



Week ending: January 19, 1972

LIBRARY

The nation's money stock, defined to include private demand deposits and currency in the hands of the public, averaged \$228.3 billion in the four weeks ending January 12, up at only a 0.4 percent annual rate from five months ago (page 5). This rate of money growth ranks in the 20th percentile of all five month periods since 1947. For comparison, money grew at a 7 percent rate from January 1970 to July 1971, which ranked in the 96th percentile of all eighteen month periods since 1947.

In the past two months, total member bank reserves have risen at a rapid 17.6 percent annual rate, yet the money stock has continued to expand at a slow pace (page 3). Two developments accounted for much of the diverse behavior of these aggregates. First, Treasury deposits in member banks have increased about \$1 billion in the past two months. Secondly, with a marked decline in market interest rates relative to rates paid by banks on time deposits, the public probably desired to hold more of its liquid assets in the form of time deposits. Time deposits have risen at a 20 percent rate in the past two months, following an 11 percent rate of expansion in the previous five months (page 6). Increases in both Treasury deposits and time deposits utilize bank reserves, leaving fewer reserves available to support the demand deposit component of money.

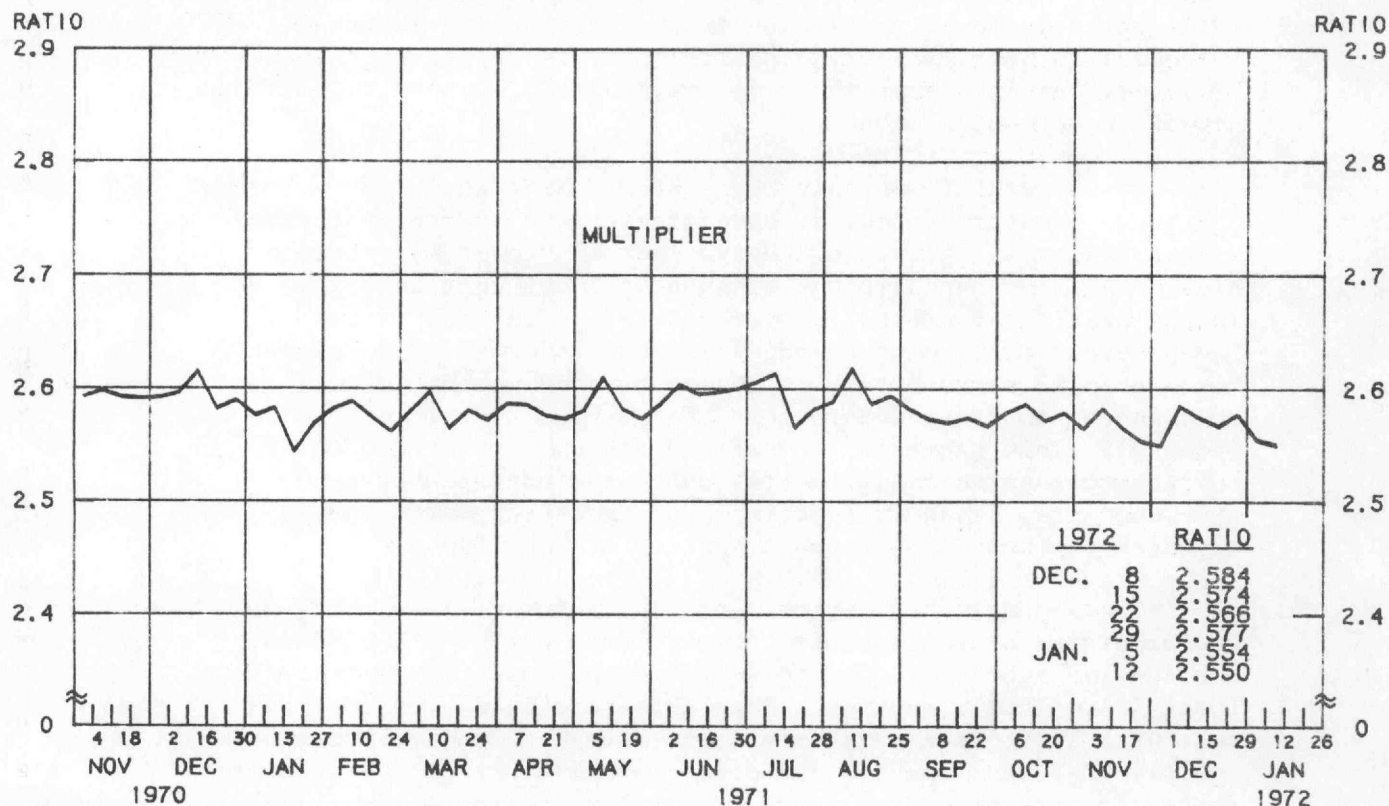
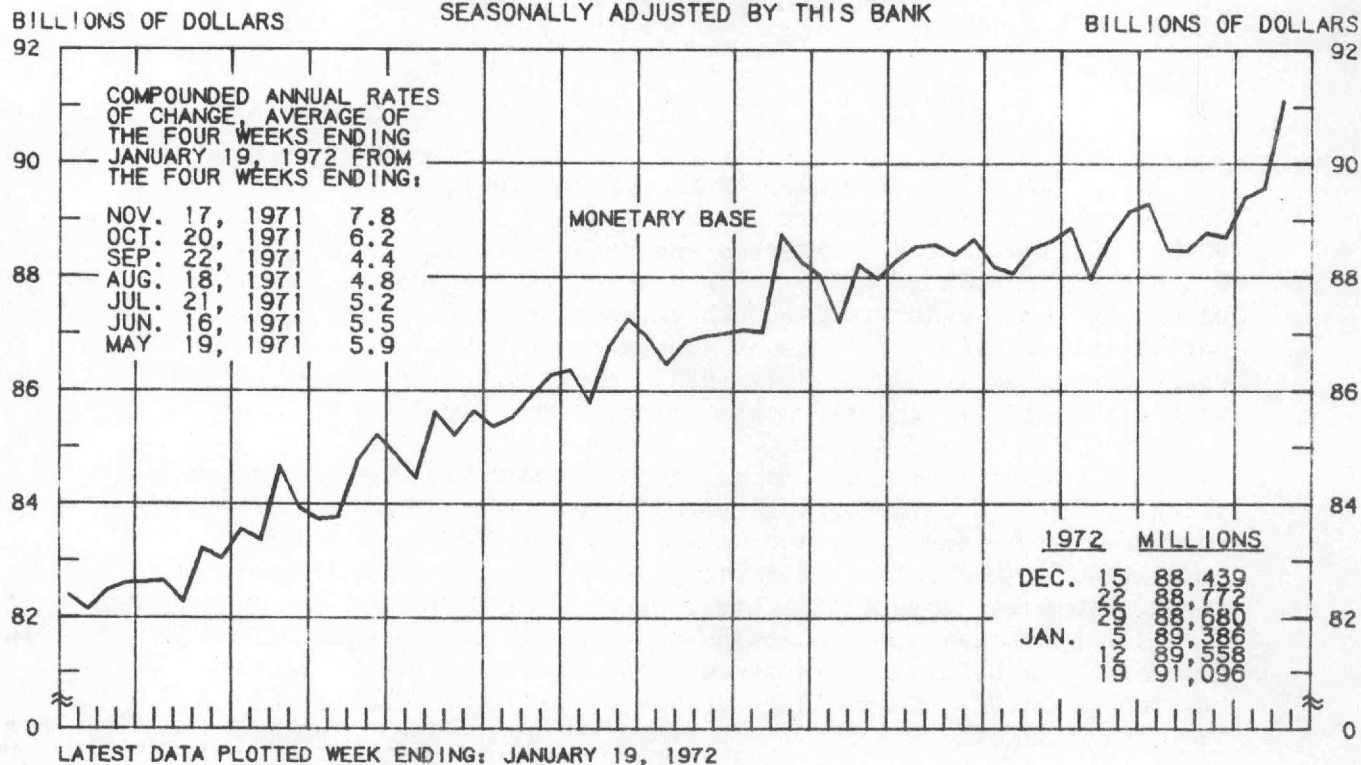
Growth of monetary aggregates, which include time deposits or Treasury deposits, have accelerated in recent months, despite the small growth of money. For instance, money stock plus total time deposits has risen at a 10 percent annual rate in the past three months, compared with a 6 percent rate in the previous three months (page 7). Credit proxy adjusted has risen at a 13 percent rate in the past three months, after increasing at an 8 percent rate in the previous three months (page 9). This aggregate is defined as member bank deposits subject to reserve requirements, which includes member bank time deposits, Treasury deposits, and demand deposits and is adjusted to include nondeposit sources of bank funds.

Recently, the prime rate, the interest rate charged by commercial banks to their highest-grade business customers, was lowered from 5 percent to 4-3/4 percent at some large banks (page 10). This reduction brings this rate into closer alignment with short-term market interest rates, which have declined sharply in recent weeks. The prime rate is currently 1-1/4 percentage points below the level of last summer and early fall and is at the lowest level since 1960.

Prepared by Federal Reserve Bank of St. Louis

Released: January 21, 1972

MONETARY BASE ^{1/} MULTIPLIER ^{2/} AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED BY THIS BANK



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 ^{1/}

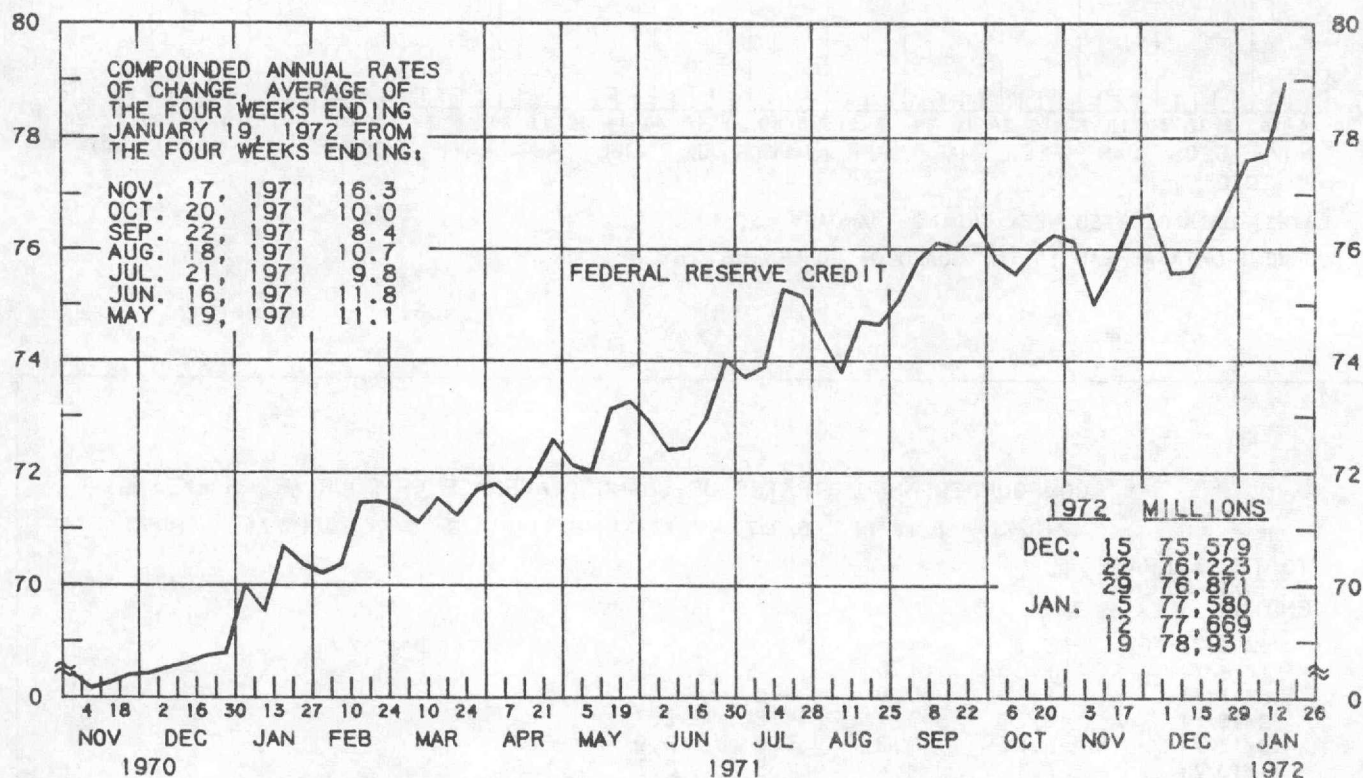
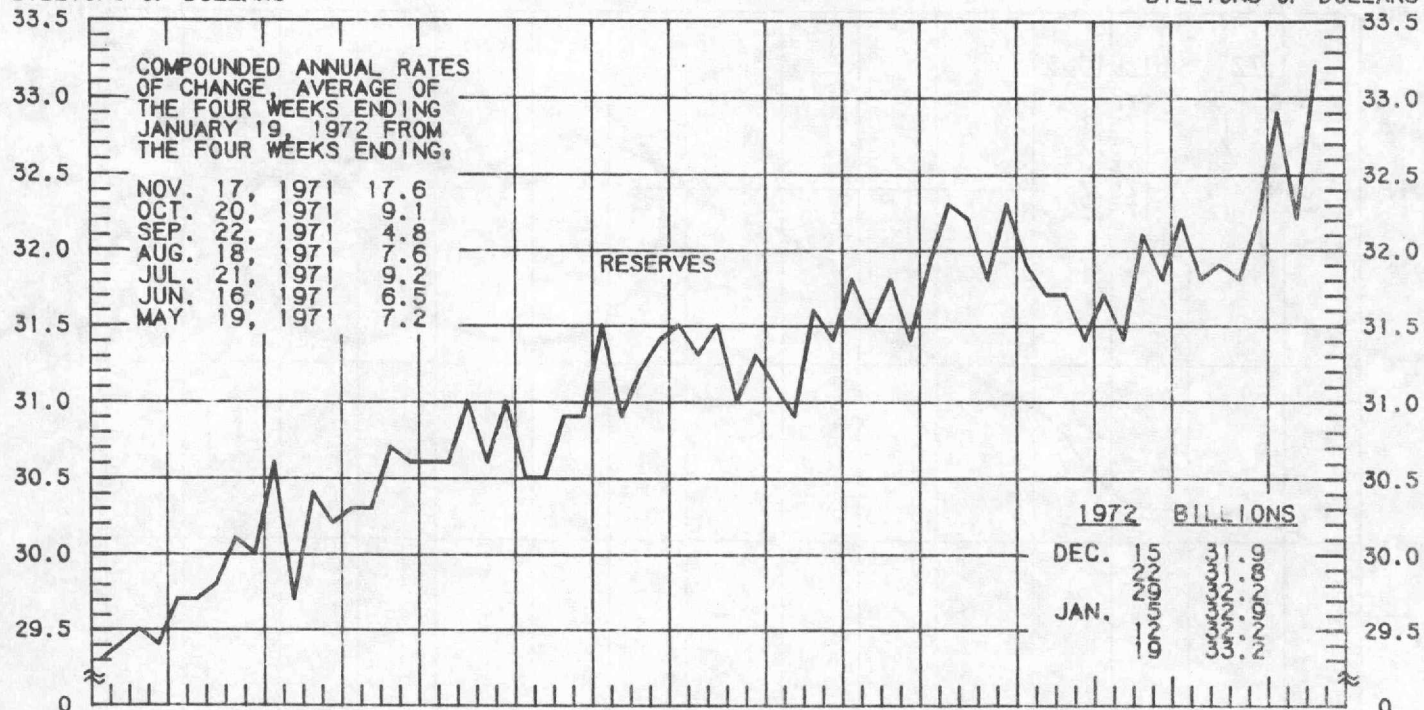
ALL MEMBER BANKS IN THE NATION

FEDERAL RESERVE CREDIT ^{2/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



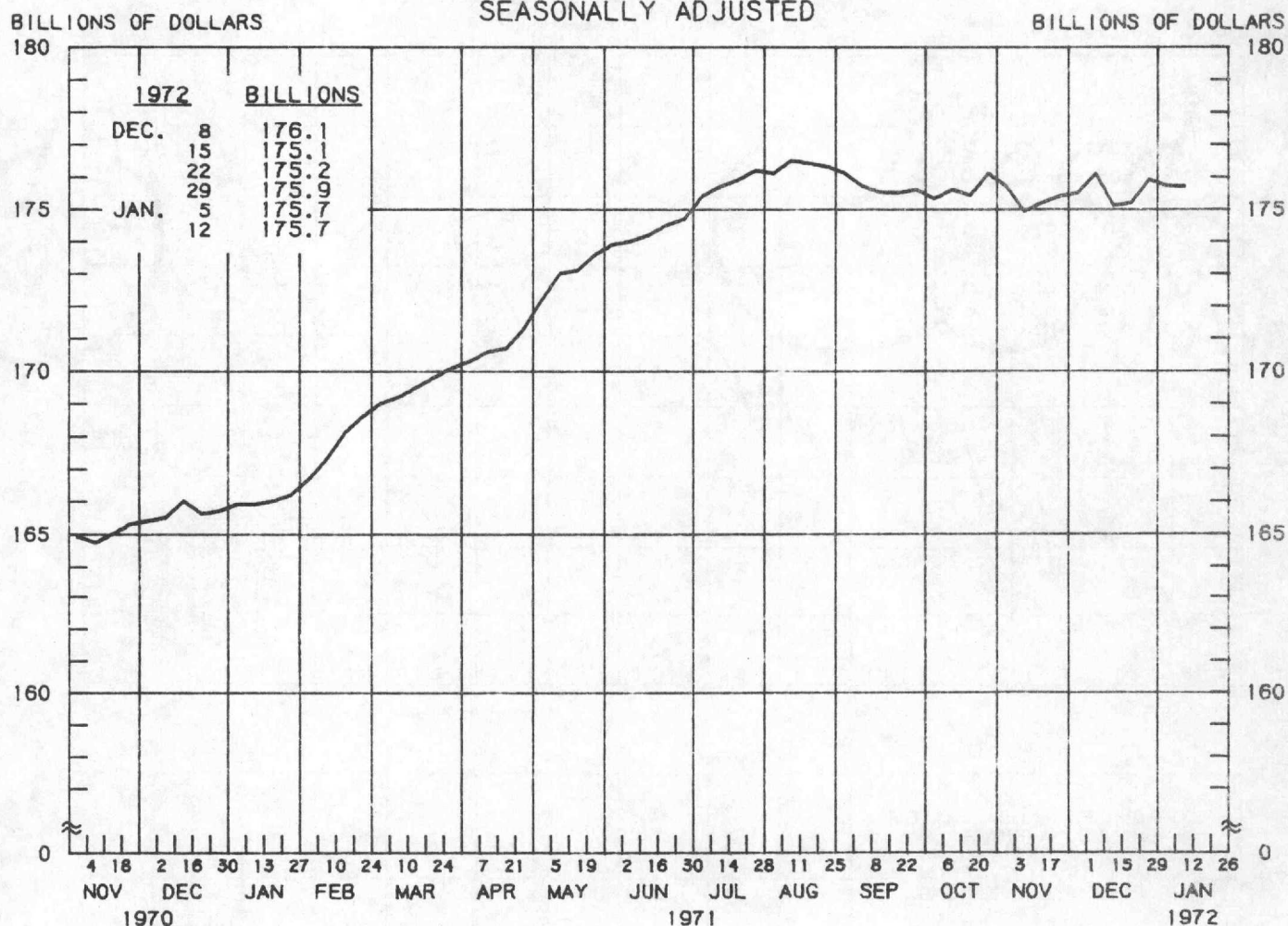
LATEST DATA PLOTTED WEEK ENDING: JANUARY 19, 1972

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



LATEST DATA PLOTTED WEEK ENDING: JANUARY 12, 1972

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

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

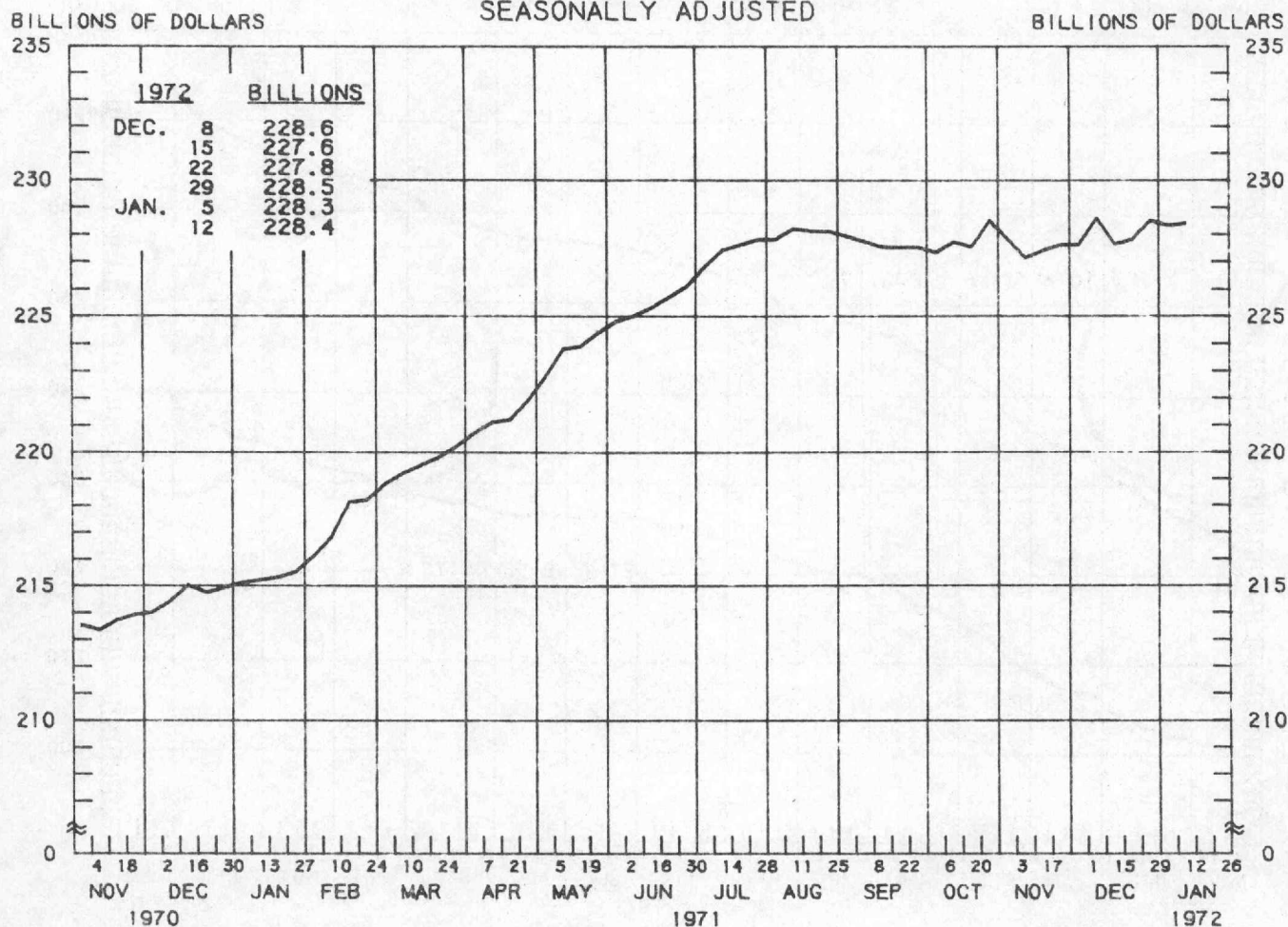
1/13/71 5/12/71 6/9/71 7/14/71 8/11/71 9/15/71 10/13/71 11/10/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/ 9/71	12.2							
7/14/71	11.5							
8/11/71	11.1	11.6						
9/15/71	9.2	7.1	8.6					
10/13/71	7.9	5.2	3.0	2.7				
11/10/71	7.1	4.4	2.5	0.9	-2.3			
12/15/71	6.4	3.6	2.0	0.5	-1.6	-1.5		
1/12/72	5.9	3.3	1.8	0.6	-0.8	-0.5	0.0	
							0.2	0.3

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 12, 1972

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

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

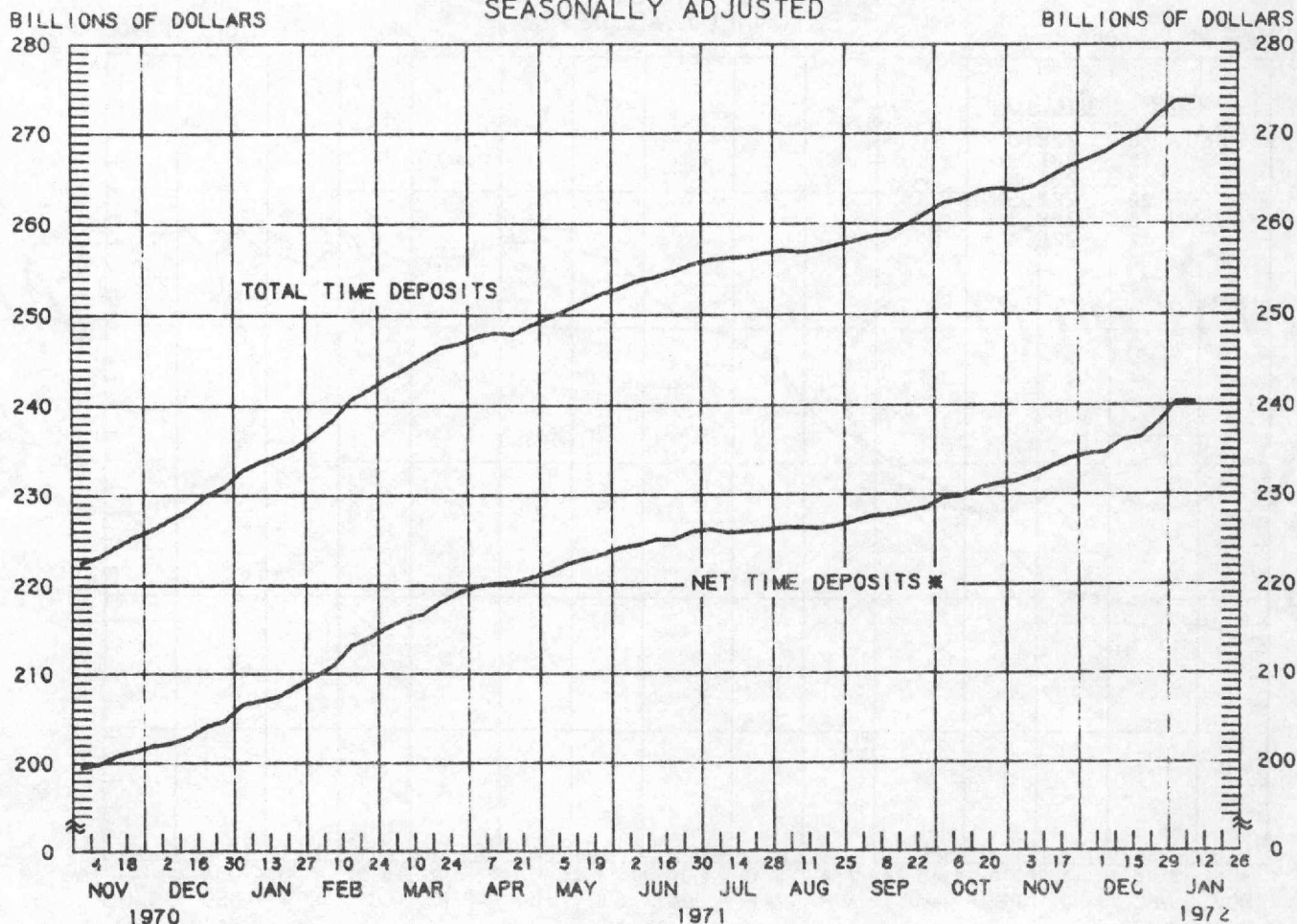
1/13/71 5/12/71 6/9/71 7/14/71 8/11/71 9/15/71 10/13/71 11/10/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/ 9/71	11.3							
7/14/71	11.0	11.1						
8/11/71	10.6	10.3	9.1					
9/15/71	9.0	7.2	5.6	3.4				
10/13/71	7.8	5.5	3.9	1.8	-1.0			
11/10/71	7.2	4.8	3.4	1.6	-0.4	-0.3		
12/15/71	6.5	4.2	2.9	1.5	0.0	0.2	1.0	
1/12/72	6.2	4.0	2.9	1.6	0.4	0.7	1.4	1.5

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 12, 1972

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:

1/13/71 5/12/71 6/9/71 7/14/71 8/11/71 9/15/71 10/13/71 11/10/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/ 9/71	23.2							
7/14/71	20.5	12.3						
8/11/71	17.9	9.2	6.4					
9/15/71	16.0	8.0	5.9	3.9				
10/13/71	15.5	8.5	7.0	6.0	7.6			
11/10/71	15.4	9.4	8.3	7.9	9.7	12.6		
12/15/71	15.5	10.5	9.8	9.8	11.5	14.1	15.5	
1/12/72	16.1	12.0	11.6	11.9	13.8	16.5	18.2	19.9

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

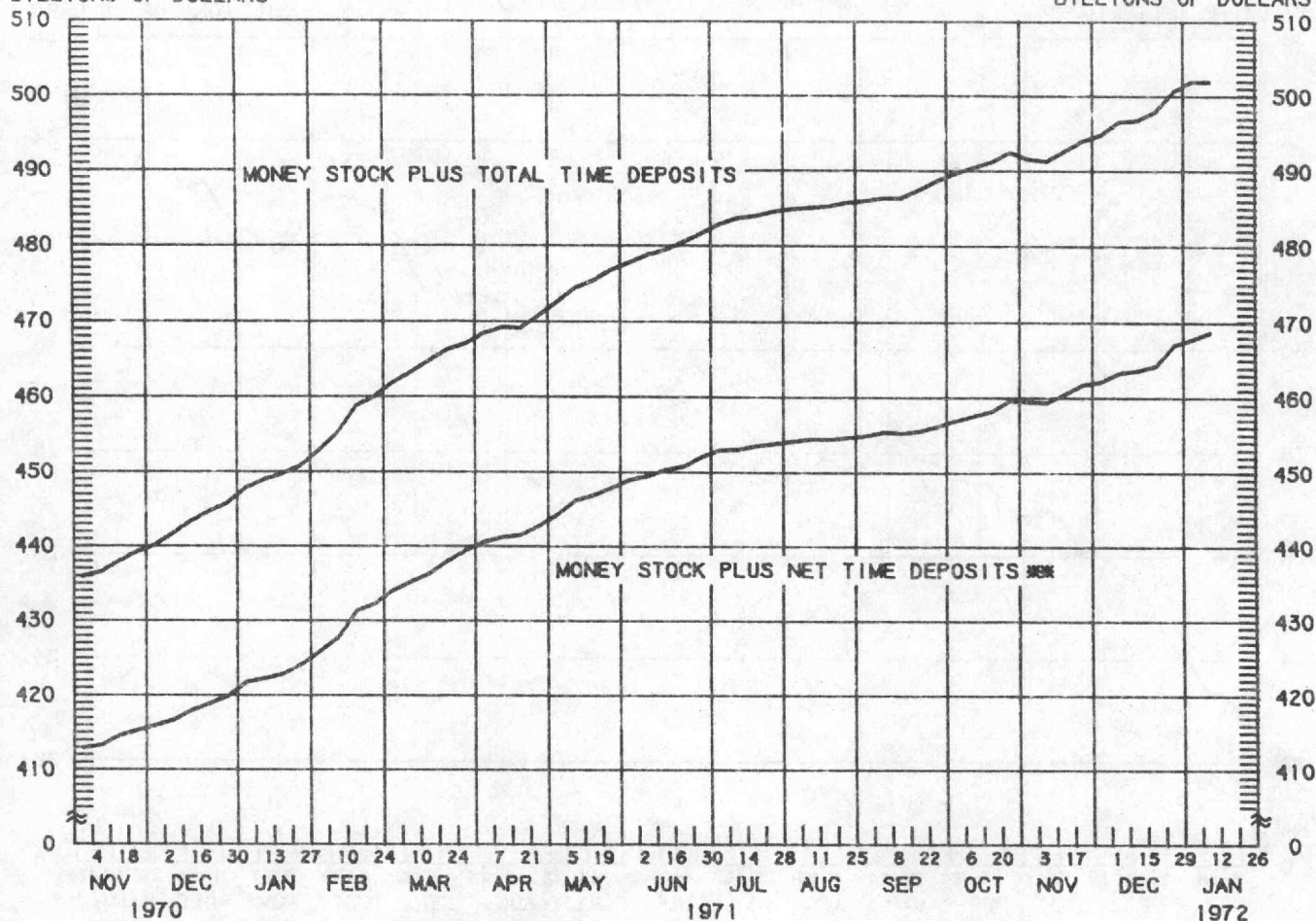
MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 12, 1972

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:

1/13/71 5/12/71 6/9/71 7/14/71 8/11/71 9/15/71 10/13/71 11/10/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/ 9/71	17.0							
7/14/71	15.6	11.7						
8/11/71	14.2	9.7	7.7					
9/15/71	12.4	7.6	5.8	3.6				
10/13/71	11.5	7.0	5.4	3.9	3.2			
11/10/71	11.2	7.1	5.8	4.7	4.6	6.0		
12/15/71	10.9	7.3	6.3	5.6	5.6	6.9	8.1	
1/12/72	11.0	7.9	7.1	6.6	6.8	8.2	9.4	10.2

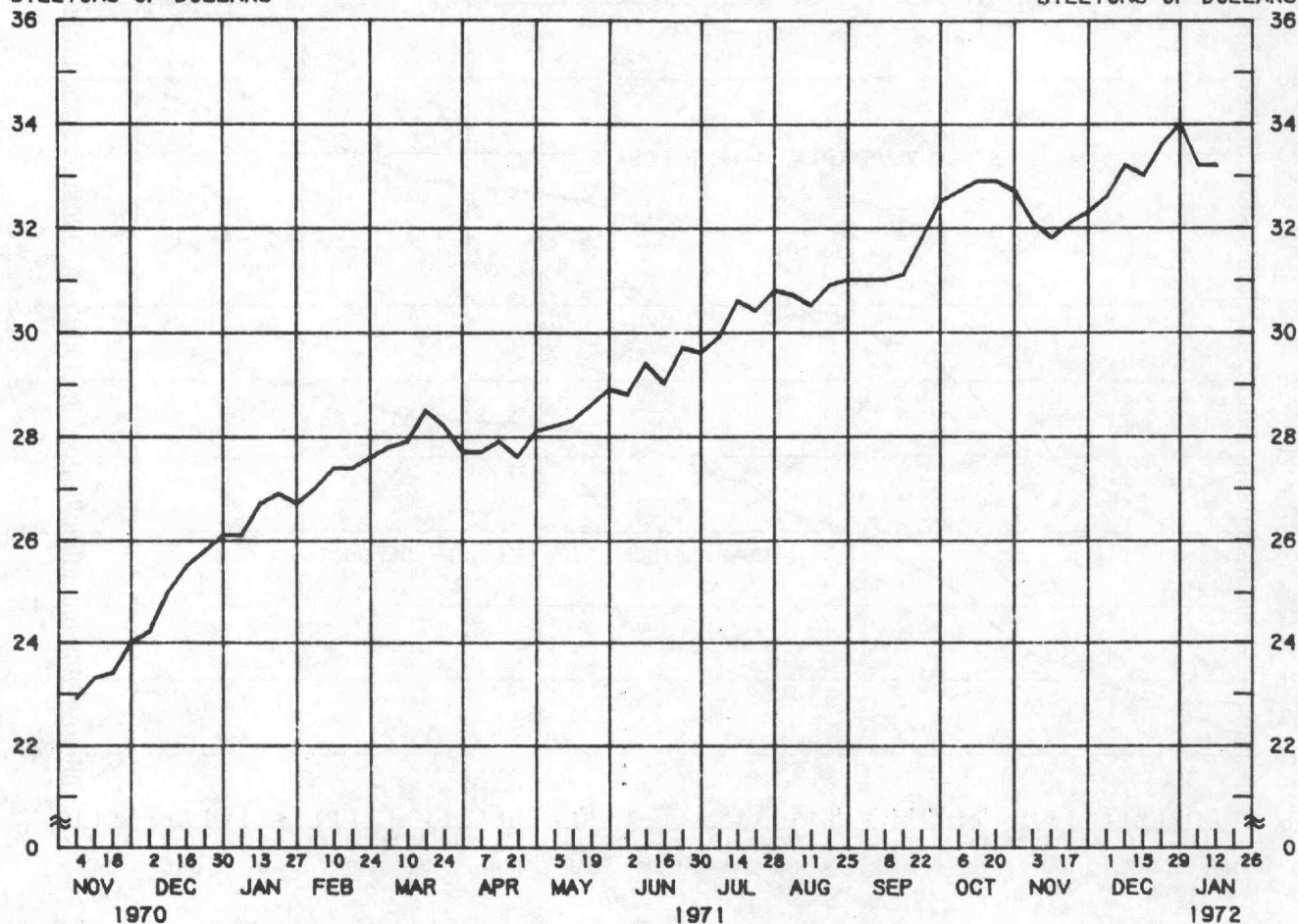
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 12, 1972

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

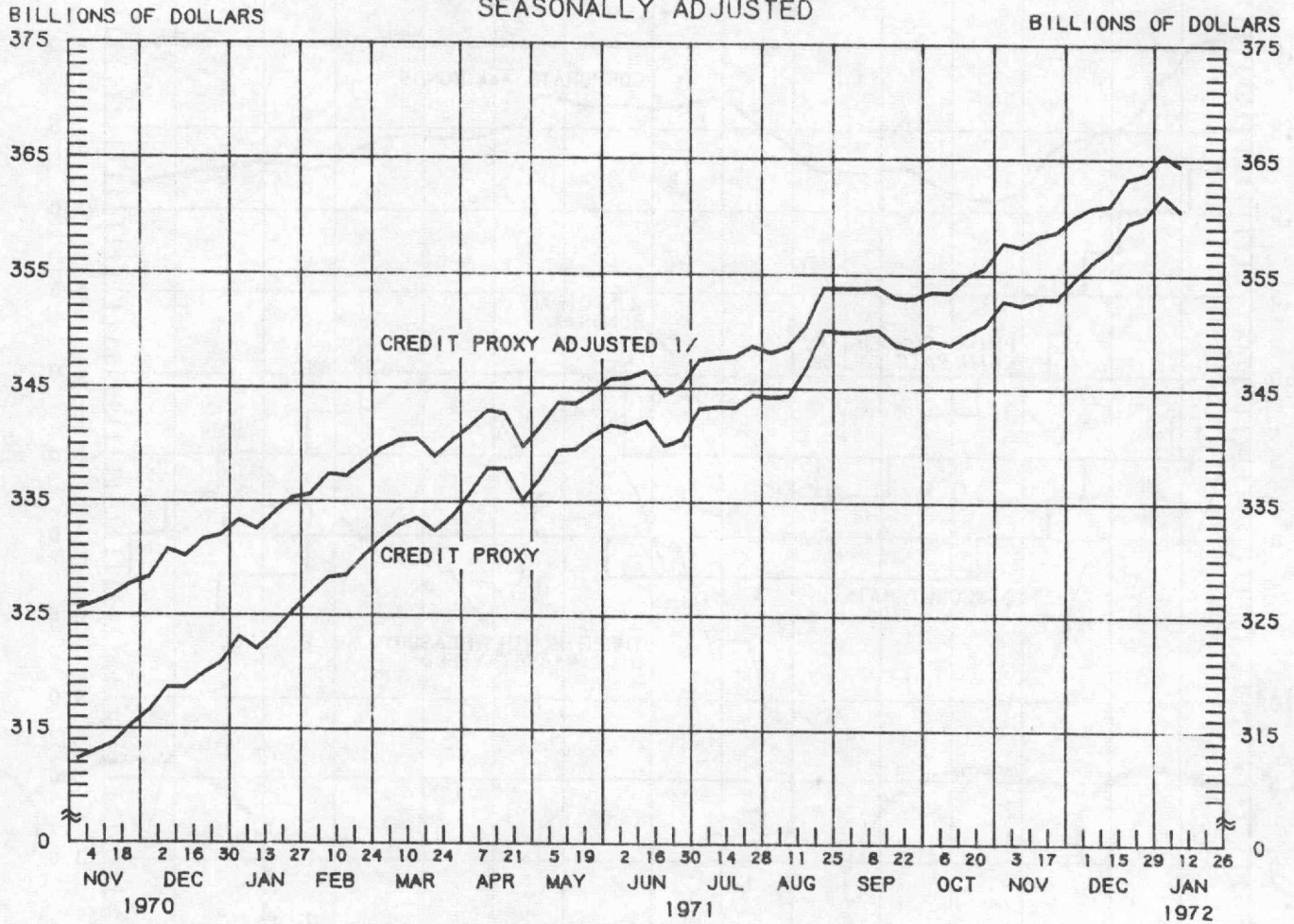
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA			
1972	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M2 ***
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	238.1	467.0
JAN. 5	33.2	240.4	467.7
12	33.2	240.2	468.6
19			
26			

* 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**



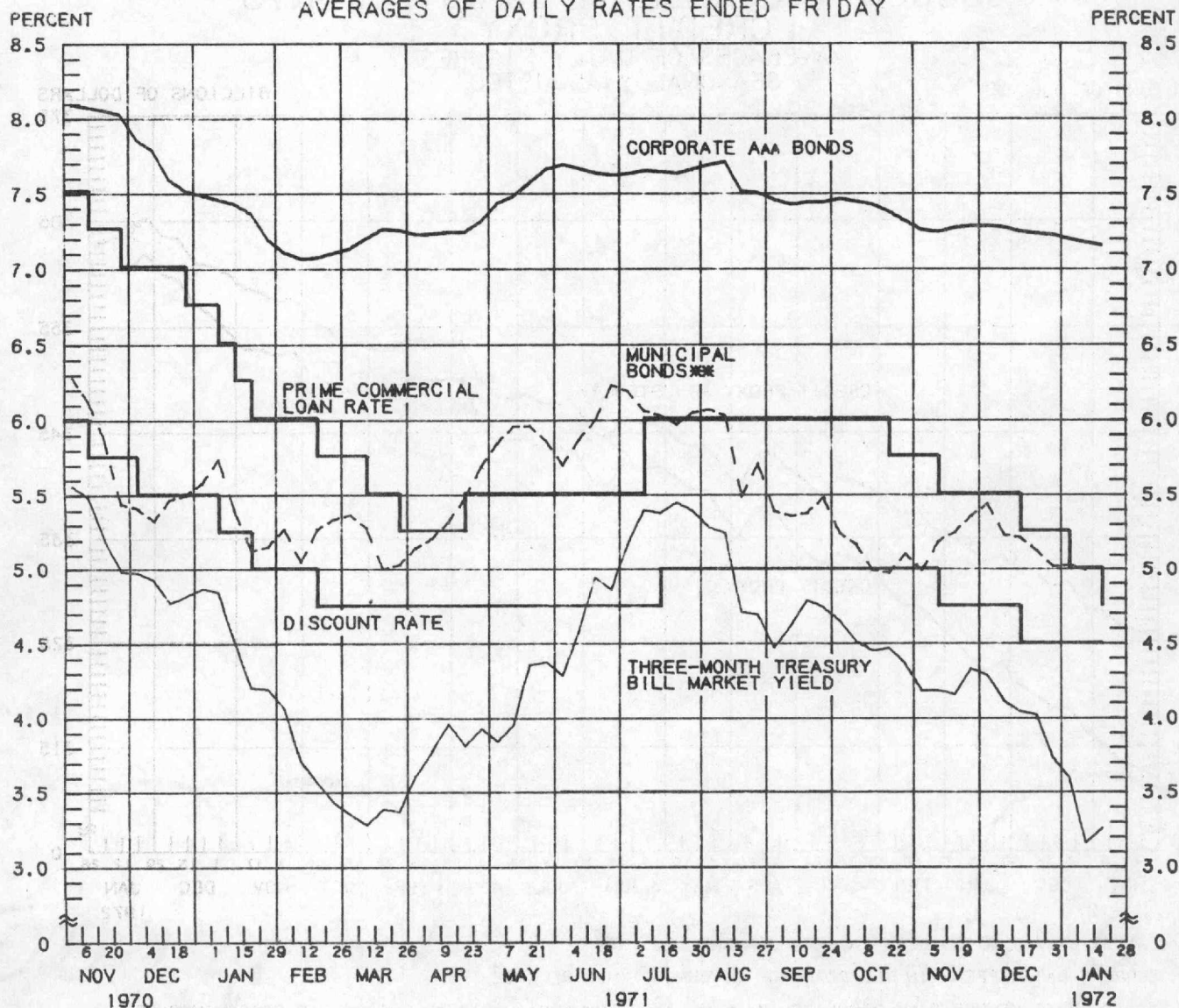
1972		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
DEC.	8	356.1	360.8
	15	357.2	361.0
	22	359.5	363.3
	29	360.0	363.7
JAN.	5	361.9	365.4
	12	360.5	364.4

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING JANUARY 12, 1972 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
NOV.	10, 1971	15.9	13.3
OCT.	13, 1971	14.1	13.1
SEP.	15, 1971	9.4	9.3
AUG.	11, 1971	11.6	11.1
JUL.	14, 1971	11.2	10.7
JUN.	9, 1971	9.8	9.5
MAY	12, 1971	10.3	9.8

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 21, 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	7.19	3.59	5.31	5.61	5.03
14	7.17	3.16	5.20	5.57	4.99
21 *	7.15	3.26	5.28	5.60	N.A.
28					

* AVERAGES OF RATES AVAILABLE.

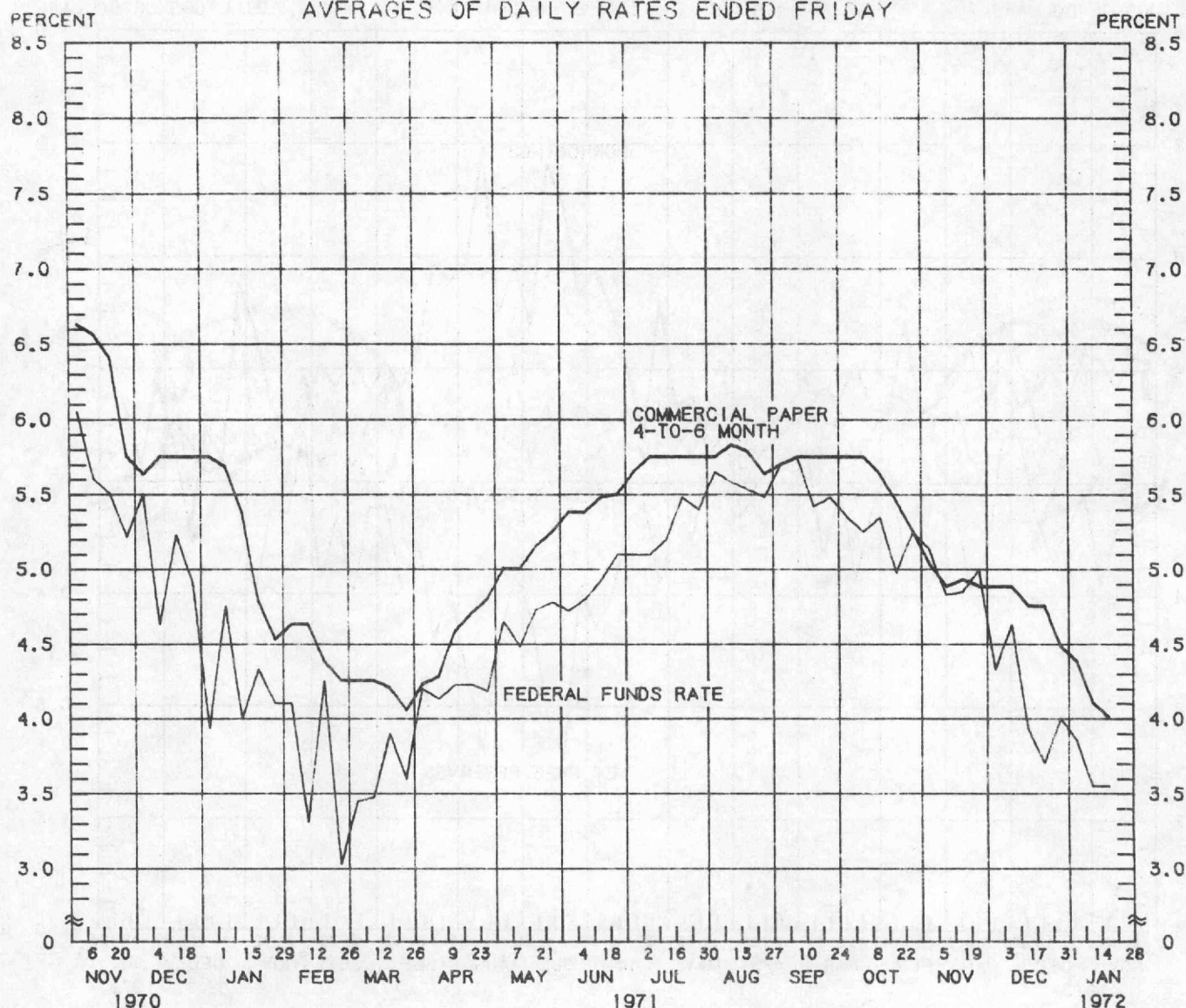
** BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.

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 21, 1972

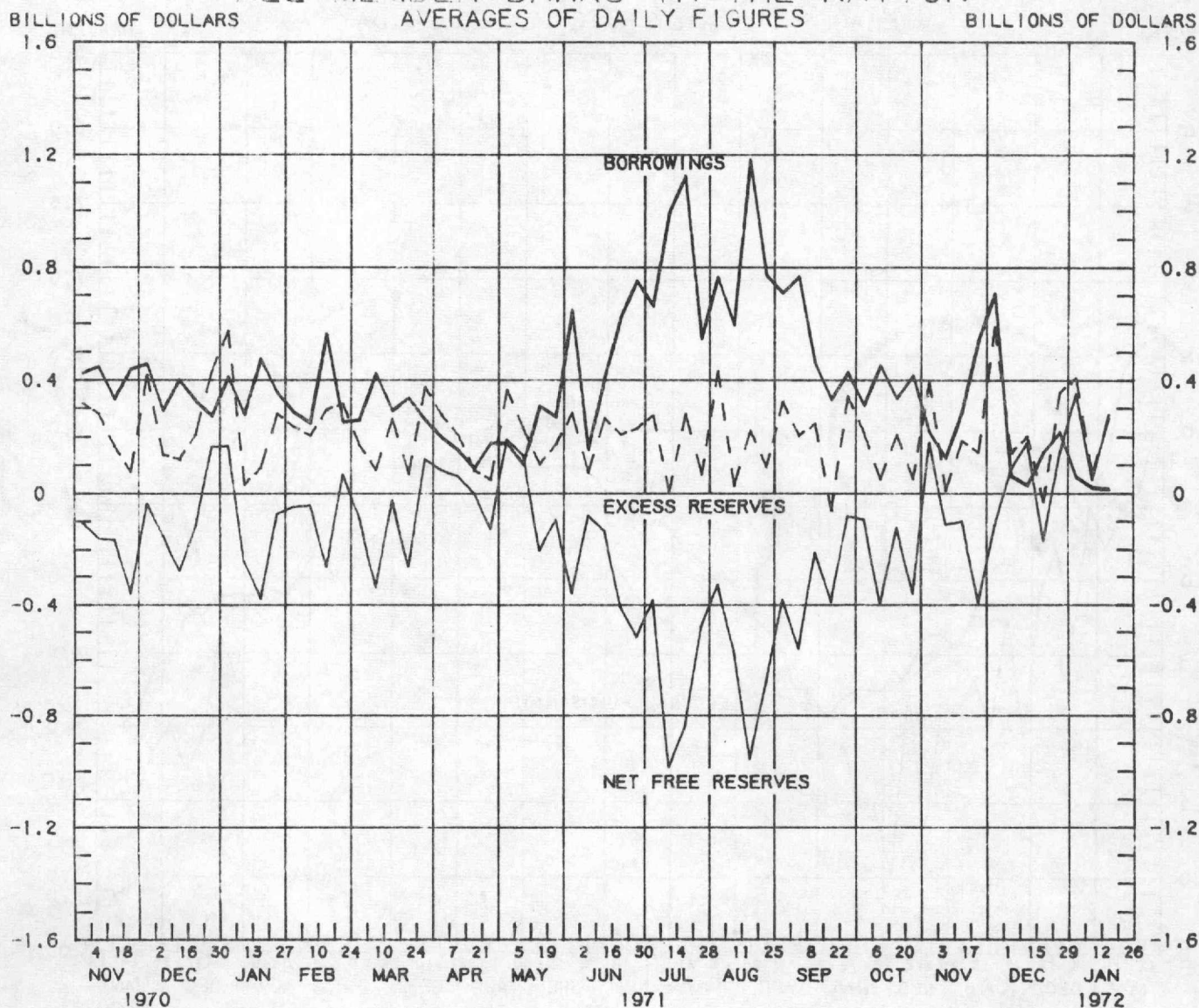
1972	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S %
NOV. 5	5.03	5.13	4.78	4.99
12	4.88	4.83	4.75	4.91
19	4.93	4.85	4.75	4.88
26	4.88	5.00	4.82	4.89
DEC. 3	4.88	4.33	4.75	4.89
10	4.88	4.63	4.58	4.84
17	4.75	3.93	4.50	4.75
24	4.75	3.70	4.40	4.66
31	4.48	4.00	4.18	4.58
JAN. 7	4.38	3.85	4.10	4.34
14	4.10	3.55	3.88	4.10
21 *	4.00	3.55	3.88	4.02
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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS AND EXCESS RESERVES

ALL MEMBER BANKS IN THE NATION



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	204	25	179
22	- 29	141	- 170
29	358	216	142
JAN. 5	409	57	352
12	66	17	49
19	279	13	266
26			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS