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(CONFIDENTIAL FR)

January 18, 1974

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the Staff

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

January 18, 1974

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) New revised data for monetary aggregates, scheduled for publication on January 31, ^{1/} show that M_1 increased at an annual rate of about 8-1/2 per cent in December, substantially more rapidly than anticipated at the time of the December FOMC meeting. But there has been little change in M_1 , on balance, since mid-December, and as shown in Table 1 below, for the December-January target period M_1 growth now appears to be near the middle of the Committee's range of tolerance. Growth in M_2 appears to be close to the top of its range, as net inflows of consumer-type time deposits to banks have been well sustained. The sharp December rise in M_1 appears partly attributable to a late month bulge in foreign commercial bank deposit balances with U.S. banks. Without the increase in deposits held by foreign banks, the M_1 growth rate in December would have been about 6-1/2 per cent.

1/ The new revised data for M_1 indicate that its level for recent months is about \$1 billion below the level of the preliminary revised series (and about \$2 billion above the old published series). The new series incorporates nonmember bank figures based on the October call report; this is the first year since the early 1960's that useable deposit data from the spring and fall surprise calls have been available to us. Rates of growth for the currently published, preliminary revised, and new revised series are shown in appendix Table IV.

Table 1

Growth of Monetary Aggregates and RPD's
in December-January Target Period

<u>Reserve and Monetary Aggregates Growth at SAAR in per cent)</u>	<u>Range of Tolerance</u>	<u>Latest Estimates</u>
RPD's	8-1/4--11	9.1
M ₁	3--6	4.9 ^{1/2}
M ₂	5--8	7.8 ^{1/2}
<u>Memo:</u>		<u>Avg. for Statement week ending</u>
Fed funds rate		Jan. 9 9.76
(per cent per annum)	8-3/4--10	Jan. 16 9.77

1/ These figures are based on the new revised series. December-January rates of growth for the preliminary revised series would be little different.

(2) RPD's have been expanding at about a 9 per cent annual rate in the December-January target period, well within the growth range desired by the Committee. As indicated in Table 2, however, there were minor deviations from projections made at the time of the December FOMC meeting in the use of RPD to support various types of deposits and excess reserves.

Table 2

Comparison of Projected Changes in RPD's by Use
December 1973-January 1974
(In millions of dollars)

	<u>Projections as of December 18, 1973 FOMC meeting</u>	<u>Current Projection</u>
Change in Total RPD's <u>1/</u>	167	137
<u>Change in Category of Use:</u>		
Private demand deposits	362	337
Time deposits other than large CD's	55	94
CD's and nondeposit funds	-318	-263
Excess	68	- 31

1/ Change from November 1973 to January 1974 level consistent with mid-point of Committee's range of tolerance for RPD growth on basis of new estimates of deposit data.

(3) The Federal funds rate declined to around an average of 9-3/4 per cent soon after the last Committee meeting--and the level of member bank borrowings has dropped to an average of about \$1 billion during the past four statement weeks--as the Desk took actions to ease conditions of reserve availability somewhat, in accordance with the Committee's policy instructions. Deposit data available in the early part of January, however, suggested that both M₁ and M₂, partly influenced by increases in foreign deposits at U.S. banks, were expanding at rates somewhat in excess of the upper limits of the growth range established by the Committee, while RPD was estimated to be increasing at a rate just below the upper limit of its range. In view of the sensitive state of financial markets and the general economic situation,

a majority of Committee members concurred on January 11 in the Chairman's recommendation that the Desk should continue to maintain prevailing money market conditions, aiming at a Federal funds rate of 9-3/4 per cent.

(4) Bond market yields have generally moved up about 10 to 30 basis points since the last Committee meeting, responding first to the potential and then to the actual weight of a heavy calendar of new corporate and municipal issues. Meanwhile, short-term interest rates have moved on divergent paths. Treasury bill rates have increased from 20 basis points (in the longer maturity area) to 50 basis points (in the shorter maturity areas). In the private market--with business short-term credit demands slackening in December--rates on commercial paper and short-term bank CD's have declined 1/8 to 1/4 of a point, and banks with prime rates of 10 per cent have dropped the rate to 9-3/4 per cent.

(5) The advance in bill rates appears attributable mainly to the dispelling of expectations held by many market participants that monetary policy would ease significantly over the near-term future. The fact that the Federal funds rate failed to move down from the 9-3/4 per cent level achieved early in the inter-meeting period appears to have been mainly responsible for this reassessment of expectations. The process was reinforced, however, by the sharp rise in M_1 reported for December. And bill rates also responded to ongoing and expected sales of Treasury issues by foreign central banks. Most of the net foreign sales in December and early January were absorbed by the System in the course of normal seasonal reserve supplying operations. But this in turn meant that seasonal demand for bills from the dealer market was commensurately reduced.

(6) The table on the next page shows (in percentage annual rates of change) selected monetary and financial flows over various recent time periods on the new revised basis. Appendix Table III compares money supply growth rates computed on a quarterly-average basis with those computed on a last-month-of-quarter basis. This blue book does not contain the usual charts 1-3 on the monetary aggregates because of time pressure in converting to the new revised money supply series.

	3 years ending Dec. 1972	Past 12 Months Dec. '73 over Dec. '72	Past 6 Months Dec. '73 over June '73	Past 3 Months Dec. '73 over Sep. '73	Past Month Dec. '73 over Nov. '73
Total reserves	7.8	7.7	8.5	6.1	10.3
Nonborrowed reserves	8.3	7.2	12.6	13.3	14.1
Reserves available to support private non- bank deposits	8.5	9.3	7.8	1.4	9.4
<u>Concepts of Money</u>					
M ₁ (currency plus demand deposits) <u>1/</u>	7.5	5.9	3.9	8.0	8.5
M ₂ (M ₁ plus time deposits at commercial banks other than large CD's)	11.3	8.6	7.8	10.2	8.7
M ₃ (M ₂ plus deposits at thrift institu- tions)	12.8	8.6	6.5	9.1	9.6
<u>Bank Credit</u>					
Total member banks deposits (bank credit proxy adj.)	10.7	10.7	7.0	3.5	6.2
Loans and investments of commercial banks <u>2/</u>	12.6	12.6	8.0	4.4	1.5
<u>Short-term market paper</u> (Monthly avg. change in billions)					
Large CD's	.9	1.6	0.1	-1.3	0.8
Nonbank commercial paper	0.1	0.3	0.8	1.2	-0.4

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 derived from either end-of-month or last Wednesday-of-month figures. Growth rates for reserve measures in this and subsequent tables are adjusted to remove the effect of discontinuities from breaks in the series when reserve requirements are changed.

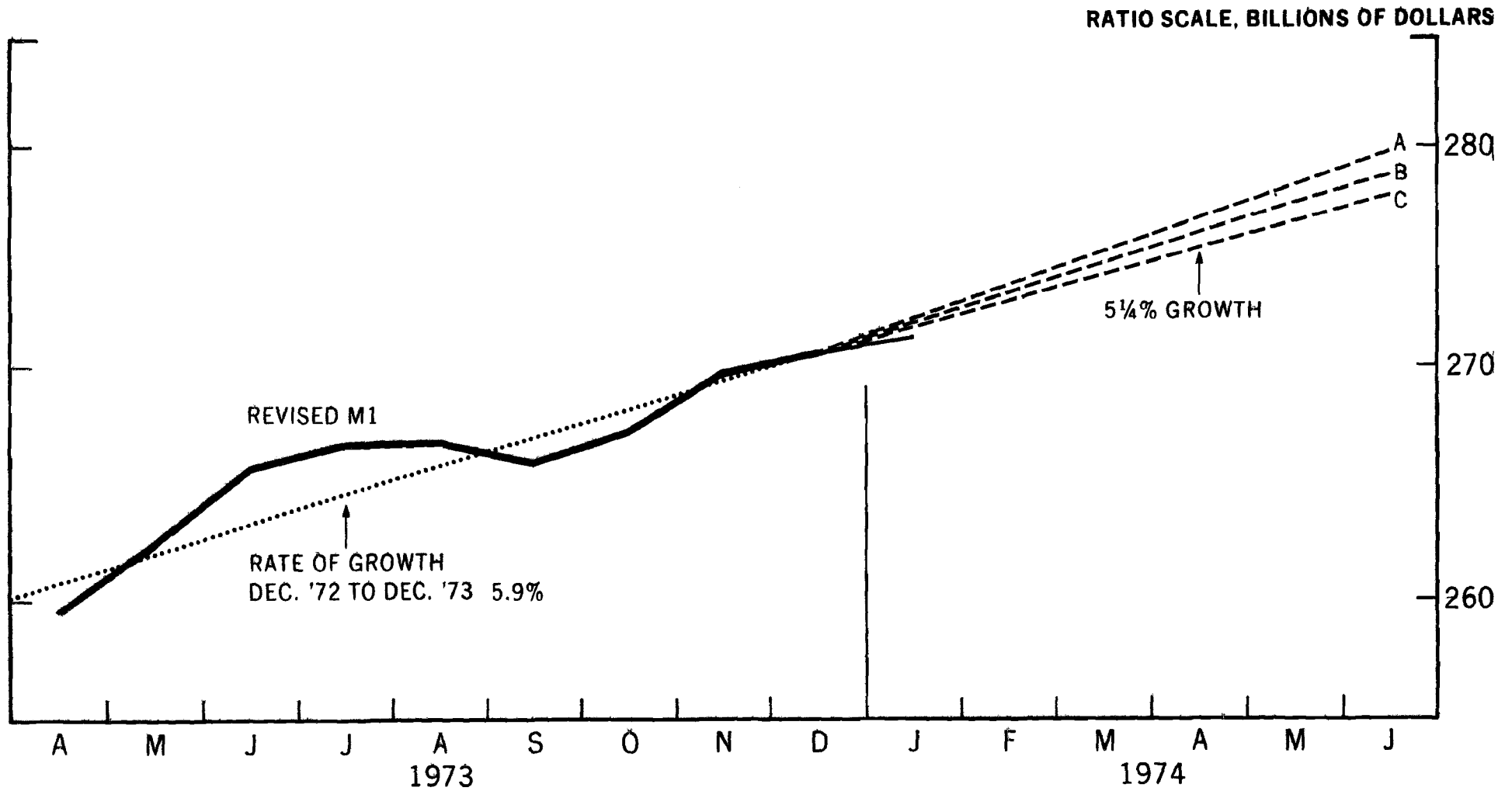
Prospective developments

(7) Three alternative sets of specifications for growth rates in the aggregates and money market conditions are summarized below for Committee consideration. (More detailed figures are shown in the table on p. 7a).

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Targets (1st & 2nd qtrs. combined)			
M ₁	6-3/4	6	5-1/4
M ₂	10	8-1/2	7
Credit Proxy	9-1/2	8-1/2	7
Associated ranges for January-February			
RPD	6--8	5-1/2--7-1/2	4-3/4--6-3/4
M ₁	4--6	3-1/2--5-1/2	3--5
M ₂	7-1/2--9-1/2	7--9	6--8
Federal funds rate range (inter-meeting period)	8-3/4--9-3/4	9-1/4--10-1/4	9-3/4--10-3/4

(8) Alternative C encompasses the 5-1/4 per cent growth rate for M₁ between December and June adopted by the Committee at its last meeting. (This and other alternative growth rates are shown in the chart on the following page in relation to the rate of increase for M₁ over the past year). The money market specifications for alternative C indicate that continuation of the path for the aggregates adopted at the last meeting would likely be associated with some upward movement in the Federal funds rate from the prevailing level of around 9-3/4 per cent. This now seems probable because we expect somewhat greater demand for money in the first half of 1974 than we did at the time of the last

MONEY SUPPLY AND LONGER RUN TARGET PATH



Alternative Longer-Run Targets for Key Monetary Aggregates

		<u>M₁</u>			<u>M₂</u>			<u>M₃</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>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1973	Dec.	270.7	270.7	270.7	570.8	570.8	570.8	893.4	893.4	893.4
1974	Jan.	271.0	271.0	271.0	574.1	574.1	574.0	899.1	899.1	898.9
	Feb.	272.9	272.7	272.6	578.9	578.3	577.6	906.1	905.3	904.5
	Mar.	274.6	274.2	273.9	583.9	582.6	581.0	913.2	911.5	909.6
	June	280.0	279.1	277.9	599.3	595.6	590.8	935.0	930.5	925.0
Quarters:		<u>Rates of Growth</u>								
1974	1st Q.	5.8	5.2	4.7	9.2	8.3	7.1	8.9	8.1	7.3
	2nd Q.	7.9	7.1	5.8	10.5	8.9	6.7	9.5	8.3	6.8
Months:										
	Jan.	1.3	1.3	1.3	6.9	6.9	6.7	7.7	7.7	7.4
	Feb.	8.4	7.5	7.1	10.0	8.8	7.5	9.3	8.3	7.5
		<u>Adjusted Credit Proxy</u>			<u>Total Reserves</u>			<u>RPD</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>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1973	Dec.	449.8	449.8	449.8	35,097	35,097	35,097	32,912	32,912	32,912
1974	Jan.	454.0	454.0	454.0	35,883	35,888	35,882	32,847	32,851	32,845
	Feb.	455.6	455.2	454.6	35,473	35,437	35,401	32,992	32,956	32,920
	Mar.	457.6	456.6	455.6	34,998	34,924	34,855	33,085	33,012	32,943
	June	471.4	468.8	465.8	35,977	35,797	35,598	33,968	33,793	33,600
Quarters:										
1974	1st Q.	6.9	6.0	5.2	2.3	1.5	0.7	5.8	4.9	4.0
	2nd Q.	12.1	10.7	9.0	11.2	10.0	8.5	10.7	9.5	8.0
Months:										
	Jan.	11.2	11.2	11.2	37.1	37.3	37.1	8.6	8.9	8.6
	Feb.	4.2	3.2	1.6	-13.7	-15.1	-16.1	5.3	3.8	2.7

FGMC meeting, reflecting the larger increase in prices and in nominal GNP now projected.

(9) The specifications for alternative B include a 6 per cent annual rate for M_1 over the first half of 1974. The staff believes that such a growth rate would probably entail little change in the funds rate from current levels. Thus, the range for the funds rate in that alternative centers on 9-3/4 per cent. Alternative A includes moderately higher growth rates for the monetary aggregates and a consequent easing in money market conditions.

(10) No matter which of these alternatives might be chosen, the rates of growth for M_1 are expected to be higher in the second quarter than in the first quarter of 1974, and to be quite moderate for the two month January-February period. For example, under alternative B, the annual rate of M_1 growth over the first quarter is indicated to be around 5-1/4 per cent--and in a 3-1/2 to 5-1/2 per cent range for January-February--but to rise to 7 per cent in the second quarter. The greater growth in the second quarter reflects the temporary impact of large tax refunds--estimated at \$2-\$3 billion above last year--and initial consumer adjustments to higher social security benefit payments. We would expect M_1 growth in the third quarter, assuming little change in interest rates from those prevailing, to be on the order of one percentage point lower than in the second quarter as these temporary factors disappear.

(11) The outlook for interest rates in general is uncertain partly because market attitudes are so sensitive to the course of military and oil developments in the Middle East and their implications for domestic inflation, international capital flows, and foreign official sales of U.S. Government securities. Also, of course, market participants are quite

sensitive at this time to monetary policy. In long-term markets, the recent enlarged flow of bond offerings has moved relatively well, but a continued heavy calendar is likely to lead to a further updrift in long-term yields--assuming no significant change in the Federal funds rate, and no dramatic change in the outlook for oil prices and supplies. In the short-term sector, rates could also back up somewhat further, given the prevailing Federal funds rate, as dealer financing costs remain high and market participants come to believe that further monetary ease is not in prospect. However, Federal Government financing requirements appear light enough over the next few weeks to moderate upward rate pressures. Housing agencies will be repaying debt, and the Treasury has little or no net cash need between now and late March or early April (assuming no sizable further liquidation of Treasury specials by foreign central banks).

(12) Given the sensitivity of markets, a rise in the funds rate from current levels would probably lead to an increase of interest rates generally--adjustments that could be fairly large if the funds rate increase were sizable, say on the order of 1/4--1/2 percentage points, and gave signs of persisting. A drop in the funds rate from prevailing levels, on the other hand, would be accompanied by declines in market interest rates, particularly short-term rates. The likely strength of any ensuing market rally is unclear. Since the market over-anticipated the extent and speed of the easing in policy late last year, reactions to further declines in the funds rate might be on the cautious side.

(13) The Treasury will be announcing mid-February refunding terms on January 30. About \$4-1/2 billion of maturing debt is publicly held. Under current market circumstances, it does not appear likely that the Treasury would seek to pre-refund additional issues or to offer longer-term securities in volume. Thus, the refunding may be a relatively uncomplicated operation, although somewhat larger in size than the mid-November refunding.

(14) Net inflows of consumer-type time and savings deposits are expected to continue at about the November-December pace at banks and thrift institutions under alternative B, which does not contemplate significant changes in market rates. Somewhat greater growth would be likely to evolve under alternative A. There is risk of an appreciable reduction in savings flows under alternative C if the money market does in fact tighten as much as shown in paragraph (7).

(15) The various alternatives include more rapid expansion in bank credit in the winter and spring of 1974 than occurred in the fourth quarter of last year, when growth was quite slow. Since mid-December, banks have once again begun to increase offerings of CD's. We have assumed a modest continuing expansion in CD's, in contrast to the sharp decline that occurred over the fourth quarter--a decline that was equivalent to a reduction in bank credit growth by about 4 percentage points (at an annual rate). However, demands for bank credit may be relatively modest in the first quarter, given recent emphasis on capital market financing by businesses, slower consumer credit growth, and less mortgage credit demand. Thus, banks may be reluctant to issue CD's in

any significant volume at current relatively high interest rates. We have not assumed availability of relatively low cost funds to banks through oil revenues in the Euro-dollar market; the means and channels by which oil revenues will be recycled through world money and capital markets are still unclear. If banks were to obtain more funds in the Euro-dollar market, however, they would mainly substitute for domestic CD sales rather than add to the over-all bank credit expansion that would otherwise occur.

Proposed directive language

(16) Presented below are three alternative formulations for the operational paragraph of the directive, which are intended to correspond to the similarly lettered policy alternatives discussed in the preceding section. For all three alternatives, it is proposed to add a reference to Treasury financing because of the regular February refinancing to be announced later this month. As will be noted, the three alternatives refer to growth rates in the aggregates "over the past 12 months." For the 12 months through December 1973, these are as follows in terms of the revised series: M_1 , 5.9 per cent; M_2 , 8.6 per cent; and the bank credit proxy, 10.7 per cent.

Alternative A

To implement this policy, while taking account of THE FORTHCOMING TREASURY FINANCING AND OF international and domestic financial market developments, the Committee seeks to achieve ~~some-easing-in~~ bank reserve and money market conditions; ~~-provided that-the~~ CONSISTENT WITH SOMEWHAT FASTER GROWTH IN monetary aggregates ~~do-not-appear-to-be-growing-excessively~~ OVER THE MONTHS AHEAD THAN HAS OCCURRED OVER THE PAST 12 MONTHS.

Alternative B

To implement this policy, while taking account of THE FORTHCOMING TREASURY FINANCING AND OF international and domestic financial market developments, the Committee seeks to achieve some-easing-in bank reserve and money market conditions, provided that the CONSISTENT WITH GROWTH IN monetary aggregates do not appear-to-be-growing-excessively OVER THE MONTHS AHEAD AT ABOUT THE RATES THAT PREVAILED OVER THE PAST 12 MONTHS.

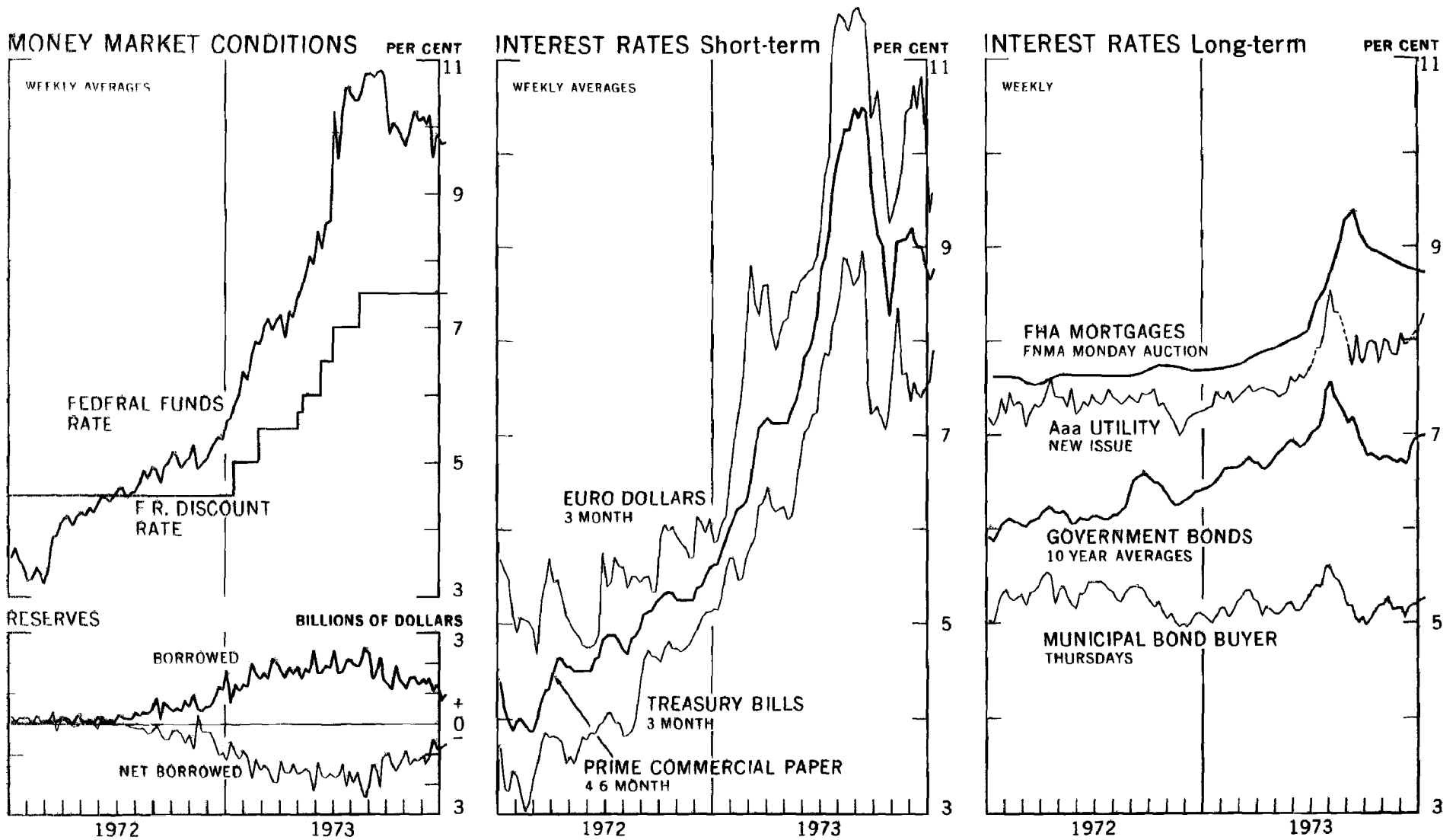
Alternative C

To implement this policy, while taking account of THE FORTHCOMING TREASURY FINANCING AND OF international and domestic financial market developments, the Committee seeks to achieve some-easing-in bank reserve and money market conditions, provided that the CONSISTENT WITH SOMEWHAT SLOWER GROWTH IN monetary aggregates do not appear-to-be-growing-excessively OVER THE MONTHS AHEAD THAN HAS OCCURRED OVER THE PAST 12 MONTHS.

(17) In the event that the Committee again wishes to couch the operational paragraph of the directive in terms of money market conditions, the specifications of alternative A might be associated with the language adopted at the December meeting (" . . .the Committee seeks to achieve some easing in bank reserve and money market conditions, provided that the monetary aggregates do not appear to be growing excessively." The specifications of alternative B might be associated with language indicating that ". . . the Committee seeks to maintain about the prevailing money market conditions, provided that the monetary aggregates appear to be growing at rates within the specified ranges of tolerance."

CHART 1

MONEY MARKET CONDITIONS AND INTEREST RATES



RANK RESERVES
(ACTUAL AND CURRENT PROJECTIONS)

JANUARY 18, 1974

PERIOD	RESERVES AVAILABLE FOR PRIVATE NONRANK DEPOSITS		AGGREGATE RESERVES		REQUIRED RESERVES			
	SEAS ADJ	NON SEAS ADJ	TOTAL RESERVES	NONBorrowed RESERVES	SEASONALLY ADJUSTED			
					PRIVATE DEMAND	OTHER TIME DEP	CD'S AND NON DEP	GOV'T AND INTERBANK
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MONTHLY LEVELS--\$MILLIONS								
1973--SEPT.	32,394	32,179	34,173	32,321	19,939	8,199	4,038	1,779
OCT.	32,845	32,739	34,942	33,466	19,995	8,310	4,312	2,098
NOV.	32,714	32,752	34,857	33,463	19,974	8,430	4,069	2,142
DEC.	32,912	33,166	35,097	33,799	20,227	8,460	3,918	2,185
1974--JAN.	(32,851)	(33,919)	(35,848)	(34,879)	(20,313)	(8,524)	(3,806)	(3,037)
ANNUAL RATES OF CHANGE								
QUARTERLY:								
1973--1ST QTR.	7.8		6.4	-3.6	0.6	7.4		
2ND QTR.	17.5		6.9	7.0	3.2	9.7		
3RD QTR.	14.2		10.6	11.3	1.4	15.7		
4TH QTR.	1.4		6.1	13.3	5.8	12.7		
1974--1ST QTR.	(4.9)		(1.5)	(3.9)	(-1.9)	(8.5)		
MONTHLY:								
1973--SEPT.	13.3		9.4	21.9	-6.8	22.8		
OCT.	1.0		12.1	26.7	3.4	16.2		
NOV.	-6.3		-4.3	-1.6	-1.1	17.3		
DEC.	9.4		10.3	14.1	15.1	4.3		
1974--JAN.	(8.8)		(37.3)	(49.0)	(5.1)	(9.1)		
DEC.--JAN.	(9.1)		(23.9)	(31.8)	(10.1)	(6.7)		
WEEKLY LEVELS--\$MILLIONS								
1973--NOV. 7	32,657	32,647	34,655	33,485	19,817	8,386	4,188	1,998
14	32,694	32,745	34,866	33,345	19,941	8,432	4,158	2,172
21	32,904	32,977	35,192	33,620	20,064	8,441	4,015	2,288
28	32,508	32,552	34,641	33,354	20,013	8,462	3,948	2,132
DEC. 5	33,041	33,053	35,108	33,633	20,221	8,422	3,952	2,068
12	32,561	32,534	34,623	33,321	20,173	8,450	3,966	2,062
19	32,869	33,127	35,191	33,702	20,151	8,472	3,930	2,322
26	33,209	33,637	35,330	34,292	20,264	8,441	4,028	2,121
1974--JAN. 2	32,918	33,560	35,291	34,081	20,361	8,523	3,649	2,373
9	32,657	33,392	35,646	34,870	20,422	8,506	3,731	2,990
16	33,088	34,577	36,468	35,479	20,412	8,528	3,821	3,380

NOTE: DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS. ANNUAL RATES OF GROWTH HAVE BEEN ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS. AT THE FOMC MEETING OF DECEMBER 18, 1973 THE COMMITTEE AGREED ON A RPD RANGE OF 8.25 TO 11 PERCENT FOR THE DEC-JAN PERIOD.

MONETARY AGGREGATES
(ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED)

JANUARY 18, 1974

PERIOD	MONEY SUPPLY		ADJUSTED CREDIT PROXY	U.S. GOV'T. DEPOSITS	TIME AND SAVINGS DEPOSITS			NONDEPOSIT SOURCES OF FUNDS
	NARROW (M1)	BROAD (M2)			TOTAL	OTHER THAN CD S	CD S	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MONTHLY LEVELS--\$BILLIONS								
1973--SEPT.	265.4	556.6	445.9	5.0	357.9	291.2	66.7	7.3
OCT.	266.5	561.6	446.5	6.0	358.9	295.1	63.8	6.9
NOV.	268.8	566.7	447.5	5.8	359.9	297.8	62.0	7.1
DEC.	270.7	570.8	449.8	5.0	363.0	300.2	62.8	7.4
1974--JAN.	(271.0)	(574.1)	(454.0)	(6.2)	(368.0)	(303.1)	(64.9)	(7.2)
PERCENT ANNUAL GROWTH								
QUARTERLY								
1973--1ST QTR.	3.8	6.9	14.6		22.7	9.9		
2ND QTR.	11.5	11.1	12.6		17.8	10.4		
3RD QTR.	-0.2	5.2	10.5		14.0	10.4		
4TH QTR.	8.0	10.2	3.5		5.7	12.4		
1974--1ST QTR.	(5.2)	(8.3)	(6.0)		(14.3)	(10.9)		
MONTHLY								
1973--SEPT.	-3.6	3.7	5.7		9.8	10.4		
OCT.	5.0	10.8	1.6		3.4	16.1		
NOV.	10.4	10.9	2.7		3.3	11.0		
DEC.	8.5	8.7	6.2		10.3	9.7		
1974--JAN.	(1.3)	(6.9)	(11.2)		(16.5)	(11.6)		
DEC.-JAN.	(4.9)	(7.8)	(8.7)		(13.5)	(10.7)		
WEEKLY LEVELS--\$BILLIONS								
NOV. 7	268.1	565.7	447.7	6.5	360.1	297.6	62.5	6.7
14	269.1	567.2	447.1	5.8	360.0	298.1	61.9	6.7
21	269.4	566.8	447.6	5.7	359.3	297.4	61.9	7.4
28	269.0	567.2	447.6	4.9	360.1	298.2	61.9	7.6
DEC. 5	269.1	568.2	447.6	4.8	360.8	299.1	61.7	7.2
12	270.7	569.7	447.9	4.1	361.9	298.9	63.0	7.6
19	270.9	571.8	449.3	4.5	363.1	300.9	62.2	7.6
26	270.9	571.6	452.4	5.9	363.7	300.7	63.0	7.3
1974--JAN. 2	270.1	571.8	452.0	5.9	366.0	301.7	64.3	7.0
9 P	269.3	571.3	453.1	6.8	366.8	302.0	64.8	7.1
16 PE	270.2	573.0	453.6	6.6	367.6	302.9	64.8	7.3

NOTE: DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS.

P - PRELIMINARY

PE - PARTIALLY ESTIMATED

MONETARY AGGREGATES
(ACTUAL AND CURRENT PROJECTIONS, SEASONALLY ADJUSTED)

JANUARY 18, 1974

PERIOD	MONEY SUPPLY		ADJUSTED CREDIT PROXY	U.S. GOVT. DEPOSITS	TIME AND SAVINGS DEPOSITS			NONDEPOSIT SOURCES OF FUNDS
	NARROW (M1)	BROAD (M2)			TOTAL	OTHER THAN CD S	CD S	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MONTHLY LEVELS--\$BILLIONS								
1973--SEPT.	263.4	552.3	445.9	5.1	355.6	288.9	66.8	7.3
OCT.	264.4	557.1	446.5	6.6	356.1	292.8	63.4	6.9
NOV.	266.6	562.4	446.6	5.9	356.8	295.8	61.1	7.1
DEC.	268.7	566.8	449.8	5.5	360.6	298.1	62.5	7.4
PERCENT ANNUAL GROWTH								
QUARTERLY								
1973--1ST QTR.	1.7	5.7	15.0		23.1	9.5		
2ND QTR.	10.3	9.5	12.2		16.0	8.7		
3RD QTR.	0.3	5.1	10.5		13.4	9.8		
4TH QTR.	8.0	10.5	3.5		5.6	12.7		
MONTHLY								
1973--SEPT.	-2.3	3.9	5.4		6.8	9.6		
OCT.	4.6	10.4	1.6		1.7	16.2		
NOV.	10.0	11.4	0.3		2.4	12.3		
DEC.	9.5	9.4	8.6		12.8	9.3		
WEEKLY LEVELS--\$BILLIONS								
NOV. 7	266.4	561.5	446.8	6.4	356.8	295.1	61.7	6.7
14	267.0	562.9	446.4	6.5	356.7	295.9	60.8	6.7
21	267.5	562.8	446.6	5.7	356.1	295.3	60.8	7.4
28	265.4	561.5	446.5	5.5	357.2	296.1	61.1	7.6
DEC. 5	266.6	563.3	446.8	5.7	357.8	296.7	61.1	7.2
12	267.9	564.3	447.0	4.8	359.2	296.4	62.8	7.6
19	268.8	567.4	448.2	4.4	360.7	298.7	62.0	7.6
26	269.2	567.8	451.7	6.1	361.5	298.6	62.9	7.3
1974--JAN. 2	269.4	569.0	453.9	7.5	363.5	299.5	64.0	7.0
9 P	267.6	567.7	453.8	7.8	364.4	300.1	64.3	7.1

NOTE: DATA SHOWN IN PARENTHESES ARE CURRENT PROJECTIONS.

P - PRELIMINARY
PE - PARTIALLY ESTIMATED

STRICTLY CONFIDENTIAL (FR)
 JANUARY 18, 1974

TABLE 3
 RESERVE EFFECTS OF
 OPEN MARKET OPERATIONS AND OTHER RESERVE FACTORS
 (Millions of dollars, not seasonally adjusted)

	Open Market Operations 1/					Daily Average Reserve Effect 2/			Δ in reserve categories		Δ Target
	Bills & Accept.	Coupon Issues	Agency Issues	RP's Net 3/	Total	Open Market Operations	Δ Member Bank Borrowing	Other 4/ Factors	req. res. against U.S.G. and interb.	available res. 5/ (6)+(7)+(8)-(9)	available reserves 5/ (11)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Monthly											
1973 -- June	649	228	209	--	1,085	-1,450	1	1,084	-470	105	175
July	1,073	27	168	1,148	2,416	2,090	263	-850	311	1,185	795
Aug.	-753	--	-20	-143	-915	-818	93	978	-304	557	680
Sept	-494	--	-30	531	7	-583	-282	1,150	-133	418	475
Oct	1,972	--	172	295	2,440	1,986	-395	-678	373	540	1,005
Nov	-1,008	533	71	-902	-1,307	394	-68	-646	-167	-153	860
Dec	1,867	276	128	-831	1,386	1,339	-101	-846	-68	460	475
1974 -- Jan.											895
Feb.											
Weekly											
1973 -- Nov. 7	-418	--	--	-2,811	-3,229	-326	-285	288	-78	-245	
14	-303	--	--	2,571	2,268	-848	351	738	122	119	
21	3	499	50	907	1,458	2,562	51	-2,389	12	212	
28	13	34	20	-1,522	-1,454	-827	-284	449	-220	-442	
Dec 5	-304	--	--	593	288	710	188	-424	62	412	
12	-33	--	-84	-1,393	-1,510	-824	-172	538	-31	-427	
19	1,002	73	73	2,752	3,900	868	186	-370	106	-578	
26	420	50	--	-5,874	-5,404	613p	-447	152	-238	556	
1974 -- Jan. 2	659	205	121	5,124	6,110	716p	168	-885	293	-294p	
9	205	--	-2	-3,819	-3,616	-36p	-434	1,025	669	-114p	
16	-201	--	--	2,187	1,986	-155p	213	1,394	307	1,145p	
23											
30											

1/ Represents change in System's portfolio from end-of-period to end-of-period; includes redemptions in regular bill auctions.

2/ Represents change in daily average level from preceding period.

3/ Includes matched sale-purchase transactions as well as RP's.

4/ Sum of changes in vault cash, currency in circulation, Treasury operations, F.R. float, gold and foreign accounts, and other F.R. accounts.

5/ Reserves to support private nonbank deposits. Target change for December and January reflects the target adopted at the December 18, 1973 FOMC meeting. Target change for previous months reflects the bluebook patterns that are consistent with target ranges that were adopted during the month.

TABLE 4
 SECURITY DEALER POSITIONS AND BANK POSITIONS
 Millions of dollars

Period	U S Govt. Security Dealer Positions		Dealer Positions		Member Bank Reserves Positions				
	Bills	Coupon Issues	Corporate Bonds	Municipal Bonds	Excess** Reserves	Borrowing at FRB**		Basic Reserve Deficit	
						Total	Seasonal	8 New York	38 Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1972 -- High	4,291	1,585	235	383	796	1,223		-5,635	-5,770
Low	1,916	-93	0	40	-133	12		-1,638	-1,910
1973 -- High	3,796	1,299	197	384	631	2,561		-5,243	-10,661
Low	897	-301	0	36	-240	688		-1,831	-4,048
1972 -- Dec.	3,510	953	58	291	219	1,049		-4,977	-4,958
1973 -- Jan.	3,407	720	27	177	289	1,161		-4,550	-5,469
Feb.	2,132	562	77	123	207	1,594		-4,187	-5,436
Mar.	2,490	-50	24	125	177	1,825		-4,273	-5,847
Apr.	2,457	106	12	60	255	1,688	3	-3,293	-6,577
May	1,894	421	66	151	161	1,843	30	-3,019	-5,872
June	2,281	562	33	120	234	1,851	75	-3,507	-6,443
July	1,425	265	24	139	285	1,953	155	-2,460	-6,106
Aug.	1,690	39	0	70	177	2,165	163	-2,689	-4,940
Sept.	2,745	395	6	80	216	1,801	148	-3,173	-5,355
Oct.	2,565	484	44	226	227	1,476	126	-3,814	-6,090
Nov.	2,804	793	90	148	239	1,393	84	-4,469	-8,186
Dec.	*3,441	*973	105	276	299p	1,299p	41p	-4,682	-9,793
1973 -- Nov. 7	2,973	1,299	2	154	265	1,170	93	-5,168	-6,867
14	2,975	859	75	167	163	1,521	80	-5,056	-8,572
21	2,727	470	86	104	384	1,572	85	-4,157	-8,757
28	2,357	644	197	168	85	1,287	84	-3,756	-8,199
Dec. 5	3,090	746	100	275	446	1,475	57	-3,675	-8,594
12	3,737	910	136	225	-28	1,303	45	-4,881	-10,051
19	3,796	1,144	108	327	316p	1,489p	40p	-5,017	-10,661
26	*3,312	*1,090	74	277	476p	1,038p	35p	-4,757	-9,281
1974 -- Jan. 2	*2,890	*858	43	238	386p	1,210p	31p	-4,418	-9,541
9	*3,079	*611	141	210	-2p	776p	19p	-5,220p	-10,797p
16	*3,117	*533	195p	125p	321p	989p	20p	-6,079p	-11,314p
23									
30									

NOTE: Government Security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury bills financed by repurchase agreements maturing in 16 days or more, are indicators of dealer holdings available for sale over the near-term. Other security dealer positions are debt issues still in syndicate, excluding trading positions. The basic reserve deficit is excess reserves less borrowing at Federal Reserve less net Federal funds purchases. Weekly data are daily averages for statement weeks, except for corporate and municipal issues in syndicate which are Friday figures.

* STRICTLY CONFIDENTIAL

** Beginning with January 1973, monthly averages for excess reserves and borrowings are weighted averages of statement week figures.

TABLE 5
SELECTED INTEREST RATES
Per Cent

Period	Short-Term						Long-Term				
	Federal Funds (1)	Treasury Bills		90-119 Day Commercial Paper (4)	CD's New Issue-NYC		Aaa Utility		Municipal Bond Buyer (9)	U.S. Government (10-yr Constant Maturity) (10)	FNMA Auction Yields (11)
		90-Day (2)	1-Year (3)		60-89 Day (5)	90-119 Day (6)	New Issue (7)	Recently Offered (8)			
1972 -- High	5.38	5.13	5.52	5.50	5.38	5.50	7.60	7.46	5.54	6.58	7.72
Low	3.18	3.03	3.60	3.75	3.13	3.50	6.99	7.12	4.96	5.87	7.54
1973 -- High	10.84	8.95	8.43	10.50	10.50	10.75	8.52	8.30	5.59	7.54	9.37
Low	5.61	5.15	5.42	5.63	5.38	5.50	7.29	7.26	4.99	6.42	7.69
1972 -- Dec.	5.33	5.07	5.28	5.40	5.19	5.38	7.15	7.18	5.05	6.36	7.68
1973 -- Jan.	5.94	5.41	5.58	5.76	5.63	5.75	7.38	7.35	5.05	6.46	7.69
Feb.	6.58	5.60	5.93	6.17	6.16	6.28	7.40	7.41	5.13	6.64	7.72
Mar.	7.09	6.09	6.53	6.76	6.78	6.75	7.49	7.51	5.29	6.71	7.78
Apr.	7.12	6.26	6.51	7.13	7.04	6.75	7.48	7.48	5.15	6.67	7.89
May	7.84	6.36	6.63	7.26	7.44	7.41	7.51	7.50	5.15	6.85	7.98
June	8.49	7.19	7.05	8.00	7.98	8.13	7.64	7.64	5.18	6.90	8.07
July	10.40	8.01	7.97	9.26	9.09	9.19	8.01	7.97	5.40	7.13	8.46
Aug.	10.50	8.67	8.32	10.26	10.25	10.40	8.36	8.22	5.48	7.40	8.83
Sept.	10.78	8.29	8.07	10.31	10.31	10.50	7.88	7.99	5.10	7.09	9.32
Oct.	10.01	7.22	7.17	9.14	9.15	9.08	7.90	7.94	5.05	6.79	9.01
Nov.	10.03	7.83	7.40	9.11	9.06	8.91	7.89	7.94	5.18	6.73	8.84
Dec.	9.95	7.45	7.01	9.28	9.44	9.13	8.03	8.03	5.12	6.74	8.78
1973 -- Nov 7	9.71	7.84	7.30	8.78	8.75	8.50	8.00	8.02	5.19	6.76	--
14	10.03	8.34	7.54	9.03	9.00	8.88	7.98	7.99	5.27	6.76	8.87
21	10.23	7.64	7.47	9.28	9.25	9.13	7.86	7.85	5.13	6.71	--
28	10.09	7.67	7.32	9.25	9.25	9.13	7.85	7.87	5.15	6.70	8.81
Dec. 5	10.17	7.36	7.31	9.33	9.50	9.25	8.06	7.98	5.15	6.72	--
12	10.04	7.55	7.27	9.48	9.50	9.13	7.97	7.97	5.06	6.69	--
19	10.18	7.44	6.77	9.18	9.38	9.13	7.98	8.05	5.11	6.71	8.78
26	9.52	7.40	6.79	9.16	9.38	9.00	--	8.10	5.16	6.87	--
1974 -- Jan. 2	9.87	7.48	6.88	9.16	9.38	9.00	--	8.14	5.18	6.94	--
9	9.76	7.57	7.01	8.98	9.13	8.88	8.17r	8.25	5.22	6.98	--
16	9.77	7.89	7.09	8.88	9.13	8.88	8.27p	8.25p	5.24	6.99p	8.71
23											
30											

Notes: Weekly data for columns 1 to 4 are statement week averages of daily data. Columns 5 and 6 are one-day Wednesday quotes. For Columns 7, 8 and 10 the weekly date is the mid-point of the calendar week over which data are averaged. Column 9 is a one-day quote for Thursday following the end of the statement week. Column 11 gives FNMA auction data for the Monday preceding the end of the statement week. The FNMA auction yield is the average yield in the bi-weekly auction for short-term forward commitments for Government underwritten mortgages.

January 18, 1974

Appendix Table I
RESERVE AND MONETARY VARIABLES

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 $\frac{2}{}$ Loans and Investments	Total Time	Time Other than CP's	Thrift Institutions Deposits $\frac{1}{}$	CP's	Nondeposit Funds	U.S. Gov't Demand
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	(Per Cent Annual Rates of Growth)													
	(Dollar Change in Billions)													
Annually:														
1968	+7.5	+5.3	+8.1	+7.8	+9.3	+8.3	+9.5	+10.9	+11.5	+11.2	+6.3	+2.9	+2.6	-0.6
1969	-1.1	-2.8	-1.7	+3.6	+2.6	+2.9	+0.4	+2.9	-4.8	+1.4	+3.6	-12.4	+13.0	+0.5
1970	+6.1	+9.6	+8.6	+6.0	+8.4	+8.0	+8.2	+8.1	+17.9	+11.1	+7.1	+14.4	-8.4	+1.1
1971	+7.2	+8.1	+7.2	+6.6	+11.4	+13.5	+9.4	+11.2	+18.2	+16.7	+17.4	+7.7	-7.6	-0.3
1972	+10.6	+7.1	+9.7	+8.3	+10.8	+13.0	+11.6	+14.6	+15.5	+13.3	+17.0	+10.1	+0.4	+0.4
1973	+7.6	+6.4	+9.0	+5.2	+7.9	+8.2	+10.7	+12.6	+15.3	+10.6	+8.7	+19.3	+3.0	-1.1
Semi-Annually:														
1st Half 1971	+9.7	+9.6	+10.7	+10.1	+14.9	+16.4	+10.1	+12.1	+21.6	+20.0	+19.3	+4.3	-7.1	-1.4
2nd Half 1971	+4.4	+6.3	+3.4	+3.0	+7.4	+9.8	+8.4	+9.7	+13.4	+12.1	+14.3	+3.4	-0.4	+1.1
1st Half 1972	+11.7	+12.1	+8.6	+7.7	+10.8	+13.0	+11.4	+13.6	+15.4	+13.7	+17.3	+4.4	-0.3	--
2nd Half 1972	+9.0	+2.0	+10.4	+8.5	+10.3	+12.1	+11.1	+10.7	+14.5	+12.1	+15.4	+5.7	+0.6	+0.4
1st Half 1973	+7.4	+4.9	+11.4	+6.0	+7.7	+9.1	+13.8	+16.6	+20.0	+9.2	+11.6	+18.9	+1.2	-1.4
2nd Half 1973	+7.7	+7.8	+6.2	+4.2	+7.9	+7.0	+7.0	+8.0	+9.6	+11.4	+5.3	+0.5	+1.7	+0.3
Quarterly:														
3rd Qtr. 1971	+6.5	+6.6	+3.2	+4.1	+6.0	+8.9	+6.7	+8.5	+9.8	+8.0	+14.5	+1.7	-0.4	+1.1
4th Qtr. 1971	+2.3	+6.0	+3.6	+1.9	+8.7	+10.5	+9.8	+10.6	+16.6	+15.9	+13.5	+1.8	--	--
1st Qtr. 1972	+10.4	+10.7	+10.4	+9.2	+12.7	+14.9	+11.0	+15.7	+15.4	+16.1	+19.1	+0.8	-0.3	-0.4
2nd Qtr. 1972	+12.6	+13.1	+6.6	+6.1	+8.5	+10.7	+11.5	+11.5	+14.8	+10.8	+14.7	+3.7	--	+0.5
3rd Qtr. 1972	+3.6	-0.8	+9.9	+8.2	+10.3	+12.4	+9.8	+11.0	+14.0	+12.3	+16.2	+2.4	+0.4	-1.1
4th Qtr. 1972	+14.2	+4.8	+10.6	+8.6	+10.2	+11.5	+12.1	+15.8	+14.4	+11.6	+13.9	+3.3	+0.3	+1.4
1st Qtr. 1973	+8.8	-7.1	+10.5	+1.7	+5.7	+8.6	+15.0	+19.9	+23.1	+9.5	+13.6	+11.7	+0.5	+0.9
2nd Qtr. 1973	+5.8	+17.3	+12.0	+10.3	+9.5	+9.4	+12.2	+12.0	+16.0	+8.7	+9.4	+7.1	+0.7	-2.4
3rd Qtr. 1973	+10.3	+12.4	+13.6	+0.3	+5.1	+4.4	+10.5	+11.4	+13.4	+9.8	+3.1	+4.7	+1.6	--
4th Qtr. 1973	+4.7	+3.0	-1.2	+8.0	+10.5	+9.4	+3.5	+4.4	+5.6	+12.7	+7.6	-4.3	+4.1	+0.3
1972: Jan.	+21.8	+26.7	+11.0	+1.0	+10.4	+13.2	+9.2	+15.3	+17.7	+19.2	+18.9	+0.1	-0.1	+0.2
Feb.	-5.2	-5.7	+6.5	+14.7	+15.1	+16.8	+7.2	+13.9	+16.2	+15.4	+20.0	+0.6	-0.3	-1.7
Mar.	+14.5	+11.0	+13.4	+11.5	+12.4	+14.2	+16.2	+17.3	+11.6	+13.2	+17.4	+0.1	+0.1	+1.1
Apr.	+22.1	+21.7	+6.8	+8.0	+7.9	+10.7	+12.2	+11.4	+12.8	+7.8	+15.8	+1.5	-0.2	+1.1
May	+8.8	+9.4	+3.9	+4.0	+8.3	+10.1	+15.6	+15.2	+18.2	+13.0	+13.4	+1.5	+0.2	+0.7
June	+6.4	+8.0	+9.0	+6.4	+9.2	+11.1	+6.6	+6.5	+12.9	+11.4	+14.5	+0.7	--	-1.3
July	+5.2	+2.9	+6.9	+12.7	+12.5	+13.9	+10.0	+9.9	+13.6	+12.3	+17.0	+0.8	+0.1	-1.0
Aug.	+7.6	+0.7	+9.7	+4.4	+9.3	+11.6	+9.6	+14.4	+15.9	+14.0	+15.5	+0.8	+0.3	-0.7
Sept.	-1.9	-6.1	+12.9	+7.2	+8.7	+11.2	+9.5	+14.2	+12.0	+10.2	+15.7	+0.8	-0.1	+0.6
Oct.	+18.2	+15.5	+3.2	+7.2	+10.1	+12.0	+11.9	+11.2	+11.5	+12.8	+15.5	+0.2	+0.2	+1.2
Nov.	+11.4	+9.8	+20.8	+5.2	+7.9	+9.8	+10.5	+21.4	+14.2	+10.4	+13.2	+1.2	--	+0.6
Dec.	+12.5	-10.9	+7.7	+13.3	+12.2	+12.4	+13.4	+14.3	+17.1	+11.2	+12.7	+1.9	+0.1	-0.4
1973: Jan.	+35.8	+31.3	+22.8	-0.5	+6.4	+9.8	+8.3	+17.8	+15.7	+12.9	+15.8	+1.2	+0.1	+0.6
Feb.	-22.1	-41.3	-4.7	+6.1	+5.9	+9.0	+16.4	+23.7	+21.6	+5.7	+14.4	+4.5	--	+0.1
Mar.	+13.3	-10.5	+13.4	-0.5	+4.7	+6.9	+19.7	+17.2	+30.9	+9.6	+10.2	+6.1	+0.4	+0.3
Apr.	+12.3	+26.1	+9.6	+7.5	+8.1	+8.4	+13.1	+13.1	+21.0	+8.7	+9.4	+3.8	+0.2	-1.7
May	+4.4	+1.1	+9.4	+10.7	+9.8	+9.1	+12.1	+16.6	+18.2	+9.1	+7.8	+3.1	+0.3	-1.2
June	+0.6	+24.0	+16.6	+12.4	+10.4	+10.4	+11.1	+8.2	+8.1	+8.1	+10.8	+0.3	+0.2	+0.5
July	+26.9	+44.9	+18.6	+5.0	+5.1	+5.6	+8.8	+13.3	+12.6	+5.5	+6.5	+2.4	+0.9	-1.7
Aug.	-5.1	-30.3	+8.4	-1.8	+6.4	+4.2	+17.0	+16.7	+20.4	+14.0	--	+2.5	+0.6	+0.8
Sept.	+8.7	+22.8	+13.1	+2.3	+3.9	+3.2	+5.4	+4.1	+6.8	+9.6	+2.7	-0.2	+0.1	+0.9
Oct.	+14.1	+19.3	+0.9	+4.6	+10.4	+9.1	+1.6	+6.7	+1.7	+16.2	+6.4	-3.4	-0.4	+1.5
Nov.	-7.2	-2.0	-8.5	+10.0	+11.4	+9.9	+0.3	+5.0	+2.4	+12.3	+7.2	-2.3	+0.2	-0.7
Dec. p	+7.3	-8.2	+4.1	+9.5	+9.4	+9.1	+8.6	+1.5	+12.8	+9.3	+9.0	+1.4	+0.3	-0.5

p - Preliminary

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

 $\frac{1}{}$ Growth rates are based on estimated monthly average levels derived by averaging end of current month and end of previous month reported data $\frac{2}{}$ Series revised to incorporate new seasonal factors and June 30, 1973, benchmark adjustments Data are preliminary and may be subject to minor changes.

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

CONFIDENTIAL (FR)
January 18, 1974

Period	RESERVES			MONEY STOCK MEASURES				BANK CREDIT MEASURES			OTHER				
	Total	Non-borrowed	Available to Support Pvt. Deposits	Total	Pvt. Dep.	M ₂	M ₃	Adjusted Credit Proxy	Total 2/ Loans & Investments	Total Time	Time Other than CD's	Thrift Institution Deposits 1/	CD's	Non-Deposits Funds	U.S. Gov't Demand
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
ANNUALLY:															
Dec. 1969	27,959	26,699	25,339	208.8	162.7	392.3	594.0	307.7	405.6	194.4	183.5	201.7	10.9	20.0	5.3
Dec. 1970	29,121	28,727	26,975	221.3	172.2	425.2	641.3	332.9	438.5	229.2	203.9	216.1	25.3	11.6	6.5
Dec. 1971	31,209	31,060	28,907	236.0	183.4	473.8	727.7	364.3	487.6	270.9	237.9	253.8	33.0	4.0	6.1
MONTHLY:															
1972--July	33,171	33,018	30,317	247.7	193.1	504.5	784.0	388.3	525.1	295.0	256.8	279.6	38.3	3.9	5.2
Aug.	33,381	33,038	30,562	248.6	193.8	508.4	791.6	391.4	531.4	298.9	259.8	283.2	39.1	4.2	4.5
Sept.	33,327	32,870	30,890	250.1	194.8	512.1	799.0	394.5	537.7	301.9	262.0	286.9	39.8	4.1	5.1
Oct.	33,832	33,295	30,973	251.6	195.9	516.4	807.0	398.4	542.	304.8	264.8	290.6	40.0	4.3	6.3
Nov.	31,883	31,297	29,496	252.7	196.5	519.8	813.6	401.9	552.4	308.4	267.1	293.8	41.2	4.3	6.9
Dec.	31,309	30,063	28,862	255.5	198.7	525.1	822.0	406.4	559.0	312.8	269.6	296.9	43.2	4.4	6.5
1973--Jan.	32,242	30,848	29,411	255.4	198.4	527.9	828.7	409.2	567.3	316.9	272.5	300.8	44.4	4.5	7.1
Feb.	31,649	29,787	29,296	256.7	199.3	530.5	834.9	414.8	578.5	322.6	273.8	304.4	48.8	4.5	7.2
Mar.	31,999	29,526	29,622	256.6	198.7	532.6	839.7	421.6	586.8	330.9	276.0	307.0	54.9	4.9	7.5
Apr.	32,326	30,167	29,860	258.2	199.5	536.2	845.6	426.2	593.2	336.7	278.0	309.4	58.7	5.1	5.8
May	32,445	30,195	30,095	260.5	201.6	540.6	852.0	430.5	601.4	341.8	280.1	311.4	61.7	5.4	4.6
June	32,460	30,800	30,511	263.2	203.9	545.3	859.4	434.5	605.5	344.1	282.0	314.2	62.0	5.6	5.1
July	33,569	32,332	31,324	264.3	204.9	547.6	863.5	437.7	612.2	347.7	283.3	315.9	64.5	6.5	3.4
Aug.	33,898	31,996	31,966	263.9	204.2	550.5	866.5	443.9	620.7	353.6	286.6	315.9	67.0	7.1	4.2
Sept.	34,145	32,604	32,311	263.4	203.3	552.3	868.8	445.9	622.8	355.6	288.9	316.6	66.8	7.3	5.1
Oct.	34,971	33,553	32,759	264.4	204.0	557.1	875.4	446.5	626.3	356.1	292.8	318.3	63.4	6.9	6.6
Nov.	34,803	33,539	32,571	266.6	205.8	562.4	882.6	446.6	628.9	356.8	295.8	320.2	61.1	7.1	5.9
Dec.	34,957	33,252	32,623	268.7	207.2	566.8	889.3	449.8	629.7	360.6	298.1	322.6	62.5	7.4	5.5
Nov. 7	34,658	33,235	32,496	266.4	205.9	561.5	.....	446.8	.....	356.8	295.1	.....	61.7	6.7	6.4
14	34,675	32,943	32,464	267.0	206.2	562.9	.....	446.4	.....	356.7	295.9	.....	60.8	6.7	6.5
21	35,216	33,875	32,892	267.5	206.4	562.8	.....	446.6	.....	356.1	295.3	.....	60.8	7.4	5.7
28	34,606	33,777	32,369	265.4	204.6	561.5	.....	446.5	.....	357.2	296.1	.....	61.1	7.6	5.5
Dec. 5	35,009	33,218	32,802	266.6	205.9	563.3	.....	446.8	.....	357.8	296.7	.....	61.1	7.2	5.7
12	34,514	31,941	32,311	267.9	206.4	564.3	.....	447.0	.....	359.2	296.4	.....	62.8	7.6	4.8
19	35,217	33,153	32,765	268.8	207.3	567.4	.....	448.2	.....	360.7	298.7	.....	62.0	7.6	4.4
26	35,196	34,188	32,873	269.2	207.1	567.8	.....	451.7	.....	361.5	298.6	.....	62.9	7.3	6.1
Jan. 2 p	34,906	33,474	32,415	269.4	207.5	569.0	.....	453.9	.....	363.5	299.5	.....	64.0	7.0	7.5
9 p	35,502	34,497	32,459	267.6	205.5	567.7	.....	453.8	.....	364.4	300.1	.....	64.3	7.1	7.8

p - Preliminary

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. Adjusted credit proxy includes mainly total member bank deposits subject to reserve requirements, bank-related commercial paper and Eurodollar 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 or last day of month. Weekly data are not available for M₃, total loans and investments and thrift institution deposits.

1/ Estimated monthly average levels derived by averaging end of current month and end of previous month reported data.

2/ Series revised to incorporate new seasonal factors and June 30, 1973, benchmark adjustments. Data are preliminary and may be subject to minor changes.

Appendix Table III

**Growth Rate in Money Supply--New Revised Series
(Per cent change at an annual rate)**

		<u>M₁</u>		<u>M₂</u>		<u>M₃</u>	
		<u>M</u>	<u>Q</u>	<u>M</u>	<u>Q</u>	<u>M</u>	<u>Q</u>
1972	I	9.0	5.3	12.3	11.0	14.6	13.2
	II	6.2	8.2	8.9	9.8	10.9	12.0
	III	8.7	8.2	10.8	10.8	12.8	12.6
	IV	9.9	8.4	10.6	10.2	11.8	11.8
1973	I	3.8	7.1	6.9	8.9	9.4	10.8
	II	11.5	7.3	11.1	8.6	10.4	9.1
	III	-0.2	5.5	5.2	7.9	4.5	7.2
	IV	8.0	4.1	10.2	8.6	9.3	7.4

M = Annual rates of growth calculated from average levels in the final months of the quarters.

Q = Annual rates calculated from average levels in all three months of the quarters.

Appendix Table IV

Comparison of Published, Preliminary Revised
and New Revised M_1 and M_2 Growth Rates

	M_1			M_2			
	Published	Preliminary Revised	New Revised	Published	Preliminary Revised	New Revised	
<u>Annual:</u>							
1971	6.6	6.3	6.3	11.4	11.2	11.2	
1972	8.3	8.7	8.7	10.8	11.1	11.1	
1973	5.2	6.3	5.9	7.9	8.9	8.6	
<u>Half year:</u>							
1971	1st Half	10.1	9.9	9.9	14.9	14.8	14.8
	2nd Half	3.0	2.6	2.6	7.4	7.1	7.1
1972	1st Half	7.7	7.7	7.7	10.8	10.7	10.7
	2nd Half	8.5	9.4	9.4	10.3	11.0	10.9
1973	1st Half	6.0	7.7	7.7	7.7	9.0	9.1
	2nd Half	4.2	4.7	3.9	7.9	8.5	7.8
<u>Quarterly:</u>							
1972	I	9.2	9.0	9.0	12.7	12.3	12.3
	II	6.1	6.2	6.2	8.5	8.9	8.9
	III	8.2	8.7	8.7	10.3	10.8	10.8
	IV	8.6	9.9	9.9	10.2	10.6	10.6
1973	I	1.7	3.4	3.8	5.7	6.5	6.9
	II	10.3	11.8	11.5	9.5	11.3	11.1
	III	0.3	0.8	-0.2	5.1	6.2	5.2
	IV	8.0	9.2	8.0	10.5	10.6	10.2
<u>Monthly:</u>							
1973	January	-0.5	4.7	4.7	6.4	9.1	9.4
	February	6.1	6.5	7.0	5.9	6.3	6.8
	March	-0.5	-0.9	-0.5	4.7	4.1	4.5
	April	7.5	6.5	6.0	8.1	8.3	8.3
	May	10.7	13.4	13.9	9.8	12.3	11.8
	June	12.4	15.1	14.2	10.4	13.0	12.8
	July	5.0	5.0	4.1	5.1	6.6	5.7
	August	-1.8	0.0	-0.9	6.4	7.2	6.3
	September	-2.3	-2.7	-3.6	3.9	4.8	3.7
	October	4.6	6.3	5.0	10.4	11.4	10.8
	November	10.0	10.8	10.4	11.4	11.3	10.9
	December	9.5	8.5	8.5	9.4	9.4	8.7