

Week ending: May 19, 1971



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The money supply (demand deposits and currency held by the public) increased \$2.5 billion to \$223.3 billion in the week ending May 12, about the same level as in the first week of April (page 5). Money grew at a 9.1 per cent annual rate in the past four months, following a 5.5 per cent increase from February 1970 to January 1971 and a 3 per cent increase during 1969. ^{1/} Demand deposits grew 8.9 per cent in the past four months, compared to 5.1 per cent from February 1970 to January 1971 and 2.4 per cent during 1969 (page 4). In the past four months Federal Reserve holdings of U. S. Government securities increased about \$1.9 billion, of which \$.7 billion were Treasury bills and \$1.2 billion were securities of longer than one-year maturity.

Loans and investments at all commercial banks have risen substantially faster since November 1970 than in the preceding eighteen months, but their rate of expansion has slowed since February. From February to April 1971 bank loans and investments grew at a 9.6 per cent annual rate, after rising at a 15 per cent rate from November 1970 to February 1971. By comparison, they rose at a 9 per cent rate from February to November 1970 and a 1 per cent rate from May 1969 to February 1970.

Total loans grew at only a 2.7 per cent annual rate since February, compared to a 7.9 per cent rate in the preceding three months. Loans expanded at a 4.8 per cent rate from May 1969 to November 1970. Bank investments expanded at a 28 per cent rate since November 1970, well above the 19 per cent rate that prevailed in most of 1970 and the 7 per cent rate of decline in 1969.

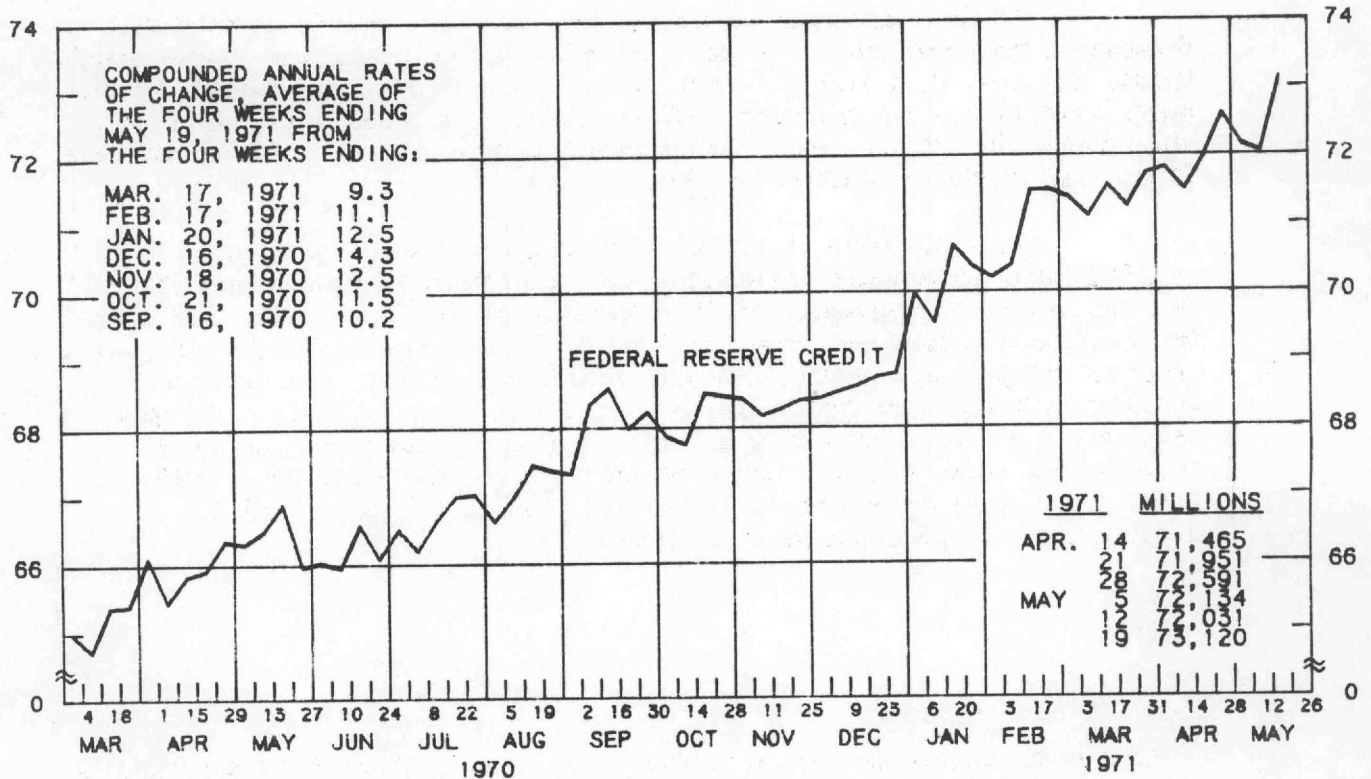
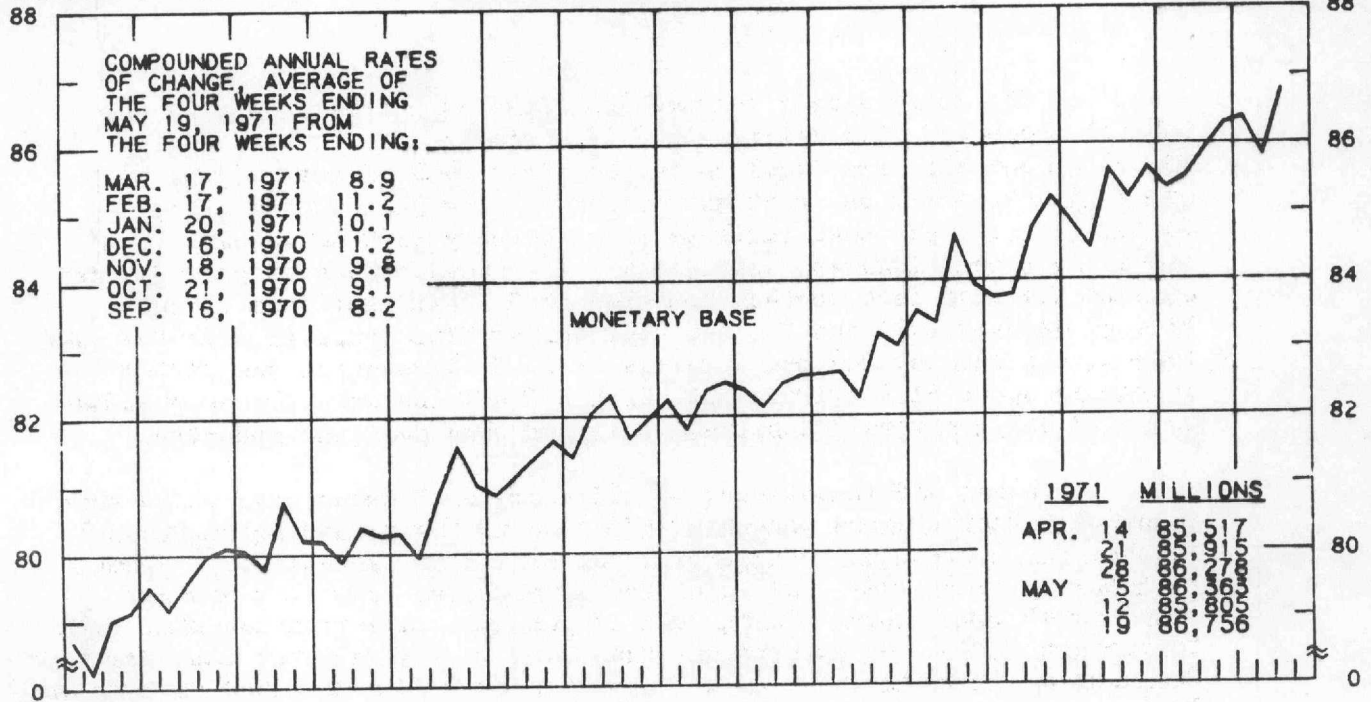
Most interest rates have risen since March, with the rise particularly pronounced in short-term securities (pages 10 and 11). For the three days ending May 19, three-month Treasury bills and four- to six-month commercial paper yielded 4.37 per cent and 5.08 per cent, respectively, compared to 3.38 per cent and 4.19 per cent in March. Long-term Government bonds and corporate Aaa bonds yielded 6.07 per cent and 7.55 per cent, respectively, earlier this week, compared to 5.71 per cent and 7.21 per cent in March. The Bond Buyer index of 20 municipal bonds rose to 5.96 per cent on Thursday, May 13, from a rate of 5.28 per cent on March 11.

^{1/} Data for rates of change of the money supply from February 1970 to January 1971 and earlier time periods, and in similar manner for bank loans and investments, are computed from monthly figures as presented in Monetary Trends, published by this Bank.

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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS

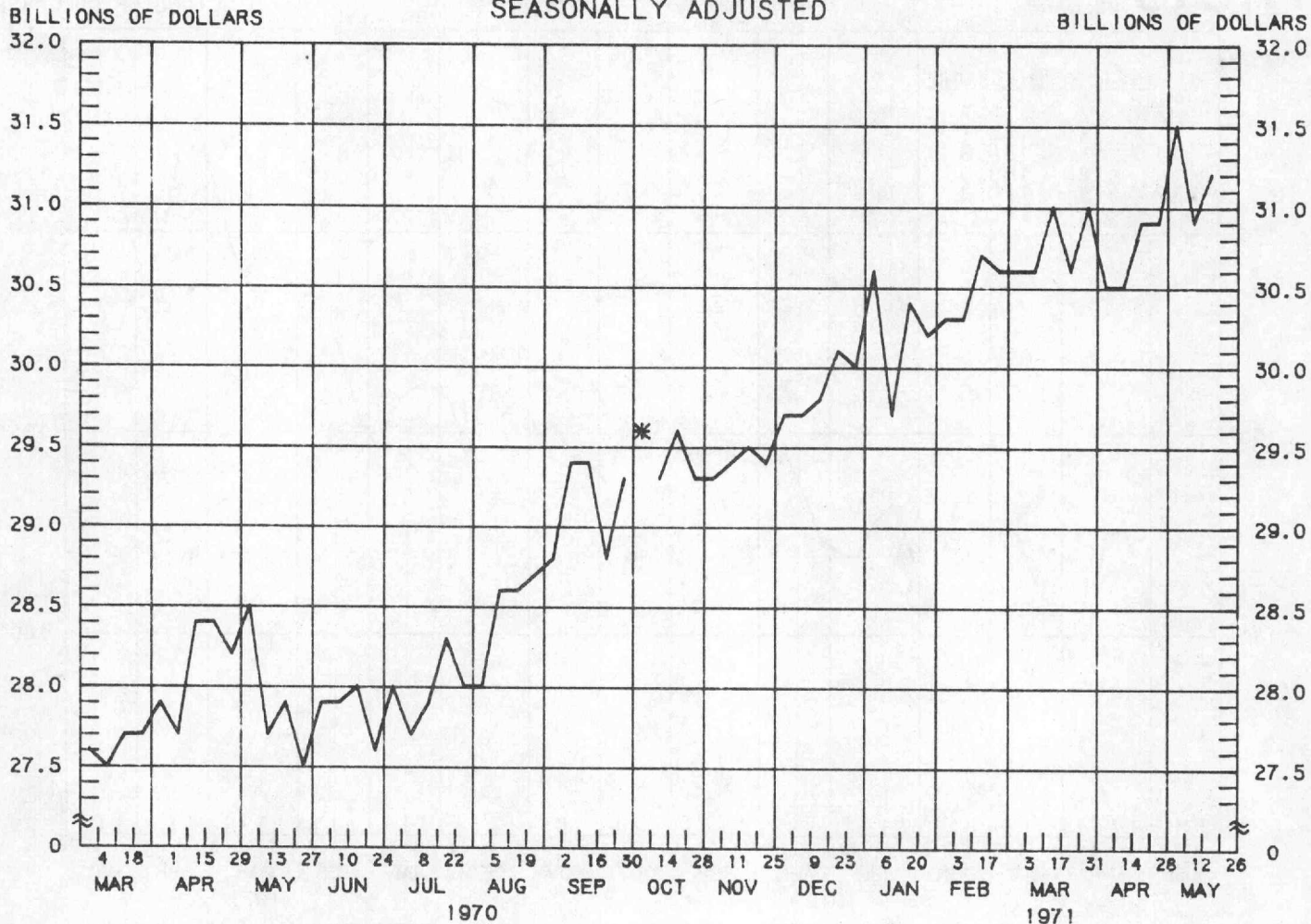


LATEST DATA PLOTTED WEEK ENDING: MAY 19, 1971

- 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 19, 1971

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

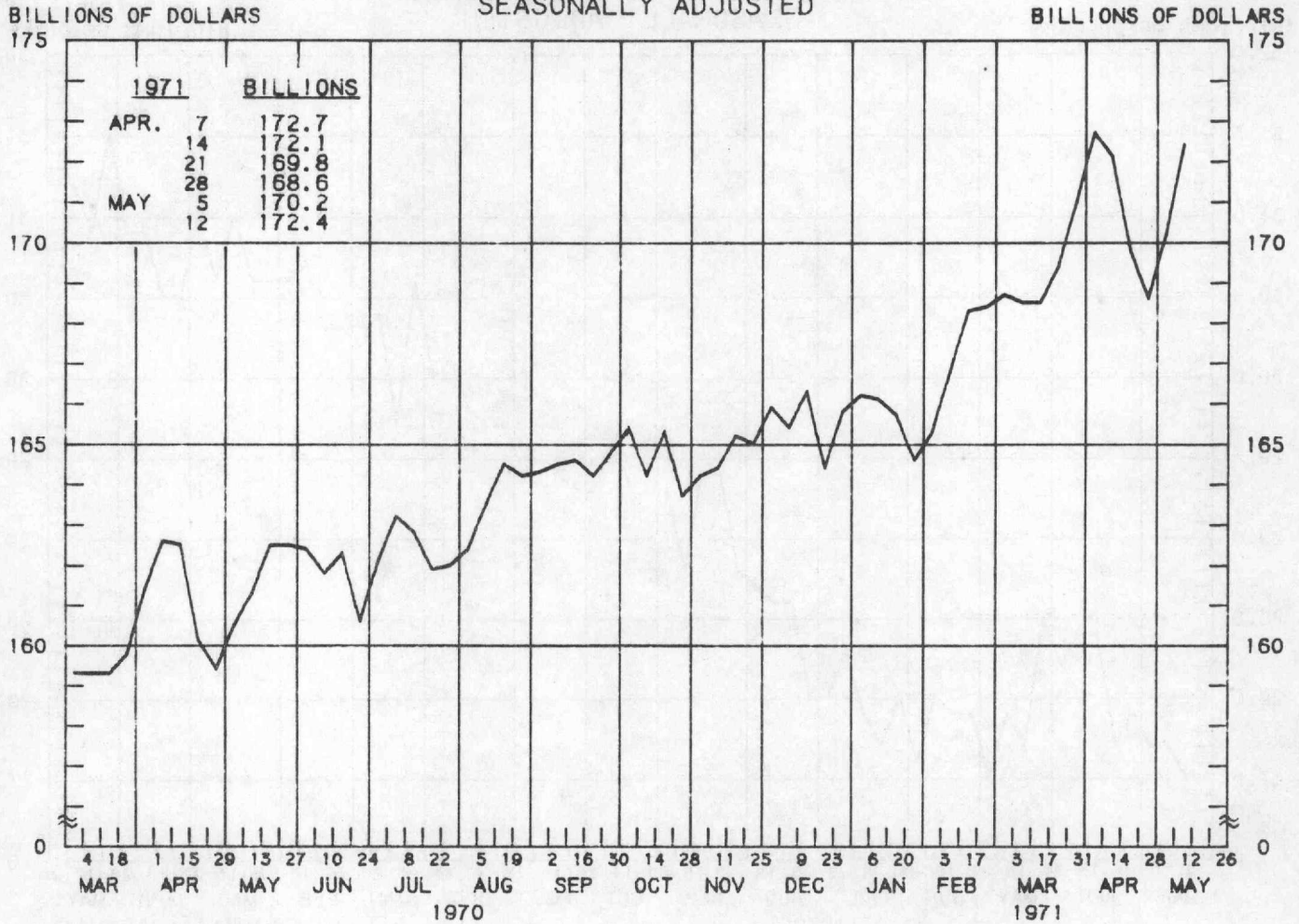
* BREAK IN SERIES DUE TO CHANGES IN REGULATION D EFFECTIVE OCTOBER 1, 1970.

1971	BILLIONS
APR. 14	30.5
21	30.9
28	30.9
MAY 5	31.5
12	30.9
19	31.2

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING MAY 19, 1971 FROM THE FOUR WEEKS ENDING:	
MAR. 17, 1971	7.8
FEB. 17, 1971	9.5
JAN. 20, 1971	9.4
DEC. 16, 1970	11.5
NOV. 18, 1970	11.9
OCT. 21, 1970	9.6
SEP. 16, 1970	10.4

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 12, 1971

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

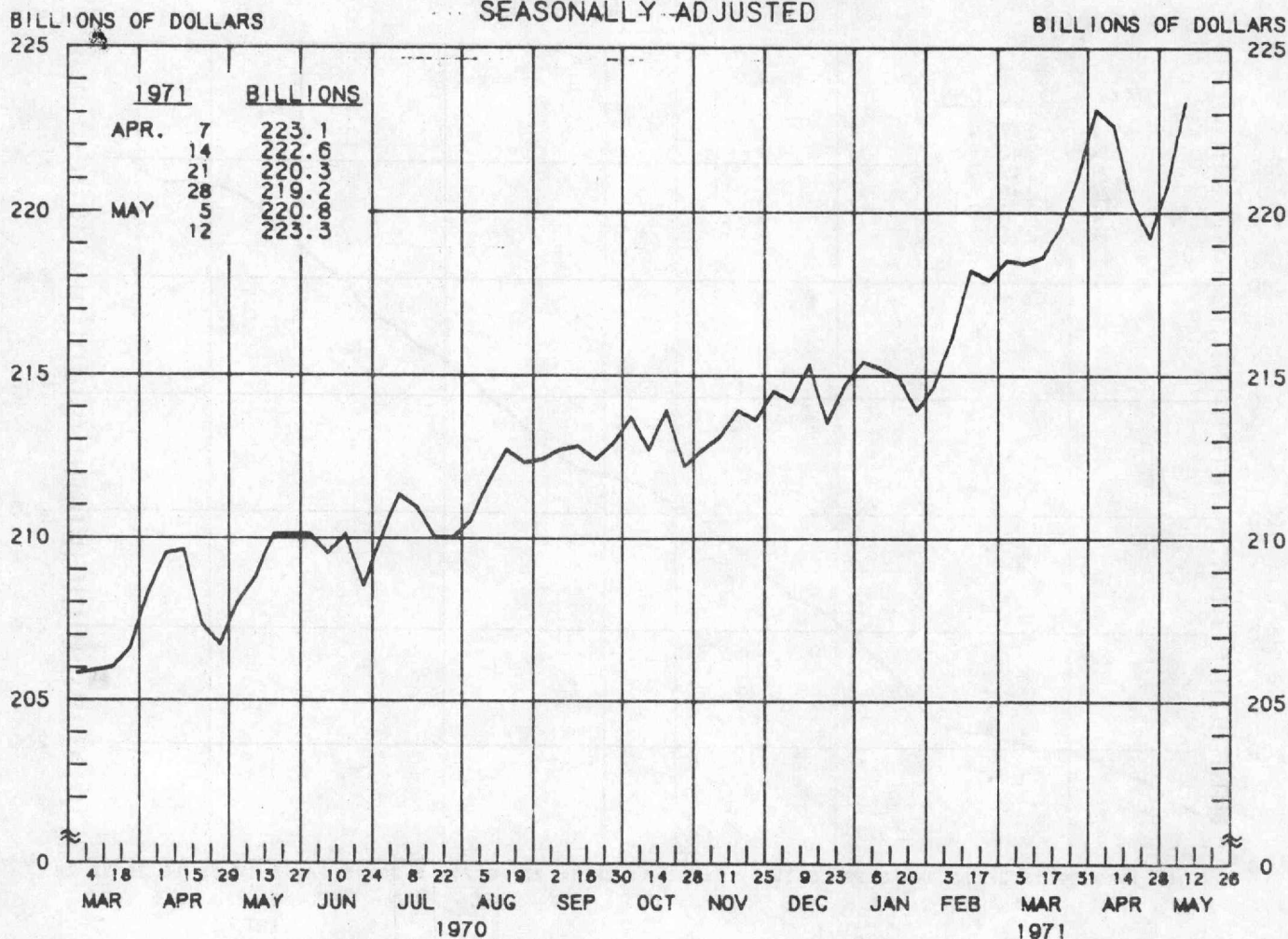
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

5/13/70 9/9/70 10/14/70 11/11/70 12/9/70 1/13/71 2/10/71 3/10/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

10/14/70	6.6							
11/11/70	5.2	0.0						
12/ 9/70	5.6	2.5	2.8					
1/13/71	5.0	2.1	2.2	4.3				
2/10/71	4.4	1.7	1.7	3.0	0.7			
3/10/71	6.2	5.1	5.8	7.8	7.7	11.9		
4/14/71	7.5	7.1	8.2	10.2	10.7	14.5	21.6	
5/12/71	6.2	5.4	6.0	7.3	7.1	8.9	11.8	6.3

MONEY STOCK AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 12, 1971

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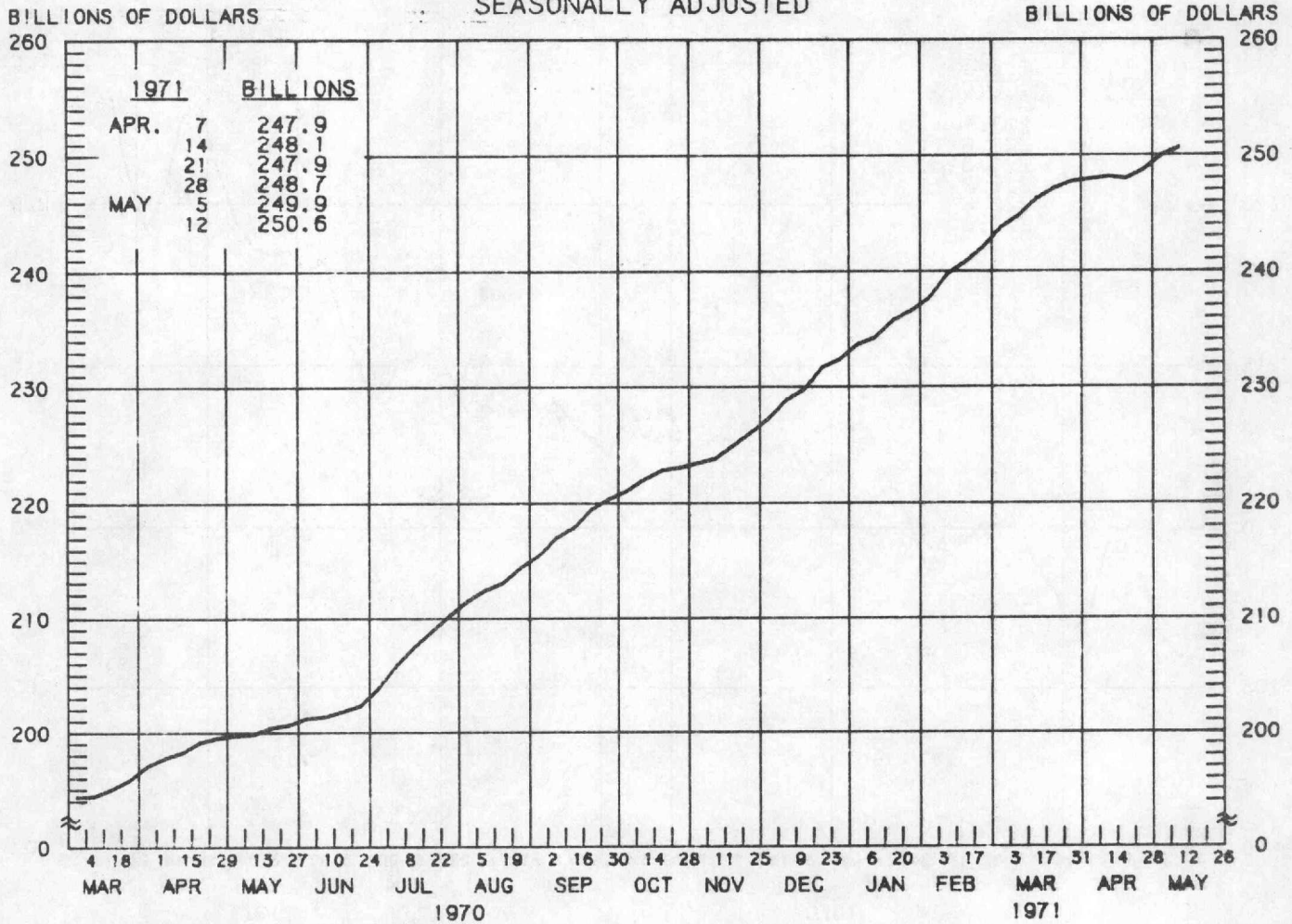
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:
5/13/70 9/9/70 10/14/70 11/11/70 12/9/70 1/13/71 2/10/71 3/10/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

10/14/70	6.0							
11/11/70	5.2	1.4						
12/9/70	5.4	3.0	3.7					
1/13/71	5.0	3.0	3.4	4.7				
2/10/71	4.6	2.7	2.9	3.6	2.2			
3/10/71	6.2	5.5	6.4	7.8	8.1	11.4		
4/14/71	7.3	7.3	8.3	9.8	10.5	13.5	19.4	
5/12/71	6.4	5.9	6.6	7.6	7.7	9.1	11.6	7.1

