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(CONFIDENTIAL FR)

March 17, 1972

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the Staff

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

March 17, 1972

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) Growth in seasonally adjusted total reserves available to support private nonbank deposits appears to be expanding at about an 11 per cent annual rate for February and March combined. (See attached Table 1). This would be slightly above the upper end of the 6--10 per cent range targeted by the Committee, and at the upper end if adjustment is made for the small downward revision in the January level. For February alone, the growth rate was only 3.7 per cent. In March, however, the growth pace of such reserves has accelerated; actual reserve data through mid-month, and required reserve figures for the last half of the month (given the lagged reserve accounting), now suggest March growth at around an 18 per cent annual rate.

(2) It appears that the money and credit aggregates are growing at rates slightly in excess of the first quarter pace desired by the Committee. In February, M_1 , M_2 , and the adjusted credit proxy grew at annual rates of 13-1/2, 15 and 6 per cent respectively, as shown in attached Table 3. Data thus far available for March suggest continued high growth rates for M_1 and M_2 , though not so high as in February, and an upsurge in the credit proxy. For the first quarter as a whole, our current estimate (with half of March projected) is for growth in M_1 at a 9-1/2 per cent annual rate, which compares with a 7--8 per cent rate desired by the Committee.

(3) When it became apparent that growth of reserves was close to the upper end of the desired February-March range and growth of the aggregates seemed to be running a bit above the desired first-quarter ranges, the Desk began to hold back on reserve provision and allowed money market conditions to firm. As a result, the Federal funds rate rose to an average of 3-7/8 per cent in the latest statement week and most recently has continued to trade around that level. This compares with a weekly low of 3.18 per cent, reached about mid-way in the intermeeting period.

(4) Even before the firming of money market conditions, Treasury bill rates had begun to rise from their mid-February lows, as a marked earlier dearth in the market supply of immediately available bills began to be remedied. Increased bill supplies came chiefly from the Treasury's \$3 billion offering of strip bills early in March and the continuing \$300 million weekly increments to its regular bill auctions. Other bills came into the market during the latter part of February when a Treasury decision to drop its balance at the Federal Reserve by \$2.3 billion elicited sizable System bill sales to help absorb the resulting release of reserves. In part, however, the marked rise in bill rates has reflected the sharp recent advance in Federal funds and dealer loan rates. Very recently, 3-month Treasury bills have traded at about 3.90 per cent, nearly 85 basis points above the yield prevailing at the time of the last Committee meeting.

(5) Rates on other short-term market instruments have also moved up recently, by 25--75 basis points. A bank with a flexible prime rate policy

that had been quoting a rate of 4-3/8 per cent has raised its rate in two stages to 4-3/4 per cent. Yields in markets for longer-term securities have changed little on balance since the last Committee meeting, but most recently there has been some small rise in response to increases in money market rates.

(6) The following table compares seasonally adjusted annual rates of change in major financial aggregates for recent periods:

	1970	1971	Fourth Quarter (Dec. over Sept.)	Last 2 months (Feb. over Dec.)
Total Reserves	6.0	7.3	2.2	7.0
Nonborrowed Reserves	9.2	8.0	6.9	9.6
Reserves available to support private nonbank deposits	N.A.	8.3	5.8	8.7
<u>Concepts of Money</u>				
M ₁ (Currency plus demand deposits <u>1/</u>)	5.4	6.2	1.1	8.4
M ₂ (M ₁ plus time deposits at commercial banks other than large CD's)	8.1	11.1	8.0	14.3
M ₃ (M ₂ plus deposits at thrift institutions)	7.8	13.3	9.6	16.1
<u>Bank Credit</u>				
Total member bank deposits (Bank credit proxy adj.)	8.3	9.5	9.7	8.1
Loans and investments of commercial banks <u>2/</u>	8.1	10.7	8.7	15.1
Short-term market paper (Actual \$ change in billions)				
Large CD's	\$ 14.5	\$ 7.9	1.8	0.4
Nonbank commercial paper	-3.1	-1.8	1.1	-0.1

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

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

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

(7) Three alternative patterns of prospective relationships among monetary aggregates and money market conditions are summarized below. Monthly and quarterly patterns for key monetary aggregates through the second quarter are shown in the table on the next page.

	<u>Pattern I</u>	<u>Pattern II</u>	<u>Pattern III</u>
Federal funds rate	2-3/4--4	3-1/2--4-3/4	4-1/4--5-3/4
Member bank borrowings	50	50--200	150--450
3-month Treasury bill rate	3--4	3-1/2--5	4-1/4--6
Growth in M ₁ (SAAR)			
March	11	11	11
April	7-1/2	6-1/2	5-1/2
1st Q.	9-1/2	9-1/2	9-1/2
2nd Q.	9	7-1/2	6

(8) The rates of expansion in reserves available to support non-bank deposits that are consistent with the three patterns in the paragraph above are as follows (seasonally adjusted annual rates):

	<u>Pattern I</u>	<u>Pattern II</u>	<u>Pattern III</u>
March	18	18	17-1/2
April	6	4	3-1/2
Mar.-April	12	11	10-1/2
1st Q.	12	12	11-1/2
2nd Q.	7	5-1/2	3-1/2

Alternative Monthly and Quarterly Patterns
for Key Monetary Aggregates

		<u>M₁</u>			<u>M₂</u>		
		<u>I</u>	<u>II</u>	<u>III</u>	<u>I</u>	<u>II</u>	<u>III</u>
1972	Feb.	231.4	231.4	231.4	475.8	475.8	475.8
	Mar.	233.5	233.5	233.5	479.9	479.9	479.9
	Apr.	235.0	234.8	234.6	483.6	483.0	482.6
	May	236.8	236.3	235.8	487.5	486.2	485.0
	June	238.7	237.8	237.0	491.4	489.2	487.4

Per Cent Annual Rates of Growth

	Mar.	11.0	11.0	11.0	10.5	10.5	10.5
	Apr.	7.5	6.5	5.5	9.5	8.0	7.0
	May	9.0	7.5	6.0	9.5	8.0	6.0
	June	9.5	7.5	6.0	9.5	7.5	6.0
	1st Q.	9.5	9.5	9.5	13.0	13.0	13.0
	2nd Q.	9.0	7.5	6.0	9.5	8.0	6.5

Adjusted Credit Proxy

Total Reserves

		<u>I</u>	<u>II</u>	<u>III</u>	<u>I</u>	<u>II</u>	<u>III</u>
1972	Feb.	366.8	366.8	366.8	31.6	31.6	31.6
	Mar.	371.5	371.4	371.4	32.1	32.0	32.0
	Apr.	373.9	373.5	373.1	32.4	32.4	32.4
	May	375.3	374.4	373.7	32.4	32.3	32.2
	June	378.1	376.8	375.6	32.8	32.6	32.5

Per Cent Annual Rates of Growth

	Mar.	15.5	15.0	15.0	16.5	16.5	16.0
	Apr.	8.0	7.0	5.5	14.0	12.0	12.0
	May	4.5	3.0	2.0	- 1.5	- 3.0	- 4.5
	June	9.0	7.5	6.0	14.5	12.5	10.0
	1st Q.	10.5	10.5	10.5	10.5	10.5	10.0
	2nd Q.	7.0	6.0	4.5	9.0	7.5	6.0

As indicated in paragraph (7), under patterns II and III member bank borrowings would be expected to rise from current levels as the Federal funds rate rises relative to the discount rate. Expansion in nonborrowed reserves supporting nonbank private deposits would be slower than for the total of such reserves in patterns II and III. The average annual rate of expansion for such nonborrowed reserves in March-April would be expected to be around 12 per cent for pattern I, 8 per cent for II, and 4 per cent for III.

(9) With transactions demands for cash expanding in reflection of the 10 per cent annual rate of rise projected for nominal GNP in the second quarter, M_1 growth would be expected to decline only slightly from the substantial first quarter rate of growth of about 9-1/2 per cent if prevailing money market conditions are maintained. If the Committee should seek to reduce growth in M_1 significantly below the estimated first quarter rate, money market conditions would be expected to tighten. For example, if the Desk were to provide reserves at a rate consistent with M_1 growth rates in the pattern II area (around 6-1/2 per cent for April and 7-1/2 per cent for the second quarter), the staff would expect the Federal funds rate to rise to near the upper end of the 3-1/2--4-3/4 per cent range. Also, member bank borrowings would likely increase to around the upper end of their \$50-\$200 million range. Likewise, in attaining pattern III aggregates, the staff would expect money market conditions to move to the tight end of the ranges shown for that alternative.

(10) With the 3-month Treasury bill rate around 3-7/8 per cent, the market has probably largely adjusted to a Federal funds rate in a 3-3/4--4 per cent range and may have discounted some of the prospective Treasury cash borrowing. It is not yet certain whether the Treasury will borrow additional cash in early April, or how much might be borrowed if they come to market, or in what maturity area. For projection purposes, we have assumed only \$2 billion of borrowing in the short- or short-intermediate-term area. If the Treasury does not undertake some such market borrowing, it probably would have to borrow directly from the System for a few days around mid-April. With such a moderate amount of borrowing the 3-month bill rate might remain around 4 per cent, or below, between now and the next Committee meeting. A rise in the Federal funds rate, however, toward 4-1/2 per cent would involve a further, perhaps commensurate, rise in the bill rate. And as the funds rate penetrated the 4-1/2 per cent discount rate, the bill rate might begin to rise more rapidly in anticipation of a discount rate hike.

(11) The still wide spread of long- over short- rates will tend to minimize effects on long markets of rising short-term rates. We would expect, though, that a further rise in the bill rate of 25-50 basis points over the near-term would be accompanied by some upward rate pressures in bond markets. Corporate and municipal bond volume is still fairly sizable, though well below last year, and only a modest further decline in volume is anticipated into the summer. Upward

rate pressures may be largest in the municipal market as bank demand weakens in the face of rising costs of CD funds and banker attitudes toward liquidity become more cautious.

(12) Growth in time deposits other than large CD's is likely to slow in the months ahead from the very rapid January-February pace, and particularly if short-term market rates rise. As a result, growth in M_2 in the second quarter is likely to be noticeably slower than in the first under all three patterns.

(13) The adjusted bank credit proxy, too, is expected to grow less rapidly in the second quarter than the first, mainly in reflection of the considerably slower growth in consumer-type time deposits. Expansion in outstanding large CD's is expected to be little changed from recent months under pattern I, but some pick-up is anticipated under tighter money market conditions as banks attempt to compensate in some degree for slower growth in other deposits.

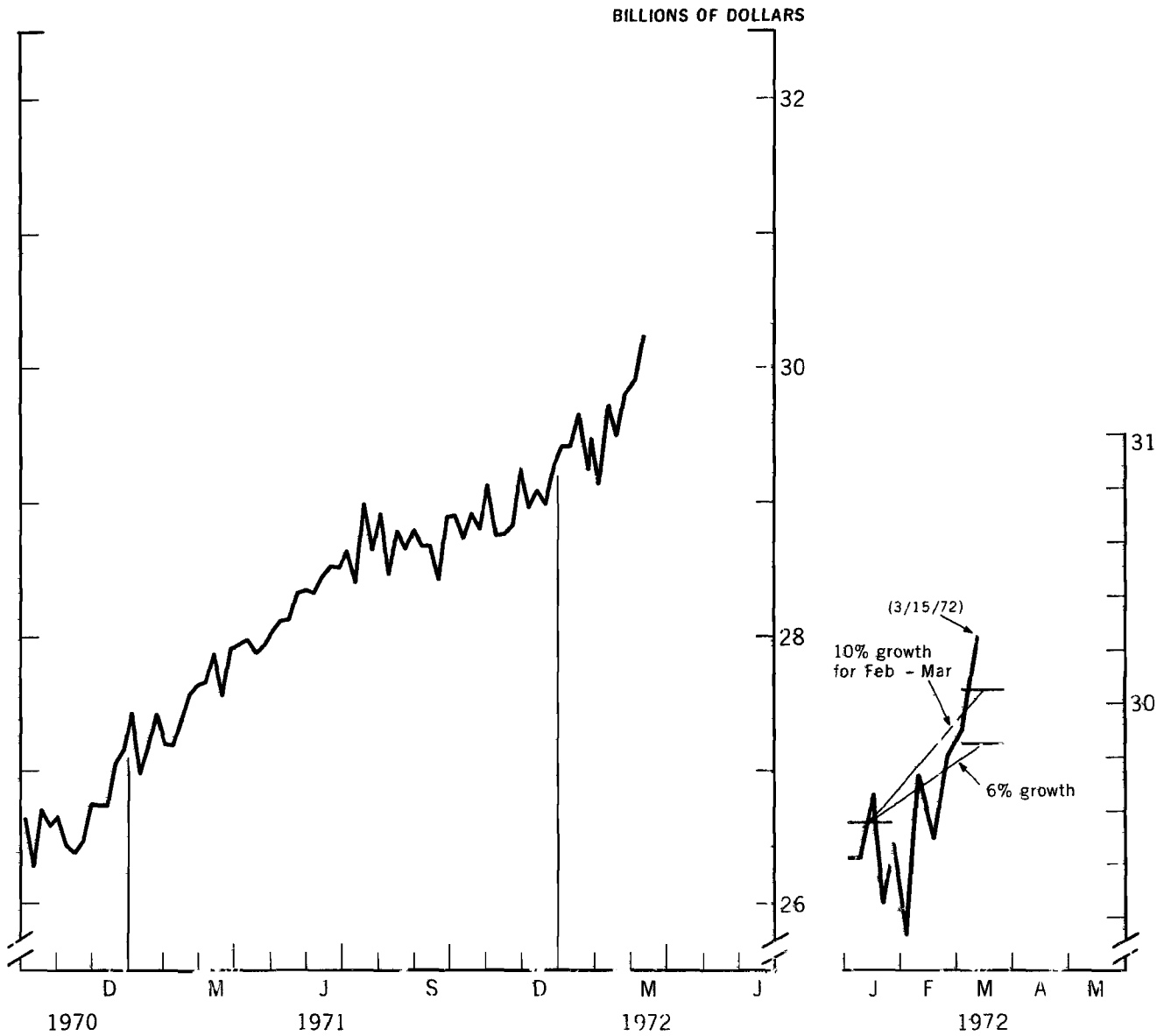
Proposed directive

(14) On the assumption that the Committee will want to continue to use the general procedure agreed upon at the February 15 meeting, the following language for the second paragraph of the directive, which is similar to that adopted then, is suggested:

"To implement this policy, while taking account of international developments, the Committee seeks to achieve bank reserve and money market conditions that will support
(I - AMPLE)
(II - moderate) growth in monetary aggregates over the
(III - MORE moderate)
months ahead."

If the Committee so wishes, each of three alternative adjectives qualifying "growth in monetary aggregates over the months ahead" can be taken to correspond with the similarly numbered pattern of aggregate growth rates described in the preceding section. For expository purposes these patterns have been expressed as single point values, but as at the February meeting, the Committee may, of course, wish to specify its objectives in terms of ranges.

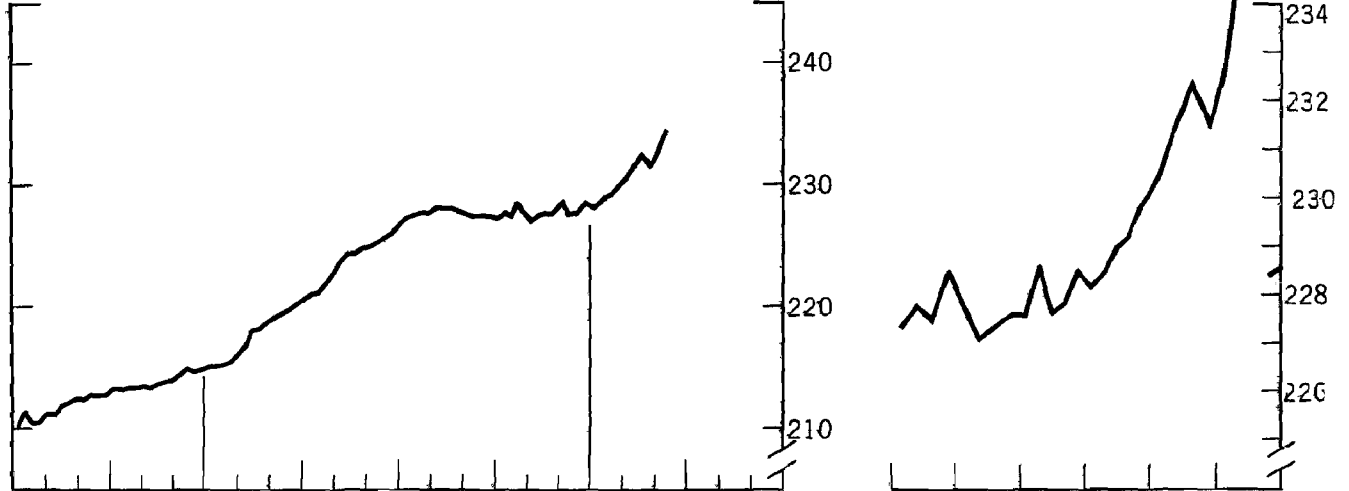
RESERVES AVAILABLE TO SUPPORT PRIVATE NONBANK DEPOSITS



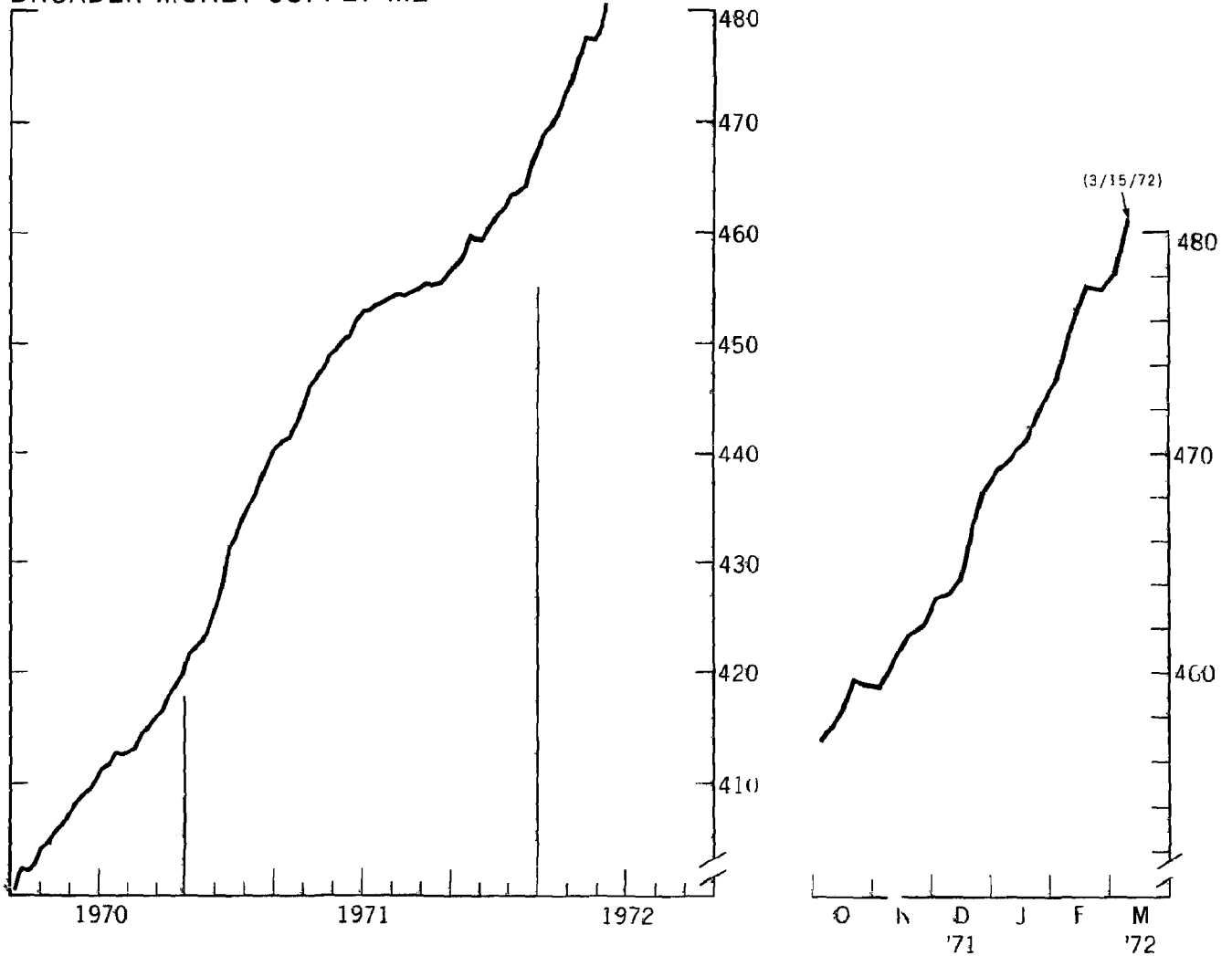
MONETARY AGGREGATES

NARROW MONEY SUPPLY M1

BILLIONS OF DOLLARS



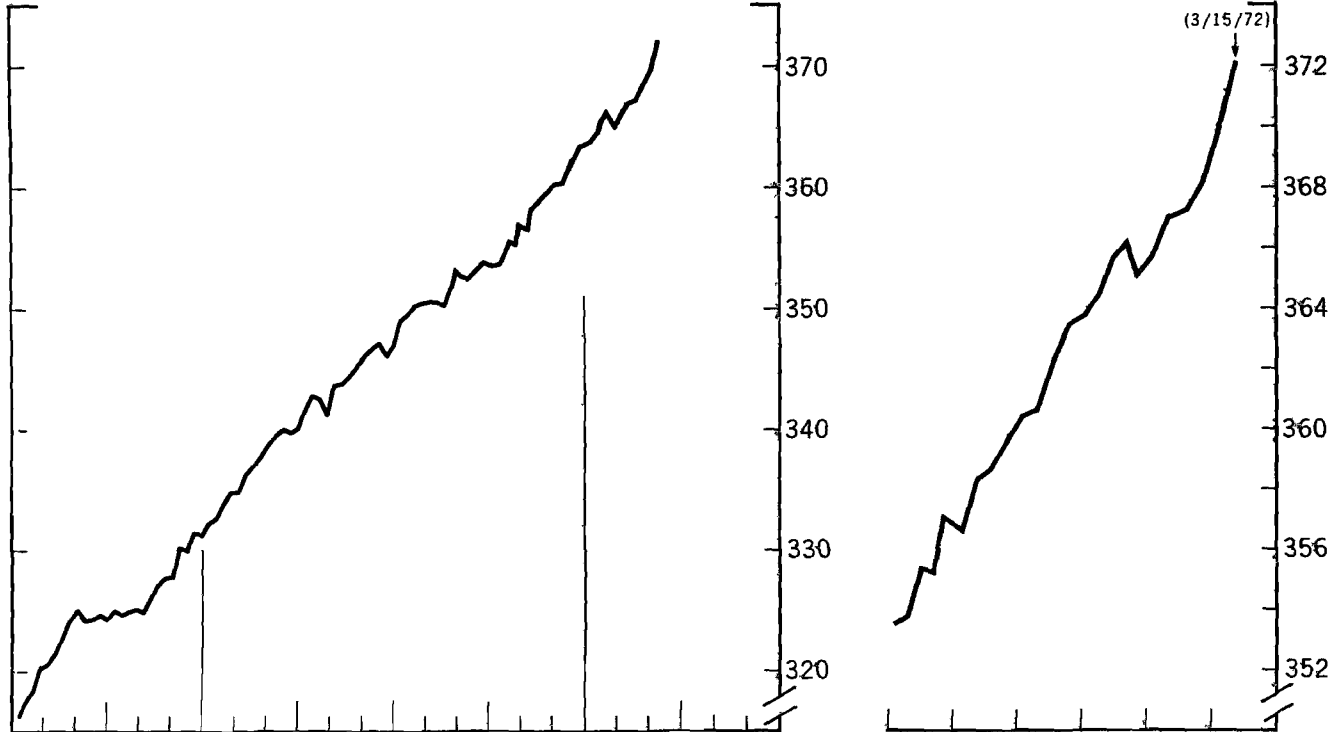
BROADER MONEY SUPPLY M2



MONETARY AGGREGATES

ADJUSTED CREDIT PROXY

BILLIONS OF DOLLARS



TOTAL RESERVES

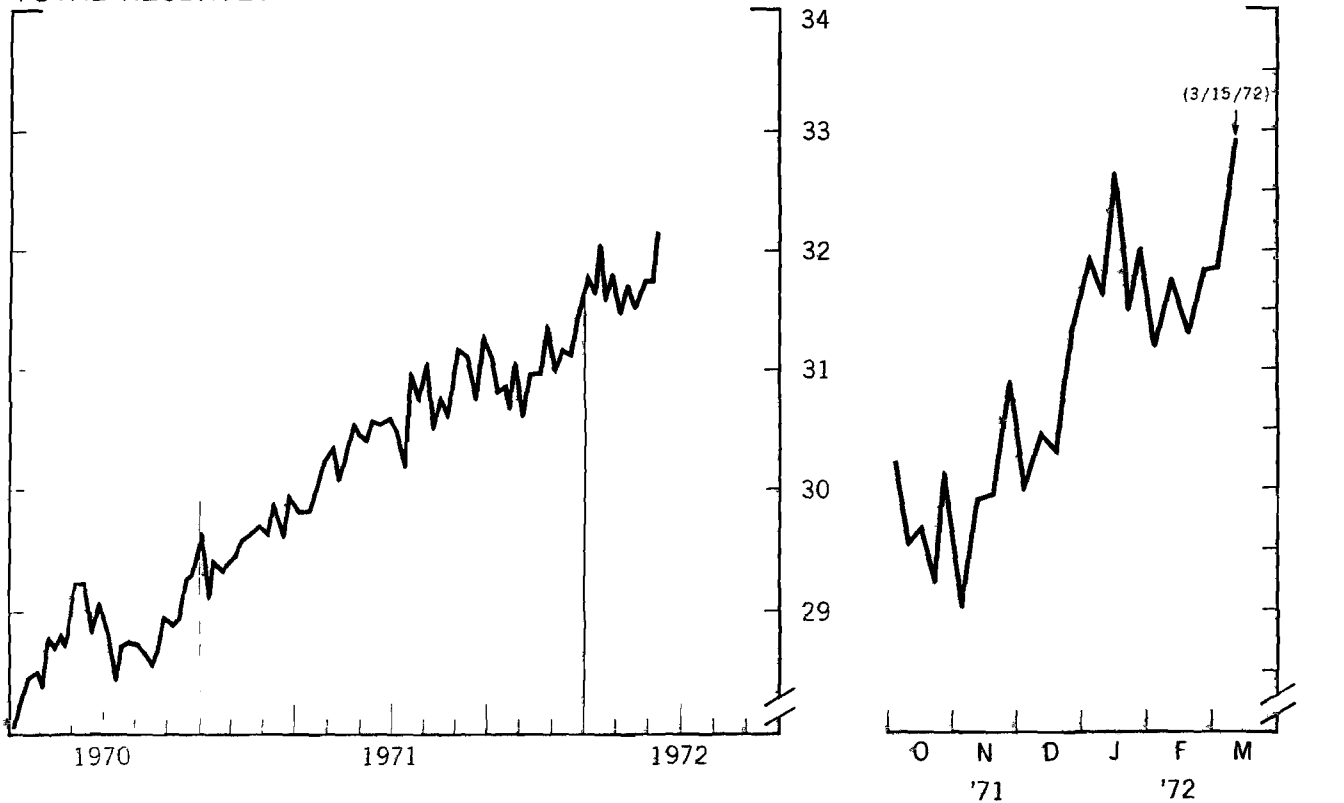
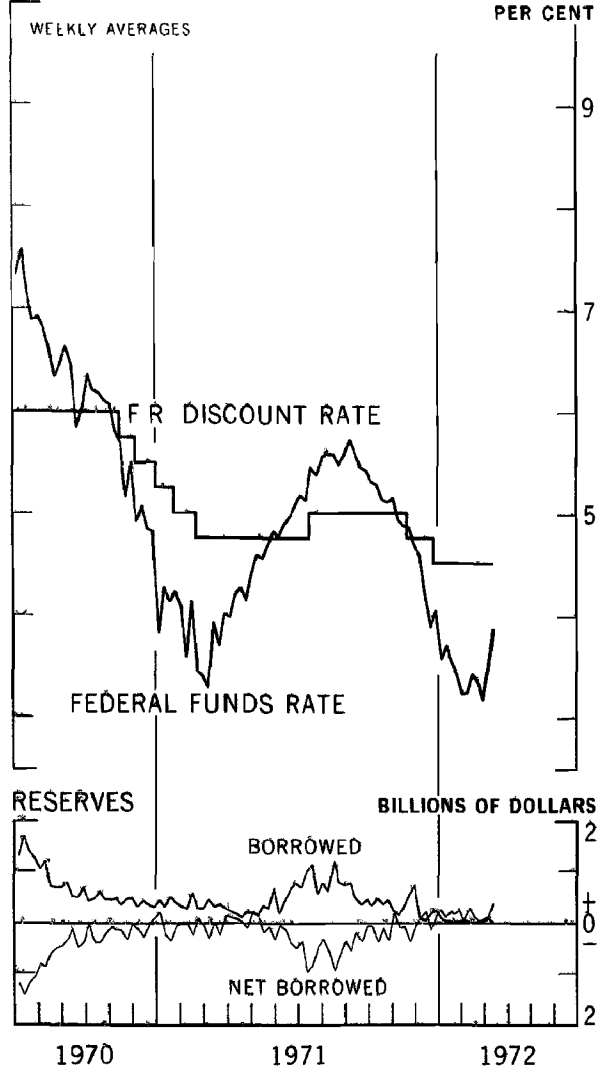


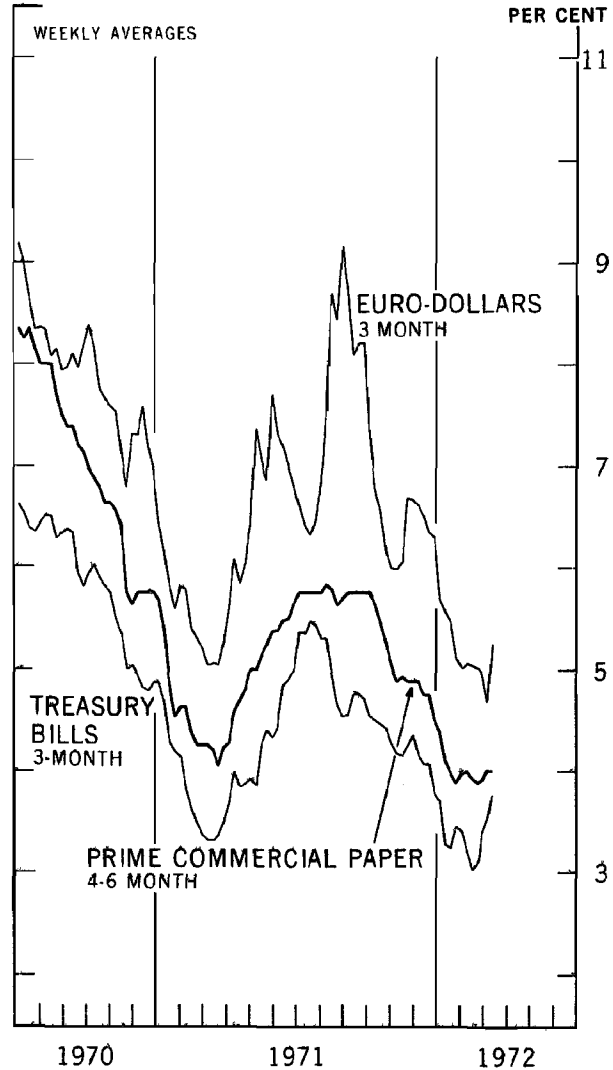
CHART 4

MONEY MARKET CONDITIONS AND INTEREST RATES

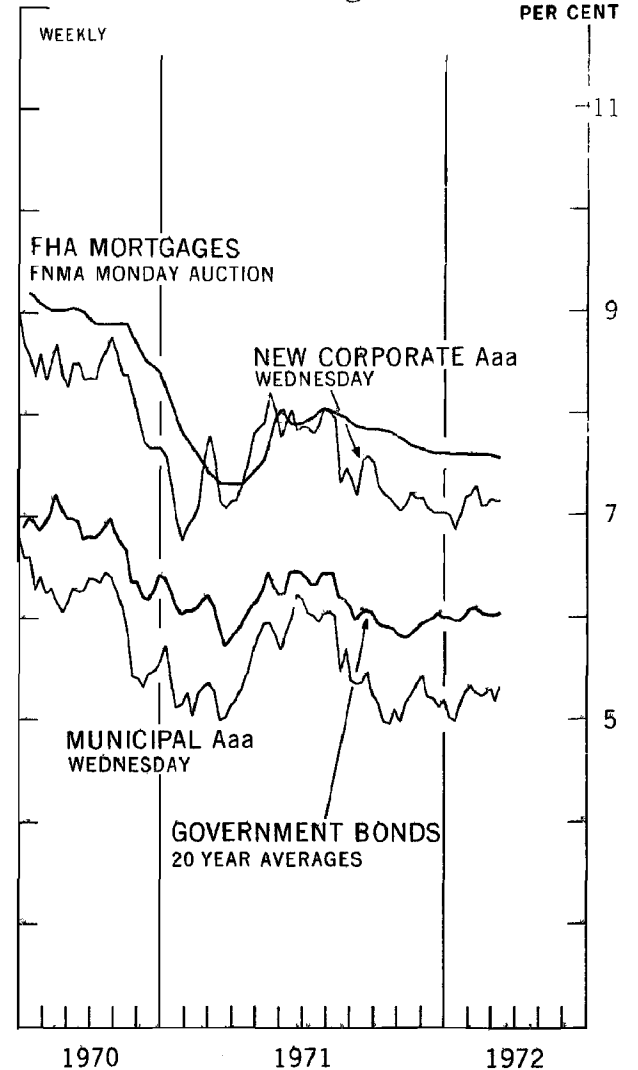
MONEY MARKET CONDITIONS



INTEREST RATES Short-term



INTEREST RATES Long-term



March 17, 1972

TABLE 1

Reserves For Private Nonbank Deposits

	Seasonally Adjusted				Not Seasonally Adjusted			
	Total Available		Required Against		Total Available		Required Against	
	Target and Associated Patterns 1/	Actual and Projected	Private Demand	Time and Nondeposit	Target and Associated Patterns 1/	Actual and Projected	Private Demand	Time and Nondeposit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1972--Jan.	29,555	29,509	20,757	8,538	30,981	30,438	21,765	8,516
Feb.	29,688	29,601	20,802	8,650	29,810	29,724	20,938	8,636
Mar.	29,940	(30,046)	(21,044)	(8,767)	29,649	(29,754)	(20,760)	(8,776)
<u>Annual Rates of Change</u>								
<u>Quarterly:</u>								
1971--3rd Qtr.	.....	3.1	2.4	6.7	.....	.....	.....	.....
4th Qtr.	.....	5.8	2.8	14.5	.....	.....	.....	.....
1972--1st Qtr.	.....	(12.0)	(7.5)	(18.0)	.....	.....	.....	.....
1972--Jan.		13.8	6.4	22.3	.....	.....	.....	.....
Feb.	5.5	3.7	2.6	15.5	.....	.....	.....	.....
Mar.	10.0	(18.0)	(14.0)	(16.0)	.....	.....	.....	.....
Feb.-Mar.	8.0	(11.0)	(8.5)	(16.0)	.....	.....	.....	.....
<u>Weekly:</u>								
Jan.	5	29,491	20,865	8,463	.....	30,264	21,516	8,435
	12	29,487	20,913	8,531	.....	30,239	21,645	8,489
	19	29,726	20,786	8,542	.....	31,038	22,300	8,520
	26	29,315	20,561	8,555	.....	30,451	21,710	8,549
Feb.	2	29,528	20,667	8,593	.....	30,335	21,509	8,581
	9	29,205	20,532	8,607	.....	29,679	21,017	8,612
	16	29,793	21,898	8,644	.....	29,924	20,984	8,629
	23	29,581	20,828	8,676	.....	29,591	20,808	8,653
Mar.	1	29,886	21,020	8,697		29,492	20,753	8,669
	8	29,998	21,018	8,757		29,401	20,501	8,733
	15	30,339	21,141	8,769		29,920	20,755	8,760

NOTE: Data shown in parentheses are current projections.

1/ Represents targets adopted at FOMC meeting of February 15, 1972. March level is midpoint of 6-10 per cent February-March annual rate of growth. The level for a 6 per cent February-March annual rate of growth would be \$ 29,850 million and for 10 per cent the level would be \$30.048 million.

Table 2
Bank Reserves

STRICTLY CONFIDENTIAL (FR)

March 17, 1972

Period	Seasonally Adjusted			Not Seasonally Adjusted										
	Total (1)	Required (2)	Nonborrowed (3)	Total (4)	Required (5)	Nonborrowed (6)	Excess (7)	Borrowings (8)						
1971--Dec.	31,246	31,098	31,079	31,329	31,164	31,222	165	107						
1972--Jan.	31,772	31,558	31,678	32,865	32,692	32,845	173	20						
Feb.	31,616	31,464	31,580	31,953	31,790	31,919	163	33						
Mar.	(32,054)	(31,819)	(31,992)	(31,902)	(31,684)	(31,848)	(218)	(54)						
Annual Percentage Rates of Change														
1971--3rd Qtr.	7.1	7.6	9.5											
4th Qtr.	2.2	2.4	9.0											
1972--1st Qtr.	(10.5)	(9.5)	(12.0)											
Jan.	20.2	17.7	23.1											
Feb.	-5.9	-3.6	-3.7											
Mar.	(16.5)	(13.5)	(15.5)											
Feb.-Mar.	(5.5)	(5.0)	(6.0)											
Weekly Pattern														
1972--Jan.	5	31,770	31,608						31,709	32,814	32,502	32,757	312	57
	12	31,652	31,609						31,569	32,793	32,688	32,776	105	17
	19	32,051	31,653	31,883	33,665	33,447	33,651	218	14					
	26	31,596	31,397	31,489	32,592	32,400	32,580	192	12					
Feb.	2	31,797	31,529	31,778	32,435	32,190	32,419	245	16					
	9	31,473	31,407	31,427	31,892	31,842	31,850	50	42					
	16	31,695	31,444	31,678	32,257	31,946	32,239	311	18					
	23	31,519	31,442	31,505	31,823	31,693	31,809	130	14					
Mar.	1	31,725	31,556	31,645	31,595	31,525	31,527	70	68					
	8	31,735	31,512	31,624	31,490	31,323	31,387	167	103					
	15	32,174	31,745	32,159	32,118	31,713	32,104	405	14					
	22		31,771			31,676								

NOTE: Data shown in parentheses are current projections. Annual rates of change other than for the past are rounded to the nearest half percent.

Annual Growth Rates Desired for QI 1/	
M ₁	7-8%
M ₂	12%
Credit Proxy	8-9%
(Adj.)	

Table 3
MONETARY AGGREGATES
(Actuals and current projections, seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)
March 17, 1972

Period	Narrow Money Supply (M ₁)	Broad Money Supply (M ₂)	Adjusted Credit Proxy	U.S. Govt. Deposits	Total Time and Savings	Time deposits other than CD's	Negotiable CD's	Nondeposit Sources of Funds
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Monthly Pattern in Billions of Dollars								
1971--Dec.	228.2	464.7	361.9	6.2	269.9	236.4	33.4	4.0
1972--Jan.	228.8	469.9	364.9	6.3	274.4	241.2	33.2	4.0
Feb.	231.4	475.8	366.8	3.7	278.1	244.3	33.8	3.6
Mar.	(233.5)	(479.9)	(371.5)	(5.5)	(280.3)	(246.4)	(33.8)	(3.6)
Annual Percentage Rates of Change--Quarterly and Monthly								
1971--3rd Qtr.	3.7	4.4	7.6		8.2	5.3		
4th Qtr.	1.1	8.0	9.7		15.9	14.7		
1972--1st Qtr.	(9.5)	(13.0)	(10.5)		(15.5)	(17.0)		
1971--Dec.	2.6	10.2	13.1		20.8	17.0		
1972--Jan.	3.2	13.4	9.9		20.0	24.4		
Feb.	13.6	15.1	6.2		16.2	15.4		
Mar.	(11.0)	(10.5)	(15.5)		(9.5)	(10.5)		
Weekly Pattern in Billions of Dollars								
1972--Jan. 5	228.2	468.2	363.8	7.3	273.2	240.0	33.2	3.4
12	228.5	469.2	364.5	6.4	274.0	240.7	33.2	3.9
19	229.0	469.8	365.7	6.7	274.1	240.9	33.2	4.3
26	229.2	470.6	366.1	6.5	274.6	241.4	33.3	4.1
Feb. 2	229.8	472.2	365.1	4.8	275.8	242.4	33.4	3.8
9	230.4	473.4	365.7	5.2	276.5	243.0	33.5	3.7
16	231.4	475.8	366.9	3.8	278.2	244.4	33.8	3.7
23	232.4	477.5	367.2	3.0	279.3	245.0	34.3	3.6
Mar. 1	231.5	477.3	368.2	3.2	279.6	245.8	33.8	3.6
8	232.5	478.2	369.8	5.2	279.4	245.7	33.7	3.7
15 pe	234.4	480.6	372.1	5.7	279.9	246.2	33.7	3.6

NOTES: Data shown in parentheses are current projections.

pe--Partially estimated

Annual rates of change other than those for the pe are rounded to the nearest half per cent.

1/ In supplying reserves, the Account Manager is expected to make some allowance for any significant deviation from these desired growth rates in the aggregates.

TABLE 4
RESERVES AND MONETARY VARIABLES

CONFIDENTIAL (FR)
March 17, 1972

Period	Reserves		Money Stock Measures			Bank Credit Measures		Other					U.S. Gov't. Demand
	Total	Nonborrowed	M ₁	M ₂	M ₃	Adjusted Credit Proxy	Total Loans and Investments	Total Time	Time Other than CD's	Thrift Institution Deposits	CD's	Nondeposit Funds	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Annually:	(Per Cent Annual Rates of Growth)												(Dollar Change in Billions)
1968	+ 7.8	+ 5.8	+ 7.8	+ 9.3	+ 8.3	+ 9.7	+ 11.0	+ 11.3	+ 11.1	+ 6.3	+ 2.8	+ 2.6	- 0.1
1969	- 1.3	- 2.7	+ 3.2	+ 2.3	+ 2.7	+ 0.3	+ 3.9	- 4.9	+ 1.4	+ 3.4	- 12.6	+ 13.0	+ 0.3
1970	+ 6.0	+ 9.2	+ 5.4	+ 8.1	+ 7.8	+ 8.3	+ 8.1	+ 17.9	+ 11.0	+ 7.8	+ 14.5	- 8.4	+ 1.1
1971	+ 7.3	+ 8.0	+ 6.2	+ 11.1	+ 13.3	+ 9.5	+ 10.7	+ 17.9	+ 16.2	+ 17.5	+ 7.9	- 7.6	- 0.3
Semi-Annually:													
1st Half 1970	+ 0.4	+ 3.0	+ 5.6	+ 5.8	+ 5.0	+ 4.8	+ 5.2	+ 8.4	+ 6.0	+ 4.7	+ 2.6	+ 0.7	+ 0.4
2nd Half 1970	+ 11.6	+ 15.3	+ 5.2	+ 10.1	+ 10.3	+ 11.4	+ 1.6	+ 26.3	+ 15.6	+ 10.6	+ 11.9	- 9.1	+ 0.7
1st Half 1971	+ 9.6	+ 9.3	+ 10.0	+ 15.5	+ 17.0	+ 9.7	+ 11.5	+ 22.3	+ 21.2	+ 20.1	+ 3.9	- 7.1	- 2.1
2nd Half 1971	+ 4.7	+ 6.5	+ 2.4	+ 6.3	+ 8.8	+ 8.8	+ 9.3	+ 12.2	+ 10.1	+ 13.5	+ 4.1	- 0.4	+ 1.8
Quarterly:													
1st Qtr. 1971	+ 8.9	+ 9.5	+ 9.1	+ 18.1	+ 18.9	+ 10.9	+ 12.3	+ 28.8	+ 27.5	+ 21.9	+ 2.6	- 4.6	- 2.4
2nd Qtr. 1971	+ 10.0	+ 9.0	+ 10.6	+ 12.4	+ 14.4	+ 8.4	+ 10.3	+ 14.7	+ 14.0	+ 17.3	+ 1.3	- 2.6	+ 0.3
3rd Qtr. 1971	+ 7.2	+ 6.0	+ 3.7	+ 4.4	+ 7.8	+ 7.6	+ 9.7	+ 8.2	+ 5.3	+ 13.7	+ 2.3	- 0.4	+ 2.3
4th Qtr. 1971	+ 2.2	+ 6.9	+ 1.1	+ 8.0	+ 9.6	+ 9.7	+ 8.7	+ 15.9	+ 14.7	+ 12.8	+ 1.8	--	- 0.4
1971: Jan.	+ 10.6	+ 8.1	+ 2.8	+ 14.1	+ 15.5	+ 10.2	+ 12.9	+ 28.8	+ 26.0	+ 23.9	+ 1.1	- 1.5	- 0.7
Feb.	+ 8.6	+ 11.7	+ 13.4	+ 20.7	+ 20.9	+ 11.9	+ 14.6	+ 29.7	+ 28.3	+ 18.5	+ 0.9	- 1.6	- 0.9
Mar.	+ 7.3	+ 8.4	+ 11.0	+ 18.7	+ 19.3	+ 10.3	+ 9.1	+ 26.0	+ 26.5	+ 22.1	+ 0.6	- 1.6	- 0.8
Apr.	+ 8.5	+ 16.9	+ 8.2	+ 12.1	+ 15.5	+ 8.5	+ 7.4	+ 13.2	+ 16.0	+ 22.5	- 0.2	- 1.9	+ 1.6
May	+ 13.4	+ 9.9	+ 14.1	+ 13.9	+ 15.2	+ 8.8	+ 9.7	+ 15.5	+ 13.6	+ 12.9	+ 0.7	- 1.0	- 0.2
June	+ 7.9	--	+ 9.1	+ 10.7	+ 12.0	+ 7.7	+ 13.6	+ 14.8	+ 11.8	+ 15.8	+ 0.8	+ 0.4	- 1.0
July	+ 4.4	- 7.6	+ 10.1	+ 7.5	+ 10.5	+ 10.7	+ 6.2	+ 9.4	+ 4.8	+ 16.7	+ 1.1	- 0.2	+ 0.8
Aug.	+ 4.1	+ 2.8	+ 3.2	+ 2.9	+ 6.6	+ 4.1	+ 11.8	+ 4.2	+ 3.2	+ 10.3	+ 0.4	- 0.4	+ 0.6
Sept.	+ 12.9	+ 22.9	- 2.1	+ 2.9	+ 6.2	+ 7.9	+ 11.0	+ 10.7	+ 7.9	+ 13.8	+ 0.8	+ 0.1	+ 0.9
Oct.	- 7.4	- 2.8	+ 0.5	+ 7.1	+ 9.1	+ 4.8	+ 10.1	+ 17.1	+ 13.7	+ 13.0	+ 1.1	+ 0.8	- 1.9
Nov.	+ 3.4	+ 2.0	--	+ 6.5	+ 8.7	+ 11.2	+ 4.5	+ 9.1	+ 13.0	+ 11.4	- 0.5	+ 0.5	+ 0.7
Dec.	+ 10.7	+ 21.4	+ 2.6	+ 10.2	+ 11.0	+ 13.1	+ 11.2	+ 20.8	+ 17.0	+ 13.7	+ 1.2	- 1.3	+ 0.8
1972: Jan.	+ 20.2	+ 23.1	+ 3.2	+ 13.4	+ 15.4	+ 9.9	+ 17.5	+ 20.0	+ 24.4	+ 23.8	- 0.2	- 0.1	+ 0.1
Feb. p	+ 6.0	- 3.9	+ 13.6	+ 15.1	+ 16.7	+ 6.2	+ 12.4	+ 16.2	+ 15.4	+ 20.0	+ 0.6	- 0.3	- 2.6

NOTE: Reserve requirements on Eurodollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970.

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TABLE 5
RESERVES AND MONETARY VARIABLES
(Seasonally adjusted, Billions of dollars)

CONFIDENTIAL (FR)
March 17, 1972

Period	Reserves		Money Stock Measures				Bank Credit Measures		Other					
	Total (1)	Non- borrowed (2)	M ₁		M ₂ (5)	M ₃ (6)	Adjusted Credit Proxy (7)	Total Loans and Investments (8)	Total Time (9)	Time Other than CD's (10)	Thrift Institution Deposits (11)	CD's (12)	Non- Deposit Funds (13)	U.S. Gov't. Demand (14)
			Total (3)	Prv't Dep. (4)										
Annually:														
Dec. 1968	27,249	26,471	197.4	154.0	378.0	572.6	304.6	390.6	204.2	180.6	194.6	23.6	7.0	5.1
Dec. 1969	27,977	26,829	203.7	157.7	368.8	588.3	305.4	406.0	194.1	183.2	201.5	11.0	20.0	5.3
Monthly:														
1970--June	28,037	27,227	209.4	161.7	398.1	603.0	312.8	416.5	202.3	188.7	204.9	13.6	20.7	5.7
July	28,315	27,060	210.3	162.4	401.7	608.4	318.2	422.5	208.4	191.4	206.6	17.0	19.8	5.5
Aug.	28,695	27,907	211.6	163.5	405.6	613.9	322.5	427.0	213.2	193.9	208.4	19.3	18.8	5.7
Sept.	29,059	28,438	212.8	164.5	409.2	619.1	324.3	429.5	217.7	196.4	209.9	21.3	16.5	5.8
Oct.	28,700	28,190	213.1	164.8	412.1	623.9	324.8	430.6	221.5	198.9	211.8	22.6	14.2	5.2
Nov.	28,704	28,239	213.6	164.9	414.3	627.9	326.5	433.1	224.2	200.6	213.6	23.6	12.7	6.2
Dec.	29,132	28,764	214.8	165.8	418.2	634.0	330.6	438.9	228.9	203.4	215.8	25.5	11.6	6.4
1971--Jan.	29,390	28,958	215.3	166.0	423.1	642.2	333.4	443.6	234.4	207.8	219.2	26.6	10.1	5.8
Feb.	29,600	29,240	217.7	168.0	430.4	653.4	336.7	449.0	240.2	212.7	223.0	27.5	8.6	4.9
Mar.	29,779	29,445	219.7	169.7	437.1	663.9	339.6	452.4	245.4	217.4	226.8	28.1	7.0	4.0
Apr.	29,991	29,859	221.2	170.7	441.5	672.5	342.0	455.2	248.1	220.3	231.0	27.8	5.1	5.6
May	30,327	30,106	223.8	173.0	446.6	681.0	344.5	458.9	251.3	222.8	234.4	28.5	4.1	5.4
June	30,527	30,106	225.5	174.5	450.6	687.8	346.7	464.1	254.4	225.0	237.2	29.4	4.5	4.3
July	30,639	29,915	227.4	175.8	453.4	693.8	349.8	466.5	256.4	225.9	240.4	30.4	4.3	5.1
Aug.	30,743	29,985	228.0	176.3	454.5	697.6	351.0	471.1	257.3	226.5	243.1	30.8	3.9	5.7
Sept.	31,073	30,556	227.6	175.5	455.6	701.2	353.3	475.4	259.6	228.0	245.6	31.6	4.1	6.6
Oct.	30,882	30,485	227.7	175.5	458.3	706.5	354.7	479.4	263.3	230.6	248.3	32.7	4.8	4.7
Nov.	30,970	30,535	227.7	175.5	460.8	711.6	358.0	481.2	265.3	233.1	250.8	32.2	5.4	5.4
Dec.	31,246	31,079	228.2	175.7	464.7	718.1	361.9	485.7	269.9	236.4	253.4	33.4	4.0	6.2
1972--Jan.	31,772	31,678	228.8	176.0	469.9	727.3	364.9	492.8	274.4	241.2	257.4	33.2	4.0	6.3
Feb. p	31,612	31,576	231.4	178.2	475.8	737.4	366.8	497.9	278.1	244.3	261.7	33.8	3.6	3.7
Weekly:														
1972--Jan.														
5	31,770	31,709	228.2	175.6	468.2	736.8	363.8	497.2	273.2	240.0	261.7	33.2	3.4	7.3
12	31,652	31,569	228.5	175.8	469.2	737.4	364.5	497.9	274.0	240.7	261.7	33.2	3.9	6.4
19	32,051	31,883	229.0	176.1	469.8	737.4	365.7	497.9	274.1	240.9	261.7	33.2	4.3	6.7
26	31,596	31,489	229.2	176.5	470.6	737.4	366.1	497.9	274.6	241.4	261.7	33.3	4.1	6.5
Feb.														
2	31,797	31,778	229.8	176.9	472.2	737.4	365.1	497.9	275.8	242.4	261.7	33.4	3.8	4.8
9	31,473	31,427	230.4	177.3	473.4	737.4	365.7	497.9	276.5	243.0	261.7	33.5	3.7	5.2
16	31,695	31,678	231.4	178.2	475.8	737.4	366.9	497.9	278.2	244.4	261.7	33.8	3.7	3.8
23	31,519	31,505	232.4	179.0	477.5	737.4	367.2	497.9	279.3	245.0	261.7	34.3	3.6	3.0
Mar.														
1	31,725	31,645	231.5	178.3	477.3	737.4	368.2	497.9	279.6	245.8	261.7	33.8	3.6	3.2
8	31,735	31,624	232.5	179.1	478.2	737.4	369.8	497.9	279.4	245.7	261.7	33.7	3.7	5.2

NOTES: 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. Weekly data are not available for M₃, total loans and investments and thrift institution deposits.

p - Preliminary.