

Prefatory Note

The attached document represents the most complete and accurate version available based on original copies culled from the files of the FOMC Secretariat at the Board of Governors of the Federal Reserve System. This electronic document was created through a comprehensive digitization process which included identifying the best-preserved paper copies, scanning those copies,¹ and then making the scanned versions text-searchable.² Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

¹ 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).

² A two-step process was used. An advanced optical character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Interest rates in short- and long-term markets have risen sharply since the last meeting of the Committee. In bond markets, yields on new corporate issues have shown the largest rise and have moved well above early October highs. Outstanding Federal agency issues rose about 75 - 90 basis points, and some Treasury bills with longer maturities have risen about as much. The 3-month Treasury bill is up about 40 basis points to a new high of 7.38 per cent at the close of business on November 21. Other short-term rates have also risen sharply.

(2) Federal funds have most frequently been traded at 9-1/4 per cent since the last meeting of the Committee, and the effective rate on most days was in a narrow range between 9 and 9-1/2 per cent. Over the previous policy period the weekly average effective rate on Federal funds had varied between 8-3/4 and 9-5/8 per cent. Dealer loan rates at New York City banks, which had declined somewhat after mid-October, tended to increase during the course of the last three weeks and were quoted most frequently at 9-1/2 to 10 per cent toward the end of this period, as dealer financing needs were enlarged in the aftermath of the late October auction of Treasury tax bills and recent bill sales by foreign accounts related to unwinding of speculation on the German mark.

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, S.A.				
	Free Reserves (In millions of dollars for weeks ending in)	Borrowings	Federal Funds Rate 1/	3-month Treasury Bill	U.S. Government (20 yr)	Corporate New Issues (Aaa) 2/	Municipal (Aaa)	Nonborrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy	Money Supply	Time Deposits 3/
1968--September	- 146	492	5.78	5.19	5.28	6.27	4.23	+185	+ 98	+ 2.1	+ 0.4	+ 2.6
October	- 192	458	5.92	5.35	5.44	6.47	4.21	+206	+193	+ 3.2	+ 0.4	+ 3.0
November	- 255	541	5.81	5.45	5.56	6.61	4.33	+ 29	+181	+ 2.8	+ 1.8	+ 2.7
December	- 327	743	6.02	5.96	5.88	6.79	4.50	+120	+279	+ 3.2	+ 1.2	+ 2.8
1969--January	- 491	715	6.30	6.14	5.99	6.92	4.58	+103	+175	- 1.2**	+ 1.0	- 1.7
February	- 580	836	6.64	6.12	6.11	6.91*	4.74	-112	- 79	- 0.3	+ 0.5	- 0.8
March	- 635	837	6.79	6.02	6.22	7.37	4.97	-182	- 88	- 2.5	+ 0.5	- 0.1
April	- 844	1,031	7.41	6.11	6.03	7.17	5.00	-270	-197	+ 1.2	+ 1.3	--
May	-1,116	1,359	8.67	6.04	6.11	7.22	5.19	+174	+460	- 0.3	+ 0.2	- 0.6
June	-1,078	1,355	8.90	6.44	6.28	7.58	5.58	-183	-179	- 2.5	+ 0.7	- 0.9
July	-1,045	1,311	8.61	7.00	6.27	7.63	5.60	-430	-526	- 4.6	+ 0.3	- 3.1
August	- 997	1,211	9.19	6.98	6.22	7.65	5.74	- 61	-129	- 2.7	- 0.3	- 3.2
September	- 744	1,026	9.15	7.09	6.55	7.98	5.83	+169	+ 1	+ 0.4	--	- 0.4
October p	- 995	1,190	8.71	7.00	6.50	7.89	5.80	-162	- 36	- 2.2	+ 0.1	- 0.6
1969--Aug 6	- 839	1,090	9.57	6.99	6.21	7.57*	5.70	+484	+340	- 0.9	--	- 1.1
13	- 996	1,329	9.18	7.04	6.19	7.53	5.73	-102	+ 47	- 0.3	--	- 0.7
20	-1,162	1,221	8.79	6.86	6.20	7.61	5.73	-394	-387	- 1.5	+ 0.4	- 0.5
27	- 992	1,204	8.82	7.04	6.24	7.82	5.80	+344	+282	+ 0.7	- 0.6	- 0.5
Sept. 3	- 838	1,240	9.57	7.01	6.35	7.90**	5.80	- 65	- 24	+ 0.7	+ 0.6	+ 0.1
10	- 349	740	8.57	7.09	6.45	8.02**	5.85	+493	- 84	- 2.1	- 0.2	- 0.1
17	- 886	1,018	9.07	7.11	6.49	8.04	5.85	-323	+ 45	+ 3.4	+ 0.3	+ 0.3
24	- 901	1,105	9.61	7.13	6.60	8.13	5.82	-165	-134	- 2.1	- 1.3	- 0.2
Oct. 1	-1,116	1,436	9.11	7.07	6.76	8.22	5.83	+163	+481	- 0.8	--	+ 0.3
8	- 828	964	9.43	7.00	6.65	8.10	5.80	- 71	-484	- 0.5	+ 1.3	- 0.4
15	-1,129	1,347	9.68	7.02	6.46	7.95	5.75	-316	+ 27	- 1.8	- 0.9	- 0.3
22	- 844	1,015	8.68	6.94	6.29	7.82	5.80	+558	+300	+ 2.2	+ 1.2	- 0.3
29 p	-1,055	1,183	8.39	7.00	6.50	7.87	5.84	-512	-286	- 0.7	- 1.5	+ 0.1
Nov. 5	-1,028	1,327	9.07	7.01	6.59	8.13	5.75	+356	+398	+ 2.5	+ 0.2	- 0.3
12	- 890	1,244	9.32	7.14	6.66	8.27**	5.78	- 68	-137	--	+ 1.1	+ 0.1
19	- 996	1,072	8.79	7.16	6.78	8.44	5.95	+434	+331	+ 0.5	+ 0.8	+ 0.1
				<u>Averages</u>					<u>Annual rates of increase 4/</u>			
Year 1968	- 210	548	5.58	5.36	5.45	6.47	4.20	+ 6.0	+ 7.9	+ 9.0	+ 7.2	+11.5
Second Half 1968	- 218	529	5.77	5.42	5.44	6.50	4.22	+10.2	+10.7	+13.4	+ 7.0	+17.3
First Half 1969	- 779	1,034	7.45	6.17	6.12	7.20	4.99	- 3.7	+ 0.7	- 3.5	+ 4.3	- 4.0
<u>Recent variation in growth</u>												
7/3/68 - 12/18/68	- 203	516	5.90	5.34	5.40	6.47	4.21	+11.0	+12.9	+14.8	+ 5.9	+18.6
12/18/68 - 11/19/69	- 849	1,101	8.06	6.51	6.24	7.51	5.30	- 3.4	- 1.8	- 4.3	+ 3.2	- 6.2

1/ Average of total number of days in period.

2/ Includes issues carrying 5-year and 10-year call protection, * - issues carry a 10-year call protection.

3/ Time deposits adjusted at all commercial banks.

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

** - Reflects \$400 million reduction in member bank deposits resulting from withdrawal of a large country bank from System membership. Percentage annual rates are adjusted to eliminate this break in series.

p - Preliminary.

S.A. - Seasonally adjusted.

Net borrowed reserves of all member banks fluctuated in a \$900 million to \$1 billion range over the last three statement weeks, while the weekly averages of member bank borrowing were between \$1 and \$1.3 billion.

(3) With respect to deposits, data for the latter part of October now indicate a weaker deposit performance for that month than was estimated at the time of the last Committee meeting. Total member bank deposits declined at a 9.2 per cent annual rate, a little over a percentage point weaker than earlier estimated, while the money supply rose at only about a 1/2 per cent annual rate, about 2 percentage points below earlier estimates. As to nondeposit sources, Euro-dollars in October were weaker than expected, but commercial paper issued by bank affiliates rose rapidly in the course of the month. On balance, the proxy adjusted to include all nondeposit sources of funds declined at a 7-1/2 per cent annual rate in October, compared with the 6-1/2 per cent decline estimated at the last meeting.

(4) Thus far in November, on the other hand, both time and demand deposits are showing more strength than expected earlier, while the net issuance of bank-related commercial paper appears to have moderated somewhat since the proposed Board regulation was issued on October 29. Time deposits are being influenced by continued net inflows of foreign official time deposits in larger dimensions than earlier allowed for. And, insofar as can be gauged from currently available data, private demand deposits seem to be rising moderately at the same time as U.S. Government deposits are showing a sharp rise; in the past,

so marked an increase in Government deposits has frequently been associated with at least some decline in private demand deposits. It is possible that the recent bulge of security market issues has required somewhat more bank financing than is typical, because poor market receptions have left the issues in dealer hands for longer than usual even after syndicate price restrictions have been broken. The return of funds from Germany in the wake of the mark revaluation may also have resulted in a temporary bulge in cash balances.

(5) The following table summarizes annual rates of change in major deposit and reserve aggregates for 1968 as a whole and thus far in 1969.

	<u>Year</u> <u>1968</u>	<u>Jan. '69-</u> <u>June '69</u>	<u>July '69-</u> <u>Sept. '69</u>	<u>Oct. '69</u>
Total reserves	7.8	0.7	- 9.3	-10.9
Nonborrowed reserves	6.0	-3.7	- 4.8	-17.1
Bank credit, as indicated by:				
Total member bank deposits (bank credit proxy)	9.0	-3.5	- 9.4	- 9.2
Proxy plus Euro-dollars	9.8	-0.2	- 6.2	-10.0
Proxy plus Euro-dollars and other nondeposit sources	n.a.	n.a.	- 4.3	- 7.5
Total loans and investments of all commercial banks (as of last Wednesday of month)	11.0	3.0	- 0.5	0.3
Money supply	7.2	4.3	--	0.6
Time and savings deposits	11.5	-4.0	-13.3	- 3.7
Savings accounts at non-bank thrift institutions	6.3	5.0	2.1	- 0.5

Note: Dates are inclusive.

Prospective developments

(6) For the second paragraph of the current economic policy directive, the Committee might wish to continue the language currently in force which reads as follows (alternative A):

"To implement this policy, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining the prevailing firm conditions in money and short-term credit markets; provided, however, that operations shall be modified if bank credit appears to be deviating significantly from current projections."

(7) Prevailing firm conditions in the money and short-term credit markets might continue to be taken to encompass a Federal funds rate of about 8-1/2 - 9-1/2 per cent, member bank borrowings \$1 - \$1-1/2 billion, and net borrowed reserves of \$900 million - \$1.2 billion. The 3-month bill rate, however, is likely to be in a somewhat higher range than earlier--perhaps between 7 and 7-1/2 per cent. Seasonal pressures, including the forthcoming mid-December tax period, and the relatively high level of dealer bill positions before the current \$2-1/2 billion Treasury tax bill financing, may tend to sustain the bill rate at an advanced level. In addition, uncertainty as to the implications for the over-all tightness of the banking system of the Board's proposed regulation affecting bank-related commercial paper may be exerting some upward bill rate pressures. These factors would work to maintain the Federal funds rate in the upper part of the range noted above, although in the latter part of November and early December a seasonal shift in reserves toward money center banks may temporarily take some edge off pressures in the market for day-to-day money.

(8) Total member bank deposits in November are expected to rise in a 9 - 12 per cent, annual rate, range, with total and non-borrowed reserves rising in a roughly similar order of magnitude. This range for the increase in member bank deposits is 4 percentage points higher than projected at the last Committee meeting. But of that difference 1-1/2 percentage points is attributable to the fact that the most recent Treasury tax bill financing was \$500 million larger than earlier assumed and came in late November rather than early December. In addition, another percentage point results from the lower than previously estimated level of total member bank deposits in October. Even after adjusting for these factors, deposit growth in November is projected to be somewhat stronger than earlier. Given relatively strong loan demands, partly to meet large mid-December corporate tax payments and partly to finance underwriting of a continued sizeable flow of security issues, total member bank deposits in December are projected to rise in a 0 - 3 per cent, annual rate range. If so, average member bank deposit growth from September through December will have been slightly positive--perhaps by a percentage point or two--compared with the 9-1/2 per cent rate of decline experienced in the third quarter.

(9) With respect to nondeposit sources of funds, we expect the recent slower growth in outstanding commercial paper of bank affiliates (which has averaged about \$100 million per week during the first two state-ment weeks of November) to continue. However, some demand for nondeposit funds is likely to continue to be diverted to the Euro-dollar market,

exerting upward rate pressures there. Euro-dollar borrowings of U.S. banks have risen about \$500 million from the average outstanding in the last statement week of October to the most recent statement week, and have increased somewhat further in recent days. Taking account of Euro-dollar and all other non-deposit sources of funds combined we would expect additions of about 3 percentage points to the November estimate, and of possibly 1 percentage point to the projected December change. Recently, there have been market reports of some increase in the issuance of "ineligible" bankers' acceptances.

(10) The money supply in November is now projected to rise in a 4 - 7 per cent, annual rate, range, as both currency and demand deposits have shown more strength than earlier expected. Some weakness in the money supply is anticipated in December, with possibly a small decline on average at an annual rate, as private demand deposits are absorbed in the process of distributing the recently offered Treasury tax bills to ultimate holders. Over the fourth quarter as a whole money supply may grow in a 1 to 2 per cent annual rate range, compared with no change in the third quarter.

(11) Projections of time and savings deposits have been particularly difficult because of uncertainties in forecasting the behavior pattern of the BIS and other foreign official institutions that have been placing funds in the domestic CD market. Moreover, the sharp decline in the level of outstanding CD's has reduced maturities and hence the potential runoff; in December only about \$3 billion are estimated to

mature. Even with consumer-type time deposits remaining weak, total time and savings deposits might show little net change on balance in the November-December period, assuming foreign inflows continue and recognizing the difficulties of interpreting seasonal CD movements after a long period of attrition.

(12) The current advanced level of yields in capital markets-- with some interest being shown by investors in Aa-rated utility bonds recently offered around the 8-7/8 per cent level and with a recent agency issue selling relatively well--suggests the possibility that long-term interest rates might backtrack a little in the period ahead. Such an abatement of pressures would be encouraged if the stringency in the Treasury bill market were to moderate, as may be possible since dealers appear to be discounting seasonal and other pressures well in advance. However, since dealer financing costs are so high and underwriting positions undesirably large, it would take only a modest amount of new additions to the calendar of forthcoming bond issues to push long-term interest rates up even higher.

(13) If the Committee should decide to move toward slightly less firm money market conditions, it might wish to consider the following second paragraph for the directive (alternative B):

"To implement this policy, System open market operations until the next meeting of the Committee shall be conducted with a view to achieving slightly less firm conditions in money and short-term credit markets; provided, however, that operations shall be modified if bank credit appears to be deviating significantly from current projections."

(14) The slightly less firm money market conditions might involve Federal funds more frequently around 8-1/2 per cent, member bank borrowings around \$1 billion or a little less, and net borrowed reserves fluctuating around \$800 million. The 3-month bill rate under these conditions might move down into 6-7/8 - 7-1/8 per cent range, and upward pressure on long-term interest rates might well abate. Rates could even decline significantly, particularly in long-term markets, if investor expectations were affected by indications of even a modest relaxation of policy. The monetary aggregates would be affected only in a minor way over the near-term by the change in market conditions specified above, unless there is a sharp shift in market expectations. But a significant upward impact on the aggregates probably would appear to require a more extended easing of money market conditions, especially when ceiling rates on deposits are so far below the market and bank investment policies have become so cautious in securities markets.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

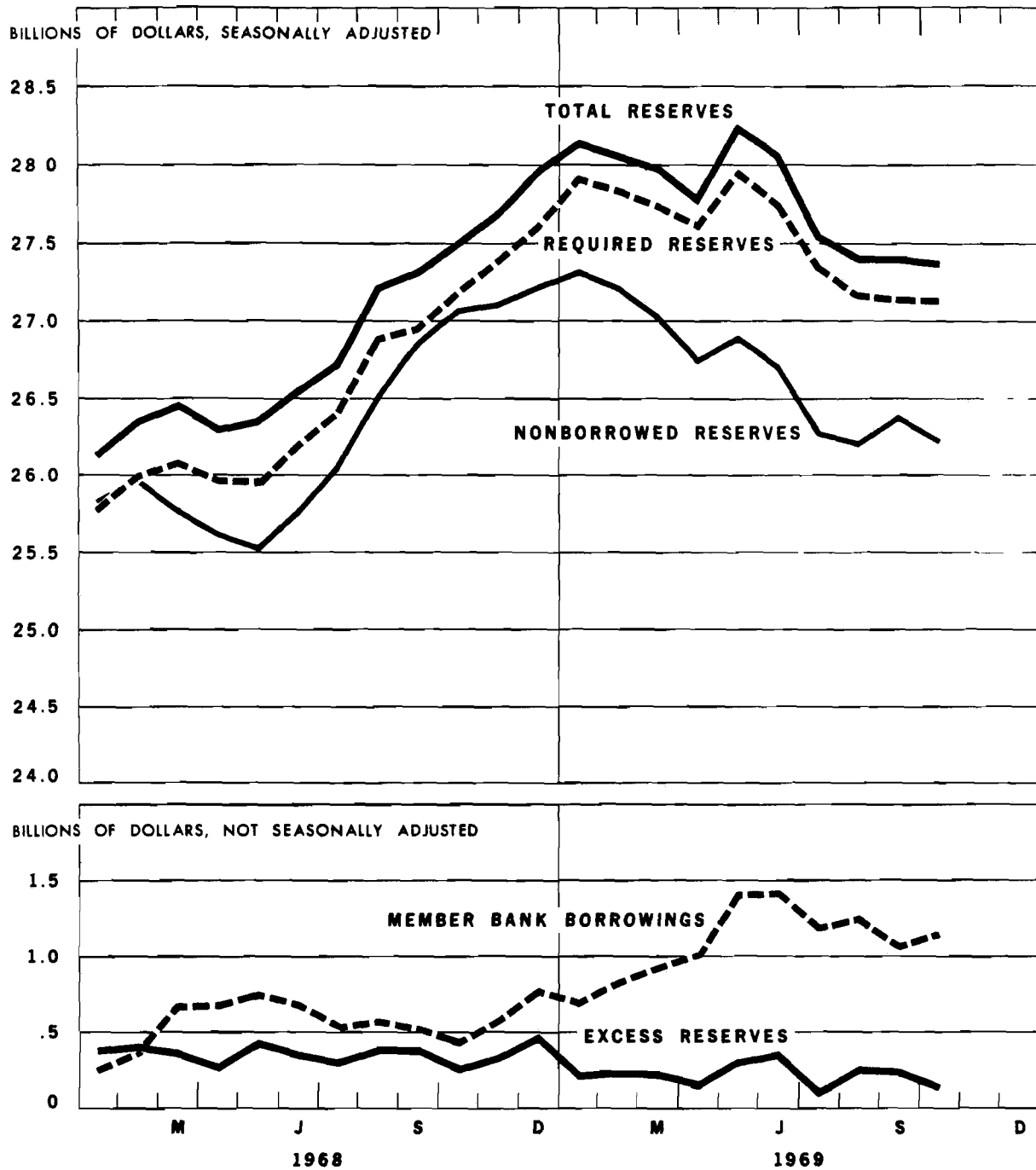


Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

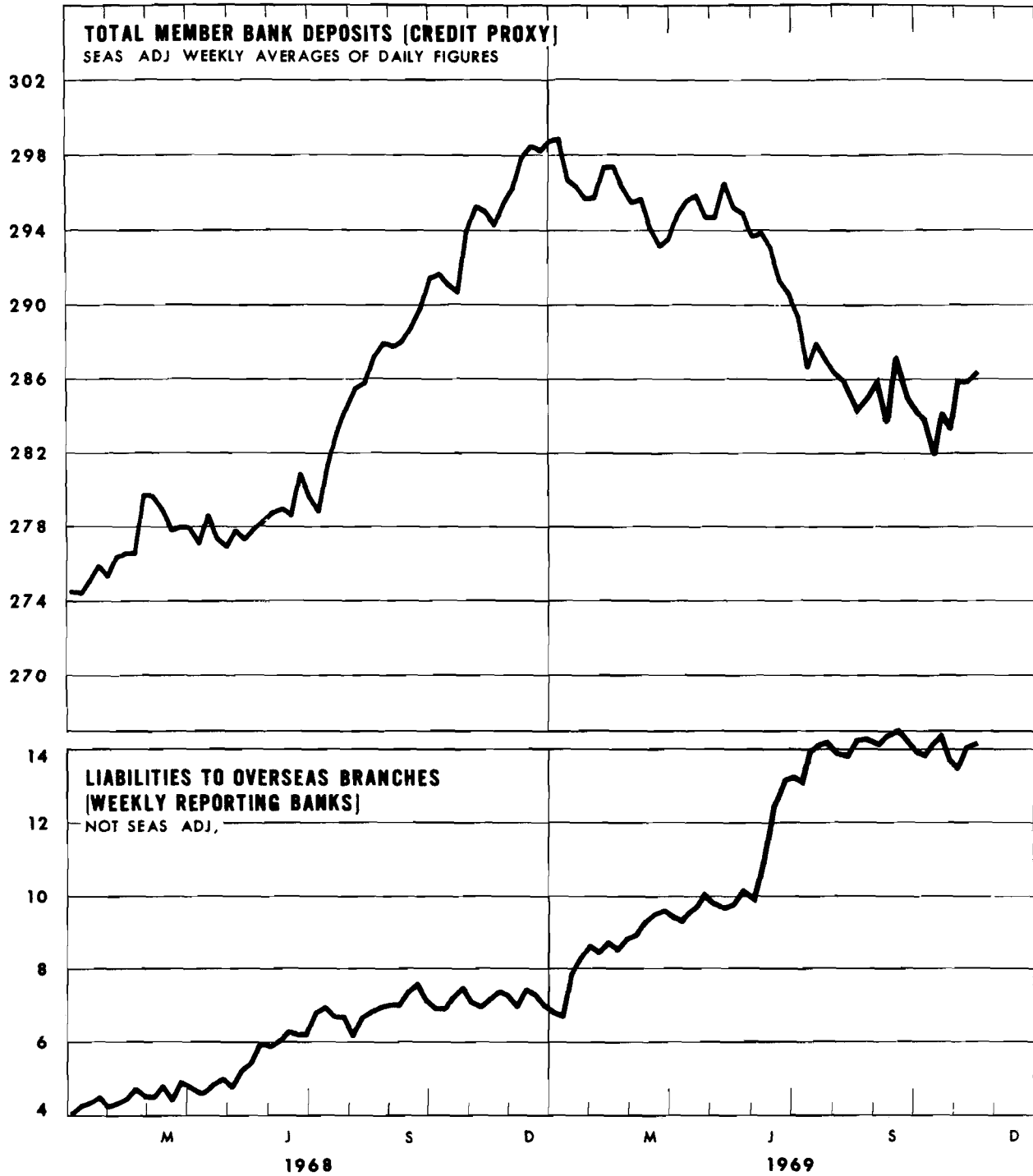


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

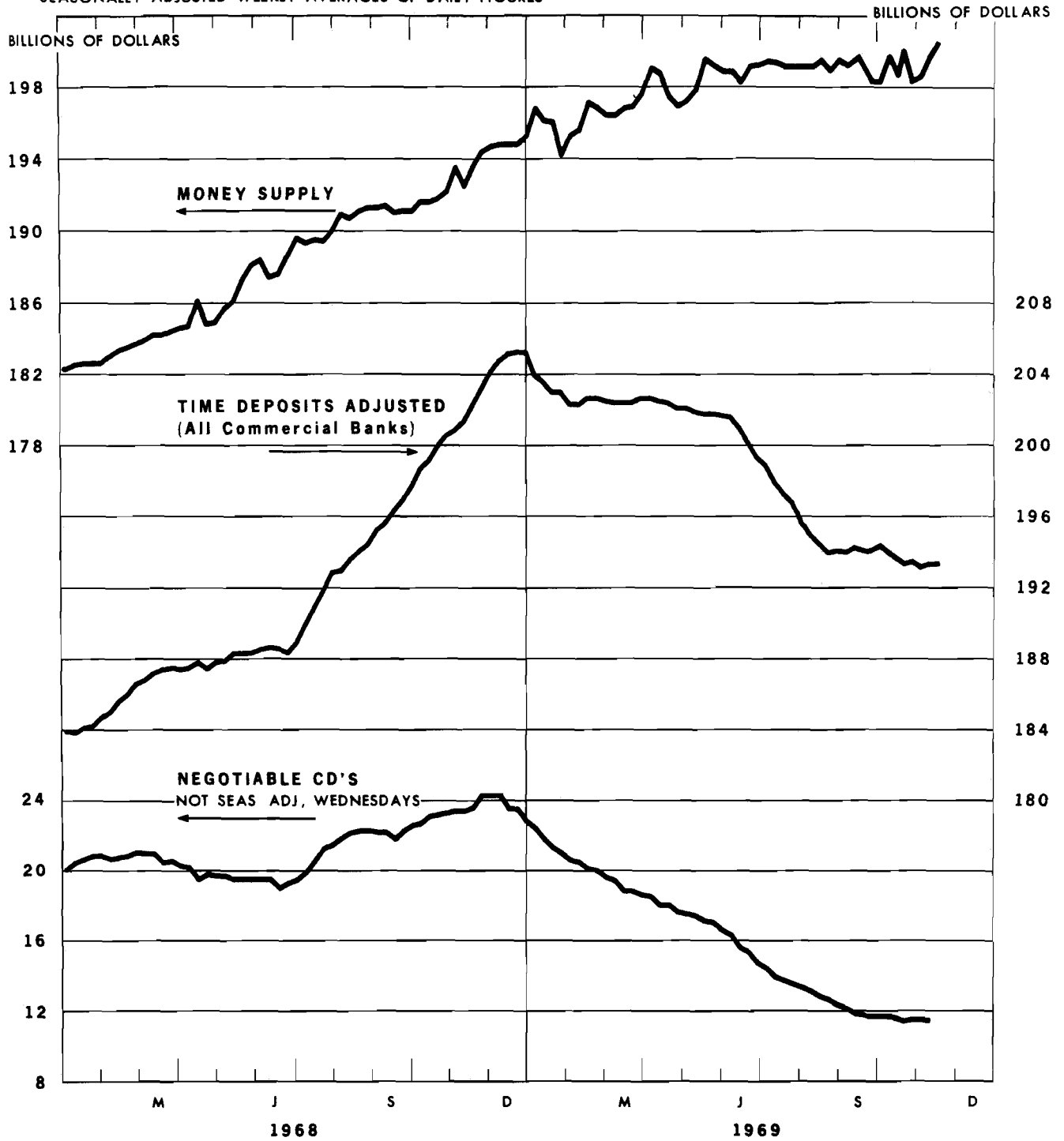


Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

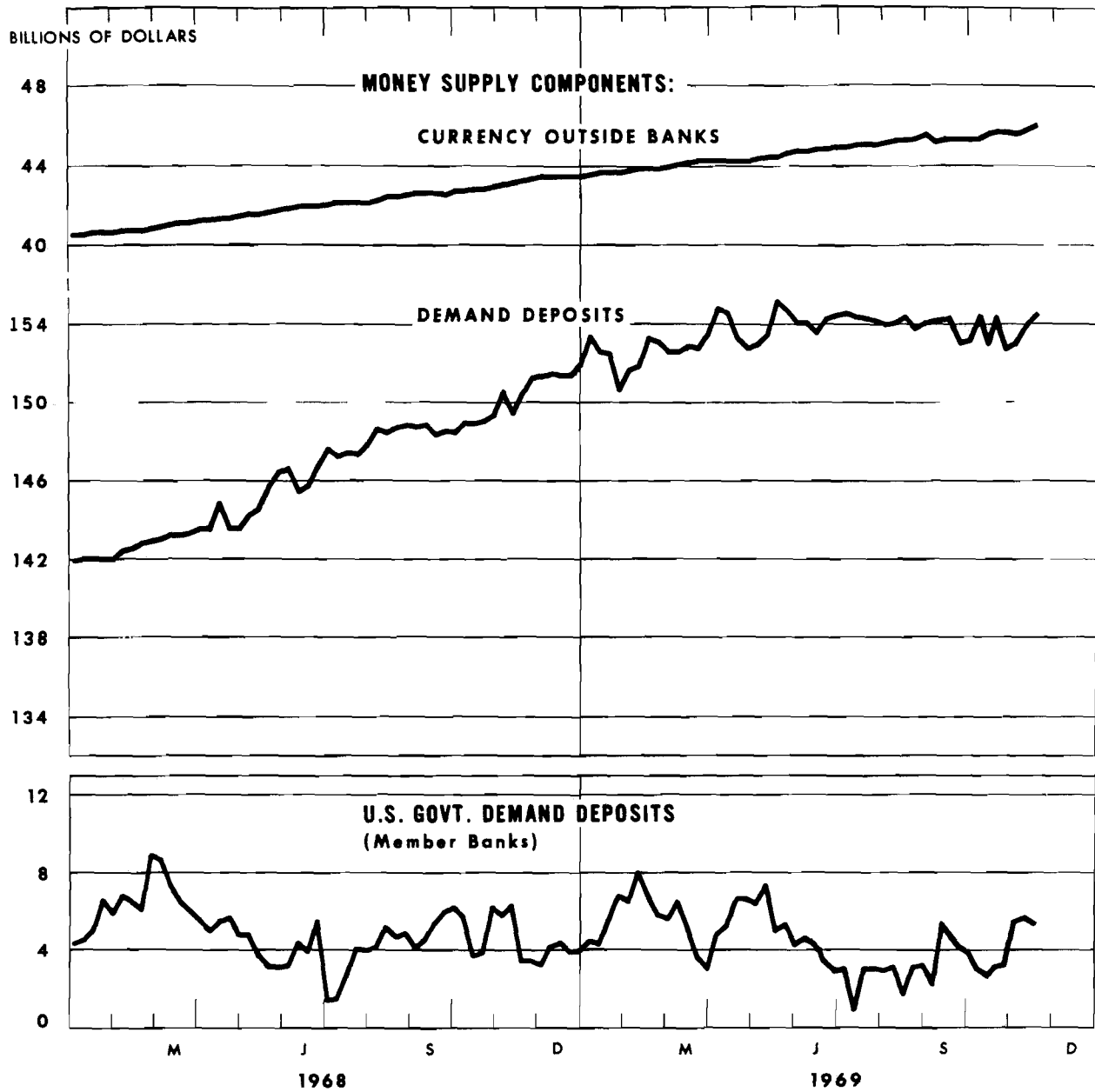


Table 1

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

Period	Free reserves	Excess reserves	Member Banks Borrowings				Country
			Total	Reserve City			
				Major banks		Other	
			8 N.Y.	Outside N.Y.			
Monthly (reserves weeks ending in):							
1968--September	- 146	346	492	125	158	73	136
October	- 192	267	458	81	88	117	172
November	- 255	286	541	65	171	93	212
December	- 270	330	600	134	223	66	177
1969--January	- 477	359	836	131	302	149	253
February	- 580	256	836	62	255	215	304
March	- 635	202	837	58	233	254	293
April	- 844	187	1,031	85	411	260	275
May	-1,116	243	1,359	123	346	397	493
June	-1,078	277	1,355	57	459	288	550
July	-1,045	266	1,311	89	250	364	608
August	- 997	214	1,211	81	253	256	621
September	- 744	282	1,026	83	236	222	485
October p	- 995	195	1,190	106	327	293	464
1969--July 2	-1,138	496	1,634	125	416	396	697
9	- 891	129	1,020	--	165	334	521
16	-1,103	176	1,279	88	302	390	499
23	- 972	382	1,354	86	214	393	661
30	-1,123	146	1,269	146	152	308	663
Aug. 6	- 839	251	1,090	18	183	251	638
13	- 996	333	1,329	118	365	256	589
20	-1,162	59	1,221	136	267	194	624
27	- 992	212	1,204	53	196	322	633
Sept. 3	- 838	402	1,240	57	286	233	664
10	- 349	391	740	64	39	172	465
17	- 886	132	1,018	128	331	136	423
24	- 901	204	1,105	83	306	328	388
Oct. 1	-1,116	320	1,436	95	531	257	553
8	- 828	139	967	170	112	267	418
15	-1,129	218	1,347	210	396	302	439
22	- 844	171	1,015	--	275	344	396
29 p	-1,055	128	1,183	53	322	294	514
Nov. 5 p	-1,028	299	1,327	121	425	292	489
12 p	- 890	354	1,244	350	296	190	408
19 p	- 996	76	1,072	--	390	262	420

p - Preliminary.

Table 2

AGGREGATE RESERVES AND MONETARY VARIABLES
Retrospective Changes, Seasonally Adjusted
(In per cent, annual rates based on monthly averages of daily figures)

Period	Reserve Aggregates			Monetary Variables					
	Total Reserves	Nonborrowed Reserves	Required Reserves	Total Member Bank Deposits	Money Supply			Commercial bank time deposits adjusted	Credit Proxy (Incl. Euro-dollar borrowings)
					Total	Currency	Private Demand Deposits		
Annually									
1967	+10.3	+11.7	+10.5	+11.8	+ 6.6	+ 5.5	+ 7.0	+15.9	+11.7
1968	+ 7.8	+ 6.0	+ 7.9	+ 9.0	+ 7.2	+ 7.4	+ 7.1	+11.5	+ 9.8
Quarterly									
1st Quarter 1968	+ 7.9	+ 1.1	+ 7.5	+ 7.3	+ 5.5	+ 6.9	+ 5.4	+ 7.6	+ 7.6
2nd Quarter 1968	+ 1.5	+ 2.1	+ 1.8	+ 1.4	+ 8.7	+ 7.8	+ 8.7	+ 3.0	+ 3.7
3rd Quarter 1968	+11.5	+15.0	+11.5	+13.6	+ 6.8	+ 7.6	+ 6.8	+16.5	+14.7
4th Quarter 1968	+ 9.6	+ 5.3	+ 9.8	+12.7	+ 7.1	+ 6.6	+ 7.0	+17.3	+11.9
1st Quarter 1969	+ 0.1	- 2.8	+ 1.7	- 4.8	+ 4.1	+ 6.5	+ 3.4	- 5.1	- 1.8
2nd Quarter 1969	+ 1.2	- 4.7	+ 0.2	- 2.2	+ 4.5	+ 6.3	+ 3.9	- 3.0	+ 1.4
3rd Quarter 1969	- 9.3	- 4.8	- 8.6	- 9.4	--	+ 3.6	- 1.3	-13.3	- 6.2
Monthly:									
1968--April	- 6.9	- 6.9	- 5.2	- 5.2	+ 5.9	+ 5.8	+ 5.0	+ 3.2	- 4.7
May	+ 2.5	+ 0.9	- 0.6	+ 2.2	+11.0	+ 8.7	+12.5	+ 3.2	+ 6.0
June	+ 8.8	+12.3	+11.3	+ 7.3	+ 9.0	+ 8.7	+ 8.3	+ 2.6	+ 9.7
July	+ 7.6	+13.8	+ 9.4	+ 9.4	+ 8.9	+ 5.7	+ 9.8	+15.9	+10.5
August	+22.4	+22.4	+22.3	+22.2	+ 8.9	+ 8.6	+ 8.9	+17.0	+22.5
September	+ 4.3	+ 8.3	+ 2.6	+ 8.8	+ 2.5	+ 8.5	+ 1.6	+16.1	+10.6
October	+ 8.5	+ 9.2	+10.4	+13.3	+ 2.5	+ 2.8	+ 2.4	+18.3	+12.1
November	+ 7.9	+ 1.3	+ 8.4	+11.5	+11.3	+11.2	+11.3	+16.2	+11.6
December	+12.1	+ 5.3	+10.2	+13.0	+ 7.4	+ 5.6	+ 7.2	+16.6	+11.5
1969--January	+ 7.5	+ 4.5	+12.7	- 3.2	+ 6.2	+ 2.8	+ 7.1	-10.0	- 0.8
February	- 3.4	- 4.9	- 3.0	- 1.2	+ 3.1	+ 8.3	+ 1.6	- 4.7	+ 2.0
March	- 3.8	- 8.0	- 4.4	-10.1	+ 3.1	+ 8.2	+ 1.6	- 0.6	- 6.7
April	- 8.5	-12.0	- 5.0	+ 4.9	+ 7.9	+ 2.7	+10.2	--	+ 5.5
May	+19.9	+ 6.0	+14.3	- 1.2	+ 1.2	+ 8.1	- 1.6	- 3.6	--
June	- 7.6	- 8.2	- 8.6	-10.2	+ 4.2	+ 8.1	+ 3.1	- 5.4	- 1.2
July	-22.5	-19.3	-17.6	-18.9	+ 1.8	+ 5.4	+ 1.6	-18.5	-11.4
August	- 5.6	- 2.8	- 7.6	-11.3	- 1.8	+ 8.0	- 4.7	-19.4	- 9.5
September	--	+ 7.7	- 0.8	+ 1.7	--	- 2.6	- 0.8	- 2.5	+ 2.4
October p	-10.9	-17.1	-10.3	- 9.2	+ 0.6	+10.6	- 0.8	- 3.7	-10.0

p - Preliminary.

Table 3
AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

(Based on monthly averages of daily figures)

Period	Reserve Aggregates ^{5/}			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy (Incl. Euro dollar borrowings)	
	Total reserves	Nonborrowed reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits ^{1/}	U.S. Gov't. demand deposits	Total	Currency ^{2/}	Private demand deposits ^{3/}			
	(In millions of dollars)			(In billions of dollars)									
Monthly:													
1968--January	26,134	25,818	25,774	275.1	149.9	119.7	5.4	182.6	40.6	142.0	184.1	279.4	
February	26,352	25,961	25,089	277.4	150.2	120.1	7.1	183.3	40.7	142.6	185.8	281.9	
March	26,451	25,755	26,078	278.5	151.2	120.6	6.7	184.2	41.1	143.2	187.2	283.2	
April	26,298	25,606	25,964	277.3	151.3	120.8	5.2	185.1	41.3	143.8	187.7	282.1	
May	26,353	25,626	25,952	277.8	151.5	122.7	3.7	186.8	41.6	145.3	188.2	283.5	
June	26,547	25,889	26,196	279.5	151.8	123.8	3.9	188.2	41.9	146.3	188.6	285.8	
July	26,715	26,186	26,402	281.7	153.8	125.2	2.7	189.6	42.1	147.5	191.1	288.3	
August	27,213	26,675	26,893	286.9	156.5	125.6	4.8	191.0	42.4	148.6	193.8	293.7	
September	27,311	26,860	26,951	289.0	158.9	124.8	5.3	191.4	42.7	148.8	196.4	296.3	
October	27,504	27,066	27,185	292.2	161.5	125.7	5.0	191.8	42.8	149.1	199.4	299.3	
November	27,685	27,095	27,376	295.0	163.5	126.8	4.7	193.6	43.2	150.5	202.1	302.2	
December	27,964	27,215	27,609	298.2	165.8	128.2	4.2	194.8	43.4	151.4	204.9	305.1	
1969--January	28,139	27,318	27,902	297.0	163.2	128.4	5.4	195.8	43.5	152.3	203.2	304.8	
February	28,060	27,206	27,832	296.7	161.0	129.1	6.7	196.3	43.8	152.5	202.4	305.3	
March	27,972	27,024	27,729	294.2	160.5	128.9	4.8	196.8	44.1	152.7	202.3	303.6	
April	27,775	26,754	27,614	295.4	160.1	129.4	5.9	198.1	44.2	154.0	202.3	305.0	
May	28,235	26,888	27,942	295.1	159.3	130.0	5.9	198.3	44.5	153.8	201.7	305.0	
June	28,056	26,705	27,742	292.6	158.1	130.5	4.0	199.0	44.8	154.2	200.8	304.7	
July	27,530	26,275	27,334	288.0	155.1	130.5	2.4	199.3	45.0	154.4	197.7	301.8	
August	27,401	26,214	27,161	285.3	152.5	129.9	2.9	199.0	45.3	153.8	194.5	299.4	
September	27,402	26,383	27,144	285.7	152.1	129.2	4.4	199.0	45.2	153.7	194.1	300.0	
October p	27,366	26,221	27,125	283.5	151.5	128.9	3.1	199.1	45.6	153.6	193.5	297.5	

^{1/} Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.

^{2/} Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.

^{3/} 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.

^{4/} Excludes interbank and U.S. Government time deposits.

^{5/} Includes increases in required reserves due to changes in Regulations M and D of approximately \$400 million since October 16, 1969.

