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(CONFIDENTIAL FR)

July 14, 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

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) The rate of growth in reserves available to support private nonbank deposits has been fluctuating within the 4-1/2--8-1/2 per cent annual rate range for June-July adopted at the last Committee meeting. Estimates have been as low as 6 per cent, but most recent figures indicate a rate of growth of 8-1/2 per cent for the period, as shown in Table 1 attached. Over the three statement weeks ending July 12, RPD has been sustained by large excess reserves averaging \$265 million, about \$115 million more than expected.

(2) With private demand deposits coming in below expectations in the latter part of June, M_1 expanded at a 4-1/2 per cent annual rate for the month, about one and a half percentage points below the rate built into the alternative B path of the last Committee meeting. In the first two statement weeks of July, however, there has apparently been a sharp pick-up in the rate of expansion, and the level of M_1 moved substantially above the path levels specified earlier. It seems possible that the late June weakness in narrowly defined money supply temporarily reflected in some part either direct or indirect effects of large outflows of dollars from the U. S.

(3) Growth of M_2 from May to June--at a 10 per cent annual rate--was close to earlier anticipations. Growth in time deposits other

than large CD's was the same as earlier projected. In early July, however, such deposits are showing somewhat more strength than anticipated.

(4) The bank credit proxy in June expanded at a 4-1/2 per cent annual rate, about as projected. The outstanding level of U. S. Government deposits dropped sharply from May to June, although the average level of such deposits in June turned out to be slightly higher than expected. In recent weeks, the level of U. S. Government deposits has exceeded earlier projections by substantially larger amounts, partly reflecting the sizable volume of additional cash obtained by the Treasury through sale of special securities to foreign central banks.

(5) Short-term interest rates, particularly rates on private market instruments and the bank prime rate, have drifted upward since the last Committee meeting. After reaching a recent peak of 4.14 per cent in early July, the 3-month bill, however, was most recently quoted around 3.95 per cent, little changed from the time of the previous meeting. The Federal funds rate has edged up from an area just under 4-1/2 per cent to around 4-5/8 per cent in the two statement weeks ending July 12. Meanwhile, long-term interest rates have been generally stable.

(6) Recent tendencies for bill rates to decline have reflected market anticipations of large demands for bills from foreign official institutions acquiring dollars in support of foreign exchange rates. Large foreign demands falling directly on the bill market have not yet materialized, however. During the past statement week the Treasury put on \$670 million of specials, and the System sold \$630 million of bills

directly to foreign account as technical factors, principally float, provided considerably more reserves than anticipated or than needed to meet reserve objectives. Foreign bill purchases in the market, coming mainly on last Thursday and Friday, amounted to only \$165 million. An additional \$2-3/4 billion of foreign buying is now in prospect for the first three days of next week. Some of this may be invested in Treasury specials; some may be accommodated through sales of bills from the Exchange Stabilization Fund; and some may have to be purchased in the market.

(7) The following table compares seasonally adjusted annual rates of change in major financial aggregates for recent periods with the average annual rate of growth over the past two and a half years.

	Past 2-1/2 Years June '72 over Dec. '69	2nd Half '71 Dec. over June	1st Half '72 June over Dec.	2nd Q. '72 June over March
Total Reserves	8.1	4.7	11.6	12.9
Nonborrowed Reserves	10.1	6.5	12.2	13.0
Reserves available to support private nonbank deposits	8.8	4.6	9.2	7.4
<u>Concepts of Money</u>				
M ₁ (currency plus demand deposits) <u>1/</u>	6.5	2.5	7.4	5.3
M ₂ (M ₁ plus time deposits at commercial banks other than large CD's)	10.7	6.3	11.1	8.7
M ₃ (M ₂ plus deposits at thrift institutions)	12.1	8.8	13.3	10.7
<u>Bank Credit</u>				
Total member bank deposits (Bank credit proxy adj.)	10.1	8.7	11.3	11.0
Loans and investments of commercial banks <u>2/</u>	10.9	10.6	11.3	7.3
<u>Short-term market paper</u> (Actual \$ change in billions)				
Large CD's	\$ 26.1	4.1	3.7	3.7
Nonbank commercial paper	1.7 ^{3/}	1.0	1.4 ^{3/}	0.2 ^{3/}

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

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

3/ Through May '72 only.

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) Patterns of monetary aggregates and money market conditions summarized below (and detailed in tables on the two following pages) reflect essentially the same alternatives presented to the FOMC at its last meeting. For the third quarter as a whole growth rates in M_1 and the Federal funds rate range are identical, but there are some differences in other monetary aggregates.^{1/}

	<u>A</u>	<u>B</u>	<u>C</u>
Federal funds rate	3-1/2--5	4--5-1/2	4-1/2--6
Member bank borrowings (\$ millions)	50-250	75-450	150-650
Growth in M_1 (SAAR)			
2nd Q.	5.3	5.3	5.3
3rd Q.	7-1/2	6-1/2	5-1/2
July	10-1/2	10-1/2	10-1/2
August	3	2	1
Sept.	8-1/2	6-1/2	5-1/2
Near-term growth in RPD (SAAR)			
July	8-1/2	8	7-1/2
August	3	2	1/2
July-August	5-1/2	5	4

(9) Growth in M_1 is expected to be considerably more rapid in July than in June--around a 10-1/2 per cent annual rate--in view of the apparent sharp rise of \$5 billion in demand deposits in the first two weeks of the month. The size of the increase--the largest two week increase in

^{1/} In addition, the level of M_1 attained by September is lower than presented at the previous meeting because rates of growth are linked to a June base which fell somewhat short of levels estimated earlier.

Alternative Monthly and Quarterly Patterns
for Key Monetary Aggregates

		<u>M₁</u>			<u>M₂</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
<u>1972</u>	June p/	236.6	236.6	236.6	490.5	490.5	490.5
	July	238.7	238.7	238.7	495.1	495.1	495.1
	Aug.	239.3	239.1	238.9	498.0	497.5	497.1
	Sept.	241.0	240.4	240.0	502.2	501.0	500.0

Per Cent Annual Rates of Growth

June	4.6	4.6	4.6	10.1	10.1	10.1
July	10.5	10.5	10.5	11.5	11.5	11.5
Aug.	3.0	2.0	1.0	7.0	6.0	5.0
Sept.	8.5	6.5	5.5	10.0	8.5	7.0
2nd Q.	5.3	5.3	5.3	8.7	8.7	8.7
3rd Q.	7.5	6.5	5.5	9.5	8.5	7.5

Adjusted Credit Proxy

		<u>Alt. A</u>	<u>Alt. B.</u>	<u>Alt. C</u>
<u>1972</u>	June p/	382.3	382.3	382.3
	July	383.9	383.9	383.9
	Aug.	386.3	386.0	385.6
	Sept.	391.6	390.6	389.8

Per Cent Annual Rates of Growth

June	4.7	4.7	4.7
July	5.0	5.0	5.0
Aug.	7.5	6.5	5.3
Sept.	16.5	14.5	13.1
2nd Q.	11.0	11.0	11.0
3rd Q.	9.5	8.5	8.0

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Alternative Monthly and Quarterly Patterns
for Reserve Aggregates

		<u>Total Reserves</u>			<u>RPD^{1/}</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
<u>1972</u>	June	33,061	33,061	33,061	33,172	30,172	30,172
	July	33,116	33,106	33,096	30,381	30,371	30,361
	Aug.	33,802	33,762	32,721	30,458	30,418	30,377
	Sept.	33,119	33,016	32,939	30,735	30,634	30,557

Per Cent Annual Rates of Growth

June	8.5	8.5	8.5	8.8	8.8	8.8
July	2.0	1.5	1.5	8.5	8.0	7.5
Aug.	-11.5	-12.5	-13.5	3.0	2.0	0.5
Sept.	11.5	9.5	8.0	11.0	8.5	7.0
2nd Q.	12.9	12.9	12.9	7.4	7.4	7.4
3rd Q.	0.5	- 0.5	- 1.5	7.5	6.0	5.0

^{1/} Reserves available to support private nonbank deposits.

the history of the series--probably reflects faulty weekly seasonal adjustments and other temporary aberrations in a period containing a mid-year statement date, a major holiday, and a somewhat larger than normal amount of Treasury checks paid after the end of the fiscal year. We have projected a considerable lowering in the average level of demand deposits in the latter part of the month. A return to more normal conditions, and given the reserve paths specified for the various alternatives, would lead to a more moderate rate of M_1 growth over the balance of the quarter.

(10) With respect to money and short-term market conditions, the staff's best current estimate is that the Federal funds rate will need to move up from the recent $4\frac{1}{2}$ -- $4\frac{5}{8}$ per cent range--given rising transaction demands for cash associated with expansion in GNP--in attaining the reserve path and aggregates of alternatives B or C, with a more pronounced rise likely under alternative C. However, bill rates may not increase much, and under some circumstances could decline, over the next few weeks. The Government's near-term cash needs remain relatively small. Moreover, the recent pattern of dollar outflows, if continued, will increase potential foreign demand for bills. Between now and the next meeting of the Committee a 3-month bill rate in a $3\frac{3}{4}$ -- $4\frac{1}{2}$ per cent range might be anticipated under conditions of alternative B, assuming the funds rate in that alternative does not move much, if any, above $4\frac{3}{4}$ per cent.

(11) The Treasury will announce on July 26 terms on which they will refund \$2.3 billion of publicly held obligations maturing in mid-August and probably also \$1.8 billion of September maturities. Because Treasury cash

has been buttressed by recent sales of special issues to foreign official accounts, it is not clear that they would have to raise much, if any, new cash at the time of the August refunding. While our staff estimates still indicate a somewhat less comfortable position than do Treasury estimates, the new cash that our estimates suggest will be needed by the end of August might be obtained through further issuance of special securities to foreigners. In the refunding, the Treasury might well choose to offer intermediate- and longer-term securities in view of the relatively calm state of capital markets. If the Treasury does emphasize such offerings, this would be likely to moderate the usual seasonal upward pressures on short-term markets, particularly if there is no sizable announced bill offering for cash.

(12) In the absence to date of substantial upward pressures on short-term market rates, net inflows of time deposits other than large CD's have remained relatively strong. It does appear from early figures for July that the rate of expansion in the current month will drop somewhat from the advanced June pace, but not by as much as we had earlier expected. Thus, we have revised up our estimate of growth in such time deposits for the third quarter, with the result that projections of M_2 growth for that quarter are somewhat stronger than at the time of the last meeting.

(13) Growth in the bank credit proxy is projected to remain relatively low from June to July. Thereafter, the rate of expansion is expected to accelerate as the outstanding level of U. S. Government deposits rises. Sizable further sales of special issues to foreigners in the weeks immediately ahead, however, could of course alter this projected pattern of U. S. Government deposits and the credit proxy.

(14) Bank business loans, following what appears to be a transitory drop in June, are expected to resume their rise in the months ahead in view of the continued substantial increase projected for economic activity, and for inventory accumulation in particular. If loan demands strengthen as expected, and assuming bank sources of funds become more costly and show only moderate growth (as is most likely under alternative C), banks would probably become more reluctant buyers of longer-term issues of securities. At the same time, demands for credit in bond markets are expected to remain around recent levels over the next few months. Thus, it would appear that bond markets will be under some upward interest rate pressure unless there is a favorable shift in expectations. However, such upward pressures may not develop over the weeks ahead if bill rates remain around current levels. And over the longer run, the still wide spread of long over short rates seems to permit scope for a rise in short rates without significant effects on long markets.

(15) In the fourth quarter, assuming an M_1 growth of around 6 per cent, short- and long-term interest rate increases are likely to be more pronounced since Treasury cash borrowing is expected to rise much more than seasonally at that time. Also, demand for money for transactions purposes is likely to remain strong in the fourth quarter if growth in nominal GNP accelerates somewhat further, as projected, from the current 10 per cent pace. On the other hand, aggregate money demand is likely to be moderated to some degree by the lagged effects of interest rate increases over recent months and in prospect.

Proposed directive

(16) Three alternative formulations for the operational paragraph of the directive are presented below. They might be associated with the correspondingly lettered patterns of growth in the aggregates described in the preceding section.

(17) Alternative A.

"To implement this policy, while taking account of possible THE FORTHCOMING Treasury financing, developments in capital markets, and international developments, the Committee seeks to achieve bank reserve and money market conditions that will support moderate SOMEWHAT FASTER growth in monetary aggregates over the months ahead."

(18) Alternative B.

"To implement this policy, while taking account of possible THE FORTHCOMING Treasury financing, developments in capital markets, and international developments, the Committee seeks to achieve bank reserve and money market conditions that will support moderate growth in monetary aggregates over the months ahead."

(19) Alternative C.

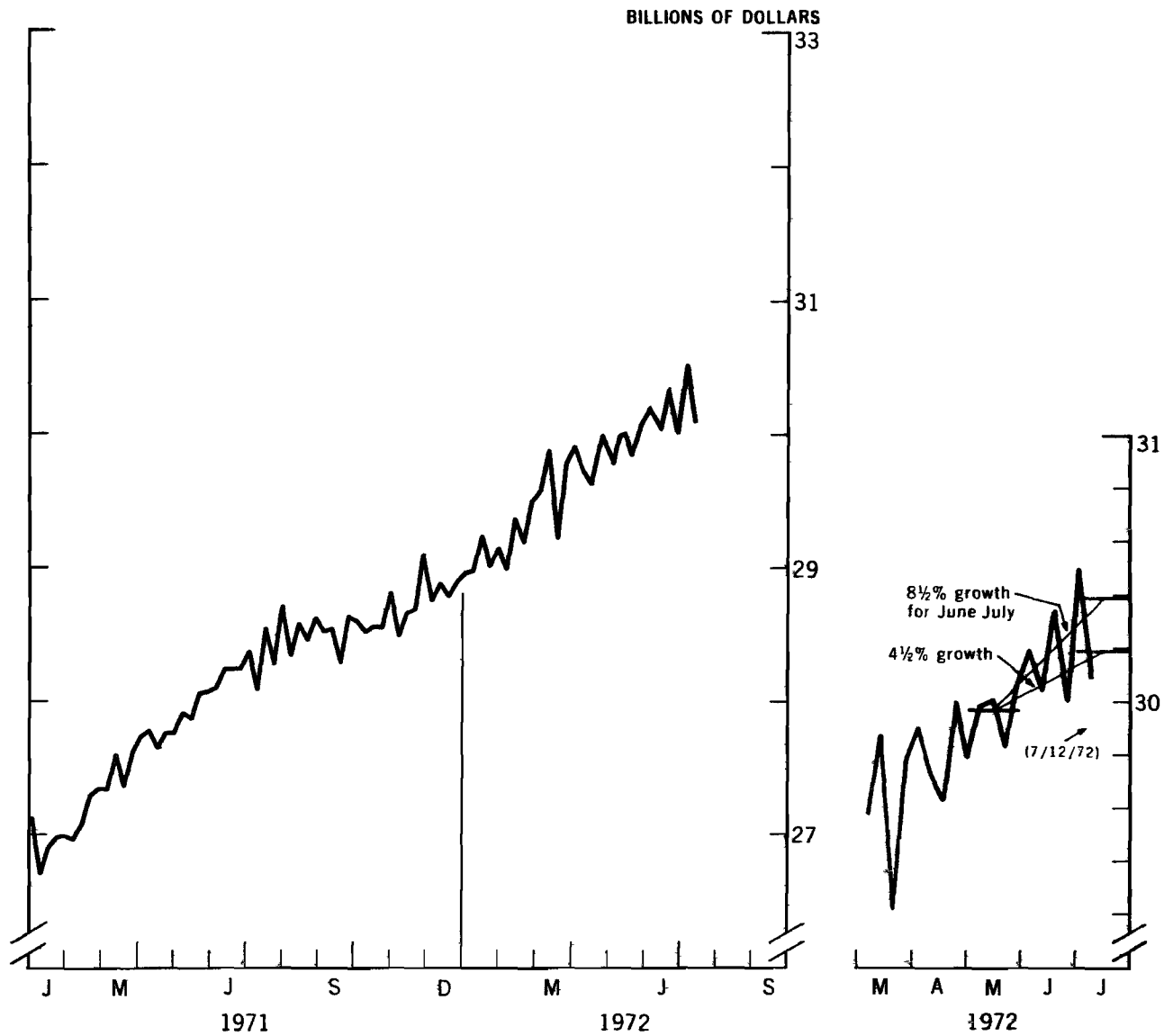
"To implement this policy, while taking account of possible THE FORTHCOMING Treasury financing, developments in capital markets, and international developments, the Committee seeks to achieve bank reserve and money market conditions that will support moderate SOMEWHAT SLOWER growth in monetary aggregates over the months ahead."

(20) In all three alternatives it is proposed to retain the instruction to take account of both capital market and international developments (as well as Treasury financing) for essentially the same purposes as they serve in the current directive. In particular, the reference to international developments can be interpreted as calling for minimizing downward pressures on bill rates to the extent consistent with the specifications for reserves and monetary aggregates and the Federal funds rate constraint desired by the Committee.

CHART 1

STRICTLY CONFIDENTIAL (FR)
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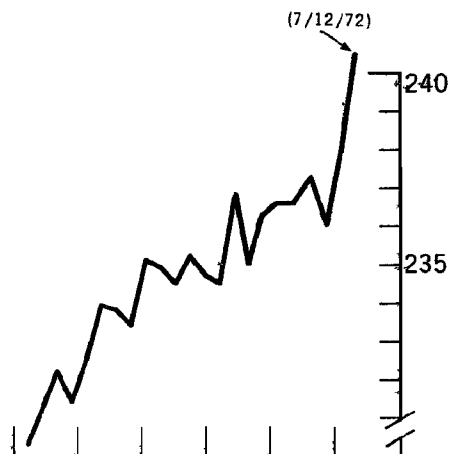
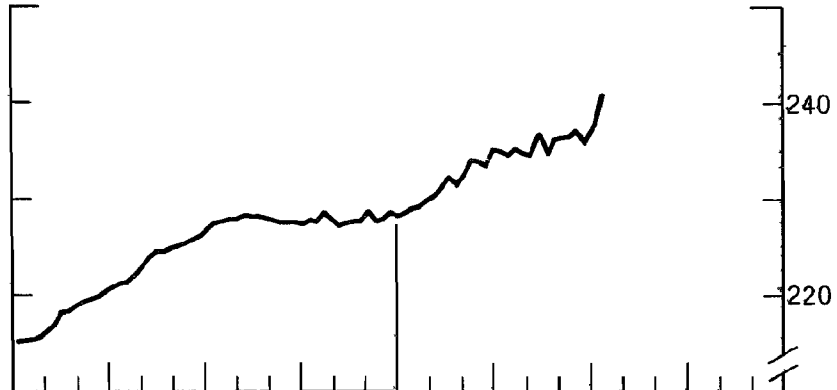
RESERVES AVAILABLE TO SUPPORT PRIVATE NONBANK DEPOSITS



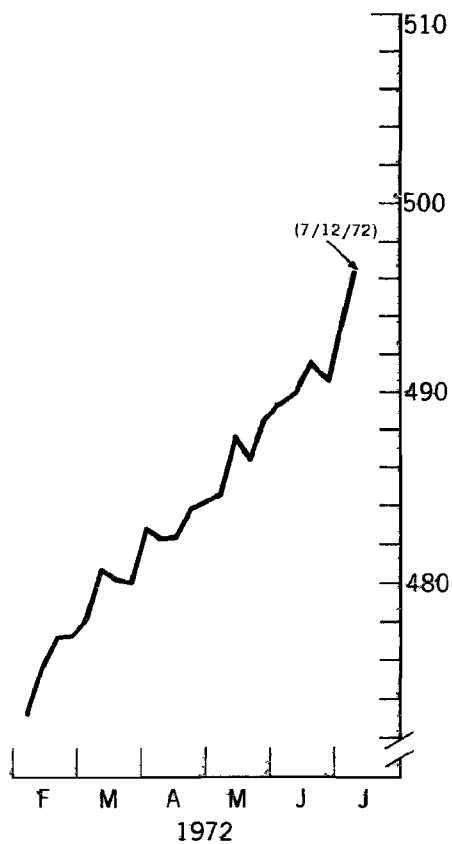
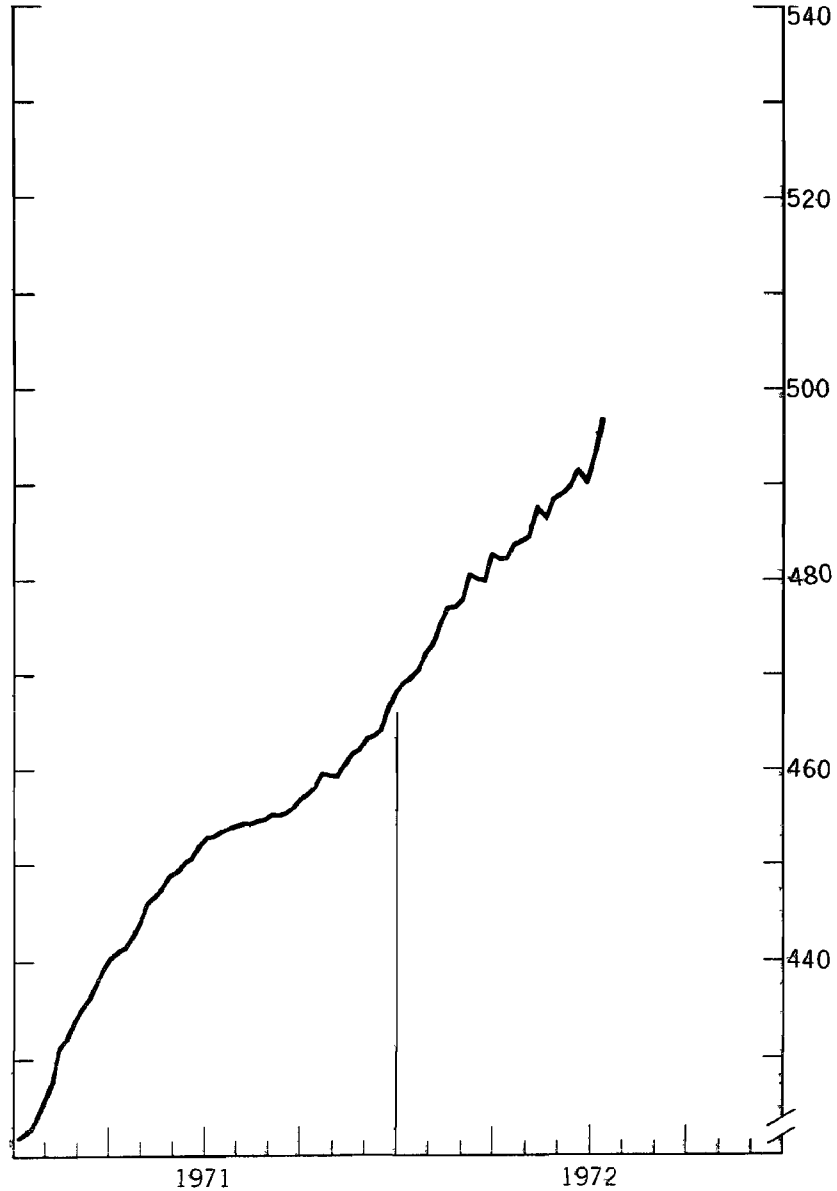
MONETARY AGGREGATES

NARROW MONEY SUPPLY M1

BILLIONS OF DOLLARS



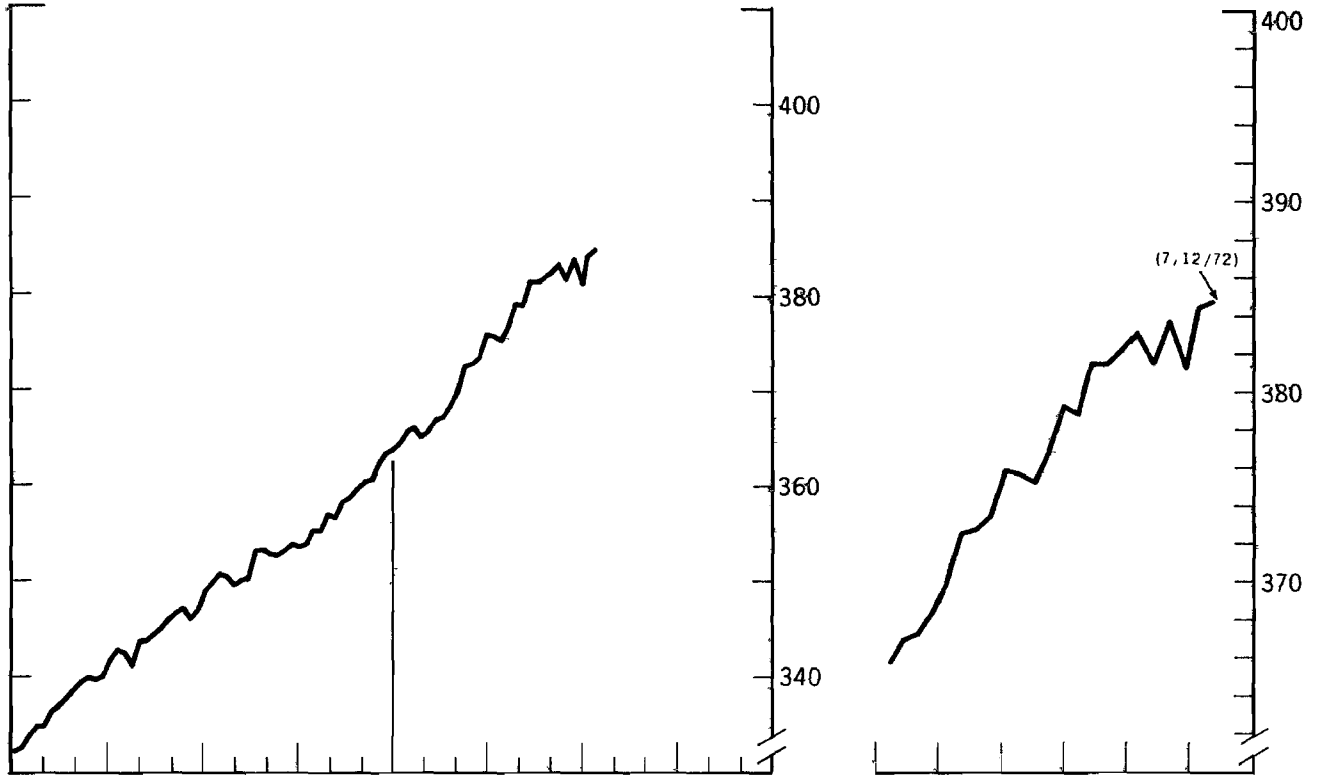
BROADER MONEY SUPPLY M2



MONETARY AGGREGATES

ADJUSTED CREDIT PROXY

BILLIONS OF DOLLARS



TOTAL RESERVES

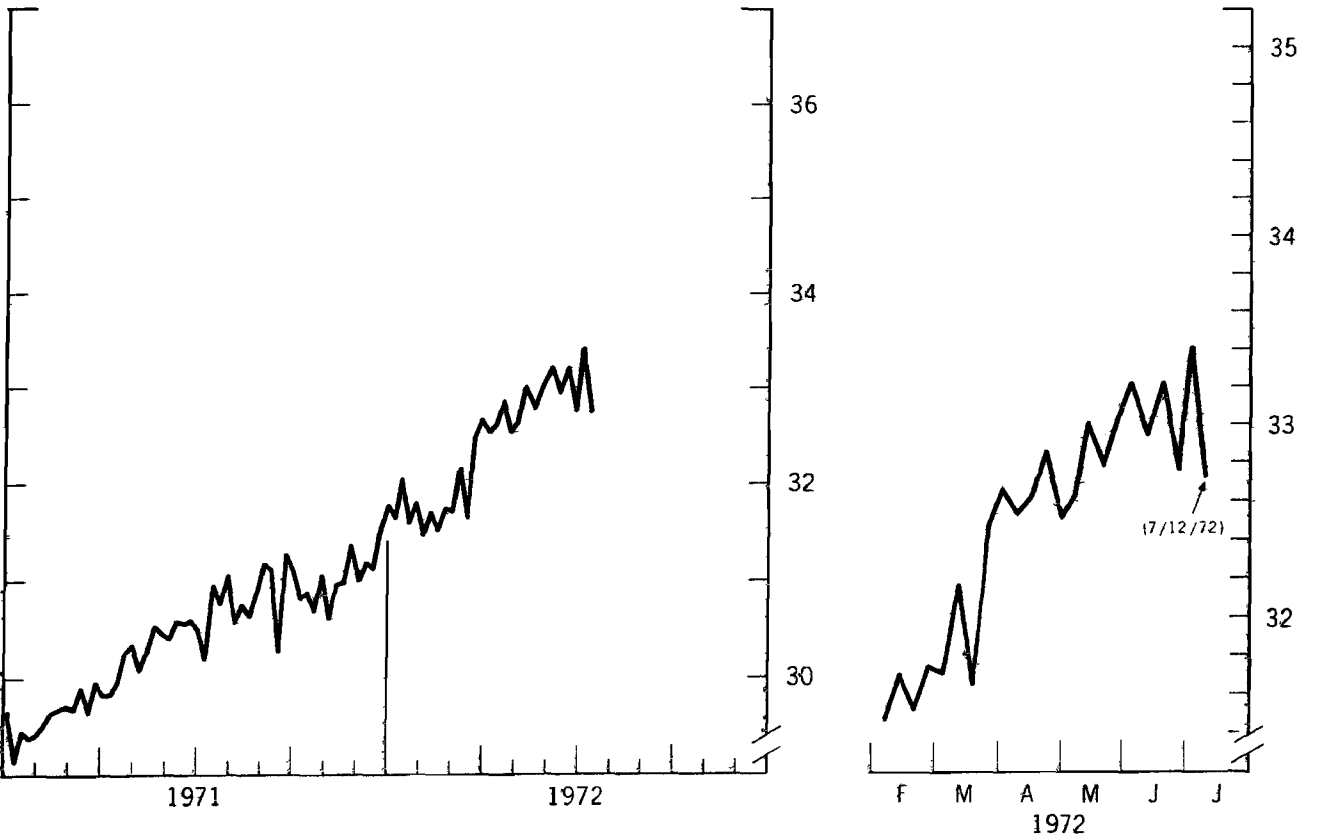
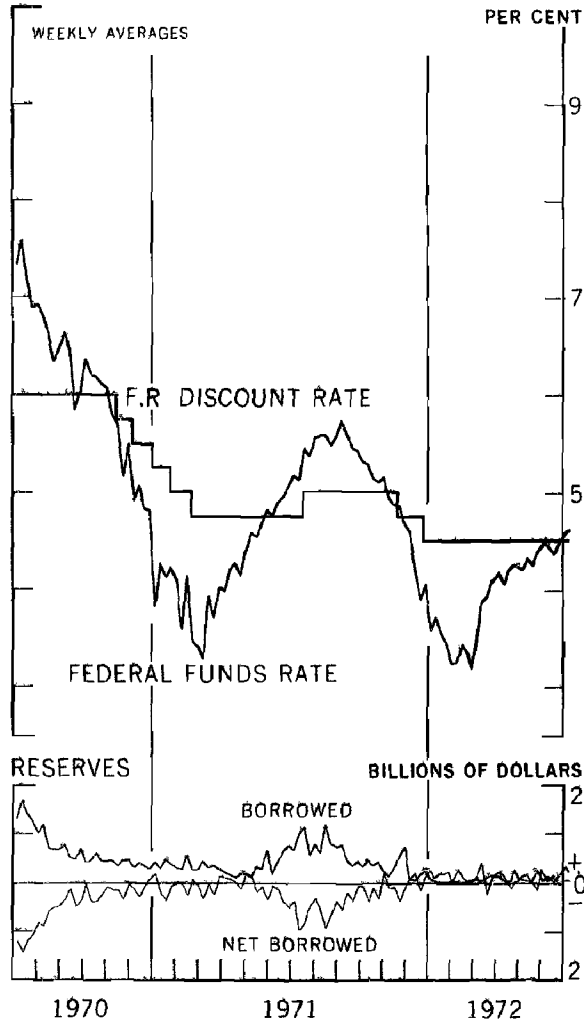


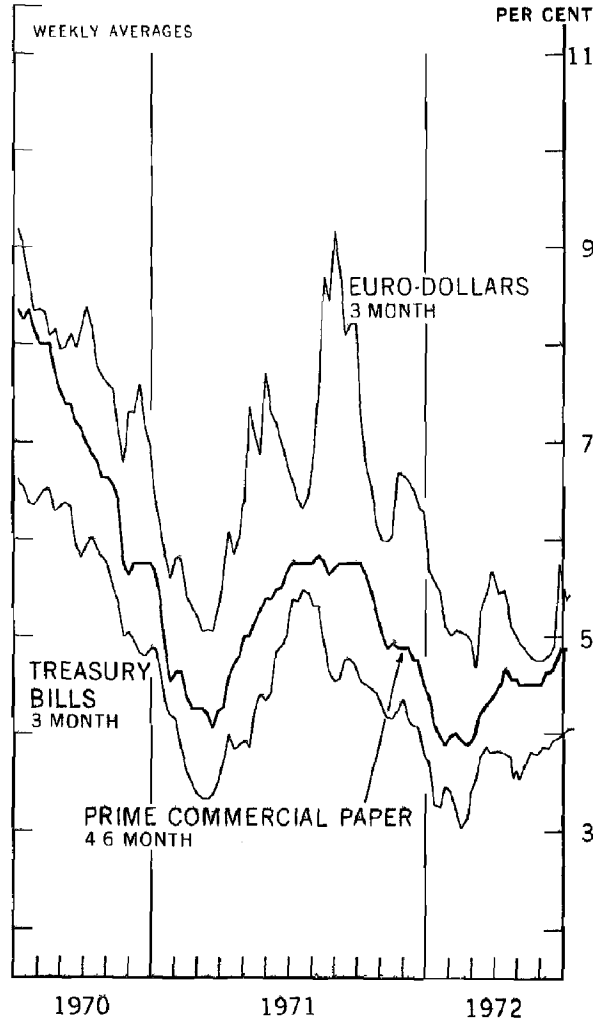
CHART 4

MONEY MARKET CONDITIONS AND INTEREST RATES

MONEY MARKET CONDITIONS



INTEREST RATES Short-term



INTEREST RATES Long-term

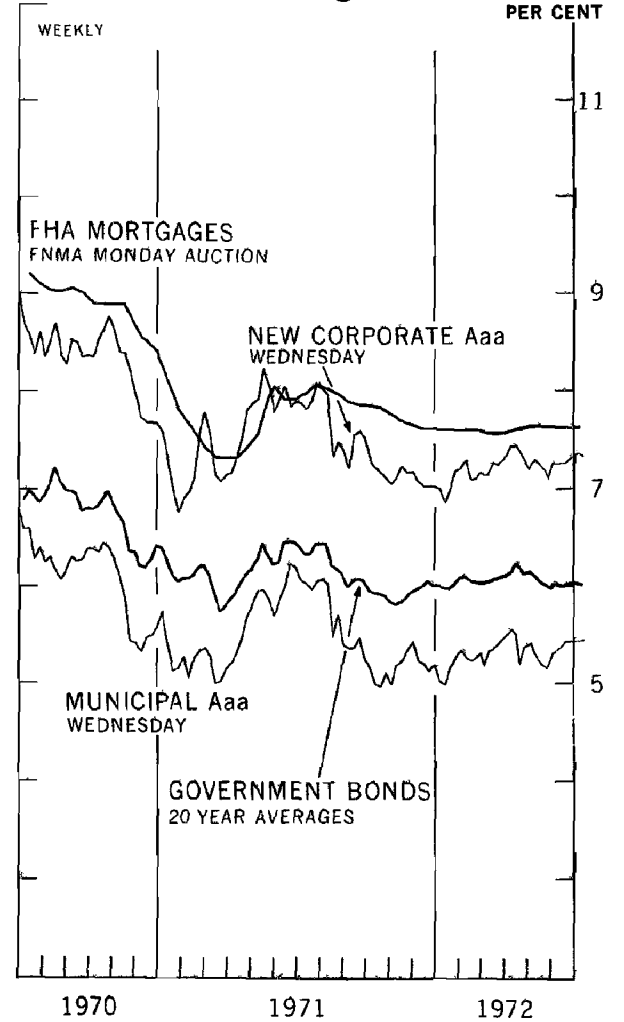


Table 1

STRICTLY CONFIDENTIAL (FR)

Bank Reserves

July 14, 1972

Period	Reserves Available for Private Nonbank Deposits				Aggregate Reserves		Required Reserves		
	Seasonally Adjusted		Not Seasonally Adjusted		Total Reserves	Nonborrowed Reserves	Seasonally Adjusted		
	Target and Associated Patterns	Actual and Projected	Target and Associated Patterns	Actual and Projected			Private Demand	Time and Nondeposits	U. S. Gov't. and Interbank
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1972--Mar.		29,625		29,347	32,032	31,931	20,669	8,748	2,407
Apr.		29,798		29,890	32,643	32,525	20,859	8,762	2,845
May	29,965	29,952	29,786	29,775	32,830	32,728	20,874	8,934	2,879
June	30,153	30,172	29,793 ^{1/}	29,812	33,061	32,968	20,894	9,059	2,889
July	30,190-30,390 ^{1/}	(30,371)	29,993-30,193 ^{1/}	(30,173)	(33,106)	(32,882)	(21,038)	(9,144)	(2,735)
<u>Annual Rates of Change</u>									
<u>Quarterly:</u>									
1971--3rd Qtr.		4.3			7.2	6.0	2.4	6.7	
4th Qtr.		4.8			2.2	6.8	2.8	14.5	
1972--1st Qtr.		10.8			10.1	11.0	6.8	18.0	
2nd Qtr.		7.4			12.8	13.0	4.4	14.2	
1972--Mar.		15.6			15.8	13.3	13.5	13.2	
Apr.		7.0			22.9	22.2	11.0	1.9	
May		6.2			6.9	7.5	0.9	23.6	
June	7.5	8.8			8.4	8.8	1.1	16.8	
July	5.5 ^{1/}	(8.0)			(1.5)	(3.0)	(8.5)	(11.5)	
June-July	4.5-8.5 ^{1/}	(8.5)			(5.0)	(3.0)	(4.5)	(14.0)	
<u>Weekly:</u>									
1972--Apr.		29,898		29,728	32,655	32,519	20,824	8,713	2,757
12		29,728		29,525	32,526	32,512	20,765	8,744	2,798
19		29,632		29,850	32,615	32,568	20,988	8,751	2,983
26		29,971		30,198	32,845	32,569	20,843	8,780	2,874
May		29,787		30,263	32,529	32,415	20,866	8,840	2,742
10		29,990		30,004	32,638	32,555	20,914	8,891	2,647
17		30,011		29,908	32,995	32,960	20,884	8,931	2,985
24		29,820		29,373	32,783	32,723	20,717	8,961	2,963
31		30,055		29,605	33,033	32,819	20,987	8,992	2,978
June		30,187		29,589	33,217	33,163	20,766	9,024	3,030
14		30,054		29,606	32,953	32,864	20,912	9,052	2,899
21		30,337		29,961	33,213	33,158	20,989	9,058	2,876
28		30,012		29,975	32,758	32,642	20,871	9,092	2,746
July		30,516		30,221	33,427	33,162	21,024	9,098	2,911
12		30,093		29,921	32,723	32,515	20,828	9,125	2,630

NOTE: Data shown in parentheses are current projections.

^{1/} The range is centered on the 6.5 per cent rate of growth in these reserves from May to July thought to be consistent with growth in monetary aggregates as shown under Alternative B in the Bluebook of June 16, 1972.

Annual Growth Rates consistent with alternative B <u>1</u> /				
	June	July	QIII	QIII
M ₁	6	9	6	6.5
M ₂	10-1/2	9-1/2	9	7.5
Credit Proxy (Adj.)	4	3-1/2	10-1/2	7

Table 2
Monetary Aggregates
(Actual and current projections, seasonally adjusted)

STRICTLY CONFIDENTIAL (FR)
July 14, 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.	235.0	483.0	376.3	7.4	282.8	248.1	34.7	3.5	
May	235.7	486.4	380.9	7.4	287.0	250.7	36.3	3.7	
June	236.6	490.5	382.3	5.3	290.9	253.8	37.1	3.6	
July	(238.7)	(495.1)	(383.9)	(3.7)	(294.2)	(256.4)	(37.8)	(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.	9.3	13.3	11.3		14.8	17.1			
2nd Qtr.	5.3	8.7	11.0		15.7	11.8			
3rd Qtr.	(7.0)	(9.0)	(9.0)		(13.0)	(10.5)			
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.	7.7	7.2	13.5		12.4	7.8			
May	3.6	8.4	14.7		17.8	12.6			
June	4.6	10.1	4.4		16.3	14.8			
July	(10.5)	(11.5)	(5.0)		(13.5)	(12.5)			
Weekly Pattern in Billions of Dollars									
1972-- 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	483.8	376.8	6.4	284.0	248.6	35.4	3.7
May	3	234.7	484.2	379.1	7.9	285.2	249.5	35.6	3.6
	10	234.5	484.5	378.8	6.9	286.0	250.0	36.0	3.6
	17	236.8	487.4	381.4	6.9	286.9	250.7	36.2	3.8
	24	235.0	486.3	381.4	7.6	287.9	251.3	36.6	3.8
	31	236.3	488.4	382.1	7.3	288.7	252.1	36.7	3.7
June	7	236.6	489.3	383.2	6.9	289.5	252.7	36.8	3.7
	14	236.6	490.0	381.6	5.1	290.7	253.4	37.3	3.5
	21	237.3	491.5	383.7	5.7	291.2	254.2	37.0	3.8
	28	236.0	490.6	381.2	3.3	292.0	254.7	37.3	4.0
July	5	238.0	493.8	384.5	5.4	293.2	255.8	37.4	3.8
	12 pe	241.0	496.8	384.8	3.7	293.5	255.8	37.7	3.5

NOTES: Data shown in parentheses are current projections.

pe - Partially estimated.

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

1/ As shown in the June 16, 1972 Bluebook.

Appendix Table I
RESERVES AND MONETARY VARIABLES

CONFIDENTIAL (FR)
July 14, 1972

Period	Reserves			Money Stock Measures			Bank Credit Measures			Other				
	Total	Nonborrowed	Available to Support Pvt. Deposits	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	U.S. Gov't. Demand
	(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	+ 8.6	+ 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	- 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	+ 8.1	+ 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	+ 7.8	+ 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	+ 5.2	+ 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	+10.6	+ 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	+10.9	+ 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	+ 4.6	+ 2.4	+ 6.3	+ 8.8	+ 8.8	+ 10.6	+ 12.2	+ 10.1	+ 13.5	+ 4.1	- 0.4	+ 1.8
1st Half 1972	+ 11.6	+ 12.2	+ 9.2	+ 7.4	+ 11.1	+ 13.3	+ 11.3	+ 11.3	+ 15.6	+ 14.7	+ 17.3	+ 3.7	- 0.3	- 0.8
Quarterly														
1st Qtr. 1971	+ 8.9	+ 9.5	+10.8	+ 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	+ 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	+ 4.3	+ 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	+ 4.8	+ 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	+10.8	+ 9.3	+ 13.3	+ 15.5	+ 11.3	+ 15.1	+ 14.8	+ 17.1	+ 20.5	- 0.1	- 0.3	- 0.1
2nd Qtr. 1972	+ 12.8	+ 13.0	+ 7.4	+ 5.3	+ 8.7	+ 10.7	+ 11.0	+ 7.3	+ 15.7	+ 11.8	+ 13.4	+ 3.7	--	- 0.8
1971														
Jan.	+ 10.6	+ 8.1	+ 8.2	+ 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	+ 9.0	+ 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	+14.9	+ 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	+11.6	+ 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	+ 8.7	+ 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	--	+11.3	+ 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	+ 6.8	+ 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	+ 6.9	+ 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	-0.8	- 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	+ 3.6	+ 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	+ 5.9	--	+ 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	+ 4.8	+ 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	+ 9.2	+ 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	- 3.6	+ 7.4	+ 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	+ 15.6	+ 11.9	+ 11.6	+ 13.8	+ 17.7	+ 18.0	+ 7.8	+ 10.8	+ 19.0	- 0.4	+ 0.1	+ 2.4
Apr.	+ 22.9	+ 22.2	+ 7.0	+ 7.7	+ 7.2	+ 10.9	+ 13.5	+ 3.6	+ 12.4	+ 7.8	+ 15.8	+ 1.3	- 0.2	+ 1.3
May	+ 6.9	+ 7.5	+ 6.2	+ 3.6	+ 8.4	+ 10.2	+ 14.7	+ 18.4	+ 17.8	+ 12.6	+ 10.7	+ 1.6	+ 0.2	--
June p	+ 8.4	+ 8.8	+ 8.8	+ 4.6	+ 10.1	+ 10.6	+ 4.4	--	+ 16.3	+ 14.8	+ 13.4	+ 0.8	--	- 2.1

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

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

CONFIDENTIAL (FR)

July 14, 1972

Period	Reserves			Money Stock Measures				Bank Credit Measures		Other					
	Total	Non-borrowed	Available to Support Pvt. Deposits	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	Non-Deposit Funds	U.S. Gov't Demand
				Total	Pvt. Dep.										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
Annually:															
Dec. 1968	27.249	26.471	24.963	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	25.245	203.7	157.7	368.8	588.3	305.4	406.0	194.1	183.2	201.5	11.0	20.0	5.3
Dec. 1970	29.132	28.764	26.747	214.8	165.8	418.2	634.0	330.6	438.9	228.9	203.4	215.8	25.5	11.6	6.4
Monthly:															
1971--Jan.	29.390	28.958	26.930	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	27.132	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	27.470	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	27.735	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	27.935	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	30.57	30.106	28.199	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	28.358	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	28.521	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	28.503	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	28.588	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	28.728	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	28.844	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	29.064	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	31.583	29.244	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	29.625	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.	32.643	32.525	29.798	235.0	180.9	483.0	752.7	376.3	508.5	282.8	248.1	269.7	34.7	3.5	7.4
May	32.830	32.728	29.952	235.7	181.4	486.4	759.1	380.9	516.3	287.0	250.7	272.6	36.3	3.7	7.4
June p	33.061	32.968	30.172	236.6	182.0	490.5	765.8	382.3	516.3	290.9	253.8	275.4	37.1	3.6	5.3
Weekly:															
1972--Apr. 5	32.655	32.519	29.898	235.1	181.1	482.8	755.8	375.8	516.3	281.1	247.7	275.4	33.4	3.5	7.6
12	32.576	32.512	29.728	234.9	181.0	482.3	755.6	375.6	516.3	281.7	247.5	275.4	34.2	3.5	8.2
19	32.615	32.568	29.632	234.5	180.4	482.4	755.2	375.2	516.3	282.9	247.9	275.4	35.0	3.5	6.4
26	32.845	32.569	29.971	235.2	181.0	483.8	756.8	376.8	516.3	284.0	248.6	275.4	35.4	3.7	6.4
May 3	32.529	32.415	29.787	234.7	180.6	484.2	757.1	379.1	516.3	285.2	249.5	275.4	35.6	3.6	7.9
10	32.638	32.555	29.990	234.5	180.1	484.5	757.8	378.8	516.3	286.0	250.0	275.4	36.0	3.6	6.9
17	32.995	32.960	30.011	236.8	182.3	487.4	758.4	381.4	516.3	286.9	250.7	275.4	36.2	3.8	6.9
24	32.783	32.723	29.820	235.0	180.5	486.3	758.4	381.4	516.3	287.9	251.3	275.4	36.6	3.8	7.6
31	33.033	32.819	30.055	236.3	181.8	488.4	758.1	382.1	516.3	288.7	252.1	275.4	36.7	3.7	7.3
June 7	33.217	33.163	30.187	236.6	182.0	489.3	758.2	383.2	516.3	289.5	252.7	275.4	36.8	3.7	6.9
14	32.953	32.864	30.054	236.6	181.9	490.0	758.1	381.6	516.3	290.7	253.4	275.4	37.3	3.5	5.1
21	33.213	33.158	30.337	237.3	182.6	491.5	758.3	383.7	516.3	291.2	254.2	275.4	37.0	3.8	5.7
28 p	32.758	32.642	30.012	236.0	181.2	490.6	758.2	381.2	516.3	292.0	254.7	275.4	37.3	4.0	3.3
July 5	33.427	33.162	30.516	238.0	183.2	493.8	758.5	384.5	516.3	293.2	255.8	275.4	37.4	3.8	5.4

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.