## Prefatory Note

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[^0]MONEY MARKET AND RESERVE RELATIONSHIPS

## Recent developments

Key monetary variables have behaved in disparate ways since the last meeting of the Committee--some in line with expectations, some at the outer edge of expectations, and some unexpectedly. During the last three statement weeks in January, the Federal funds rate averaged a shade above 4-5/8 per cent, member bank borrowings averaged $\$ 233$ million, and new dealer loan rates were around 4-3/4--4-7/8 per cent--all well within anticipated ranges and indicative of firmer money market conditions associated in part with the rise in reserve requirements effective mid-January. Consistent with these conditions, net free reserves were noticeably lower than in the weeks before the previous meeting, and averaged $\$ 35$ million over the period, near the lower end of the anticipated zero to $\$ 100 \mathrm{million}$ range. This average included a net borrowed reserve figure of $\$ 70 \mathrm{million}$ published for the statement week ended January 17, when country bank excess reserves dropped very sharply from the previous week's seasonally high level (which is not included in the average above).

On the other hand, Treasury bill rates (except for the 1 -month bill) have generally ranged down to and in the past week below the low end of the $4.90-5.20$ per cent range of expectations expressed in the preceding Blue Book, as investment demand for bills proved large, as the worst market fears about a crunch in the weeks around year-end were not realized, and as dealers became more willing to position bills. The

FINANCIAL MARKET PELATIONSHIPS IN FERSPECTIVE
(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 mil of do | ```Borrow- ings ions lars)``` | ```Federal Funds Rate``` | $\left\lvert\, \begin{gathered} 3 \text {-month } \\ \text { Treas - } \\ \text { ury } \\ \text { Bill } \end{gathered}\right.$ | U.S. Gov't. <br> (20 ys.) | Corporate New Issues (Aaa) $1 /$ | $\begin{array}{\|c\|} \hline \text { Munici- } \\ \text { pal } \\ \text { (Aaa) } \end{array}$ | Nonborr owed Reserves (In mil of dol | Total Reserves ions ars) | Bank <br> Credit <br> Proxy <br> (In bi | Money <br> Supply <br> lions of | Time Deposits dolliars) |
|  |  |  |  |  |  |  |  | (Seasonally Adjusted) |  |  |  |  |
| 1967--Jan. | - 59 | 476 | 4.87 | 4.72 | 4.51 | 5.43 | 3.50 | +475 | +359 | $+3.3$ | - 0.1 | $+2.2$ |
| Feb. | 42 | 366 | 4.99 | 4.56 | 4.61 | 5.18 | 3.38 | +325 | +218 | +3.3 | $+1.2$ | + 2.6 |
| Mar. | 172 | 196 | 4.50 | 4.26 | 4.56 | 5.31 | 3.47 | +555 | +415 | $+3.0$ | $+1.6$ | $+2.6$ |
| Apr. | 199 | 150 | 4.03 | 3.84 | 4.64 | 5.38 | 3.50 | $+92$ | $+49$ | +2.1 | - 0.3 | $+2.0$ |
| May | 275 | 94 | 3.94 | 3.60 | 4.90 | 5.62 | 3.71 | + 96 | - 8 | $+1.2$ | + 1.6 | + 1.9 |
| June | 257 | 88 | 3.97 | 3.53 | 4.99 | 5.79 | 3.80 | $+95$ | +164 | $+2.0$ | $+1.7$ | $+2.5$ |
| Ju1y | 311 | 132 | 3.78 | 4.20 | 5.01 | 5.78 | 3.86 | +307 | +223 | $+3.2$ | $+1.7$ | + 2.2 |
| Aug. | 270 | 86 | 3.88 | 4.26 | 5.12 | 5.86** | 3.78 | +291 | +269 | $+3.7$ | $+1.2$ | $+2.5$ |
| Sept. | 252 | 82 | 3.99 | 4.42 | 5.16 | 5.85** | 3.81 | $+96$ | +193 | $+2.3$ | $+0.1$ | $+17$ |
| Oct. | 212 | 141 | 3.87 | 4.55 | 5.36 | 6.08 | 3.88 | $+250$ | +311 | $+2.7$ | +1.1 | + 2 , |
| Nov. | 225 | 124 | 4.14 | 4.72 | 5.66 | 6.50 | 3.99 | +223 | +157 | + 1.9 | $+0.9$ | $+1.7$ |
| Dec. | 148 | 185 | 4.49 | 4.96 | 5.59 | 6.51 | 4.15 | -296 | -149 | - 0.1 | $+0.3$ | $+1.3$ |
| 1968--Jan. p 4/ | 132 | 275 | 4.61 | 4.99 | 5.39 | 6.22 | 4.06 | +458 | +488 | $+2.0$ | + 1.2 | - 0.3 |
| 1968--Jan. 3 | 159 | 495 | 4.56 | 5.01 | 5.53 | 6.32 | 4.15 |  |  | $+1.2$ | + 1.3 | -0.3 |
| 10 p | 405 | 180 | 4.58 | 5.01 | 5.34 | 6.18 | 4.08 |  |  | - 0.2 | - 0.7 | $+0.2$ |
| 17 p | -70 | 224 | 4.65 | 5.03 | 5.35 | 6.16 | 4.03 |  |  | + 1.4 | + 1.2 | $+0.1$ |
| 24 p | 126 | 233 | 4.68 | 5.03 | 5.45 | 6.27 | 3.98 |  |  | $+0.5$ | - 1.2 | - 0.1 |
| 31 p | 44 | 241 | 4.58 | 4.87 | 5.39 | 6.16 | 3.90 |  |  | - 0.9 | -0.3 | $+0.4$ |
|  | Averages |  |  |  |  |  |  | Annual rates of increase 3/ |  |  |  |  |
| Year 1967 | 195 | 173 | 4.19 | 4.29 | 5.01 | 5.77 | 3.74 | $+11.5$ | $+9.8$ | +11.6 | $+6.5$ | +15.8 |
| First Half 1967 | 153 | 222 | 4.36 | 4.07 | 4.70 | 5.45 | 3.56 | $+15.0$ | +10.7 | +12.1 | +6.8 | +17.3 |
| Second Half 1967 | 236 | 123 | 4.02 | 4.51 | 5.31 | 6.10 | 3.91 | $+7.4$ | $+8.5$ | +10.5 | + 6.0 | +13.1 |
| Recent variations |  |  |  |  |  |  |  |  |  |  |  |  |
| Mar. 29-June 28 | 245 | 110 | 4.00 | 3.66 | 4.83 | 5.63 | 3.68 |  |  | +18.8 | $+6.9$ | +14.3 |
| Jun. 28-Nov. 29 | 254 | 112 | $\bigcirc 96$ | 4.41 | 5.25 | 5.96 | 3.86 |  |  | +12.5 | +6.3 | +14.1 |
| Nov. 29-Jan. 31 | 139 | 235 | 4. $\because 5$ | 4.97 | 5.49 | 6.29 | 4.11 |  |  | $+4.0$ | + 3.2 | $+2.2$ |

[^1]yield on the 3 -month bill was quoted 4.86 per cent bid at the close on Friday. The 6-month bill also declined further, and has at times been quoted just below 5 per cent.

Along with the decline in bill rates, yields on other money market paper dropped, and major banks reduced their offering rates on CD's maturing in less than 6 months to levels below the $5-1 / 2$ per cent ceiling that had come to prevail on all maturities in the weeks around year-end. The sharpest rate declines were for shortest-term $C D$ 's, as banks preferred to lengthen $C D$ maturities in anticipation of spring loan demands. Interacting with such interest rate declines in the U.S., Euro-dollar rates also declined-with the 3 -month Euro-dollars recently quoted below pre-devaluation levels--even though U.S. banks increased their takings in that market during most of January by what would appear to be somewhat more than seasonal amounts.

Contrary to expectations, the decline in bill rates did not lead to a rebound in growth of banks' time and savings deposits. The bulge in demand for business and security loans at banks in late 1967 and early 1968 appeared temporary to banks, and they made relatively little effort-as indicated by the sharp decline in $C D$ rates-ato compete for the sizable pool of short-term funds seeking investment that appeared in recent weeks. Nevertheless, outstanding $C D$ 's did rise by about $\$ 600$ million in January, recovering about three-fourths of their December decline. On the other hand, consumer-type time deposits at banks were quite a bit weaker than staff expectations,

On average in January, total time and savings deposits declined slightly, still reflecting in good part the sharp drop in outstanding $C D$ 's that materialized during the latter half of December. From the end of December to the end of January, total time and savings deposits rose at a reduced 4 per cent annual rate.

The absence of aggressive bank competition for time deposits reflected abatement of loan demands after early January and also perhaps the fact that private demand deposits did not decline in the course of the month as rapidly as would have been expected on seasonal grounds. Contributing to the maintenance of private demand deposits was a smaller than projected build-up in the Treasury cash balance over the month, mainly because tax receipts were lower than originally allowed for in our projections.

For the month of January on average, the money supply rose at an 8 per cent annual rate, contrary to earlier staff expectations for only a minor change. However, the money supply did show a sharp decline late in the month, and from the week ending December 27 to the last week of January there was little net change in the level of cash balances.

In sum, a peculiar pattern of deposit flows within the months of December and January resulted in changes in the monthly averages quite different from those projected in the last Blue Book. The data from month-end to monch-end, however, appear to indicate an unfolding pattern more in line with what might logically have been expected on the basis of the public's incentives to hold particular financial assets.

Despite the unexpected shifts in the composition of deposit growth in January, total deposits and bank credit rose, on average, about in line with anticipations. Following a slight decline in December, the bank credit proxy increased at a little less than a 9 per cent annual rate, over half of which appears to reflect the $\$ 2.5$ billion tax bill financing at mid-month. The rise in Euro-dollar borrowings abroad by banks would add less than $1 / 2$ percentage point to that rate.

The announcement on Wednesday of two Treasury financings--a refunding and pre-refunding for settlement on February 15 involving \$12 billion of eligible publicly held issues, and a cash offering of $\$ 4$ billion expected to be paid for on February 20 or $21--$ seemed well received by the market. In the pre-refunding, holders of outstanding issues are being offered a $5-3 / 4$ per cent 7 -year note. In the cash offering, a 15 -month note will be offered, to be priced on February 8. B111 rates adjusted somewhat further downwards in wake of this announcement, as the market anticipated some added demand for bills from sellers of the "rights".

The offering of a 7-year note was followed by only minor yield increases in the intermediate- and long-term sectors of the U.S. Government securities market, where interest rates had already risen somewhat from their mid-January lows. In corporate and municipal bond markets, yields have shown little change in recent weeks, although aggressively priced new issues have moved slowly over the past several days.

Looking back over the interval since the last meeting of the Committee, it appears that the atmosphere in short- and long-term markets has become somewhat more relaxed than was anticipated, even though most of the key flow and rate variables averaged within the ranges specified. Our analysis in the previous Blue Book probably did not make sufficient allowance for such a development for two reasons.

The first relates to disintermediation prospects and liquidity pressures on banks. The staff assumed that disintermediation around the interest-crediting period would be less severe than the market and banks had feared. In the event, it was less severe, and loan demands were not so large as to unduly absorb bank liquidity. But the analysis in the previous Blue Book did not anticipate the shift toward more optimistic market attitudes that developed when their worst fears were not realized.

The second reason relates to the Euro-dollar market. It had been expected that the new balance of payments program might tend to put upward pressure on Euro-dollar rates, with some feedback on our short-term rate structure. But, as it turned out, both our bill rates and Euro-dollar rates declined.

## Prospective developments

With Treasury financings remaining a major expansionary influence on bank credit demands, the bank credit proxy is expected to rise in a 7 - 10 per cent annual rate range in February, little different from the January pace. This projection assumes that monay market conditions

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will be about as have prevailed on average since the preceding meeting of the Committee-namely, member bank borrowings in a $\$ 200$ - $\$ 300$ million range; the federal funds rate in a $4-5 / 8--4-3 / 4$ per cent range; new dealer loan rates in New York frequently 4-7/8--5 per cent; and net free reserves averaging in a zero to $\$ 100$ million range, but becoming negative at times. Under these conditions, the 3 -month bill rate may be in a 4-3/4--5-1/8 per cent range.

Upward pressures on these money market variables might develop out of heavy financing demands in connection with current and anticipated Treasury financings, or as a result of less conservative management of money positions by major banks than has been apparent during recent weeks. During the last half of January major New York banks worked into a basic reserve surplus--considerably more comfortable than usual-in a period when country banks were adjusting to the new higher reserve requirement. A more usual basic reserve deficit might be expected to develop at major banks in Februsry, which would put upward pressure particularly on the Federal funds and dealer loan rates. Such pressures, as they persisted, could be communicated to the bill market, given currently relatively high dealer bill positions and also large dealer finance needs partly connected with current Treasury financing operations.

Bill rates normally show some seasonal decline at this time, and reinvestment demands coming out of the large Treasury refunding may add to downward pressures. However, bill yields would be likely to move
up significantly from current levels if there were a shift in sentiment by market participants, who now generally seem to believe that they overestimated the extent of private credit demands and of the tightening effects of Federal Reserve actions.

Another factor that would tend to exert upward pressure on bill rates would be a greater desire on the part of banks to attract CD funds. This, in turn, would appear to depend on the appearance of substantially stronger business loan demands. We have projected a further growth in outstanding $C D$ 's similar to January's, on the assumption that business loan growth does not show any marked upsurge but remains above the proportions of last fall in view of the greater business need to finance inventories.

The sharp shift in deposit mix in January is not expected to persist in February. A large part of the demand deposit expansion in late December and early January was reversed in the latest two weeks, perhaps related in part to lagged asset adjustments by deposit holders in a period of some uncertainty as to the impact of such developments as the new balance of payments program and prospects for the mix of fiscal and monetary policies. On the other hand, with December-January interest-crediting period passed, and with short-term interest rates somewhat lower relative to $C D$ ceiling rates, time and savings deposits are expected to show more strength than they did last month.

Over-all, one might expect the money supply to show little change on average in February, and quite poseibly decline somewhat, but time and savings deposits might riee at a 7 - 9 per cent annual
rate. U.S. Government deposits are expected to rise rather sharply during the month, but with the greatest increase, of course, at the time of the cash financing after mid-month.

Interest rates in intermediate- and long-term markets may tend to drift upwards from current levels as the new Treasury 7 -year note is distributed. Part of the issue will undoubtedly be taken into positions of dealers, whose current net position in "rights" less "when issued" sales is $\$ 400$ million. As a result dealer holdings of securities maturing in more than 5 years will shift markedly from their current net short position to a net long position. This should make the market more vulnerable to any adverse news, or to any continued sluggishness in sales of new corporate and municipal issues. The volume of such issues is not expected to pick up from its recent pace, but the supply of investment funds may taper off at current yield levels. Investment demand in January was probably enlarged by accumulations of funds for securities held over from the lull in new issues in December, and by rumors of peace negotiations.

Table A-1

## MARGIMAL RESERVE MEASURES

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


[^2]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 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Required reserves |  | $\begin{aligned} & \text { Total Member } \\ & \text { Bank Deposits } \\ & \quad(\text { credit) } 1 / 2 \end{aligned}$ | Time Deposits (comm. banks) 2 / | Money Supply |  |
|  | Total <br> Reserves | Nonborrowed Reserves | Total | Against Demand Deposits |  |  | Total | Private Demand Deposits |
| Annually: |  |  |  |  |  |  |  |  |
| 1966 | $+1.2$ | $+0.8$ | $+1.4$ | $+0.9$ | $+3.7$ | $+8.8$ | $+2.2$ | + 1.2 |
| 1967 | $+9.8$ | +11.5 | +10.2 | $+7.0$ | +11.6 | +15.8 | $+6.5$ | +6.8 |
| Monthly: |  |  |  |  |  |  |  |  |
| 1966--Sept. | $+4.5$ | - 2.0 | - 1.0 | -4.5 | - 0.5 | + 3.8 | + 2.8 | + 1.8 |
| Oct. | - 6.9 | - 6.4 | - 3.0 | - 7.2 | - 4.4 | $+1.5$ | - 2.8 | - 4.5 |
| Nov. | - 3.1 | $+8.3$ | - 3.1 | - 0.5 | - 3.4 | - 2.3 | -- | - 0.9 |
| Dec. | - 0.9 | - 0.7 | $+1.8$ | - 6.7 | $+2.0$ | + 9.8 | $+2.1$ | + 0.9 |
| 1967--Jan. | +19.2 | +26.0 | +14.4 | +14.0 | +16.1 | +16.5 | - 0.7 | - 2.7 |
| Feb. | +11.5 | +17.4 | +12.0 | +11.6 | +15.9 | +19.3 | $+8.5$ | $+9.1$ |
| Mar. | +21.6 | +29.4 | +15.3 | + 9.8 | +14.3 | +19.0 | +11.2 | +12.7 |
| Apr . | $+2.5$ | $+4.7$ | $+8.1$ | $+5.0$ | + 9.9 | +14.4 | - 2.8 | - 5.4 |
| May | - 0.4 | $+4.9$ | - 1.2 | - 2.1 | + 5.6 | +13.5 | +12.5 | +15.3 |
| June | $+8.4$ | + 4.9 | $+4.8$ | - 2.8 | $+8.8$ | +17.5 | +11.7 | +13.3 |
| July | +11.3 | +15.2 | +16.0 | +15.8 | +15.2 | +15.2 | +11.6 | +14.0 |
| Aug. | +13.5 | +14.7 | +15.6 | +14.4 | +16.9 | +17.1 | $+8.1$ | +10.4 |
| Sept. | + 9.6 | $+4.8$ | + 9.0 | $+7.2$ | +10.3 | +11.4 | + 0.7 | - 0.9 |
| Oct. | +15.3 | +12.4 | +18.0 | +16.1 | +12.0 | +13.3 | $+7.4$ | $+6.9$ |
| Nov. | $+7.6$ | +10.9 | $+5.5$ | + 2.8 | + 7.9 | +11.2 | $+6.0$ | $+7.7$ |
| Dec. | - 7.2 | -12.8 | - 0.3 | -10.2 | - 0.4 | $+8.5$ | $+2.0$ | - 0.9 |
| 1968--Jan. p 3/ | +24.7 | +22.5 | +17.6 | +19.8 | $+8.8$ | - 1.9 | $+7.9$ | +9.4 |

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.
3/ January reserve aggregate changes have been adjusted for change in reserve requirements held against net demand deposits effective at mid-month, January 1968.
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Chart 1

## MEMBER BANK RESERVES




Charl 2
MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES
BILLIONS OF DOLLARS


Chart 3

## MONEY SUPPLY AND BANK DEPOSITS



Chart 4

## DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES


Tab1e B-1
MAJOR SOURCES AND USES OF RESERVES

## Retrospective and Prospective

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


1/ For retrospective details, see Table B-4.
p - Preliminary.
$\overline{2} /$ 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.
5/ Includes increase in reserve requirements of $\$ 360$ million effective Jan. 11,1968 , and $\$ 190$ million effective January 18, 1968.

1. Changes in Federal Reserve credit indicate reserves needed to offset projected changes in required reserves and factors affecting the supply of reserves.
2. Projected changes in currency outside banks reflect seasonal movements plus an allowance for growth of about $\$ 40$ million per week.
3. Projected effects of Treasury operations, included in "technical factors," reflect scheduled and assumed calls in current two weeks and thereafter, maintenance of Treasury balances with Federal Reserve at \$l.0 billion.
4. Projected changes in required reserves assume the existing net reserve position of banks and the structure of interest rates in the market, as well as the current economic outlook. On the basis of these assumptions the projections reflect expected movements in bank credit and money in the period ahead, including the effects of such elements as the public's loan demand, repayments of previous loans, bank's investment preferences and willingness to supply loans, bank's desires and abilities to obtain time and savings deposits, and the Government's financing needs. The projections thus encompass normal seasonal developments, temporary bursts of loan demand and expected associated repayments not currently reflected by the seasonals, and whatever cyclical and growth demands for money and credit are expected in the projection period. Assumed Treasury financing operations include: $\$ \mathbf{- 0 . 4}$ billion, February ${ }^{\prime \prime} 15 ; \$ 4.0$ billion, February 20; $\$ 0.1$ billion, February 29; \$0.1 billion, March 7; \$0.1 billion March 14.

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)


ㄴ/
Reflects reserves requirements changes in July, September 1966, and March 1967. Includes increase in reserve requirements of $\$ 360$ million effective Jan. 11, 1968, and $\$ 190$ million effective January 18, 1968.
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Tab1e $\mathrm{B}-3$
technical factors affecting reserves
Retrospective and Prospective Changes
(Dollar amounts in millions, based on weekly averages of daily figures)

p - Preliminary.

Table B-4
SOURCE OF FEDERAL RESERVE CREDIT
Retrospective Changes
(Dollar amounts in millions of dollars, based on weekly averages of daily figures)

| Period | $\left\lvert\, \begin{aligned} & \text { Total Federa1 } \\ & \text { Reserve credit } \\ & \text { (Excl. float) }\end{aligned}\right.$ | U.S. Government securities |  |  |  | Federal <br> Agency <br> Securities | Bankers' acceptances | Member banks borrowings |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{array}{\|c\|} \hline \text { Total } \\ \text { holdings } \end{array}$ | Bills | Other | Repurchase agreements |  |  |  |
| Year: ${ }^{1966}(12 / 29 / 65-12 / 28 / 66)$ |  |  |  |  | +437 | + 26 | + 52 | + 2 |
| 1967 (12/28/66-12/27/67) | $+3,149$ $+4,718$ | +3,069 | +4,433 | + $+1,153$ | -577 | + 19 | + 69 | -203 |
| Year-to-date: <br> (12/28/66-2/1/67) <br> (12/27/67-1/31/68) | $\begin{array}{r} \\ \hline\end{array}$ | $\begin{array}{rr}- & 223 \\ + & 40\end{array}$ | $+\quad 435$ $+\quad 10$ | $+{ }^{--} 77$ | -658 -47 | -26 $-\quad 7$ | -109 -24 | $\begin{aligned} & -372 \\ & -104 \end{aligned}$ |
| $\begin{array}{lr} \text { Week1y: } & \\ \hline \text { 1968--Jan. } & 3 \\ & 10 \\ & 17 \\ & 24 \\ & 31 \end{array}$ | $\begin{array}{r} \\ +\quad 554 \\ \hline-\quad 514 \\ \hline\end{array}$ | + 328 <br> - 75 <br> - 426 <br> + 348 <br>  135 |   <br> + 195 <br> + 65 <br>  409 <br> $+\quad 339$  | -- <br> +- <br> + <br> $+\quad 66$ | +133 -140 -17 $-\quad 57$ +34 | +33 -40 $+\quad 1$ $-\quad 1$ | +43 -84 $+\quad 1$ +48 -32 | $\begin{array}{r} +150 \\ -315 \\ +\quad 44 \\ +\quad 9 \\ +\quad 8 \end{array}$ |

Chart Reference Table C-1
TOTAL, NONBORROWED AND REQUIRED RESERVES 1/
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--Ju1. | 21,857 | 21,356 | 21,488 | 20,626 | 15,921 |
| Aug. | 21,923 | 21,417 | 21,533 | 20,719 | 15,943 |
| Sept. | 21,869 | 21,318 | 21,494 | 20.904 | 16,065 |
| Oct. | 21,986 | 21,533 | 21,645 | 21,073 | 16,147 |
| Nov. | 21,976 | 21,589 | 21,671 | 21,170 | 16,196 |
| Dec. | 22,186 | 21,722 | 21,861 | 21,285 | 16,266 |
| 1966--Jan. | 22,358 | 21,899 | 22,007 | 21,411 | 16,375 |
| Feb. | 22,401 | 21,943 | 22,028 | 21,464 | 16,413 |
| Mar. | 22,452 | 21,873 | 22,077 | 21,600 | 16,506 |
| Apr . | 22,679 | 22,027 | 22,252 | 21,771 | 16,605 |
| May | 22,703 | 22,020 | 22,308 | 21,782 | 16,562 |
| June | 22,707 | 22,030 | 22,339 | 21,883 | 16,606 |
| Jul. | 22,861 | 22,140 | 22,431 | 21,841 | 16,512 |
| Aug. | 22,571 | 21,900 | 22,274 | 21,842 | 16,473 |
| Sept. | 22,655 | 21,864 | 22,256 | 21,860 | 16,475 |
| Oct. | 22,524 | 21,748 | 22,200 | 21,741 | 16,365 |
| Nov. | 22,465 | 21,898 | 22,142 | 21,716 | 16,364 |
| Dec. | 22,449 | 21,885 | 22,175 | 21,772 | 16,378 |
| 1967--Jan. | 22,808 | 22,360 | 22,442 | 21,803 | 16,328 |
| Feb. | 23,026 | 22,685 | 22,666 | 22,044 | 16,478 |
| Mar. | 23,441 | 23,240 | 22,955 | 22, 297 | 16,647 |
| Apr . | 23,490 | 23,332 | 23,110 | 22, 293 | 16,578 |
| May | 23,482 | 23,428 | 23,086 | 22,559 | 16,786 |
| June | 23,646 | 23,523 | 23,178 | 22,890 | 17,024 |
| Jul. | 23,869 | 23,830 | 23,488 | 23,049 | 17.115 |
| Aug. | 24,138 24,331 | 24, 121 | 23,794 23 | 23,275 23.330 | 17,246 17,237 |
| Sept. | 24,331 24,642 | 24,217 24,467 | 24, 332 | 23,453 | 17, 316 |
| Nov. | 24,799 24,650 | 24,690 24,394 | 24,444 24,437 | $\begin{aligned} & 23,605 \\ & 23,628 \end{aligned}$ | $\begin{aligned} & 17,404 \\ & 17,386 \end{aligned}$ |
| 1968 -- Jan. p 2/ | 25,158 | 24,852 | 24,795 | 23,778 | 17,539 |

## P - Preliminary.

1/ Reserves have been adjusted for redefinition of time deposits effective June 9, 1966
2/ January reserve aggregates have been adjusted for change in reserve requirements held against net demand deposits effective at mid-month, January 1968.

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)

| Period | Total member bank deposits (credit) $1 / 2 /$ | $\begin{aligned} & \text { Time } \\ & \text { deposits } \end{aligned}$ | $\begin{array}{\|c} \hline \text { Private } \\ \text { demand } \\ \text { deposits } 3 / \\ \hline \end{array}$ | U.S. Gov't. demand deposits |
| :---: | :---: | :---: | :---: | :---: |
| 1966--Jan. | 238.0 | 121.7 | 111.7 | 4.7 |
| Feb. | 239.0 | 122.0 | 112.0 | 5.0 |
| Mar. | 239.8 | 123.0 | 112.6 | 4.2 |
| Apr. | 242.2 | 124.8 | 113.3 | 4.1 |
| May | 243.9 | 126.1 | 113.0 | 4.8 |
| June | 244.8 | 127.5 | 113.3 | 4.0 |
| Ju1. | 246.7 | 128.7 | 112.6 | 5.3 |
| Aug. | 246.5 | 129.7 | 112.4 | 4.4 |
| Sept. | 246.4 | 130.1 | 112.4 | 3.9 |
| Oct. | 245.5 | 129.9 | 111.6 | 4.0 |
| Nov. | 244.8 | 129.3 | 111.6 | 4.0 |
| Dec. | 245.2 | 130.3 | 111.7 | 3.2 |
| 1967--Jan | 248.5 | 132.2 | 111.4 | 4.9 |
| Feb. | 251.8 | 134.4 | 112.4 | 4.0 |
| Mar. | 254.8 | 136.5 | 113.6 | 4.8 |
| Apr. | 256.9 | 138.0 | 113.1 | 5.8 |
| May | 258.1 | 139.4 | 114.5 | 4.1 |
| June | 260.0 | 141.7 | 116.1 | 2.2 |
| Jul. | 263.3 | 143.3 | 116.7 | 3.2 |
| Aug. | 267.0 | 145.6 | 117.6 | 3.7 |
| Sept. | 269.3 | 147.2 | 117.6 | 4.5 |
| Oct. | 272.0 | 148.2 | 118.1 | 5.6 |
| Nov. | 273.8 | 149.8 | 118.7 | 5.3 |
| Dec. | 273.7 | 150.8 | 118.6 | 4.4 |
| 1968--Jan. p | 275.7 | 150.7 | 119.6 | 5.3 |

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. 1967.
3/ Private demand deposits include demand deposits of individual, partnerships and corporations and net interbank balances.

TABLE C-2a
DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANRS
Seasonally adjusted
(Dollar amounts in billions based on weekly averages of daily figures)

| Week ending: | Total member bank deposits (credit) $1 / 2 /$ | ```Time``` | Private demand deposits $3 /$ | ```U.S.Gov't. demand deposits``` |
| :---: | :---: | :---: | :---: | :---: |
| 1967--Sept. 6 | 269.3 | 146.9 | 118.3 | 4.1 |
| 13 | 269.6 | 147.0 | 118.3 | 4.3 |
| 20 | 268.8 | 147.2 | 116.1 | 5.5 |
| 27 | 269.1 | 147.3 | 117.4 | 4.5 |
| Oct. 4 | 269.7 | 147.6 | 118.6 | 3.6 |
| 11 | 271.0 | 148.0 | 118.9 | 4.1 |
| 18 | 273.1 | 148.4 | 118.4 | 6.3 |
| 25 | 272.3 | 148.4 | 117.6 | 6.4 |
| Nov. 1 | 273.1 | 148.9 | 117.6 | 6.7 |
| 8 | 273.6 | 149.0 | 118.9 | 5.7 |
| 15 | 273.5 | 149.6 | 118.5 | 5.5 |
| 22 | 274.2 | 150.1 | 118.7 | 5.5 |
| 29 | 273.7 | 150.4 | 118.6 | 4.7 |
| Dec. 6 | 274.3 | 150.6 | 119.1 | 4.5 |
| $13$ | $273.6$ | $150.9$ | $118.5$ | $4.1$ |
| $20$ | $273.2$ | $150.8$ | $117.9$ | 4.5 |
| 27 | 273.6 | 150.7 | 118.3 | 4.4 |
| 1968--Jan. 3 | 274.9 | 150.5 | 120.4 |  |
| $10 \mathrm{p}$ | $274.6$ | $150.6$ | 119.5 | $4.5$ |
| $17 \mathrm{p}$ | 276.0 | 150.6 | 120.3 | $5.1$ |
| $24 \mathrm{p}$ | 276.5 | 150.6 | $119.4$ | $6.4$ |
| $31 \mathrm{p}$ | 275.6 | 150.9 | 118.8 | 5.8 |

p - Prelininary.
1/ Includes all deposite subject to reserve requirements--i.e., the total of time, private demand, and U.S. Goverment 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 of individuals, partnerships and corporations and net interbank ballances.
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 1/ | Private <br> Demand <br> Deposits $2 /$ | Time Deposits Adjusted $\qquad$ |
| :---: | :---: | :---: | :---: | :---: |
| 1966--Jan. | 167.9 | 36.6 | 131.4 | 147.5 |
| Feb. | 168.3 | 36.7 | 131.6 | 148.3 |
| Mar . | 169.2 | 36.9 | 132.3 | 149.8 |
| Apr . | 170.5 | 37.1 | 133.4 | 151.8 |
| May | 170.2 | 37.3 | 132.9 | 153.4 |
| June | 170.6 | 37.4 | 133.2 | 154.8 |
| Jul | 169.9 | 37.7 | 132.3 | 156.9 |
| Aug. | 170.1 | 37.8 | 132.4 | 158.1 |
| Sept. | 170.5 | 37.9 | 132.6 | 158.6 |
| Oct. | 170.1 | 38.0 | 132.1 | 158.8 |
| Nov. | 170.1 | 38.1 | 132.0 | 158.5 |
| Dec. | 170.4 | 38.3 | 132.1 | 159.8 |
| 1967--Jan. | 170.3 | 38.5 | 131.8 | 162.0 |
| Feb. | 171.5 | 38.7 | 132.8 | 164.6 |
| Mar . | 173.1 | 38.9 | 134.2 | 167.2 |
| Apr . | 172.7 | 39.1 | 133.6 | 169.2 |
| May | 174.5 | 39.2 | 135.3 | 171.1 |
| June | 176.2 | 39.3 | 136.8 | 173.6 |
| Jul. | 177.9 | 39.5 | 138.4 | 175.8 |
| Aug. | 179.1 | 39.6 | 139.6 | 178.3 |
| Sept. | 179.2 | 39.8 | 139.5 | 180.0 |
| Oct. | 180.3 | 39.9 | 140.3 | 182.0 |
| Nov. | 181.2 | 40.0 | 141.2 | 183.7 |
| Dec. | 181.5 | 40.3 | 141.1 | 185.0 |
| 1968--Jan. | 182.7 | 40.5 | 142.2 | 184.7 |

17 Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.
2/ Includes (1) demand deposits at all coumercial banks, other than those due to domestic comercial banks and the U.S. Government, less cash items in process of collection of 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 weekly averages of daily figures)


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


[^0]:    ${ }^{1}$ In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).
    ${ }^{2}$ A two-step process was used. An advanced optical character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

[^1]:    I/ Includes issues carrying 5-year and 10-y,ar call protection; ** issues carry a 5-year call protection.
    Time deposits adjusted at all commercial binks.
    Base is change for month preceding specifiec deriod or in case of weekly periods, the first week shown. January reserve aggregate changes have been ac justed for change in reserve requirements held against net demand deposits effective at mid-month, January 1968.

[^2]:    p - Preliminary

