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Content last modified 6/05/2009.

CONFIDENTIAL (FR) September 8, 1967.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

Bank credit expansion slackened markedly in the last three statement weeks of August as measured by the proxy, although increasing at a 17 per cent annual rate for the month on average (and 18½ per cent, after including the rapid increase in Euro-dollar borrowings in August). Outstanding business loans contracted sharply last month, but banks' holdings of U.S. Government securities continued to rise on balance. Until the last week in August weekly reporting banks continued for the most part to be moderate net sellers of Treasury bills following their massive increase in holdings in connection with the large early July Treasury tax bill issue. However, holdings of U.S. Government securities rebounded toward the end of August, as banks participated heavily in the $2.5 billion Treasury cash financing involving a 3½ year note with a 5-3/8 per cent coupon (that could be paid for with full tax and loan credit) and purchased Treasury bills in the market.

Generally, the U.S. Government's financing needs have been the principal influence tending to enlarge bank credit expansion during the past two months. Treasury debt offerings were reflected not only in the investment and underwriting function of banks but also in the position of Government security dealers. Dealers built up bill positions in early July and generally maintained them at advanced levels

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE

(Monthly averages and, where available, weekly averages of daily figures)

Period	Money Market Indicators				Bond Yields			Flow of Reserves, Bank Credit and Money				
	Free Reserves (In millions of dollars)	Borrowings	Federal Funds Rate	3-month Treasury Bill	U.S. Gov't. (20 yr.)	Corporate New Issues (Aaa) 1/	Municipal (Aaa)	Non-borrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy (In billions of dollars)	Money Supply	Time Deposits 2/
								(Seasonally Adjusted)				
1966--Aug.	-374	740	5.45	4.95	4.95	5.64**	3.91	-240	-290	- 0.2	+ 0.2	+ 1.2
Sept.	-390	765	5.30	5.36	4.94	5.82**	3.93	- 36	+ 84	- 0.1	+ 0.4	+ 0.7
Oct.	-425	766	5.46	5.33	4.83	5.70**	3.82	-116	-131	- 0.9	- 0.4	+ 0.2
Nov.	-235	605	5.75	5.31	4.88	5.71	3.78	+150	- 59	- 0.6	--	- 0.3
Dec.	-196	529	5.39	4.96	4.76	5.73	3.79	- 13	- 16	+ 0.4	+ 0.3	+ 1.3
1967--Jan.	- 59	476	4.87	4.72	4.51	5.43	3.50	+475	+359	+ 3.3	- 0.1	+ 2.2
Feb.	42	366	4.99	4.56	4.61	5.18	3.38	+325	+218	+ 3.3	+ 1.2	+ 2.6
Mar.	172	196	4.50	4.26	4.56	5.31	3.47	+555	+415	+ 3.0	+ 1.6	+ 2.6
Apr	199	150	4.03	3.84	4.64	5.38	3.50	+ 92	+ 49	+ 2.1	- 0.3	+ 2.0
May	275	94	3.94	3.60	4.90	5.62	3.71	+ 96	- 8	+ 1.2	+ 1.6	+ 1.9
June	257	88	3.97	3.53	4.99	5.79	3.80	+ 95	+164	+ 2.0	+ 1.7	+ 2.5
July	317	132	3.78	4.20	5.01	5.78	3.86	+313	+229	+ 3.2	+ 1.7	+ 2.2
Aug p	263	86	3.88	4.26	5.12	5.89**	3.78	+275	+243	+ 3.7	+ 1.2	+ 2.6
1967--Aug. 2	179	116	3.75	4.15	5.07	5.82	3.75			+ 1.2	+ 0.5	+ 0.7
9 p	295	91	4.02	4.17	5.09	5.84	3.75			+ 1.2	+ 0.5	+ 1.0
16 p	237	129	4.07	4.18	5.12	5.92	3.80			- 0.3	+ 0.4	+ 0.5
23 p	411	47	3.97	4.29	5.13	5.99**	3.80			+ 0.2	--	+ 0.3
30 p	195	46	3.53	4.42	5.14	5.97	3.80			+ 0.2	--	+ 0.6
Sept 6 p	288	79	4.03	4.33	5.11	5.83**	3.80			+ 2.3	+ 0.4	+ 0.2
	Averages							Annual rates of increase 3/				
Year 1966	-283	672	5.06	4.85	4.77	5.41	3.67	+ 0.8*	+ 1.2*	+ 3.7*	+ 2.2	+ 8.8*
Second Half 1966	-338	763	5.39	5.12	4.87	5.74	3.83	- 1.3*	- 2.3*	+ 0.3*	- 0.2	+ 6.5*
First Half 1967	153	222	4.38	4.09	4.70	5.45	3.56	+15.0	+10.7	+12.1	+ 6.8	+17.3
Recent variations in growth												
July 6-Nov 16	-346	732	5.43	5.13	4.89	5.72	3.85			- 2.1	- 0.6	+ 4.2
Nov. 16-Mar 29	- 23	397	5.01	4.70	4.64	5.36	3.57			+12.4	+ 5.6	+16.4
Mar. 29-Sept. 6	264	107	3.94	3.91	4.92	5.73**	3.74			+11.6	+ 8.1	+15.5

1/ Includes issues carrying 5-year and 10-year call protection; ** issues carry a 5-year call protection.
2/ Time deposits adjusted at all commercial banks.
3/ Base is change for month preceding specified period or in case of weekly periods, the first week shown.
* - Changes have been adjusted for redefinition of time deposits effective June 9, 1966.
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through August. Positions in coupon issues have fluctuated widely with the recent Treasury refunding and cash financing. In view of uncertainties as to the future course of interest rates, dealers were unusually quick to dispose of the 15-month note obtained in the mid-August refunding, despite the large positive carry available with 5¼ per cent coupon issue relative to borrowing costs that have frequently been around 4 per cent.

Dealers have recently experienced a positive carry on practically all Treasury issues in portfolio, with the exception of the 1-month bill. The ready availability of short-term funds to banks, both from domestic sources and from abroad, along with a usual seasonal improvement in New York banks' basic reserve position, contributed to an easing in the Federal funds and dealer loan markets. In the latter part of August the Federal funds rate fell to a level generally below 4 per cent and new dealer loan rates also frequently dropped below that level. In consequence, dealers relied increasingly on banks to finance their positions, with more than three-fifths of dealer borrowings at banks as compared with one-third a year ago August. In early September, however, both Federal funds and dealer loan rates moved back to 4 per cent and above.

Banks were able to increase both their outstanding negotiable CD's and their liabilities to foreign branches each by $600 million further over the period from August 2 to August 30. The inflows of such funds appeared larger to some banks than immediate loan demands justified, even with the mid-September tax date and potential CD run-offs approaching, and there were recent reductions in rates on CD's maturing within three months by a few major banks. During the first week of September outstanding CD's declined markedly at New York City banks.

On average in August all time and savings deposits at commercial banks rose at a 17.5 per cent annual rate, while the money supply rose by 8 per cent. The private money supply showed no growth in the last half of August, even though U.S. Government deposits declined during the last three weeks of the month.

In support of the August expansion in total deposits, total reserves rose at a 12 per cent annual rate, somewhat less than the expansion in required reserves, as banks economized to a degree on excess reserves. The 3-month bill rate fluctuated in a 4.15 - 4.45 per cent range since the last meeting of the Committee, and such a relatively high level of rates may have induced some banks to move, at the margin, out of Federal funds into bills. During the four statement weeks ending September 6, member bank borrowings averaged $75 million and free reserves $283 million, little changed from the previous four weeks.

Annual rates of increase for key monetary variables during the past nine months ending August are shown below in comparison with rates for the equivalent period a year earlier when policy was tightening.

	December through August, inclusive	
	1966-67	1965-66
Total reserves	9.8%	3.6%
Nonborrowed reserves	13.5	1.9
Bank credit		
Proxy	12.1	6.6
Proxy, including Euro-dollars	12.4	8.3
End of month series	12.2	9.3
Business loans of banks	6.9	18.2
Time deposits	16.7	11.5
Money supply	7.1	3.5
U.S. Government deposits	-7.3	8.2

Prospective developments

Maintenance of prevailing money market conditions over the next three weeks would appear to encompass a Federal funds rate averaging 4 per cent or a little below, dealer new loan rates in New York in a 4⅛ - 4-3/8 per cent range, a 3-month Treasury bill rate in a 4.15 - 4.45 per cent range, member bank borrowings averaging between $50 and $100 million, and free reserves between $200 and $300 million. The approaching September tax date is not expected to generate any sizable problems, but, as the basic reserve deficiencies of major reporting banks enlarge, it will be a factor adding at the margin to market pressures and tending to forestall the re-emergence of Federal funds and dealer loan rates as low as in late August.

The 3-month bill rate could decline toward the lower end of the indicated range because of the attractive maturity dates around the mid-December tax period and year-end for such bills to be auctioned in the period immediately ahead. There might also be some downward pressure on bill rates generally because the auto strike may reduce some short-term credit demands from, say, finance companies. However, the market impact of the work stoppage is likely to be minor so long as it is limited to one firm.

As an offset to such downward tendencies, dealer bill positions are relatively high, and bill rates normally show a seasonal rise in September. The System will not be a buyer in the market until late September and early October, when System security purchases might exceed $1 billion. At around that time, however, it is likely that the market will be focusing on Treasury cash needs in October; current market expectations appear to be for a $4 - $5 billion Treasury tax bill financing later in October. In general, the course of bill rates will be strongly influenced by the strength of demand for bills from businesses and banks; such demands could be substantial so long as business loan demand from banks remains quite moderate, as currently expected, and as corporations rebuild the liquid assets that were depleted in making the large second quarter tax payments.

It is not expected that banks will aggressively offer negotiable CD's in the weeks immediately ahead. We are assuming a CD run-off of $300 - $500 million in September. CD's maturing in September total $5.1 billion, slightly less than last year, but considerably more than in 1965. Corporate income tax payments, projected at $4.3 billion, in September are about the same as in the last two years, but payments to the Treasury of withheld personal income and social security taxes are projected higher than in the preceding two years. These statistical comparisons suggest a moderate CD run-off in September. The sizable build-up in CD's and Euro-dollars during recent months might be a factor limiting banks' interest in quickly replacing maturing CD's. Increases in other time and savings deposits are projected at near recent rates, with the total of time and savings deposits expected to rise in an 11 - 13 per cent range in September on average.

Private demand deposits at banks are not likely to show any significant expansion in September, and may well decline somewhat, as over-all loan demands on banks are not expected to be very substantial in the coming weeks. Real estate loans are likely to continue expanding at near recent rates, and outstanding business loans will turn up after their sharp August decline. However, business loans are likely to rise at only a moderate pace since the great bulk of accelerated tax payments are now behind us. On the other hand, loans to security dealers, which were an important force sustaining bank credit expansion in the last two months, are not expected to rise further and may fall on average in September as Government security dealers' positions are reduced in the course of the month.

With such time and private demand deposit behavior, and with U.S. Government deposits showing a slight rise on average during the month, the bank credit proxy may rise in a 9 - 12 per cent range during September. However, the auto strike and possibilities of a sharper reduction in demand for security loans than allowed for and less bank interest in CD's suggest that the odds on a rate of growth at the lower end of the range, or even a little lower, are not trivial.

A bank credit expansion in the projected range, with loan demands moderate, will permit banks to add substantially to their security holdings. This would be an influence tending to moderate upward interest rate pressures in the municipal market that might stem from the enlarged September calendar and would add to investment demands in the markets for intermediate-term Treasury coupon issues and for Treasury bills. In the corporate market, the somewhat less heavy calendar of new issues may serve to keep yields from rising significantly further, and additional declines as the month progresses cannot be ruled out.

If the Committee wishes to alter monetary policy in a firming direction, it may have in view a set of money market conditions entailing a Federal funds rate trading frequently at 4⅛ per cent, member bank borrowings consistently between \$100 and \$150 million, and free reserves averaging in a \$100 - \$200 million range. Such a policy would exert upward pressure on bill rates, and the 3-month bill is likely to approach and perhaps exceed 4½ per cent. Because market participants are very sensitive to the possibility of a change in monetary policy at this juncture, the tighter stance would probably be quickly detected and translated into sizable expectational rate increases, especially in the intermediate- and longer-term maturity range. How far and how long such market adjustments might run would depend in good part on the intensity of the discussions likely to follow as to implications for further monetary policy action, disintermediation, Regulation Q, and changes in the mix of fiscal and monetary policies.

The possible effect of any such firming of market conditions on bank credit growth might well be perverse in the first few weeks. Banks may increase efforts to capture such CD funds as they could while rate ceilings permitted and also to accelerate inflows of Euro-dollars. Subsequent moderation of bank deposit expansion might prove either gradual or abrupt, depending upon how tightly CD rates crowded up against Regulation Q ceilings.

Money market conditions intermediate between those currently prevailing and those indicated just above as consistent with a firming policy could be permitted to develop if bank credit growth brought the proviso clause of a "no change" directive into play. In that event, the Federal funds rate might still average around 4 per cent, but be more frequently above than below that rate, and member bank borrowings average closer to $100 million. The expectational impact of such a shading in market conditions is likely to be less than if firmer money market conditions are sought. While there may be some risks in such a course, the odds are that no significant disintermediation is likely to be triggered by so slight an adjustment, and long-term rates also may show only a minor response.

Table A-1

MARGINAL RESERVE MEASURES

(Dollar amounts in millions, based on period averages of daily figures)

Period	Excess reserves (As revised to date)	Member banks borrowings (As revised to date)	Free reserves: As revised to date	Free reserves: As first published each week	Free reserves: As expected at conclusion of each week's open market opeations
Monthly (reserves weeks ending in):					
1966--August	366	740	-374		
September	375	765	-390		
October	341	766	-425		
November	370	605	-235		
December	333	529	-196		
1967--January	417	476	- 59		
February	408	366	+ 42		
March	368	196	+172		
April	349	150	+199		
May	364	94	+270		
June	345	88	+257		
July	449	132	+317		
August p	349	86	+363		
Weekly:					
1967--May 3	405	134	+271	+345	+343
10	329	63	+266	+260	+262
17	404	123	+281	+261	+291
24	327	50	+277	+288	+291
31	381	102	+279	+264	+264
June 7	331	77	+254	+284	+290
14	355	43	+312	+325	+339
21	261	91	+170	+198	+229
28	431	141	+290	+304	+292
July 5	462	353	+109	+152	+168
12	643	69	+574	+597	+604
19	236	51	+185	+195	+214
26	453	54	+399	+403	+417
Aug. 2	295	116	+179	+206	+188
9 p	386	91	+295	+324	+319
16 p	366	129	+237	+258	+269
23 p	458	47	+411	+422	+438
30 p	241	46	+195	+182	+202
Sept. 6 p	367	79	+288	+288	+219

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TABLE A-2

AGGREGATE RESERVES AND RELATED MEASURES

Retrospective Changes, Seasonally Adjusted
(In per cent, annual rates based on monthly averages of daily figures)

	Reserve Aggregates				Monetary Variables			
	Total Reserves	Nonborrowed Reserves	Required reserves: Total	Required reserves: Against Demand Deposits	Total Member Bank Deposits (credit) 1/2/	Time Deposits (comm. banks) 2/	Money Supply: Total	Money Supply: Private Demand Deposits
Annually:								
1965	+ 5.2	+ 4.2	+ 5.1	+ 2.3	+ 9.1	+16.0	+ 4.7	+ 4.3
1966	+ 1.2	+ 0.8	+ 1.4	+ 0.9	+ 3.7	+ 8.8	+ 2.2	+ 1.2
Monthly:								
1966--Jan.	+ 9.3	+ 9.8	+ 8 0	+12.6	+ 8.1	+ 4.9	+ 7.9	+ 8.3
Feb.	+ 2.3	+ 2.4	+ 1.1	+ 6.3	+ 5.0	+ 6.5	+ 2.9	+ 1.8
Mar.	+ 2.7	- 3.8	+ 2.7	- 2.2	+ 4.0	+12.1	+ 6.4	+ 6.4
Apr.	+12.1	+ 8.4	+ 9.5	+ 6.7	+12.0	+16.0	+ 9.2	+10.0
May	+ 1.3	- 0.4	+ 3.0	+ 3.9	+ 8.4	+12.6	- 2.1	- 4.5
June	+ 0.2	+ 0.5	+ 1.7	- 4.9	+ 4.4	+11.0	+ 2.8	+ 2.7
Jul.	+ 8.1	+ 6.0	+ 4.9	+ 5.9	+ 9.3	+16.3	- 4.9	- 8.1
Aug.	-15.2	-13.0	- 8.4	-11.5	- 1.0	+ 9.2	+ 1.4	+ 0.9
Sept.	+ 4.5	- 2.0	- 1.0	- 4.5	- 0.5	+ 3.8	+ 2.8	+ 1.8
Oct.	- 6.9	- 6.4	- 3.0	- 7.2	- 4.4	+ 1.5	- 2.8	- 4.5
Nov.	- 3.1	+ 8.3	- 3.1	- 0.5	- 3.4	- 2.3	--	- 0.9
Dec.	- 0.9	- 0.7	+ 1.8	- 6.7	+ 2.0	+ 9.8	+ 2.1	+ 0.9
1967--Jan.	+19.2	+26.0	+14.4	+14.0	+16.1	+16.5	- 0.7	- 2.7
Feb.	+11.5	+17.4	+12.0	+11.6	+15.9	+19.3	+ 8.5	+ 9.1
Mar.	+21.6	+29.4	+15.3	+ 9.8	+14.3	+19.0	+11.2	+12.7
Apr.	+ 2.5	+ 4.7	+ 8.1	+ 5.0	+ 9.9	+14.4	- 2.8	- 5.4
May	- 0.4	+ 4.9	- 1.2	- 2.1	+ 5.6	+13.5	+12.5	+15.3
June	+ 8.4	+ 4.9	+ 4.8	- 2.8	+ 8.8	+17.5	+11.7	+13.3
Jul.	+11.6	+16.0	+16.0	+16.1	+15.2	+15.2	+11.6	+14.0
Aug. p	+12.2	+13.8	+16.1	+14.1	+16.9	+17.7	+ 8.1	+10.4

1/ Includes all deposits subject to reserve requirements. Movements in this aggregate correspond closely with movements in total member bank credit.

2/ Changes in reserves, total deposits and time deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

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Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

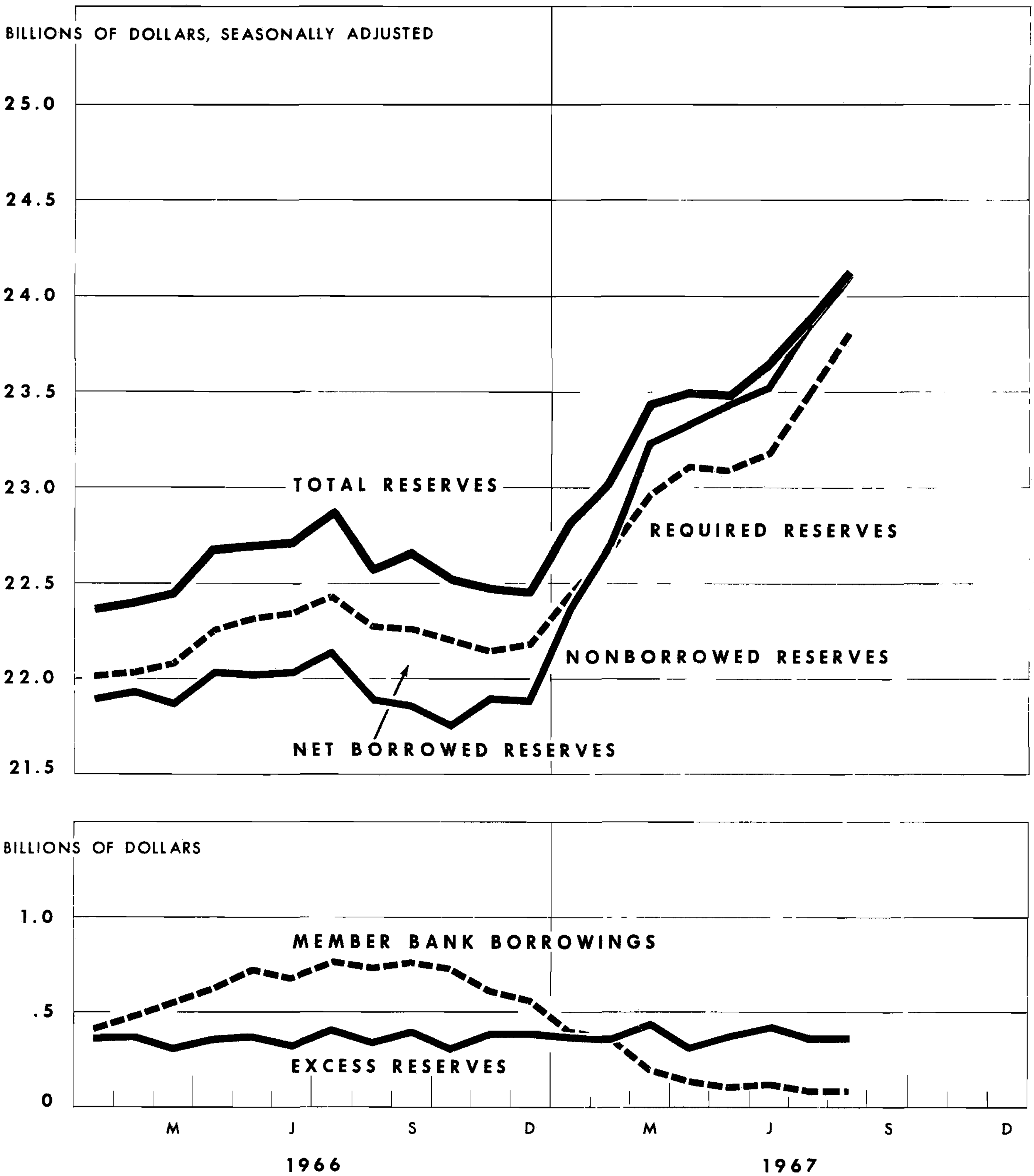


Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

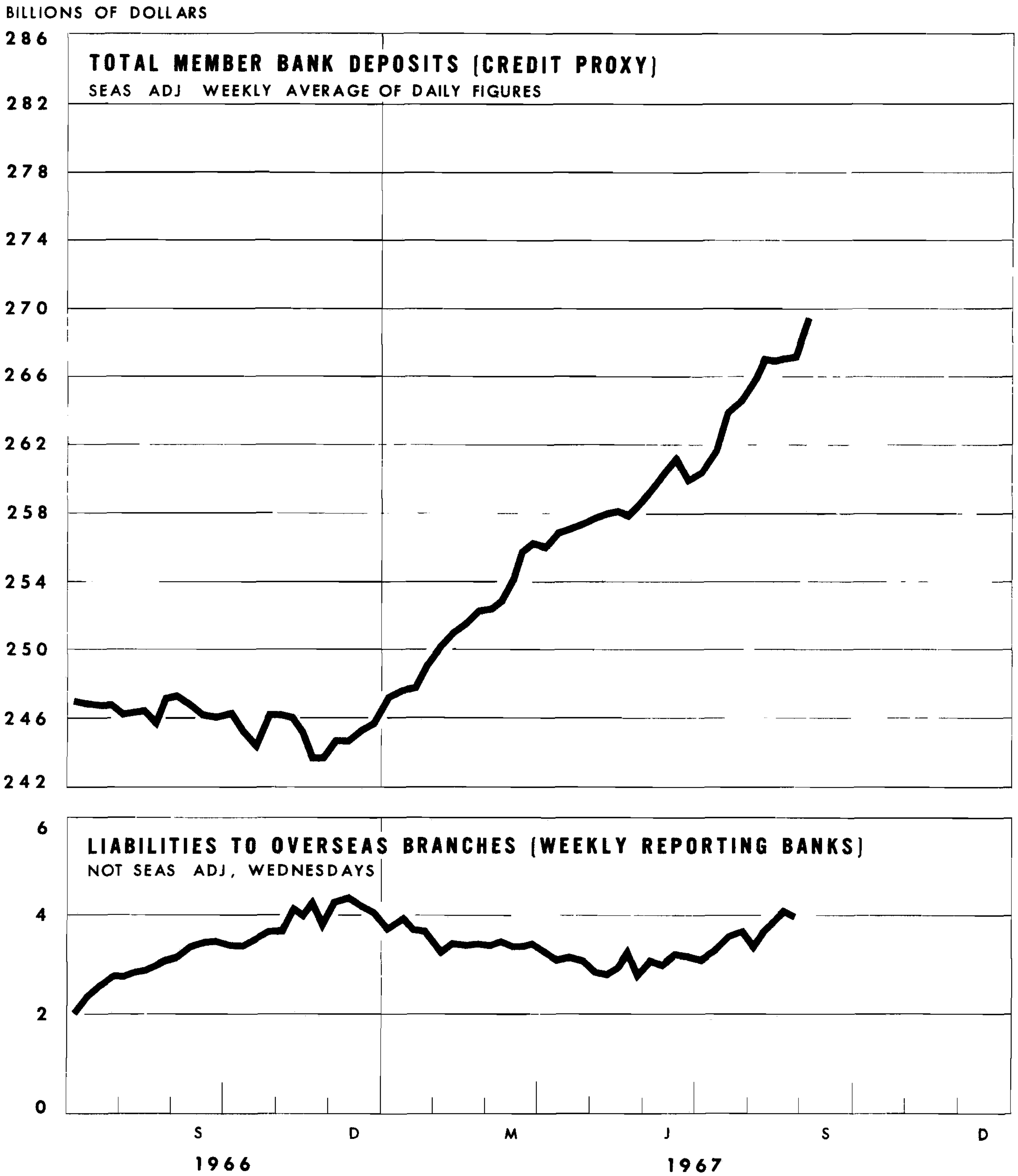
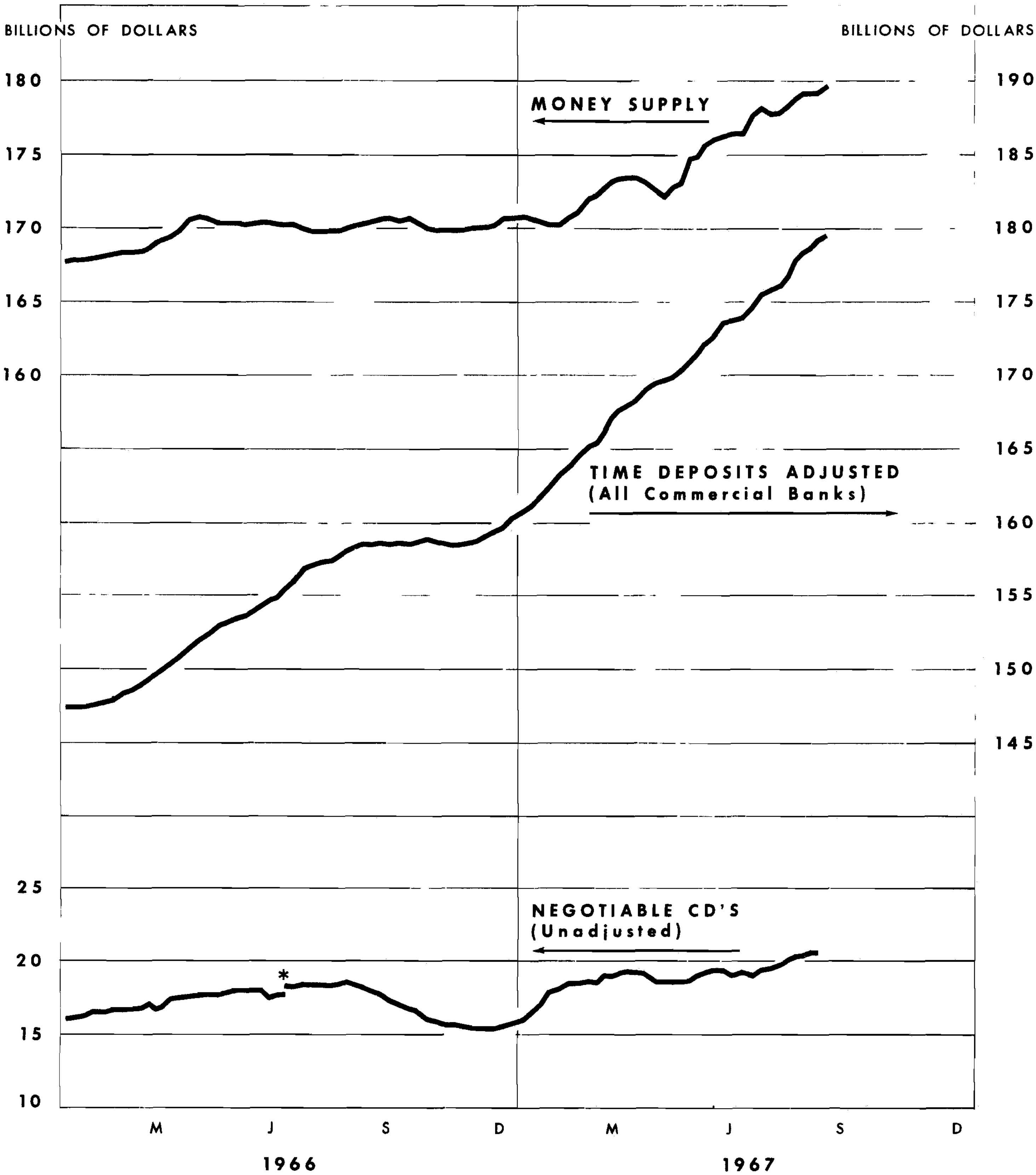


Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES



* CHANGE IN SERIES

Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

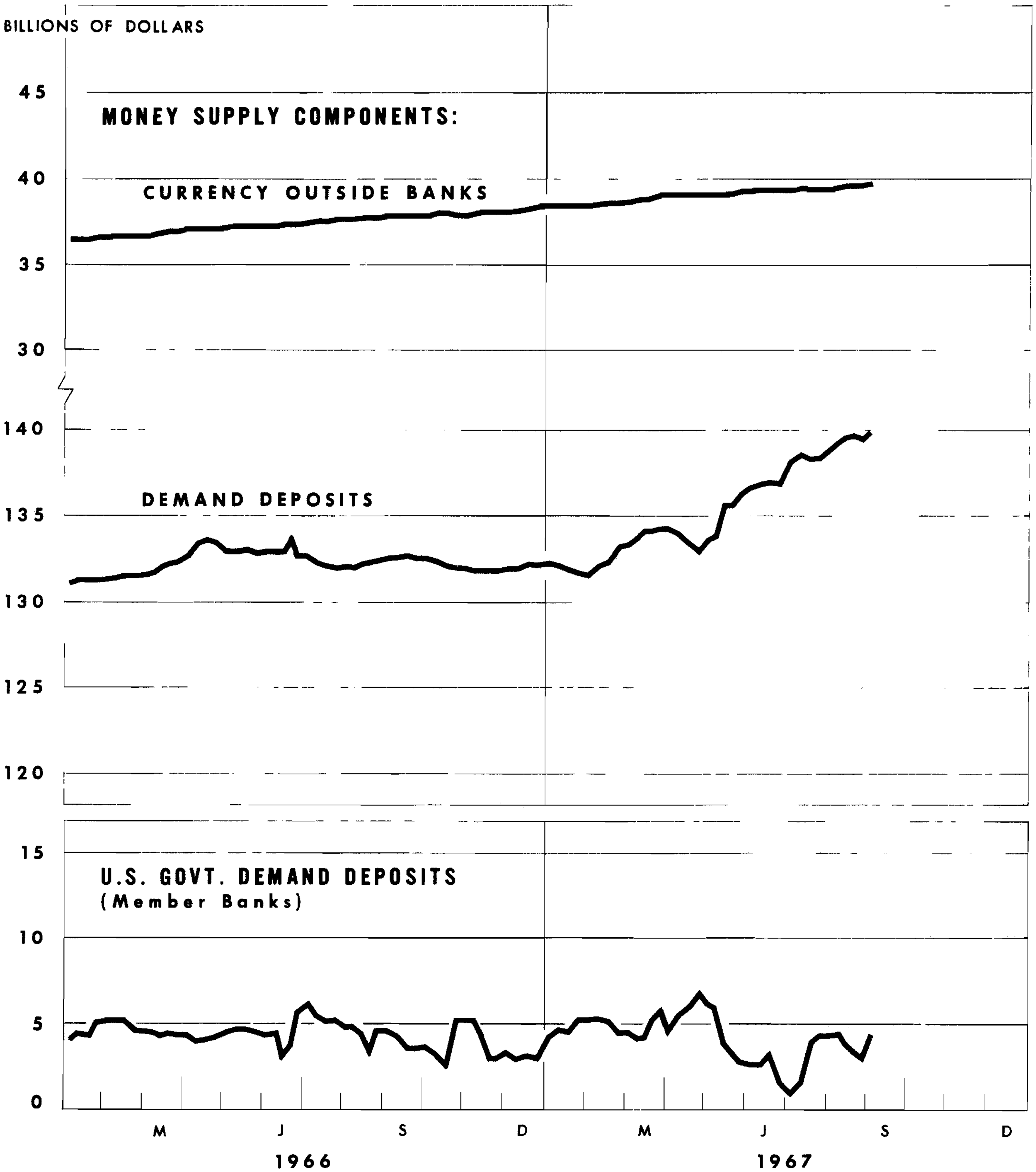


Table B-1

MAJOR SOURCES AND USES OF RESERVES

Retrospective and Prospective
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Factors affecting supply of reserves				= Change in total reserves	= Bank use of reserves	
	Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Technical factors net 2/		Required reserves 3/	Excess reserves
Year:							
1965 (12/30/64 - 12/29/65)	+4,035	-1,602	-2,143	+ 798	+1,089	+1,188	- 99
1966 (12/29/65 - 12/28/66)	+3,149	- 627	-2,243	+ 805	+1,085	+1,111	- 26
Year-to-date:							
(12/29/65 - 9/7/66)	+2,245	- 528	- 952	-1,174	- 411	- 285	- 126
(12/28/66 - 9/6/67)	+2,158	- 151	- 523	-1,694	- 211	- 141	- 70
Weekly:							
1967--Aug. 2	+ 181	- 15	+ 33	- 245	- 47	+ 111	- 158
9 p	+ 122	- 37	- 517	+ 438	- 6	- 85	+ 91
16 p	- 226	--	+ 71	- 81	- 234	- 214	- 20
23 p	- 300	+ 1	+ 125	+ 203	+ 29	- 63	+ 92
30 p	- 263	- 14	+ 242	- 273	- 311	- 94	- 217
Sept. 6 p	+ 475	- 36	- 503	+ 552	+ 490	+ 364	+ 126
PROJECTED 4/							
1967--Sept. 13	-1,000	--	+ 175	+ 845	+ 20	+ 20	--
20	+ 120	--	+ 55	+ 120	+ 295	+ 295	--
27	+ 450	--	+ 260	- 660	+ 50	+ 50	--
Oct. 4	+ 725	--	- 265	- 350	+ 110	+ 110	--
11	+ 245	--	- 310	--	- 65	- 65	--
18	- 485	--	+ 80	+ 370	- 35	- 35	--
25	- 240	--	+ 245	+ 160	+ 165	+ 165	--

1/ For retrospective details, see Table B-4.
2/ For factors included, see Table B-3.
3/ For required reserves by type of deposits, see Table B-2.
4/ See reverse side for explanation of projections.

p - Preliminary.

Table B-2

CHANGES IN REQUIRED RESERVE COMPONENTS

Retrospective and Prospective Seasonal and Nonseasonal Changes
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Total required reserves	Supporting U. S. Gov't. demand deposits	Supporting private deposits					
			Total	Seasonal changes		Other than seasonal changes		
				Demand	Time	Demand	Time	
ACTUAL								
Year:								
1965 (12/30/64 - 12/29/65)	+1,188	- 89	+1,277	+ 115	- 4	+ 499	+ 677	
1966 (12/29/65 - 12/28/66)	+1,111	- 87	+1,194	- 14	- 4	- 5	+1,221 1/	
Year-to-date:								
(12/29/65 - 9/7/66)	- 285	- 183	- 102	-1,024	+ 63	+ 104	+ 755	
(12/28/66 - 9/6/67)	- 141	- 111	- 30	- 997	+ 70	+ 893	+ 4 2/	
Weekly:								
1967--Aug. 2	+ 111	- 163	+ 274	+ 133	- 6	+ 107	+ 40	
9 p	- 85	+ 7	- 92	- 162	--	+ 36	+ 34	
16 p	- 214	- 227	- 13	+ 45	--	- 51	+ 19	
23 p	- 63	+ 75	- 138	- 191	- 5	+ 41	+ 17	
30 p	- 94	- 157	+ 63	+ 58	- 11	- 18	+ 34	
Sept. 6 p	+ 364	+ 173	+ 191	+ 103	- 5	+ 79	+ 14	
PROJECTED								
1967--Sept. 13	+ 20	- 140	+ 160	+ 220	--	- 75	+ 15	
20	+ 295	- 45	+ 340	+ 365	- 25	- 15	+ 15	
27	+ 50	+ 465	- 415	- 425	+ 5	- 15	+ 20	
Oct. 4	+ 110	- 35	+ 145	+ 105	+ 5	+ 15	+ 20	
11	- 65	- 195	+ 130	+ 15	- 5	+ 100	+ 20	
18	- 35	- 255	+ 220	+ 115	- 5	+ 90	+ 20	
25	+ 165	+ 125	+ 40	+ 30	+ 5	- 15	+ 20	

1/ Reflects reserve requirements changes in July and September 1966.
2/ Reflects reserve requirements changes in March 1967.
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Table B-3

TECHNICAL FACTORS AFFECTING RESERVES

Retrospective and Prospective Changes
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Technical factors (net)	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F. R. accounts
ACTUAL	(Sign indicates effect on reserves)				
Year:					
1965 (12/30/64 - 12/29/65)	+ 798	+ 294	- 171	+ 77	+ 598
1966 (12/29/65 - 12/28/66)	+ 805	+ 673	+ 64	- 30	+ 98
Year to date:					
(12/29/65 - 9/7/66)	-1,174	- 82	- 959	- 12	- 121
(12/28/66 - 9/6/67)	-1,694	- 233	-1,367	+ 10	- 104
Weekly:					
1967-Aug. 2	- 245	- 178	- 193	- 14	+ 122
9	+ 438	+ 477	- 54	- 16	+ 31
16	- 81	- 79	- 18	+ 2	+ 14
23	+ 203	- 7	+ 247	- 7	- 30
30	- 273	- 34	- 324	+ 12	+ 73
Sept. 6	+ 552	+ 399	+ 120	- 12	+ 45
PROJECTED					
1967--Sept. 13	+ 845	+ 730	+ 80	--	+ 35
20	+ 120	- 530	+ 550	--	+ 100
27	- 660	- 500	- 160	--	--
Oct. 4	- 350	--	- 350	--	--
11	--	--	--	--	--
18	+ 370	--	+ 220	--	+ 150
25	+ 160	--	+ 160	--	--

Table B-4

SOURCE OF FEDERAL RESERVE CREDIT

Retrospective Changes
(Dollar amounts in millions of dollars, based on weekly averages of daily figures)

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities: Total holdings	Bills	Other	Repurchase agreements	Federal Agency Securities	Bankers' acceptances	Member banks borrowings
Year:								
1965 (12/30/64 - 12/29/65)	+4,035	+3,916	+3,145	+916	-145	--	+ 77	+ 42
1966 (12/29/65 - 12/28/66)	+3,149	+3,069	+2,158	+474	+437	+ 26	+ 52	+ 2
Year-to-date:								
(12/29/65 - 9/7/66)	+2,245	+2,125	+1,907	+439	-221	--	- 83	+203
(12/28/66 - 9/6/67)	+2,158	+2,766	+2,509	+828	-571	- 20	-119	-469
Weekly:								
1967--July 5	+1,090	+ 866	+ 766	+ 65	+ 35	+ 3	+ 9	+212
12	+ 88	+ 347	+ 346	--	+ 1	+ 2	+ 23	-284
19	- 780	- 682	- 630	--	- 52	- 5	- 75	- 18
26	+ 241	+ 244	+ 244	--	--	--	- 6	+ 3
Aug. 2	+ 181	+ 118	+ 118	--	--	--	+ 1	+ 62
9	+ 122	+ 98	- 29	--	+127	--	+ 49	- 25
16	- 226	- 217	- 200	--	- 17	+ 2	- 49	+ 38
23	- 300	- 210	- 100	--	-110	- 2	- 6	- 82
30	- 263	- 255	- 255	--	--	--	- 7	- 1
Sept. 6	+ 475	+ 438	+ 299	+ 52	+ 87	+ 6	- 2	+ 33

Chart Reference Table C-1

TOTAL, NONBORROWED AND REQUIRED RESERVES 1/

Seasonally Adjusted

(Dollar amounts in millions, based on monthly averages of daily figures)

Period	Total reserves	Nonborrowed reserves	Required reserves		
			Total	Against private deposits	
				Total	Demand
1965--Jul.	21,857	21,356	21,488	20,626	15,921
Aug.	21,923	21,417	21,533	20,719	15,943
Sept.	21,869	21,318	21,494	20.904	16,065
Oct.	21,986	21,533	21,645	21,073	16,147
Nov.	21,976	21,589	21,671	21,170	16,196
Dec.	22,186	21,722	21,861	21,285	16,266
1966--Jan.	22,358	21,899	22,007	21,411	16,375
Feb.	22,401	21,943	22,028	21,464	16,413
Mar.	22,452	21,873	22,077	21,600	16,506
Apr.	22,679	22,027	22,252	21,771	16,605
May	22,703	22,020	22,308	21,782	16,562
June	22,707	22,030	22,339	21,883	16,606
Jul.	22,861	22,140	22,431	21,841	16,512
Aug.	22,571	21,900	22,274	21,842	16,473
Sept.	22,655	21,864	22,256	21,860	16,475
Oct.	22,524	21,748	22,200	21,741	16,365
Nov.	22,465	21,898	22,142	21,716	16,364
Dec.	22,449	21,885	22,175	21,772	16,378
1967--Jan.	22,808	22,360	22,442	21,803	16,328
Feb.	23,026	22,685	22,666	22,044	16,478
Mar.	23,441	23,240	22,955	22,297	16,647
Apr.	23,490	23,332	23,110	22,293	16,578
May	23,482	23,428	23,086	22,559	16,786
June	23,646	23,523	23,178	22,890	17,024
Jul.	23,875	23,836	23,487	23,053	17,119
Aug. p	24.118	24,111	23,803	23,274	17,244

p - Preliminary.

1/ Reserves have been adjusted for redefinition of time deposits effective June 9, 1966.

Table C-2

DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally adjusted

(Dollar amounts in billions, based on monthly averages of daily figures)

Monthly	Total member bank deposits (credit) 1/ 2/	Time deposits 2/	Private demand deposits 3/	U.S. Gov't. demand deposits
1965--Jul.	229.1	113.6	108.6	6.8
Aug.	230.4	115.4	108.8	6.3
Sept.	231.4	116.9	109.6	4.9
Oct.	233.5	119.0	110.1	4.4
Nov.	234.8	120.2	110.5	4.1
Dec.	236.4	121.2	111.0	4.2
1966--Jan.	238.0	121.7	111.7	4.7
Feb.	239.0	122.0	112.0	5.0
Mar.	239.8	123.0	112.6	4.2
Apr.	242.2	124.8	113.3	4.1
May	243.9	126.1	113.0	4.8
June	244.8	127.5	113.3	4.0
Jul.	246.7	128.7	112.6	5.3
Aug.	246.5	129.7	112.4	4.4
Sept.	246.4	130.1	112.4	3.9
Oct.	245.5	129.9	111.6	4.0
Nov.	244.8	129.3	111.6	4.0
Dec.	245.2	130.3	111.7	3.2
1967--Jan.	248.5	132.2	111.4	4.9
Feb.	251.8	134.4	112.4	5.0
Mar.	254.8	136.5	113.6	4.8
Apr.	256.9	138.0	113.1	5.8
May	258.1	139.4	114.5	4.1
June	260.0	141.7	116.1	2.2
Jul.	263.3	143.3	116.8	3.2
Aug. p	267.0	145.6	117.6	3.7

1/ Includes all deposits subject to reserve requirements--i.e., the total of time, private demand, and U.S. Government demand deposits. Movements in this aggregate correspond closely with movements in total member bank credit.

2/ Deposits have been adjusted for redefinition of time deposits effective June 9. 1967.

3/ Private demand deposits include demand deposits of individual, partnerships and corporations and net interbank balances.

TABLE C-2a

DEPOSITS SUPPORTED BY REQUIRED RESERVES AT ALL MEMBER BANKS

Seasonally adjusted

(Dollar amounts in billions, based on weekly averages of daily figures)

Week ending:	Total member bank deposits (credit) 1/ 2/	Time deposits 2/	Private demand deposits 3/	U. S. Gov't. demand deposits
1967--Apr. 5	256.0	137.5	113.9	4.7
12	256.8	137.9	113.5	5.5
19	257.1	138.1	112.9	6.0
26	257.4	138.3	112.4	6.7
May 3	257.7	138.5	113.1	6.1
10	258.0	138.8	113.3	5.9
17	258.1	139.3	114.9	3.9
24	257.9	139.8	114.9	3.2
31	258.4	140.3	115.4	2.7
June 7	259.3	140.9	115.9	2.6
14	260.2	141.6	116.1	2.6
21	261.2	141.8	116.2	3.2
28	259.9	142.1	116.2	1.6
Jul. 5	260.4	142.5	116.9	1.0
12	261.7	142.9	117.2	1.6
19	263.9	143.4	116.6	4.0
26	264.6	143.7	116.6	4.3
Aug. 2	265.8	144.4	117.2	4.3
9 p	267.0	145.0	117.6	4.4
16 p	266.7	145.4	117.4	3.9
23 p	267.0	145.8	117.7	3.4
30 p	267.1	146.5	117.6	3.0
Sept. 6 p	269.4	146.9	118.1	4.4

p - Preliminary.

1/ Includes all deposits subject to reserve requirements--i.e., the total of time, private demand, and U.S. Government demand deposits. Movements in this aggregate correspond closely with movements in total member bank credit.

2/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1967.

3/ Private demand deposits include demand deposits on individuals, partnerships and corporations and net interbank balances.

TABLE C-3

MONEY SUPPLY AND TIME DEPOSITS AT ALL COMMERCIAL BANKS

Seasonally adjusted

(Dollar amounts in billions, based on monthly averages of daily figures)

Monthly	Money Supply	Currency 1/	Private Demand Deposits 2/	Time Deposits Adjusted 3/
1965--Jul.	162.4	35.3	127.2	137.9
Aug.	163.2	35.5	127.8	139.8
Sept.	164.0	35.7	128.4	141.6
Oct.	165.2	36.0	129.3	143.8
Nov.	165.7	36.1	129.6	145.5
Dec.	166.8	36.3	130.5	146.9
1966--Jan.	167.9	36.6	131.4	147.5
Feb.	168.3	36.7	131.6	148.3
March	169.2	36.9	132.3	149.8
Apr.	170.5	37.1	133.4	151.8
May	170.2	37.3	132.9	153.4
June	170.6	37.4	133.2	154.8
Jul.	169.9	37.7	132.3	156.9
Aug.	170.1	37.8	132.4	158.1
Sept.	170.5	37.9	132.6	158.6
Oct.	170.1	38.0	132.1	158.8
Nov.	170.1	38.1	132.0	158.5
Dec.	170.4	38 3	132.1	159.8
1967--Jan.	170.3	38.5	131.8	162.0
Feb.	171.5	38.7	132.8	164.6
Mar.	173,1	38.9	134.2	167.2
Apr.	172.7	39.1	133.6	169.2
May	174.5	39.2	135.3	171.1
June	176.2	39.3	136.8	173.6
Jul.	177.9	39.4	138.4	175.8
Aug. p	179.1	39.6	139.6	178.4

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

2/ Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances at Federal Reserve Banks.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.

TABLE C-3a

MONEY SUPPLY AND TIME DEPOSITS AT ALL COMMERCIAL BANKS

Seasonally Adjusted

(Dollar amounts in billions, based on weekly averages of daily figures)

Week Ending	Money Supply	Currency 1/	Private Demand Deposits 2/	Time Deposits adjusted 3/
1967--Apr. 5	173.4	39.1	134.3	168.3
12	173.1	39.1	134.0	169.0
19	172.6	39.1	133.5	169.5
26	172.1	39.1	133.0	169.6
May 3	172.8	39.1	133.7	169.9
10	173.0	39.1	133.9	170.4
17	174.7	39.1	135.6	171.0
24	174.8	39.2	135.6	171.5
31	175.6	39.3	136.3	172.2
June 7	176.0	39.3	136.7	172.6
14	176.3	39.4	136.9	173.6
21	176.4	39.4	137.0	173.7
28	176.4	39.4	136.9	173.9
July 5	177.6	39.4	138.2	174.6
12	178.1	39.5	138.6	175.4
19	177.7	39.4	138.3	175.8
26	177.8	39.4	138.4	176.1
Aug. 2	178.3	39.4	138.9	176.8
9 p	178.8	39.5	139.3	177.8
16 p	179.2	39.6	139.6	178.3
23 p	179.2	39.6	139.7	178.6
30 p	179.2	39.6	139.5	179.2
Sept. 6 p	179.6	39.7	139.9	179.4

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

2/ Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances of Federal Reserve Banks.

3/ Deposits have been adjusted for redefinition of time deposits effective June 9, 1966.

p - Preliminary.