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MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

Money market conditions have eased further, and there has been a substantial increase in most of the monetary aggregates since the last meeting of the Committee. The easing in money market conditions was accompanied by a decline of about 30 basis points in the 3-month bill rate, to around 4.50 per cent, and by roughly commensurate reductions in CD rates offered by major banks. The most often quoted rate on CD's maturing within 90 days is now 5 per cent. Rates on commercial paper, finance company paper, and bankers' acceptances declined sharply, after having lagged behind the decline in bill rates in late 1966.

Federal funds were generally traded in a 4-3/4 to 5 per cent range in the last two statement weeks ending in January, after being around 5-1/4 per cent earlier in the month. The decline in the Federal funds rate was in part the result of a marked improvement in the basic reserve deficiency of major New York banks in the second half of January. This improvement reflected not only a seasonal reflow of reserve funds to New York banks but also their notable success in obtaining CD money during the period. And although dealer finance needs remained well above normal in the last

FINANCIAL MARKET INDICATORS 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	Money Supply	Time Deposits 2/
1966--Jan.	- 51	431	4.32	4.58	4.52	4.81	3.40	+173	+129	+ 1.6	+ 0.8	+ 0.9
Feb.	-117	474	4.58	4.65	4.71	4.96	3.48	+ 58	+ 78	+ 0.7	+ 0.2	+ 0.7
Mar.	-210	545	4.64	4.58	4.72	5.09	3.55	- 88	+ 57	+ 1.1	+ 0.9	+ 1.0
Apr.	-277	638	4.64	4.61	4.65	5.03	3.46	+206	+256	+ 3.1	+ 1.6	+ 1.9
May	-339	653	4.83	4.63	4.69	5.16	3.53	+ 1	+ 6	+ 1.0	- 0.7	+ 1.6
June	-352	722	5.13	4.50	4.73	5.35	3.60	- 16*	+ 3*	+ 0.9*	+ 0.9	+ 1.5*
July	-359	739	5.18	4.78	4.84	5.48	3.77	+135*	+224*	+ 2.1*	- 1.5	+ 1.9*
Aug.	-374	740	5.45	4.95	4.95	5.64	3.91	-302	-400	- 0.7	--	+ 1.4
Sept.	-390	765	5.30	5.36	4.94	5.82	3.93	+ 5	+129	- 0.1	+ 0.9	+ 0.4
Oct.	-425	766	5.46	5.33	4.83	5.70	3.82	-134	-195	- 0.7	- 0.9	- 0.3
Nov.	-235	605	5.75	5.31	4.88	5.71	3.78	+108	- 35	- 1.1	- 0.4	+ 0.1
Dec. p	-192	529	5.39	4.96	4.76	5.73	3.79	+ 23	+ 22	+ 0.9	+ 1.2	+ 1.2
1967--Jan. p	- 61	476	4.87	4.72	4.51	5.43	3.50	+477	+292	+ 3.2	- 0.7	+ 2.3
1967--Jan. 4p	-180	565	5.25	4.82	4.59	5.51	3.72			+ 3.2	+ 0.5	+ 0.4
11p	+ 73	585	5.25	4.79	4.53	5.45	3.60			+ 1.4	- 0.6	+ 0.4
18p	- 98	217	4.75	4.75	4.46	5.12	3.35			+ 0.2	+ 0.2	+ 0.4
25p	- 38	538	5.05	4.70	4.53	5.03	3.34			+ 1.5	- 1.2	+ 0.9
Feb. 1p	+154	176	4.20	4.55	4.48	--	3.25			+ 0.9	+ 0.3	+ 0.8
Year 1966	-283	672	5.06	4.85	4.77	<u>Averages</u> 5.41	3.67	+ 0.8	+ 1.2	+ 3.7	+ 1.9	+ 8.4
First Half 1966	-228	581	4.69	4.59	4.67	5.12	3.51	+ 3.0	+ 4.7	+ 7.1*	+ 4.7	+10.3*
Second Half 1966	-337	763	5.39	5.12	4.87	5.74	3.83	- 1.4	- 2.2	+ 0.3	- 0.8	+ 6.1
<u>Recent variations in growth</u>												
July 6-Aug. 10	-345	738	5.32	4.81	4.85	5.55	3.80			- 4.2	-13.4	+12.7
Aug.10-Nov. 16	-320	638	5.46	5.27	4.91	5.78	3.87			- 2.7	+ 0.4	+ 1.4
Nov.16-Feb. 1	-131	463	5.20	5.00	4.68	5.52	3.64			+11.1	+ 1.4	+14.7

1/ From January 1966 to date, issues carry a 5-year call protection.

2/ Time deposits adjusted at all commercial banks.

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

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

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two statement weeks of January, dealer new loan rates posted by major New York banks declined to an average of about 5-1/2 per cent.

Net borrowed reserves declined to an average of \$60 million and member bank borrowings to \$475 million for the month of January, as compared with figures of \$191 million and \$529 million respectively in December.

In the statement week ending February 1, the money market was easy, with most Federal funds trading at 4-1/2 per cent or lower and with dealer loan rates further reduced. Net free reserves of \$154 million were published for the week, with borrowings averaging only \$176 million. Such unusually easy conditions were occasioned largely by developments related to the snowstorm in the Midwest on Thursday and Friday; the storm generated a sharp rise in float, but the full extent of the rise was not evident until late in the statement week. Late week adjustments in reserve figures--which occurred too late to be offset effectively by System open market operations--added almost \$200 million of free reserves.

The success of banks in attracting CD money as market interest rates dropped sharply during January contributed to an increase of time deposits at a 17.3 per cent annual rate in the month on average. U.S. Government demand deposits also rose sharply in the month, as payments by corporations of withheld income taxes were shifted out of February into January. There was only a

partially offsetting decline in private demand deposits, as business loans from banks rose sharply, partly in order to finance the tax payments.

Total member bank deposits (the bank credit proxy) rose at about a 15.5 per cent annual rate in January on average, with the rise sustained throughout the month. But there was a decline in other sources of bank funds, as liabilities to foreign branches dropped off substantially and there was also a reduction in borrowing from the Federal Reserve discount window. After including the reduction in foreign borrowing, the proxy rose by a 12.5 per cent annual rate during the month.

Nonborrowed reserves rose at about a 23 per cent annual rate in January on average. However, as already noted, a part of the reserves becoming available to banks from open market operations was used to reduce borrowings from the Federal Reserve, and some was held as increased excess reserves. Thus required reserves last month expanded at a 13 per cent annual rate.

The general easing of monetary policy not only stimulated declines in money market rates and growth in bank credit, but also-- in conjunction with recent Presidential statements about the desirability of a tax increase and easier monetary conditions-- helped generate bullish expectations in bond markets. The relatively sharp resulting decline in long-term rates, together with the increased

availability and lower cost of time deposits, induced reductions in the prime loan rate of banks from 6 per cent to 5-3/4 per cent and, at a few banks, to 5-1/2 per cent.

Prospective developments

Discounting the special weather influences affecting the February 1 statement week, the maintenance of prevailing money market conditions could involve net borrowed reserves averaging close to \$50 million and a Federal funds rate fluctuating around 4-3/4 - 5 per cent. It is possible that the Federal funds rate might tend to oscillate near the lower end of the range as long as the basic reserve position of major New York banks continues to be relatively comfortable and the 3-month bill rate stays close to the discount rate. Moreover, partly because banks no longer have to face the basic problems of reserve adjustment that stemmed from their earlier inability to roll over maturing CD's, there may be less reluctance on their part to make temporary use of the discount window, thus tending to hold down the premium on the Federal funds rate above the discount rate.

The 3-month bill rate recently fell to just below the discount rate, and, in part, this may have reflected the considerable market ease related to the snowstorm. It is unlikely that the rate will move back much above the discount rate in the period immediately ahead, however, for February ordinarily is a month of good bill

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demand and declining bill rates. At the same time, it is difficult to foresee any pressures working toward significantly lower bill rates. Dealer bill inventories remain exceptionally large; the System is likely to be reducing its security holdings around mid-February; and the Treasury is likely to be offering a sizable amount of additional June tax bills toward the end of the month.

All in all, a policy resulting in net borrowed reserves averaging close to \$50 million should be consistent with a 3-month bill rate in a 4.40 - 4.60 per cent range. Under such circumstances, long-term rates may not show much further downward movement; and some technical upward adjustments from the recent rapid yield declines are a possibility, especially if new issue calendars become further enlarged. However, both short- and long-term rates could show significant further downward movements if expectations shifted markedly further as a result of unfavorable economic news or more concrete peace talk prospects.

Given such bill rates, we expect a slower--but still impressive--net expansion in CD's during February, perhaps one in a \$750 million to \$1 billion range (as compared with a \$2.2 billion expansion during the four weeks ending January 25). The recent reductions in CD rates seem indicative of diminished bank interest in bidding for such funds. The projected CD increase, together with continued expansion of other time and savings deposits at around recent rates, contributes to a projected time and savings deposit growth for

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the month on average of 15 - 17 per cent. Part of this growth on a daily average basis reflects the rapid weekly expansion during January; from the end of January to the end of February a 10 - 12 per cent rate of growth is projected.

U.S. Government deposits are expected to decline slightly on average in February. Payment date for the expected June tax bill is uncertain, but is assumed to be in early March. Private demand deposits, after declining in January, are expected to rise in February, partly reflecting the decline in Government deposits and also a growth in demand for cash balances on the part of businesses for liquidity and precautionary reasons and to prepare for large March and April tax payments. In February private demand deposits might expand in a 5 - 7 per cent range.

Such developments in time and demand deposits are consistent with a bank credit proxy expanding by about 9 - 11 per cent on average in February. The rise would be about 2 percentage points less with inclusion of Euro-dollar borrowings by banks, even in the event that Euro-dollar borrowings by banks do not decline further from their end of January levels. With a slower week-to-week time deposit growth during the month and a sharp decline in U.S. Government deposits around the end of the month, the credit proxy is projected to rise by only about 2 per cent from the end of January to the end of February. This should be followed by

considerably stronger expansion in March weeks, however, reflecting the expected tax bill financing by the Treasury and also mid-March tax period borrowing.

The relatively slow growth in the credit proxy from the end of January to the end of February assumes slower business loan expansion as February progresses, with some of earlier tax-related borrowing being repaid. It also assumes a modest decline in dealer loans made by banks, but continued bank interest in purchasing securities to restore their liquidity. Bank credit expansion could be weaker than projected if inventory adjustments are unexpectedly large, and demands for credit fall off.

If open market operations are conducted so as to ease money market conditions somewhat further, this could involve a modest positive net reserve position for banks (say, free reserves in a zero-\$100 million range) and Federal funds trading more often around the discount rate. These money market conditions might bring about somewhat greater increases in the monetary aggregates, but the effect of such incremental ease on bank credit expansion is unlikely to be as dramatic as in the recent past. Recent experience suggests that banks would not find it desirable to continue to expand time deposits at the rapid January rate, especially if loan demand in the weeks immediately ahead moderates from the heavy demands of January. Therefore, banks may adjust interest rates offered on

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CD's and other time deposits in line with declines in market rates. The 3-month bill rate would be likely to be within a 4.25 - 4.45 per cent range with such a policy shift, and with some attendant reduction in other money market rates.

The easier monetary policy discussed above and the expectations generated it would place more downward pressure on customer rates. Moreover, the sustainability of the present discount rate would probably be more widely questioned--with the ebb and flow of expectations in that respect possibly generating a wider band of interest rate movements. In addition, it would become more likely that any technical reaction in long-term bond markets would be forestalled or minimized, with long rates remaining steady or declining somewhat further.

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
Monthly (reserves weeks ending in):					
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	380	739	-359		
August	366	740	-374		
September	375	765	-390		
October	341	766	-425		
November	370	605	-235		
December p	337	529	-192		
1967--January p	415	476	- 61		
Weekly:					
1966--Oct. 5	314	828	-514	-439	-439
12	413	928	-515	-511	-489
19. 19.	489	790	-301	-297	-308
26	147	518	-371	-366	-376
Nov. 2	279	594	-315	-301	-302
9	378	646	-268	-249	-224
16	547	711	-164	-227	-244
23	184	439	-255	-261	-236
30	460	636	-176	-207	-221
Dec. 7	181	449	-268	-245	-194
14	510	647	-137	-152	-143
21	204	472	-268	-264	-248
28 p	455	548	- 93	-112	- 39
1967--Jan. 4 p	385	565	-180	-188	-175
11 p	658	585	+ 73	+ 67	+ 61
18 p	119	217	- 98	- 39	- 53
25 p	500	538	- 38	- 47	- 62
Feb. 1 p	330	176	+154	+154*	-150

p - Preliminary

* - Reflects end of week statistical adjustments increasing F.R. float due to snow storms in the midwest.

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) <u>1/</u>	Time Deposits (comm. banks)	Money Supply	
			Total	Against Demand Deposits			Total	Private Demand Deposits
Annually:								
1965	+ 5.3	+ 4.3	+ 5.3	+ 2.3	+ 9.1	+16.0	+ 4.7	+ 4.4
1966	+ 1.2	+ 0.8	+ 1.5	- 0.2	+ 3.7	+ 8.4	+ 1.9	+ 0.9
Monthly:								
1965--September	- 1.2	- 3.9	- 2.2	- 6.8	+ 3.6	+13.7	+ 8.1	+ 9.4
October	+ 3.7	+ 7.3	+ 9.7	+ 5.1	+12.5	+17.8	+ 8.0	+ 7.5
November	+ 0.6	+ 5.0	- 2.0	- 3.9	+ 5.1	+15.0	+ 2.9	+ 1.9
December	+13.8	+ 9.8	+13.7	+ 8.2	+ 9.7	+11.5	+11.6	+13.0
1966--January	+ 6.7	+ 9.5	+ 6.9	+11.3	+ 8.1	+ 7.4	+ 5.7	+ 4.6
February	+ 4.0	+ 3.1	+ 2.9	+ 3.8	+ 3.5	+ 5.7	+ 1.4	--
March	+ 2.9	- 4.6	+ 2.7	+ 4.0	+ 5.5	+ 8.1	+ 7.8	+ 8.2
April	+13.2	+10.9	+11.9	+11.7	+15.5	+15.3	+11.3	+12.7
May	+ 0.3	+ 0.1	+ 2.1	- 4.8	+ 4.9	+12.7	- 4.9	- 7.2
June <u>2/</u>	+ 0.2	- 0.8	+ 1.6	+ 1.3	+ 4.4	+11.8	+ 6.3	+ 7.2
July <u>2/</u>	+11.4	+ 7.1	+ 8.4	+ 2.9	+10.3	+14.8	-10.5	-16.2
August <u>2/</u>	-20.2	-15.8	-14.8	-16.9	- 3.4	+10.7	--	- 0.9
September <u>2/</u>	+ 6.6	- 0.3	- 0.2	- 3.2	- 0.5	+ 3.0	+ 6.4	+ 7.3
October <u>2/</u>	-10.0	- 7.1	- 1.1	- 2.0	- 2.9	- 2.3	- 6.3	- 8.1
November <u>2/</u>	- 1.8	+ 5.7	- 7.6	- 8.6	- 5.9	+ 0.8	- 2.8	- 4.6
December <u>2/</u>	+ 1.1	+ 1.2	+ 4.8	- 1.3	+ 4.4	+ 9.1	+ 8.5	+ 9.2
1967--January <u>2/</u> p	+16.8	+23.4	+13.2	+13.0	+15.7	+17.3	- 4.9	+ 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, 1966. Changes in reserves have been adjusted for increases in reserve requirements in July and September, 1966.

p - Preliminary.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

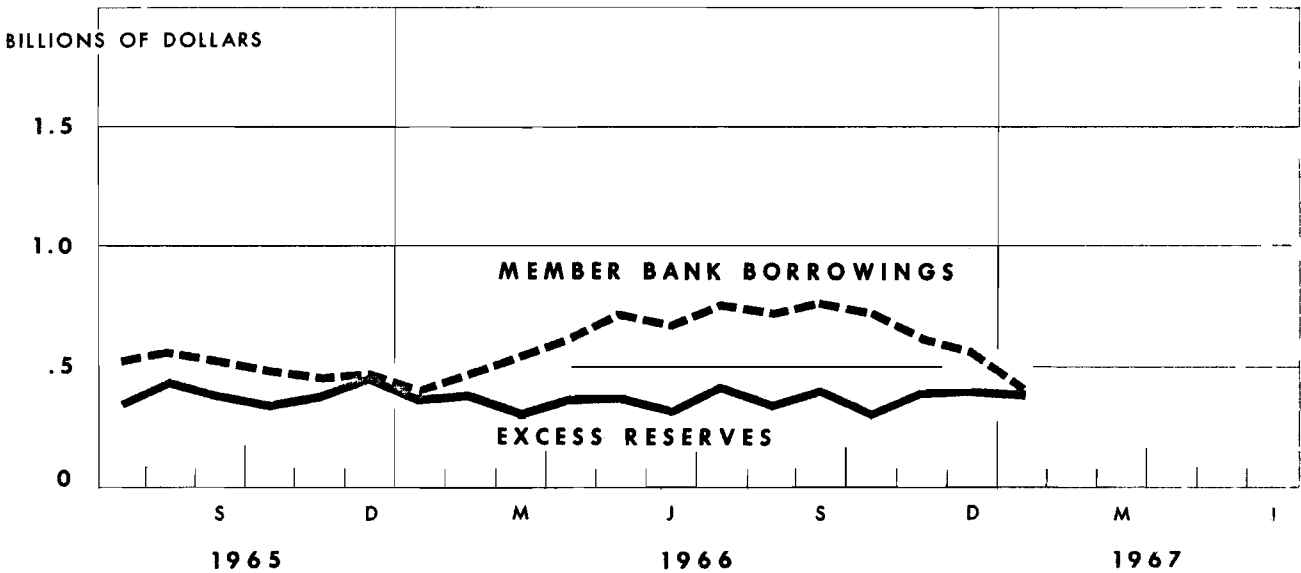
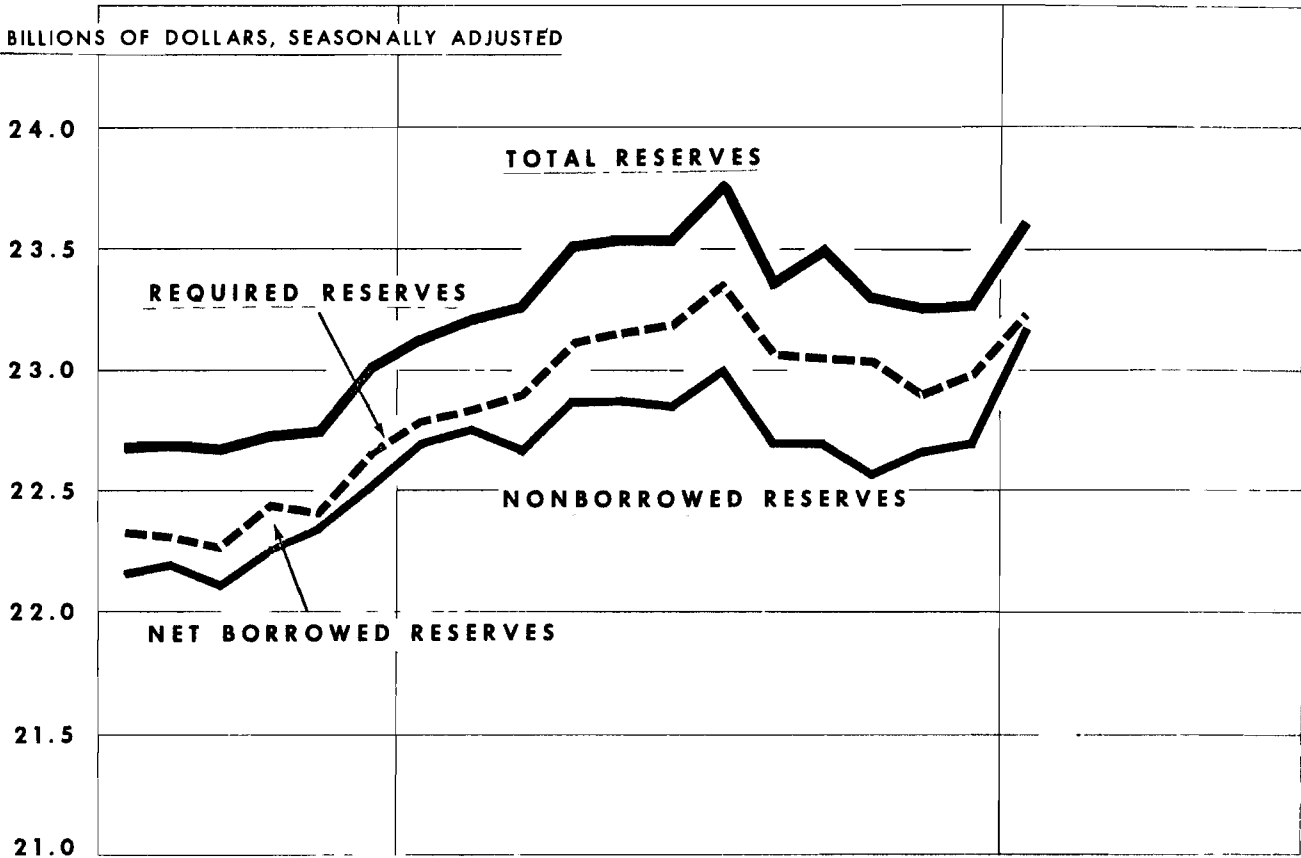


Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

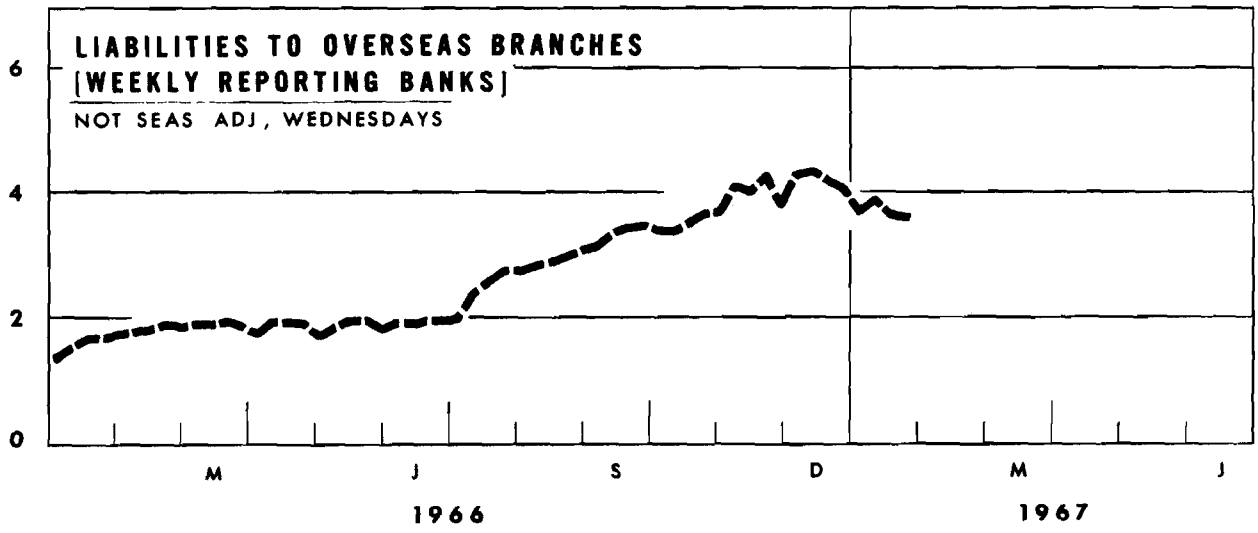
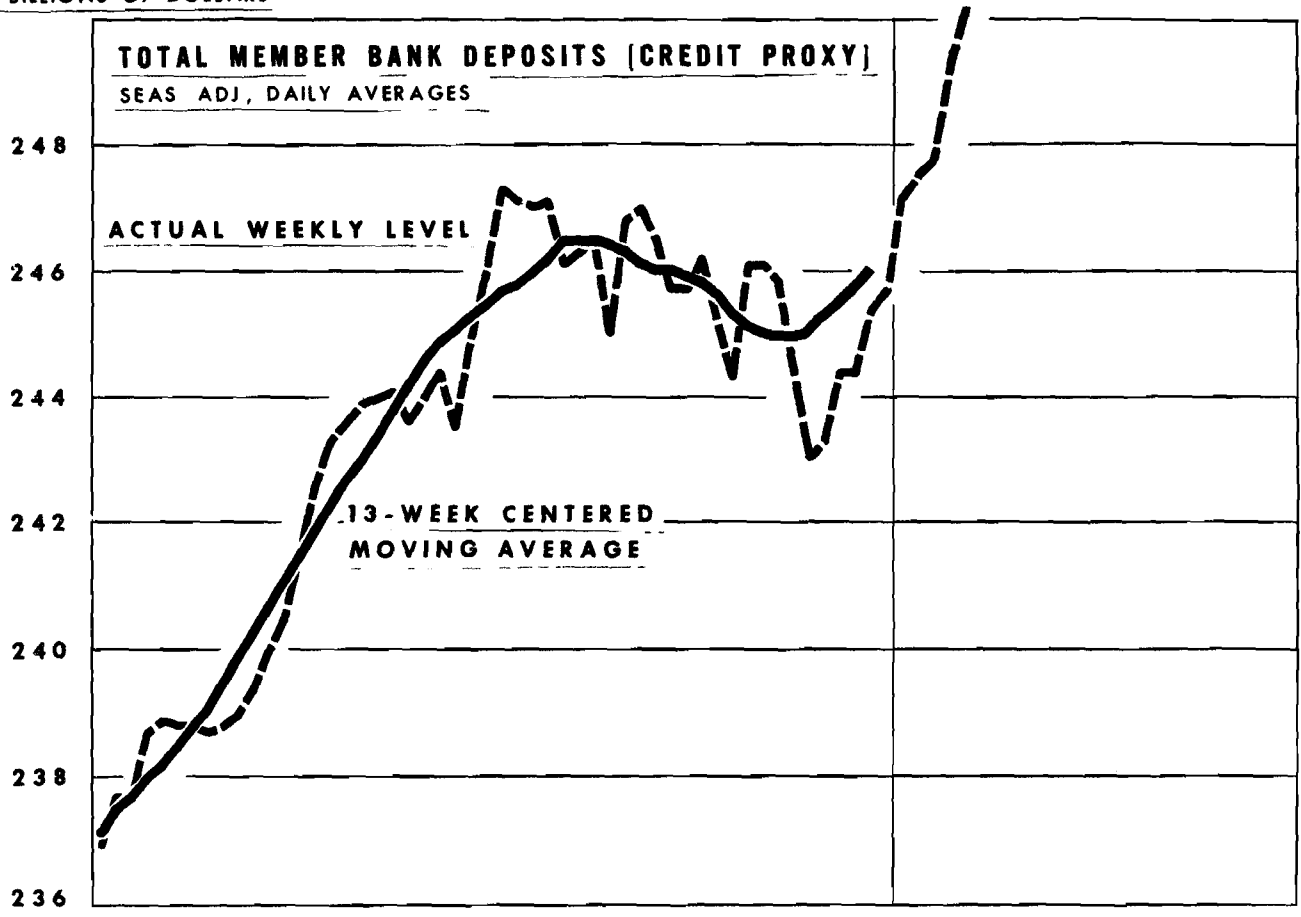
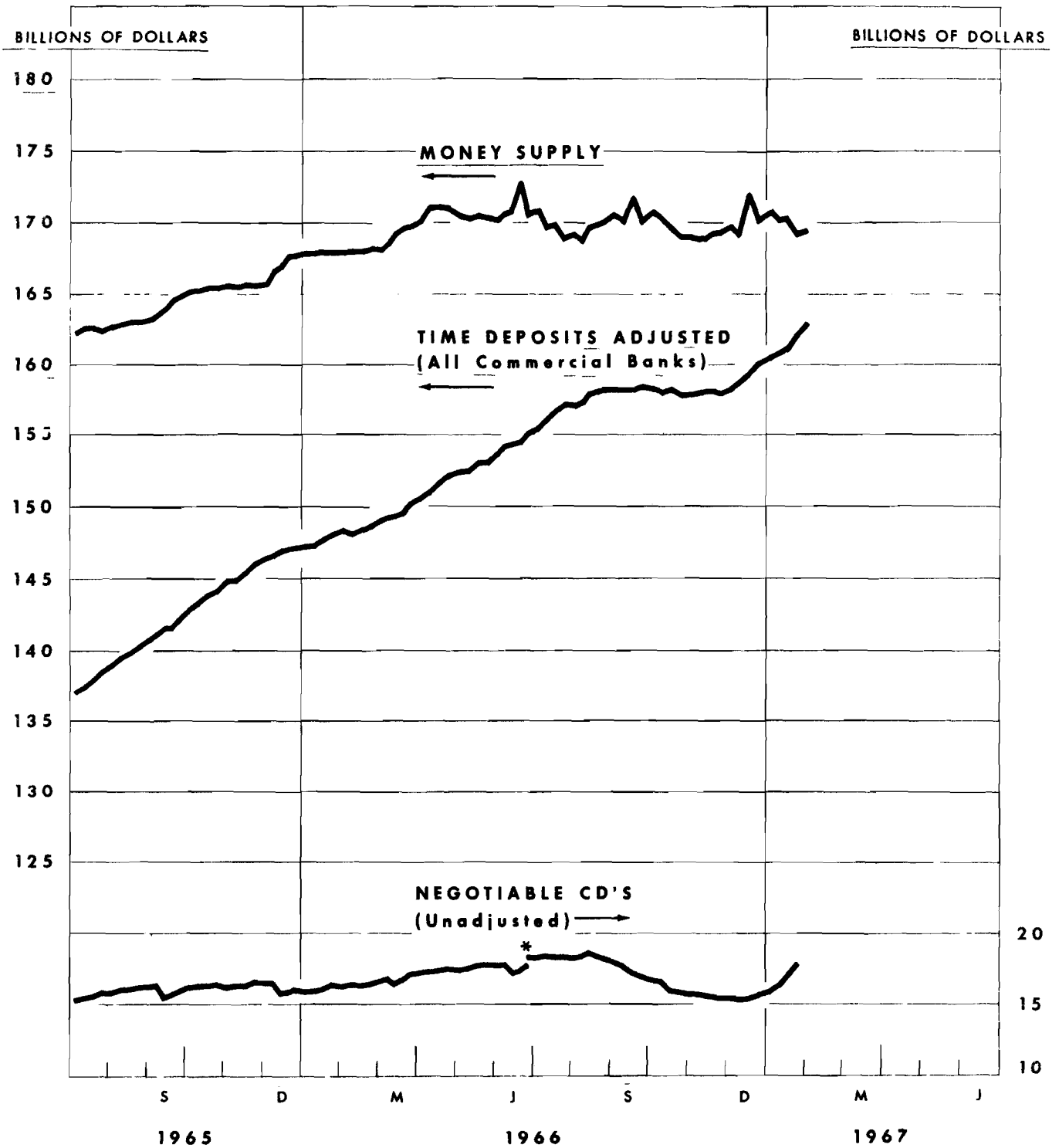


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



*CHANGE IN SERIES

Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

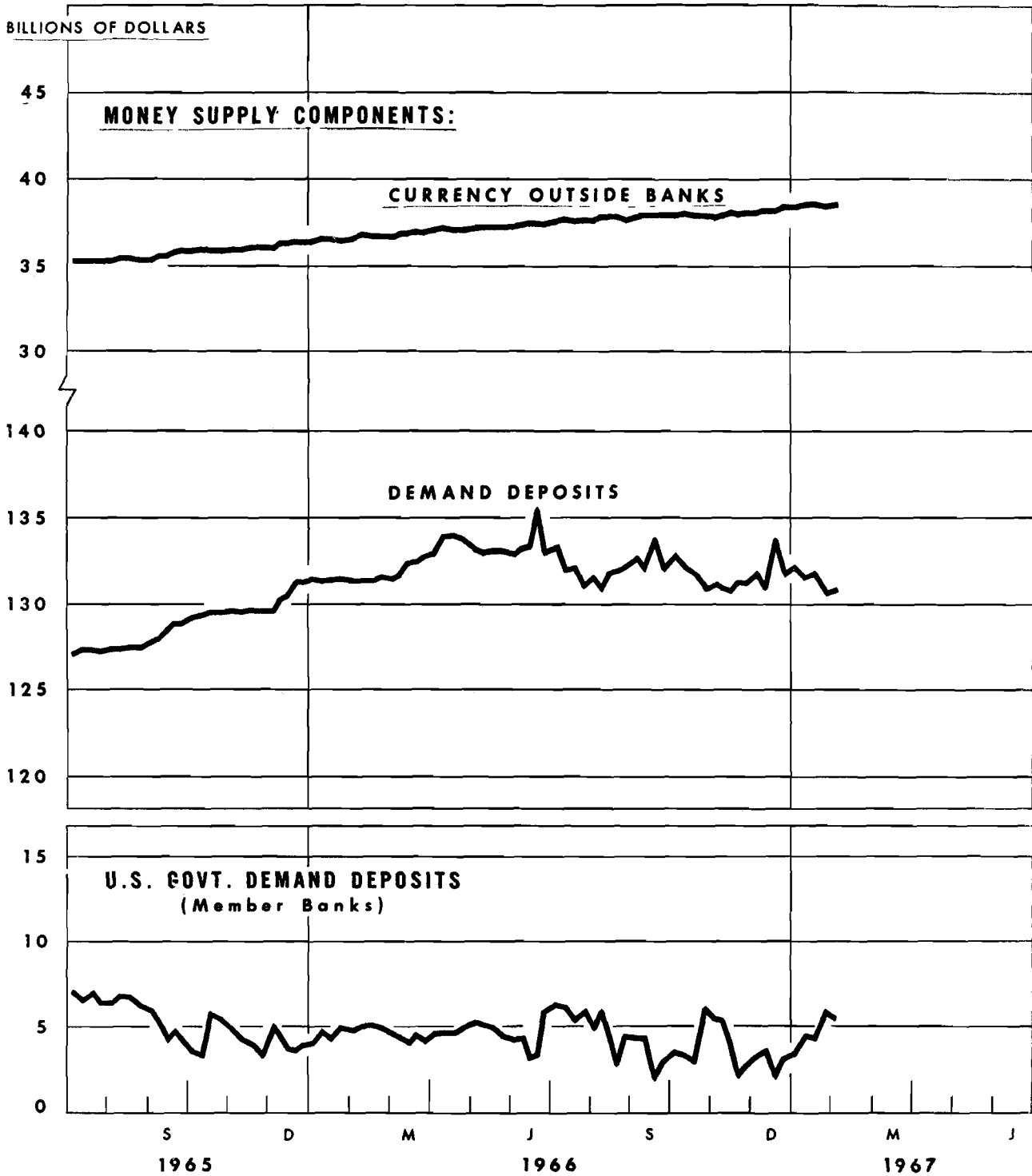


Table B-1

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	= Bank use of reserves	
	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Technical factors net 2/	in total reserves	Required reserves 3/	Excess reserves
<u>ACTUAL</u>							
<u>Year:</u>							
1965 (12/30/64 - 12/29/65)	+4,035	-1,602	-2,143	+798	+1,089	+1,188	- 99
1966 (12/29/65 - 12/28/66)	+3,149	-627	-2,232	+805	+1,096	+1,104	- 8
<u>Year-to-date:</u>							
(12/29/65 - 2/2/66)	-453	- 54	+1,130	-1,164	-542	-427	-115
(12/28/66 - 2/1/67)	-730	--	+1,451	-1,019	-298	-173	-125
<u>Weekly:</u>							
1967--Jan. 4 p	+319	--	+440	-294	+462	+532	- 70
11 p	+347	--	+ 34	-507	-125	-398	+273
18 p	-1,073	- 1	+452	-239	-859	-320	-539
25 p	+283	--	+361	-309	+335	- 46	+381
Feb. 1 p	-606	+ 1	+164	+330	-111	+ 59	-170
<u>PROJECTED 4/</u>							
1967--Feb. 8	+725	--	-485	-375	-135	-135	--
15	- 55	--	+ 75	-155	-135	-135	--
22	-520	--	+105	+160	-255	-255	--
Mar. 1	- 15	--	+ 95	- 50	+ 30	+ 30	--
8	+565	--	-490	-100	- 25	- 25	--
15	+160	--	+ 5	--	+165	+165	--
22	- 5	--	+ 35	+350	+380	+380	--
29	- 70	--	+210	-300	-160	-160	--

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

p - Preliminary.

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
ACTUAL							
Year:							
965 (12/30/64 - 12/29/65)	+1,188	- 89	+1,277	+115	- 4	+499	+667
1966 (12/29/65 - 12/28/66)	+1,104	- 90	+1,194	- 14	- 4	- 7	+1,219 <u>1/</u>
Year-to-date:							
(12/29/65 - 2/2/66)	-427	-232	-195	-326	+ 63	+ 50	+ 18
(12/28/66 - 2/1/67)	-173	-108	- 65	-232	+ 71	- 80	+176
Weekly:							
1967--Jan. 4 p	+532	- 34	+566	+334	+ 24	+190	+ 18
11 p	-398	- 78	-320	-142	+ 12	-220	+ 30
18 p	-320	-221	- 99	-114	+ 19	- 38	+ 34
25 p	- 46	+231	-277	-229	+ 13	-117	+ 56
Feb. 1 p	+ 59	- 6	+ 65	- 81	+ 3	+105	+ 38
PROJECTED							
1967--Feb. 8	-135	+ 70	-205	-230	+ 10	--	+ 15
15	-135	- 70	- 65	-130	+ 5	+ 45	+ 15
22	-255	+ 40	-295	-370	--	+ 60	+ 15
Mar. 1	+ 30	- 70	+100	+ 35	+ 10	+ 45	+ 10
8	- 25	-105	+ 80	+ 35	+ 10	+ 25	+ 10
15	+165	+ 60	+105	+ 60	+ 5	+ 30	+ 10
22	+380	+150	+230	+220	--	--	+ 10
29	-160	+265	-425	-430	+ 10	- 15	+ 10

1/ Reflects reserve requirements changes in July and September, 1966.

p - Preliminary.

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>					
1965 (12/30/64 - 12/29/65)	+798	+294	-171	+ 77	+598
1966 (12/29/65 - 12/28/66)	+805	+673	+ 64	- 30	+ 98
<u>Year-to-date:</u>					
(12/29/65 - 2/2/66)	-1,164	-114	-806	- 44	-200
(12/28/66 - 2/1/67)	-1,019	-216	-510	+ 5	-298
<u>Weekly:</u>					
1967--Jan. 4	-294	- 27	-284	- 23	+ 40
11	-507	-107	-276	+ 24	-148
18	-239	- 58	-106	- 6	- 69
25	-309	-135	- 85	- 26	- 63
Feb. 1	+330	+111	+241	+ 36	- 58
<u>PROJECTED</u>					
1967--Feb. 8	-375	+100	-400	- 10	- 65
15	-155	+ 20	-200	--	+ 25
22	+160	--	+300	--	-140
Mar. 1	- 50	--	- 50	--	--
8	-100	--	-100	--	--
15	--	--	- 60	--	+ 60
22	+350	--	+275	--	+ 75
29	-300	--	-300	--	--

Table B-4

SOURCE OF FEDERAL RESERVE CREDIT

Retrospective Changes

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

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities				Federal Agency Securities	Bankers' acceptances	Member banks borrowings
		Total holdings	Bills	Other	Repurchase agreements			
<u>Year:</u>								
1965 (12/30/64 - 12/29/65)	+4,035	+3,916	+3,145	+916	-145	--	+ 77	+ 42
1966 (12/29/65 - 12/28/66)	+3,149	+3,069	+2,158	+474	+437	+ 26	+ 52	+ 2
<u>Year-to-date:</u>								
(12/29/65 - 2/2/66)	-453	-304	-332	--	+ 28	--	- 21	-128
(12/28/66 - 2/1/67)	-730	-223	+435	--	-658	- 26	-109	-372
<u>Weekly:</u>								
1966--Nov. 2	+304	+225	+243	--	- 18	--	+ 3	+ 76
9	+509	+455	+323	--	+132	--	+ 2	+ 52
16	+ 5	- 59	- 16	--	- 43	--	- 1	+ 65
23	-699	-438	-306	--	-132	--	+ 11	-272
30	+775	+550	+212	--	+338	--	+ 28	+197
Dec. 7	+ 97	+256	+141	--	+115	+ 9	+ 19	-187
14	- 19	-202*	-120	--	-154	+ 7	- 22	+198
21	-231	-112*	- 69	+ 3	+ 26	+ 7	+ 49	-175
28	+556	+452	+105	+ 32	+315	+ 3	+ 25	+ 76
1967--Jan. 4	+319	+282	+434	--	-152	+ 1	+ 19	+ 17
11	+347	+345	+303	--	+ 42	- 22	+ 4	+ 20
18	-1,073	-611	-203	--	-408	- 5	- 89	-368
25	+283	+ 3	+109	--	-106	--	- 41	+321
Feb. 1	-606	-242	-208	--	- 34	--	- 2	-362

* - Includes effect of change in special certificates of +\$72 million of the week of December 14, 1966, and -\$72 million of the week of December 21, 1966.

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
1965--January	21,960	21,625	21,563	20,702	15,730
February	22,157	21,771	21,713	20,765	15,717
March	22,279	21,814	21,868	20,881	15,789
April	22,449	21,953	22,036	20,985	15,831
May	22,436	21,994	22,109	20,962	15,750
June	22,612	22,082	22,243	21,138	15,877
July	22,682	22,158	22,332	21,247	15,912
August	22,689	22,186	22,299	21,331	15,916
September	22,667	22,114	22,259	21,553	16,071
October	22,737	22,248	22,439	21,720	16,151
November	22,748	22,341	22,402	21,803	16,168
December	23,010	22,523	22,657	21,970	16,285
1966--January	23,139	22,701	22,788	22,075	16,364
February	23,217	22,759	22,844	22,084	16,356
March	23,274	22,671	22,896	22,269	16,510
April	23,530	22,877	23,123	22,477	16,625
May	23,536	22,878	23,163	22,453	15,534
June <u>1</u> /	23,539	22,862	23,193	22,582	16,626
July <u>1</u> /	23,763	22,997	23,355	22,515	16,472
August <u>1</u> /	23,363	22,695	23,067	22,517	16,428
September <u>1</u> /	23,492	22,700	23,064	22,597	16,497
October <u>1</u> /	23,297	22,566	23,042	22,430	16,352
November <u>1</u> /	23,262	22,674	22,896	22,380	16,317
December p <u>1</u> /	23,284	22,697	22,987	22,522	16,411
1967--January p <u>1</u> /	23,610	23,174	23,241	22,526	16,323

p - Preliminary.

1/ Reserves have been adjusted for redefinition of time deposits effective June 9, 1966

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)

Monthly	Total member bank deposits (credit) 1/	Time deposits	Private demand deposits 2/	U.S. Gov't. demand deposits
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	6.1
April	224.6	109.9	108.1	6.7
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	243.9	126.2	112.9	4.8
June <u>3/</u>	244.8	127.0	113.5	4.3
July <u>3/</u>	246.9	128.9	112.4	5.6
August <u>3/</u>	246.2	129.8	112.1	4.2
Sept. <u>3/</u>	246.1	130.1	112.6	3.5
Oct. <u>3/</u>	245.5	129.6	111.6	4.3
Nov. <u>3/</u>	244.3	129.3	111.4	3.7
Dec. <u>3/</u> p	245.2	130.3	112.0	2.9
1967--Jan. <u>3/</u> p	248.4	132.3	111.4	4.8

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, 1966.

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)

Week ending:	Total member bank deposits (credit) 1/	Time deposits	Private demand deposits 2/	U. S. Gov't. demand deposits
1966--July 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*	246.3	129.4	111.1	5.7
17*	246.5	129.9	112.3	4.3
24*	245.0	130.1	112.1	2.8
31*	246.8	130.3	112.2	4.4
Sept. 7*	247.0	130.2	112.5	4.3
14*	246.5	130.2	112.1	4.2
21*	245.7	129.8	113.7	2.2
28*	245.7	130.0	112.8	2.9
Oct. 5*	246.2	129.8	112.8	3.5
12*	245.2	129.8	112.1	3.3
19*	244.3	129.8	111.5	3.0
26*	246.1	129.3	111.0	5.9
Nov. 2*	246.1	129.5	111.2	5.4
9*	245.8	129.3	111.1	5.3
16*	244.4	129.3	111.1	4.0
23*	243.0	129.3	111.1	2.2
30*	243.2	129.2	111.3	2.7
Dec. 7*	244.5	129.5	111.9	3.2
14*	244.5	129.8	111.2	3.5
21*	245.5	130.2	113.1	2.2
28p*	245.7	131.0	111.5	3.2
1967--Jan. 4p*	247.1	131.3	112.5	3.3
11p*	247.6	131.7	111.5	4.4
18p*	247.8	132.0	111.4	4.3
25p*	249.3	132.9	110.6	5.8
Feb. 1p*	250.2	133.5	111.3	5.4

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, 1966.

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 <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits Adjusted
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	168.0	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	37.2	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>	169.6	37.7	131.9	156.4
August <u>3/</u>	169.6	37.8	131.8	157.8
September <u>3/</u>	170.5	37.9	132.6	158.2
October <u>3/</u>	169.6	37.9	131.7	157.9
November <u>3/</u>	169.2	38.0	131.1	158.0
December <u>3/p</u>	170.4	38.3	132.1	159.2
1967--January <u>3/p</u>	169.7	38.5	131.2	161.5

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)

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted
1966--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	169.8	37.8	132.0	158.0*
31	170.0	37.7	132.2	158.2*
Sept. 7	170.5	37.8	132.6	158.2*
14	170.1	38.0	132.1	158.2*
21	171.7	38.0	133.7	158.1*
28	170.0	37.9	132.1	158.4*
Oct. 5	170.7	37.9	132.8	158.2*
12	170.2	38.0	132.2	158.0*
19	169.6	37.9	131.7	158.1*
26	168.9	37.9	131.0	157.7*
Nov. 2	168.9	37.8	131.1	157.8*
9	168.8	38.0	130.9	157.9*
16	168.9	38.1	130.8	158.0*
23	169.3	38.0	131.3	158.0*
30	169.3	38.1	131.2	157.9*
Dec. 7	169.7	38.1	131.7	158.2*
14	169.1	38.2	130.9	158.6*
21	171.9	38.2	133.7	159.2*
28 p	170.2	38.4	131.8	160.0*
1967--Jan. 4 p	170.7	38.4	132.2	160.4*
11 p	170.1	38.5	131.6	160.8*
18 p	170.3	38.5	131.8	161.2*
25 p	169.1	38.4	130.7	162.1*
Feb. 1 p	169.4	38.5	130.9	162.9*

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.

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

p - Preliminary.

February 6, 1967.

ERRATA SHEET FOR BLUEBOOK DATED FEBRUARY 3, 1967

Please note following corrections of data reported in the
Bluebook:

Table A-1 (last column)

Free Reserves--as expected at conclusion of each
week's open market operations for February 1, 1967,
should read -50, not -150 as reported.

Table A-2 (last column)

Money Supply--Private Demand Deposits for January 1967
should read -8.2, not +8.2 as reported.