TIME DEPOSITS ALL COMMERCIAL BANKS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 12, 1971

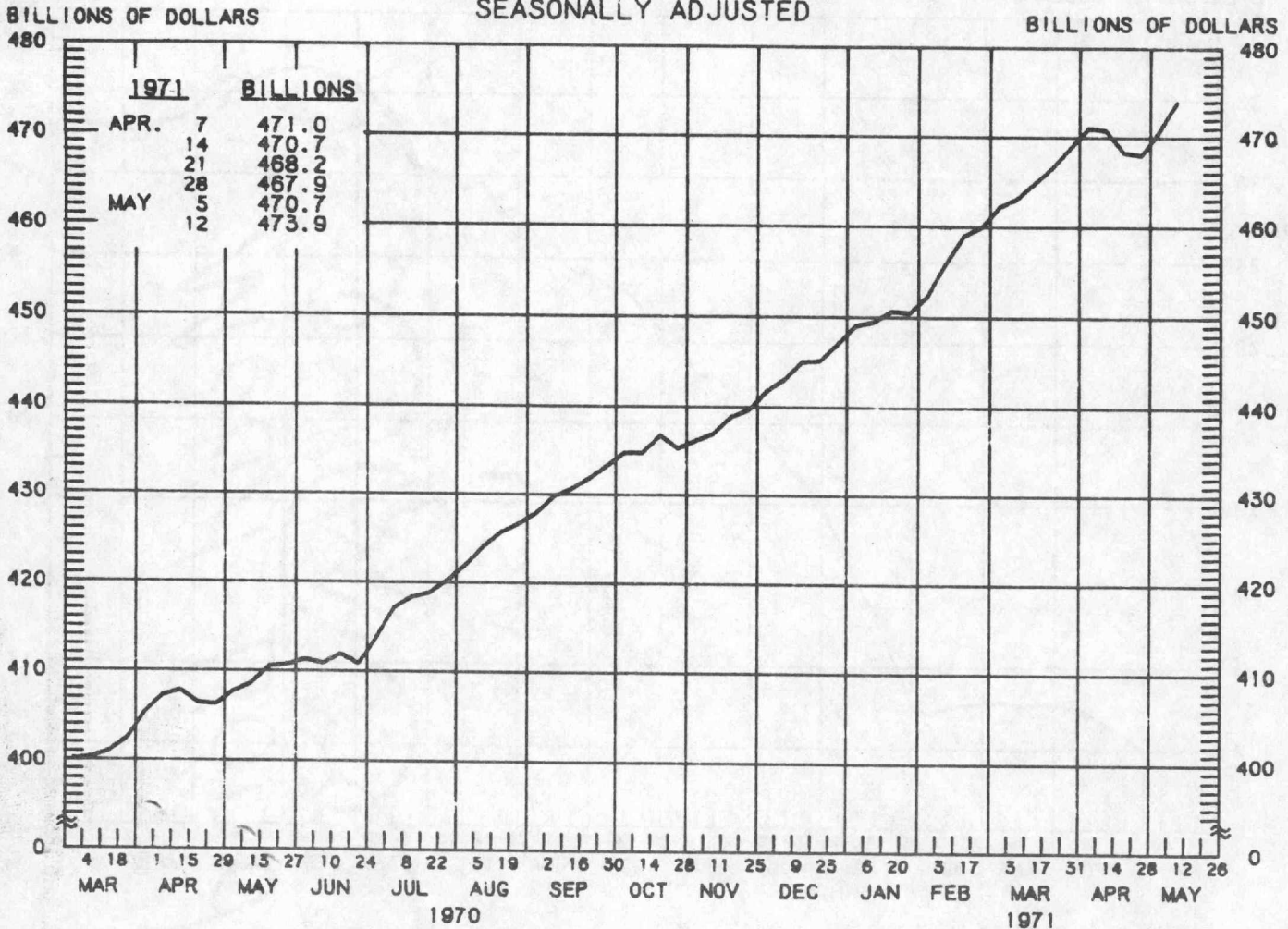
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	5/13/70	9/9/70	10/14/70	11/11/70	12/9/70	1/13/71	2/10/71	3/10/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
10/14/70	27.0							
11/11/70	25.3	24.8						
12/9/70	24.8	23.8	19.0					
1/13/71	25.9	26.2	24.0	27.5				
2/10/71	26.1	26.5	25.0	27.8	30.5			
3/10/71	26.8	27.7	26.7	29.2	31.6	31.1		
4/14/71	26.4	26.9	26.0	27.8	29.2	27.9	27.8	
5/12/71	25.0	24.7	23.5	24.6	25.2	23.1	21.6	16.5

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



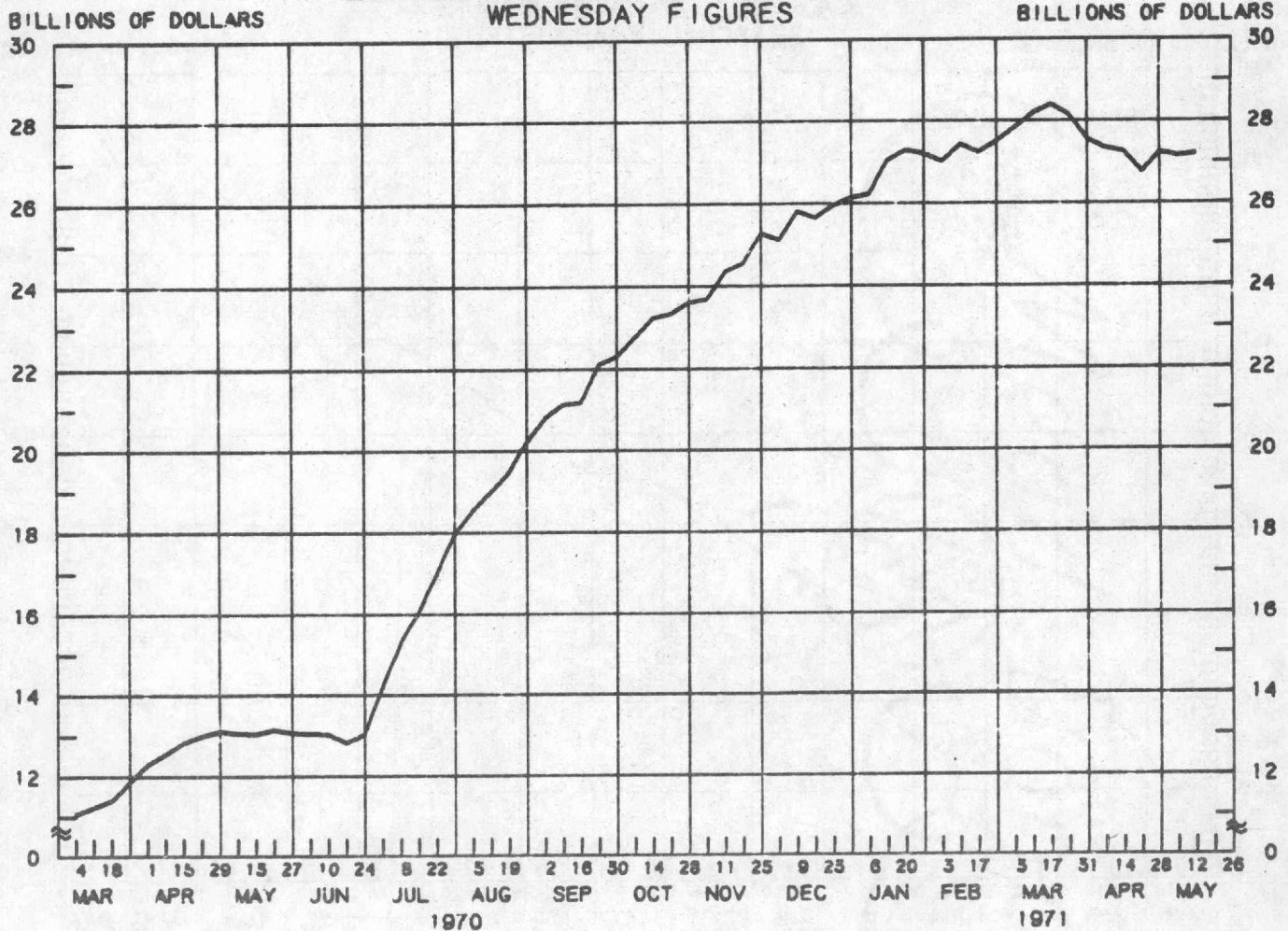
LATEST DATA PLOTTED WEEK ENDING: MAY 12, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:
5/13/70 9/9/70 10/14/70 11/11/70 12/9/70 1/13/71 2/10/71 3/10/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

10/14/70	16.0							
11/11/70	14.8	12.5						
12/9/70	14.7	13.1	11.3					
1/13/71	15.1	14.3	13.6	16.1				
2/10/71	15.0	14.3	13.8	15.6	16.0			
3/10/71	16.2	16.3	16.4	18.4	19.6	21.1		
4/14/71	16.6	17.0	17.1	18.9	19.8	20.8	23.8	
5/12/71	15.5	15.2	15.1	16.2	16.5	16.3	16.8	12.1

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS WEDNESDAY FIGURES



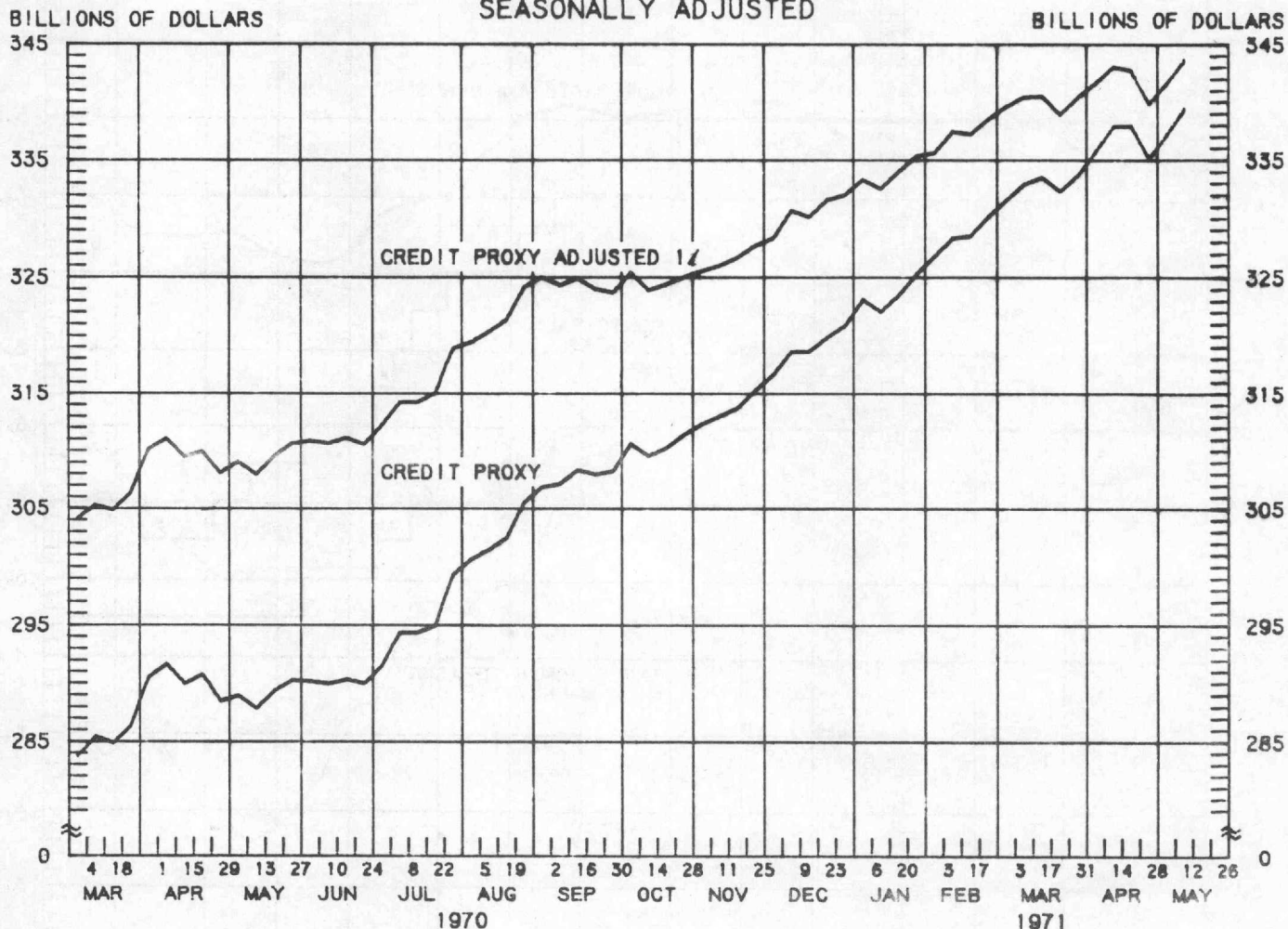
LATEST DATA PLOTTED WEEK ENDING: MAY 12, 1971

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>
APR.	7	27,315
	14	27,237
	21	26,741
	28	27,219
MAY	5	27,127
	12	27,182

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



LATEST DATA PLOTTED WEEK ENDING: MAY 12, 1971

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

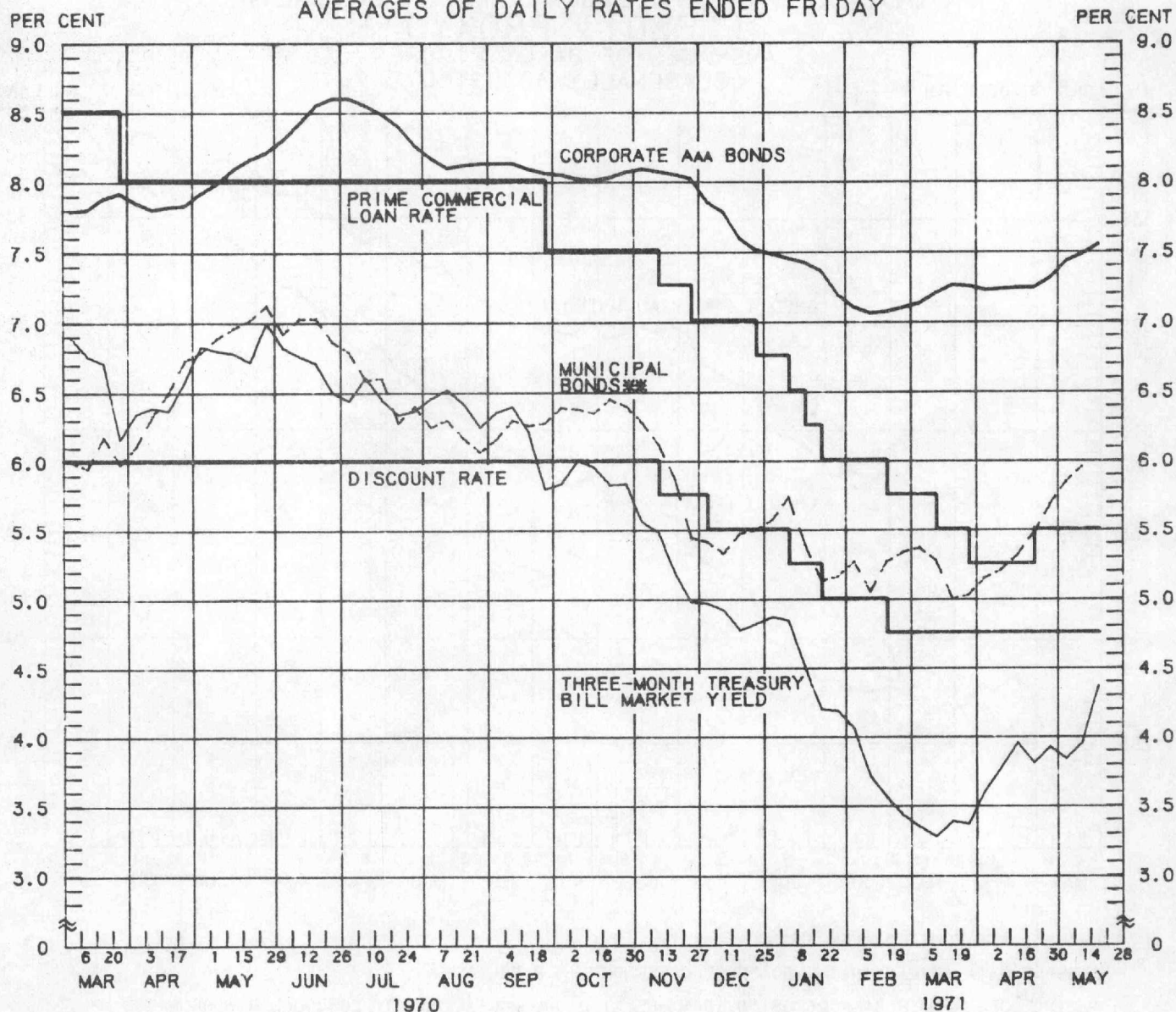
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
APR.	7	335.7	341.6
	14	337.9	343.0
	21	337.9	342.7
	28	335.1	339.8
MAY	5	337.1	341.6
	12	339.4	343.6

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING MAY 12, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
MAR.	10	12.1	5.2
FEB.	10	14.7	7.7
JAN.	13	16.0	9.0
DEC.	9	16.7	10.0
NOV.	11	17.2	10.5
OCT.	14	16.4	9.6
SEP.	9	15.9	8.5

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 21, 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	7.43	3.84	5.92	5.92	5.85
14	7.48	3.96	5.98	5.96	5.96
21 *	7.55	4.37	6.24	6.07	N.A.
28					

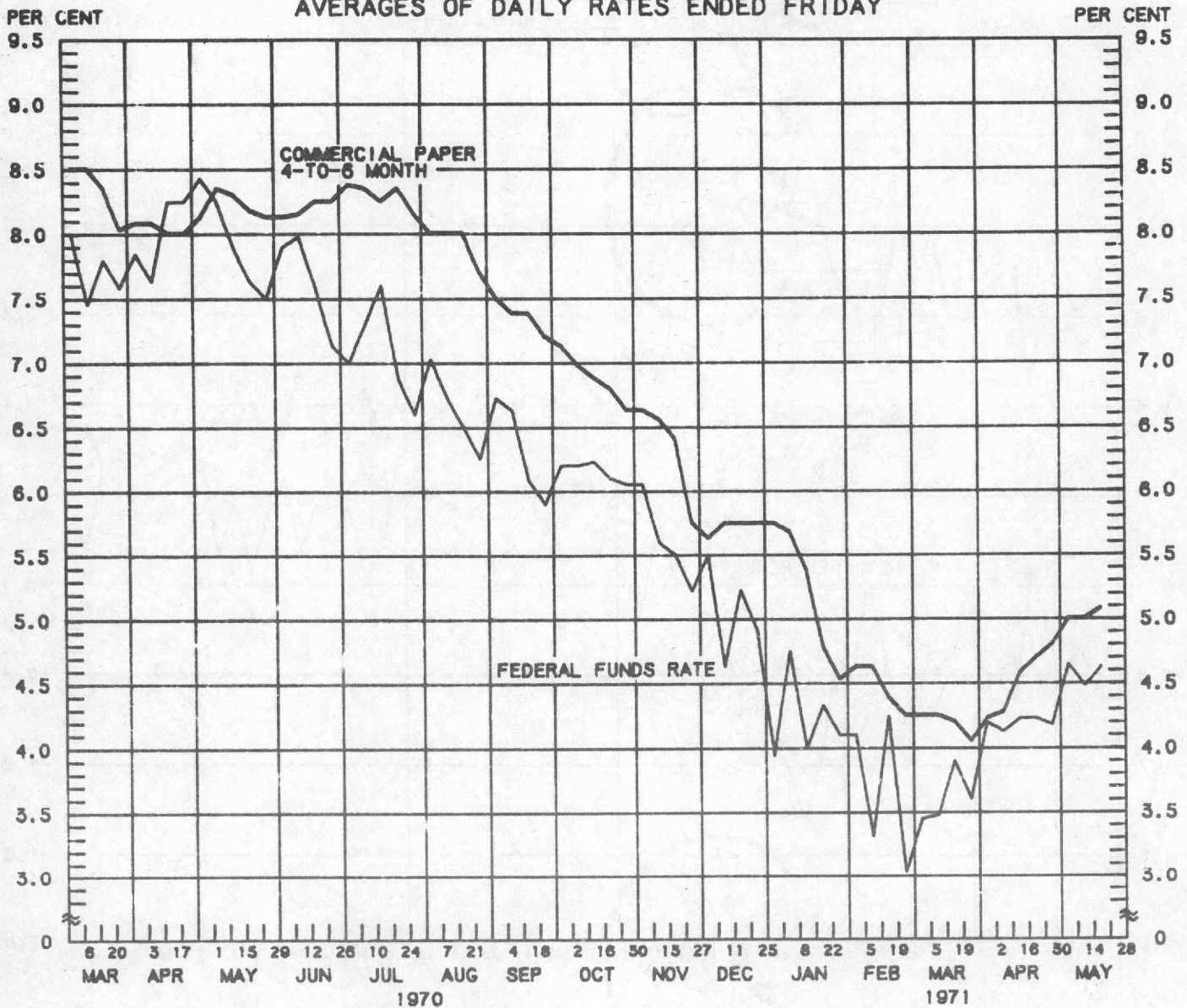
* AVERAGES OF RATES AVAILABLE.

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

N.A. - NOT AVAILABLE

SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY

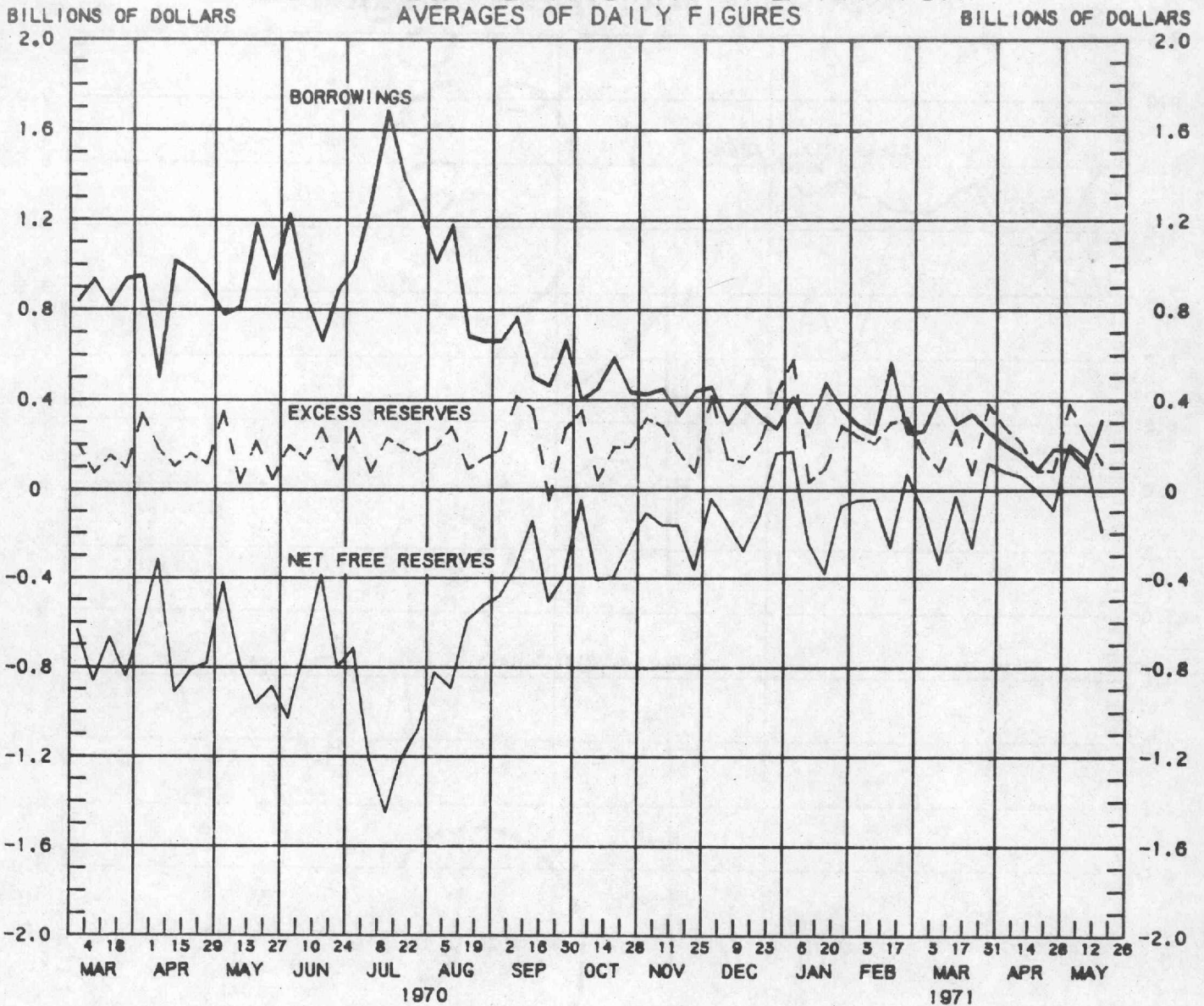


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 21, 1971

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	4.65	4.83	4.82
14	5.00	4.48	4.88	4.83
21 *	5.08	4.63	4.92	4.91
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.

BORROWINGS AND EXCESS RESERVES ALL MEMBER BANKS IN THE NATION



1971		MILLIONS		
		EXCESS RESERVES	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	277	197	80
	14	208	150	58
	21	81	84	- 3
	28	82	177	- 95
MAY	5	377	175	202
	12	242	98	144
	19	115	308	- 193
	26			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS