Monetary expansion since July has decelerated as measured by the money stock, accelerated as measured by money plus time deposits, and remained at about an unchanged rate as measured by the monetary base. As a result, questions arise as to which monetary aggregate may be currently most meaningful in indicating monetary influence on economic activity.

Deceleration of the rate of growth of money (page 3) from an 8 per cent annual rate from January to July to a 1.9 per cent rate in the past three months, in the face of maintained rapid growth of the monetary base, may be ascribed in considerable part to absorption of reserves by the accelerated growth of time deposits. In addition, Government deposits at commercial banks have increased since July which causes private demand deposits to decrease.

Accelerated growth of money plus time deposits (page 4) and of commercial bank credit since mid-year, without faster growth of the base, is accounted for mainly by the increased growth rate of time deposits. The reserve requirements on time deposits are smaller than the requirements on demand deposits so that a given amount of reserves can support a much larger amount of time deposits than demand deposits. Time deposits (page 7) have risen at a very rapid 19 per cent rate during the last three months after increasing at a slow 7 per cent rate from January to July. The 1957 to 1967 trend growth rate of time deposits was 12 per cent. The accelerated growth of time deposits, and therefore the diversity between the growth rates of money and of bank credit may be explained by the mid-year decline of market interest rates relative to the maximum rates banks are permitted to pay on time deposits. This decline enabled commercial banks to compete more effectively for time deposits which had increased very slowly earlier in the year when the competitive ability of banks was constrained by the Regulation Q ceilings.

The monetary base (page 2), which strongly influences the trend growth of money over periods of several months, has risen at a 5 per cent annual rate during the past three months, similar to the 5.4 per cent rate of the first half of the year, but considerably faster than the 3.3 per cent average annual rate from 1957 to 1967. Growth in Federal Reserve credit (page 2), which largely determines the trend of the base, has been at a 12 per cent annual rate during the past three months compared with a 10.5 per cent rate during the preceding six months and a 7.6 per cent trend rate from 1957 to 1967.

Since the more rapid growth in bank credit and in money plus time deposits reflects almost entirely a change of paths of financial flows without materially affecting the total flows, it does not appear to indicate a more expansive monetary stance. The slower growth in money stock, assuming growth in demand to hold money remained about unchanged, probably does reflect less expansive monetary influence. However, it is unlikely that money will continue to rise at the recent slower pace unless the growth in the monetary base also slows, since the recent developments in both Treasury deposits and time deposits will probably not continue at these rates.

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: November 8, 1968
MONETARY BASE  1
FEDERAL RESERVE CREDIT  2
Averages of Daily Figures

Billions of Dollars

Annual rates of change, average of
four weeks ending Nov. 6, 1968 from
four weeks ending:

<table>
<thead>
<tr>
<th>Date</th>
<th>Monetary Base</th>
<th>F.R. Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 7, 1968</td>
<td>+ 4.4</td>
<td>+ 11.8</td>
</tr>
<tr>
<td>May 8, 1968</td>
<td>+ 5.5</td>
<td>+ 9.8</td>
</tr>
<tr>
<td>Feb. 7, 1968</td>
<td>+ 5.7</td>
<td>+ 11.3</td>
</tr>
<tr>
<td>Nov. 8, 1967</td>
<td>+ 5.9</td>
<td>+ 11.1</td>
</tr>
</tbody>
</table>

1957-1967  + 3.3  + 7.6

1/ Uses of the monetary base are member bank
reserves and currency held by the public and
nonmember banks, adjusted for reserve requirement
changes and shifts in deposits. For a description
of the base see the August Review of this bank.

2/ As defined in the statistical tables of the
Federal Reserve Bulletin, adjusted for reserve
requirement changes and shifts in deposits.

Latest data preliminary
Latest data plotted week ending: Nov. 6, 1968
Annual rates of change, average of four weeks ending Oct. 30, 1968 from four weeks ending:
- July 31, 1968 +1.9
- Aug. 7, 1968 +0.4
- Jan. 31, 1968 +5.6
- Sept. 9, 1968 +0.3
- Nov. 1, 1967 +5.5
- Oct. 5, 1969 +0.2
- 1957-1967 +2.6

Latest data preliminary
Latest data plotted week ending: Oct. 30, 1968

* Current data appear in the Board's H.6 release. Back data appear in the June 1968 Federal Reserve Bulletin. For trend of money stock by months see this bank's monthly release entitled "Monetary Trends".
MONEY STOCK PLUS TIME DEPOSITS*
Averages of Daily Figures
Seasonally Adjusted

Annual rates of change, average of four weeks ending Oct. 30, 1968 from four weeks ending:
- July 31, 1968 +10.4
- May 1, 1968 +9.9
- Jan. 31, 1968 +8.6
- Nov. 1, 1967 +8.0

Annual rate of change, 1957-1967 +6.2

Latest data preliminary
Latest data plotted week ending: Oct. 30, 1968

For trend of money stock plus time deposits by months see this bank's monthly release entitled "Monetary Trends".
BILLSIONS OF DOLLARS
LARGE COMMERCIAL BANKS
WEDNESDAY FIGURES

Annual rates of change, average of four weeks ending Oct. 30, 1968 from four weeks ending:
July 31, 1968 + 7.8
May 1, 1968 + 8.9
Nov. 1, 1967 + 10.4

1960-1967 + 9.6

Seasonally adjusted by this bank.

CURRENT AND YEAR AGO UNADJUSTED DATA APPEAR IN THE BOARD'S H.4.2 RELEASE. SEASONAL ADJUSTMENT COMPUTED BY THIS BANK USING 1962 THROUGH 1967 DATA.

Prepared by Federal Reserve Bank of St. Louis

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Federal Reserve Bank of St. Louis
CERTIFICATES OF DEPOSIT | [1]
Large Commercial Banks
Wednesday Figures

<table>
<thead>
<tr>
<th>Date</th>
<th>Billions of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 31, 1968</td>
<td>+43.1</td>
</tr>
<tr>
<td>May 1, 1968</td>
<td>+33.0</td>
</tr>
<tr>
<td>Jan. 31, 1968</td>
<td>+14.8</td>
</tr>
<tr>
<td>Nov. 1, 1967</td>
<td>+14.8</td>
</tr>
<tr>
<td>1964-1967</td>
<td>+17.9</td>
</tr>
</tbody>
</table>

Annual rates of change, seasonally unadjusted data, average of four weeks ending Oct. 30, 1968 from four weeks ending:

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.

Latest data preliminary

Prepared by Federal Reserve Bank of St. Louis
Billions of Dollars

Annual rates of change, average of
four weeks ending Oct. 30, 1968
from four weeks ending:
July 31, 1968 +12.9%
May 1, 1968 +13.4%
Jan. 31, 1968 +11.2%
Nov. 1, 1967 +10.4%
1957-1967 +12.1%

Latest data preliminary
Latest data plotted week ending: Oct. 30, 1968

For trend of time deposits by months see this bank's monthly release entitled "Monetary Trends".

Prepared by Federal Reserve Bank of St. Louis

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Federal Reserve Bank of St. Louis
BORROWINGS AND EXCESS RESERVES
All Member Banks in the Nation
Averages of Daily Figures

EXCESS RESERVES BORROWINGS FREE RESERVES
WEEKLY DATA

<table>
<thead>
<tr>
<th>Date</th>
<th>Borrowings</th>
<th>Excess Reserves</th>
<th>Net Free Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept.</td>
<td>2,055</td>
<td>435</td>
<td>1,620</td>
</tr>
<tr>
<td>Oct.</td>
<td>1,976</td>
<td>483</td>
<td>1,493</td>
</tr>
<tr>
<td>Nov.</td>
<td>2,532</td>
<td>397</td>
<td>2,135</td>
</tr>
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</table>

BIWEEKLY SETTLEMENT PERIODS

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<td>2,135</td>
</tr>
</tbody>
</table>

WEEKLY RESERVE PERIODS

1/ Because of the change in Regulation D placing all member banks on a one-week reserve adjustment period, beginning with the week ending September 18, 1968 the above reserve data are reported on a one-week period.

Prepared by Federal Reserve Bank of St. Louis