Monetary expansion has been at a rapid rate in recent weeks and months continuing the growth of the first half of the year. Federal Reserve credit (page 2) has grown at a 17 per cent annual rate in the last three months and at an 11 per cent rate in the previous six months. The money supply (page 5) has grown at a 9 per cent annual rate for the last three months and at a 6.7 per cent rate in the previous six months. The monetary base (page 3) has risen at a 7.1 per cent rate for 3 months and at 6.6 per cent rate in the previous six months.

Although these particular monetary measures are growing rapidly relative to their long-term trends, rapid growth did not start in the last few months. For instance, from 1964 to 1967 Federal Reserve credit grew at an average 10 per cent rate, much faster than the 1957-1964 average growth of 6.7 per cent. Money grew at a 4 per cent annual rate from 1964 to 1967 compared to the 1.9 per cent average rate for the 1957-1964 period. The monetary base grew at close to a 5 per cent rate from 1964 to 1967, and at only a 2.7 per cent trend rate from 1957 to 1964.

The effect of Regulation Q on time deposits has been a principle reason for bank credit (page 4) and time deposits (page 7) showing patterns of growth different from the money supply, monetary base, and Federal Reserve credit. When market interest rates rise above maximums permitted under Regulation Q, as they did in the first part of this year, funds flow away from commercial bank time deposits through other channels from savers to investors. As a result time deposits and bank credit grew at relatively much slower rates in the second quarter of this year, and at more rapid rates since market rates fell below Regulation Q levels. In the last two months time deposits (page 7) have jumped at a 17 per cent annual rate whereas in the first six months they grew at a rate of 5 per cent. Likewise, bank credit (page 4) has grown at a 17 per cent rate, whereas in the first half of the year it increased at a rate of 8 per cent.

Most of the expansion in monetary variables in recent months has resulted from the Federal Reserve's purchase of Government securities. Borrowings (page 8) from the Federal Reserve have recently been down $165 million from three months ago; other Federal Reserve credit, mostly from purchases of government securities, has risen about $2.3 billion. During the past nine months the $4.7 billion expansion of Federal Reserve credit has resulted from about a net $440 million of borrowing from the Federal Reserve and $4.3 billion of Federal Reserve purchases of 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: September 6, 1968
Federal Reserve Credit

Averages of Daily Figures
Seasonally adjusted by this bank.

Annual rate of change Federal Reserve Credit adjusted for reserve requirement changes averages of four weeks ending Sept. 4, 1968 from four weeks ending:

- June 5, 1968: +17.2
- Mar. 6, 1968: +15.2
- Dec. 6, 1967: +13.2
- Sept. 6, 1967: +13.0

1957-1967: +7.6

Federal Reserve Credit

Federal Reserve Holdings

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

Borrowings

Latest data preliminary
Latest data plotted week ending: Sept. 4, 1968

1/ Federal Reserve Credit excludes float and a few minor items. Data prior to Jan. 18, 1968 adjusted for the estimated effect of reserve requirement changes.

### MONETARY BASE*

**Averages of Daily Figures**

**Seasonally Adjusted**

<table>
<thead>
<tr>
<th>Week Ending</th>
<th>Monetary Base</th>
<th>Total Effective Reserves</th>
<th>Reserves Available for Private Demand Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1968</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>July</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>72.9</td>
<td>25.58</td>
<td>17.47</td>
</tr>
<tr>
<td>10</td>
<td>73.4</td>
<td>25.66</td>
<td>17.33</td>
</tr>
<tr>
<td>17</td>
<td>72.8</td>
<td>25.66</td>
<td>17.56</td>
</tr>
<tr>
<td>24</td>
<td>74.1</td>
<td>25.39</td>
<td>17.55</td>
</tr>
<tr>
<td>31</td>
<td>73.8</td>
<td>26.32</td>
<td>17.57</td>
</tr>
<tr>
<td><strong>Aug.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>74.2</td>
<td>26.43</td>
<td>17.69</td>
</tr>
<tr>
<td>8</td>
<td>74.5</td>
<td>26.40</td>
<td>17.69</td>
</tr>
<tr>
<td>15</td>
<td>74.9</td>
<td>26.60</td>
<td>17.79</td>
</tr>
<tr>
<td>22</td>
<td>74.7</td>
<td>26.36</td>
<td>17.45</td>
</tr>
<tr>
<td>29</td>
<td>74.3 P</td>
<td>26.17 P</td>
<td>17.52 P</td>
</tr>
</tbody>
</table>

*(Averages of daily figures in billions of dollars.)*

**Latest data preliminary**

**Latest data plotted week ending:** Sept. 4, 1968

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**Annual rates of change, average of four weeks ending Sept. 4, 1968 from four weeks ending:**
- June 5, 1968: +7.1%
- Mar. 6, 1968: +6.8%
- Dec. 6, 1967: +6.8%
- Sept. 6, 1967: +6.4%

1957-1967: +3.3%

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*Uses of the monetary base are member bank reserves and currency held by the public and nonmember banks. Adjustments are made for reserve requirement changes and shifts in deposits among class of banks. Data are computed by this bank. For a description of the base see the August Review of this bank and for trend of monetary base by months see this bank's monthly release entitled "Monetary Trends".*
TOTAL CREDIT
Large Commercial Banks
Wednesday Figures

Seasonally adjusted by this bank.

Annual rates of change, average of
four weeks ending Aug. 28, 1968
from four weeks ending:
May 29, 1968  + 14.5
Feb. 28, 1968  + 9.4
Nov. 29, 1967  + 9.2
Aug. 30, 1967  + 9.5
1960-1967  + 8.0

Latest data preliminary
Latest data plotted: Aug. 28, 1968

Current and year ago unadjusted data appear in
the Board's H.4.1 release. Seasonal adjustment
computed by this bank using 1961 through 1966 data.

Prepared by Federal Reserve Bank of St. Louis
Annual rates of change, average of four weeks ending Aug. 28, 1968 from four weeks ending:

May 29, 1968 +9.0
Feb. 28, 1968 +8.2
Nov. 29, 1967 +6.9
Aug. 30, 1967 +6.3
1957-1967 +2.6

Latest data preliminary
Latest data plotted week ending: Aug. 28, 1968


Prepared by Federal Reserve Bank of St. Louis
Annual rates of change, seasonally unadjusted data, average of four weeks ending Aug. 28, 1968 from four weeks ending:
- May 29, 1968: + 2.5%
- Feb. 28, 1968: + 1.0%
- Nov. 29, 1967: + 8.8%
- Aug. 30, 1967: + 8.2%

1964-1967: + 17.9%

Latest data preliminary
Latest data plotted: Aug. 28, 1968

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Prime</th>
<th>Commercial Paper</th>
<th>Prime Bankers' 90 Day Acceptances</th>
<th>Large Paper Bankers' 90 Day Acceptances</th>
<th>Federal Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 17</td>
<td>6.25</td>
<td>5.95</td>
<td>5.70</td>
<td>5.63</td>
<td>5.73</td>
</tr>
<tr>
<td>May 24</td>
<td>6.25</td>
<td>6.13</td>
<td>6.00</td>
<td>5.95</td>
<td>6.03</td>
</tr>
<tr>
<td>June 1</td>
<td>6.25</td>
<td>5.95</td>
<td>5.70</td>
<td>5.63</td>
<td>5.73</td>
</tr>
<tr>
<td>June 14</td>
<td>6.25</td>
<td>5.95</td>
<td>5.70</td>
<td>5.63</td>
<td>5.73</td>
</tr>
<tr>
<td>July 21</td>
<td>6.25</td>
<td>6.13</td>
<td>6.00</td>
<td>5.95</td>
<td>6.03</td>
</tr>
<tr>
<td>July 28</td>
<td>6.25</td>
<td>6.13</td>
<td>6.00</td>
<td>5.95</td>
<td>6.03</td>
</tr>
<tr>
<td>Aug 15</td>
<td>5.95</td>
<td>5.70</td>
<td>5.55</td>
<td>5.43</td>
<td>5.55</td>
</tr>
<tr>
<td>Aug 22</td>
<td>6.25</td>
<td>5.95</td>
<td>5.70</td>
<td>5.63</td>
<td>5.73</td>
</tr>
<tr>
<td>Aug 29</td>
<td>5.95</td>
<td>5.70</td>
<td>5.55</td>
<td>5.43</td>
<td>5.55</td>
</tr>
<tr>
<td>Aug 30</td>
<td>5.95</td>
<td>5.70</td>
<td>5.55</td>
<td>5.43</td>
<td>5.55</td>
</tr>
</tbody>
</table>

Latest data plotted are averages of rates available for the week ending: Sept. 6, 1968.

Prepared by Federal Reserve Bank of St. Louis

Source: Salomon Brothers and Hutzi

Secondary Market Rate on 90-Day Prime CD's.