



LIBRARY

Week ending: January 5, 1972

The monetary base has risen at a 2.2 percent annual rate in the past five months, compared with an 8 percent rate in the previous eighteen months (page 2). A change in the trend growth of the base usually results in a similar change in the trend growth of the money stock. Federal Reserve credit, the policy determinant of the monetary base, has risen at a 6.1 percent rate in the past five months, after rising at a 9 percent rate in the previous eighteen months. The slower growth of the base relative to Federal Reserve credit in recent periods is not unusual. From 1957 to 1970 the trend growth of the base was slightly less than half the 7.6 percent rate for Federal Reserve credit.

Reflecting primarily the slowing in the monetary base, the nation's money stock has increased at only a 0.8 percent annual rate in the past five months, after expanding at a 7 percent rate in the previous year and a half (page 5). For comparison, money grew at trend rates of 1.7 percent from early 1952 to the fall of 1962, 3.7 percent until the end of 1966, and 5.8 percent until early 1971. The recent period of little growth in money is the first extended period in which this aggregate grew substantially below its trend rate since the last half of 1969.

The relationship between the monetary base (B) and the money stock (M) can be defined as  $M = m \cdot B$ , where  $m$  is called the money multiplier (this series has been recently added to this release on page 2). The multiplier is determined primarily by actions of the public, while the monetary base is determined largely by actions of the monetary authorities. The multiplier is influenced by several factors, including the ratio 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). Historically, the multiplier has been relatively stable and most major movements can be predicted with reasonable accuracy. In recent months the multiplier has declined slightly, reflecting primarily an increase in the t-ratio. However, this decline, which magnified the effects of the slower growth of the base on money, might have been anticipated in view of the decline in market interest rates relative to rates paid on savings deposits.

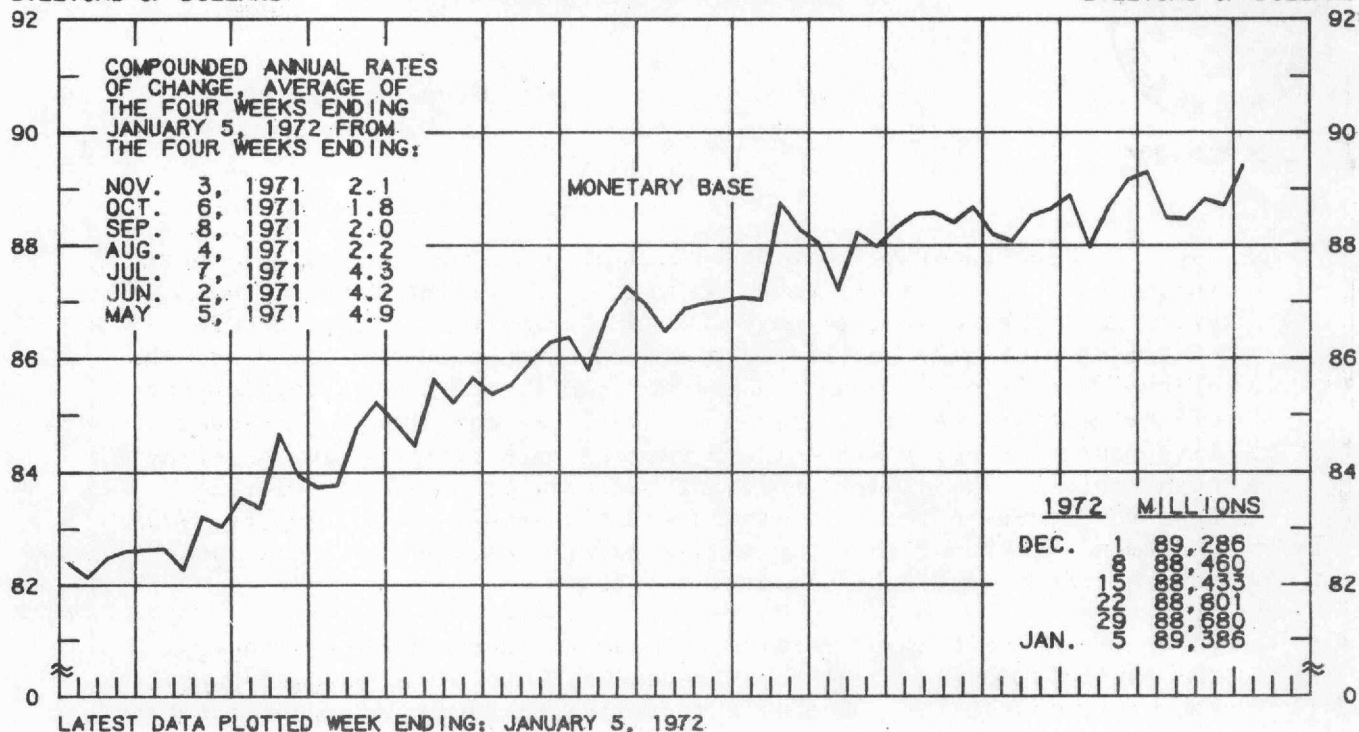
Prepared by Federal Reserve Bank of St. Louis

Released: January 7, 1972

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

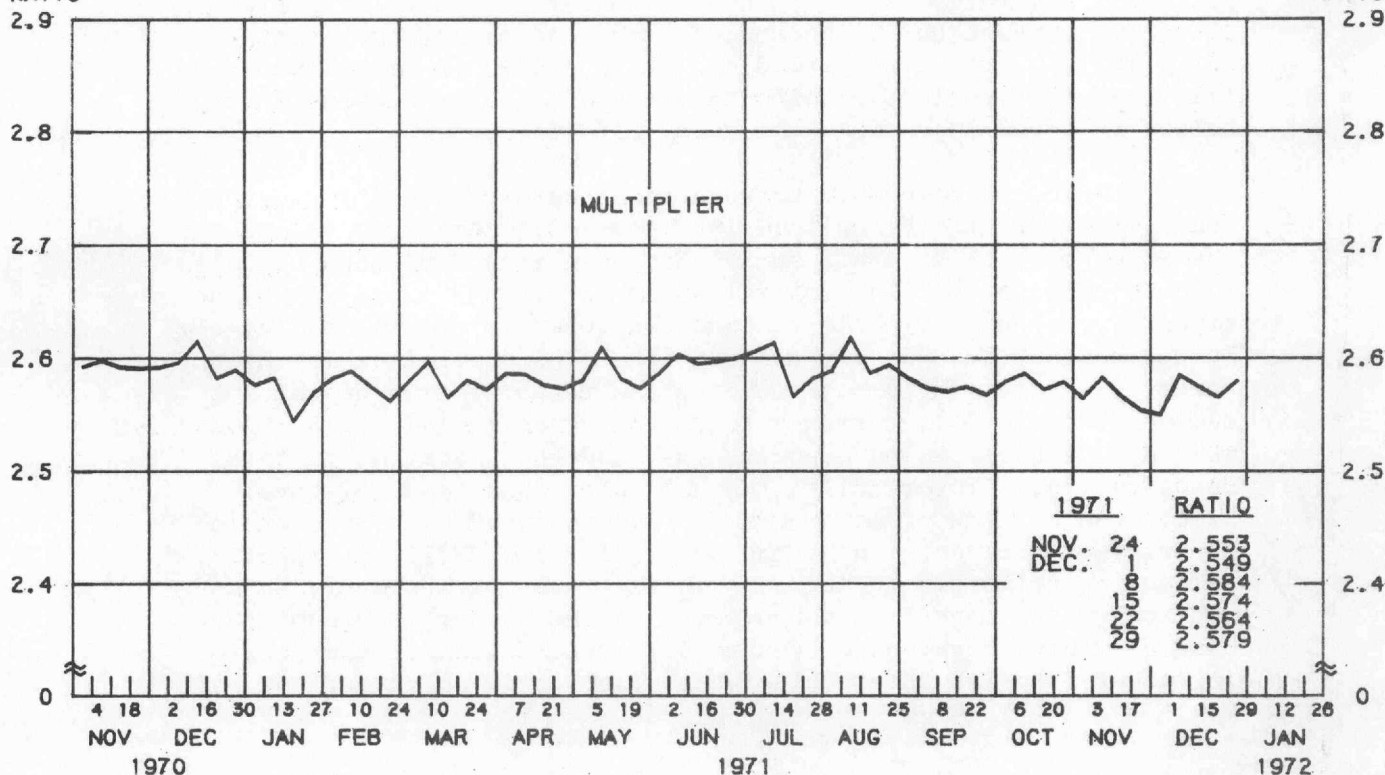
BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



RATIO

RATIO



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 29, 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

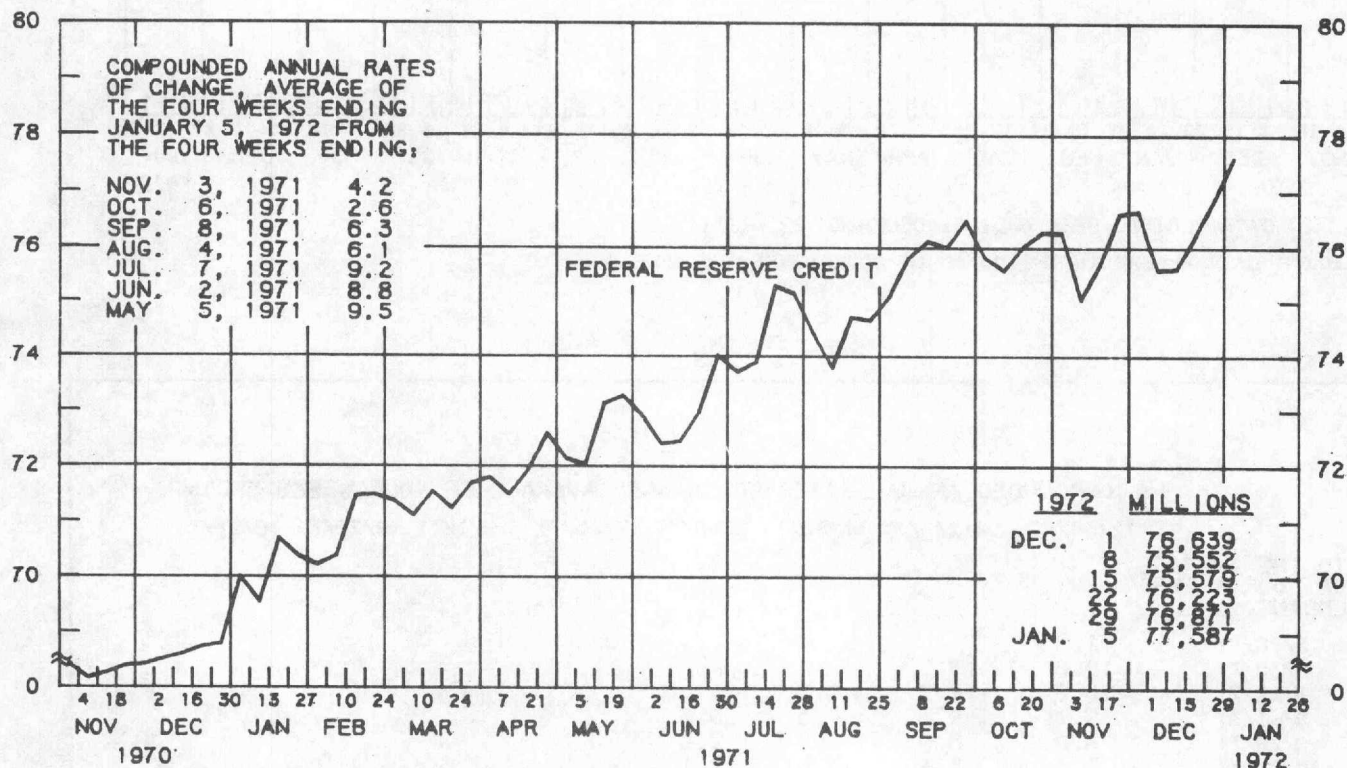
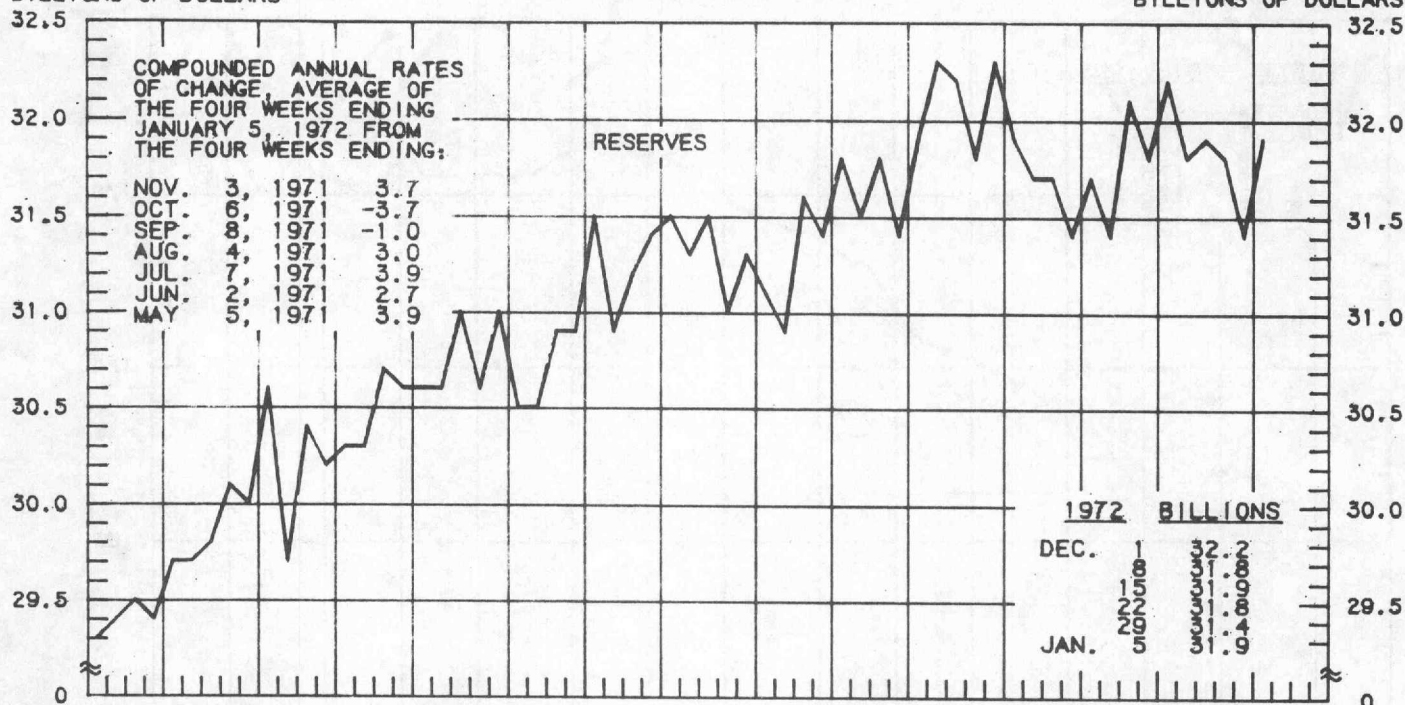
# FEDERAL RESERVE CREDIT <sup>2/</sup>

