



# U.S. FINANCIAL DATA

Week ending October 18, 1967

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## INTEREST RATES (Pages 10 and 11)

Most interest rates have firmed markedly in recent weeks reflecting strong demands for credit. Long-term rates (page 10) have continued the upward trend begun early in the year, with rates on high-grade corporate bonds and long-term Government securities currently above the peaks reached in mid-1966. Short-term rates (page 11) have also risen, with the rates on bankers' acceptances and prime 4-to-6-month commercial paper recently about a half of one per cent above June. The three-month Treasury bill rate is currently 4.6 per cent, below the peak reached last year, but about 1.1 percentage points above the June level. Heavy Treasury borrowing during the second half of the year has contributed to the rise in interest rates.

## EXCESS RESERVES AND BORROWINGS (Page 8)

Member bank reserves in excess of legal requirements have fluctuated around \$370 million for over a year, probably about the minimum amount that banks need to operate efficiently. Borrowings from Federal Reserve banks averaged about \$100 million from May through September. The increasing spread between the 4 per cent discount rate and other short-term interest rates has recently made borrowings from Reserve banks relatively more attractive. In the past five weeks, these borrowings rose markedly to an average of \$137 million. As a result, free reserves (excess reserves less borrowings) have averaged around \$245 million in the past five weeks, down from \$306 million in the previous ten weeks. Some financial writers have hastily concluded that this change reflects a tightening of monetary actions.

## MONEY STOCK (Page 5)

The nation's money stock (page 5), consisting of private demand deposits and currency in the hands of the public, averaged \$179.6 billion in the four weeks ending October 11, up at a 7 per cent rate in the nine months since late December. By historic standards, the rate of growth in money during these past nine months has been rapid. In only 7 out of 171 nine month periods from the beginning of 1952 to the end of 1966, did money rise at faster than a 5 per cent annual rate.

## VELOCITY OF MONEY (Page 4)

The income velocity of money (gross national product at current prices divided by the money stock) was 4.42 during the third quarter, down slightly from 4.44 in the second quarter, and 4.47 in the first quarter of the year. The latest decline in velocity occurred despite a second to third quarter rise of \$15 billion in GNP, and reflected the rapid rate at which money has risen in recent months. During past periods of rapid monetary expansion (for example, during the last half of 1964), total spending initially rose at a slower rate than money and velocity slowed. After a short lag, however, spending accelerated rapidly and velocity increased.

Rates of change reported in this release are intended to serve as summaries which may be useful in analyzing recent developments.

Prepared by Federal Reserve Bank of St. Louis

Released: October 20, 1967

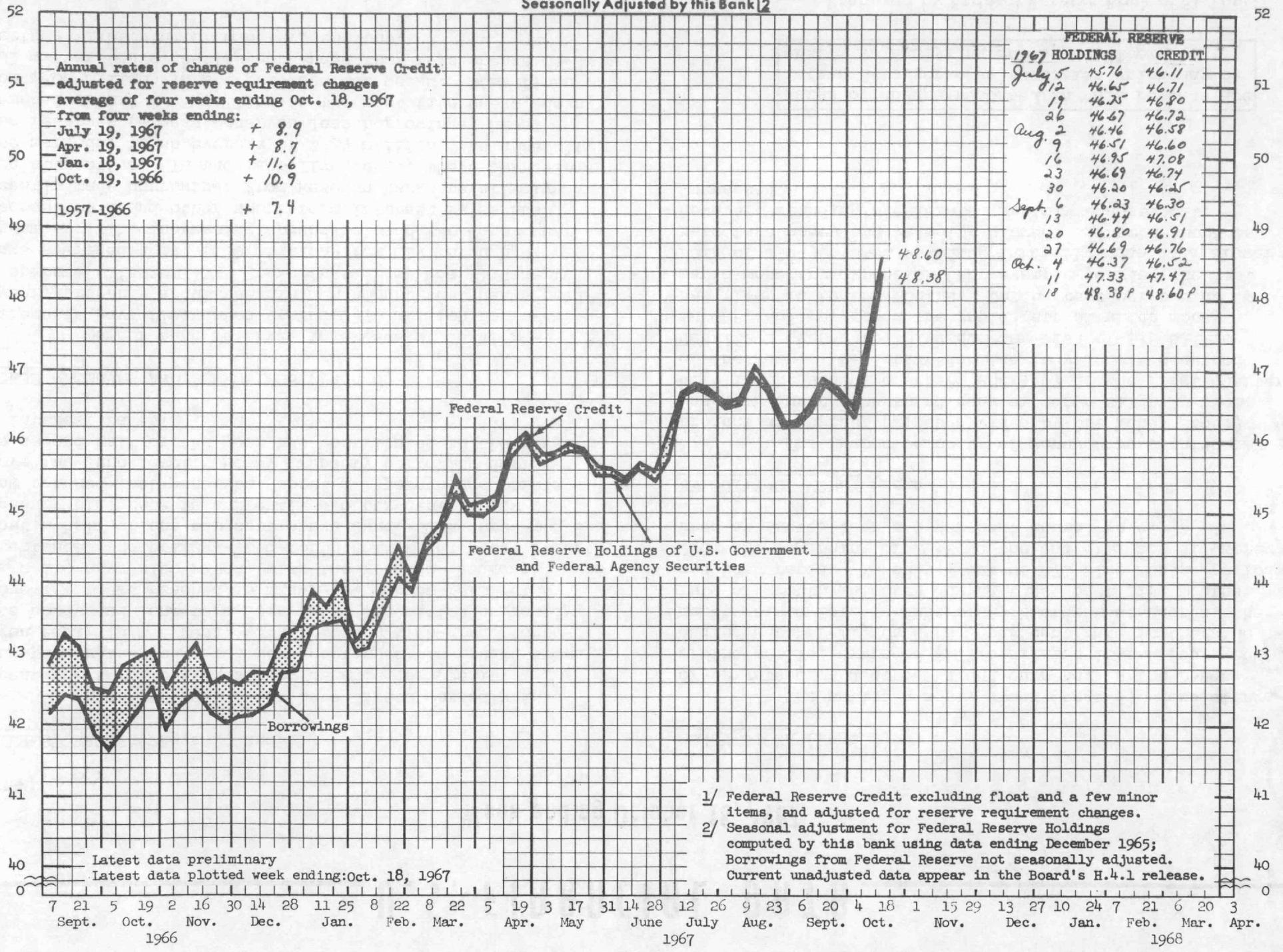
Billions of Dollars

# FEDERAL RESERVE CREDIT <sup>1</sup>

## Weekly Averages of Daily Figures

Seasonally Adjusted by this Bank <sup>2</sup>

Billions of Dollars



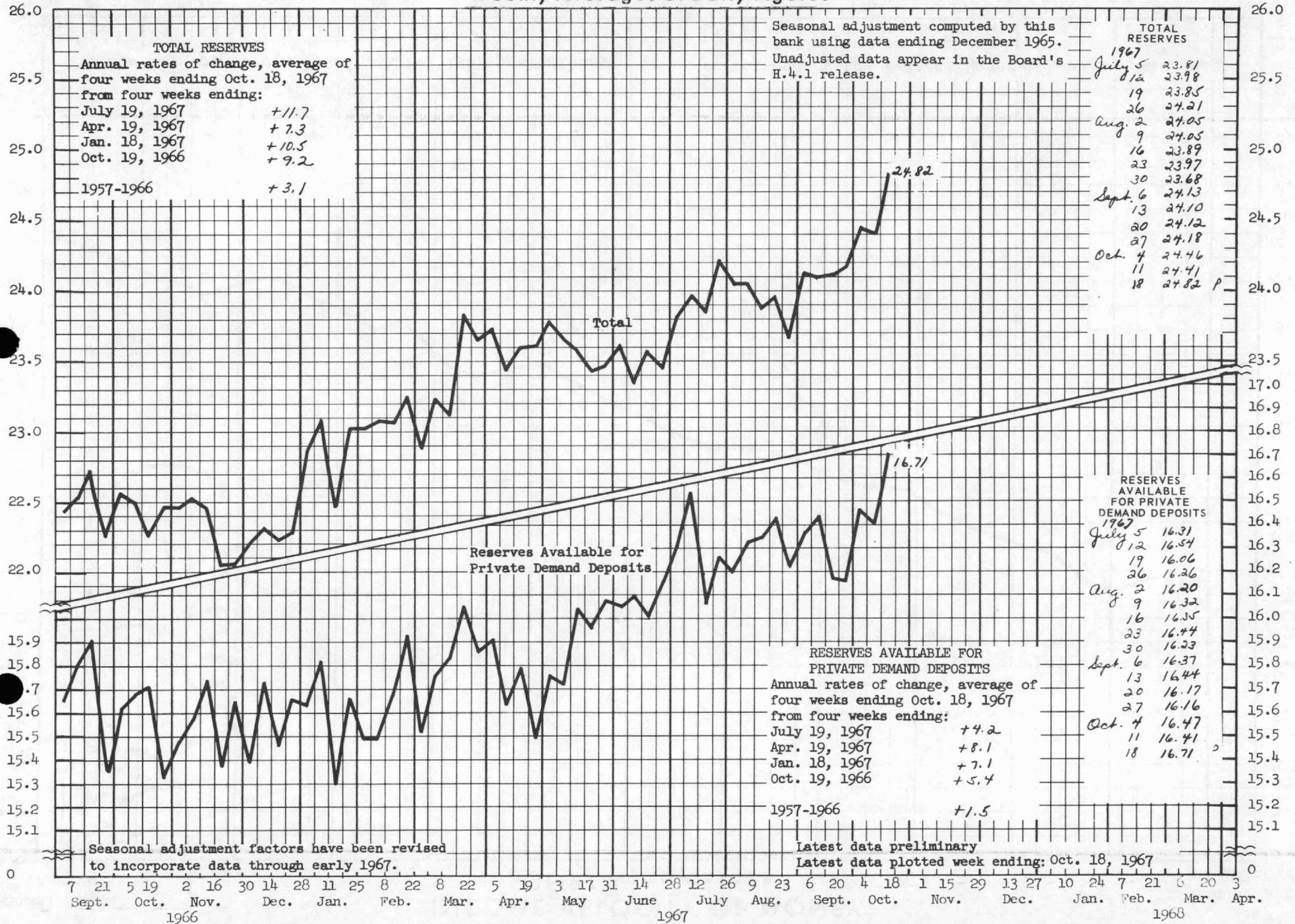
# RESERVES

## All Member Banks in the Nation

### Weekly Averages of Daily Figures

Billions of Dollars

Billions of Dollars



# INCOME VELOCITY OF MONEY GNP/Money Stock

Annual Rates  
of Turnover

Annual Rates  
of Turnover



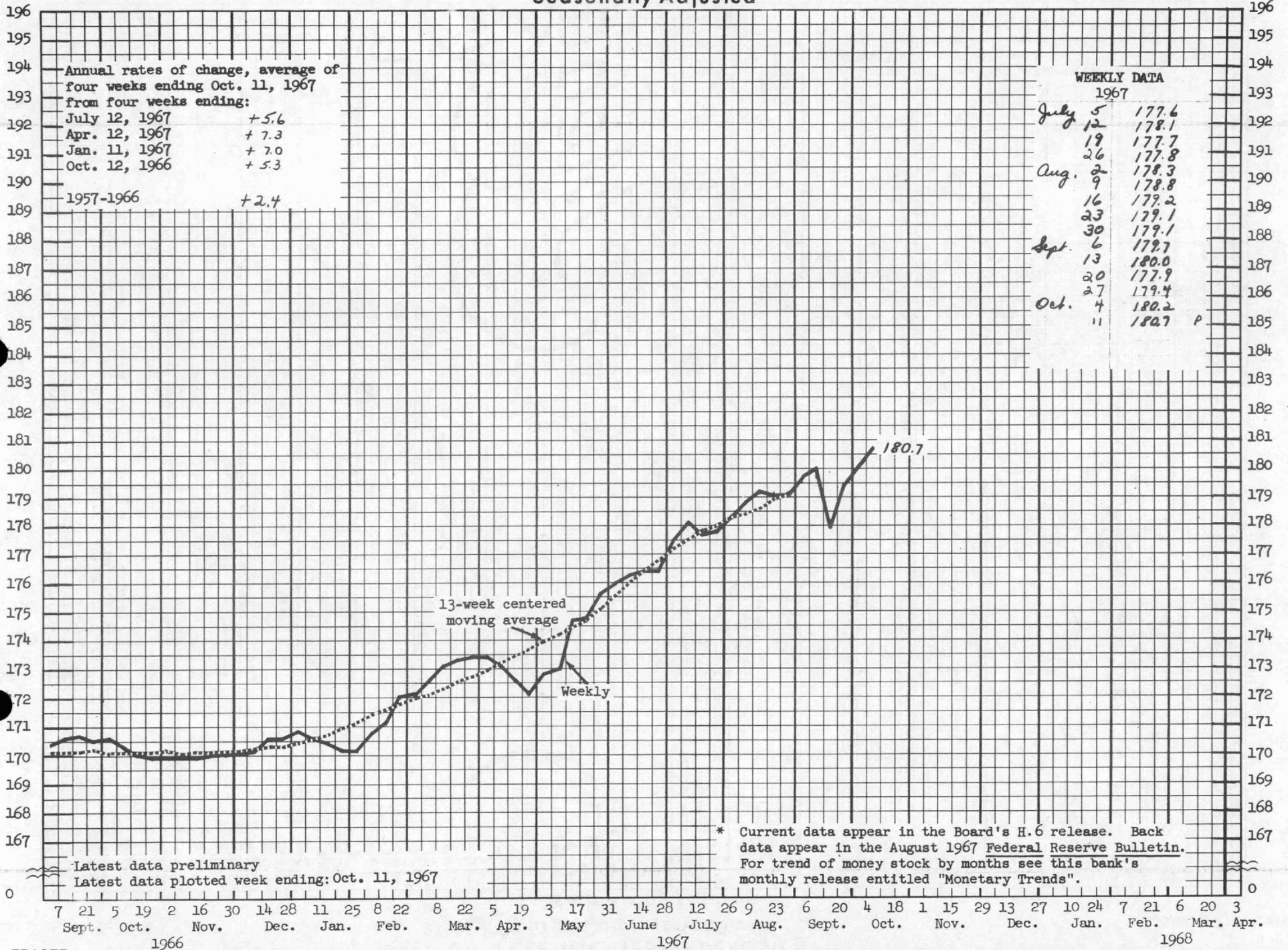
Latest data plotted: third quarter 1967 preliminary

Prepared by the Federal Reserve Bank of St. Louis

**MONEY STOCK\***  
**Averages of Daily Figures**  
**Seasonally Adjusted**

Billions of Dollars

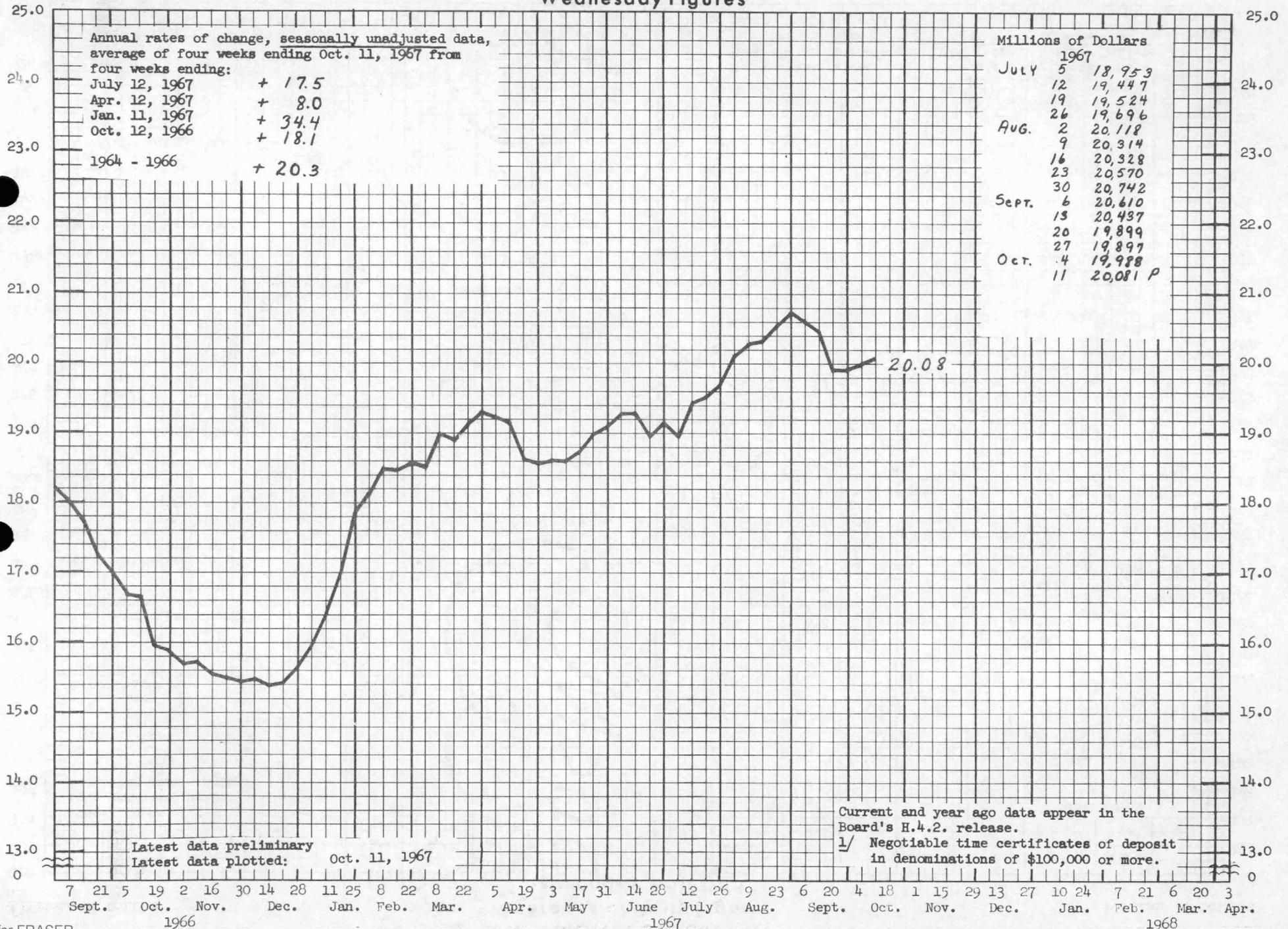
Billions of Dollars



**CERTIFICATES OF DEPOSIT <sup>1</sup>**  
**Large Commercial Banks**  
**Wednesday Figures**

Billions of Dollars

Billions of Dollars



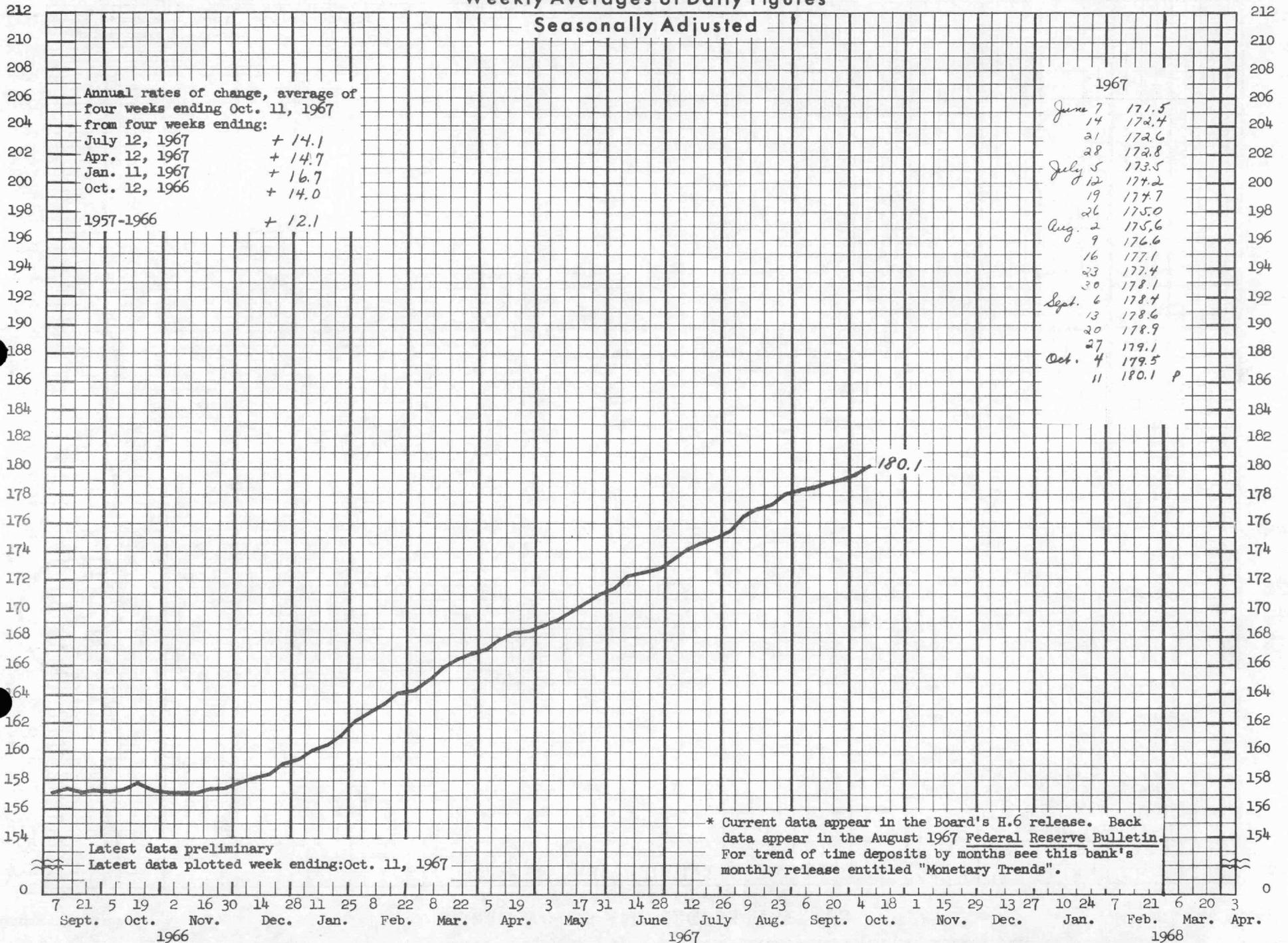
# TIME DEPOSITS\* All Commercial Banks

## Weekly Averages of Daily Figures

Seasonally Adjusted

Billions of Dollars

Billions of Dollars

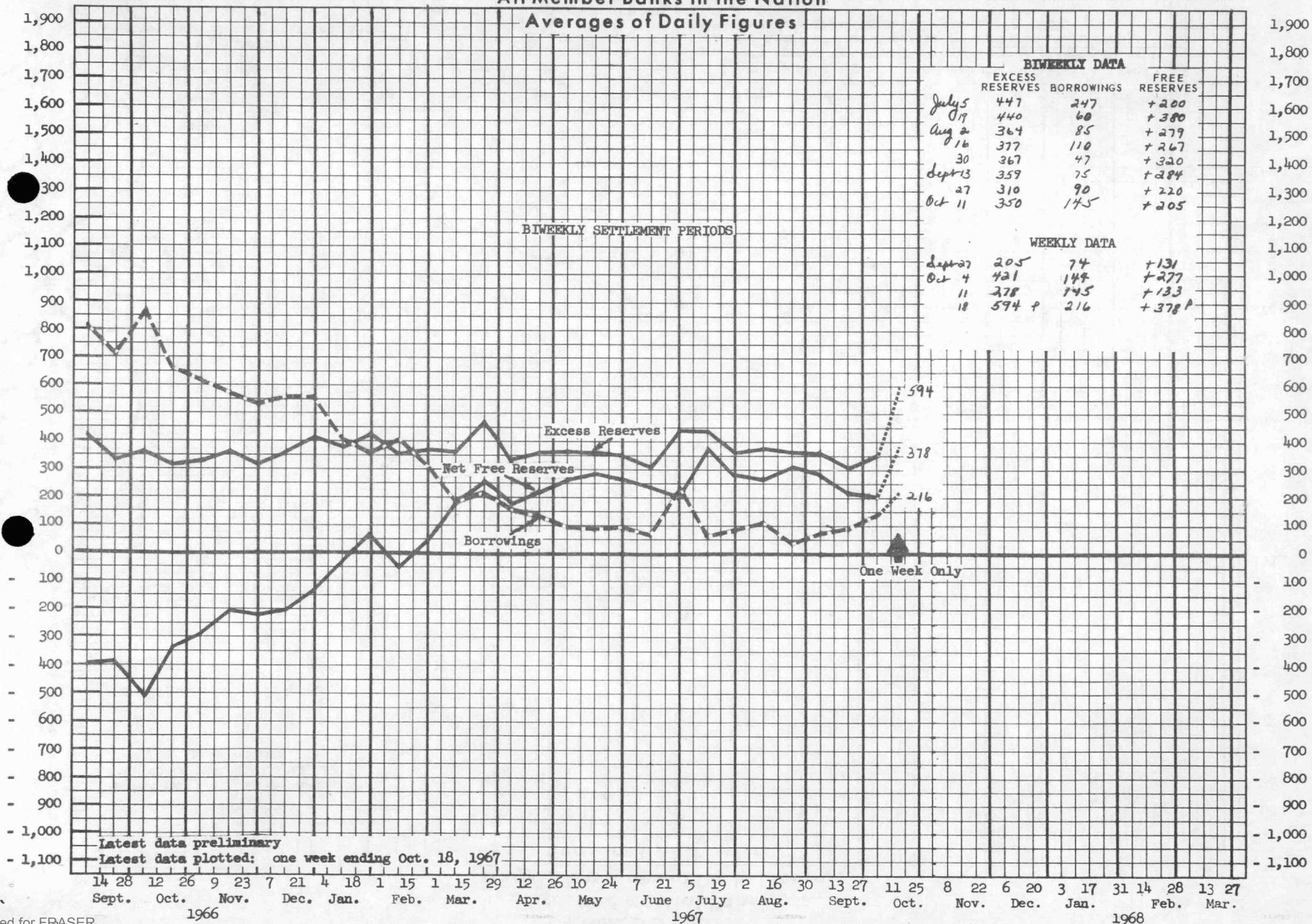


Millions of Dollars

# BORROWINGS AND EXCESS RESERVES

## All Member Banks in the Nation

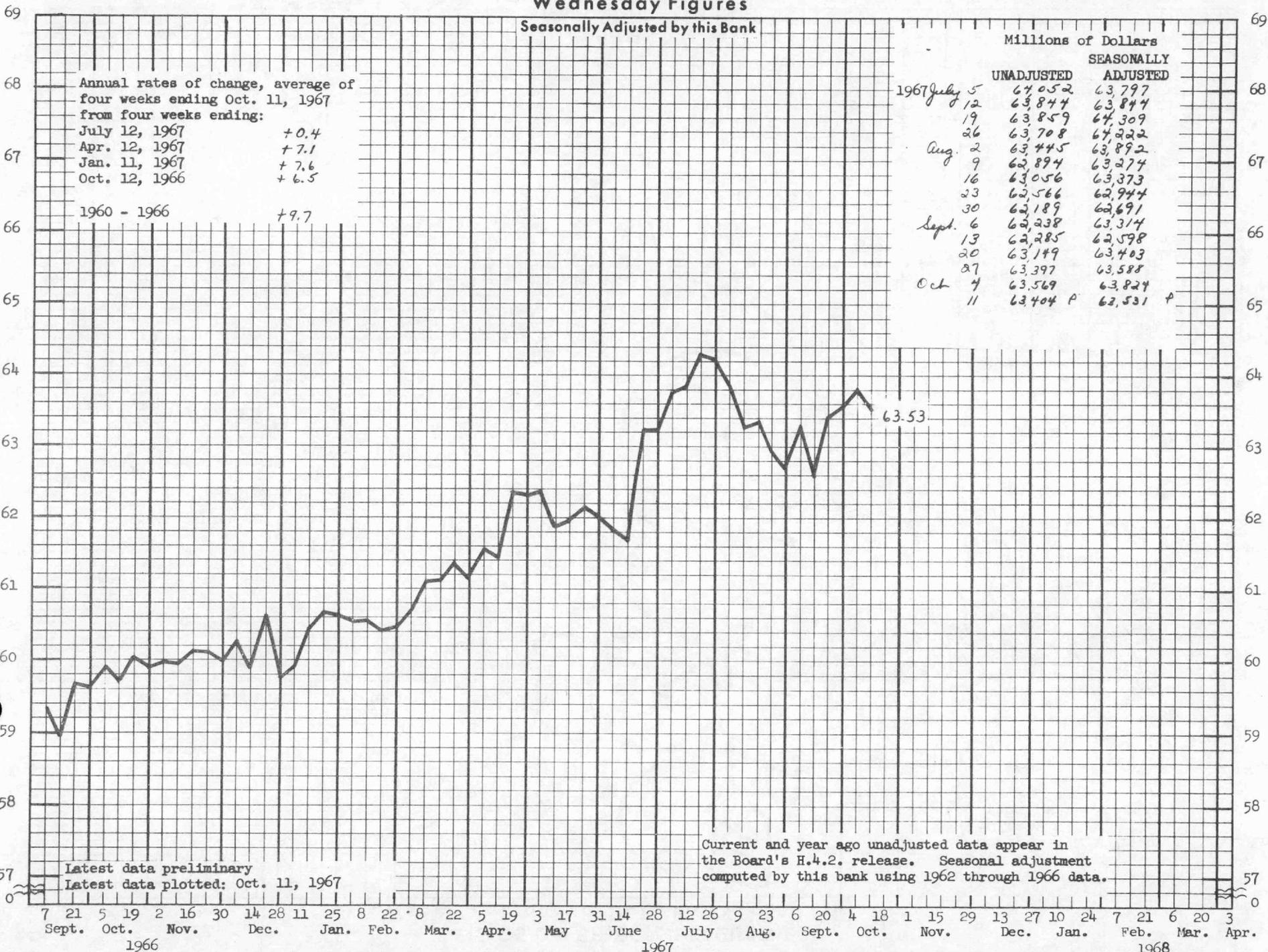
Millions of Dollars



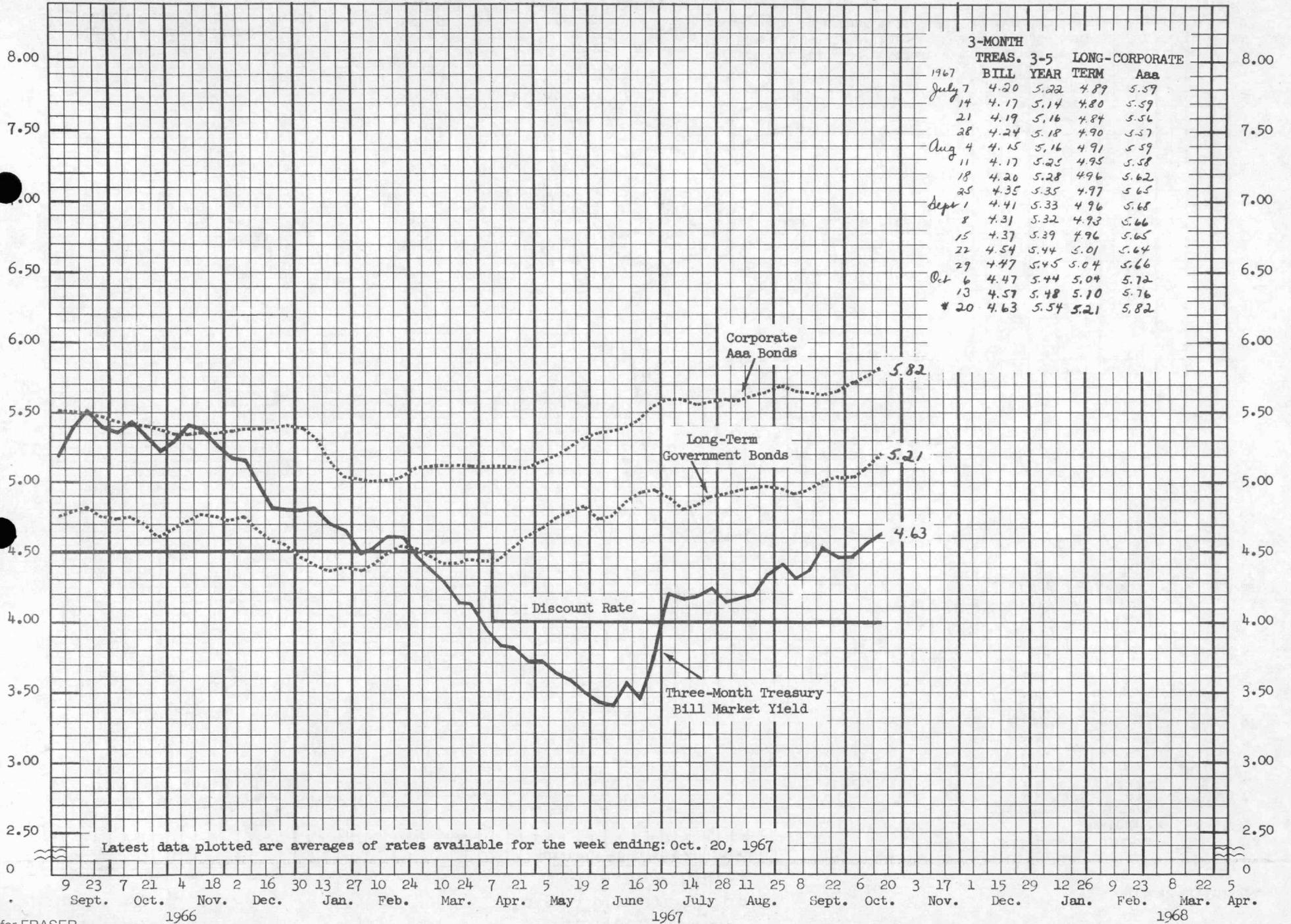
# BUSINESS LOANS Large Commercial Banks Wednesday Figures

Billions of Dollars

Billions of Dollars



### YIELDS ON SELECTED SECURITIES Weekly Averages of Daily Rates Ended Friday

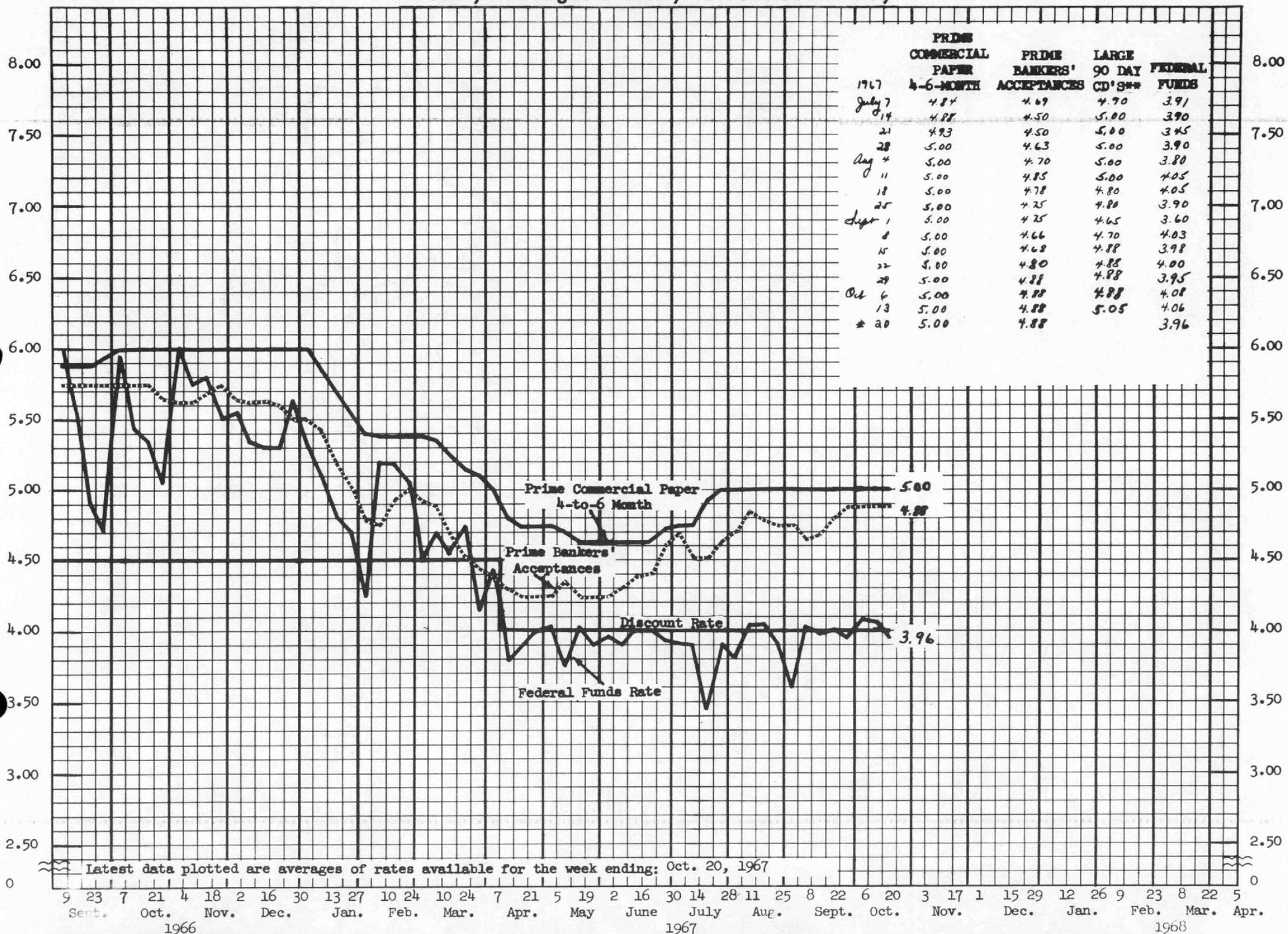


Latest data plotted are averages of rates available for the week ending: Oct. 20, 1967

Per Cent

Per Cent

### SELECTED SHORT-TERM INTEREST RATES Weekly Averages of Daily Rates Ended Friday



Latest data plotted are averages of rates available for the week ending: Oct. 20, 1967

\* AVERAGES OF RATES AVAILABLE

\*\* SOURCE: SALOMON BROTHERS AND HUTZLER

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Federal Reserve Bank of St. Louis

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