

Week ending: July 10, 1974



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Interest rates continued upward in the past week amid continued strong demand for credit. The prime bank loan rate was raised to 12 percent at most large banks. Yields on prime four- to six-month commercial paper averaged 11.92 percent in the first part of this week, up from 10.75 percent a month ago. Yields on corporate Aaa bonds, which have moved upward persistently since late 1972, averaged 8.65 percent in recent days, up from 8.40 percent in mid-June.

Business loans and other measures of credit have risen on average at very rapid rates since mid-December, after remaining almost unchanged from mid-August to mid-December of last year. Since mid-December seasonally adjusted business loans have risen at about a 25 percent annual rate and the credit proxy adjusted has risen at about a 15 percent rate. These bank credit aggregates rose most rapidly from about late February to mid-May. In recent weeks, a renewed surge in the demand for bank credit appears to have developed as evidenced by the recent upward movement in the prime rate and the rise of about \$2 billion in business loans and about \$5 billion rise in the credit proxy adjusted for the week ended July 3.

In order to meet the strong demand for bank credit, banks have issued a large volume of large certificates of deposits. Since the end of December, the volume of large CDs issued by large commercial banks has risen by about \$15 billion. In the previous four months, when demand for bank credit remained almost constant, large CDs declined by about \$6 billion. The interest rate banks have had to pay to attract funds through large CDs has also increased markedly. From a low of about 8 percent at the end of February, the yield on large CDs has risen to about 12.5 percent in the last week.

Prepared by Federal Reserve Bank of St. Louis

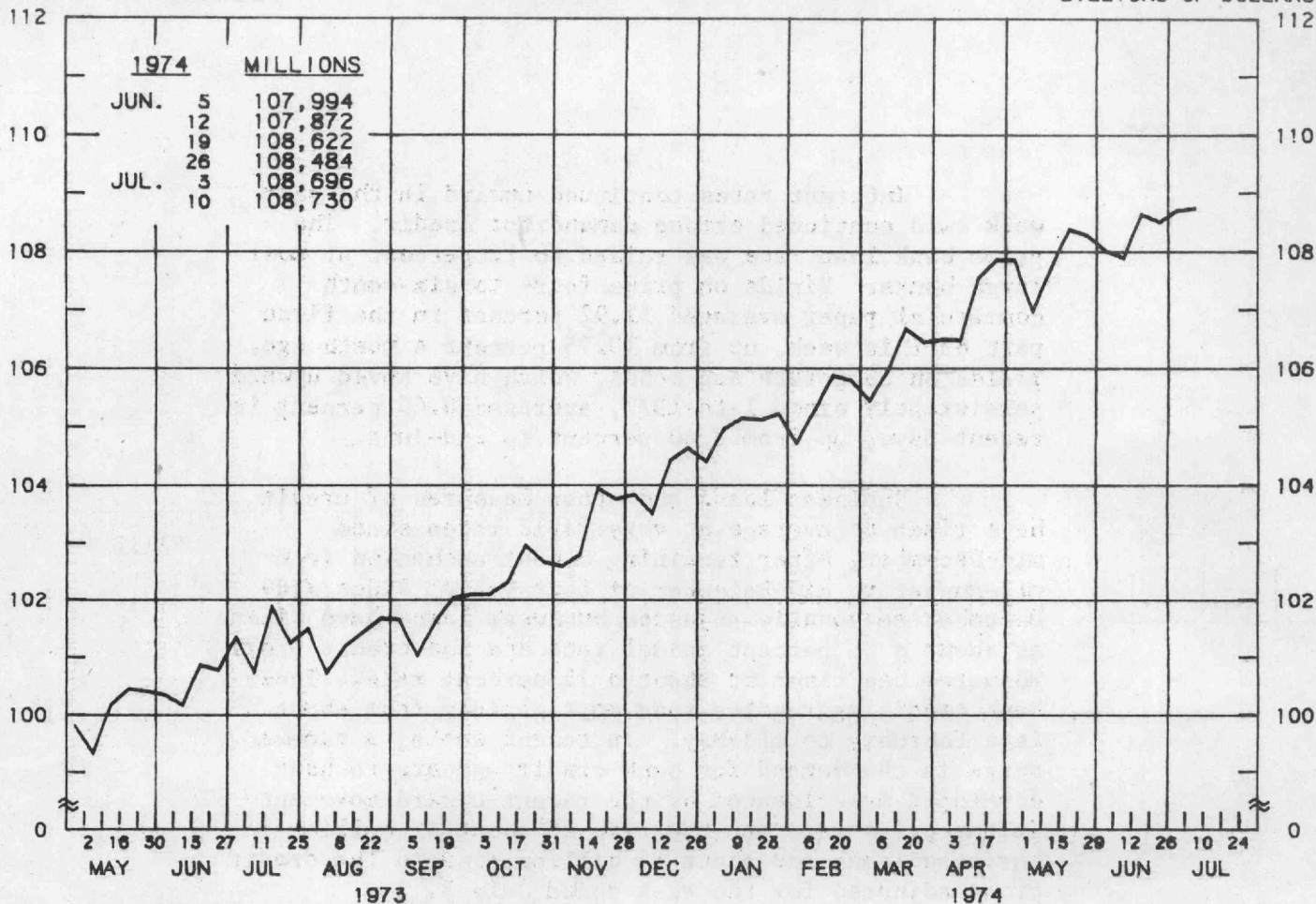
Released: July 12, 1974

MONETARY BASE

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JULY 10, 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.

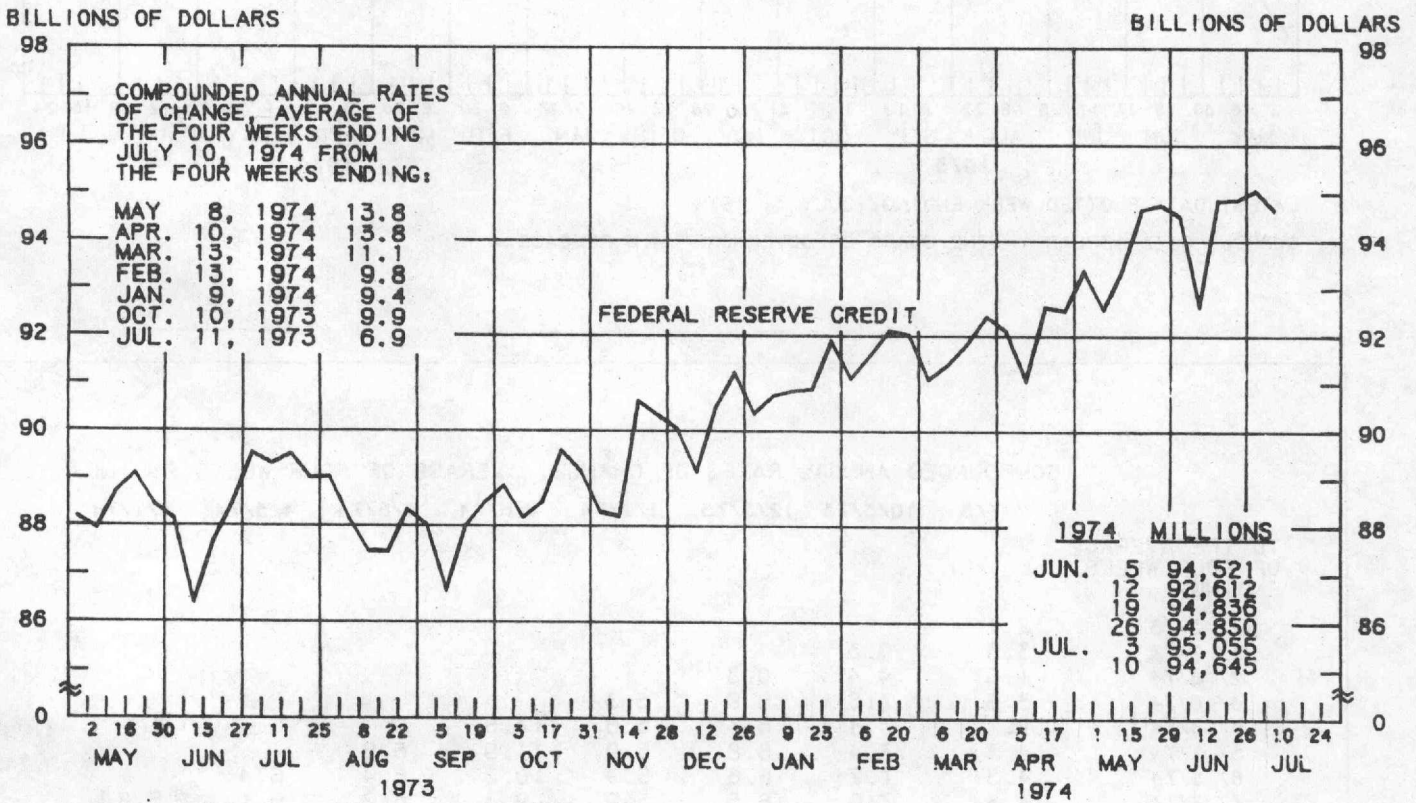
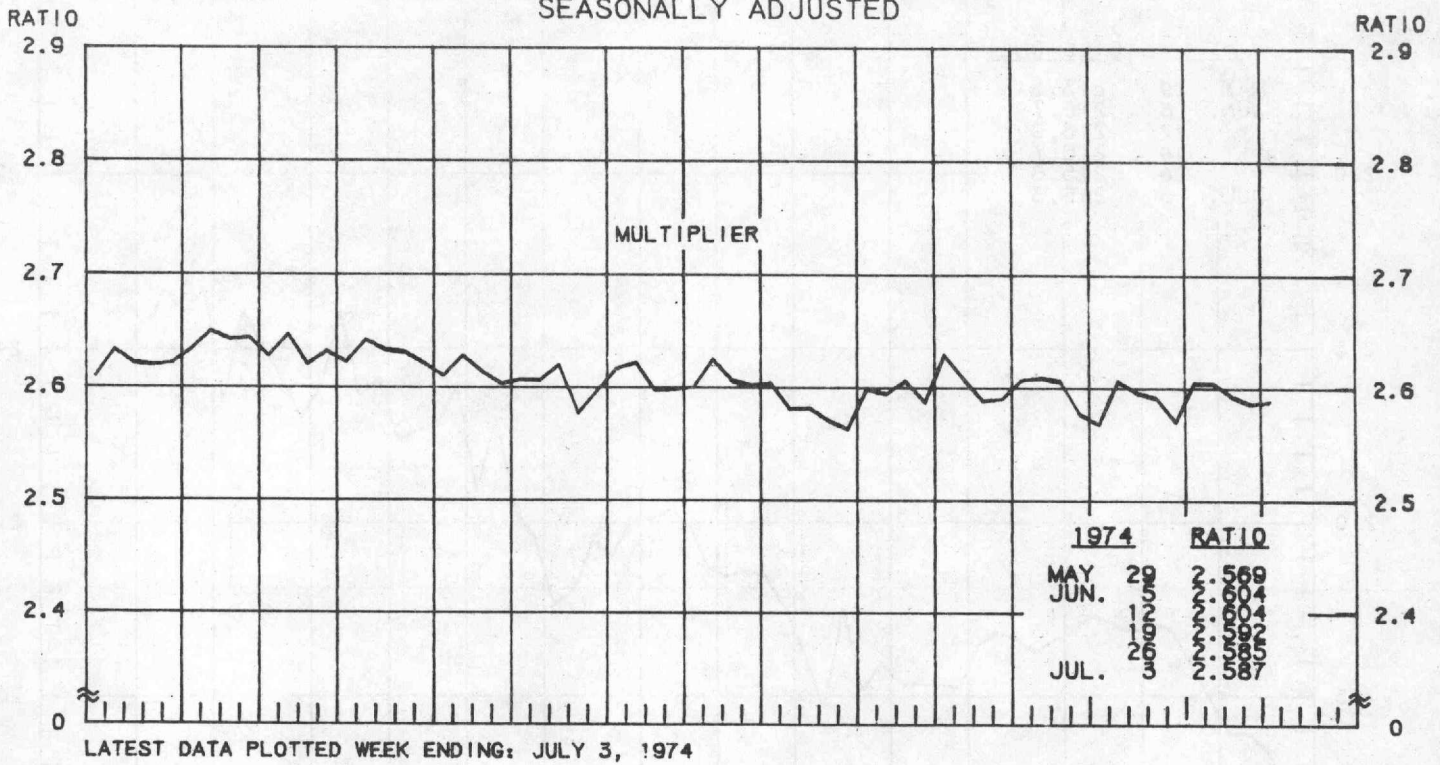
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

