

Prefatory Note

The attached document represents the most complete and accurate version available based on original copies culled from the files of the FOMC Secretariat at the Board of Governors of the Federal Reserve System. This electronic document was created through a comprehensive digitization process which included identifying the best-preserved paper copies, scanning those copies,¹ and then making the scanned versions text-searchable.² Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

¹ In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

² A two-step process was used. An advanced optical character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

(CONFIDENTIAL FR)

October 16, 1970.

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the Staff

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONSRecent developments

(1) Interest rates on short-term credit instruments and on Treasury notes and bonds have moved lower since the September 15 meeting of the Committee, while yields on corporate and municipal bonds have changed little on balance under the pressure of a very heavy volume of new issues. The latest yield on the 3-month Treasury bill was around 5.90 per cent, compared with 6.30 per cent at the time of the meeting. Other short-term rates, which tend to lag behind bill rates, have drifted steadily lower, as banks have continued to reduce their borrowings in the commercial paper market and the GM strike has lessened demands on the finance paper market.

(2) The Federal funds rate has fluctuated widely since the last meeting. Immediately following the meeting, an unexpected bulge in reserve availability pushed the Federal funds rate into the 5-3/4--6 per cent range and helped give rise to market expectations that the discount rate was about to be reduced. Most recently, however, trading has taken place generally in the 6-1/8--6-1/2 per cent range specified in the last Blue Book. With large and unexpected shifts in market factors affecting reserves over the last four weeks, net reserves have fluctuated in a -\$500 million to +\$25 million range. At the same time, weekly average

member bank borrowings have ranged from around \$400 million to about \$660 million.

(3) The outstanding level of the money supply in September turned out to be higher than was estimated at the time of the last meeting mainly as a result of higher-than-expected weekly money supply figures in the first half of the month. At the moment, the third quarter rate of expansion in money is 5 per cent corrected for bias (and 5.3 per cent on a published basis). The adjusted bank credit proxy is estimated to have grown from August to September and also over the third quarter as a whole at rates in line with previous Blue Book indications. Banks continued to run off commercial paper in anticipation of the new reserve requirement, with the \$2.0 billion September decline (September 2-September 30) bringing the total run-off from the August 17 reserve requirement announcement through September to /\$3.1 billion. Bank liabilities to their foreign branches dropped by about \$600 million over the four weeks ending September 30 as the widening spread between Euro-dollars and domestic rates caused banks to reduce their use of foreign funds, and, in some instances, to allow these deposits to fall below the reserve free base. These reductions in September in non-deposit sources of funds were only partially offset by a \$1.5 billion increase in CD's over the month. But growth of other time and savings deposits was very strong in September--at a 14 per cent average annual rate, close to that in the two previous months taken together.

(4) The following table shows recent developments in the money supply and the adjusted credit proxy.

<u>Recent Paths of Key Monetary Aggregates</u> (Seasonally adjusted, billions of dollars)						
<u>1970</u> <u>Month</u>	<u>Adjusted Credit Proxy</u>		<u>Money Supply</u>			
	<u>Indicated at</u> <u>Last Meeting</u> ^{1/}	<u>Actual</u> <u>Results</u>	<u>Indicated at</u> <u>Last Meeting</u> ^{1/}	<u>Actual</u> <u>Results</u>		
August	322.0	321.9	206.2	(210.6) ^{2/}	206.0	(210.5) ^{2/}
September	324.6	324.5	205.9	(209.9)	206.3	(210.8)
<u>Week ending</u>						
September 9	323.7	324.3	204.2	(208.2)	205.8	(210.2)
16	323.5	324.9	205.9	(209.9)	207.1	(211.6)
23	325.4	324.0	205.9	(209.9)	205.0	(209.6)
30	325.7	323.7	207.5	(211.5)	206.4	(210.9)
October 7	326.2	325.3	206.8	(210.8)	207.0	(211.5)
14 ^{e/}	326.1	324.4	206.9	(210.9)	205.7	(210.2)
	<u>% Annual Rates of Change</u>		<u>% Annual Rates of Change</u>			
September over August	9.5	9.7	- 1.5	(- 4.0)	1.7	(1.7)
Third Quarter ^{3/} (Sept. over June)	17.5	17.2	4.5	(5.0)	5.3	(5.0)

e/ partly estimates.

1/ Alternative A path of previous Blue Book.

2/ Figures in parentheses reflect estimated money supply levels and per cent annual rates of growth after correction for bias.

3/ The third quarter annual rates of increase for the money supply measured on a quarterly average over quarterly average basis were 3.7 per cent on a published basis and 4.6 per cent corrected for bias.

(5) The following table summarizes seasonally adjusted annual rates of change in major financial aggregates for selected periods:

	Past Year (Sept. over Sept.)	First Half of 1970 (June over December)	Third Quarter (Sept. over June)
Total Reserves	6.7	- 0.2	19.1
Nonborrowed Reserves	8.8	1.9	24.3
Money Supply	5.9 (5.2) <u>1/</u>	4.0 (5.5) <u>1/</u>	5.3 (5.0) <u>1/</u>
Large CD's (dollar amount) <u>2/</u>	\$9.5	\$ 1.6	\$ 8.7
Other time and savings deposits	7.3	5.7	15.3
Savings account at nonbank thrift institutions	5.0	4.5	9.4
<u>Member bank deposits and related sources of funds</u>			
Total member bank deposits (Bank credit proxy)	7.8	3.3	24.1
Proxy plus Euro-dollars and other nondeposit sources	6.7	3.5	17.2
<u>Commercial bank credit (Month end)</u>			
Total loans and investments of all commercial banks	6.3	1.9	16.3
L&I plus loans sold outright to affiliates and foreign branches	6.6	3.9	13.2
<u>Nonbank commercial paper</u>	8.1	14.2	-17.7

NOTE: All items are averages 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, and the nonbank commercial paper and thrift institutions series, which are end-of-month data. All additions to the total member bank deposit series are seasonally unadjusted numbers, since data have not been available for a long enough time to make seasonal adjustments.

1/ Figures in parentheses reflect estimated percentage annual rates of growth in money supply after correction of levels for bias.

2/ Actual dollar change over the period in billions.

Prospective developments

(6) If the Committee wishes to continue the policy stance adopted at the previous meeting, the language incorporated in the second paragraph of the directive at the last meeting could be continued, with an amendment to take account of the Treasury financing schedule, as follows:

"To implement this policy, the Committee seeks to promote some easing of conditions in credit markets and moderate growth in money and attendant bank credit expansion over the months ahead. System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining bank reserves and money market conditions consistent with that objective, TAKING ACCOUNT OF THE FORTHCOMING TREASURY FINANCINGS."

(7) "Moderate growth in money and attendant bank credit expansion over the months ahead" could be interpreted to encompass a 5 per cent annual rate of growth for the money stock over the fourth quarter. It would appear, at this point, that such a money growth would be accompanied by around a 9 per cent rate of expansion in the adjusted bank credit proxy. Monthly paths for money and bank credit consistent with these growth rates are shown in the table below, along with the associated supply of bank reserves needed to sustain bank deposits.

<u>Month</u>	<u>Money Supply</u> ^{1/}		<u>Adjusted Credit Proxy</u>		<u>Total Reserves</u>	
	<u>Levels</u>	<u>Annual Rate of change</u>	<u>Levels</u>	<u>Annual Rate of change</u>	<u>Levels</u>	<u>Annual Rate of change</u>
Sept.	(210.8) 206.3	(1.7) 1.7	324.5	9.7	29.2	31.0
Oct. (proj.)	(211.6) 207.1	(4.5) 4.5	326.4	7.0	29.1	-16.5
Nov. "	(212.7) 208.2	(6.0) 6.0	329.4	11.0	29.9	33.5
Dec. "	(213.4)	(4.0)	331.6	8.5	30.0	5.5
<u>Quarter</u>						
4th (Dec. over Sept.)		5.0		9.0		7.5

^{1/} For the money supply, the figures in parenthesis represent the unpublished figures corrected for bias. The quarter-over-quarter money supply growth for the fourth quarter would be 5 per cent also.

(8) To sustain a 5 per cent growth rate in the money supply over the fourth quarter may entail some declines in interest rates from current levels between now and year-end. The economy is expected to be generally sluggish in the current quarter, partly because of the auto strike and its ramifications, with a consequent slackening in the transactions needs for cash. Business loan demands at banks are likely to be sluggish, if the rate of inventory accumulation declines as expected and as corporations continue to finance heavily in capital markets partly for debt structure reasons. Under these circumstances, injections of bank reserves through open market operations to achieve the desired money growth are likely to be reflected, among other things, in relatively sizable bank purchases of U.S. Treasury and other market securities. As a result, interest rates may edge downwards on balance.

(9) The actual movement of short- and long-term rates will depend in large part on bank liquidity preferences, Treasury financing strategy, the volume of new corporate and municipal issues, bank loan demands, and shifts in market expectations. Banks are still likely to have a general preference for more liquid, short-term instruments. However, there is some evidence that more banks are beginning to make longer-term investments in the municipal market; these banks have already restored some liquidity and may be attracted by wider spreads of long-term over short-term rates. Moreover, the drop in short-term market rates has come to make both large CD's and other time deposits seem to be a more permanent source of funds. Such considerations may encourage banks to be more willing buyers of a long option in the Treasury's forthcoming mid-November financing, to be announced on October 22, with books open in the last week of October.

(10) While it is too early at this writing to be certain about the form of the forthcoming Treasury financing, it would appear that it may entail a rights offering of two note issues, plus a cash offering to cover attrition and whatever additional cash may be desired. The rights portion would have to be settled on November 16. The cash portion may be settled on that date, or possibly, if the attrition is low enough, at a later time; the cash portion could take the form of a bill auction or perhaps an auction of a short note. In any event, the Treasury will have to raise some additional cash by early December. During the fourth quarter, the Treasury is likely to have to raise about \$7 billion of net

new cash mainly in the bill area, including additions to the weekly and monthly bill auctions and the \$2-1/2 billion tax bill financing currently in the market. This may cushion further declines in short-term rates.

(11) A continuing large calendar of corporate and municipal issues will tend to inhibit declines in long-term rates. Nevertheless, investors have shown a desire to lock up high long-term yields--as indicated by the market absorption of a huge volume of long-term securities with little upward yield pressure. Thus, the absorption capacity of the market should tend to offset upward yield pressure from a continued very large supply of new offerings. And long-term market rates could work lower if weak loan demand leads to liberalization of bank lending terms and/or greater bank interest in longer-term securities.

(12) Between now and the next meeting, day-to-day operating targets for money market conditions designed to lead to injection of sufficient bank reserves to promote the desired growth path for other monetary aggregates and lead to some easing of credit market conditions might include a Federal funds rate in a 6--6-1/2 per cent range, member bank borrowings averaging around \$350-\$450 million per week, and net borrowed reserves in a wide 0-\$500 million range. The 3-month bill rate might be expected to be in a 5-3/4--6-1/8 per cent range.

(13) With the bill rate at this level, banks will be in a position to obtain large CD's virtually throughout the whole maturity spectrum, although investor interest in longer-term CD's thus far seems

quite modest. Also banks may not be as aggressive as in recent months in the CD area, and offering rates on short CD's have dropped while a few banks have even reduced offering rates on 3- and 6-month CD's below ceiling rates. Thus, the rate of increase in time deposits may still be at about a 22 per cent annual rate in the fourth quarter, although this is about 10 percentage points less rapid than in the third quarter. Some of the new bank deposit funds will be used to repay nondeposit sources, as banks have no further incentive to maintain a high level of borrowing through the round-about channel of the commercial paper market and as they react to the unfavorable yield spread of Euro-dollars over CD rates. It is not clear to what extent banks will take account of yield relationships in their behavior toward Euro-dollar borrowings, but we have estimated all outstanding non-deposit funds will drop by about \$150 million per week through mid-November, and by lesser amounts thereafter, thus contributing to the slower expected growth rate in the adjusted credit proxy for the fourth quarter as compared with the third.

(14) In October the adjusted credit proxy may rise at about a 7 per cent annual rate, down about 3 percentage points from September, as shown in the table in paragraph (7). On the other hand, money supply growth may rebound to around a 4-1/2 per cent annual rate from the 1-1/2 per cent growth rate of September. Both the credit proxy and the money supply are expected to rise a little more rapidly in November, as the Treasury financing stimulates some additional credit and money flows.

Weekly paths for the monetary aggregates through mid-November that seem consistent with these developments are shown below.

		<u>Money Supply</u> ^{1/}	<u>Credit Proxy adjusted</u>	<u>Total Reserves</u>
<u>Week ending</u>				
October	14 ^{e/}	205.7 (210.2)	324.4	28.4
	21	207.9 (212.4)	325.7	29.5
	28	207.7 (212.2)	329.1	29.5
November	4	206.9 (211.4)	329.1	29.5
	11	208.1 (212.6)	329.6	29.9
	18	208.6 (213.1)	329.4	30.0

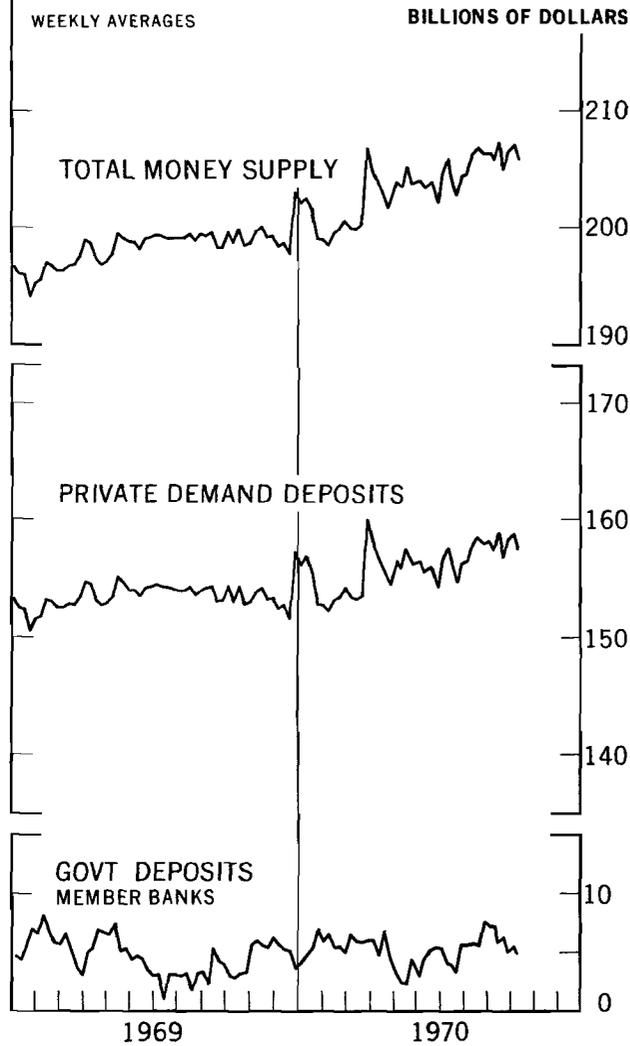
3/ Estimated.

1/ For the money supply, the figures in parenthesis represent the figures corrected for bias.

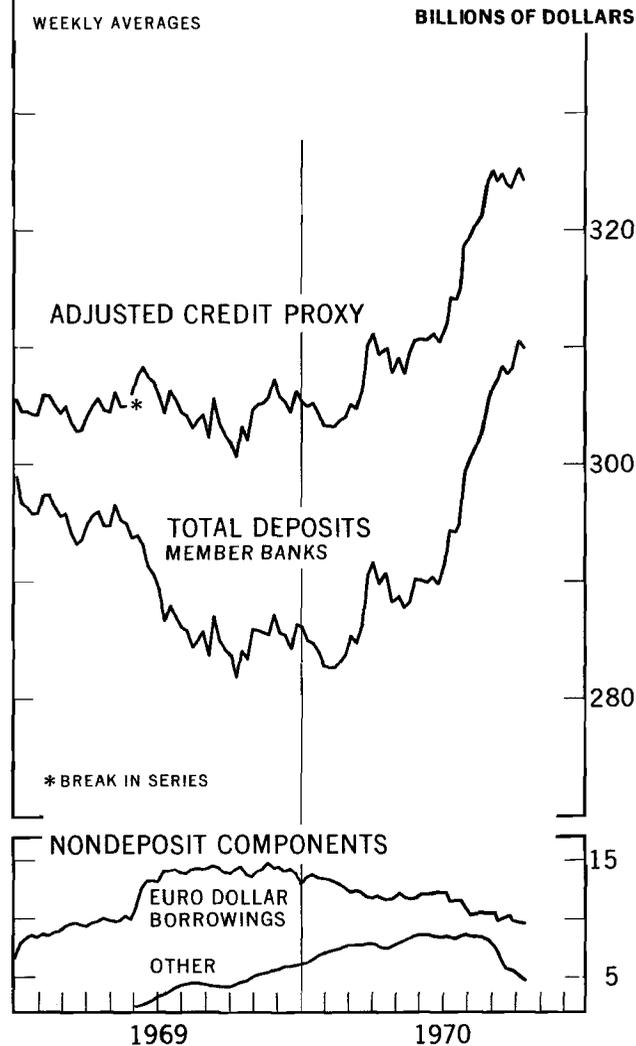
SELECTED MONETARY AGGREGATES

SEASONALLY ADJUSTED

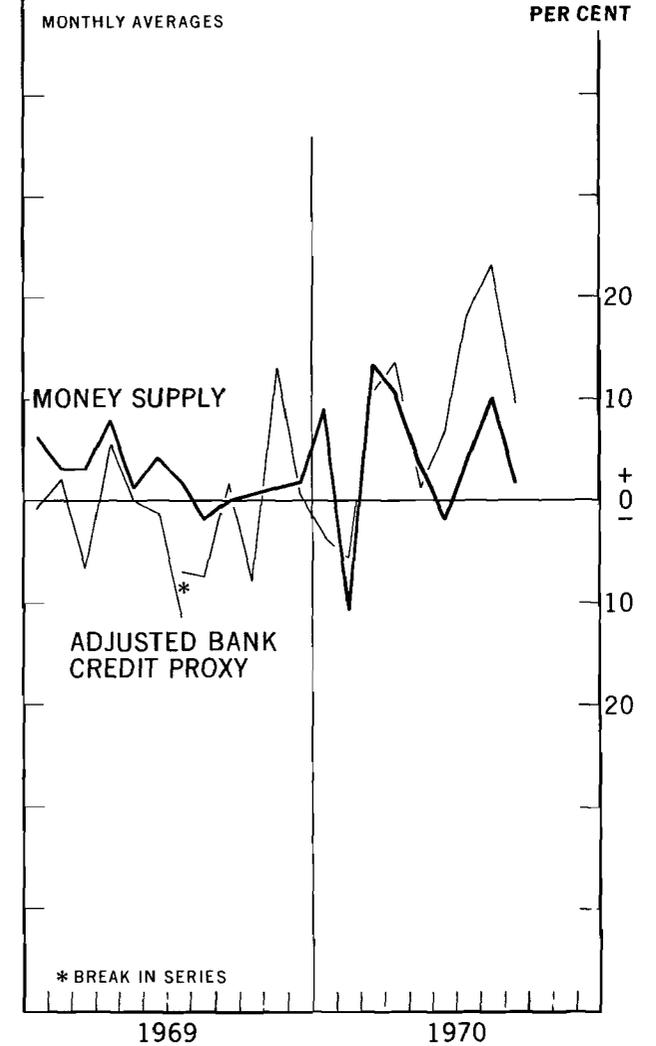
MONEY AND GOVERNMENT DEPOSITS



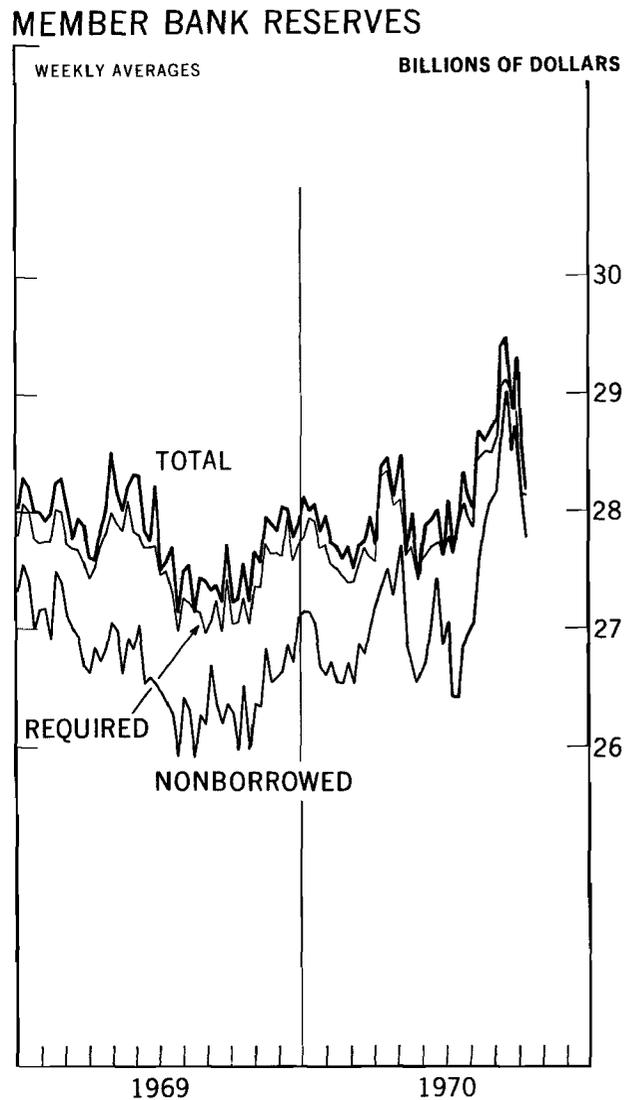
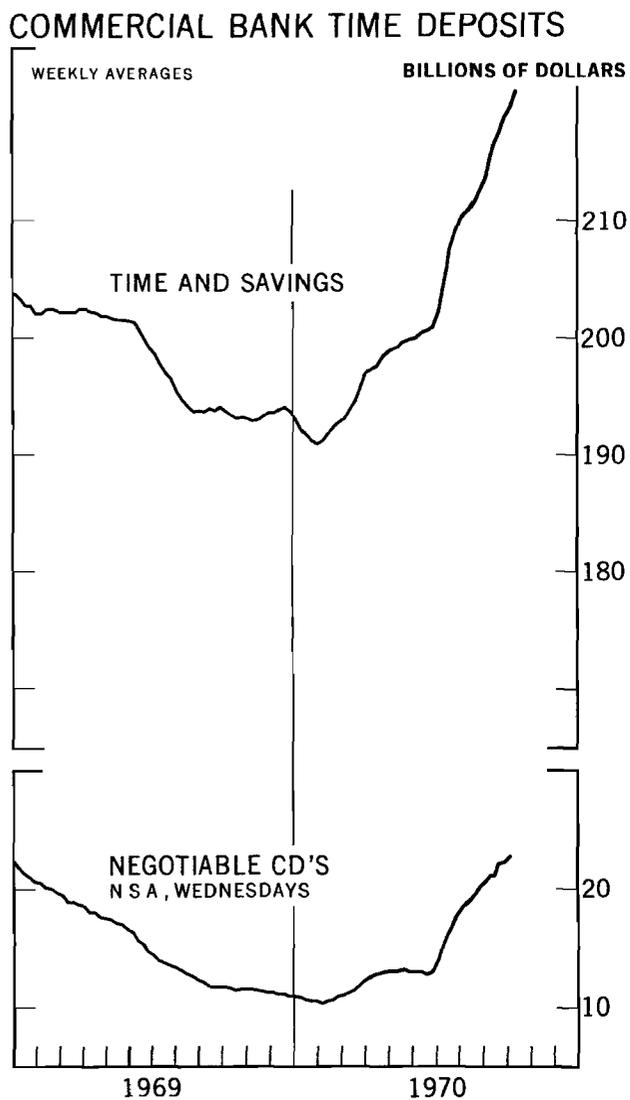
BANK CREDIT PROXY



ANNUAL RATES OF CHANGE

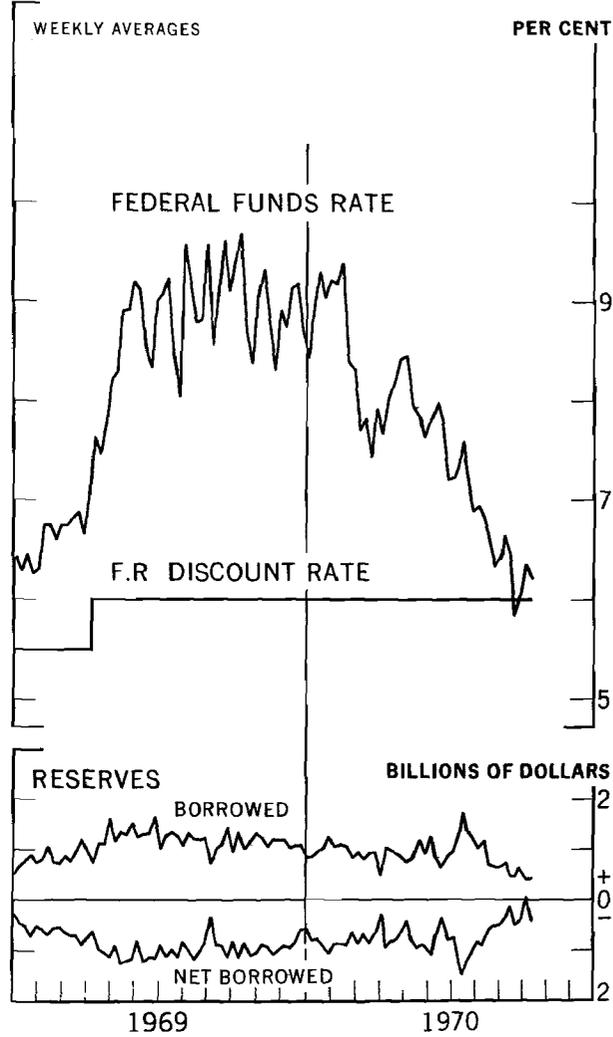


SELECTED MONETARY AGGREGATES - Cont.

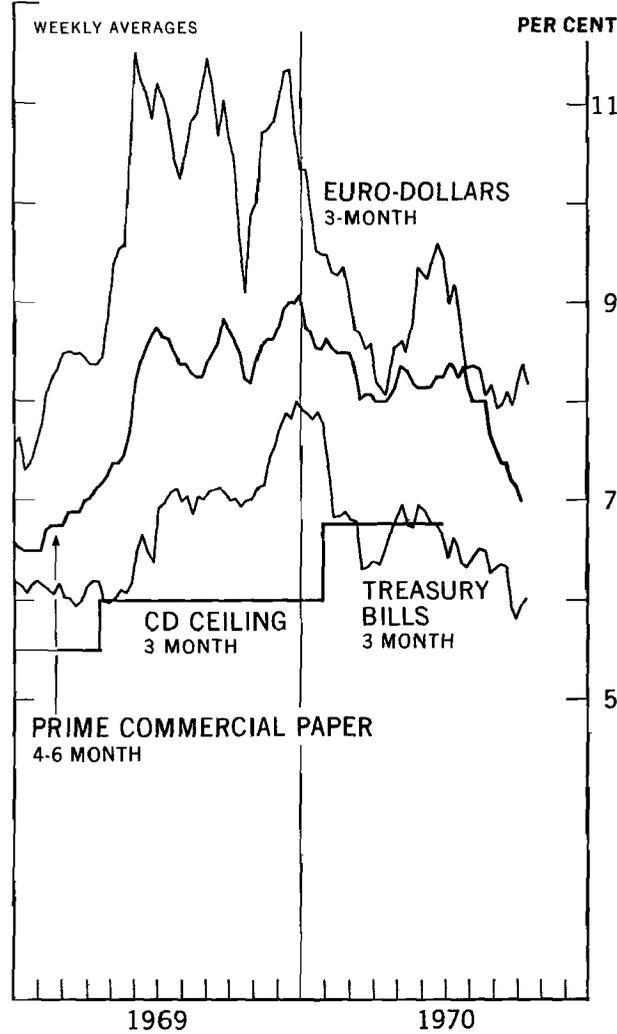


MONEY MARKET CONDITIONS AND INTEREST RATES

MONEY MARKET CONDITIONS



INTEREST RATES Short-term



INTEREST RATES Long-term

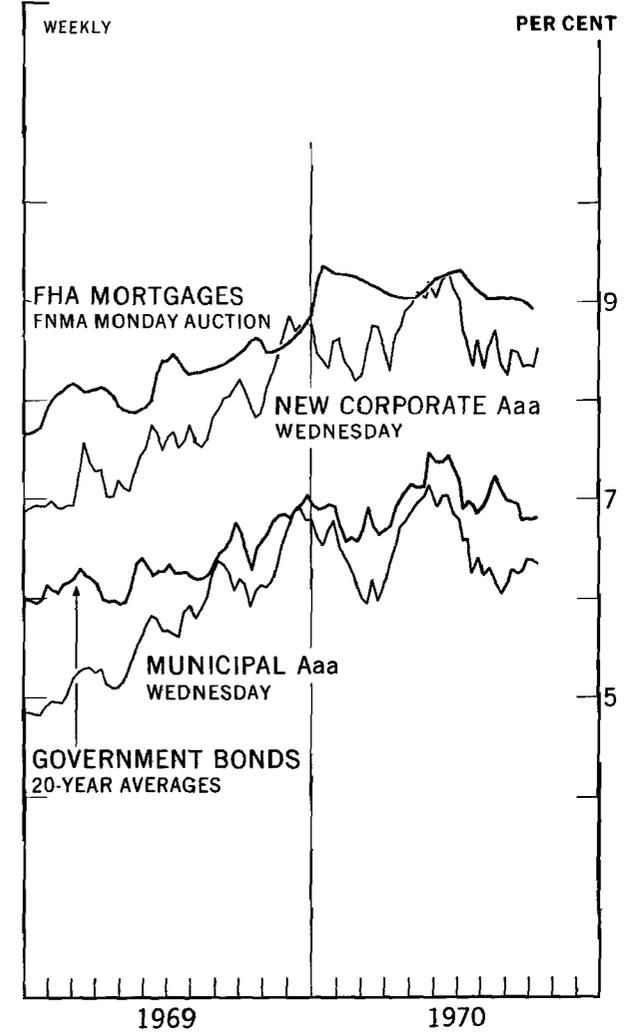


Table 1
MARGINAL RESERVE MEASURES
(Dollar amounts in millions, based on period averages of daily figures)

Period	Free reserves	Excess reserves	Member Banks Borrowings				
			Total	Reserve City			Country
				Major banks		Other	
			8 N.Y.	Outside N.Y.			
Monthly (reserves weeks ending in):							
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	- 759	169	928	148	287	232	261
February	- 916	210	1,126	106	317	289	414
March	- 751	129	880	90	225	287	278
April	- 687	178	865	227	331	119	188
May	- 765	159	924	165	241	228	290
June	- 736	171	907	140	289	217	261
July	-1,134	183	1,317	218	460	348	291
August	- 706	175	881	143	278	273	187
September p	- 379	230	609	101	117	272	119
1970--Apr. 1	- 610	339	949	232	264	161	292
8	- 317	179	496	--	269	49	178
15	- 915	102	1,017	322	509	47	139
22	- 811	158	969	517	252	81	119
29	- 783	111	894	63	361	259	211
May 6	- 424	350	774	93	248	220	213
13	- 782	28	810	150	254	202	204
20	- 965	214	1,179	332	310	243	794
27	- 889	44	933	86	150	247	450
June 3	-1,029	195	1,224	269	354	262	339
10	- 721	136	857	195	238	169	255
17	- 390	268	658	--	251	188	219
24	- 799	88	887	97	313	248	229
July 1	- 718	273	991	93	260	304	333
8	-1,219	75	1,294	360	412	283	240
15	-1,451	230	1,681	467	569	371	274
22	-1,201	185	1,386	139	531	395	321
29	-1,078	153	1,231	29	528	388	286
Aug. 5	- 822	188	1,010	114	362	303	231
12	- 894	280	1,174	382	362	300	130
19	- 589	92	681	21	243	229	188
26	- 522	138	660	56	144	262	198
Sept. 2	- 482	178	660	79	181	221	179
9	- 348	415	763	160	143	343	117
16	- 144	356	500	89	93	224	94
23	- 507	-47	460	75	77	259	49
30 p	- 413	250	663	103	93	312	155
Oct. 7 p	27	423	396	--	4	303	89
14 p	- 421	32	453	21	21	338	73

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 nondep. sources of funds	Addendum: Nonbank commercial paper
					Total	Currency	Private Demand Deposits			
Annually										
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	+ 2.5	+ 5.8	+ 1.5	- 5.3	n.a.	
Semi-annually										
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	+27.6
1st Half 1970	- 0.2	+ 1.9	--	+ 3.3	+ 4.0	+ 8.3	+ 2.9	+ 7.1	+ 3.5	+14.0
Quarterly										
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	- 4.3	+31.0
4th Quarter 1969	+ 1.4	- 0.1	+ 2.0	+ 0.1	+ 1.2	+ 6.2	--	--	+ 2.0	+22.4
1st Quarter 1970	- 2.9	- 0.4	- 2.5	+ 0.6	+ 3.8	+ 7.0	+ 2.9	+ 0.4	+ 0.5	+13.2
2nd Quarter 1970	+ 2.6	+ 4.1	+ 2.6	+ 6.0	+ 4.2	+ 9.4	+ 2.8	+13.8	+ 6.5	+14.3
3rd Quarter 1970	+19.1	+24.3	+18.9	+24.1	+ 5.3	+ 4.2	+ 5.4	+31.6	+17.2	-17.7
Monthly										
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	+ 0.8	- 0.6		
April	- 8.5	-12.0	- 5.0	+ 4.9	+ 7.9	+ 2.7	+11.0	--		
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	+26.4
August	- 5.6	- 2.8	- 7.6	-11.3	- 1.8	+ 8.0	- 4.7	-19.4	- 7.5	+23.8
September	--	+ 7.7	- 0.8	+ 1.7	--	- 2.6	- 0.8	- 2.5	+ 1.6	+40.7
October	-11.7	-17.9	-10.4	- 9.2	+ 0.6	+10.6	- 0.8	- 3.7	- 7.9	+20.0
November	+ 9.7	+ 5.5	+ 9.3	+ 9.7	+ 1.2	+ 7.9	- 1.6	- 0.6	+13.1	+11.7
December	+ 6.3	+12.1	+ 6.9	--	+ 1.8	--	+ 2.3	+ 4.3	+ 0.8	+34.2
1970--January	+ 3.1	+ 7.2	+ 5.0	- 4.2	+ 9.0	+ 5.2	+10.1	-12.4	- 3.5	+ 3.6
February	-12.0	-15.6	-12.9	- 8.0	-10.7	+ 7.8	-15.5	- 0.6	- 5.5	+35.7
March	--	+ 7.5	+ 0.6	+14.0	+13.2	+ 7.8	+14.1	+14.4	+10.7	+ 0.4
April	+21.3	+25.4	+22.2	+16.8	+10.7	+ 7.7	+10.9	+22.2	+13.7	+71.3
May	-13.9	-19.0	-15.1	- 4.5	+ 3.5	+15.3	--	+10.3	- 1.2	+10.7
June	+ 0.5	+ 6.2	+ 0.9	+ 5.8	- 1.8	+ 5.0	- 2.3	+ 8.4	+ 7.0	-37.3
July	+ 6.0	-16.1	+ 7.9	+22.7	+ 4.1	+ 7.5	+ 2.3	+35.2	+18.1	-88.4
August	+23.3	+48.8	+22.0	+29.2	+10.0	+ 2.5	+12.3	+28.4	+23.2	-14.1
September p	+31.0	+39.8	+26.0	+19.0	+ 1.7	+ 2.5	+ 1.5	+28.9	+ 9.7	+53.0

p - Preliminary.

Table 3
AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

(Based on monthly averages of daily figures)

Period	Reserve Aggregates <u>5/</u>			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy + Euro-dollars + other nondep. sources of funds	Addendum: Nonbank commercial paper	
	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/				
Monthly:	(In millions of dollars)			(In billions of dollars)										
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	25.5	
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	26.1	
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	26.6	
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	27.5	
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	27.9	
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	28.2	
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	29.0	
1970--January	28,001	26,966	27,823	284.8	149.4	130.1	5.3	201.1	46.1	155.0	192.1	304.8	29.1	
February	27,722	26,615	27,523	282.9	148.8	128.5	5.6	199.3	46.4	153.0	192.0	303.4	30.0	
March	27,723	26,782	27,536	286.2	150.6	129.8	5.9	201.5	46.7	154.8	194.3	306.1	30.0	
April	28,216	27,350	28,046	290.2	153.5	131.4	5.2	203.3	47.0	156.2	197.9	309.6	31.8	
May	27,890	26,916	27,692	289.1	154.6	131.4	3.0	203.9	47.6	156.2	199.6	309.3	32.0	
June	27,902	27,056	27,713	290.5	155.7	130.0	4.8	203.6	47.8	155.9	201.0	311.1	31.0	
July	28,041	26,694	27,896	296.0	160.7	130.9	4.4	204.3	48.1	156.2	206.9	315.8	28.8	
August	28,585	27,780	28,408	303.2	164.9	131.9	6.4	206.0	48.2	157.8	211.8	321.9	28.4	
September p	29,234	28,702	29,023	308.0	169.5	132.3	6.2	206.3	48.3	158.0	216.9	324.5	29.7*	

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. * - Last Wednesday figure.

5/ 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	Addendum: ⁵ Nonbank commercial paper
	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)												
1970--Apr. 1	27,954	27,005	27,605	290.5	152.0	132.6	5.9	206.8	46.9	159.9	196.0	310.1	
8	27,745	27,229	27,566	291.6	152.9	132.8	5.9	204.7	46.9	157.8	197.2	311.0	
15	28,390	27,363	28,290	289.9	153.2	132.1	4.6	203.7	47.1	156.6	197.5	309.4	
22	28,448	27,516	28,330	290.7	153.8	130.3	6.6	202.5	47.1	155.4	198.2	309.9	
29	28,282	27,288	28,051	288.4	154.2	129.8	4.4	201.7	47.3	154.5	198.8	308.0	
May 6	28,481	27,710	28,101	288.9	154.3	131.4	3.2	203.9	47.5	156.4	199.1	309.0	31.7
13	27,696	26,876	27,652	287.8	154.3	131.2	2.3	203.5	47.6	155.9	199.2	307.9	32.1
20	27,965	26,754	27,702	289.3	154.7	132.4	2.2	205.1	47.6	157.5	199.7	309.5	32.0
27	27,504	26,559	27,424	290.2	154.7	131.3	4.2	203.8	47.6	156.2	199.9	310.6	32.3
June 3	27,888	26,702	27,602	290.1	155.0	132.1	3.0	204.0	47.6	156.4	200.0	310.8	32.1
10	27,917	27,028	27,714	289.9	155.3	130.5	4.1	203.4	47.7	155.7	200.5	310.6	32.4
17	28,002	27,419	27,744	290.3	155.4	129.8	5.1	203.9	47.8	156.0	200.7	311.1	31.7
24	27,645	26,870	27,659	289.9	155.6	128.8	5.5	202.1	47.8	154.3	201.0	310.5	32.0
July 1	28,077	27,061	27,794	291.5	156.7	129.5	5.3	204.5	47.8	156.6	202.3	312.2	29.7
8	27,698	26,415	27,664	294.3	158.6	131.8	4.0	205.6	48.1	157.5	204.5	314.2	29.8
15	27,985	26,414	27,907	294.3	159.8	130.6	3.9	204.3	48.0	156.2	206.0	314.2	29.0
22	28,321	26,850	28,059	294.9	161.3	130.3	3.4	202.8	48.1	154.8	207.6	315.0	29.3
29	28,151	26,941	27,973	299.3	162.7	131.0	5.6	204.3	48.0	156.2	209.1	318.9	29.8
Aug. 5	28,052	27,052	27,879	300.6	163.7	131.4	5.6	204.5	48.1	156.4	210.2	319.4	29.5
12	28,684	27,610	28,440	301.4	164.1	131.6	5.7	206.1	48.2	157.9	210.9	320.3	29.6
19	28,612	27,916	28,510	302.4	164.6	132.2	5.6	206.7	48.2	158.4	211.6	321.3	29.6
26	28,689	28,064	28,502	305.5	165.7	132.4	7.4	206.2	48.1	158.0	212.7	324.2	30.0
Sept. 2	28,801	28,160	28,623	306.8	166.8	132.9	7.1	206.2	48.1	158.1	213.8	325.0	29.5
9	29,402	28,741	29,068	307.1	168.1	131.9	7.1	205.8	48.4	157.4	215.4	324.3	29.7
16	29,482	28,996	29,126	308.3	169.2	133.2	5.9	207.1	48.3	158.8	216.6	324.9	30.1
23	28,878	28,518	28,985	307.9	170.2	131.5	6.2	205.0	48.3	156.7	217.7	324.0	30.4
30 p	29,298	28,708	29,028	308.2	171.1	131.9	5.1	206.4	48.1	158.3	218.8	323.7	29.3
Oct. 7 p	28,551	28,198	28,138	310.5	172.0	133.1	5.4	207.0	48.2	158.8	219.7	325.3	30.0
14 p	28,189	27,784	28,131	309.9	172.9	132.1	4.9	205.7	48.3	157.4	221.2	324.2	n.a.

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/ Weekly nonbank commercial paper are not seasonally adjusted.

n.a. - Not available.

Table 5
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 1/	Other	Repurchase agreements			
Year:								
1968 (12/27/67 - 12/25/68)	+3,757	+3,298	+2,143 (--)	+1,176	- 21	- 3	- 52	+ 514
1969 (12/25/68 - 12/31/69)	+5,539	+5,192	+4,279 (--)	+ 707	+ 206	+ 67	+ 35	+ 245
Weekly:								
1970--Apr. 1	+ 179	+ 114	- 111 (+ 71)	--	+ 225	+ 34	+ 18	+ 13
8	- 720	- 222	- 40 (--)	--	+ 182	+ 37	- 8	- 453
15	+ 947	+ 370	+ 156 (--)	--	+ 214	+ 24	+ 32	+ 521
22	+ 222	- 132	+ 2 (--)	--	- 134	- 14	- 28	- 48
29	- 17	+ 36	- 72 (--)	--	+ 108	+ 6	+ 16	- 75
May 6	+1,047	+1,118	+1,154 (--)	--	- 36	+ 43	+ 6	- 120
13	+ 131	+ 195	+ 397 (--)	--	- 202	- 62	- 38	+ 36
20	+ 512	+ 88	- 50 (--)	--	+ 138	+ 36	+ 19	+ 369
27	- 664	- 359	- 221 (--)	--	- 138	- 36	- 23	- 246
June 3	+ 639	+ 326	+ 255 (--)	--	+ 71	+ 22	--	+ 291
10	- 213	+ 158	+ 143 (--)	--	+ 15	- 6	+ 2	- 367
17	+ 224	+ 453	+ 539 (--)	--	- 86	- 16	- 14	- 199
24	- 449	- 678	- 678 (- 145)	--	--	--	--	+ 229
July 1	+ 544	+ 445	+ 445 (+ 145)	--	--	--	- 5	+ 104
8	+ 231	- 73	- 73 (--)	--	--	--	+ 1	+ 303
15	+1,181	+ 632	-- (--)	--	+ 632	+ 99	+ 63	+ 387
22	- 185	+ 194	+ 638 (- 29)	--	- 444	- 61	- 23	- 295
29	- 460	- 230	- 42 (- 42)	--	- 188	- 38	- 37	- 155
Aug. 5	+ 362	+ 540	+ 293 (+ 71)	--	+ 247	+ 33	+ 10	- 221
12	+ 591	+ 462	+ 266 (--)	--	+ 196	- 28	- 7	+ 164
19	+ 231	+ 653	+ 644 (--)	--	+ 9	+ 45	+ 26	- 493
26	- 343	- 243	+ 209 (--)	--	- 452	- 50	- 29	- 201
Sept. 2	+ 189	+ 164	+ 31 (--)	--	+ 133	+ 13	+ 12	--
9	+ 473	+ 316	+ 193 (--)	--	+ 123	+ 37	+ 17	+ 103
16	- 248	+ 14	- 236 (- 90)	--	+ 250	- 12	+ 13	- 263
23	- 982	- 864	- 358 (- 256)	--	- 506	- 38	- 40	- 40
30 p	+ 691	+ 418	+ 222 (+ 346)	--	+ 196	+ 49	+ 21	+ 203
Oct. 7 p	- 486	- 183	- 165 (--)	--	- 18	- 25	- 11	- 267
14 p	--	- 56	-- (--)	--	- 56	+ 4	- 5	+ 57

1/ Figures in parenthesis reflect reserve effect of match sale-purchase agreement.
p - Preliminary.

Table 6
 MAJOR SOURCES AND USES OF RESERVES
 Retrospective and Prospective Changes
 (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 and spec. dr. rights	Currency outside banks	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F.R. accounts		Required reserves	Excess reserves
(Sign indicates effect on reserves)										
<u>Year:</u>										
1968 (12/27/67-12/25/68)	+3,757	-2,067	-3,221	+ 928	+1,309	- 67	+ 869	+1,508	+1,563	- 55
1969 (12/25/68-12/31/69)	+5,539	--	-2,676	- 813	+ 241	+ 54	- 898	+1,448	+1,340	+ 108
<u>Weekly:</u>										
1970--Apr.										
1	+ 179	--	+ 92	- 51	+ 219	- 51	- 54	+ 334	+ 91	+ 243
8	- 720	--	- 11	+ 128	+ 582	+ 24	- 100	- 97	+ 72	- 169
15	+ 947	--	- 231	+ 218	- 554	+ 78	+ 98	+ 554	+ 621	- 68
22	- 222	--	- 304	- 194	+ 658	--	+ 174	+ 110	+ 54	+ 56
29	- 17	--	+ 397	- 211	- 409	+ 28	- 32	- 246	- 199	- 47
May										
6	+1,047	--	- 201	- 109	- 79	- 34	- 163	+ 461	+ 222	+ 239
13	+ 131	--	- 405	- 191	- 152	- 55	- 174	- 842	- 520	- 322
20	+ 512	--	- 423	+ 307	+ 264	+ 44	- 354	+ 350	+ 164	+ 186
27	- 664	--	+ 302	+ 176	- 346	+ 84	- 312	- 764	- 594	- 170
June										
3	+ 639	--	- 143	+ 55	- 63	- 15	- 192	+ 282	+ 131	+ 151
10	- 213	--	- 135	+ 431	- 182	- 11	- 33	- 144	- 85	- 59
17	+ 224	--	- 447	- 169	+ 348	- 12	+ 290	+ 234	+ 102	+ 132
24	- 449	--	- 77	- 162	+ 230	- 50	+ 79	- 430	- 245	- 185
July										
1	+ 544	--	+ 360	+ 99	- 543	+ 44	+ 44	+ 550	+ 365	+ 185
8	+ 231	--	- 365	- 179	+ 574	- 23	- 213	+ 24	+ 222	- 198
15	+1,181	--	- 313	+ 109	- 521	- 39	- 40	+ 375	+ 220	+ 155
22	- 185	--	- 465	+ 145	+ 503	+ 37	+ 113	+ 151	+ 196	- 45
29	- 460	--	+ 943	- 25	- 605	- 35	- 7	- 190	- 158	- 32
Aug.										
5	+ 362	--	- 125	+ 9	- 166	- 17	- 105	- 41	- 76	+ 35
12	+ 591	--	- 177	+ 73	- 13	+ 18	- 45	+ 446	+ 354	+ 92
19	+ 231	--	- 401	- 161	+ 259	- 22	+ 21	- 73	+ 115	- 188
26	- 343	--	+ 233	+ 120	- 169	- 26	- 152	- 338	- 384	+ 46
Sept.										
2	+ 189	--	+ 196	+ 15	- 217	+ 20	- 14	+ 193	+ 153	+ 40
9	+ 473	--	- 170	- 78	+ 379	+ 4	- 45	+ 561	+ 324	+ 237
16	- 248	--	- 205	+ 154	+ 183	+ 6	+ 100	- 10	+ 49	- 59
23	- 982	--	- 124	- 124	+ 552	- 15	+ 169	- 527	- 124	- 403
30 p	+ 691	--	+ 836	+ 35	- 830	- 210	+ 95	+ 618	+ 321	+ 297
Oct.										
7 p	- 486	--	- 247	+ 200	+ 20	+ 10	+ 271	- 235	- 408	+ 173
14 p	--	--	- 331	- 163	+ 117	+ 4	- 5	- 381	--	- 381

1/ For retrospective details, see Table 5.

p - Preliminary.