(CONFIDENTIAL FR)

July 23, 1971.

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Prepared for the Federal Open Market Committee

By the Staff

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

CONFIDENTIAL (FR) July 23, 1971.

MONETARY AGGREGATES AND
MONEY MARKET CONDITIONS

Recent Developments

(1) Growth of the narrowly-defined money supply in July appears to be somewhat faster than projected in the last blue book, as best can be judged by information available through the week of the 21st, with data for the latter week partly estimated. The broader money supply (M_2) appears to be increasing less rapidly than projected, however, as a substantial shortfall below path in time deposits other than CD's more than offset the overshoot in private demand deposits. And with U.S. Government deposits much weaker than expected and nondeposit sources of funds continuing to decline on balance, the bank credit proxy appears to be falling very considerably short of expectations in July.

Growth Rates in Key Monetary Aggregates 1/
(Per cent annual rates of change)

	M_1		M_2		Adjusted Proxy	
	Bluebook Path 2/	Current Estimate	Bluebook Path 2/	Current Estimate	Bluebook Path 2/	Current Estimate
June	9.5	9.1	12.5	11.0	7.5	6.6
July	10.0	12.0	10.0	8.0	15.5	6.5
Qtr 2	11.5	11.3	13.0	12.6	7.0	6.5

1/ Tables 7 and 7A in the back of the bluebook show the reconciliation among the various aggregates.
2/ Alternative B path of the last bluebook.

(2) The actual course of the monetary aggregates in recent weeks is compared with the alternative B paths of the previous bluebook in the following rable.

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

	M_1		M_2		Adjusted Credit Proxy	
	Bluebook Path	Actual	Bluebook Path	Actual	Bluebook Path	Actual
Month						
June	225.7	225.6	451.8	451.4	346.0	345.7
July	227.6	227.9 1/	455.6	454.5 1/	350.4	347.6 1/
Week ending						
June 30	226.1	225.3	452.9	451.9	346.3	345.1
July 7	226.8	228.5	453.9	455.0	349.9	347.3
July 14	227.3	227.3	455.1	453.9	351.0	347.4
July 21 pe	227.4	228.2	455.6	454.2	350.0	347.5

1/ Estimated on the basis of partial data.
pe -- Partially estimated.

(3) In the first half of July, following the relatively weak end-of-June behavior of the aggregates, the Desk aimed at a Federal funds rate generally in the lower half of the 5--5-1/2 per cent range; and during those weeks the effective Federal funds rate averaged just slightly over 5-1/8 per cent. As early indications of the strength in M_1 in July were confirmed, however, and with the increase in the discount rate to 5 per cent, the Desk has most recently moved to promote a Federal funds rate at about the upper end of the range.

(4) During the first three statement weeks of July member bank borrowings averaged about $930 million, about $415 million above the June average. Apparently in recent weeks many banks that had borrowed relatively little at the discount window have become more willing borrowers, given the spread of the Federal funds rate above the discount rate. Excess reserves

have been volatile over the past three weeks, and net borrowed reserves of member banks have ranged from $350 to $950 million, with the average level considerably deeper than in June.

Reserve Aggregates
(Daily averages in millions of dollars, seasonally adjusted)

	Total		Nonborrowed		Required	
	Bluebook Path 1/	Actual	Bluebook Path 1/	Actual	Bluebook Path 1/	Actual
Month						
June	31,307	31,257	30,932	30,801	31,087	31,046
July pe	31,794	31,339	31,416	30,443	31,585	31,127
Annual Rate of Increase (July over June)	18.5	3.1	19.0	-14.0	19.0	3.1
Week ending						
July 7	31,224	31,071	30,915	30,495	31,013	30,769
July 14	31,359	30,867	31,069	29,984	31,334	31,026
July 21	32,212	31,583	31,727	30,376	31,852	31,133

pe -- Partly estimated.
1/ Alternative B.

(5) Although M_1 in July has turned out to be somewhat stronger than previously projected, the need for reserves in the first three weeks of the month was considerably less than expected (as shown by the difference between "path" and "actual" required reserves in the table above). The lower level of required reserves relative to path was mainly the result of large downward adjustments in preliminary estimates of private demand deposits during the last two weeks of June, and much lower than expected U.S. Government deposits in early July. Thus, with the need for reserves reduced, growth of member bank total reserves in July is falling substantially short

of what was implied by the alternative B path at the time of the last Committee meeting, as shown in the table above, despite the sharp rise in member bank borrowings. Nonborrowed reserves were even further below path than total reserves--and showed an actual decline from June to July --as the Desk provided fewer reserves given the increased demand for borrowings by banks.

(6) Market interest rate adjustments to the increase in the Federal funds and discount rates have been relatively modest. After an initial upward adjustment of from 10 to nearly 30 basis points to the discount rate announcement, the bill market strengthened, partly in reflection of large foreign demands and expectations of some re-investment demand from holders of "rights" who may not wish to opt for the longer-term offerings in the exchange position of the financing. This strength faded most recently, and the 3-month bill closed on Friday at 5.45 per cent, a little above its level just prior to the discount rate hike, and well above its 5.19 per cent level at the time of the June 29 FOMC meeting. Reflecting the discount rate action and also the Treasury financing, yields on Treasury coupon-bearing securities rose by about 10 to 20 basis points after mid-month. Other short- and long-term yields showed very little reaction to the System's firmer policy stance.

(7) On July 21, the Treasury announced that holders of the $5.1 billion of securities maturing on August 16, $4.1 billion of which are publicly held, would be able to exchange those issues for either a 4-1/4 year note yielding 7.06 per cent or a 10-year bond at a yield of 7.11 per cent. It was also announced that, in the case of the 10-year bond, cash

subscriptions by individuals up to $10,000 would also be accepted. Although a good deal of individual interest seems to be developing, this latter feature is not expected to raise much new cash according to Treasury comments. A cash auction of an 18-month note in early August is expected to cover attrition in the exchange and to raise around $1 billion in new money, and an additional cash offering of $2 billion or so--probably in tax bills--is anticipated for late August.

(8) The table on the following page summarizes seasonally adjusted annual rates of change in major financial aggregates for selected periods.

	4th and 1st Qtrs. combined (March over Sept.)	Second Quarter (June over March)	July over June
Total Reserves	8.9	6.6	3.1
Nonborrowed Reserves	10.3	5.3	-14.0
Concepts of Money			
M_1 (Currency plus demand deposits 1/)	6.2	11.3	12.2
M_2 (M_1 plus time deposits at commercial banks other than large CD's)	13.7	12.6	8.2
M_3 (M_2 plus deposits at thrift institutions)	14.6	14.7	n.a.
Bank Credit			
Total member bank deposits (Bank credit proxy adj.)	9.7	6.5	6.6
Loans and investments of commercial banks 2/	10.5	7.3	n.a.
Short-term market paper (Actual $ change in billions)			
Large CD's	$ 6.1	$ 0.7	$ 1.6
Bank-related commercial paper N.S.A.	- 2.9	0.0	n.a.
Nonbank commercial paper	- 0.4	- 1.0	n.a.

1/ Other than interbank and U.S. Government.

2/ Based on month-end figures. Includes loans sold to affiliates and branches.

N.S.A. Not seasonally adjusted.

NOTE: All items are based on averages of daily figures, except for data on total loans and investments of commercial banks, commercial paper and thrift institutions--which are either end-of-month or last Wednesday of month figures.

Prospective Developments

(9) The table on the next page shows two paths for monetary aggregates between now and year-end. Money market specifications thought to be consistent with these paths are summarized in the table below.[1/]

	Alternative A	Alternative B
Federal funds rate	5-1/2%	5-1/2--6%
Member bank borrowings	$.8--$1 billion	$.9--$1.2 billion
3-month bill rate	5-3/8--5-5/8%	5-1/2--6-1/8%
Growth in M_1 (SAAR)		
August	6%	5-1/2%
September	8-1/2%	8%
3rd Quarter	9%	8-1/2%
4th Quarter	4%	2-1/2%

(10) The money market specifications for alternative A represent a continuation of conditions recently prevailing, as would be consistent with a strict interpretation of "even keel". The current Treasury refunding will be settled on August 16, only about a week before the next FOMC meeting. It is possible also that conditions following the settlement date will present more than the usual constraint on open market operations in view of the greater price risk in the distribution process of a long-term offering. Specifications for alternative B, on the other hand, would envisage a gradual firming of the money market, to the extent permitted by the Treasury financing, to a Federal funds rate of 6 per cent by late in the inter-meeting period; a funds rate fluctuating around 6 per cent has been assumed for the alternative B paths for the monetary aggregates.

1/ Weekly paths are appended on p. 16.

Alternative Monthly and Quarterly
Paths of Key Monetary Aggregates
(Seasonally adjusted, billions of dollars)

	M_1		M_2	
	Alt. A	Alt. B	Alt. A	Alt. B
1971				
July	227.9	227.9	454.5	454.5
August	229.0	228.9	457.0	456.7
September	230.6	230.3	460.3	459.6
December	232.9	231.8	466.2	463.9
	Per Cent Annual Rates of Growth			
July	12.0	12.0	8.0	8.0
August	6.0	5.5	6.5	6.0
September	8.5	7.5	8.5	7.5
3rd Q. 1971	9.0	8.5	8.0	7.5
4th Q. 1971	4.0	2.5	5.0	3.5

	Adjusted Credit Proxy		Total Reserves	
	Alt. A	Alt. B	Alt. A	Alt. B
1971				
July	347.6	347.6	31.3	31.3
August	350.8	350.7	31.7	31.7
September	353.5	353.0	31.9	31.8
December	359.9	358.4	32.8	32.6
	Per Cent Annual Rates of Growth			
July	6.5	6.5	3.0	3.0
August	11.0	10.5	13.5	12.5
September	9.0	8.0	7.5	6.0
3rd Q. 1971	9.0	8.5	7.5	6.0
4th Q. 1971	7.0	6.0	11.0	9.5

(11) Growth in narrowly defined money (M_1), given current money market conditions, is expected to slow between now and year-end. There are a number of reasons for this. First, the apparent broad build-up in precautionary demand balances over the past few months is likely to abate as liquidity demands are sated and as gradual economic recovery helps to restore consumer confidence. Second, the cumulative impact of the higher short-term interest rates of the past several months will be making the high cost of holding cash more and more evident. Third, the recent tendency for credit markets to stabilize may attract funds of small or medium-size investors who had temporarily permitted cash balances to rise in anticipation of higher interest rates.

(12) While there are reasons to expect slower growth in M_1, it is difficult to pinpoint the timing. Experience makes it clear that interest rates affect money demand with a lag, but the exact timing of this effect is uncertain. Moreover, shifts in demand for financial assets, given interest rates, are notoriously hard to predict, since they depend to a great extent on the mysterious elements that work on consumer and investor confidence. At the present time, the staff expects M_1 growth to average a little over 7 per cent in August and September together, which would lead to a 9 per cent growth rate for the third quarter. In the fourth quarter, we would expect a drop in the growth rate to around 4 per cent, despite the increase in purely transactions balances required to finance the accelerated growth in nominal GNP expected in the fall. Under alternative B, growth is expected to be only about 1/2 percentage point lower than under alternative A in the third quarter, but about 1-1/2 percentage points lower in the fourth quarter.

(13) Time and savings deposits other than large CD's are expected to grow much less rapidly over coming months than in the second quarter, given the recent weakening in such deposits and continued relatively attractive market interest rates. Thus, under alternative A, growth in M_2 is expected to drop to a 6-1/2 per cent annual rate in August, and to 8 per cent in the third quarter; growth would be a little slower under alternative B.

(14) Growth in the adjusted bank credit proxy during August and September is expected to be more rapid than in recent months, and the growth rate for the third quarter may be around 9 per cent. Business loan demands are expected to remain fairly weak until around the fourth quarter, but banks are likely to be substantial net buyers of forthcoming Treasury offerings, including the bills to be announced toward the end of August. Banks have obtained a sizable amount of large CD funds in recent weeks, reflecting in part investment by AT&T of the proceeds of its recent preferred stock offering. The last payment on the offering will be made in late July. Apart from this and any investment of foreign funds in CD's, only a modest net growth in large CD's is expected until business loan demands pick up.

(15) The deposit patterns described above for alternative A imply a 7-1/2 per cent annual rate of increase in total reserves, seasonally adjusted, from June to September, assuming excess reserves average about $225 million. In August total reserves are expected to rise by about 13-1/2 per cent, reflecting in part the increase in required reserves resulting from the expected expansion in U.S. Government demand deposits in

the latter half of July and early August and from the lagged effects of the anticipated July money supply expansion. On the assumption that the average level of borrowings is about unchanged from July and August, nonborrowed reserves would grow at about the same rate as total reserves in August; for the third quarter as a whole, however, nonborrowed would be expected to grow at a slower rate of about 3 per cent in view of the sharp drop in such reserves in July. Reserve growth would be somewhat less under alternative B, particularly for nonborrowed reserves, with part of the drop-off in nonborrowed offset by increased borrowing. The following table shows monthly average levels of total and nonborrowed reserves (in millions of dollars)--both seasonally adjusted and unadjusted --believed to be consistent with alternatives A and B.

	Alt. A		Alt. B	
	Seasonally Adjusted 1/	Not Seasonally Adjusted	Seasonally Adjusted 1/	Not Seasonally Adjusted
		Total Reserves		
July	31,339	30,602	31,339	30,602
August	31,693	30,416	31,669	30,384
September	31,888	30,531	31,824	30,469
		Nonborrowed Reserves		
July	30,443	29,683	30,438	29,679
August	30,825	29,516	30,675	29,358
September	31,050	29,631	30,836	29,419

1/ The level of this series also reflects step adjustments made in the past to avoid discontinuities because of reserve requirement changes.

(16) The slowing of growth in M_1 and accompanying reserve developments under alternative A would not be expected to lead to higher interest rates in either short- or long-term markets, at least in the

immediate future. For one thing, growth in the demand for money is likely to be abating. Also the credit demands of corporations and State and local governments in bond markets are expected to continue around the somewhat more moderate dimensions of the past month or two, and thereby take some rate pressure off long-term markets. In addition, Treasury cash borrowing demands during the third quarter are turning out to be somewhat less than expected in view of the low level at which the Treasury is running its cash balance. In the fourth quarter, however, Treasury cash borrowing is expected to be substantial.

(17) The tighter money market conditions assumed under alternative B could lead to a fairly substantial upward interest rate adjustment over the near term. The market at present appears to be uncertain as to how far the System intends to go in combatting high monetary growth rates, and in that respect would be very sensitive to upward movements in the Federal funds rate. With further tightening in the money market, market expectations of another rise in the discount rate--and possibly the prime rate--at a time when a Treasury refunding is in process could lead to strong protective measures by dealers and other active participants. Higher short- and long-term interest rates could also begin to impinge more substantially on savings inflows to nonbank thrift institutions. At the same time, however, it is not clear that the upward interest rate pressures would be long sustained, particularly in long-term markets, in view of the likelihood that credit demands will be moderate and the possibility that a further move toward achieving lower monetary growth rates would over time have a constructive influence on market psychology.

Possible directive language

(18) This section presents possible language for the second paragraph of the directive corresponding to the two alternative policy courses discussed above.

(19) Alternative A. This language is proposed for possible use if the Committee decides to call for maintaining about the money market conditions that have recently been attained, subject to a proviso clause.

> "To implement this policy, ~~the-Committee-seeks-to achieve-more-moderate-growth-in-monetary-aggregates-over the-months-ahead,-taking-account-of-developments-in-capital markets.~~ System open market operations until the next meeting of the Committee shall be conducted with a view to MAINTAINING PREVAILING ~~achieving-bank-reserve-and~~ money market conditions; ~~consistent-with-these-objectives~~ PROVIDED THAT SOMEWHAT FIRMER CONDITIONS SHALL BE SOUGHT, TAKING ACCOUNT OF THE CURRENT TREASURY FINANCING AND OF DEVELOPMENTS IN CAPITAL MARKETS, IF IT APPEARS THAT THE MONETARY AND CREDIT AGGREGATES ARE SIGNIFICANTLY EXCEEDING THE GROWTH PATHS EXPECTED."

If the Committee adopts this alternative, it may wish to consider the money market conditions noted for alternative A in paragraph (9) as a description of "prevailing" conditions, and for purposes of the proviso clause to adopt the aggregate growth paths discussed earlier in connection with alternative A as the "expected" paths. The proviso clause has been formulated in one-way terms, guarding against excesses but not shortfalls, on the assumption that the

Committee would not want money market conditions to be eased in the coming period if the aggregates should fall short of the indicated paths. The proposed language contemplates that in making operating decisions under the proviso clause the Manager would take account of both the current Treasury financing and developments in capital markets.

(20) Alternative B. This language is proposed for possible use if the Committee decides to hold to the course of continued orderly firming of bank reserve and money market conditions, insofar as that might be necessary to maintain downward pressure on the growth rates of the aggregates and insofar as such firming proves to be feasible in light of the current Treasury financing. As will be noted, the language is identical to that adopted at the June 29 meeting except for the inclusion of the Treasury financing, as a factor to be taken into account, along with developments in capital markets.

> "To implement this policy, the Committee seeks to achieve more moderate growth in monetary aggregates over the months ahead, taking account of THE CURRENT TREASURY FINANCING AND OF developments in capital markets. System open market operations until the next meeting of the Committee shall be conducted with a view to achieving bank reserve and money market conditions consistent with those objectives."

If the Committee adopts this alternative it may wish to instruct the Manager to seek to firm money market conditions within the ranges mentioned earlier in connection with this alternative--including the proposed 5-1/2 to 6 per cent range for the Federal funds rate--to the extent feasible in light of the Treasury financing and capital market conditions. unless the monetary

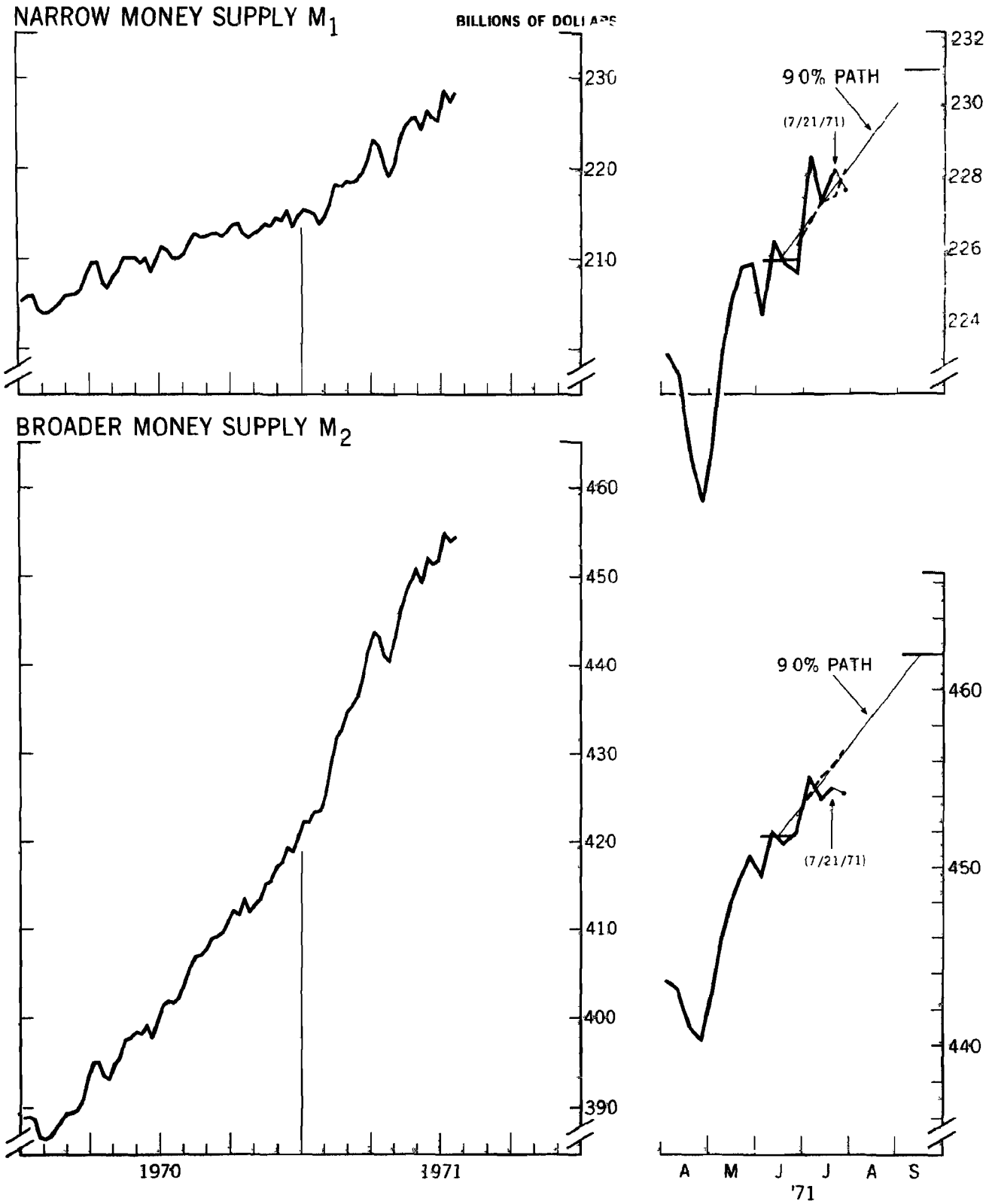
aggregates appear to be increasing at rates well below those discussed earlier under alternative B. On the other hand, the formulation of this alternative--with its greater emphasis on monetary aggregates--would also be consistent with the specifications of alternative A (or some modification thereof) since a more moderate growth in M_1 in particular is indicated in the paths associated with alternative A.

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

		M_1		M_2	
		Alt. A	Alt. B	Alt. A	Alt. B
1971					
July	28	227.6	227.6	454.2	454.2
August	4	228.2	228.2	455.2	455.2
	11	229.1	229.0	456.5	456.3
	18	228.9	228.8	456.7	456.4
	25	229.3	229.1	457.8	457.4

		Adjusted Credit Proxy		Total Reserves	
		Alt. A	Alt. B	Alt. A	Alt. B
1971					
July	28	347.7	347.7	31.7	31.7
August	4	348.9	348.9	31.6	31.6
	11	349.8	349.7	31.6	31.6
	18	350.8	350.6	31.8	31.8
	25	351.9	351.6	31.7	31.6

MONETARY AGGREGATES



Actual
Currently Projected
Wkly. Path, Indicated at FOMC Meeting (6/29/71)
Longer Run Path

CHART 1A

STRICTLY CONFIDENTIAL (FR)
7/23/71

MONETARY AGGREGATES

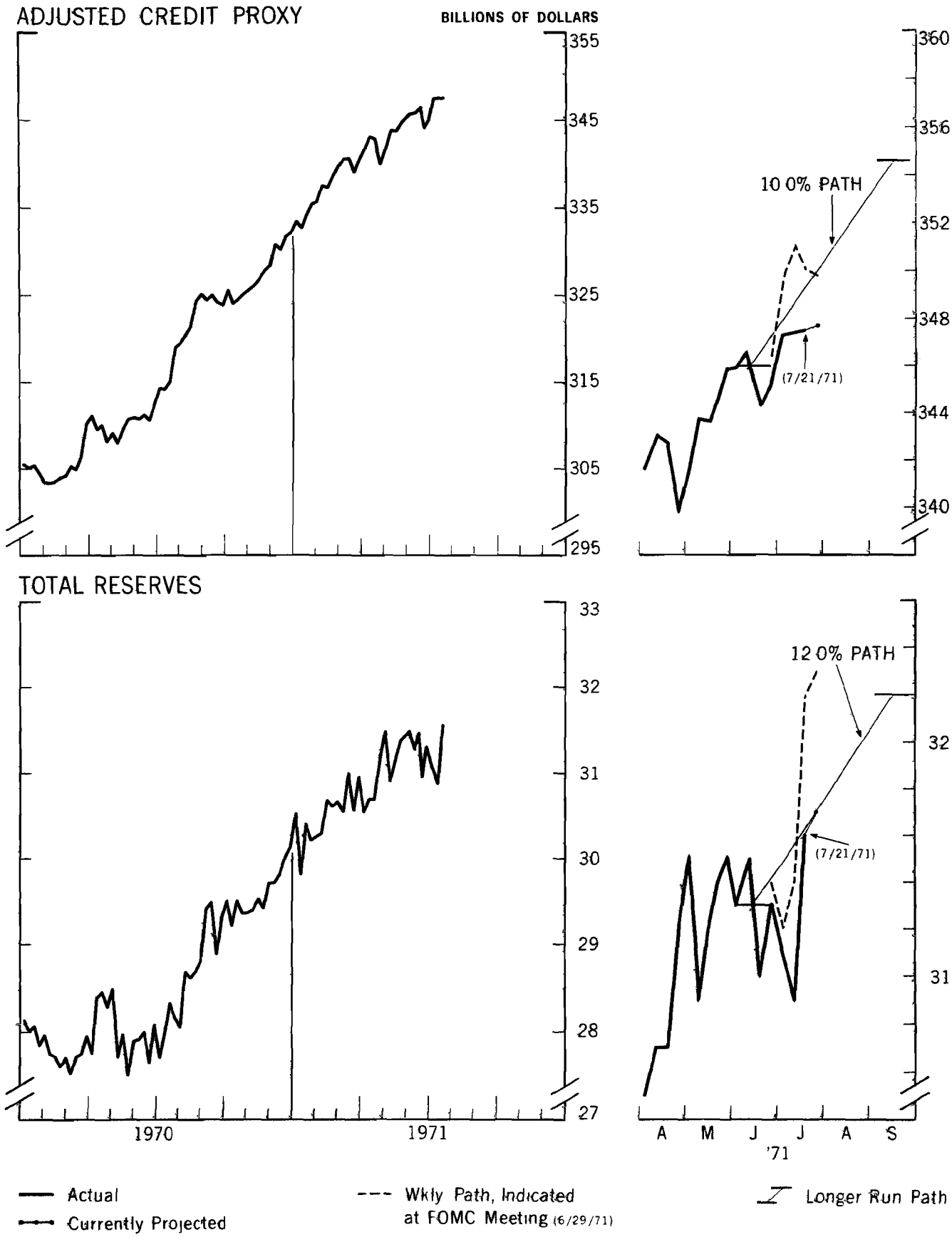


CHART 2

7/23/71

INTEREST BEARING SOURCES OF BANK FUNDS

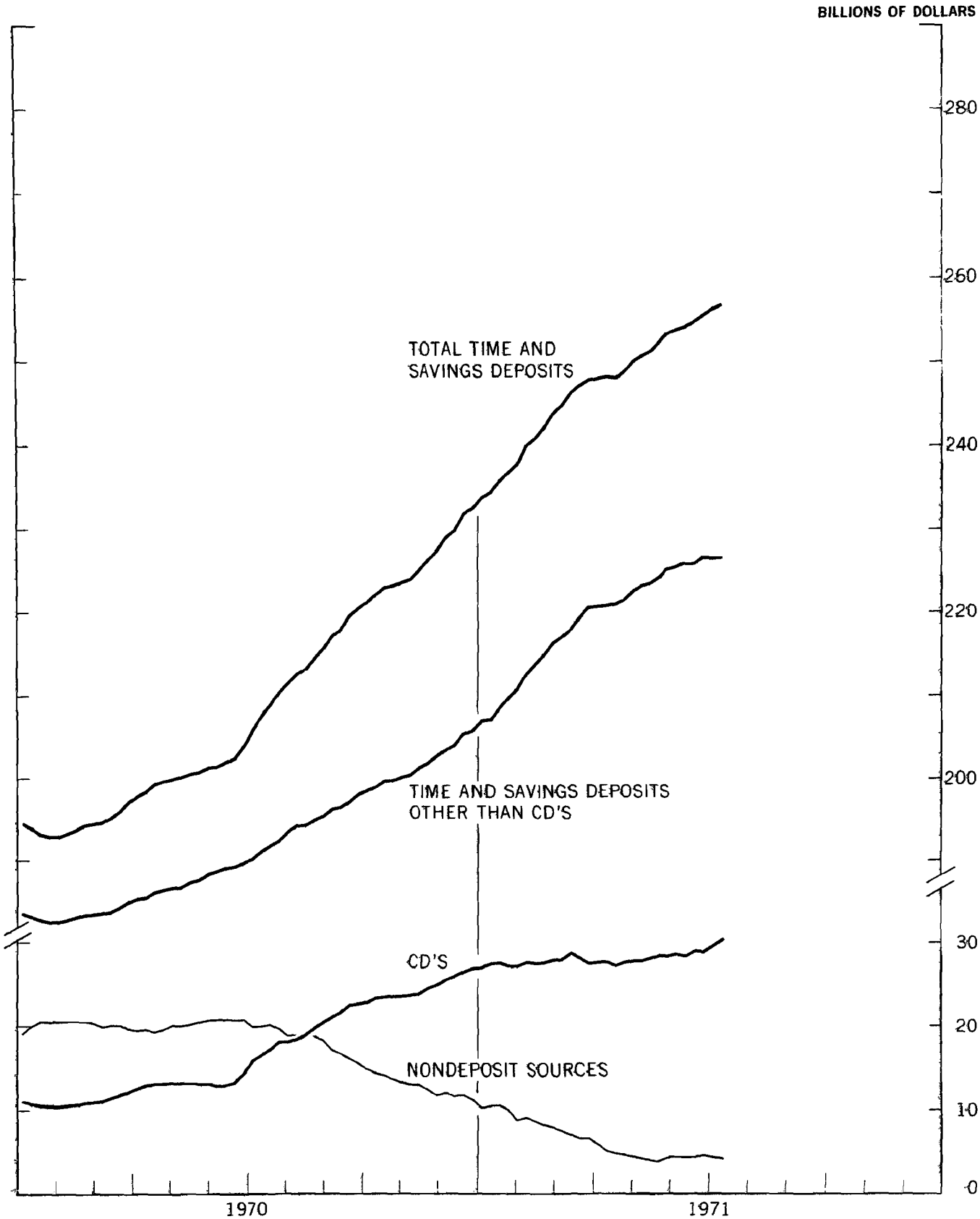


CHART 3

MONEY MARKET CONDITIONS AND INTEREST RATES

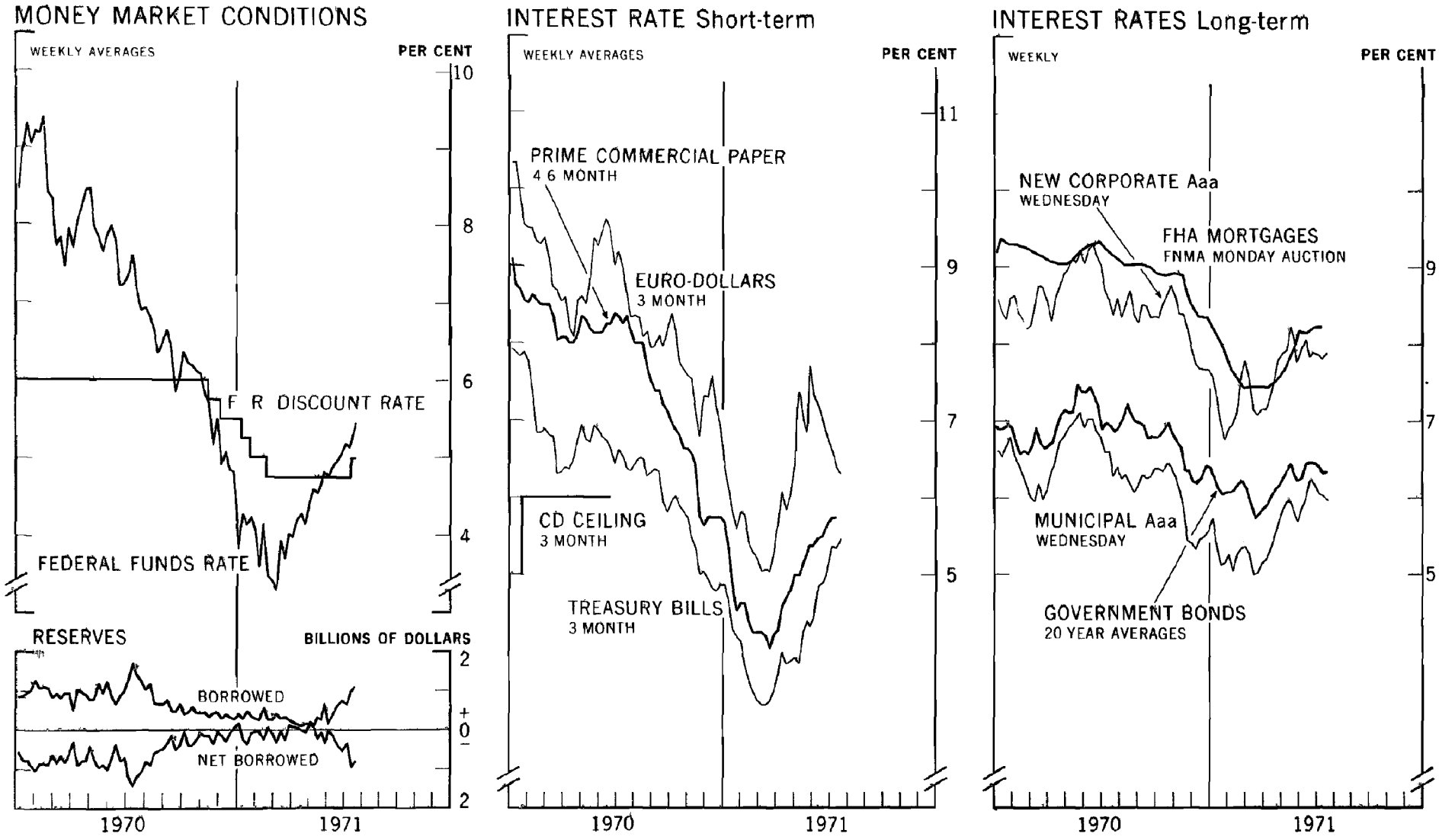


Table 1

PATHS OF KEY MONETARY AGGREGATES

STRICTLY CONFIDENTIAL (FR)
July 23, 1971

Period		Narrow Money Supply (M_1) 1/		Broad Money Supply (M_2) 2/		Adjusted Credit Proxy		Total Reserves	
		1 Path as of June 29	2 Actuals & Current Proj	3 Path as of June 29	4 Actuals & Current Proj	5 Path as of June 29	6 Actuals & Current Proj.	7 Path as of June 29	8 Actuals & Current Proj.
Monthly Pattern in Billions of Dollars									
1971:	Jan.		214.8		423.0		334.1		30.2
	Feb.		217.3		430.8		337.7		30.5
	Mar.		219.4		437.6		340.2		30.7
	Apr.		221.1		442.0		341.7		30.8
	May		223.9		447.3		343.8		31.3
	June	225.7	225.6	451.8	451.4	346.0	345.7	31.3	31.3
	July	227.6	227.9	455.6	(454.5)	350.4	(347.6)	31.8	(31.3)
Annual Percentage Rates of Change--Quarterly and Monthly									
1970:	3rd Qtr.		6.1		11.0		17.2		19.1
	4th Qtr.		3.4		9.2		8.3		6.6
1971:	1st Qtr.		8.9		17.8		10.9		11.0
	2nd Qtr.	11.5	11.3	13.0	12.6	7.0	6.5	7.5	6.6
	3rd Qtr.	9.0	(9.0)	9.0	(8.0)	10.0	(9.0)	12.0	(8.5)
1971:	Jan.		1.1		11.5		10.5		12.2
	Feb.		14.0		22.1		12.9		11.4
	Mar.		11.6		18.9		8.9		9.2
	Apr.		9.3		12.1		5.3		2.7
	May		15.2		14.4		7.4		17.0
	June	9.5	9.1	12.5	11.0	7.5	6.6	3.5	0.2
	July	10.0	(12.0)	10.0	(8.0)	15.5	(6.5)	18.5	(3.5)
Weekly Pattern in Billions of Dollars									
1971:	June 2		225.6		450.6		345.8		31.5
	9		224.2		449.5		345.9		31.3
	16		226.2		452.0		346.5		31.5
	23		225.6		451.4		344.3		31.0
	30	226.1	225.3	452.9	451.9	346.3	345.1	31.4	31.3
	July 7	226.8	228.5	453.9	455.0	349.9	347.3	31.2	31.1
	14	227.3	227.3	455.1	453.9	351.0	347.4	31.4	30.9
	21 pe	227.4	228.2	455.6	454.5	350.0	347.5	32.2	31.6
	28	228.2	(227.6)	456.6	(454.2)	349.8	(347.7)	32.3	(31.7)

NOTES: Annual rates of change other than those for the past are rounded to the nearest half per cent.
Data shown in parenthesis are current projections.
1/ Currency plus private demand deposits.
2/ M_1 plus time deposits other than large CD's.

pe -- Partially estimated.

FR 712-D
Rev 2/16/71

Table 1-A

PATHS OF KEY MONETARY AGGREGATES

STRICTLY CONFIDENTIAL (FR)

July 23, 1971

Period	U.S. Gov't Deposits		Total Time & Savings Deposits		Time Deposits other than large CD's		Large Negotiable CD's		Nondeposit Sources of Funds	
	1 Path as of June 29	2 Actuals & Current Proj	3 Path as of June 29	4 Actuals & Current Proj	5 Path as of June 29	6 Actuals & Current Proj	7 Path as of June 29	8 Actuals & Current Proj	9 Path as of June 29	10 Actuals & Current Proj
Monthly Pattern in Billions of Dollars										
1971: Jan		6.7		235.3		208.2		27.1		10.1
Feb		6.2		240.9		213.5		27.4		8.6
Mar		4.8		246.1		218.3		27.8		7.0
Apr.		5.4		248.3		221.0		27.3		5.1
May		4.2		251.4		223.4		27.9		4.1
June	4.1	3.9	254.5	254.4	226.1	225.8	28.4	28.6	4.4	4.4
July	5.4	(3.3)	256.5	(256.8)	228.0	(226.6)	28.5	(30.2)	4.4	(4.2)
Annual Percentage Rates of Change--Quarterly and Monthly										
1970: 3rd Qtr.				32.2		16.5				
4th Qtr.				21.8		15.4				
1971: 1st Qtr.				27.3		27.2				
2nd Qtr.			13.5	13.5	14.5	13.7				
3rd Qtr.			8.5	(10.0)	9.0	(7.0)				
1971: Jan.				25.5		22.3				
Feb.				28.6		30.5				
Mar.				25.9		27.0				
Apr.				10.7		14.8				
May				15.0		13.0				
June			15.0	14.3	14.5	12.9				
July			9.5	(11.5)	10.0	(4.5)				
Weekly Pattern in Billions of Dollars										
1971: June 2		4.5		253.3		225.1		28.2		4.2
9		4.2		253.8		225.2		28.5		4.5
16		5.0		254.0		225.8		28.2		4.4
23		3.2		254.8		225.8		28.9		4.4
30	3.1	2.7	255.3	255.4	226.8	226.6	28.5	28.8	4.4	4.7
July 7	5.7	2.5	255.6	256.1	227.1	226.5	28.5	29.6	4.4	4.2
14	5.8	2.9	256.3	256.7	227.8	226.6	28.5	30.2	4.4	4.1
21 pe	5.2	3.7	256.7	256.7	228.2	226.3	28.5	30.4	4.4	4.3
28	4.5	(3.7)	257.1	(257.1)	228.5	(226.6)	28.6	(30.5)	4.4	(4.3)

NOTES: Annual rates of change other than those for the past are rounded to the nearest half per cent.
Data shown in parenthesis are current projections.
pe - Partially estimated.

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Table 2

AGGREGATE RESERVES AND MONETARY VARIABLES

CONFIDENTIAL (FR)
July 23, 1971

RETROSPECTIVE CHANGES, SEASONALLY ADJUSTED
(Annual rates in per cent)

Period	Reserve Aggregates[1]		Monetary Variables						Addenda	
					Money Supply					
	1 Total Reserves	2 Nonborrowed Reserves	3 Total Member Bank Deposits	4 Adjusted Credit Proxy	5 Total	6 Currency	7 Private Demand Deposits	8 Time Deposits Adjusted	9 Thrift Instit. Deposits	10 Nonbank Commercial Paper
Annually										
1968	+ 7.8	+ 6.0	+ 9.0	n.a.	+ 7.8	+ 7.4	+ 7.9	+11.1	+ 6.3	n.a.
1969	- 1.6	- 3.0	- 4.0	n.a.	+ 3.1	+ 6.0	+ 2.4	- 5.0	+ 3.4	n.a.
1970	+ 6.4	+ 9.5	+11.8	+ 8.3	+ 5.4	+ 6.3	+ 5.1	+18.4	+ 7.8	+ 7.3
Semi-annually										
1st Half 1970	- 0.2	+ 1.9	+ 3.3	+ 3.5	+ 5.9	+ 7.8	+ 5.3	+ 7.8	+ 4.7	+12.8
2nd Half 1970	+13.0	+17.1	+20.0	+12.9	+ 4.8	+ 4.6	+ 4.7	+27.9	+10.6	+ 1.7
1st Half 1971	+ 8.9	+ 8.2	+13.5	+ 8.8	+10.3	+ 9.4	+10.5	+20.8	+20.7	-18.6
Quarterly										
1st Qtr. 1970	- 2.9	- 0.4	+ 0.6	+ 0.5	+ 5.9	+ 6.1	+ 5.3	+ 1.4	+ 2.5	+17.8
2nd Qtr. 1970	+ 2.6	+ 4.1	+ 6.0	+ 6.5	+ 5.8	+ 9.4	+ 5.3	+14.1	+ 7.0	+ 7.5
3rd Qtr. 1970	+19.1	+24.4	+24.1	+17.2	+ 6.1	+ 3.3	+ 6.7	+32.2	+ 9.3	-16.2
4th Qtr. 1970	+ 6.6	+ 9.4	+15.1	+ 8.3	+ 3.4	+ 5.8	+ 2.7	+ 21.8	+11.6	+20.4
1st Qtr. 1971	+11.0	+11.0	+17.0	+10.9	+ 8.9	+ 9.0	+ 8.9	+27.3	+23.3	-24.7
2nd Qtr. 1971	+ 6.6	+ 5.3	+ 9.6	+ 6.5	+11.3	+ 9.6	+11.8	+13.5	+17.1	-13.4
1970: Apr.	+21.3	+25.4	+16.8	+13.7	+ 9.9	+10.3	+10.5	+19.7	+ 8.1	+34.4
May	-13.9	-19.0	- 4.5	- 1.2	+ 5.2	+15.3	+ 3.0	+10.9	+ 5.3	+18.9
June	+ 0.5	+ 6.2	+ 5.8	+ 7.0	+ 2.3	+ 2.5	+ 2.2	+11.4	+ 7.3	-30.0
July	+ 6.0	-16.1	+22.7	+18.1	+ 5.7	+ 7.5	+ 4.4	+35.6	+11.9	-87.5
Aug.	+23.3	+48.8	+29.2	+23.2	+ 6.8	+ 2.5	+ 8.9	+28.8	+ 5.9	- 7.2
Sept.	+27.5	+40.1	+19.0	+ 9.7	+ 5.7	--	+ 6.6	+29.8	+10.0	+49.6
Oct.	- 1.9	--	+10.1	+ 1.1	+ 1.1	+ 7.5	- 0.7	+20.3	+10.6	+32.4
Nov.	+ 3.6	+ 4.4	+13.1	+ 7.0	+ 2.8	+ 4.9	+ 2.2	+15.1	+ 9.4	-28.7
Dec.	+18.4	+22.8	+21.4	+16.5	+ 6.2	+ 4.9	+ 6.6	+28.8	+14.5	+58.1
1971: Jan.	+12.2	+ 8.8	+16.1	+10.5	+ 1.1	+ 7.4	- 1.4	+25.5	+25.1	- 9.0
Feb.	+11.4	+15.1	+19.3	+12.9	+14.0	+ 9.8	+16.0	+28.6	+18.5	-10.9
Mar.	+ 9.2	+ 8.8	+14.9	+ 8.9	+11.6	+ 9.7	+12.2	+25.9	+24.9	-55.2
Apr.	+ 2.7	+ 9.7	+12.2	+ 5.3	+ 9.3	+12.0	+ 7.8	+10.7	+21.8	+ 4.4
May	+17.0	+12.4	+11.1	+ 7.4	+15.2	+ 9.5	+17.6	+15.0	+14.2	-15.8
June	+ 0.2	- 6.2	+ 5.3	+ 6.6	+ 9.1	+ 7.1	+ 9.7	+14.3	+14.6	-29.1

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NOTE: Aggregate reserve series have been adjusted to eliminate changes in percentage reserve requirements against deposits, but reserve requirements on Eurodollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970.

Table 3

AGGREGATE RESERVES AND MONETARY VARIABLES

SEASONALLY ADJUSTED

CONFIDENTIAL (FR)
July 23, 1971

Period	Aggregate Reserves			Member Bank Deposits		Money Supply			Commercial Bank Time Deposits			12	13 Addendum
	1 Total	2 Non-borrowed	3 Required	4 Total	5 U S Govt Demand	6 Total	7 Currency	8 Private Demand Deposits	9 Total	10 CD's	11 Other	Adjusted Credit Proxy	Nonbank Comm Paper
	(In millions of dollars)			(In billions of dollars)									
1969: Oct.	27,354	26,210	27,129	283.5	3.1	203.2	45.6	157.6	194.2	11.5	182.6	302.2	28.0
Nov.	27,783	26,538	27,548	285.8	5.6	203.5	45.9	157.6	194.0	11.1	182.9	305.5	28.4
Dec.	27,928	26,806	27,707	285.8	4.9	203.6	46.0	157.7	194.6	11.2	183.4	305.7	29.1
1970: Jan.	28,001	26,966	27,823	284.8	5.3	205.2	46.2	159.0	193.3	10.6	182.7	304.8	29.4
Feb.	27,722	26,615	27,523	282.9	5.6	204.5	46.4	158.1	193.5	10.6	182.9	303.4	30.0
March	27,723	26,782	27,536	286.2	5.9	206.6	46.7	159.8	195.3	11.5	183.8	306.1	30.4
April	28,216	27,350	28,046	290.2	5.2	208.3	47.1	161.2	198.5	12.9	185.6	309.6	31.2
May	27,890	26,916	27,692	289.1	3.0	209.2	47.7	161.6	200.3	13.2	187.1	309.3	31.7
June	27,902	27,056	27,713	290.5	4.8	209.6	47.8	161.9	202.2	13.2	189.0	311.1	30.9
July	28,041	26,694	27,896	296.0	4.4	210.6	48.1	162.5	208.2	16.9	191.3	315.8	28.7
Aug.	28,585	27,780	28,408	303.2	6.4	211.8	48.2	163.7	213.2	19.0	194.2	321.9	28.5
Sept.	29,240	28,708	29,024	308.0	6.2	212.8	48.2	164.6	218.5	21.7	196.8	324.5	29.7
Oct.	29,385	28,928	29,134	310.6	5.2	213.0	48.5	164.5	222.2	23.2	199.1	324.8	30.5
Nov.	29,474	29,033	29,233	314.0	6.0	213.5	48.7	164.8	225.0	23.9	201.1	326.7	29.7
Dec.	29,925	29,584	29,703	319.6	6.2	214.6	48.9	165.7	230.4	26.0	204.4	331.2	31.2
1971: Jan.	30,229	29,801	30,029	323.9	6.7	214.8	49.2	165.5	235.3	27.1	208.2	334.1	31.0
Feb.	30,515	30,176	30,255	329.1	6.2	217.3	49.6	167.7	240.9	27.4	213.5	337.7	30.7
March	30,748	30,398	30,534	333.2	4.8	219.4	50.0	169.4	246.1	27.8	218.3	340.2	29.3
April	30,816	30,644	30,611	336.6	5.4	221.1	50.5	170.5	248.3	27.3	221.0	341.7	29.4
May	31,253	30,961	30,998	339.7	4.2	223.9	50.9	173.0	251.4	27.9	223.4	343.8	29.0
June	31,257	30,801	31,046	341.2	3.9	225.6	51.2	174.4	254.4	28.6	225.8	345.7	28.3
Week ending:													
1971: June 2	31,467	30,860	31,132	341.7	4.5	225.6	50.9	174.6	253.3	28.2	225.1	345.8	29.3
9	31,278	31,093	31,135	341.4	4.2	224.2	51.2	173.1	253.8	28.5	225.2	345.9	29.9
16	31,455	31,152	31,211	342.1	5.0	226.2	51.2	175.0	254.0	28.2	225.8	346.5	28.6
23	30,957	30,412	30,777	339.9	3.2	225.6	51.1	174.5	254.8	28.9	225.8	344.3	28.7
30	31,279	30,529	31,037	340.5	2.7	225.3	51.4	174.0	255.4	28.8	226.6	345.1	27.7
July 7 p	31,071	30,495	30,769	343.1	2.5	228.5	51.7	176.7	256.1	29.6	226.5	347.3	28.1
14 p	30,867	29,984	31,026	343.3	2.9	227.3	51.8	175.6	256.7	30.2	226.6	347.4	28.3

NOTES: Aggregate reserve series have been adjusted to eliminate changes in percentage reserve requirements against deposits, but reserve requirements on Euro-dollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970. Adjusted credit proxy includes mainly total member bank deposits subject to reserve requirements, bank-related commercial paper, and Euro-dollar borrowings of U. S. banks. Weekly data are daily averages for statement weeks. Monthly data are daily averages except for nonbank commercial paper figures which are for last day of month.

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Table 4

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):							
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	280	217	261
July	-1,134	183	1,317	218	460	348	291
August	- 706	175	881	143	278	273	187
September	- 374	235	609	101	115	274	119
October	- 274	193	467	12	40	313	102
November	- 199	210	409	42	17	294	57
December	- 84	264	348	36	16	265	30
1971--January	- 140	238	378	45	36	262	35
February	- 71	264	335	29	30	248	29
March	- 120	192	312	41	17	238	16
April	2	154	152	15	9	119	9
May	6	218	212	78	36	60	38
June	- 303	211	514	103	85	159	167
1971--Jan. 6	138	545	407	71	60	250	26
13	- 245	32	277	--	--	249	28
20	- 380	92	472	82	63	284	43
27	- 72	282	354	26	20	266	42
Feb. 3	- 46	237	283	--	--	253	30
10	- 42	205	247	--	--	229	18
17	- 264	297	561	114	121	280	46
24	67	317	250	--	--	228	22
Mar. 3	- 88	170	258	--	1	241	16
10	- 339	82	421	108	51	249	13
17	- 25	265	290	46	--	231	13
24	- 265	68	333	52	15	251	15
31	119	376	257	--	18	217	22
Apr. 7	80	277	197	--	--	184	13
14	58	208	150	17	--	127	6
21	- 3	81	84	--	1	79	4
28	- 128	48	176	42	34	86	14
May 5	191	365	174	46	40	61	27
12	131	230	99	39	20	22	18
19	- 204	102	306	134	47	74	51
26	- 93	174	267	91	36	84	56
June 2	- 361	285	646	171	100	217	158
9	- 80	73	153	46	27	25	55
16	- 149	254	403	86	4	152	161
23	- 409	210	619	103	161	202	153
30	- 518	232	750	107	132	203	308
July 7 p	- 351	316	667	--	149	262	256
14 p	- 952	41	993	252	306	194	241
21 p	- 793	329	1,122	47	344	395	336

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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: Total holdings	U.S. Government securities: Bills 1/	U.S. Government securities: Other	U.S. Government securities: Repurchase agreements	Federal Agency Securities	Bankers' acceptances	Member bank borrowings
Year:									
1969 (12/25/68 - 12/31/69)		+5,539	+5,192	+4,279 (--)	+ 707	+ 206	+ 67	+ 35	+ 245
1970 (12/31/69 - 12/30/70)		+3,351	+4,276	+3,220 (- 143)	+1,180	- 124	- 63	- 28	- 884
1971--Jan.	6	+ 938	+ 722	+ 428 (+ 97)	+ 109	+ 185	+ 51	+ 28	+ 137
	13	- 534	- 308	+ 19 (+ 46)	--	- 327	- 59	- 37	- 130
	20	+ 64	- 153	- 236 (- 159)	--	+ 83	+ 13	+ 9	+ 195
	27	- 204	- 81	- 65 (+ 85)	--	- 16	--	- 5	- 118
Feb.	3	+ 8	+ 61	- 26 (+ 74)	--	+ 87	+ 6	+ 12	- 71
	10	- 236	- 171	- 61 (- 412)	--	- 110	- 16	- 13	- 36
	17	+1,523	+1,082	+ 333 (+ 412)	+ 106	+ 643	+ 85	+ 42	+ 314
	24	- 928	- 518	- 218 (- 367)	+ 209	- 509	- 68	- 31	- 311
Mar.	3	+ 279	+ 286	+ 120 (+ 367)	+ 207	- 41	- 9	- 6	+ 8
	10	- 275	- 414	- 407 (- 204)	+ 97	- 104	- 7	- 17	+ 163
	17	+ 761	+ 736	+ 64 (+ 204)	+ 68	+ 604	+ 90	+ 66	- 131
	24	- 516	- 432	+ 60 (- 107)	+ 62	- 554	- 90	- 37	+ 43
	31	+ 502	+ 530	+ 5 (+ 107)	+ 153	+ 372	+ 36	+ 12	- 76
Apr.	7	+ 155	+ 145	+ 4 (- 82)	+ 124	+ 17	+ 47	+ 23	- 60
	14	- 255	- 86	+ 128 (+ 12)	+ 84	- 298	- 68	- 54	- 47
	21	+ 348	+ 423	+ 360 (+ 70)	+ 113	- 50	- 11	+ 2	- 66
	28	+ 54	- 43	+ 30 (--)	--	- 73	- 7	+ 12	+ 92
May	5	+ 771	+ 712	+ 384 (--)	--	+ 328	+ 50	+ 11	- 2
	12	+ 201	+ 272	+ 173 (--)	--	+ 99	- 6	+ 10	- 75
	19	+ 503	+ 304	+ 400 (--)	+ 71	- 167	- 4	- 4	+ 207
	26	+ 115	+ 144	+ 256 (--)	+ 56	- 168	- 6	+ 16	- 39
June	2	+ 305	- 57	+ 13 (--)	--	- 70	- 8	- 9	+ 379
	9	- 974	- 418 2/	- 439 (--)	--	- 73	- 27	- 36	- 493
	16	+ 202	- 47 2/	- 463 (- 39)	--	--	--	- 1	+ 250
	23	+ 160	- 106 2/	+ 348 (+ 39)	--	+ 162	+ 23	+ 27	+ 216
	30	+1,156	+1,059	+1,151 (--)	+ 27	- 119	- 9	- 25	+ 131
July	7 p	+ 368	+ 373	+ 131 (- 57)	+ 35	+ 207	+ 47	+ 31	- 83
	14 p	+ 360	+ 74	+ 208 (- 87)	--	- 134	- 20	- 20	+ 326
	21 p	+ 742	+ 562	+ 25 (+ 144)	--	+ 537	+ 47	+ 4	+ 129

1/ Figures in parenthesis reflect reserve effect of match sale-purchase agreement.
2/ Includes effect of changes in special certificates of $ +94 million of the week of June 9, $ +416 million of the week of June 16, and $ -616 million of the week of June 23.

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 stock	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)									
Year:											
1969 (12/25/68 - 12/31/69)		+5,539	--	-2,676	- 813	+ 241	+ 54	- 898	+1,448	+1,340	+ 108
1970 (12/31/69 - 12/30/70)		+3,351	+1,150 2/	-3,122	+ 773	+ 667	+ 1	-1,655	+1,163	+1,257	- 7
1971--Jan.	6	+ 938	- 385	+ 319	+ 188	- 250	+ 8	- 50	+ 768	+ 657	+ 111
	13	- 534	--	+ 601	- 63	- 673	- 4	+ 305	- 369	+ 144	- 513
	20	+ 64	--	+ 450	+ 108	+ 191	--	- 26	+ 787	+ 727	+ 60
	27	- 204	--	+ 544	- 275	- 889	- 1	- 34	- 857	-1,047	+ 190
Feb.	3	+ 8	--	+ 3	+ 289	- 402	+ 16	- 130	- 213	- 168	- 45
	10	- 236	--	- 237	- 256	+ 542	- 4	- 7	- 199	- 167	- 32
	17	+1,523	--	- 587	- 50	- 533	- 10	+ 97	+ 442	+ 350	+ 92
	24	- 928	--	- 102	+ 418	+ 844	+ 2	- 515	- 286	- 306	+ 20
Mar.	3	+ 279	--	+ 220	- 99	- 752	+ 17	- 40	- 374	- 227	- 147
	10	- 275	--	+ 92	- 105	+ 185	+ 2	- 37	- 138	- 50	- 88
	17	+ 761	--	- 635	+ 508	- 357	- 5	+ 280	+ 551	+ 368	+ 183
	24	- 516	--	- 180	- 186	+ 304	+ 20	+ 85	- 473	- 276	- 197
	31	+ 506	--	+ 435	- 60	- 371	- 41	- 9	+ 458	+ 150	+ 308
Apr.	7	+ 279	--	- 257	- 243	+ 235	+ 14	- 173	- 270	- 171	- 99
	14	- 275	--	- 483	+ 249	+ 241	- 14	+ 217	- 45	+ 24	- 69
	21	+ 348	--	- 414	- 131	+ 301	+ 21	+ 187	+ 313	+ 440	- 127
	28	+ 54	--	+ 580	- 384	- 10	+ 1	- 23	+ 219	+ 252	- 33
May	5	+ 771	--	+ 129	+ 307	- 497	- 14	- 72	+ 623	+ 306	+ 317
	12	+ 201	- 171	- 351	- 248	- 211	- 13	+ 99	- 696	- 561	- 135
	19	+ 503	- 229	- 465	+ 83	+ 421	+ 5	- 45	+ 278	+ 406	- 128
	26	+ 115	--	+ 69	+ 218	- 177	- 25	- 315	- 116	- 188	+ 72
June	2	+ 305	--	- 80	+ 169	- 327	--	- 33	+ 30	- 81	+ 111
	9	- 974	--	- 240	+ 522	+ 291	+ 36	- 28	- 390	- 178	- 212
	16	+ 202	--	- 378	+ 398	- 122	+ 1	+ 228	+ 327	+ 146	+ 181
	23	+ 160	--	- 125	- 648	+ 291	- 5	+ 33	- 294	- 250	- 44
	30	+1,156	--	+ 362	- 776	- 334	- 11	- 28	+ 373	+ 351	+ 22
July	7 p	+ 368	--	- 597	- 54	+ 384	- 4	- 43	+ 48	- 36	+ 84
	14 p	+ 360	--	- 495	- 244	+ 259	+ 8	+ 82	- 29	+ 246	- 275
	21 p	+ 742	--	- 343	+ 176	- 24	- 4	+ 110	+ 658	+ 370	+ 288

1/ For retrospective details, see Table 5.
2/ Includes $400 million in special drawing account.
p - Preliminary.

Table 7

Reconciliation--Money supply and Credit Proxy Adjusted
(Billions of dollars, not seasonally adjusted)

Item	Levels, 1971			Dollar Change	
	March	May	June	2nd Qtr., 1971	May to June, 1971
1. Money supply--M_1	217.4	219.7	223.5	6.1	3.8
2. Plus: Time deposits other than large CD's	218.9	224.5	226.1	7.2	1.6
3. Equals: Money supply--M_2	436.3	444.3	449.6	13.3	5.3
Plus:					
4. U.S. Gov't. deposits at member banks	4.5	6.7	4.4	-0.1	-2.3
5. Net domestic commercial bank deposits at member banks	4.3	4.0	4.0	-0.3	--
6. Large CD's	28.0	27.6	28.4	0.4	0.8
7. Nondeposit funds 1/	7.0	4.1	4.4	-2.6	0.3
8. Time deposit of U.S. Gov't. and commercial banks	1.9	1.9	1.9	--	--
9. F.R. Float	2.7	2.7	2.7	--	--
Less:					
10. Demand deposits at nonmember banks	38.3	39.0	39.9	1.6	0.9
11. Time deposits at nonmember banks	56.5	58.2	58.8	2.3	0.6
12. Currency component of the money supply	49.5	50.5	51.1	1.6	0.6
13. Deposits at Edge Act Corps., agencies and foreign branches	0.8	0.7	0.7	-0.1	--
14. Foreign deposits at F.R.	0.4	0.4	0.4	--	--
Equals:					
15. Credit Proxy Adjusted	339.2	342.5	344.7	5.5	2.2

p - Preliminary.
1/ Includes borrowings from banks own foreign branches, commercial paper and other minor item.
NOTE: Sums of levels and changes may not add because of rounding.

Table 7A

Reconciliation--Money Supply and Credit Proxy Adjusted
(Billions of dollars, seasonally adjusted)

Item	Levels, 1971			2nd Qtr. 1971		May to June, 1971	
	March	May	June	Dollar Change	Percentage Change	Dollar Change	Percentage Change
1. Money supply--M_1	219.4	223.9	225.6	6.2	11.3	1.7	9.1
2. Plus: Time deposits other than large CD's	218.3	223.4	225.8	7.5	13.7	2.4	12.9
3. Equals: Money supply--M_2	437.6	447.3	451.4	13.8	12.6	4.1	11.0
Plus:							
4. U.S. Gov't. deposits at member banks	4.8	4.2	3.9	-0.9		-0.3	
5. Net domestic commercial bank deposits at member banks	4.7	5.1	4.3	-0.4		-0.8	
6. Large CD's	27.8	27.9	28.6	0.8		0.7	
7. Nondeposit funds 1/	7.0	4.1	4.4	-2.6		0.3	
Less:							
8. Currency component of the money supply	50.0	50.9	51.2	1.2		0.3	
9. Deposits at nonmember banks, and other items 2/	91.8	93.9	95.7	3.9		1.8	
Equals:							
10. Adjusted Credit Proxy	340.2	343.8	345.7	5.5	6.5	1.9	6.6

1/ Includes borrowings from banks own foreign branches, commercial paper and other minor items.

2/ Other items include money supply type deposits at Edge Act corporations and domestic branches of foreign banks.

NOTE: Sums of levels and changes may not add because of rounding.

p - Preliminary.

Table 8

Reserve Absorbtion by Type of Deposit--Selected Periods
(Millions of dollars, seasonally adjusted)

	Dec. 1970-May 1971	Dec. 1970-March 1971	March 1971-June 1971
Change in total reserves	1,328	823	509
Reserves absorbed by:			
Demand deposits adjusted	704	289	449
Interbank deposits	308	213	39
U.S. Government deposits	-311	-219	-132
Time and Savings deposits	654	495	241
Eurodollars and Commercial paper 1/	-103	-85	-21
Excess reserves	33	-9	- 3
Adjustment due to lagged accounting	43	139	-64
Per cent of total reserve change absorbed by:			
Demand deposits adjusted	53.0	35.1	88.2
Interbank deposits	23.2	25.9	7.7
U.S. Government deposits	-23.4	-26.6	-25.9
Time and Savings deposits	49.3	60.2	47.4
Eurodollars and Commercial paper 1/	-7.8	-10.3	- 4.1
Excess reserves	2.5	-1.1	- 0.6
Adjustment due to lagged accounting	3.2	16.9	12.6

1/ Member bank borrowings from own foreign branches subject to Regulation M reserve requirements and commercial paper subject to Regulation D.