

Week ending July 3, 1968

AUG 27 1968

MONEY STOCK (Page 5)

The nation's money stock, consisting of private demand deposits and currency in the hands of the public, averaged \$187.1 billion in the four weeks ending June 26, up at an average annual rate of 8.1 per cent since March. In the previous three months money grew at a 3.7 per cent rate, and during 1967 it increased 7.1 per cent. In comparison, the money stock rose at a trend rate of 2.6 per cent from 1957-to-1967.

MONEY STOCK PLUS TIME DEPOSITS (Page 4)

Recently the growth pattern of money plus time deposits has been different from the pattern of the growth of money. Since March money stock plus time deposits has risen at a 5.5 per cent rate, whereas in the previous three months it grew at a 6.2 per cent rate, and in 1967 it increased 11.1 per cent. By comparison, money plus time grew at an average annual rate of 6.2 per cent from 1957-to-1967.

The divergence in the last three months between the growth patterns of the money stock and the money stock plus time deposits reflects, in large part, the effect Regulation Q has on slowing the growth in time deposits during periods of high and rising interest rates. Regulation Q has prevented bank rates from rising with yields on other financial assets, and has resulted commensurately in the flow of saving funds by-passing the commercial banks.

CONCEPTS OF MONEY

Some analysts emphasize the importance of money, defined as private demand deposits plus currency in circulation, as a measure of monetary action while others feel that a broader concept, including time deposits in commercial banks, is more useful. Usually the two measures indicate roughly the same degree of monetary action. Recently, however, the narrower concept indicates a high degree of stimulation while the broader concept indicates a growing amount of monetary restraint. In view of Regulation Q and its effects on the allocation of saving funds through various intermediary routes, the broader concept of money may be currently misleading.

BUSINESS LOANS (Page 9)

The growth rate of business loans at large commercial banks has accelerated in the last three months. Since March, these loans have risen at a 14.2 per cent annual rate, after growing in the previous three months at a 1.8 per cent rate, and in 1967 they increased 6.1 per cent. In comparison, these loans grew at an average annual rate of 9.6 per cent in the 1960-1967 period.

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

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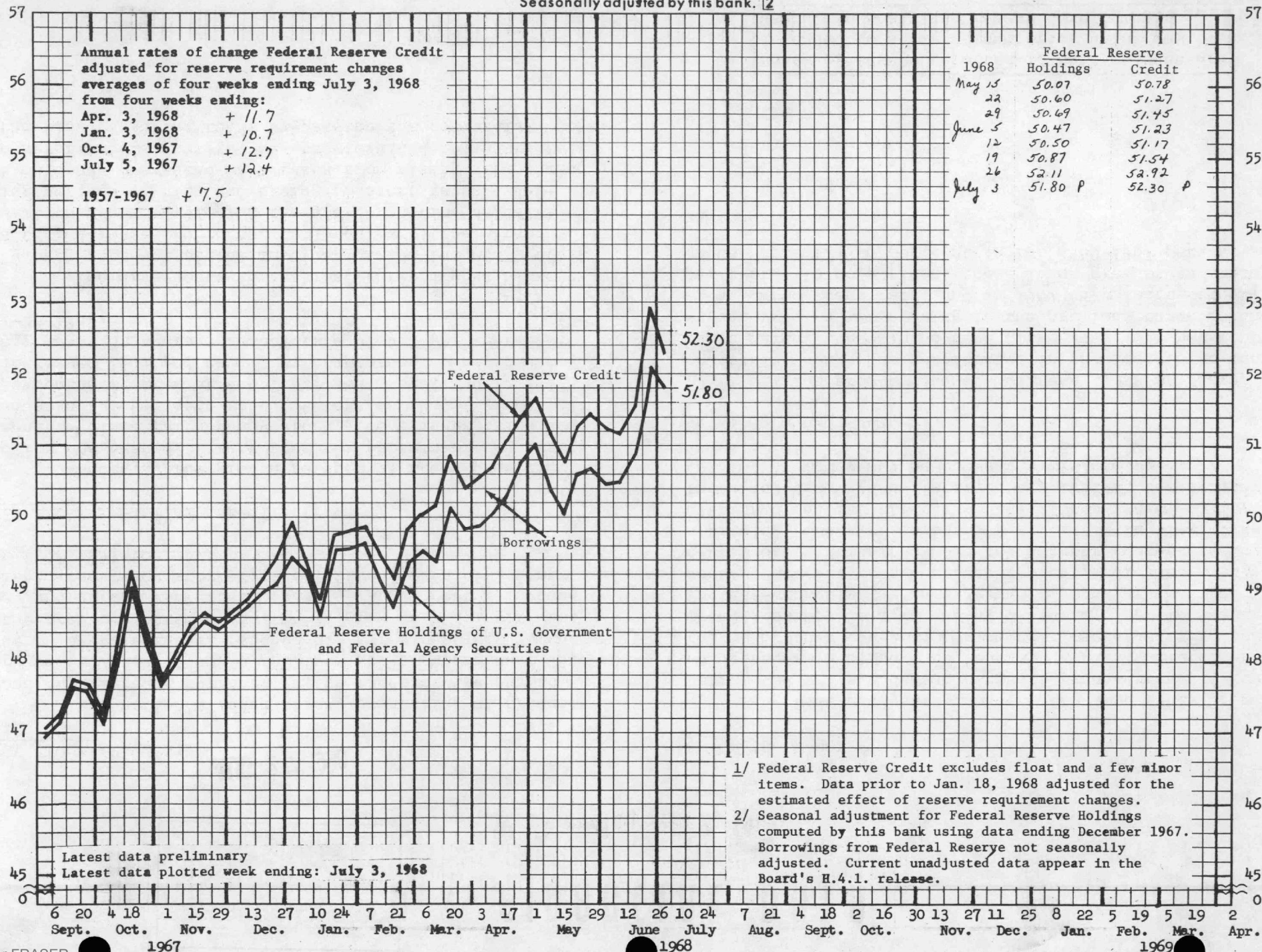
FEDERAL RESERVE CREDIT 1 Averages of Daily Figures

2

Billions of Dollars

Billions of Dollars

Seasonally adjusted by this bank. 12



RESERVES

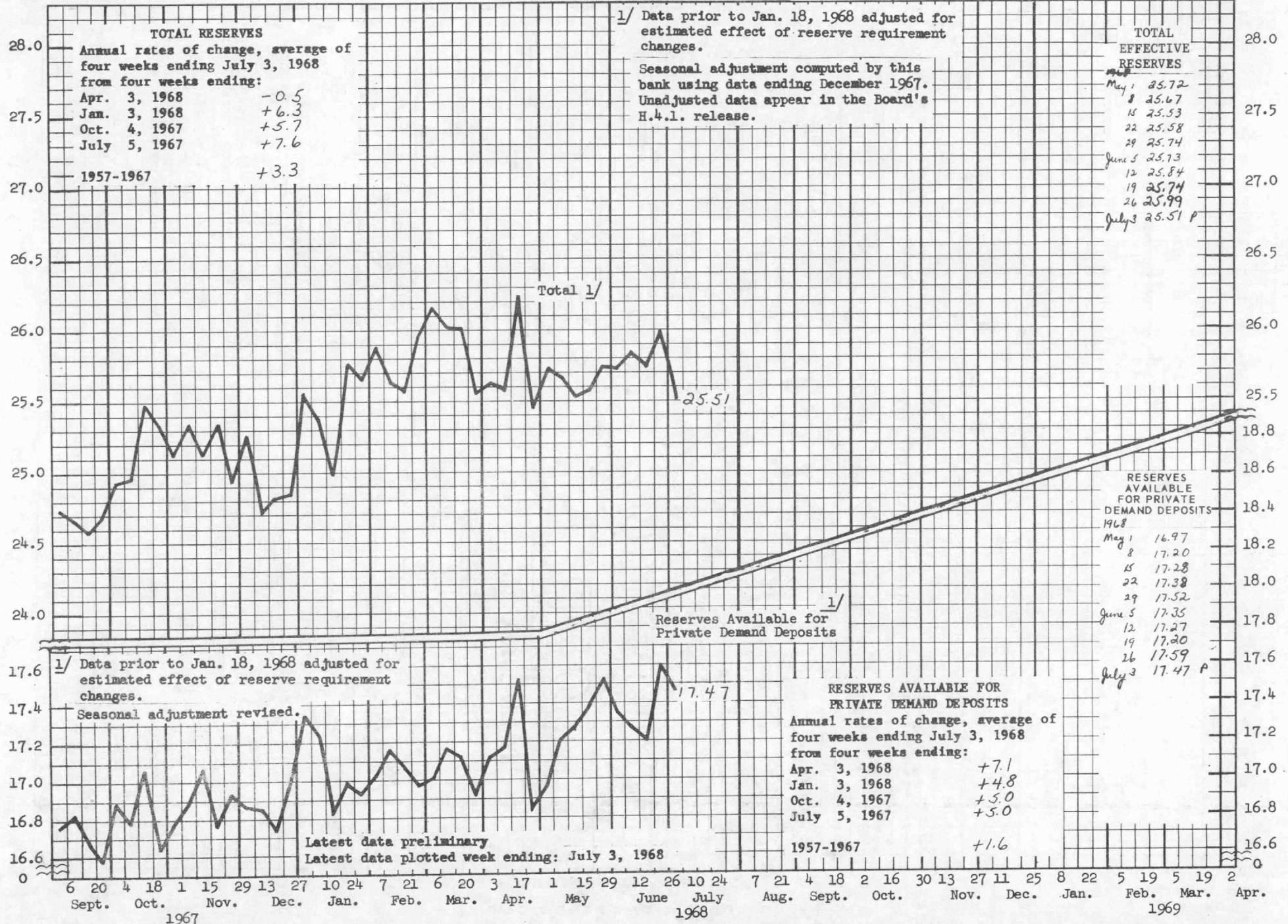
All Member Banks in the Nation

Averages of Daily Figures

3

