

AUG 27 1968

Week ending: May 14, 1969

Total reserves of member banks, adjusted for the April increase in reserve requirements, have declined at a 2.6 per cent rate since late January, after increasing at an 8 per cent rate in the preceding two years (page 12). These reserves are a major determinant of the money supply. Federal Reserve credit, a chief factor affecting reserves, has increased at a 3.7 per cent rate since January, compared with a 6.7 per cent rate of growth in the preceding two years (page 2).

Private demand deposits at commercial banks have grown at a 2.7 per cent rate in the last three months and at a 1.5 per cent rate since December, down from a 6.7 per cent rate in the preceding two years (page 11). Money stock, which also includes currency held by the public, has followed about the same pattern, increasing at a 3.5 per cent rate in the last three months and at a 2.4 per cent rate since December (page 3). From December 1966 to December 1968, money increased at a 6.5 per cent annual rate.

Time deposits have declined at a 3 per cent rate since January (page 7), as market interest rates have been high relative to the Regulation Q ceilings which limit rates banks are allowed to pay on time and savings deposits. From June to December of 1968, when there was a relative decline in market interest rates, these deposits grew at an annual rate of 18 per cent.

In the past few weeks, there has been a sharp rise in some short-term market interest rates (page 9). The rate on Federal funds averaged 8.25 per cent last week, with some trading at rates above 9 per cent. Rates on very short-term Eurodollar deposits reached peaks of 11 to 12 per cent last week. As a result of higher interest rates, banks have reduced their holdings of excess reserves, which earn no interest, and have increased their borrowings from Federal Reserve banks (page 10). The figures reported for excess reserves are an overstatement of unused reserves because banks can apply a portion of them to meet requirements in the following week. This carry-over provision and other measures giving banks greater flexibility in meeting reserve requirements were introduced last September along with the procedure for basing requirements on deposits two weeks earlier. In view of these changes affecting the desired amount of excess reserves, recent developments in aggregate reserve measures may tend to overstate the degree of monetary restraint.

Borrowing from Federal Reserve banks has become attractive for member banks because the 6 per cent discount rate is low relative to rates on other sources of funds. The large net borrowed reserve figures reported in recent weeks reflect profit-maximizing behavior by banks as well as the time deposit disintermediation and increased Federal Reserve restraint.

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

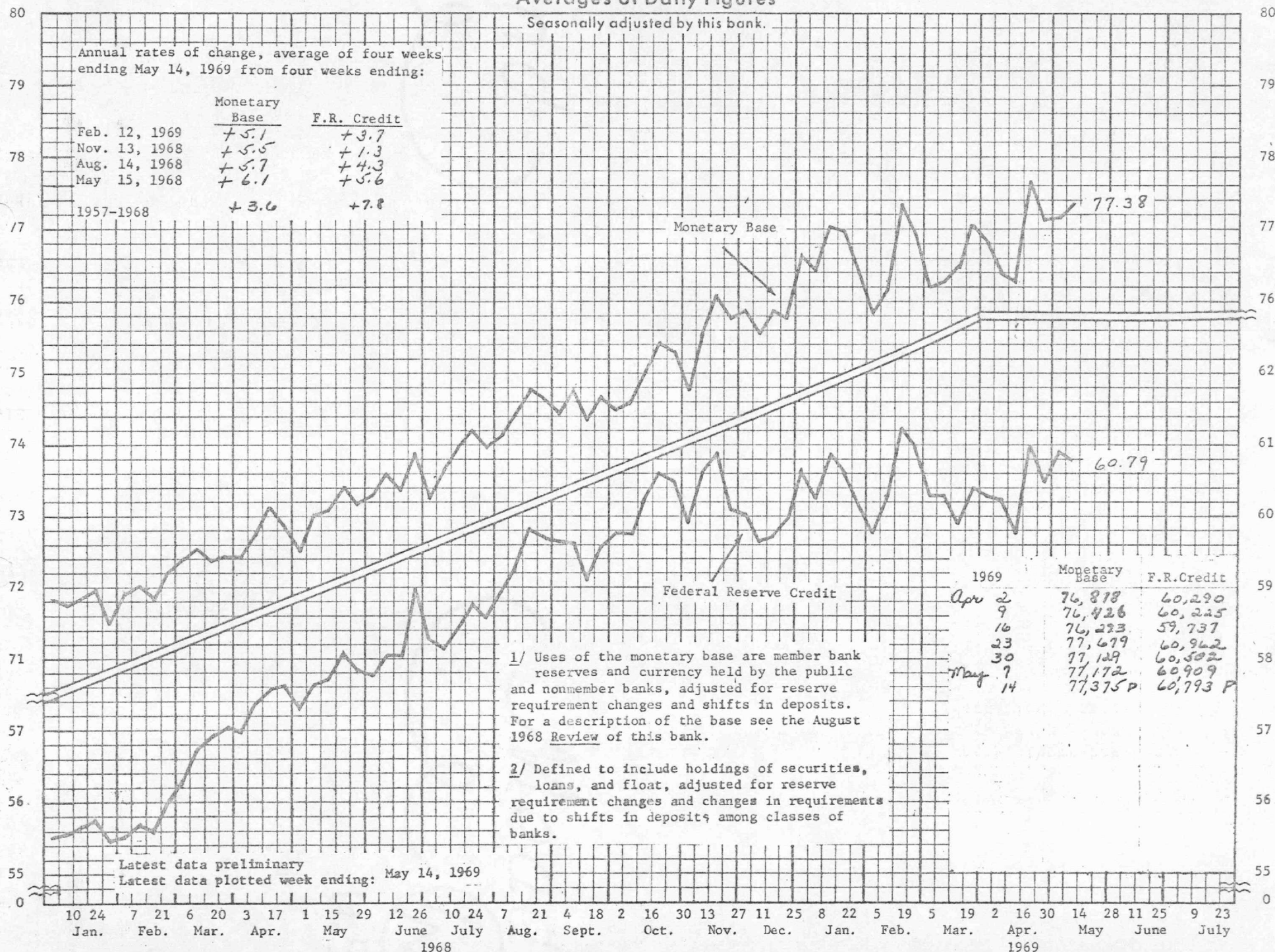
Prepared by Federal Reserve Bank of St. Louis

