

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

Since the May 2 meeting of the Committee, money market conditions have remained comfortable while capital markets have been subject to intensified pressure. Federal funds have continued to trade at or close to the discount rate, with trades more frequently below than above it. Dealer loan rates posted by major New York banks have averaged just under 4-3/8 per cent, about the same as in the second half of April. Yields on Treasury bills and on commercial and finance company paper have continued to decline. With demand for bills, especially the shorter maturities, remaining strong, the 3-month bill rate has fallen from around 3.75 per cent in early May to 3.55 per cent most recently. Yields on CD's, on the other hand, have risen, especially on the longest maturities, as some major banks increased their efforts to attract longer-term CD's. Reportedly, a number of banks are paying rates as high as 4-3/4 to 5 per cent for 1-year money.

Yields in long-term debt markets continued to move higher in the first three weeks of May under the weight of heavy current and prospective new offerings and other factors affecting investor expectations. Average yields on long-term Treasury bonds are now within 15 basis points, and prime grade corporate and municipal obligations within 30 basis points, of their 1966 peaks. With yields in most sectors of the short-term debt markets declining further, the spread between

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/}
	(Seasonally Adjusted)											
1966--Apr.	-277	638	4.64	4.61	4.65	5.03	3.46	+206	+256	+3.1	+ 1.6	+ 1.9
May	-339	653	4.83	4.63	4.69	5.16	3.53	+ 1	+ 6	+1.0	- 0.7	+ 1.6
June	-352	722	5.13	4.50	4.73	5.35	3.60	- 16*	+ 3*	+0.9*	+ 0.9	+ 1.5*
July	-359	439	5.18	4.78	4.84	5.48	3.77	+135*	+224*	+2.1*	- 1.5	+ 1.9*
Aug.	-374	740	5.45	4.95	4.95	5.64	3.91	-302	-400	-0.7	--	+ 1.4
Sept.	-390	765	5.30	5.36	4.94	5.82	3.93	+ 5	+129	-0.1	+ 0.9	+ 0.4
Oct.	-425	766	5.46	5.33	4.83	5.70	3.82	-134	-195	-0.7	- 0.9	- 0.3
Nov.	-235	605	5.75	5.31	4.88	5.71**	3.78	+108	- 35	-1.1	- 0.4	+ 0.1
Dec.	-196	529	5.39	4.96	4.76	5.73**	3.79	+ 21	+ 21	+0.9	+ 1.1	+ 1.2
1967--Jan.	- 60	476	4.87	4.72	4.51	5.43**	3.50	+492	+331	+3.3	- 0.7	+ 2.4
Feb.	+ 42	366	4.99	4.56	4.61	5.18**	3.38	+359	+272	+3.1	+ 0.8	+ 2.6
Mar.	+172	196	4.50	4.26	4.56	5.31**	3.47	+541	+451	+3.2	+ 2.4	+ 2.1
Apr. p	+196	150	4.05	3.84	4.64	5.38**	3.50	+130	+ 39	+2.9	- 0.7	+ 2.1
1967--Apr. 19 p	+292	178	3.90	3.87	4.63	5.50**	3.50			--	- 1.5	+ 0.4
26 p	+142	98	4.00	3.74	4.72	5.39**	3.55			+0.8	- 0.5	+ 0.2
May 3 p	+265	134	4.00	3.73	4.80	5.58	3.65			+0.1	+ 1.4	+ 0.4
10 p	+299	63	3.78	3.67	4.87	5.58**	3.65			-0.1	+ 0.1	+ 0.4
17 p	+261	123	4.03	3.63	4.92	5.62**	3.75			--	+ 1.9	+ 0.6
					Averages			Annual rates of increase ^{3/}				
Year 1966	-283	672	5.06	4.85	4.77	5.41**	3.67	+ 0.8*	+ 1.2*	+ 3.7*	+ 1.9	+ 8.4*
First Half 1966	-228	581	4.69	4.59	4.67	5.12	3.51	+ 3.0*	+ 4.6*	+ 7.1*	+ 4.7	+10.3*
Second Half 1966	-338	763	5.39	5.12	4.87	5.74**	3.83	- 1.5*	- 2.2*	+ 0.3*	- 0.9	+ 6.1*
<u>Recent Variations in growth</u>												
July 6-Aug. 10	-345	738	5.32	4.81	4.85	5.55	3.80			- 4.2	-13.4	+12.7
Aug. 10-Nov. 16	-320	638	5.46	5.27	4.91	5.78**	3.87			- 2.7	+ 0.4	+ 1.4
Nov. 16-May 17	+ 46	325	4.79	4.49	4.67	5.38**	3.55			+11.5	+ 6.4	+15.4

^{1/} Issues carry a 5-year call protection; ** includes issues carrying 5-year and 10-year call protection.

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

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

* - Changes have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.

May 19, 1967.

May 19, 1967.

short and long-term rates has continued to widen, evidencing market expectations of continued upward pressure on interest rates in the months ahead.

In the first three statement weeks ending in May, net free reserves and member bank borrowings have averaged about \$275 million and \$110 million, respectively. In the four statement weeks ending in April, free reserves had averaged about \$80 million less and member bank borrowings about \$40 million higher.

Growth in total member bank deposits, which had been at an annual rate of 15 per cent in the first four months of the year, fell off sharply in the first half of May and for the month as a whole the bank credit proxy is now expected to increase at a 3-4 per cent annual rate. Allowing for further repayments of Euro-dollar borrowings by major banks would reduce the implied credit expansion by about 1 percentage point. For the December-May period expansion in the bank credit proxy is estimated at an 11-1/2 per cent annual rate (and at 10 per cent including the decline in Euro-dollar balances).

The slower growth in total member bank deposits this month has reflected a sharp decline in U.S. Government deposits, only partly offset by an increase in private demand deposits, as well as somewhat slower expansion in total time and savings deposits. Treasury deposits have been reduced by continued acceleration in Federal Government spending, by somewhat larger than expected attrition in the May re-funding, and by market purchases by the Treasury of coupon issues for

May 19, 1967.

the trust funds during the course of the refunding. Also, tax receipts are being cut back this month as a result of the new pattern of corporate payments of withheld taxes.

Although shifts out of U.S. Government balances have given strong impetus to the growth in private demand deposits, sizable loan repayments following the mid-April tax period have tended to curb the expansion somewhat. On the basis of data through mid-month, private demand deposits and the money supply are expected to increase at annual rates of 15 per cent and 14 per cent, respectively, in May. This expansion would result in a December-May growth rate in money supply of just under 6 per cent.

Despite recent increases in posted CD rates, commercial banks have as yet replaced little of the CD run-off they experienced in the April tax period. Banks have concentrated their efforts mainly in attracting longer-term CD funds, presumably in anticipation of both higher loan demands in the fall and further upward pressures on market interest rates. Investors apparently have shown some resistance to placing funds in longer CD maturities and, in the case of shorter CD's, banks have not been willing to bid aggressively for new funds. On the other hand, consumer CD's and passbook savings balances have continued to grow rapidly and, therefore, total time and savings deposits appear to be expanding at a rate of about 13 per cent this month. This is about 4-1/2 percentage points

less than in the first four months of the year, with the drop reflecting entirely the cessation in growth of large negotiable CD's.

With the combined total of private and Government demand deposits projected to decline, total required reserves are expected to increase very little in May. Nonborrowed reserves are likely to show a seasonally adjusted increase of perhaps 6 per cent (annual rate), however, reflecting higher excess reserves and lower member bank borrowings.

Prospective developments

A continuation of prevailing conditions in the money market would imply: Federal funds trading mostly around 4 per cent, with the effective rate averaging slightly below the discount rate; free reserves fluctuating generally within a \$200 - \$300 million range; member bank borrowings continuing to average somewhat above \$100 million; and dealer loan rates at New York banks ranging below 4.50 per cent. Some temporarily greater reserve availability might be needed, however, to cushion churning around the mid-June tax and dividend period.

Even assuming unchanged money market conditions, Treasury bill rates probably will continue under downward pressure as a result of seasonal influences in the period ahead. The System will be on the buying side of the market for much of the period until the next Committee meeting; a wide range of investor demands for seasonal and temporary investment and reinvestment purposes should continue strong;

in June a record \$5.5 billion of tax anticipation bills would mature. With continuing heavy inflows, the Federal Home Loan Banks will probably continue to offer strength to the short-term market either by buying Treasury bills direct or by redeeming debt, thus freeing private funds for investment in bills.

The 3-month bill rate may thus move towards the lower end of a 3.40 - 3.60 per cent range. As this downdrift progresses, however, some offsetting factors should come into play. In particular, the widening spreads between short and intermediate-term yields and between rates on bills and those on CD's and other money market paper may tend to limit the bill rate decline. Also, projections of reserve factors indicate that the System will be shifting from the buying to the selling side of the market around mid-June. Moreover, if the Treasury is forced to draw down its balance with the Reserve Banks in the days immediately preceding the tax date, as seems quite possible, larger System sales to absorb reserves may be needed.

Even with further declines in bill rates, however, yields in capital markets may well remain under upward pressure, given the present very uncertain market atmosphere. Despite the appearance of some less optimistic current business statistics, the weight of the new issue calendar and expectations of economic resurgence later on continues to dominate investor attitudes. The market is also beginning to focus on the Treasury's potentially large deficit and the resulting likelihood of heavy second half financing. This could include some

flotations of over-5-year issues in the event that Congress allows some flexibility outside the 4-1/4 per cent ceiling. Also, another issue of FNMA participations is expected shortly.

On the other hand, a technical rally in the bond market is possible, especially in U.S. Governments. Some market observers feel that the recent bond yield increases may have outrun current economic developments. And in the Treasury market recent sizable purchases by official accounts have helped to lighten dealer holdings of longer-term issues. On balance, however, we would expect that in the absence of further official actions, underlying market forces would be likely to continue to work toward higher rates.

Market expectations, which have played an important role in generating upward pressures on bond yields, have not been associated with any particular signs of strength in bank loan demands in recent weeks. In fact, continued heavy capital market flotations may result in further loan repayments by major corporations. A temporary bulge in bank loans is likely around the mid-June tax date, since projected corporate income tax payments then are very large--even larger than last year. But the improved liquidity position of corporations, including large holdings of June tax bills and of sizable amounts of maturing CD's, and the projected liquidation of business inventories should operate to hold down both bank loan demand and total bank credit expansion

May 19, 1967.

We therefore anticipate that, with money market conditions unchanged, the average increase in the bank credit proxy during June will be at an annual rate in a range of 4-7 per cent, somewhat higher than May's 3-4 per cent but still substantially slower than earlier in the year. Such an increase would bring the annual growth rate in total member bank deposits for the December-June period to 10 - 11 per cent (9 - 10 per cent after allowing for reductions in Euro-dollar borrowings).

Deposit movements in June on average should continue the May pattern of large shifts from U.S. Government to private balances. With currency continuing its steady growth of around 6 per cent, the projected increase in private demand deposits would result in money supply expansion in June at an 8 - 11 per cent rate. Such an increase in June would produce a growth rate for the recent expansion period (December-June) of 6 - 7 per cent. Over the entire recent interval of contraction and expansion of the money supply (June 1966-June 1967) the growth rate would be 2.5 per cent.

Expansion in total time and savings deposits in June is projected to continue at about the 13 per cent annual rate now expected for May, with consumer-type CD's and passbook savings accounting for all the growth. Favoring continued rapid growth in consumer time and savings deposits are the lower returns available on competing short-term market instruments and the continuing large volume of personal savings being generated in the economy. The outlook for CD's in June is for some decline around the mid-month tax and dividend dates, although

these declines may be offset in part by stepped-up bank efforts to attract longer-term CD's.

With only moderate expansion in bank credit projected for June and with most of the net expansion concentrated in time deposits, only a small increase in required reserves--on the order of 2 per cent, annual rate-- is expected.

Effects of greater emphasis on coupon operations

If there is sufficient concern about present and immediately prospective bond market conditions, a substantial portion of the System's reserve supplying operations in the weeks ahead could be conducted in coupon operations rather than bills, as was done in the last week. Staff projections indicate a net need for expanded reserves amounting to roughly half a billion dollars over the next four weeks.

The possible impact of such operations on longer-term bond yields is most difficult to gauge in the current market environment. In large measure, the level of bond yields will continue to be dominated by market expectations, by the extent to which such expectations are sustained by basic economic developments, and by the flow of new capital issues. Use of System coupon operations to supply part of the projected reserve needs over the next few weeks might have only limited effects on market trends; indeed, developments strengthening market expectations of an economic upturn could overwhelm even substantial System purchases. But in the present state of expectations, which still shows some evidence of indecision,

official account purchases could be positive factors in helping to clear away supplies of Government securities overhanging in the market. In addition, such operations might be followed by a somewhat better bond price performance if the upward rate movement to date has tended to over-discount the near-term economic prospects and market pressures.

The configuration of interest rates and reserve relationships delineated on pages 4 to 8 might be altered marginally by a program of System coupon operations. In particular, Treasury bill rates would tend to decline less than specified earlier, and there could be minor sympathetic responses in other short-term rates. There might also be some narrowing in the spread between short- and long-term yields. But Federal funds and dealer loan rates would not likely be affected by the shift in the pattern of System buying, and net marginal reserve availability would, in the context of no change in monetary policy, necessarily remain unchanged. Therefore, we would anticipate no difference in the behavior of the monetary aggregates from those projected above.

Table A-1

MARGINAL RESERVE MEASURES

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

Period	Excess reserves	Member banks borrowings	Free reserves		
	As revised to date			As first published each week	As expected at conclusion of each week's open market operations
Monthly (reserves weeks ending in):					
1966--April	361	638	-277		
May	315	653	-339		
June	370	722	-352		
July	380	739	-359		
August	366	740	-374		
September	375	765	-390		
October	341	766	-425		
November	370	605	-235		
December	333	529	-196		
1967--January	417	476	- 59		
February	408	366	+ 42		
March	368	196	+172		
April p	346	150	+196		
<u>Weekly:</u>					
1967--Jan. 4	395	565	-170	-188	-175
11	628	585	+ 43	+ 67	+ 61
18	127	217	- 90	- 39	- 53
25	516	538	- 22	- 47	- 62
Feb. 1	340	176	+164	+154*	- 50
8	289	353	- 64	- 45	- 91
15	418	456	- 38	- 7	+ 2
22	583	477	+106	+101	+117
Mar. 1	159	167	- 8	+ 4	- 17
8	359	202	+157	+165	+216
15	372	173	+199	+204	+217
22	566	302	+264	+277	+290
29	385	135	+250	+235	+253
Apr. 5	447	180	+267	+339	+300
12	226	145	+ 81	+154	+184
19 p	470	178	+292	+312	+305
26 p	240	98	+142	+169	+171
May 3 p	399	134	+265	+345	+343
10 p	362	63	+299	+260	+262
17 p	384	123	+261	+261	+291

p - Preliminary

* - Reflects end of week statistical adjustments increasing F.R. float due to snow storms in the midwest.

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:								
1965	+ 5.3	+ 4.3	+ 5.3	+ 2.3	+ 9.1	+16.0	+ 4.7	+ 4.4
1966	+ 1.2	+ 0.8	+ 1.5	- 0.2	+ 3.7	+ 8.4	+ 1.9	+ 0.9
Monthly:								
1966--January	+ 6.7	+ 9.5	+ 6.9	+11.3	+ 8.1	+ 7.4	+ 5.7	+ 4.6
February	+ 4.0	+ 3.1	+ 2.9	+ 3.8	+ 3.5	+ 5.7	+ 1.4	--
March	+ 2.9	- 4.6	+ 2.7	+ 4.0	+ 5.5	+ 8.1	+ 7.8	+ 8.2
April	+13.2	+10.9	+11.9	+11.7	+15.5	+15.3	+11.3	+12.7
May	+ 0.3	+ 0.1	+ 2.1	- 4.8	+ 4.9	+12.7	- 4.9	- 7.2
June <u>2/</u>	+ 0.2	- 0.8	+ 1.6	+ 1.3	+ 4.4	+11.8	+ 6.3	+ 7.2
July <u>2/</u>	+11.4	+ 7.1	+ 8.4	+ 2.9	+10.3	+14.8	-10.5	-16.2
August <u>2/</u>	-20.2	-15.8	-14.8	-16.9	- 3.4	+10.7	--	- 0.9
September <u>2/</u>	+ 6.6	- 0.3	- 0.2	- 3.2	- 0.5	+ 3.0	+ 6.4	+ 7.3
October <u>2/</u>	-10.0	- 7.1	- 1.1	- 2.0	- 2.9	- 2.3	- 6.3	- 8.1
November <u>2/</u>	- 1.8	+ 5.7	- 7.6	- 8.2	- 5.4	+ 0.8	- 2.8	- 4.6
December <u>2/</u>	+ 1.1	+ 1.1	+ 4.9	- 1.6	+ 3.9	+ 9.1	+ 7.8	+ 8.2
1967--January <u>2/</u>	+17.1	+26.0	+13.5	+12.7	+16.1	+18.1	- 4.9	- 9.1
February <u>2/</u>	+13.8	+18.6	+14.3	+ 9.0	+15.0	+19.3	+ 5.7	+ 5.5
March <u>2/</u>	+22.7	+27.6	+15.3	+17.0	+15.3	+15.3	+16.9	+20.0
April <u>2/</u> p	+ 1.9	+ 6.5	+ 9.1	+10.4	+13.7	+15.1	- 4.9	- 6.3

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

p - Preliminary.

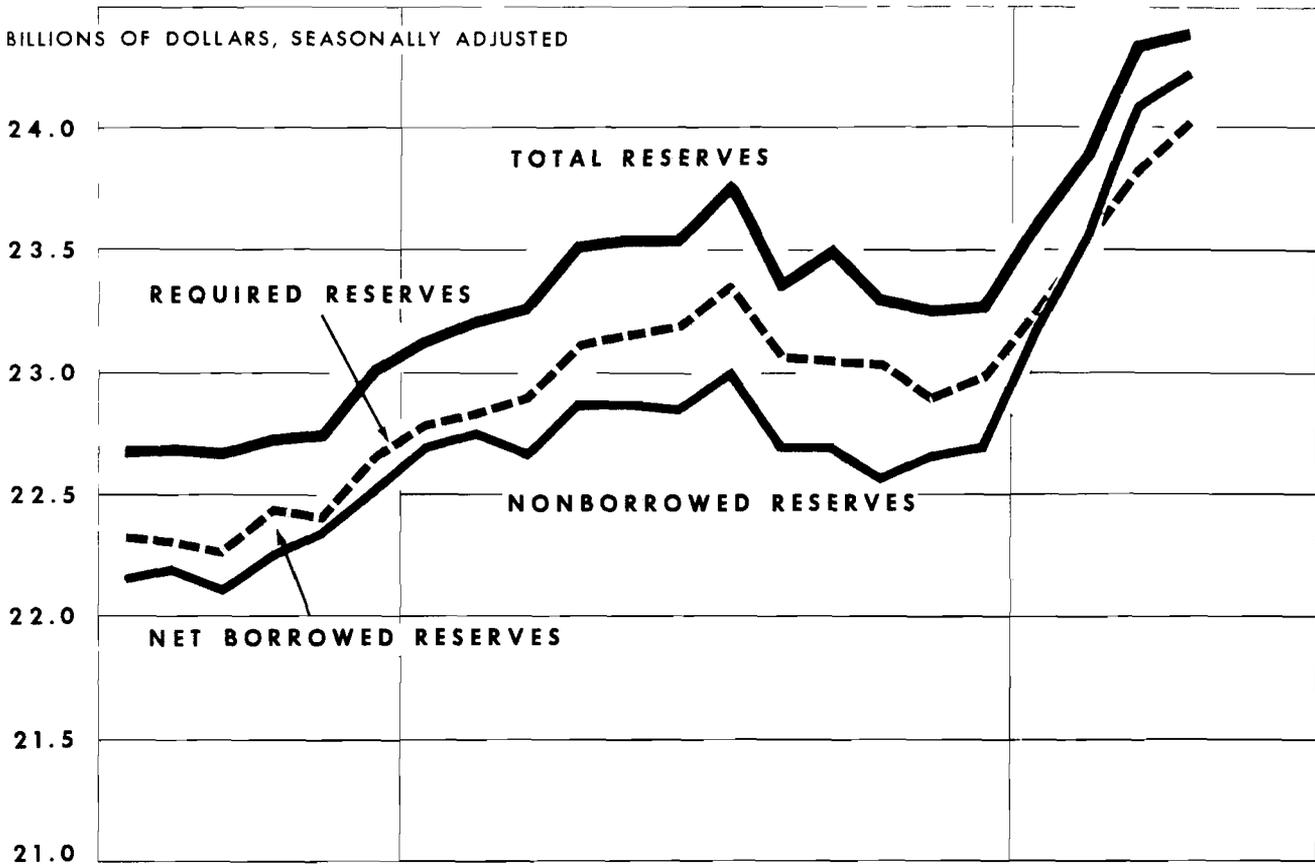
2/ Changes in reserves, total deposits, and time deposits have been adjusted for redefinition of time deposits effective June 9, 1966. Changes in reserves have been adjusted for increases in reserve requirements in July and September 1966, and reduction in reserve requirements in March 1967.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

BILLIONS OF DOLLARS, SEASONALLY ADJUSTED



BILLIONS OF DOLLARS

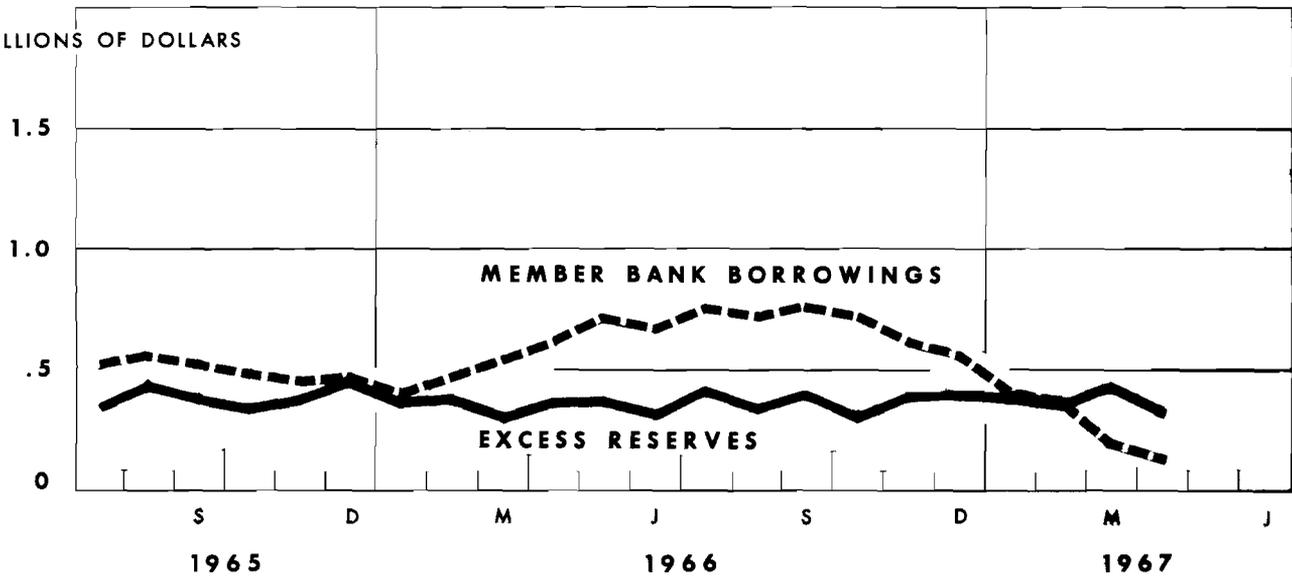


Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

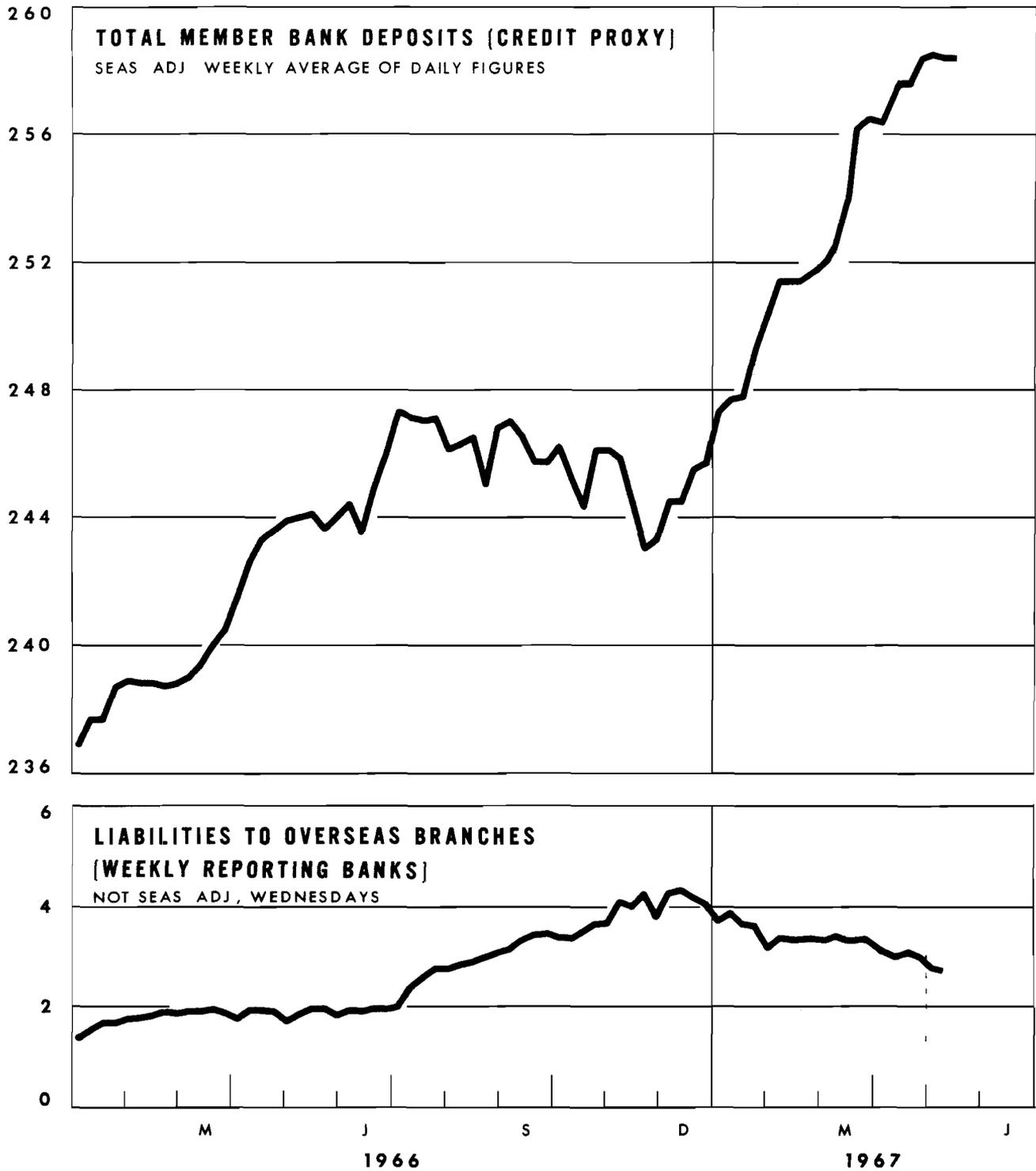
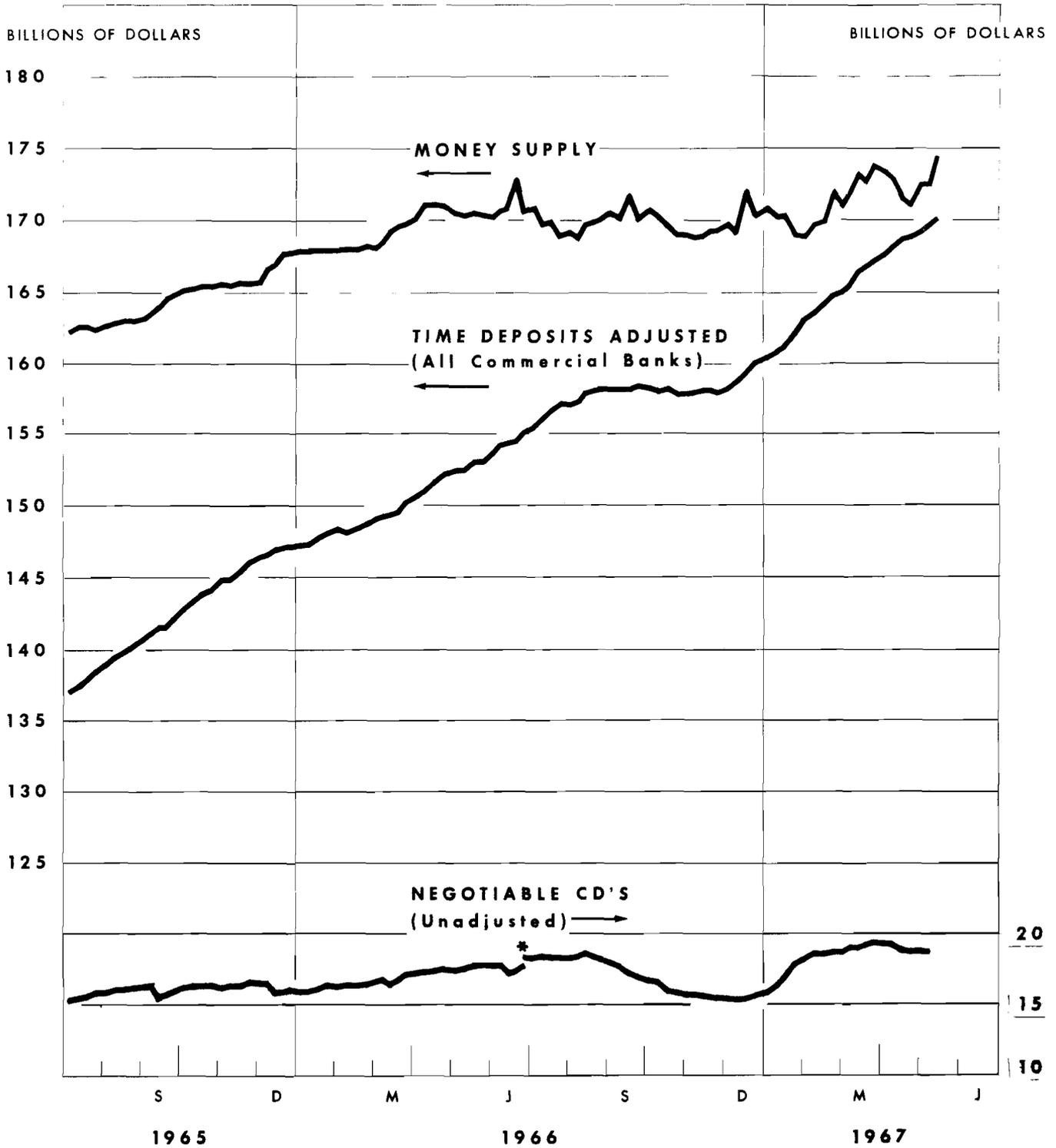


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



*CHANGE IN SERIES

Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

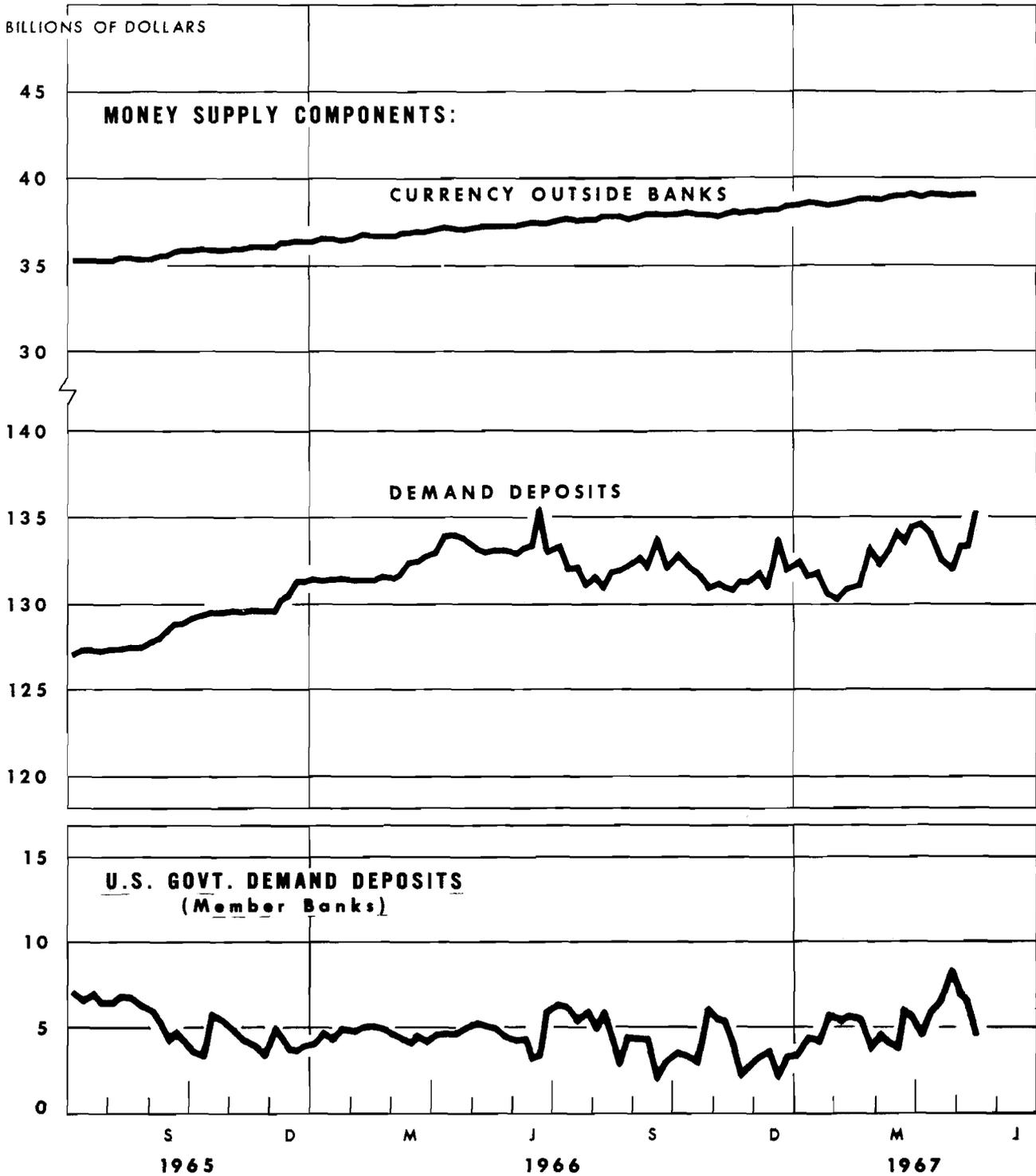


Table B-1

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>ACTUAL</u>							
<u>Year:</u>							
1965 (12/30/64 - 12/29/65)	+4,035	-1,602	-2,143	+ 798	+1,089	+1,188	- 99
1966 (12/29/65 - 12/28/66)	+3,149	- 627	-2,243	+ 805	+1,085	+1,111	- 26
<u>Year-to-date:</u>							
(12/29/65 - 5/18/66)	+ 194	- 254	+ 193	- 740	- 605	- 461	- 144
(12/28/66 - 5/17/67)	+1,111	- 51	+ 498	-2,333	- 775	- 722	- 53
<u>Weekly:</u>							
1967--May 3p	+ 533	+ 1	- 137	- 153	+ 245	+ 85	+ 160
10p	+ 256	--	- 485	+ 35	- 197	- 159	- 38
17p	- 368	- 1	+ 133	+ 193	- 41	- 63	+ 22
<u>PROJECTED</u> 4/							
1967--May 24	- 60	--	+ 105	- 145	- 100	- 100	--
31	+ 220	--	+ 5	- 345	- 120	- 120	--
June 7	+ 590	--	- 500	+ 50	+ 140	+ 140	--
14	- 200	--	- 15	+ 125	- 90	- 90	--
21	- 40	--	+ 80	+ 575	+ 615	+ 615	--
28	- 250	--	+ 210	- 240	- 280	- 280	--
July 5	+ 60	--	+ 100	- 150	+ 10	+ 10	--

p - Preliminary.

1/ For retrospective details, see Table 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 of projections.

Table B-2

CHANGES IN REQUIRED RESERVE COMPONENTS

Retrospective and Prospective Seasonal and Nonseasonal Changes
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Total required reserves	Supporting U. S. Gov't. demand deposits	Supporting private deposits				
			Total	Seasonal changes		Other than seasonal changes	
				Demand	Time	Demand	Time
<u>ACTUAL</u>							
<u>Year:</u>							
1965 (12/30/64 - 12/29/65)	+1,188	- 89	+1,277	+ 115	- 4	+499	+ 677
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,194	- 14	- 4	- 5	+1,221 <u>1/</u>
<u>Year-to-date:</u>							
(12/29/65 - 5/18/66)	- 461	+243	- 704	-1,146	+ 96	+169	+ 177
(12/28/66 - 5/17/67)	- 722	+191	- 913	- 340	+100	-304	- 369
<u>Weekly:</u>							
1967--May 3 p	+ 85	+ 85	--	- 197	--	+177	+ 20
10 p	- 159	+147	- 306	- 273	--	- 51	+ 18
17 p	- 63	-149	+ 86	- 178	+ 5	+246	+ 13
<u>PROJECTED</u>							
1967--May 24	- 100	- 30	- 70	- 270	+ 5	+180	+ 15
31	- 120	-130	+ 10	- 20	--	+ 15	+ 15
June 7	+ 140	-110	+ 250	+ 245	--	- 10	+ 15
14	- 90	-355	+ 265	+ 205	--	+ 45	+ 15
21	+ 615	+610	+ 5	+ 280	- 5	-280	+ 10
28	- 280	-210	- 70	- 460	+ 5	+375	+ 10
July 5	+ 10	-135	+ 145	+ 140	--	- 15	+ 20

1/ Reflects reserve requirements changes in July and September 1966.

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>					
1965 (12/30/64 - 12/29/65)	+ 798	+294	- 171	+ 77	+598
1966 (12/29/65 - 12/28/66)	+ 805	+673	+ 64	- 30	+ 98
<u>Year-to-date:</u>					
(12/29/65 - 5/18/66)	- 740	+195	- 688	- 2	-245
(12/28/66 - 5/17/67)	-2,333	-531	-1,265	+ 47	-584
<u>Weekly:</u>					
1967--May 3 p	- 153	-109	- 52	- 8	+ 16
10 p	+ 35	+146	- 57	- 16	- 38
17 p	+ 193	+102	+ 128	+ 22	- 59
<u>PROJECTED</u>					
1967--May 24	- 145	- 55	+ 120	+ 5	-215
31	- 345	+ 5	- 350	--	--
June 7	+ 50	--	+ 50	--	--
14	+ 125	--	+ 60	--	+ 65
21	+ 575	--	+ 500	--	+ 75
28	- 240	--	- 240	--	--
July 5	- 150	--	- 150	--	--

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>								
1965 (12/30/64 - 12/29/65)	+4,035	+3,916	+3,145	+916	-145	--	+ 77	+ 42
1966 (12/29/65 - 12/28/66)	+3,149	+3,069	+2,158	+474	+437	+ 26	+ 52	+ 2
<u>Year-to-date:</u>								
(12/29/65 - 5/18/66)	+ 194	+ 95	+ 8	+173	- 86	--	- 18	+117
(12/28/66 - 5/17/67)	+1,111	+1,622	+1,763	+217	-358	- 26	- 60	-425
<u>Weekly:</u>								
1967--Apr.								
5	+ 402	+ 343	+ 209	+ 21	+113	+ 10	+ 4	+ 45
12	- 22	+ 11	- 14	+ 95	- 70	- 10	+ 12	- 35
19	- 67	- 79	+ 48	--	-127	- 5	- 16	+ 33
26	+ 156	+ 211	+ 210	--	+ 1	+ 2	+ 23	- 80
May								
3	+ 533	+ 450	+ 197	--	+253	+ 5	+ 42	+ 36
10	+ 256	+ 337	+ 174	--	+163	- 5	- 5	- 71
17	- 368	- 383	- 226	--	-157	- 3	- 42	+ 60

(Part 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
1965--January	21,960	21,625	21,563	20,702	15,730
February	22,157	21,771	21,713	20,765	15,717
March	22,279	21,814	21,868	20,881	15,789
April	22,449	21,953	22,036	20,985	15,831
May	22,436	21,994	22,109	20,962	15,750
June	22,612	22,082	22,243	21,138	15,877
July	22,682	22,158	22,332	21,247	15,912
August	22,689	22,186	22,299	21,331	15,916
September	22,667	22,114	22,259	21,553	16,071
October	22,737	22,248	22,439	21,720	16,151
November	22,748	22,341	22,402	21,803	16,168
December	23,010	22,523	22,657	21,970	16,285
1966--January	23,139	22,701	22,788	22,075	16,364
February	23,217	22,759	22,844	22,084	16,356
March	23,274	22,671	22,896	22,269	16,510
April	23,530	22,877	23,123	22,477	16,625
May	23,536	22,878	23,163	22,453	15,534
June <u>1/</u>	23,539	22,862	23,193	22,582	16,626
July <u>1/</u>	23,763	22,997	23,355	22,515	16,472
August <u>1/</u>	23,363	22,695	23,067	22,517	16,428
September <u>1/</u>	23,492	22,700	23,064	22,597	16,497
October <u>1/</u>	23,297	22,566	23,042	22,430	16,352
November <u>1/</u>	23,262	22,674	22,896	22,383	16,321
December <u>1/</u>	23,283	22,695	22,990	22,522	16,411
1967--January <u>1/</u>	23,614	23,187	23,248	22,525	16,317
February <u>1/</u>	23,886	23,546	23,526	22,733	16,421
March <u>1/</u>	24,337	24,087	23,825	23,069	16,682
April <u>1/</u> p	24,376	24,217	24,006	23,062	16,587

p - Preliminary.

1/ Reserves have been adjusted for redefinition of time deposits effective June 9, 1966.

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)

Monthly	Total member bank deposits (credit) 1/	Time deposits	Private demand deposits 2/	U.S. Gov't. demand deposits
1965--January	218.4	106.0	107.4	5.0
February	220.4	107.6	107.3	5.5
March	222.5	108.6	107.8	6.1
April	224.6	109.9	108.1	6.7
May	225.8	111.1	107.5	7.2
June	227.7	112.2	108.4	7.1
July	229.1	113.8	108.6	6.7
August	230.4	115.5	108.6	6.3
September	231.1	116.9	109.7	4.6
October	233.5	118.7	110.2	4.5
November	234.5	120.2	110.4	4.0
December	236.4	121.2	111.2	4.0
1966--January	238.0	121.8	111.7	4.5
February	238.7	122.1	111.6	5.0
March	239.8	122.8	112.7	4.3
April	242.9	124.8	113.5	4.7
May	243.9	126.2	112.9	4.8
June <u>3/</u>	244.8	127.0	113.5	4.3
July <u>3/</u>	246.9	128.9	112.4	5.6
August <u>3/</u>	246.2	129.8	112.1	4.2
Sept. <u>3/</u>	246.1	130.1	112.6	3.5
Oct. <u>3/</u>	245.5	129.6	111.6	4.3
Nov. <u>3/</u>	244.4	129.3	111.4	3.7
Dec. <u>3/</u>	245.2	130.3	112.0	2.9
1967--Jan. <u>3/</u>	248.5	132.4	111.4	4.8
Feb. <u>3/</u>	251.6	134.6	112.1	4.9
Mar. <u>3/</u>	254.8	136.2	113.9	4.8
Apr. <u>3/</u> p	257.7	138.1	113.2	6.4

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/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.

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/ 2/	Time deposits 2/	Private demand deposits 3/	U. S. Gov't. demand deposits
1966--Nov. 2	246.1	129.5	111.2	5.4
9	245.8	129.3	111.1	5.3
16	244.5	129.3	111.2	4.0
23	243.0	129.3	111.5	2.2
30	243.2	129.2	111.3	2.7
Dec. 7	244.5	129.5	111.9	3.2
14	244.5	129.8	111.2	3.5
21	245.5	130.2	113.1	2.2
28	245.7	131.0	111.5	3.2
1967--Jan. 4	247.3	131.4	112.6	3.3
11	247.7	131.7	111.6	4.4
18	247.8	132.1	111.4	4.3
25	249.2	132.9	110.5	5.8
Feb. 1	250.3	133.7	111.1	5.5
8	251.4	134.0	111.7	5.7
15	251.4	134.5	111.5	5.5
22	251.6	134.9	113.0	3.8
Mar. 1	252.0	134.9	112.6	4.5
8	252.5	135.5	112.9	4.1
15	254.0	136.2	113.9	3.9
22	256.2	136.5	113.9	5.8
29	256.5	136.8	114.2	5.6
Apr. 5	256.4	137.1	114.7	4.6
12	257.6	137.7	114.0	5.8
19 p	257.6	138.1	112.9	6.5
26 p	258.4	138.2	112.0	8.2
May 3 p	258.5	138.7	113.0	6.9
10 p	258.4	139.1	112.8	6.4
17 p	258.4	139.4	114.5	4.5

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/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

3/ Private demand deposits include demand deposits on 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
1965--January	159.7	34.5	125.3	128.7
February	159.8	34.6	125.2	130.7
March	160.3	34.7	125.6	132.0
April	161.0	34.8	126.2	133.3
May	160.7	34.9	125.8	134.6
June	161.7	35.0	126.7	136.2
July	162.4	35.3	127.2	137.9
August	163.0	35.5	127.5	140.0
September	164.1	35.7	128.5	141.6
October	165.2	36.0	129.3	143.7
November	165.6	36.1	129.5	145.5
December	167.2	36.3	130.9	146.9
1966--January	168.0	36.6	131.4	147.8
February	168.2	36.8	131.4	148.5
March	169.3	36.9	132.3	149.5
April	170.9	37.2	133.7	151.4
May	170.2	37.3	132.9	153.0
June <u>3/</u>	171.1	37.4	133.7	154.5
July <u>3/</u>	169.6	37.7	131.9	156.5
August <u>3/</u>	169.6	37.8	131.8	167.8
September <u>3/</u>	170.5	37.9	132.6	158.2
October <u>3/</u>	169.6	38.0	131.7	157.9
November <u>3/</u>	169.2	38.0	131.2	158.0
December <u>3/</u>	170.3	38.3	132.1	159.2
1967--January <u>3/</u>	169.6	38.5	131.1	161.7
February <u>3/</u>	170.4	38.7	131.7	164.3
March <u>3/</u>	172.8	38.9	133.9	166.4
April <u>3/</u> p	172.1	39.0	133.2	168.5

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.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.

TABLE C-3a
MONEY SUPPLY AND TIME DEPOSITS AT ALL COMMERCIAL BANKS
 Seasonally Adjusted
 (Dollar amounts in billions, based
 on weekly averages of daily figures)

Week Ending	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted <u>3/</u>
1966--Nov. 2	168.9	37.8	131.1	157.8
9	168.8	38.0	130.9	157.9
16	169.0	38.1	130.9	158.0
23	169.3	38.0	131.3	158.0
30	169.3	38.1	131.2	157.9
Dec. 7	169.7	38.1	131.7	158.2
14	169.1	38.2	130.9	158.6
21	171.9	38.2	133.7	159.2
28	170.3	38.4	131.9	160.0
1967--Jan. 4	170.8	38.4	132.4	160.5
11	170.2	38.6	131.6	160.9
18	170.3	38.5	131.8	161.3
25	168.9	38.4	130.5	162.2
Feb. 1	168.7	38.5	130.2	163.1
8	169.6	38.7	130.9	163.5
15	169.9	38.8	131.1	164.2
22	171.8	38.8	133.1	164.8
Mar. 1	171.0	38.7	132.3	165.0
8	172.0	38.9	133.0	165.5
15	173.1	39.0	134.1	166.3
22	172.6	39.0	133.6	166.7
29	173.6	39.1	134.5	167.1
Apr. 5	173.4	38.9	134.6	167.6
12	173.0	39.1	134.0	168.2
19 p	171.5	39.1	132.5	168.6
26 p	171.0	39.0	132.0	168.8
May 3 p	172.4	39.1	133.3	169.2
10 p	172.5	39.1	133.3	169.6
17 p	174.4	39.1	135.3	170.2

1/ Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.

2/ Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances of Federal Reserve Banks.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.