

Week ending August 21, 1968

AUG 27 1968

INTEREST RATES (Pages 10 & 11)

Short-term interest rates rose rapidly from early November to mid-May of this year. Subsequently, yields on commercial paper, bankers' acceptances and Federal funds have declined slightly, but have remained above those which prevailed early in the year. These rates are still above the discount rate of 5-1/2 per cent which prevailed from April to August. Treasury bill rates now at 5.13 per cent, are down from the peaks of May and June but remain above the pre-March level.

As market rates for most short-term funds have remained above the discount rates, borrowings from the Federal Reserve have remained high. In the two week settlement period ending August 14, borrowings averaged \$657 million (Page 8), little different from the high average for the period since March.

CERTIFICATES OF DEPOSIT (Page 6)

Large certificates of deposit of major commercial banks have increased rapidly since the end of June. They reached \$22.2 billion on August 14, up from \$19.5 billion outstanding at the beginning of July. Certificates of deposit are one of the components of time deposits, and have been the major factor in the substantial increase in time deposits since early July.

The recent rapid rise in the growth of certificates of deposit has been associated with declines of short-term market interest rates relative to the rates which bankers are permitted to pay under the terms

CERTIFICATES OF DEPOSIT (Continued)

of Regulation Q. The ability of banks to compete for deposits is also reflected by the fact that banks are now able to attract funds at rates below the yields they are legally permitted to offer.

MONEY STOCK (Page 5)

The nation's money stock, consisting of private demand deposits and currency held by the public, has averaged \$189.6 billion in the four weeks ending August 14, up at an 11.3 per cent annual rate since early May. From January to May of this year money rose at a 6.4 per cent rate, the same rate as in 1967. In comparison, money rose at a trend rate of 2.6 per cent from 1957 to 1967.

MONETARY BASE (Pages 3 & 12)

The monetary base has risen at a 7.7 per cent annual rate in the last three months. By comparison, the monetary base increased 6.1 per cent in the preceding year, and from 1957 to 1967 at an average rate of 3.3 per cent. (For a description of the base see the August Review of this bank.)

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 23, 1968

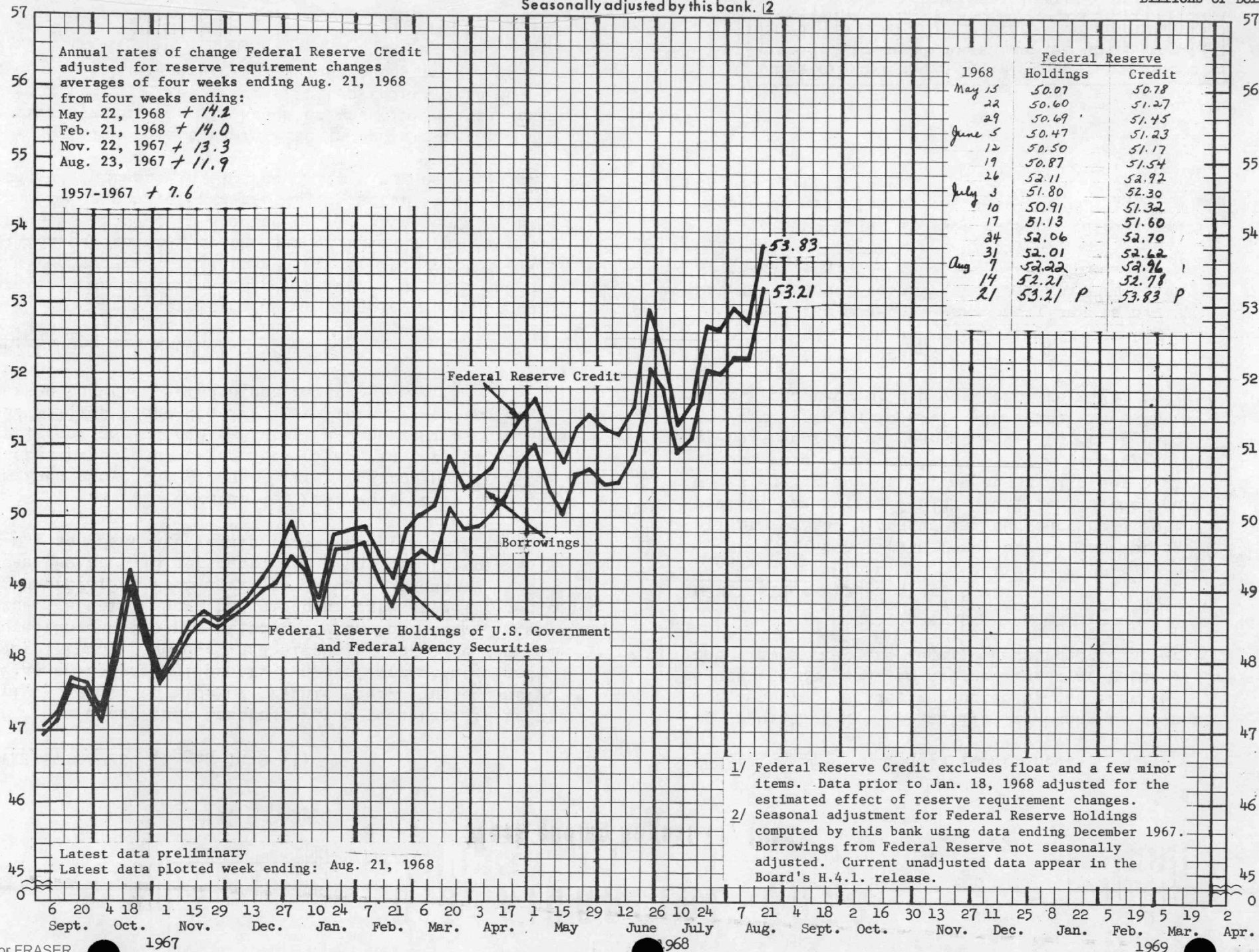
# FEDERAL RESERVE CREDIT 1 Averages of Daily Figures

2

Billions of Dollars

Billions of Dollars

Seasonally adjusted by this bank. 12

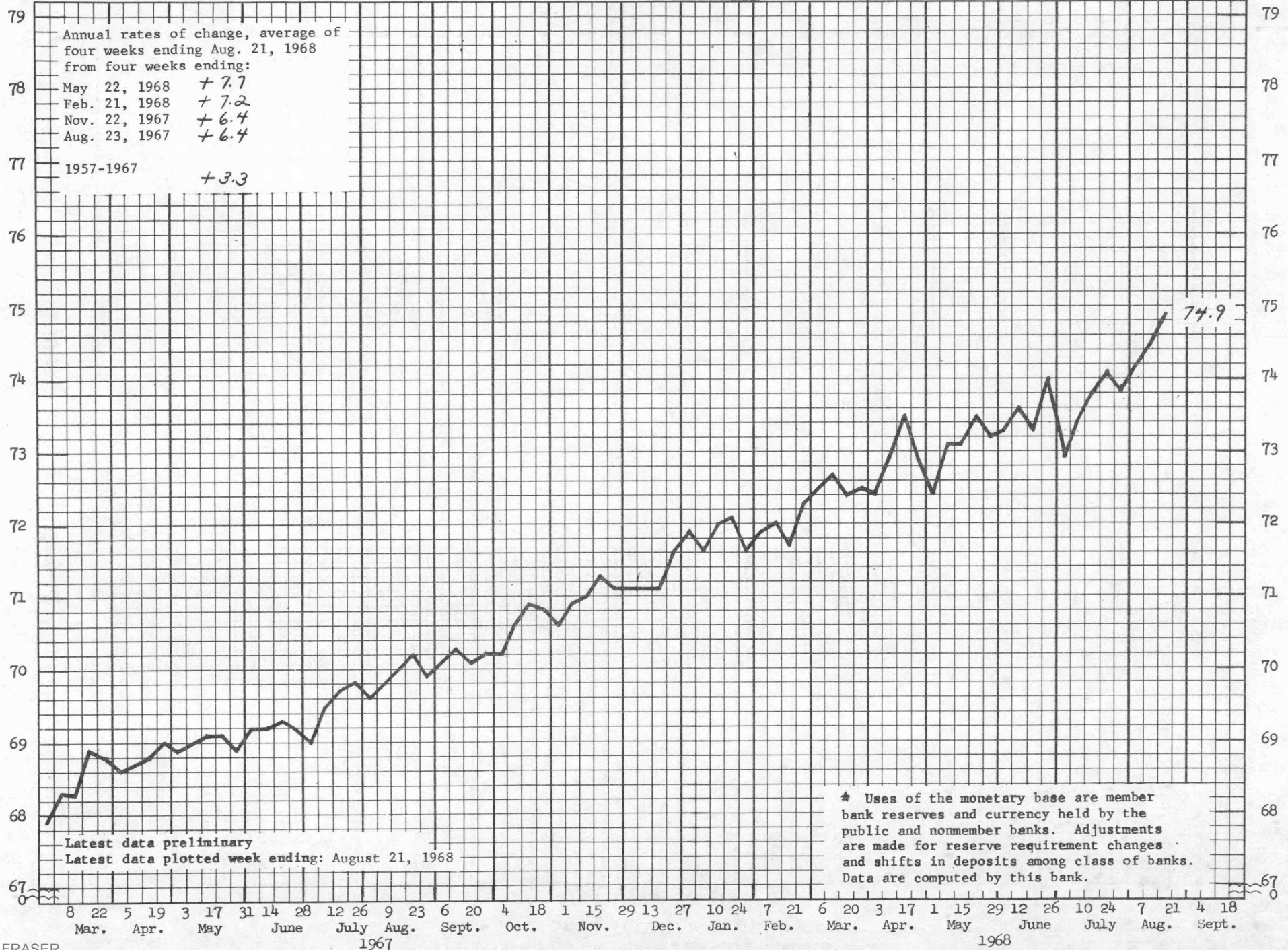




# **MONETARY BASE\*** **Averages of Daily Figures** **Seasonally Adjusted**

Billions of Dollars

Billions of Dollars



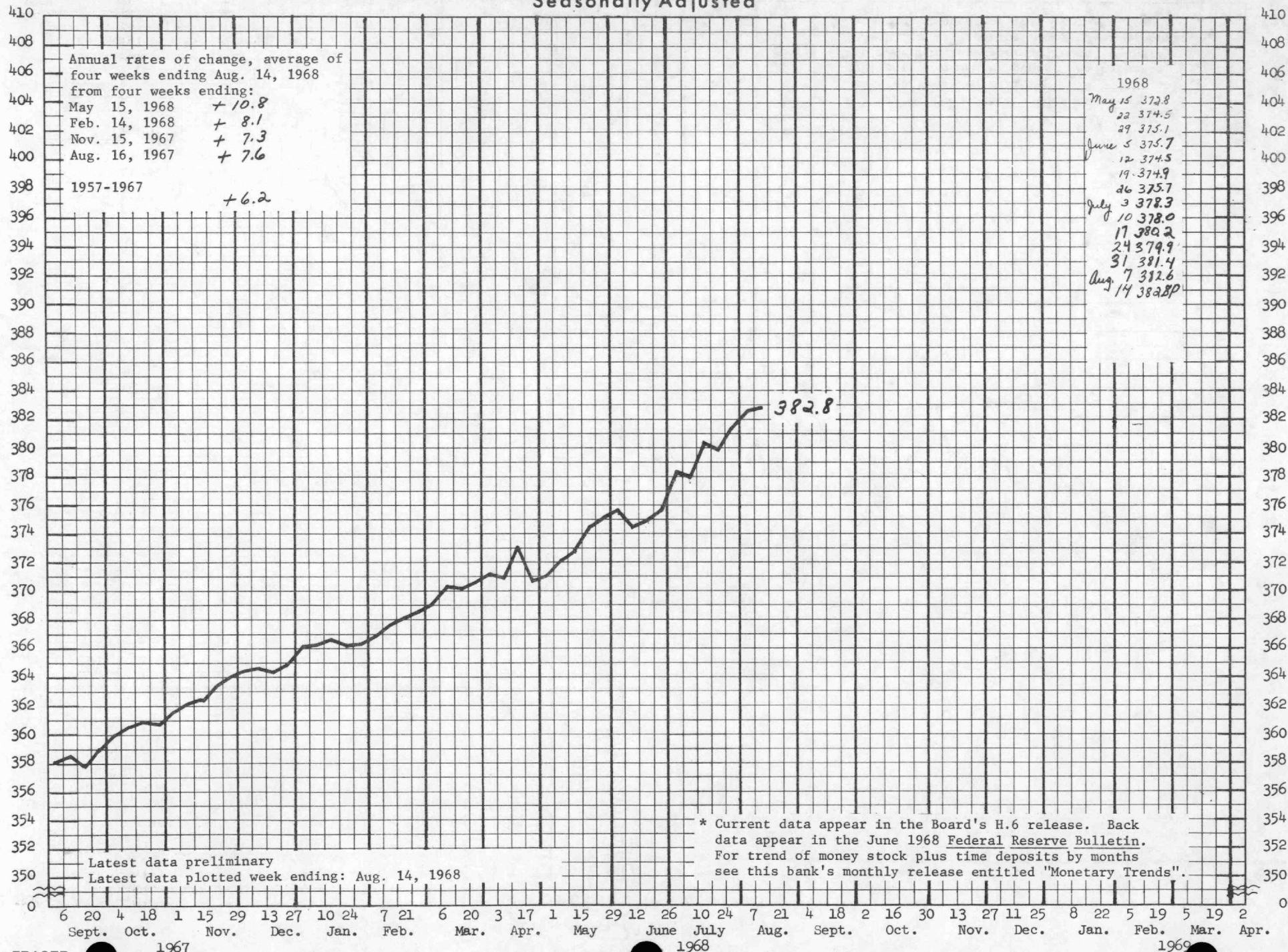
# MONEY STOCK PLUS TIME DEPOSITS\*

## Averages of Daily Figures

### Seasonally Adjusted

Billions of Dollars

Billions of Dollars





# MONEY STOCK\*

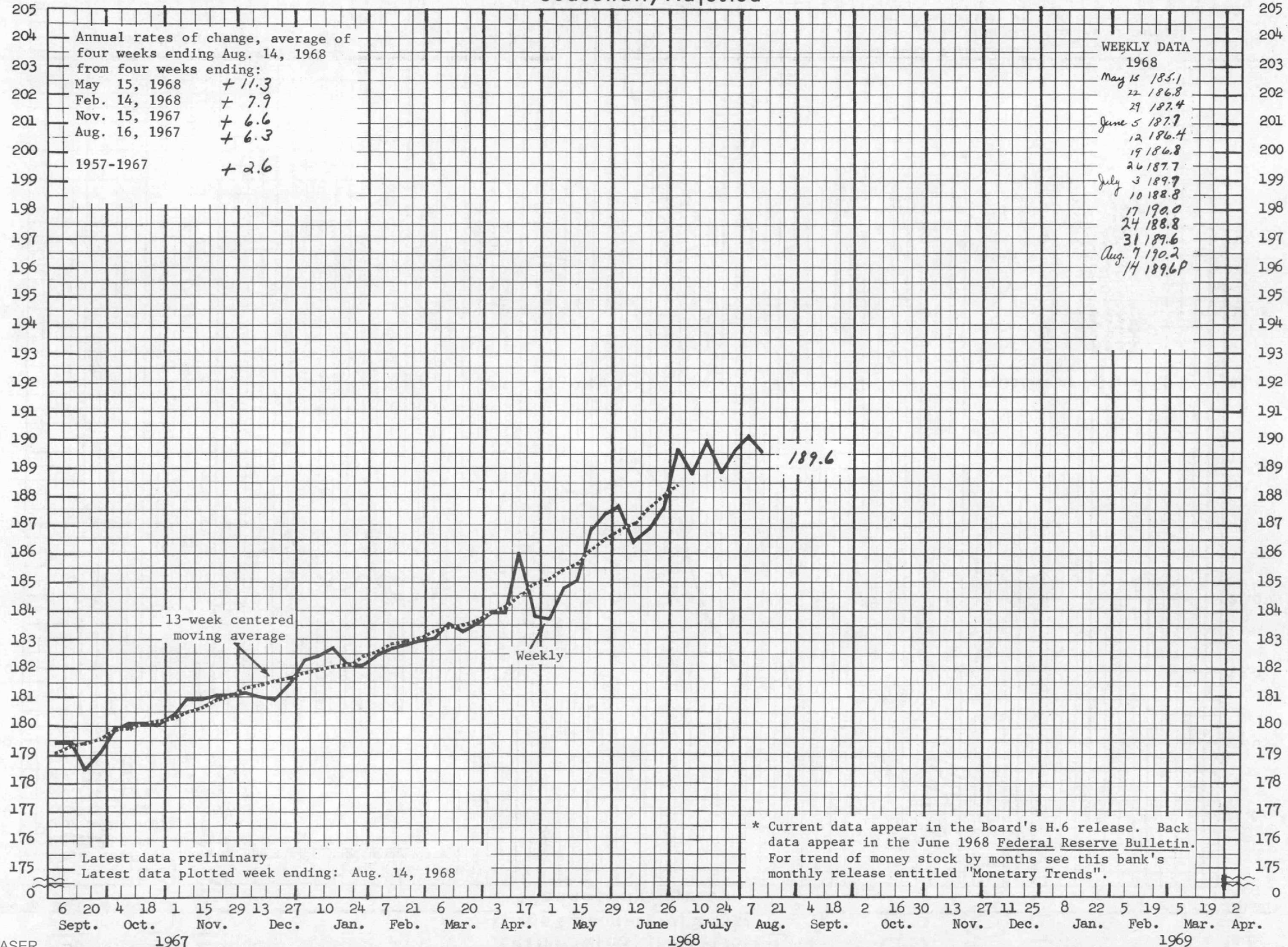
## Averages of Daily Figures

### Seasonally Adjusted

5

Billions of Dollars

Billions of Dollars

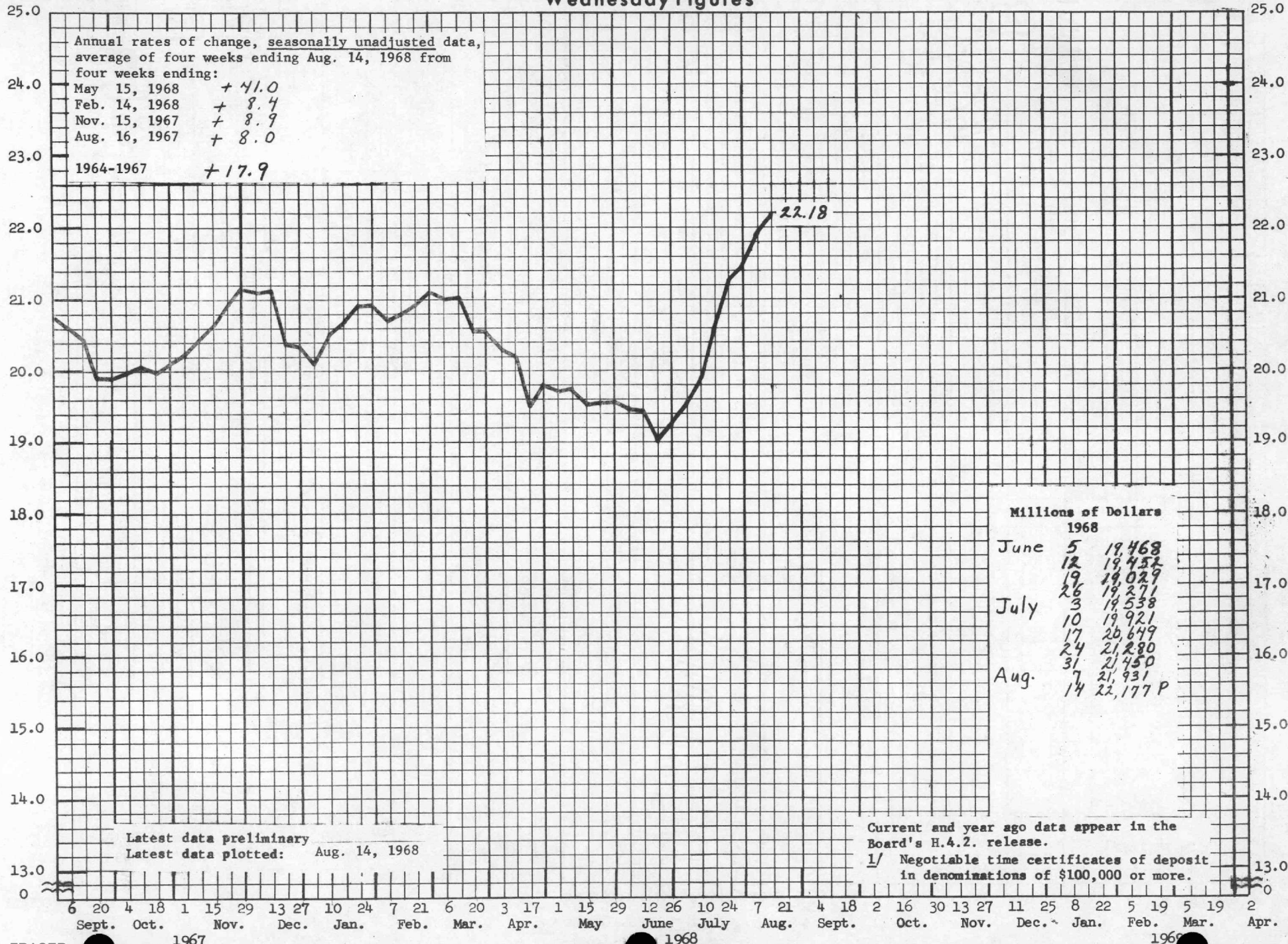


# CERTIFICATES OF DEPOSIT <sup>1</sup> Large Commercial Banks Wednesday Figures

6

Billions of Dollars

Billions of Dollars

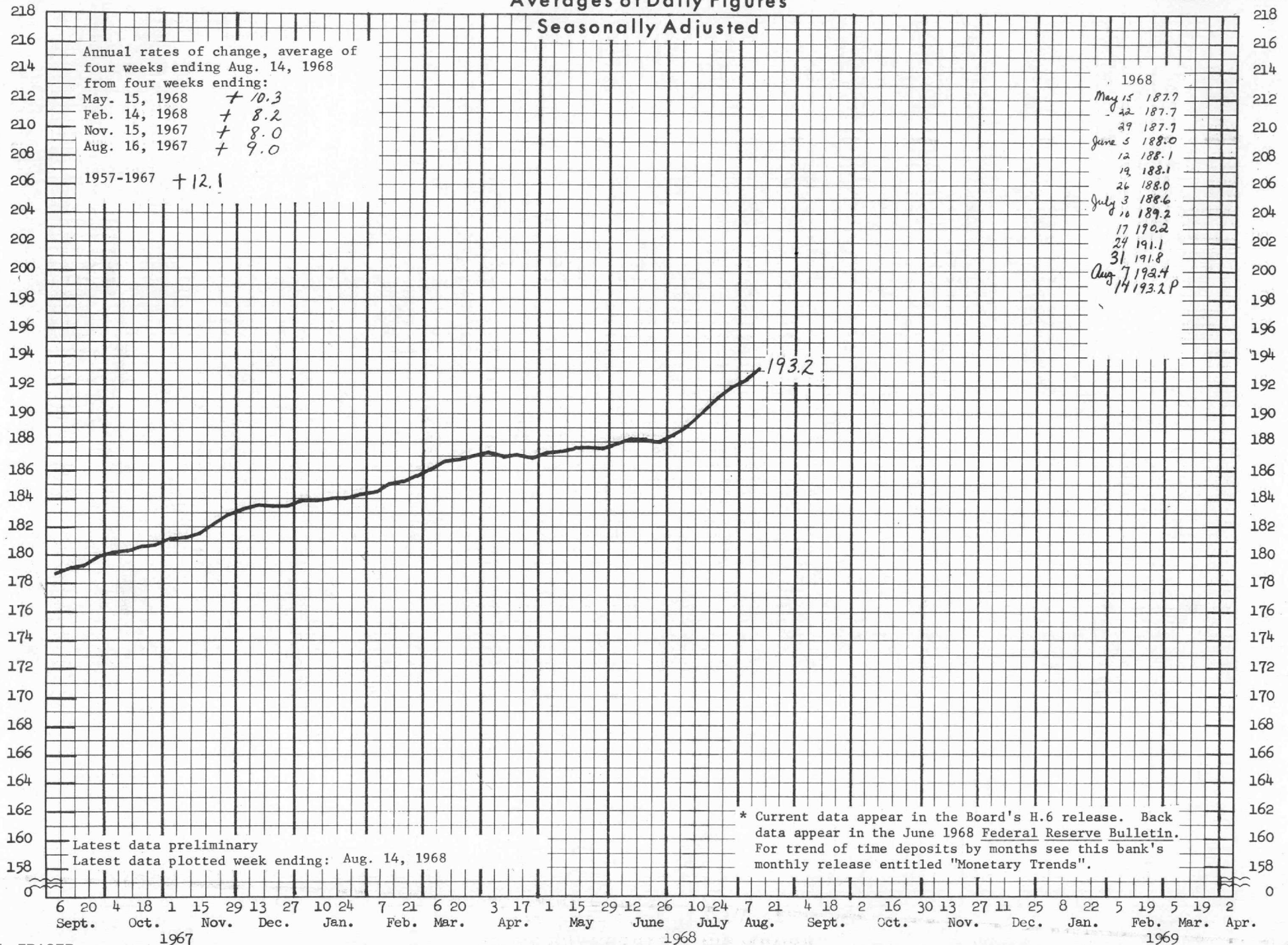




# TIME DEPOSITS\* All Commercial Banks Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

Billions of Dollars



# BORROWINGS AND EXCESS RESERVES

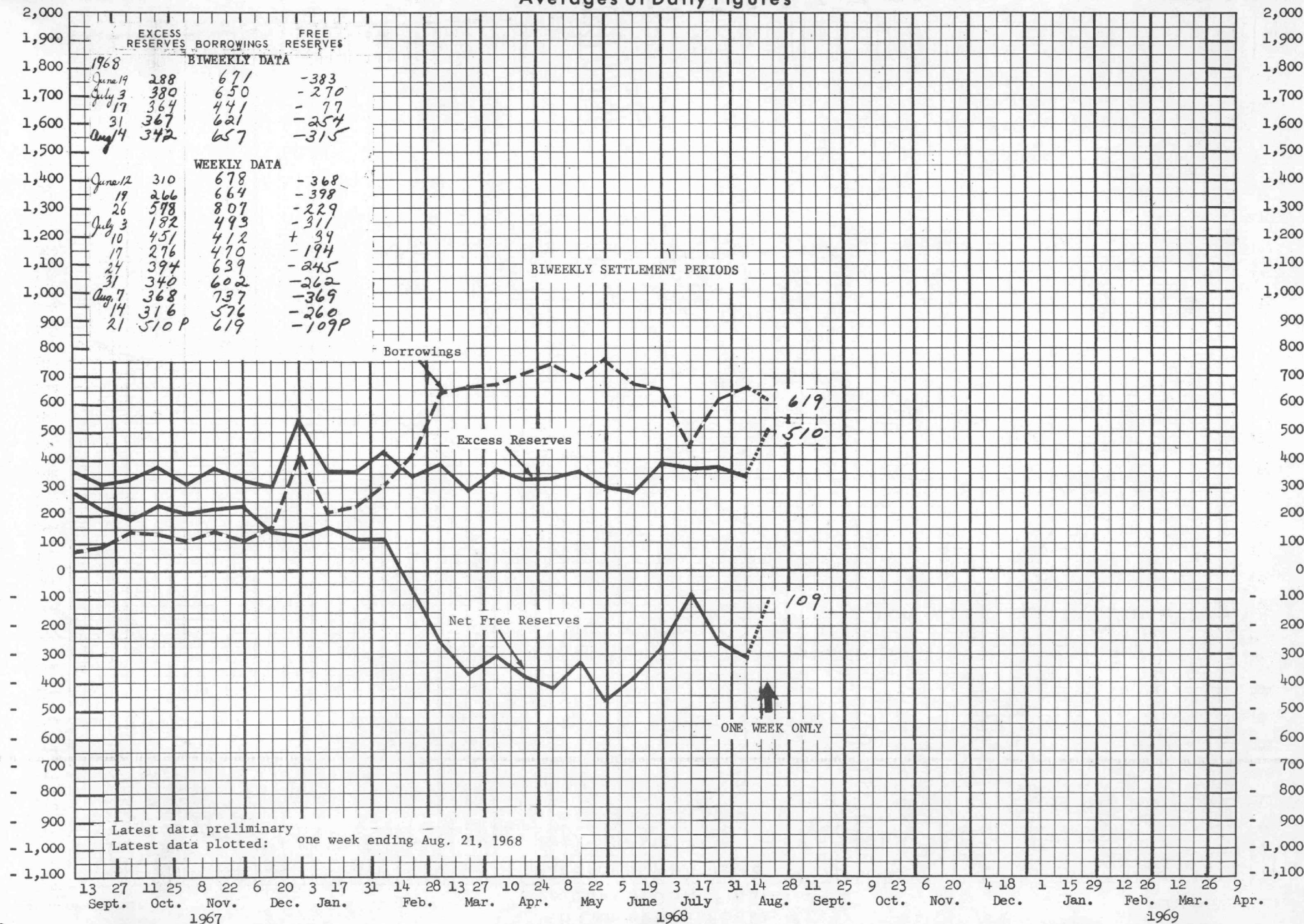
All Member Banks in the Nation

Averages of Daily Figures

8

Millions of Dollars

Millions of Dollars





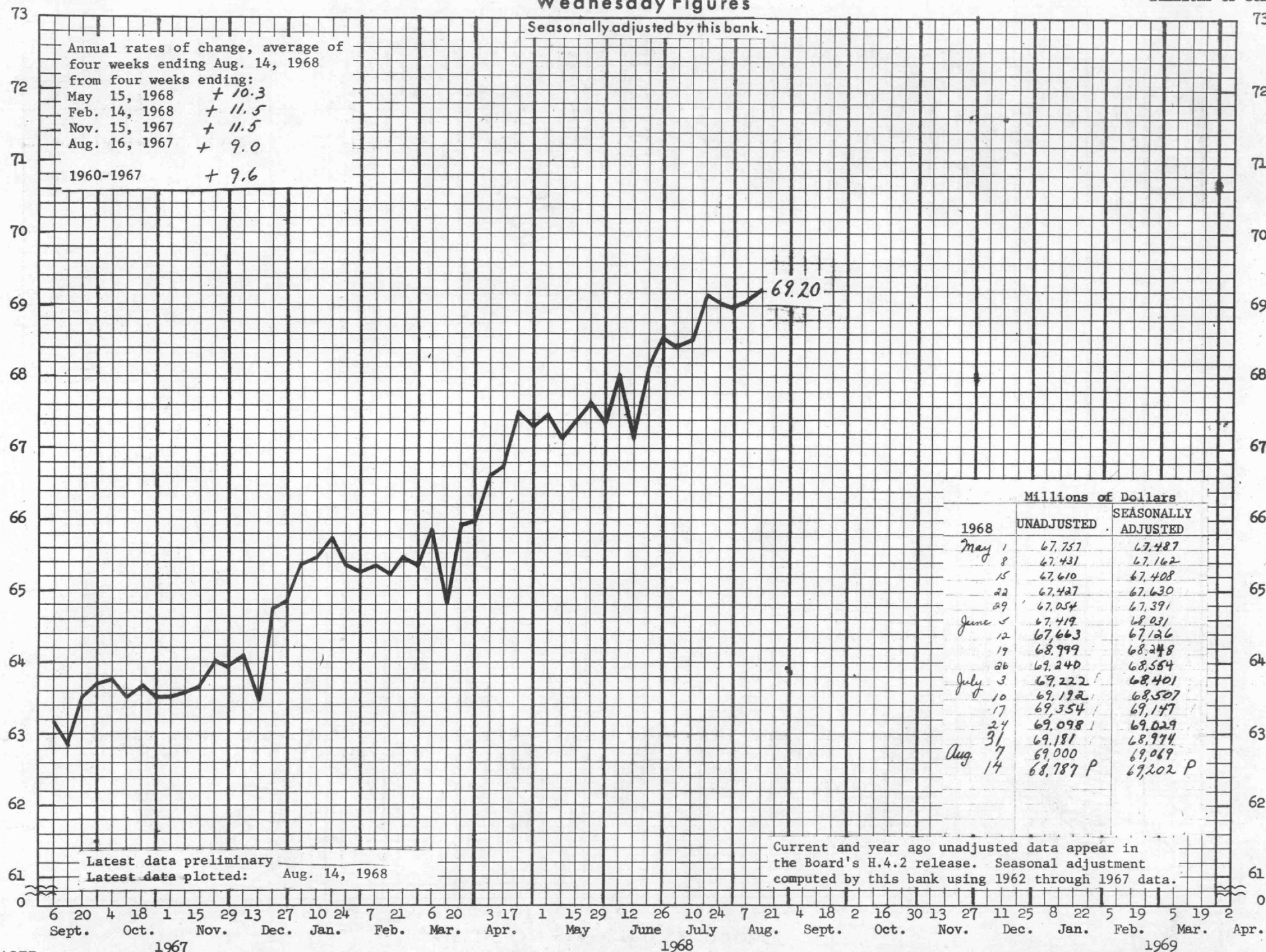
# BUSINESS LOANS Large Commercial Banks

## Wednesday Figures

Seasonally adjusted by this bank.

Billions of Dollars

Billions of Dollars



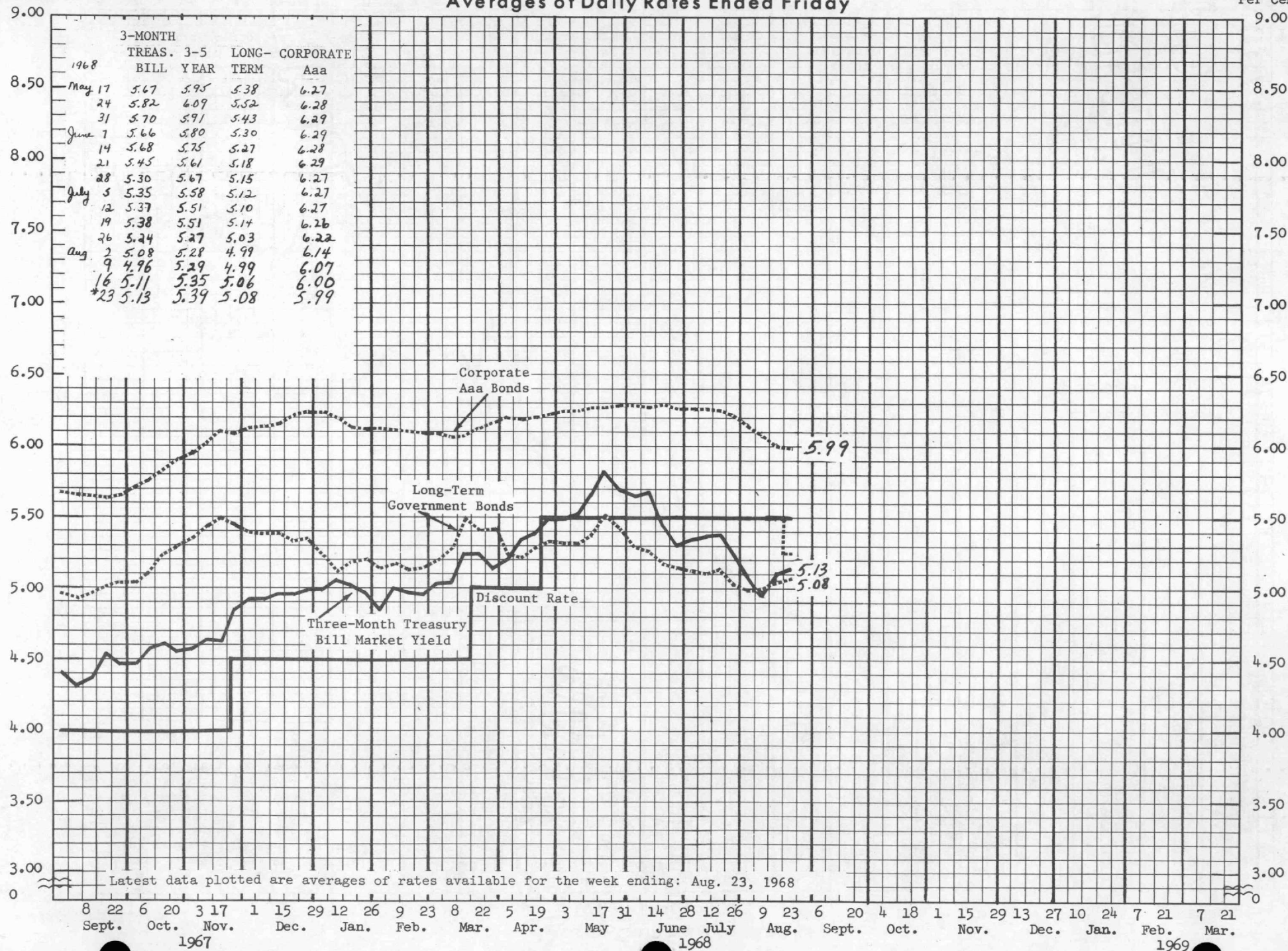
Per Cent

# YIELDS ON SELECTED SECURITIES

## Averages of Daily Rates Ended Friday

10

Per Cent

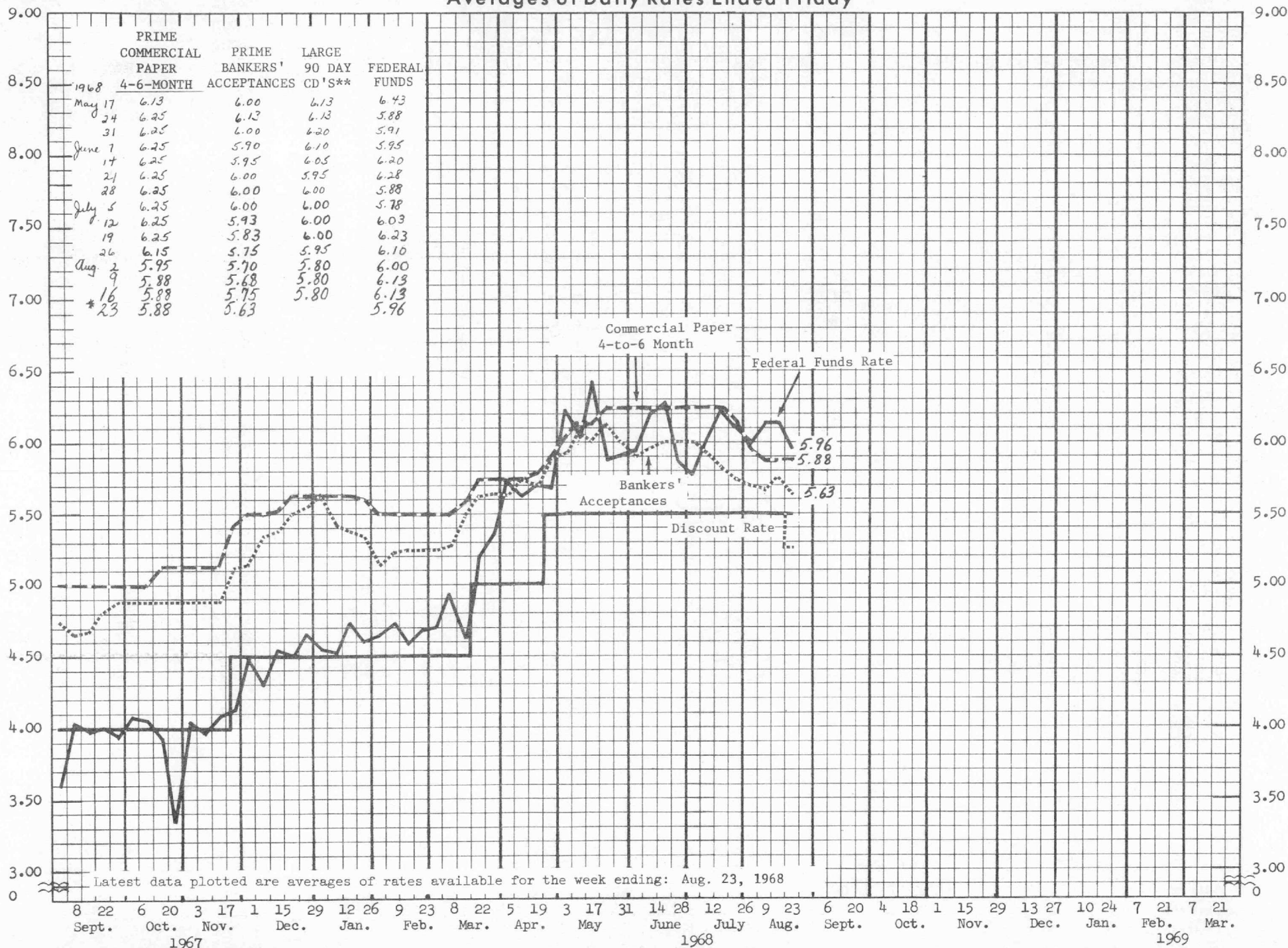




Per Cent

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

11  
Per Cent



<u>Monetary Base</u>		<u>Monetary Base</u>		<u>Monetary Base</u>		<u>Total Effective Reserves</u>	
<u>Week Ending</u>	<u>Seasonally Adjusted</u>	<u>Week Ending</u>	<u>Seasonally Adjusted</u>	<u>Week Ending</u>	<u>Seasonally Adjusted</u>	<u>Week Ending</u>	<u>Seasonally Adjusted</u>
Jan. 4, 1967	67.5	Oct. 4, 1967	70.2	July 3, 1968	72.9	June 5, 1968	25.72
11	67.8	11	70.6	10	73.4	12	25.84
18	67.6	18	70.9	17	73.8	19	25.75
25	68.0	25	70.8	24	74.1	26	26.01
Feb. 1, 1967	67.8	Nov. 1, 1967	70.6	31	73.8	July 3, 1968	25.58
8	67.9	8	70.9	Aug. 7, 1968	74.2	10	25.51
15	67.9	15	71.0	14	74.5	17	25.62
22	68.2	22	71.3	21	74.9 P	24	26.39
Mar. 1, 1967	67.9	29	71.1			31	26.52
8	68.3	Dec. 6, 1967	71.1			Aug. 7, 1968	26.43
