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.

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.

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.

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
Federal Reserve Credit

Weekly Averages of Daily Figures

Seasonally Adjusted by this Bank

- Annual rates of change of Federal Reserve Credit
- Adjusted for reserve requirement changes

Average of four weeks ending Oct. 18, 1967

- July 19, 1967: + 2.9
- Apr. 19, 1967: + 4.7
- Jan. 18, 1967: + 1.6
- Oct. 19, 1966: + 0.9

1957-1966: + 7.4

Federal Reserve Credit

Federal Reserve Holdings of U.S. Government and Federal Agency Securities

Borrowings

- Federal Reserve Credit excluding float and a few minor items, and adjusted for reserve requirement changes.
- Seasonal adjustment for Federal Reserve Holdings computed by this bank using data ending December 1965; Borrowings from Federal Reserve not seasonally adjusted.


Latest data preliminary
Latest data plotted week ending Oct. 18, 1967
Billions of Dollars

TOTAL RESERVES
Annual rates of change, average of four weeks ending Oct. 18, 1967
from four weeks ending:

- July 19, 1967: +11.7
- Apr. 19, 1967: +7.3
- Jan. 18, 1967: +10.5
- Oct. 19, 1966: +9.2

1957-1966: +3.1

Seasonal adjustment factors have been revised to incorporate data through early 1967.

Seasonal adjustment computed by this bank using data ending December 1965.

Unadjusted data appear in the Board's B.1.1 release.

RESERVES AVAILABLE FOR PRIVATE DEMAND DEPOSITS
Annual rates of change, average of four weeks ending Oct. 18, 1967
from four weeks ending:

- July 19, 1967: +4.2
- Apr. 19, 1967: +8.1
- Jan. 18, 1967: +7.1
- Oct. 19, 1966: +5.4

1957-1966: +1.5

Latest data preliminary
Latest data plotted week ending: Oct. 18, 1967

Prepared by Federal Reserve Bank of St. Louis

http://fraser.stlouisfed.org
Digitized for FRASER
Federal Reserve Bank of St. Louis
INCOME VELOCITY OF MONEY
GNP/Money Stock

Latest data plotted: third quarter 1967 preliminary
Prepared by the Federal Reserve Bank of St. Louis

Digitized for FRASER
http://fraser.stlouisfed.org
Federal Reserve Bank of St. Louis
Annual rates of change, average of four weeks ending Oct. 11, 1967

- July 12, 1967: +5.6
- Apr. 12, 1967: +7.3
- Jan. 11, 1967: +7.0
- Oct. 12, 1966: +5.3

1957-1966: +2.4

Latest data preliminary
Latest data plotted week ending: Oct. 11, 1967

Weekly

13-week centered moving average


Prepared by Federal Reserve Bank of St. Louis

Digitized for FRASER
http://fraser.stlouisfed.org
Federal Reserve Bank of St. Louis
### Certificates of Deposit

**Large Commercial Banks**

**Wednesday Figures**

- **Billions of Dollars**

#### Annual rates of change, seasonally unadjusted data, average of four weeks ending Oct. 11, 1967 from:

<table>
<thead>
<tr>
<th>Weeks Ending</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 12, 1967</td>
<td>+17.5</td>
</tr>
<tr>
<td>Apr. 12, 1967</td>
<td>+8.0</td>
</tr>
<tr>
<td>Jan. 11, 1967</td>
<td>+34.4</td>
</tr>
<tr>
<td>Oct. 12, 1966</td>
<td>+18.1</td>
</tr>
</tbody>
</table>

| 1964 - 1966   | +20.3   |

**Millions of Dollars**

<table>
<thead>
<tr>
<th>Month</th>
<th>1967</th>
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<tbody>
<tr>
<td>July</td>
<td>13,953</td>
</tr>
<tr>
<td>Aug.</td>
<td>25,118</td>
</tr>
<tr>
<td>Sept.</td>
<td>26,318</td>
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<tr>
<td>Oct.</td>
<td>19,807</td>
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</table>

Current and year ago data appear in the Board's H.4.2 release.

1/ Negotiable time certificates of deposit in denominations of $100,000 or more.

Prepared by Federal Reserve Bank of St. Louis
TIME DEPOSITS*  
All Commercial Banks 
Weekly Averages of Daily Figures 
Seasonally Adjusted

Annual rates of change, average of four weeks ending Oct. 11, 1967 from four weeks ending:
July 12, 1967  + 14.1
Apr. 12, 1967  + 14.7
Jan. 11, 1967  + 16.7
Oct. 12, 1966  + 14.0
1957-1966  + 12.1

Latest data preliminary
Latest data plotted week ending: Oct. 11, 1967

* Current data appear in the Board's H.6 release. Back data appear in the August 1967 Federal Reserve Bulletin. For trend of time deposits by months see this bank's monthly release entitled "Monetary Trends".

Prepared by Federal Reserve Bank of St. Louis

Billions of Dollars

http://fraser.stlouisfed.org
Federal Reserve Bank of St. Louis
**BUSINESS LOANS**

**Large Commercial Banks**

**Wednesday Figures**

<table>
<thead>
<tr>
<th>Date</th>
<th>UNADJUSTED</th>
<th>SEASONALLY ADJUSTED</th>
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</thead>
<tbody>
<tr>
<td>1967 July</td>
<td>63,652</td>
<td>63,397</td>
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<tr>
<td></td>
<td>63,847</td>
<td>63,617</td>
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<td></td>
<td>63,685</td>
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<td>63,774</td>
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<tr>
<td></td>
<td>63,373</td>
<td>63,521</td>
</tr>
</tbody>
</table>

Annual rates of change, average of four weeks ending Oct. 11, 1967 from four weeks ending:

- July 12, 1967: +0.4
- Apr. 12, 1967: +7.1
- Jan. 11, 1967: +7.4
- Oct. 12, 1966: +6.5

1960 - 1966: +9.7

Current and year ago unadjusted data appear in the Board's H.4.2 release. Seasonal adjustment computed by this bank using 1962 through 1966 data.
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

PREMIUM MARKET RATE ON 90-DAY PRIME CD'S.

PREMIER COMMERCIAL PAPER 1-to-6 MONTH
PRIME BANKERS' ACCEPTANCES 90-DAY FEDERAL FUNDS

Prepared by Federal Reserve Bank of St. Louis