

Week ending: August 11, 1971



## LIBRARY

Monetary aggregates have expanded rapidly so far in 1971.

The money stock, which includes private demand deposits and currency in the hands of the public, has expanded at a 10.5 per cent annual rate since the four weeks ending January 6, a period of seven months (page 5). By comparison, money expanded 5.4 per cent in 1970 and 3 per cent in 1969. The accelerated growth of the money stock in 1970 and again in 1971 has primarily been promoted by faster growth rates of the monetary base (page 2). Growth of the base was 3 per cent in 1969, 6.2 per cent in 1970, and at a 10.2 per cent rate in the past seven months.

In general, long-term market interest rates are currently at about the same level or slightly higher than their June levels, after rising rapidly in the previous three months (page 10). However, long-term rates are still below their year ago levels. For instance, yields on seasoned corporate Aaa bonds averaged 7.71 per cent in the three days ending August 11, only 7 basis points above the June average, but 60 basis points above the February low. This rate is still well below the 8.13 per cent of August 1970. Yields on long-term government securities averaged 5.93 per cent in the first half of this week, about the same as the June average, but 20 basis points above the March level. For comparison, this rate is still 80 basis points below the August 1970 level.

The rise in long-term rates since March reflected both an unusually low level of interest rates in March (in view of the inflationary anticipations), and a heavy calendar of public offerings, possibly associated with higher price expectations accompanying the rapid monetary expansion in 1971. Currently, long-term market rates are high by historical standards, reflecting primarily the continued rapid rates of price increase. For instance, corporate Aaa bond rates averaged 4.37 per cent from 1962 through 1965. During this period, consumer prices rose at only a 1.4 per cent rate. Since early 1969 yields on these corporate bonds have averaged 7.5 per cent, while the rate of increase of consumer prices has averaged 5.5 per cent.

Member bank deposits subject to reserve requirements, known as the bank credit proxy, has risen at a 9.5 per cent annual rate in the past four months, after increasing at a 16.3 per cent rate in the previous thirteen months (page 9). The proxy adjusted to include bank-related commercial paper, Eurodollar borrowings of U.S. banks, and certain other nondeposit sources of bank funds, has increased at a 6.9 per cent rate in the past four months, compared with an 11 per cent rate in the previous thirteen months. Both measures were heavily influenced by the rapid reintermediation of time deposits in 1970 and early 1971.

Prepared by Federal Reserve Bank of St. Louis

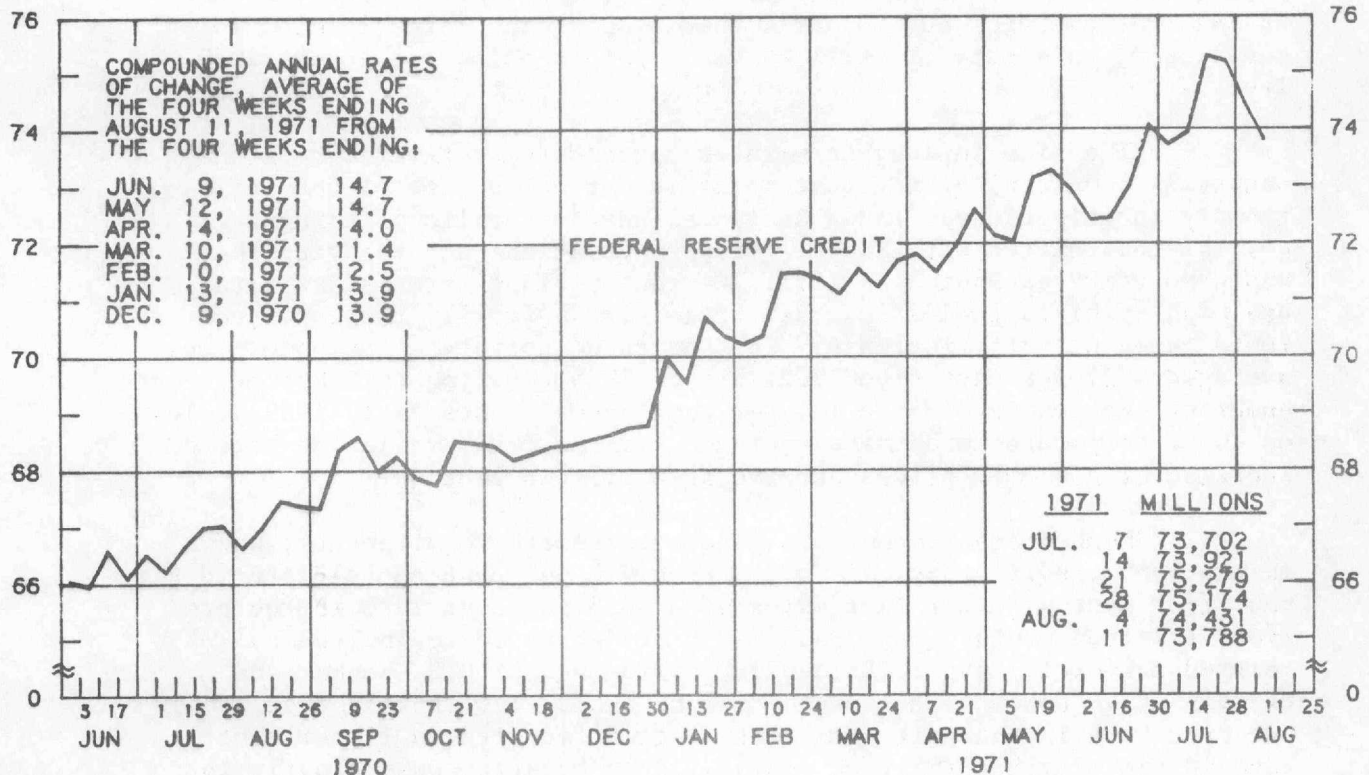
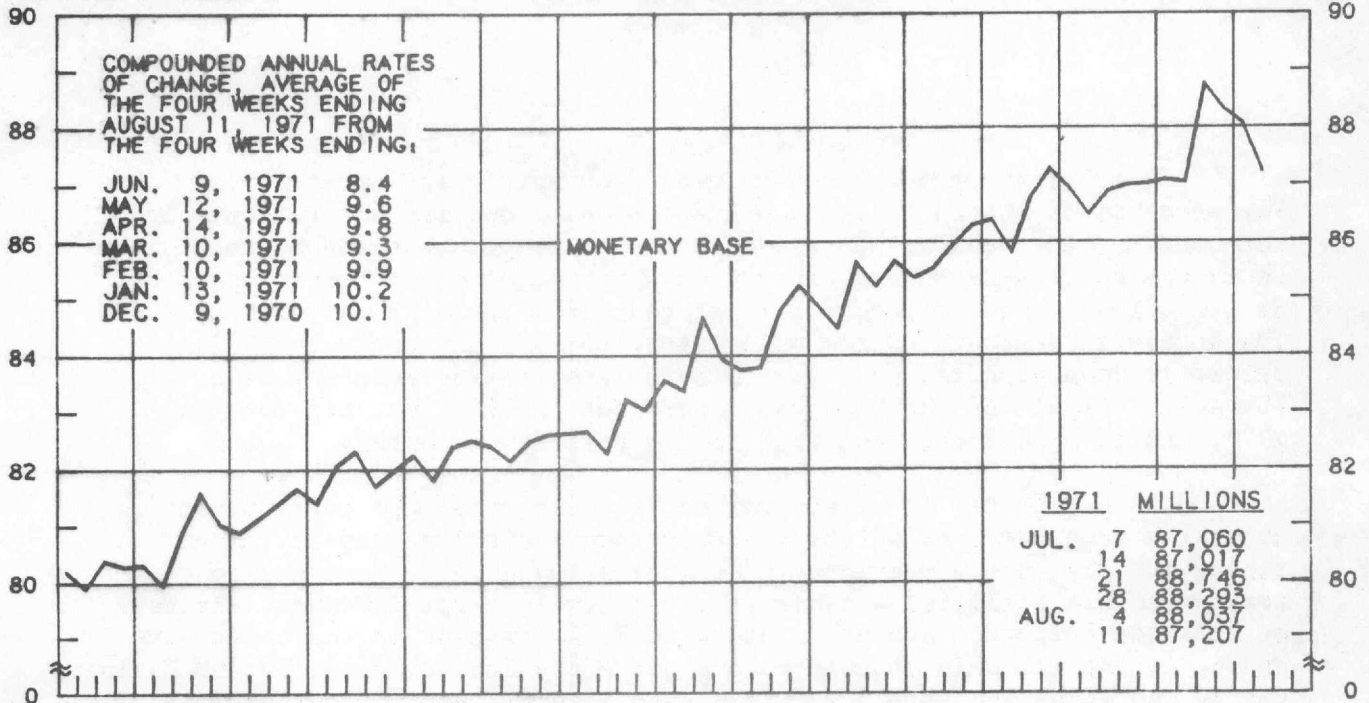
Released: August 13, 1971

# MONETARY BASE <sup>1/</sup> FEDERAL RESERVE CREDIT <sup>2/</sup>

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

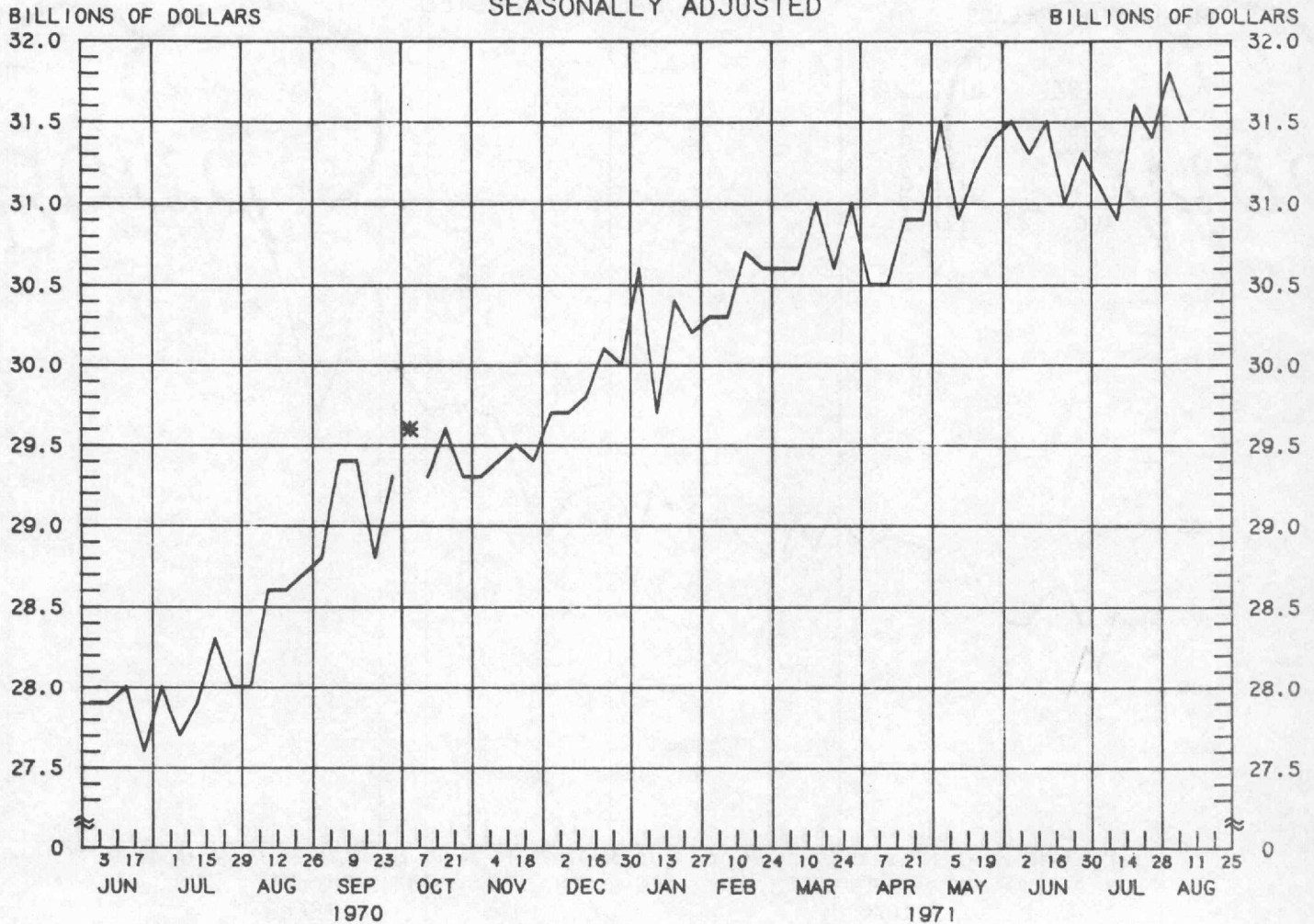
BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: AUGUST 11, 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: AUGUST 11, 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
JUL. 7	31.1
14	30.9
21	31.6
28	31.4
AUG. 4	31.8
11	31.5

