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**(CONFIDENTIAL FR)**

October 14, 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**

October 14, 1971.

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) In September and early October both the narrowly and broadly defined money supply aggregates fell considerably short of the paths projected in the last blue book, as shown in the table on page 2. The outstanding level of  $M_1$ , instead of rising from the reduced levels of early September as expected, dropped further as the month progressed, and for the month as a whole, declined at a 3.7 per cent annual rate. As a result,  $M_1$  growth over the third quarter was reduced to 3.0 per cent and for the second and third quarters combined to about 7.0 per cent. With private demand deposits turning down and time deposits other than CD's growing less than anticipated, the expansion of  $M_2$  was virtually halted in September and was reduced to a 4.5 per cent annual rate in the third quarter. Growth of the adjusted credit proxy, on the other hand, remained about on target for both September and the third quarter, as greater than expected strength in large CD's and nondeposit sources of funds approximately offset the shortfalls in other deposits.

(2) As incoming data on the money supply aggregates continued to fall short of path levels, the Desk sought to provide enough reserves to promote somewhat easier money market conditions, aiming at gradually reducing the Federal funds rate to around 5-1/4 per cent or a little below. In the two weeks ending October 6, required reserves were below path, on balance, as indicated in the table on page 3. At the same time nonborrowed reserves were

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

	<u>M<sub>1</sub></u>		<u>M<sub>2</sub></u>		<u>Adjusted Proxy</u>	
	<u>Sept. 21</u> Path	Actual	<u>Sept. 21</u> Path	Actual	<u>Sept. 21</u> Path	Actual
<u>Annual Rates of Growth, per cent</u>						
August		2.6		4.8		10.3
September	1.5	-3.7	5.5	1.6	8.0	8.5
3rd Quarter	5.0	3.0	6.0	4.5	9.0	9.0
<u>Levels, billions of \$</u>						
August		228.0		455.9		351.0
September	228.4	227.3	458.0	456.5	353.4	353.5
<u>Week ending</u>						
Sept.	15	227.1		455.8		353.9
	22	229.0	458.7	456.1	353.1	352.9
	29	230.6	460.9	456.4	353.1	353.0
Oct.	6	229.2	459.8	457.4	354.4	353.2
	13p	228.8	459.7	457.6	353.6	353.8

p - Partly projected.

Reserve Aggregates: September 21 Paths vs. Actual  
 (Seasonally unadjusted, in millions of dollars)

Statement Week Ending	Actual	September 21 Path	Actual Minus September 21 Path
<b>September 29</b>			
Total reserves	31,082	30,924 (30,910)	158 (172)
Nonborrowed reserves	30,656	30,374 (30,360)	282 (296)
Required reserves	30,729	30,699 (30,680)	30 ( 49)
Excess	353	225	128
Borrowings	426	550	-124
<b>October 6</b>			
Total reserves	31,092	31,249 (31,146)	-157 (-54)
Nonborrowed reserves	30,782	30,699 (30,596)	83 (186)
Required reserves	30,795	31,024 (30,921)	-229 (-126)
Excess	297	225	72
Borrowings	310	550	-240
<b>October 13</b>			
Total reserves	30,766	31,188 (31,338)	-422 (-272)
Nonborrowed reserves	30,316	30,638 (30,788)	-322 (-172)
Required reserves	30,665	30,963 (31,137)	-298 (-148)
Excess	101	225	-124
Borrowings	450	550	-100

NOTE: Figures in parentheses reflect adjustment of the path for unanticipated changes in U.S. Government deposits.

above target path, and as a result net borrowed reserves were much reduced, with banks electing both to hold more excess reserves and to reduce their borrowings from the Federal Reserve. The funds rate initially dropped less than might have been expected under these conditions--averaging, for example, 5.43 per cent in the week ending September 29. But by the week ending October 13 the Federal funds rate had softened to about the 5-1/4 per cent target. In that week, nonborrowed reserves dropped off sharply relative to target, but the demand for reserves, as indicated by the shortfall in required reserves relative to target, was also lower than earlier anticipated.

(3) Since the last meeting of the Committee, market interest rates have experienced significant across-the-board declines as shown in the table below. In fact, for most series, recently prevailing rate levels

Recent Interest Rates  
On Market Securities

Series	Rate Levels (Per cent per annum)		
	August 13	Prevailing at Last Meeting (9/20)	Most recent (10/14)
<u>Series</u>			
<u>Short-term</u>			
3-mo. Treas. bill	5.15	4.72	4.44
30-89 day Fin. Paper	5.50	5.38	5.13
60-90 day CD's	5.63	5.50	5.11
<u>Long-term</u>			
10-yr. U.S. Treas. New Issue Corps. (Aaa basis)	6.68	6.15	5.87
Municipals (Bond Buyer)	7.97	7.56	7.22
	6.03	5.38	4.99

are close to or below the earlier lows reached in the immediate aftermath of the President's mid-August speech. While there is still uncertainty surrounding the wage-price control program, the plans recently announced have so far contributed to strengthening of bond markets. But in addition bond prices have risen in response to the recent moderate easing of money market conditions and to the prospects for further easing of money market conditions inferred from the recent slow growth of the monetary aggregates.

(4) The following table provides a somewhat broader and longer-range perspective on developments in major financial aggregates for selected recent periods.

	Fourth and First Qtrs. combined (March over Sept.)	Second Quarter (June over March)	Third Quarter (Sept. over June)	Second and Third Qtrs. combined (Sept. over March)
Total Reserves	8.9	6.6	10.4	8.6
Nonborrowed Reserves	10.3	5.3	10.9	8.2
<u>Concepts of Money</u>				
M <sub>1</sub> (Currency plus demand deposits <u>1/</u> )	6.2	11.3	3.0	7.2
M <sub>2</sub> (M <sub>1</sub> plus time deposits at commercial banks other than large CD's)	13.7	12.6	4.5	8.6
M <sub>3</sub> (M <sub>2</sub> plus deposits at thrift institutions)	14.6	14.8	7.4	11.2
<u>Bank Credit</u>				
Total member bank deposits (Bank credit proxy adj.)	9.7	6.5	9.0	7.8
Loans and investments of commercial banks <u>2/</u>	10.5	9.1	9.8	9.6
Short-term market paper (Actual \$ change in billions)				
Large CD's	\$ 6.1	\$ 0.7	\$ 3.8	\$ 4.6
Bank-related commercial paper N. S. A.	- 2.9	0.0	- 0.1	- 1.0
Nonbank commercial paper	- 0.4	- 0.9	0.1 <sup>3/</sup>	0.1 <sup>4/</sup>

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

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

3/ August over June.

4/ August over March.

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

(5) Three alternatives for Committee consideration are summarized in the text table below, with the monetary aggregate paths laid out in more detail in the table on the next page. (Two tables at the end of text show weekly paths for the monetary aggregates and more detail on aggregate reserves).

	<u>Alternative A</u>	<u>Alternative B</u>	<u>Alternative C</u>
Federal funds rate	5--5-3/8	4-1/2--5	3-3/4--4-1/2
Member bank borrowings	300--450	150--300	50--150
Growth in M <sub>1</sub> (SAAR)			
October	3%	3%	3%
November	1	2	3
December	3-1/2	4	5-1/2
4th Q. 1971	2-1/2	3	4
1st Q. 1972	4-1/2	6	7-1/2

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(6) The money market conditions shown for the three paths vary from a range around those recently prevailing (Alt. A) to considerably easier specifications. Overall credit conditions--as typified by behavior of short- and long-term interest rates--might well ease somewhat between now and the next Committee meeting even under Alternative A. Credit demands from businesses and State and local governments in long-term markets appear to be tapering off, and investors have shown a greater willingness to purchase longer-term securities. Investors' demands will be influenced, however, by their evaluation, as the details of Phase II become known, of the extent to which it seems to promise significant restraint on wage and price pressures.

