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MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

The sharp rise in Treasury bill yields from the latter part of June to early July was the most notable recent development in the short-term market area since the last meeting of the Committee. The 3-month bill rate rose to a peak (close of business) of 4.29 per cent from the unusual low relative to other short-term market rates of 3.33 per cent to which it had fallen in the wake of reinvestment demand from holders of the maturing June tax bills. Most recently it has been quoted 4.18 per cent. Longer-term bill yields have shown similar movement, with the 1-year bill rising to a peak of 4.92 per cent and most recently quoted 4.85 per cent. The upward movement in bill rates, while partly seasonal in nature, was fueled by the Treasury financing announcement in late June of \$6.2 billion of cash borrowing in the bill area. Interest rates on other short-term market instruments--such as on commercial and finance company paper and certificates of deposit--have also moved up since the last meeting of the Committee, but by considerably less than the rise in bill rates.

The rise in the short-term market rate structure was limited by the ample availability of reserves to the banking system and the continuation of relatively comfortable over-all money market conditions. The effective rate on Federal funds has continued to average just below 4 per cent. In consequence, borrowing costs have been relatively low to dealers, although there was a slight rise in dealer loan rates at

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)	Total Reserves	Bank Credit Proxy (In billions of dollars)	Money Supply	Time Deposits ^{2/}
	(Seasonally Adjusted)											
1966--June	-352	722	5.13	4.50	4.73	5.35	3.60	- 16*	+ 3*	+ 0.9*	+ 0.9	+ 1.5*
July	-359	439	5.18	4.78	4.84	5.48	3.77	+13b*	+224*	+ 2.1*	- 1.5	+ 2.0*
Aug.	-374	740	5.45	4.95	4.95	5.64	3.91	- 302	-400	- 0.7	--	+ 1.4
Sept.	-390	765	5.30	5.36	4.94	5.82	3.93	+ 5	+129	- 0.1	+ 0.9	+ 0.4
Oct.	-425	766	5.46	5.33	4.83	5.70	3.82	-134	-195	- 0.7	- 0.9	- 0.3
Nov.	-235	605	5.75	5.31	4.88	5.71**	3.78	+108	- 35	- 1.1	- 0.4	+ 0.1
Dec.	-196	529	5.39	4.96	4.76	5.73**	3.79	+ 21	+ 21	+ 0.9	+ 1.1	+ 1.2
1967--Jan.	- 59	476	4.87	4.72	4.51	5.43**	3.50	+492	+331	+ 3.3	- 0.7	+ 2.5
Feb.	+ 42	366	4.99	4.56	4.61	5.18**	3.38	+359	+272	+ 3.1	+ 0.8	+ 2.6
Mar.	+172	196	4.50	4.26	4.56	5.31**	3.47	+541	+451	+ 3.2	+ 2.4	+ 2.1
Apr.	+199	150	4.03	3.84	4.64	5.38**	3.50	+122	+ 31	+ 2.9	- 0.7	+ 2.0
May	+275	94	3.94	3.60	4.90	5.62**	3.71	+102	- 29	+ 0.4	+ 2.0	+ 2.1
June p	+257	88	3.97	3.53	4.99	5.79**	3.80	+ 59	+155	+ 1.9	+ 1.9	+ 2.3
1967--June 14 p	+324	43	4.00	3.51	4.93	5.74**	3.78			+ 1.1	+ 0.2	+ 0.9
21 p	+170	91	3.97	3.56	5.04	5.79**	3.83			+ 1.0	+ 0.5	+ 0.1
28 p	+279	141	4.05	3.51	5.09	5.92**	3.85			- 1.3	- 0.3	+ 0.2
July 5 p	+159	353	3.78	4.07	5.06	5.86**	3.85			+ 0.6	+ 1.0	+ 0.7
12 p	+597	69	3.98	4.19	4.97	5.81**	3.87			+ 0.7	--	+ 0.3
					<u>Averages</u>			<u>Annual rates of increase ^{3/}</u>				
Year 1966	-283	672	5.06	4.85	4.77	5.41**	3.67	+ 0.8*	+ 1.2*	+ 3.7*	+ 1.9	+ 8.4*
Second Half 1966	-338	763	5.39	5.12	4.87	5.74**	3.83	- 1.5*	- 2.2*	+ 0.3*	- 0.9	+ 6.1*
First Half 1967	+153	222	4.38	4.09	4.70	5.45**	3.56	+14.8	+10.4	+12.2	+ 6.7	+17.1
<u>Recent variations in growth</u>												
July 6-Nov. 16	-346	732	5.43	5.13	4.89	5.72**	3.85			- 3.1	- 3.0	+ 4.4
Nov. 16-Mar. 29	- 23	397	5.01	4.70	4.64	5.36**	3.57			+13.6	+ 7.4	+15.8
Mar. 29-July 12	+262	123	3.98	3.72	4.86	5.65**	3.70			+ 6.2	+ 6.6	+14.7

^{1/} Issues carry a 5-year call protection; ** includes issues carrying 5-year and 10-year call protection.

^{2/} Time deposits adjusted at all commercial banks.

^{3/} Base is average for month preceding specified period or in case of weekly periods, the first week shown.

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

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New York City banks toward the end of June and in early July partly in connection with midyear statement date window dressing by banks and uncertainties about the flow of bank funds around the July 4th holiday period.

The midyear bank statement date, which fell on a Friday, and the holiday, which fell on a Tuesday of the same reserve settlement week, contributed to a sharp rise in member bank borrowings (to \$353 million) and in excess reserves (to a high \$482 million) in the week ending July 5. Borrowings dropped off sharply in the subsequent week to a more representative \$69 million. Meanwhile, excess reserves rose further to \$666 million, an increase which was in line with the previous seasonal movements at this time of year as country banks hold large excess reserves in the week following the holiday period.

Over-all, during the four statement weeks ending July 12, borrowings averaged about \$165 million, excess reserves \$460 million, and free reserves \$295 million. In the previous four weeks borrowings had averaged less, \$68 million, while excess reserves were also lower, \$352 million; free reserves consequently averaged \$284 million.

In the period since the last meeting of the Committee, the Account Management has provided almost \$1.7 billion of reserves through outright gross purchases of Treasury securities. With upward interest rate pressures focused in the bill area, \$1.5 billion of these transactions were in bills, about two-fifths representing purchases from foreign accounts. Most recently, the post-holiday return flow of

currency from circulation and the usual midmonth rise in float has led to a need to absorb reserves and the System has redeemed maturing bills and made outright bill sales totaling about \$660 million. Taking account of another bill redemption late last month, System Open Market operations have added \$740 million of securities, net, to the portfolio since the last meeting.

Purchases of coupon issues since the last meeting totaled about \$135 million, with \$55 million maturing in over 5 years. The availability of coupon issues for purchase has been sharply reduced; dealers' positions in coupon issues maturing in more than a year have declined by \$370 million from their level at the time of the last meeting, and their positions in securities maturing in more than 5 years have recently hovered around zero.

The atmosphere in long-term markets has improved at least partly because of shifting expectations regarding defense spending and the likelihood of a tax increase, but markets continue to be more than usually sensitive to any further changes in market psychology. Recent corporate issues have generally been well received at declining yields, although some aggressively priced issues have moved slowly. In the municipal market, while inventories remain sizable, there has been some improvement in distribution at the somewhat higher yield levels that have been reached.

Bank credit expansion in June (as measured by the daily average bank credit proxy) averaged almost 9 per cent, slightly more than previously estimated, as business loan increases around the tax

period were larger and somewhat more persisting than expected. The privately held money supply expanded at a 13 per cent annual rate, mainly reflecting the reduction in Treasury balances on average during the month. Time and savings deposits grew by 16 per cent. In meeting expanded loan demands, banks also increased borrowings from abroad by an amount which would add almost 1 percentage to the daily average credit proxy.

For the seven months ending in June--covering the period in which monetary policy became relatively easy--bank credit has risen by 11 per cent (10 per cent after including a decline in borrowings abroad through branches over the whole period), time deposits by 16 per cent, the money supply by 7 per cent, total reserves 9 per cent, and non-borrowed reserves by 13 per cent.

Prospective developments

The July 11 payment date for the Treasury's \$4 billion tax bill financing (with payment by full tax and loan credit) was about a week earlier than anticipated and is the principal factor contributing to the rise in projected average bank credit expansion in July to a 13-15 per cent range. Moreover, the yields on the tax bills were so attractive relative to yields in the outstanding market, even discounting the full value of tax and loan credit, that banks have been selling such bills off relatively slowly. Bank credit expansion over the balance of summer will be influenced by the timing of additional Treasury borrowings for the sizable amounts of new cash that, at the moment, appear to be required before late summer. A mid-August refunding

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of \$3.6 billion of maturing coupon securities will be announced toward the end of July.

If the Treasury does not raise significant amounts of new cash until early September, the rate of bank credit expansion in August is likely to be considerably slower than in July, perhaps only half as rapid on the average. It is expected that banks will continue to invest in municipal securities, to show an interest in recent attractively priced Federal Agency issues, and to continue seeking to invest in Treasury securities for liquidity purposes since many banks are still preparing for an expected stronger loan demand in the fall. In August, however, we expect business loans to show relatively little growth, as the late June-early July primarily tax-related borrowings are repaid and as inventory financing needs remain small. The recent small pick-up in real estate lending, primarily at weekly reporting banks, may continue and perhaps become more widespread, although the magnitudes involved are not likely to affect the bank credit total to any great extent.

Insofar as can be judged at this time, these short-run bank credit projections appear broadly consistent with the 10 per cent bank credit growth over the entire second half of 1967 contained in the GNP and financial projections presented to the Committee at its last meeting. Our Blue Book projections suggest a 10-12 per cent annual rate of increase for July and August together. While credit growth is projected to slacken during August, it is likely to begin to pick up in September as the Treasury begins to meet its fall cash financing needs and assuming no prolonged auto strike.

Money supply is expected to rise in a 5-7 per cent range on average in July, though levelling off after early July and into August as banks slowly reduce their holdings of the new tax bills and as loan repayments liquidate some private demand deposits. Time and savings deposits in July may grow in a 14-16 per cent range, with some fall-off from that pace expected in August as consumer spending rises further. Some savings could also be diverted to Treasury issues, depending on the nature of and the terms offered in the mid-August refunding.

All of the above projections assume no change in the prevailing money market conditions. Thus, they assume continuation of a Federal funds rate averaging just below 4 per cent, new dealer loan rates in New York in a 4-1/8 - 4-3/8 per cent range, and member bank borrowings generally remaining below \$100 million. Excess reserves appear likely to decline from the unusually high average levels of recent weeks, moving free reserves down into a \$200-\$300 million range. In particular, excess reserves and free reserves are likely to drop very low in the week of July 19, as country banks funnel into the money market some of the large reserve excesses cumulated in the week of July 12.

Given such conditions, the annual rates of increase for the various reserve aggregates in July are likely to be in a 15-18 per cent range, since an increased share of reserves will be required against the growth in private and Government demand deposits. The growth rates are likely to slacken markedly over the balance of summer mainly because of the much slower demand deposit growth anticipated.

The projected reserve expansion may be sufficient to keep the 3-month Treasury bill rate in a 4.00-4.30 per cent range between now and mid-August. But behavior of bill rates will be strongly influenced by Treasury financing decisions, the forthcoming new budgetary projections for fiscal 1968, and by decisions with respect to a tax increase. Such decisions are likely to be even more influential with respect to the long-term market, where a program introducing fiscal restraint could lead to some further bond yield declines, despite the large calendar of corporate and municipal issues and the imminent Treasury refunding.

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):					
1966--June	370	722	-352		
July	380	739	-359		
August	366	740	-374		
September	375	765	-390		
October	341	766	-425		
November	370	605	-235		
December	333	529	-196		
1967--January	417	476	- 59		
February	408	366	+ 42		
March	368	196	+172		
April	349	150	+199		
May	364	94	+270		
June p	345	88	+257		
Weekly:					
1967--Apr. 5	447	180	+267	+339	+300
12	226	145	+ 81	+154	+184
19	478	178	+300	+312	+305
26	246	98	+148	+169	+171
May 3	405	134	+271	+345	+343
10	329	63	+266	+260	+262
17	404	123	+281	+261	+291
24	327	50	+277	+288	+291
31	381	102	+279	+264	+264
June 7	331	77	+254	+284	+290
14 p	367	43	+324	+325	+339
21 p	261	91	+170	+198	+229
28 p	420	141	+279	+304	+292
July 5 p	482	353	+129	+152	+168
12 p	666	69	+597	+597	+604

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) <u>1/</u>	Time Deposits (comm. banks)	Money Supply	
			Total	Against Demand Deposits			Total	Private Demand Deposits
Annually:								
1965	+ 5.3	+ 4.3	+ 5.3	+ 2.3	+ 9.1	+16.0	+ 4.7	+ 4.4
1966	+ 1.2	+ 0.8	+ 1.5	- 0.2	+ 3.7	+ 8.4	+ 1.9	+ 0.9
Monthly:								
1966--January	+ 6.7	+ 9.5	+ 6.9	+11.3	+ 8.1	+ 7.4	+ 5.7	+ 4.6
February	+ 4.0	+ 3.1	+ 2.9	+ 3.8	+ 3.5	+ 5.7	+ 1.4	--
March	+ 2.9	- 4.6	+ 2.7	+ 4.0	+ 5.5	+ 8.1	+ 7.8	+ 8.2
April	+13.2	+10.9	+11.9	+11.7	+15.5	+15.3	+11.3	+12.7
May	+ 0.3	+ 0.1	+ 2.1	- 4.8	+ 4.9	+12.7	- 4.9	- 7.2
June <u>2/</u>	+ 0.2	- 0.8	+ 1.6	+ 1.3	+ 4.4	+11.8	+ 6.3	+ 7.2
July <u>2/</u>	+11.4	+ 7.1	+ 8.4	+ 2.9	+10.3	+15.5	-10.5	-16.2
August <u>2/</u>	-20.2	-15.8	-14.8	-17.3	- 3.4	+10.0	--	- 0.9
September <u>2/</u>	+ 6.6	- 0.3	- 0.2	- 3.2	- 0.5	+ 3.0	+ 6.4	+ 7.3
October <u>2/</u>	-10.0	- 7.1	- 1.1	- 2.0	- 2.9	- 2.3	- 6.3	- 8.1
November <u>2/</u>	- 1.8	+ 5.7	- 7.6	- 8.2	- 5.4	+ 0.8	- 2.8	- 4.6
December <u>2/</u>	+ 1.1	+ 1.1	+ 4.9	- 1.6	+ 3.9	+ 9.1	+ 7.8	+ 8.2
1967--January <u>2/</u>	+17.1	+26.0	+13.5	+12.7	+16.1	+18.1	- 4.9	- 9.1
February <u>2/</u>	+13.8	+18.6	+14.3	+ 9.0	+15.0	+19.3	+ 5.7	+ 5.5
March <u>2/</u>	+22.7	+27.6	+15.3	+17.0	+15.3	+15.3	+16.9	+20.0
April <u>2/</u>	+ 1.5	+ 6.1	+ 9.3	+10.2	+13.7	+14.4	- 4.9	- 7.2
May <u>2/</u>	- 1.4	+ 5.1	- 2.1	-11.4	+ 1.9	+15.0	+13.9	+16.2
June <u>2/</u> p	+ 7.6	+ 2.9	+ 4.2	+ 1.0	+ 8.8	+16.2	+13.1	+15.1

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

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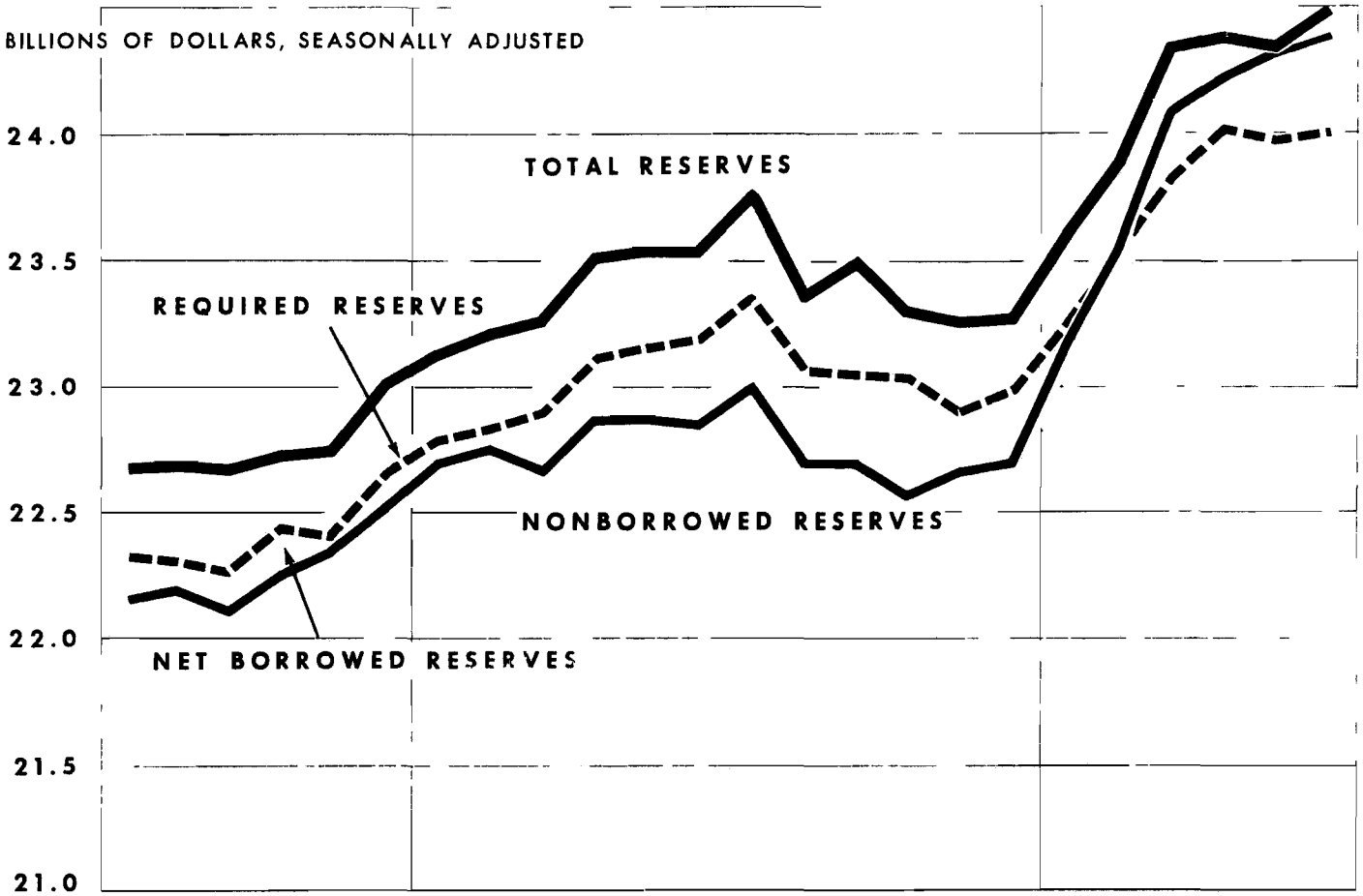
2/ Changes in reserves, total deposits, and time deposits have been adjusted for redefinition of time deposits effective June 9, 1966. Changes in reserves have been adjusted for increases in reserve requirements in July and September 1966, and reduction in reserve requirements in March 1967.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

BILLIONS OF DOLLARS, SEASONALLY ADJUSTED



BILLIONS OF DOLLARS

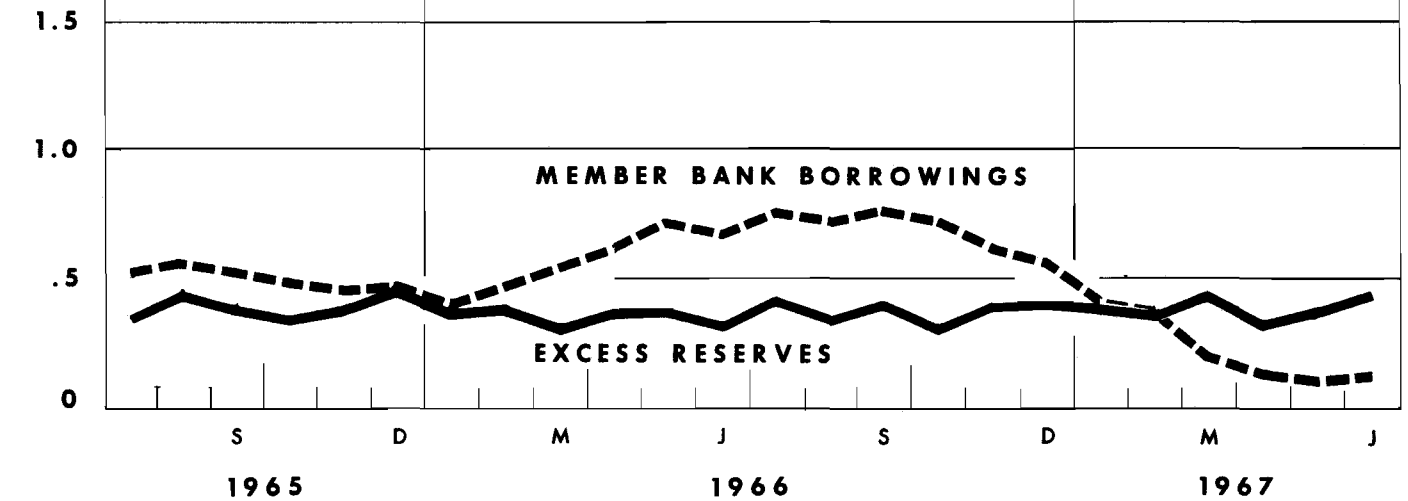


Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

260

TOTAL MEMBER BANK DEPOSITS (CREDIT PROXY.)
SEAS ADJ, WEEKLY AVERAGE OF DAILY FIGURES

256

252

248

244

240

236

6

LIABILITIES TO OVERSEAS BRANCHES
(WEEKLY REPORTING BANKS)
NOT SEAS ADJ, WEDNESDAYS

4

2

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1966

1967

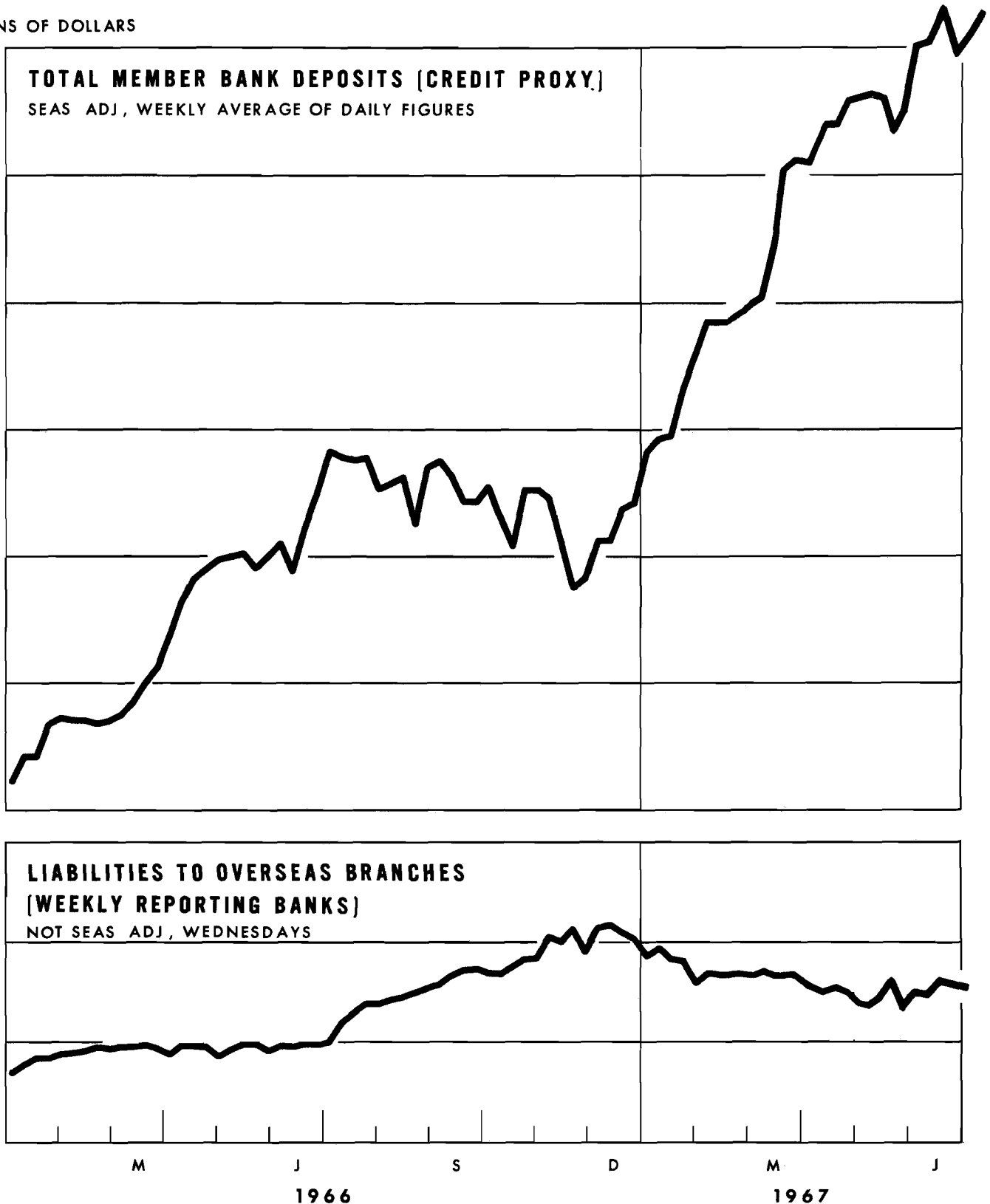
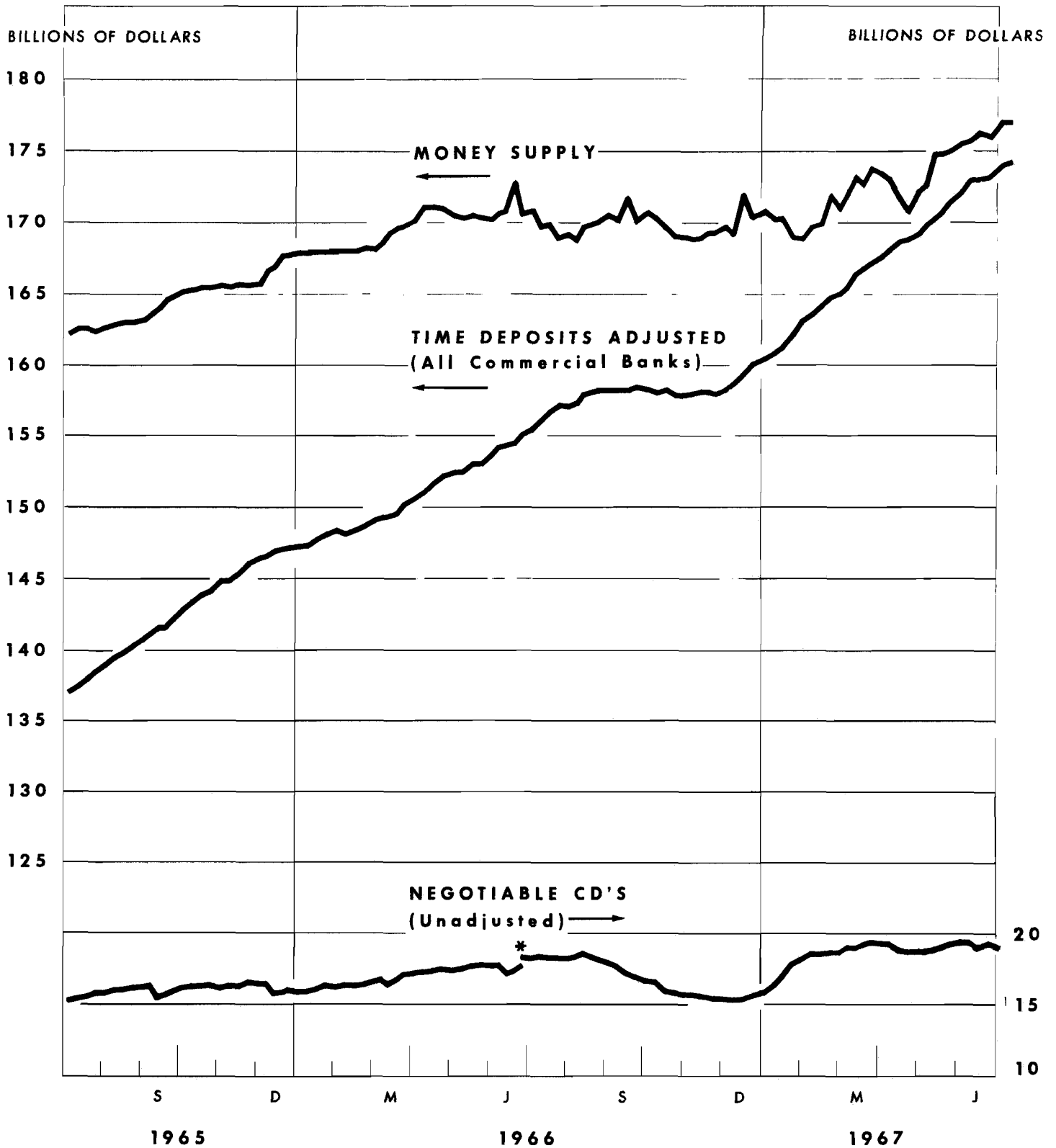


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



*CHANGE IN SERIES

Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

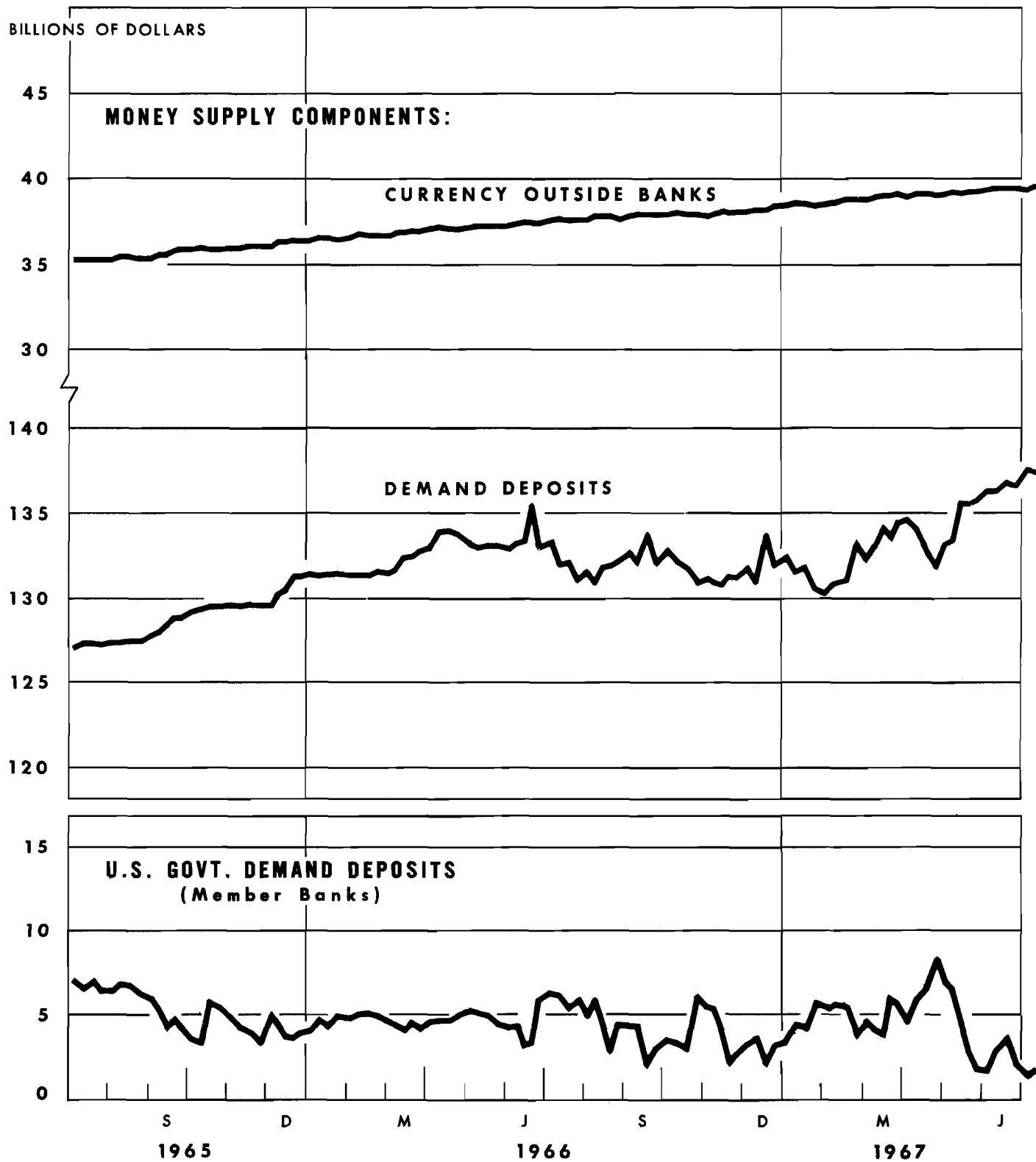


Table B-1

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 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>							
1965 (12/30/64 - 12/29/65)	+4,035	-1,602	-2,143	+ 798	+1,089	+1,188	- 99
1966 (12/29/65 - 12/28/66)	+3,149	- 627	-2,243	+ 805	+1,085	+1,111	- 26
<u>Year-to-date:</u>							
(12/29/65 - 7/13/66)	+2,124	- 351	- 810	- 794	+ 172	- 89	+ 261
(12/28/66 - 7/12/67)	+2,708	- 49	- 582	-2,232	- 155	- 384	+ 229
<u>Weekly:</u>							
1967--June 7	+ 228	--	- 445	+ 334	+ 117	+ 167	- 50
14 p	- 420	- 1	- 106	+ 565	+ 39	+ 3	+ 36
21 p	+ 105	--	+ 72	+ 370	+ 548	+ 654	- 106
28 p	+ 391	--	+ 170	- 782	- 222	- 381	+ 159
July 5 p	+1,090	+ 2	- 469	- 266	+ 356	+ 294	+ 62
12 p	+ 88	--	- 372	+ 395	+ 133	- 71	+ 184
<u>PROJECTED 4/</u>							
1967--July 19	- 220	--	+ 290	+ 240	+ 310	+ 310	--
26	- 115	--	+ 205	- 170	- 80	- 80	--
Aug. 2	+ 275	--	- 20	- 365	- 110	- 110	--
9	+ 495	--	- 495	- 85	- 85	- 85	--
16	- 470	--	+ 115	+ 205	- 150	- 150	--
23	- 280	--	+ 65	+ 35	- 180	- 180	--
30	+ 50	--	+ 155	- 280	- 75	- 75	--

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.

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>							
1965 (12/30/64 - 12/29/65)	+1,188	- 89	+1,277	+ 115	- 4	+499	+ 677
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,194	- 14	- 4	- 5	+1,221 <u>1/</u>
<u>Year-to-date:</u>							
(12/29/65 - 7/13/66)	- 89	+398	- 487	- 878	+ 81	+ 65	+ 245
(12/28/66 - 7/12/67)	- 384	- 80	- 304	- 937	+ 85	+760	- 212 <u>2/</u>
<u>Weekly:</u>							
1967--June 7	+ 167	-214	+ 381	+ 244	--	+111	+ 20
14 p	+ 3	-138	+ 141	+ 205	--	- 86	+ 31
21 p	+ 654	+337	- 317	+ 236	- 4	+ 88	- 3
28 p	- 381	+ 59	- 440	- 402	+ 4	- 48	+ 6
July 5 p	+ 294	- 14	+ 308	+ 139	--	+139	+ 30
12 p	- 71	- 50	- 21	--	- 19	- 23	+ 21
<u>PROJECTED</u>							
1967--July 19	+ 310	+195	+ 115	+ 150	+ 5	- 50	+ 20
26	- 80	+115	- 195	- 155	--	- 60	+ 20
Aug. 2	- 110	-170	+ 60	+ 75	- 5	- 30	+ 20
9	- 85	--	- 85	- 135	--	+ 30	+ 20
16	- 150	-215	+ 65	+ 45	--	--	+ 20
23	- 180	- 5	- 175	- 190	--	--	+ 15
30	- 75	-100	+ 25	+ 15	- 5	--	+ 15

1/ Reflects reserve requirements changes in July and September 1966.

2/ Reflects reserve requirements changes in March 1967.

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>					
1965 (12/30/64 - 12/29/65)	+ 798	+294	-171	+ 77	+598
1966 (12/29/65 - 12/28/66)	+ 805	+673	+ 64	- 30	+ 98
<u>Year-to-date:</u>					
(12/29/65 - 7/13/66)	- 794	-197	-283	- 34	-280
(12/28/66 - 7/12/67)	-2,232	-696	-1,073	+ 14	-477
<u>Weekly:</u>					
1967--June 7	+ 334	+137	+171	+ 27	- 1
14	+ 565	+271	+ 59	--	+235
21	+ 370	- 52	+328	+ 10	+ 84
28	- 782	-431	-300	- 6	- 45
July 5	- 266	-208	-177	- 33	+152
12	+ 395	+ 2	+473	+ 6	- 86
<u>PROJECTED</u>					
1967--July 19	+ 240	- 35	+175	--	+100
26	- 170	+115	-280	- 5	--
Aug. 2	- 365	--	-365	--	--
9	- 85	--	- 85	--	--
16	+ 205	--	+160	--	+ 45
23	+ 35	--	+150	--	-115
30	- 280	--	-280	--	--

Table B-4

SOURCE OF FEDERAL RESERVE CREDIT

Retrospective Changes

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

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities				Federal Agency Securities	Bankers' acceptances	Member banks borrowings
		Total holdings	Bills	Other	Repurchase agreements			
Year:								
1965 (12/30/64 - 12/29/65)	+4,035	+3,916	+3,145	+916	-145	--	+ 77	+ 42
1966 (12/29/65 - 12/28/66)	+3,149	+3,069	+2,158	+474	+437	+ 26	+ 52	+ 2
Year-to-date:								
(12/29/65 - 7/13/66)	+2,124	+1,804	+1,583	+439	-218	--	+ 48	+272
(12/28/66 - 7/12/67)	+2,708	+3,232	+3,062	+776	-606	- 21	- 24	-479
Weekly:								
1967--May								
3	+ 533	+ 450	+ 197	--	+253	+ 5	+ 42	+ 36
10	+ 256	+ 337	+ 174	--	+163	- 5	- 5	- 71
17	- 368	- 383	- 226	--	-157	- 3	- 42	+ 60
24	- 106	- 13	+ 185	+102	-300	--	- 20	- 73
31	+ 221	+ 196	+ 34	+ 93	+ 69	--	- 27	+ 52
June								
7	+ 228	+ 227	+ 125	+ 87	+ 15	+ 2	+ 24	- 25
14	- 420	- 357	- 315	+ 42	- 84	- 2	- 27	- 34
21	+ 105	+ 58*	- 65	+ 44	+ 67	--	- 1	+ 48
28	+ 391	+ 286*	+ 223	+126	- 51	--	+ 55	+ 50
July								
5	+1,090	+ 866	+ 766	+ 65	+ 35	+ 3	+ 9	+212
12	+ 88	+ 347	+ 346	--	+ 1	+ 2	+ 23	-284

* - Includes effect of change in special certificates of +\$12 million of the week of June 21, 1967 and -\$12 million of the week of June 28, 1967.

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
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>	23,763	22,997	23,355	22,515	16,472
August <u>1/</u>	23,363	22,695	23,067	22,517	16,428
September <u>1/</u>	23,492	22,700	23,064	22,597	16,497
October <u>1/</u>	23,297	22,566	23,042	22,430	16,352
November <u>1/</u>	23,262	22,674	22,896	22,383	16,321
December <u>1/</u>	23,283	22,695	22,990	22,522	16,411
1967--January <u>1/</u>	23,614	23,187	23,248	22,525	16,317
February <u>1/</u>	23,886	23,546	23,526	22,733	16,421
March <u>1/</u>	24,337	24,087	23,825	23,069	16,682
April <u>1/</u>	24,368	24,209	24,009	23,059	16,585
May <u>1/</u>	24,339	24,311	23,966	23,304	16,757
June <u>1/</u> p	24,494	24,370	24,049	23,658	17,025

p - Preliminary.

1/ Reserves have been adjusted for redefinition of time deposits effective June 9, 1966.

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) 1/ 2/	Time deposits 2/	Private demand deposits 3/	U.S. Gov't. demand deposits
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	128.9	112.4	5.6
August <u>3/</u>	246.2	129.8	112.1	4.2
Sept. <u>3/</u>	246.1	130.1	112.6	3.5
Oct. <u>3/</u>	245.5	129.6	111.6	4.3
Nov. <u>3/</u>	244.4	129.3	111.4	3.7
Dec. <u>3/</u>	245.2	130.3	112.0	2.9
1967--Jan. <u>3/</u>	248.5	132.4	111.4	4.8
Feb. <u>3/</u>	251.6	134.6	112.1	4.9
Mar. <u>3/</u>	254.8	136.2	113.9	4.8
Apr. <u>3/</u>	257.7	138.0	113.2	6.4
May <u>3/</u>	258.1	139.6	114.4	4.1
June <u>3/</u> p	260.0	141.4	116.2	2.4

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

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

p - Preliminary.

TABLE C-2a

DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally adjusted

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

Week ending:	Total member bank deposits (credit) 1/ 2/	Time deposits 2/	Private demand deposits 3 /	U. S. Gov't. demand deposits
1967--Mar. 1	252.0	134.9	112.6	4.5
8	252.5	135.5	112.9	4.1
15	254.0	136.2	113.9	3.9
22	256.2	136.5	113.9	5.8
29	256.5	136.8	114.2	5.6
Apr. 5	256.4	137.1	114.7	4.6
12	257.6	137.7	114.0	5.8
19	257.6	138.0	113.0	6.5
26	258.3	138.3	111.8	8.2
May 3	258.4	138.6	112.9	6.9
10	258.5	139.1	112.9	6.5
17	258.4	139.5	114.5	4.4
24	257.4	139.8	114.9	2.7
31	258.0	140.4	115.8	1.8
June 7	269.1	140.8	116.6	1.7
14 p	260.2	141.4	116.0	2.8
21 p	261.2	141.5	116.2	3.5
28 p	259.8	141.6	116.1	2.1
July 5 p	260.4	142.3	116.8	1.4
12 p	261.1	142.8	116.6	1.8

p - Preliminary.

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

3/ Private demand deposits include demand deposits on individuals, partnerships and corporations and net interbank balances.

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 <u>3/</u>
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	133.7	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	156.5
August <u>3/</u>	169.6	37.8	131.8	157.8
September <u>3/</u>	170.5	37.9	132.6	158.2
October <u>3/</u>	169.6	38.0	131.7	157.9
November <u>3/</u>	169.2	38.0	131.2	158.0
December <u>3/</u>	170.3	38.3	132.1	159.2
1967--January <u>3/</u>	169.6	38.5	131.1	161.7
February <u>3/</u>	170.4	38.7	131.7	164.3
March <u>3/</u>	172.8	38.9	133.9	166.4
April <u>3/</u>	172.1	39.0	133.1	168.4
May <u>3/</u>	174.1	39.2	134.9	170.5
June <u>3/</u> p	176.0	39.4	136.6	172.8

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 weekly averages of daily figures)

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted <u>3/</u>
1967--Mar. 1	171.0	38.7	132.3	165.0
8	172.0	38.9	133.0	165.5
15	173.1	39.0	134.1	166.3
22	172.6	39.0	133.6	166.7
29	173.6	39.1	134.5	167.1
Apr. 5	173.4	38.9	134.6	167.6
12	173.0	39.1	134.0	168.2
19	171.6	39.1	132.6	168.6
26	170.8	39.0	131.8	168.8
May 3	172.2	39.1	133.2	169.2
10	172.6	39.2	133.4	169.8
17	174.7	39.1	135.6	170.4
24	174.7	39.2	135.5	170.7
31	175.0	39.2	135.8	171.4
June 7	175.5	39.3	136.3	172.0
14 p	175.7	39.4	136.3	172.9
21 p	176.2	39.4	136.8	173.0
28 p	175.9	39.4	136.6	173.2
July 5 p	176.9	39.3	137.6	173.9
12 p	176.9	39.5	137.4	174.2

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.

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

p - Preliminary.