

Week ending November 27, 1968

AUG 27 1998

Monetary influence on the economy as measured by the money stock (page 3) has been less expansionary since mid-year than during the first half of the year. Money, consisting of private demand deposits and currency in the hands of the public, has risen at a 2.5 per cent annual rate during the past three months, compared with an 8 per cent rate of increase during the first six months of the year and a 2.6 per cent trend rate from 1957 to 1967.

The monetary base (page 2) which determines the trend growth of money, has increased at a 5 per cent rate during the past three months, similar to the 6 per cent rate during the first half of the year, but faster than the 1957 to 1967 trend rate of 3.3 per cent. If the growth of the monetary base slows in coming months, the growth of the money stock may continue near its recent slower rate. However, if the relatively high rate of growth of the monetary base continues, growth of the money stock is likely to accelerate. Growth of the monetary base is determined primarily by Federal Reserve credit (page 2). In the past, the amount of Federal Reserve credit provided (through System open market purchases and member bank borrowing) has responded to fluctuations in interest rates and demands for credit.

Both long- and short-term interest rates (pages 8 and 9) have risen since August. Rates on three-month Treasury bills averaged 5.46 per cent during the three days ending November 27, up from 4.96 per cent in early August. Yields on highest grade corporate bonds rose from a low of about 6 per cent in early September to an average of 6.27 per cent during the three days ending November 27.

The mid-year fiscal package has helped to reduce the demand for credit coming from the Government sector of the economy. Because of the sharp reduction in the Federal deficit, resulting from increased tax revenues and efforts to restrain the growth of expenditures, the Government will borrow less in fiscal 1969 than in fiscal 1968. Also, to the extent that the fiscal package and slower growth of the money stock since July dampen inflationary expectations and the rate of expansion of overall economic activity, growth of private demands for credit will be less in coming months than otherwise. Business loans at large commercial banks (page 5) have risen at a 7 per cent annual rate during the past three months, slower than the 10 per cent increase during the past year and the 9.6 per cent trend rate from 1960 to 1967.

Rates of change reported in this release are intended to serve as summaries which may be useful in analyzing recent developments.

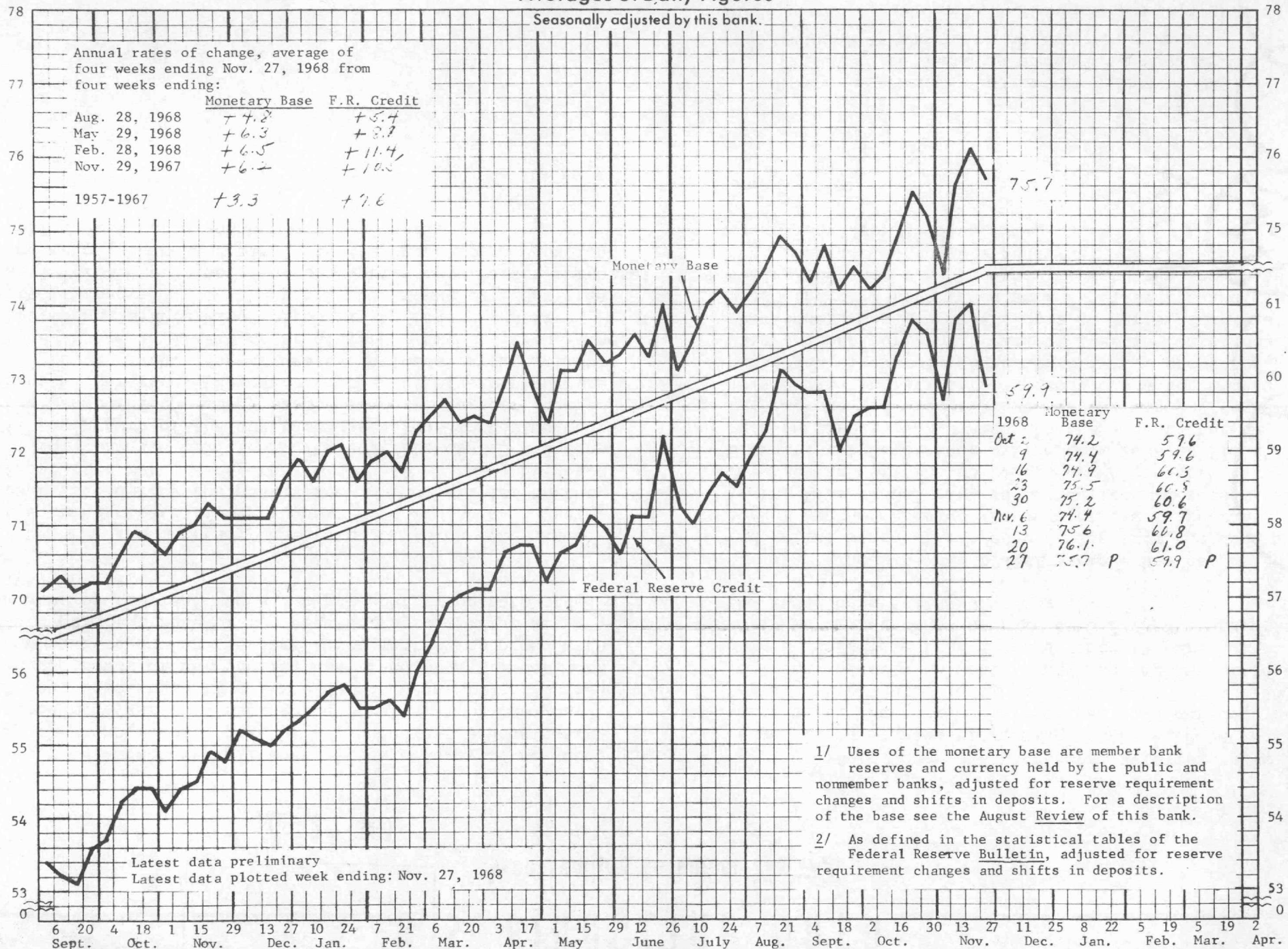
Prepared by Federal Reserve Bank of St. Louis

