

AUG 27 1998

Week ending: May 28, 1969

The nation's money stock, consisting of demand deposits and currency held by the public, averaged \$194.9 billion in the four weeks ending May 21, up at a 3.9 per cent annual rate from the four weeks ending November 20 (page 5). Over the same period, time deposits have shown little net change (page 6), and the money stock plus time deposits has grown at a 1.5 per cent rate (page 7). These rates are all below the unusually rapid rates of the preceding two years.

Time deposits actually continued rising until late December, and then declined for a month before leveling off. This pattern is the result of a sharp, continuing decline in large negotiable certificates of deposit (page 8), coupled with moderate growth in other time and savings deposits. From December to April, the volume of CD's declined about \$6 billion, while the volume of commercial paper outstanding rose \$2 billion.

The divergent movements in commercial paper and large CD's, which are similar to those recorded in the last half of 1966, are largely due to interest rate movements (pages 10 and 11). The rate on 4- to 6-month commercial paper rose from 6.20 per cent in mid-December to 7.46 per cent in the early part of the current week. During the same period, the secondary market rate on large CD's maturing in three months rose from 6.40 per cent to 7.45 per cent. But Regulation Q ceilings, which limit the rates banks can offer on new CD's, remained at 6 per cent for 90 to 179 day deposits and at 6-1/4 per cent for deposits maturing in 180 days or more. As market rates have risen relative to these ceiling rates, certificates of deposit have become increasingly less attractive to investors, and they have bypassed the banks in positioning their funds. However, this movement of funds does not change materially the total volume of liquid assets or credit extended in the economy.

Interest Rate Movements
(Changes in Basis Points)

	Week ended December 20, 1968 to Week ended March 28, 1969	Week ended March 28, 1969 to Three Days ended May 28, 1969
<u>Short-Term Rates</u>		
Federal Funds	+ .75	+ 1.80
3-Month Treasury Bills	- .09	+ .16
Secondary Market Rates on CD's	+ .25	+ .80*
Commercial Paper	+ .68	+ .58
Bankers' Acceptances	+ .48	+ .87
<u>Longer-Term Rates</u>		
3-5 Year Government Bonds	+ .25	+ .18
Long-Term Government Bonds	+ .41	+ .03
Corporate Aaa Bonds	+ .51	- .18

As the accompanying table indicates, most short-term interest rates have increased at an accelerated pace since late March, whereas longer-term rates have tended to level or even decline. One explanation of these interest rate movements is that the rise in short-term rates represents, in part, the initial impact of recent tighter monetary actions. The easing in long-term rates may represent expectations that the effect of the recent tighter monetary policy will be to reduce the rate of increase of total spending, prices, and nominal interest rates over the longer run.

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

* Week ended March 28, 1969 to week ended May 23, 1969

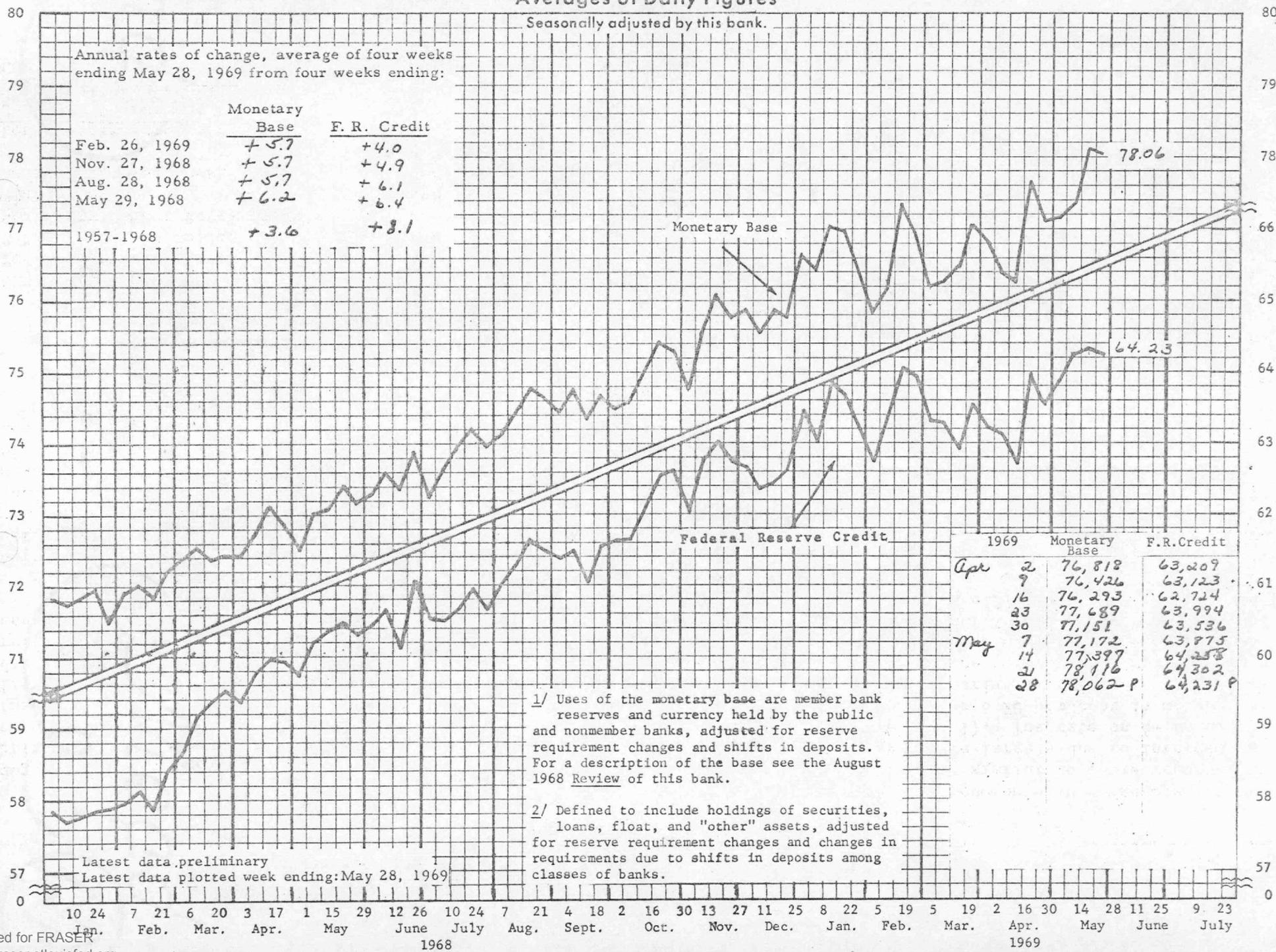
Prepared by Federal Reserve Bank of St. Louis