Alternative Monthly and Quarterly  
Paths of Key Monetary Aggregates

	<u>M<sub>1</sub></u>			<u>M<sub>2</sub></u>																																				
	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>																																		
<u>1971</u>																																								
October	227.9	227.9	227.9	459.0	459.0	459.0																																		
November	228.1	228.3	228.5	460.3	460.6	460.8																																		
December	228.8	229.1	229.5	462.2	463.0	463.6																																		
<u>1972</u>																																								
March	231.4	232.4	233.9	468.4	470.3	471.8																																		
Per Cent Annual Rates of Growth																																								
October	3.0	3.0	3.0	6.5	6.5	6.5																																		
November	1.0	2.0	3.0	3.0	4.0	4.5																																		
December	3.5	4.0	5.5	5.0	6.5	7.5																																		
4th Q. 1971	2.5	3.0	4.0	5.0	5.5	6.0																																		
1st Q. 1972	4.5	6.0	7.5	5.5	6.5	7.0																																		
<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3"><u>Adjusted Credit Proxy</u></th> <th colspan="3"><u>Total Reserve</u></th> </tr> <tr> <th><u>Alt. A</u></th> <th><u>Alt. B</u></th> <th><u>Alt. C</u></th> <th><u>Alt. A</u></th> <th><u>Alt. B</u></th> <th><u>Alt. C</u></th> </tr> </thead> <tbody> <tr> <td>October</td> <td>355.1</td> <td>355.1</td> <td>355.1</td> <td>31.7</td> <td>31.8</td> <td>31.8</td> </tr> <tr> <td>November</td> <td>358.0</td> <td>358.5</td> <td>358.9</td> <td>32.0</td> <td>32.1</td> <td>32.2</td> </tr> <tr> <td>December</td> <td>357.5</td> <td>358.7</td> <td>359.7</td> <td>31.9</td> <td>32.0</td> <td>32.1</td> </tr> </tbody> </table>								<u>Adjusted Credit Proxy</u>			<u>Total Reserve</u>			<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	October	355.1	355.1	355.1	31.7	31.8	31.8	November	358.0	358.5	358.9	32.0	32.1	32.2	December	357.5	358.7	359.7	31.9	32.0	32.1
	<u>Adjusted Credit Proxy</u>			<u>Total Reserve</u>																																				
	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>																																		
October	355.1	355.1	355.1	31.7	31.8	31.8																																		
November	358.0	358.5	358.9	32.0	32.1	32.2																																		
December	357.5	358.7	359.7	31.9	32.0	32.1																																		
<u>1972</u>																																								
March	362.6	364.6	367.1	32.5	32.7	33.0																																		
Per Cent Annual Rates of Growth																																								
October	5.5	5.5	5.5	-14.5	-14.0	-13.5																																		
November	10.0	11.5	13.0	10.5	12.5	14.5																																		
December	-1.5	0.5	2.5	- 6.0	- 4.0	- 2.5																																		
4th Q. 1971	4.5	6.0	7.0	- 3.5	- 2.0	- 0.5																																		
1st Q. 1972	5.5	6.5	8.0	8.5	9.5	11.5																																		

(7) Short-term credit demands are likely to expand in the fourth quarter both for seasonal reasons and as business activity improves cyclically. But we would not expect such demands to be reflected in much, if any, near-term upward pressure on Treasury bill or private short-term rates. The peak period of seasonal pressure on short-term markets normally comes after mid-November. Also, the Treasury's mid-November refunding--to be announced on October 27--may reduce short-term market pressures by emphasizing debt lengthening, perhaps partly through incorporation of an advance refunding. On the other hand, the Treasury could announce in conjunction with the refunding that it will raise cash around mid-November through a bill issue. On balance, we would expect the 3-month bill rate to be in a  $4\frac{1}{4}$ -- $4\frac{3}{4}$  per cent range between now and the next meeting of the Committee, given the money market specifications of alternative A. This bill rate range assumes no substantial bill sales by foreign central banks.

(8) An easing of money market conditions that entailed a Federal funds rate dropping appreciably below the 5 per cent discount rate for a sustained period could well lead to significant declines in other market rates, particularly if expectations of an accompanying discount rate cut should become pervasive. The lower the Federal funds rate were to drop--and particularly if it moved into the range of alternative C--the greater would be the possibility of a large speculative build-up in bond positions, especially during this forthcoming Treasury financing period. Such a build-up would carry with it the potential for a sharp subsequent market reversal or for the need to expand money and credit rapidly to forestall such a reversal.

(9) The growth rate in  $M_1$  is expected to remain quite small in October and November under all three alternatives considered here. However, in the course of the ensuing several months money growth is expected to pick up to a more normal rate in relation to projected GNP expansion. The exact timing is particularly hard to predict, though, depending as it does on when the public completes the readjustment of its cash position following the very large, partly precautionary build-up of cash balances in the spring and early summer. The timing and extent of this readjustment is especially uncertain in light of the limited degree to which Phase II has been spelled out thus far.

(10) Our best present estimate is that under the money market conditions of alternative A,  $M_1$  will grow in the first quarter of next year at a 4-1/2 per cent annual rate following the 2-1/2 per cent rate indicated for the fourth quarter. Under the easing alternatives, money growth would accelerate more as lower interest rates themselves tended to increase the public's demand for cash. For alternative B, the annual rate of money growth rises from 3 per cent in the fourth quarter to 6 per cent in the first quarter, and for alternative C from a 4 per cent annual rate to a 7-1/2 per cent annual rate over the same period.

(11) The bank credit proxy in the fourth quarter is expected to grow less rapidly than in the third quarter under any of the alternatives; under alternative A, the growth rate is projected to drop below 5 per cent. The slowing in growth reflects mainly a turn-around in the availability of

U.S. Government deposits to finance credit expansion; these deposits are expected to decline irregularly in the fourth quarter following a substantial rise in the third. Growth in time deposits other than large CD's is expected to remain moderate in the fourth quarter, with growth rates somewhat larger under alternatives B and C as a result of the lower market interest rates likely to develop.

(12) A fairly sizable expansion in bank CD's is anticipated between now and year-end, although the growth rate is likely to be less than the exceptional September pace. Somewhat stronger business loan demands, assuming GNP growth as projected in the Greenbook, and a willingness to acquire securities in anticipation of declining long-term market interest rates are expected to encourage banks to issue CD's. It is likely, though, that banks will lower CD offering rates if short-term market rates decline, but not so rapidly as to forestall a somewhat greater increase in CD's in November under alternatives B and C than under alternative A, with the additional funds used to build up positions in securities.

Possible directive language

(13) This section presents possible language for the second paragraph of the directive for the three alternative policy courses discussed above. All three alternatives include a qualifying instruction to the Manager to take account of the forthcoming Treasury refunding, the terms of which are expected to be announced on October 27, as noted in paragraph (7). In addition, in all three alternatives it is proposed to delete the instruction to take account of developments in capital markets, given the recent strengthening of those markets. Finally, in alternatives B and C--in which the primary instruction is oriented toward the monetary and credit aggregates rather than money market conditions--the objective is described in terms of growth "over the months ahead." Restoration of that phrase is suggested on the assumption that, after focusing on the near-term at its September meeting, the Committee will now wish to return to its more customary time-horizon for policy.

(14) Alternative A. This language is proposed for possible use if the Committee decides to call for maintenance of prevailing money market conditions, subject to a proviso clause.

