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**(CONFIDENTIAL FR)**

**February 11, 1972**

# **MONETARY AGGREGATES AND MONEY MARKET CONDITIONS**

**Prepared for the Federal Open Market Committee**

**By the Staff**

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) In January, the seasonally unadjusted level of total reserves at member banks averaged close to the upper end of the target range adopted by the Committee at the last meeting. The target range was a 20--25 per cent increase in total reserves seasonally adjusted. Since that meeting, new seasonal factors have become available for the total reserves series--the end process of the annual revision of deposits and related series--and the seasonally adjusted series has been revised accordingly going back to 1959. While the old, unrevised seasonally adjusted series shows an annual rate of growth in total reserves from December to January of about 28 per cent, the new series shows a growth rate for the same period of about 21 per cent. As measured by the new series, however, the average growth rate for December and January combined is about the same as in the old series. The appendix table on page 12 provides a comparison of the old and new series for the past year.

(2) While reserves came out close to expectations in January, the mix of deposits was different from staff anticipations. Growth in the narrowly-defined money stock for January, at a 3-1/2 per cent annual rate, was short of expectations, as the table shows, but growth of bank time and savings deposits other than large CD's greatly exceeded our estimates. This latter increase seems to have reflected in part business and institutional interest in such accounts, given existing rate relationships. With time deposits very strong, expansion in both the broader money supply and the bank credit proxy was more rapid than projected at the time of the last meeting.

January over December Changes in  
Money and Credit Aggregates

	<u>Range of Targets I and II Presented at Last Meeting</u>	<u>Actual</u>
	(Annual percentage rates of change)	
M <sub>1</sub>	6--8	3-1/2
M <sub>2</sub>	9-1/2--11	14
Credit Proxy	7--8-1/2	10
Time and savings other than large CD's	13--14	24-1/2
Total Reserves	26-1/2--27 <sup>1/2</sup>	28 <sup>1/2</sup>

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1/ Based on old total reserve series.

(3) Over the full inter-meeting period, the Federal funds rate declined by about a half percentage point, from nearly 3.75 per cent to about 3.25 per cent. With the narrowly-defined money supply growing less rapidly than expected and with a sizable Treasury financing in the market, the Desk did not move aggressively to hold growth of total reserves within the 20-25 per cent range. The easing of money market conditions was reflected in net declines of most other short-term rates, including further cuts in the prime rate. Most recently, the 3-month Treasury bill has been trading around 3 per cent, down about 15 basis points over the period. But the market has continued to anticipate future short-term rate increases as the Treasury finances the large deficit. Such expectations, together with reports of sizable continuing forward calendars of new corporate and municipal bonds and to some extent the debt extension involved in the Treasury's recent refinancing, contributed to a general 25--35 basis points yield advance in bond markets.

(4) The following table compares seasonally adjusted annual rates of change in major financial aggregates in January and in selected earlier periods.

	1970	1971	Fourth Quarter (Dec. over Sept.)	Jan. over Dec.
Total Reserves	6.0	7.3	2.2	21.4
Nonborrowed Reserves	9.2	8.0	6.9	23.4
<u>Concepts of Money</u>				
M <sub>1</sub> (Currency plus demand deposits <u>1/</u> )	5.4	6.2	1.1	3.7
M <sub>2</sub> (M <sub>1</sub> plus time deposits at commercial banks other than large CD's)	8.1	11.1	8.0	13.9
M <sub>3</sub> (M <sub>2</sub> plus deposits at thrift institutions)	7.8	13.2	9.5	15.0
<u>Bank Credit</u>				
Total member bank deposits (Bank credit proxy adj.)	8.3	9.5	9.7	9.9
Loans and investments of commercial banks <u>2/</u>	8.1	10.7	8.7	17.5
Short-term market paper (actual \$ change in billions)				
Large CD's	\$ 14.5	\$ 7.9	\$ 1.8	-0.2
Nonbank commercial paper	- 2.1	- 1.4	1.6	N.A.

1/ Other than interbank and U.S. Government.

2/ Based on month-end figures. Includes loans sold to affiliates and branches.

N.A. - Not available.

NOTE: All items are based on averages of daily figures, except for data on total loans and investments of commercial banks, commercial paper, and thrift institutions--which are either end-of-month or last Wednesday of month figures.

Prospective relationships among aggregates and interest rates

(5) The table below summarizes three alternative patterns of prospective relationships among monetary aggregates and money market conditions that the staff believes to be consistent. The anticipated behavior of monetary aggregates is indexed in the summary table by data on  $M_1$ , but the patterns for all of the key aggregates-- $M_1$ ,  $M_2$ , the adjusted credit proxy, and total reserves--are shown in the table on the following page. The lower portions of the ranges shown for money market indicators under pattern II are representative of recently prevailing conditions.

	<u>Pattern I</u>	<u>Pattern II</u>	<u>Pattern III</u>
Federal funds rate	2--3	3--4	4--5
Member bank borrowings	25	25--200	200--350
3-month Treas. bill rate	2-1/2--3-1/4	3--4-1/2	4-1/4--5-1/2
Growth in $M_1$ (SAAR):			
February	11-1/2	11	10-1/2
March	8	7	5-1/2
1st Q '72	7-1/2	7	6-1/2
2nd Q '72	10	8-1/2	7

(6) For  $M_1$  all three patterns involve a more rapid growth in February and March than in recent months, and growth in the second quarter larger than in the first quarter. There are three reasons for this expectation: (a) the lagged impact of recent short-term interest rate declines will be raising the demand for cash; (b) cash balances have been worked down to more normal levels relative to income following their sharp increase over the

Alternative Monthly and Quarterly Pattern  
for Key Monetary Aggregates

		<u>M<sub>1</sub></u>			<u>M<sub>2</sub></u>		
		<u>I</u>	<u>II</u>	<u>III</u>	<u>I</u>	<u>II</u>	<u>III</u>
1971	Dec.	228.2	228.2	228.2	464.7	464.7	464.7
1972	Jan.	228.9	228.9	228.9	470.1	470.1	470.1
	Feb.	231.1	231.0	230.9	475.5	475.4	475.3
	Mar.	232.6	232.3	232.0	479.3	478.9	478.2
	June	238.4	237.1	236.2	491.2	489.5	486.7

Per Cent Annual Rates of Growth

	Feb.	11.5	11.0	10.5	14.0	13.5	13.5
	Mar.	8.0	7.0	5.5	9.5	9.0	7.5
	1st Q.	7.5	7.0	6.5	12.5	12.0	11.5
	2nd Q.	10.0	8.5	7.0	10.0	9.0	7.0

Adjusted Credit Proxy

Total Reserves

		<u>I</u>	<u>II</u>	<u>III</u>	<u>I</u>	<u>II</u>	<u>III</u>
1971	Dec.	361.9	361.9	361.9	31.2	31.2	31.2
1972	Jan.	364.9	364.9	364.9	31.8	31.8	31.8
	Feb.	366.1	366.0	365.9	31.7	31.7	31.7
	Mar.	369.8	369.4	368.9	31.7	31.7	31.6
	June	379.4	368.4	376.2	32.8	32.7	32.5

Per Cent Annual Rates of Growth

	Feb.	4.0	3.5	3.5	-4.5	-5.0	-5.5
	Mar.	12.0	11.0	10.0	3.0	1.0	-1.0
	1st Q.	8.5	8.5	7.5	6.5	5.5	5.0
	2nd Q.	10.5	9.5	8.0	13.5	12.5	11.0

first seven months of last year so that the overhang of such liquidity will no longer be exerting a drag on net money demand; (c) transactions demands for cash are expected to be enlarged, with nominal GNP projected to expand at about a 10-1/2 per cent annual rate in the first half of this year as compared with a 6-1/2 per cent rate in the second half of last year. Finally, it might be noted that in the short run a sharp drop projected for U.S. Government deposits at commercial banks in February may temporarily boost  $M_1$  growth in that month.

(7) While demand for, and expansion in,  $M_1$  is expected to increase substantially, growth in  $M_2$  is likely to decelerate from the January rate, particularly after February. The extremely rapid rise of time deposits other than large CD's of the last two months is not expected to persist over the months ahead. The favorable spread between interest rates on time and savings accounts and short-term market rates is likely to narrow; the degree to which this occurs as a result of rising market or falling institutional rates will depend in part on whether open market policy tends toward patterns I, II, or III. With business loan demand expected to remain quite moderate, cuts in interest rates on passbook savings accounts and time certificates are likely to become more widespread. Such cuts would probably snowball if the Federal funds and Treasury bill rates were to move down into the range associated with pattern I, and be held back--and in some cases rescinded if they had already occurred--if market rates moved into the range of pattern III.

(8) The adjusted credit proxy is expected to grow much more slowly in February than in January mainly because of a projected sharp



drop in U.S. Government deposits. But this will probably be only a temporary dip, and the rate of increase in bank credit should be sizable in ensuing months. Growth will not be as large as in the 3-month November-January period, when it was at a 12 per cent annual rate on average, because of the slowing that is expected in expansion of time and savings deposits. Nonetheless, bank credit is likely to be available in ample enough supply for banks to help support large contra-seasonal Treasury net cash borrowing between now and the end of April and a continued sizable flow of new municipal securities. At what level of interest rates such support will be forthcoming will depend in part on the strength of business credit demands and on changes in money market conditions, which represent the cost of day-to-day liquidity to banks.

(9) Pattern I implies a substantial enough easing in money market conditions so that both short- and long-term market interest rates would be likely to decline from current levels in the short run between now and the next meeting of the Committee. The actual decline that develops in short-term rates might be limited by expectations of an early reversal, however, assuming economic news is favorable. The range of money market conditions indicated for pattern II encompasses a Federal funds rate high enough--the range is 3 to 4 per cent--to leave room for a turn-around in short rates. Even if the funds rate were to remain in the bottom half of the range, which would be about the prevailing rate, the bill rate could begin to rise in reflection of increased Treasury borrowing. And, of course, pattern III would lead to a sharp reversal in short-term rates.

(10) It is not clear how much short-term rates can increase without entailing a rise in longer-term rates. The 3-month bill rate at the moment appears low relative to other bill and short-term market rates, so that it might rise 20--25 basis points over the near-term with very little effect on either other short- or long-term rates. A substantially larger rise could well involve feedback effects on the whole rate structure. A sizable volume of corporate and municipal issues is currently pressing on the market, and there is some--though relatively small--volume of new Treasury coupon issues overhanging the market. Over the longer-run, the staff still anticipates a significant moderation in the volume of corporate bond offerings; if this develops, it would likely contribute over time, to limiting the upward effect on long rates of short-term rate increases.

(11) The total reserves that are likely to be associated with the monetary aggregates and interest rates shown in patterns I, II, and III are summarized in the table on page 5.<sup>1/</sup> The figures indicate that in pattern II, for example, total reserves--following a sharp rise in January--are likely to decline somewhat in February, show little net change in March, and rise sharply in April. This pattern reflects, among other things, swings in U.S. Government deposits and net interbank deposits. Against private nonbank deposits alone, reserves in January expanded at about a 15 per cent annual rate, and, under pattern II, in February and March are indicated to increase at 5-1/2 per cent and 10 per cent rates, respectively.

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<sup>1/</sup> More detailed reserve figures (in millions of dollars, seasonally unadjusted, and also nonborrowed reserves) have been prepared on a consistent basis.

Proposed directive

(12) This section presents two alternative formulations for the second paragraph of the directive (labeled "A" and "B") which are intended to be--though they do not necessarily have to be--associated with differing degrees of emphasis in operating procedures between money market conditions and reserves. Each of the two formulations shows three alternative adjectives qualifying "growth in monetary aggregates over the months ahead." These adjectives can be taken, if the Committee so wishes, to represent alternative target rates of growth. To provide a possible quantitative interpretation of these adjectives, they are numbered I, II, and III to correspond with the three aggregate patterns described in the preceding section.

(13) As will be noted in both A and B, it is proposed to delete the reference to the Treasury financing, and also to international developments. The latter deletion is suggested on the assumption that the Committee will no longer consider it necessary to make explicit provision for the contingency that sudden large reflows from abroad will pose major problems for open market operations, given the passage of time since the Smithsonian agreement and the absence to date of market churning as a consequence of reflows.

(14) Alternative A. This language is proposed for possible use if the Committee decides that the Desk should focus primarily on money market conditions as the day-to-day control variable, giving only as much weight to bank reserves as was customary in most of 1971. This formulation could also be used, with appropriate interpretation, to call for about the

same relative emphasis on aggregate reserves and money market conditions as was decided upon at the January FOMC meeting.

"To implement this policy, while-taking-account-of-international developments-and-the-forthcoming-Treasury-financing; the Committee seeks to ACHIEVE promote-the-degree-of-ease-in bank reserve and money market conditions essential-to THAT WILL SUPPORT growth in monetary aggregates over the months ahead."

(I - greater )  
(II - AMPLE )  
(III- MODERATE)

The money market conditions the staff expects to be consistent with each of the three alternative targets for operations are noted in paragraph (5) above.

(15) Alternative B. This language is proposed for possible use if the Committee decides that the Desk should place primary emphasis on bank reserves as the control variable, subject to a proviso constraining the range of fluctuations in money market conditions. Under this alternative money market conditions would, of course, be expected to fluctuate more widely than under A, with the extent of fluctuation depending on the specific interpretation the Committee attached to the proviso clause.

"To implement this policy, while-taking-account-of-international-developments-and-the-forthcoming-Treasury-financing; SYSTEM OPEN MARKET OPERATIONS UNTIL THE NEXT MEETING OF the Committee seeks-to-promote-the-degree-of-ease-in SHALL BE CONDUCTED WITH A VIEW TO SUPPLYING bank reserves and-money-market conditions-essential-to AT A RATE CONSISTENT WITH growth in monetary aggregates over the months ahead, PROVIDED THAT MONEY MARKET CONDITIONS DO NOT FLUCTUATE OVER AN UNDULY WIDE RANGE."

(I - greater )  
(II - AMPLE )  
(III- MODERATE)

(16) If the Committee were to adopt alternative B it could base reserve operating targets on the levels and growth rates for reserves shown earlier to be consistent with either patterns I, II, or III. The Committee may also wish to allow, in operations, for the effects on reserve levels of unanticipated changes in U.S. Government deposits, net interbank deposits, and perhaps large CD's. The effect of anticipated changes in such deposits was discussed in paragraph (11).

(17) For the proviso clause in alternative B, the Committee may wish to consider a range of fluctuation for the Federal funds rate as large as 2 percentage points, as recommended by the report of the Committee on the Directive. If the Committee were to adopt as targets the aggregates of pattern II, for example, this would mean widening the funds rate range from 3--4 per cent to 2-1/2--4-1/2 per cent. The range could, of course, be made more restrictive on either the up or down side, or both, depending on the extent to which the Committee may wish to emphasize interest rates relative to aggregate objectives.

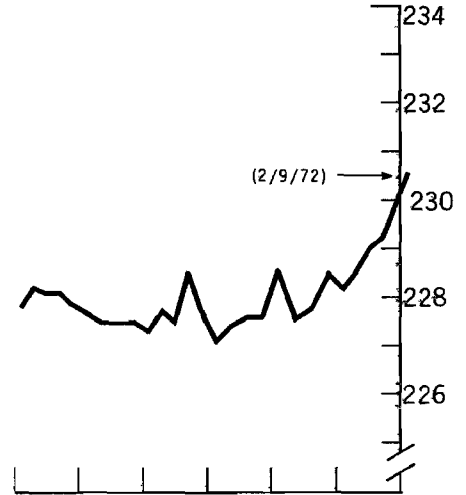
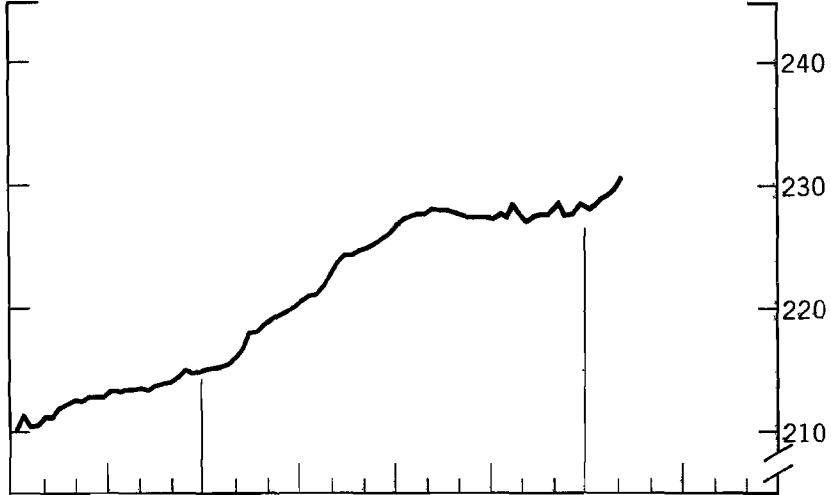
Comparison of Annual Rates of Growth--  
Reserve Aggregates

	<u>Total Reserves</u>		<u>Nonborrowed Reserves</u>	
	<u>Old Series</u>	<u>Revised Series</u>	<u>Old Series</u>	<u>Revised Series</u>
<u>1971</u>				
Quarterly -- I	11.0	8.9	11.0	9.5
II	6.6	10.0	5.3	9.0
III	10.4	7.1	10.8	6.0
IV	-1.1	2.2	2.8	6.9
Monthly--January	12.2	10.6	8.8	8.1
February	11.4	8.6	15.1	11.7
March	9.2	7.3	8.8	8.4
April	2.7	8.5	8.7	16.9
May	17.0	13.5	12.4	9.9
June	0.2	7.9	-6.2	0.0
July	0.3	4.4	-13.1	-7.6
August	14.7	4.1	16.1	2.8
September	15.8	12.8	29.6	22.8
October	-15.9	-7.4	-13.0	-2.8
November	7.7	3.4	5.6	2.0
December	5.1	10.7	16.0	21.4
<u>1972</u>				
January p	28.3	21.4	28.9	23.4

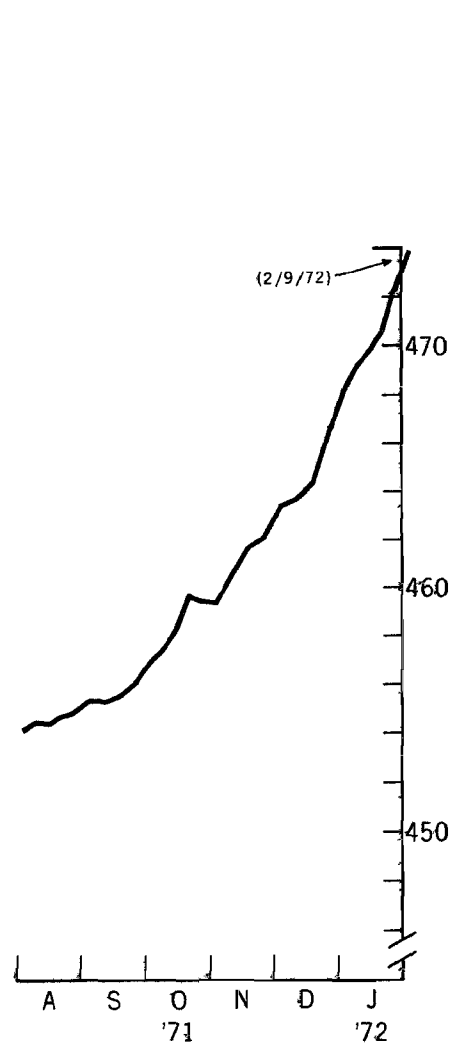
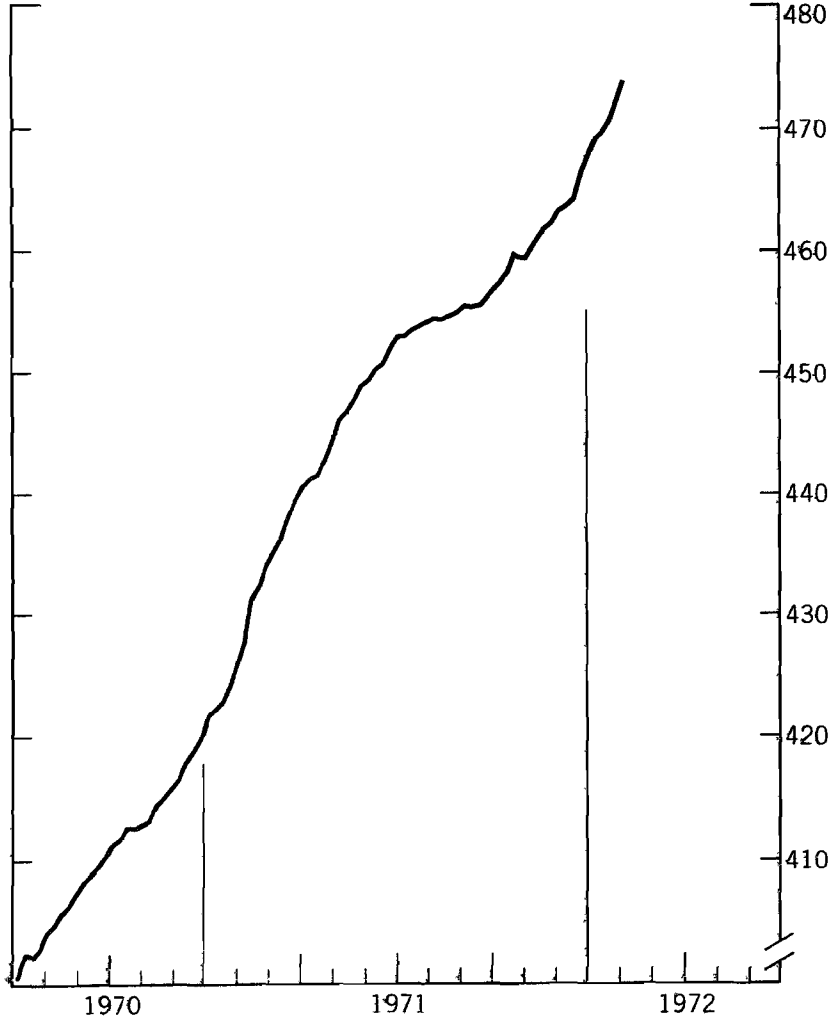
# MONETARY AGGREGATES

NARROW MONEY SUPPLY M1

BILLIONS OF DOLLARS



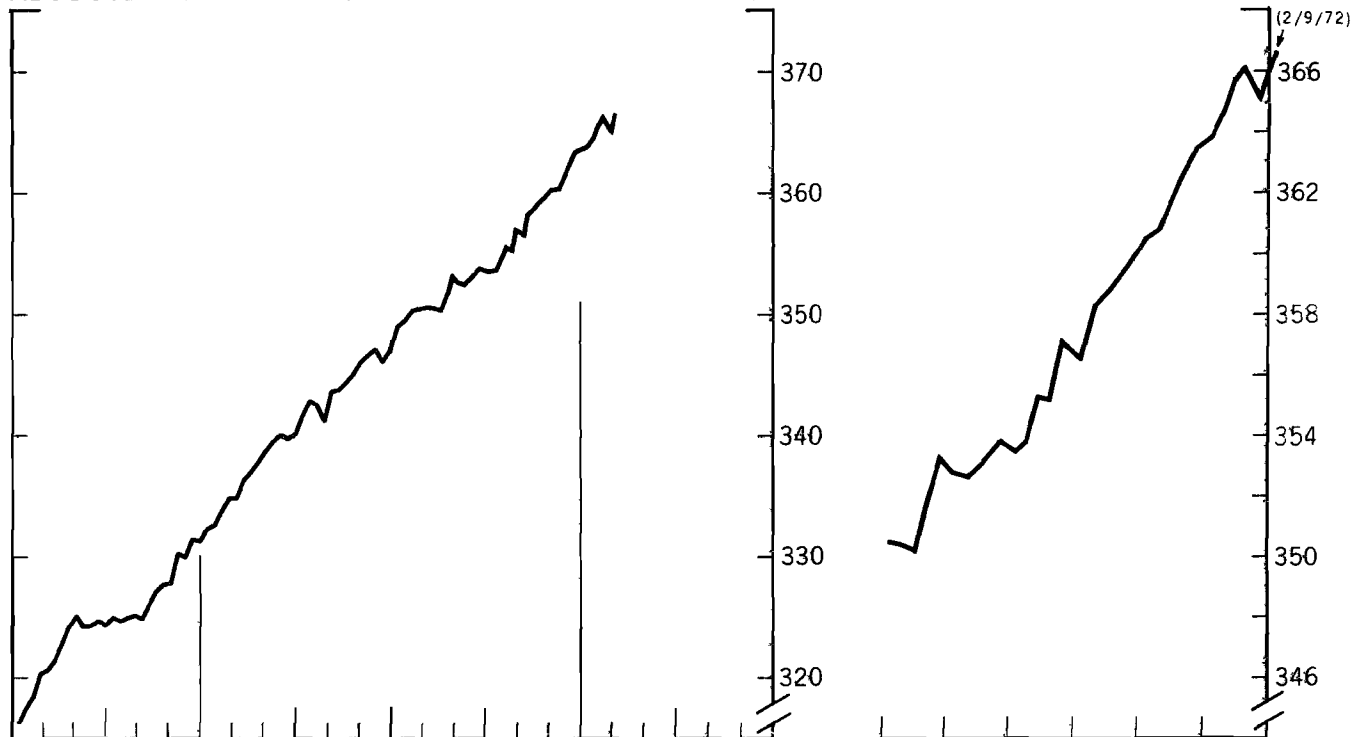
BROADER MONEY SUPPLY M2



# MONETARY AGGREGATES

ADJUSTED CREDIT PROXY

BILLIONS OF DOLLARS



TOTAL RESERVES

UNREVISED SERIES

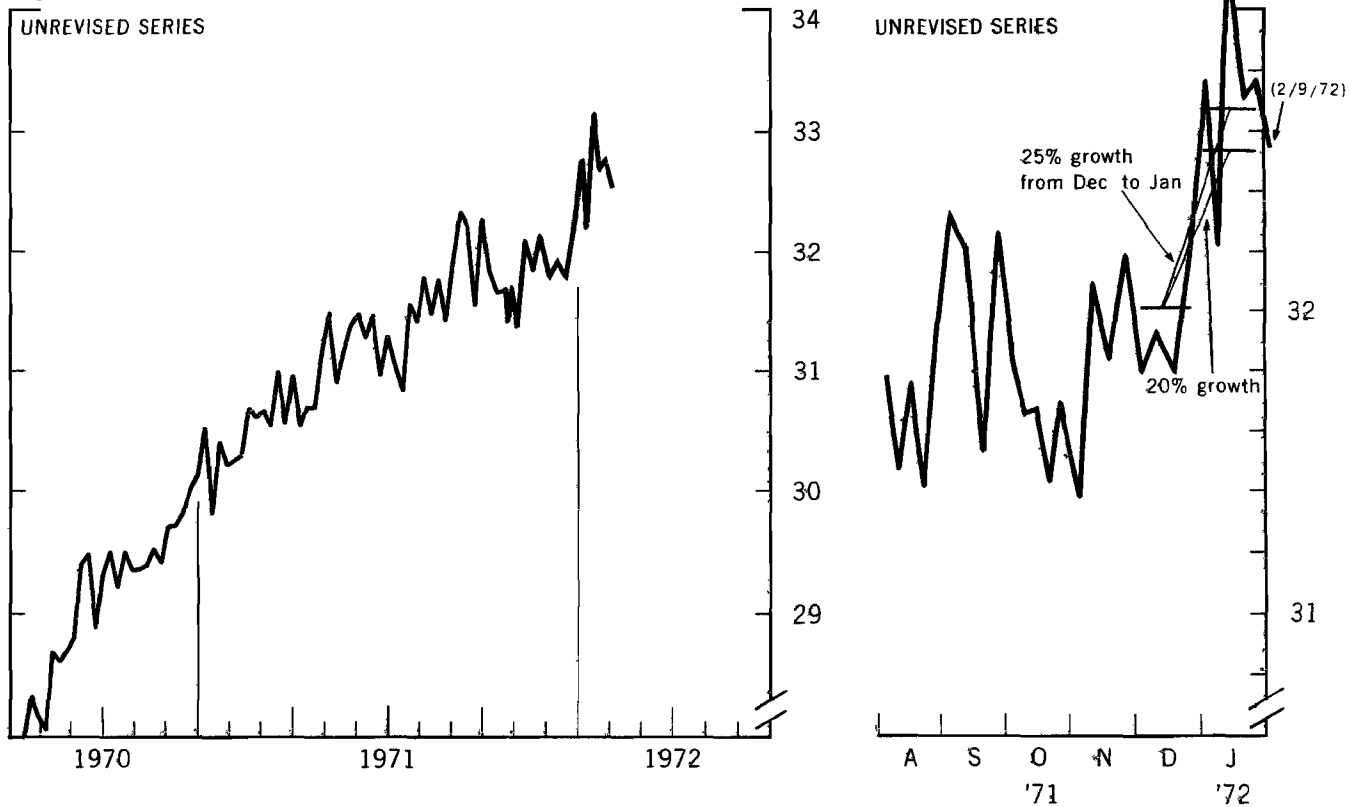
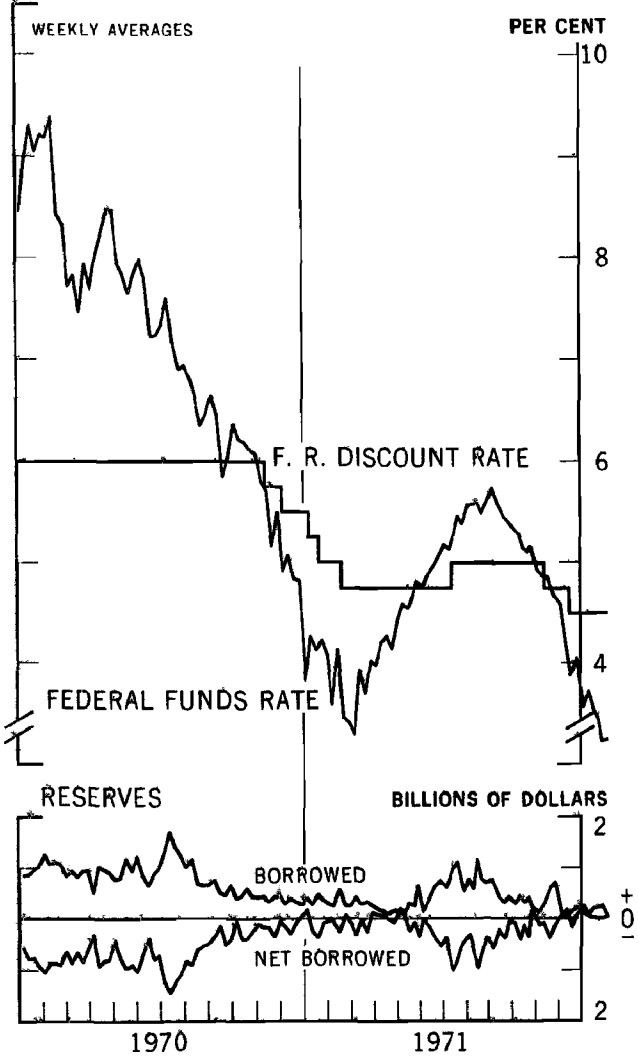




