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**(CONFIDENTIAL FR)**

November 17, 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**

MONETARY AGGREGATES AND  
MONEY MARKET CONDITIONS

Recent developments

(1) During recent weeks the monetary aggregates have continued to show quite moderate growth. In October, expansion of the narrowly defined money supply slowed to a 4 per cent annual rate, somewhat below growth rates for August and September, but M<sub>2</sub> grew at close to an 8 per cent annual rate, little changed from August and September. More detail on the recent performance of the aggregates is contained in Table 2 attached and Appendix Table 1.

(2) For October and November combined, data now available suggest that growth in M<sub>1</sub> is in the lower half of the 3-1/2 to 6-1/2 per cent range acceptable to the Committee--as shown in the table below. M<sub>2</sub>, however, appears to be running slightly above the mid-point of its acceptable range. In the case of RPD's, the October-November growth rate appears to be falling substantially below the Committee's 9-14 per cent range of tolerance, although during most of the inter-meeting period the estimates available remained within but near the low end of the range. The drop in RPD below the range of tolerance for the most part reflects misspecification of the multiplier relationship between reserves and deposits that has apparently evolved after the new Regulation D went into effect.

Growth in Monetary Aggregates and RPD  
During October-November Period  
(SAAR in percentage points)

	Ranges of Tolerance	Current Estimates
RPD	9-14 <sup>1/</sup>	5-1/2
M <sub>1</sub>	3-1/2--6-1/2	4-1/2
M <sub>2</sub>	5--8	7

MEMO:

Federal funds	4-3/4--5-1/2	5.05 (avg. last four weeks)
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<sup>1/</sup> Adjusted upward from 6-11 per cent range actually adopted by the Committee to allow for the effect of implementing changes in Regulations D and J--which had not been assumed in the last blue book.

(3) For the combined two-month period, the slower than anticipated growth in  $M_1$  may in part be attributable to the fact that Government deposits in November are running some \$2 billion higher on average than assumed in the last blue book. This change reflects the decision to defer \$2.7 billion of Federal revenue-sharing payments from the end of October to early December. Although deferral of these payments substantially reduced early November drains on its cash balances, the Treasury still raised new money at mid-month and scheduled an additional cash borrowing for payment right after Thanksgiving in order to spread out its fourth quarter financings and minimize their market impact.

(4) With RPD and  $M_1$  both tending toward the low ends of their ranges of tolerance over most of the inter-meeting period, Desk reserve supplying operations resulted in an average Federal funds rate of a little over 5 per cent, little different from the level prevailing when the Committee last met. Near the end of the first few statement weeks within the period, however, the funds rate tended to rise rather substantially as reserve settlement pressures on banks unexpectedly cumulated. During the statement week just past, on the other hand, the effective funds rate dropped sharply toward the end of the week, as reserve management and float estimates--at both the Desk and banks--were complicated by the changes in Regulations D and J.

(5) The continuing moderate growth of the monetary aggregates and the underlying stability of the Federal funds rate at levels little higher than 5 per cent helped to reinforce the general improvement of securities market sentiment already being generated by the better prospects for peace in Vietnam and other expectational factors described in the Greenbook. While yield declines have been widespread over the period, the largest changes--about 20-25 basis points--have occurred in bond markets. Treasury bills in the 1-year maturity range also dropped about 20 basis points, as changing investor ex-

pectations led to a flattening of the bill yield curve. The 3-month bill has recently traded around 4.75 per cent, down only about 5 basis points since the last meeting. Other short-term rates are off generally about 1/8 of a percentage point.

(6) The table on the following page compares recent changes in the money and credit aggregates (at seasonally adjusted annual rates) with those for selected earlier periods.

	Most Recent Two Calendar Years	Past Year	Past 6 Months	Past 3 Months	Past Month
	Dec. '71 over Dec. '69	Oct. '72 over Oct. '71	Oct. '72 over Apr. '72	Oct. '72 over July '72	Oct. '72 Sept. '72
Total Reserves	6.9	9.5	7.1	8.0	15.9
Nonborrowed Reserves	9.0	9.0	4.3	3.6	15.2
Reserves available to support private non- bank deposits	8.3	8.4	8.0	8.2	3.3
<u>Concepts of Money</u>					
M <sub>1</sub> (currency plus demand deposits) <sup>1/</sup>	6.0	6.5	6.3	5.0	4.0
M <sub>2</sub> (M <sub>1</sub> plus time deposits at commercial banks other than large CD's)	13.0	10.2	9.2	8.2	8.1
M <sub>3</sub> (M <sub>2</sub> plus deposits at thrift institutions)	11.0	12.5	11.3	10.5	10.2
<u>Bank Credit</u>					
Total member bank deposits (bank credit proxy adj.)	9.3	11.6	10.3	9.7	9.5
Loans and investments of commercial banks <sup>2/</sup>	10.2	13.0	12.7	14.0	11.4
<u>Short-term market paper</u> (Actual \$ change in billions)					
Large CD's	22.4	8.0	6.0	2.6	0.4
Nonbank commercial paper	0.3	2.1	0.7	-0.3	0.7

<sup>1/</sup> Other than interbank and U. S. Government.

<sup>2/</sup> 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 investment of commercial banks, commercial paper, and thrift institutions--which are either end-of-month or last Wednesday of month figures.

Prospective developments

(7) The table below shows three alternative sets of relationships among aggregates and money market conditions for FOMC consideration in setting its monetary policy targets (with figures for aggregates representing seasonally adjusted annual rates of growth). The table on the following page contains, for a larger number of aggregates, figures for end-of-quarter levels and annual rates of growth for the fourth and first quarters shown separately.

	<u>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
Longer-run targets for aggregates (represented by average growth rates for 4th and 1st quarters combined) <u>1/</u>			
M <sub>1</sub>	7%	6%	5%
M <sub>2</sub>	8-1/2	8	7
Credit Proxy	7-1/2	6-1/2	5
RPD	8	6-1/2	5
Associated ranges for November-December '72			
Nonborrowed RPD	11-1/2--15-1/2	6-1/2--10-1/2	2--6
RPD	8--12	7--11	6--10
M <sub>1</sub>	6--9	5--8	4--7
M <sub>2</sub>	7--10	6--9	5--8
Federal funds rate	4-1/8--5-1/8	4-3/4--5-1/2	5--6

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1/ Rounded to nearest 1/2 per cent.

(8) The alternatives shown are similar to those presented in the previous blue book. However, the relationships suggest a somewhat lower level of interest rates for any given expansion of the aggregates. We would expect

Alternative Longer-Run Targets  
for Key Monetary Aggregates

	<u>M<sub>1</sub></u>			<u>M<sub>2</sub></u>			<u>Adjusted Credit Proxy</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>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1972 Sept.	241.6	241.6	241.6	501.8	501.8	501.8	392.6	392.6	392.6
Dec.	245.5	245.2	244.9	512.2	511.7	511.0	400.9	400.4	399.8
1973 March	249.8	248.9	248.0	523.2	521.1	518.4	407.4	405.4	403.0
	Rates of Growth								
1972 4th Q.	6.5	6.0	5.5	8.5	8.0	7.5	8.5	8.0	7.5
1973 1st Q.	7.0	6.0	5.0	8.5	7.5	6.0	6.5	5.0	3.0
	<u>Total Reserves</u>			<u>RPD</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>Alt. A</u>	<u>Alt. B</u>	<u>Alt. C</u>
1972 Sept.	33,360	33,360	33,360	30,903	30,903	30,903			
Dec.	31,353	31,280	31,231	28,662	28,589	28,541			
1973 Jan.	31,335	31,138	30,952	29,189	28,993	28,310			
	Rates of Growth								
1972 4th Q.	14.0	13.0	12.5			8.0	7.0	6.5	
1973 1st Q.	--	-2.0	-3.5			7.5	5.5	4.0	



that the alternative B aggregate objectives could be attained with little change in money market conditions, while the objectives of alternative A would entail easing and those of C tightening.

(9) The strong growth in GNP for the fourth quarter is still expected by the staff to lead to some pick-up in money demand relative to experience of the preceding few months, which included an October growth rate for  $M_1$  of 4 per cent. In addition, a sharp drop in Treasury deposits is anticipated toward year-end, and may lead to a temporary bulge in a money growth. Such developments are reflected in the ranges for  $M_1$  and other aggregates shown for the Nov.-Dec. period in the table in paragraph (7). These ranges represent the staff's best judgment with respect to a path for attaining longer-run objectives while keeping money market conditions from fluctuating unduly.

