

RESEARCH LIBRARY
Federal Reserve Bank
of St. Louis

Week ending: June 28, 1972

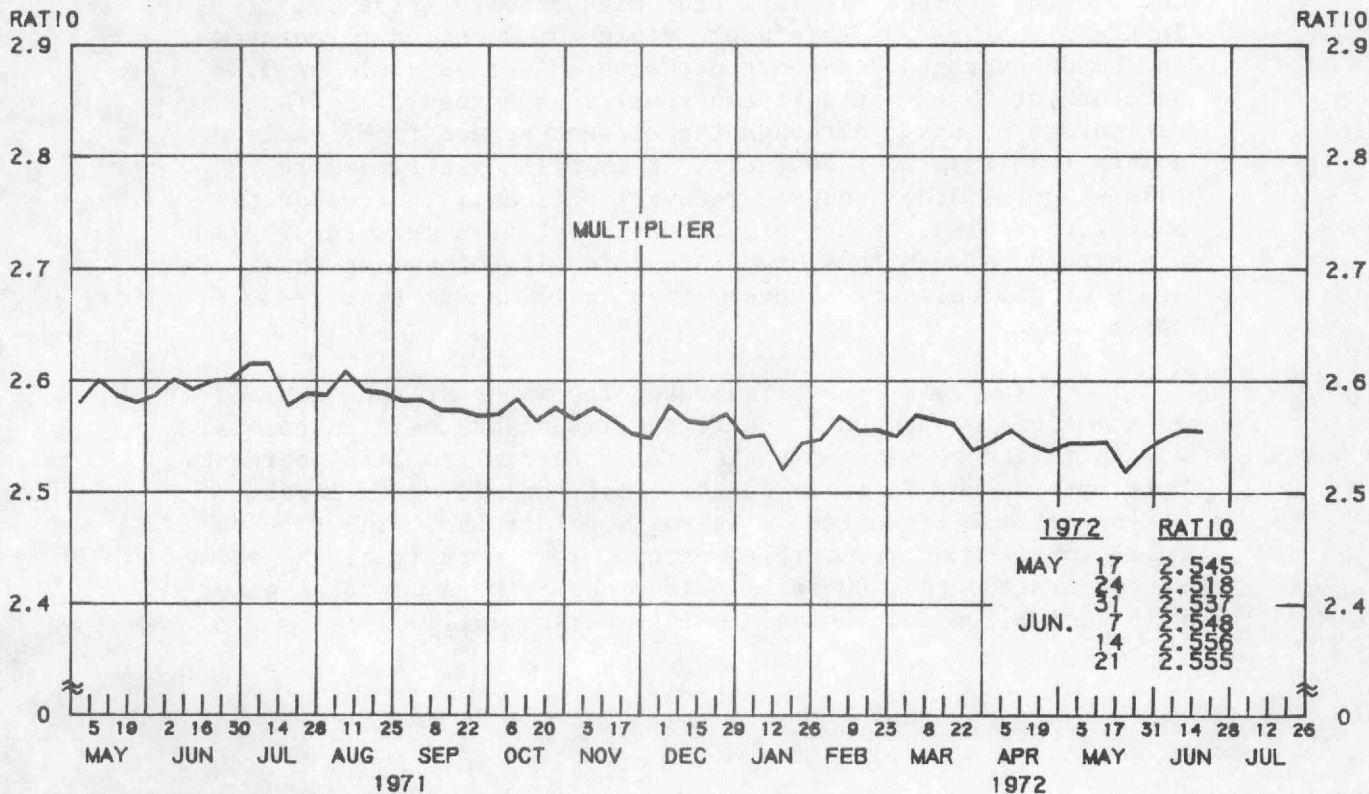
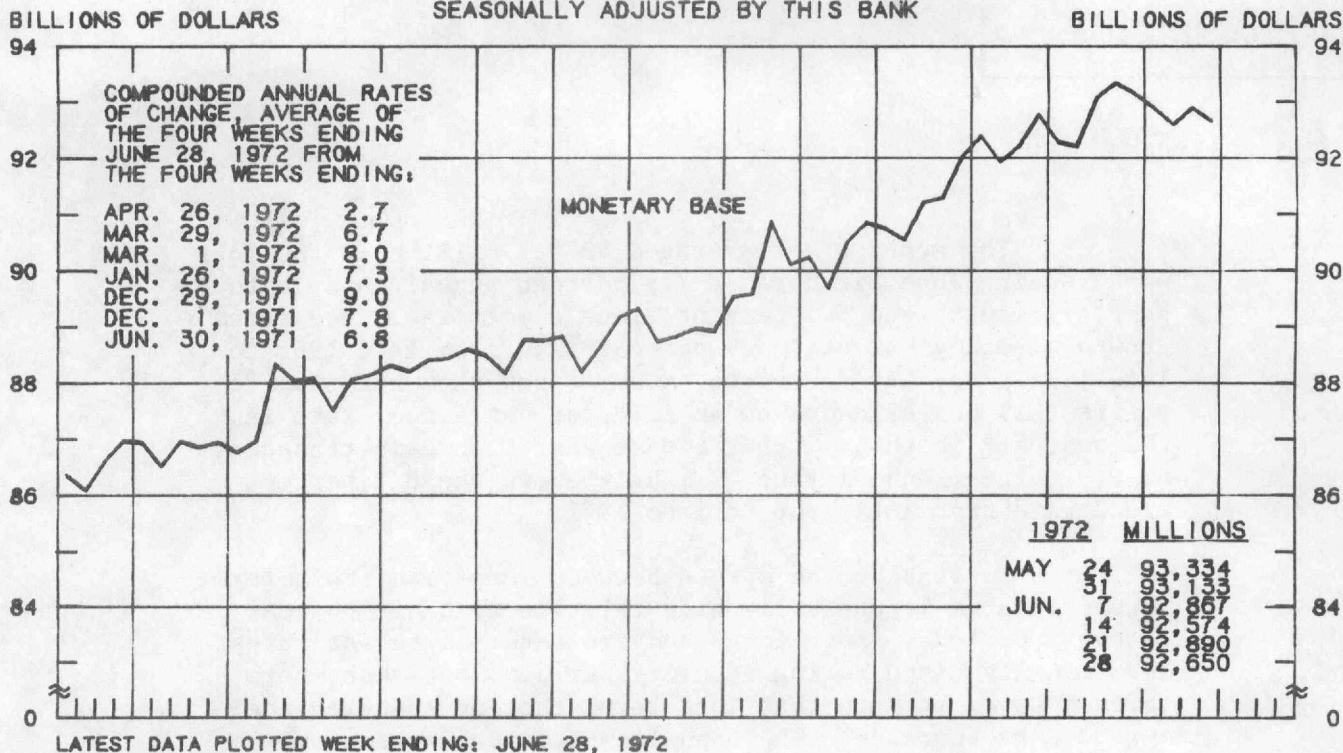
AUG 27 1998

The money stock averaged \$236.7 billion in the four weeks ending June 21, up at a 7.9 percent annual rate in the past six months and 5.1 percent since a year ago. The trend growth of money was at a 5.9 percent rate from late 1966 to late 1971. Another aggregate, money stock plus net time deposits (M_2) has expanded at an 11.8 percent annual rate in the past six months. Over the past year M_2 has increased at an 8.9 percent annual rate, slightly above the 8.2 percent trend rate from late 1966 to late 1971.

Currently, the spread between long- and short-term interest rates is unusually wide relative to other postwar recovery periods. Both long- and short-term interest rates have usually risen during recovery periods, but short-term rates have risen more than long-term, thereby reducing the spread between rates. The opposite has usually been the case during periods of slack economic activity (page 9). In the first half of this week, yields on seasoned corporate Aaa bonds averaged 7.23 percent compared with a yield of 3.98 percent for three-month Treasury bills--a spread of 3-1/4 percentage points. Although the current spread is 85 basis points less than last February, it is still wider than at this stage of other postwar recovery periods. The corporate bond rate divided by the bill rate, a relative measure of the spread between these two rates, is also higher at this stage of the business recovery than in recent postwar recoveries.

This week the prime rate, the interest rate charged by commercial banks on loans to their best business customers, was increased by several banks from 5 percent to 5-1/4 percent. This rate is now 75 basis points above the mid-March level. The prime rate is currently 46 basis points above the rate on four- to six-month commercial paper. For comparison, the prime rate averaged about 40 basis points above the commercial paper rate last March and 60 basis points during 1971.

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



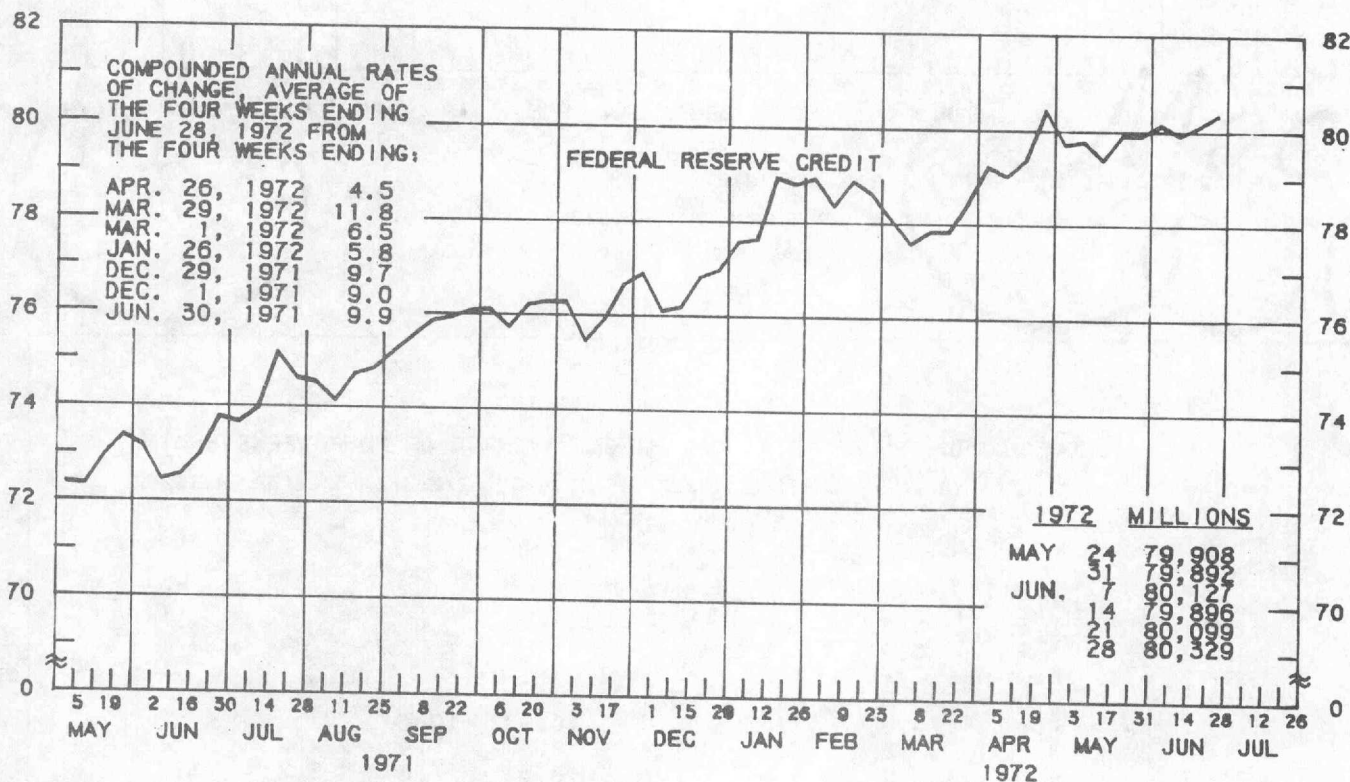
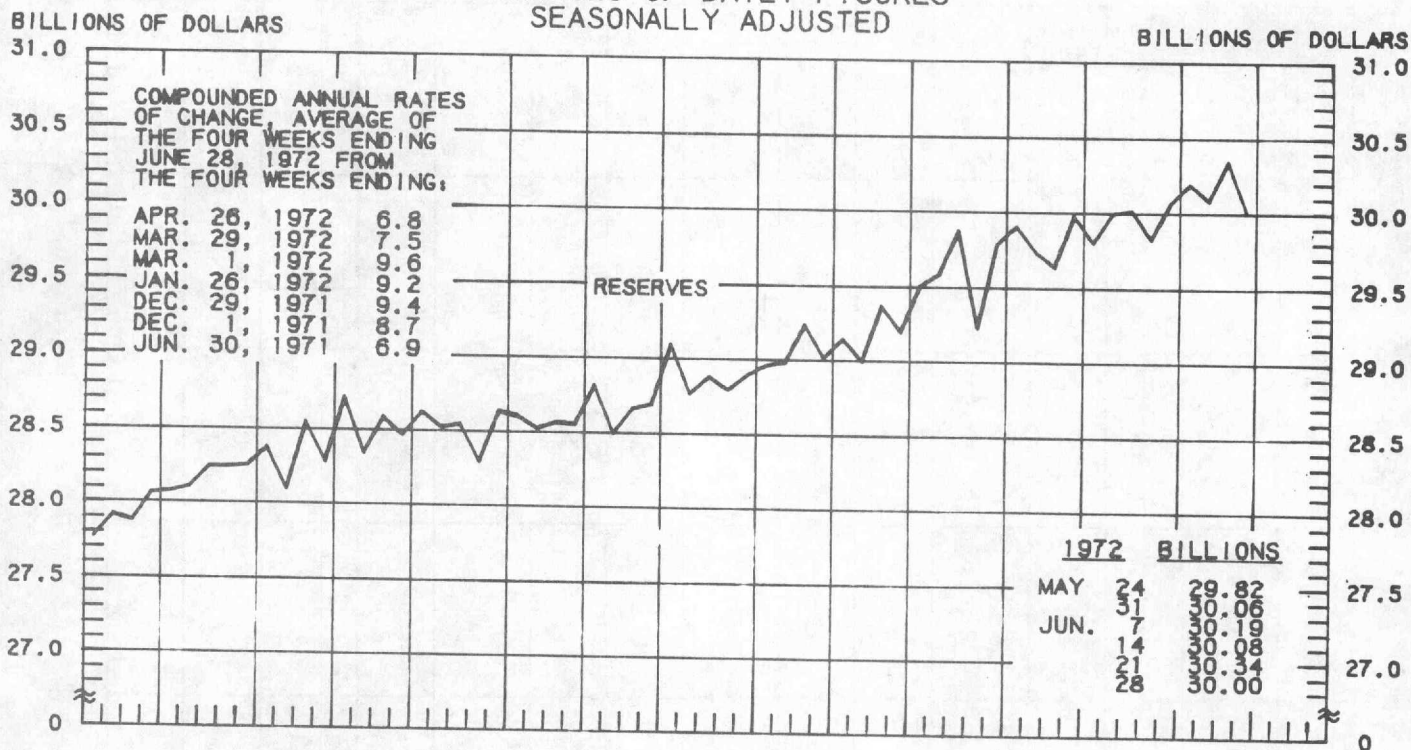
1/ USES OF MONETARY BASE ARE MEMBER BANK RESERVES AND CURRENCY HELD BY THE PUBLIC AND NONMEMBER BANKS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. FOR A DESCRIPTION OF THE BASE SEE THE AUGUST 1968 "REVIEW" OF THIS BANK.

