## Week ending January 29, 1969

## M6 271998

Market interest rates have remained about unchanged in the past week (pages 8 and 9). These rates rose gradually from August to late November, increased more rapidly in December, and have since changed little. Three-month Treasury bill rates averaged 5.08 per cent in August, rose to 5.45 per cent in November, and then umped to 6.20 per cent in late December, up more than 0 basis points from August. Effective December 18, the rederal Reserve discount rate was raised 25 basis points from 5.25 per cent to 5.50 per cent. During the three days ending Janaury 29 the bill rate averaged 6.14 per cent.

Several monetary aggregates have increased rapidly in recent weeks. Since the week ending December 18th, Federal Reserve credit has grown $\$ 0.9$ billion (page 2), total member bank reserves have increased $\$ 1$ billion, and the monetary base has risen $\$ 0.6$ billion (page 2).

Member bank borrowings have averaged \$715 million in the last four weeks, compared with $\$ 552$ million rom November 7 to December 18 (page 10). This increase, hich has added to total bank reserves, probably relects the increased margin between market interest rates and the discount rate, a large demand for bank loans, and the loss of bank time deposits resulting from market interest rates rising relative to Regulation $Q$ ceilings.

Growth rates of the money stock (page 3), the demand deposit component of money (page 11), and business loans at commercial banks (page 5) have accelerated in the last three months, while growth rates of time deposits (page 7), money plus time deposits (page 4), and bank credit have decelerated. These divergent trends reflect mainly a sharp decline in large negotiable certificates of deposit at commercial banks since early December (page 6) and the continued rapid growth of the monetary base. Since funds which leave commercial bank time deposits in order to earn higher returns are available elsewhere, restriction of bank credit growth through interest rate ceilings is offset by growth of funds in nonregulated markets. A decline of time deposits also permits a given level of total reserves or monetary base to support a larger amount of demand deposits than would otherwise be possible.

Although growth rates of money and of its demand deposit component have accelerated in the last three months, growth rates for the last six months are slower than those for the previous six months. Since July money has grown at a 5.2 per cent annual rate, compared with about an 8 per cent rate from January to July. The demand deposit component of money has increased at a 4.9 per cent annual rate in the last six months, compared with about an 8 per cent rate in the previous six months.

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

Tables of annual rates of change and charts of monthly data for many monetary indicators are given in "Monetary Trends" published by this bank. To receive this monthly release, write the Research Department of the Federal Reserve

# Prepared by Federal Reserve Bank of St. Louis 

Released: January 31, 1969


Averages of Daily Figures

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Billions of Dol


MONEY STOCK PLUS TIME DEPOSITS*
Averages of Daily Figures



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All Member Banks in the Nation



Seasonally Adiusted

