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CONFIDENTIAL (FR) April 3, 1970.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Preliminary estimates indicate that growth in the adjusted bank credit proxy for both March and the first quarter was in line with annual rates regarded as desirable at the time of the last Committee meeting. While the money supply and time deposits appear to have grown somewhat more rapidly than projected over the period as a whole, for a time between meetings the emerging weekly evidence suggested that these aggregates were falling short of the earlier blue book figures. However, in the final--Easter--week of March, the preliminary data indicate that a very large bulge in private demand deposits developed. This reflected for the most part technical factors affecting cash items and related to the 4-day holiday week-end abroad and perhaps also the postal strike and the air traffic slowdown.

BOARD STAFF PROJECTIONS OF CHANGES IN MONETARY AGGREGATES COMPARED WITH ESTIMATED RESULTS

For March and First Quarter
(Seasonally adjusted annual rates)

	Expectations at last meeting	March 20 Projection	Current Estimate
QI (March over December)			
Adjusted Proxy	+ 0.3	- 0.1	+ 0.4
Money Supply	+ 2.0	+ 1.6	+ 3.2
Time Deposits	- 0.2	- 0.2	+ 0.2
March (March over February)			
Adjusted Proxy	+10.3	+ 7.9	+ 9.9
Money Supply	+ 6.6	+ 5.4	+11.4
Time Deposits	+12.5	+11.9	+13.7

(2) Time deposits in March showed their first major monthly increase on average in over a year, as had been projected. The size of the increase was a little larger than anticipated, due in large measure to steeper than forecast declines in short-term market rates. While a build-up of foreign official CD's continued to account for a sizable part of the March growth in total time accounts, the pick-up in flows to consumer-type time and savings accounts--first evident in February--strengthened further during March. Also, as Treasury bill yields dropped below CD rate ceilings, sales of CD's to domestic holders began to develop.

(3) Despite the generally strengthened deposit flows, growth in the adjusted bank credit proxy for March was about as projected in the last blue book. In addition to a modest short-fall in U.S. Government deposits as compared with estimates, the main factors offsetting greater deposit gains were larger cut-backs than forecast in Euro-dollar borrowing and slower than estimated growth in bank-related commercial paper. From the end of February to the end of March, Euro-dollar borrowings of major banks were reduced by more than $1 billion, while other nondeposit sources of funds, after their growth slowed in the early weeks of March, showed a net contraction of $160 million in the week ending March 25 (the latest for which data are available).

(4) Treasury bill yields have dropped 20 to 50 basis points on balance from the levels prevailing at the time of the last Committee meeting,

and other short-term rates have dropped commensurately. For a brief period about ten days ago, bill yields reached substantially lower levels. This temporary further decline reflected actions by dealers to build up inventories and sizable seasonal demands for bills--arising from the pay-off of maturing tax bills, from bank window dressing, and from the Cook County property tax date--coming at a time when official statements and emerging financial statistics both seemed to be confirming market expectations that monetary policy had become less restrictive. Since late March, bill yields have backed up, with the 3-month issue most recently bid at about 6.35 per cent, as dealer bill positions expanded sharply to more than $4 billion and in partial reflection of a normal seasonal reversal in yields.

RECENT YIELDS ON TREASURY BILLS
(Per cent per annum)

	Maturities		
	3 month	6 month	1 year
Level at close of day before March 10 Meeting	6.86	6.72	6.52
Recent Low (March 24)	6.08	6.19	6.26
April 2 Close	6.35	6.40	6.31
Memo:			
Investment Yield (April 2)	6.51	6.67	6.70
CD Ceilings	6.75	7.00	7.50

(5) Money market conditions on balance have been somewhat more comfortable over the last four weeks than in the prior inter-meeting period. Early in the period the Desk sought to achieve easier conditions that would help to offset the observed shortfall in the monetary aggregates relative to expectations, but more recently money market conditions have been permitted to firm up a little again, partly under the pressure of dealer financing needs. Over the inter-meeting weeks as a whole, the effective Federal funds rate averaged close to 7-3/4 per cent, compared to an average of about 8-3/4 per cent in the preceding 4-week period, and dealer financing costs declined to an average of around 8-3/8 per cent in New York. Net borrowed reserves have fluctuated in a fairly wide $675-$900 million range. Excluding the most recent week, when bank uncertainties about reserve positions and preparation for the quarterly statement data increased bank use of the discount window, member bank borrowings have averaged about $875 million.

(6) The following table compares recent changes in major reserves, deposit and credit aggregates with earlier selected periods (in seasonally adjusted annual rates):

	1969 (Dec. over Dec.)	Q3 '69 (Sept. over June)	Q4 '69 (Dec. over Sept.)	Q1 '70 p (March over Dec.)
Total Reserves	-1.6	- 9.3	1.4	-3.4
Nonborrowed Reserves	-3.0	- 4.8	-0.1	-0.8
Money Supply	2.5	--	1.2	3.2
Time and savings deposits	-5.3	-13.3	--	0.2
Savings accounts at nonbank thrift institutions	3.3	2.1	1.3	-1.0 1/
Member bank deposits and related sources of funds				
Total member bank deposits (bank credit proxy)	-4.0	- 9.4	0.1	0.4
Proxy plus Euro-dollars	-1.7	- 6.2	-0.3	-1.9
Proxy plus Euro-dollars and other nondeposit sources	n.a.	- 4.0	2.0	0.4
Commercial bank credit (month end)				
Total loans and investments of all commercial banks	2.4	- 0.8	2.1	-0.4
L&I plus loans sold outright to affiliates and foreign branches	3.4	0.8	2.2	2.5

NOTE: 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.

1/ January - February, 1970 only.

p Preliminary.

Prospective developments

(7) If the Committee wishes to continue on the policy course adopted at the March meeting, it may want to renew the second paragraph of the directive issued then, with the addition of a reference to the Treasury financing, as follows (alternative A):

> To implement this policy, the Committee desires to see moderate growth in money and bank credit over the months ahead. System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining money market conditions consistent with that objective, TAKING ACCOUNT OF THE FORTHCOMING TREASURY FINANCING.

The path given below for monetary aggregates could be considered as consistent with the directive (data shown are seasonally adjusted monthly average levels in billions of dollars). It should be stressed that while we have specified point estimates, variations around these individual estimates are likely and should be acceptable, provided they are not cumulative in one direction.

	Adjusted bank credit proxy	Money Supply	Time Deposits	Total Reserves
March p/	306.0	201.2	194.2	27.7
April	308.0	201.9	197.5	28.1
May	307.0	203.0	199.6	28.0
June	309.6	202.5	201.9	27.8
Annual rate of increase, second quarter	4-1/2%	2-1/2%	16%	1-1/2%

p/ Preliminary.

(8) The money supply bulge at the end of March is likely to be followed by rather sharp declines in the money supply over the next few weeks--a development somewhat similar to last January. After this adjustment from the end-of-March bulge, the money supply path turns upward and the average level for June is somewhat greater than in the previous blue book, but with the annual rate of increase a somewhat slower 2-1/2 per cent because of the inflated March average level. For the adjusted credit proxy, the June average level is about the same as in the previous blue book.

(9) A weekly pattern spanning the inter-meeting period consistent with the monthly path of monetary aggregates noted above is shown below (in billions of dollars, seasonally adjusted), although it must be recognized, of course, that a weekly pattern is subject to even more random fluctuation than monthly figures.

Week Ending	Adjusted Bank Credit Proxy	Money Supply	Time Deposits	Total Reserves
April 1 p/	308.8	204.9	195.6	27.9
April 8	307.9	202.2	196.5	27.8
April 15	307.6	202.3	197.3	28.3
April 22	309.2	201.1	198.0	28.1
April 29	307.7	202.0	198.4	28.2
May 6	307.7	202.2	198.9	28.3

p/ Preliminary.

The weekly pattern shown here would lead to an average annual rate of increase from March to April of about 4 per cent for the money supply, 8 per cent for the adjusted proxy, and 20 per cent for time deposits (reflecting in large part strength at the end of March). A rather sizable drop in U.S. Government deposits is anticipated in April, and an even larger drop is likely to develop in May. This does not allow for the earlier timing of the Federal pay raise, and if the Treasury balance for this or other reasons tends to drop too low, the Treasury may come in for cash borrowing before the second quarter ends, a possibility not allowed for in our projections.

(10) This aggregate pattern for the weeks ahead may require a Federal funds rate fluctuating in a 7-9 per cent range. Rates may have to move to the upper end of the range if short-term interest rates begin to stimulate more rapid growth in time deposits and particularly the adjusted bank credit proxy than is desired. Net borrowed reserves may fluctuate in a $650 million--$1.1 billion range, with member bank borrowings in a $750 million to $1.2 billion range.

(11) The growth path shown for time deposits, both weekly and over the months ahead, assumes that the 3-month Treasury bill rate will remain generally withing a 6-1/8--6-5/8 per cent range, and that there will be no significant further decline in other short-term rates. A bill rate in that range would appear to be consistent with some slowing of growth in time deposits from the very rapid $800 million per week pace of the latter half of March, which if it were to continue, would lead to an even larger rate of time deposit growth

than the 15 per cent shown above for the second quarter. In April, growth in time deposits is expected to slow somewhat as the month progresses, largely as a result of less active CD issuance by banks, as explained below. In May, payment for the large AT&T bond offering may also slow down time deposit inflows. Moreover, the stimulus from widespread advertising by banks of the new higher ceiling rates on consumer-type time deposits is likely to diminish as time goes on.

(12) Consistent with growth in the adjusted bank credit proxy held to about a 4-1/2 per cent, annual rate, over the second quarter, net growth in large CD's and nondeposit sources of funds are estimated to be around $150 million per week. As banks obtain time deposits in relatively sizable volume, they are not likely to add to, and may make further repayments of, relatively high cost Euro-dollar and commercial paper borrowings. We have not, however, assumed further significant net repayment of such funds, partly because the greater strength now projected for GNP may sustain credit demand. Even so, growth in the adjusted bank credit proxy continues quite moderate, largely as a result of a substantial drop in U.S. Government deposits over the quarter as a large Federal cash surplus is utilized to retire debt.

(13) To keep expansion of banks' money market liabilities within the dimensions of the preceding paragraph might require a 3-month bill rate in the upper half of the 6-1/8--6-5/8 per cent range

mentioned earlier, unless the Committee wishes to permit somewhat greater growth in bank credit. As seasonal downward pressures on bill rates develop as the quarter progresses, this may mean that the Desk would have to supply less reserves than would otherwise be the case, thus exerting upward pressure on money market rates. There is the possibility that such pressures would lead to a reversal of market expectations that could back up interest rates on a broader scale.

(14) Long-term interest rates over the next few weeks are not expected to decline much, if at all, in any event. The corporate calendar remains large, and, with short-term interest rates remaining around current levels, there is little reason to anticipate that investor expectations of credit easing will induce them to become more willing buyers of long-term debt instruments. Moreover, the Treasury at the end of April will be announcing a refunding of almost $5 billion of publicly-held maturing coupon issues, and if market conditions warrant might also include a pre-refunding of about $5-1/2 billion of publicly-held August maturities.

Alternative path

(15) If the Committee desires to see somewhat more growth in money and bank credit over the months ahead, it may wish to consider the following directive language (alternative B):

To implement this policy, the Committee desires to see SOMEWHAT MORE moderate growth in money and bank credit over the months ahead THAN SOUGHT AT THE PRECEDING MEETING. System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining money market conditions consistent with that objective, TAKING ACCOUNT OF THE FORTHCOMING TREASURY FINANCING.

The following path of the monetary aggregates might be taken to be consistent with this directive.

	Adjusted proxy	Money Supply	Time Deposits	Total Reserves
March p/	306.0	201.2	194.2	27.7
April	308.3	201.9	197.7	28.1
May	307.8	203.1	200.5	28.1
June	310.9	202.9	203.4	28.0
Annual rate of increase, second quarter	6-1/2%	3-1/2%	19%	4-1/2%

p/ Preliminary.

Most of the additional expansive effect on the aggregates from this path develops after April. It is assumed that Desk operations supply more reserves than under the previous alternative as April progresses, and that Treasury bill rates drop in the latter part of the month to around 6-1/8 per cent or below as the market comes to sense a further easing in monetary policy at a time when short-term rates may be tending to decline somewhat for seasonal reasons.

(16) A weekly pattern over the next several weeks consistent with this alternative path is shown below.

	Adjusted proxy	Money Supply	Time Deposits	Total Reserves
April 1 p/	308.8	204.9	195.6	27.9
April 8	307.9	202.2	196.5	27.8
April 15	307.7	202.3	197.4	28.3
April 22	309.3	201.1	198.1	28.1
April 29	308.2	202.1	198.8	28.2
May 6	308.3	202.3	199.4	28.4

p/ Preliminary.

With this pattern, the annual rate of increase in April, on average, for the adjusted proxy would be around 10 per cent; for the money supply 4 per cent; and for time deposits 22 per cent. It is assumed that banks would use part of the deposit funds obtained to reduce other borrowings.

(17) Under this alternative, money market conditions in April would, on the whole, be somewhat less firm than under the first alternative. The Federal funds rate might drop below 7 per cent at

times, and generally would not rise much above 8 per cent. Member bank borrowings would generally remain under $900 million, and perhaps decline to as little as $600 million. Net borrowed reserves would probably fluctuate in a $500-$800 million range.

(18) Long-term interest rates may decline for a time as a result both of the initial impact on expectations of such an easing in policy and the enhanced ability of banks to acquire securities. However, it is possible that before the end of the second quarter, interest rates could begin to rise again. Such an outcome would be particularly likely if there were indications of further easing fiscal restraints, with a consequent intensification of inflationary expectations and increased anticipatory borrowing.

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVT
(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	Bank Credit Proxy	Credit proxy + Euro-dollars + other nondep. sources of funds (In billions of dollars)	Money Supply	Time Deposits 3/
Monthly													
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	- 1.8	+ 0 3	- 3 1
August	- 997	1,211	9 19	6 98	6 22	7 65*	5 74	- 61	-129	- 2 7	- 1.9	- 0 3	- 3 2
September	- 744	1,026	9 15	7 09	6 55	7 98*	5 83	+169	+ 1	+ 0 4	+ 0.4	--	- 0 4
October	-1,006	1,189	9 00	7 00	6 50	7 89	5 80	-173	- 48	- 2 2	- 2.0	+ 0 1	- 0 6
November	- 975	1,213	8 85	7 24	6 74	8 32*	5 88	+328	+479	+ 2 3	+ 3.3	+ 0 2	- 0 1
December	- 849	1,127	8 97	7 82	6 91	8 75	6 50	+268	+145	- 0 1	+ 0.2	+ 0 3	+ 0 7
1970--January	- 759	928	8 98	7 87	6 92	8 46	6 38	+160	+ 73	- 1.0	- 0.9	+ 1.5	- 2 0
February	- 916	1,126	8 98	7 13	6 67	8 30	6 19	-351	-279	- 1.9	- 1.3	- 1.8	- 0 1
March p	- 766	881	7.76	6.63	6.72	8.60*	5.81	+137	- 28	+ 3.2	+ 2.[illegible]	+ 1.9	+ 2.2
Weekly													
1969--Sept 3	- 818	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	- 2.3	- 0 2	- 0 1
17	- 886	1,018	9 07	7 11	6 49	8 04	5 85	-323	+ 45	+ 3 4	+ 3.4	+ 0 3	+ 0 3
24	- 901	1,105	9 61	7 13	6 60	8 13	5.82	-165	-134	- 2 1	- 2.3	- 1 3	- 0.2
Oct 1	-1,116	1,436	9 11	7 07	6 76	8 22	5 83	+163	+481	- 0 8	- 1.0	--	+ 0 3
8	828	964	9 43	7 00	6 65	8 10	5 80	- 71	-484	- 0 5	- 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	- 1.2	- 0 9	- 0 3
22	857	1,015	8 68	6 94	6 29	7 82	5 80	+545	+287	+ 2 2	+ 2.5	+ 1 2	- 0 3
29	1,099	1,179	8 39	7 00	6 50	7 87	5 84	-531	-309	- 0 7	- 1.1	- 1 4	+ 0 1
Nov 5	-1,031	1,328	9 07	7 01	6 59	8 13	5 75	+370	+417	+ 2 6	+ 2.6	+ 0 2	- 0 1
12	- 873	1,244	9 32	7 14	6 66	8 27*	5 78	- 20	- 90	- 0 1	+ 0.5	+ 1 0	- 0 2
19	- 925	1,071	8 79	7 16	6 78	8 44	5 95	+490	+886	- 0 2	+ 0.1	+ 0 4	+ 0 1
26	-1,072	1,210	8 32	7 44	6 83	8 67	6 05	-282	- 54	- 0 2	+ 0.5	- 0 9	+ 0 3
Dec 3	- 988	1,191	8 91	7 55	6 84	8 85	6 34	+ 41	- 58	+ 1 7	+ 1.5	+ 0 1	+ 0 3
10	- 903	1,200	8 75	7 75	6 80	8 70	6 48	+ 53	+202	- 1 5	- 1.4	- 0 9	--
17	- 946	1,044	9 14	7 88	6 90	8 76	6 57	+220	- 21	- 0 2	- 0.5	+ 0 3	+ 0 3
24	- 832	1,096	9 18	7 83	6 95	--	6 57	-143	-230	- 1.2	- 0.9	- 0 9	+ 0.2
31	- 576	1,104	8 71	8 00	7 04	--	6 52	+361	+ 88	+ 2.1	+ 1.6	+ 5 2	- 0 4
1970--Jan. 7	- 567	852	8 45	7 92	6.93	8 41	6 41	+ 49	+217	--	- 0.7	- 0.5	- 0 7
14	- 788	865	8 96	7 88	6 89	8 41	6 36	- 11	-106	- 1.2	- 0.4	- 0 4	- 0 9
21	- 760	963	9 30	7 82	6 91	8 32	6 34	- 89	+ 52	- 0.2	+ 0.3	- 0.5	- 0.4
28	- 918	1,030	9 04	7 89	6 94	8 60	6 39	-366	-224	- 0.8	- 0.9	- 2 5	- 0 5
Feb 4	-1,047	1,258	9 21	7 77	6 92	8 63	6.28	- 68	+122	- 1.2	+ 1.1	- 0.1	- 0.3
11	- 862	1,069	9 18	7 36	6 72	8.40	6 26	+106	-220	- 0.1	- 0.1	- 0.5	+ 0.3
18	- 861	1,110	9 39	6 83	6 57	8 32	6 24	-175	- 34	--	+ 0.1	+ 1.0	+ 0.6
25	- 893	1,065	8 41	6 84	6 61	8 20	6 00	- 7	-108	+ 0.5	+ 0.5	+ 0.4	+ 0.6
Mar 4	- 694	833	8 32	6 89	6 57	8.25	5 85	+ 55	+100	+ 0.6	+ 0.3	+ 0.7	+ 0.4
11 p	- 890	934	7.71	6.80	6.68	8.52	5.75	-204	-206	+ 1.5	+ 1.1	- 0.6	+ 0.3
18 p	- 671	817	7.82	6.78	6 91	8.76	5.84	+358	+217	- 0.6	- 0 4	- 0.1	+ 0.7
25 p	- 865	936	7.45	6.31	6.71	8.74	5.80	-101	+ 20	+ 1.6	+ 1 3	+ 0.4	+ 0.8
Apr 1 p	- 688	950	7.93	6 33	6.64	8.55	5.90	+157	+143	+ 3.1	+ 2 7	+ 4.6	+ 0.8
				Averages									
Year 1969	- 860	1,110	8.22	6 67	6 32	7 62	5 45	- 3 0	- 1 6	- 4 0	n.a.	+ 2 5	- 5 3
First Half 1969	- 779	1,034	7 46	6 15	6 12	7 20	5.01	- 3 7	+ 0 7	- 3.5	n.a.	+ 4.3	- 4.0
Second Half 1969	- 939	1,183	8 96	7 19	6 53	8 04	5 89	- 2.4	- 3 9	- 4 6	- 1 2	+ 0.6	- 6 7

1/ Average of total number of days in period
2/ Includes issues carrying 5-year and 10-year call protection, * - issues carry a 10-year call protection
3/ Time deposits adjusted at all commercial banks
4/ Base is change for month preceding specified period or in case of weekly periods, the first week shown
** - 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

p - Preliminary S A - Seasonally adjusted

April 3, 1970

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):							
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	- 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 p	- 766	115	881	111	223	265	282
Weekly:							
1969--Sept. 3	- 838	402	1,240	57	286	233	664
10	- 349	391	740	64	39	172	465
17	- 886	132	1,018	128	331	136	423
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	409
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	379
10	- 903	297	1,200	293	264	264	379
17	- 946	98	1,044	164	296	301	296
24	- 832	264	1,096	296	356	150	292
31	- 576	528	1,104	319	334	153	299
1970--Jan. 7	- 567	285	852	196	327	87	243
14	- 788	77	865	234	281	188	162
21	- 760	203	963	75	340	296	252
28	- 918	112	1,030	86	200	358	386
Feb. 4	-1,047	211	1,258	75	383	317	483
11	- 862	207	1,069	130	351	267	321
18	- 861	249	1,110	218	261	246	385
25	- 893	172	1,065	--	271	329	465
Mar. 4	- 638	198	836	32	46	419	339
11 p	- 890	44	934	169	349	191	225
18 p	- 671	146	817	146	209	193	269
25 p	- 865	71	936	97	289	255	295
Apr. 1 p	- 688	262	950	232	264	161	293

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 + Euro-dollars + other nondep sources of funds
<u>Annually</u>									
1968	+ 7.8	+ 6.0	+ 7.9	+ 9.0	+ 7.2	+ 7.4	+ 7.1	+11.5	n.a.
1969	- 1.6	- 3.0	- 1.2	- 4.0	+ 2.5	+ 5.8	+ 1.5	- 5.3	n.a.
<u>Semi-annually</u>									
1st Half 1969	+ 0.7	- 3.7	+ 1.0	- 3.5	+ 4.1	+ 6.5	+ 3.7	- 4.0	n.a.
2nd Half 1969	- 3.9	- 2.4	- 3.3	- 4.6	+ 0.6	+ 4.9	- 0.6	- 6.7	- 1.2
<u>Quarterly</u>									
1st Quarter 1968	+ 7.9	+ 1.1	+ 7.5	+ 7.3	+ 5.5	+ 6.9	+ 5.4	+ 7.6	
2nd Quarter 1968	+ 1.5	+ 2.1	+ 1.8	+ 1.4	+ 8.7	+ 7.8	+ 8.7	+ 3.0	
3rd Quarter 1968	+11.5	+15.0	+11.5	+13.6	+ 6.8	+ 7.6	+ 6.8	+16.5	
4th Quarter 1968	+ 9.6	+ 5.3	+ 9.8	+12.7	+ 7.1	+ 6.6	+ 7.0	+17.3	
1st Quarter 1969	+ 0.1	- 2.8	+ 1.7	- 4.8	+ 4.1	+ 6.5	+ 3.2	- 5.1	
2nd Quarter 1969	+ 1.2	- 4.7	+ 0.2	- 2.2	+ 4.5	+ 6.3	+ 4.2	- 3.0	n.a.
3rd Quarter 1969	- 9.3	- 4.8	- 8.6	- 9.4	--	+ 3.6	- 1.3	-13.3	- 4.0
4th Quarter 1969	+ 1.4	- 0.1	+ 2.0	+ 0.1	+ 1.2	+ 6.2	--	--	+ 2.0
1st Quarter 1970 p	- 3.4	- 0.8	- 2.5	+ 0.4	+ 3.2	+ 7.0	+ 2.1	+ 0.2	+ 0.4
<u>Monthly</u>									
1968--April	- 6.9	- 6.9	- 5.2	- 5.2	+ 5.9	+ 5.8	+ 5.0	+ 3.2	
May	+ 2.5	+ 0.9	- 0.6	+ 2.2	+11.0	+ 8.7	+12.3	+ 3.2	
June	+ 8.8	+12.3	+11.3	+ 7.3	+ 9.0	+ 8.7	+ 8.3	+ 2.6	
July	+ 7.6	+13.8	+ 9.4	+ 9.4	+ 8.9	+ 5.7	+ 9.8	+15.9	
August	+22.4	+22.4	+22.3	+22.2	+ 8.9	+ 8.6	+ 8.9	+17.0	
September	+ 4.3	+ 8.3	+ 2.6	+ 8.8	+ 2.5	+ 8.5	+ 1.6	+16.1	
October	+ 8.5	+ 9.2	+10.4	+13.3	+ 2.5	+ 2.8	+ 2.4	+18.3	
November	+ 7.9	+ 1.3	+ 8.4	+11.5	+11.3	+11.2	+11.3	+16.2	
December	+12.1	+ 5.3	+10.2	+13.0	+ 7.4	+ 5.6	+ 7.2	+16.6	
1969--January	+ 7.5	+ 4.5	+12.7	- 3.2	+ 6.2	+ 2.8	+ 7.1	-10.0	
February	- 3.4	- 4.9	- 3.0	- 1.2	+ 3.1	+ 8.3	+ 1.6	- 4.7	
March	- 3.8	- 8.0	- 4.4	-10.1	+ 3.1	+ 8.2	+ 1.6	- 0.6	
April	- 8.5	-12.0	- 5.0	+ 4.9	+ 7.9	+ 2.7	+10.2	--	
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	
July	-22.5	-19.3	-17.6	-18.9	+ 1.8	+ 5.4	+ 1.6	-18.5	- 7.0
August	- 5.6	- 2.8	- 7.6	-11.3	- 1.8	+ 8.0	- 4.7	-19.4	- 7.5
September	--	+ 7.7	- 0.8	+ 1.7	--	- 2.6	- 0.8	- 2.5	+ 1.6
October	-11.7	-17.9	-10.4	- 9.2	+ 0.6	+10.6	- 0.8	- 3.7	- 7.9
November	+ 9.7	+ 5.5	+ 9.3	+ 9.7	+ 1.2	+ 7.9	- 1.6	- 0.6	+12.7
December	+ 6.3	+12.1	+ 6.9	--	+ 1.8	--	+ 2.3	+ 4.3	+ 1.6
1970--January	+ 3.1	+ 7.2	+ 5.0	- 4.2	+ 9.0	+ 5.2	+10.1	-12.4	- 3.5
February	-12.0	-15.6	-12.9	- 8.0	-10.7	+ 7.8	-15.5	- 0.6	- 5.1
March p	- 1.2	+ 6.2	+ 0.5	+13.6	+11.4	+ 7.8	+11.8	+13.7	+ 9.9

p - Preliminary

Table [illegible]

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 + Euro-dollars + other nondep. sources of funds
	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	
February	26,352	25,961	25,989	277.4	150.2	120.1	7.1	183.3	40.7	142.6	185.8	
March	26,451	25,755	26 078	278.5	151.2	120.6	6.7	184.2	41.1	143.2	187.2	
April	26,298	25,606	25,964	277.3	151.3	120.8	5.2	185.1	41 3	143.8	187.7	
May	26,353	25,626	25,952	277.8	151.5	[illegible]	3.7	186.8	41.6	145.3	188.2	
June	26,547	25,889	26,196	279.5	151.8	[illegible]	3.9	188.2	41.9	146.3	188.6	
July	26 715	26,186	26,402	281.7	153.8	125.2	2.7	189 6	42 1	147.5	191.1	
August	27,213	26,675	26,893	286.9	156.5	125.6	4.8	191.0	42 4	148.6	193.8	
September	27,311	26,860	26,951	289.0	158.9	[illegible]	5.3	191.4	42.7	148.8	196.4	
October	27,504	27,066	27,185	292.2	161.5	125.7	5.0	191.8	42.8	149.1	199.4	
November	27,685	27,095	27,376	295 0	163.5	126.8	4.7	193.6	43.2	150.5	202.1	
December	27,964	27,215	27,609	298.2	165.8	128.2	4.2	194.8	43.4	151.4	204.9	
1969--January	28,139	27,318	27 902	297.0	163.2	128.4	5.4	195.8	43.5	152 3	203.2	
February	28,060	27,206	27 832	296.7	161.0	[illegible]	6.7	196.3	43.8	152 5	202.4	
March	27,972	27,024	27,729	294.2	160.5	128.9	4.8	196.8	44.1	152.6	202.3	
April	27,775	26,754	27,614	295 4	160.1	129.4	5.9	198.1	44.2	154 0	202.3	
May	28,235	26,888	27,942	295.1	159.3	130.0	5.9	198.3	44.5	153 8	201.7	
June	28,056	26,705	27 742	292.6	158.1	130.5	4.0	199.0	44.8	154.2	200.8	307.5
July	27,530	26 275	27,334	288 0	155.1	[illegible]	2.4	199 3	45 0	[illegible]	197.7	305.7
August	27,401	26,214	27,161	[illegible]	152.5	129.9	2.9	199 0	45.3	153 8	194.5	303.8
September	27.402	26,383	[illegible]	[illegible]	152.1	129.2	4.4	199 0	[illegible]	153 7	194.1	304.2
October	27,354	26 210	27 129	[illegible]	[illegible]	[illegible]	3.1	199.1	45.6	[illegible]	193.5	302.2
November	27 733	26 538	[illegible]	[illegible]	151.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	305.5
December	27,928	26,806	27,707	285 8	151.5	129 4	4.9	199 6	45 9	153.7	194.1	305.7
1970--January	28,001	26,966	27,823	284.8	149.4	[illegible]	5.3	201.1	46.1	155.0	192.1	304.8
February	27,722	26,615	27,523	282.9	148.8	[illegible]	5.6	199.3	46.4	153.0	192.0	303.5
March p	27,694	26,752	27,535	286.1	150.5	129.8	5.8	201.2	46.7	154.5	194.2	306.0

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: Total reserves	Reserve Aggregates: Nonborrowed reserve	Reserve Aggregates: Required reserves	Member Bank Deposits Supported by Required Reserves: Total member bank deposits	Member Bank Deposits Supported by Required Reserves: Time deposits	Member Bank Deposits Supported by Required Reserves: Private demand deposits 1/	Member Bank Deposits Supported by Required Reserves: U.S. Gov't demand dep.	Money Supply: Total	Money Supply: Currency 2/	Money Supply: Private demand deposits 3/	Commercial bank time deposits adjusted 4/	Credit Proxy + Euro-dollars + other nondep. sources of funds
		(In millions of dollars)			(In billions of dollars)								
1969--Sept	3	27,409	26,194	26,957	285.8	151.9	130.7	3.2	199.5	45.5	154.0	194.0	304.3
	10	27,325	26,687	27,059	283.7	151.9	129.7	2.2	199.3	45.1	154.2	193.9	302.3
	17	27,370	26,364	27,238	287.1	152.0	129.8	[illegible].2	199.6	45.3	154.3	194.2	305.7
	24	27,236	26,199	26,982	285.0	152.2	128.6	4.1	198.3	45.3	153.0	194.0	303.4
Oct	1	27,717	26,362	27,417	284.2	152.3	128.1	1.8	198.3	45.2	153.1	194.3	302.4
	8	27,233	26,291	27,044	283.7	151.9	128.8	3.0	199.6	45.4	154.3	193.9	301.9
	15	27,260	25,975	27,059	281.9	151.4	127.8	2.7	198.7	45.6	153.0	193.6	300.7
	22	27,547	26,520	27,263	284.1	151.3	129.7	3.1	199.9	45.7	154.3	193.3	303.2
	29	27,238	25,989	27,041	283.4	151.2	129.1	3.2	198.5	45.7	152.8	193.4	302.1
Nov	5	27,655	26,359	27,360	286.0	151.3	129.3	5.5	198.7	45.7	153.0	193.3	304.7
	12	27,565	26,339	27,354	285.9	151.0	129.0	5.9	199.7	45.8	153.9	193.1	305.2
	19	27,951	26,829	27,732	285.7	151.0	129.2	5.5	200.1	45.9	154.2	193.2	305.3
	26	27,897	26,547	27,637	285.5	151.1	129.1	5.3	199.2	45.9	153.2	193.5	305.8
Dec	3	27,839	26,588	27,646	287.2	151.3	129.8	6.1	199.3	45.9	153.3	193.8	307.3
	10	2[illegible],041	26,641	27,619	285.7	151.4	128.7	3.5	198.4	46.0	152.4	193.8	305.9
	17	28,020	26,861	27,946	285.5	151.7	128.5	5.2	198.7	46.1	152.7	194.1	305.4
	24	27,790	26,718	27,576	284.3	151.8	127.6	5.0	197.8	46.2	151.6	194.3	304.5
	31	27,898	27,099	27,713	286.2	151.3	131.3	3.7	203.0	45.8	157.2	193.9	306.1
1970--Jan	7	28,115	27,148	27,791	286.2	150.6	131.6	4.0	202.5	45.7	156.8	193.2	305.4
	14	28,009	27,137	27,939	285.0	149.7	130.6	4.7	202.1	46.0	156.1	192.3	305.0
	21	28,061	27,048	27,918	284.8	149.2	130.3	5.3	201.6	46.1	155.5	191.9	305.3
	28	27,837	26,682	27,685	284.0	148.6	128.7	6.8	199.1	46.3	152.8	191.4	304.4
Feb	4	27,959	26,614	27,724	282.8	148.4	128.6	5.8	199.0	46.3	152.7	191.1	303.3
	11	27,739	26,720	27,549	282.7	148.4	127.9	6.4	198.5	46.3	152.2	191.4	303.2
	18	27,705	26,545	27,512	282.7	148.8	128.6	5.3	199.5	46.4	153.1	192.0	303.3
	25	27,597	26,538	27,449	283.2	149.1	128.8	5.4	199.9	46.4	153.4	192.6	303.8
Mar	4	27,697	26,711	27,394	283.8	149.6	129.3	4.9	200.6	46.5	154.2	193.0	304.1
	11 p	27,491	26,507	27,404	285.3	150.0	129.0	6.4	200.0	46.6	153.4	193.3	305.2
	18 p	27,708	26,865	27,537	284.7	150.3	128.6	5.8	199.9	46.7	153.2	194.0	304.8
	25 p	27,728	26,764	27,689	286.3	151.0	129.7	5.7	200.3	46.8	153.6	194.8	306.1
Apr	1 p	27,871	26,921	27,598	289.4	151.6	132.1	5.7	204.9	46.9	158.0	195.6	308.8

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.
p - Preliminary