

Week ending: February 24, 1971

Nancy

AUG 27 1998 The money stock has risen at a 4.2 per cent annual rate in the past four months, and at a 5.7 per cent rate since February 1970 (page 5). In comparison, money grew at a 2.6 per cent rate in the previous twelve months.

The outstanding volume of commercial paper (short-term unsecured promissory notes issued by business firms and sold to investors directly or through dealers) declined from \$39 billion in June 1970 to \$33.3 billion in January (page 8). By contrast, growth of this type of instrument was quite rapid in 1969 and the first half of 1970, reflecting in part the rechanneling of funds away from commercial banks and through such short-term credit instruments. This outflow of funds from banks, together with the restrictive monetary policy of 1969, encouraged borrowers who could not obtain bank loans to seek funds in the commercial paper market. In addition, banks through their affiliates borrowed substantially in this market. Most of the decline since June in the total volume of commercial paper has been due to the rapid decline of bank-related paper, that is, commercial paper issued by bank holding companies, affiliates of bank holding companies, and affiliates of banks. Bank-related paper declined from an average of \$7.7 billion in July 1970 to \$2.2 billion in January, mainly in response to the placement of reserve requirements on funds obtained by commercial banks through their affiliates, together with the renewed ability of banks to compete for large negotiable CD's.

The volume of large certificates of deposit at large commercial banks increased from \$10.6 billion in February 1970 to about \$27 billion in January 1971, a rise of \$16 billion (page 8). In comparison, CD's declined about \$13 billion from December 1968 to February 1970. Time deposits other than large CD's, which include savings accounts and small consumer-type CD's, increased at a 15 per cent rate from February 1970 to January 1971, a gain in volume outstanding of about \$25 billion. Both types of time deposits have grown in response to falling short-term market interest rates and relaxations of Regulation Q ceilings.

Eurodollar borrowings of U. S. banks, another major source of nondeposit funds for banks, continued to decline in January, despite changes in regulations in December aimed at slowing their decline. Borrowings fell from \$14.7 billion in November 1969 to \$7.4 billion in January 1971, mostly in response to the imposition of reserve requirements in October 1969 and to the ability of banks to attract a cheaper source of funds, CD's.

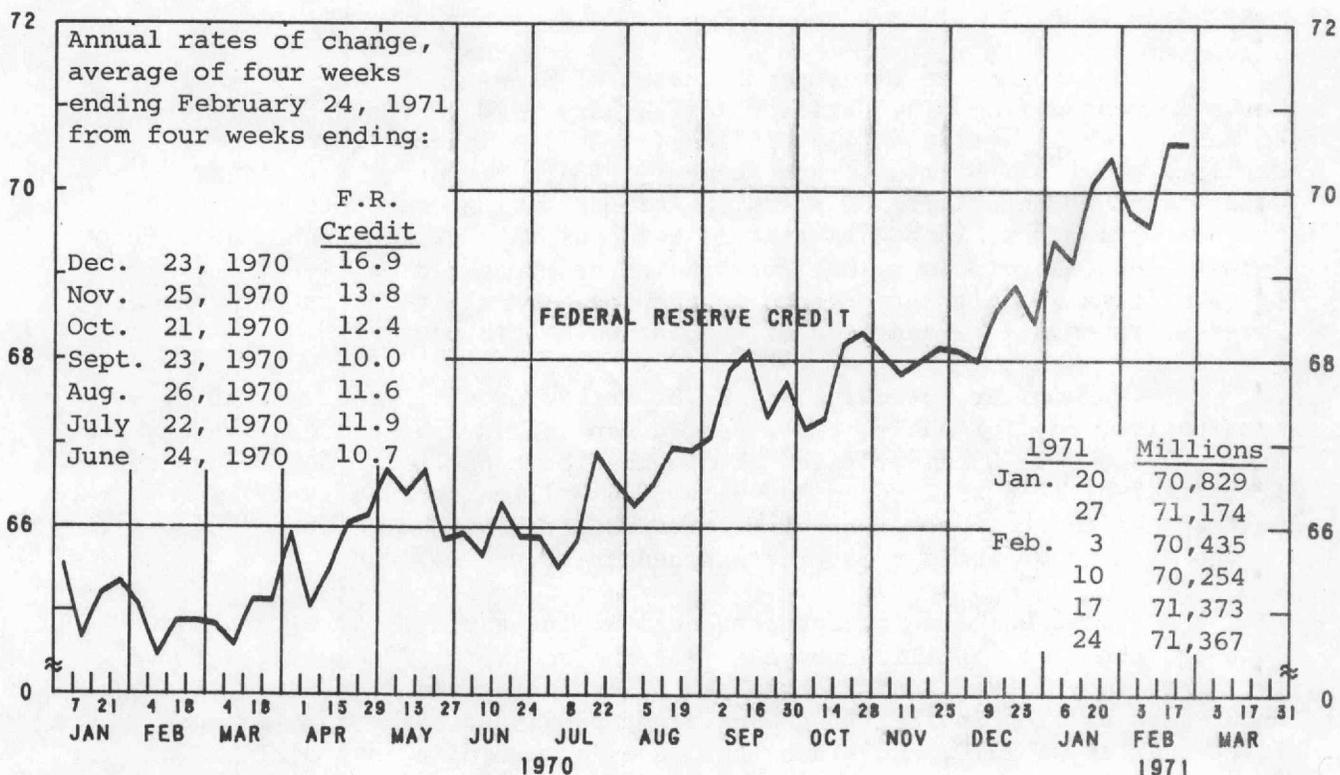
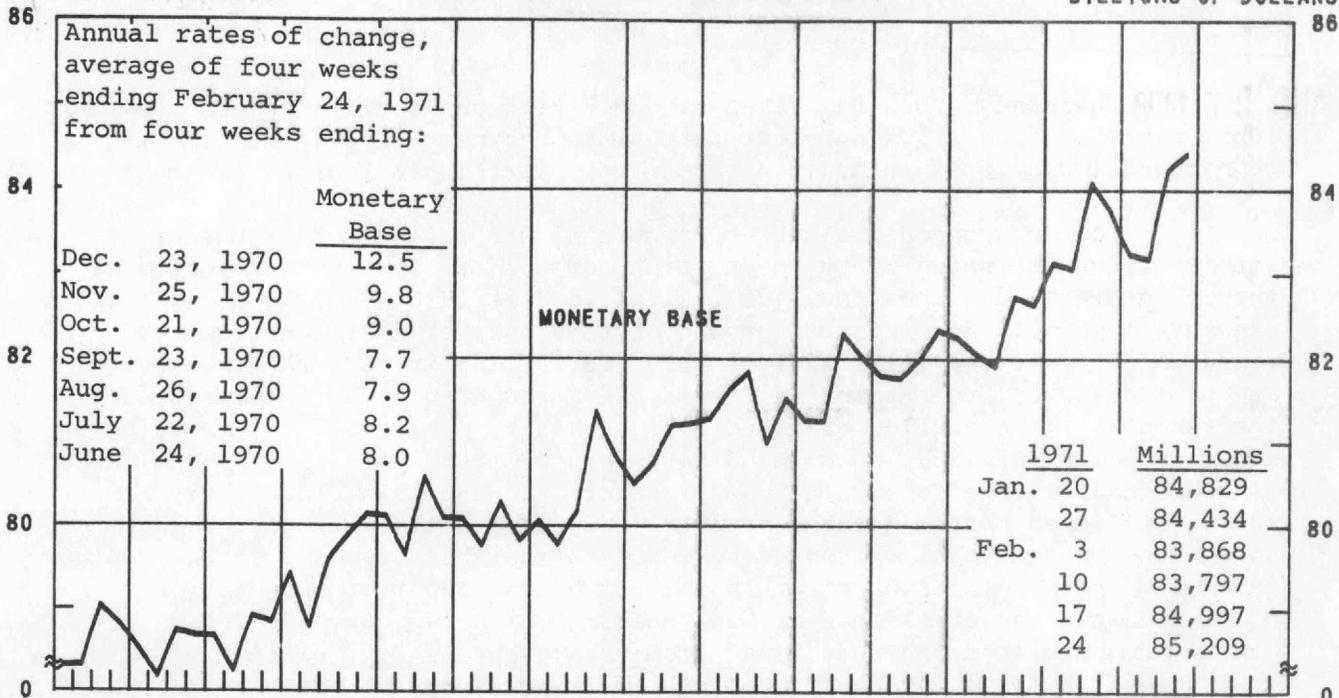
Total bankers' acceptances outstanding averaged \$7 billion in January, about \$1.6 billion above a year ago and about \$2.6 billion above two years ago. These instruments held by accepting banks, however, averaged about \$1.4 billion in the first quarter of 1969, about the same as the first quarter of 1970, and since then have increased to \$2.7 billion in January 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 24, 1971

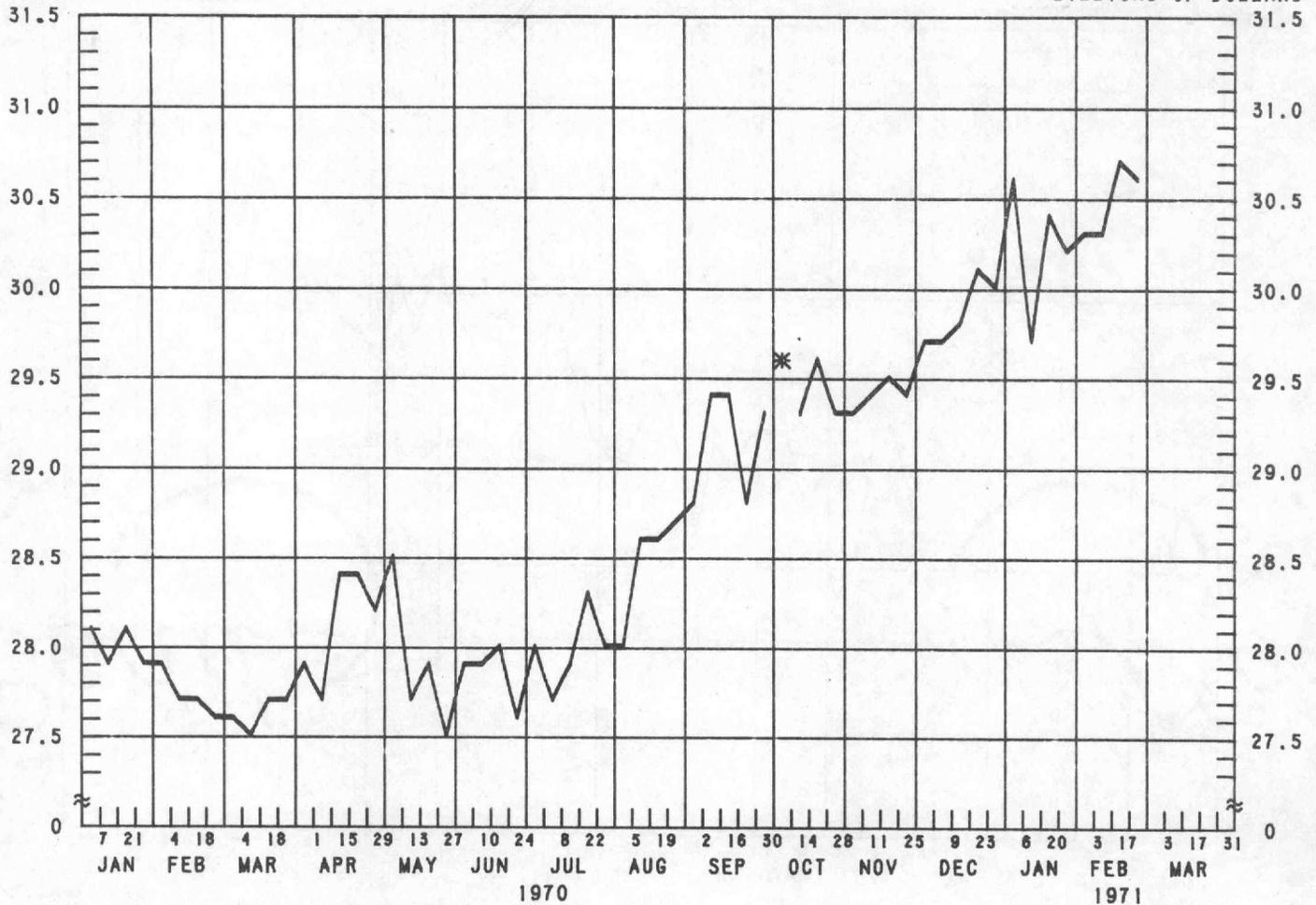
- 1/ USES OF MONETARY BASE ARE MEMBER BANK RESERVES AND CURRENCY HELD BY THE PUBLIC AND NONMEMBER BANKS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. FOR A DESCRIPTION OF THE BASE SEE THE AUGUST 1968 "REVIEW" OF THIS BANK.
- 2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT 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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 24, 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. 20	30.4
27	30.2
Feb. 3	30.3
10	30.3
17	30.7
24	30.6

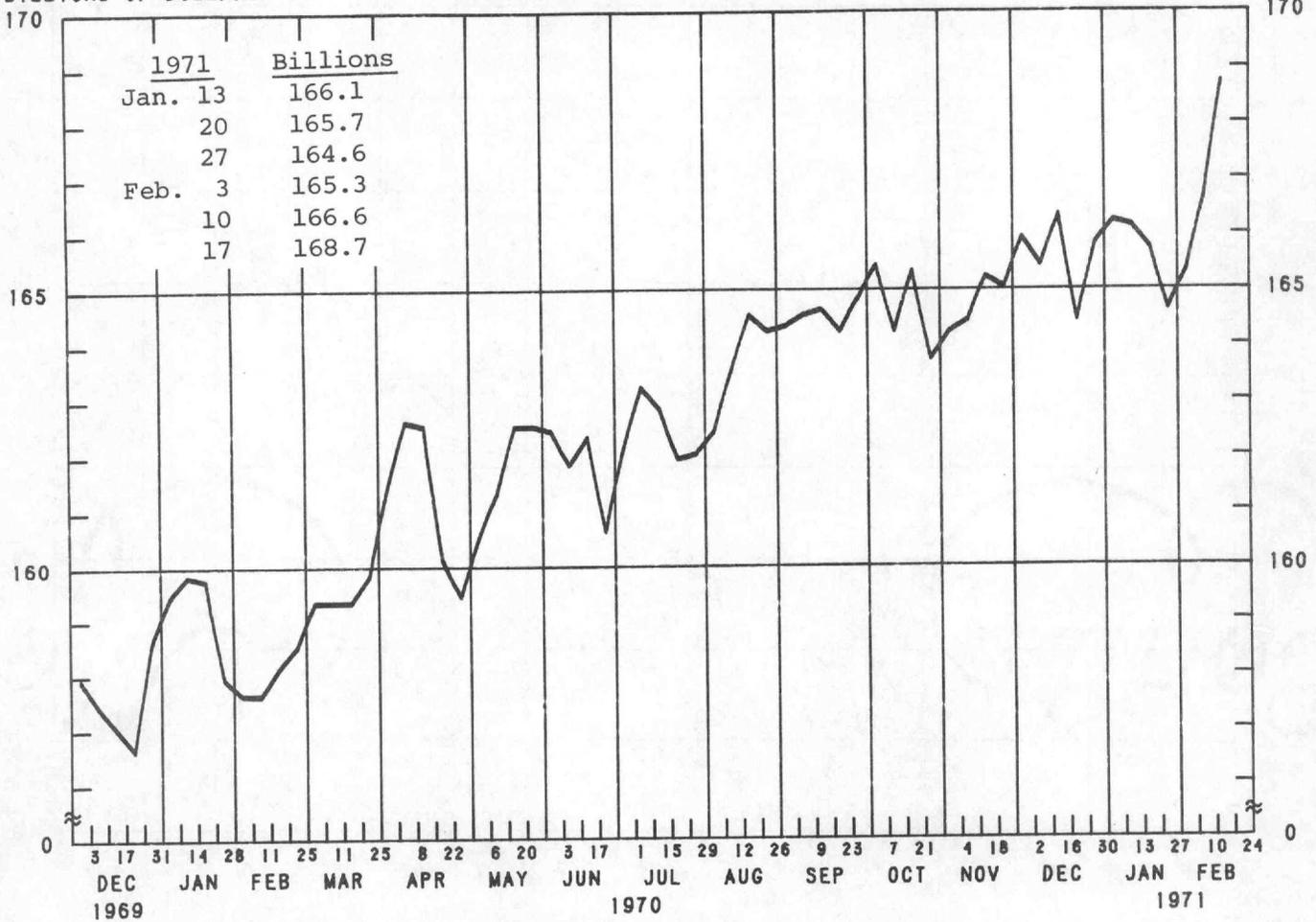
Annual rates of change, average of four weeks ending February 24, 1971 from four weeks ending:	
Dec. 23, 1970	14.1
Nov. 25, 1970	15.0
Oct. 21, 1970	10.2
Sept. 23, 1970	11.5
Aug. 26, 1970	14.0
July 22, 1970	15.3
June 24, 1970	14.0

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 17, 1971

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

Annual rates of change, average of four weeks ending:
5/20/70 6/17/70 7/15/70 8/19/70 9/16/70 10/14/70 11/18/70 12/16/70

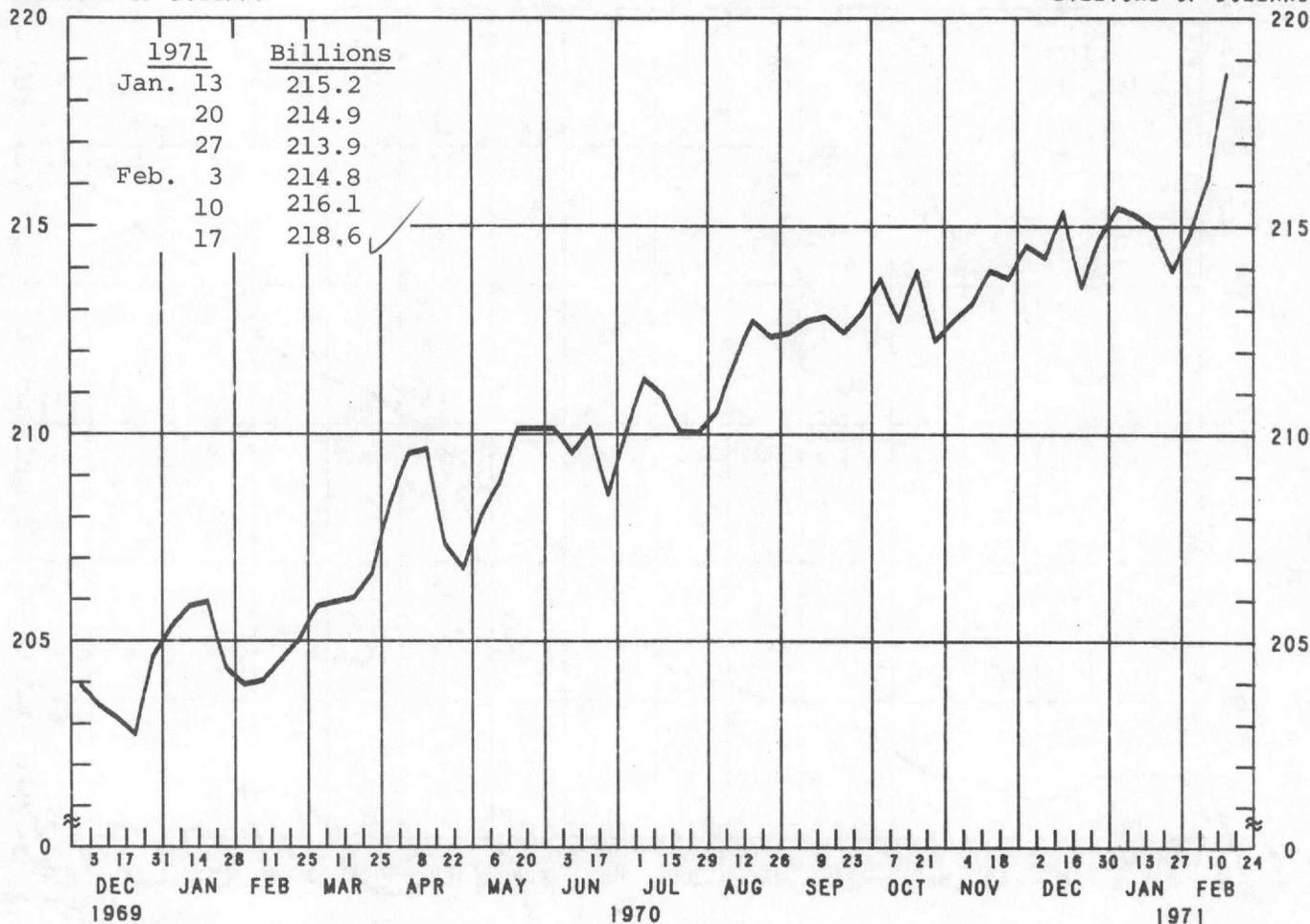
to average
of four
weeks ending:

7/15/70	4.8							
8/19/70	5.5	3.0						
9/16/70	6.5	5.2	8.1					
10/14/70	5.7	4.4	6.2	5.9				
11/18/70	4.4	3.1	4.1	3.2	-0-			
12/16/70	5.1	4.2	5.2	4.8	3.2	3.6		
1/20/71	4.8	3.9	4.7	4.3	2.9	3.2	5.8	
2/17/71	4.5	3.7	4.3	3.9	2.8	2.9	4.6	2.2

MONEY STOCK AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



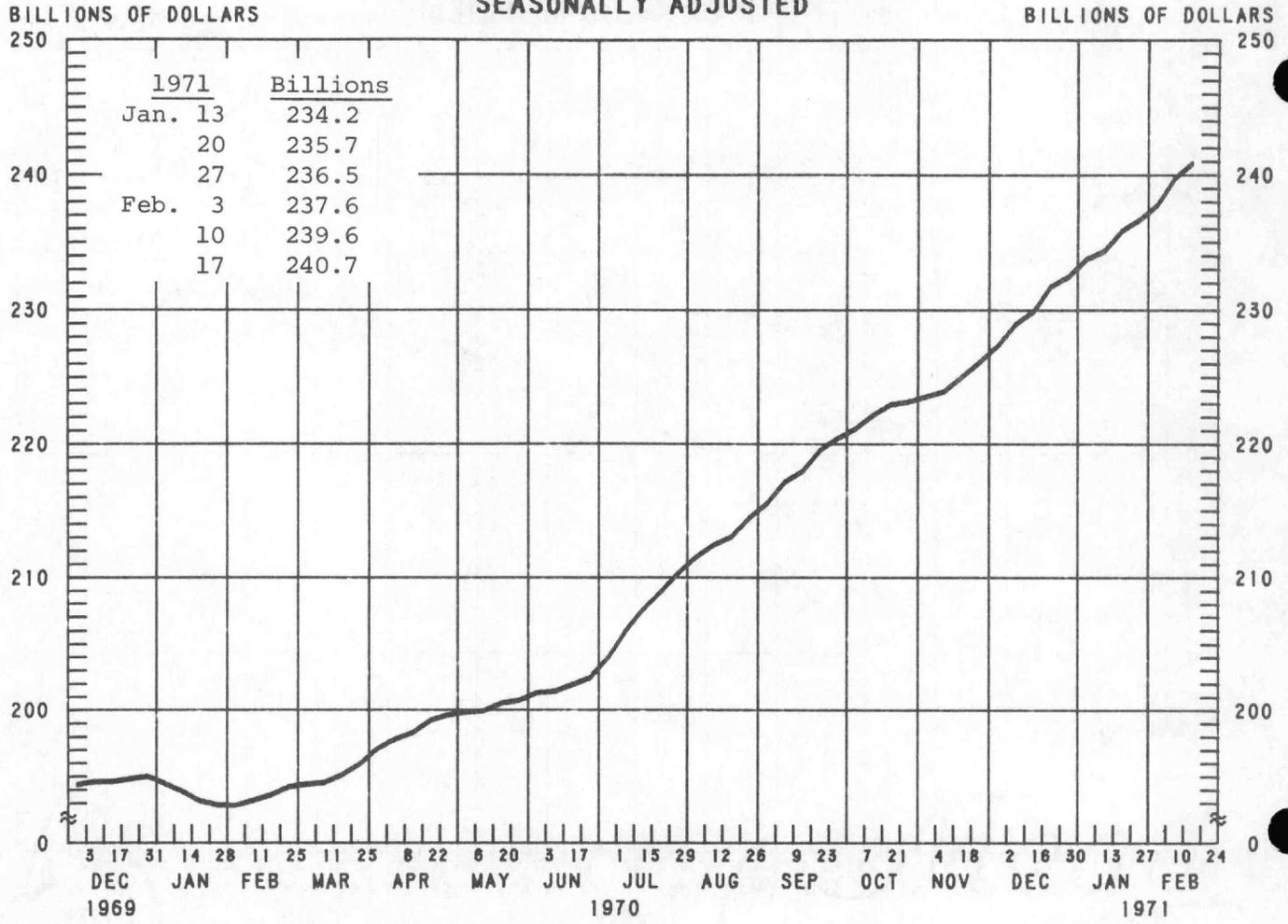
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 17, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:
12/31/69 2/25/70 7/15/70 8/19/70 9/16/70 10/14/70 11/18/70 12/16/70

to average
of four
weeks ending:

7/15/70	6.1	7.4							
8/19/70	6.0	6.9							
9/16/70	6.3	7.2	6.9						
10/14/70	5.7	6.6	5.1	4.8					
11/18/70	5.3	5.9	4.0	3.4	1.1				
12/16/70	5.6	6.2	4.8	4.5	3.4	4.2			
1/20/71	5.4	5.9	4.7	4.4	3.5	4.1	5.9		
2/17/71	5.4	5.7	4.6	4.5	3.7	4.2	5.4	4.2	

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



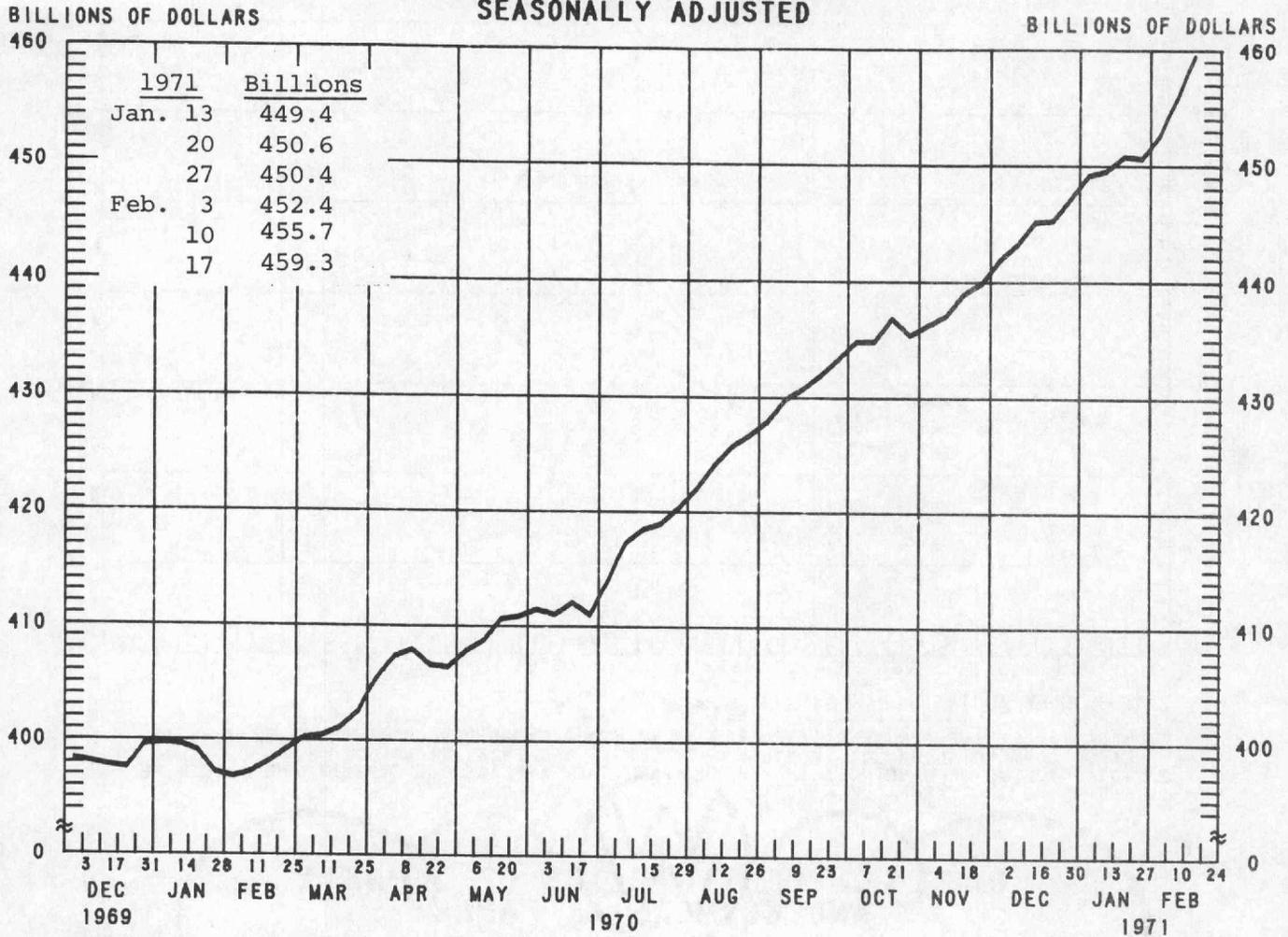
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 17, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:

	5/20/70	6/17/70	7/15/70	8/19/70	9/16/70	10/14/70	11/18/70	12/16/70
to average of four weeks ending:								
7/15/70	14.7							
8/19/70	23.6	31.3						
9/16/70	24.3	29.6	33.1					
10/14/70	25.0	29.1	31.1	25.5				
11/18/70	23.9	27.0	27.8	22.9	21.4			
12/16/70	24.0	26.5	27.1	23.0	21.8	19.6		
1/20/71	25.6	27.9	28.5	25.3	24.8	24.1	27.3	
2/17/71	25.8	27.9	28.3	25.4	25.0	24.3	26.5	28.2

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



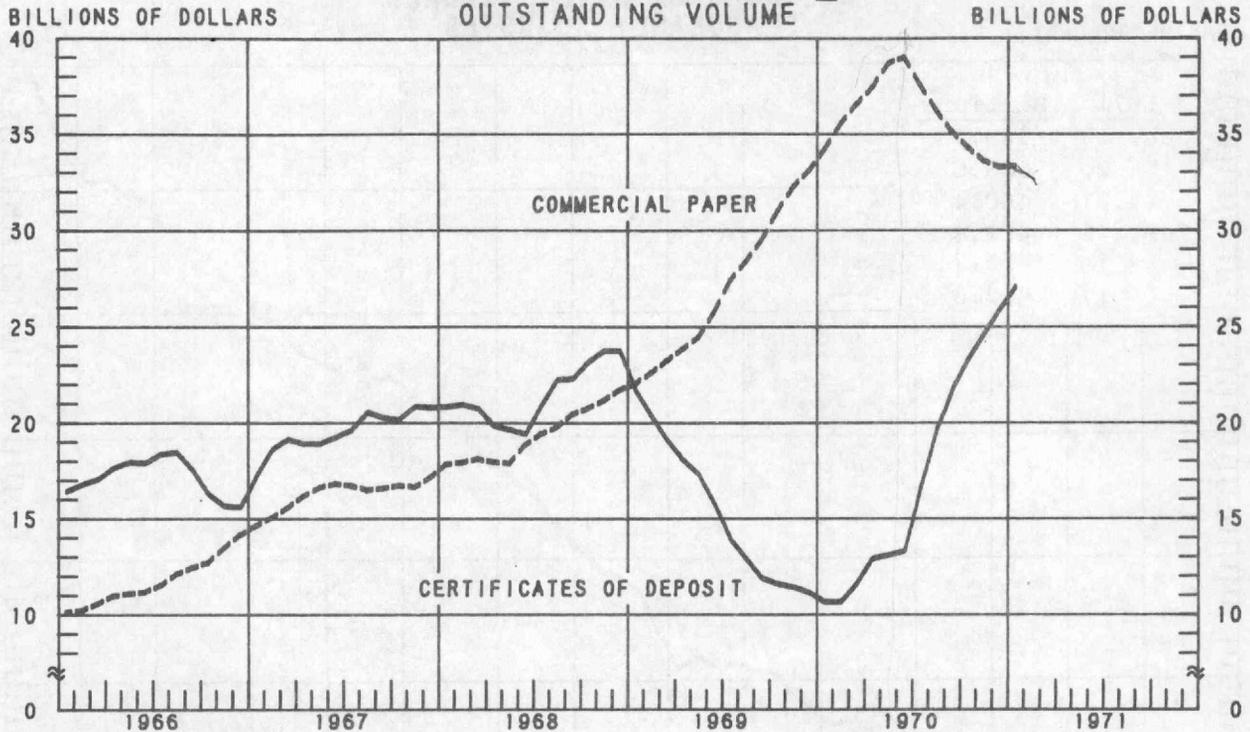
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 17, 1971
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Annual rates of change, average of four weeks ending:
5/20/70 6/17/70 7/15/70 8/19/70 9/16/70 10/14/70 11/18/70 12/16/70

to average
of four
weeks ending:

7/15/70	9.8								
8/19/70	14.3	17.1							
9/16/70	15.0	17.0	19.8						
10/14/70	14.9	16.3	17.9	15.2					
11/18/70	14.0	14.9	15.8	13.1	11.3				
12/16/70	14.3	15.2	15.8	13.8	12.8	12.2			
1/20/71	15.0	15.8	16.4	14.8	14.2	14.2	16.8		
2/17/71	15.1	15.8	16.3	14.9	14.4	14.5	16.2	16.4	

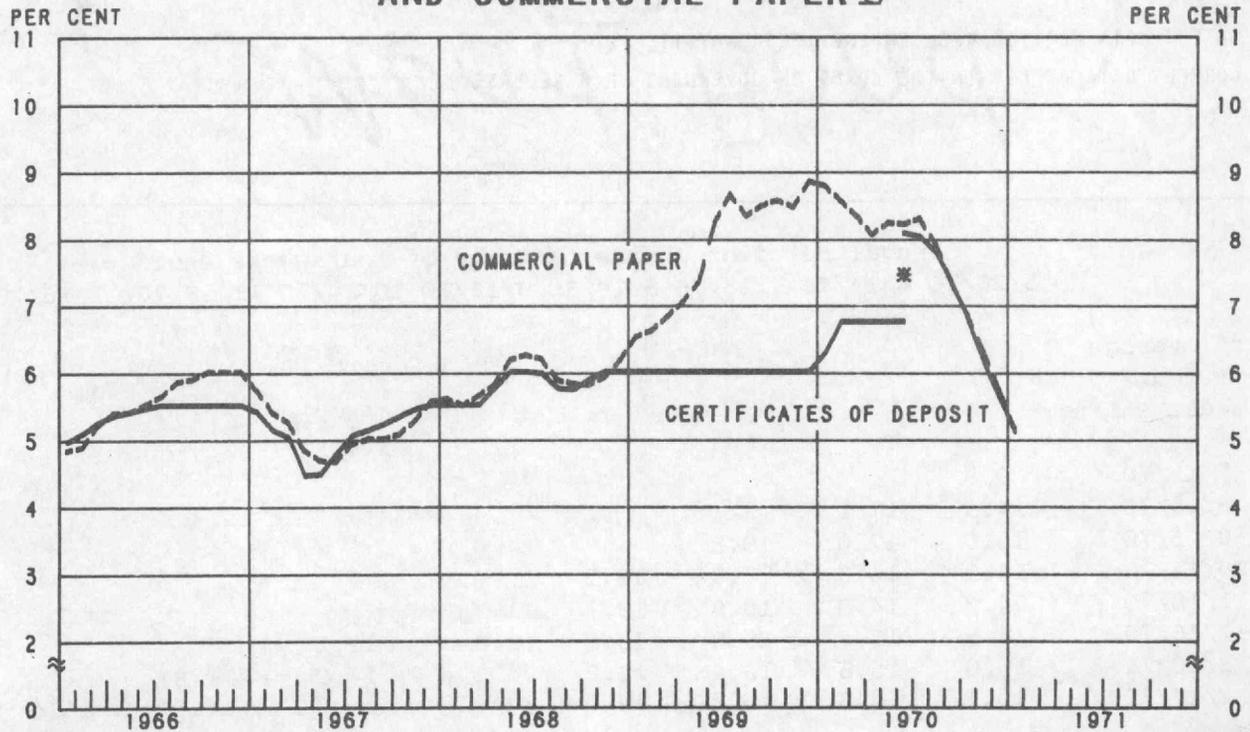
CERTIFICATES OF DEPOSIT ^{1/} COMMERCIAL PAPER ^{2/} OUTSTANDING VOLUME



LATEST DATA PLOTTED: JANUARY

- 1/ NEGOTIABLE TIME CERTIFICATES OF DEPOSIT IN DENOMINATIONS OF \$100,000 OR MORE AT LARGE COMMERCIAL BANKS. MONTHLY AVERAGES OF WEDNESDAY FIGURES.
- 2/ TOTAL VOLUME OF COMMERCIAL PAPER OUTSTANDING. AVERAGES OF CURRENT AND PRECEDING END-OF-MONTH SEASONALLY ADJUSTED FIGURES.

RATES ON CERTIFICATES OF DEPOSIT ^{1/} AND COMMERCIAL PAPER ^{2/}

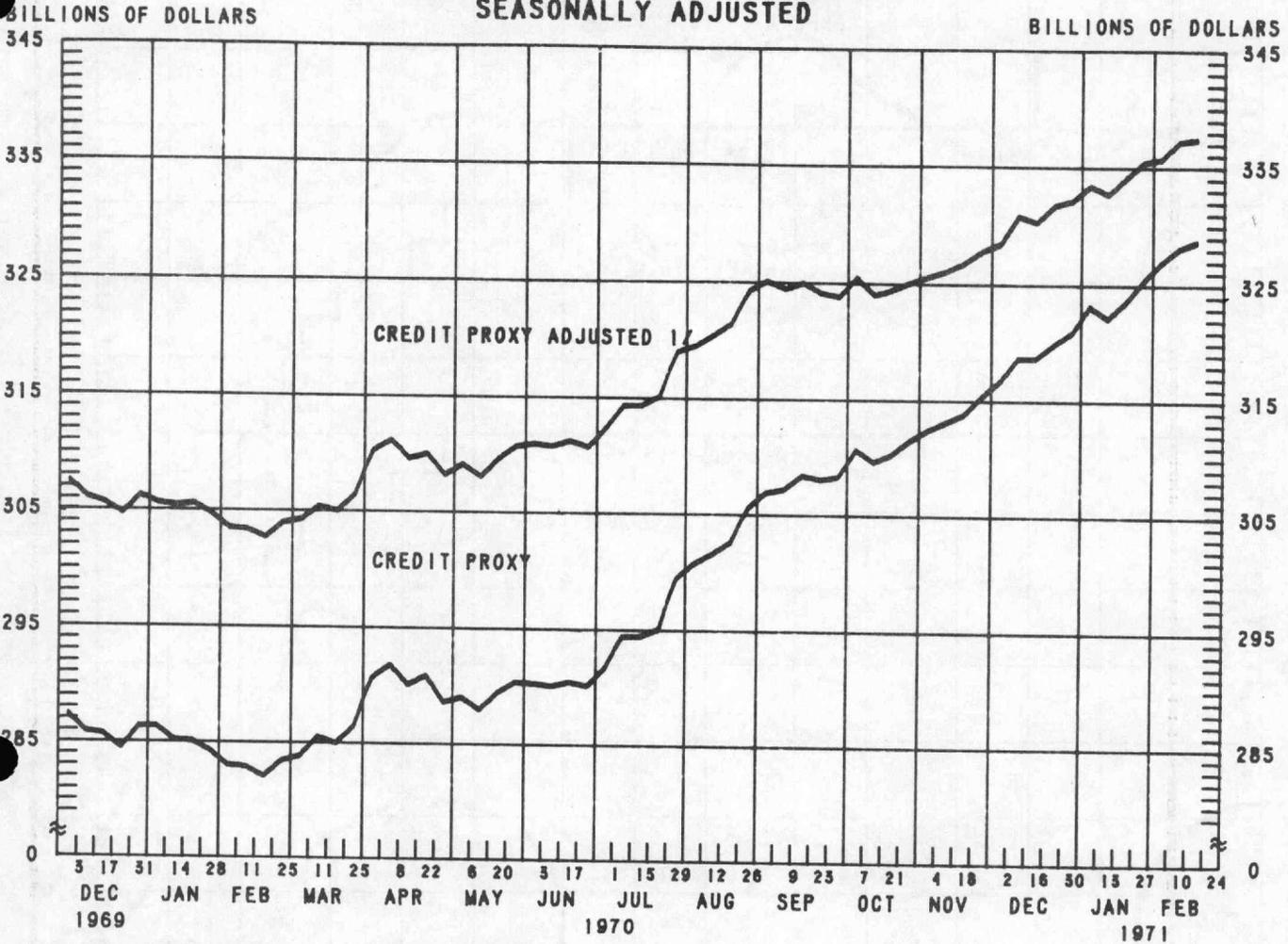


LATEST DATA PLOTTED: JANUARY

- 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 RATES.
- 2/ PRIME COMMERCIAL PAPER, 4-TO-6 MONTHS MATURITY. AVERAGES OF DEALERS' DAILY OFFERING RATES.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MEMBER BANK DEPOSITS SUBJECT TO RESERVE REQUIREMENTS (CREDIT PROXY) 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.

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

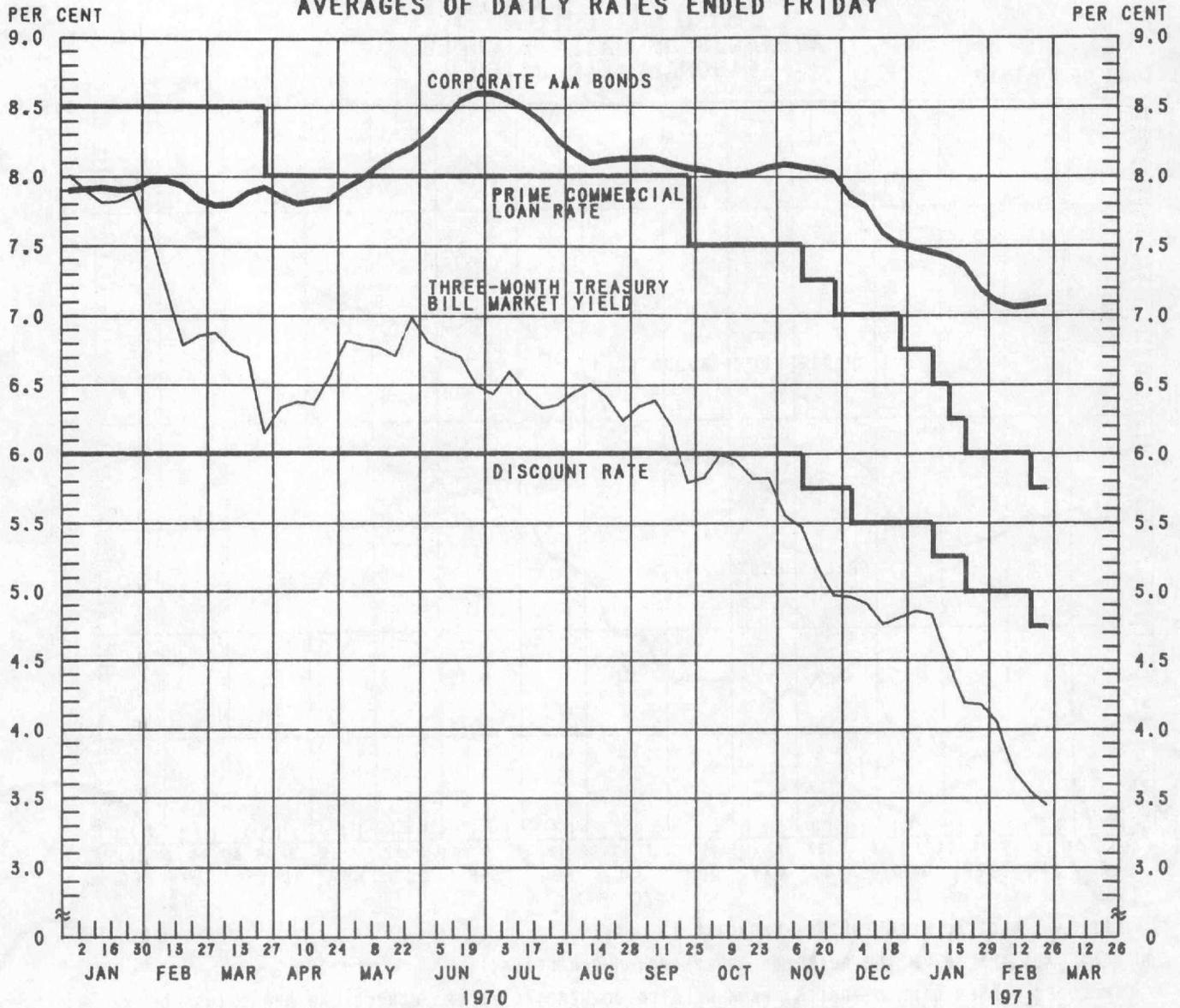
1971	Billions	
	Credit Proxy	Credit Proxy Adjusted
Jan. 13	322.0	332.5
20	323.5	334.0
27	325.3	335.3
Feb. 3	326.8	335.6
10	328.0	337.1
17	328.6	337.3

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

	Credit Proxy	Credit Proxy Adjusted
Dec. 16, 1970	18.7	12.9
Nov. 18, 1970	18.7	12.9
Oct. 14, 1970	17.6	11.1
Sept. 16, 1970	15.9	8.6
Aug. 19, 1970	17.5	10.2
July 15, 1970	20.3	12.9
June 17, 1970	19.2	12.3

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: FEBRUARY 26, 1971

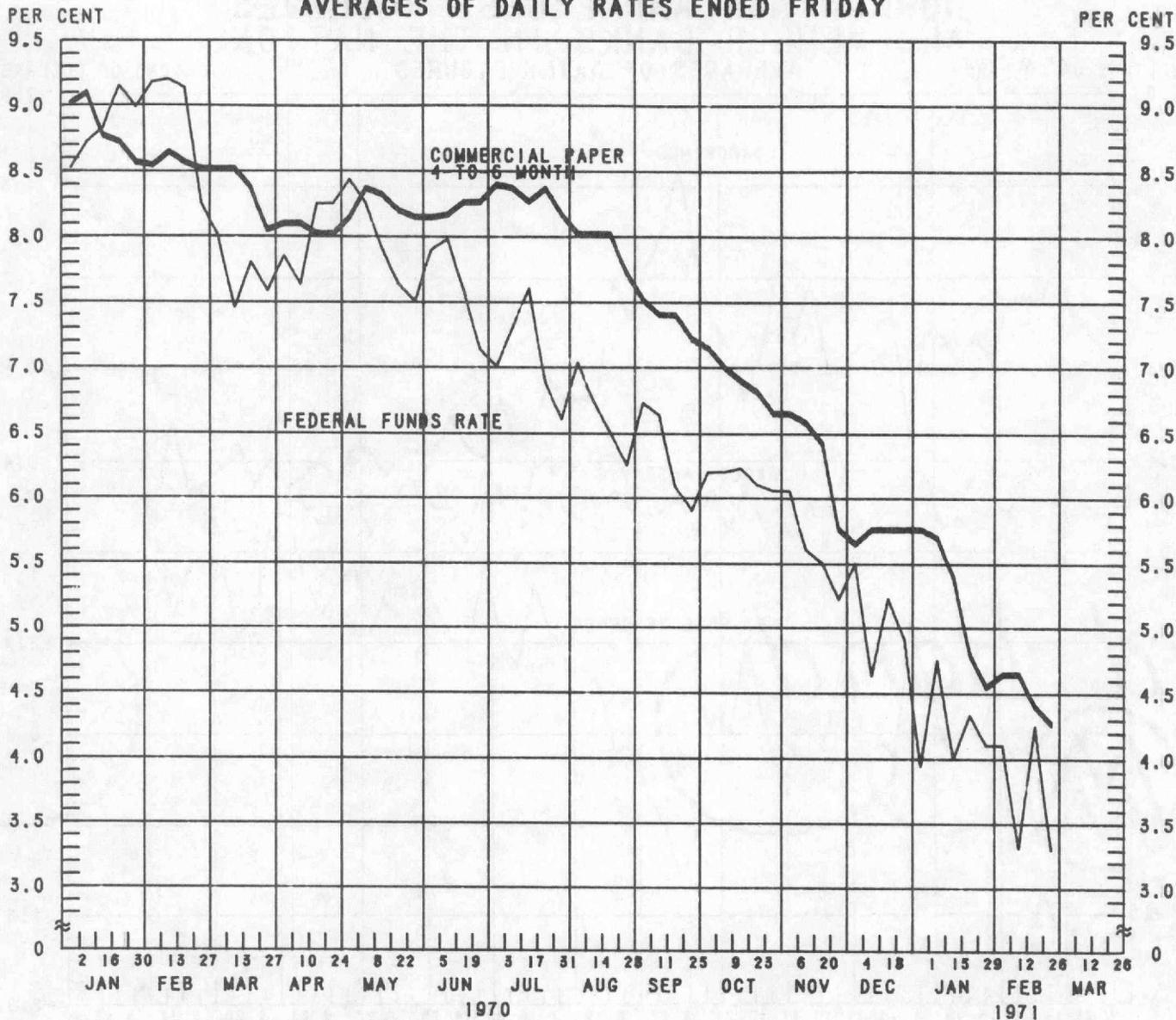
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
JAN. 1	7.48	4.87	5.94	6.16
8	7.45	4.84	5.99	6.09
15	7.42	4.51	5.78	5.96
22	7.36	4.20	5.58	5.83
29	7.19	4.19	5.54	5.78
FEB. 5	7.10	4.06	5.49	5.80
12	7.06	3.71	5.33	5.78
19	7.07	3.56	5.24	5.83
26*	7.09	3.46	5.18	5.90
MAR. 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



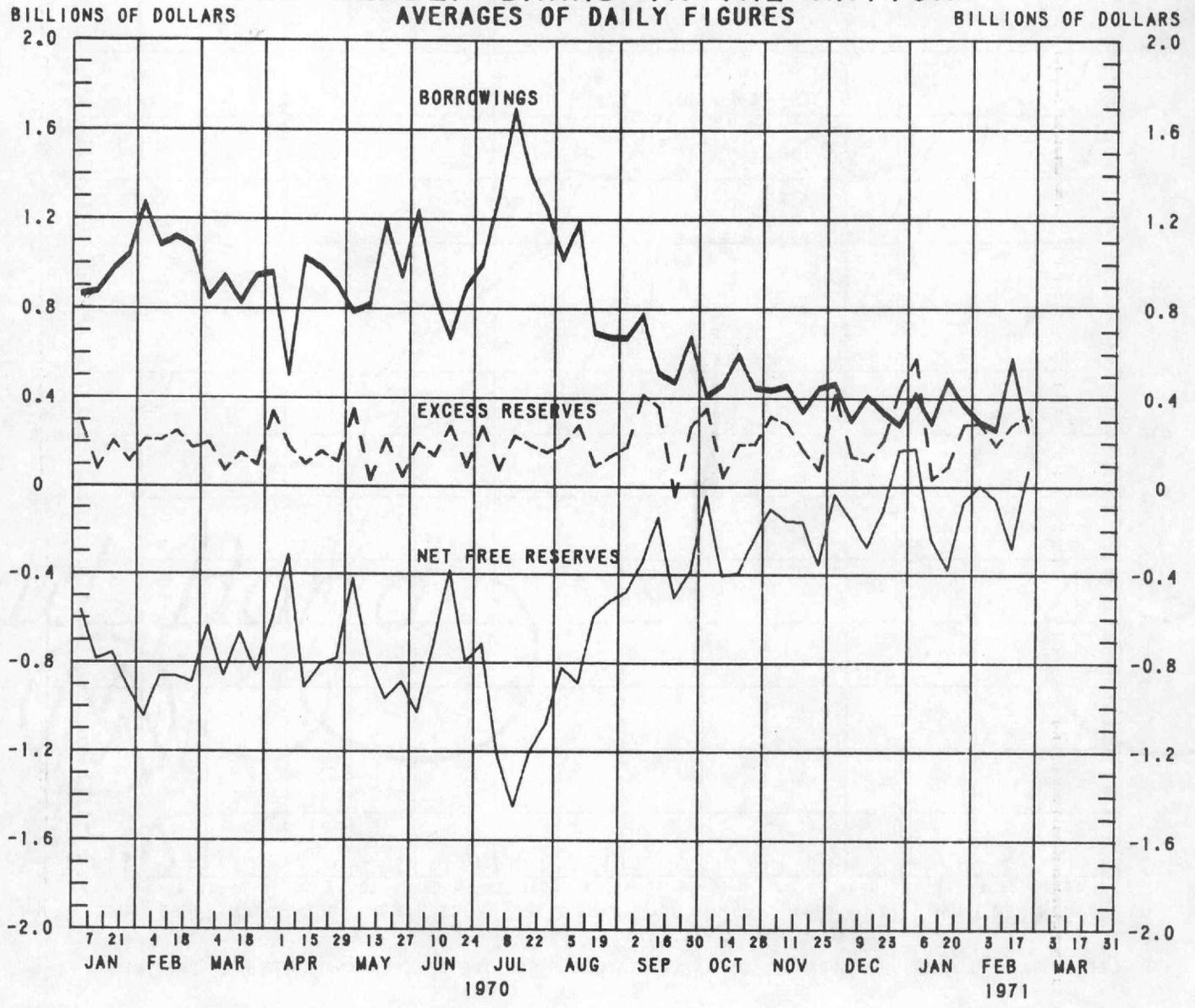
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: FEBRUARY 26, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S
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	4.78	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	4.25	4.03	4.42
26*	4.25	3.30	3.92	4.21
MAR. 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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS AND EXCESS RESERVES ALL MEMBER BANKS IN THE NATION



1971	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
JAN. 6	576	407	169
13	32	277	- 245
20	92	472	- 380
27	282	354	- 72
FEB. 3	286	283	3
10	183	248	- 65
17	279	564	- 285
24	322	249	73
MAR. 3			
10			
17			
24			
31			

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