

RESEARCH LIBRARY
Federal Reserve Bank
of St. Louis

Week ending: May 10, 1972

AUG 27 1998

The nation's money stock averaged \$234.9 billion in the four weeks ending May 3, up at a 5.9 percent annual rate in the past year and at an 8 percent rate in the past five months. For comparison, money grew at a trend rate of 5.9 percent from late 1966 to late 1971. Demand deposits, which comprise about three-fourths of the money stock, have risen at a 5.6 percent rate in the past year and at a 7.6 percent rate in the past five months.

Market interest rates are below their mid-1971 levels. For example, 3-month Treasury bill rates averaged 3.56 percent in the first three days of this week, up about 40 basis points from February but about 1.8 percentage points below the July 1971 level. Yields on seasoned corporate Aaa bonds averaged 7.33 percent in the first part of this week, 6 basis points above February, but about 30 basis points below last July.

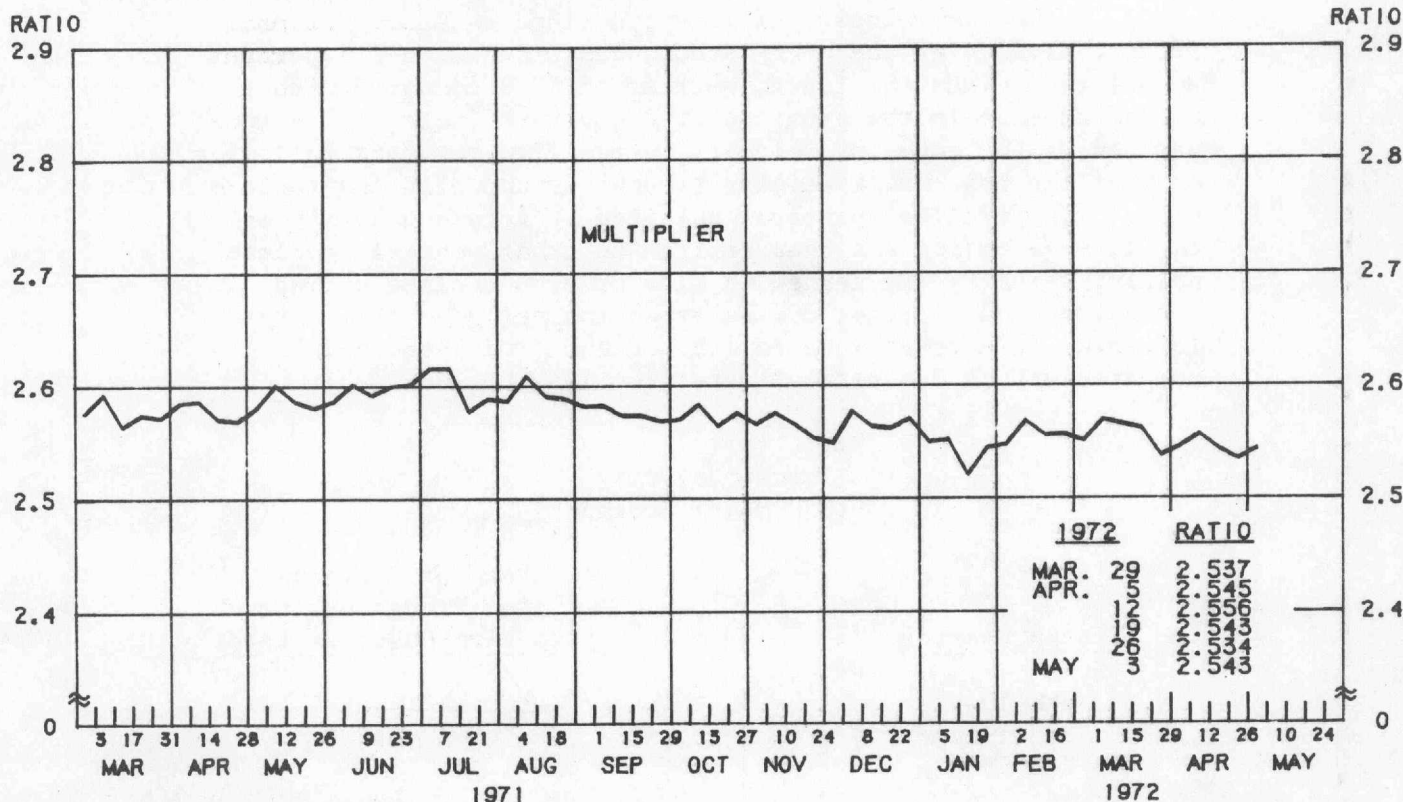
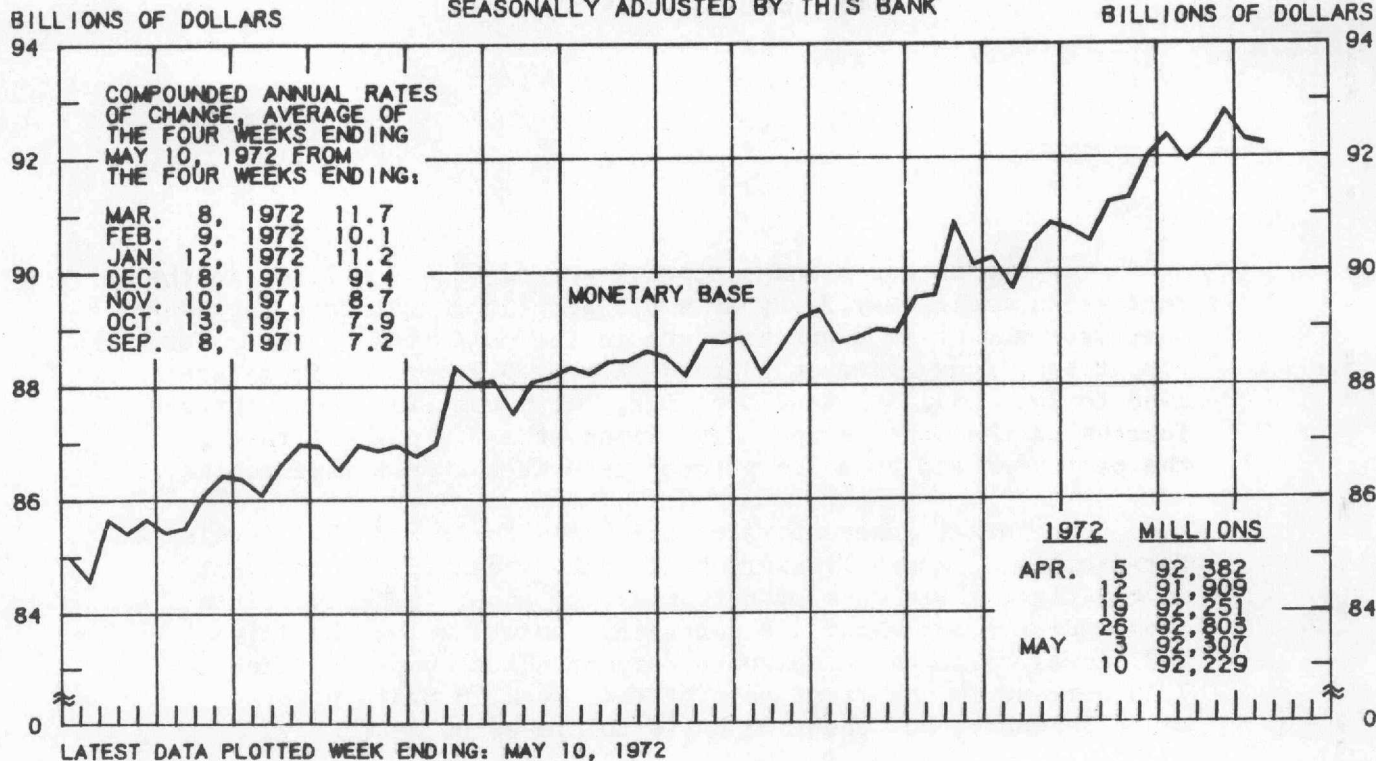
Income velocity of money, defined as Gross National Product divided by the money stock, has risen at a 2.6 percent annual rate since the fourth quarter of 1970 compared with a slight decline in the previous five quarters (page 9). A comparison of the rates of velocity in the five quarters following each of the post-war recession troughs is shown in the table below. The cyclical pattern exhibited by income velocity in the 1969-72 period has been similar to other post-war cycles; namely, velocity has tended to slow or even decline during recessions and increase during expansion periods. Velocity increased at a trend rate of 1.3 percent from 1966 to 1971 compared with a 3.4 percent rate from 1952 to 1966.

