Prefatory Note

The attached document represents the most complete and accurate version available based on original copies culled from the files of the FOMC Secretariat at the Board of Governors of the Federal Reserve System. This electronic document was created through a comprehensive digitization process which included identifying the best-preserved paper copies, scanning those copies,[1] and then making the scanned versions text-searchable.[2] Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

---

[1] In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

[2] A two-step process was used. An advanced optical character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

Content last modified 6/05/2009.

(CONFIDENTIAL FR) May 19, 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

CONFIDENTIAL (FR) May 19, 1972

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) For April and May combined, growth in reserves available to support private nonbank deposits (RPD)--at a 7-1/2 per cent annual rate[1/]--appears to be within the 7--11 per cent range targeted for this period by the Committee, as shown in the attached Table 1. While revised RPD figures have been published, the data shown in Table 1 are based on the old series since this was the yard-stick used by the Committee and the Desk. The old figures are compared with the new revised RPD series in the Appendix beginning on page 12.

(2) Growth rates of M_1 and M_2 were both close to the 8 per cent annual rates desired by the Committee in April. However, expansion in the adjusted credit proxy--at nearly a 14 per cent annual rate --was substantially above the rate projected as being consistent with these money supply growth rates at the last meeting. The unexpected strength in the proxy reflected greater than anticipated strength in both Government deposits and large CD's.

(3) In May, with Government deposits continuing to increase--instead of dropping sharply as projected--the unexpectedly large expansion in the proxy has persisted. Growth in M_1, on the other hand, fell substantially short of expectations in the first two weeks of May, perhaps reflecting post-tax date clearances of April personal income tax checks, which appear

1/ Data on RPD are actuals for the period through May 17. Of course, for the succeeding two weeks of the month only required reserves against private nonbank deposits are available (on a lagged accounting basis), and required reserve figures for the final week of the month are still a preliminary estimate.

to have been both unusually heavy and unusually slow this year. Preliminary data for the week ending May 17 indicate a large resurgence in M_1 growth--as might be expected once the negative effect of delayed tax clearance subsided. Even assuming that the recent higher level of M_1 is confirmed by final data and then maintained over the rest of the month, M_1 growth for all of May may be no greater than a 4-1/2 per cent annual rate, considerably below the 8-1/2 per cent rate thought likely at the time of the last Committee meeting. M_2 in May, on the other hand, appears to be running somewhat ahead of expectations, as growth of time deposits other than large CD's turned stronger than anticipated.

(4) Over the four-statement-week period ending May 17, the Federal funds rate averaged close to 4-1/4 per cent, about one-eighth of a percentage point above the average for the preceding four weeks. Most recently, the average for the week of May 17 was 4.32 per cent. These rates are in the lower part of the 4--5 per cent range thought at the time of the last meeting to be consistent with growth in RPD at the mid-point of the targeted range. One factor that may have kept the funds rate from rising more in the period was a drop in the overnight Eurodollar rate as compared with earlier weeks, further widening the distance of the Eurodollar below the funds rate. There is some evidence that this differential has induced a flow of funds into the U. S. market, particularly through agencies of foreign banks.

(5) Both short- and long-term interest rates moved down following the last Committee meeting, largely in reaction to the terms of the Treasury May refunding and to the changed outlook for Treasury financing. The net

repayment of debt announced for the Treasury's refinancing, the continuing very high level of the cash balance, and reports by Treasury officials that second half cash needs would probably be much smaller than previously indicated, all contributed to a marked downward revision in market judgments about the likely pressure from Treasury borrowing in the months just ahead. Most recently, there has been some tendency for rates to rise again, particularly in the Treasury bill market. Key factors in the recent bill rate rise have been the uncreep in the average rate on Federal funds and next week's bunching of the monthly and two weekly bill auctions in a 5-day period. Also, the timing of certain recent bill sales by the Desk, for System and other official accounts, was interpreted by market participants as evidence that Federal policy makers wanted bill rates to rise. Currently, the 3-month Treasury bill is trading around 3.80 per cent--somewhat above its level at the time of the last Committee meeting and well above the 3.42 per cent low reached in early May just after the Treasury refinancing.

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

	1971	Fourth and First Quarters Combined (Mar. over Sept.)	Latest Month (April over March)
Total Reserves	7.3	6.2	23.4
Nonborrowed Reserves	8.0	8.9	22.9
Reserves available to support private nonbank deposits	7.7	8.6	6.9
Concepts of Money			
M_1 (currency plus demand deposits 1/)	6.2	5.2	8.2
M_2 (M_1 plus time deposits at commercial banks other than large CD's)	11.1	10.8	7.5
M_3 (M_2 plus deposits at thrift institutions)	13.3	12.7	11.1
Bank Credit			
Total member bank deposits (Bank credit proxy adj.)	9.5	10.6	13.9
Loans and investments of commercial banks 2/	11.3	13.3	3.6
Short-term market paper (Actual $ change in billions)			
Large CD's	$ 7.9	1.7	1.3
Nonbank commercial paper	-1.8	2.1	0.3

1/ Other than interbank and U. S. Government.
2/ Based on month-end figures. Includes loans sold to affiliates and branches.

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 monetary aggregates and money market conditions are summarized below for Committee consideration. More detailed monthly and quarterly figures, including data for total reserves and RPD, are shown on the next two pages.

