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[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.

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CONFIDENTIAL (FR) May 23, 1969.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Interest rates generally rose markedly during the past few weeks, reflecting the very tight conditions in the market for day-to-day finance, sizable corporate and municipal bond offerings on top of the Treasury refunding, and the dimming in near-term peace hopes. Since the last meeting of the Committee, yields on municipal bonds have jumped by around 25 basis points, while yields on corporate bonds and U.S. Government coupon issues have risen by 10 - 20 basis points. Short-term market rates, apart from Treasury bills, have adjusted up by as much as 50 basis points. In the first three weeks of May, Treasury bill rates rose from their recent lows at the time of the last Committee meeting, but in the last few days bill rates have dropped back. The latest quote on the 3-month bill was around 6 per cent bid, down 12 basis points from its high during the month, but still a few basis points above the April 29 level. The recent decline reflects a scarce market supply of short-bills in part growing out of the heavy foreign official purchases related to recent speculative flows into the German mark.

(2) The very tight conditions in the money market have been expressed in a sharp further rise of the Federal funds rate in the past three statement weeks to trading levels frequently in an 8 - 9 per cent range, with an average effective rate over the past three weeks close to 8-1/2 per cent. Dealer finance rates have risen commensurately

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, S.A.				
	Free Reserves (In millions of dollars for weeks ending in)	Borrowings	Federal Funds Rate 1/	3-month Treasury Bill	U.S. Government (20 yr.)	Corporate New Issues (Aaa) 2/	Municipal (Aaa)	Nonborrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy (In billions of dollars)	Money Supply	Time Deposits 3/
								(Revised Series)				
1968--Apr	- 341	689	5.76	5.38	5.46	6.50*	4.13	- 140	- 136	- 1.1	+ 0.8	+ 0.4
May	- 374	728	6.12	5.66	5.55	6.64	4.28	- 18	+ 44	+ 0.4	+ 1.8	+ 0.5
June	- 386	727	6.07	5.52	5.40	6.65	4.26	+ 265	+ 174	+ 1.5	+ 1.3	+ 0.6
July	- 192	523	6.02	5.31	5.29	6.51*	4.12	+ 285	+ 143	+ 2.1	+ 2.0	+ 2.2
Aug.	- 240	577	6.03	5.23	5.22	6.15	4.00	+ 460	+ 475	+ 5.0	+ 0.9	+ 3.4
Sept	- 146	492	5.78	5.19	5.28	6.27	4.23	+ 134	+ 57	+ 2.0	- 0.8	+ 2.8
Oct.	- 192	458	5.92	5.35	5.44	6.47	4.21	+ 190	+ 175	+ 3.0	+ 0.7	+ 2.9
Nov.	- 255	541	5.81	5.45	5.56	6.50	4.33	+ 33	+ 179	2.7	+ 1.7	+ 2.4
Dec.	- 327	743	6.02	5.96	5.88	6.79	4.50	+ 175	+ 269	+ 3.1	+ 1.2	+ 2.4
1969--Jan.	- 491	715	6.30	6.14	5.99	6.92	4.58	- 31	+ 109	- 1.5**	+ 0.6	- 1.8
Feb.	- 580	836	6.64	6.12	6.11	6.91	4.74	- 142	- 105	- 0.3	+ 0.1	- 1.5
Mar.	- 635	837	6.79	6.02	6.22	7.35	4.97	- 167	- 93	- 2.5	+ 0.2	--
Apr.	- 844	1,031	7.41	6.11	6.03	7.22	5.01	- 217	- 134	+ 1.3	+ 1.8	+ 0.2
1969--Apr. 16	- 615	759	7.63	6.19	5.99	7.02	5.00	+ 179	+ 3	- 0.5	- 1.5	- 0.3
23	- 963	1,135	7.48	6.18	5.97	7.07	4.95	+ 81	+ 444	+ 0.1	- 1.8	- 0.3
30	-1,033	1,118	7.79	5.99	5.98	7.18	4.95	- 160	- 82	- 1.3	- 1.2	- 0.3
May 7 p	-1,142	1,603	8.23	5.97	5.94	7.10	4.95	+ 59	+ 453	+ 0.2	+ 0.6	- 0.2
14 p	- 943	1,170	8.30	6.02	5.97	7.08	5.10	+ 14	- 392	+ 2.0	+ 1.1	+ 0.1
21 p	-1,295	1,358	8.91	6.10	6.09	7.28	5.30	- 344	- 134	- 0.9	+ 1.5	+ 0.2
				Averages				Annual rates of increase 4/				
Year 1968	- 210	548	5.58	5.36	5.45	6.47	4.20	+ 5.6	+ 7.1	+ 8.6	+ 6.5	+11.3
First Half 1968	- 201	567	5.39	5.29	5.46	6.47	4.16	+ 1.1	+ 4.2	+ 4.1	+ 6.7	+ 5.1
Second Half 1968	- 218	529	5.77	5.42	5.44	6.50	4.22	+ 9.9	+ 9.8	+12.8	+ 6.1	+17.1
Recent variation in growth												
7/3/68 - 12/18/68	- 203	516	5.90	5.34	5.40	6.47	4.21	+ 9.9	+11.8	+14.1	+ 2.3	+18.1
12/18/68 - 5/21/69	- 694	955	6.99	6.10	6.07	7.10	4.83	- 7.0	- 0.8	- 2.3	+ 4.8	- 4.7

1/ Average of total number of days in period

2/ Includes issues carrying 5-year and 10-year call protection, * - issues carry a 10-year call protection.

3/ Time deposits adjusted at all commercial banks.

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

p - Preliminary. S.A. - Seasonally adjusted.

to an 8-1/2 - 9-1/2 per cent range. In each case, rates have ranged 50 - 100 basis points above levels in the few weeks just before the previous FOMC meeting. These taut conditions in money centers have reflected market churning, including constricted Euro-dollar availabilities connected with mark speculation; financing demands arising out of the Treasury refunding; and Desk action to maintain pressure on short-term markets in an environment in which the 3-month bill rate was otherwise tending to move toward or below the low end of recent ranges. Money market conditions were exacerbated as major banks, in the face of large and unpredicted fund flows, managed money positions rather conservatively and accumulated large reserve surpluses in a couple of weeks around mid-May.

(3) The bank credit proxy is showing somewhat less weakness in May than anticipated earlier, mainly because of stronger interbank deposits, and is now projected to change little on average for the month. The money supply is also expected to change little on average from April to May, close to earlier projections, with an increase in currency offsetting a small decline on average in private demand deposits. Total time and savings deposit behavior has also been about as anticipated. These deposits are now projected to decline in May at around a 2 per cent annual rate, with outstanding CD's dropping $400 - $500 million and with only a sluggish recovery in consumer-type time and savings deposits following sizable net outflows in the first half of April.

(4) Net borrowed reserves at all member banks have averaged $1.1 billion in the last four statement weeks, up $300 million from the preceding four weeks. Member bank borrowings have shown a similar rise on average to $1.3 billion, with demands on the discount window increasing at both reserve city and country banks. Banks have turned increasingly to the discount window as they have encountered adverse fund flows and constrictions in the availability of day-to-day financing from other sources.

(5) The following table summarizes changes in major reserve aggregates and deposits for several recent periods:

	July '68- Dec. '68	Jan. '69- Mar. '69	April- May '69p
Total reserves	9.8	-1.3	4.5
Nonborrowed reserves	9.9	-5.0	-5.5
Bank credit, as indicated by:			
Proxy	12.8	-5.4	2.9
Proxy plus Euro-dollars	13.0	-2.4	3.0
Total loans and investments (as of last Wednesday of month)	15.0	2.3	5.6
Money supply	6.1	1.9	5.3
Time and savings deposits	17.1	-6.5	-1.8
Savings accounts at thrift institutions	6.4	6.1	1.8 1/

NOTE: Dates are inclusive.
p--partly projected.
1/ April 1969.

Prospective developments

(6) The relationships among Treasury bill rates, marginal reserve measures, and day-to-day money rates will be subject to widely variable influencesin coming weeks. For example, potentially heavy tax period borrowing around mid-June will be shortly followed by Treasury cash debt repayment of $1 billion in maturing June 15 bonds not exchanged in the recent refinancing and an estimated $4 billion of June tax bills that may not be turned in for taxes. Meanwhile, the recent ebbing of tensions affecting foreign exchange and Euro-dollar markets may lead to an improved availability of Euro-dollars to U.S. banks during the next few weeks that could possibly moderate pressures in day-to-day money markets. On the other hand, mid-year window dressing by banks abroad may tend to withdraw some funds from the Euro-dollar market later in June.

(7) Assuming no change in monetary policy, and recognizing the probability of large and varying money market flows apart from System operations, money market conditions may encompass a Federal funds rate continuing to average around 8-1/2 per cent, member bank borrowing in a $1 to $1-1/2 billion range, and net borrowed reserves generally a little over $1 billion. The 3-month Treasury bill rate could fluctuate widely, but may generally continue to be in a 5.90 - 6.20 per cent range. An increase in the bank prime loan rate would enhance the likelihood of the bill rate moving toward or above the upper end of this range.

(8) The estimated $9.3 billion of corporate income tax payments due for payment in June--some three-fourths larger than payments in March and in April--together with increased Federal agency debt financing are expected to exert heavy general pressure on commercial banks and money and securities markets during the first part of June. These pressures are likely to be reflected in a large further run-off of large-denomination CD's at banks--running to perhaps $1 billion or a little more for the full month of June out of an estimated $4-1/2 - $5 billion of maturities. Such a CD attrition, however, would be no worse than May, and probably somewhat better, after adjusting for seasonal factors. Nevertheless, with commercial bank liquidity already greatly reduced by the cumulative effects of continued monetary restraint, banks' resources are likely to be brought under severe pressure, particularly if the need to finance tax payments leads to another large bulge in loans. As a result, in addition to continuing to borrow abroad, major banks are likely to continue to press to expand the new domestic financial arrangements that have been developed recently to augment their flows of funds. In particular, bank holding company sales of commercial paper and other similar transactions should grow further and could become a significant source of upward interest rate pressure in short-term markets.

(9) The large Treasury cash debt repayment noted earlier represents a potential offset to these various June short-term market pressures. Any reflows of foreign funds into Euro-dollars could have a similar effect. In terms of the technical condition of the bill

market, the existing short supply of bills provides some short-run leeway for dealers to absorb bills during the tax period, although their willingness may be limited by the tightness in the market for dealer financing.

(10) Given the short-term market conditions noted in paragraphs (6) and (7), the change in the bank credit proxy in June is expected to be in a -1 to +3 per cent, annual rate, range--with Euro-dollar borrowings possibly adding another percentage point or two on average. There is little basis for judging the likely increase in domestic nondeposit sources of funds to banks, through holding company affiliates or otherwise. Nor is it clear what proportion of funds raised through these devices should be considered to be "bank credit" in light of the similarity of various of the instruments to conventional commercial or finance company paper. However that may be, it might be noted that each $250 million of such instruments issued during the month, on average, would be the equivilent of about 1 percentage point annual rate of increase in the bank credit proxy.

(11) Total demand deposits are expected to be an enlarged source of funds to banks in June, and time and savings deposits are also likely to be stronger on average than in May. A sharp rise in the average level of private demand deposits is anticipated partly in consequence of a decline in the average level of U.S. Government deposits as Treasury debt is repaid. In addition, however, strong loan demand, enhanced by tax payment needs, will probably lead to further private deposit expansion. With currency outstanding also continuing to rise, the money supply is expected to expand in a

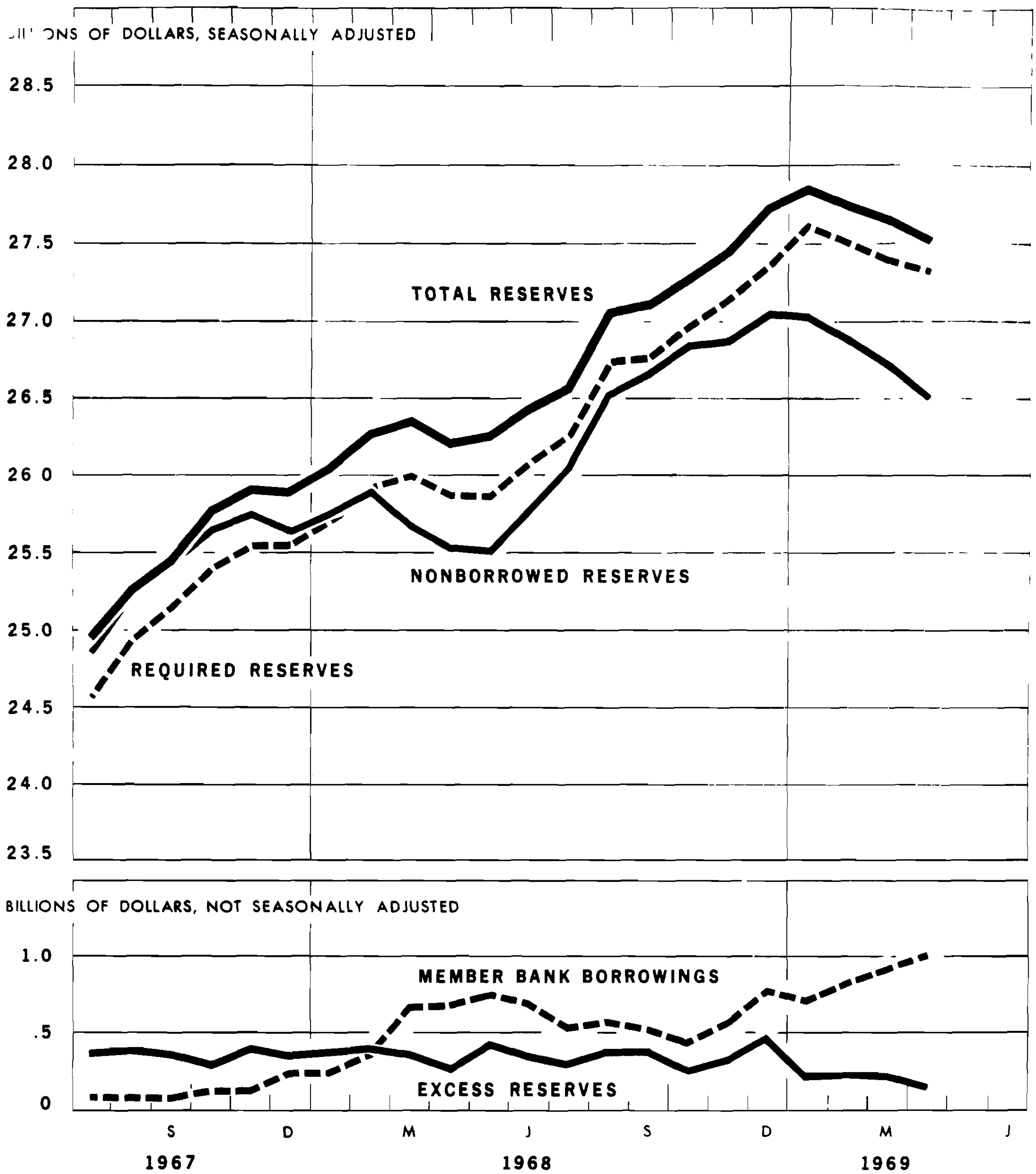
7 - 10 per cent, annual rate, range in June. This would represent an experience similar to April, when large tax payments also caused credit demand and money to rise temporarily. Time deposits are likely to rise in a 2 - 5 per cent, annual rate, range, as some recovery in consumer-type time deposits continues, at least until the mid-year interest-crediting period.

(12) Despite the projected rise in bank credit and money for June, long-term interest rates are still likely to move up further, particularly if concern about a credit crunch should spread. Banks will be very limited in their ability to buy municipal securities, and they, as well as insurance companies, now appear to be cutting back on real estate loans. But so long as prospects for a cooling in economic activity remain and investors and borrowers look toward a tapering of interest rate pressures later in the year, a further upward movement in long-term rates could be of limited proportions.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES



Char 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

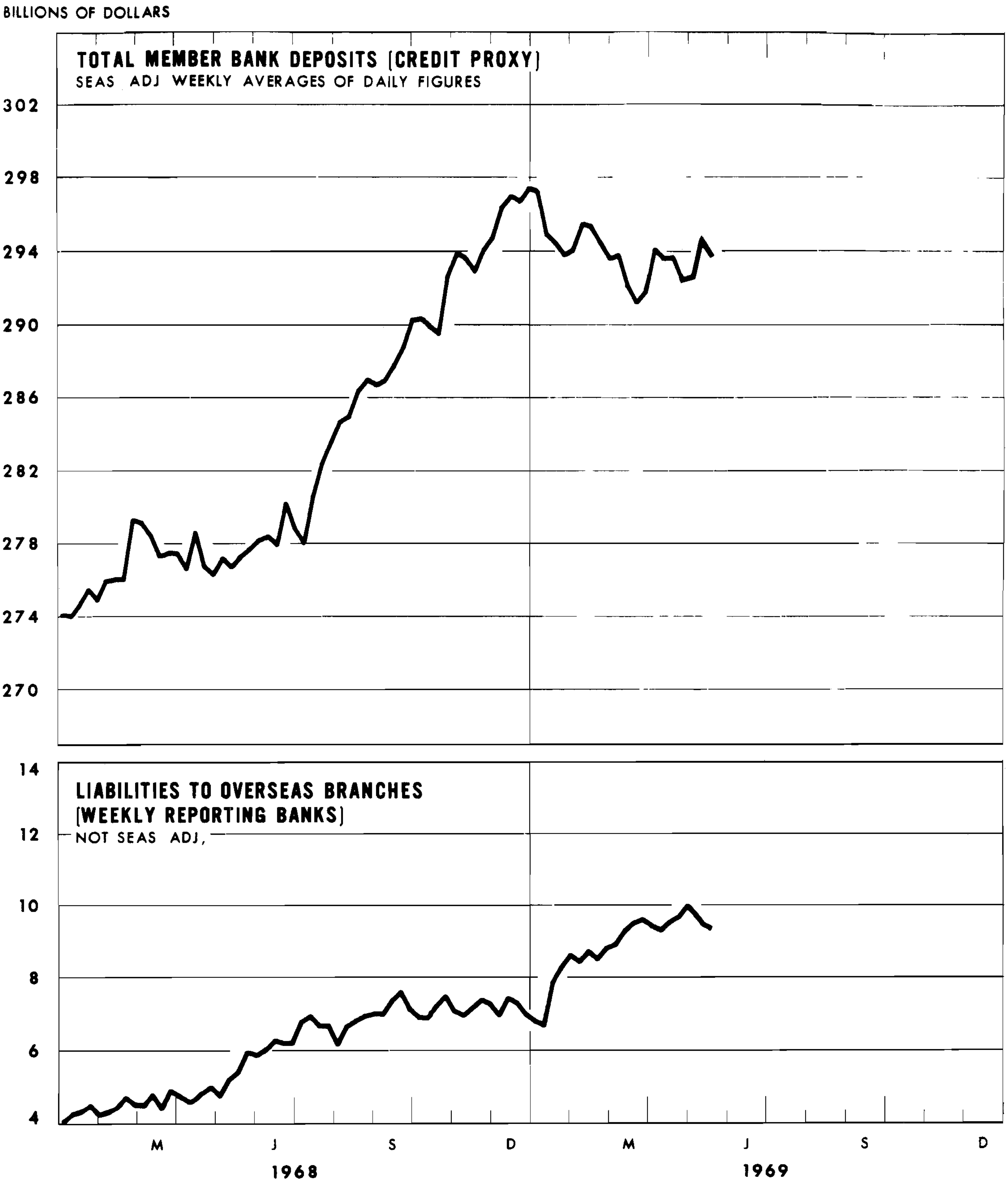


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

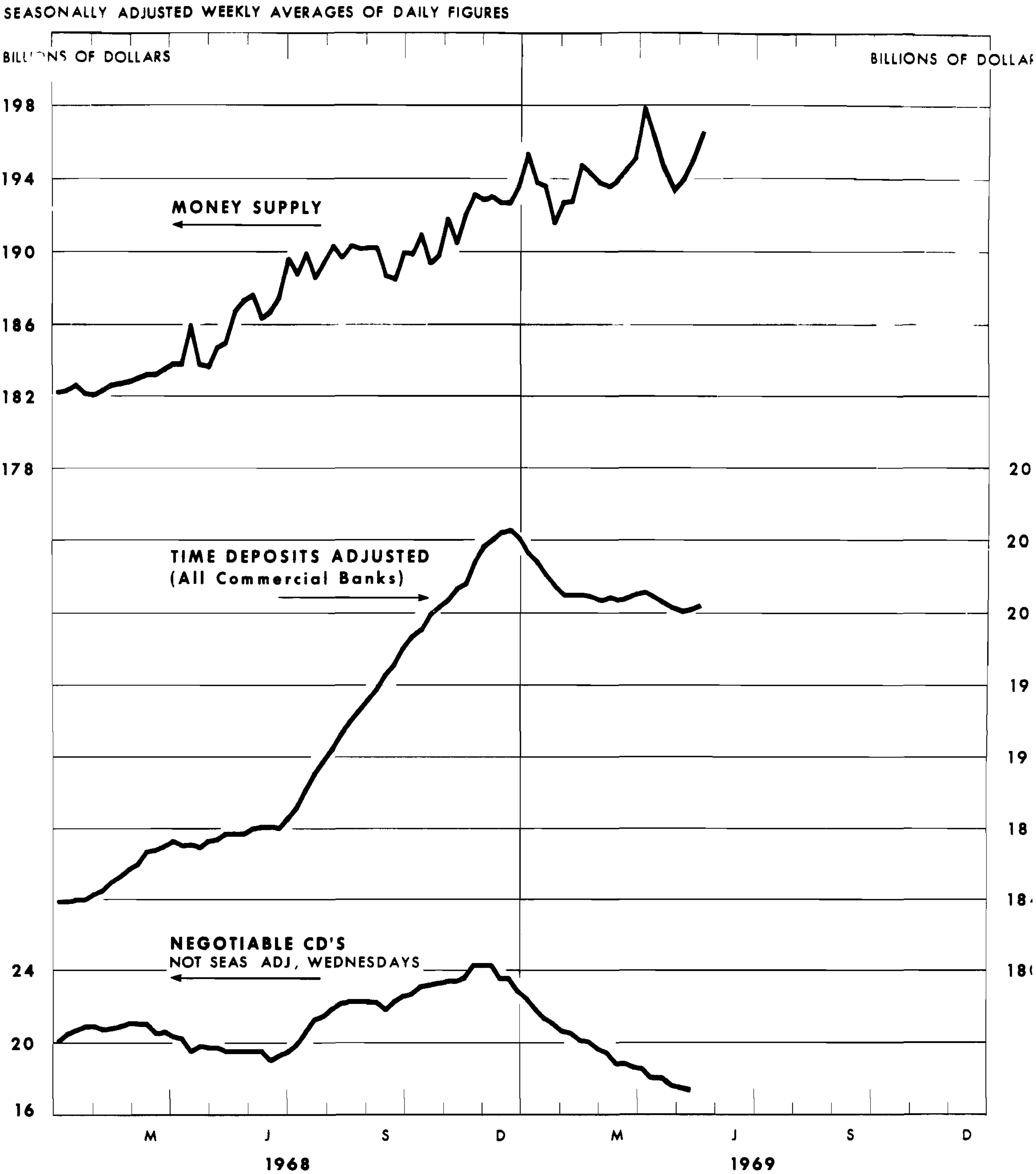


Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

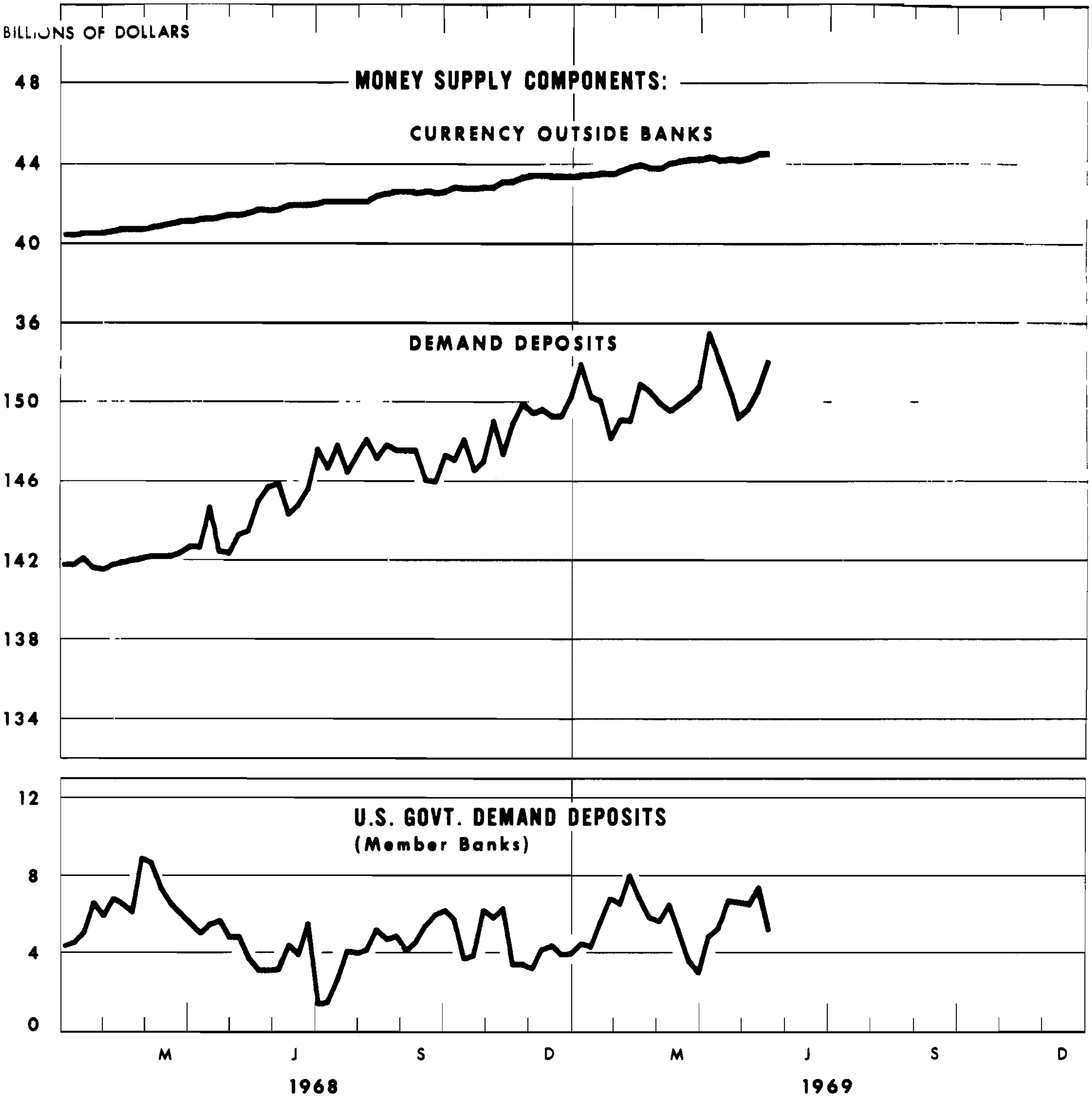


Table 1

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

Period	Free reserves	Excess reserves	Member Banks Borrowings				
			Total	Reserve City			Country
				Major banks		Other	
				8 N.Y.	Outside N.Y.		
Monthly (reserves weeks ending in):							
1968--April	- 341	348	689	56	262	148	223
May	- 374	354	728	65	155	186	322
June	- 386	341	727	72	168	141	346
July	- 192	331	523	13	140	102	268
August	- 240	337	577	195	65	101	215
September	- 146	346	492	125	158	73	136
October	- 192	267	458	81	88	117	172
November	- 255	286	541	65	171	93	212
December	- 327	330	743	134	223	67	177
1969--January	- 491	359	715	131	302	149	253
February	- 580	256	836	62	280	215	304
March	- 635	202	837	58	233	254	293
April	- 844	187	1,031	85	411	260	275
1969--Mar. 5	- 527	207	734	104	112	184	334
12	- 627	248	875	--	342	265	268
19	- 691	85	776	84	168	247	277
26	- 696	268	964	43	309	320	292
Apr. 2	- 886	309	1,195	--	489	335	371
9	- 722	225	947	75	486	144	242
16	- 615	144	759	84	361	140	174
23	- 963	172	1,135	201	428	281	225
30	-1,033	85	1,118	63	290	401	364
May 7 p	-1,142	461	1,603	146	463	486	507
14 p	- 943	227	1,170	121	243	421	385
21 p	-1,295	63	1,158	165	378	359	456

p - Preliminary.

Table 2

AGGREGATE RESERVES AND MONETARY VARIABLES
Retrospective Changes, Seasonally Adjusted
(In per cent, annual rates based on monthly averages of daily figures)

Period	Reserve Aggregates			Monetary Variables					
					Money Supply				
	Total Reserves	Nonborrowed Reserves	Required Reserves	Total Member Bank Deposits	Total	Currency	Private Demand Deposits	Commercial bank time deposits adjusted	Credit Proxy (Incl. Euro-dollar borrowings)
Annually	(REVISED SERIES)								
1967	+10.2	+11.8	+10.2	+11.7	+ 6.4	+ 5.5	+ 6.7	+16.1	+11.6
1968	+ 7.1	+ 5.6	+ 7.1	+ 8.6	+ 6.5	+ 7.4	+ 6.2	+11.3	+ 9.5
Quarterly:									
1st Quarter 1968	+ 7.2	+ 0.6	+ 7.1	+ 7.0	+ 4.6	+ 6.9	+ 3.7	+ 7.0	+ 7.4
2nd Quarter 1968	+ 1.2	+ 1.7	+ 1.4	+ 1.2	+ 8.7	+ 8.8	+ 9.0	+ 3.2	+ 3.5
3rd Quarter 1968	+10.2	+13.6	+10.4	+13.1	+ 4.5	+ 6.7	+ 3.6	+17.9	+14.0
4th Quarter 1968	+ 9.2	+ 6.0	+ 8.8	+12.2	+ 7.6	+ 6.6	+ 7.9	+15.7	+11.7
1st Quarter 1969	- 1.3	- 5.0	+ 0.6	- 5.4	+ 1.9	+ 7.4	+ 0.5	- 6.5	- 2.4
Monthly:									
1968--April	- 6.2	- 6.5	- 5.6	- 4.7	+ 5.9	+ 8.8	+ 6.8	+ 2.6	- 3.8
May	+ 2.0	- 0.8	- 0.6	+ 1.7	+11.7	+ 5.8	+12.6	+ 3.2	+ 5.1
June	+ 8.0	+12.5	+10.4	+ 6.5	+ 8.4	+11.5	+ 7.5	+ 3.8	+ 9.3
July	+ 6.5	+13.3	+ 8.3	+ 9.0	+12.8	+ 5.7	+14.9	+14.0	+10.1
August	+21.4	+21.2	+21.4	+21.4	+ 5.7	+11.4	+ 3.3	+21.4	+22.1
September	+ 2.5	+ 6.1	+ 1.4	+ 8.4	- 5.0	+ 2.8	- 7.3	+17.3	+ 9.4
October	+ 7.7	+ 8.6	+ 9.6	+12.5	+ 4.4	+ 2.8	+ 5.7	+17.7	+11.8
November	+ 7.9	+ 1.5	+ 7.5	+11.1	+10.7	+11.2	+10.6	+14.4	+11.3
December	+11.8	+ 7.8	+ 9.2	+12.7	+ 7.5	+ 5.6	+ 7.3	+14.3	+11.6
1969--January	+ 4.7	- 1.4	+11.3	- 4.9	+ 3.7	+ 5.5	+ 4.0	-10.6	- 2.0
February	- 4.5	- 6.3	- 4.6	- 1.2	+ 0.6	+ 8.3	- 1.6	- 8.9	+ 2.0
March	- 4.0	- 7.5	- 4.7	-10.2	+ 1.2	+ 8.2	- 0.8	--	- 7.1
April	- 5.8	- 9.7	- 3.1	+ 5.3	+10.5	--	+13.6	- 1.2	+ 6.0
May p	+14.5	- 1.3	+10.4	+ 0.4	--	+ 8.1	- 2.4	- 2.4	--

p - Partly projected

Table 3

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

(Based on monthly averages of daily figures)

Period	Reserve Aggregates			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy (Incl. Euro dollar borrowings)
	Total reserves	Nonborrowed reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits 1/	U.S. Gov't. demand deposits	Total	Currency 2/	Private demand deposits 3/		
	(In millions of dollars) (R E V I S E D S E R I E S)					(In billions of dollars)						
Monthly:												
1968--Jan.	26,053	25,741	25,704	274.7	149.9	119.4	5.4	182.3	40.6	141.7	184.1	279.0
Feb.	26,283	25,891	25,910	277.0	150.2	119.7	7.1	182.7	40.7	141.9	185.2	281.5
Mar.	26,349	25,669	25,990	278.0	151.2	120.1	6.7	183.4	41.1	142.2	186.7	282.6
Apr.	26,213	25,529	25,868	276.9	151.3	120.4	5.2	184.3	41.4	143.0	187.1	281.7
May	26,257	25,511	25,856	277.3	151.5	122.1	3.7	186.1	41.6	144.5	187.6	282.9
June	26,431	25,776	26,080	278.8	151.8	123.2	3.9	187.4	42.0	145.4	188.2	285.1
July	26,574	26,061	26,261	280.9	153.8	124.3	2.7	189.4	42.2	147.2	190.4	287.5
Aug.	27,049	26,521	26,729	285.9	156.5	124.6	4.8	190.3	42.6	147.6	193.8	292.8
Sept.	27,106	26,655	26,761	287.9	158.9	123.6	5.3	189.5	42.7	146.7	196.6	295.1
Oct.	27,281	26,845	26,974	290.9	161.5	124.5	5.0	190.2	42.8	147.4	199.5	298.0
Nov.	27,460	26,878	27,142	293.6	163.5	125.4	4.7	191.9	43.2	148.7	201.9	300.8
Dec.	27,729	27,053	27,350	296.7	165.8	126.7	4.2	193.1	43.4	149.6	204.3	303.7
1969--Jan.	27,838	27,022	27,608	295.1	163.2	126.6	5.3	193.7	43.6	150.1	202.5	303.0
Feb.	27,733	26,880	27,502	294.8	161.0	127.2	6.7	193.8	43.9	149.9	201.0	303.5
Mar.	27,640	26,713	27,394	292.3	160.5	126.9	4.8	194.0	44.2	149.8	201.0	301.7
Apr.	27,506	26,496	27,324	293.6	160.1	127.6	5.8	195.7	44.2	151.5	200.8	303.2
May p	27,838	26,467	27,560	293.7	159.5	128.3	6.0	195.7	44.5	151.2	200.4	303.2

1/ Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.
2/ Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.
3/ 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.
4/ Excludes interbank and U.S. Government time deposits.
p - Partly projected.

Table 4
AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted
(Based on weekly averages of daily figures)

Period	Reserve Aggregates (New Series p)			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy (Incl. Euro dollar borrowings
	Total reserves	Nonborrowed reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits 1/	U.S. Gov't demand deposits	Total	Currency 2/	Private demand deposits 3/		
	(In millions of dollars)			(In billions of dollars)								
Weekly:												
1969--Jan. 1	28,178	27,163	27,620	297.4	165.5	127.9	4.0	193.7	43.4	150.3	204.1	304.1
8	27,685	27,072	27,536	297.2	164.4	128.2	4.5	195.4	43.5	151.9	203.3	303.9
15	28,027	27,221	27,802	294.9	163.9	126.7	4.3	193.8	43.5	150.2	202.8	302.8
22	27,962	27,093	27,697	294.4	162.8	126.0	5.6	193.6	43.6	150.0	202.1	302.7
29	27,678	26,736	27,454	293.8	162.1	124.9	6.8	191.6	43.5	148.1	201.5	302.4
Feb. 5	27,666	26,837	27,407	294.1	161.4	126.2	6.5	192.8	43.7	149.1	201.0	302.5
12	27,593	26,813	27,412	295.5	161.1	126.3	8.0	192.9	43.9	149.0	201.0	304.2
19	27,707	26,656	27,439	295.3	160.8	127.7	6.8	194.8	44.0	150.9	201.0	303.8
26	27,886	27,130	27,684	294.4	160.6	128.0	5.8	194.3	43.8	150.5	200.9	303.2
Mar. 5	27,947	27,124	27,637	293.6	160.4	127.6	5.6	193.8	43.8	149.9	200.7	302.6
12	27,710	26,835	27,410	293.8	160.6	126.7	6.5	193.6	44.1	149.5	200.9	303.1
19	27,451	26,670	27,366	292.1	160.5	126.6	5.1	194.0	44.2	149.9	200.7	301.6
26	27,597	26,586	27,353	291.2	160.7	126.9	3.6	194.6	44.3	150.3	200.9	300.8
Apr. 2	27,558	26,371	27,226	291.8	160.7	128.1	3.0	195.2	44.3	150.8	201.1	301.2
9	27,298	26,370	27,084	294.1	160.6	128.7	4.9	197.9	44.4	153.5	201.2	303.4
16	27,301	26,549	27,196	293.6	160.2	128.1	5.3	196.4	44.2	152.1	200.9	303.2
23	27,745	26,630	27,560	293.7	160.1	126.9	6.7	194.6	44.3	150.3	200.6	303.4
30	27,663	26,470	27,483	292.4	159.8	126.0	6.6	193.4	44.2	149.2	200.3	302.4
May 7 p	28,116	26,529	27,611	292.6	159.6	126.6	6.5	194.0	44.3	149.7	200.1	302.3
14 p	27,724	26,543	27,484	294.6	159.4	127.8	7.3	195.1	44.5	150.6	200.2	304.0
21 p	27,590	26,199	27,477	293.7	159.5	129.1	5.1	196.6	44.5	152.1	200.4	303.1

1/ Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.
2/ Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.
3/ 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.
4/ Excludes interbank and U.S. Government time deposits.

p - Preliminary.

Table 5

MAJOR SOURCES AND USES OF RESERVES
Retrospective and Prospective Changes
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F.R. accounts	= Change in total reserves	Required reserves	Excess reserves
	Factors affecting supply of reserves							= Change	= Bank use of reserves	
	(Sign indicates effect on reserves)									
Year										
1967 (12/28/66-12/27/67)	+4,718	- 725	-2,305	- 85	- 389	- 7	+ 316	+1,522	+1,517	+ 5
1968 (12/27/67-12/25/68)	+3,757	-2,067	-3,221	+ 928	+1,309	- 67	+ 869	+1,508	+1,563	- 55
Weekly:										
1969--Mar. 5	- 120	--	+ 167	+ 36	- 128	+ 4	- 73	- 114	- 117	+ 3
12	+ 34	--	- 226	+ 97	- 118	- 31	+ 28	- 217	- 258	+ 41
19	+ 45	--	- 431	- 20	+ 125	- 5	+ 227	- 58	+ 105	- 163
26	+ 70	--	+ 92	- 116	- 229	- 4	+ 101	- 88	- 271	+ 183
Apr. 2	+ 357	--	+ 54	+ 50	- 272	+ 25	- 97	+ 121	+ 80	+ 41
9	- 113	--	- 93	+ 119	+ 231	- 15	- 270	- 144	- 60	- 84
16	- 380	--	- 186	+ 380	+ 44	+ 29	+ 130	+ 17	+ 98	- 81
23	+ 773	--	- 166	- 427	+ 660	+ 5	+ 119	+ 964	+ 936	+ 28
30	+ 347	--	+ 602	- 194	- 741	+ 2	+ 61	+ 77	+ 164	- 87
May 7 p	+ 794	--	- 99	+ 16	- 36	- 40	- 100	+ 535	+ 159	+ 376
14 p	- 294	--	- 264	- 42	- 125	+ 32	+ 288	- 404	- 170	- 234
21 p	+ 150	--	- 454	+ 141	+ 262	- 4	- 167	- 70	+ 94	- 164
PROJECTED 2/										
1969--May 28	+ 195	--	+ 170	+ 85	- 300	- 5	- 180	- 35	- 35	--
June 4	+ 110	--	- 200	- 55	- 100	--	--	- 245	- 245	--
11	- 10	--	- 160	- 5	+ 50	--	--	- 125	- 125	--
18	- 55	--	- 270	--	+ 200	--	+ 205	+ 80	+ 80	--
25	- 95	--	+ 70	--	--	--	- 5	- 30	- 30	--

1/ For retrospective details, see Table 6.
2/ See reverse side for explanation.
p - Preliminary.

Table 6

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: Total holdings	U.S. Government securities: Bills 1/	U.S. Government securities: Other	U.S. Government securities: Repurchase agreements	Federal Agency Securities	Bankers' acceptances	Member banks borrowings
Year:								
1967 (12/28/66-12/27/67)	+4,718	+5,009	+4,433 (--)	+1,153	- 577	- 19	- 69	- 203
1968 (12/27/67-12/26/68)	+3,757	+3,298	+2,143 (--)	+1,176	- 21	- 3	- 52	+ 514
Weekly:								
1969--Feb. 5	- 69	+ 77	+ 69 (+ 307)	--	+ 8	--	+ 1	- 147
12	+ 242	+ 146	-- (+ 50)	--	+ 146	+ 13	+ 28	+ 55
19	+ 631	+ 306	+ 55 (- 68)	--	+ 251	+ 15	+ 65	+ 245
26	- 638	- 292	- 69 (+ 54)	+ 85	- 308	- 20	- 39	- 287
Mar. 5	- 120	- 63	- 69 (--)	--	+ 6	+ 2	- 36	- 23
12	+ 34	- 87	- 89 (--)	+ 74	- 72	- 7	- 13	+ 141
19	+ 45	+ 105	- 123 (--)	+ 82	+ 146	+ 9	+ 30	- 99
26	+ 70	- 109	- 109 (--)	+ 11	- 11	+ 2	- 11	+ 188
Apr. 2	+ 357	+ 103	+ 51 (--)	--	+ 52	+ 10	+ 13	+ 231
9	- 113	+ 146*	+ 57 (- 7)	--	- 7	- 9	- 2	- 248
16	- 380	- 143*	- 559 (- 533)	--	- 211	- 15	- 34	- 188
23	+ 773	+ 319*	+ 819 (+ 460)	--	+ 223	+ 20	+ 58	+ 376
30	+ 347	+ 284	+ 280 (+ 80)	--	+ 4	+ 56	+ 24	- 17
May 7p	+ 794	+ 345	+ 41 (--)	--	+ 304	- 25	- 11	+ 485
14p	- 294	+ 118	+ 66 (- 156)	--	+ 52	+ 18	+ 3	- 433
21p	+ 150	- 39	+ 190 (+ 156)	+ 27	- 256	+ 9	- 8	+ 188

1/ Figures in parenthesis reflect reserve effect of match sale-purchase agreement.

* - Includes effect of changes in special certificates of $+96 million of the week of April 9, $+627 million of the week of April 16, and $-723 million of the week of April 23.

p - Preliminary.

Explanation of Projections in Table 5

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 $50 million per week.
3. Projected effects of Treasury operations, included in "technical factors," reflect scheduled and assumed calls in current two weeks and maintenance of Treasury balances with Federal Reserve at $0.5 billion, thereafter.
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, 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, banks' investment preferences and willingness to supply loans, banks' 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 loans 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: $-3.6 billion, June 16; $-4.2 billion, June 23.