

Week ending March 26, 1969

AUG 27 1998

Interest rates have recently remained at high levels (pages 8 and 9). During the three days ended March 26, rates on three-month Treasury bills averaged 5.92 per cent, about unchanged from the average for December, 84 basis points higher than they were last August, and 78 basis points above a year ago. Bill rates are generally quoted on a discount basis, equivalent to somewhat higher rates on a bond yield basis. The recent 5.92 per cent rate on three-month Treasury bills equivalent to 6.09 per cent on a bond yield basis which compares with a 5.75 per cent ceiling rate on large certificates of deposit at commercial banks maturing in two or three months). The one-year Treasury bill rate averaged 6.09 per cent early this week, up from 5.98 per cent in December and 5.15 per cent last August. This 6.09 per cent yield on a discount basis has a bond yield equivalent of 6.47 per cent (which compares with a 6.25 per cent ceiling rate on CDs maturing in 6 to 12 months).

Interest rates on intermediate- and long-term securities have risen more than bill rates since December. Rates on long-term Government bonds averaged 6.04 per cent during the three days ending March 26, up from 5.65 per cent in December. Yields on three- to five-year Government bonds have averaged 6.31 per cent this week, compared with 5.99 per cent in December. According to usual yield curve analysis, the rise of long-term rates relative to short-term rates suggests that the credit market expects inflation and high interest rates to persist.

The money stock, consisting of private demand deposits and currency in the hands of the public, has risen at a 2 per cent annual rate since early December, and at a 3.7 per cent rate since July, much slower than the 6.5 per cent growth in the previous year (page 3). Similarly, the demand deposit component of money has increased at only a 1.3 per cent rate in the past three months, and at a 3.3 per cent rate since July, compared with 6.4 per cent in the previous year (page 11).

The growth of the monetary base, which largely determines the trend growth of money, has slowed in the most recent three-month period. The base has risen at only a 3.8 per cent rate in the past three months (page 2). By comparison, the monetary base rose 6.4 per cent in the previous year. Federal Reserve credit, the largest source component of the base, has increased at a 2.7 per cent rate in the past three months, compared with 8.4 per cent in the previous year (page 2).

Time deposits at commercial banks have declined at a 6 per cent rate since early December as a result of high market interest rates relative to rates banks are permitted to pay (page 7). Since late December large CDs have declined by \$4.7 billion (page 6). The growth rate of small CDs (less than \$100,000) and savings accounts has slowed to about a 3.4 per cent rate since December, compared with an 11 per cent increase in the previous year. In contrast to the decline of CDs, the outstanding volume of commercial paper rose \$626 million in February to an average level of \$22.4 billion after changing little from December to January (page 6).

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: March 28, 1969

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

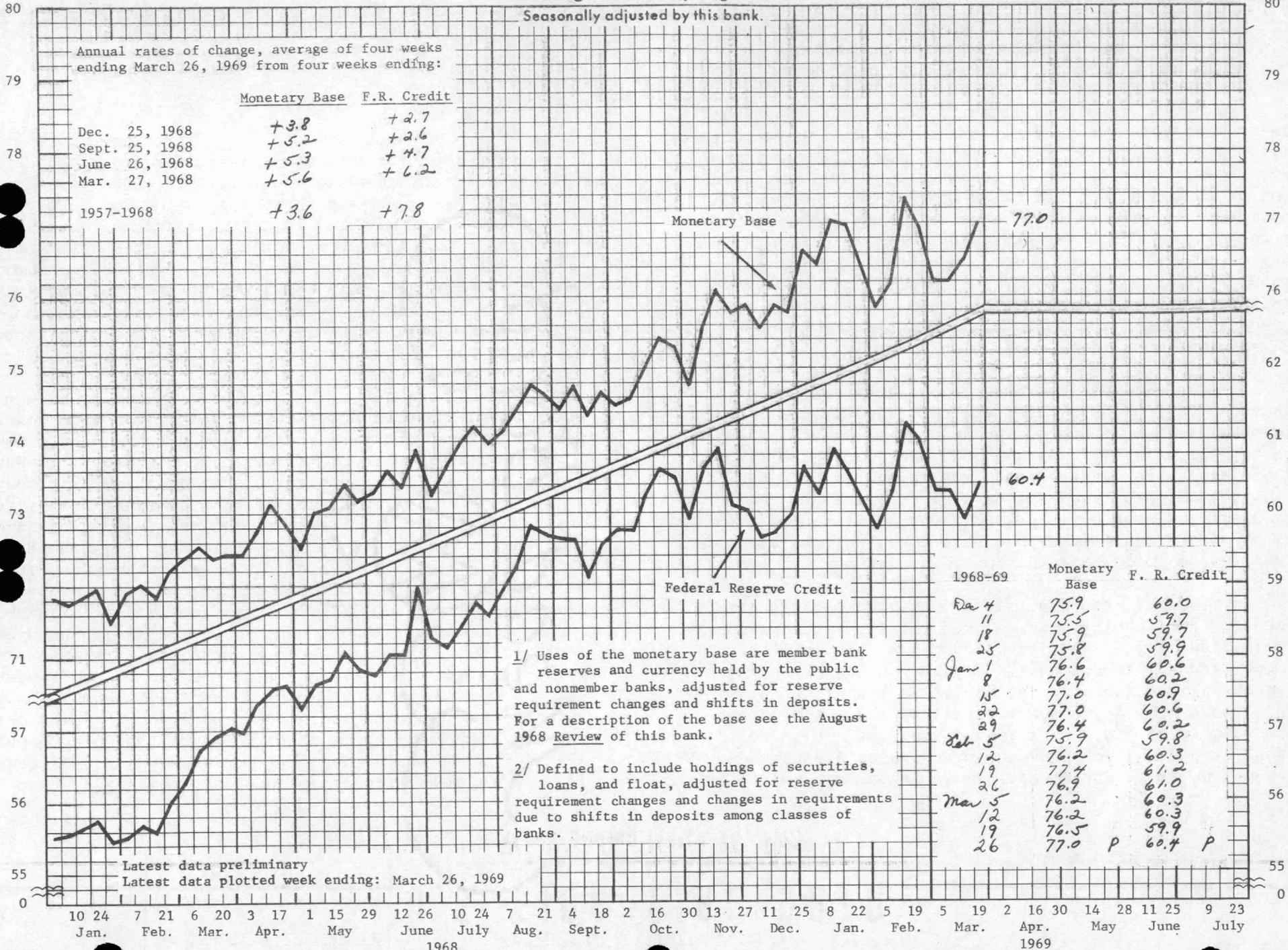
Billions of Dollars

Billions of Dollars

Seasonally adjusted by this bank.

Annual rates of change, average of four weeks ending March 26, 1969 from four weeks ending:

	Monetary Base	F.R. Credit
Dec. 25, 1968	+3.8	+2.7
Sept. 25, 1968	+5.2	+2.6
June 26, 1968	+5.3	+4.7
Mar. 27, 1968	+5.6	+6.2
1957-1968	+3.6	+7.8



<sup>1</sup>/ 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 1968 Review of this bank.

<sup>2</sup>/ Defined to include holdings of securities, loans, and float, adjusted for reserve requirement changes and changes in requirements due to shifts in deposits among classes of banks.

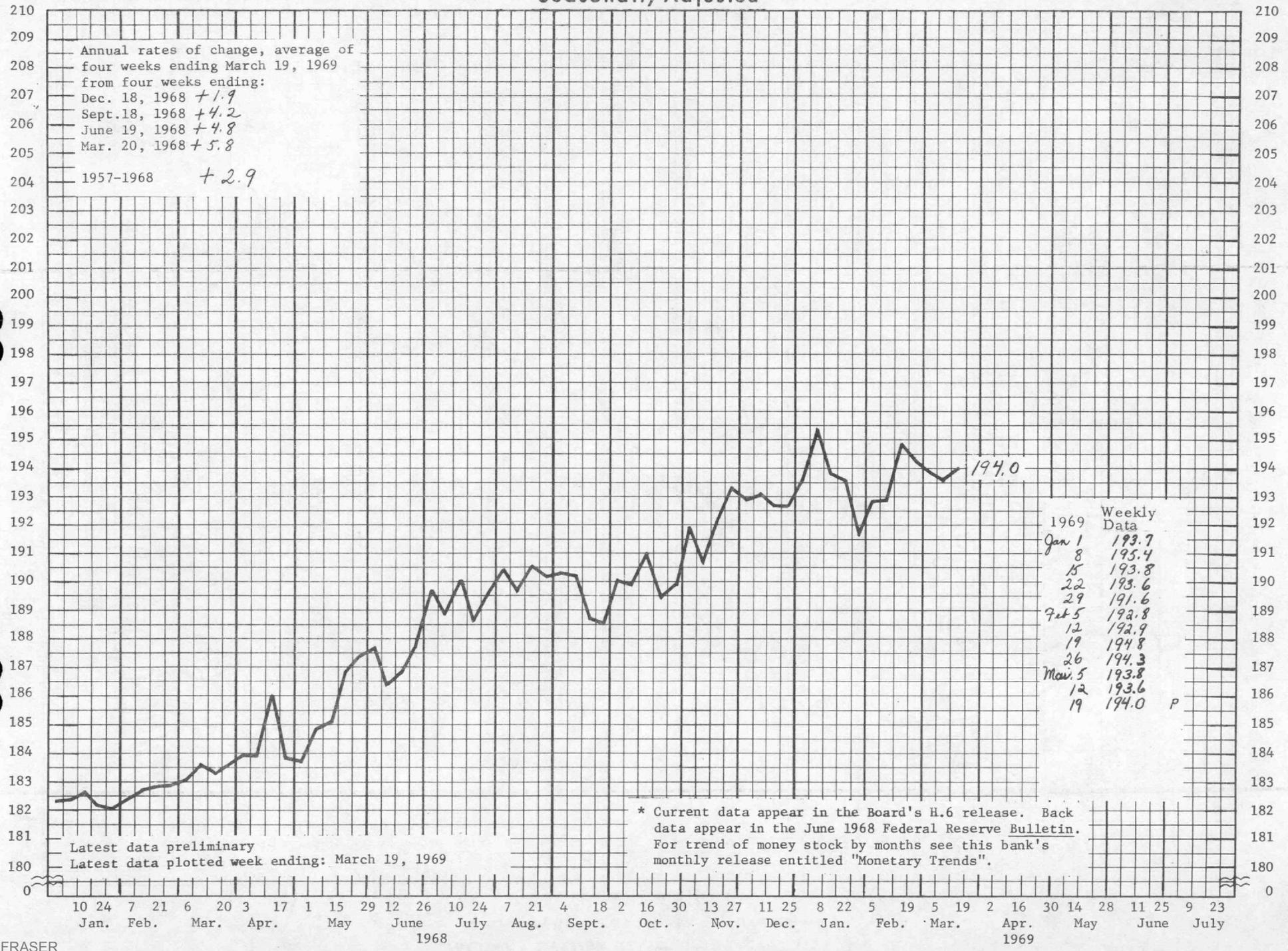
1968-69	Monetary Base	F. R. Credit
Dec 4	75.9	60.0
11	75.5	59.7
18	75.9	59.7
25	75.8	59.9
Jan 1	76.6	60.6
8	76.4	60.2
15	77.0	60.9
22	77.0	60.6
29	76.4	60.2
Feb 5	75.9	59.8
12	76.2	60.3
19	77.4	61.2
26	76.9	61.0
Mar 5	76.2	60.3
12	76.2	60.3
19	76.5	59.9
26	77.0	60.4

Latest data preliminary  
 Latest data plotted week ending: March 26, 1969

# MONEY STOCK\* Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

Billions of Dollars



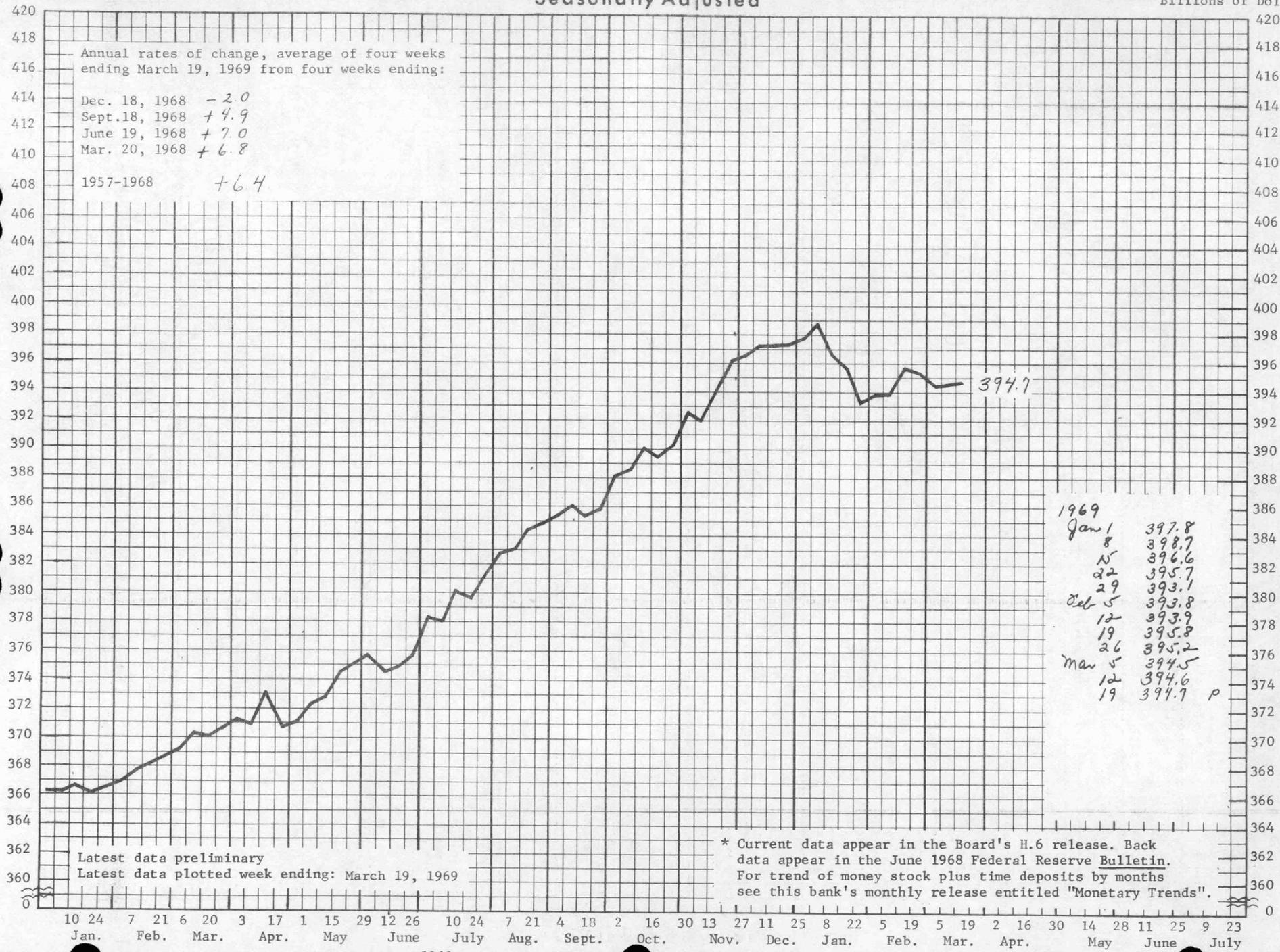
# MONEY STOCK PLUS TIME DEPOSITS\*

## Averages of Daily Figures

### Seasonally Adjusted

Billions of Dollars

Billions of Dollars

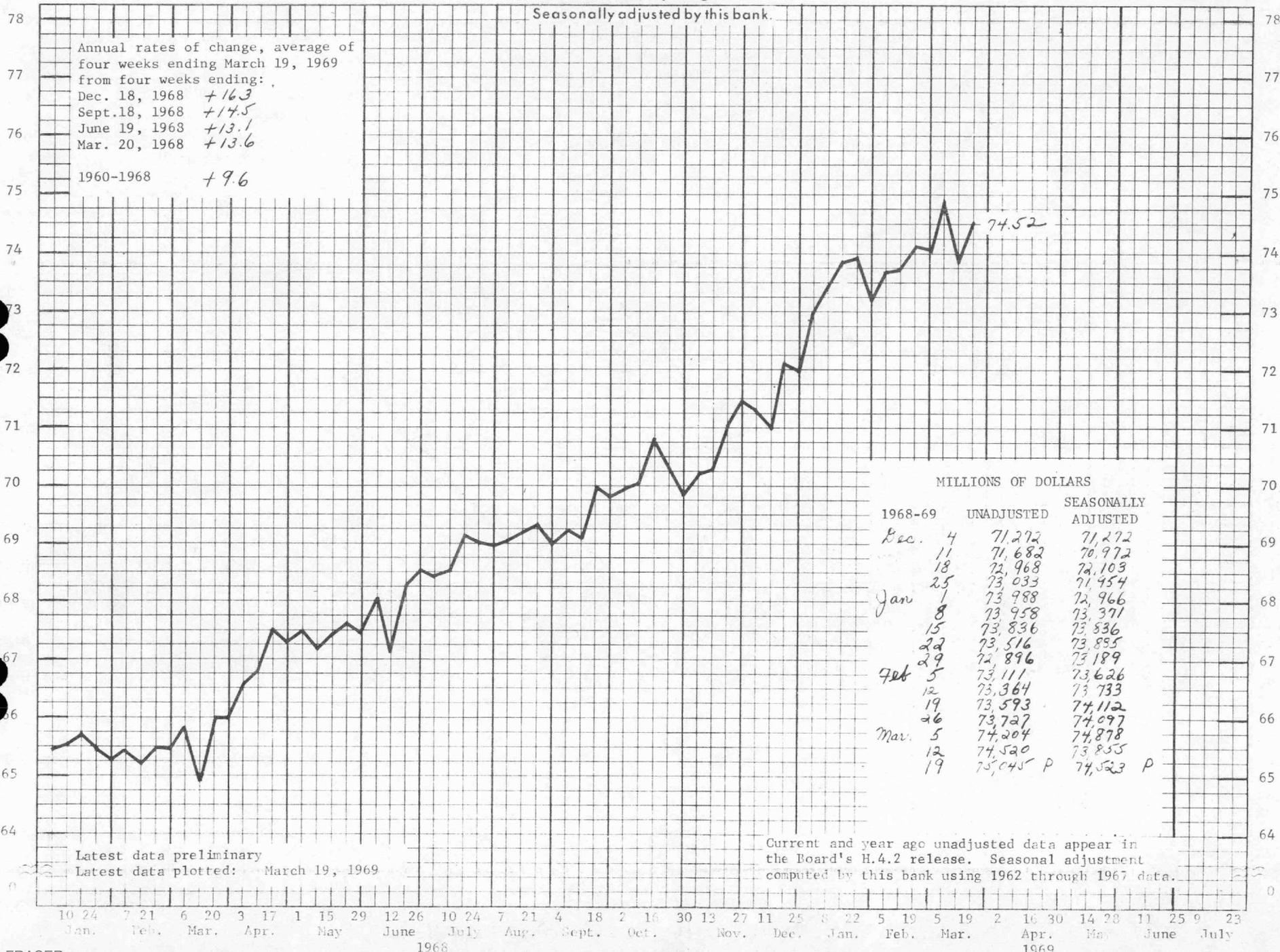


# BUSINESS LOANS Large Commercial Banks Wednesday Figures

Billions of Dollars

Billions of Dollars

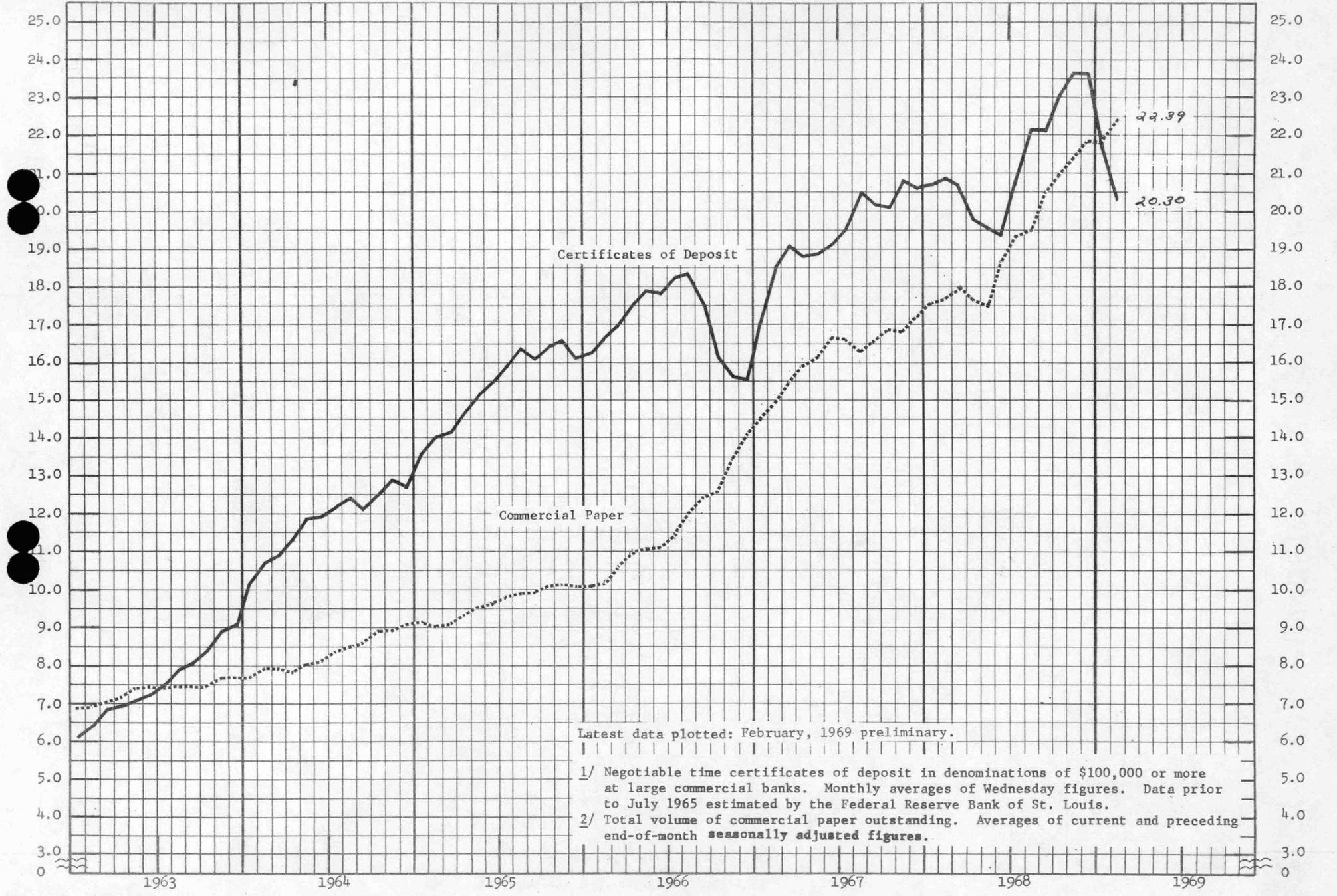
Seasonally adjusted by this bank.



### CERTIFICATES OF DEPOSIT 1 AND COMMERCIAL PAPER 2 Outstanding Volume

Billions of Dollars

Billions of Dollars



Latest data plotted: February, 1969 preliminary.

- 1/ Negotiable time certificates of deposit in denominations of \$100,000 or more at large commercial banks. Monthly averages of Wednesday figures. Data prior to July 1965 estimated by the Federal Reserve Bank of St. Louis.
- 2/ Total volume of commercial paper outstanding. Averages of current and preceding end-of-month seasonally adjusted figures.

TIME DEPOSITS\*  
All Commercial Banks  
Averages of Daily Figures

Billions of Dollars

Billions of Dollars

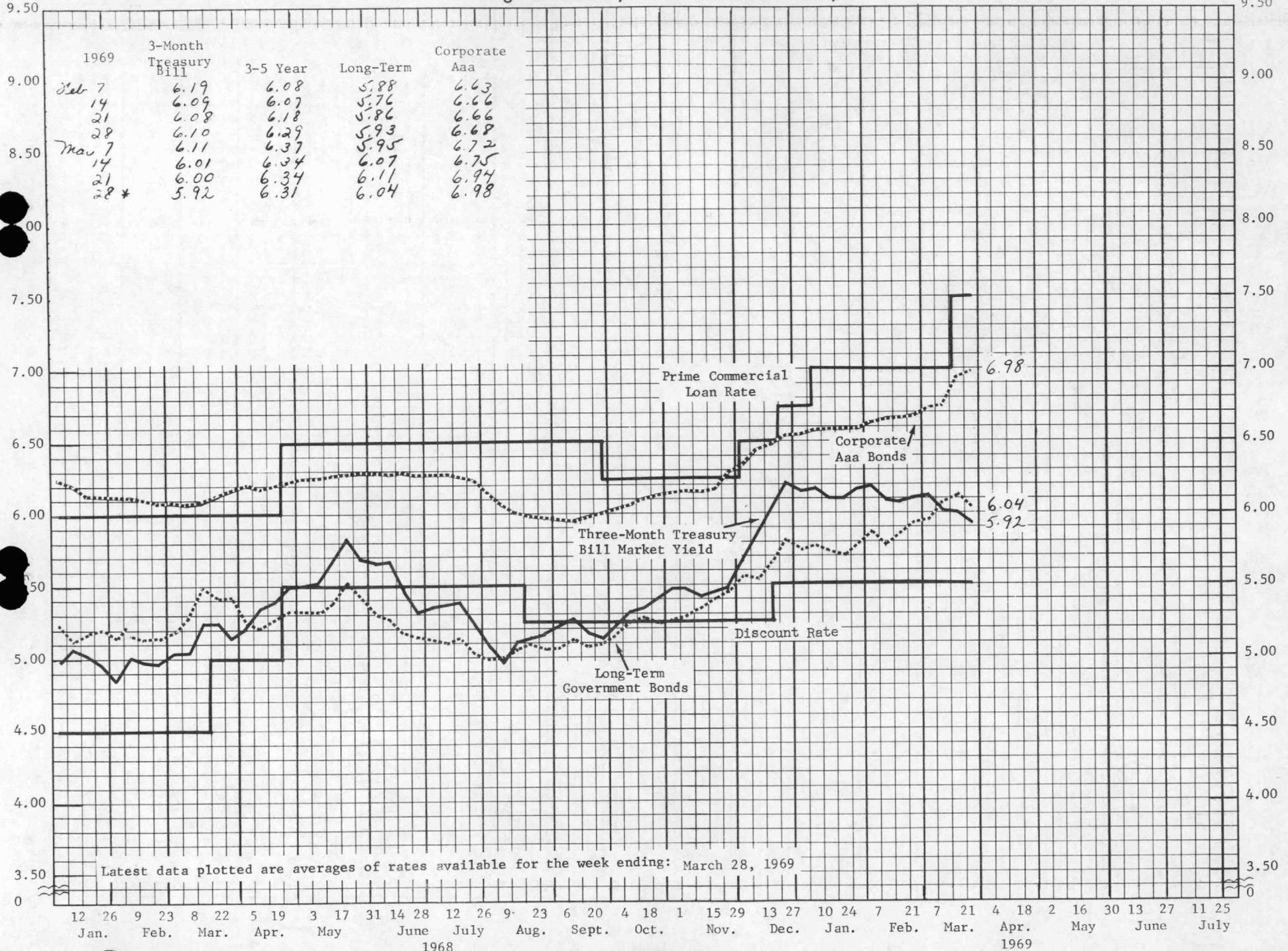


# YIELDS ON SELECTED SECURITIES

## Averages of Daily Rates Ended Friday

Per Cent

Per Cent



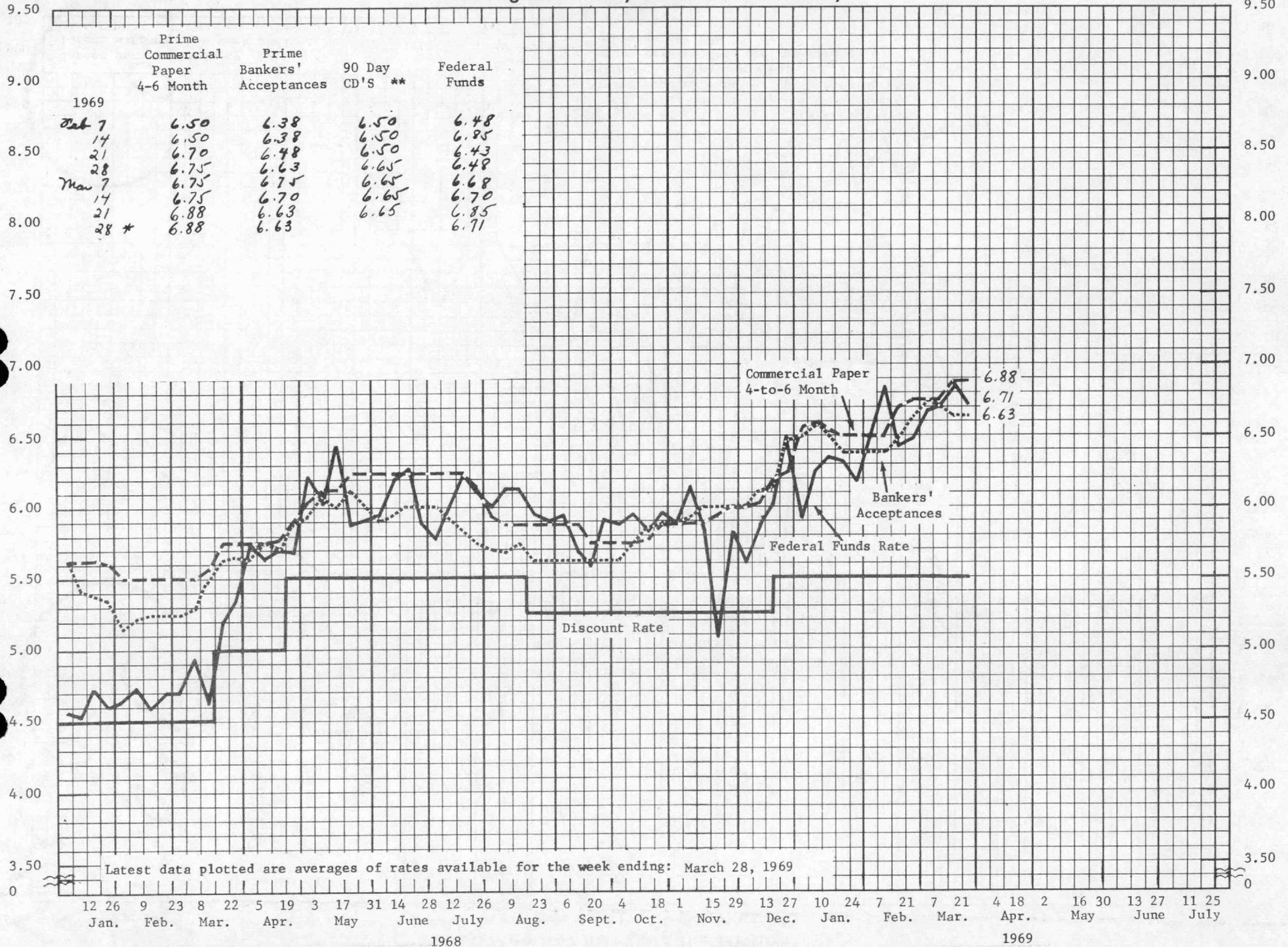
Latest data plotted are averages of rates available for the week ending: March 28, 1969

# 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: March 28, 1969

\* AVERAGES OF RATES AVAILABLE  
 \*\* SOURCE: SALOMON BROTHERS AND HUTZLER  
 FEDERAL RESERVE BANK OF ST. LOUIS  
 SECONDARY MARKET RATE ON 90-DAY PRIME CD'S

Prepared by Federal Reserve Bank of St. Louis

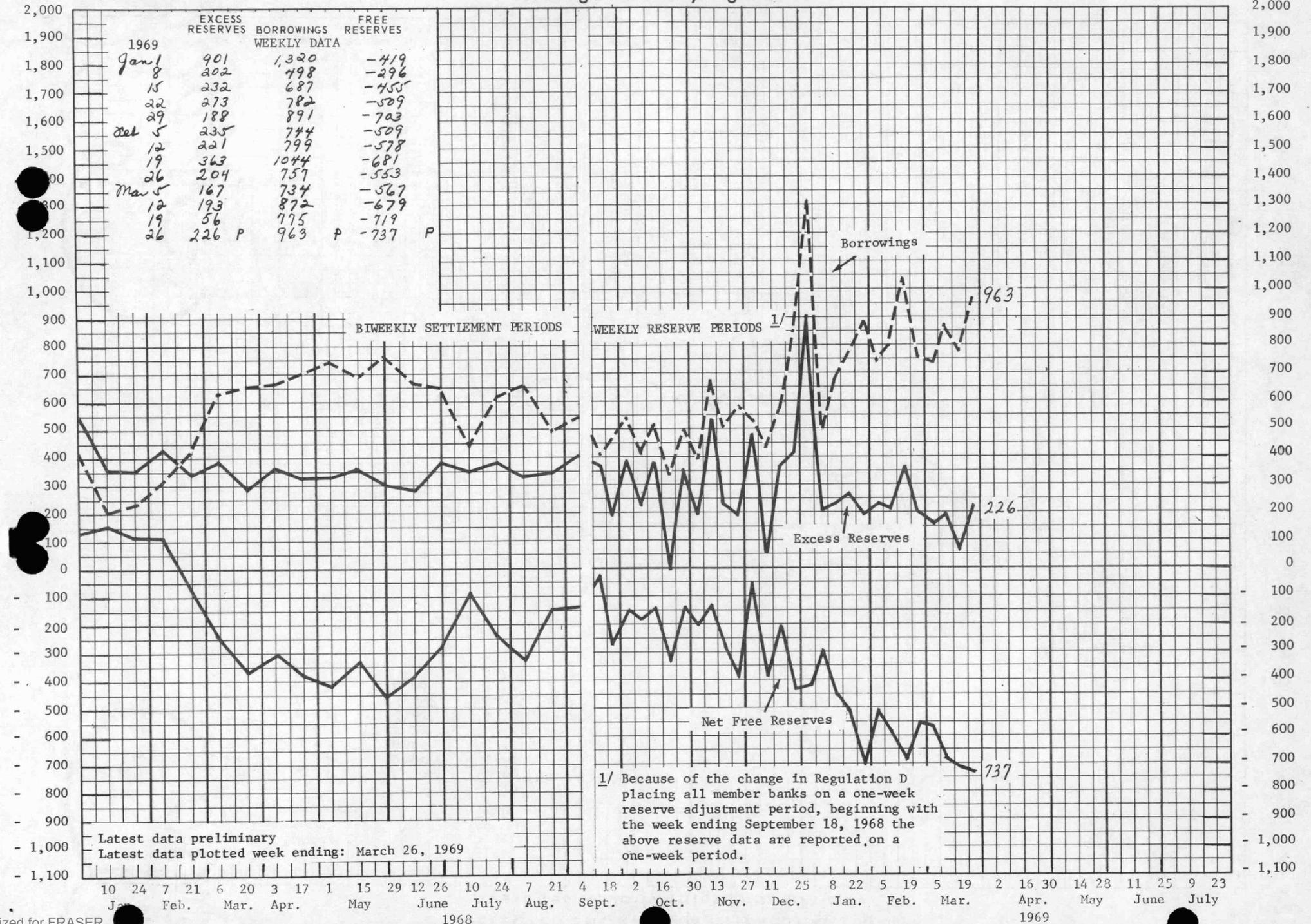
# BORROWINGS AND EXCESS RESERVES

## All Member Banks in the Nation

### Averages of Daily Figures

Millions of Dollars

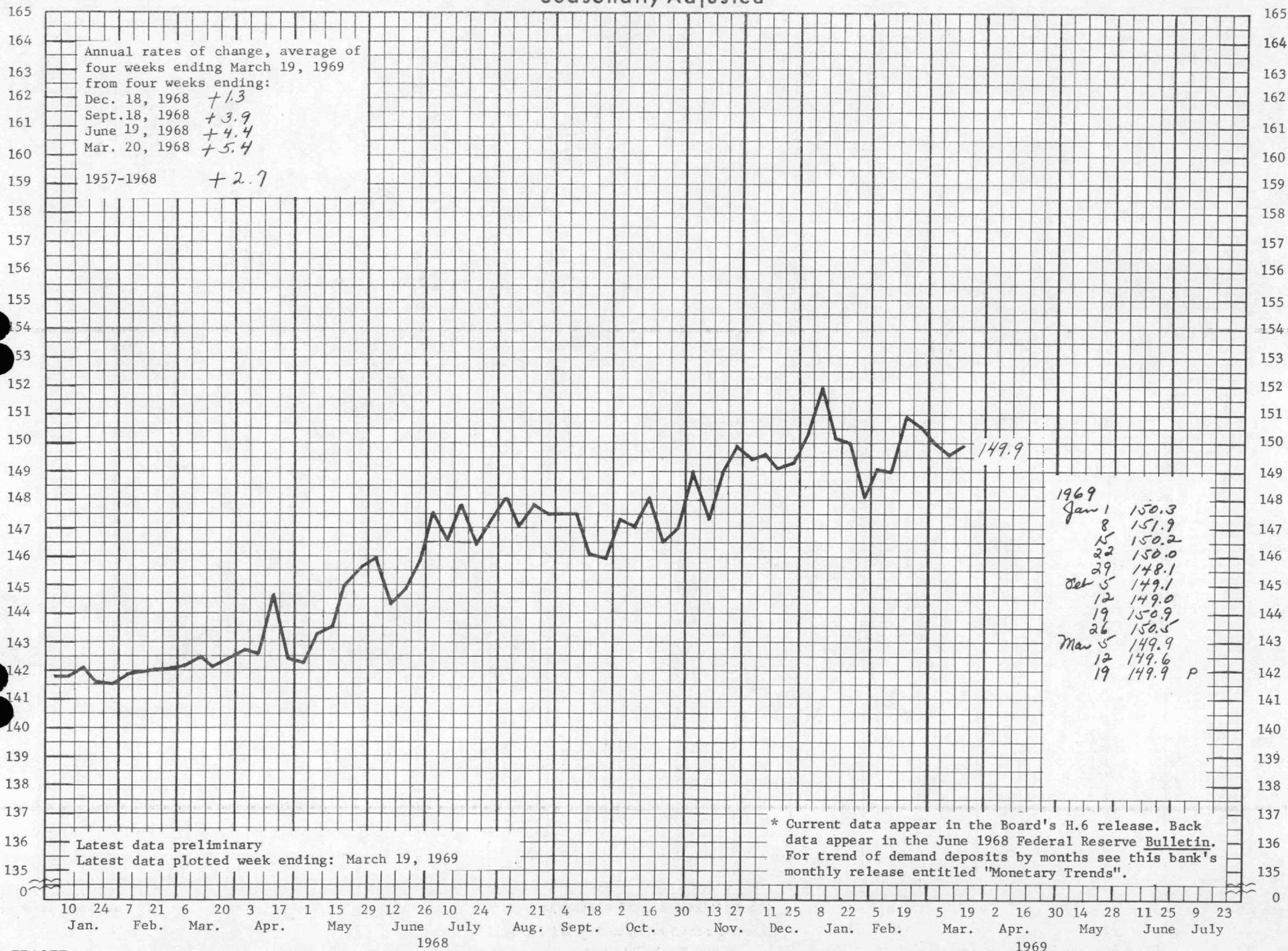
Millions of Dollars



**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

Seasonally adjusted by this bank.

Annual rates of change, average of  
four weeks ending Mar. 19, 1969 from  
four weeks ending:

Dec. 18, 1968	-3.1
Sept. 18, 1968	+6.2
June 19, 1968	+9.7
Mar. 20, 1968	+8.8
1960-1968	+8.1

225

225

220

220

215

215

210

210

205

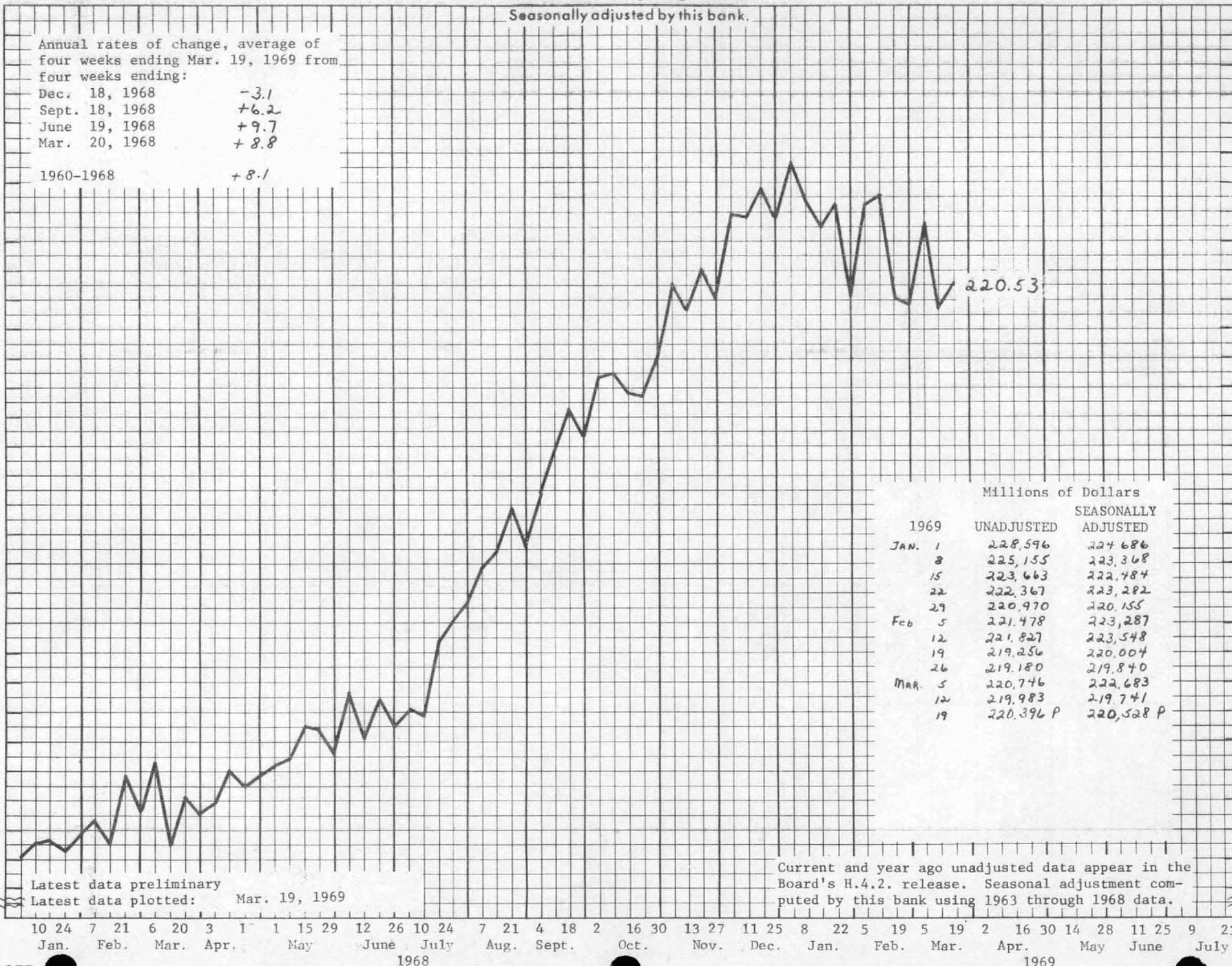
205

200

200

0

0



Millions of Dollars

1969	SEASONALLY	
	UNADJUSTED	ADJUSTED
JAN. 1	228,596	227,686
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	221,827	223,548
19	219,256	220,004
26	219,180	219,870
MAR. 5	220,746	222,683
12	219,983	219,741
19	220,396 P	220,528 P

220.53

Latest data preliminary  
Latest data plotted: Mar. 19, 1969

Current and year ago unadjusted data appear in the Board's H.4.2. release. Seasonal adjustment computed by this bank using 1963 through 1968 data.