

RESEARCH LIBRARY
Federal Reserve Bank
of St. Louis

Week ending: June 26, 1974

AUG 26 1998

The multiplier relating the money stock (M_1) to the monetary base is currently lower than that prevailing a year ago. A partial explanation lies in increases of the currency and time deposit ratios, two of the determinants of the money multiplier.* Over the past twelve months, the rate of growth in the narrowly defined money stock has exceeded the rate of growth of its private demand deposit component. This implies a faster growth in the currency component of M_1 as compared to the demand deposit component and thus an increase in the public's preference for currency relative to demand deposits. Over the same interval the rate of growth of M_1 plus time deposits, inclusive of large CDs, surpassed the growth of M_1 alone. Such a discrepancy in these rates of growth imply an increase in the public's preference for time deposits relative to demand deposits.

The composition of total time deposits has changed substantially in favor of large CDs over the past six months. This change reflects a rapid rise in the interest rates on large CDs, which are not constrained by Regulation Q ceiling rates. Since late December 1973, the outstanding volume of large CDs has increased by about \$15 billion to a level of \$79 billion.

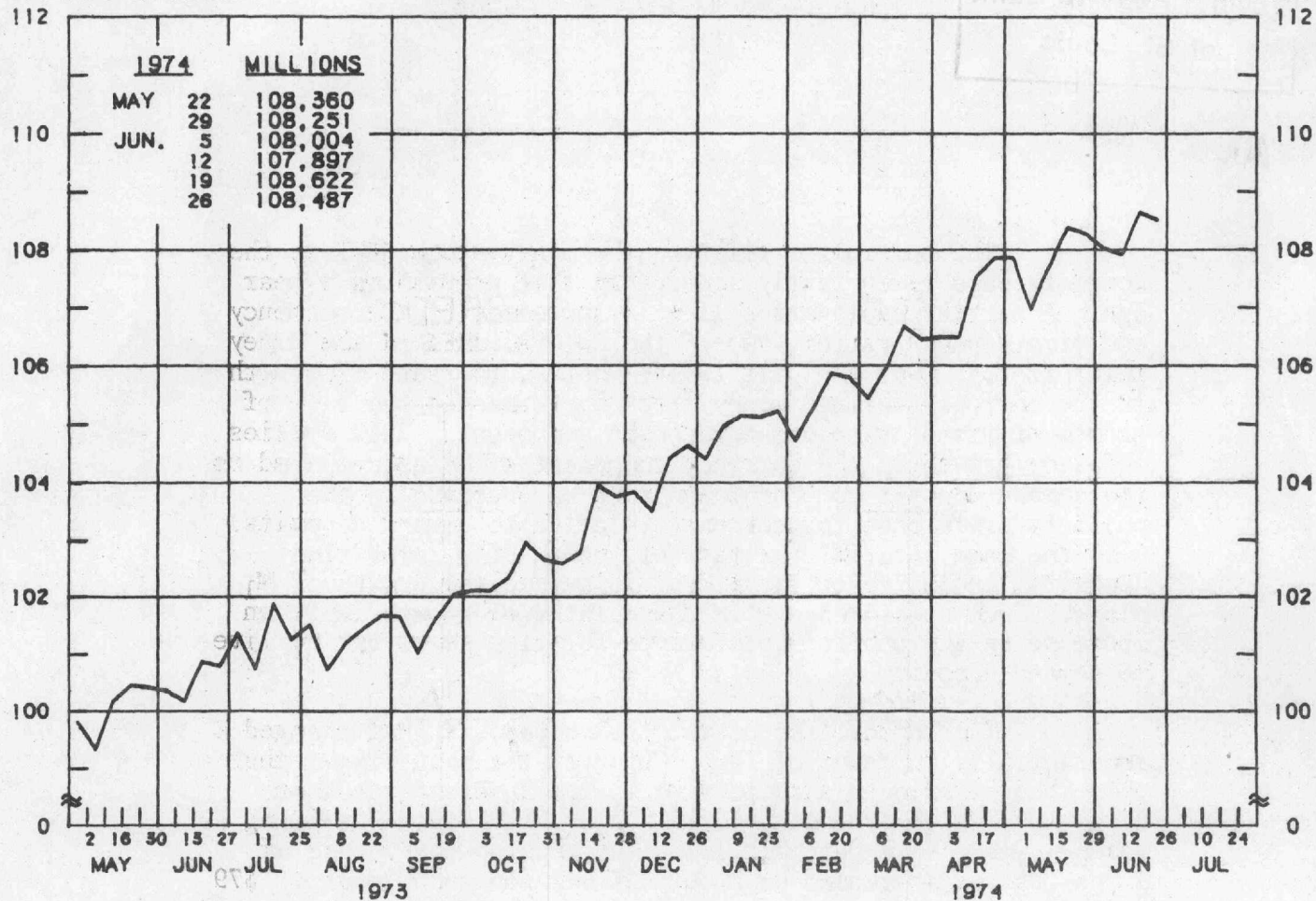
The volume of business loans at commercial banks has continued to rise. This rise, accompanied by a rapid rise in bank loan rates, reflects an accelerated increase in the demand for bank loans by business borrowers. The concomitant increase in the broad spectrum of short- and long-term interest rates mirror an underlying robust demand for credit. An exception to the general rise in interest rates since early-May has been the rate on the 3-month Treasury bill.

* For a discussion of the proximate determinants of the money multiplier, see the October 1969 Review of this Bank.

MONETARY BASE
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



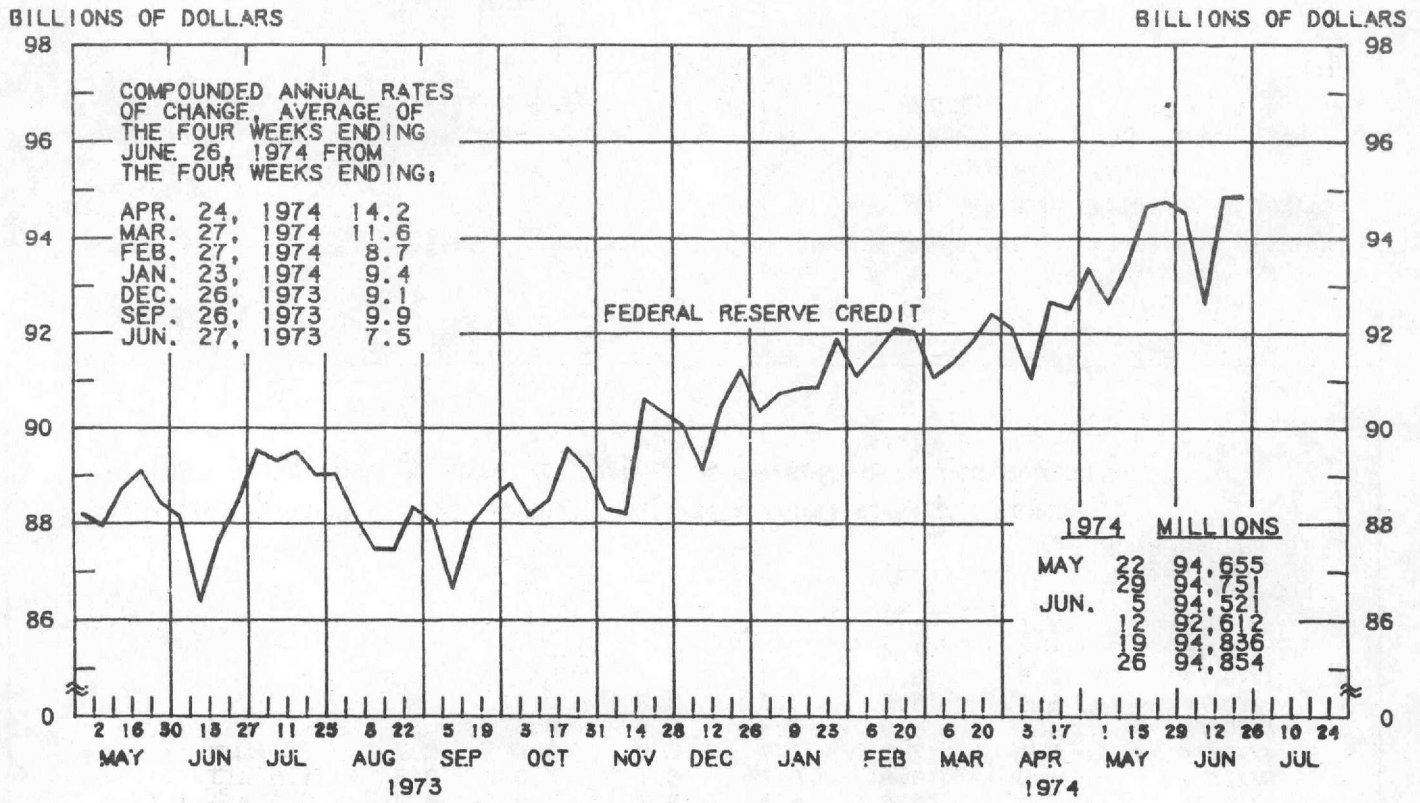
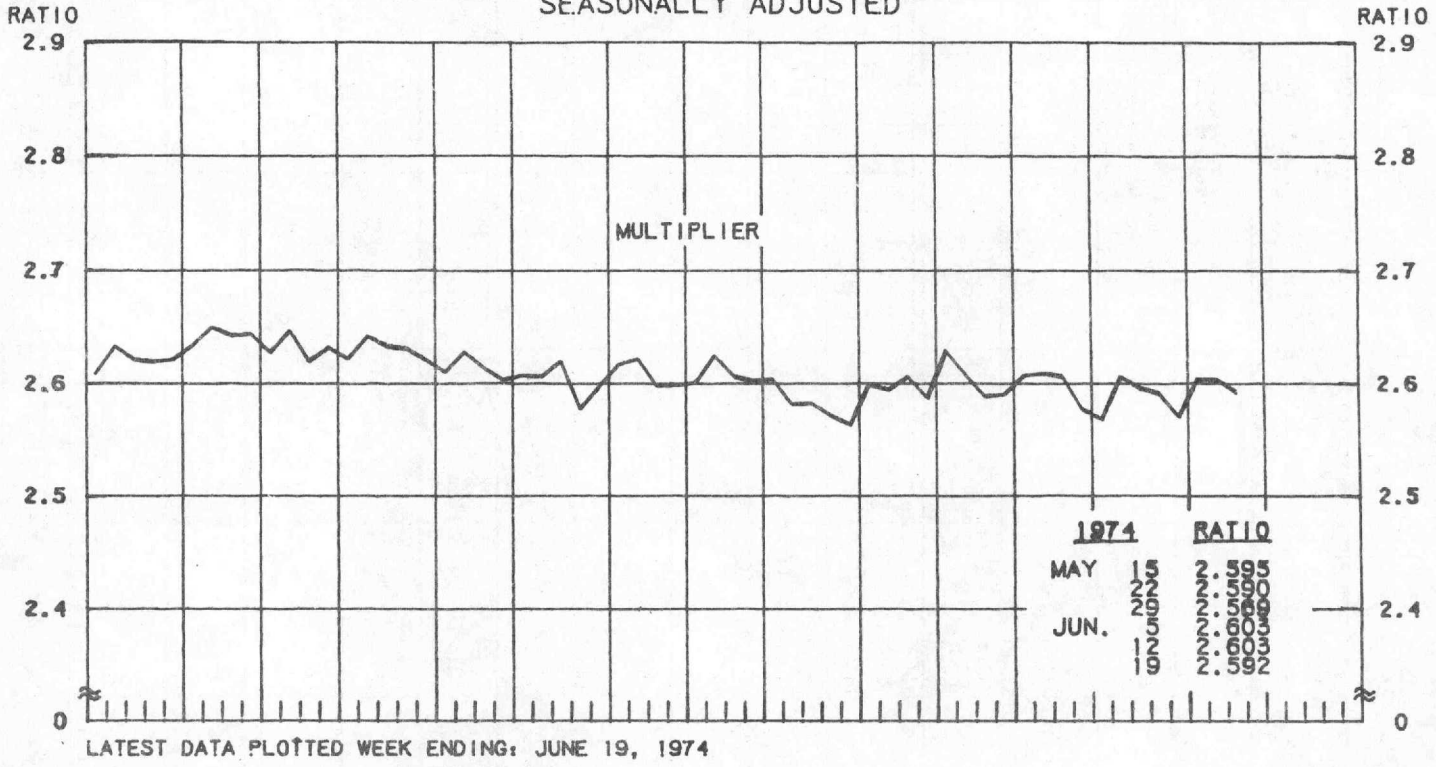
LATEST DATA PLOTTED WEEK ENDING: JUNE 26, 1974

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:

	6/27/73	9/26/73	11/28/73	12/26/73	1/23/74	2/27/74	3/27/74	4/24/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
11/28/73	6.5							
12/26/73	7.2	10.2						
1/23/74	7.6	10.3	10.7					
2/27/74	7.3	9.1	8.6	7.6				
3/27/74	7.5	9.1	8.7	8.1	7.0			
4/24/74	7.9	9.6	9.4	9.1	8.6	10.8		
5/29/74	7.9	9.3	9.0	8.7	8.3	9.5	9.6	
6/26/74	7.7	8.9	8.5	8.2	7.8	8.5	8.3	6.5

MULTIPLIER
FEDERAL RESERVE CREDIT
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 26, 1974

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

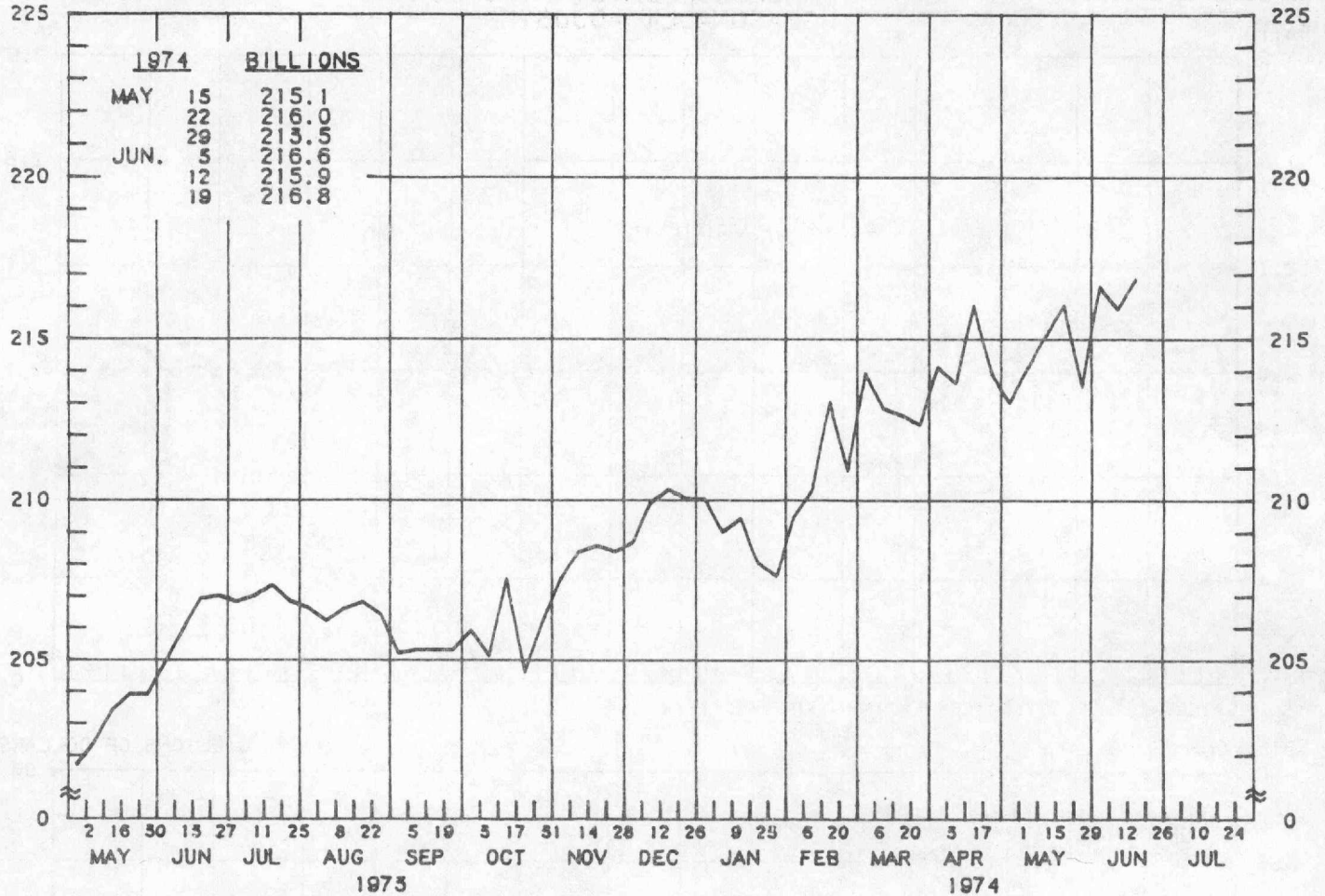
2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND CHANGES IN REQUIREMENTS DUE TO SHIFTS IN DEPOSITS AMONG CLASSES OF BANKS. DATA ARE SEASONALLY ADJUSTED BY THIS BANK.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JUNE 19, 1974

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

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

6/20/73 9/19/73 11/21/73 12/19/73 1/16/74 2/20/74 3/20/74 4/17/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

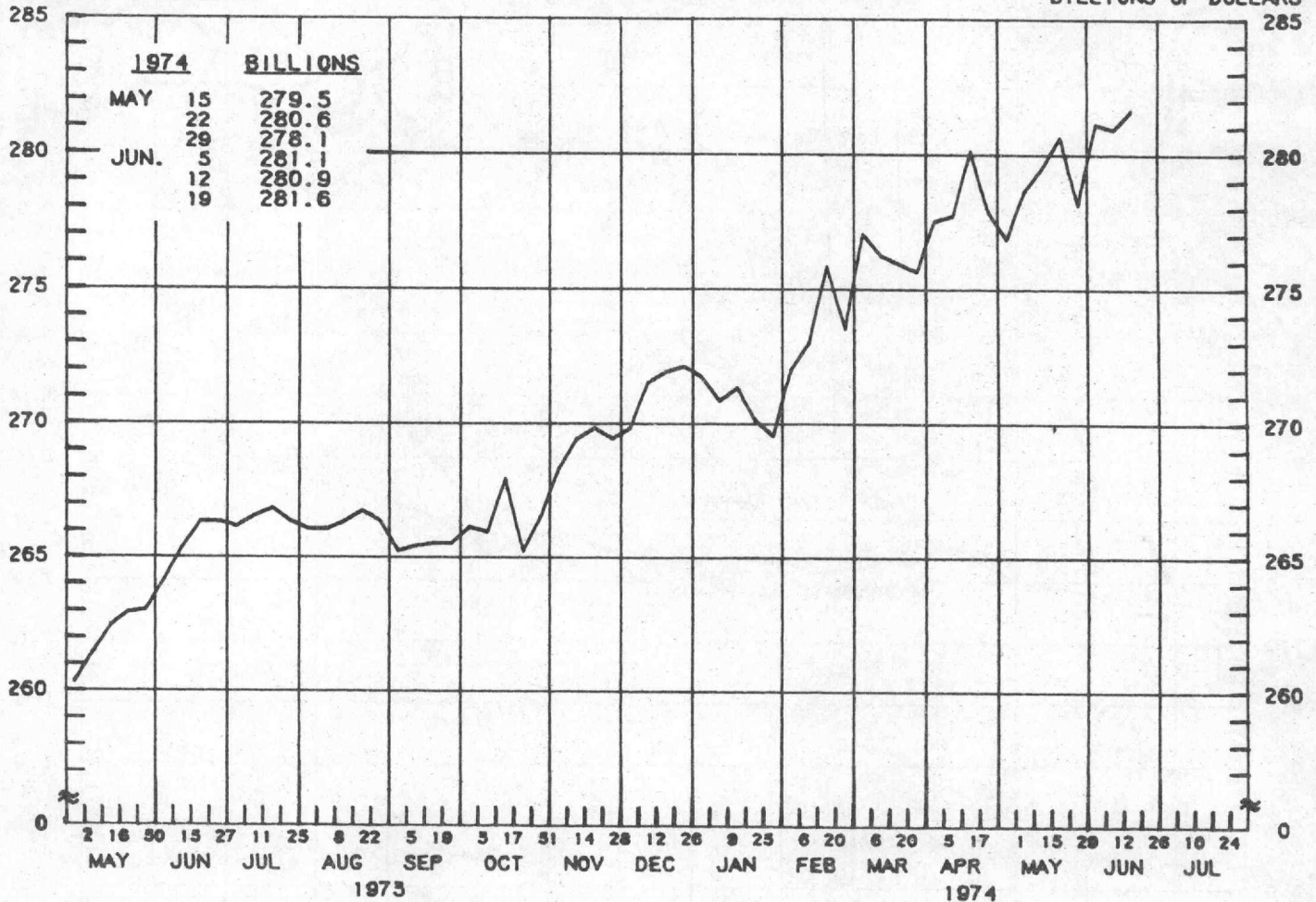
11/21/73	2.7							
12/19/73	3.8	7.4						
1/16/74	3.6	6.1	6.1					
2/20/74	3.4	5.3	4.7	2.2				
3/20/74	4.7	6.9	7.4	6.5	8.6			
4/17/74	5.1	7.2	7.7	7.0	8.7	12.7		
5/22/74	4.9	6.6	6.8	6.1	7.0	8.8	5.6	
6/19/74	5.0	6.6	6.8	6.2	7.0	8.4	6.0	4.7

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JUNE 19, 1974

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

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

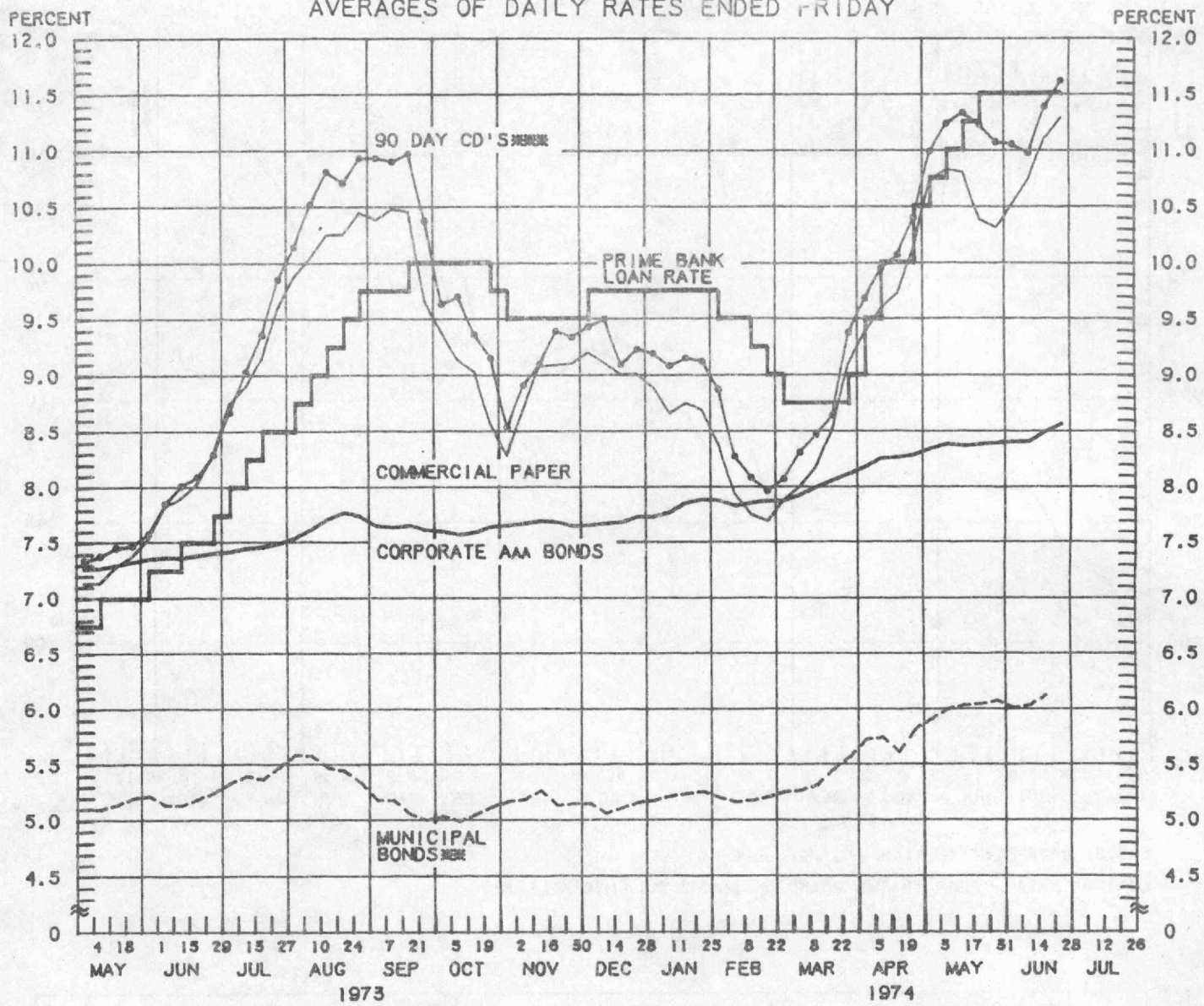
6/20/73 9/19/73 11/21/73 12/19/73 1/16/74 2/20/74 3/20/74 4/17/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/21/73	3.4								
12/19/73	4.6	7.9							
1/16/74	4.5	7.0	7.5						
2/20/74	4.5	6.3	6.2	4.1					
3/20/74	5.6	7.8	8.4	7.6	9.3				
4/17/74	6.0	8.0	8.7	8.1	9.5	12.8			
5/22/74	5.8	7.5	7.9	7.3	8.1	9.6	6.9		
6/19/74	5.9	7.5	7.8	7.3	7.9	9.0	7.0	5.7	

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



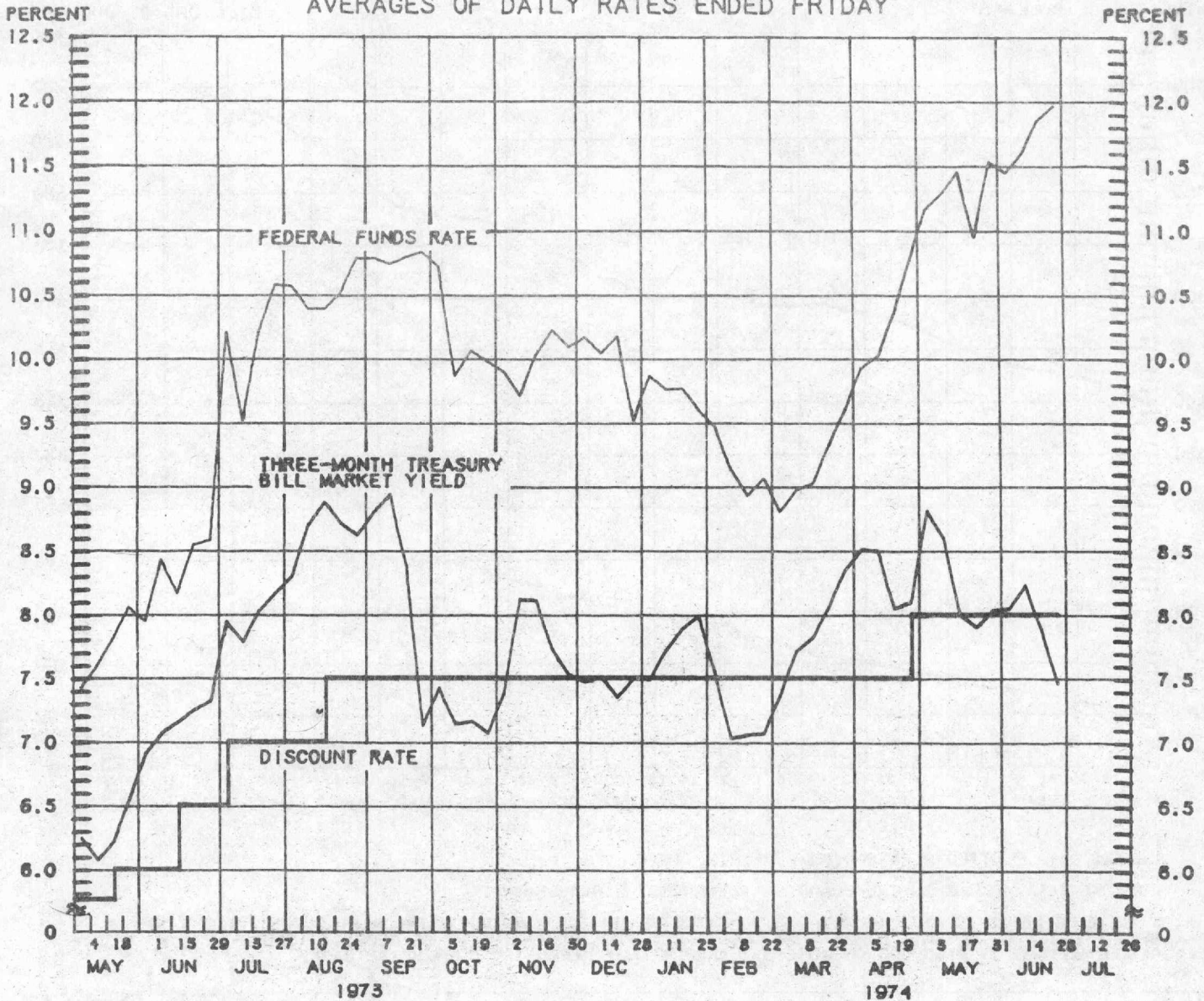
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JUNE 28, 1974

1974	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
MAY 3	10.99	10.73	10.40	8.34	5.91
10	11.24	10.83	10.70	8.38	6.00
17	11.34	10.80	10.75	8.36	6.04
24	11.23	10.38	10.75	8.38	6.05
31	11.07	10.31	10.75	8.39	6.08
JUNE 7	11.05	10.53	10.75	8.40	6.01
14	10.97	10.75	10.75	8.40	6.04
21	11.39	11.10	10.75	8.49	6.13
28 *	11.62	11.29	10.83	8.56	N.A.
JULY 5					
12					
19					
26					

* 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: JUNE 28, 1974

1974	FEDERAL FUNDS RATE	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
MAY 3	11.17	8.81	8.29	7.11
MAY 10	11.29	8.60	8.51	7.09
MAY 17	11.46	8.00	8.20	7.02
MAY 24	10.95	7.90	8.09	7.08
MAY 31	11.54	8.04	8.07	7.06
JUNE 7	11.45	8.05	8.06	7.04
JUNE 14	11.60	8.23	8.06	6.99
JUNE 21	11.85	7.88	8.09	7.00
JUNE 28 *	11.97	7.46	8.28	7.07
JULY 5				
JULY 12				
JULY 19				
JULY 26				

* AVERAGES OF RATES AVAILABLE.

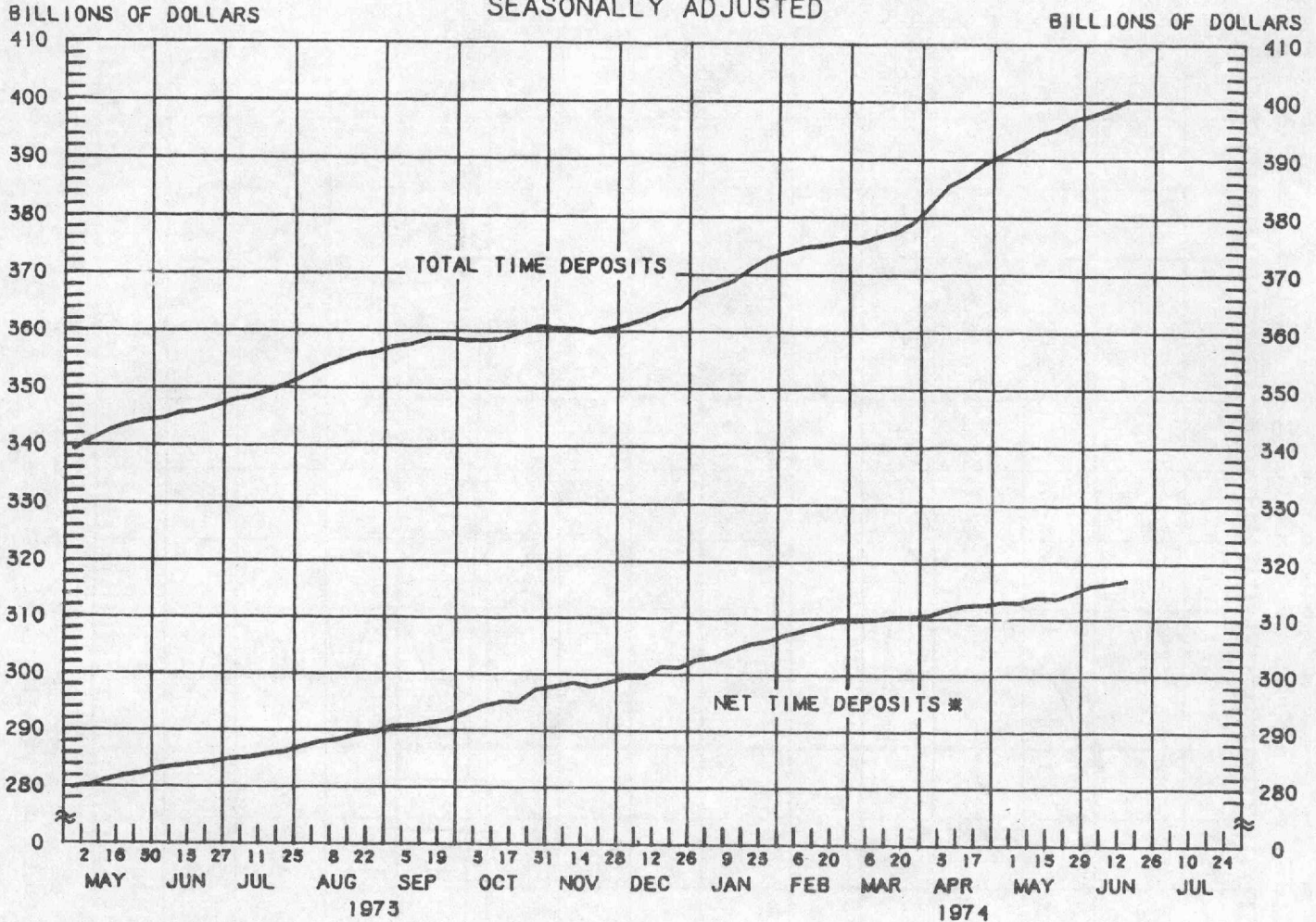
** SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

TIME DEPOSITS

ALL COMMERCIAL BANKS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 19, 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:

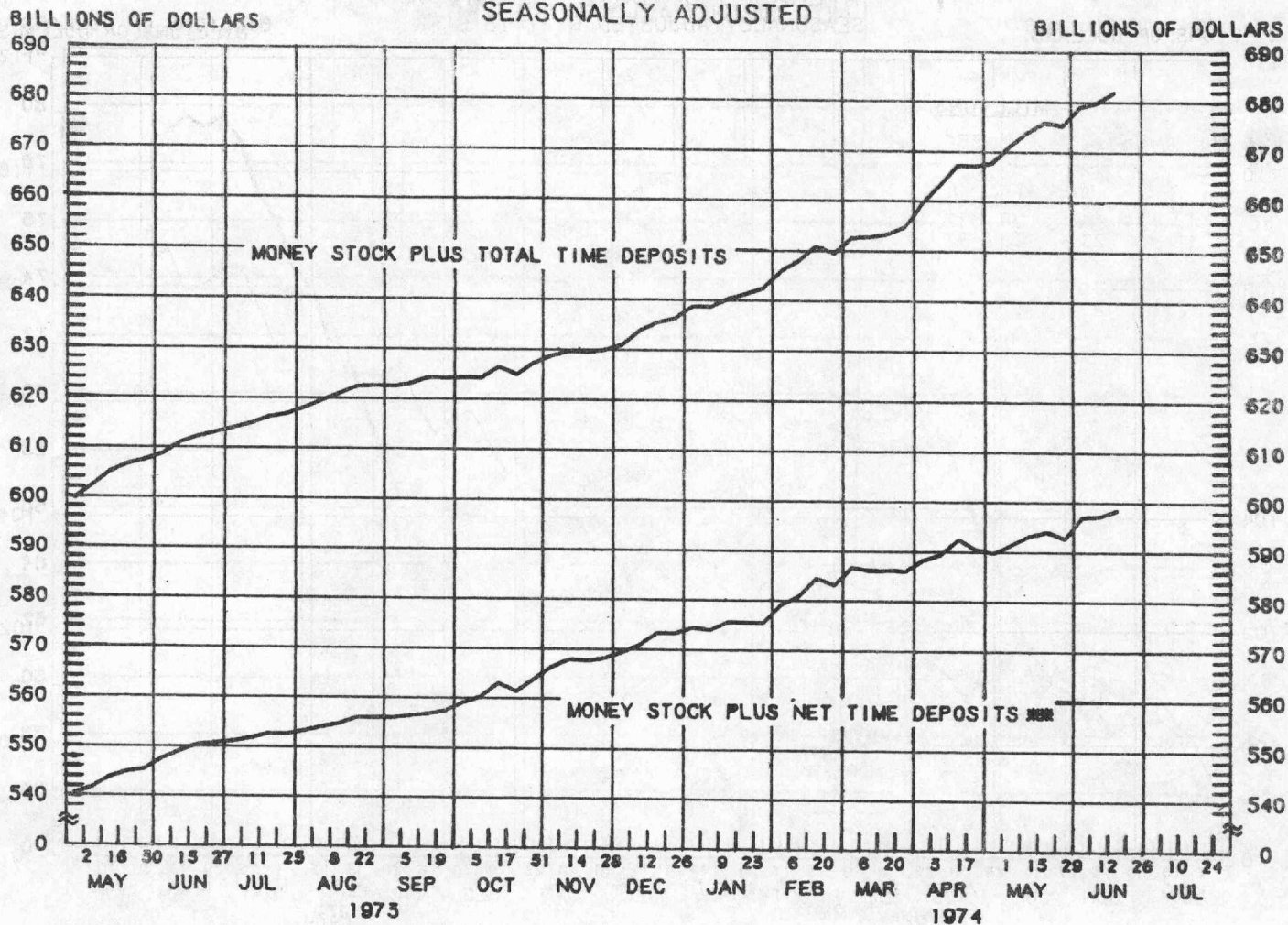
6/20/73 9/19/73 11/21/73 12/19/73 1/16/74 2/20/74 3/20/74 4/17/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/21/73	12.5								
12/19/73	11.8	13.0							
1/16/74	12.2	13.3	11.2						
2/20/74	12.8	14.1	13.4	15.8					
3/20/74	12.7	13.7	12.8	14.3	14.3				
4/17/74	12.0	12.5	11.4	12.2	11.6	8.3			
5/22/74	11.4	11.7	10.5	11.0	10.3	7.8	6.3		
6/19/74	11.5	11.7	10.7	11.1	10.5	8.7	8.0	9.0	

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 19, 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 8).

