

Week ending: February 17, 1971



LIBRARY

The nation's money stock averaged \$214.9 billion in the four weeks ending February 10, up at about a 3 per cent annual rate in the past five months, after rising at a 6.7 per cent rate in the previous seven months (page 5). Since a year ago, money has grown at an average 5.1 per cent, compared with 2.6 per cent in the previous twelve months. Demand deposits, which comprise about three-fourths of the money stock, have increased at about a 2 per cent rate in the past five months, and a 4.7 per cent since a year ago.

The bank credit proxy, member bank deposits subject to reserve requirements, has increased at a rapid 16 per cent annual rate in the past five months, not significantly different than the 15 per cent increase since a year ago (page 9). The adjusted proxy, which includes nondeposit sources of funds, has grown about 10 per cent since a year ago. The rapid growth of these series is partially due to the rechanneling of funds into banks, therefore not representing an increase of total credit to the economy. Because of this rechanneling, it is difficult to assess the impact of the growth of these series on the economy.

The discount rate, the interest rate charged on loans made by Federal Reserve Banks to their member banks, was lowered from 5 per cent to 4-3/4 per cent late last week (page 10). This was the fifth 1/4 of 1 percentage point reduction since November, and the third decline so far in 1971. This rate is now at its lowest level since March 1968. The spread between the three-month Treasury bill rate and the discount rate is now about 1 percentage point, compared with about 75 basis points after the reduction in the discount rate in mid-January, and about 30 basis points after the decrease in mid-November.

Borrowings of member banks from the Federal Reserve averaged \$362 million in the past four weeks, slightly below the \$400 million in the 4th quarter of 1970, and much below the \$1.2 billion in the fourth quarter of 1969 (page 12). The general decline of borrowings since 1969 was temporarily interrupted in mid-1970, when borrowings briefly rose to a peak of \$1.4 billion in July. This bulge was associated with the relaxation of the administration of the discount window in order to dampen the possibility at that time of a "liquidity crisis."

Early this week the prime rate, the interest rate charged by commercial banks to their highest-grade business customers, was lowered from 6 per cent to 5-3/4 per cent (page 10). Although this rate usually follows the general declines of short-term rates, it responds to similar forces as market rates.

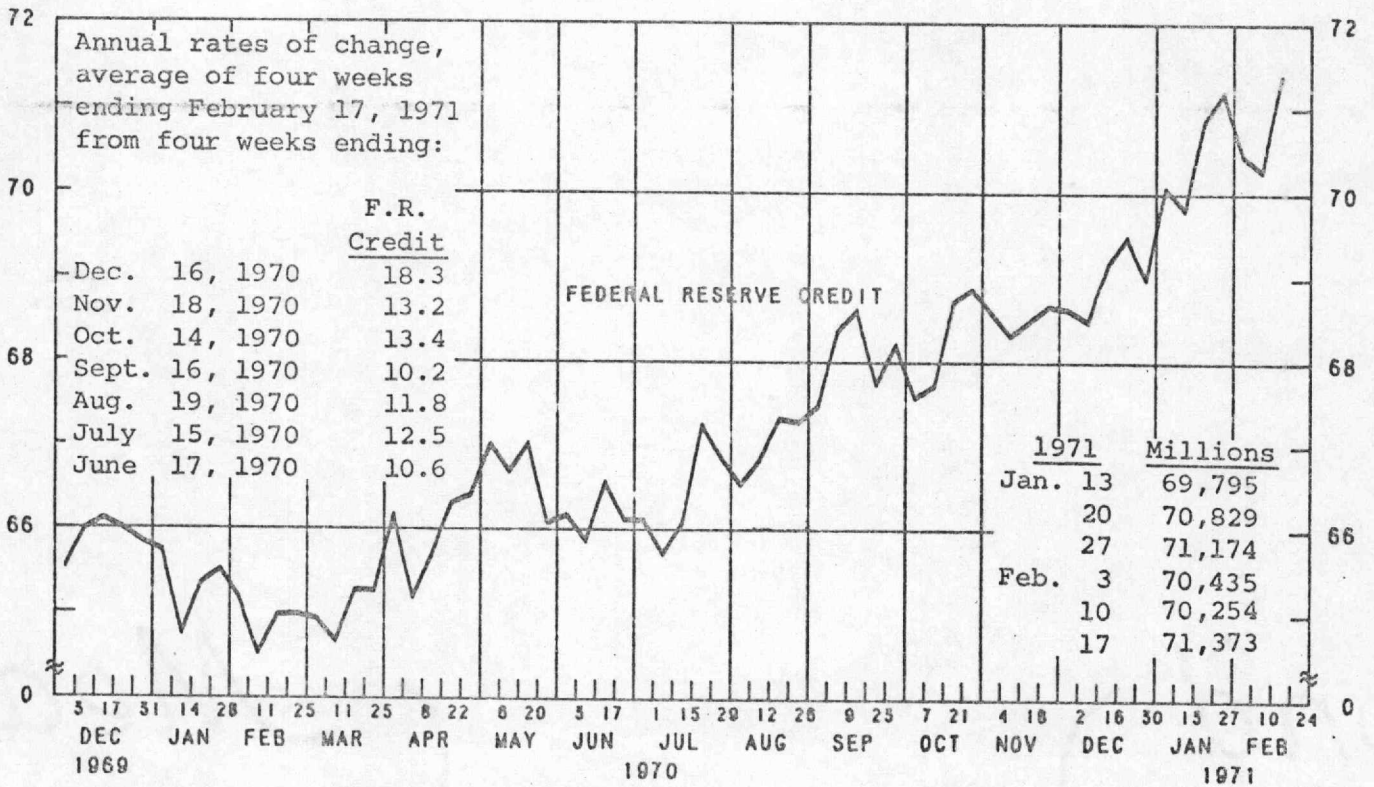
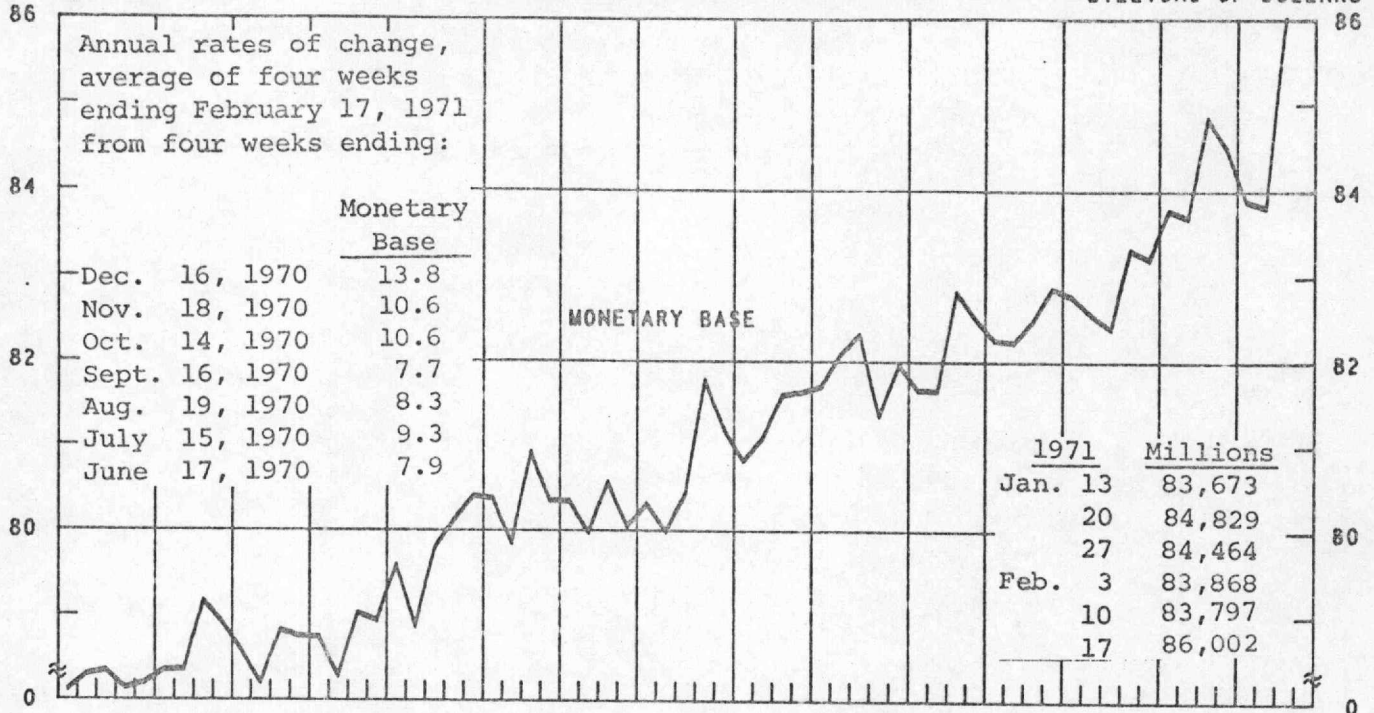
Prepared by Federal Reserve Bank of St. Louis

Released: February 19, 1971

**MONETARY BASE 1/
FEDERAL RESERVE CREDIT 2/
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK**

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



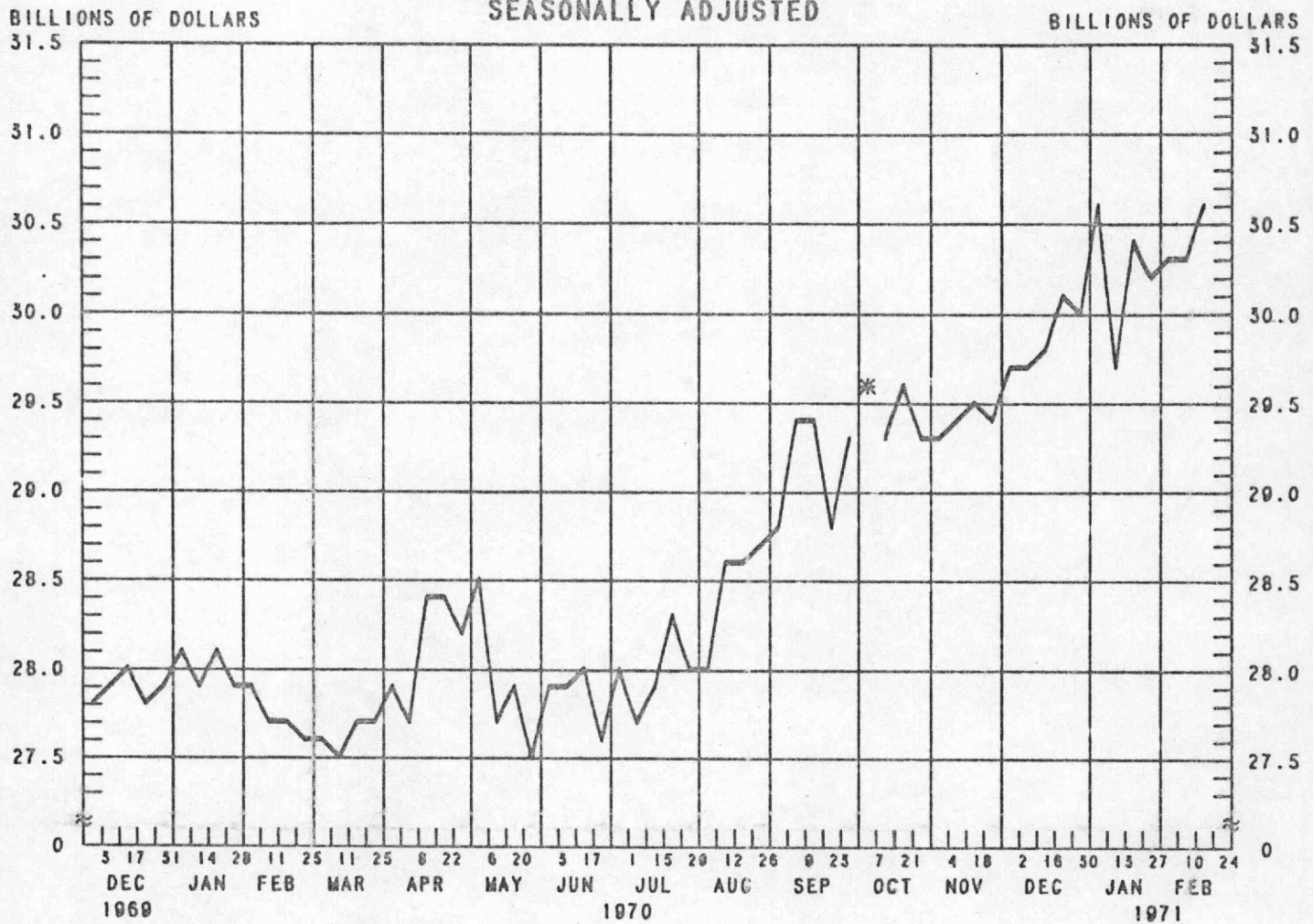
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 17, 1971

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: FEBRUARY 17, 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.

