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USA

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Prime Minister
Summary only.

BY BAG
FM WASHINGTON
RESTRICTED [CULL]
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MONTHLY ECONOMIC REPORT FOR THE UNITED STATES

SUMMARY

1. It now seems clear that GNP fell in the second quarter of this year after having risen only marginally in the first quarter. The further increases in oil prices announced at the Geneva meeting of OPEC and the President's commitment at the Tokyo summit to set a limit on oil imports mean that the chances of the economy recovering quickly from the current sluggishness seem very slight. The Administration is now talking more openly of the likelihood of recession this year.

2. The energy situation is already having a crucial impact on the economy. Fuel shortages have been directly responsible for some disruption to spending patterns and production but they also, more importantly, provoked independent truck drivers to organise widespread dislocation of deliveries of fuel and freight. The automobile sector, generally considered the most important determinant of cyclical changes in industrial activity, has been suffering from a sharp drop in demand accentuated by a strong swing towards the more fuel-efficient imported models. And the loss in consumer purchasing power caused by the 20% rise in retail petrol prices between December and May has contributed significantly to the slowdown in retail sales.

3. The Department of Commerce's preliminary estimate for the April to June quarter (based on only two months' figures) reportedly suggests that GNP fell at an annual rate of 2.4%. Retail sales in April and May were provisionally estimated to have fallen below the average level of the first quarter in money terms, industrial production was on average little changed and the merchandise trade balance deteriorated on a dollar basis. Employment failed to grow between March and June and total hours worked suffered a declin The unemployment rate of 5.6% in June was nonetheless the lowest in nearly five years.

4. Consumer prices in May rose by a further 1.1%, taking the level to nearly 11% above that of a year earlier. Food and home-purchase

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costs no longer stand out as having experienced an appreciably worse rate of increase than other parts of the consumer price index, but all fuel-related items have grown at two or three times the rate attributed to other goods. The eventual passing-through of the latest round of crude oil price increases and the high rates of inflation recently experienced at the wholesale level for finished goods other than food suggest that significant improvements in the CPI are unlikely to be sustained over the next few months. Although, as recently as March, Administration officials were keeping to their forecast of a rise of only 7.4% in the CPI through 1979, officials are now unofficially conceding that it is more likely to be in the region of 10%; some private-sector economists are expecting the 13% annual rate to continue throughout this year.

5. The dollar suffered its worst period this year on the foreign exchanges in the run-up to the OPEC and Tokyo summits. It fell over 4% against the Deutschemark, despite support from the Fed and the Bundesbank. The merchandise trade figures for May were viewed as rather disappointing. The deficit widened to \$2.5 billion, largely on account of a failure by manufactured exports to sustain their recently sharply improved trend. However, the current account of the balance of payments went into surplus in the first quarter for the first time in over two years.

6. Short-term market interest rates softened in June as evidence accumulated of a slowdown in the economy. Three-month Treasury bill rates were particularly weak, with yields falling from over 9½% p.a. to 8¾% through the month. The Fed however kept their key operating rate, the Federal Funds rate, at or above the 10¼% level and the recent narrowing of differentials between US and other countries' interest rates has revived expectations that there might be a further rise in US rates in advance of a very gradual reduction later this year.

7. The weakness in the economy has already produced calls in Congress for tax cuts next year aimed particularly at offsetting the effects of fiscal drag and providing supply-side incentives. The Administration has so far resisted such initiatives, apparently preferring to wait until there is definite evidence of a sustained increase in unemployment before changing its policy stance. A major reappraisal of energy and economic policies is currently being undertaken by the President at Camp David.

PRINCIPAL

Principal Monthly Indicators

		% change (annual rate)		
		On Previous Month	Last 3 months on previous 3 months	Last 3 months on 3 mths yr earlier
Industrial Production	May	16.3	1.3	6.1
Retail Sales (current prices)	May	-1.8	2.8	10.8
Consumer Prices	May	14.0	13.5	10.5
Average Earnings (adjusted)*	Jun	4.9	6.6	7.8
Index of Leading Indicators	May	4.3	-3.9	0.4
Money Stock (M1)	May	0.7	3.1	4.4
S & P Index of "500" shares	May	-24.3	6.2	2.4

		Latest Month	Average of latest 3 months	Average of 3 mths yr earlier
Unemployment Rate (%)	Jun	5.6%	5.7%	5.9%
Merchandise Trade Balance	May	-$2.5b	-$1.8b	-$2.7b
Interest Rate on CD's	Jun	9.8 %	10.0%	7.4%