	A	B	C
Federal funds rate	3-3/4--5	4-1/4--5-1/2	4-3/4--6
Member bank borrowings	50--300	100--650	250--800
Growth in M_1 (SAAR)			
May	4-1/2%	4-1/2%	4-1/2%
June	9%	8-1/2%	8%
2nd Q.	7-1/2%	7-1/4%	7%
3rd Q.	7-1/2%	6-1/2%	5-1/2%
Near-term growth in RPD (SAAR)			
May	7-1/2%	7%	7%
June	13%	12%	10-1/2%
May-June	10%	9-1/2%	9%

(8) Of the three alternatives presented, alternative A involves money market conditions closest to those most recently prevailing. The mid-point of the Federal funds rate range for A is around 4-1/4--4-1/2 per cent. Under this alternative, we would expect the 3-month bill rate to be in a 3-3/8--4-1/4 per cent range between now and the next meeting of the Committee, and to move above the upper end in the summer.

Alternative Monthly and Quarterly Patterns for Key Monetary Aggregates

		M_1			M_2		
		Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C
1972	May	236.0	236.0	236.0	486.9	486.9	486.9
	June	237.8	237.7	237.6	491.2	491.0	490.5
	July	239.8	239.5	239.2	495.2	494.5	493.3
	Aug.	241.1	240.6	240.0	498.5	497.2	495.3
	Sept.	242.4	241.6	240.8	501.6	499.5	497.0
				Per Cent Annual Rates of Growth			
	May	4.5	4.5	4.5	9.5	9.5	9.5
	June	9.0	8.5	8.0	10.5	10.0	9.0
	July	10.0	9.0	8.0	10.0	8.5	7.0
	Aug.	6.5	5.5	4.0	8.0	6.5	5.0
	Sept.	6.5	5.0	4.0	7.5	5.5	4.0
	2nd Q.	7.5	7-1/4	7.0	9.0	9.0	8.5
	3rd Q.	7.5	6.5	5.5	8.5	7.0	5.5

Adjusted Credit Proxy

		Alt. A	Alt. B	Alt. C.
1972	May	381.7	381.7	381.7
	June	382.7	382.5	382.3
	July	383.4	382.9	382.3
	Aug.	386.8	385.7	384.8
	Sept.	390.5	388.8	387.6
			Per Cent Annual Rates of Growth	
	May	17.0	17.0	17.0
	June	3.0	2.5	2.0
	July	2.0	1.5	.0
	Aug.	10.5	9.0	8.0
	Sept.	11.5	9.5	8.5
	2nd Q.	11.5	11.0	11.0
	3rd. Q.	8.0	6.5	5.5

Alternative Monthly and Quarterly Patterns
of Reserve Aggregates

		Total Reserves			RPD[1/]		
		Alt. A	Alt. B	Alt. C	Alt. A	Alt. B	Alt. C
1972	May	32,897	32,891	32,891	30,006	30,000	30,000
	June	33,246	33,213	33,179	30,330	30,297	30,264
	July	32,987	32,923	32,857	30,432	30,369	30,303
	Aug.	33,008	32,895	32,787	30,649	30,537	30,430
	Sept.	33,281	33,121	32,975	30,826	30,668	30,523
				Per Cent Annual Rates of Growth			
	May	9.0	8.5	8.5	7.5	7.0	7.0
	June	12.5	11.5	10.5	13.0	12.0	10.5
	July	-9.5	-10.5	-11.5	4.0	3.0	1.5
	Aug.	1.0	- 1.0	- 2.5	8.5	6.5	5.0
	Sept.	10.0	8.0	7.0	7.0	5.0	3.5
	2nd Q.	15.0	15.0	14.5	9.5	9.0	8.5
	3rd Q.	0.5	- 1.0	- 2.5	6.5	5.0	3.5

1/ Reserves available to support private nonbank deposits.

(9) The bill rate is likely to be under downward pressure from market forces over the near-term, as the Treasury is expected to repay almost $4 billion of publicly-held issues maturing in June. Board staff projections indicate the Treasury is likely to have to borrow a sizable amount of new money--perhaps around $8 billion--in July and August, but projections by the Treasury suggest a considerably smaller cash need. The market at the moment seems to be assuming a cash need close to our estimates, and anticipation of such a need could serve to offset downward pressure on the bill rate as June progresses, as could possible net sales of bills from foreign accounts. But the principal source of near-term upward pressure on bill rates would be a tendency for the Federal funds rate to edge up from recent levels. This would be particularly likely under alternatives B and C, but even could occur under alternative A. If demands for bank reserves and for money are not as strong as assumed, however, the funds rate and other short-term rates would, of course, be correspondingly reduced for any given rate of bank reserve provision.

(10) The demand for money is expected to remain strong largely because of the substantial 11--11-1/2 per cent annual rate of growth projected for nominal GNP in the second and third quarters. Both rates of growth are larger than projected by the staff at the last FOMC meeting. With sizable transactions demands, efforts to move onto a slower growth path for monetary aggregates--as in alternatives B and C--are likely to involve additional upward pressures on short-term interest rates, with such pressures particularly strong under alternative C. In June and July, the projected sharp drop in the Treasury balance will tend temporarily to accelerate growth in M_1. This reflects pushing forward by one month the sharp drop in the Treasury balance that had been anticipated for May but did not develop.

(11) For alternative B, the mid-point of the Federal funds rate range is just under 5 per cent. If the rate were to move up toward that area, this would clearly impart upward impetus to other short-term rates and bring expectations of a possible increase in the 4-1/2 per cent discount rate increasingly into the thinking of market participants. We would expect the 3-month bill rate under this alternative to be in a 3-7/8--5-1/4 per cent range between now and the next Committee meeting. Under alternative C, the bill rate could move higher more quickly. As noted earlier, however, there is considerable uncertainty about whether Treasury cash needs over the next three months will be as large as assumed in our projections; this makes the size and timing of upward movements in interest rates more than usually uncertain.

(12) Inflows to banks of time deposits other than large CD's are expected to moderate over the months ahead from their rather rapid May pace. Moderation should be most noticeable after mid-year, though, when short-term market interest rates are most likely to be rising significantly. Under alternative A, we would expect the rate of growth in such deposits in the third quarter to drop to around 9 per cent, somewhat below the expected second quarter pace, and about half the first quarter rate. Under alternatives B and C, the rate of growth would likely be substantially smaller. This would be particularly so under the money market conditions expected to be consistent with alternative C aggregates. Short-term market rates in the third quarter under those circumstances are likely to be above most current ceiling rates on consumer-type time deposits.

(13) A declining trend of net saving inflows to nonbank institutions would also be expected by the third quarter. While these institutions have somewhat higher ceiling rates than banks, competitiveness of their deposits would, of course, be diminished as the 3-month bill rate advances. Competitiveness would be severely eroded if the bill rate moved into a 5-1/2--6 per cent range.

(14) Banks are expected to be relatively aggressive in offering large negotiable CD's. Strong loan expansion--with business loans expected to continue rising at around the rate of the past few months--in conjunction with diminishing net inflow of funds from consumer-type time deposits are likely to encourage bank demand for CD funds. If short-term rates rise into the alternative C range, we would expect that banks would have to rely particularly heavily on large CD's as interest rate ceilings constrain consumer-type time deposit inflows.

(15) Longer-term interest rates are not likely to be subject to upward interest rate pressures from the demand side over the next few months. The volume of corporate bonds coming to market appears to be abating somewhat further, and mortgage credit demands seem to be topping out. Market expectations appear to have shifted to an assumption of relative rate stability over the next few months, but expectations could change abruptly if money market conditions firm. Expectations might not change to any significant degree under alternative A but would shift more markedly if short-term market conditions move into the ranges associated with B and C.

Proposed directive

(16) Possible language for the operational paragraph of the directive is given below. The three alternative adjectives qualifying "growth in monetary aggregates over the months ahead" might be taken to correspond with the similarly lettered patterns of aggregate growth rates described in the preceding section.

> "To implement this policy, ~~while taking account of capital market developments and the forthcoming Treasury financing,~~ the Committee seeks to achieve bank reserve and money market conditions that will support
> (A - MODERATE)
> (B - somewhat more moderate)
> (C - MORE MODERATE)
> growth in monetary aggregates over the months ahead."

Deletion of the reference to capital market developments is proposed in light of the recent and prospective moderation of credit demands in securities markets. The Committee may wish, however, to consider including the capital markets reference--particularly under alternative C and possibly B--in view of the possibility under these alternatives that strong upward rate pressures could develop in longer-term markets.

APPENDIX

Revised RPD Data

On May 18, the RPD series was released to the public; the series will now appear weekly in two Board statistical releases and monthly in the Bulletin. Weekly and monthly data are available back through 1960. The published seasonally adjusted series differs somewhat from the previously available internal figures as a result of technical adjustments undertaken in the course of a thorough methodological review.

While, as before, seasonally adjusted RPD is based on seasonally adjusted deposit aggregates, two technical adjustments were made to the data. First, required reserve ratios were aggregated from micro data in order to adjust ratios for the distribution of deposits below and above $5 million at each bank, reflecting differences in reserve requirements. This changed the level of the RPD series by about $30 million on average. Second, required reserves for private demand and total time and savings deposits were calculated directly.[1/] In the old series, required reserves for net interbank and Treasury deposits had been subtracted from total reserves to calculate RPD.[2/] This different method of calculation reduced the level of RPD by about $350 million on average.

As indicated in the first three columns of the table on the next page, the level of the new series is lower than for the old series.

1/ To this total are added required reserves for nondeposit funds and excess reserves to obtain RPD.

2/ In the old series, average demand deposit reserve ratios were used. However, because of the distribution of interbank deposits by class of bank, the required reserve ratio applicable to interbank deposits is considerably different from the average reserve ratio.

Reserves Available to Support Private Nonbank Deposits
1972
(Seasonally Adjusted)

	Period	Old Series	New Series	Difference	Old Series	New Series	Target
		(Millions of Dollars)			(Percentage Annual Rate of Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1)	January	29,509	29,064	445	13.7	9.2	--
(2)	February	29,611	29,244	367	4.1	7.4	5.5
(3)	March	30,001	29,625	376	15.8	15.6	19.0
(4)	April	30,172	29,821	353	6.9	7.9	10.5
(5)	May 1/	(30,388)	(30,006)	(382)	(8.5)	(7.4)	7.5
(6)	QI	--	--	--	11.3	10.8	--
(7)	February-March	--	--	--	10.0	11.6	6.0-10.0
(8)	March-April	--	--	--	11.4	11.8	10.5-14.5
(9)	April-May 1/	--	--	--	(7.5)	(7.7)	7.0-11.0

1/ Partly projected.

However, seasonally adjusted annual rates of change, shown in columns 5 and 6, are not very different over quarters or even two month periods (see lines 6, 7, 8 and 9 of the table). For example, in the first quarter of 1972, the old series increased at a seasonally adjusted annual rate of 11.3 per cent, while the new series show a 10.8 per cent rate of growth.

Some month-to-month annual rates of change do show significant differences between the two series, particularly in January and February of this year. During the February-March period the new seasonally adjusted annual rate of increase is a little above the target range, whereas under the old series it was at the top of the range. This, of course, represents only a technical change in relationship between deposits and reserves and does not in itself imply any revision in deposit figures.

CHART 1

STRICTLY CONFIDENTIAL (FR)
5/19/72

RESERVES AVAILABLE TO SUPPORT PRIVATE NONBANK DEPOSITS

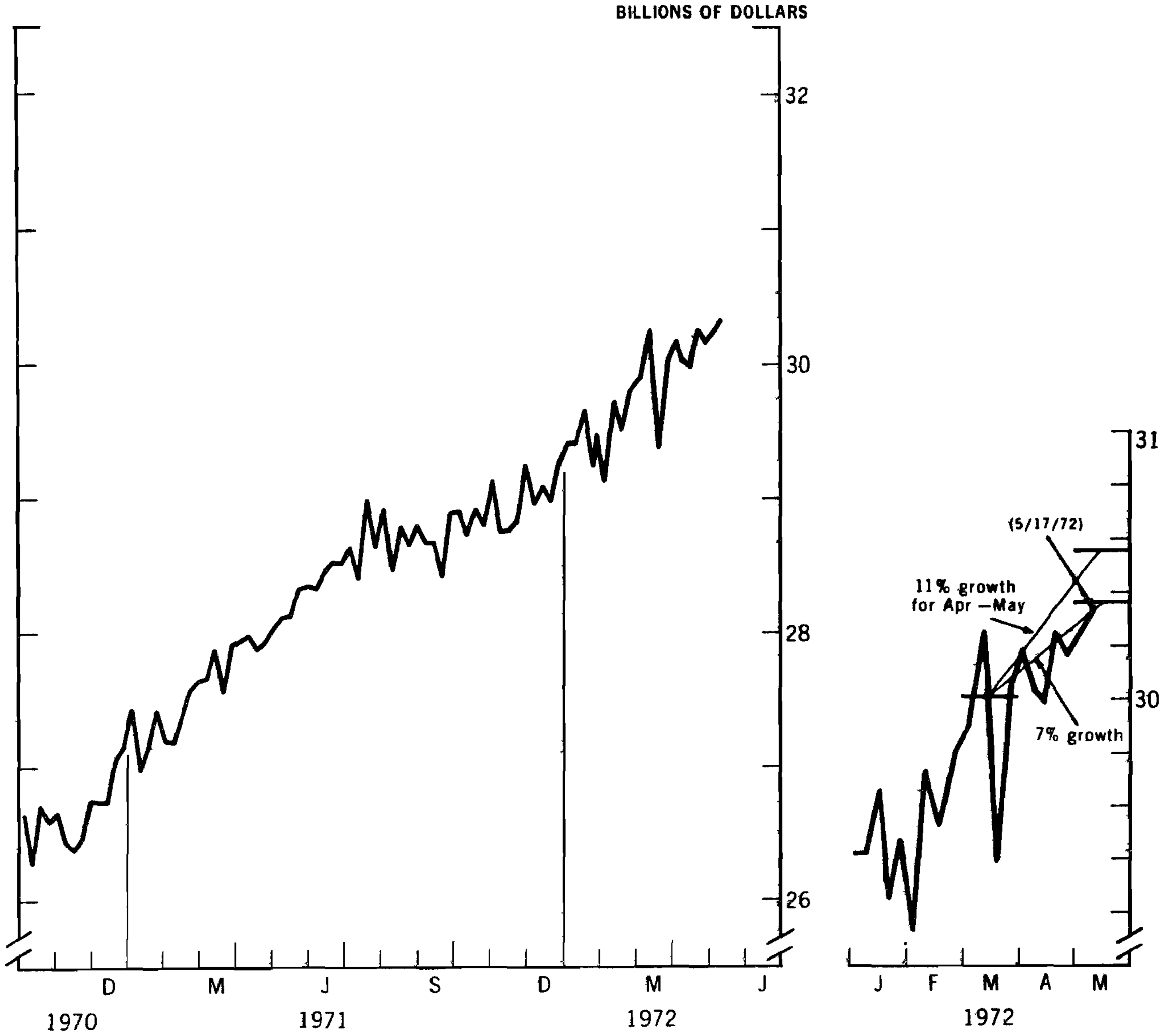

CHART 2

STRICTLY CONFIDENTIAL (FR)
5/19/72

MONETARY AGGREGATES

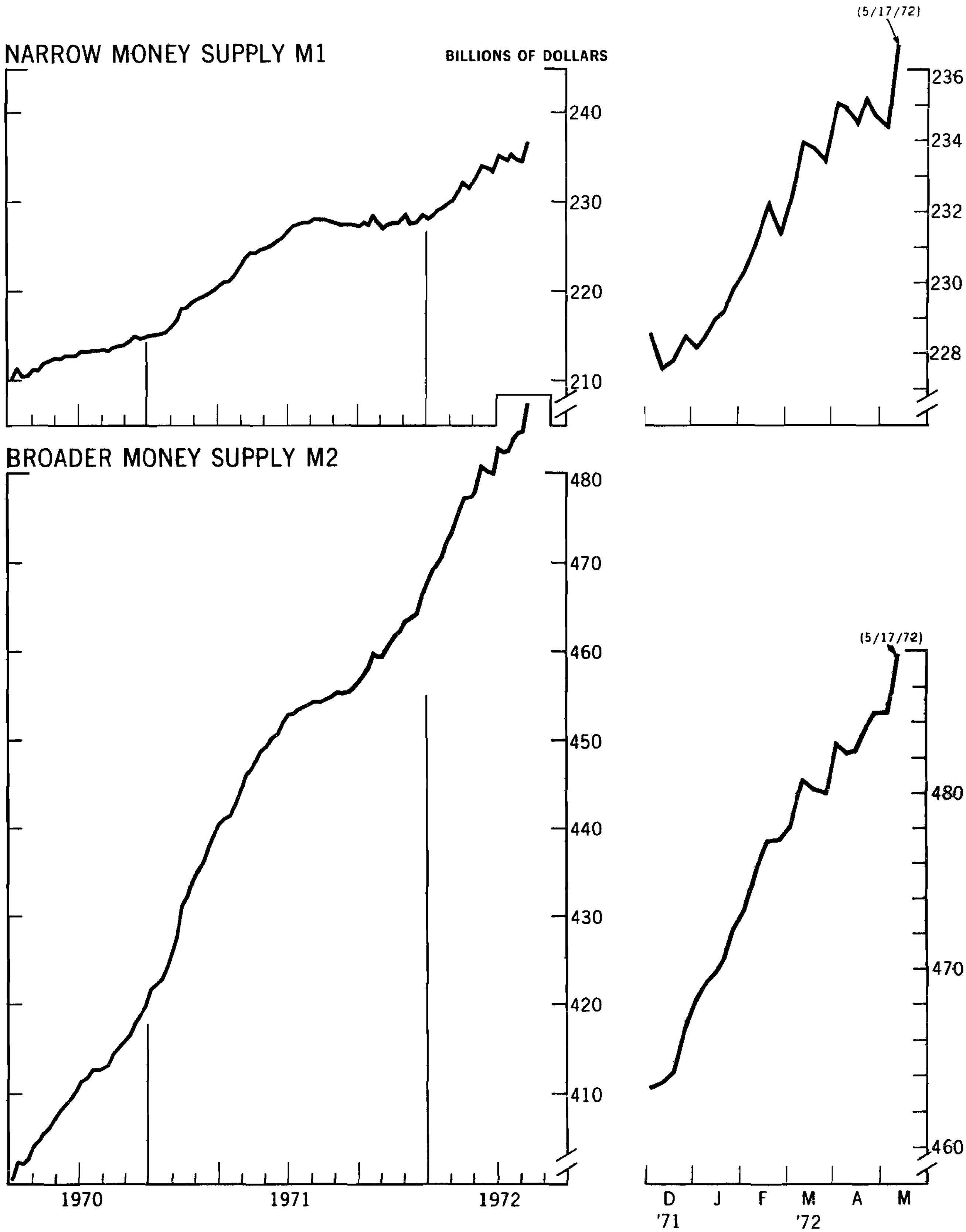

CHART 3

STRICTLY CONFIDENTIAL (FR)
5/19/72

MONETARY AGGREGATES

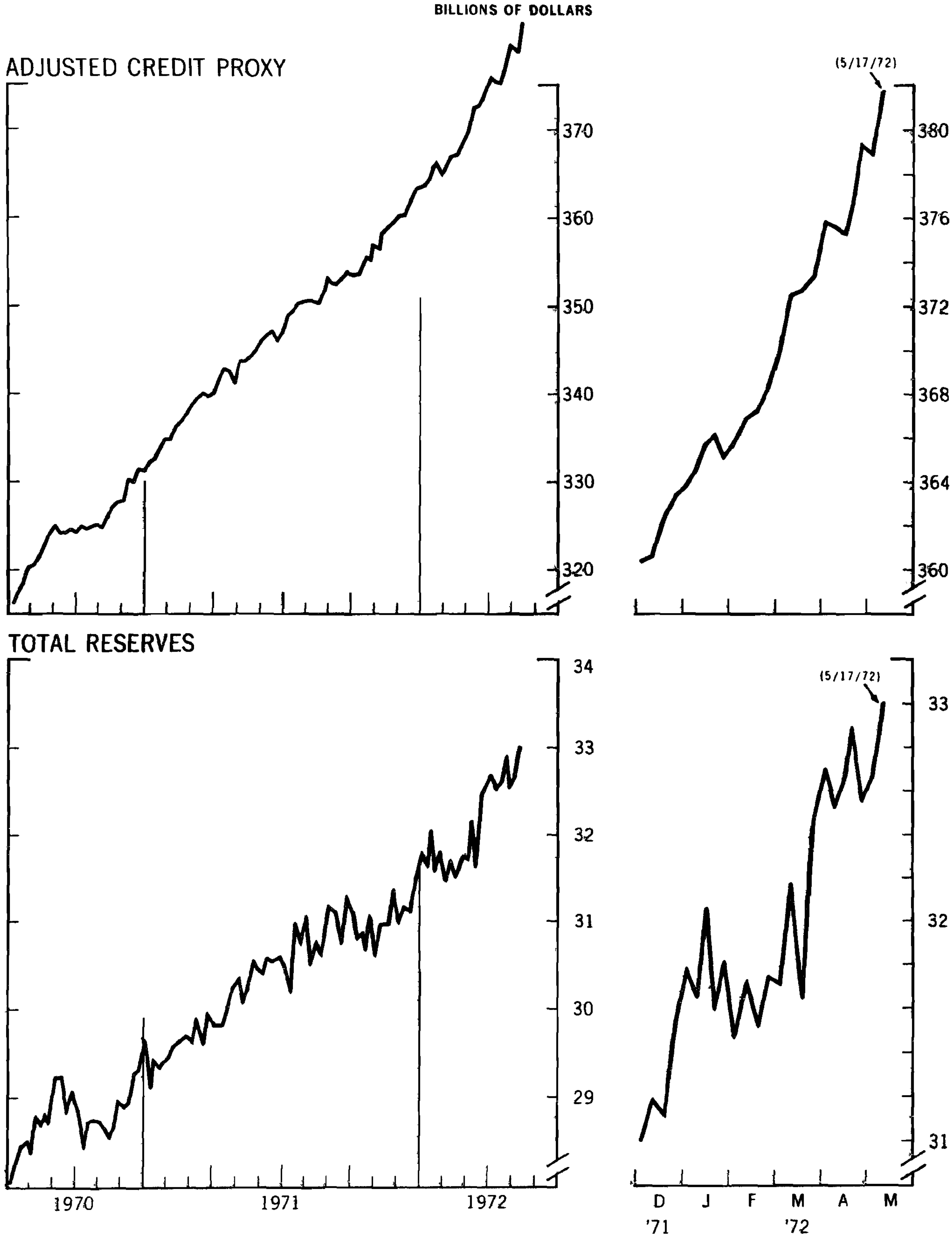

CHART 4

MONEY MARKET CONDITIONS AND INTEREST RATES

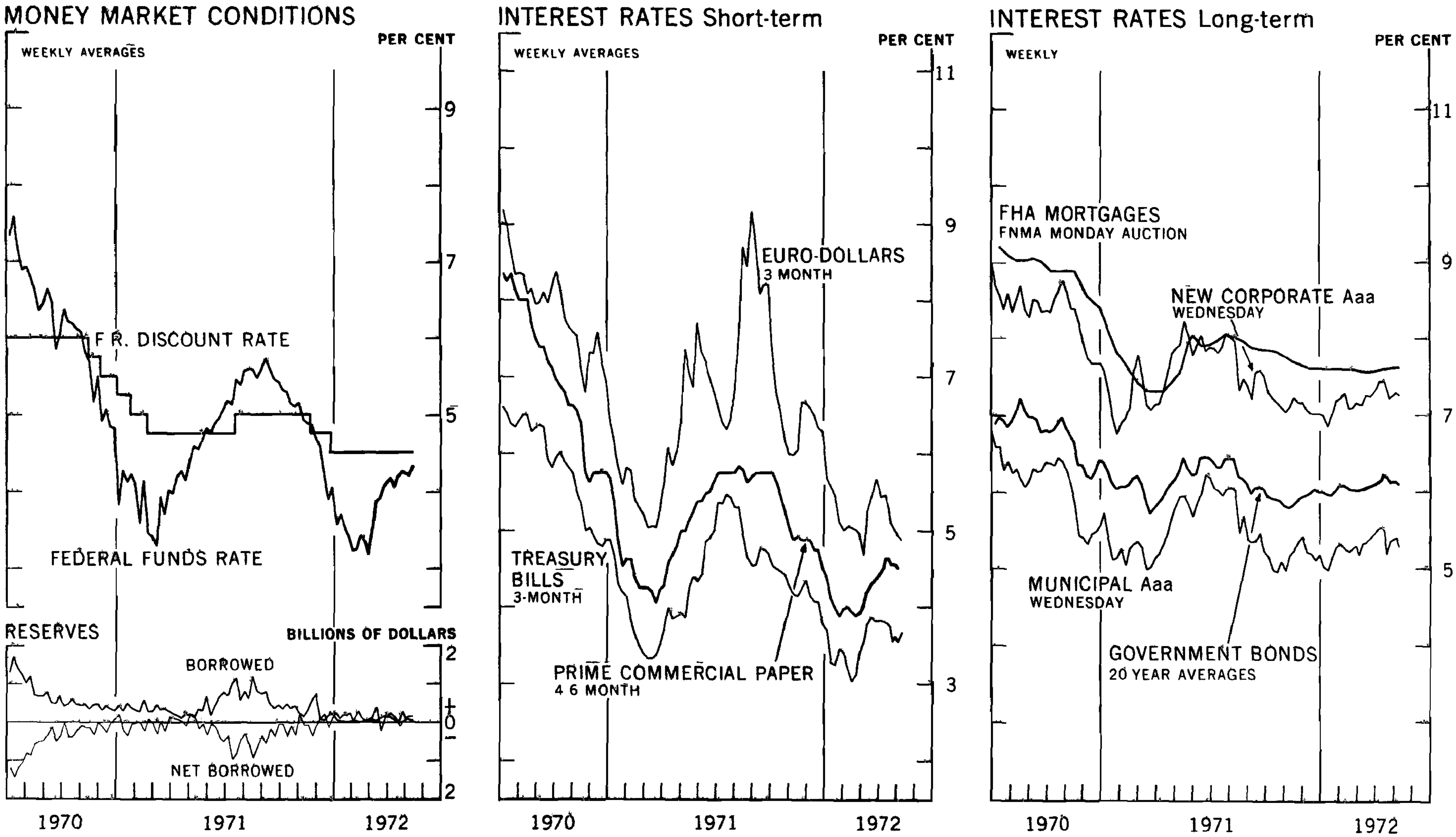

Table 1

STRICTLY CONFIDENTIAL (FR)

May 19, 1972

Bank Reserves

Period	Reserves Available for Private Nonbank Deposits: Seasonally Adjusted: Target and Associated Patterns	Reserves Available for Private Nonbank Deposits: Seasonally Adjusted: Actual and Projected	Reserves Available for Private Nonbank Deposits: Not Seasonally Adjusted: Target and Associated Patterns	Reserves Available for Private Nonbank Deposits: Not Seasonally Adjusted: Actual and Projected	Aggregate Reserves (Seasonally Adjusted): Total Reserves	Aggregate Reserves (Seasonally Adjusted): Nonborrowed Reserves	Required Reserves (Seasonally Adjusted): Private Demand	Required Reserves (Seasonally Adjusted): Time and Nondeposits	Required Reserves (Seasonally Adjusted): U.S. Gov't. and Interbank
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1972--Feb.		29,611		29,737	31,616	31,580	20,805	8,656	2,005
Mar.	30,009	30,001	29,719	29,710	32,032	31,931	21,039	8,755	2,031
Apr.	30,270	30,172	30,367	30,270	32,657	32,541	21,183	8,760	2,484
May	30,359-30,559 1/	30,388	30,069-30,269 1/	30,215	32,897	32,806	21,253	8,937	2,508
Annual Rates of Change									
Quarterly:									
1971--3rd Qtr.		3.1			7.2	6.0	2.4	6.7	
4th Qtr.		5.8			2.2	6.8	2.8	14.5	
1972--1st Qtr.		11.3			10.1	11.0	10.5	17.8	
2nd Qtr.		(9.5)			(15.0)	(14.0)	(8.0)	(13.5)	
1972--Feb.		4.1			-5.9	-3.7	2.8	15.5	
Mar.		15.8			15.8	13.3	13.5	13.7	
Apr.	10.5	6.9			23.4	22.9	8.2	0.7	
May	7.5	(8.5)			(9.0)	(10.0)	(4.0)	(24.0)	
Apr.-May	7.0-11.0 1/	(7.5)			(16.0)	(16.5)	(6.0)	(12.5)	
Weekly:									
1972--Mar. 1		29,909		29,514	31,744	31,666	21,005	8,723	1,835
8		29,971		29,376	31,709	31,598	21,005	8,734	1,738
15		30,346		29,926	32,164	32,151	21,155	8,774	1,818
22		29,499		29,412	31,650	31,538	20,875	8,750	2,151
29		30,125		30.043	32,466	32,307	21,102	8,750	2,341
Apr. 5		30,260		30,095	32,655	32,519	21,184	8,714	2,395
12		30,057		29,881	32,526	32,512	21,093	8,744	2,469
19		30,033		30,221	32,615	32,568	21,388	8,751	2,582
26		30,325		30,604	32,889	32,613	21,120	8,873	2,564
May 3		30,253		30,670	32,556	32,443	21,293	8,839	2,303
10		30,333		30,396	32,667	32,585	21,219	8,892	2,333
17		30,424		30,318	33,038	33,003	21,282	8,935	2,615

NOTE: Data shown in parentheses are current projections.

1/ The range is centered on the 9.0 per cent annual rate of growth in these reserves from March to May thought to be consistent with growth in monetary aggregates midway between patterns I and II shown in the Bluebook of April 14, 1972.

Annual Growth Rates mid-way between Patterns I & II[1/]	Apr.	May	QII
M_1	8	8-1/2	7-1/4
M_2	8	7-1/2	7-1/2
Credit Proxy (Adj.)	8-1/2	-2-1/2	5-1/4

Table 2

Monetary Aggregates
(Actuals and current projections, seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)

May 19, 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							
1972--Jan.	228.8	469.9	364.9	6.3	274.4	241.2	33.2	4.0
Feb.	231.2	475.5	366.7	3.7	278.1	244.3	33.8	3.6
Mar.	233.5	480.1	372.1	6.1	279.9	246.5	33.4	3.7
Apr.	235.1	483.1	376.4	7.4	282.8	248.0	34.7	3.5
May	(236.0	(486.9)	(381.7)	(7.7)	(287.1)	(250.9)	(36.2)	(3.7)
	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.	9.3	13.3	11.3		14.8	17.1		
2nd Qtr.	(7.5)	(9.0)	(11.5)		(15.0)	(11.0)		
1972--Jan.	3.2	13.4	9.9		20.0	24.4		
Feb.	12.6	14.3	5.9		16.2	15.4		
Mar.	11.9	11.6	17.7		7.8	10.8		
Apr.	8.2	7.5	13.9		12.4	7.3		
May	(4.5)	(9.5)	(17.0)		(18.0)	(14.0)		
	Weekly Pattern in Billions of Dollars							
1972-- Mar. 1	231.4	477.3	368.3	3.2	279.7	245.9	33.8	3.6
8	232.5	478.1	369.9	5.2	279.4	245.7	33.7	3.7
15	233.9	480.7	372.5	6.2	279.8	246.8	33.0	3.8
22	233.8	480.2	372.7	6.7	279.5	246.4	33.1	3.7
29	233.4	480.0	373.4	6.9	280.2	246.6	33.7	3.8
Apr. 5	235.1	482.8	375.8	7.6	281.1	247.7	33.4	3.5
12	234.9	482.3	375.6	8.2	281.7	247.5	34.2	3.5
19	234.5	482.4	375.2	6.4	282.9	247.9	35.0	3.5
26	235.2	483.6	376.7	6.3	283.8	248.4	35.4	3.7
May 3	234.7	484.4	379.3	7.9	285.3	249.7	35.6	3.6
10	234.4	484.5	378.9	7.0	286.1	250.1	36.0	3.6
17 pe	236.7	487.8	381.8	7.2	287.3	251.1	36.2	3.8

NOTES: Data shown in parentheses are current projections.
Annual rates of change other than those for the past are rounded to the nearest half per cent.

pe--Partially estimated

1/ As shown in the April 14, 1972 Bluebook.

Appendix Table I

RESERVES AND MONETARY VARIABLES

CONFIDENTIAL (FR)

May 19, 1972

Period	Reserves: Total	Reserves: Nonborrowed	Money Stock Measures: M_1	Money Stock Measures: M_2	Money Stock Measures: M_3	Bank Credit Measures: Adjusted Credit Proxy	Bank Credit Measures: Total Loans and Investments	Other: Total Time	Other: Time Other than CD's	Other: Thrift Institution Deposits	Other: CD's	Other: Nondeposit Funds	Other: U.S. Gov't. Demand
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
			(Per Cent Annual Rates of Growth)								(Dollar Change in Billions)		
Annually:													
1968	+ 7.8	+ 5.8	+ 7.8	+ 9.3	+ 8.3	+ 9.7	+ 11.0	+ 11.3	+ 11.1	+ 6.4	+ 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	+ 7.7	+ 14.5	- 8.4	+ 1.1
1971	+ 7.3	+ 8.0	+ 6.2	+ 11.1	+ 13.3	+ 9.5	+ 11.3	+ 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	+ 10.8	+ 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	+ 10.6	+ 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	+ 6.8	+ 1.1	+ 8.0	+ 9.6	+ 9.7	+ 11.1	+ 15.9	+ 14.7	+ 12.8	+ 1.8	--	- 0.4
1st Qtr. 1972	+ 10.1	+ 11.0	+ 9.3	+ 13.3	+ 15.5	+ 11.3	+ 15.1	+ 14.8	+ 17.1	+ 20.4	- 0.1	- 0.3	- 0.1
1971: Jan.	+ 10.6	+ 8.1	+ 2.8	+ 14.1	+ 15.5	+ 10.2	+ 12.8	+ 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	+ 11.9	+ 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	+ 10.9	+ 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	+ 11.9	+ 17.1	+ 13.7	+ 13.0	+ 1.1	+ 0.8	- 1.9
Nov.	+ 3.4	+ 2.0	--	+ 6.5	+ 8.7	+ 11.2	+ 6.2	+ 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	+ 14.9	+ 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	+ 14.2	+ 20.0	+ 24.4	+ 23.9	- 0.2	- 0.1	+ 0.1
Feb.	- 5.9	- 3.7	+ 12.6	+ 14.3	+ 16.7	+ 5.9	+ 12.4	+ 16.2	+ 15.4	+ 17.6	+ 0.6	- 0.3	- 2.6
Mar	+ 15.8	+ 13.3	+ 11.9	+ 11.6	+ 13.8	+ 17.7	+ 18.0	+ 7.8	+ 10.8	+ 18.8	- 0.4	+ 0.1	+ 2.4
Apr.	+ 23.4	+ 22.9	+ 8.2	+ 7.5	+ 11.1	+ 13.9	+ 3.6	+ 12.4	+ 7.3	+ 15.8	+ 1.3	- 0.2	+ 1.3

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.

p - Preliminary.

CONFIDENTIAL (FR)

May 19, 1972

Appendix Table II

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

Period	Reserves		Money Stock Measures				Bank Credit Measures		Other					
	Total	Non-borrowed	M_1 Total	M_1 Prv't Dep.	M_2	M_3	Adjusted Credit Proxy	Total Loans and Investments	Total Time	Time Other than CD's	Thrift Institution Deposits	CD's	Non-Deposit Funds	U.S. Gov't. Demand
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
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	427.5	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	480.1	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	482.6	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	488.6	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	494.4	274.4	241.2	257.4	33.2	4.0	6.3
Feb.	31.616	31.580	231.2	178.0	475.5	737.4	366.7	499.5	278.1	244.3	261.8	33.8	3.6	3.7
Mar.	32.032	31.931	233.5	179.9	480.1	745.9	372.1	507.0	279.9	246.5	265.8	33.4	3.7	6.1
Apr.	32.657	32.541	235.1	181.1	483.1	752.8	376.4	508.5	282.8	248.0	269.6	34.7	3.5	7.4
Weekly:														
1972--Feb. 2	31.797	31.778	229.8	176.9	472.2		365.1		275.8	242.4		33.4	3.8	4.8
9	31.473	31.427	230.3	177.2	473.3		365.7		276.5	243.0		33.5	3.7	5.1
16	31.695	31.678	231.2	178.0	475.6		366.9		278.2	244.4		33.8	3.7	3.8
23	31.519	31.505	232.2	178.8	477.2		367.2		279.3	245.0		34.3	3.6	3.0
Mar. 1	31.744	31.666	231.4	178.2	477.3		368.3		279.7	245.9		33.8	3.6	3.2
8	31.709	31.598	232.5	179.0	478.1		369.9		279.4	245.7		33.7	3.7	5.2
15	32.164	32.151	233.9	180.2	480.7		372.5		279.8	246.8		33.0	3.8	6.2
22	31.650	31.538	233.8	180.1	480.2		372.7		279.5	246.4		33.1	3.7	6.7
29	32.466	32.307	233.4	179.5	480.0		373.4		280.2	246.6		33.7	3.8	6.9
Apr. 5	32.655	32.519	235.1	181.1	482.8		375.8		281.1	247.7		33.4	3.5	7.6
12	32.526	32.512	234.9	181.0	482.3		375.6		281.7	247.5		34.2	3.5	8.2
19	32.615	32.568	234.5	180.4	482.4		375.2		282.9	247.9		35.0	3.5	6.4
26p	32.889	32.613	235.2	181.0	483.6		376.7		283.8	248.4		35.4	3.7	6.3
May 3p	32.556	32.443	234.7	180.6	484.4		379.3		285.3	249.7		35.6	3.6	7.9
10p	32.667	32.585	234.4	180.0	484.5		378.9		286.1	250.1		36.0	3.6	7.0

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 M_3, total loans and investments and thrift institution deposits.

p - Preliminary.