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Week ending: June 9, 1971

The nation's money stock, consisting of private demand deposits and currency in the hands of the public, averaged \$224.6 billion in the four weeks ending June 2, up at a rapid 11.6 per cent annual rate in the past five months. In contrast, money grew 5.4 per cent in 1970 and 3 per cent in 1969. From December 1966 to December 1968, when money grew at a 7.6 per cent annual rate, spending rose rapidly and inflationary pressures intensified.

Demand deposits, which are about three-fourths of the money stock, have risen at a 12.3 per cent annual rate in the past five months, and the currency component has increased at a 9.4 per cent rate. By comparison, demand deposits grew 5.1 per cent in 1970 and currency grew 6.3 per cent.

Interest rates have risen in recent months, in spite of the rapid growth of reserve aggregates such as the monetary base and Federal Reserve credit. The rise in interest rates reflects an increase in the demand for credit, which has been fostered by the rapid acceleration of money growth.

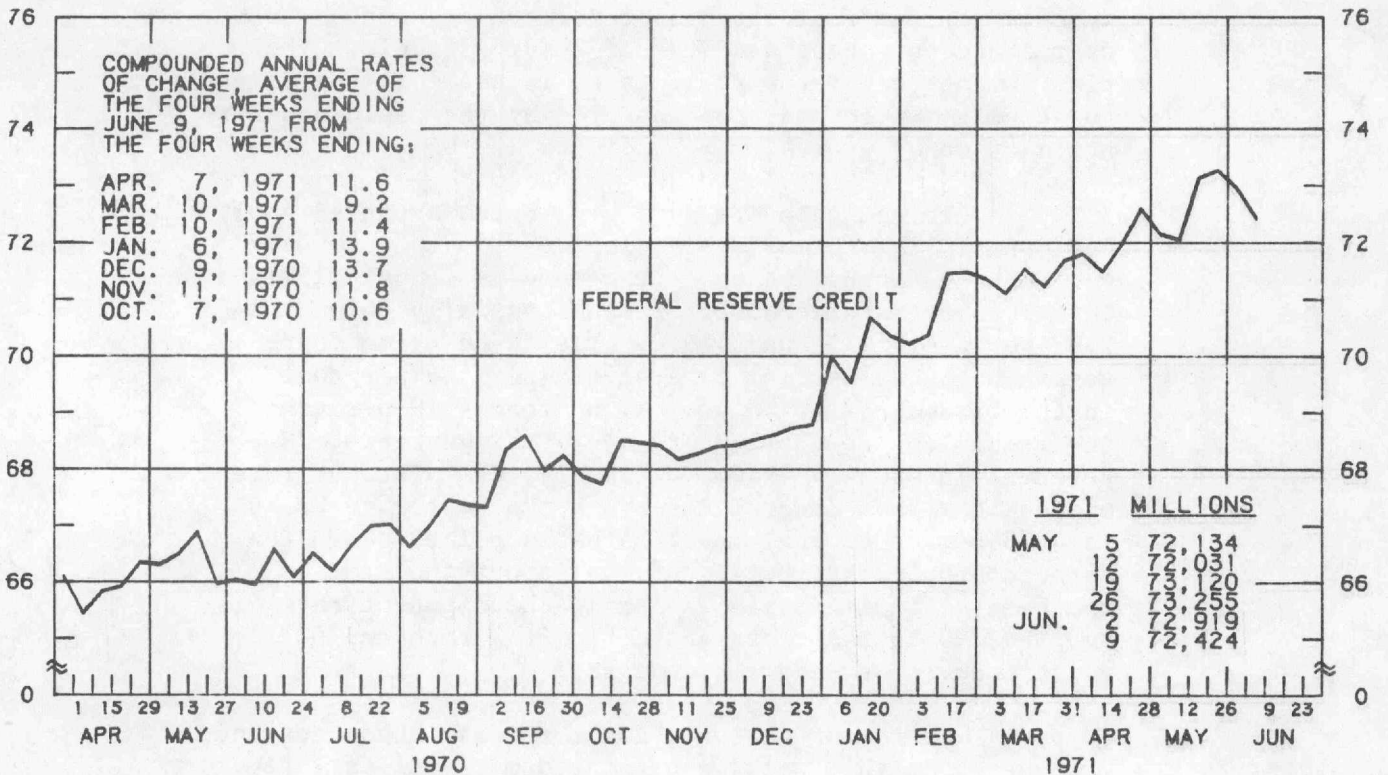
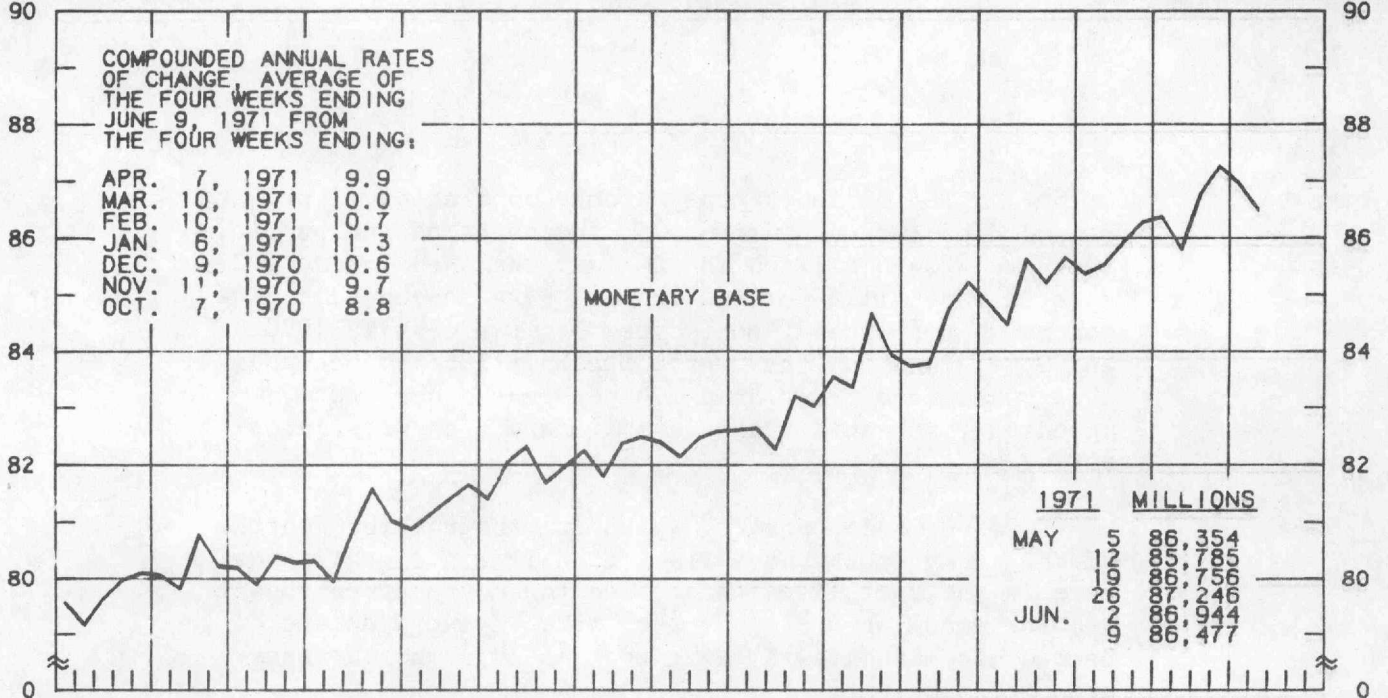
Three-month Treasury bill rates averaged 4.51 per cent in the three days ending June 9, up from 3.38 per cent in March, and about the same as January 1971. This current rate, however, is substantially below the 7.87 per cent in January 1970. Yields on prime four-to six-month commercial paper averaged 5.38 per cent in the first half of this week, up from 4.19 per cent in March. For comparison, these rates averaged 8.78 per cent in January 1970. Currently, the discount rate on advances from Federal Reserve banks to member banks is 4.75 per cent, only about 25 basis points above the three-month Treasury bill rate and about the same as the Federal funds rate. In April, the discount rate averaged 90 basis points above the bill rate and 60 points above the Federal funds rate.

Yields on seasoned Aaa corporate bonds averaged 7.67 per cent this week, about the same level as late 1970, although 80 basis points below June 1970. The Bond Buyer index of 20 municipal bonds averaged 5.70 per cent on June 2, down somewhat from three weeks earlier, but still above the March level of 5.17 per cent.

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

BILLIONS OF DOLLARS

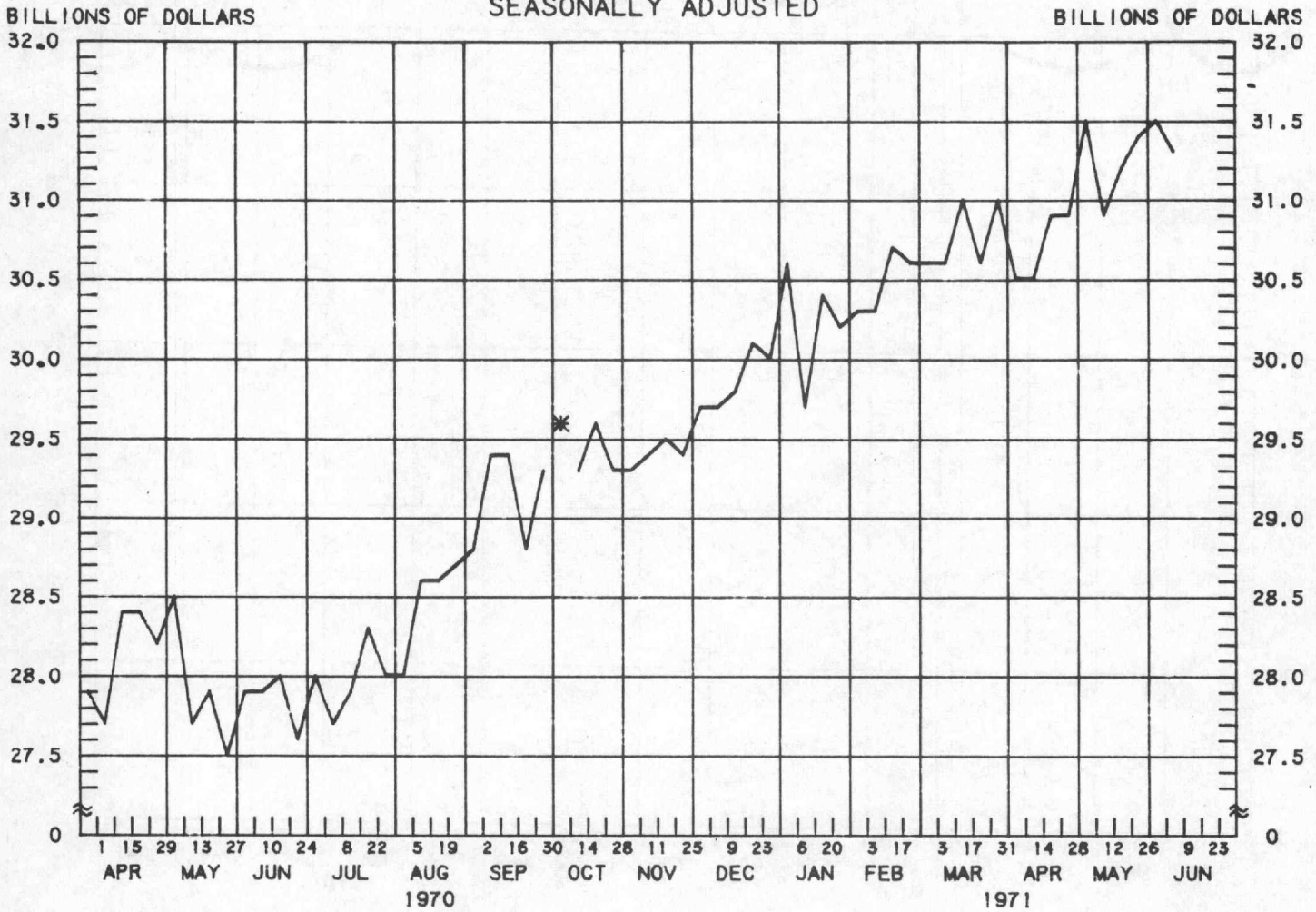
BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JUNE 9, 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: JUNE 9, 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.

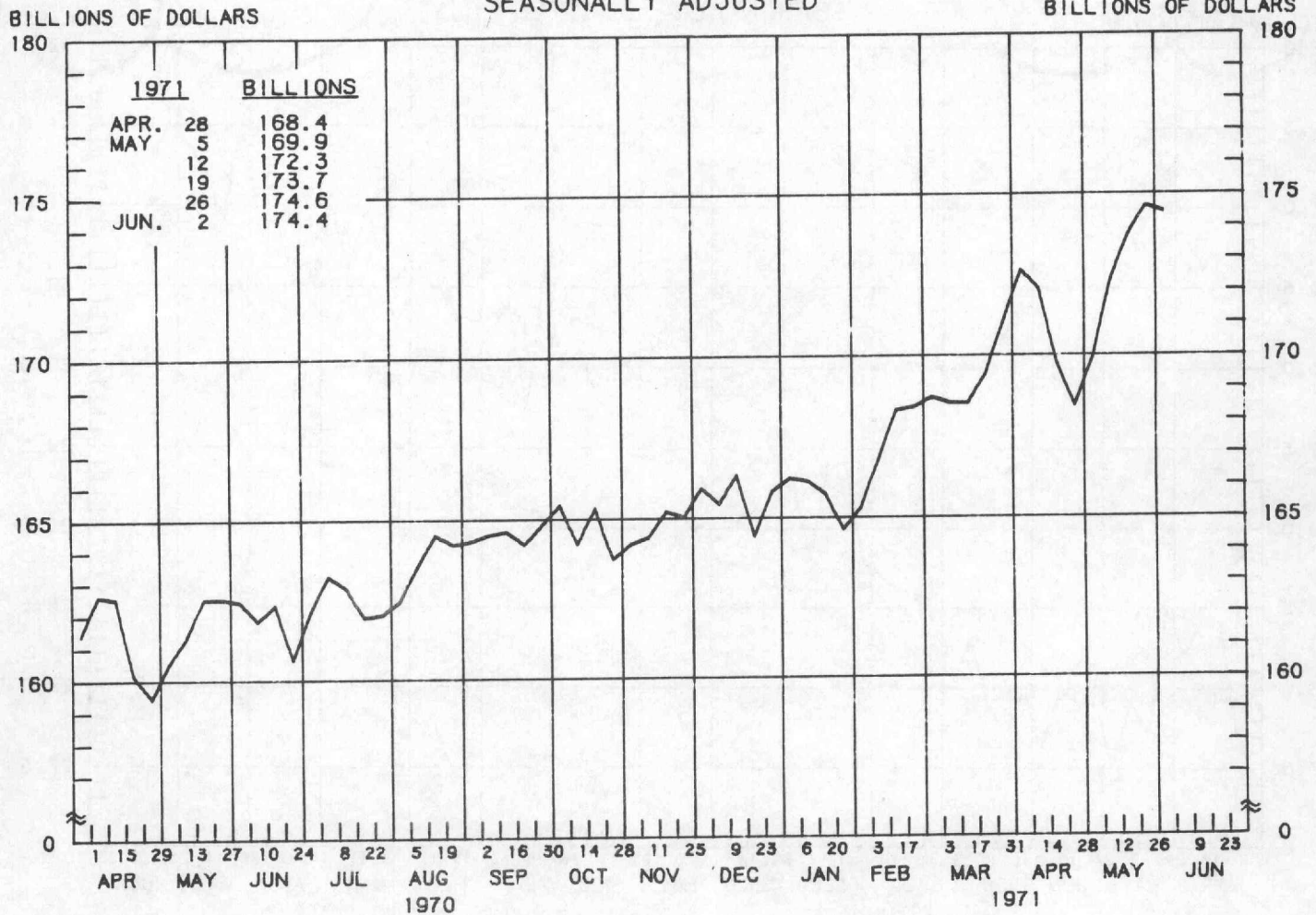
1971		BILLIONS
MAY	5	31.5
	12	30.9
	19	31.2
	26	31.4
JUN.	2	31.5
	9	31.3

COMPOUNDED ANNUAL RATES
OF CHANGE, AVERAGE OF
THE FOUR WEEKS ENDING
JUNE 9, 1971 FROM
THE FOUR WEEKS ENDING:

APR.	7, 1971	11.8
MAR.	10, 1971	10.9
FEB.	10, 1971	11.5
JAN.	6, 1971	10.5
DEC.	9, 1970	12.5
NOV.	11, 1970	12.1
OCT.	7, 1970	10.8

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 2, 1971

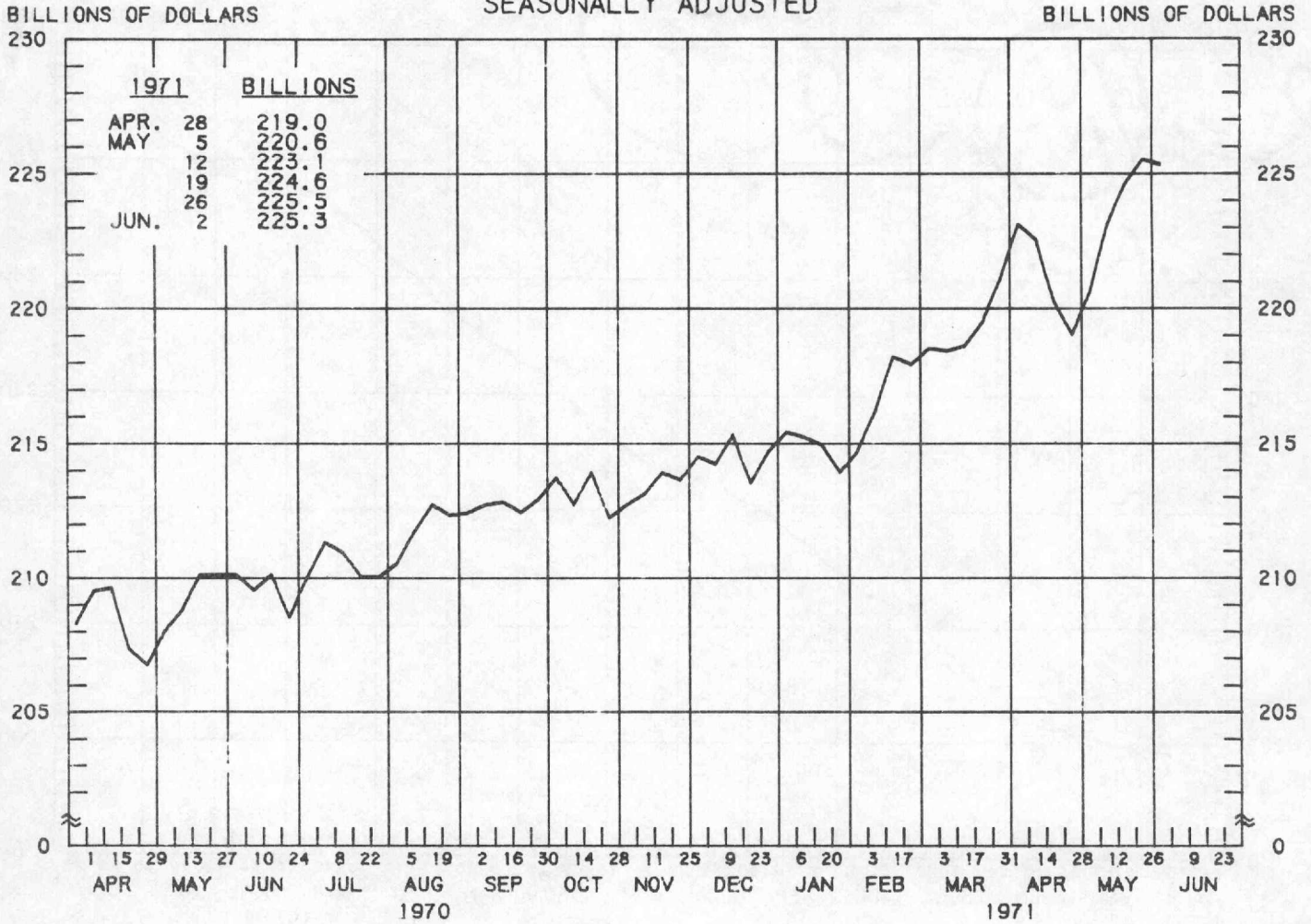
'CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	6/3/70	9/30/70	11/4/70	12/2/70	12/30/70	2/3/71	3/3/71	3/31/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
11/ 4/70	3.2							
12/ 2/70	3.6	2.1						
12/30/70	3.6	2.5	4.4					
2/ 3/71	2.9	1.6	2.5	1.1				
3/ 3/71	4.9	5.3	7.0	7.5	9.4			
3/31/71	5.4	6.0	7.7	8.2	9.8	16.8		
5/ 5/71	5.2	5.7	6.9	7.2	8.1	11.6	6.7	
6/ 2/71	7.2	8.5	10.1	10.8	12.3	16.4	14.3	16.0

MONEY STOCK

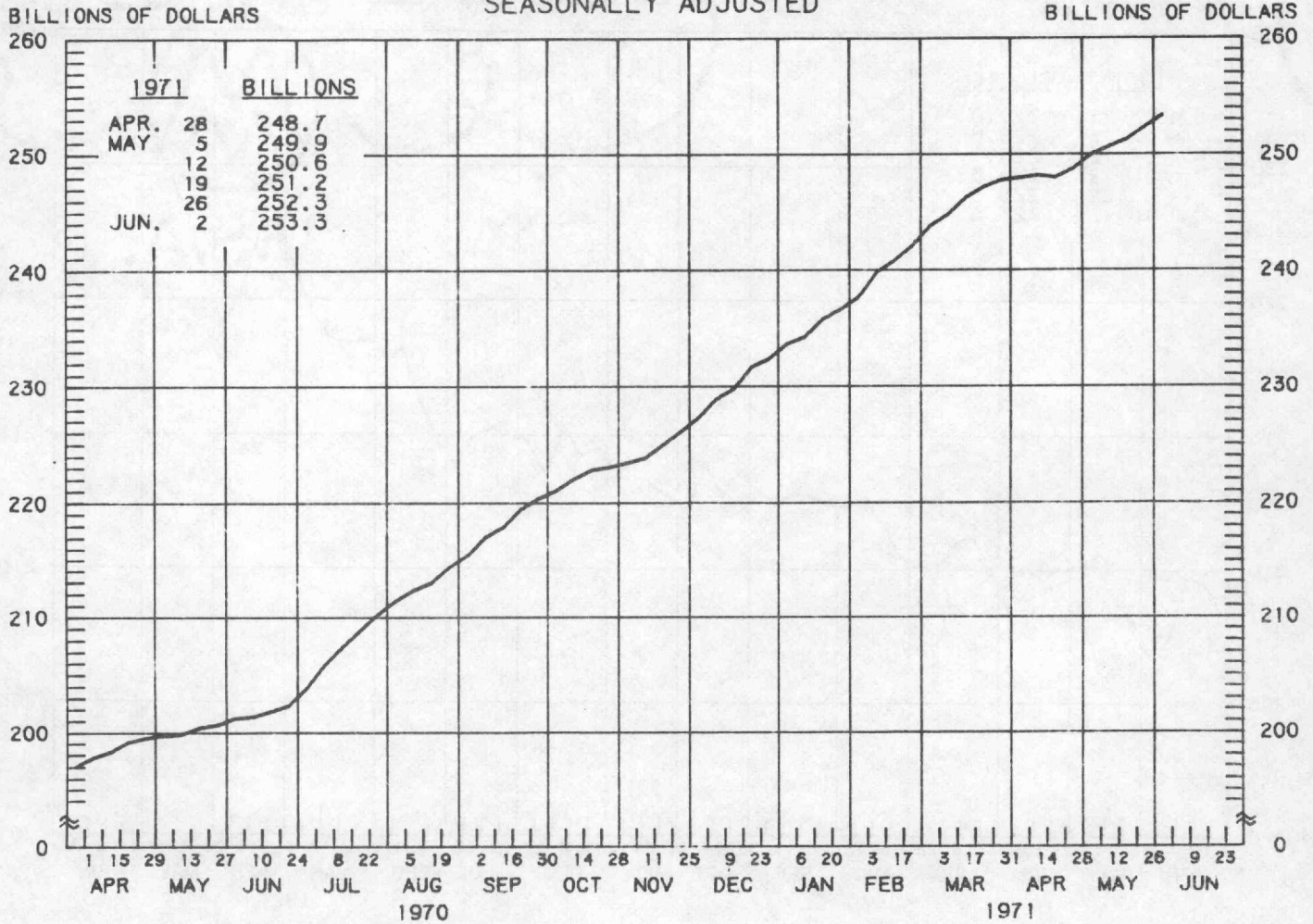
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 2, 1971
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	6/3/70	9/30/70	11/4/70	12/2/70	12/30/70	2/3/71	3/3/71	3/31/71	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
11/ 4/70	3.5								
12/ 2/70	3.8	3.0							
12/30/70	3.8	3.2	4.7						
2/ 3/71	3.5	2.7	3.4	2.5					
3/ 3/71	5.1	5.6	7.1	7.5	9.2				
3/31/71	5.6	6.4	7.7	8.2	9.7	15.1			
5/ 5/71	5.6	6.3	7.4	7.7	8.6	11.5	7.9		
6/ 2/71	7.1	8.4	9.7	10.4	11.6	14.8	13.3	14.5	

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

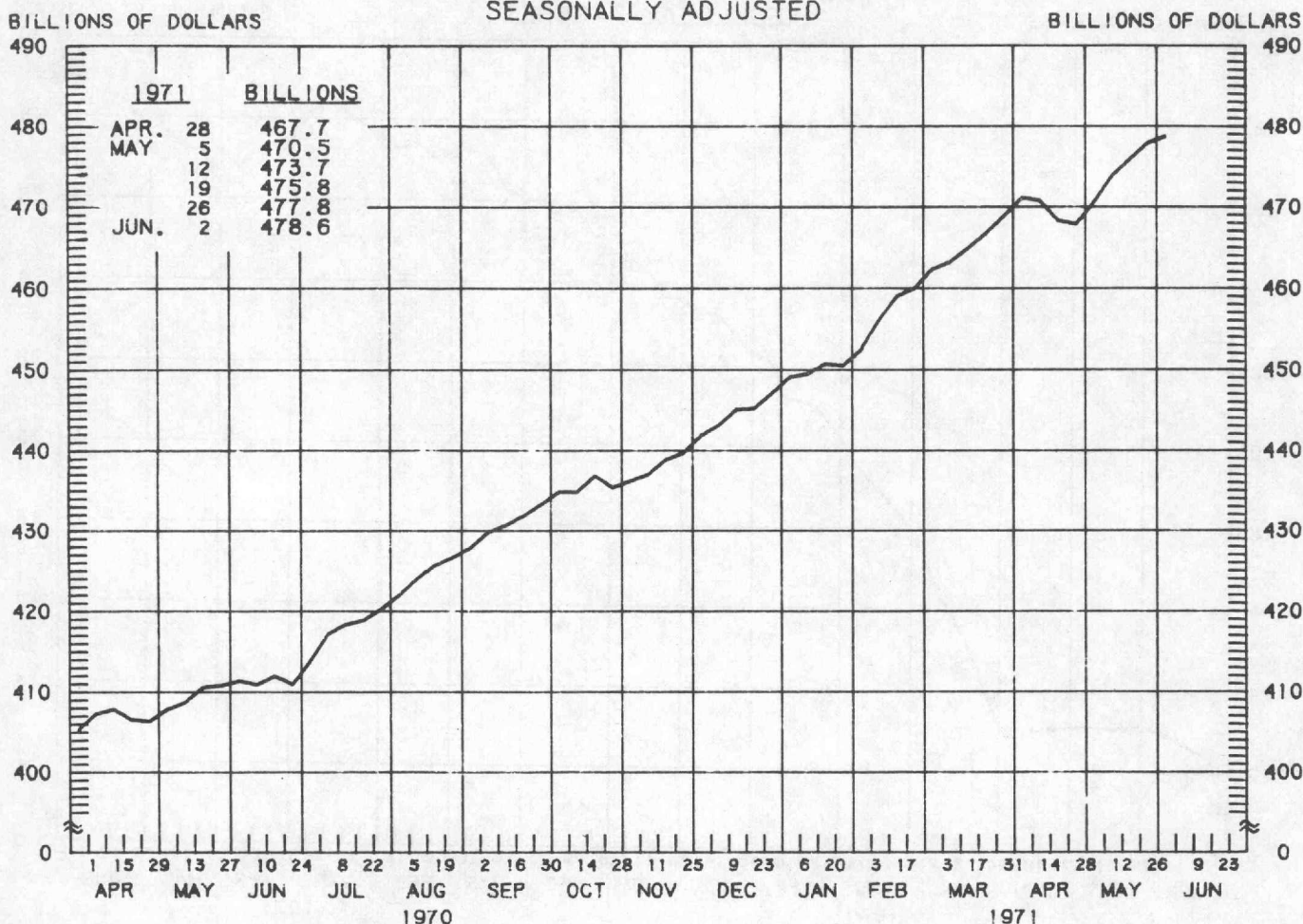


LATEST DATA PLOTTED WEEK ENDING: JUNE 2, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	6/3/70	9/30/70	11/4/70	12/2/70	12/30/70	2/3/71	3/3/71	3/31/71	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
11/ 4/70	28.3								
12/ 2/70	26.5	19.7							
12/30/70	27.4	23.8	25.1						
2/ 3/71	27.4	24.8	25.9	30.1					
3/ 3/71	28.2	26.6	28.0	31.5	30.6				
3/31/71	28.3	27.1	28.3	31.1	30.4	32.4			
5/ 5/71	26.3	24.2	24.6	26.0	24.4	23.3	18.5		
6/ 2/71	25.6	23.4	23.7	24.8	23.2	22.1	18.4	13.6	

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

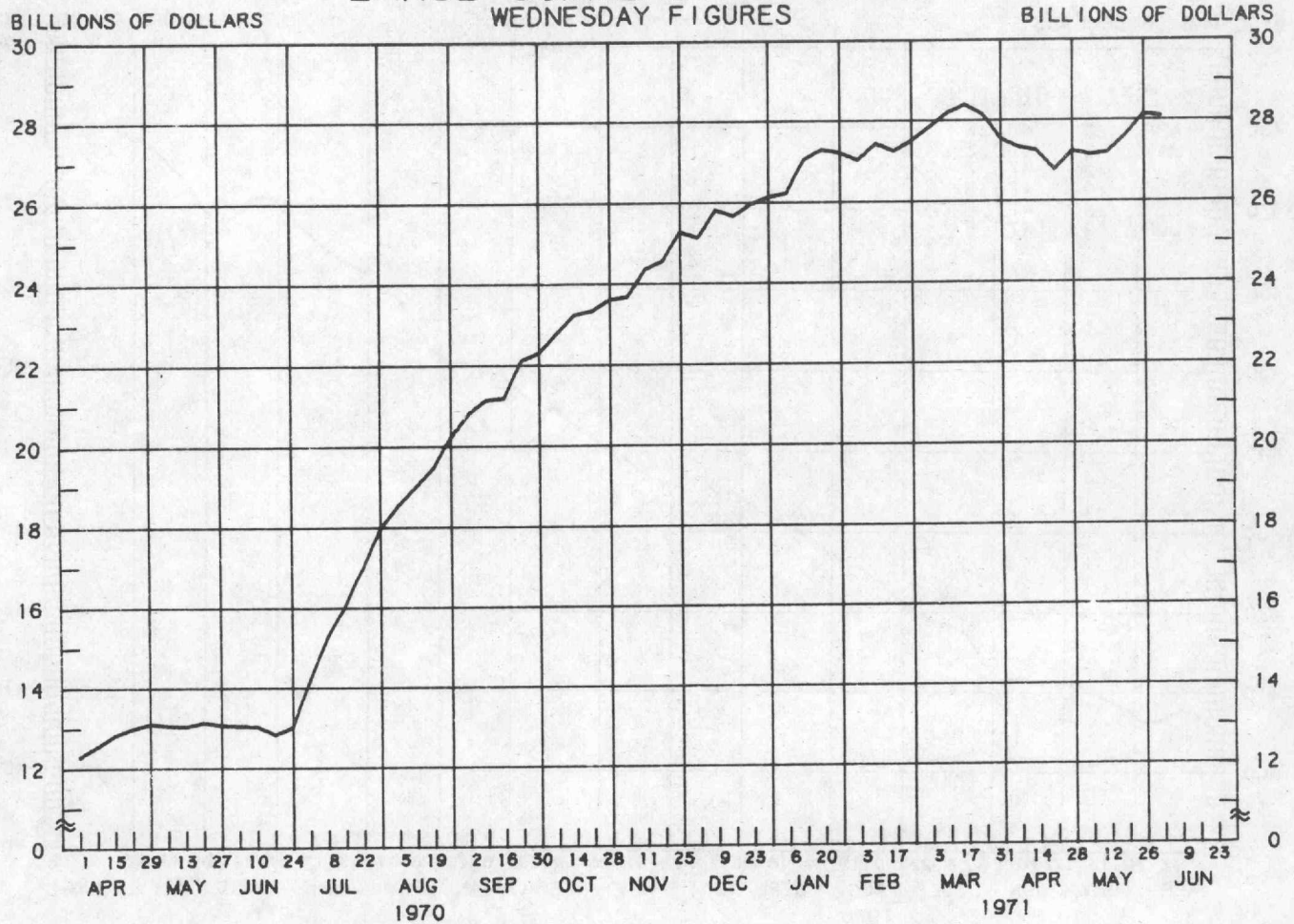


LATEST DATA PLOTTED WEEK ENDING: JUNE 2, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	6/3/70	9/30/70	11/4/70	12/2/70	12/30/70	2/3/71	3/3/71	3/31/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
11/ 4/70	15.3							
12/ 2/70	14.6	11.2						
12/30/70	15.1	13.3	14.7					
2/ 3/71	15.0	13.6	14.5	16.0				
3/ 3/71	16.2	16.0	17.4	19.4	19.9			
3/31/71	16.6	16.6	18.0	19.6	20.0	23.9		
5/ 5/71	15.6	15.2	16.0	16.8	16.5	17.5	13.3	
6/ 2/71	16.1	16.0	16.8	17.7	17.5	18.6	15.9	14.0

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS WEDNESDAY FIGURES



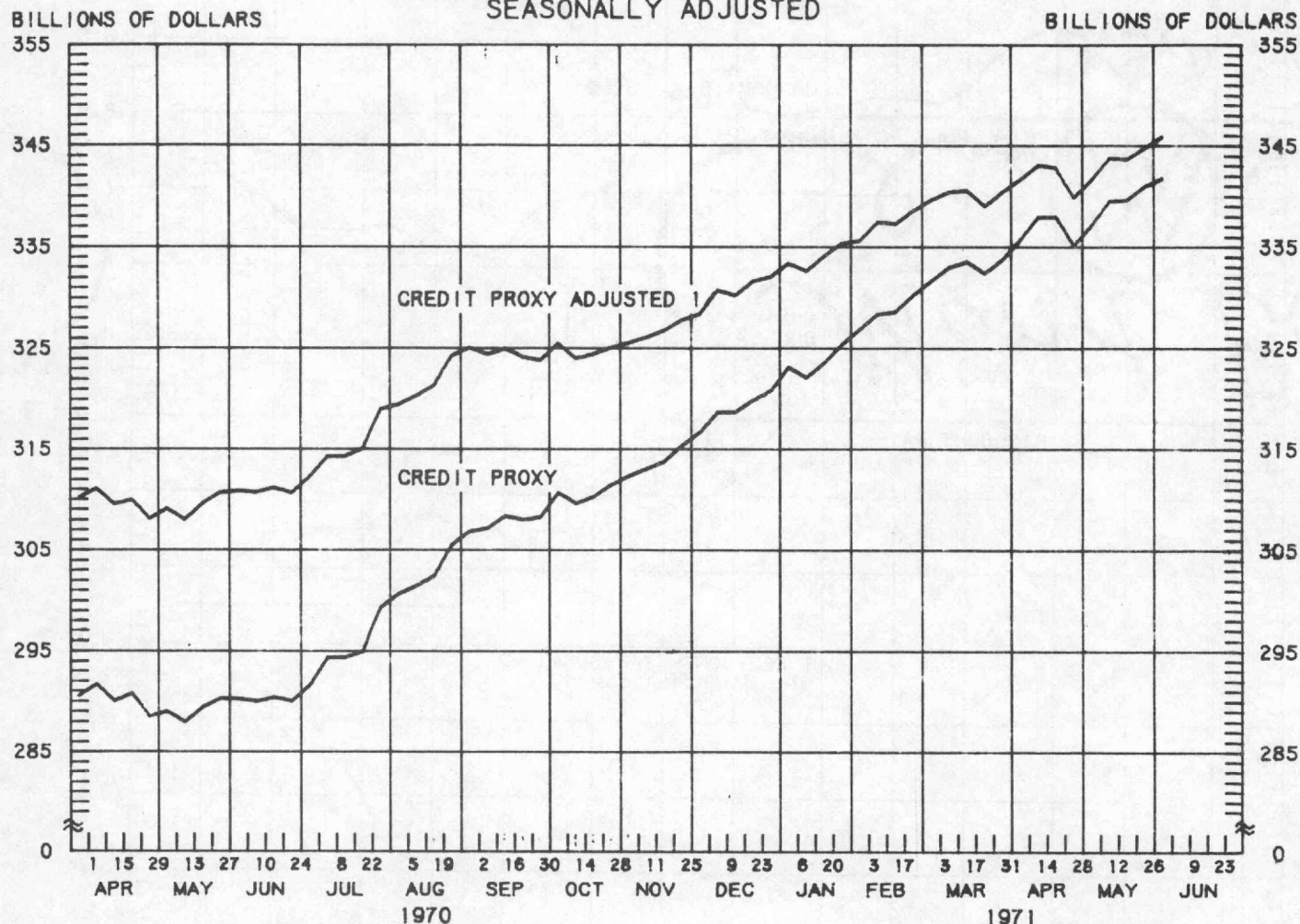
LATEST DATA PLOTTED WEEK ENDING: JUNE 2, 1971

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. 28	27,219
MAY 5	27,127
12	27,185
19	27,606
26	28,137
JUN. 2	28,076

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



LATEST DATA PLOTTED WEEK ENDING: JUNE 2, 1971

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

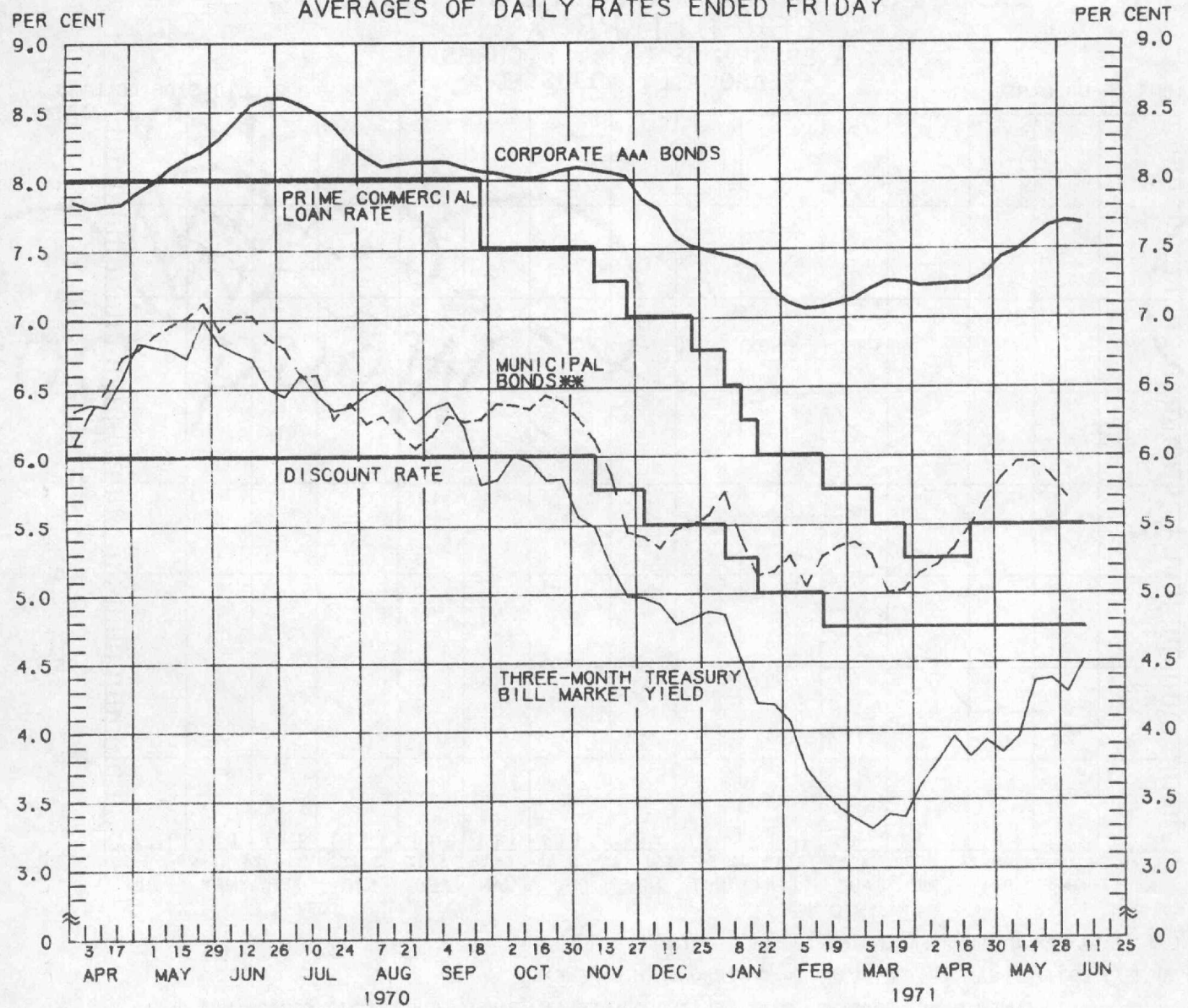
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
APR.	28	335.1	339.8
MAY	5	337.1	341.6
	12	339.5	343.7
	19	339.6	343.6
	26	340.9	344.7
JUN.	2	341.7	345.8

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING JUNE 2, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
MAR.	31	13.3	7.7
MAR.	3	13.6	7.7
FEB.	3	15.9	9.5
DEC.	30	16.2	9.8
DEC.	2	17.0	10.9
NOV.	4	17.0	10.8
SEP.	30	16.1	9.4

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



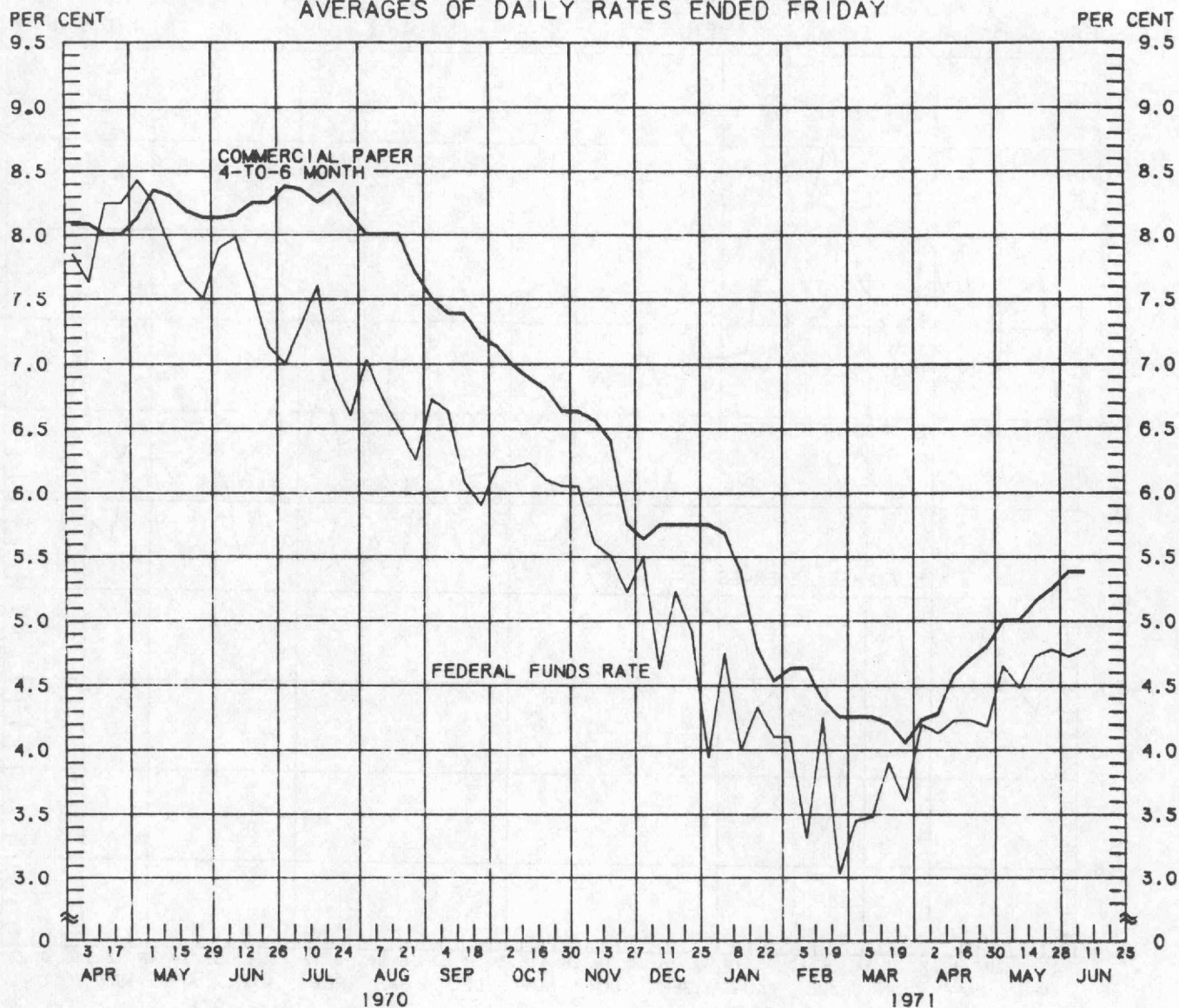
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JUNE 11, 1971

1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS ***
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	7.57	4.36	6.20	6.04	5.96
28	7.66	4.38	5.97	5.90	5.86
JUNE 4	7.69	4.28	5.92	5.79	5.70
11 *	7.67	4.51	6.19	5.87	N.A.
18					
25					

* 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

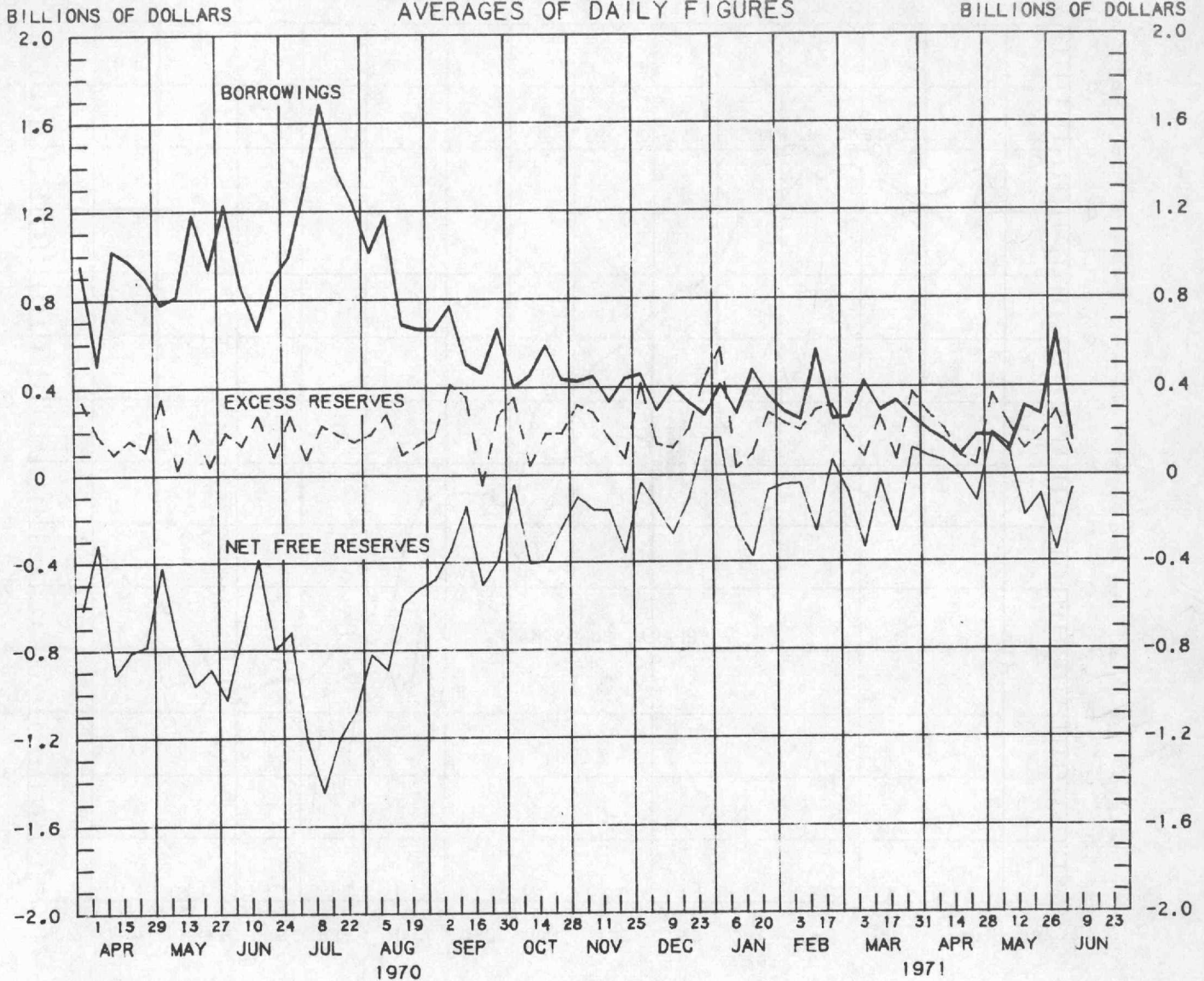


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JUNE 11, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S ^{***}
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	5.15	4.73	4.95	4.91
28	5.25	4.78	5.00	5.12
JUNE 4	5.38	4.72	5.00	5.25
11 [*]	5.38	4.78	5.13	5.28
18				
25				

* 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		EXCESS RESERVES	MILLIONS BORROWINGS	FREE RESERVES
APR.	7	277	197	80
	14	208	150	58
	21	81	84	- 3
	28	48	176	- 128
MAY	5	365	174	191
	12	230	99	131
	19	115	308	- 193
	26	175	269	- 94
JUNE	2	291	645	- 354
	9	85	154	- 69
	16			
	23			
	30			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS