

Week ending: October 30, 1974



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Since August member bank borrowings from the Federal Reserve Banks have declined, with a very sharp decline occurring since late September. This decline reflects the effect of two factors: first, a change in the relative costs of borrowed reserves, and second, a one-time special transaction between the Federal Reserve and the Federal Deposit Insurance Corporation (F.D.I.C.).

There are two major sources from which an individual commercial bank can meet a short-run increase in demand for reserves; member banks may borrow from the Federal Reserve Banks and all commercial banks may borrow from other banks in the Federal funds market. When choosing between these sources of reserves, a bank compares their relative costs. The spread between the Federal funds rates and the discount rate has narrowed from about 400 basis points in August to about 200 basis points in recent weeks. Therefore, the cost of obtaining reserves in the Federal funds market has fallen relative to the cost of borrowing from Federal Reserve Banks. As shown in the Chart on page 3 changes in the volume of member bank borrowings are associated with changes in the spread between the Federal funds rate and the discount rate.

A second factor in the sharp reduction in member bank borrowings was a special transaction between the Federal Reserve System and the F.D.I.C. in connection with the closing of Franklin National Bank. In the week ended October 9, a loan of \$1.7 billion by the Federal Reserve System to Franklin National was assumed by the F.C.I.C. Hence, instead of a member bank owing \$1.7 billion to the Federal Reserve System, the F.D.I.C. now owes \$1.7 billion to the Federal Reserve. The amount due from the F.D.I.C. was entered in an account of the Federal Reserve called "other assets".

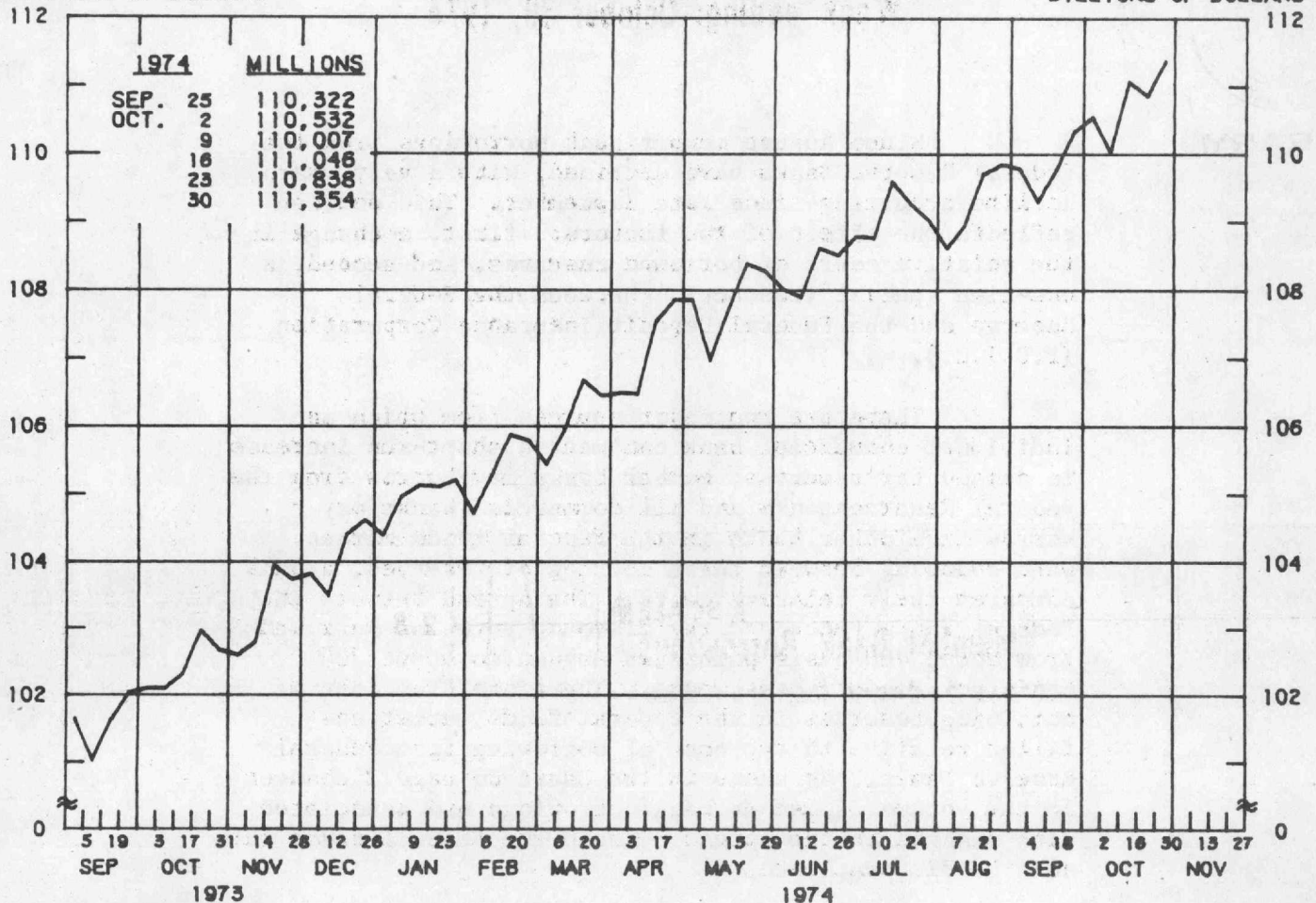
Ordinarily, a drop of \$1.7 billion in member bank borrowings would reduce the monetary base by that amount. However, "other assets" are also part of the monetary base. Total credit extended by the Federal Reserve was unchanged by this transaction, only the borrower was changed. Also, the base available to support deposits and currency was unchanged. Only as the F.D.I.C. repays the Federal Reserve will the base decrease.

Prepared by Federal Reserve Bank of St. Louis
Released: November 1, 1974

MONETARY BASE
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 30, 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 1966 "REVIEW" OF THIS BANK.

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

10/31/73 1/30/74 3/27/74 5/1/74 5/29/74 7/3/74 7/31/74 8/28/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

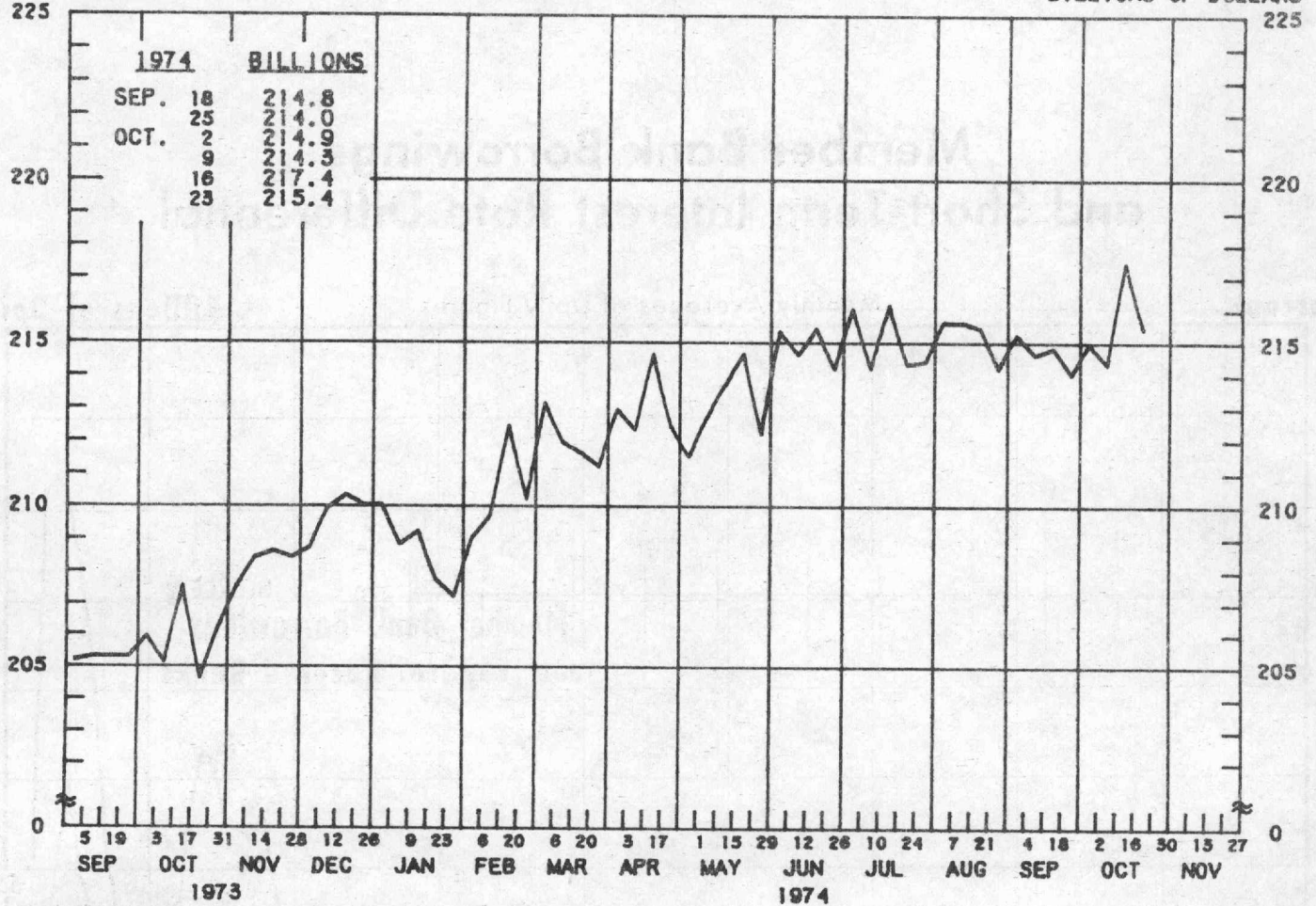
3/27/74	9.0							
5/1/74	9.8	9.2						
5/29/74	9.2	8.1	9.6					
7/3/74	8.7	7.7	8.3	5.5				
7/31/74	8.7	7.8	8.5	6.5	7.3			
8/28/74	8.0	7.0	7.2	5.3	5.5	5.1		
10/2/74	7.9	7.0	7.1	5.7	5.9	5.8	4.5	
10/30/74	8.1	7.3	7.5	6.4	6.7	6.9	6.3	8.5

