

Week ending: January 23, 1974



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The monetary base has increased 7.4 percent in the past year. The base rose at an 8.4 percent annual rate in the first six months of this period, then slowed for about two months, and in the last four months has risen at an 8.7 percent annual rate.

The credit proxy adjusted, a proxy for bank credit, has increased sharply since mid-December, following three months of little growth. On a seasonally adjusted basis, both the credit proxy adjusted and the volume of large certificates of deposit (CDs) expanded rapidly from January to September 1973. In mid-September an increase in marginal reserve requirements on large CDs and certain other sources of bank funds raised the cost of these funds to banks at the same time there was some reduction in demands for bank loans. In the period from September until mid-December when marginal reserve requirements were reduced, the volume of large CDs, seasonally adjusted, declined and there was little expansion in the credit proxy adjusted. In the last four weeks the volume of these CDs is up \$2.3 billion from the four weeks ended in mid-December and the credit proxy adjusted has risen \$6.4 billion.

Growth of bank credit is influenced by growth of the monetary base over periods of a year or more. For example, both the base and bank credit have expanded at rapid rates since early 1970--the base at a 7.5 percent average annual rate and bank credit at a 12 percent average annual rate. In the previous year, 1969, growth of the base was markedly slower, as was that of bank credit. Typically, the growth rate of the base is more similar to that of money, measured as demand deposits and currency in the hands of the public, than it is to the growth rate of bank credit.

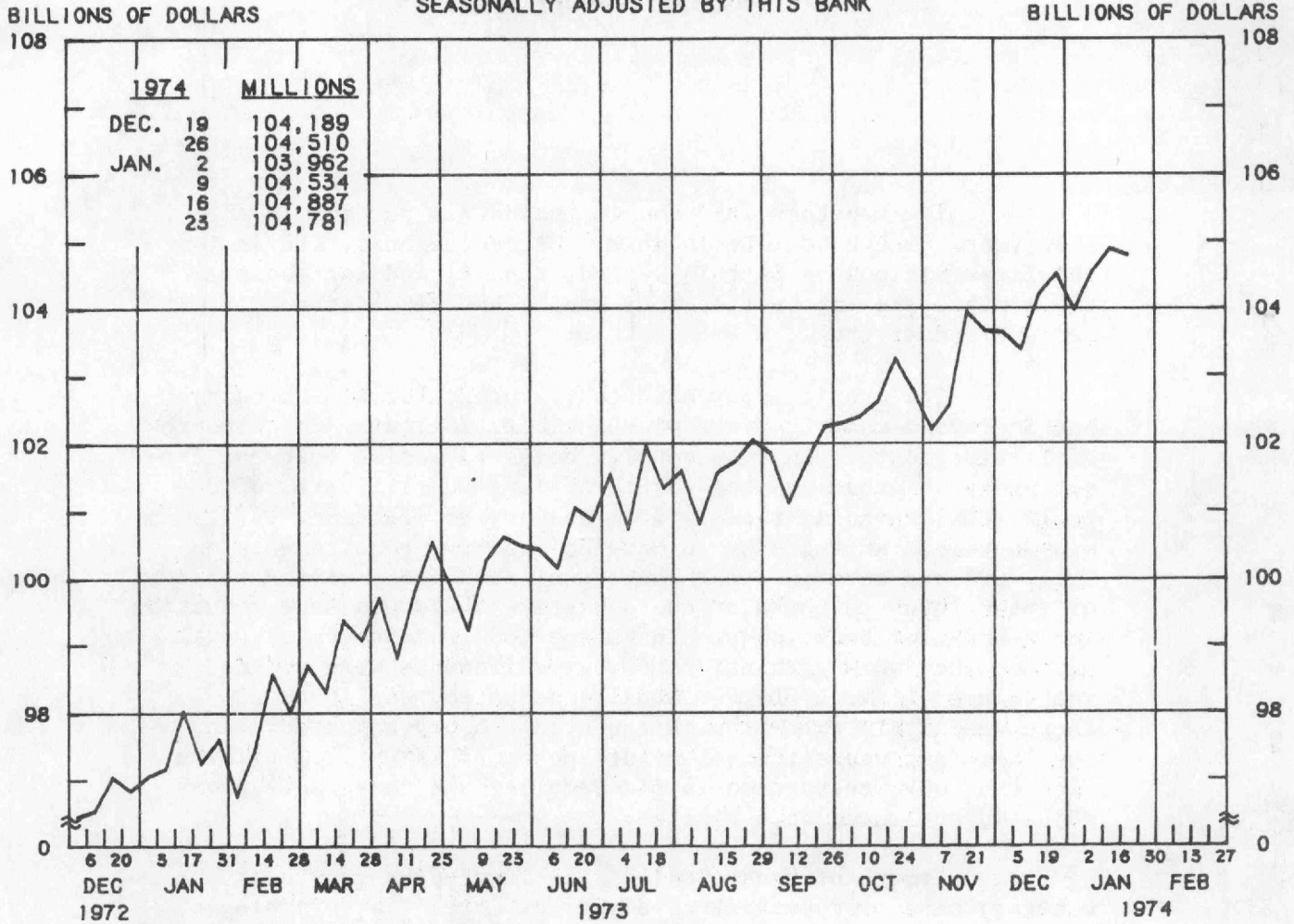
The Federal funds rate has averaged 9.75 percent in the past four weeks, down from 10.78 percent in September. The Federal Reserve discount rate has remained 7.5 percent during this period. Hence, the spread between the cost of these two sources of funds to banks has decreased. Member bank borrowings from Federal Reserve Banks averaged \$1 billion in the four weeks ended January 23, down from an average of \$1.9 billion in the four weeks ended September 26.

Prepared by Federal Reserve Bank of St. Louis

Released: January 25, 1974

# MONETARY BASE

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: JANUARY 23, 1974

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.

