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CONFIDENTIAL (FR) August 14, 1970.

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent developments

(1) The money supply is now estimated to have increased at a 4.1 per cent annual rate on average in July, much slower than the 11 per cent pace indicated at the time of the last Committee meeting. Since around mid-July, the weekly money supply figures have been generally smaller than earlier anticipated, though the shortfall has lessened in August and in the week ending August 12, the preliminary estimate for the money supply moved slightly above its indicated path. For the most part the shortfalls in money supply reflected weakness in private demand deposits subject to reserves at both city and country banks, but currency and estimated demand deposits at nonmember banks also fell short.[1/] Apparently, the surge in demand balances around mid-year was a very temporary phenomenon, perhaps resulting from market churning associated with shifts of funds out of market instruments thought to be of less than prime quality.

(2) Growth in the adjusted bank credit proxy in July was at a slightly more rapid pace than had been expected earlier. This greater strength was due primarily to a faster-than-projected rise in time deposits, which grew at a 35 per cent annual rate on average in July. Large CD's rose by around $5.0 billion over the month following the suspension of a

1/ There have been some indications of the development recently of new bank accounting procedures in connection with Euro-dollar and foreign exchange transactions which could be producing some understatement in the money supply series. No hard statistics are available, however, to confirm the extent of such a bias if it does exist, whether it is growing or represents a one-time change, or whether it is or isn't offset by other factors.

portion of the Regulation Q ceilings, although more recent data indicate a considerably more moderate rate of CD expansion. Other time and savings deposits also advanced strongly in July, possibly reflecting a preference by savers for highly liquid instruments in view of economic and financial uncertainties. Net inflows of funds to nonbank savings institutions were also exceptionally strong after allowance for seasonal factors.

Recent Paths of Key Monetary Aggregates
(Seasonally adjusted, billions of dollars)

| | Adjusted Credit Proxy | | Money Supply | |
|---|---|---|---|---|
| | Indicated at Last Meeting | Actual Results | Indicated at Last Meeting | Actual Results |
| 1970 | | | | |
| Month | Levels | | Levels | |
| June | 311.2 | 311.1 | 203.7 | 203.6 |
| July | 315.6 | 315.8 | 205.6 | 204.3 |
| Week ending | | | | |
| July 15 | 314.4 | 314.2 | 205.4 | 204.3 |
| 22 | 315.5 | 315.0 | 206.0 | 202.8 |
| 29 | 317.9 | 318.8 | 205.8 | 204.3 |
| August 5 | 318.3 | 319.4 | 205.5 | 204.5 |
| 12 | 318.7 | 320.6e/ | 205.7 | 206.4e/ |
| | % Annual Rates of Change | | % Annual Rates of Change | |
| Month | | | | |
| July over June | 17.0 | 18.1 | 11.0 | 4.1 |

e/ Partly estimated.

(3) The Treasury's mid-August financing was generally successful, raising $1.9 billion in new cash, according to preliminary figures. Despite the success of the financing and the initial premiums on the new issues, the Government securities market remains hesitant in the face of enlarged dealer positions arising from the Treasury's two tax bill auctions in July and takings of about $1.4 billion in coupon issues in the mid-August operation. Thus, yields on Treasury notes and bonds have edged up and are about 7--10 basis points over mid-July levels. Treasury bill rates have also moved somewhat higher, and the 3-month issue was most recently bid at 6.54 per cent, compared with 6.38 per cent at the time of the last meeting.

(4) Yields on new high-grade corporate issues have fluctuated since mid-July, and on balance are a shade higher than at the time of the last FOMC meeting, reflecting a recent build-up in the corporate calendar. On the other hand, yields on municipal securities have dropped. Private short-term rates have also declined since mid-July; and these markets have calmed considerably, although the market remains very quality-conscious and marginal issuers of commercial paper are still being pressed to seek alternative sources of credit. Major finance companies are now having relatively little difficulty in meeting maturities, although some are finding it hard to add to outstandings. Nevertheless, as reported in the Greenbook, total outstanding commercial and finance paper continued to decline in July, a month in which seasonal factors would imply a sizable increase.

(5) In response to the System's discount window assistance to banks extending additional credit to commercial paper issuers, member bank borrowings rose sharply in July reaching a record $1.7 billion on average in the week of July 15. Over the past three statement weeks, however, member bank borrowings have been in a $1--$1.2 billion range, at a time when pressures on the commercial paper market have been abating. Net borrowed reserves fluctuated in a $1.1--$1.4 billion range in the latter part of July, but in the first two statement weeks of August dropped below $1.0 billion; in June, before the commercial paper problem developed, net borrowed reserves had averaged $735 million.

