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MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

Treasury bill rates have changed little, on balance, since the interim meeting of the FOMC on November 27, but some other short-term rates, including yields on bankers' acceptances and finance company paper, have adjusted up somewhat further. Since the mid-November devaluation of sterling and U.K. and U.S. discount rate increases, short-term market rates in general have moved up $\frac{1}{8}$ to $\frac{1}{2}$ of a percentage point. The 3-month Treasury bill has recently been trading around 4.90 per cent--compared with 4.67 per cent on November 17--while yields on the 6-month and 1-year bills were recently around 5.45 and 5.65 per cent respectively. In long-term markets, municipal yields have risen since devaluation; yields on prime corporates have shown little net change on balance; and yields on longer-term U.S. Government bonds have dropped somewhat.

The structure of short-term market rates has still permitted major banks to compete for CD's, but they have had to offer increasingly shorter maturities at the 5-1/2 per cent ceiling. Banks sold, net, about \$1 billion of new CD's in November, with about half of the sales in the second half of the month after the rise in discount rate. The extent of bank activity in the CD market probably reflects in part efforts to hedge against any reduced availability of Euro-dollars, as

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--Nov.	-235	605	5.75	5.31	4.88	5.71	3.78	+150	- 59	- 0.6	--	- 0.3
Dec	-196	529	5.39	4.96	4.76	5.73	3.79	- 13	- 16	+ 0.4	+ 0.3	+ 1.3
1967--Jan.	- 59	476	4.87	4.72	4.51	5.43	3.50	+475	+359	+ 3.3	- 0.1	+ 2.2
Feb.	42	366	4.99	4.56	4.61	5.18	3.38	+325	+218	+ 3.3	+ 1.2	+ 2.6
Mar.	172	196	4.50	4.26	4.56	5.31	3.47	+555	+415	+ 3.0	+ 1.6	+ 2.6
Apr.	199	150	4.03	3.84	4.64	5.38	3.50	+ 92	+ 49	+ 2.1	- 0.3	+ 2.0
May	275	94	3.94	3.60	4.90	5.62	3.71	+ 96	- 8	+ 1.2	+ 1.6	+ 1.9
June	257	88	3.97	3.53	4.99	5.79	3.80	+ 95	+164	+ 2.0	+ 1.7	2.5
July	311	132	3.78	4.20	5.01	5.78	3.86	+307	+223	+ 3.2	+ 1.7	2.2
Aug.	270	86	3.88	4.26	5.12	<u>r</u> /5.86**	3.78	+291	+269	+ 3.7	+ 1.2	+ 2.5
Sept.	252	82	3.99	4.42	5.16	<u>r</u> /5.85**	3.81	+ 96	+193	+ 2.3	+ 0.1	+ 1.7
Oct.	212	141	3.87	4.55	5.36	6.08	3.88	+250	+311	+ 2.7	+ 1.0	+ 1.9
Nov. p	219	124	4.14	4.72	5.66	6.50	3.99	+195	+139	+ 1.9	+ 1.1	+ 1.8
1967--Nov. 1	211	80	3.95	4.54	5.49	6.12	3.92			+ 0.9	+ 0.7	+ 0.5
8	198	132	3.94	4.62	5.61	6.37**	3.97			+ 0.5	+ 1.0	--
15 p	343	162	4.08	4.62	5.74	6.53	3.99			- 0.2	--	+ 0.6
22 p	90	127	4.02	4.75	5.69	--	4.03			+ 0.8	--	+ 0.6
29 r	255	119	4.47	4.88	5.63	6.50	4.03			- 0.5	- 0.2	+ 0.3
Dec. 6 p	228	87	4.30	4.95	5.78	6.55	4.15			+ 1.1	+ 0.8	+ 0.6
	<u>Averages</u>				<u>Annual rates of increase ^{3/}</u>							
Year 1966	-283	672	5.06	4.85	4.77	5.41	3.67	+ 0.8*	+ 1.2*	+ 3.7*	+ 2.2	+ 8.8*
Second Half 1966	-338	763	5.39	5.12	4.87	5.74	3.83	- 1.3*	- 2.3*	+ 0.3*	- 0.2	+ 6.5
First Half 1967	153	222	4.38	4.09	4.70	5.45	3.56	+15.0	+10.7	+12.1	+ 6.8	+17.3
<u>Recent variations in growth</u>												
Mar. 29-June 28	245	110	4.00	3.66	4.83	5.63	3.68			+18.8	+ 6.9	+14.3
Jun. 28-Aug. 16	280	123	3.85	4.17	5.05	5.83	3.82			+19.4	+11.8	+18.4
Aug. 16-Dec. 6	239	106	3.95	4.55	5.37	6.11	3.90			+ 9.9	+ 4.9	+12.2

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

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

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

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

p - Preliminary.

r - Revised.

December 8, 1967.

well as the continued desire to obtain whatever funds are available under prevailing ceiling rates and thus to maintain short-term investment portfolios in the event of some near-term pick-up in loan demand. With sales of CD's maturing in less than 3 months during November continuing to account for an increasing share of total sales, the volume of maturities in December has reached a new high monthly total of \$5.9 billion. January maturities have already risen to \$4.5 billion, and are likely to rise further.

The availability of Euro-dollars does not appear thus far to have been seriously constrained since devaluation, although banks appear generally unwilling to pay the higher rates that have emerged for longer-term maturities. Any more than seasonal tendency for foreign funds to flow out of the Euro-dollar market following devaluation appears to have been cushioned by official operations that have encouraged a continued availability of dollars from continental commercial banks. Daily average liabilities to foreign branches of major New York banks declined only about \$200 million from the statement week prior to devaluation to the latest week ending December 6.

With CD's building up and Euro-dollars relatively well maintained, major New York banks moved into a small basic reserve surplus in the last half of November and remained close to balance in early December. As a result, demand pressures on the Federal funds market were relatively moderate. The funds rate had averaged a shade under $4\frac{1}{2}$ per cent in the last statement week of November and was closer to

4½ per cent in the first statement week of December, a double settlement week. Dealer financing costs at New York banks followed the same pattern, retaining their normal, small spread above the Federal funds rate. As the new statement week opened, the Federal funds and dealer loan rates moved up into a somewhat higher range.

Free reserves have averaged around \$240 million and member bank borrowings \$105 million in the two latest statement weeks. This compares with average free reserves of \$210 million and member bank borrowings of \$125 million in the preceding 4 weeks.

In November, total reserves rose at a 7 per cent annual rate, supporting an 8.5 per cent growth in the bank credit proxy (9.5 per cent after including Euro-dollar borrowings). Expansion in the proxy last month was down from a growth rate averaging 11 per cent in the previous two months and 13.5 per cent in the first eight months of the year, as loan demands remained moderate and banks reduced holdings of U.S. Government securities while maintaining purchases of municipals.

The slower rate of growth in total deposits includes a decline during November in U.S. Government deposits, which had increased substantially in the preceding two months in reflection of the sizable late August and early October cash financings. With Government deposits declining in November, growth in private demand deposits and money supply accelerated to 8.5 per cent and 7.5 per cent annual rates, respectively. Despite the large November increase in outstanding CD's, growth in total time and savings deposits, at a 12 per cent annual rate,

remained near the September-October average, as inflows of other time and savings deposits slowed appreciably, especially following the issue of attractive new Treasury notes at mid-month.

Prospective developments

The slowing in the rate of bank credit expansion which has been evident since late summer is expected to continue through December, assuming no significant change in money market conditions or credit demands from those currently prevailing. Such conditions include a Federal funds rate around the discount rate, net free reserves in a \$100 - \$300 million range, and member bank borrowings in a \$75 - \$150 million range. Wide fluctuations in money market variables could develop in light of mid-month tax date pressures and year-end fund movements related to domestic and foreign window-dressing operations. The money market impact of these basically seasonal factors could be accentuated if high interest rates in the U.K. and restoration of confidence in sterling result in an accelerated reduction in Euro-dollar borrowings by U.S. banks, who, in turn, would be led either to bid even more aggressively for CD's and Federal funds or to liquidate Treasury bills and other short-term assets.

Barring a sharp constriction in Euro-dollar funds, the 3-month Treasury bill rate is likely to remain in a 4.80 - 5.10 per cent range over the next four weeks. While money market adjustments by banks could put upward pressure on bill rates, demands for liquid

assets by investors and by borrowers reinvesting capital market proceeds have been relatively strong in recent days, and may continue to exert a moderating impact on bill rates. The Treasury is likely to announce, in either late December or early January, a tax bill financing of around \$2 billion for payment in mid-January.

Given these short-term market conditions, the bank credit proxy in December is expected to rise in a 2-5 per cent annual rate range. Business loan expansion may well be expected to be stronger in the weeks ahead than in recent months, as the pick-up in business activity following the settlement of major strikes continues. But given the relatively large \$1.2 billion of CD's that mature on the tax date, it is expected that banks will not be able to avoid an attrition in outstandings of at least \$500 million over the month, and some market participants appear to be braced for a considerably larger attrition. Moreover, it would appear that outstanding Euro-dollar borrowings through foreign branches may well decline further, at least through year-end on seasonal grounds. The recent reduction in domestic banks' liabilities to overseas branches would be equivalent to a one percentage point cut in bank credit expansion in December (reducing growth in the bank credit proxy, adjusted for such borrowings, to a 1-4 per cent, annual rate, range).

In January, bank credit expansion is likely to be larger than in December, as banks help underwrite the anticipated sale by the Treasury of June tax bills and as increased business inventory accumulation raises

loan demands. Moreover, if the current structure of short-term market rates continues to prevail, it is assumed that banks will not lose CD's on balance in January when they may find a fairly ready market on the part of corporations for March and April tax period maturities. But it should be recognized that both the December and January bank credit outlook are subject to considerable uncertainty because the closeness of key short-term market rates to Regulation Q ceilings means that year-end or other temporary influences on money markets have the potential for marked impacts on bank deposits and credit.

In December, total time and savings deposits are projected to rise in an 8-11 per cent annual rate range, somewhat lower than in November because of the CD attrition assumed. Time and savings deposits other than CD's are expected to increase in December at a slightly faster rate than in November, when these deposit inflows were moderated by competition from the attractively priced Treasury notes issued then at yields well above the various ceiling rates on time and savings deposits. Such flows, however, might be retarded further in January if consumers take advantage of the interest-crediting period to move into higher yielding market instruments, or to make down payments on consumer durables.

The money supply in December is expected to rise in a 4-7 per cent range, largely in reflection of a drop in U.S. Government deposits. With growth in private demand deposits not quite offsetting the sharp reduction in Government deposits, and with time deposit

growth moderating, total and required reserves are projected to show little or no growth this month. These deposit and reserve flows are expected to be associated with little further change in long-term rates over the weeks immediately ahead in view of the lull in the calendar of new bond issues over that period, but a resumption of the updrift in yields could occur on the basis of a further flow of more buoyant economic news, or increased anticipations of a tightening in monetary policy.

Policy alternatives. A firming of money market conditions might include Federal funds averaging 4-5/8 per cent, and sometimes trading above that rate, member bank borrowings generally in a \$150 - \$250 million range, and the net free reserve position of banks in a zero to \$150 million range. The attainment of such conditions is likely to be associated with a further upward movement in bill rates, as dealer financing becomes more expensive and especially if expectations of a further rise in the discount rate become prevalent. The 3-month bill might move into a 5 -- 5-3/8 per cent range, with market attitudes about the direction of monetary and fiscal policies and regulatory actions on rate ceilings a key factor in determining emerging rate levels. Long-term rates are also likely to rise somewhat further, particularly if convictions grow that banks will be unable to remain active in municipal and mortgage markets and that nonbank intermediaries will become less able to compete effectively for savings flows.

With a firming of money market conditions such as described above, commercial banks would find it more difficult to replace maturing CD's with even shortest-term issues. Over-all, the attrition of CD's in December may become larger and would be likely to continue into January. There would also be further reductions in net inflows of other time and savings deposits at banks--and also at nonbank financial intermediaries. The reduced availability of domestic time deposit funds to banks, given existing Regulation Q ceilings, would tend to increase the aggressiveness with which U.S. banks compete for Euro-dollar funds, thus amplifying rate pressures in that market.

If a move toward greater firmness in money markets is achieved gradually, the December bank credit expansion might be only a little lower than projections of expansion under present money market conditions. In January, however, one would not expect much, if any, rebound from the relatively low December bank credit expansion. The expansionary effect on bank credit from bank participation in the January Treasury financing would probably be offset by pressures on banks to withdraw from securities markets as their ability to expand liabilities is further curtailed.