~~"To implement this policy, the Committee seeks to achieve moderate growth in monetary and credit aggregates; 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 achieving bank reserve and~~ MAINTAINING ABOUT THE PREVAILING money market conditions; ~~consistent with that objective~~ PROVIDED

THAT SOMEWHAT EASIER CONDITIONS SHALL BE SOUGHT, TAKING ACCOUNT OF THE FORTHCOMING TREASURY FINANCING, IF IT APPEARS THAT THE MONETARY AND CREDIT AGGREGATES ARE FALLING SIGNIFICANTLY BELOW 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 (5) 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 significant shortfalls but not excesses, on the assumption that the Committee would not want money market conditions to be tightened in the coming period if  $M_1$  and  $M_2$  should appear to be expanding on paths above those projected, which represent comparatively low growth rates for the fourth quarter.

(15) Alternative B. This language is proposed for possible use if the Committee decides to seek the growth rates for the aggregates over the months ahead discussed earlier in connection with alternative B, including a fourth-quarter rate for  $M_1$  of 3 per cent and moving up to a 6 per cent path in the first quarter.

"To implement this policy, the Committee seeks to achieve moderate growth in monetary and credit aggregates; ~~taking account of developments in capital markets~~ OVER THE MONTHS AHEAD. 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 that objective, TAKING ACCOUNT OF THE FORTHCOMING TREASURY FINANCING."

(16) Alternative C. This language differs from that of alternative B in indicating that the Committee seeks "actively to promote" rather than "to achieve" moderate growth in the aggregates over the months ahead. It is proposed for possible use if the Committee decides to pursue the more aggressive course contemplated by the specifications given earlier for alternative C.

"To implement this policy, the Committee seeks ACTIVELY to PROMOTE achieve moderate growth in monetary and credit aggregates;~~-taking-account-of-developments-in-capital-markets~~ OVER THE MONTHS AHEAD. 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 that objective, TAKING ACCOUNT OF THE FORTHCOMING TREASURY FINANCING."



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

		<u>M<sub>1</sub></u>			<u>M<sub>2</sub></u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
October	20	227.8	227.8	227.8	459.3	459.3	459.3
	27	229.3	229.3	229.4	461.0	461.0	461.1
November	3	229.1	229.2	229.3	460.4	460.5	460.5
	10	228.4	228.6	228.7	460.2	460.5	460.4
	17	228.0	228.2	228.4	460.1	460.4	460.5
		<u>Credit Proxy</u>			<u>Total Reserve</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
October	20	354.5	354.5	354.5	31.7	31.7	31.7
	27	356.9	357.0	357.0	31.8	31.8	31.9
November	3	357.9	358.1	358.2	31.7	31.7	31.8
	10	358.2	358.8	358.7	31.9	31.9	32.0
	17	358.0	358.5	358.8	32.2	32.3	32.3

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Total and Nonborrowed Reserve Paths  
(Daily averages in millions of dollars, seasonally adjusted)

	<u>Total Reserves</u>			<u>Nonborrowed Reserves</u>		
	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
<u>1971</u>						
October	31,747	31,756	31,783	31,359	31,412	31,501
November	32,025	32,098	32,166	31,601	31,774	32,042
December	31,860	31,986	32,103	31,461	31,687	32,004

<u>1972</u>						
March	32,521	32,749	33,022	32,121	32,449	32,922

Per Cent Annual Rates of Growth

<u>1971</u>						
October	-12.0	-11.5	-11.0	-13.0	-11.0	-8.0
November	10.5	12.5	14.5	9.5	14.0	20.5
December	- 6.0	- 4.0	- 2.5	- 5.5	- 3.5	-1.5
4th Q. 1971	- 3.5	- 2.0	- 0.5	- 3.0	--	4.0
1st Q. 1972	8.5	9.5	11.5	8.5	9.5	11.5

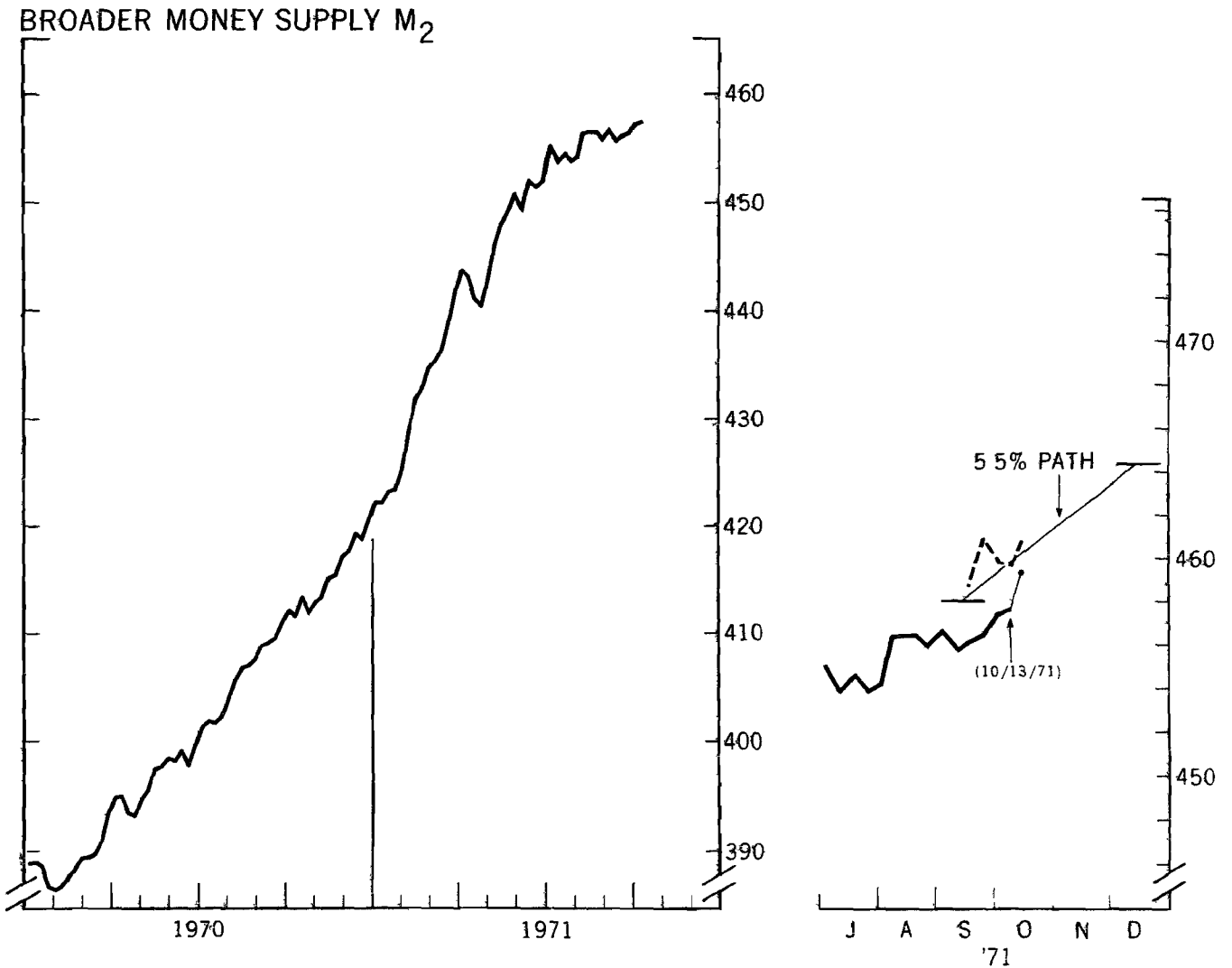
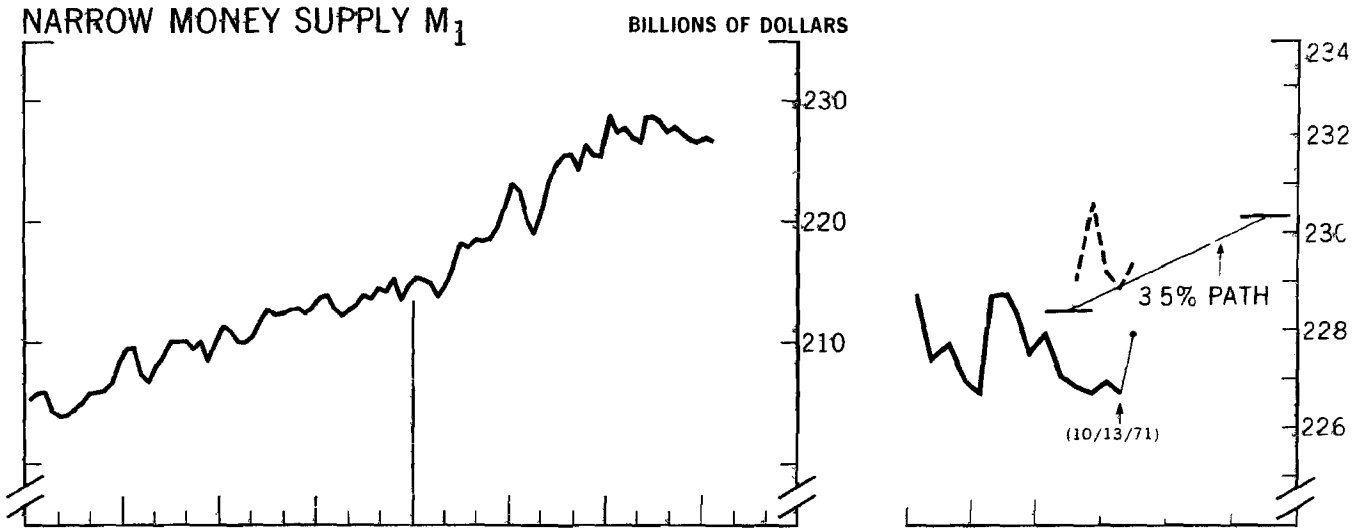
Weekly Paths--Seasonally Adjusted

