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MONEY MARKET AND RESERVE RELATIONSHIPSRecent developments

Money market conditions have eased somewhat in recent weeks, and aggregate bank reserves, bank credit, and the money supply have shown considerably less strength than earlier anticipated; in fact, all these variables have declined on average in October. The outflow of time deposits at banks is not very different from anticipations with time and savings deposits at all commercial banks declining at about a 2.5 per cent annual rate in October. This reflects a net run-off in CD's estimated at between \$1.2 to \$1.5 billion of the \$5.2 billion of CD's maturing during the month.

Total member bank deposits (the bank credit proxy) declined at an annual rate of almost 3 per cent on average in October; this represented a substantial shortfall from earlier projections, with the shortfall reflecting weaker than expected private demand deposits.^{1/} The weakness in bank credit is also attested to by very preliminary estimates for the change in total commercial bank credit on a last-Wednesday-of-the-month basis. This series shows only a very minor \$200 million rise (an annual rate of not quite 1 per cent) for October.

^{1/} During October, domestic banks made somewhat less use of funds obtained through their foreign branches than in recent months. Allowance for such funds would make the October decline in the bank credit proxy 2.2 per cent.

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE

(Monthly averages and, where available, weekly averages of daily figures)

Period	Money Market Indicators				Bond Yields			Flow of Reserves, Bank Credit and Money				
	Free Reserves (In millions of dollars)	Borrowings	Federal Funds Rate	3-month Treasury Bill	U.S. Gov't. (20 yr.)	Corporate New Issues (Aaa) ^{1/}	Municipal (Aaa)	Non-borrowed Reserves (In millions of dollars) ^{2/}	Total Reserves	Bank Credit Proxy	Money Supply	Time Deposits ^{3/}
1965--Oct.	-132	490	4.05	4.02	4.32	4.69	3.31	+134	+ 70	+ 2.3	+ 1.1	+ 2.1
Nov.	- 77	418	4.09	4.08	4.40	4.72	3.34	+ 93	+ 11	+ 1.1	+ 0.4	+ 1.8
Dec.	- 22	452	4.28	4.37	4.50	4.85	3.39	+182	+262	+ 1.8	+ 1.6	+ 1.4
1966--Jan.	- 51	431	4.32	4.58	4.52	4.81	3.40	+173	+129	+ 1.6	+ 0.8	+ 0.9
Feb.	-117	474	4.58	4.65	4.71	4.96	3.48	+ 58	+ 78	+ 0.7	+ 0.2	+ 0.7
Mar.	-210	545	4.64	4.58	4.72	5.09	3.55	- 88	+ 57	+ 1.1	+ 0.9	+ 1.0
Apr.	-277	638	4.64	4.61	4.65	5.03	3.46	+206	+256	+ 3.1	+ 1.6	+ 1.9
May	-339	653	4.83	4.63	4.69	5.16	3.53	+ 1	+ 6	+ 1.0	- 0.7	+ 1.6
June	-352	722	5.13	4.50	4.73	5.35	3.60	- 16*	+ 3*	+ 0.9*	+ 0.9	+ 1.5*
July	-361	739	5.18	4.78	4.84	5.48	3.77	+130*	+219*	+ 2.1*	- 1.5	+ 1.9*
Aug.	-383	740	5.45	4.95	4.95	5.64	3.91	-298	-396	- 0.7	--	+ 1.4
Sept. p	-390	765	5.30	5.36	4.94	5.82	3.93	--	+124	--	+ 0.9	+ 0.4
Oct. p	-416	766	5.41	5.35	4.85	5.71	3.83	-104	-118	- 0.6	- 0.7	- 0.3
Sept. 7	-412	749	5.91	5.12	4.96	5.91	3.99			+ 0.2	+ 0.5	+ 0.1
14	-384	888	5.68	5.31	4.92	--	3.85			- 0.5	- 0.4	--
21	-179	771	5.20	5.49	4.99	5.69	3.89			- 0.8	+ 1.6	- 0.1
28	-583	650	4.40	5.47	4.94	5.80	3.88			--	- 1.7	+ 0.2
Oct. 5 p	-493	828	5.90	5.35	4.89	--	3.86			+ 0.5	+ 0.7	- 0.1
12 p	-494	928	5.44	5.39	4.89	--	3.86			- 1.1	- 0.7	- 0.3
19 p	-311	790	5.50	5.42	4.86	5.82#	3.83			- 0.8	- 0.4	+ 0.1
26 p	-366	518	4.95	5.25	4.76	5.60	3.75			+ 2.1	- 0.2	- 0.2
Year 1965	- 90	467	4.05	3.95	4.27	<u>Averages</u> 4.69	3.16	+ 4.3	+ 5.3	+ 9.1	+ 4.7	+16.0
First half 1966	-228	576	4.69	4.59	4.67	5.12	3.51	+ 3.0	+ 4.6	+ 7.1*	+ 4.7	+10.3*
<u>Recent variations in growth</u>												
May 11-July 6	-365	719	5.05	4.56	4.72	5.32	3.61			+ 6.3*	+ 2.3	+12.8*
July 6-Aug. 10	-410	738	5.32	4.81	4.85	5.55	3.80			- 3.1	-13.4	+12.7
Aug. 10-Oct. 26	-395	751	5.37	5.26	4.93	5.80	3.90			+ 2.9	+ 2.0	+ 0.6

^{1/} From January 1966 to date, issues carry a 5-year call protection; # one issue included carries a 7-1/2 year call protection.

^{2/} Reserve series revised to reflect reserve requirements effective in mid-September.

^{3/} Time deposits adjusted at all commercial banks.

^{4/} Base is average for month preceding specified period or in the case of weekly periods, the first week shown.

* - Changes have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.

October 28, 1966.

Business loan growth in October, when there was again a sizable speed-up in certain corporate tax payments, was somewhat larger than in September, but less than the very high rate of expansion of the first eight months of the year. With the present degree of monetary restraint and with CD run-offs sizable, banks had to liquidate a substantial amount of U.S. Government securities, especially in the first half of October. Despite bank sales and the Treasury's October 11 auction of tax bills, bill rates remained within a relatively narrow range of fluctuation during the first half of October, when the 3-month bill averaged 5.40 per cent; bill rates subsequently declined, with the 3-month bill currently quoted around 5.25 per cent.

While the decline in bill rates was partly the result of disintermediation (with reinvestment of funds from CD run-offs converging on the short-term bill market), it also appears to have reflected the development of less intense credit demands in the economy--inasmuch as the decline in bill rates was also accompanied by some declines in other short-term rates, a reduction in money supply, and a further decline in long-term rates. Over the four months since midyear, the money supply and total reserves have declined at annual rates of more than 2 per cent and nonborrowed reserves at about 3.5 per cent. During the first half of this year by contrast all these variables increased at annual rates of between 3 and 5 per cent.

With aggregate monetary variables showing less strength than expected in recent weeks, open market operations did not attempt to offset fully the comparative ease that was developing in money market conditions. Net borrowed reserves during the past two statement weeks averaged \$338 million, with member bank borrowings averaging \$654 million; in the previous two statement weeks these indicators had averaged \$494 million and \$878 million respectively. The volume of Federal funds trading picked up slightly during the past two statement weeks, while the average rate at which trading took place declined to around 5½ per cent. Dealer loan rates in New York eased back a little, although by relatively less than did such rates outside New York.

Prospective developments

Assuming that money market rates and net borrowed reserves remain within the range of fluctuation of the past four weeks, staff projections suggest a further decline in total member bank deposits (the bank credit proxy) on average in November. The decline is likely to be in the order of a 2 per cent annual rate. With the deposit mix continuing to shift in favor of demand deposits, required reserves are projected to decline by only about 1 per cent. These projections assume some additional Treasury cash financing toward the end of the month, and a business loan expansion somewhat less than in October -- mainly because corporate payments of withheld taxes were shifted forward to October from November.

The reduction in total member bank deposits assumes a CD run-off during November of about \$½ billion, less than half the pace of the past two months. The recent decline in short-term bill rates (with the one-month bill currently quoted at around 4.50 per cent on the offered side) has led to some reported sales of short bills and reinvestment of the proceeds in short CD's. Total time and savings deposits for all member banks may still decline slightly on average in the month of November, but such deposits at all commercial banks are likely to rise slightly because of continued deposit gains by nonmember banks.

Money supply and private demand deposits are expected to rise at roughly a 2-3 per cent annual rate on average from October to November. Because private demand deposits fell steadily on a weekly basis after the first week in October, a resumed rise in November would start from a low point. As a result, the increase projected in such deposits from the last week of October to the last week in November is more rapid than the average rise for the month--partly influenced by the expected declines in the Treasury cash balance during most of the month ahead.

The Government security market in November will be importantly influenced by the market's accommodation of the Treasury's November refunding. The initial reaction to the Treasury's offering--a 15-month, 5-5/8 per cent note and a 5-year, 5-3/8 per cent note--was highly favorable, and prices were marked up especially in the intermediate- and long-term area. In the capital markets as a whole, the current

moderation in the corporate and municipal calendars is contributing to a firm atmosphere, which is likely to persist unless a sizable build-up in the calendar is induced.

Short-term markets are moving into the season when upward yield pressures generally intensify, and bill rates are likely to be influenced by a Treasury cash financing in the bill area that may be announced later in November. It appears likely that the 3-month bill rate will rise as November progresses, while generally remaining within a 5.20-5.50 per cent range. The propensity of investors to arbitrage between short bills and CD's would also tend to maintain a floor under bill rates. The Federal funds rate may also come under upward seasonal pressure in the weeks ahead and edge up from the recent average of 5-1/4 per cent.

Given the demand assumptions underlying the above projections, a movement toward a consistently shallower net borrowed reserve figure than obtained during the past four weeks--say, in the order of \$200 million--to encourage aggregate reserve and bank credit expansion would likely be accompanied by lower bill rates (with the 3-month bill possibly in a 4.90-5.30 per cent range) and increased market expectations for declining longer term rates.

Chart 1a

MEMBER BANK RESERVES

SEASONALLY ADJUSTED MONTHLY AVERAGES OF DAILY FIGURES

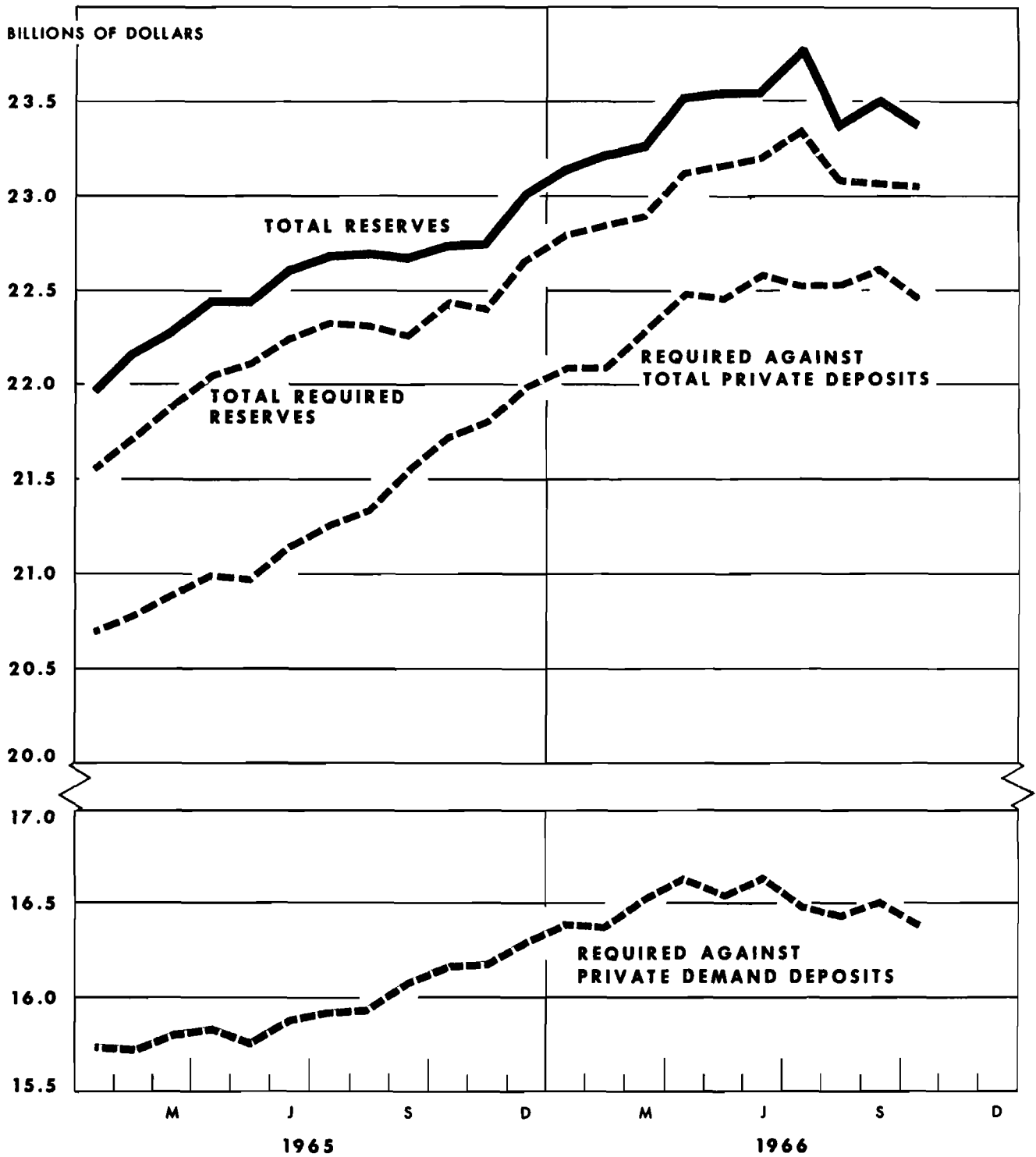


Chart 1b

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

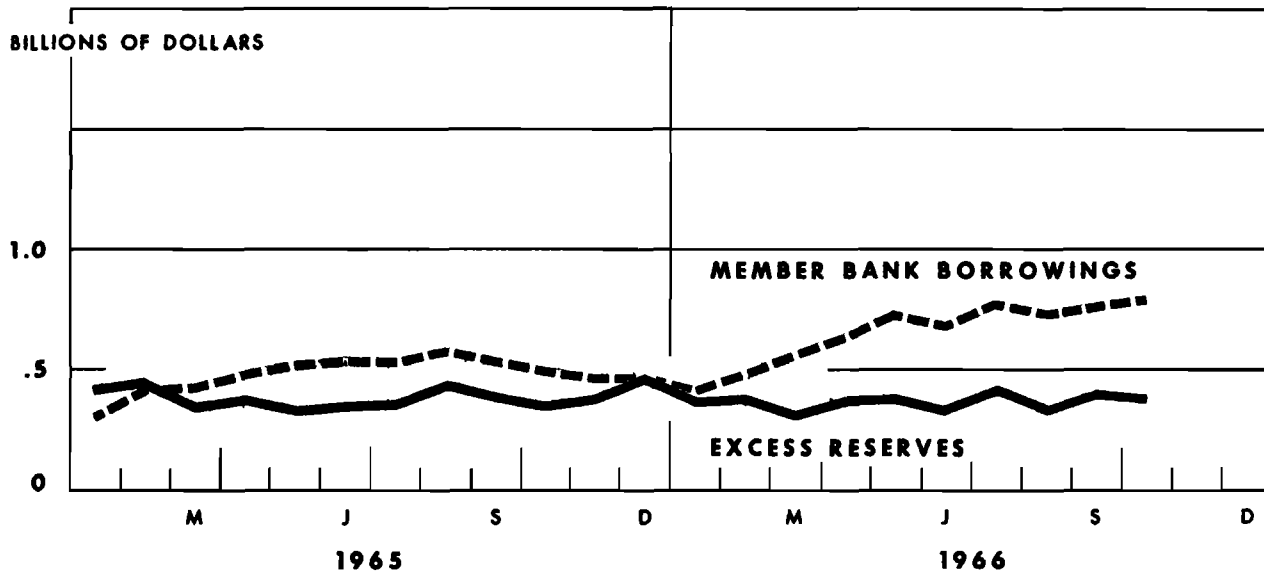
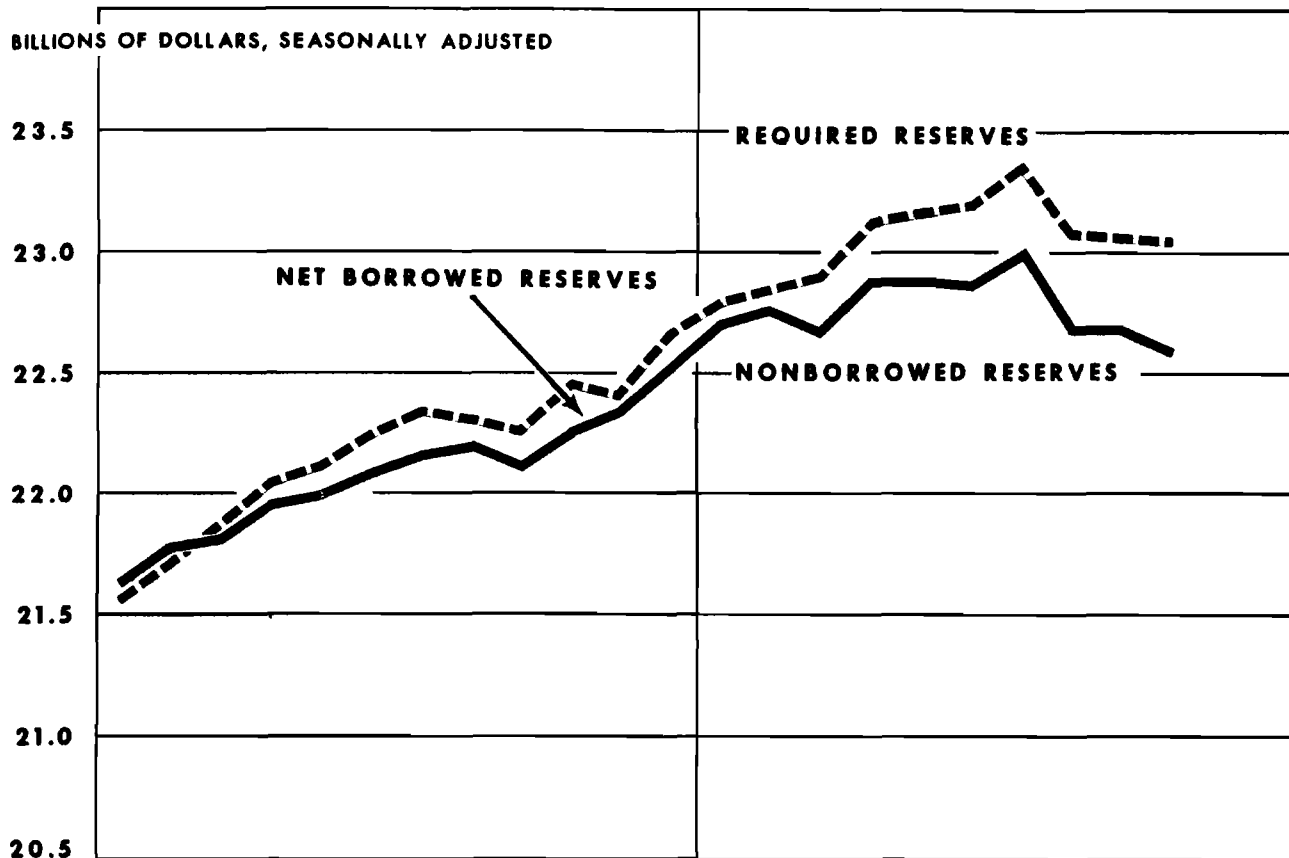
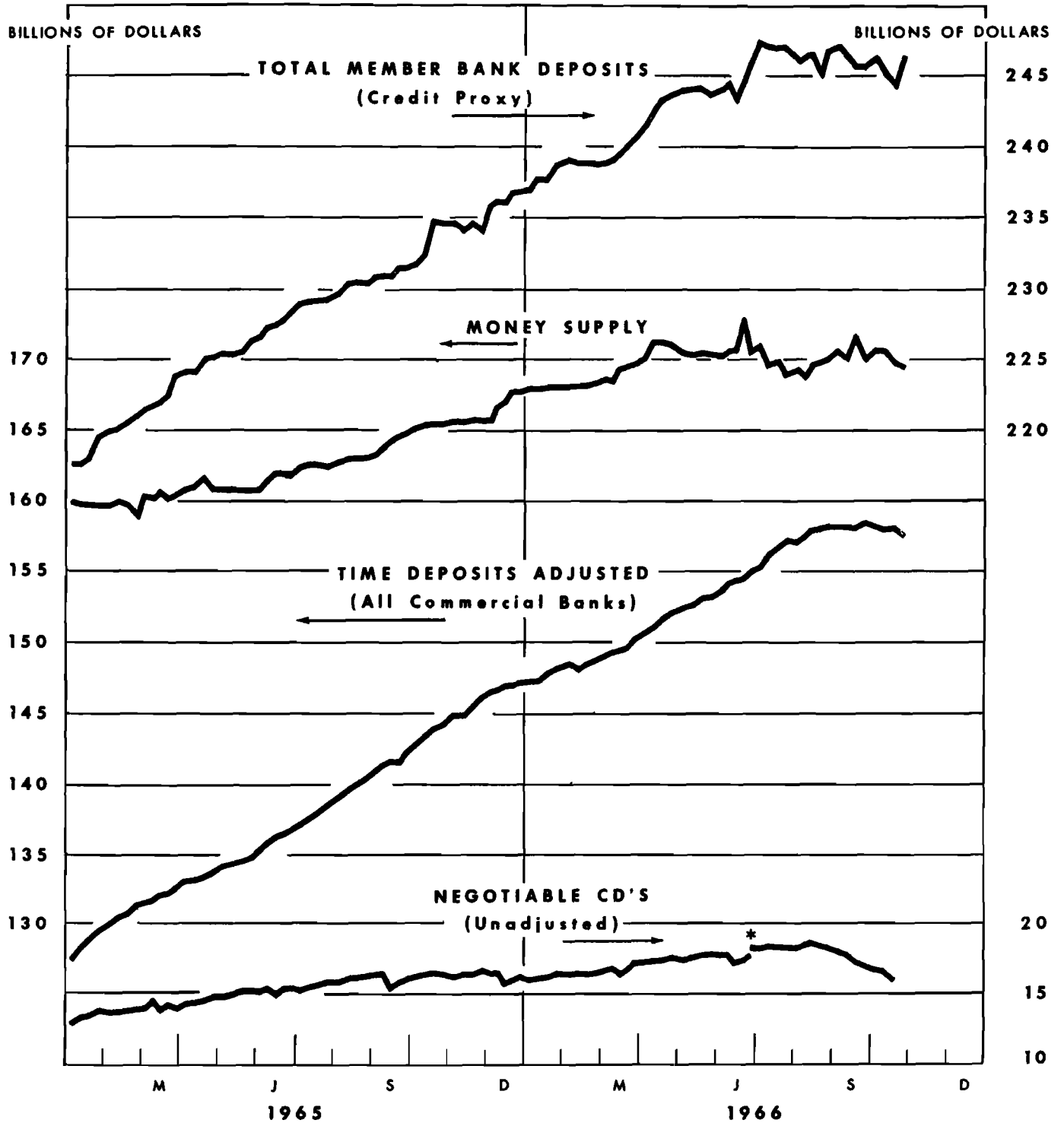


Chart 2

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



* CHANGE IN SERIES

Chart 3

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

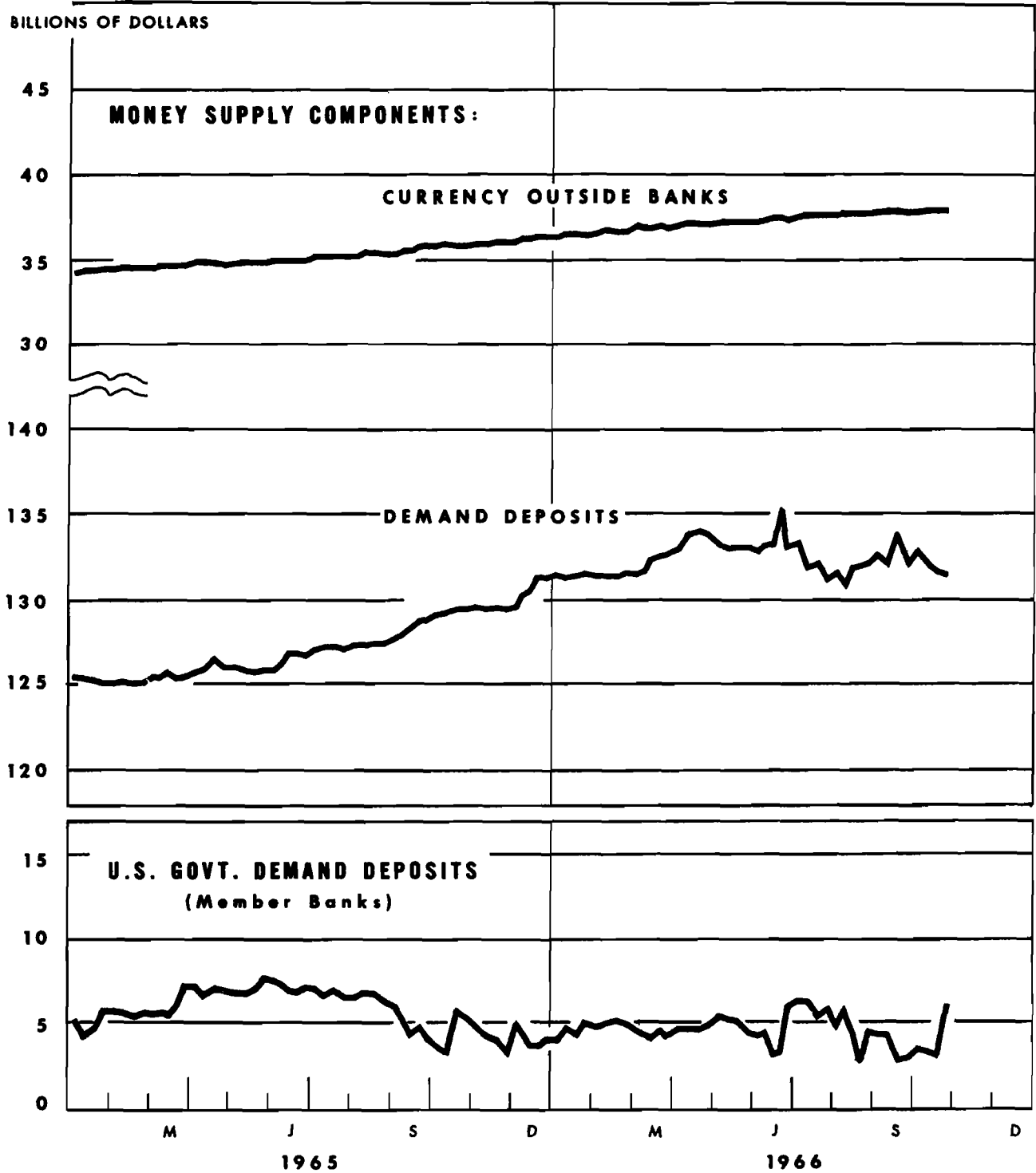


Table A-1

MARGINAL RESERVE MEASURES

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

Period	Excess reserves	Member banks borrowings	Free reserves		
	As revised to date			As first published each week	As expected at conclusion of each week's open market operations
Monthly (reserves weeks ending in):					
1965--September	413	552	-139		
October	358	490	-132		
November	341	418	- 77		
December	430	452	- 22		
1966--January	380	431	- 51		
February	357	474	-117		
March	335	545	-210		
April	361	638	-277		
May	315	653	-339		
June	370	722	-352		
July	380	739	-359		
August	366	740	-374		
September	375	765	-390		
October p	350	766	-416		
Weekly:					
1966--June 1	436	812	-376	-364	-342
8	207	547	-340	-375	-360
15	465	788	-323	-341	-336
22	282	691	-409	-417	-394
29	459	771	-312	-350	-368
July 6	350	827	-477	-456	-473
13	724	818	- 94	-155	-133
20	171	631	-460	-479	-528
27	276	680	-404	-441	-445
Aug. 3	353	778	-425	-427	-427
10	461	782	-321	-383	-417
17	277	730	-453	-466	-487
24	374	719	-345	-442	-482
31	364	691	-327	-422	-447
Sept. 7	337	749	-412	-419	-440
14	504	888	-384	-410	-439
21	592	771	-179	-198	-206
28	67	650	-583	-568	-542
Oct. 5 p	335	828	-493	-439	-439
12 p	434	928	-494	-511	-489
19 p	479	790	-311	-297	-308
26 p	152	518	-366	-366	-376

p - Preliminary

TABLE A-2

AGGREGATE RESERVES AND RELATED MEASURES

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

	Reserve Aggregates				Monetary Variables			
	Total Reserves	Nonborrowed Reserves	Required reserves		Total Member Bank Deposits (credit) ^{1/}	Time Deposits (comm. banks)	Money Supply	
			Total	Against Demand Deposits			Total	Private Demand Deposits
Annually:	(S E R I E S R E V I S E D)							
1964	+ 4.2	+ 4.6	+ 4.9	+ 3.1	+ 7.6	+12.8	+ 4.3	+ 4.0
1965	+ 5.3	+ 4.3	+ 5.3	+ 2.3	+ 9.1	+16.0	+ 4.7	+ 4.4
Monthly:								
1965--July	+ 3.7	+ 4.1	+ 4.8	- 2.0	+ 7.3	+15.0	+ 5.2	+ 4.7
August	+ 0.4	+ 1.5	- 1.8	- 4.0	+ 7.0	+18.3	+ 4.4	+ 2.8
September	- 1.2	- 3.9	- 2.2	- 6.8	+ 3.9	+13.7	+ 8.1	+ 9.4
October	+ 3.7	+ 7.3	+ 9.7	+ 5.1	+12.2	+17.8	+ 8.0	+ 7.5
November	+ 0.6	+ 5.0	- 2.0	- 3.9	+ 5.4	+15.0	+ 2.9	+ 1.9
December	+13.8	+ 9.8	+13.7	+ 8.2	+ 9.4	+11.5	+11.6	+13.0
1966--January	+ 6.7	+ 9.5	+ 6.9	+11.3	+ 8.3	+ 7.4	+ 5.7	+ 4.6
February	+ 4.0	+ 3.1	+ 2.9	+ 3.8	+ 3.7	+ 5.7	+ 1.4	--
March	+ 2.9	- 4.6	+ 2.7	+ 4.0	+ 5.3	+ 8.1	+ 7.8	+ 8.2
April	+13.2	+10.9	+11.9	+11.7	+15.6	+15.3	+11.3	+12.7
May	+ 0.3	+ 0.1	+ 2.1	- 4.8	+ 4.7	+12.7	- 4.9	- 7.2
June ^{2/}	+ 0.2	- 0.8	+ 1.6	+ 1.3	+ 4.5	+11.8	+ 6.3	+ 7.2
July ^{2/}	+12.4	+ 6.8	+ 8.1	+ 2.5	+10.7	+14.8	-10.5	-16.2
August ^{2/}	-20.0	-15.5	-14.5	-16.9	- 3.2	+10.7	--	- 0.9
September ^{2/p}	+ 6.6	--	- 0.2	- 0.6	- 0.2	+ 3.0	+ 6.4	+ 7.3
October ^{2/ p}	- 6.0	- 5.5	- 0.8	- 9.3	- 2.9	- 2.3	- 4.9	- 6.3

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

^{2/} Changes in reserves, total deposits, and time deposits have been adjusted for redefinition of time deposits effective June 9. Changes in reserves have been adjusted for increases in reserve requirements in July and September.

p - Preliminary.

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 in total reserves	= Bank use of reserves	
	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Technical factors net 2/		Required reserves 3/	Excess reserves
<u>ACTUAL</u>							
<u>Year:</u>							
1964 (1/1/64 - 12/30/64)	+3,127	-125	-2,281	-185	+534	+766	-232
1965 (12/30/64 - 12/29/65)	+4,035	-1,602	-2,143	+798	+1,089	+1,188	- 99
<u>Year-to-date:</u>							
(12/30/64 - 10/27/65)	+2,196	-1,531	-750	- 70	-153	+216	-369
(12/29/65 - 10/26/66)	+1,852	- 530	-652	-470	+201	+512	-310
<u>Weekly:</u>							
1966--Sept. 7	+438	--	-590	+182	+ 28	+ 55	- 27
14	+ 96	--	+ 79	+382	+562	+395	+167
21	-526	- 1	+199	+851	+520	+432	+ 88
28	-155	--	+289	-751	-618	- 93	-525
Oct. 5 p	-702	+ 1	-246	+ 56	+505	+237	+268
12 p	+100	--	-457	+ 77	-270	-369	+ 99
19 p	-630	- 2	+161	+411	+ 61	-106	+ 45
26 p	+ 35	- 10	+275	-332	- 26	+301	-327
<u>PROJECTED</u>							
Nov. 2	+240	--	-100	-145	- 5	- 5	--
9	+355	- 10	-645	+130	-170	-170	--
16	+ 40	- 10	+ 15	+ 40	+ 85	+ 85	--
23	-285	- 10	- 95	+ 30	- 60	- 60	--
30	+220	- 10	+ 95	-350	- 45	- 45	--
Dec. 7	+845	- 10	-380	-180	+275	+275	--
14	-165	- 10	- 50	+265	+ 40	+ 40	--
21	-505	- 10	- 30	+960	+415	+415	--
28	+ 70	- 10	-155	+150	+ 55	+ 55	--

p - Preliminary.

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

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

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

4/ See reserve side for explanation of projections.

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>							
<u>Year:</u>							
1964 (1/1/64 - 12/30/64)	+766	+ 13	+753	-222	- 12	+511	+476
1965 (12/30/64 - 12/29/65)	+1,188	- 89	+1,277	+115	- 4	+499	+667
<u>Year-to-date:</u>							
(12/30/64 - 10/27/65)	+214	-228	+442	-433	+ 32	+262	+581
(12/29/65 - 10/26/66)	+512	- 26	+538	-547	+ 43	-113	+1,155 <u>2/</u>
<u>Weekly:</u>							
1966--Sept. 7	+ 55	- 76	+131	+ 94	- 9	+ 47	- 1
14	+395	-199	+594	+316	--	- 82	+360
21 <u>1/</u>	+432	- 16	+448	+130	- 10	+267	+ 61
28 <u>1/</u>	- 93	+429	-522	-402	--	-127	+ 7
Oct. 5 p	+237	+ 69	+168	+135	+ 5	+ 35	- 7
12 p	-369	-291	- 78	+112	- 5	-182	- 3
19 p	-106	-182	+ 76	+163	- 4	- 83	--
26 p	+301	+346	- 45	+ 23	--	- 39	- 29
<u>PROJECTED</u>							
Nov. 2	- 5	-140	+135	+ 85	- 10	+ 55	+ 5
9	-170	- 25	-145	- 45	- 10	- 95	+ 5
16	+ 85	- 50	+135	+ 55	- 15	+ 90	+ 5
23	- 60	- 30	- 30	-105	- 5	+ 75	+ 5
30	- 45	- 85	+ 40	- 20	+ 5	+ 50	+ 5
Dec. 7	+275	+215	+ 60	+130	- 5	- 70	+ 5
14	+ 40	-260	+300	+295	- 5	+ 5	+ 5
21	+415	--	+415	+310	- 15	+115	+ 5
28	+ 55	+305	-250	-175	+ 5	- 85	+ 5

1/ Increase in percentage reserve requirements against time deposits absorb an estimated \$350 million of reserves at city banks effective September 8 and \$80 million at country banks effective September 15.

2/ Reflects reserve requirement changes in July and August.

p - Preliminary

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
<u>ACTUAL</u>		(Sign indicates effect on reserves)			
<u>Year:</u>					
1964 (1/1/64 - 12/30/ 64)	-185	-476	+132	- 37	+196
1965 (12/30/64 - 12/29/65)	+798	+294	-171	+ 77	+598
<u>Year-to-date:</u>					
(12/30/64 - 10/27/65)	- 70	- 61	-968	+ 63	+896
(12/29/65 - 10/26/66)	-470	+ 11	-670	+ 1	+188
<u>Weekly:</u>					
1966--Sept. 7	+182	+124	- 21	+ 11	+ 68
14	+382	+164	+160	+ 5	+ 53
21	+851	+205	+571	+ 3	+ 72
28	-751	-406	-288	- 9	- 48
Oct. 5	+ 56	+344	-372	- 5	+ 89
12	+ 77	+ 36	+ 55	- 7	- 7
19	+411	- 23	+275	+ 5	+154
26	-322	-227	-112	+ 21	- 4
<u>PROJECTED</u>					
Nov. 2	-145	+235	-375	--	- 5
9	+130	+195	- 65	--	--
16	+ 40	--	+100	--	- 60
23	+330	--	+550	--	-220
30	-350	--	-350	--	---
Dec. 7	-180	--	-180	--	--
14	+265	--	+210	--	+ 55
21	+960	--	+900	--	+ 60
28	+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				
<u>Year:</u>								
1964 (1/1/64 - 12/30/64)	+3,217	+3,281	+1,985	+1,022	+274	-100	- 54	
1965 (12/30/64 - 12/29/65)	+4,035	+3,916	+3,145	+916	-145	+ 77	+ 42	
<u>Year-to-date:</u>								
(12/30/64 - 10/27/65)	+2,196	+2,356	+1,806	+916	-366	+ 6	-166	
(12/29/65 - 10/26/66)	+1,852	+1,942	+1,645	+439	-142	- 62	- 28	
<u>Weekly:</u>								
1966--July 6	+851	+790	+706	+ 80	+ 4	+ 5	+ 56	
13	+ 5	+ 71	+ 61	+ 11	- 1	- 57	- 9	
20	-1,264	-972	-966	- 3	- 3	-105	-187	
27	+288	+189	+186	+ 3	--	- 10	+ 49	
Aug. 3	+655	+572	+414	--	+158	- 15	+ 98	
10	+141	+138	- 56	--	+194	- 1	+ 4	
17	-634	-580	-422	--	-158	- 2	- 52	
24	-201	-190	+ 4	--	-194	--	- 11	
31	+758	+784	+784	--	--	+ 2	- 28	
Sept. 7	+438	+380	+380	--	--	--	+ 58	
14	+ 96	- 41	- 82	--	+ 41	- 2	+139	
21	-526	-411	-370	--	- 41	+ 2	-117	
28	-155	- 32	- 32	--	--	- 2	-121	
Oct. 5	+702	+506	+496	--	+ 10	+ 8	+178	
12	+100	- 30	- 20	--	- 10	+ 40	+100	
19	-630	-448	-448	--	--	- 44	-138	
26	+ 20	+273	+194	--	+ 79	+ 19	-272	

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
(S E R I E S R E V I S E D) <u>2/</u>					
1964--January	20,964	20,673	20,542	19,679	15,295
February	20,996	20,711	20,601	19,748	15,321
March	21,179	20,875	20,754	19,796	15,344
April	21,209	20,931	20,783	19,855	15,364
May	21,105	20,911	20,765	19,910	15,371
June	21,385	21,135	20,972	19,993	15,409
July	21,436	21,150	21,015	20,118	15,495
August	21,551	21,256	21,172	20,247	15,575
September	21,776	21,422	21,333	20,387	15,665
October	21,739	21,409	21,346	20,486	15,709
November	21,872	21,487	21,499	20,547	15,713
December	21,843	21,585	21,526	20,634	15,746
1965--January	21,960	21,625	21,563	20,702	15,730
February	22,157	21,771	21,713	20,765	15,717
March	22,279	21,814	21,868	20,881	15,789
April	22,449	21,953	22,036	20,985	15,831
May	22,436	21,994	22,109	20,962	15,750
June	22,612	22,082	22,243	21,138	15,877
July	22,682	22,158	22,332	21,247	15,912
August	22,689	22,186	22,299	21,331	15,916
September	22,667	22,114	22,259	21,553	16,071
October	22,737	22,248	22,439	21,720	16,151
November	22,748	22,341	22,402	21,803	16,168
December	23,010	22,523	22,657	21,970	16,285
1966--January	23,139	22,701	22,788	22,075	16,364
February	23,217	22,759	22,844	22,084	16,356
March	23,274	22,671	22,896	22,269	16,510
April	23,530	22,877	23,123	22,477	16,625
May	23,536	22,878	23,163	22,453	16,534
June <u>1/</u>	23,539	22,862	23,193	22,582	16,626
July <u>1/</u>	23,758	22,992	23,350	22,511	16,468
August <u>1/</u>	23,362	22,694	23,067	22,517	16,428
September p <u>1/</u>	23,486	22,694	23,064	22,599	16,499
October p <u>1/</u>	23,368	22,590	23,048	22,447	16,371

p - Preliminary.

1/ Reserves have been adjusted for redefinition of time deposits effective June 9.

2/ Revised to reflect current levels of reserve requirements effective in mid-September.

Table C-2

DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally Adjusted

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

Monthly	Total member bank deposits (credit) <u>1/</u>	Time deposits	Private demand deposits <u>2/</u>	U.S. Gov't. demand deposits
1964--January	202.8	93.5	104.4	4.9
February	203.8	94.4	104.6	4.8
March	205.1	94.9	104.7	5.4
April	206.0	95.8	104.9	5.3
May	206.6	96.8	104.9	4.9
June	208.7	97.7	105.2	5.8
July	209.3	98.6	105.8	5.0
August	211.3	99.6	106.3	5.4
September	213.1	100.8	106.9	5.5
October	214.1	101.9	107.2	5.0
November	216.1	103.1	107.3	5.7
December	216.7	104.2	107.5	5.0
1965--January	218.4	106.0	107.4	5.0
February	220.4	107.6	107.3	5.5
March	222.5	108.6	107.8	6.1
April	224.6	109.9	108.1	6.7
May	225.8	111.1	107.5	7.2
June	227.7	112.2	108.4	7.1
July	229.1	113.8	108.6	6.7
August	230.4	115.5	108.6	6.3
September	231.1	116.9	109.7	4.6
October	233.5	118.7	110.2	4.5
November	234.5	120.2	110.4	4.0
December	236.4	121.2	111.2	4.0
1966--January	238.0	121.8	111.7	4.5
February	238.7	122.1	111.6	5.0
March	239.8	122.8	112.7	4.3
April	242.9	124.8	113.5	4.7
May	243.9	126.2	112.9	4.8
June <u>3/</u>	244.8	127.0	113.5	4.3
July <u>3/</u>	246.9	128.8	112.4	5.6
August <u>3/</u>	246.2	129.8	112.1	4.2
Sept. <u>3/</u>	246.2	130.1	112.6	3.5
Oct. <u>3/</u> proj.	245.6	129.5	111.7	4.3

1/ Includes all deposits subject to reserve requirements--d.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.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9.

p - Preliminary

TABLE C-3
MONEY SUPPLY AND TIME DEPOSITS AT ALL COMMERCIAL BANKS
Seasonally Adjusted
(Dollar amounts in billions, based
on monthly averages of daily figures)

Monthly	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits Adjusted
1964--June	155.6	33.5	122.1	118.6
July	156.6	33.6	123.0	119.7
August	157.2	33.8	123.5	120.9
September	158.2	33.9	124.3	122.1
October	158.8	34.0	124.8	123.5
November	159.0	34.1	124.8	125.1
December	159.7	34.2	125.4	126.6
1965--January	159.7	34.5	125.3	128.7
February	159.8	34.6	125.2	130.7
March	160.3	34.7	125.6	132.0
April	161.0	34.8	126.2	133.3
May	160.7	34.9	125.8	134.6
June	161.7	35.0	126.7	136.2
July	162.4	35.3	127.2	137.9
August	163.0	35.5	127.5	140.0
September	164.1	35.7	128.5	141.6
October	165.2	36.0	129.3	143.7
November	165.6	36.1	129.5	145.5
December	167.2	36.3	130.9	146.9
1966--January	168.0	36.6	131.4	147.8
February	168.2	36.8	131.4	148.5
March	169.3	36.9	132.3	149.5
April	170.9	37.2	133.7	151.4
May	170.2	37.3	132.9	153.0
June <u>3/</u>	171.1	37.4	133.7	154.5
July <u>3/</u>	169.6	37.7	131.9	156.4
August <u>3/</u>	169.6	37.8	131.8	157.8
September <u>3/</u> p	170.5	37.9	132.6	158.2
October <u>3/</u> p	169.8	38.0	131.9	157.9

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

2/ 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.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.

TABLE C-3a
MONEY SUPPLY AND TIME DEPOSITS AT ALL COMMERCIAL BANKS
Seasonally Adjusted
(Dollar amounts in billions, based
on monthly averages of daily figures)

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted
1966--Apr. 6	170.0	37.1	133.0	150.6
13	171.1	37.2	133.9	151.0
20	171.1	37.1	134.0	151.6
27	171.0	37.1	133.8	152.1
May 4	170.4	37.2	133.2	152.4
11	170.3	37.3	133.0	152.5
18	170.5	37.3	133.1	153.1
25	170.3	37.3	133.1	153.2
June 1	170.2	37.3	132.9	153.7
8	170.6	37.4	133.2	154.1
15	170.7	37.5	133.3	154.3*
22	172.7	37.5	135.3	154.4*
29	170.5	37.4	133.1	155.0*
July 6	170.9	37.6	133.3	155.5*
13	169.6	37.7	132.0	156.1*
20	169.8	37.7	132.1	156.6*
27	168.9	37.7	131.2	157.1*
Aug. 3	169.2	37.7	131.6	157.0*
10	168.7	37.8	130.9	157.4*
17	169.7	37.8	131.9	157.9*
24	169.8	37.8	132.0	158.0*
31	170.0	37.7	132.2	158.2*
Sept. 7	170.5	37.8	132.6	158.2*
14	170.1	38.0	132.1	158.2*
21	171.7	38.0	133.7	158.1*
28	170.0	37.9	132.1	158.4*
Oct. 5 p	170.7	37.9	132.8	158.2*
12 p	170.0	38.0	132.0	158.0*
19 p	169.6	38.0	131.6	158.1*
26 p	169.4	38.0	131.5	157.9*

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

2/ 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 of Federal Reserve Banks.

* - Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

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