7/11/73 10/10/73 12/12/73 1/9/74 2/13/74 3/13/74 4/10/74 5/8/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

12/12/73	6.7								
1/ 9/74	7.4	10.7							
2/13/74	7.0	9.1	7.6						
3/13/74	7.2	9.0	8.0	6.6					
4/10/74	7.5	9.1	8.4	7.6	9.3				
5/ 8/74	8.0	9.7	9.3	8.9	10.6	11.6			
6/12/74	7.8	9.1	8.6	8.2	9.2	9.3	9.1		
7/10/74	7.6	8.8	8.3	7.9	8.6	8.6	8.2	6.0	

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



LATEST DATA PLOTTED WEEK ENDING: JULY 10, 1974

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

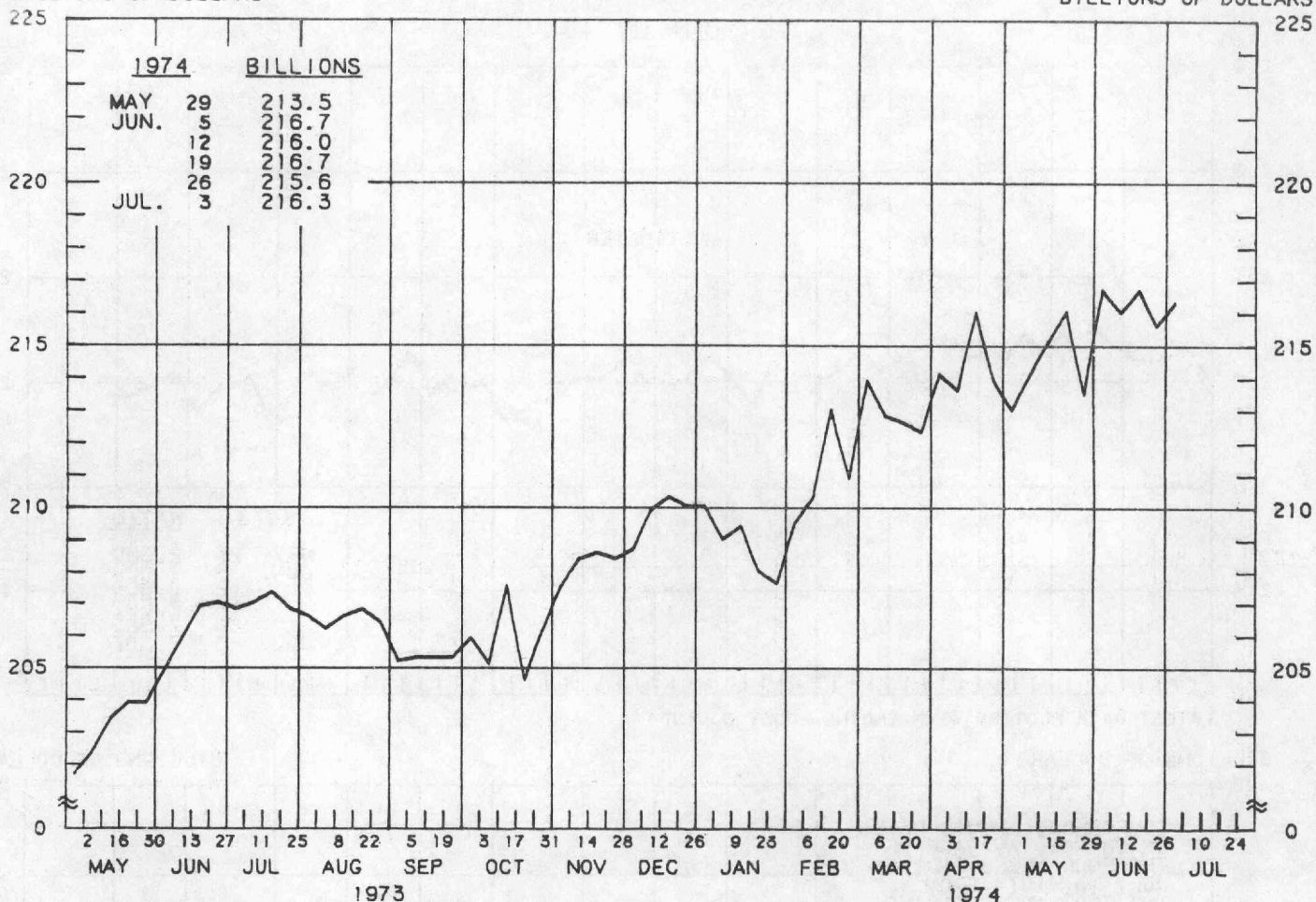
2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND CHANGES IN REQUIREMENTS DUE TO SHIFTS IN DEPOSITS AMONG CLASSES OF BANKS. DATA ARE SEASONALLY ADJUSTED BY THIS BANK.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JULY 3, 1974

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

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

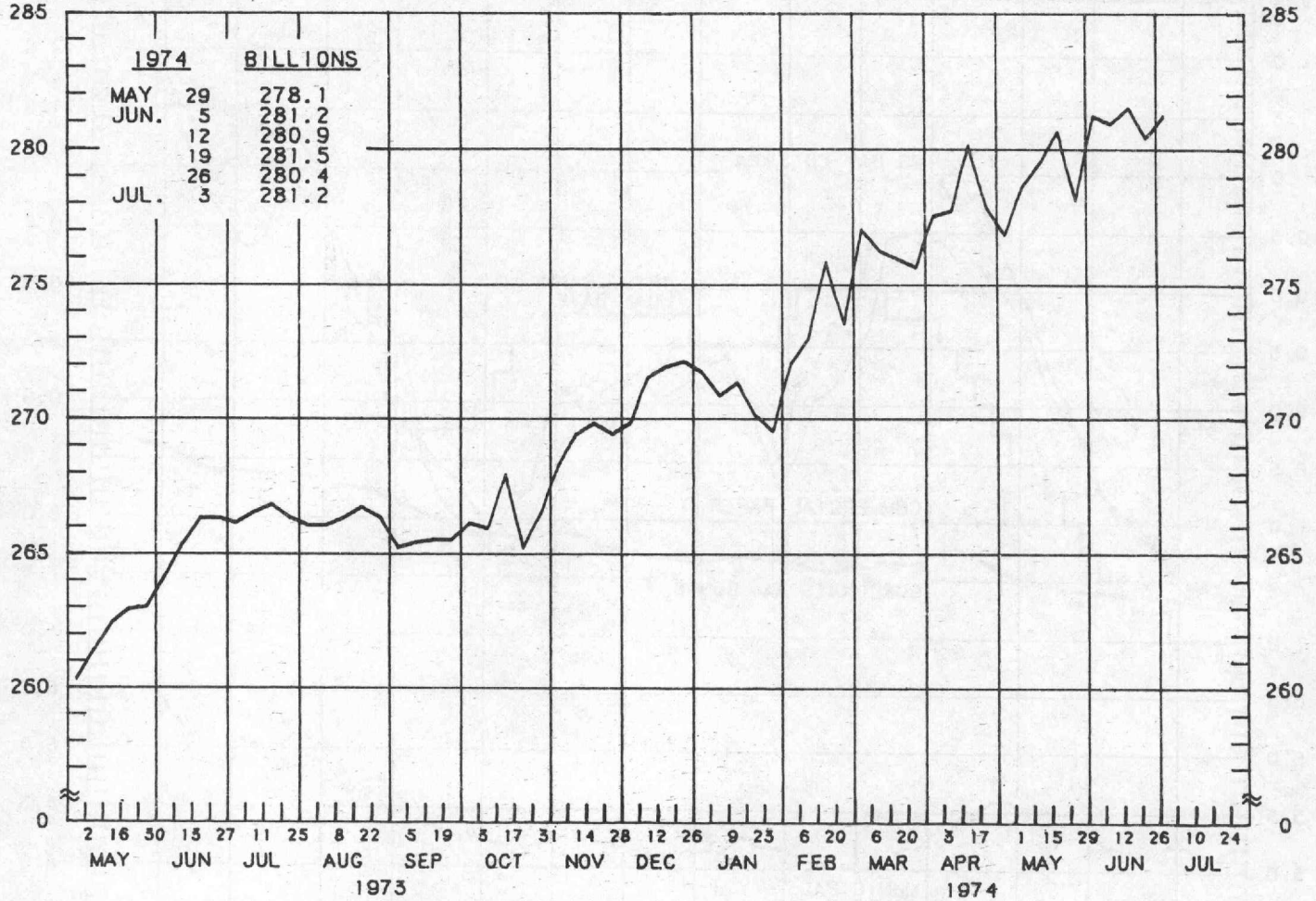
	7/4/73	10/3/73	12/5/73	1/2/74	2/6/74	3/6/74	4/3/74	5/1/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 5/73	2.1							
1/ 2/74	3.3	9.3						
2/ 6/74	1.5	4.4	0.3					
3/ 6/74	3.8	7.6	6.9	5.3				
4/ 3/74	4.1	7.4	6.7	5.6	14.5			
5/ 1/74	4.3	7.4	6.8	5.9	11.9	6.6		
6/ 5/74	4.5	7.2	6.6	5.9	10.2	6.4	6.4	
7/ 3/74	4.6	7.0	6.5	5.9	9.3	6.2	6.1	5.8

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JULY 3, 1974

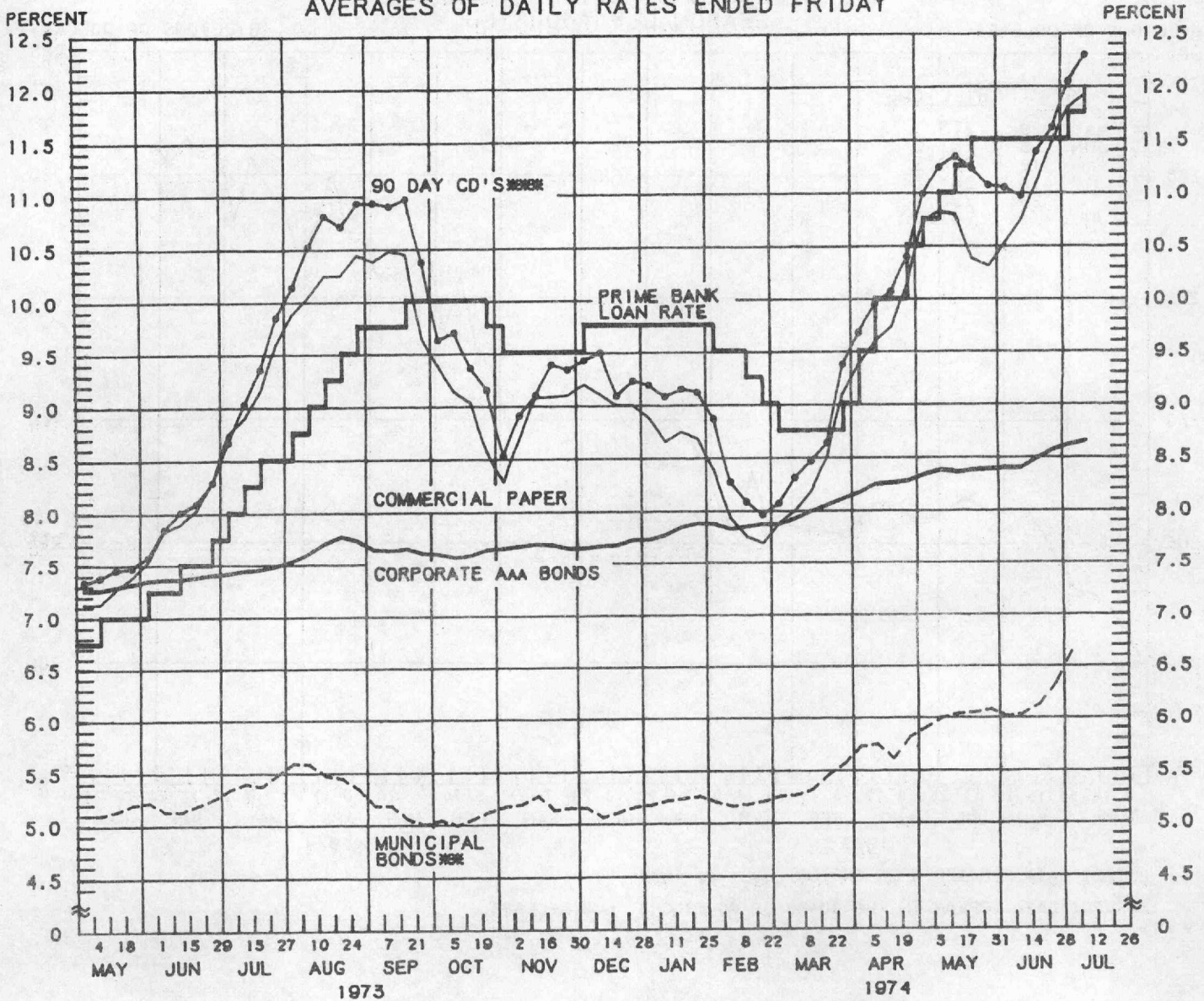
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	7/4/73	10/3/73	12/5/73	1/2/74	2/6/74	3/6/74	4/3/74	5/1/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 5/73	3.2							
1/ 2/74	4.4	9.7						
2/ 6/74	3.0	5.6	2.4					
3/ 6/74	5.0	8.4	7.9	6.5				
4/ 3/74	5.2	8.2	7.8	6.8	14.2			
5/ 1/74	5.5	8.3	8.0	7.3	12.4	8.1		
6/ 5/74	5.7	8.1	7.8	7.2	10.8	7.6	7.8	
7/ 3/74	5.6	7.8	7.4	6.9	9.7	7.1	7.0	6.2

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JULY 12, 1974

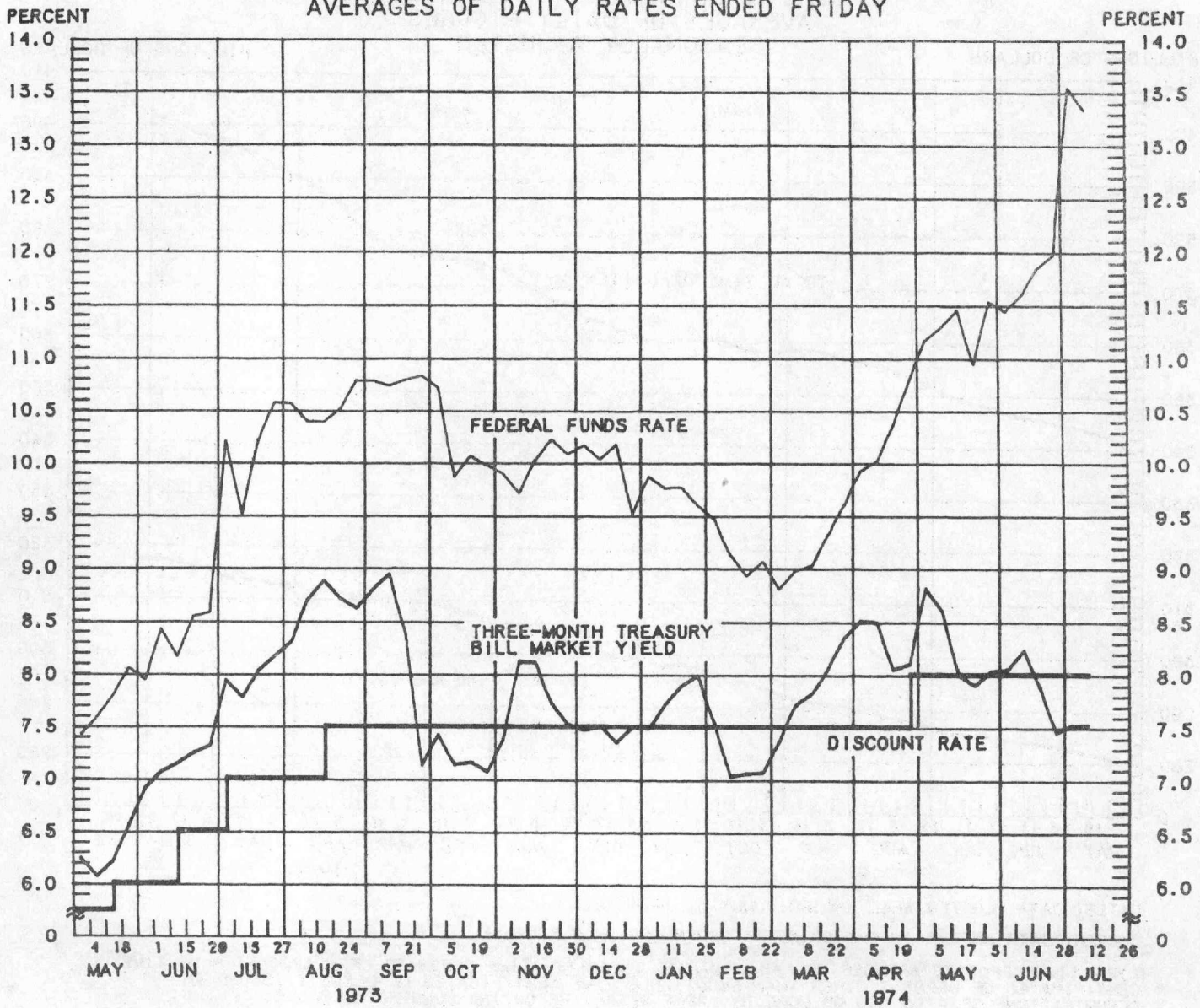
1974	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
MAY 3	10.99	10.73	10.40	8.34	5.91
10	11.24	10.83	10.70	8.38	6.00
17	11.34	10.80	10.75	8.36	6.04
24	11.23	10.38	10.75	8.38	6.05
31	11.07	10.31	10.75	8.39	6.08
JUNE 7	11.05	10.53	10.75	8.40	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	11.48	10.90	8.57	6.33
JULY 5	12.05	11.81	11.31	8.62	6.64
12 *	12.30	11.92	12.00	8.65	N.A.
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

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: JULY 12, 1974

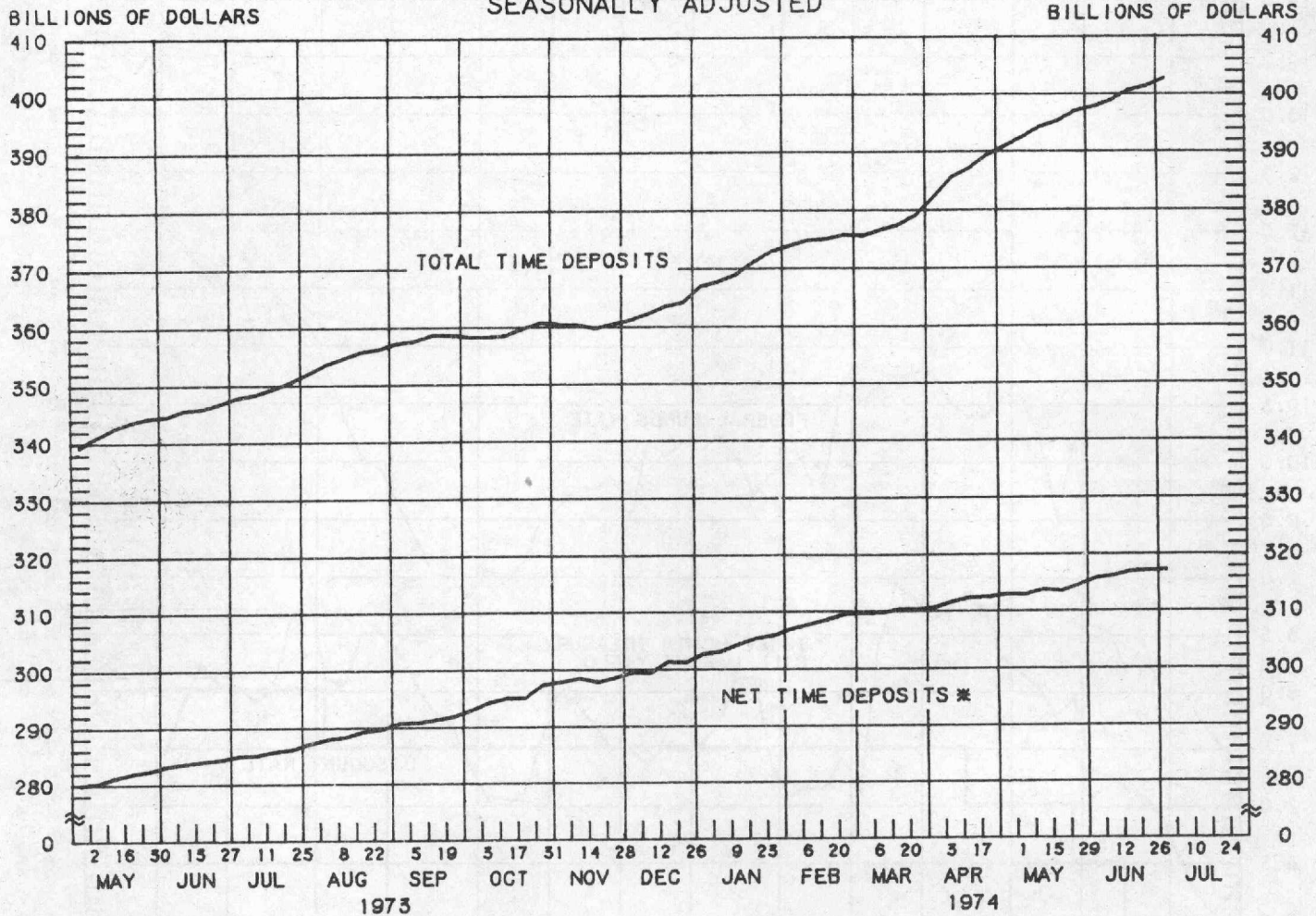
1974	FEDERAL FUNDS **	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
MAY 3	11.17	8.81	8.29	7.11
10	11.29	8.60	8.51	7.09
17	11.46	8.00	8.20	7.02
24	10.95	7.90	8.09	7.08
31	11.54	8.04	8.07	7.06
JUNE 7	11.45	8.05	8.06	7.04
14	11.60	8.23	8.06	6.99
21	11.85	7.88	8.09	7.01
28	11.97	7.45	8.33	7.07
JULY 5	13.55	7.53	8.47	7.12
12 *	13.34	7.52	8.69	7.21
19				
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: JULY 3, 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:

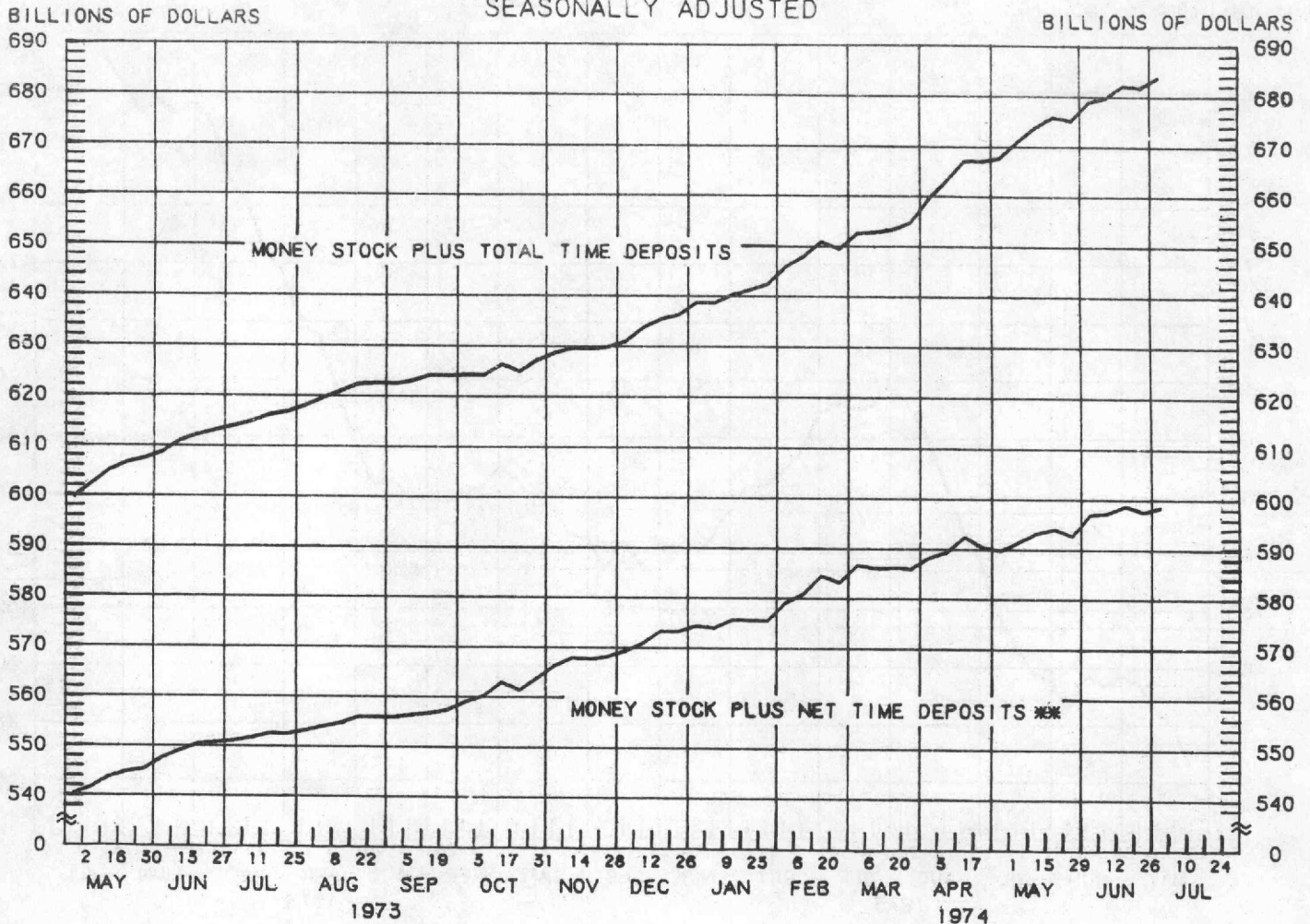
7/4/73 10/3/73 12/5/73 1/2/74 2/6/74 3/6/74 4/3/74 5/1/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

12/ 5/73	12.3								
1/ 2/74	12.2	13.5							
2/ 6/74	13.0	14.4	14.5						
3/ 6/74	13.2	14.5	14.7	15.9					
4/ 3/74	12.4	13.1	12.5	12.6	10.2				
5/ 1/74	12.0	12.5	11.8	11.7	9.7	7.2			
6/ 5/74	11.5	11.7	10.9	10.7	9.0	7.2	7.9		
7/ 3/74	11.5	11.7	10.9	10.8	9.4	8.1	8.9	9.0	

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 3, 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:

	7/4/73	10/3/73	12/5/73	1/2/74	2/6/74	3/6/74	4/3/74	5/1/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 5/73	7.9							
1/ 2/74	8.4	11.7						
2/ 6/74	8.1	10.2	8.6					
3/ 6/74	9.2	11.6	11.4	11.4				
4/ 3/74	8.9	10.8	10.2	9.8	12.1			
5/ 1/74	8.9	10.5	10.0	9.6	11.0	7.7		
6/ 5/74	8.7	10.0	9.4	9.0	9.8	7.3	7.7	
7/ 3/74	8.7	9.8	9.3	8.9	9.5	7.6	8.0	7.6

**CERTIFICATES OF DEPOSIT
LARGE COMMERCIAL BANKS
WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED**



LATEST DATA PLOTTED WEEK ENDING: JULY 3, 1974

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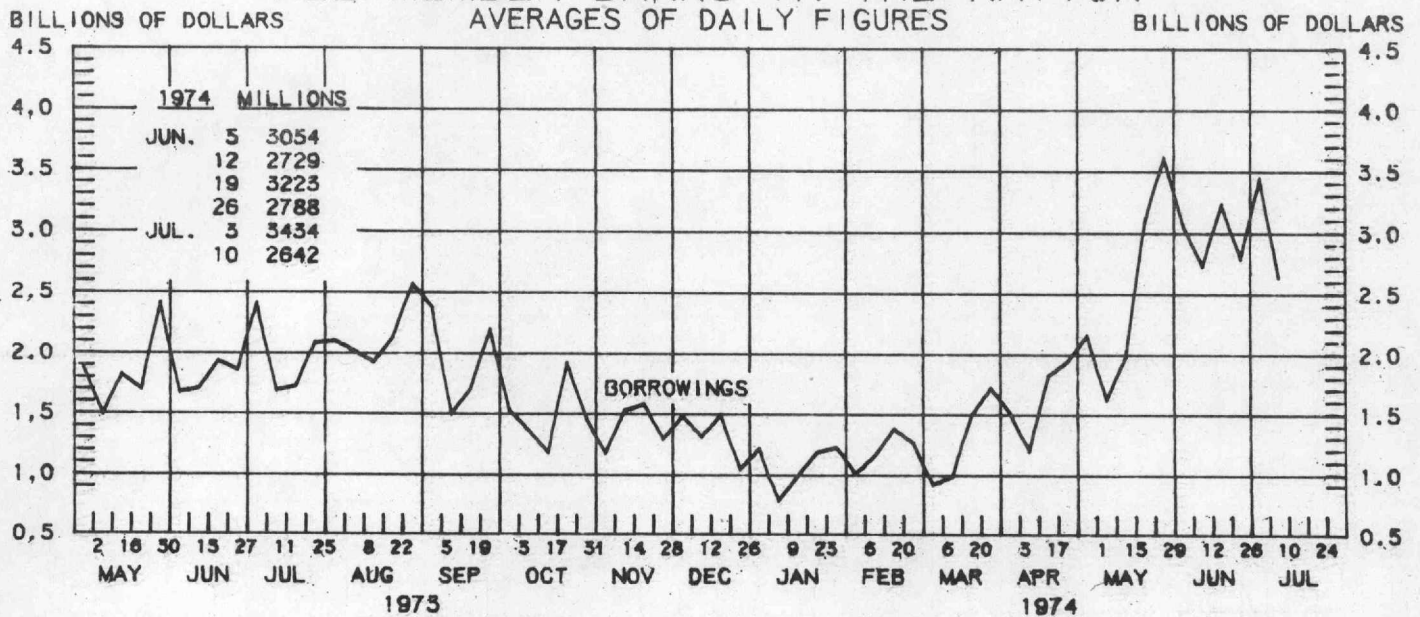
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA					
1974		BILLIONS			
		CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M2 ***
MAY	1	74.5	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	315.7	596.9
	12	79.6	82.5	316.2	597.2
	19	79.2	83.5	317.0	598.6
	26	80.2	84.1	317.1	597.4
JULY	3	81.1	85.3	317.2	598.4
	10				
	17				
	24				
	31				

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

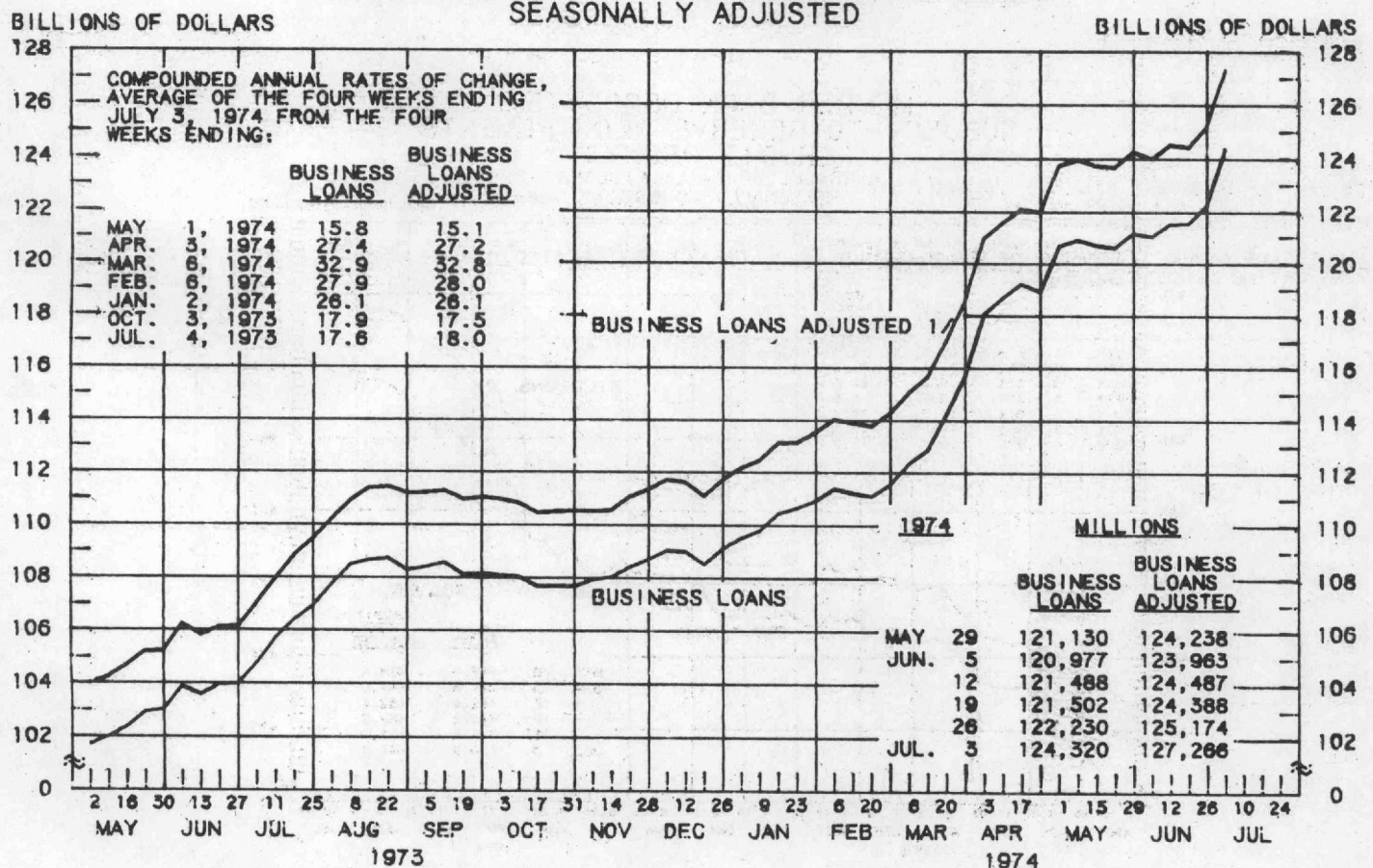
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: JULY 10, 1974

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

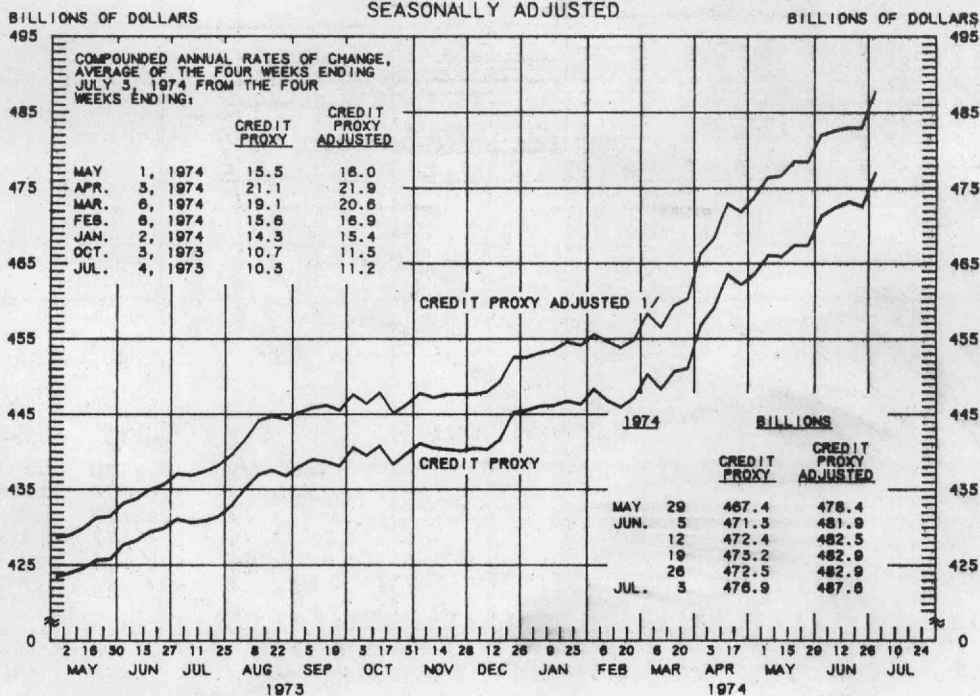


LATEST DATA PLOTTED WEEK ENDING: JULY 3, 1974

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: JULY 3, 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