



Week ending: September 1, 1971

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The nation's money stock, defined as private demand deposits plus currency in the hands of the public, has expanded at a rapid 11 per cent annual rate in the past seven months (page 5). In the past two months, the growth of money has slowed to a 7 per cent annual rate. These rates are quite rapid by historical standards. For comparison, money grew at a 3.3 per cent trend rate from 1957 to 1969 and 5.4 per cent in 1970.

Market interest rates remain well below their August 13 levels, the week preceding the announcement of the new economic policies (pages 10 and 11). Yields on three-month Treasury bills averaged 4.47 per cent in the three days ending September 1, 80 basis points below the week of August 13. The rates on three- to five-year Government securities averaged 5.91 per cent in the first half of this week, down 90 basis points from the August 13 level.

Other interest rates have shown somewhat smaller declines over the past three weeks. For example, yields on prime four- to six-month commercial paper averaged 5.67 per cent this week, down 15 basis points from three weeks earlier. The Federal funds rate averaged 5.63 per cent in the five days ending September 1, about the same as the August 13 level. The general decline of market interest rates presumably reflects the confidence of market participants that the new economic policies will succeed in reducing the rate of price inflation.

Member bank borrowings from Federal Reserve banks have risen in recent months, after declining in 1970 and the first part of 1971 (page 12). Borrowings averaged \$740 million in the past two weeks, compared with only \$150 million in April. Although increases in these borrowings have provided a share of the recent expansion in the monetary base, which underlies the rapid monetary growth, some analysts have interpreted the rise in borrowings as a measure of monetary restraint. The discount rate, the rate charged by Federal Reserve banks on member bank borrowings, is currently at 5 per cent. During June the Federal funds rate and the three-month Treasury bill rate rose above the discount rate. The large decline in the bill rate during the past three weeks has brought this rate below the discount rate, but the Federal funds rate has remained above the discount rate.

Prepared by Federal Reserve Bank of St. Louis

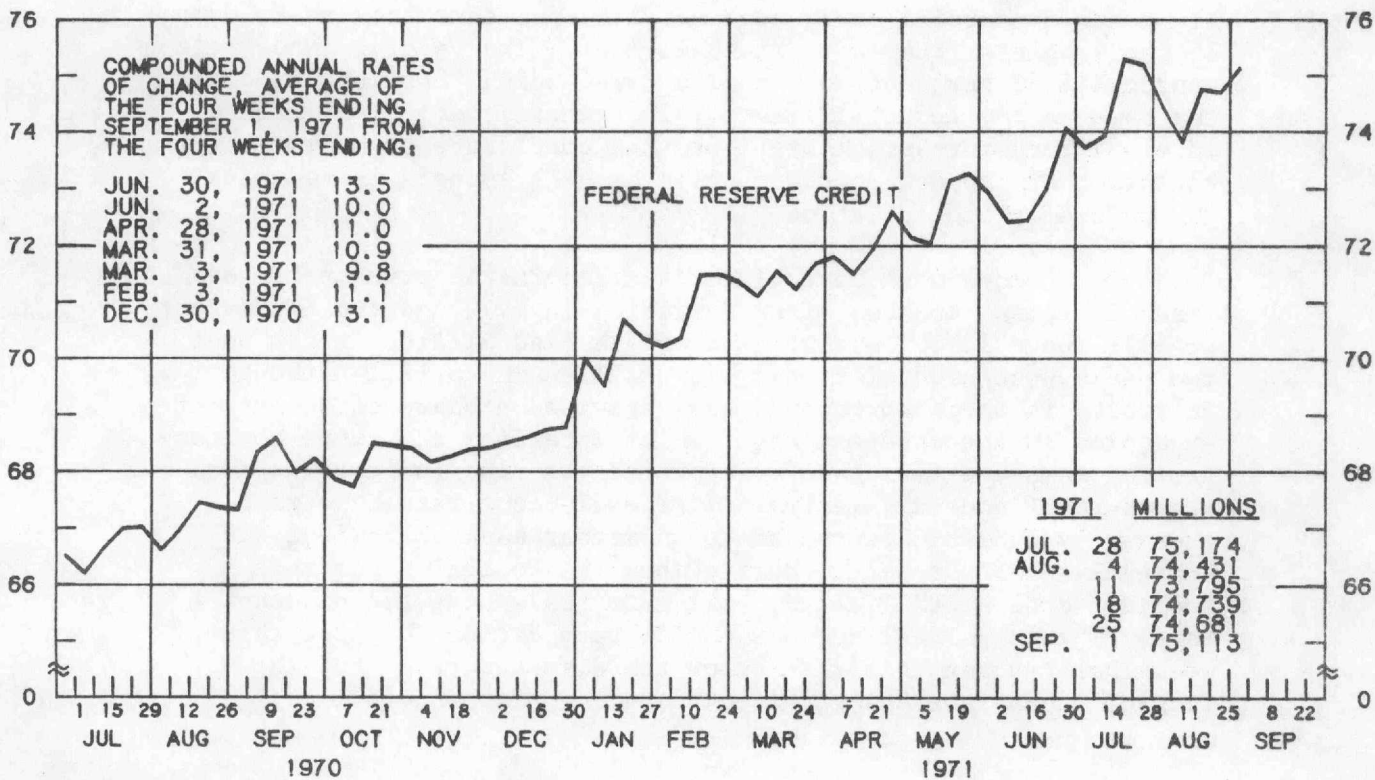
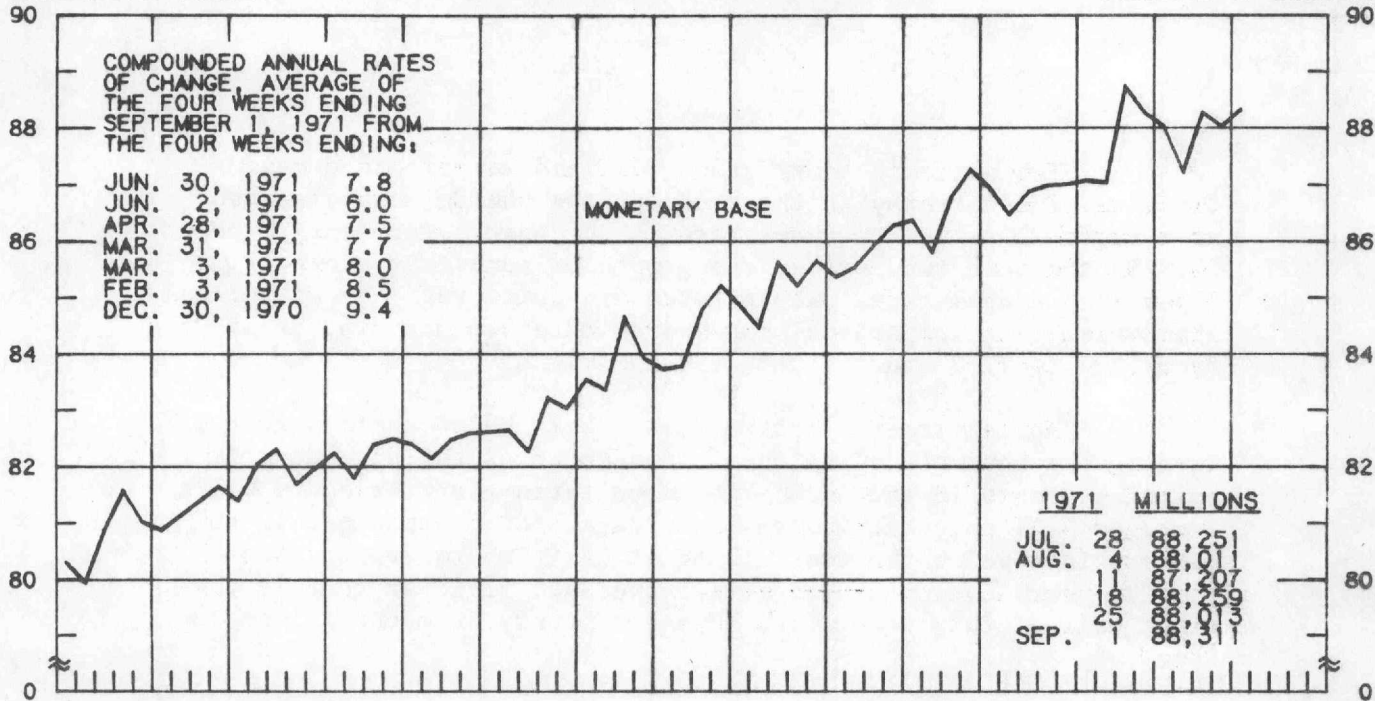
Released: September 3, 1971

MONETARY BASE ^{1/} FEDERAL RESERVE CREDIT ^{2/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



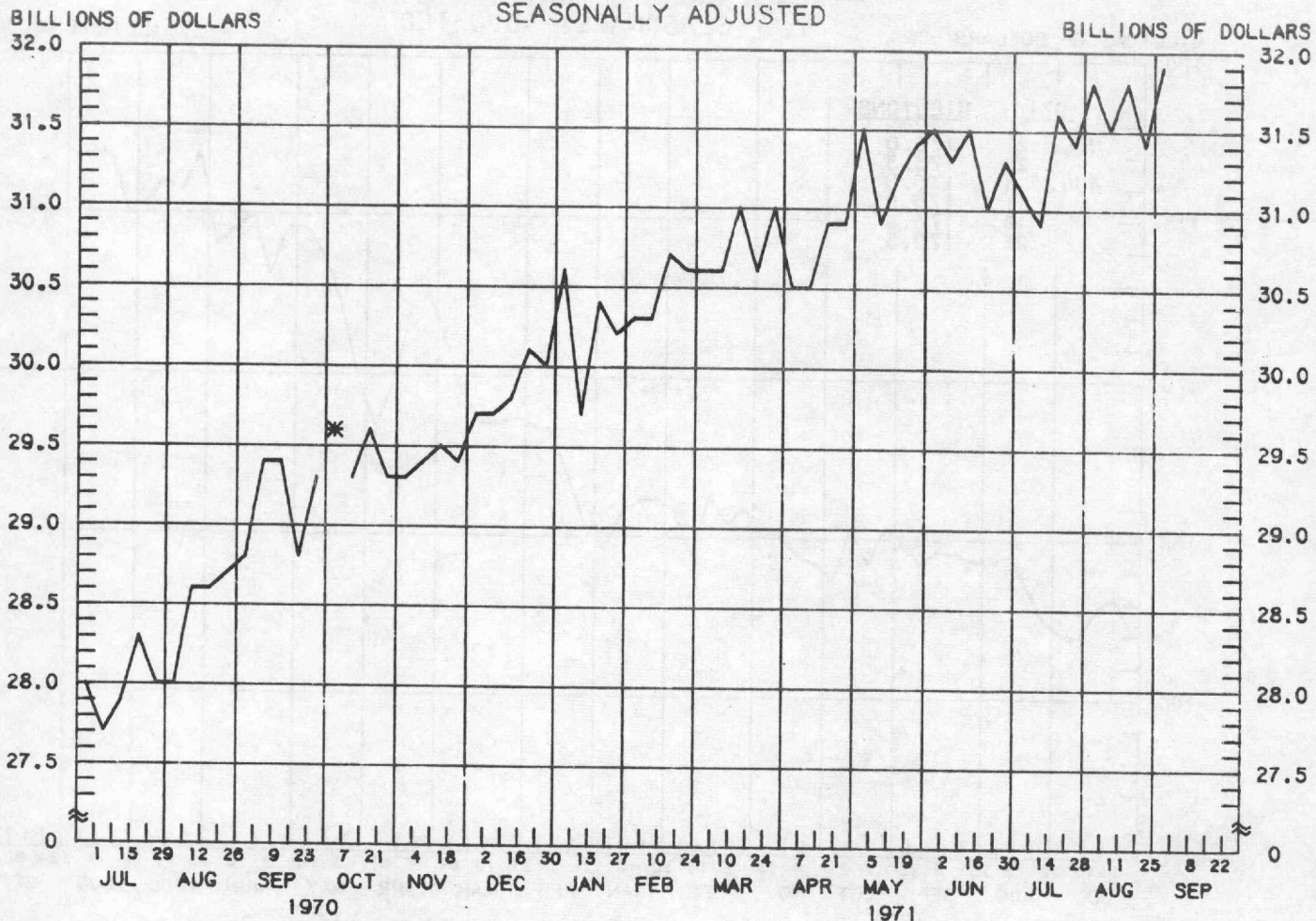
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971

- 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: SEPTEMBER 1, 1971

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

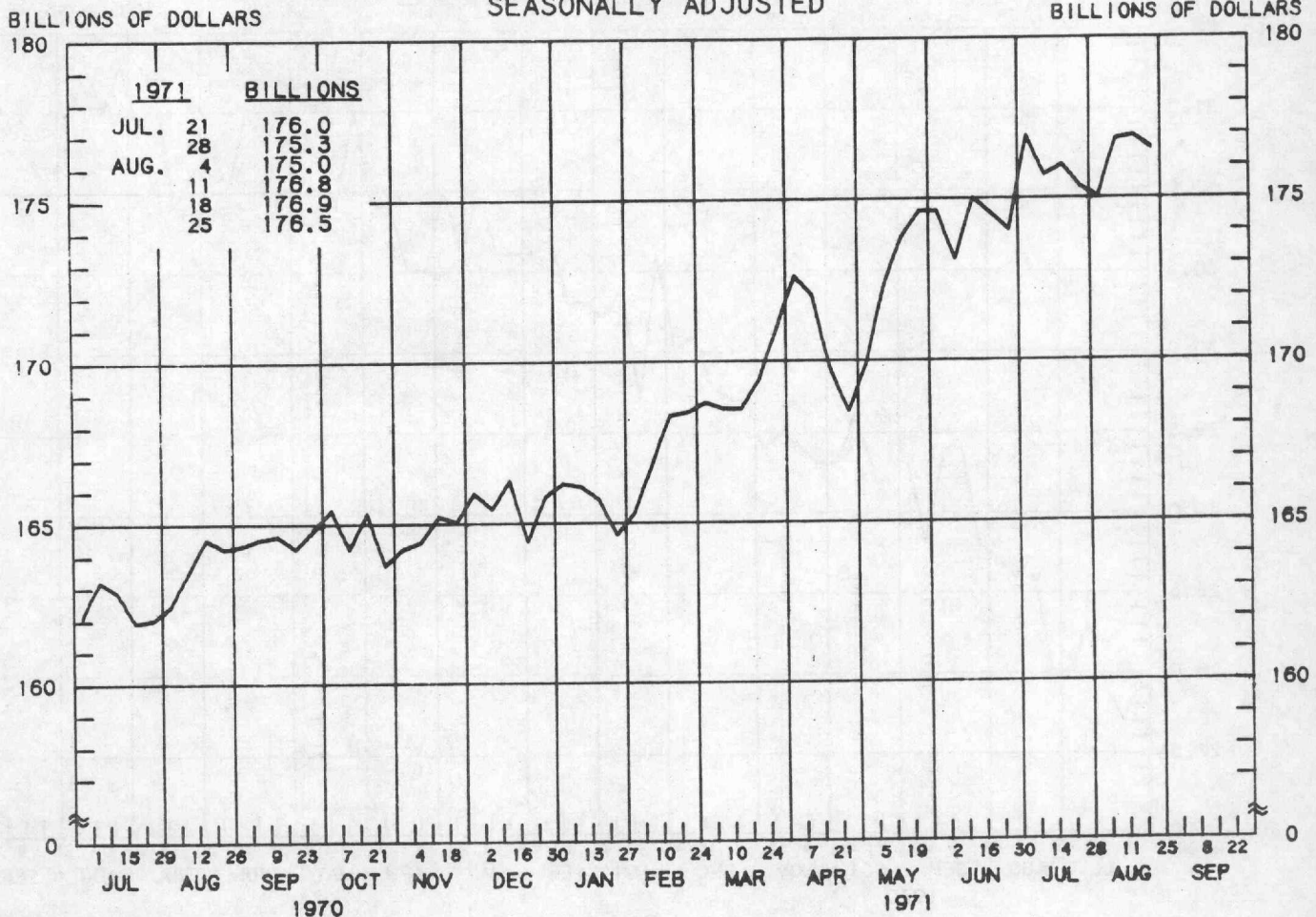
* BREAK IN SERIES DUE TO CHANGES IN REGULATION D EFFECTIVE OCTOBER 1, 1970.

1971	BILLIONS
JUL. 28	31.4
AUG. 4	31.8
11	31.5
18	31.8
25	31.4
SEP. 1	31.9

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING SEPTEMBER 1, 1971 FROM THE FOUR WEEKS ENDING:	
JUN. 30, 1971	7.6
JUN. 2, 1971	5.2
APR. 28, 1971	9.7
MAR. 31, 1971	7.0
MAR. 3, 1971	7.3
FEB. 3, 1971	8.8
DEC. 30, 1970	9.1

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



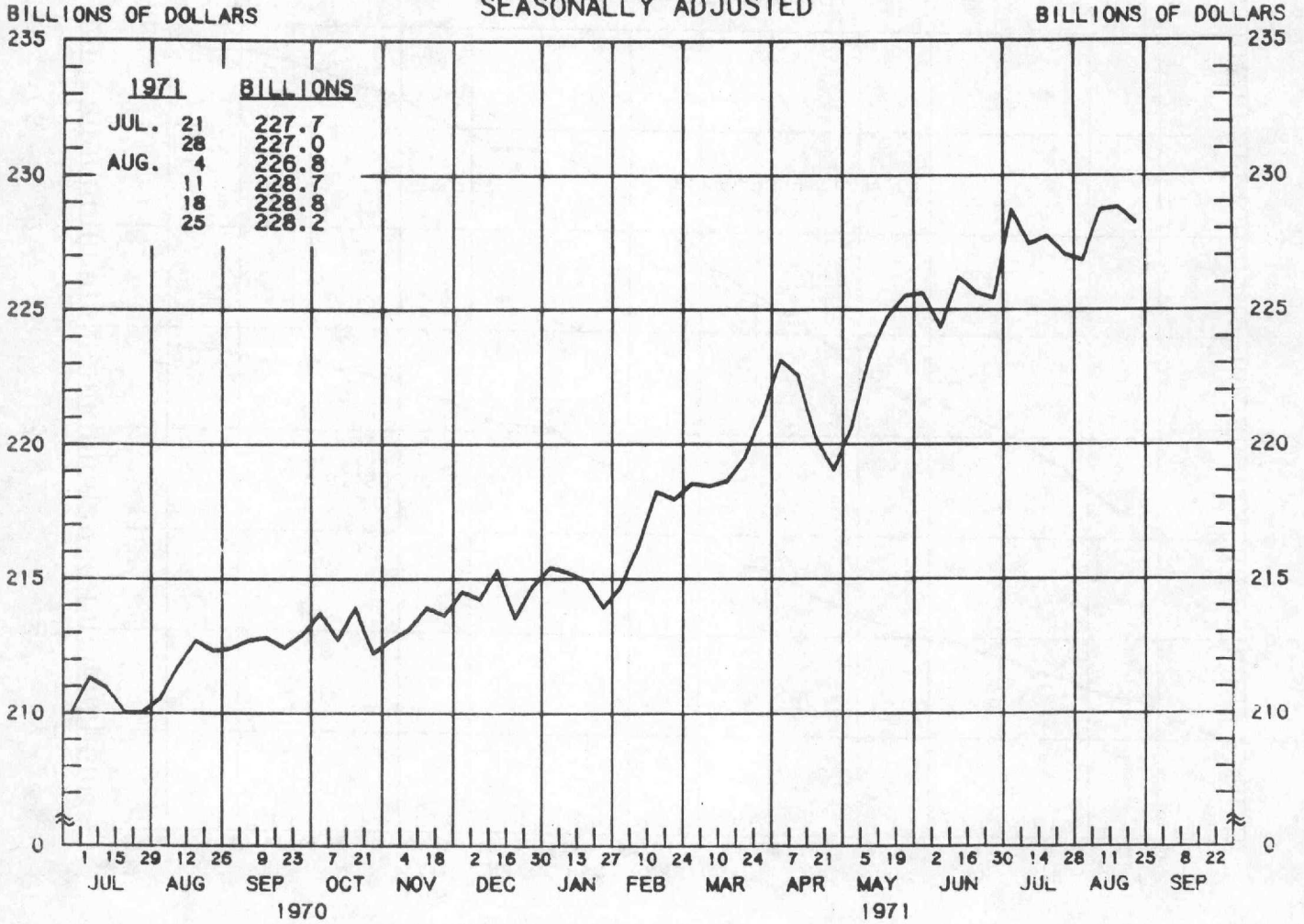
LATEST DATA PLOTTED WEEK ENDING: AUGUST 25, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	8/26/70	12/23/70	1/27/71	2/24/71	3/24/71	4/28/71	5/26/71	6/23/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
1/27/71	2.9							
2/24/71	4.3	6.1						
3/24/71	5.5	8.2	12.8					
4/28/71	6.4	9.3	12.6	12.7				
5/26/71	7.4	10.6	13.5	13.8	14.1			
6/23/71	7.9	10.9	13.3	13.6	13.7	14.5		
7/28/71	8.2	10.9	12.8	12.9	12.8	13.0	11.6	
8/25/71	7.7	9.8	11.3	11.2	10.8	10.4	8.6	6.8

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



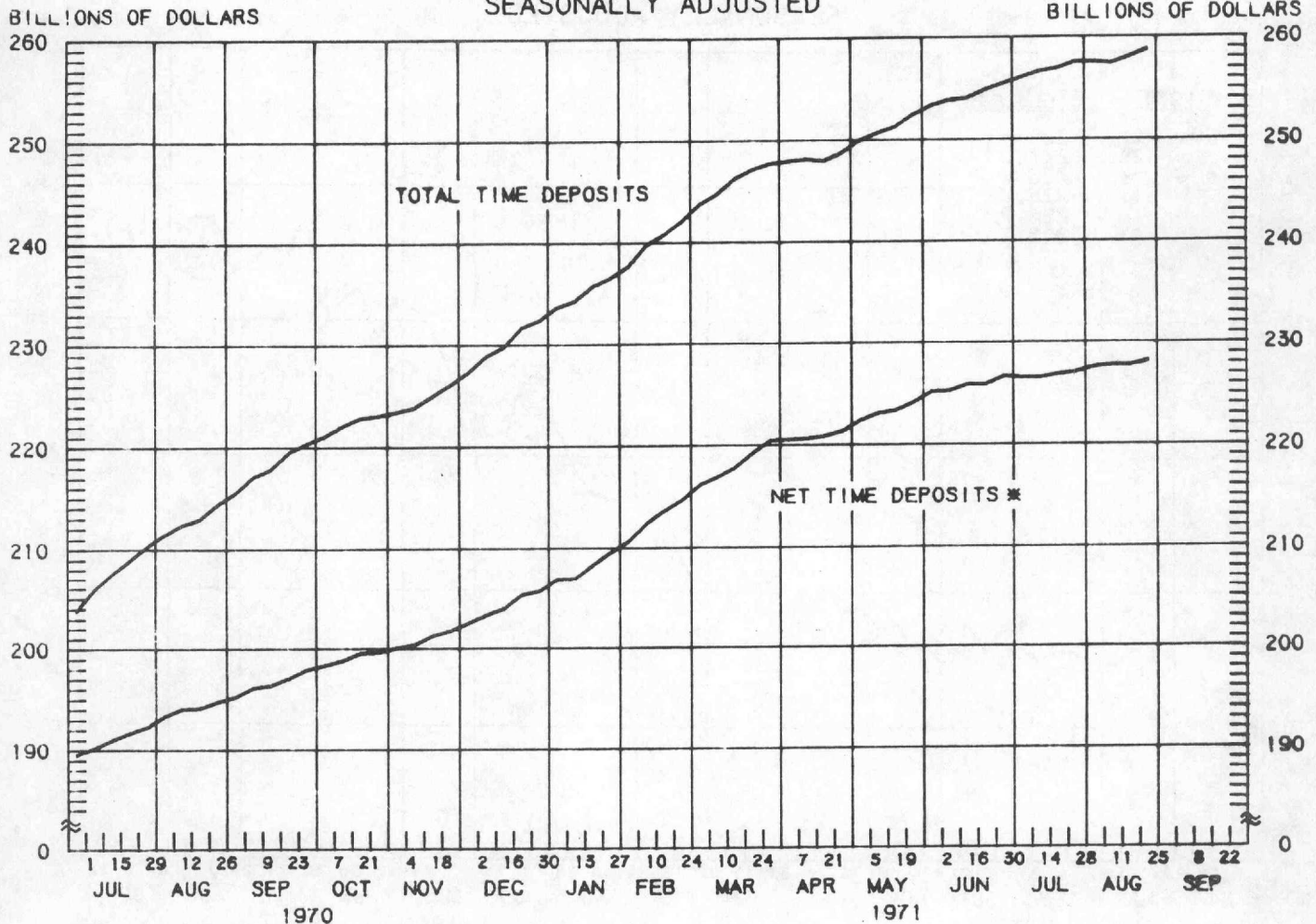
LATEST DATA PLOTTED WEEK ENDING: AUGUST 25, 1971
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

	8/26/70	12/23/70	1/27/71	2/24/71	3/24/71	4/28/71	5/26/71	6/23/71
1/27/71	3.5							
2/24/71	4.8	6.6						
3/24/71	5.8	8.5	12.4					
4/28/71	6.7	9.4	12.3	12.3				
5/26/71	7.4	10.3	12.8	12.9	13.1			
6/23/71	7.8	10.5	12.5	12.6	12.6	13.0		
7/28/71	8.2	10.6	12.3	12.3	12.2	12.3	11.4	
8/25/71	7.7	9.6	10.9	10.7	10.3	9.9	8.5	7.1

TIME DEPOSITS
ALL COMMERCIAL BANKS
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 25, 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:

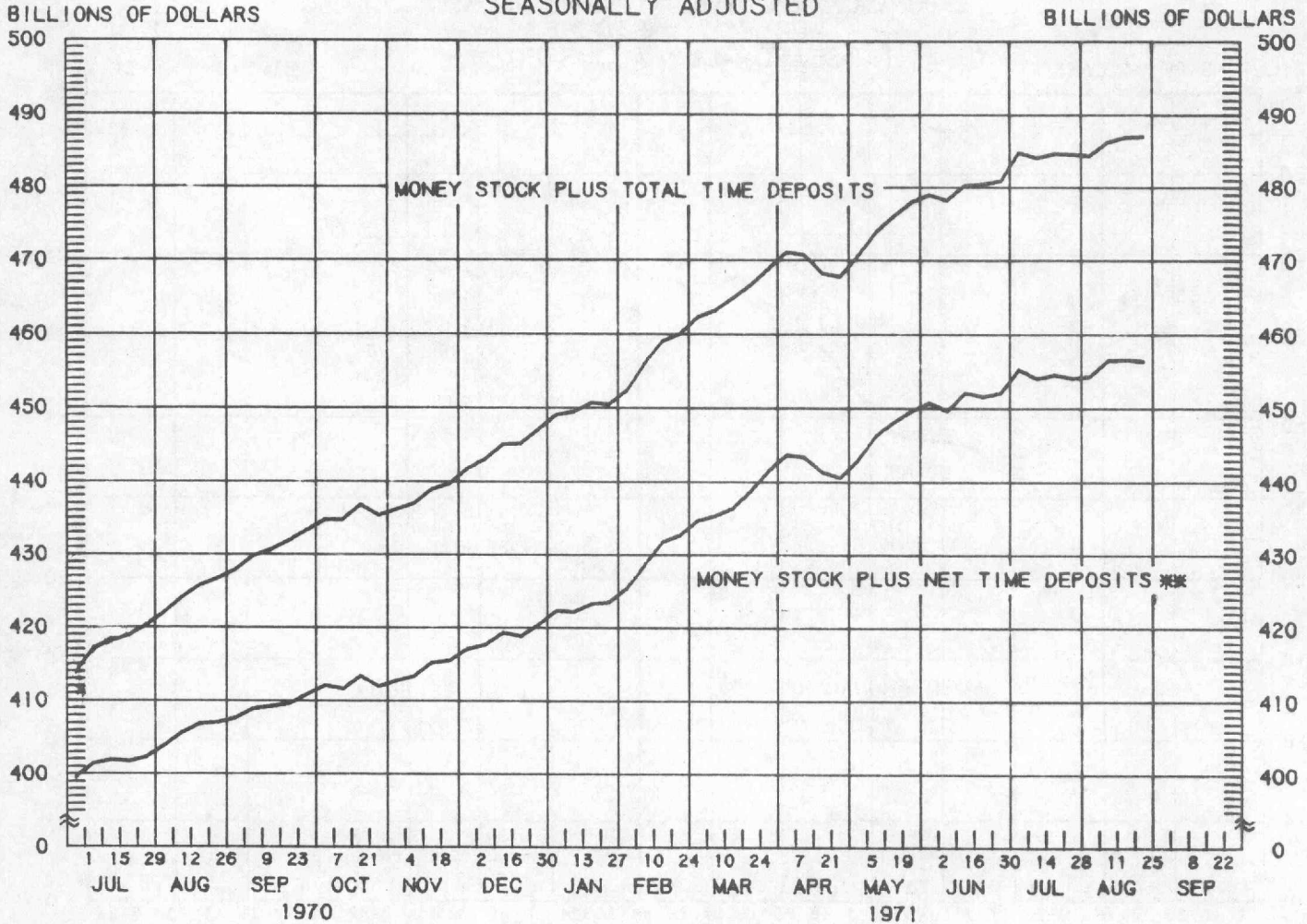
8/26/70 12/23/70 1/27/71 2/24/71 3/24/71 4/28/71 5/26/71 6/23/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

1/27/71	17.8								
2/24/71	20.3	28.7							
3/24/71	21.9	30.0	34.1						
4/28/71	21.2	26.2	27.2	23.8					
5/26/71	20.6	24.1	24.3	21.0	16.1				
6/23/71	20.0	22.5	22.3	19.4	15.5	14.7			
7/28/71	18.4	19.7	18.9	16.1	12.7	11.1	9.4		
8/25/71	17.4	18.1	17.2	14.6	11.6	10.0	8.5	6.0	

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 25, 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:

8/26/70 12/23/70 1/27/71 2/24/71 3/24/71 4/28/71 5/26/71 6/23/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

1/27/71	10.1								
2/24/71	12.1	17.0							
3/24/71	13.3	18.5	22.7						
4/28/71	13.6	17.6	19.8	18.2					
5/26/71	13.7	16.9	18.4	16.9	14.7				
6/23/71	13.6	16.3	17.3	16.0	14.2	13.5			
7/28/71	13.0	15.0	15.6	14.2	12.5	11.5	10.4		
8/25/71	12.3	13.7	14.0	12.6	11.0	9.8	8.5	6.6	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS WEDNESDAY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 25, 1971

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

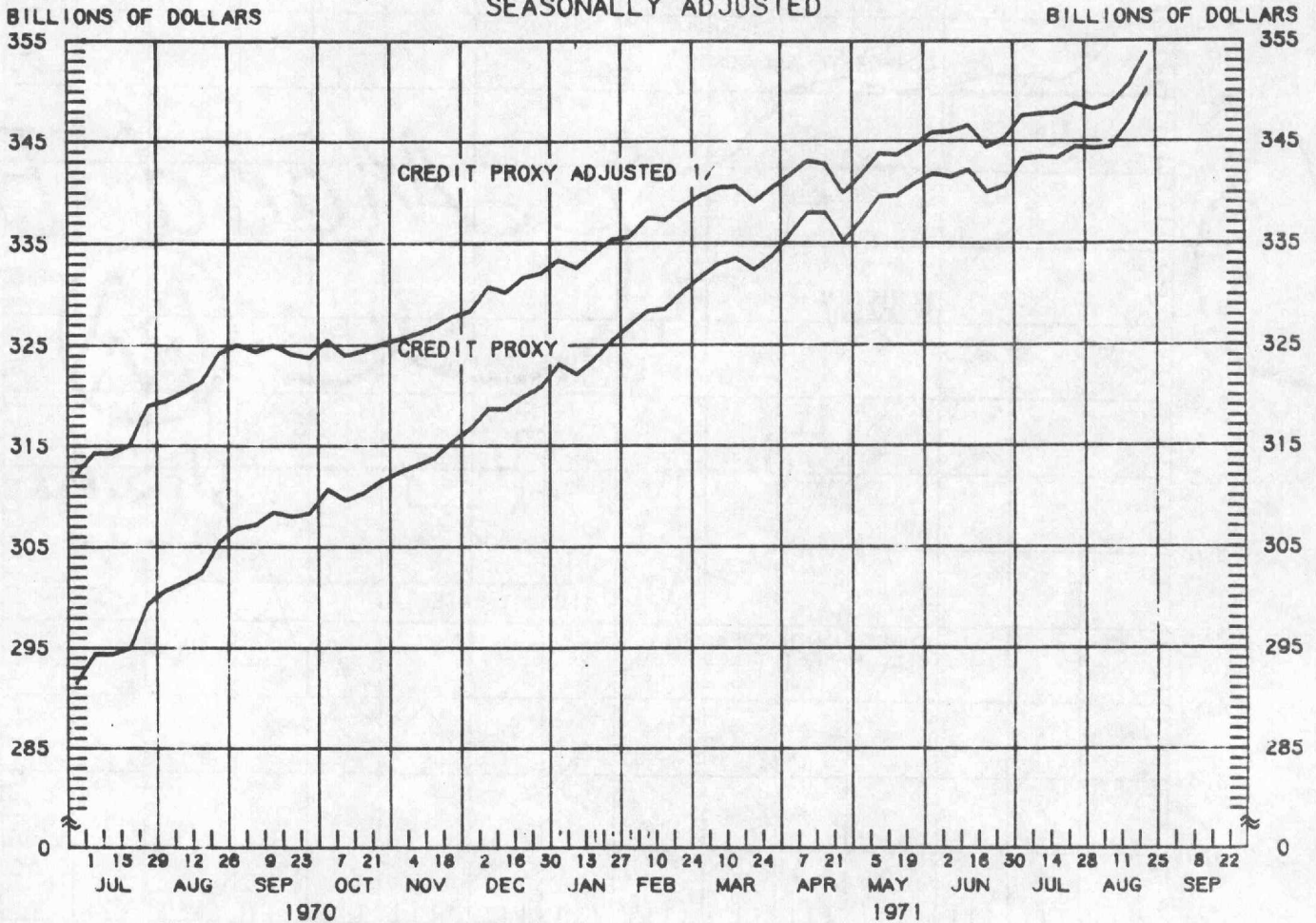
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA			
1971	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M2 ***
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	227.7	456.4
18	30.3	227.7	456.5
25	30.5	228.1	456.3
SEP. 1			
8			
15			
22			
29			

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

MEMBER BANK DEPOSITS SUBJECT TO RESERVE REQUIREMENTS (CREDIT PROXY)

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.

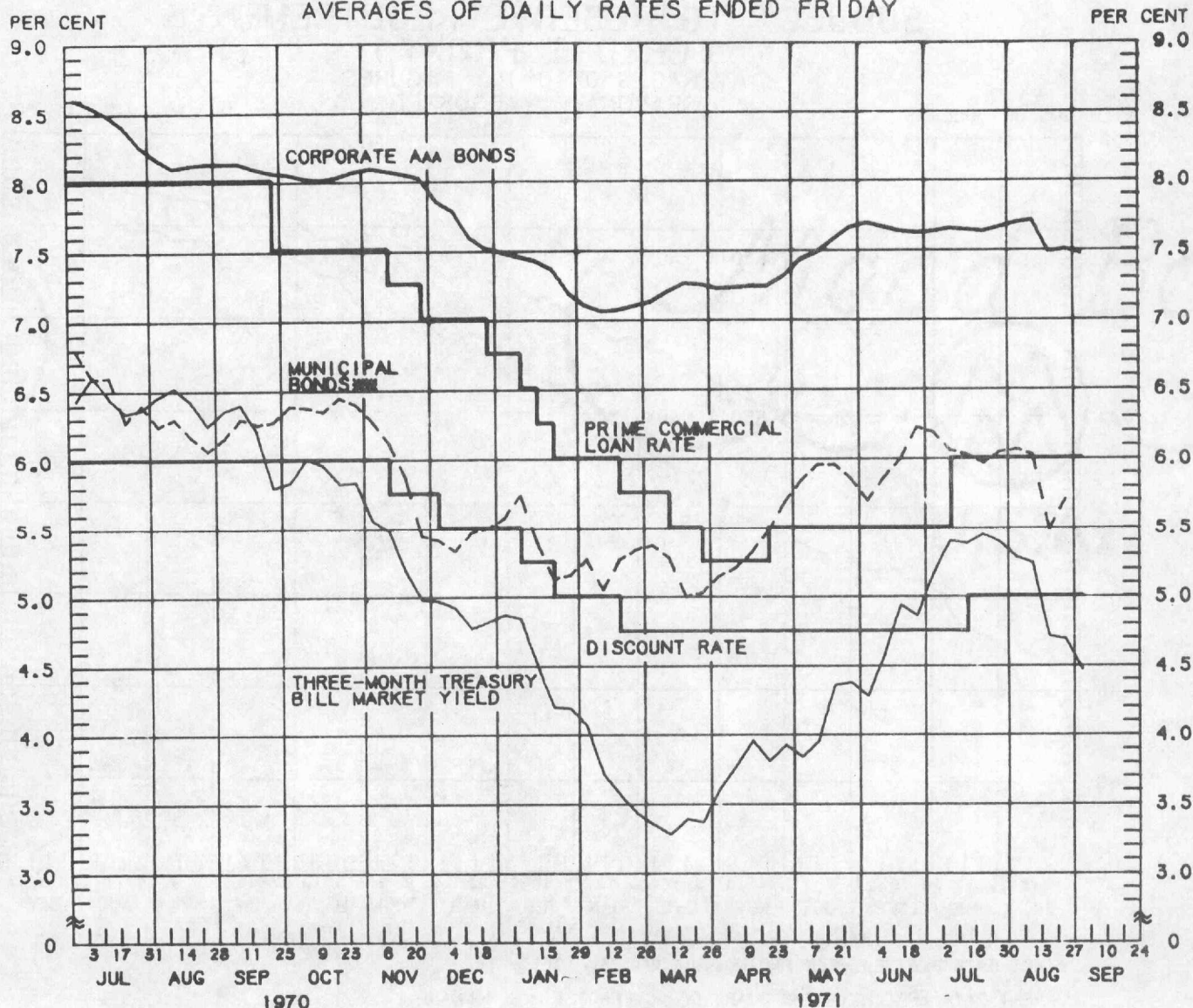
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
JUL.	21	343.3	347.8
	28	344.4	348.7
AUG.	4	344.2	348.1
	11	344.4	348.7
	18	346.8	350.5
	25	350.1	353.7

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING AUGUST 25, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
JUN.	23, 1971	8.9	8.1
MAY	26, 1971	8.6	8.3
APR.	28, 1971	9.1	7.8
MAR.	24, 1971	10.1	7.4
FEB.	24, 1971	11.2	7.9
JAN.	27, 1971	12.6	8.7
DEC.	23, 1970	13.3	9.2

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: SEPTEMBER 3, 1971

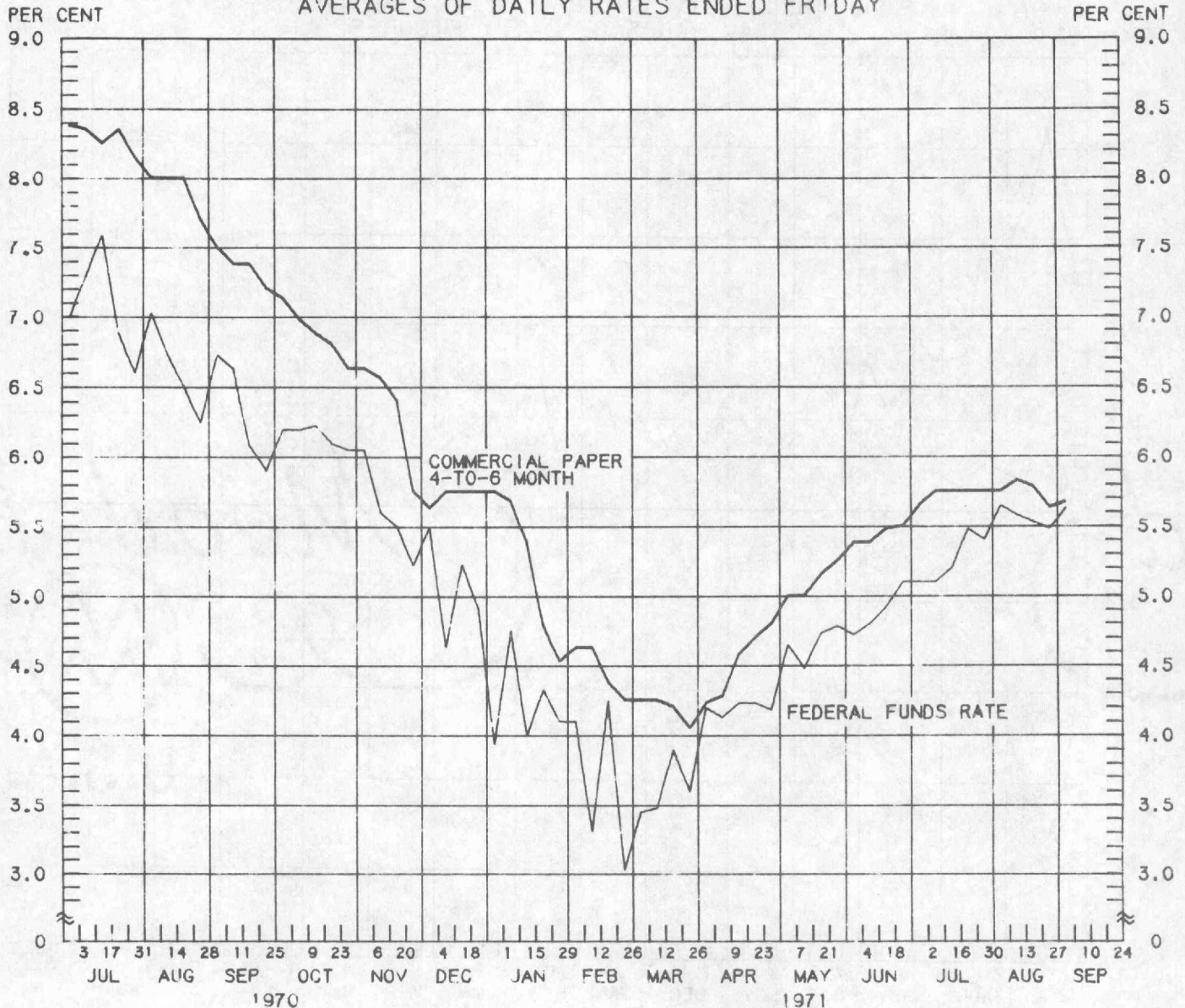
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS
JULY 2	7.63	5.17	6.70	5.97	6.19
9	7.65	5.40	6.70	5.92	6.06
16	7.64	5.38	6.64	5.82	6.03
23	7.63	5.45	6.82	5.91	5.97
30	7.66	5.39	6.92	5.96	6.05
AUG. 6	7.69	5.28	6.85	5.93	6.07
13	7.71	5.24	6.81	5.90	6.03
20	7.48	4.71	6.05	5.64	5.49
27	7.50	4.69	6.06	5.70	5.71
SEP. 3 *	7.47	4.47	5.91	5.61	N.A.
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

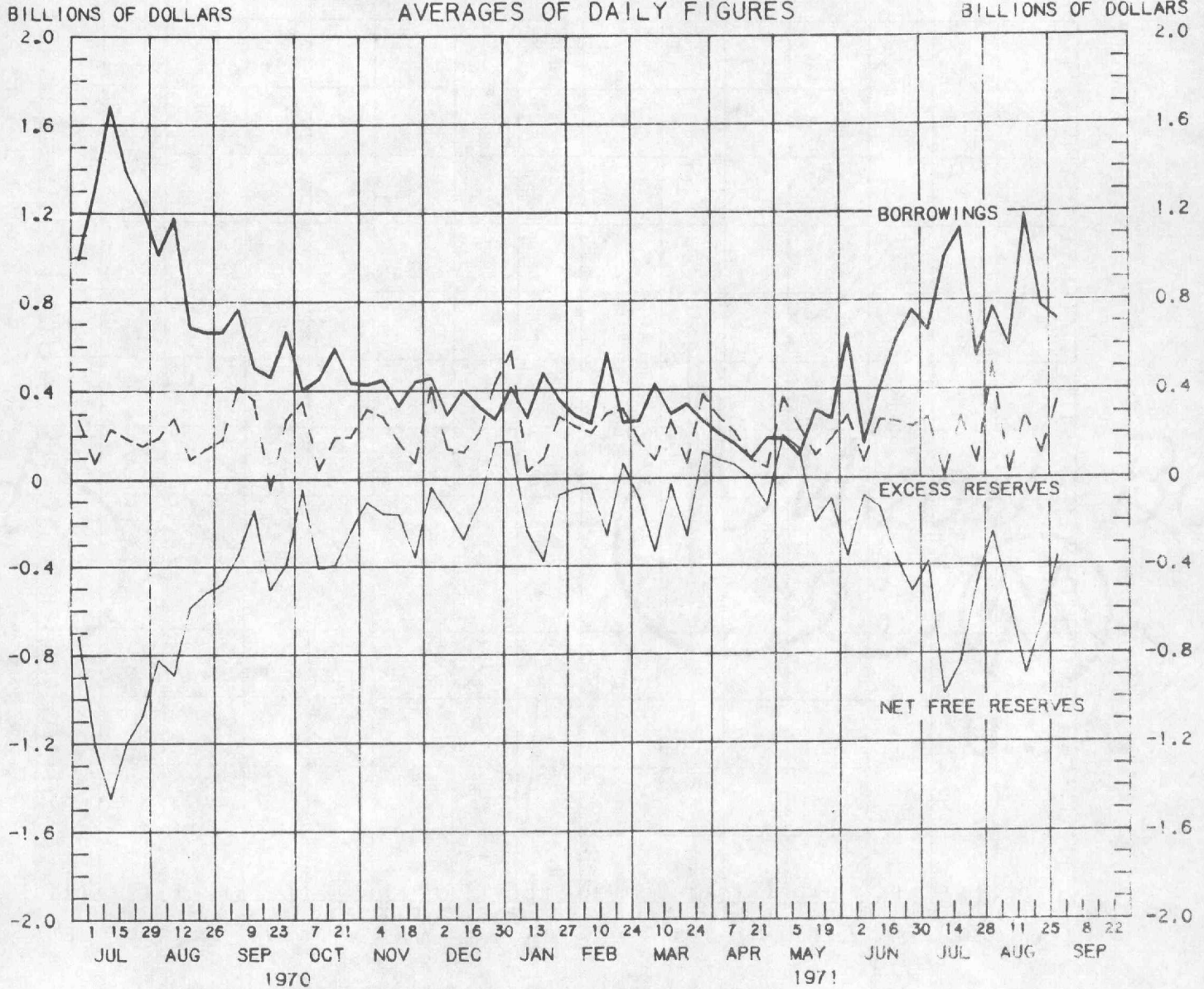


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: SEPTEMBER 3, 1971

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	5.53	5.75
SEP. 3 *	5.67	5.63	5.50	5.56
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.

BORROWINGS AND EXCESS RESERVES ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971

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	517	764	- 247
11	24	593	- 569
18	289	1180	- 891
25	109	771	- 662
SEP. 1	345	708	- 363
8			
15			
22			
29			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS