

Week ending: November 7, 1973

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Some market interest rates, which have declined on balance in the past couple of months, have increased recently. Yields on three-month Treasury bills averaged 8.10 percent early this week, down from a high of 8.94 percent in mid-September. This week's bill rate, however, reflects an increase of 72 basis points from last week's average. The new issue rate on three-month Treasury bills rose 90 basis points from 7.20 percent at the October 29 auction to 8.10 percent at the November 5 auction.

Business loans at large commercial banks have declined in the past two months (see table below). Rather than indicating a decline in the demand for credit, it seems to indicate a change in the composition of this demand. The decline in business loans may reflect an adjustment to the bulge which developed from January to August. During that period yields on prime commercial paper averaged well above the prime bank loan rate. This yield differential, unusual by historical standards, encouraged borrowing from banks. Banks in turn sought to increase time deposits, resulting in sharply higher yields on large negotiable certificates of deposit (CDs). While the volume of large CDs rose by more than \$20 billion from January to August, the outstanding volume of nonbank related commercial paper declined.

In the past two months the rate differential between commercial paper and prime bank loans has reversed, removing the relative advantage of borrowing from banks. In addition, increases in marginal reserve requirements on certain time deposits and other sources of bank funds have raised the cost to banks of obtaining funds. Thus, the outstanding volume of large CDs and business loans have declined since August, while the outstanding volume of nonbank related commercial paper has increased by several billion dollars.

	Average for Four Weeks Ending		
	1/31/73	8/29/73	10/31/73
Volume Outstanding	Billions of Dollars		
Commercial Paper *	\$36.154	\$ 36.684	\$ 40.841
Bank Related	2.703	4.877	4.821
Nonbank Related	33.452	31.807	36.021
Large Negotiable CDs	44.5	67.1	63.3
Business Loans Adjusted	93.615	111.121	110.053
Annual Yields **	Percent		
Prime Bank Loan Rate	6.00%	9.23%	9.90%
Prime 4- to 6-Month			
Commercial Paper	5.78	10.21	8.92
90-Day CDs ***	5.80	10.74	9.19

* Commercial paper volume data are not seasonally adjusted.

** Averages of daily rates for the comparable months -- January, August, and October.

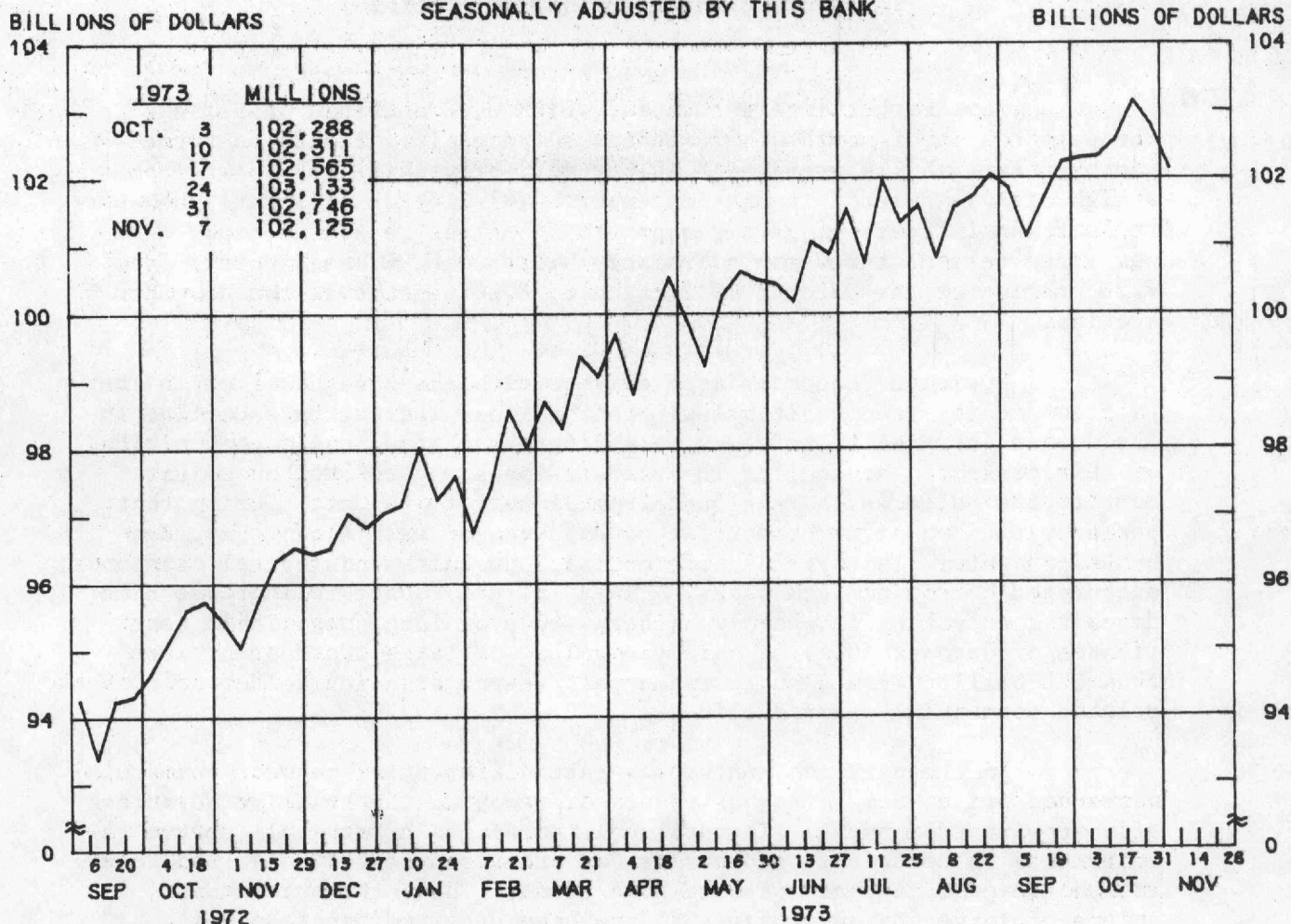
*** Secondary market rate.

Prepared by Federal Reserve Bank of St. Louis

Released: November 9, 1973

MONETARY BASE

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: NOVEMBER 7, 1973

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.

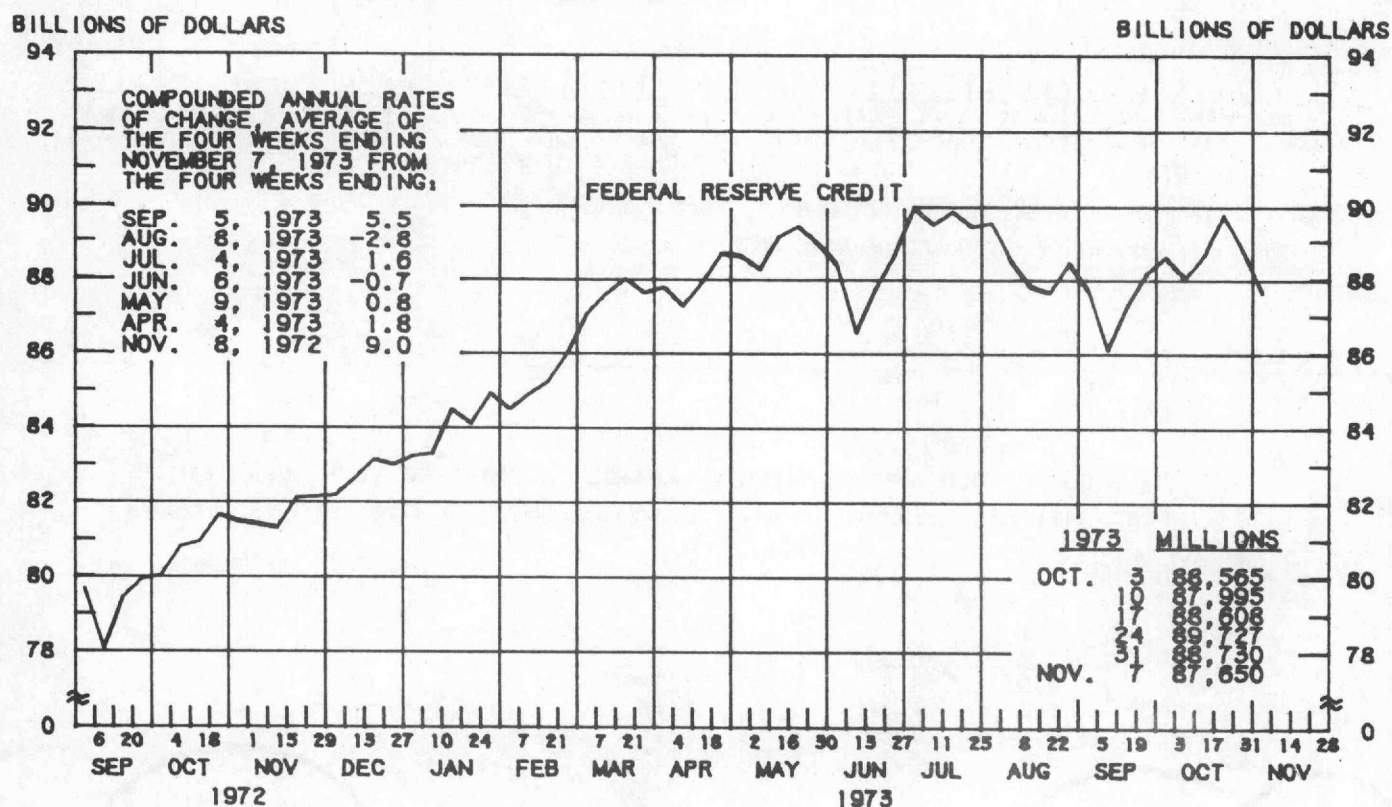
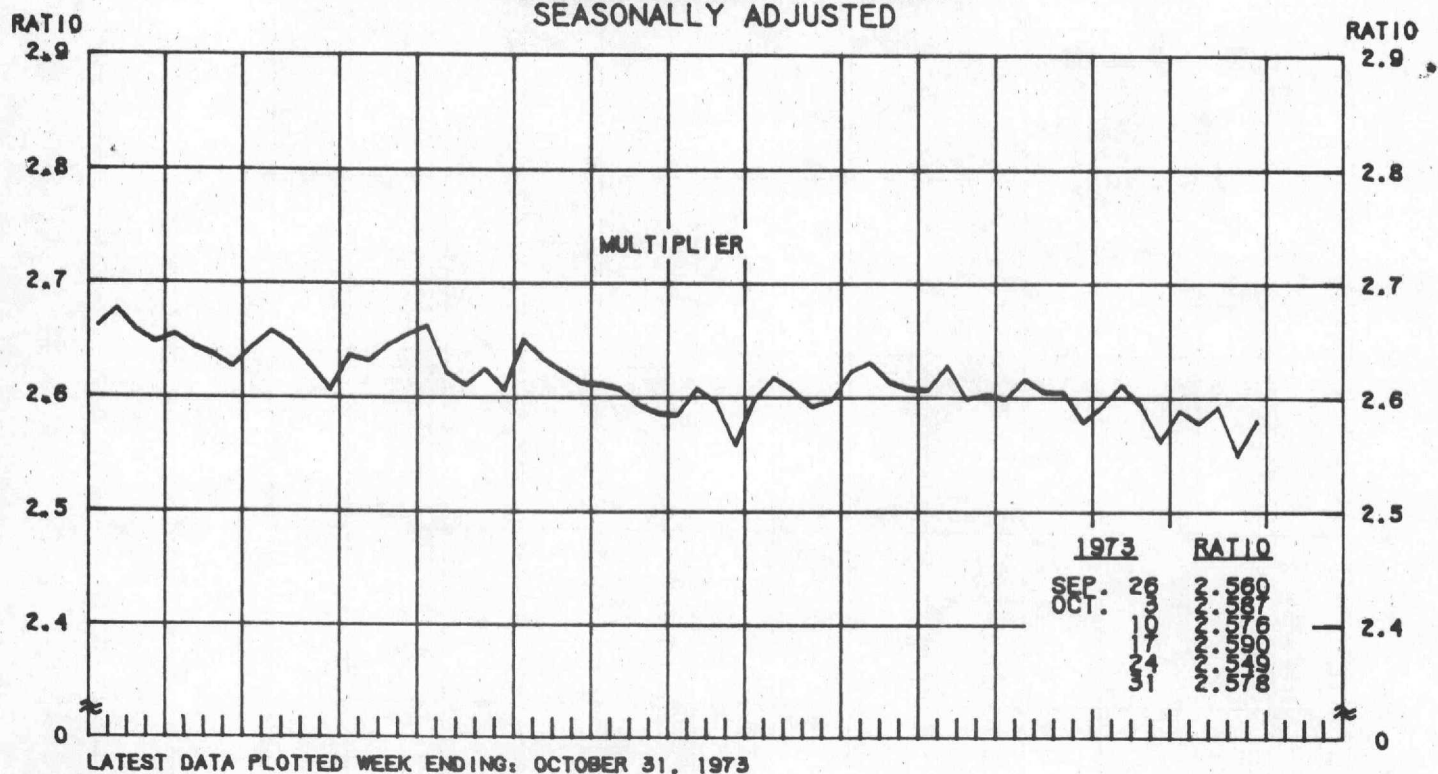
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

11/8/72 3/7/73 4/4/73 5/9/73 6/6/73 7/4/73 8/8/73 9/5/73

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

4/ 4/73	9.8							
5/ 9/73	9.5	10.3						
6/ 6/73	9.3	9.6	8.1					
7/ 4/73	8.9	8.7	7.5	7.0				
8/ 8/73	8.4	8.0	6.9	6.4	5.7			
9/ 5/73	8.1	7.5	6.5	6.0	5.5	5.2		
10/10/73	7.6	6.9	6.0	5.5	4.9	4.6	4.2	
11/ 7/73	7.6	6.8	6.1	5.7	5.3	5.1	4.9	5.0

MULTIPLIER 1/ FEDERAL RESERVE CREDIT 2/ AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



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

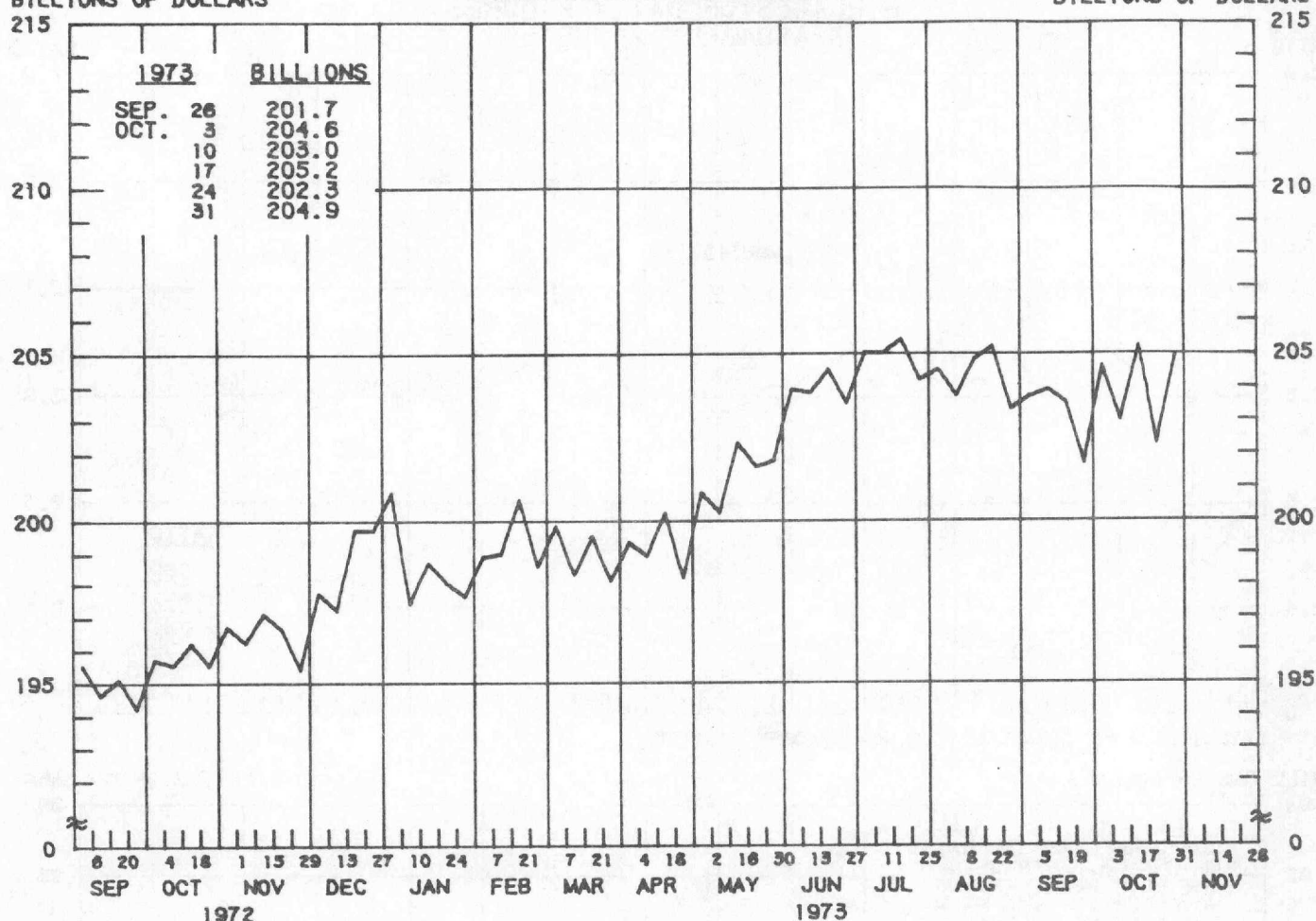
2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND CHANGES IN REQUIREMENTS DUE TO SHIFTS IN DEPOSITS AMONG CLASSES OF BANKS. DATA ARE SEASONALLY ADJUSTED BY THIS BANK.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



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

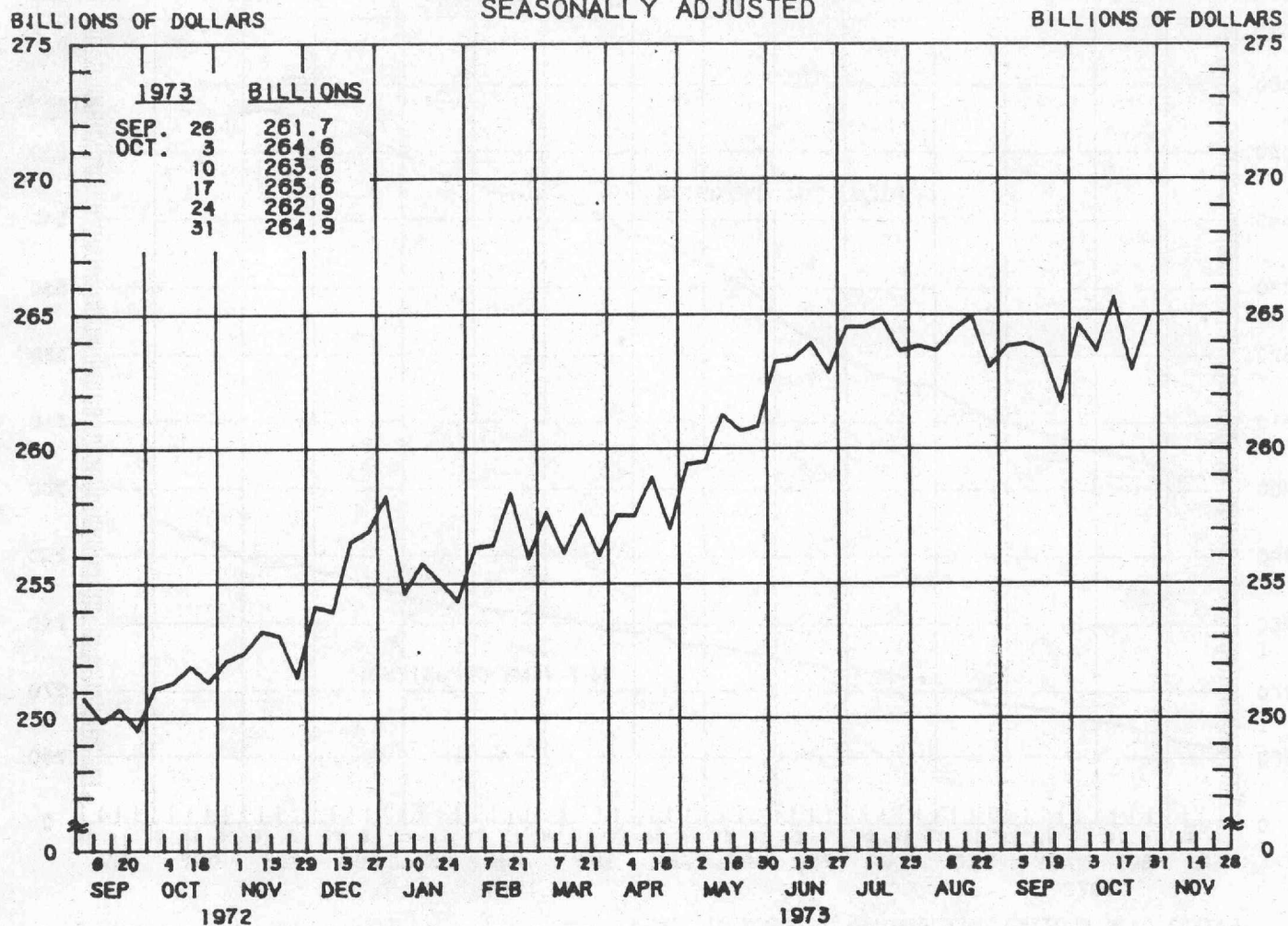
11/1/72 2/28/73 3/28/73 5/2/73 5/30/73 7/4/73 8/1/73 8/29/73

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

3/28/73	3.7						
5/ 2/73	3.6	0.6					
5/30/73	4.9	4.5	7.8				
7/ 4/73	6.3	7.3	10.3	14.4			
8/ 1/73	6.0	6.6	8.8	11.1	9.8		
8/29/73	5.1	5.1	6.5	7.5	5.7	0.3	
10/ 3/73	4.1	3.5	4.4	4.7	2.7	-1.6	-3.9
10/31/73	4.0	3.4	4.3	4.5	2.8	-0.4	-1.7
							-1.1

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 31, 1973

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

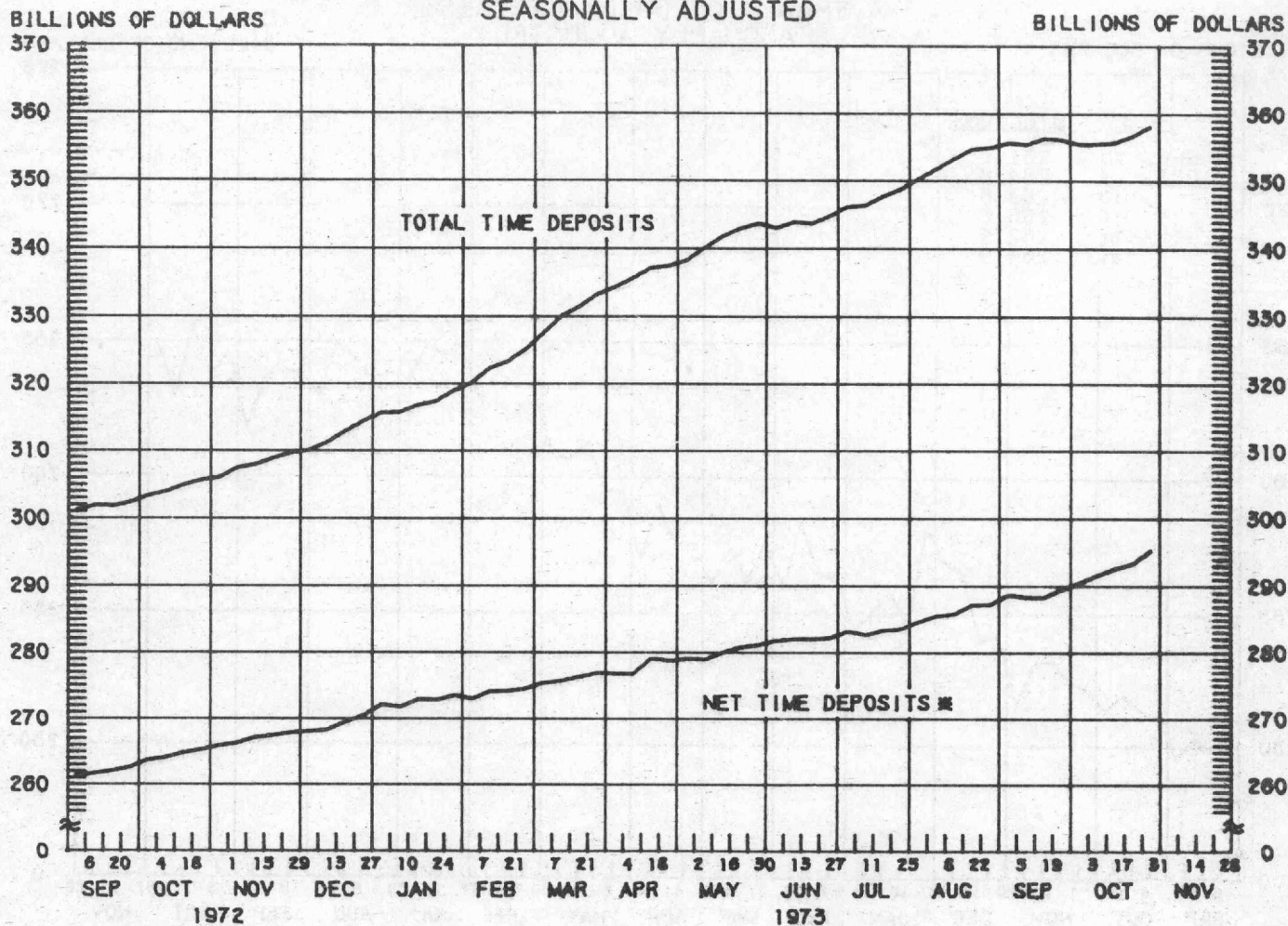
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

11/1/72 2/28/73 3/28/73 5/2/73 5/30/73 7/4/73 8/1/73 8/29/73

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

3/28/73	5.1							
5/ 2/73	5.2	3.4						
5/30/73	6.1	6.1	8.6					
7/ 4/73	7.1	8.0	10.2	12.7				
8/ 1/73	6.7	7.0	8.6	9.6	8.5			
8/29/73	5.9	5.8	6.8	7.0	5.5	1.0		
10/ 3/73	5.1	4.5	5.1	4.9	3.4	-0.2	-1.5	
10/31/73	5.0	4.4	4.9	4.8	3.5	0.8	0.2	0.7

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 31, 1973

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:

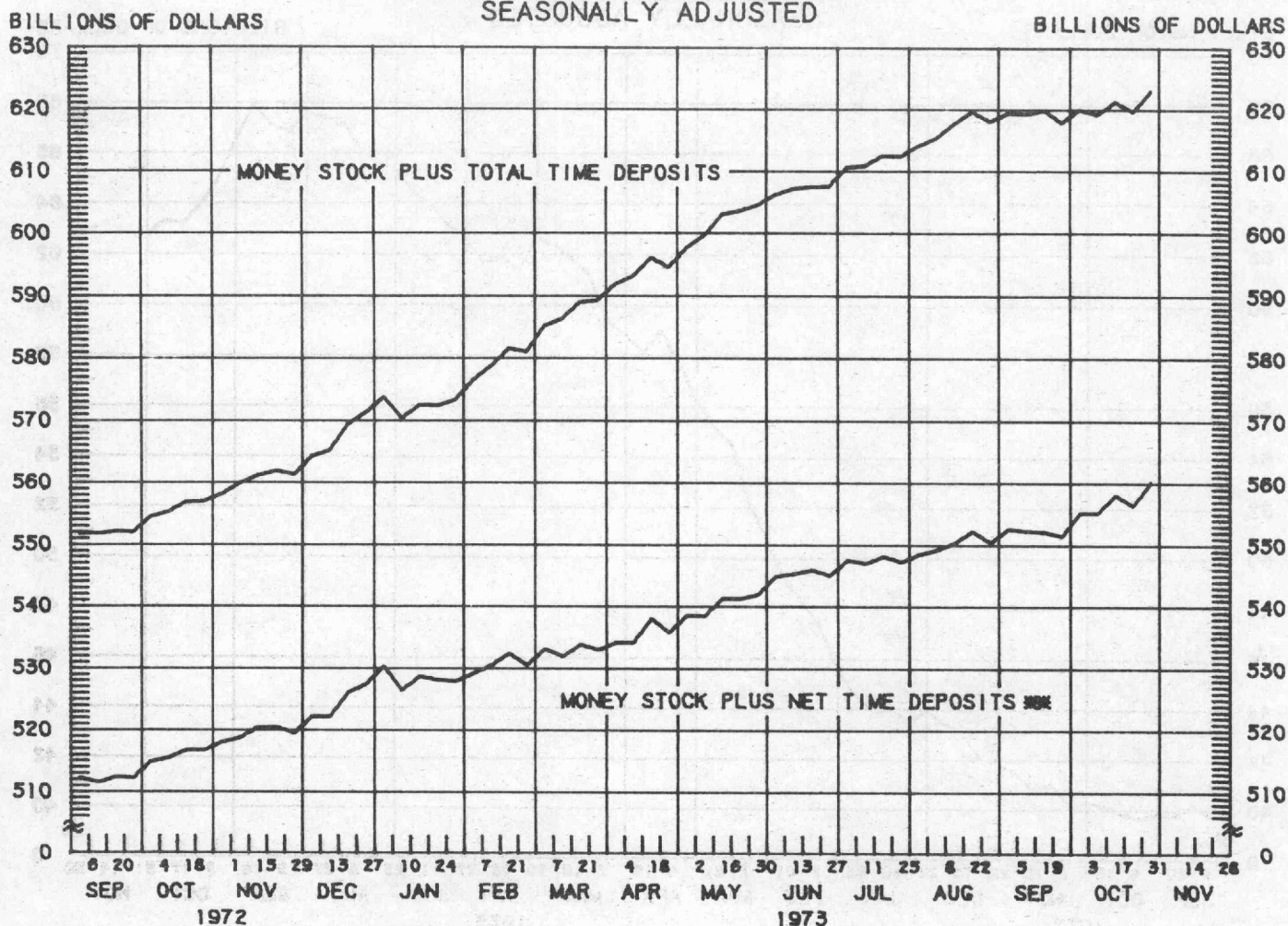
	11/1/72	2/28/73	3/28/73	5/2/73	5/30/73	7/4/73	8/1/73	8/29/73
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/28/73	10.6							
5/ 2/73	10.3	9.9						
5/30/73	10.1	9.5	8.9					
7/ 4/73	9.8	9.1	8.6	8.4				
8/ 1/73	9.4	8.5	7.9	7.5	7.0			
8/29/73	9.9	9.5	9.2	9.3	9.5	10.3		
10/ 3/73	9.9	9.5	9.3	9.4	9.6	10.1	12.2	
10/31/73	10.6	10.6	10.6	10.9	11.3	12.3	14.4	14.1

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 31, 1973

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:

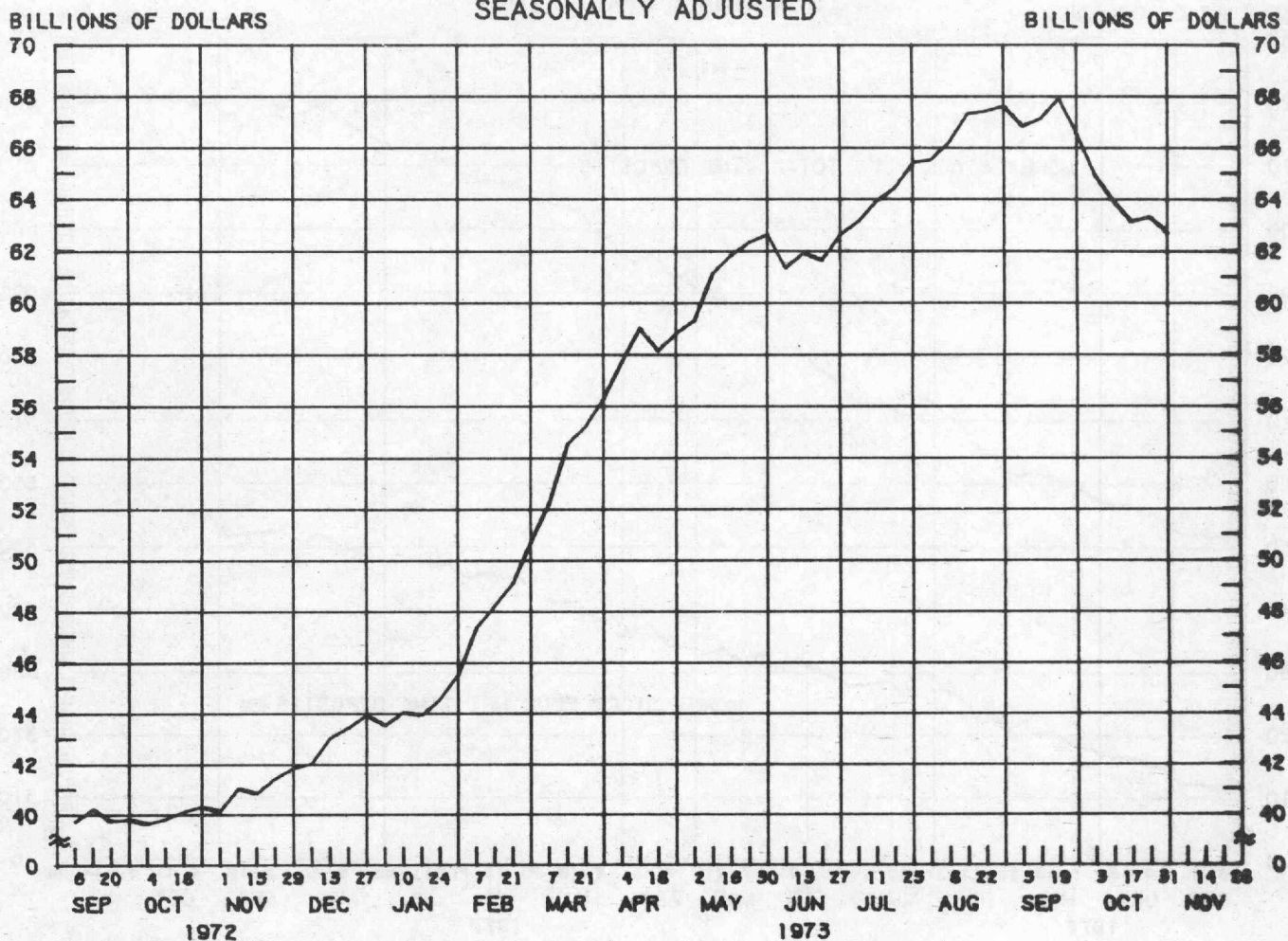
11/1/72 2/28/73 3/28/73 5/2/73 5/30/73 7/4/73 8/1/73 8/29/73

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

3/28/73	7.9							
5/ 2/73	7.8	6.7						
5/30/73	8.2	7.8	8.8					
7/ 4/73	8.5	8.6	9.4	10.4				
8/ 1/73	8.1	7.8	8.2	8.5	7.7			
8/29/73	7.9	7.6	8.0	8.1	7.5	5.6		
10/ 3/73	7.5	7.1	7.3	7.2	6.5	5.1	5.4	
10/31/73	7.9	7.6	7.9	7.9	7.5	6.6	7.4	7.6

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING, OCTOBER 31, 1973

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			
1973	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 **
SEP. 5	66.8	288.6	552.4
12	67.1	288.2	552.1
19	67.9	288.3	551.9
26	66.5	289.4	551.2
OCT. 3	64.9	290.4	555.1
10	63.9	291.5	555.1
17	63.1	292.5	558.0
24	63.3	293.3	556.2
31	62.7	295.2	560.1
NOV. 7			
14			
21			
28			

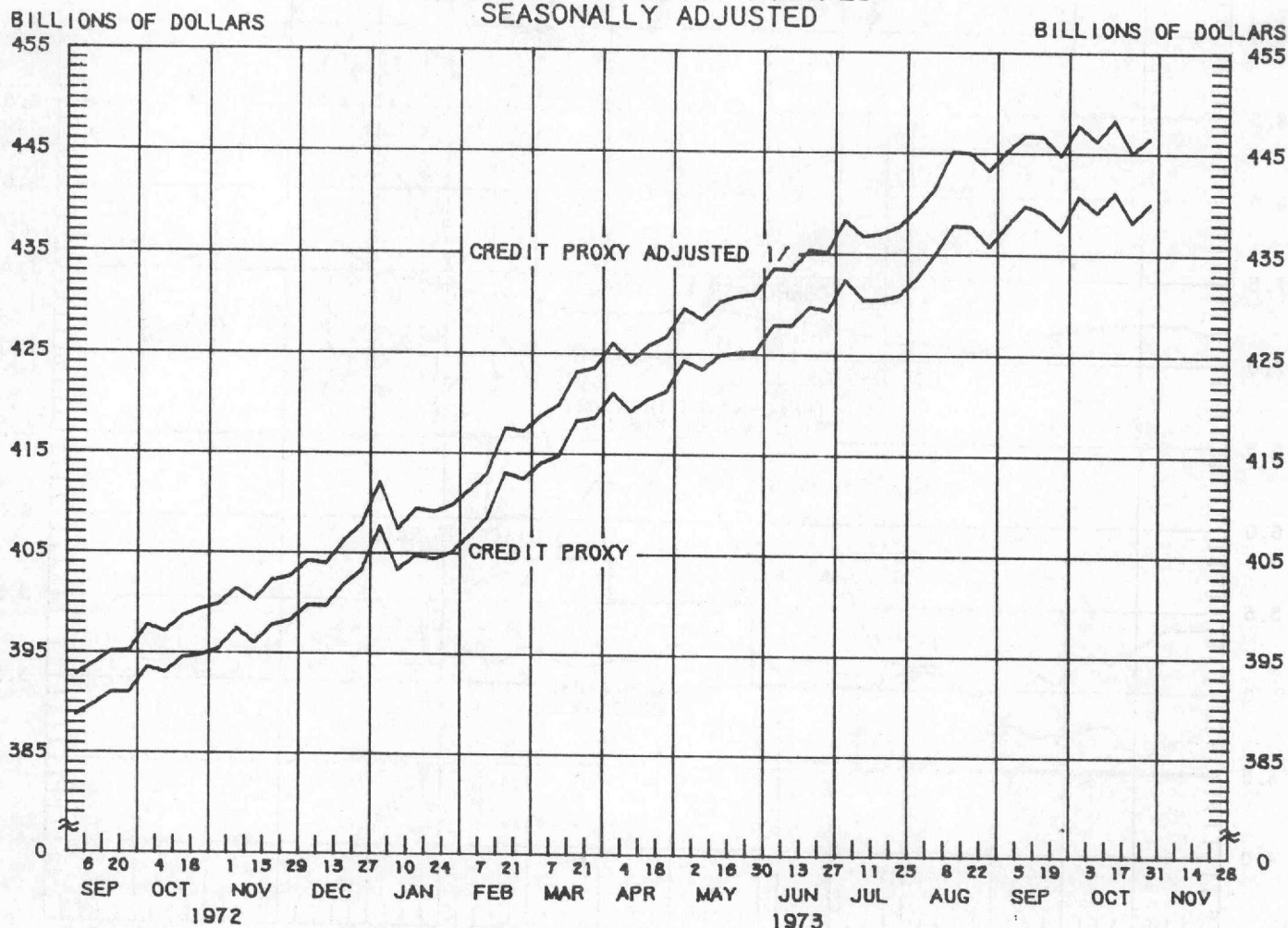
* SEE FOOTNOTE PAGE 6.

** 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: OCTOBER 31, 1973

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.

1973

BILLIONS

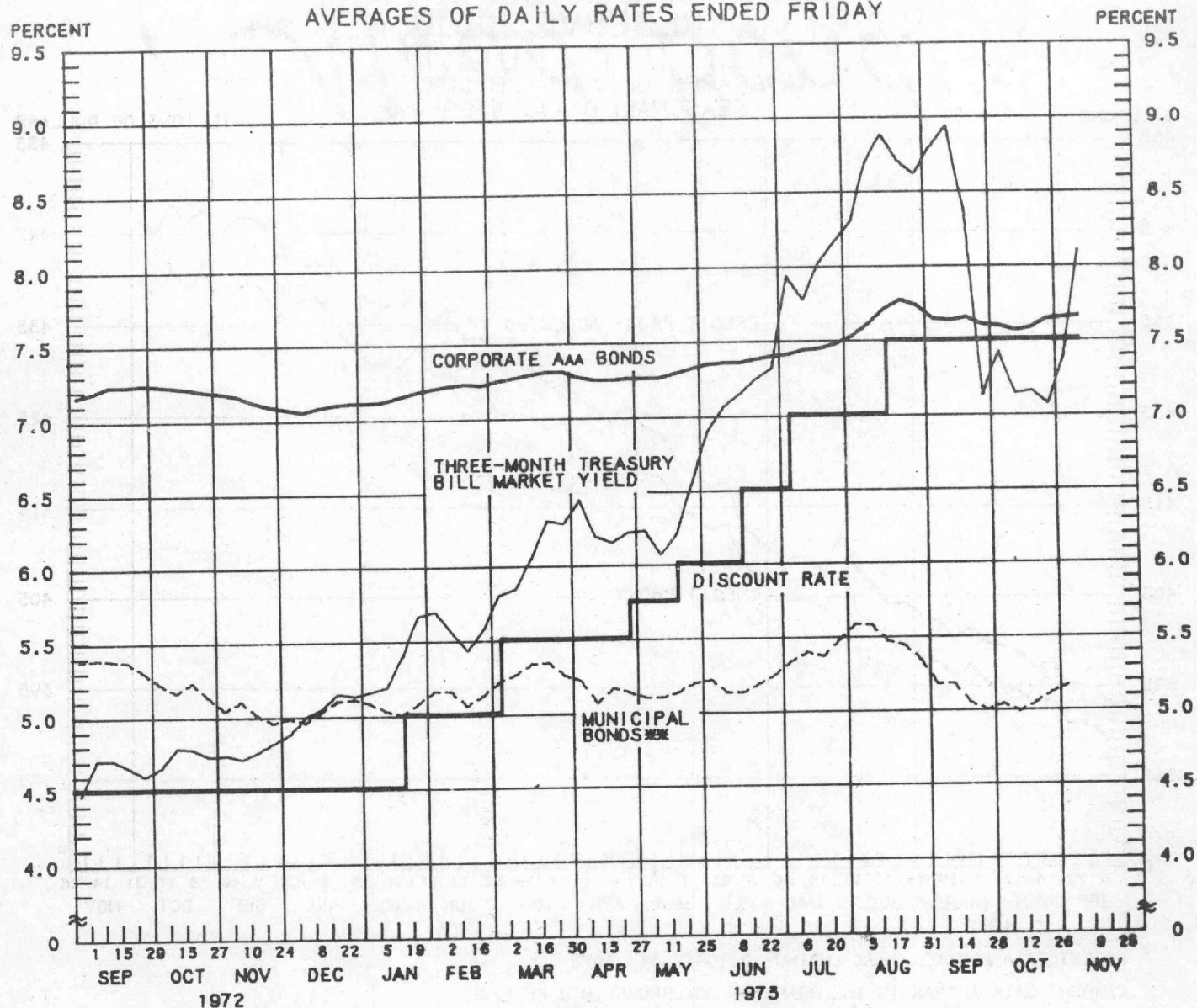
	CREDIT PROXY	CREDIT PROXY ADJUSTED
SEP. 26	437.3	444.7
OCT. 3	440.7	447.7
10	439.1	446.1
17	441.1	448.3
24	438.2	445.0
31	439.7	446.2

COMPOUNDED ANNUAL RATES OF CHANGE,
AVERAGE OF THE FOUR WEEKS ENDING
OCTOBER 31, 1973 FROM THE FOUR
WEEKS ENDING:

	CREDIT PROXY	CREDIT PROXY ADJUSTED
AUG. 29, 1973	4.0	3.7
AUG. 1, 1973	8.1	8.3
JUL. 4, 1973	7.1	7.9
MAY 30, 1973	8.5	9.2
MAY 2, 1973	8.9	9.6
MAR. 28, 1973	9.5	10.2
NOV. 1, 1972	11.5	12.0

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: NOVEMBER 9, 1973

1973	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS **
SEP. 7	7.64	8.80	7.27	6.45	5.18
14	7.63	8.94	7.45	6.52	5.18
21	7.65	8.38	7.10	6.43	5.05
28	7.60	7.13	6.85	6.28	5.00
OCT. 5	7.59	7.42	6.89	6.27	5.04
12	7.56	7.14	6.77	6.20	4.99
19	7.58	7.16	6.80	6.27	5.05
26	7.64	7.07	6.80	6.28	5.12
NOV. 2	7.65	7.38	6.83	6.27	5.17
9 *	7.66	8.10	7.07	6.34	N.A.
16					
23					
30					

* AVERAGES OF RATES AVAILABLE.

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

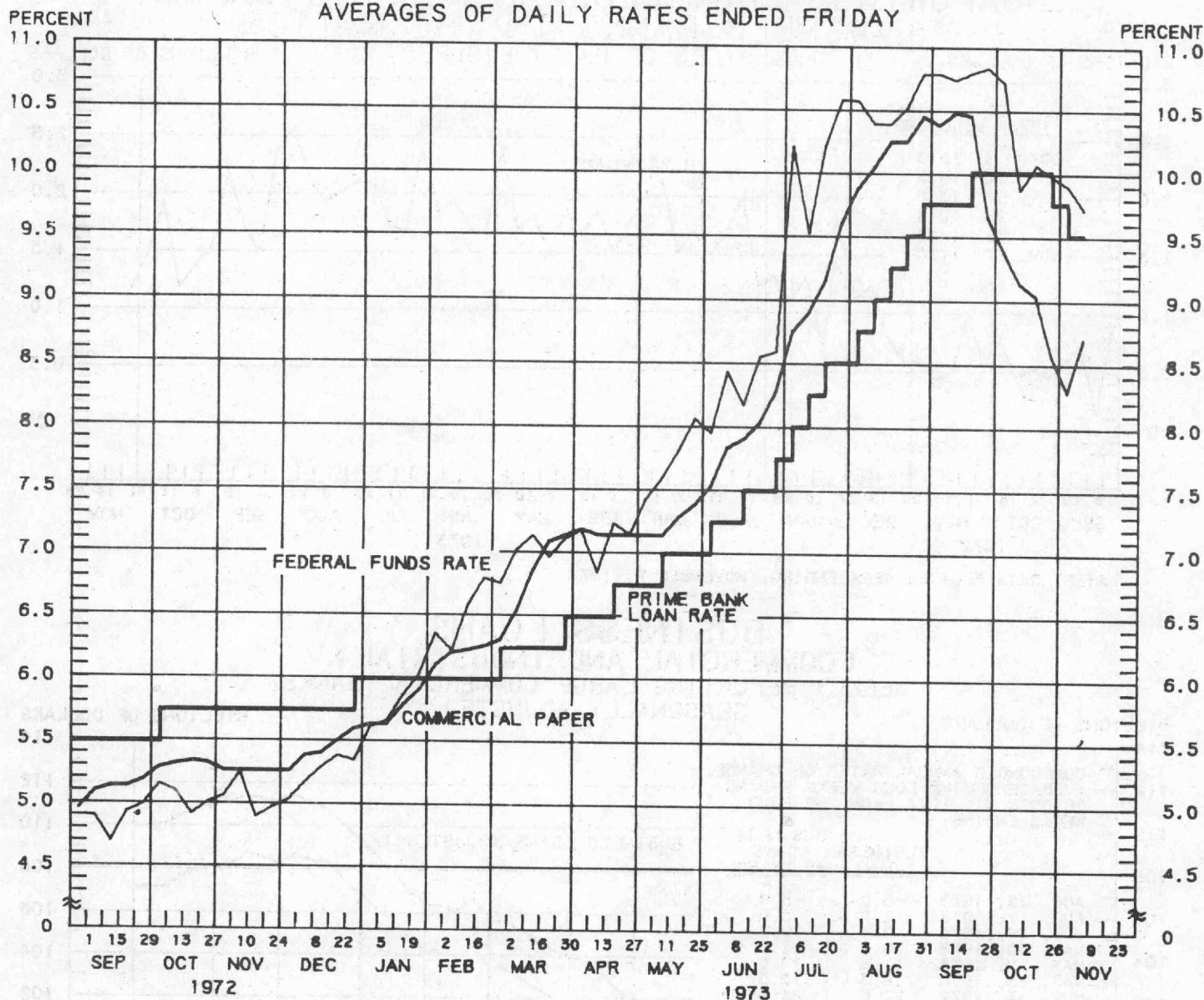
N.A. - NOT AVAILABLE

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SELECTED SHORT-TERM INTEREST RATES

11

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: NOVEMBER 9, 1973

1973	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS %	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S %
SEP. 7	10.38	10.79	10.25	10.93
14	10.48	10.74	10.35	10.90
21	10.45	10.80	10.43	10.97
28	9.65	10.84	9.75	10.37
OCT. 5	9.38	10.72	9.50	9.63
12	9.13	9.87	9.28	9.70
19	9.03	10.07	9.00	9.36
26	8.56	9.98	8.81	9.15
NOV. 2	8.28	9.90	8.50	8.53
9 *	8.69	9.71	8.63	8.91
16				
23				
30				

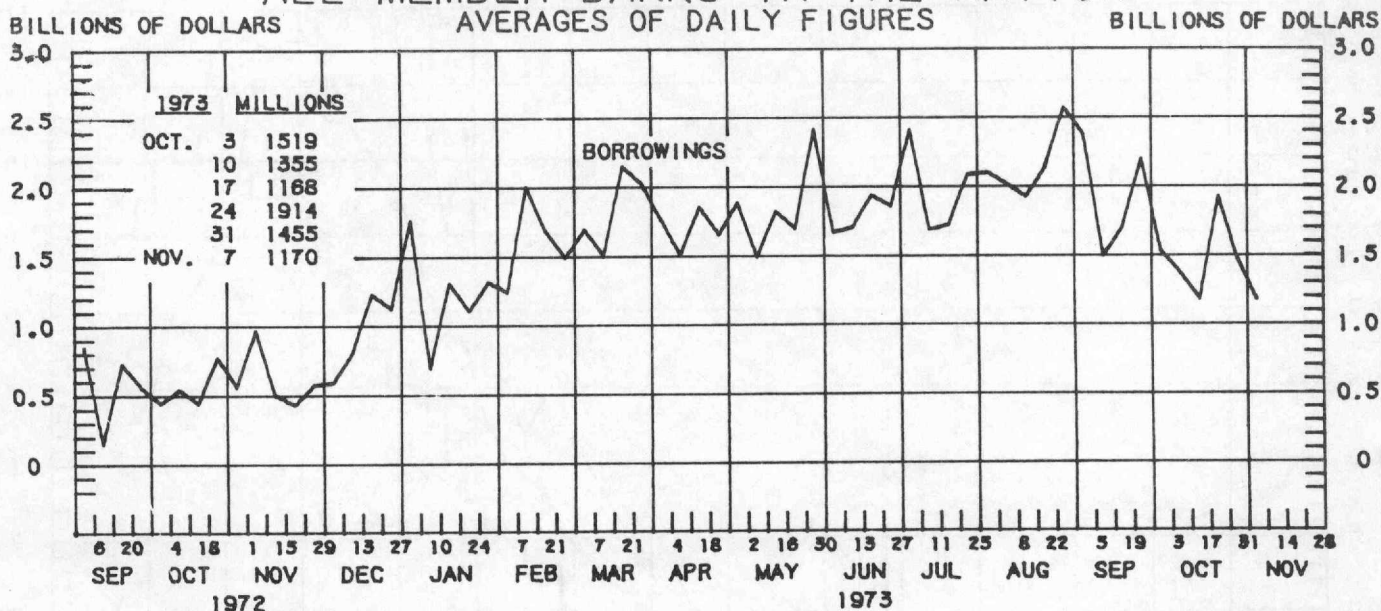
* AVERAGES OF RATES AVAILABLE.

% FEDERAL FUNDS AND CD RATES ARE SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

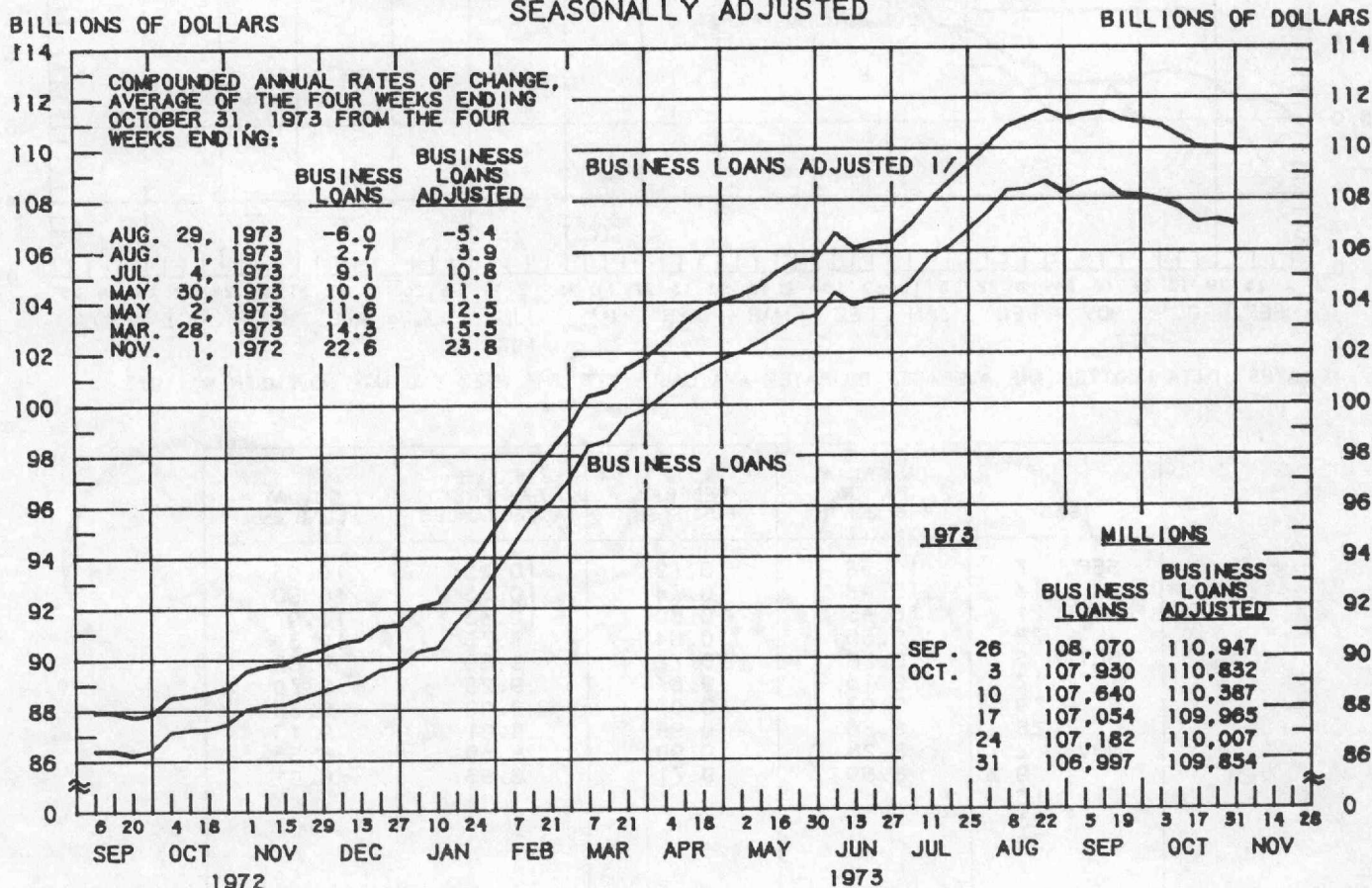
CD DATA ARE SECONDARY MARKET RATES.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



1/ INCLUDES LOANS SOLD OUTRIGHT BY COMMERCIAL BANKS TO OWN SUBSIDIARIES, FOREIGN BRANCHES, HOLDING COMPANIES, AND OTHER AFFILIATES.

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