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# U. S. FINANCIAL DATA

Week ending: December 16, 1970

The money stock has increased at a 5.4 per cent annual rate from December 1969 to the four weeks ending December 9, 1970 (page 5). By comparison, money grew at a 3 per cent rate in the previous twelve months.

The outstanding volume of certificates of deposit (in denominations of \$100,000 or more) grew very rapidly in 1970, following a period of sharp contraction in 1969 (page 8). These deposits have more than doubled this year, from \$10.6 billion in January to \$24.5 billion in November, after falling \$11 billion during 1969. The movements in both 1969 and 1970 were due to the changing relationships between Regulation Q ceiling rates and short-term market interest rates. In 1969, the general level of short-term interest rates was well above the rates banks were permitted to pay on large negotiable CD's. However, on balance in 1970 short-term interest rates have fallen relative to the ceiling rates. Furthermore, the ceiling rate allowed on large CD's of 30-89 day maturity was suspended in late June this year, and the maximum rates on other CD's are now well above the rates banks are currently paying in order to attract such deposits.

The total volume of commercial paper outstanding declined to an average of \$33.4 billion in November, down from \$36.6 billion from June (page 8). Bank-related paper, short-term unsecured promissory notes issued by a bank holding company or nonbank subsidiary, has declined sharply from \$7.5 billion in August to \$3.4 billion in November.<sup>1/</sup>

This reflects the 5 per cent reserve requirement placed in October on commercial paper sold by affiliates of banks, and a greater availability of funds from alternative sources at competitive rates.

The Federal Reserve Board is raising reserve requirements from 10 per cent to 20 per cent on Euro-dollar borrowings that exceed the reserve-free base.<sup>2/</sup> This change becomes effective in the four-week reserve computation period ending December 23, and is intended to discourage banks from reducing their Eurodollar borrowings below present levels. Under the regulations, each bank's base would be permanently lowered when borrowings fall below the reserve-free base, and subsequent increases in Eurodollar borrowings would be subject to the new reserve requirement. Prior to this change, U. S. banks had reduced their Eurodollar borrowings from \$14.7 billion in November 1969 to \$8.9 billion in November 1970. This was due partly to the cheaper and more readily available CD's.

<sup>1/</sup> Bank-related paper is not seasonally adjusted.

<sup>2/</sup> The reserve-free base has been redefined to be, generally, 3 per cent of a bank's total deposits, or the level of Eurodollar borrowings in the four-week period ending November 25, 1970, whichever is the highest.

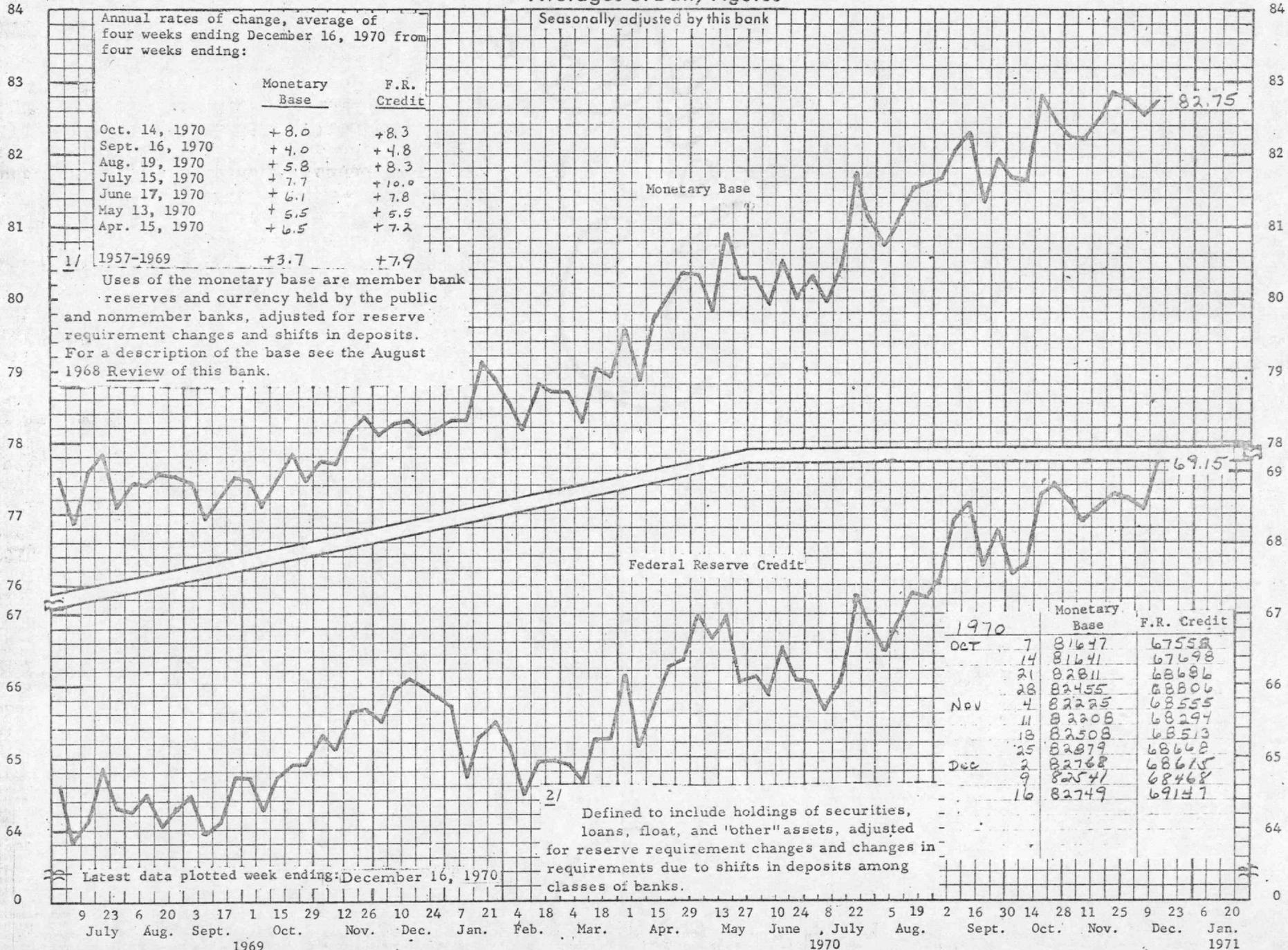
Prepared by Federal Reserve Bank of St. Louis

