



Week ending: June 30, 1971

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The nation's money stock, consisting of private demand deposits and currency in the hands of the public, has risen at a very rapid 11.7 per cent annual rate in the past five months (page 5). In comparison, money grew at a 5 per cent rate in the previous thirteen months. These rates compare with a trend growth rate of about 3.3 per cent from 1957 to 1969. The demand deposit component of money has risen at a 12.2 per cent rate in the past five months, after rising at a 4.6 per cent rate in the previous thirteen months (page 4).

Market interest rates have risen above their low points of early 1971, and are now at approximately their late 1970 levels (pages 10 and 11, and table below). Interest rates, however, are still substantially below their recent historical highs in 1970. Three-month Treasury bill rates averaged 5.11 per cent in the first three days of this week, up about 1.7 percentage points since the March low. In comparison, these rates averaged 7.87 per cent in January 1970. Yields on seasoned Aaa corporate bonds averaged 7.62 per cent in the first half of this week, about 55 basis points above February 1971, and about 85 basis points below the June 1970 high of 8.48 per cent.

The recent rise in interest rates probably reflects an increase in credit demand, partially in response to moderately rapid growth of the money stock in 1970 and even more rapid growth of money in 1971. Normally, a rapid increase in the money stock leads to a temporary decline in market interest rates due to the increase in the supply of credit (sometimes referred to as the liquidity effect). Presumably, in the second quarter of 1971 the liquidity effect from the rapid growth of the money stock was more than offset by an increased demand for credit. The recent increases of market rates, in the current economic setting, appear to be an indication of renewed strength of economic activity and possibly an upward revision of inflationary expectations rather than a measure of restraint presenting a direct threat to economic recovery.

SELECTED INTEREST RATES

	3 days ending June 30	Low month 1971 ^{1/}	Dec. 1970	High month 1970 ^{2/}
Federal Funds	5.00%	3.71%	4.90%	8.98%
3-month Treasury bills	5.11	3.38	4.87	7.87
Prime 4- to 6-month commercial paper	5.59	4.19	5.73	8.78
3- to 5-year Government securities	6.72	4.74	5.86	8.14
Long-term Government bonds	5.97	5.71	5.97	6.99
Aaa Corporate bonds	7.62	7.08	7.64	8.48
Discount Rate	4.75	4.75	5.50	6.00

^{1/} March, except for Aaa corporate bonds, whose low was in February.

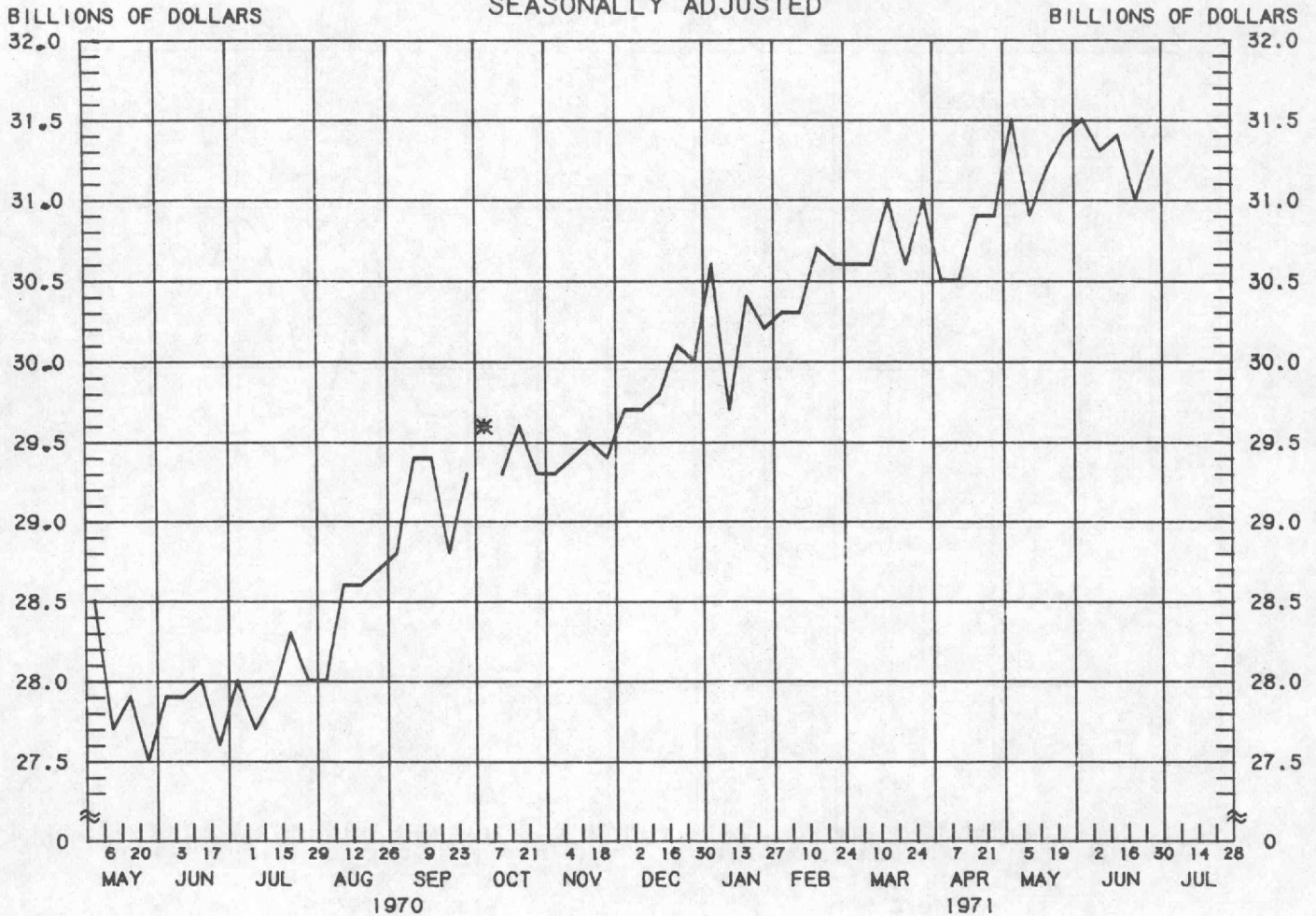
^{2/} January, except for the two long-term bond rates, which peaked in June.

Prepared by Federal Reserve Bank of St. Louis

Released: July 2, 1971

RESERVES ALL MEMBER BANKS IN THE NATION

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 30, 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 26	31.4
JUN. 2	31.5
9	31.3
16	31.4
23	31.0
30	31.3

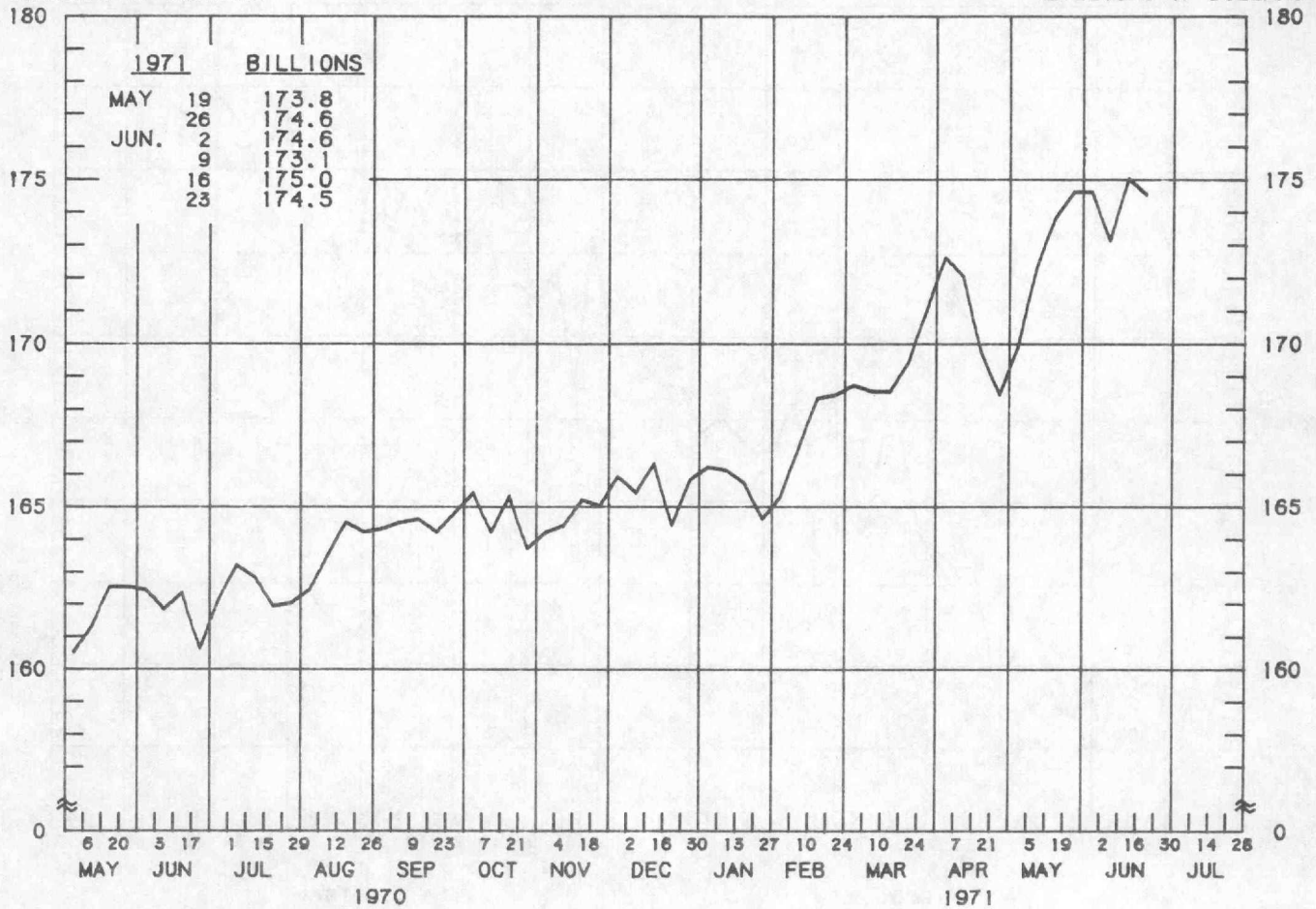
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING JUNE 30, 1971 FROM THE FOUR WEEKS ENDING:	
APR. 28, 1971	11.8
MAR. 31, 1971	6.7
MAR. 3, 1971	7.2
JAN. 27, 1971	8.8
DEC. 30, 1970	9.6
DEC. 2, 1970	10.8
OCT. 28, 1970	9.2

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JUNE 23, 1971

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

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

6/24/70 10/21/70 11/25/70 12/23/70 1/20/71 2/24/71 3/24/71 4/21/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/25/70	4.3						
12/23/70	4.6	2.1					
1/20/71	4.5	2.7	5.2				
2/24/71	5.0	4.1	6.2	6.1			
3/24/71	5.8	5.7	7.8	8.2	10.1		
4/21/71	7.1	7.9	10.2	11.1	13.4	17.1	
5/26/71	7.3	8.1	10.0	10.6	12.1	13.8	14.1
6/23/71	7.7	8.6	10.3	10.9	12.2	13.6	13.7 10.6

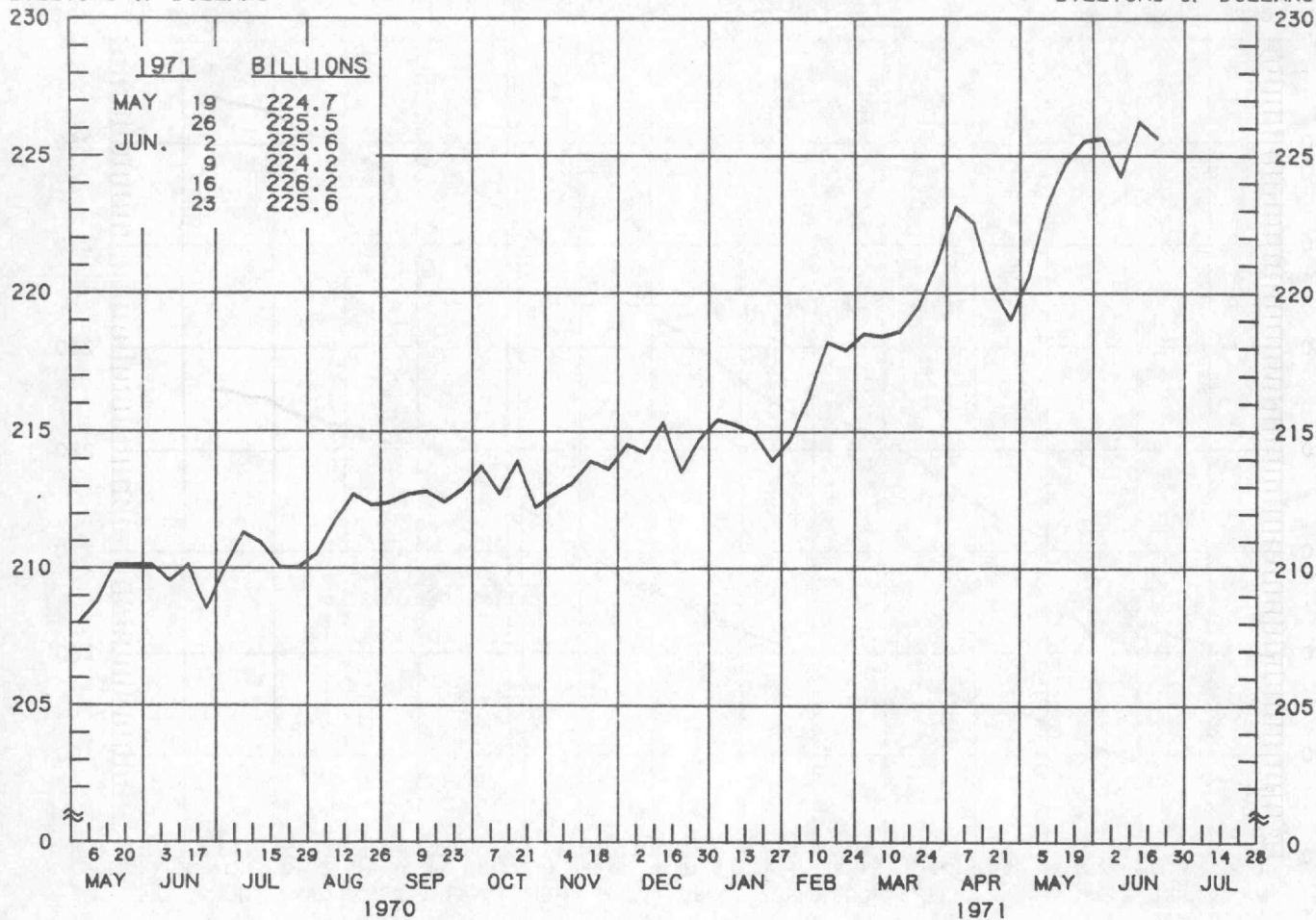
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JUNE 23, 1971

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

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

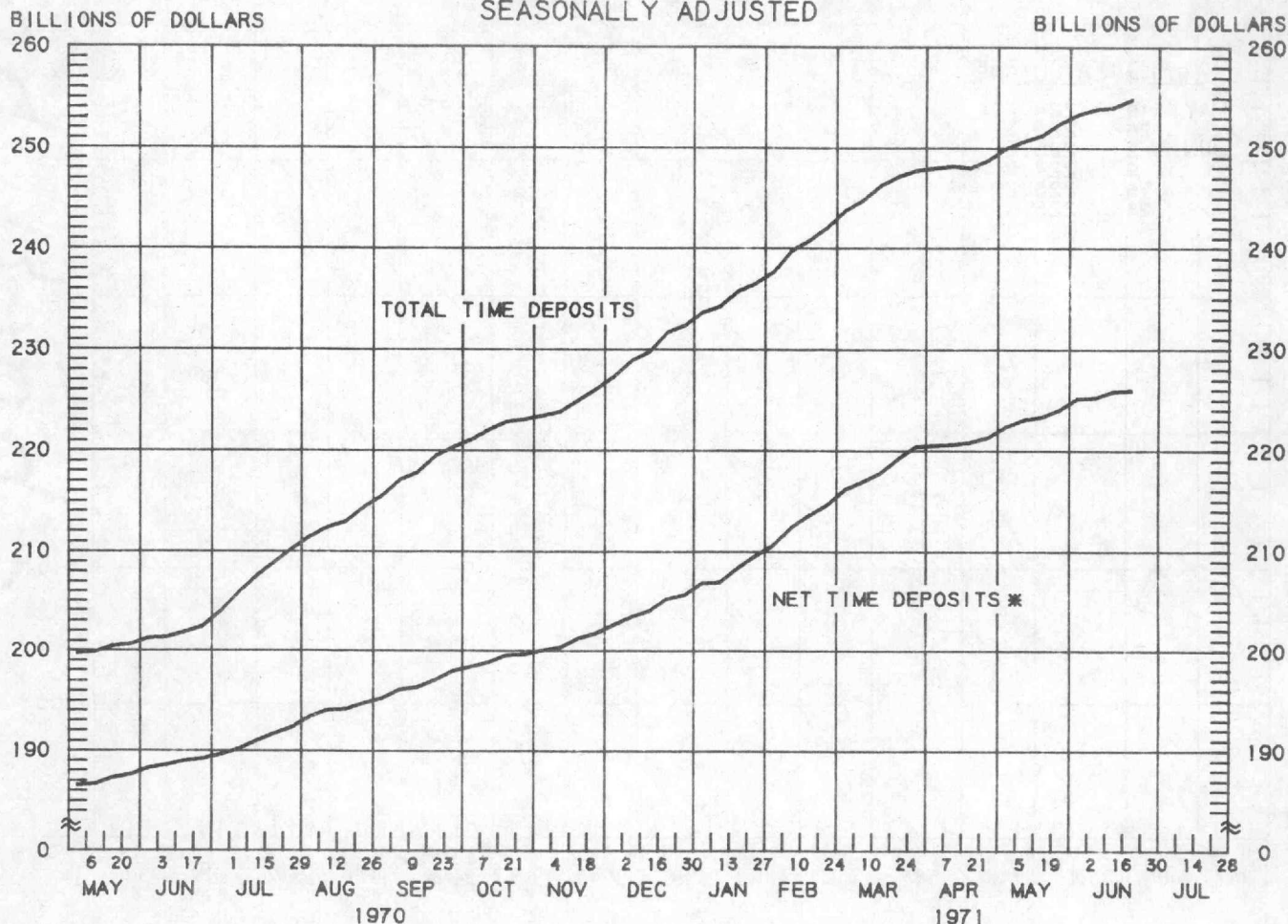
6/24/70 10/21/70 11/25/70 12/23/70 1/20/71 2/24/71 3/24/71 4/21/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/25/70	4.2						
12/23/70	4.6	3.0					
1/20/71	4.6	3.4	5.6				
2/24/71	5.1	4.8	6.7	6.6			
3/24/71	5.9	6.2	8.1	8.5	10.4		
4/21/71	7.0	8.0	10.0	10.8	12.8	15.6	
5/26/71	7.2	8.2	9.8	10.3	11.7	12.9	13.1
6/23/71	7.5	8.5	10.0	10.5	11.7	12.6	12.6 10.0

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TIME DEPOSITS
ALL COMMERCIAL BANKS
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 23, 1971

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

* NET TIME DEPOSITS ARE DEFINED AS: SAVINGS DEPOSITS, TIME DEPOSITS OPEN ACCOUNT PLUS TIME CERTIFICATES OF DEPOSIT OTHER THAN NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

NET TIME DEPOSITS

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

6/24/70 10/21/70 11/25/70 12/23/70 1/20/71 2/24/71 3/24/71 4/21/71

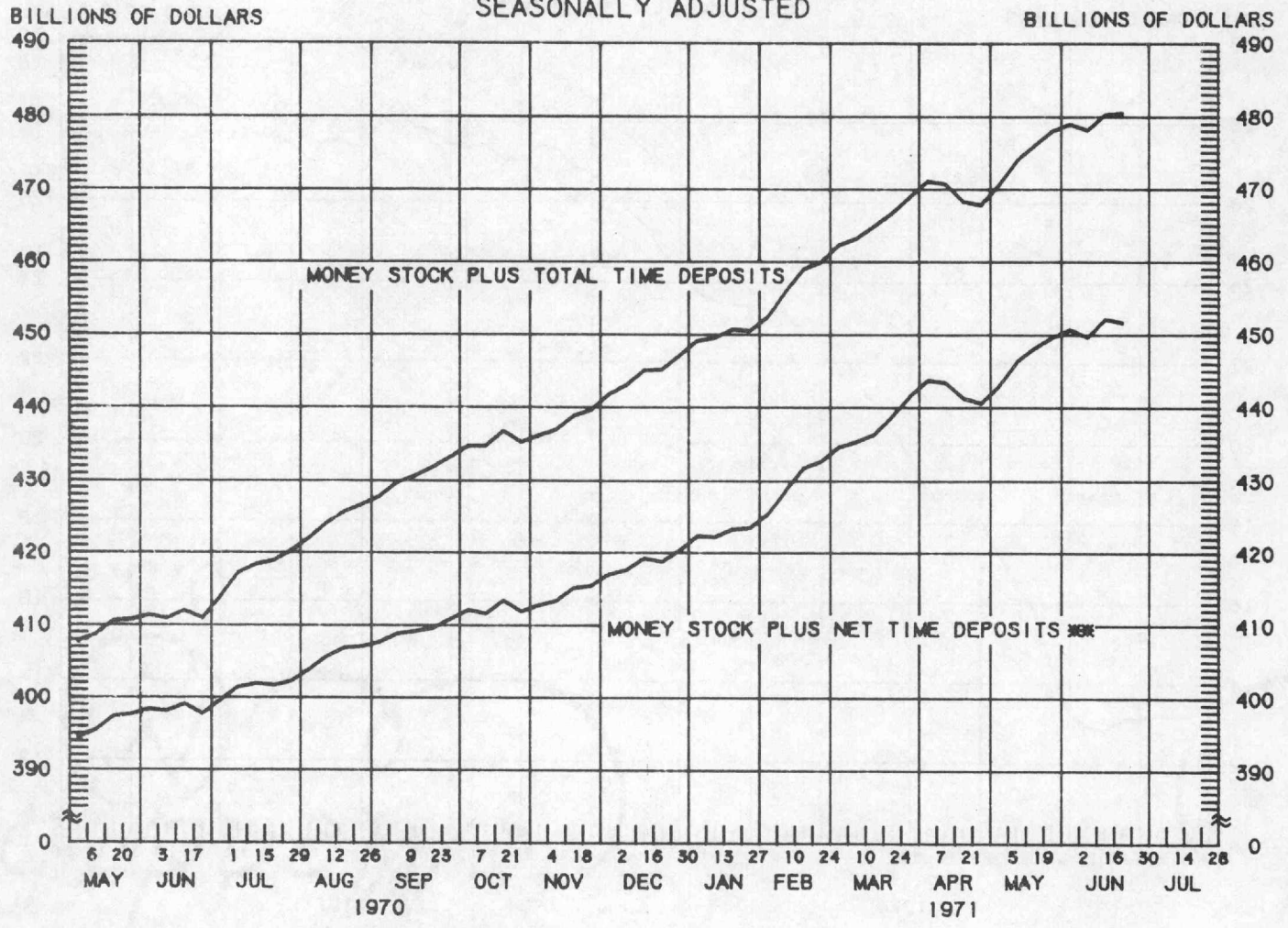
TO THE AVERAGE
 OF FOUR WEEKS
 ENDING:

11/25/70	15.8							
12/23/70	16.5	15.8						
1/20/71	17.3	17.8	21.5					
2/24/71	19.6	22.1	26.1	28.7				
3/24/71	20.9	24.0	27.7	30.0	33.5			
4/21/71	20.8	23.4	26.2	27.6	29.2	26.4		
5/26/71	19.9	21.6	23.6	24.1	24.5	21.0	16.1	
6/23/71	19.5	20.8	22.3	22.5	22.6	19.4	15.5	13.5

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MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 23, 1971
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.
 * M₂ IS DEFINED AS: CURRENCY, DEMAND DEPOSITS PLUS NET TIME DEPOSITS (SEE PAGE 6).

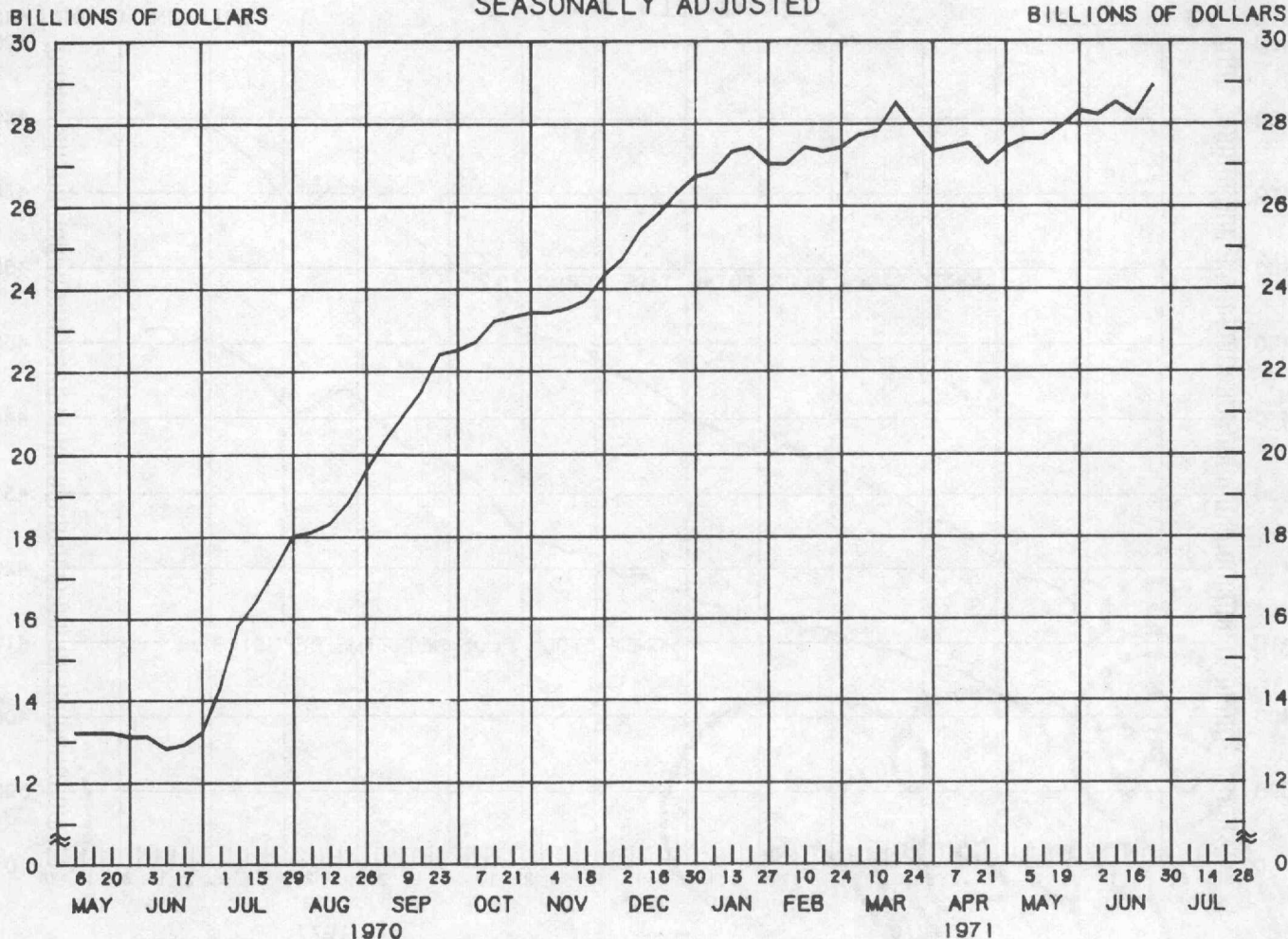
MONEY STOCK PLUS NET TIME DEPOSITS (M₂)

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

	6/24/70	10/21/70	11/25/70	12/23/70	1/20/71	2/24/71	3/24/71	4/21/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
11/25/70	9.7							
12/23/70	10.2	9.0						
1/20/71	10.6	10.2	13.1					
2/24/71	11.9	12.9	15.8	17.0				
3/24/71	12.9	14.5	17.2	18.5	21.1			
4/21/71	13.6	15.4	17.8	18.9	20.8	21.0		
5/26/71	13.3	14.6	16.4	16.9	17.9	16.9	14.7	
6/23/71	13.2	14.4	15.9	16.3	16.9	16.0	14.2	11.6

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 23, 1971

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

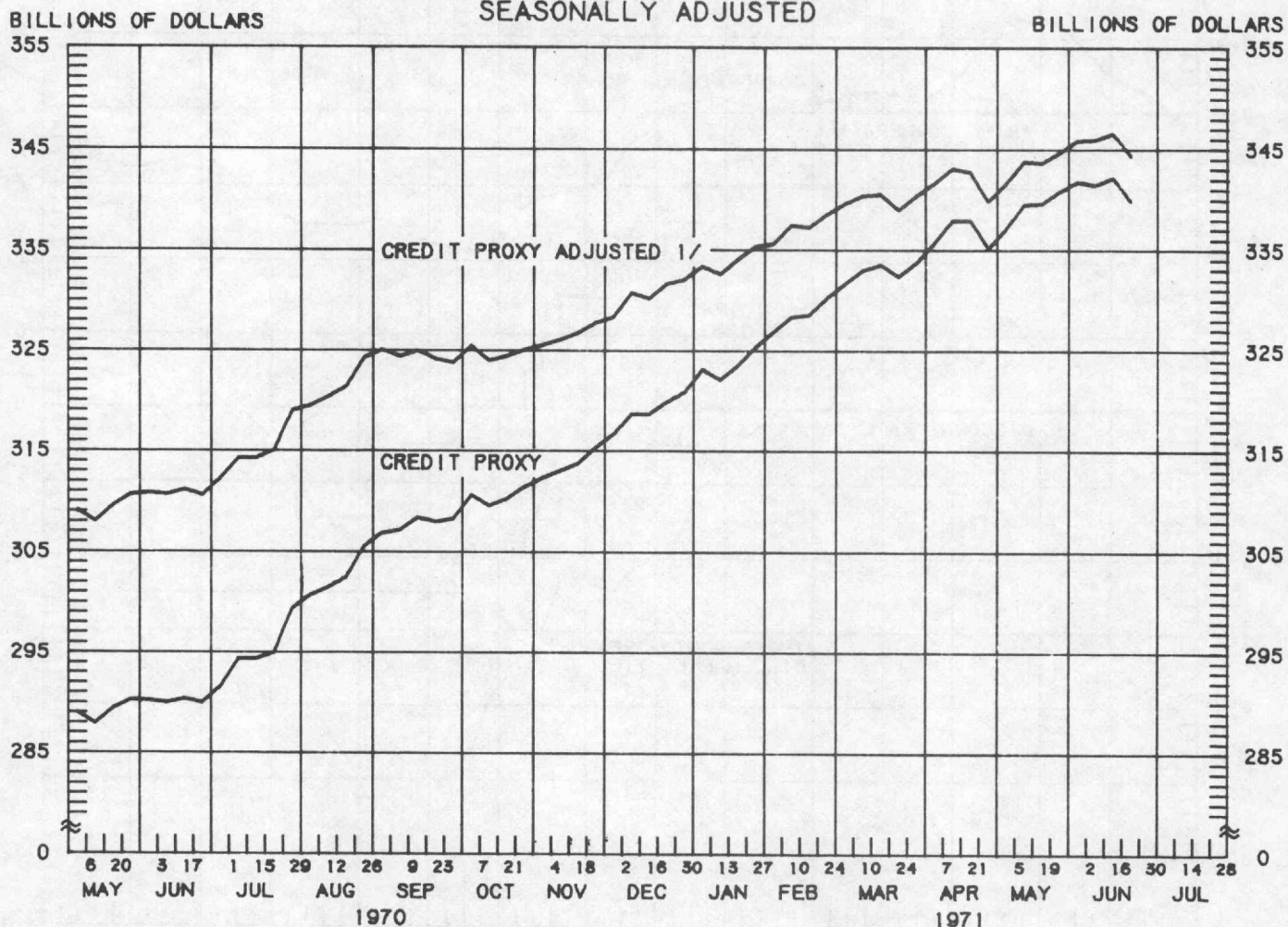
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA			
1971	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 **
MAY 5	27.6	222.3	442.9
12	27.6	223.0	446.2
19	27.9	223.3	448.0
26	28.3	224.0	449.5
JUNE 2	28.2	225.1	450.6
9	28.5	225.2	449.5
16	28.2	225.8	452.0
23	28.9	225.9	451.5
30			
JULY 7			
14			
21			
28			

* SEE FOOTNOTE PAGE 6.
** SEE FOOTNOTE PAGE 7.

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



LATEST DATA PLOTTED WEEK ENDING: JUNE 23, 1971

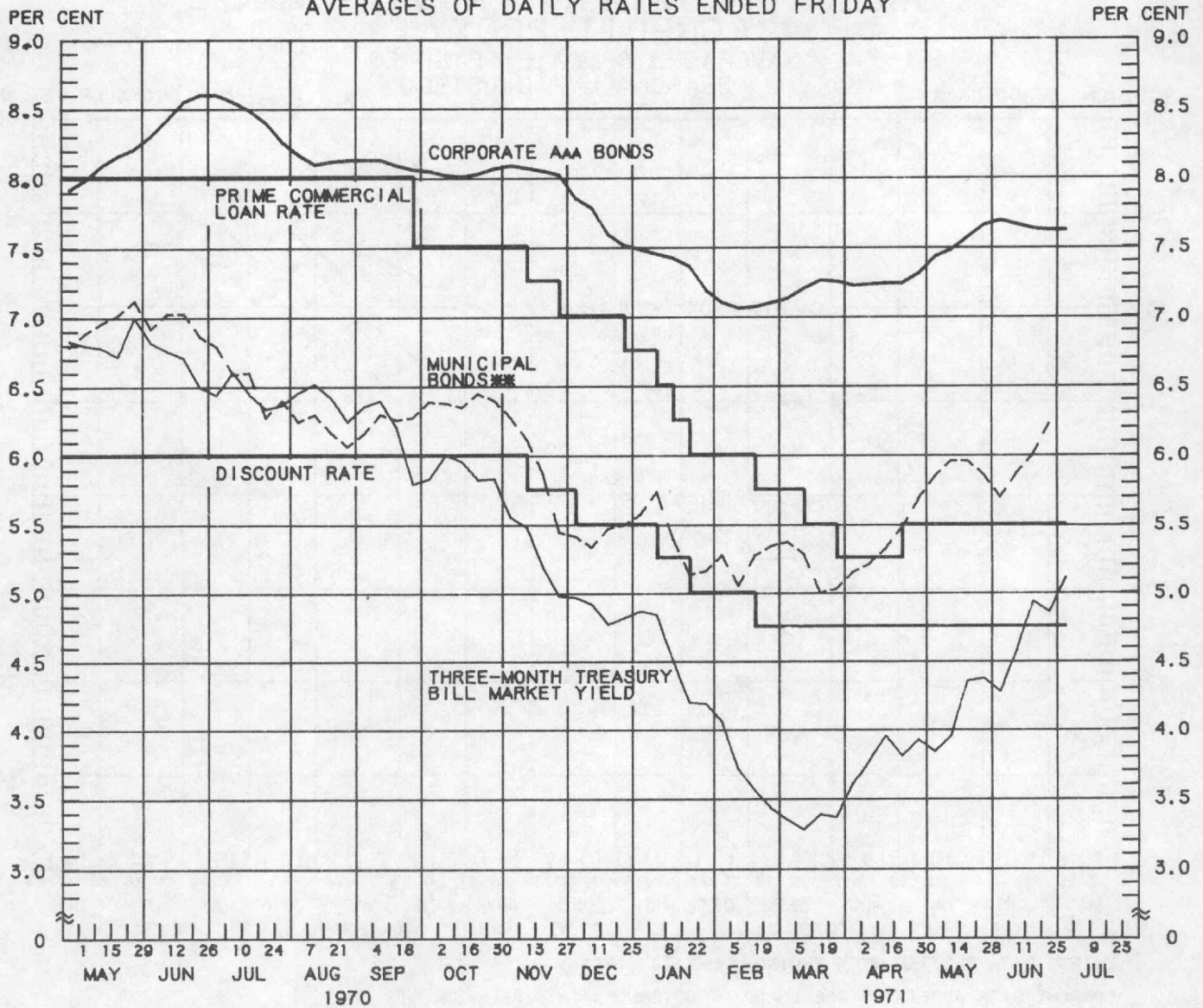
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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
MAY	19	339.6	343.6
	26	340.8	344.6
JUN.	2	341.7	345.8
	9	341.4	345.9
	16	342.1	346.5
	23	339.8	344.3

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING JUNE 23, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
APR.	21, 1971	8.9	6.4
MAR.	24, 1971	10.9	6.9
FEB.	24, 1971	12.4	7.8
JAN.	20, 1971	14.4	9.2
DEC.	23, 1970	14.9	9.5
NOV.	25, 1970	15.8	10.4
OCT.	21, 1970	15.6	9.9

YIELDS ON SELECTED SECURITIES AVERAGES OF DAILY RATES ENDED FRIDAY



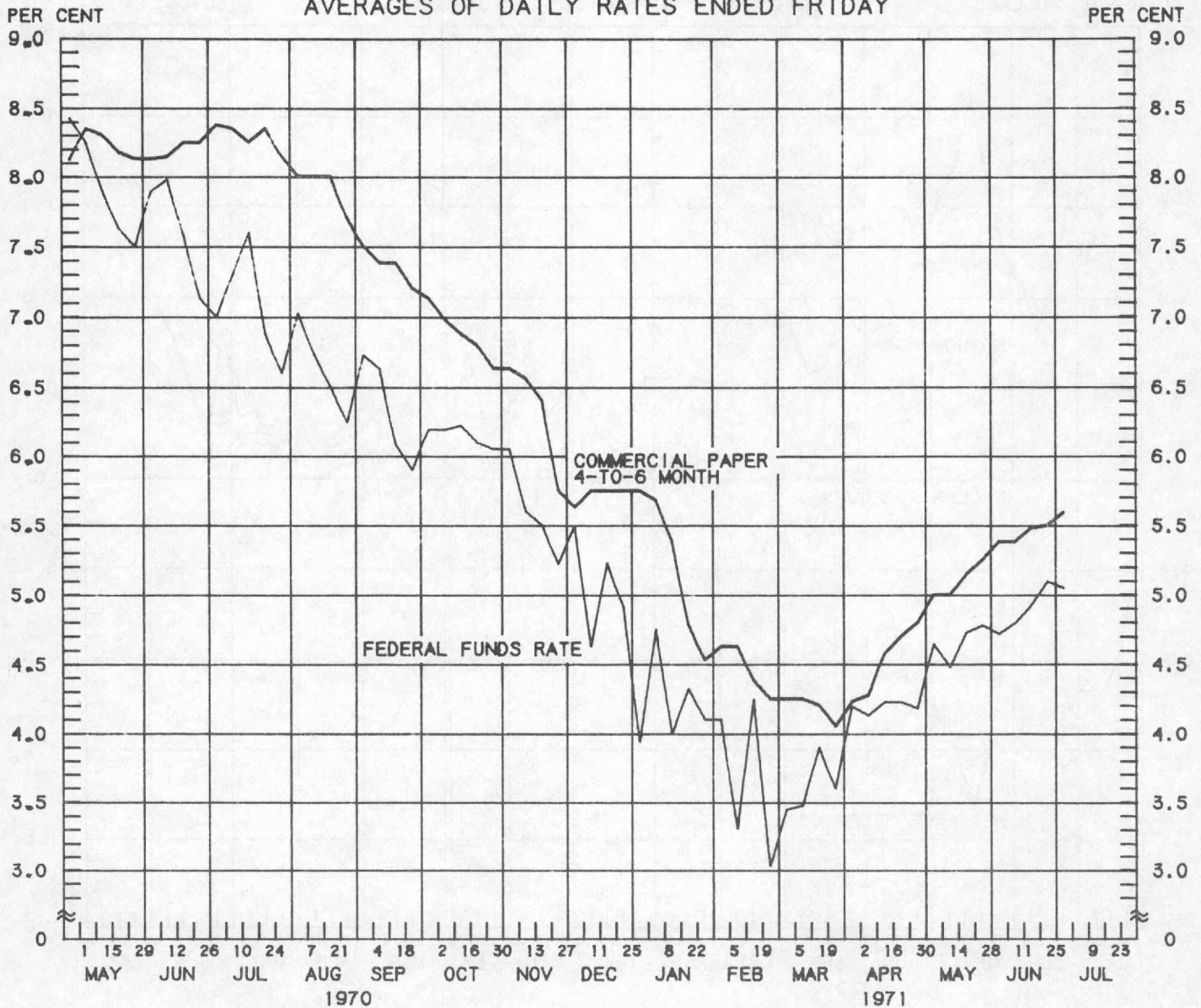
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JULY 2, 1971

1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS **
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	7.66	4.58	6.22	5.89	5.87
18	7.63	4.94	6.54	6.06	6.00
25	7.62	4.86	6.46	5.98	6.23
JULY 2 *	7.62	5.11	6.72	5.97	N.A.
9					
16					
23					
30					

* 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

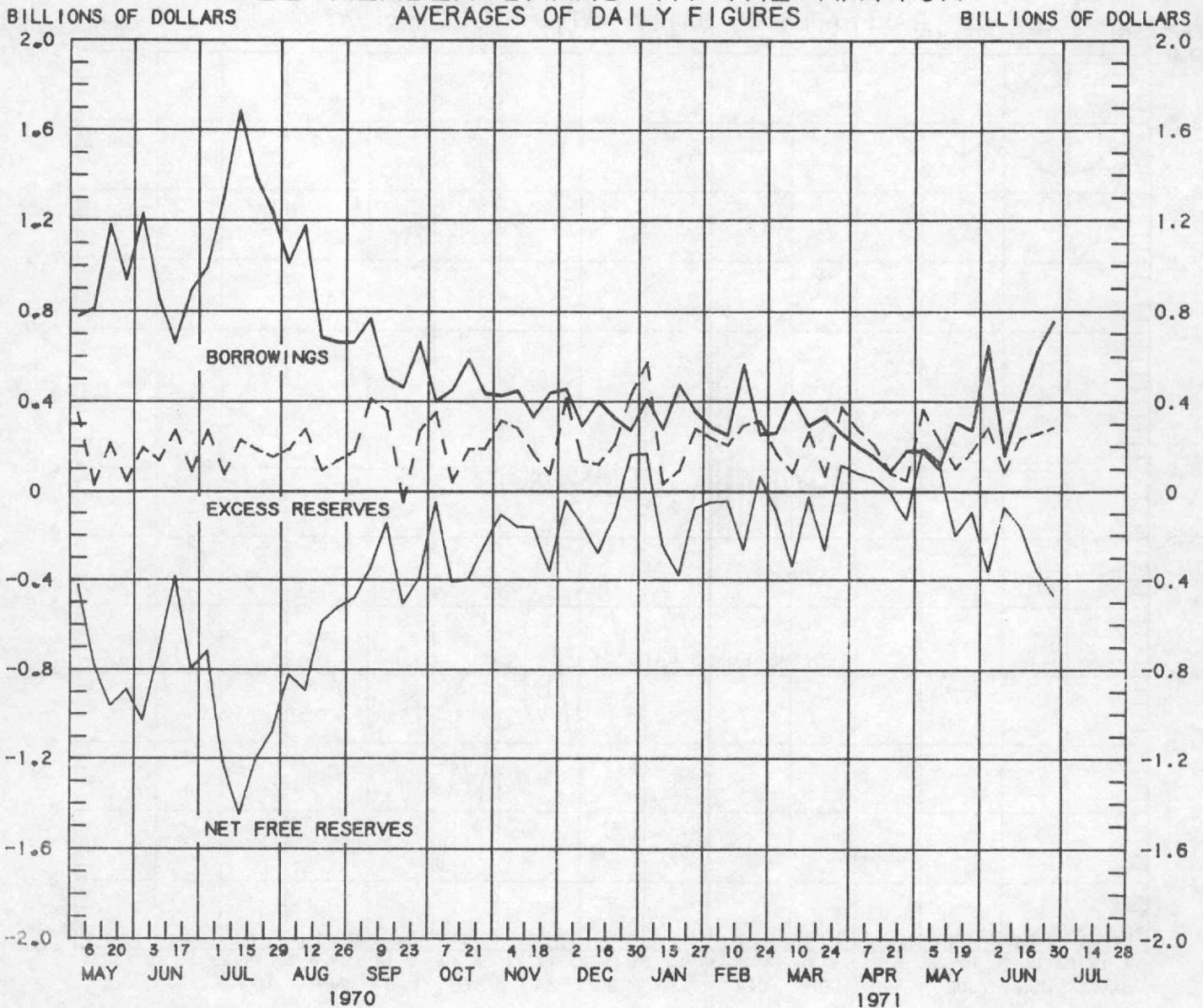


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JULY 2, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S **
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	4.80	5.18	5.28
18	5.48	4.93	5.43	5.33
25	5.50	5.10	5.50	5.43
JULY 2 *	5.59	5.05	5.59	5.53
9				
16				
23				
30				

* 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
MAY 5	365	174	191
12	230	99	131
19	102	306	- 204
26	174	267	- 93
JUNE 2	285	646	- 361
9	85	154	- 69
16	238	403	- 165
23	258	618	- 360
30	286	752	- 466
JULY 7			
14			
21			
28			

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