

# U.S. FINANCIAL DATA

Week ending: March 25, 1970



Market interest rates have fallen considerably since the beginning of 1970, and on March 25 many banks announced a reduction in the rate charged on prime business loans from 8-1/2 per cent to 8 per cent (pages 10 and 11). The declines probably reflect primarily slower growth in demands for funds. The yield on three-month Treasury bills has fallen most markedly--from 8.02 per cent in early January to 6.13 per cent in the three days ending March 25. At the same time yields on prime four- to six-month commercial paper declined from 9 per cent to 8.04 per cent, and yields on bankers' acceptances went from 8.75 per cent to 7.21 per cent.

Yields on three- to five-year Government securities are also down more than a percentage point since the beginning of the year--from 8.26 per cent to 7.05 per cent in the three days ending March 25. Yields on long-term Government bonds have declined slightly less than one percentage point--from 7 per cent to 6.29 per cent, while yields on corporate Aaa bonds, at 7.92 per cent, remain near their early February peak. Although most current rates represent a marked decline from three months ago, they remain high relative to the five years before 1969.

Reintermediation appears to be taking place as market interest rates decline relative to the

maximum rates banks are permitted to pay. The outstanding volume of large negotiable certificates of deposit has increased substantially for the first time in more than a year (page 8). Large CD's declined from \$23.7 billion in December 1968 to \$10.5 billion in January 1970. Since the beginning of February the outstanding volume has risen \$1 billion. Other time and savings deposits have also increased during this period, so that the total shows an increase of \$2.9 billion (page 6).

Reintermediation does not contribute to expansion of the money supply. On the contrary, an increase in time deposits absorbs reserves so that a given amount of reserves can support fewer demand deposits. Member bank reserves have declined in the past three months (page 3); however, other factors--changes in Government deposits, shifts in deposits among banks with different reserve requirements, and excess reserves--also affect the amount of demand deposits and consequently the money stock.

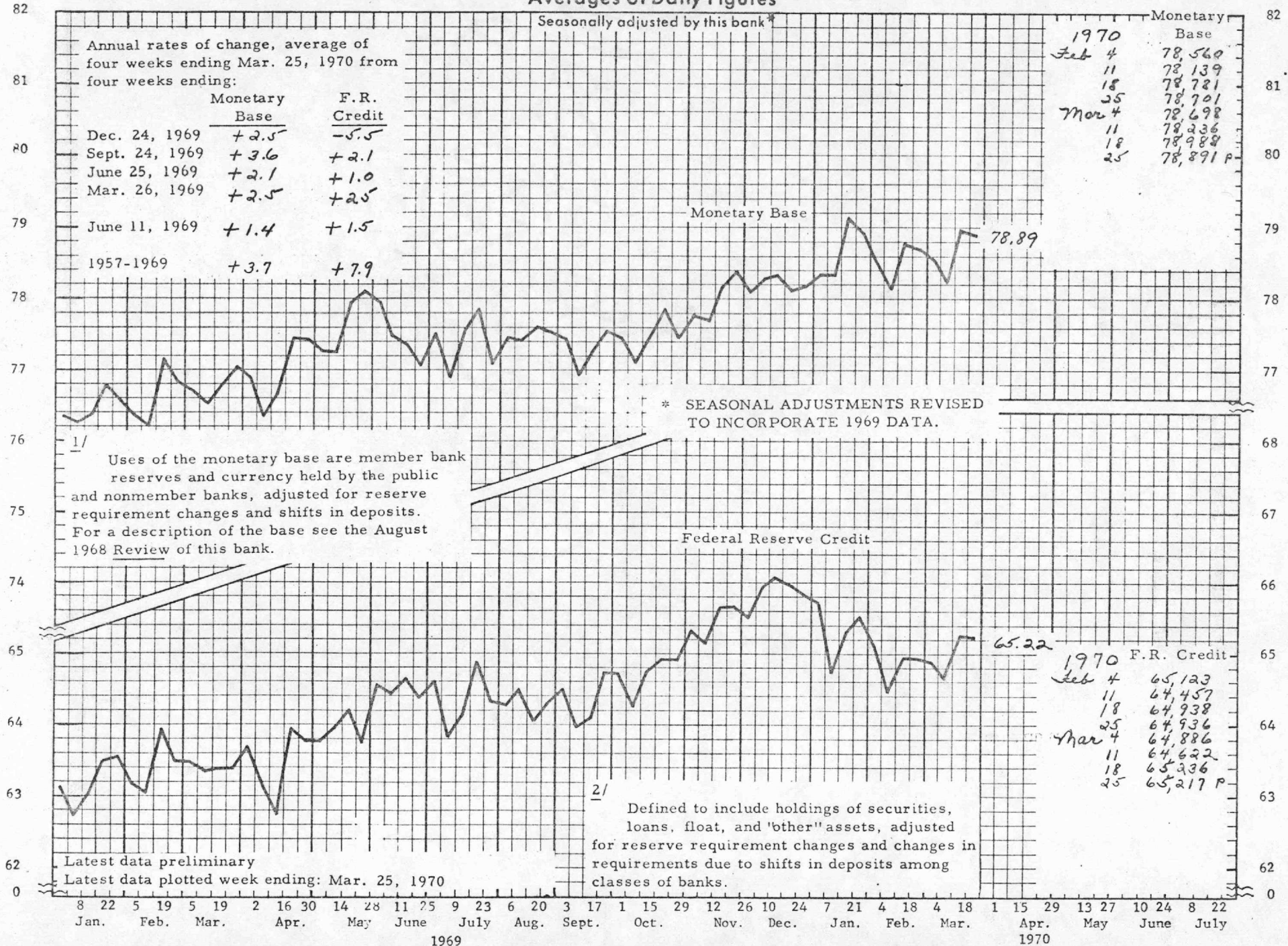
The money stock has risen at a 2.4 per cent annual rate in the last three months and at a 0.9 per cent rate in the last nine months (page 5). The demand deposit component of money has increased at a 1.8 per cent rate in the last three months and declined at a 0.3 per cent rate in the last nine (page 4).

Prepared by Federal Reserve Bank of St. Louis  
Released: March 27, 1970

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

Billions of Dollars

Billions of Dollars





RESERVES

All Member Banks in the Nation  
Averages of Daily Figures

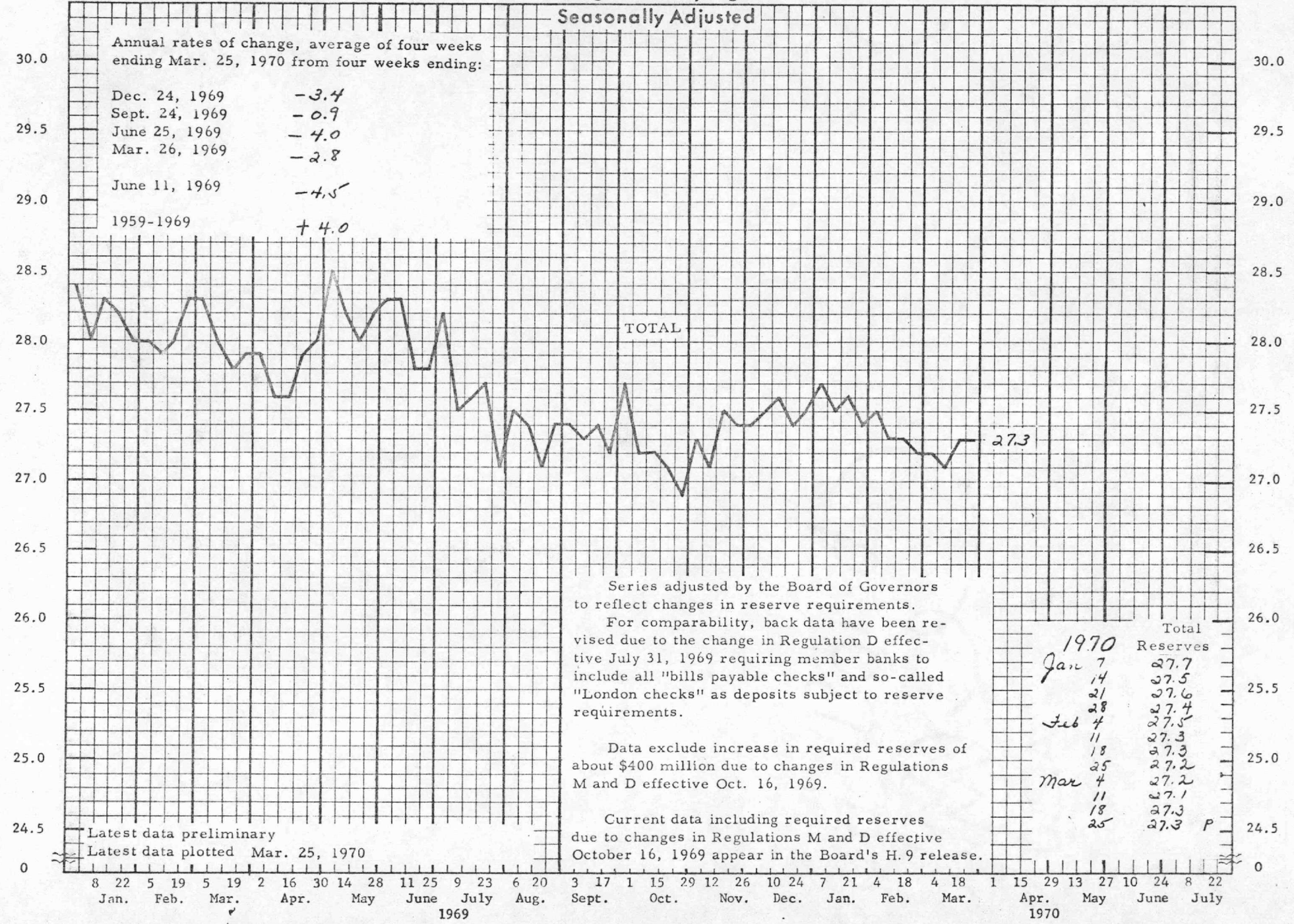
Billions of Dollars

Billions of Dollars

Seasonally Adjusted

Annual rates of change, average of four weeks ending Mar. 25, 1970 from four weeks ending:

|                |      |
|----------------|------|
| Dec. 24, 1969  | -3.4 |
| Sept. 24, 1969 | -0.9 |
| June 25, 1969  | -4.0 |
| Mar. 26, 1969  | -2.8 |
| June 11, 1969  | -4.5 |
| 1959-1969      | +4.0 |



Series adjusted by the Board of Governors to reflect changes in reserve requirements.

For comparability, back data have been revised due to the change in Regulation D effective July 31, 1969 requiring member banks to include all "bills payable checks" and so-called "London checks" as deposits subject to reserve requirements.

Data exclude increase in required reserves of about \$400 million due to changes in Regulations M and D effective Oct. 16, 1969.

Current data including required reserves due to changes in Regulations M and D effective October 16, 1969 appear in the Board's H. 9 release.

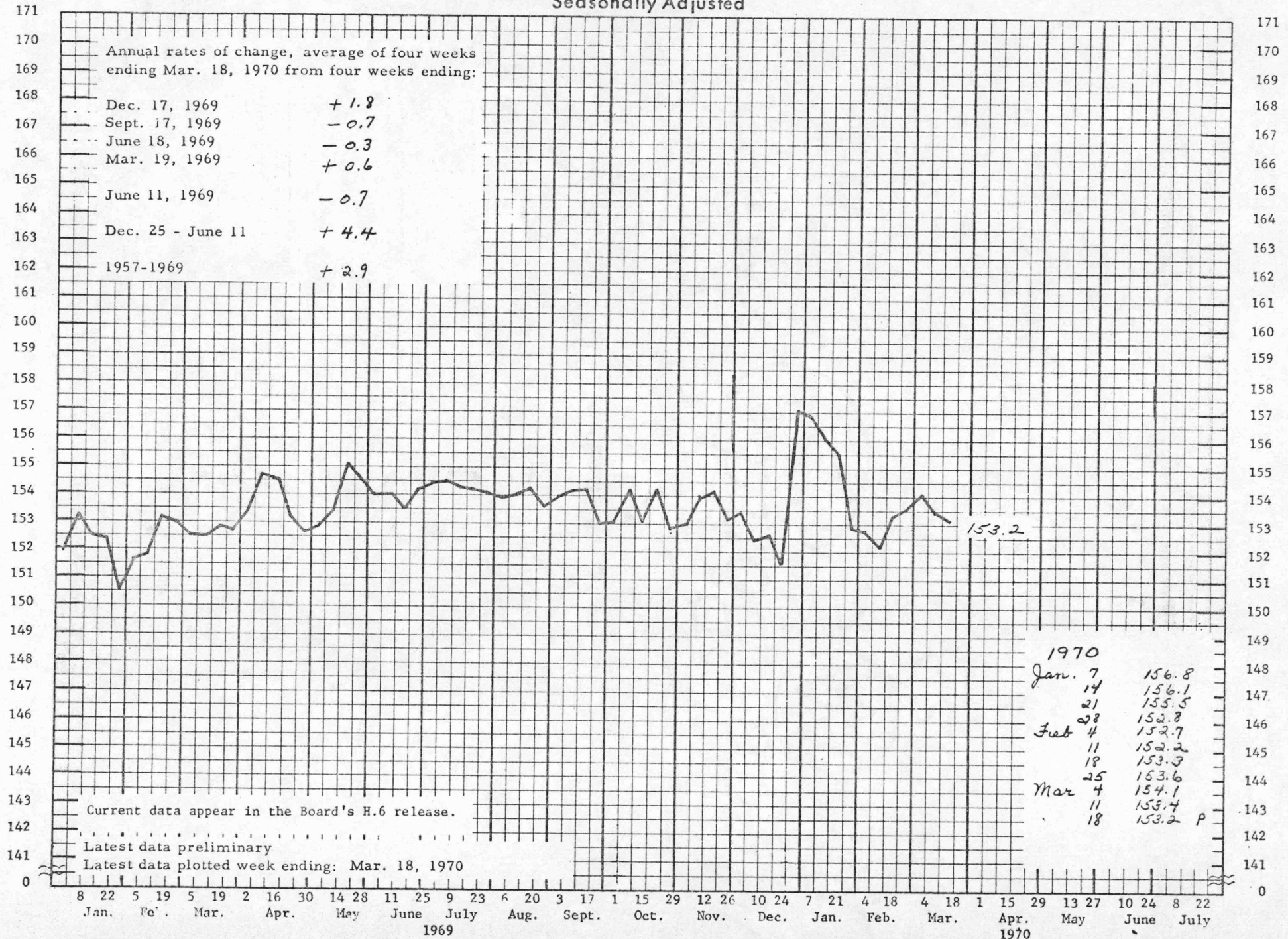
|       | Total Reserves |
|-------|----------------|
| 1970  |                |
| Jan 7 | 27.7           |
| 14    | 27.5           |
| 21    | 27.6           |
| 28    | 27.4           |
| Feb 4 | 27.5           |
| 11    | 27.3           |
| 18    | 27.3           |
| 25    | 27.2           |
| Mar 4 | 27.2           |
| 11    | 27.1           |
| 18    | 27.3           |
| 25    | 27.3 P         |

# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

## Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

Billions of Dollars

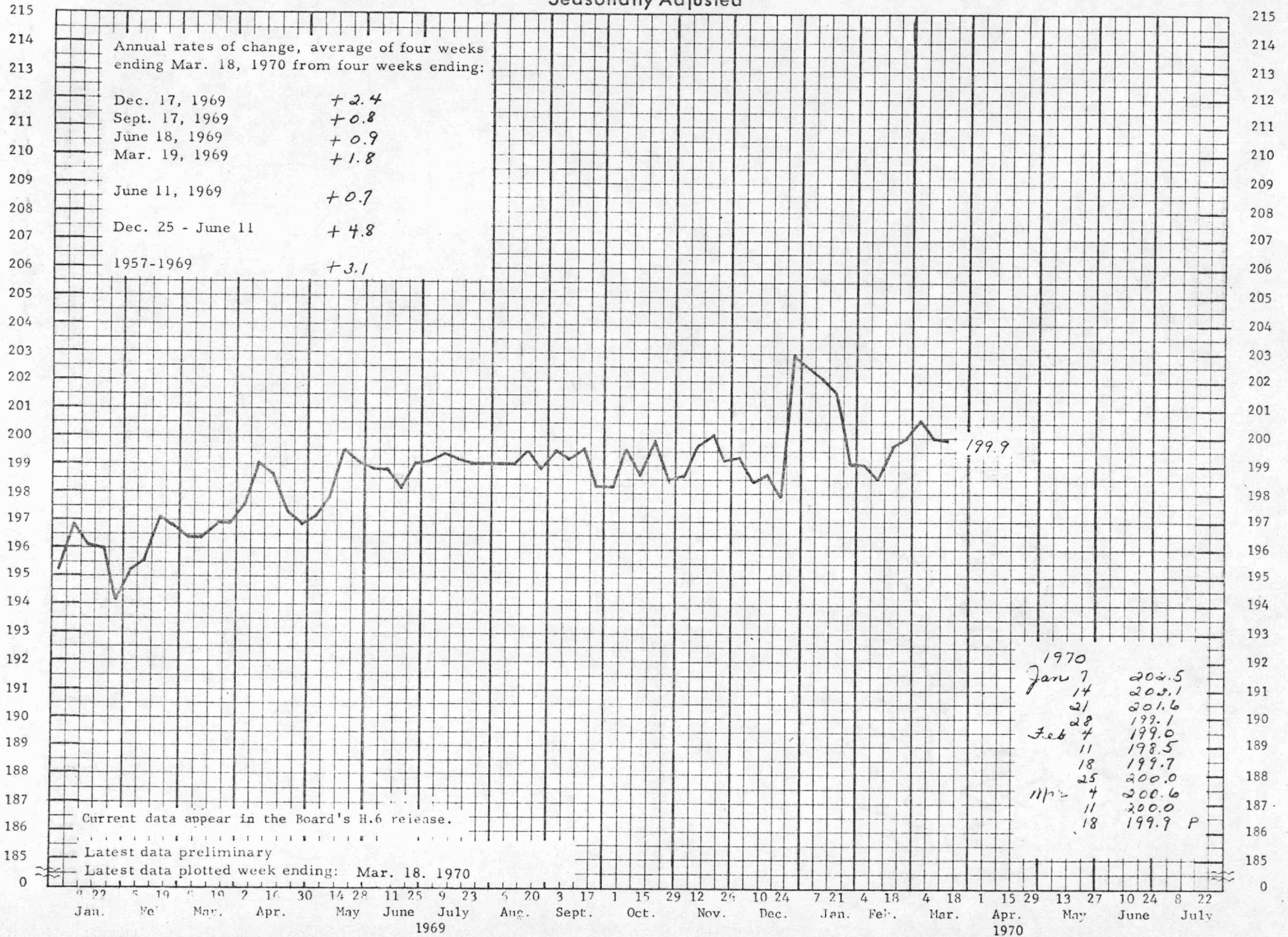




# MONEY STOCK Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

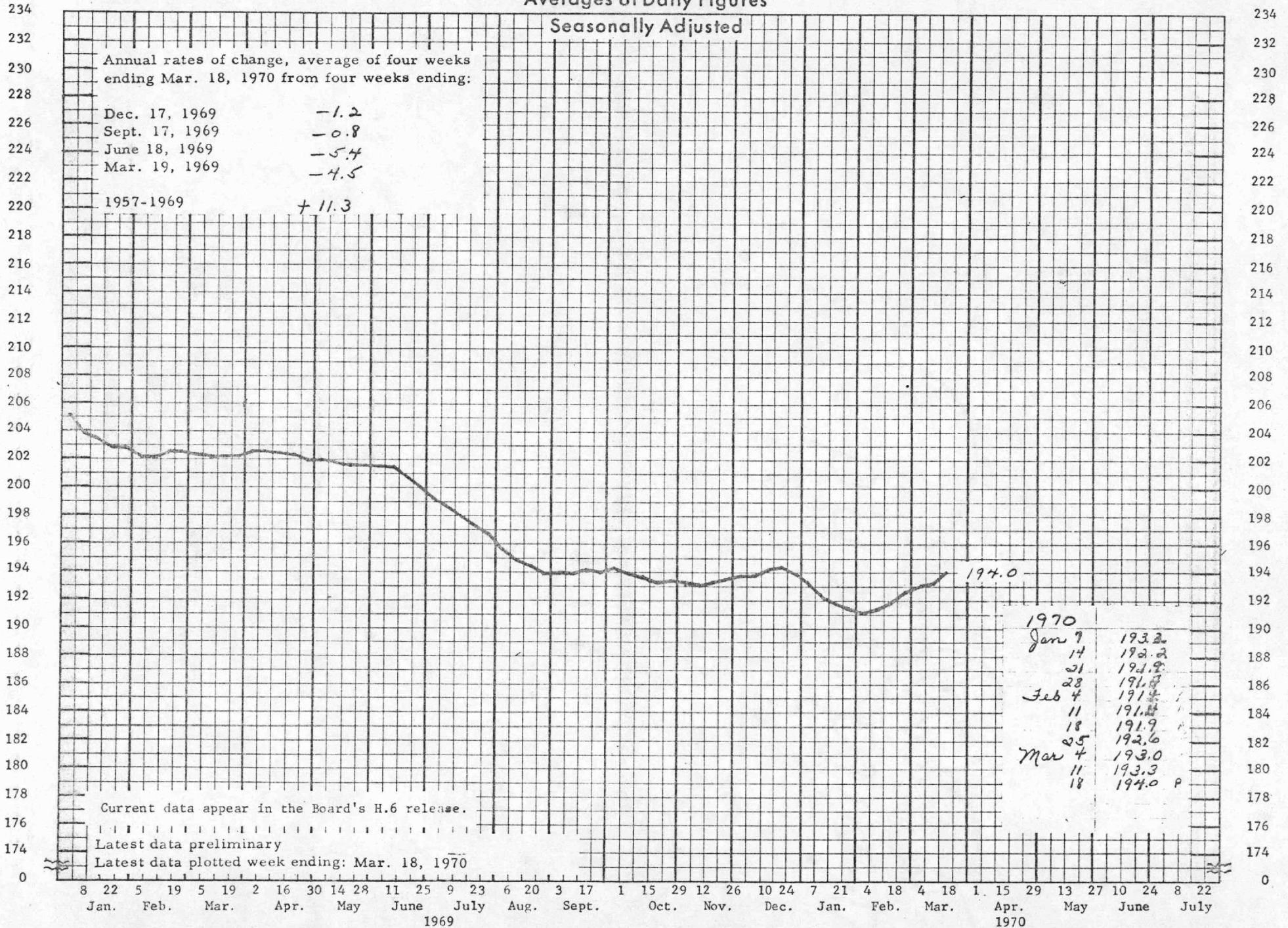
Billions of Dollars



Billions of Dollars

TIME DEPOSITS  
All Commercial Banks  
Averages of Daily Figures

Billions of Dollars





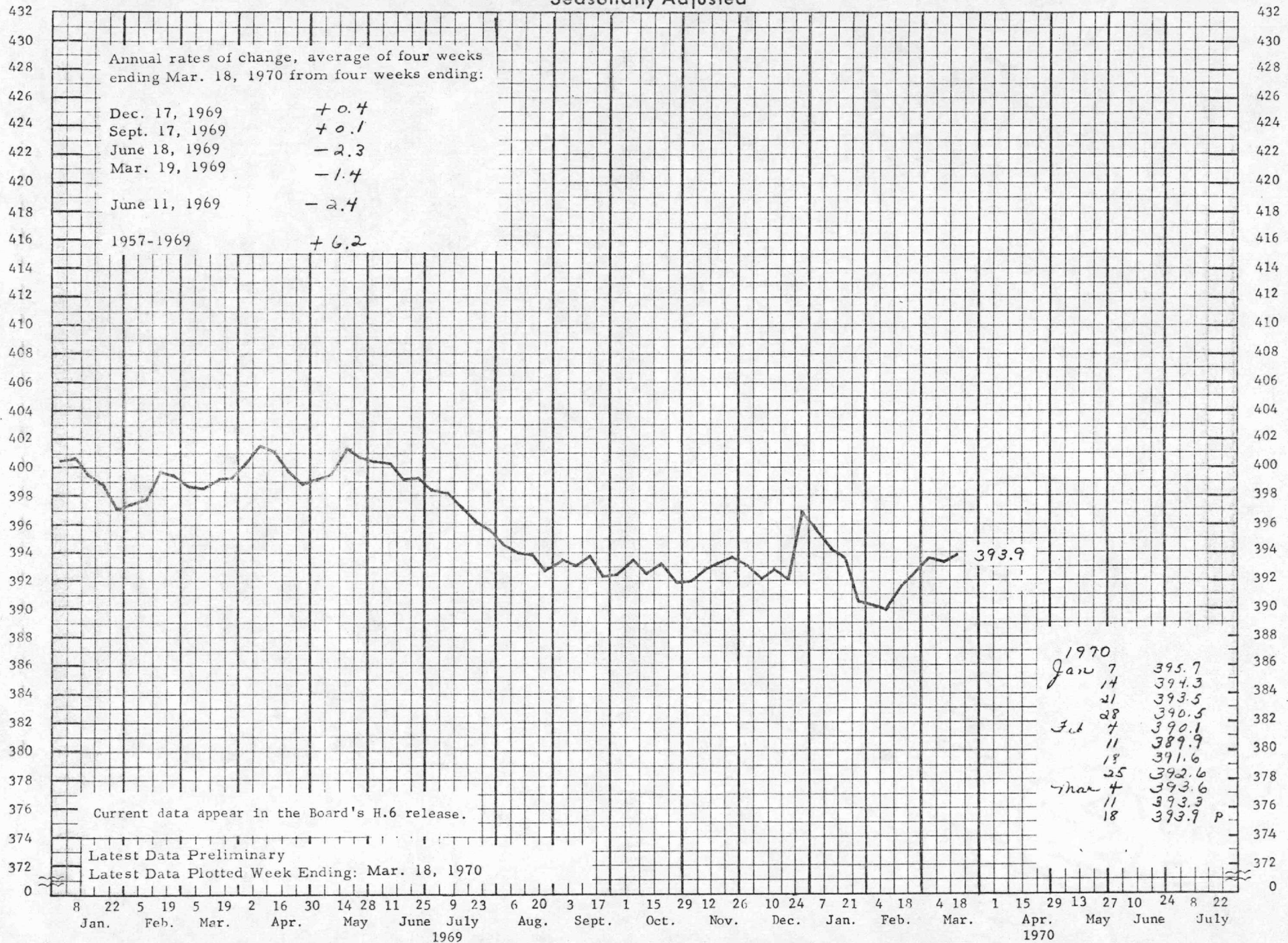
# MONEY STOCK PLUS TIME DEPOSITS

Billions of Dollars

Averages of Daily Figures

Billions of Dollars

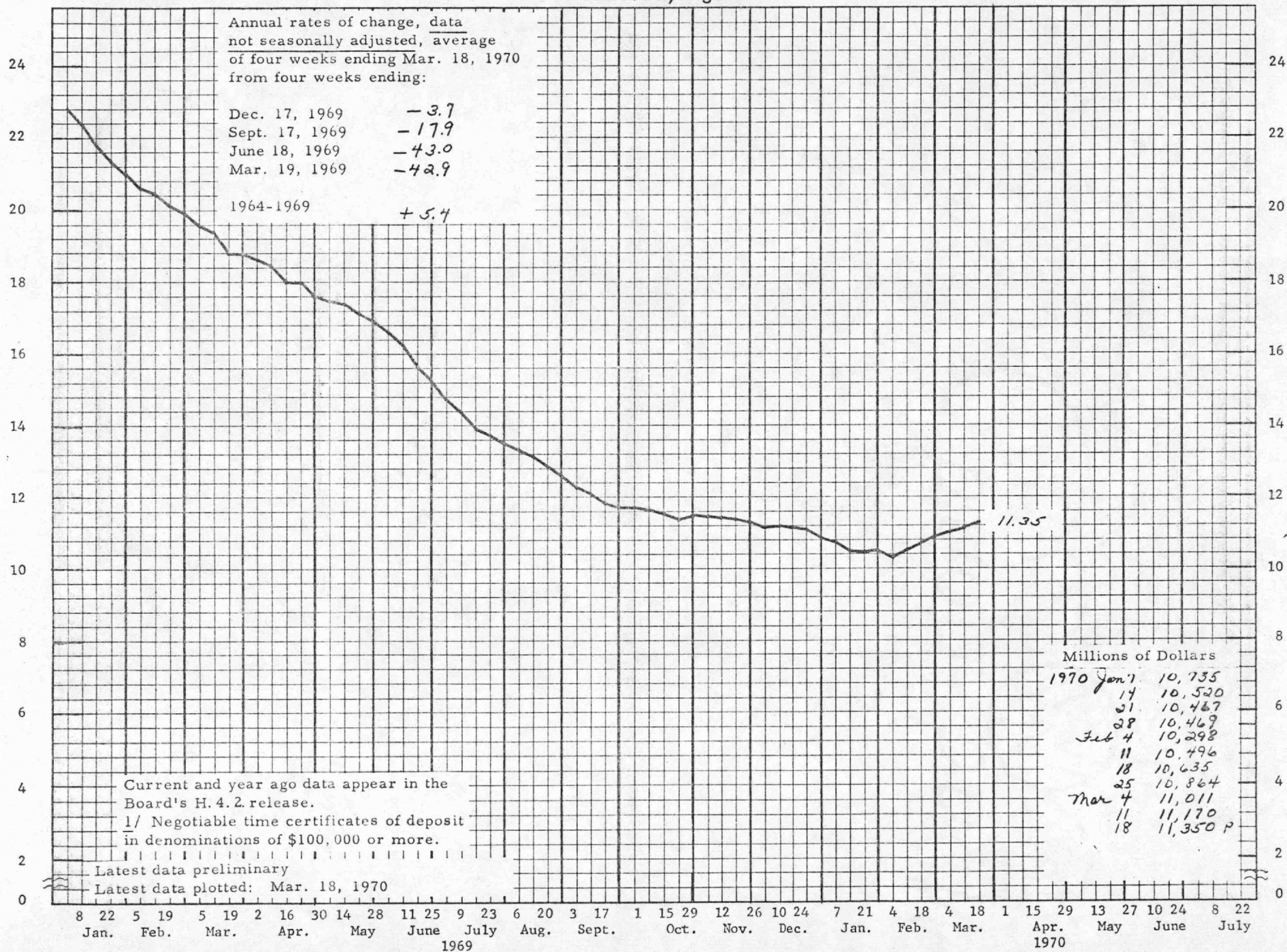
Seasonally Adjusted



**CERTIFICATES OF DEPOSIT <sup>1/</sup>**  
**Large Commercial Banks**  
**Wednesday Figures**

Billions of Dollars

Billions of Dollars

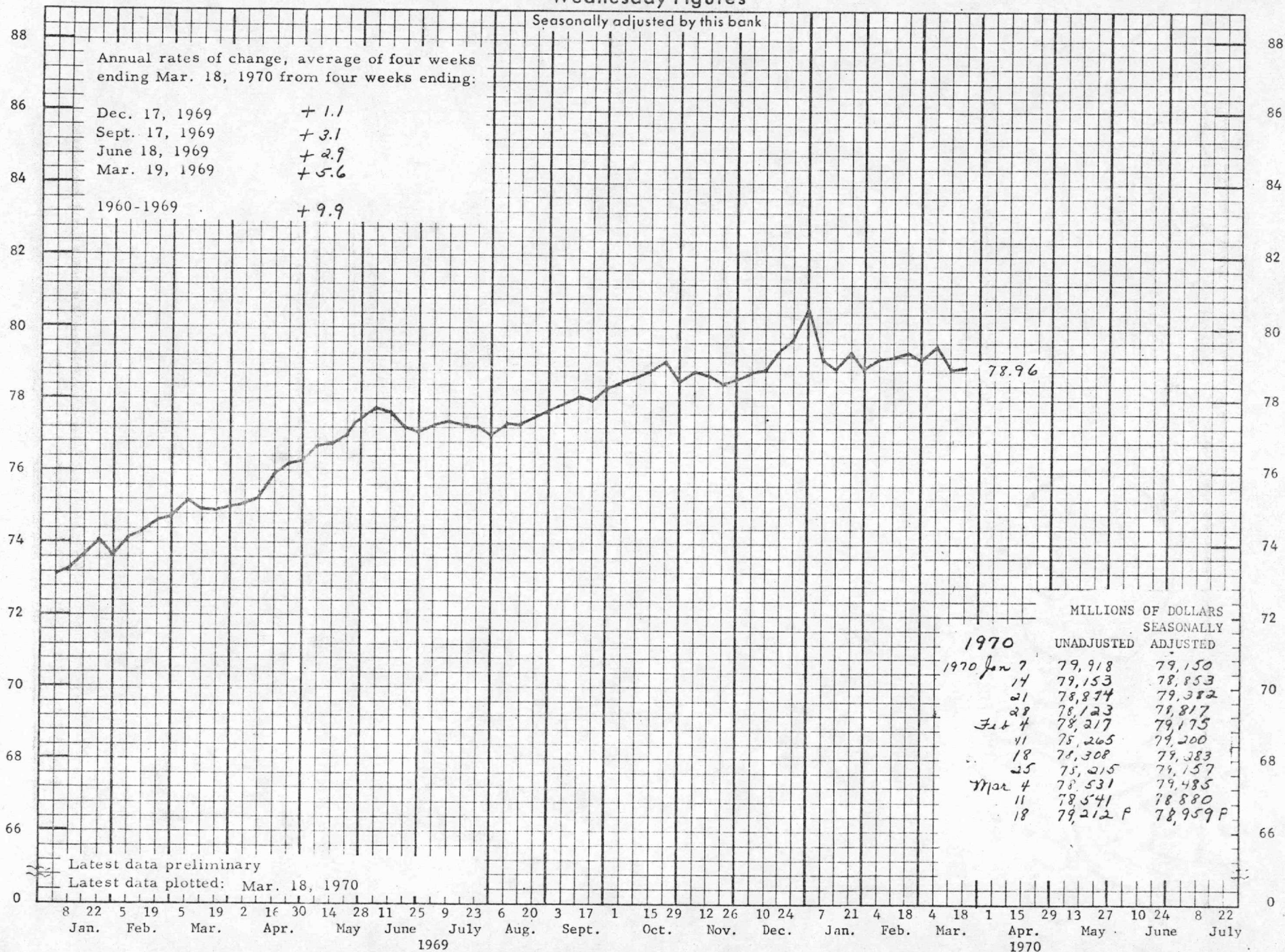




**BUSINESS LOANS**  
**Large Commercial Banks**  
**Wednesday Figures**

Billions of Dollars

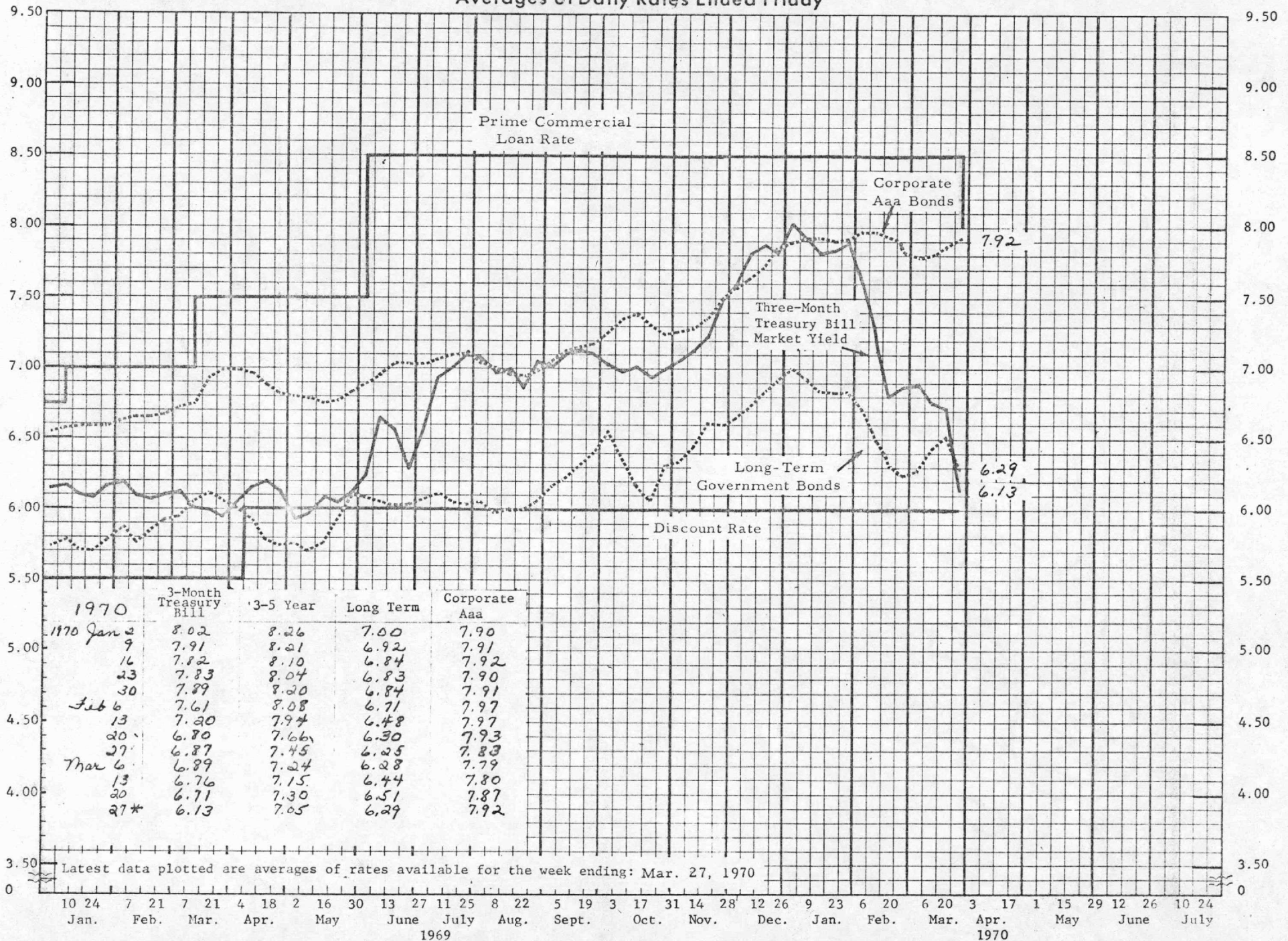
Billions of Dollars



Per Cent

Per Cent

### YIELDS ON SELECTED SECURITIES Averages of Daily Rates Ended Friday



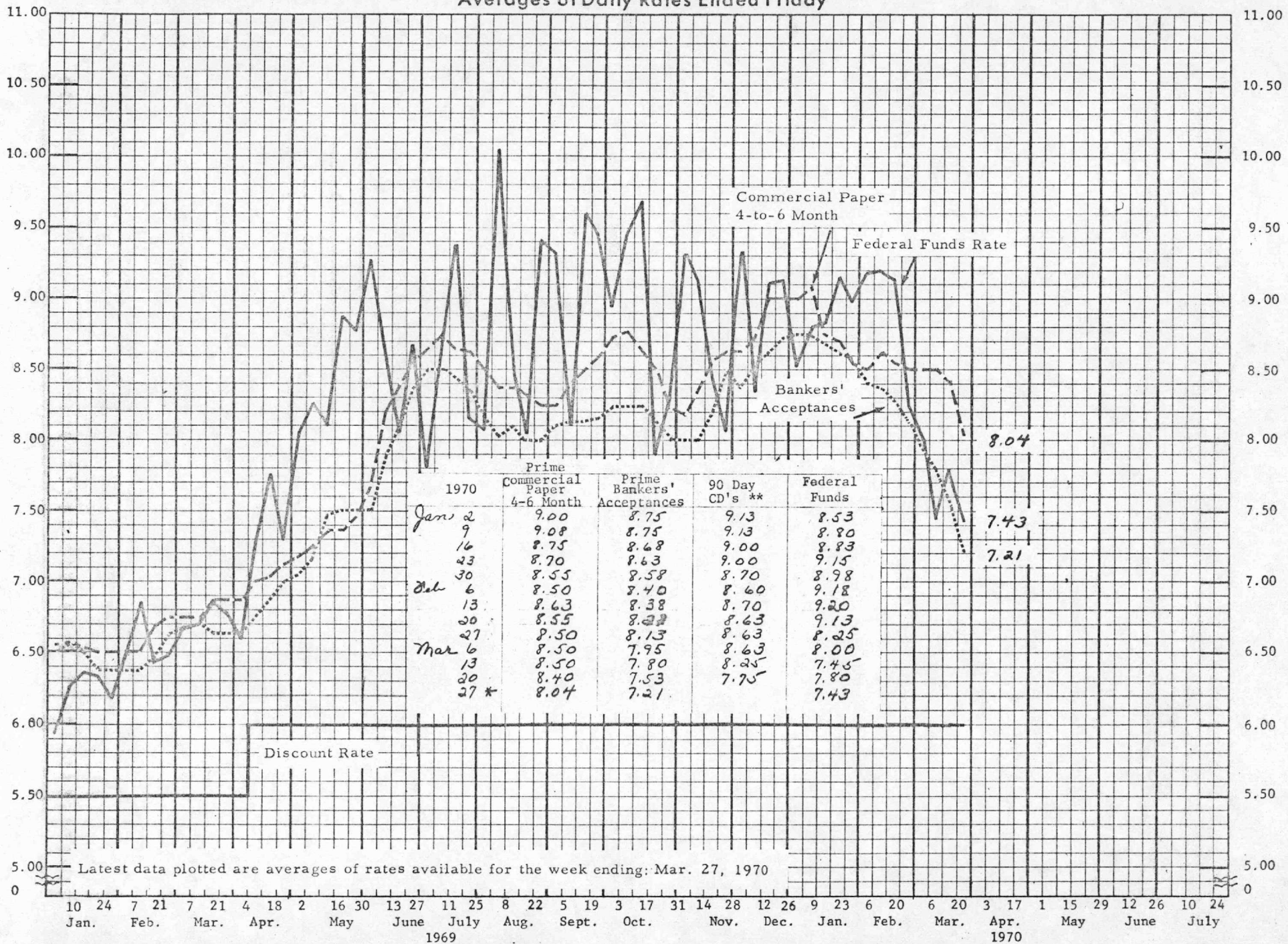
Latest data plotted are averages of rates available for the week ending: Mar. 27, 1970



Per Cent

### SELECTED SHORT-TERM INTEREST RATES Averages of Daily Rates Ended Friday

Per Cent



| 1970  | Prime Commercial Paper 4-6 Month | Prime Bankers' Acceptances | 90 Day CD's ** | Federal Funds |
|-------|----------------------------------|----------------------------|----------------|---------------|
| Jan 2 | 9.00                             | 8.75                       | 9.13           | 8.53          |
| 9     | 9.08                             | 8.75                       | 9.13           | 8.80          |
| 16    | 8.75                             | 8.68                       | 9.00           | 8.83          |
| 23    | 8.70                             | 8.63                       | 9.00           | 9.15          |
| 30    | 8.55                             | 8.58                       | 8.70           | 8.98          |
| Feb 6 | 8.50                             | 8.40                       | 8.60           | 9.18          |
| 13    | 8.63                             | 8.38                       | 8.70           | 9.20          |
| 20    | 8.55                             | 8.32                       | 8.63           | 9.13          |
| 27    | 8.50                             | 8.13                       | 8.63           | 8.25          |
| Mar 6 | 8.50                             | 7.95                       | 8.63           | 8.00          |
| 13    | 8.50                             | 7.80                       | 8.25           | 7.45          |
| 20    | 8.40                             | 7.53                       | 7.75           | 7.80          |
| 27 *  | 8.04                             | 7.21                       |                | 7.43          |

Latest data plotted are averages of rates available for the week ending: Mar. 27, 1970

\*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

