



Week ending: October 27, 1971

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The nation's money stock, consisting of private demand deposits and currency in the hands of the public, averaged \$226.7 billion in the four weeks ending October 20, slightly lower than three months earlier (page 5). Since the beginning of 1971, however, money has risen at a 7.3 per cent annual rate, compared with a 5.4 per cent rate in 1970 and a 3.3 per cent trend rate from 1957 to 1969. Private demand deposits (page 4) have declined at a 2.3 per cent rate in the past three months, while currency has risen at a 3 per cent rate.

Much of the success of the new economic program will depend to a considerable extent on the rate of monetary expansion accompanying the program. Maintenance of the growth rate of money at about a 3 to 5 per cent annual rate can greatly assist the new program. Should a substantially greater rate of monetary expansion occur for any length of time, monetary actions might offset any reduction in inflation that the program might bring. On the other hand, should a rate of monetary expansion substantially lower than 3 to 5 per cent continue for any length of time, the present business recovery might be stifled.

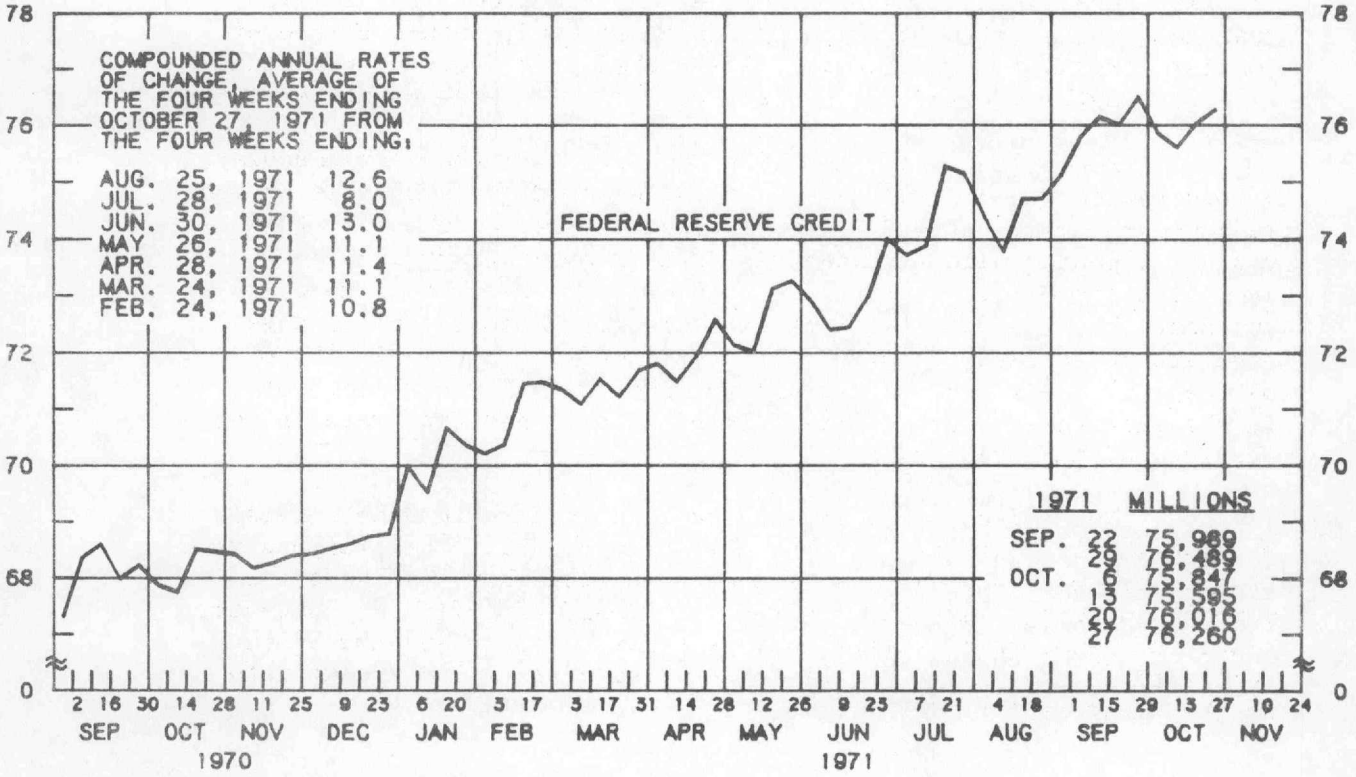
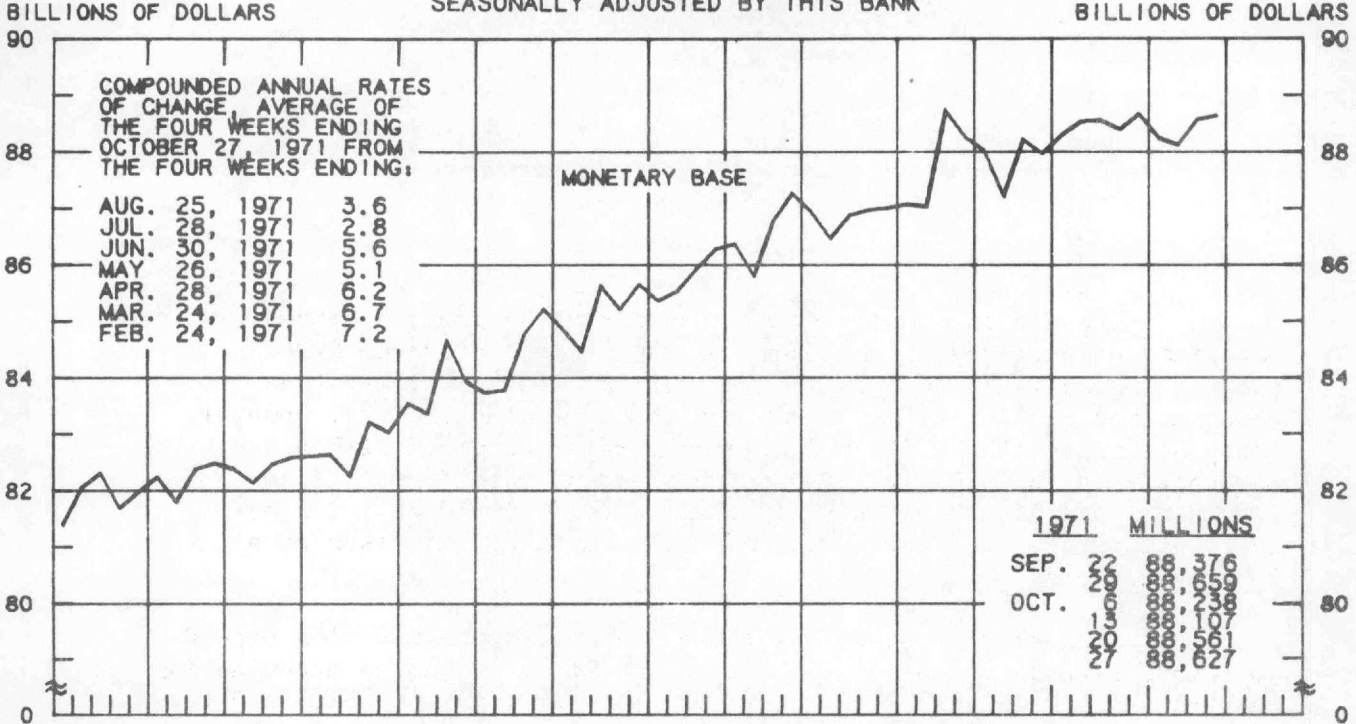
Money stock plus net time deposits (M_2), another measure of money used by some analysts to measure monetary influences on the economy, has risen at a 3.3 per cent annual rate in the past three months, compared with a 12 per cent rate from February 1970 to June 1971 (page 7). In addition to the slight decline of money in the past three months, net time deposits at commercial banks have decelerated in recent months, also contributing to the slowing of M_2 (page 6). Net time deposits have risen at a 7.8 per cent rate in the past three months, after rising at a 17 per cent rate in the previous sixteen months.

Net inflows into saving and loan institutions have remained at high levels in recent months. Deposits at these institutions rose at a 21 per cent annual rate from June to September, only about 2 percentage points less than in the first half of 1971. In contrast, growth of deposits at mutual savings banks decelerated at a 9 per cent rate in the third quarter, after rising at a 19 per cent rate in the first half of 1971.

Prepared by Federal Reserve Bank of St. Louis
Released: October 29, 1971

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

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 27, 1971

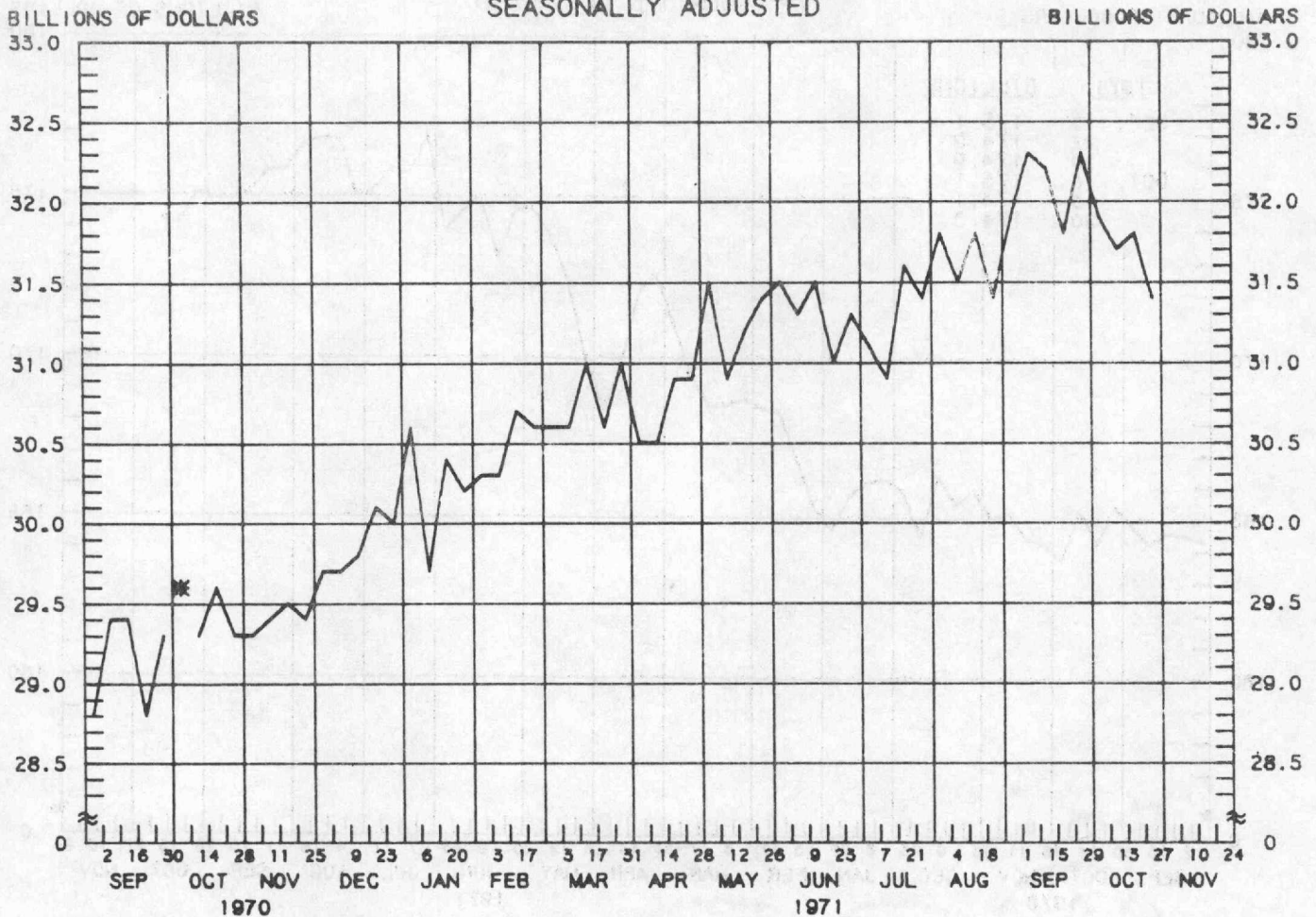
1/ USES OF MONETARY BASE ARE MEMBER BANK RESERVES AND CURRENCY HELD BY THE PUBLIC AND NONMEMBER BANKS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. FOR A DESCRIPTION OF THE BASE SEE THE AUGUST 1968 "REVIEW" OF THIS BANK.

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: OCTOBER 27, 1971

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

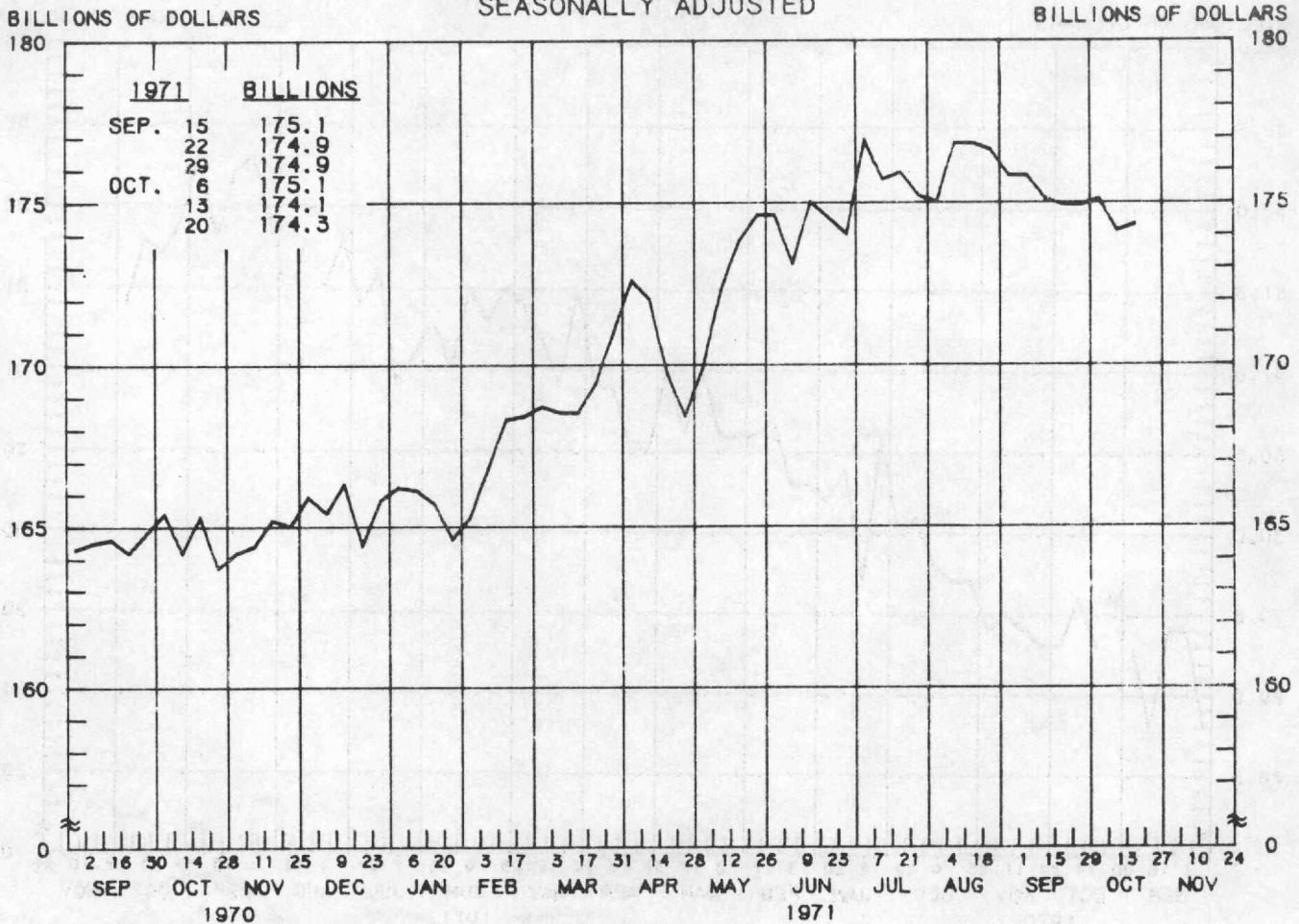
* BREAK IN SERIES DUE TO CHANGES IN REGULATION D EFFECTIVE OCTOBER 1, 1970.

1971	BILLIONS
SEP. 22	31.8
SEP. 29	32.3
OCT. 6	31.9
13	31.7
20	31.8
27	31.4

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING OCTOBER 27, 1971 FROM THE FOUR WEEKS ENDING:	
AUG. 25, 1971	1.8
JUL. 28, 1971	5.2
JUN. 30, 1971	4.0
MAY 26, 1971	3.0
APR. 28, 1971	6.6
MAR. 24, 1971	5.5
FEB. 24, 1971	5.9

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 20, 1971

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

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

10/21/70 2/17/71 3/17/71 4/21/71 5/19/71 6/23/71 7/21/71 8/18/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

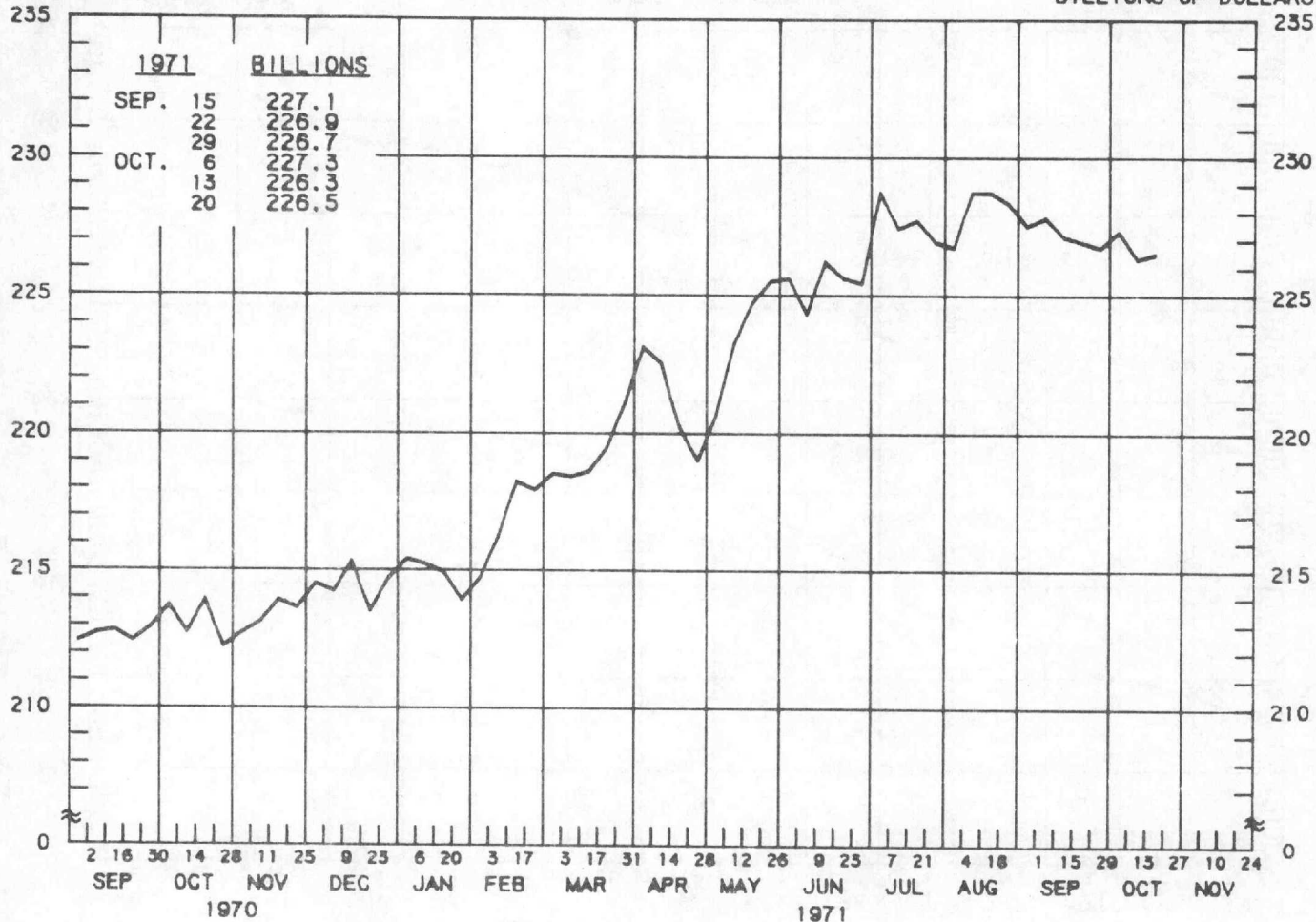
3/17/71	5.5						
4/21/71	7.9	18.7					
5/19/71	6.6	12.1	9.3				
6/23/71	8.6	14.5	13.4	10.6			
7/21/71	8.7	13.7	12.7	10.4	16.2		
8/18/71	8.2	12.0	10.8	8.6	12.0	6.5	
9/22/71	6.9	9.3	8.0	5.7	7.4	2.5	-0.7
10/20/71	5.9	7.5	6.1	3.9	4.9	0.5	-2.3
							-4.5

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

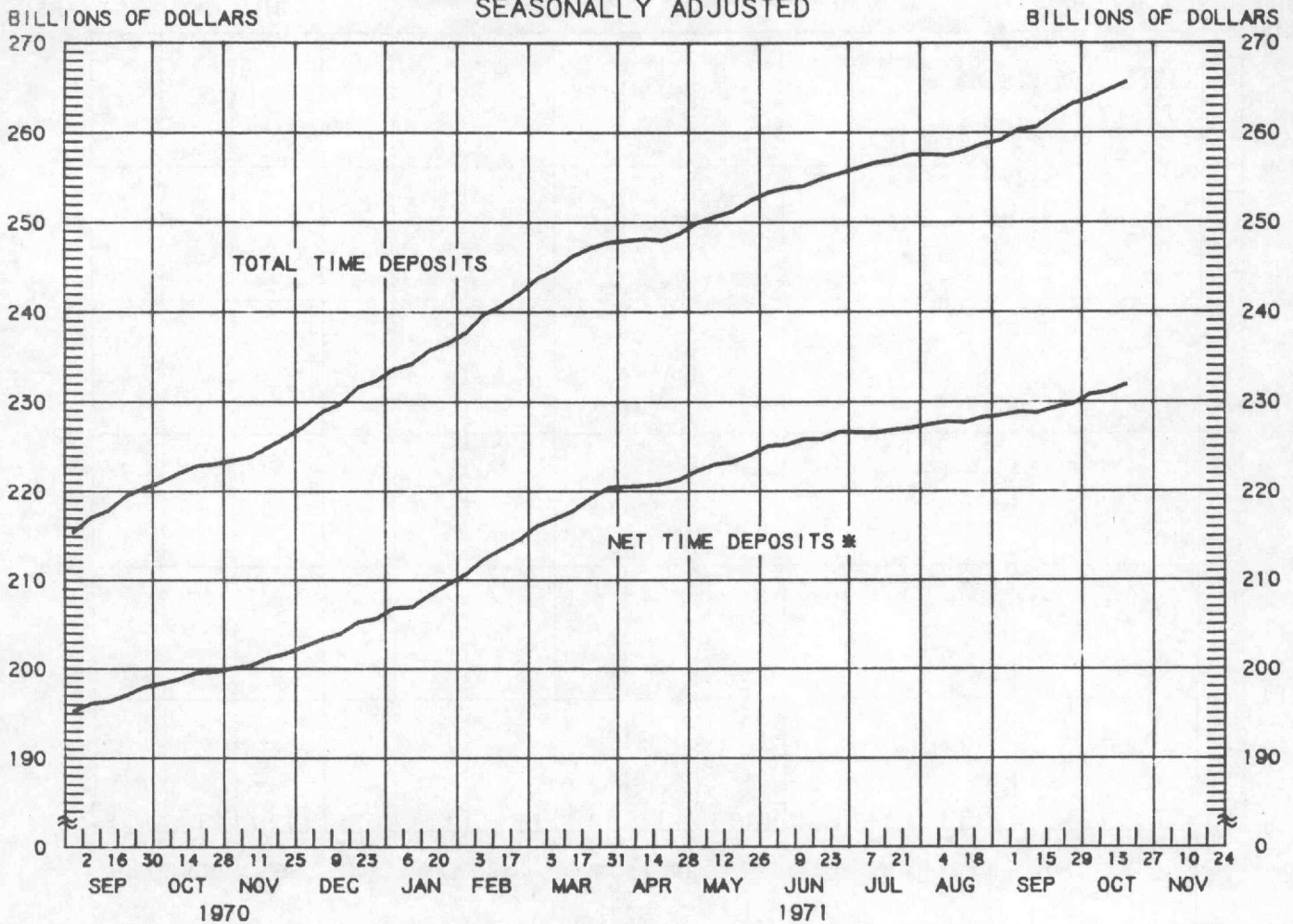
BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 20, 1971
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	10/21/70	2/17/71	3/17/71	4/21/71	5/19/71	6/23/71	7/21/71	8/18/71	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
3/17/71		6.0							
4/21/71		8.0	16.9						
5/19/71		7.1	11.8	9.6					
6/23/71		8.5	13.4	12.4	10.0				
7/21/71		8.8	13.1	12.2	10.5	14.9			
8/18/71		8.3	11.4	10.5	8.7	11.1	7.1		
9/22/71		7.1	9.1	8.0	6.1	7.2	3.4	0.0	
10/20/71		6.3	7.6	6.5	4.6	5.2	1.8	-1.1	-2.8

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 20, 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:

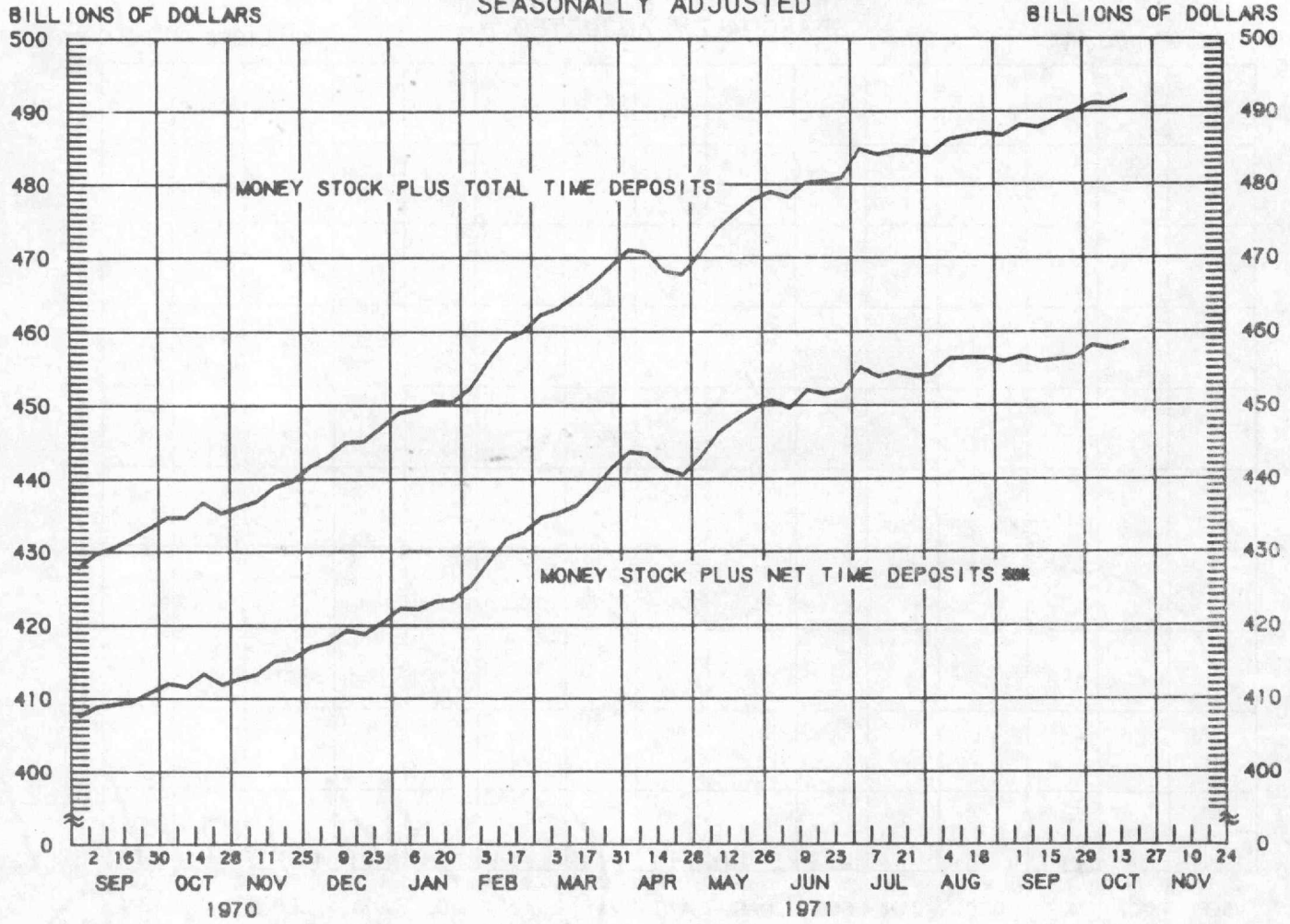
10/21/70 2/17/71 3/17/71 4/21/71 5/19/71 6/23/71 7/21/71 8/18/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

3/17/71	23.7							
4/21/71	23.4	27.6						
5/19/71	21.8	22.5	17.4					
6/23/71	20.8	20.3	16.5	13.5				
7/21/71	19.2	17.7	14.2	11.3	11.1			
8/18/71	17.8	15.6	12.4	9.7	9.1	5.6		
9/22/71	16.6	14.1	11.3	9.0	8.4	6.0	5.7	
10/20/71	16.3	13.9	11.5	9.6	9.2	7.5	7.8	9.2

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 20, 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:

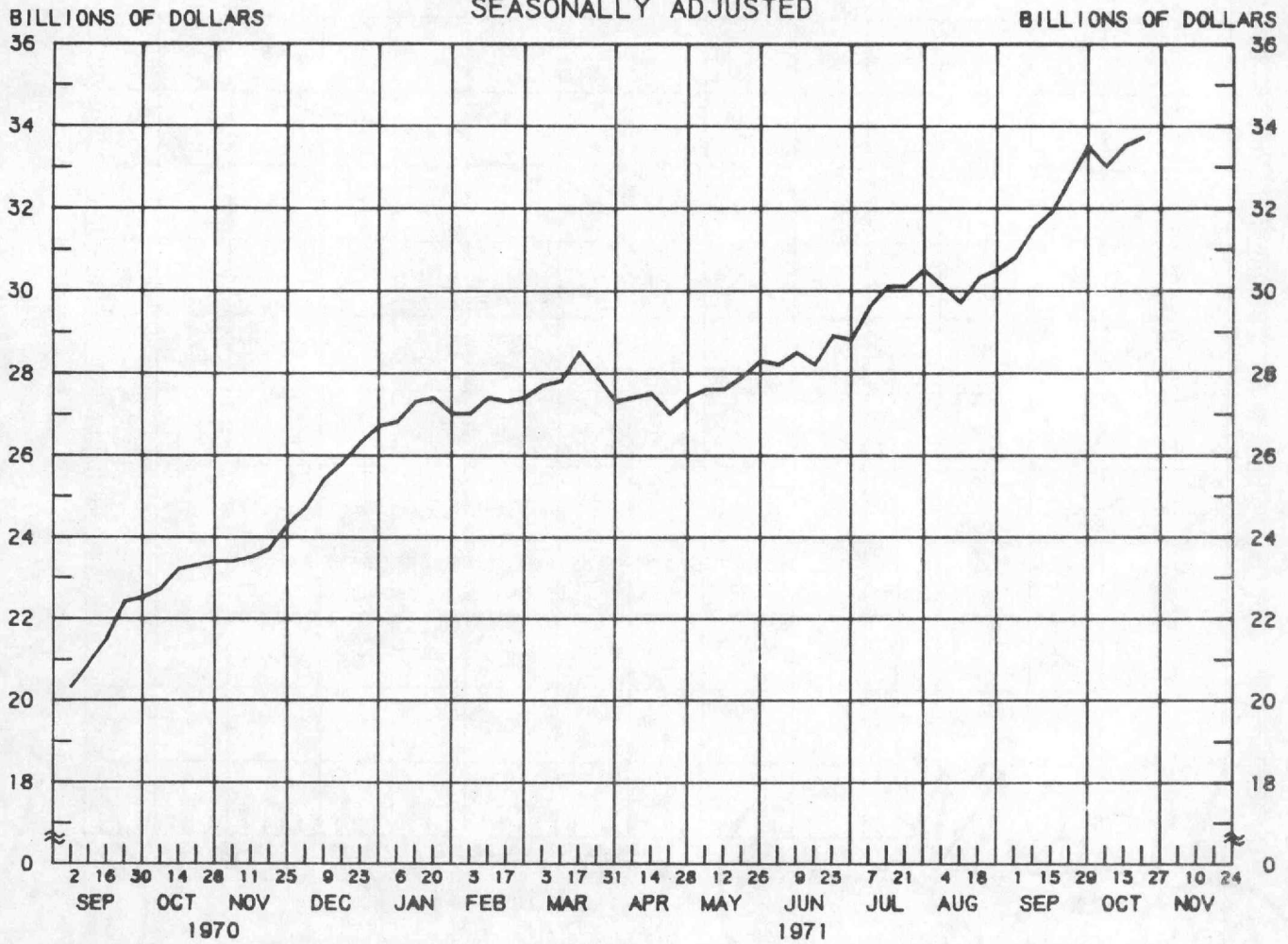
10/21/70 2/17/71 3/17/71 4/21/71 5/19/71 6/23/71 7/21/71 8/18/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

3/17/71	14.3							
4/21/71	15.4	22.2						
5/19/71	14.1	17.0	13.6					
6/23/71	14.4	16.8	14.6	11.6				
7/21/71	13.8	15.3	13.3	10.8	13.0			
8/18/71	12.8	13.5	11.5	9.1	10.1	6.4		
9/22/71	11.7	11.6	9.7	7.5	7.9	4.8	3.0	
10/20/71	11.1	10.7	9.0	7.0	7.2	4.6	3.3	3.1

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 20, 1971

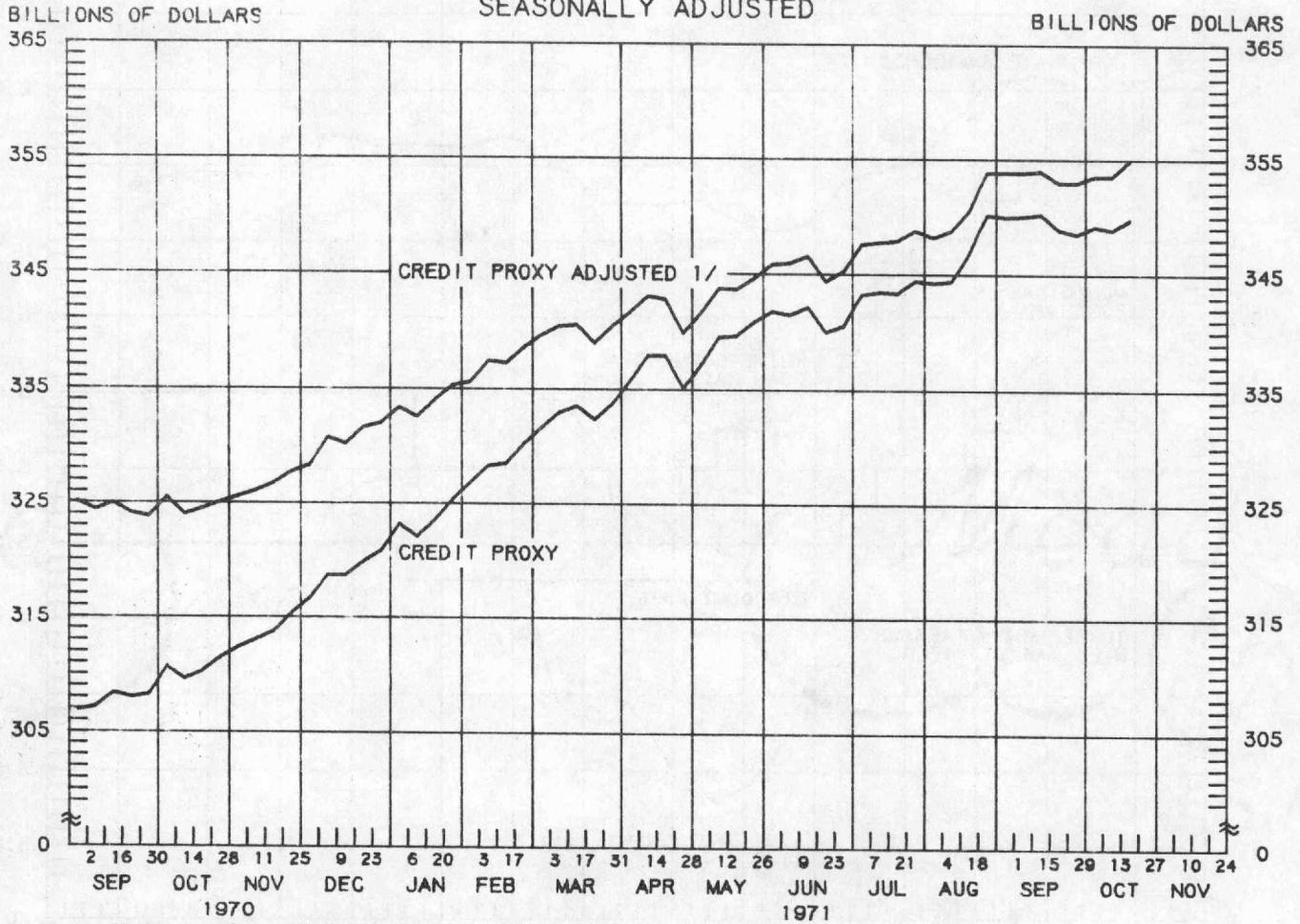
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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 ***
SEP. 1	30.8	228.4	455.9
8	31.5	228.8	456.6
15	31.9	228.7	455.9
22	32.7	229.3	456.2
29	33.5	229.7	456.4
OCT. 6	33.0	230.8	458.1
13	33.5	231.1	457.6
20	33.7	231.9	458.4
27			
NOV. 3			
10			
17			
24			

* 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: OCTOBER 20, 1971

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

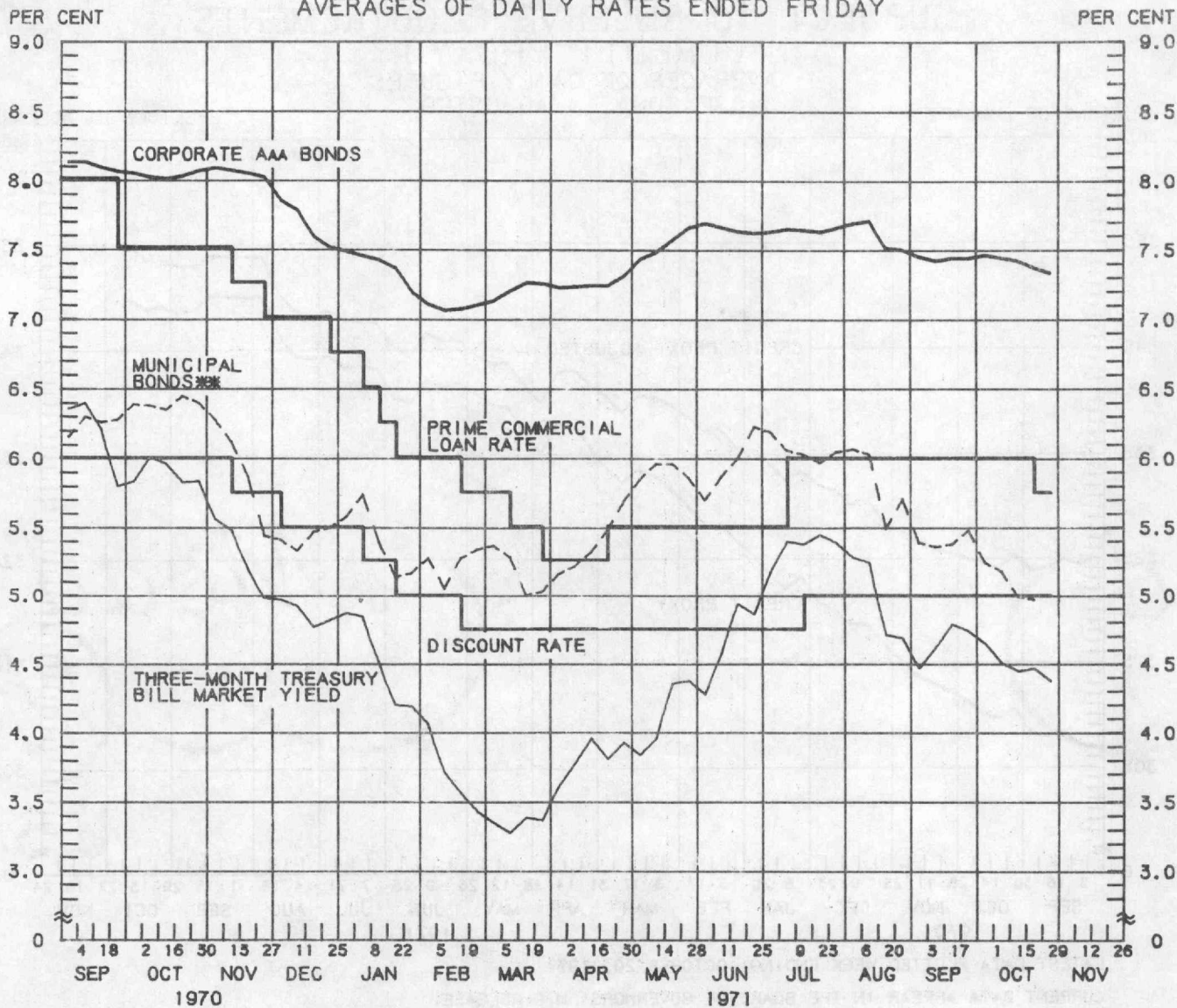
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
SEP.	15	350.2	353.9
	22	348.8	352.9
	29	348.4	352.9
OCT.	6	349.1	353.5
	13	348.6	353.5
	20	349.7	354.9

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING OCTOBER 20, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
AUG.	18, 1971	6.9	8.0
JUL.	21, 1971	7.7	7.8
JUN.	23, 1971	7.1	7.3
MAY	19, 1971	8.0	8.1
APR.	21, 1971	7.7	7.0
MAR.	17, 1971	8.7	7.0
FEB.	17, 1971	10.1	7.7

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 29, 1971

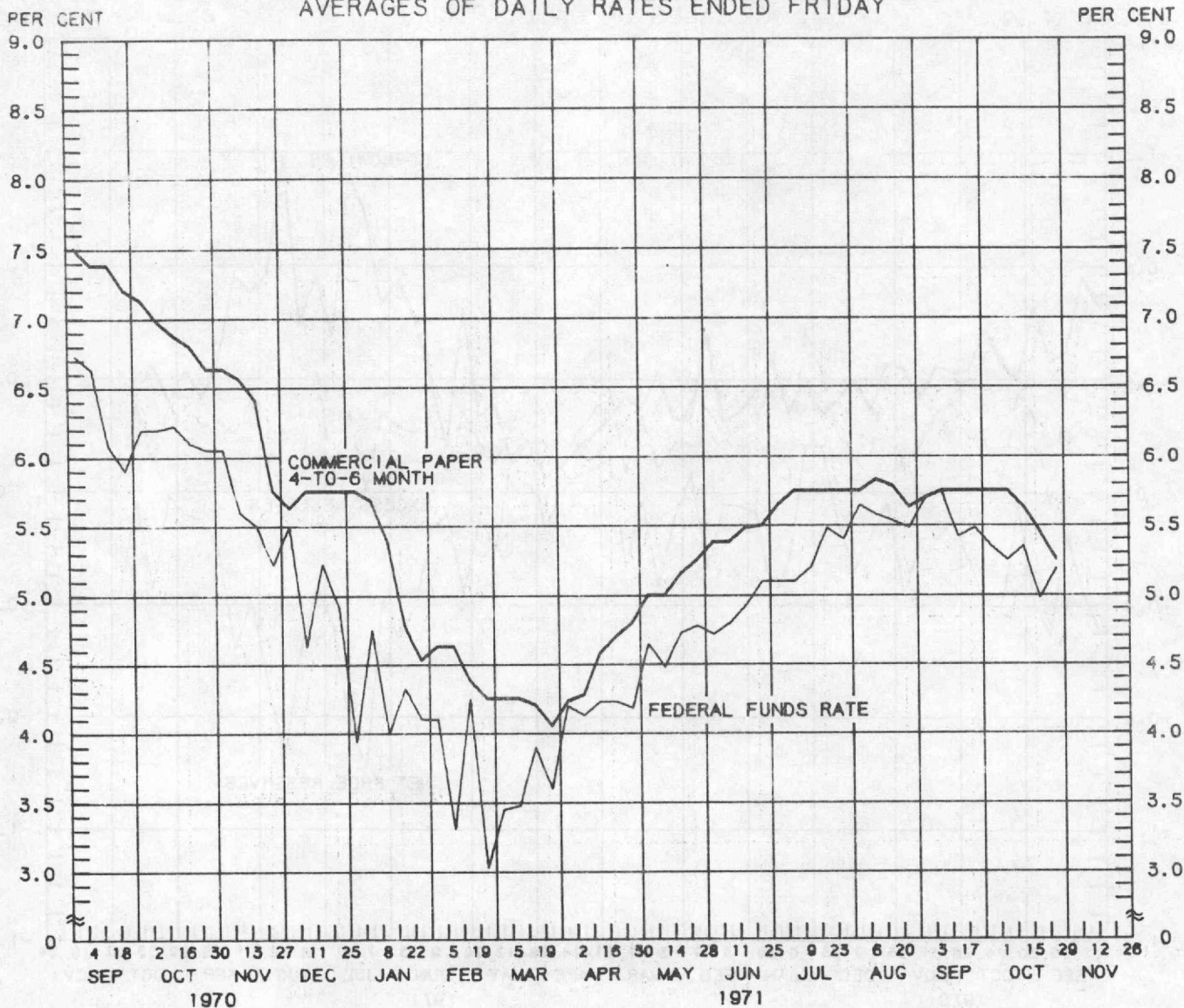
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS ***
SEP. 3	7.45	4.47	5.89	5.58	5.39
10	7.42	4.62	5.94	5.51	5.36
17	7.44	4.79	6.00	5.59	5.38
24	7.44	4.74	6.01	5.59	5.48
OCT. 1	7.46	4.65	5.91	5.52	5.24
8	7.44	4.51	5.84	5.47	5.17
15	7.42	4.45	5.68	5.44	4.99
22	7.37	4.47	5.62	5.47	4.97
29 *	7.33	4.38	5.60	5.44	N.A.
NOV. 5					
12					
19					
26					

* 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 29, 1971

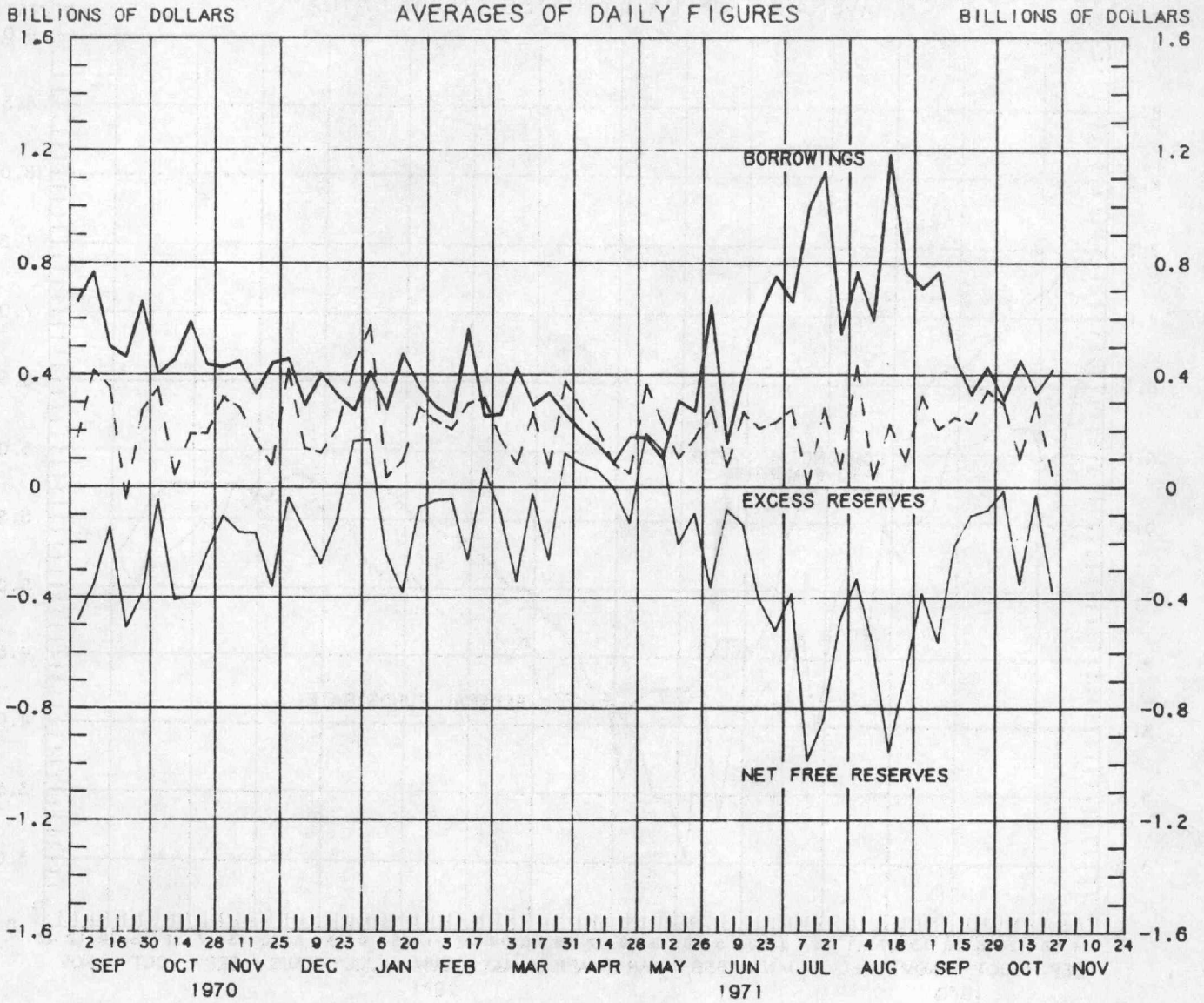
1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S**
SEP. 3	5.70	5.70	5.50	5.56
10	5.75	5.75	5.50	5.55
17	5.75	5.42	5.50	5.60
24	5.75	5.48	5.50	5.66
OCT. 1	5.75	5.35	5.40	5.62
8	5.75	5.25	5.23	5.53
15	5.63	5.35	5.03	5.44
22	5.45	4.98	4.98	5.29
29 *	5.25	5.19	4.88	5.18
NOV. 5				
12				
19				
26				

* 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
SEP. 1	324	706	- 382
8	205	765	- 560
15	247	457	- 210
22	227	329	- 102
29	343	424	- 81
OCT. 6	297	310	- 13
13	101	450	- 349
20	304	332	- 28
27	44	414	- 370
NOV. 3			
10			
17			
24			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS