

Week ending February 19, 1969

AUG 27 1998

The monetary base averaged \$76.5 billion in the four weeks ending February 19, up \$.8 billion or at a 6.1 per cent annual rate from the four weeks ending December 18 (page 2). This rate of increase is somewhat slower than the 6.5 per cent rate for the past twelve months and the 6.3 per cent trend rate of the past two years. In contrast, the base increased at a 3.6 per cent trend rate from 1957 to 1968. The monetary base, the total credit extended by the Federal Reserve and Treasury to the economy and a measure of monetary actions, indicates no appreciable change in the past two months from the previous two years. Federal Reserve credit, the largest source component of the base, has increased at a 6.7 per cent rate in the past two months, similar to the 9.0 per cent rate of increase in the past two years (page 2).

Although the base has continued to increase rapidly since early December, money has declined on balance since the four weeks ending December 18 (page 3). This discrepancy can be explained for the most part by the recent unusual build-up of Treasury deposits in commercial banks, causing private demand deposits and money to be correspondingly less than they otherwise would be. The money stock, adjusted for this change in Government deposits, which is likely to be temporary, has continued to increase since early December at roughly its earlier rapid rate.

Since last July money has increased at a 3 per cent annual rate, less than half the rate of the previous 18 months. Just as in the last two months, the slower growth over the last seven months has reflected unusual developments which may now be near an end. The monetary base, which usually determines the growth of money over an extended period, has continued

to increase very rapidly up to the present time. If the base continues to increase rapidly in coming weeks and Treasury balances at commercial banks are substantially reduced from their present abnormally high levels, the money stock would increase rapidly. Nevertheless, experience indicates that a markedly slower growth of money over a period of seven months may have a measurable moderating effect on total spending.

Time deposits have declined at a 7.7 per cent rate since early December in response to high market interest rates relative to rates banks are permitted to pay on time deposits (page 7). As a result of the disintermediation of time deposits, the growth rates of money plus time deposits and bank credit have decelerated. The money stock plus time deposits has decreased at a 4.3 per cent annual rate in the past two months, compared with a 7.5 per cent increase during the past year (page 4). Total credit at large commercial banks has increased at a 0.5 per cent annual rate since early December, compared with a 10.3 per cent increase in the past year (page 12). The decline of time deposits bears heavily on commercial banks and some bank loan customers, but since funds leaving time deposits are available elsewhere, the disintermediation does not necessarily restrict total credit flows in the economy. Accordingly, the decelerated growth of bank credit and the broad measure of money do not necessarily indicate monetary restraint.

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

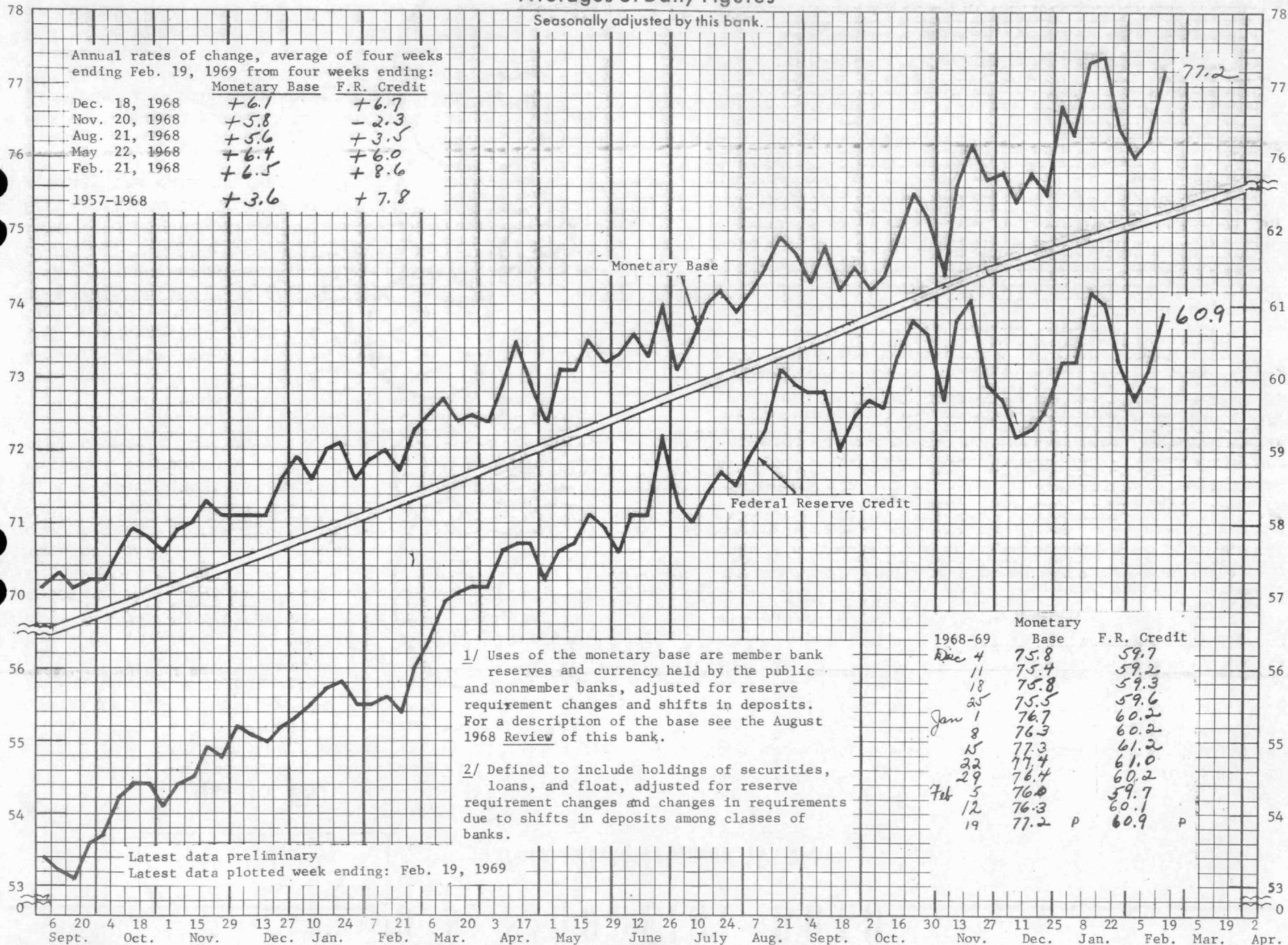
Prepared by Federal Reserve Bank of St. Louis

Released: February 21, 1969

MONETARY BASE ¹ FEDERAL RESERVE CREDIT ² Averages of Daily Figures

Billions of Dollars

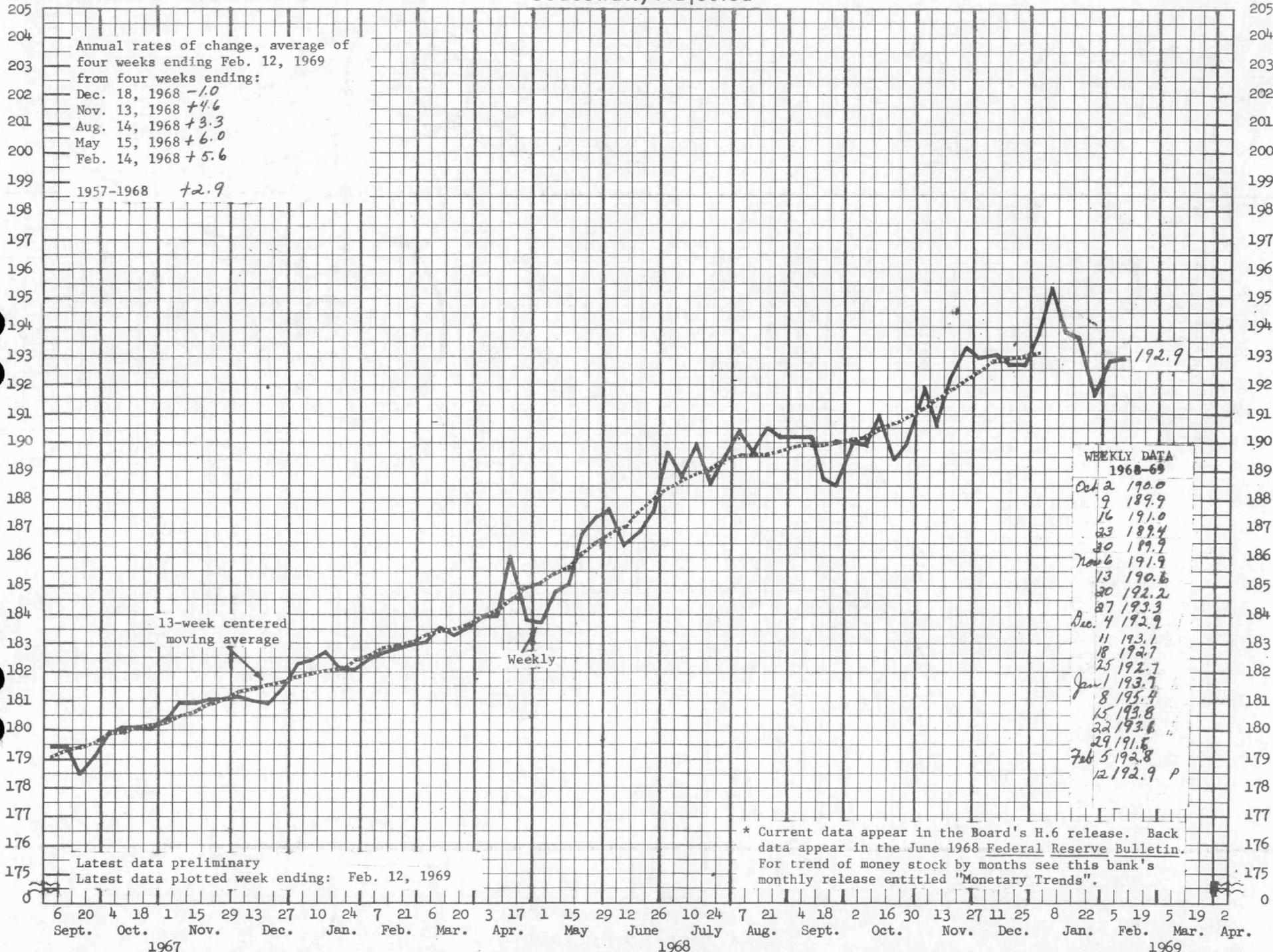
Billions of Dollars



MONETARY STOCK*
Averages of Daily Figures
Seasonally Adjusted

Billions of Dollars

Billions of Dollars



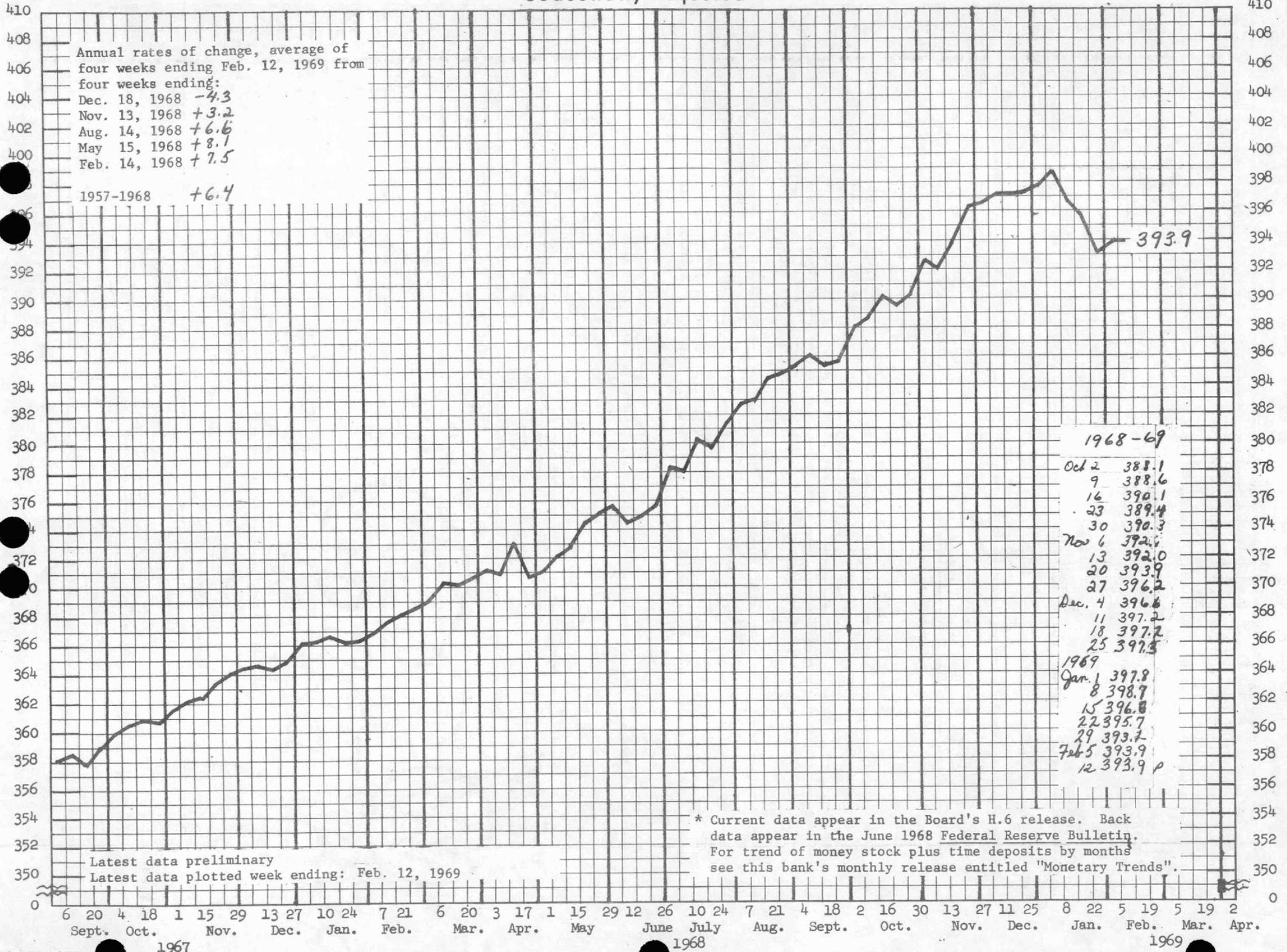
MONEY STOCK PLUS TIME DEPOSITS*

Averages of Daily Figures

Seasonally Adjusted

Billions of Dollars

