

## **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,<sup>1</sup> and then making the scanned versions text-searchable.<sup>2</sup> 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.

---

<sup>1</sup> 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).

<sup>2</sup> 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.

March 28, 1969.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent Developments

(1) Since the last meeting of the Committee the cumulating impact of monetary restraint has been reflected in further increases in long-term interest rates, another rise in the prime loan rate, and a contraction in major deposit and reserve aggregates. At the same time, there has been little further upward movement in yields on intermediate-term securities, while Treasury bill yields have declined substantially. In the bill market, the combined pressure of seasonal bill demands, supply scarcities, and the absence of an overt monetary policy move that many in the market had expected brought the 3-month bill rate to below 6 per cent following the mid-month corporate tax payment period. Most recently the 3-month bill yield was quoted 5.99 per cent bid, about 16 basis points below its level at the time of the March 4 meeting.

(2) In recent weeks, conditions in the Federal funds market have tended to be slightly firmer than in the four weeks preceding the March 4 Committee meeting, with the effective rate averaging around 6-3/4 per cent. In the four weeks ending March 26, net borrowed reserves have been deepening in a \$550 - \$750 million range, averaging close to \$675 million, compared with \$600 million for the previous four weeks. Member bank borrowings have fluctuated in about a \$750 million to \$950 million range, averaging almost \$840 million, about the same as in February.

(3) Estimates of the rate of change in the bank credit proxy for March, adjusted to include banks' borrowing of Euro-dollars through their foreign branches, have fluctuated around the lower end of the average annual rate of decline of 3 - 6 per cent projected in the last blue book. The proxy is currently estimated to show a decline of about 6-1/2 per cent annual rate on average for the month. Not only has the proxy declined a little more than projected, but the components of the adjusted proxy have moved rather differently from earlier anticipations. The decline in deposits was greater, partly offset by larger Euro-dollar borrowings. Within the deposit category, time deposits have shown more strength than earlier projected, but contrary to projections, there was no net growth in private demand deposits even though U.S. Government deposits declined substantially, on average.

(4) The money supply is now estimated to show only about a 2 per cent annual rate of rise on average from February to March, reflecting growth in currency about in line with other recent months. Business loan expansion in March was considerably weaker than the staff anticipated, and corporations appear to have utilized cash balances more intensively to help finance their tax payments. Private demand deposits were also absorbed by very rapid bank sales of the \$1 billion bill strip issued in early March.

(5) The average level of outstanding time and savings deposits showed little change from February to March, in contrast to

sizable contractions in the previous two months. Net inflows of consumer-type time and savings deposits in March were stronger than anticipated. Outstanding negotiable CD's, however, continued to decline roughly in line with projections, with attrition in March estimated at about \$1-1/4 billion. The decline in such CD's since early December totals about \$5-1/2 billion.

(6) The following table summarizes the annual rates of change for the major reserve and deposit aggregates for 1968 and the January-March, 1969, period:

	<u>Dec. '67- June '68</u>	<u>July '68- Dec. '68</u>	<u>Jan. '69- Mar. '69<sub>p</sub></u>
Total reserves	3.7	9.0	0.8
Nonborrowed reserves	-0.1	8.1	0.7
Bank credit, as indicated by:			
Proxy	3.7	12.8	-5.8
Proxy plus Euro-dollars	4.7	13.0	-2.2
Total loans and investments (as of last Wednesday of month)	6.7	14.9	1.2
Money supply	6.1	6.1	1.9
Time and savings deposits	5.8	17.1	-6.7
Savings accounts at thrift institutions	6.1	6.3	5.2 <sup>1/</sup>

---

NOTE: Dates are inclusive.  
p--preliminary.  
<sup>1/</sup> January and February only.

Prospective developments

(7) The projected relationships among marginal reserve measures, day-to-day money market rates, bill rates, and bank reserve and credit flows for April have to take account of several special factors: potential withdrawals by individuals from time and savings deposits after the end-of-March interest crediting; potential mid-April tax period pressures; and possible downward bill rate movements particularly after the tax period and as further bill redemptions by the Treasury take place. While uncertainties as to possible outcomes are great, there are fairly good odds that, under current monetary policy, bill rates will average lower for April as a whole relative to the Federal funds rate than in recent months, and that bank credit growth might resume, though at a slow pace.

(8) Continuation of prevailing conditions in day-to-day money markets would imply a Federal funds rate around the 6-3/4 per cent average of the past few weeks, and new loan rates to dealers at New York banks at 7 per cent or above. Member bank borrowings may be in a \$750 million - \$1 billion range, and net borrowed reserves in a \$550 - \$800 million range. Mid-April tax period pressures may entail strong demands for Federal funds as banks attempt to finance necessitous short-term borrowing by business customers; sales finance companies and Government security dealers are also likely to have increased borrowing needs around this time. However, demands on the funds market might be less intense in the latter part of April, and it might prove necessary for

the System to maintain upward pressure on the Federal funds rate to keep bill rates from dropping so sharply as to change market assessment of the stance of monetary policy.

(9) Given the above marginal reserve and day-to-day money rate specifications, the 3-month Treasury bill may fluctuate in a 5.80 - 6.15 per cent range. Over the near-term, given the recent build-up in dealer positions in short-term bills, upward bill rate pressures may be generated by reversal of quarterly bank statement date and Cook County tax period window dressing and by mid-April tax period financing needs. The upward pressures might not carry rates very far, however, if market participants begin to focus more sharply on prospects for a diminished supply of bills later in April and over the next two months as the budgetary surplus permits repayment of a substantial amount of Treasury debt. In the latter part of April, downward pressures on bill rates could drop the yield on the 3-month bill toward, or below, the bottom of the indicated range, partly as a result of reinvestment demand from maturing April tax bills not used to pay taxes. On April 30 Treasury will probably announce the terms of the mid-May refunding, which might also generate prospects of some additional demands for bills. If the bill rate nears the bottom end of the range, and particularly if it drops below, downward pressures might cumulate as the market comes to expect a less restrictive monetary policy.

(10) Assuming that the 3-month bill does not drop below the bottom end of the range--and averages a little below 6 per cent for

April as a whole--outstanding CD's at banks may be expected to decline by \$600 - \$800 million. This would be a considerably smaller decline than in previous months, particularly since a reduction of around \$300 million would be expected for seasonal reasons.

(11) With CD attrition projected to slow, it is likely that total time and savings deposits of banks may show little net change on average in April, as in March, compared with about a 10 per cent annual rate of decline over the first two months of the year. New inflows of consumer-type time and savings deposits in April are expected to be at a slower rate than in recent weeks. Individuals are likely to make larger than seasonal withdrawals following the interest-crediting period to invest in market instruments, and many savers are likely to draw on their balances to finance sizable retroactive tax payments.

However, the staff does not expect withdrawals for interest rate reasons at banks (or thrift institutions) to be significantly worse than in January; long-term market rates are higher than around year-end, but Treasury bill rates are lower than around year-end.

(12) Private demand deposits at banks in April are expected to show little net change on average, despite a considerable rise in U.S.

Government deposits in consequence of payment of the recent \$1.8 billion bill strip on the last day of March and of heavy tax inflows in April. A rebound in credit demands on banks in April, partly to finance these tax payments, is expected to sustain private demand deposits.

(13) Given these deposit flows, the bank credit proxy may increase in a 1 - 4 per cent annual rate range in April. Demands for Euro-dollars are expected to continue strong, though perhaps moderating a shade as domestic deposits become somewhat more readily available than in March. The adjusted bank credit proxy (including Euro-dollars) might therefore rise in a 2 - 6 per cent annual rate range.

(14) Over all, long-term interest rates are likely to edge upward, assuming expectations as to peace do not become more favorable or that recent declines in short-term rates do not cumulate. Mortgage borrowing demands are expected to continue relatively strong, and the volume of corporate bond offerings may pick up. And with respect to State and local governments, banks are still likely to be only marginal net buyers at best.

Policy alternative

(15) The Committee may wish to consider a more restrictive complex of money market targets, particularly if firming action involving other monetary policy instruments is taken. An increase in the discount rate to 6 per cent probably would be taken as a clear signal of a move to reinforce monetary restraint, while a smaller rise would have obvious elements of ambiguity in current market circumstances. A rise to 6 per cent may tend to raise the whole interest rate structure somewhat, although it would appear that prevailing market interest rates have to some extent already discounted some such action. The 3-month bill rate may move up into a 6-6.30 per cent range. If the discount rate were raised shortly after the FOMC meeting, the combination of such an increase, the recent build-up in dealer bill positions, and expected April tax period pressures might press bill rates quickly toward the upper end of the range. But such rate pressures should moderate in the latter part of April, for reasons noted earlier. Discount rate action in the latter part of April could, therefore, serve principally to offset downward yield pressures likely to develop at that time rather than to boost the rate structure to new higher levels.

(16) Assuming banks continue relatively reluctant to borrow from the window, a higher discount rate is likely to be associated with some increase in propensities to sell bills, to borrow Euro-dollars, and to borrow in the Federal funds market. Given this behavior pattern, a set of money market targets for open market operations consistent with

maintaining the developing taut credit market conditions (as compared with such conditions absent a discount rate increase) would include a Federal funds rate around 7 per cent or slightly above, member bank borrowings centering around \$1 billion, and net borrowed reserves in a \$650-\$900 million range.

(17) Under these conditions, and given existing Regulation Q ceilings, total member bank deposits (without adjustment for Euro-dollars) in April might change in a wide -2 to +2 per cent, annual rate, range, with the actual development depending in part on the timing of a discount rate action (and thus how soon time deposit performance is affected) and on whether a discount rate hike were to be combined with other actions. The increased demands for Euro-dollars would be likely to be reflected both in higher interest rates in that market and in somewhat more inflow. An enlarged inflow might keep the rate of change in the adjusted bank credit proxy a little above zero.

(18) Consumer-type time deposits might be marginally affected by higher market rates associated with a discount rate hike and tighter open market operations, but more importantly banks' ability to slow their CD attrition is likely to be curtailed. A CD run-off continuing at a rate around \$1 billion a month may be expected.

(19) Upward interest rate pressures in long-term markets are likely to be extended. Banks may become more convinced that a capital loss year is in prospect, and thus become more active sellers of longer-term securities. And the corporate bond market calendar, which has

been relatively moderate in recent months, might expand as corporations move rapidly to establish claims on financial resources; they might also begin taking down commitments from banks in anticipation of reduced credit availability and perhaps another prime loan rate rise. The duration and strength of rises in long-term interest rates will probably depend on how successful the policy moves are in breaking inflationary psychology.

(20) The announcement of an increase in reserve requirements-- say a 1/2 point increase on either demand or time deposits--in conjunction with a discount rate rise would likely have, among other things, a more pronounced effect on expectations. Interest rates would probably rise somewhat more, although the odds on the 3-month bill rate moving above the upper end of the range in paragraph (15) are small, given the Federal funds rate specified in paragraph (16). Bill market pressures would be modified by the view that a reserve requirement increase would entail less bill sales (or more bill buying) through the open market account. Moreover, it is likely that marginal portfolio adjustments of banks to a reserve requirement increase will fall on longer-term securities to a considerable extent since bank liquidity is already substantially reduced. The impact of monetary restraint would become more widespread as smaller banks would become less willing holders of State and local and U.S. Government securities, and a larger number of banks are under greater pressure to tighten lending policy. Bank credit may

be weaker in April than indicated in paragraph (17), and there may possibly be more of a lingering downward effect on the averages for the succeeding months.

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>						
1968--February	389	368	21			
March	337	649	-312			
April	348	689	-341			
May	354	728	-374			
June	341	727	-386			
July	331	523	-192			
August	337	577	-240			
September	346	492	-146			
October	267	458	-191			
November	286	541	-255			
December	444	744	-300			
1969--January	224	715	-491			
February p	238	836	-598			
March p	163	836	-673			
<u>Weekly:</u>						
1968--Dec.	4	479	531	- 52	-114	-203
	11	52	434	-382	-443	-446
	18	368	575	-207	-274	-256
	25	420	859	-439	-525	-369
1969--Jan.	1	901	1,320	-419	-488	-473
	8	202	498	-296	-365	-349
	15	232	687	-455	-542	-533
	22	273	782	-509	-572	-610
	29	188	891	-703	-758	-779
Feb.	5	235	744	-509	-568	-615
	12	221	799	-578	-631	-716
	19	363	1,044	-681	-721	-726
	26	204	757	-553	-592	-641
Mar.	5	207	734	-527	-577	-625
	12 p	200	872	-672	-666	-608
	19 p	56	775	-719	-719	-725
	26 p	226	963	-737	-737	-754

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		Private Demand Deposits
			Total	Against Demand Deposits			Total		
<b>Annually:</b>									
1967	+ 9.9	+11.5	+10.2	+ 7.0	+11.7	(+11.5)	+16.1	+ 6.4	+ 6.7
1968	+ 7.2	+ 5.2	+ 7.1	+ 6.3	+ 8.6	(+ 9.4)	+11.3	+ 6.5	+ 6.2
<b>Monthly:</b>									
1968--Jan.	+16.6	+16.7	+11.4	+15.3	+ 6.6	(+ 6.5)	+ 3.9	+ 6.6	+ 6.8
Feb.	+12.5	+ 9.9	+11.4	+19.2	+10.0	(+10.8)	+ 7.2	+ 2.6	+ 1.7
Mar.	+ 2.2	-12.6	+ 0.6	+ 0.1	+ 4.3	(+ 4.7)	+ 9.7	+ 4.6	+ 2.5
Apr.	- 8.8	- 9.4	- 6.0	-11.1	- 4.7	(- 3.8)	+ 2.6	+ 5.9	+ 6.8
May	+ 4.1	+ 2.2	- 1.9	+ 1.5	+ 1.7	(+ 5.1)	+ 3.2	+11.7	+12.6
June	+ 4.9	+ 6.6	+ 9.6	+12.2	+ 6.5	(+ 9.3)	+ 3.8	+ 8.4	+ 7.5
July	+ 5.0	+14.5	+ 7.7	+ 0.1	+ 9.0	(+10.1)	+14.0	+12.8	+14.9
Aug.	+23.5	+23.3	+21.2	+21.8	+21.4	(+22.1)	+21.4	+ 5.7	+ 3.3
Sept.	- 1.6	+ 1.3	+ 4.8	- 3.5	+ 8.4	(+ 9.4)	+17.3	- 5.0	- 7.3
Oct.	+ 9.8	+12.2	+ 8.5	+ 4.1	+12.5	(+11.8)	+17.7	+ 4.4	+ 5.7
Nov.	+ 5.5	- 2.3	+ 8.2	+ 6.0	+11.1	(+11.3)	+14.4	+10.7	+10.6
Dec.	+11.0	- 1.0	+ 7.3	+ 7.7	+12.7	(+11.6)	+14.3	+ 7.5	+ 7.3
1969--Jan.	r + 9.7	r +13.9	r +14.5	+10.8	r 4.9	(- 2.0)	-10.6	+ 3.1	+ 4.0
Feb. p	- 0.6	- 3.7	+ 0.2	+17.3	- 1.2	(+ 2.0)	- 8.9	+ 0.6	- 1.6
Mar. p	- 6.5	- 7.9	- 8.9	-17.5	- 9.8	(- 6.7)	- 0.6	+ 1.9	--

<sup>1/</sup> Includes all deposits subject to reserve requirements. Movements in this aggregate correspond closely with movements in total member bank credit, on a daily average basis. Figures in parenthesis include Euro-dollar borrowings.

p - Preliminary. r - revised.

Chart 1

# MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

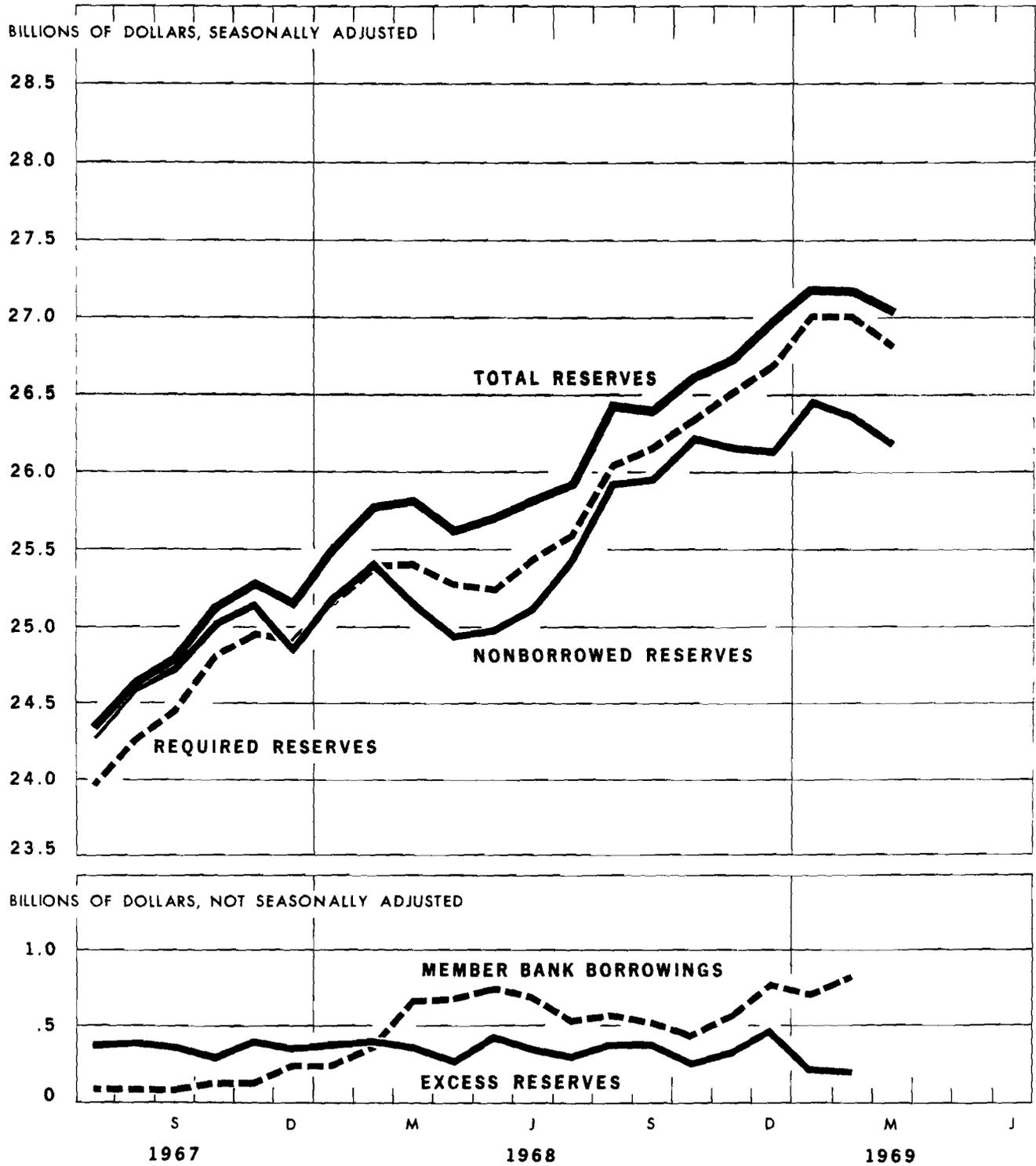


Chart 2

# MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

BILLIONS OF DOLLARS

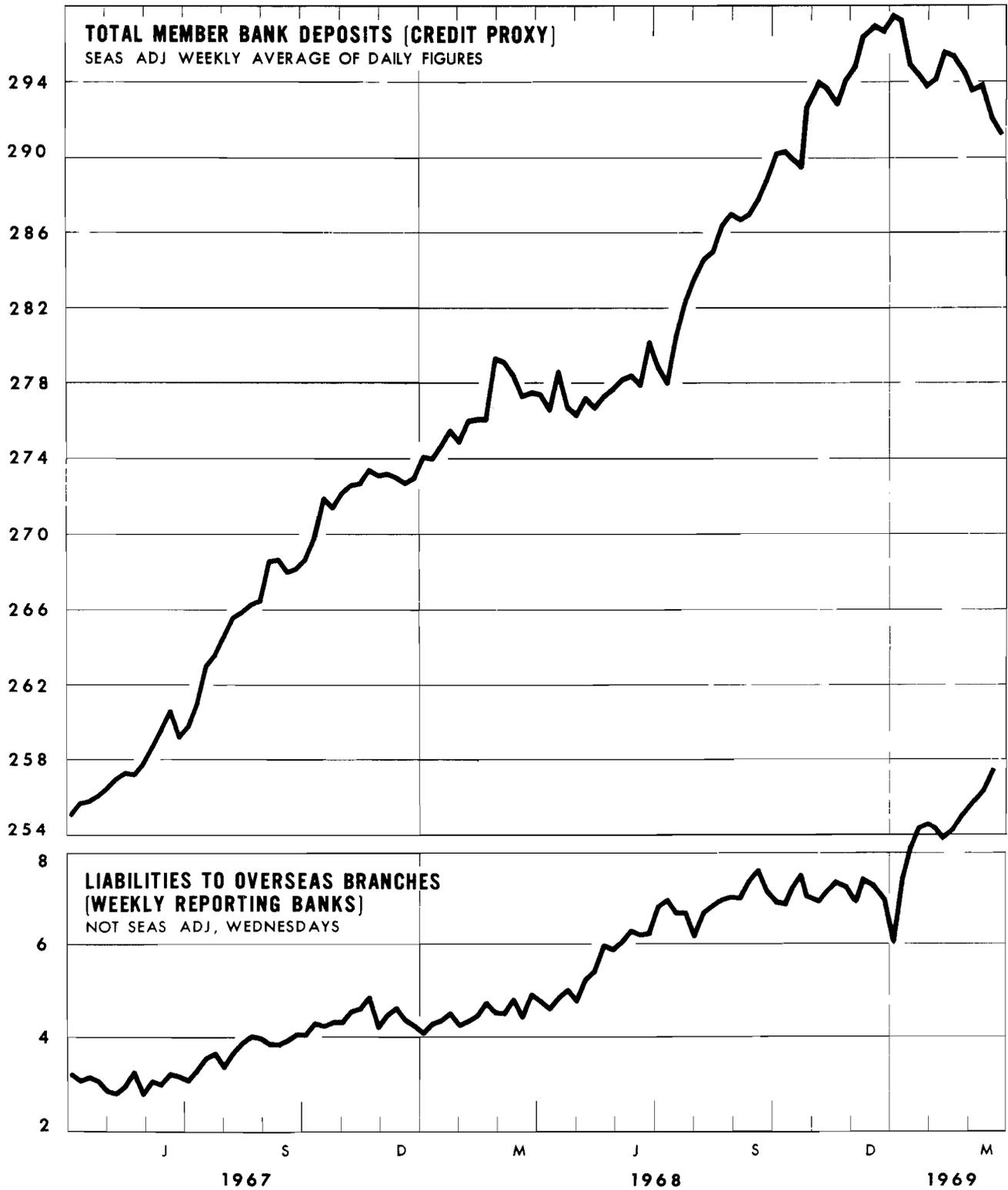


Chart 3

# MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

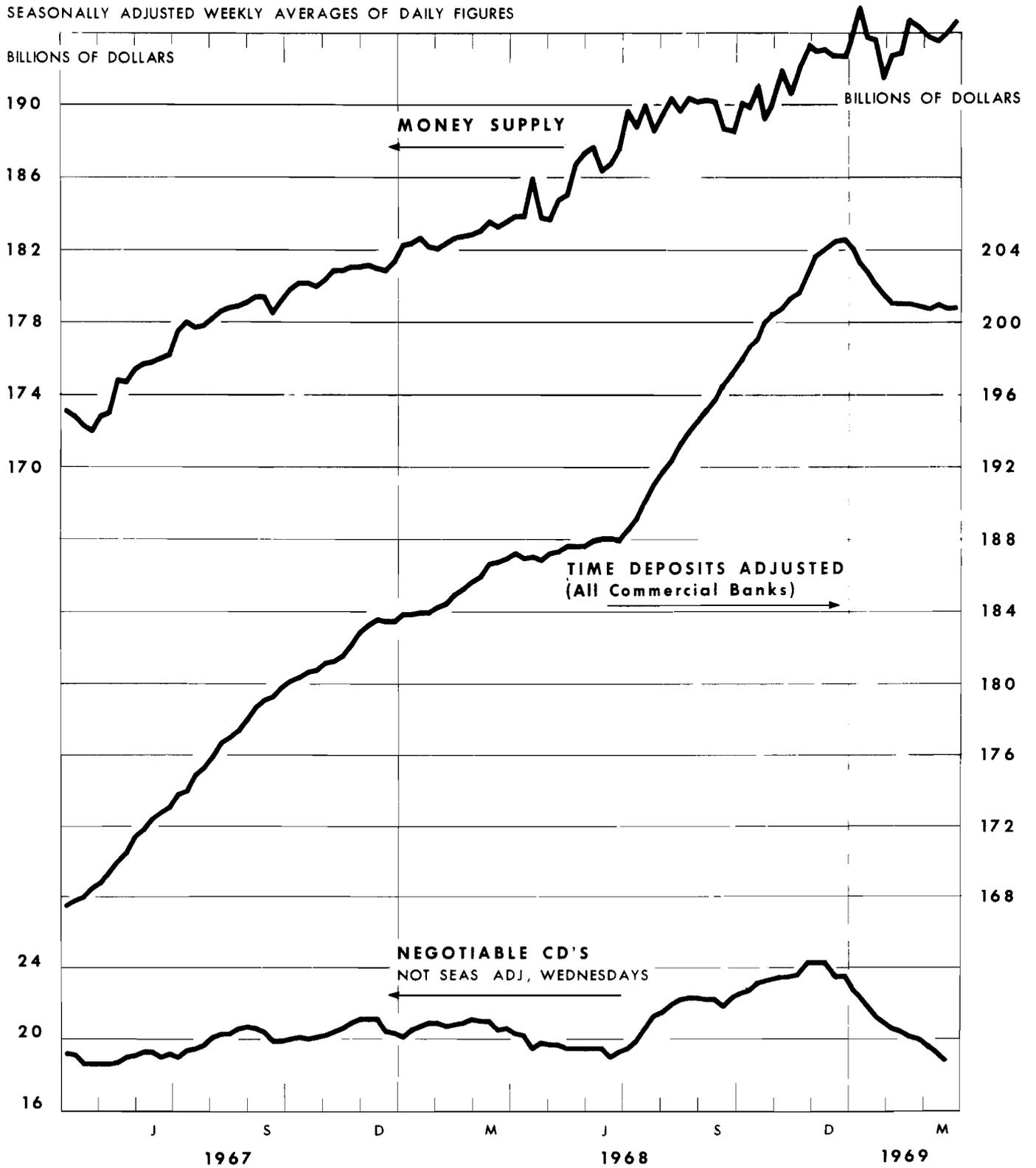


Chart 4

# DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

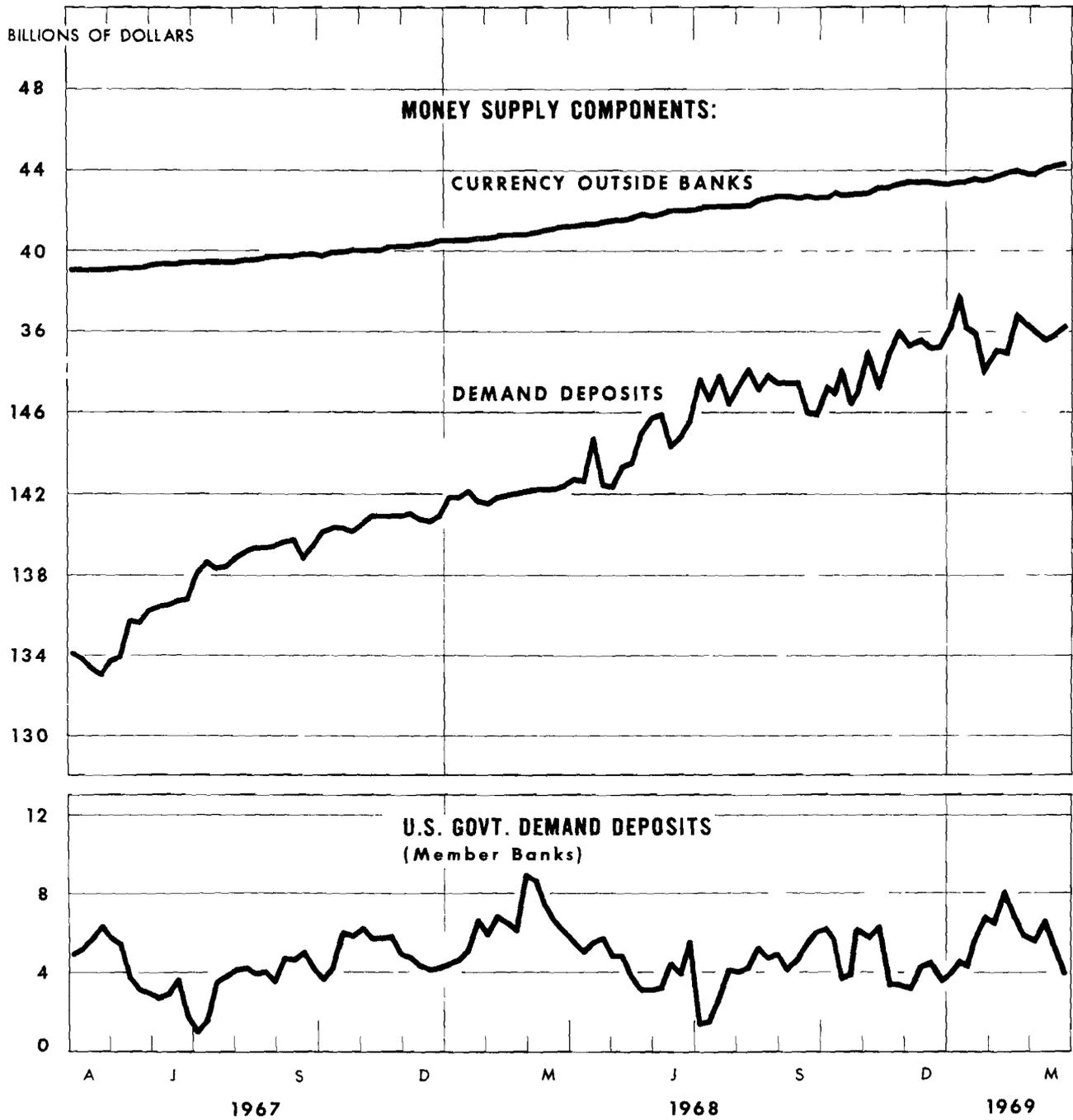


Table B-1

## 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>Year:</u>							
1967 (12/28/66 - 12/27/67)	+4,718	- 725	-2,305	- 165	+1,522	+1,517	+ 5
68 (12/27/67 - 12/25/68) 5/	+3,757	-2,067	-3,221	+3,039	+1,508	+1,563	- 55
<u>Year-to-date:</u>							
(12/27/67 - 3/27/68) 5/	+ 909	-1,950	+1,122	- 443	- 361	- 80	- 281
(12/25/68 - 3/26/69)	- 36	--	+1,016	-1,627	- 647	- 453	- 194
<u>Weekly:</u>							
1969--Feb.							
5	- 69	--	- 122	+ 55	- 135	- 182	+ 47
12	+ 242	--	- 189	- 230	- 177	- 163	- 14
19	+ 631	--	- 462	+ 164	+ 331	+ 189	+ 142
26	- 638	--	+ 195	- 50	- 492	- 333	- 159
Mar.							
5	- 120	--	+ 167	- 161	- 114	- 117	+ 3
12 p	+ 31	--	- 227	- 64	- 261	- 254	- 7
19 p	+ 47	--	- 424	+ 336	- 40	+ 104	- 144
26 p	+ 70	--	+ 84	- 253	- 99	- 269	+ 170
<hr/>							
	<u>PROJECTED</u> 4/						
1969--Apr.							
2	+ 125	--	+ 35	- 80	+ 80	+ 80	--
9	+ 140	--	- 230	+ 95	+ 5	+ 5	--
16	- 260	--	- 10	+ 250	- 20	- 20	--
23	- 205	--	- 100	+ 385	+ 80	+ 80	--
30	+ 235	--	+ 460	- 400	+ 295	+ 295	--

1/ For retrospective details, see Table B-4.

p - Preliminary.

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.

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>							
1967 (12/28/66 - 12/27/67) 1/	+1,517	+ 261	+1,256	+ 59	+ 6	+1,023	+ 168
1968 (12/27/67 - 12/25/68) 1/	+1,563	- 558	+2,121	- 382	+ 25	+1,647	+ 831
<u>Year-to-date:</u>							
(12/27/67 - 3/27/68)	- 80	- 25	- 55	- 528	+ 239	+ 264	- 30
(12/25/68 - 3/26/69)	- 453	+ 131	- 584	- 514	+ 126	+ 65	- 261
<u>Weekly:</u>							
1969--Feb.							
5	- 182	+ 258	- 440	- 289	+ 19	- 128	- 42
12	- 163	+ 324	- 487	- 307	+ 18	- 160	- 38
19	+ 189	+ 73	+ 116	- 96	+ 13	+ 233	- 34
26	- 333	- 46	- 287	- 252	+ 13	- 33	- 15
Mar.							
5	- 117	- 58	- 59	- 240	+ 6	+ 187	- 12
12 p	- 254	- 29	- 225	- 258	+ 6	+ 35	- 8
19 p	+ 104	- 184	+ 288	- 320	+ 7	- 22	- 17
26 p	- 269	- 143	- 126	+ 48	- 7	- 174	+ 4
<u>PROJECTED</u>							
1969--Apr.							
2	+ 80	+ 40	+ 40	+ 65	--	- 10	- 15
9	+ 5	+ 210	- 205	- 255	- 10	+ 60	--
16	- 20	- 195	+ 175	+ 145	+ 10	+ 40	- 20
23	+ 80	- 180	+ 260	+ 195	- 5	+ 40	+ 30
30	+ 295	- 35	+ 330	+ 330	- 5	+ 20	- 15

1/ Reflects reserve requirement changes in March 1967 and January 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
<u>ACTUAL</u>		(Sign indicates effect on reserves)			
<u>Year:</u>					
1967 (12/28/66 - 12/27/67)	- 165	- 85	- 389	- 7	+ 316
1968 (12/27/67 - 12/25/68)	+3,039	+ 928	+1,309	- 67	+ 869
<u>Year-to-date:</u>					
(12/27/67 - 3/27/68)	- 443	+ 158	- 854	- 40	+ 293
(12/25/68 - 3/26/69)	-1,627	- 112	-1,452	+ 52	- 115
<u>Weekly:</u>					
1969--Feb.					
5	+ 55	+ 223	- 10	+ 3	- 161
12	- 230	- 335	+ 68	- 4	+ 41
19	+ 164	+ 161	+ 21	--	- 18
26	- 50	+ 112	+ 38	+ 4	- 204
Mar.					
5	- 161	+ 36	- 128	+ 4	- 73
12 p	- 64	+ 97	- 158	- 31	+ 28
19 p	+ 336	- 20	+ 134	- 5	+ 227
26 p	- 253	- 116	- 234	- 4	+ 101
<u>PROJECTED</u>					
1969--Apr.					
2	- 80	+ 150	- 250	+ 25	- 5
9	+ 95	+ 115	+ 115	--	- 135
16	+ 250	--	+ 100	--	+ 150
23	+ 385	--	+ 325	--	+ 60
30	- 400	--	- 400	--	--

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			
<u>Year:</u>								
1967 (12/28/66 - 12/27/67)	+4,718	+5,009	+4,433	+1,153	- 577	- 19	- 69	- 203
1968 (12/27/67 - 12/25/68)	+3,757	+3,298	+2,143	+1,176	- 21	- 3	- 52	+ 514
<u>Year-to-date:</u>								
(12/27/67 - 3/27/68)	+ 909	+ 691	+ 455	+ 317	- 81	- 7	- 12	+ 237
(12/25/68 - 3/26/69)	- 36	- 161	- 519	+ 252	+ 106	+ 10	+ 11	+ 104
<u>Weekly:</u>								
1969--Jan.								
1	+1,230	+ 742	+ 576	--	+ 166	+ 7	+ 20	+ 461
8	- 470	+ 344	+ 398	--	- 54	+ 5	+ 3	- 822
15	- 205	- 347	- 175	--	- 172	- 16	- 31	+ 189
22	- 389	- 480	- 480	--	--	--	- 4	+ 95
29	- 396	- 503	- 503	--	--	--	- 2	+ 109
Feb.								
5	- 69	+ 77	+ 69	--	+ 8	--	+ 1	- 147
12	+ 242	+ 146	--	--	+ 146	+ 13	+ 28	+ 55
19	+ 631	+ 306	+ 55	--	+ 251	+ 15	+ 65	+ 245
26	- 638	- 292	- 69	+ 85	- 308	- 20	- 39	- 287
Mar.								
5	- 120	- 63	- 69	--	+ 6	+ 2	- 36	- 23
12 p	+ 31	- 87	- 89	+ 74	- 72	- 7	- 13	+ 138
19 p	+ 47	+ 105	- 123	+ 82	+ 146	+ 9	+ 30	- 97
26 p	+ 70	- 109	- 109	+ 11	- 11	+ 2	- 11	+ 188

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--July	23,293	22,552	22,864	22,344	16,963
Aug.	23,029	22,336	22,687	22,320	16,908
Sept.	23,065	22,319	22,712	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	24,234	23,776	17,701
Sept.	24,786	24,721	24,476	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	24,925	18,550
July	25,923	25,425	25,601	25,188	18,727
Aug.	26,431	25,918	26,053	25,340	18,765
Sept.	26,395	25,947	26,158	25,294	18,621
Oct.	26,610	26,211	26,344	25,528	18,746
Nov.	26,732	26,160	26,524	25,749	18,883
Dec.	26,976	26,139	26,686	26,050	19,088
1969--Jan.	r 27,193	r 26,441	r 27,009	25,921	19,066
Feb. p	27,180	26,359	27,013	25,911	19,150
Mar. p	27,032	26,186	26,813	25,843	19,102

p - Preliminary.

r - Revised.

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 1/)	Time deposits	Private demand deposits 2/	U.S. Gov't. demand deposits
1966--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	278.8	151.8	123.2	3.9
July	280.9	153.8	124.3	2.7
Aug.	285.9	156.5	124.6	4.8
Sept.	287.9	158.9	123.6	5.3
Oct.	290.9	161.5	124.5	5.0
Nov.	293.6	163.5	125.4	4.7
Dec.	296.7	165.8	126.7	4.2
1969--Jan.	295.1	163.2	126.6	5.3
Feb.	294.8	161.0	127.2	6.7
Mar. p	292.4	160.5	126.8	5.0

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.

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/	Time deposits	Private demand deposits 2/	U. S. Gov't. demand deposits	
1968--Sept.					
	4	286.7	157.9	124.7	4.1
	11	287.0	158.3	124.1	4.6
	18	287.8	158.9	123.5	5.4
	25	288.8	159.4	123.4	6.0
Oct.					
	2	290.3	160.1	124.0	6.2
	9	290.4	160.8	123.9	5.7
	16	289.9	161.1	125.1	3.7
	23	289.5	161.9	123.7	3.9
	30	292.7	162.2	124.3	6.2
Nov.					
	6	293.9	162.6	125.5	5.8
	13	293.6	163.0	124.2	6.3
	20	292.9	163.6	125.9	3.4
	27	294.1	164.7	126.1	3.4
Dec.					
	4	294.8	165.3	126.3	3.2
	11	296.4	165.9	126.3	4.2
	18	296.9	166.1	126.4	4.4
	25	296.7	166.1	126.9	3.7
1969--Jan.					
	1	297.4	165.5	127.9	4.0
	8	297.2	164.4	128.2	4.5
	15	294.9	163.9	126.7	4.3
	22	294.4	162.8	126.0	5.6
	29	293.8	162.1	124.9	6.8
Feb.					
	5	294.1	161.4	126.2	6.5
	12	295.5	161.1	126.3	8.0
	19	295.3	160.8	127.7	6.8
	26	294.4	160.6	128.1	5.8
Mar.					
	5	293.6	160.4	127.6	5.6
	12 p	293.8	160.6	126.7	6.5
	19 p	292.1	160.5	126.6	5.1
	26 p	291.2	160.6	126.7	3.9

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/ 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
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	187.4	42.0	145.4	188.2
July	189.4	42.2	147.2	190.4
Aug.	190.3	42.6	147.6	193.8
Sept.	189.5	42.7	146.7	196.6
Oct.	190.2	42.8	147.4	199.5
Nov.	191.9	43.2	148.7	201.9
Dec.	193.1	43.4	149.6	204.3
1969--Jan.	193.6	43.6	150.1	202.5
Feb.	193.7	43.9	149.9	201.0
Mar. p	194.0	44.2	149.9	200.9

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 at Federal Reserve Banks.

p - Preliminary.

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

Week Ending		Money Supply	Currency <u>1/</u>	Private Demand Deposits <u>2/</u>	Time Deposits adjusted
1968--Sept.	4	190.3	42.7	147.5	195.2
	11	190.2	42.6	147.5	195.8
	18	188.7	42.7	146.0	196.6
	25	188.5	42.6	145.9	197.2
Oct.	2	190.0	42.7	147.3	198.1
	9	189.9	42.9	147.0	198.7
	16	191.0	42.8	148.1	199.1
	23	189.4	42.8	146.5	200.0
Nov.	30	189.9	42.9	147.0	200.4
	6	191.9	42.9	149.0	200.8
	13	190.6	43.2	147.3	201.4
	20	192.2	43.2	149.0	201.7
Dec.	27	193.3	43.4	149.9	202.9
	4	192.9	43.5	149.4	203.7
	11	193.1	43.5	149.6	204.1
	18	192.7	43.4	149.2	204.5
1969--Jan.	25	192.7	43.4	149.3	204.6
	1	193.7	43.4	150.3	204.1
	8	195.4	43.5	151.9	203.3
	15	193.8	43.5	150.2	202.8
	22	193.6	43.6	150.0	202.1
Feb.	29	191.6	43.5	148.1	201.5
	5	192.8	43.7	149.1	201.0
	12	192.9	43.9	149.0	201.0
	19	194.8	44.0	150.9	201.0
Mar.	26	194.3	43.8	150.5	200.9
	5	193.8	43.8	150.0	200.7
	12 p	193.6	44.1	149.6	201.0
	19 p	194.0	44.2	149.9	200.7
	26 p	194.6	44.3	150.3	200.8

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.

**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 4/	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	Time Deposits 2/
								(Seasonally Adjusted)				
'68--Mar.	-312	649	5.05	5.17	5.59	6.57*	4.28	-266	+ 47	+ 1.0	+ 0.7	+ 1.5
Apr.	-341	689	5.76	5.38	5.46	6.50*	4.13	-197	-189	- 1.1	+ 0.9	+ 0.4
May	-374	728	6.12	5.66	5.55	6.64	4.28	+ 46	+ 88	+ 0.4	+ 1.8	+ 0.5
June	-386	727	6.07	5.52	5.40	6.65	4.26	+137	+105	+ 1.5	+ 1.3	+ 0.6
July	-192	523	6.02	5.31	5.29	6.50*	4.12	+304	+107	+ 2.1	+ 2.0	+ 2.2
Aug.	-240	577	6.03	5.23	5.22	6.16	4.00	+493	+508	+ 5.0	+ 0.9	+ 3.4
Sept.	-146	492	5.78	5.19	5.28	6.27	4.23	+ 29	- 36	+ 2.0	- 0.8	+ 2.8
Oct.	-192	458	5.92	5.35	5.44	6.47	4.21	+264	+215	+ 3.0	+ 0.7	+ 2.9
Nov.	-255	541	5.81	5.45	5.56	6.57	4.33	- 51	+122	+ 2.7	+ 1.7	+ 2.4
Dec.	-327	743	6.02	5.96	5.88	6.79	4.50	- 21	+244	+ 3.1	+ 1.2	+ 2.4
1969--Jan.	-491	715	6.30	6.14	5.99	6.92	4.58	+302	+217	- 1.5**	+ 0.5	- 1.8
Feb. p	-598	836	6.64	6.12	6.11	6.92*	4.74	- 82	- 13	- 0.3	+ 0.4	- 1.6
Mar. p	-673	836	n.a.	n.a.	n.a.	7.38	4.97	-173	-148	- 2.4	+ 0.5	--
1969--Feb. 26	-582	758	6.43	6.06	6.14	6.93	4.80			- 0.9	- 0.5	- 0.1
Mar. 5	-567	734	6.75	6.16	6.16	--	4.90			- 0.8	- 0.5	- 0.2
12 p	-672	872	6.75	6.03	6.20	7.23	4.92			+ 0.2	- 0.2	+ 0.3
19 p	-719	775	6.82	6.02	6.29	7.57	5.02			- 1.7	+ 0.4	- 0.3
26 p	-736	963	6.88	5.94	6.22	7.46	5.02			- 0.9	+ 0.6	+ 0.1
				Averages						Annual rates of increase 3/		
Year 1968	-210	548	5.58	5.36	5.45	6.47	4.20	+ 5.2	+ 7.2	+ 8.6	+ 6.5	+11.3
First Half 1968	-201	567	5.39	5.29	5.46	6.47	4.16	+ 2.2	+ 5.3	+ 4.1	+ 6.7	+ 5.1
Second Half 1968	-218	529	5.77	5.42	5.44	6.50	4.22	+ 8.1	+ 9.0	+12.8	+ 6.1	+17.1
<u>Recent variation in growth</u>												
11/29/67-7/3/68	-159	515	5.25	5.24	5.48	6.47	4.15			+ 3.5	+ 8.0	+ 5.2
7/3/68-12/18/68	-203	516	5.90	5.34	5.40	6.47	4.21			+14.1	+ 3.4	+18.1
12/18/68-3/26/69	-562	838	6.54	6.11	6.09	7.04*	4.72			- 6.6	+ 3.7	- 6.7

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

4/ Average of total number of days in period. p - Preliminary. n.a. - Not available.

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

March 28, 1969.