U.S. FINANCIAL DATA

Week ending January 8, 1969

Market interest rates, which began rising in late summer, have increased more rapidly since late November (pages 8 and 9). Yields on three-month Treasury bills climbed from a low of about 5 per cent in August to 5.47 per cent at the end of November, and then rose sharply to 6.20 per cent by the end of December. The bill rate averaged 6.16 per cent during the three days ending January 8. Yields on highest grade corporate bonds increased from a low of 5.95 per cent in early September to 6.17 per cent in mid-November and then continued upward more rapidly, averaging 6.58 during the past week.

Major commercial banks raised the interest rate on loans to prime business customers from 6-3/4 per cent to 7 per cent this week. Banks raised the prime rate from 6-1/4 per cent to 6-1/2 per cent in early December and then to 6-3/4 per cent about two weeks later. These rates should be considered in relation to inflationary expectations. A prime rate of 7 per cent, when prices are rising at a 4 per cent rate, may be no higher in real terms than the 4-1/2 per cent prime rate prevailing in the early Sixties, when prices were rising at a 1-1/2 per cent rate.

Growth of demand for loan funds has been a major factor in the recent rise of interest rates. This demand has been strong all year, and since August expectations of future economic activity have generally been revised upward, heightening inflationary fears, demands for credit, and pressures on interest rates. Business loans of commercial banks (page 5) have grown at a 13.3 per cent annual rate in the last three months, faster than the 9.5 per cent rate during the previous three months.

In addition to the rapid growth of demand for funds, the supply of funds available was limited somewhat in late November and December by leveling off or decline of the monetary base (page 2), total member bank reserves, and the money stock (page 3) during that short period.

Over the last six months, most monetary aggregates have risen very rapidly. Money has increased at a 6 per cent annual rate since late June, only slightly lower than the 7 per cent rate during the previous six months and more than twice as fast as the 2.6 per cent trend rate from 1957 to 1967. The monetary base has increased at a 6.8 per cent rate during the last six months, about the same as during the first six months of 1968 and much faster than the 3.3 per cent trend rate from 1957 to 1967.

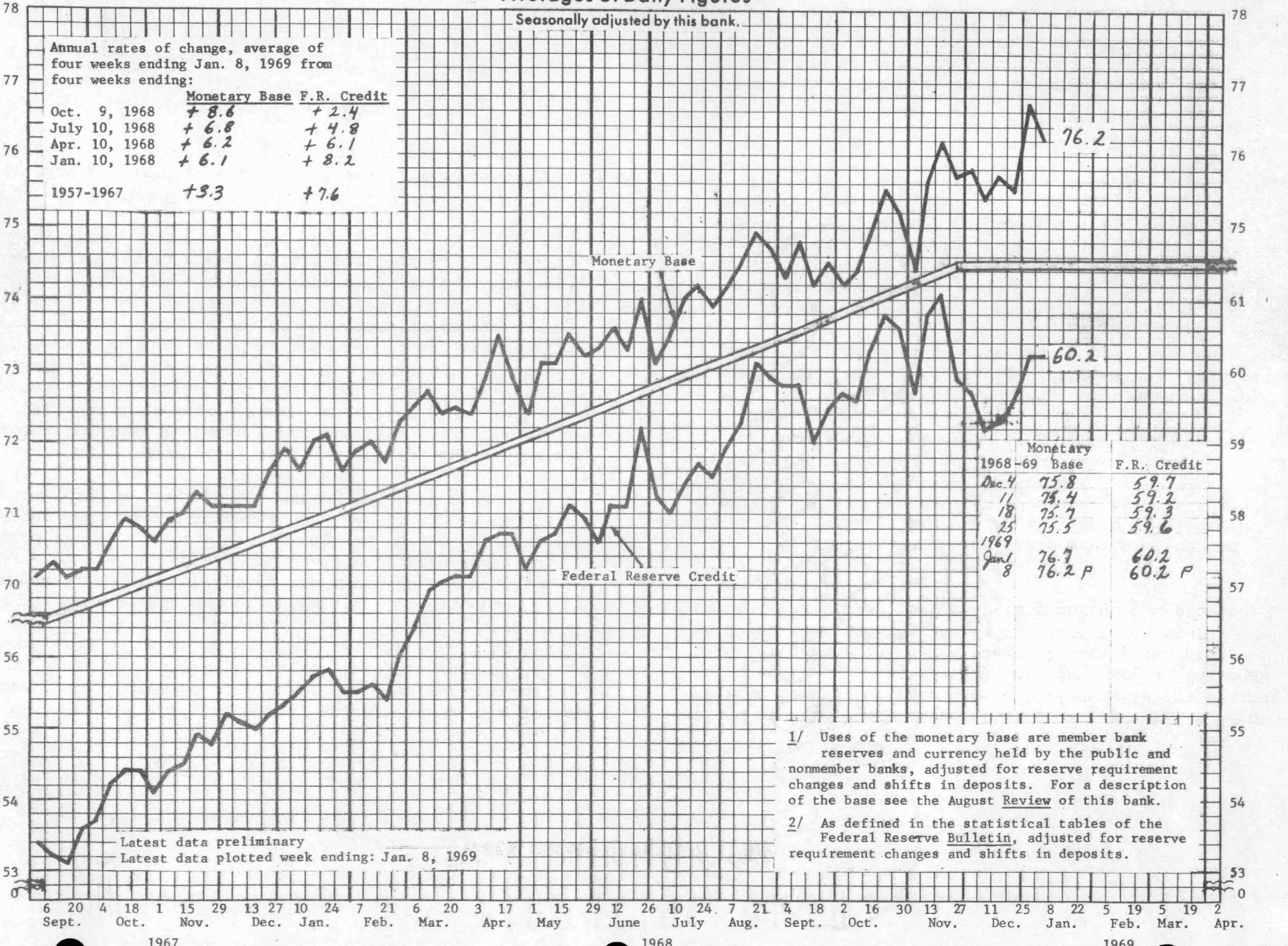
Rates of change reported in this release are intended to serve as summaries which may be useful in analyzing recent developments.

Prepared by Federal Reserve Bank of St. Louis

Released: January 10, 1969

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 Jan. 8, 1969 from four weeks ending:

	Monetary Base	F.R. Credit
Oct. 9, 1968	+ 8.6	+ 2.4
July 10, 1968	+ 6.8	+ 4.8
Apr. 10, 1968	+ 6.2	+ 6.1
Jan. 10, 1968	+ 6.1	+ 8.2
1957-1967	+3.3	+7.6

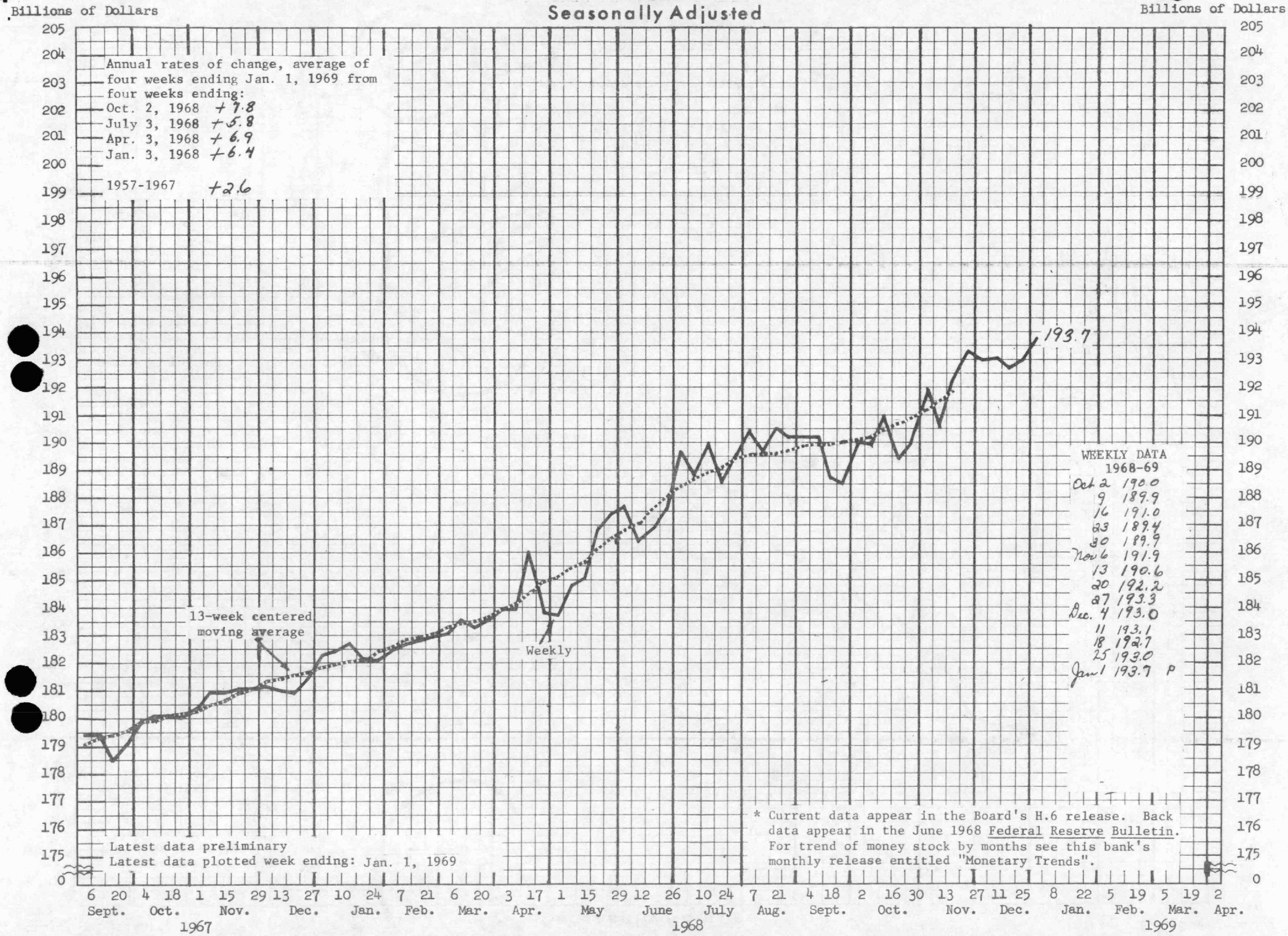
1968-69	Monetary Base	F.R. Credit
Dec. 4	75.8	59.7
11	75.4	59.2
18	75.7	59.3
25	75.5	59.6
1969		
Jan. 1	76.7	60.2
8	76.2 P	60.2 P

Latest data preliminary
Latest data plotted week ending: Jan. 8, 1969

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



* 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".

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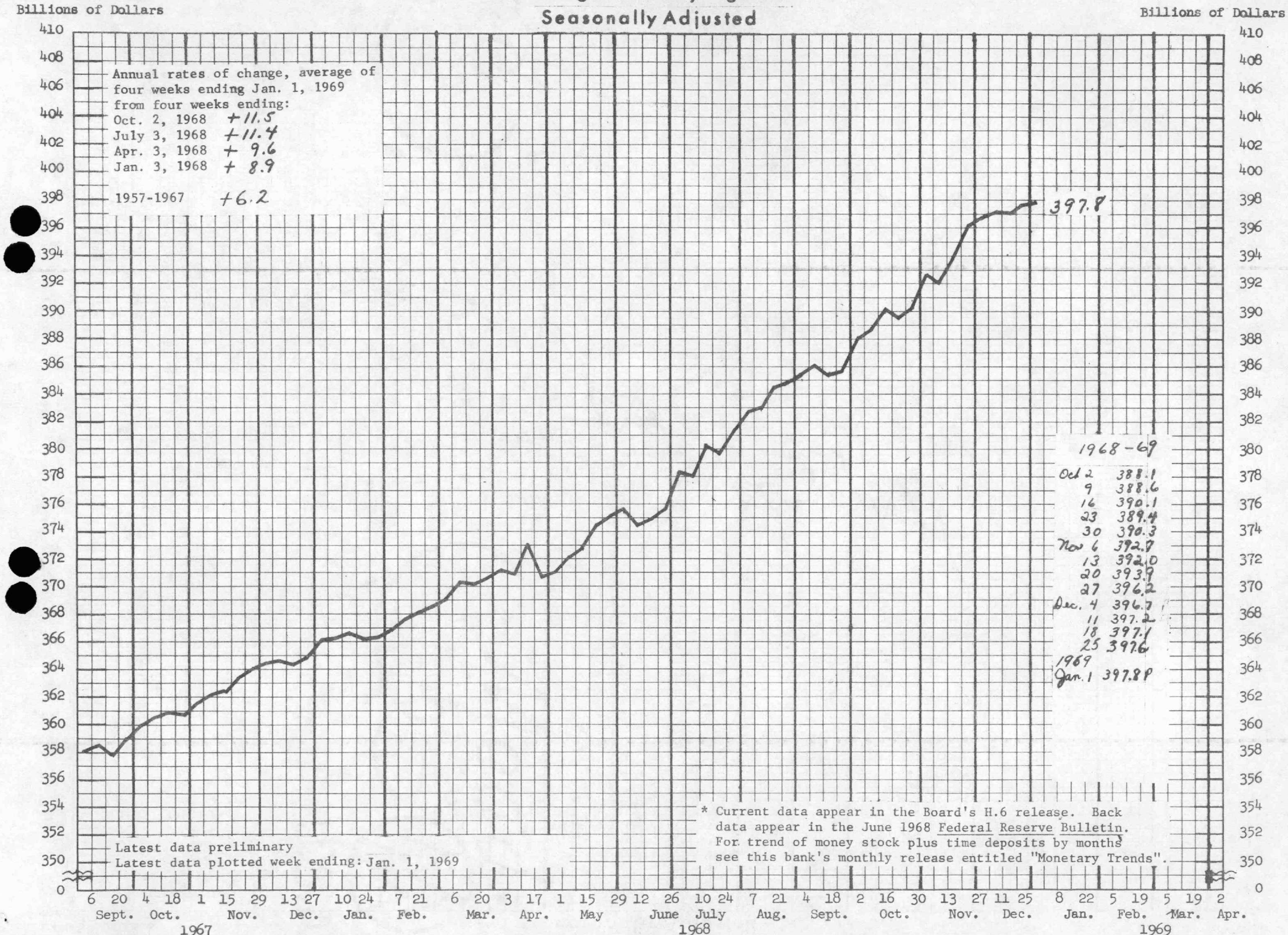
MONEY STOCK PLUS TIME DEPOSITS*

Averages of Daily Figures

Seasonally Adjusted



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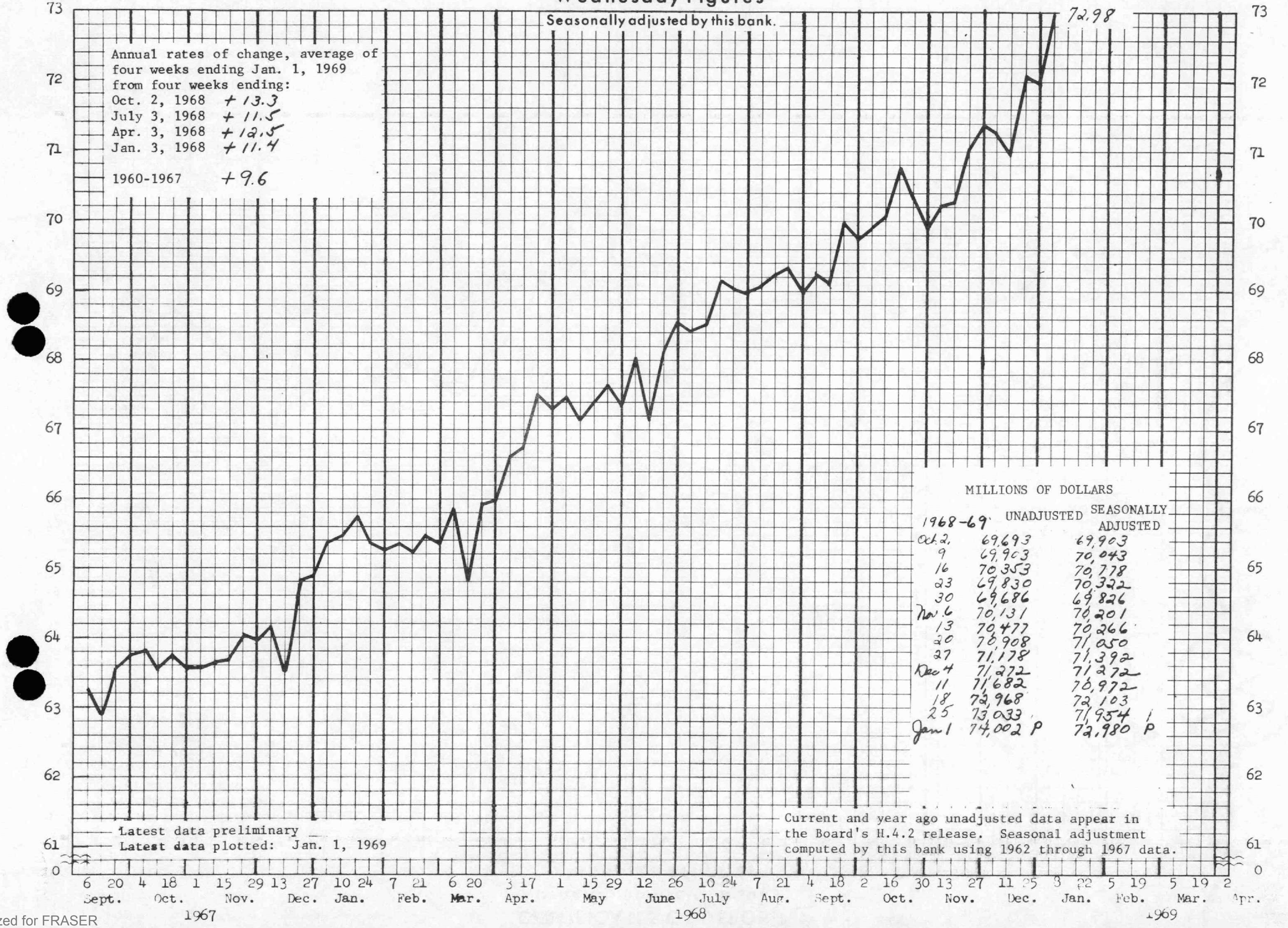
BUSINESS LOANS
Large Commercial Banks
Wednesday Figures



MILLIONS OF DOLLARS

1968-69	UNADJUSTED	SEASONALLY ADJUSTED
Oct 2	69,693	69,903
9	69,903	70,043
16	70,353	70,778
23	69,830	70,322
30	69,686	69,826
Nov 6	70,131	70,201
13	70,477	70,266
20	70,908	71,050
27	71,178	71,392
Dec 4	71,272	71,272
11	71,682	70,972
18	72,968	72,103
25	73,033	71,954
Jan 1	74,002 P	72,980 P

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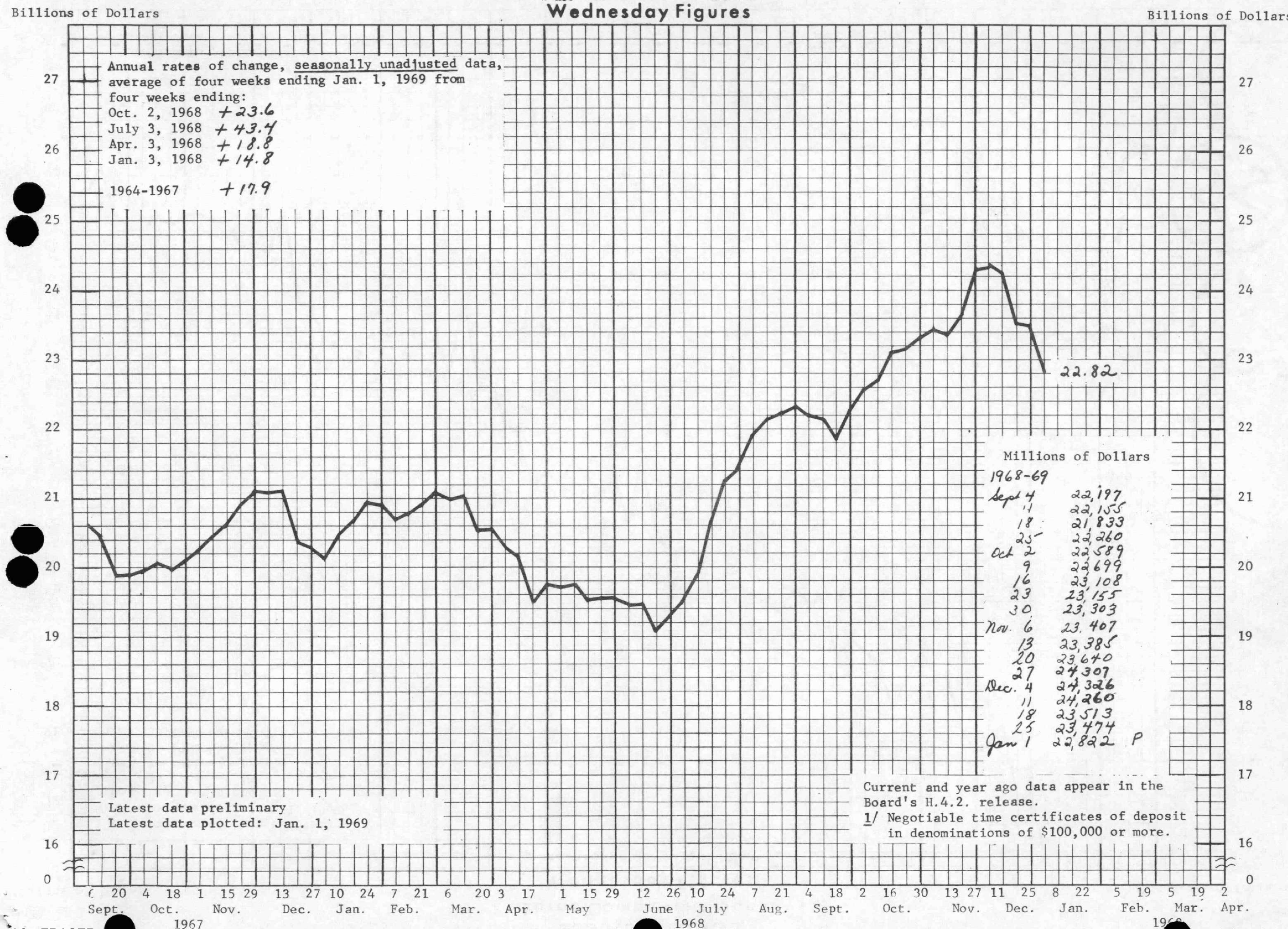
CERTIFICATES OF DEPOSIT 1/
Large Commercial Banks
Wednesday Figures



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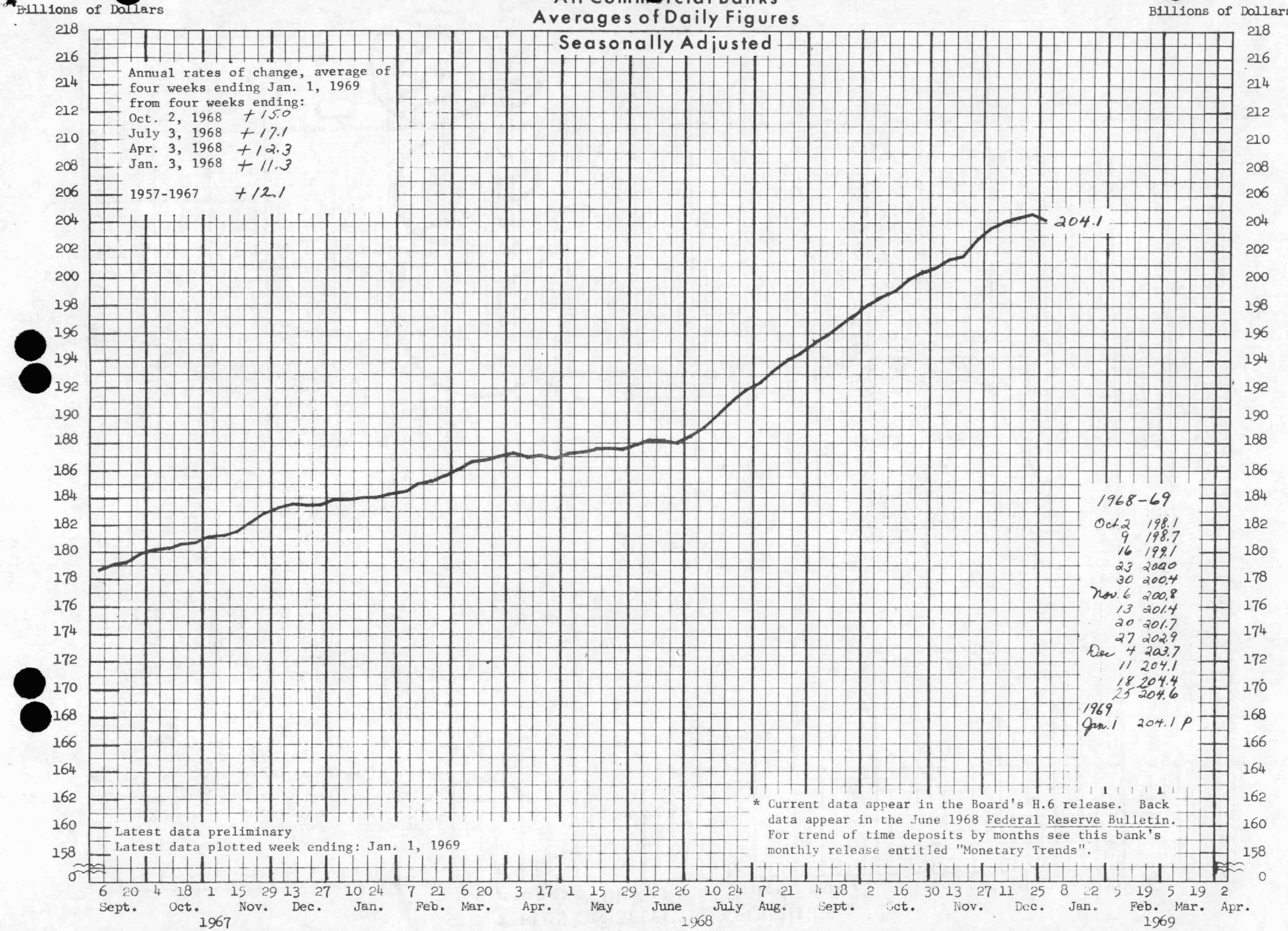
TIME DEPOSITS*
All Commercial Banks
Averages of Daily Figures
Seasonally Adjusted



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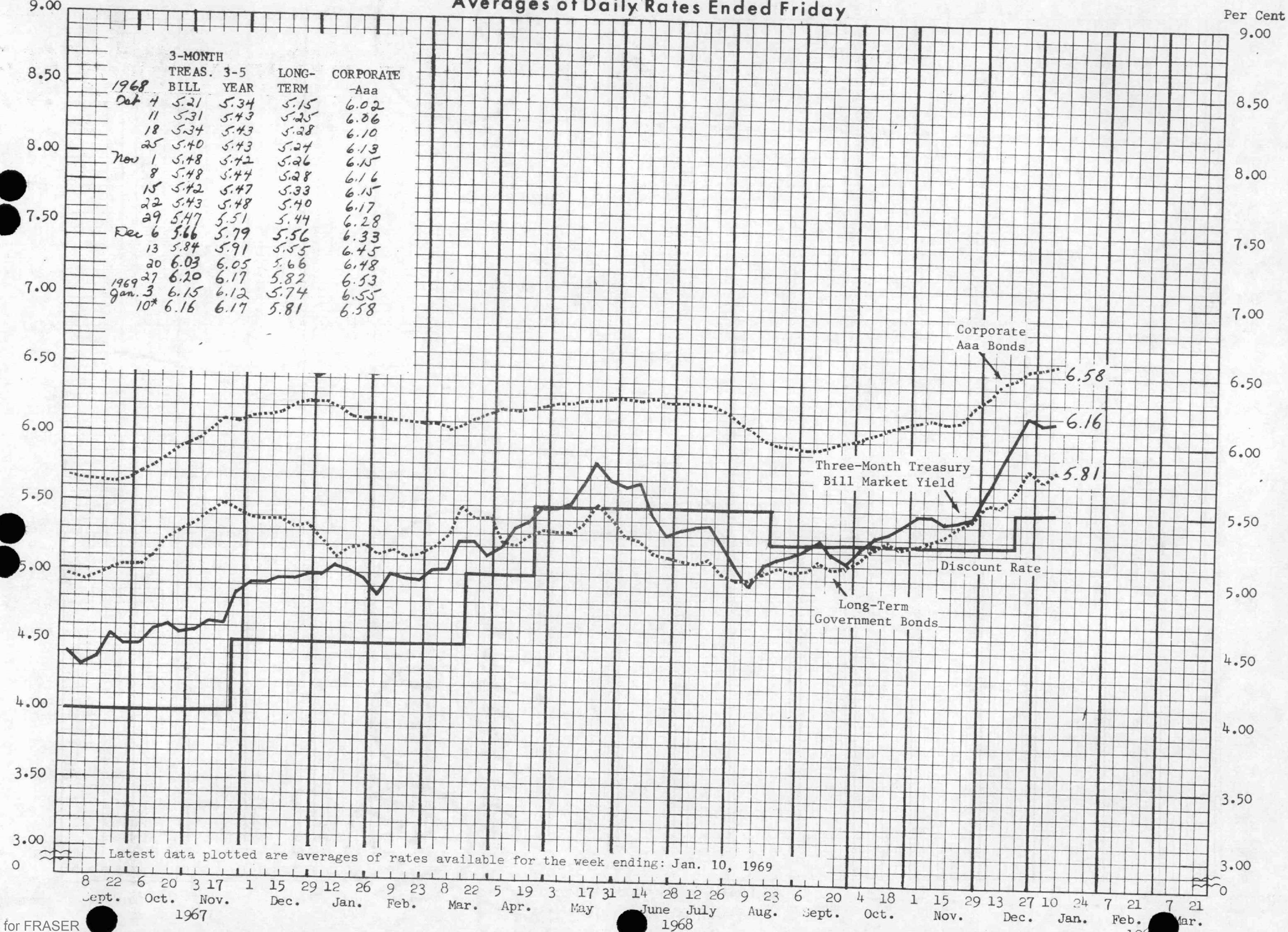
YIELDS ON SELECTED SECURITIES
Averages of Daily Rates Ended Friday



1968	3-MONTH TREAS. BILL	3-5 YEAR	LONG-TERM	CORPORATE -Aaa
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	5.48	5.44	5.28	6.16
15	5.42	5.47	5.33	6.15
22	5.43	5.48	5.40	6.17
29	5.47	5.51	5.44	6.28
Dec 6	5.66	5.79	5.56	6.33
13	5.84	5.91	5.55	6.45
20	6.03	6.05	5.66	6.48
27	6.20	6.17	5.82	6.53
1969 Jan. 3	6.15	6.12	5.74	6.55
10*	6.16	6.17	5.81	6.58

*AVERAGES OF RATES AVAILABLE

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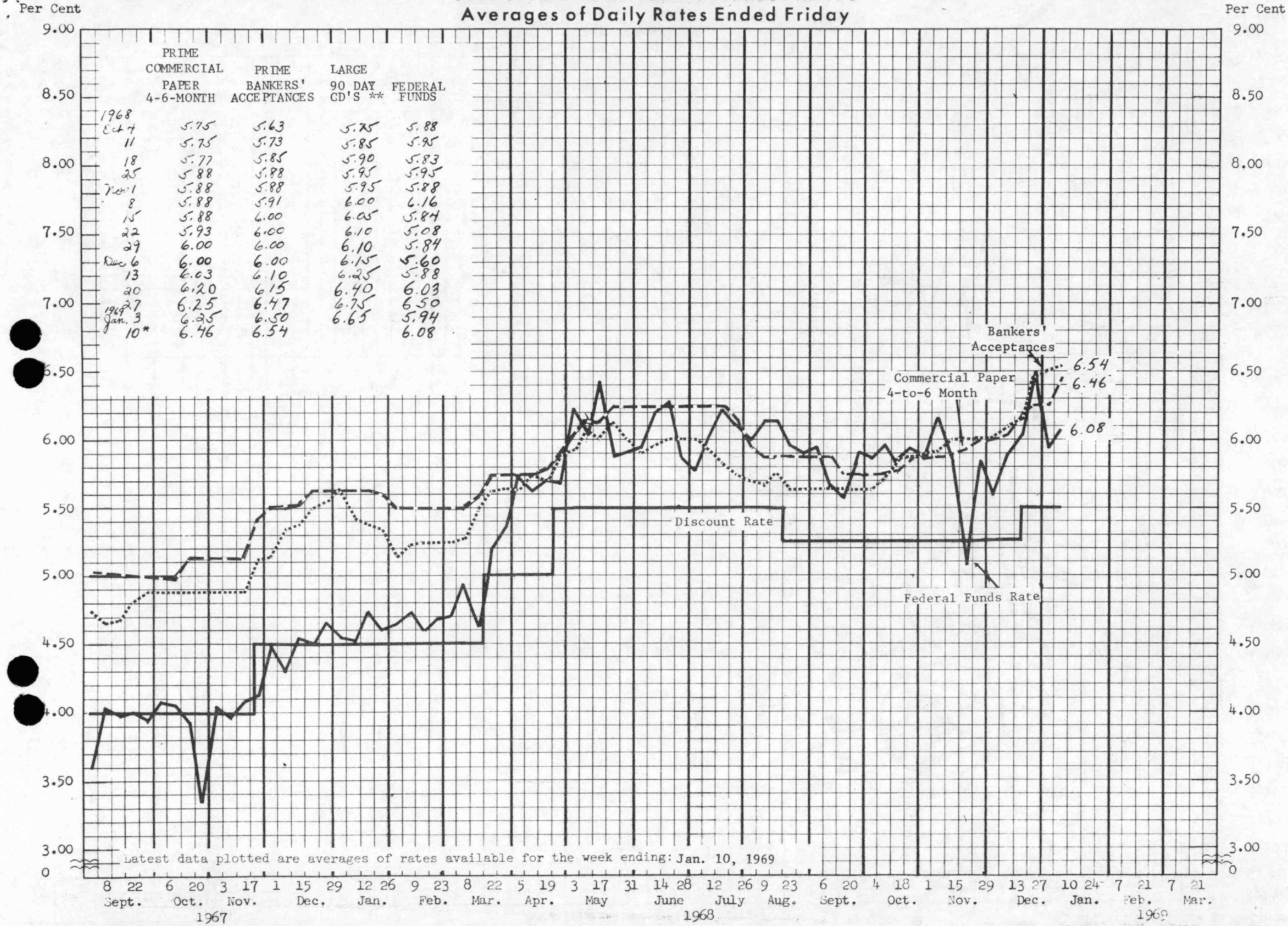
SELECTED SHORT-TERM INTEREST RATES
Averages of Daily Rates Ended Friday

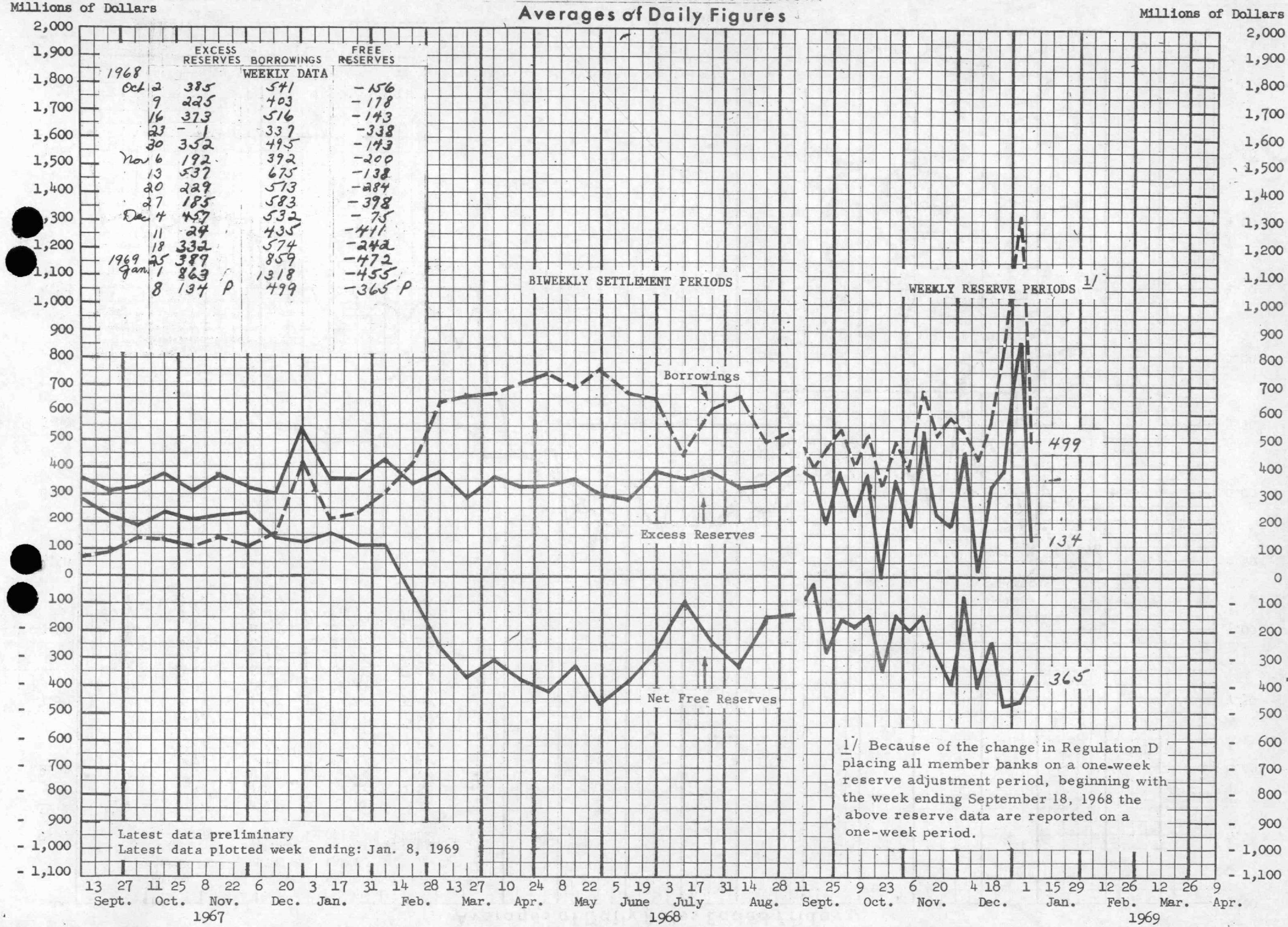


	PRIME COMMERCIAL PAPER 4-6-MONTH	PRIME BANKERS' ACCEPTANCES	LARGE 90 DAY CD'S **	FEDERAL FUNDS
1968				
Oct 4	5.75	5.63	5.75	5.88
11	5.75	5.73	5.85	5.95
18	5.77	5.85	5.90	5.83
25	5.88	5.88	5.95	5.95
Nov 1	5.88	5.88	5.95	5.88
8	5.88	5.91	6.00	6.16
15	5.88	6.00	6.05	5.84
22	5.93	6.00	6.10	5.08
29	6.00	6.00	6.10	5.84
Dec 6	6.00	6.00	6.15	5.60
13	6.03	6.10	6.25	5.88
20	6.20	6.15	6.40	6.03
27	6.25	6.47	6.75	6.50
1969 Jan. 3	6.25	6.50	6.65	5.94
10*	6.46	6.54		6.08

*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



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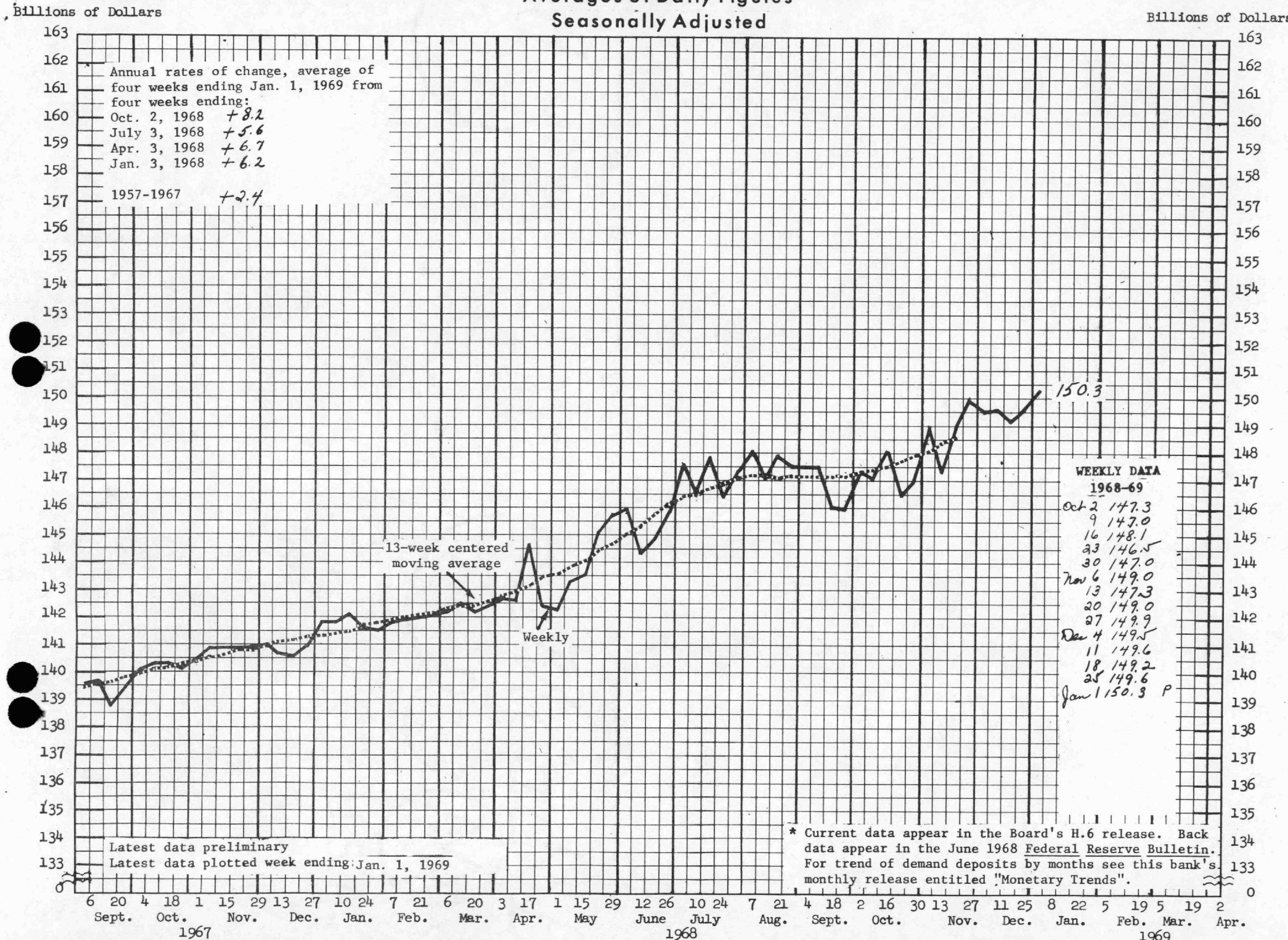
DEMAND DEPOSIT COMPONENT OF MONEY STOCK*
Averages of Daily Figures
Seasonally Adjusted



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