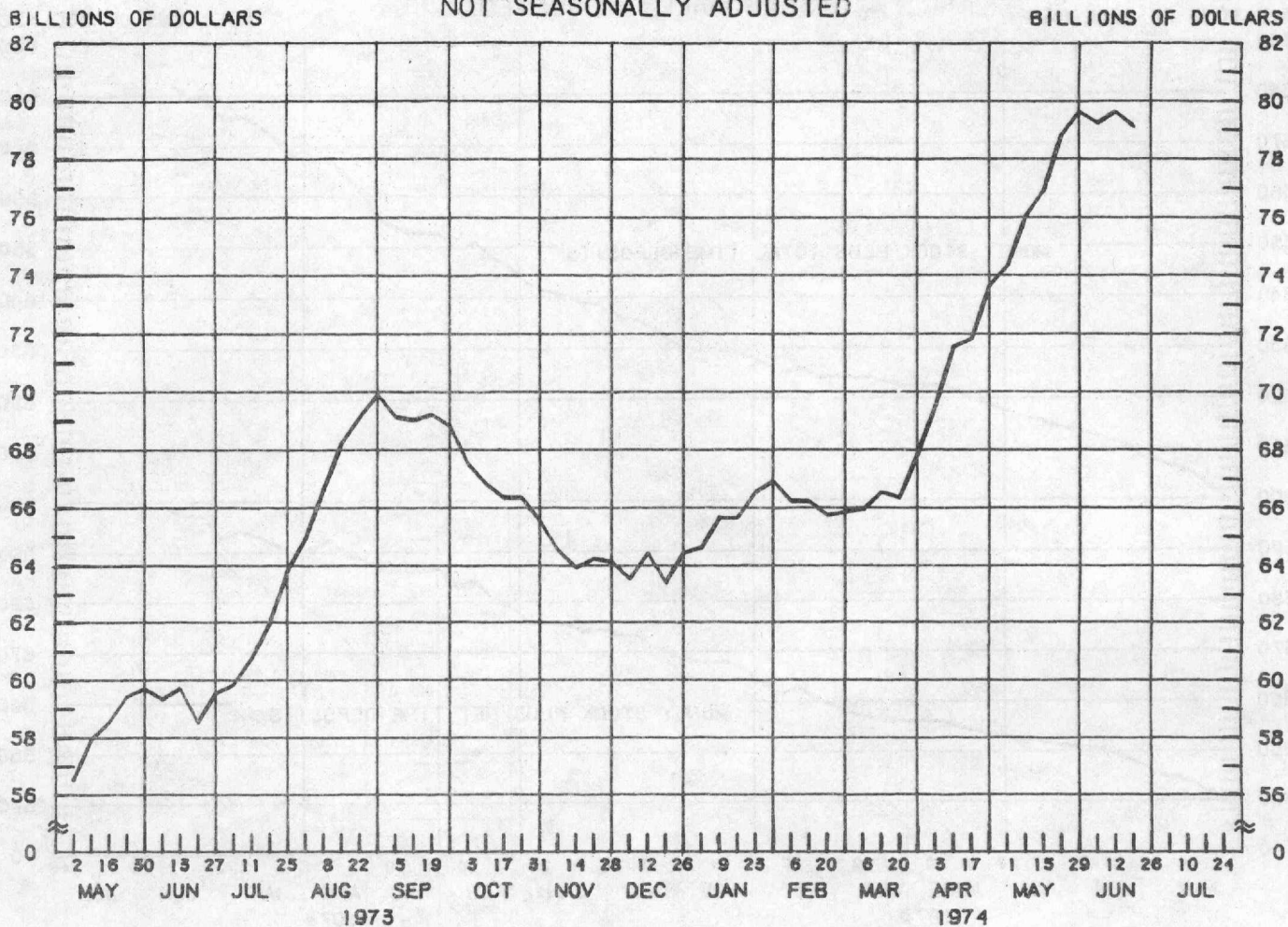
MONEY STOCK PLUS NET TIME DEPOSITS (M2)

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

	6/20/73	9/19/73	11/21/73	12/19/73	1/16/74	2/20/74	3/20/74	4/17/74
11/21/73	8.1							
12/19/73	8.3	10.5						
1/16/74	8.4	10.2	9.4					
2/20/74	8.8	10.4	10.0	10.1				
3/20/74	9.2	10.8	10.7	11.0	11.8			
4/17/74	9.1	10.4	10.2	10.3	10.6	10.5		
5/22/74	8.7	9.7	9.3	9.2	9.2	8.6	6.7	
6/19/74	8.8	9.7	9.3	9.3	9.3	8.8	7.6	7.4

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 19, 1974

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.8 RELEASE.

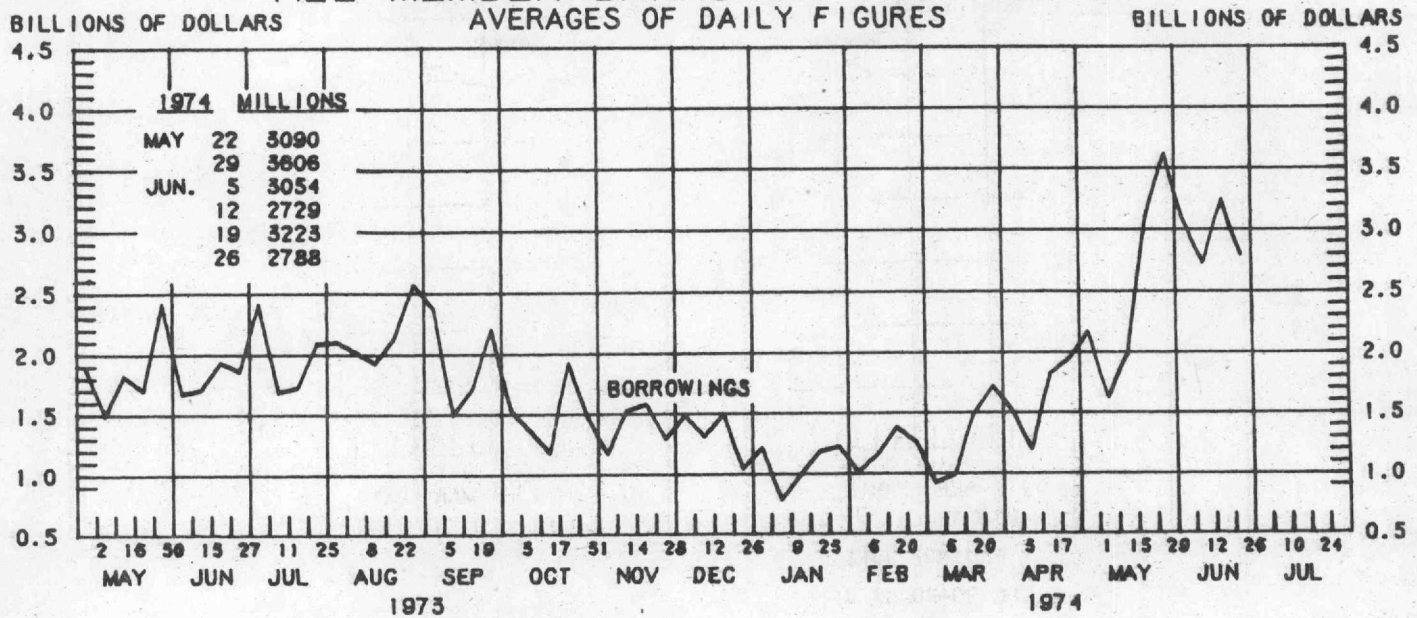
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA				
1974	BILLIONS			
	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M2 **
MAY 1	74.3	78.0	312.8	589.6
8	76.0	79.7	312.7	591.3
15	76.9	80.6	313.6	593.1
22	78.8	82.0	313.3	593.9
29	79.6	82.5	314.4	592.5
JUNE 5	79.2	81.9	315.8	596.9
12	79.6	82.5	316.2	597.1
19	79.1	83.5	316.8	598.4
26				
JULY 3				
10				
17				
24				
31				

* SEE FOOTNOTE PAGE 8.
** SEE FOOTNOTE PAGE 9.

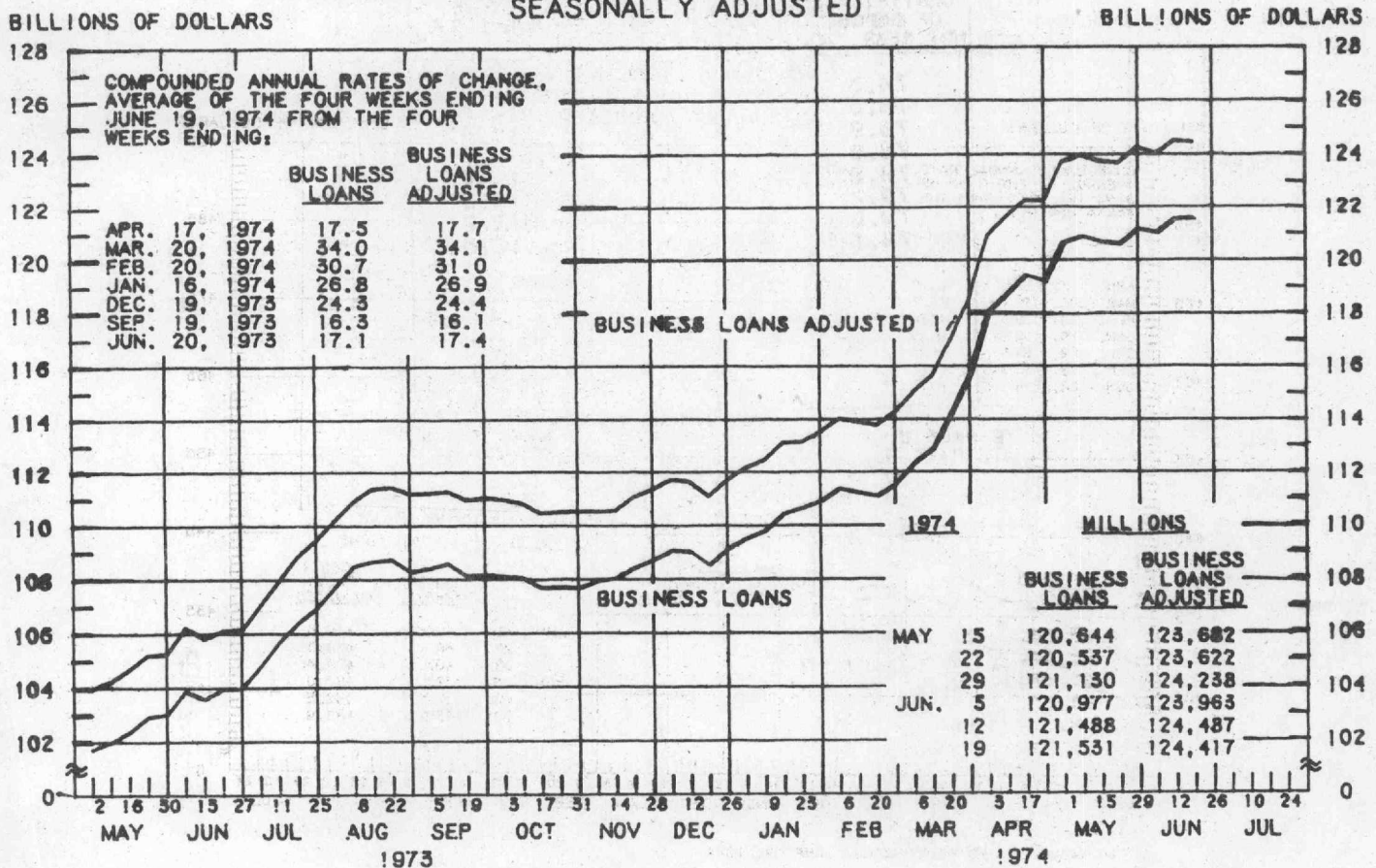
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: JUNE 26, 1974

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

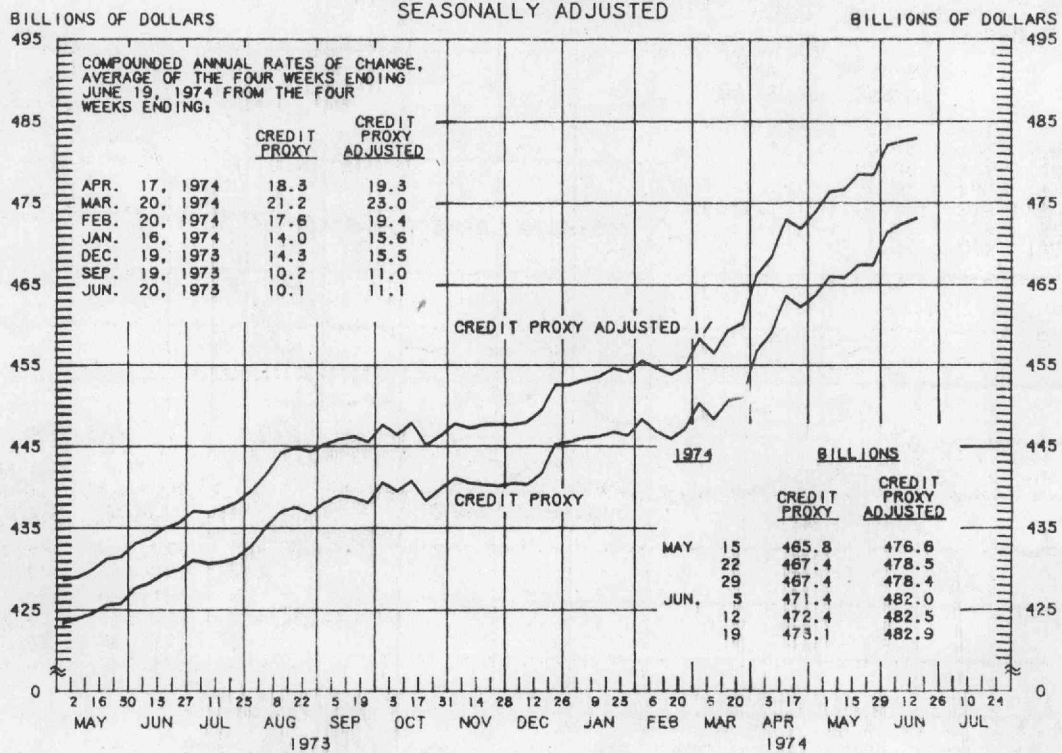


LATEST DATA PLOTTED WEEK ENDING: JUNE 19, 1974

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

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: JUNE 19, 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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS