

Week ending July 31, 1968

AUG 27 1968

MONEY STOCK (Page 5)

The nation's money stock rose \$4.7 billion or at a 10 per cent annual rate during the last three months. Over the last six months, a period sufficiently long that irregular influences are usually less important, money rose at a 7 per cent rate, in the top 99 per cent of all rates for consecutive six month periods since World War II. From 1957 to 1967 money rose at an average rate of 2.6 per cent.

DEMAND DEPOSITS (Page 4)

Private demand deposits, the major component of money and the component that is more sensitive to changes in the volume of bank reserves, have gone up at an 11 per cent rate in the past three months and at a 7 per cent rate in the past six months. From 1957 to 1967 demand deposits rose at a trend rate of 2.4 per cent.

INTEREST RATES (Pages 10 and 11)

Interest rates on Government securities have fallen sharply since the peaks reached in late May. Long-term Government securities decreased from 5.52 per cent in late May to 5.01 per cent in the last three days. Three month Treasury bills have declined from a peak of 5.82 per cent to an average yield of 5.20 per cent in the last three days. Declines in yields on corporate securities have been less pronounced.

INTEREST RATES (Continued)

The lower yields have probably reflected changed expectations as well as the marked increase in the supply of funds available resulting from the recent rise in money. Expectations of a decline in yields may reflect an anticipation of less Government borrowing as a result of the surtax and perhaps less private borrowing also if excessive total demands for goods and services are moderated and if inflationary pressures recede. On the other hand, the current demand for credit has apparently continued strong, reflecting the rapid rise in total spending, stimulated by the lagged effect of monetary and fiscal conditions in the first half of the year.

TIME DEPOSITS (Page 7)

Time deposits at all commercial banks have risen sharply since the end of June. In the three previous months, they increased at an annual rate of 3 per cent; while, in comparison, these deposits grew at a 12.1 per cent rate from 1957 to 1967.

The recent acceleration in the growth of time deposits reflects the developing attractiveness of the yields on deposits which have been limited by Regulation Q when compared with the falling yields on short-term Government securities.

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: August 2, 1968

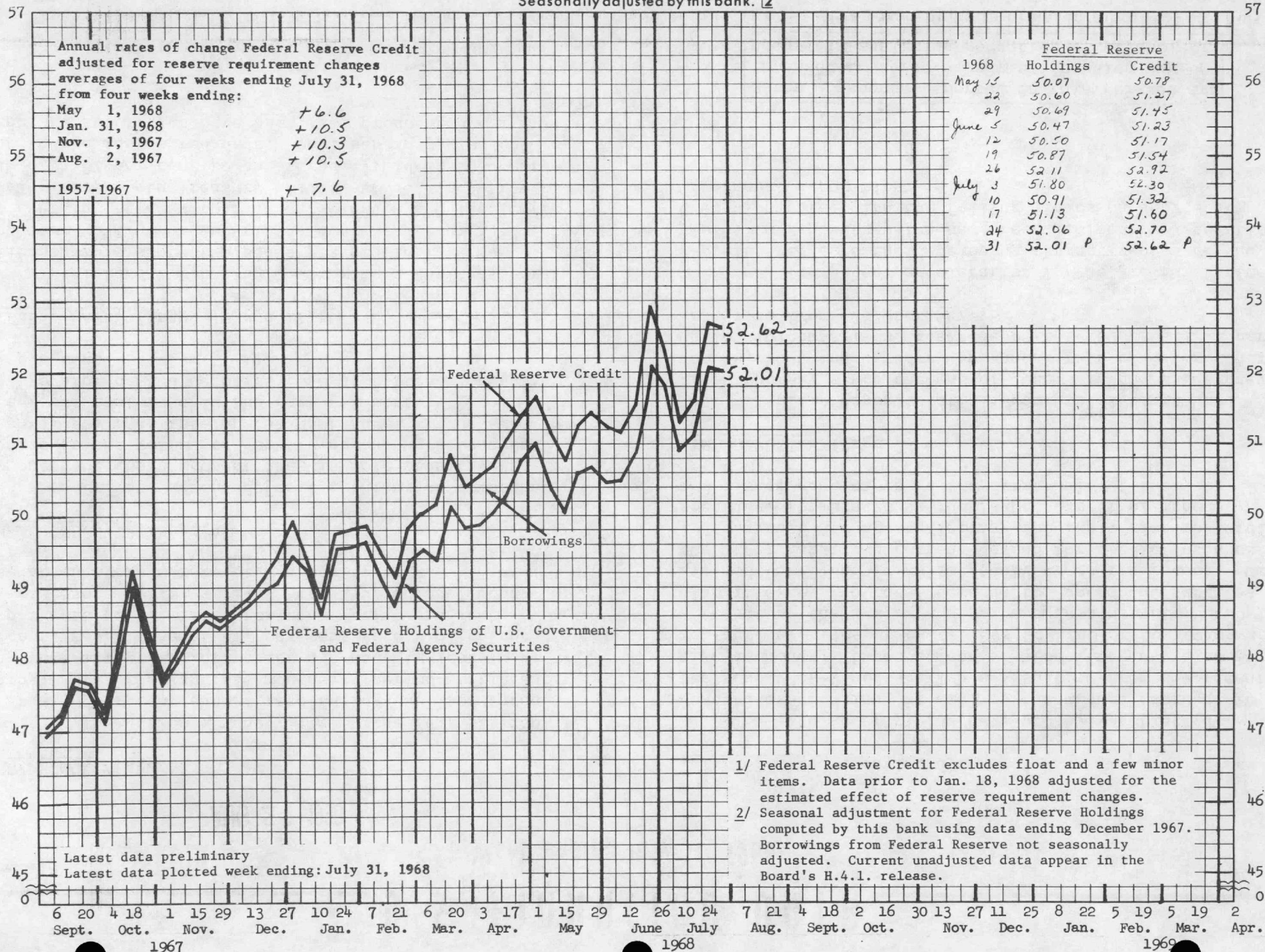
# FEDERAL RESERVE CREDIT <sup>1</sup> Averages of Daily Figures