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

RESERVES AVAILABLE TO SUPPORT PRIVATE NONBANK DEPOSITS ^{1/}

ALL MEMBER BANKS FEDERAL RESERVE CREDIT ^{2/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



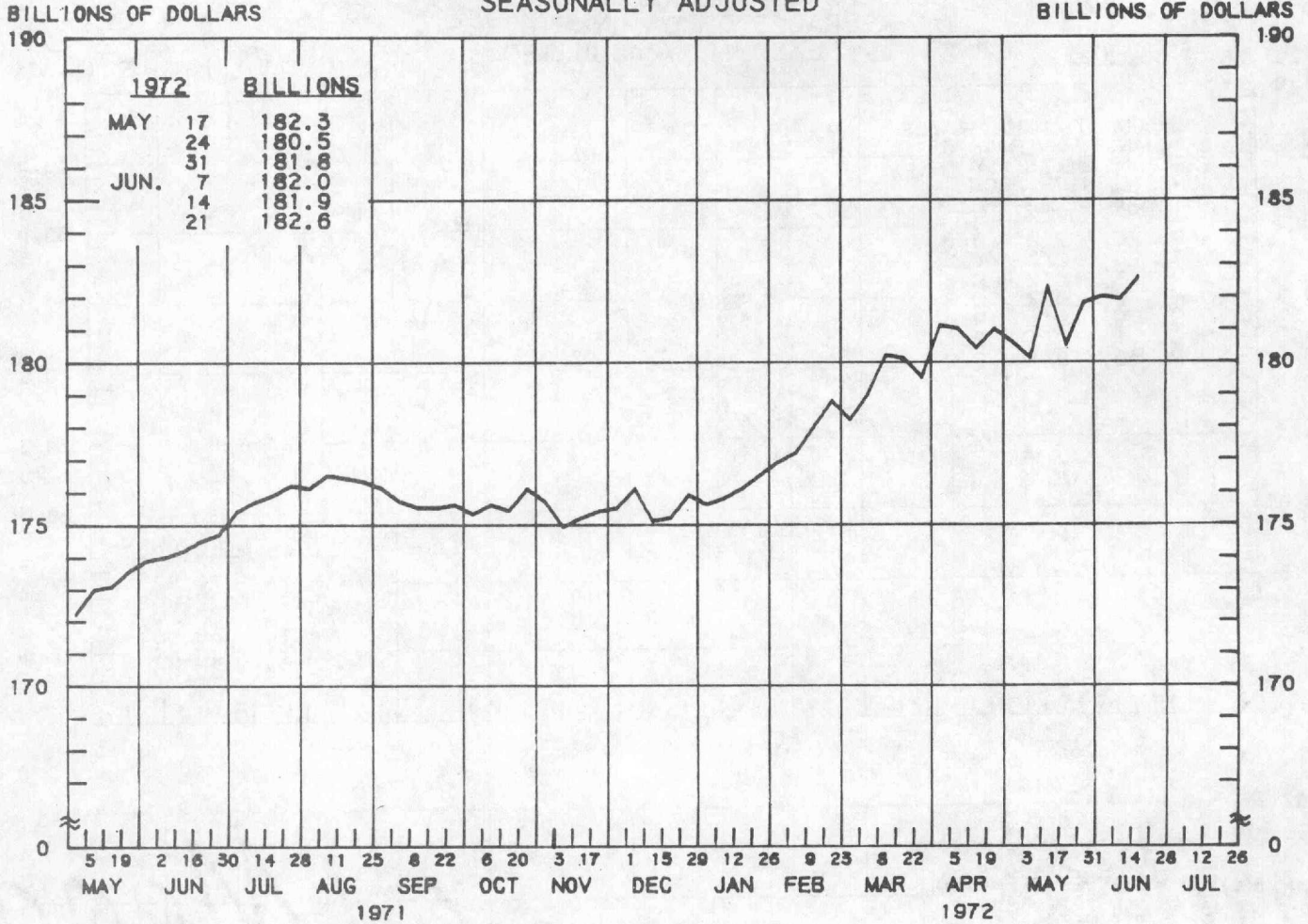
LATEST DATA PLOTTED WEEK ENDING: JUNE 28, 1972

