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MONEY MARKET AND RESERVE RELATIONSHIPSRecent developments

Since the last meeting of the Committee, conditions in the money market have been alternately tight and relatively comfortable, with the swings importantly influenced by expectational factors. In the two auctions surrounding the mid-September tax date, the 3-month bill rate rose sharply to a peak of 5.59 per cent, partly as a result of the market's initial reaction to the changed Treasury financing picture and partly as a result of fears about a mid-September money market squeeze. The rate subsequently declined to around 5.35 per cent as demand for bills from the public strengthened markedly at the higher rate levels, as pressures associated with the tax date were quite moderate, and, in very recent days, as the System returned to the buying side of the market.

The recent decline in bill rates was accompanied by a general relaxation of the taut money market conditions that had emerged around mid-September. In particular, the Federal funds rate declined during the past two statement weeks, with trading frequently at rates below 5 per cent. As a result, average dealer financing costs were reduced, and dealers became more willing to bid aggressively for bills.

The recent more comfortable money market conditions could have been related to banks' having prepared for stronger loan demands and larger CD run-offs than actually materialized. Loan growth during September was partly held down by tight bank lending policies but demands

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE

(Monthly averages and, where available, weekly averages of daily figures)

Period	Money Market Indicators				Bond Yields			Flow of Reserves, Bank Credit and Money				
	Free Reserves (In millions of dollars)	Borrowings	Federal Funds Rate	3-month Treasury Bill	U.S. Gov't. (20 yr.)	Corporate New Issues (Aaa) ^{1/}	Municipal (Aaa)	Non-borrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy (In billions of dollars)	Money Supply	Time Deposits ^{2/}
1965--Sept.	-139	552	3.95	3.92	4.30	4.67	3.25	- 73	- 26	+ 0.8	+ 1.1	+ 1.6
Oct.	-132	490	4.05	4.02	4.32	4.69	3.31	+132	+ 68	+ 2.3	+ 1.1	+ 2.1
Nov.	- 77	418	4.09	4.08	4.40	4.72	3.34	+ 84	+ 3	+ 1.1	+ 0.4	+ 1.8
Dec.	- 22	452	4.28	4.37	4.50	4.85	3.39	+191	+270	+ 1.8	+ 1.6	+ 1.4
1966--Jan.	- 51	431	4.32	4.58	4.52	4.81	3.40	+165	+115	+ 1.6	+ 0.8	+ 0.9
Feb.	-117	474	4.58	4.65	4.71	4.96	3.48	+ 58	+ 81	+ 0.7	+ 0.2	+ 0.7
Mar.	-210	545	4.64	4.58	4.72	5.09	3.55	- 97	+ 45	+ 1.1	+ 0.9	+ 1.0
Apr.	-277	638	4.64	4.61	4.65	5.03	3.46	+205	+256	+ 3.1	+ 1.6	+ 1.9
May	-339	653	4.83	4.63	4.69	5.16	3.53	- 5	+ 1	+ 1.0	- 0.7	+ 1.6
June	-352	722	5.13	4.50	4.73	5.35	3.60	- 33*	- 14*	+ 0.9*	+ 0.9	+ 1.5*
July	-361	739	5.18	4.78	4.84	5.48	3.77	+ 82*	+171*	+ 2.1*	- 1.4	+ 1.9*
Aug. p	-386	740	5.45	4.95	4.95	5.64	3.91	-165	-264	- 0.7	- 0.2	+ 1.4
Sept. p	-377	765	5.26	5.36	4.95	5.85	3.93	- 50	+ 75	- 0.1	+ 1.0	+ 0.2
Aug. 17	-460	730	5.15	5.00	4.90	5.65**	3.94				+ 1.0	+ 0.5
24 p	-362	719	5.65	5.03	4.99	5.92	4.04				+ 0.1	+ 0.1
31 p	-329	691	5.28	5.05	5.08	5.98**	4.02				+ 0.2	+ 0.1
Sept. 7 p	-372	749	5.91	5.12	4.96	5.91	3.99				+ 0.3	--
14 p	-380	888	5.68	5.31	4.92	--	3.85				- 0.3	--
21 p	-188	771	5.20	5.49	4.99	5.69	3.89				+ 1.8	- 0.1
28 p	-568	650	4.40	5.47	4.94	5.80	3.88				- 1.1	--
Year 1965	- 90	467	4.05	3.95	4.27	4.69	3.16	+ 4.3	+ 5.3	+ 9.1	+ 4.7	+16.0
First half 1966	-228	576	4.69	4.59	4.67	5.12	3.51	+ 2.7	+ 4.3	+ 7.1*	+ 4.7	+10.3*
<u>Recent variations in growth</u>												
May 11-July 6	-365	719	5.05	4.56	4.72	5.32	3.61			+ 6.3*	+ 2.3	+ 8.1*
July 6-Aug. 10	-410	738	5.32	4.81	4.85	5.55	3.80			- 3.1	-13.4	+12.8
Aug. 10-Sept.28	-382	743	5.32	5.21	4.97	5.86	3.94			- 3.0	+ 8.4	+ 2.9

^{1/} From January 1966 to date, issues carry a 5-year call protection; the ** issues carry a 10-year call protection.

^{2/} Time deposits adjusted at all commercial banks,

^{3/} Base is average for month preceding specified period or in the case of weekly periods, the first week shown.

* - Changes have been adjusted for redefinition of time deposits effective June 9.

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September 30, 1966.

also appear to have weakened somewhat. In addition to a sharp drop in security loans, business loans by banks for the month of September are estimated to have increased by an 11 per cent annual rate, as compared with ^a19 per cent rate in the June-August period.

With respect to CD's, major reporting banks' net losses for the month are estimated at \$1.2 billion. Such a net loss is equivalent to one-fourth of maturities during the month, a smaller run-off than many bankers had thought likely. The better experience of banks partly reflects the almost \$500 million of 33-day CD's obtained in midmonth as a result of a corporate merger.

Under these circumstances, excess reserves of banks were considerably larger than usual in mid-September, when banks were also adjusting to higher reserve requirements on time deposits. With excess reserves enlarged, total reserves expanded in September at a 4 per cent annual rate, but both nonborrowed and required reserves showed declines. The bank credit proxy also showed a slight decline for the month (-.5 per cent annual rate, on the basis of preliminary figures and revised seasonal factors), but it would show about a 1.5 per cent increase when adjusted to include funds obtained from banks through their branches abroad. In the month, private demand deposits and the money supply rose 8 per cent and 7 per cent respectively.

Partly reflecting sharp fluctuations in excess reserves, net borrowed reserves varied widely over the past three weeks, averaging about \$380 million. Borrowings of member banks drifted down in the more

comfortable money market environment after mid-September and averaged \$710 million over the past two statement weeks.

Prospective developments

Treasury bill rates will be influenced in the days immediately ahead by relatively low dealer bill positions. It is not clear that these positions will lead to much further rate declines, however, since lower bill rates, especially on shorter maturities, will decrease incentives for switching out of CD's. Moreover, the Treasury will soon be announcing its October bill financing, which may be in the \$3-3.5 billion range.

All things considered, a range of fluctuation for the 3-month bill rate of 5.25-5.60 per cent seems most likely over the next four weeks. A sustained movement toward the upper end of the range is likely to depend on a strengthening of loan demands -- given current bank lending policies -- and a concomitant rise in the Federal funds rate back to the neighborhood of 6 per cent. The outlook for financing needs of both business and the Federal Government suggests that banks are likely to be more pressed to make loans in the period and therefore that they will tend to increase their demand for reserve funds both through the discount window and in the Federal funds market.

The availability to banks of funds from time and savings deposits is likely to be no greater in October than it was in September (when it rose by 1.5 per cent on average). In fact, taking into account the apparently slightly more favorable competitive position of nonbank savings institutions under the new structure of ceiling rates, the

competition from Treasury and other open market paper, and recent CD experience, banks' time and savings deposits might show a small decline on balance in October. In that month, we are assuming a further \$1.5 billion reduction in CD's outstanding, a rate of disintermediation that is equivalent to roughly one or two percentage points on the bank credit proxy.

Assuming that the existing FOMC directive language of "firm but orderly conditions in the money market" would comprehend some tightening from money market conditions of the moment but not beyond the bounds of recent experience, total and required reserves may rise by about 5 and 10 per cent annual rates respectively in October, assuming strengthened Federal and private credit demands. This reserve growth would be sufficient to accommodate a private demand deposit expansion of about 8 per cent on average during the month (and about 7 per cent for the money apply). Government deposits can also be expected to rise during the month on average as a result of the Treasury financing, but the continuing high level of Federal expenditures is expected to keep the rise to modest proportions. The bank credit proxy would, under these conditions, be projected to expand by about 5-6 per cent in October, largely reflecting the effect of the Treasury financing.

This assumed pattern of developments in October would mean a money supply increase of only about 1 per cent annual rate since midyear and of about 3 per cent for the year to date. Bank credit growth, as measured by the proxy, would be about 3 per cent and $5\frac{1}{2}$ per cent over

those respective periods (and 4.5 per cent and 6.5 per cent respectively when funds obtained through foreign branches are included).

The outlook for the coming month is consistent with a tendency not only for short-term markets to tighten but also for long-term rates to rise. Actual long-term rate movements, however, are likely to be dominated by such expectational factors as peace or tax prospects.

In the money markets a failure of rates to tend upward may mean that banks are under less loan pressure than we currently foresee and, therefore, that banks will have less of an inclination to borrow from the System. Such a development would be consistent with a constellation of relatively shallow net borrowed reserves, lower money market rates, and a less than anticipated expansion in aggregate reserves.

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	As expected at conclusion of each week's open market operations
Monthly (reserves weeks ending in):					
1965--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	361	638	-277		
May	315	653	-339		
June	370	722	-352		
July	379	739	-361		
August p	354	740	-386		
September p	388	765	-377		
Weekly:					
1966--June 1	436	812	-376	-364	-342
8	207	547	-340	-375	-360
15	465	788	-323	-341	-336
22	282	691	-409	-417	-394
29	459	771	-312	-350	-368
July 6	350	827	-477	-456	-473
13	724	818	- 94	-155	-133
20	171	631	-460	-479	-528
27	269	680	-411	-441	-445
Aug. 3	349	778	-429	-427	-427
10	452	782	-330	-383	-417
17	270	730	-460	-466	-487
24 p	342	719	-377	-442	-482
31 p	359	691	-332	-422	-447
Sept. 7 p	377	749	-372	-419	-440
14 p	508	888	-380	-410	-439
21 p	584	771	-188	-198	-206
28 p	82	650	-568	-568	-542

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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 ^{3/}			
	Total Reserves	Nonborrowed Reserves	Required reserves		Total Member Bank Deposits (credit) ^{1/}	Time Deposits (comm. banks)	Money Supply	
			Total	Against Demand ^{3/} Deposits			Total	Private Demand Deposits
Annually:								
1964	+ 4.2	+ 4.5	+ 4.9	+ 3.1	+ 7.6	+12.8	+ 4.3	+ 4.0
1965	+ 5.3	+ 4.3	+ 5.2	+ 2.3	+ 9.1	+16.0	+ 4.7	+ 4.4
Monthly:								
1965--July	+ 4.8	+ 4.1	+ 4.8	- 2.0	+ 7.3	+15.0	+ 5.2	+ 4.7
August	- 0.8	+ 1.5	- 1.8	- 4.0	+ 7.0	+18.3	+ 4.4	+ 2.8
September	- 1.4	- 4.0	- 2.4	- 6.8	+ 3.9	+13.7	+ 8.1	+ 9.4
October	+ 9.9	+ 7.3	+ 9.7	+ 5.1	+ 2.2	+17.8	+ 8.0	+ 7.5
November	+ 0.2	+ 4.6	- 2.4	- 3.9	+ 5.4	+15.0	+ 2.9	+ 1.9
December	+14.5	+10.5	+14.3	+ 8.2	+ 9.4	+11.5	+11.6	+13.0
1966--January	+ 6.1	+ 9.0	+ 6.4	+11.3	+ 8.3	+ 7.4	+ 5.7	+ 4.6
February	+ 4.3	+ 3.1	+ 3.1	+ 3.8	+ 3.7	+ 5.7	+ 1.4	--
March	+ 2.4	- 5.2	+ 2.3	+ 4.0	+ 5.3	+ 8.1	+ 7.8	+ 8.2
April	+13.5	+11.1	+12.2	+11.7	+15.6	+15.3	+11.3	+12.7
May	+ 0.1	- 0.3	+ 1.9	- 4.8	+ 4.7	+12.7	- 4.9	- 7.2
June ^{2/}	- 0.7	- 1.8	- 0.6	+ 1.3	+ 4.5	+ 5.5	+ 6.3	+ 7.2
July ^{2/}	+ 8.9	+ 4.4	+ 5.7	+ 3.0	+10.5	+14.8	- 9.8	-15.2
August ^{2/} p	-13.7	- 8.8	- 7.5	-17.4	- 3.4	+10.7	- 1.4	- 2.7
September ^{2/} p	+ 3.9	- 2.6	- 1.6	- 2.9	- 0.5	+ 1.5	+ 7.1	+ 8.2

^{1/} Includes all deposits subject to reserve requirements. Movements in this aggregate correspond closely with movements in total member bank credit.

^{2/} Changes in reserves, total deposits, and time deposits have been adjusted for redefinition of time deposits effective June 9. Changes in reserves have been adjusted for increases in reserve requirements in July and September.

^{3/} Series revised to reflect changes in seasonal factors.

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Chart 1a

MEMBER BANK RESERVES

SEASONALLY ADJUSTED MONTHLY AVERAGES OF DAILY FIGURES

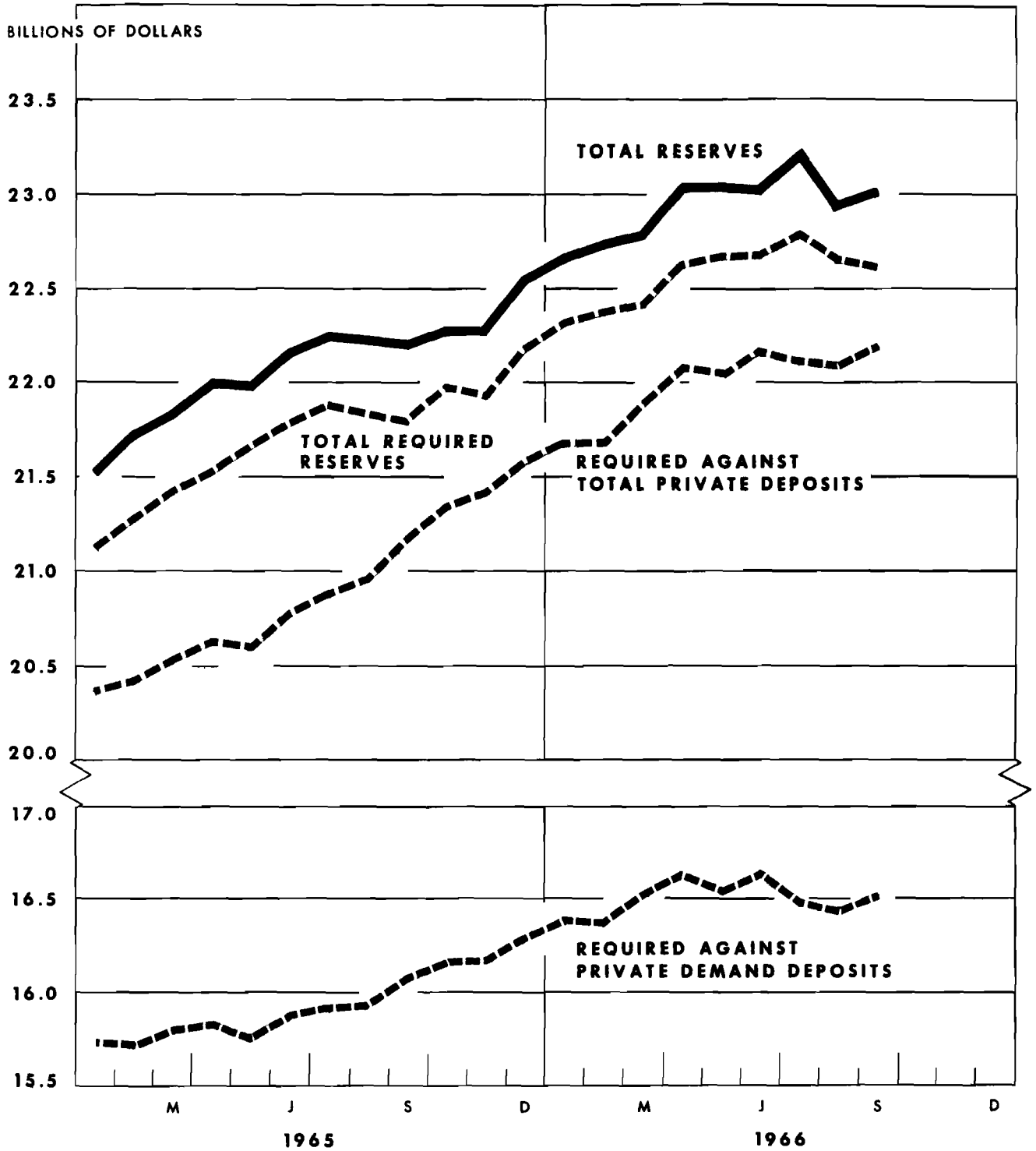


Chart 1b

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

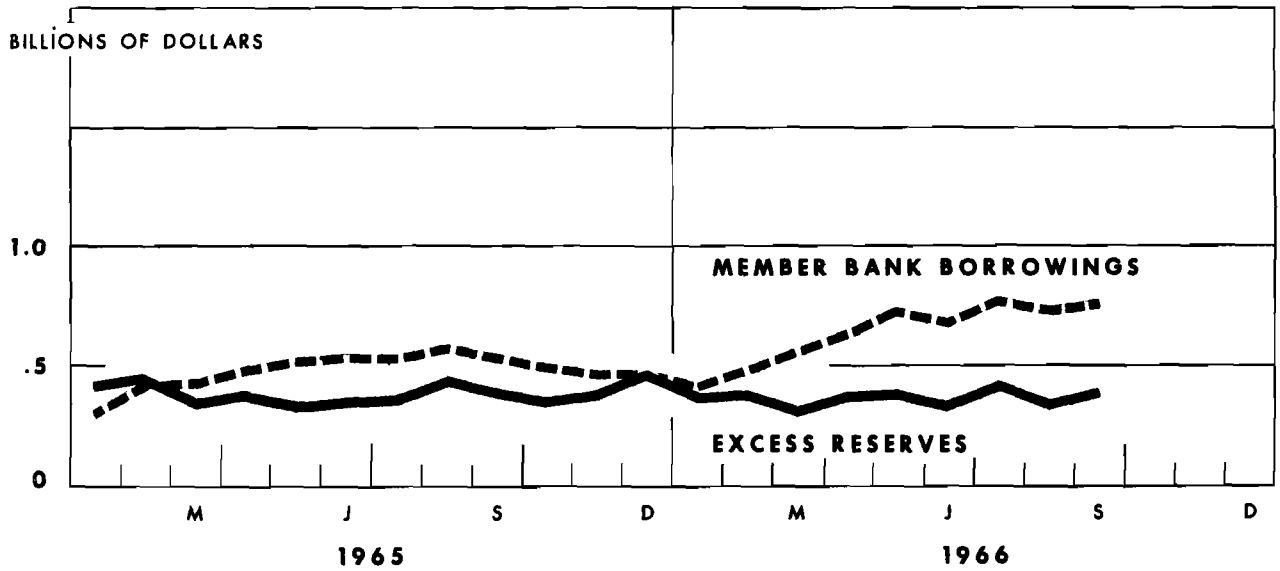
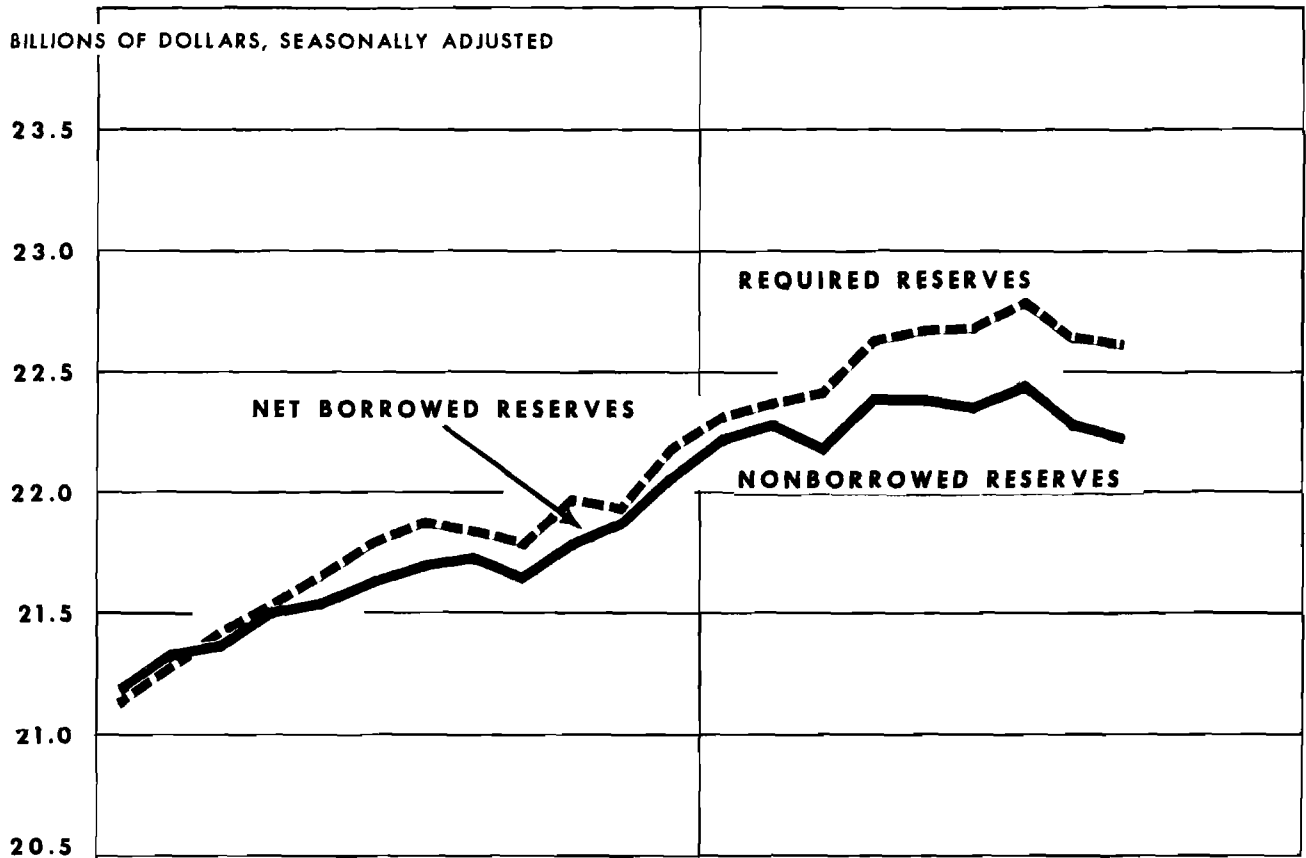
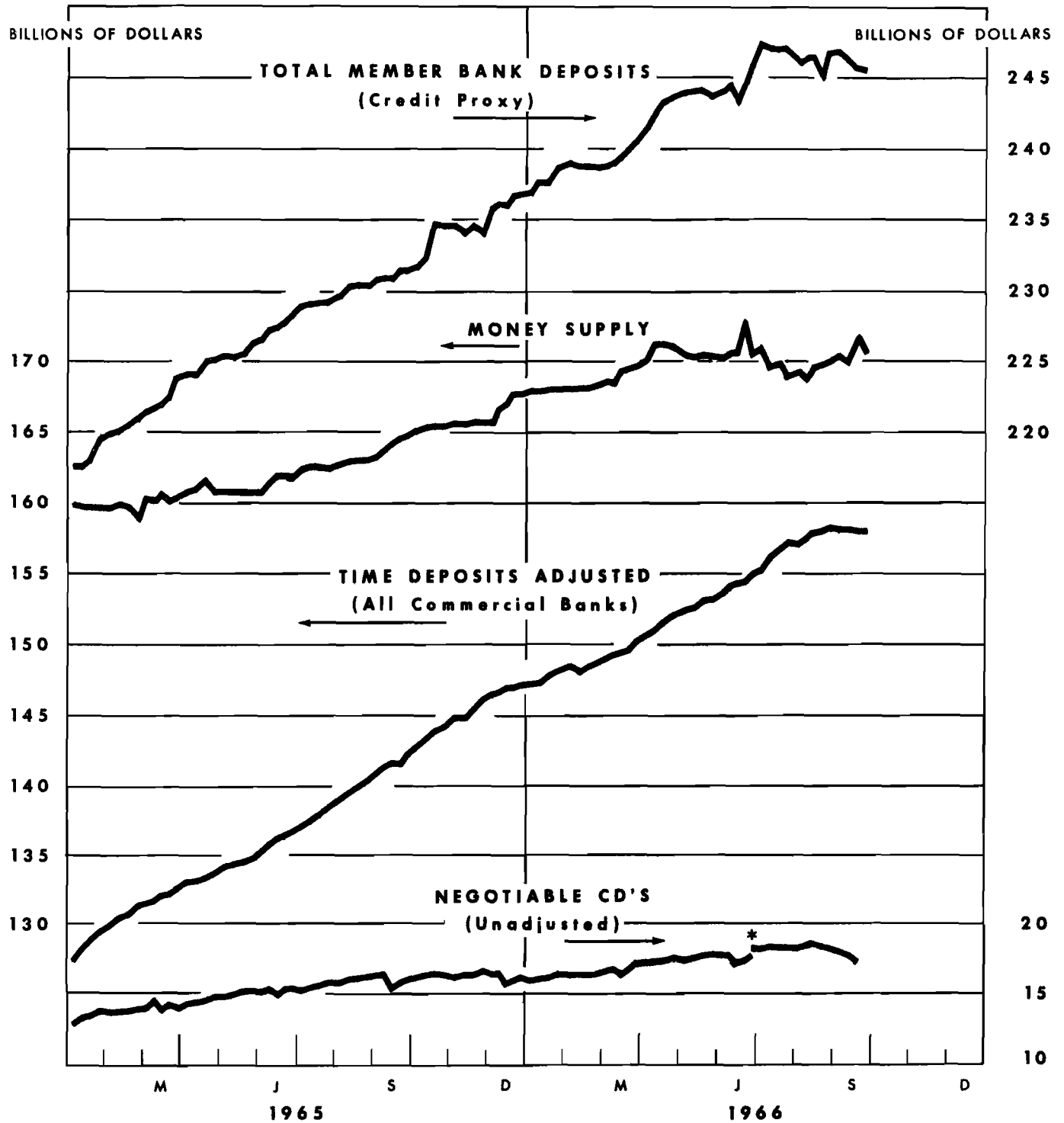


Chart 2

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



* CHANGE IN SERIES

Chart 3

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

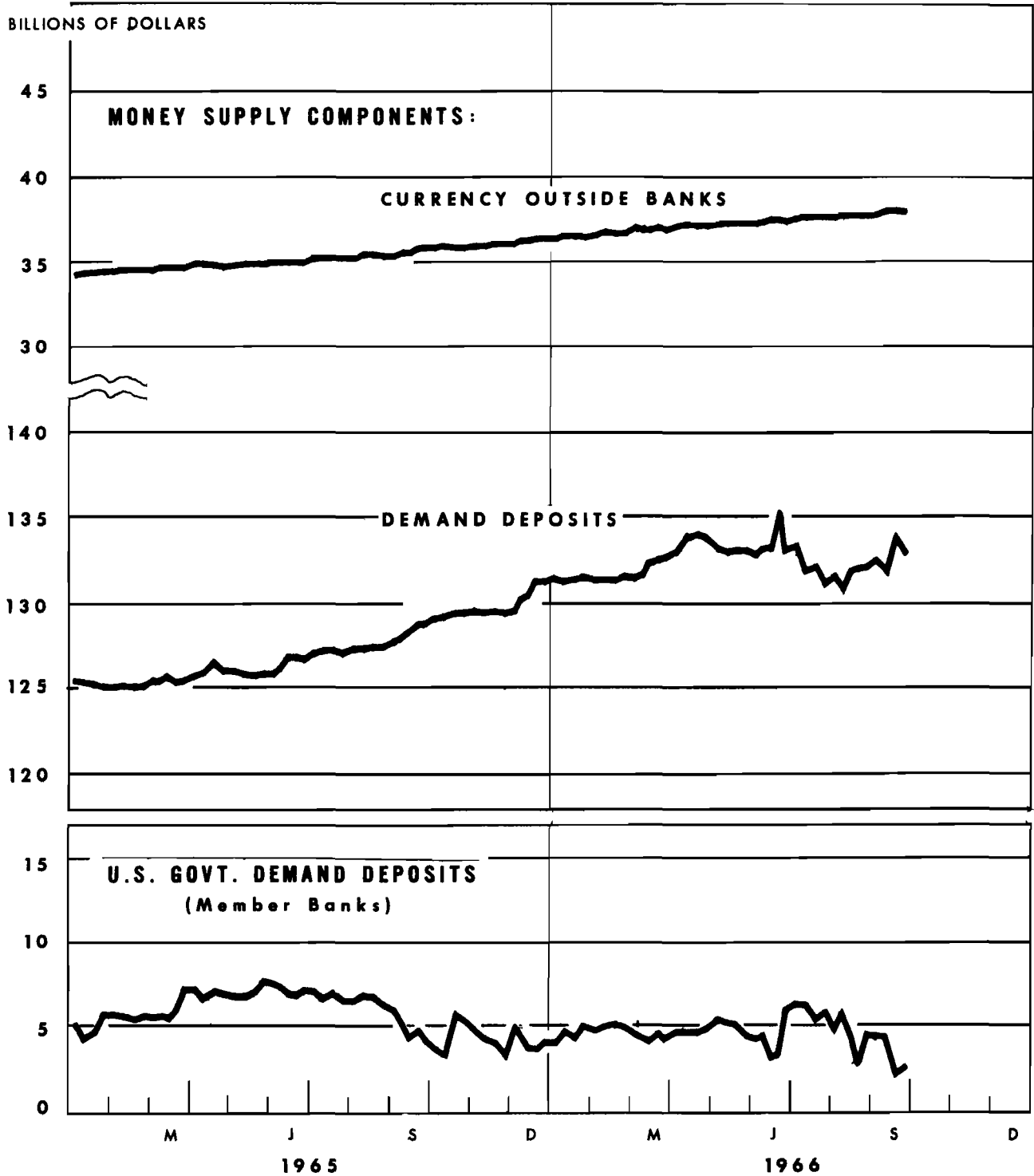


Table B-1

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
ACTUAL							
Year:							
1964 (12/25/63 - 12/23/64)	+3,219	-165	-1,847	-365	+840	+910	- 70
1965 (12/23/64 - 12/22/65)	+3,926	-1,578	-2,228	+845	+966	+1,136	-170
Year-to-date:							
(12/30/64 - 9/29/65)	+2,178	-1,530	-429	-322	-101	+127	-228
(12/29/65 - 9/28/66)	+1,660	-529	-385	-692	+ 53	+432	-379
Weekly:							
1966--Aug. 17	-634	- 1	+122	+242	-272	- 90	-182
24 p	-201	- 20	+144	- 73	-152	-224	+ 72
31 p	+758	- 54	+254	-772	+187	+170	+ 17
Sept. 7 p	+438	--	-559	+182	+ 59	+ 41	+ 18
14 p	+ 96	--	+ 33	+382	+516	+385	+131
21 p	-526	- 1	+212	+851	+533	+457	+ 76
28 p	-155	--	+291	-751	-616	-114	-502
PROJECTED 4/							
Oct. 5	+555	--	-350	+ 55	+260	+260	--
12	+100	- 10	-405	+ 70	-245	-245	--
19	-515	- 10	+220	+360	+ 55	+ 55	--
26	+ 35	- 10	+120	+ 50	+195	+195	--
Nov. 2	+445	- 10	+ 50	-450	+ 35	+ 35	--
9	+630	- 10	-645	- 65	- 90	- 90	--
16	+ 20	- 10	+ 15	+ 50	+ 75	+ 75	--
23	-130	- 10	- 95	+365	+130	+130	--
30	+125	- 10	+ 95	-350	-140	-140	--

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- 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.

Table B-2

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>							
1964 (12/25/63 - 12/23/64)	+910	-115	+1,025	+ 16	--	+542	+467
1965 (12/23/64 - 12/22/65)	+1,136	-170	+1,306	+113	--	+529	+664
<u>Year-to-date:</u>							
(12/30/64 - 9/29/65)	+127	+142	- 15	-828	+ 35	+239	+539
(12/29/65 - 9/28/66)	+432	- 14	+446	-980	+ 44	+607	+775
<u>Weekly:</u>							
1966--Aug. 3	- 40	-160	+120	+115	--	+ 5	--
10	-212	+ 6	-218	- 75	--	-151	+ 8
17	- 90	-160	+ 70	-109	- 4	+161	+ 22
24 p	-224	- 61	-163	-162	- 4	- 3	+ 6
31 p	+170	+121	+ 49	-108	- 5	+154	+ 8
Sept. 7 p	+ 41	- 76	+117	+240	- 9	-110	- 4
14 p	+385	-199	+584	+316	--	-101	+369
21 p	+457	- 16	+473	+130	- 8	+294	+ 57
28 p	-114	+383	-497	-402	--	- 95	--
<u>PROJECTED</u>							
Oct. 5 <u>1/</u>	+260	+ 85	+175	+135	+ 5	+ 30	+ 5
12 <u>1/</u>	-245	-355	+110	+110	- 5	--	+ 5
19	+ 55	-150	+205	+165	- 5	+ 40	+ 5
26	+195	+240	- 45	+ 25	--	- 70	+ 5
Nov. 2	+ 35	- 90	+125	+ 85	- 10	+ 45	+ 5
9	- 90	- 85	- 5	- 45	- 10	+ 45	+ 5
16	+ 75	+ 75	--	+ 55	- 15	- 45	+ 5
23	+130	+235	-105	-105	- 5	--	+ 5
30	-140	-220	+ 80	- 20	+ 5	+ 90	+ 5

1/ Increase in percentage reserve requirements against time deposits absorb an estimated \$350 million of reserves at city banks effective September 8 and \$80 million at country banks effective September 15.

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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>					
1964 (12/25/63 - 1/23/64)	-365	-470	- 84	+ 11	+178
1965 (12/23/64 - 1/22/65)	+845	+232	- 13	- 7	+651
<u>Year-to-date:</u>					
(12/30/64 - 9/29/65)	-322	- 85	-986	- 3	+752
(12/29/65 - 9/28/66)	-692	-119	-516	- 13	- 44
<u>Weekly:</u>					
1966--Aug. 3	-460	- 29	-336	-177	+ 82
10	+173	+203	-115	+184	- 99
17	+242	+ 29	+200	+ 5	+ 8
24	- 73	+ 13	+ 17	+ 5	-108
31	-772	- 18	-766	- 11	+ 23
Sept. 7	+182	+124	- 21	+ 11	+ 68
14	+382	+164	+160	+ 5	+ 53
21	+851	+205	+571	+ 3	+ 72
28	-751	-406	-288	- 9	- 48
<u>PROJECTED</u>					
Oct. 5	+ 55	+235	-300	--	+120
12	+ 70	+ 95	- 40	--	+ 15
19	+360	-200	+450	--	+110
26	+ 50	--	+ 50	--	--
Nov. 2	-450	--	-450	--	--
9	- 65	--	- 65	--	--
16	+ 50	--	+100	--	- 50
23	+365	--	+550	--	-185
30	-350	--	-350	--	--

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				
Year:								
1964 (12/25/63 - 12/23/64)	+3,219	+3,340	+2,086	+1,022	+232	- 61	- 60	
1965 (12/23/64 - 12/22/65)	+3,926	+3,898	+3,226	+916	-244	+ 67	- 39	
Year-to-date:								
(12/30/64 - 9/29/65)	+2,178	+2,138	+1,588	+916	-366	- 9	+ 49	
(12/29/65 - 9/28/66)	+1,660	+1,641	+1,423	+439	-221	- 85	+104	
Weekly:								
1966--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	
29	+393	+267	+173	+ 94	--	+ 46	+ 80	
July 6	+851	+790	+706	+ 80	+ 4	+ 5	+ 56	
13	+ 5	+ 71	+ 61	+ 11	- 1	- 57	- 9	
20	-1,264	-972	-966	- 3	- 3	-105	-187	
27	+228	+189	+186	+ 3	--	- 10	+ 49	
Aug. 3	+655	+572	+414	--	+158	- 15	+ 98	
10	+141	+138	- 56	--	+194	- 1	+ 4	
17	-634	-580	-422	--	-158	- 2	- 52	
24	-201	-190	+ 4	--	-194	--	- 11	
31	+758	+784	+784	--	--	+ 2	- 28	
Sept. 7	+438	+380	+380	--	--	--	+ 58	
14	+ 96	- 41	- 82	--	+ 41	- 2	+139	
21	-526	-411	-370	--	- 41	+ 2	-117	
28	-155	- 32	- 32	--	--	- 2	-121	

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	20,561	20,271	20,139	19,380	15,295
February	20,588	20,302	20,192	19,446	15,321
March	20,665	20,463	20,343	19,492	15,344
April	20,794	20,517	20,370	19,549	15,364
May	20,689	20,495	20,350	19,600	15,371
June	20,966	20,716	20,554	19,680	15,409
July	21,017	20,731	20,596	19,802	15,495
August	21,127	20,832	20,748	19,929	15,575
September	21,349	20,996	20,907	20,065	15,665
October	21,319	20,983	20,919	20,160	15,709
November	21,442	21,055	21,068	20,217	15,713
December	21,416	21,158	21,097	20,301	15,746
1965--January	21,525	21,192	21,129	20,363	15,730
February	21,714	21,238	21,271	20,420	15,717
March	21,830	21,366	21,420	20,533	15,789
April	21,997	21,501	21,535	20,633	15,831
May	21,982	21,539	21,656	20,606	15,750
June	22,156	21,626	21,786	20,779	15,877
July	22,245	21,699	21,873	20,883	15,912
August	22,231	21,726	21,840	20,962	15,916
September	22,205	21,653	21,797	21,179	16,071
October	22,273	21,785	21,974	21,340	16,151
November	22,276	21,869	21,930	21,419	16,168
December	22,546	22,060	22,192	21,582	16,285
1966--January	22,661	22,225	22,311	21,685	16,364
February	22,742	22,383	22,368	21,693	16,356
March	22,787	22,186	22,411	21,876	16,510
April	23,043	22,391	22,638	22,078	16,625
May	23,044	22,386	22,673	22,049	16,534
June <u>1/</u>	23,030	22,353	22,684	22,176	16,626
July <u>1/</u>	23,201	22,435	22,792	22,104	16,474
August p <u>1/</u>	22,937	22,270	22,649	22,098	16,424
September p <u>1/</u>	23,012	22,220	22,193	22,193	16,512

p - Preliminary.

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

2/ Revised to reflect changes in seasonal factors.

Table C-2

DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally Adjusted

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

(Seasonal factors revised)

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	202.8	93.5	104.4	4.9
February	203.8	94.4	104.6	4.8
March	205.1	94.9	104.7	5.4
April	206.0	95.8	104.9	5.3
May	206.6	96.8	104.9	4.9
June	208.7	97.7	105.2	5.7
July	209.3	98.6	105.8	5.0
August	211.3	99.6	106.3	5.4
September	213.1	100.8	106.9	5.5
October	214.1	101.9	107.2	5.0
November	216.1	103.1	107.3	5.7
December	216.7	104.2	107.5	5.0
1965--January	218.4	106.0	107.4	5.0
February	220.4	107.6	107.3	5.5
March	222.5	108.6	107.8	5.6
April	224.6	109.9	108.1	5.7
May	225.8	111.1	107.5	7.2
June	227.7	112.2	108.4	7.1
July	229.1	113.8	108.6	6.7
August	230.4	115.5	108.6	6.3
September	231.1	116.9	109.7	4.6
October	233.5	118.7	110.2	4.5
November	234.5	120.2	110.4	4.0
December	236.4	121.2	111.2	4.0
1966--January	238.0	121.8	111.7	4.5
February	238.7	122.1	111.6	5.0
March	239.8	122.8	112.7	4.3
April	242.9	124.8	113.5	4.7
May	243.8	126.2	112.9	4.8
June <u>3/</u>	244.8	127.0	113.5	4.3
July <u>3/</u>	246.9	128.8	112.5	5.6
August p <u>3/</u>	246.2	129.8	112.1	4.3
Sept. <u>3/</u> proj.	246.1	130.0	112.7	3.4

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 billions, based on weekly averages of daily figures)

(Seasonal factors revised)

Week ending:	Total member bank deposits (credit) 1/	Time deposits	Private demand deposits 2/	U. S. Gov't. demand deposits
1966--Mar. 2	238.8	122.3	112.0	4.5
9	239.0	122.6	112.1	4.3
16	239.4	122.7	112.6	4.1
23	240.0	122.8	112.7	4.5
30	240.5	123.3	113.0	4.2
Apr. 6	241.5	123.8	113.1	4.6
13	242.6	124.4	113.5	4.6
20	243.3	124.8	113.8	4.6
27	243.6	125.3	113.3	4.9
May 4	243.9	125.6	113.0	5.3
11	244.0	126.0	113.0	5.1
18	244.1	126.2	112.9	5.0
25	243.6	126.4	112.8	4.4
June 1	244.0	126.6	113.1	4.2
8	244.4	126.8	113.2	4.3
15*	243.3	126.7	113.4	3.2
22*	244.7	126.4	115.9	3.3
29*	245.8	127.3	112.8	5.9
Jul. 6*	247.3	127.9	113.0	6.3
13*	247.1	128.7	112.2	6.2
20*	247.0	129.0	112.6	5.4
27*	247.1	129.2	112.1	5.8
Aug. 3*	246.1	129.2	112.1	4.8
10*	246.4	129.4	111.2	5.7
17*	246.5	129.9	112.3	4.3
24p*	245.0	130.1	112.1	2.8
31p*	246.8	130.3	112.2	4.4
Sept. 7p*	246.9	130.2	112.5	4.3
14p*	246.3	130.1	111.9	4.3
21p*	245.7	129.8	113.8	2.2
28p*	245.5	129.8	113.1	2.6

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)
(SERIES REVISED)

Monthly	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposit. Adjusted
1964--June	155.6	33.5	122.1	118.6
July	156.6	33.6	123.0	119.7
August	157.2	33.8	123.5	120.9
September	158.2	33.9	124.3	122.1
October	158.8	34.0	124.8	123.5
November	159.0	34.1	124.8	125.1
December	159.7	34.2	125.4	126.6
1965--January	159.7	34.5	125.3	128.7
February	159.8	34.6	125.2	130.7
March	160.3	34.7	125.6	132.0
April	161.0	34.8	126.2	133.3
May	160.7	34.9	125.8	134.6
June	161.7	35.0	126.7	136.2
July	162.4	35.3	127.2	137.9
August	163.0	35.5	127.5	140.0
September	164.1	35.7	128.5	141.6
October	165.2	36.0	129.3	143.7
November	165.6	36.1	129.5	145.5
December	167.2	36.3	130.9	146.9
1966--January	168.6	36.6	131.4	147.8
February	168.2	36.8	131.4	148.5
March	169.3	36.9	132.3	149.5
April	170.9	37.1	133.7	151.4
May	170.2	37.3	132.9	153.0
June <u>3/</u>	171.1	37.4	133.7	154.5
July <u>3/</u>	169.7	37.7	132.0	156.4
August p <u>3/</u>	169.5	37.8	131.7	157.8
September <u>3/p</u>	170.5	37.9	132.6	158.0

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 at Federal Reserve Banks.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

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)
 (SERIES REVISED)

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted
1966--Mar. 2	168.6	37.1	131.5	149.0
9	168.5	36.9	131.7	149.3
16	169.3	36.9	132.4	149.4
23	169.5	37.0	132.5	149.6
30	169.7	36.9	132.7	150.2
Apr. 6	170.0	37.1	133.0	150.6
13	171.1	37.2	133.9	151.0
20	171.1	37.1	134.0	151.6
27	171.0	37.1	133.8	152.1
May 4	170.4	37.2	133.2	152.4
11	170.3	37.3	133.0	152.5
18	170.5	37.3	133.1	153.1
25	170.3	37.3	133.1	153.2
June 1	170.2	37.3	132.9	153.7
8	170.6	37.4	133.2	154.1
15	170.7	37.5	133.3	154.3*
22	172.7	37.5	135.3	154.4*
29	170.5	37.4	133.1	155.0*
July 6	170.9	37.6	133.3	155.5*
13	169.6	37.7	132.0	156.1*
20	169.8	37.7	132.1	156.6*
27	168.9	37.7	131.2	157.1*
Aug. 3	169.2	37.7	131.6	157.0*
10	168.7	37.8	130.9	157.4*
17	169.7	37.8	131.9	157.9*
24 p	169.8	37.8	132.1	158.0*
31 p	169.6	37.7	132.2	158.2*
Sept. 7 p	170.3	37.8	132.5	158.1*
14 p	169.9	38.0	131.9	158.1*
21 p	171.7	38.0	133.8	158.0*
28 p	170.6	37.9	132.8	158.0*

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.

* - Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.