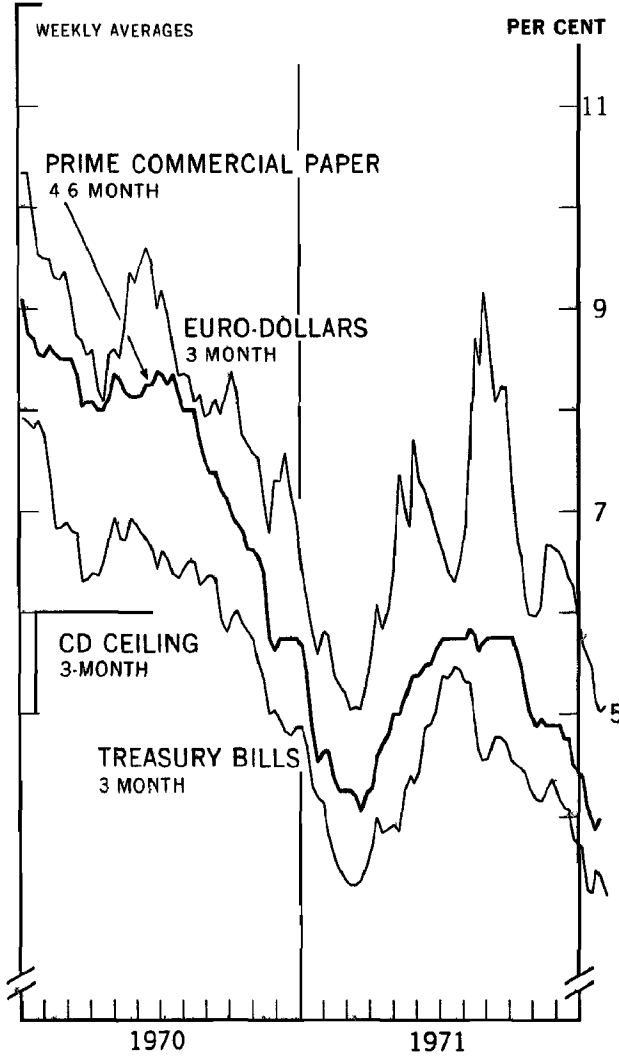
CHART 2

# MONEY MARKET CONDITIONS AND INTEREST RATES

## MONEY MARKET CONDITIONS



## INTEREST RATE Short-term



## INTEREST RATES Long-term

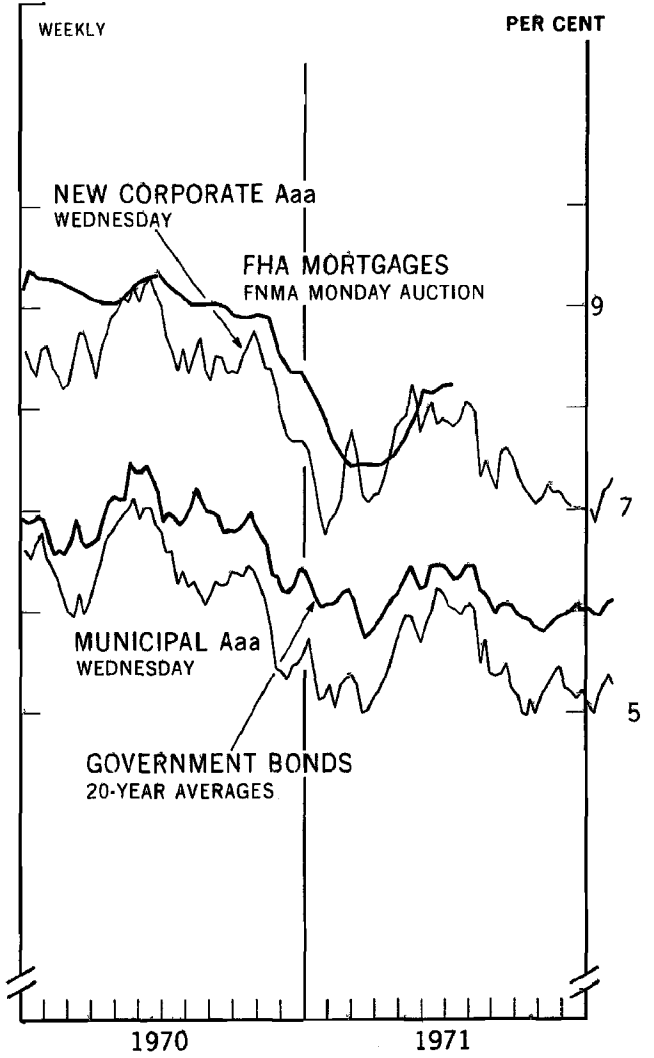


Table 1  
BANK RESERVES

February 11, 1972

Period	Seasonally Adjusted			Not Seasonally Adjusted				
	Total (1)	Required (2)	Nonborrowed (3)	Total (4)	Required (5)	Nonborrowed (6)	Excess (7)	Borrowing (8)
	(REVISED SERIES) <sup>1/</sup>							
1971--Oct.	30,882	30,692	30,485	30,860	30,653	30,500	207	360
Nov.	30,970	30,751	30,535	30,953	30,690	30,546	263	407
Dec.	31,246	31,102	31,077	31,329	31,164	31,222	165	107
1972--Jan.	31,800	31,573	31,683	32,866	32,698	32,846	168	20
Feb. Projected	(31,674)	(31,472)		(32,306)	(32,070)			
	Annual Percentage Rates of Change--Quarterly and Monthly							
1971--3rd Qtr.	7.1	7.1	6.0					
4th Qtr.	2.2	2.4	6.9					
1971--Oct.	-7.4	-8.5	-2.8					
Nov.	3.4	2.3	2.0					
Dec.	10.7	13.7	21.4					
1972--Jan.	21.4	18.2	23.4					
Feb.	(-5.0)	(-4.0)						
	Weekly Pattern in Millions of Dollars							
1971--Dec.								
1	31,355	30,833	30,629	31,275	30,685	30,570	590	705
8	31,002	30,842	30,860	30,743	30,600	30,684	143	59
15	31,177	30,991	31,093	31,153	30,949	31,128	204	25
22	31,116	31,089	30,876	31,151	31,180	31,010	-29	141
29	31,525	31,362	31,372	31,924	31,610	31,708	314	216
Jan.								
5	31,772	31,609	31,711	32,814	32,502	32,757	312	57
12	31,651	31,608	31,566	32,793	32,688	32,776	105	17
19	32,026	31,629	31,857	33,734	33,423	33,721	279	13
26	31,747	31,501	31,639	32,643	32,404	32,630	239	13
Feb.								
2	31,796	31,509	31,648	32,450	32,186	32,432	264	18
9	31,539	31,443	31,421	31,952	31,872	31,909	80	43
16		31,460			31,961			

NOTES: Annual rates of change other than those for the past are rounded to the nearest half percent.  
Data shown in parentheses are current projections.

<sup>1/</sup> Aggregate reserve series have been revised to reflect new seasonal factors and current reserve requirement percentages.

Table 2  
MONETARY AGGREGATES  
(Actuals and current projections, seasonally adjusted)

February 11, 1972

Period	Narrow Money Supply (M <sub>1</sub> )	Broad Money Supply (M <sub>2</sub> )	Adjusted Credit Proxy	U.S. Gov't. Deposits	Total Time and Savings	Time deposits other than CD's	Negotiable CD's	Nondeposit Sources of Funds
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Monthly Pattern in Billions of Dollars								
1971--Oct.	227.7	458.3	354.7	4.7	263.3	230.6	32.7	4.8
Nov.	227.7	460.8	358.0	5.4	265.3	233.1	32.2	5.4
Dec.	228.2	464.7	361.9	6.2	269.9	236.4	33.4	4.0
1972--Jan.	228.9	470.1	364.9	6.2	274.4	241.2	33.2	4.0
Feb.	(231.0)	(475.4)	(366.0)	(3.5)	(277.9)	(244.4)	(33.5)	(4.0)
Annual Percentage Rates of Change--Quarterly and Monthly								
1971--3rd Qtr.	3.7	4.4	7.6		8.2	5.3		
4th Qtr.	1.1	8.0	9.7		15.9	14.7		
1972--1st Qtr.	(7.0)	(12.0)	(8.5)		(15.5)	(17.5)		
1971--Oct.	0.5	7.1	4.8		17.1	13.7		
Nov.	--	6.5	11.2		9.1	13.0		
Dec.	2.6	10.2	13.1		20.8	17.0		
1972--Jan.	3.7	13.9	9.9		20.0	24.4		
Feb.	(11.0)	(13.5)	(3.5)		(15.5)	(16.0)		
Weekly Pattern in Billions of Dollars								
1971--Dec.								
1	227.6	462.1	359.6	5.1	267.1	234.5	32.6	5.4
8	228.6	463.3	360.4	5.7	267.9	234.7	33.2	4.7
15	227.6	463.6	360.6	6.0	269.1	236.0	33.0	3.8
22	227.8	464.2	362.3	6.5	270.1	236.4	33.6	3.9
29	228.5	466.6	363.4	5.6	272.1	238.1	34.0	3.8
1972--Jan.								
5	228.2	468.2	363.8	7.3	273.2	240.0	33.2	3.4
12	228.5	469.2	364.5	6.4	274.0	240.7	33.2	3.9
19	229.0	469.8	365.7	6.7	274.1	240.9	33.2	4.3
26	229.2	470.6	366.1	6.5	274.6	241.4	33.3	4.1
Feb.								
2	229.8	472.2	365.1	4.8	275.8	242.4	33.4	3.8
9 pe	230.6	473.9	366.6	5.2	276.6	243.2	33.4	4.0

NOTES: pe - Partially estimated

Data shown in parentheses are current projections.

Annual rates of change other than those for the past are rounded to the nearest half per cent.

Table 3

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# AGGREGATE RESERVES AND MONETARY VARIABLES

February 11, 1972

RETROSPECTIVE CHANGES, SEASONALLY ADJUSTED  
(Annual rates in per cent)

Period	Reserve Aggregates <sup>1</sup>		Monetary Variables					Addenda		
	1 Total Reserves (REVISED SERIES)	2 Nonborrowed Reserves	3 Total Member Bank Deposits	4 Adjusted Credit Proxy	5 Money Supply			8 Time Deposits Adjusted	9 Thrift Insttit Deposits	10 Nonbank Commercial Paper
					5 Total	6 Currency	7 Private Demand Deposits			
<b>Annually</b>										
1968	+ 7.8	+ 5.8	+ 8.9	+ 9.7	+ 7.8	+ 7.4	+ 7.9	+11.3	+ 6.3	n.a.
1969	- 1.3	- 2.7	- 4.0	+ 0.4	+ 3.2	+ 6.0	+ 2.4	- 4.9	+ 3.4	n.a.
1970	+ 6.0	+ 9.2	+11.8	+ 8.3	+ 5.4	+ 6.5	+ 5.1	+17.9	+ 7.8	+ 7.3
1971	+ 7.3	+ 8.0	+12.2	+ 9.5	+ 6.2	+ 7.1	+ 6.0	+17.9	+17.2	- 4.4
<b>Semi-annually</b>										
1st Half 1970	+ 0.4	+ 3.0	+ 4.7	+ 4.8	+ 5.6	+ 7.4	+ 5.1	+ 8.4	+ 4.7	+12.8
2nd Half 1970	+11.6	+15.3	+18.4	+11.4	+ 5.2	+ 5.5	+ 5.1	+26.3	+10.6	+ 1.7
1st Half 1971	+ 9.6	+ 9.3	+14.6	+ 9.7	+10.0	+ 8.6	+10.5	+22.3	+20.9	-18.2
2nd Half 1971	+ 4.7	+ 6.5	+ 9.1	+ 8.8	+ 2.4	+ 5.5	+ 1.4	+12.2	+12.4	+10.4
<b>Quarterly</b>										
1st Qtr. 1971	+ 8.9	+ 9.5	+16.9	+10.9	+ 9.1	+ 8.2	+ 9.4	+28.8	+23.3	-24.7
2nd Qtr. 1971	+10.0	+ 9.0	+11.8	+ 8.4	+10.6	+ 8.8	+11.3	+14.7	+17.4	-12.5
3rd Qtr. 1971	+ 7.1	+ 6.0	+ 8.1	+ 7.6	+ 3.7	+ 6.3	+ 2.8	+ 8.2	+12.8	- 1.0
4th Qtr. 1971	+ 2.2	+ 6.9	+10.0	+ 9.7	+ 1.1	+ 4.6	--	+15.9	+11.5	+21.9
<b>1971--</b>										
Jan.	+10.6	+ 8.1	+16.2	+10.2	+ 2.8	+ 7.3	+ 1.4	+28.8	+25.1	- 9.0
Feb.	+ 8.6	+11.7	+17.8	+11.9	+13.4	+ 9.7	+14.5	+29.7	+18.5	-10.9
Mar.	+ 7.3	+ 8.4	+16.1	+10.3	+11.0	+ 7.2	+12.1	+26.0	+24.9	-55.2
Apr.	+ 8.5	+16.9	+15.9	+ 8.5	+ 8.2	+12.0	+ 7.1	+13.2	+21.8	+ 4.4
May	+13.5	+ 9.9	+12.5	+ 8.8	+14.1	+ 7.1	+16.2	+15.5	+14.2	-15.8
June	+ 7.9	0.0	+ 6.7	+ 7.7	+ 9.1	+ 7.1	+10.4	+14.8	+15.4	-26.3
July	+ 4.4	- 7.6	+11.2	+10.7	+10.1	+11.7	+ 8.9	+ 9.4	+15.9	-32.1
Aug.	+ 4.1	+ 2.8	+ 5.6	+ 4.1	+ 3.2	+ 2.3	+ 3.4	+ 4.2	+ 8.5	- 1.7
Sept.	+12.8	+22.8	+ 7.3	+ 7.9	- 2.1	+ 4.6	- 4.1	+10.7	+13.8	+31.6
Oct.	- 7.4	- 2.8	+ 2.1	+ 4.8	+ 0.5	+ 6.9	- 1.4	+17.1	+11.8	+30.1
Nov.	+ 3.4	+ 2.0	+ 9.9	+11.2	--	--	--	+ 9.1	+10.9	-38.6
Dec.	+10.7	+21.4	+17.7	+13.1	+ 2.6	+ 6.9	+ 1.4	+20.8	+11.7	+75.8
Jan. p	+21.4	+23.4	+10.4	+ 9.9	+ 3.7	+ 4.6	+ 3.4	+20.0	n.a.	n.a.

**NOTE:** Aggregate reserve series have been revised to reflect new seasonal factors and current percentage reserve requirements against deposits. Reserve requirements on Eurodollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970.

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Table 4

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# AGGREGATE RESERVES AND MONETARY VARIABLES

## SEASONALLY ADJUSTED

Period	Aggregate Reserves			Member Bank Deposits		Money Supply			Commercial Bank Time Deposits			12 Adjusted Credit Proxy	13 Addendum Nonbank Comm Paper	
	1 Total (REVISED SERIES)	2 Non borrowed	3 Required	4 Total	5 U S Govt Demand	6 Total	7 Currency	8 Private Demand Deposits	9 Total	10 CD's	11 Other			
	(In millions of dollars)						(In billions of dollars)							
1970: July	28,315	27,060	28,160	298.4	5.5	210.3	48.0	162.4	208.4	17.0	191.4	318.2	28.7	
Aug.	28,695	27,907	28,553	203.7	5.7	211.6	48.1	163.5	213.2	19.3	193.9	322.5	28.5	
Sept.	29,059	28,438	28,856	307.8	5.7	212.8	48.3	164.5	217.7	21.3	196.4	324.3	29.7	
Oct.	28,700	28,190	28,465	310.6	5.2	213.1	48.5	164.6	221.5	22.6	198.9	324.8	30.5	
Nov.	28,704	28,239	28,492	313.8	6.3	213.6	48.7	164.9	224.2	23.6	200.6	326.5	29.7	
Dec.	29,132	28,764	28,924	319.0	6.5	214.8	49.0	165.8	228.9	25.5	203.4	330.6	31.2	
1971: Jan.	29,390	28,958	29,153	323.3	6.1	215.3	49.3	166.0	234.4	26.6	207.8	333.4	31.0	
Feb.	29,600	29,240	29,352	328.1	4.9	217.7	49.7	168.0	240.2	27.5	212.7	336.7	30.7	
Mar.	29,779	29,445	29,588	332.5	4.1	219.7	50.0	169.7	245.4	28.1	217.4	339.6	29.3	
Apr.	29,991	29,859	29,789	336.9	5.7	221.2	50.5	170.7	248.1	27.8	220.3	342.0	29.4	
May	30,327	30,106	30,122	340.4	5.5	223.8	50.8	173.0	251.3	28.5	222.8	344.5	29.0	
June	30,527	30,106	30,333	342.3	4.3	225.5	51.1	174.5	254.4	29.4	225.0	346.7	28.3	
July	30,639	29,915	30,465	345.5	5.1	227.4	51.6	175.8	256.4	30.4	225.9	349.8	27.6	
Aug.	30,743	29,985	30,570	347.1	5.8	228.0	51.7	176.3	257.3	30.8	226.5	351.0	27.6	
Sept.	31,073	30,556	30,911	349.2	6.6	227.6	51.9	175.7	259.6	31.6	228.0	353.3	28.3	
Oct.	30,882	30,485	30,692	349.8	4.7	227.7	52.2	175.5	263.3	32.7	230.6	354.7	29.0	
Nov.	30,970	30,535	30,751	352.7	5.4	227.7	52.2	175.5	265.3	32.2	233.1	358.0	28.1	
Dec.	31,246	31,079	31,098	357.9	6.2	228.2	52.5	175.7	269.9	33.4	236.4	361.9	29.8	
1972: Jan.	31,800	31,683	31,573	361.0	6.2	228.9	52.7	176.2	274.4	33.2	241.2	364.9	N A	
<u>Week ending:</u>														
1971: Dec.	1	31,355	30,629	30,833	354.2	5.1	227.6	52.2	175.5	267.1	32.6	234.5	359.6	29.4
	8	31,002	30,860	30,842	355.7	5.7	228.6	52.5	176.1	267.9	33.2	234.7	360.4	29.3
	15	31,177	31,093	30,991	356.8	6.0	227.6	52.4	175.1	269.1	33.0	236.0	360.6	28.7
	22	31,116	30,876	31,089	358.4	6.5	227.8	52.6	175.2	270.1	33.6	236.4	362.3	29.2
	29	31,525	31,372	31,362	359.6	5.6	228.5	52.6	175.9	272.1	34.0	238.1	363.4	28.3
1972: Jan.	5	31,772	31,711	31,609	360.3	7.3	228.2	52.6	175.6	273.2	33.2	240.0	363.8	29.1
	12	31,651	31,566	31,608	360.5	6.4	228.5	52.7	175.8	274.0	33.2	240.7	364.5	29.2
	19	32,026	31,857	31,629	361.4	6.7	229.0	52.8	176.1	274.1	33.2	240.9	365.7	29.4
	26 p	31,747	31,639	31,501	361.9	6.5	229.2	52.8	176.5	274.6	33.3	241.4	366.1	29.2
Feb.	2 p	31,796	31,648	31,509	361.3	4.8	229.8	52.9	176.9	275.8	33.4	242.4	365.1	29.3

**NOTES:** Aggregate reserve series have been revised to reflect new seasonal factors and current percentage reserve requirements against deposits. Reserve requirements on Euro-dollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970. Adjusted credit proxy includes mainly total member bank deposits subject to reserve requirements, bank-related commercial paper, and Euro-dollar borrowings of U. S. banks. Weekly data are daily averages for statement weeks. Monthly data are daily averages except for nonbank commercial paper figures which are for last day of month.

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