Quarterly National Expenditure Data

(1979Q1)	% change (annual rate) On 1 qtr earlier	On 1 year earlier
GNP	0.8	4.7
Consumers' Expenditure	0.7	4.6
Business Fixed Investment	5.1	9.6
Government Expenditure	-4.2	1.6
Exports of goods and services	13.1	16.2
Imports of goods and services	5.2	6.9

Balance of Payments

(1979 Q1)	Latest quarter	Previous quarter
Current Account ($ billion)	0.2	-0.3

Exchange Rate		Actual % Change On Previous Month	On Year Earlie
Dollar effective rate	May	0.8	-4.4

* Average hourly earnings of production or nonsupervisory workers in the private nonfarm economy adjusted for interindustry employment shifts and for overtime in manufacturing.

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ECONOMIC ACTIVITY

8. An unusual leak of the Department of Commerce's "flash" estimate of GNP for the second quarter of 1979 showed a decline at an annual rate of 2.4% from the previous period. The estimate was based only on partial data for the first two months of the quarter (apart from some gloomy indicators of automobile sales in early June) but data since then have served if anything to push the estimate down even further.

9. The second-quarter figures have been widely heralded as evidence that the expected recession is now under way and that activity may well carry on declining for the rest of this year. Although it does seem likely that the economy will stay very sluggish or decline this year, it is rather early to draw a definite conclusion about the profile of activity from current data alone. The particularly high rate of inflation experienced in the second quarter and the disruptions to conventional buying patterns induced by the petrol shortage produced a significant fall in retail sales in real terms in the quarter. As discussed further in para. 29 et seq real personal disposable incomes can be expected to stay tightly squeezed this year but there is no reason to expect the rate of decline to be as fast as that experienced in the second quarter.

10. Analysis of retail trade figures since January demonstrates the extent to which fluctuations in the gasoline situation have dominated the overall consumption picture. Sales of automobiles and associated products fell by over 7% in money terms between January and May and preliminary reports suggest that the June drop could be much sharper. Meanwhile, total expenditure on gasoline etc. rose by 10%. Full figures are given in the table below, although April and May data are subject to substantial revision and the seasonal adjustment used is not necessarily very reliable.

Retail sales (current dollars, millions)

	Jan.	Feb.	March	April	May
Automobiles and accessories	15010	14930	14970	14180	13900
Other durable goods	10240	10100	10480	10360	10240
Gasoline service stations	5350	5570	5560	5680	5850
Other non-durable goods	40250	40520	41030	41000	41120
Total retail trade	70850	71120	72040	71220	71110

11. Whilst petrol shortages, occasional dislocations caused by action taken by independent truckers and measures to conserve energy usage have already caused considerable changes to be made in vacation and other expenditure plans, it does not seem likely that the resultant temporary increase in savings of households will not eventually find some alternative spending outlet. The final effect of the energy crisis (allowing for the impact on the overalll price level) may therefore turn out to be far more critical to the

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pattern of consumption this year than its level and sluggish aggregate figures for the early summer months are not necessarily a good guide to later developments. On the other hand, the recent substantial falls in indices of consumer confidence suggest that an abrupt and uncompensated increase in the savings ratio of the sort which occurred at the beginning of 1975 could happen again, so that the risk of further sharp falls in personal consumption cannot be completely discounted.

12. The only other major element of final expenditure to have shown the weakness evident in personal consumption has been housing but figures so far this year have indicated less of a slow-down than had been widely expected. Housing starts rose just above 1.8 million p.a. in May to produce an average so far this year of about 1.7 m. starts compared with 2 million p.a. in 1978. However, average mortgage rates are still climbing and the thrift institutions are suffering an unusual net outflow of funds. Some of the institutional impediments to housing finance (such as usury ceilings) have recently been softened, but price factors now seem to be exerting an influence both through demand for mortgages and the willingness of thrifts to compete for funds.

13. Business fixed investment still seems to be growing at a reasonable rate. The latest BEA survey of capital spending plans, taken in late April and May, showed that some further real increase was expected in the second quarter of this year and construction activity was reported fairly strong. The survey was also less pessimistic than previous ones had been about prospects for the rest of 1979, indicating a total increase for the year of about 4½% in real terms. Orders for non-defence capital goods in May recovered some of the sharp fall experienced the previous month and machine tools were particularly strong. The impact of the oil price increases and the likelihood of the economy proving to be very weak this year may however soon start to have an effect on purchasing plans.

14. The ratio of inventories to sales rose sharply in April as inventories increased at their fastest rate (1.4% in the month) for a year. Much of this rise may have been an unintentional response to the decline in final sales in the month but there is still little evidence outside the automobile sector that stocks are in danger of becoming excessive.

15. Industrial production rebounded in May to its March level, implying that the size of the drop recorded in April may have been exaggerated by the particular hours-worked index that was used as well as the Teamsters dispute. However, even allowing for these factors, the index has risen by less than 1% so far this year.

EXTERNAL ACCOUNT

16. The merchandise trade deficit widened in May to $2.5 billion compared with a monthly average so far this year of $1.8 billion. Most categories of exports showed some decline, as they had in April, and imports of consumer and intermediate manufactured goods rose significantly. However, the general picture on manufactured trade this year remains fairly encouraging and the improvement of $17 billion expected by the Administration for all non-fuel trade between 1978 and 1979 still looks comfortably attainable.

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17. The improvement in non-fuel trade will nevertheless probably be swamped from the second half of this year by the extra cost of fuel imports. Imports of fuel amounted to roughly $42 billion in 1978 and now seem likely to rise above $55 billion this year. Even in the absence both of any further increases in OPEC prices and any significant restocking by the oil companies, the fuel import bill for 1980 could exceed over $65 billion as the full effect of the latest round of price increases come through. Some additional exports to OPEC countries can be expected to be achieved by the US, but with growth elsewhere likely to slow appreciably, the likelihood of the US being able to maintain the recent rate of improvement in the balance of payments on current account seems fairly small. In the first quarter of the year the current account went into surplus for the first time since the beginning of 1977.

18. The dollar suffered its first major period of weakness this year in the run-up to the OPEC meeting and Tokyo summit. It declined through June nearly 2½% in effective (trade-weighted) terms and over 4% against the Deutschemark in spite of apparently substantial intervention by the Fed and the Bundesbank. Uncertainty about what proposals the President would recommend following the Tokyo commitment to restrain oil imports to the 1977 level of 8½ mbd contributed to some further hesitancy at the beginning of July.

FINANCIAL MARKETS

19. The monetary aggregates are continuing to show a confusing picture. M1 grew by an exceptionally large $6.9 billion in the first week of June but has since steadied at a level about 1% above that of May. M2 has now been accelerating perceptibly since the basically flat October-February period. Its rate of growth since the end of March has accelerated to 10% p.a., including the strong April period.

20. The Federal Reserve Board has meanwhile been keeping Federal Funds rates fairly steady. Since the small upward adjustment at the end of April to 10¼% there have been occasional periods when the Fed has seemingly been content to see rates approaching 10½% for a while but this never seems to have developed into a new target. Other short-term rates have meanwhile dropped significantly as the markets have perceived signs of slackness in the real economy. Yields on 3-month Treasury Bills fell from 9½% at the beginning of June to 8¾% by the end. Expectations that bond prices may have passed their low point for the cycle have however receded somewhat as the view has strengthened that dollar weakness might force the Fed to tighten policy at least temporarily in the near future.

LABOUR MARKET AND PRICES

21. Employment in June as measured by the household survey returned roughly to its March level at 96.8 million, whilst the establishment survey showed a further slight increase. Average hours worked failed to return to their March peak, so that there seems to have been a net reduction in total labour input through the second quarter.

22. The unemployment rate fell marginally in June to 5.6% of the labour force, but the drop was wholly accounted for by a fall in teenage unemployment. As June is the first month of the summer vacation there was in fact a large rise in reported teenage unemployment during the month but the seasonal adjustment factor, somewhat unreliably, more than offset it. Unemployment has stayed very close to 5.8% for nearly a year.

23. Consumer prices again rose by 1.1% in May, boosted in particular by a 1.8% increase in transport costs. Food prices have begun to moderate, but the falls which have been registered in the producer price index for finished goods have not yet been reflected at the consumer stage. Producer prices for foods fell by 1.2% in June, following a 1.3% drop in May and a 0.3% drop in April. Other elements of the finished goods price index have continued to increase at rates in excess of 1% per month and at the crude goods stage there has been a significant acceleration. The price of non-food materials is now over 20% above the level of a year ago.

24. There are no indications yet of an acceleration in labour costs to match these price movements. Poor productivity growth has meant that unit labour costs have been rising at rates approaching 10% p.a. for the last year but earnings do not seem to have shown any tendency to accelerate. In fact the adjusted hourly earnings index rose by only 0.4% in June leaving the level 7.6% above that of a year earlier. It appears likely that this moderate performance is almost totally attributable to restraint in the majority, non-union sector - with the Administration's wage guidelines being generally kept - because details of settlements made by the major bargaining units and the effects of existing cost-of-living adjustment clauses suggest that rather higher rates of increase are being attained in the unionised sectors.

25. There have recently been several large wage settlements which have severely stretched or broken the wage standards. A detailed assessment made by a former officials of the Council on Wage and Price Stability of the Teamsters' April agreement suggests that it may have been worth about 29 % over three years compared with the base line (before exceptions) of 22½% set by the Administration. The costly settlement made by United Airlines with its machinists was determined by COWPS to have exceeded both comparable agreements made by other airlines before the policy was put in place and the Administration's formal standards. A "finding of non-compliance" has now been filed by the Administration, which is the first stage in instituting any action against the company. Similar moves have been started against the major rubber companies, whose recent settlement appears likely to cost 38% in three years if the rate of inflation averages 9% p.a.

26. The way is now theoretically clear for the Administration to start denying Federal contracts to companies who have broken their wage or price guidelines. The lower court ruling which declared unconstitutional the President's right to invoke selective sanctions has now been overturned by the appeals court and the Supreme Court has to date not chosen to hear plaintiffs on the issue. Action has already been started against Amerada Hess and Ideal Basic for violating the price guidelines. There are however further difficulties on the wages side because, of the two major violators to date, United Airlines does not hold large Federal contracts and any action against the Rubber Companies would probably necessitate the Administration turning to foreign sources. General Electric may find themselves the first company to face serious sanctions following

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their tentative settlement worth apparently over 30% over three years with the electrical workers.

ECONOMIC PROSPECTS

27. The recent further increase in oil prices has made a recession this year (in the technical sense of six months of declining output) by far the most likely prospect for the US economy. It also means that there is even less chance than previously thought that there will be a recovery in the earlier part of 1980. If, as now seems probable, GNP at the end of 1979 is little changed from the end of 1978 and there is only very slow growth through 1980, the year-over-year growth rates will probably register about 2% for 1979 and well under 1% for 1980. The Administration's mid-year Budget review timed for release on Friday, 13 July is likely to show only a slightly less gloomy prospect.

28. The inflation outlook is critical to the forecast for the real side of the economy. Although the upsurge in inflation at the beginning of the year could in large part be attributed to special circumstances in food and housing, it is now energy which is the dominant proximate influence. A large part of recent increases in oil prices has yet to be passed through to the consumer (although there is evidence that margins in the wholesaling and retailing petroleum sectors have recently risen unsustainably fast) and, year-on-year, consumer prices (the CPI) may well rise by 11% between 1978 and 1979 and nearly as fast again in 1980. The CPI is a rather biassed measure of changes in the actual cost-of-living because of its weighting system, particularly on the housing side, but even the implicit deflator for consumer expenditure may increase by nearly 10% this year and next. It grew at an annual rate of 10½% in the first quarter of this year and will probably significantly exceed this rate in the second.

29. There are no signs yet that earnings are beginning to accelerate to match this rise in the inflation rate, so that households' purchasing power is being rapidly eroded. The tax cut in January provided some temporary relief, but offsets since then from the effects of inflation and fiscal drag have probably cut real disposable incomes to levels well below those of the end of 1978. Increases in employment have also been small. Although it seems likely that wage increases will eventually start to respond to the recent movements in prices (despite slacker demand and the existence of the wage standards) little growth can be expected this year or next in real personal disposable incomes unless large tax cuts are instituted. As consumers also seem more likely in current circumstances to react to the increased uncertainty about inflation and unemployment by raising their rates of saving rather than maintaining their consumption patterns, the outlook for consumers expenditure is rather bleak. The recent extreme weakness in retail sales may exaggerate this tendency because of the particularly disruptive effect on automobile and other sales of the energy situation, but a sustainable recovery seems unlikely.

30. The main question is still whether the general slowdown foreseen for the economy will turn into a severe recession. There are certainly few sectors of demand which would seem to be strong enough to offset the effects of the expected deceleration in consumers expenditure. Housing seems likely to weaken further this year and government purchases will probably show little growth in real terms although business fixed investment and the

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t[he] balance should continue to provide some small stimulus. The main uncertainties seem to relate to business inventories and personal savings. In the last recession, in 1974/75, particularly sharp movements in these areas were responsible for a contraction in demand that surprised most observers by its severity. There are as yet no indications that a similar phenomenon will happen again but the inflation rate and interest rates have already returned to similar levels and the risks of some substantial drop in demand are therefore in theory clearly present again.

31. Prospects for a sustained improvement in the current account of the balance of payments have been further eroded by the oil price increases. Although the deficit in 1979 may still be in the region of $10 billion there could be a sizeable deterioration in 1980 unless the recession does turn out to be very severe.

POLICY OUTLOOK

32. The Administration held firmly in the first few months of this year to the view that the economy was unlikely to go into recession this year and that any fiscal stimulus would be inappropriate. They hoped that the economy would gradually slow down and allow their anti-inflation programme to take effect without their having to risk particularly large increases in unemployment. This position has now been forced into a substantial change by the oil price increases and the Administration is beginning to accept publicly that a recession is likely. Furthermore, it is now privately reconsidering whether any policy response should after all be proposed.

33. One of the constraints which previously prevented the Administration from recommending any tax cuts in 1980 was the perceived political need to reduce the size of the Federal deficit. The intention was to bring the deficit down from an estimated $37 billion in the current fiscal year to below $30 billion in fiscal 1980 and hopefully towards balance in 1981. Buoyant tax receipts so far this year have however made it probable that this year's deficit could turn out to be well below $30 billion and the 1980 deficit, helped by the first receipts from the proposed windfall profits tax on oil, could fall comfortably below $20 billion (if unemployment does not rise significantly). This would then leave a certain amount of room for tax cuts to be made for at least part of the fiscal year without immediately implying abandonment of the cause of fiscal conservatism.

34. The economic case for granting a tax cut in 1980 is also now becoming more generally accepted. The oil price increase is frequently likened to an untoward excise tax on the economy which it might, in some circumstances and to some degree, be appropriate to offset by fiscal means. And it is appreciated that the resultant squeeze on real incomes could (in spite of restrained demand management policies) lead to defensive demands for much higher nominal wage increases if no other compensation is offered. Perhaps most significantly, arguments in favour of a tax cut on supply-side grounds are providing a respectable justification for measures which might otherwise be rejected because of their short-term implications for the Federal deficit.

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35. The Administration is therefore privately conceding the advantages of granting some tax cuts next year but it seems likely that they will not choose to acknowledge it publicly for some time because of its possible effects on confidence and the Administration's image of inconsistency on economic policy. In Congress, the running is at the moment being made by the Chairman and ranking minority member of the Joint Economic Committee, Senator Bentsen and Congressman Clarence Browne, with Russell Long, Chairman of the Senate Finance Committee adding powerful support for a sizeable tax cut. In addition, many Republicans sympathetic to Jack Kemp's arguments for increasing incentives by making significant reductions in tax levels, could be expected to approve a tax package of appropriate composition. If they were to form a coalition with liberal Democrats, concerned to provide a stimulus to the economy, it is possible that momentum for a tax cut could build up very quickly.

36. There seems to be less scope for change on the monetary side. Although Fed Chairman Miller has up until now, like the Administration and most influential parts of Congress, publicly expressed support for the view that any pronounced weakening of the economy should be offset by monetary changes rather than enlargement of fiscal deficits, the Fed's freedom of manoeuvre currently seems very limited. Interest rate differentials compared with other countries have recently narrowed significantly and the dollar is clearly vulnerable to speculative moves because of underlying pressures associated with the worsening in the cost-competitive position of the US and fears about the consequences of the oil price increases. Some easing of monetary policy could be achieved by speeding up the process of deregulation (thus, for instance, providing cheaper and more plentiful funds for the housing sector) but a generalised reduction in short-term interest rates seems unlikely in the absence of a really severe recession. In fact, some small (and temporary) upward movement over the next few months seems possible if the dollar does come under pressure.

37. The immediate policy discussions in the economic field at the moment are anyway centred on the energy question. The short-term commitments on oil imports made by President Carter at the Tokyo summit should not be difficult to achieve provided that the rate of economic growth stays slow and there are steady oil flows from Alaska, but in the medium-term some radical changes will be needed. A very sizeable programme to produce synthetic fuels is under consideration, together with some relaxation of environmental standards and a set of emergency measures. Some of the finance for a synthetic fuels programme would be provided by receipts from the windfall profits tax, legislation for which has passed the House in slightly tougher form than originally proposed by the Administration.

38. The bold moves being contemplated on energy clearly threaten to undermine other current objectives of domestic economic policy. Restraints on energy usage could potentially impede activity levels even below those currently expected and most would further aggravate domestic inflation rates. The latter is bound to worsen the climate in which further changes to the Administration's voluntary anti-inflation programme can be considered. But the pressures on the Administration and Congress to be able to demonstrate some action to promote significant improvements in the economy during the election year of 1980 are becoming increasingly urgent and the general reappraisal which the President is currently making at Camp David could well produce some major changes in direction.

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Expenditure on GNP (quarterly data).
(1972 prices $b sa annual rate)

	1979(1)	% pa change over last qtr		% pa change over same qtr yr earlier	
GNP	1417.6	0.8		4.7	
Personal Consumption	913.5	0.7		4.6	
durables	148.7	-3.7		7.9	
nondurables	345.3	-3.6		3.6	
services	419.5	6.3		4.2	
Business fixed investment	146.7	5.1		9.6	
Housing investment	58.0	-14.4		-2.5	
Change in business inventories	10.6	8.2	(A)	12.3	(A)
Govt purchases of goods & services	276.4	-4.2		1.6	
Federal	102.0	-1.9		0.8	
State & Local	174.4	-5.5		2.1	
Net exports of goods & services	12.5	10.2	(A)	2.9	(A)
Exports	115.2	13.1		16.2	
Imports	102.8	5.2		6.9	
Price deflator (1972=100)	159.9	8.9		8.7	
GNP (current prices)	2267.3	9.8		13.8	
Net exports (current prices)	-3.7	-7.6	(A)	-24.1	(A)

Monthly indicators

	Month		% pa change over 1 mth earlier	3 mths earlier	year earlier
Industrial production	May	152.1	16.3	2.9	5.7
Capacity utilisation mfg	May	85.6	13.5	-1.4	2.0
Retail Sales ($b current prices)	May	71.1	-1.8	-0.1	10.7
Car Sales (m units pa)	Jun	9.6	-85.6	-66.6	-19.1
Housing Starts (m units pa)	May	1.8	85.9	206.3	-10.3
Merchandise exports ($b)	May	13.9	-1.8	10.9	17.6
Merchandise imports ($b)	May	16.3	25.5	48.4	16.7
Civilian employment (Hsehld Svy)	Jun	96.8	5.6	-0.4	2.0
Unemployment Rate (%)	Jun	5.6	5.8 (A)	5.7 (A)	5.7 (A)
Consumer Price Index (1) (2)	May	214.1	14.0	13.6	10.8
Producer Price Index (2)					
finished products	Jun	213.4	6.2	7.4	9.7
all commodities	Jun	233.1			11.3
Average hourly earnings (pnf)	Jun	6.1	6.1	6.1	8.1
Average hourly earnings (pnf adj)	Jun	228.4	4.9	5.6	7.6
Composite indices					
12 leading indicators	May	141.2	4.3	-4.7	-0.4
4 coincident indicators defl	May	144.6	3.4	-0.8	3.7
6 lagging indicators	May	162.2	-0.7	9.1	15.9
Inventory levels ($b cur prices)	Apr	$397.1b(A)	$391.7b(A)	$383.0b(A)	$350.5b(A)

(1) All urban consumers

(2) % changes are seasonally adjusted; levels are not seasonally adjusted.

(A) Implies actual value in the period specified NOT percentage change.

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Monetary indicators

	Latest Month		% change at annual rate over previous 4 wks	13 wks	52 wks
Federal reserve credit outstanding \$b sa (1)	Jun	128.8	2.2	8.7	5.9
Monetary base \$b (1)	Jun	146.7	10.4	7.7	7.8
M1 \$b	May	364.5	0.7	6.7	4.0
M2 \$b	May	893.8	5.5	8.0	6.8
Total bank reserves (1) \$b	Jun	40.4	-0.9	-3.6	7.2
Consumer instalment credit	Apr	282.4	19.1	10.7	18.7
Commercial & industrial loans by large banks		NOT	AVAILABLE		

	Latest Month		Previous Month	3 mths Previous	Year Previous
Commercial bank prime rate (1)	Jun	11.63	11.75	11.75	8.62
3 mth Treasury bills	Jun	9.09	9.62	9.49	6.71
Corporate Aaa bonds	Jun	9.25	9.50	9.36	8.75
3 mth CD rate	Jun	9.78	10.17	10.15	7.81
US Govt bond rate (20-yr)	Jun	8.93	9.21	9.09	8.52
Federal Funds rate	Jun	10.27	10.24	10.09	7.57

(1) Average of latest 4 weeks