15	68.3	13	71.1			14	26.20
22	68.9	20	71.1			21	26.53 P
29	68.8	27	71.6				
Apr. 5, 1967	68.6	Jan. 3, 1968	71.9				
12	68.7	10	71.6				
19	68.8	17	72.0				
26	69.0	24	72.1				
May 3, 1967	68.9	31	71.6				
10	69.0	Feb. 7, 1968	71.9				
17	69.1	14	72.0				
24	69.1	21	71.7				
31	68.9	28	72.3				
June 7, 1967	69.2	Mar. 6, 1968	72.5				
14	69.2	13	72.7				
21	69.3	20	72.4				
28	69.2	27	72.5				
July 5, 1967	69.0	Apr. 3, 1968	72.4				
12	69.5	10	72.9				
19	69.7	17	73.5				
26	69.8	24	72.9				
Aug. 2, 1967	69.6	May 1, 1968	72.4				
9	69.8	8	73.1				
16	70.0	15	73.1				
23	70.2	22	73.5				
30	69.9	29	73.2				
Sept. 6, 1967	70.1	June 5, 1968	73.3				
13	70.3	12	73.6				
20	70.1	19	73.3				
27	70.2	26	74.0				

<u>Reserves Available For Private Demand Deposits</u>	
<u>Week Ending</u>	<u>Seasonally Adjusted</u>
June 5, 1968	17.35
12	17.27
19	17.21
26	17.59
July 3, 1968	17.47
10	17.50
17	17.53
24	17.54
31	17.58
Aug. 7, 1968	17.69
14	17.48
21	17.79 P

Averages of daily figures in billions of dollars.

P - preliminary.