U.S. FINANCIAL DATA

Week ending November 6, 1968

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 preceeding six months and a 7.6 per cent trend rate from 1957 to 1967.

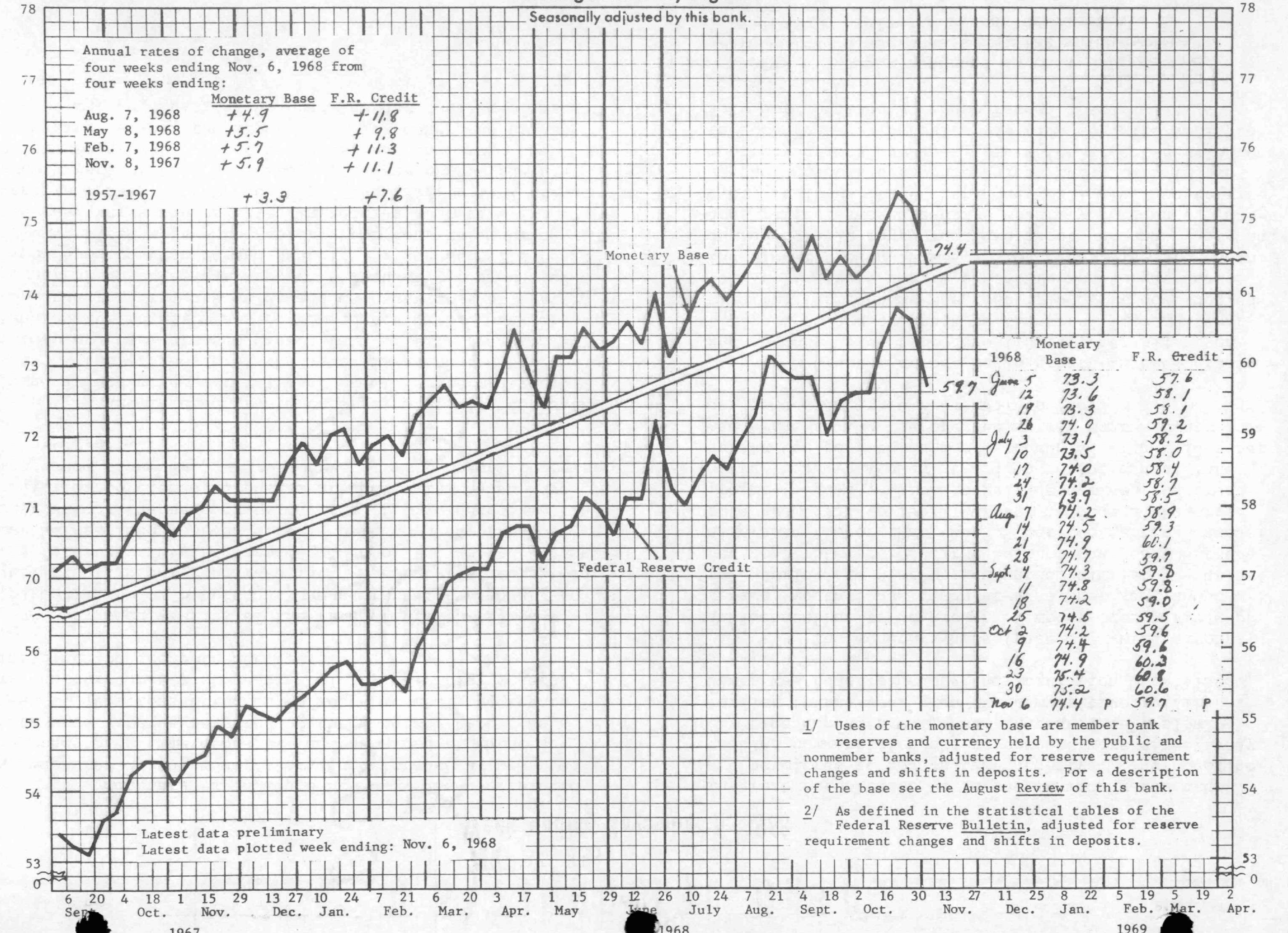
Since the more rapid growth in bank credit and in money plus time deposits reflects almost entirely a change of paths of financial flows without materially affecting the total flows, it does not appear to indicate a more expansive monetary stance. The slower growth in money stock, assuming growth in 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

Seasonally adjusted by this bank.



