share of total funds raised (%)	34.2	13.1	16.6	26.5	23.3	27.8	25.4	24.8
Nonfinancial corporate business:								
6 Financing gap ^{1/}	57	-8	15	20	17	18	20	28
7 Net funds raised in markets	83	37	53	73	59	74	72	78
8 Long-term debt + equity	52	44	46	53	51	54	51	55
9 Short-term debt	31	-7	7	20	8	20	21	23
10 Liquid assets/Short-term liabilities	.266	.314	.340	.354	.340	.348	.353	.356
Households-Net acquisition of								
11 deposits and credit mkt. instruments	99	119	124	127	127	122	131	138
12 Deposits	63	92	111	105	131	104	105	100
13 Credit market instruments	36	27	13	22	-4	18	26	38
Household acquisition of deposits and cr. mkt. instr. as per cent of disposable income:								
14 Total net acquisitions (line 11)	10.0	11.0	10.6	9.8	10.6	9.7	9.9	9.9
15 Deposits (line 12)	6.4	8.4	9.4	8.1	10.9	8.2	7.9	7.1
16 Credit market instruments (line 13)	3.6	2.5	1.1	1.7	-.3	1.5	2.0	2.7

^{1/} Excess of capital outlays and net inventory investment over gross cash flow.

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Table 2

Funds Raised in Credit Markets

(Net flows in billions of dollars, seasonally adjusted annual rates)

	CALENDAR YEARS				1976	1977		1978
	1974	1975	1976	1977	H2	H1	H2	H1
Net Funds Raised by								
1 Nonfinancial Sectors	<u>189</u>	<u>210</u>	<u>258</u>	<u>295</u>	<u>277</u>	<u>283</u>	<u>307</u>	<u>311</u>
2 U.S. Government	12	85	69	60	66	52	68	61
3 Foreign	15	13	20	17	25	15	19	20
4 Private Domestic Nonfinan.	162	112	168	217	186	215	220	230
5 State and Local Govts.	19	15	18	23	19	22	23	20
6 Nonfinancial Business	98	48	70	96	78	96	95	101
7 Long-Term Funds	51	56	58	62	61	61	62	63
8 Short-Term Funds	47	-8	12	33	17	36	33	38
9 Households	45	50	80	99	88	97	101	108
10 Home Mortgages	35	39	57	69	62	66	72	78
11 Consumer Credit	10	8	20	25	22	26	25	26
12 Other	--	2	3	5	5	5	5	5
Net Funds Raised by								
13 Financial Sectors	<u>43</u>	<u>15</u>	<u>29</u>	<u>46</u>	<u>28</u>	<u>44</u>	<u>49</u>	<u>65</u>
14 Sponsored Credit Agencies <u>1/</u>	17	3	2	6	1	3	10	19
15 Mortgage Pool Securities <u>2/</u>	6	10	15	16	16	16	16	15
Credit Market Funds Raised By								
16 Private Finance <u>3/</u>	20	1	12	24	11	26	23	31
Net Funds Raised by								
17 All Sectors (lines 1 + 13)	<u>232</u>	<u>225</u>	<u>287</u>	<u>341</u>	<u>306</u>	<u>327</u>	<u>356</u>	<u>375</u>
As Per Cent of GNP:								
18 Funds Raised by Nonfinancial Sectors (line 1)	13.4	13.9	15.2	15.8	16.0	15.6	16.0	15.2
19 By U.S. Govt.	.8	5.6	4.1	3.2	3.8	2.9	3.6	3.0
20 By Private Domestic Nonfin. (line 4)	11.4	7.4	10.0	11.6	10.8	11.8	11.4	11.3

1/ FNMA, Federal Home Loan Banks, Federal Land Banks, Banks for Cooperatives, and Federal Intermediate Credit Banks.

2/ Pools guaranteed by GNMA, Farmers Home Administration, and FHLMC.

3/ Stocks, bonds, bank loans, mortgages, commercial paper, Federal funds and security RP's, and FHLB loans.

Table 3
Funds Advanced Directly in Credit Markets 1/
(Net flows in billions of dollars, seasonally adjusted annual rates)

	CALENDAR YEARS				1976	1977		1978
	1974	1975	1976	1977	H2	H1	H2	H1
1 Net Funds Supplied Directly	232	225	287	341	306	327	356	375
2 To Nonfinancial Sectors	189	210	258	295	277	283	307	311
3 To Financial Sectors	43	15	29	46	28	44	49	65
By:								
4 Private Finance	132	124	179	218	204	220	216	216
5 Commercial Banking <u>2/</u>	65	28	43	78	64	79	78	77
6 Business loans	27	-7	4	18	13	18	19	21
7 Other	38	35	40	60	51	61	59	56
8 Thrift Institutions	27	51	72	59	74	61	57	54
9 Insurance + Pension Funds	37	49	60	68	62	66	69	71
10 Other Private Finance <u>3/</u>	3	-3	4	13	4	14	12	15
11 U.S. Government Related	42	38	41	44	42	39	49	55
12 Direct <u>4/</u>	10	15	11	11	16	11	12	9
13 Sponsored Agencies <u>5/</u>	20	4	5	9	4	6	13	22
14 Mortgage Pools <u>6/</u>	6	10	15	16	16	16	16	15
15 Federal Reserve	6	8	10	8	6	7	9	9
16 Foreign	12	11	16	19	16	14	23	27
17 Households <u>7/</u>	34	25	12	17	-4	11	22	34
18 Nonfinancial Business	2	14	22	22	27	21	23	22
19 State and Local Governments	10	12	18	22	20	21	23	20
Per Cent of Total Advances to Nonfinancial Sectors:								
20 Commercial Banking	34.2	13.1	16.5	26.5	23.3	27.8	25.4	24.8
21 Total Private Finance	69.8	59.1	69.3	74.0	73.7	77.9	70.3	69.6
22 U.S. Government Related	22.0	18.1	15.8	15.0	15.2	13.8	16.1	17.8

- 1/ Net purchases of credit and equity securities and net increase in holdings of credit market loans.
2/ Includes domestic affiliates, foreign banking agencies and banks in U.S. territories and possessions.
3/ Finance companies, REITs, mutual funds, and security brokers + dealers.
4/ On-budget and off-budget agencies.
5/ FNMA, Federal Home Loan Banks, Federal Land Banks, Banks for Cooperatives, and Federal Intermediate Credit Banks.
6/ Pools guaranteed by GNMA, Farmers Home Administration, and FHLMC.
7/ Excludes net investment in deposit claims.

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