<u>1971</u>	<u>Billions</u>
Jan. 13	29.7
20	30.4
27	30.2
Feb. 3	30.3
10	30.3
17	30.6

Annual rates of change,
average of four weeks
ending February 17, 1971
from four weeks ending:

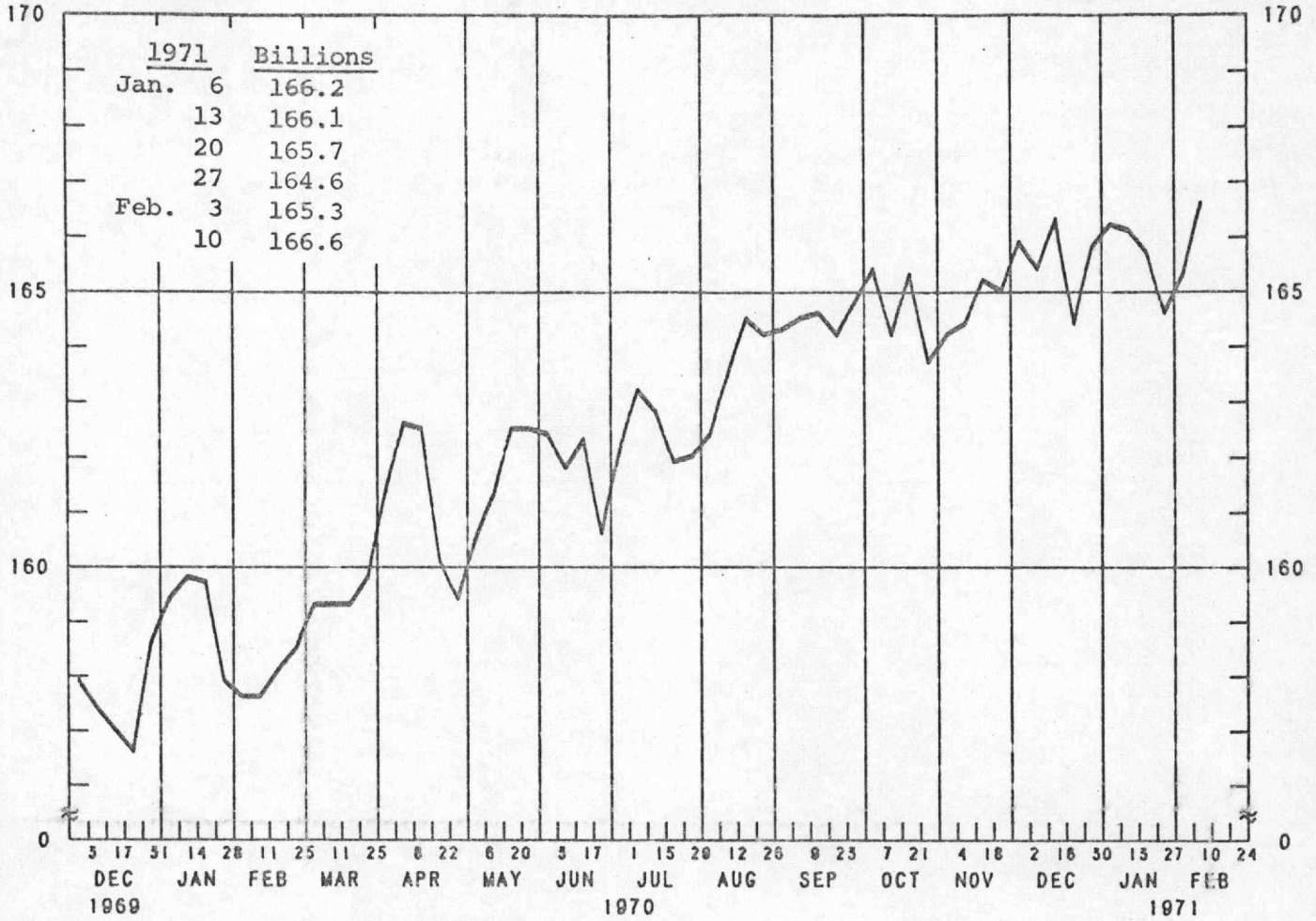
Dec. 16, 1970	14.1
Nov. 18, 1970	13.6
Oct. 14, 1970	11.3
Sept. 16, 1970	10.7
Aug. 19, 1970	14.8
July 15, 1970	16.0
June 17, 1970	14.0

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 10, 1971

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

Annual rates of change, average of four weeks ending:
5/13/70 6/10/70 7/8/70 8/12/70 9/9/70 10/7/70 11/11/70 12/9/70

to average
of four
weeks ending:

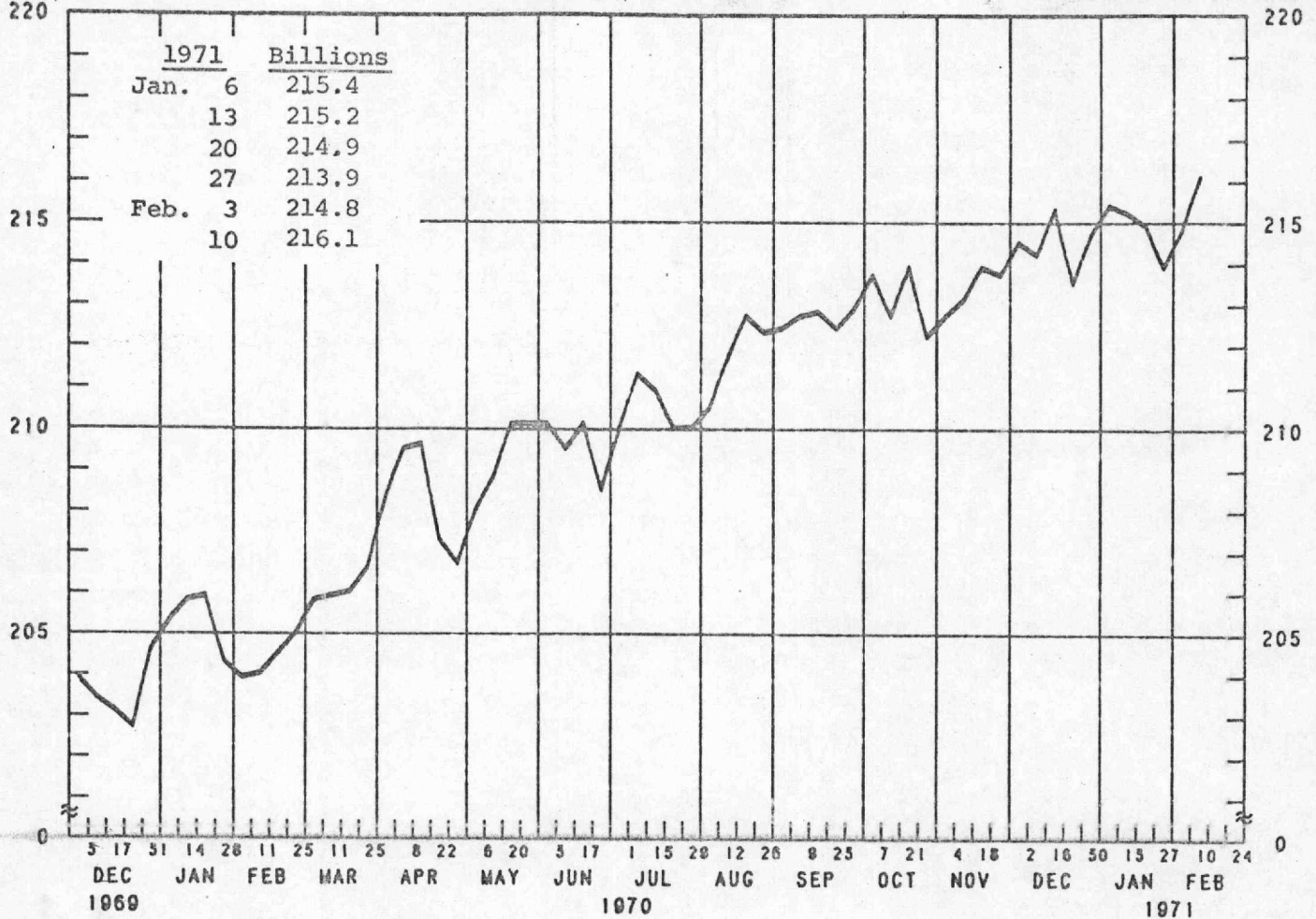
7/ 8/70	6.7							
8/12/70	5.5	0.7						
9/ 9/70	7.7	5.2	8.5					
10/ 7/70	6.7	4.6	6.7	8.5				
11/11/70	5.1	3.1	4.3	4.7	-0-			
12/ 9/70	5.5	3.8	4.9	5.4	2.4	2.2		
1/13/71	5.0	3.5	4.3	4.6	2.2	1.9	4.4	
2/10/71	4.4	3.0	3.7	3.8	1.8	1.5	2.9	0.7

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 10, 1971

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

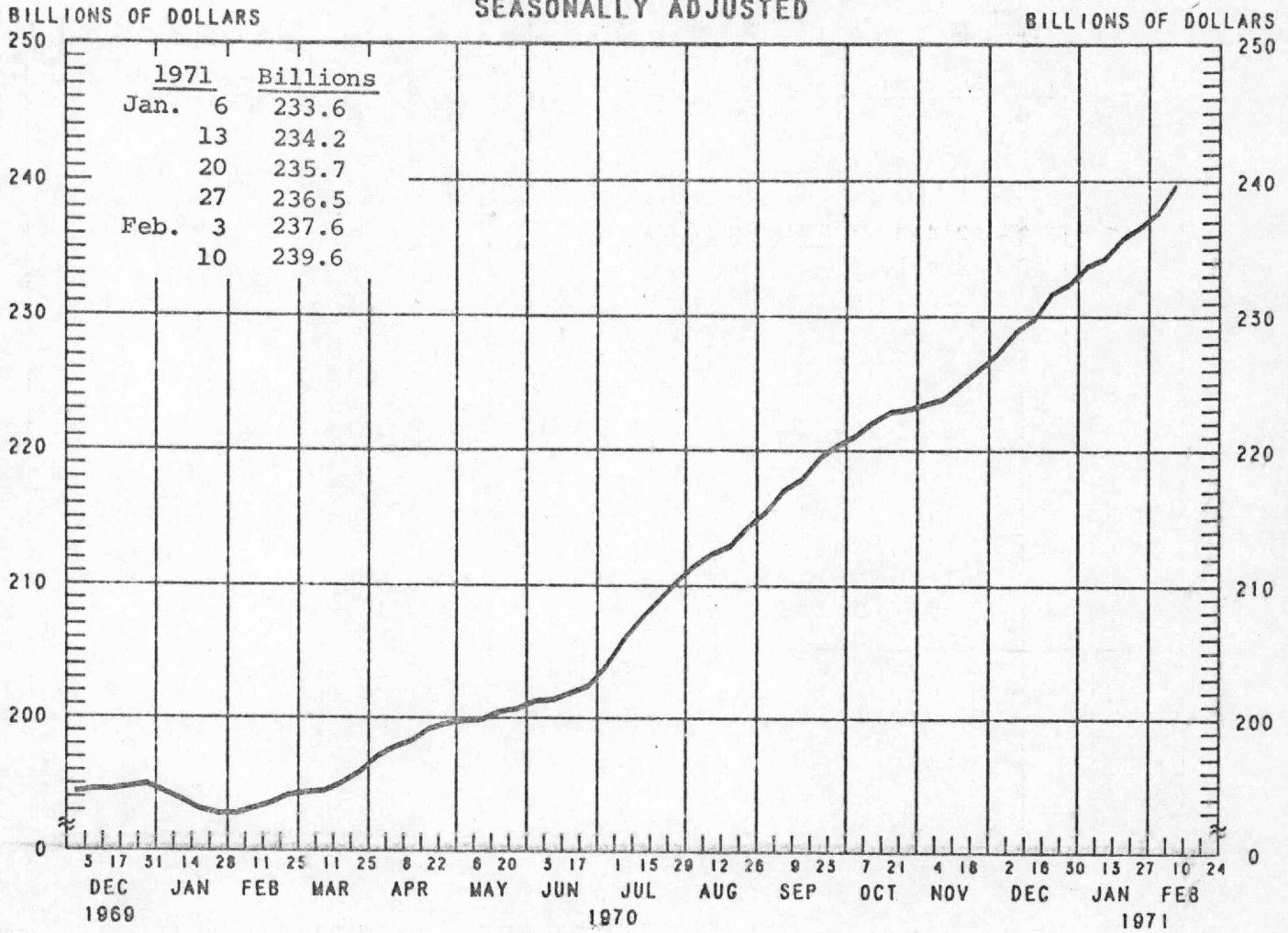
Annual rates of change, average of four weeks ending:
 12/31/69 2/25/70 7/8/70 8/12/70 9/9/70 10/7/70 11/11/70 12/9/70

to average
of four
weeks ending:

7/ 8/70	6.2	7.5						
8/12/70	5.7	6.6						
9/ 9/70	6.4	7.4	7.1					
10/ 7/70	5.9	6.8	5.7	6.8				
11/11/70	5.4	6.1	4.3	4.6	1.4			
12/ 9/70	5.5	6.2	4.7	5.0	3.0	3.1		
1/13/71	5.3	5.8	4.5	4.7	3.1	3.2	4.8	
2/10/71	5.0	5.3	4.0	4.1	2.7	2.7	3.6	2.2

TIME DEPOSITS ALL COMMERCIAL BANKS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

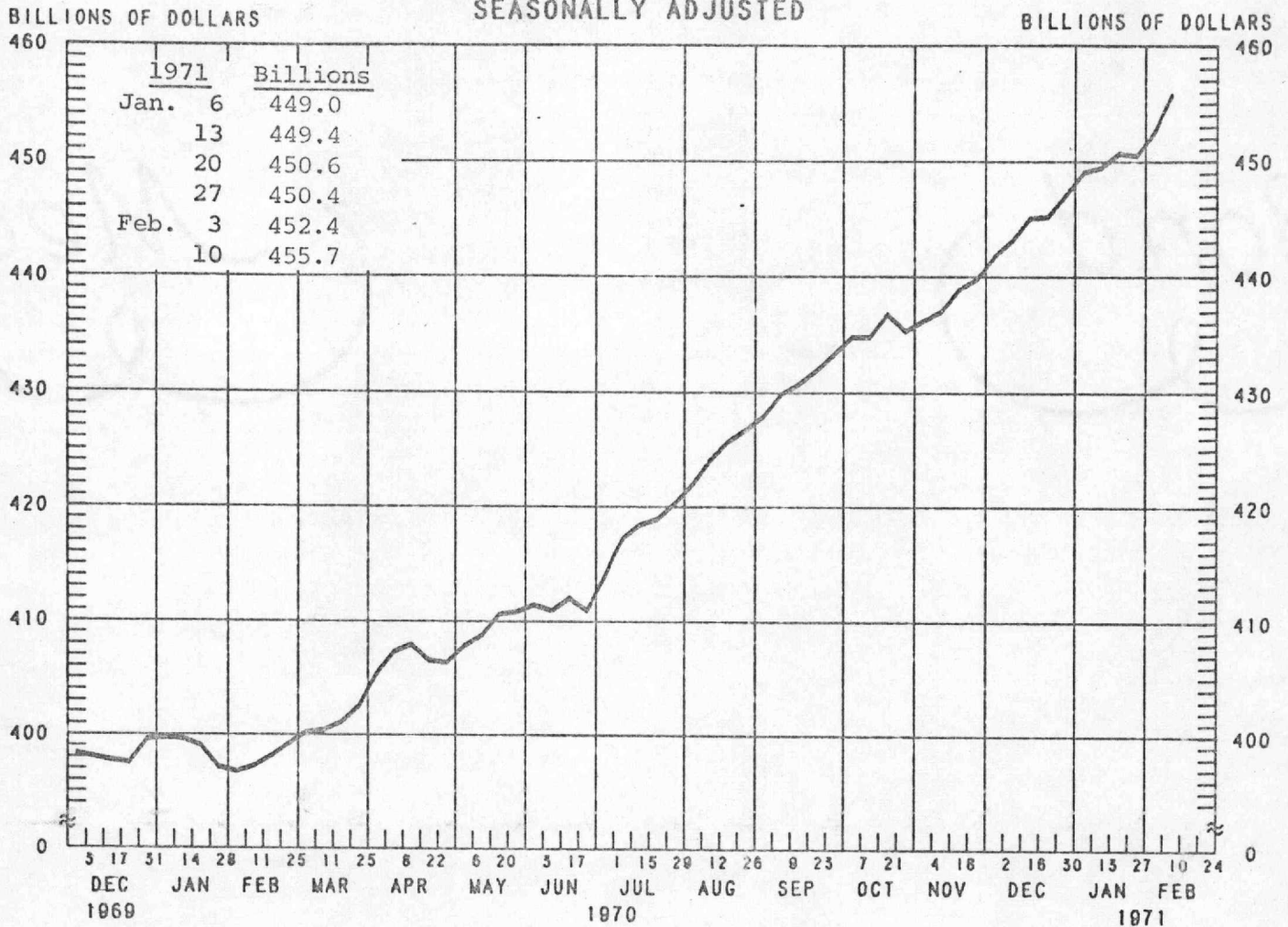


LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 10, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:								
	5/13/70	6/10/70	7/8/70	8/12/70	9/9/70	10/7/70	11/11/70	12/9/70
to average of four weeks ending:								
7/ 8/70	11.7							
8/12/70	22.5	29.3						
9/ 9/70	23.2	27.9	33.9					
10/ 7/70	24.2	27.9	31.9	25.3				
11/11/70	23.9	26.8	29.4	23.9	23.5			
12/ 9/70	23.4	25.7	27.5	22.8	22.0	19.4		
1/13/71	25.1	27.3	29.0	25.3	25.1	24.2	25.8	
2/10/71	25.3	27.3	28.7	25.3	25.1	24.3	25.3	28.3

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 10, 1971

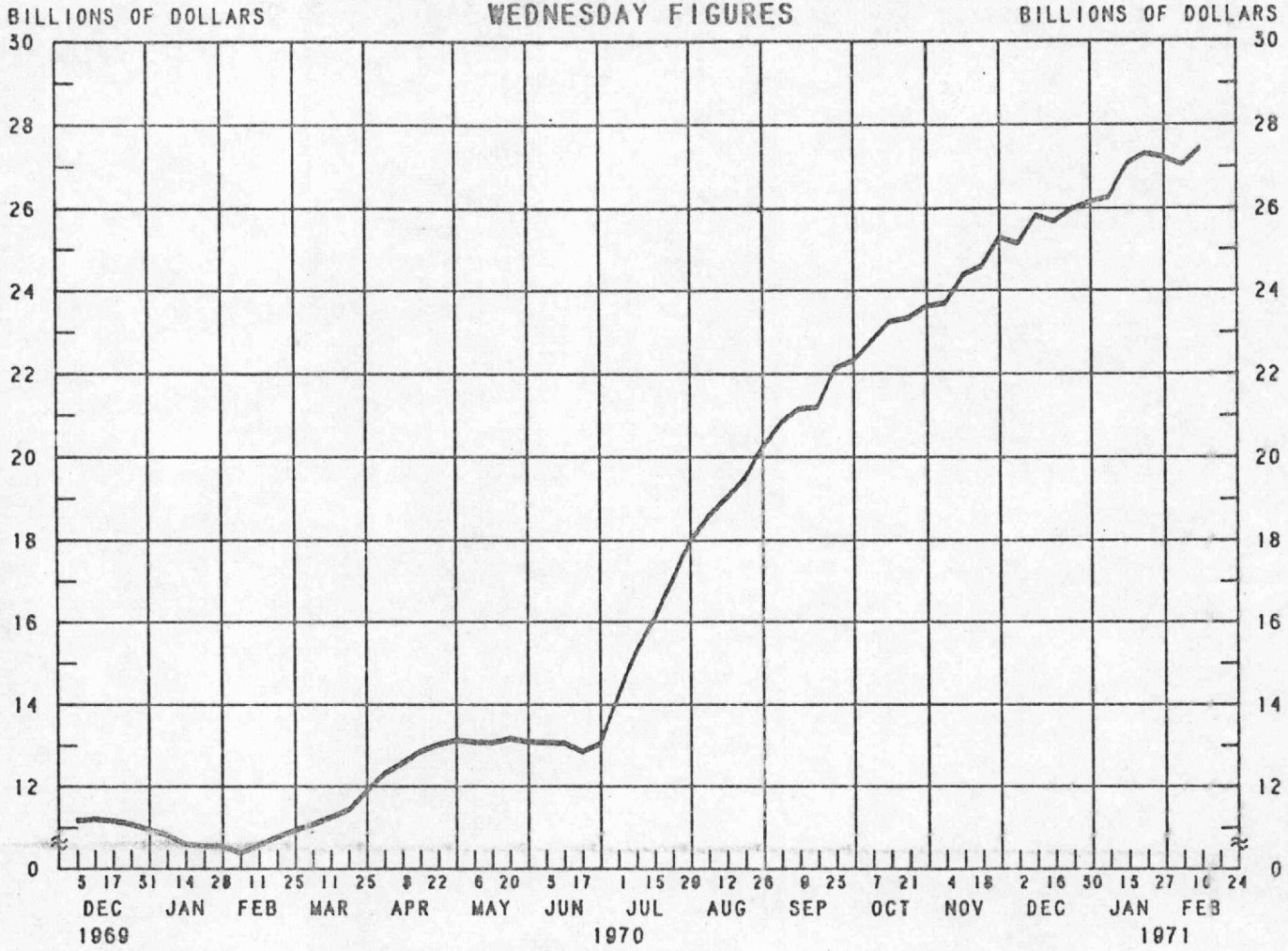
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:
5/13/70 6/10/70 7/8/70 8/12/70 9/9/70 10/7/70 11/11/70 12/9/70

to average
of four
weeks ending:

7/ 8/70	9.1								
8/12/70	13.8	15.2							
9/ 9/70	14.9	16.2	20.3						
10/ 7/70	15.0	15.9	18.6	16.2					
11/11/70	14.2	14.8	16.5	14.2	12.4				
12/ 9/70	14.1	14.6	15.9	14.0	12.5	11.4			
1/13/71	14.9	15.4	16.5	15.0	14.2	13.9	15.7		
2/10/71	14.8	15.2	16.1	14.8	14.0	13.7	14.8	15.7	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS WEDNESDAY FIGURES

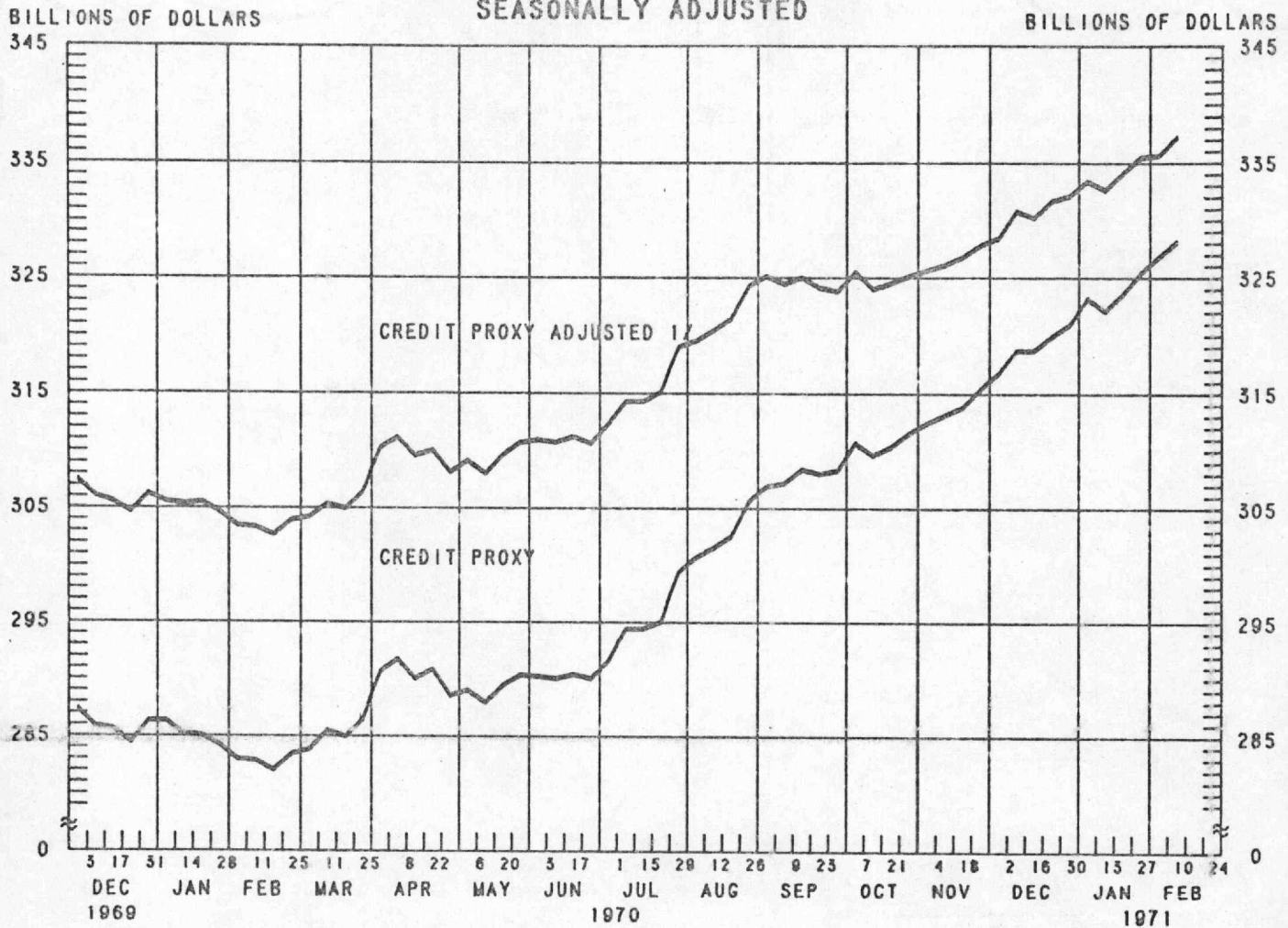


LATEST DATA PLOTTED WEEK'ENDING: FEBRUARY 10, 1971
 CURRENT AND YEAR AGO DATA APPEAR IN THE BOARD OF GOVERNORS' H.4.2 RELEASE.
 NEGOTIABLE TIME CERTIFICATES OF DEPOSIT IN DENOMINATIONS OF \$100,000 OR MORE.

	<u>1971</u>	<u>Millions</u>
Jan.	6	26,217
	13	27,046
	20	27,278
	27	27,190
Feb.	3	26,999
	10	27,397

9

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



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 10, 1971

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

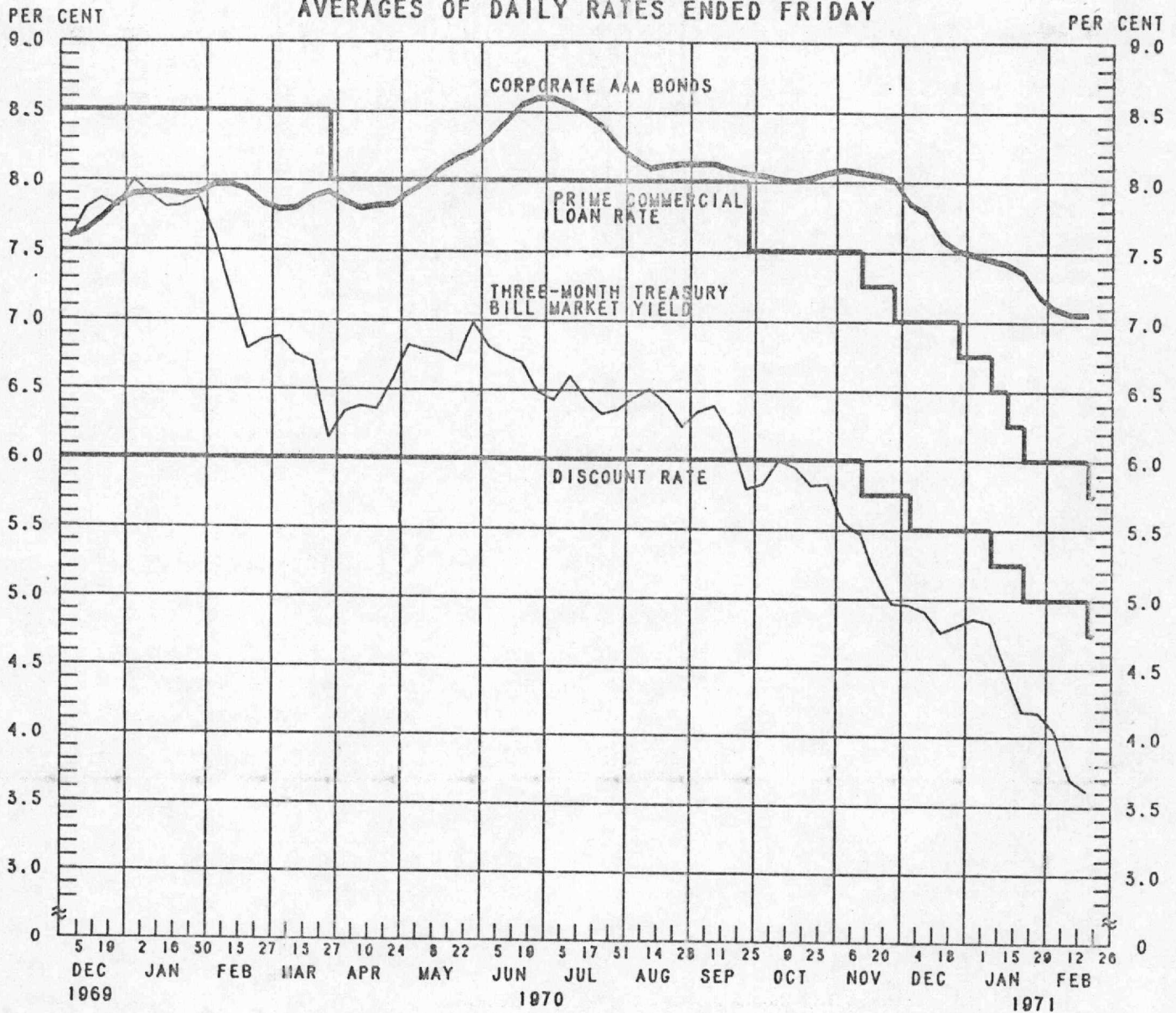
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

<u>1971</u>		<u>Billions</u>	
		<u>Credit Proxy</u>	<u>Credit Proxy Adjusted</u>
Jan.	6	323.1	333.3
	13	322.0	332.5
	20	323.5	334.0
	27	325.3	335.3
Feb.	3	326.7	335.5
	10	328.0	337.1

Annual rates of change, average of four weeks ending February 10, 1971 from four weeks ending:			
		<u>Credit Proxy</u>	<u>Credit Proxy Adjusted</u>
Dec.	9, 1970	18.6	13.0
Nov.	11, 1970	18.2	12.7
Oct.	7, 1970	16.6	10.2
Sept.	9, 1970	16.0	8.7
Aug.	12, 1970	17.9	10.7
July	8, 1970	20.2	12.9
June	10, 1970	18.6	12.1

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: FEBRUARY 19, 1971

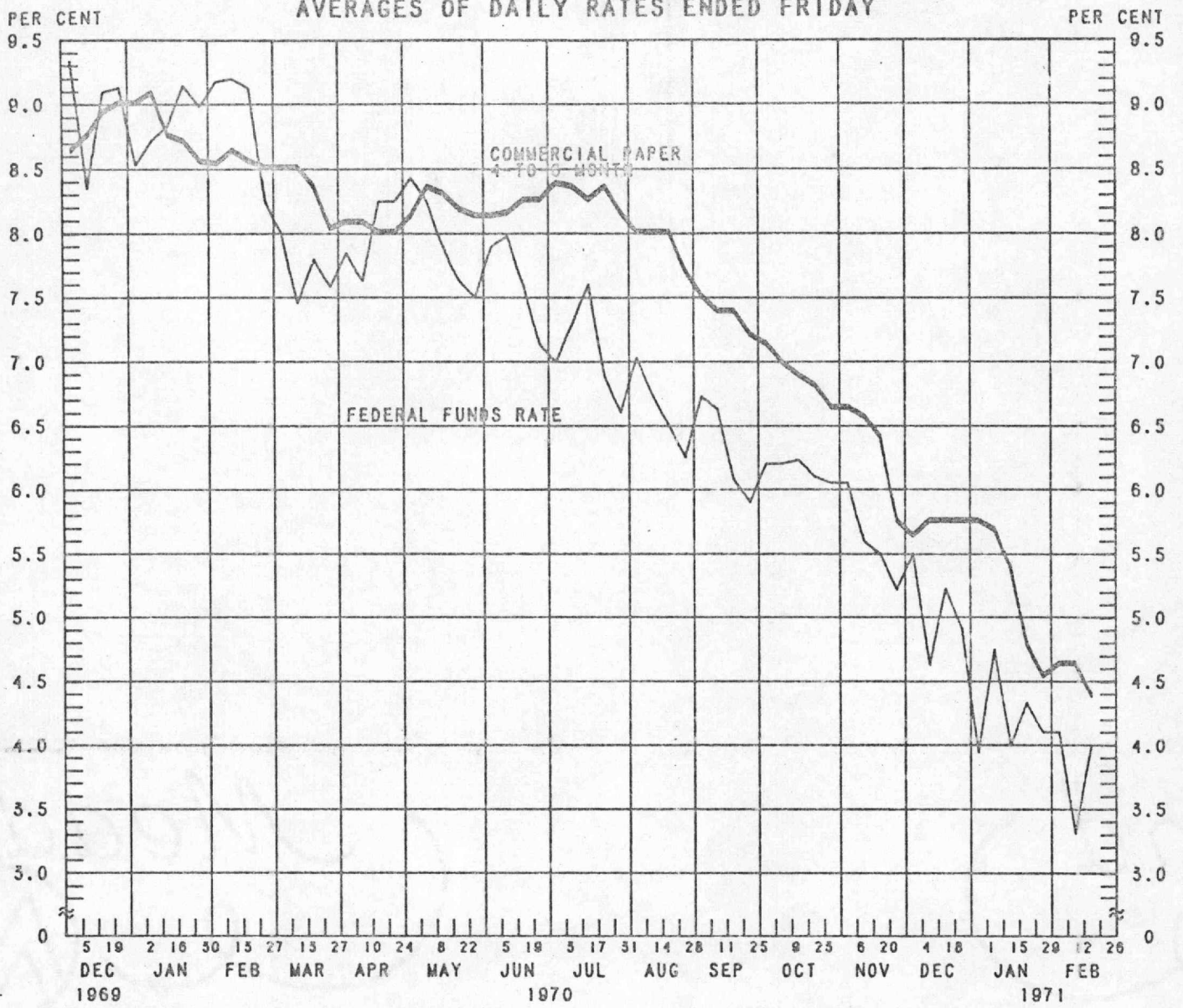
1970-71	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
DEC. 4	7.85	4.97	5.81	5.93
11	7.78	4.92	5.80	5.89
18	7.59	4.77	5.82	5.87
25	7.51	4.82	5.96	6.05
JAN. 1	7.48	4.87	5.94	6.16
8	7.45	4.84	5.99	6.09
15	7.42	4.51	5.78	5.96
22	7.36	4.20	5.58	5.83
29	7.19	4.19	5.54	5.78
FEB. 5	7.10	4.06	5.49	5.80
12	7.06	3.71	5.33	5.78
19*	7.06	3.63	5.22	5.81
26				

* AVERAGES OF RATES AVAILABLE.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY

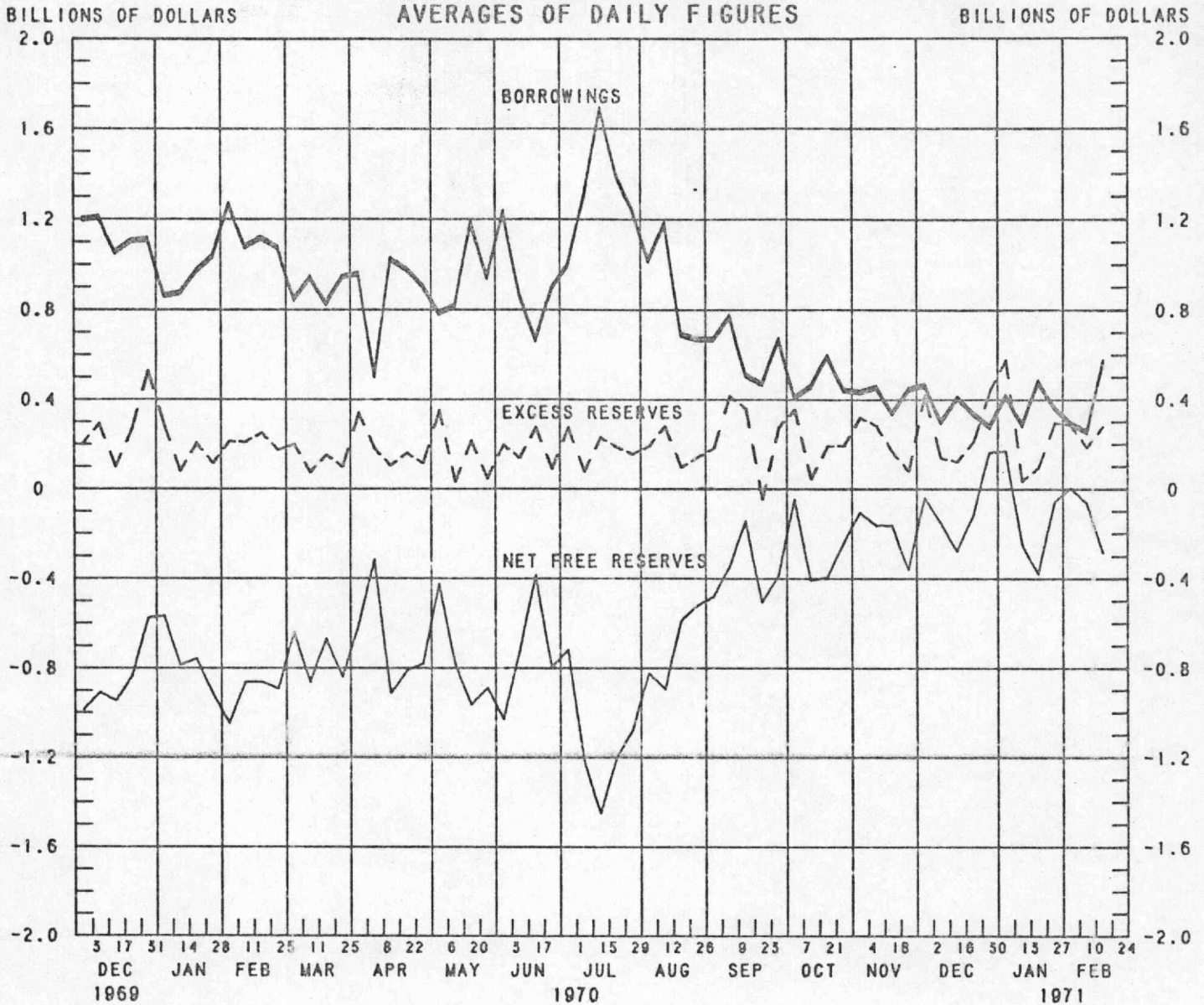


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: FEBRUARY 19, 1971

1970-71	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	4.68	5.45
22	4.78	4.33	4.48	5.06
29	4.53	4.10	4.45	4.84
FEB. 5	4.63	4.10	4.35	4.73
12	4.63	3.31	4.13	4.55
19**	4.38	4.00	4.07	4.42
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.O. RELEASE.

BORROWINGS AND EXCESS RESERVES ALL MEMBER BANKS IN THE NATION



1970-71	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
DEC. 2	417	455	- 38
9	136	290	- 154
16	120	369	- 279
23	210	325	- 115
30	434	270	164
JAN. 6	576	407	169
13	32	277	- 245
20	92	472	- 380
27	295	354	- 59
FEB. 3	286	283	3
10	183	248	- 65
17	279	564	- 285
24			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS