

RESEARCH LIBRARY

Federal Reserve Bank
of St. Louis

Week ending: March 17, 1971

AUG 27 1998

Growth of the money stock has accelerated recently, increasing at a 7.5 per cent annual rate in the past four months (page 5). This rapid increase occurred mainly in the months of December and February, when money increased at rates of 6.4 and 15.5 per cent, respectively. Money has grown at a 6.5 per cent annual rate since February 1970, compared with a 3 per cent rate in the previous thirteen months, and a 3.1 per cent trend rate from 1957 to 1968.

The monetary base has increased at a 9.6 per cent annual rate in the past four months, compared with a trend rate of 3.7 per cent from 1957 to 1969 (page 2). Federal Reserve credit, the main source of the base, has risen at a 13.3 per cent rate in the past four months. By comparison, this measure increased at a 7.9 per cent trend rate from 1957 to 1969.

In the past four months System holdings of securities, the largest component of Federal Reserve credit, have increased about \$3 billion. Over this period, the System has purchased about \$1.3 billion of longer-term U.S. Government securities (maturing in more than one year), while the remaining purchases have consisted of securities under one year maturity. Since January 1971, System purchases of longer-term securities have been more pronounced, compared with short-term securities, as holdings of coupon securities have increased over \$600 million, while holdings of securities under one year maturity have declined slightly on balance. The purchase of longer-term securities tends to put downward pressure on longer-term interest rates, while relatively less downward pressure is placed on short-term interest rates.

Three-month Treasury bill rates averaged 3.39 per cent in the three days ending March 17, up from the previous week for the first time in two and one-half months, but still down about 1-1/2 percentage points since early January 1971 (see pages 10 and 11). Yields on three- to five-year Government securities averaged 4.62 per cent in the first half of this week, down about 1-1/3 percentage points since January 1971. The rapid decline of this rate was especially affected by Federal Reserve purchases of longer-term securities. Long-term Government bond rates averaged 5.68 per cent in the first half of this week, down about 25 basis points from two weeks earlier, while most other long-term rates have risen recently.

Total bank loans and investments have increased at about a 10 per cent annual rate since February 1970, compared with a 2.4 per cent rate in the previous fourteen months. Total loans have increased at only a 5.5 per cent rate since February, compared with a 7 per cent rate in the previous fourteen months and at a trend rate of 9.2 per cent from 1957 to 1968. Total investments, however, have increased at a rapid 22 per cent rate since February 1970, and at an even more rapid 31 per cent rate in the past three months. In contrast, bank investments declined at about a 7 per cent rate from December 1968 to February 1970. This rapid growth of investments is partly because of a desire by banks to replenish their marketable securities after the depletion in 1969 and partly because of the weak demand for loans relative to the large supply of funds obtained through monetary expansion and rapid growth of time deposits.

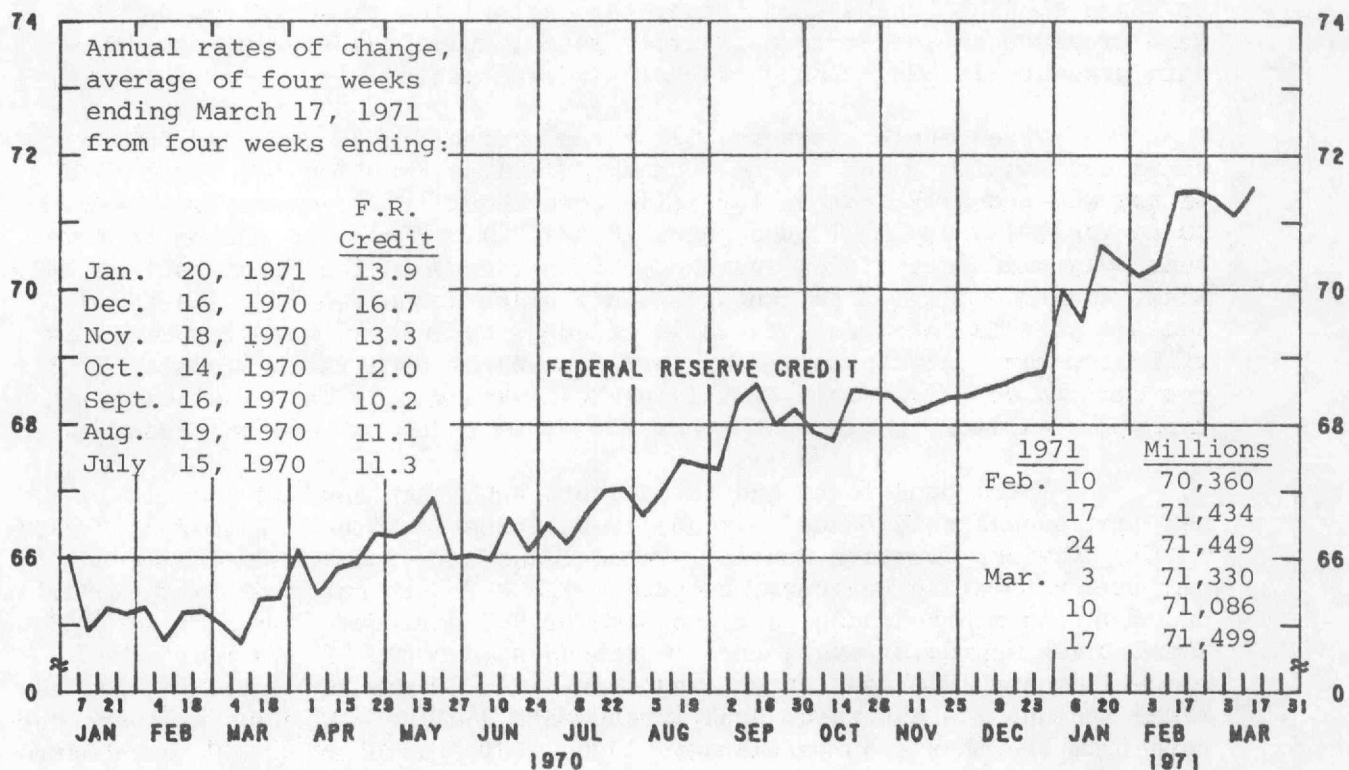
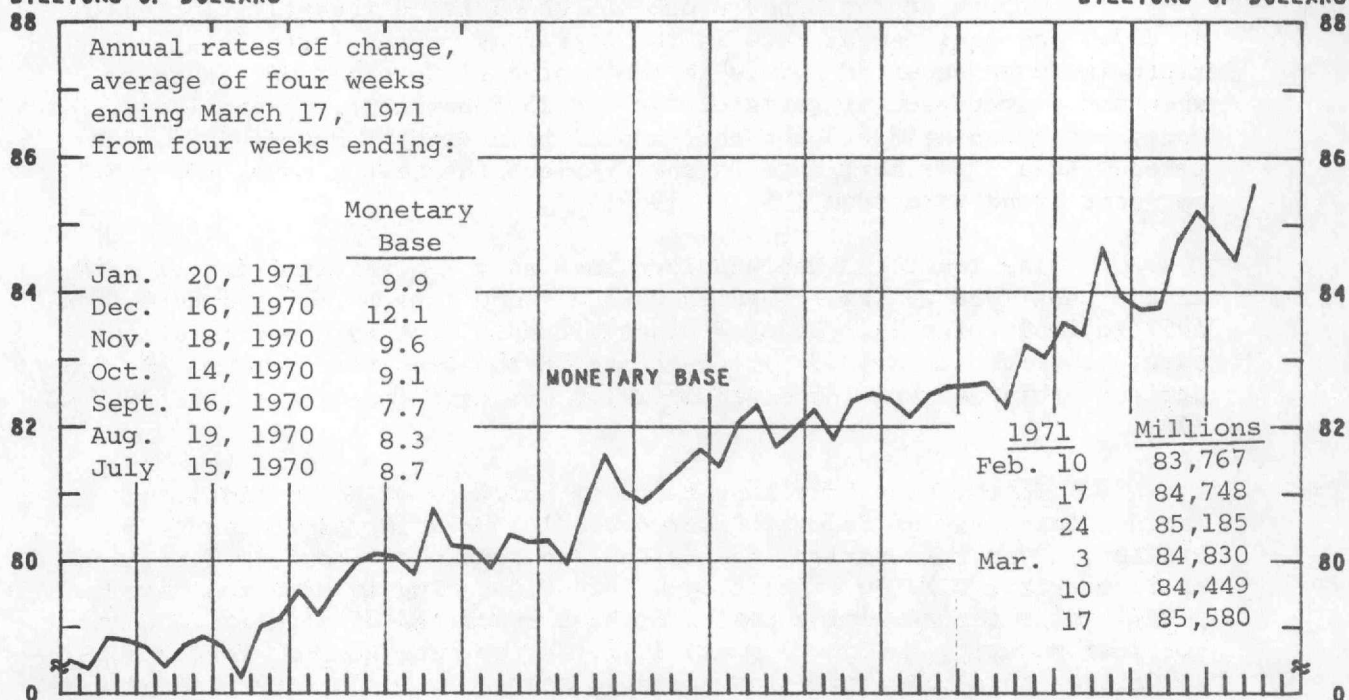
Prepared by Federal Reserve Bank of St. Louis

Released: March 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: MARCH 17, 1971

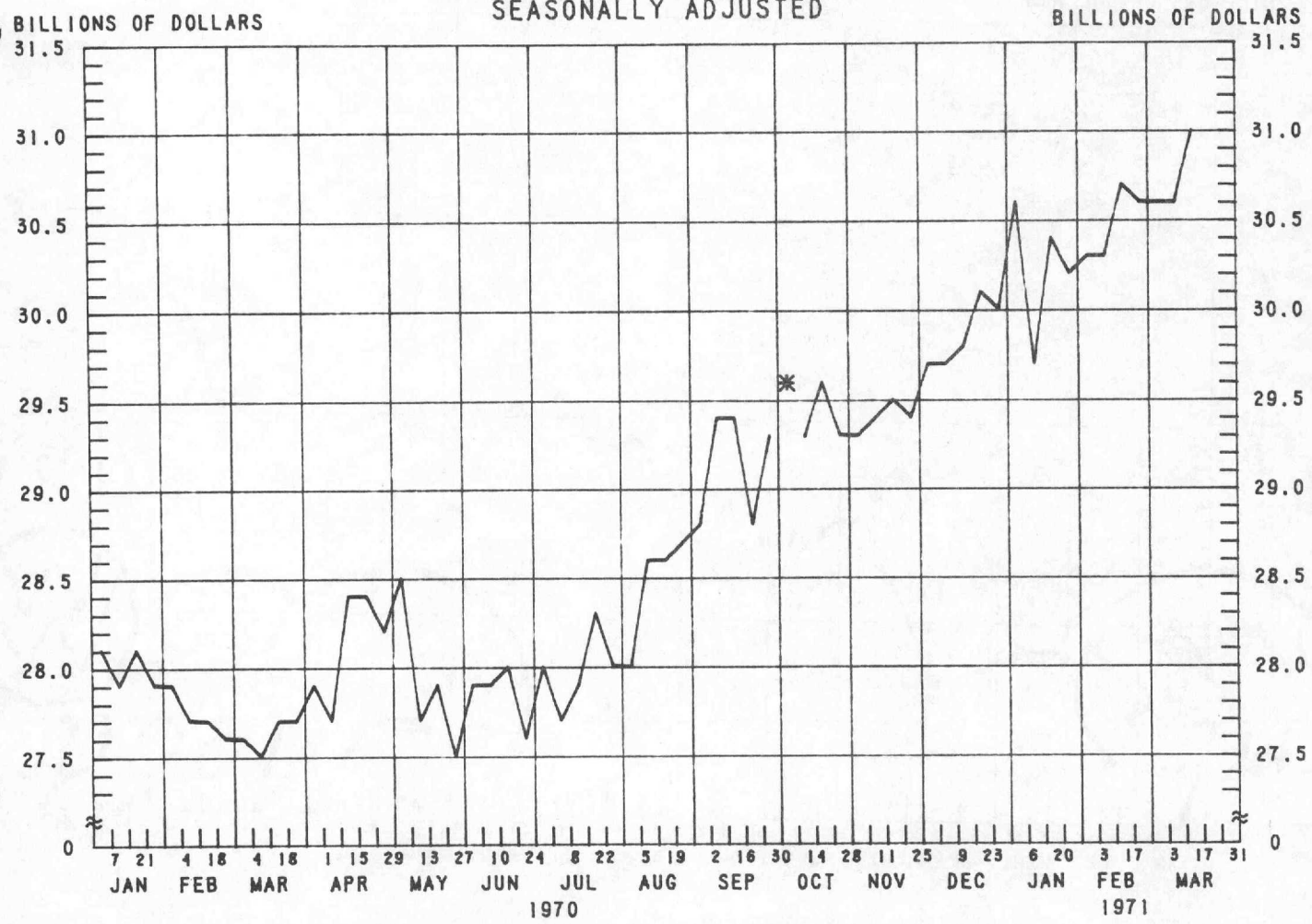
1/ USES OF MONETARY BASE ARE MEMBER BANK RESERVES AND CURRENCY HELD BY THE PUBLIC AND NONMEMBER BANKS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. FOR A DESCRIPTION OF THE BASE SEE THE AUGUST 1968 "REVIEW" OF THIS BANK.

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: MARCH 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>
Feb. 10	30.3
17	30.7
24	30.6
Mar. 3	30.6
10	30.6
17	31.0

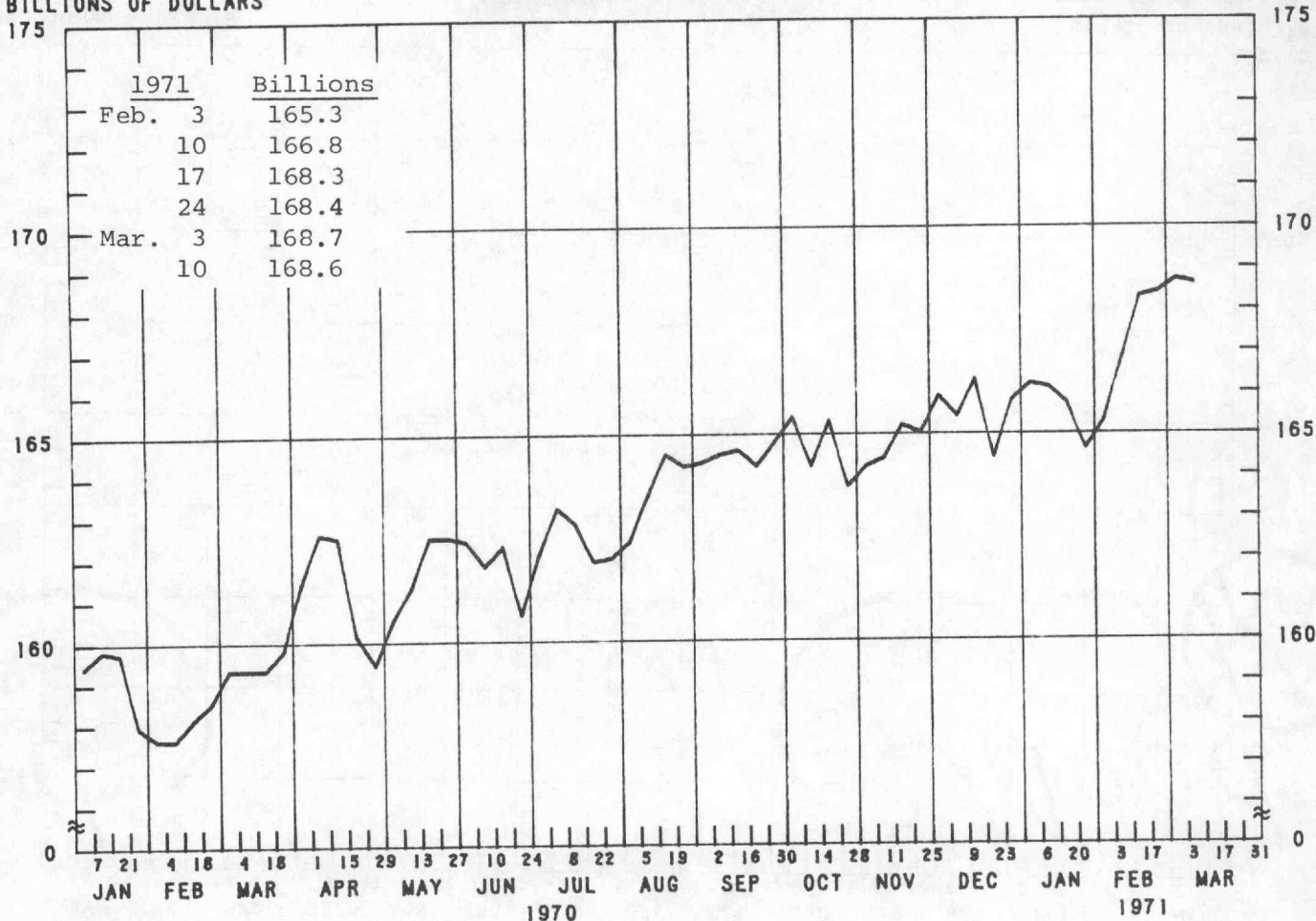
Annual rates of change, average of four weeks ending March 17, 1971 from four weeks ending:	
Jan. 20, 1971	9.9
Dec. 16, 1970	13.5
Nov. 18, 1970	13.3
Oct. 14, 1970	11.5
Sept. 16, 1970	11.0
Aug. 19, 1970	14.5
July 15, 1970	15.6

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MARCH 10, 1971

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

Annual rates of change, average of four weeks ending:
6/10/70 7/8/70 8/12/70 9/9/70 10/7/70 11/11/70 12/9/70 1/13/71

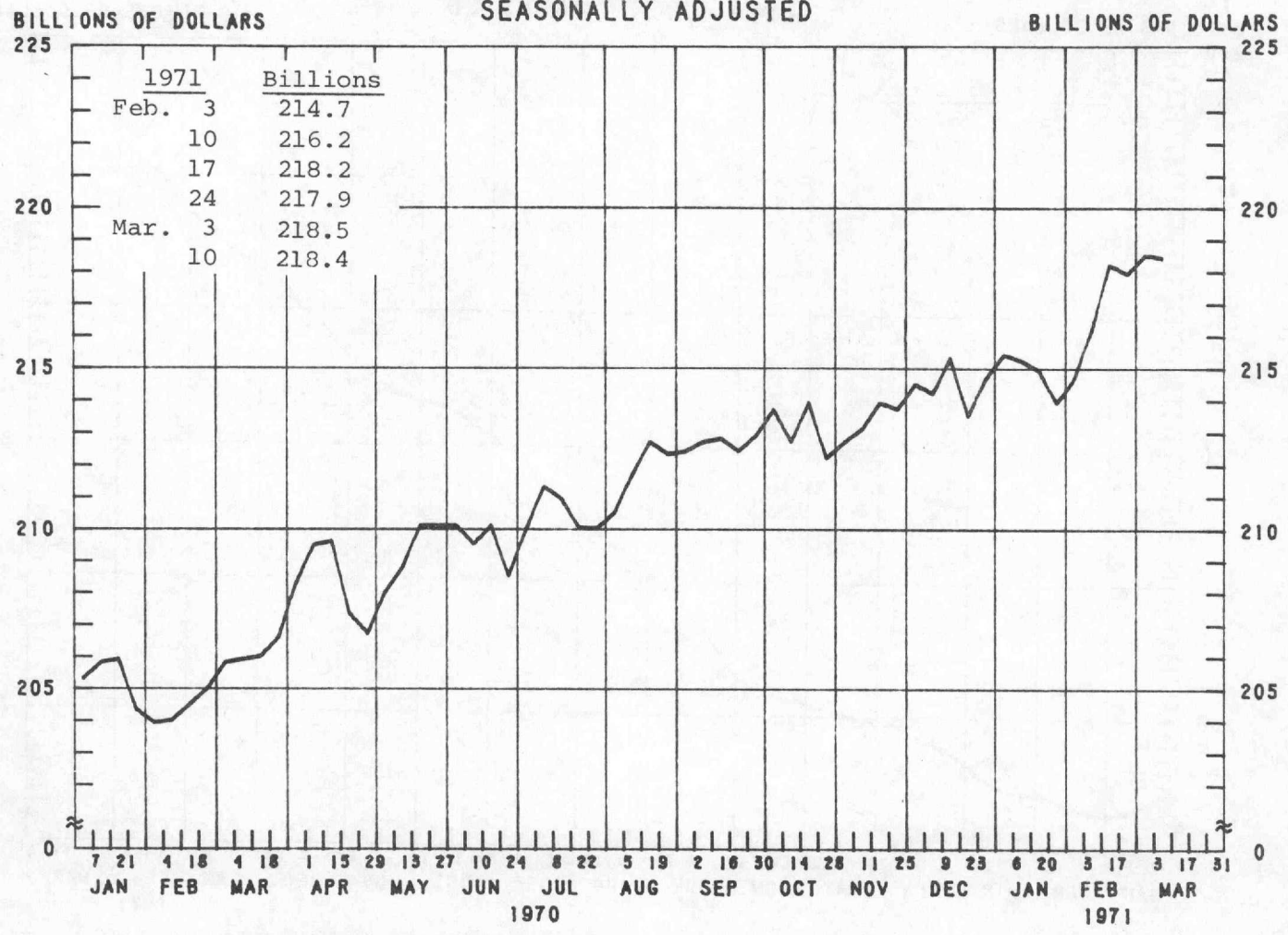
to average
of four
weeks ending:

8/12/70	0.7								
9/ 9/70	5.2	8.5							
10/ 7/70	4.6	6.7	8.5						
11/11/70	3.1	4.3	4.7	-0-					
12/ 9/70	3.8	4.9	5.4	2.4	2.2				
1/13/71	3.5	4.3	4.6	2.2	1.9	4.4			
2/10/71	3.0	3.7	3.8	1.8	1.5	2.9	0.7		
3/10/71	5.1	5.9	6.3	5.0	5.4	7.5	7.5	10.5	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



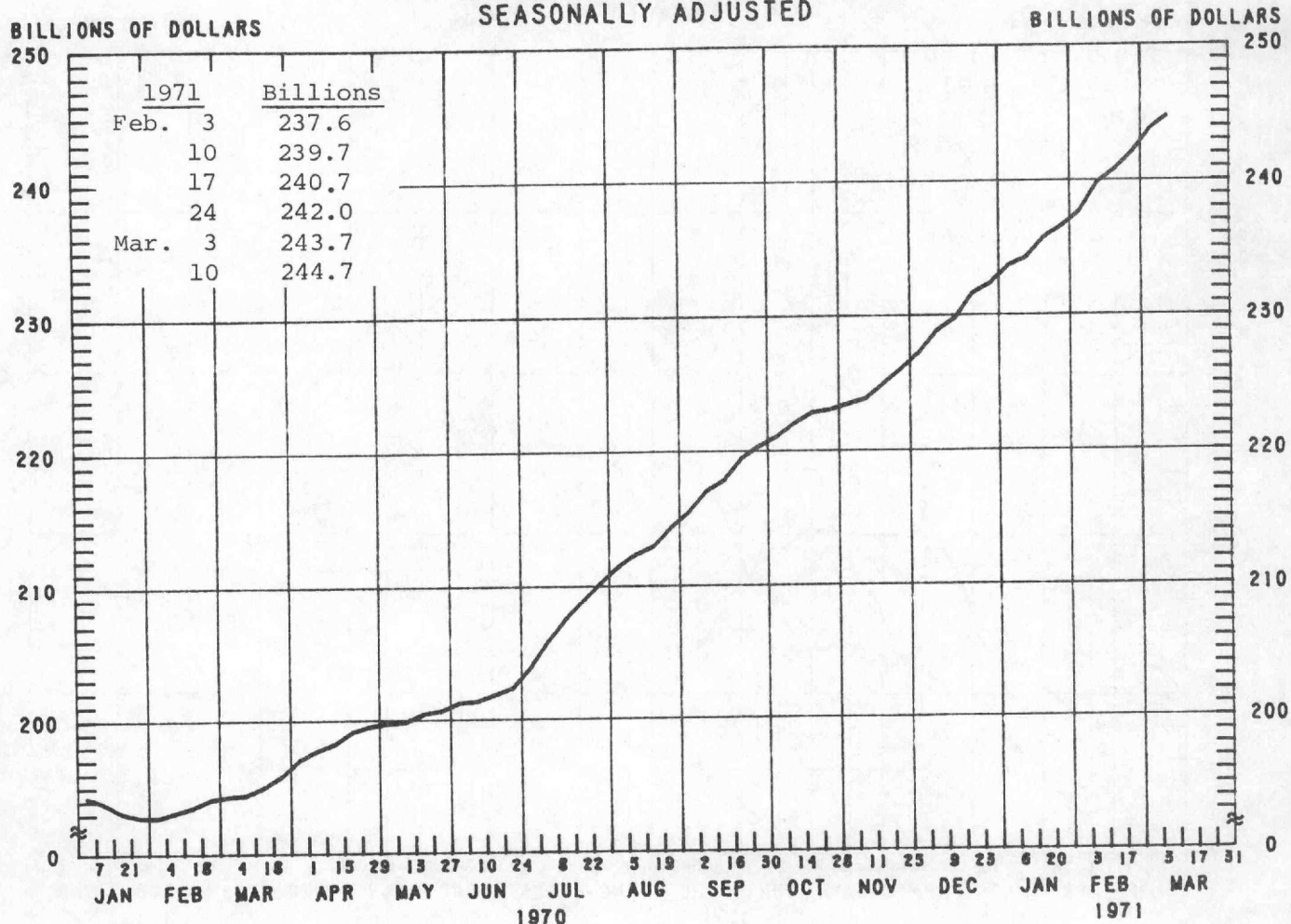
LATEST DATA PLOTTED WEEK ENDING: MARCH 10, 1971
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:
 12/31/69 2/25/70 8/12/70 9/9/70 10/7/70 11/11/70 12/9/70 1/13/71

to average
 of four
 weeks ending:

8/12/70	5.7	6.6						
9/ 9/70	6.4	7.4						
10/ 7/70	6.1	6.8	6.8					
11/11/70	5.4	5.9	4.6	1.4				
12/ 9/70	5.5	6.0	5.0	3.0	3.1			
1/13/71	5.3	5.7	4.7	3.1	3.2	4.8		
2/10/71	5.0	5.3	4.1	2.7	2.7	3.6	2.2	
3/10/71	6.1	6.5	6.3	5.5	6.0	7.5	7.8	10.1

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MARCH 10, 1971

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

Annual rates of change, average of four weeks ending:
6/10/70 7/8/70 8/12/70 9/9/70 10/7/70 11/11/70 12/9/70 1/13/71

to average
of four
weeks ending:

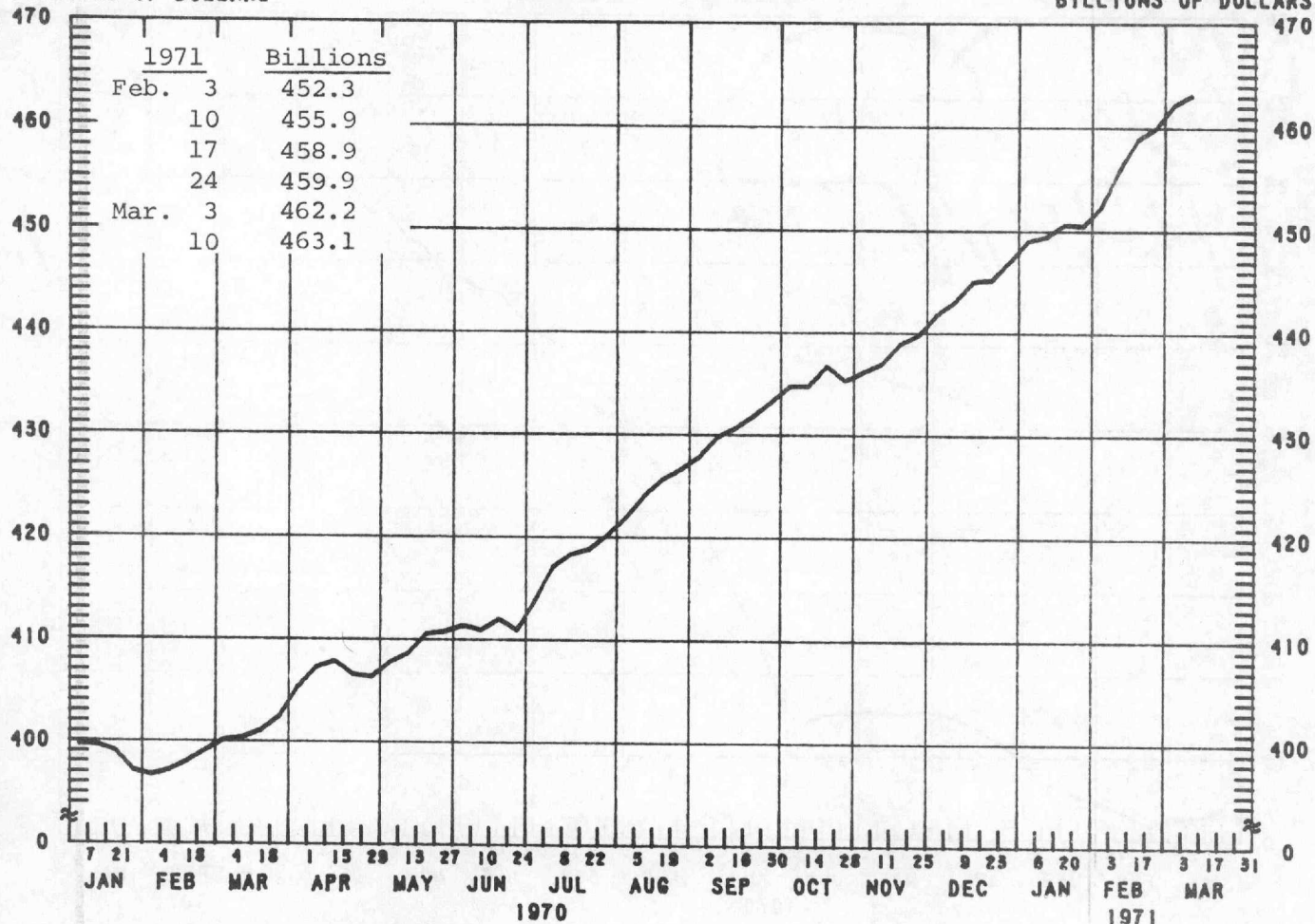
8/12/70	29.3							
9/ 9/70	27.9	33.9						
10/ 7/70	27.9	31.9	25.3					
11/11/70	26.8	29.4	23.9	23.5				
12/ 9/70	25.7	27.5	22.8	22.0	19.4			
1/13/71	27.3	29.0	25.3	25.1	24.2	25.8		
2/10/71	27.3	28.7	25.3	25.1	24.3	25.3	28.3	
3/10/71	27.8	29.1	26.1	26.0	25.4	26.2	28.4	25.5

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MARCH 10, 1971

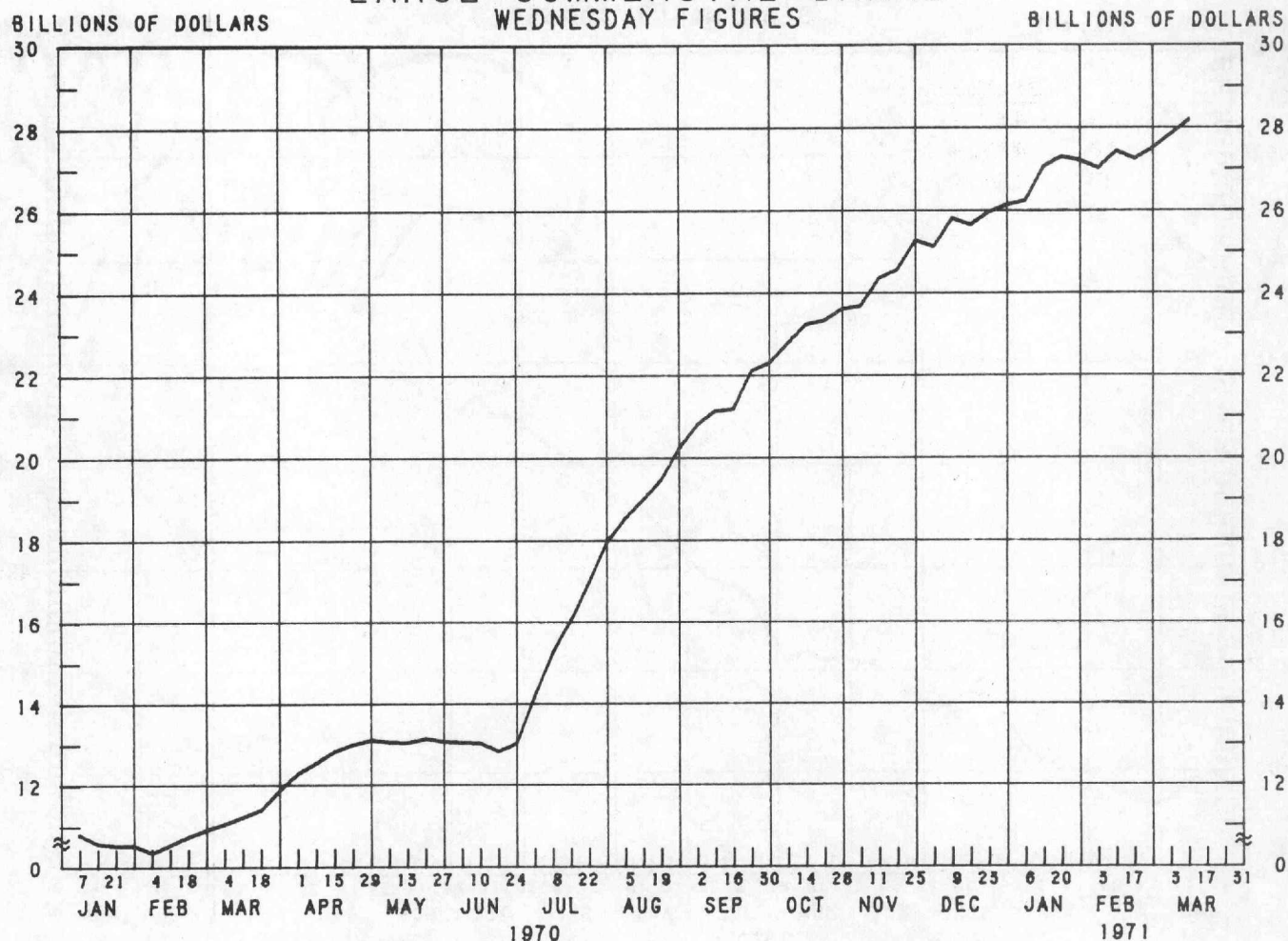
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

Annual rates of change, average of four weeks ending:
6/10/70 7/8/70 8/12/70 9/9/70 10/7/70 11/11/70 12/9/70 1/13/71

to average
of four
weeks ending:

8/12/70	15.2							
9/ 9/70	16.2	20.3						
10/ 7/70	15.9	18.6	16.2					
11/11/70	14.8	16.5	14.2	12.4				
12/ 9/70	14.6	15.9	14.0	12.5	11.4			
1/13/71	15.4	16.5	15.0	14.2	13.9	15.7		
2/10/71	15.2	16.1	14.8	14.0	13.7	14.8	15.7	
3/10/71	16.3	17.3	16.2	15.7	15.8	17.1	18.3	18.0

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS WEDNESDAY FIGURES



LATEST DATA PLOTTED WEEK ENDING: MARCH 10, 1971

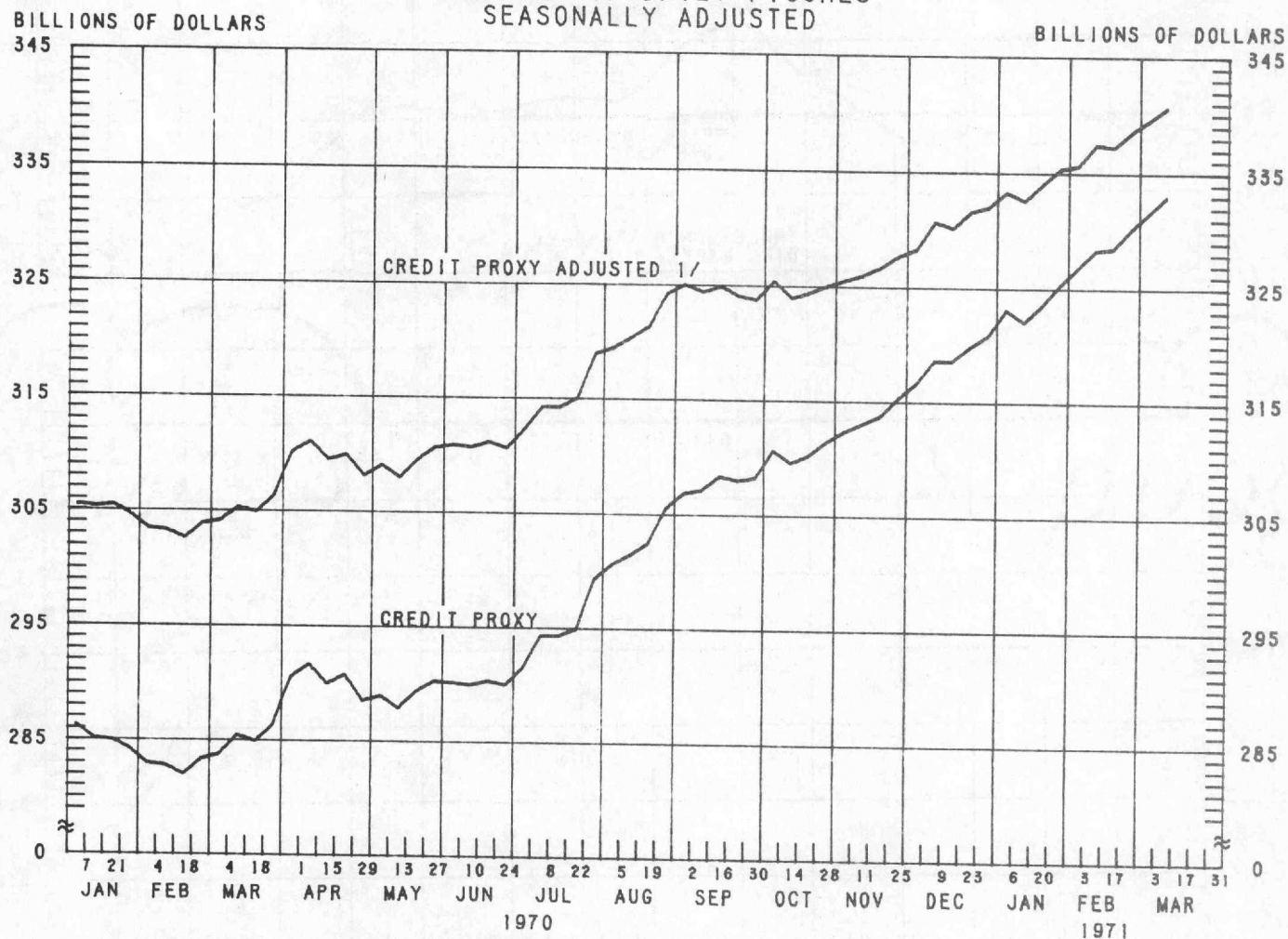
CURRENT AND YEAR AGO DATA APPEAR IN THE BOARD OF GOVERNORS' H.4.2 RELEASE.

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

	<u>1971</u>	<u>Millions</u>
Feb.	3	26,999
	10	27,419
	17	27,225
	24	27,489
Mar.	3	27,824
	10	28,167

MEMBER BANK DEPOSITS SUBJECT TO RESERVE REQUIREMENTS (CREDIT PROXY)

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MARCH 10, 1971

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

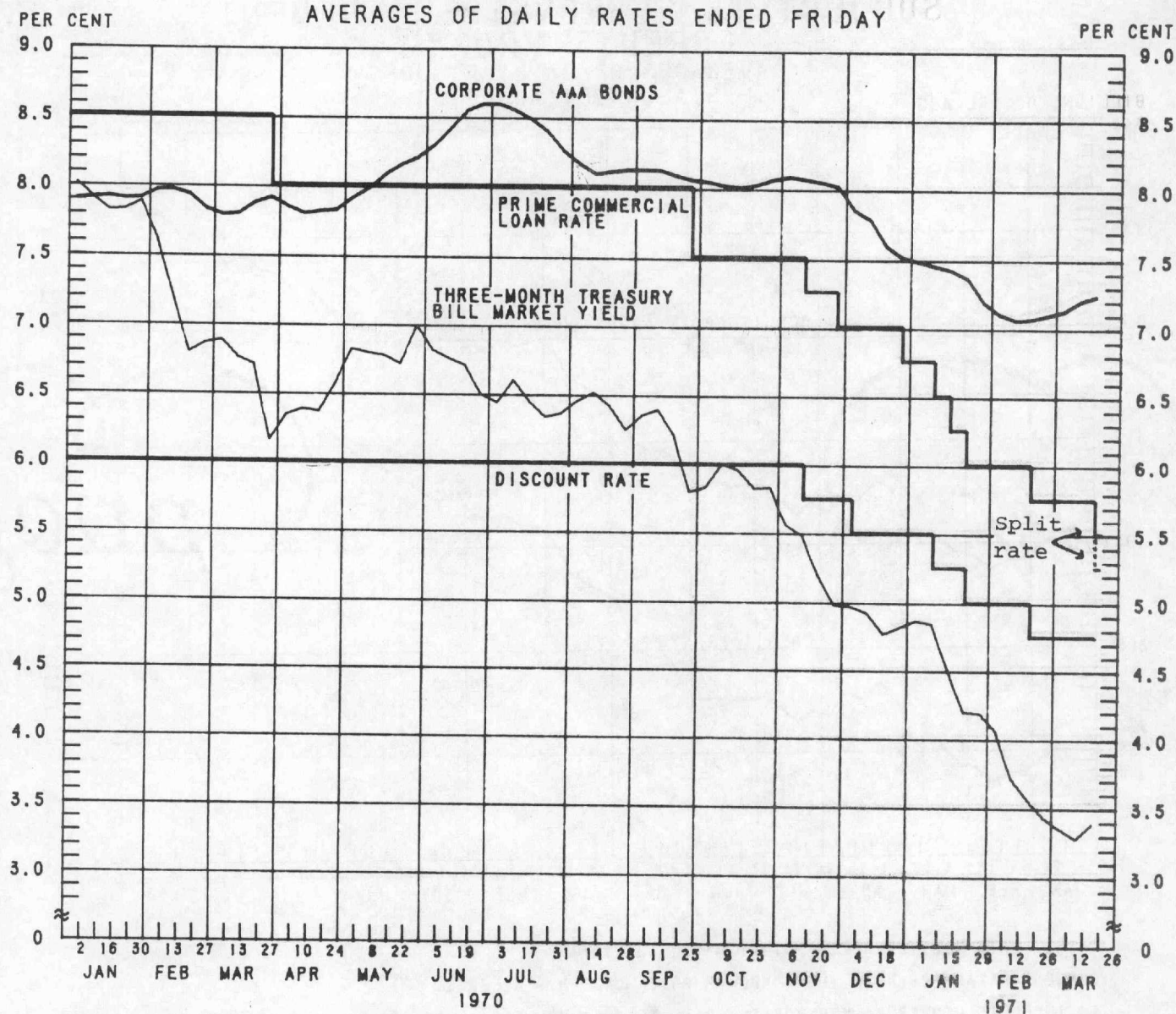
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971	Billions	
	Credit Proxy	Credit Proxy Adjusted
Feb. 3	326.8	335.6
10	328.3	337.4
17	328.5	337.2
24	330.2	338.5
Mar. 3	331.6	339.5
10	333.0	340.6

Annual rates of change, average of four weeks ending March 10, 1971 from four weeks ending:			
		Credit Proxy	Credit Proxy Adjusted
Jan. 13, 1971		17.6	11.9
Dec. 9, 1970		18.6	12.9
Nov. 11, 1970		18.4	12.7
Oct. 7, 1970		17.1	10.7
Sept. 9, 1970		16.6	9.5
Aug. 12, 1970		18.2	11.1
July 8, 1970		20.2	13.0

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



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

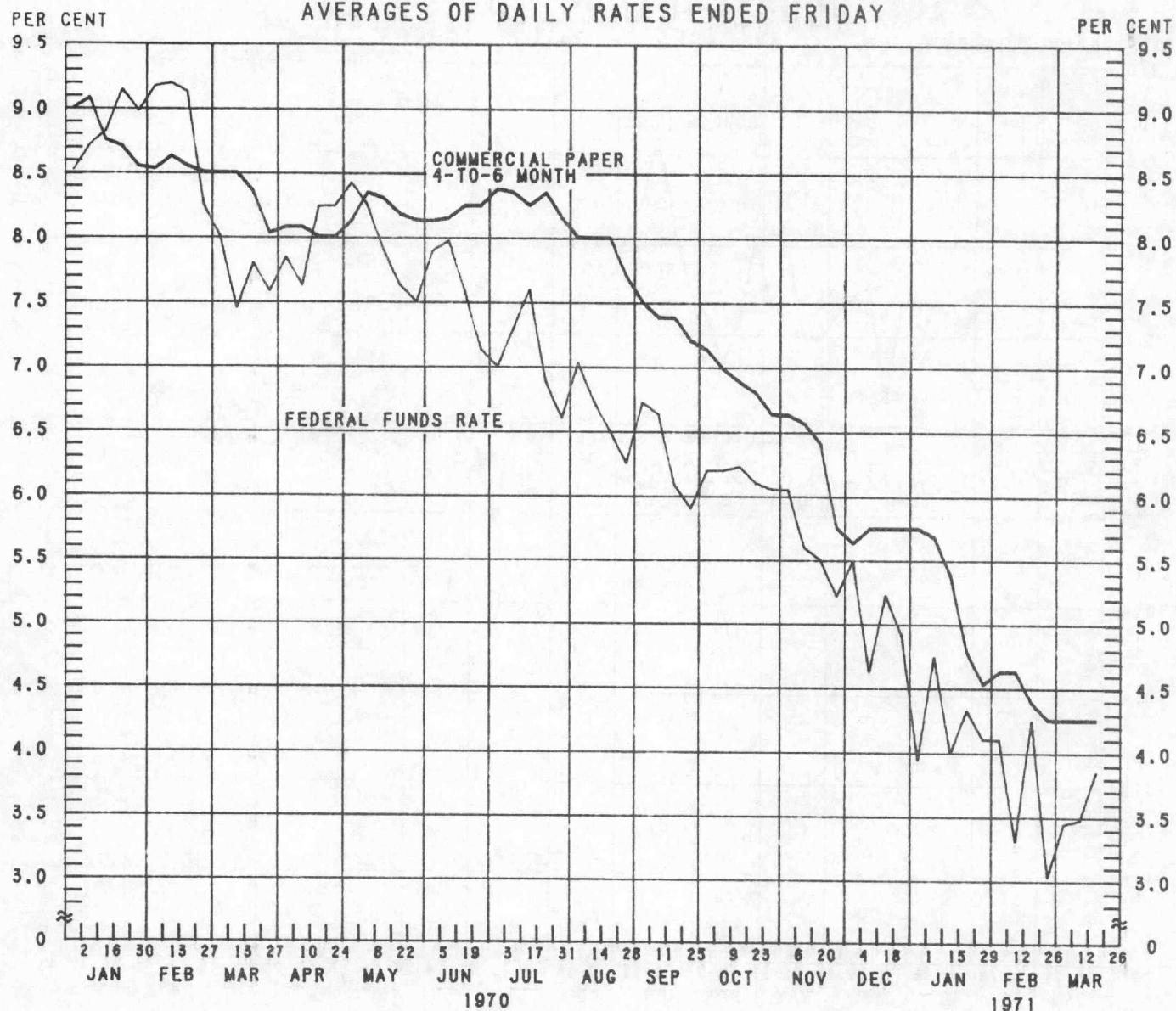
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
JAN. 1	7.48	4.87	5.94	6.16
8	7.45	4.84	5.99	6.09
15	7.42	4.51	5.78	5.96
22	7.36	4.20	5.58	5.83
29	7.19	4.19	5.54	5.78
FEB. 5	7.10	4.06	5.49	5.80
12	7.06	3.71	5.33	5.78
19	7.07	3.56	5.24	5.83
26	7.10	3.43	5.15	5.92
MAR. 5	7.13	3.35	5.07	5.94
12	7.20	3.28	4.75	5.77
19*	7.24	3.39	4.62	5.68
26				

* AVERAGES OF RATES AVAILABLE.

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SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



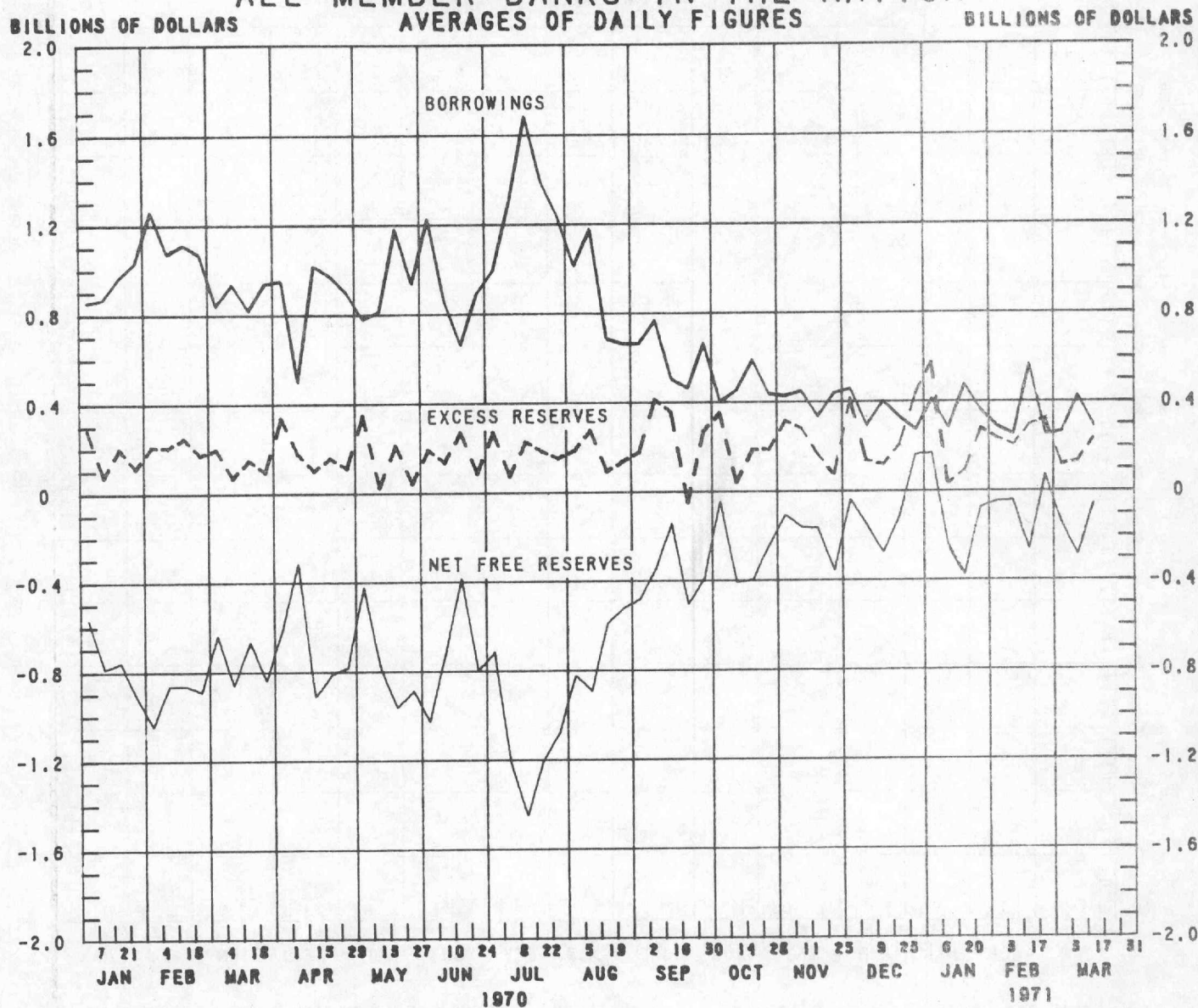
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MARCH 19, 1971

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	3.51	4.13	4.55
19	4.38	4.25	4.03	4.42
26	4.25	3.03	3.85	4.21
MAR. 5	4.25	3.45	3.75	4.04
12	4.25	3.48	3.70	3.88
19 ^{***}	4.25	3.85	3.79	3.81
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.

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BORROWINGS AND EXCESS RESERVES ALL MEMBER BANKS IN THE NATION



1971	EXCESS RESERVES	MILLIONS BORROWINGS	FREE RESERVES
JAN. 6	576	407	169
13	32	277	- 245
20	92	472	- 380
27	282	354	- 72
FEB. 3	237	283	- 46
10	205	247	- 42
17	297	561	- 264
24	322	249	- 73
MAR. 3	114	260	- 146
10	130	421	- 291
17	234	290	- 56
24			
31			

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