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CONFIDENTIAL (FR) October 3, 1969.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Since the last meeting of the Committee, long-term credit markets, other than the market for State and local Government securities, have experienced further upward yield pressure. Yield advances--which ranged from 30 to 60 basis points on Government notes and bonds and amounted to about 30 basis points for high-grade new corporate issues--reflected a large volume of recent and forthcoming new corporate issues, heavy current and prospective borrowing in the Federal agency market, and a degree of market indigestion in the aftermath of the recent Treasury refunding. In recent days the corporate bond and Treasury coupon markets have tended to stabilize, with the latter market influenced by about $130 million of purchases by the System and $45 million by the Treasury. Yields on municipal bonds have declined on balance since the last meeting, reflecting cut-backs in offerings necessitated by interest rate ceilings, as well as expectations of market participants that the Senate will weaken the House tax-reform bill as it affects interest earnings on tax-exempt securities. Most recently, this market has weakened somewhat as sizable new offerings have been added to the forward calendar.

(2) Yields in the Treasury bill market fluctuated in a relatively narrow range over the past month. Large purchases of Treasury bills by foreign accounts were an important factor keeping yields from rising in a period of overall credit market pressure. The System also purchased some

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE
(Monthly averages and, where available, weekly averages of daily figures)

Period	Money Market Indicators: Free Reserves (In millions of dollars for weeks ending in)	Money Market Indicators: Borrowings	Money Market Indicators: Federal Funds Rate 1/	Money Market Indicators: 3-month Treasury Bill	Bond Yields: U.S. Government (20 yr.)	Bond Yields: Corporate New Issues (Aaa) 2/	Bond Yields: Municipal (Aaa)	Flow of Reserves, Bank Credit and Money, S.A.: Nonborrowed Reserves (In millions of dollars)	Total Reserves (In millions of dollars)	Bank Credit Proxy (In billions of dollars)	Money Supply (In billions of dollars)	Time Deposits 3/ (In billions of dollars)
1968--September	- 146	492	5.78	5.19	5.28	6.27	4.23	+185	+ 98	+ 2.1	+ 0.4	+ 2.6
October	- 192	458	5.92	5.35	5.44	6.47	4.21	+206	+193	+ 3.2	+ 0.4	+ 3.0
November	- 255	541	5.81	5.45	5.56	6.61	4.33	+ 29	+181	+ 2.8	+ 1.8	+ 2.7
December	- 327	743	6.02	5.96	5.88	6.79	4.50	+120	+279	+ 3.2	+ 1.2	+ 2.8
1969--January	- 491	715	6.30	6.14	5.99	6.92	4.58	+103	+175	- 1.2**	+ 1.0	- 1.7
February	- 580	836	6.64	6.12	6.11	6.91*	4.74	-112	- 79	- 0.3	+ 0.5	- 0.8
March	- 635	837	6.79	6.02	6.22	7.37	4.97	-182	- 88	- 2.5	+ 0.5	- 0.1
April	- 844	1,031	7.41	6.11	6.03	7.17	5.00	-270	-197	+ 1.2	+ 1.3	--
May	-1,116	1,359	8.67	6.04	6.11	7.22	5.19	+134	+460	- 0.3	+ 0.2	- 0.6
June	-1,078	1,355	8.90	6.44	6.28	7.58	5.58	-183	-179	- 2.5	+ 0.7	- 0.9
July	-1,045	1,311	8.61	7.00	6.27	7.63	5.60	-430	-526	- 4.6	+ 0.4	- 3.1
August	- 997	1,211	9.19	6.98	6.22	7.65	5.74	- 64	-132	- 2.7	- 0.3	- 3.2
September p	- 766	1,026	9.15	7.09	6.55	7.98	5.83	+153	- 16	+ 0.6	--	- 0.3
1969--Aug. 6	- 839	1,090	9.57	6.99	6.21	7.57*	5.70	+484	+340	- 0.9	--	- 1.1
13	- 996	1,329	9.18	7.04	6.19	7.53	5.73	-102	+ 47	- 0.3	--	- 0.7
20	-1,162	1,221	8.79	6.86	6.20	7.61	5.73	-394	-387	- 1.5	+ 0.4	- 0.5
27	- 992	1,204	8.82	7.04	6.24	7.82	5.80	+344	+282	+ 0.7	- 0.6	- 0.5
Sept. 3	- 860	1,240	9.57	7.01	6.35	7.90	5.80	- 87	- 46	+ 0.7	+ 0.6	+ 0.1
10 p	- 405	740	8.57	7.09	6.45	8.02	5.85	+515	- 62	- 2.1	- 0.2	- 0.1
17 p	- 897	1,017	9.07	7.11	6.49	8.04	5.85	-334	+ 33	+ 3.5	+ 0.2	+ 0.3
24 p	- 903	1,106	9.61	7.13	6.60	8.13	5.82	-155	-123	- 2.0	- 1.0	+ 0.1
Oct. 1 p	-1,198	1,438	9.11	7.07	6.76	8.22	5.83	+ 90	+409	- 0.8	- 1.0	--
	Averages							Annual rates of increase 4/				
Year 1968	- 210	548	5.58	5.36	5.45	6.47	4.20	+ 6.4	+ 7.9	+ 9.0	+ 7.2	+11.5
Second Half 1968	- 218	529	5.77	5.42	5.44	6.50	4.22	+11.0	+10.9	+13.4	+ 7.0	+17.3
First Half 1969	- 779	1,034	7.45	6.17	6.12	7.20	4.99	- 3.7	+ 0.7	- 3.5	+ 4.3	- 4.0
Recent variation in growth												
7/3/68 - 12/18/68	- 203	516	5.90	5.34	5.40	6.47	4.21	+11.0	+12.9	+14.8	+ 5.9	+18.6
12/18/68 - 10/1/69	- 833	1,090	7.87	6.43	6.19	7.62	5.21	- 4.4	- 1.4	- 5.8	+ 1.8	- 6.7

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

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.

** - Reflects $400 million reduction in member bank deposits resulting from withdrawal of a large country bank from System membership. Percentage annual rates are adjusted to eliminate this break in series.

