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MONEY MARKET AND RESERVE RELATIONSHIPS

Money markets

Recent developments. The money market has displayed a tight atmosphere since the last meeting of the Committee, reflecting in part a much larger than seasonal increase in required reserves and also the tight reserve positions that developed at major money market banks, especially those in New York. Federal funds traded at an effective rate of 4-1/2 per cent in the two statement weeks ending December 22 and since then have traded mainly at 4-5/8 per cent. Dealer borrowing costs have also moved into a higher range.

Treasury bill rates and other short-term rates have continued to move higher since their initial adjustments following the Federal Reserve actions in early December. CD rates in New York were most recently reported in a 4.75 - 4.80 per cent range for less than 3-month money, and 4.80 - 4.90 per cent for 3 to 6-month maturities. Banks reportedly are concentrating CD sales in the short-term area, where quoted yields are currently competitive with Treasury bills. The 3-month bill rate has risen to around 4.55 per cent, in response partly to the heavy January Treasury financing schedule (including \$100 million of weekly additions to the 3-month bill auction), partly to the increased cost of dealer financing, and most recently to a reversal of year-end window dressing operations. These factors have operated against the background of a shift in market attitudes more firmly to the belief that interest rates generally are likely to show an upward drift over the months ahead in view of widespread forecasts of continuing economic strength.

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE

(Monthly averages and, where available, weekly averages of daily figures; amounts in millions of dollars)

Period	Money Market Indicators				Bond Yields			Flow of Reserves, Bank Credit and Money				
	Free Reserves	Borrowings	Federal Funds Rate	3-month Treasury Bill	U. S. Gov't. (20 yr. bond)	Corporate New Issues (Aaa)	Municipal (Aaa)	Non-Borrowed Reserves	Total Reserves	Bank Credit Proxy	Money Supply	Time Deposits ^{2/}
1964 - Dec.	127	278	3.81	3.84	4.18	4.47	3.01	+260c	+ 49	+ 889	+ 600	+1,500
1965 - Jan.	115	303	3.85	3.81	4.19	4.42	2.97	- 25c	+ 92	+1,902	+ 300	+2,200
Feb.	26	406	3.96	3.93	4.21	4.41	2.97	+108	+181	+2,023	- 300	+2,200
Mar.	- 50	395	4.04	3.93	4.20	4.45	3.09	+ 95	+151	+1,782	+ 600	+1,100
Apr.	-133	471	4.09	3.93	4.20	4.46	3.09	+140	+216	+2,623	+ 800	+1,400
May	-159	490	4.08	3.89	4.21	4.51	3.09	- 21	- 51	+ 772	-1,100	+1,100
June	-178	534	4.01	3.80	4.21	4.58	3.15	+147	+169	+1,802	+1,800	+1,300
July	-178	526	4.07	3.83	4.21	4.61	3.16	+ 32	+ 25	+1,414	+ 700	+1,700
Aug.	-167	549	4.11	3.84	4.25	4.63	3.16	-115	- 49	+1,608	+ 200	+2,500
Sept.	-144	552	3.95	3.92	4.30	4.67	3.25	- 4	--	+ 249	+1,600	+1,500
Oct.	-135	490	4.05	4.02	4.32	4.69	3.31	+ 98	+ 56	+2,592	+1,300	+2,000
Nov.	- 79	418	4.09	4.08	4.40	4.72	3.34	+ 58	- 45	+ 759	+ 100	+1,900
Dec. p	- 25	452	4.28	4.37	4.50	4.84	3.39	+369	+342	+2,135	+1,700	+1,400
1965 - Dec. 1	-110	534	4.12	4.12	4.41	4.79	3.37				- 100	+ 200
8	- 23	478	3.50	4.25	4.48	4.80	3.37				+ 900	+ 100
15	75	486	4.50	4.36	4.52	4.86	3.40				- 100	+ 300
22	14	218	4.40	4.45	4.52	--	3.40				+1,300	+ 100
29p	- 82	546	4.62	4.46	4.52	--	3.40				+ 800	+ 500
1966 - Jan. 5p	-180	562	4.60	4.51	4.52	4.82	3.40				+ 500	+ 200
Year 1964	107	295	3.47	<u>3.55</u>	4.19	4.44	3.09	+ 4.6	+ 4.2	+ 7.6	+ 4.3	+12.8
Year 1965	- 93	467	4.05	3.95	4.27	4.58	3.16	+ 4.2	+ 5.2	+ 9.1	+ 4.8	+16.0
Aug. 1965 -- Nov. 1965	-132	505	4.05	3.96	4.32	4.68	3.26	+ 0.5	- 0.5	+ 6.8	+ 5.9	+17.2
December 1965	- 25	452	4.28	4.37	4.50	4.84	3.39	+20.7	+18.8	+10.9	+12.3	+11.5

^{1/} Base is average for month preceding specified period.

^{2/} Time deposits, adjusted, at all commercial banks; differs from time deposit required reserve series in Table A-2 since latter includes only member banks.

p -- Preliminary.

c -- Corrected.

The rise in bill rates was moderated to a degree by the System's willingness to finance on a temporary basis a sizable portion of dealer inventories at a relatively attractive rate. Between December 23 and January 6, the System acquired, gross, slightly more than \$2 billion of short-term repurchase agreements with nonbank dealers.

In the four statement weeks ending January 5, 1966, reserve availability at all member banks declined from net free reserves of \$75 million in the week ending December 15 to net borrowed reserves of \$180 in the week of January 5, when markets were affected by the transit strike in New York. Member bank borrowings ranged from a low of \$218 million in the week of December 22 to a high of \$561 million in the week of January 5. For the four-week period as a whole net borrowed reserves averaged \$43 million and member bank borrowings \$453 million. These reserve figures were accompanied by a 3-month bill rate averaging 4.45 per cent and a Federal funds rate averaging 4.53 per cent.

Prospective developments. While some earlier market uncertainties have passed, such as those related to the tax date and the Treasury's January financing plans, the market is still in process of adjustment. Thus, the outlook over the next three weeks for both the degree of money market pressure and the interrelationships among money market variables remains difficult to assess. In the period ahead, attitudes in both the bill and bond markets will be importantly influenced by the content of the Budget Document, to be forthcoming

in about two weeks, and by whether there is either dramatic success or failure in current peace overtures in relation to Vietnam.

Bill demand has been strong recently, and some seasonal easing of bill rates often develops as January progresses. But the more than seasonal strength in public and private credit demands currently foreseen may tend to be an offsetting factor this year. More intensive efforts by banks to obtain CD money would contribute to pressures in short-term markets, while credit demands generally may serve not only to keep bill yields from showing much, if any, seasonal improvement but may also tend to keep bond yields under pressure.

Taking these considerations into account, and in the absence of expectational shocks, the 3-month bill rate may fluctuate in a 4.50 to 4.60 per cent range over the next three weeks, assuming net borrowed reserves are around \$100 million. A movement of the bill rate to a range consistently below the discount rate, say 4.40 - 4.50 per cent, is likely to require an easier reserve position, possibly a positive one given the current market outlook.

Reserve flows, bank credit, and money

Recent developments. Strengthened credit demands on banks brought forth a larger than anticipated expansion of required reserves in December. This reserve need was accompanied by a very rapid expansion in nonborrowed reserves (21 per cent annual rate for the month). Member banks borrowed more in December than in November, but this rise in borrowings appeared to be less than seasonal as total reserves for the month grew somewhat less than nonborrowed.

Prospective developments. With respect to the effect of market factors on the reserve supply in the weeks ahead, the usual seasonal inflow of currency from circulation is the principal factor supplying nonborrowed reserves. Float is projected to provide a partial offset by absorbing reserves in the latter part of January. The System will probably need to absorb reserves over the next two weeks if net borrowed reserves are kept in the neighborhood of \$100 million; resumption of reserve supplying operations will be needed toward the end of January.

Expansion in both nonborrowed and total reserves is likely to continue in January at fairly high rates, although reduced below December. The strength of projected expansion in aggregate reserves is partly the result of expectations of continued strong loan demands on banks and of bank participation in Government financings because of the use of tax and loan account credits. Bank credit on a daily average basis, as indicated by total member bank deposits, may increase this month at near the 11 per cent December pace.

Projections of strong reserve growth also hinge on expectations that the deposit mix will continue to require more reserves per dollar of deposits, as in December. Growth of outstanding time and savings deposits in January may not be much above the reduced 11.5 per cent December pace in view of the large CD maturities scheduled for the current month. With time deposit growth continuing at this less rapid pace, and with strong loan demand on banks, private demand

deposits are likely to expand further. An offsetting influence, however, would be the greater than seasonal expansion expected for U.S. Government deposits as a result of the concentration of financing in the current month. Private demand deposits are likely to grow over the next few months somewhat above the 4.5 per cent rate for the year 1965 as a whole.

Table A-1

MARGINAL RESERVE MEASURES

(Dollar amounts in millions, based on period averages of daily figures)

Period	Excess reserves	Member bank borrowings	Free reserves		
	As revised to date			As first published each week	As expected at conclusion of each week's open market operations
<u>Policy periods</u>					
12/19/62 - 5/22/63	481	179	302		
5/22/63 - 7/31/63	437	276	161		
7/31/63 - 8/19/64	407	292	115		
8/19/64 - 2/3/65	413	325	88		
2/3/65 - 3/24/65	386	405	- 19		
3/24/65 - 1/5/66	368	500	-132		
<u>Monthly (reserve weeks ending in):</u>					
1964--December	405	278	127		
1965--January	418	303	115		
February	432	406	26		
March	345	395	- 50		
April	338	471	-133		
May	331	490	-159		
June	356	534	-178		
July	348	526	-178		
August	382	549	-167		
September	408	552	-144		
October	355	490	-135		
November	339	418	- 79		
December p	427	452	- 25		
<u>Weekly</u>					
1965--Oct. 6	440	536	- 96	- 40	- 35
13	298	495	-197	-189	-179
20	490	591	-101	- 97	-128
27	193	338	-145	-137	-136
Nov. 3	379	486	-107	-118	-118
10	428	334	94	62	37
17	317	489	-172	-198	-189
24	230	361	-131	-163	-177
Dec. 1	424	534	-110	-153	-147
8	455	478	- 23	9	20
15	561	486	75	71	57
22	232	218	14	17	4
29 p	464	546	- 82	- 79	- 69
1966--Jan. 5 p	382	562	-180	-179	-174

p - Preliminary.

Table A-2

AGGREGATE RESERVES AND RESERVE RELATED MEASURES

Retrospective Changes, Seasonally Adjusted
(In per cent, annual rates based on monthly averages of daily figures)

Period	Total reserves	Nonborrowed reserves	Required reserves by type of deposit			Reserve related measures	
			Time	Demand		Total member bank deposits (credit) 1/	Money supply
				Private + U. S. Gov't.	Private		
Annually:							
1963	+ 3.5	+ 3.5	+15.4	+ 1.7	+ 2.4	+ 7.5	+ 3.8
1964	+ 4.2	+ 4.6	+12.8	+ 3.1	+ 3.2	+ 7.6	+ 4.3
1965	+ 5.2	+ 4.2	+16.3	+ 2.4	+ 3.5	+ 9.1	+ 4.8
Policy Period:							
8/64 - 1/65	+ 4.9	+ 5.2	+15.3	+ 1.6	+ 2.6	+ 8.1	+ 4.4
1/65 - 3/65	+ 9.4	+ 5.8	+15.1	+ 6.0	+ 2.5	+10.4	+ 1.1
3/65 - 11/65	+ 2.2	+ 2.4	+15.7	+ 0.6	+ 3.5	+ 8.0	+ 5.1
December p	+18.8	+20.7	+10.7	+11.0	+11.3	+10.9	+12.3
Monthly:							
1964--November	+ 4.8	+ 1.5	+14.7	+ 5.3	- 1.7	+ 9.8	+ 2.3
December	+ 2.8	+15.1	+13.1	- 2.6	+ 3.6	+ 4.9	+ 4.5
1965--January	+ 5.2	- 1.4	+21.6	+ 0.2	- 2.6	+10.5	+ 2.3
February	+10.3	+ 6.2	+19.8	+ 3.0	- 2.0	+11.1	- 2.3
March	+ 8.5	+ 5.4	+10.3	+ 9.0	+ 6.9	+ 9.7	+ 4.5
April	+12.1	+ 8.0	+13.5	+14.8	+ 5.0	+14.1	+ 6.0
May	- 2.8	- 1.2	+ 9.8	- 1.3	-14.0	+ 4.1	- 8.2
June	+ 9.4	+ 8.3	+11.4	+ 7.8	+15.6	+ 9.6	+13.5
July	+ 1.4	+ 1.8	+14.5	+ 0.7	+ 1.4	+ 7.5	+ 5.2
August	- 2.7	- 6.5	+24.4	- 7.1	- 0.4	+ 8.4	+ 1.5
September	--	- 0.2	+13.5	-11.1	+14.0	+ 1.3	+11.8
October	+ 3.1	+ 5.5	+18.7	+ 8.1	+ 8.4	+13.5	+ 9.5
November	- 2.5	+ 3.2	+14.4	- 6.9	- 1.7	+ 3.9	+ 0.7
December p	+18.8	+20.7	+10.7	+11.0	+11.3	+10.9	+12.3

1/ Includes all deposits subject to reserve requirements. Movements in this aggregate correspond closely with movements in total member bank credit.

p - Preliminary.

Chart 1

MEMBER BANK RESERVES

SEASONALLY ADJUSTED MONTHLY AVERAGES OF DAILY FIGURES

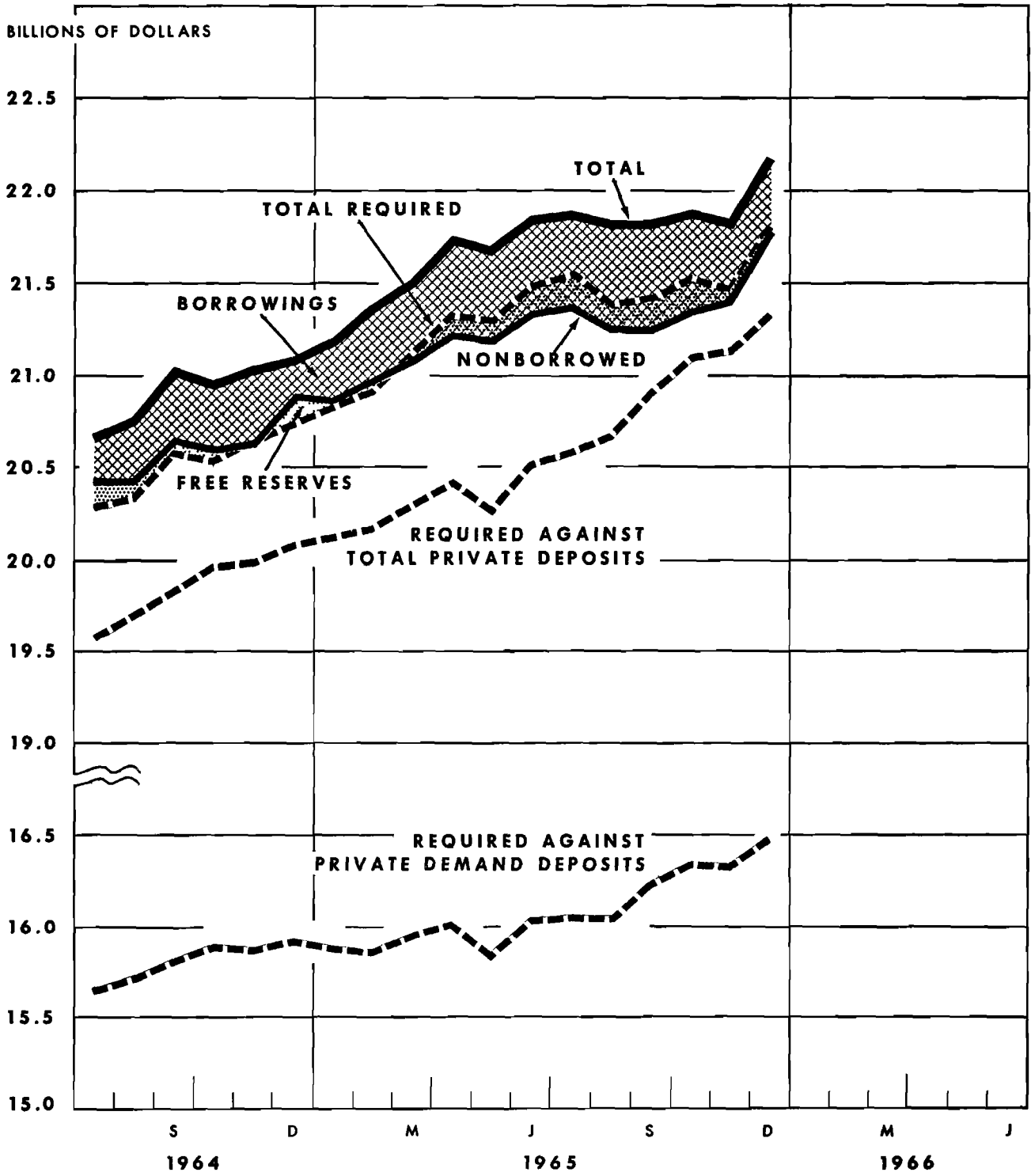


Chart 2

MEMBER BANK DEPOSITS SUPPORTED BY REQUIRED RESERVES

SEASONALLY ADJUSTED MONTHLY AVERAGES OF DAILY FIGURES

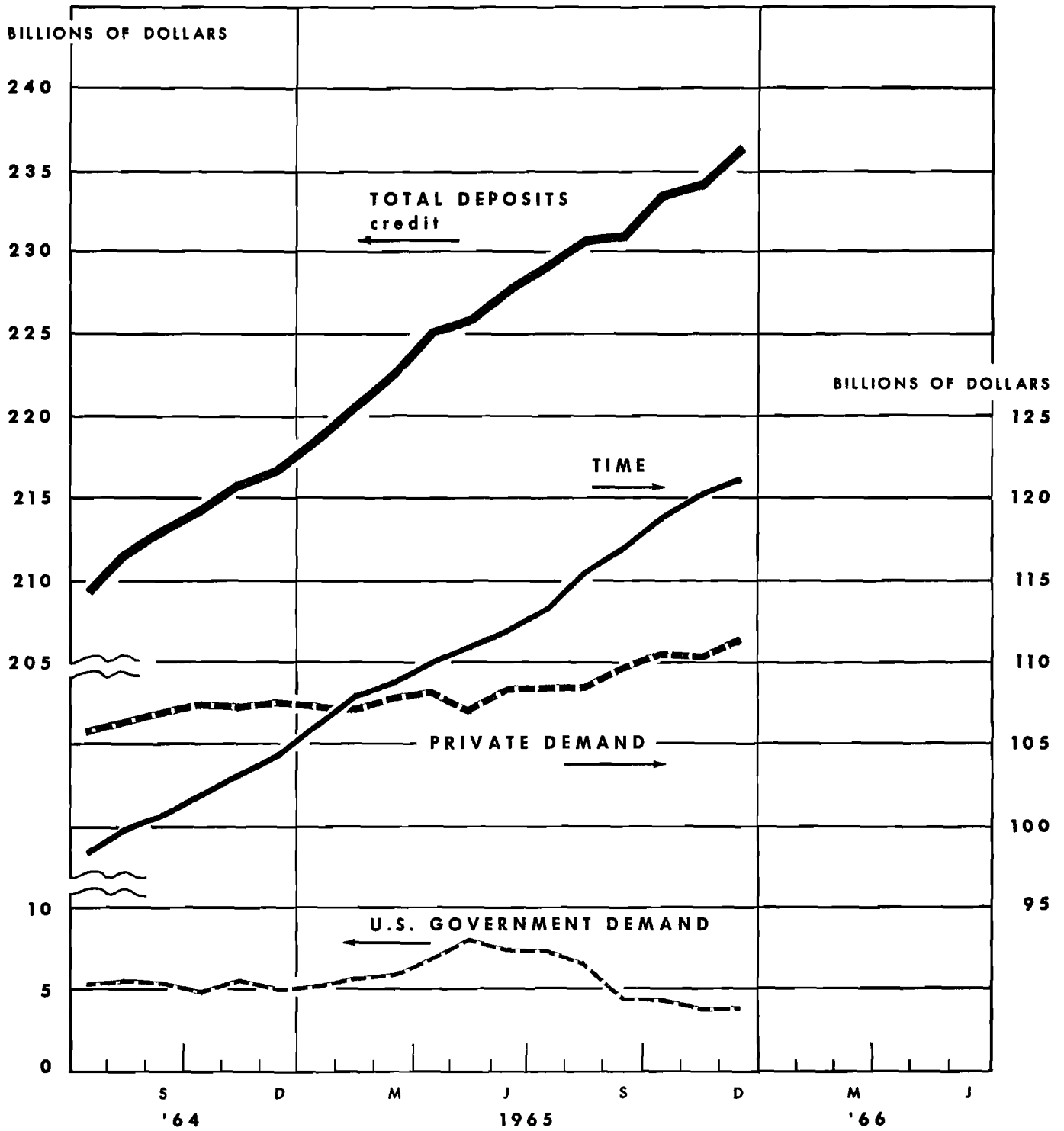


Chart 3

MONEY SUPPLY BY COMPONENTS

SEASONALLY ADJUSTED MONTHLY AND WEEKLY AVERAGES OF DAILY FIGURES

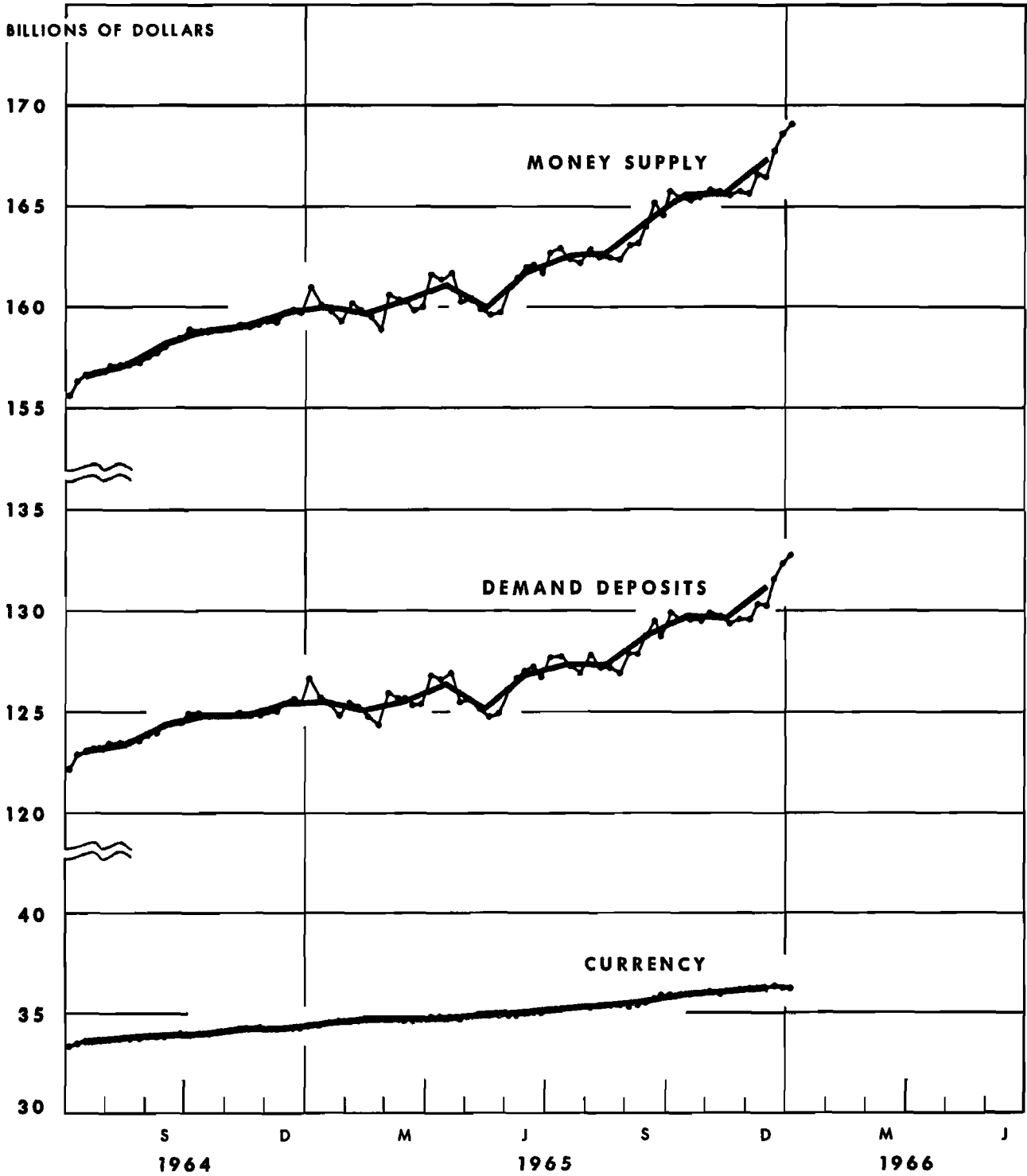


Table B-1

MAJOR SOURCES AND USES OF RESERVES

Retrospective and Prospective
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Factors affecting supply of reserves				= Change	= Bank use of reserves	
	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Technical factors net 2/	in total reserves	Required reserves 3/	Excess reserves
ACTUAL							
Year:							
1963 (12/26/62 - 12/25/63)	+3,125	-426	-1,950	- 76	+ 676	+ 763	- 87
1964 (12/25/63 - 12/23/64)	+3,219	-165	-1,847	-365	+ 840	+ 910	- 70
Year-to-date:							
(12/25/63 - 1/6/65)	+3,443	-164	-1,532	-548	+1,198	+1,319	-121
(12/23/64 - 1/5/66)	+4,542	-1,654	-1,829	+390	+1,452	+1,474	- 22
Weekly:							
1965--Nov. 3	+ 709	+ 1	- 127	-308	+ 273	+ 87	+186
10	+ 256	--	- 519	+ 52	- 207	- 256	+ 49
17	- 72	+ 1	- 50	+ 98	- 26	+ 85	-111
24	- 380	- 16	- 88	+353	- 131	- 44	- 87
Dec. 1	+ 979	- 35	- 62	-441	+ 443	+ 249	+194
8	+ 441	+ 1	- 421	+126	+ 145	+ 114	+ 31
15	- 138	- 1	- 24	+290	+ 127	+ 21	+106
22	- 325	+ 1	- 146	+812	+ 341	+ 670	-329
29 p	+ 369	- 23	+ 45	-114	+ 278	+ 46	+232
1966--Jan. 5 p	+ 247	- 53	+ 358	-341	+ 212	+ 294	- 82
PROJECTED							
Jan. 12	- 325	--	+ 215	-285	- 395	- 395	--
19	- 655	- 10	+ 380	+ 55	- 230	- 230	--
26	+ 5	- 10	+ 220	-300	- 85	- 85	--
Feb. 2	+ 205	- 10	+ 20	-330	- 115	- 115	--
9	+ 505	- 10	- 380	-185	- 70	- 70	--
16	- 125	- 10	+ 45	+ 20	- 70	- 70	--
23	- 345	- 10	+ 130	+265	+ 40	+ 40	--
Mar. 2	+ 30	- 10	+ 25	-150	- 105	- 105	--

1/ For retrospective details, see Table B-4.

p - Preliminary.

2/ For factors included, see Table B-3.

3/ For required reserves by type of deposits, see Table B-2.

4/ See reverse side for explanation of projections.

Explanation of Projections in Table B-1

1. Changes in Federal Reserve credit indicate reserves needed to offset projected changes in required reserves and factors affecting the supply of reserves.
2. Projected changes in currency outside banks reflect seasonal movements plus an allowance for growth of about \$30 million per week.
3. Projected effects of Treasury operations, included in "technical factors," reflect scheduled and assumed calls in current two weeks and thereafter, maintenance of Treasury balances with Federal Reserve at \$600 million.
4. Projected changes in gold stock reflect assumed outflow after January at the rate of about \$50 million per month.
5. Projected changes in required reserves reflect estimated seasonal movements in private deposits, except as indicated in projections in Table B-2, and projected movements in U.S. Government demand deposits. Government deposit projections are based on anticipated Treasury receipts and expenditures and the following assumed financing operation: a \$100 million increase in the weekly Treasury bill auction from January 13 to March 31; \$1.5 billion, January 19; \$0.8 billion, February 15.

Table B-2

CHANGES IN REQUIRED RESERVE COMPONENTS

Retrospective and Prospective Seasonal and Nonseasonal Changes
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Total required reserves	Supporting U. S. Gov't. demand deposits	Supporting private deposits				
			Total	Seasonal changes		Other than seasonal changes	
				Demand	Time	Demand	Time
<u>ACTUAL</u>							
Year:							
1963 (12/26/62 - 12/25/63)	+763	+ 8	+755	+ 45	--	+239	+471
1964 (12/25/63 - 12/23/64)	+910	-115	+1,025	+ 16	--	+542	+467
Year-to-date:							
(12/25/63 - 1/6/65)	+1,319	- 10	+1,329	+141	+ 42	+669	+477
(12/23/64 - 1/5/66)	+1,467	- 59	+1,526	+172	+ 31	+635	+688
Weekly:							
1965--Nov. 3	+ 87	- 71	+ 158	+ 78	- 8	+ 73	+ 1
10	-256	-177	- 79	+ 37	--	-118	+ 2
17	+ 85	+ 33	+ 52	+ 15	- 23	+ 38	+ 22
24	- 44	+101	- 145	-129	- 8	- 24	+ 16
Dec. 1	+249	+217	+ 32	+ 46	+ 8	- 22	--
8	+114	-121	+ 235	+113	--	+112	+ 10
15	+ 21	-303	+ 324	+302	--	+ 15	+ 7
22	+670	+245	+ 425	+226	- 8	+208	- 1
29 p	+ 46	+216	- 170	-176	+ 8	- 12	+ 10
1966--Jan. 5 p	+294	- 98	+ 392	+236	+ 23	+119	+ 14
<u>PROJECTED</u>							
Jan. 12	-395	-200	- 195	- 55	- 15	-120	- 5
19	-230	-220	- 10	- 20	+ 10	--	--
26	- 85	+165	- 250	-260	+ 10	--	--
Feb. 2	-115	+ 40	- 155	-165	+ 10	--	--
9	- 70	+125	- 195	-205	+ 10	--	--
16	- 70	+ 85	- 155	-145	- 10	--	--
23	+ 40	+220	- 180	-190	+ 10	--	--
Mar. 2	-105	-150	+ 45	+ 30	+ 15	--	--

1/ Reduction in percentage reserve requirements applicable to time deposits released \$780 million of reserves at the end of October 1962.

Table B-3

TECHNICAL FACTORS AFFECTING RESERVES

Retrospective and Prospective Changes

(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Technical factors (net)	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F. R. accounts
ACTUAL					
(Sign indicates effect on reserves)					
Year:					
1963 (12/26/62 - 12/25/63)	- 76	-216	+149	+ 88	- 97
1964 (12/25/63 - 12/23/64)	-365	-470	- 84	+ 11	+178
Year-to-date:					
(12/25/63 - 1/6/65)	-548	-212	-369	- 76	+109
(12/23/64 - 1/5/66)	+390	+350	-541	- 18	+599
Weekly:					
1965--Nov. 3	-308	+ 66	-281	+ 20	-113
10	+ 52	-115	+290	- 37	- 86
17	+ 98	+ 27	+ 63	- 3	+ 11
24	+353	+148	+276	--	- 71
Dec. 1	-441	+111	-462	+ 21	-111
8	+126	+ 99	+ 58	+ 7	- 38
15	+290	+ 54	+193	- 7	+ 50
22	+812	- 66	+823	+ 9	+ 46
29	-114	+ 31	-163	+ 4	+ 14
1966--Jan. 5	-341	+ 87	-347	- 15	- 66
PROJECTED					
Jan. 12	-285	- 5	-150	- 15	-115
19	+ 55	+ 15	+ 40	--	--
26	-300	--	-300	--	--
Feb. 2	-330	--	-330	--	--
9	-185	--	-185	--	--
16	+ 20	--	+ 50	--	- 30
23	+265	--	+400	--	-135
Mar. 2	-150	--	-150	--	--

Table B-4

SOURCES OF FEDERAL RESERVE CREDIT

Retrospective Changes

(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Total Federal Reserve credit (excl. float)	U. S. Government securities			Repurchase agreements	Bankers' acceptances	Member bank borrowings
		Total holdings	Outright				
			Bills	Other			
Year:							
1963 (12/26/62 - 12/25/63)	+3,125	+3,076	+1,659	+1,404	+ 13	+ 39	+ 10
1964 (12/25/63 - 12/23/64)	+3,219	+3,340	+2,086	+1,022	+232	- 61	- 60
Year-to-date:							
(12/25/63 - 1/6/65)	+3,443	+3,472	+1,941	+1,022	+509	- 21	- 8
(12/23/64 - 1/5/66)	+4,542	+4,104	+3,031	+ 916	+157	+133	+305
Weekly:							
1965--Oct. 6	+ 790	+ 776	+ 776	--	--	+ 31	- 17
13	- 131	- 71	- 101	--	+ 30	- 19	- 41
20	- 215	- 293	- 325	--	+ 32	- 18	+ 96
27	- 426	- 194	- 132	--	- 62	+ 21	-253
Nov. 3	+ 709	+ 537	+ 537	--	--	+ 24	+148
10	+ 256	+ 424	+ 420	--	+ 4	- 16	-152
17	- 72	- 205	- 201	--	- 4	- 22	+155
24	- 380	- 260	- 260	--	--	+ 8	-128
Dec. 1	+ 979	+ 747	+ 747	--	--	+ 59	+173
8	+ 441	+ 479	+ 376	--	+103	+ 18	- 56
15	- 138	- 135	- 87	--	- 48	- 11	+ 8
22	+ 325	- 55	- 22	--	- 33	- 2	-268
29	+ 369	+ 28	- 171	--	+199	+ 13	+328
1966--Jan. 5	+ 247	+ 178	- 24	--	+202	+ 53	+ 16

Chart Reference Table C-1

TOTAL, NONBORROWED AND REQUIRED RESERVES

Seasonally Adjusted

(Dollar amounts in millions, based on monthly averages of daily figures)

Period	Total reserves	Nonborrowed reserves	Required reserves		
			Total	Against private deposits	
				Total	Demand
1963--January	19,620	19,504	19,212	18,377	15,131
February	19,700	19,547	19,224	18,419	15,133
March	19,752	19,575	19,284	18,478	15,152
April	19,770	19,608	19,292	18,539	15,170
May	19,858	19,667	19,359	18,582	15,184
June	19,848	19,630	19,452	18,620	15,191
July	20,020	19,718	19,557	18,725	15,264
August	19,898	19,565	19,431	18,791	15,265
September	20,025	19,663	19,592	18,854	15,288
October	19,923	19,573	19,518	18,955	15,349
November	19,994	19,640	19,587	19,110	15,453
December	20,240	19,960	19,775	19,119	15,422
1964--January	20,248	19,977	19,884	19,185	15,442
February	20,268	19,982	19,872	19,246	15,466
March	20,459	20,176	20,056	19,292	15,492
April	20,482	20,226	20,057	19,361	15,527
May	20,404	20,167	20,023	19,338	15,471
June	20,682	20,431	20,269	19,441	15,539
July	20,665	20,420	20,285	19,577	15,646
August	20,753	20,416	20,332	19,694	15,705
September	21,012	20,638	20,570	19,832	15,805
October	20,949	20,600	20,536	19,960	15,886
November	21,033	20,626	20,639	19,988	15,864
December	21,082	20,886	20,742	20,081	15,912
1965--January	21,174	20,861	20,842	20,122	15,878
February	21,355	20,969	20,915	20,166	15,852
March	21,506	21,064	21,119	20,294	15,943
April	21,722	21,204	21,317	20,409	16,009
May	21,671	21,183	21,298	20,258	15,822
June	21,840	21,330	21,473	20,506	16,028
July	21,865	21,362	21,538	20,579	16,047
August	21,816	21,247	21,384	20,665	16,041
September	21,816	21,243	21,420	20,903	16,227
October	21,872	21,341	21,532	21,090	16,341
November	21,827	21,399	21,459	21,124	16,318
December p	22,169	21,768	21,794	21,321	16,472

p - Preliminary.

Continuation of Reference Table C-2

DEPOSITS SUPPORTED BY REQUIRED RESERVES

Seasonally Adjusted

(Dollar amounts in millions, based on monthly averages of daily figures)

Period	Total member bank deposits (credit 1/)	Time deposits	U. S. Gov't. demand deposits	Private demand deposits 2/
1963--January	189,012	81,146	5,565	102,301
February	190,044	82,139	5,587	102,318
March	191,115	83,139	5,525	102,451
April	192,013	84,232	5,210	102,571
May	193,134	84,961	5,509	102,664
June	194,259	85,732	5,816	102,711
July	195,597	86,528	5,865	103,204
August	196,513	88,145	5,158	103,210
September	197,717	89,139	5,212	103,366
October	198,339	90,159	4,399	103,781
November	200,130	91,428	4,219	104,483
December	201,505	92,426	4,804	104,275
1964--January	202,981	93,563	5,011	104,407
February	203,759	94,495	4,695	104,569
March	205,068	95,011	5,308	104,749
April	206,176	95,852	5,337	104,987
May	206,613	96,677	5,327	104,609
June	208,669	97,542	6,061	105,066
July	209,312	98,273	5,256	105,783
August	211,506	99,725	5,592	106,189
September	212,906	100,670	5,368	106,868
October	214,109	101,850	4,849	107,410
November	215,849	103,090	5,500	107,259
December	216,738	104,215	4,932	107,591
1965--January	218,640	106,107	5,180	107,353
February	220,663	107,843	5,642	107,178
March	222,445	108,778	5,872	107,795
April	225,068	109,996	6,829	108,243
May	225,840	110,898	7,967	106,975
June	227,642	111,955	7,315	108,372
July	229,056	113,306	7,253	108,497
August	230,664	115,594	6,614	108,456
September	230,913	116,900	4,296	109,717
October	233,505	118,718	4,298	110,489
November	234,264	120,152	3,785	110,327
December p	236,399	121,231	3,793	111,375

1/ Includes all deposits subject to reserve requirements-- i.e., the total of time, private demand, and U.S. Government demand deposits. Movements in this aggregate correspond closely with movements in total member bank credit.

2/ Private demand deposits include demand deposits of individuals, partnerships and corporations and net interbank balances.

p - Preliminary.

Chart Reference Table C-3
MONEY SUPPLY BY COMPONENTS
 Seasonally Adjusted
 (Dollar amounts in billions, based
 on monthly averages of daily figures)

Period	Money Supply	Demand deposits <u>1/</u>	Currency <u>2/</u>
1964--September	158.2	124.3	33.9
October	158.8	124.8	34.0
November	159.1	124.8	34.2
December	159.7	124.4	34.2
1965--January	160.0	125.5	34.5
February	159.7	124.1	34.7
March	160.3	125.6	34.7
April	161.1	126.4	34.7
May	160.0	125.1	34.9
June	161.8	126.8	35.0
July	162.5	127.3	35.2
August	162.7	127.3	35.4
September	164.3	128.7	35.6
October	165.6	129.7	35.9
November	165.7	129.6	36.1
December p	167.4	131.1	36.3
<u>Weekly:</u>			
1965--Oct. 6	165.8	129.9	35.9
13	165.5	129.6	35.9
20	165.4	129.6	35.9
27	165.5	129.5	36.0
Nov. 3	165.9	129.9	36.1
10	165.8	129.7	36.0
17	165.6	129.4	36.1
24	165.8	129.6	36.2
Dec. 1	165.7	129.6	36.2
8	166.6	130.3	36.3
15	166.5	130.2	36.3
22	167.8	131.5	36.4
29 p	168.6	132.3	36.3
1966--Jan. 5 e	169.1	132.7	36.3

1/ Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances at Federal Reserve Banks.

2/ Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.

p - Preliminary. e - Estimated.