		<u>Total Reserves</u>			<u>Nonborrowed Reserves</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
October	20	31,677	31,677	31,677	31,343	31,343	31,343
	27	31,782	31,832	31,882	31,242	31,392	31,642
November	3	31,653	31,703	31,753	31,265	31,415	31,665
	10	31,890	31,948	32,006	31,477	31,635	31,893
	17	32,208	32,278	32,344	31,812	31,982	32,248

Weekly Paths--Not Seasonally Adjusted

		<u>Total Reserves</u>			<u>Nonborrowed Reserves</u>		
		<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
October	20	31,101	31,101	31,101	30,701	30,701	30,701
	27	30,764	30,814	30,864	30,364	30,514	30,764
November	3	30,898	30,948	30,998	30,498	30,648	30,898
	10	31,076	31,133	31,191	30,676	30,833	31,091
	17	31,300	31,370	31,435	30,900	31,070	31,335

# MONETARY AGGREGATES

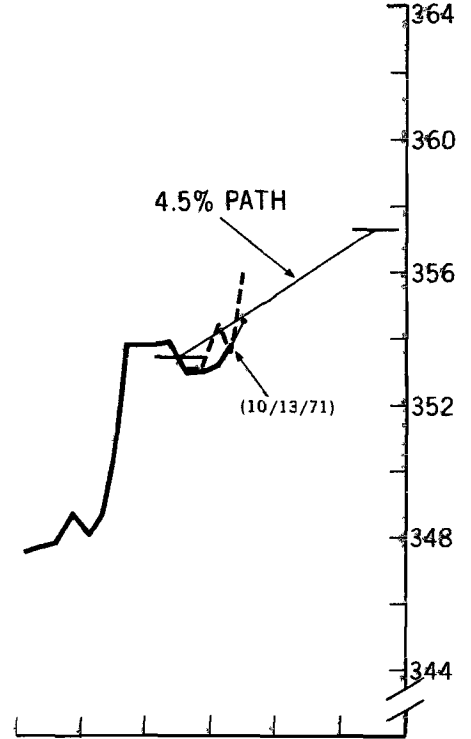
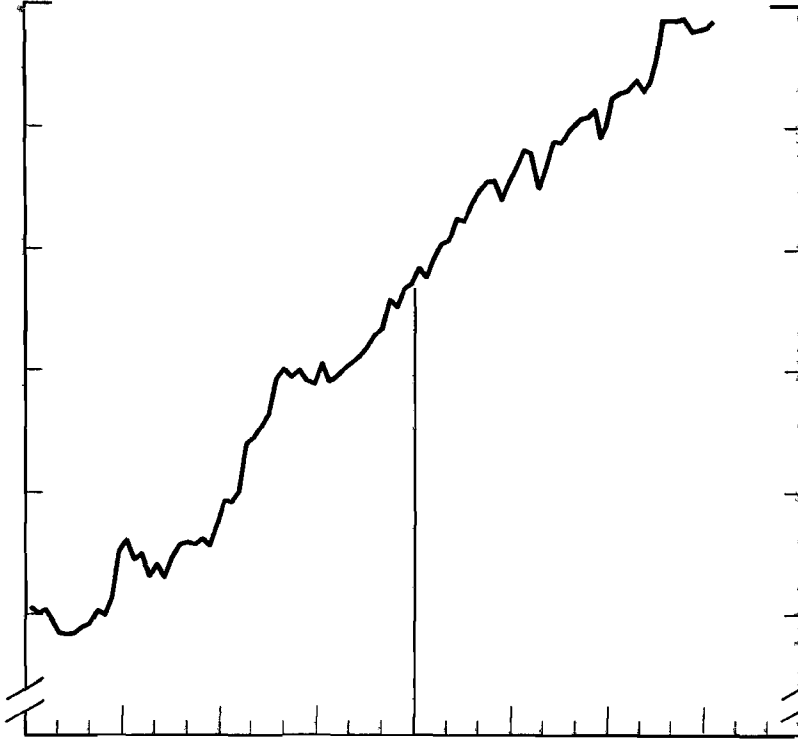


— Actual -  
- - - Wkly Path, Indicated at FOMC Meeting (9/21/71)  
— Longer Run Path

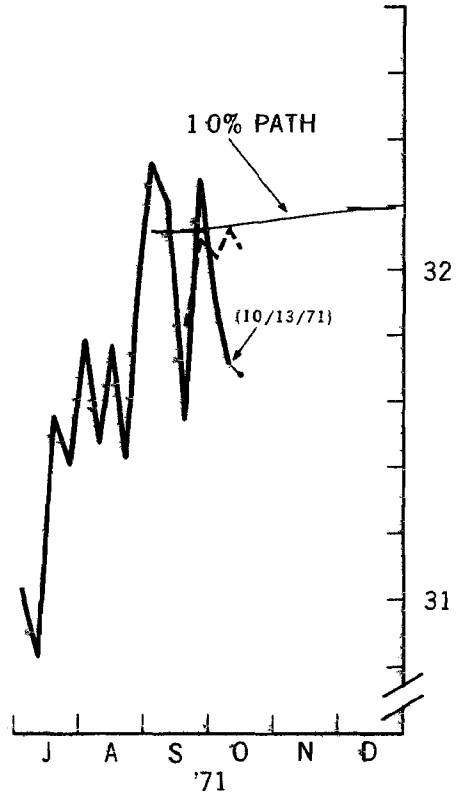
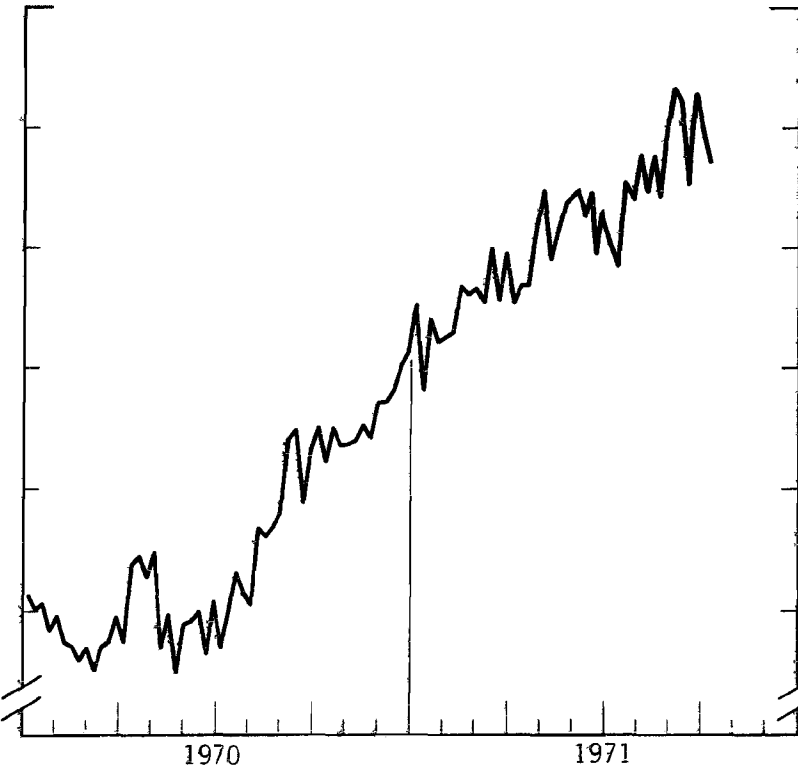
# MONETARY AGGREGATES

### ADJUSTED CREDIT PROXY

BILLIONS OF DOLLARS



### TOTAL RESERVES



— Actual  
 - - - Currently Projected

- - - Wkly Path, Indicated  
 at FOMC Meeting (9/21/71)

— Longer Run Path

# INTEREST BEARING SOURCES OF BANK FUNDS

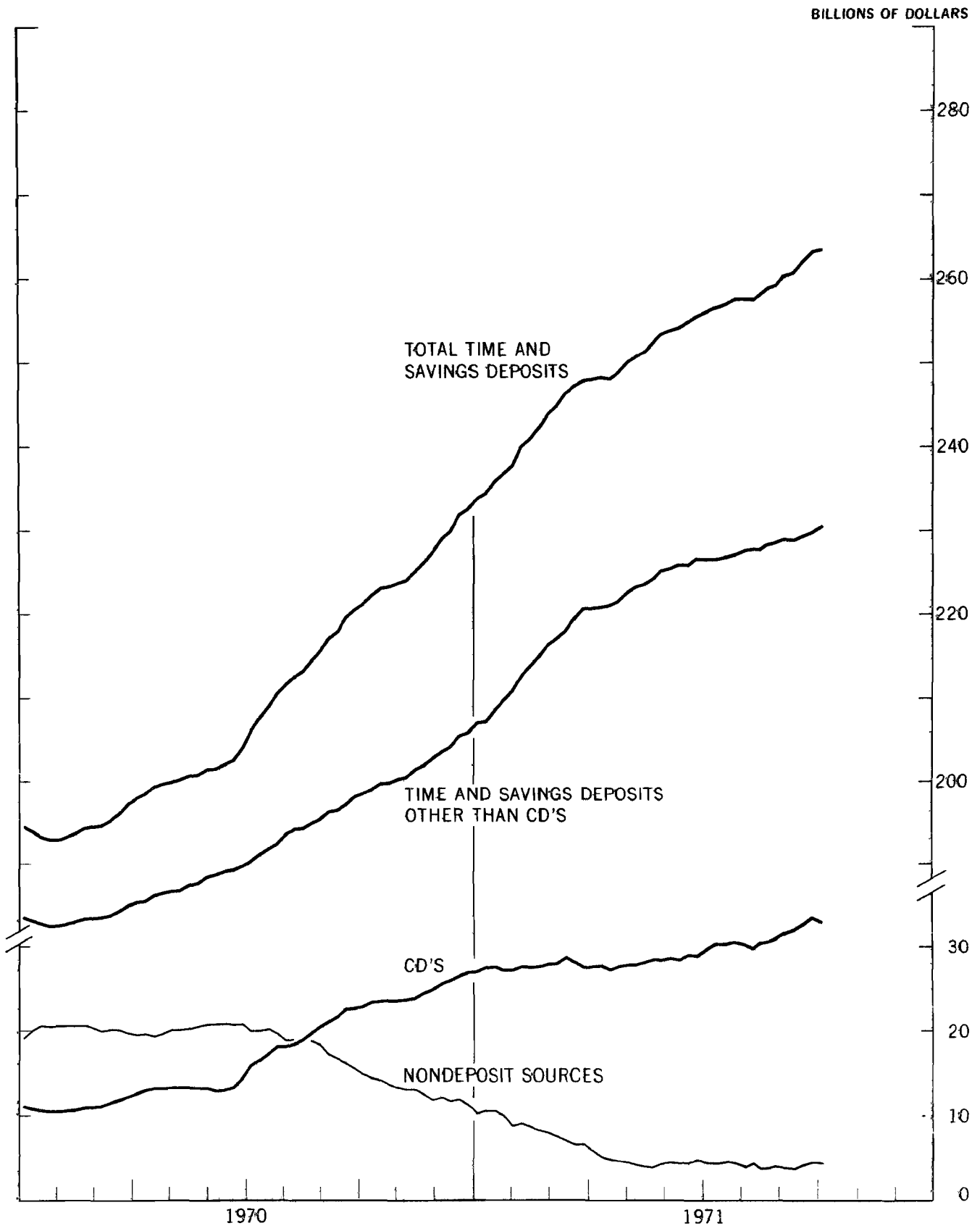
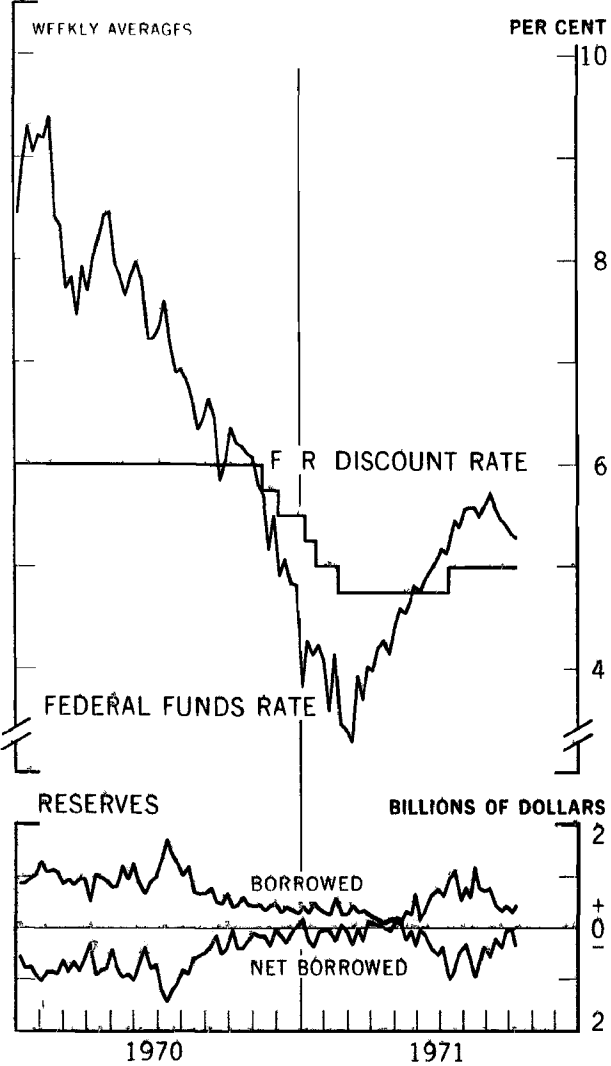