Released: May 16, 1969

Billions of Dollars

MONETARY BASE ¹ FEDERAL RESERVE CREDIT ² Averages of Daily Figures

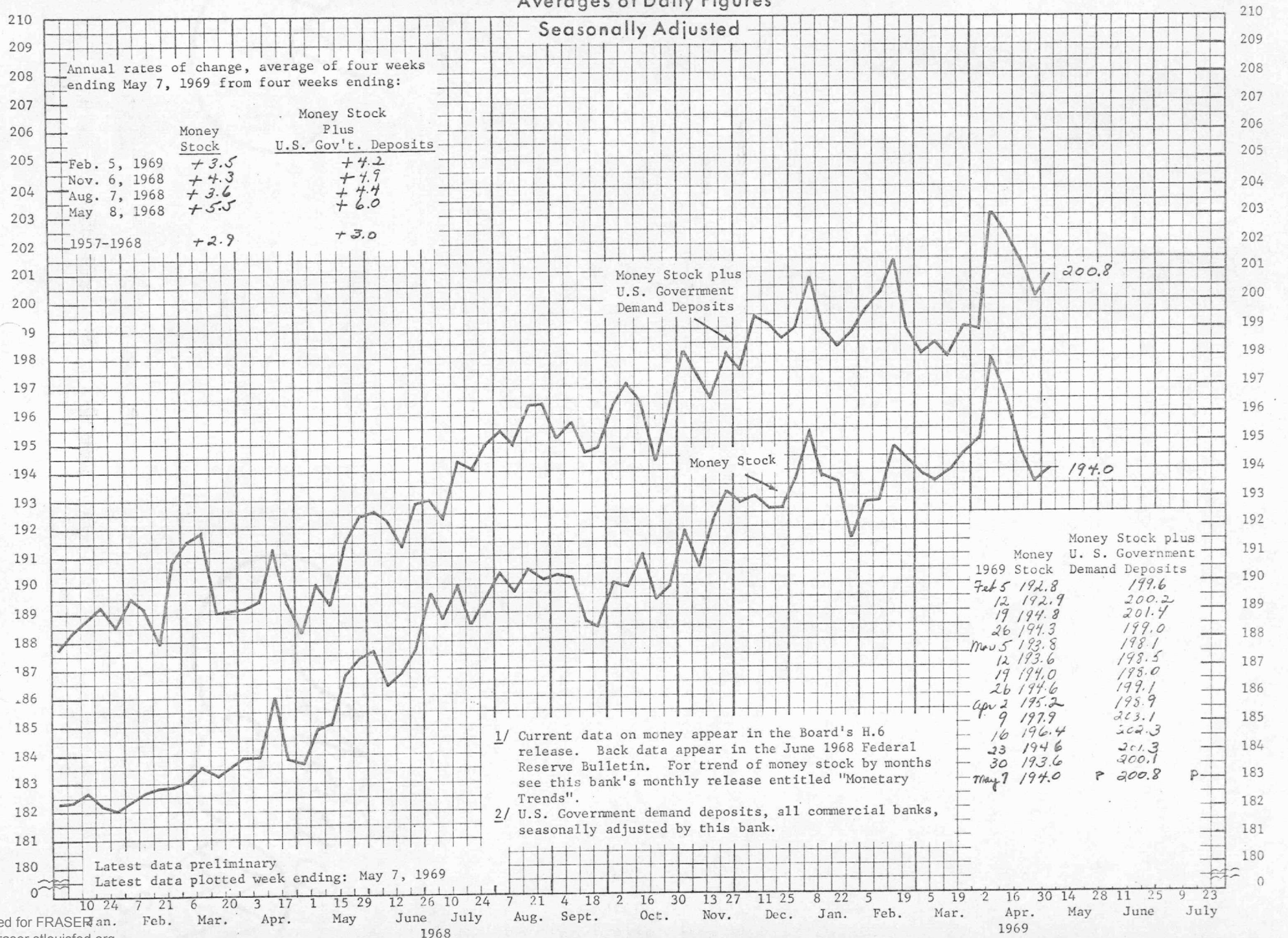
Billions of Dollars



MONEY STOCK ¹ MONEY STOCK ¹ PLUS U.S. GOVERNMENT DEMAND DEPOSITS ² Averages of Daily Figures

Billions of Dollars

Billions of Dollars



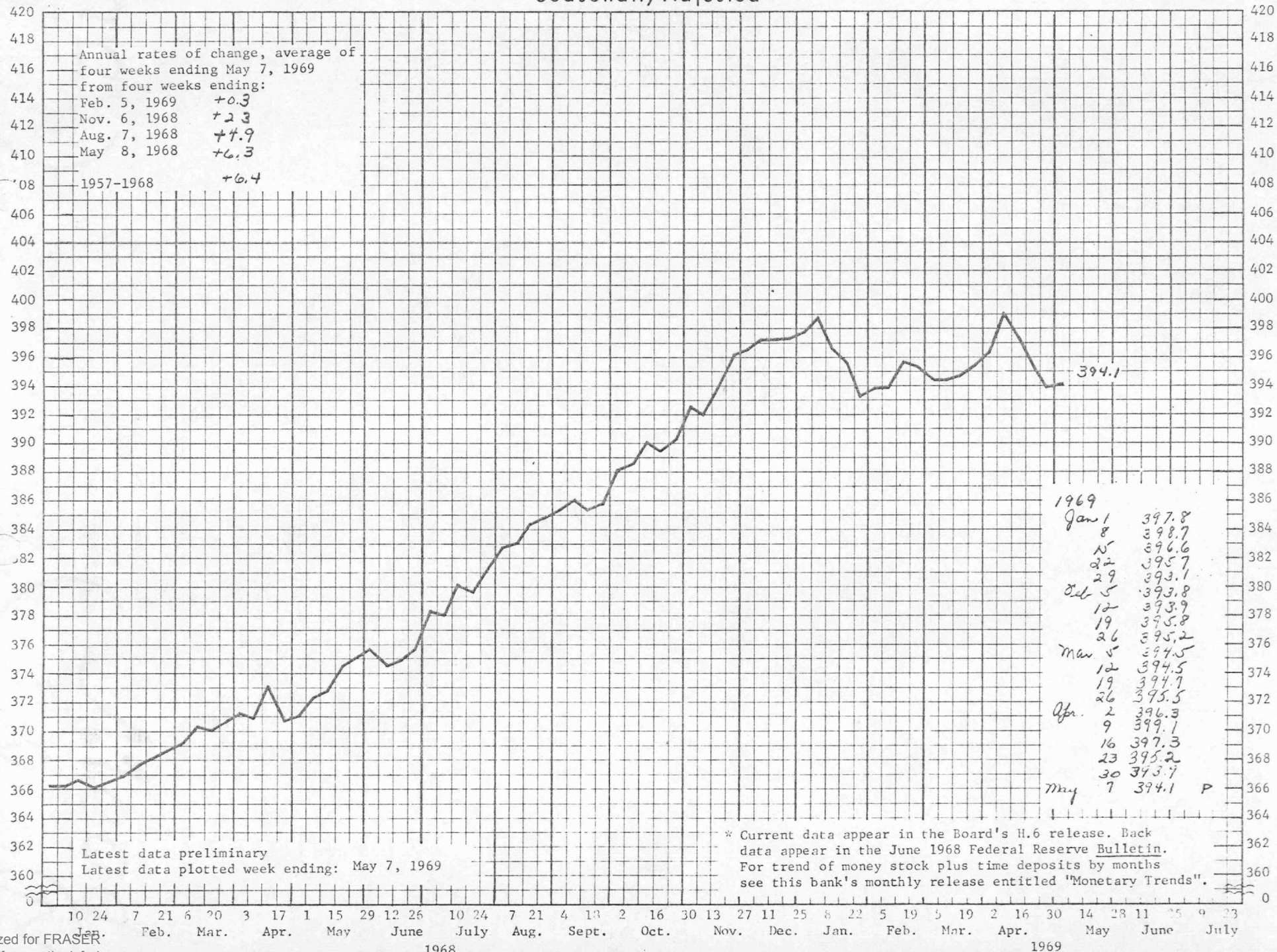
MONEY STOCK PLUS TIME DEPOSITS*

Averages of Daily Figures

Seasonally Adjusted

Billions of Dollars

Billions of Dollars

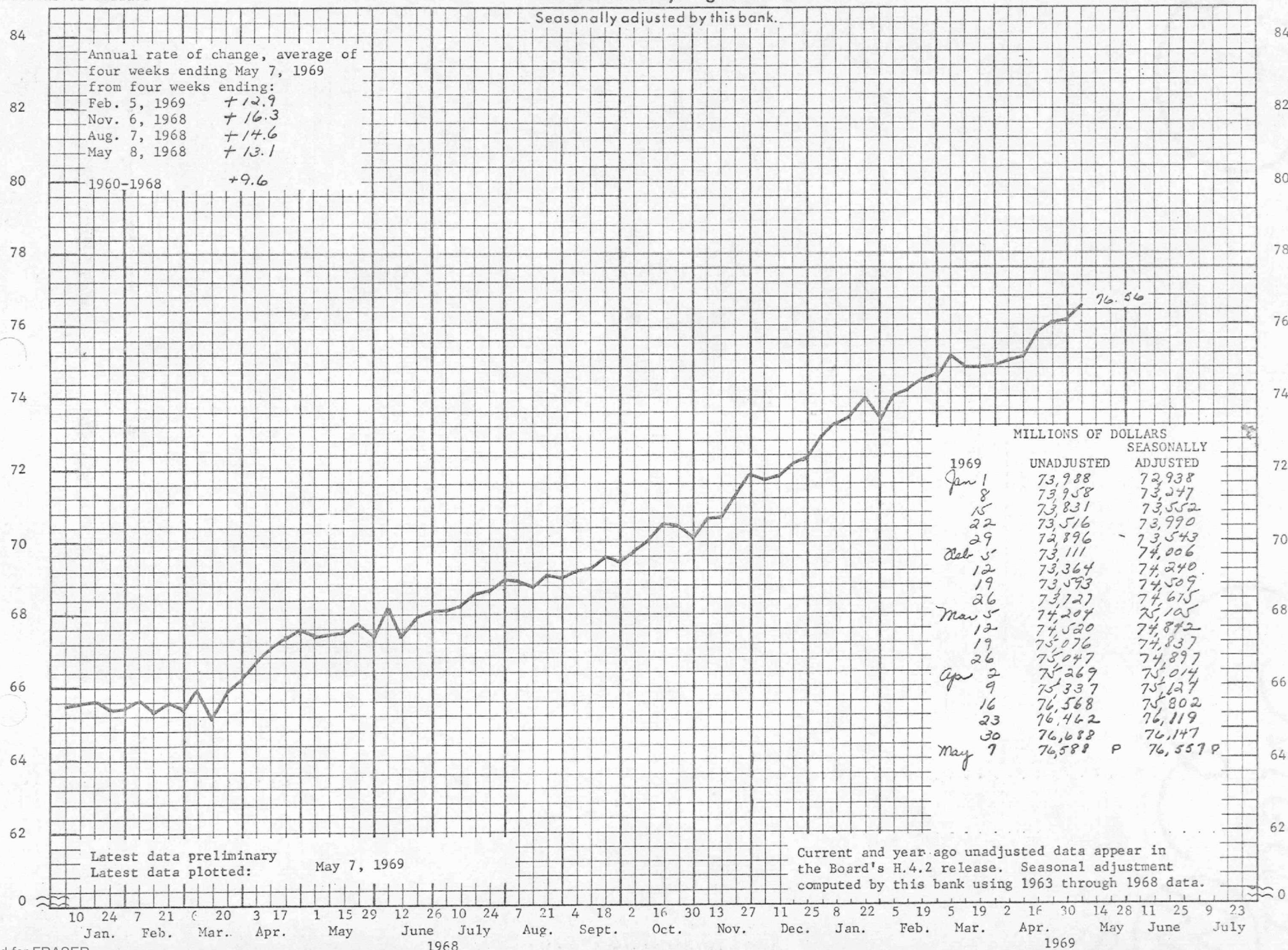


BUSINESS LOANS Large Commercial Banks Wednesday Figures

5

Billions of Dollars

Billions of Dollars



CERTIFICATES OF DEPOSIT ¹ Large Commercial Banks Wednesday Figures

Billions of Dollars

Billions of Dollars

Annual rates of change, data not seasonally adjusted, average of four weeks ending May 7, 1969 from four weeks ending:

Feb. 5, 1969	-64.5
Nov. 6, 1968	-47.1
Aug. 7, 1968	-22.1
May 8, 1968	-9.6
1964-1968	+16.0

Millions of Dollars

1969	
Jan 1	22,820
8	22,374
15	21,787
22	21,345
29	21,031
Feb 5	20,603
12	20,484
19	20,126
26	19,968
Mar 5	19,592
12	19,395
19	18,809
26	18,792
Apr 2	18,626
9	18,494
16	17,993
23	17,991
30	17,612
May 7	17,495 P



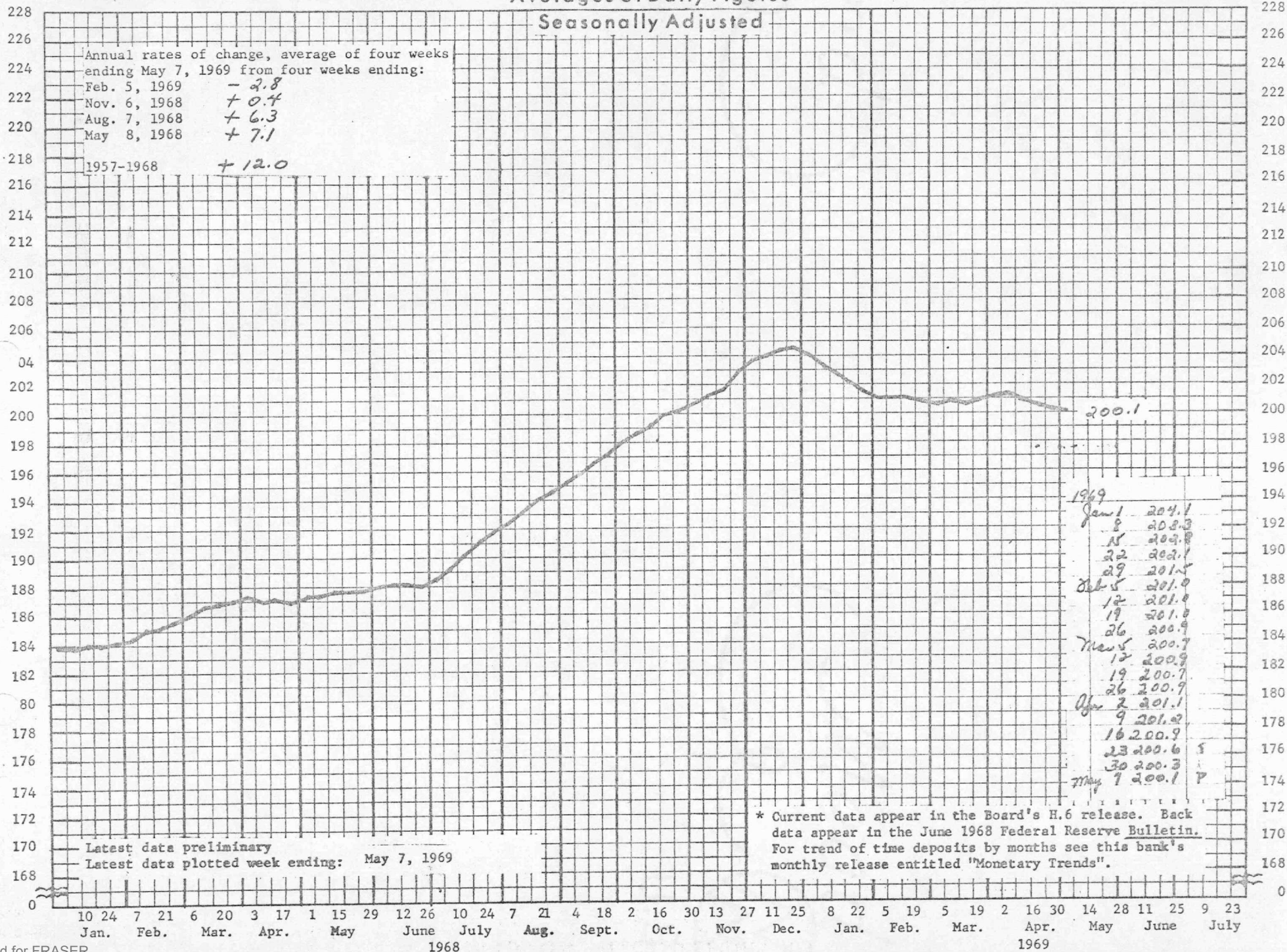
Billions of Dollars

TIME DEPOSITS*

All Commercial Banks

Averages of Daily Figures

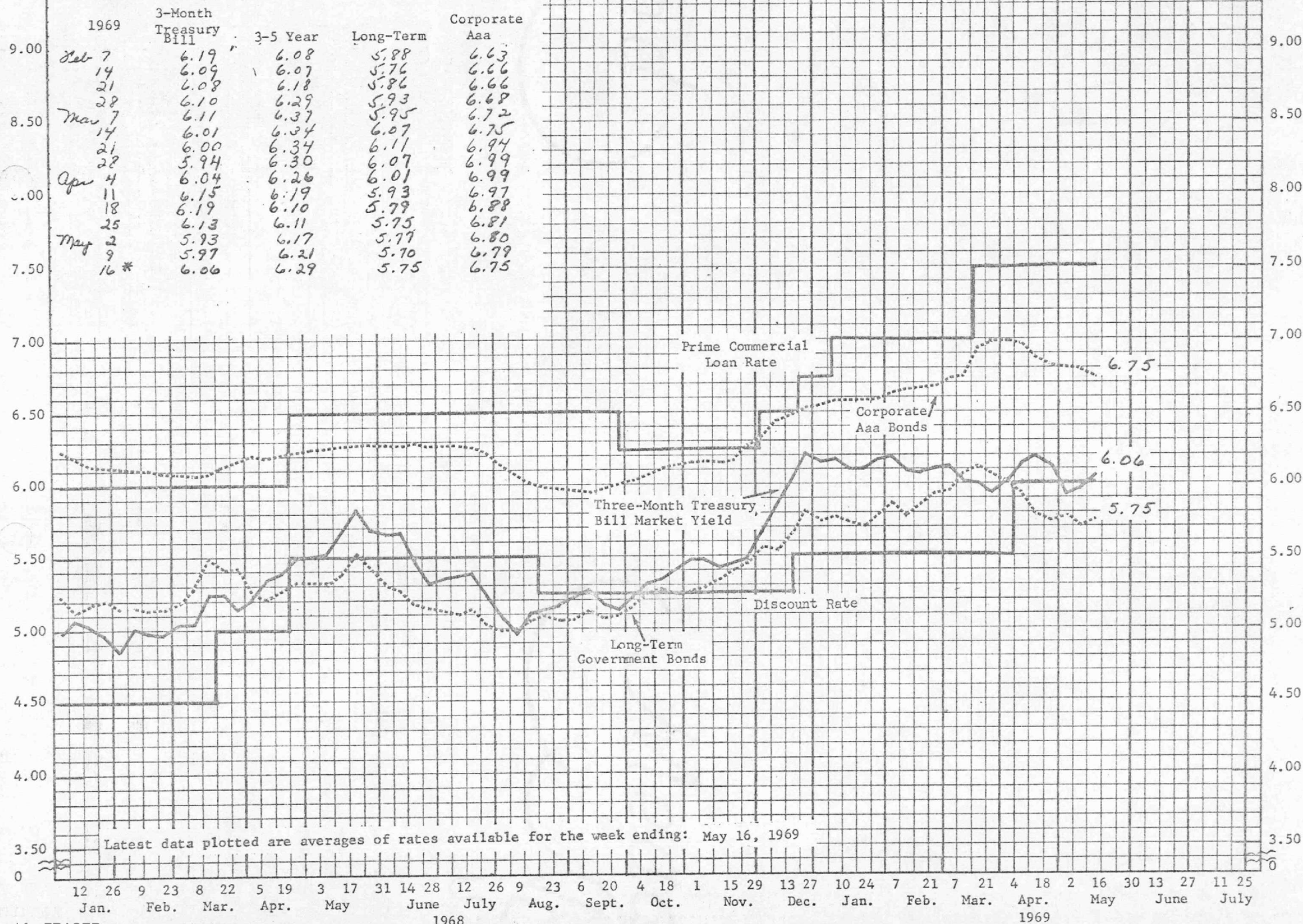
Billions of Dollars



Per Cent
9.50

YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday

Per Cent
9.50



Per Cent

SELECTED SHORT-TERM INTEREST RATES

Averages of Daily Rates Ended Friday

Per Cent

9.50

9.50

9.00

9.00

8.50

8.50

8.00

8.00

7.50

7.50

7.00

7.00

6.50

6.50

6.00

6.00

5.50

5.50

5.00

5.00

4.50

4.50

4.00

4.00

3.50

3.50

0

0

Prime
Commercial
Paper
4-6 Month

Prime
Bankers'
Acceptances

90 Day
CD'S **

Federal
Funds

1969

Feb 7	6.50	6.38	6.50	6.48
14	6.50	6.38	6.50	6.45
21	6.70	6.48	6.50	6.43
28	6.75	6.63	6.65	6.48
Mar 7	6.75	6.68	6.65	6.68
14	6.75	6.70	6.65	6.70
21	6.88	6.63	6.65	6.85
28	6.88	6.63	6.65	6.78
Apr 4	6.88	6.63	6.65	6.60
11	7.00	6.75	6.75	7.28
18	7.03	6.88	6.85	7.75
25	7.13	7.00	6.85	7.30
May 2	7.18	7.05	7.00	8.05
9	7.25	7.18	7.10	8.25
16 *	7.25	7.46		7.58

7.00

7.00

6.50

6.50

6.00

6.00

5.50

5.50

5.00

5.00

4.50

4.50

4.00

4.00

3.50

3.50

0

0

Latest data plotted are averages of rates available for the week ending: May 16, 1969

12 26 9 23 8 22 5 19 3 17 31 14 28 12 26 9 23 6 20 4 18 1 15 29 13 27 10 24 7 21 7 21 4 18 2 16 30 13 27 11 25

Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June July

1968

1969

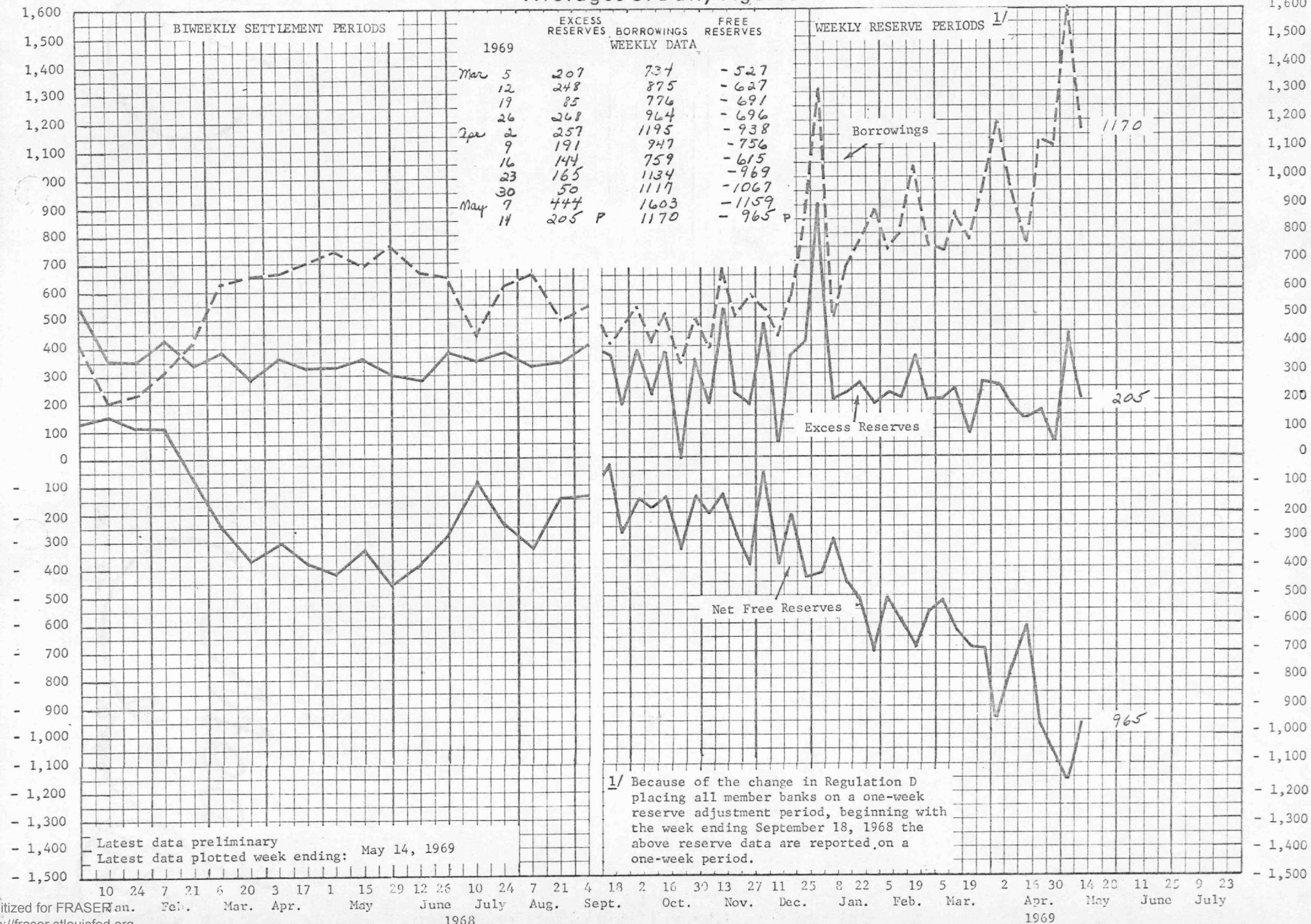
BORROWINGS AND EXCESS RESERVES

All Member Banks in the Nation

Averages of Daily Figures

Millions of Dollars

Millions of Dollars



DEMAND DEPOSIT COMPONENT OF MONEY STOCK*

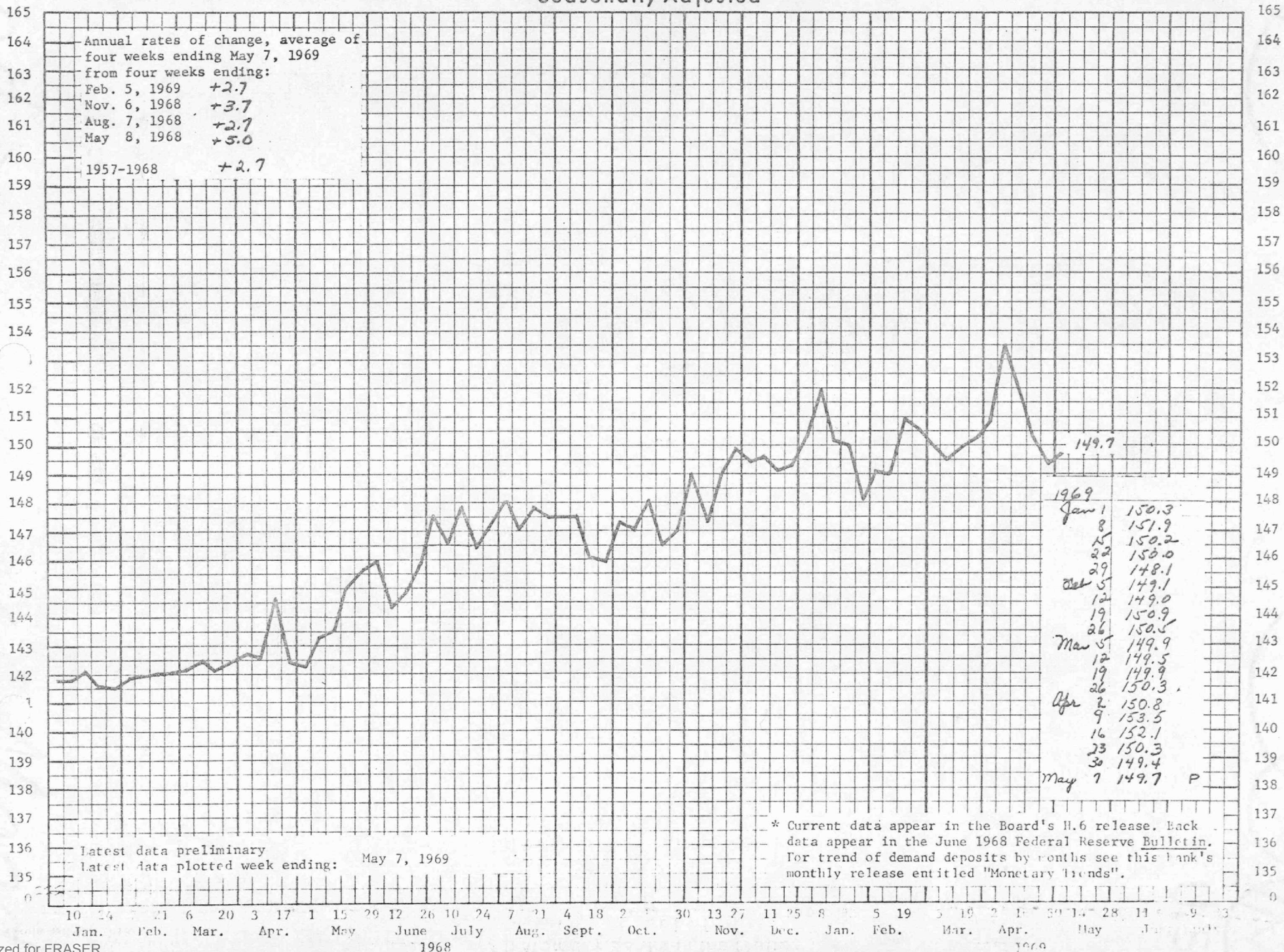
Averages of Daily Figures

Seasonally Adjusted

11

Billions of Dollars

Billions of Dollars



RESERVES All Member Banks in the Nation Averages of Daily Figures

Billions of Dollars

Billions of Dollars