Billions of Dollars

Billions of Dollars



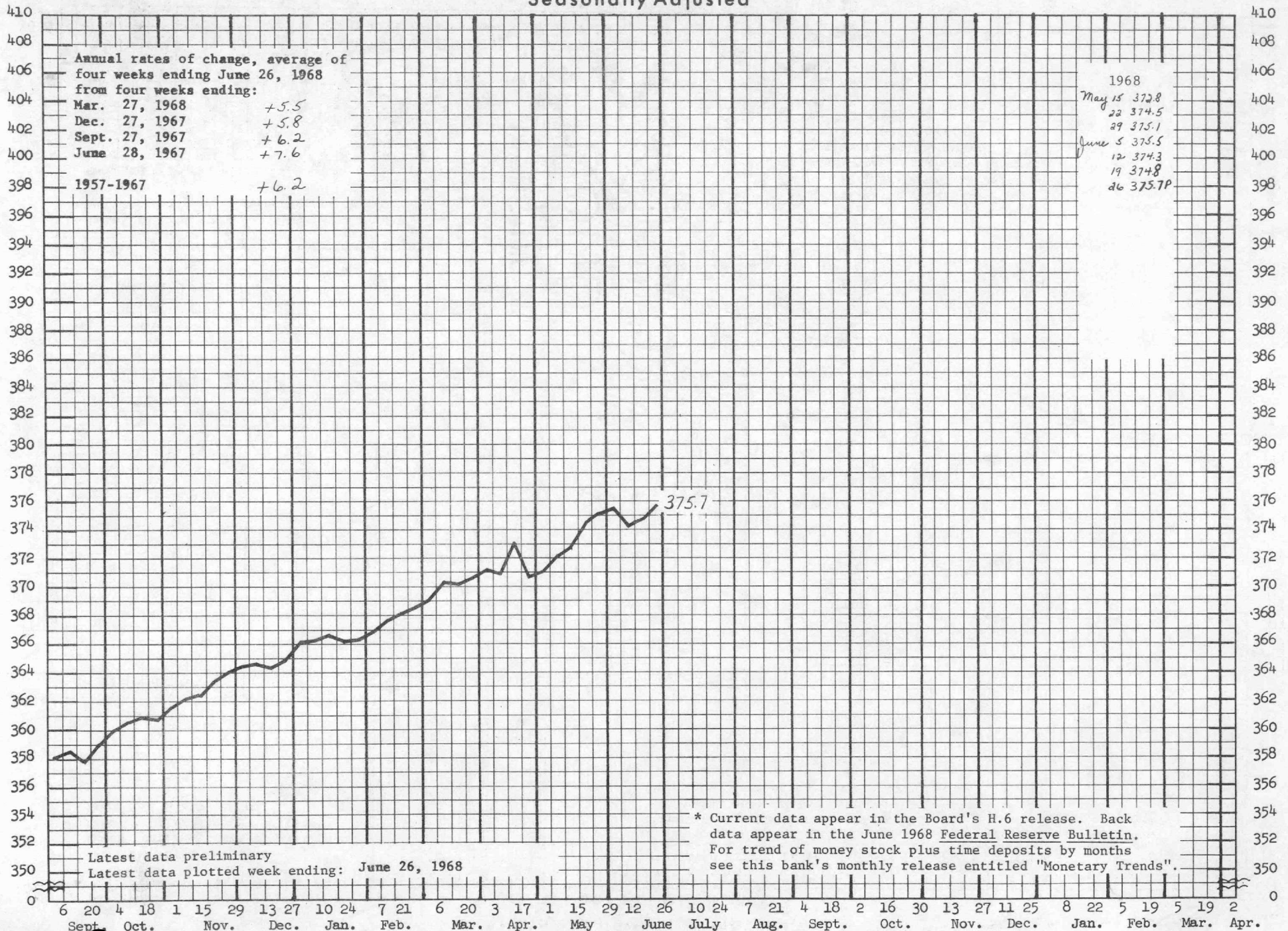
MONEY STOCK PLUS TIME DEPOSITS*

Averages of Daily Figures

Seasonally Adjusted

Billions of Dollars

Billions of Dollars

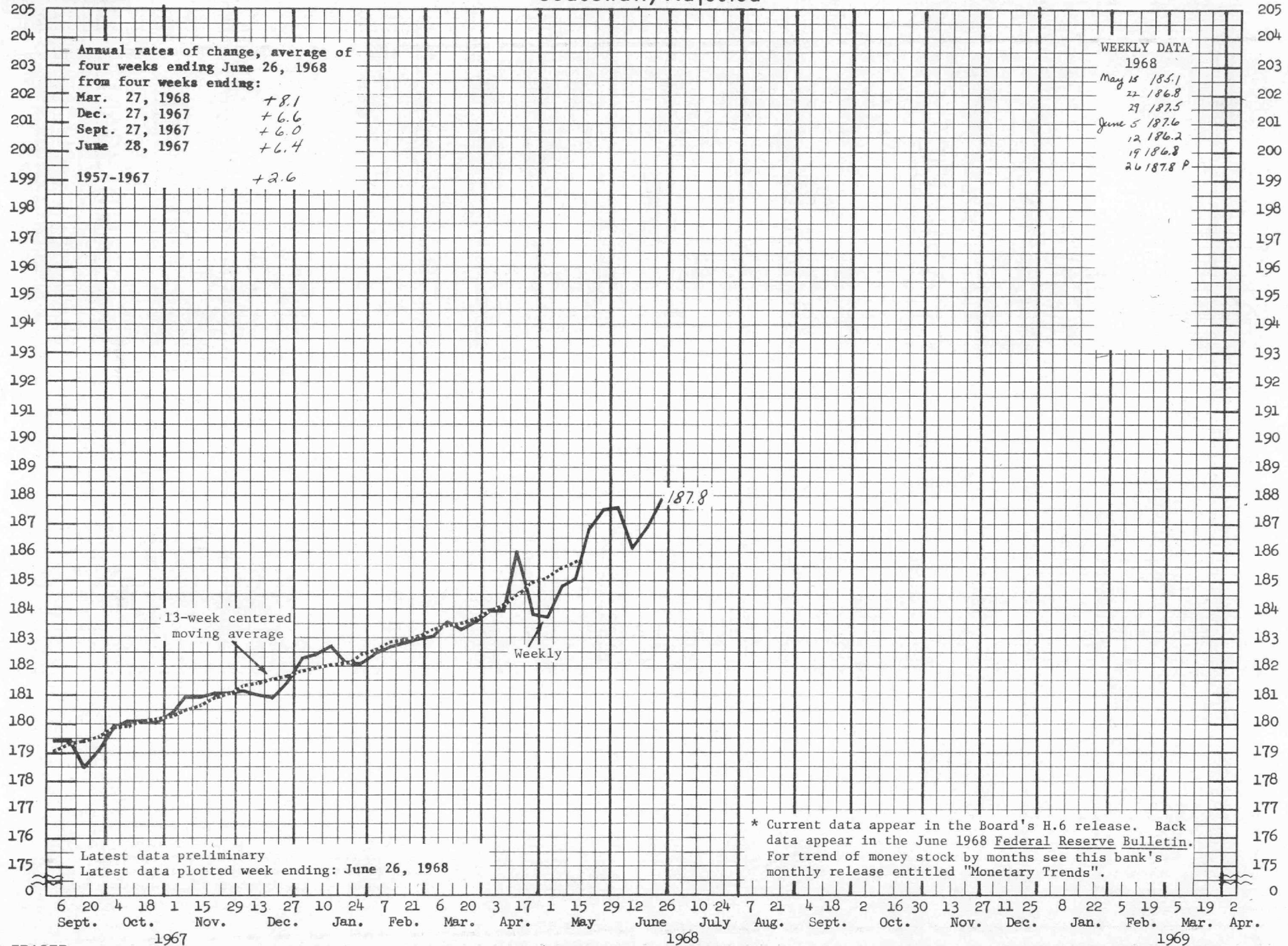


MON STOCK* Averages of Daily Figures Seasonally Adjusted

5

Billions of Dollars

Billions of Dollars

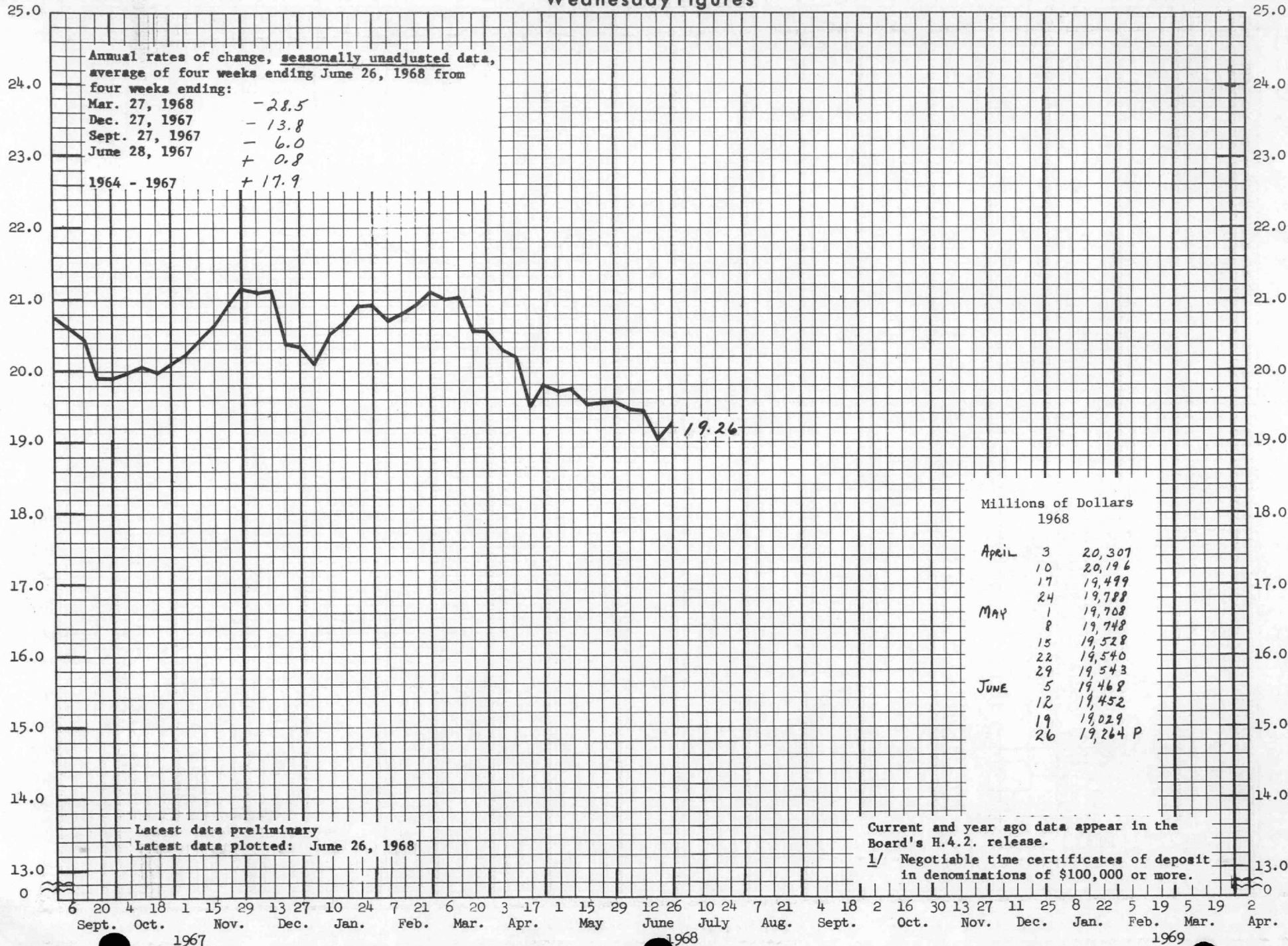


CERTIFICATES OF DEPOSIT ^{1/} Large Commercial Banks Wednesday Figures

6

Billions of Dollars

Billions of Dollars



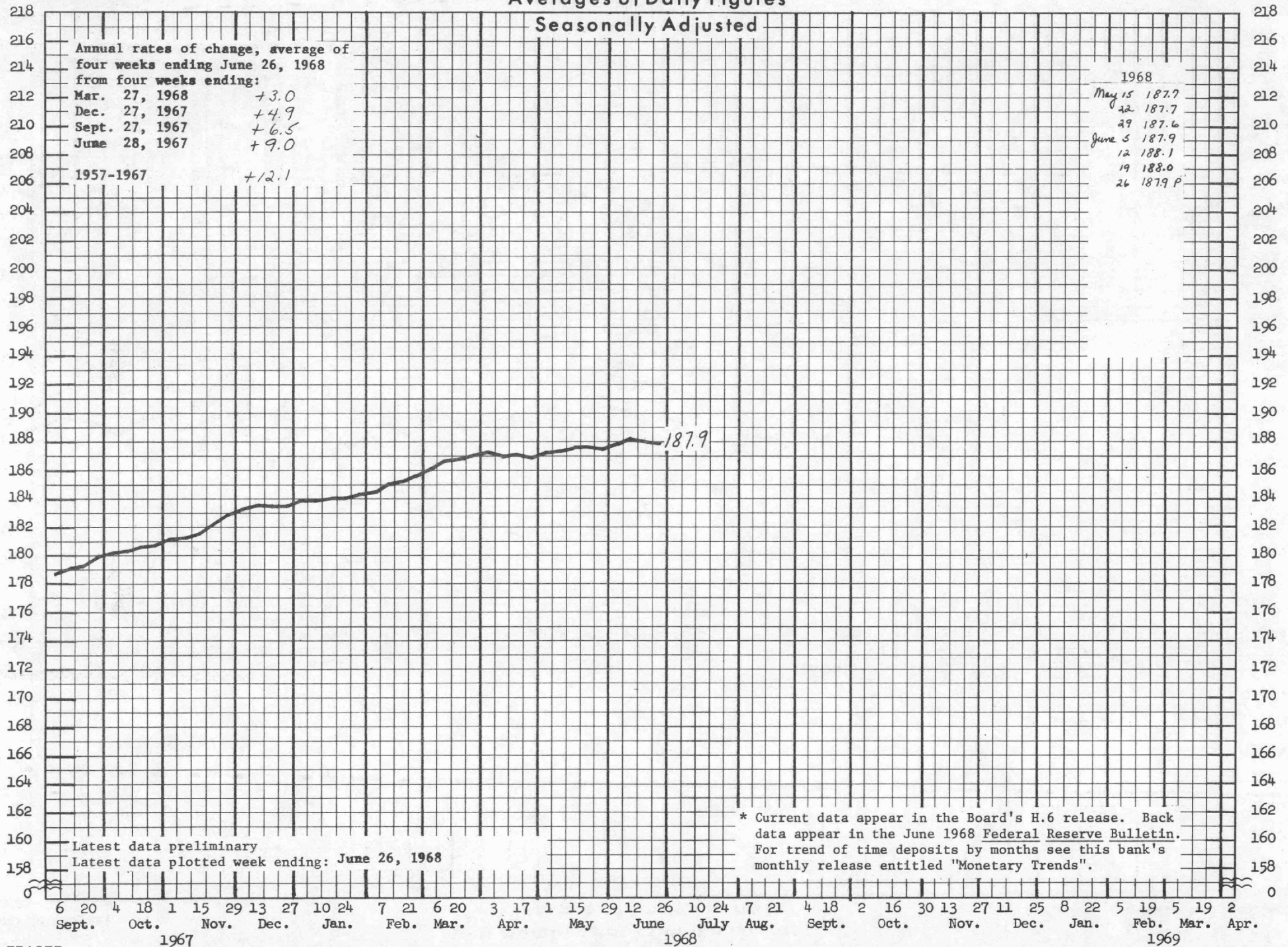
TIME DEPOSITS* All Commercial Banks Averages of Daily Figures

7

Billions of Dollars

Billions of Dollars

Seasonally Adjusted



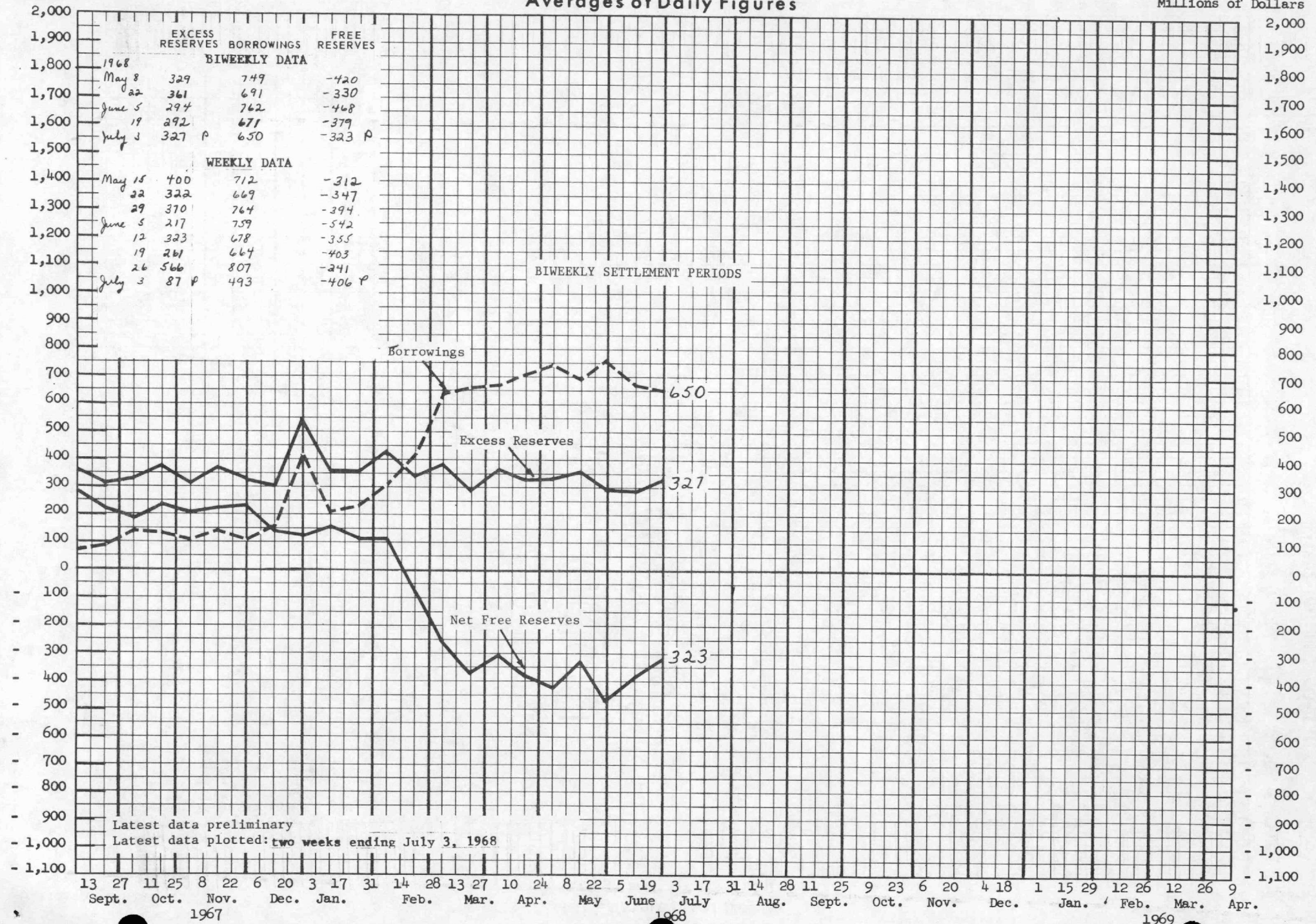
BORROWINGS AND EXCESS RESERVES

All Member Banks in the Nation

Averages of Daily Figures

Millions of Dollars

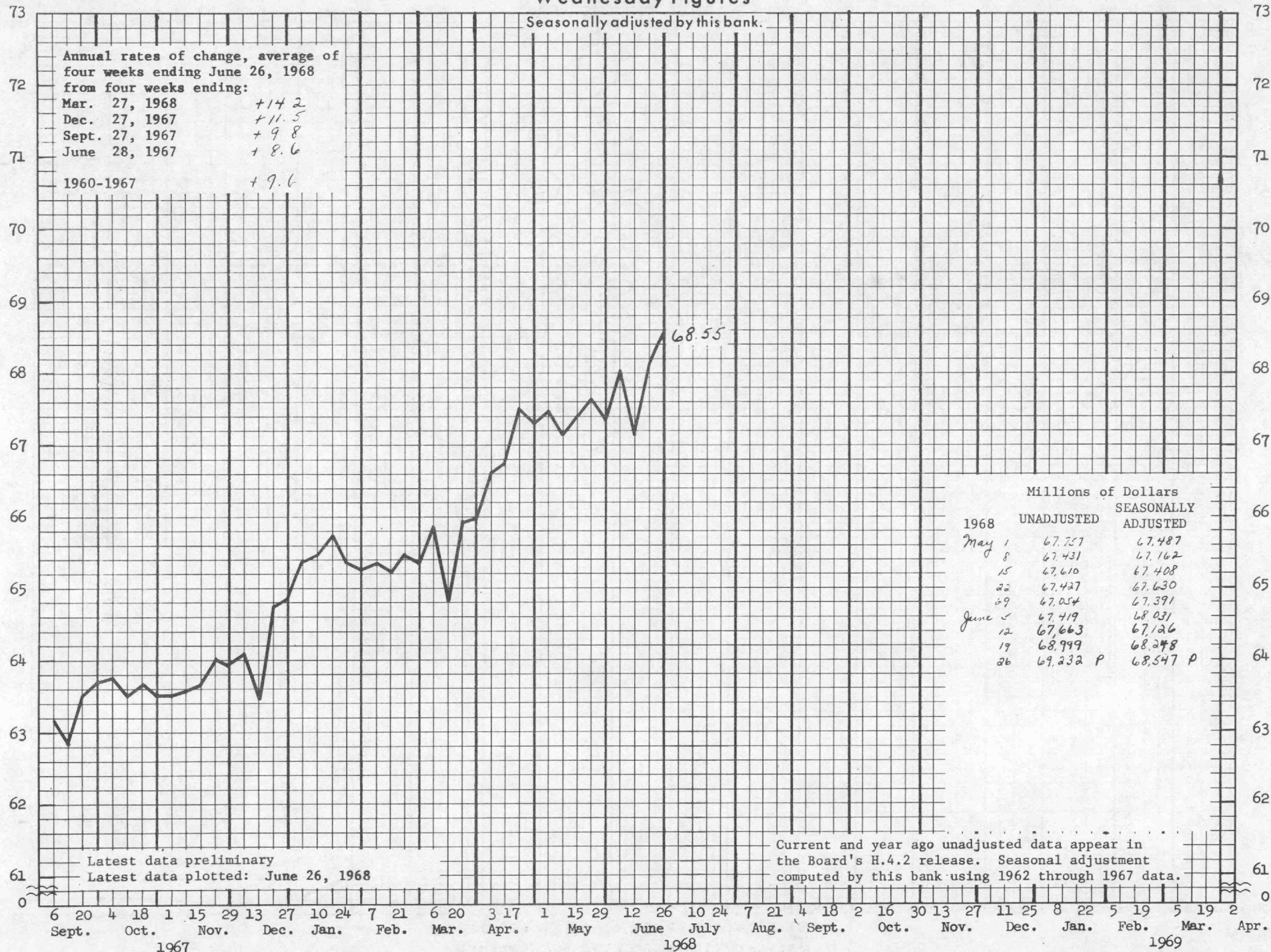
Millions of Dollars



BUSINESS LOANS Large Commercial Banks Wednesday Figures

Billions of Dollars

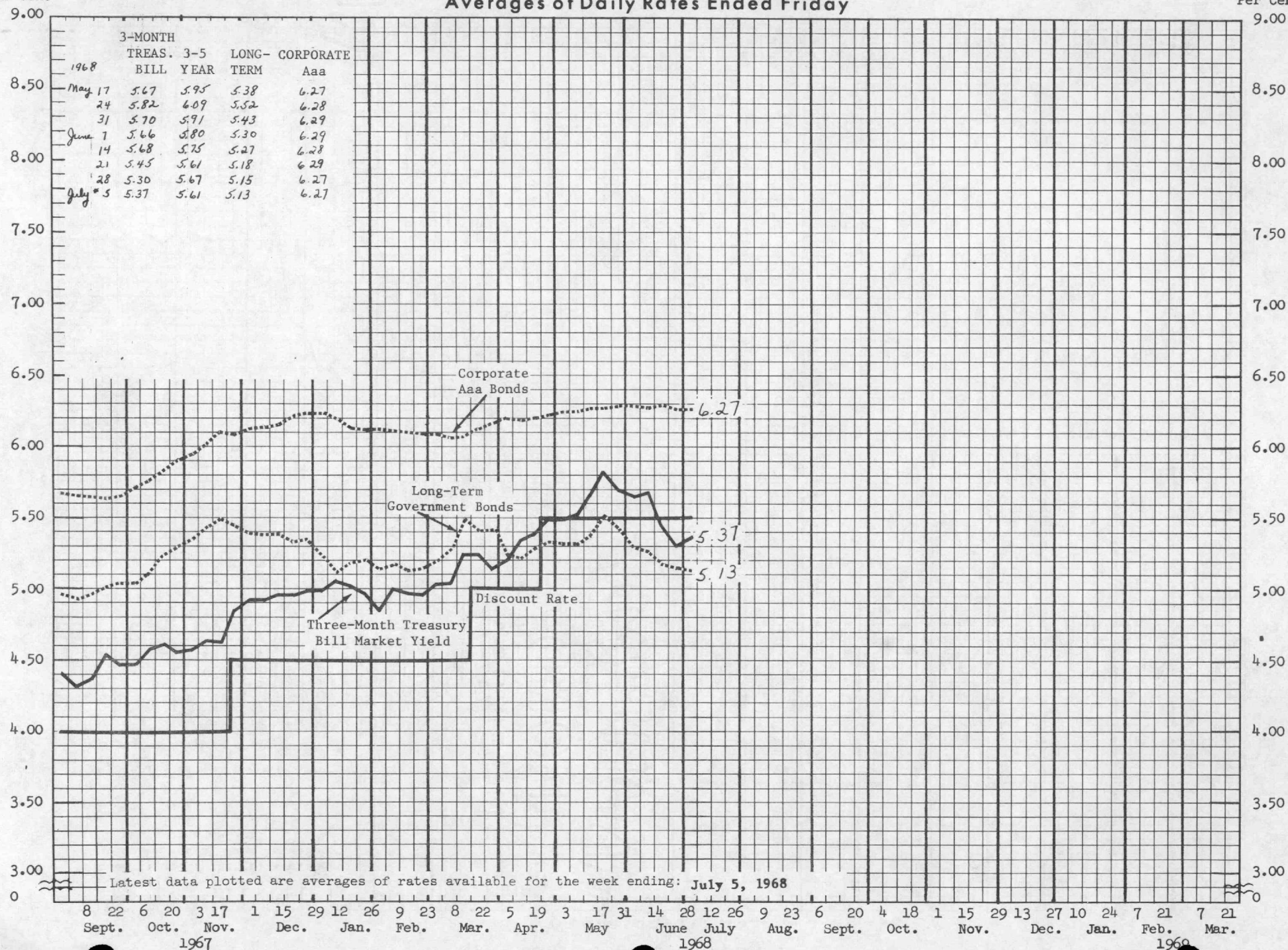
Billions of Dollars



YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday

Per Cent

10
Per Cent

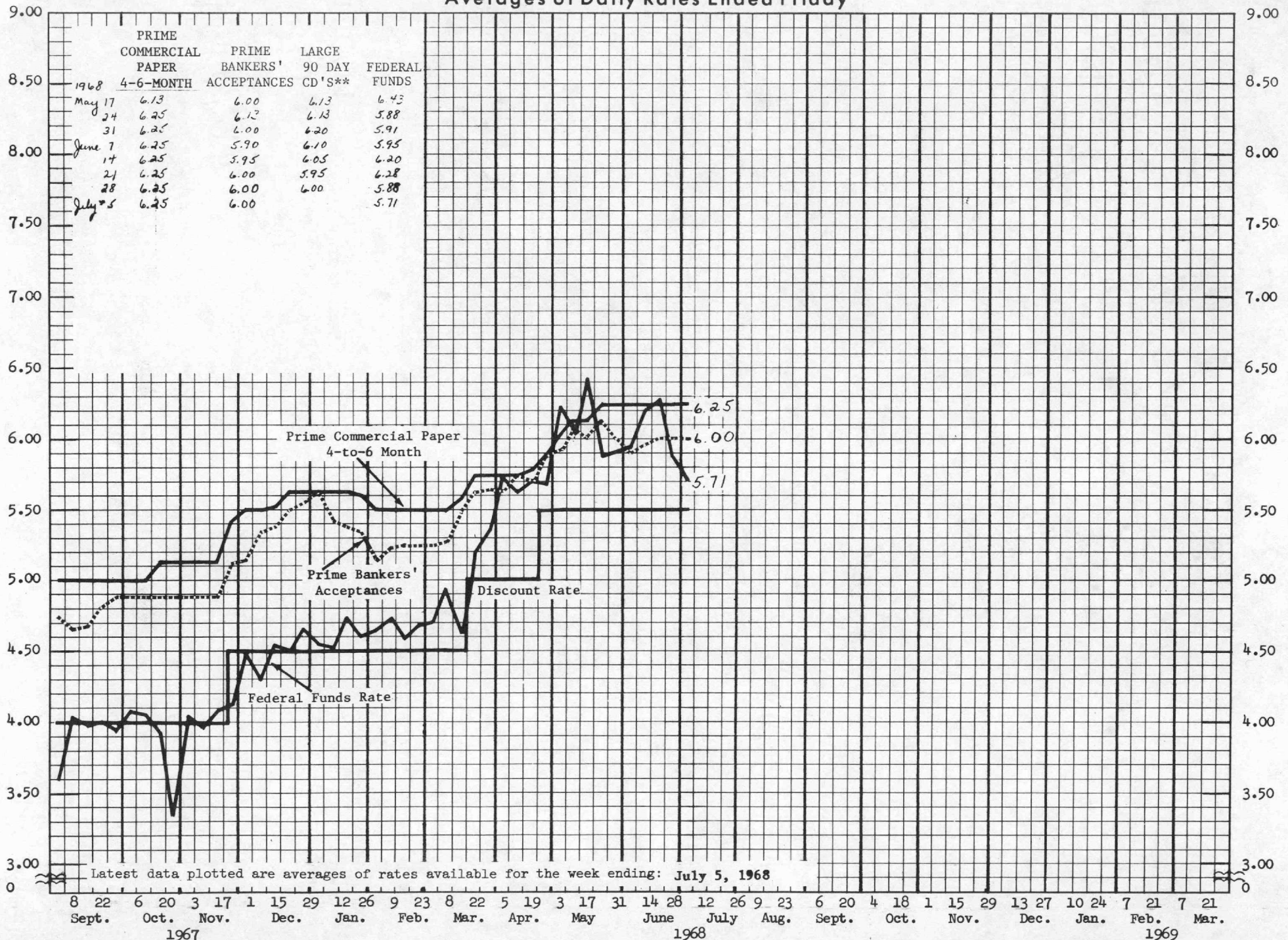


SELECTED SHORT-TERM INTEREST RATES Averages of Daily Rates Ended Friday

11

Per Cent

Per Cent



AVERAGES OF RATES AVAILABLE

SOURCE: SALOMON BROTHERS AND HUTZLER

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

Prepared by Federal Reserve Bank of St. Louis