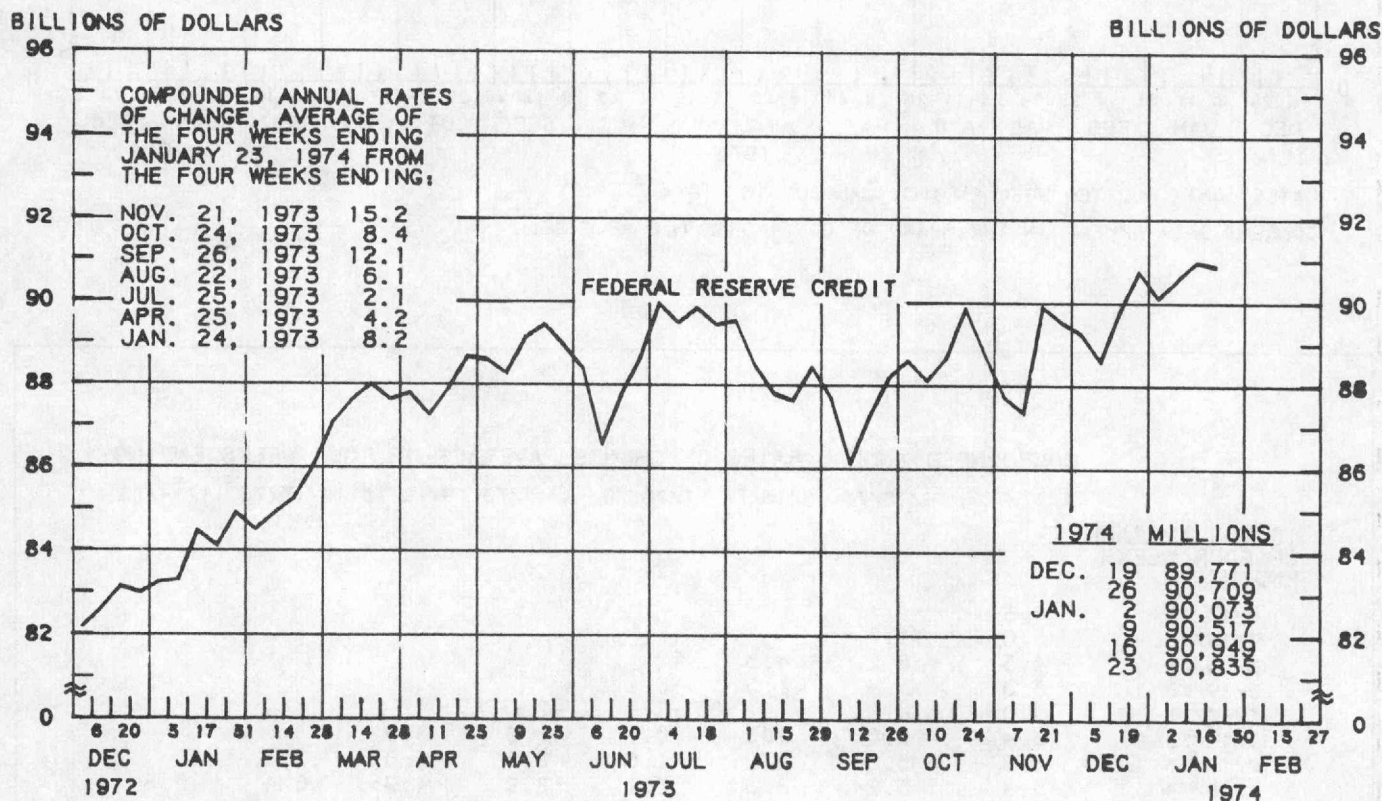
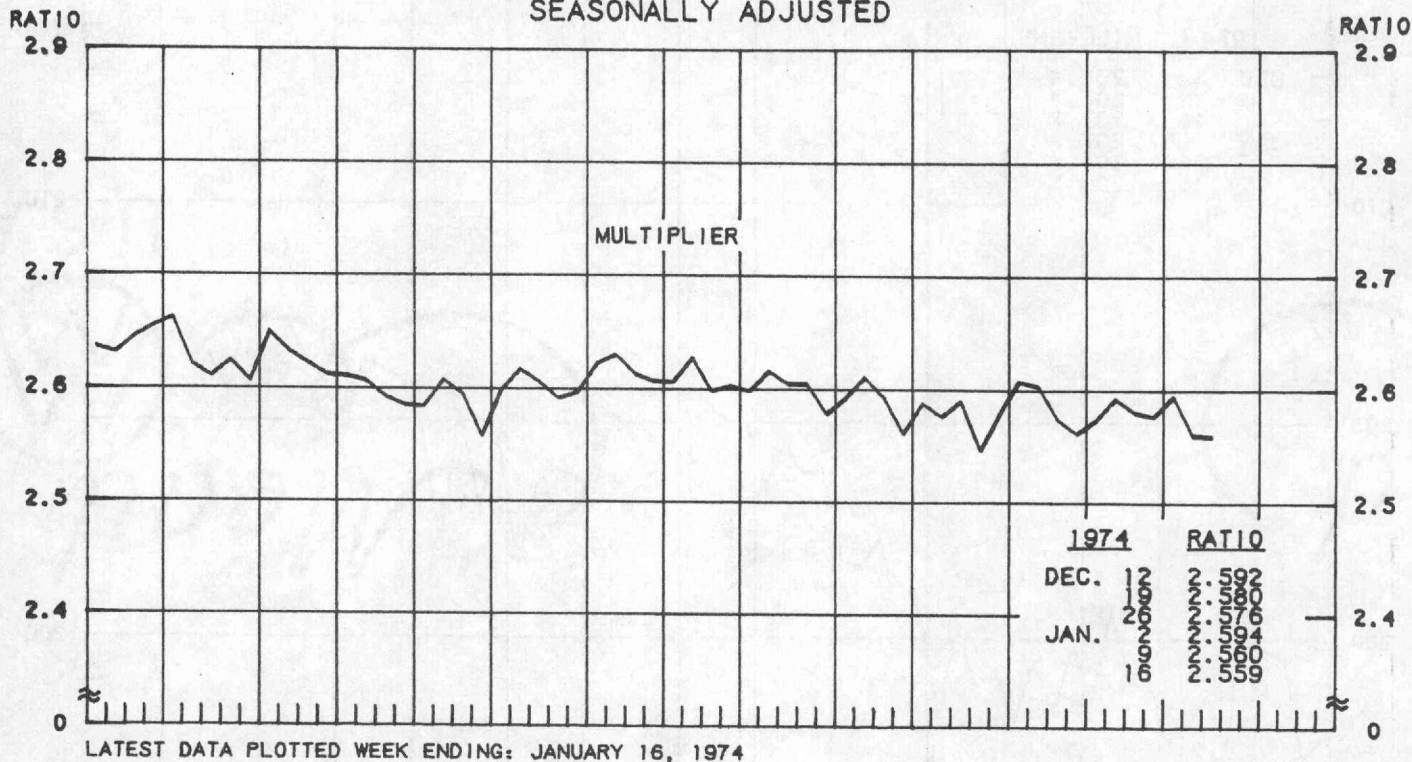
**COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:**

1/24/73    4/25/73    6/20/73    7/25/73    8/22/73    9/26/73    10/24/73    11/21/73

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

6/20/73	8.2							
7/25/73	8.4	6.9						
8/22/73	7.3	5.3	5.2					
9/26/73	6.7	4.8	4.5	1.9				
10/24/73	7.3	6.0	6.2	5.0	7.1			
11/21/73	6.9	5.6	5.6	4.5	5.8	7.5		
12/26/73	7.3	6.4	6.6	6.0	7.3	9.0	7.5	
1/23/74	7.4	6.5	6.8	6.3	7.4	8.7	7.7	9.8

# MULTIPLIER <sup>1/</sup> FEDERAL RESERVE CREDIT <sup>2/</sup> AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

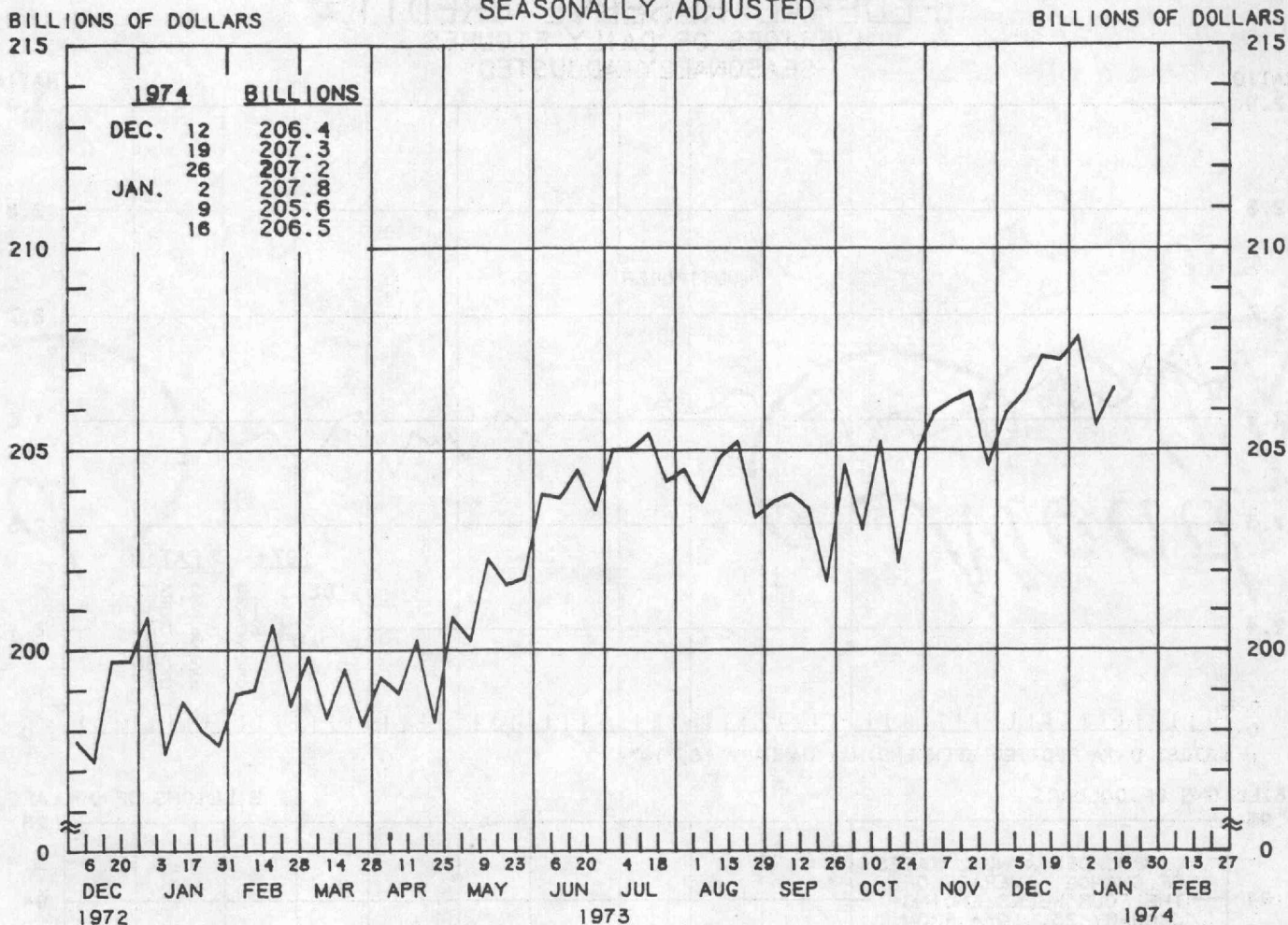


1/ RATIO OF MONEY STOCK (M1) / MONETARY BASE.

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



LATEST DATA PLOTTED WEEK ENDING: JANUARY 16, 1974

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

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

1/17/73    4/18/73    6/13/73    7/18/73    8/15/73    9/19/73    10/17/73    11/14/73

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

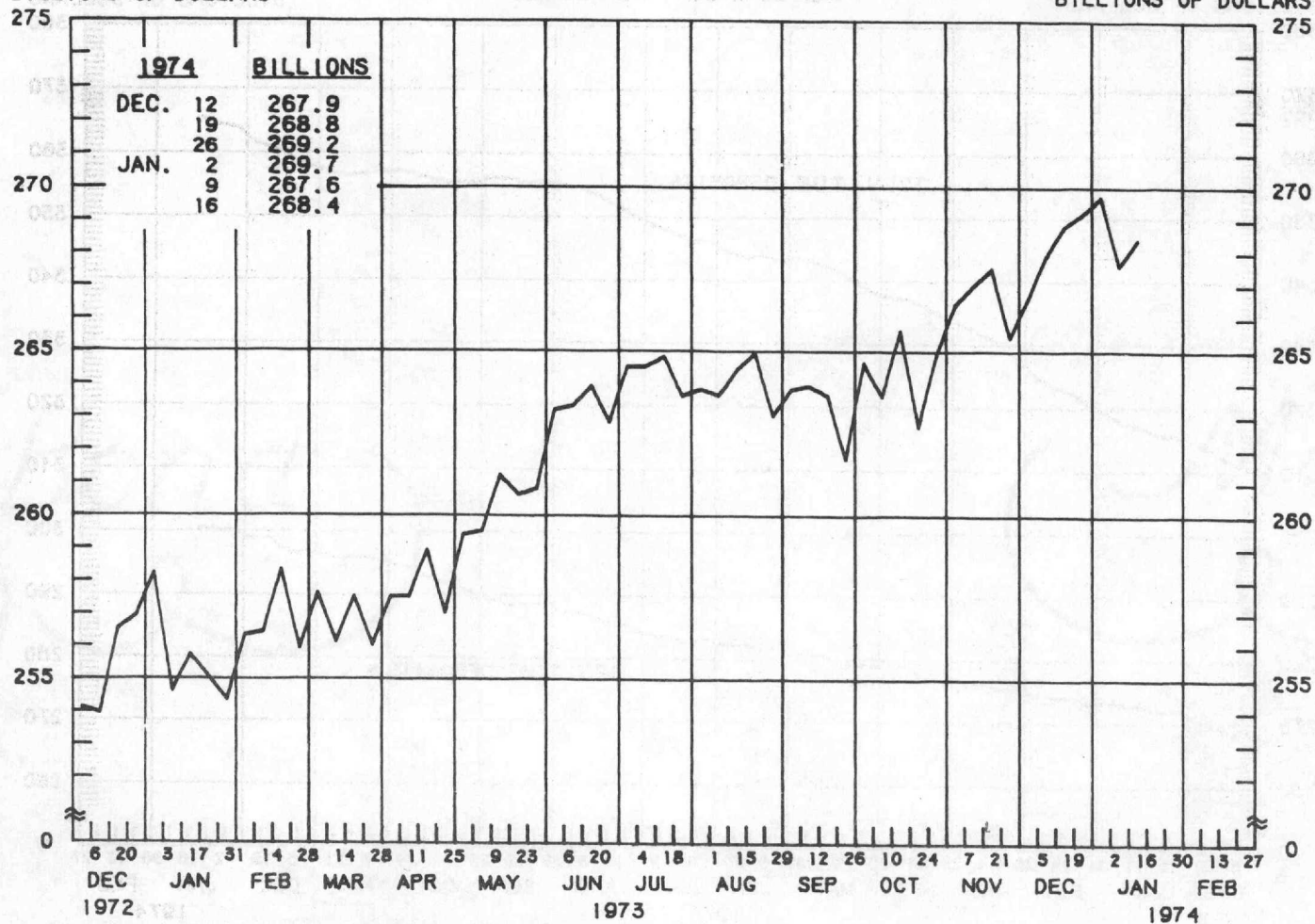
6/13/73	4.5							
7/18/73	5.6	11.7						
8/15/73	4.5	8.2	4.3					
9/19/73	3.3	5.4	1.5	-3.1				
10/17/73	3.0	4.6	1.1	-2.1	-2.0			
11/14/73	3.4	5.0	2.3	0.1	1.0	3.9		
12/19/73	3.8	5.3	3.2	1.6	2.6	5.0	7.3	
1/16/74	3.8	5.2	3.3	2.1	2.9	4.9	6.4	5.8

# MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



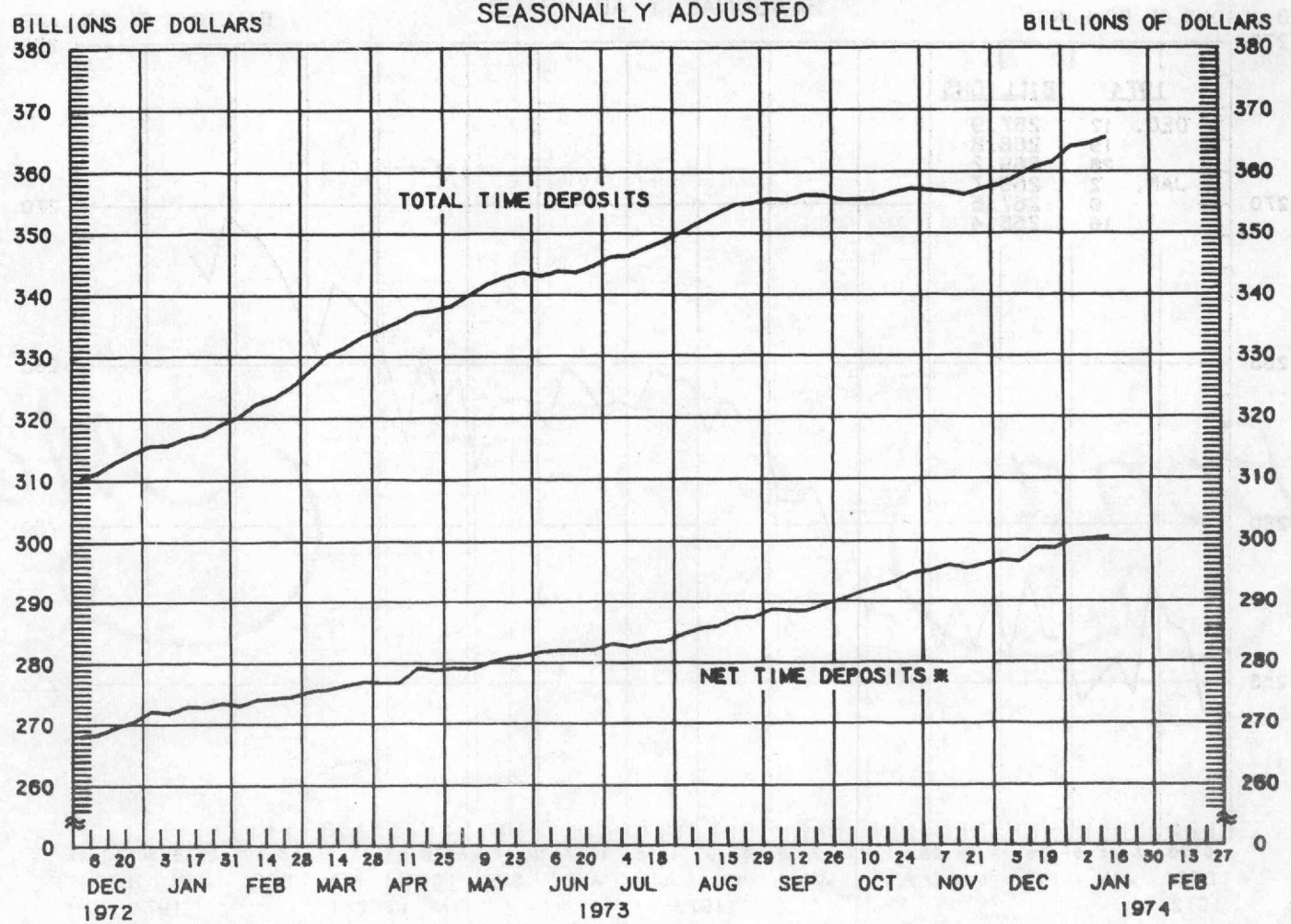
LATEST DATA PLOTTED WEEK ENDING: JANUARY 16, 1974

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

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

	1/17/73	4/18/73	6/13/73	7/18/73	8/15/73	9/19/73	10/17/73	11/14/73
6/13/73	5.5							
7/18/73	6.2	10.8						
8/15/73	5.1	7.8	4.3					
9/19/73	4.2	5.7	2.3	-1.3				
10/17/73	3.9	5.0	2.1	-0.5	0.0			
11/14/73	4.2	5.3	3.0	1.3	2.1	4.3		
12/19/73	4.6	5.6	3.9	2.7	3.7	5.6	7.4	
1/16/74	4.8	5.8	4.3	3.4	4.4	6.0	7.5	7.6

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



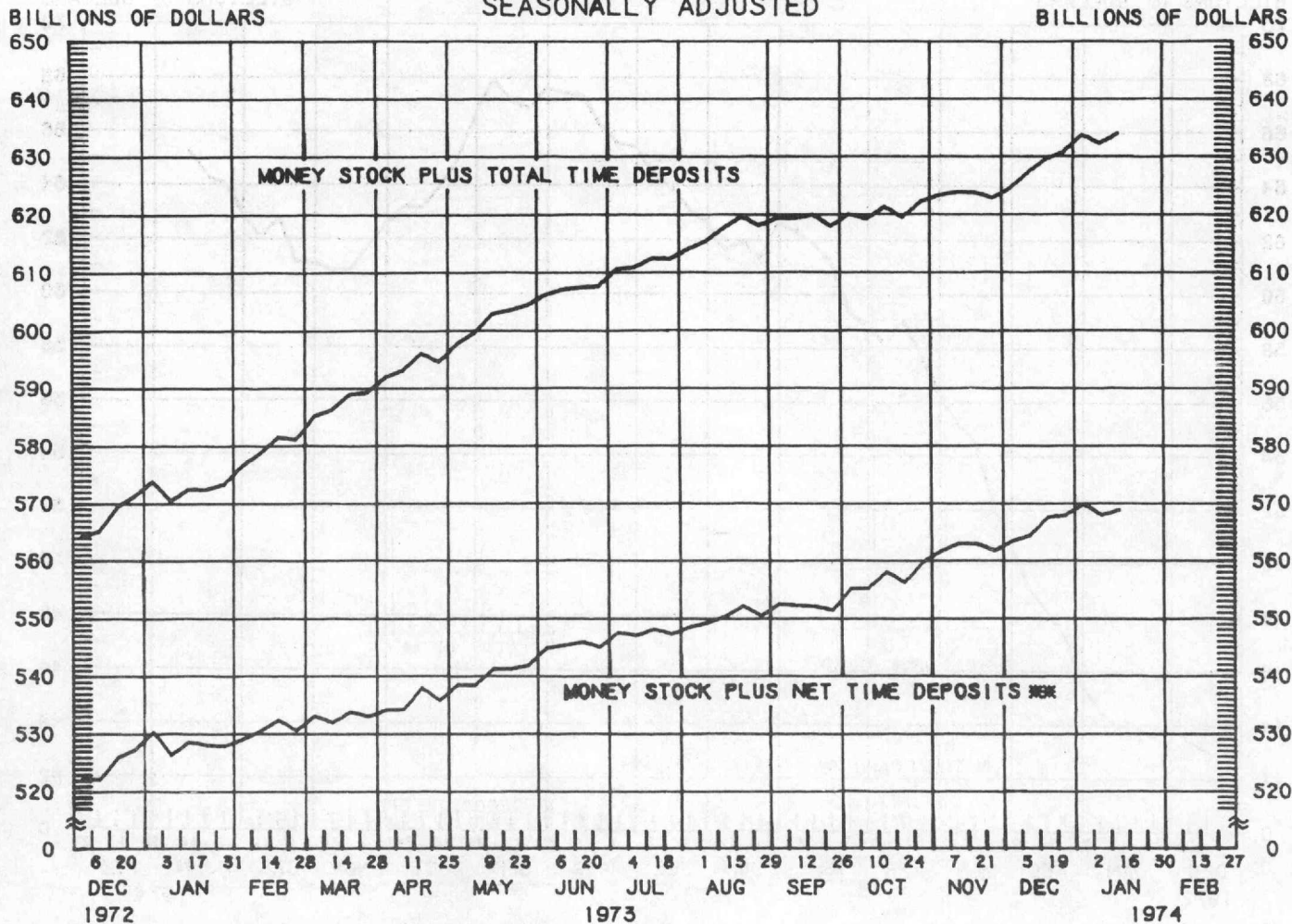
LATEST DATA PLOTTED WEEK ENDING: JANUARY 16, 1974  
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

\* 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:								
TO THE AVERAGE OF FOUR WEEKS ENDING:	1/17/73	4/18/73	6/13/73	7/18/73	8/15/73	9/19/73	10/17/73	11/14/73
6/13/73	9.0							
7/18/73	8.3	8.0						
8/15/73	8.6	8.6	7.6					
9/19/73	9.1	9.5	9.3	11.6				
10/17/73	9.6	10.1	10.3	12.3	13.0			
11/14/73	10.4	11.2	11.7	13.7	14.6	16.1		
12/19/73	10.1	10.7	11.0	12.4	12.8	12.9	12.5	
1/16/74	10.3	11.0	11.3	12.5	12.8	12.9	12.7	10.2

# MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 16, 1974

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).

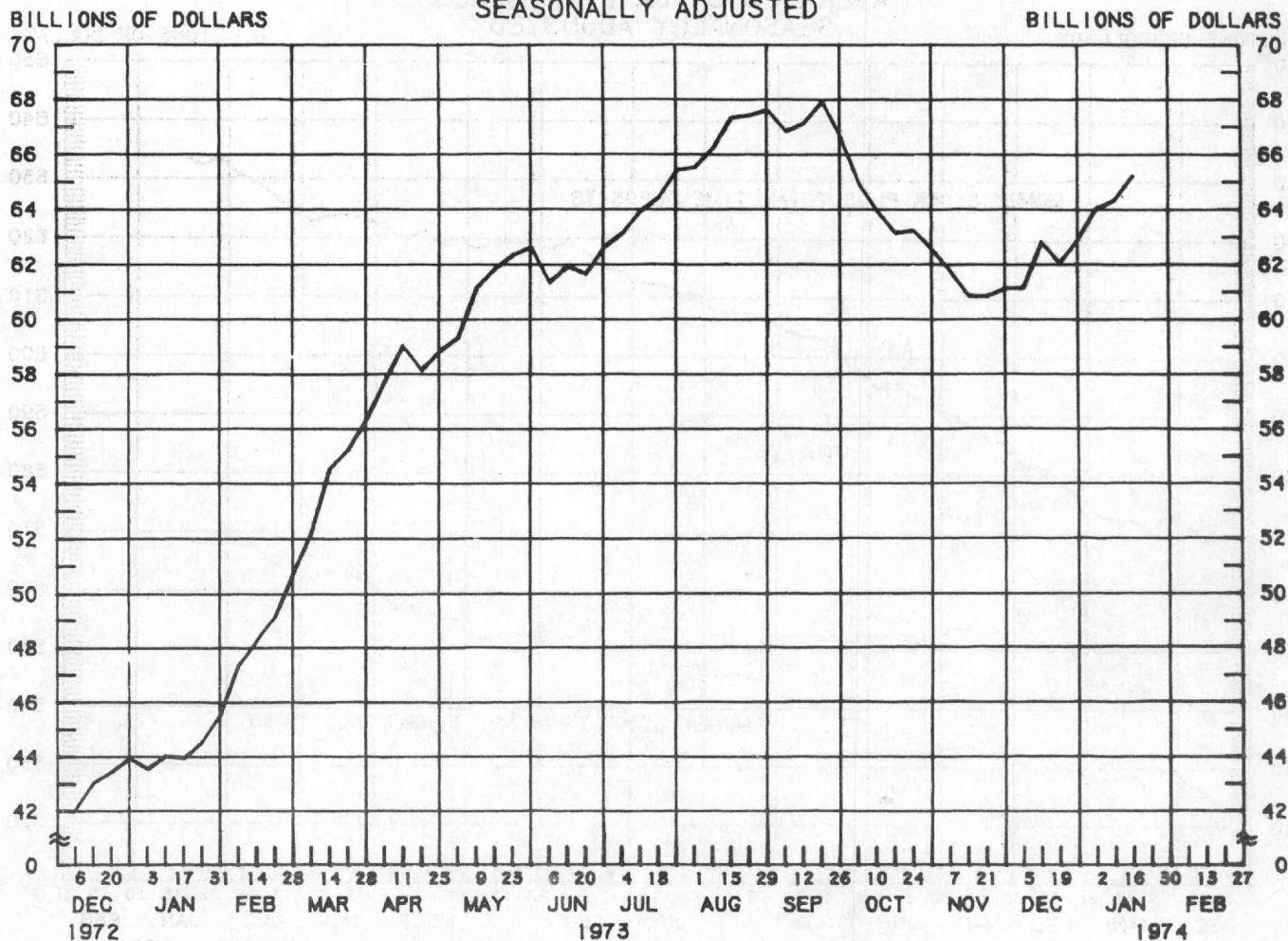
## MONEY STOCK PLUS NET TIME DEPOSITS (M2)

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:  
1/17/73 4/18/73 6/13/73 7/18/73 8/15/73 9/19/73 10/17/73 11/14/73