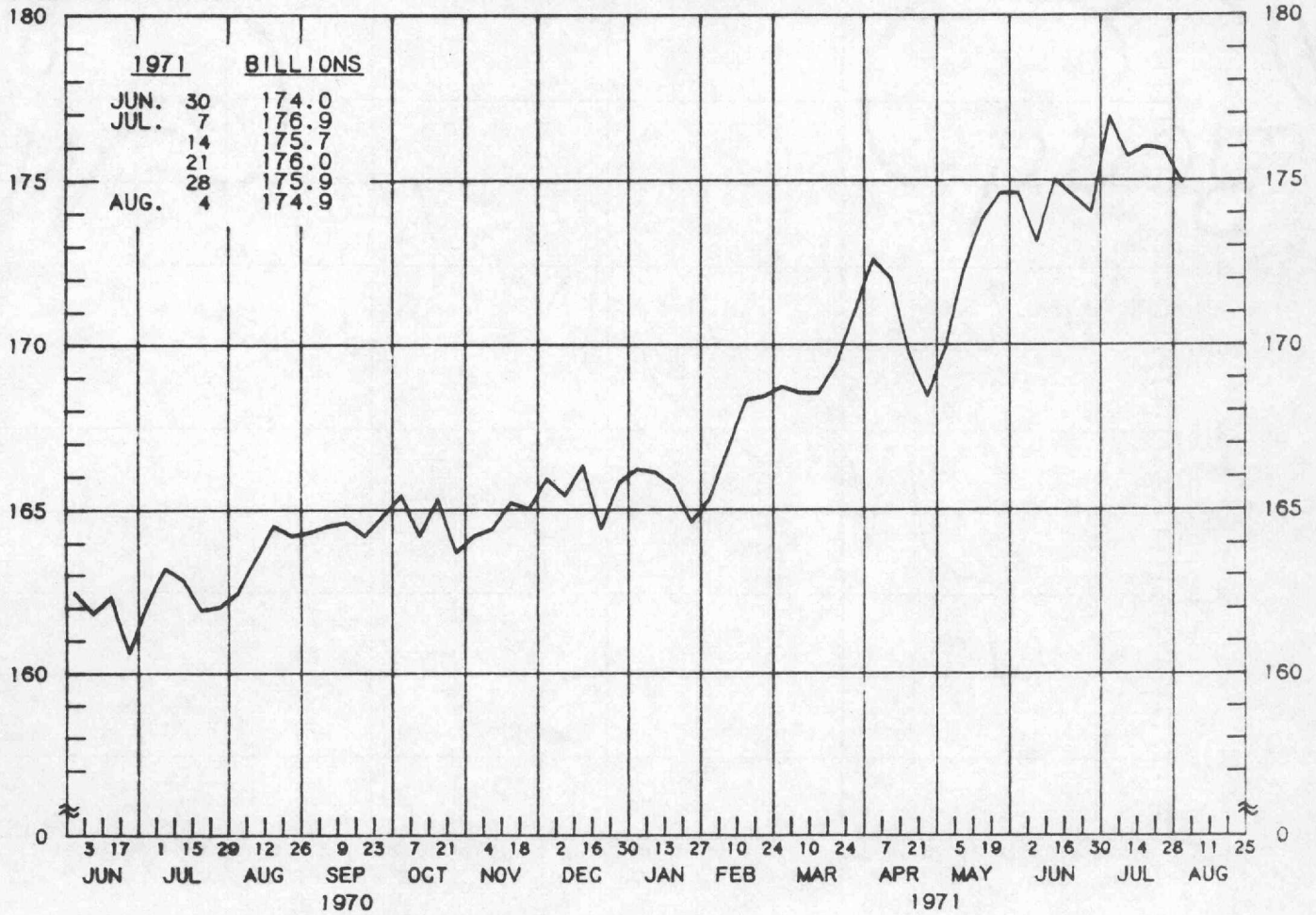
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING AUGUST 11, 1971 FROM THE FOUR WEEKS ENDING:	
JUN. 9, 1971	3.7
MAY 12, 1971	6.6
APR. 14, 1971	9.2
MAR. 10, 1971	7.9
FEB. 10, 1971	8.8
JAN. 13, 1971	8.8
DEC. 9, 1970	10.2

# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 1971

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

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

8/5/70 12/2/70 1/6/71 2/3/71 3/3/71 4/7/71 5/5/71 6/2/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

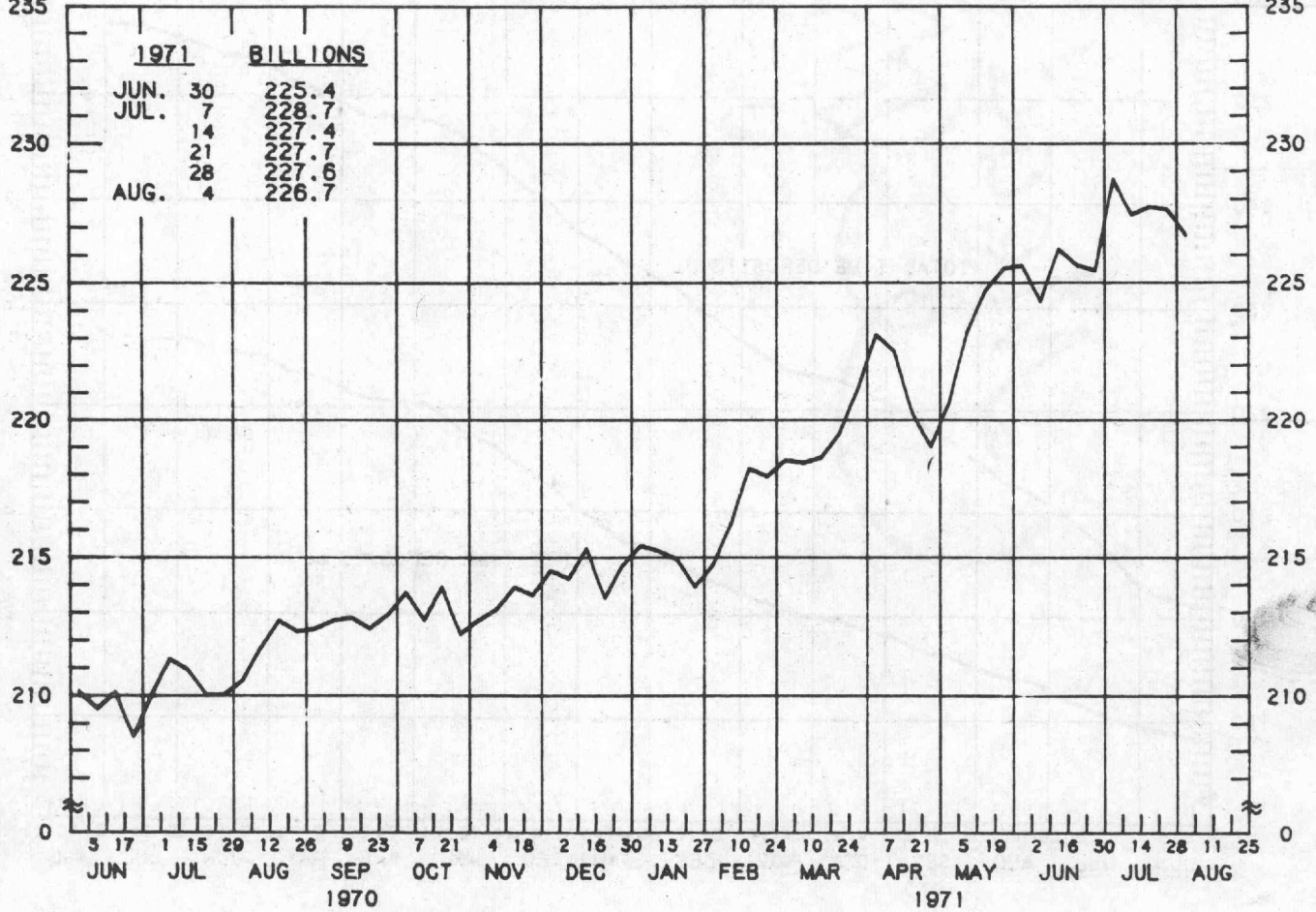
1/ 6/71	5.0							
2/ 3/71	3.9	1.1						
3/ 3/71	6.3	7.5	9.8					
4/ 7/71	7.5	9.6	11.8	18.8				
5/ 5/71	6.4	7.2	8.2	11.6	6.7			
6/ 2/71	8.6	10.8	12.5	16.4	14.3	13.7		
7/ 7/71	8.6	10.4	11.7	14.4	12.5	11.5	18.6	
8/ 4/71	8.2	9.6	10.6	12.7	10.9	9.6	13.8	6.1

# MONEY STOCK

## AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS  
235

BILLIONS OF DOLLARS  
235



LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 1971  
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

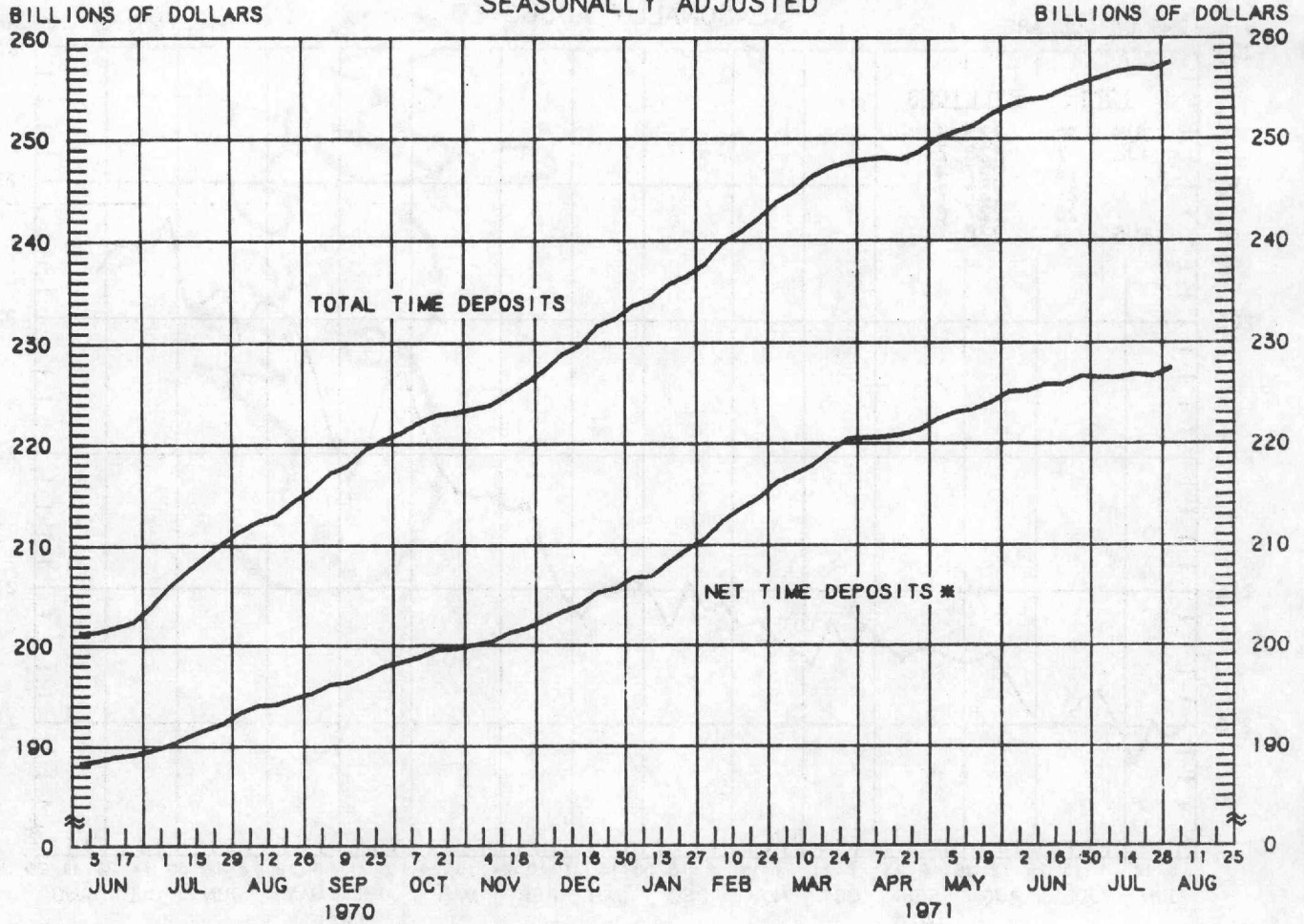
### COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

8/5/70    12/2/70    1/6/71    2/3/71    3/3/71    4/7/71    5/5/71    6/2/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

1/ 6/71	4.9							
2/ 3/71	4.1	2.5						
3/ 3/71	6.1	7.5	9.4					
4/ 7/71	7.3	9.5	11.5	17.0				
5/ 5/71	6.5	7.7	8.6	11.5	7.9			
6/ 2/71	8.3	10.6	12.1	15.1	13.7	13.0		
7/ 7/71	8.3	10.2	11.3	13.5	12.1	11.1	16.5	
8/ 4/71	8.1	9.6	10.5	12.2	10.9	9.7	12.9	6.9

# TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 1971

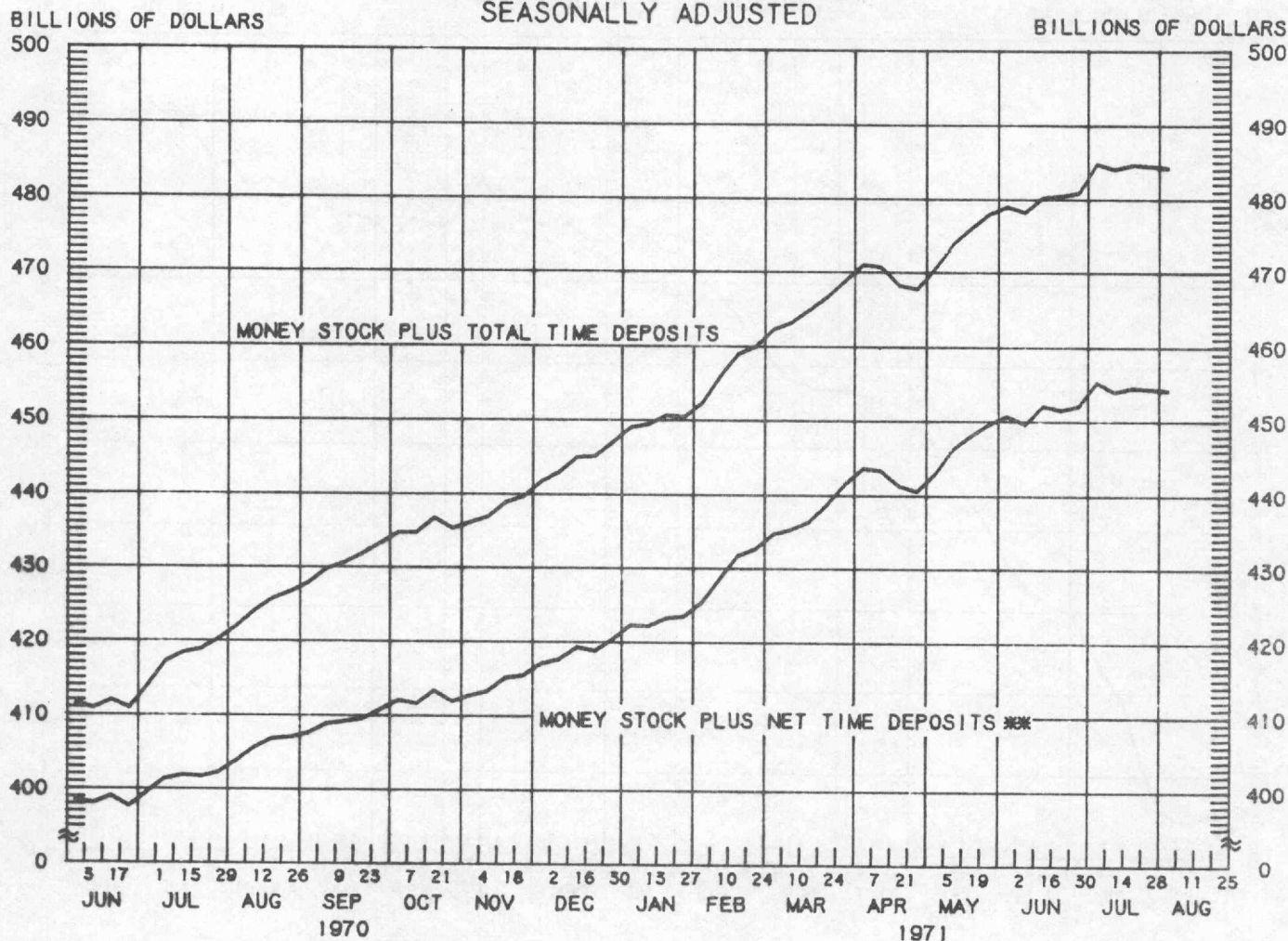
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

\* 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:									
	8/5/70	12/2/70	1/6/71	2/3/71	3/3/71	4/7/71	5/5/71	6/2/71	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
1/ 6/71	17.3								
2/ 3/71	18.3	23.2							
3/ 3/71	20.8	27.7	30.9						
4/ 7/71	22.0	28.2	30.4	33.5					
5/ 5/71	20.8	24.9	25.6	26.2	21.1				
6/ 2/71	20.4	23.6	23.8	23.8	19.6	13.8			
7/ 7/71	19.4	21.5	21.3	20.8	17.2	12.8	13.5		
8/ 4/71	18.1	19.3	18.7	18.0	14.6	10.5	10.3	7.7	

# MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 1971

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

\*\*\* M<sub>2</sub> IS DEFINED AS: CURRENCY, DEMAND DEPOSITS PLUS NET TIME DEPOSITS (SEE PAGE 6).

## MONEY STOCK PLUS NET TIME DEPOSITS (M<sub>2</sub>)

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

8/5/70 12/2/70 1/6/71 2/3/71 3/3/71 4/7/71 5/5/71 6/2/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

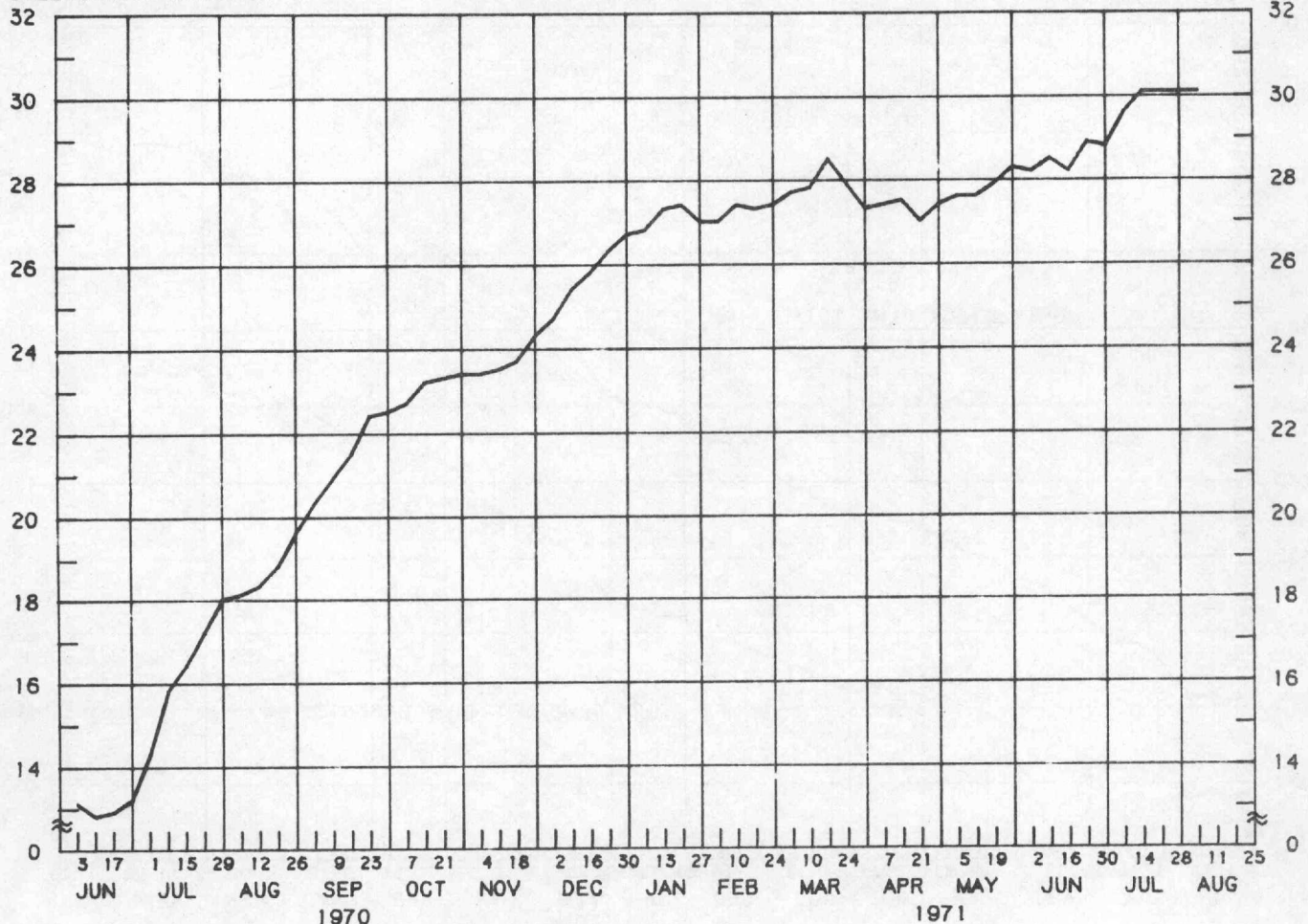
1/ 6/71	10.7							
2/ 3/71	10.8	12.1						
3/ 3/71	13.0	17.1	19.7					
4/ 7/71	14.2	18.2	20.3	24.7				
5/ 5/71	13.3	15.9	16.8	18.7	14.3			
6/ 2/71	14.0	16.7	17.6	19.3	16.4	13.4		
7/ 7/71	13.6	15.6	16.1	17.1	14.6	12.1	14.8	
8/ 4/71	12.9	14.3	14.5	15.0	12.6	10.2	11.5	7.4

# CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 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.

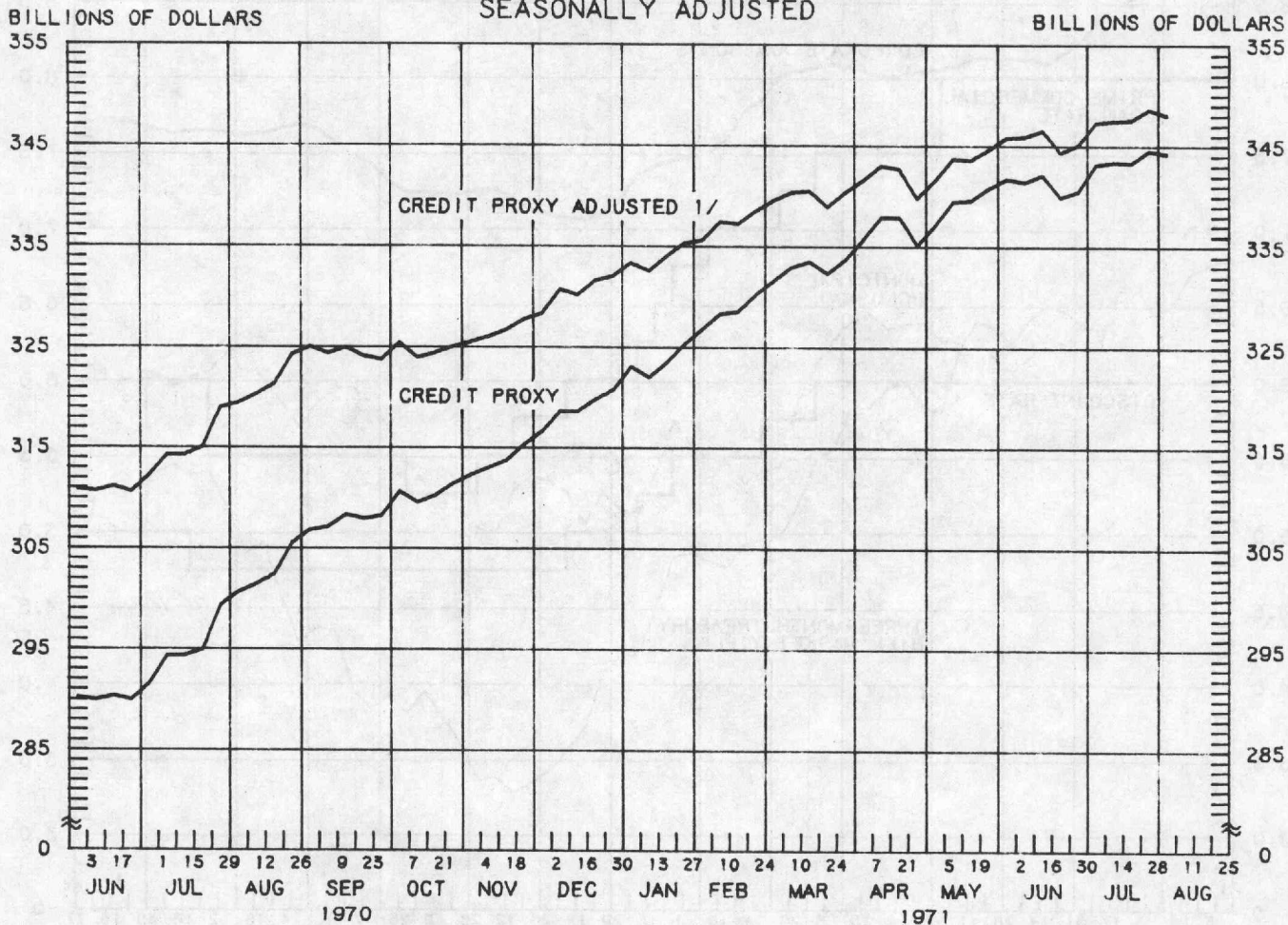
MONEY AND TIME DEPOSIT DATA			
1971	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 ***
JUNE 2	28.2	225.1	450.7
9	28.5	225.2	449.5
16	28.2	225.8	452.0
23	28.9	225.8	451.5
30	28.8	226.6	452.0
JULY 7	29.6	226.5	455.2
14	30.1	226.5	453.9
21	30.1	226.8	454.5
28	30.1	226.6	454.3
AUG. 4	30.1	227.4	454.1
11			
18			
25			

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

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS



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



LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 1971

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

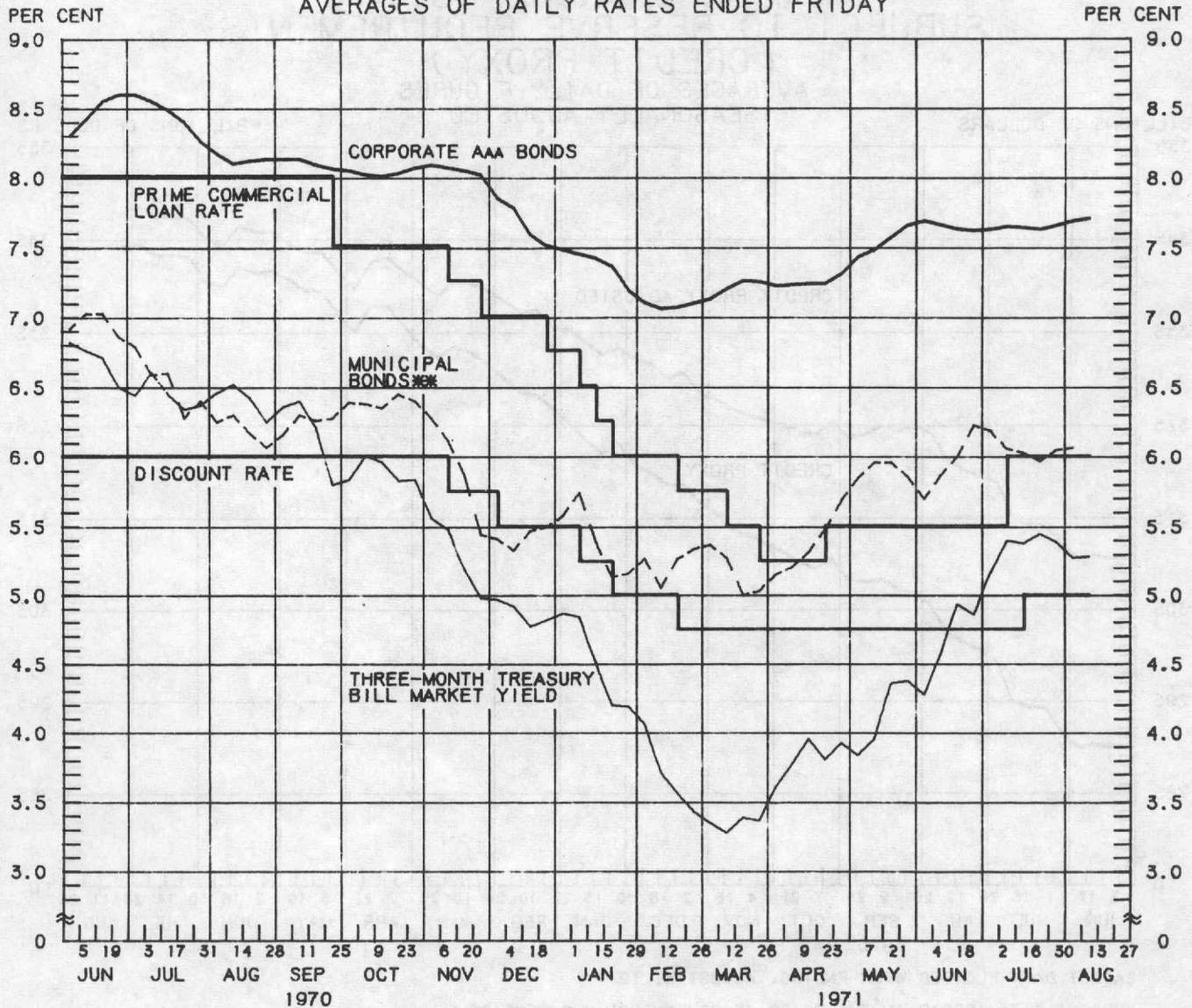
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
JUN.	30	340.5	345.1
JUL.	7	343.2	347.3
	14	343.4	347.5
	21	343.3	347.6
	28	344.5	348.6
AUG.	4	344.2	348.0

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING AUGUST 4, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
JUN.	2, 1971	6.1	6.0
MAY	5, 1971	8.4	7.3
APR.	7, 1971	9.5	6.9
MAR.	3, 1971	10.5	6.9
FEB.	3, 1971	12.4	8.2
JAN.	6, 1971	12.9	8.6
DEC.	2, 1970	14.1	9.5

# YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: AUGUST 13, 1971

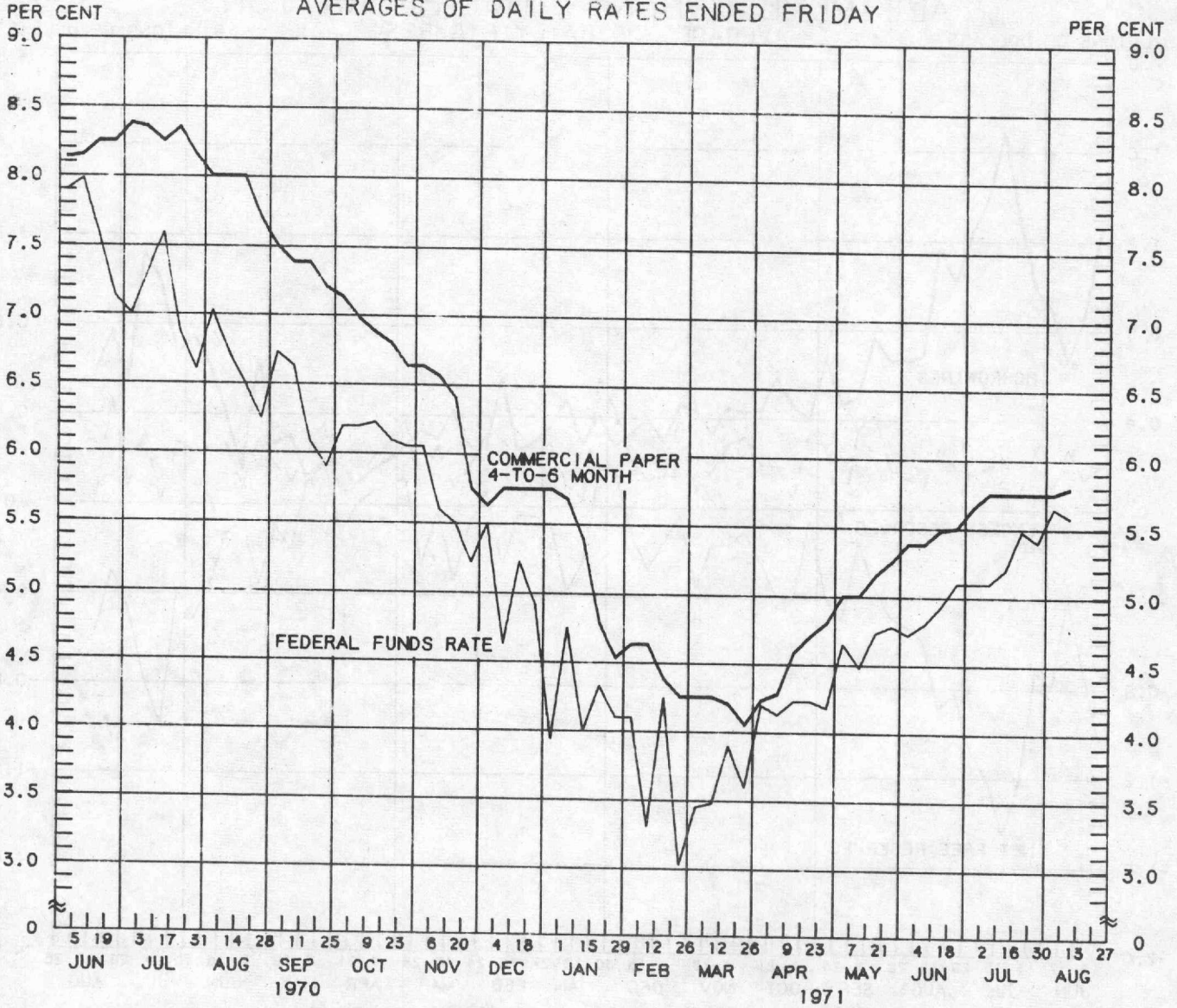
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS **
JUNE 4	7.69	4.28	5.92	5.79	5.70
11	7.66	4.58	6.22	5.89	5.87
18	7.63	4.94	6.54	6.06	6.00
25	7.62	4.86	6.46	5.98	6.23
JULY 2	7.63	5.17	6.70	5.97	6.19
9	7.65	5.40	6.70	5.92	6.06
16	7.64	5.38	6.64	5.82	6.03
23	7.63	5.45	6.82	5.91	5.97
30	7.66	5.39	6.92	5.96	6.05
AUG. 6	7.69	5.28	6.85	5.93	6.07
13 *	7.71	5.29	6.86	5.93	N.A.
20					
27					

\* 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: AUGUST 13, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S **
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	5.65	5.10	5.60	5.53
9	5.75	5.10	5.63	5.59
16	5.75	5.20	5.50	5.68
23	5.75	5.48	5.63	5.77
30	5.75	5.40	5.63	5.80
AUG. 6	5.75	5.65	5.63	5.80
13 *	5.79	5.58	5.63	5.82
20				
27				

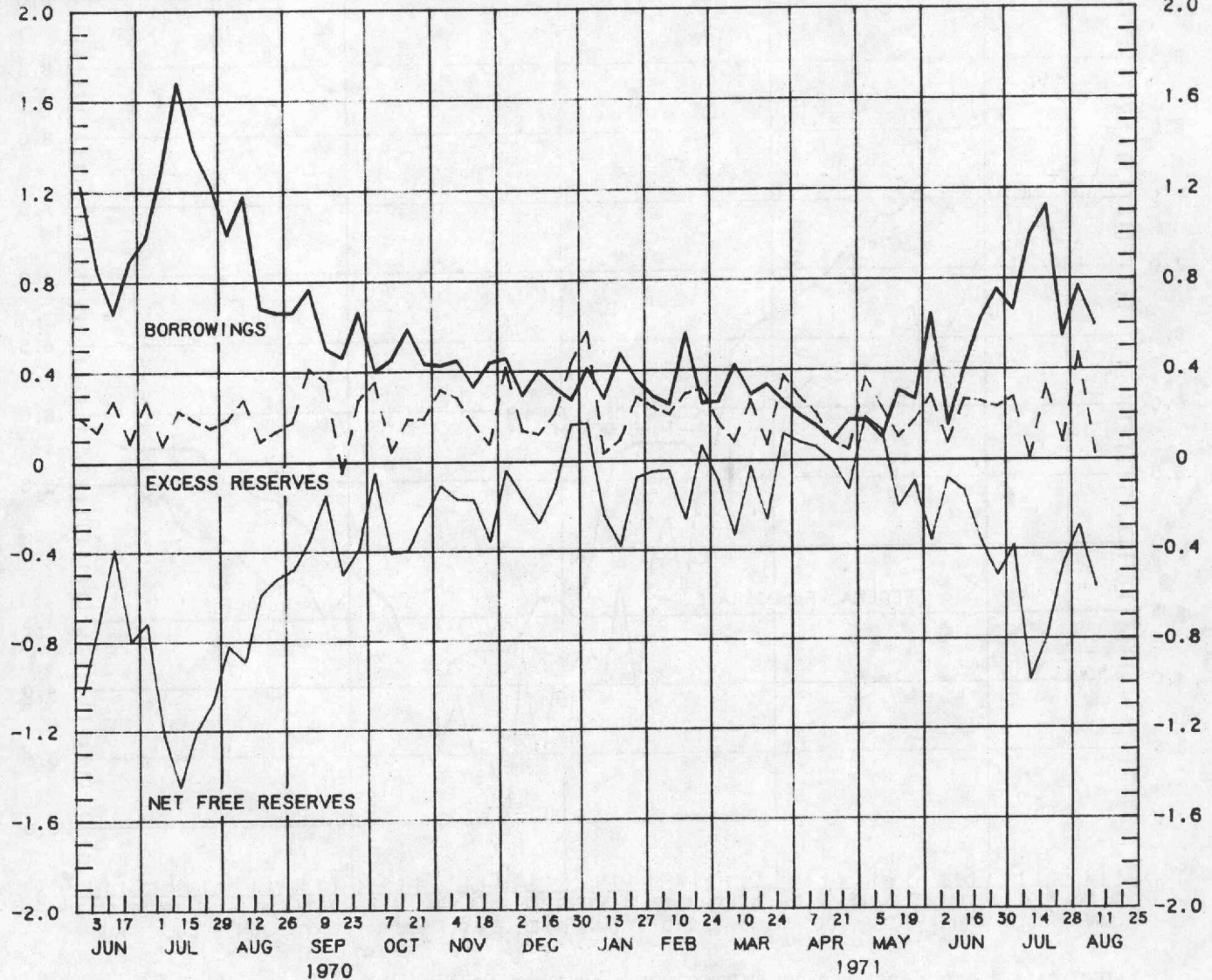
\* AVERAGES OF RATES AVAILABLE. FEDERAL FUNDS LAST FIVE DAYS AVAILABLE  
 \*\* DATA ARE SECONDARY MARKET RATES, WEEKLY AVERAGES ENDING WEDNESDAY TWO DAYS EARLIER. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

# BORROWINGS AND EXCESS RESERVES

## ALL MEMBER BANKS IN THE NATION

BILLIONS OF DOLLARS      AVERAGES OF DAILY FIGURES      BILLIONS OF DOLLAR



LATEST DATA PLOTTED WEEK ENDING: AUGUST 11, 1971

1971	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
JUNE 2	285	646	- 361
9	73	153	- 80
16	266	403	- 137
23	258	618	- 360
30	232	750	- 518
JULY 7	277	661	- 384
14	5	991	- 986
21	329	1122	- 793
28	76	545	- 469
AUG. 4	471	765	- 294
11	24	593	- 569
18			
25			

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