



Week ending: August 25, 1971

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The money stock has expanded at a 10.5 per cent annual rate in the past seven months. This rate of growth is almost double the 5.4 per cent increase of 1970 and almost three and a half times greater than the 3.1 per cent increase of 1969. Also for comparison, money grew at a 3.3 per cent trend rate from 1957 to 1969. Demand deposits, which comprise about three-fourths of the money stock, have risen at a 10.7 per cent rate in the past seven months, after increasing 5.1 per cent in 1970 and 2.4 per cent in 1969.

The income velocity of money (gross national product divided by the money stock) was 4.66 in the second quarter of 1971, up at a 1.3 per cent annual rate since the fourth quarter of 1970. The upward growth trend of velocity has been at a 3.5 per cent annual rate since 1947, but since 1964 the trend has been at a 2.2 per cent rate.

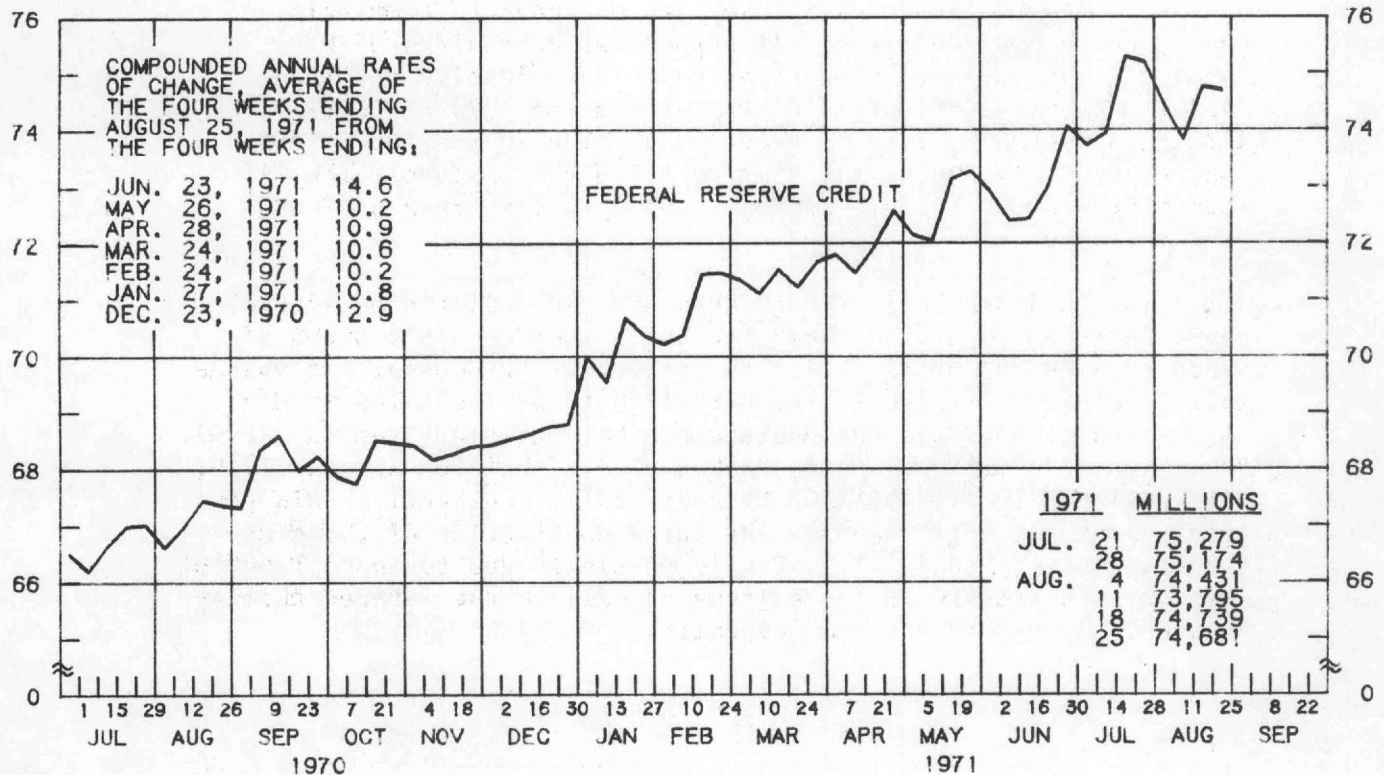
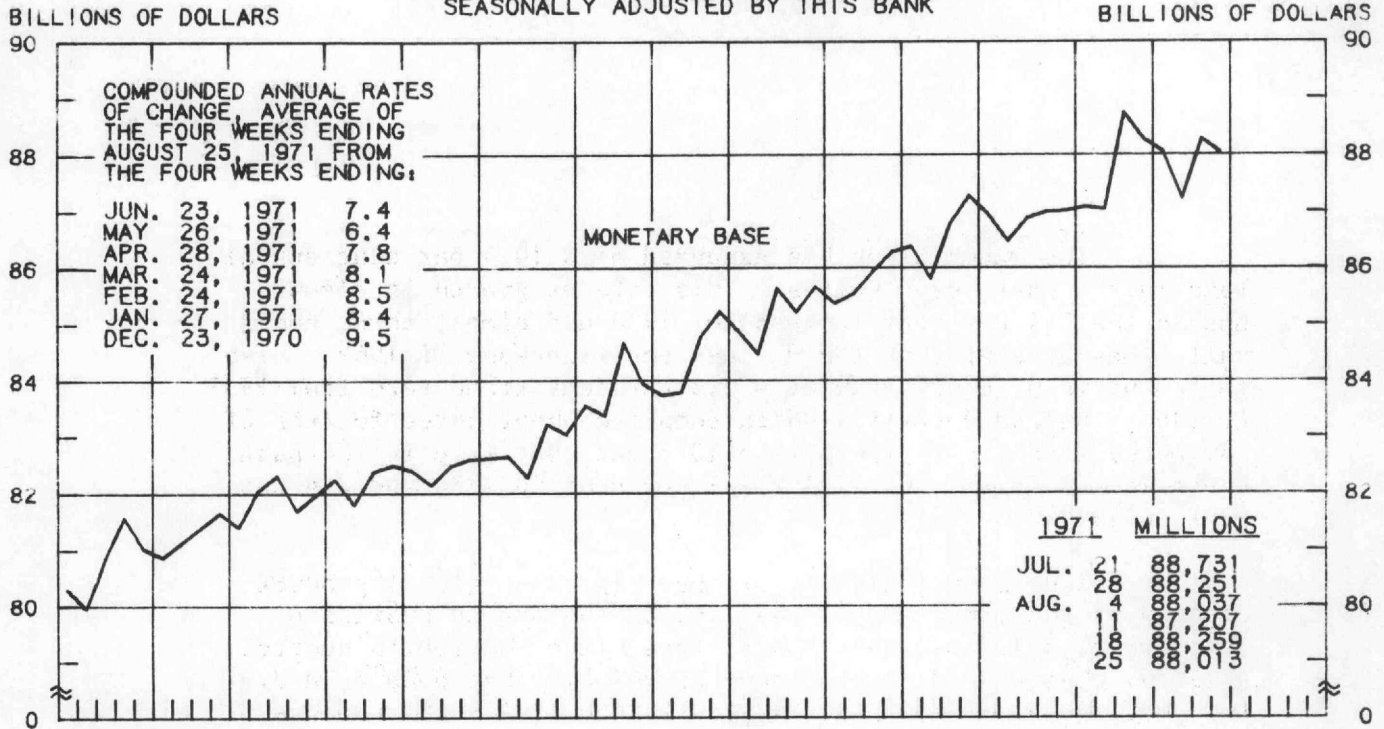
Growth of nondeposit sources of funds to commercial banks, which includes primarily Eurodollar borrowings of U.S. banks and bank-related commercial paper, has leveled off in recent months, after declining rapidly during 1970 and early 1971. These funds averaged about \$4 billion in the four weeks ending August 11, about the same as the May 1971 level. In fifteen months prior to May, however, nondeposit sources of funds declined about \$16.5 billion.