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--November	370	605	-235		
December	333	529	-196		
1967--January	417	476	- 59		
February	408	366	42		
March	368	196	172		
April	349	150	199		
May	369	94	275		
June	345	88	257		
July	449	132	317		
August	356	86	270		
September	334	82	252		
October	353	141	212		
November p	343	124	219		
Weekly:					
1967--July 5	462	353	109	152	168
12	643	69	574	597	604
19	236	51	185	195	214
26	453	54	399	403	417
Aug. 2	295	116	179	206	188
9	371	91	280	324	319
16	382	129	253	258	269
23	473	47	426	422	438
30	260	46	214	182	202
Sept. 6	332	79	253	288	219
13	386	70	316	275	293
20	408	106	302	336	350
27	211	74	137	185	217
Oct. 4	413	144	269	298	271
11	249	145	104	151	186
18	561	216	345	378	379
25	190	58	132	164	106
Nov. 1	291	80	211	295	312
8	330	132	198	262	233
15 p	505	162	343	348	375
22 p	217	127	90	92	131
29 p	374	119	255	204	240
Dec. 6 p	315	87	228	228	257

p - Preliminary

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> <u>2/</u>	Time Deposits (comm. banks) <u>2/</u>	Money Supply	
			Total	Against Demand Deposits			Total	Private Demand Deposits
Annually:								
1965	+ 5.2	+ 4.2	+ 5.1	+ 2.3	+ 9.1	+16.0	+ 4.7	+ 4.3
1966	+ 1.2	+ 0.8	+ 1.4	+ 0.9	+ 3.7	+ 8.8	+ 2.2	+ 1.2
Monthly:								
1966--Jul.	+ 8.1	+ 6.0	+ 4.9	+ 5.9	+ 9.3	+16.3	- 4.9	- 8.1
Aug.	-15.2	-13.0	- 8.4	-11.5	- 1.0	+ 9.2	+ 1.4	+ 0.9
Sept.	+ 4.5	- 2.0	- 1.0	- 4.5	- 0.5	+ 3.8	+ 2.8	+ 1.8
Oct.	- 6.9	- 6.4	- 3.0	- 7.2	- 4.4	+ 1.5	- 2.8	- 4.5
Nov.	- 3.1	+ 8.3	- 3.1	- 0.5	- 3.4	- 2.3	--	- 0.9
Dec.	- 0.9	- 0.7	+ 1.8	- 6.7	+ 2.0	+ 9.8	+ 2.1	+ 0.9
1967--Jan.	+19.2	+26.0	+14.4	+14.0	+16.1	+16.5	- 0.7	- 2.7
Feb.	+11.5	+17.4	+12.0	+11.6	+15.9	+19.3	+ 8.5	+ 9.1
Mar.	+21.6	+29.4	+15.3	+ 9.8	+14.3	+19.0	+11.2	+12.7
Apr.	+ 2.5	+ 4.7	+ 8.1	+ 5.0	+ 9.9	+14.4	- 2.8	- 5.4
May	- 0.4	+ 4.9	- 1.2	- 2.1	+ 5.6	+13.5	+12.5	+15.3
June	+ 8.4	+ 4.9	+ 4.8	- 2.8	+ 8.8	+17.5	+11.7	+13.3
Jul.	+11.3	+15.2	+16.0	+15.8	+15.2	+15.2	+11.6	+14.0
Aug.	+13.5	+14.7	+15.6	+14.4	+16.9	+17.1	+ 8.1	+10.4
Sept.	+ 9.6	+ 4.8	+ 9.0	+ 7.1	+10.3	+11.4	+ 0.7	- 0.9
Oct.	+15.3	+12.4	+18.0	+16.0	+11.6	+12.7	+ 6.7	+ 6.9
Nov. p	+ 6.8	+ 9.6	+ 5.6	+ 3.3	+ 8.4	+11.9	+ 7.3	+ 8.6

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

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

p - Preliminary.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

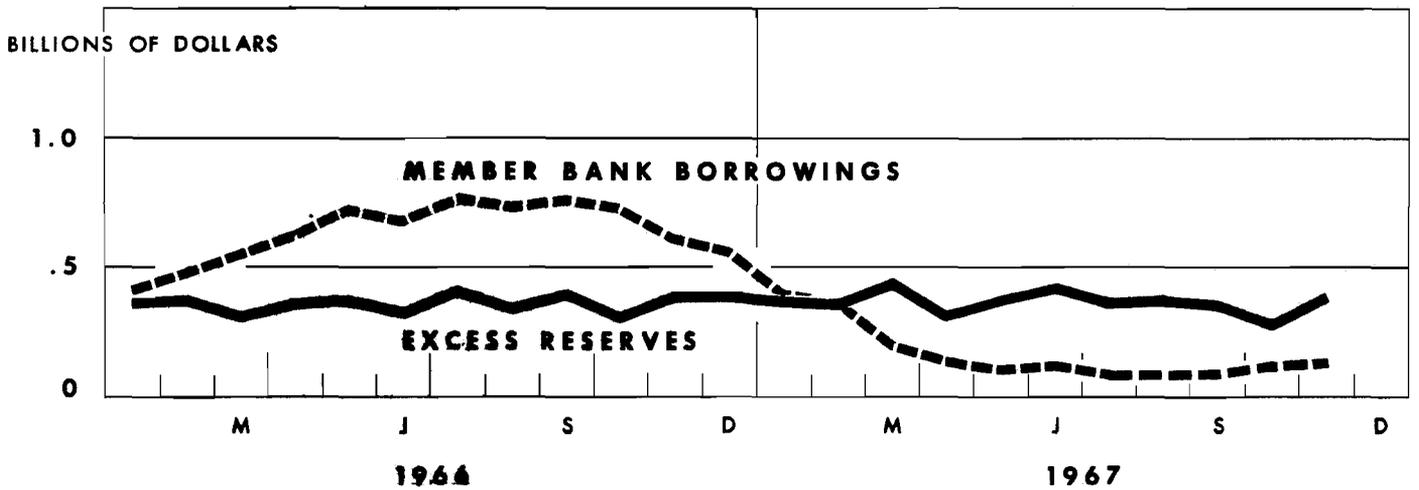
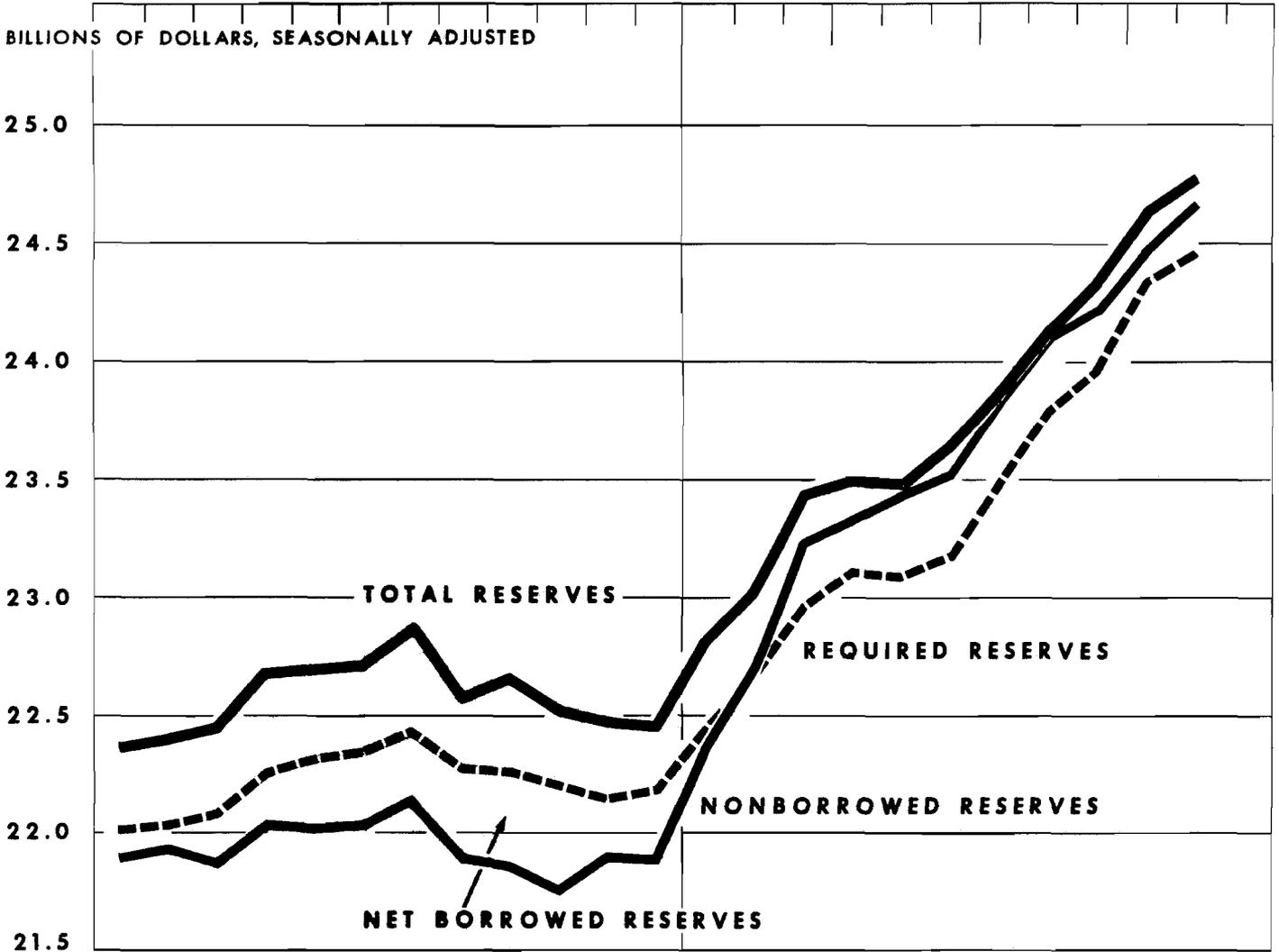
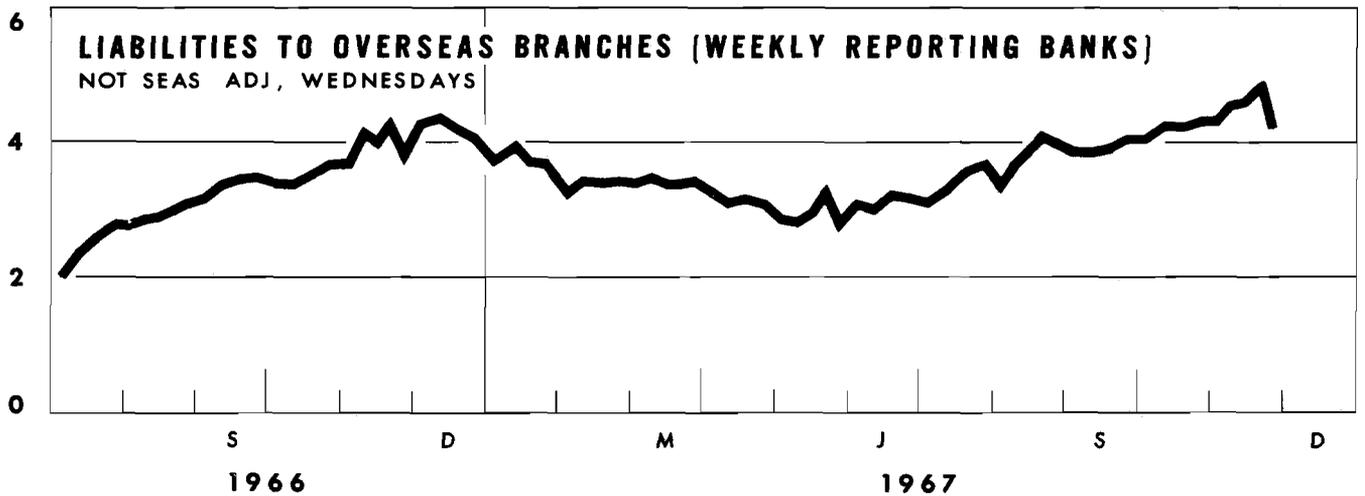
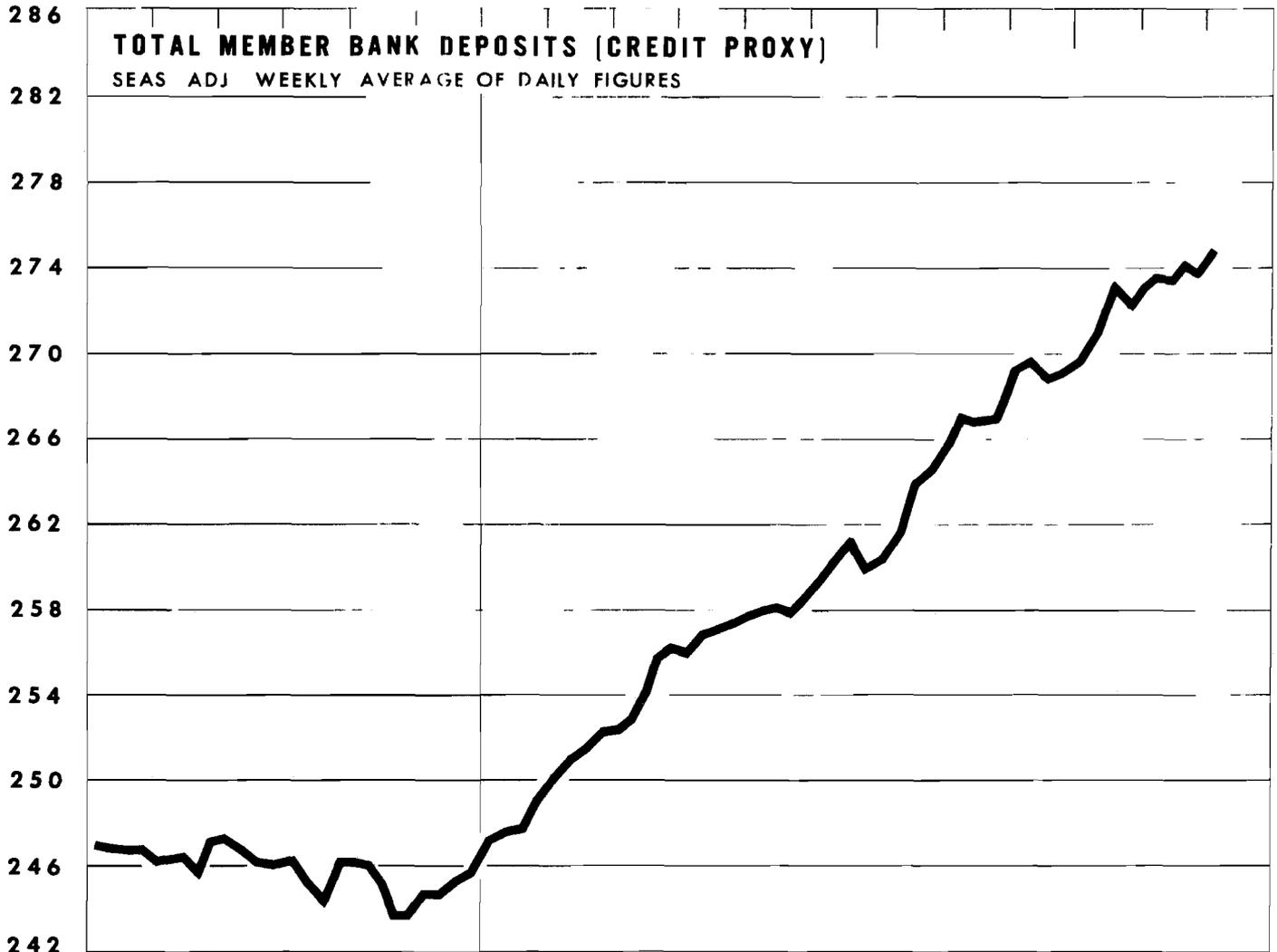


Chart 2

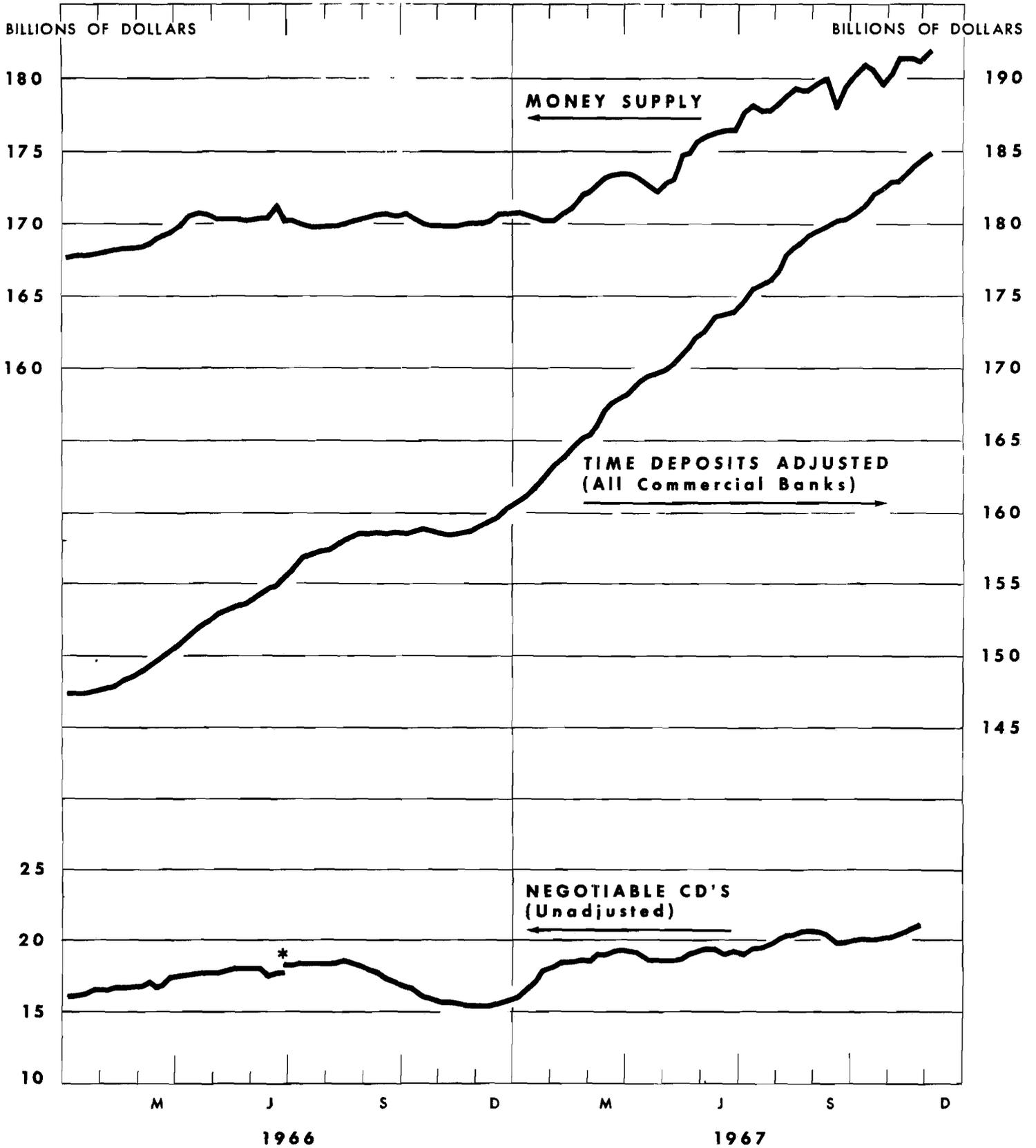
MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS



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

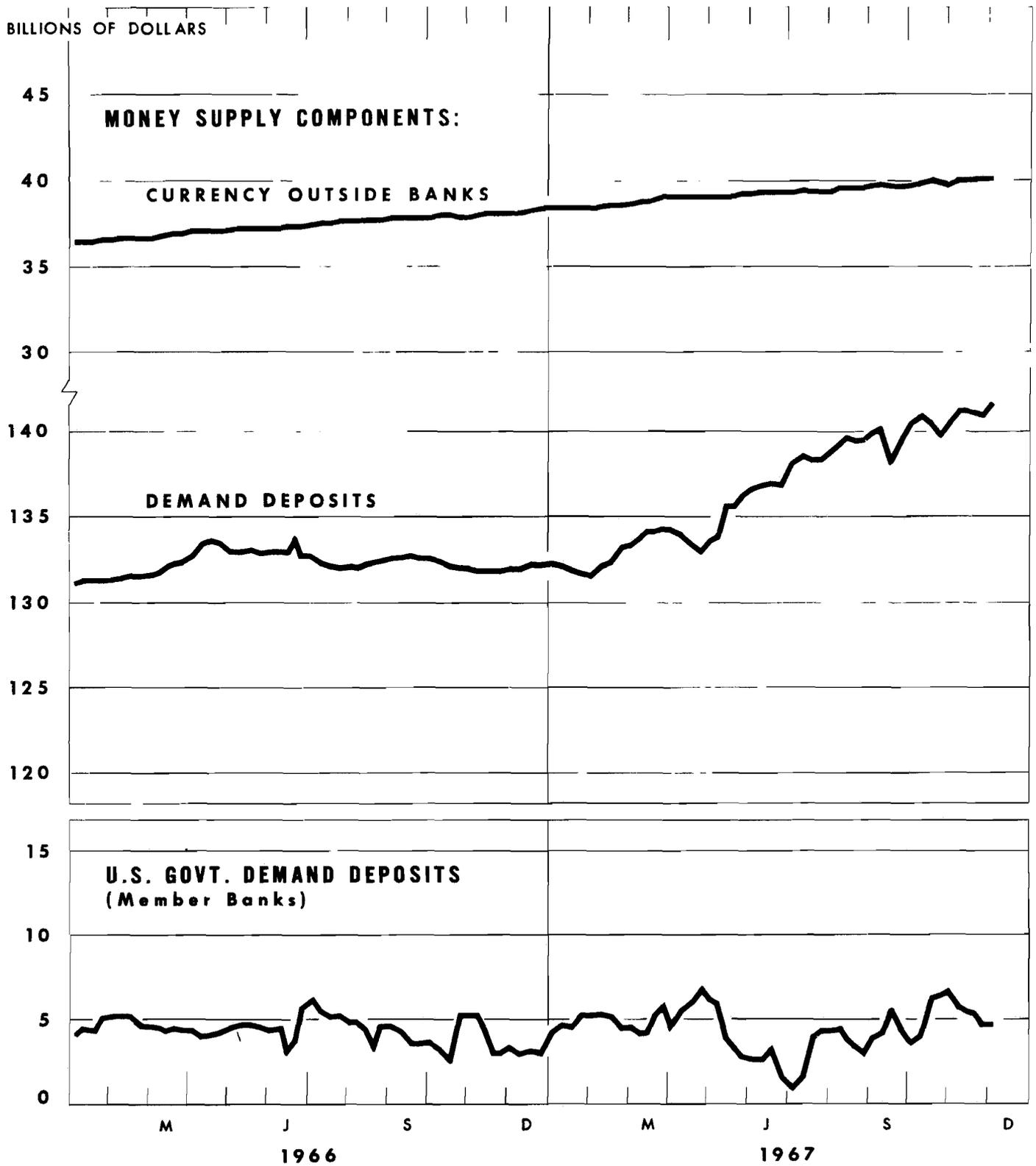


Table B-1

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
Year:							
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
Year-to-date:							
(12/29/65 - 12/7/66)	+2,843	- 628	-1,807	- 299	+ 108	+ 390	- 282
(12/28/66 - 12/6/67)	+4 386	- 388	-1,513	-1,794	+ 690	+ 812	- 122
Weekly:							
1967--Nov.							
1	+ 144	- 29	+ 176	- 135	+ 156	+ 55	+ 10
8	+ 698	- 71	- 656	+ 81	+ 49	+ 10	+ 39
15 p	+ 33	--	- 102	- 10	- 79	- 254	+ 175
22 p	- 66	- 1	- 178	+ 187	- 54	+ 234	- 288
29 p	+ 552	+ 2	- 25	- 502	+ 26	- 131	+ 157
Dec.							
6 p	+ 495	- 137	- 222	+ 73	+ 208	+ 267	- 59
PROJECTED 4/							
1967--Dec.							
13	+ 100	- 340	- 275	+ 460	- 55	- 55	--
20	- 845	--	- 20	+1,545	+ 680	+ 680	--
27	+ 885	--	- 250	- 600	+ 35	+ 35	--
1968--Jan.							
3	- 30	--	+ 555	- 215	+ 310	+ 310	--
10	- 165	--	+ 55	- 155	- 265	- 265	--
17	- 610	--	+ 430	- 140	- 320	- 320	--
24	- 245	--	+ 275	+ 20	+ 50	+ 50	--

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.

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
Year:							
1965 (12/30/64 - 12/29/65)	+1,188	- 89	+1,277	+ 155	- 4	+ 499	+ 677
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,194	- 14	- 4	- 5	+1,221 <u>1/</u>
Year-to-date:							
12/29/65 - 12/7/66)	+ 390	- 328	+ 718	- 444	+ 11	+ 958	+1,136 <u>1/</u>
(12/28/66 - 12/6/67)	+ 812	- 50	+ 862	- 397	+ 6	+1,085	+ 168 <u>1/</u>
Weekly:							
1967--Nov. 1	+ 55	- 89	+ 144	+ 103	- 6	+ 21	+ 26
8	+ 10	- 102	+ 112	- 45	- 5	+ 152	+ 10
15 p	- 254	- 209	- 45	+ 59	- 16	- 112	+ 24
22 p	+ 234	+ 212	+ 22	- 59	- 21	+ 75	+ 27
29 p	- 131	- 83	- 48	- 43	+ 5	- 28	+ 18
Dec. 6 p	+ 267	- 19	+ 286	+ 175	- 5	+ 105	+ 11
PROJECTED							
1967--Dec. 13	- 55	- 255	+ 200	+ 175	--	+ 15	+ 10
20	+ 680	+ 115	+ 565	+ 545	- 5	+ 15	+ 10
27	+ 35	+ 210	- 175	- 305	+ 5	+ 120	+ 5
1968--Jan. 3	+ 310	- 105	+ 415	+ 350	+ 25	+ 30	+ 10
10	- 265	- 140	- 125	- 145	+ 15	--	+ 5
17	- 320	- 115	- 205	- 100	+ 25	- 135	+ 5
24	+ 50	+ 410	- 360	- 280	+ 5	- 90	+ 5

1/ Reflects reserves requirements changes in July, September 1966, and March 1967.

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
ACTUAL					
(Sign indicates effect on reserves)					
Year:					
1955 (12/30/64 - 12/29/65)	+ 798	+ 294	- 171	+ 77	+ 598
1956 (12/29/65 - 12/28/66)	+ 805	+ 673	+ 64	- 30	+ 98
Year-to-date:					
(12/29/65 - 12/ 7/66)	- 299	+ 531	- 699	- 36	- 95
(12/28/66 - 12/ 6/67)	-1,794	- 729	-1,146	- 17	+ 98
Weekly:					
1967--Nov. 1	- 135	+ 152	- 275	- 5	- 7
8	+ 81	--	+ 118	- 3	- 34
15	- 10	- 159	+ 80	- 6	+ 75
22	+ 187	+ 64	+ 290	- 15	- 152
29	- 502	- 522	- 229	- 27	+ 276
Dec. 6	+ 73	+ 267	+ 83	+ 15	- 292
PROJECTED					
1967--Dec 13	+ 460	+ 450	+ 50	+ 15	- 55
20	+1,545	+ 655	+ 700	--	+ 190
27	- 600	- 800	+ 200	--	--
1968--Jan. 3	- 215	--	- 260	--	+ 45
10	- 155	--	- 270	--	+ 115
17	- 140	--	- 140	--	--
24	+ 20	--	+ 20	--	--

Table B-4

SOURCE OF FEDERAL RESERVE CREDIT

Retrospective Changes

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

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities				Federal Agency Securities	Bankers' acceptances	Member banks borrowings
		Total holdings	Bills	Other	Repurchase agreements			
Year:								
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
Year-to-date:								
(12/29/65 - 12/ 7/66)	+2,843	+2,931	+2,242	+ 439	+250	+ 9	--	- 97
(12/28/66 - 12/ 6/67)	+4,386	+4,970	+4,303	+1,153	-486	- 15	-108	-461
Weekly:								
1967--Nov. 1	+ 144	+ 122	+ 122	--	--	--	--	+ 22
8	+ 698	+ 631	+ 490	--	+141	+ 14	+ 1	+ 52
15	+ 33	+ 15	+ 3	--	+ 12	- 12	--	+ 30
22	- 66	- 32	- 1	--	- 31	+ 1	--	- 35
29	+ 552	+ 560	+ 598	+ 37	- 75	- 1	+ 1	- 8
Dec. 6	+ 495	+ 497	+ 223	+ 149	+125	+ 9	+ 21	- 32

Chart Reference Table C-1

TOTAL, NONBORROWED AND REQUIRED RESERVES 1/

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--Jul.	21,857	21,356	21,488	20,626	15,921
Aug.	21,923	21,417	21,533	20,719	15,943
Sept.	21,869	21,318	21,494	20,904	16,065
Oct.	21,986	21,533	21,645	21,073	16,147
Nov.	21,976	21,589	21,671	21,170	16,196
Dec.	22,186	21,722	21,861	21,285	16,266
1966--Jan.	22,358	21,899	22,007	21,411	16,375
Feb.	22,401	21,943	22,028	21,464	16,413
Mar.	22,452	21,873	22,077	21,600	16,506
Apr.	22,679	22,027	22,252	21,771	16,605
May	22,703	22,020	22,308	21,782	16,562
June	22,707	22,030	22,339	21,883	16,606
Jul.	22,861	22,140	22,431	21,841	16,512
Aug.	22,571	21,900	22,274	21,842	16,473
Sept.	22,655	21,864	22,256	21,860	16,475
Oct.	22,524	21,748	22,200	21,741	16,365
Nov.	22,465	21,898	22,142	21,716	16,364
Dec.	22,449	21,885	22,175	21,772	16,378
1967--Jan.	22,808	22,360	22,442	21,803	16,328
Feb.	23,026	22,685	22,666	22,044	16,478
Mar.	23,441	23,240	22,955	22,297	16,647
Apr.	23,490	23,332	23,110	22,293	16,578
May	23,482	23,428	23,086	22,559	16,786
June	23,646	23,523	23,178	22,890	17,024
Jul.	23,869	23,830	23,488	23,049	17,115
Aug.	24,138	24,121	23,794	23,275	17,246
Sept.	24,331	24,217	23,972	23,329	17,236
Oct.	24,642	24,467	24,332	24,450	17,313
Nov. p	24,781	24,662	24,445	23,610	17,410

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/} ^{2/}	Time deposits ^{2/}	Private demand deposits ^{3/}	U.S. Gov't. demand deposits
1965--Jul.	229.1	113.6	108.6	6.8
Aug.	230.4	115.4	108.8	6.3
Sept.	231.4	116.9	109.6	4.9
Oct.	233.5	119.0	110.1	4.4
Nov.	234.8	120.2	110.5	4.1
Dec.	236.4	121.2	111.0	4.2
1966--Jan.	238.0	121.7	111.7	4.7
Feb.	239.0	122.0	112.0	5.0
Mar.	239.8	123.0	112.6	4.2
Apr.	242.2	124.8	113.3	4.1
May	243.9	126.1	113.0	4.8
June	244.8	127.5	113.3	4.0
Jul.	246.7	128.7	112.6	5.3
Aug.	246.5	129.7	112.4	4.4
Sept.	246.4	130.1	112.4	3.9
Oct.	245.5	129.9	111.6	4.0
Nov.	244.8	129.3	111.6	4.0
Dec.	245.2	130.3	111.7	3.2
1967--Jan.	248.5	132.2	111.4	4.9
Feb.	251.8	134.4	112.4	5.0
Mar.	254.8	136.5	113.6	4.8
Apr.	256.9	138.0	113.1	5.8
May	258.1	139.4	114.5	4.1
June	260.0	141.7	116.1	2.2
Jul.	263.3	143.3	116.7	3.2
Aug.	267.0	145.6	117.6	3.7
Sept.	269.3	147.2	117.6	4.5
Oct.	271.9	148.2	118.1	5.6
Nov. p	273.8	149.8	118.8	5.3

^{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, 1967.

^{3/} Private demand deposits include demand deposits of individual, partnerships and corporations and net interbank balances.

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
1967--June 7	259.3	140.9	115.9	2.6
14	260.2	141.6	116.1	2.6
21	261.2	141.8	116.2	3.2
28	259.9	142.1	116.2	1.6
Jul. 5	260.4	142.5	116.9	1.0
12	261.7	142.9	117.2	1.6
19	263.9	143.4	116.6	4.0
26	264.6	143.7	116.6	4.3
Aug. 2	265.8	144.4	117.2	4.3
9	267.0	145.0	117.5	4.4
16	266.7	145.4	117.4	3.9
23	266.8	145.8	117.6	3.4
30	267.0	146.5	117.6	3.0
Sept. 6	269.3	146.9	118.3	4.1
13	269.6	147.0	118.3	4.3
20	268.8	147.2	116.1	5.5
27	269.1	147.3	117.4	4.5
Oct. 4	269.7	147.6	118.6	3.6
11	271.0	148.0	118.9	4.1
18	273.1	148.4	118.4	6.3
25	272.3	148.4	117.6	6.4
Nov. 1	273.1	148.9	117.6	6.7
8	273.6	149.0	118.9	5.7
15 p	273.4	149.6	118.4	5.5
22 p	274.2	150.1	118.7	5.4
29 p	273.7	150.4	118.6	4.7
Dec. 6 p	274.8	150.7	119.4	4.7

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 of individuals, partnerships and corporations and net interbank balances.

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

Monthly	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits Adjusted <u>3/</u>
1965--Jul.	162.4	35.3	127.2	137.9
Aug.	163.2	35.5	127.8	139.8
Sept.	164.0	35.7	128.4	141.6
Oct.	165.2	36.0	129.3	143.8
Nov.	165.7	36.1	129.6	145.5
Dec.	166.8	36.3	130.5	146.9
1966--Jan.	167.9	36.6	131.4	147.5
Feb.	168.3	36.7	131.6	148.3
March	169.2	36.9	132.3	149.8
Apr.	170.5	37.1	133.4	151.8
May	170.2	37.3	132.9	153.4
June	170.6	37.4	133.2	154.8
Jul.	169.9	37.7	132.3	156.9
Aug.	170.1	37.8	132.4	158.1
Sept.	170.5	37.9	132.6	158.6
Oct.	170.1	38.0	132.1	158.8
Nov.	170.1	38.1	132.0	158.5
Dec.	170.4	38.3	132.1	159.8
1967--Jan.	170.3	38.5	131.8	162.0
Feb.	171.5	38.7	132.8	164.6
Mar.	173.1	38.9	134.2	167.2
Apr.	172.7	39.1	133.6	169.2
May	174.5	39.2	135.3	171.1
June	176.2	39.3	136.8	173.6
Jul.	177.9	39.5	138.4	175.8
Aug.	179.1	39.6	139.6	178.3
Sept.	179.2	39.8	139.5	180.0
Oct.	180.2	39.9	140.3	181.9
Nov. p	181.3	40.0	141.3	183.7

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

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

3/ 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>
1967--June 7	176.0	39.3	136.7	172.6
14	176.3	39.4	136.9	173.6
21	176.4	39.4	137.0	173.7
28	176.4	39.4	136.9	173.9
July 5	177.6	39.4	138.2	174.6
12	178.1	39.5	138.6	175.4
19	177.7	39.4	138.3	175.8
26	177.8	39.4	138.4	176.1
Aug. 2	178.3	39.4	138.9	176.8
9	178.8	39.6	139.3	177.8
16	179.2	39.6	139.7	178.2
23	179.1	39.6	139.5	178.5
30	179.1	39.6	139.5	179.2
Sept. 6	179.7	39.7	139.9	179.6
13	180.0	39.8	140.2	179.8
20	178.0	39.7	138.2	180.2
27	179.3	39.7	139.5	180.3
Oct. 4	180.3	39.8	140.5	180.7
11	180.9	39.9	140.9	181.2
18	180.5	40.0	140.5	182.0
25	179.6	39.9	139.7	182.3
Nov. 1	180.3	39.8	140.5	182.8
8	181.3	40.0	141.3	182.8
15 p	181.3	40.0	141.3	183.4
22 p	181.3	40.1	141.2	184.0
29 p	181.1	40.1	141.0	184.3
Dec. 6 p	181.9	40.1	141.8	184.9

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.