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EXCESS RESERVES AND BORROWINGS (Page 8)
Member bank reserves in excess of legal reserve requirements averaged $\$ 323$ million during the week ended November 29, compared with $\$ 217$ million during the previous week. Member bank borrowings from Federal Reserve banks averaged $\$ 119$ million during the past week, down slightly from a week earlier. Net free reserves (excess reserves less borrowings from Reserve banks) averaged $\$ 204$ million during the week ended November 29, up from $\$ 90$ million ing the previous week.

The week-to-week behavior of free reserves since January has generally reflected changes in the level of excess reserves, since borrowings have shown no discernible weekly pattern. Weekly fluctuations in excess reserves tend to be affected by the amount of reserves held by country banks which seems, in turn, to be related to the particular week within their bi-weekly settlement period. Country banks tend to accumulate excess reserves during the first week of the period and draw them down during the second week. City banks tend to hold only a minimal amount of excess reserves during each settlement week. As a result, excess reserves of the banking system tend to rise during the first week of each bi-weekly settlement period and fall during the second week, causing net free reserves to behave

Oespondingly. In 17 out of 23 bi-weekly settlement ods since January, free reserves rose during the first week and fell during the second. While some may interpret the higher free reserve figure for the week ended November 29 (the first week of a country bank bi-weekly settlement period) to be indicative of easier monetary action, free reserves this week have followed the common and largely nonsignificant bi-weekly pattern.

Week ending November 29, 1967

MONEY STOCK (Pages 4 and 5)

The nation's money stock (page 5), consisting of private demand deposits and currency in the hands of the public, averaged $\$ 181.0$ billion during the four weeks ended November 22, up at a 4.7 per cent annual rate in the three months since early August, and at an 8.3 per cent rate in the six months since early May. The somewhat slower rate of growth in recent months reflects the rebuilding of Government balances at commercial banks, after the Treasury had drawn these balances to unusually low levels in the late summer. The basic trend of money apparently remains at about a 7 per cent annual rate, compared with a 2 per cent trend rate from 1957 to 1964, and an accelerated 4 per cent rate from 1964 to 1966.

Private demand deposits (page 4), which some believe to be of particular significance because they are likely to be more immediately sensitive to System actions than a measure which includes currency in the hands of the public, have risen at a 4.6 per cent annual rate since early August, and at a 9.4 per cent rate since early May. Recent behavior of these deposits, like the money stock, should be interpreted in light of the behavior of Treasury balances. In contrast to recent rates of growth, private demand deposits rose at about a 2 per cent trend from 1957 to 1964, and at about a 4 per cent rate from 1964 to 1966.

> Rates of change reported in this release are intended to serve as summaries which may be useful in analyzing recent developments.

Released: December 1,1967
Annual rates of change Federal Reserve Credit
adjusted for reserve requirements changes


Federal Reserve Hola
and Federal Agency Securities
44

43

42

41


40




Federal Reserve Credit excluding float and a few minor
items, and adjusted for reserve requirement changes.
Seasonal adjustment for Federal Reserve Holdings
computed by this bank using data ending December 1966.
Borrowings from Federal Reserve not seasonally adjusted.
Current unadjusted data appear in the Board's $\mathbf{C o}$. 4 .l



DEMAND DEPOSIT COMPONENT OF U.S. MONEY STOCK*
Averages of Daily Figures




## Weekly Averages of Daily Figures



BORROWINGS AND EXCESS RESERVES



## Weekly Averages of Daily Rates Ended Friday