October 3, 1969.

bills for its own account in the market. In early October, short-term bill yields were little changed from their levels around the time of the last Committee meeting, but most recently the 3-month bill declined to about 7 per cent. Most other short-term market interest rates rose over the period.

(3) The effective rate on Federal funds has averaged about 9-1/8 per cent since the last Committee meeting--somewhat higher than in the preceding inter-meeting period--with the weekly average rate fluctuating between 8-1/2 and 9-5/8 per cent. In the statement week ending September 10, the Federal funds rate was at the low end of its range, as the Treasury's pre-tax date borrowing from the Federal Reserve proved to be larger than expected and net borrowed reserves temporarily dropped to $400 million. Thereafter, net borrowed reserves moved back into a $900 million - $1.2 billion range, and the Federal funds rate also moved up, with tax period pressures and dealer financing demands associated with the large Treasury refunding adding to money market pressures. Dealer loan rates at New York City banks were quoted most frequently between 9-1/2 and 10-1/4 per cent. Average member bank borrowing in the three statement weeks ending October 1 ranged from $1.0 to $1.4 billion.

(4) There was a small net expansion in total member bank deposits in September that reflected a further increase in U.S. Government balances and a reduced rate of outflow of time deposits. The bank credit proxy, unadjusted for Euro-dollar borrowings, increased at an annual rate of 2.5 per cent, in line with the 2 - 5 per cent range projected in the last Blue Book. Private demand deposits showed little net change on

average during the month rather than declining somewhat as had been projected. Time deposits contracted at a 2 per cent annual rate, in line with projections as flows of consumer-type deposits improved somewhat and CD attrition diminished.

(5) Funds obtained by banks from nondeposit sources declined on average during September. Euro-dollar borrowings from foreign branches added nearly one-half a percentage point to the adjusted bank credit proxy. Loan RP's continued their August decline, and all nondeposit sources together (other than borrowings from foreign branches) declined by a magnitude equivalent to about 1 percentage point in the credit proxy. In sum, the proxy plus Euro-dollars and other nondeposit sources rose at an annual rate of about 3 per cent.

(6) The following table summarizes annual rates of change in major deposit and reserve aggregates for the latter half of 1968 and thus far in 1969.

	July '68-Dec. '68	Jan. '69-June '69	July '68-Sept. '69
Total reserves	10.9	0.7	-9.6
Nonborrowed reserves	11.0	-3.7	-5.1
Bank credit, as indicated by:			
Total member bank deposits (Bank credit proxy)	13.4	-3.5	-9.2
Proxy plus Euro-dollars	13.5	-0.2	-6.0
Proxy plus Euro-dollars and other nondeposit sources	n.a.	n.a.	-4.2
Total loans and investments (as of last Wednesday of month)	15.0	3.0	0.1
Money supply	7.2	4.3	0.2
Time and savings deposits	17.3	-4.0	-13.1
Savings accounts	6.4	4.9	1.2 1/

1/ July and August only.

Prospective developments

(7) Maintenance of prevailing money market conditions might be considered to include a weekly average Federal funds rate fluctuating between 8-1/2 and 9-1/2 per cent, member bank borrowings in a $1 - $1-1/2 billion range, and net borrowed reserves in a $900 million to $1.2 billion range. Given these conditions, however, it seems likely that the 3-month bill rate would fluctuate in a somewhat higher range than recently--perhaps between 6.90 and 7.40 per cent. While announcement of the Treasury tax bill financing for payment on October 14 has had little immediate impact on bill rates, further upward rate pressures may develop from a yet to be announced further Treasury bill financing later this month, from additional agency financings, and from potential reversal of large recent German bill purchases in the market. Dealers have worked their bill positions down to relatively low levels in anticipation of these developments, however, and the System will be a net supplier of reserves during the next three weeks, partly to accommodate the $400 million increase in required reserves resulting from imposition of marginal reserve requirements on Euro-dollars. To the extent German bill offerings do develop, therefore, the Desk may be in a position to acquire a sizable part of this supply directly.

(8) If the 3-month bill rate should rise to or above the upper end of the projected range, the market might become apprehensive that monetary policy had firmed further, with consequent problems for distributing the large volume of prospective Agency issues and for

clearing out the remaining overhang from the recent Treasury refunding. Such upward interest rate pressures would likely spread throughout the capital market, although expectations of lower interest rates could emerge as an offsetting factor if the weight of forthcoming business news were clearly on the bearish side. Should the bill rate climb enough to bring unfavorable market repercussions, it may be necessary to move toward the lower end of the recent range of fluctuation of the Federal funds rate and marginal reserve measures in order to maintain unchanged overall conditions in money and short-term credit markets.

(9) With the 3-month bill likely to remain at relatively high levels over the next few weeks, time and savings deposit flows at banks are most likely to remain adverse. On average, however, the extent of the further decline from September to October may be relatively small--perhaps in a 0 to -3 per cent range. Outflows of consumer-type time deposits should resume following the quarterly interest-crediting period, and attrition in CD's will continue. The CD decline may be noticeably less than in recent months, however, both because of the smaller volume of monthly maturities and because there is likely to be some further shifting of official foreign deposits from London branches of U.S. banks to head offices, of the sort that began to develop in late September.

(10) The money supply is likely to show a decline on average in October perhaps in a 2 - 5 per cent annual rate range. This would reflect mainly the abrupt drop in demand deposits in the last half of September which is expected to be only partially recovered during October.

(11) Total member bank deposits are likely to resume their decline in October, perhaps dropping in a 5 - 8 per cent annual rate range. This would imply further weakness, of course, in reserve aggregates. With deposits contracting further, banks may be somewhat more active than in recent weeks in the Euro-dollar market--although the total of Euro-dollar borrowings may not rise appreciably because of offsetting shifts in foreign official accounts. Banks may also become more active in the commercial paper market. Possible constrained availability of funds to the commercial paper market--reflecting in part strains on corporate liquidity--could tend to limit such borrowing, however, and outstanding loan RP's will continue to run-off. Altogether, Euro-dollar borrowings and other nondeposit sources of funds are not likely to add appreciably to funds available to banks (probably by an amount equivalent to no more than 1 percentage point in the proxy).

Policy alternative

(12) If the Committee should decide to move toward somewhat less firm money market conditions, it might consider a Federal funds rate averaging around 8-1/4 to 8-1/2 per cent, member bank borrowings around $1 billion, and net borrowed reserves of around $800 million. Over the short-run, such a move would seem unlikely to lead to sharp reductions in interest rates or to much change in monetary aggregates (as compared with a situation of no change in money market conditions). Interest rate declines would, of course, tend to be larger if market

expectations were at the same time being affected by bearish business news. But banks would not be in any position to bid effectively for domestic CD's and thus would find it difficult to fuel downward pressures on longer-term interest rates by rebuilding their own portfolios and financing speculators. However, it is likely that banks would find the market for commercial paper a somewhat more attractive source of funds at the margin as short-term interest rate pressures abated. Also other types of investors, such as pension and mutual funds--where fund flows have been less restricted, might step-up their commitment of funds to long-term markets.

(13) The money market conditions outlined in the preceding paragraph might be accompanied by a 3-month bill rate moving down over the next three weeks into a 6.70 - 7.10 per cent range. The total of member bank deposits and nondeposit sources in these circumstances might decline in a 3 - 6 per cent range in October. This decline would be only a little smaller than that projected under a policy of no change, but the effects of an easing in policy on bank credit developments in November could be expected to be significantly larger. Money supply might turn out to be somewhat less weak than otherwise, particularly as time goes on, as less restrictive bank credit availability reduced the pressure on cash balances of businesses and consumers.

Chart 1

MEMBER BANK RESERVES

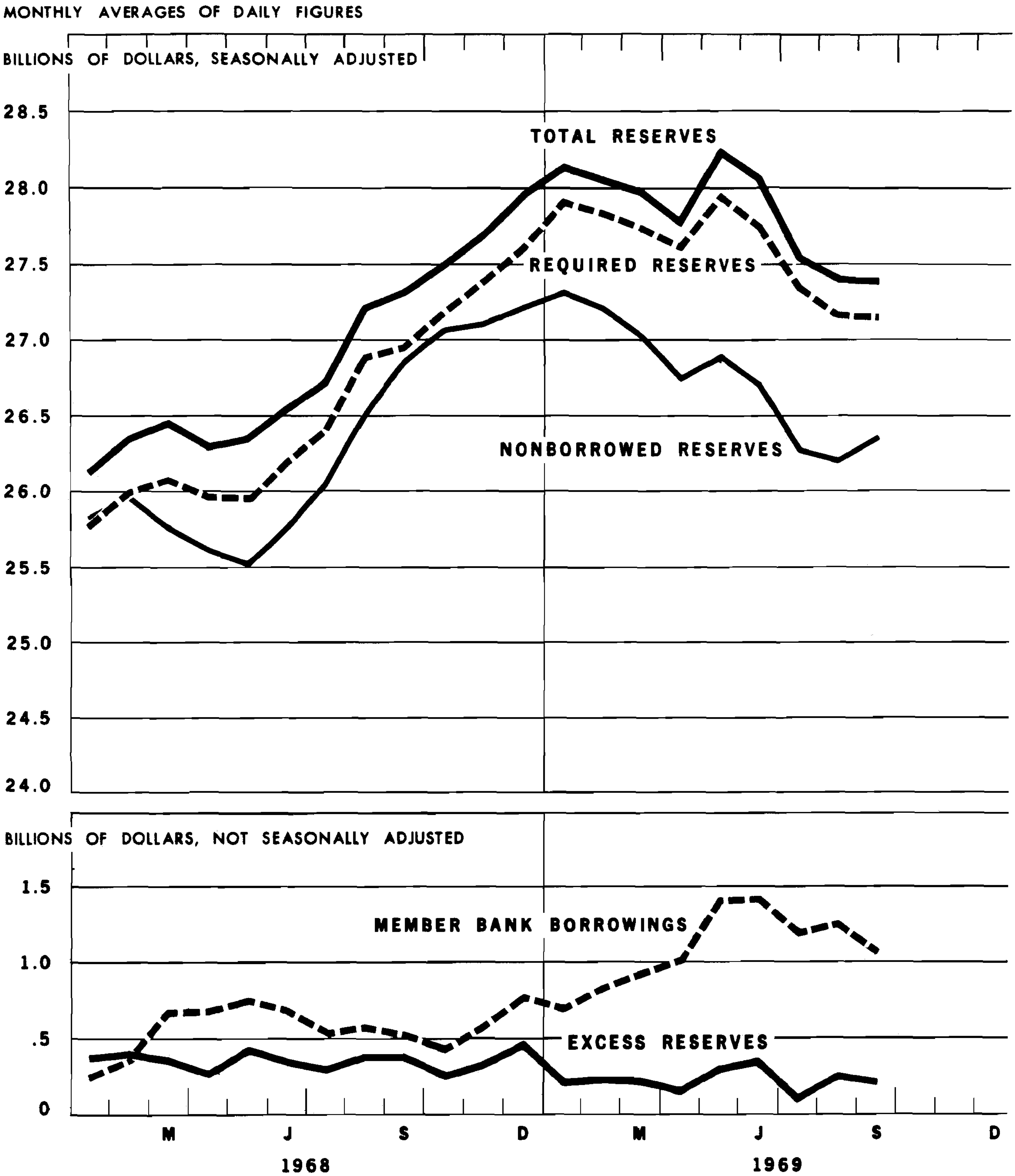


Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

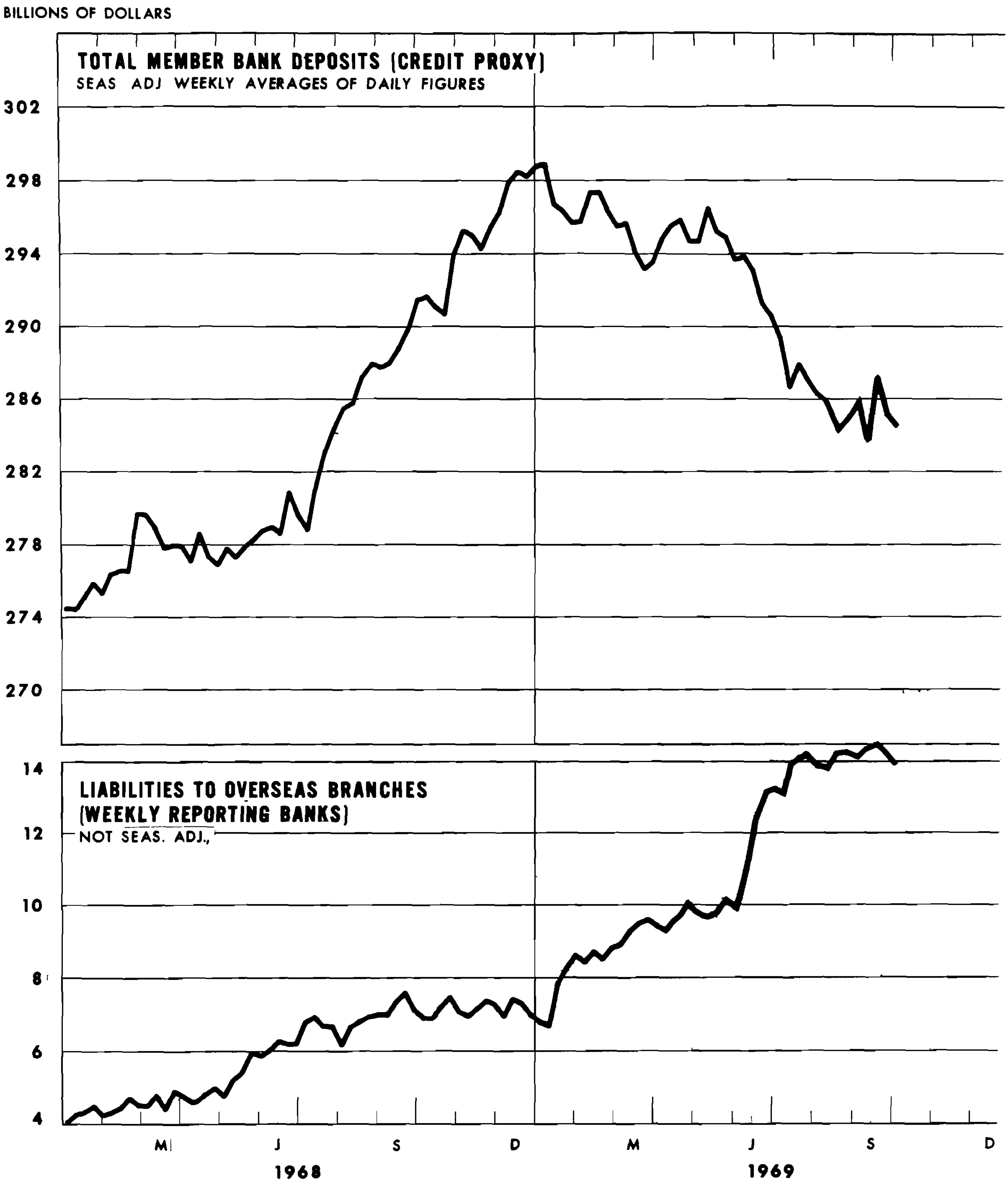


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

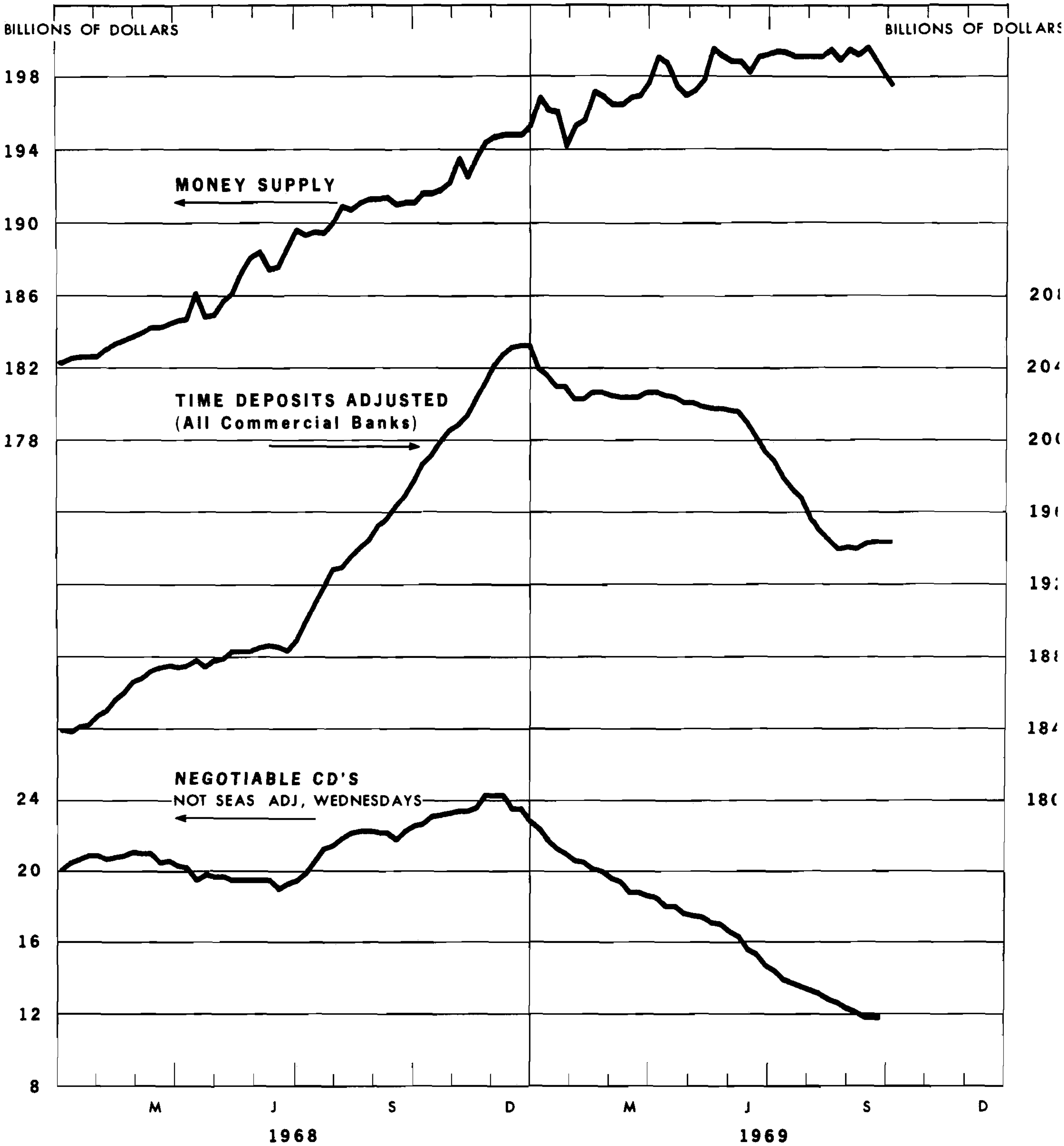
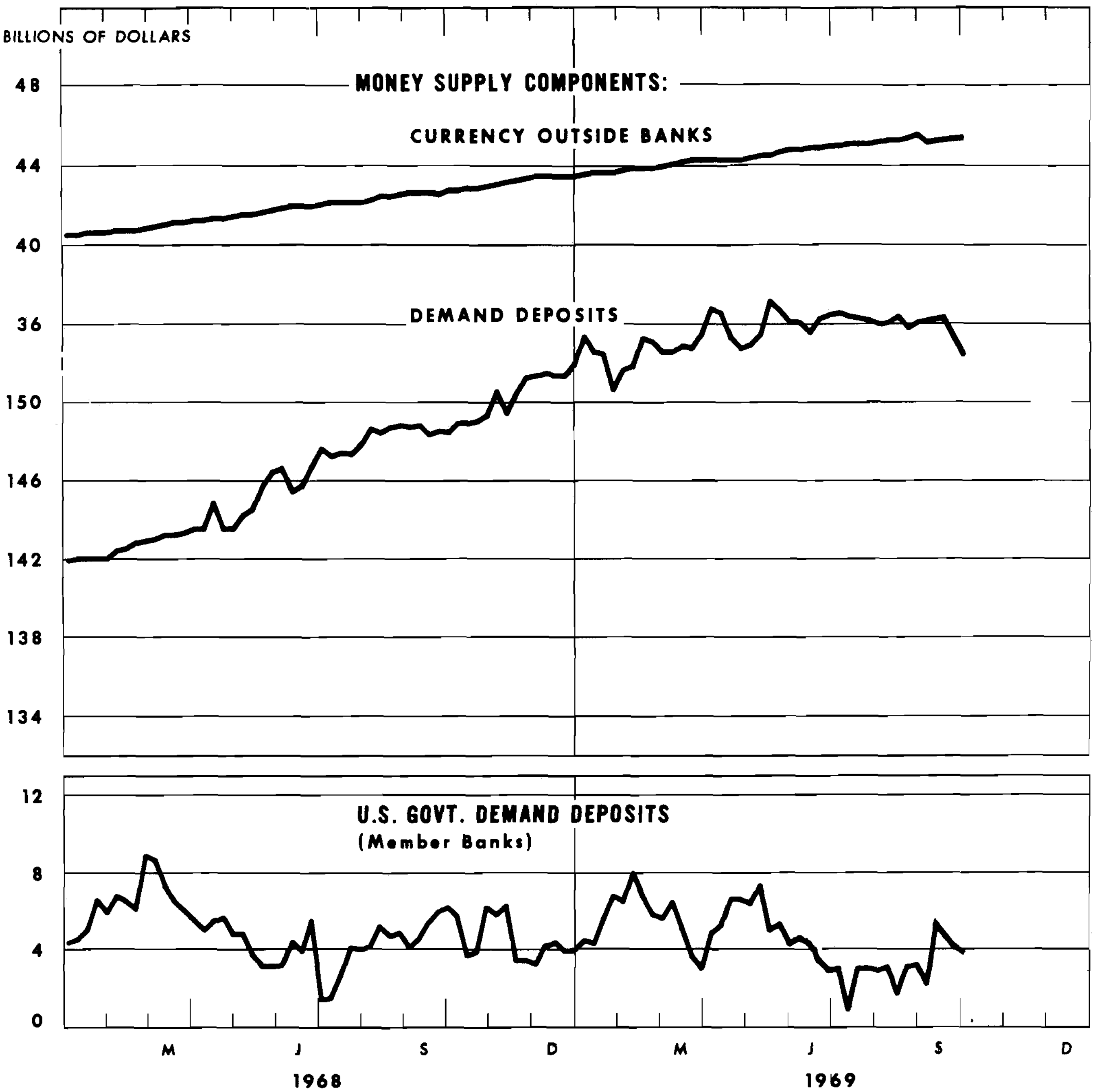


Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



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: Major banks: 8 N.Y.	Reserve City: Major banks: Outside N.Y.	Reserve City: Other	Country
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	- 270	330	600	134	223	66	177
1969--January	- 477	359	836	131	302	149	253
February	- 580	256	836	62	255	215	304
March	- 635	202	837	58	233	254	293
April	- 844	187	1,031	85	411	260	275
May	-1,116	243	1,359	123	346	397	493
June	-1,078	277	1,355	57	459	288	550
July	-1,045	266	1,311	89	250	364	608
August p	-1,997	214	1,211	81	253	256	621
September p	- 776	260	1,026	83	236	222	485
1969--May 7	-1,120	483	1,603	146	462	488	507
14	- 910	261	1,171	121	260	385	405
21	-1,242	116	1,358	164	378	361	455
28	-1,190	113	1,303	59	284	353	607
June 4	-1,152	369	1,521	43	552	289	637
11	- 812	448	1,260	86	371	302	501
18	-1,216	99	1,315	--	465	281	569
25	-1,132	191	1,323	97	460	273	492
July 2	-1,138	496	1,634	125	416	396	697
9	- 891	129	1,020	--	165	334	521
16	-1,103	176	1,279	88	302	390	499
23	- 972	382	1,354	86	214	393	661
30	-1,123	146	1,269	146	152	308	663
Aug. 6	- 839	251	1,090	18	183	251	638
13	- 996	333	1,329	118	365	256	589
20	-1,162	59	1,221	136	267	194	624
27	- 992	212	1,204	53	196	322	633
Sept. 3	- 860	380	1,240	57	286	233	664
10 p	- 405	335	740	64	39	172	465
17 p	- 897	120	1,017	128	311	154	424
24 p	- 903	203	1,106	84	306	328	388
Oct. 1 p	-1,198	240	1,438	95	527	267	549

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									
1967	+10.3	+11.6	+10.5	+11.8	+ 6.6	+ 5.5	+ 7.0	+15.9	+11.7
1968	+ 7.9	+ 6.4	+ 7.9	+ 9.0	+ 7.2	+ 7.4	+ 7.1	+11.5	+ 9.8
Quarterly									
1st Quarter 1968	+ 7.9	+ 1.1	+ 7.5	+ 7.3	+ 5.5	+ 6.9	+ 5.4	+ 7.6	+ 7.6
2nd Quarter 1968	+ 1.5	+ 2.1	+ 1.8	+ 1.4	+ 8.7	+ 7.8	+ 8.7	+ 3.0	+ 3.7
3rd Quarter 1968	+11.5	+15.0	+11.5	+13.6	+ 6.8	+ 7.6	+ 6.8	+16.5	+14.7
4th Quarter 1968	+ 9.6	+ 5.3	+ 9.8	+12.7	+ 5.9	+ 0.9	+ 7.0	+17.3	+12.3
1st Quarter 1969	+ 0.1	+ 2.8	+ 1.7	- 4.8	+ 5.4	+12.1	+ 3.4	- 5.1	- 1.4
2nd Quarter 1969	+ 1.2	+ 4.7	+ 0.2	- 2.2	+ 4.5	+ 6.3	+ 3.9	- 3.0	+ 1.4
3rd Quarter 1969	- 9.6	- 5.1	- 8.6	- 9.2	+ 0.2	+ 4.5	- 1.0	-13.1	- 6.0
Monthly:									
1968--April	- 6.9	- 6.9	- 5.2	- 3.2	+ 5.9	+ 5.8	+ 5.0	+ 3.2	- 4.7
May	+ 2.5	+ 0.9	- 0.6	+ 2.2	+11.0	+ 8.7	+12.5	+ 3.2	+ 6.0
June	+ 8.8	+12.3	+11.3	+ 7.3	+ 9.0	+ 8.7	+ 8.3	+ 2.6	+ 9.7
July	+ 7.6	+13.8	+ 9.4	+ 9.4	+ 8.9	+ 5.7	+ 9.8	+15.9	+10.5
August	+22.4	+22.4	+22.3	+22.2	+ 8.9	+ 8.6	+ 8.9	+17.0	+22.5
September	+ 4.3	+ 8.3	+ 2.6	+ 8.8	+ 2.5	+ 8.5	+ 1.6	+16.1	+10.6
October	+ 8.5	+ 9.2	+10.4	+13.3	+ 2.5	+ 2.8	+ 2.4	+18.3	+12.1
November	+ 7.9	+ 1.3	+ 8.4	+11.5	+11.3	+11.2	+11.3	+16.2	+11.6
December	+12.1	+ 5.3	+10.2	+13.0	+ 7.4	+ 5.6	+ 7.2	+16.6	+11.5
1969--January	+ 7.5	+ 4.5	+12.7	- 3.2	+ 9.9	+19.6	+ 7.1	-10.0	- 0.8
February	- 3.4	- 4.9	- 3.0	- 1.2	+ 3.1	+ 8.3	+ 1.6	- 4.7	+ 2.0
March	- 3.8	- 8.0	- 4.4	-10.1	+ 3.1	+ 8.2	+ 1.6	- 0.6	- 6.7
April	- 8.5	-12.0	- 5.0	+ 4.9	+ 7.9	+ 2.7	+10.2	--	+ 5.5
May	+19.9	+ 6.0	+14.3	- 1.2	+ 1.2	+ 8.1	- 1.6	- 3.6	--
June	- 7.6	- 8.2	- 8.6	-10.2	+ 4.2	+ 8.1	+ 3.1	- 5.4	- 1.2
July	-22.5	-19.3	-17.6	-18.9	+ 2.4	+ 5.4	+ 1.6	-18.5	-11.4
August p	- 5.8	- 2.9	- 7.6	-11.1	- 1.8	+ 8.0	- 4.7	-19.4	- 9.5
September p	- 0.7	+ 7.0	- 0.7	+ 2.5	--	--	--	- 1.9	+ 2.8

p - Preliminary.

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)			(In billions of dollars)								
Monthly:												
1968--January	26,134	25,818	25,774	275.1	149.9	119.7	5.4	182.6	40.6	142.0	184.1	279.4
February	26,352	25,961	25,989	277.4	150.2	120.1	7.1	183.3	40.7	142.6	185.8	281.9
March	26,451	25,755	26,078	278.5	151.2	120.6	6.7	184.2	41.1	143.2	187.8	283.2
April	26,298	25,606	25,964	277.3	151.3	120.8	5.2	185.1	41.3	143.8	187.7	282.1
May	26,353	25,626	25,952	277.8	151.5	122.7	3.7	186.8	41.6	145.3	188.2	283.5
June	26,547	25,889	26,196	279.5	151.8	123.8	3.9	188.2	41.9	146.3	188.6	285.8
July	26,715	26,186	26,402	281.7	153.8	125.2	2.7	189.6	42.1	147.5	191.1	288.3
August	27,213	26,675	26,893	286.9	156.5	125.6	4.8	191.0	42.4	148.6	193.8	293.7
September	27,311	26,860	26,951	289.0	158.9	124.8	5.3	191.4	42.7	148.8	196.4	296.3
October	27,504	27,066	27,185	292.2	161.5	125.7	5.0	191.8	42.8	149.1	199.4	299.3
November	27,685	27,095	27,376	295.0	163.5	126.8	4.7	193.6	43.2	150.5	202.1	302.2
December	27,964	27,215	27,609	298.2	165.8	128.2	4.2	194.8	43.4	151.4	204.9	305.1
1969--January	28,139	27,318	27,902	297.0	163.2	128.4	5.4	195.8	43.5	152.3	203.2	304.8
February	28,060	27,206	27,832	296.7	161.0	129.1	6.7	196.3	43.8	152.5	202.4	305.3
March	27,972	27,024	27,729	294.2	160.5	128.9	4.8	196.8	44.1	152.7	202.3	303.6
April	27,775	26,754	27,614	295.4	160.1	129.4	5.9	198.1	44.2	154.0	202.3	305.0
May	28,235	26,888	27,942	295.1	159.3	130.0	5.9	198.3	44.5	153.8	201.7	305.0
June	28,056	26,705	27,742	292.6	158.1	130.5	4.0	199.0	44.8	154.2	200.8	304.7
July	27,530	26,275	27,334	288.0	155.1	130.5	2.4	199.4	45.0	154.4	197.7	301.8
August	27,398	26,211	27,161	285.3	152.5	130.0	2.9	199.1	45.3	153.8	194.5	299.4
September p	27,382	26,364	27,146	285.9	152.2	129.3	4.3	199.1	45.3	153.8	194.2	300.1

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.

Table 4

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

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)			(In billions of dollars)								
Weekly:												
1969--Jan. 1	28,359	27,439	27,883	298.8	165.5	129.3	4.1	195.3	43.4	151.9	205.2	305.6
8	28,041	27,333	27,799	298.9	164.4	129.9	4.6	196.8	43.5	153.3	203.9	305.6
15	28,290	27,552	28,065	296.7	163.9	128.5	4.3	196.1	43.6	152.5	203.5	299.8
22	28,223	27,416	28,010	296.3	162.8	127.9	5.6	196.0	43.6	152.4	202.9	304.6
29	28,009	26,998	27,781	295.7	162.1	126.8	6.9	194.2	43.6	150.6	202.9	304.3
Feb. 5	27,999	27,170	27,740	295.8	161.4	128.0	6.5	195.3	43.7	150.6	202.2	304.3
12	27,929	27,180	27,748	297.4	161.1	128.2	8.0	195.6	43.8	151.8	202.2	306.0
19	27,986	26,917	27,748	297.4	160.8	129.8	6.8	197.1	43.8	153.2	202.6	305.9
26	28,246	27,490	28,017	296.3	160.6	129.9	5.7	196.8	43.8	153.0	202.6	305.1
Mar. 5	28,285	27,401	28,003	295.5	160.4	129.5	5.6	196.4	43.9	152.5	202.4	304.4
12	28,034	27,109	27,734	295.7	160.6	128.6	6.5	196.4	44.0	152.5	202.3	305.0
19	27,781	27,000	27,686	294.1	160.5	128.5	5.1	196.8	44.1	152.8	202.3	303.6
26	27,942	26,931	27,684	293.2	160.7	129.0	3.6	196.9	44.2	152.7	202.3	302.8
Apr. 2	27,879	26,689	27,570	293.6	160.7	130.0	3.0	197.6	44.2	153.4	202.6	303.0
9	27,611	26,634	27,431	294.9	160.6	129.5	4.9	199.0	44.2	154.7	202.6	304.2
16	27,590	26,838	27,515	295.6	160.2	130.0	5.3	198.7	44.2	154.5	202.4	305.1
23	27,848	26,733	27,698	295.9	160.1	129.1	6.8	197.4	44.2	153.2	202.3	305.7
30	28,023	26,830	27,823	294.7	159.8	128.3	6.6	196.9	44.2	152.7	202.0	304.7
May 7	28,501	27,048	27,993	294.7	159.6	128.7	6.4	197.2	44.3	152.9	202.0	304.5
14	28,162	26,980	27,888	296.5	159.4	129.8	7.3	197.8	44.4	153.4	201.8	306.2
21	28,020	26,629	27,844	295.2	159.3	131.0	5.0	199.5	44.4	155.1	201.7	305.0
28	28,219	26,920	28,091	294.9	159.1	130.6	5.3	199.1	44.6	154.6	201.7	305.1
June 4	28,320	26,829	27,826	293.7	158.8	130.6	4.3	198.8	44.7	154.0	201.6	303.6
11	28,308	27,028	27,800	293.9	158.7	130.6	4.6	198.8	44.7	154.0	201.5	304.9
18	27,833	26,543	27,698	293.1	158.2	130.6	4.3	198.2	44.8	153.5	200.9	305.6
25	27,761	26,588	27,701	291.3	157.6	130.3	3.4	199.1	44.8	154.2	200.1	304.5
July 2	28,217	26,543	27,711	290.6	157.0	130.7	2.9	199.2	44.9	154.4	199.3	303.8
9	27,506	26,461	27,462	289.4	156.1	130.2	3.0	199.4	44.9	154.5	198.8	302.5
16	27,568	26,370	27,492	286.7	155.3	130.5	.9	199.3	45.0	154.3	197.9	300.7
23	27,703	26,274	27,307	288.0	154.6	130.5	3.0	199.1	45.0	154.2	197.2	302.2
30	27,151	25,927	26,980	287.1	154.1	130.0	3.0	199.1	45.0	154.1	196.7	301.3
Aug. 6	27,491	26,411	27,258	286.2	153.4	129.9	2.9	199.1	45.1	153.9	195.6	300.2
13	27,538	26,309	27,216	285.9	152.9	129.9	3.1	199.1	45.2	154.0	194.9	299.8
20	27,151	25,915	27,164	284.4	152.4	130.3	1.7	199.5	45.2	154.3	194.4	298.6
27	27,433	26,259	27,135	285.1	152.1	129.9	3.1	198.9	45.3	153.7	193.9	299.4
Sept. 3	27,387	26,172	26,957	285.8	151.9	130.7	3.2	199.5	45.5	154.0	194.0	300.0
10	27,325	26,687	27,059	283.7	151.9	129.7	2.2	199.3	45.1	154.2	193.9	298.1
17	27,358	26,353	27,238	287.2	152.1	129.8	5.3	199.5	45.2	154.3	194.2	301.6
24	27,235	26,198	26,982	285.2	152.3	128.7	4.1	198.5	45.3	153.2	194.3	299.4
Oct. 1	27,644	26,288	27,424	284.4	152.4	128.2	3.9	197.5	45.3	152.3	194.3	298.3

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.

Table 5

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	Bills 1/	Other	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--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 7	+ 794	+ 345	+ 41 (--)	--	+ 304	- 25	- 11	+ 485
14	- 293	+ 118	+ 66 (- 156)	--	+ 52	+ 18	+ 3	- 432
21	+ 149	- 39	+ 190 (+ 156)	+ 27	- 256	+ 9	- 8	+ 187
28	+ 259	+ 307	+ 243 (--)	+ 96	- 32	+ 21	- 14	- 55
June 4	+ 439	+ 308	+ 351 (--)	+ 73	- 116	- 50	- 37	+ 218
11	- 35	+ 256	+ 284 (- 71)	--	- 28	- 20	- 10	- 261
18	- 18	- 33	+ 118 (- 309)	--	- 151	- 29	- 11	+ 55
25	- 168	- 174	- 174 (+ 191)	--	--	--	- 2	+ 8
July 2	+ 679	+ 297	+ 180 (+ 189)	--	+ 117	+ 53	+ 18	+ 311
9	- 247	+ 401	+ 332 (- 121)	+ 67	+ 2	- 29	- 5	- 614
16	+ 261	+ 30	+ 122 (+ 121)	--	- 92	- 15	- 13	+ 259
23	- 337	- 408	- 404 (- 146)	--	- 4	- 4	--	+ 75
30	- 379	- 287	- 264 (- 95)	--	- 23	- 5	- 2	- 85
Aug. 6	+ 562	+ 672	+ 241 (+ 241)	--	+ 431	+ 48	+ 21	- 179
13	+ 153	- 69	- 71 (- 98)	--	+ 2	- 17	--	+ 239
20	- 198	- 45	+ 355 (+ 10)	--	- 400	- 27	- 18	- 108
27	+ 86	+ 96	+ 61 (+ 37)	--	+ 35	+ 4	+ 3	- 17
Sept. 3	+ 273	+ 218	+ 155 (+ 51)	--	+ 63	+ 14	+ 5	+ 36
10 p	-1,434	- 900*	-1,276 (- 632)	--	- 131	- 22	- 12	- 500
17 p	- 401	- 686*	- 890 (+ 531)	--	+ 50	+ 4	+ 4	+ 277
24 p	+ 730	+ 633*	+1,254 (+ 101)	--	+ 40	+ 8	--	+ 89
Oct. 1 p	+ 623	+ 298	+ 87 (--)	--	+ 211	- 3	- 4	+ 332

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, $-723 million of the week of April 23 , $+507 million of the week of September 10, $+154 million of the week of September 17, and $-661 million of the week of September 24.
p - Preliminary.

Table 6

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

Period	Factors affecting supply of reserves: 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	= Bank use of reserves: Required reserves	Excess 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--April 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	+ 794	--	- 99	+ 16	- 18	- 40	- 100	+ 553	+ 155	+ 398
14	- 293	--	- 270	- 42	- 120	+ 32	+ 288	- 404	- 182	- 222
21	+ 149	--	- 450	+ 141	+ 295	- 4	- 167	- 34	+ 111	- 145
28	+ 259	--	+ 155	+ 128	- 350	+ 8	- 242	- 43	- 40	- 3
June 4	+ 439	--	- 348	- 108	+ 220	+ 18	- 306	- 86	- 342	+ 256
11	- 35	--	- 51	- 217	+ 119	+ 3	- 20	- 199	- 278	+ 79
18	- 18	--	- 419	- 354	+ 123	--	+ 261	- 408	- 59	- 349
25	- 168	--	+ 115	- 179	+ 172	- 7	- 1	- 70	- 162	+ 92
July 2	+ 679	--	+ 3	+ 221	- 262	- 19	- 84	+ 534	+ 229	+ 305
9	- 247	--	- 344	+ 23	+ 382	- 48	- 89	- 324	+ 43	- 367
16	+ 261	--	- 136	- 65	- 122	+ 48	+ 113	+ 99	+ 52	+ 47
23	- 337	--	- 174	- 87	+ 465	- 9	+ 31	- 111	- 317	+ 206
30	- 379	--	+ 719	- 6	- 920	+ 14	+ 4	- 570	- 334	- 236
Aug. 6	+ 562	--	- 201	+ 318	+ 3	- 30	- 207	+ 448	+ 343	+ 105
13	+ 153	--	- 180	- 147	+ 19	+ 10	+ 63	- 82	- 164	+ 82
20	- 198	--	- 417	+ 259	+ 395	+ 8	+ 153	+ 199	+ 473	- 274
27	+ 86	--	+ 289	- 153	- 458	- 4	- 9	- 250	- 403	+ 153
Sept. 3	+ 273	--	- 145	+ 39	- 110	- 9	- 31	+ 18	- 149	+ 168
10 p	-1,434	--	+ 35	+ 860	+ 368	+ 27	+ 106	- 37	+ 8	- 45
17 p	- 401	--	- 72	- 18	+ 175	- 2	+ 246	- 73	+ 142	- 215
24 p	+ 730	--	+ 218	-1,125	+ 195	- 11	+ 104	+ 108	+ 25	+ 83
Oct. 1 p	+ 623	--	+ 270	+ 64	- 699	+ 11	+ 138	+ 408	+ 371	+ 37
PROJECTED 2/										
1969--Oct. 8	+ 110	--	- 235	+ 170	+ 50	- 5	- 130	- 40	- 40	--
15	+ 360	--	- 310	- 30	- 50	- 10	+ 95	+ 55	+ 55	--
22 3/	+ 55	--	- 285	--	+ 400	--	+ 125	+ 295	+ 295	--
29	+ 45	--	+ 405	--	- 475	--	--	- 25	- 25	--
Nov. 5	+ 405	--	- 130	--	- 200	--	--	+ 75	+ 75	--

1/ For retrospective details, see Table 5.
2/ See reverse side for explanation.
3/ Includes estimated change for reserves held against Euro-dollars of $400 million, effective October 16, 1969.
p - Preliminary.

Explanation of Projections in Table 6

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 $1.9 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: $2.0 billion, October 14.