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(CONFIDENTIAL FR)

June 25, 1971.

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the Staff

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) Recent data indicate that growth rates of the monetary aggregates in June and the second quarter have not changed much from the staff projections presented in the Blue Book three weeks ago, although figures for June are complete only through mid-month.

Growth Rates in Key Monetary Aggregates^{1/}
(Per cent annual rates of changes)

	<u>Specified at Previous FOMC Meeting</u>		<u>Currently Estimated</u>	
	<u>June</u>	<u>2nd Quarter</u>	<u>June</u>	<u>2nd Quarter</u>
M ₁	9.5	12.0	9.5	11.5
M ₂	12.5	13.5	12.5	13.0
Adjusted Proxy	9.0	7.5	7.5	7.0

^{1/} Tables 7 and 7A in the back of the Blue Book show the reconciliation among the various monetary aggregates.

The small downward revisions in second-quarter growth rates for M₁ and M₂ reflect both a slight revision of data for May and some deceleration in these aggregates relative to Blue Book path in June. Data for the week of June 23, when most of this deceleration seems to occur, however, are still partially estimated. The bank credit proxy, which shows the largest downward revision, has been running substantially below Blue Book path throughout June.

Recent Paths of the Key Monetary Aggregates
(Seasonally adjusted, billions of dollars)

<u>Month</u>	<u>M₁</u>		<u>M₂</u>		<u>Adjusted Credit Proxy</u>	
	<u>Bluebook</u>	<u>Actual</u>	<u>Bluebook</u>	<u>Actual</u>	<u>Bluebook</u>	<u>Actual</u>
	<u>Path</u>	<u>Actual</u>	<u>Path</u>	<u>Actual</u>	<u>Path</u>	<u>Actual</u>
May		223.9		447.2		343.8
June	226.1	225.7 ^{pe/}	452.4	451.8 ^{pe/}	346.7	346.0 ^{pe/}
<u>Week ending:</u>						
June 2	225.7	225.6	450.7	450.6	346.7	345.8
June 9	224.3	224.1	449.8	449.3	346.6	345.7
June 16	226.1	226.1	452.2	452.0	347.2	346.5
June 23	227.6	226.6 ^{pe/}	454.7	453.3 ^{pe/}	347.0	345.0 ^{pe/}

pe--partly estimated

(2) Since the last meeting of the Committee the Federal funds rate has worked gradually higher, moving up from 4-3/4 per cent to around 5-1/8 per cent most recently. Short-term rates generally have risen by about 1/3 to 1/2 a percentage point since the last meeting, with the 3-month bill most recently quoted around 4.90 per cent. Longer-term yields have also risen on balance, with the largest rise of about 1/2 a percentage point in the municipal market.

(3) Several medium-sized commercial banks increased their prime loan rates during the inter-meeting interval, but thus far major money market banks have not followed this move. In addition, the Treasury announced a cash financing package on June 16 consisting of a \$2-1/4 billion short-term note issue auctioned on June 22 and a \$1-3/4 billion September tax anticipation issue for auction on June 30. The Treasury also increased the size of its weekly Treasury bill offering by \$100 million; such increases may be continued in the future. The Treasury

financing package was well received by the markets. It may obviate the need for further market borrowing by the Treasury until July or early August, assuming that Germany sells \$2 to \$3 billion of its holdings of U.S. Treasury bills, as planned, and transfers the proceeds to the Treasury in exchange for special securities of longer-maturity.

(4) Member bank borrowings at the Federal Reserve Banks during the last four statement weeks have averaged about \$450 million, considerably above their May average of \$212 million. Excess reserves have remained roughly unchanged at an average level of \$200 million. The increase in member bank borrowing partly reflects the emergence of a positive spread of the Federal funds rate over the discount rate. Recent reports indicate that borrowing has been undertaken largely by banks that are not continuously in debt to the Federal Reserve.

(5) The table on the next page summarizes seasonally adjusted annual rates of change in major financial aggregates for selected periods.

	Fourth Quarter (Dec. over Sept.)	First Quarter (March over Dec.)	4th and 1st Qtrs. Combined (March over Sept.)	Second Quarter (June over March) ^{pe/}
Total Reserves	6.6	11.0	8.9	7.5
Nonborrowed Reserves	9.4	11.0	10.3	7.0
<u>Concepts of Money</u>				
M ₁ (Currency plus demand deposits <u>1/</u>)	3.4	8.9	6.2	11.5
M ₂ (M ₁ plus time deposits at commercial banks other than large CD's)	9.2	17.8	13.7	13.0
M ₃ (M ₂ plus deposits at thrift institutions)	9.7	19.0	14.6	15.8 ^{3/}
<u>Bank Credit</u>				
Total member bank deposits (Bank credit proxy adj.)	8.3	10.9	9.7	6.8
Loans and investments of commercial banks <u>2/</u>	8.5	12.2	10.5	5.7 ^{3/}
<u>Short-term market paper</u> (actual \$ change in billions)				
Large CD's	\$ 4.3	\$ 1.8	\$ 6.1	\$ 0.1
Bank-related commercial paper N.S.A.	- 2.3	- 0.7	- 2.9	0.1 ^{3/}
Nonbank commercial paper	1.5	- 1.9	- 0.4	- 0.3

1/ Other than interbank and U.S. Government.

2/ Based on month-end figures. Includes loans sold to affiliates and branches.

3/ May 1971 over March 1971.

pe/ Partly estimated.

N.S.A. Not seasonally adjusted.

NOTE: All items are based on averages of daily figures, except for data on total loans and investments of commercial banks, commercial paper and thrift institutions--which are either end-of-month or last Wednesday of month figures.

Prospective developments

(6) Three possible policy alternatives showing different relationships among money market conditions, bill rates, and monetary aggregates are summarized in the table below. More detailed information and monthly paths for the full range of aggregates are shown in the table on the next page.^{1/} It should be noted that the wide borrowing ranges, particularly for alternatives B and C, allow for a possible increase in borrowings from one bank which has special problems.

	<u>Alternative A</u>	<u>Alternative B</u>	<u>Alternative C</u>
Federal funds rate	4-7/8--5-1/8%	5--5-1/2%	5-1/2--6%
Member bank borrowings	\$350-500 million	\$450-700 million	\$650-850 million
3-month bill rate	4-3/4--5-1/4%	5--5-1/2%	5-3/4--6-1/4%
Growth in M ₁ : (SAAR)			
July	10%	10%	9-1/2%
August	10-1/2%	9-1/2%	8%
September	9%	8%	7%
3rd Quarter	10%	9%	8%

(7) For seasonal reasons--including Treasury cash borrowing requirements and the ending of reinvestment demand that normally appears in the last half of June as mid-year tax bills mature--the 3-month bill rate is expected to rise in July from its recent level. Sales of bills for foreign accounts may also put upward pressure on rates. The bill rate would be expected to rise more if the Federal funds rate and associated day-to-day dealer financing costs go up. If the Federal funds rate moves rapidly to or above 5-1/2 per cent, expectational factors may well push the bill rate above the funds rate.

^{1/} Weekly paths are appended on p. 13.

Alternative Monthly and Quarterly
Paths of Key Monetary Aggregates
(Seasonally adjusted, billions of dollars)

	M ₁			M ₂		
	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C
<u>1971</u>						
June	225.7	225.7	225.7	451.8	451.8	451.8
July	227.6	227.6	227.5	455.6	455.6	455.3
August	229.6	229.4	229.0	459.5	459.1	458.2
September	231.3	230.9	230.3	462.8	462.0	460.6

Per Cent Annual Rates of Growth

June	9.5	9.5	9.5	12.5	12.5	12.5
July	10.0	10.0	9.5	10.0	10.0	9.5
August	10.5	9.5	8.0	10.5	9.0	7.5
September	9.0	8.0	7.0	8.5	7.5	6.5
2nd Q. 1971	11.5	11.5	11.5	13.0	13.0	13.0
3rd Q. 1971	10.0	9.0	8.0	9.5	9.0	8.0

Adjusted Credit Proxy

Total Reserves

	<u>Adjusted Credit Proxy</u>			<u>Total Reserves</u>		
	Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C
<u>1971</u>						
June	346.0	346.0	346.0	31.3	31.3	31.3
July	350.4	350.4	350.3	31.8	31.8	31.8
August	353.1	352.9	352.2	32.2	32.1	32.1
September	355.2	354.6	353.7	32.3	32.2	32.1

Per Cent Annual Rates of Growth

June	7.5	7.5	7.5	3.5	3.5	3.5
July	15.5	15.5	15.0	18.5	18.5	18.5
August	9.0	8.5	6.5	13.5	12.5	11.5
September	7.0	6.0	5.0	4.5	3.0	1.0
2nd Q. 1971	7.0	7.0	7.0	7.5	7.5	7.5
3rd Q. 1971	10.5	10.0	9.0	12.5	12.0	10.5

(8) Alternative A maintains money market conditions in a range around the average level of recent weeks; in the last few business days the Desk has been aiming at a rate around the upper end of that range. The alternative A money market conditions would seem most likely to be associated with around a 10 per cent annual rate of growth in M_1 over the third quarter. Alternatives B and C provide for more scope to vary money market conditions in an effort to reduce rates of growth in the monetary aggregates. Because of the lagged relationship between tighter money market conditions and money demand, however, such slower growth rates would not be expected to develop in any significant way until later in the summer. In the fourth quarter we would expect a further marked slowing in growth rates of M_1 as lagged reactions to earlier high interest rates continue and as the apparently sizable precautionary demand for cash of the past few months is worked off. Indeed, under alternative C, little or no growth in M_1 would be expected in the fourth quarter; and alternative B, if maintained, might provide a growth rate of only modest proportions.

(9) Growth in M_2 is likely to slow more in the third quarter than growth in M_1 . We would expect the higher level of market interest rates to moderate net savings inflows somewhat; and the AT&T preferred stock offering will be a factor adding to withdrawals from banks (and other savings institutions) during the mid-year reinvestment period. Of course, to the extent money market conditions tighten further (as under alternatives B and C) and this is communicated to the broader structure of

market yields, relatively more slowing of expansion in consumer-type time and savings deposits at banks and in M_2 would be expected.

(10) In contrast to the behavior of M_1 and M_2 , the bank credit proxy is expected to grow more rapidly over the third quarter than in the second, with July and August the period of greatest growth. Banks are likely to be adding to their U.S. Government security holdings on average as they help underwrite and also add to portfolio more permanently, part of the expected large Treasury cash borrowings. In contrast, banks' Government security holdings had declined somewhat on balance during the second quarter (apart from acquisitions of the newly auctioned 6 per cent Treasury note for payment at the end of June). Part of the anticipated acceleration of bank credit growth would be financed by an increase in U.S. Government deposits, which are now projected to rise by about \$2 billion from June to August, following a decline of nearly \$1-1/2 billion from April to June. In addition, banks are not expected to run off nondeposit sources further, and may add modestly to outstanding large CD's. If money market conditions tighten, as assumed under alternatives B and C, we would anticipate somewhat more rapid growth in CD's and greater use of Euro-dollar borrowings as banks make an effort to compensate, at least in part, for smaller inflows of funds through private demand and consumer-type time deposits.

(11) With the corporate calendar tending to moderate, corporate bond yields could decline under the conditions of alternative A, especially if there were no general rise in the prime rate, or if the rise was limited

to only 1/4 of a percentage point. Any significant drop in corporate rates would tend to moderate upward pressures in the municipal and mortgage markets. Alternative B money market conditions (particularly if the funds rate moves to the upper end of the range) would reduce the likelihood of any rally in the corporate bond market over the near-term, and could cause such yields to back up somewhat, at least for a time. The higher Federal funds rate would also probably lead to increased yields on U.S. Government securities as the cost to banks and dealers of participating in the forthcoming Treasury financings rises. Under alternative C, substantial across-the-board increases in long-term interest rates would be highly likely. A rise in the Federal funds rate of the size specified would be viewed by the market as a marked tightening in monetary policy. It would seem to signal a rise in the discount rate, would bring the viability of even a 6 per cent bank prime rate under question, and would represent a sizable movement toward the point where the remaining Regulation Q ceilings on longer maturity CD's would begin to bite.

Possible directive language

(12) This section presents possible language for the second paragraph of the directive corresponding to the three alternative policy courses discussed above.

(13) Alternative A. The following language is proposed for possible use if the Committee decides to call for preserving about the same money market conditions to which the credit markets have adjusted in recent weeks, subject to a proviso clause.

~~"To implement this policy, the Committee seeks to moderate-growth-in-monetary-aggregates-over-the-months-ahead; taking-account-of-developments-in-capital-markets: System open market operations until the next meeting of the Committee shall be conducted with a view to MAINTAINING PREVAILING achieving-bank-reserve-and money market conditions; consistent with-these-objectives PROVIDED THAT SOMEWHAT FIRMER CONDITIONS SHALL BE SOUGHT IF IT APPEARS THAT THE MONETARY AND CREDIT AGGREGATES ARE SIGNIFICANTLY EXCEEDING THE GROWTH PATHS EXPECTED AND IF CAPITAL MARKETS ARE NOT UNDER EXCESSIVE PRESSURE."~~

If the Committee adopts this alternative, it may wish to consider the money market conditions noted for alternative A in paragraph (6) as a description of "prevailing" conditions, and for purposes of the proviso clause to adopt the aggregate growth paths discussed earlier in connection with alternative A as the "expected" paths. The proviso clause has been formulated in one-way terms, guarding against excesses but not

shortfalls, on the assumption that the Committee would not want money market conditions to be eased in the coming period if the aggregates should fall short of the indicated paths. The proposed language contemplates that firming actions under the proviso clause would be taken only "if capital markets are not under excessive pressure."

(14) Alternative B. This language is proposed for possible use if the Committee decides to continue to formulate its primary instruction in terms of objectives for the monetary aggregates, subject to any constraints that might be imposed by developments in capital markets.

"To implement this policy, the Committee seeks to moderate growth in monetary aggregates over the months ahead, taking account of developments in capital markets. System open market operations until the next meeting of the Committee shall be conducted with a view to achieving bank reserve and money market conditions consistent with those objectives."

Although this language is identical to that adopted at the June 8 meeting, it is not regarded as a "no change" directive in the sense of calling for no further policy action. Rather it calls for holding to the course of continued orderly firming of bank reserve and money market conditions, insofar as that might be necessary to maintain downward pressure on the growth rates of the monetary aggregates. The money market specifications mentioned earlier in connection with this alternative--including the proposed 5 to 5-1/2 per cent range for the Federal funds rate--would give

the Manager more flexibility to firm market conditions than he would have under alternative A. If the Committee adopts alternative B it could choose to instruct the Manager to move gradually toward the upper end of the indicated range for the funds rate even if the monetary aggregates are growing at the rates specified earlier in connection with alternative B, so long as it appears that such action would not be unduly disturbing to the capital markets.

(15) Alternative C. This language is proposed for possible use if the Committee decides to strive for the more substantial moderation of growth in the monetary aggregates discussed earlier in connection with alternative C.

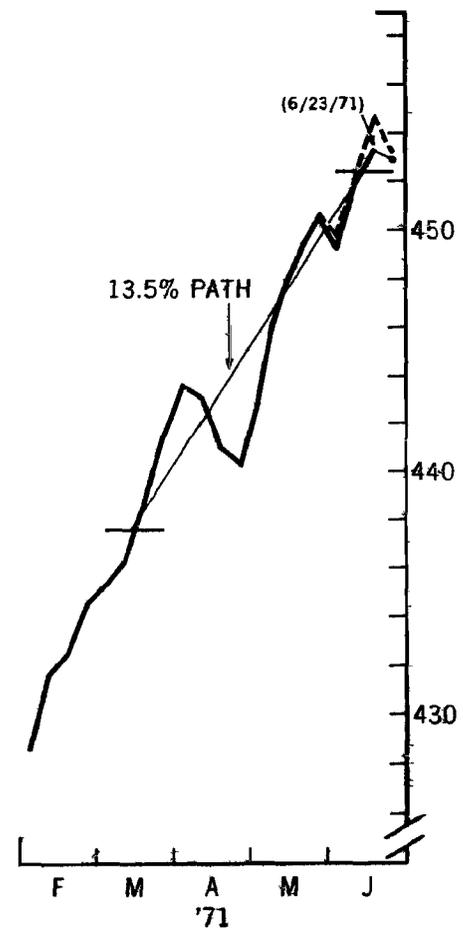
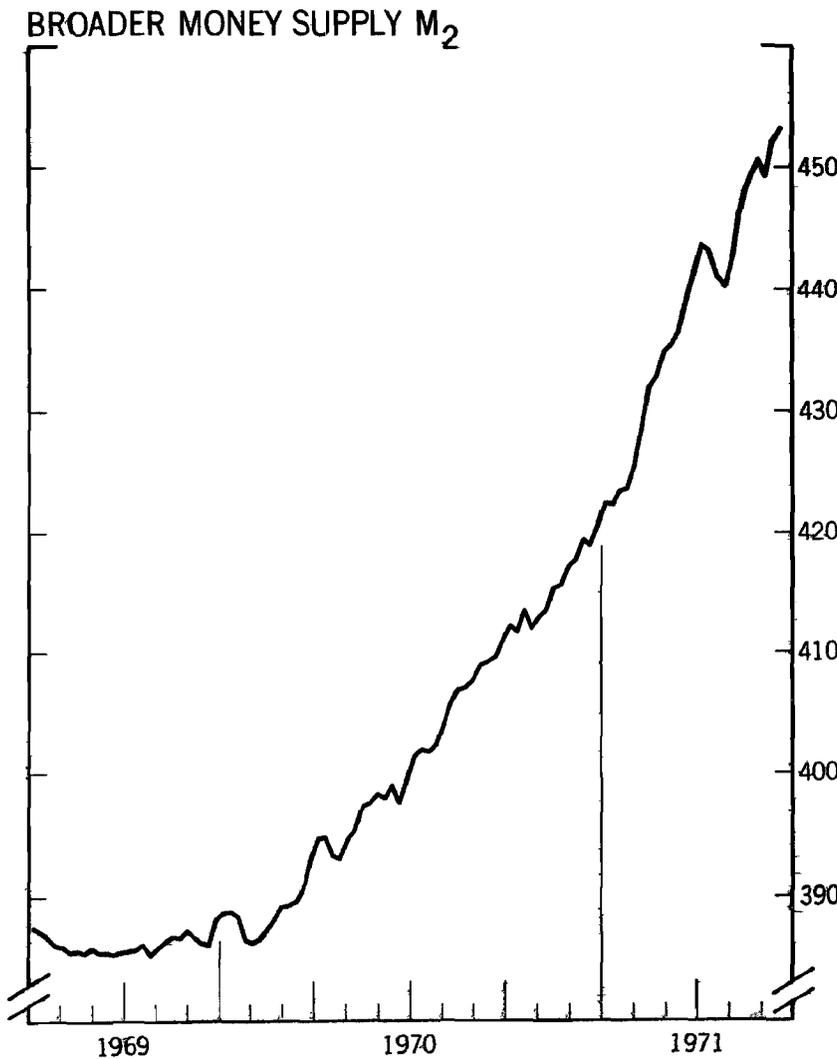
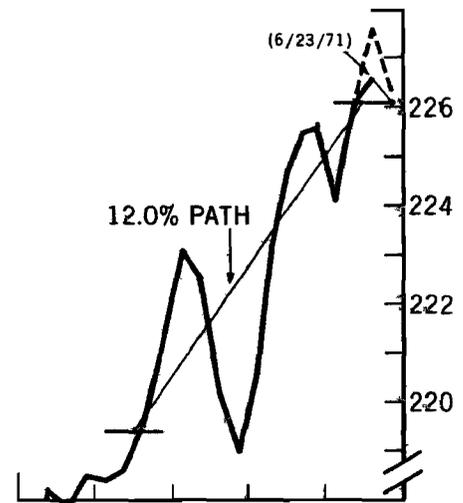
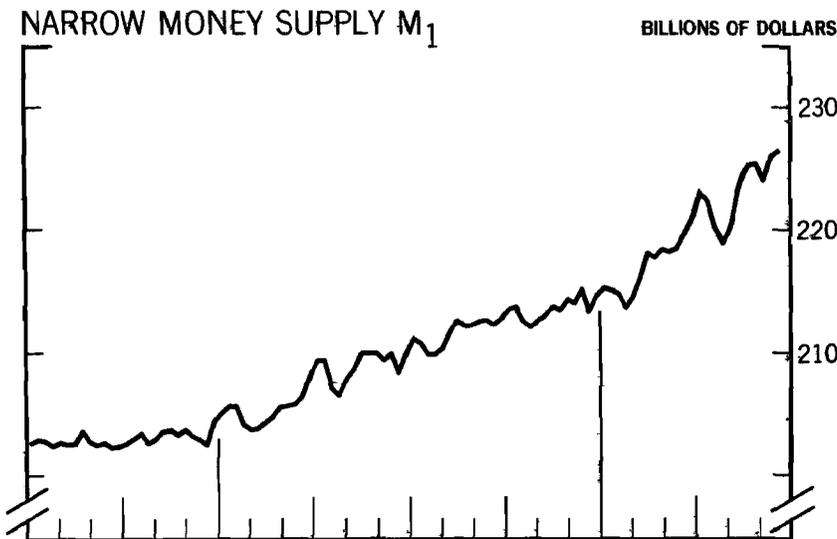
~~"To implement this policy, the Committee seeks to moderate growth in monetary aggregates over the months ahead, taking account of developments in capital markets. System open market operations until the next meeting of the Committee shall be conducted with a view to achieving bank reserve and money market conditions consistent with those objectives~~ SUBSTANTIAL MODERATION OF GROWTH IN MONETARY AGGREGATES OVER THE MONTHS AHEAD. "

Alternative Weekly Paths of Key Monetary Aggregates
(Seasonally adjusted, billions of dollars)

		<u>M₁</u>			<u>M₂</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1971							
June	30	226.1	226.1	226.1	452.9	452.9	452.9
July	7	226.8	226.8	226.8	453.9	453.9	453.9
	14	227.3	227.3	227.3	455.1	455.1	455.0
	21	227.5	227.4	227.4	455.7	455.6	455.4
	28	228.3	228.2	228.1	456.8	456.6	456.3

		<u>Adjusted Credit Proxy</u>			<u>Total Reserves</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1971							
June	30	346.3	346.3	346.3	31.4	31.4	31.4
July	7	349.9	349.9	349.9	31.2	31.2	31.2
	14	351.0	351.0	351.0	31.4	31.4	31.4
	21	350.1	350.0	349.9	32.2	32.2	32.2
	28	349.9	349.8	349.7	32.3	32.3	32.3

MONETARY AGGREGATES



— Actual
 - - - Currently Projected

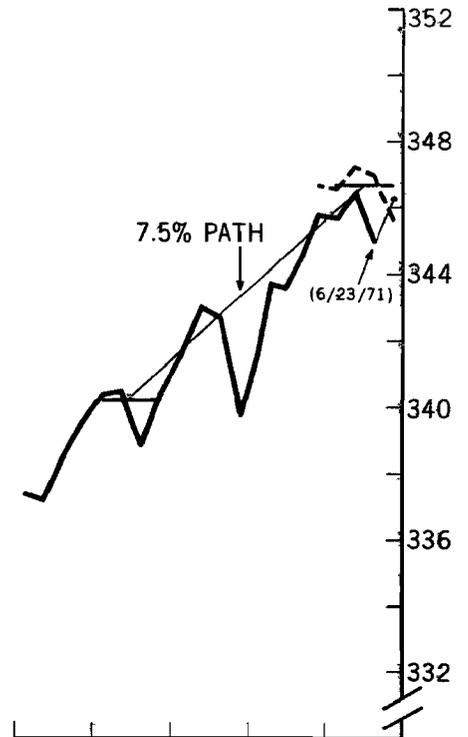
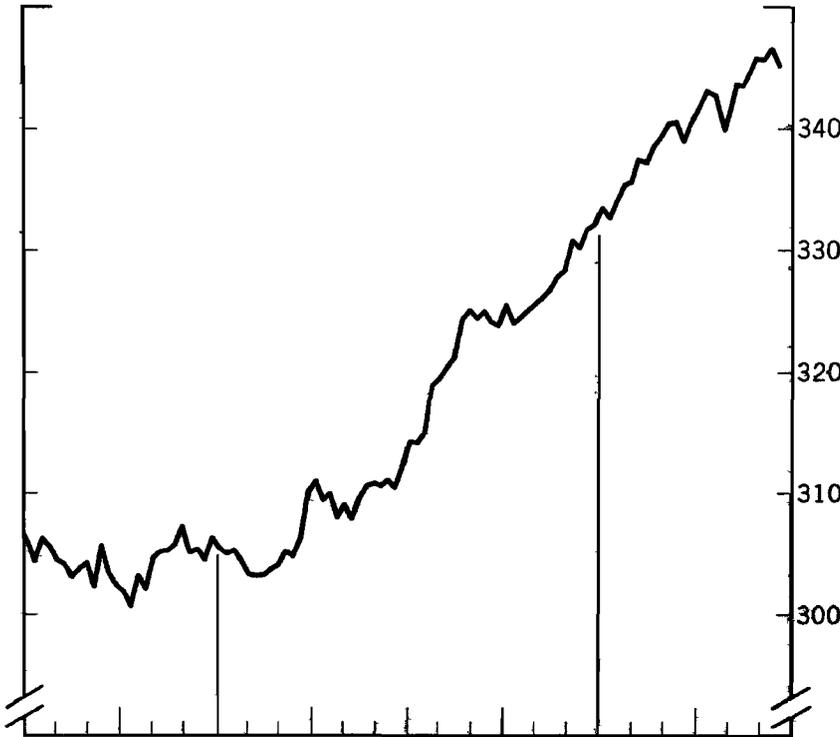
- - - Wkly Path, Indicated
 at FOMC Meeting (6/8/71)

— Longer Run Path

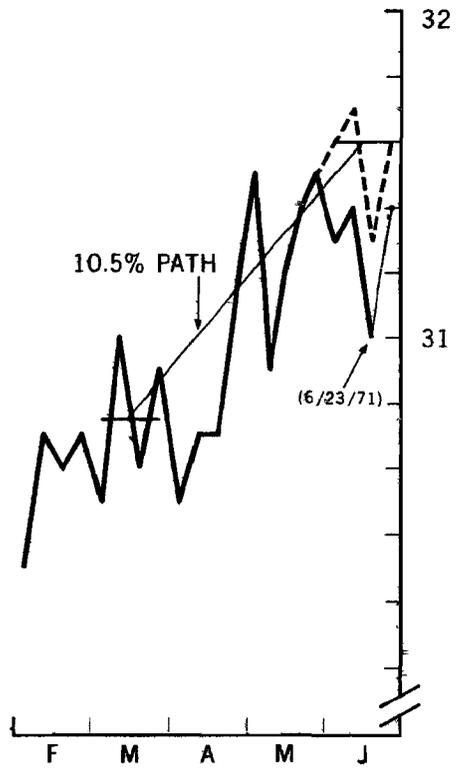
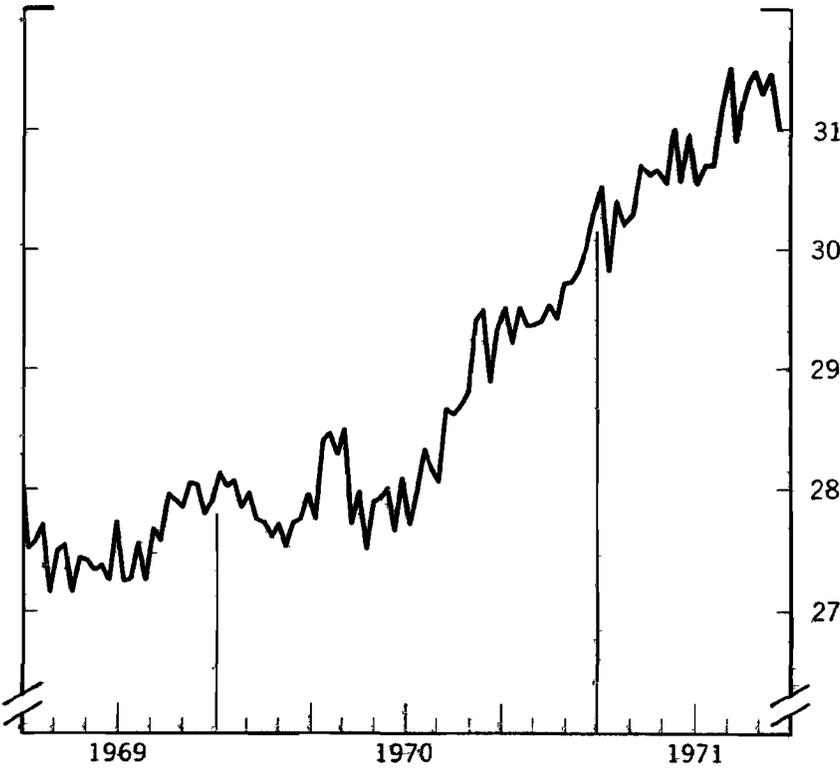
MONETARY AGGREGATES

ADJUSTED CREDIT PROXY

BILLIONS OF DOLLARS



TOTAL RESERVES



— Actual
 - - - Currently Projected

- - - Wkly. Path, Indicated
 at FOMC Meeting (6/8/71)

— Longer Run Path

INTEREST BEARING SOURCES OF BANK FUNDS

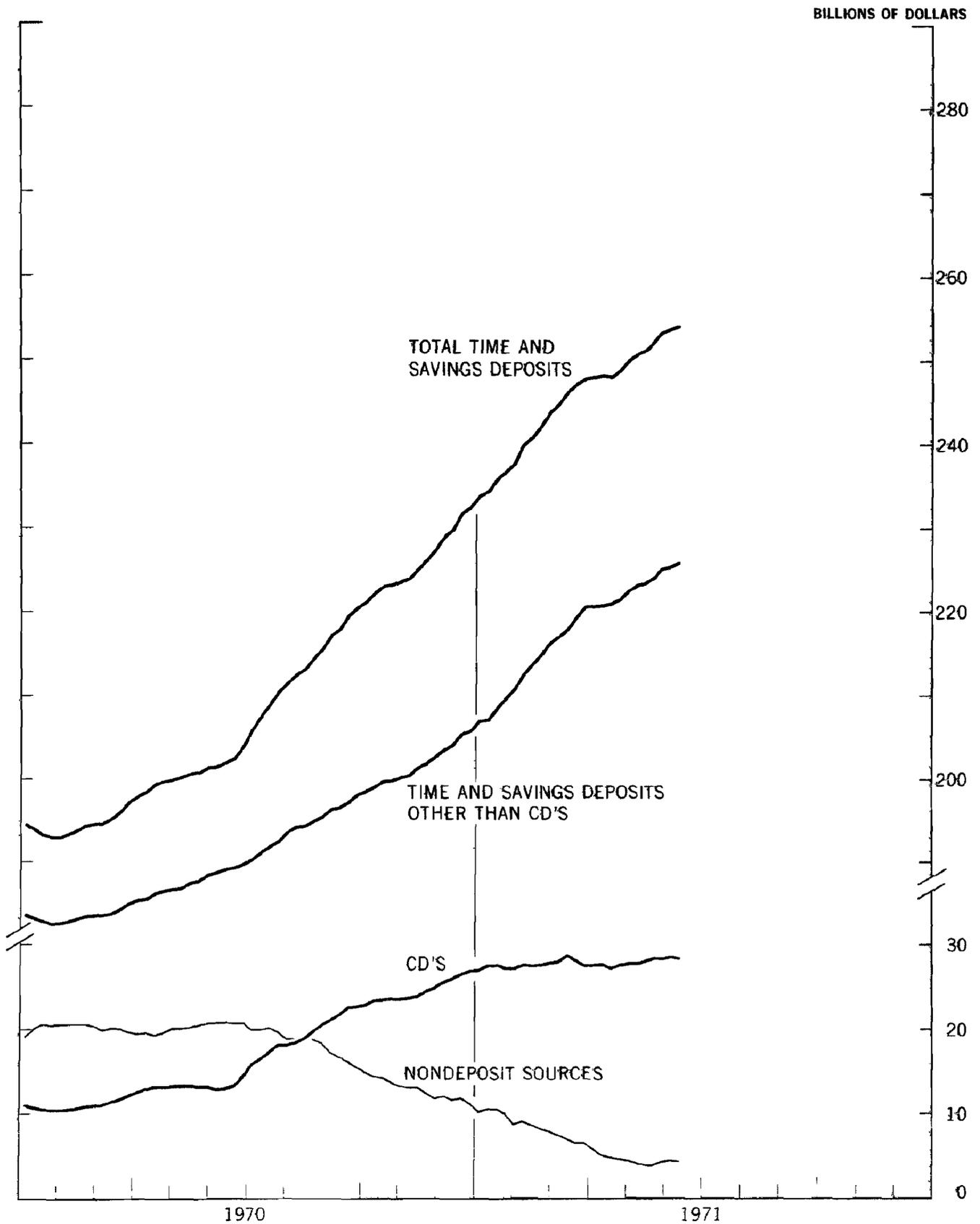
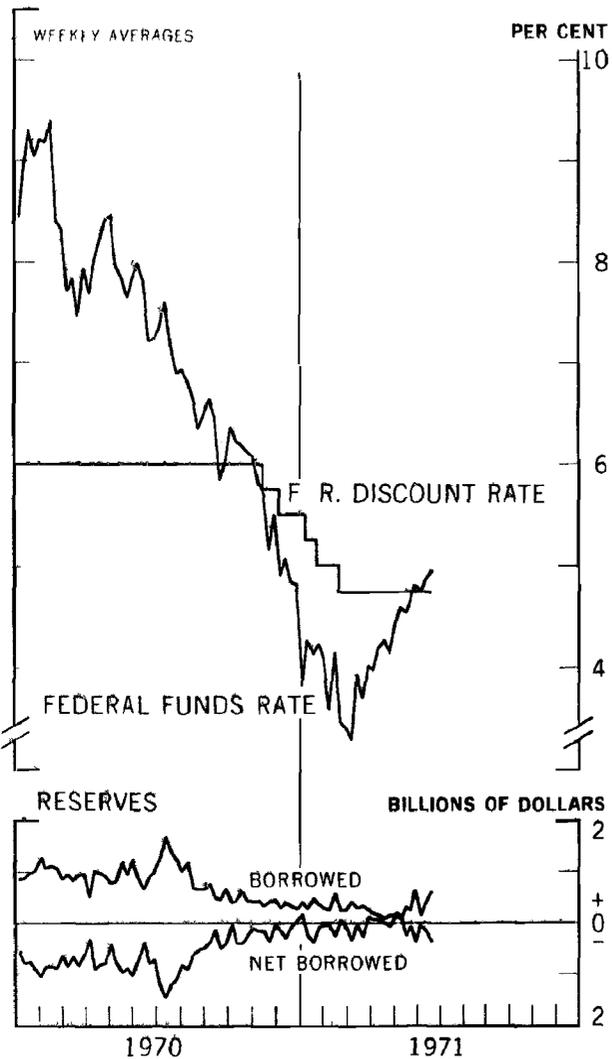


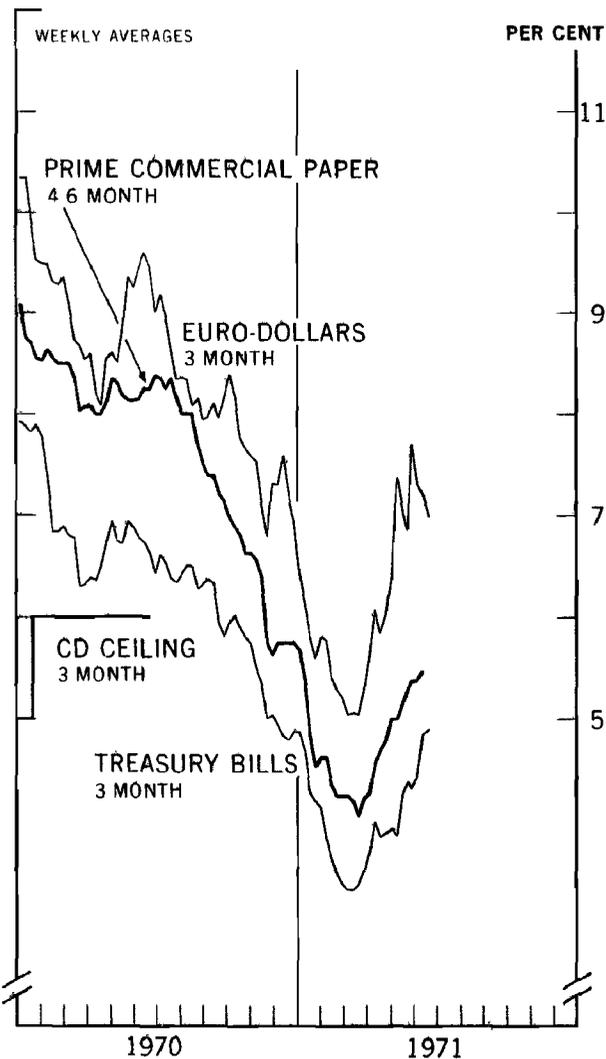
CHART 3

MONEY MARKET CONDITIONS AND INTEREST RATES

MONEY MARKET CONDITIONS



INTEREST RATE Short-term



INTEREST RATES Long-term

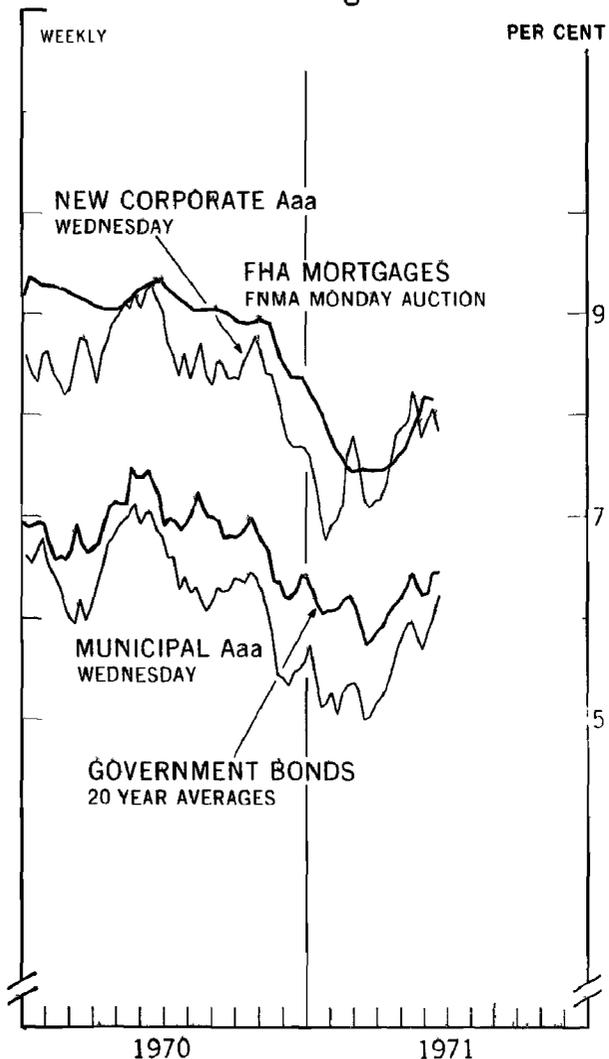


Table 1
PATHS OF KEY MONETARY AGGREGATES

STRICTLY CONFIDENTIAL (FR)
June 25, 1971

Period	Narrow Money Supply (M ₁) 1/		Broad Money Supply (M ₂) 2/		Adjusted Credit Proxy		Total Reserves	
	1 Path as of June 8	2 Actuals & Current Proj	3 Path as of June 8	4 Actuals & Current Proj	5 Path as of June 8	6 Actuals & Current Proj	7 Path as of June 8	8 Actuals & Current Proj
Monthly Pattern in Billions of Dollars								
1971· Jan.		214.8		423.0		334.1		30.2
Feb.		217.3		430.8		337.7		30.5
Mar.		219.4		437.6		340.2		30.7
Apr.		221.1		442.0		341.7		30.8
May		223.9		447.2		343.8		31.3
June	226.1	(225.7)	452.4	(451.8)	346.7	(346.0)	31.6	(31.3)
Annual Percentage Rates of Change--Quarterly and Monthly								
1970: 1st Qtr.		5.9		3.4		0.5		-2.9
2nd Qtr.		5.8		8.4		6.5		2.6
3rd Qtr.		6.1		11.0		17.2		19.1
4th Qtr.		3.4		9.2		8.3		6.6
1971· 1st Qtr.		8.9		17.8		10.9		11.0
2nd Qtr.	12.0	(11.5)	13.5	(13.0)	7.5	(7.0)	10.5	(7.5)
1971· Jan.		1.1		11.5		10.5		12.2
Feb.		14.0		22.1		12.9		11.4
Mar.		11.6		18.9		8.9		9.2
Apr.		9.3		12.1		5.3		2.7
May		15.2		14.1		7.4		17.0
June	9.5	(9.5)	12.5	(12.5)	9.0	(7.5)	11.5	(7.0)
Weekly Pattern in Billions of Dollars								
1971· May 5		220.6		442.9		341.6		31.5
12		223.2		446.2		343.7		30.9
19		224.7		448.0		343.6		31.2
26		225.5		449.5		344.6		31.4
June 2	225.7	225.6	450.7	450.6	346.7	345.8*	31.5	31.5
9	224.3	224.1	449.8	449.3	346.6	345.7	31.6	31.3
16	226.1	226.1	452.2	452.0	347.2	346.5	31.7	31.4
23 pe	227.6	226.6	454.7	453.3	347.0	345.0	31.3	31.0
30	226.3	(226.1)	453.2	(452.0)	345.6	(346.3)	31.6	(31.4)

NOTES Annual rates of change other than those for the past are rounded to the nearest half per cent.

Data shown in parenthesis are current projections.

1/ Currency plus private demand deposits.

2/ M₁ plus time deposits other than large CD's.

pe -- Partially estimated.

FR 712 D
Rev 2/16/71

Table 1-A

STRICTLY CONFIDENTIAL (FR)

June 25, 1971

PATHS OF KEY MONETARY AGGREGATES

Period	U.S. Gov't. Deposits		Total Time & Savings Deposits		Time Deposits other than large CD's		Large Negotiable CD's		Nondeposit Sources of Funds	
	1 Path as of June 8	2 Actuals & Current Proj	3 Path as of June 8	4 Actuals & Current Proj	5 Path as of June 8	6 Actuals & Current Proj	7 Path as of June 8	8 Actuals & Current Proj	9 Path as of June 8	10 Actuals & Current Proj
Monthly Pattern in Billions of Dollars										
1971· Jan.		6.7		235.3		208.2		27.1		10.1
Feb.		6.2		240.9		213.5		27.4		8.6
Mar.		4.8		246.1		218.3		27.8		7.0
Apr.		5.4		248.3		221.0		27.3		5.1
May		4.2		251.4		223.4		28.0		4.1
June	3.9	(4.1)	254.5	(254.5)	226.3	(226.1)	28.2	(28.4)	3.9	(4.4)
Annual Percentage Rates of Change--Quarterly and Monthly										
1970: 1st Qtr.				1.4		0.9				
2nd Qtr.				14.1		11.3				
3rd Qtr.				32.2		16.5				
4th Qtr.				21.8		15.4				
1971· 1st Qtr.				27.3		27.2				
2nd Qtr.			13.5	(13.5)	15.0	(14.5)				
1971· Jan.				25.5		22.3				
Feb.				28.6		30.5				
Mar.				25.9		27.0				
Apr.				10.7		14.8				
May				15.0		13.0				
June			15.0	(15.0)	15.0	(14.5)				
Weekly Pattern in Billions of Dollars										
1971· May 5		4.8		249.9		222.3		27.6		4.5
12		5.1		250.6		223.0		27.6		4.2
19		3.4		251.2		223.3		27.9		4.0
26		2.9		252.4		224.0		28.3		3.8
June 2	4.8	4.5	253.2	253.3	225.0	225.1	28.2	28.2	4.1	4.2
9	4.9	4.2	253.7	253.7	225.5	225.2	28.2	28.5	4.0	4.5
16	4.4	5.0	254.3	254.0	226.1	225.8	28.2	28.2	3.8	4.4
23 pe	3.7	3.4	255.3	255.2	227.1	226.7	28.2	28.5	3.8	4.4
30	1.7	(3.1)	255.2	(255.3)	226.9	(226.8)	28.3	(28.5)	3.8	(4.4)

NOTES: Annual rates of change other than those for the past are rounded to the nearest half per cent.
Data shown in parenthesis are current projections.
pe - Partially estimated.

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Table 2

CONFIDENTIAL (FR)

AGGREGATE RESERVES AND MONETARY VARIABLES

June 25, 1971

RETROSPECTIVE CHANGES, SEASONALLY ADJUSTED

(Annual rates in per cent)

Period	Reserve Aggregates ¹		Monetary Variables					Addenda		
	1 Total Reserves	2 Nonborrowed Reserves	3 Total Member Bank Deposits	4 Adjusted Credit Proxy	Money Supply			8 Time Deposits Adjusted	9 Thrift Instit. Deposits	10 Nonbank Commercial Paper
					5 Total	6 Currency	7 Private Demand Deposits			
<u>Annually</u>										
1968	+ 7.8	+ 6.0	+ 9.0	n.a.	+ 7.8	+ 7.4	+ 7.9	+11.1	+ 6.3	n.a.
1969	- 1.6	- 3.0	- 4.0	n.a.	+ 3.1	+ 6.0	+ 2.4	- 5.0	+ 3.4	n.a.
1970	+ 6.4	+ 9.5	+11.8	+ 8.3	+ 5.4	+ 6.3	+ 5.1	+18.4	+ 7.8	+ 7.3
<u>Semi-annually</u>										
1st Half 1969	+ 0.7	- 3.7	- 3.5	n.a.	+ 5.1	+ 6.5	+ 4.7	- 3.5	+ 5.3	n.a.
2nd Half 1969	- 3.9	- 2.4	- 4.6	- 1.2	+ 1.2	+ 5.4	+ 0.1	- 6.6	+ 1.6	+28.3
1st Half 1970	- 0.2	+ 1.9	+ 3.3	+ 3.5	+ 5.9	+ 7.8	+ 5.3	+ 7.8	+ 4.7	+12.8
2nd Half 1970	+13.0	+17.1	+20.0	+12.9	+ 4.8	+ 4.6	+ 4.7	+27.9	+10.6	+ 1.7
<u>Quarterly</u>										
1st Qtr. 1970	- 2.9	- 0.4	+ 0.6	+ 0.5	+ 5.9	+ 6.1	+ 5.3	+ 1.4	+ 2.5	+17.8
2nd Qtr. 1970	+ 2.6	+ 4.1	+ 6.0	+ 6.5	+ 5.8	+ 9.4	+ 5.3	+14.1	+ 7.0	+ 7.5
3rd Qtr. 1970	+19.1	+24.4	+24.1	+17.2	+ 6.1	+ 3.3	+ 6.7	+32.2	+ 9.3	-16.2
4th Qtr. 1970	+ 6.6	+ 9.4	+15.1	+ 8.3	+ 3.4	+ 5.8	+ 2.7	+ 21.8	+11.6	+20.4
1st Qtr 1971	+11.0	+11.0	+17.0	+10.9	+ 8.9	+ 9.0	+ 8.9	+27.3	+23.3	- 24.7
1970: Apr	+21.3	+25.4	+16.8	+13.7	+ 9.9	+10.3	+10.5	+19.7	+ 8.1	+34.4
May	-13.9	-19.0	- 4.5	- 1.2	+ 5.2	+15.3	+ 3.0	+10.9	+ 5.3	+18.9
June	+ 0.5	+ 6.2	+ 5.8	+ 7.0	+ 2.3	+ 2.5	+ 2.2	+11.4	+ 7.3	-30.0
July	+ 6.0	-16.1	+22.7	+18.1	+ 5.7	+ 7.5	+ 4.4	+35.6	+11.9	-87.5
Aug.	+23.3	+48.8	+29.2	+23.2	+ 6.8	+ 2.5	+ 8.9	+28.8	+ 5.9	- 7.2
Sept.	+27.5	+40.1	+19.0	+ 9.7	+ 5.7	--	+ 6.6	+29.8	+10.0	+49.6
Oct.	- 1.9	--	+10.1	+ 1.1	+ 1.1	+ 7.5	- 0.7	+20.3	+10.6	+32.4
Nov	+ 3.6	+ 4.4	+13.1	+ 7.0	+ 2.8	+ 4.9	+ 2.2	+15.1	+ 9.4	-28.7
Dec.	+18.4	+22.8	+21.4	+16.5	+ 6.2	+ 4.9	+ 6.6	+28.8	+14.5	+58.1
1971: Jan.	+12.2	+ 8.8	+16.1	+10.5	+ 1.1	+ 7.4	- 1.4	+25.5	+25.1	- 9.0
Feb.	+11.4	+15.1	+19.3	+12.9	+14.0	+ 9.8	+16.0	+28.6	+18.5	-10.9
Mar.	+ 9.2	+ 8.8	+14.9	+ 8.9	+11.6	+ 9.7	+12.2	+25.9	+24.9	-55.2
Apr.	+ 2.7	+ 9.7	+12.2	+ 5.3	+ 9.3	+12.0	+ 7.8	+10.7	+21.8	+ 4.4
May	+17.0	+12.4	+11.1	+ 7.4	+15.2	+ 9.5	+17.6	+15.0	+13.4	-15.8

p - Preliminary.

NOTE: Aggregate reserve series have been adjusted to eliminate changes in percentage reserve requirements against deposits, but reserve requirements on Eurodollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970.

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Table 3
AGGREGATE RESERVES AND MONETARY VARIABLES
SEASONALLY ADJUSTED

CONFIDENTIAL (FK)
June 25, 1971

Period	Aggregate Reserves			Member Bank Deposits		Money Supply			Commercial Bank Time Deposits			12 Adjusted Credit Proxy	13 Addendum Nonbank Comm Paper
	1 Total	2 Non borrowed	3 Required	4 Total	5 U S Govt Demand	6 Total	7 Currency	8 Private Demand Deposits	9 Total	10 CD's	11 Other		
	(In millions of dollars)			(In billions of dollars)									
1969- Oct.	27,354	26,210	27,129	283.5	3.1	203.2	45.6	157.6	194.2	11.5	182.6	302.2	28.0
Nov.	27,783	26,538	27,548	285.8	5.6	203.5	45.9	157.6	194.0	11.1	182.9	305.5	28.4
Dec.	27,928	26,806	27,707	285.8	4.9	203.6	46.0	157.7	194.6	11.2	183.4	305.7	29.1
1970: Jan.	28,001	26,966	27,823	284.8	5.3	205.2	46.2	159.0	193.3	10.6	182.7	304.8	29.4
Feb.	27,722	26,615	27,523	282.9	5.6	204.5	46.4	158.1	193.5	10.6	182.9	303.4	30.0
March	27,723	26,782	27,536	286.2	5.9	206.6	46.7	159.8	195.3	11.5	183.8	306.1	30.4
April	28,216	27,350	28,046	290.2	5.2	208.3	47.1	161.2	198.5	12.9	185.6	309.6	31.2
May	27,890	26,916	27,692	289.1	3.0	209.2	47.7	161.6	200.3	13.2	187.1	309.3	31.7
June	27,902	27,056	27,713	290.5	4.8	209.6	47.8	161.9	202.2	13.2	189.0	311.1	30.9
July	28,041	26,694	27,896	296.0	4.4	210.6	48.1	162.5	208.2	16.9	191.3	315.8	28.7
Aug.	28,585	27,780	28,408	303.2	6.4	211.8	48.2	163.7	213.2	19.0	194.2	321.9	28.5
Sept.	29,240	28,708	29,024	308.0	6.2	212.8	48.2	164.6	218.5	21.7	196.8	324.5	29.7
Oct.	29,385	28,928	29,134	310.6	5.2	213.0	48.5	164.5	222.2	23.2	199.1	324.8	30.5
Nov.	29,474	29,033	29,233	314.0	6.0	213.5	48.7	164.8	225.0	23.9	201.1	326.7	29.7
Dec.	29,925	29,584	29,703	319.6	6.2	214.6	48.9	165.7	230.4	26.0	204.4	331.2	31.2
1971- Jan.	30,229	29,801	30,029	323.9	6.7	214.8	49.2	165.5	235.3	27.1	208.2	334.1	31.0
Feb.	30,515	30,176	30,255	329.1	6.2	217.3	49.6	167.7	240.9	27.4	213.5	337.7	30.7
March	30,748	30,398	30,534	331.2	4.8	219.4	50.0	169.4	246.1	27.8	218.3	340.2	29.3
April	30,816	30,644	30,611	336.6	5.4	221.1	50.5	170.5	248.3	27.3	221.0	341.7	29.4
May	31,253	30,961	30,998	339.7	4.2	223.9	50.9	173.0	251.4	28.0	223.4	343.8	29.0
<u>Week ending</u>													
1971- May 5	31,477	31,289	31,072	337.1	4.8	220.6	50.7	169.9	249.9	27.6	222.3	341.6	29.7
12	30,903	20,794	30,653	339.5	5.1	223.2	50.9	172.3	250.6	27.6	223.0	343.7	30.0
19	31,163	30,842	31,035	339.6	3.4	224.7	50.9	173.8	251.2	27.9	223.3	343.6	29.4
26	31,378	31,079	31,156	340.8	2.9	225.5	50.9	174.6	252.4	28.3	224.0	344.6	29.5
June 2	31,467	30,860	31,132	341.7	4.5	225.6	50.9	174.6	253.3	28.2	225.1	345.8	29.3
9 p	31,289	31,103	31,134	341.3	4.2	224.1	51.1	172.9	253.7	28.5	225.2	345.7	29.9
16 p	31,440	31,137	31,212	342.1	5.0	226.1	51.2	175.0	254.0	28.2	225.8	346.5	28.6

NOTES Aggregate reserve series have been adjusted to eliminate changes in percentage reserve requirements against deposits, but reserve requirements on Euro-dollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970. Adjusted credit proxy includes mainly total member bank deposits subject to reserve requirements, bank-related commercial paper, and Euro-dollar borrowings of U.S. banks. Weekly data are daily averages for statement weeks. Monthly data are daily averages except for nonbank commercial paper figures which are for last day of month.

p - Preliminary.

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Table 4
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		Other	Country
				Major banks			
8 N.Y.	Outside N.Y.						
Monthly (reserves weeks ending in):							
1969--July	-1,045	266	1,311	89	250	364	608
August	- 997	214	1,211	81	253	256	621
September	- 744	282	1,026	83	236	222	485
October	- 995	195	1,190	106	327	293	464
November	- 975	238	1,213	120	387	250	456
December	- 849	278	1,127	268	310	220	329
1970--January	- 759	169	928	148	287	232	261
February	- 916	210	1,126	106	317	289	414
March	- 751	129	880	90	225	287	278
April	- 687	178	865	227	331	119	188
May	- 765	159	924	165	241	228	290
June	- 736	171	907	140	289	217	261
July	-1,134	183	1,317	218	460	348	291
August	- 706	175	881	143	278	273	187
September	- 374	235	609	101	115	274	119
October	- 274	193	467	12	40	313	102
November	- 199	210	409	42	17	294	57
December	- 84	264	348	36	16	265	30
1971--January	- 140	238	378	45	36	262	35
February	- 71	264	335	29	30	248	29
March	- 120	192	312	41	17	238	16
April	2	154	152	15	9	119	9
May	6	218	212	78	36	60	38
1970--Nov. 4	- 105	318	423	11	15	311	86
11	- 163	282	445	69	29	282	65
18	- 166	164	330	--	1	295	34
25	- 360	76	436	86	22	287	41
Dec. 2	- 38	417	455	86	22	300	47
9	- 154	136	290	--	--	263	27
16	- 279	120	399	55	48	268	28
23	- 114	211	325	39	11	250	25
30	164	434	270	--	--	245	25
1971--Jan. 6	138	545	407	71	60	250	26
13	- 245	32	277	--	--	249	28
20	- 380	92	472	82	63	284	43
27	- 72	282	354	26	20	266	42
Feb. 3	- 46	237	283	--	--	253	30
10	- 42	205	247	--	--	229	18
17	- 264	297	561	114	121	280	46
24	67	317	250	--	--	228	22
Mar. 3	- 88	170	258	--	1	241	16
10	- 339	82	421	108	51	249	13
17	- 25	265	290	46	--	231	13
24	- 265	68	333	52	15	251	15
31	119	376	257	--	18	217	22
Apr. 7	80	277	197	--	--	184	13
14	58	208	150	17	--	127	6
21	- 3	81	84	--	1	79	4
28	- 128	48	176	42	34	86	14
May 5	191	365	174	46	40	61	27
12	131	230	99	39	20	22	18
19	- 204	102	306	134	47	74	51
26	- 93	174	267	91	36	84	56
June 2	- 361	285	646	171	100	218	157
9 p	- 69	85	154	46	27	25	56
16 p	- 165	238	403	86	19	137	161
23 p	- 360	258	618	103	161	201	153

p - Preliminary.

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				Repurchase agreements	Federal Agency Securities	Bankers' acceptances	Member banks borrowings
		Total holdings	Bills 1/	Other					
Year:									
1969 (12/25/68 - 12/31/69)	+5,539	+5,192	+4,279 (--)	+ 707	+ 206	+ 67	+ 35	+ 245	
1970 (12/31/69 - 12/30/70)	+3,351	+4,276	+3,220 (- 143)	+1,180	- 124	- 63	- 28	- 884	
1970--Nov.									
4	+ 692	+ 610	+ 241 (--)	--	+ 369	+ 63	+ 29	- 10	
11	- 48	- 75	- 94 (- 214)	--	+ 19	- 6	+ 11	+ 22	
18	+ 671	+ 711	+ 509 (+ 214)	--	+ 202	+ 62	+ 13	- 115	
25	- 141	- 93	+ 273 (- 150)	+ 134	- 500	- 107	- 47	+ 106	
Dec.									
2	+ 986	+ 853	+ 475 (+ 150)	+ 41	+ 337	+ 73	+ 41	+ 19	
9	- 303	- 145	- 82 (- 244)	+ 114	- 177	- 30	+ 37	- 165	
16	+ 697	+ 586	+ 328 (+ 244)	--	+ 258	+ 24	- 22	+ 109	
23	- 127	- 35	+ 134 (--)	+ 152	- 321	- 7	- 6	- 74	
30	- 143	- 3	- 95 (- 143)	+ 137	- 45	- 64	- 21	- 55	
1971--Jan.									
6	+ 938	+ 722	+ 428 (+ 97)	+ 109	+ 185	+ 51	+ 28	+ 137	
13	- 534	- 308	+ 19 (+ 46)	--	- 327	- 59	- 37	- 130	
20	+ 64	- 153	- 286 (- 159)	--	+ 83	+ 13	+ 9	+ 195	
27	- 204	- 81	- 65 (+ 85)	--	- 16	--	- 5	- 118	
Feb.									
3	+ 8	+ 61	- 26 (+ 74)	--	+ 87	+ 6	+ 12	- 71	
10	- 236	- 171	- 61 (- 412)	--	- 110	- 16	- 13	- 36	
17	+1,523	+1,082	+ 333 (+ 412)	+ 106	+ 643	+ 85	+ 42	+ 314	
24	- 928	- 518	- 218 (- 367)	+ 209	- 509	- 68	- 31	- 311	
Mar.									
3	+ 279	+ 286	+ 120 (+ 367)	+ 207	- 41	- 9	- 6	+ 8	
10	- 275	- 414	- 407 (- 204)	+ 97	- 104	- 7	- 17	+ 163	
17	+ 761	+ 736	+ 64 (+ 204)	+ 68	+ 604	+ 90	+ 66	- 131	
24	- 516	- 432	+ 60 (- 107)	+ 62	- 554	- 90	- 37	+ 43	
31	+ 502	+ 530	+ 5 (+ 107)	+ 153	+ 372	+ 36	+ 12	- 76	
Apr.									
7	+ 155	+ 145	+ 4 (- 82)	+ 124	+ 17	+ 47	+ 23	- 60	
14	- 255	- 86	+ 128 (+ 12)	+ 84	- 298	- 68	- 54	- 47	
21	+ 328	+ 429	+ 360 (+ 70)	+ 113	- 50	- 11	+ 2	- 66	
28	+ 54	- 43	+ 30 (--)	--	- 73	- 7	+ 12	+ 92	
May									
5	+ 771	+ 712	+ 384 (--)	--	+ 328	+ 50	+ 11	- 2	
12	+ 201	+ 272	+ 173 (--)	--	+ 99	- 6	+ 10	- 75	
19	+ 503	+ 304	+ 400 (--)	+ 71	- 167	- 4	- 4	+ 207	
26	+ 115	+ 144	+ 256 (--)	+ 56	- 168	- 6	+ 16	- 39	
June									
2	+ 305	- 57	+ 13 (--)	--	- 70	- 8	- 9	+ 379	
9 p	- 973	- 418 2/	- 439 (--)	--	- 73	- 27	- 36	- 492	
16 p	+ 201	- 47 2/	- 463 (- 39)	--	--	--	- 1	+ 249	
23 p	+ 159	- 83 2/	+ 242 (+ 39)	--	+ 23	+ 28	- 1	+ 215	

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

2/ Includes effect of changes in special certificates of \$ +94 million of the week of June 9, \$ +416 million of the week of June 16, and \$ -348 million of the week of June 23.

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							Change in total reserves	Bank use 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		Required reserves	Excess reserves
(Signs indicate effect on reserves)										
Year										
1969 (12/25/68 - 12/31/69)	+5,539	--	-2,676	- 813	+ 241	+ 54	- 898	+1,448	+1,340	+ 108
1970 (12/31/69 - 12/30/70)	+3,351	+1,150 ^{2/}	-3,122	+ 773	+ 667	+ 1	-1,655	+1,163	+1,257	- 74
1970--Nov.										
4	+ 692	--	+ 46	+ 146	- 382	- 24	- 271	+ 205	+ 78	+ 127
11	- 48	--	- 353	+ 81	+ 482	- 1	- 86	+ 73	+ 109	- 36
18	+ 671	--	- 545	+ 88	- 210	+ 17	+ 16	+ 38	+ 156	- 118
25	- 141	--	- 298	+ 153	+ 275	+ 18	- 397	- 390	- 302	- 88
Dec										
2	+ 986	--	+ 13	+ 34	- 349	+ 5	- 187	+ 502	+ 161	+ 341
9	- 303	--	- 85	+ 103	+ 174	- 8	- 39	- 157	+ 124	- 281
16	+ 667	--	- 263	- 107	- 85	+ 3	+ 75	+ 320	+ 336	- 16
23	- 122	--	- 688	+ 1	+ 873	- 8	+ 206	+ 260	+ 169	+ 91
30	- 143	--	+ 264	- 376	+ 843	- 10	- 24	+ 545	+ 322	+ 223
1971--Jan										
6	+ 938	- 385	+ 319	+ 188	- 250	+ 8	- 50	+ 768	+ 657	+ 111
13	- 534	--	+ 601	- 63	- 673	- 4	+ 305	- 369	+ 144	- 513
20	+ 64	--	+ 450	+ 108	+ 191	--	- 26	+ 787	+ 727	+ 60
27	- 204	--	+ 544	- 275	- 889	- 1	- 34	- 857	-1,047	+ 190
Feb										
3	+ 8	--	+ 3	+ 289	- 402	+ 16	- 130	- 213	- 168	- 45
10	- 236	--	- 237	- 256	+ 542	- 4	- 7	- 199	- 167	- 32
17	+1,523	--	- 587	- 50	- 533	- 10	+ 97	+ 442	+ 350	+ 92
24	- 928	--	- 102	+ 418	+ 844	+ 2	- 515	- 286	- 306	+ 20
Mar.										
3	+ 270	--	+ 220	- 99	- 752	+ 17	+ 40	- 374	- 227	- 147
10	- 275	--	+ 92	- 105	+ 185	+ 2	- 37	- 138	- 50	- 88
17	+ 761	--	- 635	+ 508	- 357	- 5	+ 280	+ 551	+ 368	+ 183
24	- 516	--	- 180	- 186	+ 304	+ 20	+ 85	- 473	- 276	- 197
31	+ 506	--	+ 435	- 60	- 371	- 41	- 9	+ 458	+ 150	+ 308
Apr										
7	+ 270	--	- 257	- 243	+ 235	+ 14	- 173	- 270	- 171	- 99
14	- 275	--	- 483	+ 249	+ 241	- 14	+ 217	- 45	+ 84	- 69
21	+ 348	--	- 414	- 131	+ 301	+ 21	+ 187	+ 313	+ 440	- 127
28	+ 54	--	+ 580	- 384	- 10	+ 1	- 23	+ 219	+ 252	- 33
May										
5	+ 771	--	+ 129	+ 307	- 497	- 14	- 72	+ 623	+ 306	+ 317
12	+ 201	- 171	- 351	- 248	- 211	- 13	+ 99	- 696	- 561	- 135
19	+ 503	- 229	- 465	+ 83	+ 421	+ 5	- 45	+ 278	+ 406	- 128
26	+ 115	--	+ 69	+ 218	- 177	- 25	- 315	- 116	- 188	+ 72
June										
2	+ 305	--	- 80	+ 169	- 327	--	- 33	+ 30	- 81	+ 111
9 p	- 973	--	- 251	+ 522	+ 323	+ 36	- 28	- 369	- 169	- 200
16 p	+ 201	--	- 366	+ 398	- 161	+ 1	+ 228	+ 300	+ 147	+ 153
23 p	+ 159	--	- 109	- 648	+ 315	- 5	+ 33	- 254	- 274	+ 20

1/ For retrospective details, see Table 5.

2/ Includes \$400 million in special drawing account.

p - Preliminary

Table 7

Reconciliation--Money supply and Credit Proxy Adjusted
(Billions of dollars, not seasonally adjusted)

Item	Levels, 1971			Dollar Change	
	March	May	June	2nd Otr., 1971	May to June, 1971
1. <u>Money supply--M₁</u>	217.4	219.7	223.7	6.3	4.0
2. Plus: Time deposits other than large CD's	218.9	224.5	226.2	7.3	1.7
3. <u>Equals: Money supply--M₂</u>	436.3	444.2	449.9	13.6	5.7
Plus:					
4. U.S. Gov't. deposits at member banks	4.5	6.7	4.6	0.1	-2.1
5. Net domestic commercial bank deposits at member banks	4.3	4.0	4.2	-0.1	0.2
6. Large CD's	28.0	27.6	28.3	0.3	0.7
7. Nondeposit funds <u>1/</u>	7.0	4.1	4.4	-2.6	0.3
8. Time deposit of U.S. Gov't. and commercial banks	1.9	1.9	1.9	--	--
9. F.R. Float	2.7	2.7	2.7	--	--
Less:					
10. Demand deposits at nonmember banks	38.3	39.0	40.0	1.7	1.0
11. Time deposits at nonmember banks	56.5	58.2	58.8	2.3	0.6
12. Currency component of the money supply	49.5	50.5	51.1	1.6	0.6
13. Deposits at Edge Act Corps., agencies and foreign branches	0.8	0.7	0.7	-0.1	--
14. Foreign deposits at F.R.	0.4	0.4	0.4	--	--
Equals:					
15. <u>Credit Proxy Adjusted</u>	339.2	342.5	345.0	5.8	2.5

p - Preliminary.

1/ Includes borrowings from bank own foreign branches, commercial paper and other minor item.

NOTE: Sums of levels and changes may not add because of rounding.

Table 7A

Reconciliation--Money Supply and Credit Proxy Adjusted
(Billions of dollars, seasonally adjusted)

Item	Levels, 1971			2nd Qtr. 1971		May to June, 1971	
	March	May	June p	Dollar Change	Percentage Change	Dollar Change	Percentage Change
1. <u>Money supply--M₁</u>	219.4	223.9	225.7	6.3	11.5	1.8	9.5
2. Plus: Time deposits other than large CD's	218.3	223.4	226.1	7.8	14.3	2.7	14.5
3. Equals: <u>Money supply-- M₂</u>	437.6	447.2	451.8	14.2	13.0	4.6	12.5
Plus:							
4. U.S. Gov't. deposits at member banks	4.8	4.2	4.1	-0.7		-0.1	
5. Net domestic commercial bank deposits at member banks	4.7	5.1	4.5	-0.2		-0.6	
6. Large CD's	27.8	28.0	28.4	0.6		0.4	
7. Nondeposit funds <u>1/</u>	7.0	4.1	4.4	-2.6		0.3	
Less:							
8. Currency component of the money supply	50.0	50.9	51.2	1.2		0.3	
9. Deposits at nonmember banks, and other items <u>2/</u>	91.8	94.0	96.0	4.2		2.0	
Equals:							
10. <u>Adjusted Credit Proxy</u>	340.2	343.8	346.0	5.8	7.0	2.2	7.5

1/ Includes borrowings from banks own foreign branches, commercial paper and other minor items.

2/ Other items include money supply type deposits at Edge act corporations and domestic branches of foreign banks.

NOTE: Sums of levels and changes may not add because of rounding.

p - Preliminary.

Table 8

Reserve Absorption by Type of Deposit--Selected Periods
(Millions of dollars, seasonally adjusted)

	<u>Dec. 1970- May 1971</u>	<u>Dec. 1970- March 1971</u>	<u>March 1971- May 1971</u>
Change in total reserves	1,328	823	505
Reserves absorbed by:			
Demand deposits adjusted	743	289	454
Interbank deposits	300	213	87
U.S. Government deposits	-322	-219	-103
Time and Savings deposits	686	519	167
Eurodollars and Commercial paper <u>1/</u>	-103	-85	-18
Excess reserves	33	-9	42
Adjustment due to lagged accounting	-9	115	-124
Per cent of total reserve change absorbed by:			
Demand deposits adjusted	56.0	35.1	89.9
Interbank deposits	22.6	25.9	17.2
U.S. Government deposits	-24.2	-26.6	-20.4
Time and Savings deposits	51.6	63.1	33.1
Eurodollars and Commercial paper <u>1/</u>	-7.8	-10.3	-3.6
Excess reserves	2.5	-1.1	8.3
Adjustment due to lagged accounting	-.7	14.0	-24.6

1/ Member bank borrowings from own foreign branches subject to Regulation M reserve requirements and commercial paper subject to Regulation D.