Billions of Dollars

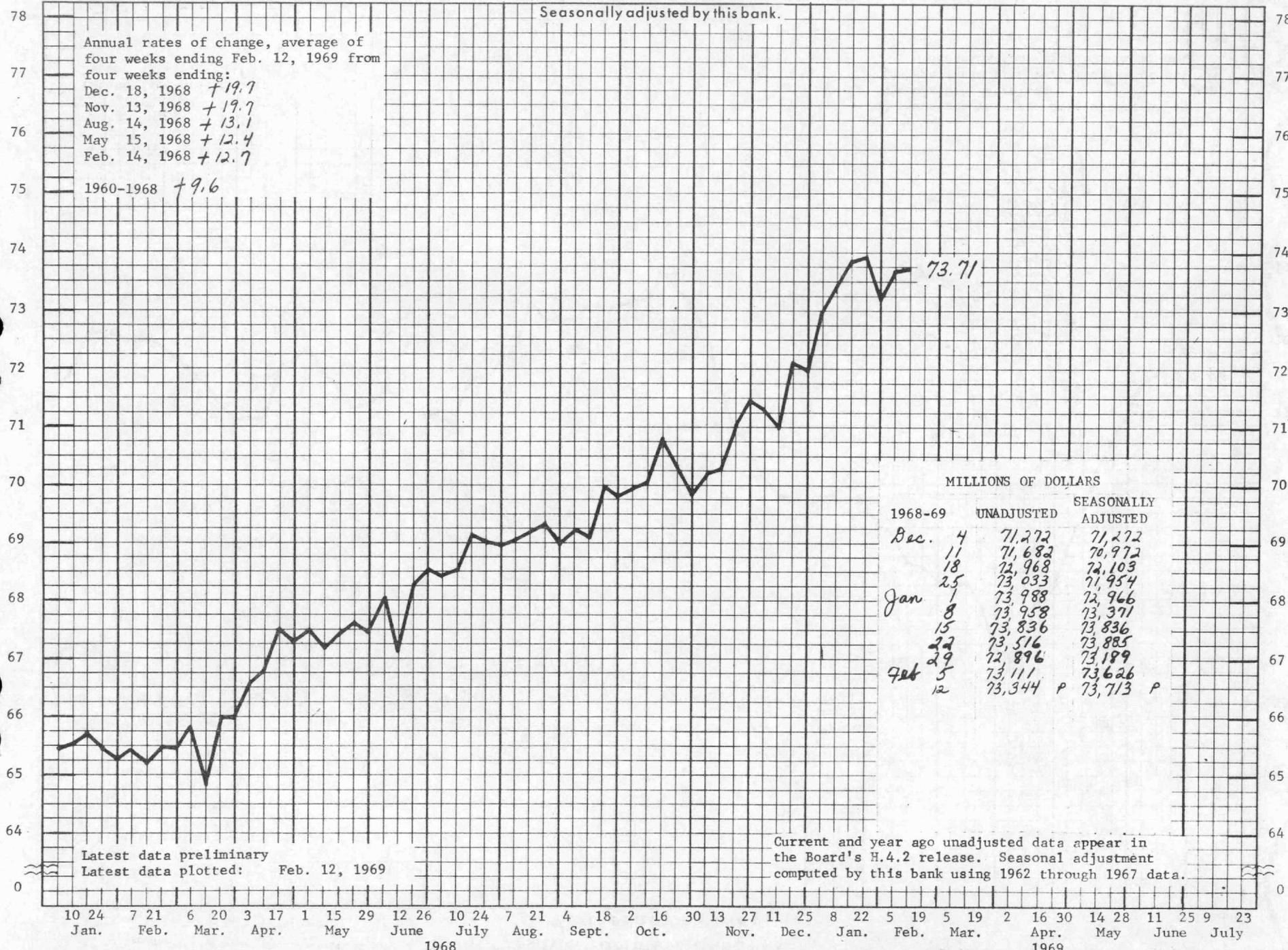


BUSINESS LOANS
Large Commercial Banks
Wednesday Figures

Billions of Dollars

Billions of Dollars

Seasonally adjusted by this bank.



MILLIONS OF DOLLARS		
1968-69	UNADJUSTED	SEASONALLY ADJUSTED
Dec. 4	71,272	71,272
11	71,682	70,972
18	72,968	72,103
25	73,033	71,954
Jan 1	73,988	72,966
8	73,958	73,371
15	73,836	73,836
22	73,516	73,885
29	72,896	73,189
Feb 5	73,111	73,626
12	73,344	73,713 P

Latest data preliminary
 Latest data plotted: Feb. 12, 1969

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.

**CERTIFICATES OF DEPOSIT [1]
Large Commercial Banks
Wednesday Figures**

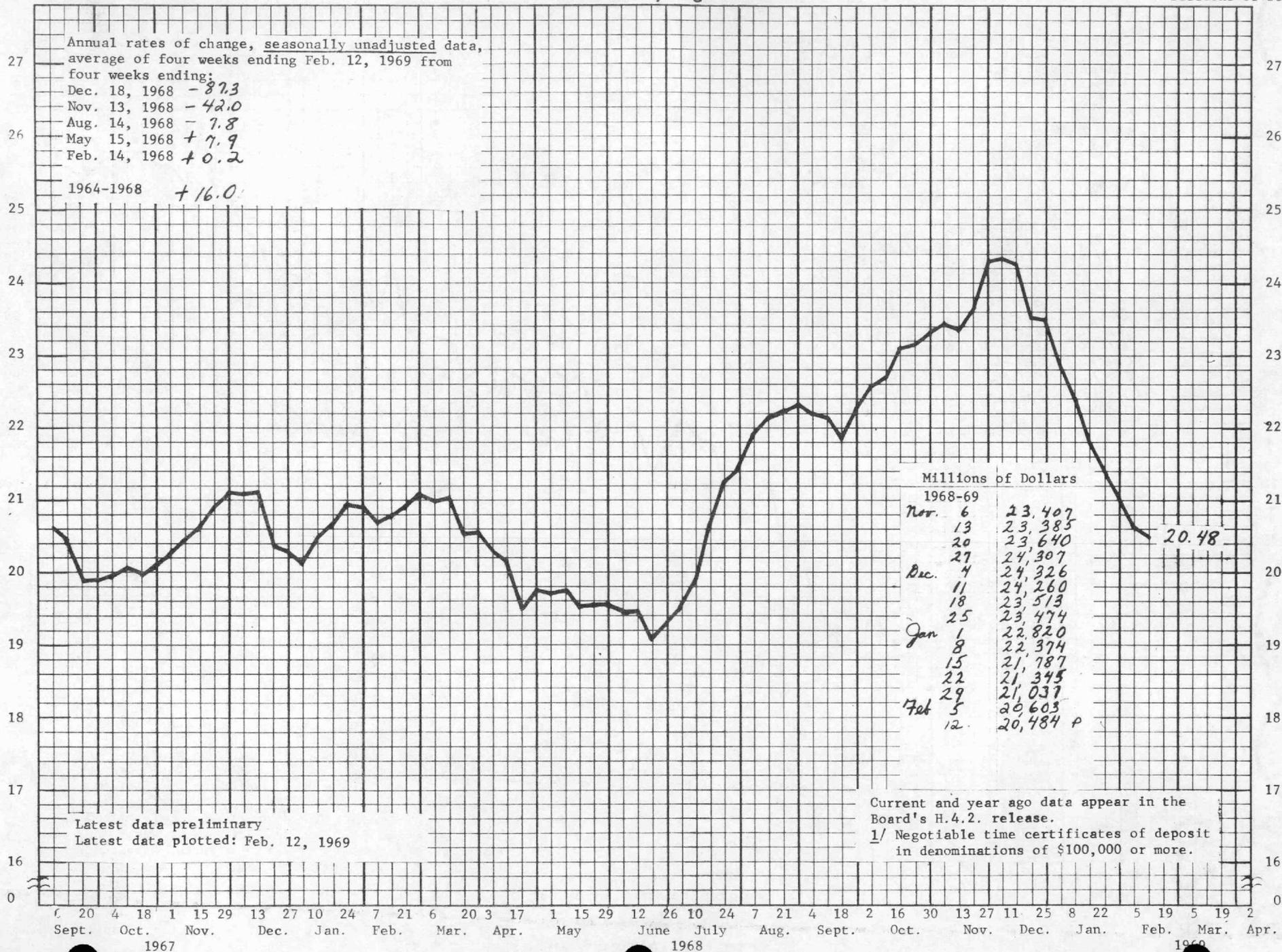
Billions of Dollars

Billions of Dollars

Annual rates of change, seasonally unadjusted data,
average of four weeks ending Feb. 12, 1969 from
four weeks ending:

Dec. 18, 1968	-87.3
Nov. 13, 1968	-42.0
Aug. 14, 1968	-7.8
May 15, 1968	+7.9
Feb. 14, 1968	+0.2

1964-1968 +16.0



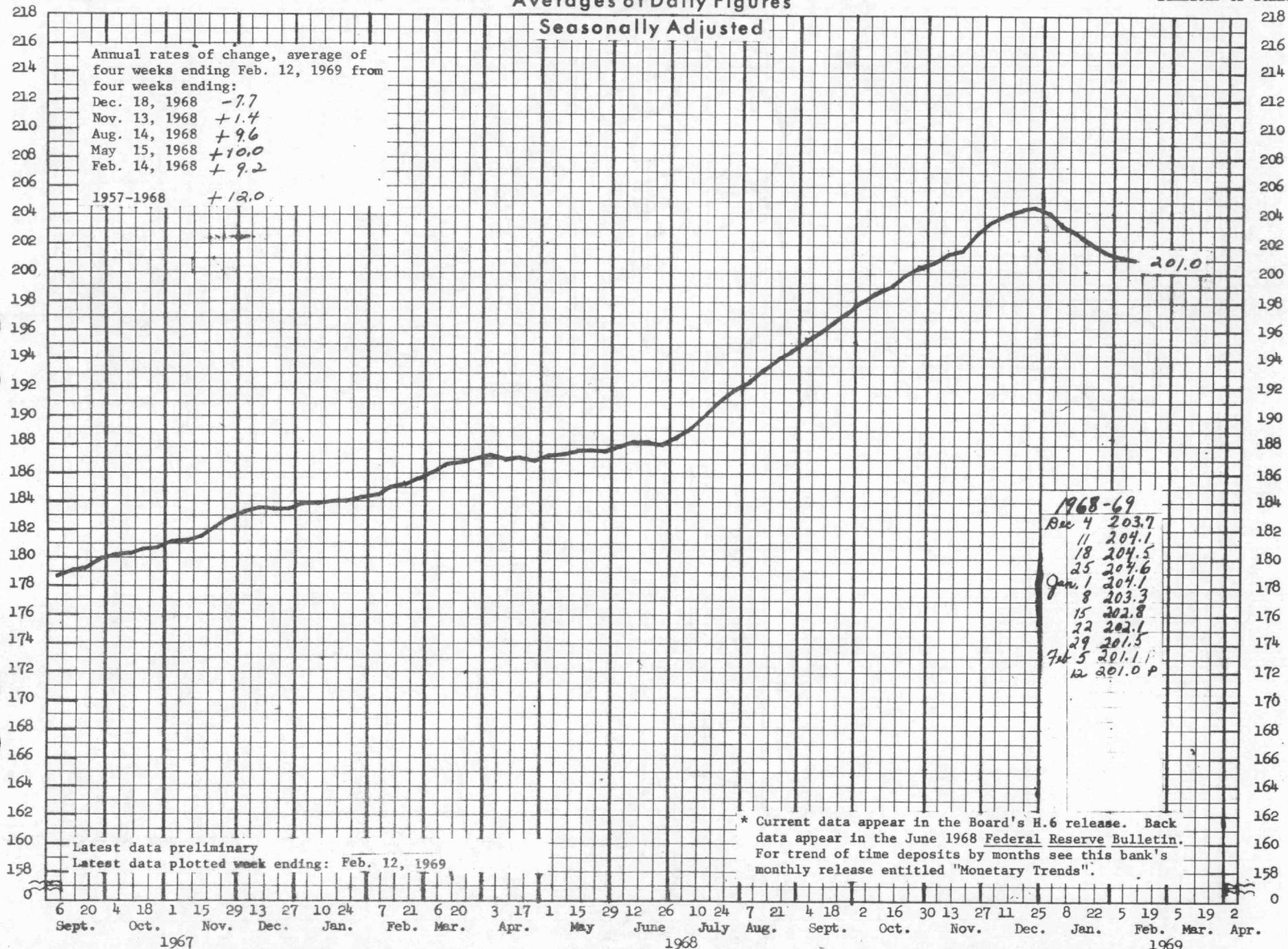
Current and year ago data appear in the Board's H.4.2. release.
1/ Negotiable time certificates of deposit in denominations of \$100,000 or more.

Latest data preliminary
Latest data plotted: Feb. 12, 1969

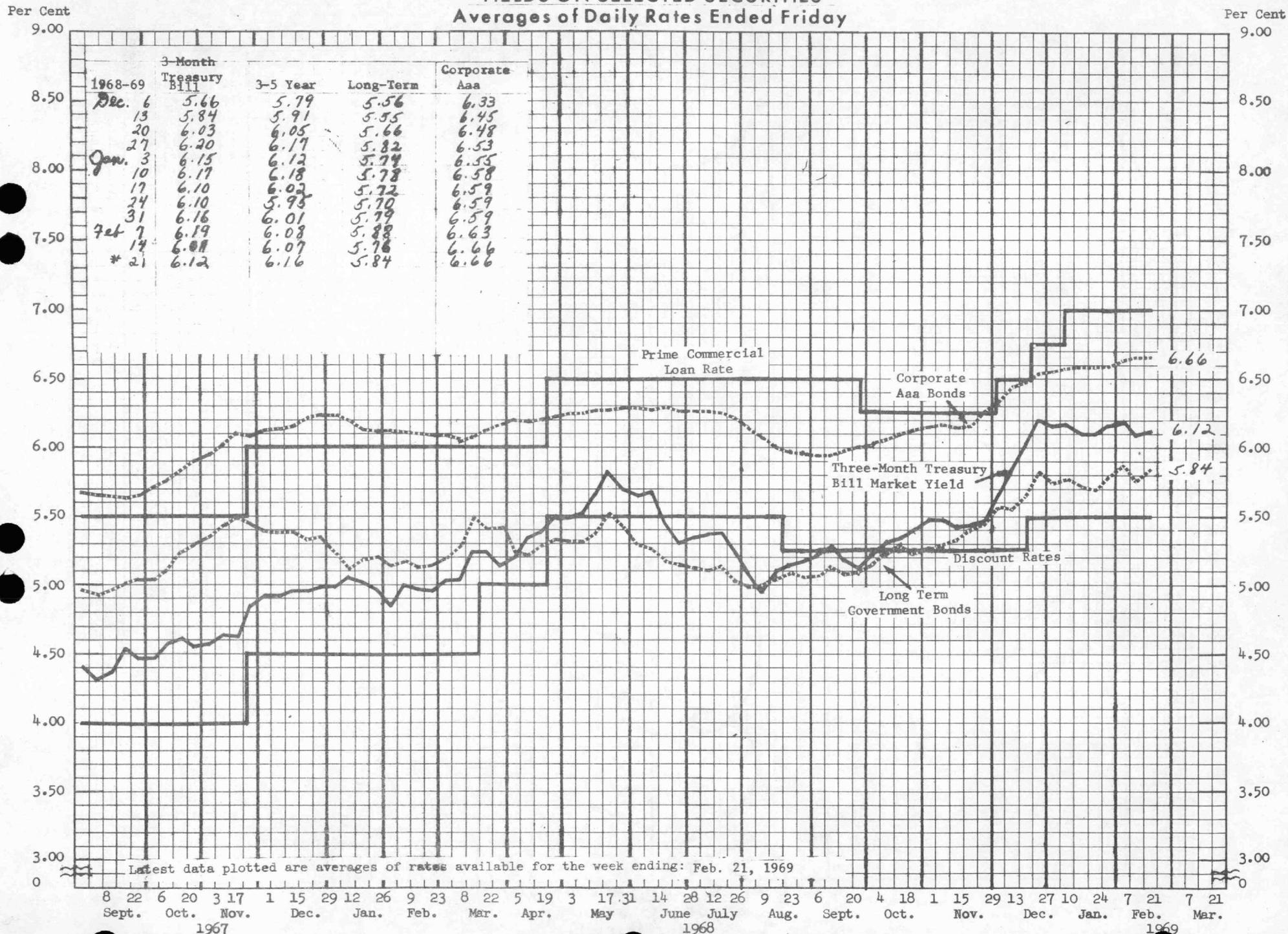
TIME DEPOSITS*
All Commercial Banks
Averages of Daily Figures

Billions of Dollars

Billions of Dollars



YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday

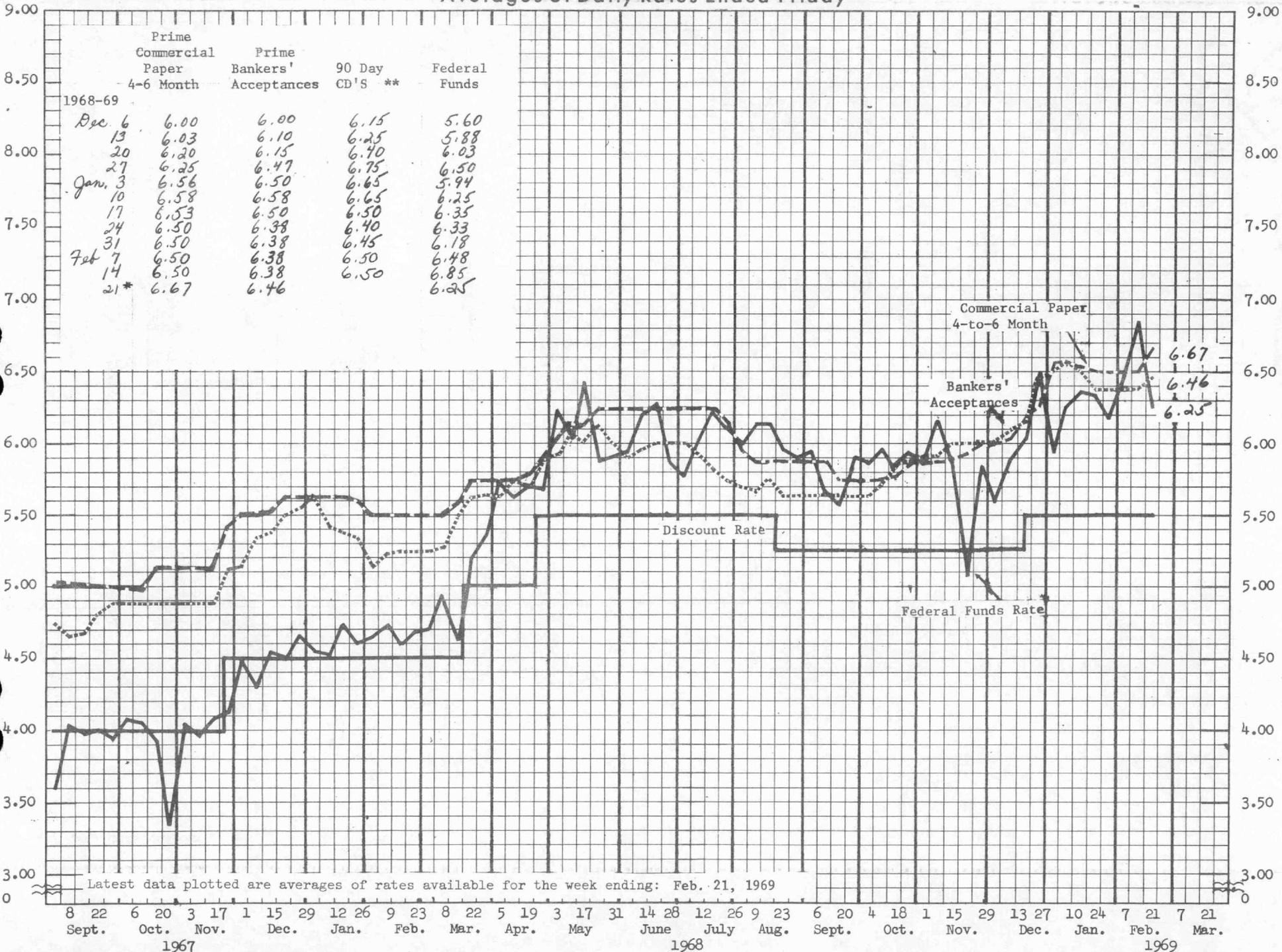


Latest data plotted are averages of rates available for the week ending: Feb. 21, 1969

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

Per Cent

Per Cent



Latest data plotted are averages of rates available for the week ending: Feb. 21, 1969

3.00
0

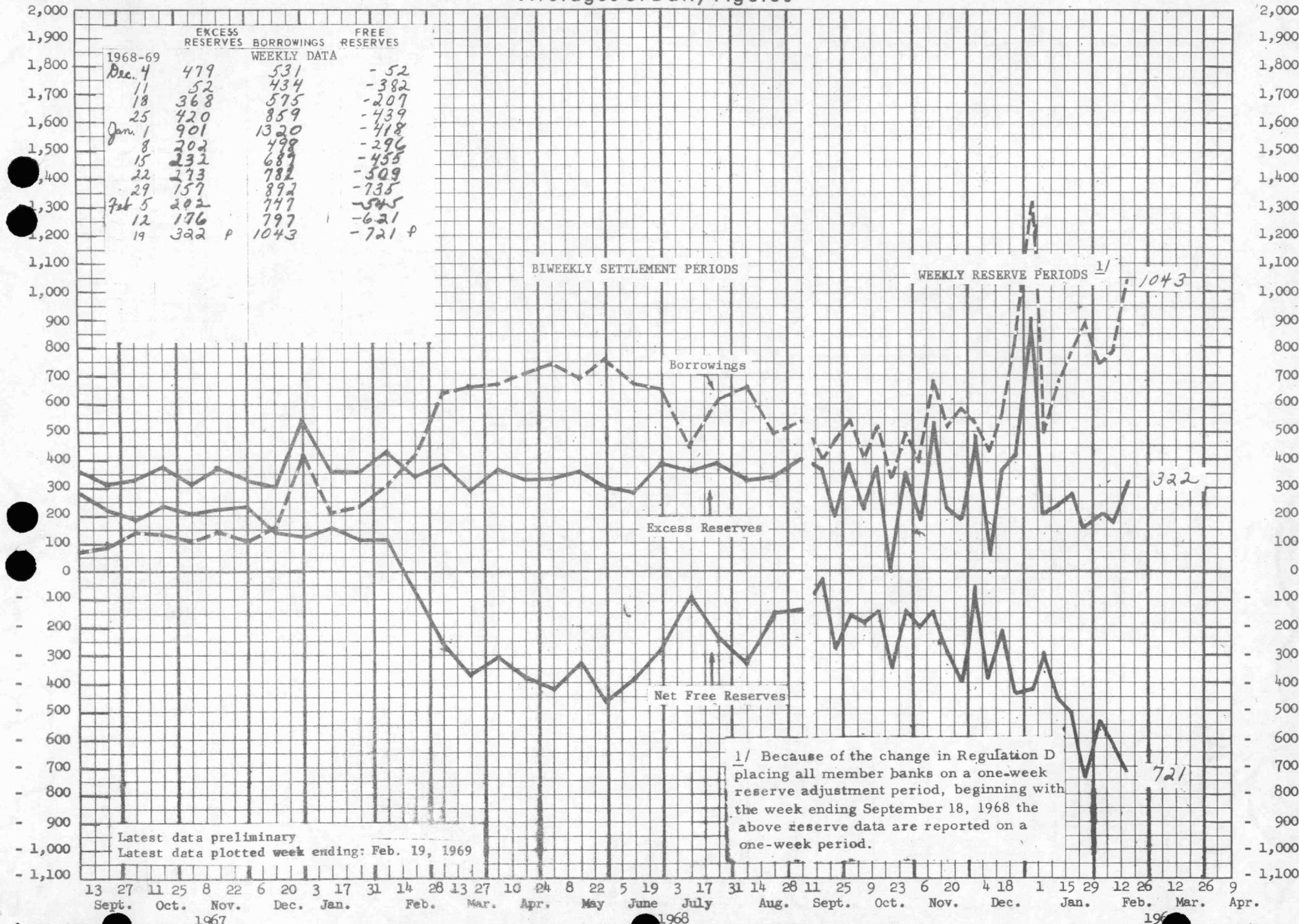
BORROWINGS AND EXCESS RESERVES

All Member Banks in the Nation

Averages of Daily Figures

Millions of Dollars

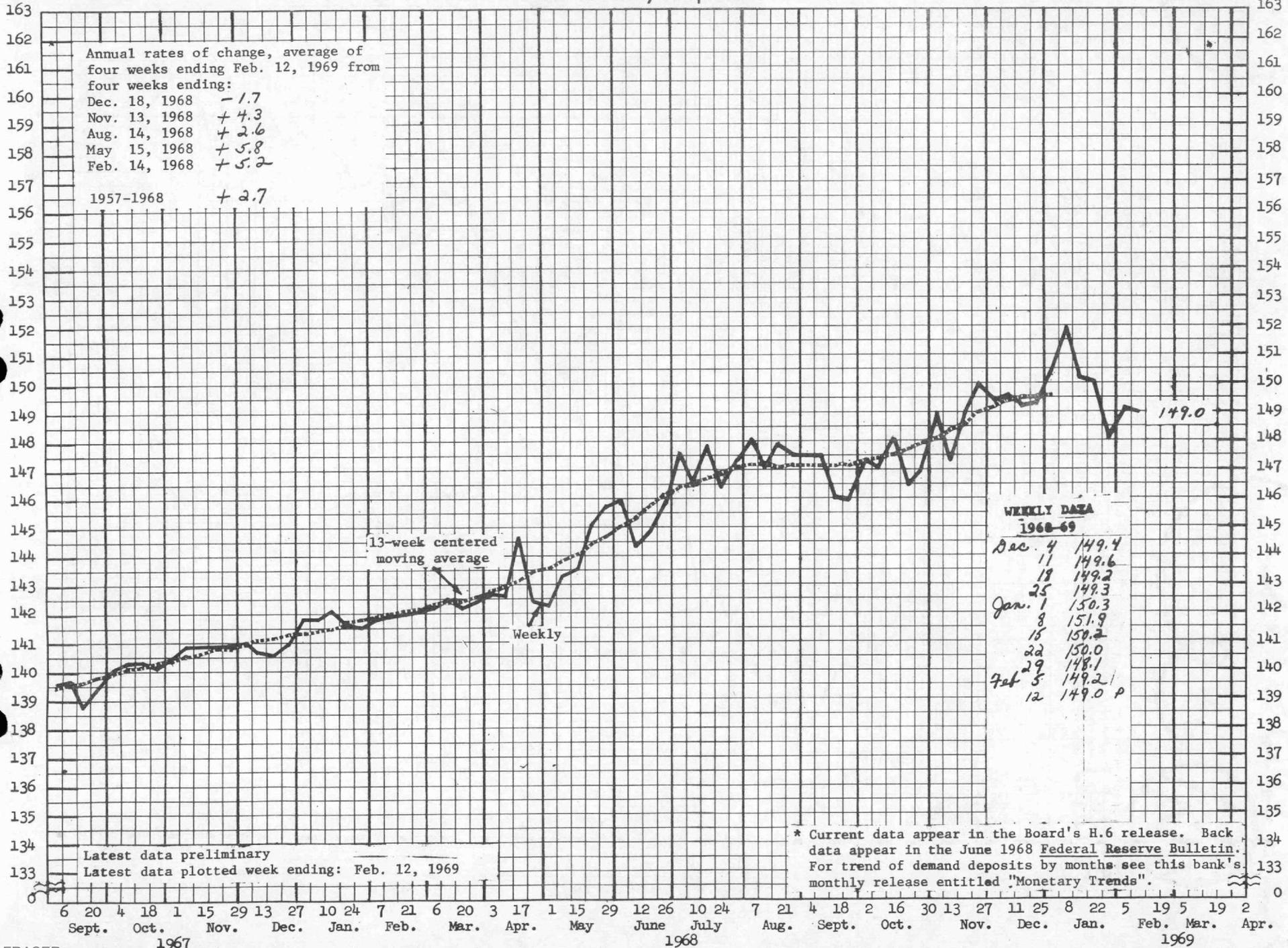
Millions of Dollars



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

Billions of Dollars

Billions of Dollars



TOTAL CREDIT Large Commercial Banks Wednesday Figures

Billions of Dollars

Billions of Dollars

230

230

225

225

220

220

215

215

210

210

205

205

200

200

0

0

Seasonally adjusted by this bank.

Annual rates of change, average of four weeks ending Feb. 12, 1969 from four weeks ending:	
Dec. 19, 1968	+0.5
Nov. 13, 1968	+6.9
Aug. 14, 1968	+11.7
May 15, 1968	+11.8
Feb. 14, 1968	+10.3
1960-1968	+ 8.1

223.6

1968-1969	Millions of Dollars SEASONALLY	
	UNADJUSTED	ADJUSTED
Nov. 6	220,001	220,574
13	219,353	219,749
20	219,679	221,094
27	218,933	220,100
Dec. 4	222,073	222,920
11	223,545	222,810
18	227,123	223,767
25	225,751	222,766
Jan. 1	228,596	224,686
8	225,155	223,368
15	223,663	222,484
22	222,367	223,282
29	220,970	220,155
Feb. 5	221,478	223,287
12	221,839 P	223,560 P

Latest data preliminary
Latest data plotted: Feb. 12, 1969

Current and year ago unadjusted data appear in the Board's H.4.2. release. Seasonal adjustment computed by this bank using 1961 through 1968 data.

10 24 7 21 6 20 3 17 1 15 29 12 26 10 24 7 21 4 18 2 16 30 13 27 11 25 8 22 5 19 5 19 2 16 30 14 28 11 25 9 23
Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June July
1968 1969