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October 25, 1968.

CONFIDENTIAL (FR)

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Interest rates have continued to move higher in general since the last meeting of the Committee, although some yields receded from their most recent highs as a result of peace hopes. The 3-month Treasury bill rate for the most part fluctuated near the upper end of the projected 5.10 - 5.40 per cent range. The growth of major deposit and reserve aggregates has also been near, or slightly above, the upper end of the ranges specified in the last Blue book. Growth in the bank credit proxy in October is now estimated at a 12 per cent annual rate, on average, a shade below the upper end of the range specified earlier, after allowance is made for the smaller-than-assumed October tax bill financing. (Inclusion of Euro-dollar borrowings of banks would reduce the proxy by one-half percentage point, less than previously assumed.)

(2) The Treasury on Wednesday offered two issues--an 18-month and a 6-year note--in a "rights" exchange for the maturing November and December coupon issues, of which \$5.6 billion are held by the public. The short note has a 5-5/8 per cent coupon and is priced to yield 5.73 per cent, while the longer note is a re-opening at par of an outstanding

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 (In billions of dollars)	Time Deposits ^{2/} (In billions of dollars)
	(Seasonally Adjusted)											
1967--Sept.	252	82	4.00	4.42	5.16	5.85**	3.81	+135	+159	+ 2.3	+ 0.2	+ 2.2
Oct.	212	141	3.88	4.55	5.36	6.08**	3.88	+299	+335	+ 2.4	+ 1.1	+ 1.2
Nov.	225	124	4.12	4.72	5.66	6.50	3.99	+122	+154	+ 2.1	+ 0.8	+ 1.4
Dec.	143	185	4.51	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	4.72	4.98	5.38	6.25**	4.01	+208	+265	+ 2.3	+ 0.4	+ 1.1
Mar.	-312	649	5.05	5.17	5.59	6.57**	4.28	-266	+ 47	+ 1.0	+ 0.7	+ 1.5
Apr.	-341	689	5.76	5.38	5.46	6.50**	4.13	-197	-189	- 1.0	+ 0.9	+ 0.4
May	-374	728	6.12	5.66	5.55	6.64	4.28	+ 46	+ 88	+ 0.4	+ 1.8	+ 0.5
June	-386	727	6.07	5.52	5.40	6.65	4.26	+137	+105	+ 1.5	+ 1.3	+ 0.6
July	-192	523	6.02	5.31	5.29	6.50**	4.12	+304	+107	+ 2.1	+ 2.0	+ 2.2
Aug. p	-240	577	6.03	5.23	5.22	6.16	4.00	+493	+508	+ 5.0	+ 0.8	+ 3.4
Sept. p	-160	492	5.78	5.19	5.28	6.27	4.23	+ 29	- 36	+ 2.1	+ 0.9	+ 2.9
Oct. p e	-233	449	n.a.	n.a.	n.a.	6.50	4.20	+219	+193	+ 2.9	+ 1.1	+ 2.8
1968--Oct. 2 p	-170	540	5.93	5.15	5.31	6.31	4.14			+ 1.4	+ 1.4	+ 0.7
9 p	-227	402	5.89	5.28	5.39	6.56	4.22			--	--	+ 0.5
16 p	-166	518	5.96	5.33	5.49	6.57**	4.22			- 0.4	+ 0.9	+ 0.4
23 p	-368	335	5.84	5.37	5.44	6.50	4.21			+ 0.1	- 0.6	+ 1.0
	<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	4.64	4.90	5.46	6.30	4.08			+ 9.1	+ 4.0	+ 6.1
Feb. 28-Jun. 12	-360	695	5.45	5.43	5.51	6.58	4.23			- 1.1	+ 6.6	+ 4.5
Jun. 12-Oct. 23	-216	535	5.91	5.25	5.25	6.42	4.13			+11.4	+ 5.5	+17.3

^{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. e - Estimated.

^{4/} Average of total number of days in period. Previous data based on number of trading days in period.

October 25, 1968.

issue with a 5-3/4 per cent coupon. Books will be open October 28-30, with settlement on November 15. The market reacted with some surprise to inclusion of a 6-year note in the offering in view of the fair-sized inventory of 5-5/8's of August '74, which were issued last August, still in dealer hands. As of Friday, market reaction to the whole package appeared satisfactory, although many investors are likely to delay decision, particularly with respect to the longer term note, until the last minute in hopes that the status of peace negotiations will become clearer.

(3) Day-to-day money market rates have shown little net change during the interval since the last meeting. The Federal funds rate has averaged close to 5-7/8 per cent. In the earlier part of the period funds traded frequently around 6 per cent, while later the rate dropped, often to 5-3/4 per cent, as there was a sizeable reduction in the basic deficits of banks in the central money market (although periods of very temporary tightness or ease have been recurring around the end of statement weeks). The rate for new loans to dealers in New York has centered around 6-1/2 per cent, although both higher and lower rates have not been uncommon.

(4) Member bank borrowing has averaged \$425 million during the last 2 full statement weeks since the Committee meeting, despite a sharp drop in borrowings in the most recent week. Excess reserves have averaged \$160 million, down \$100 million from the preceding four weeks. Over the whole period since the new reserve procedures have been in effect, excess reserves have averaged about 30 per cent lower than they

were in the two months before the change. The bulk of the decline has been at reserve city banks, which have begun actively to utilize the reserve carry-over provision. Thus far, a bi-weekly pattern of excess reserve fluctuations has developed, as banks in one week have accumulated excess reserves and have utilized them by running reserve deficiencies in the succeeding week.

(5) Growth in the bank credit proxy in October reflected relatively strong loan demands from businesses and reduced though continued fairly sizable investments in municipal securities. These asset additions have been financed by somewhat larger inflows of time deposits and private demand deposits than projected in the previous Blue book. However, these inflows have been partly offset by lesser availability of U.S. Government deposits than projected, while there was a small net drain of funds, on average, through Euro-dollar deposits.

(6) The growth in total time and savings deposits in October on average is now projected at a 17 per cent annual rate, mainly because of larger than anticipated rise in negotiable CD's outstanding. There was a spurt in CD issues by major money market banks in late September and early October, when Euro-dollar borrowings were dropping and when business loan expansion was quite strong. Money supply growth is estimated at around 7 per cent annual rate for the month.

(7) Comparative average annual rates of change for major deposit and reserve aggregates for several recent periods are shown in the following table:

	<u>May '67-</u> <u>Nov. '67</u>	<u>Dec. '67-</u> <u>June '68</u>	<u>July '68-</u> <u>Oct. '68^P</u>
Total reserves	9.8	3.7	9.0
Nonborrowed reserves	9.9	-0.1	12.5
Bank credit, as measured by:			
Proxy	11.5	3.7	13.0
Proxy plus Euro-dollars	12.3	4.7	13.6
Money supply	8.4	5.8	4.8
Time and savings deposits	14.2	5.8	18.0
Savings accounts at thrift institutions	9.1	6.2	6.1 ^{1/}

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

Prospective Developments

(8) Demands for bank reserves--given current money market conditions and the economic outlook--are likely to remain on the strong side in the weeks ahead, though perhaps showing some tapering off from most recent experience. Banks are expected to continue to be active buyers of municipals at close to their October rate. Business

loan demand may remain fairly substantial as economic activity, though moderating, continues at a fairly rapid pace in the fourth quarter and inventory accumulation remains high. However, net cash raised by the Treasury, if any, is expected to be of less than seasonal proportions in the period ahead.

(9) We are assuming that banks will be called upon to help underwrite a \$2.5 billion Treasury tax bill financing in the last week of November, although the financing may be delayed until early December. This cash financing would recoup the attrition from the holders of November "rights" (assumed in our projections to be only around 10 per cent) and would provide the means for paying-off holders of the December "rights" who did not accept the current exchange offering (which could come to 50 per cent or so of the public holdings). The \$2.5 billion tax bill assumption also allows for about a \$1 billion of net new cash to be raised by the Treasury.

(10) The bank credit proxy in November is projected to rise in a 9-12 per cent, annual rate, range on average. This reflects large differences in within-month patterns. The proxy is projected to be at a much higher level in the last week of October than in the last week of September partly because banks credited tax and loan accounts on October 24 in payment for the tax bill financing just completed. The level of the proxy will show little change from the end of October to the end of November, although the average level for the month will be significantly above the average for October. About 1 percentage point

would be added to average growth in the proxy during the month if Euro-dollar borrowings remain, on average, at current levels.

(11) Because the next Treasury tax bill financing will not be before late November, most of its impact will be felt in December. Even so, growth in the bank credit proxy in December could be lower than in November since the amount of net new cash assumed to be raised by the Treasury is less than usual for this season of recent years.

(12) The bank credit projections for November assume maintenance of a Federal funds rate fluctuating around 5-7/8 per cent, new loan rates to dealers in New York centering around 6-1/2 per cent, and member bank borrowings in a \$400 - \$600 million range. The recent large fluctuations in banks' excess reserves make it difficult to project the net reserve position of banks consistent with the above conditions. But assuming excess reserves fluctuate around the average of the past few weeks, net borrowed reserves could move within a \$100 to \$400 million range.

(13) During November, and into the first half of December, the bill rate usually rises for seasonal reasons in the order of 10 to 15 basis points, despite seasonal System reserve supplying operations. This rise could be intensified if it turns out that the Treasury does need any significant amounts of net new cash, if current hopes for peace negotiations are disappointed, or if further strong economic news is reported. On the other hand, a successful outcome to current peace

negotiations would likely be accompanied by downward pressures on both short- and long-term rates over the near-term. And a good market reception of the current "rights" offering could also increase demands for bills as holders of the maturing issues sell them in the market and re-invest the proceeds in bills. Given the uncertainties influencing market attitudes, the 3-month bill rate might be in a 5.25 - 5.60 per cent range over the weeks ahead.

(14) In November, banks' time and savings deposits are expected to rise in a 12-14 per cent, annual rate, range. Growth in outstanding CD's is likely to be slower than the unusually rapid October pace. Private demand deposits are expected to continue rising, and money supply may grow in a 7-9 per cent, annual rate, range. This projected growth mainly reflects continued transactions needs and credit demands, as only a small decline, on average, in U.S. Government deposits is anticipated.

(15) "Even keel" considerations appear to be involved over the greater part of the interval between this and the next meeting of the Committee on November 26. While the specification in paragraph (12) would be consistent with an "even keel" posture, it remains possible that a rise in the 3-month bill rate toward the upper end of the range in paragraph (13) might be construed by the market as reflecting a shift in the attitude of the monetary authorities. However, if such a rise did not occur until toward the end of the period, it would be at a time when "even keel" considerations would be less constraining.

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
Monthly (reserves weeks ending in):					
1967--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	337	577	-240		
September p	332	492	-160		
October p e	216	449	-233		
Weekly:					
1968--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	342	737	-395	-381	-353
14	314	576	-262	-306	-292
21	514	619	-105	-109	- 53
28	179	374	-195	-234	-247
Sept. 4 p	281	454	-173	-239	-196
11 p	538	634	- 96	-108	-141
18 p	347	405	- 58	- 93	-148
25 p	172	475	-303	-323	-347
Oct. 2 p	370	540	-170	-191	-230
9 p	175	402	-227	-245	-214
16 p	352	518	-166	-177	-141
23 p	-33	335	-368	-368	-337

p - Preliminary

e - Estimated.

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	+ 8.4	+ 7.5
July	+ 5.0	+14.5	+ 7.7	+ 0.1	+ 9.0	+14.0	+12.8	+14.9
Aug. p	+23.5	+23.3	+21.2	+21.8	+21.4	+21.4	+ 5.1	+ 4.1
Sept. p	- 1.6	+ 1.3	+ 4.8	- 3.0	+ 8.8	+18.0	- 5.7	- 8.1
Oct. p e	+ 9.0	+10.0	+ 8.5	+ 4.0	+12.0	+17.0	+ 7.0	+ 7.5

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.

p - Preliminary. e - Estimated.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

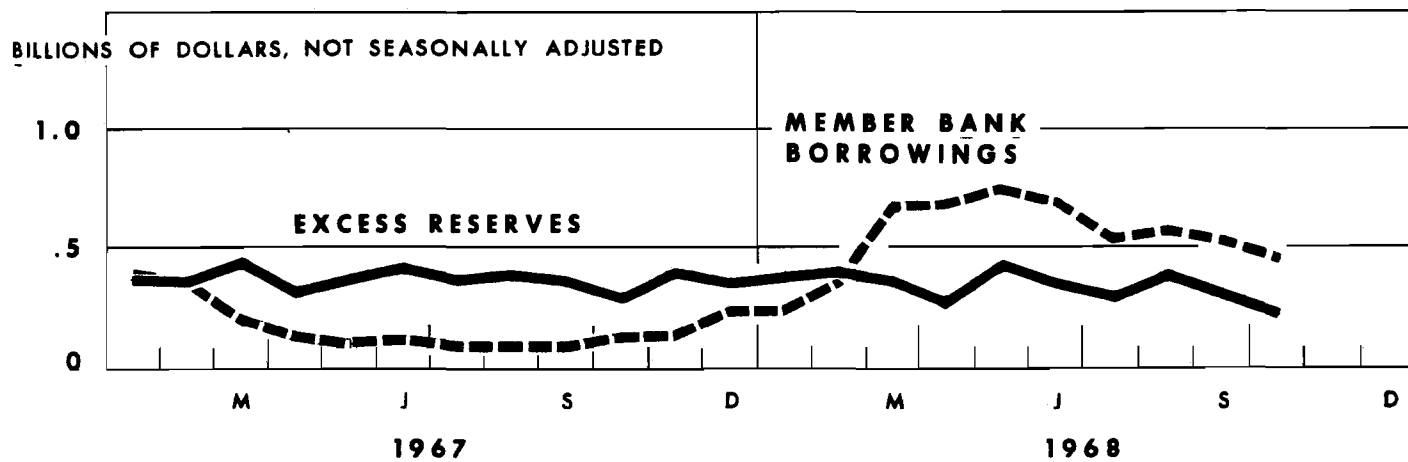
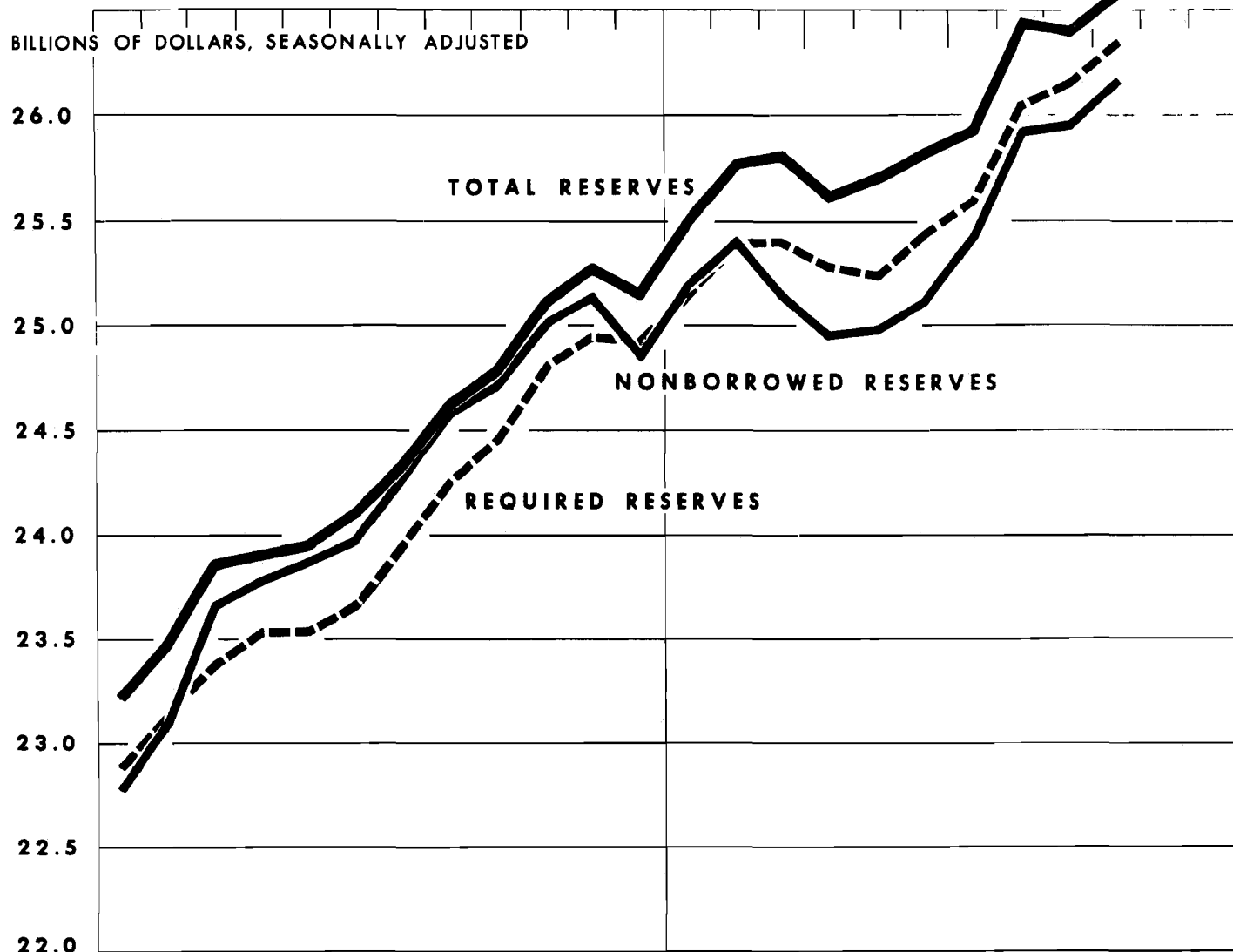


Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

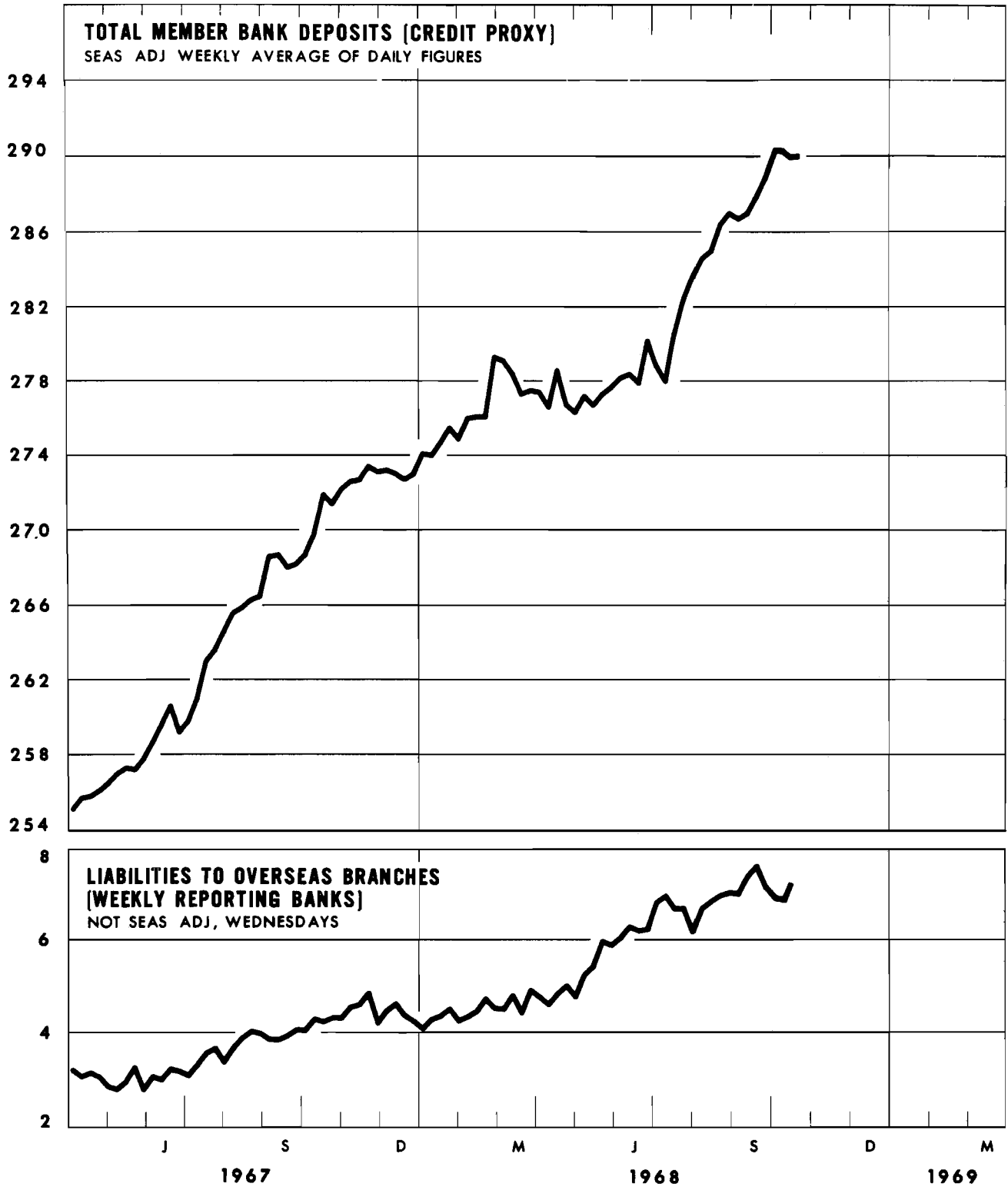


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

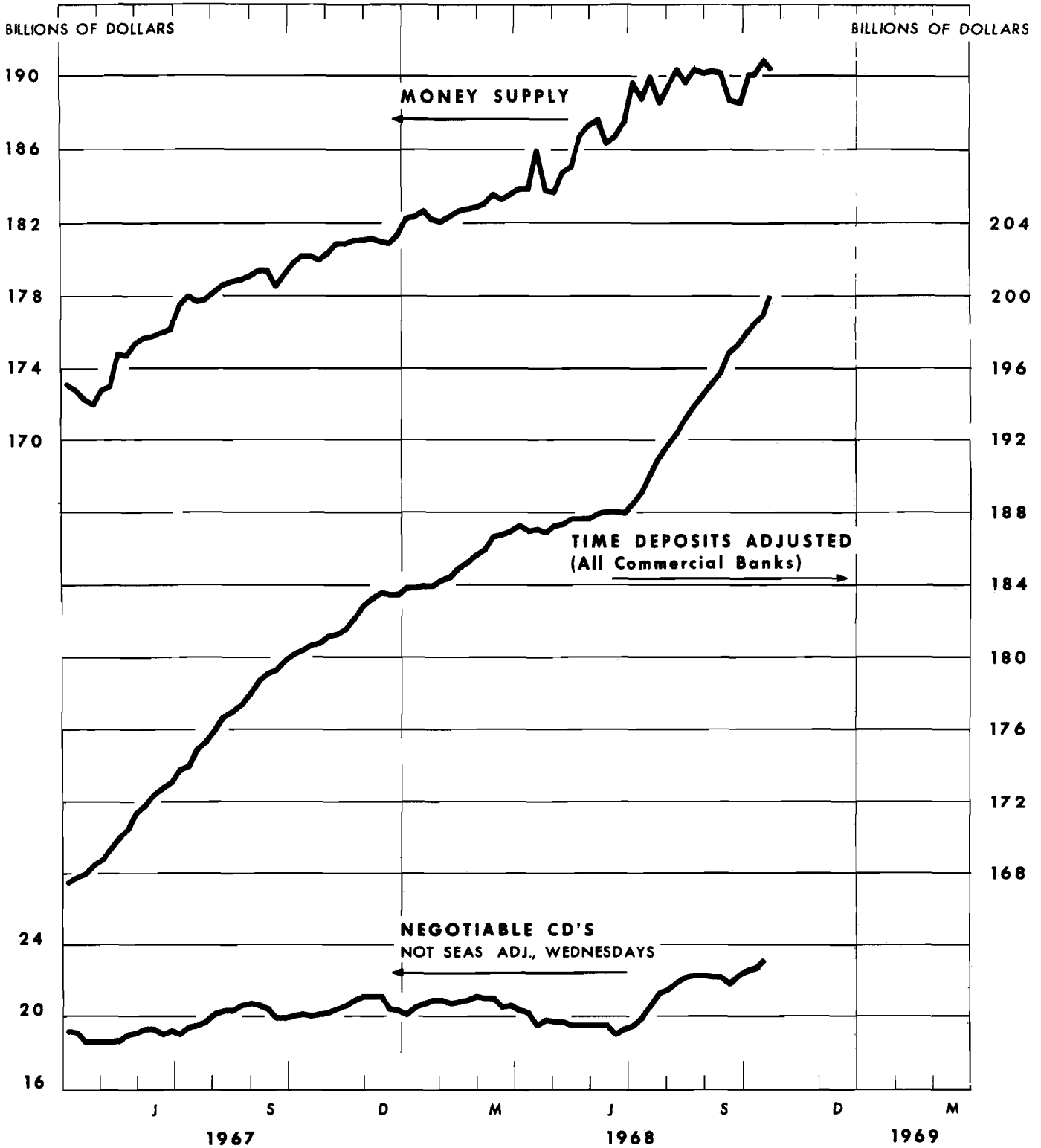


Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

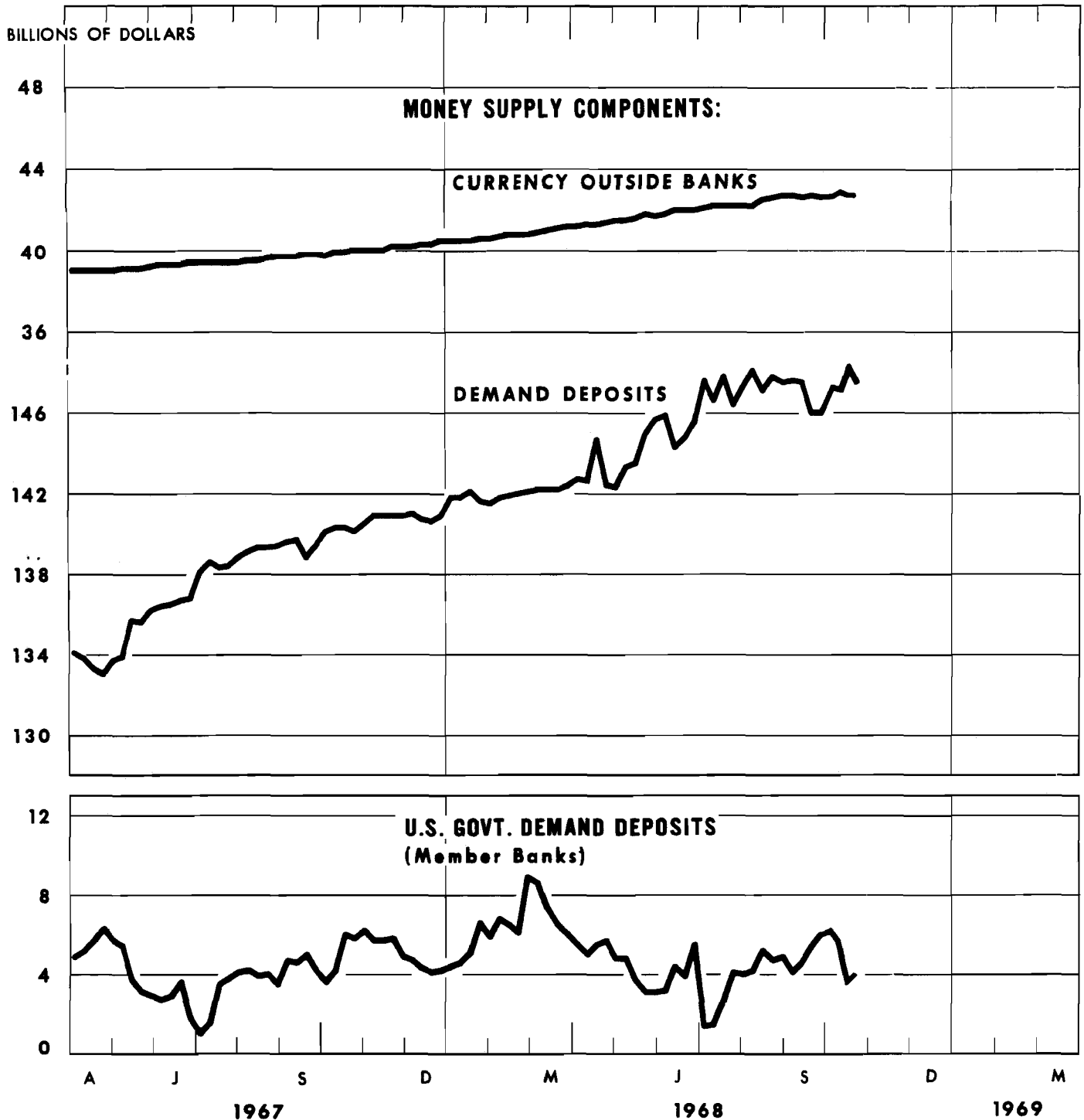


Table B-1

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
<u>Year:</u>							
6 (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
<u>Year-to-date:</u>							
(12/28/66 - 10/25/67)	+2,530	- 152	- 506	-1,488	+ 384	+ 631	- 247
(12/27/67 - 10/23/68) 5/	+4,286	-2,067	-1,609	+ 145	+ 757	+1,232	- 475
<u>Weekly:</u>							
1968--Sept. 4 p	+ 390	--	- 358	+ 58	+ 89	- 13	+ 102
11 p	- 454	--	- 286	+1,056	+ 316	+ 59	+ 257
18 p	- 941	--	+ 143	+ 547	- 250	- 59	- 191
25 p	+ 283	--	+ 217	- 616	- 116	+ 59	- 175
Oct. 2 p	+1,119	--	+ 206	- 784	+ 540	+ 342	+ 198
9 p	+ 31	--	- 174	+ 227	+ 85	+ 280	- 195
16 p	+ 602	--	- 272	+ 174	+ 505	+ 328	+ 177
23 p	- 437	--	- 359	+ 280	- 516	- 131	- 385
<u>PROJECTED</u>							
1968--Oct. 30	- 140	--	+ 475	- 440	- 105	- 105	--
Nov. 6	+ 195	--	- 120	- 170	- 95	- 95	--
13	+ 365	--	- 235	+ 220	+ 350	+ 350	--
20	+ 420	--	- 555	+ 150	+ 15	+ 15	--
27	- 65	--	- 60	- 20	- 145	- 145	--

1/ For retrospective details see B-4.

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 January 18, 1978.

p - Preliminary.

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 \$50 million per week.
3. Projected effects of Treasury operations, included in "technical factors," reflect scheduled and assumed calls in current two weeks and maintenance of Treasury balances with Federal Reserve at \$1.0 billion thereafter.
4. Projected changes in required reserves assume the existing net reserve position of banks and the structure of interest rates in the market, as well as the current economic outlook. On the basis of these assumptions, projections reflect expected movements in bank credit and money in the period ahead, including the effects of such elements as the public's loan demand, repayments of previous loans, banks' investment preferences and willingness to supply loans, banks' desires and abilities to obtain time and savings deposits, and the Government's financing needs. The projections thus encompass normal seasonal developments, temporary bursts of loans demand and expected associated repayments not currently reflected by the seasonals, and whatever cyclical and growth demands for money and credit are expected in the projection period. Assumed Treasury financing operations include: \$0.4 billion, October 30; \$-0.4 billion, November 15; \$2.5 billion, November 27.

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
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 - 10/25/67)	+ 631	+ 240	+ 391	- 587	+ 54	+ 872	+ 52
(12/27/67 - 10/23/68) <u>2/</u>	+1,232	+ 7	+1,225	- 253	+ 176	+ 838	+ 464
<u>Weekly:</u>							
1968--Sept. 4 p	- 13	- 227	+ 214	+ 159	- 6	+ 25	+ 36
11 p	+ 59	- 113	+ 172	+ 295	- 13	- 117	+ 7
18 p	- 59	+ 113	- 172	- 295	+ 13	+ 117	- 7
25 p	+ 59	- 113	+ 172	+ 295	- 13	- 117	+ 7
Oct. 2 p	+ 342	+ 225	+ 117	+ 188	- 25	- 73	+ 27
9 p	+ 280	+ 484	- 204	- 239	--	+ 8	+ 27
16 p	+ 328	- 28	+ 356	+ 176	--	+ 151	+ 29
23 p	- 131	- 151	+ 20	+ 35	+ 6	- 55	+ 34
<u>PROJECTED</u>							
1968--Oct. 30	- 105	- 306	+ 199	+ 15	+ 7	+ 157	+ 20
Nov. 6	- 95	+ 51	- 146	- 50	- 7	- 104	+ 15
13	+ 350	+ 290	+ 60	+ 25	--	+ 15	+ 20
20	+ 15	- 190	+ 205	+ 150	- 5	+ 45	+ 15
27	- 145	- 170	+ 25	--	- 15	+ 25	+ 15

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.

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>					
1966 (12/29/65 - 12/28/66)	+ 805	+ 573	+ 64	- 30	+ 98
1967 (12/28/66 - 12/27/67)	- 165	- 85	- 389	- 7	+ 316
<u>Year-to-date:</u>					
(12/28/66 - 10/25/67)	-1,488	- 531	-1,213	+ 24	+ 232
(12/27/67 - 10/23/68)	+ 145	+ 275	- 237	+ 19	+ 88
<u>Weekly:</u>					
1968--Sept. 4 p	+ 58	+ 150	- 14	- 15	- 63
11 p	+1,056	+ 801	+ 197	+ 6	+ 52
18 p	+ 547	- 62	+ 270	+ 6	+ 333
25 p	- 616	- 659	+ 17	+ 5	+ 21
Oct. 2 p	- 784	- 330	- 392	- 22	- 40
-9 p	+ 227	+ 143	+ 126	- 11	- 31
16 p	+ 174	+ 103	+ 59	+ 24	- 12
23 p	+ 280	- 50	+ 167	+ 1	+ 162
<u>PROJECTED</u>					
1968--Oct. 30	- 440	- 15	- 450	--	+ 25
Nov. 6	- 170	+ 50	- 220	--	--
13	+ 220	--	+ 160	--	+ 60
20	+ 150	--	+ 450	--	- 300
27	- 20	--	- 20	--	--

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			
<u>Year:</u>								
1 (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
<u>Year-to-date:</u>								
(12/28/66 - 10/25/67)	+2,530	+3,177	+2,868	+ 967	- 658	- 26	- 131	- 490
(12/27/67 - 10/23/68)	+4,286	+4,352	+3,207	+1,176	- 31	--	- 56	- 10
<u>Weekly:</u>								
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
11	- 454	- 634	- 659	+ 12	+ 13	--	--	+ 180
18	- 941	- 711	- 698	--	- 13	--	- 1	- 229
25	+ 283	+ 214	+ 214	--	--	--	- 1	+ 70
Oct. 2	+1,119	+1,048	+ 889	+ 96	+ 63	+ 1	+ 5	+ 65
9	+ 31	+ 171	+ 82	+ 152	- 63	- 1	- 1	- 138
16	+ 602	+ 430	+ 334	--	+ 96	+ 3	+ 53	+ 116
23	- 437	- 211	- 165	--	- 46	+ 4	- 47	- 183

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	25,337	18,763
Sept. p	26,395	25,947	26,158	25,312	18,635
Oct. p e	26,588	26,166	26,347	25,510	18,729

p - Preliminary. e - Estimated.

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
Sept. ^p	288.0	159.0	123.7	5.3
Oct. ^{p e}	290.9	161.4	124.4	5.1

p - Preliminary. e - Estimated.

^{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	284.6	155.3	125.0	4.2
14	285.0	156.0	123.9	5.2
21	286.4	156.8	124.9	4.7
28	287.0	157.4	124.7	4.9
Sept 4	286.7	157.9	124.7	4.1
11	287.0	158.3	124.1	4.6
18 p	287.9	159.1	123.5	5.4
25 p	288.9	159.6	123.4	6.0
Oct. 2 p	290.3	160.1	124.0	6.2
9 p	290.3	160.7	123.9	5.7
16 p	289.9	161.0	125.1	3.7
23 p	290.0	161.8	124.2	4.0

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--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	187.4	42.0	145.4	188.2
July	189.4	42.2	147.2	190.4
Aug. p	190.2	42.5	147.7	193.8
Sept. p	189.3	42.6	146.7	196.7
Oct. p e	190.4	42.8	147.6	199.5

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.

p - Preliminary. e - Estimated.

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	189.7	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	190.4	42.2	148.1	192.4
14	189.7	42.5	147.1	193.3
21	190.4	42.6	147.8	194.0
28	190.2	42.7	147.5	194.6
Sept. 4 p	190.3	42.7	147.6	195.2
11 p	190.2	42.6	147.5	195.8
18 p	188.7	42.7	146.0	196.9
25 p	188.6	42.6	146.0	197.4
Oct. 2 p	190.0	42.7	147.3	198.1
9 p	190.0	42.9	147.2	198.6
16 p	190.9	42.8	148.2	199.0
23 p	190.3	42.8	147.4	200.0

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.