(10) The specifications for the various alternatives, including accompanying interest rate movements, assume: (a) continued strong business loan demands; (b) fairly aggressive bank efforts to seek funds through CD's, but a slower rate of growth in the outstanding volume of such instruments following the unusually rapid growth of the second and third quarters; and (c) slight further slowing in the rate of growth of time and savings deposits other than CD's in the fourth and first quarters under prevailing money market conditions (although toward the end of the first quarter some of the tax refund money could begin to show up in time deposits).

(11) As noted above, the alternative B targets appear to be consistent with about prevailing money market conditions. Even with little change in the Federal funds rate, though, the 3-month bill rate might be expected

to rise between now and the next Committee meeting. In that period, it may not quite reach the recent 5--5-1/8 per cent funds rate range, but the bill rate could move above that range by the end of the first quarter of 1973 as the Treasury undertakes large contra-seasonal cash borrowing. However, recent greatly improved market psychology, as indicated by the ease with which the market appears to be preparing for the announced auctions totaling \$4-1/2 billion of new tax bills, may continue to limit interest rate increases.

(12) Even with some limited rise in short-term rates, long-term rates would be expected to remain generally stable between now and early 1973 in view of the moderation of long-term credit demands, particularly corporate new issue volume, and the improved market atmosphere. The Treasury may take the opportunity presented by favorable markets to undertake some further debt extension around the end of the year.

(13) Under alternative A, the staff would anticipate a decline in the funds rate, and an accompanying reduction in member bank borrowing, between now and the next meeting of the Committee. This would very likely lead to reductions in the bill rate, despite the increase in Treasury borrowing, and to further declines in long-term rates.

(14) Under alternative C, the funds rate might be expected to rise in a 5 to 6 per cent range over the next few weeks. Attainment of a 5 per cent growth rate for  $M_1$  by the first quarter would probably imply a little further upward movement in the funds rate in the early part of 1973. Short-term interest rates generally would be tending to rise as the funds rate moved consistently above 5-1/4 per cent; the rally in long-term markets would

certainly end and there could be some sympathetic rise in rates there; and inflows of consumer-type time deposits would begin to slow more noticeably. Under these circumstances, there would undoubtedly be renewed market anticipations of a near-term rise in the discount rate.

Proposed directives

(15) Presented below are three alternative formulations for the operational paragraph of the directive, which might be taken to correspond to the similarly lettered policy alternatives discussed in the preceding section. In all three alternatives, it is proposed to retain a reference to bank regulatory changes in light of continuing uncertainties about the multiplier relationship as banks adapt to the new regulations. Deletion of the reference to credit market developments is suggested because of the continuance of the more favorable climate in security markets that had emerged at the time of the last Committee meeting. Deletion of the reference to Treasury financing operations is proposed since the only offerings in prospect between now and the next meeting are the two already announced tax-anticipation bill auctions, which would not ordinarily require even-keel consideration. If the Treasury were to offer a long-term bond over the next few weeks, it would most likely involve an auction and probably a small issue.

Alternative A

To implement this policy, while taking account of the effects of RECENT possible bank regulatory changes, Treasury financing-operations;-and-developments-in-credit-markets; the Committee seeks to achieve bank reserve and money market conditions that will support SOMEWHAT more moderate growth in monetary aggregates over the months ahead than recorded in the third quarter.

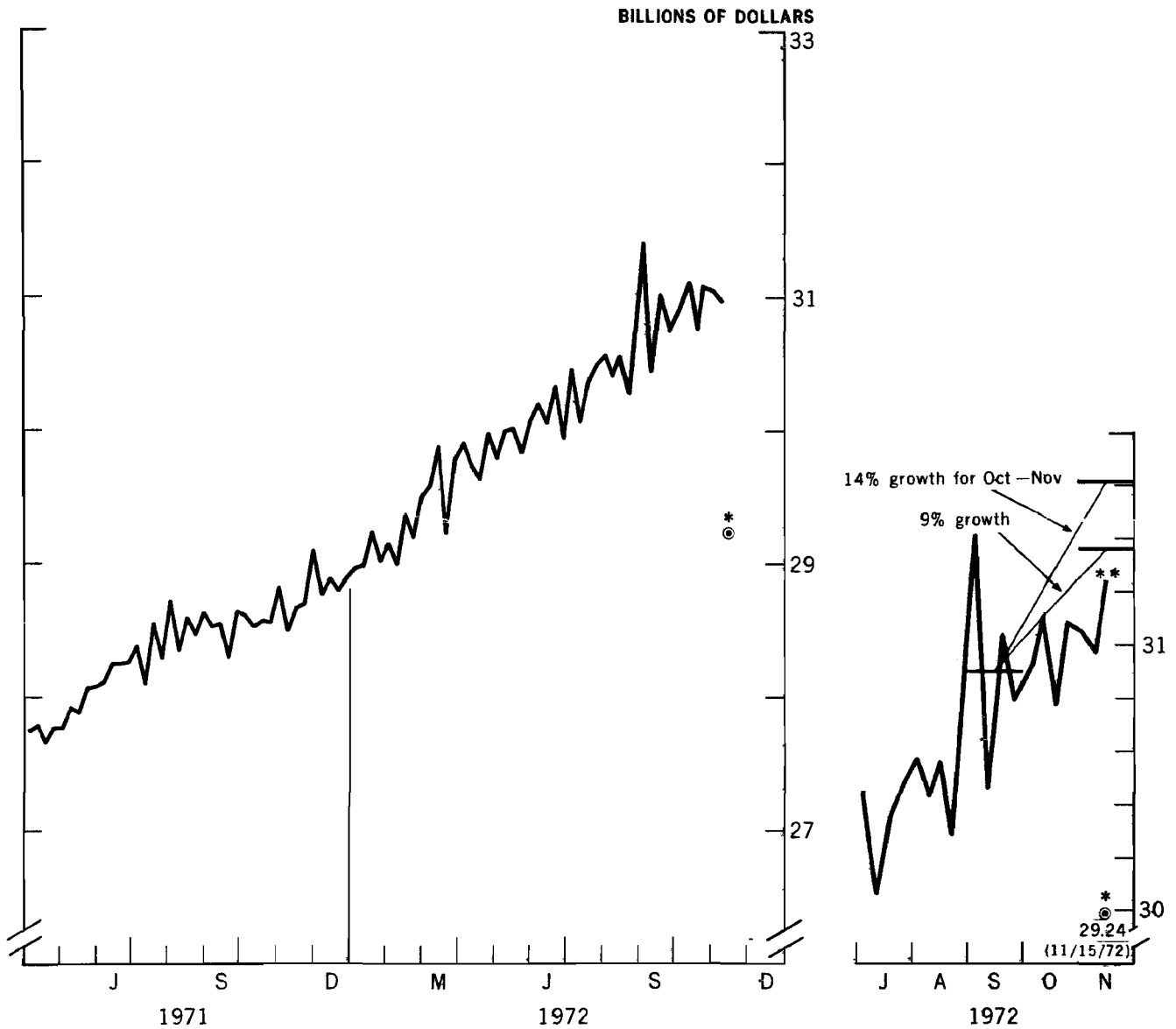
Alternative B

To implement this policy, while taking account of the effects of RECENT possible bank regulatory changes, Treasury financing-operations;-and-developments-in-credit-markets; the Committee seeks to achieve bank reserve and money market conditions that will support more moderate growth in monetary aggregates over the months ahead than recorded in the third quarter.

Alternative C

To implement this policy, while taking account of the effects of RECENT possible bank regulatory changes, Treasury financing-operations;-and-developments-in-credit-markets; the Committee seeks to achieve bank reserve and money market conditions that will support more moderate growth in monetary aggregates over the months ahead than-recorded-in-the-third quarter.

# RESERVES AVAILABLE TO SUPPORT PRIVATE NONBANK DEPOSITS

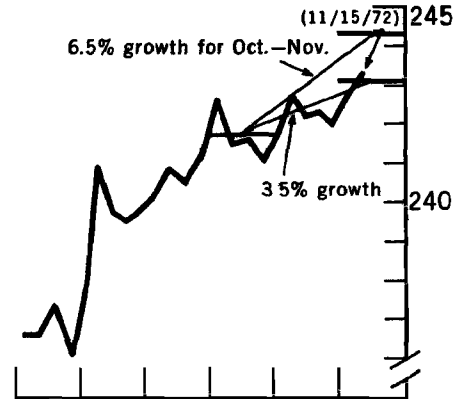
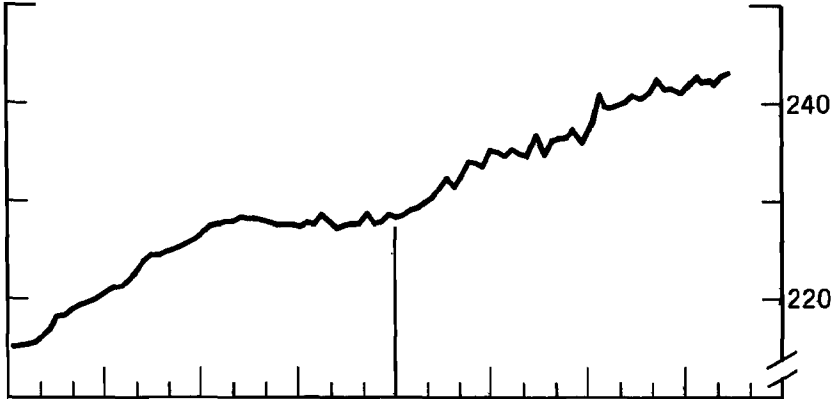


\*Break in Series Actual Level of RPD After Reduction in Reserve Requirements Effective November 9, 1972  
 \*\*RPD Adjusted to Remove Discontinuity Introduced by Reduction in Reserve Requirements

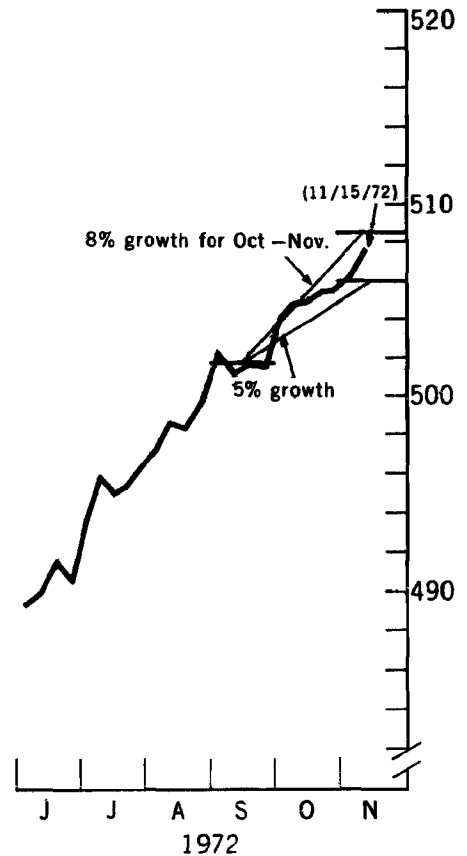
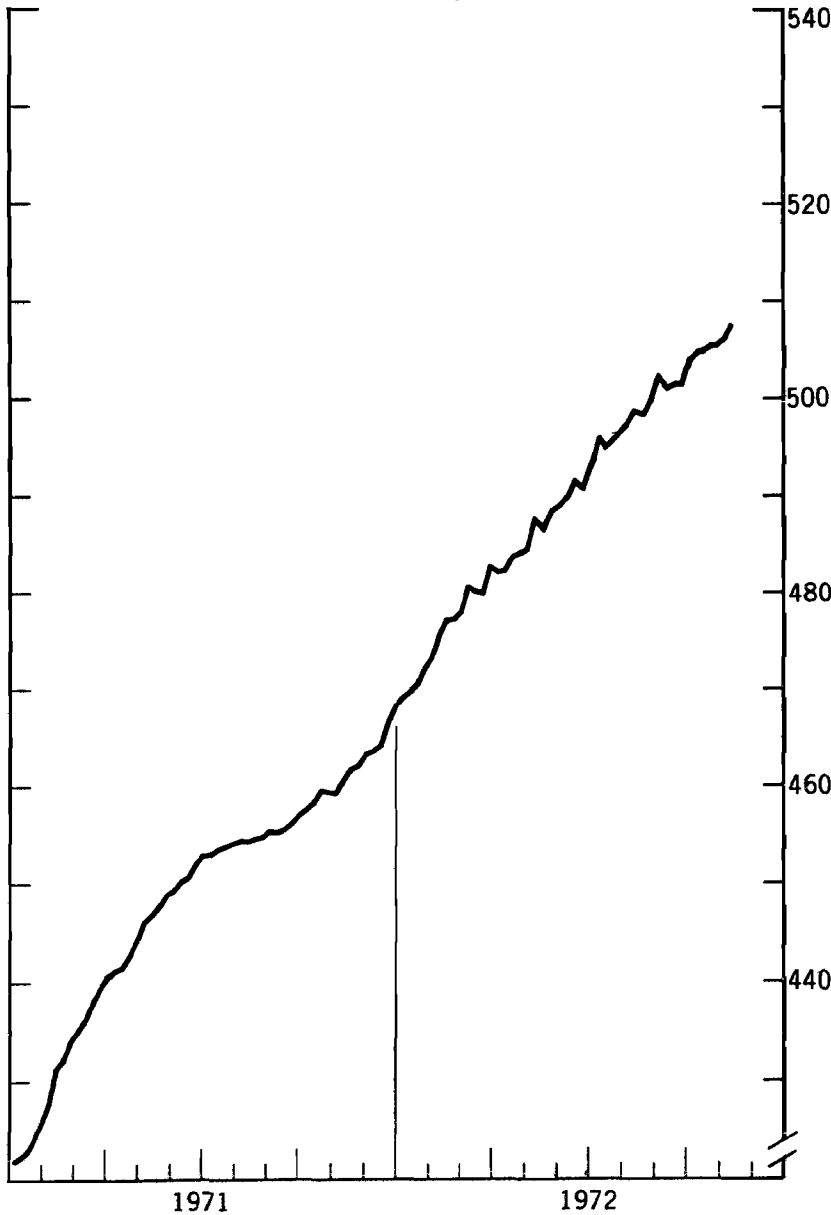
# MONETARY AGGREGATES

### NARROW MONEY SUPPLY M1

BILLIONS OF DOLLARS



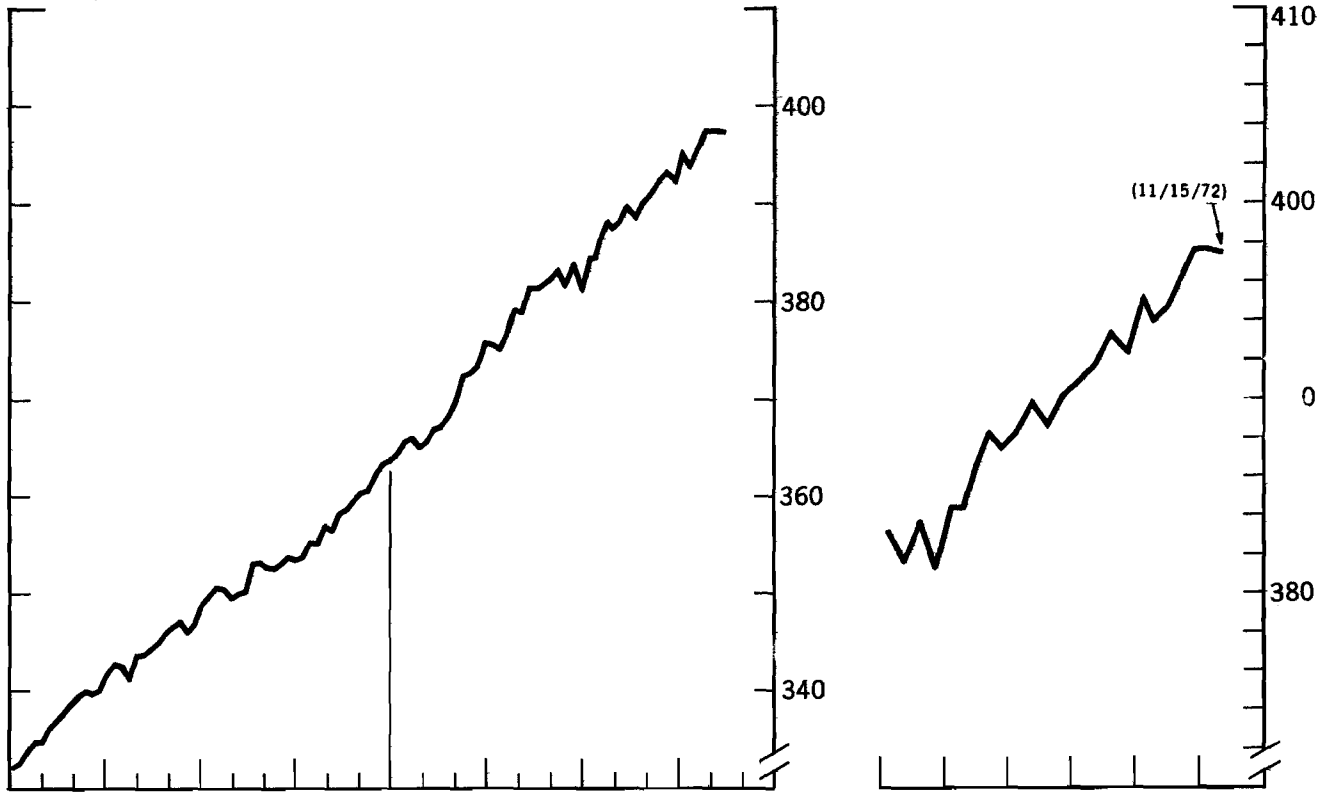
### BROADER MONEY SUPPLY M2



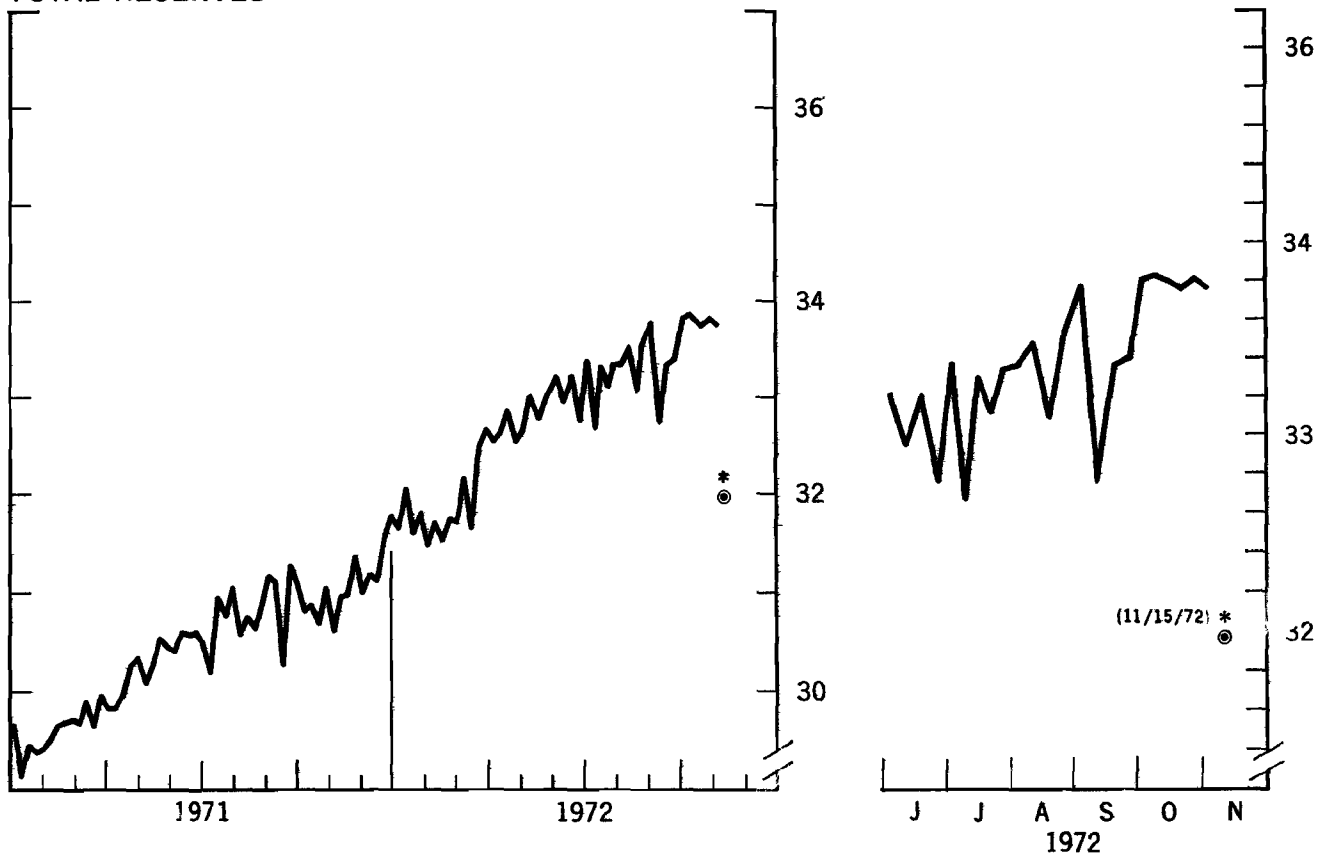
# MONETARY AGGREGATES

ADJUSTED CREDIT PROXY

BILLIONS OF DOLLARS



TOTAL RESERVES



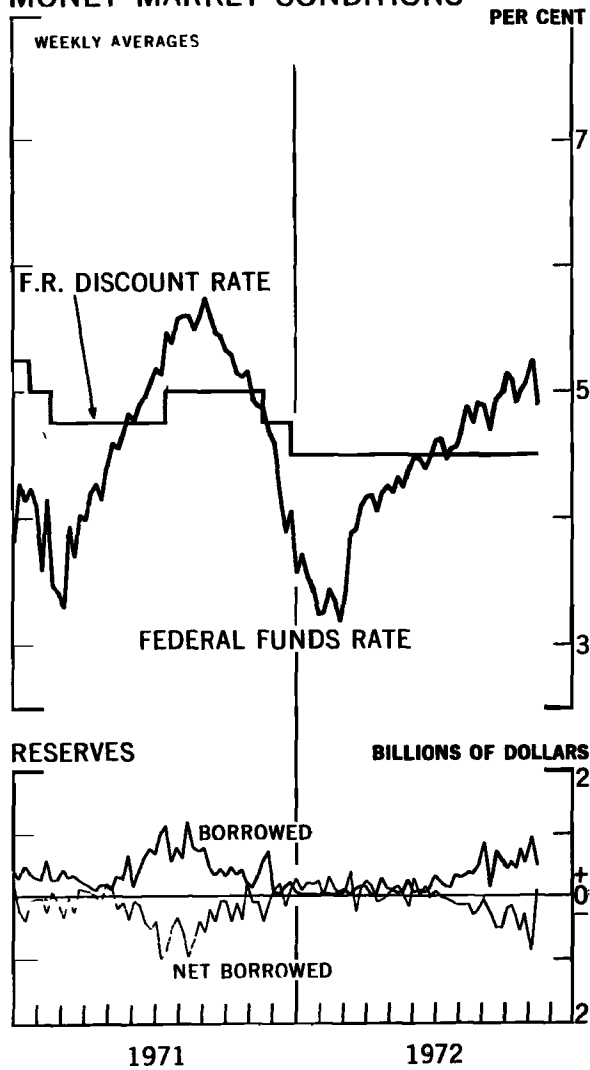
\*Break in Series; Actual Level of Total Reserves After Reduction in Reserve Requirements Effective November 9, 1972.



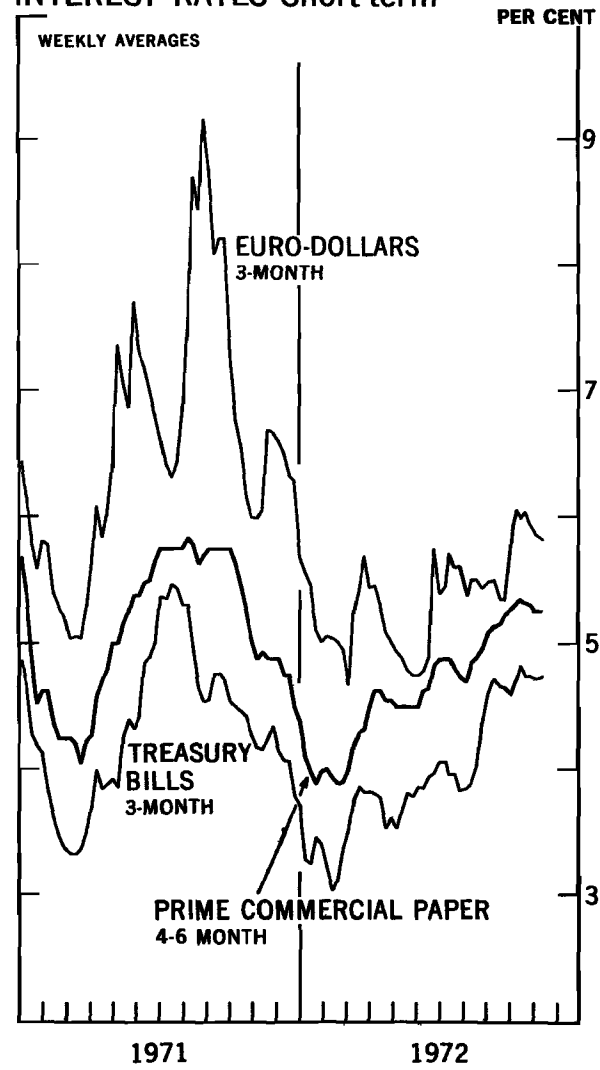
CHART 4

# MONEY MARKET CONDITIONS AND INTEREST RATES

## MONEY MARKET CONDITIONS



## INTEREST RATES Short-term



## INTEREST RATES Long-term

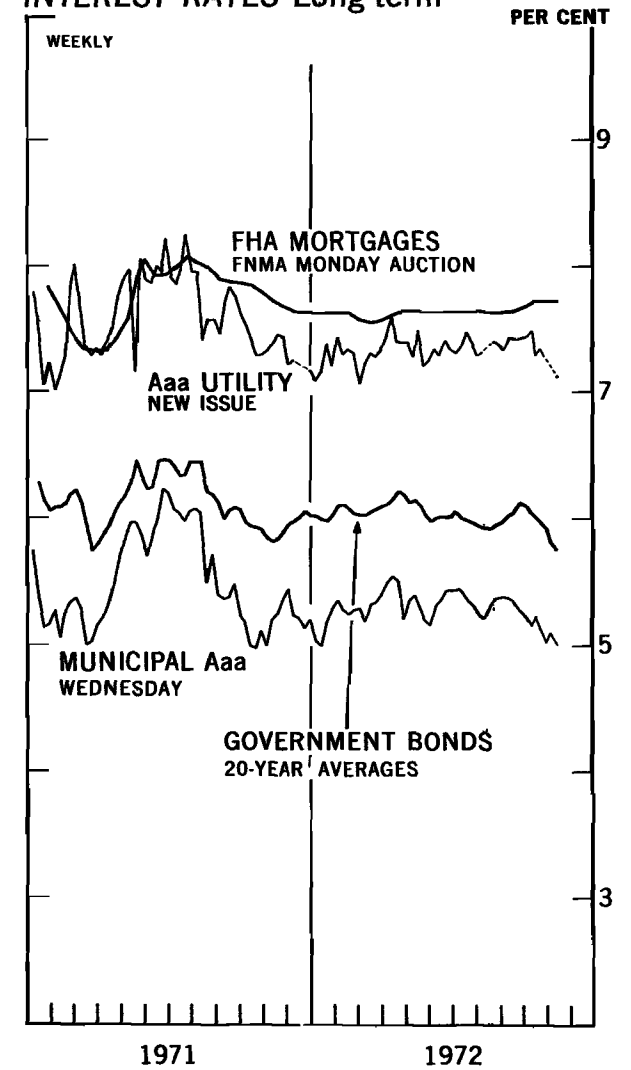


Table 1

STRICTLY CONFIDENTIAL (FR)

Bank Reserves

November 17, 1972

Period	Reserves Available for Private Nonbank Deposits		Aggregate Reserves		Required Reserves		
	Seasonally Adjusted	Not Seasonally Adjusted	Seasonally Adjusted		Private Demand	Time and Nondeposits	U.S. Gov't. and Interbank
	Actual and Projected	Actual and Projected	Total Reserves	Nonborrowed Reserves			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1972--May	29,951	29,775	32,830	32,728	20,874	8,934	2,879
June	30,148	29,788	33,059	32,967	20,874	9,059	2,911
July	30,365	30,166	33,138	32,924	21,052	9,136	2,774
Aug.	30,555	30,253	33,382	33,016	21,131	9,249	2,826
Sept.	30,903	30,615	33,360	32,802	21,306	9,408	2,457
Oct. p	30,987	30,856	33,801	33,218	21,248	9,491	2,814
Nov.	(29,276)	(29,336)	(31,924)	(31,246)	(19,390)	(9,562)	(2,647)
<u>Annual Rates of Change</u>							
1971--3rd Qtr.	4.3		7.2	6.0	3.3	8.8	
4th Qtr.	4.8		2.2	6.8	0.5	16.4	
1972--1st Qtr.	10.8		10.1	11.0	6.8	18.0	
2nd Qtr.	7.1		12.8	13.0	4.0	14.2	
3rd Qtr.	10.0		3.6	-2.0	8.3	15.4	
1972--May	6.2		6.9	7.5	0.9	23.6	
June	7.9		8.4	8.8	--	16.8	
July	8.6		2.9	-1.6	10.2	10.2	
Aug.	7.5		8.8	3.4	4.5	14.8	
Sept.	13.7		-0.8	-7.8	9.9	20.6	
Oct.	3.3		15.9	15.2	-3.3	10.6	
Nov.	(7.5)		(8.5)	(5.0)	(2.5)	(9.0)	
Oct.-Nov. 1/	(5.5)		(12.0)	(10.0)	(-0.5)	(10.0)	
<u>Weekly</u>							
1972--June 7	30,187	29,589	33,217	33,163	20,766	9,024	3,030
14	30,054	29,606	32,953	32,864	20,912	9,052	2,899
21	30,322	29,947	33,213	33,158	20,975	9,058	2,890
28	29,943	29,906	32,761	32,649	20,803	9,092	2,818
July 5	30,449	30,155	33,383	33,119	21,020	9,092	2,934
12	30,055	29,883	32,671	32,462	20,854	9,119	2,616
19	30,357	30,239	33,301	33,143	20,983	9,156	2,944
26	30,475	30,238	33,124	32,968	21,273	9,137	2,649
Aug. 2	30,570	30,373	33,340	33,014	21,149	9,176	2,770
9	30,434	30,075	33,368	33,124	21,118	9,217	2,934
16	30,563	30,421	33,481	33,125	21,066	9,244	2,917
23	30,278	30,027	33,090	32,750	21,048	9,253	2,812
30	30,822	30,368	33,544	33,043	21,264	9,293	2,722
Sept. 6	31,397	30,869	33,775	32,938	21,285	9,331	2,378
13	30,457	30,104	32,765	32,617	21,277	9,412	2,308
20	31,025	30,763	33,370	32,586	21,414	9,417	2,345
27	30,794	30,644	33,398	32,815	21,249	9,445	2,604
Oct. 4	30,925	30,890	33,806	33,379	21,293	9,443	2,882
11	31,099	30,661	33,828	33,276	21,230	9,461	2,728
18	30,772	30,891	33,802	33,388	21,241	9,505	3,029
25	31,076	30,771	33,764	32,837	21,258	9,492	2,688
Nov. 1	31,046	31,118	33,810	33,209	21,236	9,539	2,764
8	30,970	30,849	33,774	32,729	21,320	9,553	2,803
15	29,246	29,557	31,982	31,490	19,250	9,553	2,736

NOTE: Data shown in parentheses are current projections.