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

	Monetary Base	F.R. Credit
Aug. 7, 1968	+4.9	+11.8
May 8, 1968	+5.5	+ 9.8
Feb. 7, 1968	+5.7	+11.3
Nov. 8, 1967	+5.9	+11.1
1957-1967	+3.3	+7.6

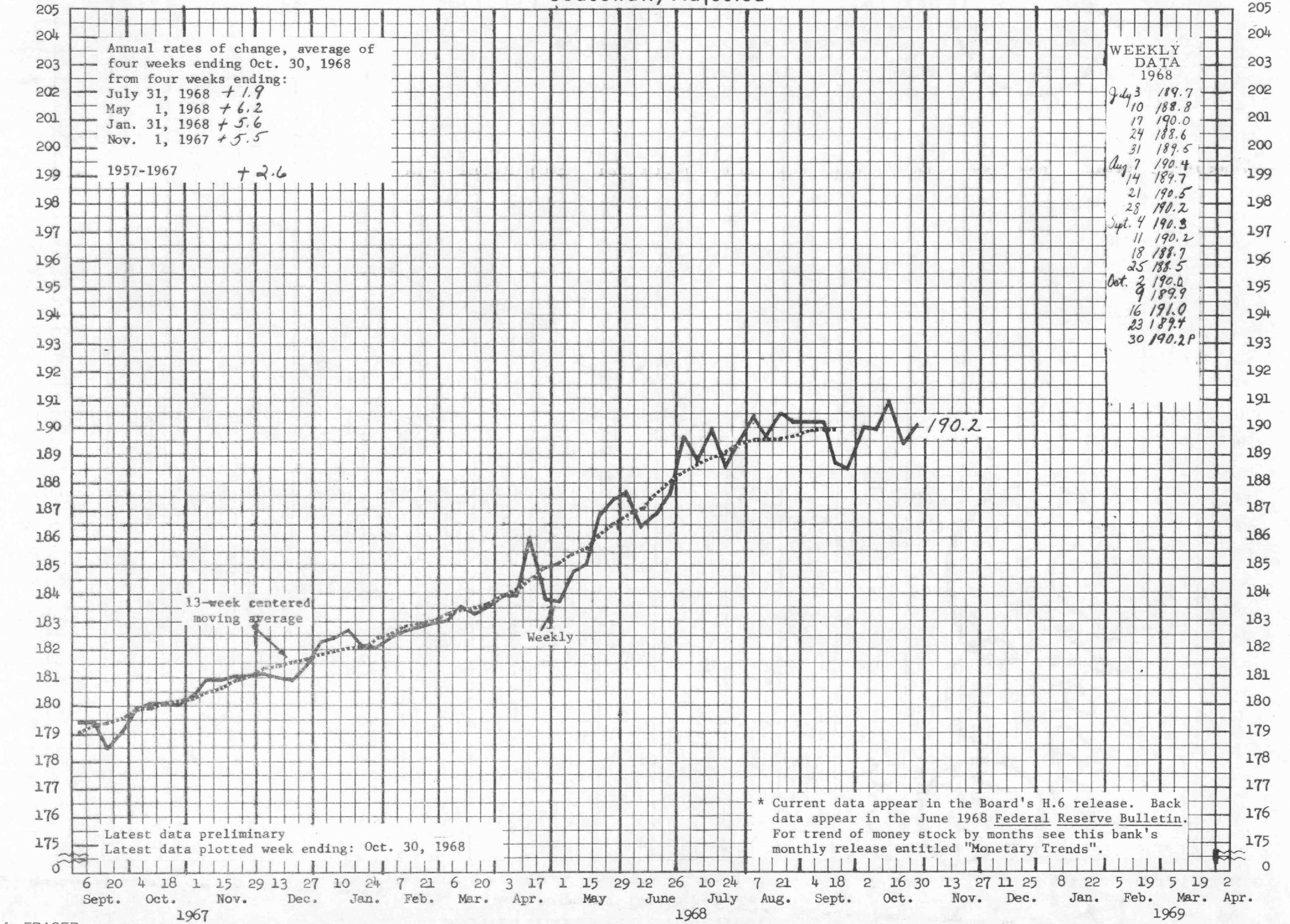
1968	Monetary Base	F.R. Credit
June 5	73.3	57.6
12	73.6	58.1
19	73.3	58.1
26	74.0	59.2
July 3	73.1	58.2
10	73.5	58.0
17	74.0	58.4
24	74.2	58.7
31	73.9	58.5
Aug 7	74.2	58.9
14	74.5	59.3
21	74.9	60.1
28	74.7	59.9
Sept. 4	74.3	59.8
11	74.8	59.8
18	74.2	59.0
25	74.6	59.5
Oct 2	74.2	59.6
9	74.4	59.6
16	74.9	60.2
23	75.4	60.8
30	75.2	60.6
Nov 6	74.4 P	59.7 P

Latest data preliminary
Latest data plotted week ending: Nov. 6, 1968

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.

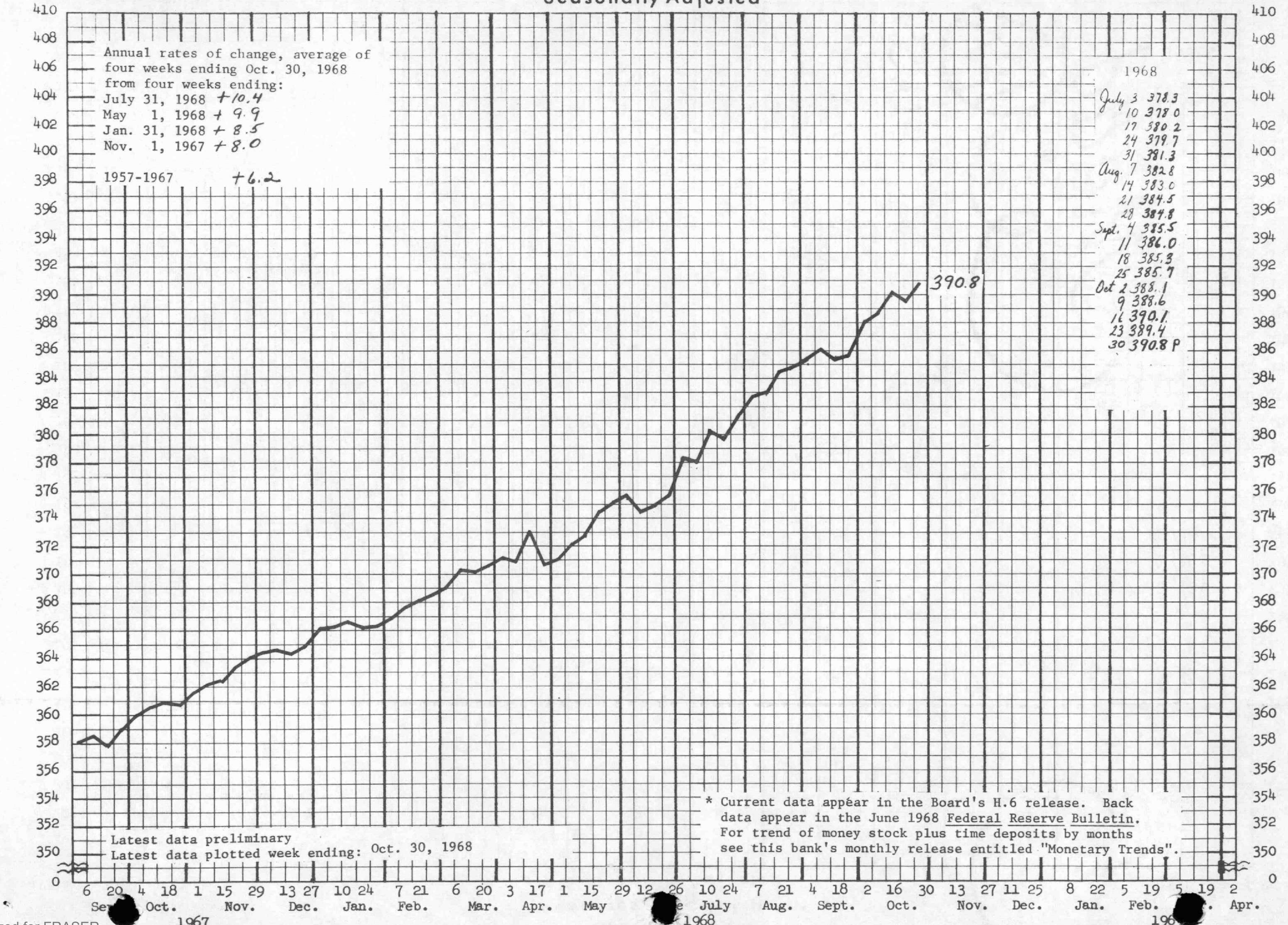
2/ As defined in the statistical tables of the Federal Reserve Bulletin, adjusted for reserve requirement changes and shifts in deposits.

MONEY STOCK*
Averages of Daily Figures
Seasonally Adjusted

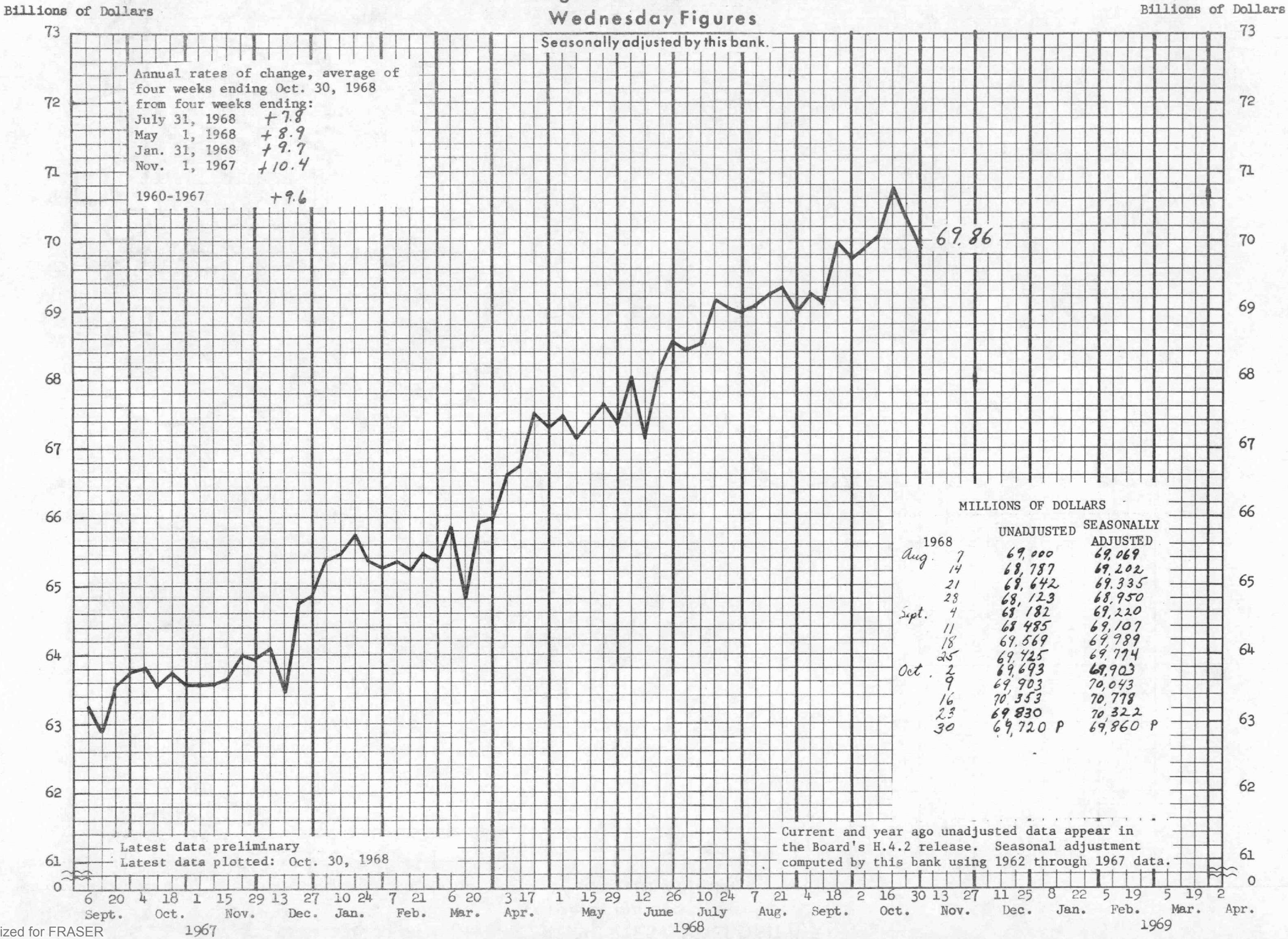


Prepared by Federal Reserve Bank of St. Louis

MONEY STOCK PLUS TIME DEPOSITS*
Averages of Daily Figures
Seasonally Adjusted

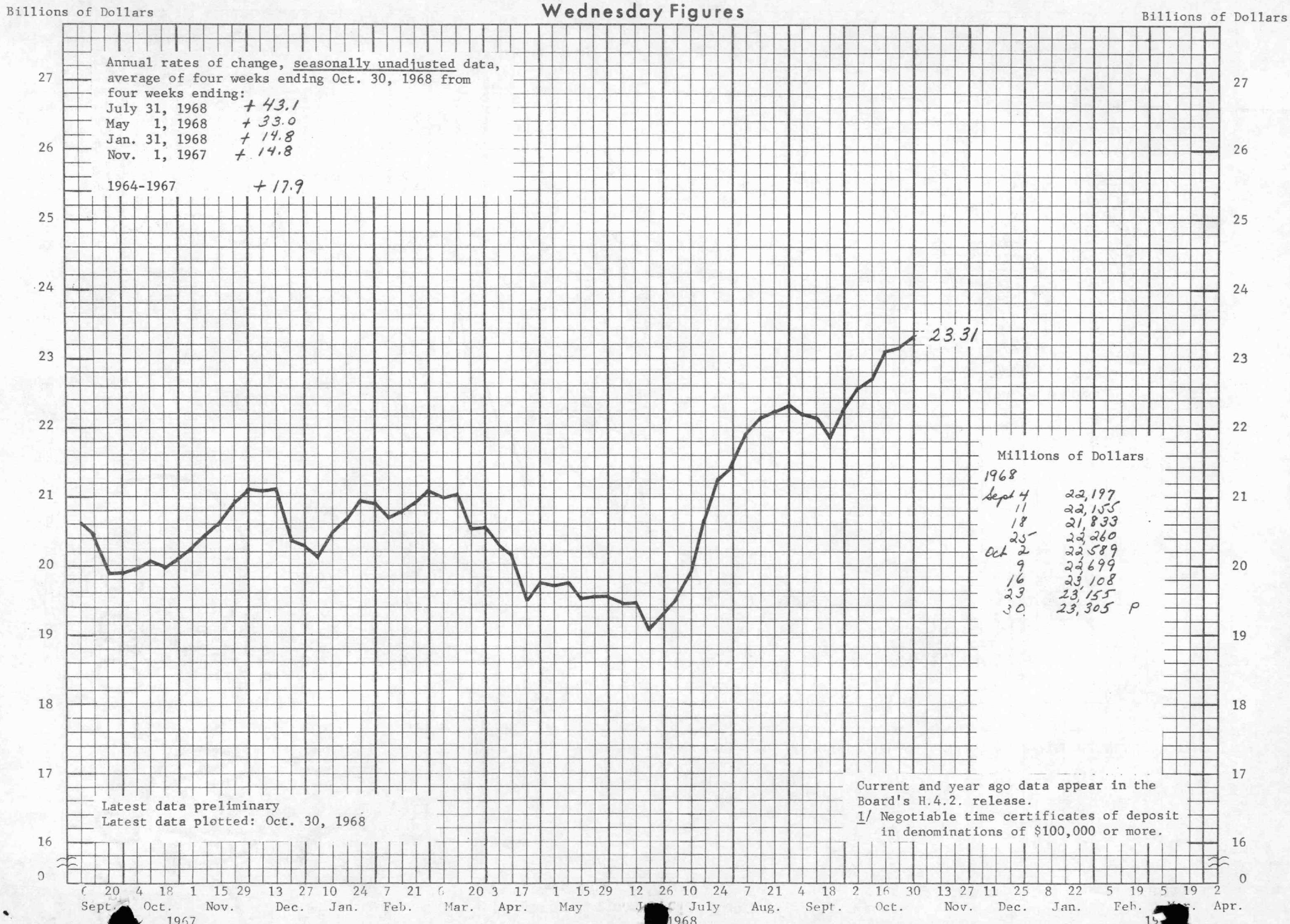


BUSINESS LOANS
Large Commercial Banks
Wednesday Figures



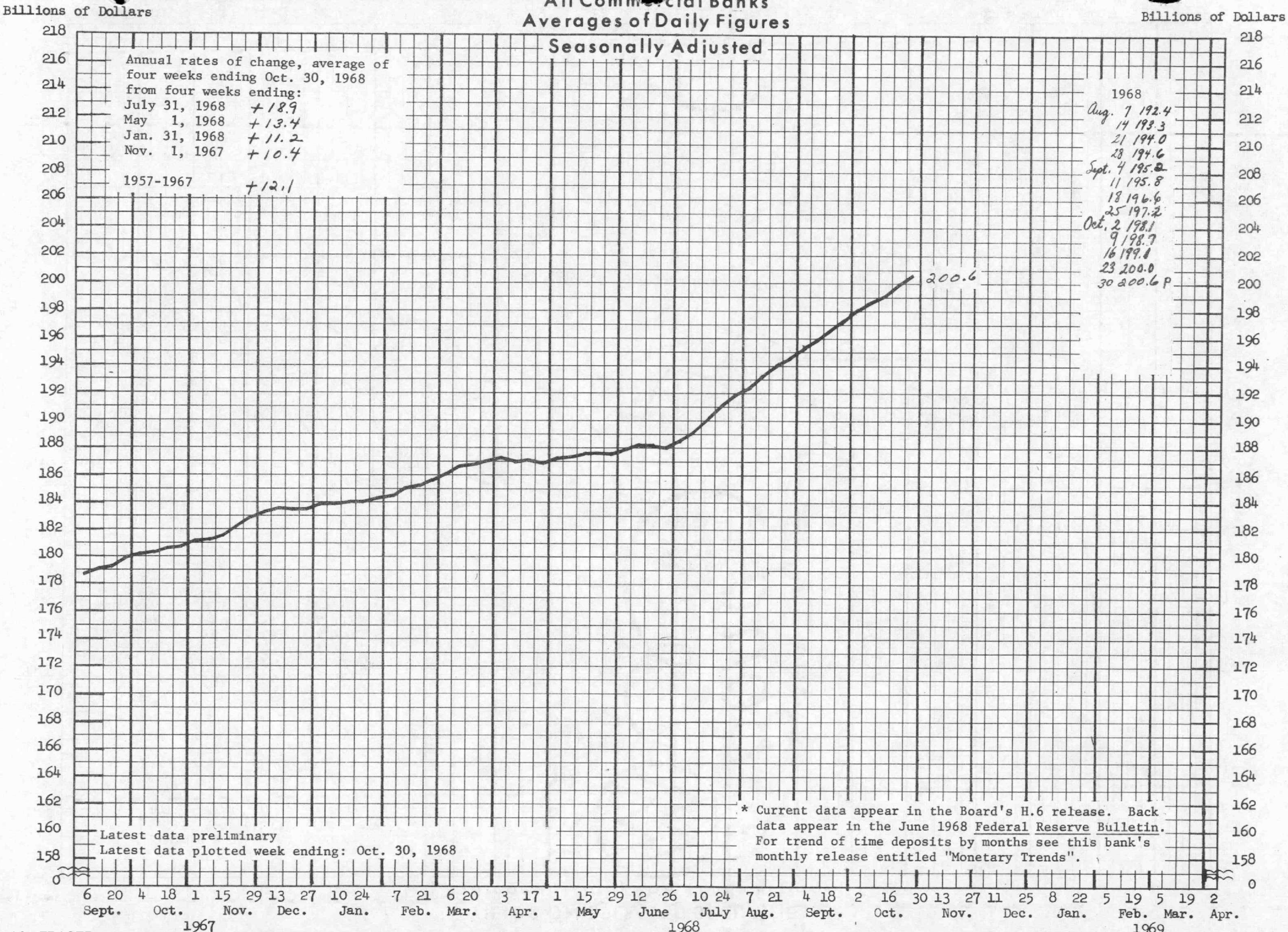
1968		UNADJUSTED	SEASONALLY ADJUSTED
Aug.	7	69,000	69,069
	14	68,787	69,202
	21	68,642	69,335
	28	68,123	68,950
Sept.	4	68,182	69,220
	11	68,485	69,107
	18	69,569	69,989
	25	69,425	69,774
Oct.	2	69,693	69,903
	9	69,903	70,043
	16	70,353	70,778
	23	69,830	70,322
	30	69,720 P	69,860 P

CERTIFICATES OF DEPOSIT 1/
Large Commercial Banks
Wednesday Figures



Prepared by Federal Reserve Bank of St. Louis

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



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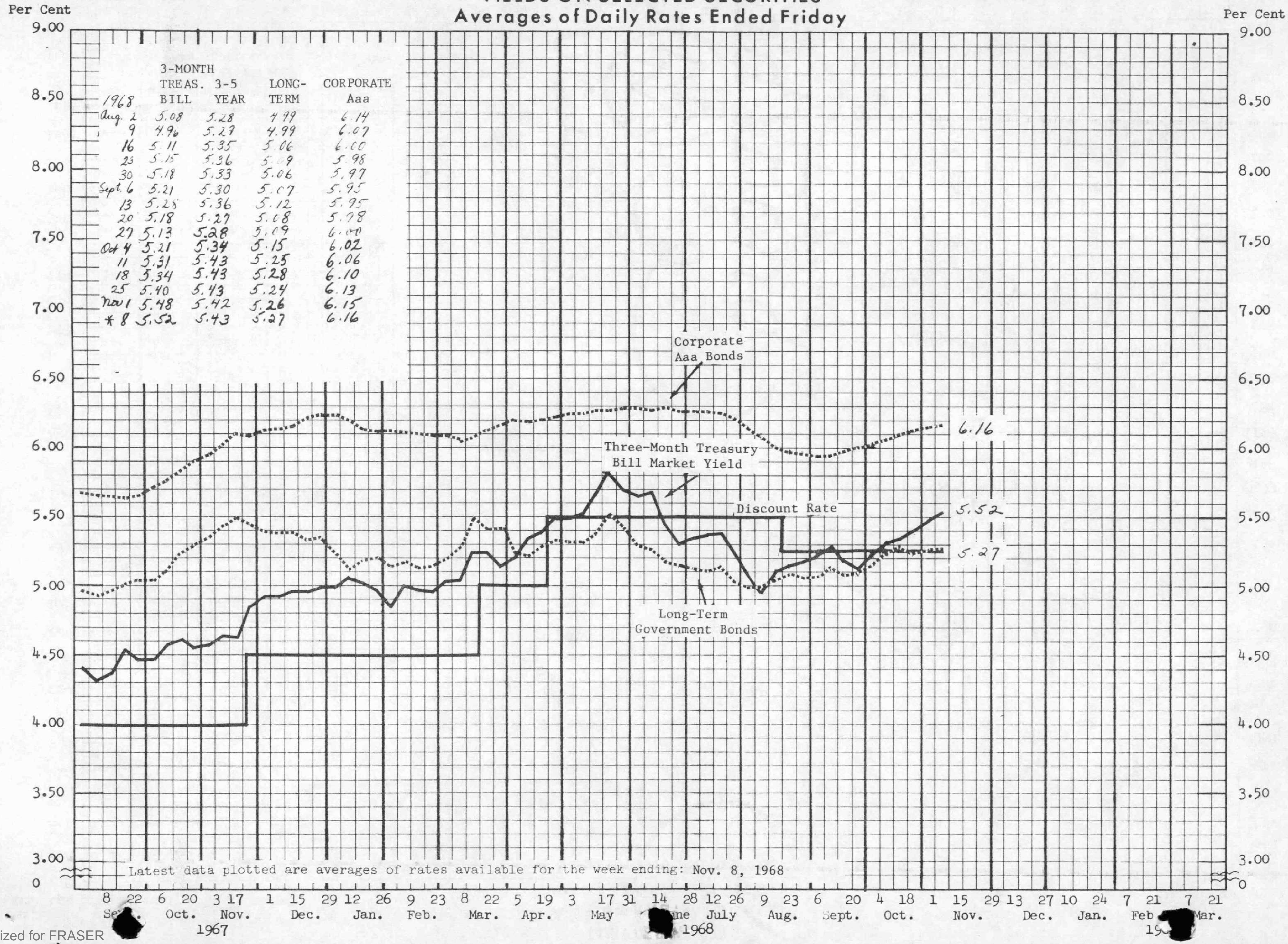
YIELDS ON SELECTED SECURITIES
Averages of Daily Rates Ended Friday

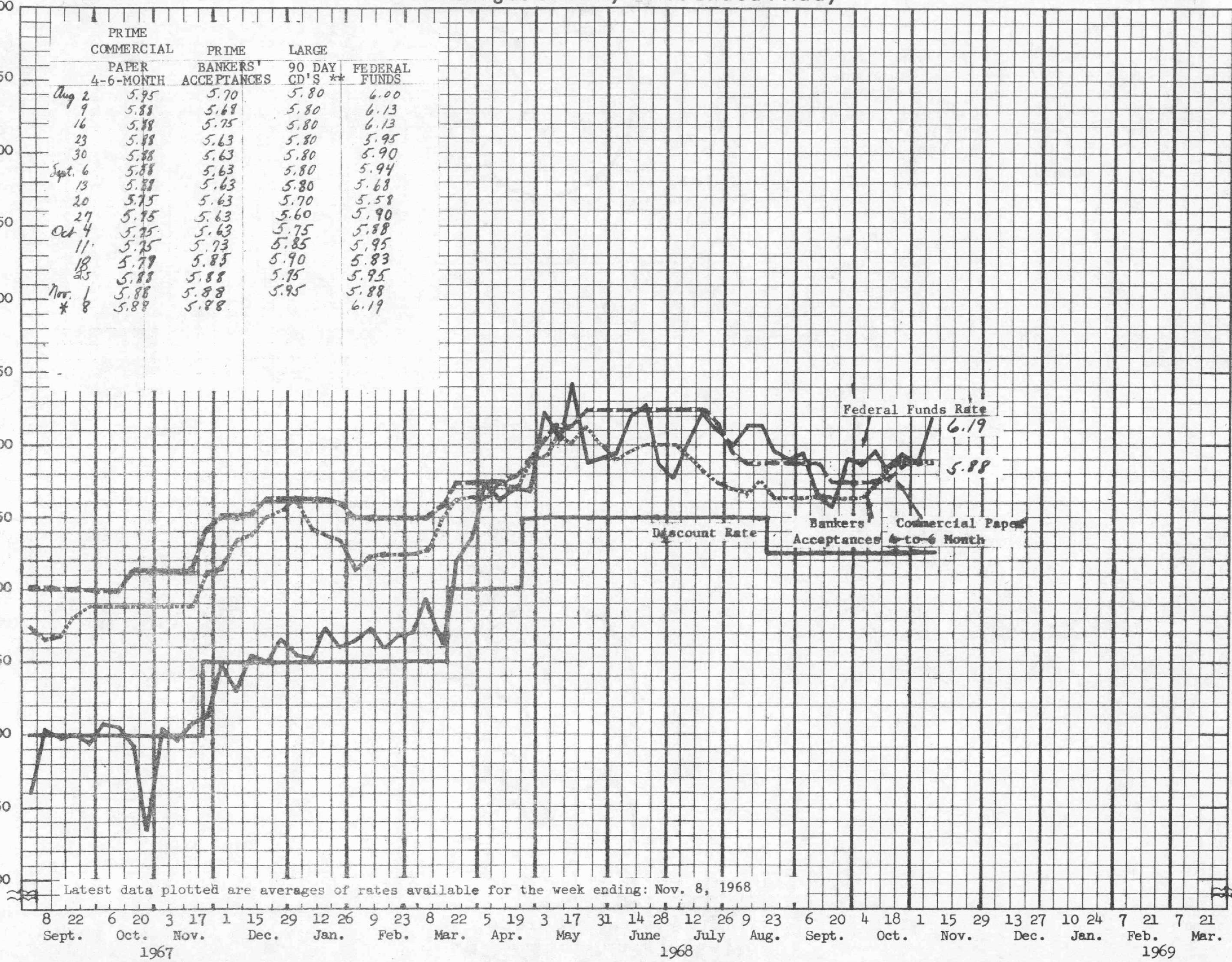


1968	3-MONTH TREAS. BILL	3-5 YEAR	LONG-TERM	CORPORATE Aaa
Aug. 2	5.08	5.28	4.99	6.14
9	4.96	5.27	4.99	6.07
16	5.11	5.35	5.06	6.00
23	5.15	5.36	5.09	5.98
30	5.18	5.33	5.06	5.97
Sept. 6	5.21	5.30	5.07	5.95
13	5.25	5.36	5.12	5.95
20	5.18	5.27	5.08	5.98
27	5.13	5.28	5.09	6.00
Oct 4	5.21	5.34	5.15	6.02
11	5.31	5.43	5.25	6.06
18	5.34	5.43	5.28	6.10
25	5.40	5.43	5.24	6.13
Nov 1	5.48	5.42	5.26	6.15
* 8	5.52	5.43	5.27	6.16

*AVERAGES OF RATES AVAILABLE

Prepared by Federal Reserve Bank of St. Louis

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

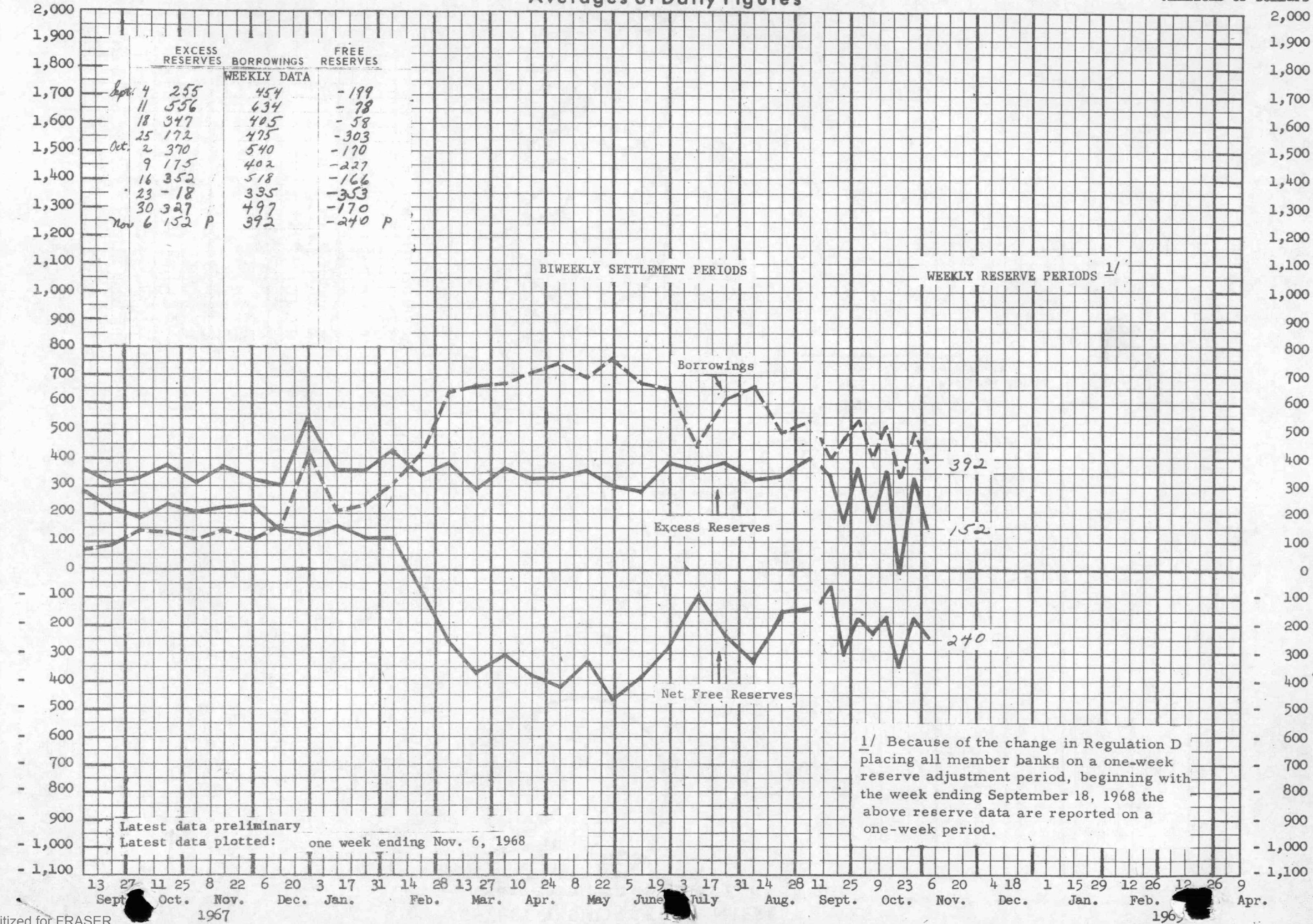


	PRIME COMMERCIAL PAPER 4-6-MONTH	PRIME BANKERS' ACCEPTANCES	LARGE 90 DAY CD'S **	FEDERAL FUNDS
Aug 2	5.95	5.70	5.80	6.00
9	5.88	5.68	5.80	6.13
16	5.88	5.75	5.80	6.13
23	5.88	5.63	5.80	5.95
30	5.88	5.63	5.80	5.90
Sept. 6	5.88	5.63	5.80	5.94
13	5.88	5.63	5.80	5.68
20	5.75	5.63	5.70	5.58
27	5.75	5.63	5.60	5.90
Oct 4	5.75	5.63	5.75	5.88
11	5.75	5.73	5.85	5.95
18	5.79	5.85	5.90	5.83
25	5.88	5.88	5.95	5.95
Nov. 1	5.88	5.88	5.95	5.88
* 8	5.88	5.88		6.19

*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

BORROWINGS AND EXCESS RESERVES
All Member Banks in the Nation
Averages of Daily Figures



	EXCESS RESERVES	BORROWINGS	FREE RESERVES
		WEEKLY DATA	
Sept. 4	255	454	-199
11	556	634	- 78
18	347	405	- 58
25	172	475	-303
Oct. 2	370	540	-170
9	175	402	-227
16	352	518	-166
23	- 18	335	-353
30	327	497	-170
Nov 6	152 P	392	-240 P

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