Released: November 29, 1968

# MONETARY BASE <sup>1</sup> FEDERAL RESERVE CREDIT <sup>2</sup> Averages of Daily Figures

Billions of Dollars

Billions of Dollars





# MONEY STOCK\*

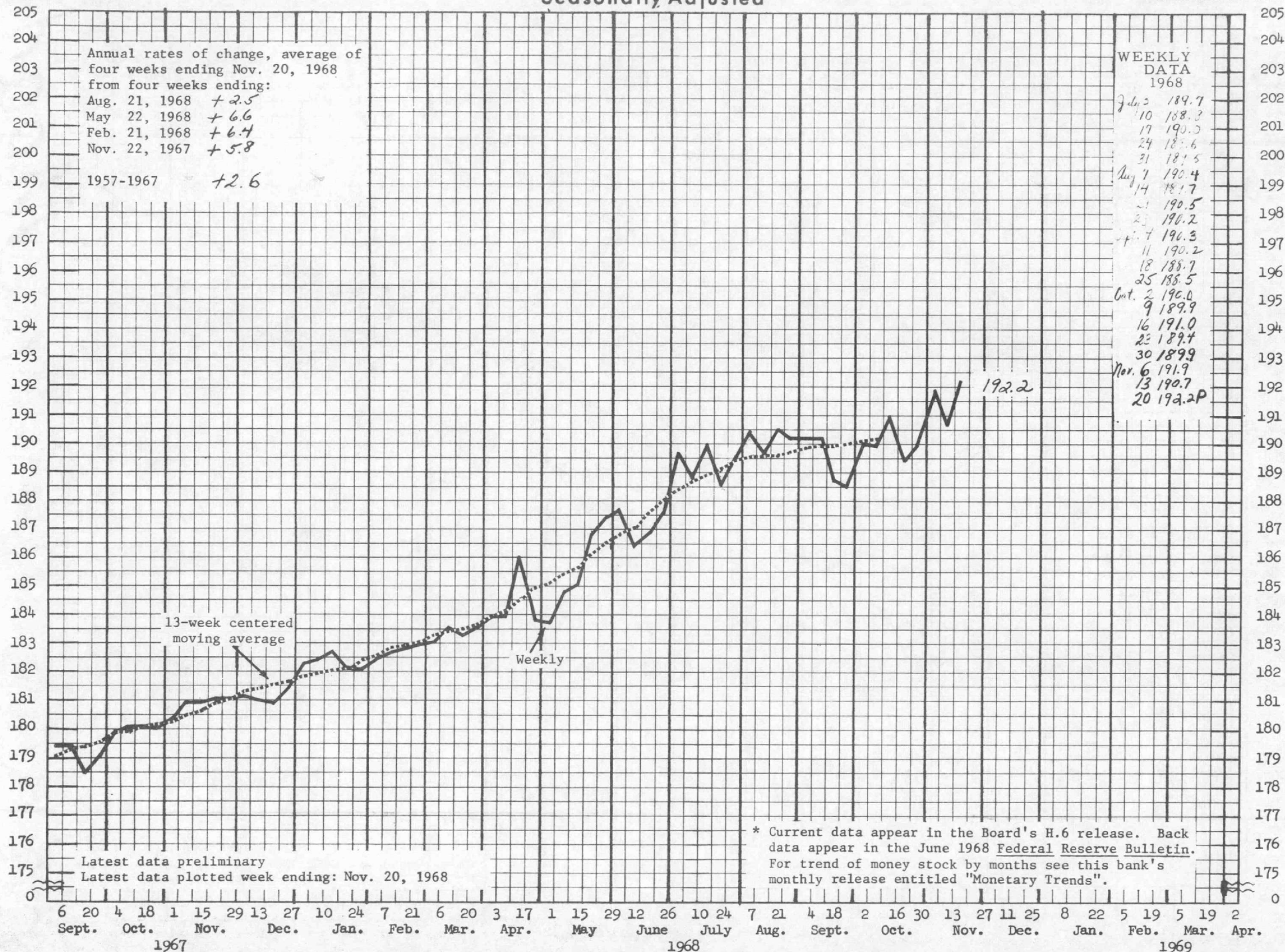
## Averages of Daily Figures

### Seasonally Adjusted

3

Billions of Dollars

Billions of Dollars



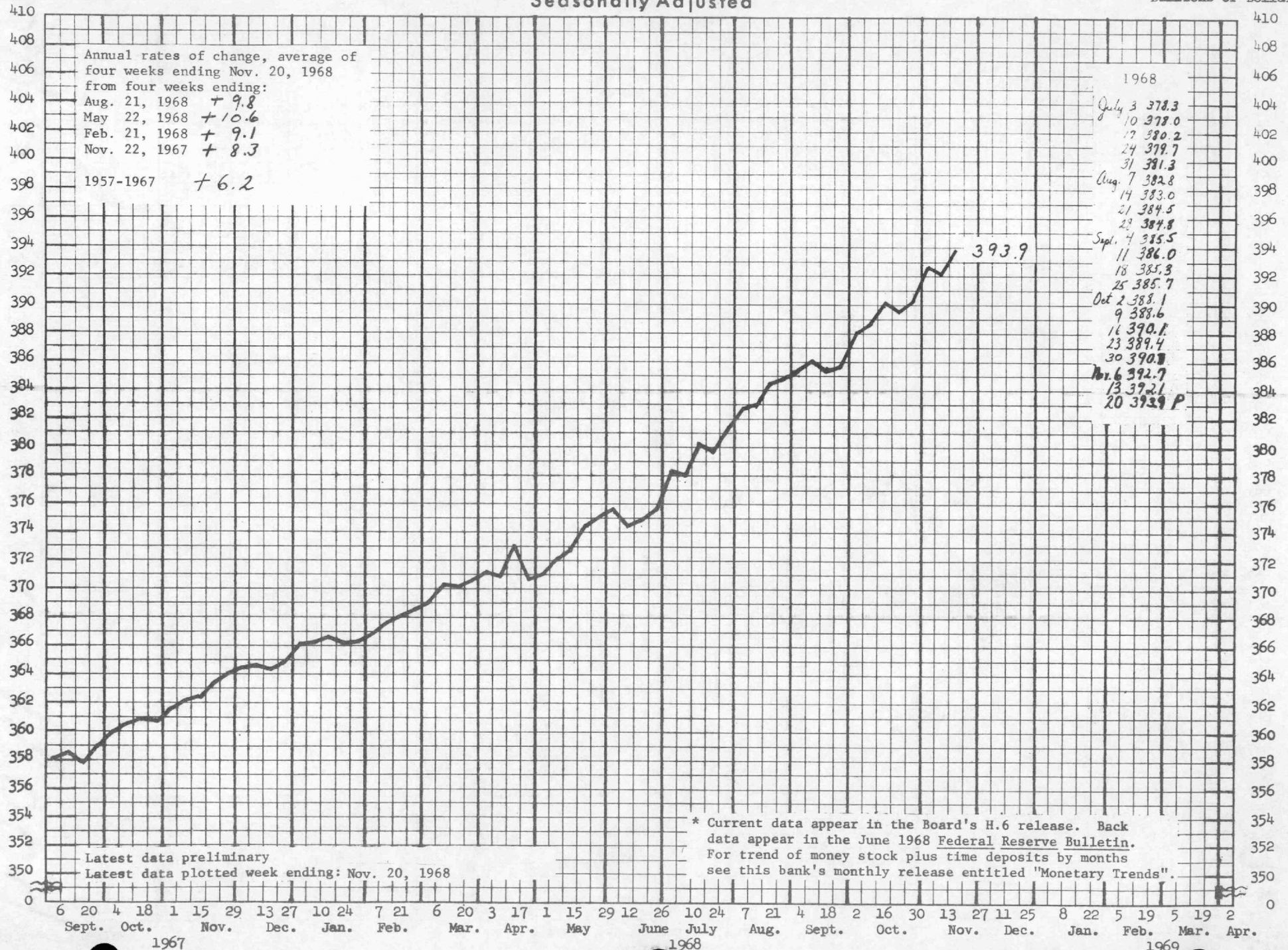
# MONEY STOCK PLUS TIME DEPOSITS\*

## Averages of Daily Figures

### Seasonally Adjusted

Billions of Dollars

Billions of Dollars

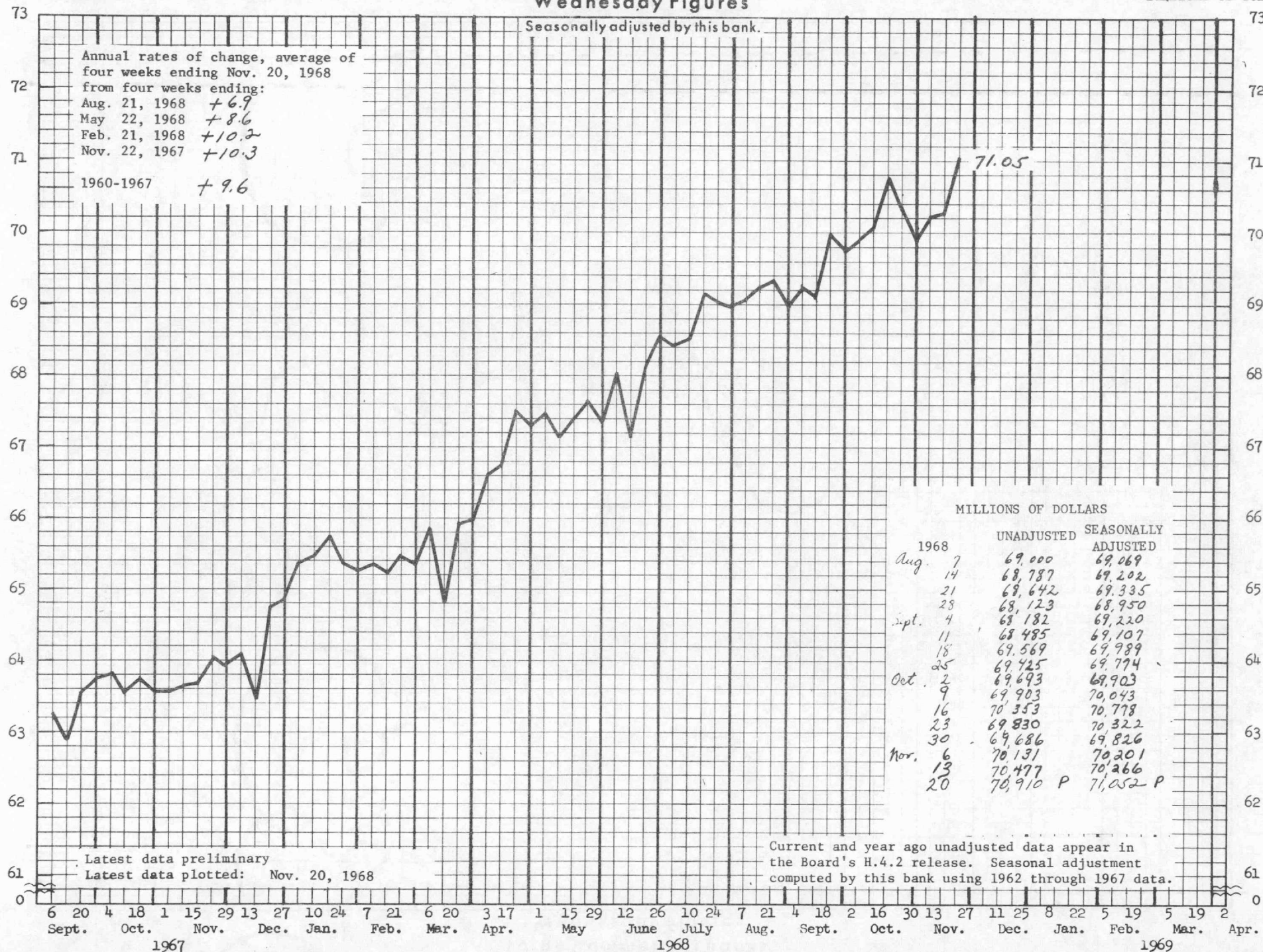




# BUSINESS LOANS Large Commercial Banks Wednesday Figures

Billions of Dollars

Billions of Dollars



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

6

Billions of Dollars

Billions of Dollars

Annual rates of change, seasonally unadjusted data,  
average of four weeks ending Nov. 20, 1968 from  
four weeks ending:

|               |       |
|---------------|-------|
| Aug. 21, 1968 | +27.0 |
| May 22, 1968  | +38.7 |
| Feb. 21, 1968 | +16.6 |
| Nov. 22, 1967 | +14.0 |
| 1964-1967     | +17.9 |





# TIME DEPOSITS\*

## All Commercial Banks

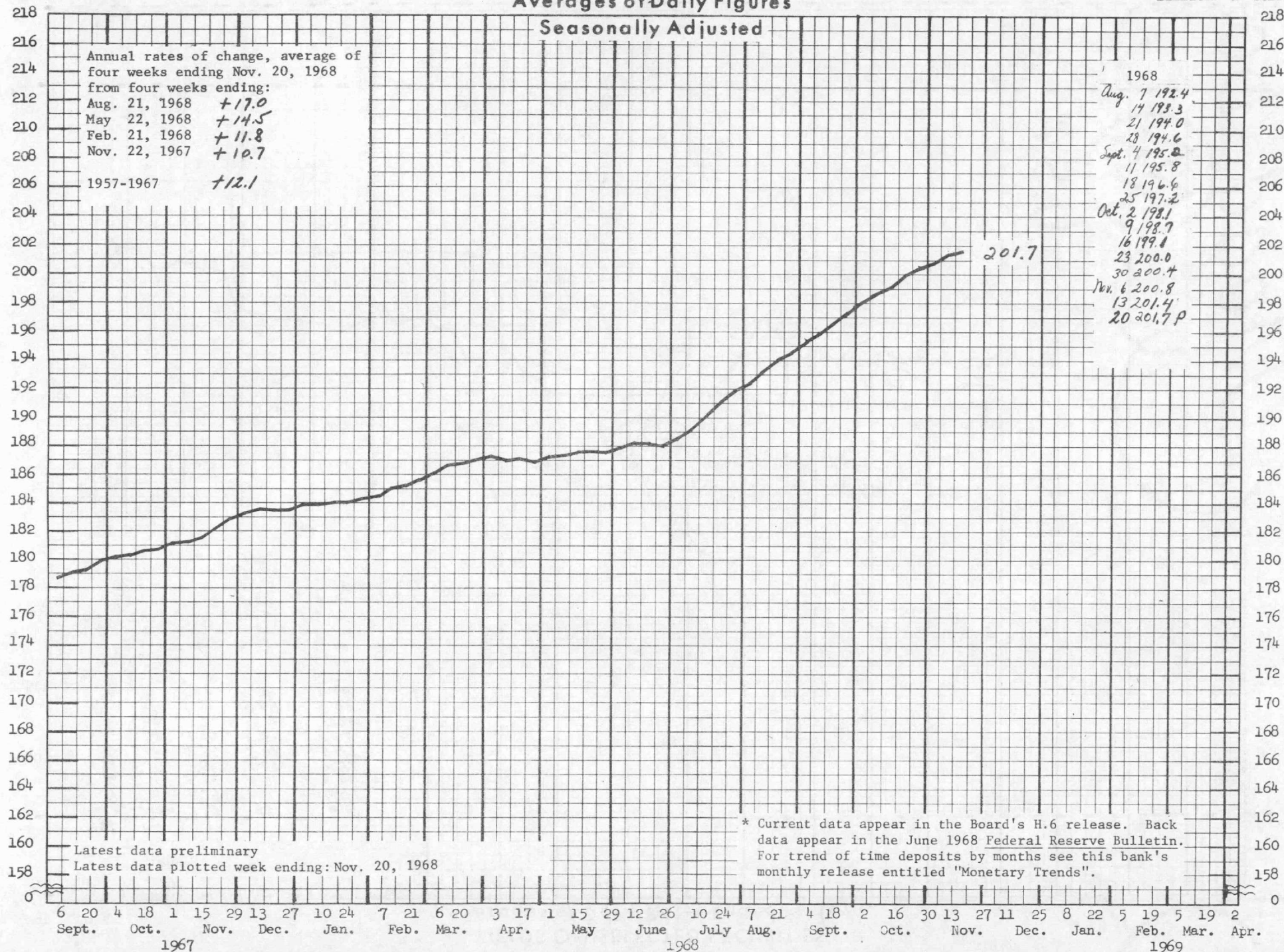
### Averages of Daily Figures

7

Billions of Dollars

Billions of Dollars

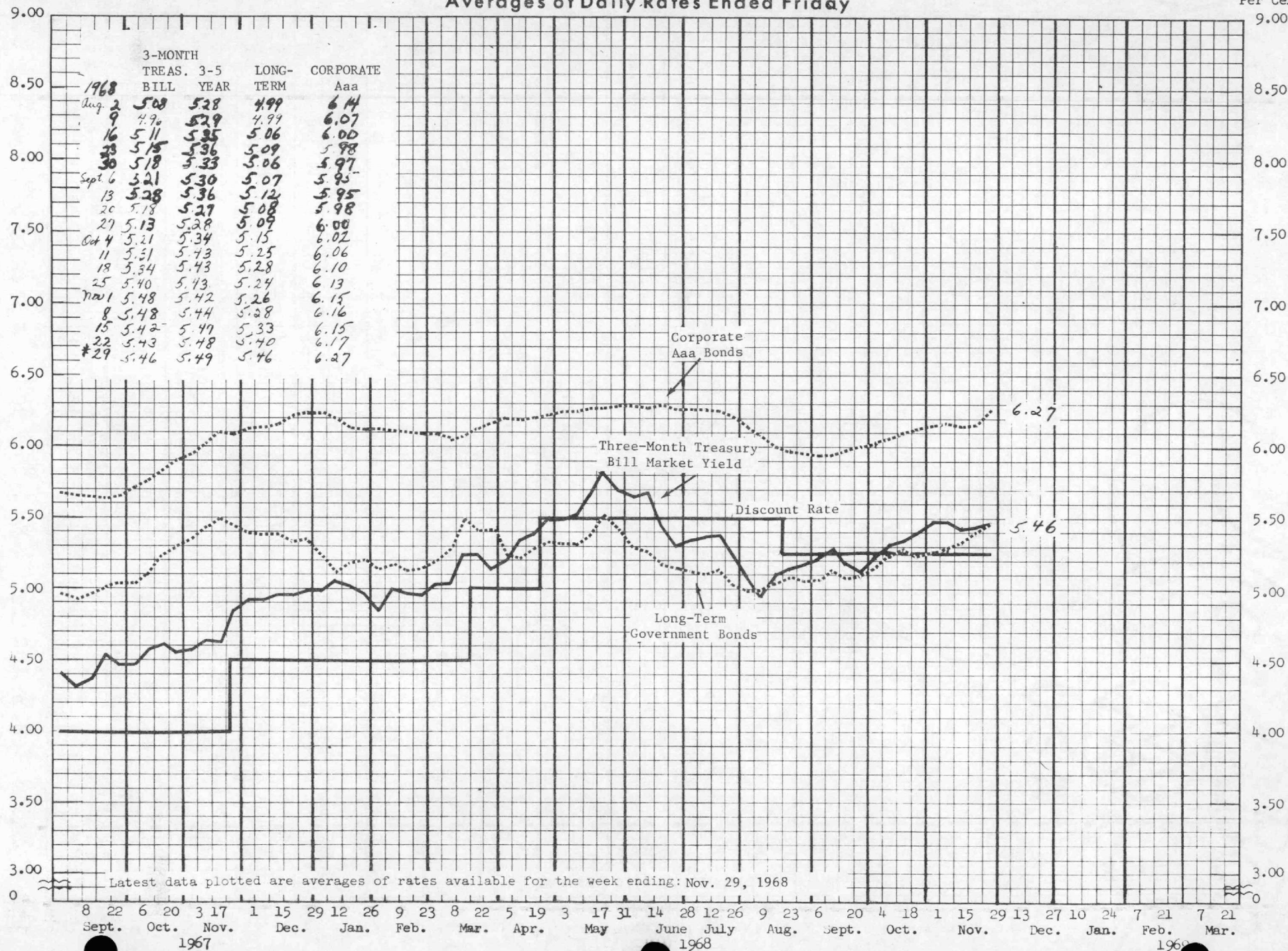
Seasonally Adjusted



# YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday

Per Cent

Per Cent



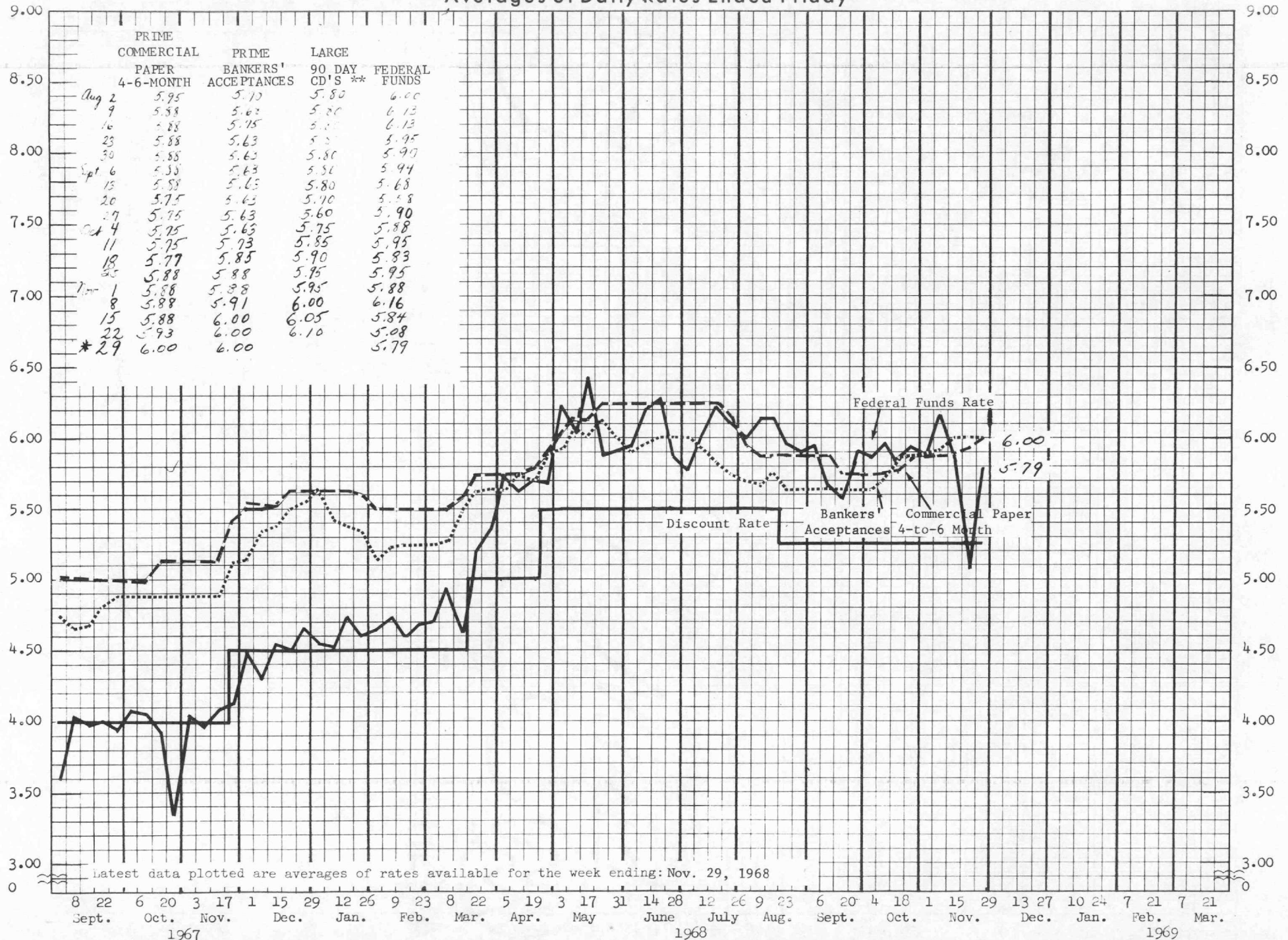


Per Cent

# SELECTED SHORT-TERM INTEREST RATES

## Averages of Daily Rates Ended Friday

Per Cent



# BORROWINGS AND EXCESS RESERVES

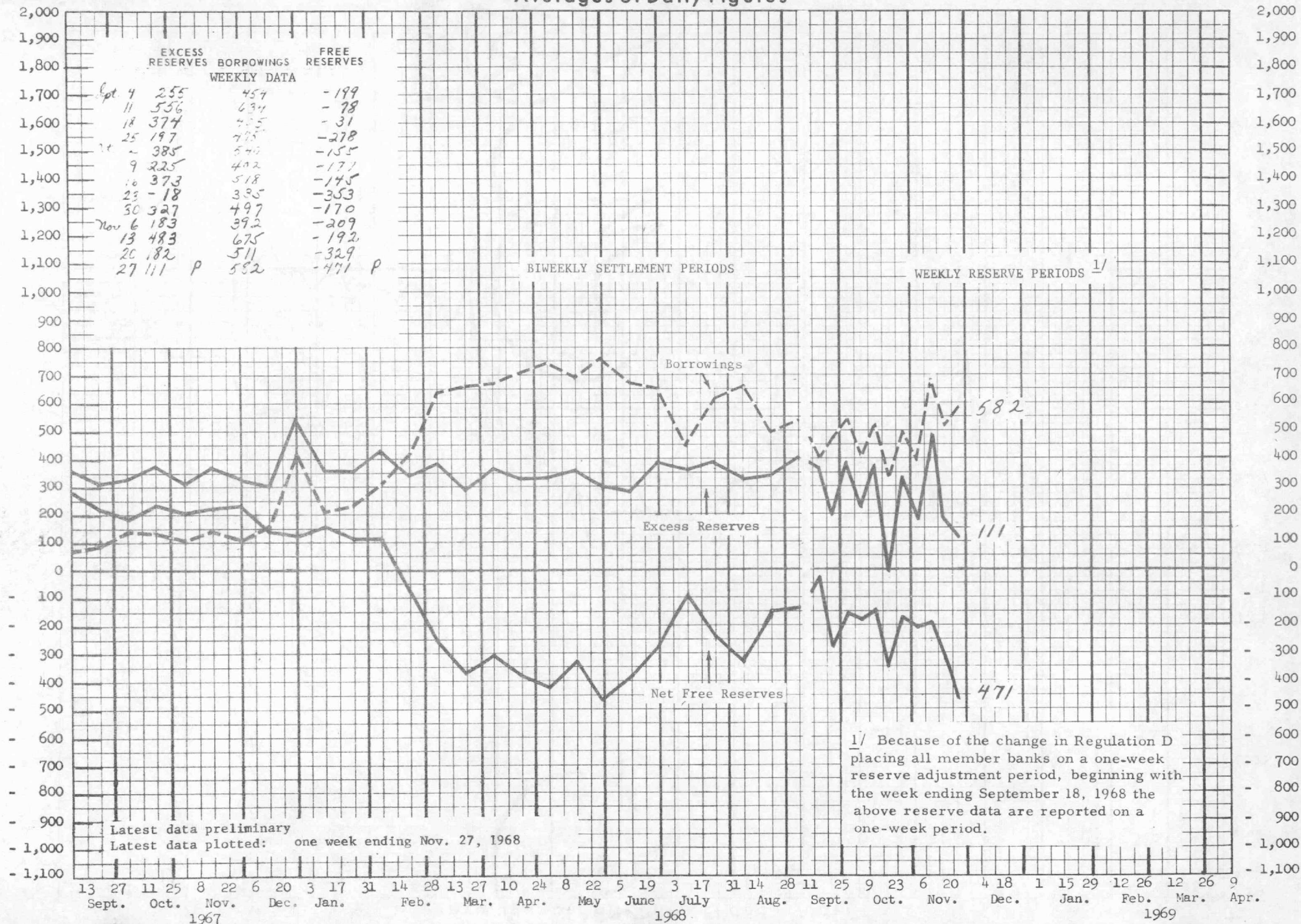
## All Member Banks in the Nation

### Averages of Daily Figures

10

Millions of Dollars

Millions of Dollars





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

Averages of Daily Figures

Seasonally Adjusted

11

Billions of Dollars

Billions of Dollars