^{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

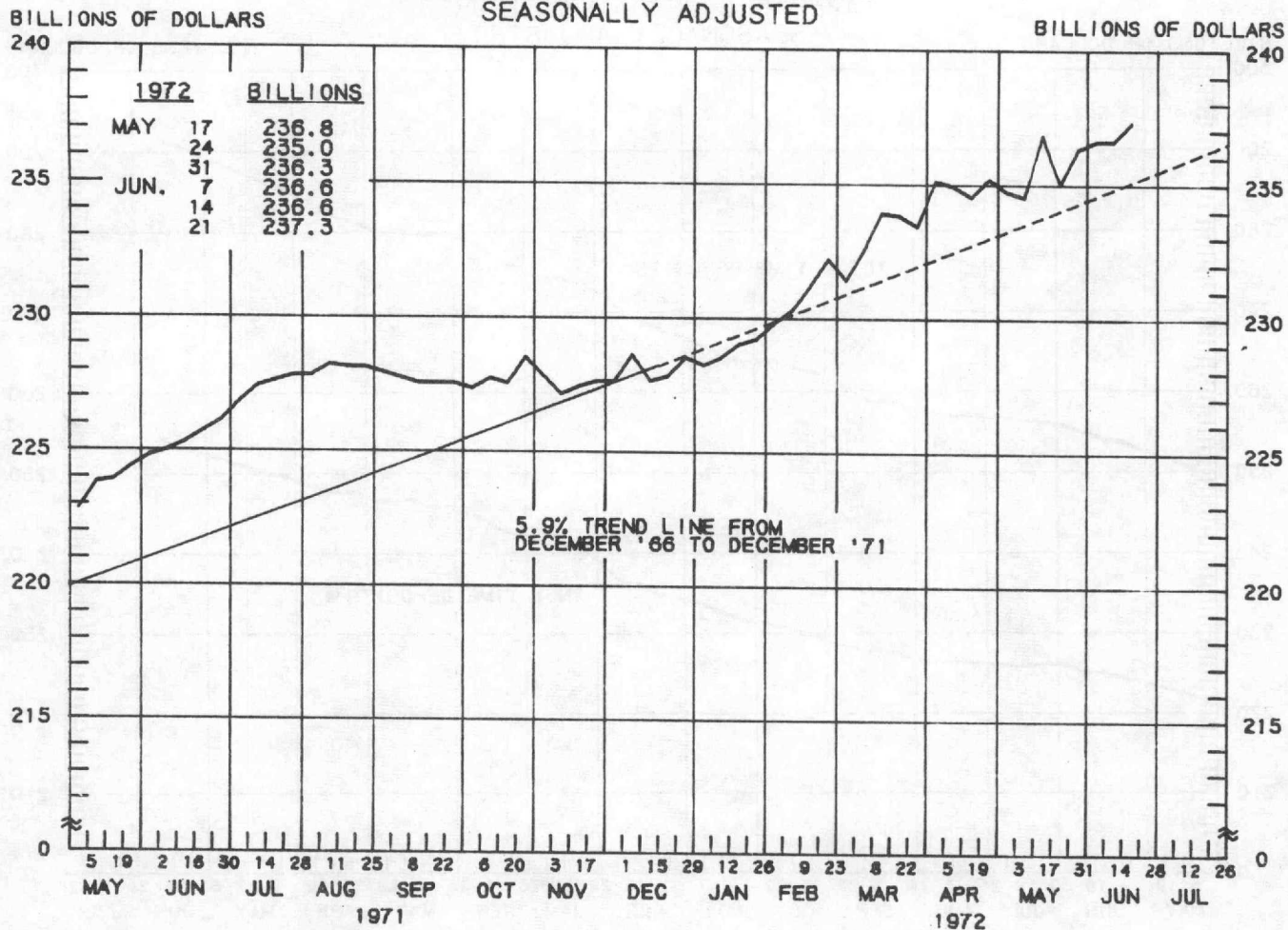


LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1972
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	6/23/71	10/20/71	11/24/71	12/22/71	1/19/72	2/23/72	3/22/72	4/19/72	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
11/24/71	1.5								
12/22/71	1.5	0.0							
1/19/72	1.7	0.9	2.2						
2/23/72	3.0	3.7	5.6	7.5					
3/22/72	4.0	5.3	7.3	9.2	12.1				
4/19/72	4.4	5.8	7.5	9.0	10.9	10.7			
5/24/72	4.2	5.2	6.5	7.4	8.4	7.4	4.9		
6/21/72	4.5	5.6	6.8	7.7	8.5	7.8	6.2	5.2	

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1972
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

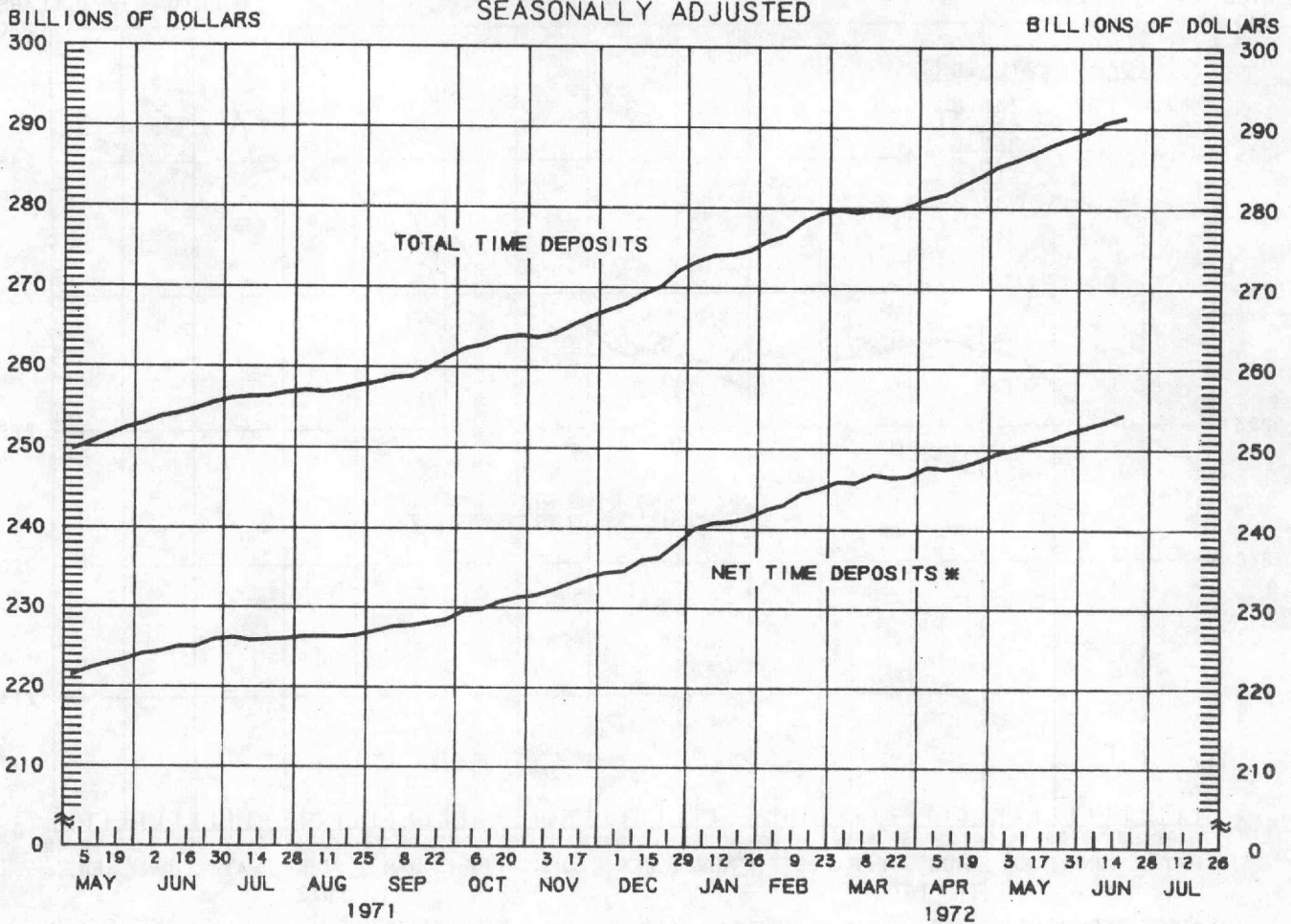
	6/23/71	10/20/71	11/24/71	12/22/71	1/19/72	2/23/72	3/22/72	4/19/72
TO THE AVERAGE OF FOUR WEEKS ENDING:								
11/24/71	2.4							
12/22/71	2.4	1.0						
1/19/72	2.6	1.9	3.2					
2/23/72	3.8	4.4	6.1	7.8				
3/22/72	4.6	5.7	7.4	9.1	11.4			
4/19/72	5.0	6.2	7.8	9.1	10.7	10.6		
5/24/72	4.9	5.8	7.0	7.8	8.7	7.8	6.1	
6/21/72	5.1	6.1	7.1	7.9	8.6	7.9	6.7	5.5

6

TIME DEPOSITS

ALL COMMERCIAL BANKS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 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:

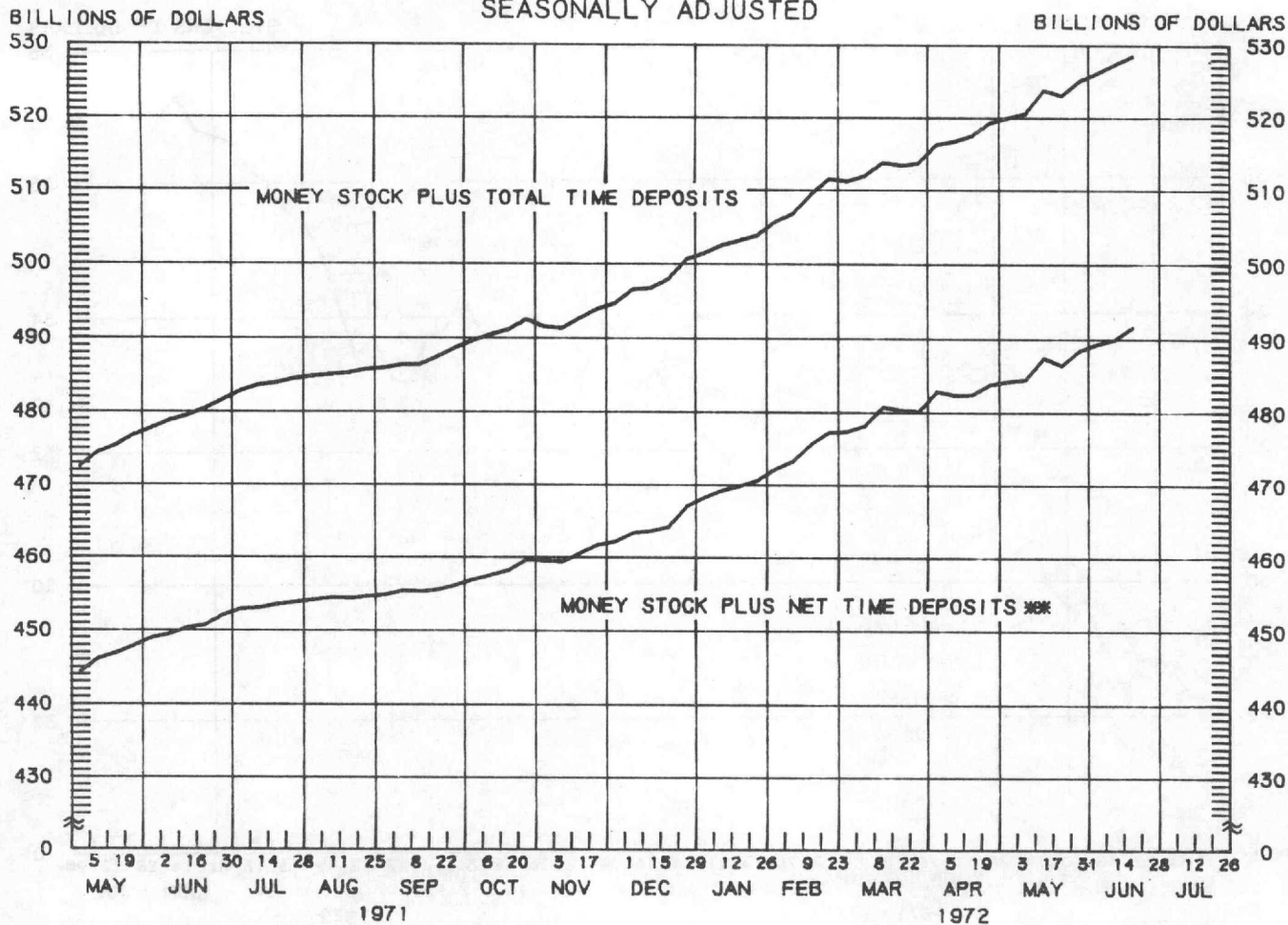
6/23/71 10/20/71 11/24/71 12/22/71 1/19/72 2/23/72 3/22/72 4/19/72

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/24/71	8.7						
12/22/71	9.8	15.2					
1/19/72	12.1	19.0	21.9				
2/23/72	12.9	18.6	20.3	22.2			
3/22/72	13.0	17.8	18.8	19.7	16.2		
4/19/72	12.4	16.0	16.4	16.4	13.1	10.3	
5/24/72	12.5	15.6	15.8	15.7	13.2	11.5	10.3
6/21/72	12.7	15.5	15.7	15.6	13.5	12.3	11.7
							14.1

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 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:

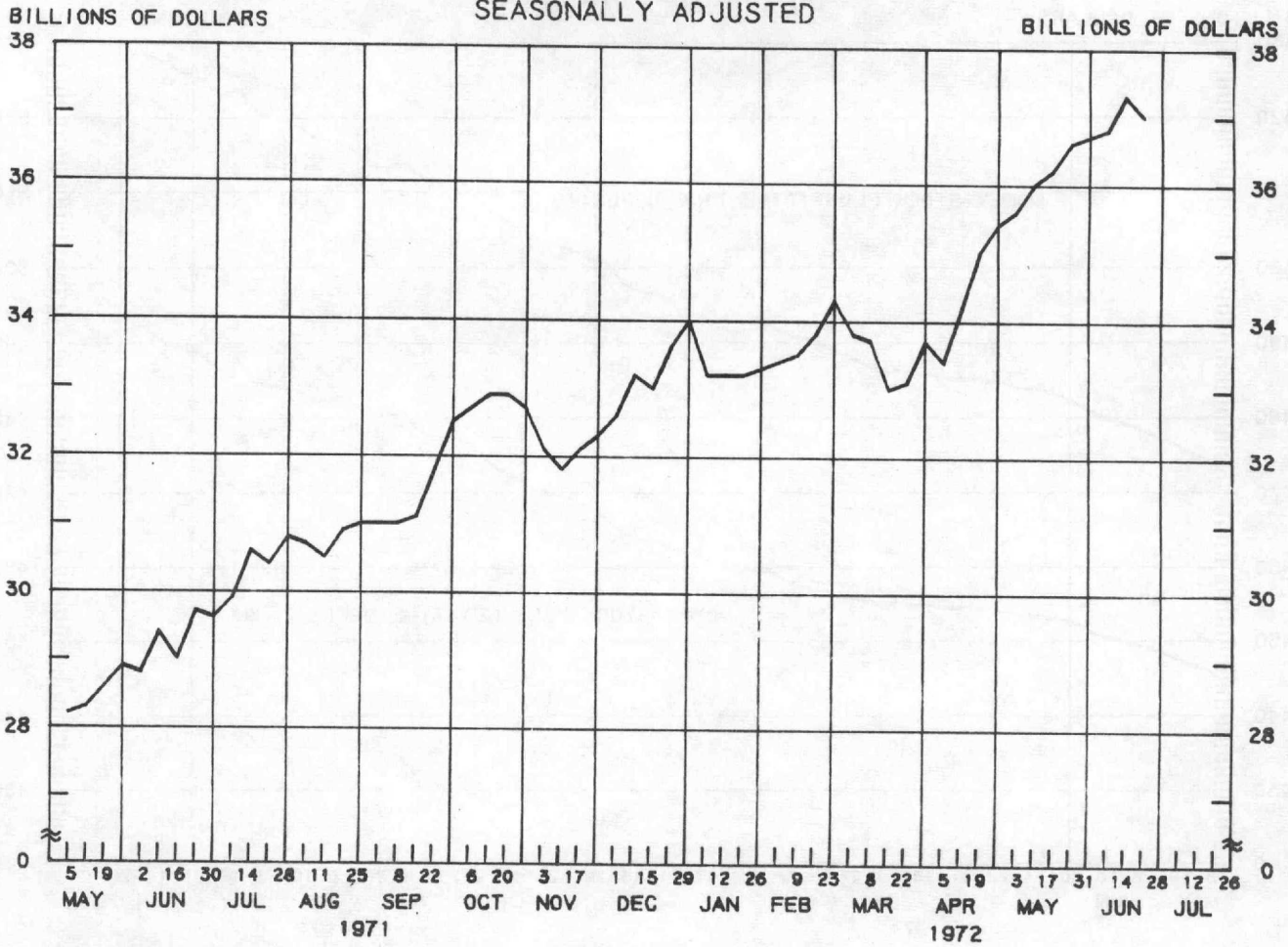
6/23/71 10/20/71 11/24/71 12/22/71 1/19/72 2/23/72 3/22/72 4/19/72

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/24/71	5.6								
12/22/71	6.1	8.0							
1/19/72	7.4	10.4	12.5						
2/23/72	8.3	11.4	13.1	14.9					
3/22/72	8.8	11.7	13.1	14.4	13.7				
4/19/72	8.7	11.1	12.1	12.8	11.8	10.4			
5/24/72	8.7	10.6	11.3	11.8	10.8	9.6	8.1		
6/21/72	8.9	10.8	11.4	11.8	11.0	10.1	9.2	9.9	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1972

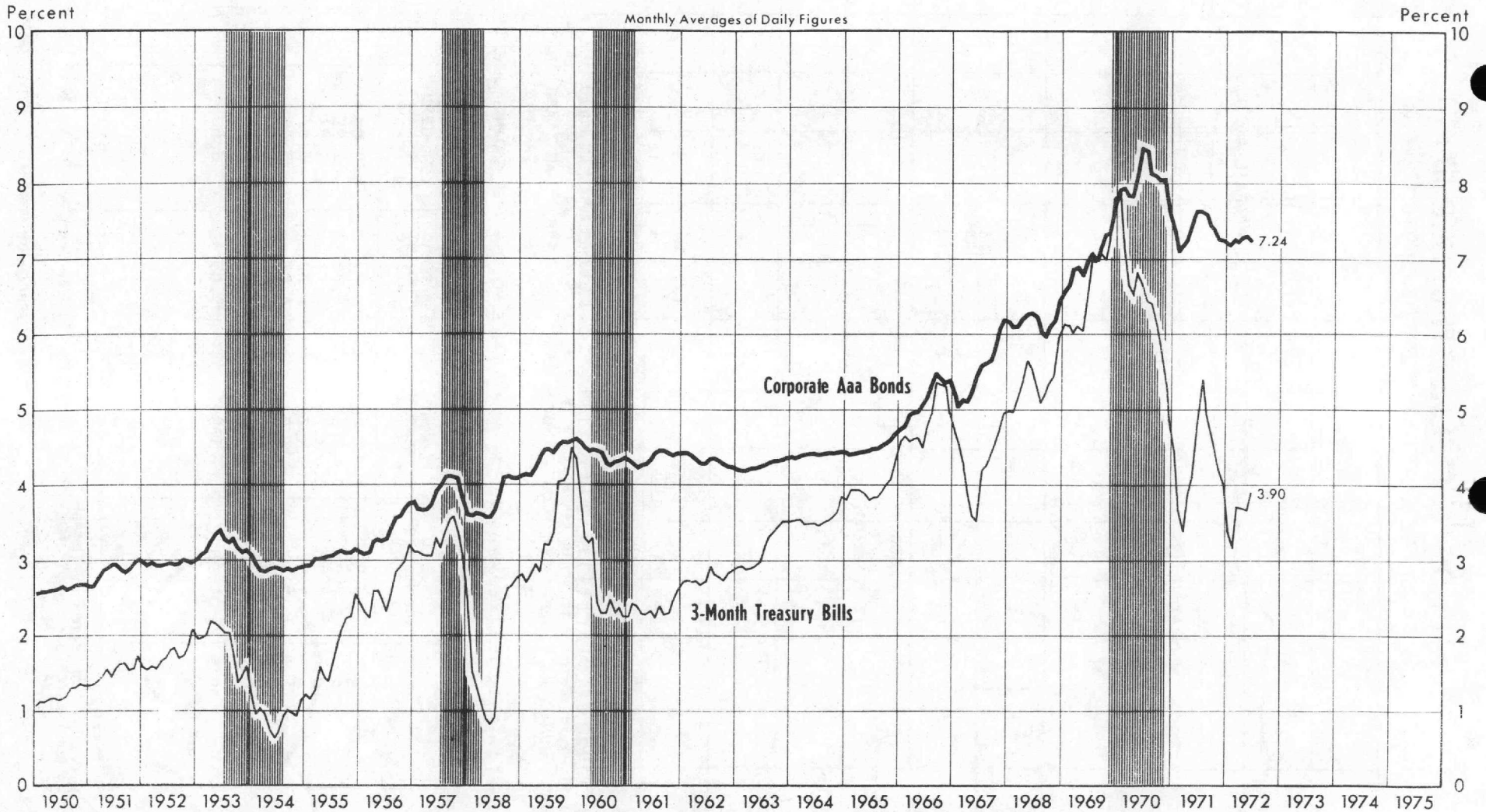
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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 ***
MAY 3	35.6	249.5	484.2
10	36.0	250.0	484.5
17	36.2	250.7	487.4
24	36.6	251.3	486.3
31	36.7	252.1	488.4
JUNE 7	36.8	252.7	489.3
14	37.3	253.4	489.9
21	37.0	254.2	491.5
28			
JULY 5			
12			
19			
26			

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

Interest Rates



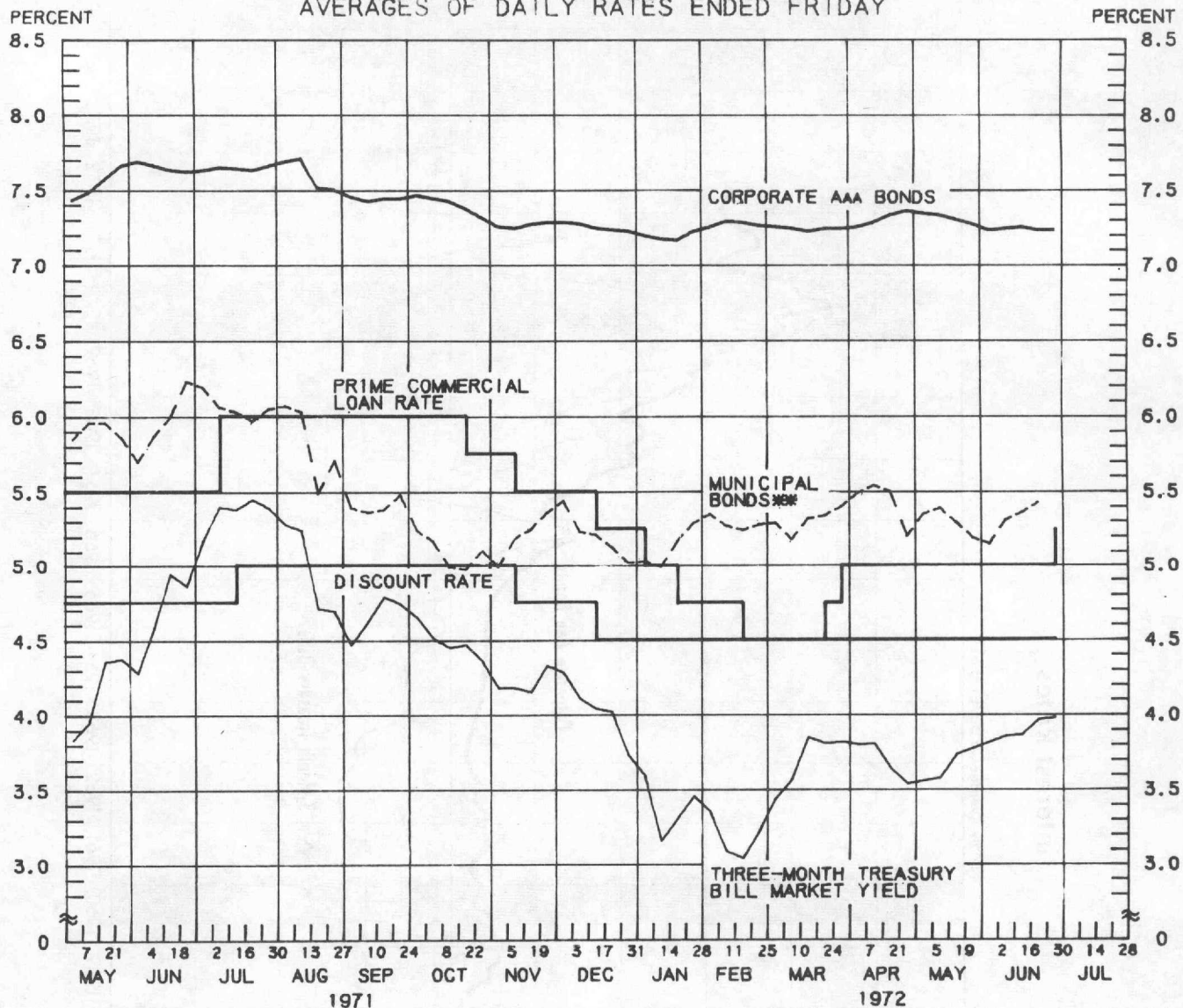
Shaded areas represent periods of business recessions as defined by the National Bureau of Economic Research.

Latest data plotted: June estimated

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: JUNE 30, 1972

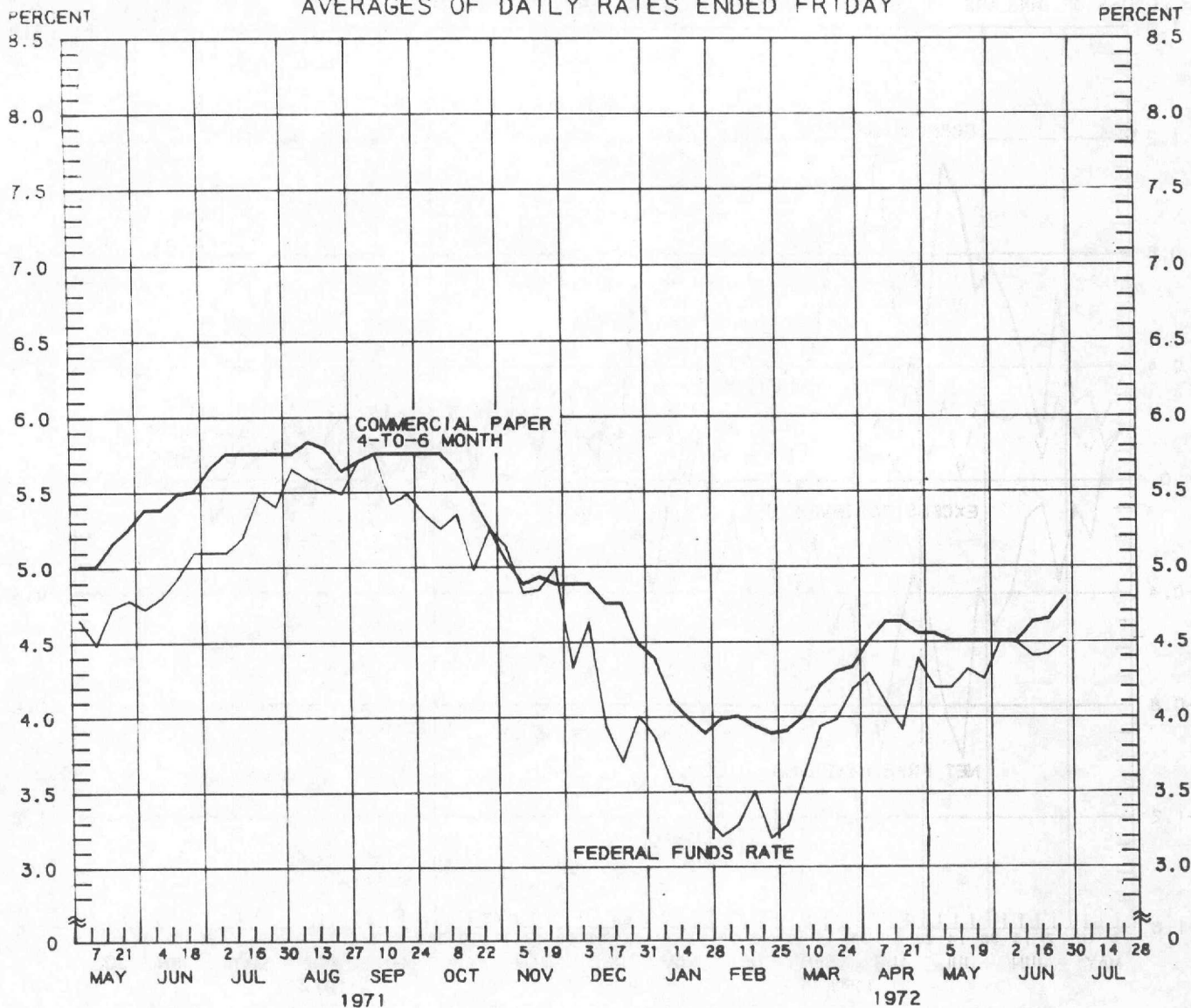
1972	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS***
MAY 5	7.34	3.56	5.72	5.69	5.35
12	7.33	3.58	5.73	5.69	5.39
19	7.30	3.74	5.71	5.64	5.29
26	7.27	3.78	5.62	5.57	5.19
JUNE 2	7.23	3.82	5.64	5.56	5.15
9	7.24	3.86	5.71	5.59	5.31
16	7.25	3.87	5.73	5.59	5.36
23	7.23	3.97	5.81	5.58	5.43
30 *	7.23	3.98	5.85	5.60	N.A.
JULY 7					
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: JUNE 30, 1972

1972		PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S **
MAY	5	4.55	4.19	4.25	4.49
	12	4.50	4.19	4.25	4.46
	19	4.50	4.32	4.25	4.41
JUNE	26	4.50	4.25	4.25	4.40
	2	4.50	4.50	4.25	4.40
	9	4.50	4.49	4.35	4.43
	16	4.63	4.40	4.38	4.56
	23	4.65	4.42	4.53	4.61
JULY	30 *	4.79	4.51	4.67	4.67
	7				
	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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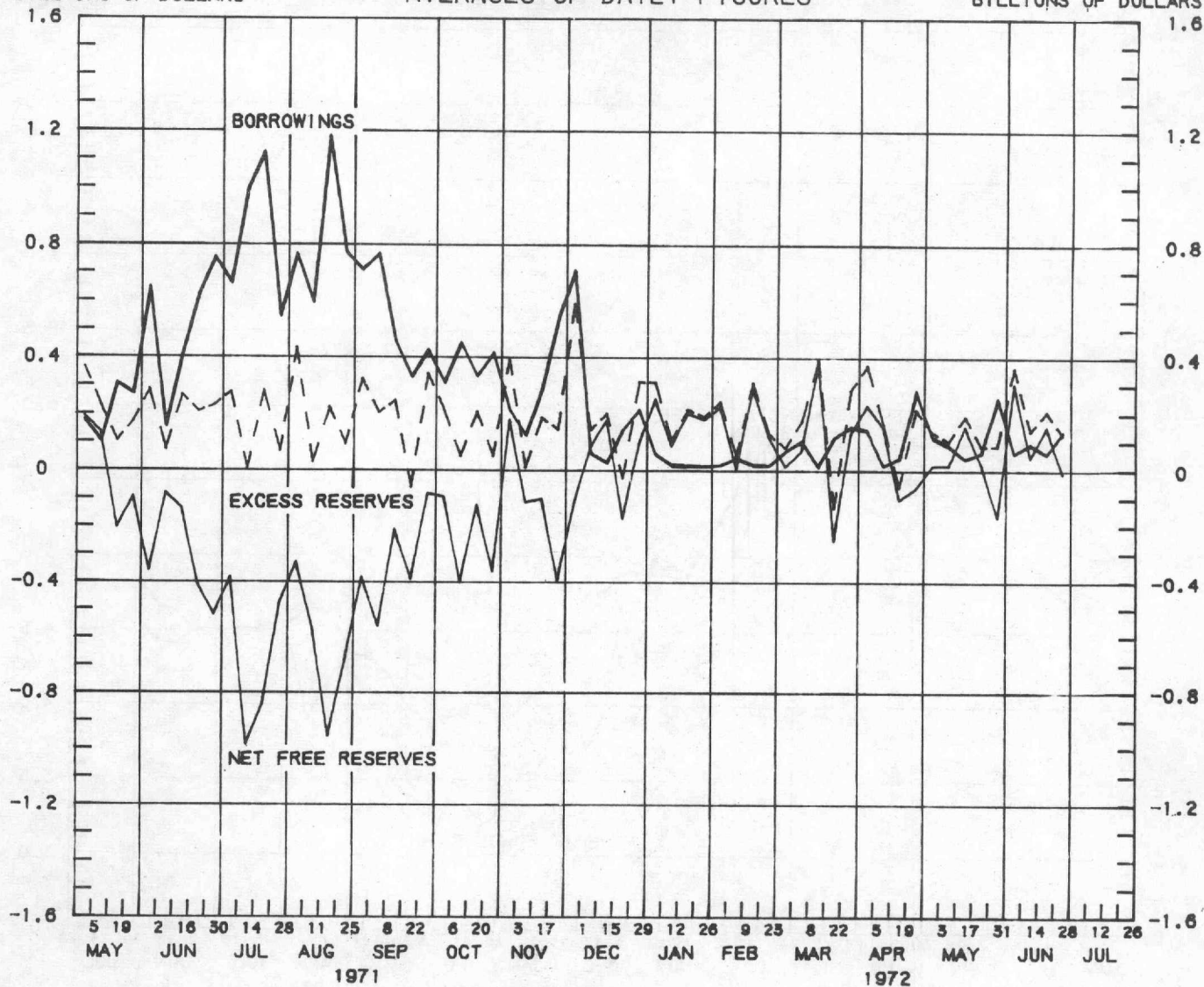
BORROWINGS AND EXCESS RESERVES

ALL MEMBER BANKS IN THE NATION

BILLIONS OF DOLLARS

AVERAGES OF DAILY FIGURES

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JUNE 28, 1972

1972	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
MAY 3	136	117	19
10	104	87	17
17	194	39	155
24	86	63	23
31	88	254	- 166
JUNE 7	367	60	307
14	139	93	46
21	211	57	154
28	125	135	- 10
JULY 5			
12			
19			
26			

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