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Week ending: December 22, 1971

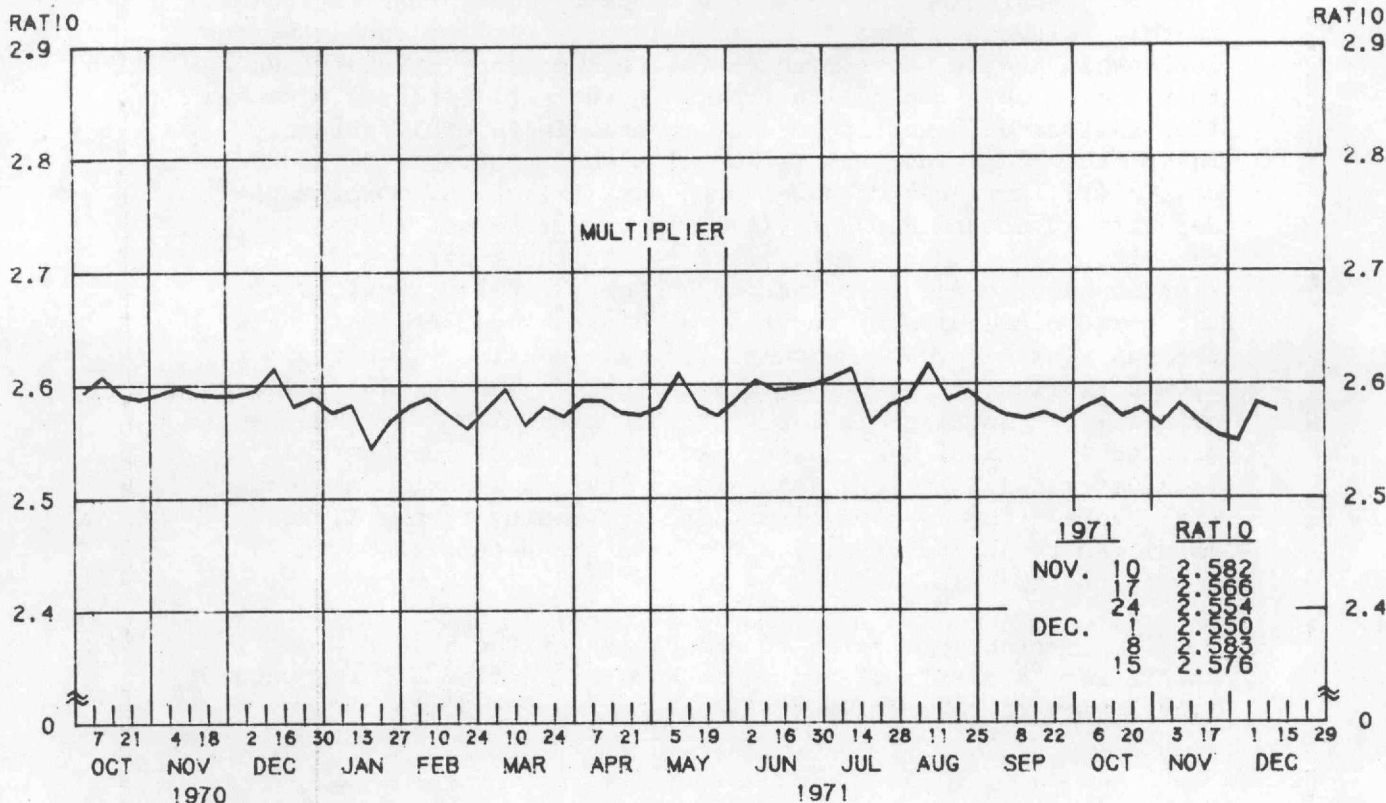
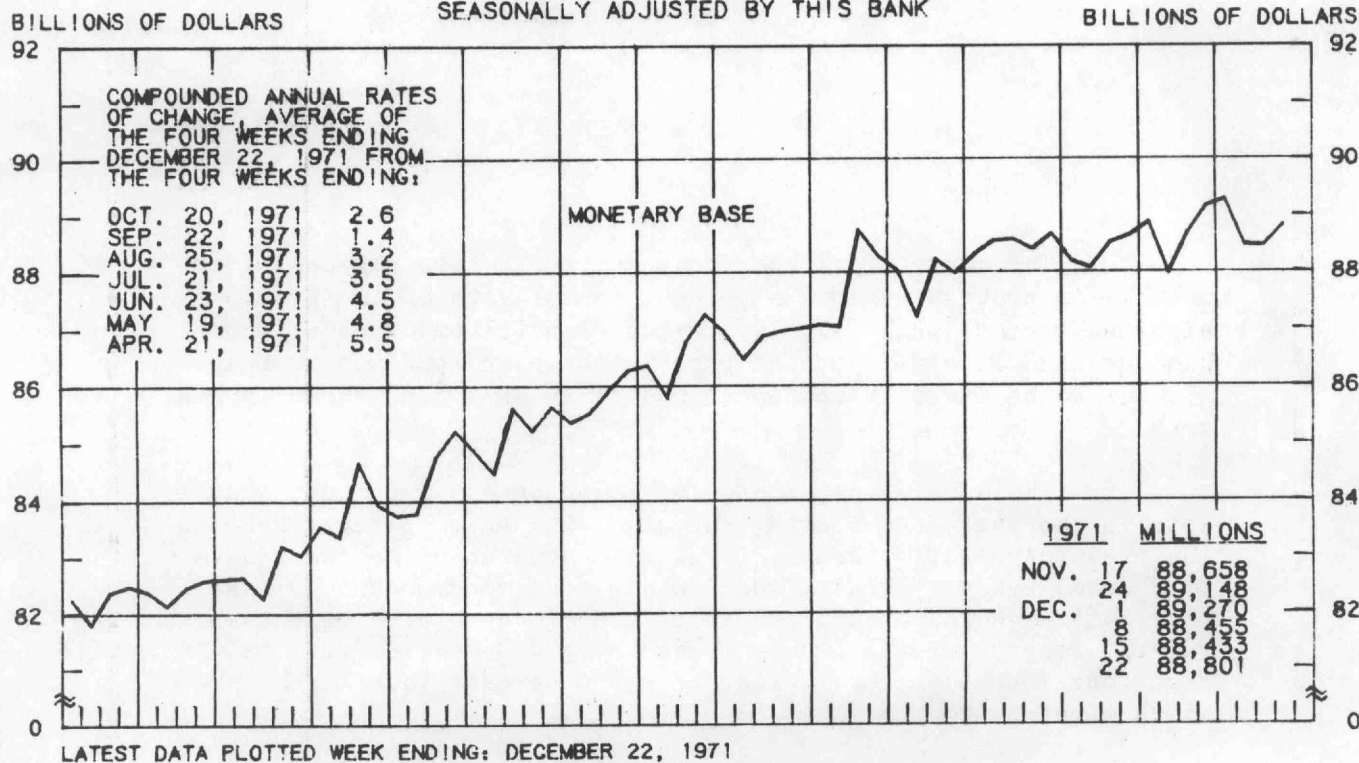
The money stock has shown no growth over the past four months, in contrast to a 7.5 percent annual rate in the previous eighteen months (page 5). The demand deposit component of money has declined at a 1.2 percent rate in the past four months (page 4), while the currency component has risen at a 3.6 percent annual rate.

The monetary base has increased at a 3.2 percent annual rate in the past four months, compared with a 7.7 percent rate in the previous eighteen months (page 2). Moderation in the growth of Federal Reserve credit, the largest source component of the base, has been the primary cause of the slower growth of the base. Federal Reserve credit has increased at a 6.8 percent rate in the past four months, after growing at a 9.4 percent rate in the previous eighteen months (page 3).

Beginning this week the monetary multiplier is included in this release on page 2. This multiplier (m) presents the relationship of the monetary base (B) to the money stock (M) such that  $M = m \cdot B$ . The multiplier has been fairly stable, although fluctuations do occur because of changes in several factors. These factors include the ratios of time deposits to demand deposits (t), currency to demand deposits (k), U. S. Government deposits to demand deposits (g), and bank reserves to total deposits (r). In the past, movements in the t-ratio and the r-ratio have tended to offset each other, and fluctuations of the g-ratio are usually reversed within a brief period. During the past four months, the multiplier has declined leading to a slower growth rate of money than the base. The decline reflects primarily an increase in the t-ratio, which might have been anticipated in view of the greater decrease in most money market interest rates than in rates paid on savings deposits at commercial banks. The most prominent factor leading to the slower money growth in recent months has been the deceleration in the growth of the base.

For a more detailed discussion of the base and multiplier, see "Elements of Money Stock Determination" in the October 1969 Review of this Bank, available as Reprint No. 46.

# MONETARY BASE <sup>1/</sup> MULTIPLIER <sup>2/</sup> AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 15, 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.

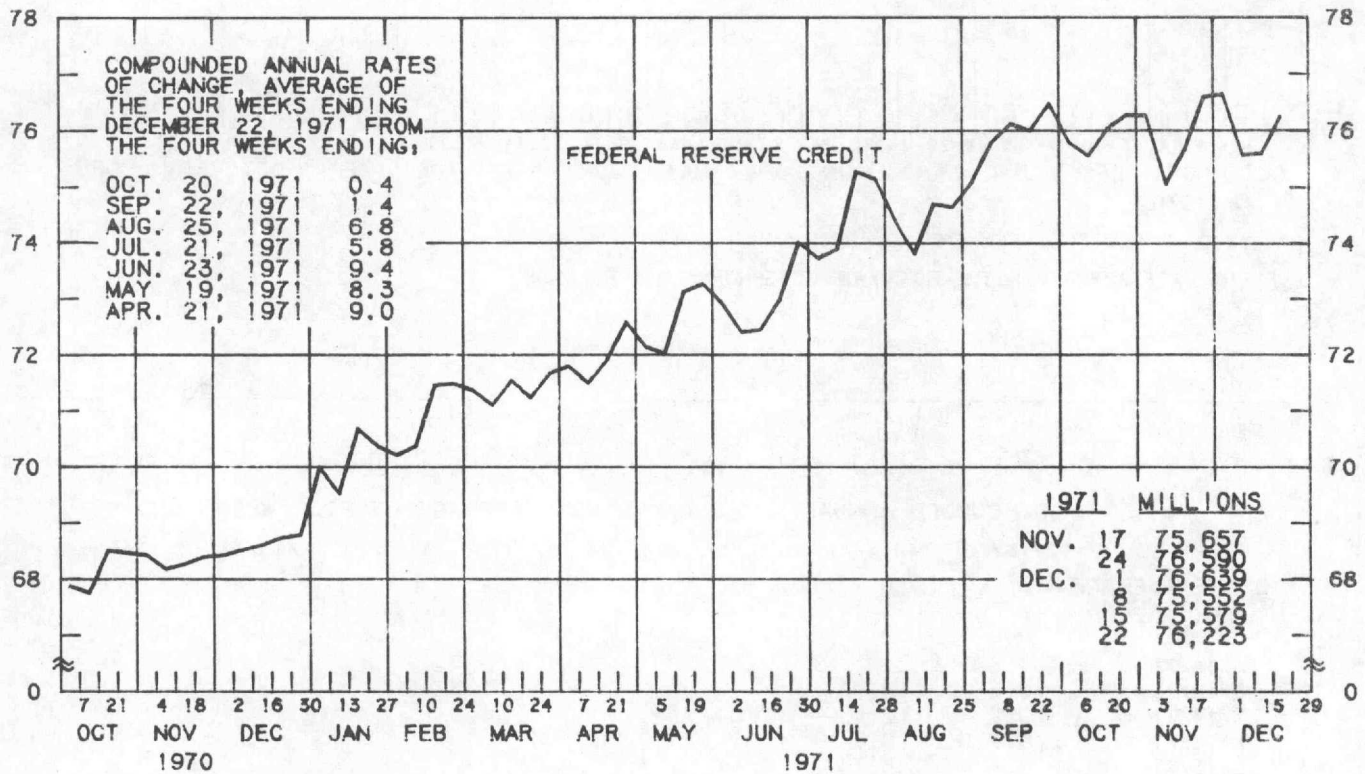
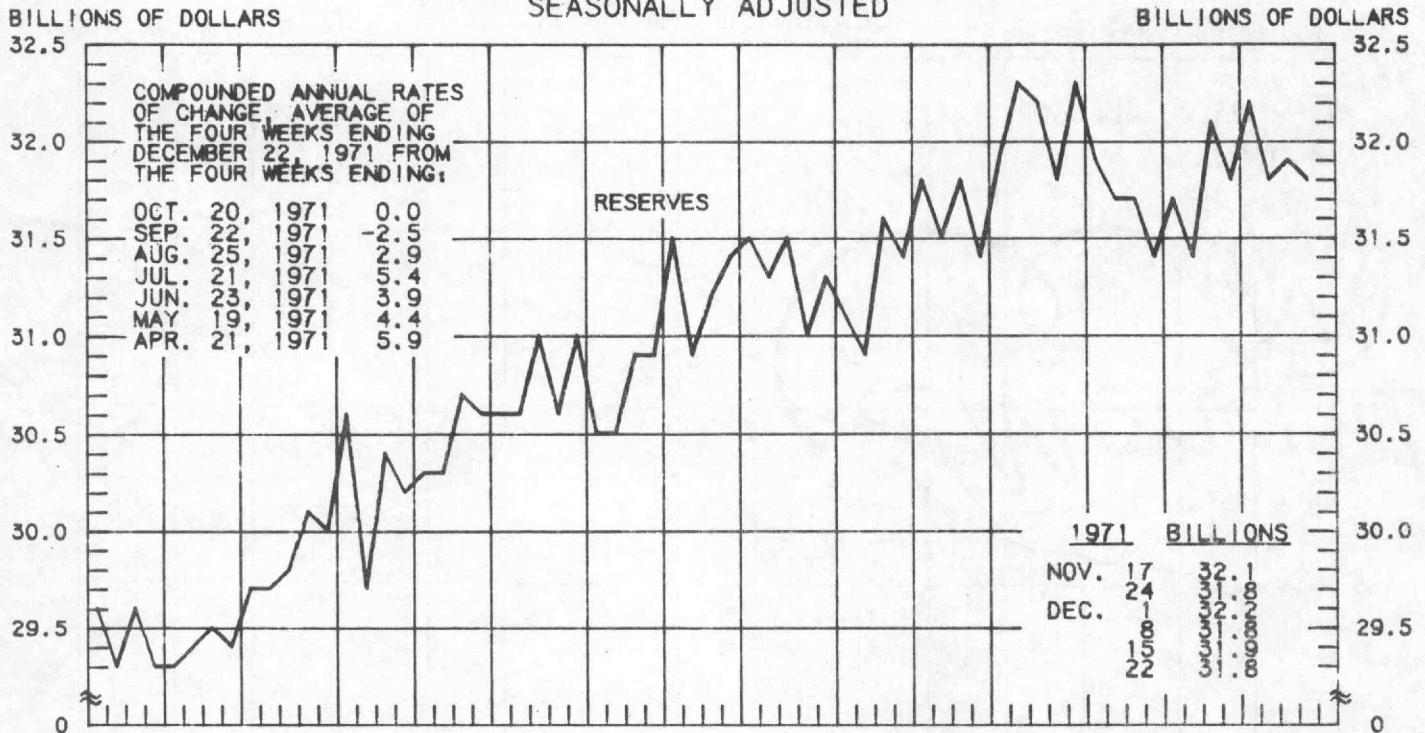
2/ RATIO OF MONEY STOCK (M1) / MONETARY BASE.

# RESERVES <sup>1/</sup>

## ALL MEMBER BANKS IN THE NATION

# FEDERAL RESERVE CREDIT <sup>2/</sup>

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



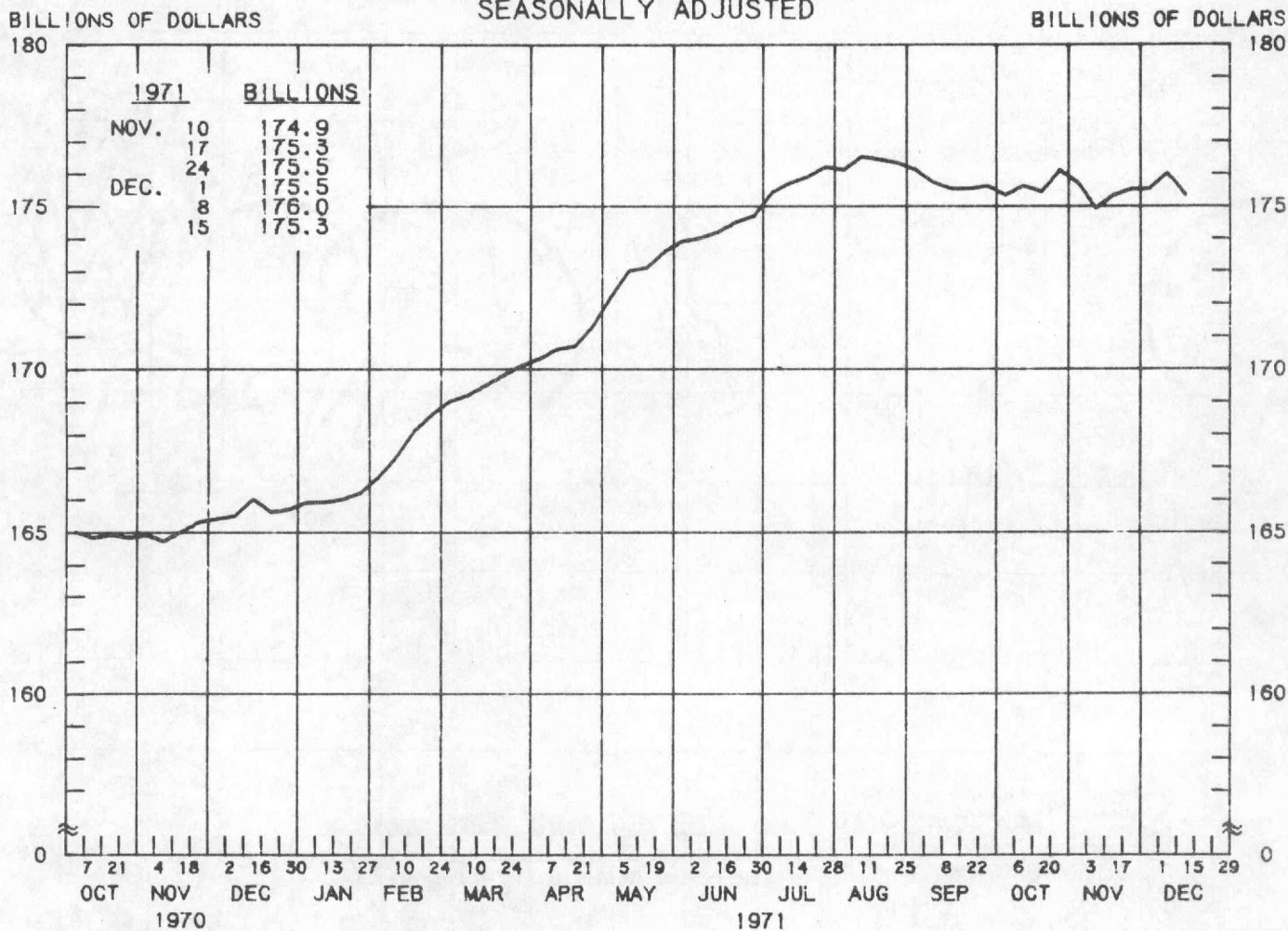
LATEST DATA PLOTTED WEEK ENDING: DECEMBER 22, 1971

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

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.

# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 15, 1971

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

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

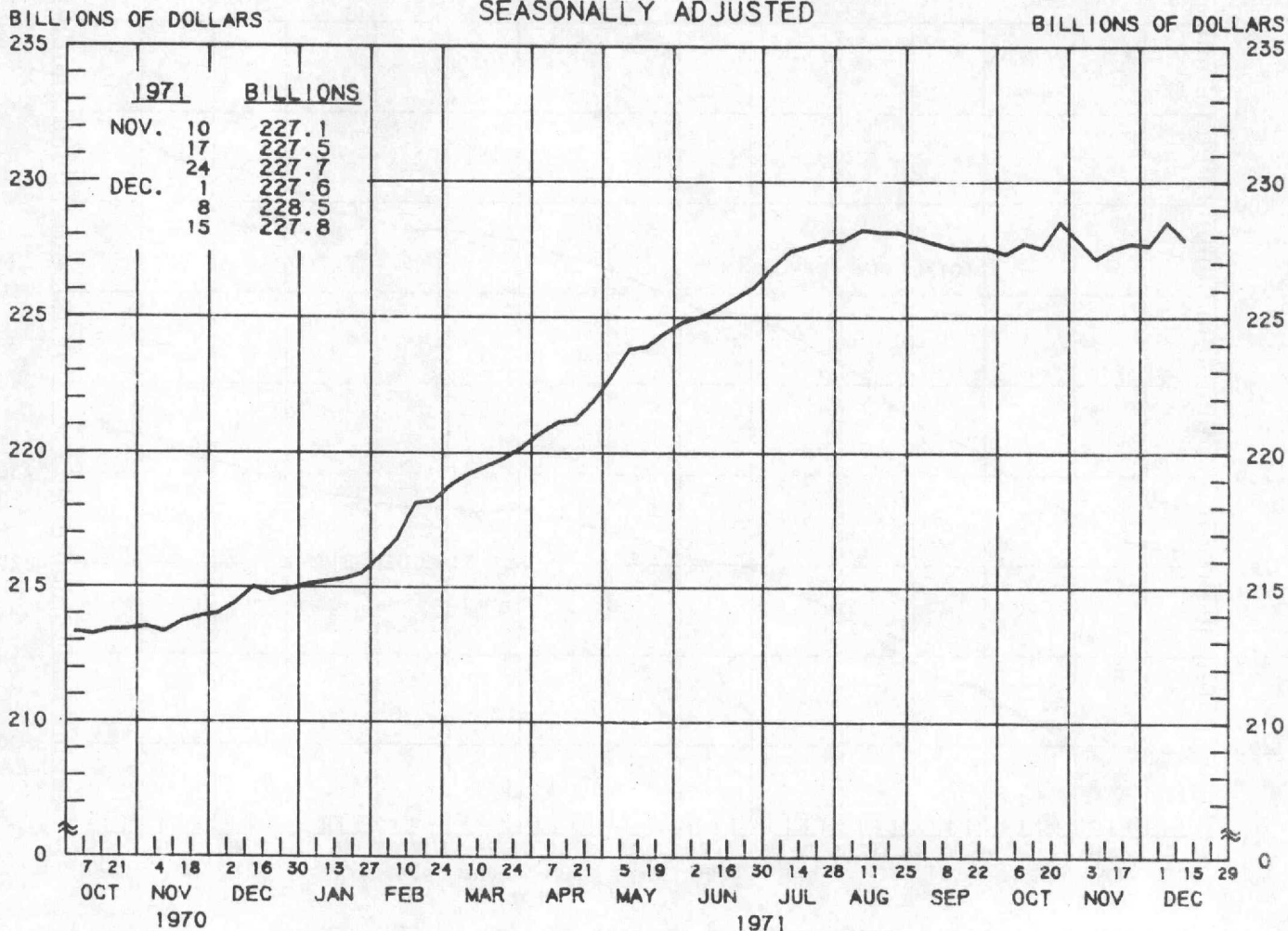
12/16/70 4/14/71 5/12/71 6/16/71 7/14/71 8/18/71 9/15/71 10/13/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/12/71	9.5							
6/16/71	10.3	13.2						
7/14/71	10.2	12.0	11.6					
8/18/71	9.7	10.7	10.1	8.2				
9/15/71	8.4	8.1	7.1	4.7	2.7			
10/13/71	7.3	6.3	5.2	2.8	0.9	-2.9		
11/17/71	6.5	5.3	4.2	2.2	0.7	-1.8	-1.3	
12/15/71	6.0	4.7	3.7	2.0	0.7	-1.2	-0.7	0.3

# MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



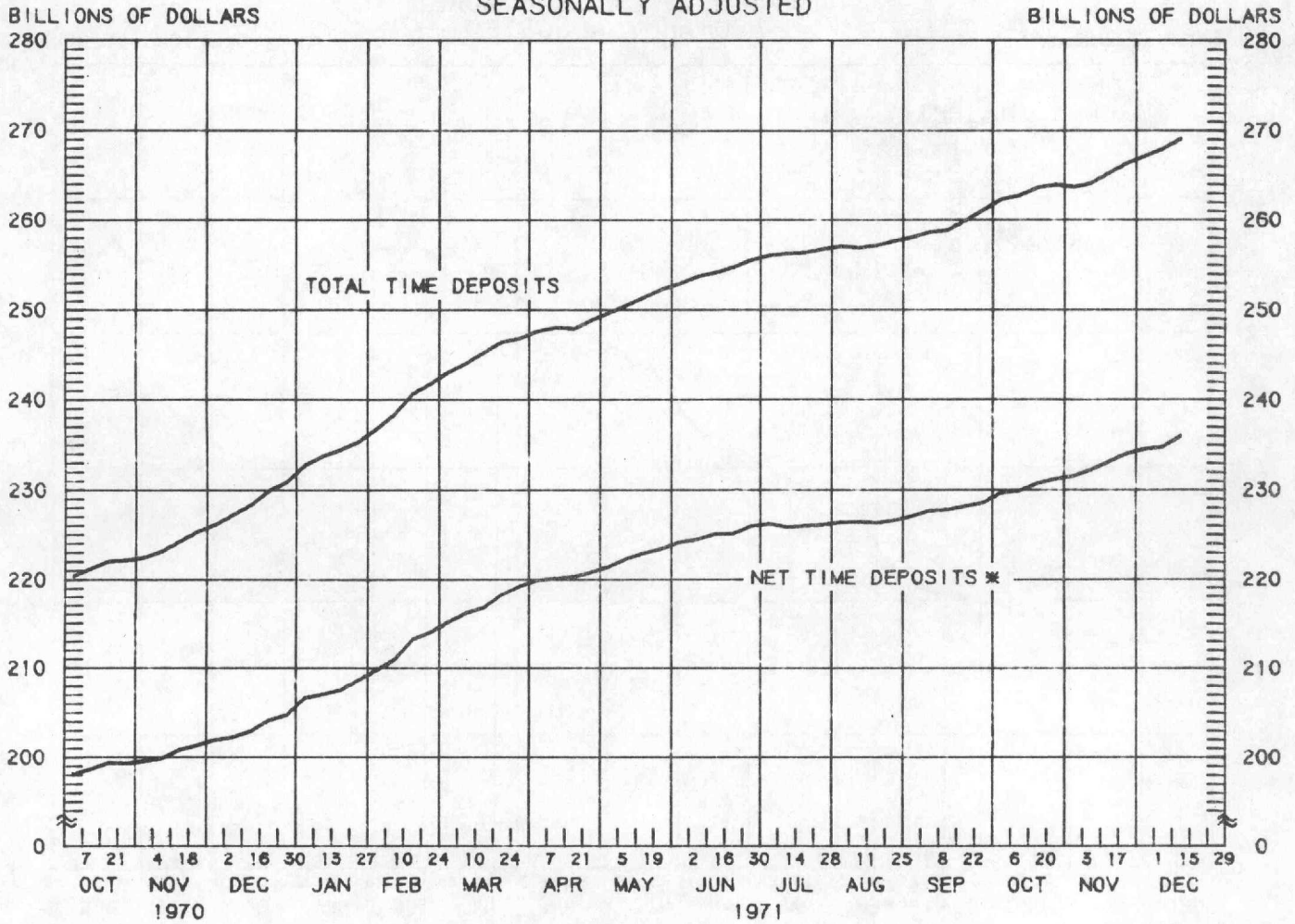
LATEST DATA PLOTTED WEEK ENDING: DECEMBER 15, 1971  
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:  
12/16/70    4/14/71    5/12/71    6/16/71    7/14/71    8/18/71    9/15/71    10/13/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/12/71	9.6								
6/16/71	10.1	12.1							
7/14/71	10.1	11.3	11.1						
8/18/71	9.6	10.1	9.7	8.2					
9/15/71	8.5	8.0	7.2	5.3	3.4				
10/13/71	7.5	6.4	5.5	3.6	1.8	-1.4			
11/17/71	6.8	5.5	4.6	3.0	1.5	-0.5	-0.3		
12/15/71	6.3	5.0	4.2	2.7	1.5	-0.1	0.2	1.0	

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



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 15, 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:

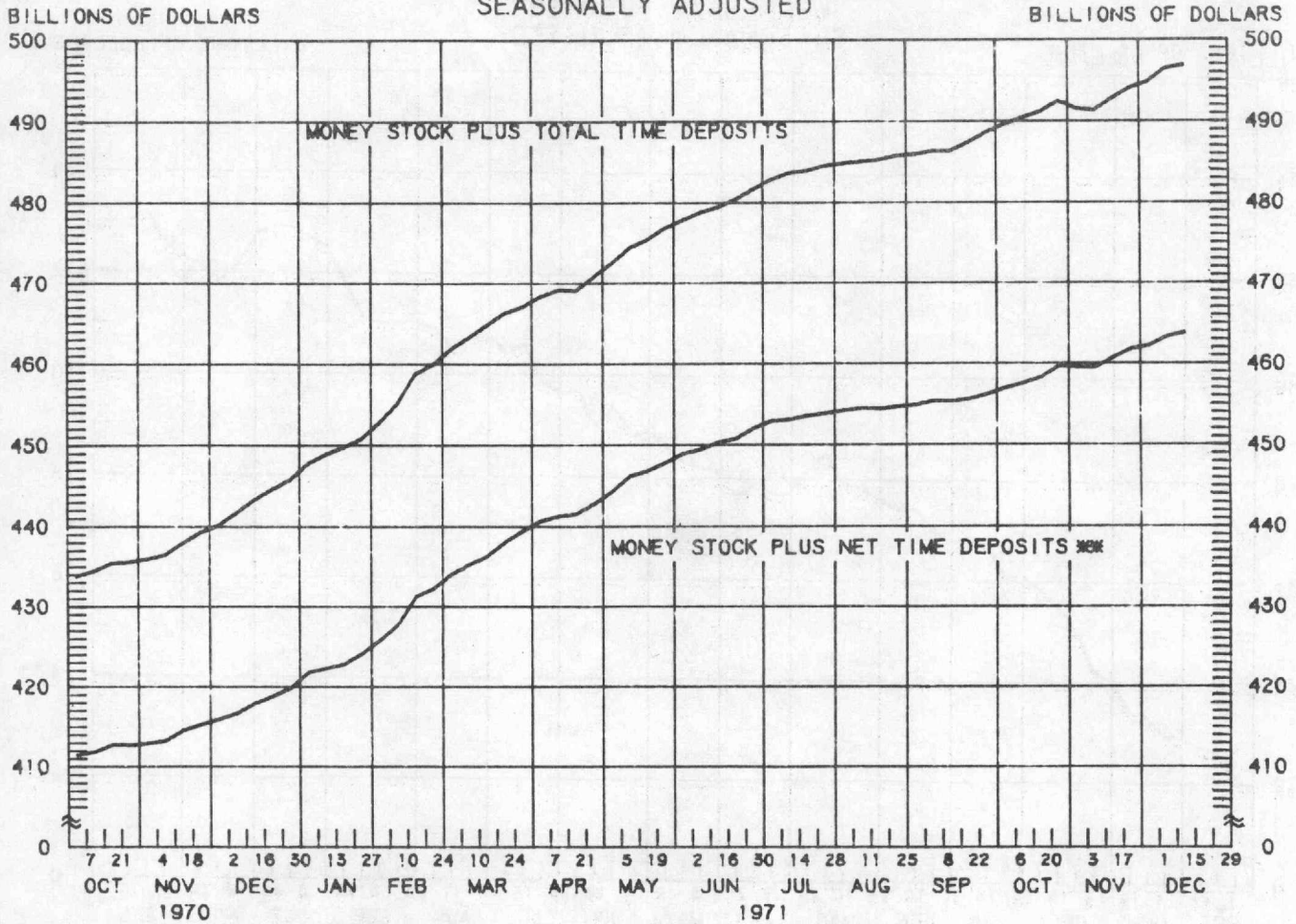
12/16/70    4/14/71    5/12/71    6/16/71    7/14/71    8/18/71    9/15/71    10/13/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/12/71	25.1								
6/16/71	23.1	13.3							
7/14/71	21.1	12.0	12.3						
8/18/71	18.2	9.2	8.7	5.3					
9/15/71	16.9	8.6	8.0	5.5	3.9				
10/13/71	16.3	8.9	8.5	6.7	6.0	8.3			
11/17/71	16.1	9.8	9.6	8.4	8.3	10.7	12.8		
12/15/71	16.2	10.6	10.5	9.7	9.8	12.1	14.1	15.5	

# MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 15, 1971

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

~~M2~~ 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>)

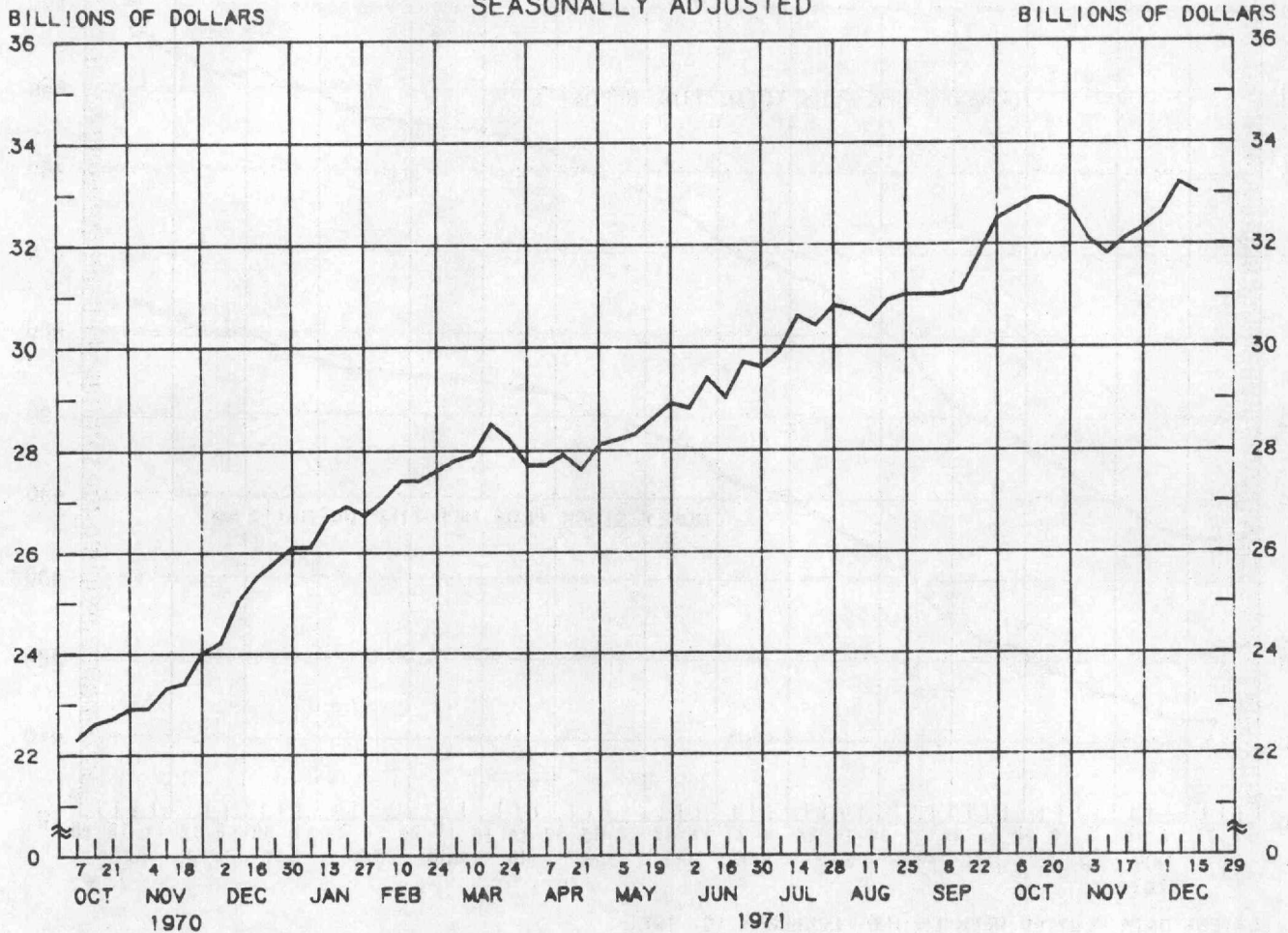
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

12/16/70 4/14/71 5/12/71 6/16/71 7/14/71 8/18/71 9/15/71 10/13/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/12/71	17.0							
6/16/71	16.3	12.9						
7/14/71	15.4	11.8	11.7					
8/18/71	13.8	9.8	9.2	6.7				
9/15/71	12.5	8.4	7.6	5.4	3.6			
10/13/71	11.8	7.7	7.0	5.1	3.9	3.3		
11/17/71	11.3	7.7	7.2	5.7	4.9	5.0	6.3	
12/15/71	11.1	7.8	7.3	6.1	5.6	5.8	6.9	8.1

**CERTIFICATES OF DEPOSIT  
LARGE COMMERCIAL BANKS  
WEDNESDAY FIGURES  
SEASONALLY ADJUSTED**



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 15, 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.

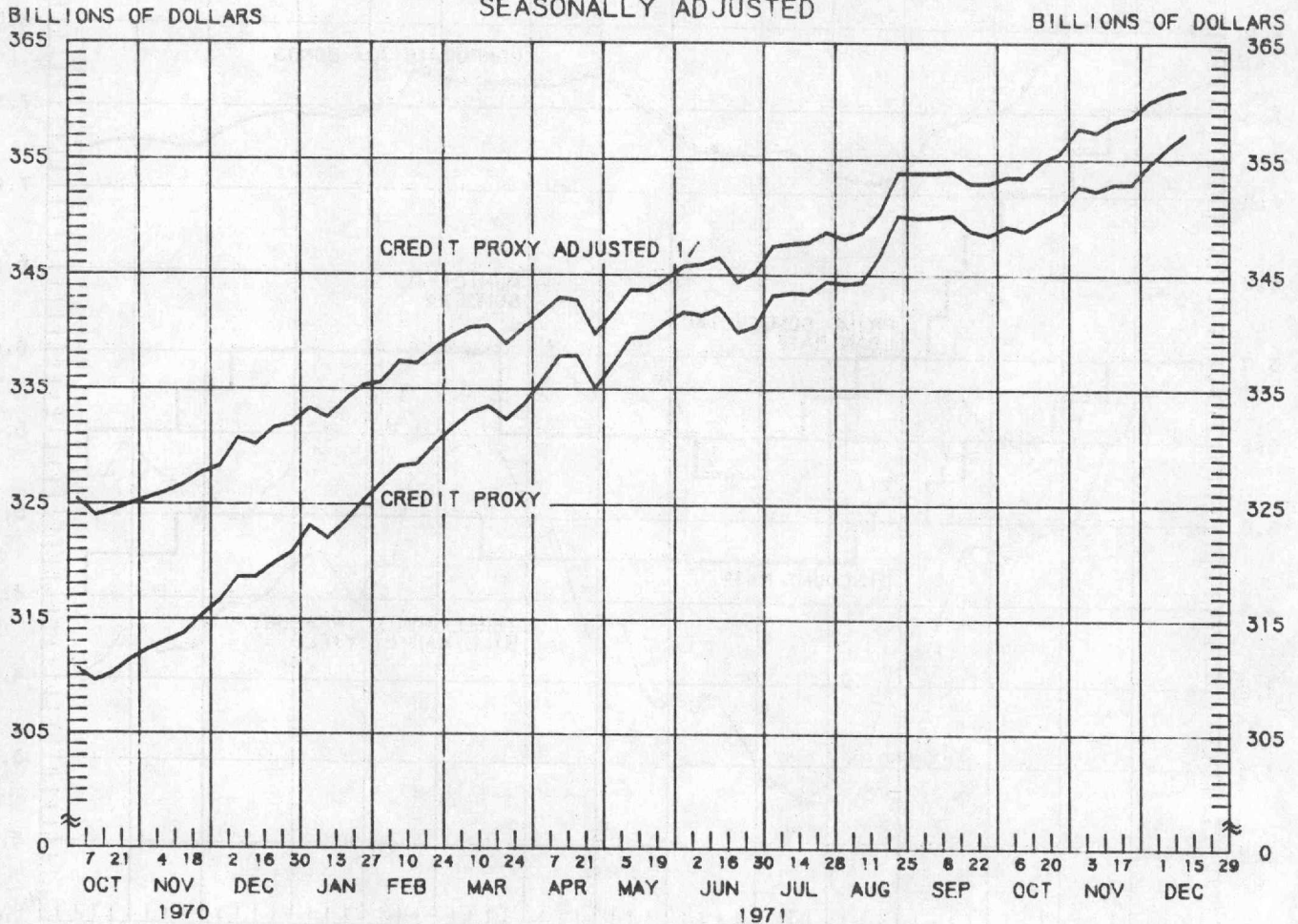
MONEY AND TIME DEPOSIT DATA			
1971	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS **	M 2 ***
OCT. 6	32.7	229.6	456.9
13	32.9	229.8	457.5
20	32.9	230.7	458.2
27	32.7	231.2	459.6
NOV. 3	32.1	231.5	459.4
10	31.8	232.2	459.4
17	32.1	233.1	460.6
24	32.3	234.0	461.7
DEC. 1	32.6	234.5	462.1
8	33.2	234.7	463.2
15	33.0	235.9	463.7
22			
29			

\* 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: DECEMBER 15, 1971

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

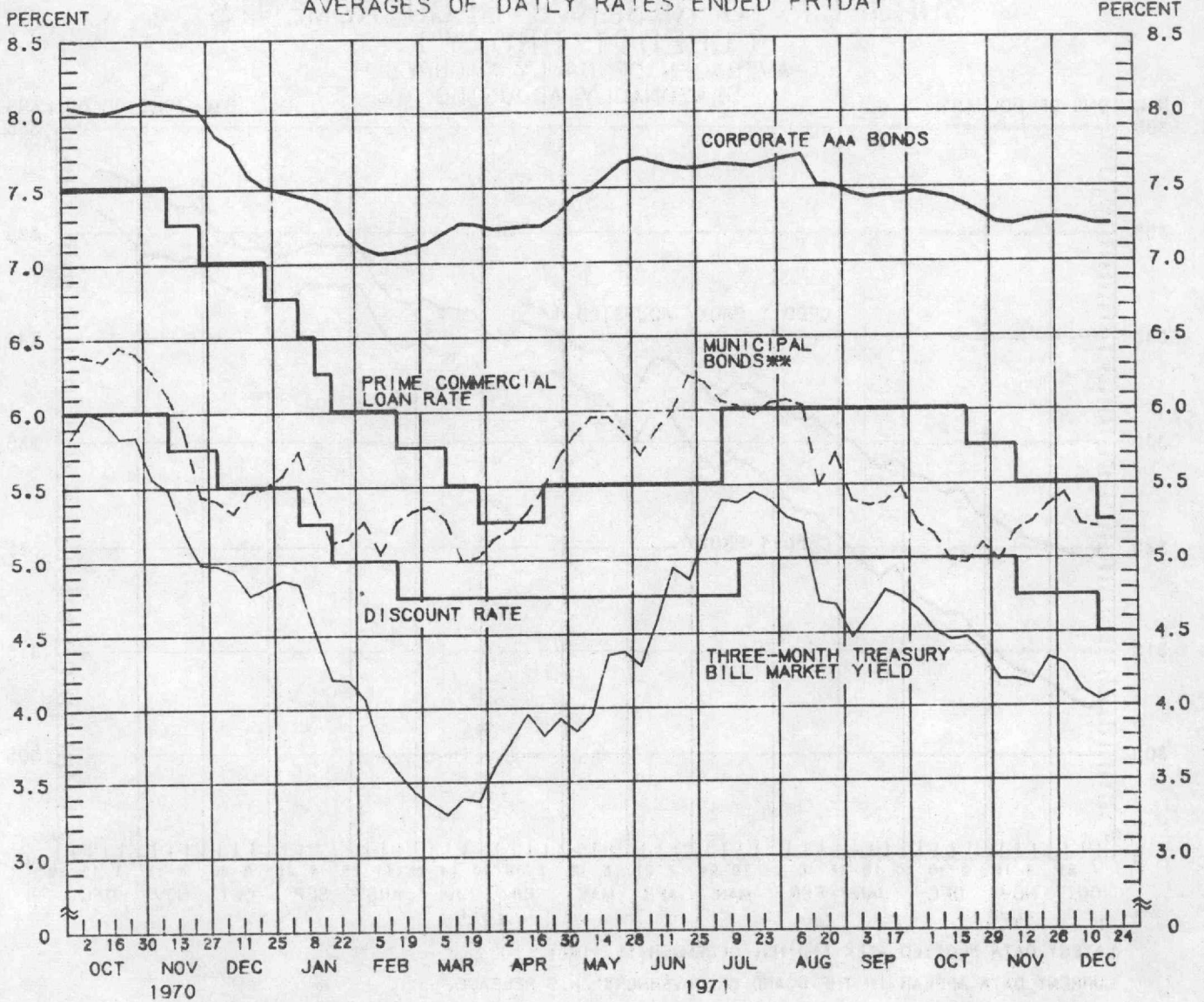
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
NOV.	10	352.3	357.3
	17	352.9	358.3
	24	352.9	358.7
DEC.	1	354.6	360.0
	8	356.0	360.7
	15	357.2	361.0

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING DECEMBER 15, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
OCT.	13, 1971	11.1	11.8
SEP.	15, 1971	6.0	7.3
AUG.	18, 1971	9.3	10.1
JUL.	14, 1971	9.5	9.8
JUN.	16, 1971	8.2	8.5
MAY	12, 1971	9.0	9.0
APR.	14, 1971	9.1	8.4

# YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: DECEMBER 24, 1971

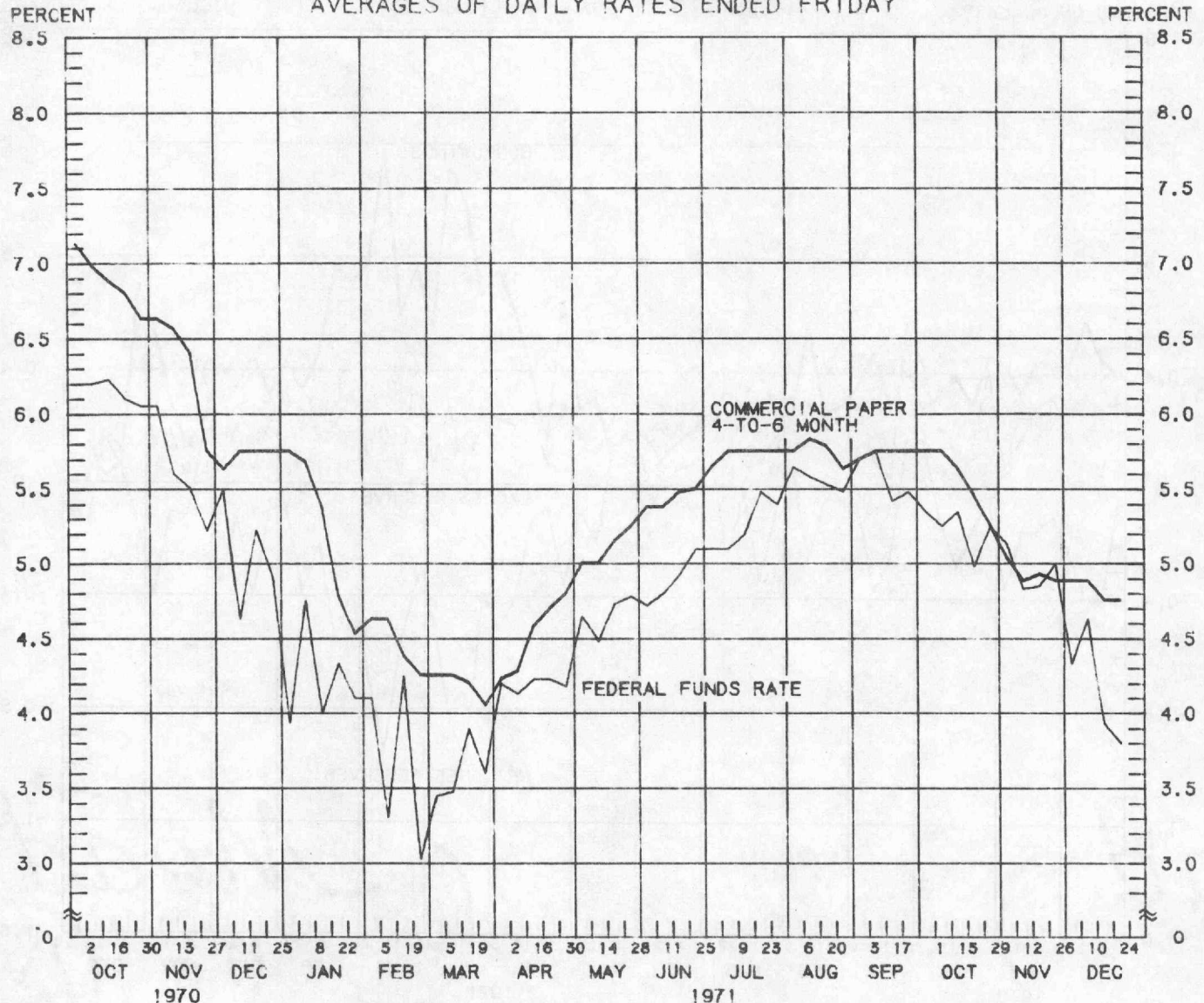
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS ***
OCT. 1	7.46	4.65	5.91	5.52	5.24
8	7.44	4.51	5.84	5.47	5.17
15	7.42	4.45	5.68	5.44	4.99
22	7.37	4.47	5.62	5.47	4.97
29	7.31	4.36	5.53	5.43	5.11
NOV. 5	7.25	4.18	5.41	5.33	4.99
12	7.24	4.18	5.47	5.37	5.19
19	7.27	4.15	5.47	5.46	5.25
26	7.28	4.33	5.63	5.56	5.36
DEC. 3	7.28	4.28	5.52	5.58	5.44
10	7.27	4.11	5.48	5.59	5.23
17	7.24	4.04	5.45	5.63	5.21
24 *	7.24	4.09	5.44	5.69	N.A.
31					

\* AVERAGES OF RATES AVAILABLE.  
 \*\*\* BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.  
 N.A. - NOT AVAILABLE

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# SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



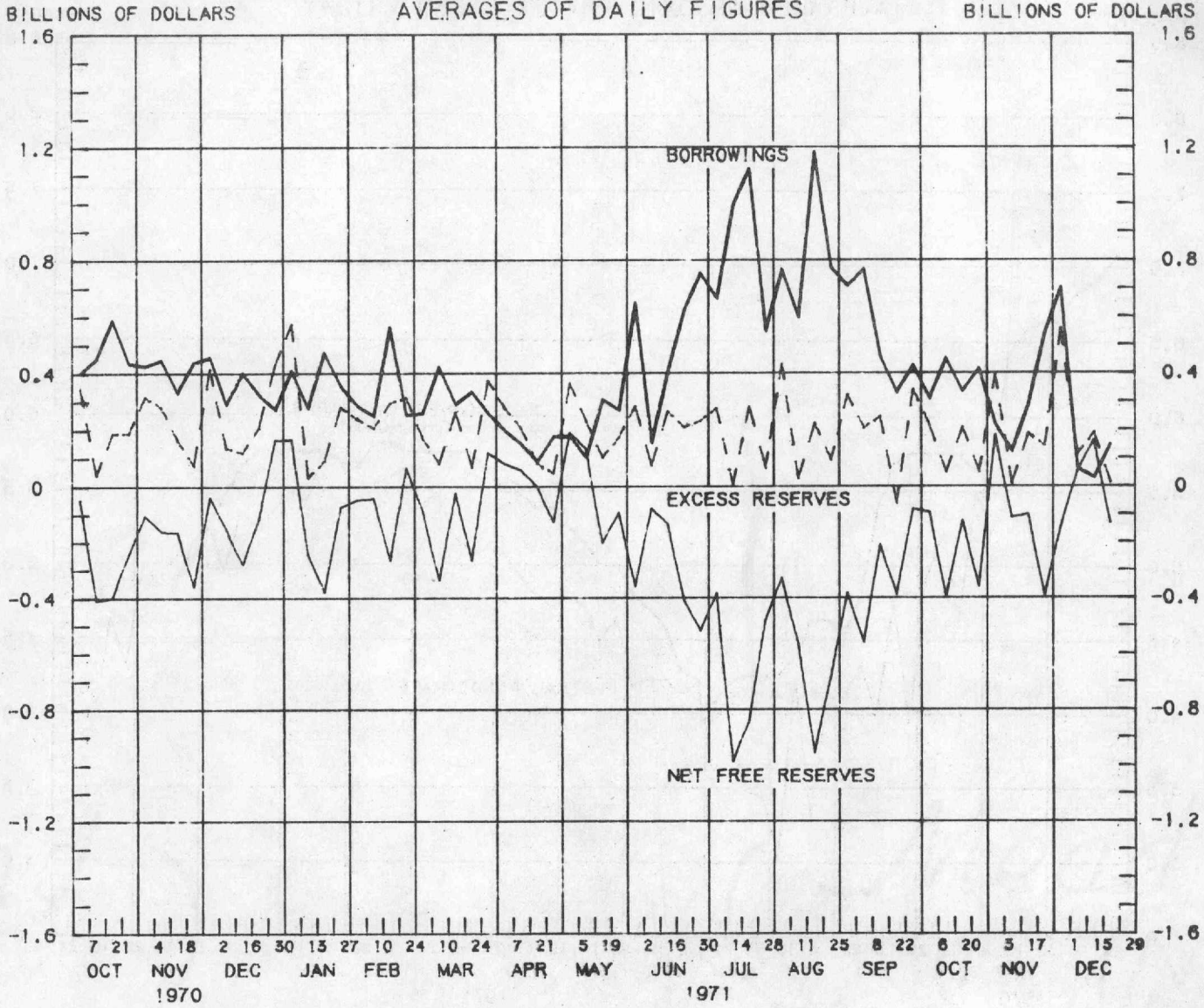
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: DECEMBER 24, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S **
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	5.25	4.88	5.18
NOV. 5	5.03	5.13	4.78	4.99
12	4.88	4.83	4.75	4.91
19	4.93	4.85	4.75	4.88
26	4.88	5.00	4.82	4.89
DEC. 3	4.88	4.33	4.75	4.89
10	4.88	4.63	4.58	4.84
17	4.75	3.93	4.50	4.75
24 *	4.75	3.80	4.50	4.66
31				

\* 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
OCT. 6	214	309	- 95
13	49	449	- 400
20	210	332	- 122
27	51	413	- 362
NOV. 3	396	216	- 180
10	10	122	- 112
17	188	287	- 99
24	144	538	- 394
DEC. 1	558	701	- 143
8	114	60	- 54
15	190	27	- 163
22	12	144	- 132
29			

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