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MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) The rise in credit market yields in process around mid-August was considerably moderated, though not entirely averted, by the discount rate reduction to 5-1/4 per cent initiated on August 15. Credit markets were also calmed by the concurrent reduction in the repurchase agreement rate and modest easing of day-to-day money market rates. In the municipal bond market, however, yields continued to rise rather sharply under pressure from heavy new issue volume. The 3-month Treasury bill rate, which had backed up to 5.17 per cent at mid-August, following its sharp decline early in the month, for the most part stayed close to its mid-month level, but most recently has traded above 5.20 per cent.

(2) Before the discount rate action, Federal funds traded most frequently at an effective rate of 6-1/8 per cent; since then, however, the cost of Federal funds has tended downward to a 5-7/8 per cent level, although a fair amount of trading has taken place at both 5-3/4 and at 6 per cent. In line with this somewhat easier tone in the Federal funds market, dealer loan rates have also moved a little lower, despite the persistence of large daily basic reserve deficits on the order of \$1 to \$1-1/4 billion at the major New York banks.

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)											
1967- Aug.	270	86	3.88	4.26	5.12	5.86**	3.78	+307	+285	+ 3.7	+ 1.1	+ 2.4
Sept.	252	82	3.99	4.42	5.16	5.85**	3.81	+135	+159	+ 2.3	+ 0.2	+ 2.2
Oct.	212	141	3.87	4.55	5.36	6.08**	3.88	+299	+335	+ 2.4	+ 1.1	+ 1.2
Nov.	225	124	4.14	4.72	5.66	6.50	3.99	+122	+154	+ 2.1	+ 0.8	+ 1.4
Dec.	143	185	4.49	4.96	5.59	6.51	4.15	-294	-122	+ 0.2	+ 0.3	+ 1.5
1968--Jan.	142	275	4.60	5.00	5.39	6.22**	4.06	+345	+347	+ 1.5	+ 1.0	+ 0.6
Feb.	21	368	4.68	4.98	5.38	6.25**	4.01	+208	+265	+ 2.3	+ 0.4	+ 1.1
Mar.	-312	649	5.02	5.17	5.59	6.57**	4.28	-266	+ 47	+ 1.0	+ 0.7	+ 1.5
Apr.	-341	689	5.74	5.38	5.46	6.50**	4.13	-197	-189	- 1.0	+ 0.9	+ 0.4
May	-374	728	6.10	5.66	5.55	6.64	4.28	+ 46	+ 88	+ 0.4	+ 1.8	+ 0.5
June	-386	727	6.09	5.52	5.40	6.65	4.26	+137	+105	+ 1.5	+ 1.0	+ 0.6
July	-192	523	6.03	5.31	5.29	6.50	4.12	+304	+107	+ 2.1	+ 2.3	+ 2.2
Aug. p	-238	577	6.03	5.23	5.22	6.16	4.00	+493	+508	+ 5.0	+ 0.8	+ 3.3
1968--Aug. 7 p	-369	737	6.08	4.94	5.16	--	3.80			+ 1.0	+ 0.7	+ 0.6
14 p	-260	576	6.12	5.05	5.22	6.13	4.00			+ 0.3	- 0.6	+ 0.8
21 p	-116	619	6.02	5.14	5.26	6.13	4.05			+ 1.5	+ 0.9	+ 0.8
28 p	-207	374	5.95	5.17	5.27	6.13	4.25			+ 0.6	- 0.2	+ 0.6
Sept. 4 p	-239	454	5.84	5.19	5.23	6.23	n.a.			- 0.2	+ 0.1	+ 0.6
				<u>Averages</u>						<u>Annual rates of increase ^{3/}</u>		
Year 1967	195	173	4.19	4.29	5.01	5.77	3.74	+11.5	+ 9.9	+11.9	+ 6.4	+16.1
Second Half 1967	238	123	4.02	4.51	5.31	6.10	3.91	+ 7.2	+ 8.7	+10.6	+ 6.0	+12.6
First Half 1968	-201	567	5.37	5.29	5.46	6.47	4.16	+ 2.2	+ 5.3	+ 4.0	+ 6.6	+ 5.0
<u>Recent variations in growth</u>												
Nov. 29-Feb. 28	106	276	4.59	4.90	5.46	6.30	4.08			+ 9.1	+ 4.0	+ 6.1
Feb. 28-Jun. 12	-360	695	5.66	5.43	5.51	6.58	4.23			- 1.1	+ 6.6	+ 4.5
Jun. 12-Sept. 4	-233	571	6.03	5.25	5.28	6.44	4.09			+13.1	+ 9.3	+16.4

^{1/} Includes issues carrying 5-year and 10-year call protection, ** - issues carry a 10-year call protection.

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

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

p - Preliminary. n.a. - Not available.

September 6, 1968.

Rates to dealers have most recently ranged around 6-1/2 per cent for new loans, compared with rates more frequently around 6-5/8--6-7/8 per cent earlier in August.

(3) With a modest lowering of day-to-day money costs, and with the rise of bill yields from their early August lows, the disparities among short-term rates have lessened. Nonetheless, dealer financing costs remain generally in excess of Treasury bill yields. Moreover, dealer positions in bills and coupon issues combined still total over \$5 billion, down only slightly from mid-August levels, and daily financing needs are running high.

(4) Partly because of the pressure of dealer financing needs, but also partly because of expectations of lower interest rates in the months ahead, major money market banks have remained relatively heavy borrowers of short-term funds in the Federal funds and Euro-dollar markets. While these banks have run deep basic reserve deficits, the net borrowed reserve position of all member banks eased somewhat during the past four statement weeks, averaging \$205 million, as compared with \$260 million during the preceding four statement weeks. Member bank borrowings averaged \$505 million and \$610 million during the two periods.

(5) With banks eager to expand investments--including investments in municipals and in the new Treasury 5-5/8 per cent notes--and with loan demands fairly well maintained, the bank credit proxy grew in August at an average annual rate of about 21 per cent (and 1/2 percentage point more with Euro-dollar borrowings included).

This growth rate compares with a 16-18 per cent range projected for the month at the time of the last (telephone) Committee meeting. Time and savings deposits expanded at a 21 per cent annual rate, and the money supply by about 5 per cent.

(6) The average annual rates of growth of key monetary variables for the past two months following the increase in fiscal restraint and the relaxation of pressure on the banking system are shown in the table below, in comparison with other recent periods. The recent rapid rates of increase in reserve and most other monetary aggregates reflect the combined impact of Treasury credit demands, banks' initial response of quickly rebuilding outstanding negotiable CD's, and the desires of banks and other investors to build up investment portfolios in the expectation that interest rates would decline later.

	May '67 <u>Nov. '67</u>	Dec. '67- <u>June '68</u>	July '68- <u>Aug. '68</u>
Total reserves	9.8	3.7	14.3
Nonborrowed reserves	9.9	-0.1	19.0
Bank credit, as measured by:			
Proxy	11.5	3.7	15.3
Proxy plus Euro-dollars	12.3	4.7	16.2
Money supply	8.4	5.8	9.9
Time and savings deposits	14.2	5.8	17.5
Savings accounts at thrift institutions	9.1	6.2	4.8p ^{1/}

NOTE: Dates are inclusive.
p--preliminary
1/ July only.

Prospective developments

(7) Assuming no change from around levels prevailing since the discount rate cut in the cost of one day money, the 3-month Treasury bill rate may fluctuate in a 5.05--5.35 per cent range between now and the next meeting of the Committee. Bill rates may rise into about the third week in September, and then decline, for reasons explained in paragraphs (9) and (10) below. These wide swings in bill rates, should they develop, may also be accompanied by fairly broad movements in other money market rates and conditions.

(8) Prevailing levels of 1-day money rates center around 5-7/8 per cent for the Federal funds rate, and 6-1/2 per cent for dealer new loan rates. These rates may be consistent with member bank borrowings in a \$400-\$600 million range. Excess reserves of banks in this period may vary from their usual pattern as banks begin to adapt themselves to the new lagged reserve requirements, weekly country bank settlements, and permission to carry over reserve excesses into the next statement week--which become effective in the week beginning September 12. Over the long-run, one might expect excess reserves to be reduced further as a result of these innovations, but in the transition period excess reserves could rise as banks cautiously appraise the effects of the new provisions. As a result, there is considerable uncertainty about the level of net borrowed reserves that is likely to be consistent with other money market conditions.

(9) The greatest upward pressures on the bill rate are likely to develop in the period around the mid-September tax date. While corporate tax payments are expected to be much larger than a year ago, the Treasury is expected to have to keep its balance at the Federal Reserve at very low levels before these payments are received (with some direct Treasury borrowing from the Fed quite possible). This lower balance, and possible foreign transactions, will add to the need for System absorption of reserves in the two statement weeks ending September 18; in this period the System may have to sell more than \$1 billion of securities.

(10) The bill market may be especially sensitive to large System bill sales, as well as any further sales by foreign accounts that may develop, because the level of bill inventories in dealer hands remains relatively large, particularly longer-term bills. In addition, financing costs remain above current bill yields. Under these conditions, it may turn out that banks' reserve position would have to be eased temporarily to keep the expected rise in the bill rate from cumulating and, through expectational changes, spreading to other financial markets. However, as the Treasury balance is restored after the mid-month tax date and the System returns to the buy side of the market in the latter part of September, upward yield pressures in the bill market may be relaxed, even with day-to-day money rates and marginal reserve measures returning closer to currently prevailing levels.

(11) The absence of aggressive bank issuance of CD's in the past week or two has been one factor tending to moderate upward bill rate pressures. Banks are not expected to add substantially further to the already advanced level of outstanding CD's, although they might be spurred to do so if September loan demand proves larger than many banks now expect. The Euro-dollar market may continue to be a relatively attractive alternative source of funds for banks, particularly if the recent speculative flow of funds into Germany is reversed.

(12) Even with only modest growth in negotiable CD's after allowing for the usual seasonal decline in September, total time and savings deposits are expected to rise in a 15-18 per cent, annual rate, range in September on average. This rate of growth in part reflects the carry-over effect on the September average of a fairly rapid expansion in time deposits other than large CD's in the second half of August, perhaps partly bolstered by re-investment of cash from redemption of maturing issues in the August refunding. Growth in such time and savings deposits during the course of September, and also October, is expected to be closer to the more moderate July-early August pace.

(13) Private demand deposits may show little change on average during the next two months, but continued growth in currency is likely to produce a small increase in the money supply. U.S. Government deposits may show relatively little change on average over the two months. We have assumed a \$3 billion Treasury tax bill financing in the latter part of October.

(14) Given the money and short-term credit market conditions discussed in paragraphs (7) through (10), the bank credit proxy in September is expected to rise in a 7-10 per cent, annual rate, range (and perhaps about 1/2 percentage point more if the figures are adjusted to include liabilities to foreign branches and if these liabilities remain at their end of August level). In October, the bank credit growth rate is not expected to be very different, though perhaps on the high side of the range; obviously, the timing, amount, and character of the Treasury's projected cash financing will influence that month's bank credit growth.

(15) As compared with the July-August average, the expectation of more moderate bank credit growth over the next two months is based on the reduced Treasury cash need, some repayment of the current very high level of security loans, and a lessening of business loan demand particularly after the September tax date. At the same time, banks are projected to be large buyers of state and local government securities, given the continued heavy volume of offerings and the recent back-up in yields. The projected moderation in the pace of bank credit growth is not itself expected to contribute to significantly higher long-term interest rates, in part because the reduced growth reflects a reduction in credit demands.

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):					
1967--July	443	132	311		
August	356	86	270		
September	334	82	252		
October	353	141	212		
November	349	124	225		
December	333	185	148		
1968--January	417	275	142		
February	389	368	21		
March	337	649	-312		
April	348	689	-341		
May	354	728	-374		
June	341	727	-386		
July	331	523	-192		
August p	339	577	-238		
<u>Weekly:</u>					
1968--May 1	276	674	-398	-390	-408
8	381	823	-442	-428	-377
15	400	712	-312	-308	-307
22	322	669	-347	-390	-378
29	391	764	-373	-445	-438
June 5	208	759	-551	-590	-592
12	310	678	-368	-403	-392
19	266	664	-398	-445	-375
26	578	807	-229	-289	-337
July 3	182	493	-311	-406	-419
10	433	412	21	-93	-96
17	274	470	-196	-284	-312
24	410	639	-229	-307	-315
31	358	602	-244	-288	-319
Aug. 7 p	368	737	-369	-381	-353
14 p	316	576	-260	-306	-292
21 p	503	619	-116	-109	-53
28 p	167	374	-207	-234	-247
Sept. 4 p	215	454	-239	-239	-196

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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:								
1966	+ 1.3	+ 0.8	+ 1.5	- 0.2	+ 3.8	+ 8.7	+ 2.2	+ 1.2
1967 <u>2/</u>	+ 9.9	+11.5	+10.2	+ 7.0	+11.7	+16.1	+ 6.4	+ 6.7
Monthly:								
1967--July	+11.8	+14.9	+15.2	+10.2	+13.4	+15.3	+12.3	+14.9
Aug.	+14.0	+15.2	+13.7	+18.7	+16.9	+16.5	+ 7.4	+ 8.7
Sept.	+ 7.7	+ 6.6	+12.0	+ 5.7	+10.4	+14.9	+ 1.3	--
Oct.	+16.2	+14.5	+16.4	+13.5	+10.7	+ 8.0	+ 7.4	+ 6.9
Nov.	+ 7.4	+ 5.9	+ 6.6	+ 8.3	+ 9.3	+ 9.3	+ 5.3	+ 6.8
Dec.	- 5.8	-14.0	- 1.6	-10.5	+ 1.3	+ 9.9	+ 2.0	- 0.9
1968--Jan.	+16.6	+16.7	+11.4	+15.3	+ 6.6	+ 3.9	+ 6.6	+ 6.8
Feb.	+12.5	+ 9.9	+11.4	+19.2	+10.0	+ 7.2	+ 2.6	+ 1.7
Mar.	+ 2.2	-12.6	+ 0.6	+ 0.1	+ 4.3	+ 9.7	+ 4.6	+ 2.5
Apr.	- 8.8	- 9.4	- 6.0	-11.1	- 4.7	+ 2.6	+ 5.9	+ 6.8
May	+ 4.1	+ 2.2	- 1.9	+ 1.5	+ 1.7	+ 3.2	+11.7	+12.6
June	+ 4.9	+ 6.6	+ 9.6	+12.2	+ 6.5	+ 3.8	+ 6.4	+ 5.0
July	+ 5.0	+14.5	+ 7.7	+ 0.1	+ 9.0	+14.0	+14.8	+17.4
Aug. p	+23.5	+23.3	+21.2	+21.9	+21.4	+20.8	+ 5.1	+ 3.3

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

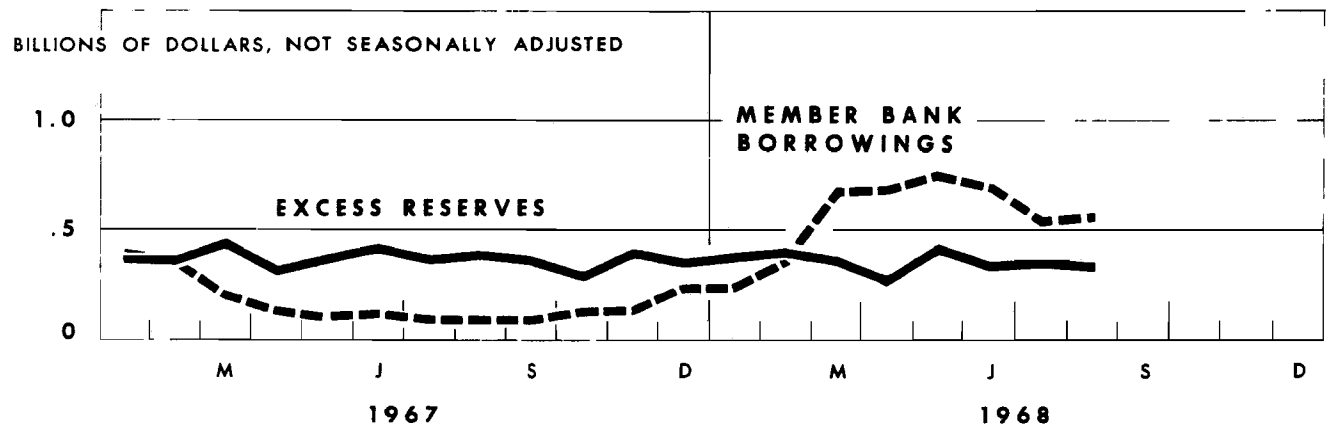
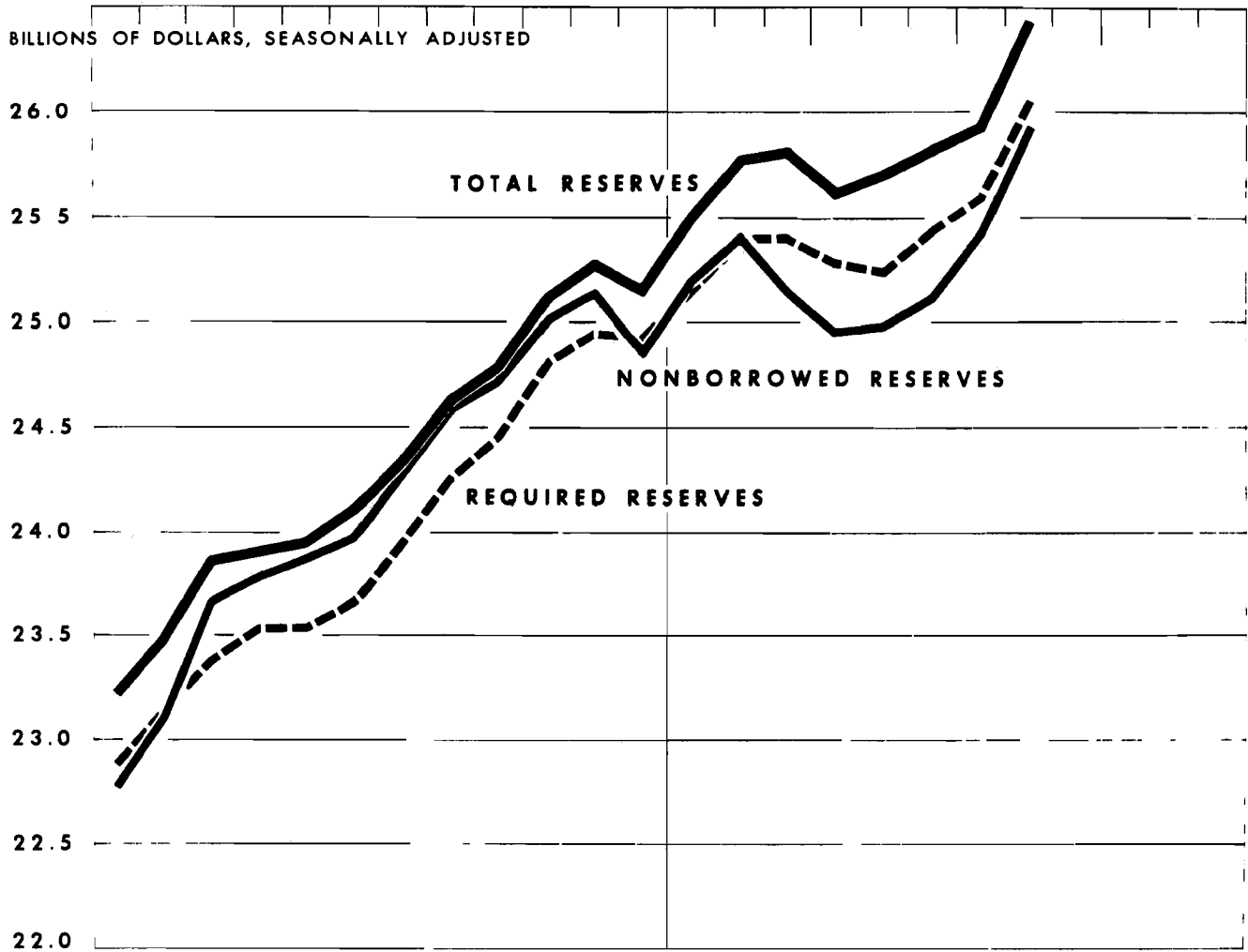
2/ Changes in reserves, total deposits and time deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

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Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES



MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

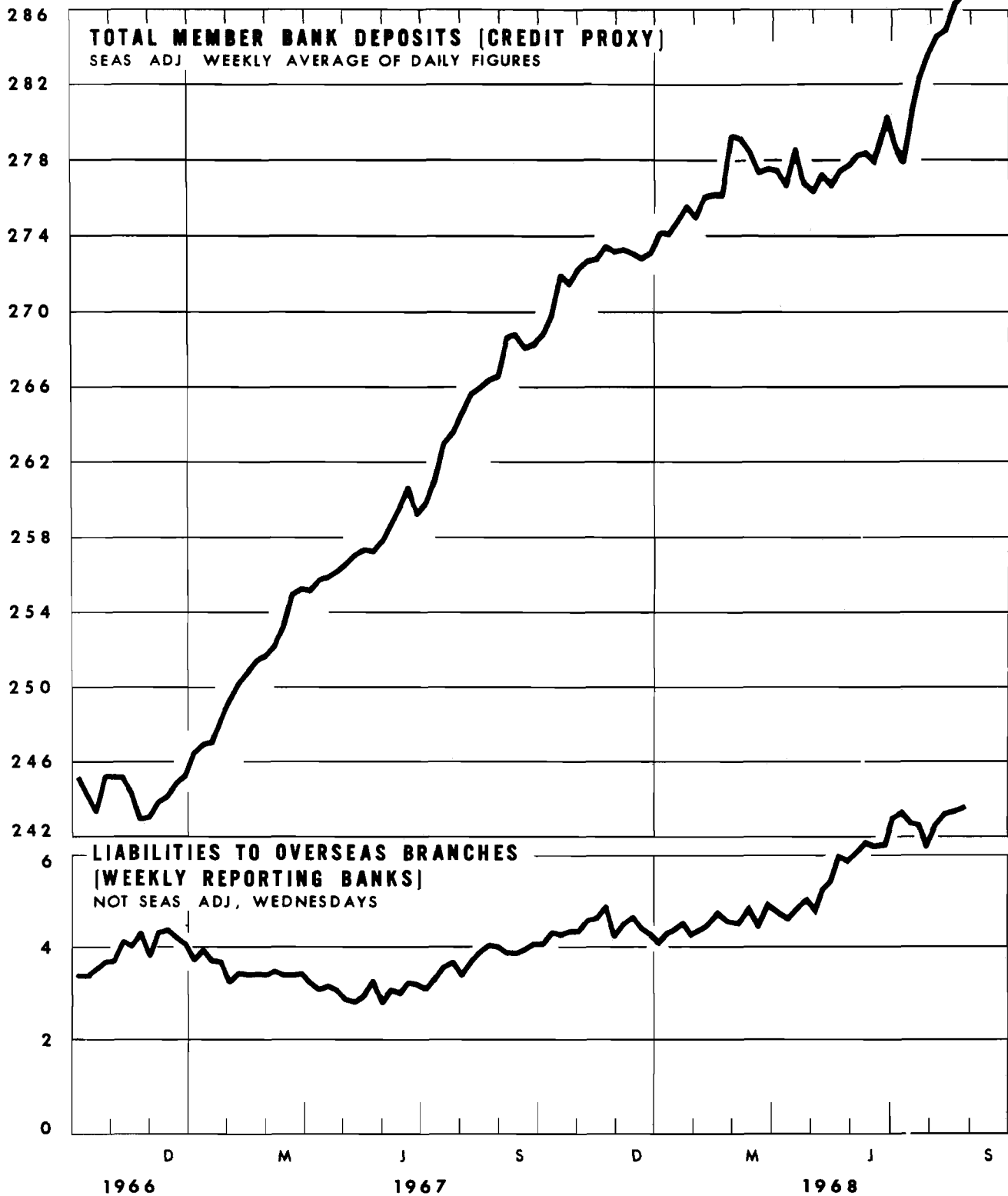


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

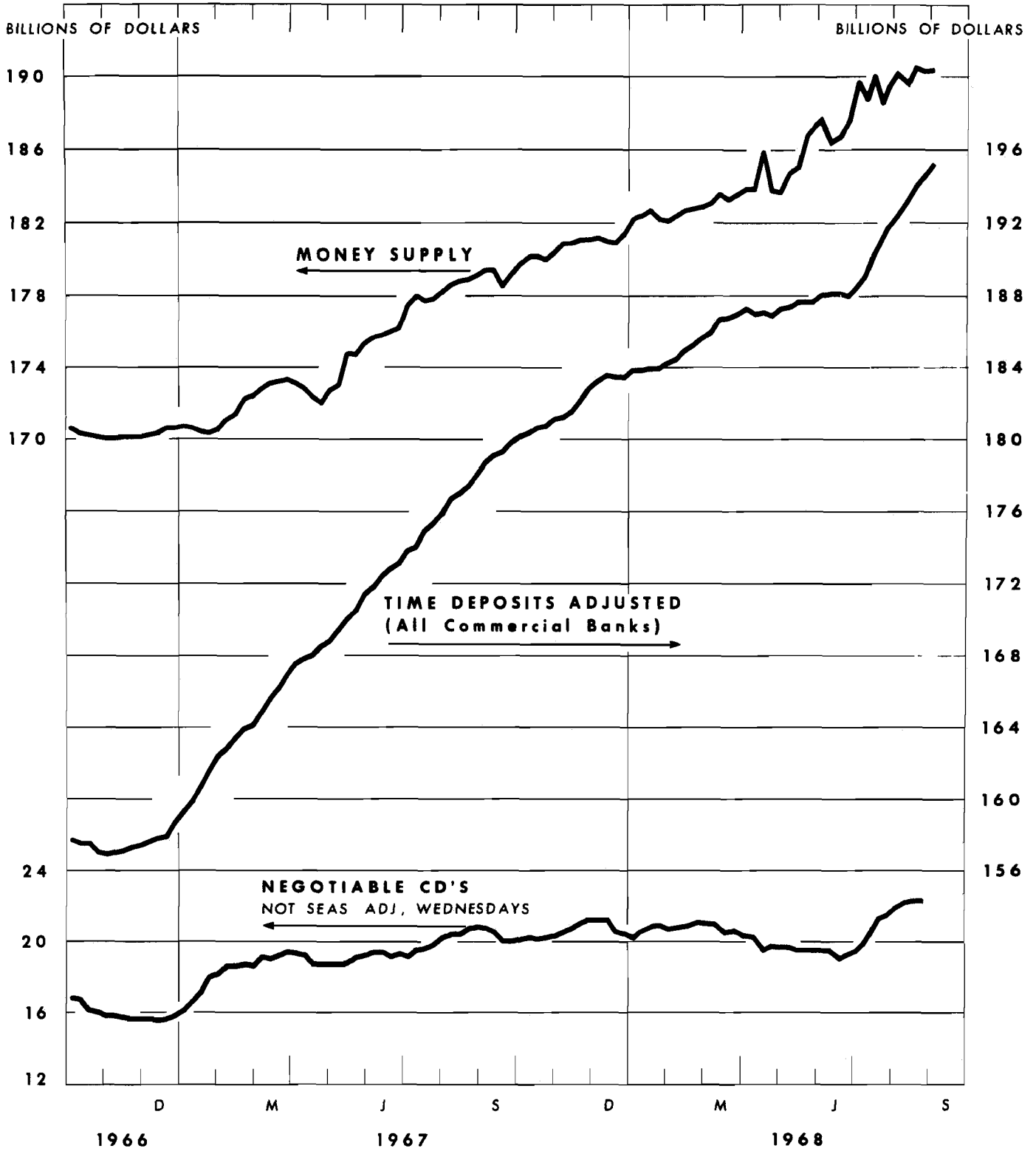


Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

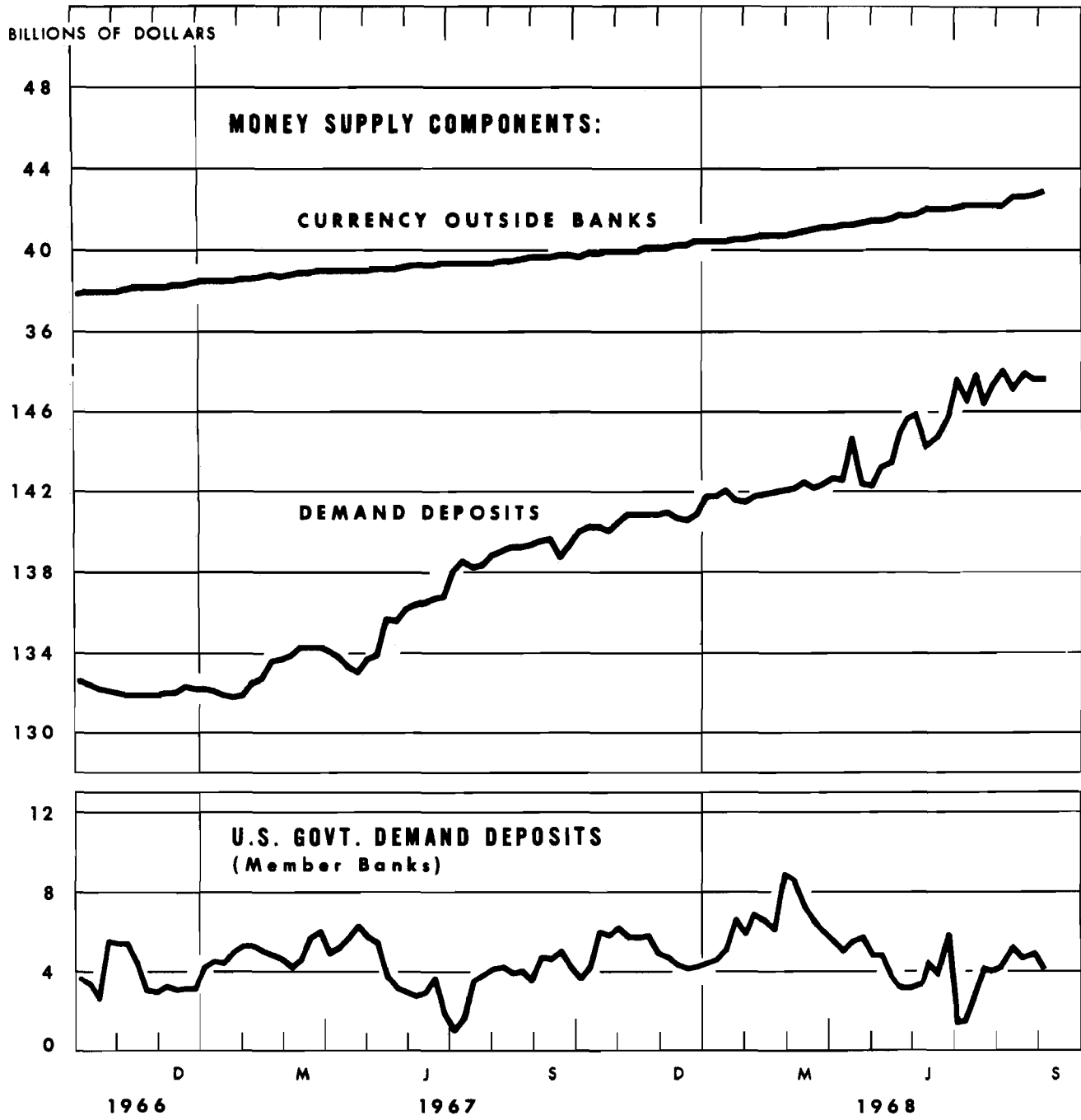


Table B-1

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
Year:							
.966 (12/29/65 - 12/28/66)	+3,149	- 627	-2,243	+ 805	+1,085	+1,111	- 26
1967 (12/28/66 - 12/27/67)	+4,718	- 725	-2,305	- 165	+1,522	+1,517	+ 5
Year-to-date:							
(12/28/66 - 8/9/67)	+2,158	- 151	- 552	-1,694	- 240	- 135	- 105
(12/27/67 - 8/7/68) 5/	+4,083	-2,067	-1,130	- 770	+ 115	+ 342	- 227
Weekly:							
1968--July 10	- 52	--	- 706	+ 746	- 13	- 264	+ 251
17	- 220	--	+ 394	+ 10	+ 185	+ 344	- 159
24	+ 60	--	+ 199	- 10	+ 250	+ 114	+ 136
31	+ 226	--	+ 225	- 525	- 75	- 23	- 52
Aug. 7 p	+ 490	--	- 518	+ 89	+ 60	+ 50	+ 10
14 p	- 135	--	- 378	+ 152	- 361	- 309	- 52
21 p	+ 294	--	+ 126	- 79	+ 340	+ 153	+ 187
28 p	- 385	--	+ 218	- 279	- 443	- 107	- 336
Sept. 4 p	+ 390	--	- 395	+ 27	+ 20	- 28	+ 48
PROJECTED 4/							
1968--Sept. 11	- 470	--	- 340	+ 825	+ 15	+ 15	--
18	- 960	--	+ 170	+ 775	- 15	- 15	--
25	+ 385	--	+ 50	- 420	+ 15	+ 15	--
Oct. 2	+ 875	--	+ 325	- 850	+ 350	+ 350	--
9	+ 615	--	- 210	- 60	+ 345	+ 345	--

1/ For retrospective details see Table B-4.

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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.

5/ Includes increase in reserve requirements of \$360 million effective Jan. 11, 1968 and \$190 million effective Jan. 18, 1968.

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>yr:</u>							
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,198	- 14	- 4	- 5	+1,221 <u>1/</u>
1967 (12/28/66 - 12/27/67)	+1,517	+ 261	+1,256	+ 59	+ 6	+1,023	+ 168 <u>1/</u>
<u>Year-to-date:</u>							
(12/28/66 - 8/9/67)	- 135	- 153	+ 18	- 997	+ 70	+ 939	+ 6
(12/27/67 - 8/7/68) <u>2/</u>	+ 342	- 410	+ 752	- 708	+ 208	+ 924	+ 328
<u>Weekly:</u>							
1968--July 10	- 264	- 44	- 220	- 11	- 6	- 241	+ 38
17	+ 344	+ 159	+ 185	+ 44	--	+ 82	+ 59
24	+ 114	+ 297	- 183	- 177	--	- 52	+ 46
31	- 23	- 189	+ 166	+ 29	+ 6	+ 86	+ 45
Aug. 7 p	+ 50	- 70	+ 120	+ 19	+ 6	+ 75	+ 20
14 p	- 309	- 124	- 185	- 15	+ 13	- 215	+ 32
21 p	+ 153	+ 138	+ 15	- 192	- 13	+ 175	+ 45
28 p	- 107	- 6	- 101	- 67	- 6	- 60	+ 32
Sept. 4 p	- 28	- 225	+ 197	+ 159	- 6	+ 20	+ 24
<u>PROJECTED</u>							
Sept. 11	+ 15	- 225	+ 240	+ 295	- 15	- 60	+ 20
18	- 15	+ 225	- 240	+ 190	- 25	- 425	+ 20
25	+ 15	- 225	+ 240	- 240	--	+ 460	+ 20
Oct. 2	+ 350	+ 80	+ 270	+ 145	--	- 105	+ 20
9	+ 345	+ 625	- 280	+ 50	+ 5	- 355	+ 20

1/ Reflects reserve requirement changes in July, September 1966, and March 1967.

2/ Includes increase in reserve requirements of \$360 million effective January 11, 1968 and \$190 million effective January 18, 1968.

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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)					
<u>Year:</u>					
1966 (12/29/65 - 12/28/66)	+ 805	+ 673	+ 64	- 30	+ 98
1967 (12/28/66 - 12/27/67)	- 165	- 85	- 389	- 7	+ 316
<u>Year-to-date:</u>					
(12/28/66 - 9/6/67)	-1,694	- 233	-1,367	+ 10	- 104
(12/27/67 - 9/4/68)	- 770	+ 329	- 712	+ 10	- 397
<u>Weekly:</u>					
1968--July 10	+ 746	+ 259	+ 195	+ 4	+ 288
17	+ 10	- 194	- 113	+ 27	+ 290
24	- 10	+ 88	+ 110	+ 12	- 220
31	- 525	- 19	- 396	- 13	- 97
Aug. 7 p	+ 89	+ 198	+ 18	- 51	- 76
14 p	+ 152	+ 88	- 9	+ 8	+ 65
21 p	- 79	- 64	+ 346	+ 12	- 373
28 p	- 279	- 80	- 261	+ 48	+ 14
Sept. 4 p	+ 27	+ 150	- 45	- 15	- 63
PROJECTED					
1968--Sept. 11	+ 825	+ 755	+ 40	+ 10	+ 20
18	+ 775	+ 100	+ 450	--	+ 225
25	- 420	- 415	--	--	- 5
Oct. 2	- 850	- 500	- 350	--	--
9	- 60	--	- 60	--	--

p - Preliminary.

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:								
1966 (12/29/65 - 12/28/66)	+3,149	+3,069	+2,158	+ 474	+ 437	+ 26	+ 52	+ 2
1967 (12/28/66 - 12.27/67)	+4,718	+5,009	+4,433	+1,153	- 577	- 19	- 69	- 203
Year-to-date:								
(12/28/66 - 9/6/67)	+2,158	+2,766	+2,509	+ 828	- 571	- 20	- 119	- 469
(12/27/67 - 9/14/68)	+4,083	+4,045	+3,210	+ 916	- 81	- 7	- 64	+ 109
Weekly:								
1968--July								
3	- 122	+ 274	+ 263	+ 157	- 146	- 66	- 16	- 314
10	- 52	+ 61	- 27	+ 13	+ 75	+ 4	- 36	- 81
17	- 220	- 284	- 313	--	+ 29	- 4	+ 10	+ 58
24	+ 60	- 90	+ 14	--	- 104	--	- 19	+ 169
31	+ 226	+ 214	+ 180	--	+ 34	--	+ 49	- 37
Aug. 7	+ 490	+ 352	+ 76	--	+ 276	+ 13	- 10	+ 135
14	- 135	+ 35	+ 52	--	- 17	--	- 9	- 161
21	+ 294	+ 280	+ 392	--	- 112	- 10	- 19	+ 43
28	- 385	- 122	+ 59	--	- 181	- 3	- 15	- 245
Sept. 4	+ 390	+ 312	+ 241	+ 71	--	--	- 2	+ 80

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
1966--Jan.	22,785	22,325	22,456	21,936	16,822
Feb.	22,857	22,376	22,507	21,996	16,877
Mar.	22,888	22,331	22,512	22,115	16,957
Apr.	23,118	22,490	22,714	22,283	17,043
May	23,192	22,486	22,773	22,331	17,030
June <u>1/</u>	23,149	22,472	22,780	22,361	17,043
July	23,293	22,552	22,864	22,344	16,963
Aug.	23,029	22,336	22,710	22,320	16,908
Sept.	23,065	22,319	22,689	22,349	16,922
Oct.	22,954	22,243	22,629	22,229	16,827
Nov.	22,915	22,303	22,593	22,198	16,810
Dec.	22,895	22,286	22,600	22,262	16,825
1967--Jan.	23,217	22,770	22,875	22,298	16,774
Feb.	23,471	23,107	23,134	22,559	16,959
Mar.	23,869	23,668	23,383	22,785	17,101
Apr.	23,910	23,775	23,529	22,779	17,015
May	23,952	23,874	23,531	23,071	17,244
June	24,105	23,982	23,660	23,387	17,472
July	24,342	24,279	23,960	23,578	17,582
Aug.	24,627	24,586	24,259	23,776	17,701
Sept.	24,786	24,721	24,452	23,850	17,704
Oct.	25,121	25,020	24,810	23,995	17,805
Nov.	25,275	25,142	24,947	24,122	17,879
Dec.	25,153	24,848	24,914	24,157	17,860
1968--Jan.	25,500	25,193	25,151	24,270	17,974
Feb.	25,765	25,401	25,389	24,333	18,025
Mar.	25,812	25,135	25,402	24,431	18,082
Apr.	25,623	24,938	25,276	24,487	18,133
May	25,711	24,984	25,236	24,751	18,387
June	25,816	25,121	25,438	24,925	18,550
July	25,923	25,425	25,601	25,188	18,727
Aug. p	26,431	25,918	26,053	25,338	18,765

p - Preliminary.

1/ Break in series due to redefinition of time deposits effective June 9, 1966, which reduced required reserves by \$34 million.

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)

Period	Total member bank deposits (credit) ^{1/}	Time deposits	Private demand deposits ^{2/}	U.S. Gov't. demand deposits
1966--Jan.	238.0	121.8	111.7	4.5
Feb.	239.0	121.9	112.1	5.0
Mar.	239.8	122.8	112.6	4.4
Apr.	241.9	124.8	113.2	4.0
May	243.9	126.2	113.1	4.6
June ^{3/}	244.4	126.6	113.2	4.6
July	245.8	128.1	112.6	5.1
Aug.	245.6	128.8	112.3	4.5
Sept.	245.5	129.2	112.4	4.0
Oct.	244.4	128.6	111.7	4.0
Nov.	244.0	128.3	111.6	4.1
Dec.	244.6	129.4	111.7	3.5
1967--Jan.	247.7	131.5	111.4	4.8
Feb.	251.0	133.3	112.6	5.1
Mar.	254.0	135.3	113.6	5.1
Apr.	255.8	137.2	113.0	5.6
May	257.2	138.7	114.5	4.0
June	259.5	140.8	116.0	2.6
July	262.4	142.8	116.7	2.9
Aug.	266.1	144.6	117.5	4.0
Sept.	268.4	146.3	117.6	4.5
Oct.	270.8	147.4	118.2	5.2
Nov.	272.9	148.6	118.7	5.6
Dec.	273.2	149.9	118.6	4.6
1968--Jan.	274.7	149.9	119.4	5.4
Feb.	277.0	150.2	119.7	7.1
Mar.	278.0	151.2	120.1	6.7
Apr.	276.9	151.3	120.4	5.2
May	277.3	151.5	122.1	3.7
June	278.8	151.8	123.2	3.9
July	280.9	153.8	124.3	2.7
Aug. ^p	285.9	156.5	124.6	4.8

^{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.

^{3/} Break in series due to redefinition of time deposits effective June 9, 1966, which reduced total member bank deposits and time deposits by \$850 million.

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/}	Time deposits	Private demand deposits ^{2/}	U. S. Gov't. demand deposits
1968--Apr. 3	277.4	151.6	120.3	5.5
10	276.6	151.5	120.1	5.0
17	278.6	151.4	121.7	5.5
24	276.7	151.0	120.0	5.7
May 1	276.3	151.5	120.0	4.8
8	277.2	151.5	120.9	4.8
15	276.7	151.6	121.3	3.7
22	277.3	151.6	122.7	3.1
29	277.7	151.4	123.3	3.1
June 5	278.2	151.6	123.4	3.2
12	278.4	151.8	122.2	4.4
19	277.9	151.8	122.2	3.9
26	280.2	151.7	123.0	5.5
July 3	278.8	152.2	125.2	1.4
10	278.0	152.7	123.8	1.5
17	280.6	153.6	124.4	2.7
24	282.4	154.4	123.9	4.1
31	283.6	155.1	124.5	4.0
Aug. 7 p	284.6	155.4	125.0	4.2
14 p	284.9	155.9	123.8	5.2
21 p	286.4	156.8	125.0	4.7
28 p	287.0	157.4	124.7	4.9
Sept 4 p	286.8	157.8	124.8	4.1

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/} Private demand deposits include demand deposits of 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
1966--Jan.	167.9	36.6	131.4	147.7
Feb.	168.6	36.7	131.9	148.3
Mar.	169.2	36.9	132.3	149.6
Apr.	170.3	37.1	133.2	151.8
May	170.3	37.3	133.0	153.6
June <u>3/</u>	170.5	37.4	133.1	154.1
July	169.9	37.6	132.3	155.9
Aug.	170.0	37.8	132.2	156.9
Sept.	170.5	37.9	132.6	157.7
Oct.	170.2	38.0	132.1	157.3
Nov.	170.2	38.2	132.0	156.9
Dec.	170.4	38.3	132.1	158.1
1967--Jan.	170.3	38.5	131.8	161.0
Feb.	171.8	38.7	133.0	163.5
Mar.	173.2	38.9	134.3	165.9
Apr.	172.5	39.0	133.5	168.1
May	174.4	39.1	135.3	170.1
June	176.0	39.3	136.7	172.6
July	177.8	39.4	138.4	174.8
Aug.	178.9	39.5	139.4	177.2
Sept.	179.1	39.7	139.4	179.4
Oct.	180.2	39.9	140.2	180.6
Nov.	181.0	40.1	141.0	182.0
Dec.	181.3	40.4	140.9	183.5
1968--Jan.	182.3	40.6	141.7	184.1
Feb.	182.7	40.7	141.9	185.2
Mar.	183.4	41.1	142.2	186.7
Apr.	184.3	41.4	143.0	187.1
May	186.1	41.6	144.5	187.6
June	187.1	42.0	145.1	188.2
July	189.4	42.2	147.2	190.4
August p	190.2	42.6	147.6	193.7

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/ Break in series due to redefinition of time deposits effective June 9, 1966, which reduced time deposits adjusted by \$1,140 million.

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
1968--Apr. 3	183.9	41.2	142.7	187.3
10	183.9	41.3	142.6	187.0
17	186.0	41.3	144.7	187.1
24	183.8	41.4	142.4	186.9
May 1	183.7	41.5	142.3	187.3
8	184.8	41.5	143.3	187.4
15	185.1	41.6	143.5	187.7
22	186.8	41.8	145.0	187.7
29	187.4	41.7	145.7	187.7
June 5	187.7	41.8	145.9	188.0
12	186.4	42.0	144.3	188.1
19	186.8	42.0	144.8	188.1
26	187.6	42.0	145.6	188.0
July 3	189.6	42.1	147.6	188.6
10	188.8	42.2	146.6	189.2
17	190.0	42.2	147.8	190.2
24	188.6	42.2	146.4	191.1
31	189.5	42.2	147.3	191.8
Aug. 7 p	190.2	42.2	148.0	192.4
14 p	189.6	42.6	147.1	193.2
21 p	190.5	42.6	147.9	194.0
28 p	190.3	42.7	147.6	194.6
Sept. 4 p	190.4	42.8	147.6	195.2

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.

p - Preliminary.