Table 4

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

Period	Reserve Assets ^{5/}			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted ^{4/}	Credit Proxy (Incl Euro dollar borrowings)	
	Total reserves	Net FLOWED reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits ^{1/}	U S Gov't demand deposits	Total	Currency ^{2/}	Private demand deposits ^{3/}			
Weekly	(In millions of dollars)			(In billions of dollars)									
Apr.	2	27,879	26,689	27,570	293.6	160.7	130.0	3.0	197.6	44.2	153.4	202.6	303.0
	9	27,611	26,634	27,431	294.9	160.6	129.5	4.9	199.0	44.2	154.7	202.6	304.2
	16	27,590	26,838	27,515	295.6	160.2	130.0	5.3	198.7	44.2	154.5	202.4	305.1
	23	27,848	26,733	27,698	295.9	160.1	129.1	6.8	197.4	44.2	153.2	202.3	305.7
	30	28,023	26,830	27,823	294.7	159.8	128.3	6.6	196.9	44.2	152.7	202.0	304.7
May	7	28,501	27,048	27,993	294.7	159.6	128.7	6.4	197.2	44.3	152.9	202.0	304.5
	14	28,162	26,980	27,888	296.5	159.4	129.8	7.3	197.8	44.4	153.4	201.8	306.2
	21	28,020	26,629	27,844	295.2	159.3	131.0	5.0	199.5	44.4	155.1	201.7	305.0
	28	28,219	26,920	28,091	294.9	159.1	130.6	5.3	199.1	44.6	154.6	201.7	305.1
June	4	28,320	26,829	27,826	293.7	158.8	130.6	4.3	198.8	44.7	154.0	201.6	303.6
	11	28,308	27,028	27,800	293.9	158.7	130.6	4.6	198.8	44.7	154.0	201.5	304.9
	18	27,833	26,543	27,698	293.1	158.2	130.6	4.3	198.2	44.8	153.5	200.9	305.6
	25	27,761	26,588	27,701	291.3	157.6	130.3	3.4	199.1	44.8	154.2	200.1	304.5
July	2	28,217	26,543	27,711	290.6	157.0	130.7	2.9	199.2	44.9	154.4	199.3	303.8
	9	27,506	26,461	27,462	289.4	156.1	130.2	3.0	199.4	44.9	154.5	198.8	302.5
	16	27,568	26,370	27,492	286.7	155.3	130.5	.9	199.3	45.0	154.3	197.9	300.7
	23	27,703	26,274	27,307	288.0	154.6	130.5	3.0	199.1	45.0	154.2	197.2	302.2
	30	27,151	25,927	26,980	287.1	154.1	130.0	3.0	199.1	45.0	154.1	196.7	301.3
Aug.	6	27,491	26,411	27,258	286.2	153.4	129.9	2.9	199.1	45.1	153.9	195.6	300.2
	13	27,538	26,309	27,216	285.9	152.9	129.9	3.1	199.1	45.2	154.0	194.9	299.8
	20	27,151	25,915	27,164	284.4	152.4	130.3	1.7	199.5	45.2	154.3	194.4	298.6
	27	27,433	26,259	27,135	285.1	152.1	129.9	3.1	198.9	45.3	153.7	193.9	299.4
Sept.	3	27,409	26,194	26,957	285.8	151.9	130.7	3.2	199.5	45.5	154.0	194.0	300.0
	10	27,325	26,687	27,059	283.7	151.9	129.7	2.2	199.3	45.1	154.2	193.9	298.1
	17	27,370	26,364	27,238	287.1	152.0	129.8	5.2	199.6	45.3	154.3	194.2	301.6
	24	27,236	26,199	26,982	285.0	152.2	128.6	4.1	198.3	45.3	153.0	194.0	299.2
Oct.	1	27,717	26,362	27,417	284.2	152.3	128.1	3.8	198.3	45.2	153.1	194.3	298.2
	8	27,233	26,291	27,044	283.7	151.9	128.8	3.0	199.6	45.4	154.3	193.9	297.5
	15	27,260	25,975	27,059	281.9	151.4	127.8	2.7	198.7	45.6	153.0	193.6	296.1
	22	27,560	26,533	27,263	284.1	151.3	129.7	3.1	199.9	45.7	154.3	193.3	298.5
	29 p	27,274	26,021	27,028	283.4	151.2	129.1	3.2	194.8	45.7	152.7	193.4	297.1
Nov.	5 p	27,672	26,377	27,347	285.9	151.2	129.3	5.5	198.6	45.6	153.0	193.1	299.4
	12 p	27,535	26,309	27,340	285.9	151.0	129.0	5.9	199.7	45.8	153.9	193.2	299.9
	19 p	27,866	26,743	27,720	286.4	151.1	129.7	5.6	200.5	46.0	154.5	193.3	300.6

^{1/} Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.

^{2/} Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.

^{3/} 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.

^{4/} Excludes interbank and U S Government time deposits

^{5/} Includes increases in required reserves due to changes in Regulations M and D of approximately \$400 million since October 16, 1969.

Table 5
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 1/	Other	Repurchase agreement			
Year:								
1967 (12/28/66 - 12/27/67)	+4,718	+5,009	+4,433 (--)	+1,153	- 577	- 19	- 69	- 203
1968 (12/27/67 - 12/26/68)	+3,757	+3,298	+2,143 (--)	+1,176	- 21	- 3	- 52	+ 514
Weekly:								
1969--Apr. 2	+ 357	+ 103	+ 51 (--)	--	+ 52	+ 10	+ 13	+ 231
9	- 113	+ 146*	+ 57 (- 7)	--	- 7	- 9	- 2	- 248
16	- 380	- 143*	- 559 (- 533)	--	- 211	- 15	- 34	- 188
23	+ 773	+ 319*	+ 819 (+ 460)	--	+ 223	+ 20	+ 58	+ 376
30	+ 347	+ 284	+ 280 (+ 80)	--	+ 4	+ 56	+ 24	- 17
May 7	+ 794	+ 345	+ 41 (--)	--	+ 304	- 25	- 11	+ 485
14	- 293	+ 118	+ 66 (- 156)	--	+ 52	+ 18	+ 3	- 432
21	+ 149	- 39	+ 190 (+ 156)	+ 27	- 256	+ 9	- 8	+ 187
28	+ 259	+ 307	+ 243 (--)	+ 96	- 32	+ 21	- 14	- 55
June 4	+ 439	+ 308	+ 351 (--)	+ 73	- 116	- 50	- 37	+ 218
11	- 35	+ 256	+ 284 (- 71)	--	- 28	- 20	- 10	- 261
18	- 18	- 33	+ 118 (- 309)	--	- 151	- 29	- 11	+ 55
25	- 168	- 174	- 174 (+ 191)	--	--	--	- 2	+ 8
July 2	+ 679	+ 297	+ 180 (+ 189)	--	+ 117	+ 53	+ 18	+ 311
9	- 247	+ 401	+ 332 (- 121)	+ 67	+ 2	- 29	- 5	- 614
16	+ 261	+ 30	+ 122 (+ 121)	--	- 92	- 15	- 13	+ 259
23	- 337	- 408	- 404 (- 146)	--	- 4	- 4	--	+ 75
30	- 379	- 287	- 264 (- 95)	--	- 23	- 5	- 2	- 85
Aug. 6	+ 562	+ 672	+ 241 (+ 241)	--	+ 431	+ 48	+ 21	- 179
13	+ 153	- 69	- 71 (- 98)	--	+ 2	- 17	--	+ 239
20	- 198	- 45	+ 355 (+ 10)	--	- 400	- 27	- 18	- 108
27	+ 86	+ 96	+ 61 (+ 37)	--	+ 35	+ 4	+ 3	- 17
Sept. 3	+ 273	+ 218	+ 155 (+ 51)	--	+ 63	+ 14	+ 5	+ 36
10	-1,434	- 900*	-1,276 (- 632)	--	- 131	- 22	- 12	- 500
17	- 400	- 686*	- 890 (+ 531)	--	+ 50	+ 4	+ 4	+ 278
24	+ 728	+ 633*	+1,254 (+ 101)	--	+ 40	+ 8	--	+ 87
Oct. 1	+ 622	+ 298	+ 87 (--)	--	+ 211	- 3	- 4	+ 331
8	- 151	+ 217	+ 88 (--)	+ 129	--	+ 68	+ 33	- 469
15	+ 895	+ 548	+ 536 (--)	--	+ 12	- 34	+ 1	+ 380
22	- 383	- 33	+ 172 (- 430)	--	- 205	+ 1	- 19	- 332
29 p	- 180	- 289	+ 181 (+ 137)	--	- 108	- 44	- 15	+ 168
Nov. 5 p	+1,219	+1,049	+ 788 (+ 293)	--	+ 261	+ 18	+ 8	+ 144
12 p	+ 298	+ 391	+ 585 (--)	--	- 194	- 8	- 2	- 83
19 p	+ 563	+ 748	+ 788 (--)	+ 27	- 67	- 10	- 3	- 172

1/ Figures in parenthesis reflect reserve effect of match sale-purchase agreement.

* - Includes effect of changes in special certificates of \$+96 million of the week of April 9, \$+627 million of the week of April 16, \$-723 million of the week of April 23, \$+507 million of the week of September 10, \$+154 million of the week of September 17, and \$-661 million of the week of September 24.

p - Preliminary.

Table 6

MAJOR SOURCES AND USES OF RESERVES
Retrospective and Prospective Changes
(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	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F.R. accounts		Required reserves	Excess reserves
(Sign indicates effect on reserves)										
Year:										
1967 (12/28/66-12/27/67)	+4,718	- 725	-2,305	- 85	- 389	- 7	+ 316	+1,522	+1,517	+ 5
1968 (12/27/67-12/25/68)	+3,757	-2,067	-3,221	+ 928	+1,309	- 67	+ 869	+1,508	+1,563	- 55
Weekly:										
1969--April										
2	+ 357	--	+ 54	+ 50	- 272	+ 25	- 97	+ 121	+ 80	+ 41
9	- 113	--	- 93	+ 119	+ 231	- 15	- 270	- 144	- 60	- 84
16	- 380	--	- 186	+ 380	+ 44	+ 29	+ 130	+ 17	+ 98	- 81
23	+ 773	--	- 166	- 427	+ 660	+ 5	+ 119	+ 964	+ 936	+ 28
30	+ 347	--	+ 602	- 194	- 741	+ 2	+ 61	+ 77	+ 164	- 87
May										
7	+ 794	--	- 99	+ 16	- 18	- 40	- 100	+ 553	+ 155	+ 398
14	- 293	--	- 270	- 42	- 120	+ 32	+ 288	- 404	- 182	- 222
21	+ 149	--	- 450	+ 141	+ 295	- 4	- 167	- 34	+ 111	- 145
28	+ 259	--	+ 155	+ 128	- 350	+ 8	- 242	- 43	- 40	- 3
June										
4	+ 439	--	- 348	- 108	+ 220	+ 18	- 306	- 86	- 342	+ 256
11	- 35	--	- 51	- 217	+ 119	+ 3	- 20	- 199	- 278	+ 79
18	- 18	--	- 419	- 354	+ 123	--	+ 261	- 408	- 59	- 349
25	- 168	--	+ 115	- 179	+ 172	- 7	- 1	- 70	- 162	+ 92
July										
2	+ 679	--	+ 3	+ 221	- 262	- 19	- 84	+ 534	+ 229	+ 305
9	- 247	--	- 344	+ 23	+ 382	- 48	- 89	- 324	+ 43	- 367
16	+ 261	--	- 136	- 65	- 122	+ 48	+ 113	+ 99	+ 52	+ 47
23	- 337	--	- 174	- 87	+ 465	- 9	+ 31	- 111	- 317	+ 206
30	- 379	--	+ 719	- 6	- 920	+ 14	+ 4	- 570	- 334	- 236
Aug.										
6	+ 562	--	- 201	+ 318	+ 3	- 30	- 207	+ 448	+ 343	+ 105
13	+ 153	--	- 180	- 147	+ 19	+ 10	+ 63	- 82	- 164	+ 82
20	- 198	--	- 417	+ 259	+ 395	+ 8	+ 153	+ 199	+ 473	- 274
27	+ 86	--	+ 289	- 153	- 459	- 4	- 9	- 250	- 403	+ 153
Sept.										
3	+ 273	--	- 145	+ 39	- 185	- 9	- 31	+ 41	- 149	+ 190
10	-1,434	--	+ 54	+ 860	+ 378	+ 27	+ 106	- 9	+ 2	- 11
17	- 400	--	- 98	- 18	+ 147	- 2	+ 246	- 127	+ 132	- 259
24	+ 728	--	+ 222	-1,125	+ 199	- 11	+ 104	+ 117	+ 45	+ 72
Oct.										
1	+ 622	--	+ 269	+ 64	- 638	+ 11	+ 138	+ 469	+ 353	+ 116
8	- 151	--	- 233	+ 222	+ 137	- 11	- 206	- 247	- 66	- 181
15	+ 895	--	- 416	- 198	- 158	+ 18	+ 78	+ 226	+ 147	+ 79
22	- 383	--	- 416	+ 174	+ 871	- 1	- 7	+ 235	+ 283 3/	- 48
29 p	- 180	--	+ 455	+ 8	- 621	--	- 64	- 402	- 360	- 42
Nov.										
5 p	+1,219	--	- 55	- 174	- 246	- 19	- 283	+ 440	+ 269	+ 171
12 p	+ 298	--	- 332	- 34	+ 114	- 1	- 4	+ 44	- 11	+ 55
19 p	+ 563	--	- 557	+ 94	+ 532	- 10	- 419	+ 202	+ 480	- 278
1969- Nov	PROJECTED 2/									
26	+ 105	--	- 215	+ 65	--	+ 15	- 330	- 360	- 360	--
Dec.										
3	+ 345	--	- 165	+ 15	- 50	--	--	+ 145	+ 145	--
10	- 70	--	- 140	--	+ 100	--	--	- 110	- 110	--
17	- 150	--	- 235	--	+ 500	--	+ 160	+ 275	+ 275	--
24	- 475	--	- 205	--	+ 600	--	+ 60	- 20	- 20	--

1/ For retrospective details, see Table 5.

2/ See reverse side for explanation.

3/ Includes increases in required reserves due to changes in Regulations M and D of approximately \$400 million since October 16, 1969.

p - Preliminary

Explanation of Projections in Table 6

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: \$2.4 billion, November 26; \$-0.7 billion, December 15; \$-1.1 billion, December 22; and \$100 million addition to weekly bill auctions over the remainder of the year.