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December 14, 1984

Strictly Confidential (FR) Class I FOMC

MONETARY POLICY ALTERNATIVES

Prepared for the Federal Open Market Committee

By the staff Board of Governors of the Federal Reserve System

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

December 14, 1984

MONETARY POLICY ALTERNATIVES

Recent developments

(1) M1 increased at an 8.6 percent annual rate in November, offsetting the sharp October contraction; transactions deposits surged last month, but currency growth again was sluggish. Preliminary data for early December suggest at this point moderate growth for the month, leaving expansion of this aggregate over the September-to-December period a little under the 3 percent minimum rate specified by the FOMC. On a quarterly average basis, M1 in the fourth quarter will grow at only about a 1-1/2 percent annual rate, well below predictions of econometric models given estimates of income and the recent decline in interest rates, and velocity would increase at an annual rate of about 4 percent. For the year 1984, M1 likely will expand by about 5 percent on a fourth-quarter to fourth-quarter basis, in the lower half of its 4 to 8 percent longer-run range, as shown in the table below.

1984 Growth Rates and Ranges
(Measured QIV to QIV)

	M1	M2	M3	Debt
FOMC range	4 to 8	6 to 9	6 to 9	8 to 11
Actual e/	4.9	7.5	9.9	13.3

e/ Estimated.

(2) M2 surged in November at a 15 percent annual rate, reflecting strengthening of its nontransactions component as well as of M1. The nontransactions component was swelled by very heavy inflows to MMDAs and money funds, whose yields lagged declines on market rates. M2 appears to be expanding in December at close to the November pace, and growth over the

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

	Oct.	Nov.	Sept. to Nov.	QIV to Nov.	QIV to QIV[1]
Money and Credit Aggregates					
M1	-7.4	8.6	0.5	5.0	4.9
M2	6.0	14.9	10.5	7.5	7.5
M3	10.7	15.9	13.4	10.0	9.9
Domestic nonfinancial debt	11.4	14.2	12.9	13.4	13.3
Bank credit	7.4	12.1	9.7	10.5	10.4
Reserve Measures[2]					
Nonborrowed reserves[3]	-18.2	17.4	-0.5	5.5	5.6
Total reserves	-12.3	11.3	-0.6	5.4	5.4
Monetary base	2.3	3.9	3.1	6.8	6.9
Memo: (Millions of dollars)					
Adjustment and seasonal borrowing	960	781	—	—	—
Excess reserves	607	683	—	—	—

1. QIV to QIV growth rates incorporate staff projections for December.
2. Growth rates of reserve measures are adjusted to remove the effects of discontinuities resulting from phased changes in reserve ratios under the Monetary Control Act.
3. Includes "other extended credit" from the Federal Reserve.
NOTE: Monthly reserve measures, including excess reserves and borrowing, are calculated by prorating averages for 2-week reserve maintenance periods that overlap months.

September-to-December period is likely to be well in excess of the FOMC's 7-1/2 percent short-run path. For the year as a whole, the staff estimates that M2 will have increased by about 7-1/2 percent, at the middle of its longer-run range.

(3) M3 grew at a 16 percent annual rate in November, spurred by expansion in its non-M2 as well as M2 components. The non-M2 component was dominated by flows into institution-only money funds. Issuance of new CDs by commercial banks virtually ceased, given the robust expansion in core deposits and a large inflow of Treasury deposits, but thrift institutions remained heavy issuers of large time deposits. Although partial data suggest some moderation in M3 growth in December, this aggregate is running considerably above its short-run September-to-December path of 9 percent, and for the year will grow around 10 percent, above its 6 to 9 percent range.

(4) Expansion in domestic nonfinancial sector debt is estimated (on the basis of partial data) to have accelerated to about a 14 percent annual rate in November, reflecting a pick-up in federal government borrowing and continued rapid growth in the debt of nonfederal sectors. Corporate bond offerings in the domestic and Euromarkets were at record levels, and business borrowing in short-term markets also was sizable, in part to finance new mergers; sales of municipal revenue bonds continued heavy as year-end approached. Borrowing by households is estimated to have remained near the substantial third-quarter volume, but down from the very rapid pace of the first half of the year. Total nonfinancial sector debt is expected to grow at about a 13-1/4 percent rate in 1984; perhaps about one percentage point of this growth can be attributed to financing of corporate mergers, share repurchases, and buyouts in excess of the usual volume of such activity.

(5) Nonborrowed reserves paths for the intermeeting period were initially constructed assuming \$575 million of adjustment and seasonal borrowing at the discount window; in view of the weakness in M1, as well as further evidence of sluggish economic expansion, subdued price increases, and the continued strength of the dollar on exchange markets, the borrowing assumption was reduced to \$500 million, and then to \$400 million in the course of the intermeeting period. Actual borrowing came in somewhat above the amount assumed in the latter part of November, but free reserves increased about as implied by reserve paths, as excess reserves were higher than anticipated. The actual average level of borrowing fell \$180 million in November, contributing to an increase in nonborrowed reserves of 17-1/2 percent at an annual rate; total reserves grew 11-1/4 percent in November. So far in the current reserve period borrowing has averaged under \$300 million.

(6) The decline in borrowing along with a reduction in the discount rate from 9 to 8-1/2 percent on November 21 led to a drop in the federal funds rate from about 9-3/4 percent at the time of the November FOMC meeting to around 8-3/4 percent recently, with trading in the last two days below 8-1/2 percent. Other market interest rates also have continued to move down. Short-term interest rates have declined another 45 to 60 basis points. Declines were smaller in intermediate- and long-term credit markets, which have been affected by uncertainties about future federal budget deficits and at times by economic indicators that were stronger than expected. Since the November meeting, rates in the note and bond market are down only a little at the long end, while dropping about 50 basis points at the shorter end. The prime rate was trimmed by a total of 75 basis points during the period, but remained high relative to the cost of funds.

(7) The dollar has appreciated, on a weighted average basis, by about 4-1/2 percent since the last FOMC meeting and is currently only one

percent below its October peak, even though short-term interest differentials in favor of dollar assets have narrowed.

Prospective developments

(8) The table below presents three alternative specifications for growth of the monetary aggregates from November to March, along with associated federal funds rate ranges. A November base is suggested in view of the considerable uncertainties this early in the month about the December level. (More detailed data, including implied growth rates to March from projected December levels and from the estimated QIV '84 level, can be found on the charts and table on the following pages.)

	Alt. A	Alt. B	Alt. C
Growth from Nov. to March			
M1	8	6-3/4	5-1/2
M2	9-1/2	8-1/2	7-1/2
M3	9	8-1/2	8
Federal funds rate range	6 to 10	7 to 11	8 to 12

(9) The aggregates specifications of alternative B, which are expected to be consistent with maintenance of about the current degree of pressure on reserve positions, would place all of the money supply measures in March close to the upper limits of their tentative longer-run ranges for 1985 established last July. Growth of M1 under this alternative from November to March would be expected to be at about a 6-3/4 percent annual rate. The acceleration of M1 growth from the slower pace that has prevailed on average since around mid-year reflects strengthened transactions demands, given the projected pickup in GNP growth, as well as the lagged effects of the sizable drop in short-term rates over recent months. The income velocity of M1 would be about unchanged in the first quarter. Some models, on the other hand, suggest a drop in income velocity, associated with higher money growth at current interest rates, because they embody greater responsiveness of M1 to earlier interest rate declines.

Alternative Levels and Growth Rates for Key Monetary Aggregates

	M1			M2			M3		
	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C
Monthly Levels									
1984--October	545.5	545.5	545.5	2317.4	2317.4	2317.4	2916.3	2916.3	2916.3
November	549.4	549.4	549.4	2346.2	2346.2	2346.2	2955.0	2955.0	2955.0
December	552.6	552.6	552.6	2371.8	2371.8	2371.8	2983.7	2983.7	2983.7
1985--January	556.1	555.6	555.1	2389.6	2386.6	2383.7	3005.6	3003.6	3001.6
February	559.9	558.6	557.4	2405.9	2400.4	2395.0	3025.6	3022.1	3018.6
March	564.1	561.7	559.5	2420.5	2412.7	2404.9	3043.7	3038.7	3033.8
Growth Rates Monthly									
1984--October	-7.4	-7.4	-7.4	6.0	6.0	6.0	10.7	10.7	10.7
November	8.6	8.6	8.6	14.9	14.9	14.9	15.9	15.9	15.9
December	7.0	7.0	7.0	13.1	13.1	13.1	11.7	11.7	11.7
1985--January	7.5	6.5	5.5	9.0	7.5	6.0	8.8	8.0	7.2
February	8.2	6.5	5.0	8.2	6.9	5.7	8.0	7.4	6.8
March	9.0	6.7	4.5	7.3	6.1	5.0	7.2	6.6	6.0
Sept. 84 to Dec. 84	2.7	2.7	2.7	11.4	11.4	11.4	12.9	12.9	12.9
Nov. 84 to Mar. 85	8.0	6.7	5.5	9.5	8.5	7.5	9.0	8.5	8.0
Dec. 84 to Mar. 85	8.3	6.6	5.0	8.2	6.9	5.6	8.0	7.4	6.7
Q4 83 to Q4 84	4.9	4.9	4.9	7.5	7.5	7.5	9.9	9.9	9.9
Q4 84 to Mar. 85	8.1	6.8	5.6	9.6	8.6	7.6	9.4	8.8	8.3
Growth Rates Quarterly Average									
1984--Q1	7.2	7.2	7.2	6.9	6.9	6.9	8.9	8.9	8.9
Q2	6.2	6.2	6.2	6.9	6.9	6.9	10.3	10.3	10.3
Q3	4.5	4.5	4.5	6.2	6.2	6.2	8.2	8.2	8.2
Q4	1.5	1.5	1.5	9.1	9.1	9.1	10.8	10.8	10.8
1985--Q1	7.9	6.8	6.0	10.3	9.3	8.4	9.9	9.5	9.0
Memo: Tentative 1985 ranges Q4 84 to Q4 85		4 to 7			6 to 8.5			6 to 9	

Chart 1

Actual and Targeted M1

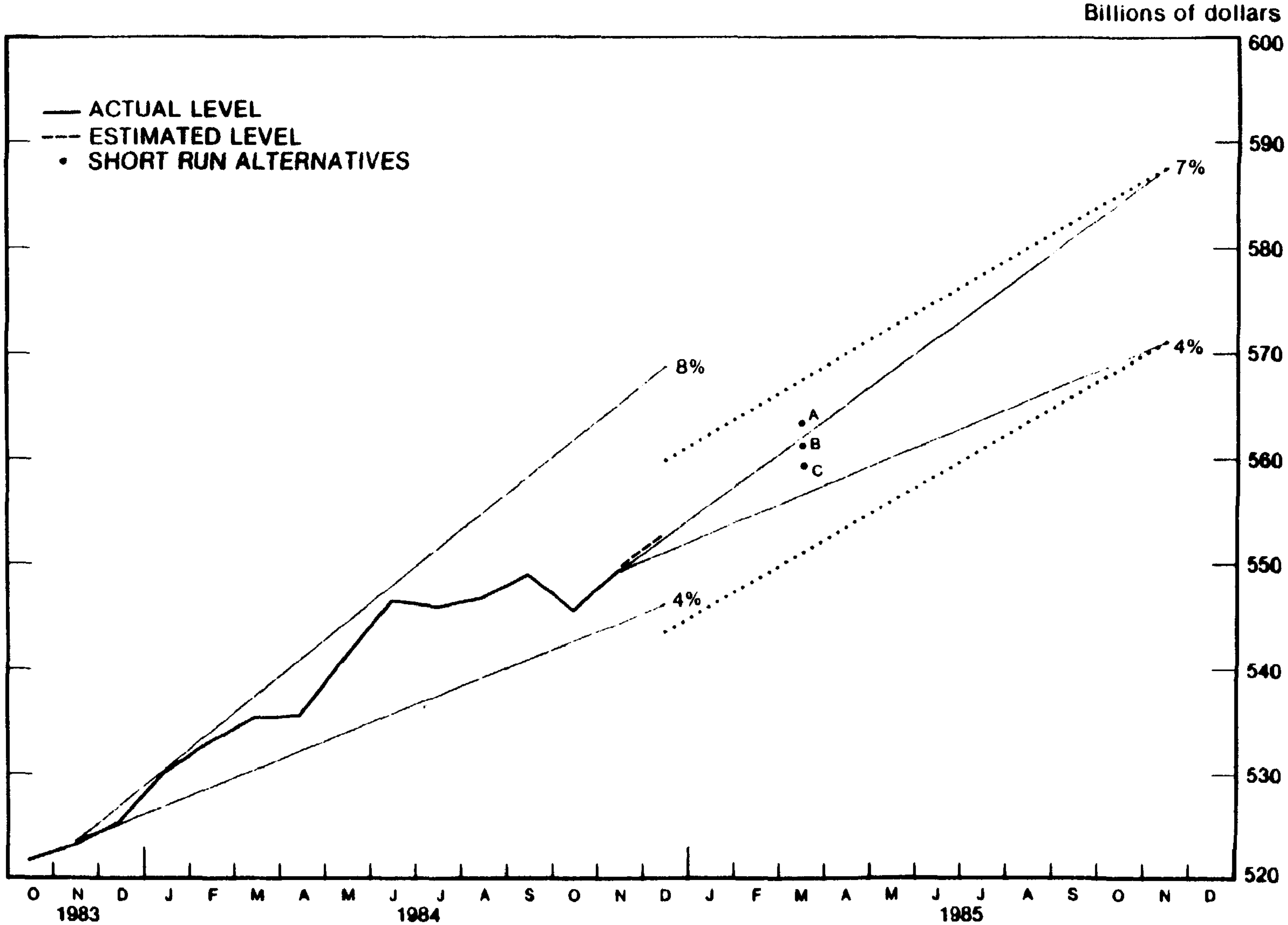


Chart 2

Actual and Targeted M2

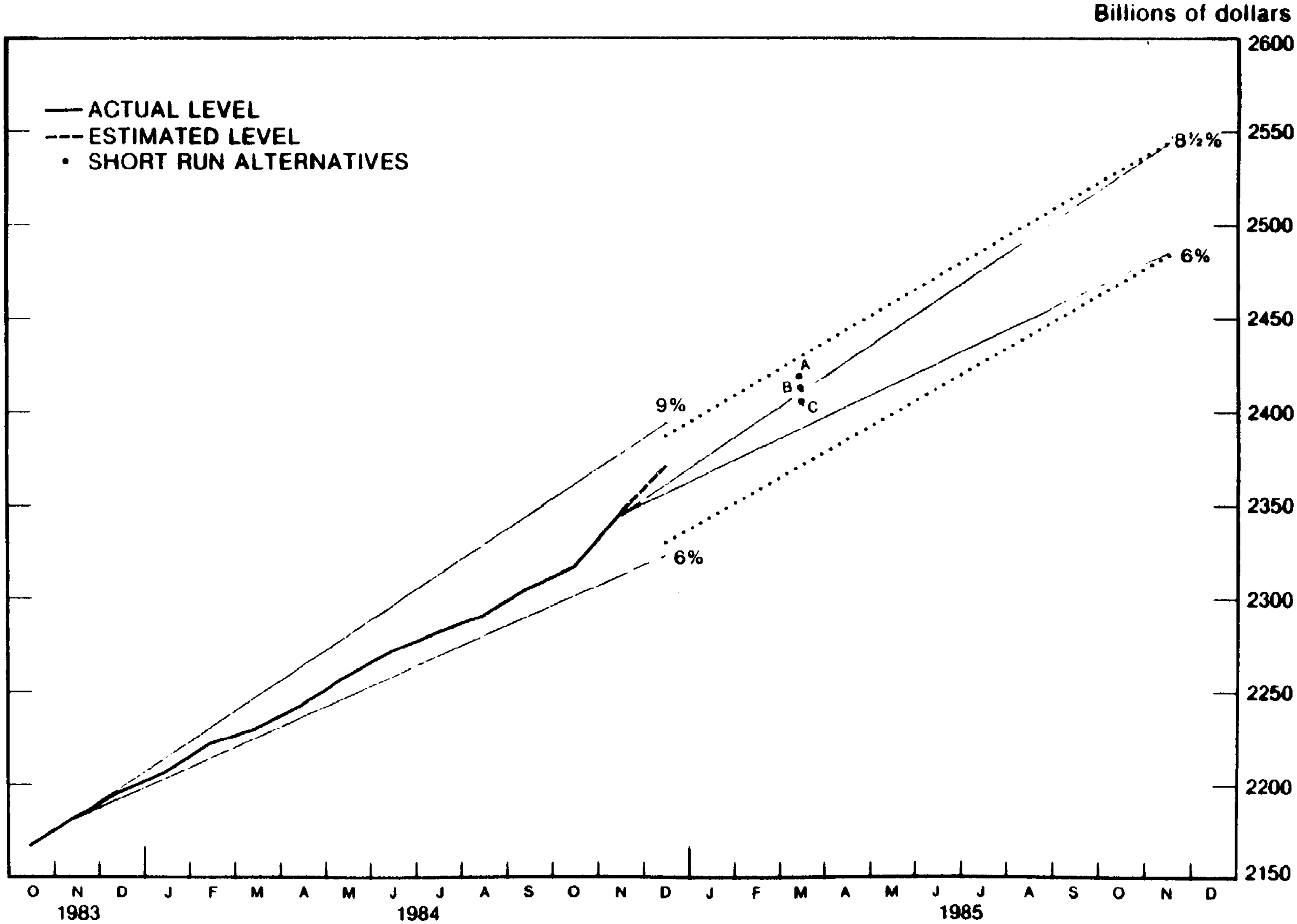
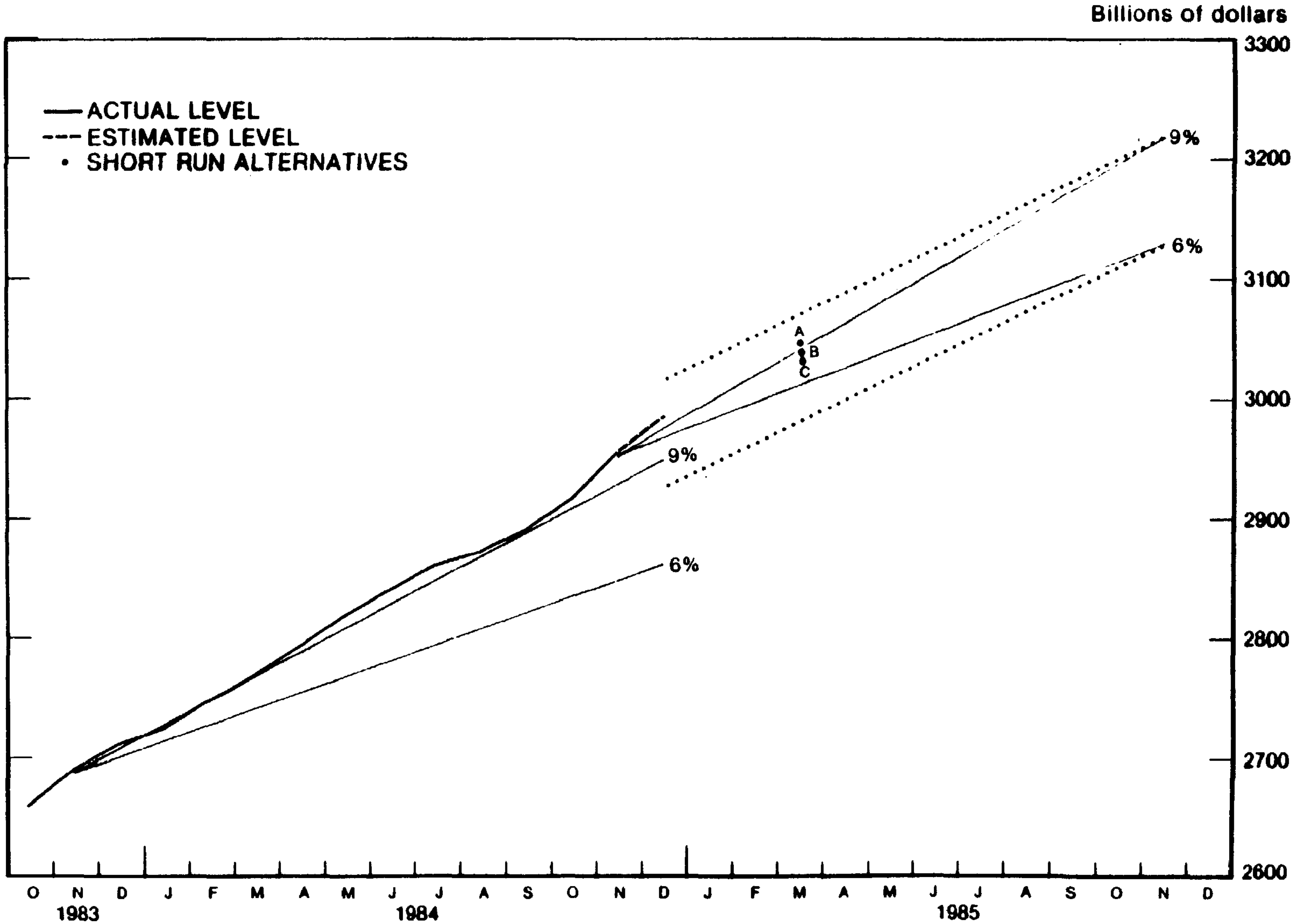


Chart 3

Actual and Targeted M3



We have assumed, however, a more moderate M1 growth partly because its recent behavior suggests the possibility that the demand for narrow money may have become a little less responsive to interest rate changes.

(10) Despite the pickup in M1 growth under this alternative during the first quarter, the broad monetary aggregates are expected to decelerate from their unusually rapid rate of late 1984 to a pace more nearly in keeping with growth rates prior to the fourth quarter of this year, and in the case of M3 somewhat below such rates. Inflows to MMDAs and MMMFs should drop off considerably as the first quarter progresses as yields on these instruments decline into more normal alignment with market interest rates. As a partial offset to reduced growth in core deposits, CD issuance by banks is expected to pick up, after showing virtually no growth late this year. We do not expect the broad aggregates to be affected to any significant extent by the reduction from $2,500 to $1,000 in the minimum balance requirement for MMDAs and super-NOW accounts. Transfers into these accounts are likely to be relatively small, with the great bulk coming from other components of M2. We have also assumed a minimal net effect on M1 as inflows from non-M1 deposits into new super-NOWs may be about offset by shifts out of smaller transactions accounts into new MMDAs.

(11) The growth of debt of nonfinancial sectors in the first quarter of next year, although slowing somewhat from the pace of late 1984, may also be around the top of its tentative 8 to 11 percent range. In part, the moderation in credit growth projected for early next year reflects a drop in tax-exempt borrowing by state and local governments and businesses, following a surge in the fourth quarter in advance of various legislative year-end deadlines. In addition, growth of Treasury

debt, while remaining large, is expected to moderate some from its recent advanced pace. Underlying business needs for credit are expected to continue at close to the level of the last half of 1984, and recent announcements seem to indicate that borrowing to finance corporate mergers and share retirements will remain sizable in the months ahead. The pace of mortgage lending to households, which had been slowing since the spring of 1984, is projected to stabilize in response to the easier conditions that have developed in that market.

(12) Discount window borrowing under alternative B is expected to average around $400 million. That level of borrowing appears to be somewhat in excess of the likely "frictional" level, which now is probably around $150 to $250 million. Seasonal borrowing has declined to close to $100 million since the last FOMC meeting in accord with its normal seasonal pattern and in response to the slimmer spread between market and discount rates. Under these circumstances, federal funds might average mostly in a range around 8-3/4 percent. Nonborrowed reserves would be expected to increase at a 16 percent annual rate, and total reserves at a 12-1/2 percent rate over the November-to-March period.

(13) Short-term rates are not likely to show much change on balance over the intermeeting period under alternative B, with the 3-month Treasury bill rate generally in an 8-1/8 to 8-3/8 percent range; the prime rate may drop a little further, given current rate relationships. In long-term markets, yields could move somewhat higher should there be no real progress toward putting together a credible deficit reduction package, if there were signs of strengthened economic activity, and if M1 growth were sustained as expected under alternative B. Mortgage rates may stabilize in the period immediately ahead, and could begin to rise, particularly should bond rates turn up as the first quarter progresses.

(14) Alternative A involves growth in the aggregates that would bring them above the upper limits of their tentative longer-run ranges (the width of the ranges of course being narrow early in the year). This alternative may also be viewed as compensating in some degree for the recent shortfall in M1 growth. For instance, the 8 percent growth of M1 over November to March that is specified would bring it by March to a level that would be near the midpoint of the FOMC's tentative long-run growth range if that range were based not on the actual fourth-quarter average but on the fourth-quarter midpoint level of the 1984 long-run range. The more rapid growth of M2 under this alternative would reflect, in addition to faster expansion of its M1 component, continued strong inflows to MMDAs and money market mutual funds, given the further drop assumed in market rates and the lag in reduction of yields on these instruments.

(15) The money supply specifications of alternative A are expected to entail an increase in total reserves of about 15 percent at an annual rate from November to March, accompanied by a drop in the funds rate to 8 percent or a little below. Absent a decline in the discount rate, discount window borrowing is likely to be at a bare minimum, and excess reserves perhaps somewhat higher than usual, with nonborrowed reserves rising at about a 21 percent annual rate through March. If the discount rate were reduced from the present 8-1/2 percent level, reserve growth consistent with this alternative could be accomplished with somewhat less expansion in nonborrowed reserves than otherwise. Under this alternative, the 3-month Treasury bill rate may drop to around 7-1/2 percent, but yield declines in long-term markets may be more limited. The dollar probably would come under downward pressure in foreign exchange

markets, although any depreciation would be moderated if foreign monetary authorities allowed their domestic rates to fall as well under the circumstances.

(16) Alternative C is designed to hold growth of M1 and M2 to rates close to the midpoints of their tentative long-run ranges and is expected to involve some tightening of reserve conditions. Borrowing might rise back toward $800 million, with the federal funds rate returning to the 9-1/2 to 10 percent area. Nonborrowed and total reserves would increase at rates of around 10 percent from November to March. Such a change in reserve conditions at this time would be quite unexpected by market participants, and both short- and long-term rates would back up considerably, with Treasury bill rates rising almost a percentage point to 9 percent or a bit higher. Rates on private instruments might increase by even more should investor concerns about creditworthiness be revived. The dollar would probably rise further on foreign exchange markets.

Directive language

(17) Proposed language for the operational paragraph, with alternatives, is shown below. The language in brackets is proposed should the Committee wish to provide flexibility on the up side for growth in M1 in light of the currently estimated shortfall over the fourth quarter relative to the FOMC's original expectation for that period, as was done in the November directive. The bracketed language would seem to be more relevant to alternatives B or C, since alternative A contains a growth rate for M1 from November to March that, as described in paragraph (14), already takes more account of the shortfall.

In the implementation of policy in the short run, the Committee seeks to reduce somewhat (alt. A)/MAINTAIN (alt. B)/ INCREASE SOMEWHAT (alt. C) existing pressures on reserve positions. This action is expected to be consistent with growth of M1, M2, and M3 at annual rates of around ~~7-1/2 and 9~~ ___, ___, and ___ percent, RESPECTIVELY, during the period from ~~September to December~~ NOVEMBER TO MARCH. ~~M1 is expected to grow over the period at an annual rate of around 3 percent, less than anticipated earlier in view of the decline in October. In light of that decline, more rapid growth of M1 would be acceptable.~~ [SOMEWHAT MORE RAPID GROWTH OF M1 WOULD BE ACCEPTABLE IN LIGHT OF THE CURRENTLY ESTIMATED SHORTFALL IN GROWTH FOR THE FOURTH QUARTER RELATIVE TO THE COMMITTEE'S EXPECTATIONS AT THE BEGINNING OF THE PERIOD.] Lesser restraint on reserve positions would be sought in the event of significantly slower growth in the monetary aggregates, evaluated in relation to the strength of the business expansion and inflationary pressures, domestic and international financial market conditions, and the rate of credit growth.

Conversely, greater restraint might be acceptable in the event of substantially more rapid monetary growth and indications of significant strengthening of economic activity and inflationary pressures. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of ~~7 to 11~~ __ TO __ percent.

Selected Interest Rates

Percent

December 17, 1984

Period	Short-Term: federal funds	Short-Term: Treasury bills secondary market 3-month	Treasury bills 6-month	Treasury bills 1-year	CDs secondary market 3-month	comm. paper 1-month	money market mutual fund	bank prime loan	Long-Term: U.S. government constant maturity yields 3-year	10-year	30-year	corporate A utility recently offered	municipal Bond Buyer	home mortgages: conventional at S&Ls	FHA/VA ceiling	FNMA 1-year ARM
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1983--High	10.21	9.49	9.64	9.79	9.93	9.85	8.79	11.50	11.57	12.14	12.11	13.42	10.56	13.89	13.50	12.50
Low	8.42	7.63	7.72	7.82	8.15	8.01	7.71	10.50	9.40	10.18	10.32	11.64	9.21	12.55	11.50	10.49
1984--High	11.77	10.65	10.76	11.09	11.71	11.35	10.72	13.00	13.44	13.84	13.81	15.30	11.44	14.68	14.00	13.70
Low	8.70	8.36	8.50	8.72	8.84	8.64	8.69	11.00	10.60	11.30	11.36	12.77	9.86	13.19	12.50	11.05
1983--Nov.	9.34	8.76	8.93	9.08	9.36	9.10	8.55	11.00	10.96	11.69	11.75	13.14	10.22	13.44	12.50	11.40
Dec.	9.47	9.00	9.17	9.24	9.69	9.56	8.69	11.00	11.13	11.83	11.88	13.29	10.40	13.42	12.50	11.56
1984--Jan.	9.56	8.90	9.02	9.07	9.42	9.23	8.80	11.00	10.93	11.67	11.75	12.99	10.03	13.37	12.50	11.45
Feb.	9.59	9.09	9.18	9.20	9.54	9.35	8.72	11.00	11.05	11.84	11.95	13.05	10.00	13.23	12.50	11.38
Mar.	9.91	9.52	9.66	9.67	10.08	9.81	8.91	11.21	11.59	12.32	12.38	13.63	10.37	13.39	12.70	11.91
Apr.	10.29	9.69	9.84	9.95	10.41	10.17	9.29	11.93	11.98	12.63	12.65	13.96	10.26	13.65	13.00	12.30
May	10.32	9.83	10.31	10.57	11.11	10.38	9.52	12.39	12.75	13.41	13.43	14.79	10.88	13.94	13.94	12.83
June	11.06	9.87	10.51	10.93	11.34	10.82	9.92	12.60	13.18	13.56	13.44	15.00	11.07	14.42	14.00	13.45
July	11.23	10.12	10.52	10.89	11.56	11.06	10.30	13.00	13.08	13.36	13.21	14.93	10.84	14.67	14.00	13.59
Aug.	11.64	10.47	10.61	10.71	11.47	11.19	10.58	13.00	12.50	12.72	12.54	14.12	10.40	14.47	13.70	13.27
Sept.	11.30	10.37	10.47	10.51	11.29	11.11	10.62	12.97	12.34	12.52	12.29	13.86	10.54	14.35	13.50	13.15
Oct.	9.99	9.74	9.87	9.93	10.38	10.05	10.16	12.58	11.85	12.16	11.98	13.52	10.77	14.13	13.38	12.58
Nov.	9.43	8.61	8.81	9.01	9.18	9.01	9.41p	11.77	10.90	11.57	11.56	12.98	10.69	13.64	12.75	11.46
October 3	11.20	10.21	10.32	10.36	10.99	10.76	10.49	12.75	12.26	12.48	12.29	13.81	10.88	14.18	13.50	12.90
10	10.01	10.11	10.22	10.26	10.89	10.55	10.35	12.75	12.16	12.41	12.22	13.70	10.93	14.19	13.50	12.75
17	10.22	9.93	10.05	10.08	10.61	10.25	10.19	12.71	12.00	12.31	12.13	13.29	10.71	14.10	13.50	12.60
24	9.45	9.49	9.56	9.64	10.00	9.63	10.16	12.50	11.56	11.89	11.71	13.24	10.54	14.05	13.00	12.20
31	9.73	9.20	9.43	9.53	9.72	9.41	9.82	12.29	11.46	11.86	11.69	13.06	10.62	13.85	13.00	11.90
November 7	9.87	8.81	9.08	9.23	9.46	9.35	9.79	12.00	11.11	11.66	11.55	13.09	10.63	13.74	13.00	11.55
14	9.55	8.72	8.99	9.20	9.32	9.14	9.47	11.79	11.10	11.78	11.74	13.07	10.82	13.63	13.00	11.45
21	9.47	8.60	8.78	8.97	9.28	9.12	9.30	11.75	10.88	11.59	11.60	12.77	10.79	13.55	12.50	11.30
28	9.00	8.42	8.50	8.72	8.84	8.64	9.09	11.68	10.60	11.30	11.36	12.90	10.59	13.42	12.50	11.10
December 5	8.83	8.43	8.60	8.84	8.87	8.64	8.85	11.25	10.77	11.52	11.53	13.04	10.47	13.20	12.50	11.05
12	8.70	8.36	8.55	8.82	8.92	8.68	8.69	11.25	10.78	11.62	11.63		10.44	13.20	12.50	11.10
19																
26																
Daily--Dec. 7	8.62	8.35	8.61	8.87	8.94	8.69	--	11.25	10.85	11.70	11.70	--	--	--	--	--
13	8.42	8.29	8.45	8.78	8.81	8.62	--	11.25	10.72	11.79	11.67	--	--	--	--	--
14	8.24p	8.11	8.25	8.52	8.75	8.59	--	11.25	10.52p	11.57p	11.55p	--	--	--	--	--

NOTE: Weekly data for columns 1 through 11 are statement week averages. Data in column 7 are taken from Donoghue's Money Fund Report. Columns 12 and 13 are 1-day quotes for Friday and Thursday, respectively, following the end of the statement week. Column 13 is the *Bond Buyer* revenue index. Column 14 is an average of contract interest rates on new commitments for conventional first mortgages with 80 percent loan-to-value ratios at a sample of savings and loan associations on the Friday following the end of the statement week. After November 30, 1983, column 15 refers only to VA-guaranteed loans. Column 16 is the initial gross yield posted by FNMA, on the Friday following the end of the statement week, in its purchase program for adjustable-rate home mortgages having rate and payment adjustments once a year.

FR 1367 (4/84)

Security Dealer Positions

Millions of dollars

December 17, 1984

Period	Net[1] Total	Cash Positions: Treasury bills	Cash Positions: Treasury coupons under 1 year	Cash Positions: Treasury coupons over 1 year	Cash Positions: federal agency	Cash Positions: private short-term	Forward and Futures Positions: Treasury bills	Forward and Futures Positions: Treasury coupons under 1 year	Forward and Futures Positions: Treasury coupons over 1 year	Forward and Futures Positions: federal agency	Forward and Futures Positions: private short-term
1983--High	20,858	13,273	1,579	8,778	12,088	17,005	1,654	14	1,516	-907	-4,411
Low	-296	-3,461	-687	-3,148	4,013	8,839	-11,307	-95	-3,270	-8,001	-9,564
1984--High	23,967	13,695	1,296	6,746	19,525	18,737	8,272	22	3,381	-7,223	-4
Low	5,107	-8,251	-1,038	-5,664	11,086	11,263	-13,048	-327	-933	-10,679	-12,600*
1983--Nov.	15,981	10,762	934	325	9,451	15,302	-7,993	-2	-1,022	-5,445	-6,331
Dec.	18,172	8,653	1,165	-831	11,568	15,449	-5,549	-2	669	-7,354	-5,596
1984--Jan.	12,472	10,815	1,083	667	11,398	12,788	-10,846	-15	-116	-7,474	-5,829
Feb.	9,287	9,658	949	-1,547	12,532	13,349	-8,774	-38	23	-8,192	-8,673
Mar.	15,936	4,619	811	-2,626	16,151	12,764	-1,026	-10	1,042	-9,552	-6,236
Apr.	14,408	2,929	-32	-1,643	16,649	13,065	-2,140	-13	476	-9,422	-5,462
May	14,163	-7,105	-291	-1,754	16,849	12,525	5,511	-10	347	-9,676	-2,233
June	16,483	-2,631	-596	-3,248	15,999	14,457	2,207	-21	1,448	-9,937	-1,195
July	12,353	-2,382	-604	-3,393	16,040	14,751	-2,516	-89	2,797	-9,650	-2,599
Aug.	11,509	4,555	-89	-1,186	16,098	15,556	-7,312	-240	2,503	-9,073	-9,304
Sept.	17,985	10,316	310	626	14,063	17,699	-9,771	-122	2,156	-8,332	-8,960
Oct.	21,985	11,673	116	2,668	13,168	16,282	-9,863	-72	2,135	-8,815	-5,253
Nov.	19,219*	9,849*	-398*	4,997*	16,108*	17,942*					
1984--Oct. 3	23,354	12,953	-36	853	11,693	17,197	-8,673	-58	1,603	-8,153	-4,025
10	21,120	11,501	23	690	12,816	15,197	-8,668	-54	2,249	-9,478	-3,156
17	20,270	11,937	-31	992	13,254	15,616	-10,371	-77	2,449	-9,021	-4,479
24	20,752	10,281	188	4,340	13,612	16,246	-11,280	-77	3,029	-8,438	-7,148
31	24,205	11,678	382	5,694	13,645	17,170	-9,761	-88	1,133	-8,652	-7,188
Nov. 7	21,403	8,901	427	4,840	14,999	18,668	-8,789	-49	1,516	-9,080	-10,030
14	20,233	9,918	6	6,170	14,719	18,085	-8,635	-56	892	-8,811	-12,055
21	16,930*	10,040*	-353*	3,913*	14,757*	17,737*	-8,283*	-98*	317*	-8,905*	-12,195*
28	16,082*	10,238*	-642*	5,422*	15,205*	17,742*	-8,624*	-96*	116*	-10,679*	-12,600*
Dec. 5	18,692*	11,400*	-647*	3,376*	17,526*	17,753*	-8,340*	68*	-1,157*	-8,182*	-13,105*
12	21,911*	13,997*	-244*	3,880*	18,500*	17,542*	-9,767*	131*	-221*	-8,932*	-12,975*
19											
26											

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

1. Cash plus forward plus futures positions in Treasury, federal agency, and private short-term securities.

* Strictly confidential

Net Changes in System Holdings of Securities[1]

Millions of dollars, not seasonally adjusted

December 17, 1984

Period	Treasury bills net change[2]	Treasury coupons net purchases[3]					Federal agencies net purchases[4]					Net change outright holdings total[5]	Net RPs[6]
		within 1-year	1-5	5-10	over 10	total	within 1-year	1-5	5-10	over 10	total		
1979	6,243	603	3,456	523	454	5,035	131	317	5	--	454	10,290	-2,597
1980	-3,052	912	2,138	703	811	4,564	217	298	29	24	668	2,035	2,462
1981	5,337	294	1,702	393	379	2,768	133	360	--	--	494	8,491	684
1982	5,698	312	1,794	388	307	2,803	--	--	--	--	--	8,312	1,461
1983	13,068	484	1,896	890	383	3,653	--	--	--	--	--	16,342	-5,445
1983--QTR. II	5,116	173	595	326	108	1,203	--	--	--	--	--	6,208	-793
III	4,617	156	481	215	124	975	--	--	--	--	--	5,439	9,412
IV	4,738	155	820	349	151	1,474	--	--	--	--	--	6,120	-10,739
1984--QTR. I	-1,168	--	--	-300	--	-300	--	--	--	--	--	-1,555	-286
II	491	198	808	200	277	1,484	--	--	--	--	--	1,918	70
III	-424	600	--	--	--	600	--	--	--	--	--	169	1,982
1984 May	-3,593	--	--	--	--	--	--	--	--	--	--	-3,633	-3,643
June	801	--	--	--	--	--	--	--	--	--	--	786	-3,572
July	-1,497	--	--	--	--	--	--	--	--	--	--	-1,499	-656
Aug.	-2,104	--	--	--	--	--	--	--	--	--	--	-2,110	4,951
Sept.	3,178	600	--	--	--	--	--	--	--	--	--	3,777	-2,312
Oct.	2,993	-300	300	--	--	--	--	--	--	--	--	-3,007	-3,805
Nov.	4,463	146	830	335	164	1,475	--	--	--	--	--	5,848	3,612
SEPT. 5	1,950	--	--	--	--	--	--	--	--	--	--	1,950	114
12	589	--	--	--	--	--	--	--	--	--	--	588	2,228
19	328	--	--	--	--	--	--	--	--	--	--	328	2,915
26	569	600	--	--	--	600	--	--	--	--	--	1,169	-4,573
OCT. 3	-431	-300	--	--	--	-300	--	--	--	--	--	-731	-608
10	-1,078	--	--	--	--	--	--	--	--	--	--	-1,087	-3,925
17	-1,146	--	--	--	--	--	--	--	--	--	--	-1,151	4,133
24	-615	--	--	--	--	--	--	--	--	--	--	-615	-1,926
31	207	--	300	--	--	300	--	--	--	--	--	507	-165
Nov. 7	15	--	--	--	--	--	--	--	--	--	--	15	2,410
14	1,693	--	--	--	--	--	--	--	--	--	--	1,603	814
21	110	146	830	335	164	1,475	--	--	--	--	--	1,585	-503
28	2,299	--	--	--	--	--	--	--	--	--	--	2,299	-1,319
Level--Dec. 14	74.2	16.8	36.9	14.1	20.2	88.0	2.4	4.3	1.2	.4	8.4	170.6	-.2

1 Change from end-of-period to end of period.
2 Outright transactions in market and with foreign accounts, and redemptions (–) in bill auctions.
3 Outright transactions in market and with foreign accounts, and short-term notes acquired in exchange for maturing bills. Excludes redemptions, maturity shifts, rollovers of maturing coupon issues, and direct Treasury borrowing from the System.
4 Outright transactions in market and with foreign accounts only. Excludes redemptions and maturity shifts.
5 In addition to the net purchases of securities, also reflects changes in System holdings of bankers' acceptances, direct Treasury borrowing from the System and redemptions (–) of agency and Treasury coupon issues.
6 Includes changes in RPs (+), matched sale purchase transactions (–), and matched purchase-sale transactions (+).