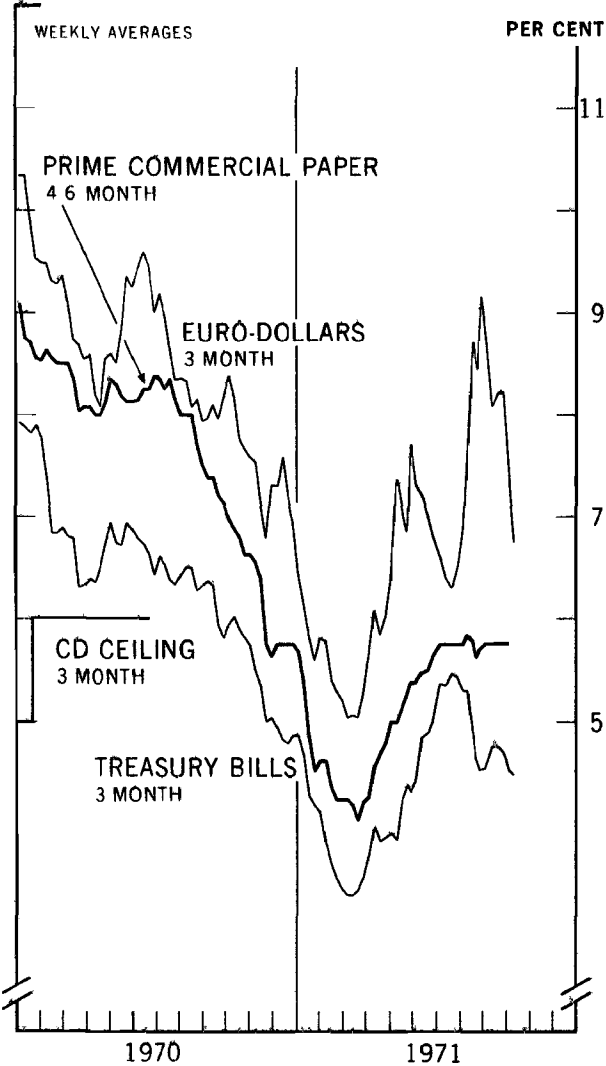
CHART 3

# MONEY MARKET CONDITIONS AND INTEREST RATES

## MONEY MARKET CONDITIONS



## INTEREST RATE Short-term



## INTEREST RATES Long-term

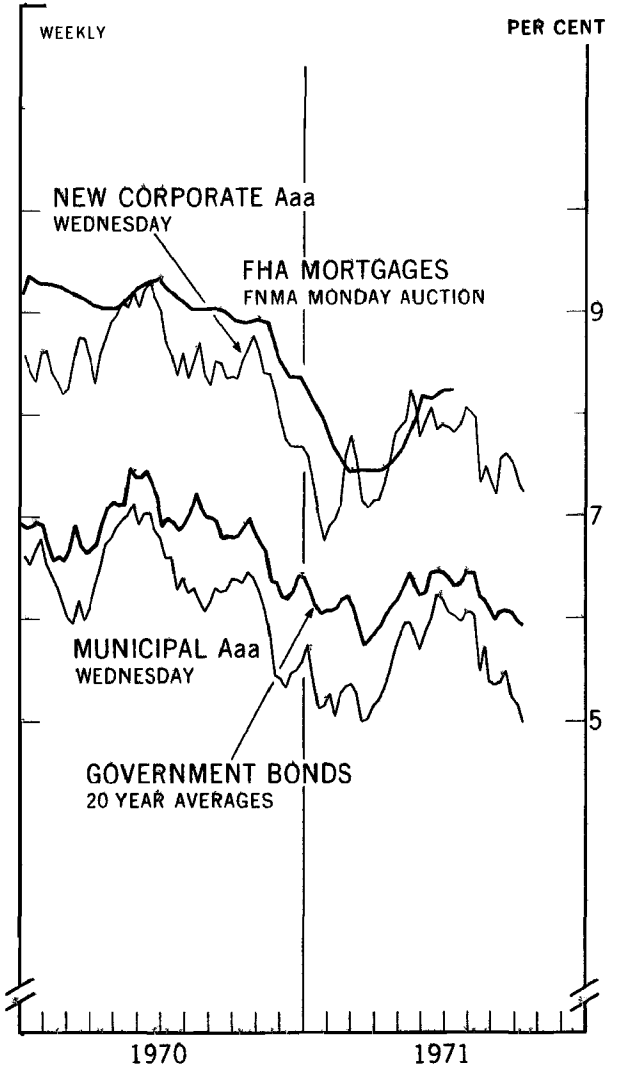


Table 1  
**PATHS OF KEY MONETARY AGGREGATES**

STRICTLY CONFIDENTIAL (FR)

October 15, 1971

Period	Narrow Money Supply (M <sub>1</sub> ) 1/		Broad Money Supply (M <sub>2</sub> ) 2/		Adjusted Credit Proxy		Total Reserves		
	1 Path as of Sept. 21	2 Actuals & Current Proj	3 Path as of Sept. 21	4 Actuals & Current Proj	5 Path as of Sept. 21	6 Actuals & Current Proj	7 Path as of Sept. 21	8 Actuals & Current Proj	
<b>Monthly Pattern in Billions of Dollars</b>									
1971:	Apr.	221.1		442.0		341.7		30.8	
	May	223.9		447.3		343.8		31.3	
	June	225.6		451.4		345.7		31.3	
	July	227.5		454.1		348.0		31.3	
	Aug.	228.0		455.9		351.0		31.7	
	Sept.	227.3	458.0	456.5	353.4	353.5	32.1	32.1	
	Oct.	229.3	(227.9)	460.5	(459.0)	355.2	(355.1)	32.1	(31.7)
<b>Annual Percentage Rates of Change--Quarterly and Monthly</b>									
1971:	1st Qtr.	8.9		17.8		10.9		11.0	
	2nd Qtr.	11.3		12.6		6.5		6.6	
	3rd Qtr.	5.0	6.0	4.5	9.0	9.0	11.0	10.4	
1971:	Apr.	9.3		12.1		5.3		2.7	
	May	15.2		14.4		7.4		17.0	
	June	9.1		11.0		6.6		0.2	
	July	10.1		7.2		8.0		0.3	
	Aug.	2.6		4.8		10.3		14.7	
	Sept.	1.5	5.5	1.6	8.0	8.5	17.0	16.0	
	Oct.	4.5	( 3.0)	6.5	( 6.5)	6.0	( 5.5)	-1.0	(-12.0)
<b>Weekly Pattern in Billions of Dollars</b>									
1971:	Aug. 25	228.3		456.4		353.8		31.4	
	Sept. 1	227.5		455.9		353.8		31.9	
	8	227.8		456.6		353.8		32.3	
	15	227.1		455.8		353.9		32.2	
	22	229.0	458.7	456.1	353.1	352.9	31.8	31.5	
	29	230.6	460.9	456.4	353.1	353.0	32.1	32.3	
	Oct. 6	229.2	459.8	457.4	354.4	353.2	32.0	31.9	
	13 pe	228.8	459.7	457.6	353.6	353.8	32.1	31.7	
	20	229.4	(227.9)	460.8	(459.3)	356.0	(354.5)	32.1	(31.7)

**NOTES:** Annual rates of change other than those for the past are rounded to the nearest half per cent. pe-Partially estimated.

Data shown in parenthesis are current projections.

1/ Currently plus private demand deposits.

2/ M<sub>1</sub> plus time deposits other than large CD's.

FR12-D  
Rev 2/16/71

Table 1-A  
**PATHS OF KEY MONETARY AGGREGATES**

STRICTLY CONFIDENTIAL (FR)

October 15, 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 Sept. 21	2 Actuals & Current Proj	3 Path as of Sept. 21	4 Actuals & Current Proj	5 Path as of Sept. 21	6 Actuals & Current Proj	7 Path as of Sept. 21	8 Actuals & Current Proj.	9 Path as of Sept. 21	10 Actuals & Current Proj.
<b>Monthly Pattern in Billions of Dollars</b>										
1971: Apr.		5.4		248.3		221.0		27.3		5.1
May		4.2		251.4		223.4		27.9		4.1
June		3.9		254.4		225.8		28.6		4.5
July		3.7		256.8		226.6		30.1		4.3
Aug.		6.1		258.2		227.8		30.3		3.9
Sept.	6.2	6.3	261.2	261.6	229.6	229.2		32.4	3.7	4.1
Oct.	5.7	( 4.6)	263.6	(265.0)	231.2	(231.2)	32.4	(33.8)	3.7	( 4.6)
<b>Annual Percentage Rates of Change--Quarterly and Monthly</b>										
1971: 1st Qtr.				27.3		27.2				
2nd Qtr.				13.5		13.7				
3rd Qtr.			10.5	11.3	6.5	6.0				
1971: Apr.				10.7		14.8				
May				15.0		13.0				
June				14.3		12.9				
July				11.3		4.3				
Aug.				6.5		6.4				
Sept.			14.0	15.8	9.5	7.4				
Oct.			11.0	(15.5)	8.5	(10.5)				
<b>Weekly Pattern in Billions of Dollars</b>										
1971: Aug. 25		8.2		258.7		228.2		30.5		3.7
Sept. 1		8.0		259.1		228.4		30.8		4.0
8		7.5		260.3		228.8		31.5		3.8
15		8.0		260.6		228.7		31.9		3.7
22	5.7	5.5	261.5	262.0	229.7	229.3	31.8	32.7	3.7	4.1
29	3.5	4.5	262.2	263.2	230.3	229.7	31.9	33.5	3.7	4.5
Oct. 6	5.6	4.8	262.7	263.4	230.6	230.5	32.1	32.8	3.7	4.3
13 pe	4.5	4.3	263.2	264.5	230.9	230.9	32.3	33.6	3.7	4.7
20	6.4	(3.9)	263.9	(265.4)	231.4	(231.5)	32.5	(33.9)	3.7	( 4.6)

**NOTES:** pe-Partially estimated.  
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.

FR 712-K  
Rev 2/16/71



Table 2  
**AGGREGATE RESERVES AND MONETARY VARIABLES**  
 RETROSPECTIVE CHANGES, SEASONALLY ADJUSTED  
 (Annual rates in percent)

CONFIDENTIAL (FR)

October 15, 1971

Period	Reserve Aggregates <sup>1</sup>		Monetary Variables					Addenda		
	1 Total Reserves	2 Nonborrowed Reserves	3 Total Member Bank Deposits	4 Adjusted Credit Proxy	Money Supply			8 Time Deposits Adjusted	9 Thrift Instit. Deposits	10 Nonbank Commercial Paper
					5 Total	6 Currency	7 Private Demand Deposits			
<u>Annually</u>										
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
<u>Semi-annually</u>										
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	+20.8	-18.2
<u>Quarterly</u>										
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	+17.3	-12.5
3rd Qtr. 1971 p	+10.4	+10.9	+ 9.7	+ 9.0	+ 3.0	+ 6.3	+ 2.1	+11.3	+12.4	+31.6
1970--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	+15.1	-26.3
July	+ 0.3	-13.1	+ 8.8	+ 8.0	+10.1	+11.7	+ 9.6	+11.3	+15.9	-32.1
Aug.	+14.7	+16.1	+11.9	+10.3	+ 2.6	+ 2.3	+ 2.7	+ 6.5	+ 8.4	- 1.7
Sept. p	+16.0	+29.8	+ 8.3	+ 8.5	- 3.7	+ 4.6	- 6.1	+15.8	+12.5	31.6

p - Preliminary.

**NOTE:** Aggregate reserve series have been adjusted to eliminate changes in percentage reserve requirements against deposits, but reserve requirements FR 712 - E 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)

October 15, 1971

Period	Aggregate Reserves			Member Bank Deposits		Money Supply			Commercial Bank Time Deposits			12 Adjusted Credit Proxy	13 Addendum Nonbank Comm Paper	
	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			
	(In millions of dollars)						(In billions of dollars)							
1970: 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	184.2	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	28,134	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	337.1	30.7	
Mar.	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	
Apr.	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	
July	31,266	30,465	31,094	343.7	3.7	227.5	51.7	175.8	256.8	30.1	226.6	348.0	27.6	
Aug.	31,650	30,873	31,473	347.1	6.1	228.0	51.8	176.2	258.2	30.3	227.8	351.0	27.6	
Sept.	32,072	31,639	31,906	349.5	6.3	227.3	52.0	175.3	261.6	32.4	229.2	353.5	28.3	
<u>Week ending:</u>														
1971: Aug. 4	31,776	31,022	31,357	344.2	4.3	226.7	51.8	175.0	257.5	30.1	227.4	348.1	27.9	
11	31,473	30,980	31,490	344.4	4.3	228.7	51.9	176.8	257.4	29.7	227.7	348.7	27.8	
18	31,761	30,572	31,507	346.8	5.9	228.7	51.9	176.8	257.9	30.3	227.6	350.5	27.9	
25	31,415	30,679	31,349	350.1	8.2	228.3	51.7	176.6	258.7	30.5	228.2	353.8	28.4	
Sept. 1	31,918	31,225	31,634	349.9	8.0	227.5	51.8	175.8	259.1	30.8	228.4	353.8	28.2	
8	32,319	31,633	32,109	350.0	7.5	227.8	52.0	175.8	260.3	31.5	228.8	353.8	28.3	
15	32,205	31,779	32,048	350.2	8.0	227.1	52.0	175.1	260.6	31.9	228.7	353.9	28.2	
22	31,542	31,338	31,674	348.8	5.5	226.8	52.0	174.8	262.0	32.7	229.3	352.9	28.4	
29 p	32,268	31,862	31,865	348.4	4.5	226.7	51.8	174.9	263.2	33.5	229.7	353.0	28.5	
Oct. 6 p	31,899	31,649	31,667	348.9	4.8	226.9	52.1	174.8	263.4	32.8	230.5	353.2	28.5	

**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.  
p-Preliminary.

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	289	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
July	- 672	158	830	77	223	270	260
Aug.	- 633	194	827	153	130	318	226
Sept. p	- 323	214	537	37	104	249	147
1971--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	- 384	277	661	--	149	257	255
14	- 986	5	991	252	309	189	241
21	- 839	282	1,121	47	344	397	333
28	- 478	67	545	9	88	236	212
Aug. 4	- 330	434	764	43	122	307	292
11	- 566	27	593	--	47	328	218
18	- 955	224	1,179	338	254	326	261
25	- 680	91	771	229	97	313	132
Sept. 1	- 382	324	706	99	52	370	185
8	- 560	205	765	--	286	306	173
15	- 210	247	457	--	97	231	130
22	- 390	- 61	329	86	49	106	88
29 p	- 73	353	426	--	37	230	159
Oct. 6 p	- 13	297	310	29	5	112	164
13 p	- 349	101	450	101	113	127	109

p - Preliminary.

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	Outright			
<b>Year:</b>									
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
<b>1971--Apr.</b>									
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
<b>May</b>									
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
<b>June</b>									
2	+ 305	- 57	+ 13 ( -- )	--	- 70	--	- 8	- 9	+ 379
9	- 974	- 418 <sup>2/</sup>	- 439 ( -- )	--	- 73	--	- 27	- 36	- 493
16	+ 202	- 47 <sup>2/</sup>	- 463 (- 39)	--	--	--	--	- 1	+ 250
23	+ 160	- 106 <sup>2/</sup>	+ 348 (+ 39)	--	+ 162	--	+ 23	+ 27	+ 216
30	+1,156	+1,059	+1,151 ( -- )	+ 27	- 119	--	- 9	- 25	+ 131
<b>July</b>									
7	+ 362	+ 373	+ 131 (- 57)	+ 35	+ 207	--	+ 47	+ 31	- 89
14	+ 364	+ 74	+ 208 (- 87)	--	- 134	--	- 20	- 20	+ 330
21	+ 743	+ 562	+ 25 (+ 144)	--	+ 537	--	+ 47	+ 4	+ 130
28	- 957	- 359	+ 27 ( -- )	--	- 386	--	- 21	- 1	- 576
<b>Aug.</b>									
4	+ 335	+ 141	+ 101 ( -- )	--	+ 40	--	- 14	- 11	+ 219
11	- 204	+ 1	+ 50 (- 70)	--	- 49	--	- 25	- 9	- 171
18	+ 483	- 73	- 25 (+ 70)	+ 109	- 157	--	- 18	- 12	+ 586
25	- 116	+ 296	+ 397 ( -- )	--	- 101	--	- 10	+ 6	- 408
<b>Sept.</b>									
1	+ 381	+ 399	+ 282 ( -- )	--	+ 117	--	+ 27	+ 20	- 65
8	+ 470	+ 309	-- ( -- )	+ 91	+ 218	--	+ 68	+ 34	+ 59
15	- 387	- 54	- 145 (- 145)	+ 15	+ 76	--	- 20	- 5	- 308
22	- 575	- 320	- 191 (+ 145)	--	- 411	--	- 75	- 52	- 128
29 p	+ 839	+ 595	+ 307 ( -- )	+ 25	+ 263	+ 52	+ 59	+ 36	+ 97
<b>Oct.</b>									
6 p	+ 575	+ 655	+ 394 ( -- )	+ 153	+ 108	+ 39	- 8	+ 5	- 116
13 p	- 217	- 299	-- ( -- )	--	- 299	+ 5	- 37	- 26	+ 140

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 \$ -510 million of the week of June 23.

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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 (12/31/69-13/30/70)	+3,351	+1,150 <sup>2/</sup>	-3,122	+ 773	+ 667	+ 1	-1,655	+1,163	+1,257	- 94
1971--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	+ 362	--	- 616	- 54	+ 376	- 4	- 43	+ 21	- 24	+ 45
14	+ 364	--	- 483	- 244	+ 217	+ 8	+ 82	- 59	+ 213	- 272
21	+ 743	--	- 358	+ 176	+ 11	- 4	+ 110	+ 678	+ 401	+ 277
28	- 957	--	+ 895	+ 204	- 453	+ 29	- 27	- 309	- 94	- 215
Aug.										
4	+ 335	--	- 51	+ 266	- 153	- 37	- 89	+ 271	- 179	+ 450
11	- 204	- 86	- 168	- 17	- 65	+ 5	- 29	- 564	- 74	- 490
18	+ 483	- 114	- 384	+ 125	+ 178	- 7	- 1	+ 275	+ 78	+ 197
25	- 116	--	+ 55	- 113	+ 16	- 8	- 332	- 494	- 361	- 133
Sept.										
1	+ 381	--	+ 392	- 45	- 280	- 10	- 31	+ 408	+ 175	+ 233
8	+ 470	--	- 191	- 76	+ 163	+ 29	- 57	+ 336	+ 455	- 119
15	- 387	--	- 190	- 36	+ 326	+ 26	+ 256	- 4	- 46	+ 42
22	- 575	--	- 238	- 374	+ 683	- 11	+ 25	- 491	- 183	- 308
29 p	+ 839	--	+ 878	- 242	- 719	+ 4	- 39	+ 722	+ 308	+ 414
Oct.										
6 p	+ 575	--	- 190	- 139	- 97	- 37	- 102	+ 10	+ 66	- 56
13 p	- 217	--	- 372	+ 52	+ 76	+ 49	+ 85	- 326	- 130	- 196

1/ For retrospective details, see Table 5.

2/ Includes \$400 million in special drawing account.

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Table 7

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

Item	Levels, 1971			Dollar Change	
	March	June	Sept. p	2nd Qtr. 1971	3rd Qtr. 1971
1. <u>Money Supply--M<sub>1</sub></u>	217.4	223.6	225.7	6.2	2.1
2. Plus: Time deposits other than large CD's	218.9	226.1	229.2	7.2	3.1
3. <u>Equals: Money supply--M<sub>2</sub></u>	436.3	449.6	454.9	13.3	5.3
Plus:					
4. U.S. Gov't. deposits at member banks	4.5	4.4	6.2	-0.1	1.8
5. Net domestic commercial bank deposits at member banks	4.3	4.0	4.4	-0.3	0.4
6. Large CD's	28.0	28.4	32.1	0.4	3.7
7. Nondeposit funds <u>1/</u>	7.0	4.5	4.1	-2.5	-0.4
8. Time deposit of U.S. Gov't and commercial banks	1.9	1.9	2.2	--	0.3
9. F.R. Float	2.7	2.7	3.0	--	0.3
Less:					
10. Demand deposits at nonmember banks	38.3	39.9	40.8	1.6	-0.9
11. Time deposits at nonmember banks	56.5	58.8	60.8	2.3	2.0
12. Currency component of the money supply	49.5	51.1	52.0	1.6	0.9
13. Deposits at Edge Act. Corps., agencies and foreign branches	0.8	0.7	0.8	-0.1	0.1
14. Foreign deposits at F.R.	0.4	0.4	0.4	--	--
Equals:					
15. <u>Credit Proxy Adjusted</u>	339.2	344.7	352.1	5.5	7.4

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

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		3rd Qtr. 1971	
	March	June	Sept. <sup>p</sup>	Dollar Change	Percentage Change	Dollar Change	Percentage Change
1. <u>Money supply--M<sub>1</sub></u>	219.4	225.6	227.3	6.2	11.3	1.7	3.0
2. Plus: Time deposits other than large CD's	218.3	225.8	229.2	7.5	13.7	3.4	6.0
3. Equals: <u>Money supply-- M<sub>2</sub></u>	437.6	451.4	456.5	13.8	12.6	5.1	4.5
Plus:							
4. U.S. Gov't. deposits at member banks	4.8	3.9	6.3	-0.9		2.4	
5. Net domestic commercial bank deposits at member banks	4.7	4.3	4.3	-0.4		--	
6. Large CD's	27.8	28.6	32.4	0.8		3.8	
7. Nondeposit funds <u>1/</u>	7.0	4.5	4.1	-2.5		-0.4	
Less:							
8. Currency component of the money supply	50.0	51.2	52.0	1.2		0.8	
9. Deposits at nonmember banks, and other items <u>2/</u>	91.8	95.7	98.0	3.9		2.3	
Equals:							
10. <u>Adjusted Credit Proxy</u>	340.2	345.7	353.5	5.5	6.5	7.8	9.0

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.

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