(6) Since the last Committee meeting, the Federal funds rate has averaged a little below 7 per cent, as compared with the 7-1/4--7-1/2 per cent range of the preceding four weeks. In part, the lower Federal funds rate reflected increased ability of banks to accommodate reserve needs at the discount window. In addition, however, the drop in the funds rate, and also dealer financing rates, reflected the Desk's response to shortfalls in money supply growth.

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

| | Past Year (July over July) | First Half of 1970 (June over December) | Latest Month (July over June) |
|---|---|---|---|
| Total reserves | 0.2 | - 0.2 | 5.3 |
| Nonborrowed reserves | -0.1 | 1.9 | -16.7 |
| Money supply | 2.5 | 4.0 | 4.1 |
| Time and savings deposits | 4.7 | 7.1 | 35.2 |
| Savings accounts at nonbank thrift institutions | 4.1 | 4.5 | 11.6 |
| Member bank deposits and related sources of funds | | | |
| Total member bank deposits (Bank credit proxy) | 2.8 | 3.3 | 22.7 |
| Proxy plus Euro-dollars | 1.8 | 1.9 | 18.6 |
| Proxy plus Euro-dollars and other nondeposit sources | 3.3 | 3.5 | 18.1 |
| Commercial bank credit (Month end) | | | |
| Total loans and investments of all commercial banks | 3.3 | 1.9 | 16.6 |
| L&I plus loans sold outright to affiliates and foreign branches | 4.6 | 3.9 | 16.6 |
| Non-bank commercial paper | 12.8 1/ | 14.0 | -63.9 1/ |

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 non-bank 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/ Last Wednesday of July 1970. Last day of month not available.

Prospective developments

(8) If the Committee wishes to continue with a policy that encompasses financial flows and credit conditions consistent with a 5 per cent trend rate of growth for the money supply, the following language for the second paragraph of the directive may be considered (alternative A):

To implement this policy, ~~while taking account of persisting market uncertainties, liquidity strains, and the forthcoming Treasury financing,~~ the Committee seeks to promote moderate growth in money ~~and bank credit~~ over the months ahead, WHILE TAKING ACCOUNT OF PERSISTING LIQUIDITY PROBLEMS AND allowing ~~for a possible~~ BANK CREDIT GROWTH TO REFLECT A continued shift of credit flows from market to banking channels. 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; ~~provided, however, that operations shall be modified as needed to counter excessive pressures in financial markets should they develop.~~

(9) The table below shows growth paths for the monetary aggregates that would be consistent with such a policy.

Monetary Aggregates--Monthly and Quarterly
(Daily averages, seasonally adjusted)

| Month | Money Supply | | Adjusted Credit Proxy | | Total Reserves | |
|---|---|---|---|---|---|---|
| | Levels ($ bills.) | Annual Rate of change | Levels ($ bills.) | Annual Rate of change | Levels ($ bills) | Annual Rate of Change |
| June (actual) | 203.6 | -1.8 | 311.1 | 7.0 | 27.9 | .5 |
| July (actual) | 204.3 | 4.1 | 315.8 | 18.1 | 28.0 | 5.3 |
| August | 205.4 | 6.5 | 321.0 | 20.0 | 28.6 | 24.0 |
| September | 206.2 | 4.5 | 323.8 | 10.5 | 28.8 | 11.0 |
| October | 206.8 | 3.5 | 327.3 | 13.0 | 29.1 | 12.0 |
| Quarters 1/ | | | | | | |
| 3rd (Sept. over June) | | 5.0 | | 16.5 | | 13.5 |
| 4th (Dec. over Sept.) | | 5.0 | | 11.5 | | 13.0 |

1/ The annual rate of change on a quarterly-average over quarterly-average basis for the money stock is 3.5 per cent in the third quarter and 4.5 per cent in the fourth quarter.

(10) The growth rate specified above might not be attainable under prevailing money market conditions, particularly with respect to the money supply. Although the relationship between money market conditions and monetary aggregates has been unusually uncertain recently, our projections indicate that the money supply might grow at no more than a 4 per cent annual rate over the third quarter and into the fourth if current money market conditions are generally maintained. Achievement of a 5 per cent money supply growth might require a Federal funds rate generally around 6-1/2--6-3/4 per cent, member bank borrowings dropped to an average of around $800-$900 million, and net borrowed reserves were in a $700-$800 million

range. Such a set of money market conditions might be accompanied by some decline of interest rates in short-term credit markets in consequence of greater provision of nonborrowed reserves by the System. The 3-month bill rate would probably decline in a 6-1/8--6-1/2 per cent range. It is possible, also, that if the Federal funds rate had to be consistently around 6-1/2 per cent to achieve the money supply growth, expectational factors could be generated which could increase bank and other investor demands for debt obligations. This might lead to interest rate declines on a broader front, although the extent of decline may be limited by the size of security offerings in prospect.

(11) Time deposit growth is likely to slow over the months ahead even if the easier money market conditions noted above prove necessary. It seems unlikely that the very rapid rate of growth of consumer-type time deposits in July will continue, assuming that economic prospects begin to improve. With respect to large negotiable CD's, the recent more moderate pace of expansion is likely to continue. Further short-term market rate declines would tend to make CD's relatively more attractive to investors, but, with loan demands quite moderate, banks would be unlikely to be as aggressive in the CD market as in July. This same consideration is likely to limit bank interest in nondeposit sources of funds.

(12) A weekly path for monetary aggregates consistent with the monthly figures is shown below:

Monetary Aggregates--Weekly
(Daily averages, seasonally adjusted)

| Week | Money Supply | Credit Proxy Adjusted | Total Reserves |
|---|---|---|---|
| August 12 e/ | 206.4 | 320.6 | 28.6 |
| 19 | 206.2 | 321.3 | 28.6 |
| 26 | 204.8 | 321.8 | 28.8 |
| Sept. 2 | 204.8 | 322.1 | 28.8 |
| 9 | 206.2 | 322.4 | 28.7 |
| 16 | 206.4 | 323.8 | 28.8 |

e/ Partly estimated.

Alternative

(13) Should the Committee wish to seek a somewhat more rapid pace of growth for the money supply and an associated easing of credit conditions between now and year-end, it may wish to consider the following language for the second paragraph of the directive (alternative B):

To implement this policy, ~~while-taking-account-of-persisting market-uncertainties,-liquidity-strain,-and-the-forthcoming Treasury-financing,~~ the Committee seeks to promote SOMEWHAT GREATER ~~moderate~~ growth in money ~~and-bank-credit~~ over the months ahead, WHILE TAKING ACCOUNT OF PERSISTING LIQUIDITY PROBLEMS AND allowing ~~for-a-possible~~ BANK CREDIT GROWTH TO REFLECT A continued shift of credit flows from market to banking channels. 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 ~~provided,-however, that-operations-shall-be-modified-as-needed-to-counter-excessive pressures-in-financial-markets-should-they-develop.~~

(14) A monthly and quarterly path for the monetary aggregates, including a move up to a 6 per cent annual rate of growth for money supply in the fourth quarter, is shown below:

Monetary Aggregates--Monthly and Quarterly
(Daily averages, seasonally adjusted, $ billions)

| Month | Money Supply | | Adjusted Credit Proxy | | Total Reserves | |
|---|---|---|---|---|---|---|
| | Levels ($ bills.) | Annual Rate of Change | Levels ($ bills.) | Annual Rate of Change | Levels ($ bills.) | Annual Rate of Change |
| June (actual) | 203.6 | -1.8 | 311.1 | 7.0 | 27.9 | .5 |
| July (actual) | 204.3 | 4.1 | 315.8 | 18.1 | 28.0 | 5.3 |
| August | 205.4 | 6.5 | 321.1 | 20.1 | 28.6 | 25.5 |
| September | 206.4 | 6.0 | 324.3 | 12.0 | 28.9 | 12.5 |
| October | 207.3 | 5.0 | 328.2 | 14.5 | 29.2 | 13.0 |
| Quarter[1/] | | | | | | |
| 3rd (Sept. over June) | | 5.5 | | 17.0 | | 14.5 |
| 4th (Dec. over Sept.) | | 6.0 | | 12.5 | | 14.0 |

(15) Weekly figures for the period between now and the next meeting consistent with the above path, are detailed in the following table.

Monetary Aggregates - Weekly
(Daily average, seasonally adjusted, $ billion)

| Week | Money Supply | Credit Proxy Adjusted | Total Reserves |
|---|---|---|---|
| August 12 e/ | 206.4 | 320.6 | 28.6 |
| 19 | 206.2 | 321.4 | 28.7 |
| 26 | 204.8 | 321.9 | 28.8 |
| Sept. 2 | 204.8 | 322.3 | 28.9 |
| 9 | 206.4 | 322.8 | 28.8 |
| 16 | 206.6 | 324.2 | 28.9 |

e/ partly estimated

(16) Encouragement of the more rapid growth in the money supply indicated above would entail a more generous provision of non-borrowed reserves by the System. As a result, net borrowed reserves would likely move into a $500-$700 million range, member bank borrowings drop to $650-$800 million, and the Federal funds rate might generally be in a 6--6-1/2 per cent range. A relatively sharp drop in Treasury bill rates, as well as other short-term rates, probably would accompany such an easing in the money market, particularly if the Federal funds rate moves down close to the discount rate and engenders expectations of a discount rate reduction. It is not improbable that the 3-month Treasury bill rate would drop below 6 per cent under those circumstances. However, Treasury net cash needs--at $6-$7 billion--are fairly large over the balance of the year and would serve to restrain interest rate declines.

(17) In the easier monetary environment envisaged, banks would be likely to reduce offering rates on large CD's. Nevertheless, with market rates reduced, total time deposits would be expected to grow somewhat more rapidly than under alternative A. As a result of lower domestic interest rates and strong inflows of funds, banks would probably reduce Euro-dollar borrowings further, although whether individual banks will permit such borrowings to fall below their reserve-free base is not at all clear. Banks would also reduce their reliance on commercial paper as a source of funds.

(18) The behavior of long-term interest rates would depend in large part on expectational reactions in the market to the over-all easing of monetary and credit conditions. It does not appear likely that a gradual upward adjustment in the rate of money supply increase would rekindle longer-run inflationary expectations, assuming the very modest growth path of real GNP shown in the greenbook and assuming fiscal policy does not become markedly more stimulative. Rather, the enhanced credit availability accompanying the money growth could be accompanied by declining bond yields over the short-run partly as corporate borrowers turn to bank lines of credit in anticipation of lower long-term borrowing costs later in the year. On balance, one might expect greater growth in money supply in the second half of this year to be consistent with declining long-term interest rates in corporate, municipal, and mortgage markets, although a pick-up in the volume of security offerings in the latter two markets would tend to act as a brake on the extent of rate decline.

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 p | -1,145 | 171 | 1,316 | 218 | 460 | 347 | 291 |
| 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 | 294 |
| 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 p | -1,137 | 94 | 1,231 | 29 | 528 | 388 | 286 |
| Aug. 5 p | - 854 | 155 | 1,009 | 114 | 362 | 302 | 231 |
| 12 p | - 945 | 228 | 1,173 | 362 | 362 | 301 | 128 |

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 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Money Supply | | | | | |
| | Total Reserves | Nonborrowed Reserves | Required Reserves | Total Member Bank Deposits | Total | Currency | Private Demand Deposits | Commercial bank time deposits adjusted | Credit Proxy + Euro-dollars + other nondep. sources of funds | Addendum Nonbank commercial paper |
| **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 |
| **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 | + |
| April | +21.3 | +25.4 | +22.2 | +16.8 | +10.7 | + 7.7 | +10.9 | +22.2 | +13.7 | +[illegible].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 p | + 5.3 | -16.7 | + 7.9 | +22.7 | + 4.1 | + 7.5 | + 2.3 | +35.2 | +18.1 | n.a. |

p - Preliminary.

Table 3

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

(Based on monthly averages of daily figures)

| Period | Reserve Aggregates 5/ | | | 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/ | | | |
| | (In millions of dollars) | | | (In billions of dollars) | | | | | | | | | |
| Monthly: | | | | | | | | | | | | | |
| 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 | [illegible] |
| 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 | [illegible] |
| 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 p | 28,025 | 26,679 | 27,896 | 296.0 | 160.7 | 130.9 | 4.4 | 204.3 | 48.1 | 156.2 | 206.9 | 315.8 | 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/ 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 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 |
| 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 |
| 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 p | 28,092 | 26,882 | 27,973 | 299.2 | 162.6 | 131.0 | 5.6 | 204.3 | 48.0 | 156.3 | 209.1 | 318.8 | 29.8 |
| Aug. 5 p | 28,019 | 27,020 | 27,879 | 300.6 | 163.7 | 131.3 | 5.6 | 204.5 | 48.0 | 156.4 | 210.2 | 319.4 | 29.5 |
| 12 p | 28,623 | 27,549 | 28,431 | 301.6 | 164.2 | 131.7 | 5.6 | 206.4 | 48.1 | 158.3 | 211.2 | 320.6 | 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 p | - 460 | - 230 | - 42 (- 42) | -- | - 188 | - 38 | - 37 | - 155 |
| Aug. 5 p | + 361 | + 540 | + 293 (+ 71) | -- | + 247 | + 33 | + 10 | - 222 |
| 12 p | + 591 | + 462 | + 266 ( -- ) | -- | + 196 | - 28 | - 7 | + 164 |

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