



Week ending: May 8, 1974

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Federal funds and borrowings from the Federal Reserve Bank in its District are alternative sources of reserves for a member bank. The available data as presented in the Chart on Page 9 tends to support the view that the level of member bank borrowing from the Federal Reserve Banks is influenced by changes in the relative costs of these alternative sources of reserves. One can discern in the chart a positive relationship between the volume of member bank borrowings and the spread between the Federal funds rate and the discount rate on borrowings from the Federal Reserve Banks.

On April 25, the discount rate was raised to 8 percent from a 7.5 percent level set last summer. However, the spread between the Federal funds rate and the discount rate continued to increase as the interest rate on Federal funds continued its rise begun ten weeks ago. The spread between the Federal funds rate and the discount rate averaged 329 basis points this week, compared to 286 basis points in the week prior to the increase in the discount rate and about 150 basis points in early March.

Other short-term market interest rates have sustained their upward movements begun in late February. The rates on bank loans have risen rapidly as judged by the rise in the prime bank loan rate to 11 percent in the past week. The rapid rise in loan rates must be interpreted as reflecting an increase in the demand for loans, as the rising rates have been accompanied by rising volumes. The rise in the return on loans relative to the cost of reserves borrowed from the Federal Reserve Banks provides an incentive for member banks to borrow at the discount window. Yields on large CDs, an alternative source of funds to a bank, also surpassed its record level reached in late September and provided an additional incentive for member banks to borrow from the Federal Reserve Banks.

As a consequence of the increased spread between the Federal funds rate and the discount rate, as well as the rise in loan rates and the yields on large CDs as discussed above, member bank borrowings from Federal Reserve Banks have increased rapidly. Over the last ten weeks member bank borrowings rose to an average of \$1.5 billion, compared to an average of about \$1 billion over the previous ten weeks.

Prepared by Federal Reserve Bank of St. Louis

Released: May 10, 1974

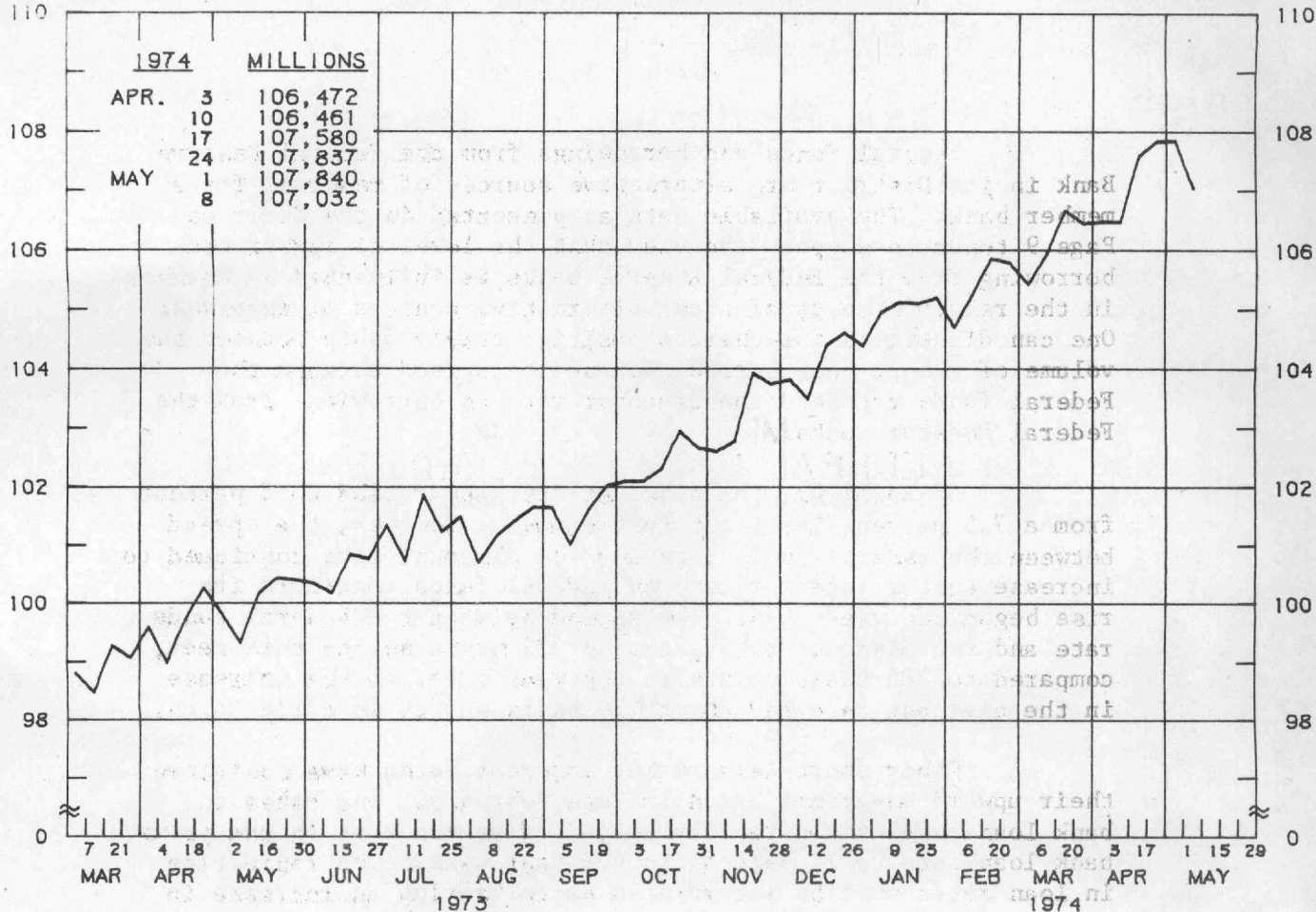
MONETARY BASE

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MAY 8, 1974

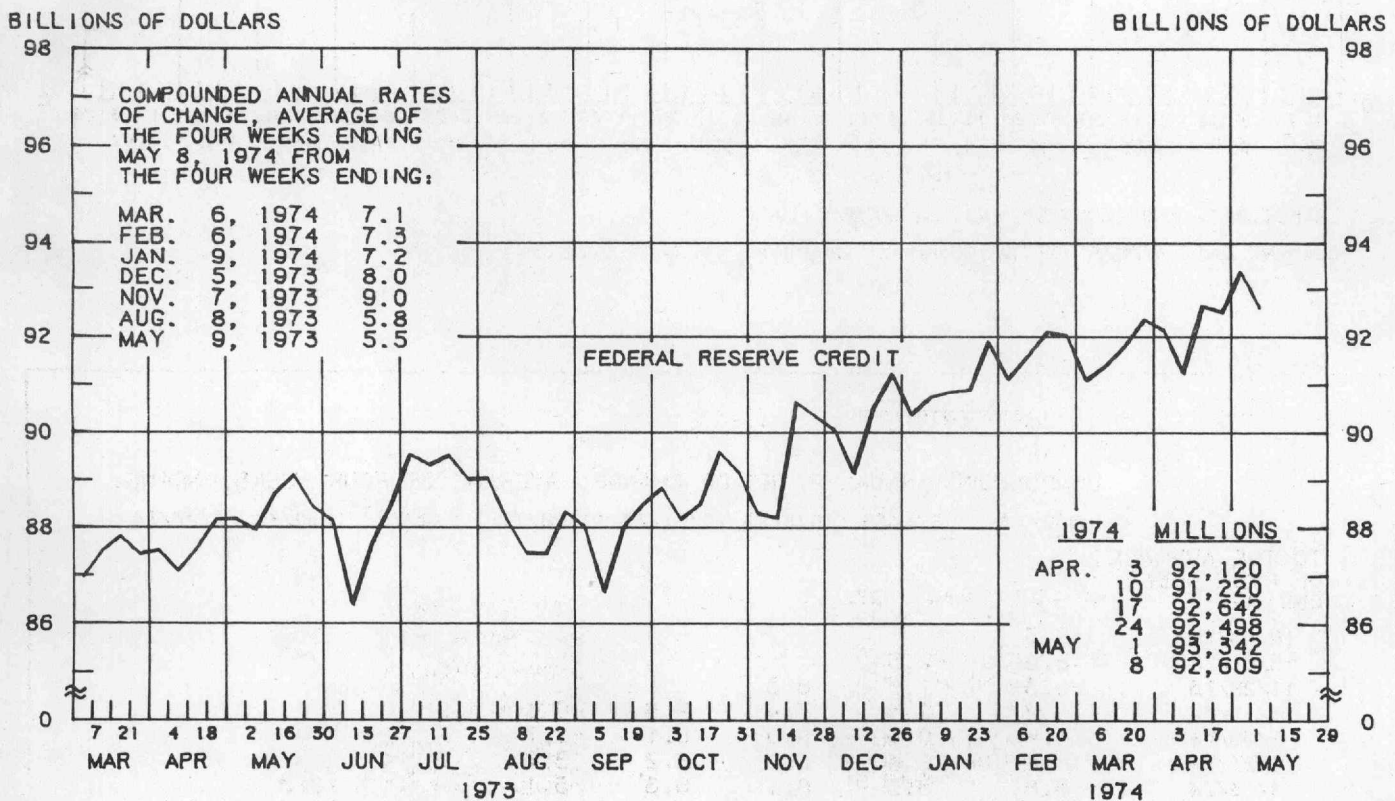
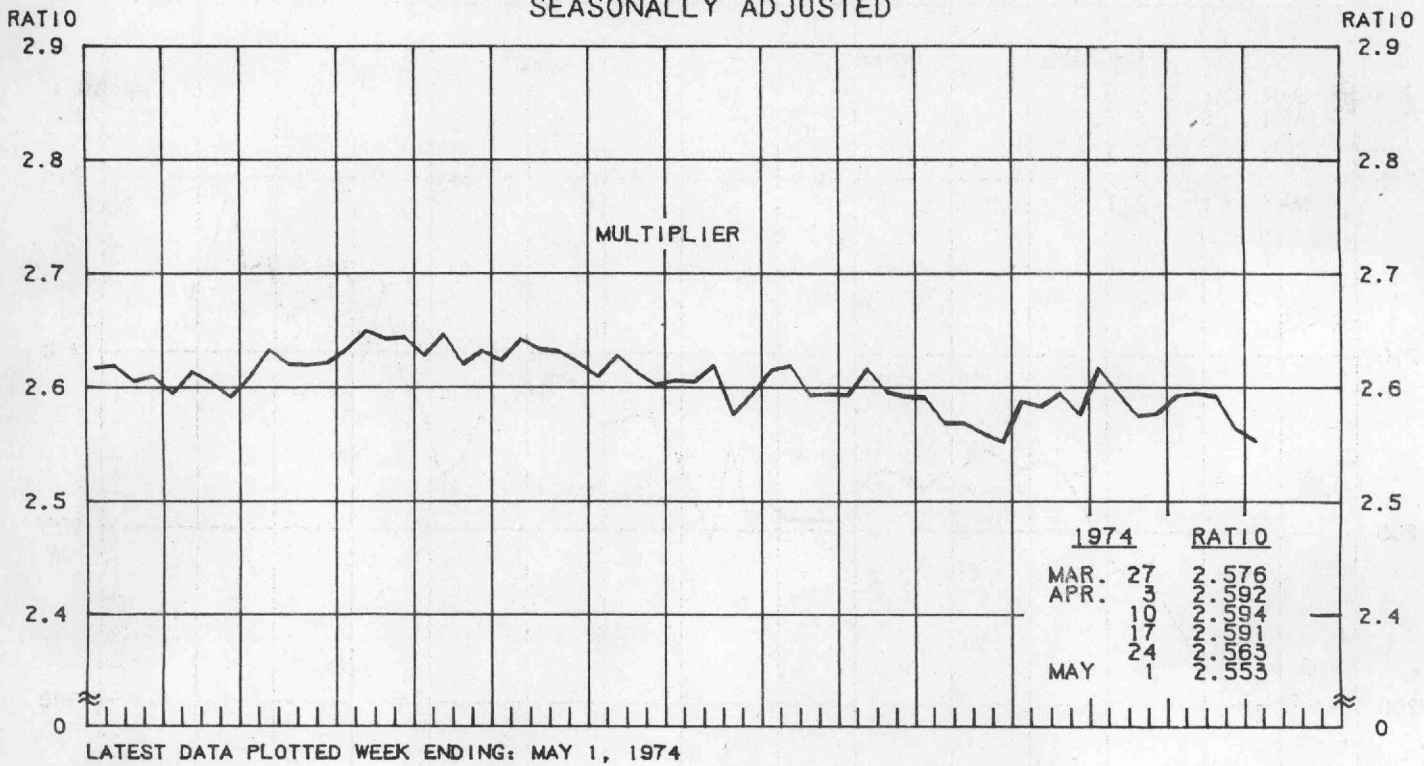
USES OF MONETARY BASE ARE MEMBER BANK RESERVES AND CURRENCY HELD BY THE PUBLIC AND NONMEMBER BANKS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. FOR A DESCRIPTION OF THE BASE SEE THE AUGUST 1968 "REVIEW" OF THIS BANK.

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

TO THE AVERAGE OF FOUR WEEKS ENDING:	5/9/73	8/8/73	10/10/73	11/7/73	12/5/73	1/9/74	2/6/74	3/6/74
10/10/73	5.3							
11/ 7/73	5.8	5.2						
12/ 5/73	6.7	6.9	10.7					
1/ 9/74	7.3	7.8	10.7	11.6				
2/ 6/74	7.1	7.5	9.5	9.7	8.5			
3/ 6/74	7.1	7.4	9.0	9.1	8.0	6.3		
4/10/74	7.3	7.7	9.1	9.2	8.4	7.6	8.4	
5/ 8/74	7.8	8.3	9.7	9.9	9.4	9.0	10.0	11.4

MULTIPLIER ^{1/} FEDERAL RESERVE CREDIT ^{2/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 8, 1974

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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 1, 1974

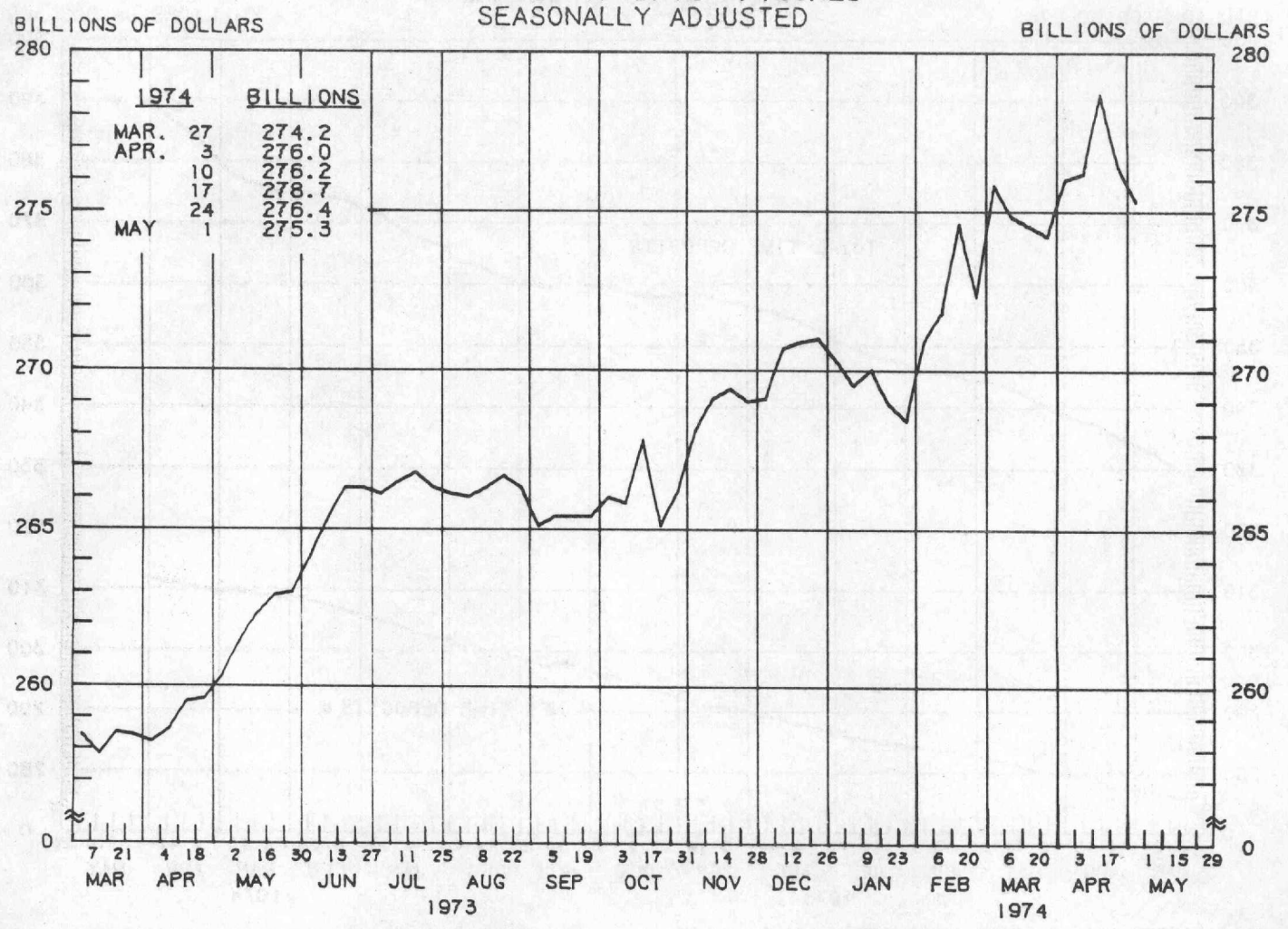
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	5/2/73	8/1/73	10/3/73	10/31/73	11/28/73	1/2/74	1/30/74	2/27/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
10/ 3/73	5.5							
10/31/73	5.0	-2.3						
11/28/73	6.3	1.5	8.5					
1/ 2/74	6.2	2.4	7.4	9.6				
1/30/74	4.4	0.4	3.0	3.1	-1.7			
2/27/74	5.5	2.4	5.5	6.2	3.7	2.5		
4/ 3/74	5.8	3.3	6.1	6.8	5.1	4.9	12.3	
5/ 1/74	6.0	3.8	6.3	6.9	5.5	5.5	10.8	8.3

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

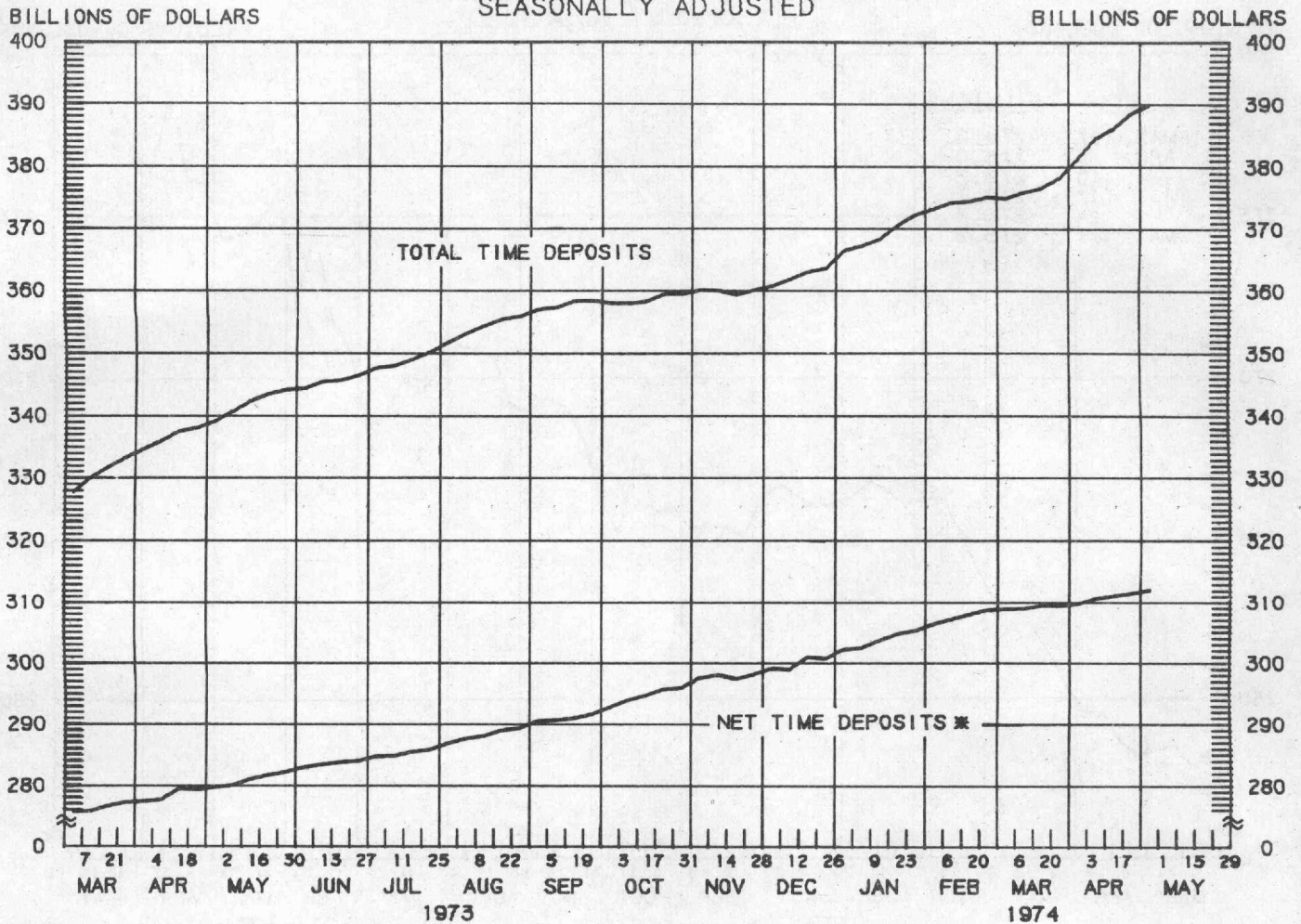


LATEST DATA PLOTTED WEEK ENDING: MAY 1, 1974
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	5/2/73	8/1/73	10/3/73	10/31/73	11/28/73	1/2/74	1/30/74	2/27/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
10/ 3/73	5.6							
10/31/73	5.2	-0.3						
11/28/73	6.4	2.9	8.4					
1/ 2/74	6.5	3.9	7.9	10.2				
1/30/74	5.0	2.1	4.2	4.6	0.6			
2/27/74	6.0	3.9	6.5	7.3	5.3	4.2		
4/ 3/74	6.4	4.8	7.1	7.9	6.6	6.4	12.9	
5/ 1/74	6.6	5.2	7.4	8.0	7.0	6.9	11.6	9.5

TIME DEPOSITS
ALL COMMERCIAL BANKS
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 1, 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.

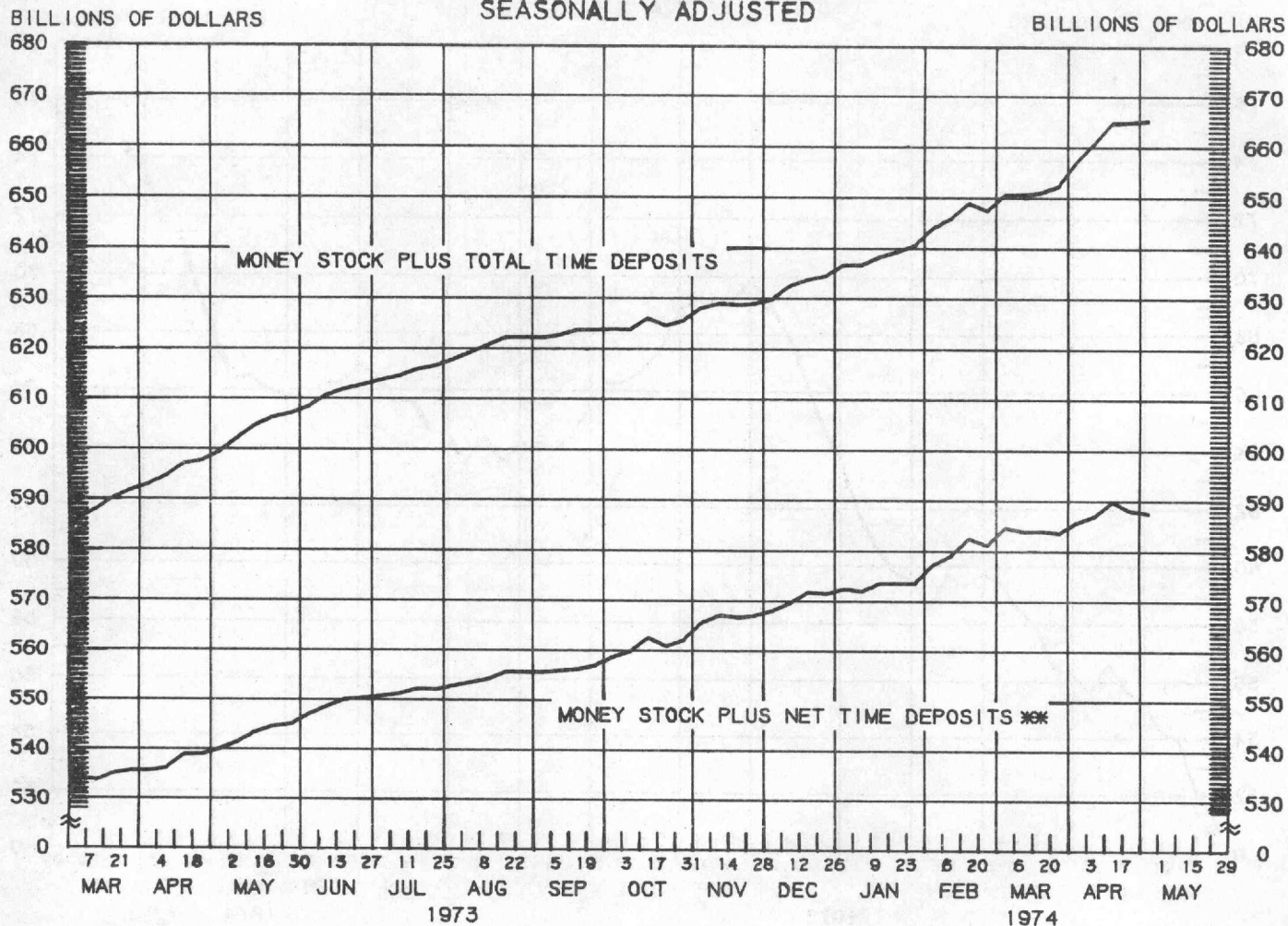
NET TIME DEPOSITS

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

	5/2/73	8/1/73	10/3/73	10/31/73	11/28/73	1/2/74	1/30/74	2/27/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
10/ 3/73	10.9							
10/31/73	11.9	13.8						
11/28/73	11.9	13.4	14.7					
1/ 2/74	11.7	12.8	13.1	11.3				
1/30/74	12.1	13.2	13.7	12.6	12.9			
2/27/74	12.5	13.6	14.1	13.4	13.8	15.9		
4/ 3/74	11.8	12.5	12.6	11.7	11.7	12.1	10.5	
5/ 1/74	11.6	12.1	12.1	11.3	11.1	11.3	10.0	7.4

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 1, 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)

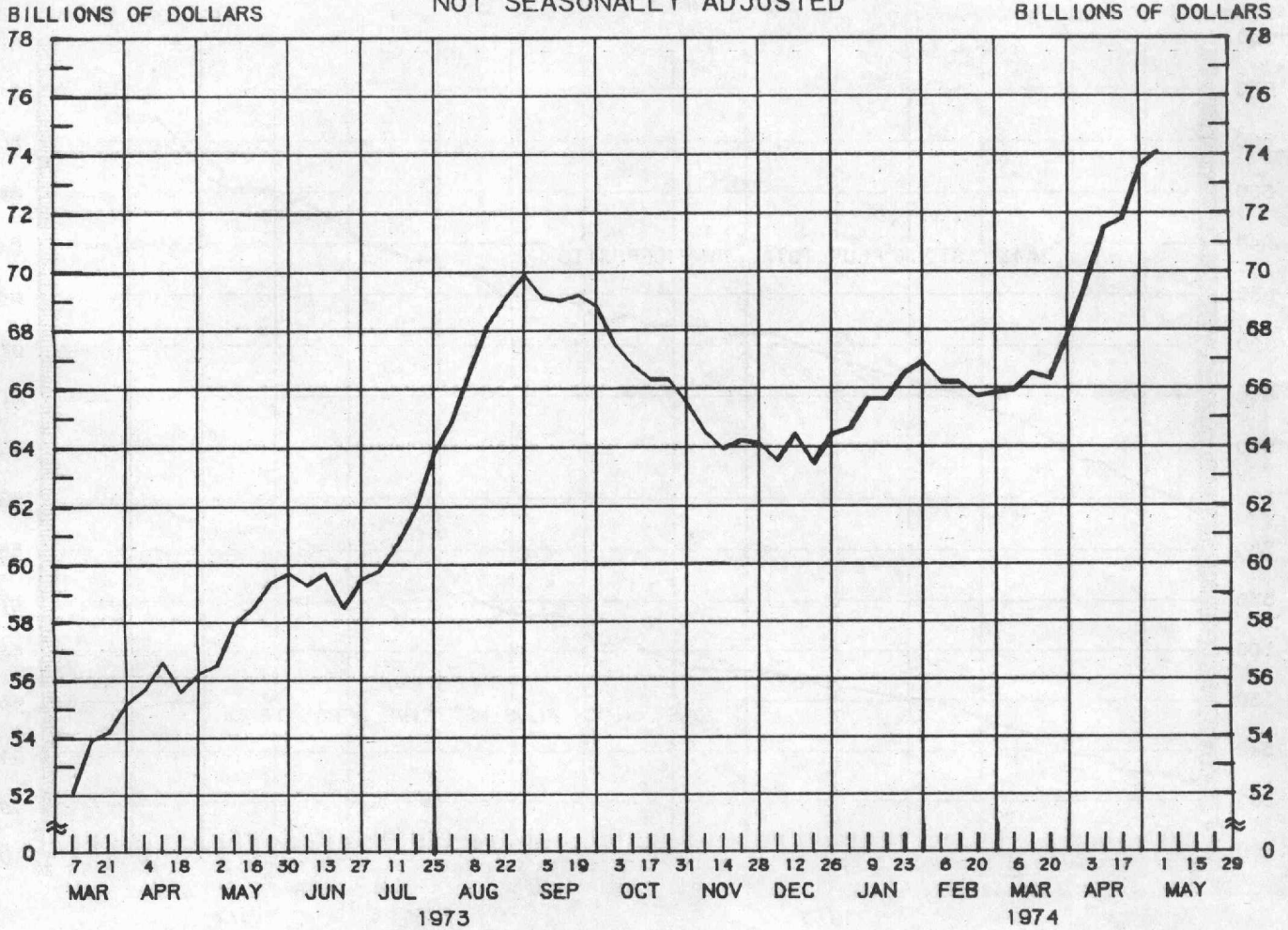
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

	5/2/73	8/1/73	10/3/73	10/31/73	11/28/73	1/2/74	1/30/74	2/27/74
10/ 3/73	8.3							
10/31/73	8.6	6.8						
11/28/73	9.2	8.2	11.7					
1/ 2/74	9.2	8.4	10.7	10.7				
1/30/74	8.7	7.7	9.2	8.8	6.9			
2/27/74	9.4	8.9	10.5	10.5	9.8	10.3		
4/ 3/74	9.2	8.7	10.0	9.9	9.2	9.3	11.6	
5/ 1/74	9.2	8.7	9.8	9.7	9.2	9.2	10.7	8.2

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 1, 1974

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

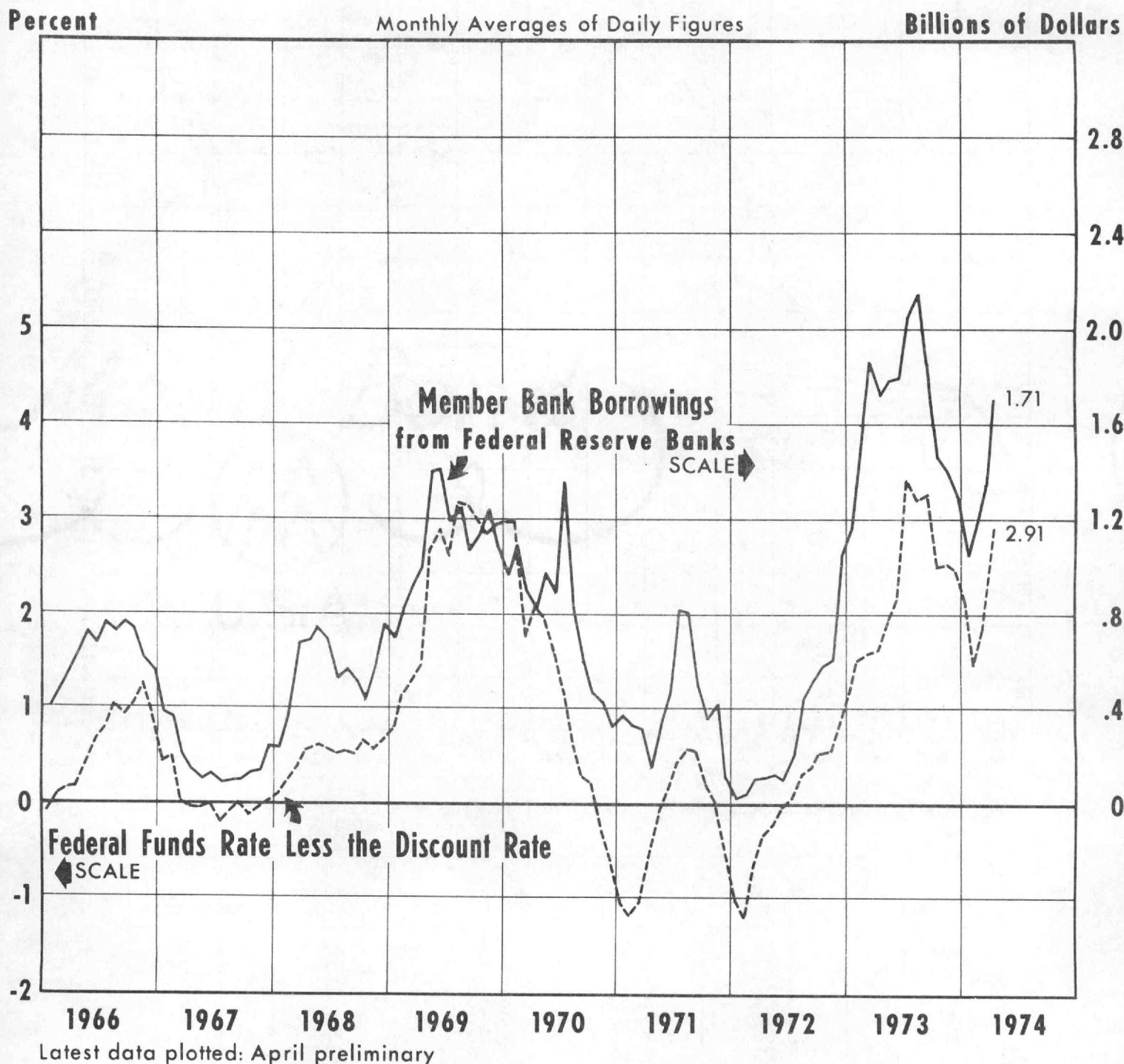
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA				
1974	BILLIONS			
	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M2 ***
MAR. 6	65.9	65.9	308.9	584.7
13	66.5	66.8	309.0	583.9
20	66.3	67.1	309.5	584.0
27	67.8	68.8	309.4	583.6
APR. 3	69.5	71.5	309.8	585.8
10	71.5	73.9	310.7	587.0
17	71.8	74.8	311.2	589.9
24	73.6	76.9	311.6	588.0
MAY 1	74.1	77.8	312.1	587.5
8				
15				
22				
29				

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

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

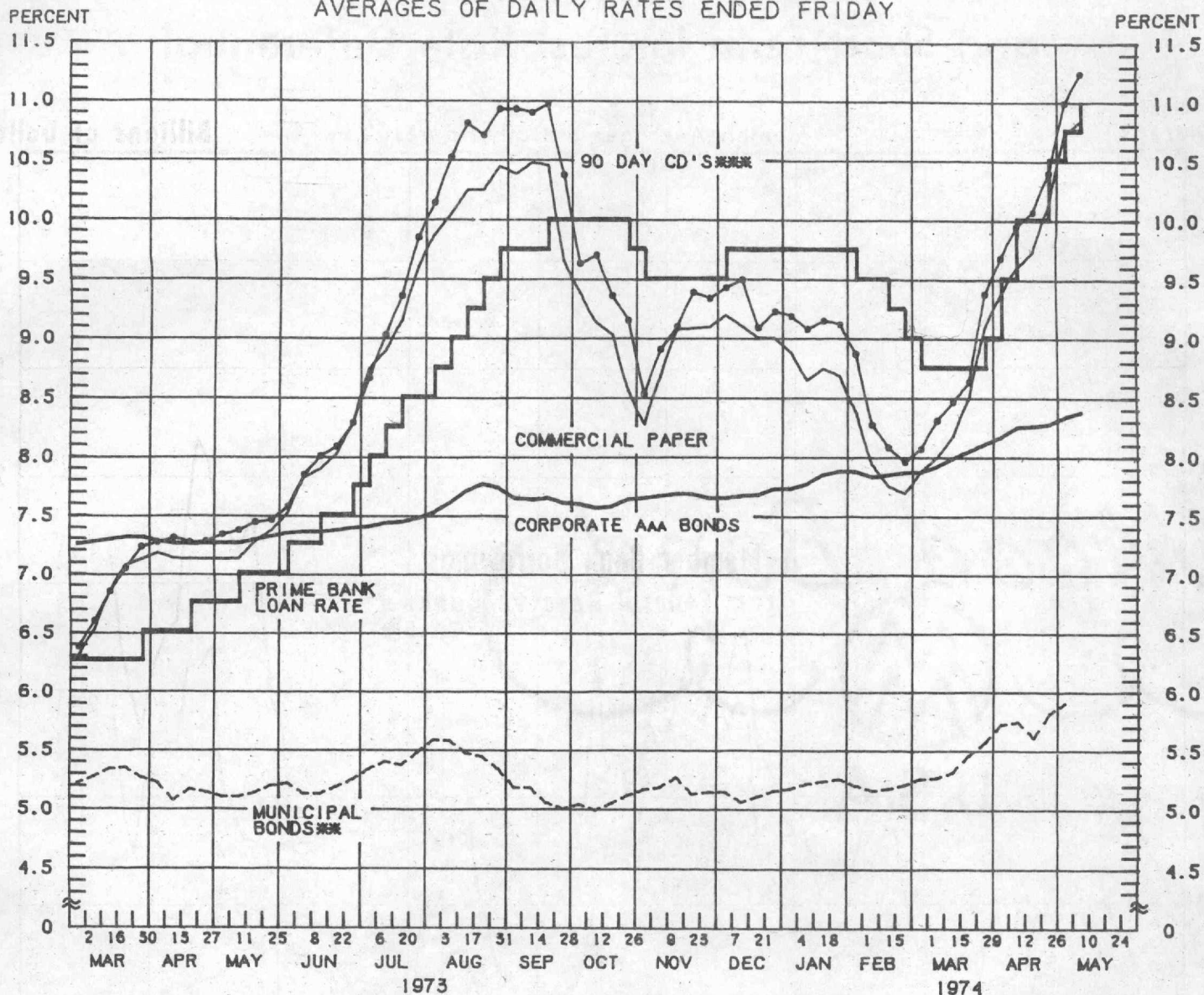
Member Bank Borrowings and Short-Term Interest Rate Differential



Prepared by Federal Reserve Bank of St. Louis

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



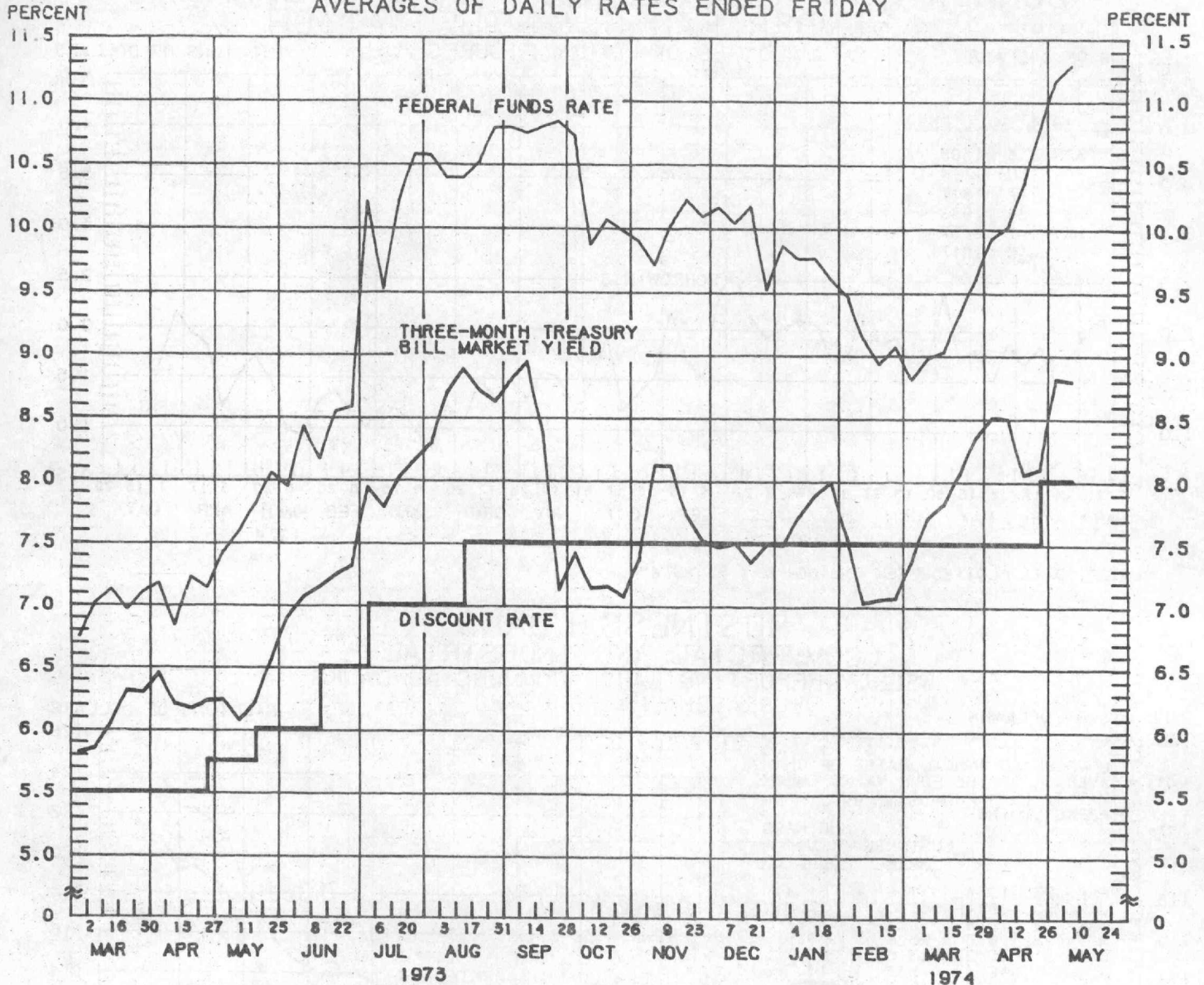
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 10, 1974

1974	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
MAR. 1	8.07	7.88	7.85	7.87	5.26
8	8.31	8.00	8.00	7.92	5.27
15	8.47	8.18	8.10	7.99	5.32
22	8.64	8.50	8.60	8.05	5.46
29	9.38	9.10	9.10	8.11	5.57
APR. 5	9.68	9.38	9.30	8.17	5.73
12	9.95	9.60	9.50	8.25	5.75
19	10.07	9.73	9.50	8.26	5.61
26	10.40	10.13	9.85	8.28	5.82
MAY 3	10.99	10.73	10.40	8.34	5.91
10 *	11.24	10.84	10.67	8.38	N.A.
17					
24					
31					

* AVERAGES OF RATES AVAILABLE.
 * BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.
 * SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.
 N.A. - NOT AVAILABLE

SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY

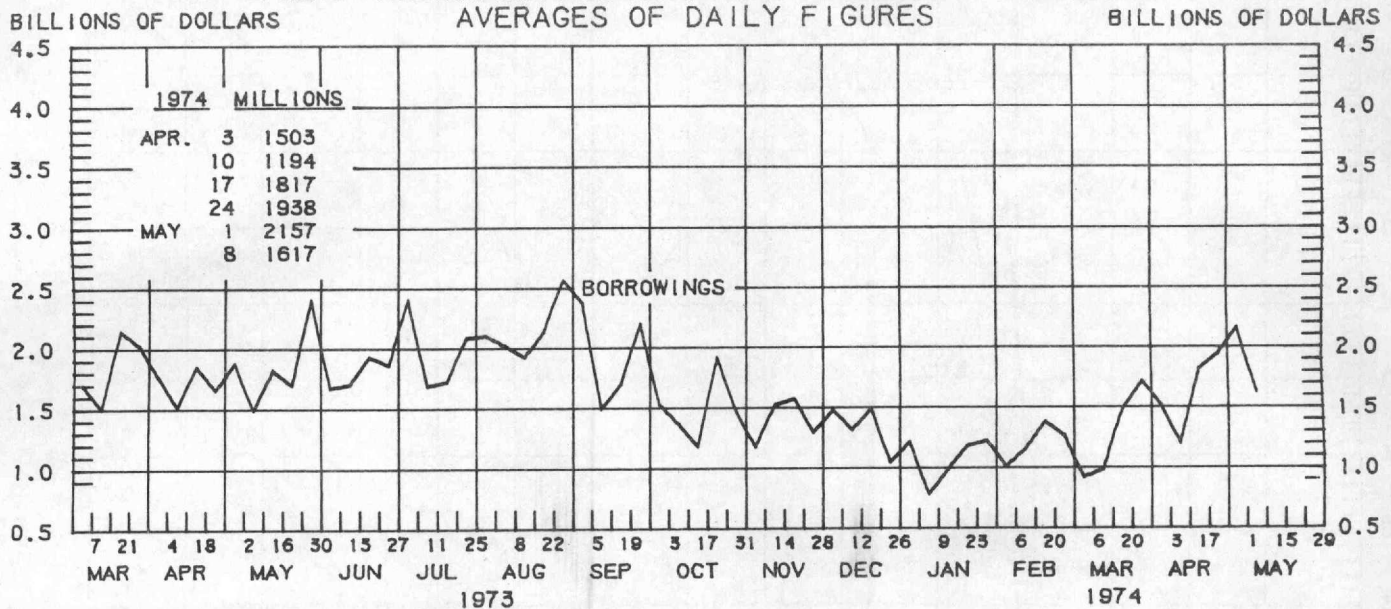


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 10, 1974

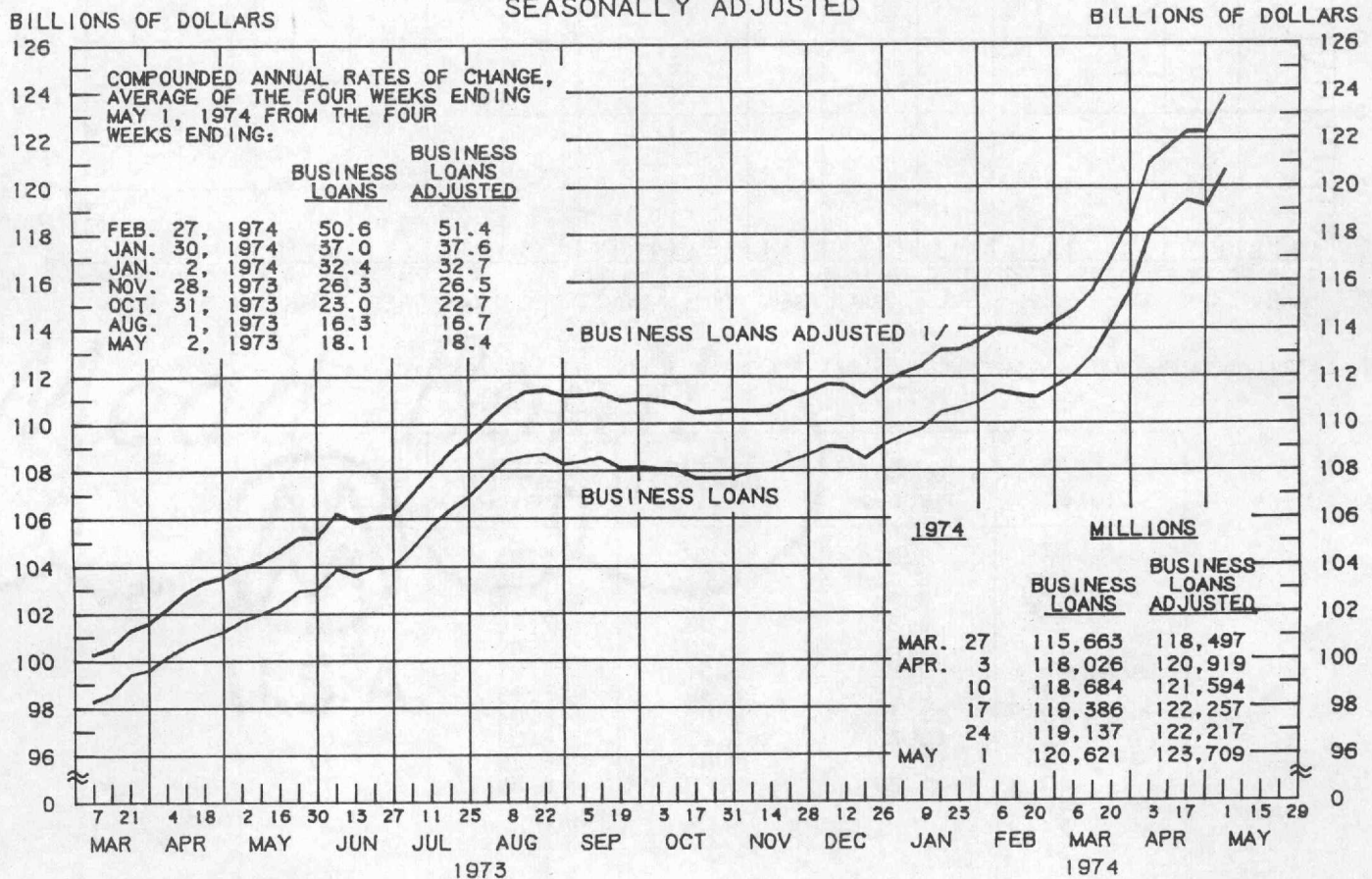
1974	FEDERAL FUNDS <small>***</small>	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
MAR. 1	8.81	7.36	6.93	6.62
8	8.98	7.71	7.06	6.71
15	9.03	7.82	7.16	6.75
22	9.33	8.06	7.48	6.88
29	9.61	8.35	7.69	6.93
APR. 5	9.93	8.51	7.91	7.02
12	10.02	8.49	7.98	7.04
19	10.36	8.05	7.94	6.99
26	10.78	8.10	8.04	7.07
MAY 3	11.17	8.81	8.29	7.11
10 *	11.29	8.79	8.55	7.12
17				
24				
31				

* AVERAGES OF RATES AVAILABLE.
 *** SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN.
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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.