Income Velocity
(GNP/Money Stock)

Trough Quarter	Rate of Increase from Trough Quarter to Five Quarters Later
4th 1949	14.4%
3rd 1954	6.8
2nd 1958	4.2
1st 1961	5.6
4th 1970	2.6

MONETARY BASE ^{1/} MULTIPLIER ^{2/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



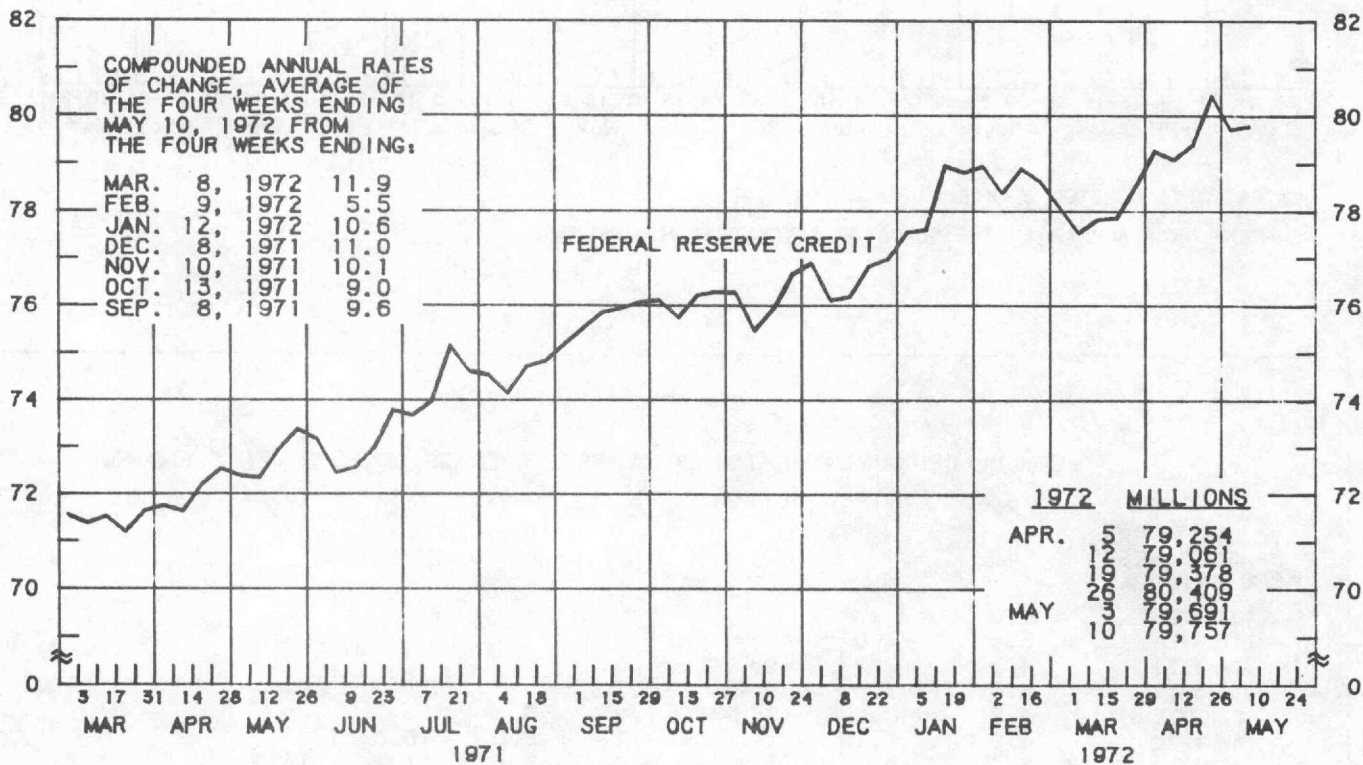
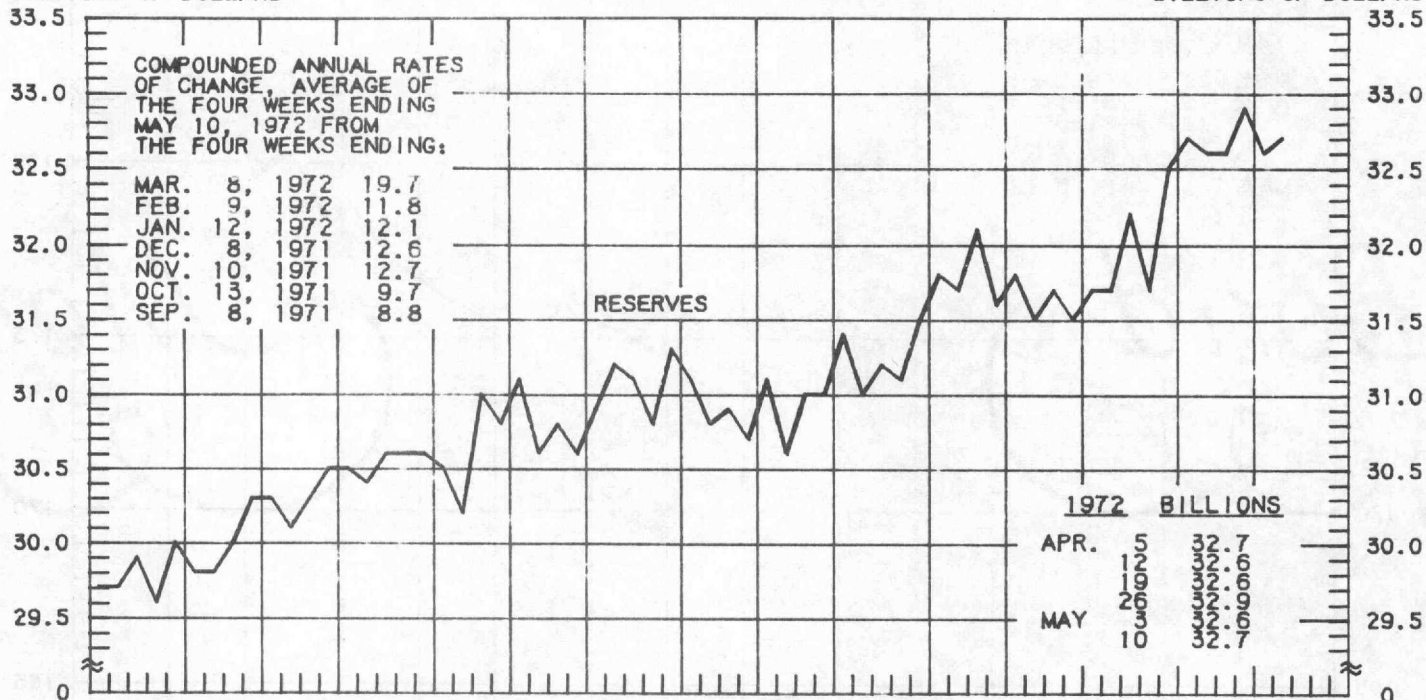
1/ USES OF MONETARY BASE ARE MEMBER BANK RESERVES AND CURRENCY HELD BY THE PUBLIC AND NONMEMBER BANKS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. FOR A DESCRIPTION OF THE BASE SEE THE AUGUST 1968 "REVIEW" OF THIS BANK.

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: MAY 10, 1972

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

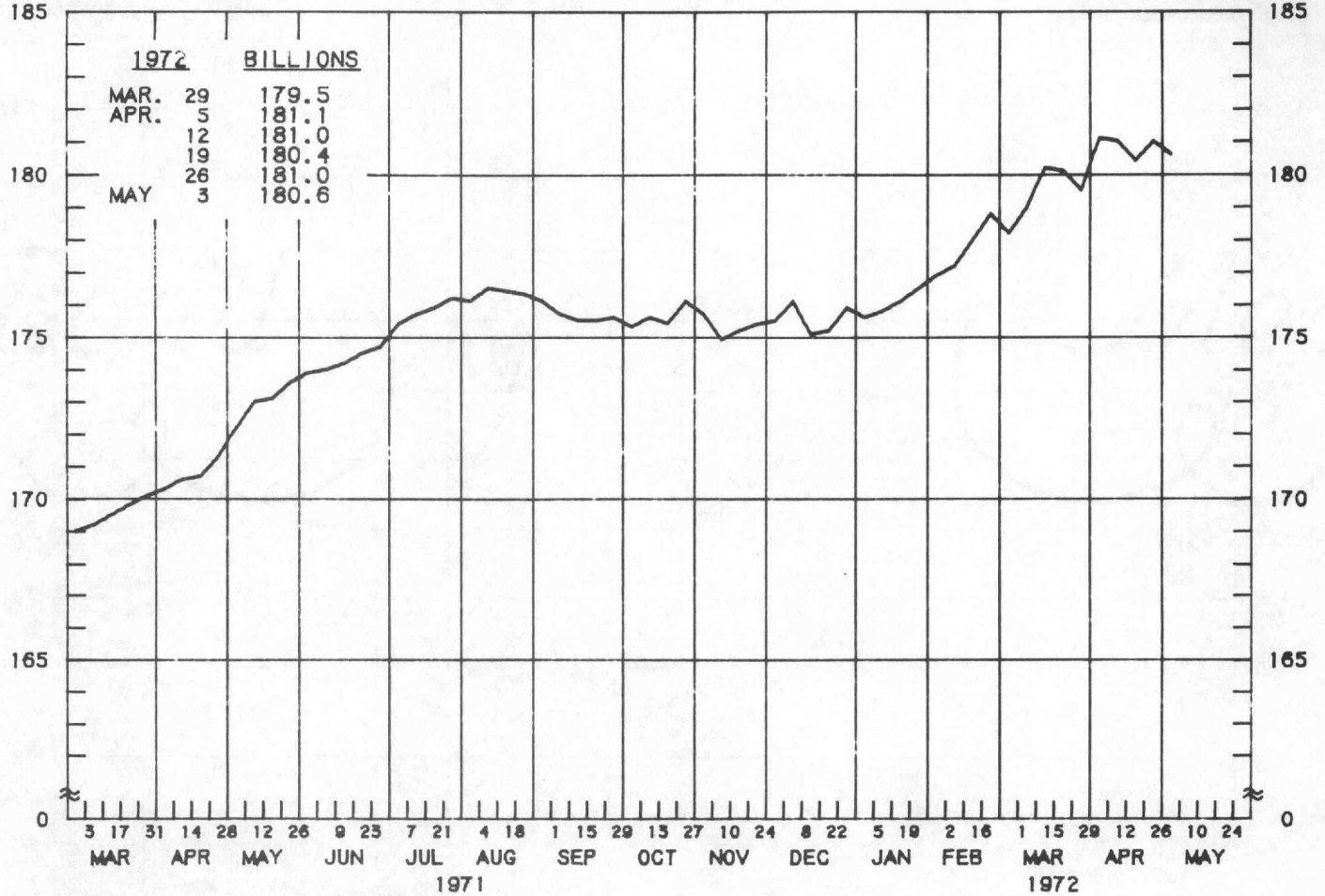
2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND CHANGES IN REQUIREMENTS DUE TO SHIFTS IN DEPOSITS AMONG CLASSES OF BANKS.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MAY 3, 1972

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

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

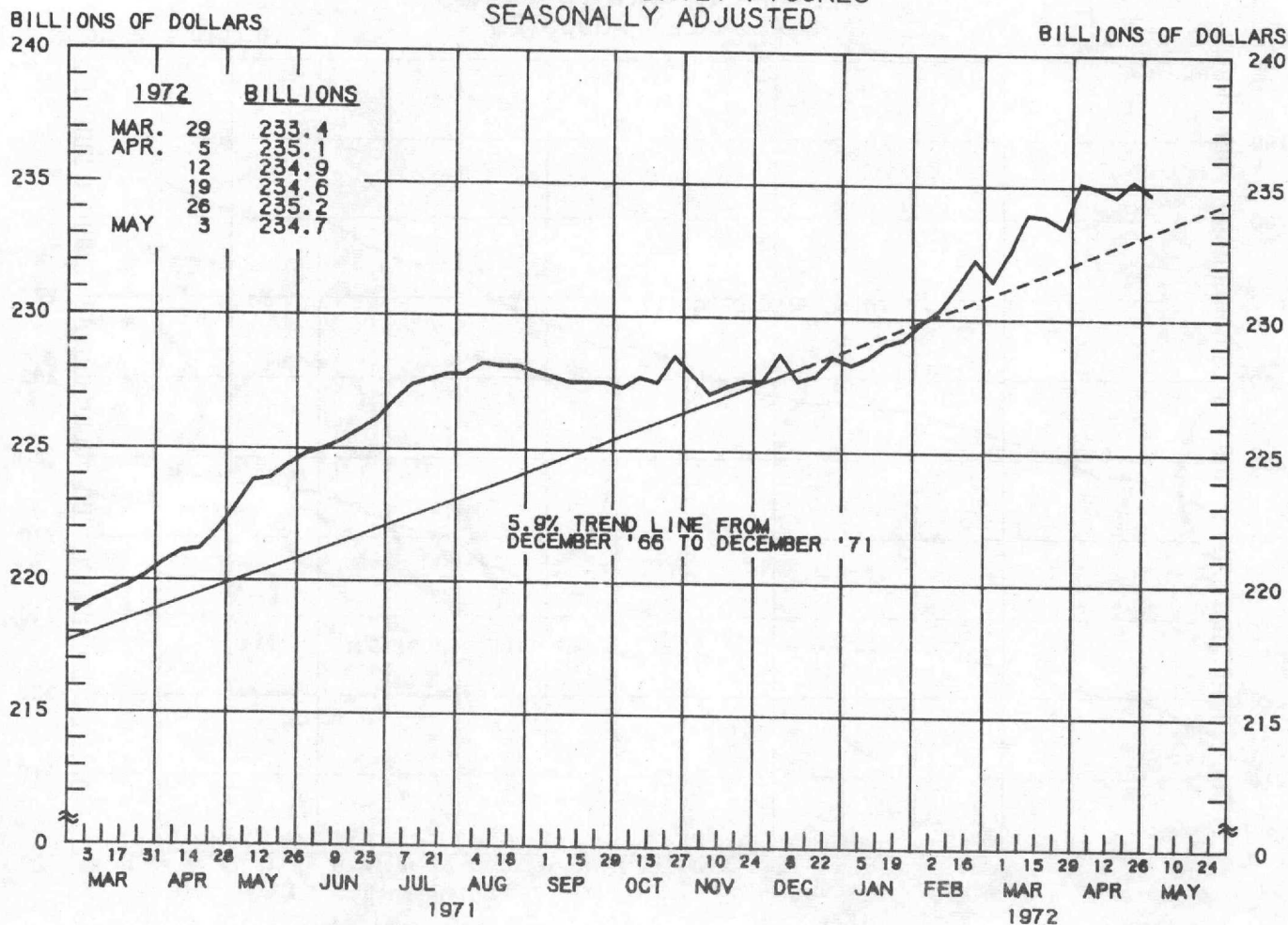
5/5/71 9/1/71 10/6/71 11/3/71 12/1/71 1/5/72 2/2/72 3/1/72

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

10/ 6/71	6.0							
11/ 3/71	5.3	-2.0						
12/ 1/71	4.2	-2.2	-0.7					
1/ 5/72	3.8	-1.3	0.0	-0.7				
2/ 2/72	4.0	0.0	1.4	1.4	3.3			
3/ 1/72	4.9	2.1	3.7	4.2	6.5	10.0		
4/ 5/72	5.7	3.7	5.4	6.2	8.3	11.2	13.5	
5/ 3/72	5.6	3.8	5.3	5.9	7.6	9.5	10.6	9.1

MONEY STOCK

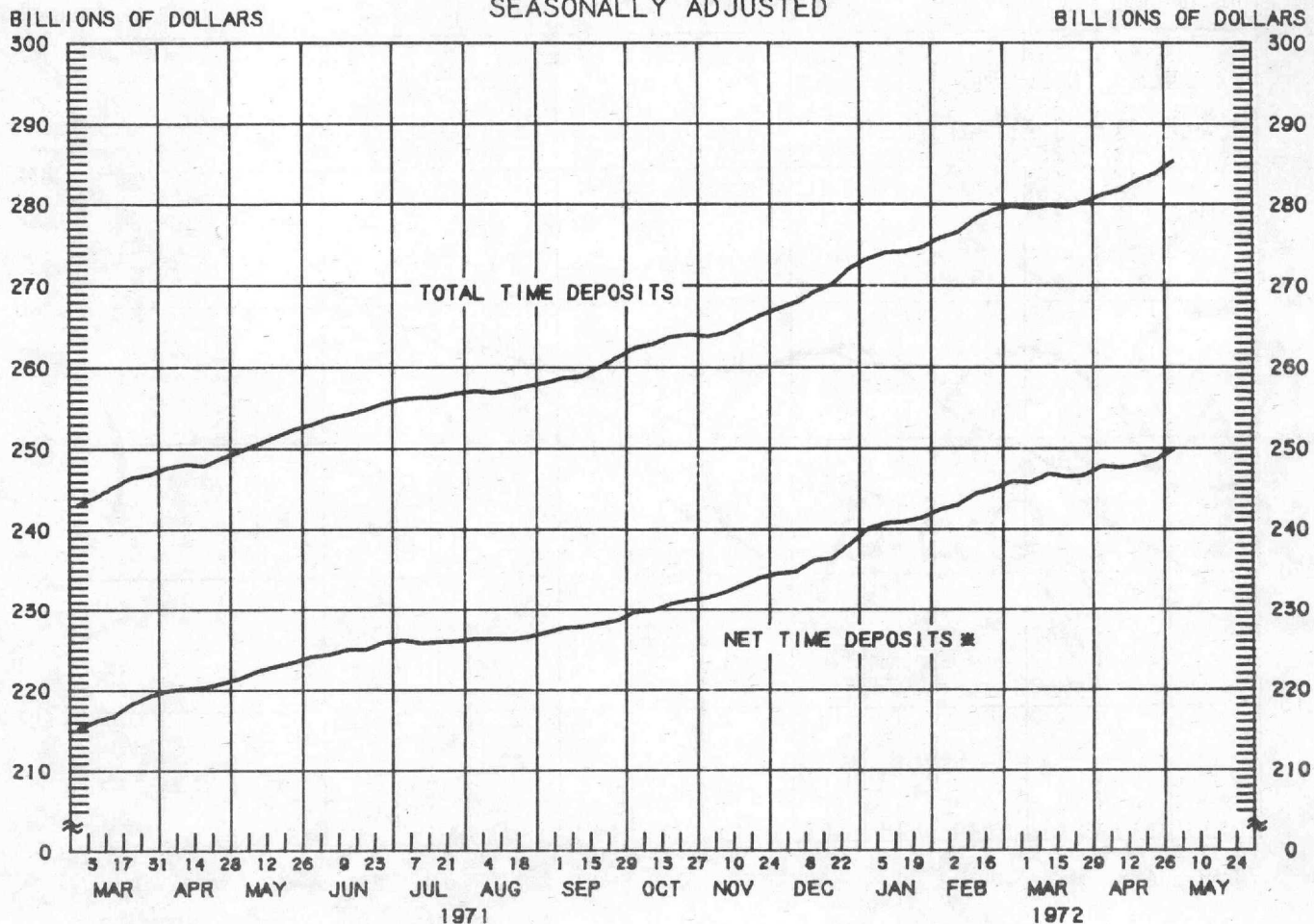
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 3, 1972
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	5/5/71	9/1/71	10/6/71	11/3/71	12/1/71	1/5/72	2/2/72	3/1/72	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
10/ 6/71	6.2								
11/ 3/71	5.6	-0.5							
12/ 1/71	4.4	-1.2	-0.3						
1/ 5/72	4.2	-0.1	0.9	0.3					
2/ 2/72	4.4	1.0	2.2	2.1	4.4				
3/ 1/72	5.2	2.8	4.2	4.6	7.0	9.8			
4/ 5/72	6.0	4.5	5.9	6.5	8.8	11.1	13.3		
5/ 3/72	5.9	4.5	5.7	6.2	8.0	9.5	10.5	9.3	

TIME DEPOSITS
ALL COMMERCIAL BANKS
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 3, 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

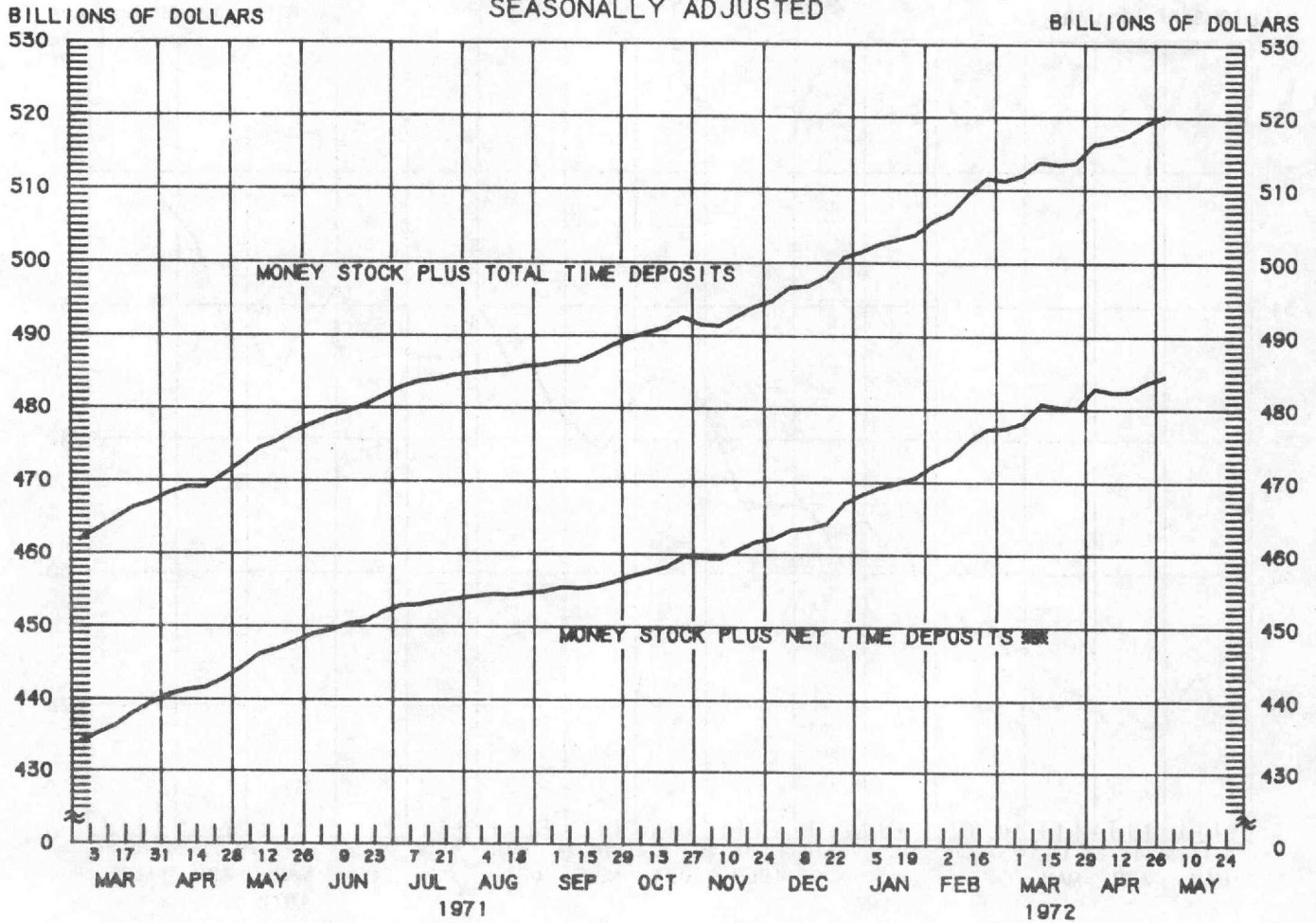
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	5/5/71	9/1/71	10/6/71	11/3/71	12/1/71	1/5/72	2/2/72	3/1/72
TO THE AVERAGE OF FOUR WEEKS ENDING:								
10/ 6/71	8.6							
11/ 3/71	9.4	11.5						
12/ 1/71	10.3	12.9	15.1					
1/ 5/72	11.7	15.0	17.1	18.6				
2/ 2/72	12.7	16.3	18.3	19.7	21.2			
3/ 1/72	13.2	16.6	18.4	19.4	20.4	20.4		
4/ 5/72	12.9	15.6	16.8	17.3	17.5	16.4	13.9	
5/ 3/72	12.6	14.7	15.6	15.8	15.7	14.4	12.1	9.3

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 3, 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).

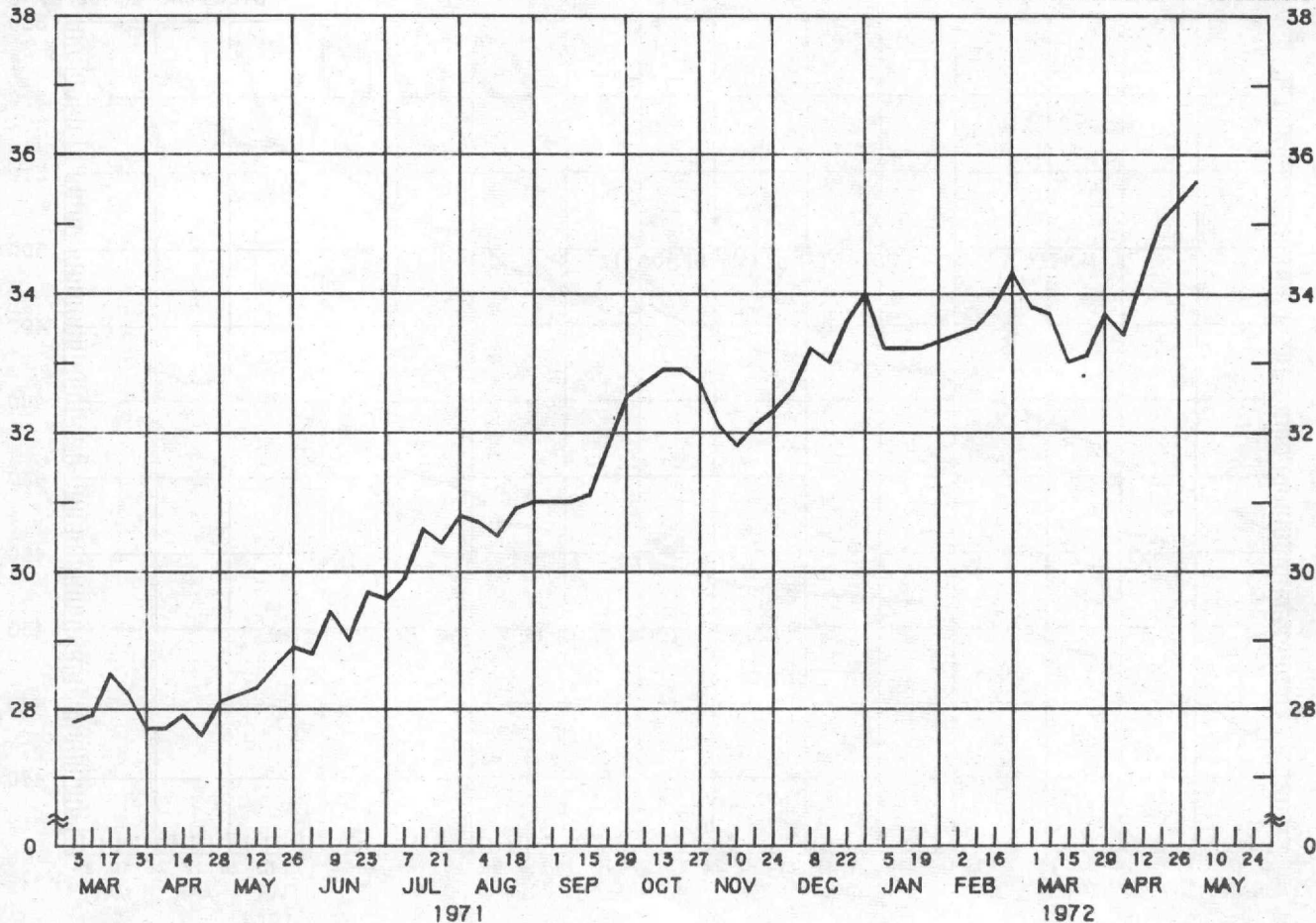
MONEY STOCK PLUS NET TIME DEPOSITS (M2)									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	5/5/71	9/1/71	10/6/71	11/3/71	12/1/71	1/5/72	2/2/72	3/1/72	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
10/ 8/71	7.4								
11/ 3/71	7.5	5.5							
12/ 1/71	7.4	5.8	7.3						
1/ 5/72	8.0	7.4	9.0	9.3					
2/ 2/72	8.6	8.5	10.1	10.7	12.6				
3/ 1/72	9.2	9.6	11.2	11.9	13.7	15.0			
4/ 5/72	9.5	9.9	11.3	11.8	13.1	13.6	13.5		
5/ 3/72	9.2	9.5	10.6	11.0	11.8	11.9	11.2	9.2	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MAY 3, 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.

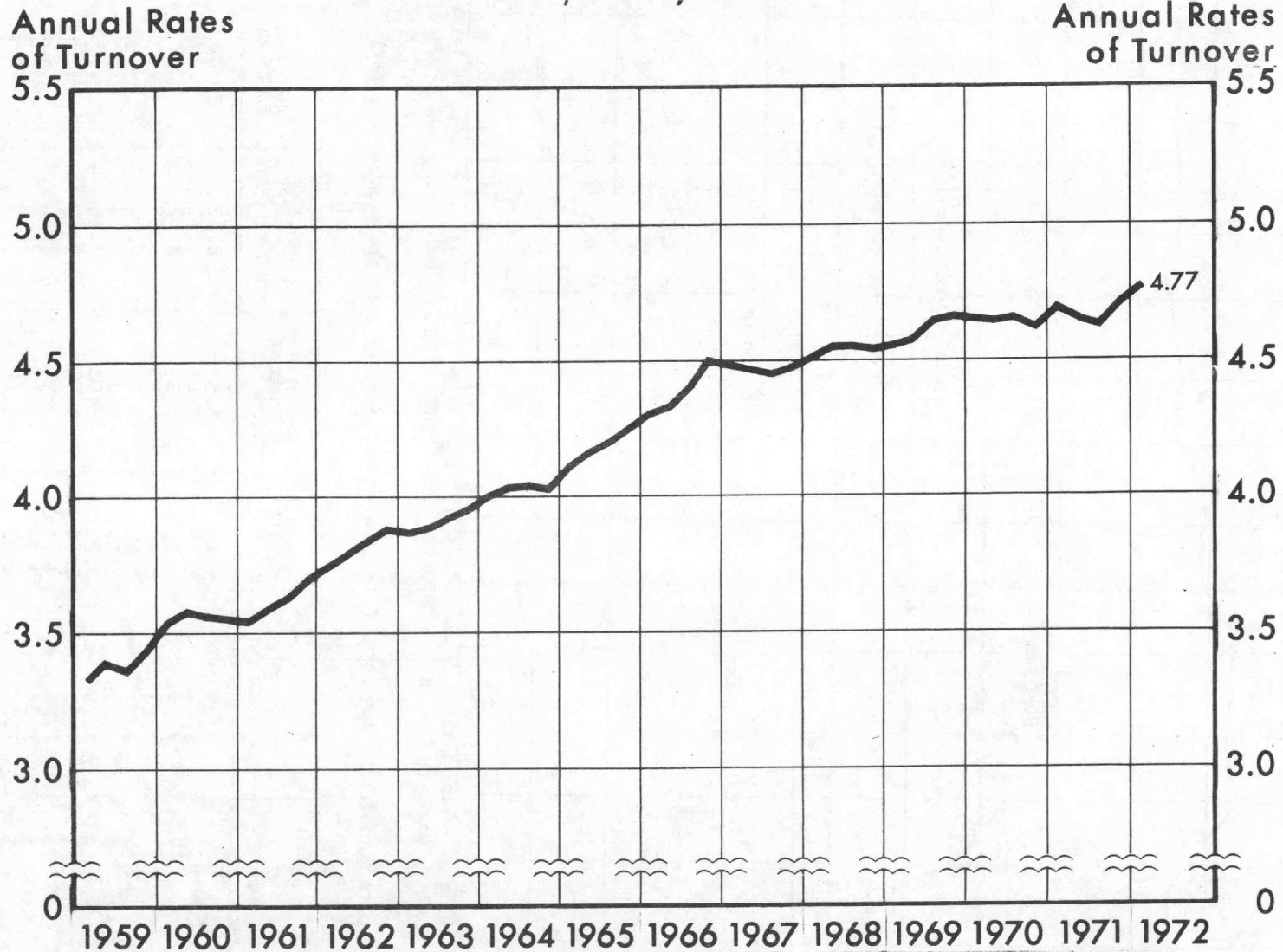
MONEY AND TIME DEPOSIT DATA			
1972	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 ***
MAR. 1	33.8	245.9	477.3
8	33.7	245.7	478.1
15	33.0	246.8	480.7
22	33.1	246.4	480.2
29	33.7	246.6	480.0
APR. 5	33.4	247.7	482.8
12	34.2	247.5	482.3
19	35.0	247.9	482.4
26	35.3	248.5	483.7
MAY 3	35.6	249.8	484.5
10			
17			
24			
31			

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

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Income Velocity of Money

GNP/Money Stock



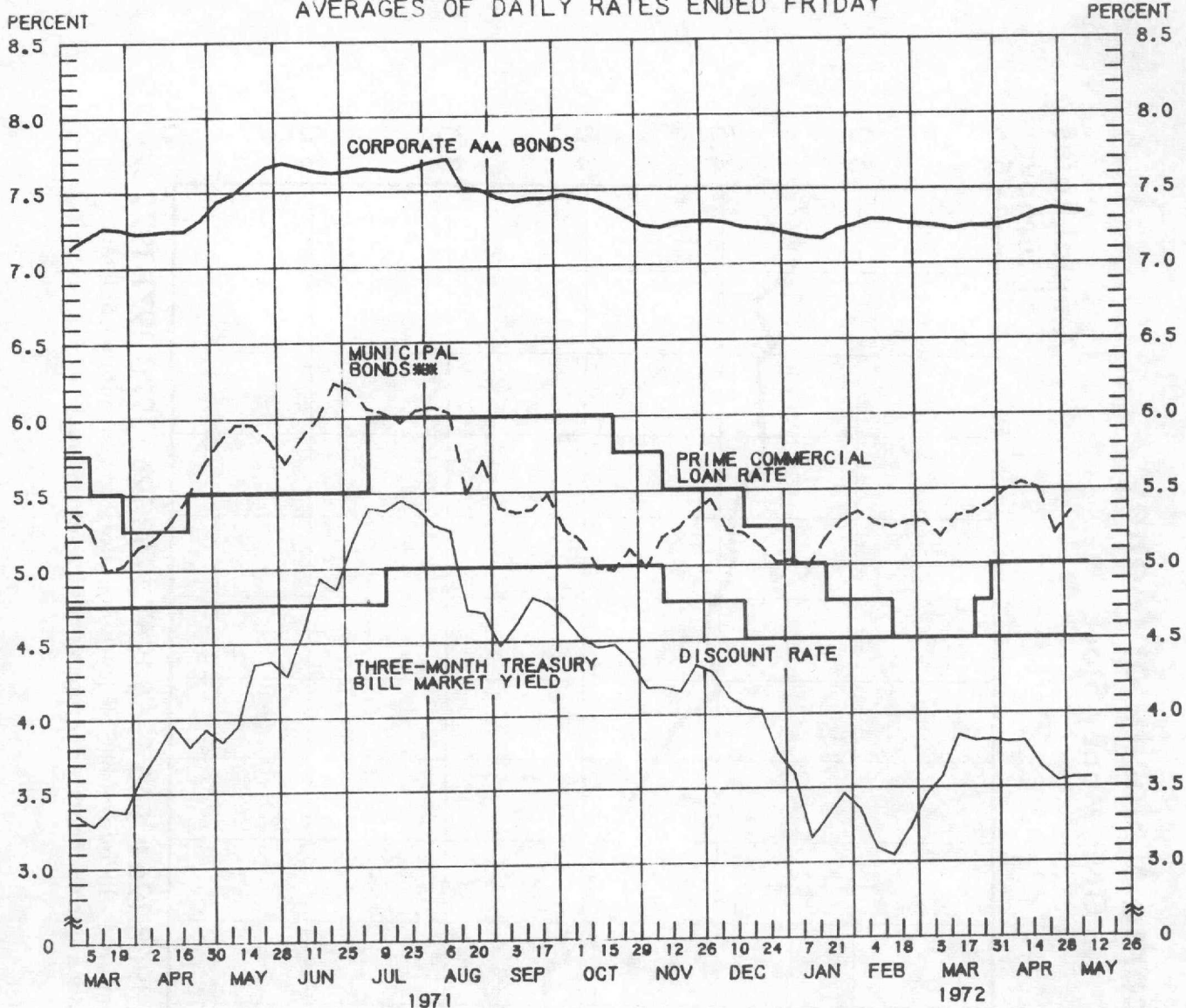
Annual rates of turnover computed with quarterly GNP (current dollars) at seasonally adjusted annual rates, and seasonally adjusted monthly averages of daily money stock.

Latest data plotted: 1st quarter

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: MAY 12, 1972

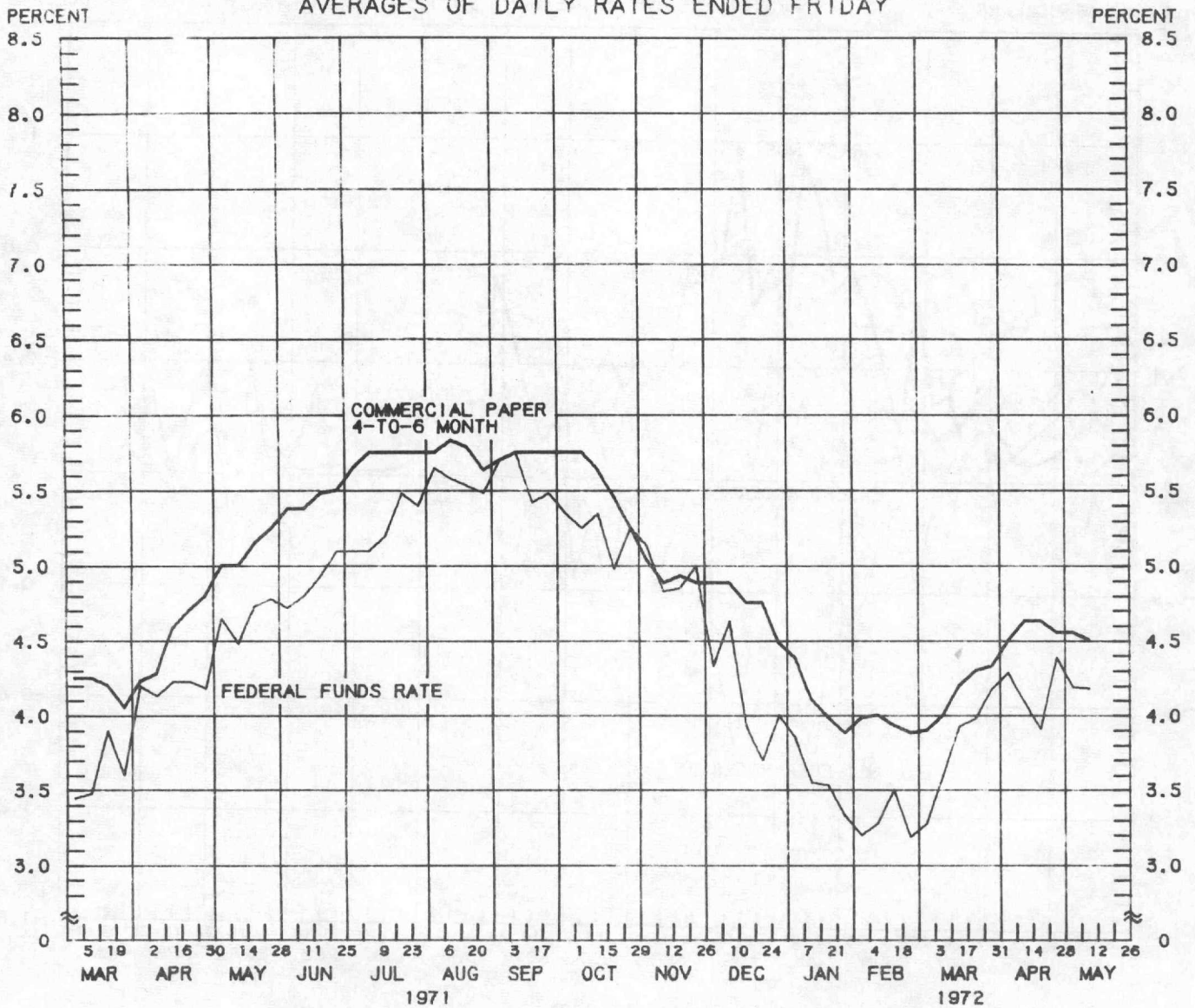
1972	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS
MAR. 3	7.25	3.44	5.50	5.62	5.29
MAR. 10	7.24	3.57	5.57	5.62	5.18
MAR. 17	7.22	3.85	5.84	5.67	5.32
MAR. 24	7.24	3.81	5.83	5.68	5.34
MAR. 31	7.24	3.82	5.92	5.69	5.40
APR. 7	7.25	3.80	6.07	5.73	5.49
APR. 14	7.28	3.81	6.08	5.76	5.54
APR. 21	7.33	3.64	6.02	5.76	5.50
APR. 28	7.36	3.54	5.86	5.71	5.20
MAY 5	7.34	3.56	5.72	5.69	5.35
MAY 12 *	7.33	3.56	5.76	5.70	N.A.
MAY 19					
MAY 26					

* 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: MAY 12, 1972

1972	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S
MAR. 3	3.90	3.28	3.60	3.65
10	4.00	3.60	3.73	3.70
17	4.20	3.93	4.03	3.86
24	4.30	3.98	4.13	4.09
31	4.33	4.18	4.13	4.28
APR. 7	4.50	4.29	4.40	4.39
14	4.63	4.09	4.50	4.56
21	4.63	3.91	4.48	4.68
28	4.55	4.39	4.33	4.60
MAY 5	4.55	4.19	4.25	4.49
12 *	4.50	4.18	4.25	4.46
19				
26				

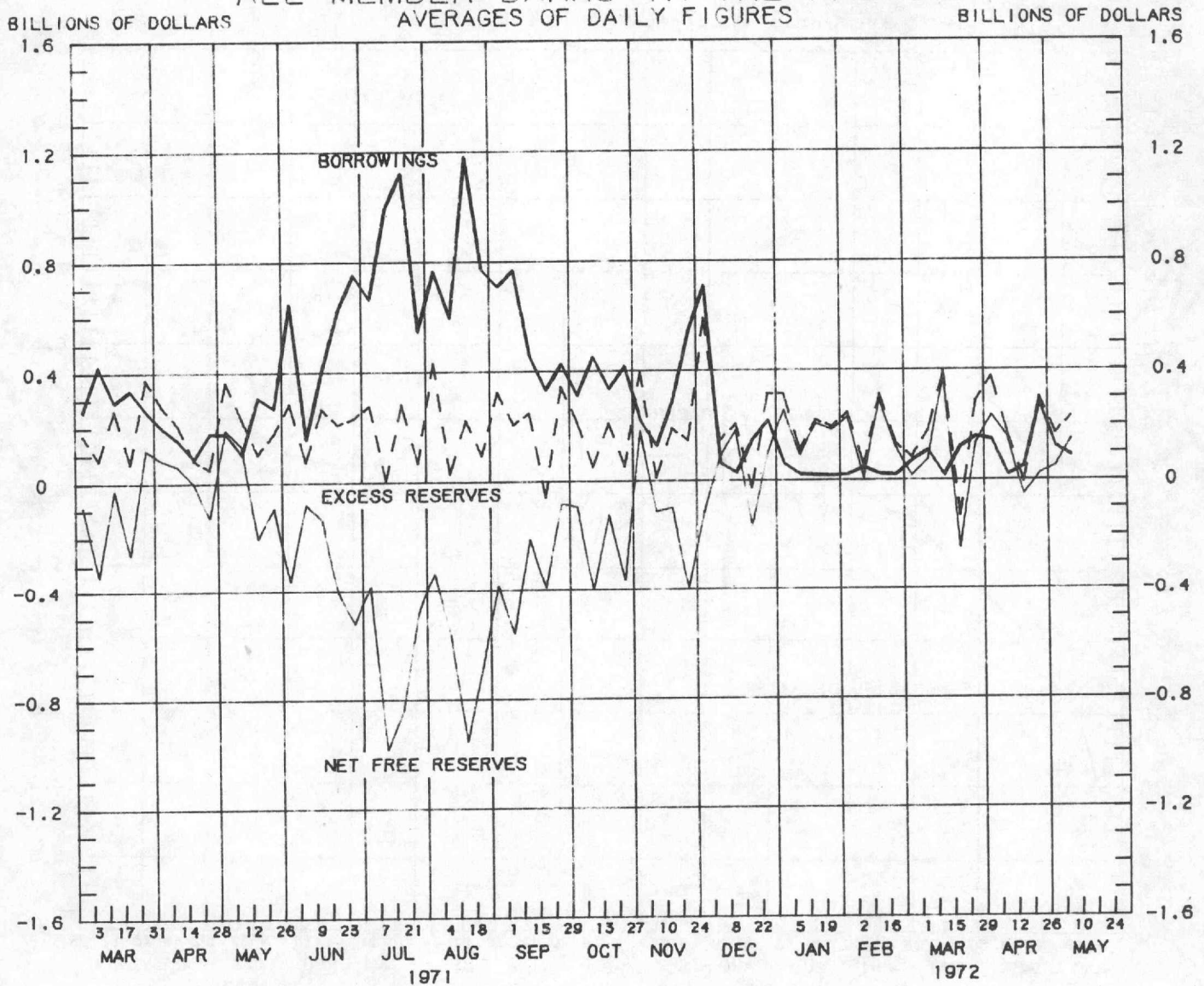
* AVERAGES OF RATES AVAILABLE. FEDERAL FUNDS LAST FIVE DAYS AVAILABLE
 ** DATA ARE SECONDARY MARKET RATES, WEEKLY AVERAGES ENDING WEDNESDAY TWO DAYS EARLIER. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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BORROWINGS AND EXCESS RESERVES

ALL MEMBER BANKS IN THE NATION

AVERAGES OF DAILY FIGURES



1972	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
MAR. 1	82	67	15
8	176	103	73
15	393	13	380
22	- 133	115	- 248
29	285	153	132
APR. 5	374	141	233
12	166	14	152
19	- 9	45	- 54
26	301	279	22
MAY 3	167	117	50
10	229	85	144
17			
24			
31			

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