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March 1, 1968.

## MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

The bank credit proxy rose on average in February at a 10 per cent annual rate, at the upper end of the range projected in the previous blue book. Most of the strengthening became evident in the latter part of the month, as banks experienced a sharp expansion in security loans and also held on to a relatively large proportion of the new 15-month note issued for cash by the Treasury (payable through full crediting to tax and loan accounts).

In view of the rise in bank credit, open market operations became more restraining to the extent permitted by the progress of the Treasury financing, and banks were induced to increase borrowings from the Federal Reserve to obtain reserves required by deposit expansion. As a result, the net reserve position of member banks moved from average free reserves of \$120 million in the first two statement weeks in February to average net borrowed reserves of \$93 million in the last two statement weeks. Between those periods, average borrowings increased from \$312 million to \$424 million.

With the reserve position of banks under increasing pressure, Federal funds traded around  $4\frac{3}{8}$  per cent, and not infrequently at  $4\frac{7}{8}$  per cent. Rates on such short-term instruments as Treasury bills, bankers' acceptances, and Agency issues generally have moved slightly higher than they were before the last Committee meeting, with the

## 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) <sup>1/</sup>	Municipal (Aaa)	Non-borrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy	Money Supply	Time Deposits <sup>2/</sup>
								(Seasonally Adjusted)				
1967--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
July	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	+ 1.7
Oct.	212	141	3.87	4.55	5.36	6.08	3.88	+250	+311	+ 2.7	+ 1.1	+ 2.0
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	-292	-145	- 0.1	+ 0.3	+ 1.3
1968--Jan. p <sup>4/</sup>	136	275	4.60	4.99	5.39	6.24	4.06	+344	+393	+ 1.9	+ 1.1	- 0.2
Feb. p <sup>4/</sup>	15	368	4.68	4.98	5.37	n.a.	4.04	+236	+220	+ 2.3	+ 0.4	+ 1.4
1968--Feb. 7 p	137	241	4.73	4.93	5.38	6.23	3.95			+ 2.3	+ 1.2	+ 0.1
14 p	107	384	4.59	5.01	5.38	6.30	4.00			- 1.4	- 1.0	+ 0.2
21 p	-43	405	4.68	4.95	5.35	6.29	4.06			+ 0.2	+ 1.6	+ 0.6
28 p	-143	442	4.72	5.03	5.39	6.48	4.16			+ 3.1	- 0.1	+ 0.6
				Averages						Annual rates of increase <sup>3/</sup>		
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	238	123	4.02	4.51	5.31	6.10	3.91	+ 7.4	+ 8.5	+10.5	+ 6.0	+13.1
<u>Recent variations in growth</u>												
Mar. 29-June 28	245	110	4.00	3.66	4.83	5.63	3.68			+18.8	+ 6.9	+14.3
June 28-Nov. 29	254	112	3.96	4.41	5.25	5.96	3.86			+12.5	+ 6.3	+14.1
Nov. 29-Feb. 28	102	276	4.58	4.97	5.46	6.32	4.07			+ 9.1	+ 5.1	+ 5.6

<sup>1/</sup> Includes issues carrying 5-year and 10-year call protection; \*\* issues carry a 5-year call protection.

<sup>2/</sup> Time deposits adjusted at all commercial banks.

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

<sup>4/</sup> 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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3-month bill rate rising about 10 basis points to around 5 per cent.

                    short-term  
These /       yield increases were relatively small partly because business loan demands were not especially strong, so that banks were under little pressure to compete actively in the short-term market through issuance of negotiable CD's. In addition, major reporting banks continued to run only a relatively small basic reserve deficit--one considerably less deep than a year ago--as they remained cautious in managing their money positions and as Euro-dollar funds continued generally available at relatively favorable rates. Moreover, with the wider spread of the Federal funds rate over the discount rate in February as compared with January, some banks preferred to use the discount window to help finance their basic reserve deficits. In consequence, dealer new loan rates in New York have thus far changed little from the 5 -- 5-1/8 per cent range reached in early February; and, with financing outside New York fairly readily available, there has not been much additional pressure from financing costs on dealers' still-large inventories of bills, not to mention their moderate-sized holdings of notes and bonds.

Dealers did not acquire an exceptionally large position in either the 5½ per cent 7-year note issued in the mid-February re-financing or the 5-5/8 per cent 15-month note issued in the February 21 cash financing. In the case of the longer note, this was partly because the volume acquired in exchange was on the conservative side; in the

case of the shorter note, it was partly because banks have been quite willing to hold on to their acquisitions as an investment. Since the new issues have held up very well in price, dealers have been under little compulsion to effect sharp reductions in their holdings. Their positions in securities maturing in more than one year were \$407 million on February 29, down only about \$100 million from peak holdings during the month.

With short-term interest rates rising only moderately, bank time deposits rose, on average, in February at a 9 per cent annual rate--at the upper end of the range of expectations--following a small decline in January on average. Most of the rise was in consumer-type deposits. As noted above, major banks showed little inclination to solicit funds aggressively through CD's. Toward the end of the period, however, an uptick of bank interest appeared, perhaps representing the beginning of preparation for the March and April tax periods.

Money supply growth in February was relatively small, at an annual rate of about  $2\frac{1}{2}$  per cent. This represented a substantial reduction from the January rate of growth, consistent with staff expectations. Growth in private demand deposits in February was somewhat above anticipations, however, partly offsetting a smaller than projected rise in U.S. Government deposits.

Over the period since the shift in policy late last fall, key monetary variables have shown annual rates of increase as shown below, in comparison with increases over the preceding seven months of relatively stable money market conditions.

March 1, 1968.

	<u>May '67-</u> <u>Nov. '67 1/</u>	<u>Dec. '67-</u> <u>Feb. '68 1/</u>
Total reserves	9.6	7.5
Nonborrowed reserves	10.0	4.7
Bank credit proxy	11.3	6.0
Time deposits	14.7	5.4
Money supply	8.4	4.0

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1/ Dates are inclusive.

Prospective developments

Relationships among money market and monetary variables with no policy shift. Given prevailing money market conditions, the bank credit proxy is likely to show a smaller annual rate of increase in March than in February--perhaps in a 5 to 7 per cent range, and the figure would be this large only because of the carry-over effect in the monthly average comparison of the sharp late February credit expansion associated with the \$4 billion Treasury cash financing. From the end of February to the end of March, the proxy is likely to show little growth.

Prevailing money market conditions might be taken to include a net borrowed reserve position for banks in a zero to \$150 million range, member bank borrowings generally in a \$350 - \$450 million range, the Federal funds most frequently trading in/ 4-3/4 -- 4-7/8 per cent area, and new dealer loan rates in New York around 5 -- 5-1/8 per cent. The

3-month bill rate is likely to remain in a 4-7/8 -- 5-1/4 per cent range. The rate could be near the lower end of the range because of seasonal downward pressures stemming in part from anticipation of re-investment demand from maturing March and April tax bills. An offset to such seasonal forces could develop if rising Federal expenditures lead the market to anticipate sizable Federal Government new cash needs during the months immediately ahead, or if the persistence of net borrowed reserve figures alters market attitudes further. Some upward pressure could also develop out of the cumulative impact of the current \$100 million additions to the weekly bill auctions.

The slower rate of growth anticipated for the bank credit proxy in March reflects mainly the absence of sizable Treasury cash financings, such as there were in January and February. And an even more moderate growth rate is in prospect for April unless the Treasury accelerates its financing schedule or unless business loan demand strengthens considerably further. Banks have responded to the gradual tightening of policy since late fall mainly through reducing the rate of acquisitions of state and local government issues, and, at times, by selling Treasury bills rather than bidding aggressively for CD money.

In part, bank reluctance to compete for high-cost funds reflects the still relatively moderate pace of business loan demand. Growth in outstanding business loans at banks thus far in 1968 appears to have been somewhat faster than in late summer and early fall of 1967, though well below the unusually rapid December rate. Reports

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of a build-up in loan commitments, and continued inventory expansion, suggest that such loans could grow at a faster pace in coming months. However, corporate income tax payments in March and April, though sizable, are not expected to be quite as large as in the spring of last year.

Unless business loan demands strengthen considerably further, or unless expectations of an even tighter monetary policy became more widespread, it is not expected that banks will be highly aggressive in the CD market--though probably evincing more interest than in recent weeks in view of the large maturities in prospect with the approach of the March and April tax periods. A maximum likelihood estimate of the change in outstanding CD's in March would be for a small decline of \$200 - \$300 million, or about in line with seasonal expectations.

With such CD developments, and consumer-type time deposits growing at near their February rate, the total of time and savings deposits in March is expected to rise in a 9 - 11 per cent range. Private demand deposits are expected to rise further in March, largely reflecting a decline during the month in U.S. Government deposits. The money supply may increase in a range of 4 - 6 per cent, annual rate. With a somewhat slower rate of growth projected for bank credit and total bank deposits, and with the bulk of deposit expansion in the form of time deposits, total member bank reserves in March are likely to rise in a range of 2 - 5 per cent, annual rate, well below the February pace.

Long-term rates may change little from current levels in the weeks immediately ahead, though some updrift is possible. Municipal yields have already adjusted substantially upwards in light of the reduced bank interest and the large calendar of new issues, and could come under further upward pressure from a surge of industrial revenue bond issues; however, any further rise in municipal yields could be moderated by postponements of prospective new issues. Market participants have not yet begun to focus on the possible magnitude of remaining Treasury cash needs, which may be financed in part through PC issues. In the corporate market, the calendar appears relatively light. Interest rates would be most likely to rise if the market sensed a renewed upsurge in defense spending--and one not likely to be offset by a tax increase--a further tightening in monetary policy, and re-appearance of anticipatory borrowings at banks and in the security market.

Further restraint through open market operations. If the Committee wishes to add further to pressure on bank reserve positions and the money market, it may want to consider conditions including net borrowed reserves in a \$100 - \$250 million range and member bank borrowings generally in a \$450 - \$550 million range. Federal funds would be likely to trade most frequently around 5 per cent, although bank preferences for meeting reserve needs through the discount window could tend to moderate upward pressures on the funds rate. Along with an associated rise in dealer new loan rates to around  $5\frac{1}{2}$  -  $5\frac{1}{2}$  per cent,

the 3-month bill rate may move into a 5-1/8 -- 5-3/8 per cent range-- moving more toward the upper end if expectations of a discount rate increase became more prevalent.

Such a tightening of money market conditions may have relatively little effect on bank credit and deposit expansion in March, although the additional restraint would force banks to rely more on borrowed reserves in meeting their reserve requirements. It is possible that the most immediate effect of the tightening would be a sharp burst of bank interest in expanding outstanding CD's to secure funds in advance of large maturities in the weeks ahead. But in so doing, banks would place further upward pressures on market interest rates, and their capacity to continue acquiring new CD funds, except in the very shortest maturities, would quickly become severely constrained.

Apart from any temporary spurt, bank credit growth is likely to moderate further in the wake of the tighter policy posture, as higher market interest rates lead to a further slowdown in time deposit growth following the spring quarterly interest-crediting period--as would also be true for deposit accounts in thrift institutions. With the cumulative effect of the further tightening action coinciding with an expected lull in major Treasury cash financing demands, bank credit and deposit expansion in April would probably be quite small. And as banks become even less willing buyers of U.S. Government and municipal securities, and perhaps reappraise their over-all lending policies, upward pressures on long-term interest rates would become more marked.

Table A-1

## MARGINAL RESERVE MEASURES

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

Period	Excess reserves	Member banks borrowings	Free reserves		
	As revised to date			As first published each week	As expected at conclusion of each week's open market operations
<b>Monthly (reserves weeks ending in):</b>					
1967--February	408	366	42		
March	368	196	172		
April	349	150	199		
May	369	94	275		
June	345	88	257		
July	449	132	317		
August	356	86	270		
September	334	82	252		
October	353	141	212		
November	349	124	225		
December	333	185	148		
1968--January p	411	275	136		
February p	383	368	15		
<b>Weekly:</b>					
1967--Oct. 4	413	144	269	298	271
11	249	145	104	151	186
18	561	216	345	378	379
25	190	58	132	164	106
Nov. 1	291	80	211	295	312
8	330	132	198	262	233
15	518	162	356	348	375
22	221	127	94	92	131
29	384	119	265	204	240
Dec. 6	288	87	201	228	257
13	333	121	214	187	216
20	267	185	82	47	56
27	442	345	97	100	110
1968--Jan. 3	654	495	159	71	45
10	564	180	384	398	363
17	157	224	-67	-55	-28
24 p	359	233	126	133	73
31 p	322	241	81	44	35
Feb. 7 p	378	241	137	85	88
14 p	491	384	107	75	89
21 p	362	405	-43	-44	-57
28 p	299	442	-143	-143	-148

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TABLE A-2

## AGGREGATE RESERVES AND RELATED MEASURES

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

	Reserve Aggregates				Monetary Variables			
	Total Reserves	Nonborrowed Reserves	Required reserves		Total Member Bank Deposits (credit) <sub>1/ 2/</sub>	Time Deposits (comm. banks) <sub>2/</sub>	Money Supply	
			Total	Against Demand Deposits			Total	Private Demand Deposits
<b>Annually:</b>								
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
<b>Monthly:</b>								
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.	- 7.0	-14.2	- 0.3	-10.2	- 0.4	+ 8.5	+ 2.0	- 0.9
1968--Jan. p <u>3/</u>	+19.1	+16.9	+14.3	+18.5	+ 8.3	- 1.3	+ 7.3	+ 8.5
Feb. p <u>3/</u>	+10.5	+11.4	+ 7.6	+16.5	+10.0	+ 9.1	+ 2.6	+ 1.7

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

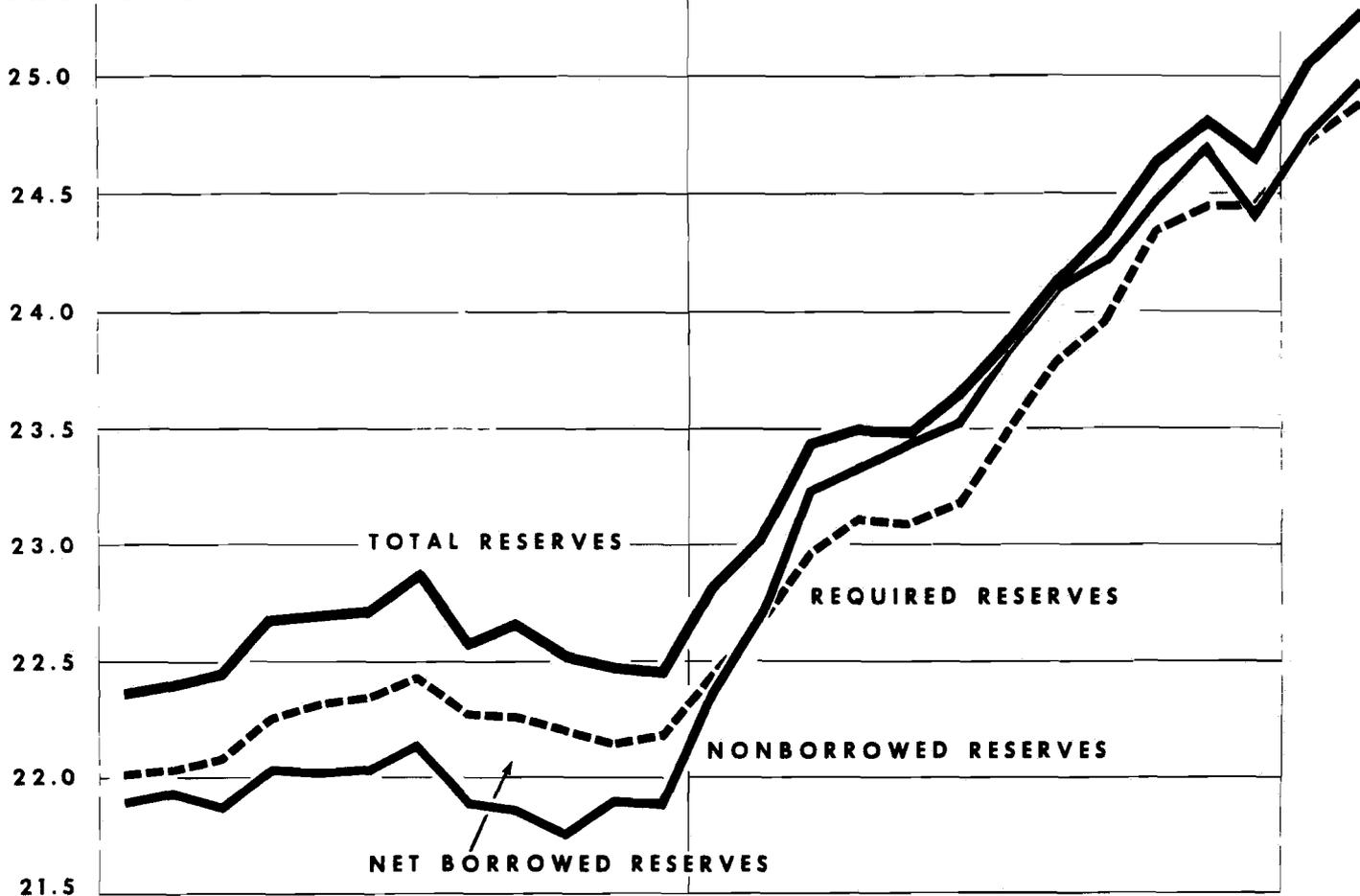
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Chart 1

# MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

BILLIONS OF DOLLARS, SEASONALLY ADJUSTED



BILLIONS OF DOLLARS

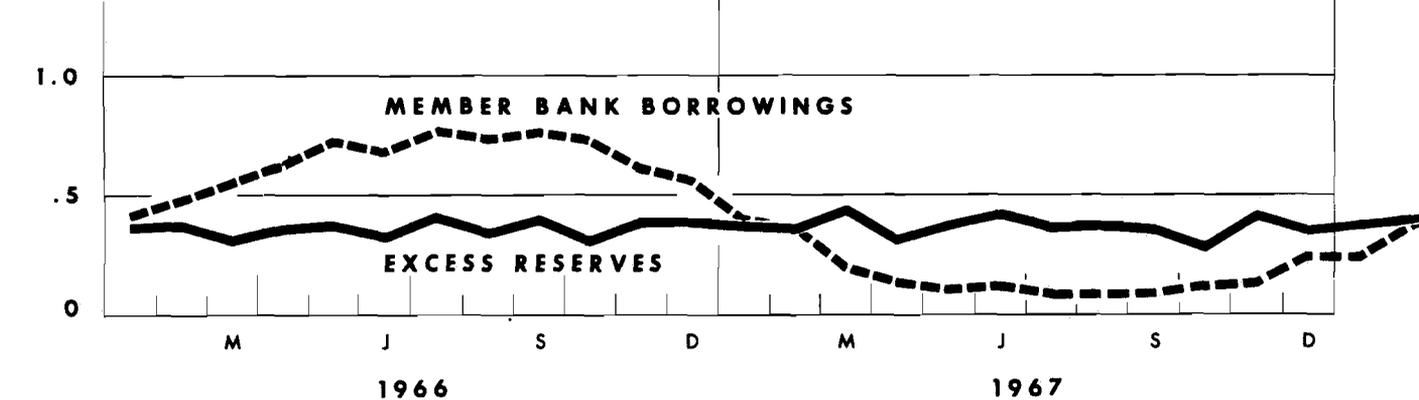


Chart 2

# MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

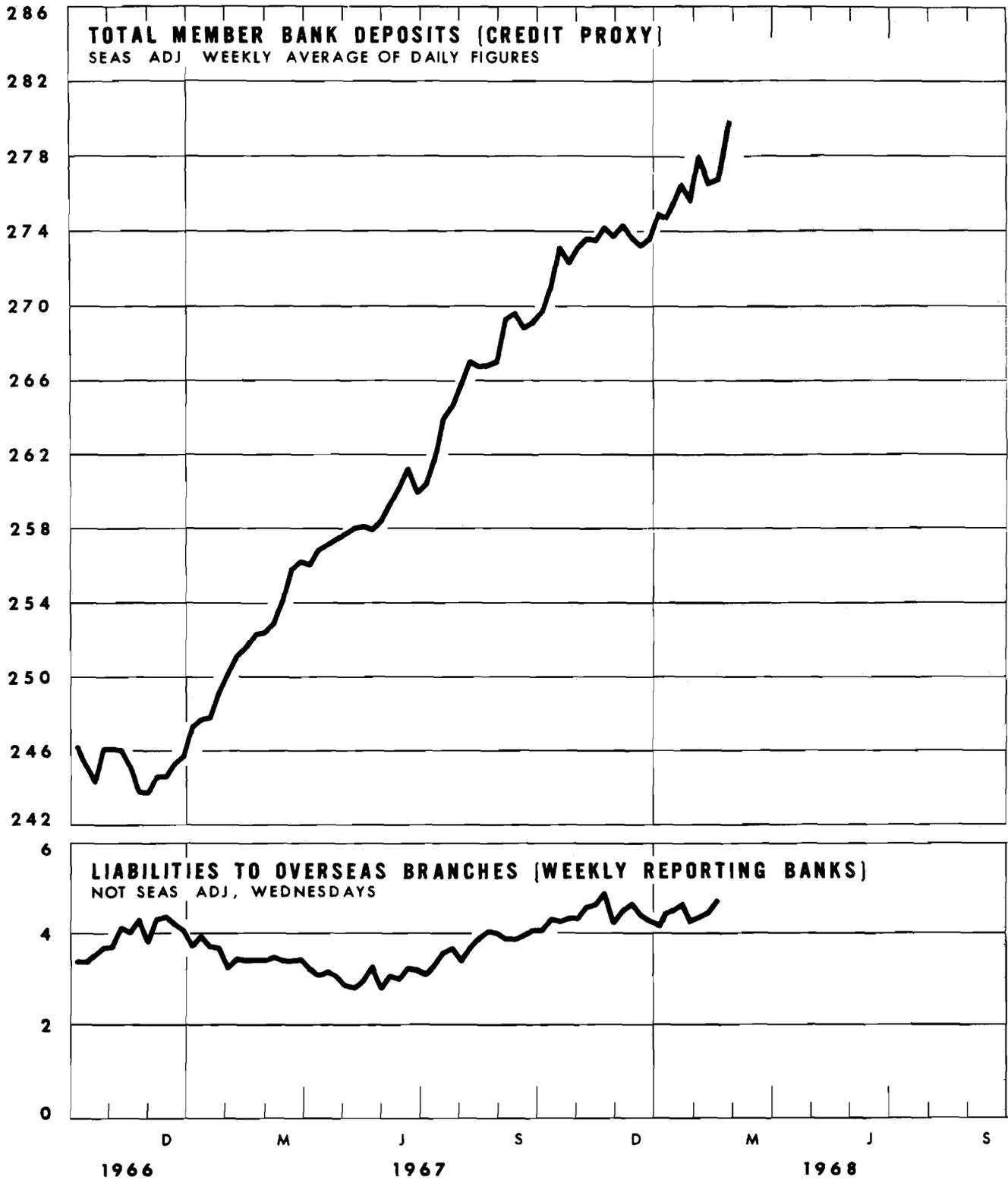


Chart 3

# MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

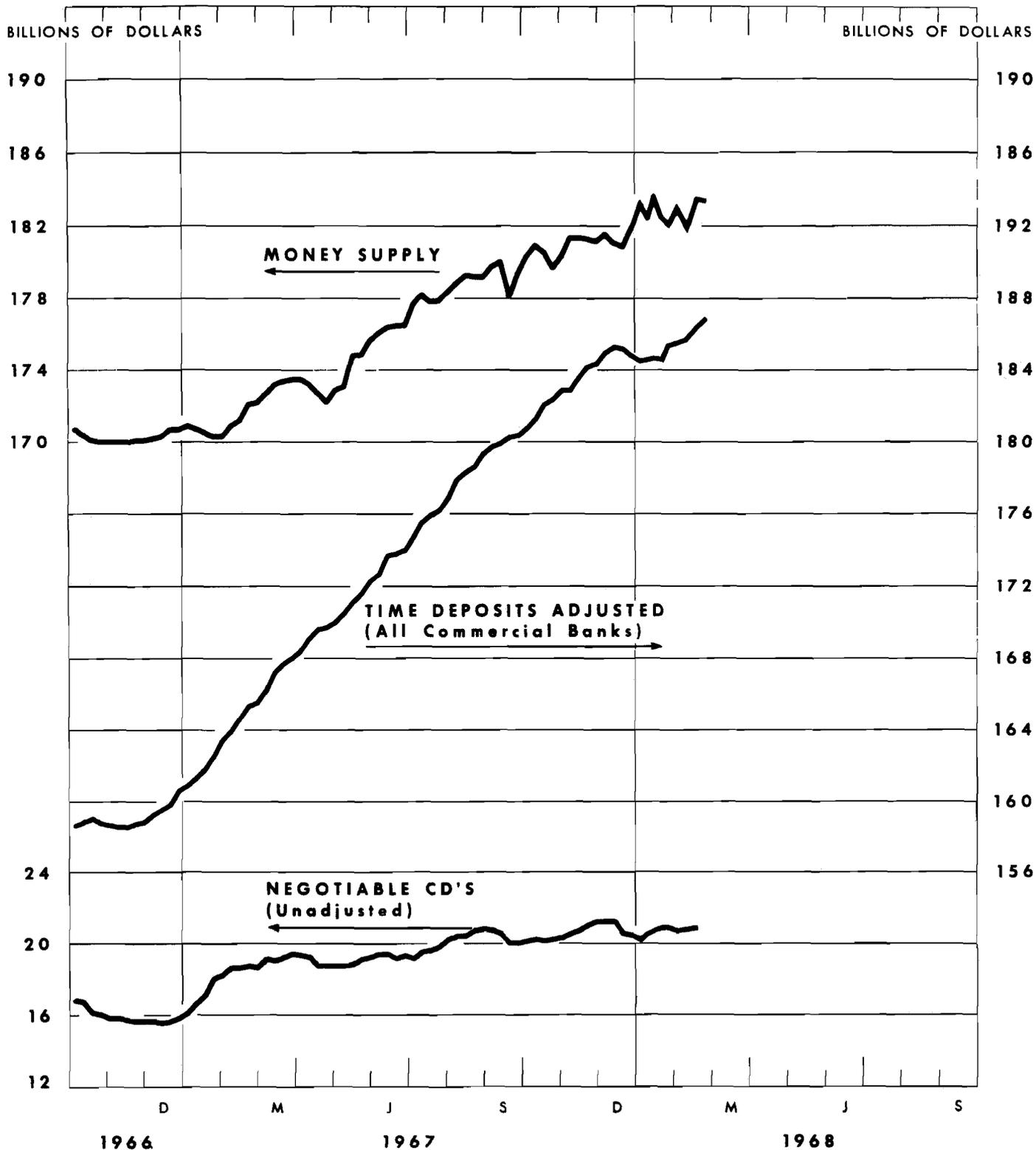


Chart 4

# DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

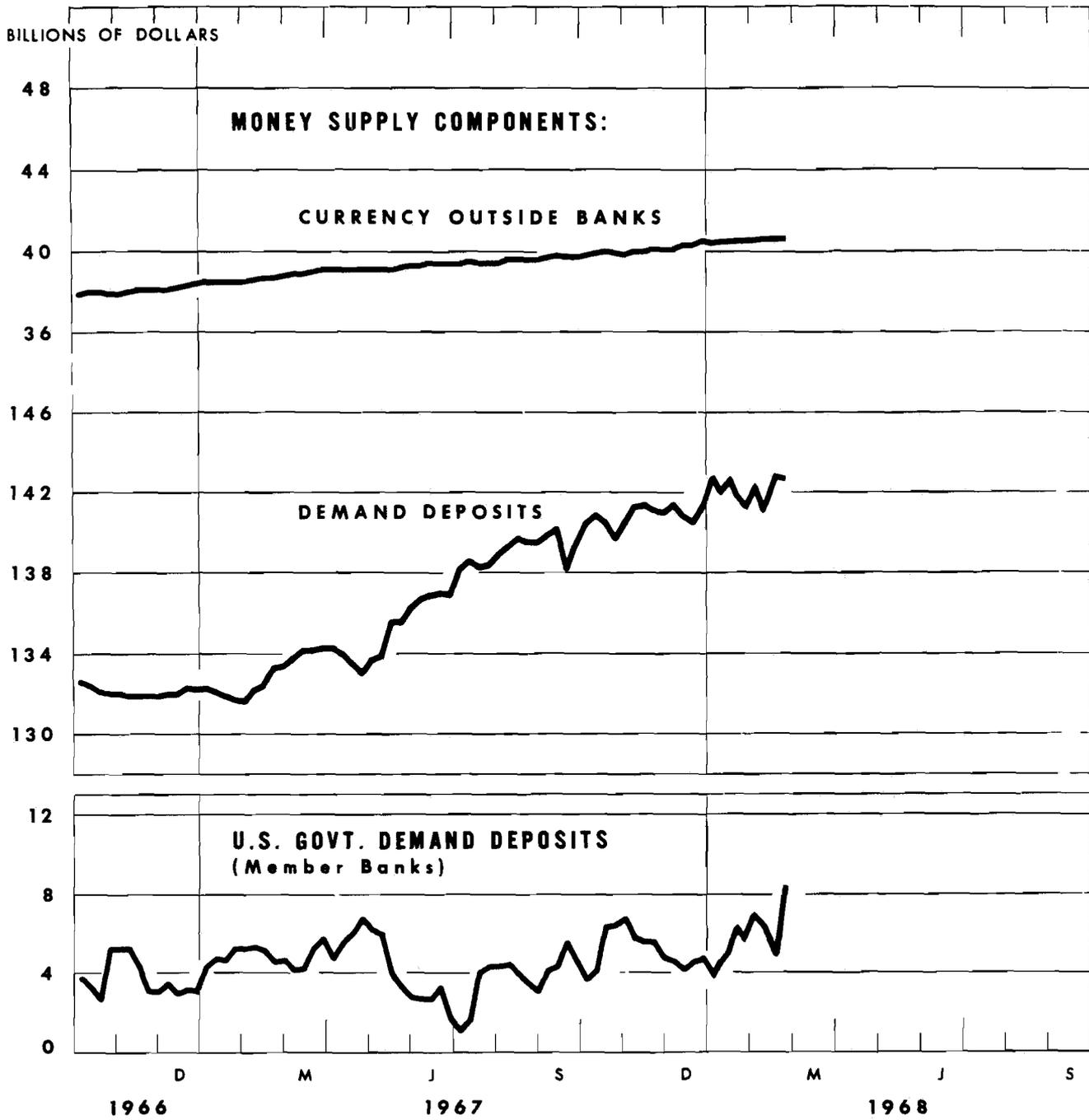


Table B-1

## 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
1966 (12/29/65 - 12/28/66)	+3,149	-627	-2,243	+805	+1,085	+1,111	- 26
1967 (12/28/66 - 12/27/67)	+4,718	-725	-2,305	-165	+1,522	+1,517	+ 5
<u>Year-to-date:</u>							
(12/28/66 - 3/1/67)	- 172	- 51	+1,302	-1,820	- 742	- 464	-278
(12/27/67 - 2/28/68)	- 172	-551	+1,552	-910	- 82	+ 61	-143
<u>Weekly:</u>							
1968--Jan. 3	+ 554	-452	+ 658	--	+ 761	+ 549	+212
10	- 514	+ 1	+ 21	- 45	- 537	- 447	- 90
17 <u>5/</u>	- 380	+ 1	+ 393	-353	- 340	+ 67	-407
24 p <u>5/</u>	+ 404	- 2	+ 279	-328	+ 353	+ 151	+202
31 p	- 159	+ 1	+ 404	-479	- 232	- 195	- 37
Feb. 7 p	+ 346	- 29	- 441	+387	+ 261	+ 205	+ 56
14 p	+ 35	- 72	- 109	-278	- 424	- 537	+113
21 p	- 773	--	+ 168	+350	- 254	- 125	-129
28 p	+ 314	+ 1	+ 179	-164	+ 330	+ 393	- 63
<u>PROJECTED<sup>4/</sup></u>							
1968--Mar. 6	+ 385	--	- 275	- 75	+ 35	+ 35	--
13	+ 5	--	- 215	+ 30	- 180	- 180	--
20	- 370	--	+ 150	+370	+ 150	+ 150	--
27	+ 45	--	+ 130	-250	- 75	- 75	--
Apr. 3	+ 170	--	- 75	-200	- 105	- 105	--
10	+ 240	--	- 260	+ 50	+ 30	+ 30	--

1/ For retrospective details see Table B-4.

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

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

4/ See reverse side for explanation.

5/ Includes increase in reserve requirements of \$360 million effective Jan. 11, 1968, and \$190 million effective January 18, 1968.

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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	
<b>Year:</b>								
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,198	- 14	- 4	- 5	+1,221 <sup>1/</sup>	
1967 (12/28/66 - 12/27/67)	+1,517	+261	+1,256	+ 59	+ 6	+1,023	+ 168 <sup>1/</sup>	
<b>Year-to-date:</b>								
(12/28/66 - 3/1/67)	- 464	- 20	- 444	-926	+ 95	+125	+ 262	
(12/27/67 - 2/28/68)	+ 61	+303	- 242	-1,012	+ 80	+592	+ 98	
<b>Weekly:</b>								
1968--Jan. 3	+ 549	-230	+ 779	+380	+ 21	+388	- 10	
10	- 447	-118	- 329	-160	+ 11	-191	+ 11	
17 <sup>2/</sup>	+ 67	-192	+ 259	-147	+ 21	+368	+ 17	
24 p <sup>2/</sup>	+ 151	+396	- 245	-338	+ 6	+ 80	+ 7	
31 p	- 195	- 22	- 173	-103	+ 5	-108	+ 33	
Feb. 7 p	+ 205	+188	+ 17	-190	+ 11	+201	- 5	
14 p	- 537	-161	- 376	-175	+ 5	-218	+ 12	
21 p	- 125	- 91	- 34	-221	- 5	+171	+ 21	
28 p	+ 393	+533	- 140	- 58	+ 5	- 99	+ 12	
	<b>PROJECTED</b>							
1968--Mar. 6	+ 35	-105	+ 140	+130	+ 5	- 10	+ 15	
13	- 180	-235	+ 55	+ 60	+ 10	- 15	--	
20	+ 150	- 75	+ 225	+145	- 10	+ 75	+ 15	
27	- 75	+165	- 240	-305	+ 10	+ 45	+ 10	
Apr. 3	- 105	-330	+ 225	+130	+ 5	+ 75	+ 15	
10	+ 30	-165	+ 195	+160	- 5	+ 30	+ 10	

<sup>1/</sup> Reflects reserves requirements changes in July, September 1966, and March 1967.

<sup>2/</sup> Includes increase in reserve requirements of \$360 million effective Jan. 11, 1968, and \$190 million effective January 18 1968.

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
<b><u>ACTUAL</u></b>		<b>(Sign indicates effect on reserves)</b>			
<b><u>Year:</u></b>					
1966 (12/29/65 - 12/28/66)	+805	+673	+ 64	- 30	+ 98
1967 (12/28/66 - 12/27/67)	-165	- 85	-389	- 7	+316
<b><u>Year-to-date:</u></b>					
(12/28/66 - 3/1/67)	-1,820	-153	-1,101	+ 16	-582
(12/27/67 - 2/28/68)	-910	-214	-843	+ 3	+144
<b><u>Weekly:</u></b>					
1968--Jan. 3	--	-229	- 53	+ 3	+279
10	- 45	- 98	- 1	- 14	+ 68
17	-353	+ 23	-347	+ 5	- 34
24 p	-328	+ 90	-261	+ 7	-164
31 p	-479	-161	-277	- 12	- 29
Feb. 7 p	+387	+221	+ 2	+ 19	+145
14 p	-278	-141	-184	+ 5	+ 42
21 p	+350	+ 34	+467	- 3	-148
28 p	-164	+ 47	-189	- 7	- 15
<b><u>PROJECTED</u></b>					
1968--Mar. 6	- 75	- 65	- 25	- 10	+ 25
13	+ 30	+ 85	-105	--	+ 50
20	+370	--	+250	--	+120
27	-250	--	-250	--	--
Apr. 3	-200	--	-200	--	--
10	+ 50	--	+ 50	--	--

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			
<b>Year:</b>								
1966 (12/29/65 - 12/28/66)	+3,149	+3,069	+2,158	+ 474	+437	+ 26	+ 52	+ 2
1967 (12/28/66 - 12/27/67)	+4,718	+5,009	+4,433	+1,153	-577	- 19	- 69	-203
<b>Year-to-date:</b>								
(12/28/66 - 3/1/67)	- 172	+ 243	+ 679	--	-436	- 3	- 31	-381
(12/27/67 - 2/28/68)	- 173	- 206	- 224	+ 99	- 81	- 7	- 57	+ 97
<b>Weekly:</b>								
1968--Jan.								
3	+ 554	+ 328	+ 195	--	+133	+ 33	+ 43	+150
10	- 514	- 75	+ 65	--	-140	- 40	- 84	-315
17	- 380	- 426	- 409	--	- 17	+ 1	+ 1	+ 44
24	+ 404	+ 348	+ 339	+ 66	- 57	- 1	+ 48	+ 9
31	- 159	- 135	- 180	+ 11	+ 34	--	- 32	+ 8
Feb.								
7	+ 346	+ 369	- 11	--	+380	+ 5	- 28	--
14	+ 35	- 133	- 110	--	- 23	- 1	+ 26	+143
21	- 773	- 763	- 372	--	-391	- 4	- 27	+ 21
28	+ 314	+ 281	+ 259	+ 22	--	--	- 4	+ 37

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--Jul.	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	24,121	23,794	23,275	17,246
Sept.	24,331	24,217	23,972	23,330	17,237
Oct.	24,642	24,467	24,332	23,453	17,316
Nov.	24,799	24,690	24,444	23,605	17,404
Dec.	24,654	24,398	24,437	23,628	17,386
1968 -- Jan. p <u>2/</u>	25,047	24,742	24,729	23,766	17,524
Feb. p <u>2/</u>	25,267	24,978	24,885	23,824	17,557

p - Preliminary.

- 1/ Reserves have been adjusted for redefinition of time deposits effective June 9, 1966.  
2/ 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) <u>1/2/</u>	Time deposits <sub>2/</sub>	Private demand deposits <u>3/</u>	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
Jul.	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	275.6	150.8	119.5	5.3
Feb. p	277.9	151.4	119.8	6.8

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/ 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 BANKS

Seasonally adjusted

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

Week ending:	Total member bank deposits (credit) 1/ 2/	Time deposits 2/	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	3.9
10	274.7	150.6	119.6	4.5
17	275.5	150.6	119.9	5.0
24 p	276.5	150.6	119.4	6.4
31 p	275.7	151.2	118.8	5.7
Feb. 7 p	278.0	151.0	120.0	7.0
14 p	276.6	151.2	119.1	6.3
21 p	276.8	151.7	120.3	4.9
28 p	279.9	151.9	119.6	8.4

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/ 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 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 <u>3/</u>
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	135.2	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	40.4	141.1	185.0
1968--Jan. p	182.6	40.5	142.1	184.8
Feb. p	183.0	40.7	142.3	186.2

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 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)

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted <u>3/</u>
1967--Sept. 6	179.7	39.7	139.9	179.6
13	180.0	39.8	140.2	179.8
20	178.0	39.7	138.2	180.2
27	179.3	39.7	139.5	180.3
Oct. 4	180.3	39.8	140.5	180.7
11	180.9	39.9	140.9	181.2
18	180.5	40.0	140.5	182.0
25	179.6	39.9	139.7	182.3
Nov. 1	180.3	39.8	140.5	182.8
8	181.3	40.0	141.3	182.8
15	181.3	40.0	141.4	183.5
22	181.2	40.1	141.1	184.1
29	181.1	40.1	141.0	184.3
Dec. 6	181.5	40.1	141.4	184.9
13	181.0	40.3	140.8	185.2
20	180.8	40.3	140.5	185.1
27	181.8	40.5	141.3	184.7
1968--Jan. 3	183.1	40.4	142.7	184.4
10	182.5	40.5	142.0	184.6
17	183.1	40.5	142.6	184.7
24 p	182.4	40.6	141.8	184.6
31 p	181.7	40.5	141.3	185.4
Feb. 7 p	182.9	40.6	142.3	185.5
14 p	181.9	40.7	141.1	185.7
21 p	183.5	40.7	142.8	186.3
28 p	183.4	40.7	142.7	186.9

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.

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