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(CONFIDENTIAL FR)

April 14, 1972

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) April 14, 1972

MONETARY AGGREGATES AND MONEY MARKET CONDITIONS

Recent developments

(1) Seasonally adjusted total reserves available to support private nonbank deposits (RPD) expanded somewhat less rapidly in March than targeted, as shown in attached Table 1. However, RPD in April appears to be growing more than anticipated, and for the two months combined the growth rate seems likely to be at an annual rate of about 13-1/2 per cent. This compares with an adjusted 10-1/2--14-1/2 per cent target range. Originally, the Committee had set the target range at 9-13 per cent, but for comparability the range should be adjusted upward by 1-1/2 percentage points to allow for corrections in the distribution of reserves between private and interbank deposits necessitated by the introduction of the new PEPS system for clearing international transfers.[1/]

(2) In March measures of the money stock and the adjusted credit proxy expanded somewhat more than expected, as shown in attached Table 2. A slowing in the rate of growth is anticipated for April, although partial data for the early part of the month suggest that all three of the money and credit aggregates are running somewhat ahead of rates for the month indicated in pattern II at the last meeting.

1/ See appendix for explanation.

(3) At the time of the last Committee meeting, Federal funds were trading around 3-7/8 per cent, below the level thought likely to emerge in achieving the desired RPD growth rate. As the intermeeting period progressed, the funds rate edged steadily higher from 3.91 to 4.18 per cent, with recent daily trading most frequently around 4-1/4 per cent. With the money market tightening and with increasing evidence of strengthening economic activity, other interest rates also rose during the period--generally by 20-40 basis points on private short-term market instruments and by 10-30 basis points in bond markets. The 3-month bill rate, however, was virtually unchanged over the period, as demand for very short maturities expanded in the face of anticipated interest rate increases.

(4) The following table compares seasonally adjusted annual rates of change in major financial aggregates for recent periods.

	1971	Fourth Quarter (Dec. over Sept.)	First Quarter (March over Dec.)	Fourth and First Quarters Combined (Mar. over Sept.)
Total Reserves	7.3	2.2	10.2	6.2
Nonborrowed Reserves	8.0	6.9	11.1	9.1
Reserves available to support private nonbank deposits	8.3	5.8	11.5	8.7
Concepts of Money				
M_1 (currenty plus demand deposits 1/)	6.2	1.1	9.5	5.3
M_2 (M_1 plus time deposits at commercial banks other than large CD's)	11.1	8.0	13.3	10.8
M_3 (M_2 plus deposits at thrift institutions)	13.3	9.6	15.5	12.8
Bank Credit				
Total member bank deposits (Bank credit proxy adj.)	9.5	9.7	11.4	10.7
Loans and investments of commercial banks 2/	10.7	8.7	16.2	12.6
Short-term market paper (Actual $ change in billions)				
Large CD's	$ 7.9	1.8	-0.1	1.7
Nonbank commercial paper	-1.8	1.1	0.1	1.2

1/ Other than interbank and U.S. Government.
2/ Based on month-end figures. Includes loans sold to affiliates and branches.

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) Of the two patterns summarized below, pattern I incorporates essentially the same second quarter growth rates for monetary aggregates adopted at the last Committee meeting. Pattern II shows somewhat slower rates of growth in the monetary aggregates. (The patterns in detail are shown on the next page.)

	Pattern I	Pattern II
Federal funds rate	3-3/4--4-3/4	4-1/2--5-1/2
Member bank borrowings	50--200	150--400
3-month Treasury bill rate	3-1/2--4-1/2	4--5-1/4
Growth in M_1 (SAAR)		
April	8%	8%
May	9%	8%
June	5-1/2%	4%
2nd Q.	7-1/2%	7%

(6) Rates of expansion in reserves available to support nonbank deposits consistent with the two patterns are as follows:

	Pattern I	Pattern II
April	11	10
May	8-1/2	6-1/2
April-May	9-1/2	8
2nd Q.	7-1/2	6

The reserve path shown here for pattern I represents a logical continuation of the path adopted at the last Committee meeting. The April increase in these reserves would put the average level of such reserves

Alternative Monthly and Quarterly Patterns
for Key Monetary Aggregates

		M_1		M_2	
		I	II	I	II
1972	Apr.	235.2	235.2	483.4	483.3
	May	237.0	236.8	486.8	486.2
	June	238.1	237.6	489.6	488.5
		Per Cent Annual Rates of Growth			
	Apr.	8.0	8.0	8.0	8.0
	May	9.0	8.0	8.5	7.0
	June	5.5	4.0	7.0	5.5
	2nd Q.	7.5	7.0	8.0	7.0

		Adjusted Credit Proxy		Total Reserves	
		I	II	I	II
1972	Apr.	374.9	374.8	32.7	32.7
	May	374.2	373.9	32.5	32.4
	June	377.3	376.8	32.6	32.5
		Per Cent Annual Rates of Growth			
	Apr.	8.5	8.5	26.0	25.5
	May	-2.0	-3.0	-10.5	-12.5
	June	10.0	9.5	5.0	3.5
	2nd Q.	5.5	5.0	7.0	5.5

somewhat above the mid-point of the earlier range (after technical adjustment) but below the upper end. The rate of increase in RPD is targeted to decelerate over the two months May and June. And the rate of growth for the second quarter as a whole leads to a June level of RPD that is slightly above the mid-point of the earlier adjusted path because recent experience has suggested a somewhat greater bank demand for excess reserves.

(7) If the Committee instructs the Manager to achieve the pattern I reserve path and aggregates, the staff expects that the Federal funds rate would remain near or slightly above the 4-1/4 per cent mid-point of the 3-3/4--4-3/4 per cent range associated with this pattern. However, if such a funds rate prevails through the second quarter, we would also expect growth in the aggregates, particularly M_1, to remain generally strong in the third quarter. For M_1, it appears likely that such a posture would lead to third quarter growth on the order of 8-1/2 per cent, assuming that transactions demands will accelerate along with projected GNP.

(8) Attainment of pattern II reserve objectives in the second quarter would probably lead to a funds rate moving up to an average of around 5--5-1/4 per cent fairly promptly, at or slightly above the mid-point of the 4-1/2--5-1/2 per cent range shown for the pattern. This would be associated not only with some slowing in M_1 growth in the second quarter, but would encourage a lower third quarter growth rate of M_1, perhaps on the order of 6-1/2 per cent, annual rate.

(9) Short-term markets are likely to have to absorb continuation of the recent stronger business loan performance and greater than seasonal Treasury cash requirements (though much lower than earlier anticipated by

the market). Nevertheless, given the aggregates of pattern I, any further rise in short-term interest rates might be minor, since it does not now seem probable that the funds rate would need to rise to the top end of the range shown in paragraph (5). However, the 3-month bill rate, which has been running low relative to the Federal funds and other short-term rates, may show a noticeable increase. Under pattern II, with a rising Federal funds rate, short-term rates would be expected to adjust upward substantially. Such a rate rise would be reinforced by spreading expectations of a discount rate increase.

(10) The long-term bond market appears to have adjusted in good part to the recent rise in short rates. On balance, no more than a moderate further rise in long rates seems likely so long as the Federal funds rate stays around its recent 4-1/4 per cent level. Security dealer positions are light, and corporate bond offerings are not expected to be heavy. The Treasury refunding to be announced on April 26 is comparatively small. There apparently will be no need to raise new cash at that time, and the public holds only $2-1/2 billion of the issues maturing in mid-May.

(11) A rise in the funds rate toward the upper end of the pattern I range, and certainly into the pattern II range, would be very likely, however, to spark further significant increases in long-term rates. As market rates generally rose further, this would, moreover, begin to be reflected in rising primary mortgage market rates. The secondary mortgage market has already shown signs of caution, and a further general rise in short- and long-term market rates would be likely to reduce inflows to savings institutions and to induce diversified lenders to shift some funds away from mortgages.

(12) The anticipated behavior of M_2 and the credit proxy over the second quarter is little different from what was presented to the Committee four weeks ago. Growth in time deposits other than large CD's is expected to be significantly slower in the second quarter than in the first in both patterns I and II, and the slowdown is greater in response to the higher short-term market rates expected in pattern II. Reflecting slower growth in time deposits, as well as a substantial drop in U. S. Government deposits, the bank credit proxy should expand at a much more moderate rate in both patterns. However, as market rates rise, especially under pattern II, major money market banks can be expected to raise interest rates offered on time deposits, both large and small, to keep deposit inflows from slowing markedly further in what appears to be a period of developing loan demand.

Proposed directive

(13) This section presents three alternative formulations for the operational paragraph of the directive. All continue the same language with respect to reserves and money market conditions contained in the directives of the last three meetings, and all 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 April 26, as noted in paragraph (10). It is proposed to delete the reference to international developments on the assumption that the Committee will not consider it necessary to take specific account of those developments in the currently quieter environment surrounding the exchange markets.

(14) Alternative A.

"To implement this policy, while taking account of ~~international-developments-and-possible~~ THE FORTHCOMING Treasury financing, the Committee seeks to achieve bank reserve and money market conditions that will support moderate growth in monetary aggregates over the months ahead."

Alternative A language is proposed for possible use if the Committee wishes to adopt essentially the same second-quarter growth rates for the monetary aggregates that were adopted at the meeting on March 21. The pattern of specifications for this alternative is described in paragraph (5).

(15) Alternative B.

"To implement this policy, while taking account of ~~international-developments-and-possible~~ CAPITAL MARKET

DEVELOPMENTS AND THE FORTHCOMING Treasury financing, the Committee seeks to achieve bank reserve and money market conditions that will support moderate growth in monetary aggregates over the months ahead."

The language of alternative B differs from that of alternative A in that it includes a reference to developments in capital markets. It is proposed for possible use in the event that members of the Committee wish to provide some safeguard against the risk of a significant near-term rise in interest rates, particularly long-term rates. The pattern of specifications for this alternative could be the same as that for alternative A, but the phrase "taking account of capital market developments" could be construed as instructing the Manager to be more liberal in providing reserves and more cautious in allowing the Federal funds rate to move upward if significant increases in long-term interest rates appear to be in process.

(16) Alternative C. This language differs from that of alternative A in the inclusion of the word "more" before "moderate growth in monetary aggregates." It is proposed for possible use if the Committee decides to pursue the more restrictive course contemplated by the specifications given earlier for pattern II.

"To implement this policy, while taking account of ~~international-developments-and-possible~~ THE FORTHCOMING Treasury financing, the Committee seeks to achieve bank reserve and money market conditions that will support MORE moderate growth in monetary aggregates over the months ahead."

APPENDIX

BACKGROUND TO TECHNICAL CORRECTION OF RPD PATH

The correction affects the measured distribution of reserves held behind private nonbank demand deposits (RPD) and net interbank deposits. The target after correction represents what the staff would have presented at the time of the March 21 FOMC meeting as consistant with pattern II aggregates if the timing and extent to which foreign banking institutions were moving onto PEPS had been known. The change in effect reduces the multiplier between available reserves for private nonbank deposits and currently measured M_1.

The correction was necessary because of the accounting effect of the recent transfer (on February 7 and March 13) to the PEPS system for clearing international transactions of several foreign banking institutions which had not yet been incorporated into our banking statistics. The staff did not know the magnitude and exact timing of this transfer at the time of the last FOMC meeting. As these foreign institutions joined PEPS, the effect was to lower both cash items and net interbank deposits on the books of member banks. In staff calculations of the distribution of reserves, this would mean that reserves against net interbank deposits would decline and required reserves against private demand deposits at member banks (gross demand deposits less the now lower cash items) would rise by an equivalent amount, thereby increasing the measured reserves available series. As noted above, if the timing and extent of transfer had been known at the time of the last FOMC meeting, the staff would have allowed for the effect in construction of the reserve path presented at that meeting.

Incorporation of these institutions into the banking statistics will, when we make our next annual revision, raise the measured level of the money supply (unless offset, of course, by other benchmark changes). But the data for the institutions that we have gathered indicates that there will be virtually no effect on rates of change in money supply. In the annual revision, a gradually decreasing level will be carried back over a number of years.

CHART 1

STRICTLY CONFIDENTIAL (FR)
4/14/72

RESERVES AVAILABLE TO SUPPORT PRIVATE NONBANK DEPOSITS

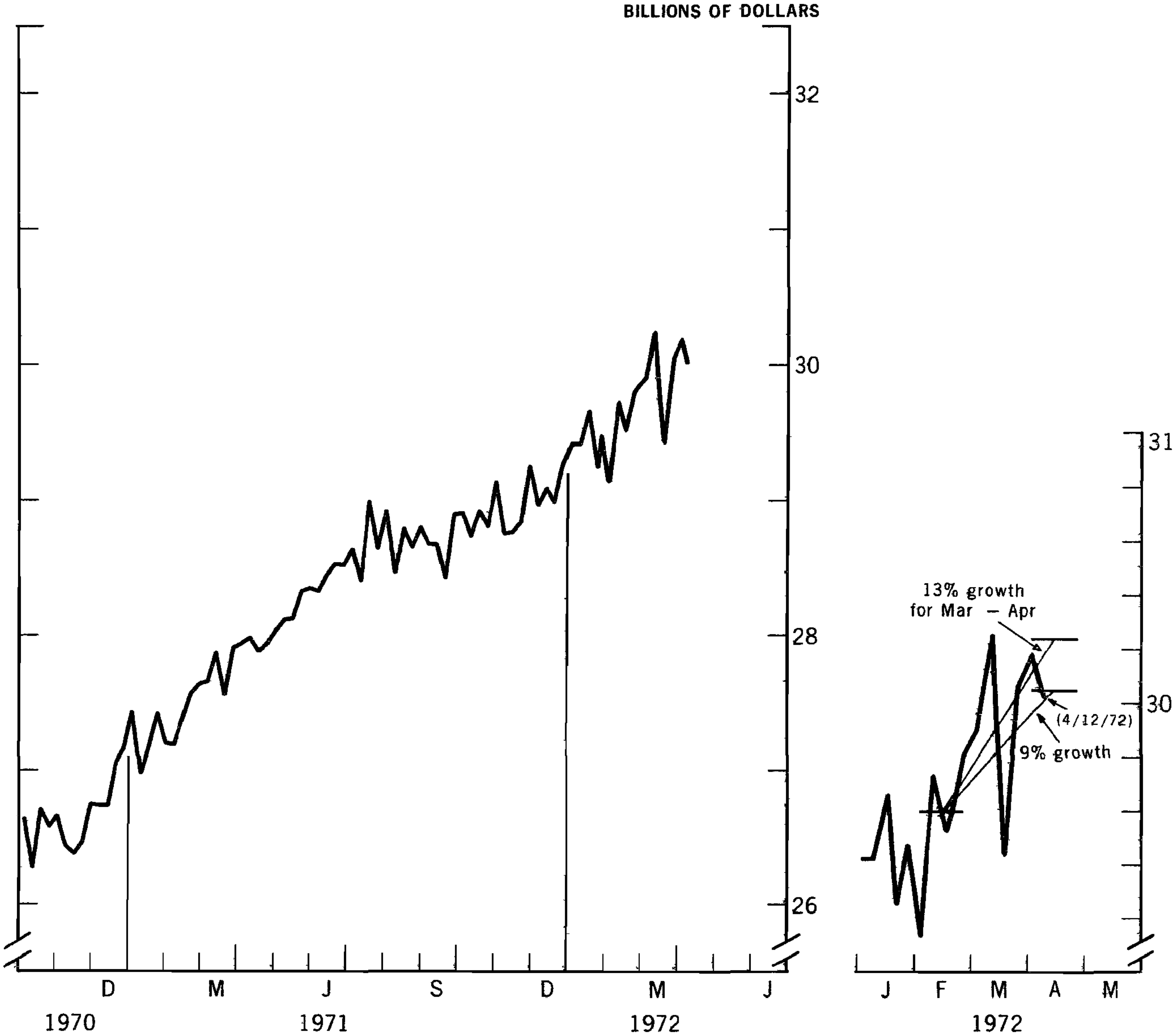
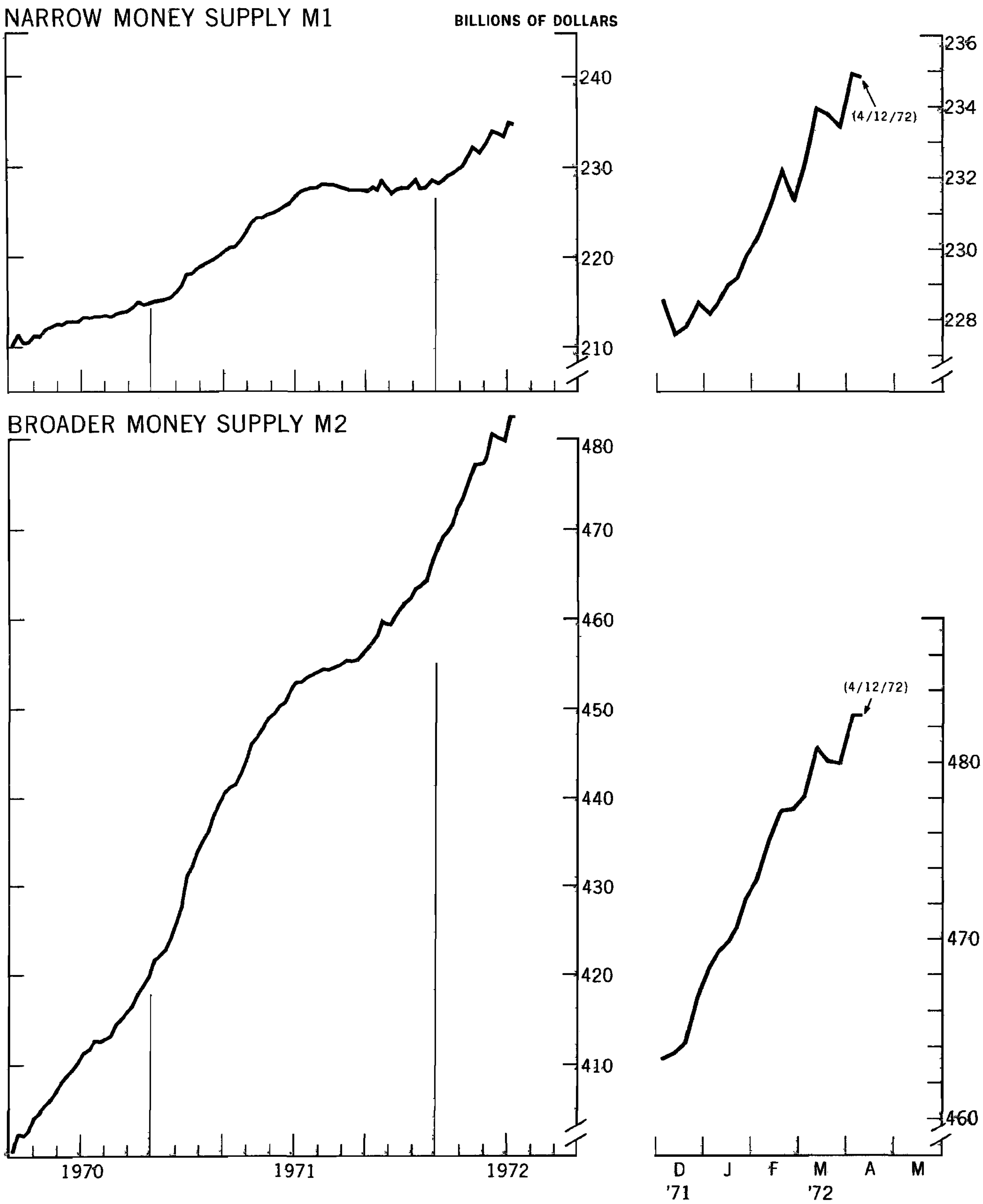


CHART 2

STRICTLY CONFIDENTIAL (FR)
4/14/72

MONETARY AGGREGATES



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4/14/72

CHART 3

MONETARY AGGREGATES

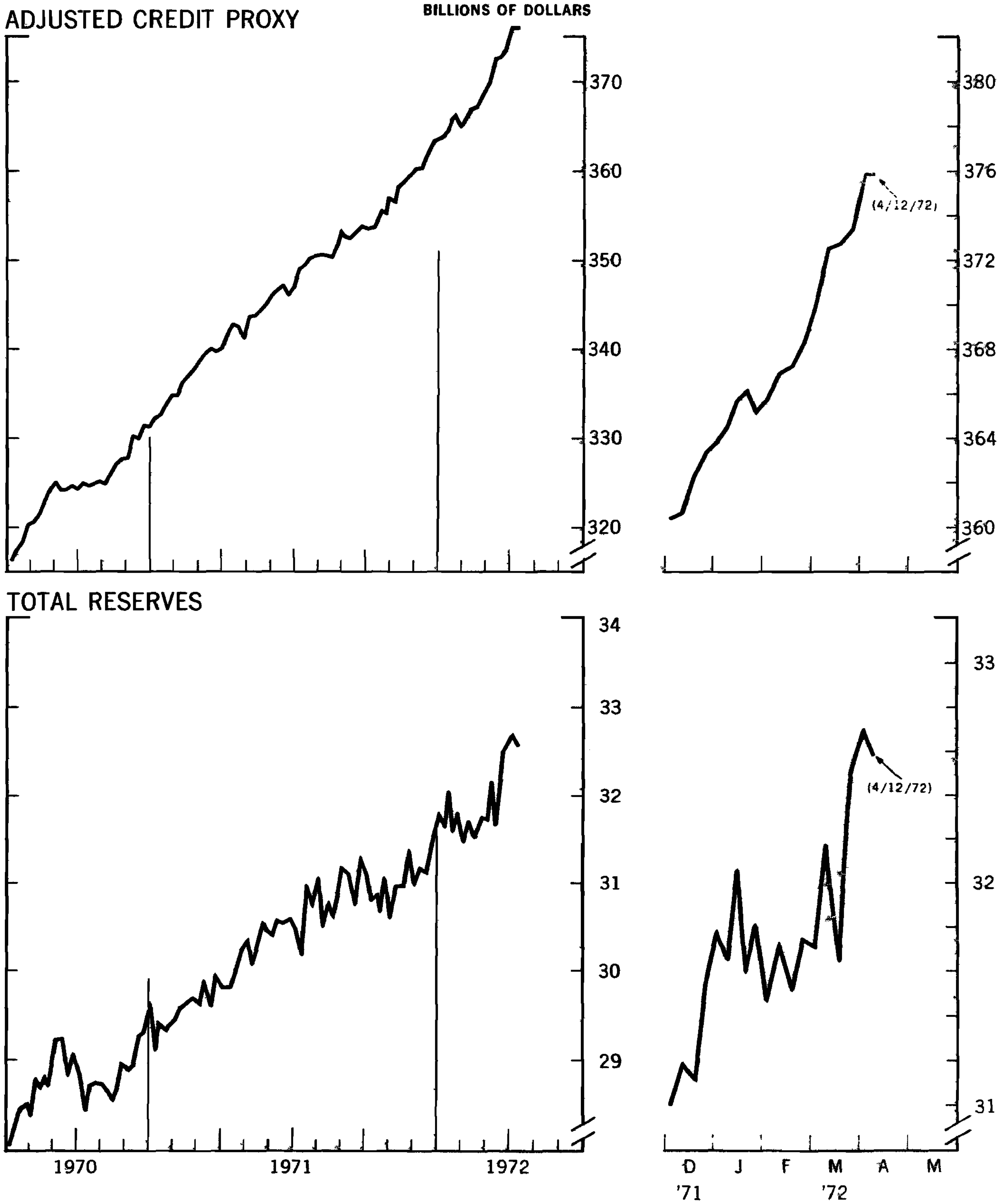

CHART 4

MONEY MARKET CONDITIONS AND INTEREST RATES

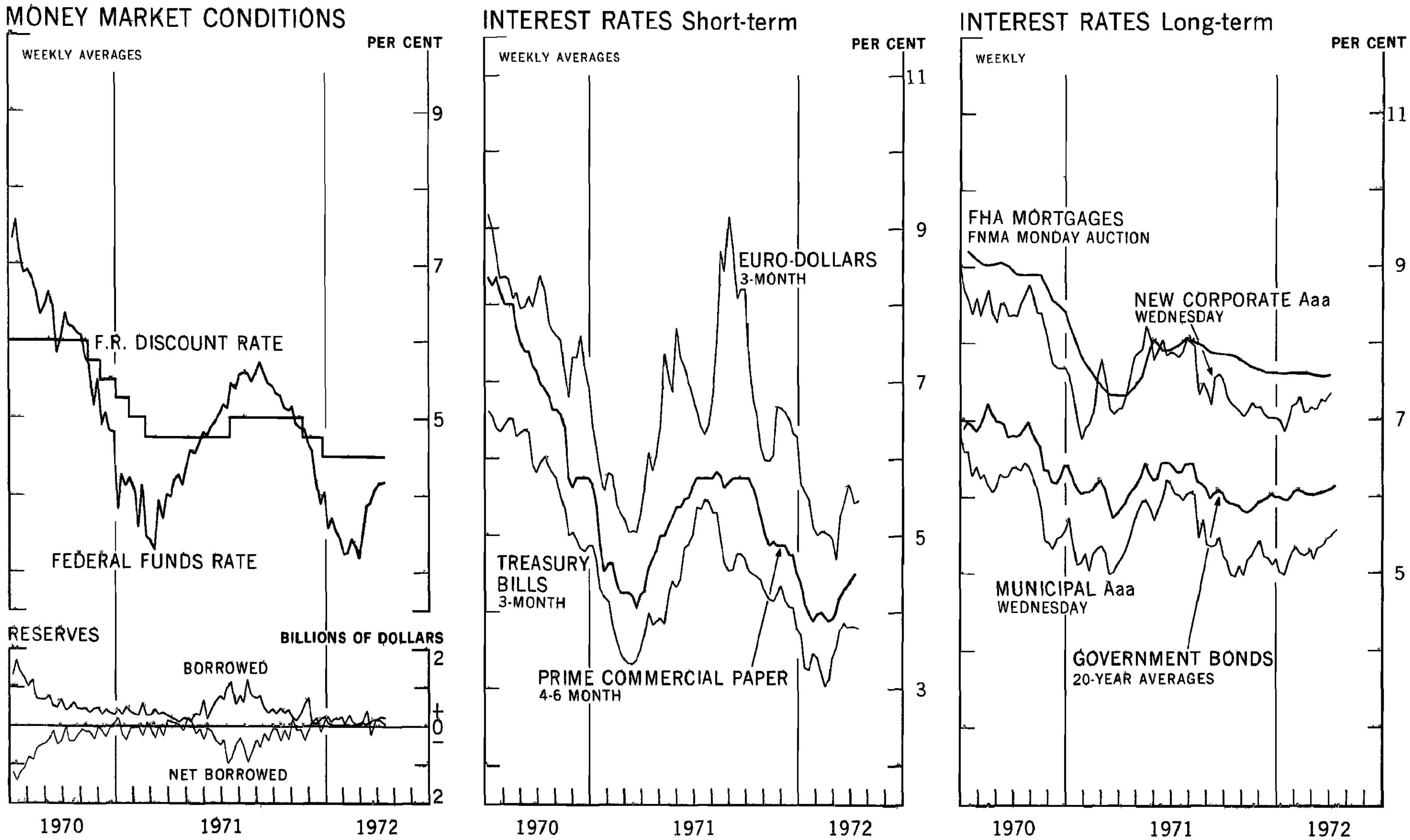

Table 1

Bank Reserves

Period	Reserves Available for Private Nonbank Deposits: Seasonally Adjusted: Target and Associated Patterns 1/	Reserves Available for Private Nonbank Deposits: Seasonally Adjusted: Actual and Projected	Reserves Available for Private Nonbank Deposits: Not Seasonally Adjusted: Target and Associated Patterns 1/	Reserves Available for Private Nonbank Deposits: Not Seasonally Adjusted: Actual and Projected	Aggregate Reserves (Seasonally Adjusted): Total Reserves	Aggregate Reserves (Seasonally Adjusted): Nonborrowed Reserves	Required Reserves (Seasonally Adjusted): Private Demand	Required Reserves (Seasonally Adjusted): Time and Nondeposits	Required Reserves (Seasonally Adjusted): U.S. Gov't. and Interbank
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1972--Jan.		29,509		30,487	31,772	31,678	20,757	8,538	2,263
Feb.	29,613	29,611	29,736	29,737	31,616	31,580	20,805	8,656	2,005
Mar.	30,087	30,009	29,800	29,719	32,041	31,940	21,037	8,757	2,031
