

Week ending: January 28, 1970

AUG 27 1998

The levels of the money stock and its demand deposit component have been much higher in the past four weeks than in the previous six months, during which they remained essentially unchanged (pages 4 and 5). Four weeks is too short a period to impute significance to a change, but mention can be made of some developments which could account for the recent higher levels.

While the initial jump in the last week of December was probably due to transitory technical factors, including a decline in cash items in the process of collection around the holidays and inadequate seasonal adjustments, the change in money can also be associated with growth of the monetary base and bank reserves and shifts in deposits. The monetary base has risen at a 6.3 per cent annual rate since October, following about no change in the previous five months (page 2). Member bank reserves have increased at a 6.8 per cent rate since October, after declining in the previous five months (page 3). From October to late December, the impact on the money supply of acceleration in these magnitudes was offset by growth in Government deposits, time deposits, and currency, relative to private demand deposits, and by a shift of deposits toward banks with higher reserve requirements. Since late December shifts in deposits appear to have reversed in favor of private demand deposits.

Time deposits have declined since late December, after increasing slightly in the previous two months (page 6). In a move to stem the increased disintermediation, the maximum rates banks are permitted to pay on time and savings deposits were raised effective January 21, but the ceilings remain below market interest rates (pages 10 and 11).

Yield Differentials
(per cent per annum)

Type of Deposit	Regulation Q Ceiling Rate	Spread between Government Security Yield and Ceiling ^{a/}
Savings deposits	4.50	(30 days) 2.67 264
Other time deposits		
Multiple maturity		
30-89 days	4.50	(3-mo.) 3.67
90 days or more	5.00	(6-mo.) 3.22
Single maturity		
Less than \$100,000		
30 days to 1 year	5.00	(6-mo.) 3.22
1 - 2 years	5.50	(12-mo.) 2.64
2 years or more	8.15 5.75 = 2.40	(2 years) 2.44
\$100,000 or more		
30-59 days	6.25	(3-mo.) 1.92
60-89 days	6.50	(3-mo.) 1.67
90-179 days	6.75	(6-mo.) 1.47
180 days to 1 year	7.00	(12-mo.) 1.14
1 year or more	7.50	(12-mo.) 0.64

^{a/} In the three days ending January 28, yields (converted from discount basis to bond equivalents for comparability with deposit rates) averaged 7.47 per cent on Treasury bills maturing in 30 days, 8.17 per cent on three-month bills, 8.22 per cent on six-month bills and 8.14 per cent on twelve-month bills. Yields on notes maturing in May 1972 averaged 8.19 per cent.

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

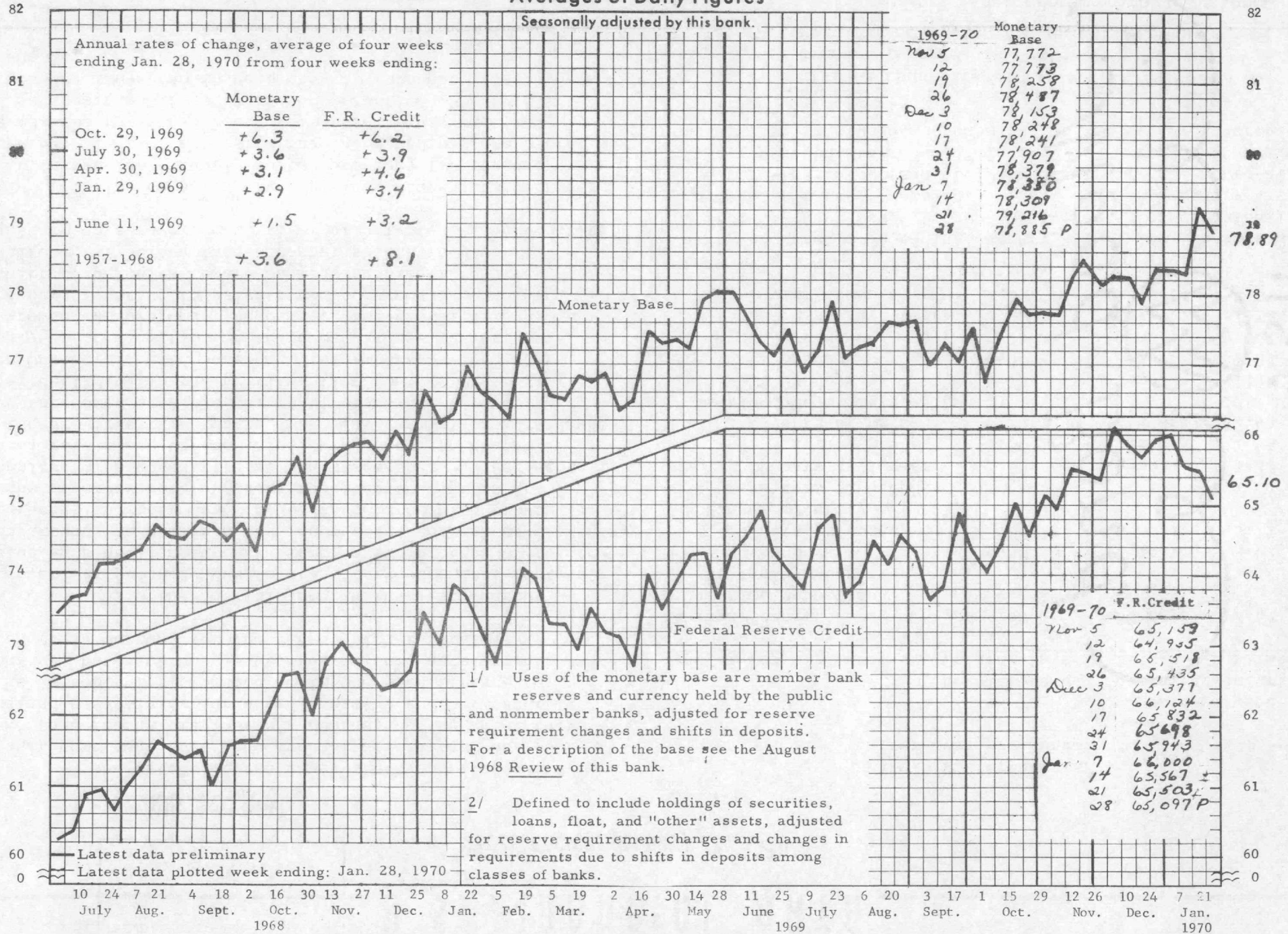
Prepared by Federal Reserve Bank of St. Louis

Released: January 30, 1970

MONETARY BASE ¹ FEDERAL RESERVE CREDIT ² Averages of Daily Figures

Billions of Dollars

Billions of Dollars



RESERVES

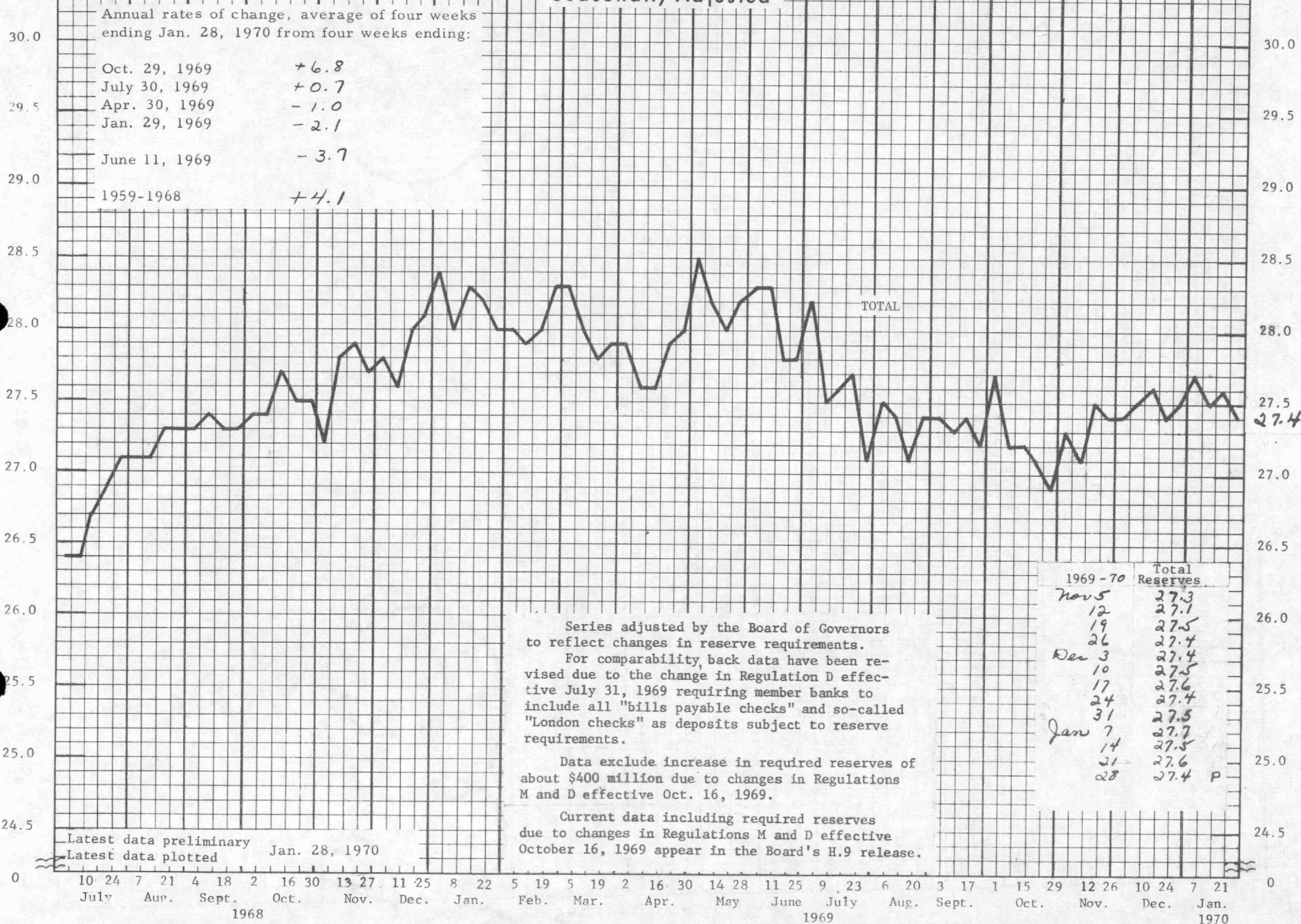
All Member Banks in the Nation

Averages of Daily Figures

Billions of Dollars

Billions of Dollars

Seasonally Adjusted

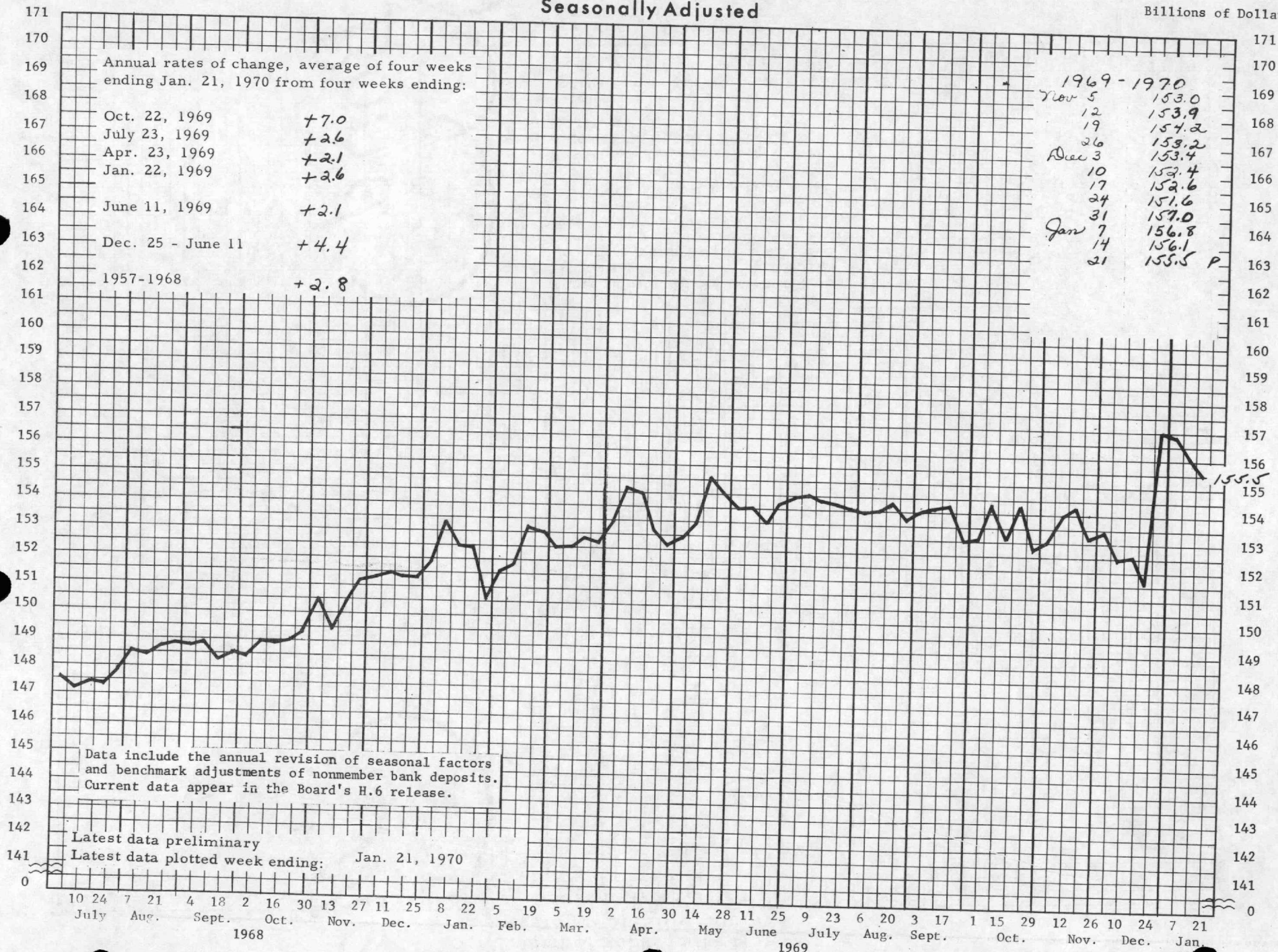


DEMAND DEPOSIT COMPONENT OF MONEY STOCK

Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

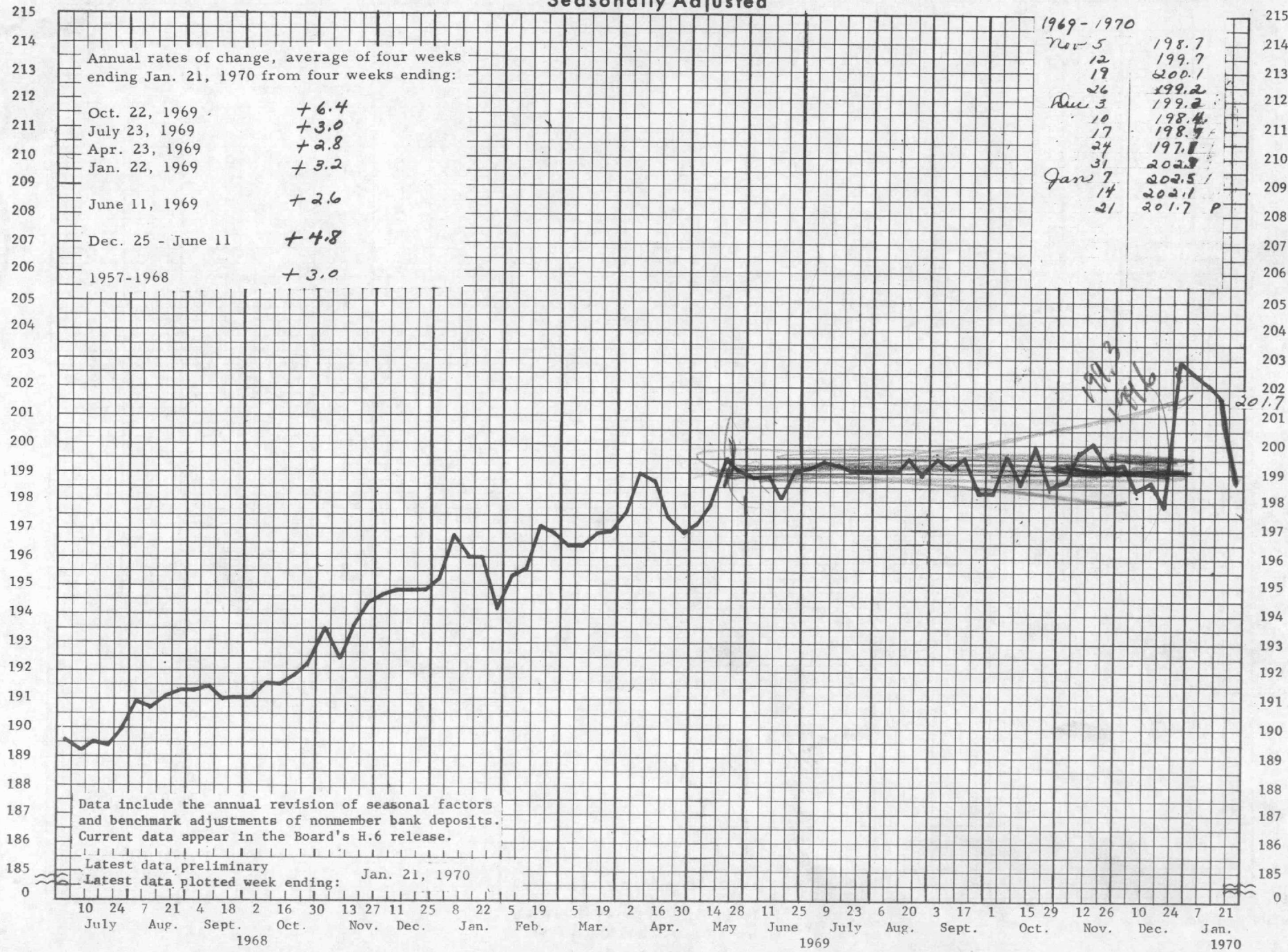
Billions of Dollars



MONEY STOCK Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

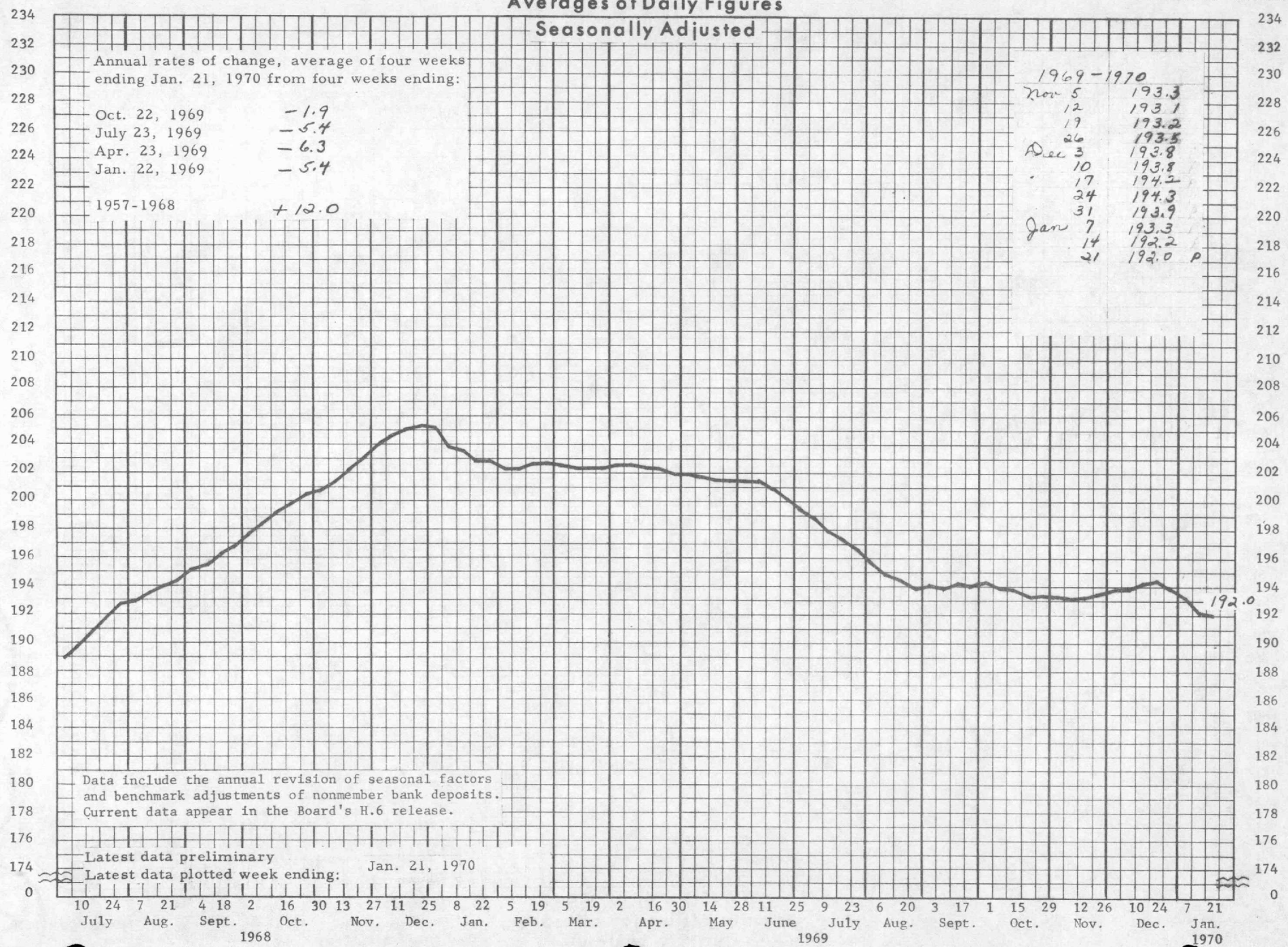
Billions of Dollars



TIME DEPOSITS All Commercial Banks Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

Billions of Dollars



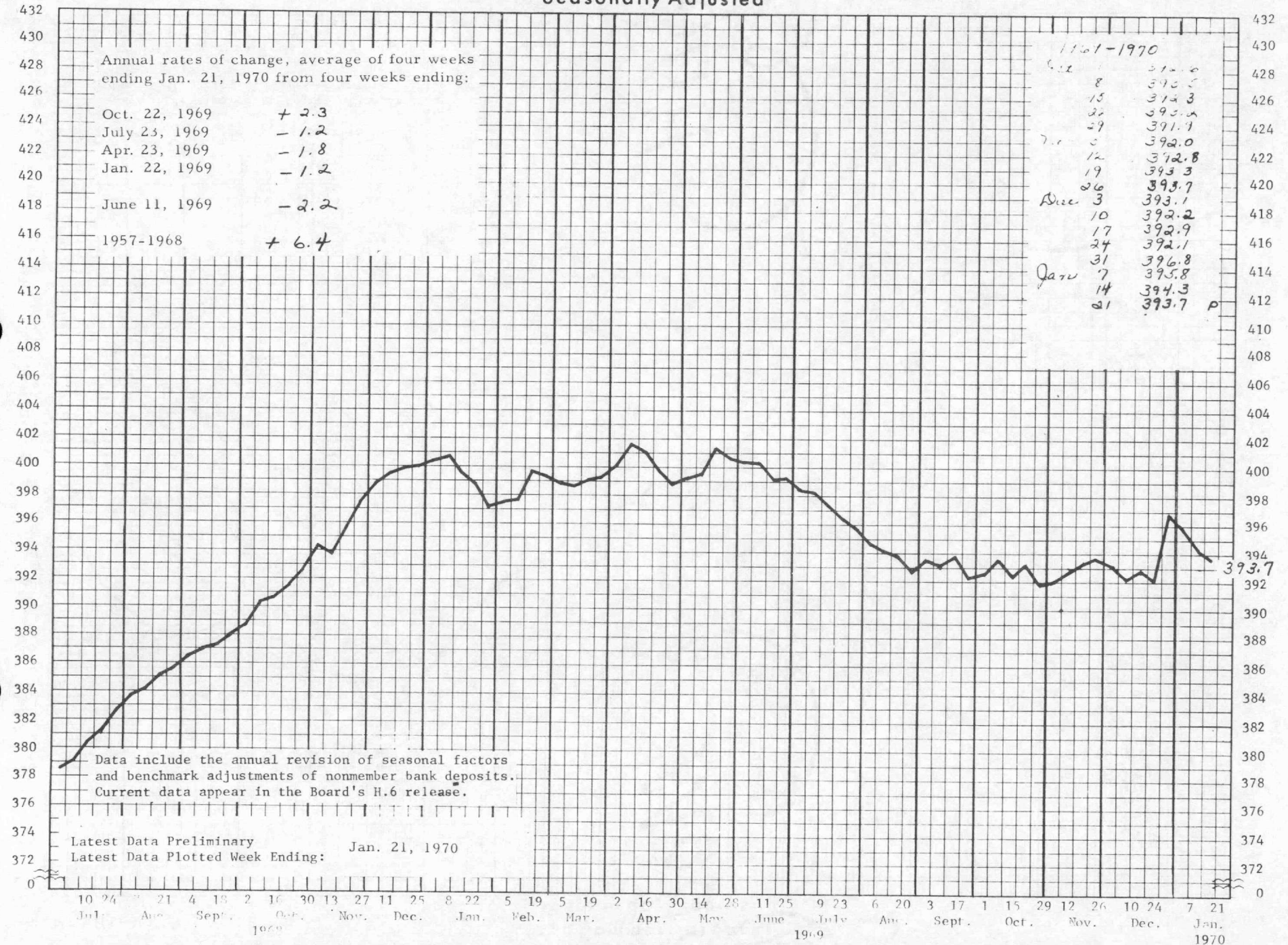
MONEY STOCK PLUS TIME DEPOSITS

Averages of Daily Figures

Seasonally Adjusted

Billions of Dollars

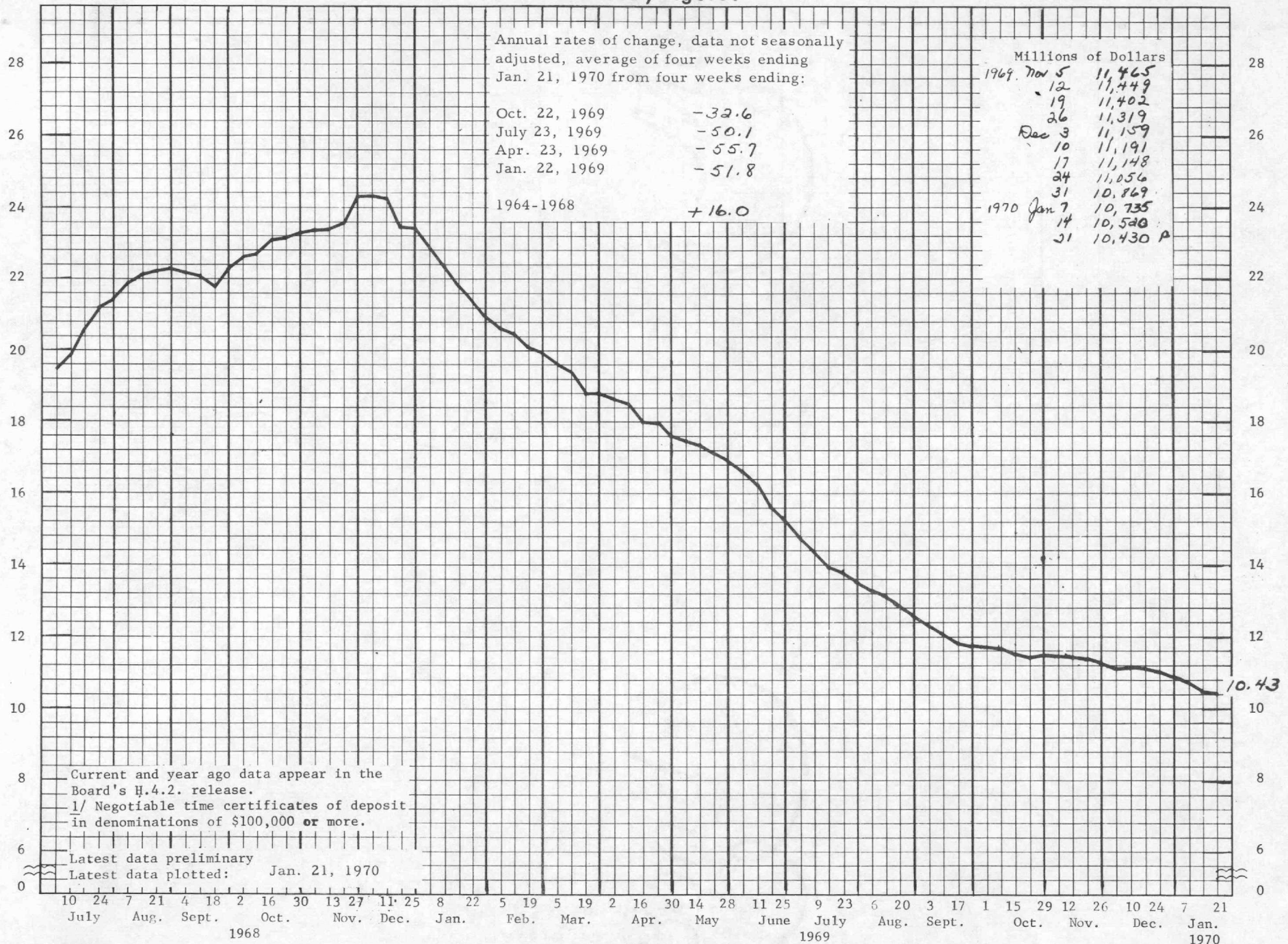
Billions of Dollars



CERTIFICATES OF DEPOSIT ¹
Large Commercial Banks
Wednesday Figures

Billions of Dollars

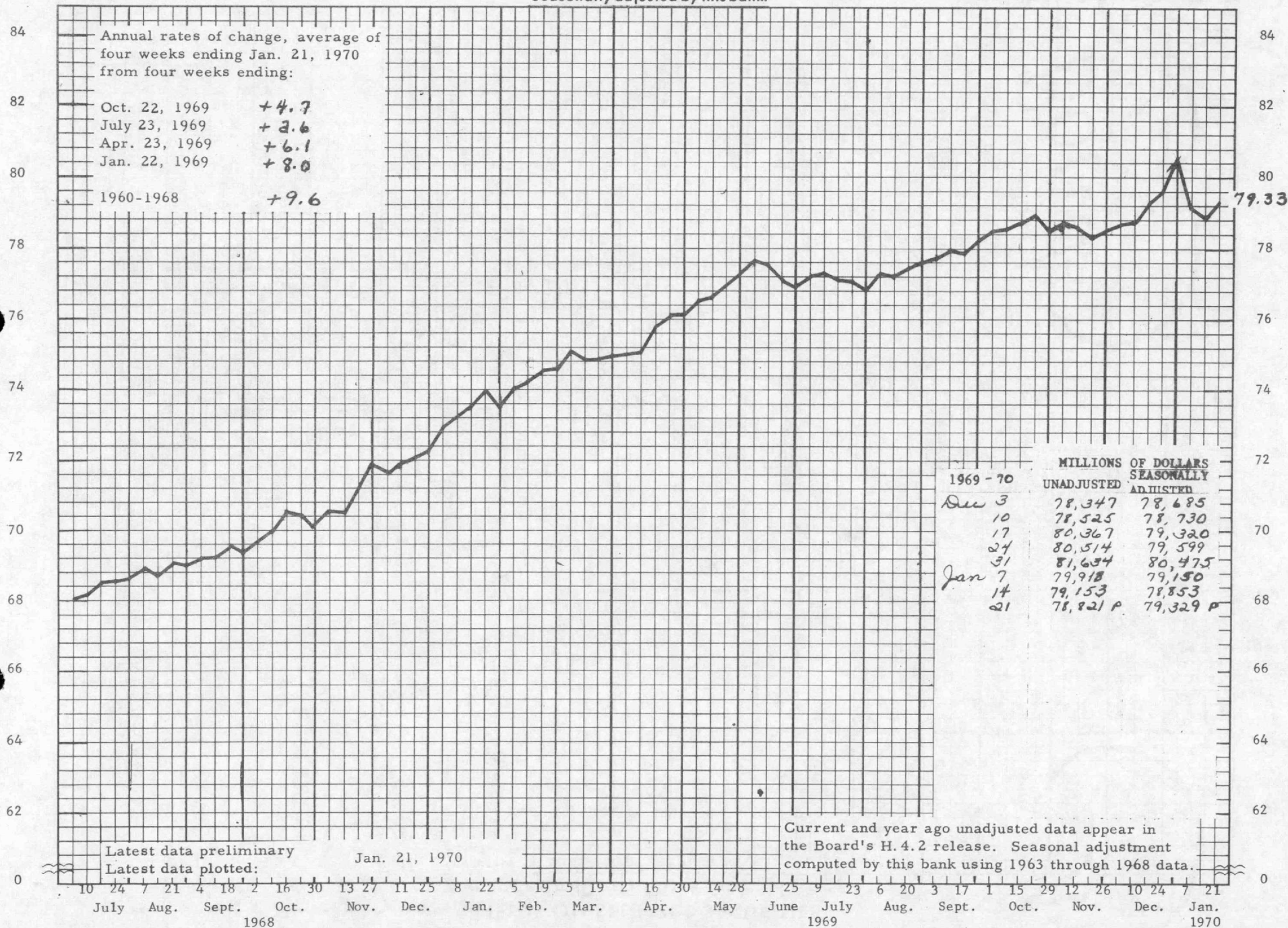
Billions of Dollars



BUSINESS LOANS
Large Commercial Banks
Wednesday Figures
 Seasonally adjusted by this bank.

Billions of Dollars

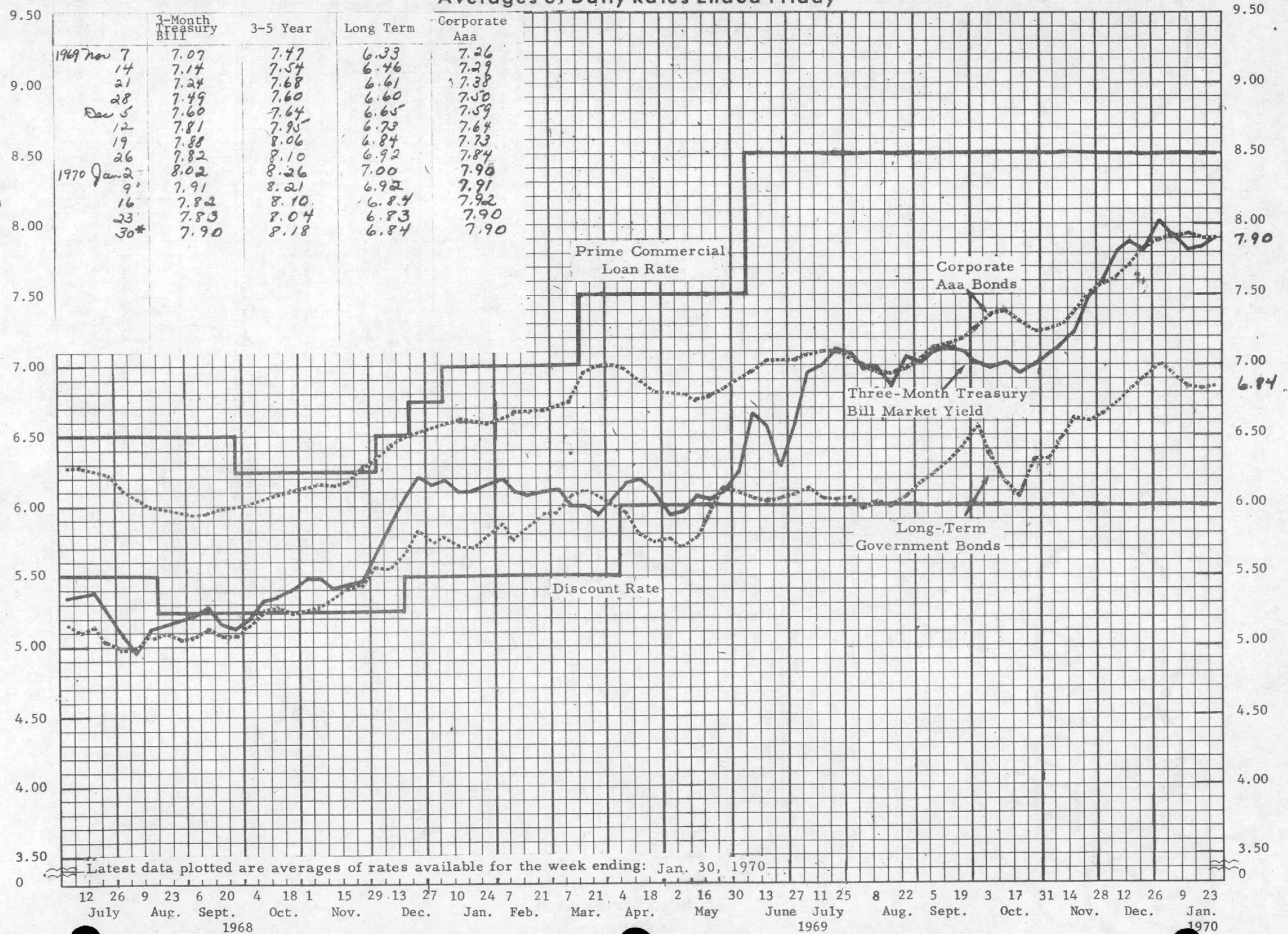
Billions of Dollars



YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday

Per Cent

Per Cent



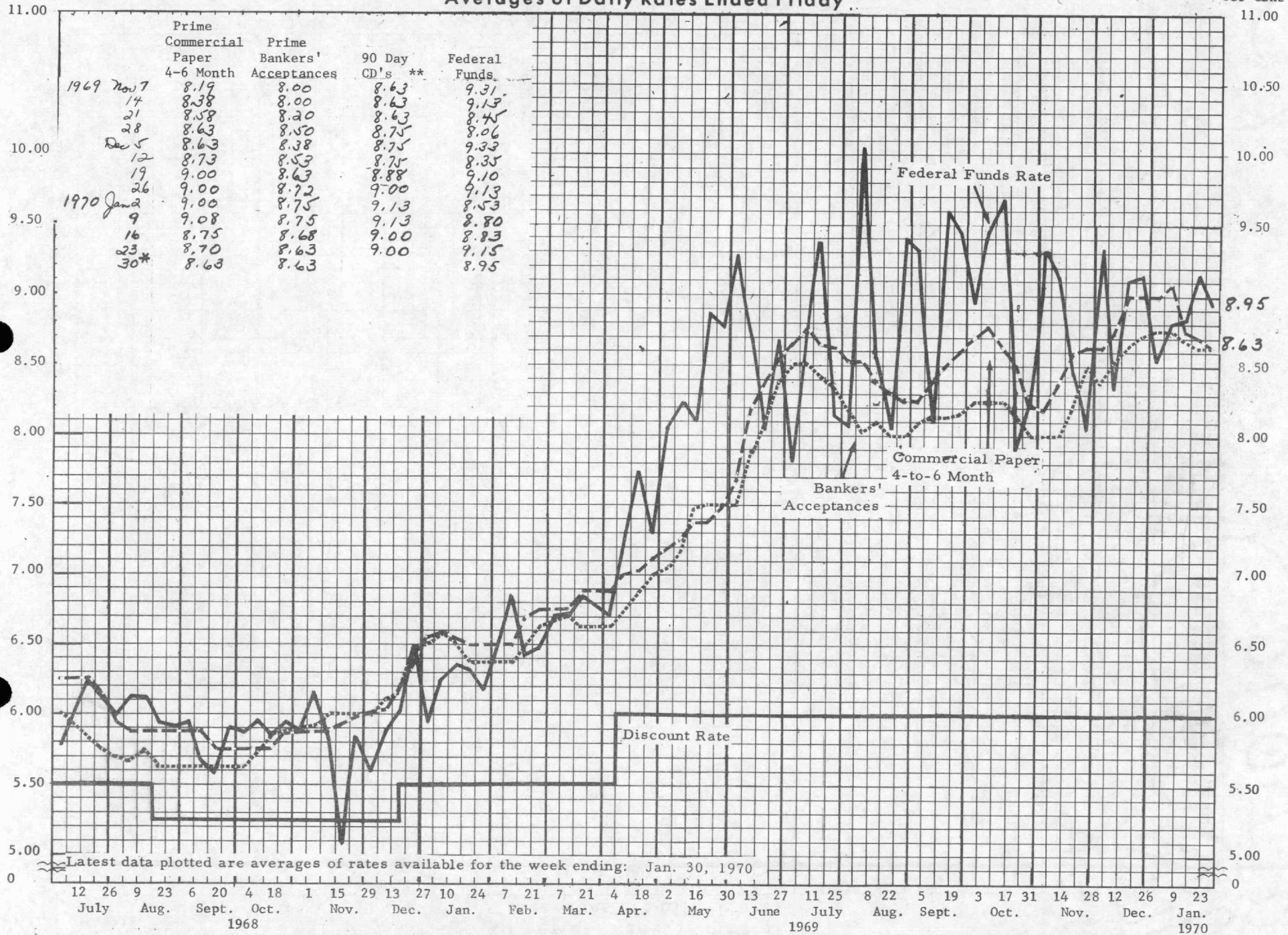
	3-Month Treasury Bill	3-5 Year	Long Term	Corporate Aaa
1969 Nov 7	7.07	7.47	6.33	7.26
14	7.14	7.54	6.46	7.29
21	7.24	7.68	6.61	7.38
28	7.49	7.60	6.60	7.50
Dec 5	7.60	7.64	6.65	7.59
12	7.81	7.95	6.73	7.64
19	7.88	8.06	6.84	7.73
26	7.82	8.10	6.92	7.84
1970 Jan 2	8.02	8.26	7.00	7.96
9	7.91	8.21	6.92	7.91
16	7.82	8.10	6.84	7.92
23	7.83	8.04	6.83	7.90
30*	7.90	8.18	6.84	7.90

SELECTED SHORT-TERM INTEREST RATES

Averages of Daily Rates Ended Friday

Per Cent

Per Cent



* AVERAGES OF RATES AVAILABLE; FEDERAL FUNDS LAST FIVE DAYS AVAILABLE

BORROWINGS AND EXCESS RESERVES

All Member Banks in the Nation

Averages of Daily Figures

Millions of Dollars

Millions of Dollars

