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March 6, 1970.

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MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Preliminary estimates indicate that the adjusted bank credit proxy for February declined in the magnitude projected at the time of the last Committee meeting, but that estimated changes in the deposit components which make up the proxy differed substantially from projections. Private demand deposits declined much more steeply, on average, than anticipated, and contributed to a commensurately larger than projected drop in the money supply; whereas time deposits, instead of continuing to decline sharply as expected, showed virtually no decline at all. The table shows how projections of changes in these variables for February were revised as the inter-meeting period progressed.

Weekly Board Staff Projections of  
Changes in Monetary Aggregates for February<sup>1/</sup>

<u>Projection Date</u>	<u>Money Supply</u>	<u>Time Deposits</u>	<u>Adjusted Credit Proxy</u>
February 6	- 2.5	-10.5	-7.0
13	- 7.0	- 5.0	-7.0
20	- 8.5	- 1.5	-7.0
27	-10.5	--	-6.3
March 6	-10.7	- 0.6	-6.3

<sup>1/</sup> Figures show the change from monthly average of January to the monthly average of February computed at a seasonally adjusted annual rate.

**FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE**  
(Monthly averages and, where available, weekly averages of data)

Period	Money Market Indicators				Bond Yields			Flow of Reserves, Bank Credit and Money, S A					
	Free Reserves (In millions of dollars for weeks ending in)	Borrowings	Federal Funds Rate 1/	3-month Treasury Bill	U.S. Government (20 yr)	Corporate New Issues (Aaa) 2/	Municipal (Aaa)	Nonborrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy	Money Supply	Time Deposits 3/	
<b>Monthly</b>													
1969--January	- 491	715	6.30	6.14	5.99	6.92	4.58	+103	+175	- 1.2**	+ 1.0	- 1.7	
February	- 580	836	6.64	6.12	6.11	6.91*	4.74	-112	- 79	- 0.3	+ 0.5	- 0.8	
March	- 635	837	6.79	6.02	6.22	7.37	4.97	-182	- 88	- 2.5	+ 0.5	- 0.1	
April	- 844	1,031	7.41	6.11	6.03	7.17	5.00	-270	-197	+ 1.2	+ 1.3	--	
May	-1,116	1,359	8.67	6.04	6.11	7.22	5.19	+134	+460	- 0.3	+ 0.2	- 0.6	
June	-1,078	1,355	8.90	6.44	6.28	7.58	5.58	-183	-179	- 2.5	+ 0.7	- 0.9	
July	-1,045	1,311	8.61	7.00	6.27	7.63	5.61	-430	-526	- 4.6	+ 0.3	- 3.1	
August	- 997	1,211	9.19	6.98	6.22	7.65*	5.74	- 61	-129	- 2.7	- 0.3	- 3.2	
September	- 744	1,026	9.15	7.09	6.55	7.98*	5.83	+169	+ 1	+ 0.4	--	- 0.4	
October	-1,006	1,189	9.00	7.00	6.50	7.89	5.80	-173	- 48	- 2.2	+ 0.1	- 0.6	
November	- 975	1,213	8.85	7.24	6.74	8.32*	5.88	+328	+429	+ 2.3	+ 0.2	- 0.1	
December	- 849	1,127	8.97	7.82	6.91	8.75	6.50	+268	+145	- 0.1	+ 0.3	+ 0.7	
1970--January p	- 745	928	8.98	7.87	6.92	8.46	6.38	+170	+ 84	- 0.9	+ 1.6	- 2.0	
February p	- 951	1,126	8.98	7.13	6.67	8.30	6.19	-405	-333	- 2.2	- 1.7	- 0.1	
<b>Weekly</b>													
1969--Sept. 3	- 838	1,240	9.57	7.01	6.35	7.90*	5.80	- 65	- 24	+ 0.7	+ 0.6	+ 0.1	
10	- 349	740	8.57	7.09	6.45	8.02*	5.85	+493	- 84	- 2.1	- 0.2	- 0.1	
17	- 886	1,018	9.07	7.11	6.49	8.04	5.85	-323	+ 45	+ 3.4	+ 0.3	+ 0.3	
