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**(CONFIDENTIAL FR)**

**November 12, 1971.**

# **MONETARY AGGREGATES AND MONEY MARKET CONDITIONS**

**Prepared for the Federal Open Market Committee**

**By the Staff**

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) Since the October meeting, the narrowly defined money stock ( $M_1$ ) has been running well below the path associated with the policy directive adopted at that meeting. This marks the third consecutive inter-meeting period in which there has been a substantial shortfall. On the average in October,  $M_1$  declined at a 2.6 per cent annual rate, in contrast to the expectation that it would rise at a 3 per cent rate.  $M_2$  and the adjusted bank credit proxy also fell below target paths in October, as the table on the next page shows. However, shortfalls in these aggregates were much less than for  $M_1$ , as time and savings deposits other than large CD's grew more rapidly than expected, offsetting part of the weakness in demand deposits.

(2) In recent months the staff has been projecting that growth in  $M_1$  would slow considerably in the fourth quarter, partly in response to lagged effects of earlier high interest rates. But a sustained contraction in the outstanding money stock was not anticipated. The shrinkage which has occurred began shortly after the President's announcement of his new economic program-- suggesting that the changed circumstances created by the program may have induced important shifts in the demand for domestic money balances at given interest rates. As previously reported, the Demand Deposit Ownership Survey for August indicated that the relative drop-off in IPC accounts for that month was centered in deposits of nonfinancial businesses--a development that is

RECENT PATHS OF KEY MONETARY AGGREGATES 1/  
(Seasonally adjusted, billions of dollars)

	<u>M<sub>1</sub></u>		<u>M<sub>2</sub></u>		<u>Adjusted Proxy</u>	
	<u>Oct. 19</u> <u>Path</u>	<u>Actual</u>	<u>Oct. 19</u> <u>Path</u>	<u>Actual</u>	<u>Oct. 19</u> <u>Path</u>	<u>Actual</u>
<u>Annual Rates of Growth, per cent</u>						
September		-3.7		1.6		8.9
October	3.0	-2.6	6.5	4.7	5.5	3.7
<u>Levels, billions of \$</u>						
September		227.3		456.5		353.6
October	227.9	226.8	459.0	458.3	355.1	354.7
<u>Week ending</u>						
October	13	226.4		457.5		353.4
	20	227.8	459.3	458.4	354.5	354.9
	27	220.3	461.0	459.5	356.9	355.7
November	3	229.1	460.4	459.3	357.9	357.8
	10p	228.4	461.0	460.2	358.2	358.3

1/ In order to be consistent with the October 19 paths noted at the last meeting, actual data are unrevised--i.e., they do not reflect new seasonal factors.

p/ Partly projected.

consistent with other evidence suggesting heavy transfers of business funds into foreign currencies. Ownership data just available for September indicate that the continuing relative weakness of demand deposits in that month was spread more widely through all major ownership groups. Whether this September pattern of change carried through into October is not yet known.

(3) With the money supply aggregates falling persistently below path the Desk aimed for gradually easier money market conditions as the inter-meeting period progressed. Initially, the objective was to achieve money market conditions characterized by a funds rate in the 5 to 5-1/8 per cent range, but as new evidence on the aggregates emerged, the aiming point was lowered to around 5 per cent or a little less. Most recently, with the discount rate reduced to 4-3/4 per cent, Federal funds have been trading around 4-7/8 per cent. And, as weakness in the aggregates continued, the Desk has begun to aim at a 4-3/4 per cent funds rate. Over the three full state-ment weeks of the inter-meeting period the net reserve position of member banks fluctuated between \$200 million free reserves and \$370 million net borrowed reserves, with the average for the period \$ 90 million on the negative side. Over the same period weekly member bank borrowing ranged from \$122 million to \$414 million and averaged \$250 million.

(4) Between the last meeting of the Committee and the discount rate reduction of November 10, the easing in day-to-day money market conditions and growing uncertainty about business prospects brought further reductions in market interest rates of 10-15 basis points on some types of longer-term securities and of from 20 to 50 basis points on short-term

securities. The bank prime rate was cut from 6 to 5-1/2 per cent. As rates declined market expectations of a discount rate cut became widespread. At the same time, the overhang of unsold securities in the market was building up. Government security dealers added more than \$2 billion to their net positions--about half in maturities of more than 5 years--as a result of the recent financings. Aggressive bidding by underwriters for new corporate, Federal agency, and municipal issues also added to security inventories. With the technical position of markets thus coming under some strain, there were scattered yield advances just prior to the discount rate cut.

(5) There was little immediate reaction to the discount rate move. The market did steady, but attitudes nevertheless appear to remain cautious. The 3-month bill rate was most recently quoted 4.17 per cent bid, about the same as its level just prior to the discount rate reduction and about 30 basis points below its level at the time of the previous FOMC meeting.

(6) Over the three statement weeks ending November 10, required reserves fell consistently below path as shown in the table on the following page. Nonborrowed reserves available to banks also remained below path over the period on balance, as the Desk, while easing, attempted to avoid an overly rapid easing of money market conditions. With banks also reducing their borrowings from the Federal Reserve under the easier conditions, total reserves were well below path.

(7) The preceding analysis has not been based on the newly revised monetary aggregate series since those were not available during the inter-meeting period. This latest annual revision is generally minor in its effect. This is particularly true for the monthly money supply series, for which

Reserve Aggregates: October 19 Paths vs. Actual  
(Seasonally unadjusted, in millions of dollars)

Statement Week Ending	Actual	October 19 Path	Actual Minus October 19 Path
October 27			
Total reserves	30,424	30,764 (30,692)	-340 (-268)
Nonborrowed reserves	30,010	30,364 (30,292)	-354 (-282)
Required reserves	30,380	30,514 (30,442)	+134 (- 62)
Excess	44	250	-206
Borrowings	414	400	+ 14
November 3			
Total reserves	30,974	30,898 (30,919)	+ 76 (+ 55)
Nonborrowed reserves	30,759	30,498 (30,519)	+261 (+240)
Required reserves	30,561	30,648 (30,669)	- 87 (-108)
Excess	413	250	+163
Borrowings	215	400	-185
November 10			
Total reserves	30,616	31,076 (31,099)	-460 (-483)
Nonborrowed reserves	30,494	30,676 (30,699)	-182 (-205)
Required reserves	30,597	30,826 (30,849)	-229 (-252)
Excess	19	250	-231
Borrowings	122	400	-278

NOTE: Figures in parentheses reflect adjustment of the path for unanticipated changes in U.S. Government deposits.

seasonal factor changes were small and benchmark adjustments were minimal-- raising the level of  $M_1$  by only about \$150 million and lowering  $M_2$  by about \$600 million. The intra-monthly weekly seasonals have been changed more substantially, however. A table comparing levels and annual rates of change for the old and new series is appended on page 19. The text table on page 7, showing major financial aggregates for selected recent periods, is based on the revised data insofar as it is currently available (revised figures for reserves and the end-of-month bank credit series are not yet available).



	Fourth and First Qtrs. combined (March over Sept.)	Second Quarter (June over March)	Third Quarter (Sept. over June)	Latest Month Oct. over Sept.)
Total Reserves	8.9	6.6	10.4	-15.9
Nonborrowed Reserves	10.3	5.3	10.8	-13.0
<u>Concepts of Money</u>				
M <sub>1</sub> (Currency plus demand deposits <u>1/</u> )	6.5	10.6	3.4	- 0.5
M <sub>2</sub> (M <sub>1</sub> plus time deposits at commercial banks other than large CD's)	13.6	12.4	4.4	6.3
M <sub>3</sub> (M <sub>2</sub> plus deposits at thrift institutions)	14.5	14.5	7.6	8.4
<u>Bank Credit</u>				
Total member bank deposits (Bank Credit proxy adj.)	9.4	8.4	7.6	4.8
Loans and investments of Commercial banks <u>2/</u>	10.5	9.1	9.8	9.4
Short-term market paper (Actual \$ change in billions)				
Large CD's	\$ 6.1	\$ 1.3	\$ 2.3	\$ 1.1
Nonbank commercial paper	- 0.4	- 0.9	- 0.1	n.a.

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

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

N.S.A. Not Seasonally Adjusted.

N.A. Not Available.

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

Prospective developments

(8) Two alternative sets of specifications for Committee consideration are summarized in the text table below. The two sets of specifications correspond to three directive alternatives, with the first set associated with both directive A and B and the second set with directive C. As noted in the final section of this blue book, the choice between directives A and B depends on the degree of emphasis the Committee wishes to place on monetary aggregates as compared with money market conditions.

	<u>Alternative A/B</u>	<u>Alternative C</u>
Federal funds rate	4-1/2--4-7/8	3-7/8--4-1/2
Member bank borrowings	150-300	50-150
Growth in $M_1$ (SAAR)		
November	-1	-1
December	1-1/2	3
4th Q. 1971	0	1/2
1st Q. 1972	6	8

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(9) Money market conditions consistent with alternative A/B might encompass a Federal funds rate in a 4-1/2--4-7/8 per cent range; member bank borrowings in a \$150-\$300 million range; and, taking account of recent wide swings in excess reserves, a net reserve position for member banks in a plus \$250 million to minus \$150 million area. These conditions are somewhat easier than prevailed at the time of the last Committee meeting, and reflect a response over the past few weeks to the weakness of the monetary aggregates and, in recent days, to the reduction

in the discount rate. Alternative C would imply a significant further easing of money market conditions from those that have recently evolved, with, for example, the Federal funds rate thought to be consistent with this alternative in a 3-7/8--4-1/2 per cent range.

(10) Under alternative A/B, we would expect the 3-month bill rate to be in a 4--4-5/8 per cent range between now and mid-December. The bill rate could rise from recent levels in response to normal seasonal pressures, particularly in view of the current wide spread of the funds rate above the bill rate. In addition, the Treasury is expected to raise \$3 billion of new cash in the bill area in late November. The Treasury will have to raise another \$2--\$3 billion of cash before year-end, but it seems likely at this point that this operation will not be undertaken until late December. Sizable sales of bills by foreign central banks in the event of reflows of funds from abroad would also tend to exert pressure on the bill market. Under alternative C, however, short-term interest rates would almost certainly decline over the period ahead, with the bill rate likely to be in a 3-3/4--4-1/4 per cent range.

(11) The monthly and quarterly paths for monetary aggregates for the two sets of suggested specifications are detailed in the table on the next page. These paths are based on the newly revised series. (Two tables on pages 17 and 18 at the end of the text show weekly paths for the monetary aggregates and more detail on aggregate reserves.)

(12) The narrow money supply ( $M_1$ ) under alternative A/B is expected to show only a slight decline in November at a one per cent annual rate, but to resume growth beginning in December. On the basis

Alternative Monthly and Quarterly  
Paths of Key Monetary Aggregates

		<u>M<sub>1</sub></u>		<u>M<sub>2</sub></u>	
		<u>Alt. A/B</u>	<u>Alt. C</u>	<u>Alt. A/B</u>	<u>Alt. C</u>
1971	September	227.4	227.4	455.4	455.4
	October	227.3	227.3	457.8	457.8
	November	227.1	227.1	460.4	460.4
	December	227.4	227.7	461.8	462.3
1972	March	230.7	232.2	469.2	472.5

Per Cent Annual Rates of Growth

November	-1.0	-1.0	7.0	7.0
December	1.5	3.0	3.5	5.0
4th Q. 1971	0	.5	5.5	6.0
1st Q. 1972	6.0	8.0	6.5	9.0
Year 1971	5.9	6.0	10.4	10.6

		<u>Adjusted Credit Proxy</u>		<u>Total Reserve</u>	
		<u>Alt. A/B</u>	<u>Alt. C</u>	<u>Alt. A/B</u>	<u>Alt. C</u>
1971	September	353.3	353.3	32.1	32.1
	October	354.7	354.7	31.6	31.6
	November	356.5	356.5	31.8	31.8
	December	356.4	356.9	31.6	31.7
1972	March	359.8	363.1	31.8	32.1

Per Cent Annual Rates of Growth

November	6.0	6.0	6.5	7.5
December	- .5	1.5	-8.5	-5.5
4th Q. 1971	3.5	4.0	-6.0	-4.5
1st Q. 1972	4.0	7.0	2.0	5.0
Year 1971	7.8	8.0	5.6	5.9

of past relationships, the depressant effect on money demand of the high short-term interest rates of late spring and summer should have about run its course. Prospects for a reduced rate of inflation induced by the new economic program have probably also encouraged money holders to reduce cash balances relative to income, offsetting the large build-up of spring and early summer. With these two types of adjustments largely completed, it appears that money supply should soon begin rising more in line with the transactions demands implicit in the staff's GNP forecast, which indicates about a 9 per cent rate of rise on average in nominal GNP in the fourth and first quarters.  $M_1$  is expected to grow at only a 1-1/2 per cent annual rate from November to December, but to be followed by a 6 per cent growth rate in the first quarter. The lower interest rates and greater reserve supply under alternative C would likely lead to a more rapid 3 per cent rate of growth in December, followed by an 8 per cent expansion in the first quarter.

(13) Growth in time and savings deposits other than large CD's is expected to slow in late November and December from the recent rapid pace. On balance, under alternative A/B, we would anticipate a growth rate in consumer-type time deposits of around 11 per cent in the fourth quarter, but slowing to about 7 per cent in the first quarter as consumer spending continues to rise. Such a development would lead to growth rates for  $M_2$  of 5-1/2 and 6-1/2 per cent in the fourth and first quarters, respectively. Growth rates would be somewhat more rapid under alternative C as lower market interest rates enhanced the relative attractiveness of bank deposits.

(14) Although the outstanding amount of large CD's and non-deposit sources has shown little net change in recent weeks, these sources of funds, particularly large CD's, are expected to resume expansion in the period ahead. The expansion is likely to be moderate, however, under either alternative. Over the balance of this year, business loan demands are expected to be modest in view of the continued comparatively large volume of capital market financing and the relatively small rate of business inventory accumulation anticipated. Under alternative C there could be a pick-up in business borrowing from banks as lending terms ease further, but the increased inflow of demand and consumer-type deposits associated with that alternative would probably generate enough resources so that banks would not need to be more aggressive in that CD market.

(15) With private demand deposits flat and outstanding U.S. Government deposits declining on balance over the fourth quarter, the bank credit proxy is expected to grow at only about a 3--4 per cent annual rate over the period, followed by only a modest pick-up in the first quarter. Banks may initially take a substantial share of the bills offered in the forthcoming Treasury cash financings, but it is anticipated that the banks will find it economical to sell them as U.S. Government deposits are drawn down to finance the budgetary deficit. And more generally, with bill rates below the Federal funds and discount rates, banks have an incentive to reduce their generally ample liquid asset holdings as loan demands develop. Under alternative C, bank credit expansion would be somewhat more rapid in the last few weeks of the current quarter, and considerably larger than under alternative A/B in the first quarter of next year as growth in  $M_2$  accelerates.

(16) Assuming the tight end of the money market range for alternative A/B, it is possible that the technical position of markets will lead to an increase in interest rates over the near-term despite the recent discount rate reduction. Factors that may put bill rates under upward pressure have been noted in paragraph (10). In longer-term markets, dealer and syndicate positions are large in the wake of the recent Treasury financings and the sizable volume of municipal and corporate bond offerings; and uncertainties as to the viability of the announced wage-price program could result in nervous holders pressing their inventories on the market. An easing on the money market toward the lower end of the alternative A/B range would likely offset such a tendency should it arise. And if the money market moved into the alternative C range, the whole market would likely adjust downward in yield, impelled in part by expectations of a further decline in the discount rate.

Possible directive language

(17) Alternative A. This language is proposed for possible use if the Committee decides to place more emphasis on money market conditions than on the aggregates and wishes to call for maintenance of the conditions "that have evolved since the discount rate reduction", subject to a proviso clause.

~~"To implement this policy, the-Committee-seeks-to-achieve moderate-growth-in-monetary-and-credit-aggregates-over-the-months ahead. System open market operations until the next meeting of the Committee shall be conducted with a view to achieving-bank-reserve and MAINTAINING THE money market conditions consistent-with-that objective,-taking-account-of-the-forthcoming-Treasury-financings;~~ that have evolved since the discount rate reduction; provided that somewhat easier conditions shall be sought if it appears that the monetary and credit aggregates are falling significantly below the growth paths expected."

If the Committee adopts this alternative, it may wish to consider the money market conditions noted for alternative A in paragraph (9) as a description of the conditions to be maintained, and for purposes of the proviso clause to adopt the aggregate growth paths discussed earlier in connection with alternative A as the "expected" paths. The proviso clause has been formulated in one-way terms, guarding against significant shortfalls but not excesses, on the assumption that the



Committee would not want money market conditions to be tightened in the coming period if the aggregates should appear to be expanding on paths above those projected, which involve no growth over the fourth quarter for  $M_1$  and relatively low growth rates for  $M_2$  and the bank credit proxy.

(18) Alternative B. The language for alternative B,

"To implement this policy, the Committee seeks to achieve moderate growth in monetary and credit aggregates over the months ahead. System open market operations until the next meeting of the Committee shall be conducted with a view to achieving bank reserve and money market conditions consistent with that objective, ~~taking account of the forthcoming Treasury financing.~~"

is proposed for use if the Committee wishes to continue its emphasis on monetary aggregates. It could involve the same initial specification as A, but the reaction to specification misses would be different. For instance, if the Committee adopts this alternative, it presumably will want the Desk to be more sensitive to movements away from the paths in the aggregates and to adjust the Federal funds rate promptly, and perhaps more aggressively, in response to such deviations. As in alternative A, the Committee may wish to indicate a greater willingness to countenance overshoots in the aggregates than shortfalls.

(19) Alternative C. This language differs from that of alternative B in indicating that the Committee seeks "to promote substantial growth" rather than "to achieve moderate growth" in the aggregates over the months ahead. It

is proposed for possible use if the Committee decides to pursue the more aggressive course contemplated by the specifications given earlier for alternative C.

"To implement this policy, the Committee seeks to PROMOTE SUBSTANTIAL ~~achieve-moderate~~ growth in monetary and credit aggregates over the months ahead. System open market operations until the next meeting of the Committee shall be conducted with a view to achieving bank reserve and money market conditions consistent with that objective, ~~-taking-account-of-the-forthcoming-Treasury-financing.~~"

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

		<u>M<sub>1</sub></u>		<u>M<sub>2</sub></u>	
		<u>Alt. A/B</u>	<u>Alt. C</u>	<u>Alt. A/B</u>	<u>Alt. C</u>
November	17	227.0	227.0	460.3	460.3
	24	227.0	227.1	460.6	460.7
December	1	226.5	226.7	460.3	460.6
	8	226.9	227.2	460.9	461.4
	15	227.0	227.3	461.2	461.8

		<u>Credit Proxy</u>		<u>Total Reserve</u>	
		<u>Alt. A/B</u>	<u>Alt. C</u>	<u>Alt. A/B</u>	<u>Alt. C</u>
November	17	356.6	356.6	32.1	32.1
	24	355.9	356.0	32.0	32.1
December	1	355.4	355.7	31.7	31.8
	8	357.2	357.7	31.7	31.8
	15	356.7	357.3	31.4	31.5

Total and Nonborrowed Reserve Paths  
(Daily averages in millions of dollars, seasonally adjusted)

	<u>Total Reserves</u>		<u>Nonborrowed Reserves</u>	
	<u>Alt. A/B</u>	<u>Alt. C</u>	<u>Alt. A/B</u>	<u>Alt. C</u>
<u>1971</u>				
November	31,817	31,839	31,543	31,619
December	31,594	31,692	31,295	31,517

1972

March	31,754	32,093	31,421	31,886
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Per cent annual rates of growth

November	6.5	7.5	9.5	12.5
December	-8.5	-5.5	-9.5	-4.0
4th Q. 1971	-6.0	-4.5	-4.5	-1.5
1st Q. 1972	2.0	5.0	1.5	4.5

Weekly Paths--Seasonally Adjusted

		<u>Total Reserves</u>		<u>Nonborrowed Reserves</u>	
		<u>Alt. A/B</u>	<u>Alt. C</u>	<u>Alt. A/B</u>	<u>Alt. C</u>
November	17	32,129	32,129	31,833	31,833
	24	32,050	32,100	31,600	31,775
December	1	31,718	31,768	31,478	31,653
	8	31,700	31,765	31,280	31,470
	15	31,409	31,495	31,109	31,320

Weekly Paths--Not Seasonally Adjusted

		<u>Total Reserves</u>		<u>Nonborrowed Reserves</u>	
		<u>Alt. A/B</u>	<u>Alt. C</u>	<u>Alt. A/B</u>	<u>Alt. C</u>
November	17	31,233	31,233	30,933	30,933
	24	30,935	30,985	30,635	30,810
December	1	30,793	30,843	30,493	30,668
	8	30,718	30,768	30,418	30,593
	15	30,663	30,746	30,363	30,571

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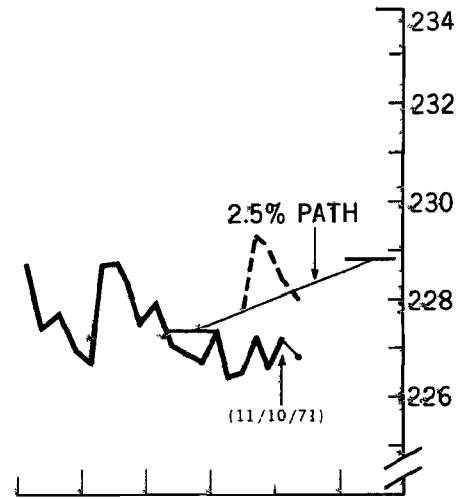
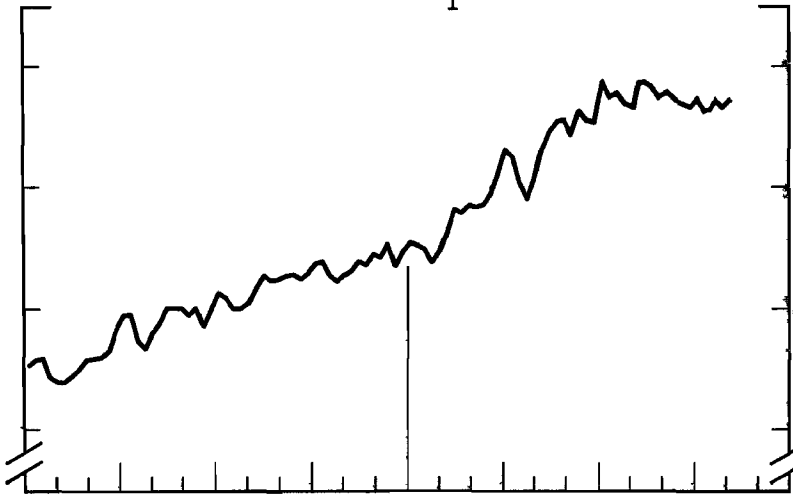
REVISIONS IN MONETARY AGGREGATES

	Comparison of Levels (\$ billions)						Comparison of Annual Growth Rates (per cent)					
	M <sub>1</sub>		M <sub>2</sub>		Adjusted Credit Proxy		M <sub>1</sub>		M <sub>2</sub>		Adjusted Credit Proxy	
	Old series	Revised series	Old series	Revised series	Old series	Revised series	Old Series	Revised series	Old series	Revised series	Old series	Revised series
1970--December	214.6	214.8	419.0	418.2	331.2	330.6	6.2	6.7	13.0	11.3	16.5	15.1
1971--January	214.8	215.3	423.0	423.1	334.1	333.4	1.1	2.8	11.5	14.1	10.5	10.2
February	217.3	217.7	430.8	430.4	337.7	336.7	14.0	13.4	22.1	20.7	12.9	11.9
March	219.4	219.7	437.6	437.1	340.2	339.6	11.6	11.0	18.9	18.7	8.9	10.3
April	221.1	221.2	442.0	441.5	341.7	342.0	9.3	8.2	12.1	12.3	5.3	8.5
May	223.9	223.8	447.3	446.6	343.8	344.5	15.2	14.1	14.4	13.9	7.4	8.8
June	225.6	225.5	451.4	450.6	345.7	346.7	9.1	9.1	11.0	10.7	6.6	7.7
July	227.5	227.4	454.1	453.4	348.0	349.8	10.1	10.1	7.2	7.5	8.0	10.7
August	228.0	228.0	455.9	454.5	351.0	351.0	2.6	3.2	4.8	2.9	10.3	4.1
September	227.3	227.4	456.5	455.4	353.6	353.3	-3.7	-3.2	1.6	2.4	8.9	7.9
October	226.8	227.3	458.3	457.8	354.7	354.7	-2.6	-0.5	4.7	6.3	3.7	4.8
Q1							8.9	9.1	17.8	18.0	10.9	10.9
Q2							11.3	10.6	12.6	12.4	6.5	8.4
Q3							3.0	3.4	4.5	4.4	9.1	7.6
1st. 10 mos.							6.8	7.0	11.3	11.4	8.5	8.7

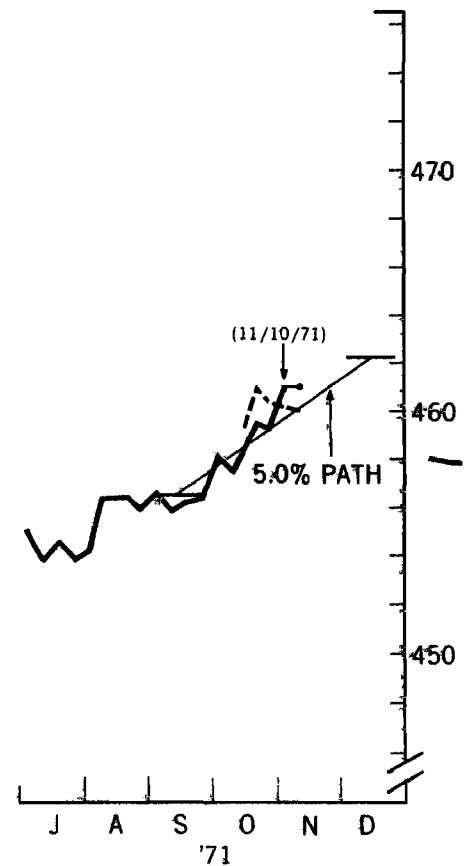
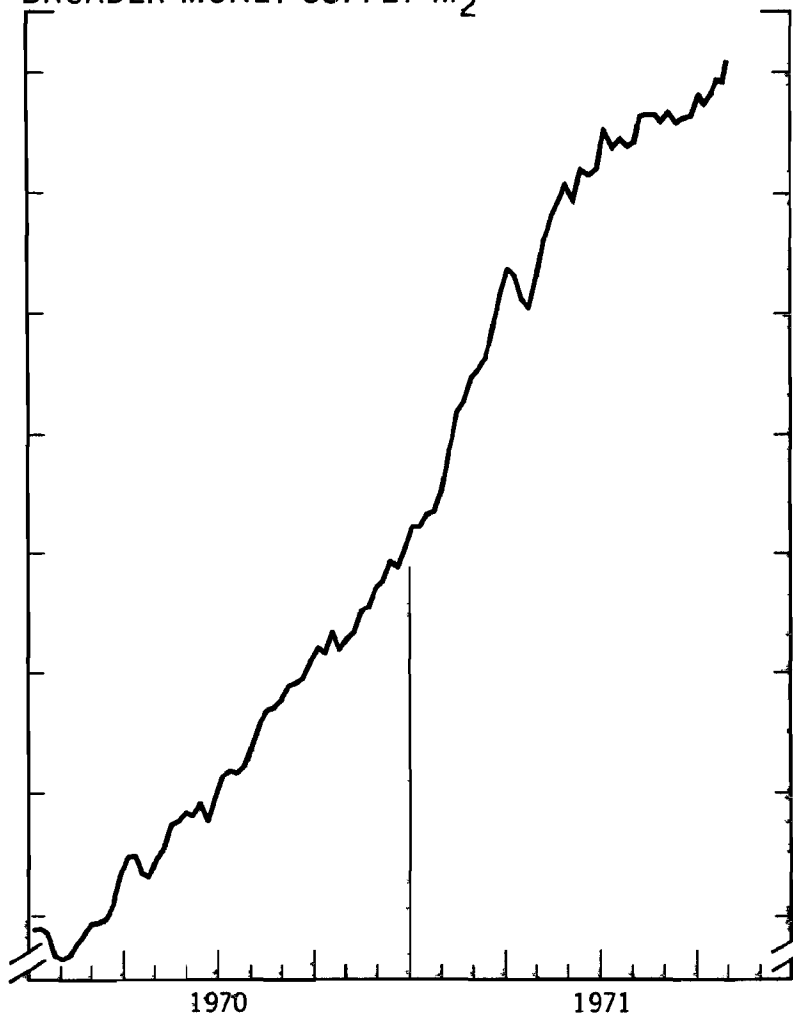
# MONETARY AGGREGATES

NARROW MONEY SUPPLY  $M_1$

BILLIONS OF DOLLARS



BROADER MONEY SUPPLY  $M_2$

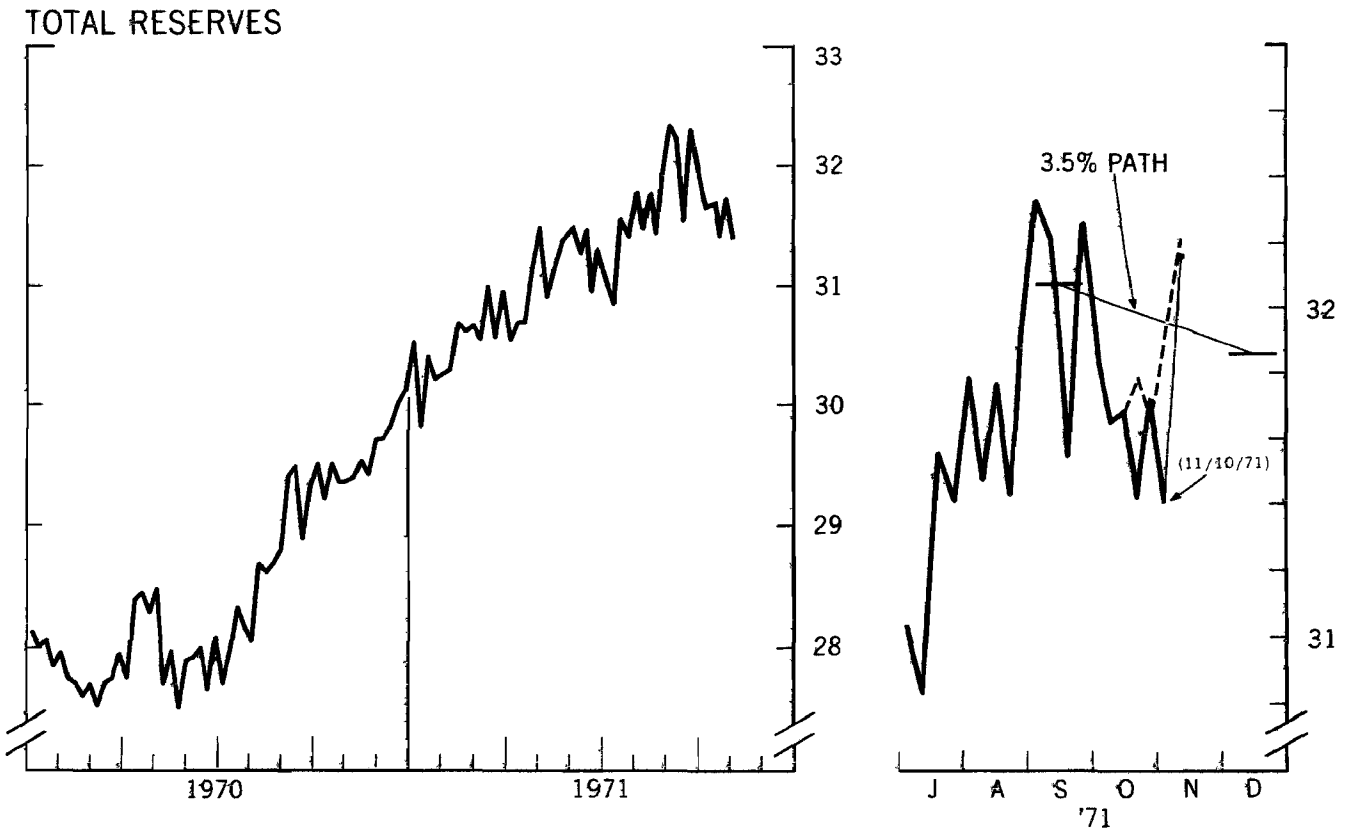
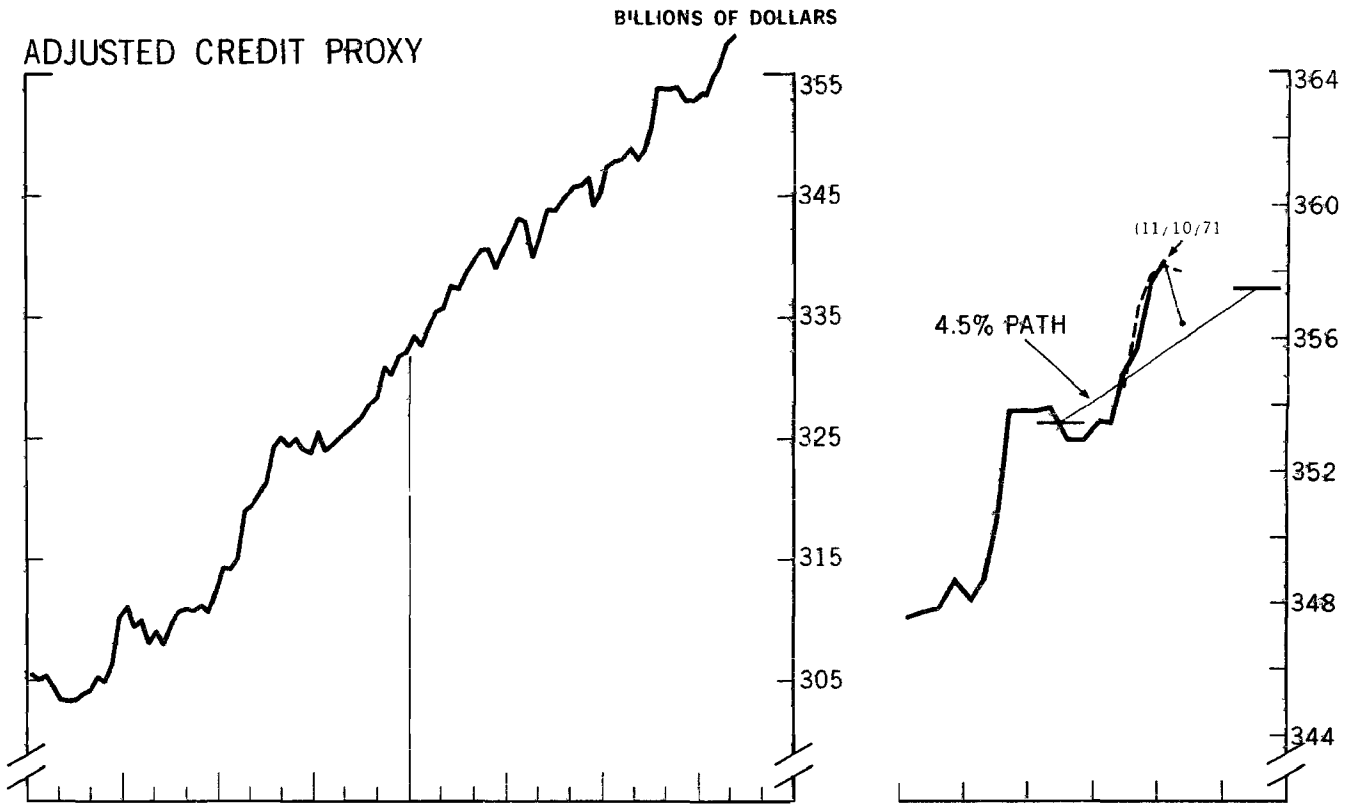


— Actual  
—> Currently Projected

--- Wkly. Path, Indicated  
at FOMC Meeting (10/19/71)

— Longer Run Path

# MONETARY AGGREGATES



— Actual  
 - - - Wkly Path, indicated at FOMC Meeting (10/19/71)  
 — Longer Run Path

# INTEREST BEARING SOURCES OF BANK FUNDS

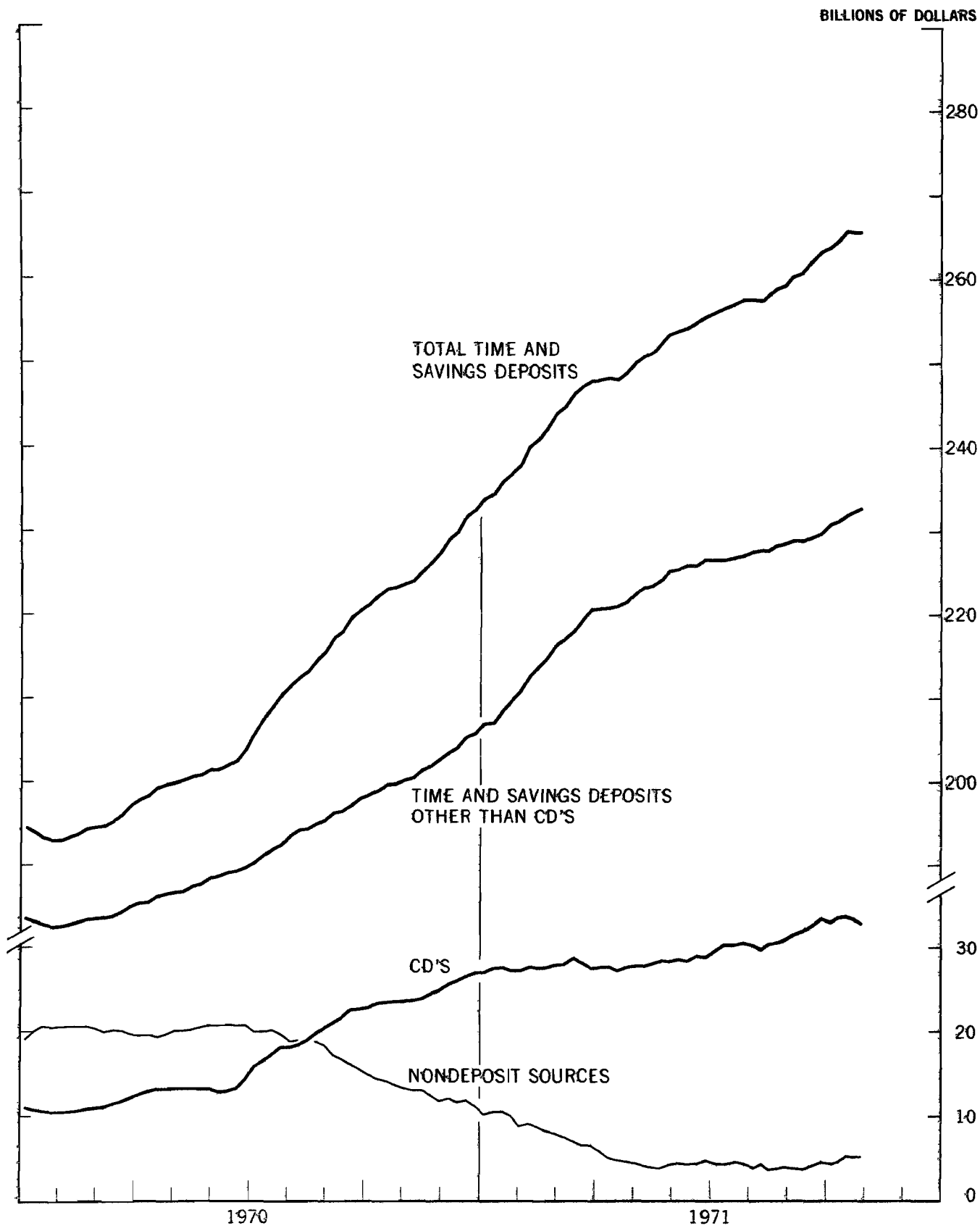
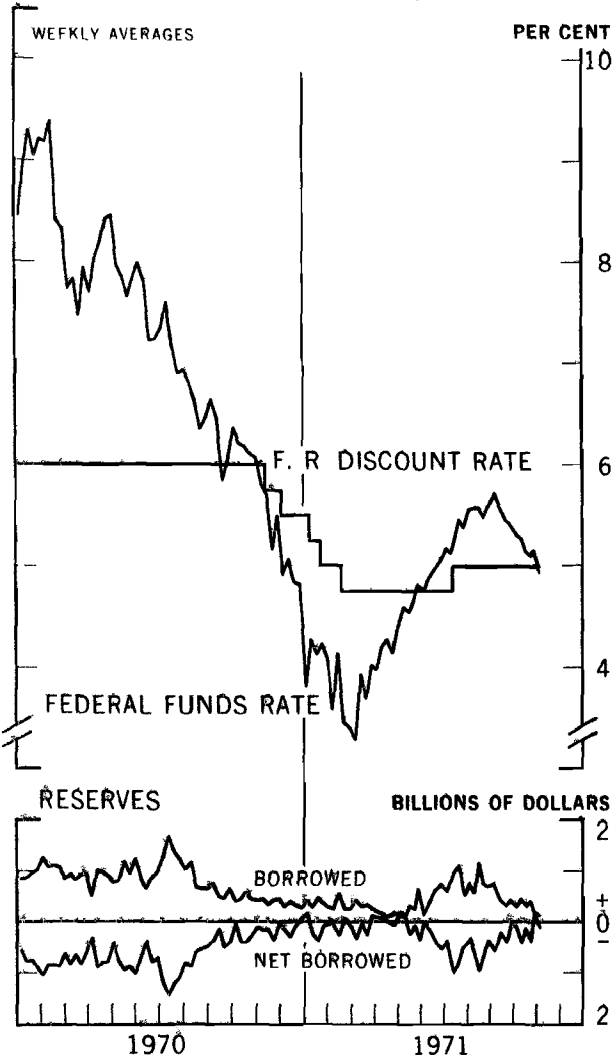




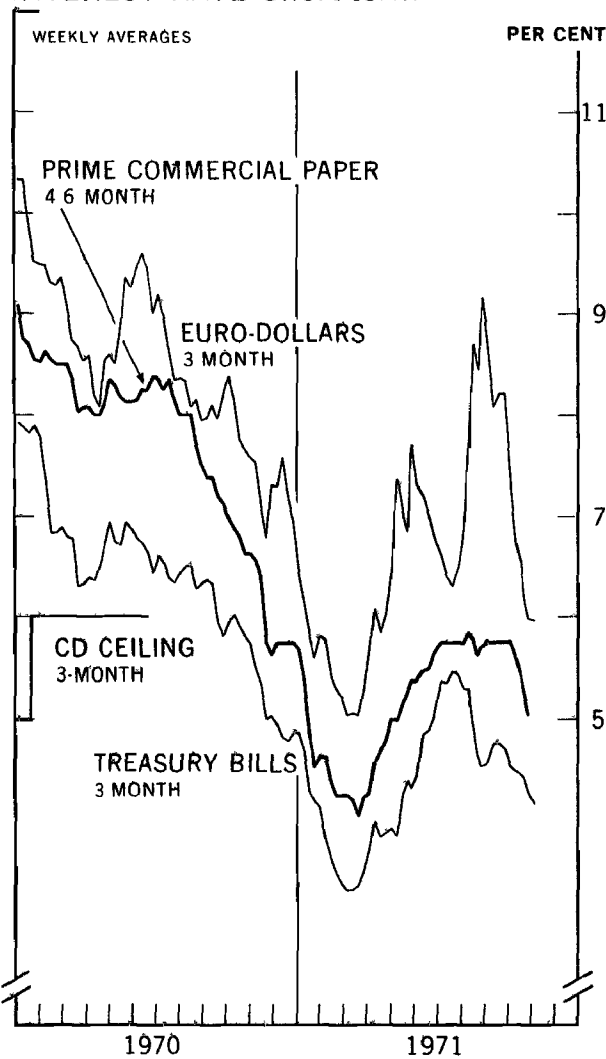
CHART 3

# MONEY MARKET CONDITIONS AND INTEREST RATES

## MONEY MARKET CONDITIONS



## INTEREST RATE Short-term



## INTEREST RATES Long-term

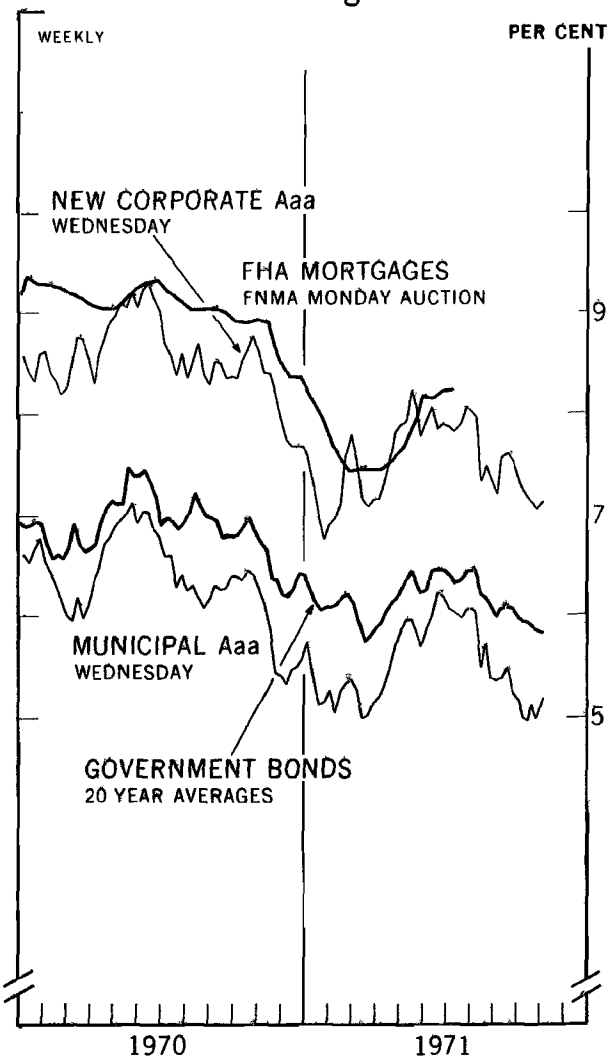


Table 1  
**PATHS OF KEY MONETARY AGGREGATES**

STRICTLY CONFIDENTIAL (FR)

November 12, 1971

Period	Narrow Money Supply (M <sub>1</sub> ) 1/		Broad Money Supply (M <sub>2</sub> ) 2/		Adjusted Credit Proxy		Total Reserves	
	1 Path as of Oct. 19	2 Actuals & Current Proj	3 Path as of Oct. 19	4 Actuals & Current Proj	5 Path as of Oct. 19	6 Actuals & Current Proj	7 Path as of Oct. 19	8 Actuals & Current Proj
<b>Monthly Pattern in Billions of Dollars</b>								
1971· Apr.		221.1		442.0		341.7		30.8
May		223.9		447.3		343.8		31.3
June		225.6		451.4		345.7		31.3
July		227.5		454.1		348.0		31.3
Aug.		228.0		455.9		351.0		31.7
Sept.		227.3		456.5		353.6		32.1
Oct.	227.9	226.8	459.0	458.3	355.1	354.7	31.7	31.6
Nov.	228.1	(226.6)	460.3	(460.8)	358.0	(356.4)	32.0	(31.8)
<b>Annual Percentage Rates of Change--Quarterly and Monthly</b>								
1971· 1st Qtr.		8.9		17.8		10.9		11.0
2nd Qtr.		11.3		12.6		6.5		6.6
3rd Qtr.		3.0		4.5		9.1		10.4
1971· Apr.		9.3		12.1		5.3		2.7
May		15.2		14.4		7.4		17.0
June		9.1		11.0		6.6		0.2
July		10.1		7.2		8.0		0.3
Aug.		2.6		4.8		10.3		14.7
Sept.		-3.7		1.6		8.9		15.8
Oct.	3.0	-2.6	6.5	4.7	5.5	3.7	-12.0	-15.9
Nov.	1.0	(-1.0)	3.0	(6.5)	10.0	(6.0)	10.5	( 7.5)
<b>Weekly Pattern in Billions of Dollars</b>								
1971: Sept. 22		226.9		456.2		352.9		31.5
29		226.7		456.4		352.9		32.3
Oct. 6		227.3		458.1		353.5		31.8
13		226.4		457.5		353.4		31.7
20	227.8	226.5	459.3	458.4	354.5	354.9	31.7	31.7
27	229.3	227.2	461.0	459.5	356.9	355.7	31.8	31.4
Nov. 3	229.1	226.6	460.4	459.3	357.9	357.8	31.7	31.7
10 pe	228.4	227.2	460.2	461.0	358.2	358.3	31.9	31.4

**NOTES:** Annual rates of change other than those for the past are rounded to the nearest half per cent. pe - Partially estimated.  
Data shown in parenthesis are current projections.  
1/ Currently plus private demand deposits.  
2/ M<sub>1</sub> plus time deposits other than large CD/s.

FR 712-D  
Rev 2/16/71

Table 1 A

STRICTLY CONFIDENTIAL (FR)

## PATHS OF KEY MONETARY AGGREGATES

November 12, 1971

Period	U.S. Gov't Deposits		Total Time & Savings Deposits		Time Deposits other than large CD's		Large Negotiable CD's		Nondeposit Sources of Funds	
	1 Path as of Oct. 19	2 Actuals & Current Proj	3 Path as of Oct. 19	4 Actuals & Current Proj	5 Path as of Oct. 19	6 Actuals & Current Proj	7 Path as of Oct. 19	8 Actuals & Current Proj	9 Path as of Oct. 19	10 Actuals & Current Proj
<b>Monthly Pattern in Billions of Dollars</b>										
1971	Apr.	5.4		248.3		221.0		27.3		5.1
	May	4.2		251.4		223.4		27.9		4.1
	June	3.9		254.4		225.8		28.6		4.5
	July	3.7		256.8		226.6		30.1		4.3
	Aug.	6.1		258.2		227.8		30.3		3.9
	Sept.	6.3		261.6		229.2		32.4		4.1
	Oct.	4.6		265.0		231.5		33.6	4.6	4.8
	Nov.	6.3	(5.7)	267.1	(267.0)	232.2	(234.1)	34.9	4.6	(5.0)
<b>Annual Percentage Rates of Change--Quarterly and Monthly</b>										
1971	1st Qtr.			27.3		27.2				
	2nd Qtr.			13.5		13.7				
	3rd Qtr.			11.3		6.0				
1971	Apr.			10.7		14.8				
	May			15.0		13.0				
	June			14.3		12.9				
	July			11.3		4.3				
	Aug.			6.5		6.4				
	Sept.			15.8		7.4				
	Oct.		15.5	15.6	10.5	12.0				
	Nov.		9.5	( 9.0)	5.0	(13.5)				
<b>Weekly Pattern in Billions of Dollars</b>										
1971	Sept. 22	5.5		262.0		229.3		32.7		4.1
	29	4.6		263.2		229.7		33.5		4.5
	Oct. 6	4.6		263.8		230.8		33.0		4.3
	13	3.8		264.6		231.1		33.5		4.7
	20	4.0	265.4	265.6	231.5	231.9	33.9	33.7	4.6	5.2
	27	5.1	265.9	265.5	231.7	232.3	34.2	33.1	4.6	5.0
	Nov. 3	5.6	265.8	265.5	231.3	232.7	34.5	32.8	4.6	5.0
	10 pe	6.5	266.5	266.4	231.8	233.7	34.7	32.7	4.6	5.0

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

FR 712-K  
Rev 2/16/71

Table 2  
**AGGREGATE RESERVES AND MONETARY VARIABLES**  
 RETROSPECTIVE CHANGES, SEASONALLY ADJUSTED  
 (Annual rates in percent)

CONFIDENTIAL (FR)

November 12, 1971

Period	Reserve Aggregates <sup>1</sup>		Monetary Variables					Addenda		
	1 Total Reserves	2 Nonborrowed Reserves	3 Total Member Bank Deposits	4 Adjusted Credit Proxy	Money Supply			8 Time Deposits Adjusted	9 Thrift Inst. Deposits	10 Nonbank Commercial Paper
					5 Total	6 Currency	7 Private Demand Deposits			
<b>Annually</b>										
1968	+ 7.8	+ 6.0	+ 9.0	n.a.	+ 7.8	+ 7.4	+ 7.9	+11.1	+ 6.3	n.a.
1969	- 1.6	- 3.0	- 4.0	n.a.	+ 3.1	+ 6.0	+ 2.4	- 5.0	+ 3.4	n.a.
1970	+ 6.4	+ 9.5	+11.8	+ 8.3	+ 5.4	+ 6.3	+ 5.1	+18.4	+ 7.8	+ 7.3
<b>Semi-annually</b>										
1st Half 1970	- 0.2	+ 1.9	+ 3.3	+ 3.5	+ 5.9	+ 7.8	+ 5.3	+ 7.8	+ 4.7	+12.8
2nd Half 1970	+13.0	+17.1	+20.0	+12.9	+ 4.8	+ 4.6	+ 4.7	+27.9	+10.6	+ 1.7
1st Half 1971	+ 8.9	+ 8.2	+13.5	+ 8.8	+10.3	+ 9.4	+10.5	+20.8	+20.8	-18.2
<b>Quarterly</b>										
3rd Qtr. 1970	+19.1	+24.4	+24.1	+17.2	+ 6.1	+ 3.3	+ 6.7	+32.2	+ 9.3	-16.2
4th Qtr. 1970	+ 6.6	+ 9.4	+15.1	+ 8.3	+ 3.4	+ 5.8	+ 2.7	+21.8	+11.6	+20.4
1st Qtr. 1971	+11.0	+11.0	+17.0	+10.9	+ 8.9	+ 9.0	+ 8.9	+27.3	+23.3	-24.7
2nd Qtr. 1971	+ 6.6	+ 5.3	+ 9.6	+ 6.5	+11.3	+ 9.6	+11.8	+13.5	+17.3	-12.5
3rd Qtr. 1971	+10.4	+10.8	+ 9.8	+ 9.1	+ 3.0	+ 5.5	+ 2.3	+11.3	12.7	- 1.0
<b>1970--Oct.</b>										
	- 1.9	--	+10.1	+ 1.1	+ 1.1	+ 7.5	- 0.7	+20.3	+10.6	+32.4
Nov.	+ 3.6	+ 4.4	+13.1	+ 7.0	+ 2.8	+ 4.9	+ 2.2	+15.1	+ 9.4	-28.7
Dec.	+18.4	+22.8	+21.4	+16.5	+ 6.2	+ 4.9	+ 6.6	+28.8	+14.5	+58.1
<b>1971--Jan.</b>										
	+12.2	+ 8.8	+16.1	+10.5	+ 1.1	+ 7.4	- 1.4	+25.5	+25.1	- 9.0
Feb.	+11.4	+15.1	+19.3	+17.9	+14.0	+ 9.8	+16.0	+28.6	+18.5	-10.9
Mar.	+ 9.2	+ 8.8	+14.9	+ 8.9	+11.6	+ 9.7	+12.2	+25.9	+24.9	-55.2
Apr.	+ 2.7	+ 9.7	+12.2	+ 5.3	+ 9.3	+12.0	+ 7.8	+10.7	+21.8	+ 4.4
May	+17.0	+12.4	+11.1	+ 7.4	+15.2	+ 9.5	+17.6	+15.0	+14.2	-15.8
June	+ 0.2	- 6.2	+ 5.3	+ 6.6	+ 9.1	+ 7.1	+ 9.7	+14.3	+15.1	-26.3
July	+ 0.3	-13.1	+ 8.8	+ 8.0	+10.1	+11.7	+ 9.6	+11.3	+15.9	-32.1
Aug.	+14.7	+16.1	+11.9	+10.3	+ 2.6	+ 2.3	+ 2.7	+ 6.5	+ 8.4	- 1.7
Sept.	+15.8	+29.6	+ 8.6	+ 8.9	- 3.7	+ 2.3	- 5.4	+15.8	+13.5	31.6
Oct. p	-15.9	-13.0	+ 1.0	+ 3.7	- 2.6	+ 6.9	- 5.5	+15.6	+11.4	n.a.

p - Preliminary, n.a. - Not Available.  
 NOTE: Aggregate reserve series have been adjusted to eliminate changes in percentage reserve requirements against deposits, but reserve requirements on Eurodollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970. FR 712 - E

Table 3  
**AGGREGATE RESERVES AND MONETARY VARIABLES**  
SEASONALLY ADJUSTED

CONFIDENTIAL (FR)

November 12, 1971

Period	Aggregate Reserves			Member Bank Deposits		Money Supply			Commercial Bank Time Deposits			12 Adjusted Credit Proxy	13 Addendum: Nonbank Comm Paper	
	1 Total	2 Non- borrowed	3 Required	4 Total	5 U.S Govt Demand	6 Total	7 Currency	8 Private Demand Deposits	9 Total	10 CD's	11 Other			
	(In millions of dollars)			(In billions of dollars)										
1970: July	28,041	26,694	27,896	296.0	4.4	210.6	48.1	162.5	208.2	16.9	191.3	315.8	28.7	
Aug.	28,585	27,780	28,408	303.2	6.4	211.8	48.2	163.7	213.2	19.0	184.2	321.9	28.5	
Sept.	29,240	28,708	29,024	308.0	6.2	212.8	48.2	164.6	218.5	21.7	196.8	324.5	29.7	
Oct.	29,385	28,928	28,134	310.6	5.2	213.0	48.5	164.5	222.2	23.2	199.1	324.8	30.5	
Nov.	29,474	29,033	29,233	314.0	6.0	213.5	48.7	164.8	225.0	23.9	201.1	326.7	29.7	
Dec.	29,925	29,584	29,703	319.6	6.2	214.6	48.9	165.7	230.4	26.0	204.4	331.2	31.2	
1971: Jan.	30,229	29,801	30,029	323.9	6.7	214.8	49.2	165.5	235.3	27.1	208.2	334.1	31.0	
Feb.	30,515	30,176	30,255	329.1	6.2	217.3	49.6	167.7	240.9	27.4	213.5	337.1	30.7	
Mar.	30,748	30,398	30,534	333.2	4.8	219.4	50.0	169.4	246.1	27.8	218.3	340.2	29.3	
Apr.	30,816	30,644	30,611	336.6	5.4	221.1	50.5	170.5	248.3	27.3	221.0	341.7	29.4	
May	31,253	30,961	30,998	339.7	4.2	223.9	50.9	173.0	251.4	27.9	223.4	343.8	29.0	
June	31,257	30,801	31,046	341.2	3.9	225.6	51.2	174.4	254.4	28.6	225.8	345.7	28.3	
July	31,266	30,465	31,094	343.7	3.7	227.5	51.7	175.8	256.8	30.1	226.6	348.0	27.6	
Aug.	31,650	30,873	31,473	347.1	6.1	228.0	51.8	176.2	258.2	30.3	227.8	351.0	27.6	
Sept.	32,067	31,634	31,906	349.6	6.3	227.3	51.9	175.4	261.6	32.4	229.2	353.6	28.3	
Oct. p	31,643	31,291	31,460	349.9	4.5	226.8	52.2	174.6	265.0	33.6	231.5	354.7	n.a.	
<u>Week ending:</u>														
1971: Sept.	1	31,918	31,225	31,634	349.9	8.0	227.5	51.8	175.8	259.1	30.8	228.4	353.8	28.2
	8	32,319	31,633	32,109	350.0	7.5	227.8	52.0	175.8	260.3	31.5	228.8	353.8	28.3
	15	32,205	31,779	32,048	350.2	8.0	227.1	52.0	175.1	260.6	31.9	228.7	353.9	28.2
	22	31,542	31,338	31,674	348.8	5.5	226.9	52.0	174.9	262.0	32.7	229.3	352.0	28.4
	29	32,258	31,854	31,865	348.4	4.6	226.7	51.8	174.9	263.2	33.5	229.7	352.0	28.5
Oct.	6	31,816	31,567	31,667	349.2	4.6	227.3	52.2	175.1	263.8	33.0	230.8	353.5	28.5
	13	31,653	31,243	31,529	348.8	3.8	226.4	52.2	174.2	264.6	33.5	231.1	353.4	28.6
	20	31,671	31,405	31,561	349.8	4.0	226.5	52.1	174.4	265.6	33.7	231.9	354.9	29.9
	27 p	31,421	30,867	31,207	350.6	5.2	227.2	52.3	174.9	265.5	33.1	232.3	355.7	29.4
Nov	Nov. 3 p	31,709	31,506	31,296	352.8	6.2	226.6	52.1	174.5	265.5	32.8	232.7	357.8	29.6

**NOTES:** Aggregate reserve series have been adjusted to eliminate changes in percentage reserve requirements against deposits, but reserve requirements on Euro-dollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970. Adjusted credit proxy includes mainly total member bank deposits subject to reserve requirements, bank-related commercial paper, and Euro-dollar borrowings of U. S. banks. Weekly data are daily averages for statement weeks. Monthly data are daily averages except for nonbank commercial paper figures which are for last day of month.  
p-Preliminary. n.a. - Not Available.

Table 4  
MARGINAL RESERVE MEASURES  
(Dollar amounts in millions, based on period averages of daily figures)

Period	Free reserves	Excess reserves	Member Banks Borrowings				Country
			Total	Reserve City		Other	
				8 N.Y.	Outside N.Y.		
Monthly (reserves weeks ending in):							
1970--January	- 759	169	928	148	287	232	261
February	- 916	210	1,126	106	317	289	414
March	- 751	129	880	90	225	287	278
April	- 687	178	865	227	331	119	188
May	- 765	159	924	165	241	228	290
June	- 736	171	907	140	289	217	261
July	-1,134	183	1,317	218	460	348	291
August	- 706	175	881	143	278	273	187
September	- 374	235	609	101	115	274	119
October	- 274	193	467	12	40	313	102
November	- 199	210	409	42	17	294	57
December	- 84	264	348	36	16	265	30
1971--January	- 140	238	378	45	36	262	35
February	- 71	264	335	29	30	248	29
March	- 120	192	312	41	17	238	16
April	2	154	152	15	9	119	9
May	6	218	212	78	36	60	38
June	- 303	211	514	103	85	159	167
July	- 672	158	830	77	223	270	260
Aug.	- 633	194	827	153	130	318	226
Sept.	- 324	212	536	37	104	249	146
Oct. p	- 247	129	376	72	55	132	117
1971--Apr. 7	80	277	197	--	--	184	13
14	58	208	150	17	--	127	6
21	- 3	81	84	--	1	79	4
28	- 128	48	176	42	34	86	14
May 5	191	365	174	46	40	61	27
12	131	230	99	39	20	22	18
19	- 204	102	306	134	47	74	51
26	- 93	174	267	91	36	84	56
June 2	- 361	285	646	171	100	217	158
9	- 80	73	153	46	27	25	55
16	- 149	254	403	86	4	152	161
23	- 409	210	619	103	161	202	153
30	- 518	232	750	107	132	203	308
July 7	- 384	277	661	--	149	257	255
14	- 986	5	991	252	309	189	241
21	- 839	282	1,121	47	344	397	333
28	- 478	67	545	9	88	236	212
Aug. 4	- 330	434	764	43	122	307	292
11	- 566	27	593	--	47	328	218
18	- 955	224	1,179	338	254	326	261
25	- 680	91	771	229	97	313	132
Sept. 1	- 382	324	706	99	52	370	185
8	- 560	205	765	--	286	306	173
15	- 210	247	457	--	97	231	130
22	- 390	- 61	329	86	49	106	88
29	- 81	343	424	--	37	230	157
Oct. 6	- 95	214	309	29	5	113	162
13	- 400	49	449	100	56	185	108
20	- 122	210	332	31	81	121	99
27 p	- 370	44	414	128	77	111	98
Nov. 3 p	198	413	215	--	--	105	110
10 p	- 103	19	122	21	--	46	55

p - Preliminary.

Table 5  
 SOURCE OF FEDERAL RESERVE CREDIT  
 Retrospective Changes  
 (Dollar amounts in millions of dollars, based on weekly averages of daily figures)

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities				Federal Agency Securities		Bankers' acceptances	Member banks borrowings
		Total holdings	Bills 1/	Other	Repurchase agreements	Outright	Repurchase agreements		
<u>Year.</u>									
1969 (12/25/68-12/31/69)	+5,539	+5,192	+4,279 ( -- )	+ 707	+ 206	--	+ 67	+ 35	+ 245
1970 (12/31/69-12/30/70)	+3,351	+4,276	+3,220 (- 143)	+1,180	- 124	--	- 63	- 28	- 884
1971--Apr.									
7	+ 155	+ 145	+ 4 (- 82)	+ 124	+ 17	--	+ 47	+ 23	- 60
14	- 255	- 86	+ 128 (+ 12)	+ 84	- 298	--	- 68	- 54	- 47
21	+ 348	+ 423	+ 360 (+ 70)	+ 113	- 50	--	- 11	+ 2	- 66
28	+ 54	- 43	+ 30 ( -- )	--	- 73	--	- 7	+ 12	+ 92
May									
5	+ 771	+ 712	+ 384 ( -- )	--	+ 328	--	+ 50	+ 11	- 2
12	+ 201	+ 272	+ 173 ( -- )	--	+ 99	--	- 6	+ 10	- 75
19	+ 503	+ 304	+ 400 ( -- )	+ 71	- 167	--	- 4	- 4	+ 207
26	+ 115	+ 144	+ 256 ( -- )	+ 56	- 168	--	- 6	+ 16	- 39
June									
2	+ 305	- 57	+ 13 ( -- )	--	- 70	--	- 8	- 9	+ 379
9	- 974	- 418 <sup>2/</sup>	- 439 ( -- )	--	- 73	--	- 27	- 36	- 493
16	+ 202	- 47 <sup>2/</sup>	- 463 (- 39)	--	--	--	--	- 1	+ 250
23	+ 160	- 106 <sup>2/</sup>	+ 348 (+ 39)	--	+ 162	--	+ 23	+ 27	+ 216
30	+1,156	+1,059	+1,151 ( -- )	+ 27	- 119	--	- 9	- 25	+ 131
July									
7	+ 362	+ 373	+ 131 (- 57)	+ 35	+ 207	--	+ 47	+ 31	- 89
14	+ 364	+ 74	+ 208 (- 87)	--	- 134	--	- 20	- 20	+ 330
21	+ 743	+ 562	+ 25 (+ 144)	--	+ 537	--	+ 47	+ 4	+ 130
28	- 957	- 359	+ 27 ( -- )	--	- 386	--	- 21	- 1	- 576
Aug.									
4	+ 335	+ 141	+ 101 ( -- )	--	+ 40	--	- 14	- 11	+ 219
11	- 204	+ 1	+ 50 (- 70)	--	- 49	--	- 25	- 9	- 171
18	+ 483	- 73	- 25 (+ 70)	+ 109	- 157	--	- 18	- 12	+ 586
25	- 116	+ 296	+ 397 ( -- )	--	- 101	--	- 10	+ 6	- 408
Sept.									
1	+ 381	+ 399	+ 282 ( -- )	--	+ 117	--	+ 27	+ 20	- 65
8	+ 470	+ 309	-- ( -- )	+ 91	+ 218	--	+ 68	+ 34	+ 59
15	- 387	- 54	- 145 (- 145)	+ 15	+ 76	--	- 20	- 5	- 308
22	- 575	- 320	- 191 (+ 145)	--	- 411	--	- 75	- 52	- 128
29	+ 837	+ 595	+ 307 ( -- )	+ 25	+ 263	+ 52	+ 59	+ 36	+ 95
Oct.									
6	+ 576	+ 655	+ 394 ( -- )	+ 153	+ 108	+ 39	- 8	+ 5	- 115
13	- 217	- 299	-- ( -- )	--	- 299	+ 5	- 37	- 26	+ 140
20	- 36	+ 27	- 166 (- 91)	--	+ 193	--	+ 35	+ 19	- 117
27 p	- 422	- 432	- 239 (+ 91)	--	- 193	--	- 44	- 28	+ 82
Nov.									
3 p	- 142	+ 48	+ 19 ( -- )	--	+ 29	--	+ 8	+ 1	- 199
10 p	- 161	- 116	- 156 (- 54)	--	+ 40	+ 35	- 2	+ 15	- 93

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

2/ Includes effect of changes in special certificates of \$ +94 million of the week of June 9, \$ +416 million of the week of June 16, and \$ -510 million of the week of June 23.

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Table 6

MAJOR SOURCES AND USES OF RESERVES  
Retrospective and Prospective Changes  
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Factors affecting supply of reserves							= Change	= Bank use of reserves	
	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F.R. accounts	in total reserves	Required reserves	Excess reserves
	( Sign indicates effect on reserves )									
<b>Year:</b>										
1969 (12/25/68-12/31/69)	+5,539	--	-2,676	- 813	+ 241	+ 54	- 898	+1,448	+1,340	+ 108
1970 (12/31/69-13/30/70)	+3,351	+1,150 2/	-3,122	+ 773	+ 667	+ 1	-1,655	+1,163	+1,257	- 94
1971--Apr.										
7	+ 279	--	- 257	- 243	+ 235	+ 14	- 173	- 270	- 171	- 99
14	- 275	--	- 483	+ 249	+ 241	- 14	+ 217	- 45	+ 24	- 69
21	+ 348	--	- 414	- 131	+ 301	+ 21	+ 187	+ 313	+ 440	- 127
28	+ 54	--	+ 580	- 384	- 10	+ 1	- 23	+ 219	+ 252	- 33
May										
5	+ 771	--	+ 129	+ 307	- 497	- 14	- 72	+ 623	+ 306	+ 317
12	+ 201	- 171	- 351	- 248	- 211	- 13	+ 99	- 696	- 561	- 135
19	+ 503	- 229	- 465	+ 83	+ 421	+ 5	- 45	+ 278	+ 406	- 128
26	+ 115	--	+ 69	+ 218	- 177	- 25	- 315	- 116	- 188	+ 72
June										
2	+ 305	--	- 80	+ 169	- 327	--	- 33	+ 30	- 81	+ 111
9	- 974	--	- 240	+ 522	+ 291	+ 36	- 28	- 390	- 178	- 212
16	+ 202	--	- 378	+ 398	- 122	+ 1	+ 228	+ 327	+ 146	+ 181
23	+ 160	--	- 125	- 648	+ 291	- 5	+ 33	- 294	- 250	- 44
30	+1,156	--	+ 362	- 776	- 334	- 11	- 28	+ 373	+ 351	+ 22
July										
7	+ 362	--	- 616	- 54	+ 376	- 4	- 43	+ 21	- 24	+ 45
14	+ 364	--	- 483	- 244	+ 217	+ 8	+ 82	- 59	+ 213	- 272
21	+ 743	--	- 358	+ 176	+ 11	- 4	+ 110	+ 678	+ 401	+ 277
28	- 957	--	+ 895	+ 204	- 453	+ 29	- 27	- 309	- 94	- 215
Aug.										
4	+ 335	--	- 51	+ 266	- 153	- 37	- 89	+ 271	- 179	+ 450
11	- 204	- 86	- 168	- 17	- 65	+ 5	- 29	- 564	- 74	- 490
18	+ 483	- 114	- 384	+ 125	+ 178	- 7	- 1	+ 275	+ 78	+ 197
25	- 116	--	+ 55	- 113	+ 16	- 8	- 332	- 494	- 361	- 133
Sept.										
1	+ 381	--	+ 392	- 45	- 280	- 10	- 31	+ 408	+ 175	+ 233
8	+ 470	--	- 191	- 76	+ 163	+ 29	- 57	+ 336	+ 455	- 119
15	- 387	--	- 190	- 36	+ 326	+ 26	+ 256	- 4	- 46	+ 42
22	- 575	--	- 238	- 374	+ 683	- 11	+ 25	- 491	- 183	- 308
29	+ 837	--	+ 897	- 242	- 742	+ 4	- 39	+ 713	+ 309	+ 404
Oct.										
6	+ 576	--	- 235	- 139	- 142	- 37	- 102	- 80	+ 49	- 129
13	- 217	--	- 344	+ 52	+ 83	+ 49	+ 85	- 291	- 126	- 165
20	- 36	--	- 566	- 1	+ 785	- 11	+ 202	+ 369	+ 208	+ 161
27 p	- 422	--	+ 289	- 51	- 490	- 11	+ 37	- 647	- 481	- 166
Nov.										
3 p	- 142	--	+ 150	+ 357	+ 203	+ 22	- 42	+ 550	+ 181	+ 369
10 p	- 161	--	- 230	+ 202	- 166	+ 15	- 18	- 358	+ 36	- 394

1/ For retrospective details, see Table 5.

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

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Table 7

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

Item	Levels, 1971			Dollar Change	
	June	Sept.	Oct.p	3rd Qtr. 1971	Oct.
1. <u>Money Supply--M<sub>1</sub></u>	223.6	225.7	226.8	2.1	1.1
2. Plus: Time deposits other than large CD's	226.1	229.2	231.7	3.1	2.5
3. <u>Equals: Money supply--M<sub>2</sub></u>	449.6	454.9	458.5	5.3	3.6
Plus:					
4. U. S. Gov't. deposits at member banks	4.4	6.3	4.3	1.9	-2.0
5. Net domestic commercial bank deposits at member banks	4.0	4.4	4.9	0.4	0.5
6. Large CD's	28.4	32.1	33.6	3.7	1.5
7. Nondeposit funds <u>1/</u>	4.5	4.1	4.8	-0.4	0.7
8. Time deposit of U. S. Gov't and commercial banks	1.9	2.2	2.4	0.3	0.2
9. F.R. Float	2.7	3.0	3.1	0.3	0.1
Less:					
10. Demand deposits at nonmember banks	39.9	40.8	41.3	0.9	0.5
11. Time deposits at nonmember banks	58.8	60.8	61.8	2.0	1.0
12. Currency component of the money supply	51.1	51.9	52.2	0.8	0.3
13. Deposits at Edge Act Corps., agencies and foreign branches	0.7	0.8	0.8	0.1	--
14. Foreign deposits at F.R.	0.4	0.4	0.4	--	--
Equals:					
15. <u>Credit Proxy Adjusted</u>	344.7	352.2	355.1	7.5	2.9

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

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

Table 7A

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

Item	Levels, 1971			3rd Qtr. 1971		Sept-Oct. 1971	
	June	Sept.	Oct. p	Dollar Change	Percentage Change	Dollar Change	Percentage Change
1. <u>Money supply--M<sub>1</sub></u>	225.6	227.3	226.8	1.7	3.0	-0.5	-2.6
2. Plus: Time deposits other than large CD's	225.8	229.2	231.5	3.4	6.0	2.3	12.0
3. Equals: <u>Money supply-- M<sub>2</sub></u>	451.4	456.5	458.3	5.1	4.5	1.8	4.7
Plus:							
4. U. S. Gov't. deposits at member banks	3.9	6.3	4.5	2.4		-1.8	
5. Net domestic commercial bank deposits at member banks	4.3	4.3	4.4	--		0.1	
6. Large CD's	28.6	32.4	33.6	3.8		1.2	
7. Nondeposit funds <u>1/</u>	4.5	4.1	4.8	-0.4		0.7	
Less:							
8. Currency component of the money supply	51.2	51.9	52.2	0.7		0.3	
9. Deposits at nonmember banks, and other items <u>2/</u>	95.7	98.0	98.7	2.3		0.7	
Equals:							
10. <u>Adjusted Credit Proxy</u>	345.7	353.6	354.7	7.9	9.1	1.1	3.7

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

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

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

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