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

3

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 5, 1972

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.

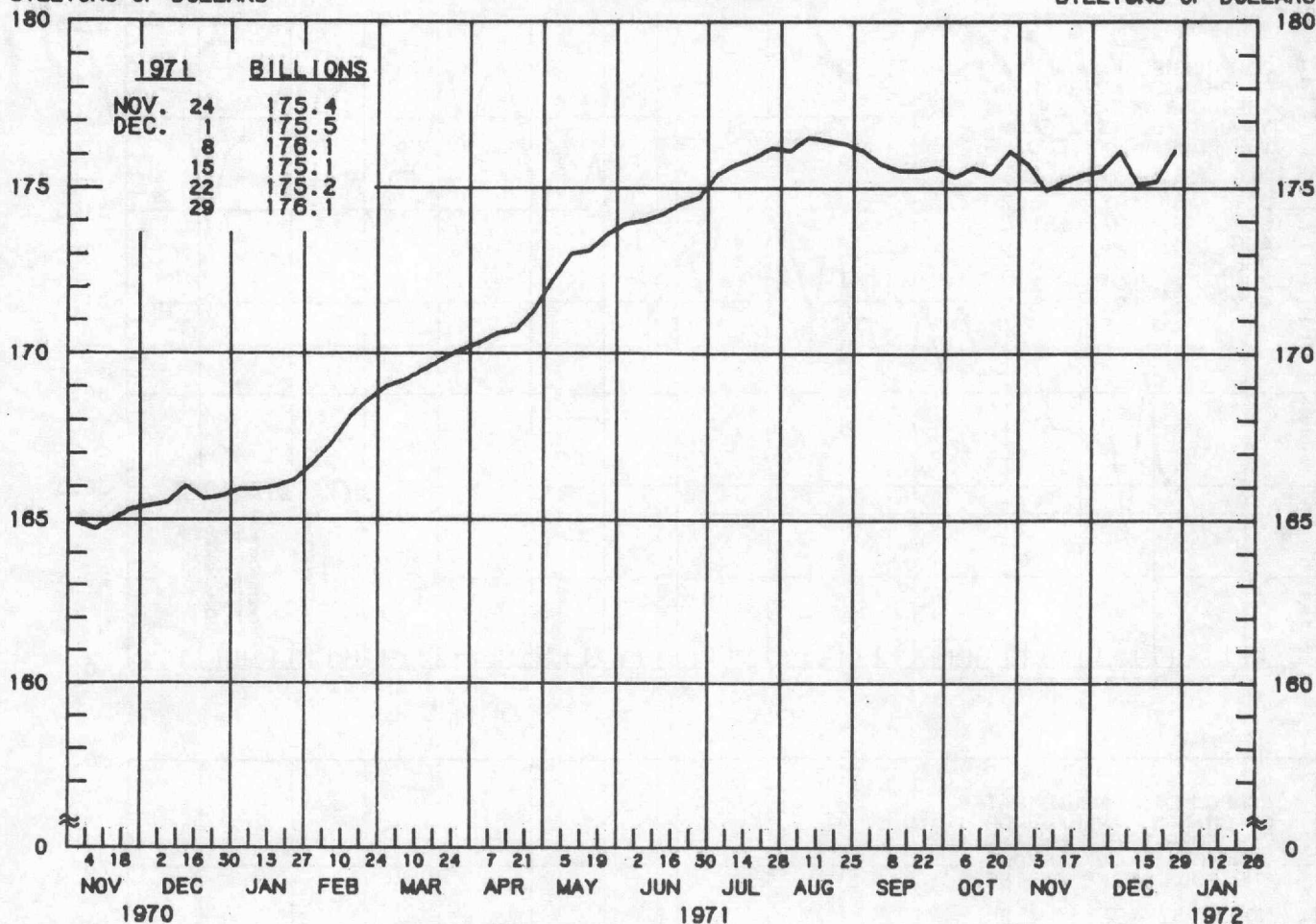


# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 29, 1971

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

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

12/30/70 4/28/71 5/28/71 6/30/71 7/28/71 9/1/71 9/29/71 10/27/71

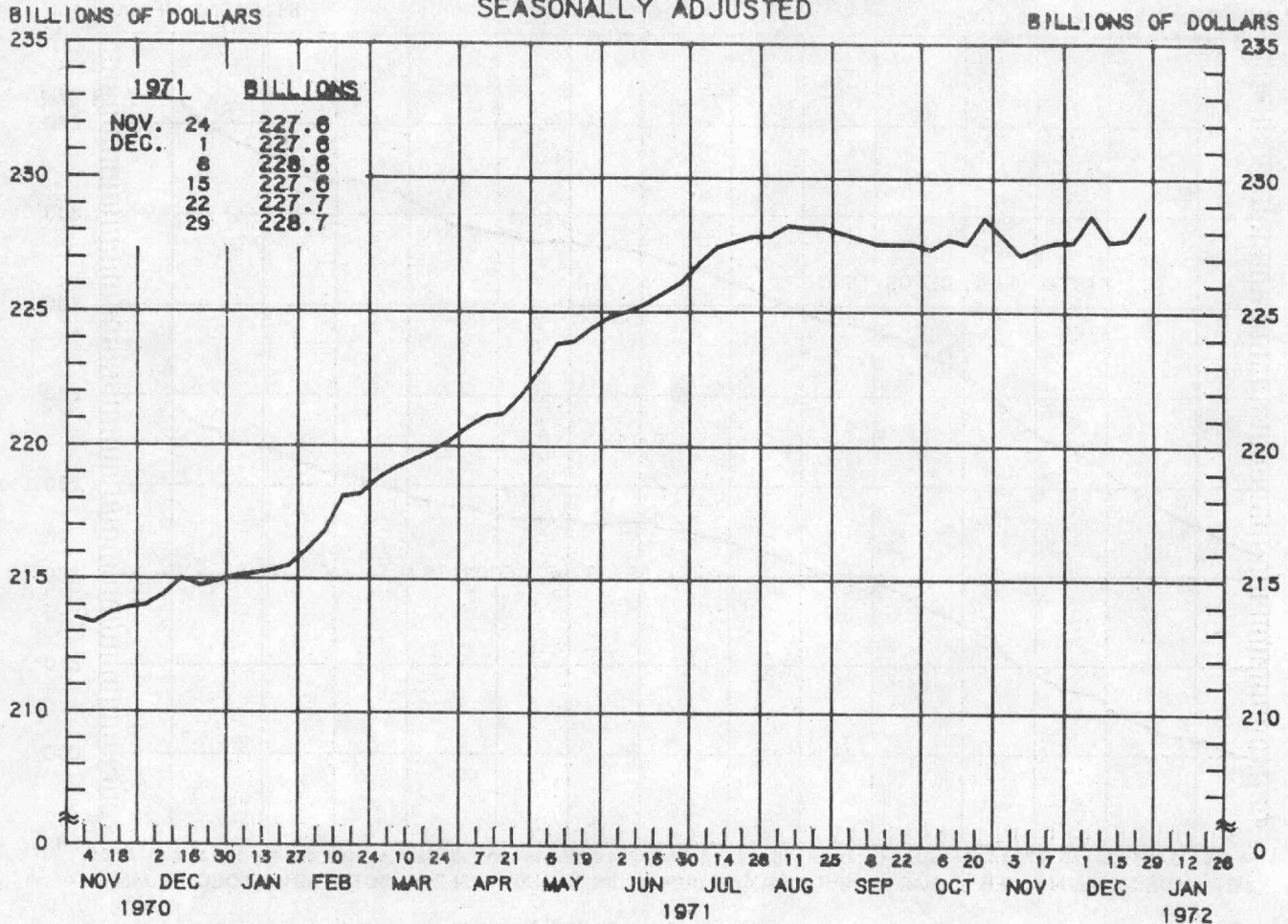
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/28/71	11.3						
6/30/71	10.8	13.2					
7/28/71	10.8	12.5	9.7				
9/1/71	9.7	9.8	7.3	6.5			
9/29/71	8.0	6.9	4.4	2.8	-0.7		
10/27/71	7.3	5.8	3.6	2.1	-0.5	-2.6	
12/1/71	6.3	4.6	2.6	1.2	-0.8	-2.2	-1.0
12/29/71	6.0	4.3	2.5	1.4	-0.3	-1.2	0.0

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

# MONEY STOCK

## AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 29, 1971

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

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

12/30/70    4/28/71    5/28/71    6/30/71    7/28/71    9/1/71    9/29/71    10/27/71

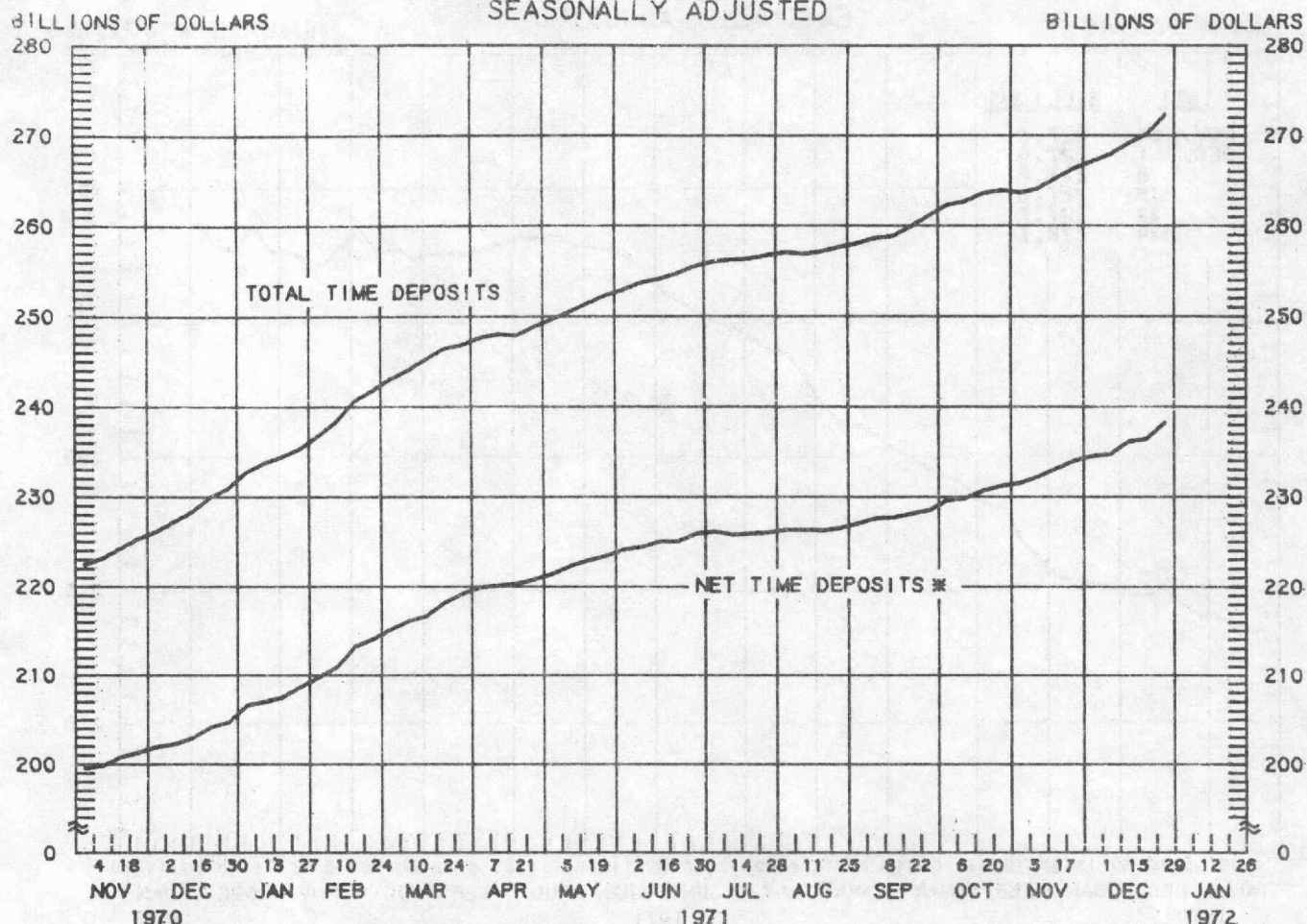
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/28/71	10.6							
6/30/71	10.2	11.8						
7/28/71	10.4	11.7	9.9					
9/1/71	9.3	9.3	7.5	6.8				
9/29/71	8.0	7.0	5.1	3.8	0.5			
10/27/71	7.4	6.1	4.4	3.2	0.7	-0.9		
12/1/71	6.4	4.7	3.2	2.0	0.0	-1.2	-0.5	
12/29/71	6.2	4.7	3.4	2.4	0.8	0.1	1.1	1.0

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



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 29, 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:

12/30/70 4/28/71 5/28/71 6/30/71 7/28/71 9/1/71 9/29/71 10/27/71

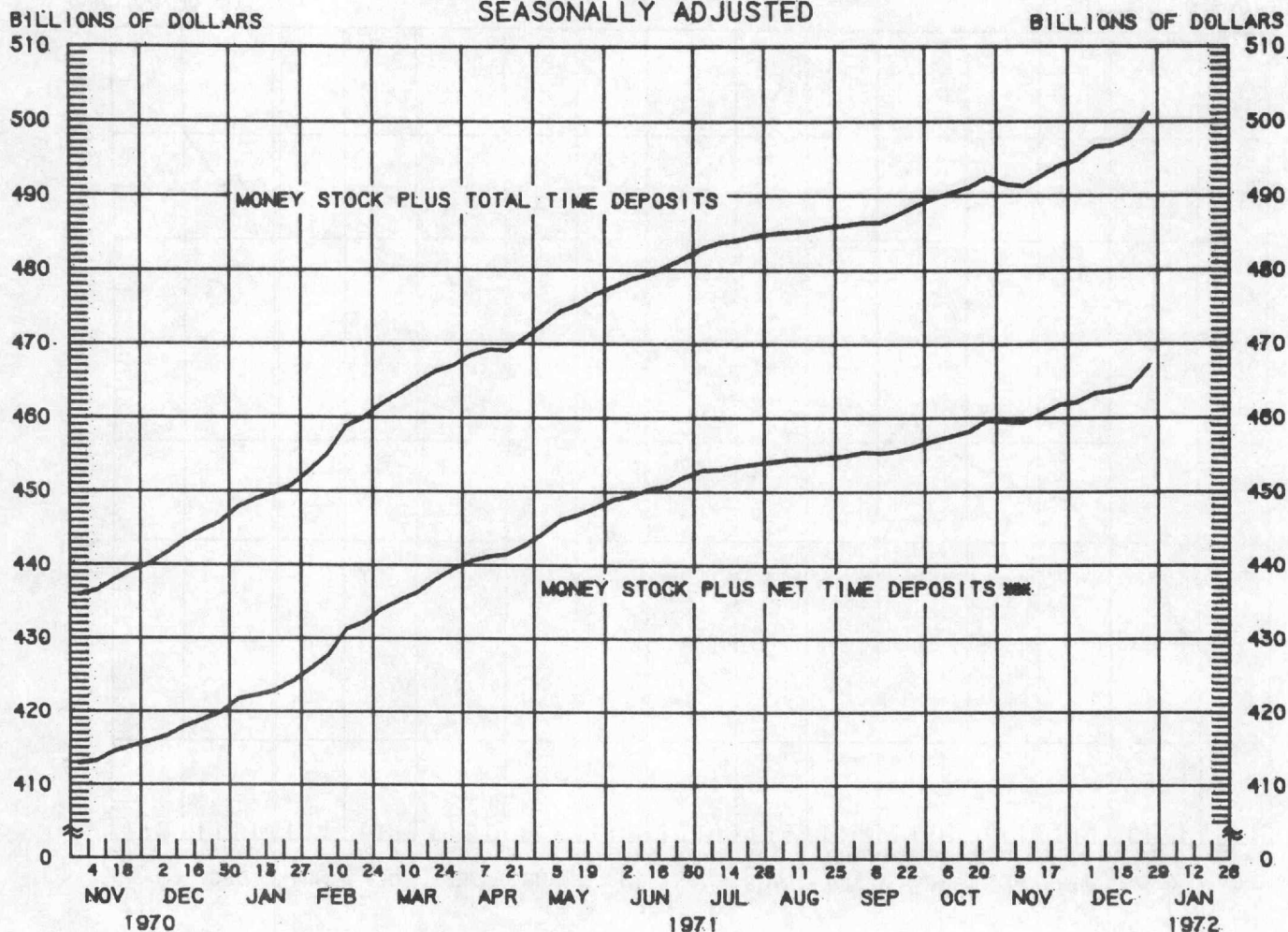
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/28/71	24.7							
6/30/71	22.4	13.3						
7/28/71	19.8	10.6	9.2					
9/1/71	17.2	8.3	6.8	3.6				
9/29/71	16.4	8.5	7.3	5.3	5.5			
10/27/71	16.1	9.3	8.5	7.2	8.0	11.4		
12/1/71	16.1	10.3	9.7	9.0	10.0	12.9	14.8	
12/29/71	16.2	11.0	10.7	10.3	11.3	14.0	15.6	16.3

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# MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 29, 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:

12/30/70 4/28/71 5/26/71 6/30/71 7/28/71 9/1/71 9/29/71 10/27/71

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/26/71	17.3						
6/30/71	16.0	12.5					
7/28/71	14.9	11.1	9.6				
9/1/71	13.1	8.7	7.1	5.1			
9/29/71	12.0	7.7	6.1	4.4	2.8		
10/27/71	11.6	7.7	6.4	5.2	4.3	5.3	
12/1/71	11.1	7.5	6.4	5.5	4.9	5.8	7.0
12/29/71	11.0	7.8	7.0	6.3	5.9	6.9	8.1
							8.3

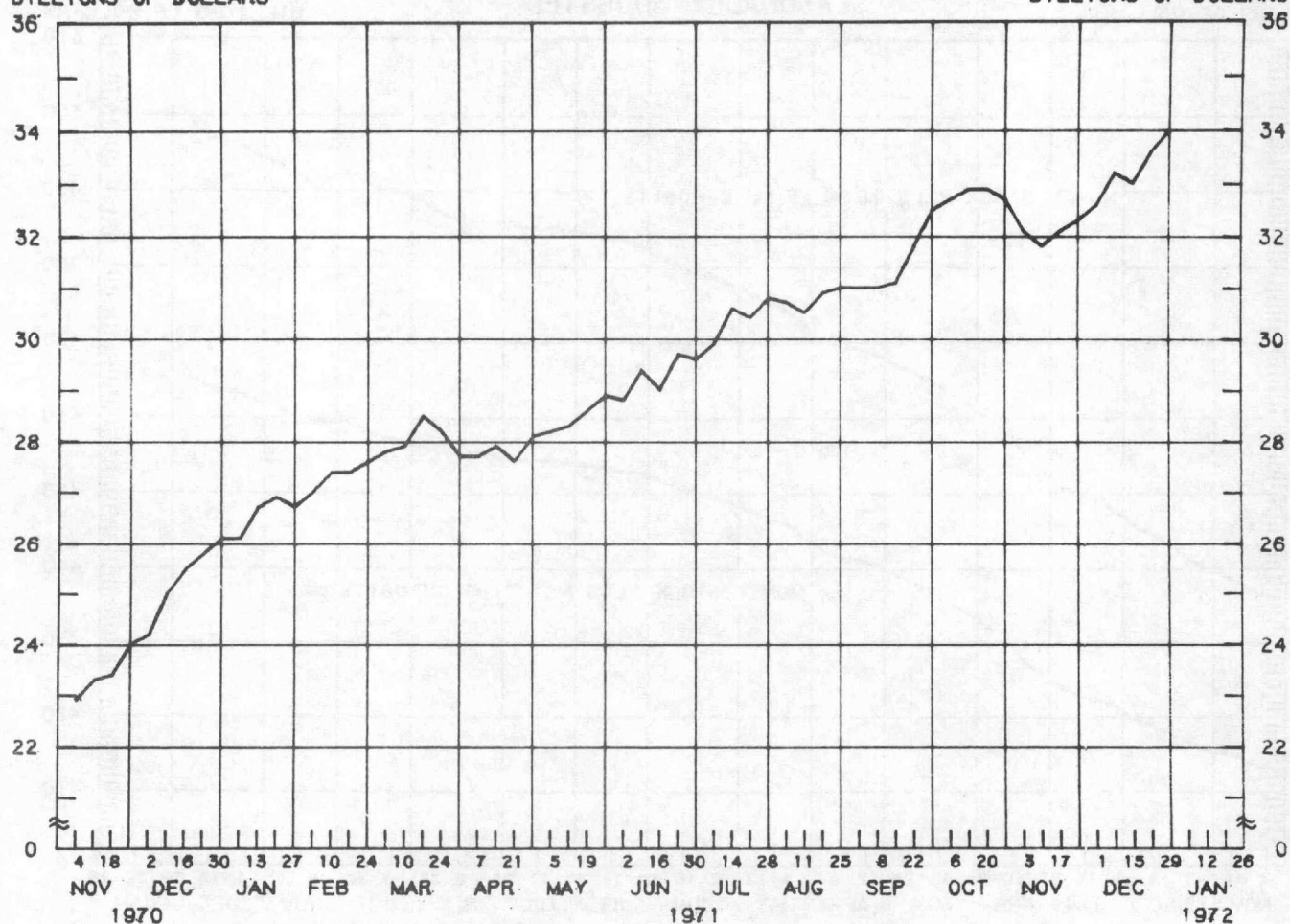


# CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 29, 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.

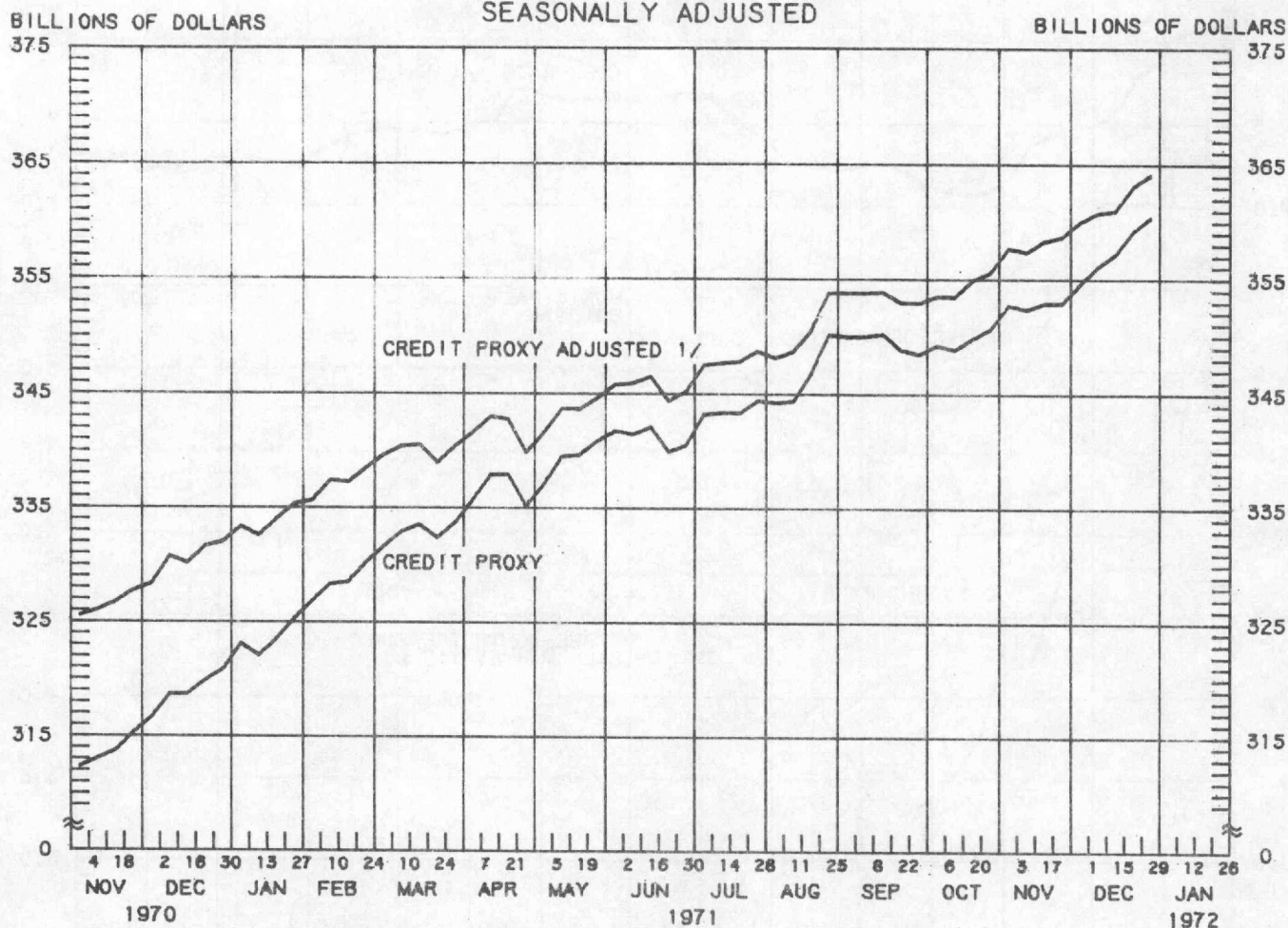
MONEY AND TIME DEPOSIT DATA			
1972	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS*	M 2 ***
NOV. 3	32.1	231.5	459.4
10	31.8	232.2	459.3
17	32.1	233.1	460.5
24	32.3	234.0	461.7
DEC. 1	32.6	234.5	462.1
8	33.2	234.7	463.3
15	33.0	236.1	463.6
22	33.6	236.4	464.2
29	34.0	238.2	467.0
JAN. 5			
12			
19			
26			

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

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**MEMBER BANK DEPOSITS  
SUBJECT TO RESERVE REQUIREMENTS  
(CREDIT PROXY)  
AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED**



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 29, 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.

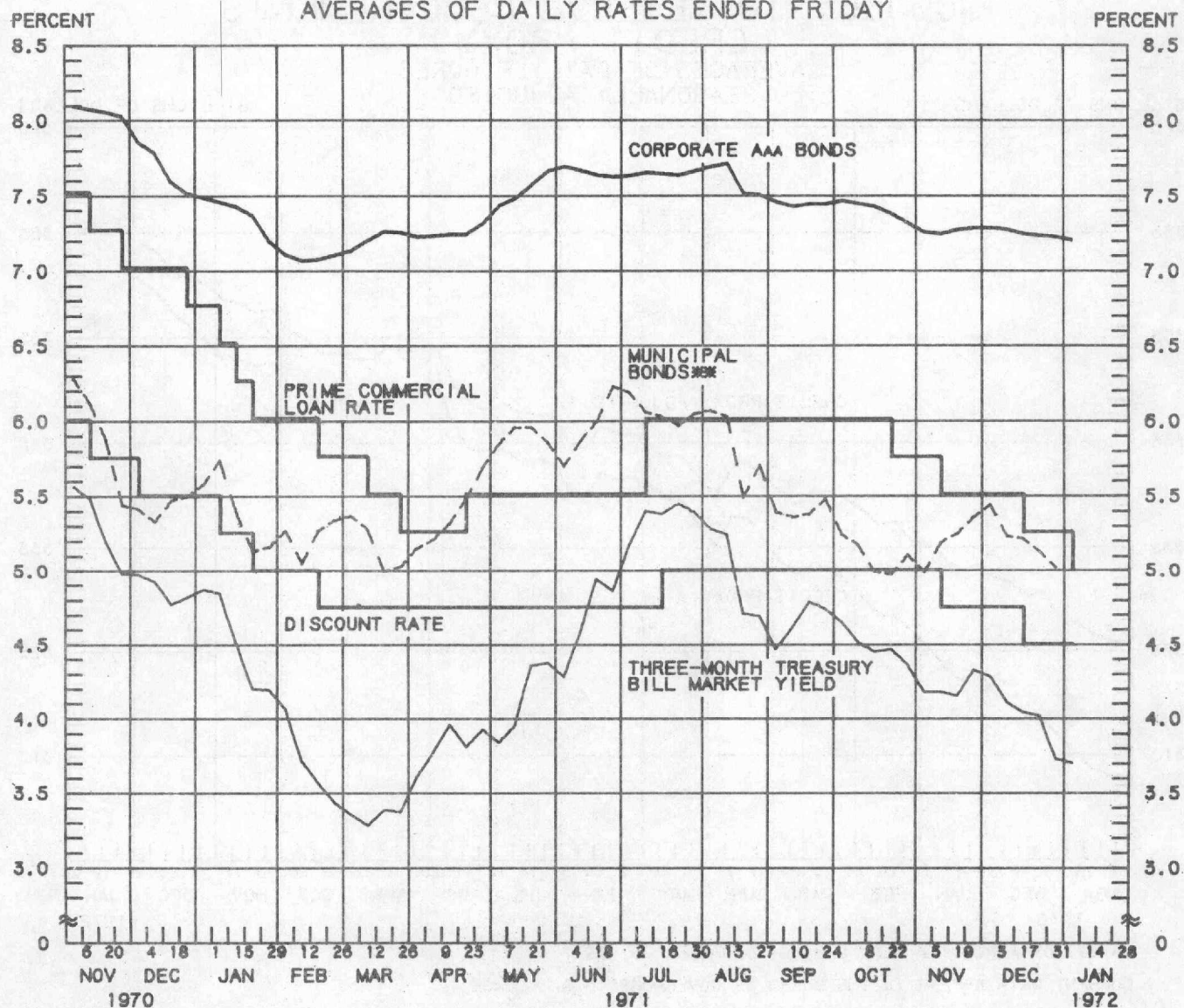
1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
NOV.	24	352.9	358.7
DEC.	1	354.6	360.0
	8	356.1	360.8
	15	357.2	361.0
	22	359.2	363.1
	29	360.4	364.1

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING DECEMBER 29, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
OCT.	27, 1971	15.1	13.6
SEP.	29, 1971	10.5	10.5
SEP.	1, 1971	9.4	9.5
JUL.	28, 1971	10.3	10.1
JUN.	30, 1971	10.3	10.0
MAY	26, 1971	9.5	9.4
APR.	28, 1971	9.6	9.0

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# YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 7, 1972

1972	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS**
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	7.23	4.02	5.43	5.68	5.13
31	7.22	3.73	5.27	5.60	5.02
JAN. 7 *	7.20	3.70	5.31	5.62	N.A.
14					
21					
28					

\* AVERAGES OF RATES AVAILABLE.

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

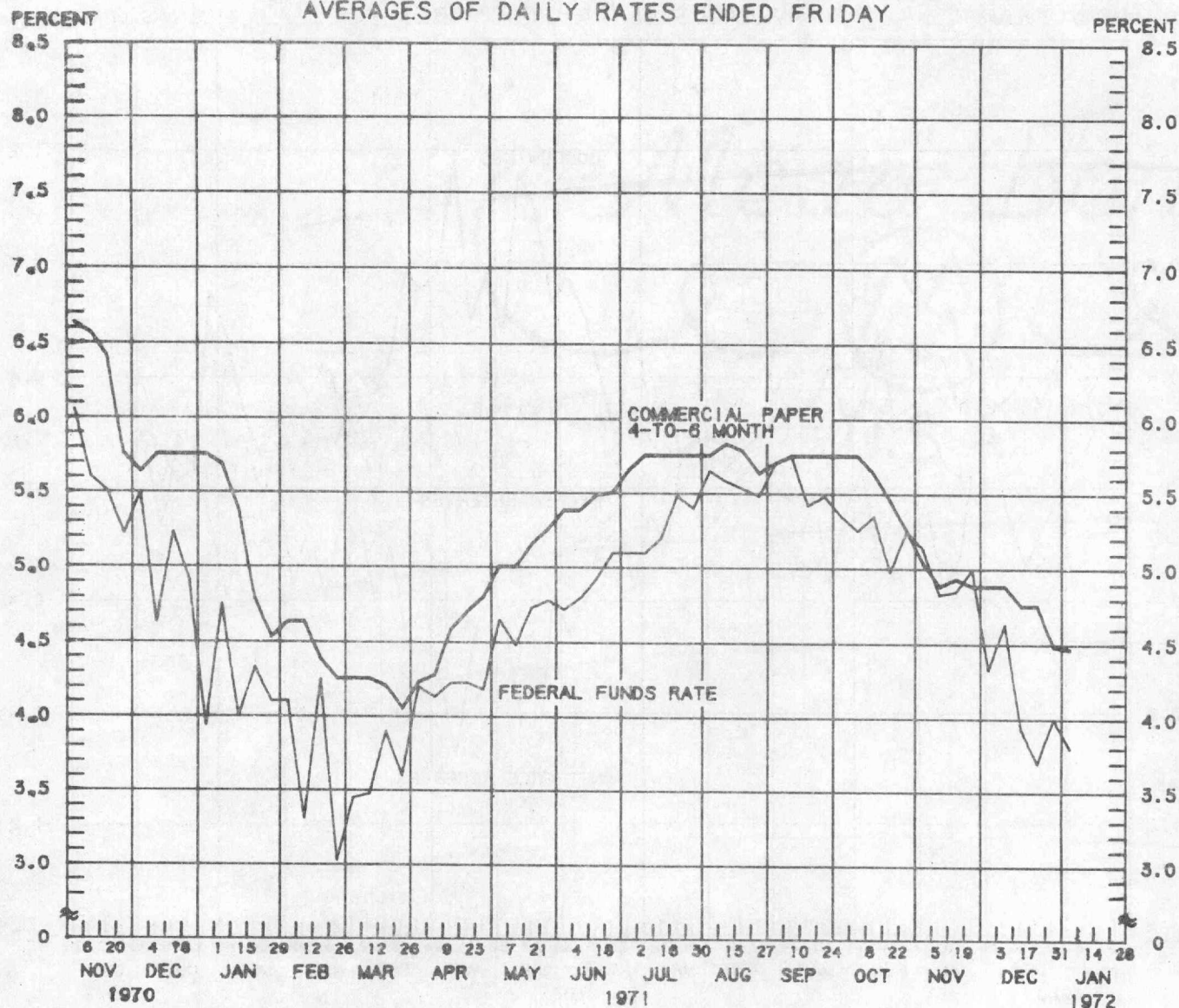
N.A. - NOT AVAILABLE

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: JANUARY 7, 1972

1972	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S %
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	3.70	4.40	4.66
31	4.48	4.00	4.18	4.58
JAN. 7 *	4.46	3.80	4.13	4.34
14				
21				
28				

\* 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.

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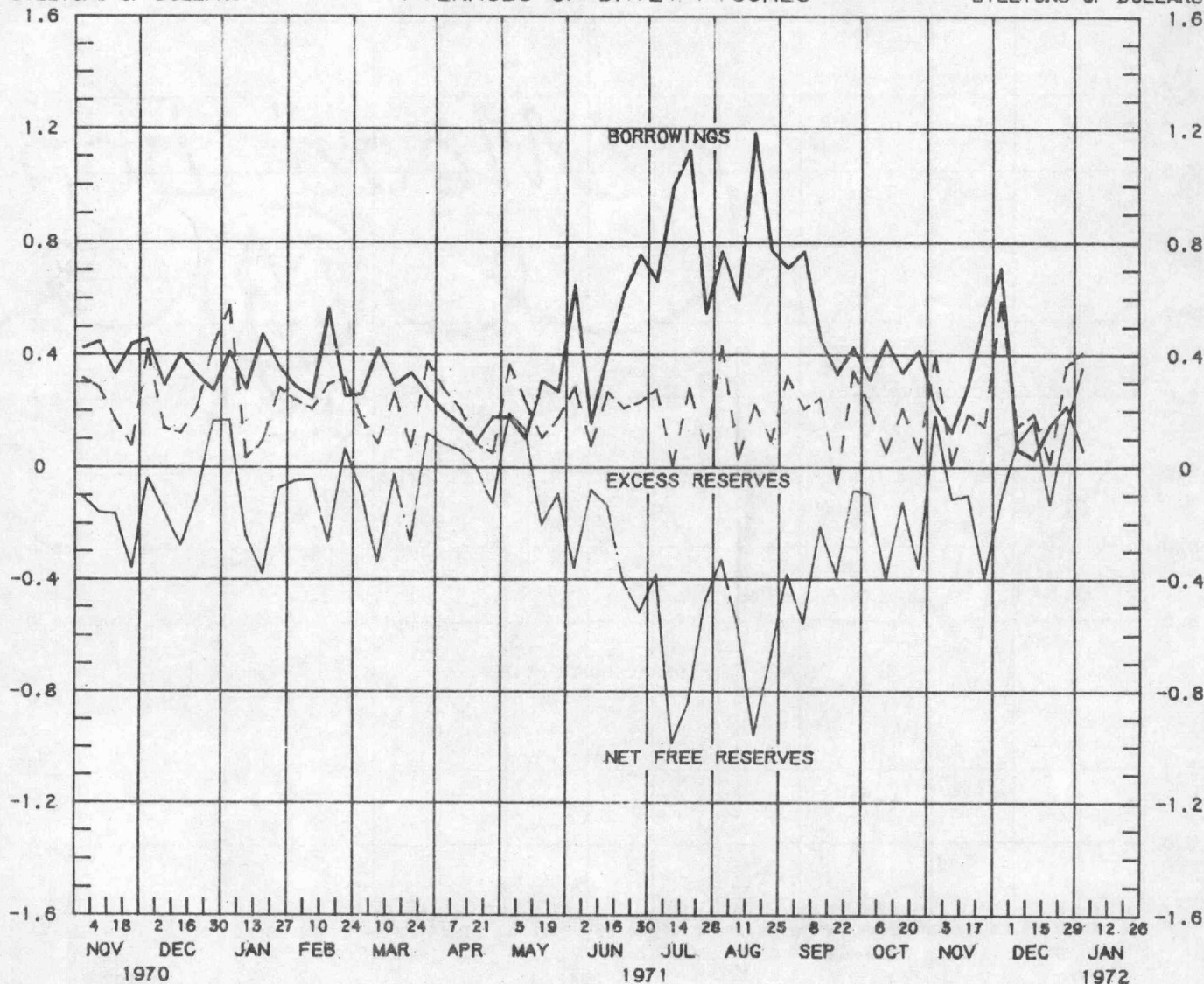


# BORROWINGS AND EXCESS RESERVES ALL MEMBER BANKS IN THE NATION

BILLIONS OF DOLLARS

AVERAGES OF DAILY FIGURES

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 5, 1972

1972	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
NOV. 3	396	216	180
10	10	122	- 112
17	188	287	- 99
24	144	538	- 394
DEC. 1	590	705	- 115
8	143	59	84
15	190	27	163
22	12	144	- 132
29	358	216	142
JAN. 5	409	57	352
12			
19			
26			

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