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

6/13/73	7.3								
7/18/73	7.2	9.4							
8/15/73	6.9	8.2	5.9						
9/19/73	6.7	7.7	5.9	5.3					
10/17/73	6.8	7.7	6.3	6.1	6.7				
11/14/73	7.4	8.3	7.4	7.6	8.5	10.2			
12/19/73	7.4	8.3	7.5	7.7	8.4	9.4	10.1		
1/16/74	7.7	8.5	7.9	8.1	8.7	9.6	10.2	9.1	

**CERTIFICATES OF DEPOSIT  
LARGE COMMERCIAL BANKS  
WEDNESDAY FIGURES  
SEASONALLY ADJUSTED**



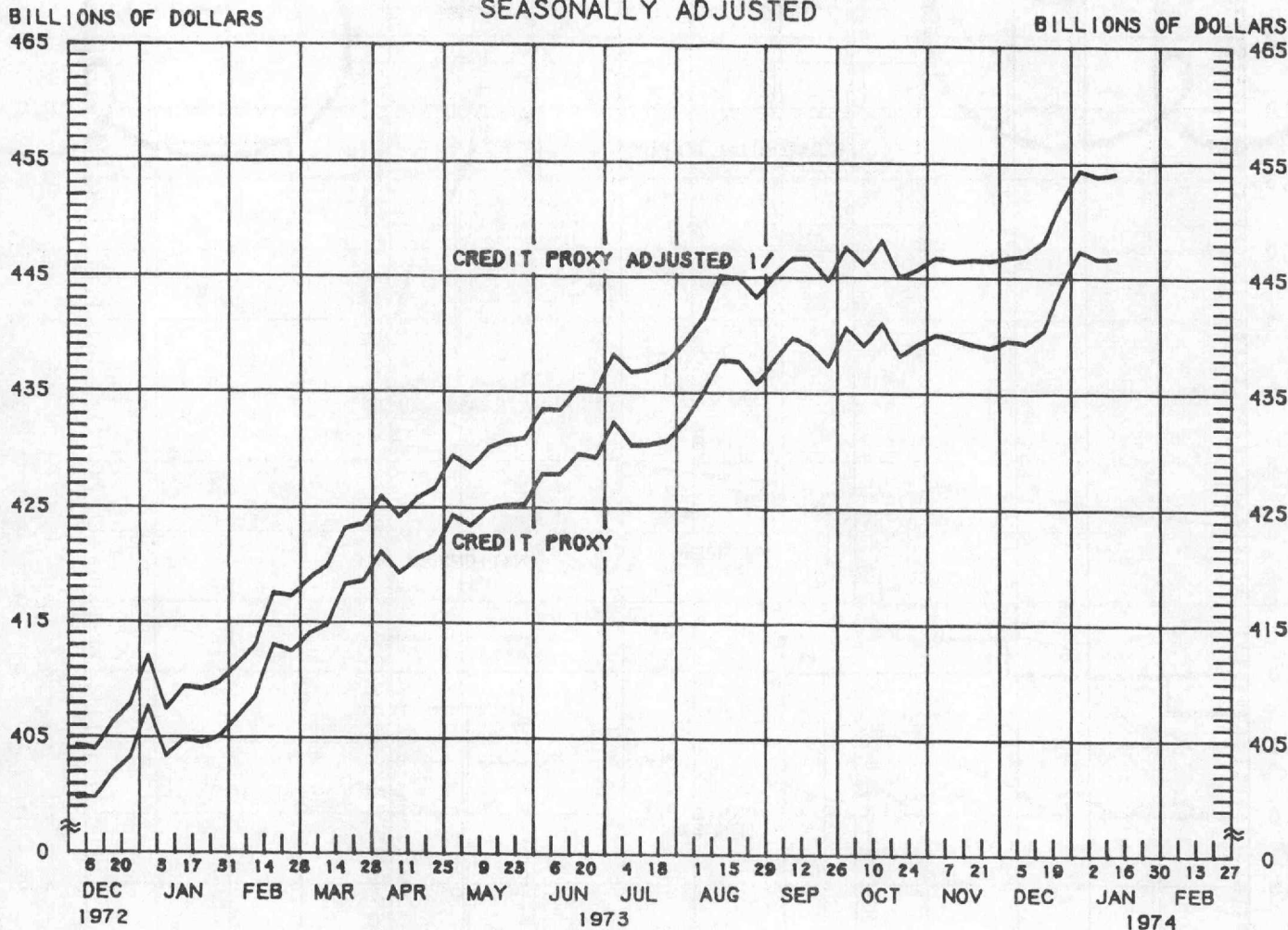
MONEY AND TIME DEPOSIT DATA			
1974	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 **
DEC. 5	61.1	296.7	563.3
12	62.8	296.4	564.3
19	62.0	298.7	567.5
26	62.9	298.6	567.8
JAN. 2	64.0	300.0	569.7
9	64.3	300.1	567.7
16	65.2	300.4	568.7
23			
30			
FEB. 6			
13			
20			
27			

\* 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



LATEST DATA PLOTTED WEEK ENDING: JANUARY 16, 1974

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

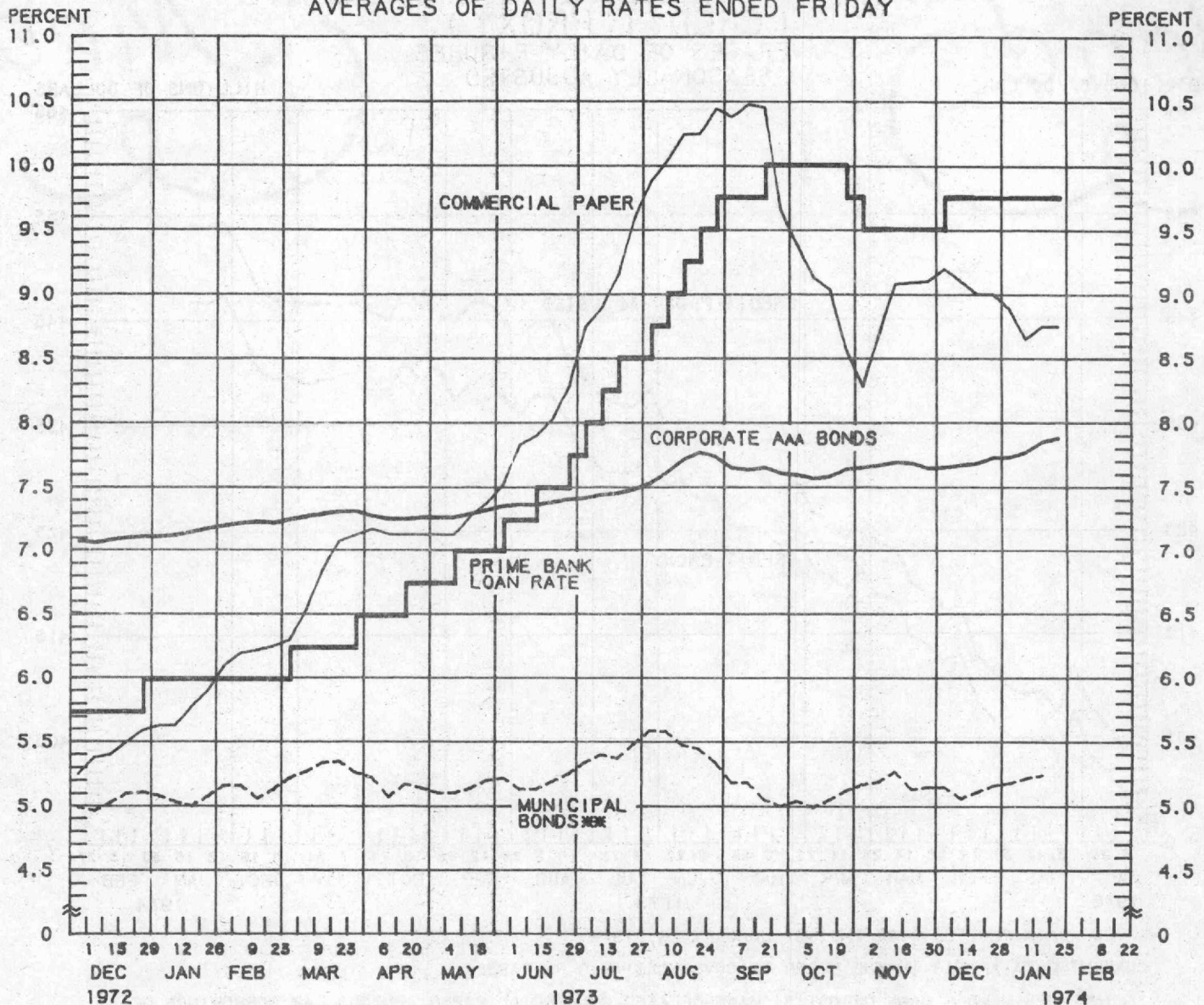
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1974		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
DEC.	12	439.3	447.0
	19	440.5	448.2
	26	444.4	451.7
JAN.	2	447.4	454.4
	9	446.6	453.8
	16	446.8	454.1

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING JANUARY 16, 1974 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
NOV.	14, 1973	9.6	10.1
OCT.	17, 1973	6.2	6.2
SEP.	19, 1973	5.8	5.7
AUG.	15, 1973	6.8	6.9
JUL.	18, 1973	7.4	7.8
APR.	18, 1973	8.5	9.1
JAN.	17, 1973	10.3	10.8

# YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



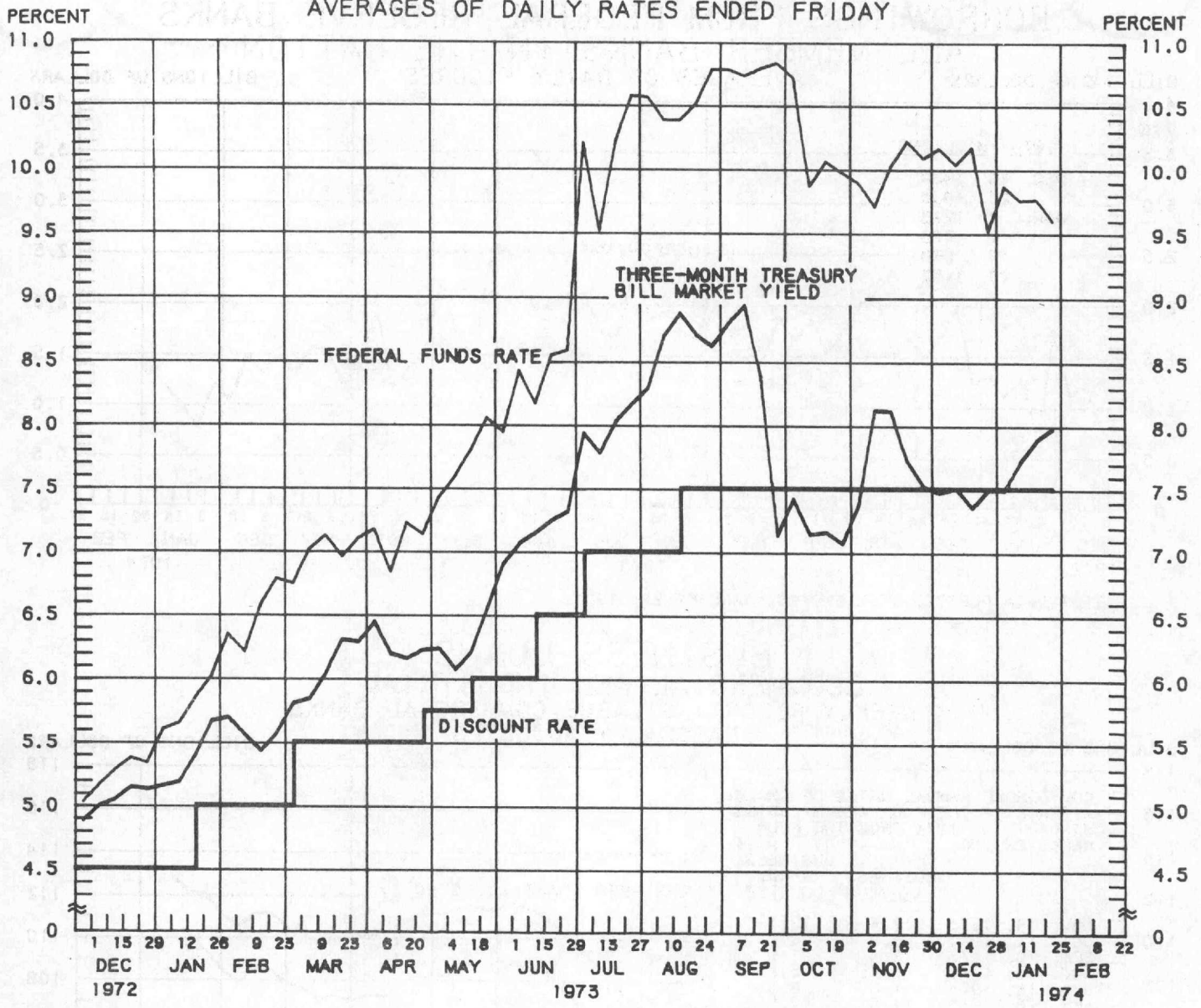
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 25, 1974

1974	CORPORATE AAA BONDS	PRIME COMMERCIAL PAPER 4-6 MONTH	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS **
DEC. 7	7.65	9.20	6.90	6.31	5.15
14	7.67	9.10	6.76	6.30	5.06
21	7.68	9.00	6.73	6.34	5.11
28	7.73	9.00	6.83	6.47	5.16
JAN. 4	7.73	8.88	6.83	6.52	5.18
11	7.77	8.65	6.88	6.57	5.22
18	7.85	8.75	6.94	6.57	5.24
25 *	7.88	8.75	7.04	6.57	N.A.
FEB. 1					
8					
15					
22					

\* AVERAGES OF RATES AVAILABLE.  
 \*\* BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.  
 N.A. - NOT AVAILABLE

# SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY

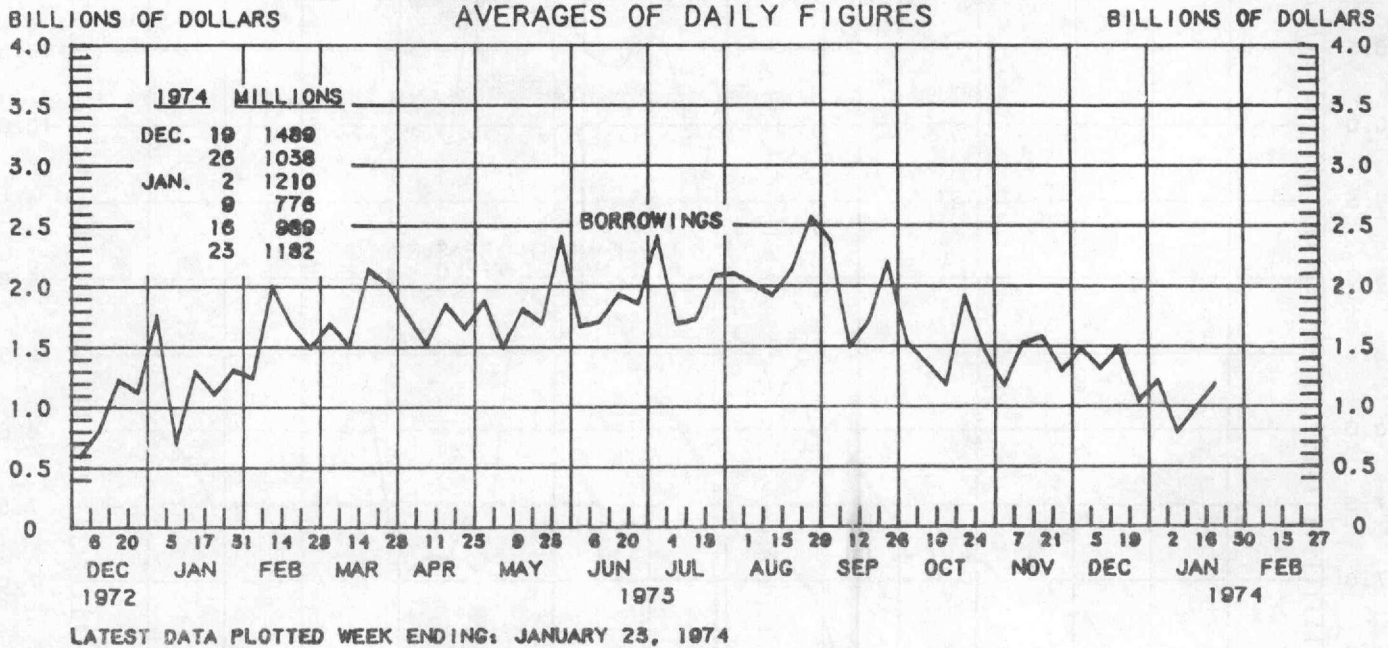


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 25, 1974

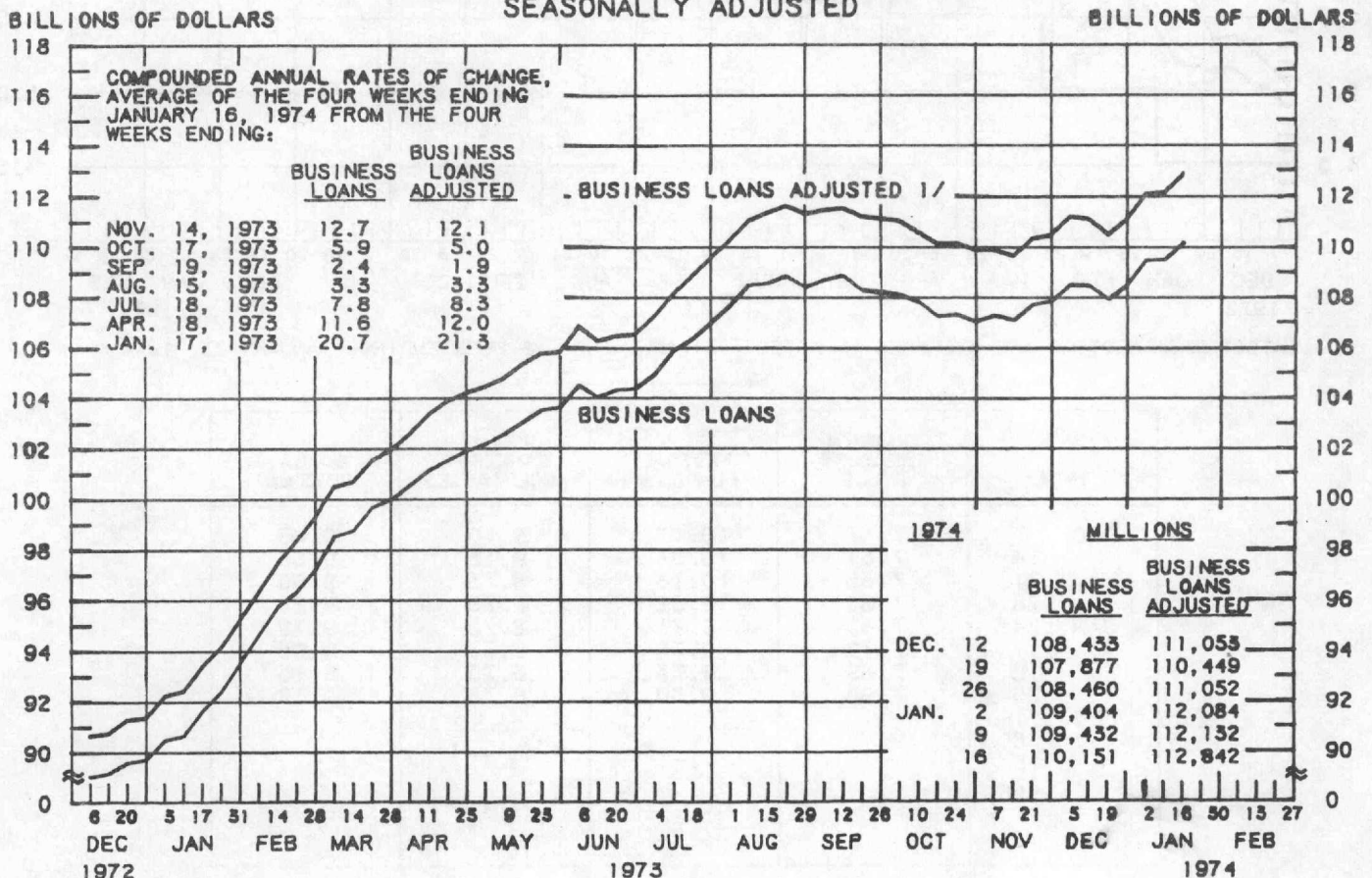
1974	3-MONTH TREASURY BILLS	FEDERAL FUNDS <small>***</small>	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S <small>***</small>
DEC. 7	7.47	10.17	9.10	9.43
14	7.51	10.04	9.15	9.50
21	7.35	10.18	8.75	9.09
28	7.50	9.52	8.75	9.23
JAN. 4	7.49	9.87	8.75	9.19
11	7.72	9.76	8.75	9.08
18	7.89	9.77	8.75	9.15
25 *	7.98	9.60	8.75	9.12
FEB. 1				
8				
15				
22				

\* 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

## 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.