

Week ending: September 3, 1969

AUG 27 1968

Large negotiable certificates of deposit at large commercial banks averaged \$13 billion during the month of August, only about half the volume outstanding last December (page 8). This decline has been largely due to Regulation Q ceilings which have held the rates paid on CD's well below competitive market rates (page 9).

The outstanding volume of commercial paper, an instrument which competes with CD's for funds, rose almost \$5-1/2 billion from December to July as the rate offered increased from 6.17 per cent in December to 8.65 per cent in July. The yield on commercial paper declined to an average of 8.34 per cent in August and 8.25 per cent in the two days ending September 3.

Most market interest rates leveled off or declined during July and August in spite of increased monetary restraint (pages 10 and 11). In the past two weeks, however, some rates, notably on Government and municipal securities, have risen. Yields on three month Treasury bills averaged 7.01 per cent September 2 and 3, up from 6.86 per cent in late August, while yields on long-term Government bonds averaged 6.18 per cent, up from about 6 per cent in mid-August. Rather than reflecting any general rebound in private demands for credit, these increases may be associated with the recent large amount of Treasury and Government agency borrowing and with the proposed exclusion of tax exemption of interest on municipal securities.

The monetary base has declined at a 1.6 per cent annual rate since late May, after rising at a fairly rapid 5 per cent rate during the first five months of the year (page 2). By comparison the base grew 6.5 per cent in 1968 and at a 3.6 per cent trend rate from 1957 to 1968.

The money stock has increased at a 0.5 per cent annual rate since the four weeks ended June 11 and at a 1.8 per cent rate in the past three months, compared with a 3.6 per cent rate earlier this year and a 7 per cent increase in 1968 (page 5). The demand deposit component of money has shown a similar pattern of deceleration, rising at a 0.3 per cent rate in the last three months, compared with a 2.9 per cent rate from last December to May and a 6.9 per cent rise in 1968 (page 4). These statistical series have been tentatively revised to eliminate the downward bias in net demand deposit figures which had been caused by an increasing volume of cash items generated by Euro-dollar transactions. The tentative new series do not yet reflect the annual revision of seasonal factors and benchmark adjustments for nonmember bank deposits which will be forthcoming in the near future.

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: September 5, 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 Sept. 3, 1969 from four weeks ending:

	Monetary Base	F. R. Credit
June 4, 1969	-1.6	+1.4
Mar. 5, 1969	+1.8	+2.3
Dec. 4, 1968	+3.1	+3.4
Sept. 4, 1968	+4.0	+4.9
Dec. 25, 1968	+3.2	+4.3
1957-1968	+3.6	+8.1

Monetary Base

Federal Reserve Credit

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.

64.26

1969	Monetary Base	F.R. Credit
May 7	77,385	63,910
14	77,214	64,283
21	77,921	64,332
28	78,050	64,665
June 4	78,090	64,350
11	77,645	64,569
18	77,371	64,924
25	77,163	64,329
July 2	77,471	64,029
9	76,858	63,796
16	77,219	64,664
23	77,926	64,857
30	77,132	63,713
Aug 6	77,233	63,885
13	77,312	64,524
20	77,593	64,175
27	77,561	64,593
Sept 3	77,537 P	64,264 P

— Latest data preliminary  
— Latest data plotted week ending: Sept. 3, 1969

10 24 7 21 4 18 2 16 30 13 27 11 25 8 22 5 19 2 16 30 14 28 11 25 9 23 5 20 3 17 1 15 29 12 26 10 24 7 1 1968 1969 1970



# RESERVES

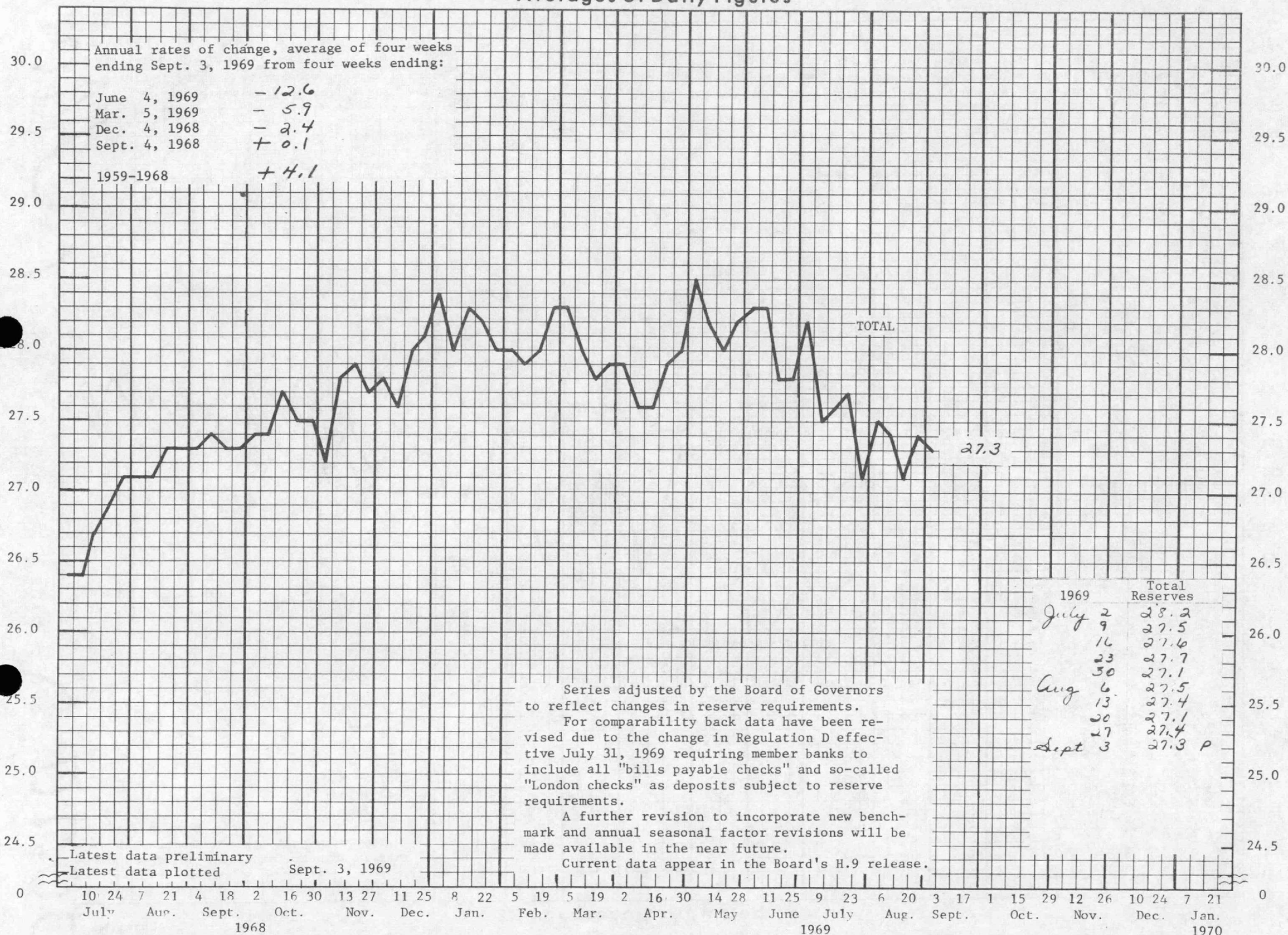
## All Member Banks in the Nation

### Averages of Daily Figures

Billions of Dollars

Billions of Dollars

3



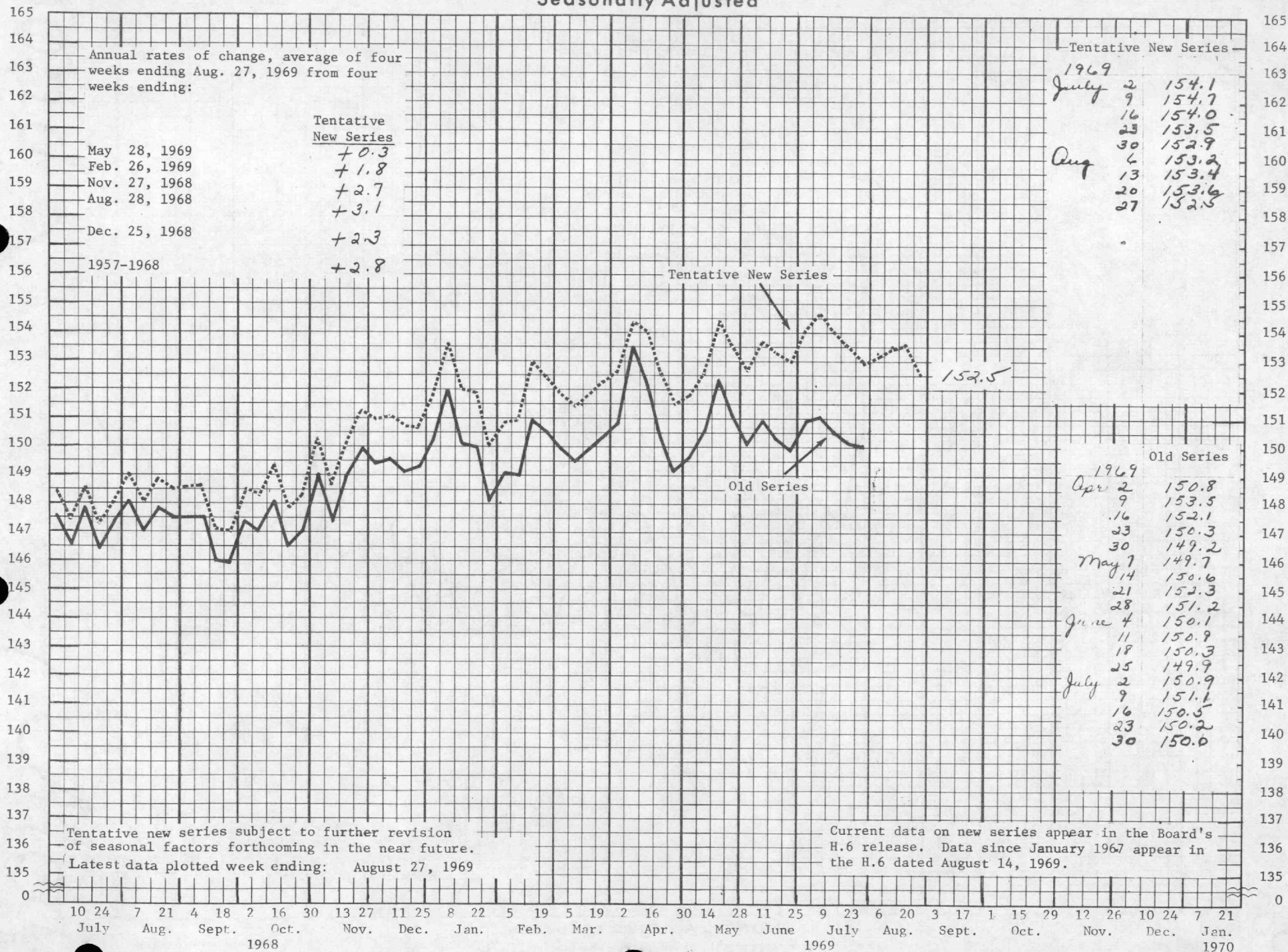
# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

