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MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

There have been relatively wide interest rate fluctuations in the Government securities market since the last meeting of the Committee. After declining in the latter part of May, yields rose again in the first half of June, and in the note and bond sector moved into new high ground for the year to date; the rise in yields was most pronounced in the long bill and intermediate-term coupon areas. Outside the Treasury market, yields rose on a variety of short-term debt instruments, including finance company paper, bankers acceptances, short-term Federal agency securities, and negotiable CD's, including longer maturities of the latter. Yields on new corporate bonds have drifted further upwards, while municipal bond yields have remained relatively stable.

Treasury bill rates turned up sharply in early June following earlier persistent declines and the 3-month bill has recently been bid around 3.60 per cent, up from a low of 3.37 per cent on June 5, while the 1-year bill rate was up to 4.20 per cent. In part, the rise in short-term rates may have reflected market preparations for the mid-June tax and dividend period, but expectations of an imminent Treasury cash financing in the short-term maturity area have given added impetus to the yield increases most recently. In addition all sectors of the financial market were affected by uncertainties associated with the Mid-East crisis.

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	Money Supply	Time Deposits ^{2/}
	(Seasonally Adjusted)											
1966--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	439	5.18	4.78	4.84	5.48	3.77	+135*	+224*	+2.1*	- 1.5	+ 2.0*
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.	-196	529	5.39	4.96	4.76	5.73**	3.79	+ 21	+ 21	+0.9	+ 1.1	+ 1
1967--Jan.	- 59	476	4.87	4.72	4.51	5.43**	3.50	+492	+331	+3.3	- 0.7	+ 2.5
Feb.	+ 42	366	4.99	4.56	4.61	5.18**	3.38	+359	+272	+3.1	+ 0.8	+ 2.6
Mar.	+172	196	4.50	4.26	4.56	5.31**	3.47	+541	+451	+3.2	+ 2.4	+ 2.1
Apr.	+199	150	4.03	3.84	4.64	5.38**	3.50	+122	+ 31	+2.9	- 0.7	+ 2.0
May p	+270	94	3.93	3.60	4.90	5.62**	3.71	+ 97	- 34	+0.4	+ 2.0	+ 2.1
1967--May 17 p	+271	123	4.03	3.63	4.91	5.66	3.75			+0.1	+ 2.1	+ 0.5
24 p	+273	50	3.90	3.52	4.96	5.68**	3.78			-1.0	+ 0.1	+ 0.4
31 p	+269	102	3.94	3.47	4.91	5.71**	3.78			+0.6	+ 0.3	+ 0.6
June 7 p	+266	77	3.90	3.39	4.85	5.70**	3.76			+1.0	+ 0.3	+ 0.7
14 p	+325	43	4.00	3.51	4.93	5.74**	3.78			+1.0	+ 0.6	+ 0.7
	Averages							Annual rates of increase ^{3/}				
Year 1966	-283	672	5.06	4.85	4.77	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*	+ 4.6*	+7.1*	+ 4.7	+10.3
Second Half 1966	-338	763	5.39	5.12	4.87	5.74**	3.83	- 1.5*	- 2.2*	+0.3*	- 0.9	+ 6.1*
<u>Recent variations in growth</u>												
July 6-Nov. 16	-346	732	5.43	5.13	4.89	5.72**	3.85			-3.1	- 3.0	+ 4.4
Nov. 16-Mar. 29	- 23	397	5.01	4.70	4.64	5.36**	3.57			+13.6	+ 7.0	+15.8
Mar. 29-June 14	+249	108	4.40	4.04	5.27	5.56**	3.63			+6.4	+ 7.9	+17.8

^{1/} Issues carry a 5-year call protection; ** includes issues carrying 5-year and 10-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.

p - Preliminary.

c - Correction

By way of contrast, rates on day-to-day money, including Federal funds and dealer loan rates, have not shown any trend recently. Federal funds have continued to trade close to the discount rate, with the effective rate averaging just below 4 per cent in recent weeks. Rates on new loans to dealers posted by major New York City banks have centered around 4-1/8 to 4-3/8 per cent and financing from outside New York sources have continued to be available at close to the Federal funds rate.

Free reserves rose to \$324 million in the statement week ended June 14, which included the dividend date and pre-tax date preparations. In the three previous statement weeks, and indeed since the week ending May 3, free reserves had held in the unusually narrow range of \$266 to \$273 million. Member bank borrowings have continued to move lower, averaging only \$68 million in the last four statement weeks compared with \$105 million in the previous four weeks.

With a few of the major banks experiencing sizable net CD inflows and increases in other time and savings deposits continuing strong at all commercial banks, total time and savings deposits appear to be growing at an annual rate of around 16 per cent in June, a somewhat faster rate of expansion than was projected in the previous blue book. And with U.S. Government deposits at commercial banks declining sharply on average in June, money supply is also expanding at an 11 - 12 per cent annual rate in June, a little faster than anticipated earlier. Mainly because of the faster growth in time and savings deposits,

expansion in the bank credit proxy appears to have risen to a 7 - 8 per cent annual rate in June, slightly above the 4 - 7 per cent range previously projected, and well above the small May growth rate.

With bank credit generated mainly by time deposits (since changes in U.S. Government and private demand deposits seem virtually offsetting), only a small increase in the reserve base of banks is occurring. Total and nonborrowed reserves are increasing at only about a 1 - 3 per cent annual rate this month, continuing the relatively slow growth of the previous month. But even with the low growth rate for aggregate reserves, the large inflows of time deposits and the apparent moderation of loan demand have led to continued relatively large bank investments in securities at the high yields generally available. Such investments had been a factor in keeping municipal yields generally stable over recent weeks and had helped to cushion the market for U.S. Government securities; most recently there have been signs that bank interest in such securities may be waning.

Almost half of the reserves that were supplied by the System had a direct effect in moderating pressures in intermediate- and long-term credit markets. From May 23 through June 7, the Account Management purchased \$222 million of coupon issues (including \$88 million maturing in over 5 years) while acquiring, net, only \$167 million of bills outright; about \$60 million of reserves on average were also provided through repurchase agreements. In the week of June 14, there was a need to absorb reserves, partly because of a decline in the Treasury balance, and the System was a net seller of \$566 million of bills (about 75 per cent of which were sales to foreign accounts).

For the 7 month December 1966 - June 1967 period, the bank credit proxy is now estimated to rise at about a 12 per cent annual rate (10.5 per cent after including the change in Euro-dollar borrowings). Time deposits may rise by about 17 per cent and money supply about 6-1/2 per cent. U.S. Government deposits are estimated to decline at a 40 per cent annual rate from their already low average level in November of last year.

Prospective developments

Prospective movements in interest rates, bank credit, and money over the next four weeks will be strongly influenced by sizable Treasury cash financing operations, as well as by continued heavy corporate and state and local government borrowing in the capital market.^{1/} The recent interest rate increases have reflected some anticipation of such developments, but additional upward rate pressures could well be generated as the large security market flotations take place. The extent to which upward rate pressures actually develop, however, will be importantly influenced by the attitudes of banks toward further acquisitions of securities. This, in turn, will depend in large measure on how rapidly their reserve base expands and on the relative cost to banks of obtaining short-term funds.

^{1/} This analysis does not take account of potential market and reserve problems that might be created by delay in passage of the debt ceiling legislation beyond mid-year.

Loan demands from business and consumers are expected to remain quite modest in summer, but comparative yield relationships may continue to encourage banks to employ time deposit money to invest in state and local government securities. The yield incentive to move funds into the Government market is less, although liquidity considerations are still a factor influencing banks toward short-dated Governments. Thus, if banks are to acquire and hold a substantial share of the new Treasury issues, they will need to be offered the option of paying for such issues with credits to tax and loan accounts, and the subsequent tendency for such newly created deposits to contract will need to be countered by System action to avoid contraction in aggregate reserves. There will be a need for additional reserves over the weeks immediately ahead if banks are also to be encouraged to provide reasonably priced financing to dealers during the Treasury financing.

Assuming a \$4 billion Treasury cash financing (with full tax and loan credit) and assuming the System provides reserves to accommodate bank underwriting, it appears likely that nonborrowed reserves in July will increase, at an annual rate, in a 11 - 14 per cent range. The projected reserve growth would, of course, be lower if the financing were not so large. The exact timing, the precise amount, and the types of securities issues in such financing are uncertain because of the fluid market conditions and because of the long delay in approval by Congress of the proposed debt ceiling legislation. For projection purposes, we have assumed the financing takes place shortly after mid-month.

June 16, 1967.

The rate of growth in reserves noted above would support a July bank credit expansion, on average, in a 10 - 12 per cent range (considerably larger from the last week in June to the last week in July), and appears to be required to keep money market conditions within the range that has prevailed over the past four weeks. These conditions can be characterized to include a Federal funds rate averaging a little below 4 per cent, dealer new loan rates in New York averaging 4-1/8 - 4-3/8 per cent, and member bank borrowings in a \$50 - \$100 million range. Apart from a brief seasonal rise that usually occurs in the second week of July, excess reserves may continue around the \$350 million level around which they have recently ranged.

It is possible, however, that excess reserves may rise above such levels around the time of the Treasury financing if the System finds it necessary to provide a rather substantial amount of reserves in a short period in order to keep over-all money market conditions comfortable, to hold down credit market pressures that could develop in the wake of the financing, and to forestall any worsening market psychology.

In the bill market, between now and the end of June, some additional demand for bills may develop, including mid-year statement date buying by banks, re-investment demand from the large portion of the June tax bills turned in for cash, and the return of the System to the buying side of the market. Factors that would tend to keep rate declines minimal over the very near-term include the current large size of dealer bill positions and the recent evidence of banks' willingness to bid for

CD funds. And as we enter the new fiscal year, bill rates are likely to be under upward pressure in light of the Treasury cash borrowing. All in all, assuming the Treasury issues longer-term bills in its cash financing, a rate range for the 3-month bill of 3.50 - 3.80 per cent seems reasonable between now and the next meeting of the Committee.

We are projecting that banks will make efforts to recover CD funds lost around the tax date, and that negotiable CD's outstanding will rise about \$500 million over the month of July. Continued sizable inflows of other time and savings deposits are assumed, although a more buoyant economy is likely to lead to some abatement in the flow of consumer savings over time. For July on average, total time and savings deposits are expected to rise by about 12 - 14 per cent, annual rate.

Little change in U.S. Government deposits is expected on average between June and July, as the anticipated large cash borrowing would just about offset the anticipated Treasury cash drain. But private demand deposits and the money supply are expected to rise on average in July, by perhaps a 10 - 15 per cent annual rate. The increase for the monthly average is in large part a carry-over of the rise in deposits in late June. The inflow of funds to the Government from the July financing is not expected to absorb much private demand deposits in the period immediately ahead, since the projections assume that reserves will be supplied in sufficient amount so that banks will sell off the Government securities they acquire only gradually.

The relatively large reserve, bank credit, and money supply expansion--if it develops--is likely to moderate upward interest rate pressures in intermediate- and long-term credit markets. Such assistance to these markets would be enhanced by continued System purchases of coupon issues. Over the three-week period ending July 12, current projections indicate a reserve need of roughly \$1.5 billion, although market factors will partly reverse that need in the following week. Thus, there is scope for sizable coupon purchases in the course of regular reserve-supplying operations. The Treasury's July financing program will impose some even-keel considerations on the conduct of System operations. Inclusion of a coupon issues in the program--apparently only a remote possibility at the moment--would limit the ability of the System to buy coupon issues around the time of such financing, particularly issues in the maturity range of the offering.

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--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	333	529	-196		
1967--January	417	476	- 59		
February	408	366	+ 42		
March	368	196	+172		
April	349	150	+199		
May p	364	94	+270		
Weekly:					
1967--Mar. 1	159	167	- 8	+ 4	- 17
8	359	202	+157	+165	+216
15	372	173	+199	+204	+217
22	566	302	+264	+277	+290
29	385	135	+250	+235	+253
Apr. 5	447	180	+267	+339	+300
12	226	145	+ 81	+154	+184
19	478	178	+300	+312	+305
26	246	98	+148	+169	+171
May 3	405	134	+271	+345	+343
10	329	63	+266	+260	+262
17 p	394	123	+271	+261	+291
24 p	323	50	+273	+288	+291
31 p	371	102	+269	+264	+264
Jun. 7 p	343	77	+266	+284	+290
14 p	368	43	+325	+325	+339

p - Preliminary

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:								
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	c +15.5	-10.5	-16.2
August <u>2/</u>	-20.2	-15.8	-14.8	c -17.3	- 3.4	c +10.0	--	- 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	- 8.2	- 5.4	+ 0.8	- 2.8	- 4.6
December <u>2/</u>	+ 1.1	+ 1.1	+ 4.9	- 1.6	+ 3.9	+ 9.1	+ 7.8	+ 8.2
1967--January <u>2/</u>	+17.1	+26.0	+13.5	+12.7	+16.1	+18.1	- 4.9	- 9.1
February <u>2/</u>	+13.8	+18.6	+14.3	+ 9.0	+15.0	+19.3	+ 5.7	+ 5.5
March <u>2/</u>	+22.7	+27.6	+15.3	+17.0	+15.3	+15.3	+16.9	+20.0
April <u>2/</u>	+ 1.5	+ 6.1	+ 9.3	+10.2	+13.7	+14.4	- 4.9	- 7.2
May <u>2/</u> p	- 1.7	+ 4.8	- 2.2	+11.2	+ 1.9	+15.0	+13.9	+16.2

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

p - Preliminary.

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, and reduction in reserve requirements in March 1967.

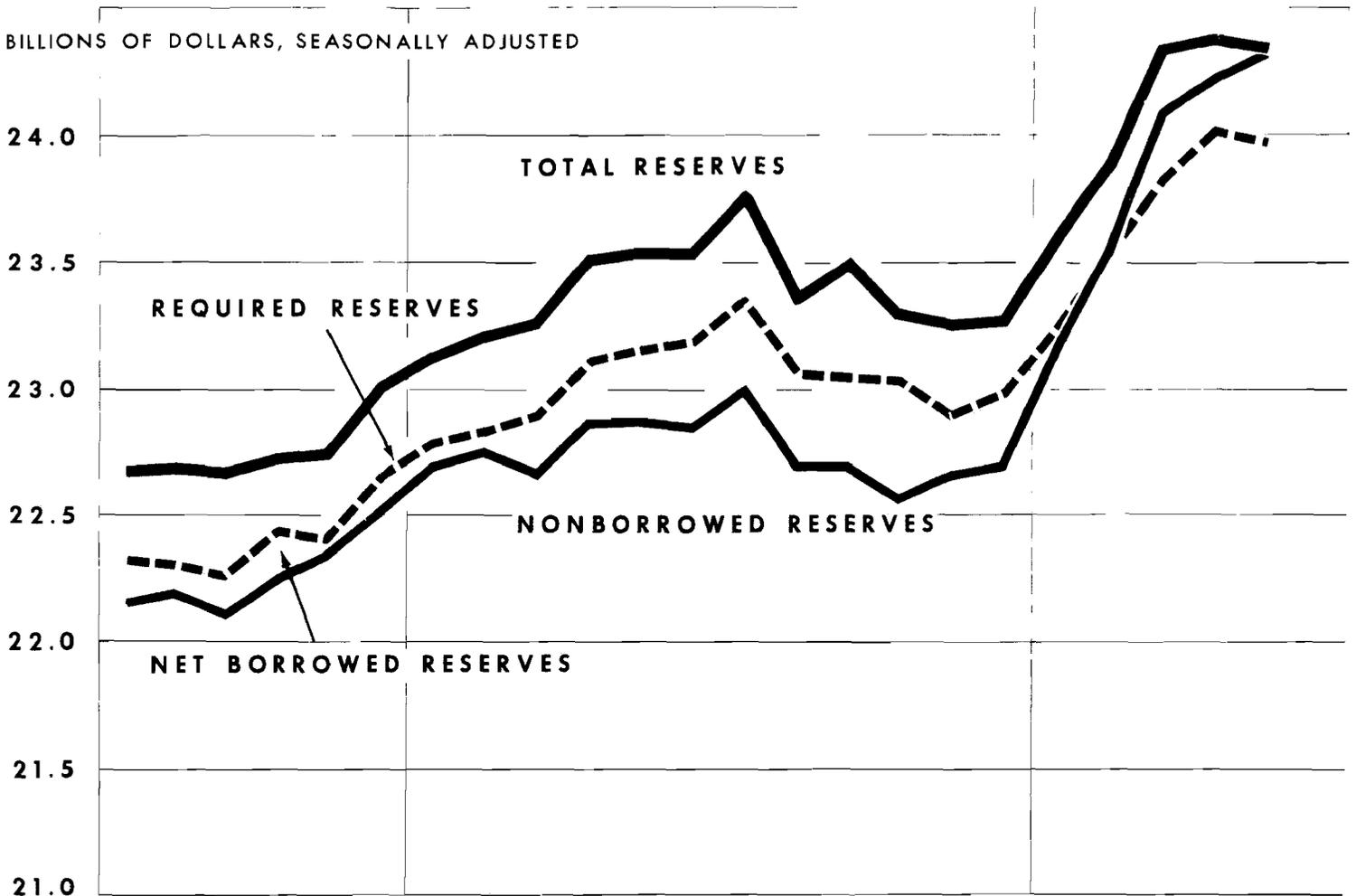
c - Correction.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

BILLIONS OF DOLLARS, SEASONALLY ADJUSTED



BILLIONS OF DOLLARS

1.5

1.0

.5

0

MEMBER BANK BORROWINGS

EXCESS RESERVES

S D M J S D M J
1965 1966 1967

Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

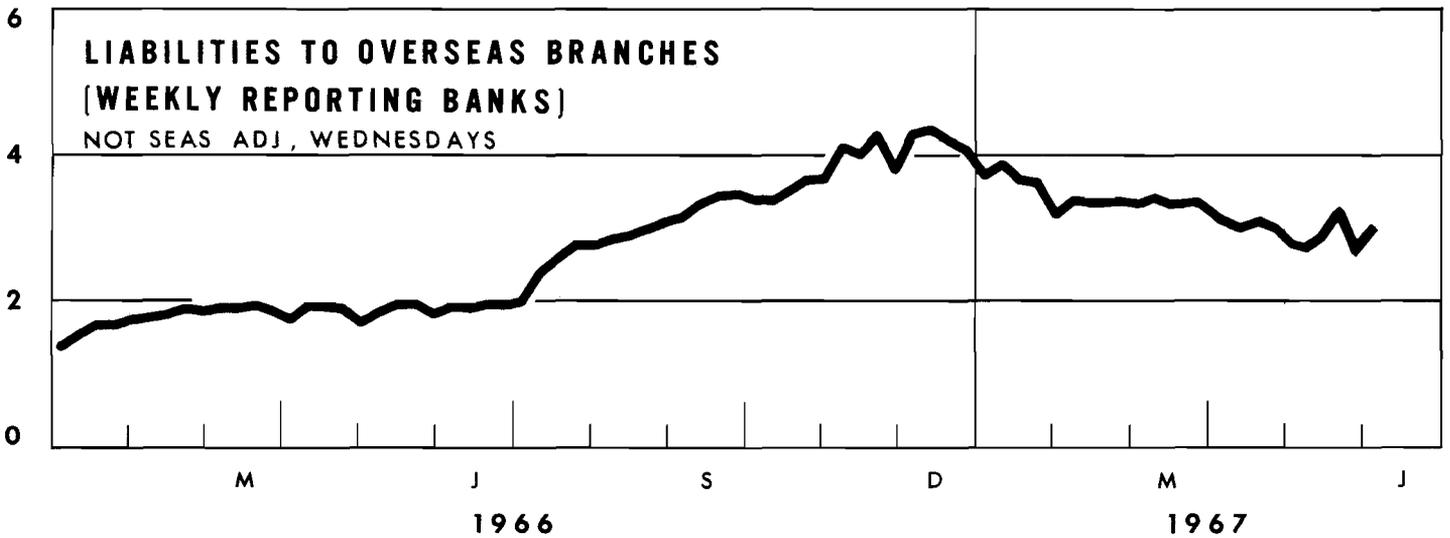
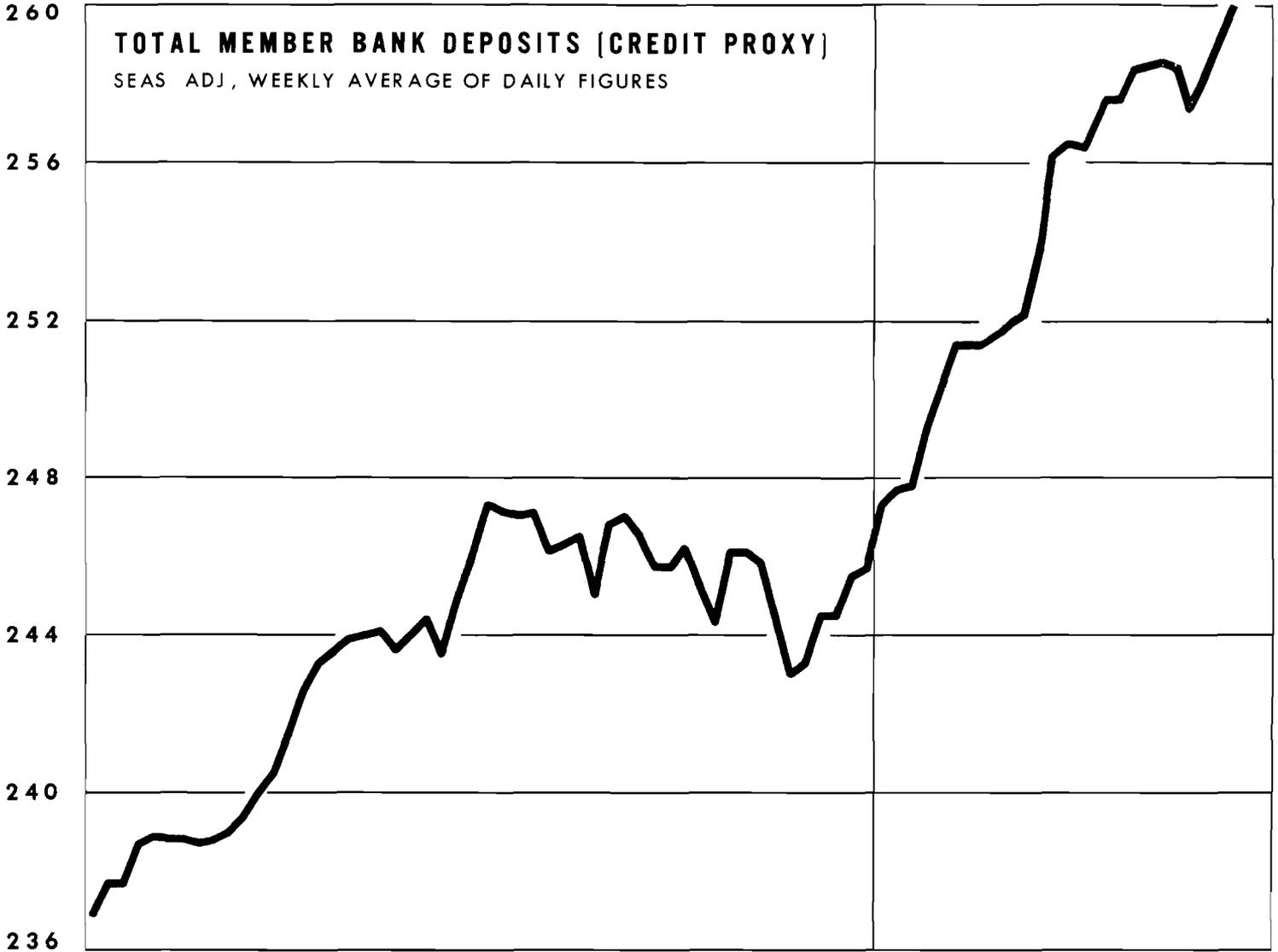
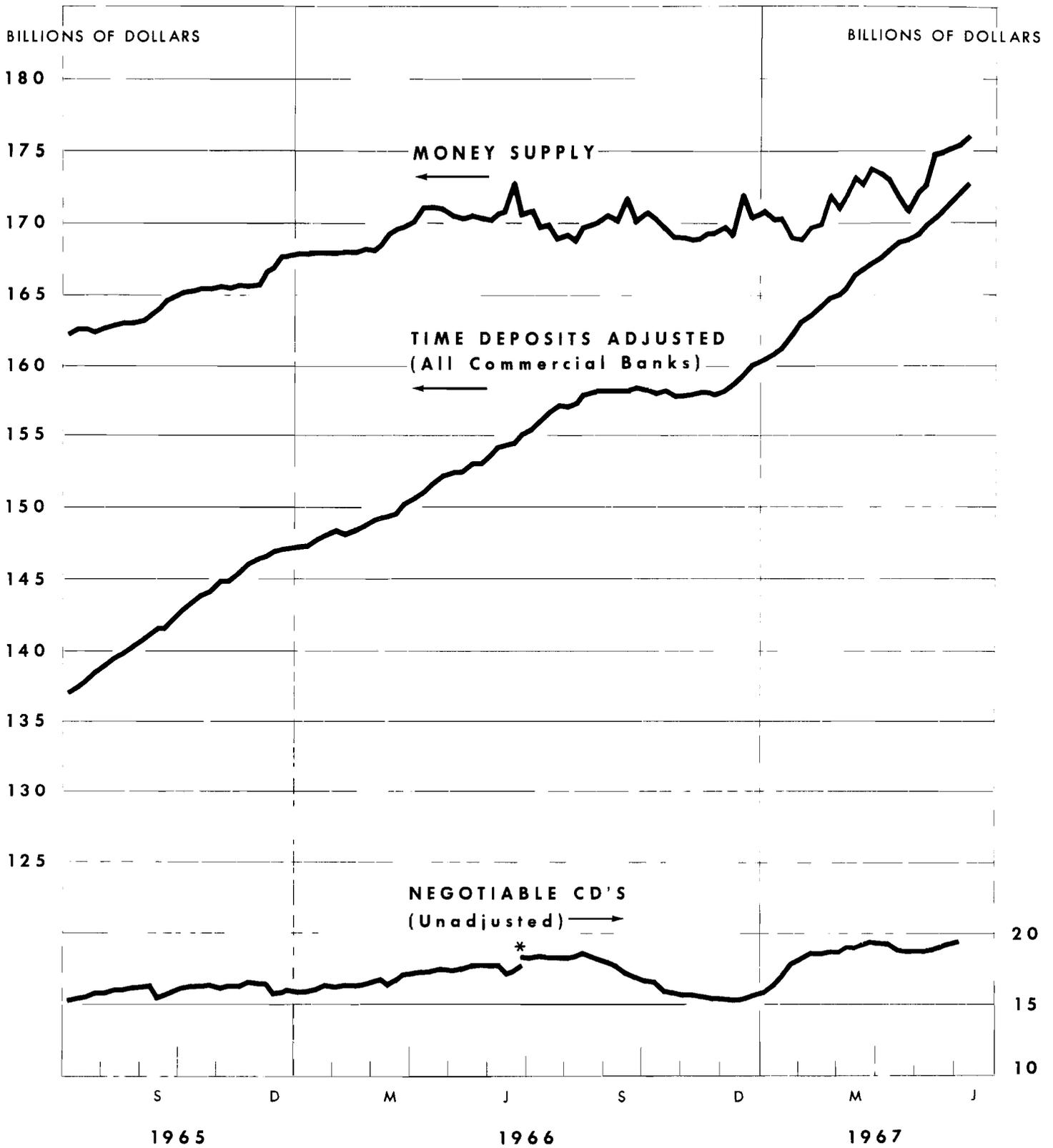


Chart 3

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

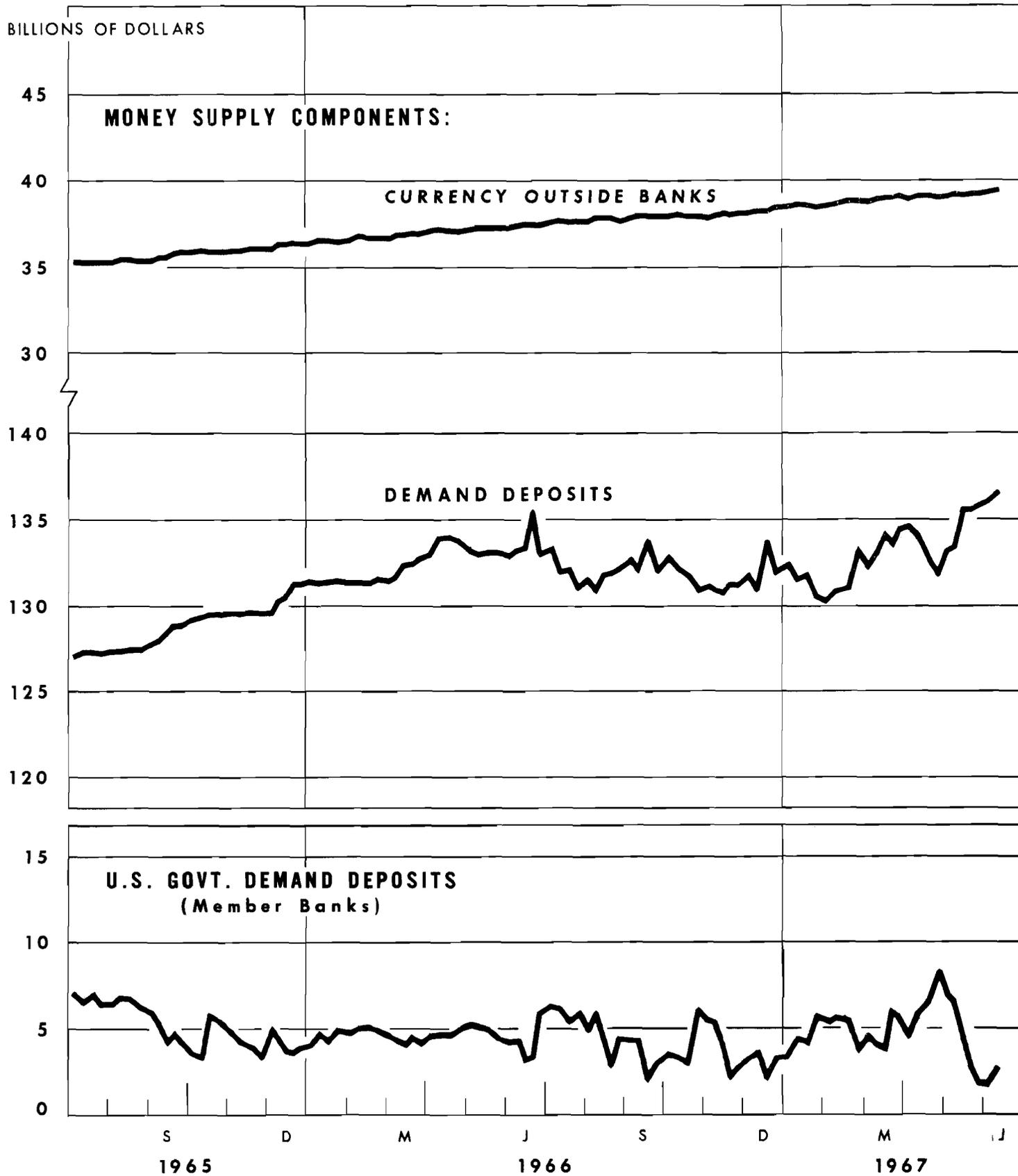


Table B-1

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 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>							
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	-2,243	+ 805	+1,085	+1,111	- 26
<u>Year-to-date:</u>							
(12/29/65 - 6/15/66)	+1,099	- 253	- 202	-1,392	- 750	- 752	+ 2
(12/28/66 - 6/14/67)	+1,034	- 51	+ 12	-1,949	- 955	- 886	- 9
<u>Weekly:</u>							
1967--May 3	+ 533	+ 1	- 143	- 153	+ 238	+ 79	+ 159
10	+ 256	--	- 500	+ 35	- 210	- 134	- 76
17 p	- 368	- 1	+ 136	+ 193	- 39	- 104	+ 65
24 p	- 106	+ 1	+ 125	- 316	- 297	- 226	- 71
31 p	+ 221	--	- 41	- 199	- 19	- 67	+ 48
June 7 p	+ 228	--	- 436	+ 334	+ 125	+ 153	- 28
14 p	- 420	- 1	- 118	+ 565	+ 27	+ 2	+ 25
<u>PROJECTED</u> ^{4/}							
1967--June 21	- 275	--	+ 125	+ 475	+ 325	+ 325	--
28	+ 585	--	+ 210	- 805	- 10	- 10	--
July 5	+ 825	--	- 585	- 120	+ 120	+ 120	--
12	+ 240	--	- 320	+ 120	+ 40	+ 40	--
19	- 755	--	+ 305	+ 480	+ 30	+ 30	-
26	+ 375	--	+ 205	- 280	+ 300	+ 300	--
Aug. 2	+ 220	--	- 20	- 365	- 165	- 165	--

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
<u>ACTUAL</u>							
<u>Year:</u>							
1965 (12/30/64 - 12/29/65)	+1,188	- 89	+1,277	+ 115	- 4	+499	+ 677
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,194	- 14	- 4	- 5	+1,221 <u>1/</u>
<u>Year-to-date:</u>							
(12/29/65 - 6/15/66)	- 752	-385	- 367	- 866	+100	+229	+ 170
(12/28/66 - 6/14/67)	- 886	-426	- 460	- 910	+104	+622	- 27 <u>/</u>
<u>Weekly:</u>							
1967--May 3	+ 79	+ 85	- 6	- 197	--	+171	+ 20
10	- 134	+150	- 284	- 273	--	- 32	+ 21
17 p	- 104	-164	+ 60	- 178	+ 5	+217	+ 16
24 p	- 226	- 24	- 202	- 269	+ 4	+ 43	+ 20
31 p	- 67	-215	+ 148	- 19	--	+139	+ 28
June 7 p	+ 153	-213	+ 366	+ 244	--	+102	+ 20
14 p	+ 2	-156	+ 158	+ 205	--	- 68	+ 21
<u>PROJECTED</u>							
1967--June 21	+ 325	+350	- 25	+ 235	- 5	-265	+ 10
28	- 10	+ 75	- 85	- 400	+ 5	+300	+ 10
July 5	+ 120	-100	+ 220	+ 140	--	+ 60	+ 20
12	+ 40	- 35	+ 75	--	- 20	+ 75	+ 20
19	+ 30	-160	+ 190	+ 150	+ 5	+ 15	+ 20
26	+ 300	+480	- 180	- 155	--	- 45	+ 20
Aug. 2	- 165	-185	+ 20	+ 65	- 5	- 60	+ 20

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

2/ Reflects reserve requirements changes in March 1967.

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 - 6/15/66)	-1,392	- 97	-904	- 11	-380
(12/28/66 - 6/14/67)	-1,949	- 7	-1,397	+ 37	-582
<u>Weekly:</u>					
1967--May 3	- 153	-109	- 52	- 8	+ 16
10	+ 35	+146	- 57	- 16	- 38
17	+ 193	+102	+128	+ 22	- 59
24	- 316	-114	+ 20	--	-222
31	- 199	+230	-382	- 37	- 10
June 7	+ 334	+137	+171	+ 27	- 1
14	+ 565	+271	+ 59	--	+235
<u>PROJECTED</u>					
1967--June 21	+ 475	+ 60	+315	+ 5	+ 95
28	- 805	-605	-200	--	--
July 5	- 120	--	-120	--	--
12	+ 120	--	+100	--	+ 20
19	+ 480	--	+350	--	+130
26	- 280	--	-280	--	--
Aug. 2	- 365	--	-365	--	--

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			
Year:								
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
Year-to-date:								
12/29/65 - 6/15/66)	+1,099	+ 807	+ 715	+255	-163	--	+ 50	+242
12/28/66 - 6/14/67)	+1,034	+1,675	+1,792	+541	-658	- 26	-110	-505
Weekly:								
1967--Apr.								
5	+ 402	+ 343	+ 209	+ 21	+113	+ 10	+ 4	+ 45
12	- 22	+ 11	- 14	+ 95	- 70	- 10	+ 12	- 35
19	- 67	- 79	+ 48	--	-127	- 5	- 16	+ 33
26	+ 156	+ 211	+ 210	--	+ 1	+ 2	+ 23	- 80
May								
3	+ 533	+ 450	+ 197	--	+253	+ 5	+ 42	+ 36
10	+ 256	+ 337	+ 174	--	+163	- 5	- 5	- 71
17	- 368	- 383	- 226	--	-157	- 3	- 42	+ 60
24	- 106	- 13	+ 185	+102	-300	--	- 20	- 73
31	+ 221	+ 196	+ 34	+ 93	+ 69	--	- 27	+ 52
June								
7	+ 228	+ 227	+ 125	+ 87	+ 15	+ 2	+ 24	- 25
14	- 420	- 357	- 315	+ 42	- 84	- 2	- 27	- 34

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	22,383	16,321
December <u>1/</u>	23,283	22,695	22,990	22,522	16,411
1967--January <u>1/</u>	23,614	23,187	23,248	22,525	16,317
February <u>1/</u>	23,886	23,546	23,526	22,733	16,421
March <u>1/</u>	24,337	24,087	23,825	23,069	16,682
April <u>1/</u>	24,368	24,209	24,009	23,059	16,585
May <u>1/</u> p	24,334	24,306	23,965	23,306	16,760

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>	244.4	129.3	111.4	3.7
Dec. <u>3/</u>	245.2	130.3	112.0	2.9
1967--Jan. <u>3/</u>	248.5	132.4	111.4	4.8
Feb. <u>3/</u>	251.6	134.6	112.1	4.9
Mar. <u>3/</u>	254.8	136.2	113.9	4.8
Apr. <u>3/</u>	257.7	138.0	113.2	6.4
May <u>3/</u> p	258.1	139.6	114.4	4.1

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
1967--Jan. 4	247.3	131.4	112.6	3.3
11	247.7	131.7	111.6	4.4
18	247.8	132.1	111.4	4.3
25	249.2	132.9	110.5	5.8
Feb. 1	250.3	133.7	111.1	5.5
8	251.4	134.0	111.7	5.7
15	251.4	134.5	111.5	5.5
22	251.6	134.9	113.0	3.8
Mar. 1	252.0	134.9	112.6	4.5
8	252.5	135.5	112.9	4.1
15	254.0	136.2	113.9	3.9
22	256.2	136.5	113.9	5.8
29	256.5	136.8	114.2	5.6
Apr. 5	256.4	137.1	114.7	4.6
12	257.6	137.7	114.0	5.8
19	257.6	138.0	113.0	6.5
26	258.3	138.3	111.8	8.2
May 3	258.4	138.6	112.9	6.9
10	258.5	139.1	112.9	6.5
17 p	258.4	139.5	114.5	4.4
24 p	257.4	139.8	114.9	2.7
31 p	258.0	140.3	115.8	1.8
June 7 p	259.0	140.8	116.5	1.7
14 p	260.0	141.3	116.0	2.7

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

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

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	133.7	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	156.5
August <u>3/</u>	169.6	37.8	131.8	c 157.8
September <u>3/</u>	170.5	37.9	132.6	158.2
October <u>3/</u>	169.6	38.0	131.7	157.9
November <u>3/</u>	169.2	38.0	131.2	158.0
December <u>3/</u>	170.3	38.3	132.1	159.2
1967--January <u>3/</u>	169.6	38.5	131.1	161.7
February <u>3/</u>	170.4	38.7	131.7	164.3
March <u>3/</u>	172.8	38.9	133.9	166.4
April <u>3/</u>	172.1	39.0	133.1	168.4
May <u>3/</u> p	174.1	39.2	134.9	170.5

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.

c - correction.

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

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted
1967--Jan. 4	170.8	38.4	132.4	160.5
11	170.2	38.6	131.6	160.9
18	170.3	38.5	131.8	161.3
25	168.9	38.4	130.5	162.2
Feb. 1	168.7	38.5	130.2	163.1
8	169.6	38.7	130.9	163.5
15	169.9	38.8	131.1	164.2
22	171.8	38.8	133.1	164.8
Mar. 1	171.0	38.7	132.3	165.0
8	172.0	38.9	133.0	165.5
15	173.1	39.0	134.1	166.3
22	172.6	39.0	133.6	166.7
29	173.6	39.1	134.5	167.1
Apr. 5	173.4	38.9	134.6	167.6
12	173.0	39.1	134.0	168.2
19	171.6	39.1	132.6	168.6
26	170.8	39.0	131.8	168.8
May 3	172.2	39.1	133.2	169.2
10	172.6	39.2	133.4	169.8
17 p	174.7	39.1	135.6	170.3
24 p	174.8	39.2	135.6	170.7
31 p	175.1	39.2	135.9	171.3
June 7 p	175.4	39.3	136.1	172.0
14 p	176.0	39.4	136.6	172.7

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