2

Billions of Dollars

Billions of Dollars

Seasonally adjusted by this bank. <sup>2</sup>





# RESERVES

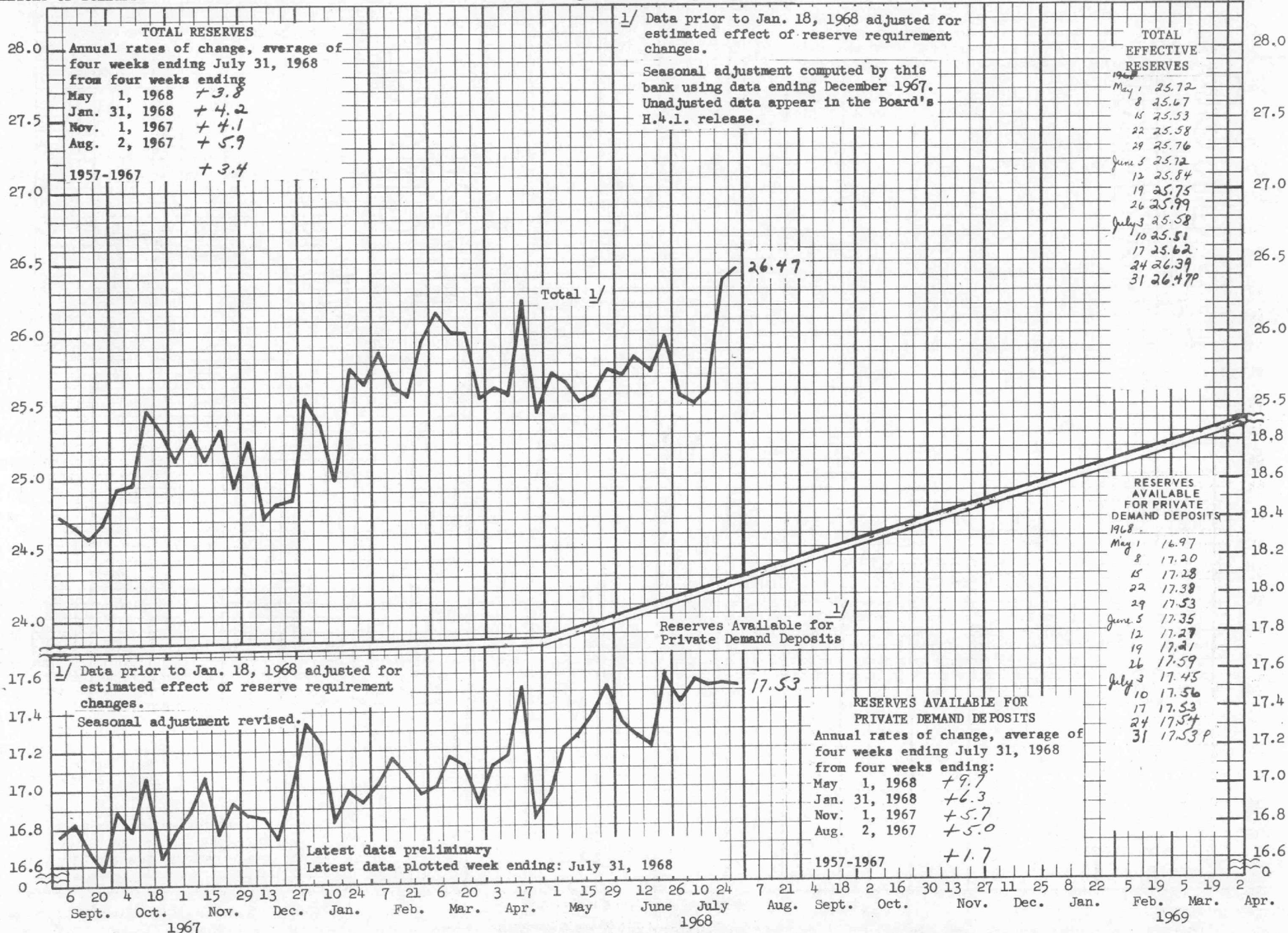
## All Member Banks in the Nation

### Averages of Daily Figures

3

Billions of Dollars

Billions of Dollars



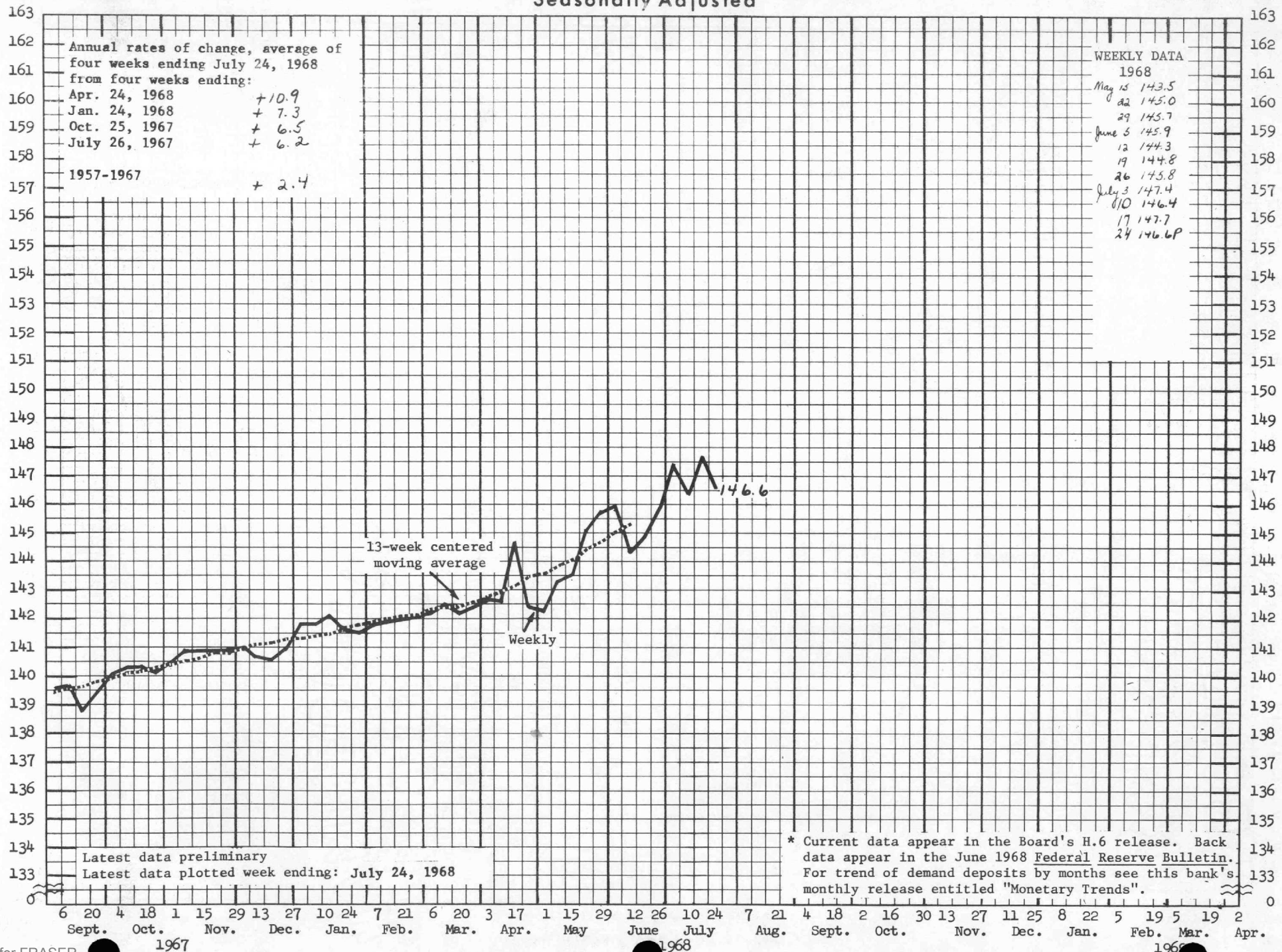
# DEMAND DEPOSIT COMPONENT OF U.S. MONEY STOCK\*

Averages of Daily Figures

Seasonally Adjusted

Billions of Dollars

Billions of Dollars





# MONEY STOCK\*

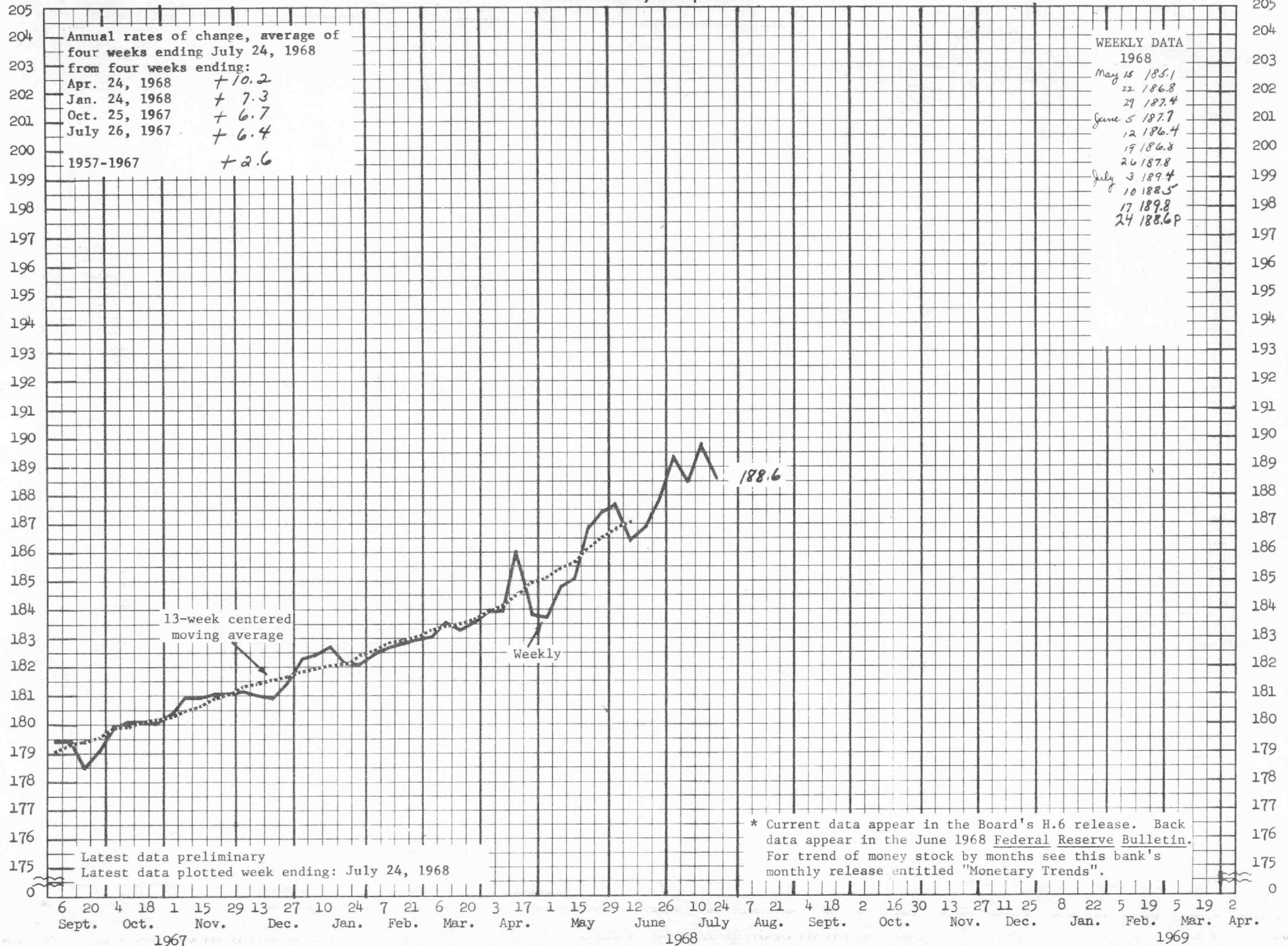
## Averages of Daily Figures

### Seasonally Adjusted

5

Billions of Dollars

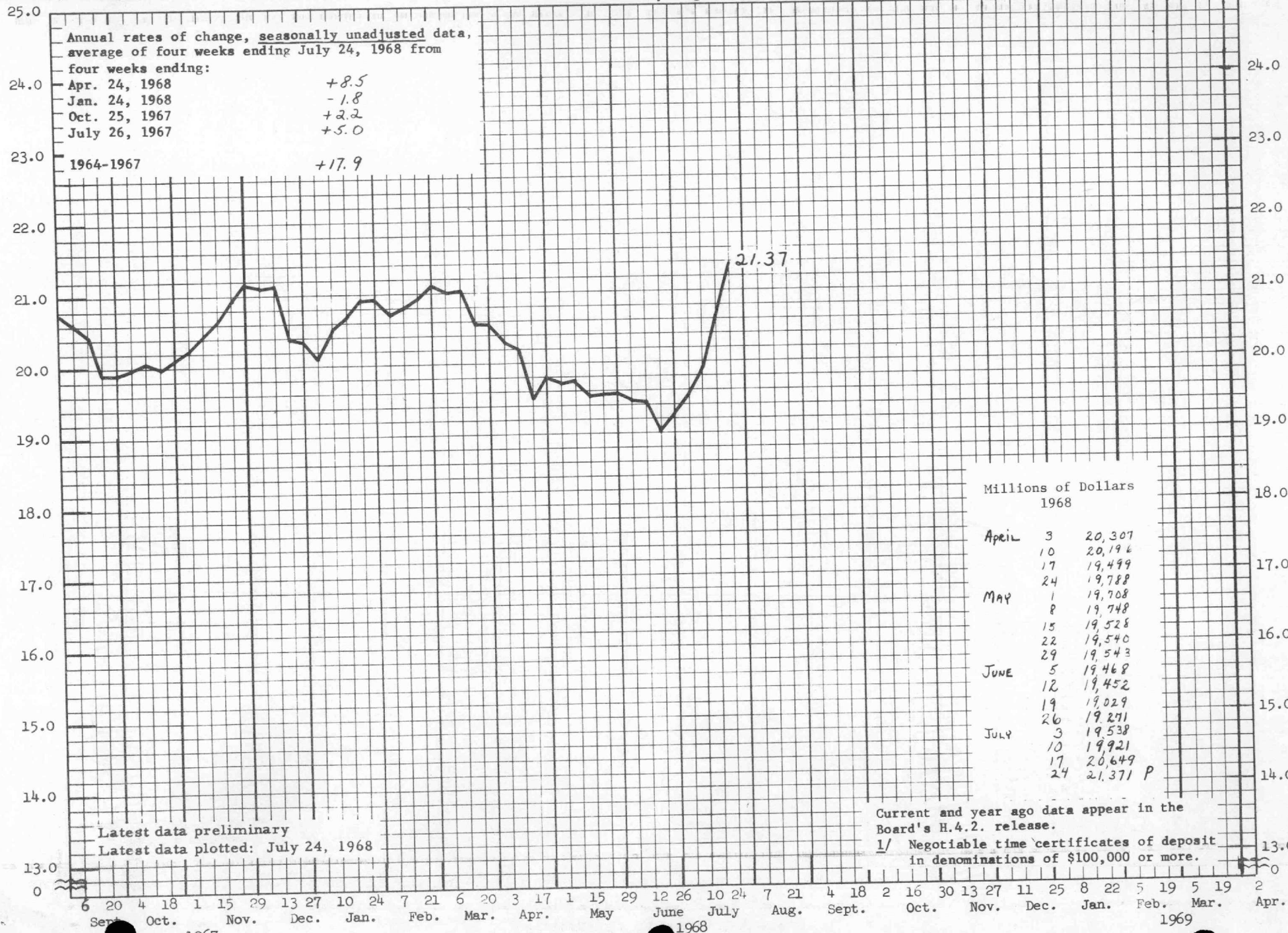
Billions of Dollars



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

Billions of Dollars

Billions of Dollars



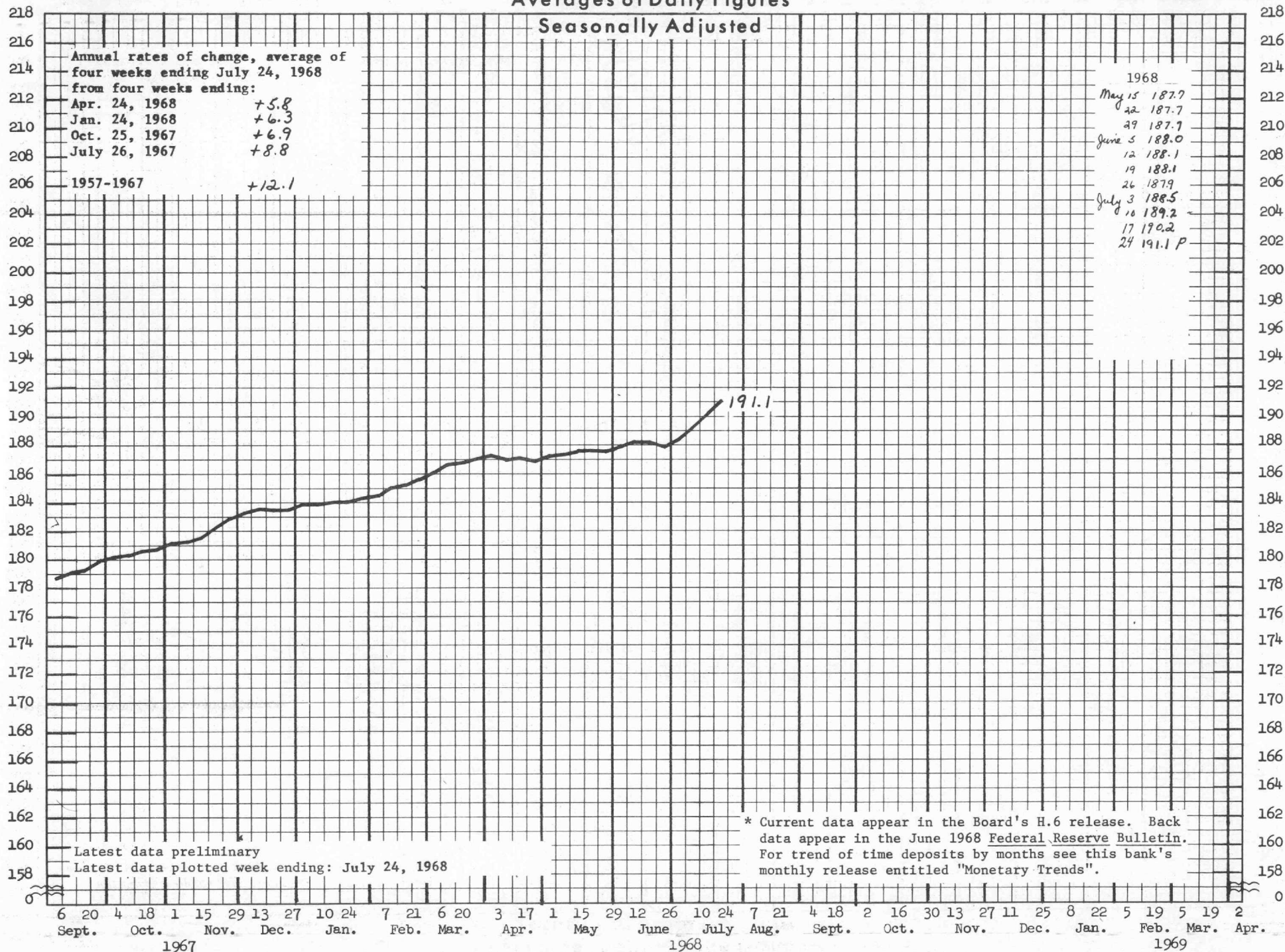


Billions of Dollars

TIME DEPOSITS\*  
All Commercial Banks  
Averages of Daily Figures

Billions of Dollars

Seasonally Adjusted



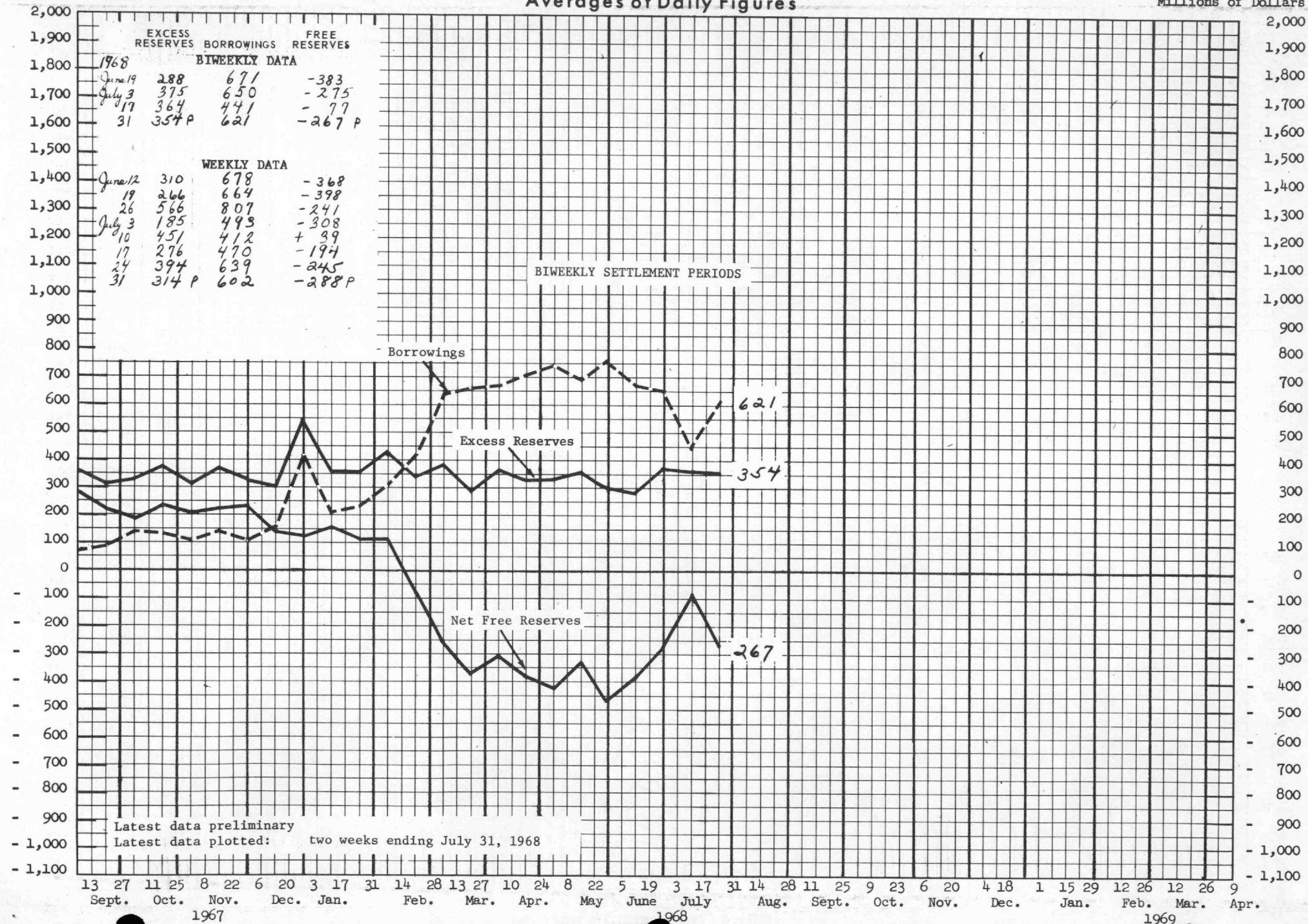
# BORROWINGS AND EXCESS RESERVES

## All Member Banks in the Nation

### Averages of Daily Figures

Millions of Dollars

Millions of Dollars

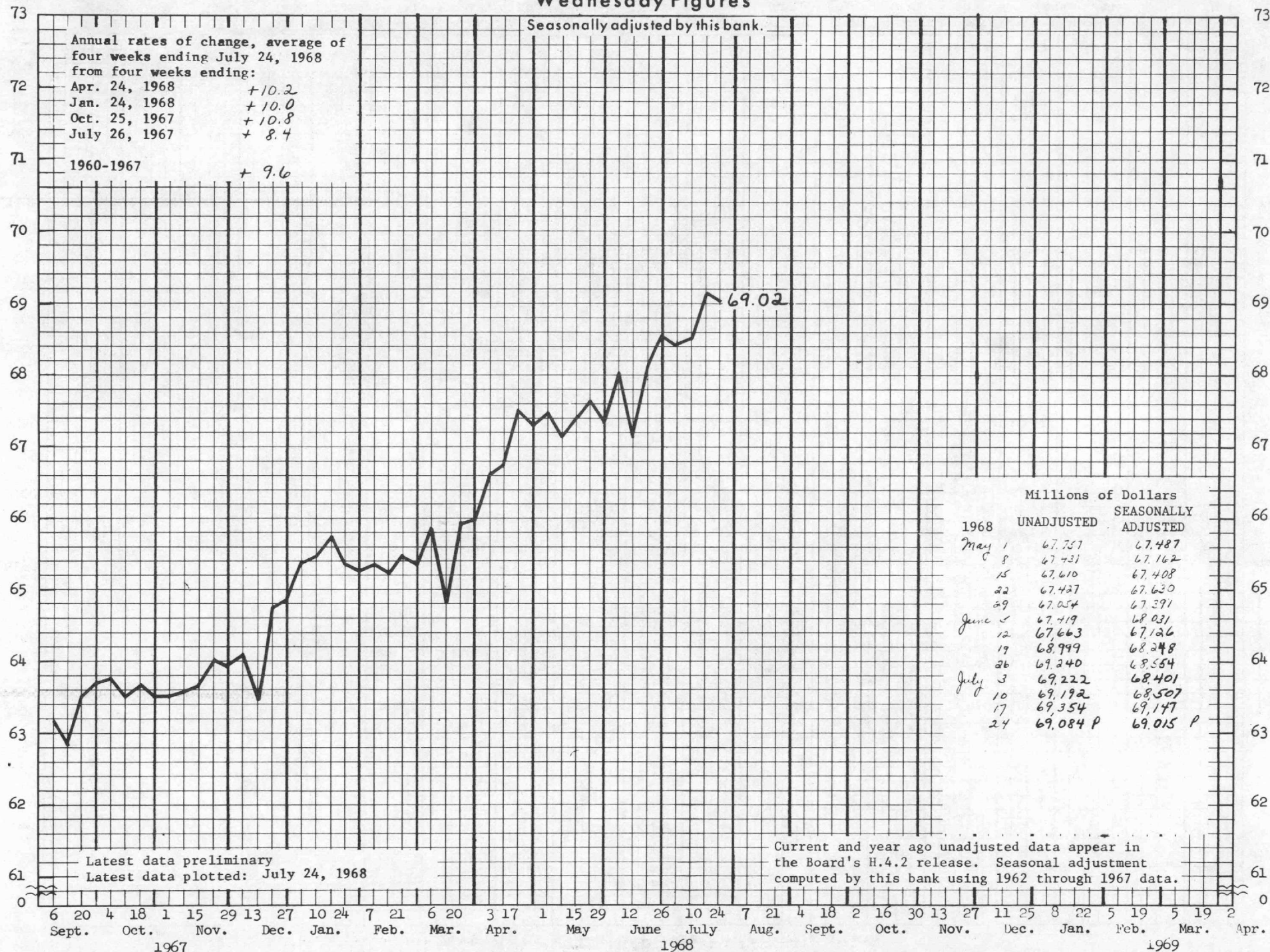




Billions of Dollars

# BUSINESS LOANS Large Commercial Banks Wednesday Figures

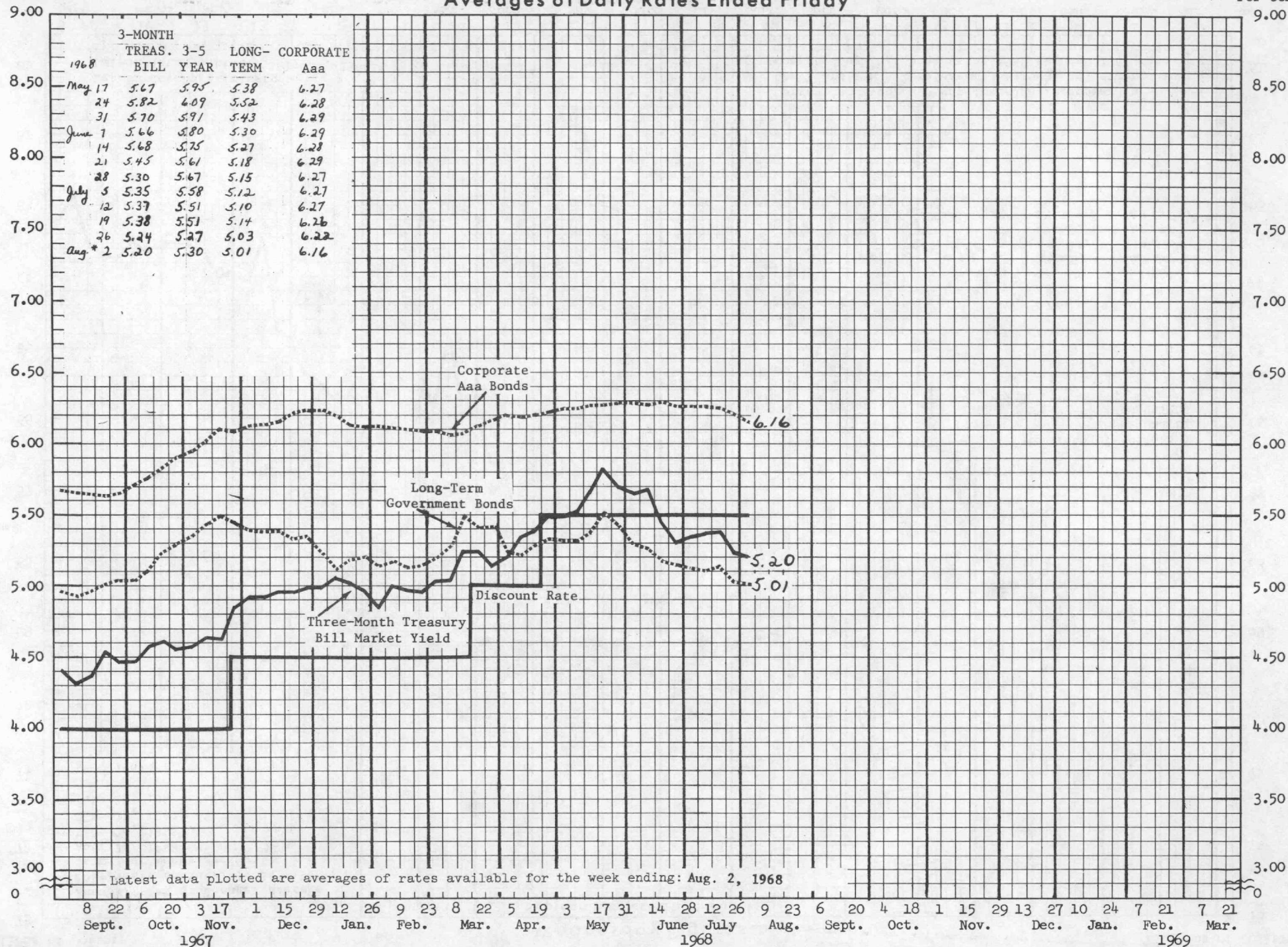
Billions of Dollars



# YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday

Per Cent

10  
Per Cent





Per Cent

# SELECTED SHORT-TERM INTEREST RATES

## Averages of Daily Rates Ended Friday

11

Per Cent