Apr.	30,138-30,335 2/	30,280	30,225-30,422 2/	30,376	32,743	32,625	21,237	8,786	2,463
Annual Rates of Change									
Quarterly:									
1971--3rd Qtr.		3.1			7.1	6.0	2.4	6.7	
4th Qtr.		5.8			2.2	6.9	2.8	14.5	
1972--1st Qtr.		11.5			10.2	11.1	10.5	17.9	
2nd Qtr.		(7.5)			(7.0)	(6.5)	(8.0)	(6.5)	
1972--Jan.		13.8			20.2	23.1	6.4	22.3	
Feb.		4.1			-5.9	-3.7	2.8	15.5	
Mar.	19.0	16.1			16.1	13.7	13.4	14.0	
Apr.	6.0	(11.0)			(26.0)	(25.5)	(11.5)	(4.0)	
Mar.-Apr.	10.5-14.5 2/	(13.5)			(21.5)	(20.0)	(12.5)	(9.0)	
Weekly:									
1972--Feb. 2		29,528		30,335	31,797	31,778	20,667	8,593	2,269
9		29,205		29,679	31,473	31,427	20,532	8,607	2,268
16		29,793		29,924	31,695	31,678	20,898	8,644	1,902
23		29,604		29,591	31,519	31,505	20,851	8,676	1,915
Mar. 1		29,907		29,514	31,744	31,666	21,004	8,723	1,837
8		29,971		29,376	31,709	31,598	21,005	8,734	1,738
15		30,345		29,926	32,164	32,151	21,154	8,774	1,818
22		29,499		29,412	31,650	31,538	20,875	8,757	2,151
29		30,159		30,077	32,500	32,339	21,087	8,772	2,340
Apr. 5		30,291		30,127	32,687	32,551	21,166	8,742	2,396
12		30,100		29,927	32,578	32,565	21,076	8,768	2,470

NOTE: Data shown in parentheses are current projections. Annual rates of change other than those for the past are rounded to the nearest half percent.

1/ The target has been adjusted to reflect corrections in the distribution of reserves between private and interbank deposits necessitated by the introduction of the new PEPS system for clearing international transfers. These corrections, worked out in conjunction with the Federal Reserve Bank of New York, are purely technical. The adjusted target represents what the staff would have presented at the time of the March 21 FOMC meeting as consistent with Pattern II aggregates and money market conditions if the timing and extent to which foreign banking institutions were moving onto PEPS had been known. The amount of correction is plus 1-1/2 percentage points at an annual rate for the March-April period. Thus, the adjusted target indicates a 12-1/2 percent annual rate (mid-point of the range) for the two-month period, as compared with 11 percent in the original target.

2/ The range is centered on the adjusted 12.5 percent annual rate of growth in these reserves from February to April thought to be consistent with the growth in monetary aggregates shown in Pattern II in the March 17, 1972 Bluebook.

Annual Growth Rates in Pattern II 1/	Mar.	Apr.	QII
M_1	11.0	6.5	7.5
M_2	10.5	8.0	8.0
Credit Proxy (Adj.)	15.0	7.0	6.0

Table 2

STRICTLY CONFIDENTIAL (FR)
April 14, 1972

Monetary Aggregates
(Actuals and current projections, seasonally adjusted)

Period	Narrow Money Supply (M_1)	Broad Money Supply (M_2)	Adjusted Credit Proxy	U.S. Govt. Deposits	Total Time and Savings	Time deposits other than CD's	Negotiable CD's	Nondeposit Sources of Funds
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Monthly Pattern in Billions of Dollars							
1972--Jan.	228.8	469.9	364.9	6.3	274.4	241.2	33.2	4.0
Feb.	231.2	475.5	366.7	3.7	278.1	244.3	33.8	3.6
Mar.	233.6	480.1	372.2	6.1	279.9	246.5	33.4	3.7
Apr.	(235.2)	(483.4)	(374.9)	(6.4)	(282.0)	(248.1)	(33.8)	(3.6)
	Annual Percentage Rates of Change--Quarterly and Monthly							
1971--3rd Qtr.	3.7	4.4	7.6		8.2	5.3		
4th Qtr.	1.1	8.0	9.7		15.9	14.7		
1972--1st Qtr.	9.5	13.3	11.4		14.8	17.1		
2nd Qtr.	(7.5)	(8.0)	(5.5)		(8.5)	(8.0)		
1972--Jan.	3.2	13.4	9.9		20.0	24.4		
Feb.	12.6	14.3	5.9		16.2	15.4		
Mar.	12.5	11.6	18.0		(7.8	10.8		
Apr.	(8.0)	(8.0)	(8.5)		(9.0)	(8.5)		
	Weekly Pattern in Billions of Dollars							
1972--Feb. 2	229.8	472.2	365.1	4.8	275.8	242.4	33.4	3.8
9	230.3	473.3	365.7	5.1	276.5	243.0	33.5	3.7
16	231.2	475.6	366.9	3.8	278.2	244.4	33.8	3.7
23	232.2	477.2	367.2	3.0	279.3	245.0	34.3	3.6
Mar. 1	231.4	477.3	368.3	3.2	279.7	245.9	33.8	3.6
8	232.5	478.1	369.9	5.2	279.4	245.7	33.7	3.7
15	233.9	480.7	372.5	6.2	279.8	246.8	33.0	3.8
22	233.8	480.1	372.7	6.7	279.5	246.4	33.1	3.7
29	233.4	479.9	373.4	6.9	280.2	246.5	33.7	3.8
Apr. 5	234.9	482.6	375.8	7.8	281.1	247.7	33.4	3.5
12 pe	234.8	482.6	375.8	8.1	282.1	247.8	34.3	3.7

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

pe--Partially estimated

1/ As shown in the March 17, 1972 Bluebook.

Appendix Table I

RESERVES AND MONETARY VARIABLES

Period	Reserves: Total	Reserves: Nonborrowed	Money Stock Measures: M_1	Money Stock Measures: M_2	Money Stock Measures: M_3	Bank Credit Measures: Adjusted Credit Proxy	Bank Credit Measures: Total Loans and Investments	Other: Total Time	Other: Time Other than CD's	Other: Thrift Institution Deposits	Other: CD's	Other: Nondeposit Funds	Other: U.S. Gov't. Demand
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
			(Per Cent Annual Rates of Growth)								(Dollar Change in Billions)		
Annually:													
1968	+ 7.8	+ 5.8	+ 7.8	+ 9.3	+ 8.3	+ 9.7	+ 11.0	+ 11.3	+ 11.1	+ 6.4	+ 2.8	+ 2.6	- 0.1
1969	- 1.3	- 2.7	+ 3.2	+ 2.3	+ 2.7	+ 0.3	+ 3.9	- 4.9	+ 1.4	+ 3.4	- 12.6	+ 13.0	+ 0.3
1970	+ 6.0	+ 9.2	+ 5.4	+ 8.1	+ 7.8	+ 8.3	+ 8.1	+ 17.9	+ 11.0	+ 7.7	+ 14.5	- 8.4	+ 1.1
1971	+ 7.3	+ 8.0	+ 6.2	+ 11.1	+ 13.3	+ 9.5	+ 10.7	+ 17.9	+ 16.2	+ 17.5	+ 7.9	- 7.6	- 0.3
Semi-Annually:													
1st Half 1970	+ 0.4	+ 3.0	+ 5.6	+ 5.8	+ 5.0	+ 4.8	+ 5.2	+ 8.4	+ 6.0	+ 4.7	+ 2.6	+ 0.7	+ 0.4
2nd Half 1970	+ 11.6	+ 15.3	+ 5.2	+ 10.1	+ 10.3	+ 11.4	+ 10.8	+ 26.3	+ 15.6	+ 10.6	+ 11.9	- 9.1	+ 0.7
1st Half 1971	+ 9.6	+ 9.3	+ 10.0	+ 15.5	+ 17.0	+ 9.7	+ 11.5	+ 22.3	+ 21.2	+ 20.1	+ 3.9	- 7.1	- 2.1
2nd Half 1971	+ 4.7	+ 6.5	+ 2.4	+ 6.3	+ 8.8	+ 8.8	+ 9.3	+ 12.2	+ 10.1	+ 13.5	+ 4.1	- 0.4	+ 1.8
Quarterly:													
1st Qtr. 1971	+ 8.9	+ 9.5	+ 9.1	+ 18.1	+ 18.9	+ 10.9	+ 12.3	+ 28.8	+ 27.5	+ 21.9	+ 2.6	- 4.6	- 2.4
2nd Qtr. 1971	+ 10.0	+ 9.0	+ 10.6	+ 12.4	+ 14.4	+ 8.4	+ 10.3	+ 14.7	+ 14.0	+ 17.3	+ 1.3	- 2.6	+ 0.3
3rd Qtr. 1971	+ 7.2	+ 6.0	+ 3.7	+ 4.4	+ 7.8	+ 7.6	+ 9.7	+ 8.2	+ 5.3	+ 13.7	+ 2.3	- 0.4	+ 2.3
4th Qtr. 1971	+ 2.2	+ 6.9	+ 1.1	+ 8.0	+ 9.6	+ 9.7	+ 8.7	+ 15.9	+ 14.7	+ 12.8	+ 1.8	--	- 0.4
1st Qtr. 1972	+ 10.2	+ 11.1	+ 9.5	+ 13.3	+ 15.5	+ 11.4	+ 16.2	+ 14.8	+ 17.1	+ 20.4	- 0.1	- 0.3	- 0.9
1971: Jan.	+ 10.6	+ 8.1	+ 2.8	+ 14.1	+ 15.5	+ 10.2	+ 12.8	+ 28.8	+ 26.0	+ 23.9	+ 1.1	- 1.5	- 0.7
Feb.	+ 8.6	+ 11.7	+ 13.4	+ 20.7	+ 20.9	+ 11.9	+ 14.6	+ 29.7	+ 28.3	+ 18.5	+ 0.9	- 1.6	- 0.9
Mar.	+ 7.3	+ 8.4	+ 11.0	+ 18.7	+ 19.3	+ 10.3	+ 9.1	+ 26.0	+ 26.5	+ 22.1	+ 0.6	- 1.6	- 0.8
Apr.	+ 8.5	+ 16.9	+ 8.2	+ 12.1	+ 15.5	+ 8.5	+ 7.4	+ 13.2	+ 16.0	+ 22.5	- 0.2	- 1.9	+ 1.6
May	+ 13.4	+ 9.9	+ 14.1	+ 13.9	+ 15.2	+ 8.8	+ 9.7	+ 15.5	+ 13.6	+ 12.9	+ 0.7	- 1.0	- 0.2
June	+ 7.9	--	+ 9.1	+ 10.7	+ 12.0	+ 7.7	+ 13.6	+ 14.8	+ 11.8	+ 15.8	+ 0.8	+ 0.4	- 1.0
July	+ 4.4	- 7.6	+ 10.1	+ 7.5	+ 10.5	+ 10.7	+ 6.2	+ 9.4	+ 4.8	+ 16.7	+ 1.1	- 0.2	+ 0.8
Aug.	+ 4.1	+ 2.8	+ 3.2	+ 2.9	+ 6.6	+ 4.1	+ 11.9	+ 4.2	+ 3.2	+ 10.3	+ 0.4	- 0.4	+ 0.6
Sept.	+ 12.9	+ 22.9	- 2.1	+ 2.9	+ 6.2	+ 7.9	+ 10.9	+ 10.7	+ 7.9	+ 13.8	+ 0.8	+ 0.1	+ 0.9
Oct.	- 7.4	- 2.8	+ 0.5	+ 7.1	+ 9.1	+ 4.8	+ 10.1	+ 17.1	+ 13.7	+ 13.0	+ 1.1	+ 0.8	- 1.9
Nov.	+ 3.4	+ 2.0	--	+ 6.5	+ 8.7	+ 11.2	+ 4.5	+ 9.1	+ 13.0	+ 11.4	- 0.5	+ 0.5	+ 0.7
Dec.	+ 10.7	+ 21.4	+ 2.6	+ 10.2	+ 11.0	+ 13.1	+ 11.2	+ 20.8	+ 17.0	+ 13.7	+ 1.2	- 1.3	+ 0.8
1972: Jan.	+ 20.2	+ 23.1	+ 3.2	+ 13.4	+ 15.4	+ 9.9	+ 17.5	+ 20.0	+ 24.4	+ 23.9	- 0.2	- 0.1	+ 0.1
Feb.	- 5.9	- 3.7	+ 12.6	+ 14.3	+ 16.7	+ 5.9	+ 12.4	+ 16.2	+ 15.4	+ 17.4	+ 0.6	- 0.3	- 2.6
Mar. p	+ 16.1	+ 13.7	+ 12.5	+ 11.6	+ 14.0	+ 18.0	+ 18.1	+ 7.8	+ 10.8	+ 18.8	- 0.4	+ 0.1	+ 2.3

NOTE: Reserve requirements on Eurodollar borrowings are included beginning October 16, 1969, and requirements on bank-related commercial paper are included beginning October 1, 1970.

p - Preliminary.

Appendix Table II CONFIDENTIAL (FR)

RESERVES AND MONETARY VARIABLES April 14,1972
(Seasonally adjusted, Billions of dollars)

Period	Reserves: Total	Reserves: Non-borrowed	Money Stock Measures: M_1 Total	Money Stock Measures: M_1 Prv't Dep.	Money Stock Measures: M_2	Money Stock Measures: M_3	Bank Credit Measures: Adjusted Credit Proxy	Bank Credit Measures: Total Loans and Investments	Other: Total Time	Other: Time Other than CD's	Other: Thrift Institution Deposits	Other: CD's	Other: Non-Deposit Funds	Other: U.S. Gov't. Demand
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Annually:														
Dec. 1968	27,249	26,471	197.4	154.0	378.0	572.6	304.6	390.6	204.2	180.6	194.6	23.6	7.0	5.1
Dec. 1969	27,977	26,829	203.7	157.7	368.8	588.3	305.4	406.0	194.1	183.2	201.5	11.0	20.0	5.3
Monthly:														
1970--June	28,037	27,227	209.4	161.7	398.1	603.0	312.8	416.5	202.3	188.7	204.9	13.6	20.7	5.7
July	28,315	27,060	210.3	162.4	401.7	608.4	318.2	422.5	208.4	191.4	206.6	17.0	19.8	5.5
Aug.	28,695	27,907	211.6	163.5	405.6	613.9	322.5	427.5	213.2	193.9	208.4	19.3	18.8	5.7
Sept.	29,059	28,438	212.8	164.5	409.2	619.1	324.3	429.5	217.7	196.4	209.9	21.3	16.5	5.8
Oct.	28,700	28,190	213.1	164.8	412.1	623.9	324.8	430.6	221.5	198.9	211.8	22.6	14.2	5.2
Nov.	28,704	28,239	213.6	164.9	414.3	627.9	326.5	433.1	224.2	200.6	213.6	23.6	12.7	6.2
Dec.	29,132	28,764	214.8	165.8	418.2	634.0	330.6	438.9	228.9	203.4	215.8	25.5	11.6	6.4
1971--Jan.	29,390	28,958	215.3	166.0	423.1	642.2	333.4	443.6	234.4	207.8	219.2	26.6	10.1	5.8
Feb.	29,600	29,240	217.7	168.0	430.4	653.4	336.7	449.0	240.2	212.7	223.0	27.5	8.6	4.9
Mar.	29,779	29,445	219.7	169.7	437.1	663.9	339.6	452.4	245.4	217.4	226.8	28.1	7.0	4.0
Apr.	29,991	29,859	221.2	170.7	441.5	672.5	342.0	455.2	248.1	220.3	231.0	27.8	5.1	5.6
May	30,327	30,106	223.8	173.0	446.6	681.0	344.5	458.9	251.3	222.8	234.4	28.5	4.1	5.4
June	30,527	30,106	225.5	174.5	450.6	687.8	346.7	464.1	254.4	225.0	237.2	29.4	4.5	4.3
July	30,639	29,915	227.4	175.8	453.4	693.8	349.8	466.5	256.4	225.9	240.4	30.4	4.3	5.1
Aug.	30,743	29,985	228.0	176.3	454.5	697.6	351.0	471.1	257.3	226.5	243.1	30.8	3.9	5.7
Sept.	31,073	30,556	227.6	175.5	455.6	701.2	353.3	475.4	259.6	228.0	245.6	31.6	4.1	6.6
Oct.	30,882	30,485	227.7	175.5	458.3	706.5	354.7	479.4	263.3	230.6	248.3	32.7	4.8	4.7
Nov.	30,970	30,535	227.7	175.5	460.8	711.6	358.0	481.2	265.3	233.1	250.8	32.2	5.4	5.4
Dec.	31,246	31,079	228.2	175.7	464.7	718.1	361.9	485.7	269.9	236.4	253.4	33.4	4.0	6.2
1972--Jan.	31,772	31,678	228.8	176.0	469.9	727.3	364.9	492.8	274.4	241.2	257.4	33.2	4.0	6.3
Feb.	31,616	31,580	231.2	178.0	475.5	737.4	366.7	497.9	278.1	244.3	261.9	33.8	3.6	3.7
Mar. p	32,041	31,940	233.6	179.9	480.1	746.0	372.2	505.4	279.9	246.5	265.9	33.4	3.7	6.1
Weekly:														
1972--Jan. 5	31,770	31,709	228.2	175.6	468.2		363.8		273.2	240.0		33.2	3.4	7.3
12	31,652	31,569	228.5	175.8	469.2		364.5		274.0	240.7		33.2	3.9	6.4
19	32,051	31,883	229.0	176.1	469.8		365.7		274.1	240.9		33.2	4.3	6.7
26	31,596	31,489	229.2	176.5	470.6		366.1		274.6	241.4		33.3	4.1	6.5
Feb. 2	31,797	31,778	229.8	176.9	472.2		365.1		275.8	242.4		33.4	3.8	4.8
9	31,473	31,427	230.3	177.2	473.3		365.7		276.5	243.0		33.5	3.7	5.1
16	31,695	31,678	231.2	178.0	475.6		366.9		278.2	244.4		33.8	3.7	3.8
23	31,519	31,505	232.2	178.8	477.2		367.2		279.3	245.0		34.3	3.6	3.0
Mar. 1	31,744	31,666	231.4	178.2	477.3		368.3		279.7	245.9		33.8	3.6	3.2
8	31,709	31,598	232.5	179.0	478.1		369.9		279.4	245.7		33.7	3.7	5.2
15	32,164	32,151	233.9	180.2	480.7		372.5		279.8	246.8		33.0	3.8	6.2
22	31,650	31,538	233.8	180.1	480.1		372.7		279.5	246.4		33.1	3.7	6.7
29p	32,500	32,339	233.4	179.5	479.9		373.4		280.2	246.5		33.7	3.8	6.9
Apr. 5p	32,687	32,551	234.9	180.9	482.6		375.8		281.1	247.7		33.4	3.5	7.8

NOTES: 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. Weekly data are not available for M_3, total loans and investments and thrift institution deposits.

p - Preliminary.