Both Eurodollar borrowings and bank-related commercial paper contributed to the rapid decline of nondeposit sources of funds in 1970 and early 1971. For instance, Eurodollar borrowings fell from \$13.5 billion in February 1970 to \$1.7 billion in May; in the past four weeks the average has been at about the May level. Bank-related commercial paper peaked at \$7.7 billion in July 1970, then declined to \$1.7 billion by April 1971. Currently, this paper is at about the April level. The large contraction of these nondeposit sources since early 1970 is partially due to impositions of reserve requirements on these items as well as the renewed ability of banks to compete for time deposits.

Prepared by Federal Reserve Bank of St. Louis

Released: August 27, 1971

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



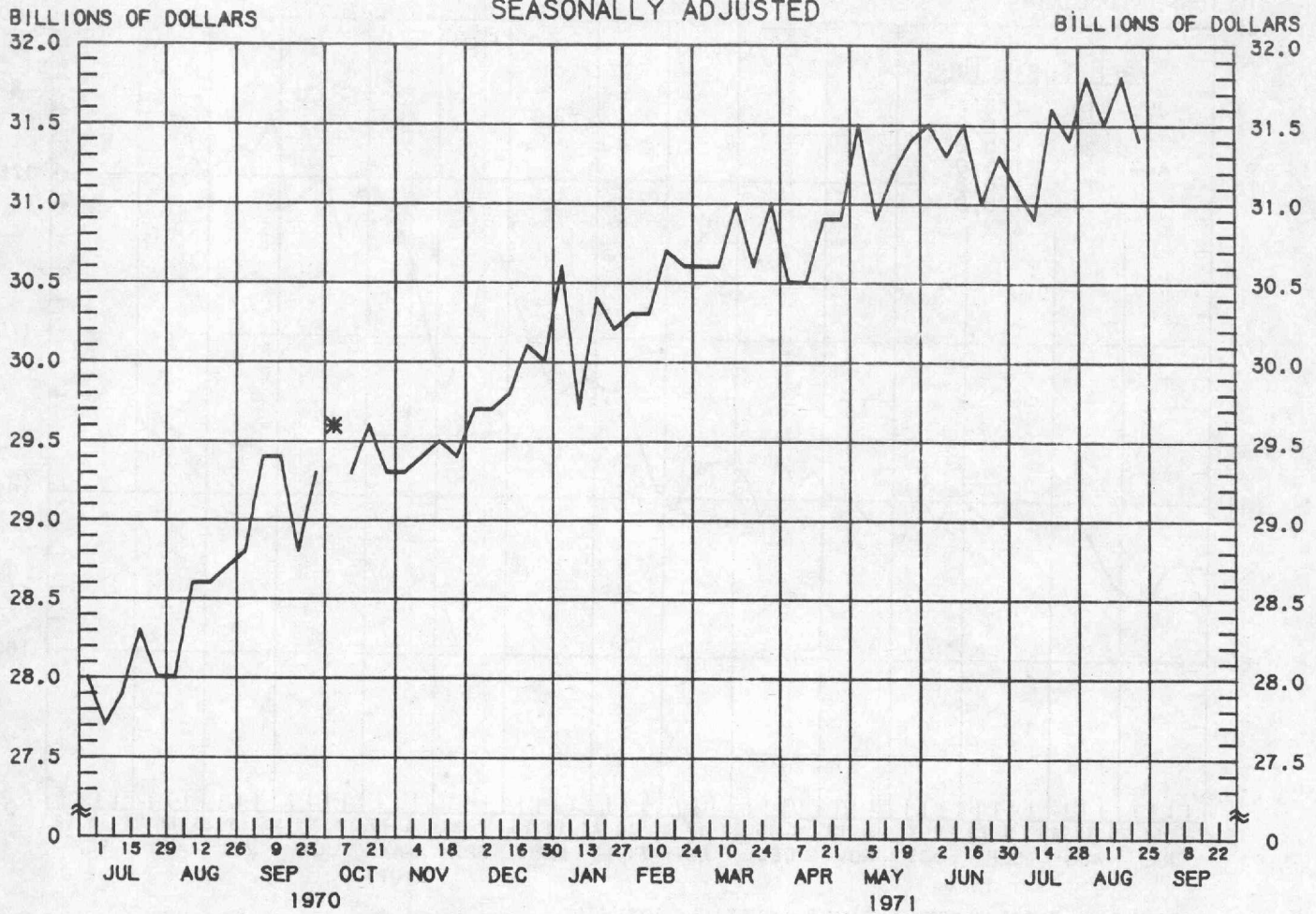
LATEST DATA PLOTTED WEEK ENDING: AUGUST 25, 1971

- 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 25, 1971

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

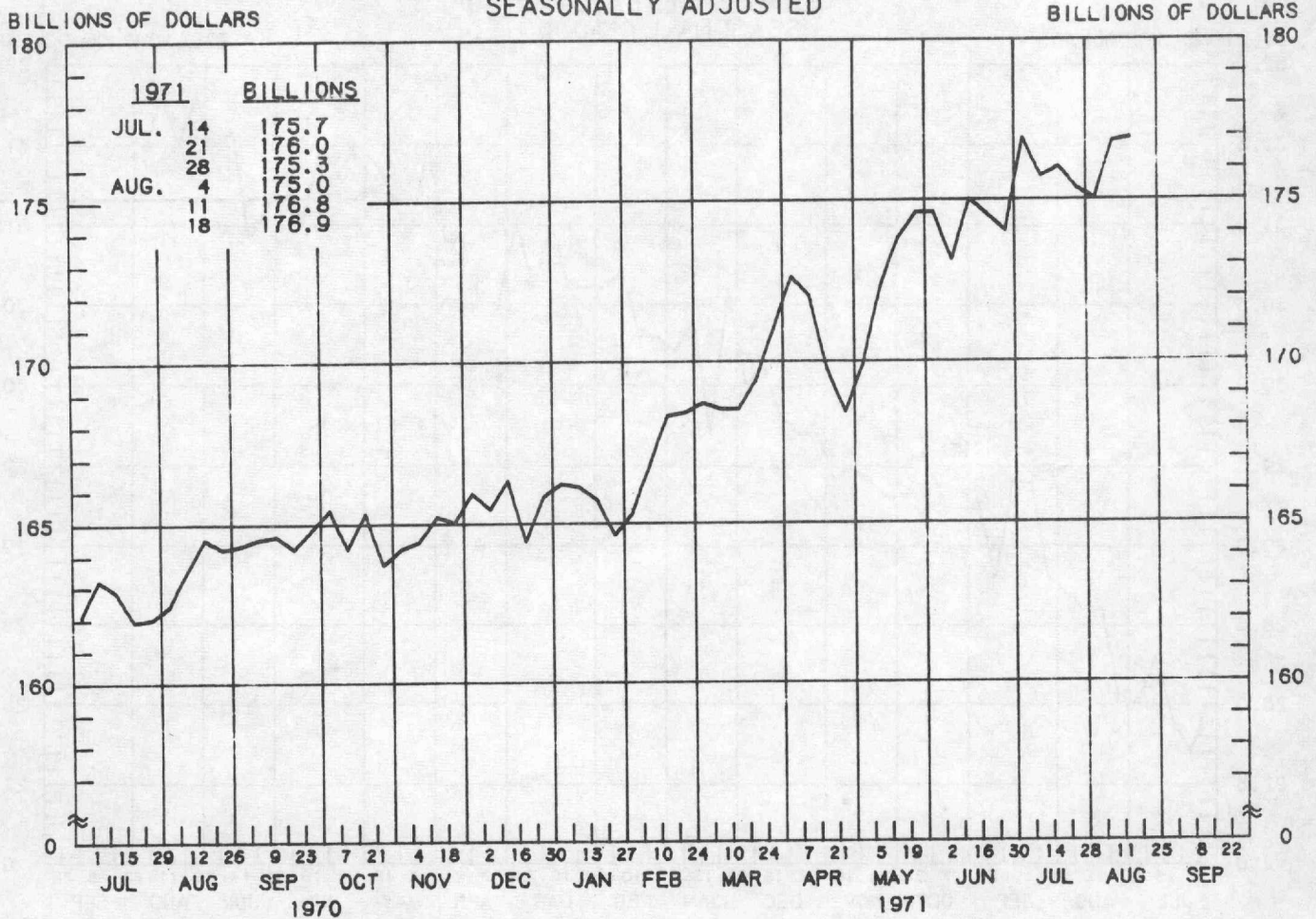
* BREAK IN SERIES DUE TO CHANGES IN REGULATION D EFFECTIVE OCTOBER 1, 1970.

1971	BILLIONS
JUL. 21	31.6
28	31.4
AUG. 4	31.8
11	31.5
18	31.8
25	31.4

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING AUGUST 25, 1971 FROM THE FOUR WEEKS ENDING:	
JUN. 23, 1971	5.7
MAY 26, 1971	3.9
APR. 28, 1971	9.2
MAR. 24, 1971	7.1
FEB. 24, 1971	7.3
JAN. 27, 1971	8.2
DEC. 23, 1970	9.1

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 18, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

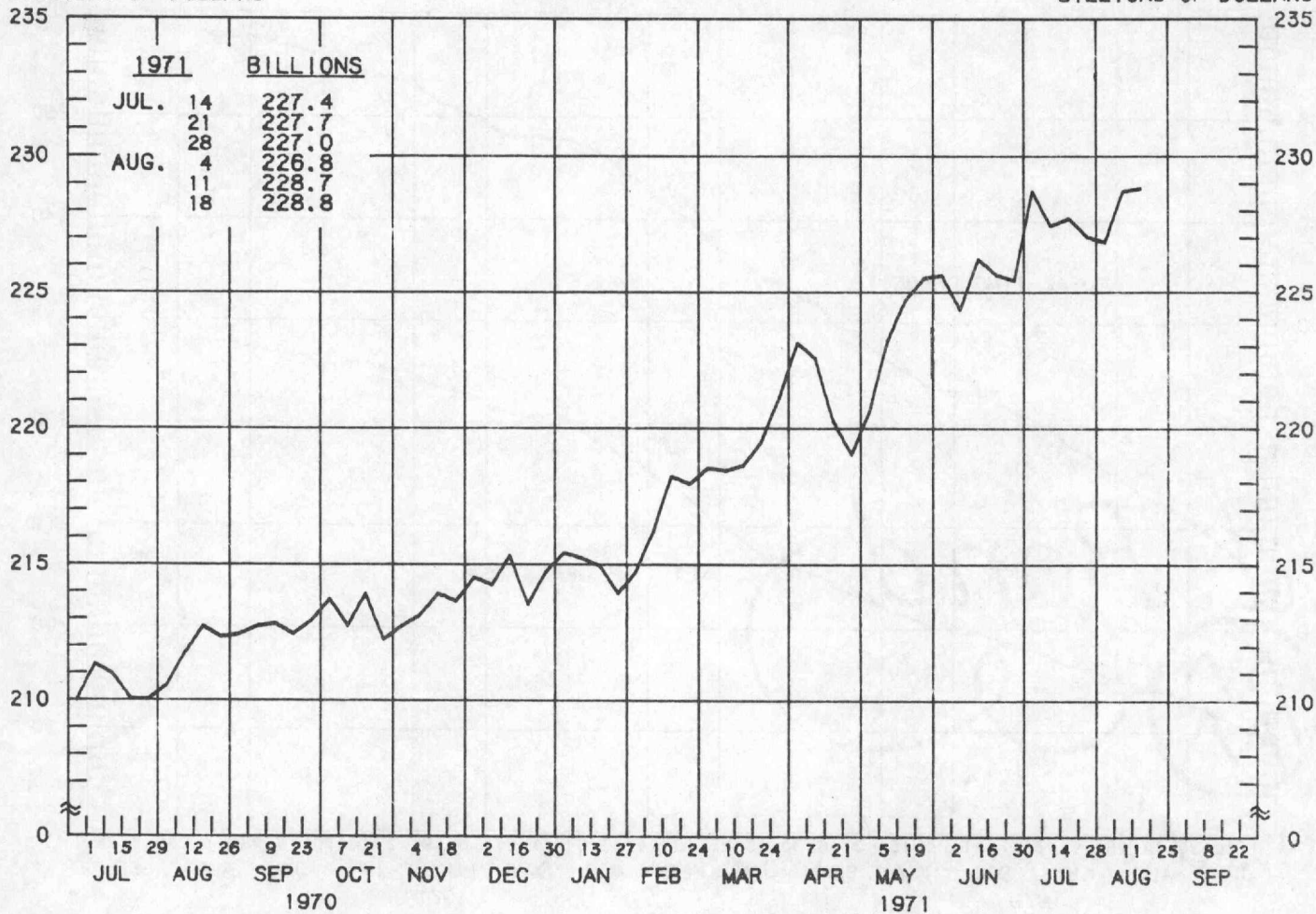
	8/19/70	12/16/70	1/20/71	2/17/71	3/17/71	4/21/71	5/19/71	6/16/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
1/20/71	4.3							
2/17/71	4.0	2.1						
3/17/71	5.8	6.9	10.2					
4/21/71	7.6	10.1	13.4	18.7				
5/19/71	6.6	7.9	9.7	12.1	9.3			
6/16/71	8.4	10.6	12.8	15.5	14.5	11.9		
7/21/71	8.4	10.3	12.0	13.9	12.8	10.7	16.6	
8/18/71	7.9	9.4	10.7	12.0	10.8	8.6	12.0	5.8

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: AUGUST 18, 1971

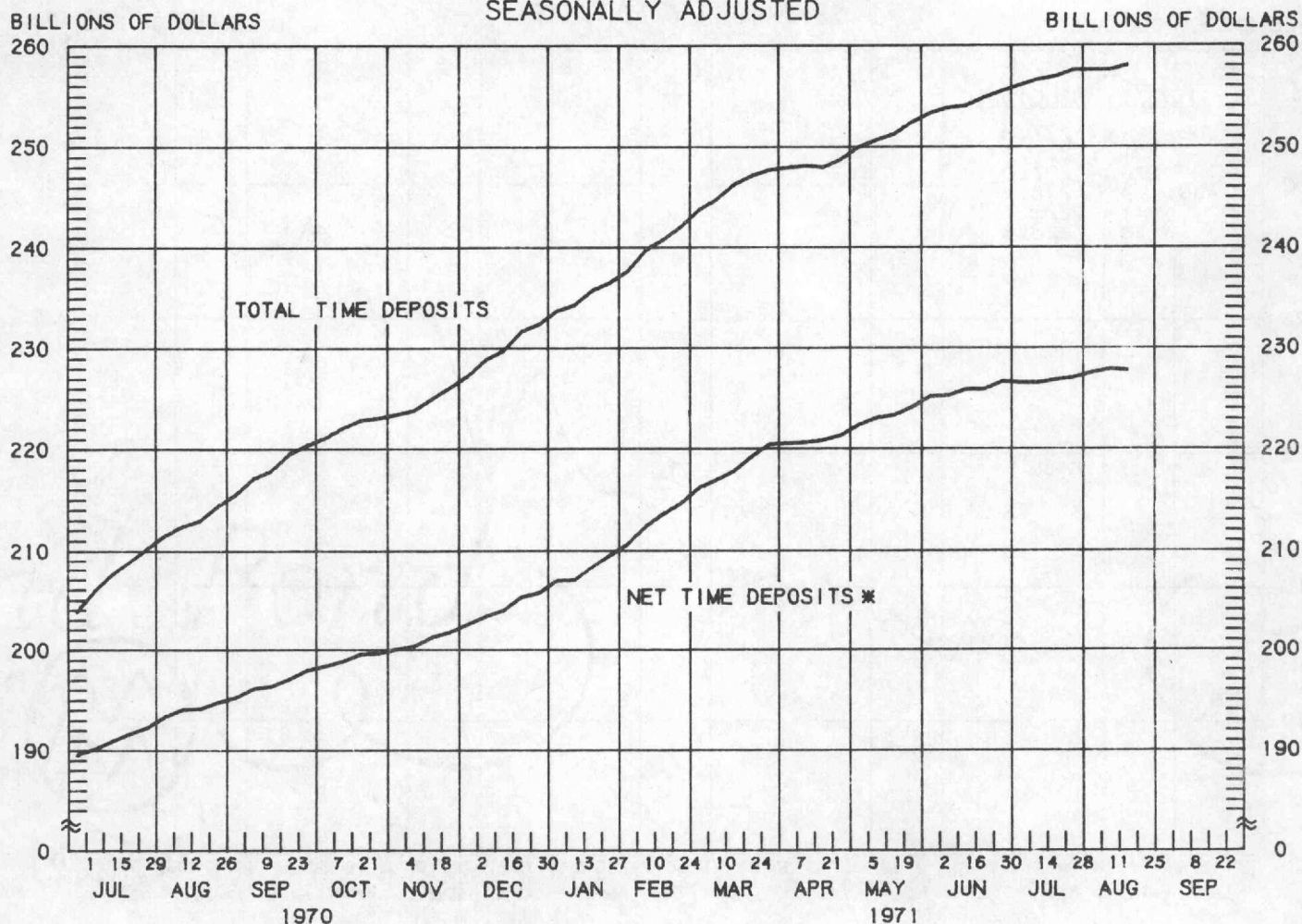
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:
8/19/70 12/16/70 1/20/71 2/17/71 3/17/71 4/21/71 5/19/71 6/16/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

1/20/71	4.4							
2/17/71	4.4	3.8						
3/17/71	6.0	7.7	10.4					
4/21/71	7.5	10.2	12.8	16.9				
5/19/71	6.8	8.5	10.0	11.8	9.6			
6/16/71	8.2	10.5	12.3	14.2	13.5	11.4		
7/21/71	8.3	10.3	11.7	13.1	12.2	10.5	14.9	
8/18/71	7.9	9.4	10.5	11.4	10.5	8.7	11.1	6.3

TIME DEPOSITS
ALL COMMERCIAL BANKS
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 18, 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:

8/19/70 12/16/70 1/20/71 2/17/71 3/17/71 4/21/71 5/19/71 6/16/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

1/20/71	17.3							
2/17/71	19.6	27.1						
3/17/71	21.5	29.4	33.9					
4/21/71	21.6	27.3	29.2	27.6				
5/19/71	20.5	24.4	24.9	22.5	17.4			
6/16/71	20.1	23.1	23.2	21.0	17.1	14.0		
7/21/71	18.7	20.4	19.9	17.7	14.2	11.3	11.1	
8/18/71	17.6	18.5	17.9	15.7	12.6	9.9	9.3	6.3

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 18, 1971

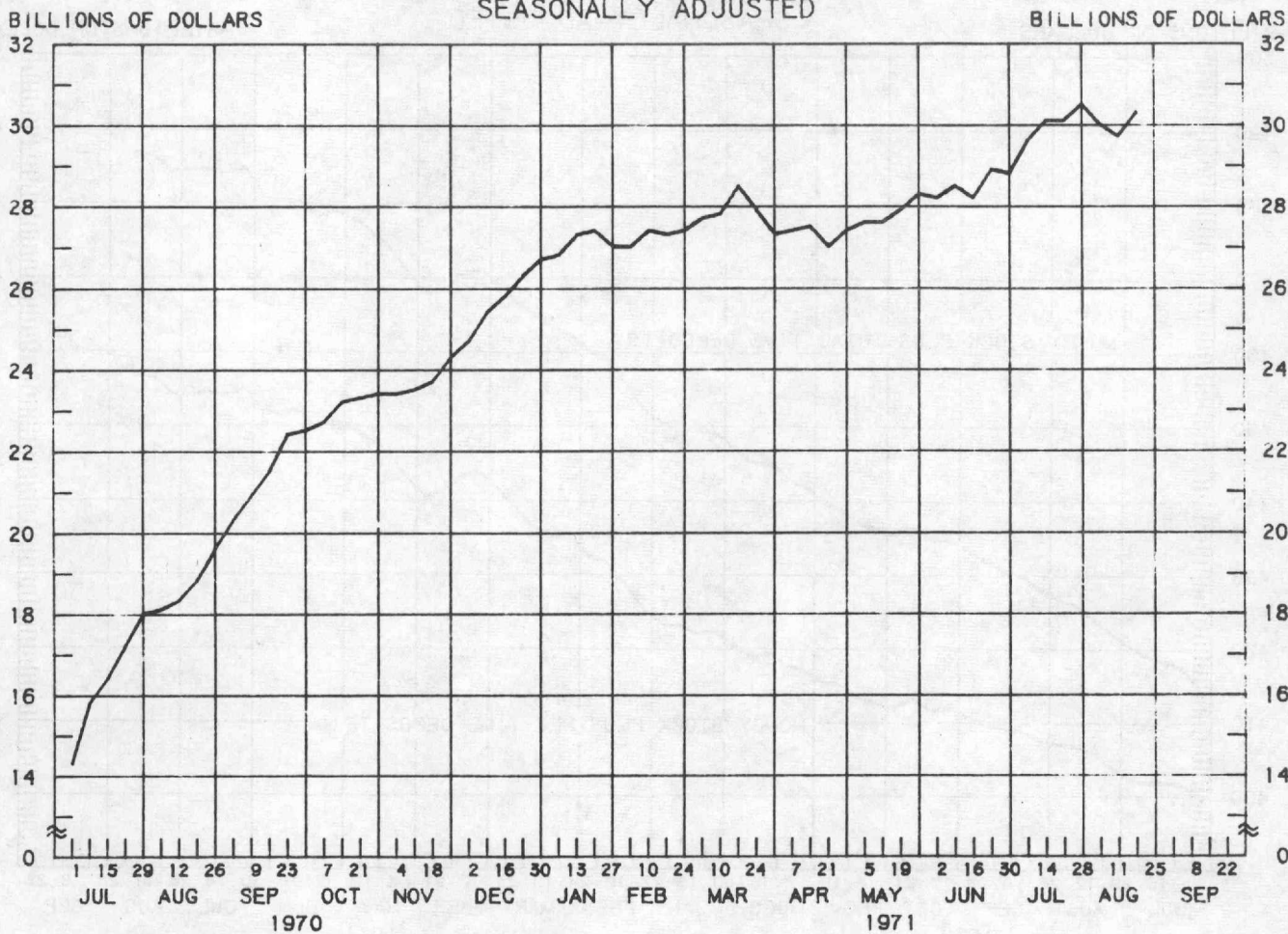
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

** M₂ IS DEFINED AS: CURRENCY, DEMAND DEPOSITS PLUS NET TIME DEPOSITS (SEE PAGE 6).

MONEY STOCK PLUS NET TIME DEPOSITS (M ₂)									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	8/19/70	12/16/70	1/20/71	2/17/71	3/17/71	4/21/71	5/19/71	6/16/71	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
1/20/71	10.5								
2/17/71	11.5	14.7							
3/17/71	13.2	17.8	21.3						
4/21/71	14.2	18.4	20.8	22.2					
5/19/71	13.3	16.0	17.1	17.0	13.6				
6/16/71	13.8	16.5	17.5	17.5	15.2	12.4			
7/21/71	13.3	15.1	15.7	15.3	13.3	10.8	13.0		
8/18/71	12.5	13.8	14.1	13.5	11.6	9.2	10.2	6.5	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 18, 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.

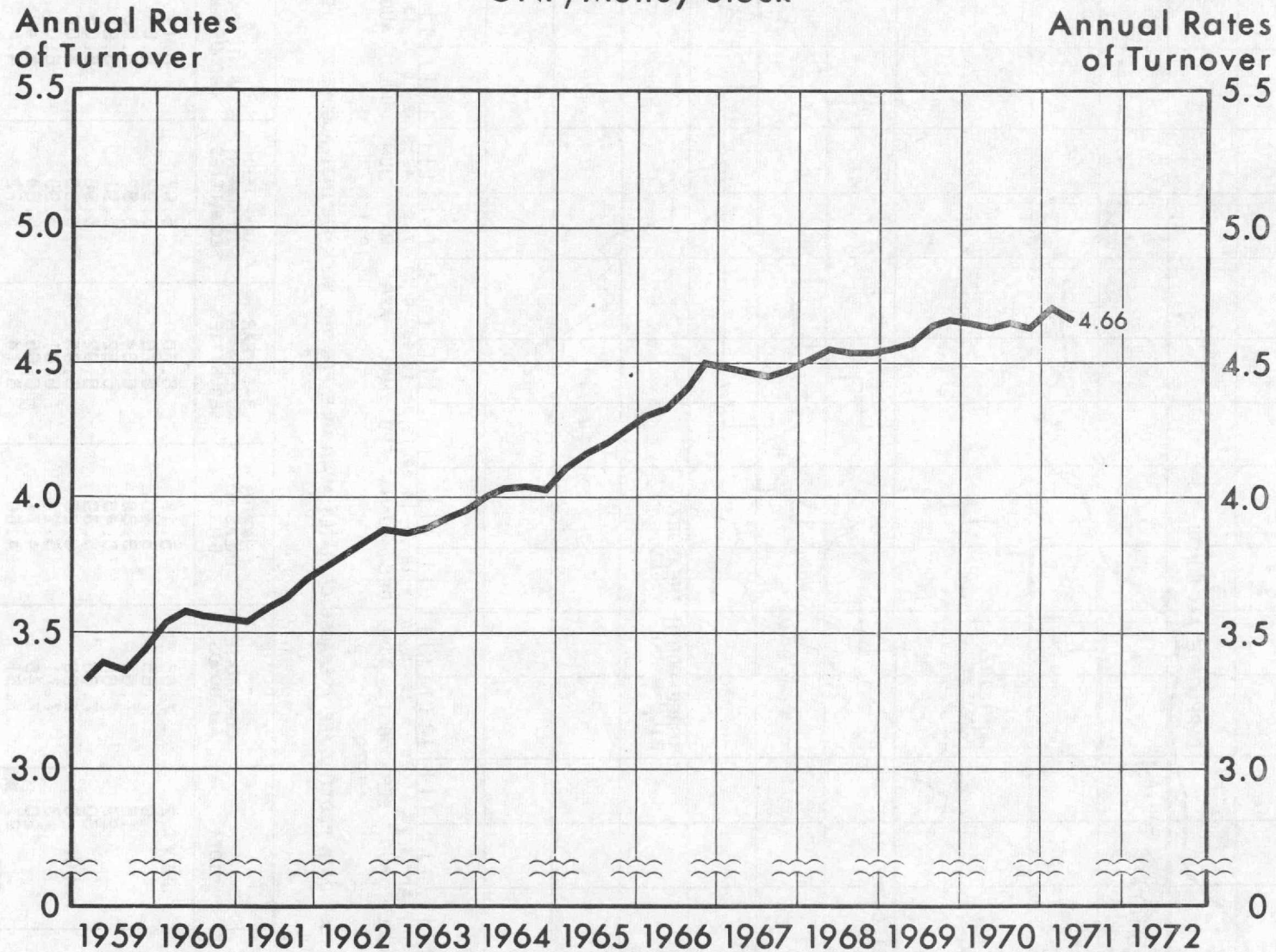
MONEY AND TIME DEPOSIT DATA			
1971	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS*	M 2 ***
JULY 7	29.6	226.5	455.2
14	30.1	226.5	453.9
21	30.1	226.8	454.5
28	30.5	227.0	454.0
AUG. 4	30.0	227.5	454.3
11	29.7	227.8	456.5
18	30.3	227.7	456.5
25			
SEP. 1			
8			
15			
22			
29			

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

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

Income Velocity of Money

GNP/Money Stock



1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972

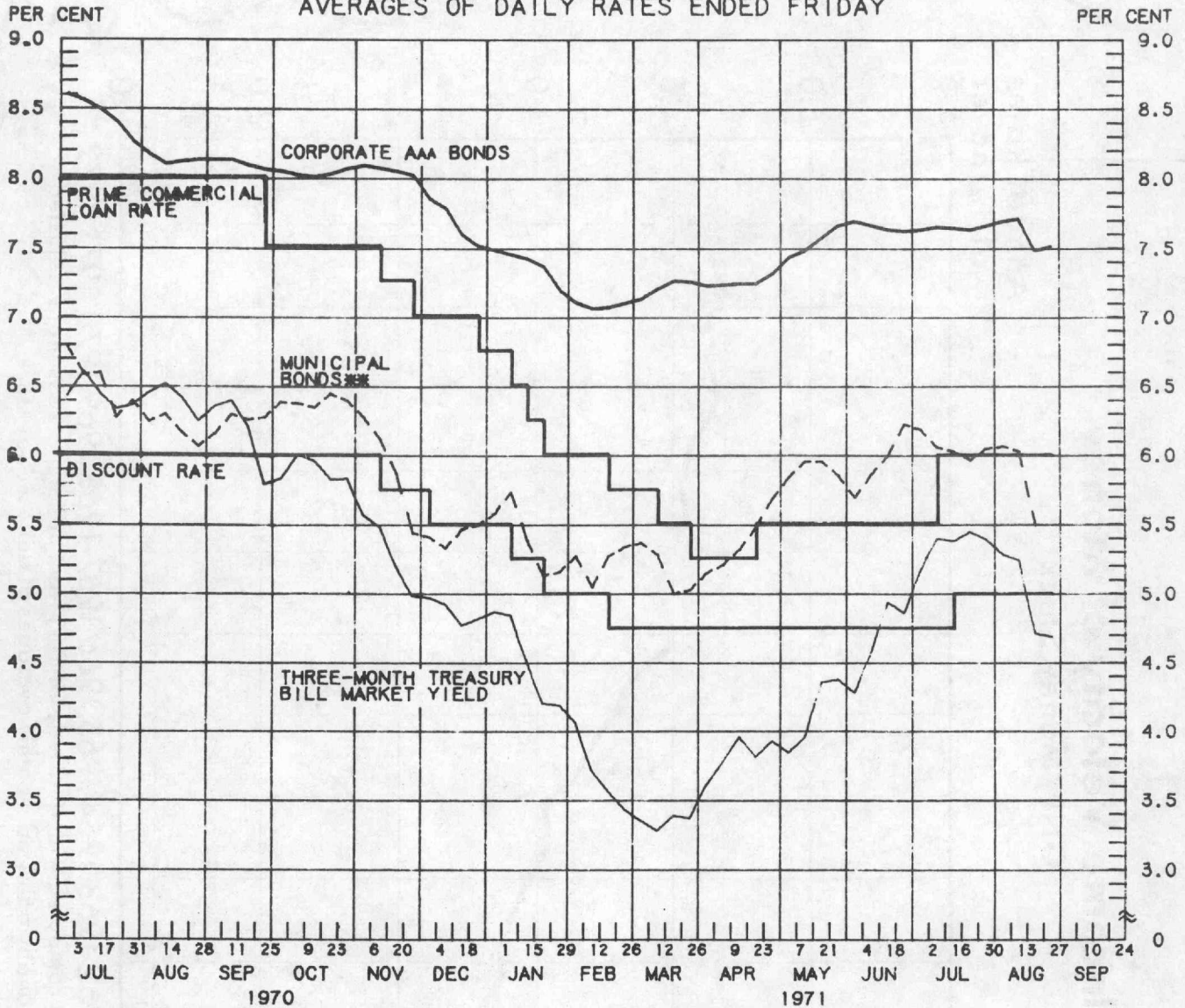
Annual rates of turnover computed with quarterly GNP (current dollars) at seasonally adjusted annual rates, and seasonally adjusted monthly averages of daily money stock.

Latest data plotted: 2nd quarter

Prepared by Federal Reserve Bank of St. Louis

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: AUGUST 27, 1971

1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS ***
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	5.24	6.81	5.90	6.03
20	7.48	4.71	6.05	5.64	5.49
27 *	7.51	4.69	6.14	5.72	N.A.
SEP. 3					
10					
17					
24					

* AVERAGES OF RATES AVAILABLE.

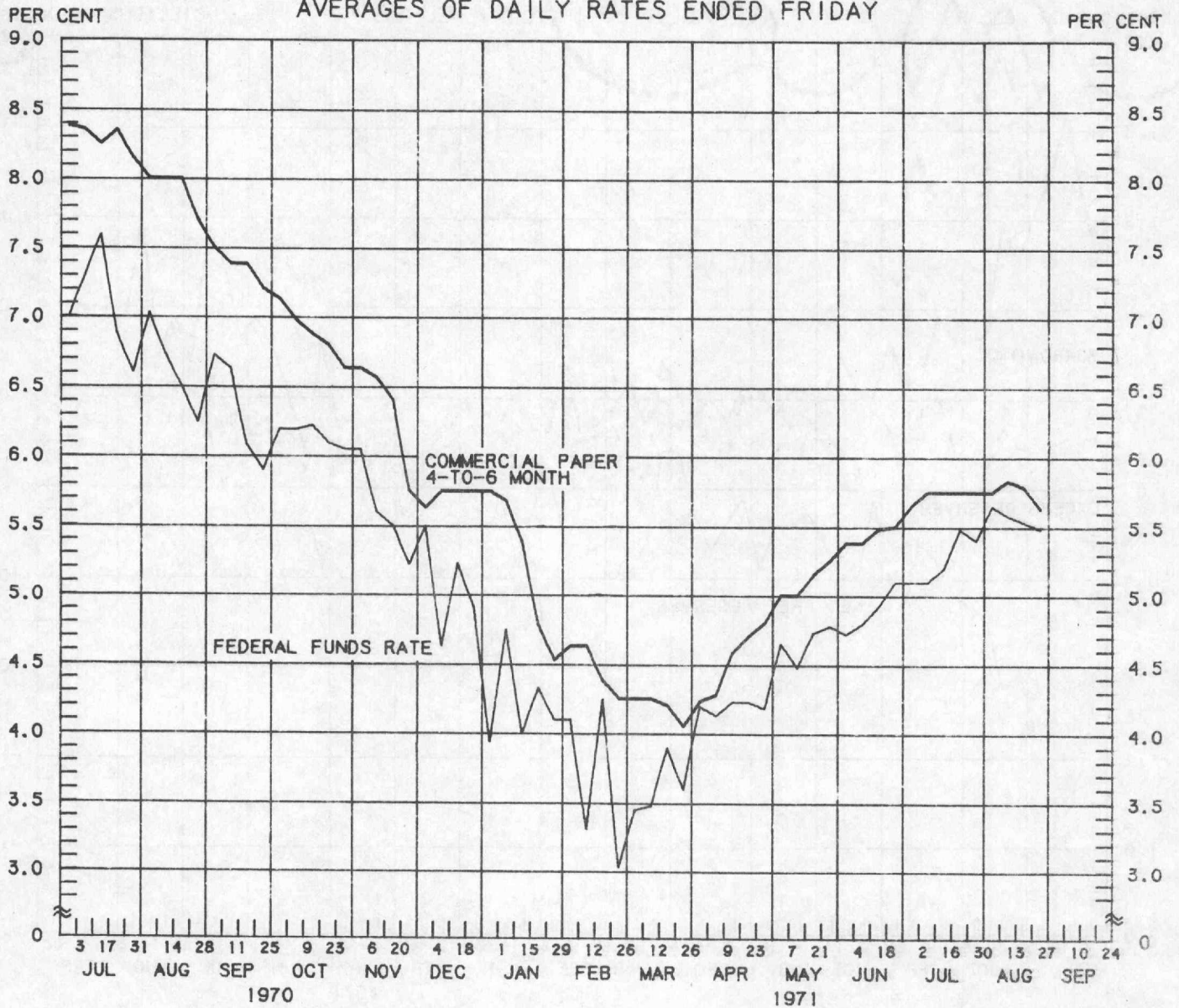
*** BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.

N.A. - NOT AVAILABLE

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



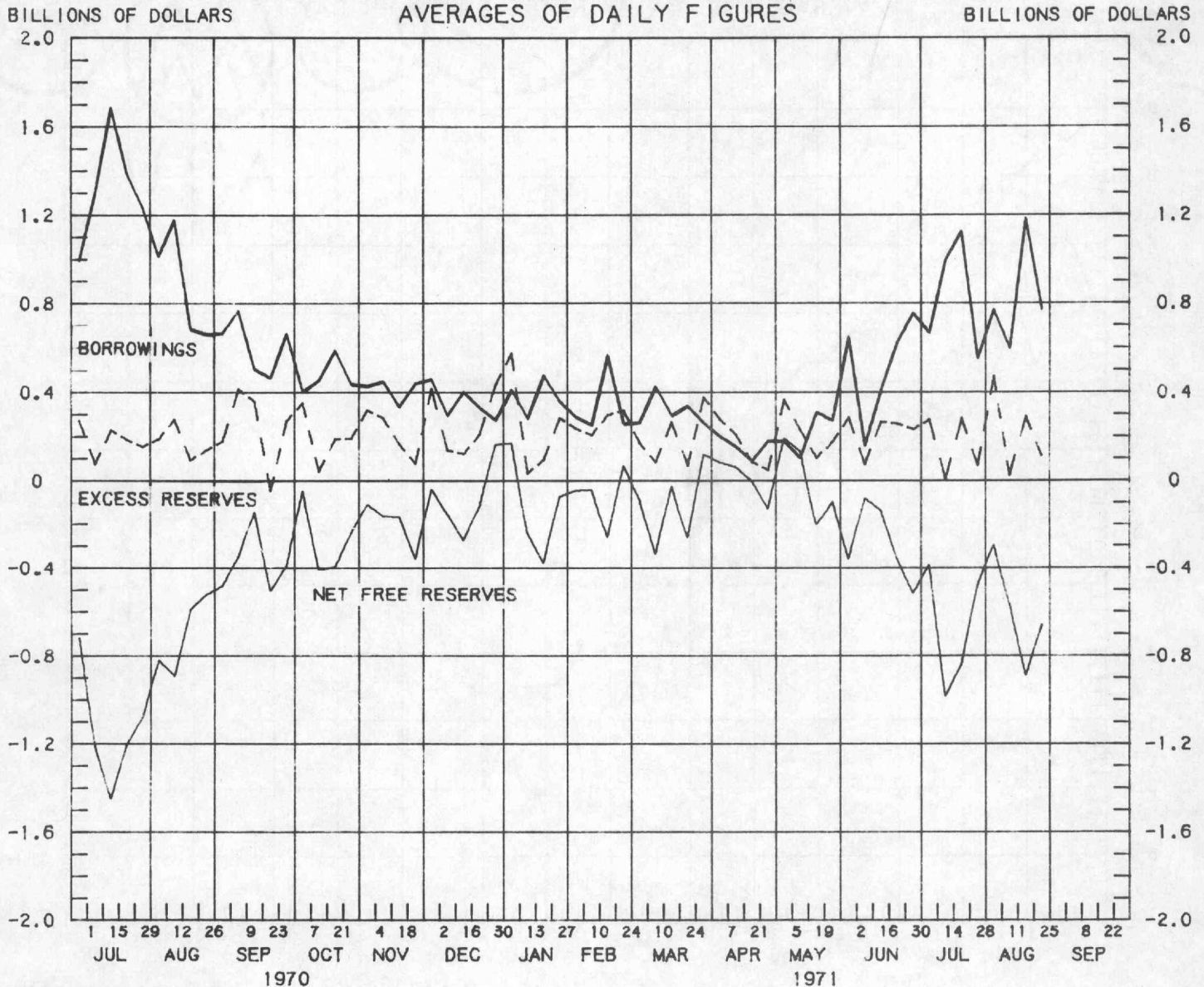
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: AUGUST 27, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S ***
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	5.83	5.58	5.63	5.82
20	5.78	5.53	5.55	5.88
27 *	5.63	5.48	5.54	5.75
SEP. 3				
10				
17				
24				

* 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	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
JULY 7	277	661	- 384
14	5	991	- 986
21	282	1121	- 839
28	67	545	- 478
AUG. 4	471	765	- 294
11	24	593	- 569
18	289	1180	- 891
25	109	771	- 662
SEP. 1			
8			
15			
22			
29			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS