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CONFIDENTIAL (FR) July 17, 1970.

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) Pressures have moderated considerably in a number of financial markets since the last meeting of the Committee. In long-term credit markets, yields on newly-issued corporate bonds, State and local securities, and U.S. Treasury bond yields have declined by about 40-70 basis points. Most recently, however, there have been some signs of hesitation in this bond market rally. Also, investors are behaving quite selectively in regard to the quality of bond issues, and spreads between the highest rated and lower rated issues have increased.

(2) In short-term markets, Treasury bill rates have dropped below levels prevailing in the first three weeks of June. The 3-month bill has generally fluctuated around 6-1/2 per cent since the last Committee meeting, but was most recently quoted at 6.40 per cent. Commercial paper rates, on the other hand, have tended to edge upwards, reflecting the fall-off of investor confidence in some large paper issuers. There was, more notably, a diminished availability of credit in this market, with outstanding nonbank-related paper declining by over $2 billion, or considerably more than seasonally, in the week ending July 1 and showing only a very minor recovery in the ensuing

week. Much of the liquidation of outstanding commercial paper was financed out of bank loans. At all weekly reporting banks, in the two weeks ending July 8 loans rose by $2.5 billion (all of this increase occurred in the week ending July 1 and was concentrated in loans to finance companies and businesses), and the volume of large-denomination CD's expanded by $2.2 billion, mainly in the 30-89 day maturity area for which rate ceilings have been suspended. Credit availability in the commercial paper market appears to have improved in recent days; in general, banks have demonstrated that they are willing to stand behind commercial paper borrowers, by actually extending credit and by granting additional bank lines. However, the practice of differential pricing is spreading, and investors continue to be selective. Thus further net attrition remains possible, though it probably will not be of end-of-June dimensions.

(3) With the need for bank financing enlarged by the actual and potential attrition of commercial paper, bank deposits grew more rapidly than earlier projected in the two statement weeks ending July 8, mainly as a result of a faster-than-expected rise in CD's. While money supply and private demand deposit growth in late June and early July was also substantially faster than anticipated, partial data suggest that the rate of growth subsided in the statement week just past and that the outstanding money supply in that week may be back to the level projected at the time of the last FOMC meeting.
The churning associated with commercial paper market uncertainties

may have been partly responsible for the apparently temporary bulge in the money supply; also there was a larger-than-seasonal drop in overnight Euro-dollar borrowings by U.S. commercial banks (which affected "cash items") around the end of the fiscal year. Reflecting these various influences, rates of increase for the money supply and bank credit in July are now projected to be considerably above those contemplated on the assumption of unchanged money market conditions at the time of the last FOMC meeting--even though the faster-than-expected rise in time deposits has been partially offset by a decline in use of non-deposit sources of funds.

RECENT PATHS OF KEY MONETARY AGGREGATES
(Seasonally adjusted, billions of dollars)

	Adjusted Credit Proxy		Money Supply	
	Projected at Last Meeting[1/]	Actual Results	Projected at Last Meeting[1/]	Actual Results
1970				
Month	Levels		Levels	
June	311.5	311.2	203.8	203.7
July	313.2	315.6	205.2	205.6
Week ending				
June 10	310.6	310.6	203.2	203.4
June 17	311.8	311.1	204.3	203.9
June 24	311.6	310.5	203.8	202.1
July 1	311.8	312.2	203.6	204.5
July 8	311.7	314.2	204.4	205.6
July 15	313.0	314.4[e/]	205.4	205.4[e/]
	% Annual Rates of Change		% Annual Rates of Change	
Month				
June	8.0	7.4	-1.0	-1.2
July	6.5	17.0 pr	8.0	11.0 pr

e/ Partly estimated.
pr/ Projected.
1/ Projections were based on an assumption of no change in money market conditions and allowed for the suspension of ceiling rates on 30-89 day CD's.

(4) The recent moderation of overall financial pressures was facilitated not only by expansion of bank credit but also by a related reduction in the Federal funds rate to a weekly average level around

7-1/4--7-3/8 per cent during the three weeks ending July 8. In the week ending July 15, however, the Federal funds rate backed up to a 7-1/2 to 7-3/4 per cent range, and large System repurchase agreements were made during that week to keep it from moving even higher. During the two weeks ending on July 1, the lower level of the Federal funds rate was accompanied by net borrowed reserves that averaged around $940 million. During the two weeks ending July 15, however, member bank borrowing increased by $550 million to an average of $1.5 billion, with borrowings highest in the most recent statement week; and net borrowed reserves increased by around $600 million to $1.4 billion. The rise in borrowings was related chiefly to emergency discount window accommodation of banks lending to previous issuers of commercial paper; reports indicate that average bank borrowings of about $400 million were for such purposes during the past two statement weeks. Because of this special discount window assistance, there was no additional pressure on the Federal funds rate in the initial days as borrowings built up. But as borrowings were sustained at a high and rising level, pressures on the Federal funds rate did increase, although the funds rate has remained low relative to the level of member bank borrowings as compared with experience earlier in the year.

(5) The following table summarizes seasonally adjusted annual rates of change in major aggregates for selected periods:

	Past Year (June over June)	First Half of 1970 (June over December)	Second Quarter of 1970 (June over March)	Latest Month (June over May)
Total Reserves	- 2.0	- 0.2	2.2	0.2
Nonborrowed Reserves	- 0.3	1.8	4.0	5.8
Money Supply	2.4	4.1	4.4	- 1.2
Time and Savings Deposits	0.1	7.1	13.8	8.4
Savings accounts at nonbank thrift institutions	3.0	4.3	6.7	6.1
<u>Member bank deposits and related sources of funds</u>				
Total member bank deposits (bank credit proxy)	- 0.7	3.4	6.1	6.2
Proxy plus Euro-dollars	- 0.7	1.9	5.8	6.8
Proxy plus Euro-dollars and other nondeposit sources	1.2	3.6	6.7	7.4
<u>Commercial bank credit</u> (month end)				
Total loans and investments of all commercial banks	2.0	2.0	4.4	1.2
L&I plus loans sold outright to affiliates and foreign branches	3.4	4.0	5.4	1.2
<u>Non-bank commercial paper</u>	21.8	14.0	14.3	-37.3

NOTE: All items are averages 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, and the non-bank commercial paper series, which are end-of-month data. All additions to the total member bank deposit series are seasonally unadjusted numbers, since data have not been available for a long enough time to make seasonal adjustments.

Prospective developments

(6) Of the three financial markets which were of concern to the Committee in its last two meetings--the stock, bond, and commercial paper markets--pressures have abated on the first two but problems remain in the commercial paper market. In view of the continued pressure on profits and on liquidity in some areas, difficulties could arise in credit markets which cannot be foreseen at the moment--for example, if a large industrial or financial concern were to be forced into bankruptcy. Thus, it would appear reasonable for the FOMC to continue to show some concern for the possible emergence of undue pressures on financial markets, although conditions at the moment do not seem to necessitate the degree of concern shown in the last two FOMC directives. In general, during the past few weeks, credit market conditions appear to have improved enough for the FOMC, if it wishes, to return to the type of emphasis on monetary aggregates that was contained in the directives issued in March and April.

(7) Of the two alternatives shown below for the second paragraph, alternative A calls for continuing the same degree of concern with financial markets as the previous two directives. Alternative B calls for giving more emphasis to monetary aggregates in day-to-day open market operations, while providing for modifications in case excessive pressures on financial markets develop. Both directives take account of the forthcoming Treasury refunding, to be announced on July 29, of $5-1/2 billion of publicly-held coupon issues maturing August 15.

Alternative A

"To implement this policy, in view of persisting market uncertainties and ~~liquidity-strains~~ TAKING ACCOUNT OF THE FORTHCOMING TREASURY FINANCING, open market operations until the next meeting of the Committee shall continue to be conducted with a view to moderating pressures on financial markets. To the extent compatible therewith, the bank reserves and money market conditions maintained shall be consistent with the Committee's longer-run objective of moderate growth in money and bank credit, ALLOWING FOR ~~taking account-of-the-Board's-regulatory-action-effective-June-24 and-some~~ A possible CONTINUED ~~consequent~~ shifting of credit flows from market to banking channels."

Alternative B

"To implement this policy, ~~in-view-of-persisting-market uncertainties-and-liquidity-strains;~~ THE COMMITTEE SEEKS TO PROMOTE MODERATE GROWTH IN MONEY AND BANK CREDIT OVER THE MONTHS AHEAD, ALLOWING FOR A POSSIBLE CONTINUED SHIFT OF CREDIT FLOWS FROM MARKET TO BANKING CHANNELS. SYSTEM open market operations until the next meeting of the Committee shall ~~continue-to~~ be conducted with a view to ~~moderating-pressures-on financial-markets.--To-the-extent-compatible-therewith,-the~~ MAINTAINING bank reserves and money market conditions ~~maintained shall-be~~ consistent with THAT ~~the-Committee's-longer-run~~ objective,

~~of-moderate-growth-in-money-and-bank-credit;~~ taking account of the FORTHCOMING TREASURY FINANCING; PROVIDED, HOWEVER, THAT OPERATIONS SHALL BE MODIFIED AS NEEDED TO COUNTER EXCESSIVE PRESSURES IN FINANCIAL MARKETS, SHOULD THEY DEVELOP ~~Board's regulatory-action-effective-June-24-and-some-possible-consequent-shifting-of-credit-flows-from-markets-to-banking-channels.~~"

(8) Only one set of interrelationships among monetary aggregates, money market conditions, and interest rates more broadly is discussed in the analysis that follows. This set can be considered as consistent with either alternative A or B since, so far as the staff can judge now, money market conditions similar to those recently prevailing might be accompanied by a moderate growth in the money supply and no strong upward pressure on interest rates. The maintenance of money market conditions on a fairly even plane will need to condition open market operations in any event in view of the large Treasury financing that will be in the market during much of the inter-meeting period. The practical difference between the two alternatives would be in reactions of the Desk to misses in the aggregates. Under alternative B, the Desk would be freer to react--though equally subject to "even-keel" considerations as in alternative A--should the aggregates be deviating from the indicated path, or from whatever modification of it the Committee may wish to make.

(9) The table below shows a growth path for monetary aggregates in which the money supply grows at a 5 per cent annual rate over the course of the third quarter and the adjusted bank credit proxy at a 14 per cent annual rate.

Growth of Monetary Aggregates
(Daily averages, seasonally adjusted)

	Adjusted Credit Proxy		Money Supply		Total Reserves	
Months	Levels	Annual Rate of Change	Levels	Annual Rate of Change	Levels	Annual Rate of Change
June	311.2	7.4	203.7	-1.2	27.9	0.2
July	315.6	17.0	205.6	11.0	28.0	4.0
August	318.8	12.0	205.9	2.0	28.4	18.5
September	322.0	12.0	206.2	1.5	28.5	5.0
3rd Qtr. September over June 1/		14.0		5.0		9.5

1/ The daily average for the quarter of the outstanding money stock in the third quarter would be 4-1/2 per cent above that for the second quarter at an annual rate. Similar figures for the first and second quarters are 2.6 and 6 per cent, respectively.

(10) The relatively rapid expansion in the adjusted bank credit proxy reflects continued sizable growth in large CD's, and hence in time deposits as a whole. Time deposits are expected to rise at about a 30 per cent annual rate in July, but the rate of expansion should slow down as banks work through their initial adjustment to the increased availability of short-term CD's and as the need for additional financing of commercial paper market attrition subsides. Banks are expected to continue to receive fairly sizable net inflows of other time and savings deposits, if their good experience during the recent midyear interest crediting period is any guide. Over the quarter as a whole total time and savings deposits are expected to rise at a 25 per cent annual rate, but such deposits other than large CD's may rise at only about half that pace, which would be just a little more rapidly than in the second quarter. It is expected

that banks will substitute some of these expanded time deposits flows for non-deposit sources, thus probably resulting in at least some small net pay-down. This contributes to the considerably slower rate of growth for the credit proxy than for time deposits over the quarter.

(11) Money supply growth is likely to taper off in the period ahead as financial markets remain generally calm and as U.S. Government deposits rise. The annual rate of increase in August and September is expected to drop to around 2 per cent, reflecting in part some further adjustment in cash balances following the recent midyear surge.

(12) A weekly path for the monetary aggregates consistent with the monthly figures is shown below (daily average levels, seas. adj, in billions of dollars):

Week ending	Adjusted Credit Proxy	Money Supply	Total Reserves
July 15[e/]	314.4	205.4	28.4
July 22	315.5	206.0	28.2
July 29	317.9	205.8	28.2
August 5	318.3	205.5	28.2
August 12	318.7	205.7	28.5
August 19	318.6	206.7	28.5

e/ Partly estimated.

(13) In the period ahead money market conditions are likely to encompass a Federal funds rate generally in fairly wide 7-1/4--7-3/4 per cent range. Increased day-to-day financing demands associated with the forthcoming Treasury refunding, and with the most recent Treasury tax bill financing, will exert upward pressure on the funds rate. It is difficult at this point to predict bank demands for borrowings--and therefore pressures on the Federal funds market associated with any given

level of borrowings--in view of uncertainties afflicting the commercial paper market, but we would expect some diminution of borrowing demands from recent levels. Member bank borrowings may move back closer to $1 billion, on average, with the Federal funds rate in the range noted above. Net borrowed reserves are likely to fluctuate around $900 million.

(14) The 3-month Treasury bill rate may be in a 6-1/4--6-5/8 per cent range over the next four weeks. Over the short-run, the bill rate could be on the low side as a result of technical factors. Dealer bill positions are not large and are relatively low in short bills. In addition, there could be an enlarged demand for bills from holders of maturing Treasury securities who do not opt for the exchange. On the other hand, the Treasury is likely to need about $4 billion of new cash by late August or early September, some of which might be raised in the bill area, and some of which could be raised in connection with the August refunding. Moreover, if, as suggested in paragraph (9), growth in money and bank deposits slows as the summer progresses, this may lead to diminished demand for bills. However, should GNP turn out to be weaker than projected for the third quarter, bill rates could remain on the low side in reflection of reduced credit demands from other sectors of the economy.

(15) Over the longer run--between now and early next year--we would expect bond yields to decline significantly further as the rate of inflation moderates. In the period immediately ahead, though, such

interest rates could level off or even rise a bit, in a technical reaction to the large recent yield declines and as the volume of new corporate and State and local Government securities coming to market remains large in a period when the Treasury is engaged in a sizable refunding. However, if loan demands on banks were to weaken over the next few weeks, banks may be in a position to place more of their funds in securities, which could help both the Government and municipal market and lead to an improved tone for corporate offerings.

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	- 751	129	880	90	225	287	278
April	- 687	178	865	227	331	119	188
May	- 765	159	924	165	241	228	290
June p	- 736	171	907	140	289	217	261
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	- 861	71	932	169	349	190	224
18	- 667	150	817	146	216	185	270
25	- 840	96	936	11	289	357	279
Apr. 1	- 610	339	949	232	264	161	292
8	- 317	179	496	--	269	49	178
15	- 915	102	1,017	322	509	47	139
22	- 811	158	969	517	252	81	119
29	- 783	111	894	63	361	259	211
May 6	- 424	350	774	93	248	220	213
13	- 782	28	810	150	254	202	20[illegible]
20	- 965	214	1,179	332	310	243	294
27	- 889	44	933	86	150	247	450
June 3	-1,029	195	1,224	269	354	262	339
10	- 721	136	857	195	238	169	255
17	- 390	268	658	--	251	188	219
24	- 799	88	887	97	313	248	229
July 1 p	- 771	230	993	93	260	304	336
8 p	-1,235	61	1,296	360	412	283	241
15 p	-1,594	86	1,680	467	569	370	274

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: Total Reserves	Reserve Aggregates: Nonborrowed Reserves	Reserve Aggregates: Required Reserves	Monetary Variables: Total Member Bank Deposits	Money Supply: Total	Money Supply: Currency	Money Supply: Private Demand Deposits	Commercial bank time deposits adjusted	Credit Proxy + Euro-dollars + other nondep. sources of funds	Addendum Nonbank commercial paper
Annually										
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.	
Semi-annually										
1st Half 1969	+ 0.7	- 3.7	+ 1.0	- 3.5	+ 4.3	+ 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	+27.6
1st Half 1970	- 0.2	+ 1.8	--	+ 3.4	+ 4.1	+ 8.3	+ 2.9	+ 7.1	+ 3.6	+14.0
Quarterly										
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	- 4.3	+31.0
4th Quarter 1969	+ 1.4	- 0.1	+ 2.0	+ 0.1	+ 1.2	+ 6.2	--	--	+ 2.0	+22.4
1st Quarter 1970	- 2.9	- 0.4	- 2.5	+ 0.6	+ 3.8	+ 7.0	+ 2.9	+ 0.4	+ 0.5	+13.2
2nd Quarter 1970	+ 2.5	+ 4.0	+ 2.6	+ 6.0	+ 4.4	+ 9.4	+ 2.8	+13.8	+ 6.7	+14.3
Monthly										
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	+12.5	+ 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	+ 0.8	- 0.6		
April	- 8.5	-12.0	- 5.0	+ 4.9	+ 7.9	+ 2.7	+11.0	--		
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	+26.4
August	- 5.6	- 2.8	- 7.6	-11.3	- 1.8	+ 8.0	- 4.7	-19.4	- 7.5	+23.8
September	--	+ 7.7	- 0.8	+ 1.7	--	- 2.6	- 0.8	- 2.5	+ 1.6	+40.7
October	-11.7	-17.9	-10.4	- 9.2	+ 0.6	+10.6	- 0.8	- 3.7	- 7.9	+20.0
November	+ 9.7	+ 5.5	+ 9.3	+ 9.7	+ 1.2	+ 7.9	- 1.6	- 0.6	+13.1	+11.7
December	+ 6.3	+12.1	+ 6.9	--	+ 1.8	--	+ 2.3	+ 4.3	+ 0.8	+34.2
1970--January	+ 3.1	+ 7.2	+ 5.0	- 4.2	+ 9.0	+ 5.2	+10.1	-12.4	- 3.5	+ 3.6
February	-12.0	-15.6	-12.9	- 8.0	-10.7	+ 7.8	-15.5	- 0.6	- 5.5	+35.7
March	--	+ 7.5	+ 0.6	+14.0	+13.2	+ 7.8	+14.1	+14.4	+10.6	+ 0.4
April	+21.3	+25.4	+22.2	+16.8	+10.7	+ 7.7	+10.9	+22.2	+13.7	+71.3
May	-13.9	-19.0	-15.1	- 4.5	+ 3.6	+15.3	--	+10.3	- 1.2	+10.7
June p	+ 0.2	+ 5.8	+ 0.9	+ 6.2	- 1.2	+ 5.0	- 2.3	+ 8.4	+ 7.4	-37.3

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 + Euro-dollars + other nondep. sources of funds	Addendum: Nonbank commercial paper
	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	25,889	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	122.7	3.7	186.8	41.6	145.3	188.2		
June	26,547	25,889	26,196	279.5	151.8	123.8	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	124.8	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	129.1	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	25.5
July	27,530	26,275	27,334	288.0	155.1	130.5	2.4	199.3	45.0	154.4	197.7	305.7	26.1
August	27,401	26,214	27,161	285.3	152.5	129.9	2.9	199.0	45.3	153.8	194.5	303.8	26.6
September	27,402	26,383	27,144	285.7	152.1	129.2	4.4	199.0	45.2	153.7	194.1	304.2	27.5
October	27,354	26,210	27,129	283.5	151.5	128.9	3.1	199.1	45.6	153.6	193.5	302.2	27.9
November	27,783	26,538	27,548	285.8	151.1	129.1	5.6	199.3	45.9	153.4	193.4	305.5	28.2
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	29.0
1970--January	28,001	26,966	27,823	284.8	149.4	130.1	5.3	201.1	46.1	155.0	192.1	304.8	29.1
February	27,722	26,615	27,523	282.9	148.8	128.5	5.6	199.3	46.4	153.0	192.0	303.4	30.0
March	27,723	26,782	27,536	286.2	150.6	129.8	5.9	201.5	46.7	154.8	194.3	306.1	30.0
April	28,216	27,350	28,046	290.2	153.5	131.4	5.2	203.3	47.0	156.2	197.9	309.6	31.8
May	27,890	26,916	27,692	289.1	154.6	131.4	3.0	203.9	47.6	156.2	199.6	309.3	32.0
June p	27,894	27,047	27,713	290.6	155.6	130.0	4.8	203.7	47.8	155.9	201.0	311.2	31.0

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 reserves	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 deposits	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	Addendum: 5/ Nonbank commercial paper
	(In millions of dollars)			(In billions of dollars)									
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	27,518	26,536	27,404	285.4	150.0	129.0	6.4	200.0	46.6	153.4	193.3	305.2	
18	27,712	26,869	27,537	284.8	150.3	128.6	5.8	199.9	46.7	153.2	194.1	304.8	
25	27,754	26,790	27,690	286.3	151.0	129.6	5.7	200.2	46.8	153.5	194.8	306.3	
Apr. 1	27,954	27,005	27,605	290.5	152.0	132.6	5.9	206.8	46.9	159.9	196.0	310.1	
8	27,745	27,229	27,566	291.6	152.9	132.8	5.9	204.7	46.9	157.8	197.2	311.0	
15	28,390	27,363	28,290	289.9	153.2	132.1	4.6	203.7	47.1	156.6	197.5	309.4	
22	28,448	27,516	28,330	290.7	153.8	130.3	6.6	202.5	47.1	155.4	198.2	309.9	
29	28 282	27,288	28,051	288.4	154.2	129.8	4.4	201.7	47.3	154.5	198.8	308.0	
May 6	28,481	27,710	28,101	288.9	154 3	131.4	3.2	203.9	47.5	156.4	199.1	309.0	31.7
13	27,696	26,876	27,652	287.8	154.3	131.2	2.3	203.5	47.6	155.9	199.2	307.9	32.1
20	27,965	26,754	27,702	289.3	154.7	132.4	2.2	205.1	47.6	157.5	199.7	309.5	32.0
27	27,504	26,559	27,424	290.2	154.7	131.3	4.2	203 8	47 6	156 2	199.9	310.6	32.3
June 3	27,888	26,702	27,602	290.1	155.0	132.1	3.0	204.0	47.6	156.4	200.0	310.8	32.1
10	27,917	27,028	27,714	289.9	155.3	130.5	4.1	203.4	47.7	155.7	200.5	310.6	32.4
17	28,002	27,419	27,744	290.3	155.4	129.8	5.1	203.9	47.8	156.0	200.7	311.1	31.7
24	27,645	26,870	27,659	289.9	155.6	128.8	5.5	202.1	47.8	154.3	201.0	310.5	32.0
July 1 p	28,034	27,016	27,794	291.5	156.7	129.5	5.3	204.5	47.8	156.6	202.3	312.2	29.9
8 p	27,674	26,389	27,654	294.3	158.5	131.8	4.0	205.6	48.1	157.5	204.5	314.2	30.0
15 p	27,836	26,266	27,902	294.6	159.7	131.1	3.8	205.4	48.2	157.2	205.9	314.4	n.a.

1/ Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits. p - Preliminary.
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/ Weekly nonbank commercial paper are not seasonally adjusted.
n.a. - Not available.

Table 5

SOURCE OF FEDERAL RESERVE CREDIT

Retrospective Changes

(Dollar amounts in millions of dollars, based on weekly averages of daily figures)

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities: Total holdings	Bills 1/	Other	Repurchase agreements	Federal Agency Securities	Bankers' acceptances	Member banks borrowings
'ea.								
968 (12/27/67 - 12/25/68)	+3,757	+3,298	+2,143 (--)	+1,176	- 21	- 3	- 52	+ 514
1969 (12/25/68 - 12/31/69)	+5,539	+5,192	+4,279 (--)	+ 707	+ 206	+ 67	+ 35	+ 245
Weekly:								
1970--Jan. 7	- 423	- 144	- 174 (- 41)	--	+ 30	- 28	+ 1	- 252
14	-1,042	- 979	- 683 (- 245)	--	- 296	- 43	- 33	+ 13
21	+ 41	- 57	- 57 (+ 286)	--	--	--	- 4	+ 102
28	- 671	- 738	- 738 (- 181)	--	--	--	--	+ 67
Feb. 4	+ 642	+ 339	+ 9 (+ 181)	--	+ 330	+ 51	+ 24	+ 228
11	- 319	- 94	+ 10 (--)	--	- 104	- 30	- 6	- 189
18	+ 616	+ 476	+ 22 (--)	--	+ 454	+ 55	+ 44	+ 41
25	- 616	- 510	- 56 (- 56)	--	- 454	- 20	- 41	- 45
Mar. 4	- 324	- 13	+ 213 (- 44)	--	- 226	- 56	- 26	- 229
11	- 213	- 307	- 307 (- 82)	--	--	--	- 2	+ 96
18	+ 532	+ 602	+ 513 (+ 182)	--	+ 89	+ 37	+ 8	- 115
25	- 82	- 163	- 81 (- 71)	--	- 82	- 31	- 7	+ 119
Apr. 1	+ 179	+ 114	- 111 (+ 71)	--	+ 225	+ 34	+ 18	+ 13
8	- 720	- 222	- 40 (--)	--	- 182	- 37	- 8	- 453
15	+ 947	+ 370	+ 156 (--)	--	+ 214	+ 24	+ 32	+ 521
22	+ 222	- 132	+ 2 (--)	--	- 134	- 14	- 28	- 48
29	- 17	+ 36	- 72 (--)	--	+ 108	+ 6	+ 16	- 75
May 6	+1,047	+1,118	+1,154 (--)	--	- 36	+ 43	+ 6	- 120
13	+ 131	+ 195	+ 397 (--)	--	- 202	- 62	- 38	+ 36
20	+ 512	+ 88	- 50 (--)	--	+ 138	+ 36	+ 19	+ 369
27	- 664	- 359	- 221 (--)	--	- 138	- 36	- 23	- 246
June 3	+ 639	+ 326	+ 255 (--)	--	+ 71	+ 22	--	+ 291
10	- 213	+ 158	+ 143 (--)	--	+ 15	- 6	+ 2	- 367
17	+ 224	+ 453	+ 539 (--)	--	- 86	- 16	- 14	- 199
24	- 449	- 678	- 678 (- 145)	--	--	--	--	+ 229
July 1 p	+ 546	+ 445	+ 445 (+ 145)	--	--	--	- 5	+ 106
8 p	+ 231	- 73	- 73 (--)	--	--	--	+ 1	+ 303
15 p	+1,178	+ 632	-- (--)	--	+ 632	+ 99	+ 63	+ 384

Figures in parenthesis reflect reserve effect of match sale-purchase aggrement.

Preliminary.