

RESEARCH LIBRARY
Federal Reserve Bank
of St. Louis

Week ending: January 27, 1971

AUG 27 1998

The money stock, consisting of private demand deposits and currency in the hands of the public, has risen at about a 4 per cent annual rate in the past seven months, after rising at about a 7 per cent rate from December 1969 (page 5). The slower growth over the past seven months may be viewed as balancing the rapid growth in the first half of 1970. Over the entire period since December 1969, money has risen at a 5.4 per cent rate, compared with a 3.1 per cent rate in 1969.

Total time deposits at commercial banks have risen at about a 28 per cent annual rate in the past seven months and at a 23 per cent rate in the past eleven months (page 6). In comparison, these deposits declined at about a 5 per cent rate from December 1968 to February 1970. Time deposits excluding large CD's grew at a 13.4 per cent rate from February to December 1970, after a declining at a 2.3 per cent rate in the previous eight months. These movements of time deposits in 1969 and 1970 were influenced by the relationship between interest rates on competitive instruments and Regulation Q ceiling rates. During 1969 interest rates on competing investments rose relative to ceiling rates on time deposits, and by January 1970 the ceilings on short-term large certificates of deposit were about 2-1/4 percentage points below three-month Treasury bill rates. In late January 1970, Regulation Q ceilings were raised and in late June were suspended on large 30- to 89-day maturity CD's. In addition, as market interest rates have fallen in 1970, banks have been able to compete more effectively for time deposits.

Flows of funds into other financial intermediaries, notably savings and loan associations and mutual savings banks, have also grown rapidly since February 1970. Savings and loan shares increased at a rapid 10 per cent annual rate from February to December 1970, compared with only about a 1 per cent rate from June 1969 to February 1970. Mutual savings bank deposits increased at a 7 per cent rate from February to December, compared with about a 3 per cent rate in the previous eight months. These saving flows have responded to forces similar to those bearing on commercial bank time deposits.*

Long-term interest rates have moved downward since July (page 10). Yields on highest-grade corporate bonds averaged 7.22 per cent in the three days ending January 27, compared with 8.44 per cent in July. Long-term Government bond rates averaged 5.78 per cent in the first half of this week, compared with 6.57 per cent in July. Yields on Aaa state and local government securities averaged 4.95 per cent on January 21, compared with 6.40 per cent in July.

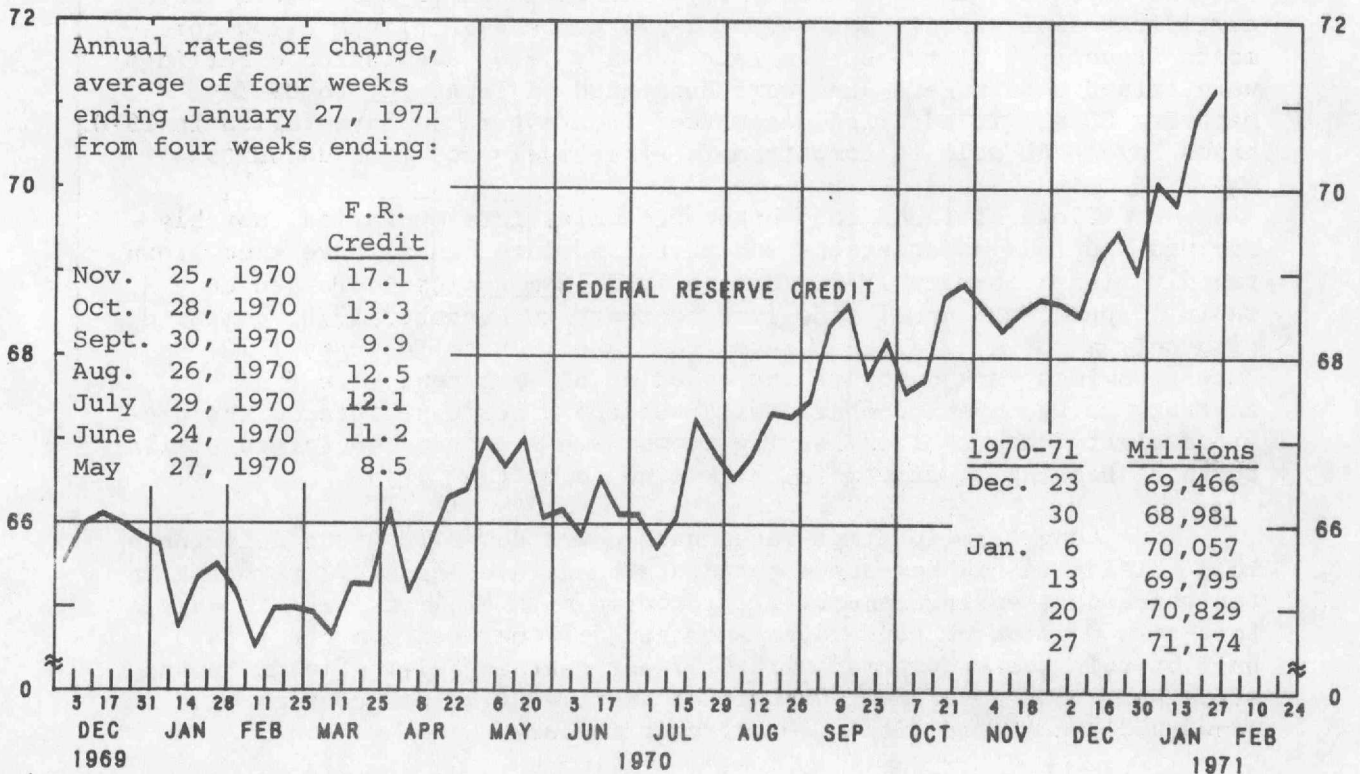
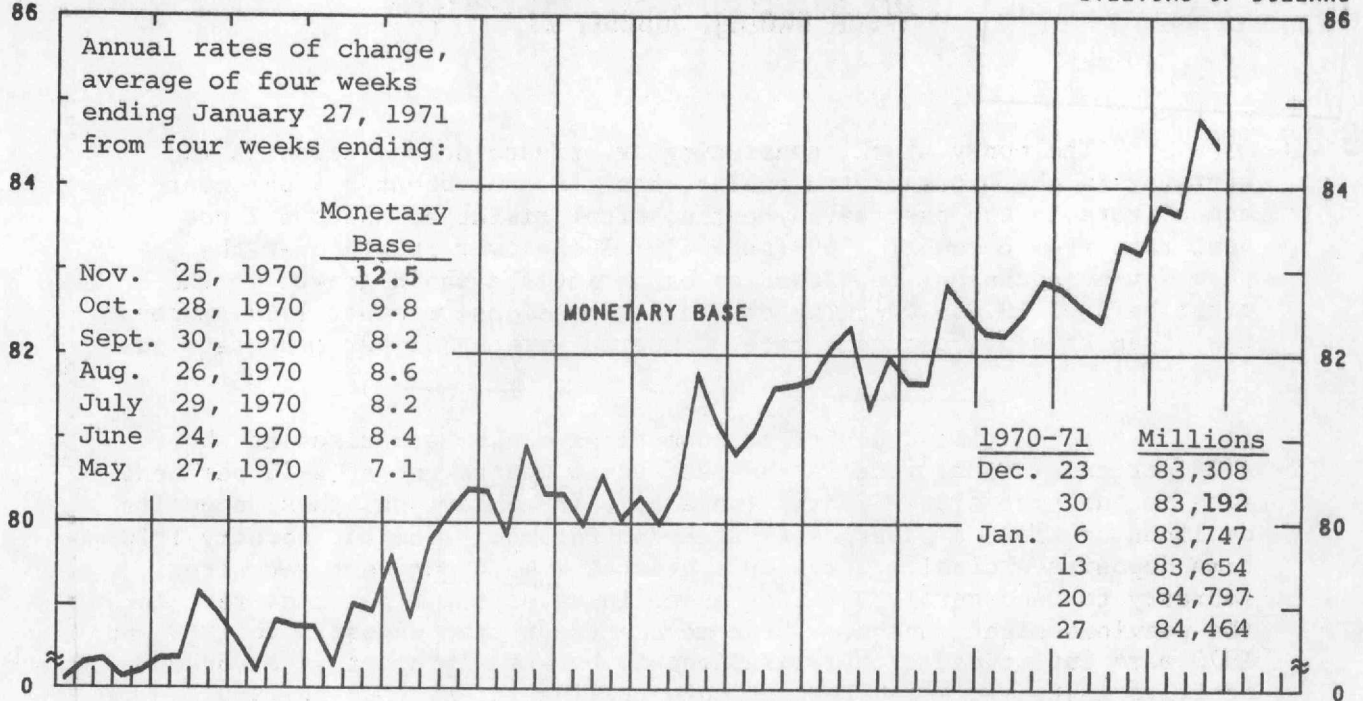
* Interest ceilings on savings at these institutions are regulated by the Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation. Their ceiling rates were also raised in early 1970.

MONETARY BASE ^{1/} FEDERAL RESERVE CREDIT

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



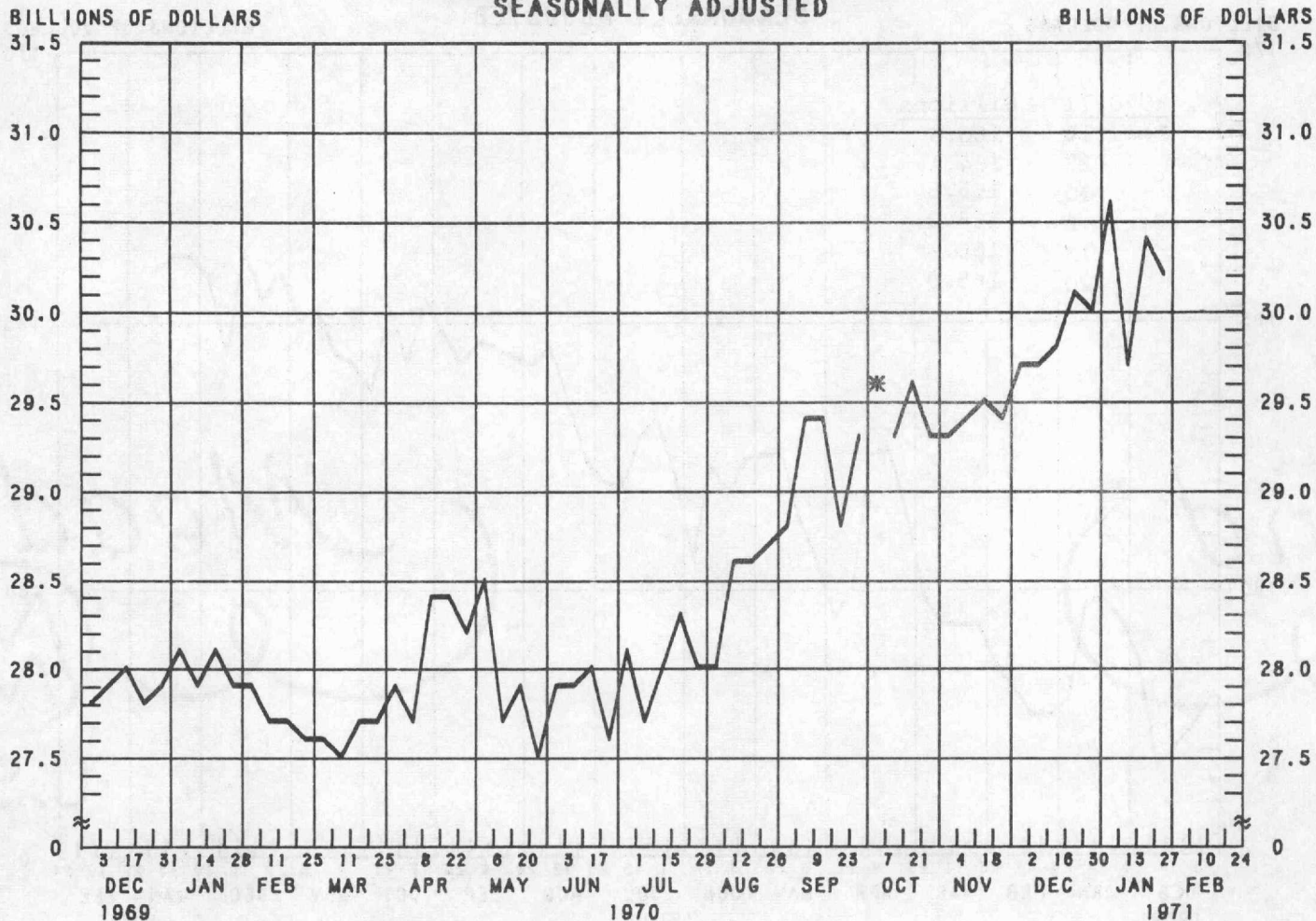
LATEST DATA PLOTTED WEEK ENDING: JANUARY 27, 1971

1/ USES OF 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
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 27, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

* BREAK IN SERIES DUE TO CHANGES IN REGULATION D EFFECTIVE OCTOBER 1, 1970.

1970-71	Billions
Dec. 23	30.1
30	30.0
Jan. 6	30.6
13	29.7
20	30.4
27	30.2

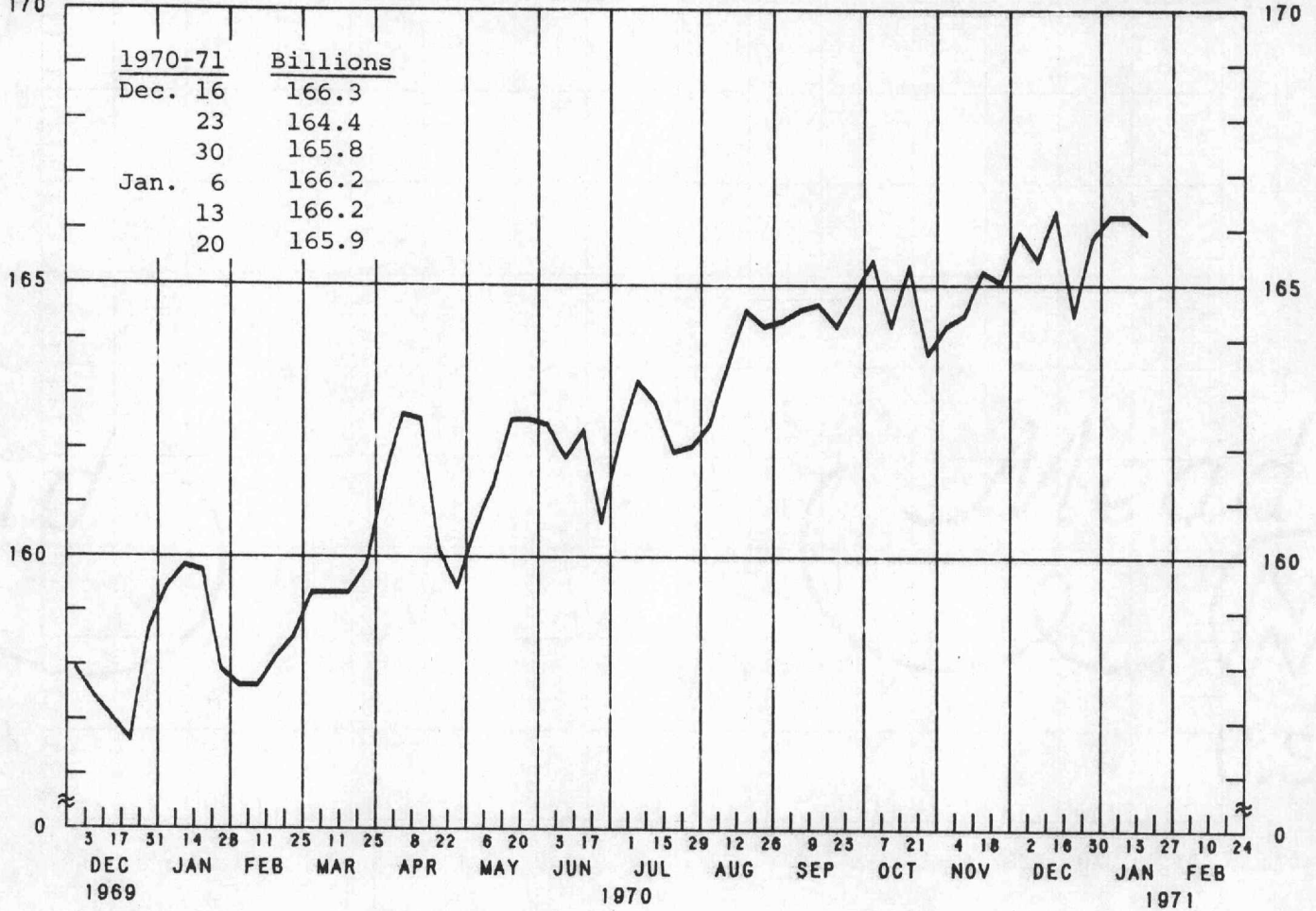
Annual rates of change, average of four weeks ending January 27, 1971 from four weeks ending:		
Nov. 25, 1970	16.3	
Oct. 28, 1970	9.5	
Sept. 30, 1970	10.3	
Aug. 26, 1970	14.3	
July 29, 1970	15.7	
June 24, 1970	14.1	
May 27, 1970	12.4	

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS
170

BILLIONS OF DOLLARS
170



LATEST DATA PLOTTED WEEK ENDING: JANUARY 20, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:
4/22/70 5/20/70 6/17/70 7/22/70 8/19/70 9/23/70 10/21/70 11/18/70

to average
of four
weeks ending:

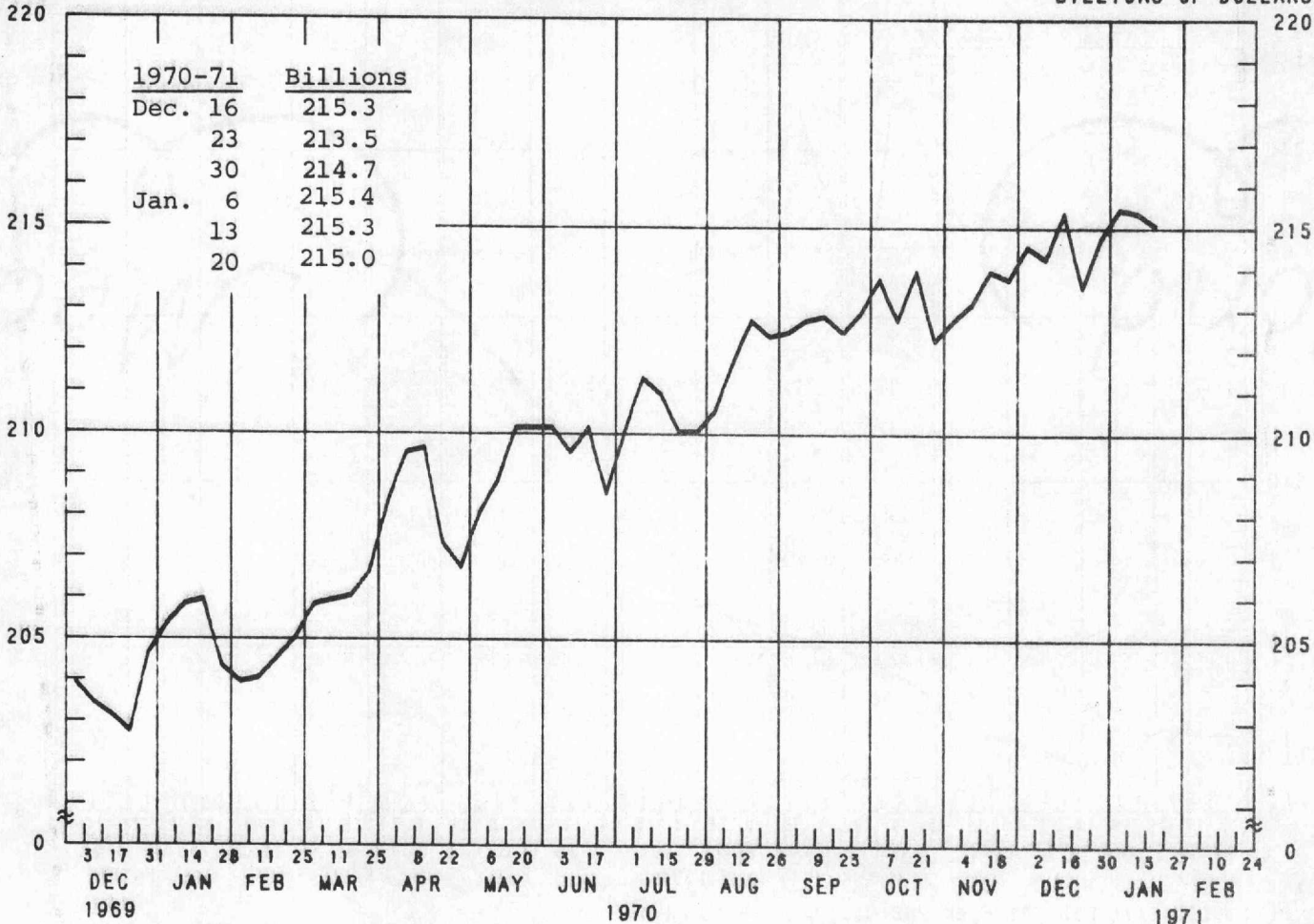
6/17/70	2.2								
7/22/70	2.0	6.0							
8/19/70	2.6	5.5	3.0						
9/23/70	4.0	6.5	5.2	7.0					
10/21/70	4.0	6.0	4.8	5.9	6.6				
11/18/70	2.9	4.4	3.1	3.5	3.2	-0-			
12/23/70	3.5	4.9	3.9	4.4	4.4	2.7	2.2		
1/20/71	3.5	4.8	3.9	4.3	4.3	2.9	2.7	5.8	

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 20, 1971

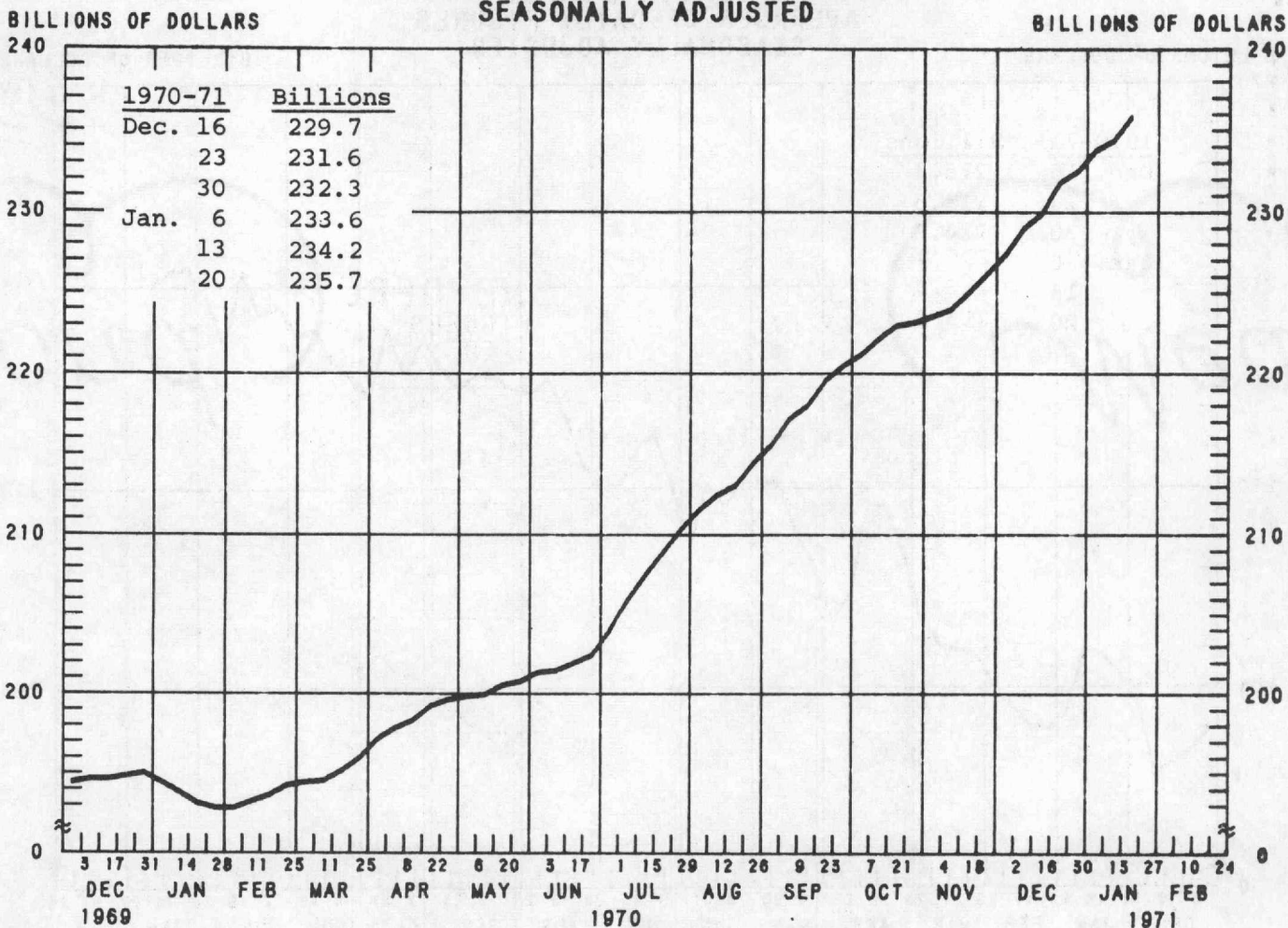
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:
 12/31/69 2/25/70 6/17/70 7/22/70 8/19/70 9/23/70 10/21/70 11/18/70

to average
of four
weeks ending:

6/17/70	6.9	8.9						
7/22/70	6.3	7.5						
8/19/70	6.0	6.9	3.4					
9/23/70	6.1	7.0	5.0	5.7				
10/21/70	6.0	6.7	4.7	5.1	6.0			
11/18/70	5.3	5.8	3.4	3.4	3.4	1.1		
12/23/70	5.5	5.9	4.2	4.3	4.5	3.4	3.1	
1/20/71	5.4	5.8	4.2	4.3	4.4	3.5	3.4	5.9

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 20, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

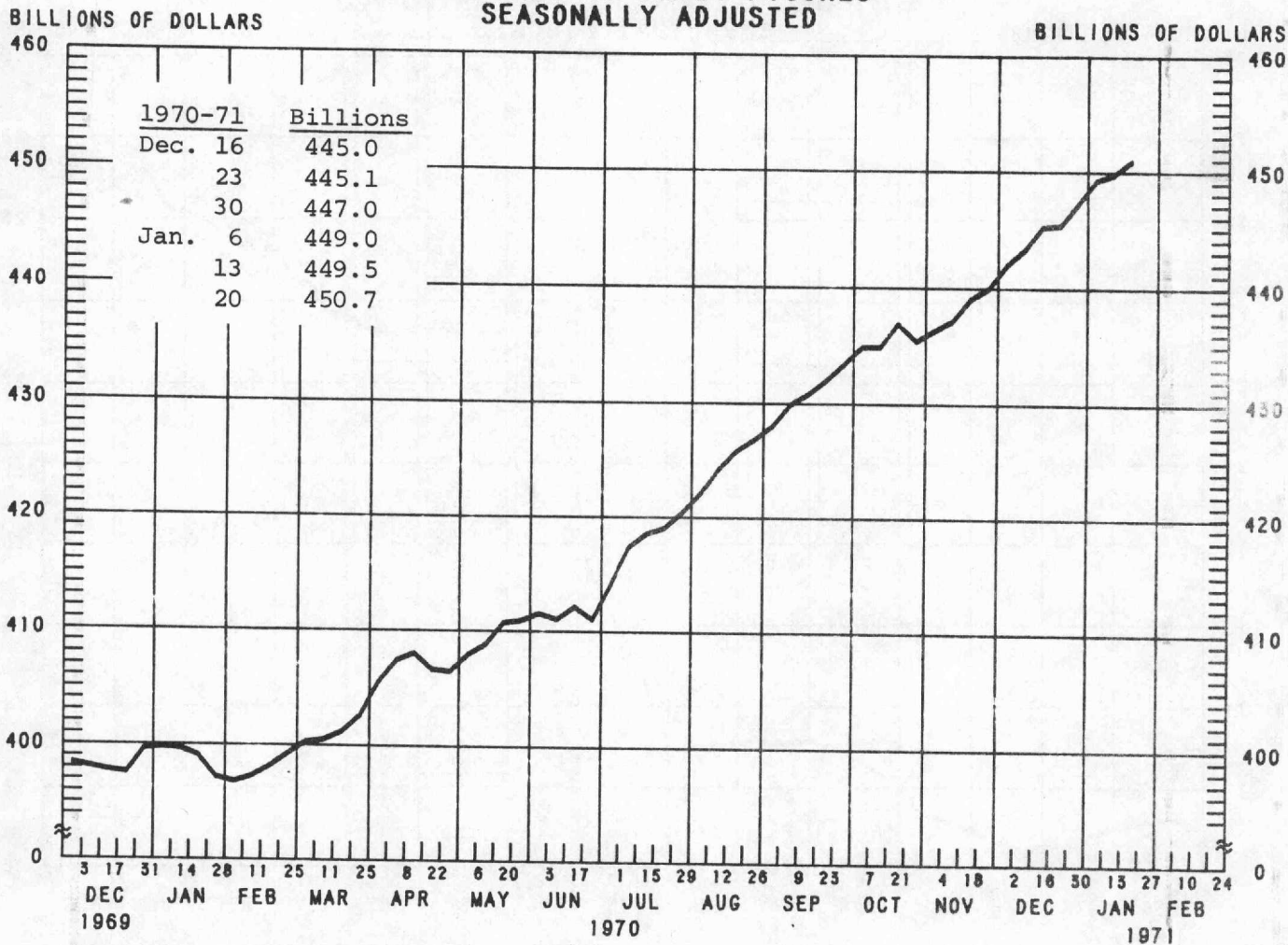
Annual rates of change, average of four weeks ending;
4/22/70 5/20/70 6/17/70 7/22/70 8/19/70 9/23/70 10/21/70 11/18/70

to average
of four
weeks ending:

6/17/70	9.7							
7/22/70	17.2	19.8						
8/19/70	20.8	23.6	31.3					
9/23/70	23.5	26.3	32.2	31.7				
10/21/70	23.7	25.9	30.3	29.1	27.8			
11/18/70	22.3	23.9	27.0	25.1	22.9	17.7		
12/23/70	23.7	25.2	27.9	26.5	24.9	21.9	21.1	
1/20/71	24.2	25.6	27.9	26.6	25.3	22.9	22.6	27.3

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 20, 1971

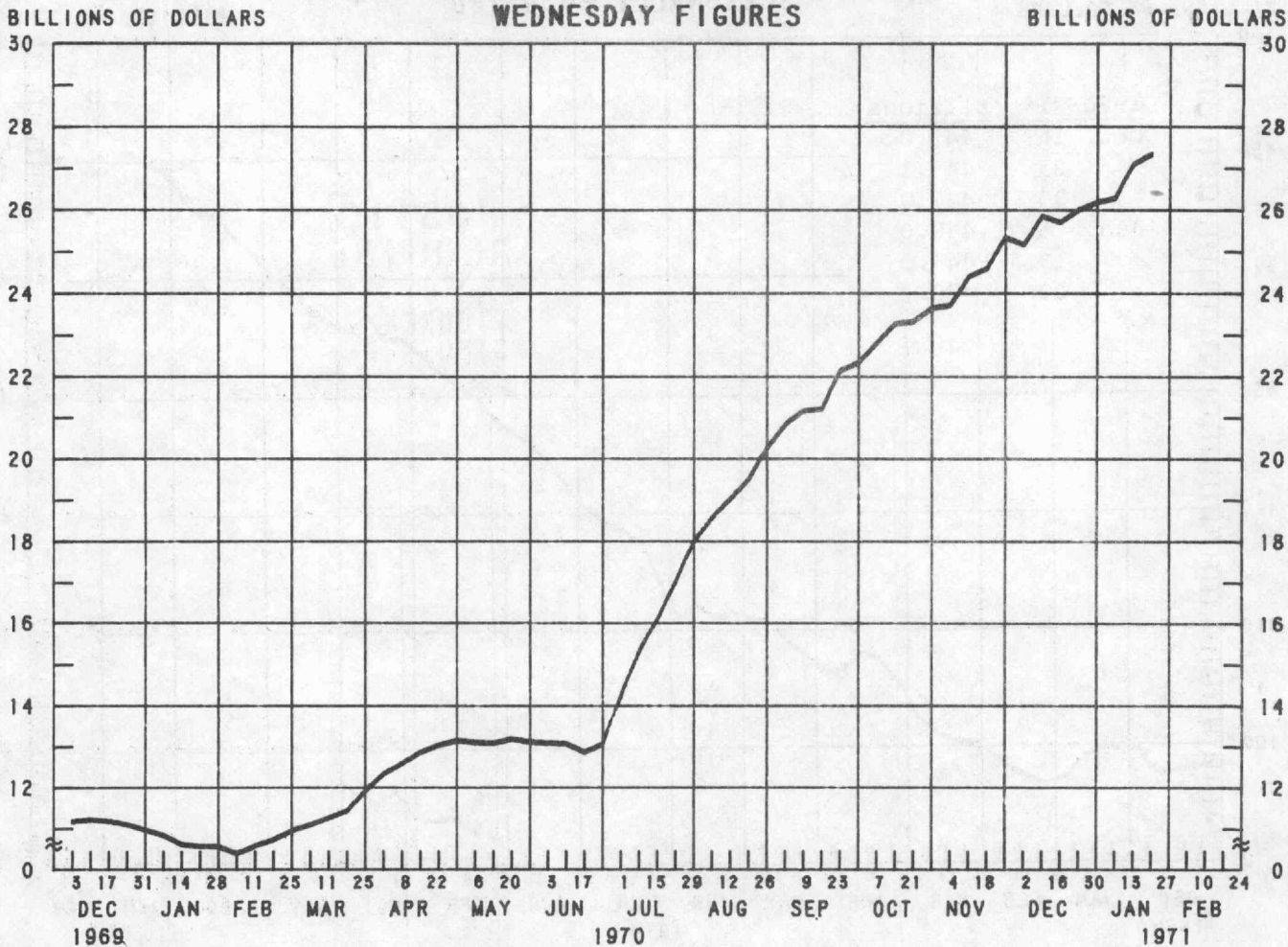
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:
4/22/70 5/20/70 6/17/70 7/22/70 8/19/70 9/23/70 10/21/70 11/18/70

to average
of four
weeks ending:

6/17/70	6.6								
7/22/70	10.1	12.8							
8/19/70	11.9	14.3	17.1						
9/23/70	13.7	15.9	18.3	18.7					
10/21/70	13.8	15.6	17.2	17.1	16.9				
11/18/70	12.7	14.0	14.9	14.2	13.1	9.5			
12/23/70	13.6	14.9	15.8	15.4	14.8	12.7	12.3		
1/20/71	13.9	15.0	15.8	15.4	14.9	13.3	13.2	16.9	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS WEDNESDAY FIGURES



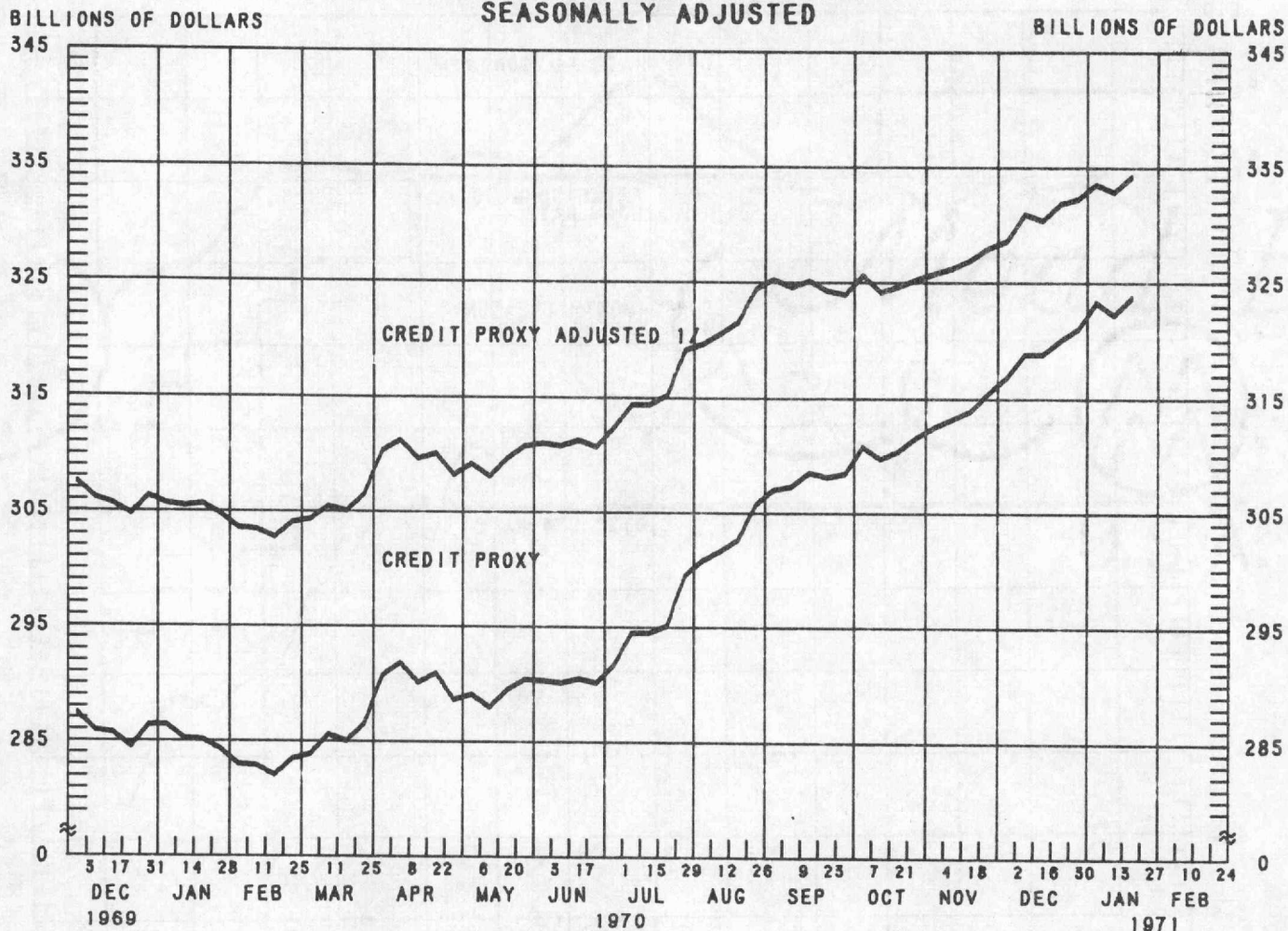
LATEST DATA PLOTTED WEEK ENDING: JANUARY 20, 1971

CURRENT AND YEAR AGO DATA APPEAR IN THE BOARD OF GOVERNORS' H.4.2 RELEASE.

NEGOTIABLE TIME CERTIFICATES OF DEPOSIT IN DENOMINATIONS OF \$100,000 OR MORE.

<u>1970-71</u>	<u>Millions</u>
Dec. 16	25,636
23	25,945
30	26,126
Jan. 6	26,217
13	27,046
20	27,278

MEMBER BANK DEPOSITS SUBJECT TO RESERVE REQUIREMENTS (CREDIT PROXY) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 20, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

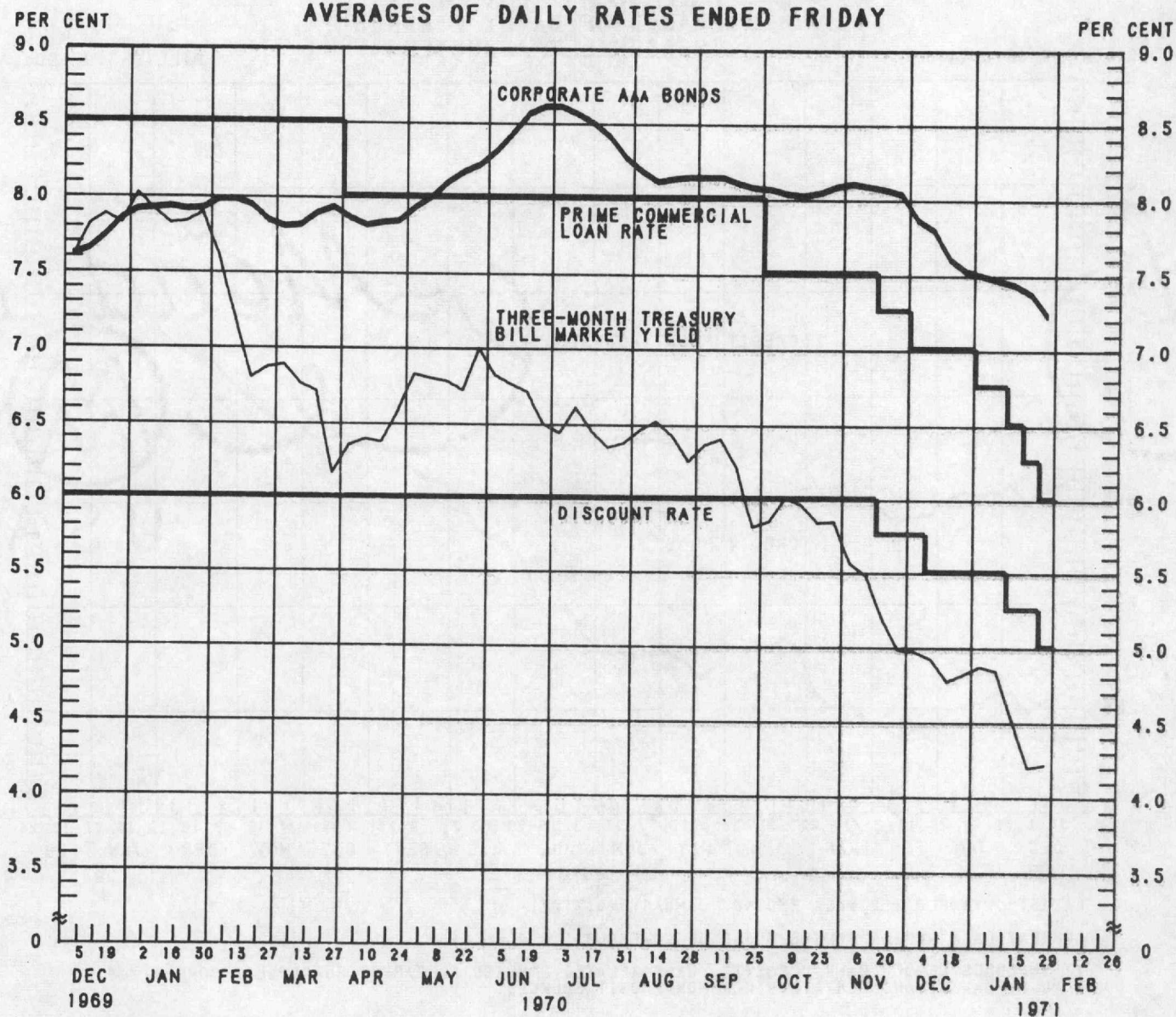
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1970-71	Billions	
	Credit Proxy	Credit Proxy Adjusted
Dec. 16	318.6	330.1
23	319.8	331.6
30	320.8	332.0
Jan. 6	323.1	333.3
13	322.0	332.6
20	323.5	334.0

Annual rates of change, average of four weeks ending January 20, 1971 from four weeks ending:

	Credit Proxy	Credit Proxy Adjusted
Nov. 18, 1970	18.8	13.3
Oct. 21, 1970	16.5	10.6
Sept. 23, 1970	14.5	7.8
Aug. 19, 1970	17.1	9.7
July 22, 1970	19.5	12.2
June 17, 1970	19.1	12.2
May 20, 1970	17.6	11.9

YIELDS ON SELECTED SECURITIES AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 29, 1971

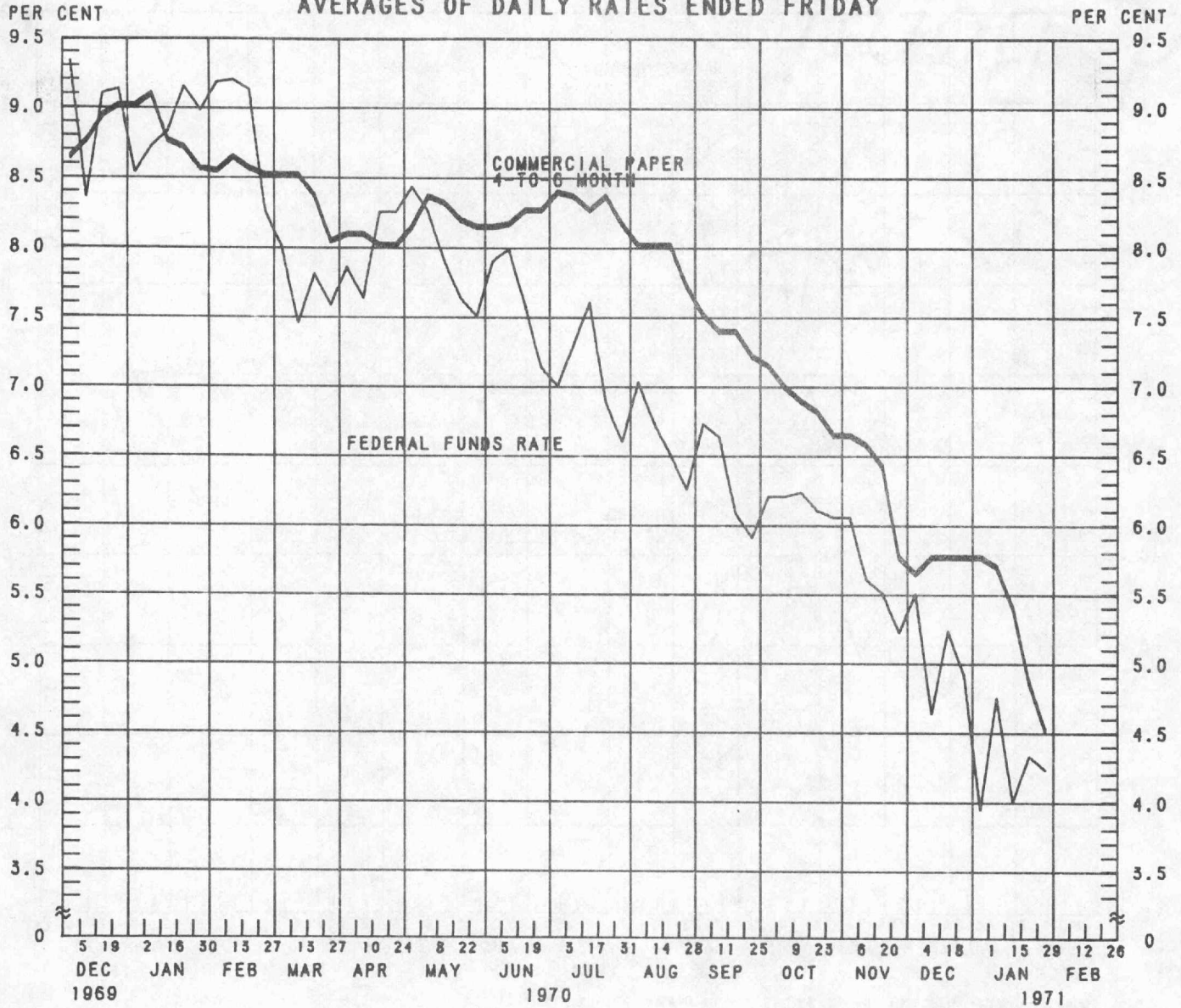
1970 AND 1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
DEC. 4	7.85	4.97	5.81	5.93
11	7.78	4.92	5.80	5.89
18	7.59	4.77	5.82	5.87
25	7.51	4.82	5.96	6.05
JAN. 1	7.48	4.87	5.94	6.16
8	7.45	4.84	5.99	6.09
15	7.42	4.51	5.78	5.96
22	7.36	4.20	5.58	5.83
29*	7.22	4.22	5.60	5.78
FEB. 5				
12				
19				
26				

* AVERAGES OF RATES AVAILABLE.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 29, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S ***
DEC. 4	5.63	5.50	5.38	5.66
11	5.75	4.63	5.48	5.68
18	5.75	5.23	5.25	5.64
25	5.75	4.91	5.25	5.59
JAN. 1	5.75	3.94	5.25	5.59
8	5.68	4.75	5.23	5.64
15	5.38	4.00	4.88	5.45
22	4.85	4.33	4.48	5.06
29*	4.50	4.23	4.42	4.84
FEB. 5				
12				
19				
26				

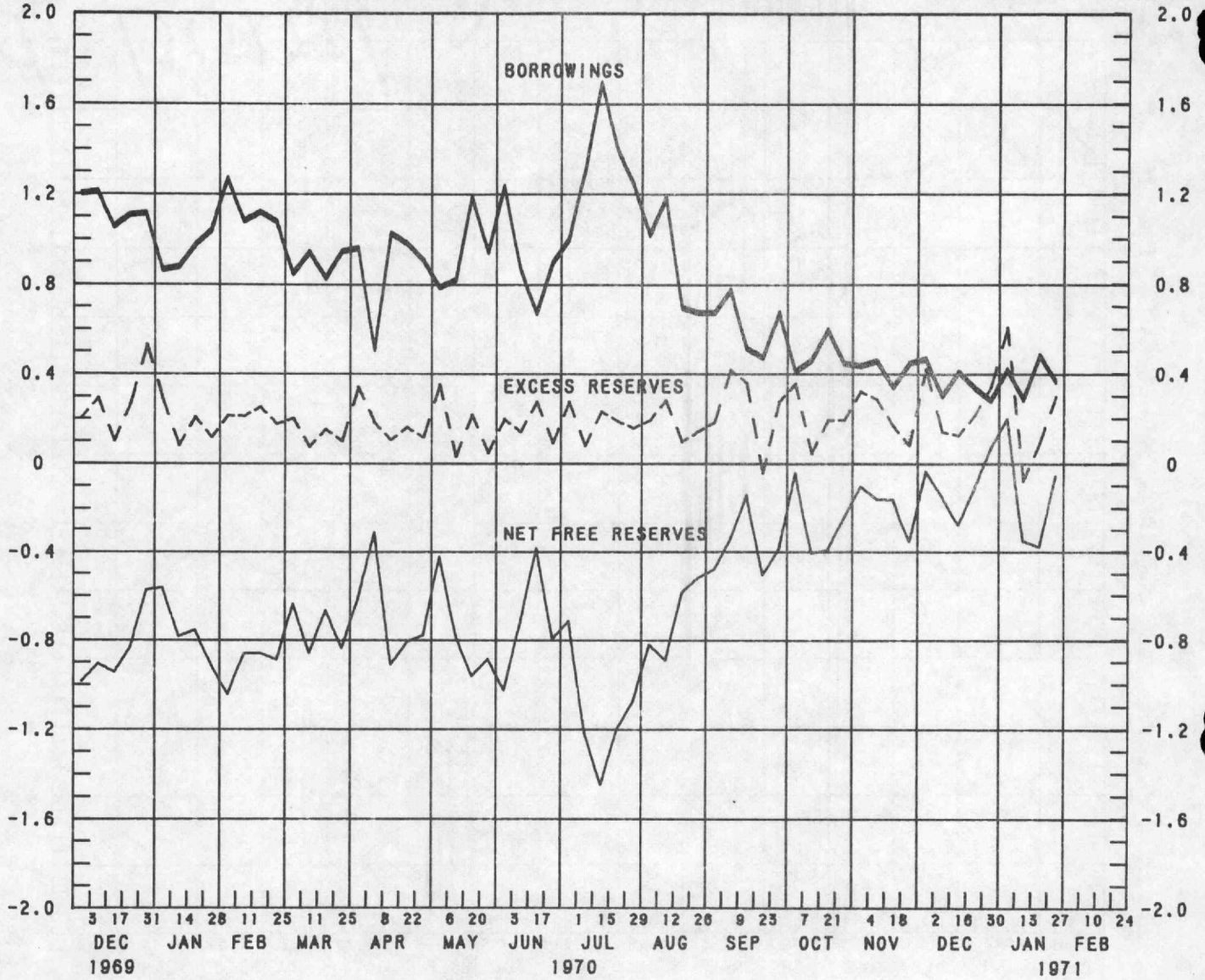
* AVERAGES OF RATES AVAILABLE. FEDERAL FUNDS LAST FIVE DAYS AVAILABLE
 *** DATA ARE SECONDARY MARKET RATES, WEEKLY AVERAGES ENDING WEDNESDAY TWO DAYS EARLIER. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

BORROWINGS AND EXCESS RESERVES ALL MEMBER BANKS IN THE NATION

BILLIONS OF DOLLARS

AVERAGES OF DAILY FIGURES

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 27, 1971

1970 AND 1971	EXCESS RESERVES	BORROWINGS	FREE RESERVES
DEC. 2	417	455	- 38
9	136	290	- 154
16	120	399	- 279
23	210	325	- 115
30	338	270	68
JAN. 6	603	407	196
13	82	275	- 357
20	88	471	- 383
27	295	354	- 59
FEB. 3			
10			
17			
24			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS