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<sup>1</sup> In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

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CONFIDENTIAL (FR)

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

By the Staff  
Board of Governors  
of the Federal Reserve System

September 8, 1967

SUPPLEMENTAL NOTES

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The Domestic Economy

The value of new construction put in place edged up in August for the fourth consecutive month to reach a new high for this year, according to confidential Census Bureau projections. Although total expenditures were 5 per cent above the cyclical low of last November, they remained some 3 per cent below the series high reached in March 1966.

As in earlier months of this year, private residential construction expenditures advanced further and by the end of August had recovered nearly three-fifths of last year's unusually sharp decline. Private nonresidential outlays in August held close to earlier reduced levels that were moderately below the record high reached in January of this year. Meanwhile, public construction, which showed a strong upsurge in the last half of 1966, remained virtually unchanged close to last February's postwar peak.

NEW CONSTRUCTION PUT IN PLACE  
(Confidential FR)

	August 1967 (\$ billions) <u>1/</u>	Per cent change from	
		July 1967	August 1966
Total	75.7	--	+3
Private	48.9	+1	-3
Residential	23.8	+1	+2
Nonresidential	25.1	--	-7
Public	26.8	--	+17

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1/ Seasonally adjusted annual rates; preliminary. Data for the most recent month (August) are available under a confidential arrangement with the Census Bureau. Under no circumstances should any public reference be made to them.

International Developments

The Bundesbank reduced minimum reserve requirements, effective from September 1, the seventh reduction in reserve requirements since the end of last year. The current action reduces reserve requirements on savings deposits by 6 per cent and requirements on all other deposit liabilities by 2 per cent, and is expected to add approximately DM 900 million (\$225 million) to freely usable bank funds. Collectively, the seven reductions have freed an estimated DM 7.1 billion (\$1.8 billion) of bank funds.

Correction: To Greenbook of September 7, 1967.

Page II - 4, delete second sentence of second full paragraph.