## Averages of Daily Figures

### Seasonally Adjusted

Billions of Dollars

Billions of Dollars

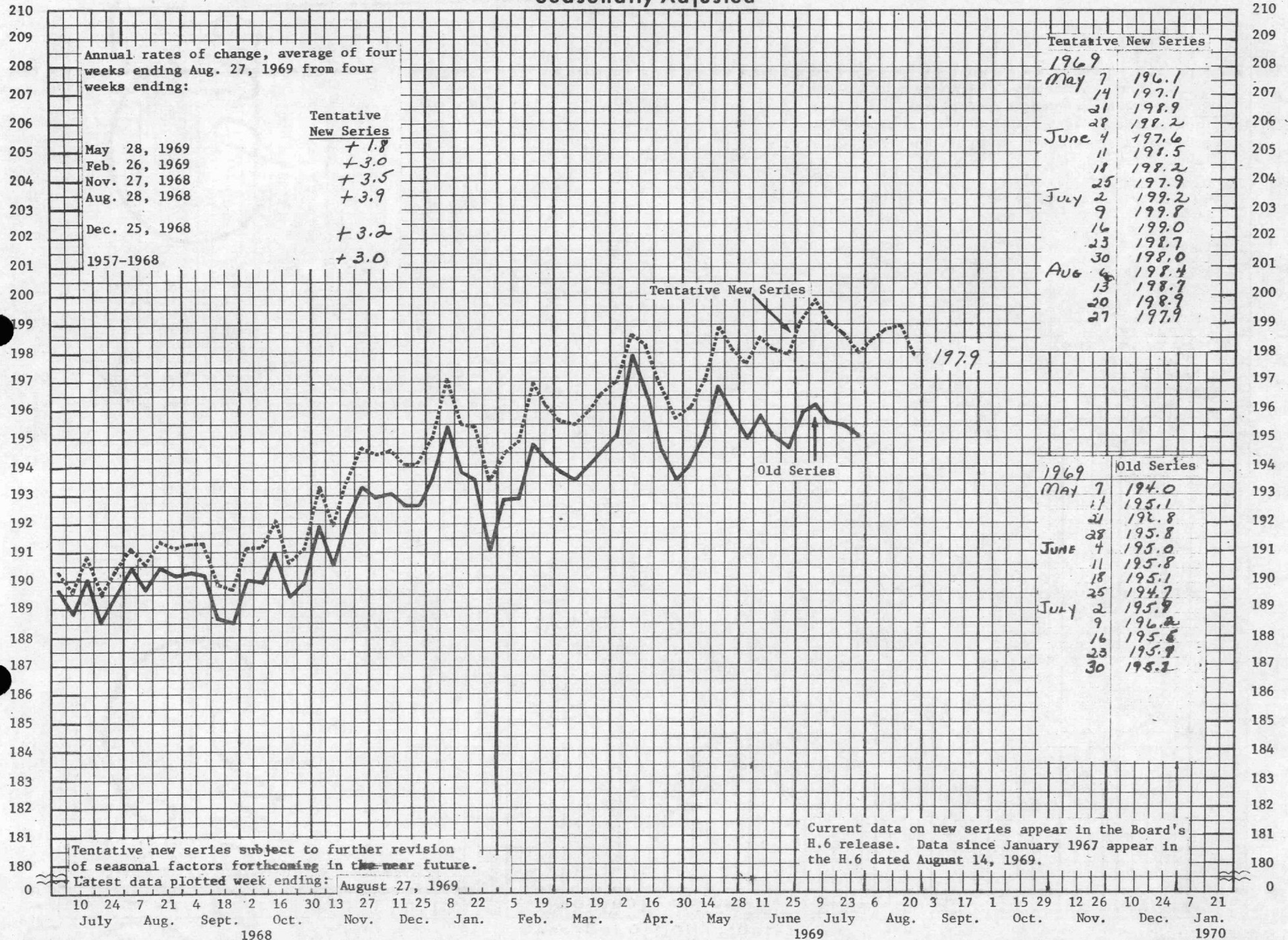




# MONEY STOCK Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

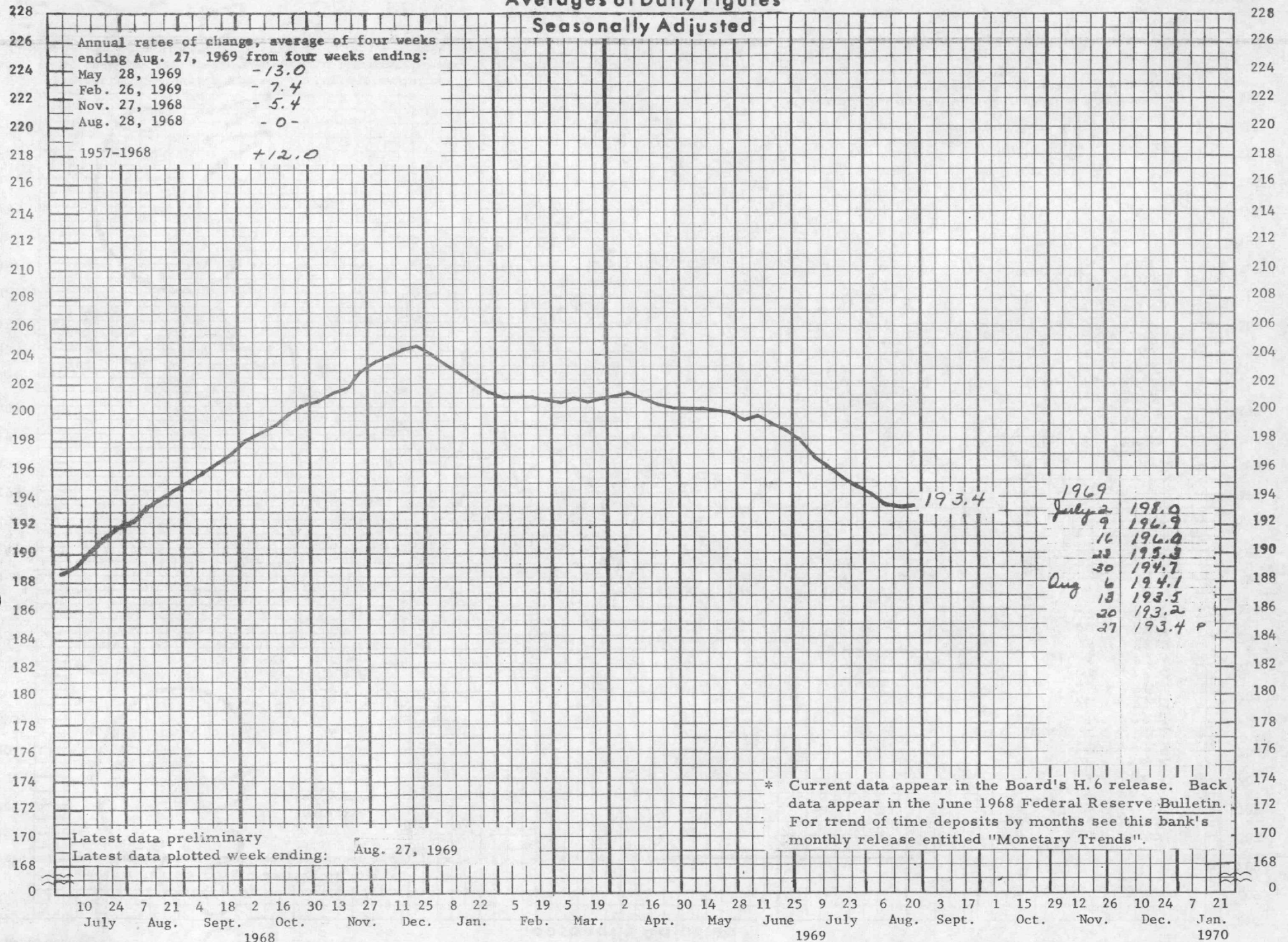
Billions of Dollars



**TIME DEPOSITS\***  
**All Commercial Banks**  
**Averages of Daily Figures**

Billions of Dollars

Billions of Dollars





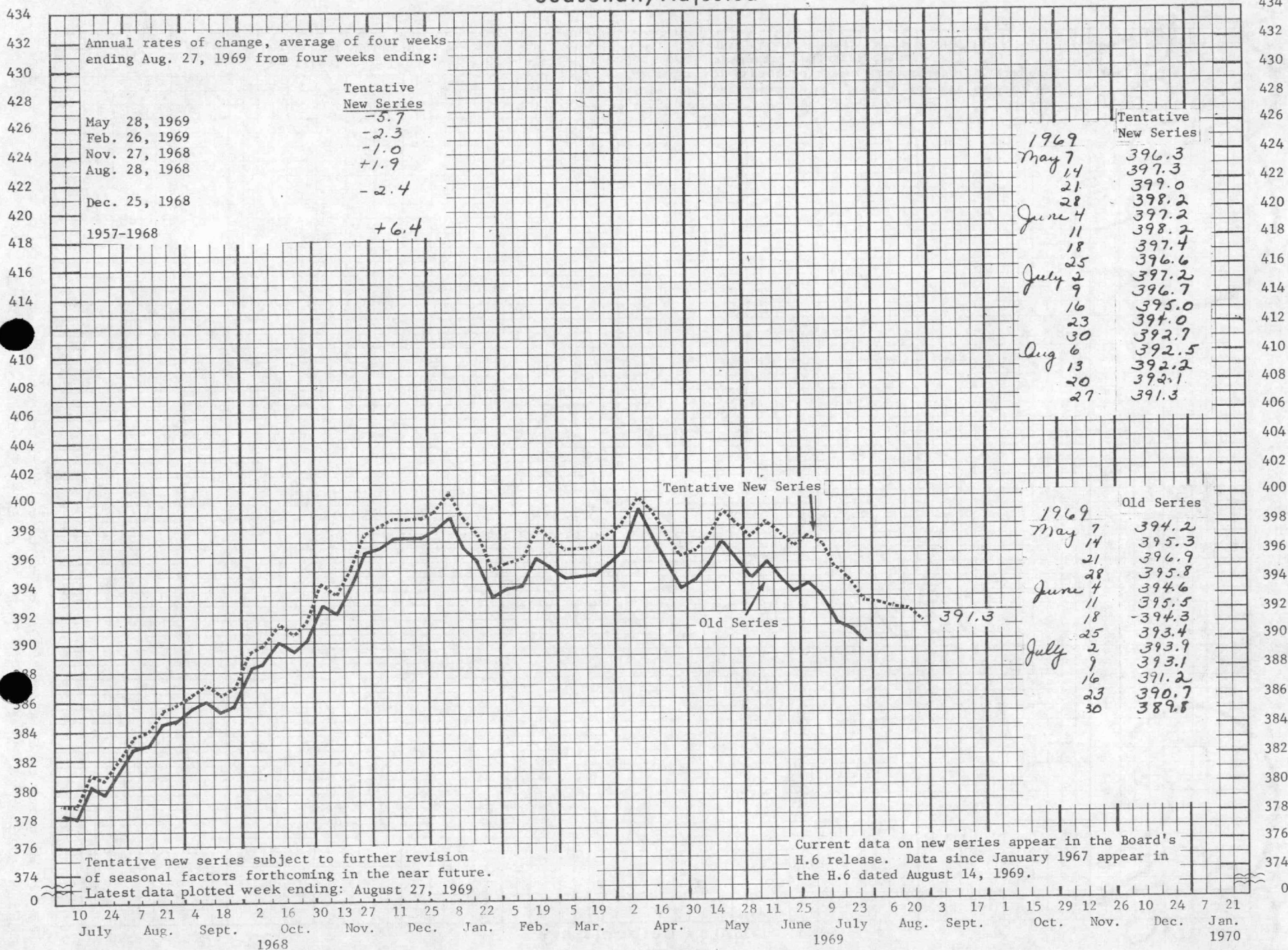
# MONEY STOCK PLUS TIME DEPOSITS\*

Averages of Daily Figures

Seasonally Adjusted

Billions of Dollars

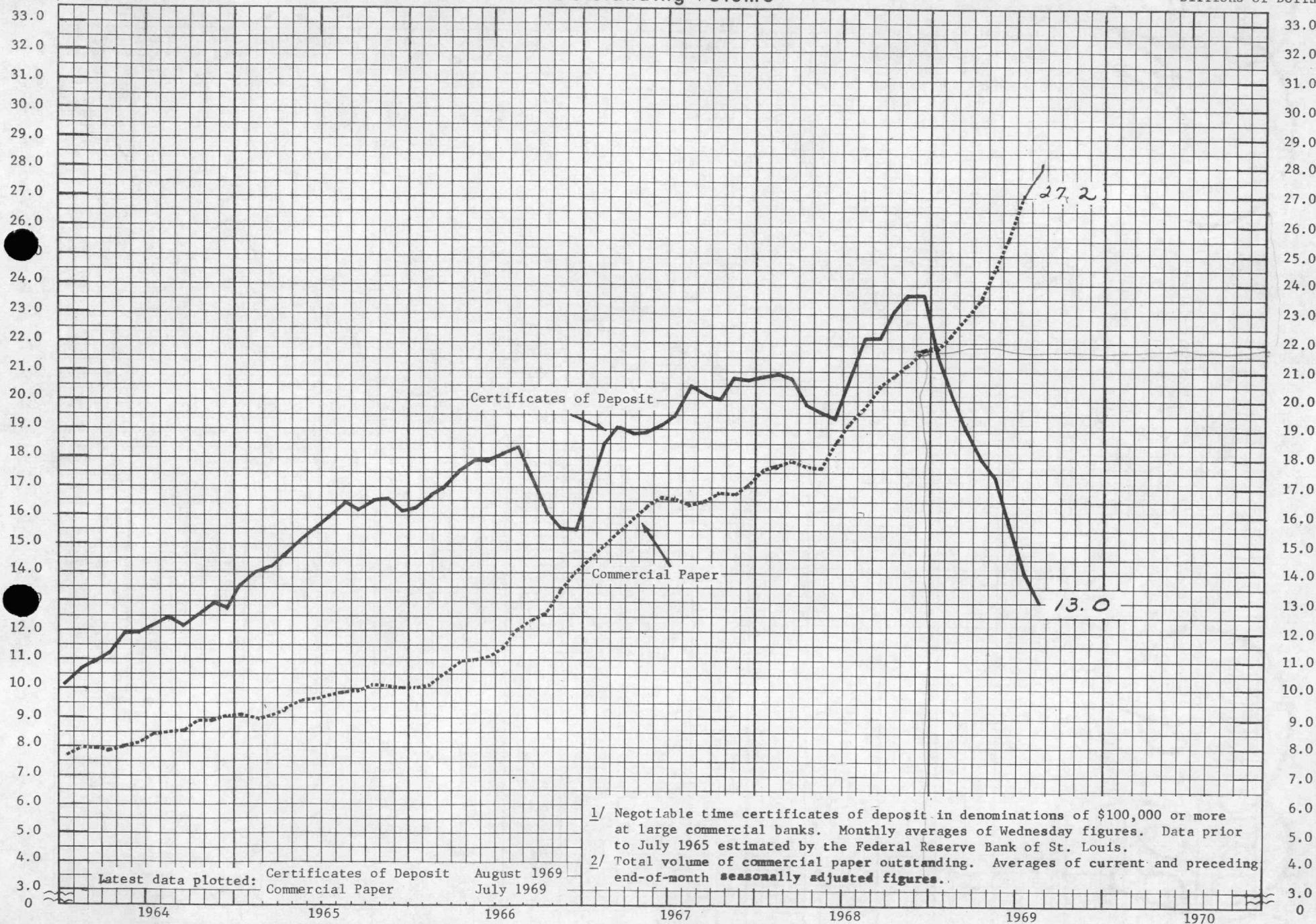
Billions of Dollars



# CERTIFICATES OF DEPOSIT <sup>1</sup> AND COMMERCIAL PAPER <sup>2</sup> Outstanding Volume

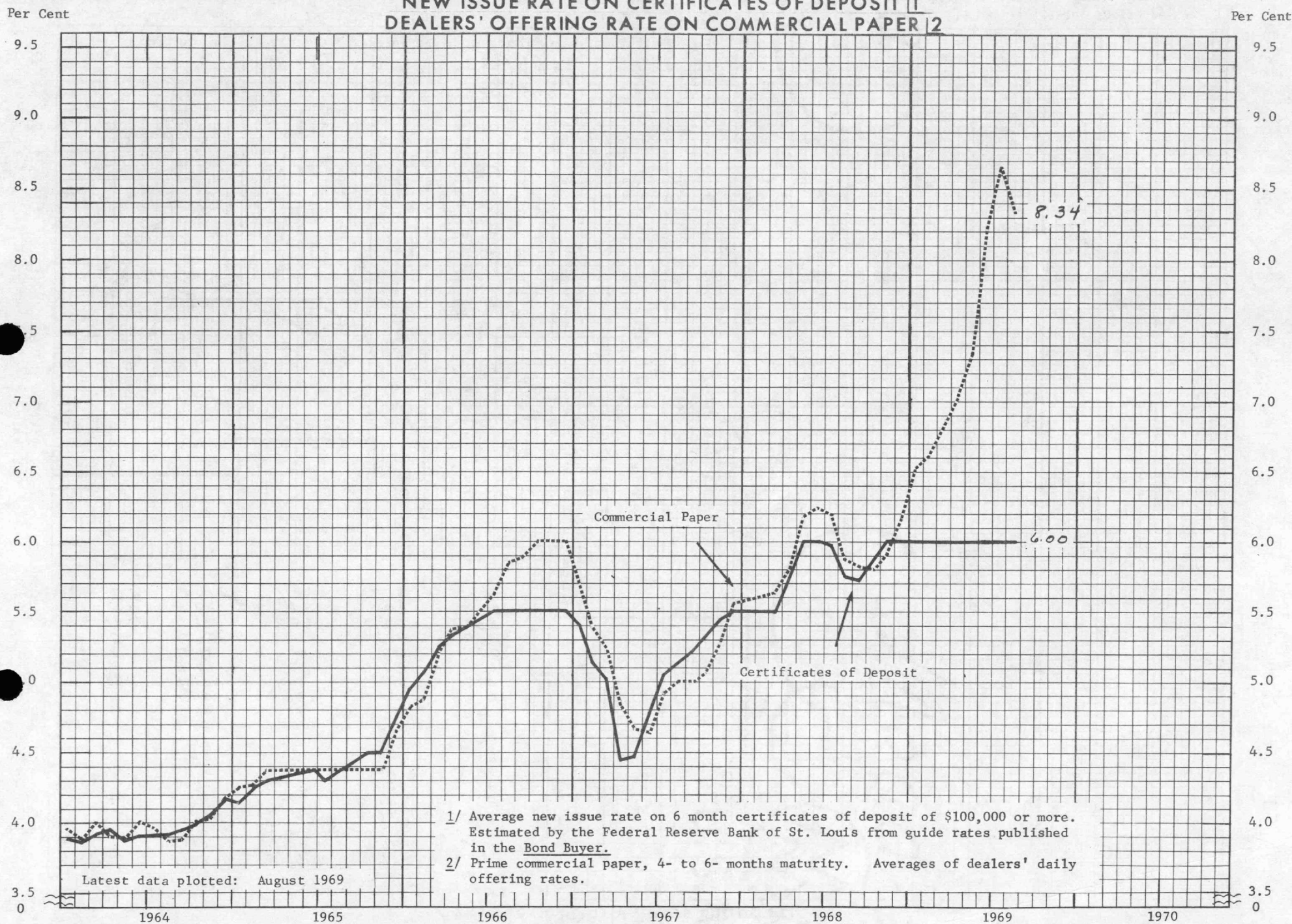
Billions of Dollars

Billions of Dollars





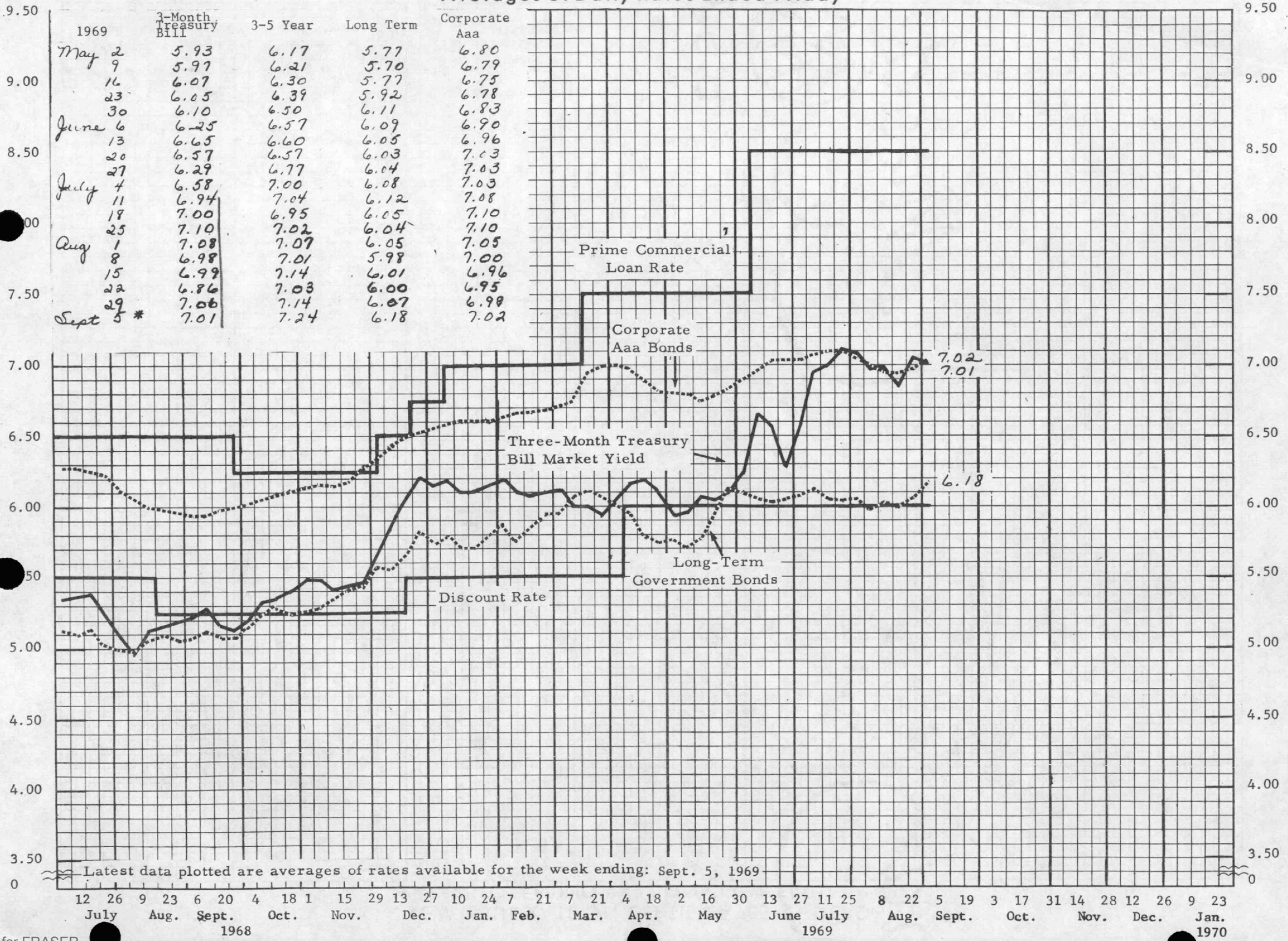
NEW ISSUE RATE ON CERTIFICATES OF DEPOSIT 1  
DEALERS' OFFERING RATE ON COMMERCIAL PAPER 2



# YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday

Per Cent

Per Cent





Per Cent

11.00

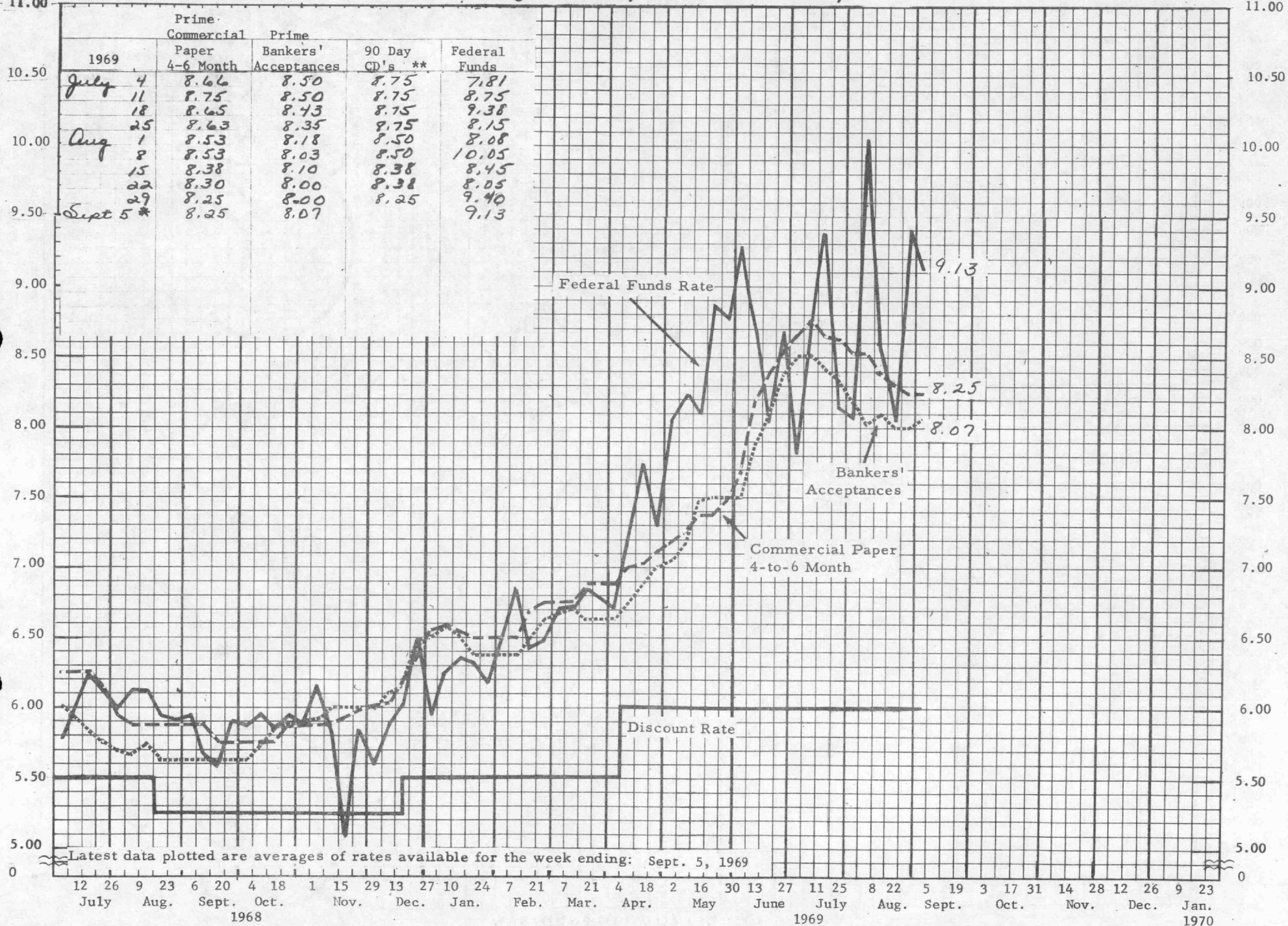
# SELECTED SHORT-TERM INTEREST RATES

## Averages of Daily Rates Ended Friday

11

Per Cent

11.00



\* AVERAGES OF RATES AVAILABLE

# BORROWINGS AND EXCESS RESERVES

## All Member Banks in the Nation

### Averages of Daily Figures

Millions of Dollars

Millions of Dollars

