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MR TURNBULL

CC Mr Middleton  
Mr Britton  
Mr Monck  
Mrs Lomax Mr Collinson  
Mr H Davies  
Mr Grice

M1 AND STERLING M3 DEFINITIONS: PUBLIC SECTOR DEPOSITS

The Financial Secretary has been reflecting on what seems to him an oddity in the definition of M1 and £M3.

This relates to the exclusion of public sector sight deposits from M1, but the inclusion of both sight and time deposits of the public sector in £M3. While he can see the argument for omitting public sector deposits from M1, his instinctive reaction is that such deposits should also be excluded from £M3.

He would be grateful for a short note, together with two graphs showing, for the last couple of years, the movement of M1 and M1 plus sight deposits; and the movement/£M3 with and without public sector sight and time deposits.

SAL

S A J LOCKE

14 January 1981

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