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MONEY MARKET AND RESERVE RELATIONSHIPS

Money markets

Recent developments. Bill rates moved even further out of touch with other short-term rates during recent weeks. The 3-month bill declined below the discount rate and was quoted as low as 4.34 per cent during the past few days, before turning up on Friday. Rates on short-term Federal Agency issues have also edged down to levels slightly below their early June peaks, as the market has digested the recent influx of new issues.

Other short-term rates, however, have remained stable or advanced slightly further. This week major New York banks have posted a  $5\frac{1}{2}$  per cent rate on 3-month CD's, and there are reports of prime banks willing to pay that rate on one-month maturities. Federal funds have traded at  $5\frac{1}{2}$  per cent in the last few days and even touched  $5\text{-}5/8$  per cent, in the backwash of loan demand related to accelerated tax payments; and dealer loan rates rose further to a new high of  $5\text{-}7/8$  per cent in New York.

Net borrowed reserves after revision averaged about \$325 million over the two statement weeks ending June 15, somewhat below their May average, but rose to \$417 million in the latest statement week. Member bank borrowings were relatively low by recent standards in the week ending June 8--the second half of a country bank settlement period--but increased to an average of \$740 million during the past two statement weeks.

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE

(Monthly averages and, where available, weekly averages of daily figures; amounts in millions of dollars)

Period	Money Market Indicators				Bond Yields			Flow of Reserves, Bank Credit and Money				
	Free Reserves	Borrowings	Federal Funds Rate	3-month Treasury Bill	U. S. Gov't. (20 yr.)	Corporate New Issues (Aaa)	Municipal (Aaa)	Non-borrowed Reserves	Total Re-serves	Bank Credit Proxy	Money Supply	Time Deposits <sup>1/</sup>
1965--May	-156	490	4.08	3.89	4.21	4.51	3.09	- 31	- 61	+ 772	-1,100	+1,100
June	-176	534	4.01	3.80	4.21	4.58	3.15	+151	+173	+1,802	+1,800	+1,300
July	-178	527	4.07	3.83	4.21	4.61	3.16	+ 30	+ 23	+1,414	+ 700	+1,700
Aug.	-162	549	4.11	3.84	4.25	4.63	3.16	-116	- 50	+1,608	+ 200	+2,500
Sept.	-139	552	3.95	3.92	4.30	4.67	3.25	+ 11	+ 14	+ 249	+1,600	+1,500
Oct.	-132	490	4.05	4.02	4.32	4.69	3.31	+ 85	+ 44	+2,592	+1,300	+2,000
Nov.	- 77	418	4.09	4.08	4.40	4.72	3.34	+ 59	- 44	+ 759	+ 100	+1,900
Dec.	- 22	452	4.28	4.37	4.50	4.85	3.39	+365	+338	+2,147	+1,700	+1,500
1966--Jan.	- 51	431	4.32	4.58	4.52	4.84	3.39	+103	+117	+1,793	+1,000	+1,000
Feb.	-117	474	4.58	4.65	4.71	4.98	3.48	+ 41	+ 85	+ 820	- 400	+ 800
Mar.	-210	545	4.64	4.58	4.72	5.27	3.55	- 59	+ 62	+ 787	+1,200	+ 800
Apr.	-276	638	4.64	4.61	4.65	5.05	3.46	+238	+335	+3,587	+1,900	+2,000
May p	-338	653	4.83	4.63	4.69	5.21	3.53	-104	- 76	+ 479	-1,600	+1,300
June proj. <sup>2/</sup>	-363	710	5.04	4.52	4.73	5.36	3.59	+ 41*	+ 28*	+ 990*	+1,800	+1,100*
May 4	-331	617	4.78	4.65	4.71	5.14	3.52			+ 296	- 400	+ 200
11	-340	680	4.70	4.63	4.68	5.15	3.52			+ 287	- 400	+ 200
18	-344	663	4.98	4.62	4.66	5.21	3.52			- 374	- 300	+ 400
25	-339	653	4.72	4.64	4.68	5.57**	3.57			- 696	- 700	+ 500
June 1 p	-387	812	4.81	4.63	4.73	5.36	3.60			+ 346	--	+ 200
8 p	-321	547	4.88	4.56	4.73	5.34	3.60			+ 485	+1,300	+ 200
15 p	-326	788	5.15	4.56	4.76	5.43	3.59			- 765*	+ 300	+ 100*
22 p	-417	691	5.20	4.44	4.71	5.31	3.58			+1,524*	+2,200	-- *
						<u>Averages</u>				<u>Annual rates of increase <sup>3/</sup></u>		
Year 1964	107	295	3.47	3.53	4.19	4.44	3.09	+ 4.6	+ 4.2	+ 7.6	+ 4.3	+12.8
1965	- 90	467	4.05	3.95	4.27	4.58	3.16	+ 4.2	+ 5.1	+ 9.1	+ 4.8	+16.1
Recent variations in growth												
Dec. 1-Feb. 2	- 31	430	4.31	4.49	4.52	4.85	3.40			+10.4	+ 7.7	+ 7.9
Feb. 2-Mar. 16	-166	515	4.61	4.64	4.74	5.19	3.55			- 1.2	+ 6.7	+ 6.4
Mar. 16-Apr. 13	-246	584	4.70	4.55	4.64	5.03	3.45			+19.8	+15.4	+14.8
Apr. 13-June 22	-338	678	4.84	4.60	4.70	5.28	3.55			+ 3.8*	+ 4.9	+ 9.3*
Dec. 1-June 22	-194	554	4.61	4.57	4.64	5.11	3.49			+ 7.1*	+ 7.7	+ 9.2*

<sup>1/</sup> Time deposits adjusted at all commercial banks.

<sup>2/</sup> June averages of free reserves and borrowings are for the four weeks ending June 22; money market rates and bond yields are averages for the month to date; and changes in monetary variables include projections for the final week of June.

<sup>3/</sup> Base is average for month preceding specified period or in the case of weekly periods, the first week shown.

p - Preliminary. \*\*Not representative. \*Changes have been adjusted for redefinition of time deposits effective

June 9.

June 24, 1966.

The gathering tightness in the banking system as the period progressed tended to focus on major banks in New York, whose basic reserve deficiency (net borrowed reserves plus net Federal funds purchases) worsened sharply in the latest statement week. This worsening was larger than normally occurs in the first few days after the mid-June tax date and was related in part to the continued loan demand to help corporations make accelerated payments to the Treasury of withheld individual income and social security taxes.

Prospective developments. Assuming net borrowed reserves over the next four weeks remain around the \$370 million average of the past two statement weeks, one might expect some shifting of relationships within the constellation of money market conditions but continued market tightness over-all. Treasury bill rates may continue low in the period immediately ahead in view of the extremely short market supply of bills and of the System's need to supply about \$1 billion of reserves over the July 4 holiday period. Subsequently, bill rates are likely to rise, and perhaps rapidly. Banks will be reversing window-dressing operations, investor demand for bills may be reduced as the volume of new capital market issues tapers off in early summer, and high financing costs will begin to bite as dealer bill positions rise. A most important factor in the bill market, however, will be the Treasury's decision with respect to the size and timing of any tax bill financing.

Once the current tax-related burst of loan demand at banks passes, there may be some easing in the Federal funds rate. Dealer loan rates would also tend to decline somewhat, but should remain on

the high side so long as basic loan demands are strong and banks encounter difficulties finding CD funds.

The relatively light July calendar for corporate and municipal issues suggests that credit demands will not place much upward pressure on long-term rates over the next four weeks, although shifting expectations could lead to some rate rise. Moreover, it is possible that recent declines in yields on Treasury notes and bonds may be at least partially reversed in response to investor switching into attractively priced Agency, municipal, and corporate issues and to possible selling by financial institutions under liquidity pressure.

The extent of savings outflows from nonbank savings institutions after midyear and the likely responses of the institutions themselves and of the regulatory authorities are among market uncertainties that will be resolved soon. If such savings outflows are sizable and if the Federal Reserve provides assistance to the institutions involved one way or another through the discount function, both market expectations and open market operations might be affected in the short-run.

To the extent that any such Federal Reserve lending is allowed outside the conventional Regulation A constraints, the System may need to make substantially offsetting open market sales of securities in order to guard against an incidental easing of credit conditions, at least over the short-run, in the process of providing assistance through the discount window to a particular sector of the market. However, it is difficult to foresee the net outcome of so complex a situation--

coming as it would amidst all the already existing uncertainties as to Vietnam, fiscal policy, and monetary policy actions. One possibility is that resulting shifts in market expectations could lead to upward interest rate movements. Such expectations could also be generated by more widespread announcements of increases in rates paid by nonbank savings institutions.

In so potentially fluid a situation, compounded by a combination of changing financial asset preferences and public policies, money market conditions may need to be given more than the usual degree of emphasis in the conduct of open market operations. Under the circumstances, an effort to achieve somewhat deeper net borrowed reserves (say to persistently around \$450 million), apart from any special Federal Reserve lending outside ordinary Regulation A constraints, would have to be undertaken cautiously. Such a net borrowed reserve level would intensify upward pressure on interest rates. But the degree of pressure would depend on whether this was interpreted as just one further step toward an even deeper net borrowed number and on whether or not the market expected Regulation Q ceilings and the discount rate to be raised.

Reserve flows, bank credit, and money

Recent developments. On the basis of estimates for the first three weeks in June, expansion in bank credit on average for all of the month probably will be at about a 5 per cent rate, slightly less than anticipated at the beginning of the month. Credit expansion

was slow in the first half, but picked up sharply on and after the mid-month tax date. As a result, the bank credit increase measured from the beginning to the end of June is likely to be about 13 per cent.

Private demand deposits are likely to expand at a 15 per cent annual rate for June, although the impact of new tax speed-ups makes it more than usually difficult to estimate both private and Government demand deposits for the last two weeks of the month. The estimated rapid expansion in private demand deposits this month is being offset in part by a larger than anticipated decline in Government demand deposits, seasonally adjusted. Time and savings deposits in June appear to be growing at a slower rate than in May.

These June estimates imply expansion rates for the first half of 1966 as a whole somewhat below those for the year 1965 for bank credit, time deposits, and nonborrowed reserves. The credit proxy has increased at an annual rate of 7 per cent thus far this year, compared with 9 per cent in 1965; nonborrowed reserves have increased at about 2.5 per cent this year, compared with 4.2 last year; and time deposits have grown by 9.5 per cent compared to 16 per cent last year. On the other hand, money supply and total reserves have increased almost as rapidly as last year--4.7 and 5 per cent respectively.

Prospective developments. The rapid increase of bank credit over the latter part of June may slow down as July progresses, but the average increase in July is likely to be relatively large--perhaps in the order of 9-11 per cent. The large increase in July reflects in part

the delayed impact on the monthly averages of the late June rise. But also during next month further acceleration of corporate payments to the Treasury of withheld individual income and social security taxes may add to basically strong business loan demands. Furthermore, any substantial borrowing at banks by nonbank financial institutions to meet concentrated savings withdrawals would serve to enlarge bank credit totals. The current projection also does not assume a Treasury cash financing in July but if there is one, it is likely to be more toward the end of the month and therefore would have only a comparatively small effect on the average credit expansion.

Several factors make the outlook for time deposit growth particularly uncertain in the weeks ahead. Perhaps the principal unknown is how banks will fare after the midyear interest-crediting date when an outflow of funds from nonbank savings institutions is widely anticipated. Recent announced rate increases by nonbank savings institutions may tend to restrain growth in consumer-type time deposits at banks. With respect to negotiable CD's, the availability of funds for investment in them has probably been limited recently by corporate needs to make accelerated tax payments of one sort or another and by competition from Federal agency issues. Still, at the current level of market rates-- and with the bulk of the recent agency issues absorbed into the market-- banks may find that they can increase outstanding CD's some in the period ahead. Over-all, time and savings deposits may rise at a pace perhaps no more rapid than the 8-10 per cent annual rate of the past two months and perhaps by less.

On our current projections Government deposits are expected to decline less than seasonally in July, even assuming no Treasury cash financing. This may hold down the growth of private demand deposits (and money supply) over the short-run. Over the longer run, there is little reason to expect any significantly lower rate of growth in money than the 4.7 per cent rate of the first half of this year, assuming no let-up in basic loan demands. This outlook adds up to an annual rate of expansion for total required reserves, seasonally adjusted, in the order of 10 per cent during July on average.

Table A-1

## MARGINAL RESERVE MEASURES

(Dollar amounts in millions, based on period averages of daily figures)

Period	Excess reserves	Member banks borrowings	Free reserves		
			As revised to date		As first published each week
<b>Monthly (reserves weeks ending in):</b>					
1965--March	349	395	- 46		
April	342	471	-129		
May	334	490	-156		
June	358	534	-176		
July	349	527	-178		
August	387	549	-162		
September	413	552	-139		
October	358	490	-132		
November	341	418	- 77		
December	430	452	- 22		
1966--January	380	431	- 51		
February	357	474	-117		
March	335	545	-210		
April	362	638	-276		
May p	315	653	-338		
June p	347	710	-363		
<b>Weekly</b>					
1966--February					
2	348	418	- 70	- 17	- 22
9	344	503	-159	-120	-121
16	337	453	-116	-122	- 99
23	398	520	-122	-102	- 95
March					
2	293	464	-171	-172	-186
9	360	614	-254	-219	-193
16	363	536	-173	-224	-217
23	371	602	-231	-274	-260
30	288	508	-220	-229	-222
April					
6	333	623	-290	-225	-241
13	360	603	-243	-286	-282
20	373	685	-312	-281	-270
27	380	642	-262	-280	-316
May					
4	286	617	-331	-280	-280
11	340	680	-340	-324	-310
18	319	663	-344	-315	-341
25	314	653	-339	-351	-370
June					
1 p	425	812	-387	-364	-342
8 p	226	547	-321	-375	-360
15 p	462	788	-326	-341	-336
22 p	274	691	-417		-394

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TABLE A-2

## AGGREGATE RESERVES AND RELATED MEASURES

Retrospective Changes, Seasonally Adjusted  
(In per cent, annual rates based on monthly averages of daily figures)

	Reserve Aggregates				Monetary Variables			
	Total Reserves	Nonborrowed Reserves	Required reserves		Total Member Bank Deposits (credit) <sup>1/</sup>	Time Deposits (comm. banks)	Money Supply	
			Total	Against Demand Deposits			Total	Private Demand Deposits
<b>Annually:</b>								
1963	+ 3.5	+ 3.5	+ 3.8	+ 2.4	+ 7.5	+14.7	+ 3.8	+ 3.2
1964	+ 4.2	+ 4.6	+ 4.9	+ 3.2	+ 7.6	+12.8	+ 4.3	+ 4.0
1965	+ 5.1	+ 4.2	+ 5.0	+ 3.6	+ 9.1	+16.1	+ 4.8	+ 4.6
<b>Monthly:</b>								
1965--January	+ 5.3	- 1.4	+ 5.7	- 2.6	+10.5	+20.9	+ 2.3	+ 1.0
February	+10.4	+ 6.4	+ 4.3	- 2.0	+11.1	+20.5	- 2.3	- 3.8
March	+ 8.1	+ 5.1	+11.5	+ 6.9	+ 9.7	+10.1	+ 4.5	+ 4.8
April	+12.5	+ 8.4	+11.4	+ 5.0	+14.1	+12.7	+ 6.0	+ 7.6
May	- 3.4	- 1.8	- 1.1	-14.0	+ 4.1	+ 9.9	- 8.2	-12.3
June	+ 9.6	+ 8.6	+ 9.8	+15.6	+ 9.6	+11.6	+13.5	+16.3
July	+ 1.3	+ 1.7	+ 3.6	+ 1.4	+ 7.5	+15.0	+ 5.2	+ 4.7
August	- 2.7	- 6.5	- 8.7	- 0.4	+ 8.4	+21.8	+ 1.5	--
September	+ 0.8	+ 0.6	+ 2.3	+13.9	+ 1.3	+12.8	+11.8	+13.2
October	+ 2.4	+ 4.8	+ 6.1	+ 8.4	+13.5	+16.9	+ 9.5	+ 9.3
November	- 2.4	+ 3.3	- 3.8	- 1.7	+ 3.9	+15.9	+ 0.7	- 0.9
December	+18.6	+20.5	+18.3	+11.7	+11.0	+12.4	+12.3	+14.8
1966--January	+ 6.3	+ 5.7	+11.5	+ 4.1	+ 9.1	+ 8.2	+ 7.2	+ 5.5
February	+ 4.6	+ 2.2	- 0.1	- 2.4	+ 4.1	+ 6.5	- 2.9	- 5.5
March	+ 3.3	- 3.2	+ 4.5	+12.1	+ 4.0	+ 6.5	+ 8.6	+10.1
April	+17.9	+13.1	+15.0	+13.0	+17.9	+16.0	+13.5	+15.4
May p	- 4.0	- 5.7	- 4.2	-18.1	+ 2.4	+10.3	-11.2	-16.1
June proj. <sup>2/</sup>	+ 1.5	+ 2.2	+ 3.9	+17.6	+ 4.9	+ 8.6	+12.7	+15.4

<sup>1/</sup> Includes all deposits subject to reserve requirements. Movements in this aggregate correspond closely with movements in total member bank credit.

<sup>2/</sup> Changes have been adjusted for redefinition of time deposits effective June 9.

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Chart 1

# MEMBER BANK RESERVES

SEASONALLY ADJUSTED MONTHLY AVERAGES OF DAILY FIGURES

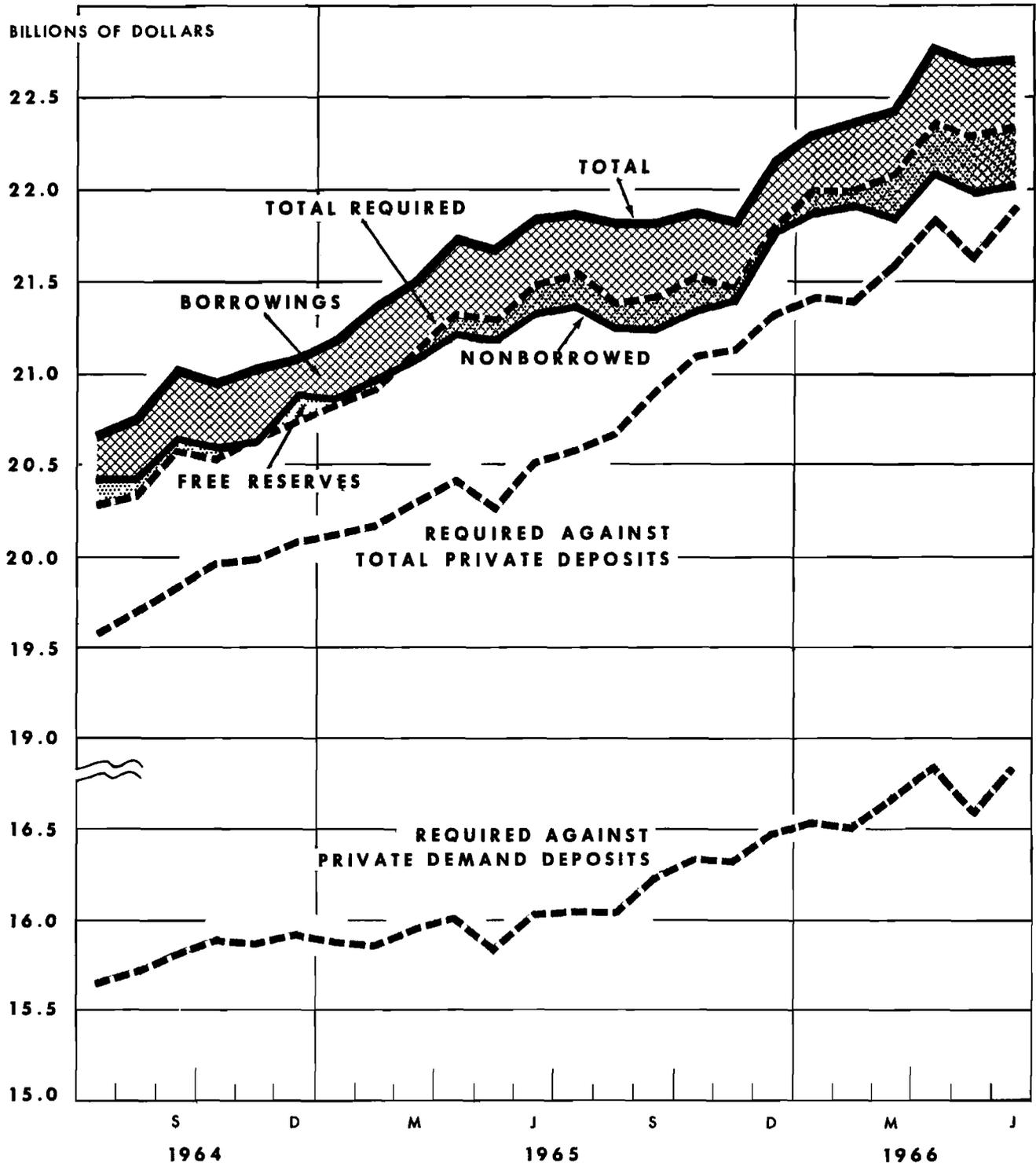


Chart 2

# MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

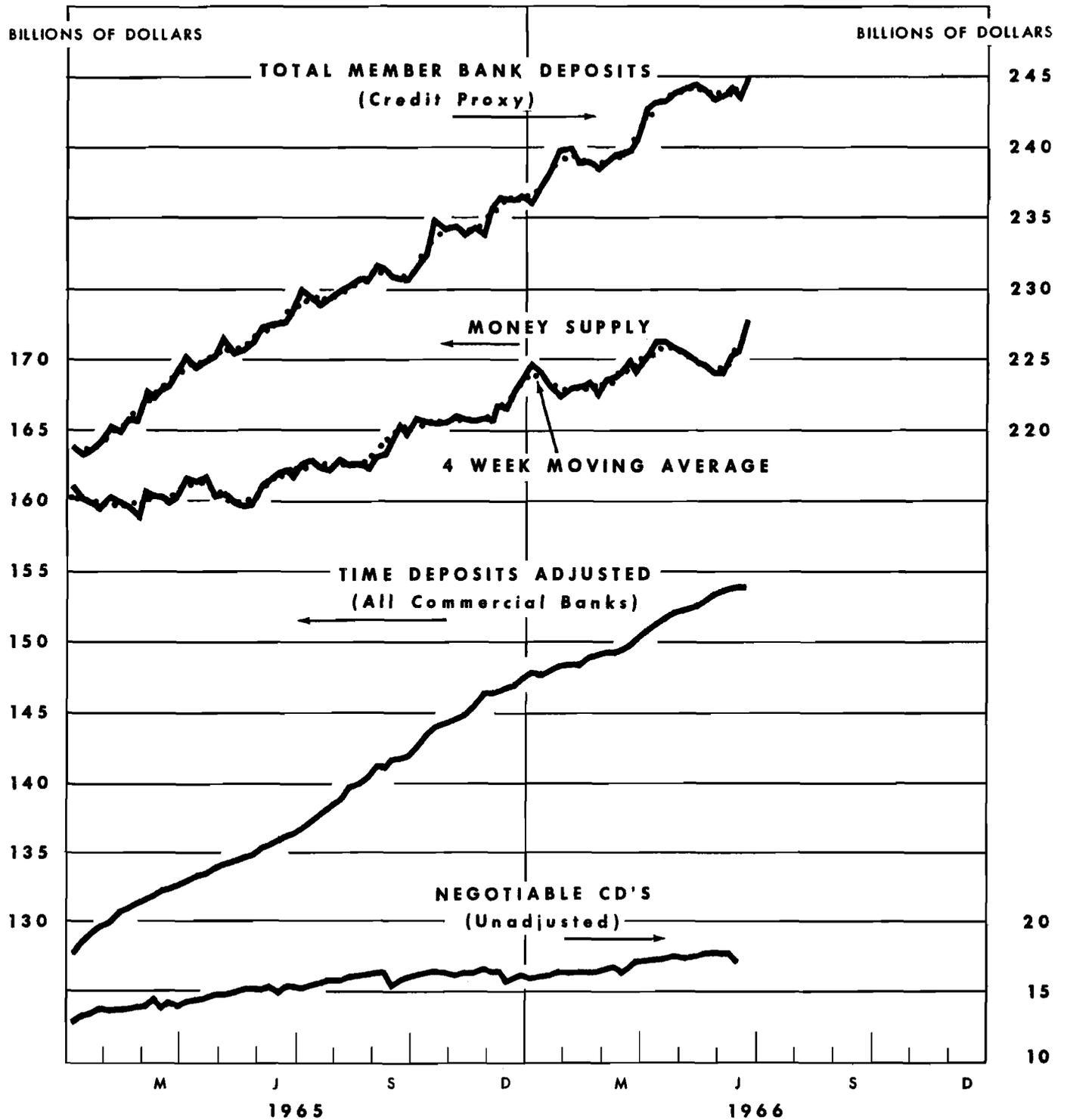
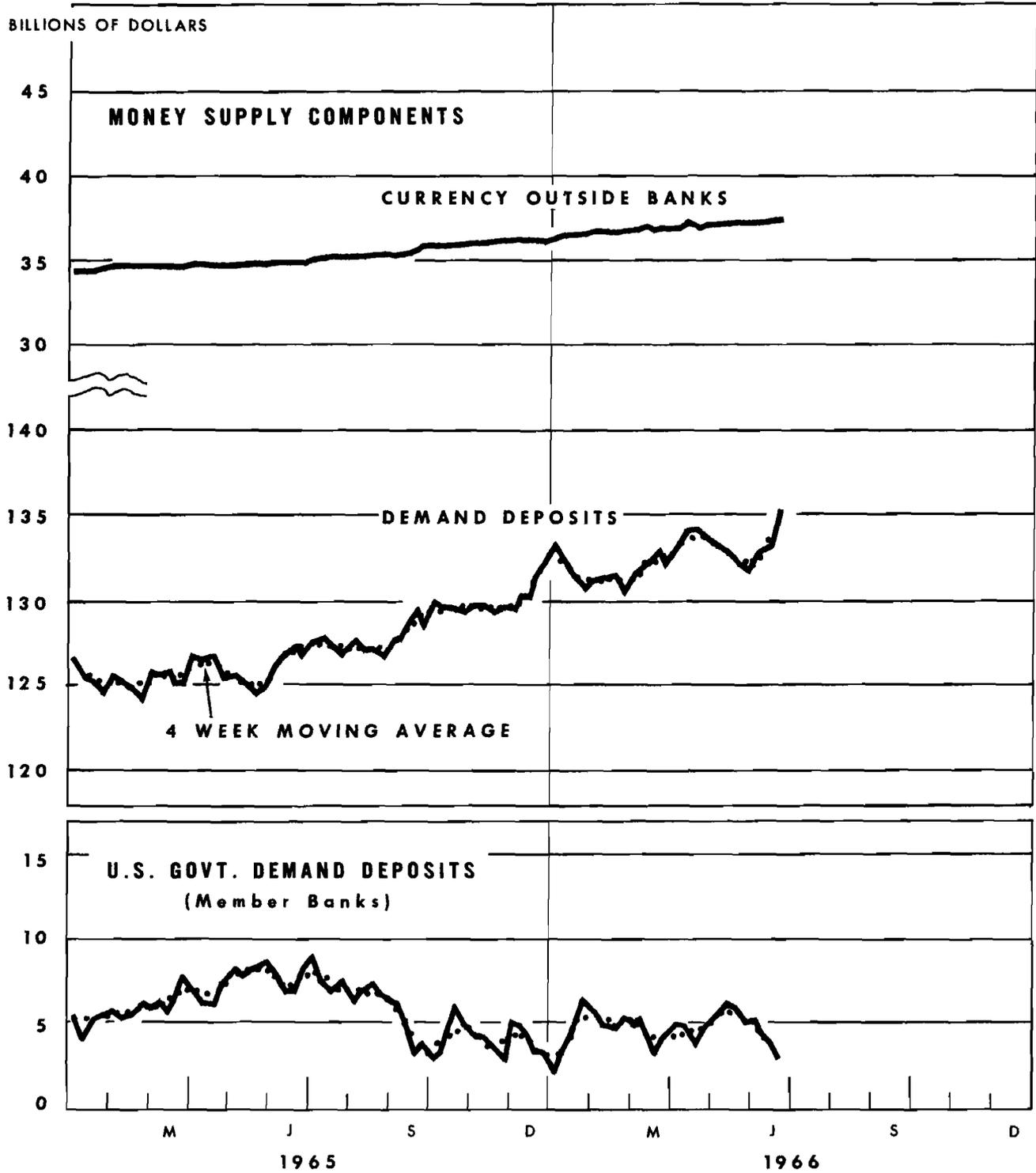


Chart 3

# DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



MAJOR SOURCES AND USES OF RESERVES

Retrospective and Prospective  
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Factors affecting supply of reserves				= Change in total reserves	= Bank use of reserves	
	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Technical factors net 2/		Required reserves 3/	Excess reserves
<u>ACTUAL</u>							
<u>Year:</u>							
1963 (12/26/62 - 12/25/63)	+3,125	-426	-1,950	- 76	+676	+763	- 87
1964 (12/25/63 - 12/23/64)	+3,219	-165	-1,847	-365	+840	+910	- 70
<u>Year-to-date:</u>							
(12/30/64 - 6/23/65)	+1,910	-1,096	+240	-986	+ 66	+213	-147
(12/29/65 - 6/22/66)	+875	-281	-160	-814	-379	-192	-187
<u>Weekly:</u>							
1966--Apr. 27	+145	--	+207	-367	- 12	- 19	+ 7
May 4	+369	+ 1	-183	- 65	+120	+214	- 94
11	+422	- 15	-455	- 95	-142	-196	+ 54
18	-309	- 86	+136	+139	-118	- 97	- 21
25	+ 99	--	+159	-490	-234	-229	- 5
June 1 p	+627	+ 2	-173	-327	+127	+ 16	+111
8 p	- 6	- 1	-389	+240	-152	+ 47	-199
15 p	+185	--	+ 1	- 75	+107	-129	+236
22 p	-224	- 28	+ 49	+578	+378	+566	-188
<u>PROJECTED 4/</u>							
June 29	+340	- 70	+115	-375	+ 10	+ 10	--
July 6	+620	- 10	-600	+235	+245	+245	--
13	- 70	- 10	-130	+155	- 55	- 55	--
20	-635	- 10	+210	+395	- 40	- 40	--
27	+115	- 10	+230	-425	- 90	- 90	--
Aug. 3	+495	- 10	- 70	-400	+ 15	+ 15	--
10	+450	- 10	-465	- 50	- 75	- 75	--

1/ For retrospective details, see Table B-4.

2/ For factors included, see Table B-3.

3/ For required reserves by type of deposits, see Table B-2.

4/ See reverse side for explanation of projections.

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### Explanation of Projections in Table B-1

1. Changes in Federal Reserve credit indicate reserves needed to offset projected changes in required reserves and factors affecting the supply of reserves.
2. Projected changes in currency outside banks reflect seasonal movements plus an allowance for growth of about \$30 million per week.
3. Projected effects of Treasury operations, included in "technical factors," reflect scheduled and assumed calls in current two weeks and thereafter, maintenance of Treasury balances with Federal Reserve at \$600 million.
4. Projected changes in gold stock reflect assumed outflow after July at the rate of about \$50 million per month.
5. Projected changes in required reserves reflect estimated seasonal movements in private deposits, except as indicated in projections in Table B-2, and projected movements in U. S. Government demand deposits. Government deposit projections are based on anticipated Treasury receipts and expenditures and the following assumed financing operations: June 24, \$0.4 billion; July 29, \$0.6 billion; August 1, \$-0.8 billion.

**CHANGES IN REQUIRED RESERVE COMPONENTS**

Retrospective and Prospective Seasonal and Nonseasonal Changes  
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Total required reserves	Supporting U. S. Gov't. demand deposits	Supporting private deposits				
			Total	Seasonal changes		Other than seasonal changes	
				Demand	Time	Demand	Time
<u>ACTUAL</u>							
<u>Year:</u>							
1963 (12/26/62 - 12/25/63)	+763	+ 8	+755	+ 45	--	+239	+471
1964 (12/25/63 - 12/23/64)	+910	-115	+1,025	+ 16	--	+542	+467
<u>Year-to-date:</u>							
(12/30/64 - 6/23/65)	+213	+472	-259	-832	+ 78	+201	+294
(12/29/65 - 6/22/66)	-192	-110	- 82	-781	+ 72	+442	+185
<u>Weekly:</u>							
1966--Apr. 13	+ 17	-314	+331	+266	+ 9	+ 49	+ 7
20	+212	-136	+348	+229	- 9	+113	+ 15
27	- 19	+213	-232	-166	+ 9	- 85	+ 10
May 4	+214	+421	-207	-183	+ 9	- 36	+ 3
11	-196	+ 64	-260	-214	+ 9	- 59	+ 4
18	- 97	+163	-260	-185	--	- 90	+ 15
25	-229	- 8	-221	-165	- 9	- 67	+ 20
June 1 p	+ 16	- 70	+ 86	+ 32	+ 9	+ 41	+ 4
8 p	+ 47	-196	+243	+120	- 9	+117	+ 15
15 p	-129 <u>1/</u>	-352	+223 <u>1/</u>	+265	+ 9	- 8	-41 <u>1/</u>
22 p	+566	+271	+295	- 15	- 18	+325	+ 4
<u>PROJECTED</u>							
June 29	+ 10	+425	-415	-300	+ 20	-145	+ 10
July 6	+245	+215	+ 30	+ 85	+ 10	- 75	+ 10
13	- 55	-280	+225	+165	- 20	+ 70	+ 10
20	- 40	-205	+165	+115	+ 10	+ 30	+ 10
27	- 90	- 60	- 30	- 70	--	+ 30	+ 10
Aug. 3	+ 15	- 85	+100	+ 80	- 20	+ 30	+ 10
10	- 75	+ 70	-145	- 95	--	- 60	+ 10

1/ Reduction in percentage reserve requirements applicable to time deposits released \$780 million of reserves at the end of October 1962.

Table B-3

## TECHNICAL FACTORS AFFECTING RESERVES

Retrospective and Prospective Changes

(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Technical factors (net)	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F. R. accounts
<u>ACTUAL</u>		(Sign indicates effect on reserves)			
<u>Year:</u>					
1963 (12/26/62 - 12/25/63)	- 76	-216	+149	+ 88	- 97
1964 (12/25/63 - 12/23/64)	-365	-470	- 84	+ 11	+178
<u>Year-to-date:</u>					
(12/30/64 - 6/23/65)	-986	- 48	-847	+ 74	-165
(12/29/65 - 6/22/66)	-814	- 1	-459	- 36	-318
<u>Weekly:</u>					
1966--Apr. 27	-367	-191	-188	+ 16	- 4
May 4	- 65	- 18	- 60	- 28	+ 41
11	- 95	+ 13	-151	+ 28	+ 15
18	+139	- 85	+248	- 6	- 18
25	-490	-259	- 42	+ 6	-195
June 1	-327	+ 17	-313	- 20	- 11
8	+240	+125	+ 95	+ 3	+ 17
15	- 75	-175	+ 44	+ 2	+ 54
22	+578	+ 96	+445	- 25	+ 62
<u>PROJECTED</u>					
June 29	-375	-150	-250	+ 10	+ 15
July 6	+235	+335	-100	--	--
13	+155	--	+120	--	+ 35
20	+395	---	+300	--	+ 95
27	-425	--	-425	--	--
Aug. 3	-400	--	-400	--	--
10	- 50	--	- 50	--	--

Table B-4

## SOURCES OF FEDERAL RESERVE CREDIT

## Retrospective Changes

(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Total Federal Reserve credit (excl. float)	U. S. Government securities				Repurchase agreements	Bankers' acceptances	Member bank borrowings
		Total holdings	Outright					
			Bills	Other				
<u>Year:</u>								
1963 (12/26/62 - 12/25/63)	+3,125	+3,076	+1,659	+1,404	+ 13	+ 39	+ 10	
1964 (12/25/63 - 12/23/64)	+3,219	+3,340	+2,086	+1,022	+232	- 61	- 60	
<u>Year-to-date:</u>								
(12/30/64 - 6/23/65)	+1,910	+1,839	+1,697	+429	-287	- 8	+ 79	
(12/29/65 - 6/22/66)	+875	+676	+643	+254	-221	+ 54	+145	
<u>Weekly:</u>								
1966--Feb. 16	-363	-308	-166	--	-142	- 5	- 50	
23	-519	-585	-360	+ 42	-267	- 1	+ 67	
Mar. 2	-115	- 72	- 73	+ 1	--	+ 13	- 56	
9	+450	+273	+252	+ 21	--	+ 27	+150	
16	-100	- 26	- 84	+ 11	+ 47	+ 4	- 78	
23	- 3	- 88	- 50	+ 9	- 47	+ 19	+ 66	
30	+ 71	+194	+147	+ 47	--	- 29	- 94	
Apr. 6	+512	+419	+274	--	+145	- 22	+115	
13	-126	-103	+ 8	--	-111	- 3	- 20	
20	-444	-520	-486	--	- 34	- 6	+ 82	
27	+145	+145	+120	+ 25	--	+ 43	- 43	
May 4	+369	+391	+292	+ 17	+ 82	+ 3	- 25	
11	+422	+402	+185	--	+217	- 43	+ 63	
18	-309	-292	-128	--	-164	--	- 17	
25	+ 99	+ 68	+203	--	-135	+ 41	- 10	
June 1	+627	+442	+411	+ 31	--	+ 26	+159	
8	- 6	+225	+166	+ 38	+ 21	+ 34	-265	
15	+185	- 23	- 73	+ 13	+ 37	- 33	+241	
22	-224	-131	- 72	- 1	- 58	+ 4	- 97	

Chart Reference Table C-1  
TOTAL, NONBORROWED AND REQUIRED RESERVES

Seasonally Adjusted  
(Dollar amounts in millions, based on monthly averages of daily figures)

Period	Total reserves	Nonborrowed reserves	Required reserves		
			Total	Against private deposits	
				Total	Demand
1964--January	20,248	19,977	19,884	19,185	15,442
February	20,268	19,982	19,872	19,246	15,466
March	20,459	20,176	20,056	19,292	15,492
April	20,482	20,226	20,057	19,361	15,527
May	20,404	20,167	20,023	19,338	15,471
June	20,682	20,431	20,269	19,441	15,539
July	20,665	20,420	20,285	19,577	15,646
August	20,753	20,416	20,332	19,694	15,705
September	21,012	20,638	20,570	19,832	15,805
October	20,949	20,600	20,536	19,960	15,886
November	21,033	20,626	20,639	19,988	15,864
December	21,082	20,886	20,742	20,081	15,912
1965--January	21,175	20,862	20,840	20,122	15,878
February	21,359	20,973	20,915	20,166	15,852
March	21,504	21,062	21,116	20,294	15,943
April	21,728	21,210	21,316	20,409	16,009
May	21,667	21,179	21,296	20,258	15,822
June	21,840	21,330	21,470	20,506	16,028
July	21,863	21,360	21,535	20,579	16,047
August	21,813	21,244	21,379	20,665	16,041
September	21,827	21,255	21,420	20,903	16,227
October	21,871	21,340	21,528	21,090	16,341
November	21,827	21,399	21,460	21,124	16,318
December	22,165	21,764	21,788	21,326	16,477
1966--January	22,282	21,867	21,996	21,407	16,533
February	22,367	21,908	21,994	21,396	16,500
March	22,429	21,849	22,076	21,588	16,666
April	22,764	22,087	22,352	21,842	16,846
May p	22,688	21,983	22,273	21,630	16,592
June proj. <u>1/</u>	22,716	22,024	22,346	21,905	16,836

p - Preliminary.

1/ Reserves have been adjusted for redefinition of time deposits effective June 9.

Table C-2

## DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally adjusted

(Dollar amounts in millions, based on monthly averages of daily figures)

Monthly	Total member bank deposits (credit) <u>1/</u>	Time deposits	Private demand deposits <u>2/</u>	U. S. Gov't. demand deposits
1964--January	202,981	93,563	104,407	5,011
February	203,759	94,495	104,569	4,695
March	205,068	95,011	104,749	5,308
April	206,176	95,852	104,987	5,337
May	206,613	96,677	104,609	5,327
June	208,669	97,542	105,066	6,061
July	209,312	98,273	105,783	5,256
August	211,506	99,725	106,189	5,592
September	212,906	100,670	106,868	5,368
October	214,109	101,850	107,410	4,849
November	215,849	103,090	107,259	5,500
December	216,738	104,215	107,591	4,932
1965--January	218,640	106,107	107,353	5,180
February	220,663	107,843	107,178	5,642
March	222,445	108,778	107,795	5,872
April	225,068	109,996	108,243	6,829
May	225,840	110,898	106,975	7,967
June	227,642	111,955	108,372	7,315
July	229,056	113,306	108,497	7,253
August	230,664	115,594	108,456	6,614
September	230,913	116,900	109,717	4,296
October	233,505	118,718	110,489	4,298
November	234,264	120,152	110,327	3,785
December	236,411	121,220	111,409	3,782
1966--January	238,204	121,861	111,787	4,556
February	239,024	122,401	111,562	5,061
March	239,811	123,038	112,684	4,089
April	243,398	124,898	113,905	4,595
May p	243,877	125,950	112,188	5,739
June proj. <u>3/</u>	244,867	126,731	113,833	4,303

1/ Includes all deposits subject to reserve requirements--i.e., the total of time, private demand, and U.S. Government demand deposits. Movements in this aggregate correspond closely with movements in total member bank credit.

2/ Private demand deposits include demand deposits of individuals, partnerships and corporations and net interbank balances.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9, p - Preliminary.

TABLE C-2a

## DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally adjusted

(Dollar amounts in millions, based on weekly averages of daily figures)

Week ending:	Total member bank deposits (credit) 1/	Time deposits	Private demand deposits 2/	U. S. Gov't. demand deposits
1965--Dec. 1	235,641	120,652	110,073	4,916
8	236,499	120,894	110,747	4,858
15	236,388	121,056	110,887	4,445
22	236,293	121,090	111,939	3,264
29	236,460	121,292	111,936	3,232
1966--Jan. 5	236,036	121,367	112,591	2,078
12	237,302	121,740	112,114	3,448
19	238,155	121,987	111,507	4,661
26	239,830	122,246	111,207	6,377
Feb. 2	239,899	122,193	112,050	5,656
9	238,866	122,026	112,003	4,837
16	238,966	122,562	111,715	4,689
23	238,542	122,490	110,694	5,358
Mar. 2	238,958	122,284	111,691	4,983
9	239,366	122,288	111,957	5,121
16	239,559	122,757	112,560	4,242
23	239,710	123,335	113,155	3,220
30	240,437	123,770	113,017	3,650
Apr. 6	242,648	124,508	113,306	4,834
13	243,216	124,684	113,764	4,768
20	243,286	125,042	114,482	3,762
27	243,882	125,311	113,810	4,761
May 4	244,178	125,369	113,407	5,402
11	244,465	125,455	112,952	6,058
18	244,091	125,815	112,372	5,904
25	243,395	126,330	111,954	5,111
June 1 p	243,741	126,419	112,201	5,121
8 p	244,226	126,791	113,034	4,401
15 p*	243,461	126,608	113,061	3,792
22 p*	244,985	126,735	115,291	2,959

p - Preliminary.

1/ Includes all deposits subject to reserve requirements--i.e., the total of time, private demand, and U.S. Government demand deposits. Movements in this aggregate correspond closely with movements in total member bank credit.

2/ Private demand deposits include demand deposits on individuals, partnerships and corporations and net interbank balances.

\* Deposits have been adjusted for redefinition of time deposits effective June 9.

TABLE C-3  
MONEY SUPPLY AND TIME DEPOSITS AT ALL COMMERCIAL BANKS  
Seasonally Adjusted  
(Dollar amounts in billions, based  
on monthly averages of daily figures)

Monthly	Money Supply	Currency <sup>1/</sup>	Private Demand Deposits <sup>2/</sup>	Time Deposits Adjusted
1964--January	153.6	32.6	121.0	113.5
February	153.8	32.8	121.1	114.6
March	154.1	32.9	121.2	115.3
April	154.5	33.0	121.4	116.2
May	154.5	33.3	121.2	117.3
June	155.5	33.4	122.1	118.5
July	156.6	33.6	123.0	119.4
August	157.1	33.8	123.3	121.0
September	158.2	33.9	124.3	122.1
October	158.8	34.0	124.8	123.5
November	159.1	34.2	124.8	125.1
December	159.7	34.2	125.4	126.6
1965--January	160.0	34.5	125.5	128.8
February	159.7	34.7	125.1	131.0
March	160.3	34.7	125.6	132.1
April	161.1	34.7	126.4	133.5
May	160.0	34.9	125.1	134.6
June	161.8	35.0	126.8	135.9
July	162.5	35.2	127.3	137.6
August	162.7	35.4	127.3	140.1
September	164.3	35.6	128.7	141.6
October	165.6	35.9	129.7	143.6
November	165.7	36.1	129.6	145.5
December	167.4	36.3	131.2	147.0
1966--January	168.4	36.7	131.8	148.0
February	168.0	36.8	131.2	148.8
March	169.2	36.9	132.3	149.6
April	171.1	37.1	134.0	151.6
May p	169.5	37.3	132.2	152.9
June proj. <sup>3/</sup>	171.3	37.4	133.9	154.0

- <sup>1/</sup> Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.
- <sup>2/</sup> Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances at Federal Reserve Banks.
- <sup>3/</sup> Deposits have been adjusted for redefinition of time deposits effective June 9, p - Preliminary.

TABLE C-3a  
MONEY SUPPLY AND TIME DEPOSITS AT ALL COMMERCIAL BANKS  
Seasonally Adjusted  
(Dollar amounts in billions, based  
on monthly averages of daily figures)

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted
1965--Dec. 1	165.7	36.2	129.6	146.4
8	166.6	36.3	130.3	146.5
15	166.5	36.3	130.2	146.8
22	167.8	36.4	131.5	146.9
29	168.6	36.3	132.3	147.4
1966--Jan. 5	169.6	36.4	133.1	147.7
12	169.1	36.6	132.5	147.7
19	168.1	36.7	131.5	148.0
26	167.4	36.6	130.8	148.2
Feb. 2	167.9	36.7	131.2	148.4
9	168.1	36.9	131.3	148.4
16	168.3	36.8	131.5	148.8
23	167.5	36.9	130.6	149.0
Mar. 2	168.5	36.9	131.6	149.2
9	168.7	36.9	131.8	149.2
16	169.2	36.9	132.3	149.5
23	169.8	36.9	132.9	149.8
30	169.1	36.9	132.2	150.2
Apr. 6	170.1	36.9	133.2	150.7
13	171.2	37.2	134.0	151.2
20	171.3	37.0	134.3	151.7
27	170.8	37.1	133.7	152.1
May 4	170.4	37.2	133.2	152.3
11	170.0	37.2	132.8	152.5
18	169.7	37.3	132.3	152.9
25	169.0	37.3	131.7	153.4
June 1 p	169.0	37.3	131.7	153.6
8 p	170.3	37.3	133.0	153.8
*15 p	170.6	37.4	133.1	153.9
*22 p	172.8	37.4	135.4	153.9

1/ Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.

2/ Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances of Federal Reserve Banks.

p - Preliminary.

\* Deposits have been adjusted for redefinition of time deposits effective June 9.