

RESEARCH LIBRARY
Federal Reserve Bank
of St. Louis

Week ending: May 5, 1971

AUG 27 1998

The money supply has increased at a 10.3 per cent annual rate over the past four months, after rising at a 6 per cent rate from February to December of 1970 and a 3 per cent rate during 1969 (page 5). The demand deposit and currency components of the money supply have risen at about the same rate in the past four months. Federal Reserve credit has risen at a 14 per cent rate and the monetary base at an 11.6 per cent rate in the past four months.

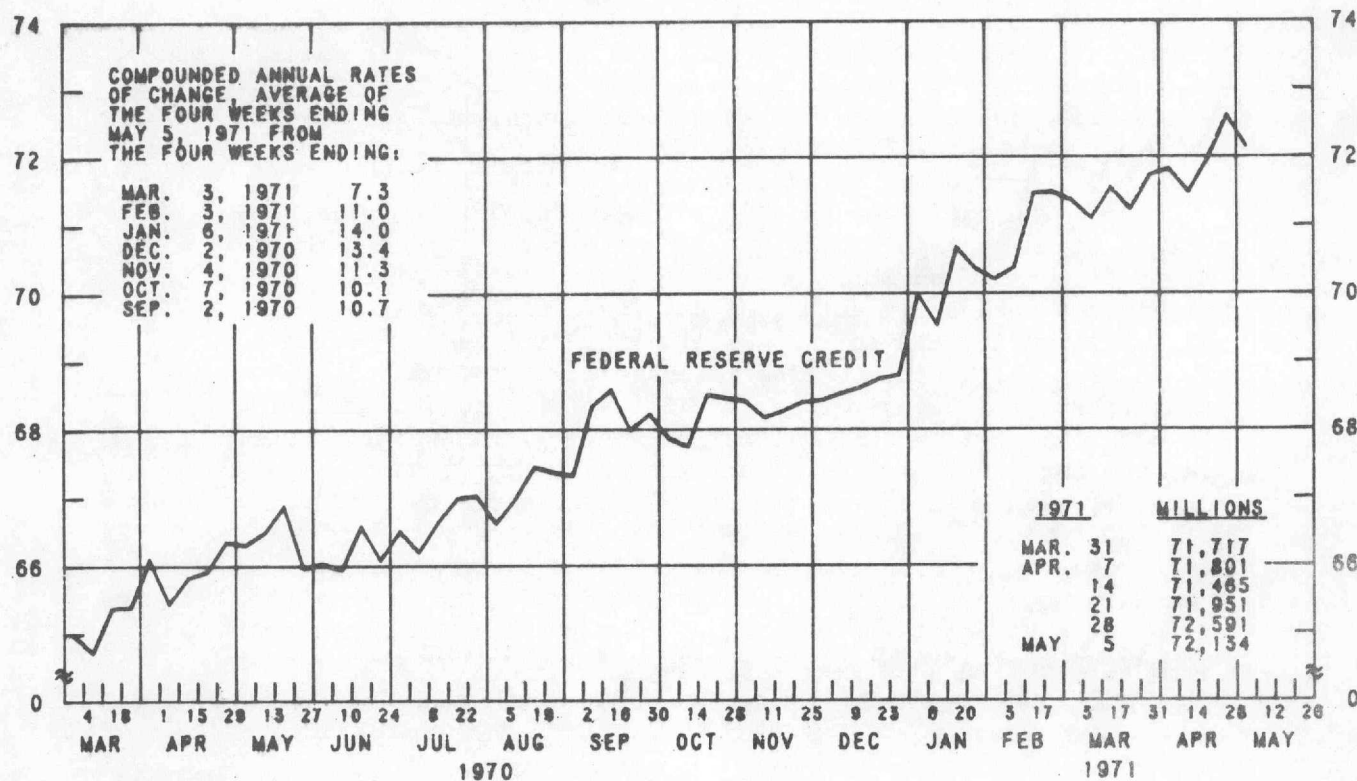
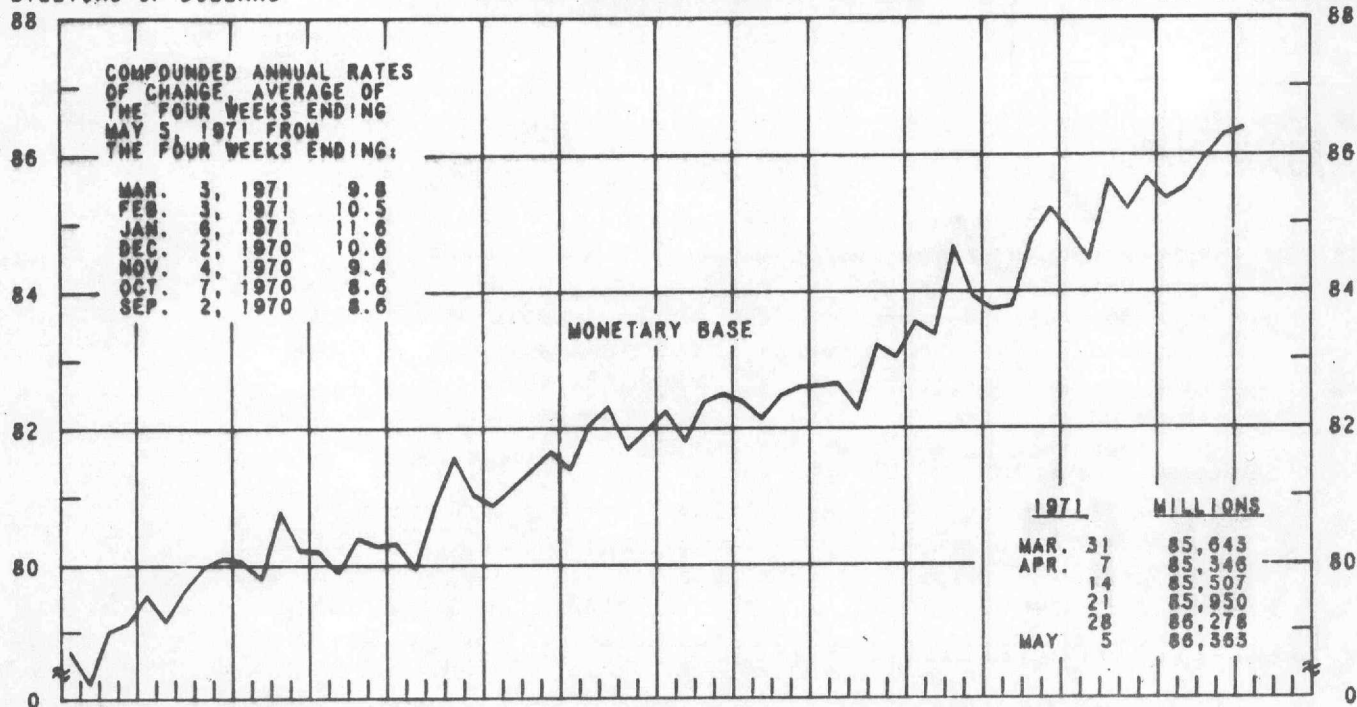
The prime commercial loan rate was increased by most banks to 5.5 per cent from 5.25 per cent on April 23, following the upturn of many short-term interest rates in late March and April (pages 10 and 11). In the week ending April 30, most short-term interest rates were unsettled, reflecting uncertainty about the U.S. Treasury's refinancing plans and instability in the foreign exchange markets of the U.S. and major European countries. The yield on Federal funds remained in a narrow range around 4.2 per cent throughout April, while three-month Treasury bill rates rose about 50 basis points from their March average to yield 3.86 per cent in the three days ending May 5. Three- to five-year U.S. Government securities rose 100 basis points from their March average to yield 5.88 per cent early this week.

The total outstanding volume of commercial paper declined to an average of \$31.8 billion in March from a peak of \$39 billion in June 1970 (page 8). Bank related commercial paper (not seasonally adjusted) declined from an average of \$7.6 billion in June to \$1.8 billion in March and accounted for almost all of the decline in outstanding commercial paper. Certificates of deposit rose from \$11 billion in January 1970 to \$28 billion in March 1971 reflecting: 1) changes in reserve requirements on bank related commercial paper; 2) suspension of interest rate ceilings on 30- to 89-day certificates of deposit of \$100,000 and over in June 1970; 3) increased marginal reserve requirements on Eurodollar borrowings of U.S. banks; and 4) eased domestic monetary conditions in 1970 and 1971, which permitted interest rates on time deposits at commercial banks to be again competitive with those offered by savings and loan associations.

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

BILLIONS OF DOLLARS

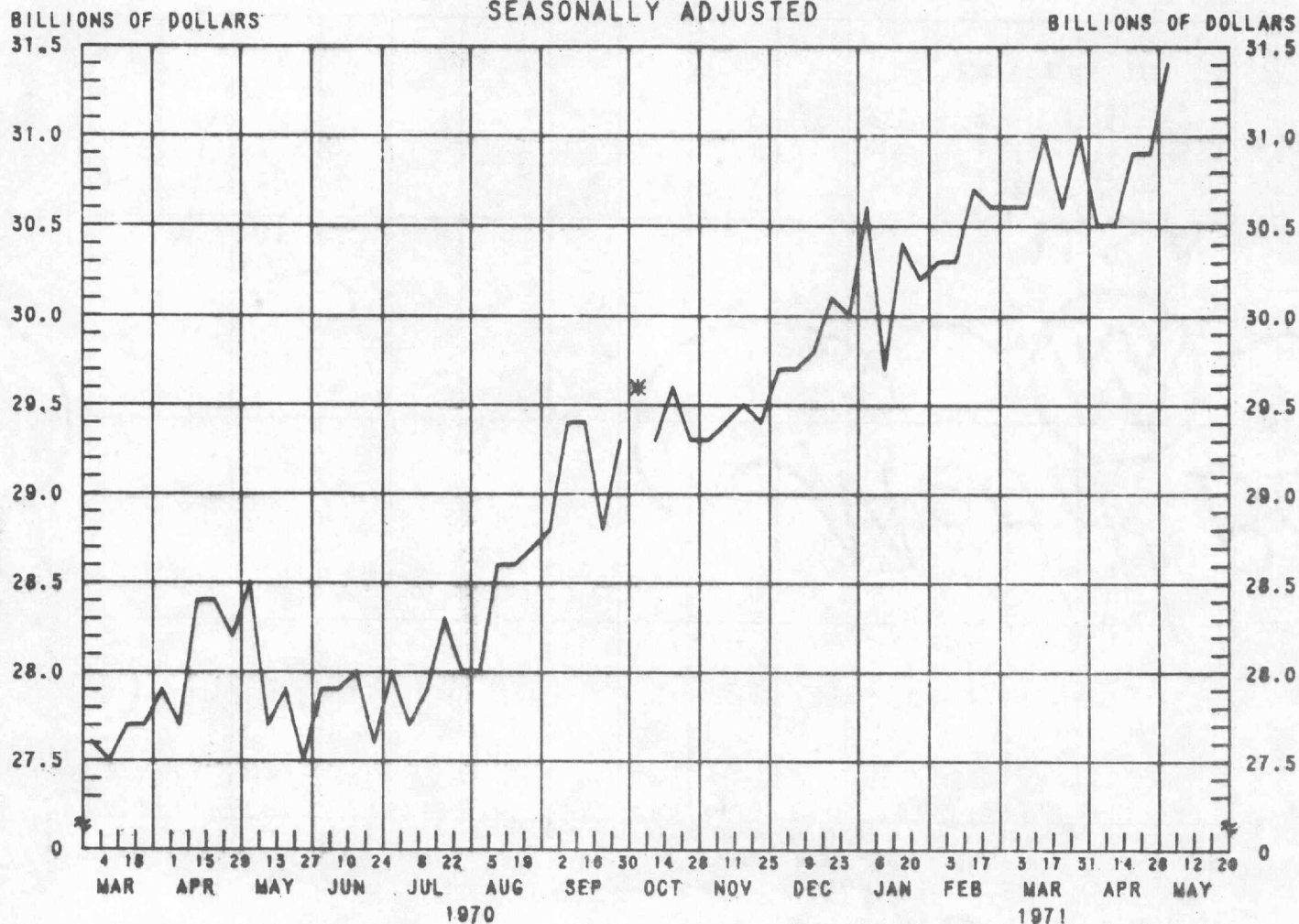
BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MAY 5, 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, MAY 5, 1971

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

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

| 1971 | | BILLIONS |
|------|----|----------|
| MAR. | 31 | 31.0 |
| APR. | 7 | 30.5 |
| | 14 | 30.5 |
| | 21 | 30.9 |
| | 28 | 30.9 |
| MAY | 5 | 31.4 |

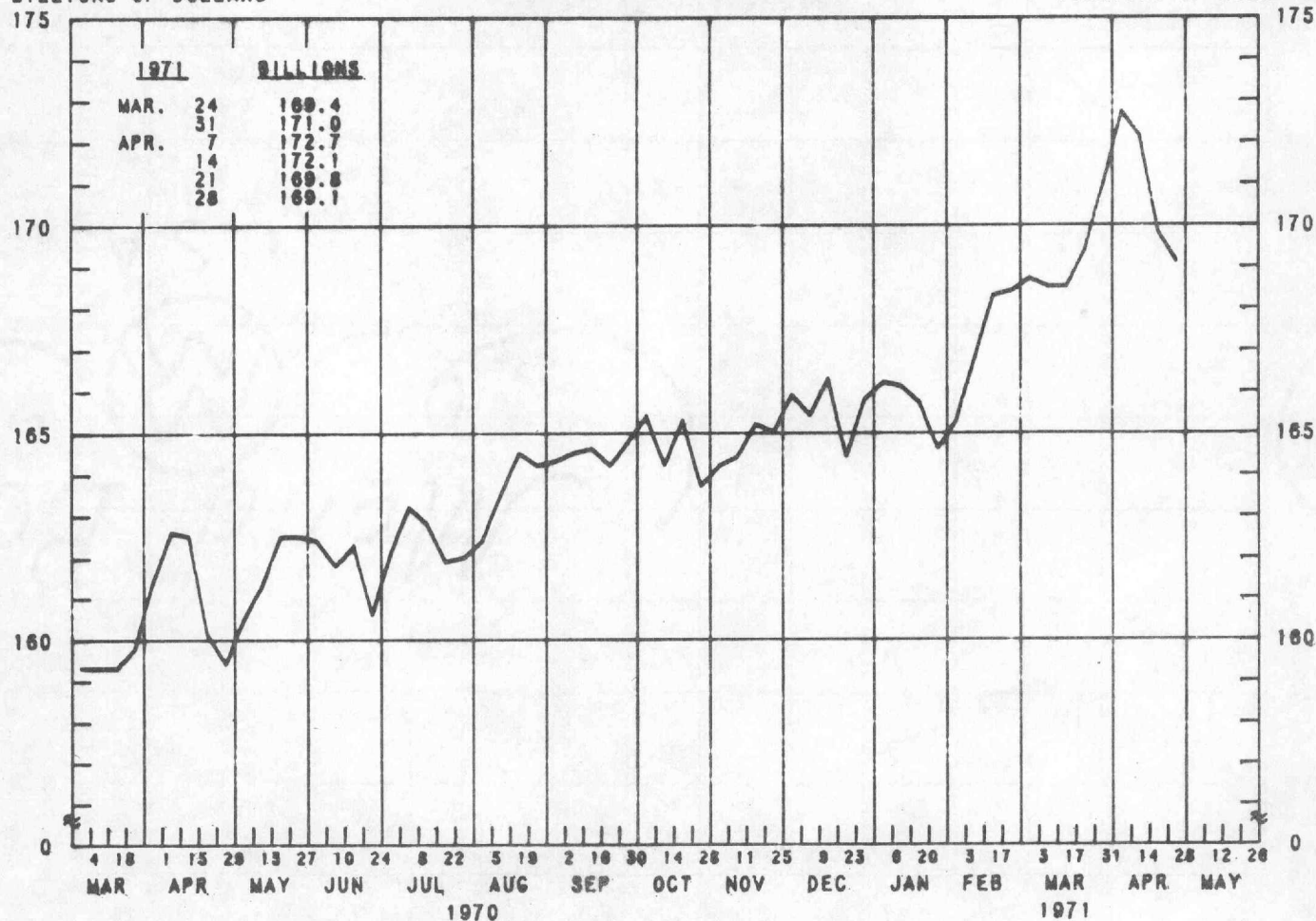
| COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING MAY 5, 1971 FROM THE FOUR WEEKS ENDING: | | |
|---|---------|------|
| MAR. | 3, 1971 | 5.8 |
| FEB. | 3, 1971 | 9.6 |
| JAN. | 6, 1971 | 8.4 |
| DEC. | 2, 1970 | 11.6 |
| NOV. | 4, 1970 | 10.5 |
| OCT. | 7, 1970 | 9.7 |
| SEP. | 2, 1970 | 11.6 |

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: APRIL 28, 1971

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

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

4/29/70 8/26/70 9/30/70 10/28/70 11/25/70 12/30/70 1/27/71 3/3/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

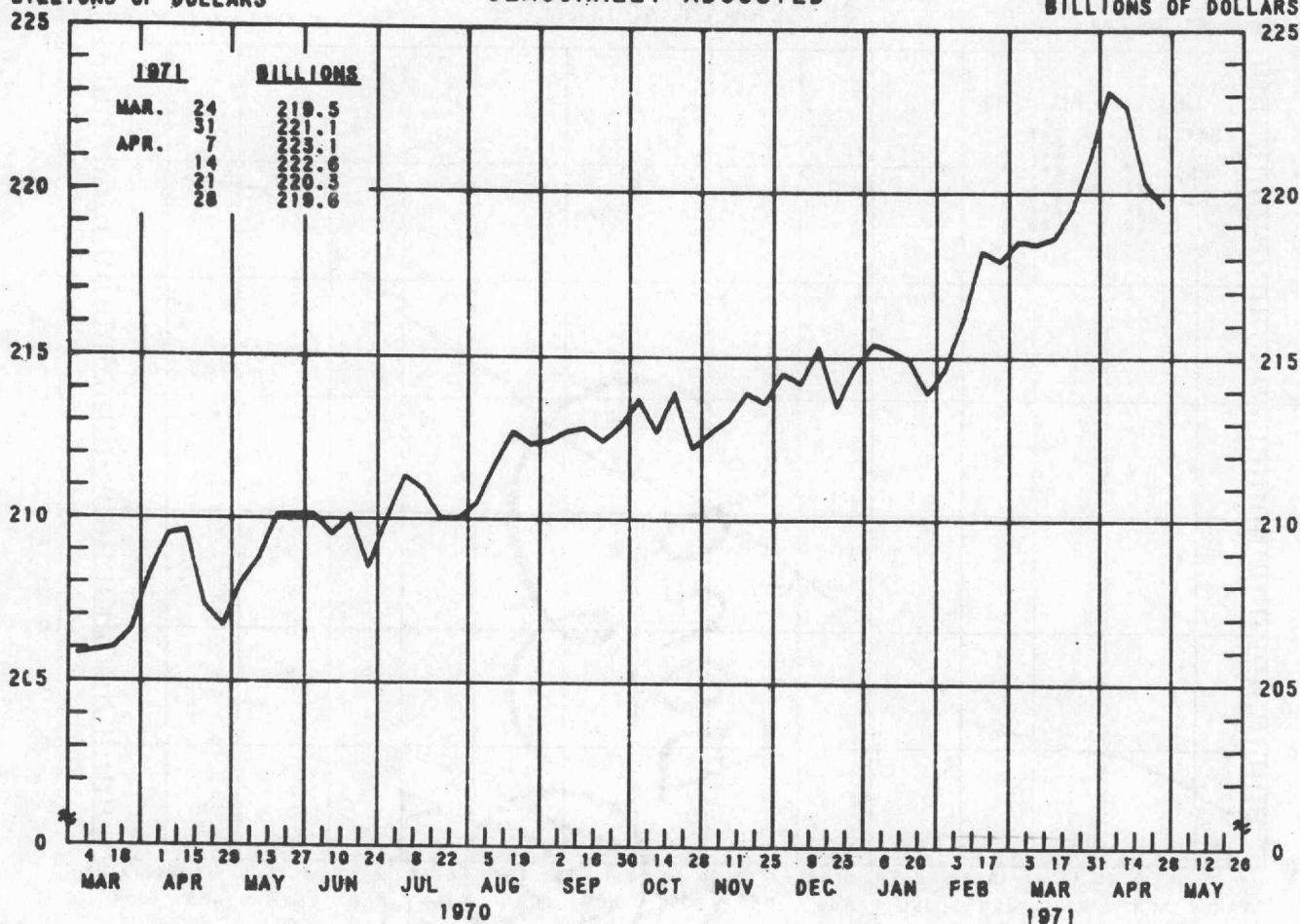
| | | | | | | | |
|----------|-----|-----|-----|-----|-----|------|------|
| 9/30/70 | 4.9 | | | | | | |
| 10/28/70 | 4.4 | 3.6 | | | | | |
| 11/25/70 | 3.8 | 2.5 | 0.8 | | | | |
| 12/30/70 | 4.0 | 3.2 | 2.5 | 2.8 | | | |
| 1/27/71 | 3.7 | 2.9 | 2.3 | 2.5 | 3.6 | | |
| 3/ 3/71 | 5.1 | 5.2 | 5.3 | 6.1 | 7.9 | 9.4 | |
| 3/31/71 | 5.5 | 5.9 | 6.1 | 6.9 | 8.5 | 9.8 | 13.6 |
| 4/28/71 | 6.0 | 6.6 | 6.8 | 7.7 | 9.1 | 10.3 | 13.2 |
| | | | | | | | 11.3 |

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



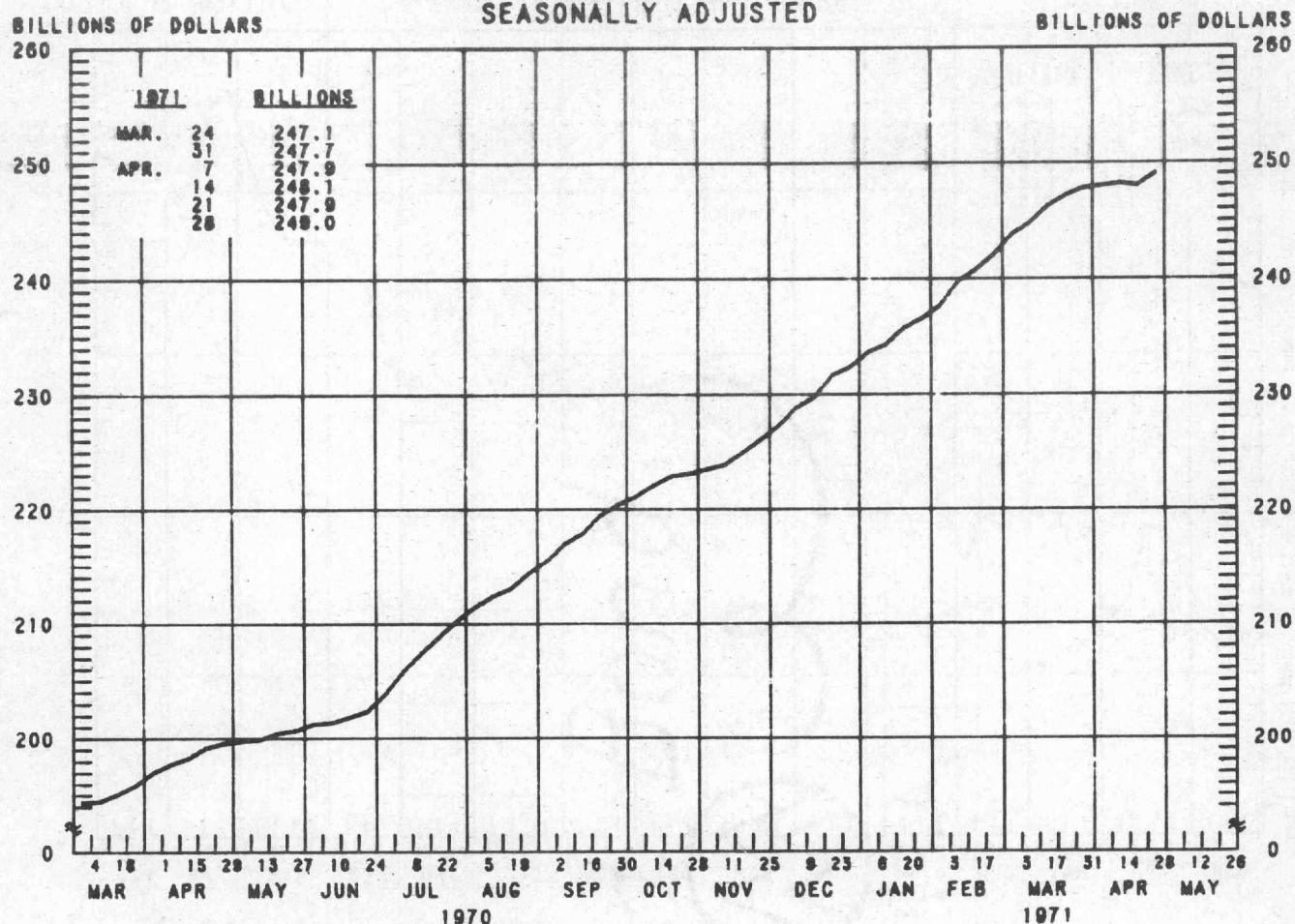
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

| | 4/29/70 | 8/26/70 | 9/30/70 | 10/28/70 | 11/25/70 | 12/30/70 | 1/27/71 | 3/3/71 |
|----------|---------|---------|---------|----------|----------|----------|---------|--------|
| 9/30/70 | 5.1 | | | | | | | |
| 10/28/70 | 4.7 | 3.6 | | | | | | |
| 11/25/70 | 4.2 | 2.9 | 1.9 | | | | | |
| 12/30/70 | 4.4 | 3.6 | 3.2 | 3.6 | | | | |
| 1/27/71 | 4.3 | 3.5 | 3.2 | 3.4 | 4.4 | | | |
| 3/ 3/71 | 5.4 | 5.4 | 5.7 | 6.4 | 7.9 | 9.2 | | |
| 3/31/71 | 5.8 | 6.1 | 6.4 | 7.1 | 8.5 | 9.7 | 12.7 | |
| 4/28/71 | 6.3 | 6.8 | 7.2 | 7.9 | 9.2 | 10.3 | 12.7 | 11.6 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: APRIL 28, 1971

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

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

4/29/70 8/26/70 9/30/70 10/28/70 11/25/70 12/30/70 1/27/71 5/3/71

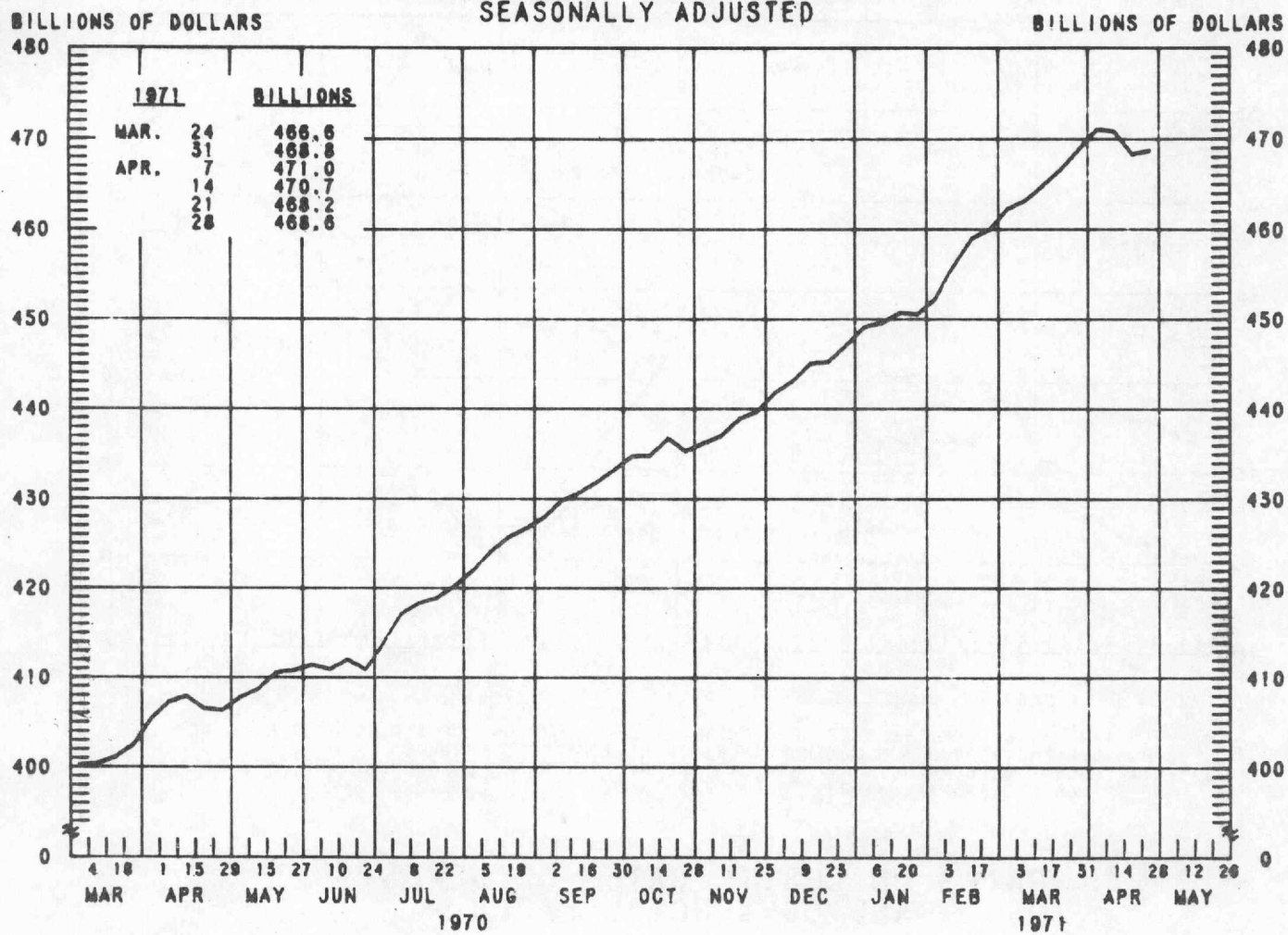
TO THE AVERAGE
OF FOUR WEEKS
ENDING:

| | | | | | | | |
|----------|------|------|------|------|------|------|-----------|
| 9/30/70 | 25.5 | | | | | | |
| 10/28/70 | 25.2 | 28.7 | | | | | |
| 11/25/70 | 23.7 | 24.1 | 18.9 | | | | |
| 12/30/70 | 24.9 | 26.3 | 23.8 | 23.9 | | | |
| 1/27/71 | 25.2 | 26.6 | 24.8 | 25.1 | 30.2 | | |
| 3/ 3/71 | 26.0 | 27.7 | 26.6 | 27.2 | 31.1 | 30.6 | |
| 3/31/71 | 26.3 | 28.0 | 27.1 | 27.7 | 30.9 | 30.4 | 31.5 |
| 4/28/71 | 25.0 | 25.8 | 24.6 | 24.8 | 26.8 | 25.2 | 24.4 19.5 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: APRIL 28, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

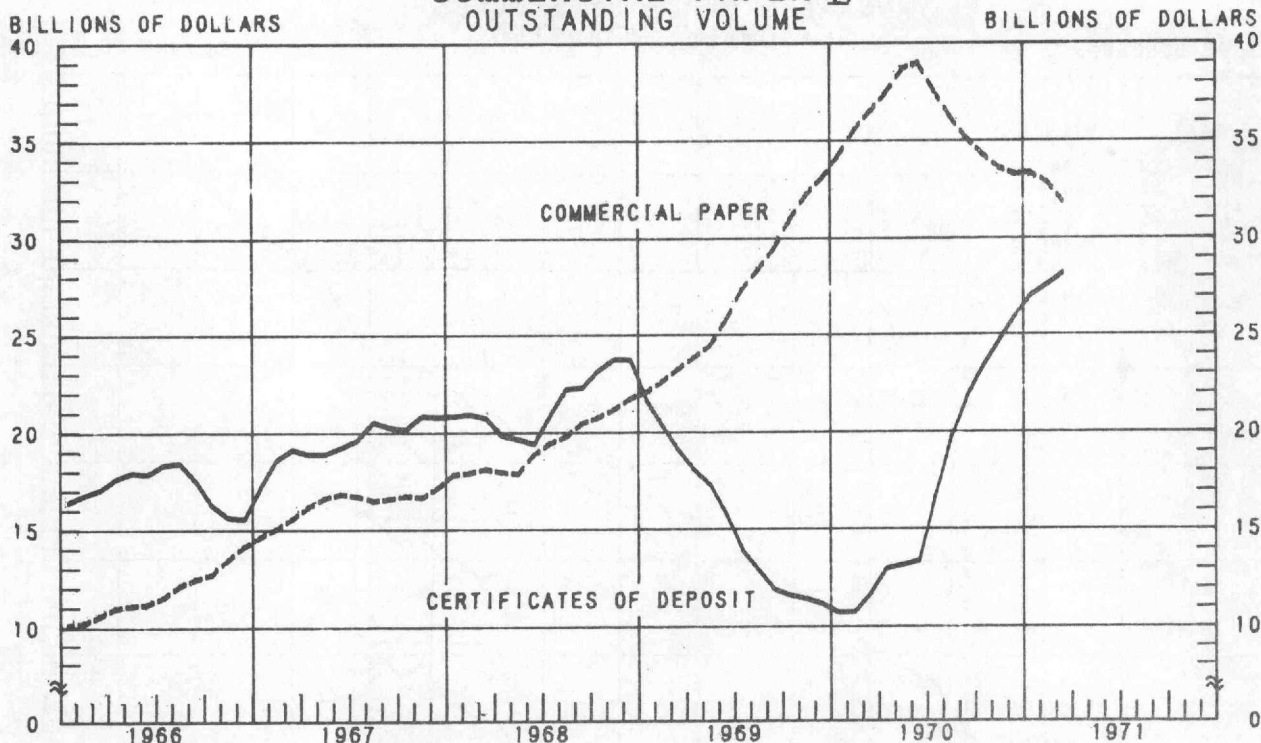
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

| | 4/29/70 | 8/26/70 | 9/30/70 | 10/28/70 | 11/25/70 | 12/30/70 | 1/27/71 | 3/3/71 |
|--|---------|---------|---------|----------|----------|----------|---------|--------|
|--|---------|---------|---------|----------|----------|----------|---------|--------|

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

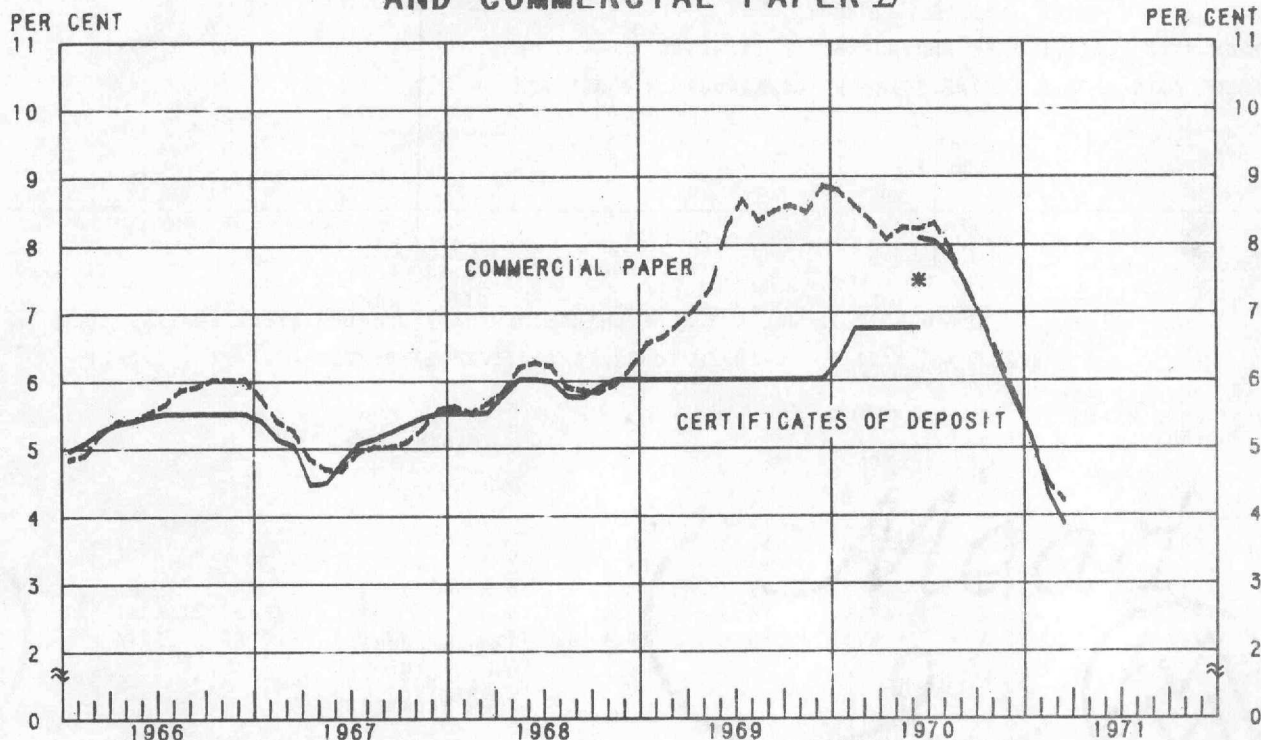
| | | | | | | | | |
|----------|------|------|------|------|------|------|------|------|
| 9/30/70 | 14.8 | | | | | | | |
| 10/28/70 | 14.5 | 15.6 | | | | | | |
| 11/25/70 | 13.6 | 13.2 | 10.4 | | | | | |
| 12/30/70 | 14.2 | 14.6 | 13.3 | 13.6 | | | | |
| 1/27/71 | 14.3 | 14.7 | 13.8 | 14.1 | 16.9 | | | |
| 3/ 3/71 | 15.4 | 16.3 | 16.0 | 16.7 | 19.3 | 19.9 | | |
| 3/31/71 | 15.8 | 16.9 | 16.6 | 17.4 | 19.5 | 20.1 | 22.2 | |
| 4/28/71 | 15.4 | 16.2 | 15.9 | 16.4 | 18.0 | 17.9 | 18.7 | 15.7 |

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



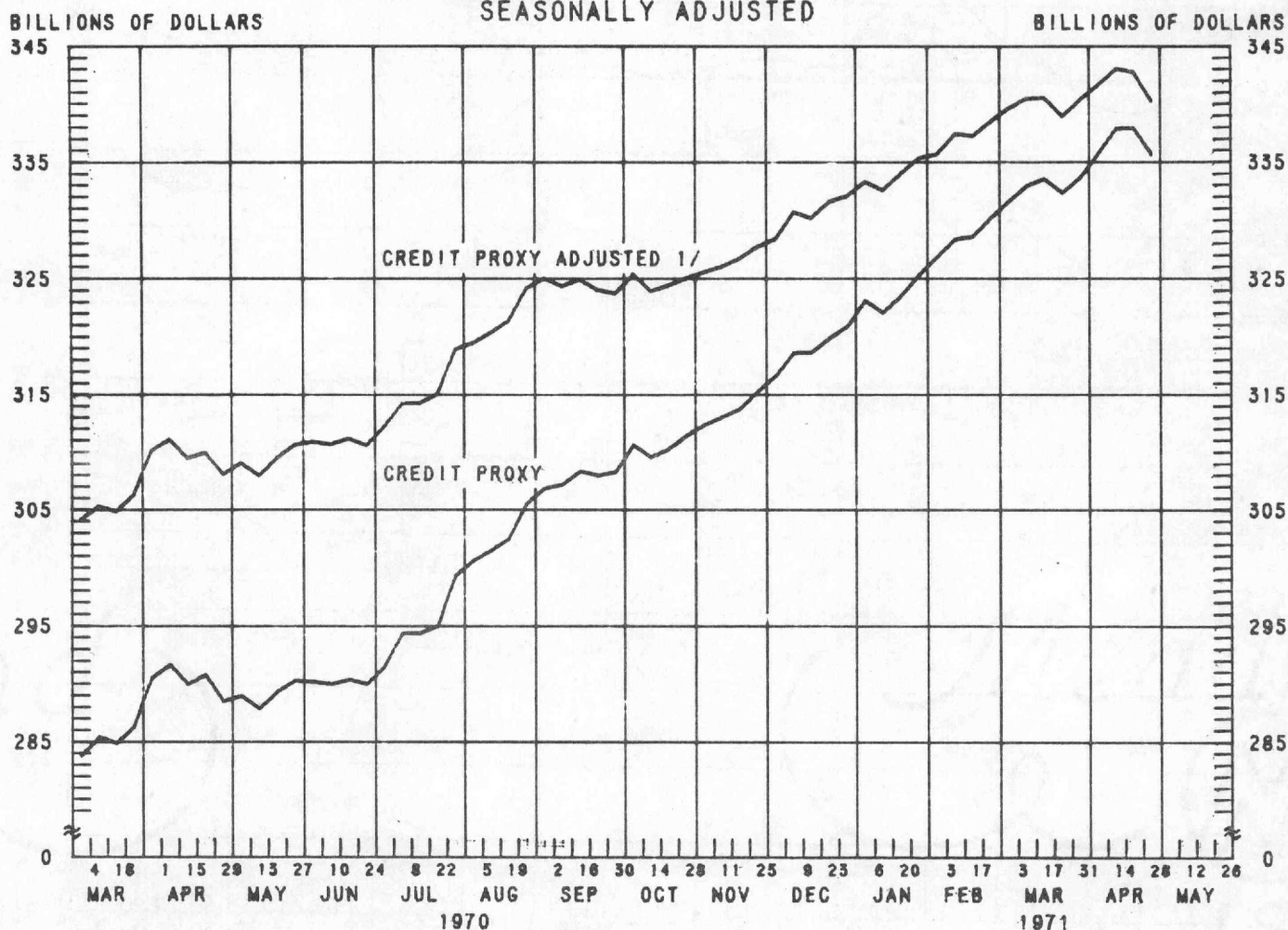
- 1/ NEGOTIABLE TIME CERTIFICATES OF DEPOSIT IN DENOMINATIONS OF \$100,000 OR MORE AT LARGE COMMERCIAL BANKS. MONTHLY AVERAGES OF WEDNESDAY FIGURES.
2/ TOTAL VOLUME OF COMMERCIAL PAPER OUTSTANDING. AVERAGES OF CURRENT AND PRECEDING END-OF-MONTH SEASONALLY ADJUSTED FIGURES.

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



- 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.

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



LATEST DATA PLOTTED WEEK ENDING: APRIL 28, 1971

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

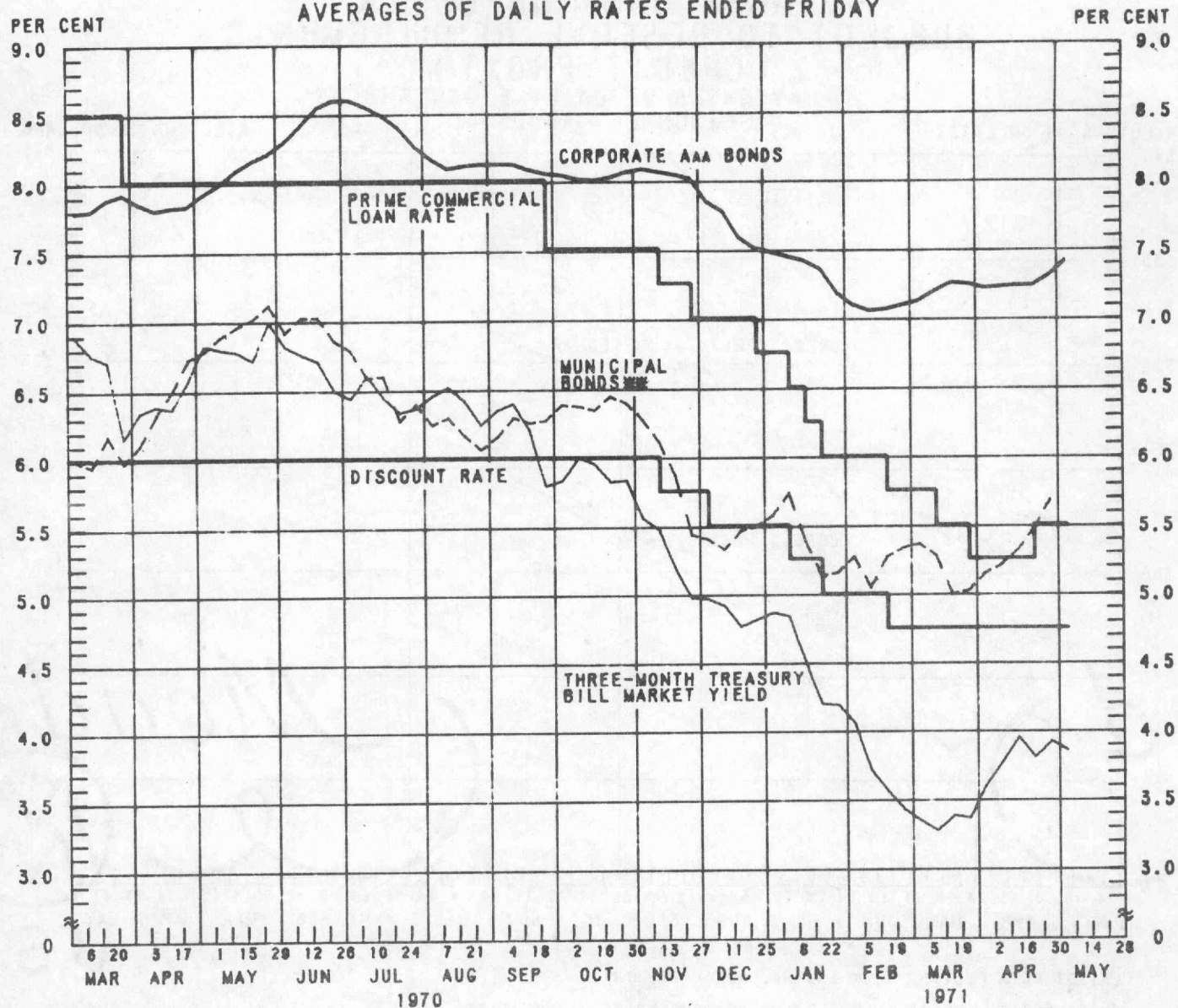
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

| 1971 | | BILLIONS | |
|------|----|-----------------|-----------------------------|
| | | CREDIT PROXY | CREDIT PROXY ADJUSTED |
| MAR. | 24 | 332.3 | 338.9 |
| | 31 | 333.7 | 340.4 |
| APR. | 7 | 335.7 | 341.6 |
| | 14 | 337.9 | 343.0 |
| | 21 | 337.9 | 342.7 |
| | 28 | 335.6 | 340.2 |

| COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING APRIL 28, 1971 FROM THE FOUR WEEKS ENDING: | | |
|---|-----------------|-----------------------------|
| | CREDIT PROXY | CREDIT PROXY ADJUSTED |
| MAR. 3 | 14.9 | 7.3 |
| JAN. 27 | 17.5 | 10.1 |
| DEC. 30 | 17.5 | 10.3 |
| NOV. 25 | 18.4 | 11.5 |
| OCT. 28 | 17.7 | 10.9 |
| SEP. 30 | 16.8 | 9.7 |
| AUG. 26 | 17.3 | 9.7 |

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 7, 1971

| 1971 | CORPORATE AAA BONDS | 3-MONTH TREASURY BILLS | 3-5 YEAR GOVERNMENT SECURITIES | LONG-TERM GOVERNMENT SECURITIES | MUNICIPAL BONDS |
|--------|------------------------|------------------------------|--------------------------------------|---------------------------------------|--------------------|
| MAR. 5 | 7.13 | 3.35 | 5.07 | 5.94 | 5.37 |
| 12 | 7.20 | 3.28 | 4.75 | 5.77 | 5.28 |
| 19 | 7.26 | 3.39 | 4.55 | 5.65 | 5.00 |
| 26 | 7.25 | 3.37 | 4.56 | 5.54 | 5.03 |
| APR. 2 | 7.22 | 3.61 | 4.85 | 5.64 | 5.15 |
| 9 | 7.23 | 3.78 | 5.08 | 5.66 | 5.21 |
| 16 | 7.24 | 3.96 | 5.37 | 5.73 | 5.32 |
| 23 | 7.24 | 3.81 | 5.59 | 5.82 | 5.48 |
| 30 | 7.31 | 3.93 | 5.77 | 5.81 | 5.69 |
| MAY 7* | 7.42 | 3.86 | 5.88 | 5.90 | N.A. |
| 14 | | | | | |
| 21 | | | | | |
| 28 | | | | | |

* AVERAGES OF RATES AVAILABLE.

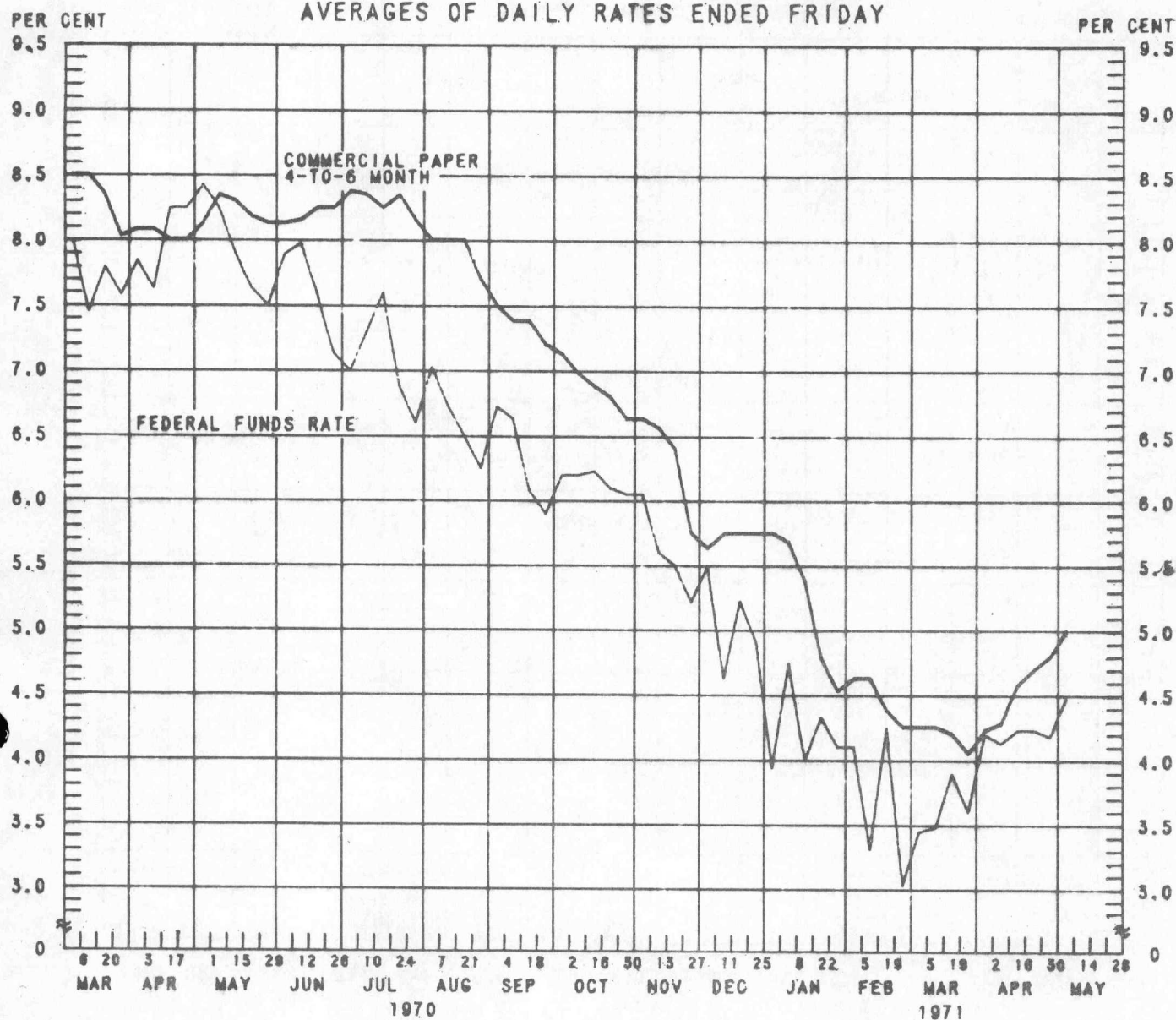
** BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.

N.A. - Not Available

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



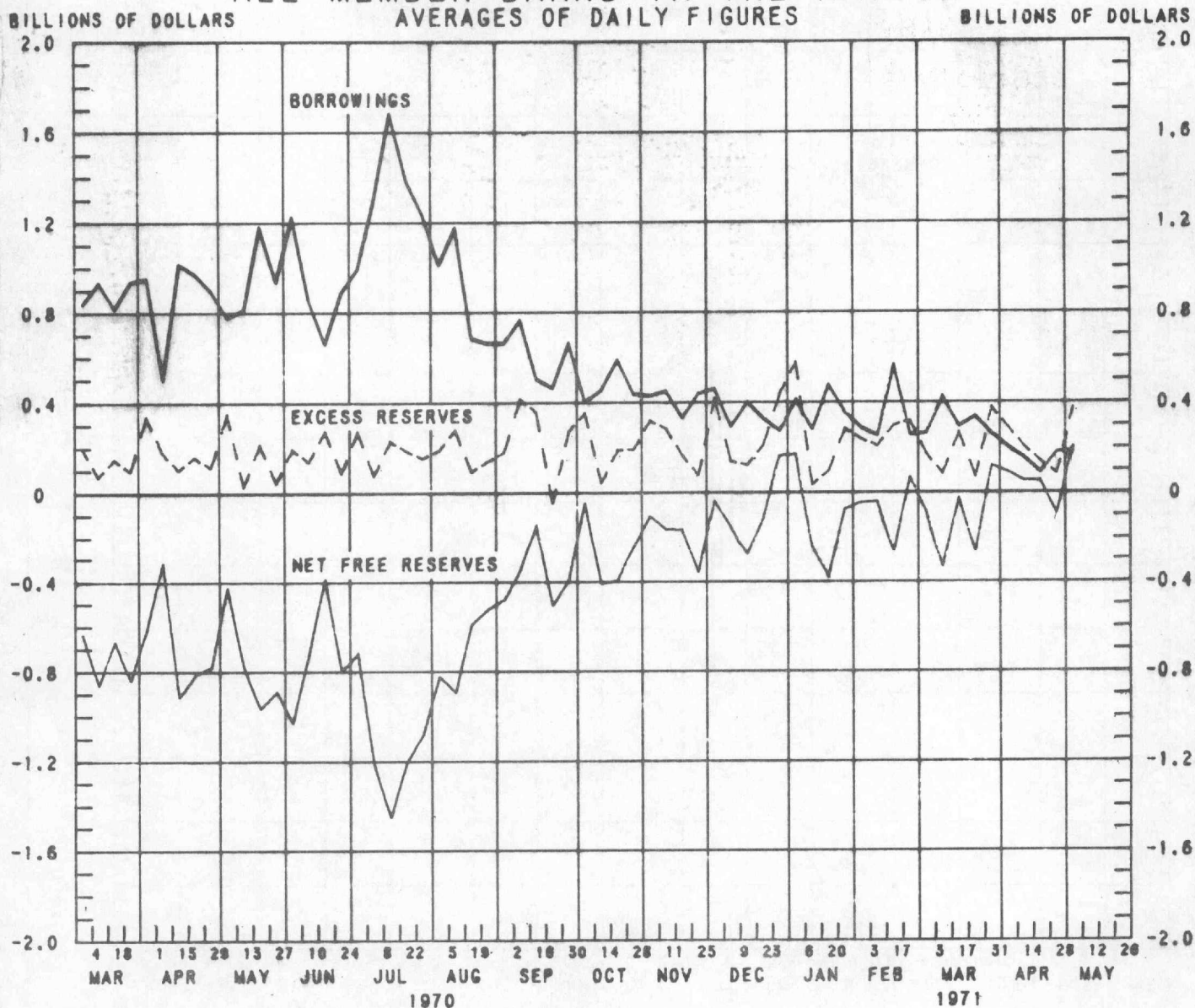
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 7, 1971

| 1971 | PRIME COMMERCIAL PAPER 4-6 MONTH | FEDERAL FUNDS | PRIME BANKERS' ACCEPTANCES | 90 DAY CD'S |
|--------|---|------------------|----------------------------------|----------------|
| MAR. 5 | 4.25 | 3.45 | 3.75 | 4.04 |
| 12 | 4.25 | 3.48 | 3.70 | 3.89 |
| 19 | 4.20 | 3.90 | 3.83 | 3.81 |
| 26 | 4.05 | 3.60 | 3.80 | 3.83 |
| APR. 2 | 4.23 | 4.20 | 4.00 | 3.87 |
| 9 | 4.28 | 4.13 | 4.13 | 3.94 |
| 16 | 4.58 | 4.23 | 4.38 | 4.13 |
| 23 | 4.70 | 4.23 | 4.45 | 4.46 |
| 30 | 4.80 | 4.18 | 4.60 | 4.72 |
| MAY 7* | 5.00 | 4.48 | 4.79 | 4.82 |
| 14 | | | | |
| 21 | | | | |
| 28 | | | | |

* 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 | EXCESS RESERVES | MILLIONS BORROWINGS | FREE RESERVES |
|--------|--------------------|------------------------|------------------|
| MAR. 3 | 170 | 258 | - 88 |
| 10 | 82 | 421 | - 339 |
| 17 | 265 | 290 | - 25 |
| 24 | 68 | 333 | - 265 |
| 31 | 376 | 257 | 119 |
| APR. 7 | 287 | 198 | 89 |
| 14 | 201 | 150 | 51 |
| 21 | 136 | 85 | 51 |
| 28 | 82 | 177 | - 95 |
| MAY 5 | 377 | 175 | 202 |
| 12 | | | |
| 19 | | | |
| 26 | | | |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS