

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 this document may contain occasional gaps in the text. These gaps are the result of a redaction process that removed information obtained on a confidential basis. 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 optimal 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

April 14, 1978

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) Growth in M-1 was at a moderate annual rate of 3.5 per cent in March, but it is projected to accelerate to a rate of almost 10 per cent in April. Over the March-April period, growth of M-1 is thus projected at about a 6-3/4 per cent rate, somewhat above the mid-point of the range specified by the FOMC at its March meeting. The interest-bearing component of M-2 has been increasing at a rate near the reduced pace of recent months, and M-2 appears to be expanding over March and April at a 7 per cent annual rate, near the mid-point of the Committee's range. Deposit growth at nonbank thrift institutions remained weak in March.

Growth in Monetary Aggregates
over March-April Period

	<u>Ranges</u>	<u>Latest Estimates</u>
M-1	4 to 8	6.7
M-2	5-1/2 to 9	7.1

Memo: Federal funds rate (per cent per annum)	<u>Avg. for statement</u>	
	<u>week ending</u>	
	Mar. 22	6.77
	29	6.82
Apr. 5	6.86	
12	6.74	

(2) The System Account Manager continued to aim for a Federal funds rate of around 6-3/4 per cent throughout the intermeeting period. The actual rate tended to exceed this target in late March when Desk operations were constrained by a shortage of readily available collateral. The shortage was alleviated in early April by the Treasury's issuance of \$6 billion of cash management bills, and most recently funds have generally traded at around 6-3/4 per cent.

(3) Even though the Federal funds rate returned to around 6-3/4 per cent, market interest rates generally were under upward pressure through most of the intermeeting period, rising 15 to 20 basis points. These pressures appeared to reflect the recent deterioration of the U.S. balance of payments position, the accelerated increase in the wholesale and retail price indexes, and concern about a possible surge in growth of the monetary aggregates in April. In private short-term markets, rate increases also have been associated with continued sizable offerings of large CD's and a pickup in commercial paper issuance by nonfinancial corporations. In longer-term markets, the volume of bonds offered by corporations and State and local governments also expanded markedly in March. Most recently, however, following publication of increases in the monetary aggregates for early April that were much lower than many had anticipated, Treasury bill rates have retraced their earlier increases, and the 3-month bill rate is now below the level at the time of the last FOMC meeting.

(4) Commercial bank credit expanded in March at a 9 per cent annual rate--a bit slower than the rate earlier in the first

quarter--as a decline in investment holdings partly offset a further sharp rise in loan portfolios. The growth in loans was widespread among major categories, with business loan expansion particularly strong. A significant part of the growth in banks' earnings assets was financed by issuance of large-denomination time deposits.

(5) With deposit flows at nonbank thrift institutions remaining relatively weak, conditions in the mortgage market have continued to tighten in recent weeks. Yields on new conventional mortgages have edged up further, and field reports indicate that the thrifts have become less accommodative in extending new commitments and in making "spot" loans. A significant proportion of S&L's surveyed at the end of March reported that the present supply of mortgage funds was below normal for this period of the year.

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

	1976 & 1977 Average	Past Twelve Months Mar. '78 over Mar. '77	Past Six Months Mar. '78 over Sept. '77	Past Three Months Mar. '78 over Dec. '77	Past Month Mar. '78 over Feb. '77
Nonborrowed reserves	1.5	5.6	8.2	7.9	-9.6
Total reserves	2.1	6.2	6.3	5.1	-12.0
Monetary Base	7.6	8.9	8.7	7.6	2.0
<u>Concepts of Money</u>					
M-1 (Currency plus demand deposits) <u>1/</u>	6.9	6.8	5.1	4.0	3.5
M-2 (M-1 plus time deposits at commercial banks other than large CD's)	10.3	8.2	6.6	6.2	5.1
M-3 (M-2 plus deposits at thrift institutions)	12.2	10.0	8.0	6.8	5.9
M-4 (M-2 plus CD's)	8.8	10.0	10.4	9.3	8.3
M-5 (M-3 plus CD's)	11.1	11.0	10.2	8.6	7.8
<u>Bank Credit</u>					
Loans and investments of all commercial banks <u>2/</u>					
Month-end basis	9.5	10.4	9.5	10.5	9.1
Monthly Average	9.3	10.7	10.3	11.8	7.2
<u>Short-term Market Paper</u> (Monthly average change in billions)					
Large CD's	-0.3	1.7	3.0	2.7	2.6
Nonbank commercial paper	0.2	0.2	0.1	-0.1	1.3

1/ Other than interbank and U.S. Government

2/ Includes loans sold to affiliates and branches.

NOTE: All items are based on averages of daily figures, except for data on total loans and investments of commercial banks, commercial paper, and thrift institutions --which are derived from either end-of-month or Wednesday statement date figures. Growth rates for reserve measures in this and subsequent tables are adjusted to remove the effect of discontinuities from breaks in the series when reserve requirements are changed.

Prospective Developments

(7) The table below presents for Committee consideration alternative longer-run growth ranges for the monetary aggregates over the QI '78 to QI '79 period, along with ranges currently in place. Alternative B would continue the ranges for M-1 and M-2 adopted by the Committee in February for the QIV '77 to QIV '78 period. The longer-run range for M-3 has been reduced, however, largely because higher market rates of interest are now projected for late 1978 and early 1979 and because recent deposit inflows to thrift institutions have continued relatively weak. Alternatives A and C represent, respectively, somewhat more and somewhat less expansive policies.^{1/}

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Current</u>
M-1	4 to 7	4 to 6½	4 to 6	4 to 6½
M-2	7 to 9½	6½ to 9	6 to 8½	6½ to 9
M-3	7 to 9½	6½ to 9	6 to 8½	7½ to 10
Bank credit	8 to 11	7½ to 10½	7 to 10	7 to 10

(8) The demand for M-1 is expected to be quite strong over the one-year period from QI '78 to QI '79, when nominal GNP is projected to rise at a rate of almost 12½ per cent, about one percentage point more than had been projected a month ago. A little more than half of the increase in the rate of expansion in nominal GNP for the QI '78-QI '79 period reflects an upward revision in the projected rate of

^{1/} Each of the alternatives assumes that ceiling rates on small denomination time deposits at banks and thrift institutions will be raised 50 basis points this summer. Without such an increase in deposit rate ceilings, the level of market rates thought necessary to restrain M-1 growth to the midpoint of the indicated ranges would lead to expansion in M-2 and M-3 in the lower half of their respective ranges.

inflation over the year. The balance reflects the weather- and coal-strike induced reduction in the rate of growth of real GNP in QI '78--projected to be largely made up in QII '78--which lowers the base quarter for the new four-quarter policy period. To hold M-1 growth over the coming year to a rate around the mid-point of the 4 to 6½ per cent range of alternative B would, under the circumstances, require a larger increase in interest rates than the staff had earlier expected. As indicated in Appendix I, we would anticipate a Federal funds rate averaging around 8½ per cent by early next year if the mid-points of the longer-run ranges of alternative B are to be attained. Interest rates would be slightly lower and slightly higher under alternatives A and C, respectively.

(9) All of the alternatives imply relatively rapid increases in the income velocity of M-1, and also a rise in the income velocity of M-2, as shown in Appendix II. Assuming M-1 growth at the 5½ per cent mid-point of the alternative B range, V-1 would be projected to rise by about 7 per cent over the coming four quarters, more than twice the average rate of the past two years. The projected rise in interest rates would tend to increase the public's willingness to economize on cash balances and thus would contribute to an acceleration in velocity growth. However, the staff has assumed that there also will be a further downward shift in the demand for money over the period ahead, partly because higher market interest rates may once again lead to new financial innovations that substitute for demand deposits, and to more intensive marketing of earlier innovations and cash management services, as financial institutions

attempt to retain funds. Whether such a further downward shift in demand for M-1 will actually occur is quite uncertain, however. If it does not, efforts to constrain growth in M-1 to the mid-point of the ranges presented are likely to involve interest rate levels higher than those projected, and consequent growth in real GNP below the projected rate.

(10) Even if growth in M-1 and M-2 were at the mid-points of their ranges over the year ahead, growth in these aggregates over more extended periods ending in QI '79 would--because of the relatively rapid rates of expansion of the aggregates in 1977--be above the mid-points of the proposed ranges under each alternative. For example, as shown in the table below, M-1 growth at around the 5½ per cent mid-point of the alternative B range for the QI '78-QI '79 period would lead to a 6.3 per cent annual rate of expansion over the 24-month period starting in the first quarter of 1977, almost at the upper end of the range.^{1/} M-1 growth over the next four quarters at around the 5 per cent mid-point of the proposed alternative C range would still imply M-1 growth over the 24-month period beginning in QI '77 at a rate well above the mid-point of the current FOMC range.

^{1/} Implied growth rates for even more extended periods are shown in the growth triangles in Appendix III.

Growth Rates in Monetary Aggregates Assuming Growth over
 QI '78 to QI '79 Period at Mid-points of Ranges for
 Each Alternative

(Annual rates, compounded quarterly)

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
		<u>M-1</u>	
<u>Period</u>			
QI '78 to QI '79	5.5	5.2	5.0
QIV '77 to QI '79	5.4	5.2	5.0
QIII '77 to QI '79	5.7	5.7	5.4
QII '77 to QI '79	6.1	6.0	5.8
QI '77 to QI '79	6.4	6.3	6.1
		<u>M-2</u>	
QI '78 to QI '79	8.0	7.7	7.3
QIV '79 to QI '79	7.7	7.5	7.2
QIII '77 to QI '79	7.8	7.6	7.3
QII '77 to QI '79	8.2	8.0	7.8
QI '77 to QI '79	8.3	8.1	8.0

(11) Shorter-term specifications for the monetary aggregates and the Federal funds rate believed to be consistent with the longer-run alternatives are summarized below for Committee consideration.

(More detailed and longer-term data are shown in the tables on pp. 9 and 10.)

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Ranges for April-May			
M-1	6½ to 10½	6 to 10	5½ to 9½
M-2	7 to 11	6½ to 10½	6 to 10
Federal funds rate (intermeeting period)	6 to 6½	6½ to 7	7 to 7½

(12) The expected sharp rebound in GNP in the current quarter should be reflected in accelerated growth in M-1 over the

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>
1978	March	340.1	340.1	340.1	820.1	820.1	820.1
	April	343.0	342.9	342.8	826.6	826.2	826.0
	May	344.9	344.6	344.3	832.1	831.3	830.7
1978	QI	339.5	339.5	339.5	816.8	816.8	816.8
	QII	345.0	344.7	344.4	832.2	831.4	831.3
	QIII	350.0	349.4	349.0	849.7	849.2	848.8
	QIV	353.8	353.1	352.3	866.8	864.8	862.5
1979	QI	358.2	357.3	356.5	882.5	879.6	876.6
<u>Growth Rates</u>							
<u>Monthly:</u>							
1978	April	10.2	9.9	9.5	9.5	8.9	8.6
	May	6.6	5.9	5.3	8.0	7.4	6.8
<u>Quarterly Average:</u>							
1978	QII	6.5	6.1	5.8	7.5	7.2	7.1
	QIII	5.8	5.5	5.3	8.4	8.6	8.4
	QIV	4.3	4.2	3.8	8.1	7.3	6.5
1979	QI	5.0	4.8	4.8	7.2	6.8	6.5
<u>Semi-Annual:</u>							
QI '78-QIII '78		6.2	5.8	5.6	8.1	7.9	7.8
QIII '78-QI '79		4.7	4.5	4.3	7.7	7.2	6.6
<u>Annual:</u>							
QI '78-QI '79		5.5	5.2	5.0	8.0	7.7	7.3

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>
1978	March	1397.3	1397.3	1397.3	894.3	894.3	894.3
	April	1407.5	1407.0	1406.6	902.5	902.5	902.5
	May	1417.3	1416.0	1414.8	910.3	910.0	909.7
1978	QI	1390.6	1390.6	1390.6	887.7	887.7	887.7
	QII	1417.3	1416.0	1415.4	910.1	909.9	909.7
	QIII	1447.5	1445.3	1443.6	929.4	929.0	928.6
	QIV	1478.4	1473.3	1468.2	948.4	947.5	946.7
1979	I	1508.2	1500.5	1493.2	969.4	967.6	965.8
<u>Growth Rates</u>							
<u>Monthly:</u>							
1978	April	8.8	8.3	8.0	11.0	11.0	11.0
	May	8.4	7.7	7.0	10.4	10.0	9.6
<u>Quarterly Average:</u>							
1978	QII	7.7	7.3	7.1	10.1	10.0	9.9
	QIII	8.5	8.3	8.0	8.5	8.4	8.3
	QIV	8.5	7.7	6.8	8.2	8.0	7.8
1979	QI	8.1	7.4	6.8	8.9	8.5	8.1
<u>Semi-Annual:</u>							
QI '78-QIII '78		8.2	7.9	7.6	9.4	9.3	9.2
QIII '78-QI '79		8.4	7.6	6.9	8.6	8.3	8.0
<u>Annual:</u>							
QI '78-QI '79		8.5	7.9	7.4	9.2	9.0	8.8

April-May period. As contemplated under alternative B, a Federal funds rate centered on the recently prevailing 6-3/4 per cent level is likely to be associated with M-1 growth over the two-month period at an annual rate in a 6 to 10 per cent range. In terms of quarterly averages, we would expect expansion in M-1 from the first to the second quarter to be at a rate of about 6 per cent. However, growth would be more rapid over the course of the second quarter--with M-1 expansion at about an 7½ per cent rate from March to June.

(13) Growth in M-2 over the April-May period is likely to be in a 6½ to 10½ per cent annual rate range under alternative B. Savings deposits at commercial banks are expected to show very small growth at best, though larger-than-seasonal tax refunds to individuals may temporarily strengthen flows into these deposits in coming weeks. With market yields remaining above ceiling rates, small-denomination time deposits at commercial banks are also likely to grow only moderately. However, in view of continued strong loan demands, banks probably will maintain their reliance on large-denomination time deposits. Since a major portion of these deposits is included in M-2, the interest-bearing component of this aggregate is expected to continue at near its recent pace.

(14) Under alternative B, inflows to savings and loan associations and mutual savings banks over the April-May period can be expected to remain at near the 6 to 7 per cent average monthly rate prevailing since year end. Consequently, thrifts are likely to continue to reduce

their portfolio liquidity and to increase their borrowing from the Federal Home Loan Banks and others. At the same time, the commitment and other mortgage lending policies of thrift institutions are likely to be tightened further.

(15) Even with the Federal funds rate remaining around 6-3/4 per cent over the intermeeting period, market interest rates may come under some upward pressure. Market expectations of a near-term tightening of monetary policy are likely to be stimulated again if, as seems likely, incoming data indicate a strengthening of economic activity, continued substantial advances in prices, and an acceleration of growth in the monetary aggregates. In addition, expected strong demands for short-term funds by nonfinancial businesses should result in further increases in commercial paper issuance and in continued heavy offerings of large CD's by banks seeking funds to accommodate business loan demands. Sponsored Federal agencies are also expected to continue issuing a substantial volume of short-term debt over this period. On the other hand, tendencies for bill rates to rise will be tempered by the Treasury's repayment of \$12 billion of cash management bills in the latter half of April and the relatively low level of dealer bill inventories. It is also likely that the Treasury will engage in net debt repayment in the mid-May refunding.

(16) In longer-term markets, offerings of corporate, municipal, and Federal agency issues are likely to remain sizable in the next few weeks. On April 26, the Treasury will announce the terms on which it

will refund about \$6 billion of publicly held issues maturing in mid-May. It is expected that the Treasury will offer a sizable amount of intermediate- and long-term securities in this operation. The recent increases in bond yields and the adjustments in dealer positions, with U.S. Government dealers now showing a sizable net short position in coupon issues, suggest that much of the impact of this additional supply may already have been discounted by the market. However, mortgage yields appear likely to continue to drift higher in response to the continued slow expansion of deposits at thrift institutions.

(17) Over the balance of the year and into early 1979, both short- and long-term interest rates are likely to rise further as the Federal Reserve takes actions to restrain money growth. Such rate increases would be accompanied by a reduction in liquid asset holdings of depository institutions, continued large commercial bank offerings of large-denomination time deposits, and large additional borrowing by Federal housing agencies undertaken to support the mortgage market. As time goes on, the willingness and ability of depository institutions to finance credit demands may be significantly limited by growing strains on their balance sheets. While bond yields would also be under upward pressure, rate increases would be cushioned by a reduction of State and local advance refundings, a further shift of corporate financing from capital markets to banks, and continued substantial demands for long-term securities by insurance companies and pension funds.

(18) Under alternative C the Federal funds rate would rise over the intermeeting period to the mid-point of a 7 to 7½ per cent range. M-1 growth would likely be in a 5½ to 9½ per cent annual rate range over April and May and M-2 growth in a 6 to 10 per cent range. Under these circumstances, private short-term rates would probably rise about ½ percentage point, while Treasury bill rates may increase somewhat less because of sizable bill paydowns. The prime rate would also be likely to increase, particularly since loan demands are expected to remain strong, and bond yields should continue to move up somewhat. With the rise in market rates, member bank borrowing from Federal Reserve Banks would expand sharply from recently reduced levels, increasing pressures for a discount rate advance. The rise in short-term rates under alternative C may provide some support for the dollar in international exchange markets.

(19) The near-term increase in interest rates under alternative C would be a step toward reducing the longer-run rate of growth of the monetary aggregates, but further upward adjustments in interest rates over the coming year would be required to limit M-1 growth to the mid-point of its 4 to 6 per cent longer-run range. The funds rate would probably have to rise to 9 per cent by late this year.

(20) Alternative A calls for a reduction in the Federal funds rate over the intermeeting period to the mid-point of a 6 to 6½ per cent range. Such an action would surprise market participants, in view of the increased rate of inflation and the probability that the data to be published in coming weeks will be indicating more

rapid M-1 growth. Downward pressure on short-term rates would tend to be moderate since participants would expect a reversal in the funds rate over the near term. Thus, the 3-month bill rate might still remain somewhat above 6 per cent, and private short-term rates would decline only marginally. Long-term rates probably also would be little affected. On the other hand, the dollar would almost certainly decline in foreign exchange markets.

(21) Alternative A is consistent with a policy designed to encourage more rapid growth in the aggregates over the longer-run. However, given expected nominal GNP growth over the policy period, the near-term decline in the funds rate would soon have to be reversed to restrain growth in M-1 to the mid-point of its longer run range. By late spring, the funds rate would have to begin rising again, reaching $8\frac{1}{2}$ per cent by late in the year.

Directive language

(22) Given below are alternatives for the operational paragraphs of the directive. The first formulation, like the directive adopted at the last meeting, places main emphasis on near-term rates of growth in monetary aggregates; it shows--in strike-through form--the specifications adopted at the last meeting. The second formulation places main emphasis on money market conditions. As suggested below, the particular language needed in the opening lines of the money market formulation would depend on the specific conditions sought; the three alternatives shown--calling, respectively, for somewhat easier, prevailing, and somewhat firmer money market conditions--are intended to be associated with the specifications discussed in the preceding section under alternatives A, B, and C.

"Monetary Aggregates" formulation

The Committee seeks to encourage near-term rates of growth in M-1 and M-2 on a path believed to be reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, at present, it expects the annual growth rates over the ~~March-April~~ APRIL-MAY period to be within ranges of 4-~~to~~-8 ____ TO ____ per cent for M-1 and 5-1/2 ~~to~~-9 ____ TO ____ per cent for M-2. In the judgment of the Committee such growth rates are likely to be associated with a weekly-average Federal funds rate of about 6-3/4 ____ per cent (or at about the current level). If, giving approximately equal weight to M-1 and M-2, it appears that growth rates over the

2-month period will deviate significantly from the midpoints of the indicated ranges, the operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of ~~6-1/2-7~~ _____ TO _____ per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

"Money Market" formulation

At this time, the Committee seeks to maintain about the prevailing money market conditions (or to achieve somewhat easier or somewhat firmer money market conditions) during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about the current level (or to reduce or to increase the weekly-average Federal funds rate somewhat from the current level), so long as M-1 and M-2 appear to be growing over the April-May period at annual rates within

ranges of _____ to _____ per cent and _____ to _____ per cent, respectively. If, giving approximately equal weight to M-1 and M-2, it appears that growth rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the weekly-average Federal funds rate shall be modified in an orderly fashion within a range of _____ to _____ per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Appendix I

Projected Federal Funds Rate

		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978	QII	6½	7	7½
	QIII	7-7/8	8	8-1/8
	QIV	8½	8½	8½
1979	QI	8½	8½	9

Appendix II

Implied Velocity Growth Rates

<u>V_1</u> (<u>GNP/M₁</u>)	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1978 II	7.4	7.5	7.8
III	5.4	5.4	5.3
IV	7.4	7.2	7.4
1979 I	6.6	6.6	6.3
<u>V_2</u> (<u>GNP/M₂</u>)			
1978 II	6.4	6.5	6.4
III	2.7	2.2	2.4
IV	3.7	4.0	4.6
1979 I	4.4	4.6	4.6

Appendix Table III-1

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

Ending Period	Base Period													
	<u>74IV</u>	<u>75I</u>	<u>75II</u>	<u>75III</u>	<u>75IV</u>	<u>76I</u>	<u>76II</u>	<u>76III</u>	<u>76IV</u>	<u>77I</u>	<u>77II</u>	<u>77III</u>	<u>77IV</u>	<u>78I</u>
1975 I	2.3													
II	4.3	6.4												
III	5.0	6.3	6.3											
IV	4.4	5.1	4.5	2.8										
1976 I	4.5	5.0	4.6	3.7	4.7									
II	4.9	5.4	5.2	4.8	5.9	7.0								
III	4.7	5.1	4.9	4.6	5.2	5.4	3.8							
IV	5.1	5.5	5.3	5.1	5.7	6.1	5.6	7.4						
1977 I	5.3	5.7	5.6	5.5	6.0	6.3	6.1	7.3	7.1					
II	5.6	6.0	5.9	5.9	6.4	6.7	6.6	7.6	7.7	8.3				
III	5.8	6.2	6.2	6.2	6.7	7.0	7.0	7.8	7.9	8.3	8.3			
IV	6.0	6.3	6.3	6.3	6.7	7.0	7.0	7.7	7.8	8.0	7.8	7.4		
1978 I	5.9	6.2	6.2	6.2	6.6	6.8	6.8	7.3	7.2	7.3	6.9	6.2	5.1	
	* * * * *													
1979 I														
Alt. A	5.8	6.0	6.0	6.0	6.2	6.4	6.3	6.6	6.5	6.4	6.1	5.7	5.4	5.5
Alt. B	5.7	6.0	5.9	5.9	6.2	6.3	6.2	6.5	6.3	6.3	6.0	5.7	5.2	5.2
Alt. C	5.7	5.9	5.9	5.8	6.1	6.2	6.1	6.4	6.2	6.1	5.8	5.4	5.0	5.0

^{1/} Based on quarterly average data.

Appendix Table III-2

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

Ending Period	Base Period													
	<u>74IV</u>	<u>75I</u>	<u>75II</u>	<u>75III</u>	<u>75IV</u>	<u>76I</u>	<u>76II</u>	<u>76III</u>	<u>76IV</u>	<u>77I</u>	<u>77II</u>	<u>77III</u>	<u>77IV</u>	<u>78I</u>
1975 I	6.4													
II	8.3	10.2												
III	8.8	10.1	9.9											
IV	8.3	9.0	8.4	6.9										
1976 I	8.9	9.5	9.3	8.9	11.0									
II	9.1	9.7	9.5	9.4	10.7	10.4								
III	9.1	9.5	9.4	9.3	10.1	9.6	8.9							
IV	9.6	10.1	10.0	10.1	10.9	10.8	11.1	13.2						
1977 I	9.8	10.2	10.2	10.3	11.0	10.9	11.1	12.3	11.3					
II	9.7	10.1	10.1	10.1	10.7	10.6	10.7	11.3	10.3	9.4				
III	9.8	10.1	10.1	10.2	10.6	10.6	10.6	11.0	10.3	9.8	10.3			
IV	9.7	10.0	9.9	9.9	10.3	10.2	10.2	10.5	9.8	9.3	9.2	8.2		
1978 I	9.4	9.7	9.6	9.6	9.9	9.8	9.7	9.8	9.1	8.6	8.3	7.4	6.6	
	* * * * *													
1979 I														
Alt. A	9.1	9.3	9.2	9.1	9.3	9.2	9.1	9.1	8.6	8.3	8.2	7.8	7.7	8.0
Alt. B	9.0	9.2	9.1	9.0	9.2	9.1	8.9	9.0	8.5	8.1	8.0	7.6	7.5	7.7
Alt. C	8.9	9.1	9.0	8.9	9.1	8.9	8.8	8.8	8.3	8.0	7.8	7.3	7.2	7.3

^{1/} Based on quarterly average data.

Appendix Table III-3

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

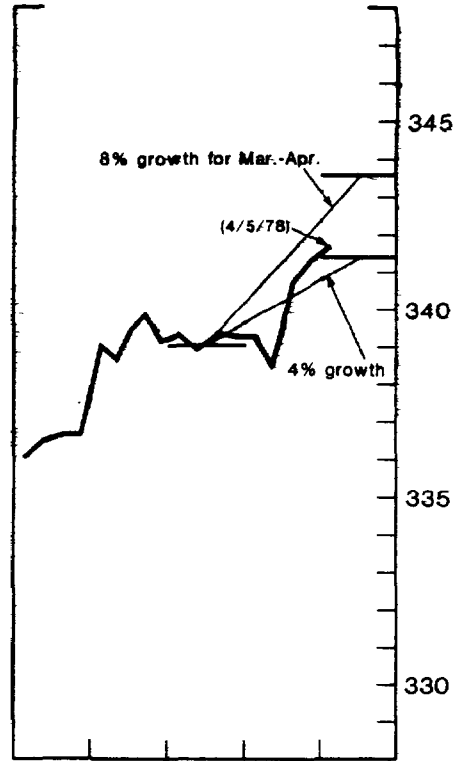
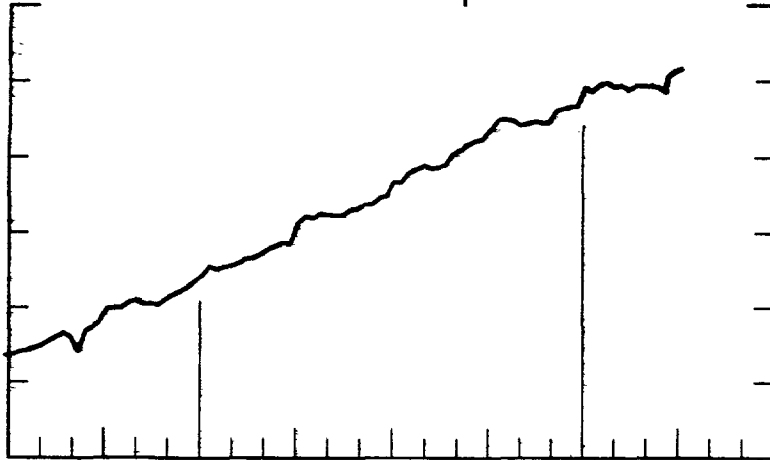
Ending Period	Base Period													
	<u>74IV</u>	<u>75I</u>	<u>75II</u>	<u>75III</u>	<u>75IV</u>	<u>76I</u>	<u>76II</u>	<u>76III</u>	<u>76IV</u>	<u>77I</u>	<u>77II</u>	<u>77III</u>	<u>77IV</u>	<u>78I</u>
1975 I	8.3													
II	10.6	13.0												
III	11.5	13.1	13.2											
IV	11.1	12.0	11.5	9.8										
1976 I	11.4	12.2	11.9	11.2	12.7									
II	11.5	12.2	12.0	11.6	12.5	12.2								
III	11.5	12.0	11.8	11.5	12.1	11.8	11.3							
IV	11.9	12.5	12.4	12.2	12.8	12.8	13.1	15.0						
1977 I	12.0	12.5	12.4	12.3	12.8	12.8	13.0	13.9	12.7					
II	11.9	12.3	12.2	12.0	12.4	12.4	12.4	12.8	11.7	10.6				
III	11.9	12.3	12.2	12.1	12.4	12.4	12.4	12.7	11.9	11.5	12.5			
IV	11.8	12.2	12.1	12.0	12.2	12.2	12.2	12.3	11.7	11.4	11.7	11.0		
1978 I	11.5	11.8	11.7	11.5	11.7	11.6	11.5	11.5	10.9	10.4	10.3	9.3	7.6	
	* * * * *													
1979 I														
Alt. A	10.8	10.9	10.8	10.6	10.7	10.5	10.4	10.3	9.8	9.4	9.3	8.7	8.3	8.5
Alt. B	10.7	10.8	10.7	10.5	10.5	10.4	10.2	10.1	9.5	9.1	8.9	8.4	7.8	7.9
Alt. C	10.5	10.7	10.5	10.3	10.4	10.2	10.0	9.9	9.3	8.9	8.6	8.0	7.4	7.4

^{1/} Based on quarterly average data.

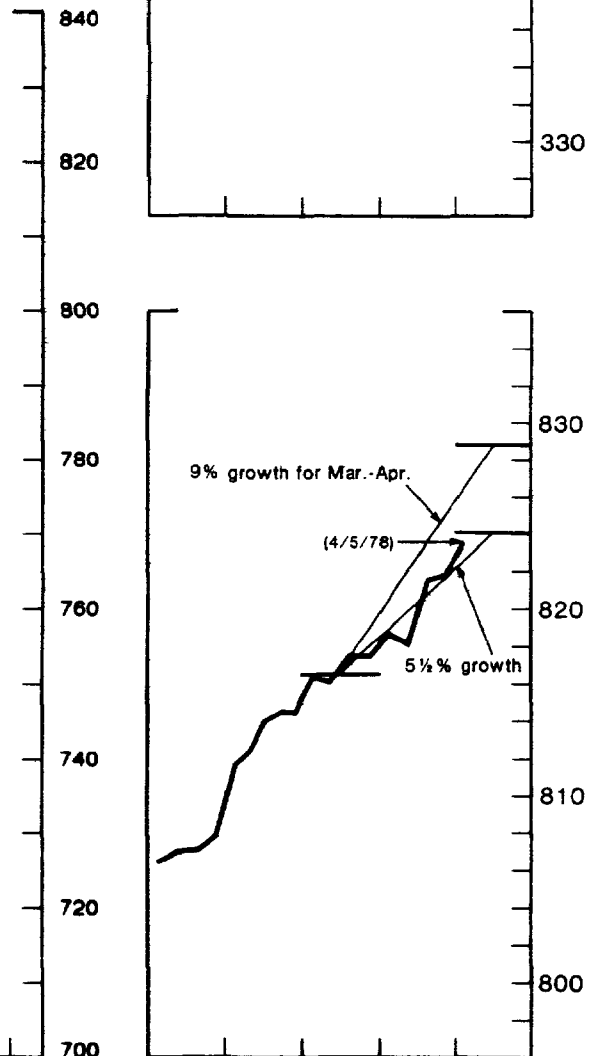
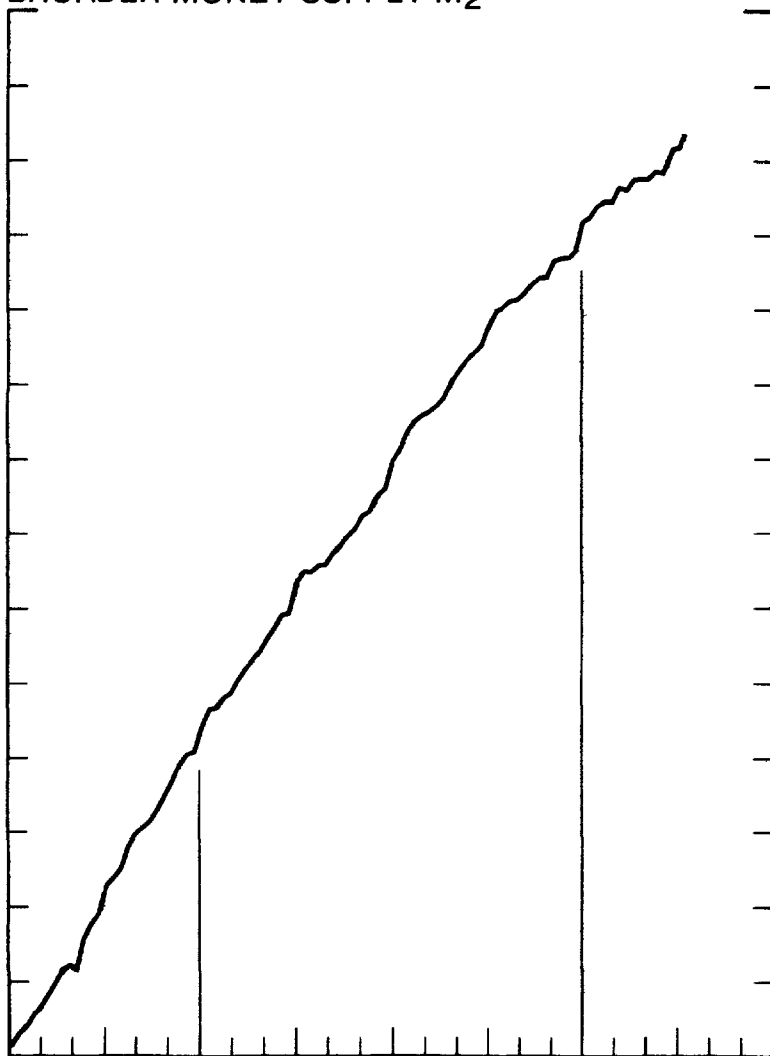
MONETARY AGGREGATES

NARROW MONEY SUPPLY M₁

BILLIONS OF DOLLARS



BROADER MONEY SUPPLY M₂



1976

1977

1978

D
1977

J

F

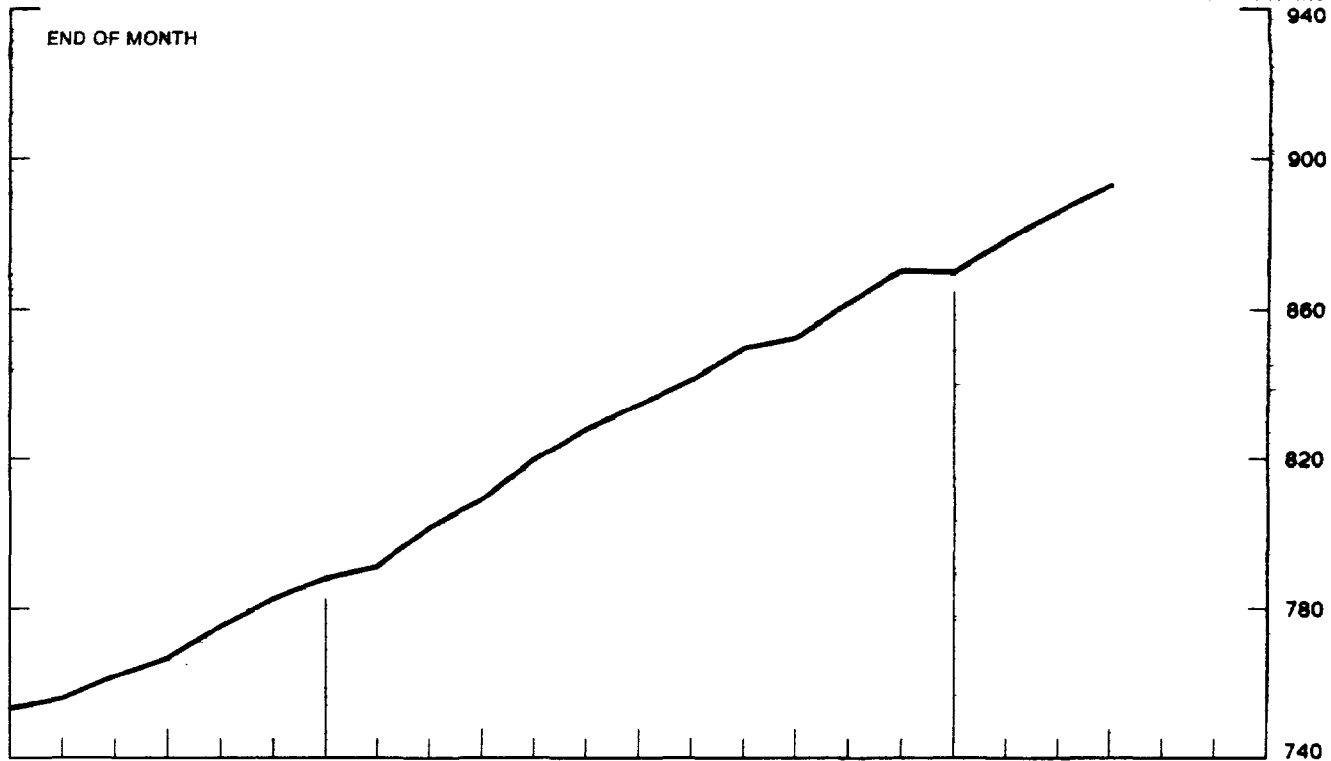
M

A

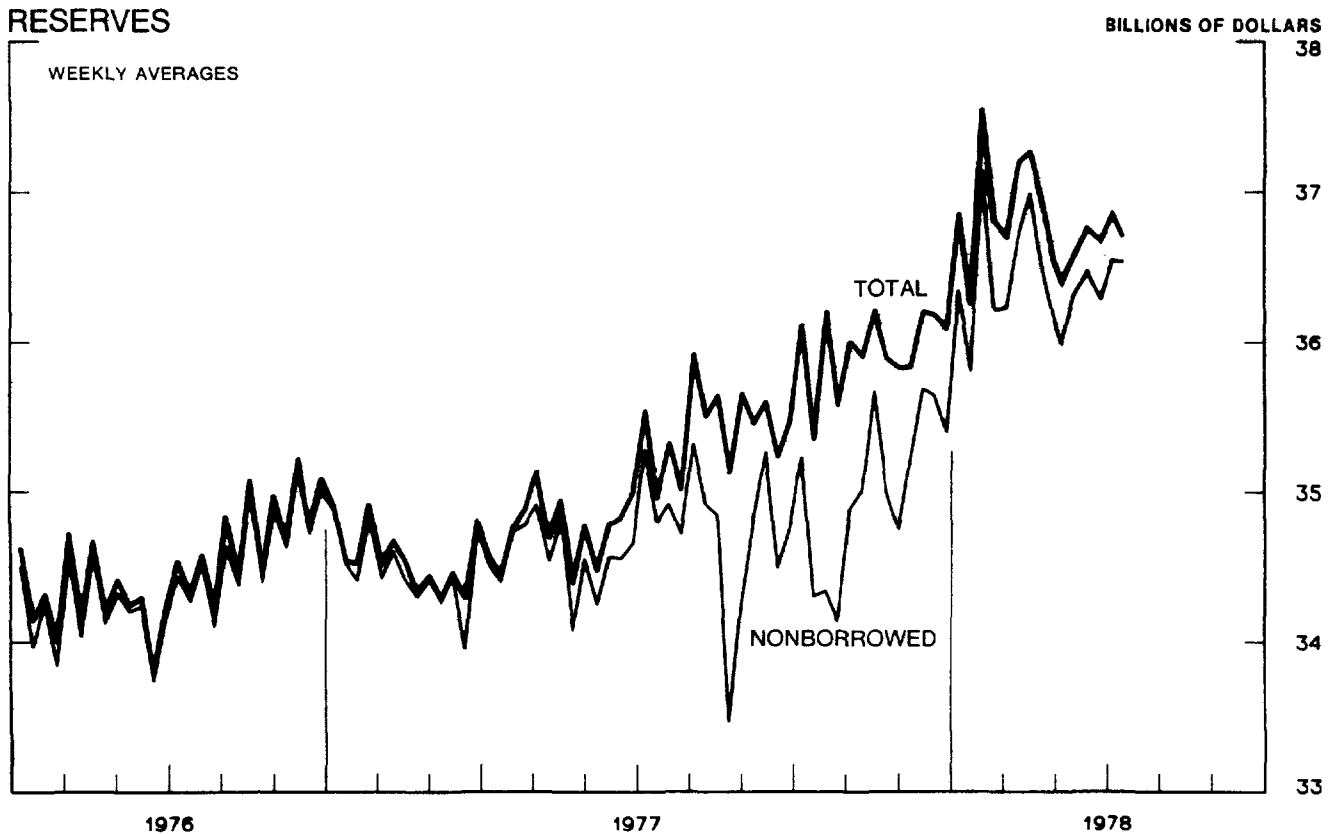
1978

MONETARY AGGREGATES

BANK CREDIT



RESERVES



MONEY MARKET CONDITIONS AND INTEREST RATES

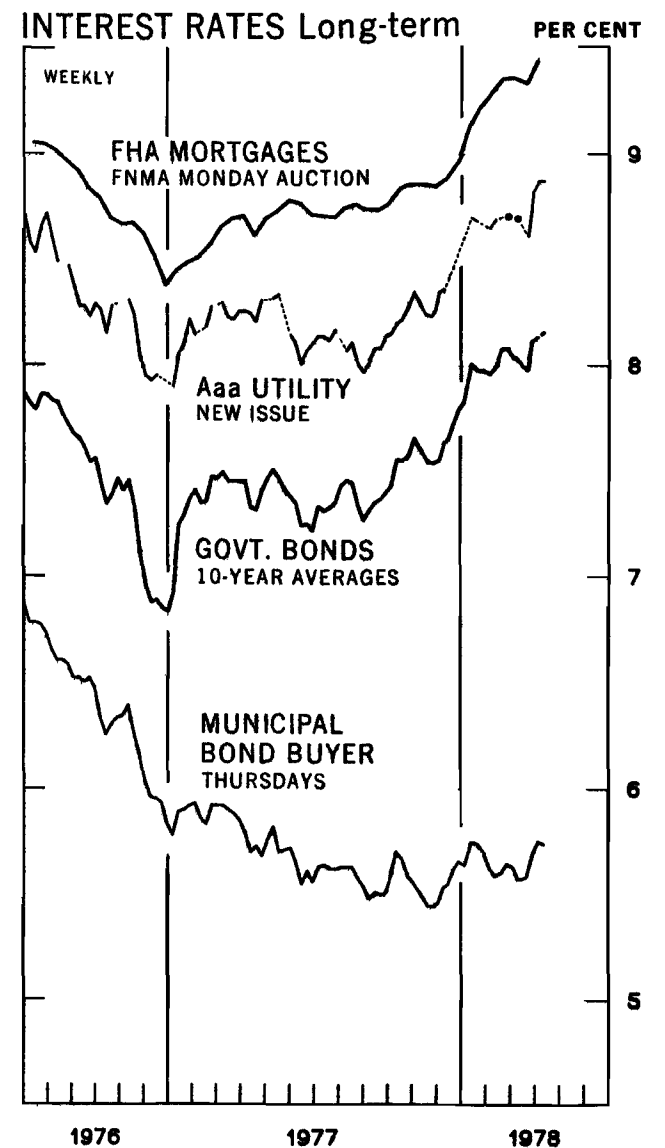
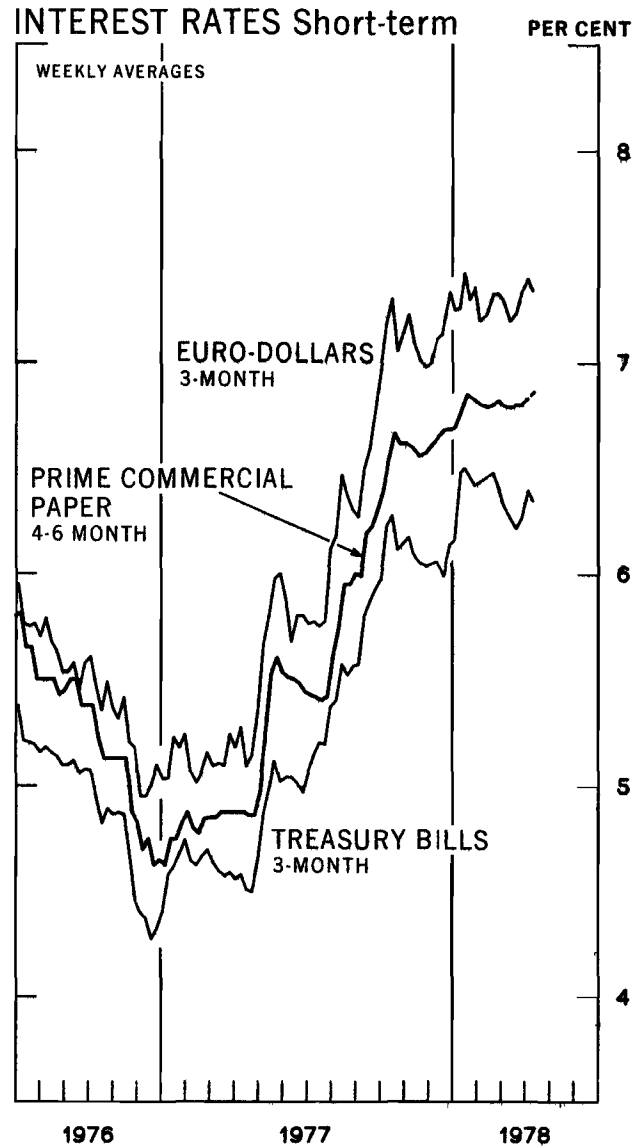
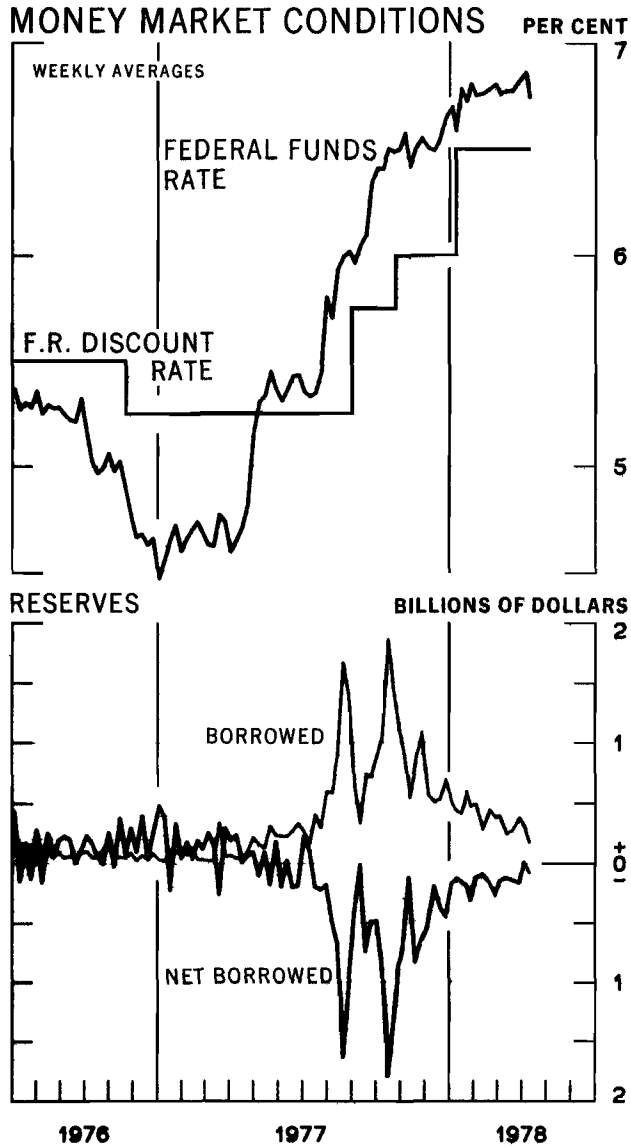


Table 1

MONETARY AGGREGATES

ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

CONFIDENTIAL (FR)
CLASS II-FOMC
APR. 14, 1978

Period	Money Supply		Total U.S. Govt. Deposits 1/	Time & Savings Deposits				CD's	Nondeposit Sources of Funds 2/
	Narrow (M1)	Broad (M2)		Total	Other Than CD's				
					Total	Savings	Other		
	1	2	3	4	5	6	7	8	9
MONTHLY LEVELS--\$BIL									
1978--JAN.	339.4	813.6	9.7	550.5	474.2	220.6	253.6	76.3	63.8
FEB.	339.1	816.6	7.5	556.8	477.5	220.7	256.7	79.4	66.3
MAR.	340.1	820.1	7.9	562.1	480.0	220.8	259.3	82.0	67.4
APR.	(342.9)	(826.2)	(8.8)	(566.5)	(483.4)	(221.3)	(262.1)	(83.2)	
% ANNUAL GROWTH									
QUARTERLY									
1977--3RD QTR.	9.0	10.1		9.9	10.8	10.9	10.8	3.2	
4TH QTR.	6.2	7.0		14.5	7.6	1.3	13.3	64.0	
1978--1ST QTR.	4.0	6.2		12.6	7.7	2.4	12.6	43.2	
QUARTERLY--AV									
1977--3RD QTR.	8.1	9.9		10.3	11.2	7.3	14.6	4.5	
4TH QTR.	7.2	8.0		13.0	8.5	5.4	11.4	44.9	
1978--1ST QTR.	5.0	6.4		13.1	7.4	2.2	12.0	50.0	
MONTHLY									
1978--JAN.	9.6	8.9		12.3	8.4	6.0	10.5	37.3	
FEB.	-1.1	4.4		13.7	8.4	0.5	14.7	48.8	
MAR.	3.5	5.1		11.4	6.3	0.5	12.2	39.3	
APR.	(9.9)	(8.9)		(9.4)	(8.5)	(2.7)	(13.0)	(17.6)	
MAR.--APR.	(6.7)	(7.1)		(10.5)	(7.4)	(1.6)	(12.6)	(28.7)	
WEEKLY LEVELS--\$BIL									
1978-MAR. 1	339.3	817.5	6.1	559.0	478.2	220.7	257.5	80.9	69.1
8	339.3	818.7	7.3	561.2	479.3	220.9	258.4	81.8	68.8
15	338.5	818.2	7.0	561.8	479.6	220.8	258.8	82.2	65.9
22	340.7	821.6	9.4	562.9	480.9	220.8	260.1	82.0	64.9
29	341.3	821.8	7.7	562.8	480.5	220.8	259.7	82.3	68.8
APR. 5	341.7	823.6	8.4	564.0	481.8	221.2	260.6	82.1	

NOTE: DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS. P - PRELIMINARY

1/ INCLUDES TREASURY DEPOSITS AT MEMBER BANKS AND FEDERAL RESERVE BANKS.

2/ INCLUDES BORROWINGS FROM OTHER THAN COMMERCIAL BANKS IN THE FORM OF FEDERAL FUNDS PURCHASED, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, AND OTHER LIABILITIES FOR BORROWED MONEY, PLUS GROSS LIABILITIES TO OWN FOREIGN BRANCHES (EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, AND OTHER MINOR ITEMS.

Table 1-A
TIME AND SAVINGS DEPOSITS AT ALL COMMERCIAL BANKS

CONFIDENTIAL (FR)
CLASS II-FOMC

SEASONALLY ADJUSTED EXCEPT AS NOTED

APR. 14, 1978

Period	Total Time and Savings	Savings Deposits				Time Deposits			Memo: Large Negotiable CD's
		Total	Individual and Nonprofit	Business (NSA)	Government (NSA)	Total	Large Denomination	Small Denomination	
	1	2	3	4	5	6	7	8	9
OUTSTANDING (\$ BILLIONS)									
1977--JULY	518.3	214.1	198.4	10.2	5.5	304.2	141.5	162.7	62.8
AUG.	521.9	217.0	201.2	10.5	5.3	304.9	142.0	162.9	63.2
SEPT.	525.9	218.8	203.2	10.6	5.1	307.1	143.6	163.6	63.8
OCT.	531.9	219.5	204.1	10.5	4.9	312.3	148.1	164.2	66.4
NOV.	540.0	219.4	204.5	10.6	4.3	320.6	157.6	163.0	70.9
DEC.	544.9	219.5	204.7	10.6	4.2	325.4	162.1	163.3	74.0
1978--JAN.	550.5	220.6	205.8	10.2	4.5	329.9	165.9	164.0	76.3
FEB.	556.8	220.7	206.0	10.1	4.7	336.1	171.9	164.2	79.4
MAR.	562.1	220.8	206.2	10.1	4.5	341.3	175.6	165.7	82.0
CHANGES (\$ BILLIONS)									
1977 YEAR	55.2	17.6	17.4	2.1	-1.9	37.6	25.4	12.2	11.3
QUARTERLY AVERAGE:									
1977--I	14.8	10.5	7.3	1.2	1.8	4.5	1.0	3.4	0.5
II	10.4	4.6	4.1	0.8	-0.2	5.7	-0.7	6.6	-0.3
III	13.1	3.9	4.7	0.4	-1.2	9.2	5.9	3.3	0.7
IV	16.9	2.9	3.5	0.2	-0.8	14.0	13.5	0.4	7.1
1978--I	17.6	1.2	1.6	-0.5	0.1	16.4	15.2	1.1	8.8
MONTHLY AVERAGE:									
1977--AUG.	3.6	2.9	2.8	0.3	-0.2	0.7	0.5	0.2	0.4
SEPT.	4.0	1.8	2.0	0.1	-0.2	2.2	1.6	0.7	0.6
OCT.	6.0	0.7	0.9	-0.1	-0.2	5.2	4.5	0.6	2.6
NOV.	8.1	-0.1	0.4	0.1	-0.6	8.3	9.5	-1.2	4.5
DEC.	4.9	0.1	0.2	0.0	-0.1	4.8	4.5	0.3	3.1
1978--JAN.	5.6	1.1	1.1	-0.4	0.3	4.5	3.8	0.7	2.3
FEB.	6.3	0.1	0.2	-0.1	0.2	6.2	6.0	0.2	3.1
MAR.	5.3	0.1	0.2	0.0	-0.2	5.2	3.7	1.5	2.6

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

TABLE 2
BANK RESERVES
ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED

APR. 14, 1978

Period	BANK RESERVES			REQUIRED RESERVES			
	Total Reserves	Nonborrowed Reserves	Monetary Base	Total Required	Private Demand	Total Time Deposits	Gov't. and Interbank
	1	2	3	4	5	6	7
MONTHLY LEVELS—\$MILLIONS							
1978—JAN.	36,835	36,351	129,644	36,569	21,713	13,014	1,843
FEB.	36,988	36,582	130,212	36,747	21,818	13,083	1,846
MAR.	36,618	36,290	130,429	36,418	21,378	13,227	1,813
APR.	(36,959)	(36,694)	(131,431)	(36,766)	(21,514)	(13,283)	(1,969)
PERCENT ANNUAL GROWTH							
QUARTERLY							
1977—3RD QTR.	8.0	3.8	9.2	7.3	11.3	2.9	
4TH QTR.	7.4	8.2	9.7	7.7	4.9	13.8	
1978—1ST QTR.	5.1	7.9	7.6	5.1	-1.9	12.2	
QUARTERLY-AV							
1977—3RD QTR.	7.8	2.2	9.0	7.3	8.8	5.8	
4TH QTR.	6.1	3.4	9.1	6.3	6.0	8.8	
1978—1ST QTR.	9.2	15.3	9.9	9.1	4.0	14.4	
MONTHLY							
1978—JAN.	22.6	25.9	15.6	20.2	13.0	16.6	
FEB.	5.0	7.6	5.3	5.8	5.8	6.4	
MAR.	-12.0	-9.6	2.0	-10.7	-24.2	13.2	
APR.	(11.2)	(13.4)	(9.2)	(11.5)	(7.6)	(5.1)	
MAR.-APR.	(-0.5)	(1.8)	(5.6)	(0.3)	(-8.4)	(9.2)	
WEEKLY LEVELS—\$MILLIONS							
1978—MAR.							
1	36,518	36,127	130,014	36,398	21,585	13,114	1,699
8	36,399	36,003	129,636	36,135	21,317	13,145	1,673
15	36,582	36,334	130,229	36,451	21,356	13,198	1,898
22	36,748	36,468	130,786	36,600	21,431	13,274	1,893
29	36,689	36,303	130,987	36,454	21,402	13,286	1,766
APR.							
5	36,853	36,549	130,905	36,546	21,304	13,297	1,944
12	36,708	36,537	130,728	36,614	21,474	13,276	1,864

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

TABLE 3
NET CHANGES IN SYSTEM HOLDINGS OF SECURITIES^{1/}
(\$ million, not seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
APRIL 14, 1978

	Treasury Bills Net Change 2/	Treasury Coupons Net Purchases 3/					Federal Agencies Net Purchases 4/					Net Change Outright Holdings Total 5/	Net RP's 6/
		Within 1 year	1 - 5	5 - 10	Over 10	Total	Within 1 year	1 - 5	5 - 10	Over 10	Total		
1972	-490	87	789	539	167	1,582	46	592	253	168	1,059	1,631	-1,358
1973	7,232	207	579	500	129	1,415	120	400	244	101	864	9,273	-46
1974	1,280	320	797	434	196	1,747	439	1,665	659	318	3,082	6,303	-154
1975	-468	337	3,284	1,510	1,070	6,202	191	824	460	138	1,613	7,267	1,272
1976	863	472	3,025	1,048	642	5,187	105	469	203	114	891	6,227	3,607
1977	4,361	517	2,833	758	553	4,660	--	792	428	213	1,433	10,035	-2,892
1977--Qtr. I	1,164	192	997	325	165	1,680	--	--	--	--	--	2,738	-4,771
Qtr. II	2,126	109	526	171	152	959	--	406	251	68	726	3,666	4,175
Qtr. III	886	116	681	96	128	1,021	--	--	--	--	--	4,273	-2,331
Qtr. IV	186	99	628	166	108	1,001	--	386	177	145	707	-643	34
1978--Qtr. I	-2,655	345	1,123	459	247	2,175	--	--	--	--	--	-555	-1,133
1977--Oct.	-1,877	--	--	--	--	--	--	--	--	--	--	-4,380	-6,530
Nov.	-736	--	--	--	--	--	--	--	--	--	--	-736	2,996
Dec.	2,798	93	628	166	108	1,001	--	386	177	145	707	4,474	3,568
1978--Jan.	-627	56	311	89	100	556	--	--	--	--	--	-71	-7,149
Feb.	-2,695	--	--	--	--	--	--	--	--	--	--	-2,717	4,141
Mar.	668	288	813	370	147	1,618	--	--	--	--	--	2,233	1,874
1978--Feb. 1	-860	--	--	--	--	--	--	--	--	--	--	-882	5,009
8	-275	--	--	--	--	--	--	--	--	--	--	-275	-5,745
15	-1,358	--	--	--	--	--	--	--	--	--	--	-1,358	4,629
22	-200	--	--	--	--	--	--	--	--	--	--	-200	2,408
Mar. 1	-862	--	--	--	--	--	--	--	--	--	--	-862	-1,474
8	351	--	--	--	--	--	--	--	--	--	--	351	-4,050
15	--	--	--	--	--	--	--	--	--	--	--	-44	612
22	--	248	448	275	54	1,024	--	--	--	--	--	1,016	3,386
29	79	--	--	--	--	--	--	--	--	--	--	79	2,615
Apr. 5	410	41	365	95	93	594	--	--	--	--	--	1,004	-7,652
12	108	--	--	--	--	--	--	--	--	--	--	108	636
19													
26													
LEVEL--Apr. 12	40.6	14.5	29.4	9.9	7.8	61.5	1.4	4.0	1.6	.9	7.9	110.0	-4.1

1/ Change from end-of-period to end-of-period.

2/ Outright transactions in market and with foreign accounts, and redemptions (-) in bill auctions.

3/ Outright transactions in market and with foreign accounts, and short-term notes acquired in exchange for maturing bills. Excludes redemptions, maturity shifts, rollovers of maturing coupon issues, and direct Treasury borrowing from the System.

4/ Outright transactions in market and with foreign accounts only. Excludes redemptions and maturity shifts.

5/ In addition to net purchases of securities, also reflects changes in System holdings of bankers' acceptances, direct Treasury borrowings from the System, and redemptions (-) of Agency and Treasury coupon issues.

6/ Includes changes in both RP's (+) and matched sale-purchase transactions (-).

TABLE 4
SECURITY DEALER POSITIONS AND BANK POSITIONS
(millions of dollars)

STRICTLY CONFIDENTIAL (FR)
CLASS II - FOMC
APRIL 14, 1978

	U.S. Govt. Security Dealer Positions		Underwriting Syndicate Positions		Excess** Reserves	Member Bank Reserve Positions			
	Bills	Coupon Issues	Corporate Bonds	Municipal Bonds		Borrowing at FRB**		Basic Reserve Deficit**	
						Total	Seasonal	8 New York	38 Others
1977--High	7,234	3,017	295	487	513	1,861	131	-9,151	-13,975
Low	1,729	-1,445	0	116	-111	20	8	-4,234	- 8,206
1978--High	5,625	2,043	215	349	370	592	59	-7,699	-13,938
Low	*2,158	-221	0	151	120	248p	25	-3,993	- 8,533
1977--Mar.	4,906	972	103	162	214	103	13	-5,661	-10,912
Apr.	4,567	696	101	173	192	73	14	-6,586	-11,409
May	3,072	123	20	228	213	206	30	-5,693	-10,175
June	4,752	206	142	217	154	262	54	-5,341	-10,332
July	3,899	-309	143	209	275	323	60	-6,391	-11,012
Aug.	2,533	-933	71	199	200	1,084	102	-5,581	-11,452
Sept.	4,812	-313	128	230	209	626	112	-7,333	-11,120
Oct.	4,142	-360	83	186	210	1,305	112	-6,480	-11,511
Nov.	3,617	610	36	210	251	863	83	-6,971	-11,825
Dec.	4,257	804	195	367	193	570	55	-7,403	-11,350
1978--Jan.	4,127	327	42	293	268	484	32	+6,047	-12,299
Feb.	3,418	1,492	24	197	243	406	49	-4,980	-12,603
Mar.	*2,713	*470	96	268	199p	328p	47p	-6,787p	-11,039p
1978--Feb. 1	3,599	674	7	154	158	470	44	-3,993	-11,516
8	3,842	2,043	35	151	370	493	48	-5,056	-13,137
15	4,128	1,264	0	251	185	281	48	-4,906	-13,295
22	3,185	968	55	231	292	446	53	-5,241	-12,344
Mar. 1	2,176	1,577	37	253	120	391	59	-4,836	-11,655
8	2,807	1,290	64	210	264	395	47	-6,932	-11,783
15	2,923	891	70	244	131	248	40	-7,537	-11,771
22	*2,705	*450	215	282	148	280	47	-7,525	-11,473
29	*2,158	*390	93	349	235p	386p	51p	-5,510	-9,237
Apr. 5	*4,398	*2	23	189	307p	304p	45p	-6,511p	-10,356p
12	*4,078p	*-305p	55p	175p	91p	172p	37p	-8,240p	-14,520p
19									
26									

NOTE: Government security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury securities financed by repurchase agreements maturing in 16 days or more, are indicators of dealer holdings available for sale over the near-term. Underwriting syndicate positions consist of issues still in syndicate, excluding trading positions. The basic reserve deficit is excess reserves less borrowing at Federal Reserve less net Federal funds purchases. Weekly data are daily averages for statement weeks, except for corporate and municipal issues in syndicate which are Friday figures.

* Strictly confidential.

** Monthly averages for excess reserves and borrowings are weighted averages of statement week figures.

p Preliminary

TABLE 5
SELECTED INTEREST RATES
(per cent)

STRICTLY CONFIDENTIAL (PR)
CLASS II - FOMC
APRIL 14, 1978

	Short-Term						Long-Term								
	Federal Funds	Treasury	Bills	CD's	New	Comm.	U.S. Govt.-Constant			Corp-Aaa	Utility	Municipal	Home Mortgages		
		90-day	1-Year	Issue-NYC	90-Day	90-119 Day	Paper	3-yr	7-yr	20-year	New	Recently	Bond	Primary	Secondary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
1977--High	6.65	6.27	6.62	6.70	6.66	7.75	7.39	7.70	7.99	8.36	8.48	5.93	9.00	8.98	8.39
Low	4.47	4.41	4.67	4.50	4.63	6.25	5.83	6.59	7.26	7.90	7.95	5.45	8.65	8.46	7.56
1978--High	6.86	6.50	6.95	6.88	6.80	8.00	7.82	8.05	8.34	8.88	8.86	5.76	9.28	9.44	8.70
Low	6.58	6.16	6.55	6.65	6.68	7.75	7.40	7.72	8.01	8.61	8.48	5.58	8.98	9.13	8.43
1977--Mar.	4.69	4.60	5.19	4.72	4.75	6.25	6.47	7.20	7.73	8.25	8.29	5.89	8.69	8.68	8.06
Apr.	4.73	4.54	5.10	4.67	4.75	6.25	6.32	7.11	7.67	8.26	8.22	5.73	8.75	8.67	7.96
May	5.35	4.96	5.43	5.16	5.26	6.41	6.55	7.26	7.74	8.33	8.31	5.75	8.83	8.74	8.04
June	5.39	5.02	5.41	5.35	5.42	6.75	6.39	7.05	7.64	8.08	8.12	5.62	8.86	8.75	7.95
July	5.42	5.19	5.57	5.28	5.38	6.75	6.51	7.12	7.60	8.15	8.12	5.63	8.95	8.72	7.96
Aug.	5.90	5.49	5.97	5.78	5.75	6.83	6.79	7.24	7.64	8.04	8.05	5.62	8.94	8.76	8.03
Sept.	6.14	5.81	6.13	6.01	6.09	7.13	6.84	7.21	7.57	8.07	8.07	5.51	8.90	8.74	8.02
Oct.	6.47	6.16	6.52	6.53	6.51	7.52	7.19	7.44	7.71	8.23	8.22	5.64	8.92	8.82	8.16
Nov.	6.51	6.10	6.52	6.56	6.54	7.75	7.22	7.46	7.76	8.28	8.25	5.49	8.92	8.86	8.19
Dec.	6.56	6.07	6.52	6.65	6.61	7.75	7.30	7.59	7.87	8.34	8.38	5.57	8.96	8.94	8.27
1978--Jan.	6.70	6.44	6.80	6.82	6.75	7.93	7.61	7.86	8.14	8.68	8.60	5.71	9.02	9.17	8.56
Feb.	6.78	6.45	6.86	6.77	6.76	8.00	7.67	7.94	8.22	8.69	8.67	5.62	9.15	9.31	8.64
Mar.	6.79	6.29	6.82	6.73	6.75	8.00	7.70	7.95	8.21	8.71	8.67	5.61	9.20	9.35	8.60
1978--Feb. 1	6.80	6.42	6.80	6.81	6.76	8.00	7.58	7.85	8.17	8.65	8.60	5.63	9.13	--	8.62
8	6.75	6.44	6.83	6.75	6.76	8.00	7.62	7.91	8.20	8.69	8.64	5.59	9.15	9.27	8.62
15	6.76	6.46	6.86	6.75	6.76	8.00	7.71	7.99	8.25	--	8.68	5.61	9.15	--	8.65
22	6.78	6.48	6.91	6.75	6.78	8.00	7.74	7.99	8.25	8.71	8.70	5.65	9.15	9.35	8.68
Mar. 1	6.80	6.41	6.85	6.75	6.75	8.00	7.71	7.95	8.21	--	8.70	5.63	9.15	--	8.61
8	6.76	6.33	6.83	6.75	6.75	8.00	7.69	7.94	8.21	8.70	8.65	5.58	9.15	9.36	8.63
15	6.77	6.27	6.81	6.73	6.75	8.00	7.64	7.91	8.17	--	8.64	5.58	9.23	--	8.55
22	6.77	6.22	6.76	6.70	6.75	8.00	7.65	7.90	8.17	8.61	8.64	5.59	9.23	9.33	8.53
29	6.82	6.27	6.84	6.70	6.76	8.00	7.79	8.02	8.27	8.83	8.75	5.69	9.25	--	8.68
Apr. 5	6.86	6.39	6.94	6.75	6.76	8.00	7.82	8.04	8.31	8.88	8.82	5.76	9.28	9.44	8.70
12	6.74	6.35	6.95	6.83	6.80	8.00	7.82p	8.05p	8.34p	8.88p	8.86p	5.74	n.a.	--	8.67
19															
26															
Daily--Apr. 6	6.75	6.41	6.97	--	6.78	8.00	7.83	8.06	8.32	--	--	--	--	--	--
13	6.75p	6.28	6.92	--	6.80	8.00	7.81p	8.04p	8.34p	--	--	--	--	--	--

NOTE: Weekly data for columns 1, 2, 3, 5, and 6 are statement week averages of daily data. Data in column 4 are 1-day Wednesday quotes. For columns 7 through 10, the weekly date is the mid-point of the calendar week over which data are averaged. Columns 11 and 12 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 13 is an average of contract interest rates on commitments for conventional first mortgages with 80 per cent loan-to-value ratios made by a sample of insured savings and loan associations on the Friday following the end of the statement week. Column 14 gives FNMA auction data for Monday preceding the end of the statement week. Column 15 is a 1-day quote for Monday preceding the end of the statement week. The FNMA auction yield is the average yield in bi-weekly auction for short-term forward commitments for Government underwritten mortgages. GNMA yields are average net yields to investors on mortgage-backed securities for immediate delivery, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the coupon rate 50 basis points below the current FHA/VA ceiling.

Appendix Table 1-A
MONEY AND CREDIT AGGREGATE MEASURES

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
ANNUALLY: ^{2/}	(PER CENT ANNUAL RATES OF GROWTH)										
1975	-0.2	3.2	5.9	3.9	4.4	8.3	11.0	6.5	9.6	10.4	10.0
1976	1.0	1.1	7.0	8.0	5.7	10.9	12.8	7.1	10.3	9.8	10.0
1977	5.2	2.8	8.3	10.9	7.8	9.8	11.7	10.0	11.7	11.5	12.0
SEMI-ANNUALLY: ^{2/}											
2ND HALF 1976	3.3	3.4	6.6	8.9	5.5	10.8	12.7	7.8	10.8	9.8	9.9
1ST HALF 1977	3.3	2.6	7.2	11.6	7.6	10.1	11.3	9.3	10.8	10.3	10.9
2ND HALF 1977	7.0	2.8	9.1	9.7	7.7	9.0	11.4	10.2	12.0	12.0	12.4
QUARTERLY:											
2ND QTR. 1977	3.9	2.0	8.1	12.6	7.5	8.5	9.9	8.4	9.8	8.6	9.7
3RD QTR. 1977	8.0	3.8	9.2	8.6	9.0	10.1	12.7	9.6	12.3	12.5	12.8
4TH QTR. 1977	7.4	8.2	9.7	8.3	6.2	7.0	9.1	11.2	11.6	11.8	12.1
1ST QTR. 1978	5.1	7.9	7.6	10.5	4.0	6.2	6.8	9.3	8.6	8.1	8.6
QUARTERLY-AV:											
2ND QTR. 1977	2.4	1.3	7.1	13.3	8.1	9.0	10.2	8.2	9.6	9.0	10.1
3RD QTR. 1977	7.8	2.2	9.0	9.8	8.1	9.9	11.9	9.5	11.6	11.4	12.0
4TH QTR. 1977	6.1	3.4	9.1	9.3	7.2	8.0	10.6	10.7	12.1	12.3	12.5
1ST QTR. 1978	9.2	15.3	9.9	8.5	5.0	6.4	7.4	10.0	9.5	9.0	9.3
MONTHLY:											
1977--MAR.	-1.4	-2.5	5.8	10.9	7.6	9.6	10.4	7.4	8.9	8.3	9.5
APR.	8.7	9.8	10.4	15.7	13.9	10.8	11.0	9.1	9.9	9.0	10.1
MAY	1.4	-3.2	6.4	12.0	1.5	5.5	8.1	7.0	8.9	7.7	8.6
JUNE	1.4	-0.5	7.3	9.6	7.1	9.1	10.3	8.9	10.2	8.9	10.1
JULY	17.1	15.1	11.6	9.5	11.8	13.5	14.0	11.9	12.9	13.3	13.9
AUG.	8.0	-17.2	8.4	12.3	6.2	7.7	11.7	7.5	11.5	12.2	12.2
SEPT.	-1.3	13.8	7.5	3.8	8.7	9.0	12.2	9.2	12.2	11.8	11.8
OCT.	11.3	-11.9	10.4	13.5	10.9	9.7	11.8	12.5	13.3	13.8	13.8
NOV.	4.6	20.2	7.9	11.8	0.4	5.4	7.8	11.2	11.3	11.7	12.1
DEC.	6.3	16.4	10.5	-0.7	7.2	5.7	7.6	9.6	9.8	9.5	10.2
1978--JAN.	22.6	25.9	15.6	12.1	9.6	8.9	8.7	11.3	10.2	9.1	9.4
FEB.	5.0	7.6	5.3	10.1	-1.1	4.4	5.5	8.2	7.7	7.1	6.8
MAR. P	-12.0	-9.6	2.0	9.1	3.5	5.1	5.9	8.3	7.8	7.8	9.4

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

2/ BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY

MONEY AND CREDIT AGGREGATE MEASURES

SEASONALLY ADJUSTED, BILLIONS OF DOLLARS

Period	Bank Reserves ^{1/}			Bank Credit	Money Stock Measures						
	Total	Non-borrowed	Monetary Base	Total Loans and Investments	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇
	1	2	3	4	5	6	7	8	9	10	11
ANNUALLY:											
1975	33,960	33,830	110,336	725.5	294.5	664.1	1091.8	745.4	1173.2	1306.9	1349.9
1976	34,446	34,392	118,067	788.2	312.6	739.6	1235.6	802.3	1298.3	1436.2	1483.6
1977	36,153	35,583	127,983	870.0	336.7	807.6	1374.1	881.6	1448.1	1601.0	1663.4
MONTHLY:											
1977--MAR.	34,470	34,367	119,724	809.1	318.3	758.1	1270.6	820.3	1332.8	1476.1	1527.7
APR.	34,720	34,647	120,762	819.7	322.0	764.9	1282.2	826.5	1343.8	1487.2	1540.5
MAY	34,761	34,555	121,404	827.9	322.4	768.4	1290.9	831.3	1353.8	1496.8	1551.5
JUNE	34,803	34,540	122,144	834.5	324.3	774.2	1302.0	837.5	1365.3	1507.9	1564.6
JULY	35,298	34,975	123,321	841.1	327.5	782.9	1317.2	845.8	1380.0	1524.6	1582.7
AUG.	35,533	34,473	124,188	849.7	329.2	787.9	1330.0	851.1	1393.2	1540.1	1598.8
SEPT.	35,495	34,869	124,962	852.4	331.6	793.8	1343.5	857.6	1407.4	1555.2	1614.5
OCT.	35,829	34,523	126,046	862.0	334.6	800.2	1356.7	866.5	1423.0	1573.1	1633.0
NOV.	35,965	35,104	126,872	870.5	334.7	803.8	1365.5	874.6	1436.4	1588.4	1649.4
DEC.	36,153	35,583	127,983	870.0	336.7	807.6	1374.1	881.6	1448.1	1601.0	1663.4
1978--JAN.	36,835	36,351	129,644	878.8	339.4	813.6	1384.1	889.9	1460.4	1613.2	1676.4
FEB.	36,988	36,582	130,212	886.2	339.1	816.6	1390.5	896.0	1469.8	1622.8	1685.9
MAR. P	36,618	36,290	130,429	892.9	340.1	820.1	1397.3	902.2	1479.3	1633.3	1699.1
WEEKLY:											
1978--FEB.	8	37,202	36,709	130,106	339.4	816.4		894.9			
	15	37,273	36,992	130,458	338.9	816.1		895.1			
	22	36,932	36,486	130,308	339.4	817.5		897.2			
MAR.	1	36,518	36,127	130,014	339.3	817.5		898.4			
	8	36,399	36,003	129,636	339.3	818.7		900.5			
	15	36,582	36,334	130,229	338.5	818.2		900.3			
	22	36,748	36,468	130,786	340.7	821.6		903.6			
	29P	36,689	36,303	130,987	341.3	821.8		904.1			
APR.	5P	36,853	36,549	130,905	341.7	823.6		905.7			

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

APPENDIX TABLE 2-A

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits				Mutual Savings Bank & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short Term U.S.Gov't Securities ^{1/}	Other Private Short-term Assets ^{1/}	
			Total	Other Than CD's								CD's
				Total	Savings	Other						
	1	2	3	4	5	6	7	8	9	10	11	12
	(Per cent annual rates of growth)											
^{2/} ANNUALLY:												
1975	8.9	2.9	7.9	11.7	17.5	7.8	-6.4	15.3	19.5	6.2	33.8	-0.5
1976	9.6	4.4	8.0	15.0	25.0	7.4	-23.4	15.5	18.8	6.9	5.6	14.1
1977	9.5	7.2	11.4	11.2	11.1	11.4	12.8	14.2	19.4	6.6	11.4	28.4
^{2/} SEMI-ANNUALLY:												
2ND HALF 1976	7.8	4.7	9.3	14.9	19.8	10.6	-21.7	15.5	18.1	7.2	-4.0	12.0
1ST HALF 1977	8.7	7.2	10.4	11.9	15.3	8.9	0.6	12.9	16.6	6.4	4.1	30.7
2ND HALF 1977	9.8	7.0	11.8	9.9	6.4	13.2	24.9	14.5	20.6	6.5	18.2	22.6
QUARTERLY:												
2ND QTR. 1977	8.7	7.1	8.9	9.2	5.5	12.5	7.1	11.6	15.7	6.6	-10.8	37.9
3RD QTR. 1977	10.0	8.7	9.9	10.8	10.9	10.8	3.2	16.2	21.7	6.5	24.0	19.1
4TH QTR. 1977	10.2	4.7	14.5	7.6	1.3	13.3	64.0	11.6	18.8	6.4	20.4	21.6
1ST QTR. 1978	9.5	2.1	12.6	7.7	2.4	12.6	43.2	6.7	16.2	6.3	0.0	21.1
QUARTERLY-AV:												
2ND QTR. 1977	8.8	7.8	8.3	9.7	8.8	10.5	-1.9	11.6	14.9	6.6	0.0	41.0
3RD QTR. 1977	9.1	7.7	10.3	11.2	7.3	14.6	4.5	14.6	20.1	7.0	12.7	27.7
4TH QTR. 1977	10.3	6.2	13.0	8.5	5.4	11.4	44.9	13.9	20.0	5.9	23.0	16.4
1ST QTR. 1978	10.0	3.2	13.1	7.4	2.2	12.0	50.0	7.9	17.4	6.3	2.1	19.0
MONTHLY:												
1977--MAR.	7.3	7.7	7.2	11.0	10.4	11.6	-20.9	11.0	14.9	6.6	0.0	48.3
APR.	10.2	15.3	6.0	8.5	10.9	6.3	-11.6	10.9	14.7	6.6	-5.1	37.1
MAY	10.1	-1.5	10.5	8.4	5.7	10.9	25.3	11.6	14.5	6.5	-13.7	31.5
JUNE	5.7	7.5	10.1	10.5	0.0	20.1	7.6	12.0	17.2	6.5	-13.9	41.7
JULY	12.8	11.0	11.9	14.9	6.2	22.8	-9.5	14.3	19.8	8.1	24.6	31.8
AUG.	5.6	6.9	8.3	8.4	16.3	1.5	7.6	17.1	19.5	6.4	34.4	12.4
SEPT.	11.2	7.9	9.2	8.9	10.0	7.9	11.4	16.6	24.7	4.8	11.7	12.3
OCT.	11.1	10.8	13.7	8.8	3.8	13.3	48.9	14.0	21.5	6.4	31.4	12.1
NOV.	8.3	-2.4	18.3	9.3	-0.5	18.0	81.3	11.0	15.8	6.3	22.6	22.0
DEC.	10.9	5.8	10.9	4.6	0.5	8.2	52.5	9.3	18.2	6.3	6.3	29.5
1978--JAN.	10.8	9.2	12.3	8.4	6.0	10.5	37.3	7.9	17.9	6.3	-6.3	13.4
FEB.	9.4	-4.8	13.7	8.4	0.5	14.7	48.8	6.0	15.2	6.2	-3.2	-1.9
MAR-P	8.0	1.9	11.4	6.3	0.5	12.2	39.3	6.2	15.0	6.2	9.5	51.3

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

^{2/} BASED ON QUARTERLY AVERAGE DATA.

P - PRELIMINARY.

COMPONENTS OF MONEY STOCK AND RELATED MEASURES

Period	Currency	Demand Deposits	Time and Savings Deposits					Mutual Savings Bank & S&L Shares ^{1/}	Credit Union Shares ^{1/}	Savings Bonds ^{1/}	Short-Term U.S. Gov't Sec ^{1/}	Other Private Short-term Assets ^{1/ 2/}	Non-Deposit Funds ^{3/}	Total Gov't Demand Deposits ^{4/}	
			Total	Other Than CD's			CD's								
				Total	Savings	Other									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
ANNUALLY:															
1975	73.7	220.8	450.9	369.6	160.5	209.1	81.3	394.8	33.0	67.2	66.5	43.0	33.7	8.3	
1976	80.7	231.9	489.7	427.0	201.9	225.1	62.7	456.9	39.1	71.9	66.1	47.4	51.4	11.2	
1977	88.5	248.2	544.9	470.9	219.5	251.4	74.0	519.7	46.8	76.6	76.2	62.5	61.6	11.4	
MONTHLY:															
1977--MAR.	82.4	235.9	502.0	439.8	210.1	229.7	62.2	471.7	40.8	73.0	70.3	51.7	51.4	11.2	
APR.	83.1	238.9	504.5	442.9	212.0	230.9	61.6	476.0	41.3	73.4	70.0	53.3	50.8	10.8	
MAY	83.8	238.6	508.9	446.0	213.0	233.0	62.9	480.6	41.8	73.8	69.2	54.7	54.6	10.6	
JUNE	84.2	240.1	513.2	449.9	213.0	236.9	63.3	485.4	42.4	74.2	68.4	56.6	53.5	10.1	
JULY	85.1	242.3	518.3	455.5	214.1	241.4	62.8	491.2	43.1	74.7	69.8	58.1	53.3	11.8	
AUG.	85.5	243.7	521.9	458.7	217.0	241.7	63.2	498.2	43.8	75.1	71.8	58.7	55.6	10.2	
SEPT.	86.3	245.3	525.9	462.1	218.8	243.3	63.8	505.1	44.7	75.4	72.5	59.3	57.7	10.7	
OCT.	87.1	247.5	531.9	465.5	219.5	246.0	66.4	511.0	45.5	75.8	74.4	59.9	57.4	10.3	
NOV.	87.7	247.0	540.0	469.1	219.4	249.7	70.9	515.7	46.1	76.2	75.8	61.0	60.0	6.7	
DEC.	88.5	248.2	544.9	470.9	219.5	251.4	74.0	519.7	46.8	76.6	76.2	62.5	61.6	11.4	
1978--JAN.	89.3	250.1	550.5	474.2	220.6	253.6	76.3	523.1	47.5	77.0	75.8	63.2	63.8	9.7	
FEB.	90.0	249.1	556.8	477.5	220.7	256.7	79.4	525.7	48.1	77.4	75.6	63.1	66.3	7.5	
MAR.P	90.6	249.5	562.1	480.0	220.8	259.3	82.0	528.4	48.7	77.8	76.2	65.8	67.4	7.9	
WEEKLY:															
1978--FEB.	8	89.9	249.5	555.4	477.0	220.9	256.1	78.5	0.0	0.0	0.0	0.0	0.0	65.0	10.0
	15	90.0	248.9	556.2	477.2	221.1	256.1	79.0	0.0	0.0	0.0	0.0	0.0	61.3	7.3
	22	90.2	249.3	557.8	478.1	220.9	257.1	79.7	0.0	0.0	0.0	0.0	0.0	69.3	6.3
MAR.	1	90.1	249.2	559.0	478.2	220.7	257.5	80.9	0.0	0.0	0.0	0.0	0.0	69.1	6.1
	8	90.3	249.1	561.2	479.3	220.9	258.4	81.8	0.0	0.0	0.0	0.0	0.0	68.8	7.3
	15	90.5	248.0	561.8	479.6	220.8	258.8	82.2	0.0	0.0	0.0	0.0	0.0	65.9	7.0
	22	90.9	249.8	562.9	480.9	220.6	260.1	82.0	0.0	0.0	0.0	0.0	0.0	64.9	9.4
	29P	91.0	250.3	562.8	480.5	220.8	259.7	82.3	0.0	0.0	0.0	0.0	0.0	68.8	7.7
APR.	5P	90.9	250.8	564.0	481.8	221.2	260.6	82.1	0.0	0.0	0.0	0.0	0.0	8.4	

- 1/ ESTIMATED MONTHLY AVERAGE LEVELS DERIVED BY AVERAGING END OF CURRENT MONTH AND END OF PREVIOUS MONTH REPORTED DATA.
2/ INCLUDES PRIVATE DOMESTIC NONFINANCIAL INVESTORS' HOLDINGS OF COMMERCIAL PAPER, BANKERS ACCEPTANCES, SECURITY RP'S AND MONEY MARKET MUTUAL FUND SHARES.
3/ BORROWINGS BY BANKS FROM OTHER THAN COMMERCIAL BANKS IN THE FORM OF FEDERAL FUNDS PURCHASED, SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, AND OTHER LIABILITIES FOR BORROWED MONEY, PLUS GROSS LIABILITIES TO OWN FOREIGN BRANCHES (EURODOLLAR BORROWINGS), LOANS SOLD TO AFFILIATES, LOAN RPS, AND OTHER MINOR ITEMS.
4/ INCLUDES TREASURY DEPOSITS AT MEMBER BANKS AND FEDERAL RESERVE BANKS.
P - PRELIMINARY