Released: December 18, 1970

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

Billions of Dollars

Billions of Dollars



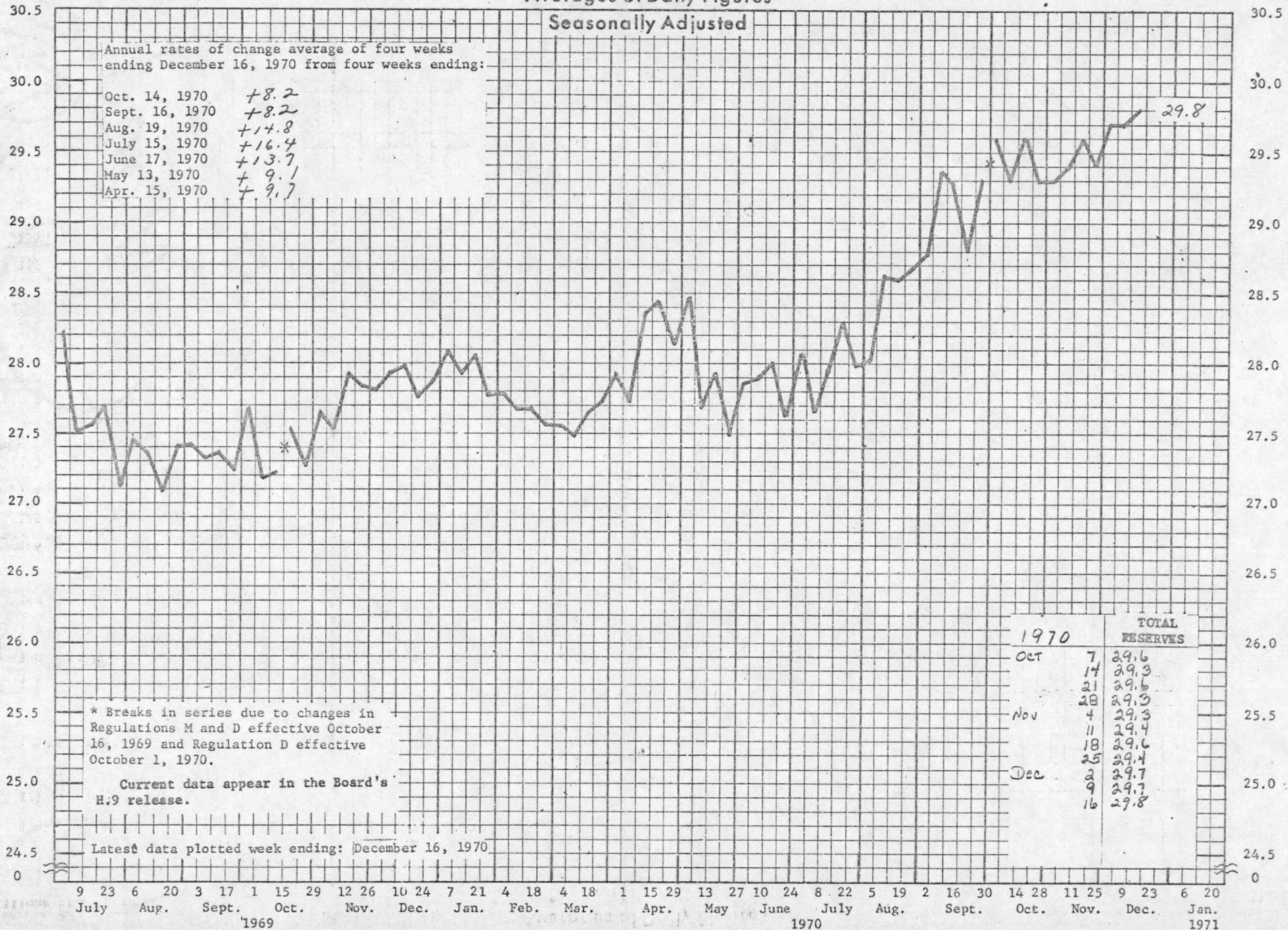
# RESERVES

## All Member Banks in the Nation

### Averages of Daily Figures

Billions of Dollars

Billions of Dollars

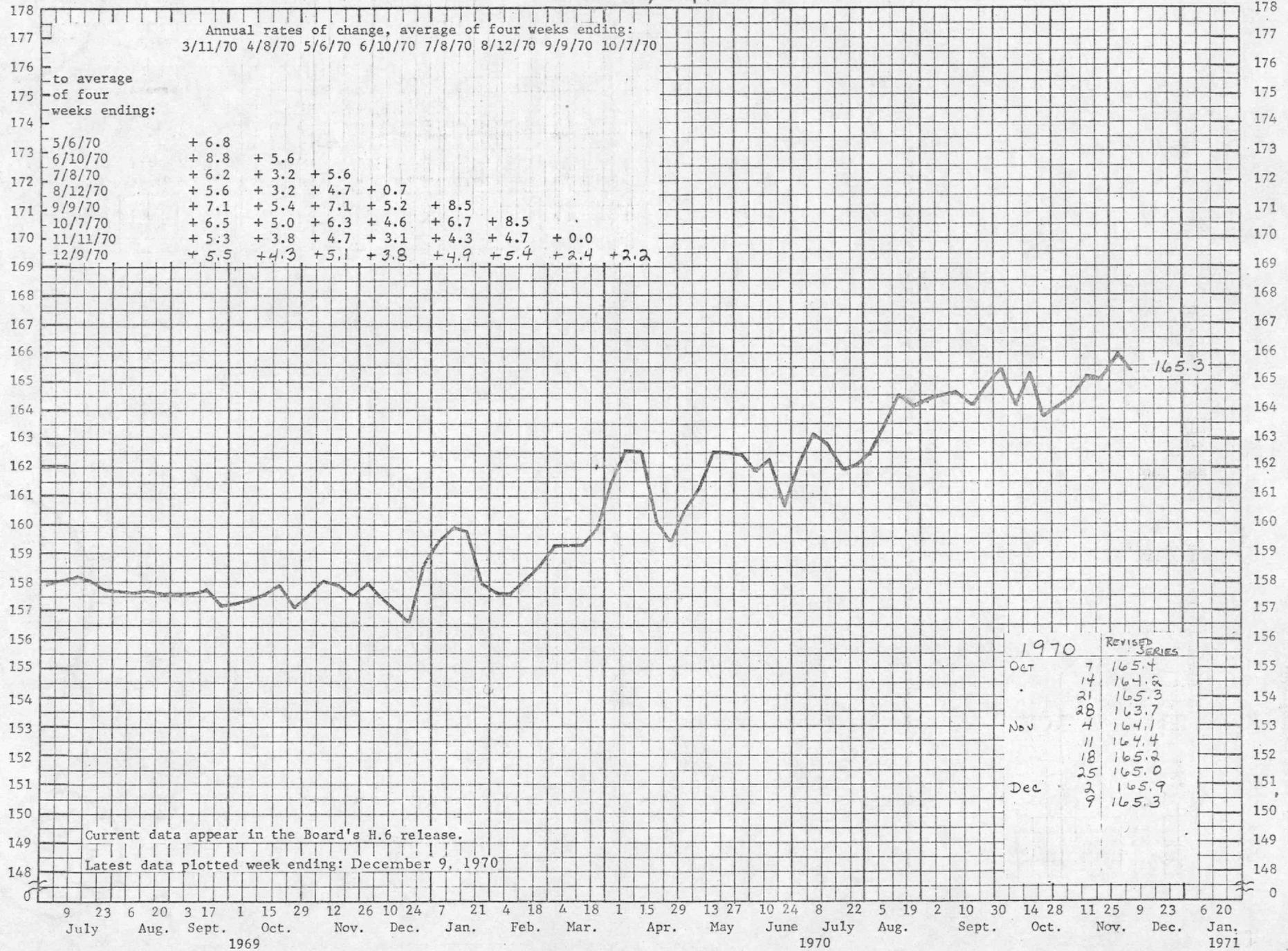


# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

## Averages of Daily Figures Seasonally Adjusted

Billions of Dollars

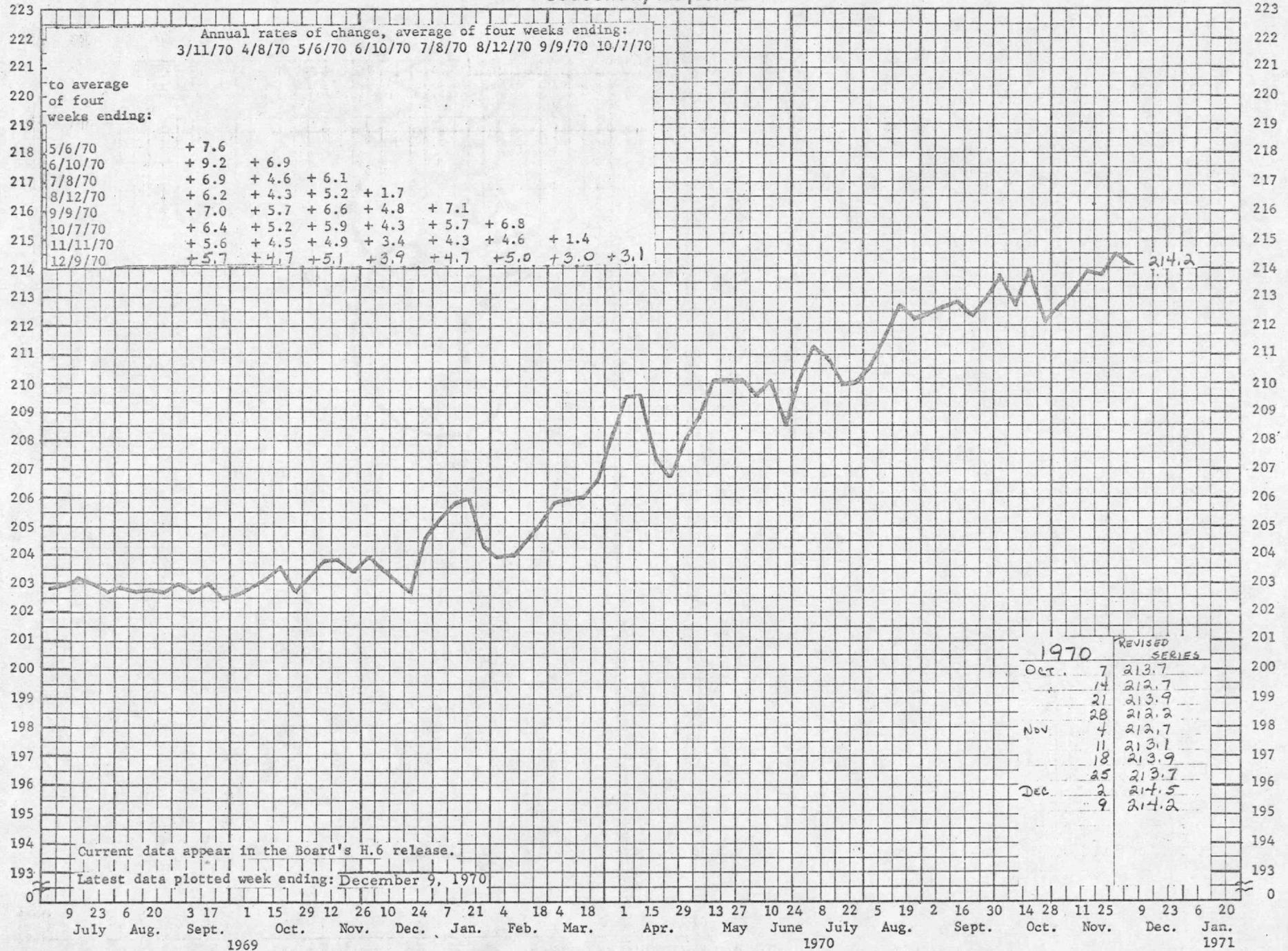
Billions of Dollars



MONEY STOCK  
Averages of Daily Figures  
Seasonally Adjusted

Billions of Dollars

Billions of Dollars

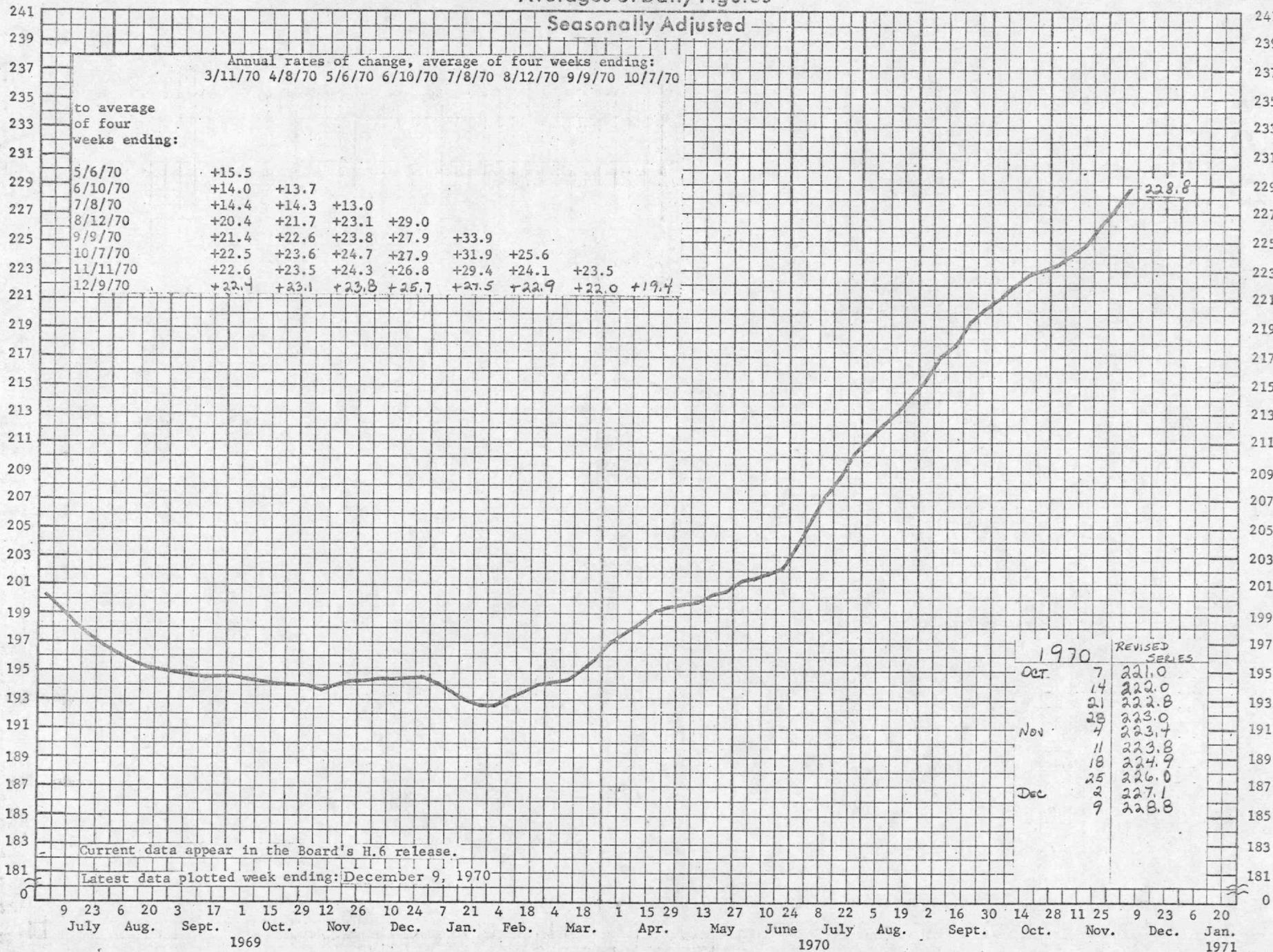


# TIME DEPOSITS All Commercial Banks Averages of Daily Figures

Billions of Dollars

Billions of Dollars

Seasonally Adjusted



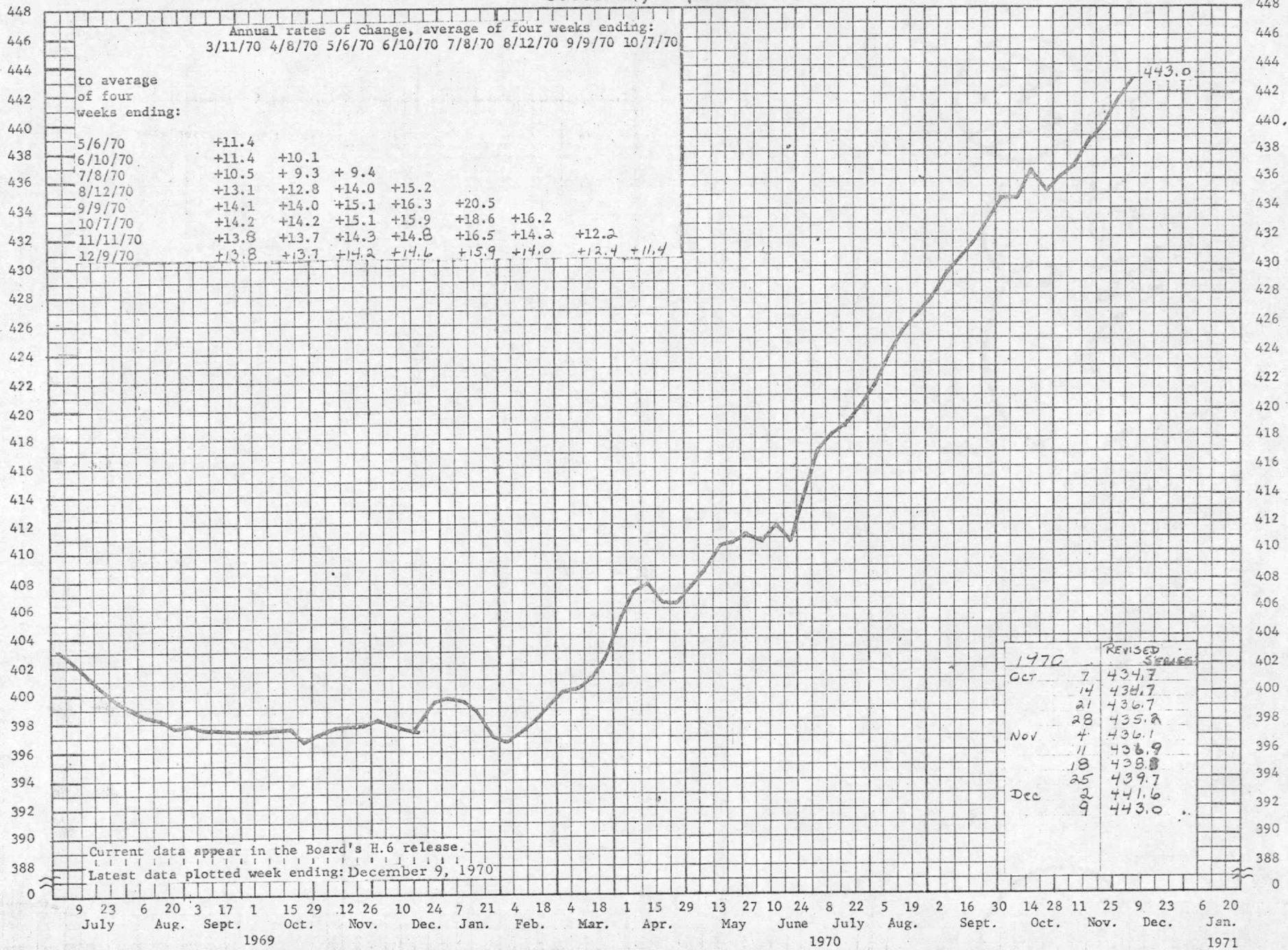
# MONEY STOCK PLUS TIME DEPOSITS

## Averages of Daily Figures

### Seasonally Adjusted

Billions of Dollars

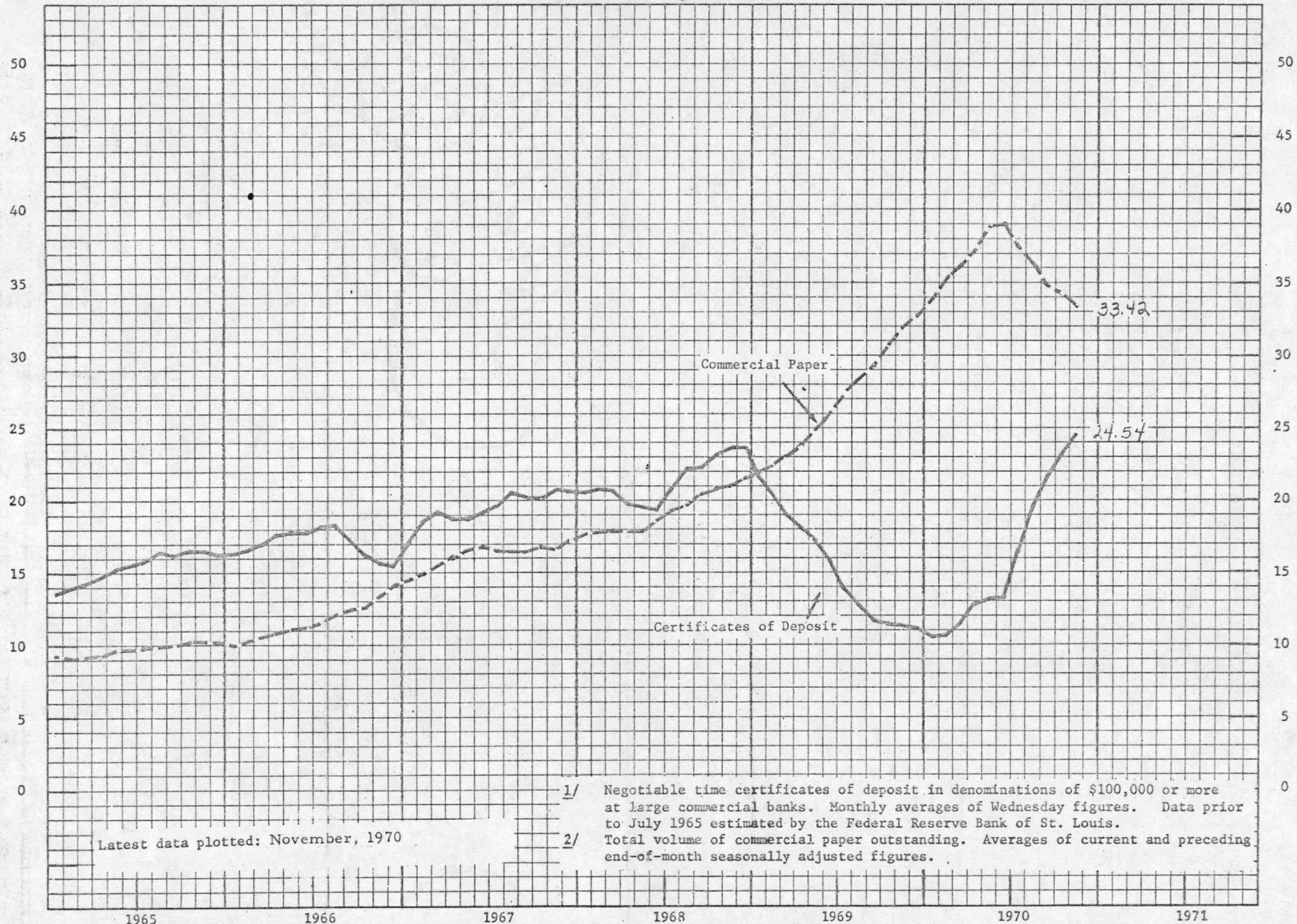
