



Week ending: September 29, 1971

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Growth of the money stock began to decelerate about mid-year; money is currently about unchanged from its early August level. Other monetary aggregates underlying the trend growth of money have continued to grow rapidly. Federal Reserve credit has risen at an 18 per cent rate since the four weeks ending June 30, a period of three months, after rising at a 13 per cent rate in the previous six months (page 2). The monetary base has continued to rise at an advanced rate, although slowing slightly. The base has risen at an 8 per cent rate in the past three months, compared with a 10 per cent rate in the previous six months. Although Federal Reserve credit is the main source component of the base, these two aggregates have grown at different rates over the past three months. A large portion of this difference is due to an increase in Treasury deposits at the Federal Reserve Banks. Increases in these deposits absorb reserves, which would otherwise be available to the private banking sector. The effect of the increase in Treasury deposits was to restrain the growth of the base relative to the growth of Federal Reserve credit.

Deceleration of the growth of the money stock, defined as private demand deposits plus currency in the hands of the public, has been substantial in recent months. Money has risen at a 3.4 per cent annual rate in the past three months, after expanding at a rapid 10.5 per cent rate in the previous six months (page 5). Studies at this bank, however, indicate that money growth over a three-month period is not sufficiently long to have much economic impact. The growth rate of the private demand deposit component of the money stock has decelerated more than the currency component, after growing at about the same rate in the previous six months. Currency has expanded at a 7.2 per cent rate in the past three months, while demand deposits have increased at only a 2.3 per cent rate.

The faster growth of the monetary base than the money stock indicates that there has been a decline in the money multiplier. Over the past three months, increases in the ratios of time deposits to demand deposits, Government deposits at commercial banks to demand deposits, and currency to demand deposits, primarily account for the decline in the multiplier. Government deposits (seasonally adjusted), for instance, have risen sharply from about \$5 billion in the week preceding the announcement of the new economic policies to about \$9 billion currently, which resulted in a rise in the Government deposit ratio. Experience indicates that the effects of the fluctuations of the ratios, especially the Government deposit ratio, may be offset by opposite movements of these ratios in subsequent months, and that in the longer run, changes in the money stock primarily reflect changes in the base.

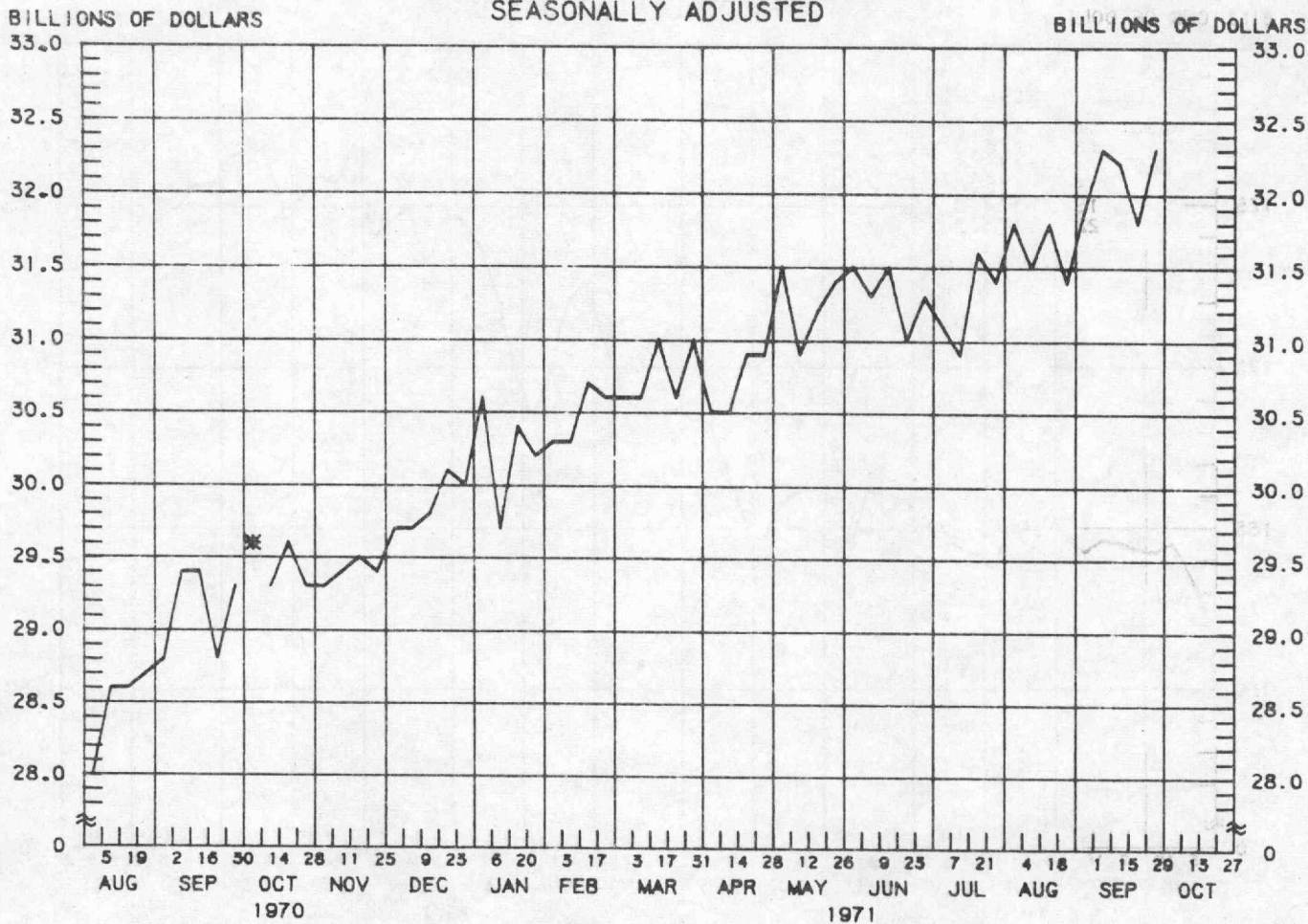
Prepared by Federal Reserve Bank of St. Louis

Released: October 1, 1971

RESERVES

ALL MEMBER BANKS IN THE NATION

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 29, 1971

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

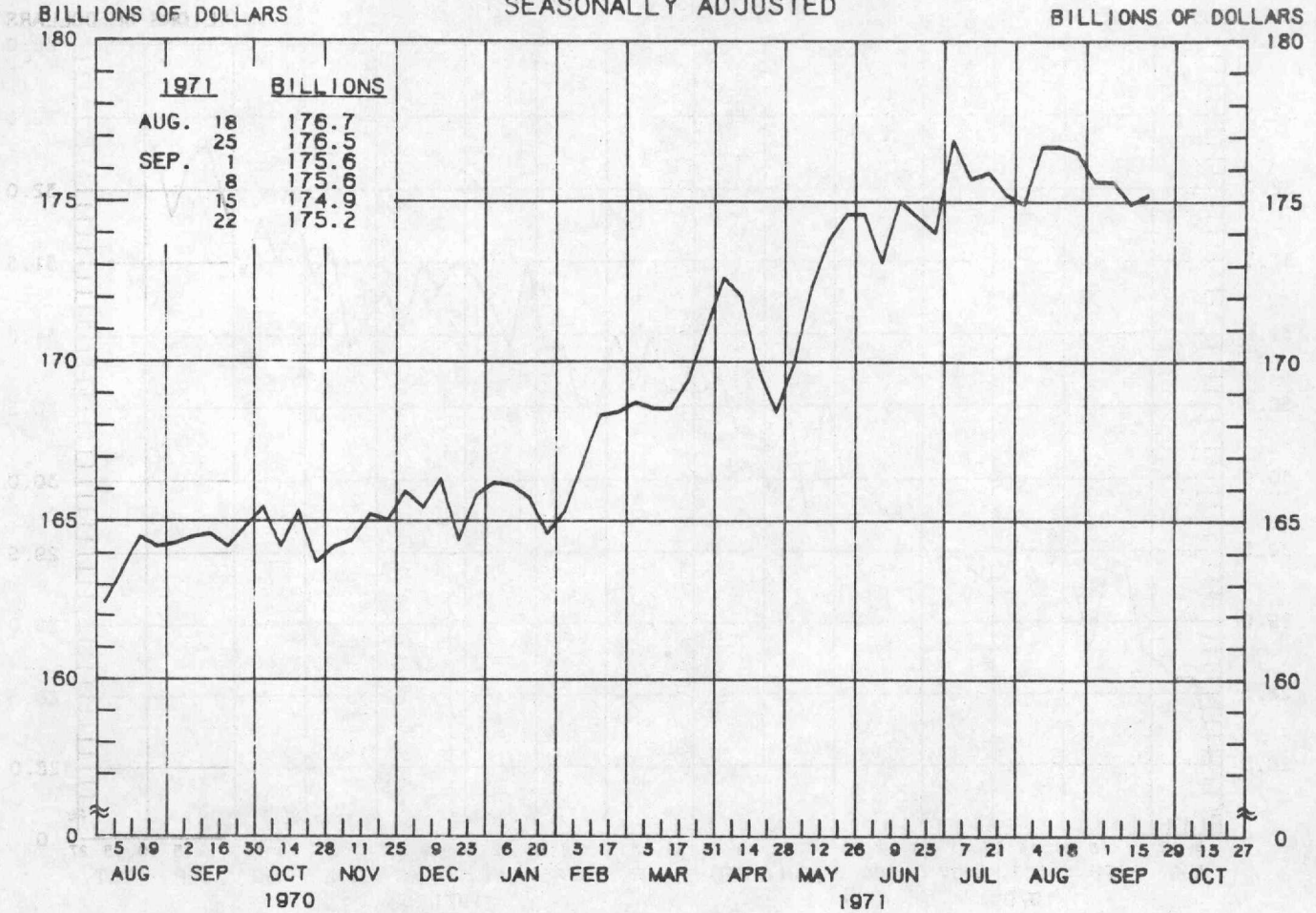
* BREAK IN SERIES DUE TO CHANGES IN REGULATION D EFFECTIVE OCTOBER 1, 1970.

1971	BILLIONS
AUG. 25	31.4
SEP. 1	31.9
8	32.3
15	32.2
22	31.8
29	32.3

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING SEPTEMBER 29, 1971 FROM THE FOUR WEEKS ENDING:	
JUL. 28, 1971	17.8
JUN. 30, 1971	12.0
MAY 26, 1971	8.5
APR. 28, 1971	11.9
MAR. 31, 1971	9.3
MAR. 3, 1971	9.2
JAN. 27, 1971	10.0

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



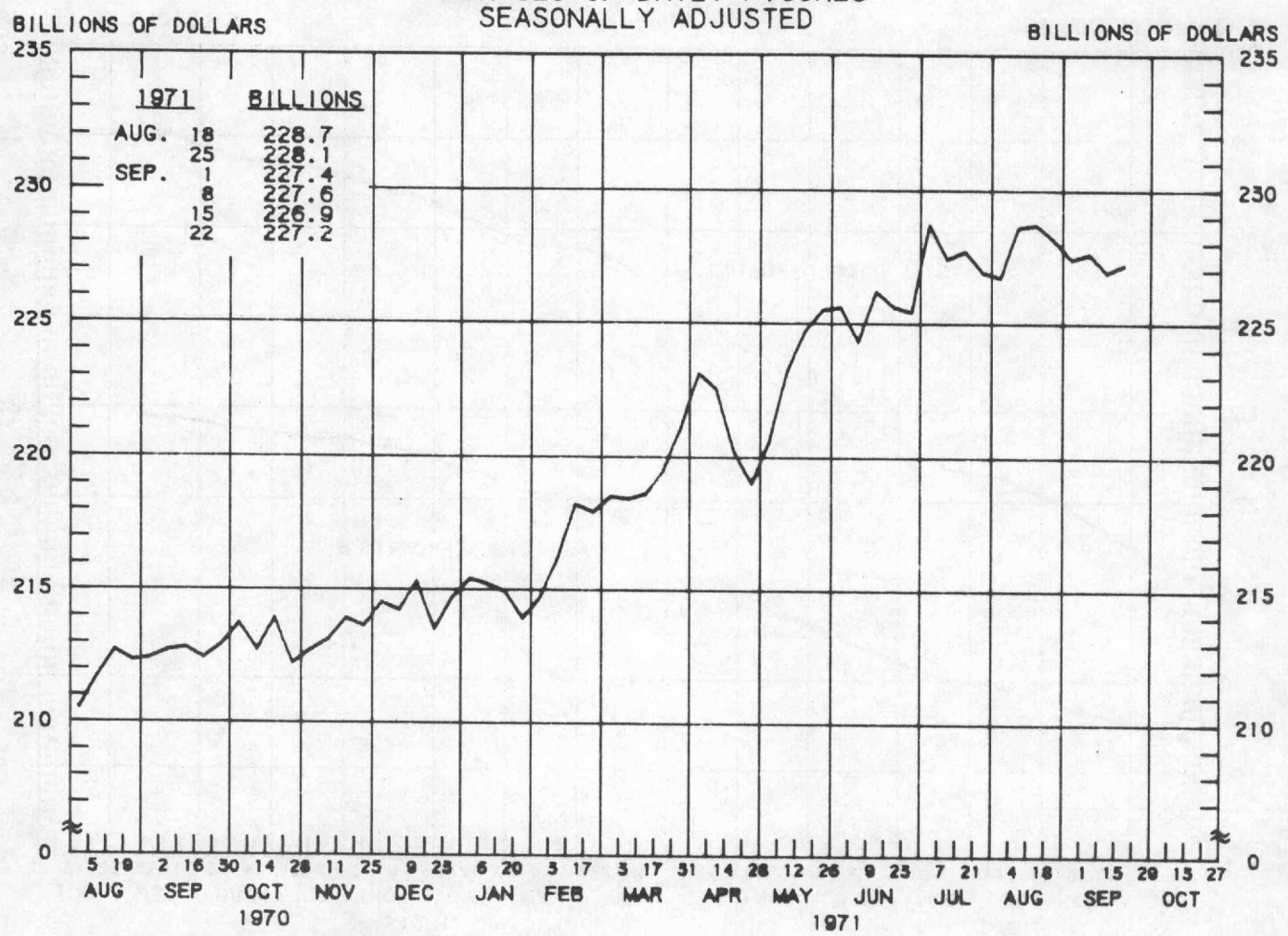
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 22, 1971

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

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	9/23/70	1/20/71	2/24/71	3/24/71	4/21/71	5/19/71	6/23/71	7/21/71	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
2/24/71	4.1								
3/24/71	5.4	10.1							
4/21/71	7.4	13.4	17.1						
5/19/71	6.3	9.7	10.5	9.2					
6/23/71	8.1	12.2	13.6	13.7	10.6				
7/21/71	8.3	11.9	12.9	12.8	10.4	16.2			
8/25/71	7.8	10.5	11.1	10.7	8.5	11.5	6.5		
9/22/71	6.6	8.4	8.5	7.8	5.6	7.3	2.3	-1.0	

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

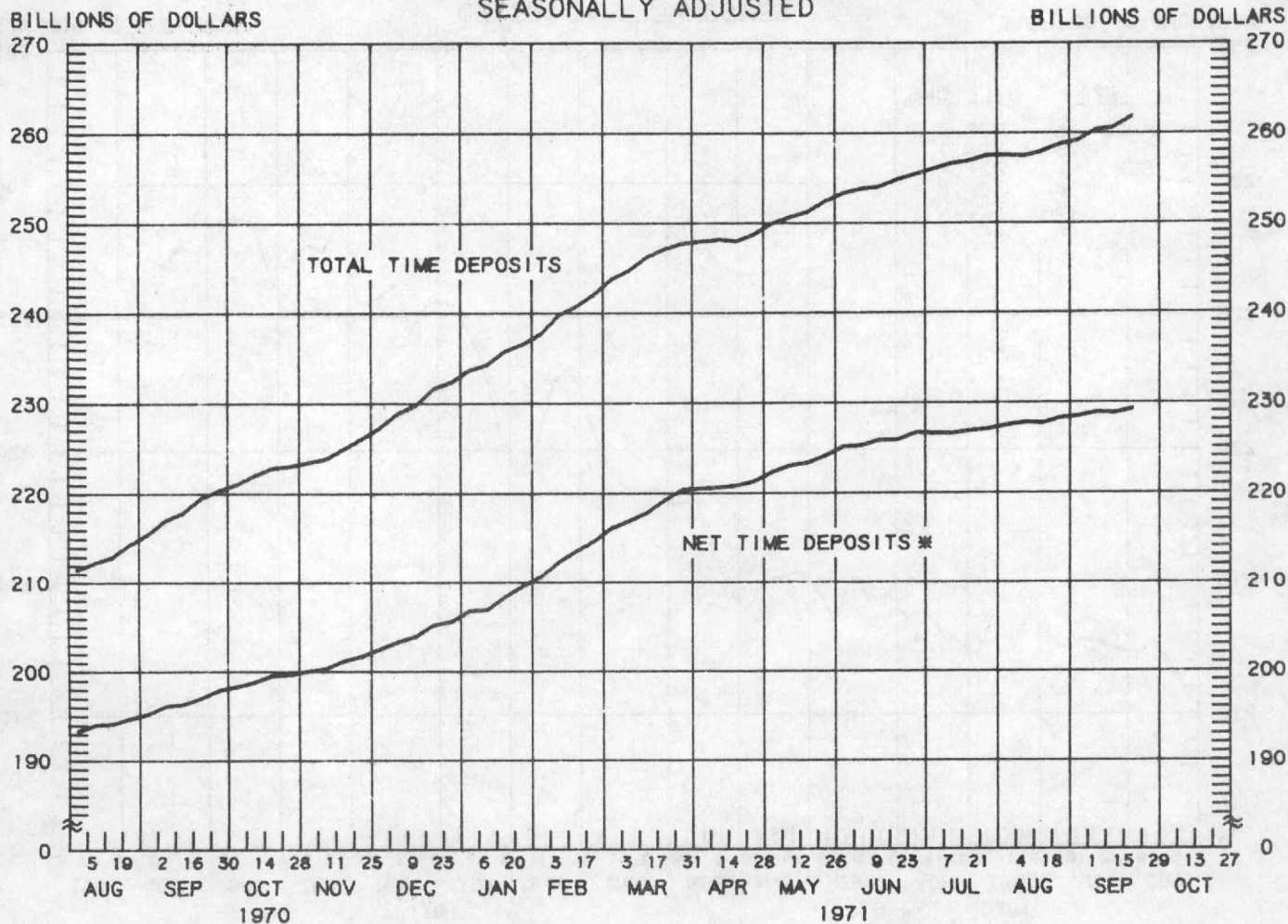


LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 22, 1971
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	9/23/70	1/20/71	2/24/71	3/24/71	4/21/71	5/19/71	6/23/71	7/21/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/24/71		4.7						
3/24/71		5.9	10.4					
4/21/71		7.5	12.8	15.6				
5/19/71		6.8	10.0	10.6	9.6			
6/23/71		8.1	11.7	12.6	12.6	10.0		
7/21/71		8.4	11.7	12.4	12.4	10.5	14.9	
8/25/71		7.9	10.3	10.6	10.2	8.4	10.6	6.9
9/22/71		6.9	8.5	8.5	7.9	6.1	7.2	3.4
								0.0

TIME DEPOSITS
ALL COMMERCIAL BANKS
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



* 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:

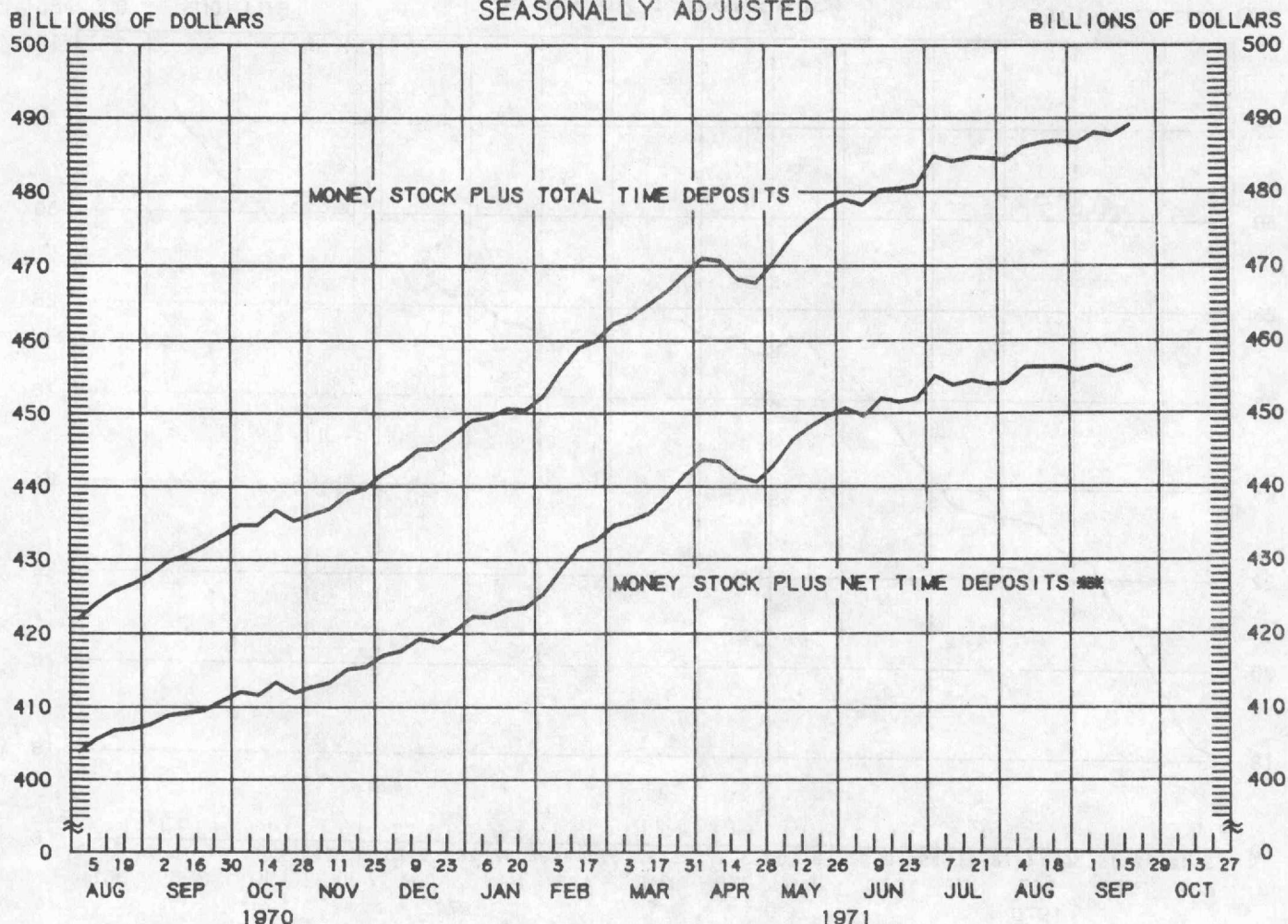
9/23/70 1/20/71 2/24/71 3/24/71 4/21/71 5/19/71 6/23/71 7/21/71

TO THE AVERAGE
 OF FOUR WEEKS
 ENDING:

2/24/71	21.2							
3/24/71	22.9	33.5						
4/21/71	22.5	29.2	26.4					
5/19/71	21.2	24.9	21.3	15.9				
6/23/71	20.4	22.6	19.4	15.5	13.5			
7/21/71	19.0	19.9	16.8	13.4	11.3	11.1		
8/25/71	17.5	17.4	14.5	11.4	9.6	9.0	5.8	
9/22/71	16.6	16.1	13.4	10.7	9.0	8.4	6.0	5.7

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 22, 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:

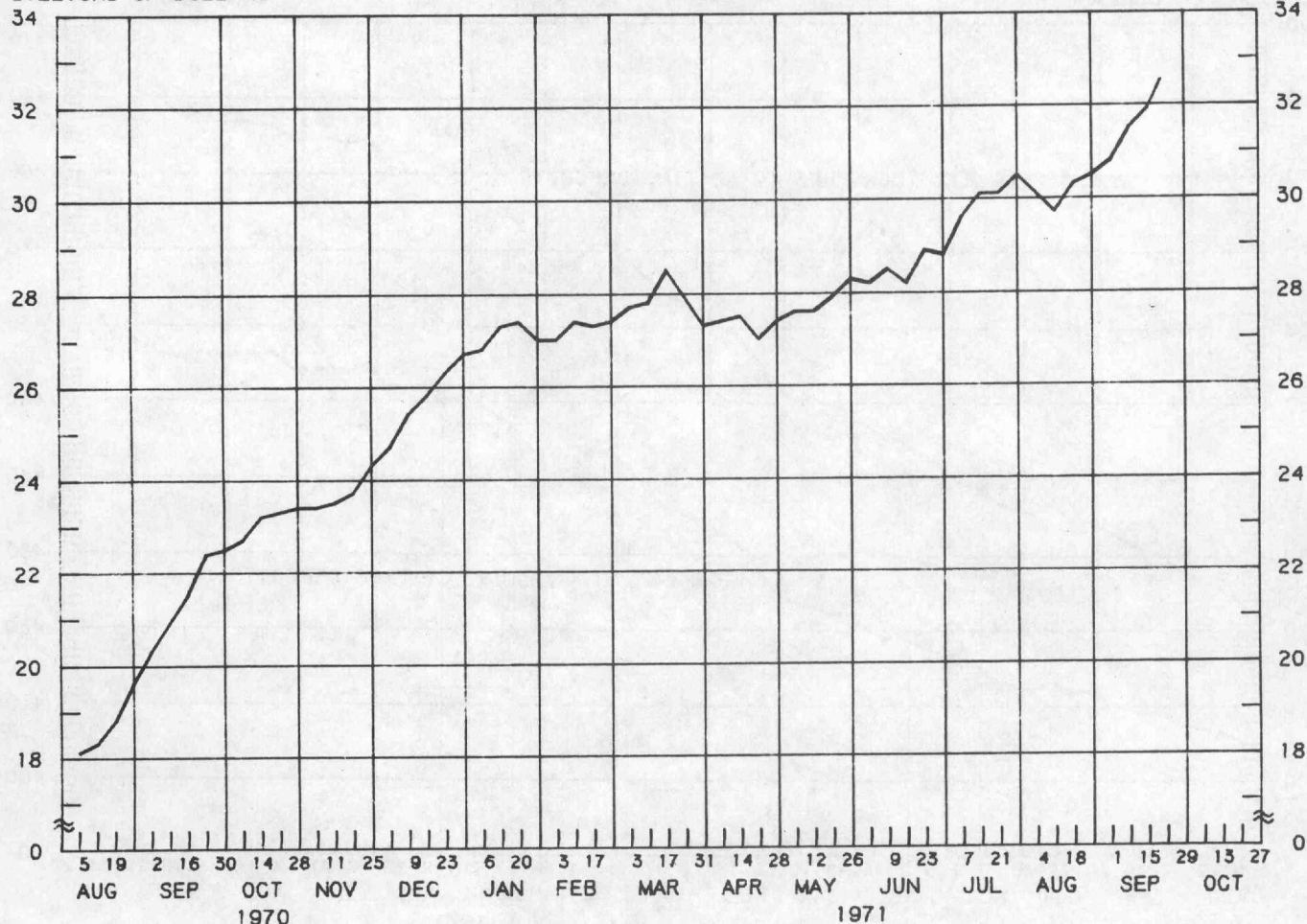
	9/23/70	1/20/71	2/24/71	3/24/71	4/21/71	5/19/71	6/23/71	7/21/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/24/71	12.4							
3/24/71	13.9	21.1						
4/21/71	14.7	20.8	21.0					
5/19/71	13.6	17.1	15.8	12.9				
6/23/71	14.0	16.9	16.0	14.2	11.6			
7/21/71	13.5	15.7	14.6	12.9	10.8	13.0		
8/25/71	12.5	13.8	12.6	10.9	9.0	9.9	6.4	
9/22/71	11.6	12.2	10.9	9.3	7.5	7.8	4.7	2.8

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 22, 1971

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

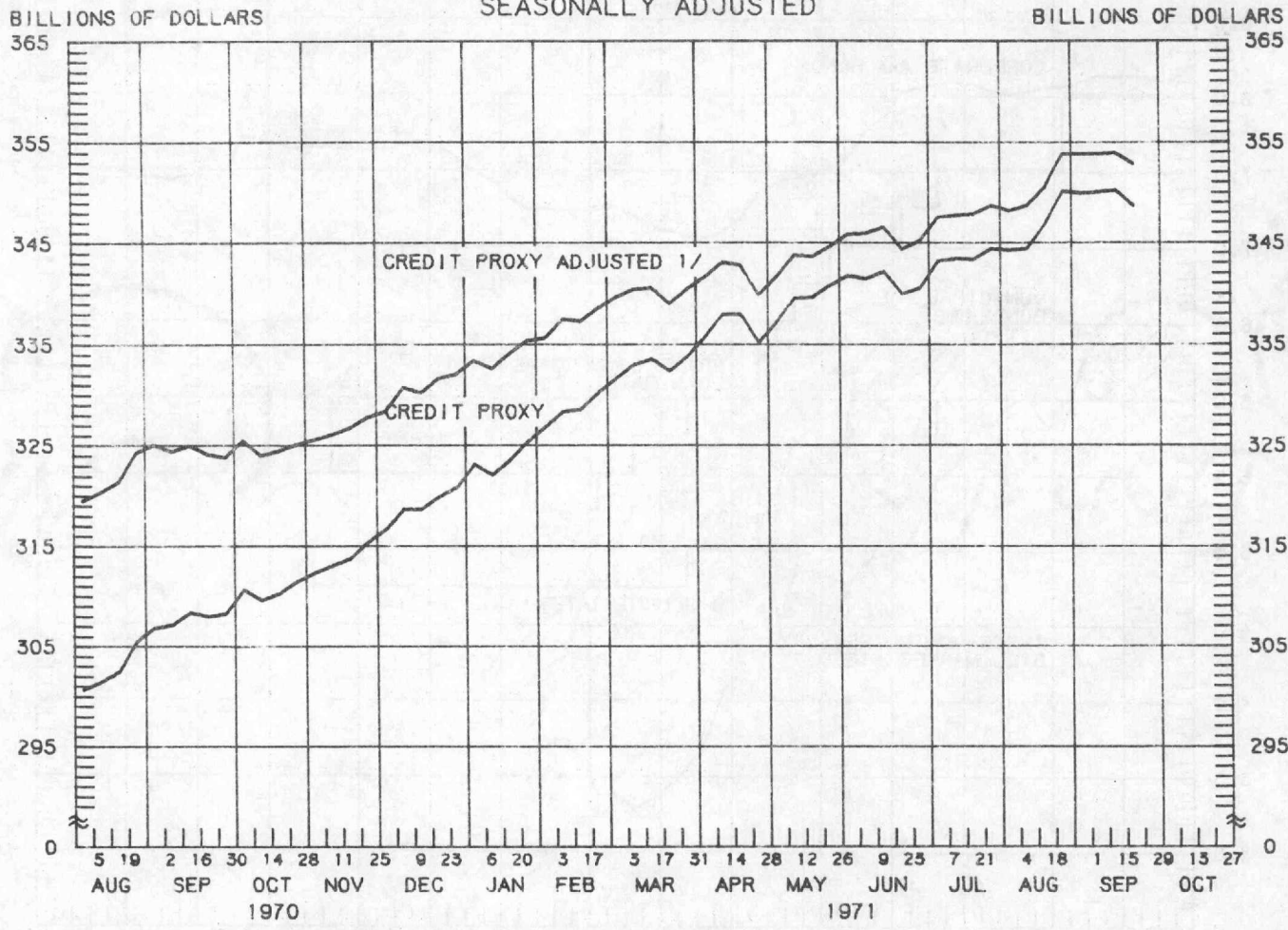
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA			
1971	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 ***
AUG. 4	30.1	227.4	454.1
11	29.7	227.7	456.3
18	30.3	227.6	456.3
25	30.5	228.2	456.3
SEP. 1	30.8	228.4	455.8
8	31.5	228.8	456.5
15	31.9	228.7	455.6
22	32.6	229.2	456.4
29			
OCT. 6			
13			
20			
27			

* 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: SEPTEMBER 22, 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.

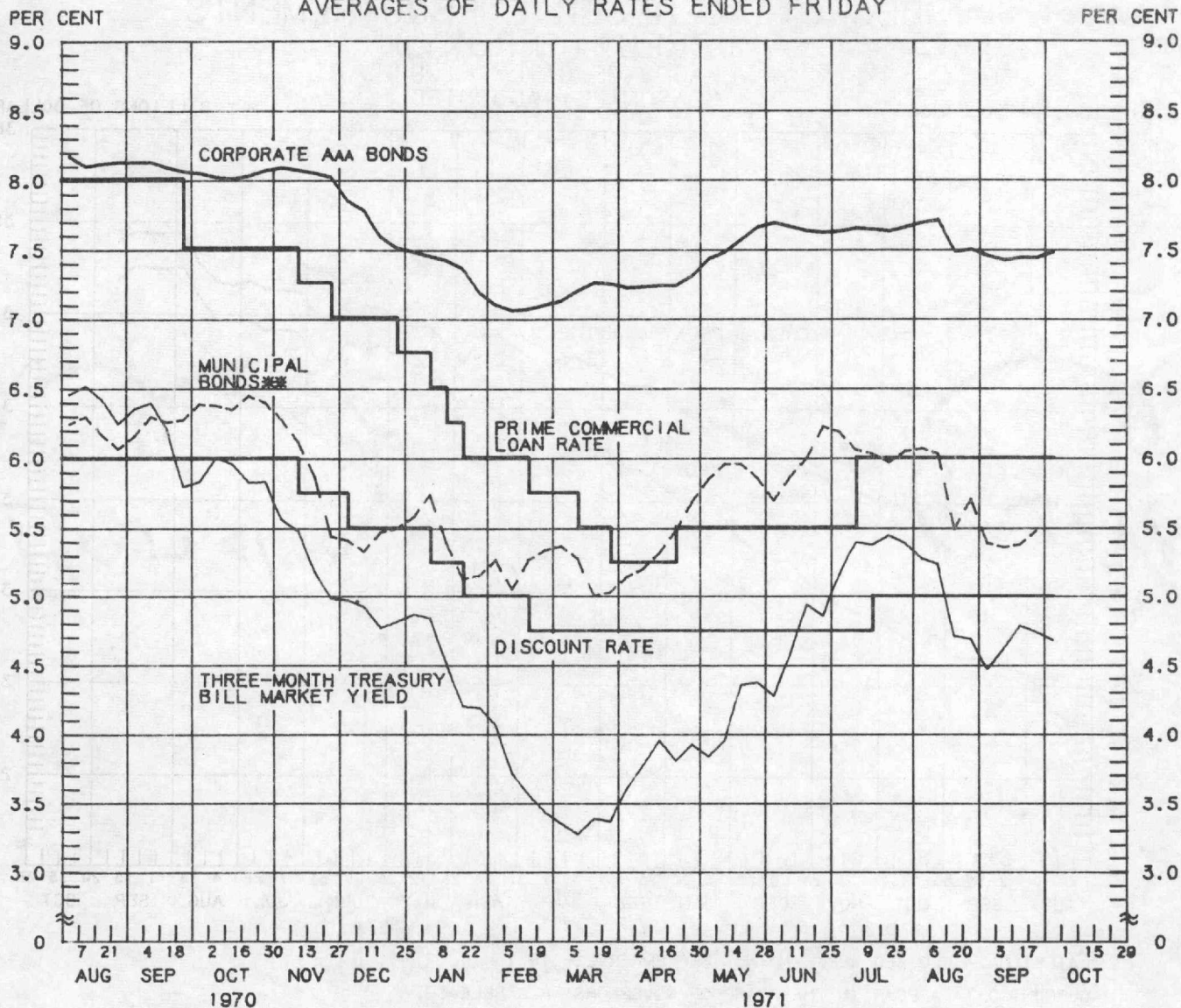
1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
AUG.	18	346.8	350.5
	25	350.1	353.8
SEP.	1	349.9	353.8
	8	350.0	353.8
	15	350.2	353.9
	22	348.6	352.8

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING SEPTEMBER 22, 1971 FROM THE FOUR WEEKS ENDING:

	CREDIT PROXY	CREDIT PROXY ADJUSTED
JUL. 21, 1971	12.6	11.3
JUN. 23, 1971	10.2	9.6
MAY 19, 1971	10.5	9.9
APR. 21, 1971	9.7	8.3
MAR. 24, 1971	10.5	8.2
FEB. 24, 1971	11.4	8.6
JAN. 20, 1971	12.8	9.3

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 1, 1971

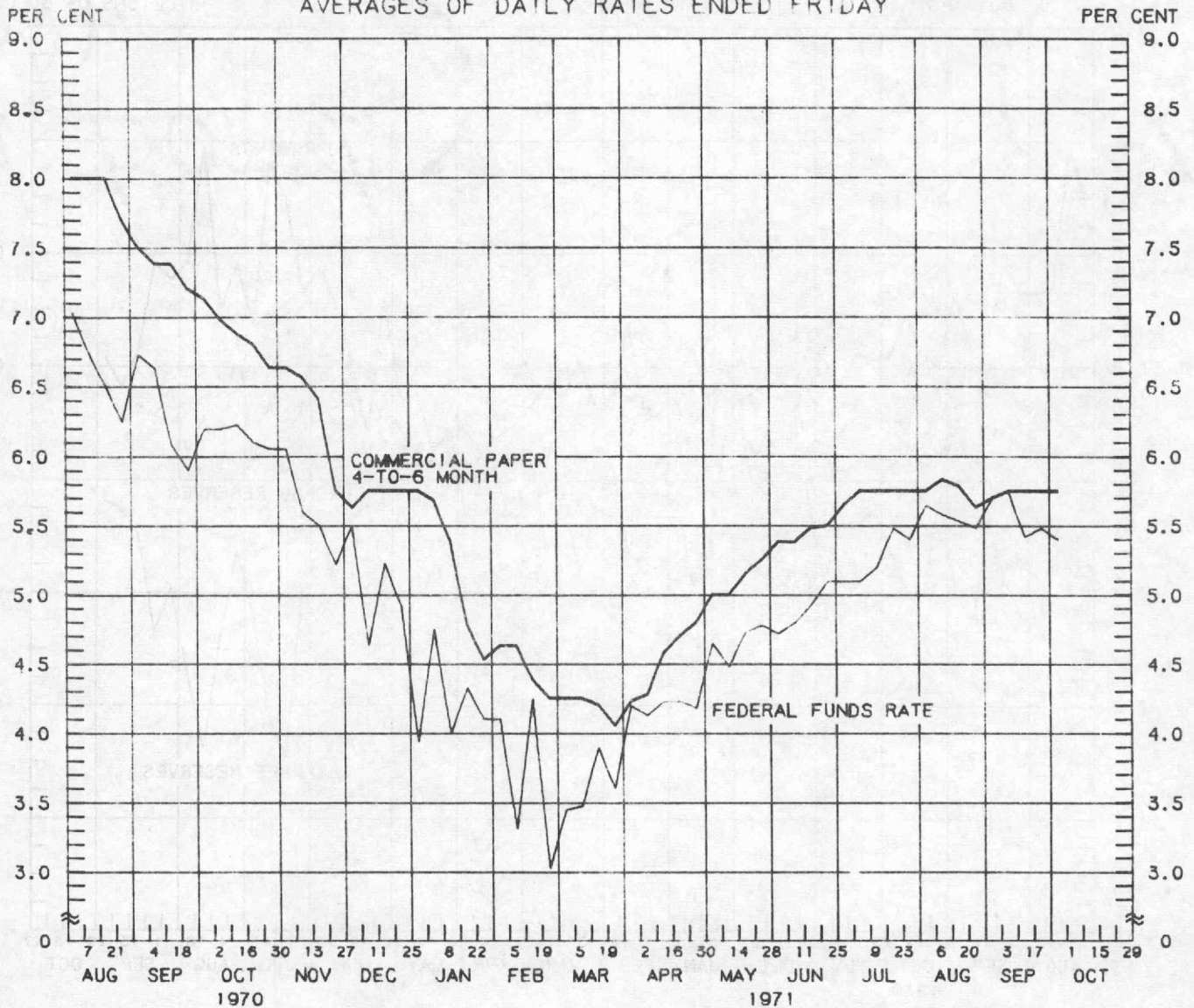
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS **
AUG. 6	7.69	5.28	6.85	5.93	6.07
13	7.71	5.24	6.81	5.90	6.03
20	7.48	4.71	6.05	5.64	5.49
27	7.50	4.69	6.06	5.70	5.71
SEP. 3	7.45	4.47	5.89	5.58	5.39
10	7.42	4.62	5.94	5.51	5.36
17	7.44	4.79	6.00	5.59	5.38
24	7.44	4.74	6.01	5.59	5.48
OCT. 1 *	7.48	4.68	5.93	5.55	N.A.
8					
15					
22					
29					

* 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



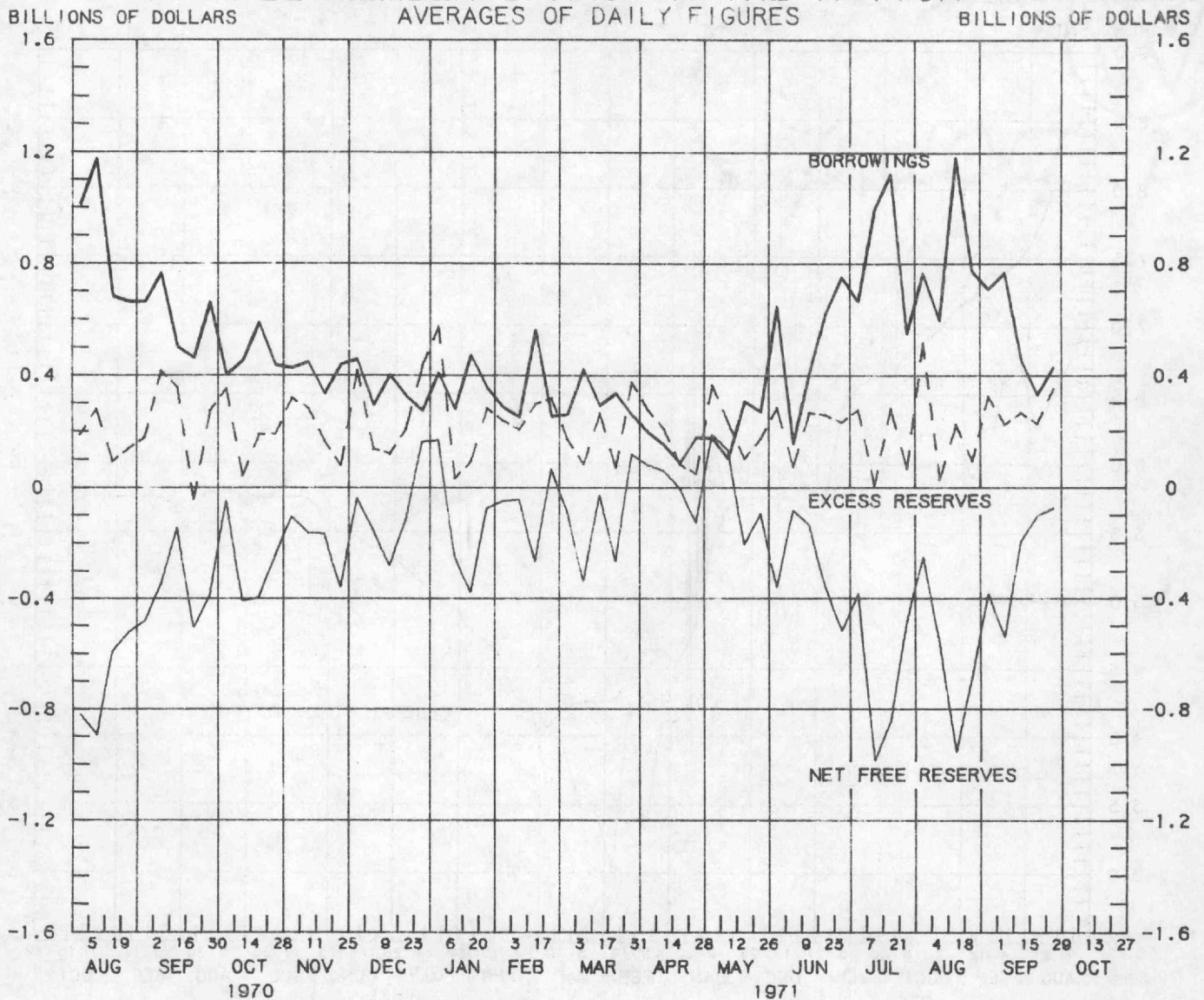
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 1, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S **
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	5.70	5.70	5.50	5.56
10	5.75	5.75	5.50	5.55
17	5.75	5.42	5.50	5.60
24	5.75	5.48	5.50	5.66
OCT. 1 *	5.75	5.40	5.46	5.62
8				
15				
22				
29				

* 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
AUG. 4	517	764	- 247
11	27	593	- 566
18	224	1179	- 955
25	91	771	- 680
SEP. 1	324	706	- 382
8	224	765	- 541
15	266	457	- 191
22	227	328	- 101
29	353	426	- 73
OCT. 6			
13			
20			
27			

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