24	- 901	1,105	9.61	7.13	6.60	8.13	5.82	-165	-134	- 2.1	- 1.3	- 0.2	
Oct. 1	-1,116	1,436	9.11	7.07	6.76	8.22	5.83	+163	+481	- 0.8	--	+ 0.3	
8	- 828	964	9.43	7.00	6.65	8.10	5.80	- 71	-484	- 0.5	+ 1.3	- 0.4	
15	-1,129	1,347	9.68	7.02	6.46	7.95	5.75	-316	+ 27	- 1.8	- 0.9	- 0.3	
22	- 857	1,015	8.68	6.94	6.29	7.82	5.80	+545	+287	+ 2.2	+ 1.2	- 0.3	
29	-1,099	1,179	8.39	7.00	6.50	7.87	5.84	-531	-309	- 0.7	- 1.4	+ 0.1	
Nov 5	-1,031	1,328	9.07	7.01	6.59	8.13	5.75	+370	+417	+ 2.6	+ 0.2	- 0.1	
12	- 873	1,244	9.32	7.14	6.66	8.27*	5.78	- 20	- 90	- 0.1	+ 1.0	- 0.2	
19	- 925	1,071	8.79	7.16	6.78	8.44	5.95	+490	+886	- 0.2	+ 0.4	+ 0.1	
26	-1,072	1,210	8.32	7.44	6.83	8.67	6.05	-282	- 54	- 0.2	- 0.9	+ 0.3	
Dec. 3	- 988	1,191	8.91	7.55	6.84	8.85	6.34	+ 41	- 58	+ 1.7	+ 0.1	+ 0.3	
10	- 903	1,200	8.75	7.75	6.80	8.70	6.48	+ 53	+202	- 1.5	- 0.9	--	
17	- 946	1,044	9.14	7.88	6.90	8.76	6.57	+220	- 21	- 0.2	+ 0.3	+ 0.3	
24	- 832	1,096	9.18	7.83	6.95	--	6.57	-143	-230	- 1.2	- 0.9	+ 0.2	
31	- 576	1,104	8.71	8.00	7.04	--	6.52	+361	+ 88	+ 2.1	+ 5.2	- 0.4	
1970--Jan. 7	- 567	852	8.45	7.92	6.93	8.41	6.41	+ 40	+210	- 0.2	- 0.5	- 0.7	
14	- 788	865	8.96	7.88	6.89	8.41	6.36	- 60	-158	- 1.2	- 0.4	- 0.9	
21 p	- 752	966	9.30	7.82	6.91	8.32	6.34	+ 3	+148	- 0.1	- 0.4	- 0.3	
28 p	- 870	1,028	9.04	7.89	6.94	8.60	6.39	-326	-189	- 0.7	- 2.5	- 0.5	
Feb. 4 p	-1,078	1,258	9.21	7.77	6.92	8.63	6.28	-139	+ 53	- 1.3	+ 0.1	- 0.4	
11 p	- 922	1,071	9.18	7.36	6.72	8.40	6.26	+ 79	-245	- 0.1	- 0.5	+ 0.3	
18 p	- 888	1,111	9.39	6.83	6.57	8.32	6.24	-148	- 8	- 0.8	+ 1.1	+ 0.5	
25 p	- 918	1,064	8.41	6.84	6.61	8.20	6.00	- 13	-116	+ 1.4	- 0.3	+ 0.7	
Mar. 4 p	- 694	833	8.32	6.89	6.57	8.75	5.85	+ 59	- 5	+ 0.5	+ 0.3	+ 0.4	
			<b>Averages</b>						<b>Annual rates of increase 4/</b>				
Year 1969	- 860	1,110	8.22	6.67	6.32	7.62	5.45	- 3.0	- 1.6	- 4.0	+ 2.5	- 5.3	
First Half 1969	- 779	1,034	7.46	6.15	6.12	7.20	5.01	- 3.7	+ 0.7	- 3.5	+ 4.3	- 4.0	
Second Half 1969	- 939	1,183	8.96	7.19	6.53	8.04	5.89	- 2.4	- 3.9	- 4.6	+ 0.6	- 6.7	
<b>Recent variation in growth</b>													
12/18/68-5/21/69	- 690	955	6.97	6.10	6.07	7.09	4.83	- 5.2	+ 0.6	- 2.3	+ 5.7	- 3.9	
5/21/69-3/4/70	- 935	1,163	8.82	7.13	6.55	8.03	5.78	- 2.3	- 3.9	- 4.9	+ 0.5	- 5.5	

1/ Average of total number 1 days in period

2/ Includes issues having 5-year and 10-year call protection, - issues carry a 10-year call protection.

3/ Time deposits adjusted at all commercial banks

4/ Base is change for month preceding specified period or, in case of weekly periods, the first week shown

\*\* - 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.

p - Preliminary S A - Seasonally adjusted

(2) Over the same interval, the projected March increases in these aggregates were strengthened, mainly for time deposits, partly in recognition of the change in policy that was voted. The March projection for the money supply, though raised somewhat in the month of February, did not become strong enough to achieve the previous bluebook money supply projection for the quarter. Revised projections of the adjusted credit proxy for the quarter, however, did strengthen relative to the previous bluebook.

(3) While the staff had expected some gradual improvement in time deposit performance under the less restrictive alternative adopted by the Committee, the improvement developed more rapidly than projected partly because of an earlier and larger decline in bill rates than anticipated. Much of the improved performance of time deposits was attributable to consumer-type deposits at banks outside major money centers. In addition, the attrition of domestic large negotiable CD's came to a halt in early February, and inflows of foreign official funds into time deposits were larger than expected.

(4) After the last Committee meeting, bill rates declined a further 45 to 60 basis points, bringing the total decline from year-end peaks to the neighborhood of 125 basis points. The 3-month bill was most recently quoted at 6.85 per cent, and the 1 year bill at 6.55 per cent (which makes long CD's competitive with this bill, though not with other money market instruments). The decline in bill rates was

part of a general downward move in interest rates in both short- and long-term securities markets and appears to have reflected mainly changing investor attitudes generated by weakening business indicators and expectations of an easing in monetary policy.

(5) While Treasury bill rates dropped sharply in the first week after the last Committee meeting, the average effective rate on Federal funds remained in the 9--9-1/2 per cent range of the previous four weeks. Subsequently, however, as bill rates started to bottom out, the Federal funds rate dropped by about a percentage point and averaged between 8 and 8-1/2 per cent in the past two statement weeks, with a range of trading generally between 7-1/2 and 9 per cent in the week just past. Dealer financing costs at New York banks have also declined recently, with the average in the latest statement week dropping to just below 9 per cent. Net borrowed reserves averaged \$900 million in the two statement weeks ended February 25, but they declined sharply to \$694 million in the most recent statement week ending March 4. Similarly, member bank borrowings, which had averaged about \$1.1 billion in February, dropped to \$833 million in the statement week just past.

(6) The following table summarizes the annual rates of growth in major deposit, reserve, and credit aggregates for 1969, and, on a preliminary basis, for the first two months of 1970.

	Year 1969	July - Sept. '69	Oct. - Dec. '69	January - February 1970
Total Reserves	-1.6	- 9.3	1.4	- 5.3
Nonborrowed reserves	-3.0	- 4.8	-0.1	- 5.3
Money supply	2.5	--	1.2	- 0.6
Time and savings deposits	-5.3	-13.3	--	- 6.2
Savings accounts at nonbank thrift institutions	3.3	2.1	1.2	- 5.0 <sup>1/</sup>
<u>Member bank deposits and related sources of funds</u>				
Total member bank deposits (bank credit proxy)	-4.1	- 9.4	0.1	- 6.5
Proxy plus Euro-dollars	-1.7	- 6.2	-0.3	- 8.0
Proxy plus Euro-dollars and other nondeposit sources	n.a.	- 4.0	-2.1	- 4.7
<u>Commercial bank credit (month end)</u>				
Total loans and investments of all commercial banks	2.4	- 0.8	2.1	- 1.8
L&I plus loans sold outright to affiliates and foreign branches	3.4	0.8	2.2	2.1

NOTE: Dates are inclusive. All items are average of daily figures (with "other nondeposit sources" based on an average for the month of Wednesday data), except the commercial bank credit series which are based on total outstanding on last Wednesday of month. All additions to the total member bank deposit series and the last Wednesday total loans and investments series are seasonally unadjusted numbers, since data have not been available for a long enough time to make seasonal adjustments.

<sup>1/</sup> January data only.

Prospective developments

(7) If the Committee wishes to continue on the growth path of monetary aggregates (taken together), and associated money market conditions, that are implicit in the policy stance adopted at the last meeting, it may wish to consider the following second paragraph for the directive (alternative A):

To implement this policy, while taking account of the ~~current-Treasury-refunding,-possible-bank-regulatory-changes~~ and the Committee's desire to see moderate growth in money and bank credit over the months ahead, System open market operations until the next meeting of the Committee shall be conducted with a view to MAINTAINING THE SOMEWHAT LESS ~~moving-gradually-toward somewhat-less~~ firm conditions THAT HAVE BEEN ATTAINED in the money market; provided, however, that operations shall be modified promptly to resist any tendency for money and bank credit to deviate significantly from a moderate growth pattern.

(8) Less restraint in the money markets developed gradually over the past few weeks, and less firm money market conditions may now be taken to encompass a Federal Funds rate generally averaging in an 8--8-1/2 per cent range, net borrowed reserves generally in a \$650-\$850 million range, and member bank borrowings averaging \$800-\$900 million. If money market conditions are held quite close

to those prevailing in the statement week just past, the 3-month bill rate might be expected to move downward within a 6-5/8--7 per cent range as the market's expectations of somewhat less restraint in money market conditions appear to be confirmed. It is quite possible that the bill rate could drop below the bottom of this range if market expectations of more easing develop, or if behavior of the monetary aggregates indicates to the Account Manager that he should shade money market conditions toward the lower end of the specifications (for example, having a Federal funds rate most frequently at 8 per cent or a little below).

(9) The Treasury will need to raise about \$1-3/4 billion of new cash by late March or early April, in addition to the already announced ongoing increments to regular weekly and monthly bill auctions. It appears likely that additional bills will be offered, possibly for payment in early April. But there is some possibility the Treasury may raise the cash in the coupon area (in which case the announcement would come within the next few days so as to obtain payment before the start of the quarterly grace period at thrift institutions). A coupon issue for cash could well attract speculative interest in the current market environment. But the offering is small enough in any event so as to minimize the need for "even keel".

(10) Any modest additional bill offering seems unlikely to offset the expected downward tendency in bill rates. Not only may

monetary policy and signs of economic weakness work toward lower bill rates, but there is also some tendency for bill rates to drop seasonally in early spring, reflecting retirement of tax bills (amounting to \$1.8 billion in March and \$4.8 billion in April). As bill rates drift down, it is likely that private short-term rates (such as on commercial paper, finance company paper, and bankers' acceptances) will move down further. In recent weeks declines in private short-term rates have lagged substantially behind the drop in bill rates and the marked widening in these rate spreads may not be sustainable, although continuing sales of bank-related paper could tend to moderate declines in short-term rates generally. Long-term interest rates, too, may move down further, reflecting business news and the expected easing in short-term markets, although offerings in corporate, municipal, and Federal agency markets are likely to remain large. However, all these markets are susceptible to some technical upward readjustment in yields, given the extent and rapidity of the recent rate declines.

(11) In view of the more favorable relationship between Regulation Q ceilings and short-term market rates that is posited above, and taking account of the recent upward trend in time deposits, the staff expects a sizable rebound in time deposits during March and April. In March such deposits may rise in a 10-13 per cent annual rate, range, even assuming foreign time deposits grow a little more slowly on average than in February. The growth rate might be somewhat larger in April,

as banks become more successful in attracting back large negotiable CD funds at declining short-term market interest rates, although it is most difficult to evaluate how aggressive banks will be in the CD market relative to the commercial paper and Euro-dollar markets.

(12) The money supply, which has varied sharply in recent months, seems likely to expand in a 4-7 per cent annual rate range on average in March. The money supply, while dropping sharply on average from January to February, did grow over the past few weeks and in early March was above its February average. Little net change from the current level would be anticipated over the balance of March, on the assumption that transactions demands for cash will remain relatively weak. However, in the last few days of March a temporary bulge is likely to develop, reflecting in part a temporary reduction in cash items stemming from the changed pattern of foreign transactions that could be associated with the 4-day Easter holiday abroad. In April, a slower growth, on average, in the money supply is anticipated, unless economic activity should turn out to be stronger or interest rates significantly lower than projected.

(13) The adjusted bank credit proxy in March may grow in a 8-11 per cent annual rate range, due partly to a rise in Government deposits stemming from Treasury cash financing, but in April growth in the adjusted proxy is expected to drop to a 5-8 per cent range as the rise in private demand deposits diminishes and U.S. Government deposits

decline some. These projections allow for continued growth in commercial paper at about \$100 million per week and assume no change in Euro-dollar takings from current levels.

(14) The table below summarizes expected first quarter annual rates of increase for key monetary variables. Second quarter projections are also shown, assuming the money market conditions of paragraph (8), but with the expectation that short-term rates will be dropping further, partly for seasonal reasons, in late spring. The projections also assume that the sharp rise anticipated for time deposits will be partly offset by further repayment of Euro-dollars and/or declining bank interest in selling commercial paper, and that a sizable drop in seasonally adjusted U.S. Government deposits from the March average to the June average will provide a temporary fillip to the money supply. It should be recognized, of course, that the projections are subject to a considerable range of estimating error, and that they depend importantly on realization of staff projections of the level of economic activity as presented in the greenbook.

	<u>First Quarter</u>	<u>Second Quarter</u>
Money supply	2%	3%
Time deposits	0	12
Adjusted bank credit proxy	1/2	5
Total reserves <sup>1/</sup>	-3	-1

<sup>1/</sup> The reserve figures are affected by lagged reserve accounting in conjunction with the timing of sharp within-month deposit fluctuations. In addition they are affected by shifts in the deposit mix toward time deposits with relatively low reserve requirements and the general decline in Regulation M requirements associated with reduction in Euro-dollar borrowings.

Policy alternative

(15) If it is the Committee's desire to encourage somewhat more growth in the monetary aggregates, and to move further toward less firm money market conditions, it may wish to consider the following second paragraph for the directive (alternative B):

To implement this policy, while taking account of ~~the-current-Treasury-refunding,-possible-bank-regulatory~~ ~~changes-and~~ the Committee's desire to see moderate growth in money and bank credit over the months ahead, System open market operations until the next meeting of the Committee shall be conducted with a view to CONTINUING TO MOVE ~~moving~~ gradually toward somewhat less firm conditions in the money market; provided, however, that operations shall be modified promptly to resist any tendency for money and bank credit to deviate significantly from THE ANTICIPATED ~~a-moderate~~ growth pattern.

(16) A continuing move toward less firm money market conditions might entail a Federal funds rate averaging between 7 and 8 per cent, member bank borrowings dropping to around \$700 million, and net borrowed reserves of \$500-\$700 million. Under these conditions, the 3-month bill rate is likely to drop below 6-1/2 per cent over the next few weeks, and could move even lower as the spring progresses.

(17) The anticipated weakness of the economy through the second quarter suggests that it will be difficult to generate much more growth in the money supply than indicated in alternative A without a

substantially lower level of interest rates. At the same time, the continuing tight position of banks generally suggests that there would be a sharp expansion in bank credit if market interest rates dropped well below Regulation Q constraints, and banks thereby had the opportunity to regain their market position through time deposits. As best we can estimate the further easing in money market conditions specified in paragraph (16) might be associated with a March growth rate of 12-15 per cent, annual rate, in total time deposits, and possibly with an even further rebound in the spring quarter. The money supply might show only a little more strength, with most of that later in the spring as lower interest rates make it marginally more attractive to rebuild cash balances. Mainly because of the rise in time deposits, the adjusted bank credit proxy would also be stronger than under alternative A, rising in an 8-11 per cent annual rate range in March and April together. It is assumed that the additional time deposits obtained by banks would substitute in part for funds now obtained through nondeposit sources.

(18) Staff guesses as to how the monetary aggregates might develop under alternative B are shown in the table below (with figures representing percentage annual rates of change):

	<u>First Quarter</u>	<u>Second Quarter</u>
Money supply	2%	4%
Time deposits	1/2	18
Adjusted bank credit proxy	1/2	7
Total reserves	-3	1

Table 1  
MARGINAL RESERVE MEASURES  
(Dollar amounts in millions, based on period averages of daily figures)

Period	Free reserves	Excess reserves	Member Banks Borrowings				Country
			Total	Reserve City		Other	
				8 N.Y.	Outside N.Y.		
<b>Monthly (reserves weeks ending in):</b>							
1969--January	- 477	359	836	131	302	149	253
February	- 580	256	836	62	255	215	304
March	- 635	202	837	58	233	254	293
April	- 844	187	1,031	85	411	260	275
May	-1,116	243	1,359	123	346	397	493
June	-1,078	277	1,355	57	459	288	550
July	-1,045	266	1,311	89	250	364	608
August	- 997	214	1,211	81	253	256	621
September	- 744	282	1,026	83	236	222	485
October	- 995	195	1,190	106	327	293	464
November	- 975	238	1,213	120	387	250	456
December	- 849	278	1,127	268	310	220	329
1970--January p	- 744	184	928	148	292	227	261
February p	- 951	175	1,126	106	318	288	414
<b>Weekly:</b>							
1969--Sept. 3	- 838	402	1,240	57	286	233	664
10	- 349	391	740	64	39	172	465
17	- 886	132	1,018	128	331	136	423
24	- 901	204	1,105	83	306	328	388
Oct. 1	-1,116	320	1,436	95	531	257	553
8	- 828	139	967	170	112	267	418
15	-1,129	218	1,347	210	396	302	439
22	- 857	158	1,015	--	275	344	396
29	-1,099	80	1,179	53	322	293	511
Nov. 5	-1,032	296	1,328	121	422	295	490
12	- 873	371	1,244	350	296	189	409
19	- 925	146	1,071	--	390	260	421
26	-1,072	138	1,210	8	438	260	504
Dec. 3	- 988	203	1,191	266	307	241	379
10	- 903	297	1,200	293	264	264	379
17	- 946	98	1,044	164	296	301	296
24	- 832	264	1,096	296	356	150	292
31	- 576	528	1,104	319	334	153	299
1970--Jan. 7	- 567	285	852	196	327	87	243
14	- 788	77	865	234	281	188	162
21 p	- 752	214	966	75	340	297	254
28 p	- 870	158	1,028	86	218	339	385
Feb. 4 p	-1,078	180	1,258	75	388	311	484
11 p	- 922	149	1,071	130	351	269	321
18 p	- 888	223	1,111	218	258	249	386
25 p	- 918	146	1,064	--	275	323	466
Mar. 4 p	- 694	139	833	32	46	418	337

p - Preliminary.

**Table 2**  
**AGGREGATE RESERVES AND MONETARY VARIABLES**  
 Retrospective Changes, Seasonally Adjusted  
 (In per cent, annual rates based on monthly averages of daily figures)

Period	Reserve Aggregates			Monetary Variables					
	Total Reserves	Nonborrowed Reserves	Required Reserves	Total Member Bank Deposits	Money Supply			Commercial bank time deposits adjusted	Credit Proxy + Euro-dollars + other nondeposited funds
					Total	Currency	Private Demand Deposits		
<b>Annually</b>									
1968	+ 7.8	+ 6.0	+ 7.9	+ 9.0	+ 7.2	+ 7.4	+ 7.1	+11.5	n.a.
1969	- 1.6	- 3.0	- 1.2	- 4.0	+ 2.3	+ 5.8	+ 1.5	- 5.3	n.a.
<b>Semi-annually</b>									
1st Half 1969	+ 0.7	- 3.7	+ 1.0	- 3.5	+ 4.3	+ 6.5	+ 3.7	- 4.0	n.a.
2nd Half 1969	- 3.9	- 2.4	- 3.3	- 4.6	+ 0.6	+ 4.9	- 0.6	- 6.7	- 1.2
<b>Quarterly</b>									
1st Quarter 1968	+ 7.9	+ 1.1	+ 7.5	+ 7.3	+ 5.5	+ 6.9	+ 5.4	+ 7.6	
2nd Quarter 1968	+ 1.5	+ 2.1	+ 1.8	+ 1.4	+ 8.7	+ 7.8	+ 8.7	+ 3.0	
3rd Quarter 1968	+11.5	+15.0	+11.5	+13.6	+ 6.8	+ 7.6	+ 6.8	+16.5	
4th Quarter 1968	+ 9.6	+ 5.3	+ 9.8	+12.7	+ 7.1	+ 6.6	+ 7.0	+17.3	
1st Quarter 1969	+ 0.1	- 2.8	+ 1.7	- 4.8	+ 4.1	+ 6.5	+ 3.2	- 5.1	
2nd Quarter 1969	+ 1.2	- 4.7	+ 0.2	- 2.2	+ 4.5	+ 6.3	+ 4.2	- 3.0	n.a.
3rd Quarter 1969	- 9.3	- 4.8	- 8.6	- 9.4	--	+ 3.6	- 1.3	-13.3	- 4.0
4th Quarter 1969	+ 1.4	+ 0.1	+ 2.0	+ 0.1	+ 1.2	+ 6.2	--	--	+ 2.0
1st Quarter 1970	- 2.9	- 2.0	- 2.3	- 0.7	+ 2.0	+ 7.0	+ 0.5	- 0.2	+ 0.3
<b>Monthly</b>									
1968--April	- 6.9	- 6.9	- 5.2	- 5.2	+ 5.9	+ 5.8	+ 5.0	+ 3.2	
May	+ 2.5	+ 0.9	- 0.6	+ 2.2	+11.0	+ 8.7	+12.3	+ 3.2	
June	+ 8.8	+12.3	+11.3	+ 7.3	+ 9.0	+ 8.7	+ 8.3	+ 2.6	
July	+ 7.6	+13.8	+ 9.4	+ 9.4	+ 8.9	+ 5.7	+ 9.8	+15.9	
August	+22.4	+22.4	+22.3	+22.2	+ 8.9	+ 8.6	+ 8.9	+17.0	
September	+ 4.3	+ 8.3	+ 2.6	+ 8.8	+ 2.5	+ 8.5	+ 1.6	+16.1	
October	+ 8.5	+ 9.2	+10.4	+13.3	+ 2.5	+ 2.8	+ 2.4	+18.3	
November	+ 7.9	+ 1.3	+ 8.4	+11.5	+11.3	+11.2	+11.3	+16.2	
December	+12.1	+ 5.3	+10.2	+13.0	+ 7.4	+ 5.6	+ 7.2	+16.6	
1969--January	+ 7.5	+ 4.5	+12.7	- 3.2	+ 6.2	+ 2.8	+ 7.1	-10.0	
February	- 3.4	- 4.9	- 3.0	- 1.2	+ 3.1	+ 8.3	+ 1.6	- 4.7	
March	- 3.8	- 8.0	- 4.4	-10.1	+ 3.1	+ 8.2	+ 1.6	- 0.6	
April	- 8.5	-12.0	- 5.0	+ 4.9	+ 7.9	+ 2.7	+10.2	--	
May	+19.9	+ 6.0	+14.3	- 1.2	+ 1.2	+ 8.1	- 1.6	- 3.6	
June	- 7.6	- 8.2	- 8.6	-10.2	+ 4.2	+ 8.1	+ 3.1	- 5.4	
July	-22.5	-19.3	-17.6	-18.9	+ 1.8	+ 5.4	+ 1.6	-18.5	- 7.0
August	- 5.6	- 2.8	- 7.6	-11.3	- 1.8	+ 8.0	- 4.7	-19.4	- 7.5
September	--	+ 7.7	- 0.8	+ 1.7	--	- 2.6	- 0.8	- 2.5	+ 1.6
October	-11.7	-17.9	-10.4	- 9.2	+ 0.6	+10.6	- 0.8	- 3.7	- 7.9
November	+ 9.7	+ 5.5	+ 9.3	+ 9.7	+ 1.2	+ 7.9	- 1.6	- 0.6	+12.7
December	+ 6.3	+12.1	+ 6.9	--	+ 1.8	--	+ 2.3	+ 4.3	+ 1.6
1970--January	+ 3.6	+ 7.6	+ 5.0	- 3.8	+ 9.6	+ 5.2	+10.9	-12.4	- 3.1
February p	-14.3	-18.0	-13.1	- 9.3	-10.1	+ 7.8	-15.5	- 0.6	- 6.3

p - Preliminary.

Table 3  
AGGREGATE RESERVES AND MONETARY VARIABLES  
Seasonally Adjusted

(Based on monthly averages of daily figures)

Period	Reserve Aggregates <sup>5/</sup>			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy + Euro-dollars + other nondep. sources of funds	
	Total reserves	Nonborrowed reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits <sup>1/</sup>	U.S. Gov't demand deposits	Total	Currency <sup>2/</sup>	Private demand deposits <sup>3/</sup>			
	(In millions of dollars)			(In billions of dollars)									
Monthly:													
1968--January	26,134	25,818	25,774	275.1	149.9	119.7	5.4	182.6	40.6	142.0	184.1		
February	26,352	25,961	25,989	277.4	150.2	120.1	7.1	183.3	40.7	142.6	185.8		
March	26,451	25,755	26,078	278.5	151.2	120.6	6.7	184.2	41.1	143.2	187.2		
April	26,298	25,606	25,964	277.3	151.3	120.8	5.2	185.1	41.3	143.8	187.7		
May	26,353	25,626	25,952	277.8	151.5	122.7	3.7	186.8	41.6	145.3	188.2		
June	26,547	25,889	26,196	279.5	151.8	123.8	3.9	188.2	41.9	146.3	188.6		
July	26,715	26,186	26,402	281.7	153.8	125.2	2.7	189.6	42.1	147.5	191.1		
August	27,213	26,675	26,893	286.9	156.5	125.6	4.8	191.0	42.4	148.6	193.8		
September	27,311	26,860	26,951	289.0	158.9	124.8	5.3	191.4	42.7	148.8	196.4		
October	27,504	27,066	27,185	292.2	161.5	125.7	5.0	191.8	42.8	149.1	199.4		
November	27,685	27,095	27,376	295.0	163.5	126.8	4.7	193.6	43.2	150.5	202.1		
December	27,964	27,215	27,609	298.2	165.8	128.2	4.2	194.8	43.4	151.4	204.9		
1969--January	28,139	27,318	27,902	297.0	163.2	128.4	5.4	195.8	43.5	152.3	203.2		
February	28,060	27,206	27,832	296.7	161.0	129.1	6.7	196.3	43.8	152.5	202.4		
March	27,972	27,024	27,729	294.2	160.5	128.9	4.8	196.8	44.1	152.6	202.3		
April	27,775	26,754	27,614	295.4	160.1	129.4	5.9	198.1	44.2	154.0	202.3		
May	28,235	26,888	27,942	295.1	159.3	130.0	5.9	198.3	44.5	153.8	201.7		
June	28,056	26,705	27,742	292.6	158.1	130.5	4.0	199.0	44.8	154.2	200.8	307.5	
July	27,530	26,275	27,334	288.0	155.1	130.5	2.4	199.3	45.0	154.4	197.7	305.7	
August	27,401	26,214	27,161	285.3	152.5	129.9	2.9	199.0	45.3	153.8	194.5	303.8	
September	27,402	26,383	27,144	285.7	152.1	129.2	4.4	199.0	45.2	153.7	194.1	304.2	
October	27,354	26,210	27,129	283.5	151.5	128.9	3.1	199.1	45.6	153.6	193.5	302.2	
November	27,783	26,538	27,548	285.8	151.1	129.1	5.6	199.3	45.9	153.4	193.4	305.5	
December	27,928	26,806	27,707	285.8	151.5	129.4	4.9	199.6	45.9	153.7	194.1	305.7	
1970--January p	28,012	26,976	27,823	284.9	149.4	130.1	5.3	201.2	46.1	155.1	192.1	304.9	
February p	27,679	26,571	27,519	282.7	148.8	128.6	5.3	199.5	46.4	153.1	192.0	303.3	

<sup>1/</sup> Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.

<sup>2/</sup> Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.

<sup>3/</sup> 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.

<sup>4/</sup> Excludes interbank and U.S. Government time deposits.

<sup>5/</sup> Includes increases in required reserves due to changes in Regulations M and D of approximately \$400 million since October 16, 1969.

Table 4  
AGGREGATE RESERVES AND MONETARY VARIABLES  
Seasonally Adjusted

Period	Reserve Aggregates			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy + Euro-dollars + other nondep. sources of funds
	Total reserves	Nonborrowed reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits 1/	U.S. Gov't, demand deposits	Total	Currency 2/	Private demand deposits 3/		
	(In millions of dollars)											
	(In billions of dollars)											
1969--Sept. 3	27,409	26,194	26,957	285.8	151.9	130.7	3.2	199.5	45.5	154.0	194.0	304.3
10	27,325	26,687	27,059	283.7	151.9	129.7	2.2	199.3	45.1	154.2	193.9	302.3
17	27,370	26,364	27,238	287.1	152.0	129.8	5.2	199.6	45.3	154.3	194.2	305.7
24	27,236	26,199	26,982	285.0	152.2	128.6	4.1	198.3	45.3	153.0	194.0	303.4
Oct. 1	27,717	26,362	27,417	284.2	152.3	128.1	3.8	198.3	45.2	153.1	194.3	302.4
8	27,233	26,291	27,044	283.7	151.9	128.8	3.0	199.6	45.4	154.3	193.9	301.9
15	27,260	25,975	27,059	281.9	151.4	127.8	2.7	198.7	45.6	153.0	193.6	300.7
22	27,547	26,520	27,263	284.1	151.3	129.7	3.1	199.9	45.7	154.3	193.3	303.2
29	27,238	25,989	27,041	283.4	151.2	129.1	3.2	198.5	45.7	152.8	193.4	302.1
Nov. 5	27,655	26,359	27,360	286.0	151.3	129.3	5.5	198.7	45.7	153.0	193.3	304.7
12	27,565	26,339	27,354	285.9	151.0	129.0	5.9	199.7	45.8	153.9	193.1	305.2
19	27,951	26,829	27,732	285.7	151.0	129.2	5.5	200.1	45.9	154.2	193.2	305.3
26	27,897	26,547	27,637	285.5	151.1	129.1	5.3	199.2	45.9	153.2	193.5	305.8
Dec. 3	27,839	26,588	27,646	287.2	151.3	129.8	6.1	199.3	45.9	153.3	193.8	307.3
10	28,041	26,641	27,619	285.7	151.4	128.7	3.5	198.4	46.0	152.4	193.8	305.9
17	28,020	26,861	27,946	285.5	151.7	128.5	5.2	198.7	46.1	152.7	194.1	305.4
24	27,790	26,718	27,576	284.3	151.8	127.6	5.0	197.8	46.2	151.6	194.3	304.5
31	27,898	27,099	27,713	286.2	151.3	131.3	3.7	203.0	45.8	157.2	193.9	306.1
1970--Jan. 7	28,115	27,148	27,791	286.2	150.6	131.6	4.0	202.5	45.7	156.8	193.2	305.4
14	28,009	27,137	27,939	285.0	149.7	130.6	4.7	202.1	46.0	156.1	192.3	305.2
21 p	28,072	27,056	27,918	284.9	149.2	130.3	5.3	201.7	46.1	155.5	192.0	305.4
28 p	27,883	26,730	27,685	284.1	148.6	128.8	6.7	199.2	46.3	152.9	191.5	304.5
Feb. 4 p	27,936	26,591	27,732	282.8	148.4	128.6	5.8	199.1	46.3	152.8	191.1	303.3
11 p	27,691	26,670	27,559	282.7	148.3	127.9	6.4	198.6	46.3	152.3	191.4	303.2
18 p	27,683	26,522	27,516	281.9	148.8	128.7	4.4	199.7	46.4	153.3	191.9	302.5
25 p	27,567	26,509	27,445	283.3	149.1	128.8	5.4	200.0	46.4	153.6	192.6	303.8
Mar. 4 p	27,562	26,568	27,318	283.8	149.6	129.4	4.8	200.3	46.4	153.8	193.0	304.1

1/ Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.

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

3/ 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.

4/ Excludes interbank and U.S. Government time deposits.

5/ Includes increased in required reserves due to changes in Regulations M and D of approximately \$400 million since October 16, 1969.