Released: May 30, 1969

MONETARY BASE ¹ FEDERAL RESERVE CREDIT ² Averages of Daily Figures

Billions of Dollars

Billions of Dollars



1969	Monetary Base	F.R. Credit
Apr 2	76,818	63,209
9	76,426	63,123
16	76,293	62,724
23	77,689	63,994
30	77,151	63,536
May 7	77,172	63,875
14	77,397	64,258
21	78,116	64,302
28	78,062 P	64,231 P

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 1968 Review of this bank.

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

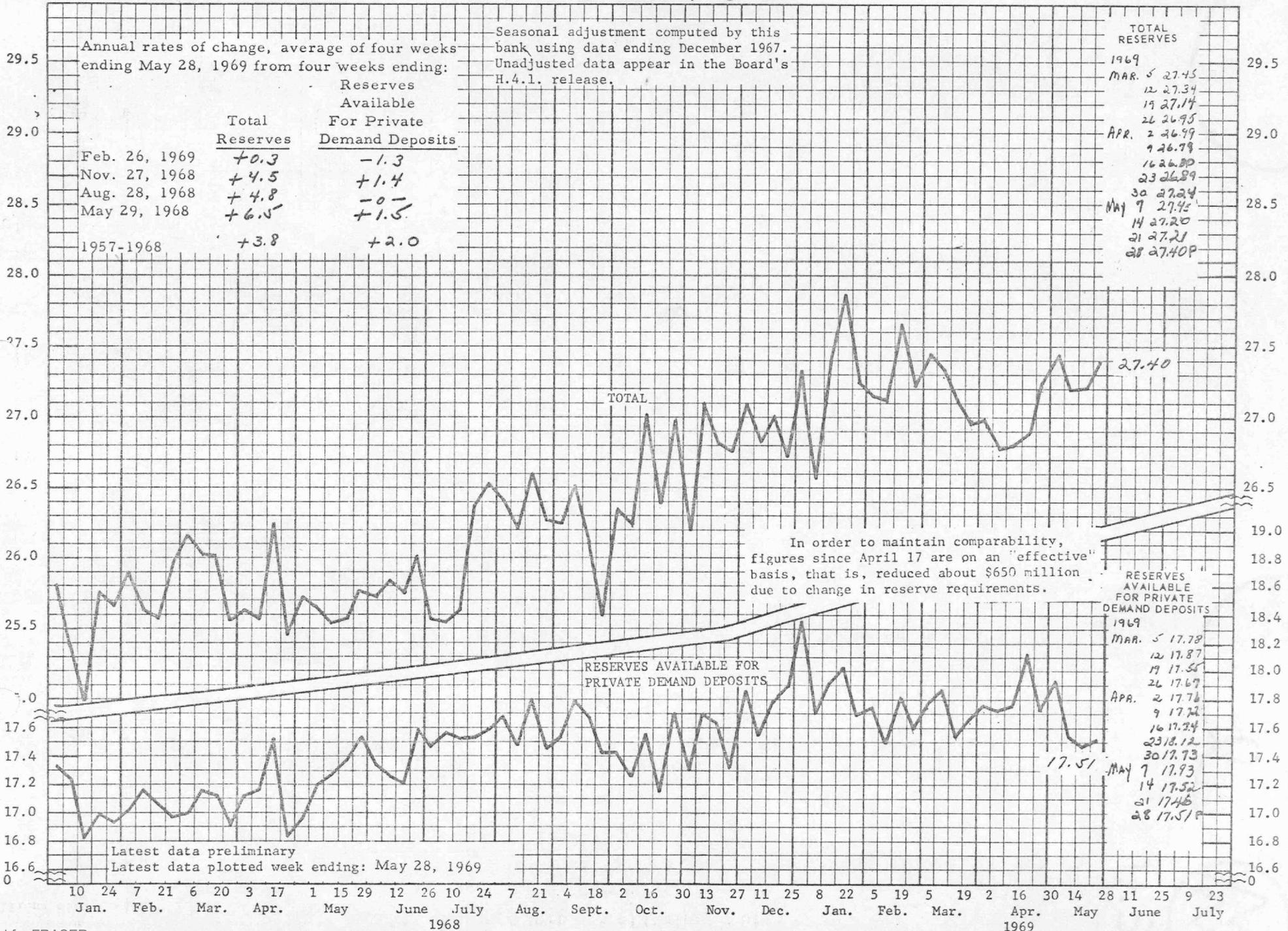
RESERVES

All Member Banks in the Nation

Averages of Daily Figures

Billions of Dollars

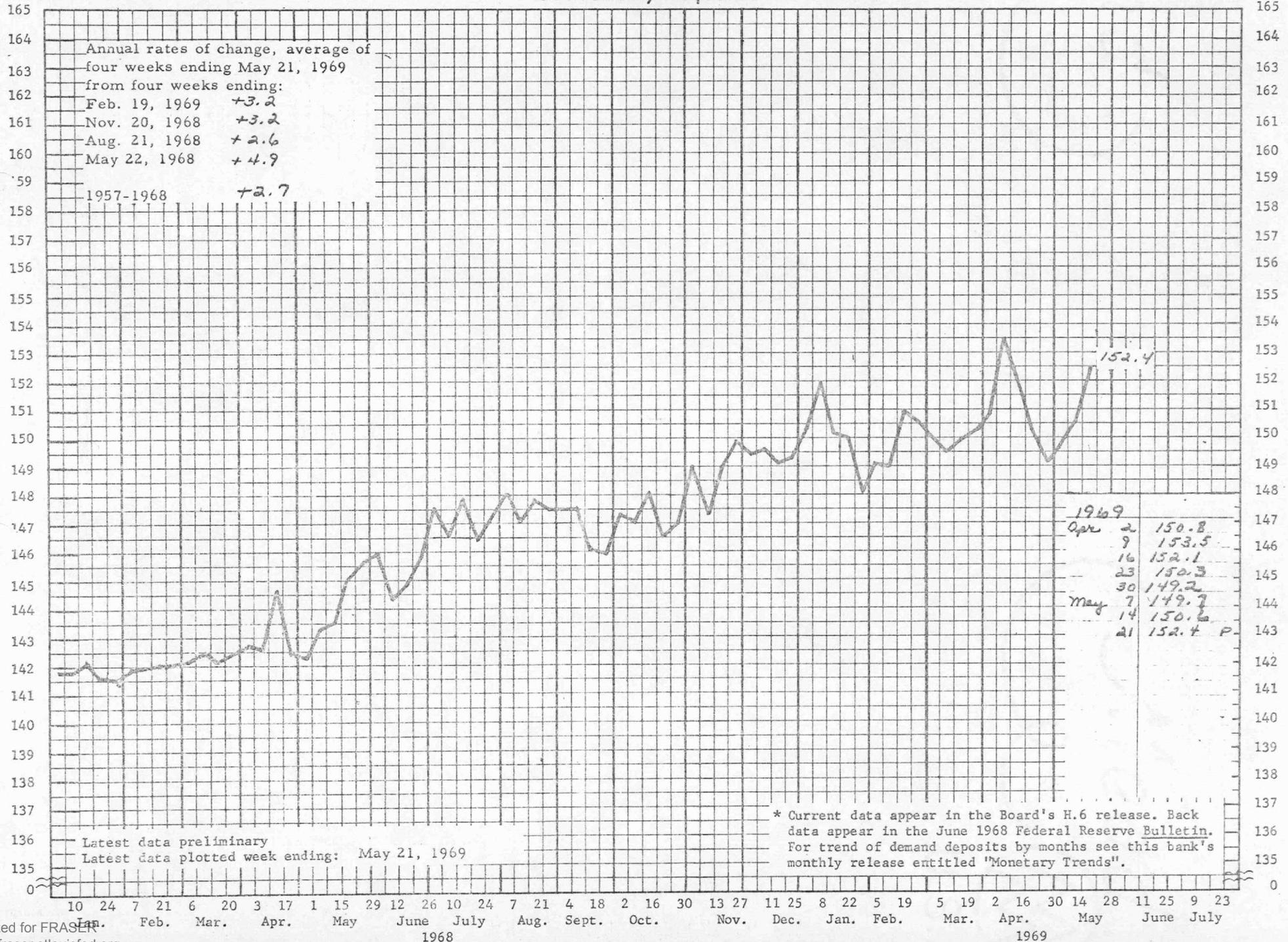
Billions of Dollars



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

Billions of Dollars

Billions of Dollars



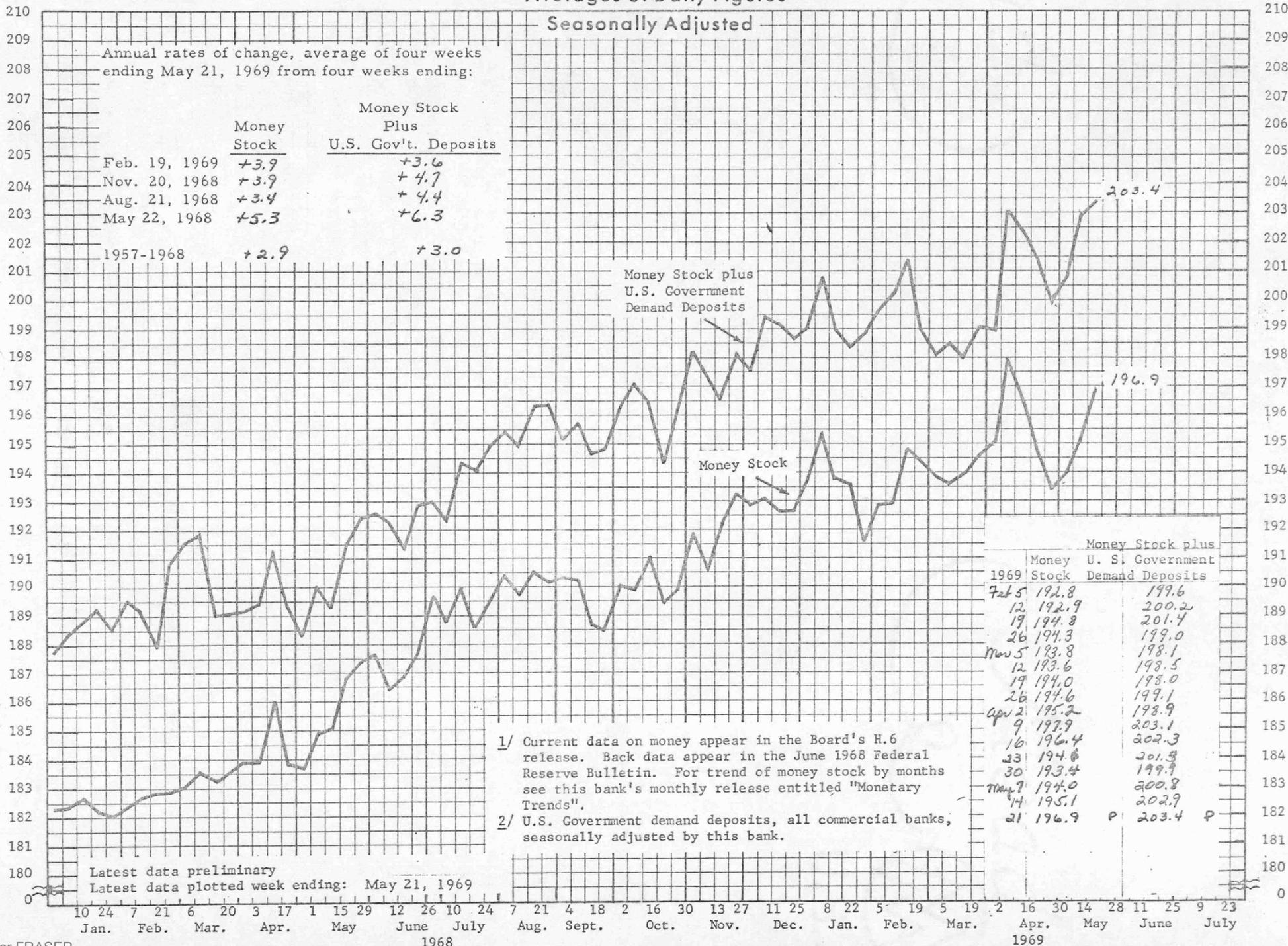
**MONEY STOCK [1]
MONEY STOCK [1] PLUS U.S. GOVERNMENT DEMAND DEPOSITS [2]**

Billions of Dollars

Billions of Dollars

Averages of Daily Figures

Seasonally Adjusted



Annual rates of change, average of four weeks ending May 21, 1969 from four weeks ending:

	Money Stock	Money Stock Plus U.S. Gov't. Deposits
Feb. 19, 1969	+3.9	+3.6
Nov. 20, 1968	+3.9	+4.7
Aug. 21, 1968	+3.4	+4.4
May 22, 1968	+5.3	+6.3
1957-1968	+2.9	+3.0

Money Stock plus U.S. Government Demand Deposits

Money Stock

	Money Stock 1969	Money Stock plus U. S. Government Demand Deposits
Feb 5	192.8	199.6
12	192.9	200.2
19	194.8	201.4
26	194.3	199.0
Mar 5	193.8	198.1
12	193.6	198.5
19	194.0	198.0
26	194.6	199.1
Apr 2	195.2	198.9
9	197.9	203.1
16	196.4	202.3
23	194.6	201.3
30	193.4	199.9
May 7	194.0	200.8
14	195.1	202.9
21	196.9	203.4

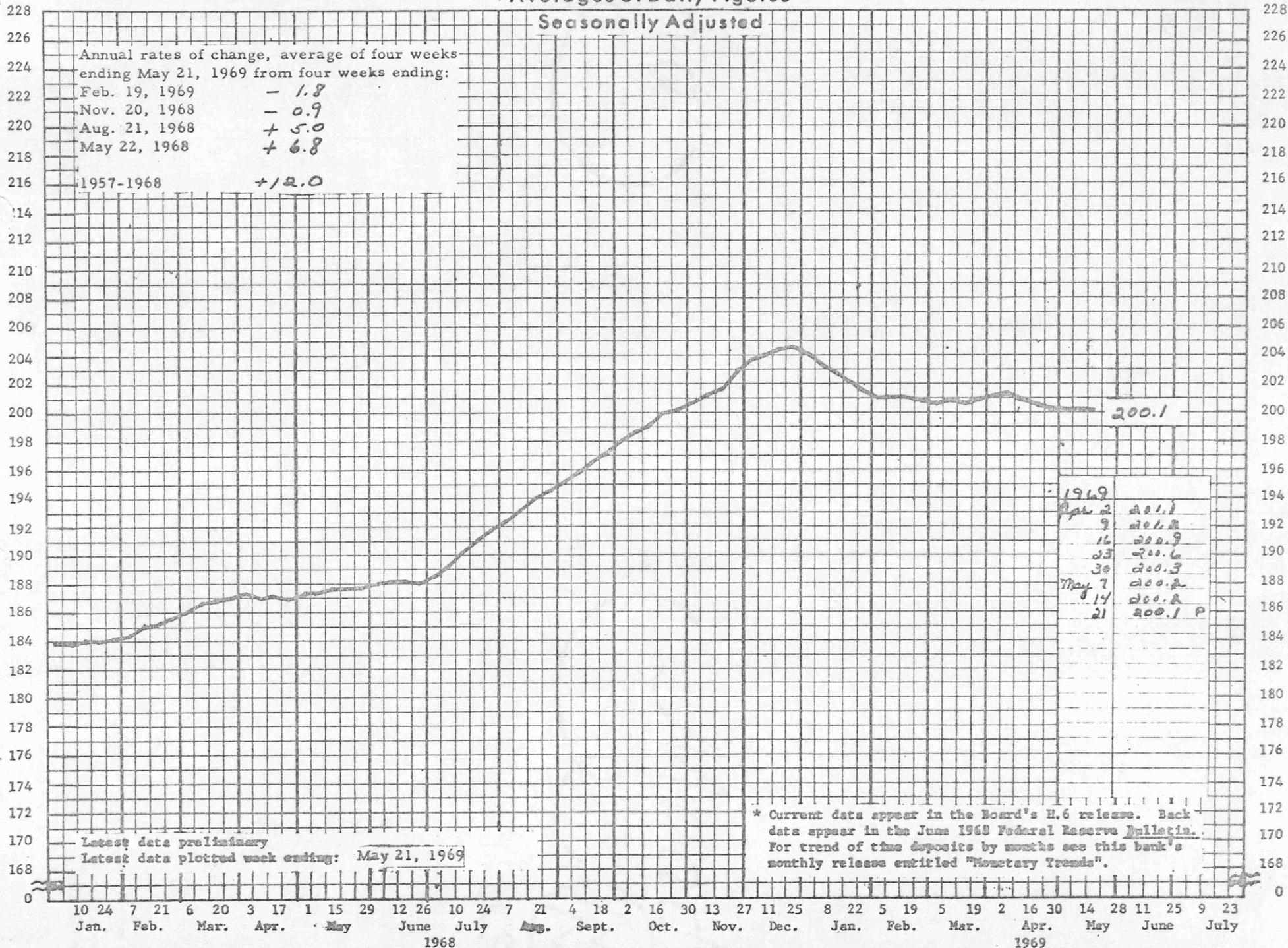
- 1/ Current data on money appear in the Board's H.6 release. Back data appear in the June 1968 Federal Reserve Bulletin. For trend of money stock by months see this bank's monthly release entitled "Monetary Trends".
- 2/ U.S. Government demand deposits, all commercial banks, seasonally adjusted by this bank.

Latest data preliminary
Latest data plotted week ending: May 21, 1969

TIME DEPOSITS*
All Commercial Banks
Averages of Daily Figures

Billions of Dollars

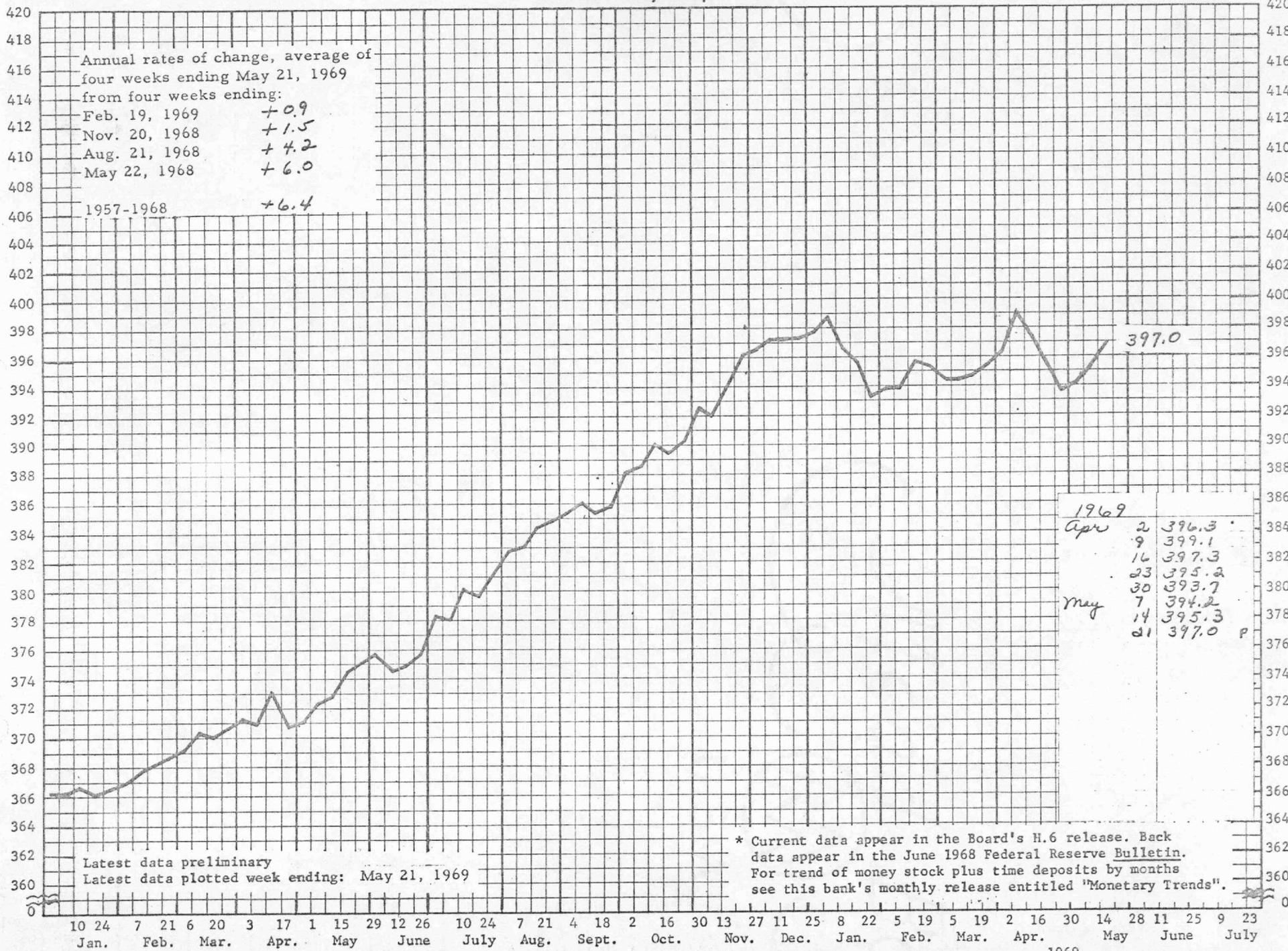
Billions of Dollars



MONEY STOCK PLUS TIME DEPOSITS*
Averages of Daily Figures
Seasonally Adjusted

Billions of Dollars

Billions of Dollars



CERTIFICATES OF DEPOSIT ¹ AND COMMERCIAL PAPER ² Outstanding Volume

Billions of Dollars

Billions of Dollars



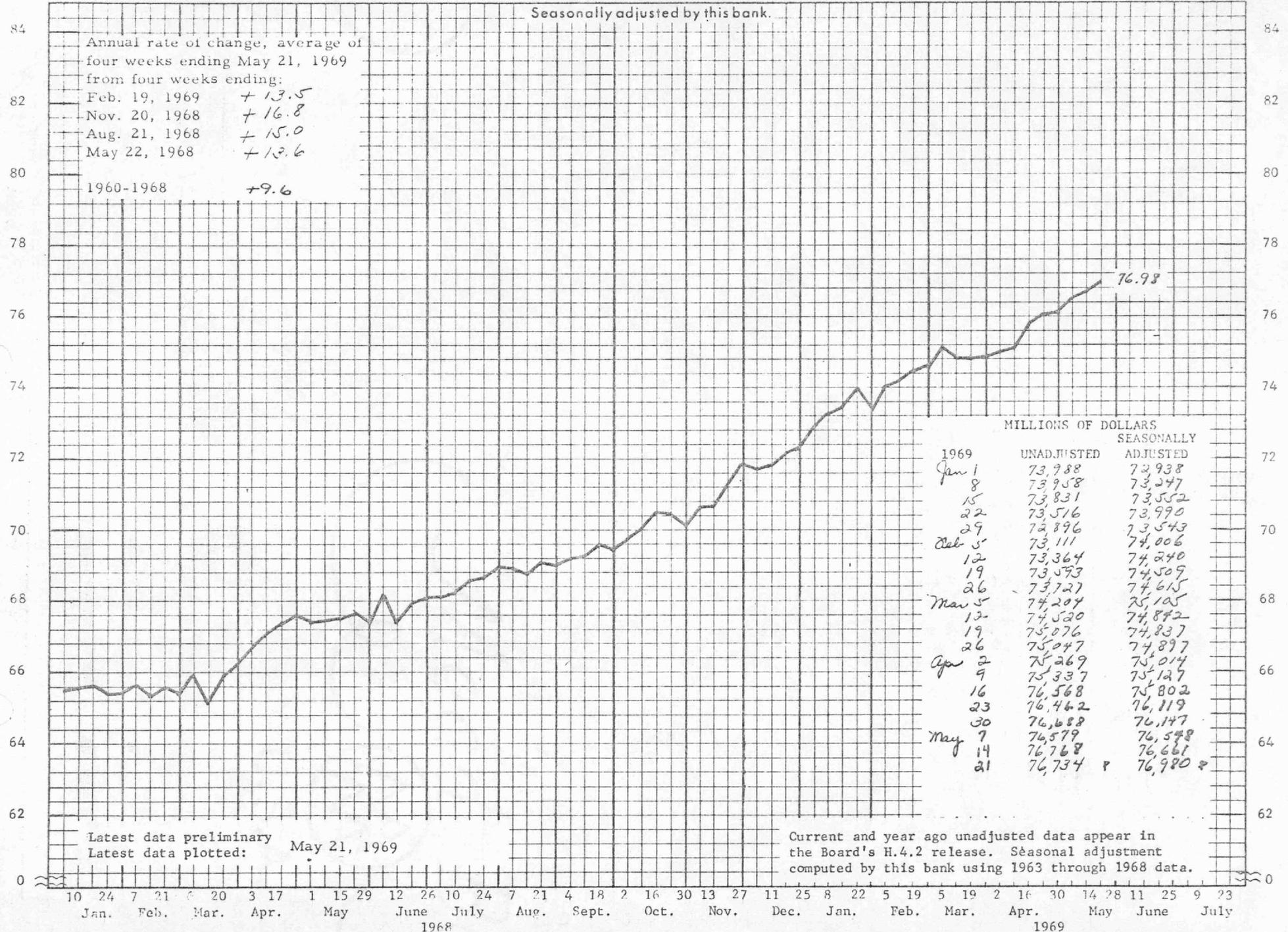
Latest data plotted: April, 1969.

- 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.

BUSINESS LOANS Large Commercial Banks Wednesday Figures

Billions of Dollars

Billions of Dollars

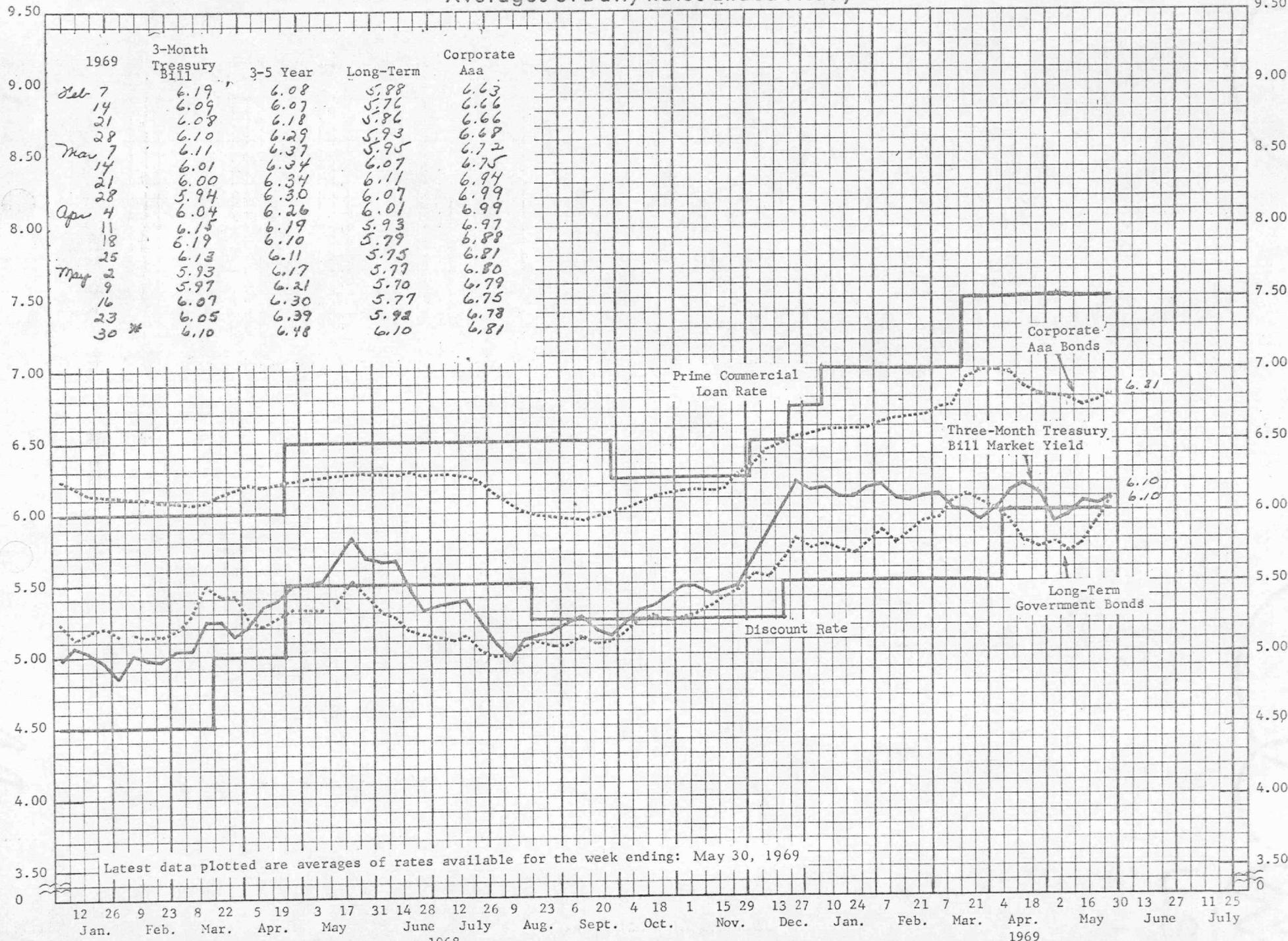


YIELDS ON SELECTED SECURITIES

Averages of Daily Rates Ended Friday

Per. Cent

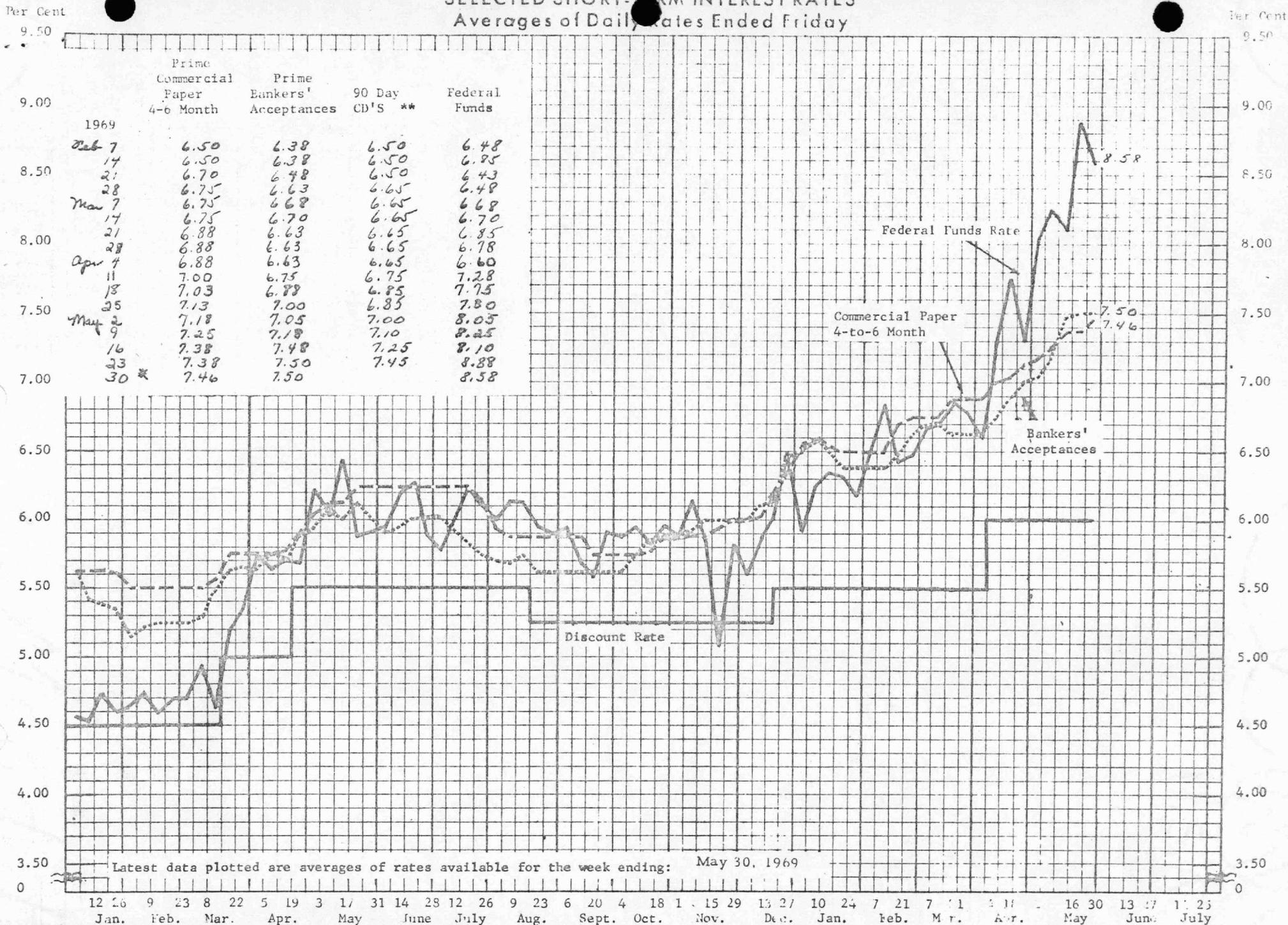
Per Cent



Latest data plotted are averages of rates available for the week ending: May 30, 1969

SELECTED SHORT-TERM INTEREST RATES

Averages of Daily Rates Ended Friday



Latest data plotted are averages of rates available for the week ending: May 30, 1969

1968

1969

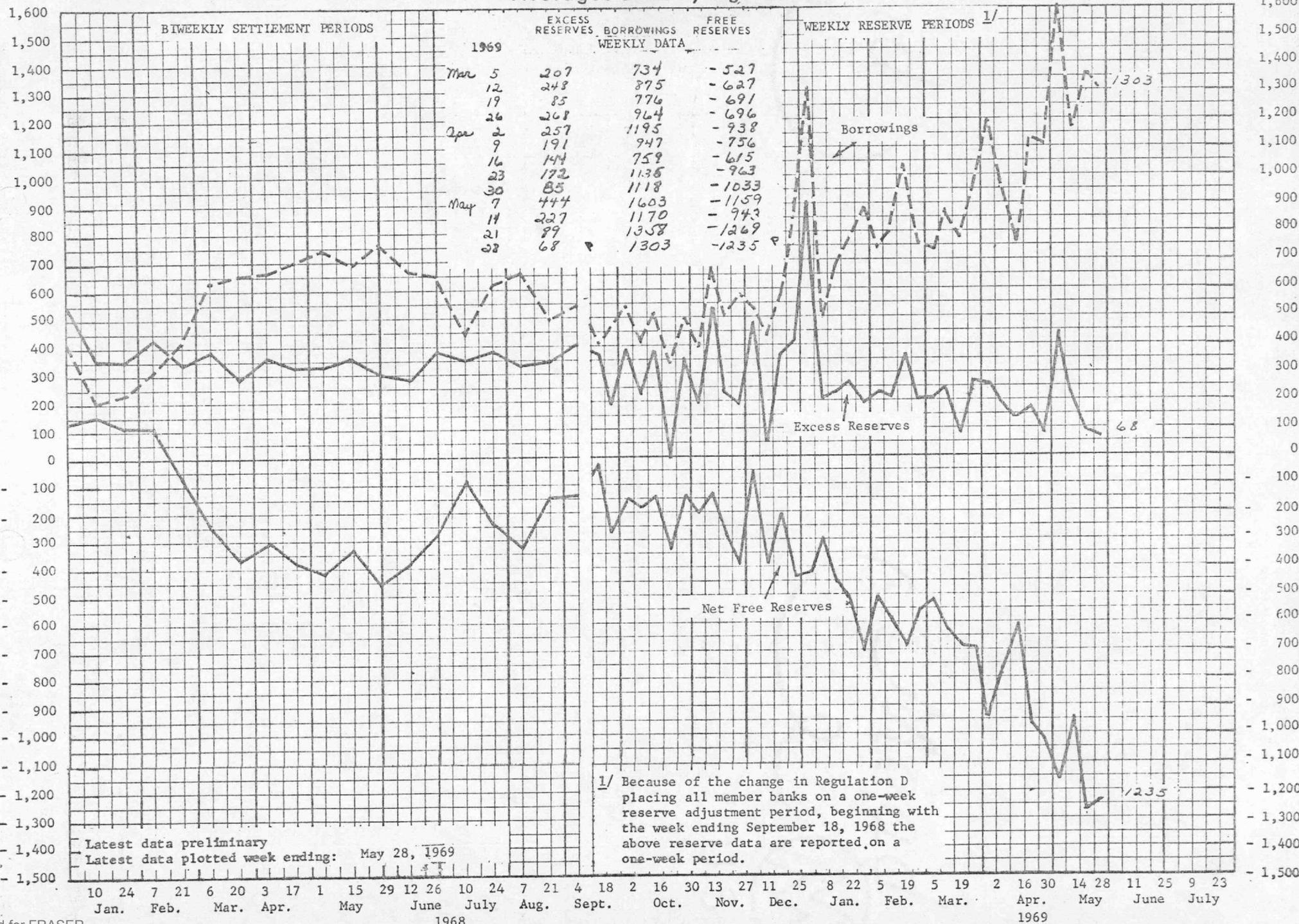
BORROWINGS AND EXCESS RESERVES

All Member Banks in the Nation

Averages of Daily Figures

Millions of Dollars

Millions of Dollars



Latest data preliminary
 Latest data plotted week ending: May 28, 1969

^{1/} Because of the change in Regulation D placing all member banks on a one-week reserve adjustment period, beginning with the week ending September 18, 1968 the above reserve data are reported on a one-week period.