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CONFIDENTIAL (FR) January 9, 1970.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Security yields showed somewhat varying patterns of change in different markets during December, but since the turn of the year most yields have declined somewhat. Yields on Treasury securities reached new record highs at year-end due in part to special influences associated with the new tax reform bill. As bid quotes on both 3- and 6-month bills broke through the 8 per cent level, rates on most other short-term securities were also carried upward to new highs. Yields on municipal and new corporate bonds, on the other hand, reached their highs earlier in December when new issue volume was unusually heavy. Subsequently as volume receded over the holiday period, underwriters were able to trim back inventories, and yields turned down. A special factor contributing to the decline in yields recently has been the large volume of small orders from individuals being financed partly by withdrawals from depositary institutions.

(2) The 3-month Treasury bill reached a record 8.10 per cent in the auction on December 29, somewhat above the upper end of the 7-1/2--8 per cent range projected in the last blue book. Over most of the period since the last meeting, however, the bill rate has fluctuated within the blue book range and most recently has dropped to around 7.90 per cent--about the same level as that prevailing at the

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 (In millions of dollars for weeks ending in)	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)	Flow of Reserves, Bank Credit and Money, S.A: Total Reserves (In millions of dollars)	Flow of Reserves, Bank Credit and Money, S.A: Bank Credit Proxy (In billions of dollars)	Flow of Reserves, Bank Credit and Money, S.A: Money Supply (In billions of dollars)	Flow of Reserves, Bank Credit and Money, S.A: 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	5.61	-430	-526	- 4.6	+ 0.3	- 3.1
August	- 997	1,211	9 19	6.98	6.22	7.65*	5.74	- 61	-129	- 2.7	- 0.3	- 3.2
September	- [illegible]	1,026	9 15	7.09	6.55	7.98*	5.83	+169	+ 1	+ 0.4	--	- 0.4
October	-1,006	1,189	9 00 r	7 00	6 50	7 89	5.80	-173	- 48	- 2.2	+ 0.1	- 0.6
November	- [illegible]	1,213	8 85	7.24	6.74	8.32*	5.88	+328	+429	+ 2.3	+ 0.2	- 0.1
December p	- 868	1,126	8.97	7.82	6.91	8.75	6.50	+246	+122	- 0.1	+ 0.3	+ 0.8
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	838	1,240	9 57	7.01	6.35	7.90*	5.80	- 65	- 24	+ 0.7	+ 0.6	+ 0.1
10	- 349	740	8.57	7.09	6.45	8.02*	5.85	+493	- 84	- 2.1	- 0.2	- 0.1
17	- 886	1,018	9 07	7.11	6 49	8.04	5.85	-323	+ 45	+ 3.4	+ 0.3	+ 0.3
24	- 901	1,105	9 61	7.13	6.60	8.13	5.82	-165	-134	- 2.1	- 1.3	- 0.2
Oct 1	-1 116	1,436	9 11	7.07	6.76	8.22	5.83	+163	+481	- 0.8	--	+ 0.3
8	- 828	964	9 43	7.00	6.65	8.10	5.80	- 71	-484	- 0.5	+ 1.3	- 0.4
15	-1,129	1,347	9.68	7 02	6.46	7.95	5.75	-316	+ 27	- 1.8	- 0.9	- 0.3
22	- 857	1 015	8 68	6.94	6.29	7.82	5.80	+545	+287	+ 2.2	+ 1.2	- 0.3
29	-1,099	1,1[illegible]9	8 39	7 00	6.50	7.87	5.84	-531	-309	- 0.7	- 1.4	+ 0.1
Nov. 5	-1,031	1,328	9 07	7.01	6.59	8.13	5 75	+370	+417	+ 2.6	+ 0.2	- 0.1
12	- 973	1,244	9 32	7.14	6.66	8.27*	5.78	- 20	- 90	- 0.1	+ 1.0	- 0.2
19	- 925	1,071	8 79	7.16	6.78	8 44	5.95	+490	+[illegible]86	- 0.2	+ 0.4	+ 0.1
26	-1,072	1,210	8 32	7.44	6.83	8.67	6.05	-282	- 54	- 0.2	- 0.9	+ 0.3
Dec 3	- 988	1,191	8 91	7.55	6.84	8.85	6.34	+ 41	- 58	+ 1.7	+ 0.1	+ 0.3
10 p	- 944	1,199	8.75	7.75	6.80	8.70	6.48	+ 12	+160	- 1.5	- 0.9	+ 0.1
17 p	- 987	1,043	9.14	7.88	6.90	8.76	6.57	+219	- 21	- 0.3	+ 0.3	+ 0.3
24 p	- 819	1,094	9.18	7.83	6.95	--	6.57	- 84	-173	- 1.1	- 0.9	+ 0.1
31 p	- 604	1 104	8.71	8.00	7.04	--	6.52	+332	+ 61	+ 2.0	+ 5.0	- 0.4
1970--Jan. 7 p	- 648	854	8.45	7.92	6.93	n.a.	n.a.	- 8	+162	+ 0.6	- 1.7	+ 0.3
	Averages							Annual rates of increase 4/				
Year 1969	- 862	1,110	8.22	6.67	6.32	7.62	5.45	- 3.1	- 1.7	- 4.1	+ 2.5	- 5.2
First Half 1969	- 779	1,034	7.46	6.15	6.12	7.20	5.01	- 3.7	+ 0.7	- 3.5	+ 4.3	- 4.0
Second Half 1969	- 943	1,183	8.96	7.19	6.53	8.04	5.89	- 2.6	- 4.1	- 4.7	+ 0.6	- 6.6
Recent variation in growth												
12/18/69-5/21/69	- 690	955	6.97	6.10	6.07	7.09	4.83	- 5.2	+ 0.6	- 2.3	+ 5.7	+ 3.9
5/21/69-1/7/70	- 988	1,235	8 94	7.05	6.50	7.75	5.84	--	- 2.3	- 4.4	+ 1.3	- 5.9

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

1/ Average of [illegible] number of days in period
2/ Includes [illegible] 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 specif[illegible] period or in case of weekly periods, the first week shown.

** - Reflects [illegible] 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.

January 9, 1970.

last Committee meeting. In addition to the high cost of dealer financing, factors exerting upward pressure on bill yields in December included sizable further foreign sales, and smaller than expected demands from year-end bank window dressing and from reinvestment of the proceeds of maturing Treasury 2-1/2 per cent bonds and December tax bills.

(3) Seasonal pressures caused the basic reserve deficits of money market banks to deepen substantially over most of December. This, and the general churning typical of the year-end, contributed to a substantially enlarged average volume of daily trading in the Federal funds market, and carried the daily effective rate on Federal funds most frequently into a 9-1/4--9-3/4 per cent range, somewhat above that in the previous inter-meeting period.

(4) Preliminary estimates of December changes in the monetary aggregates show that the money supply increased on average at about a 2 per cent annual rate, and the bank credit proxy declined at about an 0.5 per cent rate. These estimates contrast with declines of 3 to 6 per cent and 1 to 4 per cent, respectively, projected for these aggregates in the last blue book. Over a part of the period between Committee meetings, however, current projections on which the Account Manager was operating showed a money supply decline deeper than the blue book projection, and the credit proxy was projected to decline at a rate near the low end of the blue book range. A very large ($5.2 billion) bulge in private demand deposits in the last week of December was responsible for the stronger than expected performance of both the money

supply and the bank credit proxy. This bulge appears partly to represent the temporary effect of repatriation of corporate funds from abroad to conform to the Commerce Department's foreign investment guidelines, and partly some increase in transactions balances that developed in the process of savers' switching out of intermediary claims into market instruments. In addition, it should be noted that there was a sharp, and as yet unexplainable, drop of cash items in process of collection at New York City banks in the last week of December, which is expected to be reversed.

(5) After adjustment for the change in Euro-dollar borrowings the bank credit proxy for December is estimated to have declined at roughly a 1 per cent annual rate. But with commercial paper continuing to expand, the bank credit proxy adjusted to include all nondeposit sources of funds including Euro-dollars shows an increase at about a 1-1/2 per cent annual rate. Total time and savings deposits grew at about a 5 per cent annual rate on average in December, as expected.

(6) The tendency around the turn of the year for the Federal funds and other short-term rates, to advance to levels above the blue book range, and earlier indications that the monetary aggregates were at or below the bottom end of the range projected in the blue book, influenced the Account Manager to supply reserves even though member bank borrowings and net borrowed reserves were running somewhat shallower on a day-to-day basis than in earlier weeks. In addition, there were

unusual complications in projecting reserve factors, particularly float, that led to sharp variations in projections of net reserve availability. At the same time, there was the usual seasonal rise in excess reserves at year end. As a result, net borrowed reserves averaged around $690 million in the three most recent statement weeks--substantially less than the $900 million to $1.2 billion blue book range, and member bank borrowings averaged about $1 billion, at the low end of the projected range.

(7) The following table summarizes the rates of growth in major deposit, reserve, and credit aggregates in 1968 and in 1969:

	Year 1968	Year 1969	July '69-Sept. '69	Oct.-Dec. '69
Total reserves	7.8	-1.7	- 9.3	1.1
Nonborrowed reserves	6.0	-3.1	- 4.8	-0.4
Money supply	7.2	2.5	0.0	1.2
Time and savings deposits	11.5	-5.2	-13.3	0.2
Savings accounts at non-bank thrift institutions	6.3	3.3	2.1	1.0
Member bank deposits and related sources of funds				
Total member bank deposits (bank credit proxy)	9.0	-4.1	- 9.4	0.0
Proxy plus Euro-dollars	9.8	-1.6	- 6.2	-0.3
Proxy plus Euro-dollars and other nondeposit sources	n.a.	n.a.	- 4.3	2.1
Commercial bank credit (month end)				
Total loans and investments of all commercial banks	11.0	2.3	- 0.8	1.8
L&I plus loans sold outright to affiliates and foreign branches	n.a.	n.a.	0.8	2.0

NOTE: Dates are inclusive. All items are average of daily figures (with "other nondeposit sources" based on an average for the month of Wednesday data), except the commercial bank credit series which are based on total outstanding on last Wednesday of month. All additions to the total member bank deposit series and the last Wednesday total loans and investments series are seasonally unadjusted numbers, since data have not been available for a long enough time to make seasonal adjustments.

Prospective developments

(8) If the Committee decides to maintain unchanged conditions in the money market over the next four weeks, it may wish to consider the following second paragraph for the directive (alternative A):

> To implement this policy, WHILE TAKING ACCOUNT OF THE FORTHCOMING TREASURY REFUNDING, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining the prevailing firm conditions in the money market; provided, however, that operations shall be modified if bank credit appears to be deviating significantly from current projections ~~or if unusual liquidity pressures should develop~~.

(9) The fluctuations in net borrowed reserves and the Federal funds rate over the past several weeks make it difficult to define prevailing money market conditions. Some of the recent pressures on the Federal funds market have been seasonal, and these are likely to abate over the next few weeks if the basic reserve deficits of major money market banks improve seasonally. But part of the recent funds market pressure appears to reflect the cumulative effects of monetary restraint on bank liquidity. If the latter influence continues, then maintenance of an unchanged over-all tone of the money market--with the Federal funds rate in an 8-1/2--9-1/2 per cent range--might require that net borrowed reserves be shaded toward the shallower end of the $900 million - $1.2 billion range

specified in recent blue books. In any case, as the seasonal bulge in excess reserves that developed in the second half of December disappears, maintenance of firm money market conditions will entail a rise in net borrowed reserves from the $630 million average of the past two statement weeks. Member bank borrowings may continue to be expected to average in a $1--$1.2 billion range.

(10) The 3-month Treasury bill rate will probably continue to fluctuate generally in a 7-1/2--8 per cent range. Continuation of relatively high dealer financing costs--with marginal dealer borrowing from major New York banks remaining mainly in a 9-1/2--10-1/4 per cent range--may limit dealers' willingness to position bills. Downward pressure on bill rates could be generated as a result of seasonally strong investment demand for bills in January, including disintermediation flows; the absence of the usual seasonal Treasury cash borrowing; and perhaps reinvestment demands associated with the mid-February refunding. On the other hand, it is expected that thrift institutions and Federal Home Loan Banks will have to liquidate part of existing bill holdings to finance savings withdrawals. If withdrawals are large enough, the FHLB's may have to call on their credit line with the Treasury. If this occurs before the Treasury's cash balance is seasonally rebuilt after mid-January, the balance may run so low as to necessitate temporary direct Treasury borrowing from the System. The reserve effect of such borrowing would be offset by roughly equivalent System bill sales in the market. Moreover, over

the next four weeks the System will generally be on the selling side of the market mainly to absorb the seasonal return flow of currency.

(11) The high dealer financing costs, the sizable corporate calendar, an expected large volume of Federal Home Loan Bank and other Federal agency issues, and the forthcoming Treasury refunding are likely, in combination, to counter, and perhaps reverse, current tendencies for intermediate- and longer-term interest rates to decline --barring a major shift in market expectations. The Treasury refunding will be announced on January 28, and will include at least $4 billion of publicly held issues maturing in mid-February and probably another $1-1/2 billion of coupon issues that mature in March. The nature of the issues to be offered in the refunding as well as the prospective market reception of the offering are highly uncertain at this point, given high dealer financing costs, the constraints on banks' ability to absorb new issues, changes in the tax treatment of capital gains and losses for banks which may reduce the relative attractiveness of new acquisitions of U.S. Government securities, and the prospect at this point of a crowded calendar of other issues.

(12) The constraint on banks' ability to acquire securities is indicated by the anticipated decline in a 2-5 per cent, annual rate, range of total member bank deposits that is projected for January. A larger decline may develop in February when U.S. Government deposits are projected to decline sharply. The January and February projections also assume a weaker performance of time deposits

than has been evident during the past few months. For all commercial banks, time deposits are expected to decline in a 3-6 per cent, annual rate, range from December to January, with the weakness mostly attributable to sizable outflows of consumer-type deposits following interest-crediting as savers move into high-yielding market instruments. And given interest rate relationships, attrition of domestic large denomination CD's is expected to persist, although it will continue to be limited by the greatly reduced level of outstandings. In February, a somewhat similar decline in time deposits is expected. Including an expected increase in foreign and domestic nondeposit sources of funds, the adjusted bank credit proxy is anticipated to decline in a 1-4 per cent annual rate range in January and a 4-7 per cent range in February. With a sharp recovery in U.S. Government deposits projected for March, for the first quarter as a whole the adjusted bank credit proxy is projected to decline by about a couple of percentage points at an annual rate. These projections are based on the assumption of no change in Regulation Q ceilings.

(13) The money supply in January is expected to show little change on average from December, as the extraordinary end-of-December bulge in the money supply disappears. Over the somewhat longer-run of the first quarter, the money supply seems unlikely to show much, if any, net growth (measured from the December average level to the March average level), given current money market conditions and the outlook for a relatively small increase in GNP in nominal terms. Such a projection is consistent with behavior of the money supply over the past two quarters under the current policy directive, and with

Board staff economic projections for the first quarter. In February, however, the money supply may show some temporary rise as U.S. Government deposits are drawn down.

(14) Policy alternative B. If the Committee should decide to move toward achieving slightly less firm money market conditions, it might wish to consider the following second paragraph for the directive:

> To implement this policy, WHILE TAKING ACCOUNT OF THE FORTHCOMING TREASURY REFUNDING, System open market operations until the next meeting of the Committee shall be conducted with a view to ~~maintaining the prevailing~~ ACHIEVING SLIGHTLY LESS firm conditions in the money market; provided, however, that operations shall be modified FURTHER if bank credit appears to be ~~deviating~~ significantly WEAKER THAN CURRENTLY PROJECTED ~~from current projections or if unusual liquidity pressures should develop~~.

(15) Slightly less firm money market conditions might encompass a Federal funds rate averaging consistently below 9 per cent, perhaps in an 8-1/2--9 per cent, net borrowed reserves averaging around $800 million, and member bank borrowing generally a little below $1 billion. The 3-month bill rate under these conditions may drop to or somewhat below 7-1/2 per cent, although dealer financing costs are likely to remain relatively high and still be a constraint on dealers'

willingness to add to positions. Longer-term interest rates, too, might come under less upward pressure--and the recent declines could even be extended--should the market become aware of the shift and interpret it as the first step in a progressive easing of policy.

(16) Little effect on the monetary and banking aggregates may be expected from such a shading in money market conditions in January since the month is already about half over. In February, banks' time deposit experience might improve by a percentage point or so relative to what it would be under prevailing conditions as a decline in market interest rates may reduce the outflow of consumer-type deposits in some small degree. Moreover, private demand deposits, and the money supply, may also show a shade more strength in February than otherwise as a lower Federal funds rate makes bank slightly more willing to accommodate borrowing demands.

(17) Policy alternative C. If the Committee wishes to place more emphasis on monetary and banking aggregates in the directive, it may wish to consider the following language for the second paragraph.

> ~~To-implement-this-policy~~ ACCORDINGLY, WHILE TAKING ACCOUNT OF THE FORTHCOMING TREASURY REFUNDING, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining ~~the-prevailing~~ firm conditions in the money market~~;-provided,-however,-that-operations shall-be-modified-if-bank-credit-appears-to-be-deviating-signif-~~

~~icantly from current projections or if unusual liquidity pressures should develop~~ CONSISTENT WITH A POLICY OF MONETARY RESTRAINT AND CONDUCIVE TO MODEST AND ORDERLY EXPANSION IN THE MONETARY AND BANKING AGGREGATES.

(18) A modest and orderly expansion in the monetary and banking aggregates might encompass about a 2 per cent annual rate of increase in the money supply over the first quarter (from the December average to the March average), but, given current Regulation Q ceilings, this might not be accompanied by an expansion in total bank credit much, if any, greater than the small fourth quarter rate. How much expansion in bank credit develope would depend in large part on the extent of any accompanying decline in bill rates. Given the current GNP projection, it is not expected that a 2 per cent growth in money supply would lead to a sharp drop in bill rates, although the 3-month rate may decline to around 7 per cent on average in the first quarter. On this assumption, total member bank deposits may show little net change over the first quarter, although a modest rise in bank credit--perhaps in a 0-2 per cent range (as measured on a daily average basis by member bank deposits plus domestic and foreign nondeposit sources)--would result from expansion in Euro-dollar borrowings and continued net new issues of commercial paper. If the Committee wished to encourage a larger expansion in outstanding bank credit, this would appear to require a rise in Regulation Q ceilings or a large drop in market interest rates.

(19) Over the quarter, the money market conditions that would appear to be consistent with this pattern of change in the aggregates might encompass a Federal funds rate in an 8--8-1/2 per cent range, net borrowed reserves averaging around $700 million, and member bank borrowings around $800 million. Marginal reserve measures of these proportions were experienced around year-end but, for reasons explained in paragraph (9), they are unlikely to persist if the Federal funds rate is kept in an 8-1/2--9-1/2 per cent range and as excess reserves decline seasonally. A step toward achieving the first quarter money market conditions specified in the first sentence would be to accommodate a decline in the Federal funds rate to an 8-1/2--9 per cent range over the next four weeks, with net borrowed resevves probably in a $700-$900 million range, member bank borrowings a little less than $1 billion, and the 3-month bill rate falling to or somewhat below 7-1/2 per cent. If projections of the interrelation between the monetary aggregates and money market conditions are accurate, a further modest lessening of restraint in money market conditions would appear to be required as the quarter progresses.

(20) The initial small decline in the Federal funds rate might alter market expectations, and thereby take pressure off of intermediate- and long-term markets. The move is so modest, however, and the calendar of securities so large, that sharp declines in short- and long-term interest rates are not likely to develop over

the next few weeks unless GNP turns out to be substantially weaker than projected (and if GNP is weaker than projected, it may take sharp declines in interest rates to achieve a 2 per cent growth in money supply).

(21) Within the quarter, money supply and bank credit are likely to fluctuate fairly widely. For the money stock, little net change would be anticipated for January; an increase in a 5-7 per cent annual rate range might develop in February when Treasury deposits drop sharply, and little net change again would be expected in March as transactions demands remain quite modest and some rebuilding of the Treasury balance is undertaken through a Treasury bill offering for cash. Outstanding bank credit, as measured by the adjusted proxy, would still show declines in January, because of time deposit outflows. There would also likely be a decline in February, as Government deposits drop, with the decline in a 1-4 per cent annual rate range. Experience in March is likely to improve substantially, with a moderate growth in outstanding bank credit expected as declines in Market interest rates reduce the relative attractiveness of market securities and as Government deposits are rebuilt.

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: Major banks: 8 N.Y.	Reserve City: Major banks: Outside N.Y.	Reserve City: Other	Country
Monthly (reserves weeks ending in):							
1968--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	- 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 p	- 868	258	1,126	268	309	220	329
1969--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	590
20	-1,162	59	1,221	136	267	194	624
27	- 992	212	1,204	53	196	322	633
Sept. 3	- 838	402	1,240	57	286	233	664
10	- 349	391	740	64	39	172	[illegible]
17	- 886	132	1,018	128	331	136	[illegible]
24	- 901	204	1,105	83	306	328	388
Oct. 1	-1,116	320	1,436	95	531	257	553
8	- 828	139	967	170	112	267	418
15	-1,129	218	1,347	210	396	302	439
22	- 857	158	1,015	--	275	344	396
29	-1,099	80	1,179	53	322	293	511
Nov. 5	-1,032	296	1,328	121	422	295	490
12	- 873	371	1,244	350	296	189	[illegible]
19	- 925	146	1,071	--	390	260	421
26	-1,072	138	1,210	8	438	260	504
Dec. 3	- 988	203	1,191	266	307	241	377
10 p	- 944	255	1,199	293	264	262	380
17 p	- 987	56	1,043	164	283	301	295
24 p	- 819	275	1,094	296	356	150	292
31 p	- 604	500	1,104	319	334	153	298
1970--Jan. 7 p	- 648	206	854	196	327	87	244

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									
1968	+ 7.8	+ 6.0	+ 7.9	+ 9.0	+ 7.2	+ 7.4	+ 7.1	+11.5	+ 9.8
1969 p	- 1.7	- 3.1	- 1.2	- 4.1	+ 2.5	+ 6.0	+ 1.[illegible]	- 5.2	- 1.7
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	+ 7.1	+ 6.6	+ 7.0	+17.3	+11.9
1st Quarter 1969	+ 0.1	- 2.8	+ 1.7	- 4.8	+ 4.1	+ 6.5	+ 3.4	- 5.1	- 1.8
2nd Quarter 1969	+ 1.2	- 4.7	+ 0.2	- 2.2	+ 4.5	+ 6.3	+ 3.9	- 3.0	+ 1.4
3rd Quarter 1969	- 9.3	- 4.8	- 8.6	- 9.4	--	+ 3.6	- 1.3	-13.3	- 6.2
4th Quarter 1969p	+ 1.1	- 0.4	+ 2.0	--	+ 1.2	+ 7.1	- 0.3	+ 0.2	- 0.3
Monthly:									
1968--April	- 6.9	- 6.9	- 5.2	- 5.2	+ 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	+ 6.2	+ 2.8	+ 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	+ 1.8	+ 5.4	+ 1.6	-18.5	-11.4
August	- 5.6	- 2.8	- 7.6	-11.3	- 1.8	+ 8.0	- 4.7	-19.4	- 9.5
September	--	+ 7.7	- 0.8	+ 1.7	--	- 2.6	- 0.8	- 2.5	+ 2.4
October	-1[illegible].7	-17.9	-10.4	- 9.2	+ 0.6	+10.6	- 0.8	- 3.7	-10.0
November	+ 9.7	+ 5.5	+ 9.3	+ [illegible].7	+ 1.2	+ 7.9	- 1.6	- 0.6	+10.1
December p	+ 5.3	+11.1	+ 6.9	- 0.4	+ 1.8	+ 2.6	+ 1.6	+ 5.0	- 0.8

p - Preliminary.

Table 3

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

(Based on monthly averages of daily figures)

Period	Reserve Aggregates 5/			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.[illegible]	143.2	187.2	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	289.0	155.1	130.5	2.4	199.3	45.0	154.4	197.7	301.8
August	27,401	26,214	27,161	285.3	152.5	129.9	2.9	199.0	45.3	153.8	194.5	299.4
September	27,402	26,383	27,144	28[illegible].7	152.1	129.2	4.4	199.0	45.[illegible]	153.7	194.1	300.0
October	27,354	26,210	27,129	283.5	151.5	128.9	3.1	199.1	45.6	153.6	193.5	297.5
November	27,783	26,538	27,548	28[illegible].8	151.1	129.1	[illegible].6	199.3	45.9	153.4	19[illegible].4	300.0
December p	27,905	26,784	27,707	285.7	151.5	129.3	4.9	199.6	46.0	153.6	194.2	299.8

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.
5/ Includes increases in required reserves due to changes in Regulations M and D of approximately $400 million since October 16, 1969.

Table 4

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

Period	Reserve Aggregates 5/			Member Bank Deposits Supported by Required Reserve				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/		
Weekly:	(In millions of dollars)					(In billions of dollars)						
1969 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	154.3	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	153.6	193.9	299.4
Sept 3	27,409	26,194	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	27,370	26,364	27,238	287.1	152.0	129.8	5.2	199.6	45.3	154.3	194.2	301.6
24	27,236	26,199	26,982	285.0	152.2	128.6	4.1	198.3	45.3	153.0	194.0	299.2
Oct. 1	27,717	26,362	27,417	284.2	152.3	128.1	3.8	198.3	45.2	153.1	194.3	298.2
8	27,233	26,291	27,044	283.7	151.9	128.8	3.0	199.6	45.4	154.3	193.9	297.5
15	27,260	25,975	27,059	281.9	151.4	127.8	2.7	198.7	45.6	153.0	193.6	296.1
22	27,547	26 520	27,263	284.1	151.3	129.7	3.1	199.9	45.7	154.3	193.3	298.5
29	27,238	25,989	27,041	283.4	151.2	129.1	3.2	198.5	45.7	152.8	193.4	297.1
Nov 5	27,655	26,359	27,360	286.0	151.3	129.3	5.5	198.7	45.7	153.0	193.3	299.5
12	27,565	26 339	27,354	285.9	151.0	129.0	5.9	199.7	45.8	153.9	193.1	299.9
19	27,9 1	26,829	27,732	28[illegible].7	151.0	129.2	[illegible]	200.1	45.9	154.2	193.2	299.[illegible]
26	27,897	26,547	27 637	285.[illegible]	151.1	129.1	[illegible].3	199.2	45.9	153.2	193.5	300.2
Dec. 3	27,839	26,588	27,646	287.2	151.3	12[illegible]	6.1	199.[illegible]	45.9	153.4	193.8	301.[illegible]
10 p	27,999	26,600	27 619	285.7	151.5	128.7	[illegible].5	198.4	46.0	152.4	193.9	300.1
17 p	27,978	26,819	27,946	285.4	151.7	128.5	5.2	198.7	46.1	152.6	194.2	299.4
24 p	27,805	26,735	27,580	284.3	151.8	127.6	4.9	197.8	46.1	151.6	194.3	298.5
31 p	27,866	27,067	27,709	286.3	151.3	131.2	3.8	202.8	45.9	156.8	193.9	300.1
1970--Jan. 7 p	28 028	27,059	27.784	286.9	151.4	131.4	4.2	201.1	45.9	155.2	194.2	299.8

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.
5/ Includes increases in required reserves due to changes in Regulations M and D of approximately $400 million since October 16, 1969.