1/ At the FOMC meeting October 17, 1972 the Committee agreed on an RPD range of 6 to 11 per cent. Technical adjustment for the impact of Regulations J and D, now effective on November 9, would raise this range to 9 to 14 per cent.

Table 2

STRICTLY CONFIDENTIAL (FR)

Monetary Aggregates  
(Actual and current projections, seasonally adjusted)

November 17, 1972

Period	Narrow Money Supply (M <sub>1</sub> )	Broad Money Supply (M <sub>2</sub> )	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--June	236.6	490.4	382.4	5.3	290.9	253.8	37.1	3.8
July	239.4	495.0	386.3	5.3	293.7	255.6	38.1	3.9
Aug.	240.5	498.3	389.3	4.6	297.1	257.7	39.3	4.2
Sept.	241.6	501.8	392.6	5.3	300.5	260.2	40.3	4.1
Oct.	242.4	505.2	395.7	6.1	303.5	262.7	40.7	4.3
Nov.	(243.4)	(507.8)	(399.6)	(8.2)	(305.4)	(264.5)	(40.9)	(4.0)
Annual Percentage Rates of Change--Quarterly and Monthly								
1971--4th Qtr.	1.1	8.0	9.7		15.9	14.7		
1972--1st Qtr.	9.3	13.3	11.3		14.8	17.1		
2nd Qtr.	5.3	8.6	11.1		15.7	11.8		
3rd Qtr.	8.5	9.3	10.7		13.2	10.1		
4th Qtr.	(6.0)	(8.0)	(8.0)		(10.0)	(9.5)		
1972--June	5.6	10.6	4.7		16.3	14.8		
July	14.2	11.3	12.2		11.6	8.5		
Aug.	5.5	8.0	9.3		13.9	9.9		
Sept.	5.5	8.4	10.2		13.7	11.6		
Oct.	4.0	8.1	9.5		12.0	11.5		
Nov.	(5.0)	(6.0)	(12.0)		(7.5)	(8.0)		
Oct.-Nov.	(4.5)	(7.0)	(10.5)		(10.0)	(10.0)		
Weekly Pattern in Billions of Dollars								
1972--June 7	236.6	489.3	383.2	6.9	289.5	252.7	36.8	3.7
14	236.6	490.0	381.6	5.1	290.7	253.4	37.3	3.5
21	237.3	491.5	383.7	5.6	291.2	254.2	37.0	3.8
28	236.1	490.7	381.3	3.3	291.9	254.6	37.3	4.0
July 5	238.0	493.7	384.4	5.4	293.1	255.7	37.4	3.8
12	240.9	495.8	384.4	3.5	292.8	255.0	37.9	3.5
19	239.7	495.0	386.6	5.2	293.5	255.3	38.2	4.1
26	239.5	495.4	388.2	6.2	294.4	255.9	38.5	4.0
Aug. 2	239.7	496.2	387.5	5.5	295.1	256.5	38.6	4.1
9	240.1	497.1	388.2	6.0	295.6	257.0	38.6	4.1
16	240.9	498.6	389.8	5.6	296.5	257.7	38.8	4.1
23	240.5	498.3	388.7	3.1	297.6	257.8	39.7	4.4
30	241.2	499.8	390.1	3.4	298.9	258.5	40.4	4.1
Sept. 6	242.6	502.2	390.9	4.4	299.4	259.6	39.7	4.0
13	241.5	501.2	391.9	4.9	300.1	259.8	40.4	4.1
20	241.6	501.6	393.2	5.9	300.3	259.9	40.3	4.1
27	241.1	501.5	392.4	4.7	301.2	260.4	40.8	4.2
Oct. 4	241.8	504.0	395.1	6.7	302.6	262.2	40.4	4.2
11	242.7	504.8	394.0	5.2	302.6	262.1	40.5	4.1
18	242.2	504.9	394.6	5.2	303.8	262.7	41.0	4.2
25	242.3	505.4	396.3	6.0	304.1	263.0	41.0	4.5
Nov. 1 p	242.0	505.4	397.6	7.2	304.0	263.4	40.6	4.6
8 p	242.7	506.1	397.6	8.0	304.3	263.4	41.0	4.0
15 pe	243.3	507.6	397.5	5.9	305.0	264.3	40.8	4.0

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

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Table 3  
RESERVE EFFECTS OF  
OPEN MARKET OPERATIONS AND OTHER RESERVE FACTORS  
(Millions of dollars, not seasonally adjusted)

	Open Market Operations 1/					Daily Average Reserve Effect 2/			In reserve categories		ΔTarget
	Bills & Accept.	Coupon Issues	Agency Issues	RP's Net 3/	Total	Open Market Operations	ΔMember Bank Borrowing	Other 4/ Factors	req. res. against U.S.G. and interb.	available res. 5/ (6)+(7)+(8)-(9)	available reserves 5/ (11)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Monthly</b>											
1972 - May	180	--	--	1,205	1,386	469	10	-232	378	-131	-90
June	748	110	127	-1,205	- 221	201	-25	-449	-315	42	15
July	-543	--	- 26	--	- 570	463	108	- 89	145	337	360
Aug.	-906	116	- 3	816	22	-238	237	135	-60	194	100
Sept	-158	--	- 35	-816	-1,009	-1,617	76	1,370	-403	232	405
Oct	111	116	- 22	--	205	1,124	59	-378	487	318	335
Nov.											460
Dec.											
<b>Weekly</b>											
Sept. 6	-409	--	--	-2,322	-2,731	- 7	360	31	-117	501	
13	-331	--	- 34	-278	- 642	-2,048	-688	1,894	- 77	-765	
20	-228	--	- 1	1,898	1,669	345	568	-416	-162	659	
27	400	--	--	-755	- 375	635	-167	-432	155	-119	
Oct. 4	221	--	- 20	2,155	2,357	993	-114	-201	432	246	
11	444	116	--	-1,380	- 819	337	99	-457	208	-229	
18	-119	--	--	- 638	- 757	-428	-101	917	158	230	
25	-238	--	- 2	1,989	1,749	-186	331	-688	-423	-120	
Nov. 1	- 75	--	- 9	-1,028	-1,111	117	-209p	310p	-129 p	347p	
8	- 3	--	--	1,084	1,081	600	402p	-1,092p	176 p	-266p	
15	- 26	-51	--	-3,311	-3,389	-599	-464p	-471p	-240p	-1,294p	
22											
29											

1/ Represents change in System's portfolio from end-of-period to end-of-period; includes redemptions in regular bill auctions.

2/ Represents change in daily average level from preceding period.

3/ Includes matched sale-purchase transactions as well as RP's.

4/ Sum of changes in vault cash, currency in circulation, Treasury operations, F.R. float, gold and foreign accounts, and other FR accounts

5/ Reserves to support private nonbank deposits. Target change for October and November reflects the mid-point of the target range adopted at the October 17, 1972 FOMC meeting. Target change for previous months reflects the bluebook patterns that are consistent with the mid-points of target ranges that were adopted during the month.

NOVEMBER 17, 1972

Table 4  
SECURITY DEALER POSITIONS AND BANK RESERVES  
Millions of Dollars

Period	U S. Govt. Security Dealer Positions		Other Security Dealer Positions		Member Bank Reserve Positions				
	Bills	Coupon Issues	Corporate Bonds	Municipal Bonds	Excess Reserves	Borrowings at FRB	Net Free Reserves	Basic Reserve Deficit	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	8 New York	38 Other
1971 -- High	4,733	2,834	337	556	590	1,180	202	-4,714	-5,499
Low	1,350	343	0	30	- 61	84	-988	-1,545	-2,569
1972 -- High	4,291	1,585	235	316	796	958	380	-4,923	-4,833
Low	1,916	-93	0	40	-133	12	-852	-1,638	-1,910
1971 -- Oct.	2,263	1,521	173	246	207	360	-153	-2,436	-4,258
Nov.	2,417	2,462	201	328	263	407	-144	-3,056	-4,063
Dec.	2,544	1,761	170	251	165	107	50	-2,791	-4,375
1972 -- Jan.	3,004	1,416	135	206	173	20	153	-2,667	-4,192
Feb.	2,408	1,176	149	136	124	33	91	-3,203	-3,072
Mar.	3,489	604	101	185	249	99	150	-3,208	-3,522
Apr.	2,612	274	46	99	136	109	27	-3,026	-3,299
May	2,792	675	123	134	104	119	- 15	-2,625	-2,652
June	2,694	205	87	260	204	94	110	-2,828	-2,864
July	2,262	97	142	166	147	202	- 55	-2,945	-2,603
Aug.	2,643	692	114	176	255	438	-183	-3,913	-2,801
Sept.	4,099	170	53	174	162	514	-352	-3,835	-4,024
Oct.	*2,887	*207	105	132	233p	574p	-341p	-3,637	-4,044
1972 -- Sept. 6	4,223	314	103	204	796	837	- 41	-3,403	-3,591
13	4,291	239	58	202	-115	149	-264	-4,499	-4,719
20	4,262	123	35	163	281	717	-436	-4,350	-4,425
27	3,831	64	15	73	37	550	-513	-3,180	-3,717
Oct. 4	3,507	170	51	51	230	436	-206	-3,248	-3,354
11	2,904	60	59	166	358	535	-177	-4,292	-4,822
18	2,452	197	145	193	109	434	- 313	-4,319	-4,445
25	*2,734	* 282	235	149	150	765	-615	-2,900	-3,858
Nov. 1	*3,114	* 328	0	173	267p	556p	-289p	-3,272	-3,225
8	*2,520r	*1,095r	31	254	106p	958p	*852p	-4,589p	-3,620p
15	*2,531	*1,117r	30p	105p	579p	494p	85p	-4,923p	-3,653p
22									
29									

Notes: Government Security dealer trading positions are on a commitment basis. Trading positions, which exclude Treasury bills financed by repurchase agreements maturing in 16 days or more, are indicators of dealer holdings available for sale over the near-term. Other security dealer positions are debt issues still in syndicate, excluding trading positions. The basic reserve deficit is excess reserves less borrowing at Federal Reserve less net Federal funds purchases. Weekly data are daily averages for statement weeks, except for corporate and municipal issues in syndicate which are Friday figures.

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Table 5  
SELECTED INTEREST RATES  
Per Cent

Period	Short-term					Long-term			
	Federal Funds	Treasury bills		90-119 day Commercial Paper	90-119 day CD's Prime-NYC	New Issue Aaa Utility*	Municipal Bond Buyer	U.S. Gov't. (10-Yr. Constant Maturity)	FNMA Auction Yields
		90-day	1-year						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1971 -- High	5.73	5.47	5.94	5.88	5.75	8.26	6.23	6.89	8.07
Low	3.29	3.32	3.53	4.00	3.63	7.02	4.97	5.42	7.32
1972 -- High	5.25	4.81	5.52	5.25	5.25	7.60	5.54	6.58	7.72
Low	3.18	3.03	3.60	3.75	3.50	7.08	4.99	5.87	7.54
1971 -- Oct.	5.20	4.46	4.75	5.42	5.22	7.50	5.06	5.93	7.84
Nov.	4.91	4.22	4.49	4.85	4.78	7.38	5.20	5.81	7.71
Dec.	4.14	4.01	4.40	4.66	4.58	7.28	5.21	5.93	7.62
1972 -- Jan.	3.50	3.38	3.82	4.03	3.81	7.21	5.12	5.95	7.61
Feb.	3.29	3.20	4.06	3.81	3.53	7.34	5.29	6.08	7.61
Mar.	3.83	3.73	4.43	4.10	3.98	7.24	5.31	6.07	7.55
Apr.	4.17	3.71	4.65	4.55	4.47	7.45	5.43	6.19	7.58
May	4.27	3.69	4.46	4.45	4.33	7.38	5.31	6.13	7.63
June	4.46	3.91	4.71	4.60	4.50	7.32	5.34	6.11	7.62
July	4.55	3.98	4.90	4.83	4.75	7.38	5.41	6.11	7.62
Aug.	4.80	4.02	4.90	4.75	4.78	7.37	5.30	6.21	7.63
Sept.	4.87	4.66	5.44	5.07	5.00	7.40	5.36	6.55	7.64
Oct.	5.04	4.74	5.39	5.21	5.19	7.38	5.19	6.48	7.71
1972 -- Sept. 6	4.89	4.62	5.32	5.00	5.00	7.38	5.39	6.51	7.63
13	4.69	4.72	5.39	5.00	5.00	7.34	5.38	6.55	--
20	4.93	4.66	5.45	5.08	5.00	7.44	5.37	6.57	7.65
27	4.99	4.65	5.52	5.13	5.00	7.42	5.30	6.58	--
Oct. 4	5.15	4.60	5.48	5.13	5.13	7.44	5.22	6.53	7.69
11	5.09	4.74	5.41	5.25	5.13	7.48	5.16	6.49	--
18	4.91	4.81	5.40	5.25	5.25	7.30	5.23	6.48	7.72
25	5.01	4.74	5.35	5.25	5.25	7.34	5.13	6.43	--
Nov. 1	5.06	4.74	5.34	5.15	5.13	7.27	5.04	6.37	7.72
8	5.25	4.71	5.17	5.13	5.13	--	5.10	6.29	--
15	4.89	4.74	5.18	5.13	5.13	7.12p	5.01	6.25p	7.71
22									
29									

Notes: Weekly data for columns 1 to 4 are statement week averages of daily data. Column 5 is a one-day Wednesday quote. For columns 6 and 8 the weekly data is the mid-point of the calendar week over which data are averaged. Column 7 is a one-day quote for the Thursday following the end of the statement week. Column 9 gives FNMA auction data for the Monday preceding the end of the statement week. The FNMA auction yield is the implicit yield in weekly or bi-weekly auction for short-term forward commitments for Government underwritten mortgages.

\*New series--Corporate New Issues Aaa series discontinued.

Appendix Table I  
RESERVES AND MONETARY VARIABLES

CONFIDENTIAL (FR)  
November 17, 1972

Period	Reserves			Money Stock Measures			Bank Credit Measures		Other					U.S. Gov't. Demand
	Total	Nonborrowed	Available to Support Pvt. Deposits	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	Adjusted Credit Proxy	Total Loans and Investments	Total Time	Time Other than CD's	Thrift Institution Deposits	CD's	Nondeposit Funds	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Annually:</b>				(Per Cent Annual Rates of Growth)								(Dollar Change in Billions)		
1968	+7.6	+5.6	+8.6	+7.8	+9.3	+8.3	+9.7	+11.0	+11.3	+11.1	+6.4	+2.8	+2.6	-0.1
1969	-1.2	-2.7	-2.7	+3.2	+2.3	+2.8	+0.6	+3.9	-4.9	+1.4	+3.4	-12.6	+13.0	+0.3
1970	+6.0	+9.2	+8.1	+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	+7.8	+6.2	+11.1	+13.3	+9.5	+11.3	+17.9	+16.2	+17.5	+7.9	-7.6	-0.3
<b>Semi-Annually:</b>														
1st Half 1970	+0.4	+3.0	+5.2	+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	+15.2	+10.6	+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	+10.9	+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	+4.6	+2.4	+6.3	+8.8	+8.8	+10.6	+12.2	+10.1	+13.5	+4.1	-0.4	+1.8
1st Half 1972	+11.6	+12.1	+9.0	+7.4	+11.1	+13.4	+11.3	+12.8	+15.6	+14.7	+17.9	+3.7	-0.3	-0.8
<b>Quarterly:</b>														
1st Qtr. 1971	+8.9	+9.5	+10.8	+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	+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	+4.3	+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	+6.8	+4.8	+1.1	+8.0	+9.6	+9.7	+11.1	+15.9	+14.7	+12.8	+1.8	--	-0.4
1st Qtr. 1972	+10.1	+11.0	+10.8	+9.3	+13.3	+15.5	+11.3	+15.7	+14.8	+17.1	+20.5	-0.1	-0.3	-0.1
2nd Qtr. 1972	+12.8	+13.0	+7.1	+5.3	+8.6	+10.8	+11.1	+9.5	+15.7	+11.8	+14.5	+3.7	--	-0.8
3rd Qtr. 1972	+3.6	-2.0	+10.0	+8.5	+9.3	+11.6	+10.7	+13.6	+13.2	+10.1	+15.6	+3.2	+0.3	--
1971: July	+4.4	-7.6	+6.8	+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	+6.9	+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	-0.8	-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	+3.6	+0.5	+7.1	+9.1	+4.8	+11.9	+17.1	+13.7	+13.0	+1.1	+0.8	-1.9
Nov.	+3.4	+2.0	+5.9	--	+6.5	+8.7	+11.2	+6.2	+9.1	+13.0	+11.4	-0.5	+0.5	+0.7
Dec.	+10.7	+21.4	+4.8	+2.6	+10.2	+11.0	+13.1	+14.9	+20.8	+17.0	+13.7	+1.2	-1.3	+0.8
1972: Jan.	+20.2	+23.1	+9.2	+3.2	+13.4	+15.4	+9.9	+14.2	+20.0	+24.4	+23.9	-0.2	-0.1	+0.1
Feb.	-5.9	-3.6	+7.4	+12.6	+14.3	+16.7	+5.9	+12.4	+16.2	+15.4	+17.6	+0.6	-0.3	-2.6
Mar.	+15.8	+13.3	+15.6	+11.9	+11.6	+13.8	+17.7	+19.9	+7.8	+10.8	+19.0	-0.4	+0.1	+2.4
Apr.	+22.9	+22.2	+7.0	+7.7	+7.2	+10.9	+13.5	+5.4	+12.4	+7.8	+15.8	+1.3	-0.2	+1.3
May	+6.9	+7.5	+6.2	+2.6	+7.7	+9.7	+14.7	+70.0	+17.8	+12.6	+10.6	+1.6	+0.2	--
June	+8.4	+8.8	+7.9	+5.6	+10.6	+11.5	+4.7	+2.3	+16.3	+14.8	+16.6	+0.8	--	-2.1
July	+2.9	+1.6	+8.6	+14.2	+11.3	+13.5	+12.2	+10.2	+11.6	+8.5	+18.3	+1.0	+0.1	--
Aug.	+8.8	+3.4	+7.5	+5.5	+8.0	+10.7	+9.3	+18.3	+13.9	+9.9	+12.3	+1.2	+0.3	-0.7
Sept.	-0.8	-7.8	+13.7	+5.5	+8.4	+10.4	+10.2	+11.9	+13.7	+11.6	+15.5	+1.0	-0.1	+0.7
Oct. p	+15.9	+15.2	+3.3	+4.0	+8.1	+10.2	+9.5	+11.4	+12.0	+11.5	+12.4	+0.4	+0.2	+0.7

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  
n.a. - Not available.

Appendix Table II  
RESERVES AND MONETARY VARIABLES  
(Seasonally adjusted, Billions of dollars)

CONFIDENTIAL (FR)

November 17, 1972

Period	Reserves			Money Stock Measures				Bank Credit Measures		Other					U.S. Gov't Demand
	Total	Non-borrowed	Available to Support Pvt. Deposits	M <sub>1</sub>		M <sub>2</sub>	M <sub>3</sub>	Adjusted Credit Proxy	Total Loans and Investments	Total Time	Time Other than CD's	Thrift Institution Deposits	CD's	Non-Deposit Funds	
				Total	Pvt. Dep.										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>Annually:</b>															
Dec. 1968	27.249	26.471	24.963	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	25.245	203.7	157.7	368.8	588.3	305.4	406.0	194.1	183.2	201.5	11.0	20.0	5.3
Dec. 1970	29.132	28.764	26.747	214.8	165.8	418.2	634.0	330.6	438.9	228.9	203.4	215.8	25.5	11.6	6.4
<b>Monthly:</b>															
1971--Jan.	29.390	28.958	26.930	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	27.132	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	27.470	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	27.735	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	27.935	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	28.199	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	28.358	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	28.521	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	28.503	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	28.588	227.7	175.5	458.3	706.5	354.7	480.1	263.3	230.6	248.3	32.7	4.8	4.7
Nov.	30.970	30.535	28.728	227.7	175.5	460.8	711.6	358.0	482.6	265.3	233.1	250.8	32.2	5.4	5.4
Dec.	31.246	31.079	28.844	228.2	175.7	464.7	718.1	361.9	488.6	269.9	236.4	253.4	33.4	4.0	6.2
1972--Jan.	31.772	31.678	29.064	228.8	176.0	469.9	727.3	364.9	494.4	274.4	241.2	257.4	33.2	4.0	6.3
Feb.	31.616	31.582	29.244	231.2	178.0	475.5	737.4	366.7	499.5	278.1	244.3	261.8	33.8	3.6	3.7
Mar.	32.032	31.931	29.625	233.5	179.9	480.1	745.9	372.1	507.8	279.9	246.5	265.8	33.4	3.7	6.1
Apr.	32.643	32.525	29.798	235.0	180.9	483.0	752.7	376.3	510.1	282.8	248.1	269.7	34.7	3.5	7.4
May	32.830	32.728	29.951	235.5	181.1	486.1	758.8	380.9	518.6	287.0	250.7	272.6	36.3	3.7	7.4
June	33.059	32.967	30.148	236.6	181.9	490.4	766.1	382.4	519.8	290.9	253.8	275.7	37.1	3.8	5.3
July	33.138	32.924	30.365	239.4	184.5	495.0	774.7	386.3	524.2	293.7	255.6	279.7	38.1	3.9	5.3
Aug.	33.382	33.016	30.555	240.5	185.5	498.3	781.6	389.3	532.2	297.1	257.7	283.3	39.3	4.2	4.6
Sept.	33.360	32.802	30.903	241.6	186.1	501.8	788.4	392.6	537.5	300.5	260.2	286.6	40.3	4.1	5.3
Oct. p	33.801	33.218	30.987	242.4	186.6	505.2	795.1	395.7	542.6	303.5	262.7	289.9	40.7	4.3	6.1
<b>Weekly:</b>															
1972- Aug. 2	33.340	33.014	30.570	239.7	184.8	496.2	788.2	387.5	538.2	295.1	256.5	288.2	38.6	4.1	5.5
9	33.368	33.124	30.434	240.1	185.0	497.1	789.1	388.2	539.5	295.6	257.0	289.1	38.6	4.1	6.0
16	33.481	33.125	30.563	240.9	185.9	498.6	790.1	389.8	540.8	296.5	257.7	290.1	38.8	4.1	5.6
23	33.090	32.750	30.278	240.5	185.3	498.3	791.1	388.7	542.1	297.6	257.8	291.1	39.7	4.4	3.1
30	33.544	33.043	30.822	241.2	186.1	499.8	792.1	390.1	543.4	298.9	258.5	292.1	40.4	4.1	3.4
Sept. 6	33.775	32.938	31.397	242.6	187.3	502.2	793.1	390.9	544.7	299.4	259.6	293.1	39.7	4.0	4.4
13	32.765	32.617	30.457	241.5	186.0	501.2	794.1	391.9	546.0	300.1	259.8	294.1	40.4	4.1	4.9
20	33.370	32.586	31.025	241.6	186.1	501.6	795.1	393.2	547.3	300.3	259.9	295.1	40.3	4.1	5.9
27	33.398	32.815	30.794	241.1	185.5	501.5	796.1	392.4	548.6	301.2	260.4	296.1	40.8	4.2	4.7
Oct. 4	33.806	33.379	30.925	241.8	186.3	504.0	797.1	395.1	549.9	302.6	262.2	297.1	40.4	4.2	6.7
11	33.828	33.276	31.099	242.7	186.8	504.8	798.1	394.0	551.2	302.6	262.1	298.1	40.5	4.1	5.2
18	33.802	33.388	30.772	242.2	186.3	504.9	799.1	394.6	552.5	303.8	262.7	299.1	41.0	4.2	5.2
25	33.764	32.837	31.076	242.3	186.3	505.4	800.1	396.3	553.8	304.1	263.0	300.1	41.0	4.5	6.0
Nov. 1 p	33.810	33.209	31.046	242.0	186.2	505.4	801.1	397.6	555.1	304.0	263.4	301.1	40.6	4.6	7.2
8 p	33.774	32.729	30.970	242.7	186.5	506.1	802.1	397.6	556.4	304.3	263.4	302.1	41.0	4.0	8.0

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 banks 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<sub>3</sub>, total loans and investments and thrift institution deposits.

p - Preliminary.