Billions of Dollars



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

Billions of Dollars

Billions of Dollars



Latest data plotted: November, 1970

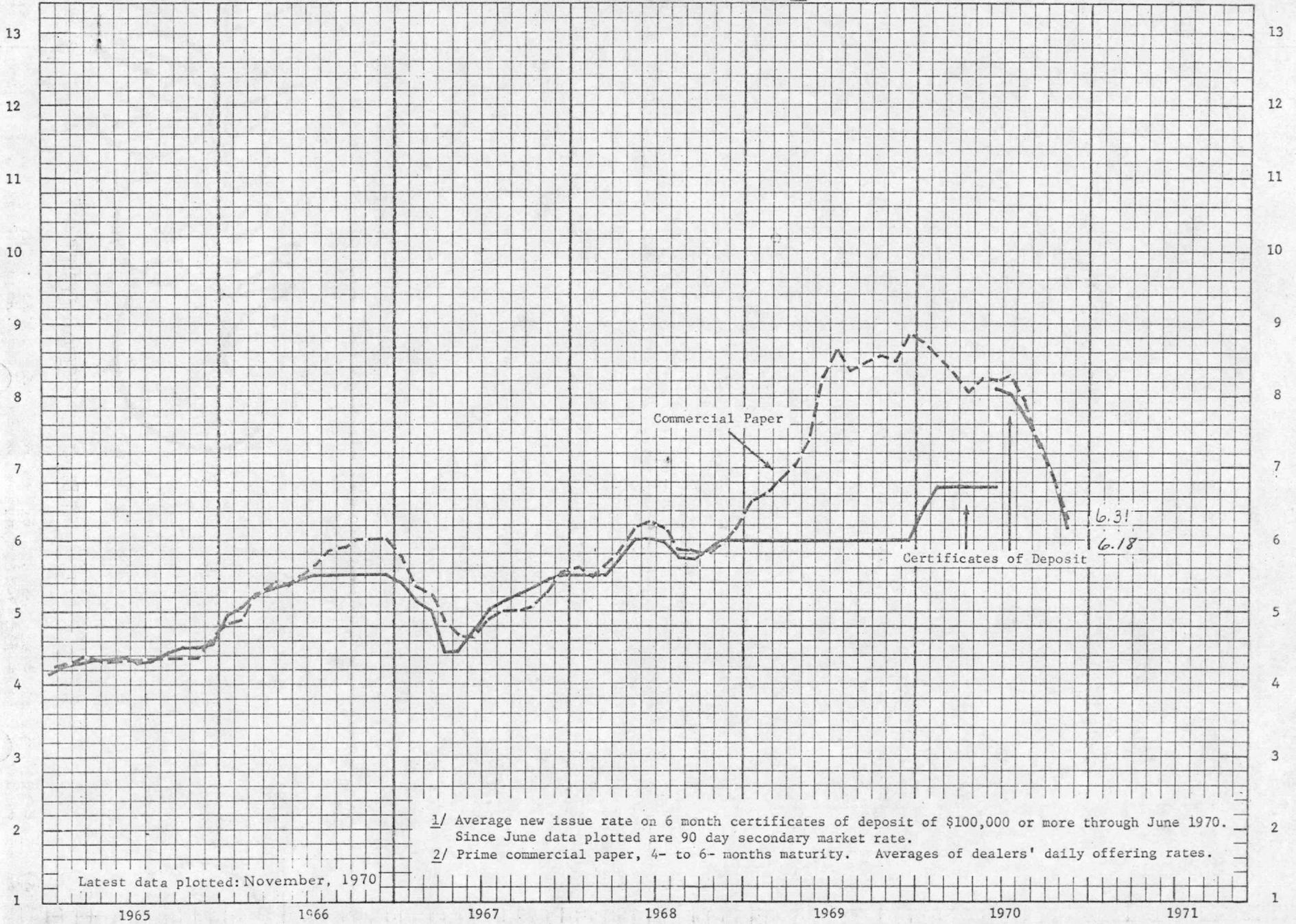
- <sup>1</sup>/ Negotiable time certificates of deposit in denominations of \$100,000 or more at large commercial banks. Monthly averages of Wednesday figures. Data prior to July 1965 estimated by the Federal Reserve Bank of St. Louis.
- <sup>2</sup>/ Total volume of commercial paper outstanding. Averages of current and preceding end-of-month seasonally adjusted figures.

Prepared by Federal Reserve Bank of St. Louis

# RATES ON CERTIFICATES OF DEPOSIT 1 AND COMMERCIAL PAPER 2

Per Cent

Per Cent



1/ Average new issue rate on 6 month certificates of deposit of \$100,000 or more through June 1970. Since June data plotted are 90 day secondary market rate.  
2/ Prime commercial paper, 4- to 6- months maturity. Averages of dealers' daily offering rates.

Latest data plotted: November, 1970

# YIELDS ON SELECTED SECURITIES

## Averages of Daily Rates Ended Friday

Per Cent

Per Cent



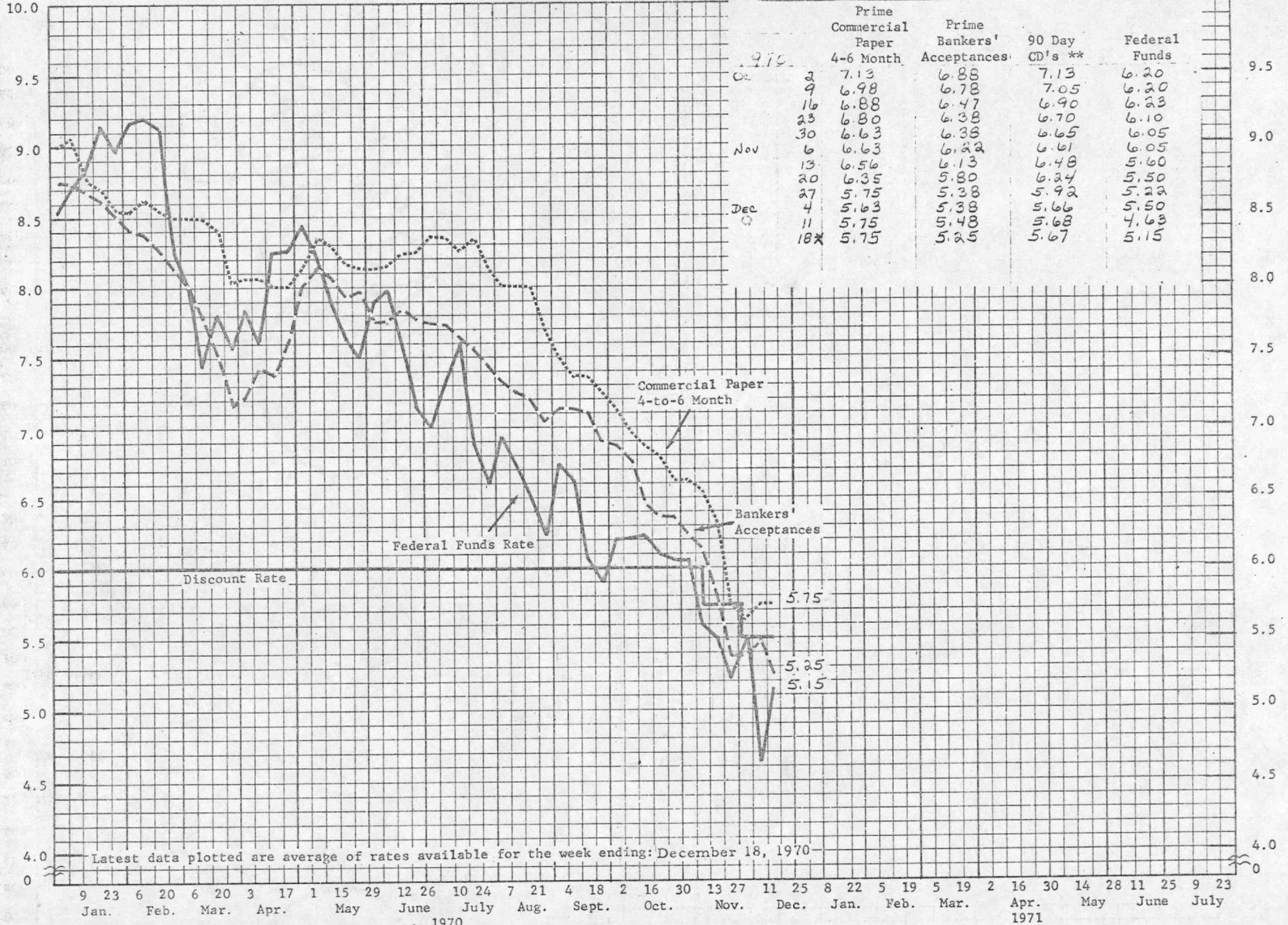
1970		3-Month Treasury Bill	3-5 Year Government	Long-Term Government	Corporate Aaa	Three-Month Treasury Bill Market Yield
Oct	2	5.84	7.07	6.50	8.06	
	9	6.01	7.04	6.51	8.02	
	16	5.96	7.05	6.55	8.01	
	23	5.83	7.13	6.66	8.03	
	30	5.84	7.03	6.65	8.07	
Nov	6	5.56	6.84	6.49	8.09	
	13	5.48	6.87	6.39	8.07	
	20	5.19	6.26	6.19	8.05	
	27	4.98	5.84	5.97	8.02	
Dec	4	4.97	5.81	5.93	7.85	
	11	4.92	5.80	5.89	7.78	
	18*	4.78	5.79	5.85	7.63	

Latest data plotted are averages of rates available for the week ending: December 18, 1970

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

Per Cent

Per Cent



Latest data plotted are average of rates available for the week ending: December 18, 1970

\* AVERAGES OF RATES AVAILABLE; FEDERAL FUNDS LAST FIVE DAYS AVAILABLE  
FRASER DATA ARE SECONDARY MARKET RATE, WEEKLY AVERAGES ENDING WEDNESDAY  
TWO DAYS EARLIER. CURRENT DATA APPEAR IN THE BOARD'S H.9 RELEASE.

# BORROWINGS AND EXCESS RESERVES

## All Member Banks in the Nation

### Averages of Daily Figures

Millions of Dollars

Millions of Dollars

