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CONFIDENTIAL (FR)

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

May 21, 1965.

SUPPLEMENTAL NOTES

The Domestic Economy

Seasonally adjusted private housing starts in April continued at the improved rate reached in March. On a three-month moving average basis, the rate for the most recent period was 1.50 million, including farm. This was a little above the first quarter average but was 7 per cent below the rate in the February-April period a year earlier.

Unlike starts, seasonally adjusted residential building permits declined in April, as permits for multifamily structures dropped appreciably. The rate of multifamily permits had been at a 7-month high in March, however, and the rate in April still remained above the recent low in December of last year.

PRIVATE HOUSING STARTS AND PERMITS

	April (thousands of units) 1/	Per cent change from:	
		Month ago	Year ago
Starts (total)	1,548	--	+ 1
Permits (total)	1,204	- 4	- 6
1 - family	724	+ 3	+ 3
2-4 - family	82	+ 2	-17
5-or-more family	398	-14	-17

1/ Seasonally adjusted annual rate; preliminary.

The Domestic Financial Situation

Turnover of demand deposits at banks outside New York City, seasonally adjusted, declined slightly in April following five months of continuous increases. The April rate was above the first quarter

average, however, and over the January-April period, turnover averaged nearly 6-1/2 per cent above that in the corresponding months last year.

After two weeks of very large increases, business loans at New York City banks increased only \$4 million, somewhat less than seasonally, in the week ending May 19.

Reception of this week's large volume of corporate bond offerings was only fair, reflecting in part the fact that the \$125 million Pacific Telephone and Telegraph issue was reoffered to yield somewhat less than the market had been expecting. At the close on May 20, this issue was only one-fifth sold, and total holdings of issues still in syndicate which had been reduced as the result of syndicate terminations in the two preceding weeks, have again expanded, to about \$150 million.