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MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Widespread expectations of significant further declines in interest rates have played a dominant role in determining money market relationships and the movement of related financial variables since the last meeting of the Committee. Reports suggesting that the <sup>slowing in</sup> expected/ economic expansion had already begun late in the second quarter, and the reduction in the System's RP rate to 5-1/2 per cent, reinforced expectations of further easing in financial market conditions. Dealers and investors--particularly commercial banks--moved aggressively to enlarge their holdings of fixed income securities. In response, yield declines in bond markets ranged to nearly 25 basis points and bank credit expanded rapidly.

(2) In the Treasury bill market, where the unexpected Treasury decision to offer no short-term anchor issue in the August financing reinforced downward rate pressures, yield declines ranged to about 50 basis points. The bid yield on the 3-month issue dropped from the 5.42 per cent level just prior to the last Committee meeting to a low of 4.89 per cent on August 5.

(3) With day-to-day demands on banks for security financing very high, the Federal funds rate has consistently remained at or above

## 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) <sup>1/</sup>	Municipal (Aaa)	Non-borrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy	Money Supply	Time Deposits <sup>2/</sup>
								(Seasonally Adjusted)				
1967--July	311	132	3.78	4.20	5.01	5.78**	3.86	+297	+237	+ 2.9	+ 1.8	+ 2.2
Aug.	270	86	3.88	4.26	5.12	c/5.86**	3.78	+307	+285	+ 3.7	+ 1.1	+ 2.4
Sept.	252	82	3.99	4.42	5.16	5.85**	3.81	+135	+159	+ 2.3	+ 0.2	+ 2.2
Oct.	212	141	3.87	4.55	5.36	6.08**	3.88	+299	+335	+ 2.4	+ 1.1	+ 1.2
Nov.	225	124	4.14	4.72	5.66	6.50	3.99	+122	+154	+ 2.1	+ 0.8	+ 1.4
Dec.	143	185	4.49	4.96	5.59	6.51	4.15	-294	-122	+ 0.2	+ 0.3	+ 1.5
1968--Jan.	142	275	4.60	5.00	5.39	6.22**	4.06	+345	+347	+ 1.5	+ 1.0	+ 0.6
Feb.	21	368	4.68	4.98	5.38	c/6.25**	4.01	+208	+265	+ 2.3	+ 0.4	+ 1.1
Mar.	-312	649	5.02	5.17	5.59	6.57**	4.28	-266	+ 47	+ 1.0	+ 0.7	+ 1.5
Apr.	-341	689	5.74	5.38	5.46	6.50**	4.13	-197	-189	- 1.0	+ 0.9	+ 0.4
May	-374	728	6.10	5.66	5.55	6.64	4.28	+ 46	+ 88	+ 0.4	+ 1.8	+ 0.5
June p	-386	727	6.09	5.52	5.40	6.65	4.21	+137	+105	+ 1.5	+ 1.2	+ 0.5
July p	-193	523	6.03	5.31	5.29	6.51	4.12	+290	+ 93	+ 2.2	+ 2.0	+ 2.4
1968--July 3	-311	493	5.82	5.33	5.35	--	4.18			- 1.4	+ 1.9	+ 0.6
10 p	39	412	6.03	5.36	5.33	--	4.18			- 0.9	- 1.1	+ 0.6
17 p	-194	470	6.18	5.41	5.33	6.56	4.10			+ 2.7	+ 1.3	+ 1.0
24 p	-238	639	6.10	5.28	5.30	6.54	4.00			+ 1.8	- 1.2	+ 0.9
31 p	-262	602	6.02	5.19	5.19	6.41	3.90			+ 1.2	+ 0.9	+ 0.7
Aug. 7 p	-381	737	6.08	4.94	5.16	--	3.80			+ 0.8	+ 0.8	+ 0.3
					<u>Averages</u>					<u>Annual rates of increase</u> <sup>3/</sup>		
Year 1967	195	173	4.19	4.29	5.01	5.77	3.74	+11.5	+ 9.9	+11.9	+ 6.4	+16.1
Second Half 1967	238	123	4.02	4.51	5.31	6.10	3.91	+ 7.2	+ 8.7	+10.6	+ 6.0	+12.6
First Half 1968	-201	567	5.37	5.29	5.46	6.47	4.16	+ 2.2	+ 5.3	+ 4.0	+ 6.6	+ 5.0
<u>Recent variations in growth</u>												
Mar. 29-Jun. 28	245	110	4.00	3.66	4.83	5.59	3.68			+20.4	+ 6.7	+17.7
Jun. 28-Nov. 29	254	112	3.96	4.41	5.25	5.99	3.86			+12.7	+ 6.6	+13.4
Nov. 29-Aug. 7	-166	523	5.33	5.24	5.45	6.47	4.13			+ 6.0	+ 7.3	+ 7.3

<sup>1/</sup> Includes issues carrying 5-year and 10-year call protection, \*\* - issues carry a 10-year call protection.

<sup>2/</sup> Time deposits adjusted at all commercial banks.

<sup>3/</sup> Base is change for month preceding specified period or in case of weekly periods, the first week shown.

p - Preliminary.

c - Correction

AUGUST 9, 1968.

6 per cent, and the effective rate has most frequently been 6-1/8 per cent. Rates on new loans to dealers at New York banks have continued generally between 6-1/4 to 6-5/8 per cent, and measures of marginal reserve availability have become firmer. Net borrowed reserves have averaged \$295 million since mid-July, and were \$380 million in the latest week. Member bank borrowings have averaged \$660 million, somewhat above the high end of the range specified in the last blue book, largely because of the \$737 million figure in the latest week.

(4) Most recently, as the initial impact of the Treasury's financing decision has faded, persistent firmness in money market conditions has created increasing sensitivity among dealers to the high cost of position financing and concern about the timing of any further easing in monetary policy. In consequence, yields on Treasury bills have erased a small part of their earlier declines.

(5) Spurred by the earlier general decline of market rates and by expectations of even lower rates over the longer run, CD inflows to banks in July topped \$2 billion, about twice as much as projected. Banks began to shave CD offering rates, and at the largest banks all maturities from 90-days outward now carry rates in a 5-5/8 to 5-3/4 per cent range.

(6) Government deposits at banks declined on average about as projected in July. But private demand deposits rose even faster than anticipated, possibly reflecting the surge in security market transactions engendered by changed interest rate expectations. As a result

the money supply for July is now estimated to have grown at about a 13 per cent annual rate, rather than in the 8--10 per cent range previously projected.

(7) Outside of the dramatic growth in large CD's already noted, time and savings deposits at banks continued to increase about as projected, close to the moderate pace of recent months but with a noticeable shift from passbook accounts to higher yielding time deposits. At other depository-type intermediaries, savings flows were not so severely affected by the June-July reinvestment period as was generally feared before the tax increase. Nonetheless, the seasonally adjusted rate of growth in these flows during July was well below that of the second quarter.

(8) Largely because the shift in market expectations produced a larger than anticipated decline in interest rates and, in consequence, a larger than projected growth in CD's, the credit proxy for July expanded much more rapidly than indicated in the last blue book. It is now estimated at an annual rate of about 9 per cent for the month. Allowing for the rapid rise in Euro-dollar borrowing from foreign branches in June and early July, the rate of growth in the adjusted credit proxy amounts to 11 per cent, much above the rate projected at the time of the last meeting.

(9) The expansion of bank credit took the form chiefly of bank investment in U.S. and State and local government securities and of security loans--the latter apparently largely to finance expanded

professional inventories in these same markets. The bulk of the increase in bank holdings of U.S. Government securities occurred in connection with the tax financing early in the month. While business loans also rose more than seasonally in July, their growth was less than expected in view of the recent increases in corporate tax liabilities.

(10) The following table provides comparative annual rates of growth for major financial flows over several recent periods.

	<u>May '67-</u> <u>Nov. '67</u>	<u>Dec. '67</u> <u>Mar. '68</u>	<u>Apr. '68</u> <u>June '68</u>	<u>July</u>
Total reserves	9.5	6.4	0.1	4.3
Nonborrowed reserves	9.9	-0.1	-0.2	13.9
Bank credit, as measured by:				
Proxy	11.5	5.6	1.1	9.0
Proxy plus Euro-dollars	12.3	5.6	3.5	10.9
Money supply	8.4	4.0	8.5	12.8
Time and savings deposits	14.2	7.7	3.0	15.3
Savings accounts at thrift institutions	9.1	6.1	6.1p	4.9p <sup>1/</sup>

NOTE: Dates are inclusive.

p--preliminary

1/ Figures included for S&L's and mutual savings banks in July are confidential until August 15.

Prospective developments

(11) The unusually large spread that has opened up recently between day-to-day money market rates and the 3-month bill rate reflects currently prevailing expectations that money market conditions will soon be eased. If, on the other hand, day-to-day rates and marginal reserve measures in the weeks ahead should be maintained at levels close to those recently prevailing, market expectations could shift and Treasury bill rates would very likely tend to rise. As has been indicated, a little of this tendency has already been evident, with the 3-month bill rising nearly 10 basis points from its early August low.

(12) Even with day-to-day rates at levels somewhat below those recently prevailing, some back-up in bill rates cannot be ruled out, particularly if market expectations shift. While bill dealers have recently been quite successful in rolling over their positions profitably, any tendency for market demands to slacken would quickly encourage them to try to reduce inventories unless financing costs began to decline. If upward pressures on bill rates became too great, yield increases could spread in some degree to other securities markets--particularly those for longer-term U.S. and State and local government notes and bonds where positions presently held by market professionals are also large.

(13) Events that have already transpired assure a rapid increase in the bank credit proxy on average during August. The increase is now projected at an annual rate of 16-18 per cent. Nearly

three-fourths of the estimated growth is accounted for by the rise in the average of Government deposits from July to August resulting from heavy Treasury cash borrowings. Much of the remainder reflects time deposit growth that occurred over the course of July--principally in large CD's, although some further net growth in time deposits and CD's is also projected during August.

(14) The effect on the credit proxy of Euro-dollar borrowings by U.S. banks in August is uncertain. Such borrowings have fluctuated widely in recent weeks, and most recently have been back close to their July peaks. If reserve pressures continue strong on money market banks, the decline in August expected earlier by the staff may not occur.

(15) Since present relationships between bill rates, on the one hand, and other money market and marginal reserve variables, on the other, are not likely to be sustainable in the period ahead, maintenance of the "present stance of policy" would appear to require permitting some flexibility in operating targets. In particular, to avoid an overly-rapid snapback in bill rates that would trigger a more general reversal of recent interest rate declines, it may be necessary at some juncture to permit some easing of other money market conditions, particularly in the funds rate and member bank borrowings.

(16) If bill rates were to remain relatively close to recent levels--say, fluctuating between 4.90 and 5.10 per cent--the Federal funds rate could be maintained in the 6- 6-1/8 per cent range of recent weeks. These conditions would likely be associated with average borrowings of \$500 to \$650 million, and average net borrowed reserves of \$200 to \$400 million. If, However, bill rates were to approach

or exceed the top of this range, and particularly if they were rising rapidly, the Federal funds rate could be permitted to drift down, perhaps into the 5-3/4 to 6 per cent range. Such easing in the cost of reserve funds would likely be associated with marginal reserve measures about \$100 million lower. This general approach to operations would, of course, be conditioned by bank credit developments if a bank credit proviso were included in the directive.

(17) Looking beyond the immediate credit bulge, and assuming that the operating approach outlined above is implemented, growth in the bank credit proxy in September is expected to drop to, perhaps, a 5-7 per cent range. Several factors account for the expectation of slower growth: The Federal Government will not be a cash borrower again until the latter part of October; business borrowing at banks is expected to slacken; security loans should recede somewhat from their unusually high recent levels, as borrowings in securities markets by the Federal government and business corporations drop-off; and growth of large bank CD's is likely to recede from the accelerated July pace. In the early stages of past periods of interest rate declines, growth of large bank CD's has typically mushroomed, but the change has been of a one-shot character reflecting bank efforts to restore liquidity and add to security investments while yields were still attractive. With the sharp reductions in outstanding CD's that occurred earlier this year now fully restored, and with bank needs for liquidity less pressing than in some earlier periods of interest rate reversal,

it seems reasonable to expect a slower growth of CD's in the weeks ahead. In fact, many large city banks already appear to have dropped their aggressive approach to bidding for CD's.

(18) Growth in total time and savings deposits is projected at a rate of about 14 per cent in August and around 10 per cent in September. Net shrinkage of savings deposits at banks is projected to persist in August and September, with savers continuing to switch to higher yielding consumer-type time account alternatives. Growth in the latter should continue to exceed net withdrawals from savings accounts despite the new Federal surtax. With private demand deposits at member banks expected to decline in August, the money supply for that month is likely to show little or no growth. In September, on the other hand, as Government deposits decline again, on average, the money supply is projected to expand, but at a much slower rate than in recent months.

(19) Policy alternative. It may be that, in light of the emerging economic situation, the Committee would wish to guard against the possibility of any further rise in short-term interest rates, and to accommodate any renewal of downward pressures on these rates that might develop. These objectives might be accomplished by acting, as soon as even keel considerations permit, to reduce the present degree of tautness in money market conditions. The complex of relationships appropriate to this end would seem to be a Federal funds rate ranging from 5-1/2 to 5-3/4 per cent, net borrowed reserves averaging from

\$0 to \$200 million, and member bank borrowings of \$250 to \$450 million. These conditions would likely be associated with a 3-month bill rate at or below 5 per cent.

(20) Since this approach would maintain rates on competitive market instruments well below CD ceilings, it probably would provide some stimulus to bank credit growth. But since banks have already begun to back away from the CD market, that stimulus is not likely to be great. On balance, there would probably be little effect on the proxy for August, but the proxy in September could be in the 7 to 9 per cent range, about two percentage points higher than under the course of operations described in paragraph 16.

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
<b>Monthly (reserves weeks ending in):</b>					
1967--July	449	132	317		
August	356	86	270		
September	334	82	252		
October	353	141	212		
November	349	124	225		
December	333	185	148		
1968--January	417	275	142		
February	389	368	21		
March	337	649	-312		
April	348	689	-341		
May	354	728	-374		
June	341	727	-386		
July p	330	523	-193		
<b>Weekly:</b>					
1968--May 1	276	674	-398	-390	-408
8	381	823	-442	-428	-377
15	400	712	-312	-308	-307
22	322	669	-347	-390	-378
29	391	764	-373	-445	-438
June 5	208	759	-551	-590	-592
12	310	678	-368	-403	-392
19	266	664	-398	-445	-375
26	578	807	-229	-289	-337
July 3	182	493	-311	-406	-419
10 p	451	512	39	- 93	- 96
17 p	276	470	-194	-284	-312
24 p	401	639	-238	-307	-315
31 p	340	602	-262	-288	-319
Aug. 7 p	356	737	-381	-381	-353

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) <sup>1/</sup>	Time Deposits (comm. banks)	Money Supply	
			Total	Against Demand Deposits			Total	Private Demand Deposits
<b>Annually:</b>								
1966 <sup>2/</sup>	+ 1.3	+ 0.8	+ 1.5	- 0.2	+ 3.8	+ 8.7	+ 2.2	+ 1.2
1967	+ 9.9	+11.5	+10.2	+ 7.0	+11.9	+16.1	+ 6.4	+ 6.7
<b>Monthly:</b>								
1967--Jan.	+16.9	+26.1	+14.6	+10.1	+15.2	+22.0	- 0.7	- 2.7
Feb.	+13.1	+17.8	+13.6	+15.7	+16.0	+18.6	+10.6	+10.9
Mar.	+20.3	+29.1	+12.9	+ 9.8	+14.3	+17.6	+ 9.8	+11.7
Apr.	+ 2.1	+ 5.4	+ 7.5	- 0.3	+ 8.5	+15.9	- 4.9	- 7.1
May	+ 2.1	+ 5.0	+ 0.1	- 0.9	+ 6.6	+14.3	+13.2	+16.2
June	+ 7.7	+ 5.4	+ 6.6	+ 1.2	+10.7	+17.6	+11.0	+12.4
July	+11.8	+14.9	+15.2	+10.2	+13.4	+15.3	+12.3	+14.9
Aug.	+14.0	+15.2	+15.0	+18.7	+16.9	+16.5	+ 7.4	+ 8.7
Sept.	+ 7.7	+ 6.6	+ 9.5	+ 5.7	+10.4	+14.9	+ 1.3	--
Oct.	+16.2	+14.5	+17.6	+13.5	+10.7	+ 8.0	+ 7.4	+ 6.9
Nov.	+ 7.4	+ 5.9	+ 6.6	+ 8.3	+ 9.3	+ 9.3	+ 5.3	+ 6.8
Dec.	- 5.8	-14.0	- 1.6	-10.5	+ 1.3	+ 9.9	+ 2.0	- 0.9
1968--Jan.	+16.6	+16.7	+11.4	+15.3	+ 6.6	+ 3.9	+ 6.6	+ 6.8
Feb.	+12.5	+ 9.9	+11.4	+19.2	+10.0	+ 7.2	+ 2.6	+ 1.7
Mar.	+ 2.2	-12.6	+ 0.6	+ 0.1	+ 4.3	+ 9.7	+ 4.6	+ 2.5
Apr.	- 8.8	- 9.4	- 6.0	-11.1	- 4.7	+ 2.6	+ 5.9	+ 6.8
May	+ 4.1	+ 2.2	- 1.9	+ 1.5	+ 1.7	+ 3.2	+11.7	+12.6
June p	+ 4.9	+ 6.6	+ 9.6	+11.7	+ 6.5	+ 3.2	+ 7.7	+ 6.6
July p	+ 4.3	+13.9	+ 7.4	+ 0.8	+ 9.0	+15.3	+12.8	+15.7

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

<sup>2/</sup> 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

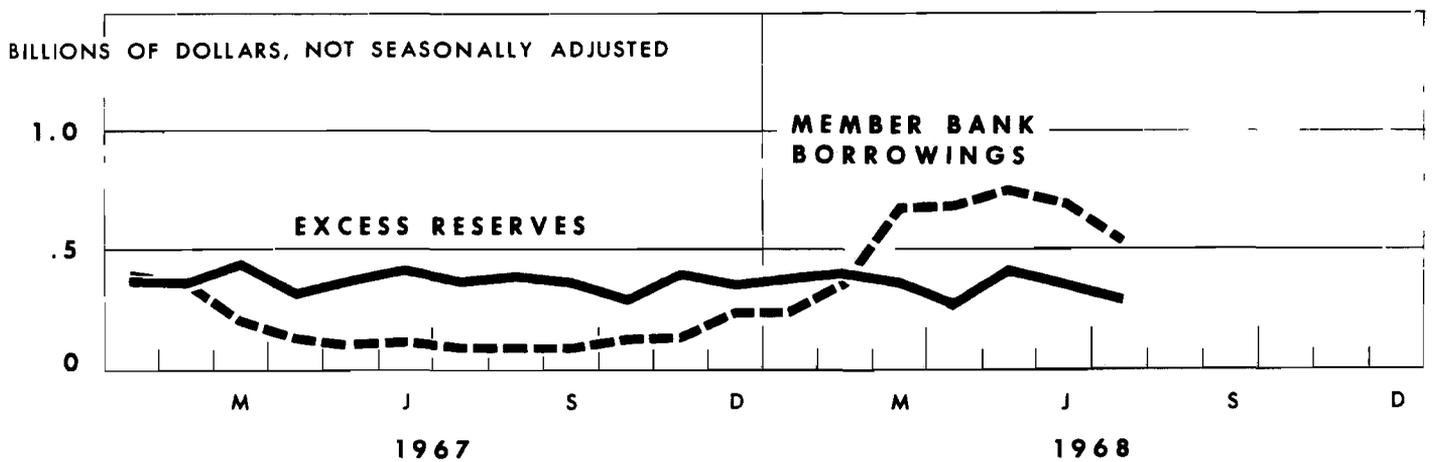
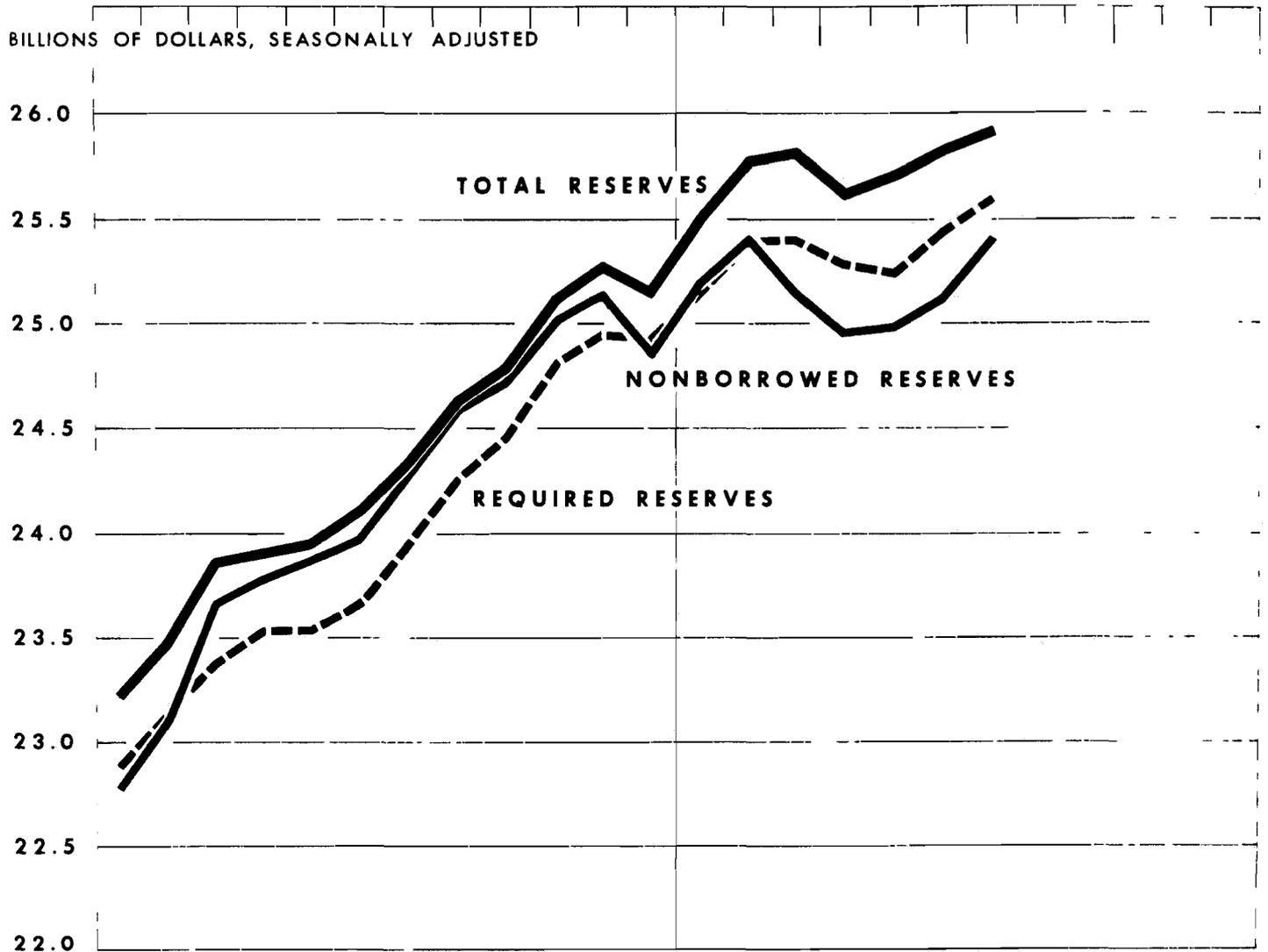


Chart 2

# MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

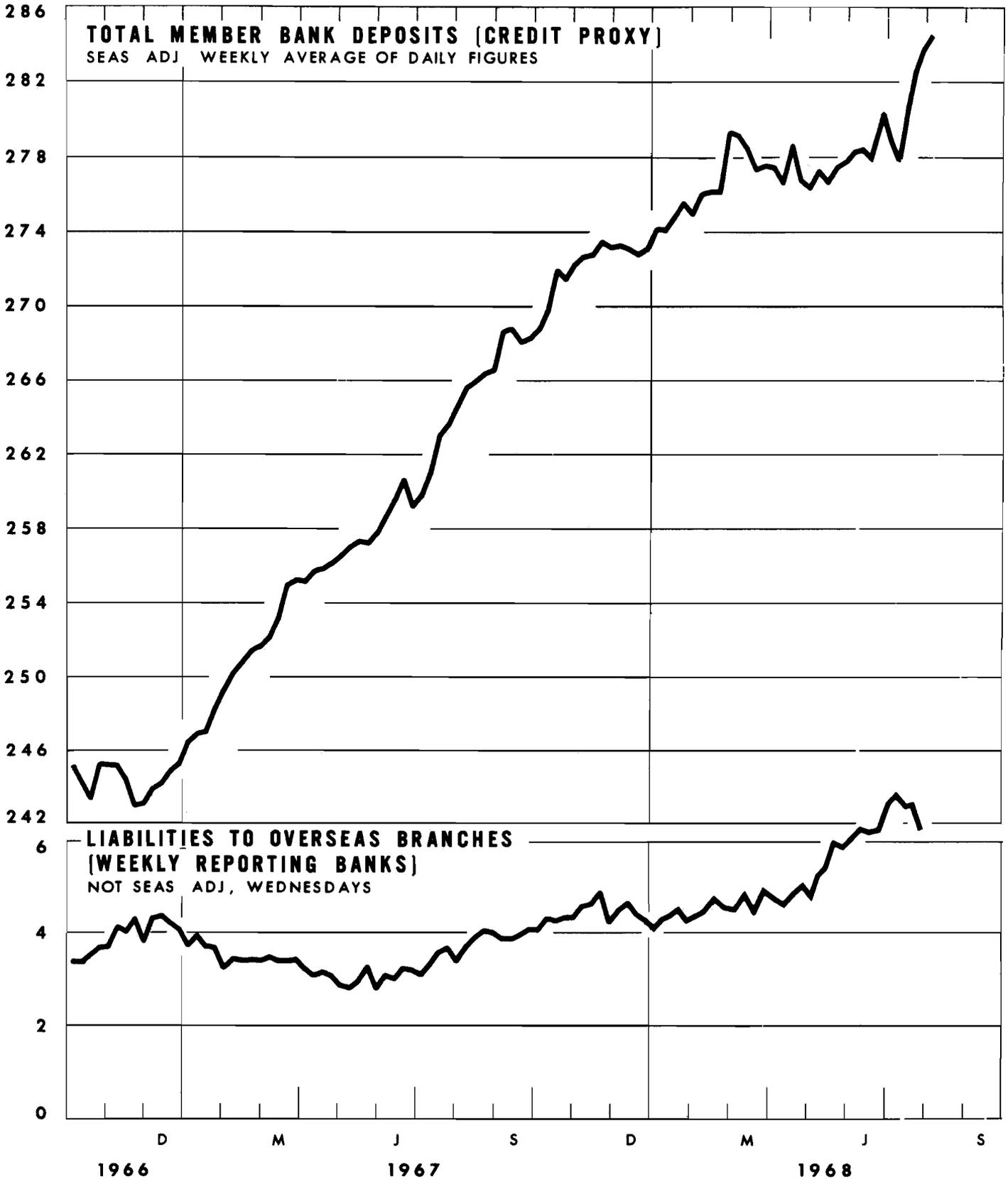


Chart 3

# MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

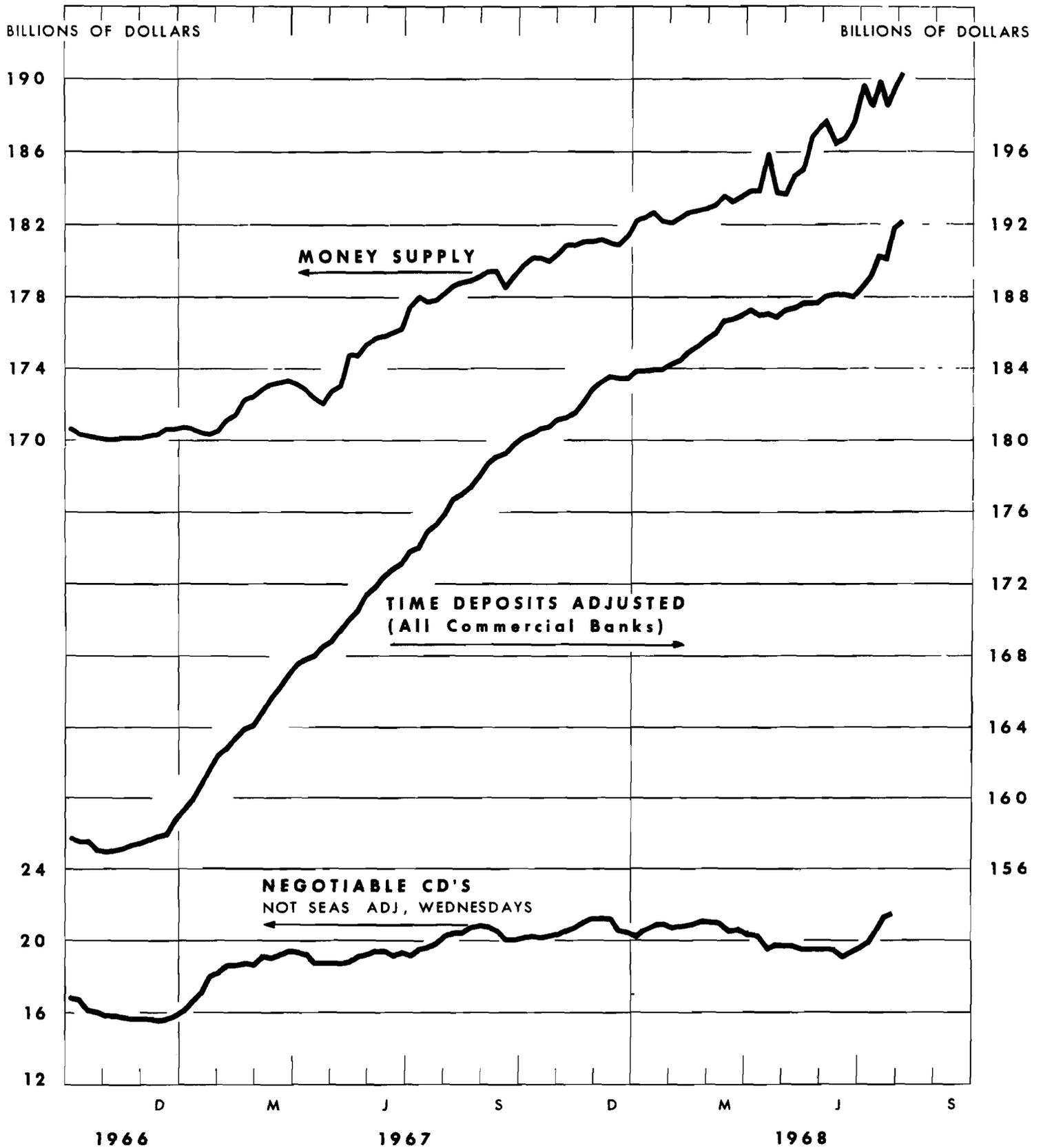
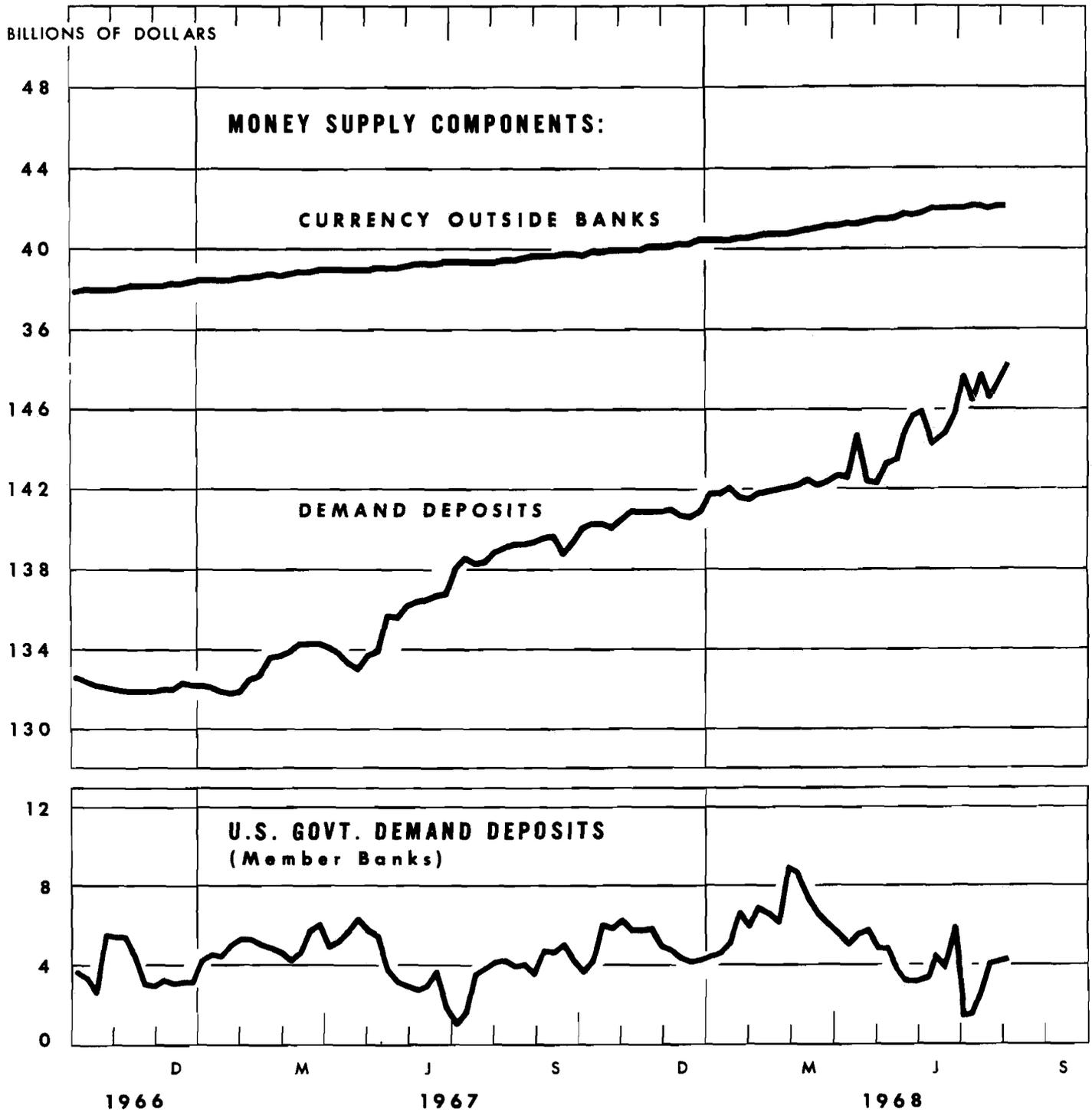


Chart 4

# DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



MAJOR SOURCES AND USES OF RESERVES

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

Period	Factors affecting supply of reserves				= Change in total reserves	= Bank use of reserves	
	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Technical factors net 2/		Required reserves 3/	Excess reserves
<u>Year:</u>							
1966 (12/29/65 - 12/28/66)	+3,149	- 627	-2,243	+ 805	+1,085	+1,111	- 26
1967 (12/28/66 - 12/27/67)	+4,718	- 725	-2,305	- 165	+1,522	+1,517	+ 5
<u>Year-to-date:</u>							
(12/28/66 - 8/9/67)	+2,472	- 102	- 478	-2,095	- 205	- 139	- 66
(12/27/67 - 8/7/68) 5/	+3,919	-2,067	- 701	- 606	+ 544	+ 630	- 86
<u>Weekly:</u>							
1968--July 3	- 122	--	- 293	+ 38	- 378	+ 18	- 396
10 p	- 52	--	- 694	+ 746	+ 7	- 259	+ 266
17 p	- 220	--	+ 375	+ 10	+ 165	+ 340	- 175
24 p	+ 60	--	+ 207	- 10	+ 258	+ 133	+ 125
31 p	+ 226	--	+ 213	- 525	- 87	- 26	- 61
Aug. 7 p	+ 490	--	- 507	+ 74	+ 56	+ 40	+ 16
<hr/>							
<u>PROJECTED</u> 4/							
1968--Aug. 14	- 150	--	--	- 140	- 290	- 290	--
21	--	--	+ 105	- 165	- 60	- 60	--
28	+ 105	--	+ 225	- 300	+ 30	+ 30	--
Sept. 4	+ 385	--	- 295	- 120	- 30	- 30	--
11	+ 380	--	- 370	+ 160	+ 170	+ 170	--

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.

5/ Includes increase in reserve requirements of \$360 million effective Jan. 11, 1968, and \$190 million effective Jan. 18, 1968.

p - Preliminary.

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>Year:</u>								
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,198	- 14	- 4	- 5	+1,221	<u>1/</u>
1967 (12/28/66 - 12/27/67)	+1,517	+ 261	+1,256	+ 59	+ 6	+1,023	+ 168	<u>1/</u>
<u>Year-to-date:</u>								
(12/28/66 - 8/9/67)	- 139	+ 24	- 163	-1,012	+ 91	+ 838	- 90	
(12/27/67 - 8/7/68) <u>2/</u>	+ 630	- 196	+ 826	- 751	+ 22	+1,180	+ 375	
<u>Weekly:</u>								
1968--July 3	+ 18	- 501	+ 519	+ 146	+ 13	+ 339	+ 21	
10 p	- 269	- 40	- 229	- 11	- 6	- 250	+ 38	
17 p	+ 340	+ 151	+ 189	+ 44	--	+ 86	+ 59	
24 p	+ 133	+ 295	- 162	- 177	--	- 31	+ 46	
31 p	- 26	- 180	+ 154	+ 29	+ 6	+ 74	+ 45	
Aug. 7 p	+ 40	- 76	+ 116	+ 19	+ 6	+ 89	+ 2	
<u>PROJECTED</u>								
1968--Aug. 14	- 290	- 75	- 215	- 15	+ 15	- 225	+ 10	
21	- 60	+ 150	- 210	- 190	- 15	- 15	+ 10	
28	+ 30	+ 135	- 105	- 65	- 5	- 45	+ 10	
Sept. 4	- 30	- 315	+ 285	+ 160	- 5	+ 120	+ 10	
11	+ 170	- 165	+ 335	+ 295	- 15	+ 45	+ 10	

1/ Reflects reserve requirement changes in July, September 1966, and March 1967.

2/ Includes increase in reserve requirements of \$360 million effective January 11, 1968 and \$190 million effective January 18, 1968.

p - Preliminary.

Table B-3

## TECHNICAL FACTORS AFFECTING RESERVES

Retrospective and Prospective Changes

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

Period	Technical factors (net)	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F. R. accounts
<b>ACTUAL</b>					
(Sign indicates effect on reserves)					
<b>Year:</b>					
1966 (12/29/65 - 12/28/66)	+ 805	+ 673	+ 64	- 30	+ 98
1967 (12/28/66 - 12/27/67)	- 165	- 85	- 389	- 7	+ 316
<b>Year-to-date:</b>					
(12/28/66 - 8/9/67)	-2,095	- 512	-1,392	+ 15	- 206
(12/27/67 - 8/7/68)	- 606	+ 235	- 758	- 43	- 40
<b>Weekly:</b>					
1968--July . 3	+ 38	- 140	+ 94	- 24	+ 108
10 p	+ 746	+ 259	+ 195	+ 4	+ 288
17 p	+ 10	- 194	- 113	+ 27	+ 290
24 p	- 10	+ 88	+ 110	+ 12	- 220
31 p	- 525	- 19	- 396	- 13	- 97
Aug. 7 p	+ 74	+ 198	+ 3	- 51	- 76
<b>PROJECTED</b>					
1968--Aug. 14	- 140	- 90	- 100	+ 25	+ 25
21	- 165	- 60	+ 300	--	- 405
28	- 300	--	- 300	--	--
Sept. 4	- 120	--	- 120	--	--
11	+ 160	--	+ 160	--	--

p - Preliminary.

Table B-4

## SOURCE OF FEDERAL RESERVE CREDIT

## Retrospective Changes

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

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities				Federal Agency Securities	Bankers' acceptances	Member banks borrowings
		Total holdings	Bills	Other	Repurchase agreements			
<b>Year:</b>								
1966 (12/29/65 - 12/28/66)	+3,149	+3,069	+2,158	+ 474	+ 437	+ 26	+ 52	+ 2
1967 (12/28/66 - 12/27/67)	+4,718	+5,009	+4,433	+1,153	- 577	- 19	- 69	- 203
<b>Year-to-date:</b>								
(12/28/66 - 8/9/67)	+2,472	+3,010	+2,765	+ 776	- 531	- 26	- 55	- 457
(12/27/67 - 8/7/68)	+3,906	+3,540	+2,466	+ 845	+ 310	- 7	- 19	+ 392
<b>Weekly:</b>								
1968--May								
1	+ 347	+ 306	+ 176	--	+ 130	+ 5	+ 13	+ 23
8	+ 568	+ 369	+ 97	--	+ 272	+ 10	+ 40	+ 149
15	- 238	- 89	- 131	--	+ 42	- 7	- 31	- 111
22	- 23	+ 33	+ 333	--	- 300	- 5	- 8	- 43
29	+ 121	+ 43	+ 117	+ 70	- 144	- 3	- 14	+ 95
June								
5	+ 23	+ 30	+ 30	--	--	--	- 2	- 5
12	+ 222	+ 251	- 10	--	+ 261	+ 29	+ 23	- 81
19	+ 58	+ 88	+ 241	--	- 153	- 14	- 2	- 14
26	+1,222	+ 985	+ 916	+ 31	+ 38	+ 51	+ 43	+ 143
July								
3	- 122	+ 274	+ 263	+ 157	- 146	- 66	- 16	- 314
10	- 52	+ 61	- 27	+ 13	+ 75	+ 4	- 36	- 81
17	- 220	- 284	- 313	--	+ 29	- 4	+ 10	+ 58
24	+ 60	- 90	+ 14	--	- 104	--	- 19	+ 169
31	+ 226	+ 214	+ 180	--	+ 34	--	+ 49	- 37
Aug.								
7	+ 490	+ 352	+ 76	--	+ 276	+ 13	- 10	- 135

Chart Reference Table C-1

TOTAL, NONBORROWED AND REQUIRED RESERVES

Seasonally Adjusted

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

Period	Total reserves	Nonborrowed reserves	Required reserves		
			Total	Against private deposits	
				Total	Demand
1966--Jan.	22,785	22,325	22,456	21,936	16,822
Feb.	22,857	22,376	22,507	21,996	16,877
Mar.	22,888	22,331	22,512	22,115	16,957
Apr.	23,118	22,490	22,714	22,283	17,043
May	23,192	22,486	22,773	22,331	17,030
June <u>1/</u>	23,149	22,472	22,780	22,361	17,043
July	23,293	22,552	22,864	22,344	16,963
Aug.	23,029	22,336	22,710	22,320	16,908
Sept.	23,065	22,319	22,689	22,349	16,922
Oct.	22,954	22,243	22,629	22,229	16,827
Nov.	22,915	22,303	22,593	22,198	16,810
Dec.	22,895	22,286	22,600	22,262	16,825
1967--Jan.	23,217	22,770	22,875	22,298	16,774
Feb.	23,471	23,107	23,134	22,559	16,959
Mar.	23,869	23,668	23,383	22,785	17,101
Apr.	23,910	23,775	23,529	22,779	17,015
May	23,952	23,874	23,531	23,071	17,244
June	24,105	23,982	23,660	23,387	17,472
July	24,342	24,279	23,960	23,578	17,582
Aug.	24,627	24,586	24,259	23,776	17,701
Sept.	24,786	24,721	24,452	23,850	17,704
Oct.	25,121	25,020	24,810	23,995	17,805
Nov.	25,275	25,142	24,947	24,122	17,879
Dec.	25,153	24,848	24,914	24,157	17,860
1968--Jan.	25,500	25,193	25,151	24,270	17,974
Feb.	25,765	25,401	25,389	24,333	18,025
Mar.	25,812	25,135	25,402	24,431	18,082
Apr.	25,623	24,938	25,276	24,487	18,133
May	25,711	24,984	25,236	24,751	18,387
June	25,816	25,121	25,438	24,918	18,543
July <u>p/</u>	25,909	25,411	25,595	25,194	18,732

p - Preliminary.

1/ Break in series due to redefinition of time deposits effective June 9, 1966, which reduced required reserves by \$34 million.

Table C-2

## DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

## Seasonally Adjusted

(Dollar amounts in billions based on monthly averages of daily figures)

Period	Total member bank deposits (credit) <sup>1/</sup>	Time deposits	Private demand deposits <sup>2/</sup>	U.S. Gov't. demand deposits
1966--Jan.	238.0	121.8	111.7	4.5
Feb.	239.0	121.9	112.1	5.0
Mar.	239.8	122.8	112.6	4.4
Apr.	241.9	124.8	113.2	4.0
May	243.9	126.2	113.1	4.6
June <sup>3/</sup>	244.4	126.6	113.2	4.6
July	245.8	128.1	112.6	5.1
Aug.	245.6	128.8	112.3	4.5
Sept.	245.5	129.2	112.4	4.0
Oct.	244.4	128.6	111.7	4.0
Nov.	244.0	128.3	111.6	4.1
Dec.	244.6	129.4	111.7	3.5
1967--Jan.	247.7	131.5	111.4	4.8
Feb.	251.0	133.3	112.6	5.1
Mar.	254.0	135.3	113.6	5.1
Apr.	255.8	137.2	113.0	5.6
May	257.2	138.7	114.5	4.0
June	259.5	140.8	116.0	2.6
July	262.4	142.8	116.7	2.9
Aug.	266.1	144.6	117.5	4.0
Sept.	268.4	146.3	117.6	4.5
Oct.	270.8	147.4	118.2	5.2
Nov.	272.9	148.6	118.7	5.6
Dec.	273.2	149.9	118.6	4.6
1968--Jan.	274.7	149.9	119.4	5.4
Feb.	277.0	150.2	119.7	7.1
Mar.	278.0	151.2	120.1	6.7
Apr.	276.9	151.3	120.4	5.2
May	277.3	151.5	122.1	3.7
June p	278.8	151.8	123.1	3.9
July p	280.9	153.8	124.4	2.7

<sup>1/</sup> 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.

<sup>2/</sup> Private demand deposits include demand deposits of individuals, partnerships and corporations and net interbank balances.

<sup>3/</sup> Break in series due to redefinition of time deposits effective June 9, 1966, which reduced total member bank deposits and time deposits by \$850 million.

TABLE C-2a

## DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally adjusted

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

Week ending:	Total member bank deposits (credit) <sup>1/</sup>	Time deposits	Private demand deposits <sup>2/</sup>	U. S. Gov't. demand deposits
1968--Apr. 3	277.4	151.6	120.3	5.5
10	276.6	151.5	120.1	5.0
17	278.6	151.4	121.7	5.5
24	276.7	151.0	120.0	5.7
May 1	276.3	151.5	120.0	4.8
8	277.2	151.5	120.9	4.8
15	276.7	151.6	121.3	3.7
22	277.3	151.6	122.7	3.1
29	277.7	151.4	123.3	3.1
June 5	278.2	151.6	123.4	3.2
12	178.4	151.8	122.2	4.4
19	277.9	151.8	122.2	3.9
26	280.2	151.7	123.0	5.5
July 3	278.8	152.2	125.2	1.4
10 p	277.9	152.7	123.7	1.5
17 p	280.6	153.7	124.3	2.6
24 p	282.5	154.4	124.0	4.0
31 p	283.7	155.1	124.5	4.1
Aug. 7 p	284.5	155.1	125.1	4.2

p - Preliminary

<sup>1/</sup> 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.

<sup>2/</sup> Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank balances.

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

Monthly	Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits Adjusted
1966--Jan.	167.9	36.6	131.4	147.7
Feb.	168.6	36.7	131.9	148.3
Mar.	169.2	36.9	132.3	149.6
Apr.	170.3	37.1	133.2	151.8
May	170.3	37.3	133.0	153.6
June <u>3/</u>	170.5	37.4	133.1	154.1
July	169.9	37.6	132.3	155.9
Aug.	170.0	37.8	132.2	156.9
Sept.	170.5	37.9	132.6	157.7
Oct.	170.2	38.0	132.1	157.3
Nov.	170.2	38.2	132.0	156.9
Dec.	170.4	38.3	132.1	158.1
1967--Jan.	170.3	38.5	131.8	161.0
Feb.	171.8	38.7	133.0	163.5
Mar.	173.2	38.9	134.3	165.9
Apr.	172.5	39.0	133.5	168.1
May	174.4	39.1	135.3	170.1
June	176.0	39.3	136.7	172.6
July	177.8	39.4	138.4	174.8
Aug.	178.9	39.5	139.4	177.2
Sept.	179.1	39.7	139.4	179.4
Oct.	180.2	39.9	140.2	180.6
Nov.	181.0	40.1	141.0	182.0
Dec.	181.3	40.4	140.9	183.5
1968--Jan.	182.3	40.6	141.7	184.1
Feb.	182.7	40.7	141.9	185.2
Mar.	183.4	41.1	142.2	186.7
Apr.	184.3	41.4	143.0	187.1
May	186.1	41.6	144.5	187.6
June p	187.3	42.0	145.3	188.1
July p	189.3	42.1	147.2	190.5

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/ Break in series due to redefinition of time deposits effective June 9, 1966, which reduced time deposits adjusted by \$1,140 million.

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
1968--Apr. 3	183.9	41.2	142.7	187.3
10	183.9	41.3	142.6	187.0
17	186.0	41.3	144.7	187.1
24	183.8	41.4	142.4	186.9
May 1	183.7	41.5	142.3	187.3
8	184.8	41.5	143.3	187.4
15	185.1	41.6	143.5	187.7
22	186.8	41.8	145.0	187.7
29	187.4	41.7	145.7	187.7
June 5	187.7	41.8	145.9	188.0
12	186.4	42.0	144.3	188.1
19	186.8	42.0	144.8	188.1
26	187.7	42.0	145.8	188.0
July 3	189.6	42.0	147.6	188.6
10 p	188.5	42.1	146.4	189.2
17 p	189.8	42.1	147.7	190.2
24 p	188.6	42.0	146.6	191.1
31 p	189.5	42.1	147.4	191.8
Aug. 7 p	190.3	42.1	148.2	192.1

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

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

p - Preliminary.