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 23, 1974

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

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

10/24/73 1/23/74 3/20/74 4/24/74 5/22/74 6/26/74 7/24/74 8/21/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

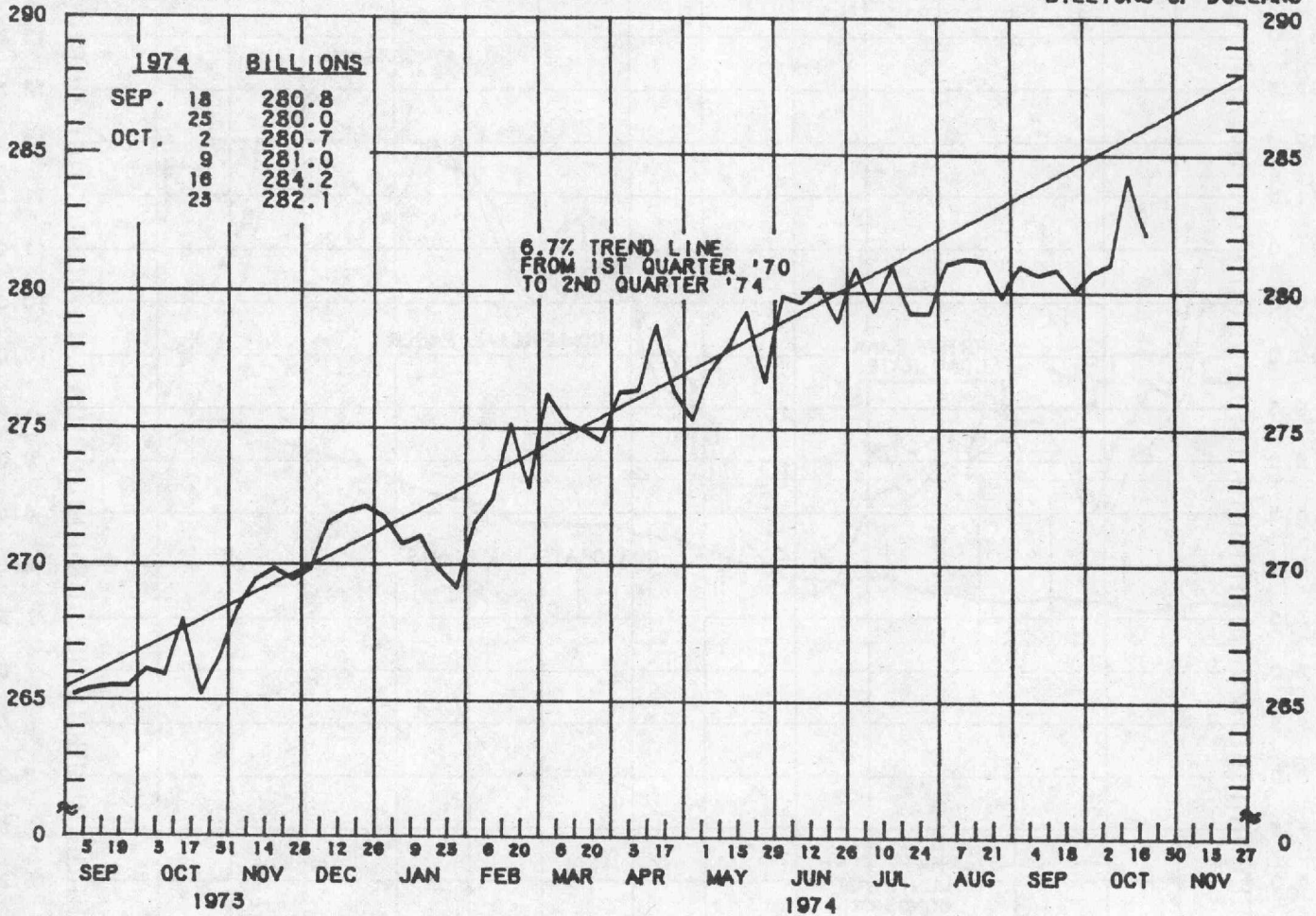
3/20/74	7.2								
4/24/74	7.2	8.3							
5/22/74	6.2	6.3	3.9						
6/26/74	6.6	6.9	5.7	5.0					
7/24/74	6.1	6.1	4.9	4.0	5.8				
8/21/74	5.6	5.4	4.1	3.2	4.2	1.2			
9/25/74	4.7	4.2	2.7	1.8	2.2	-0.4	-1.3		
10/23/74	4.7	4.2	3.0	2.3	2.7	0.9	0.6	0.5	

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 23, 1974

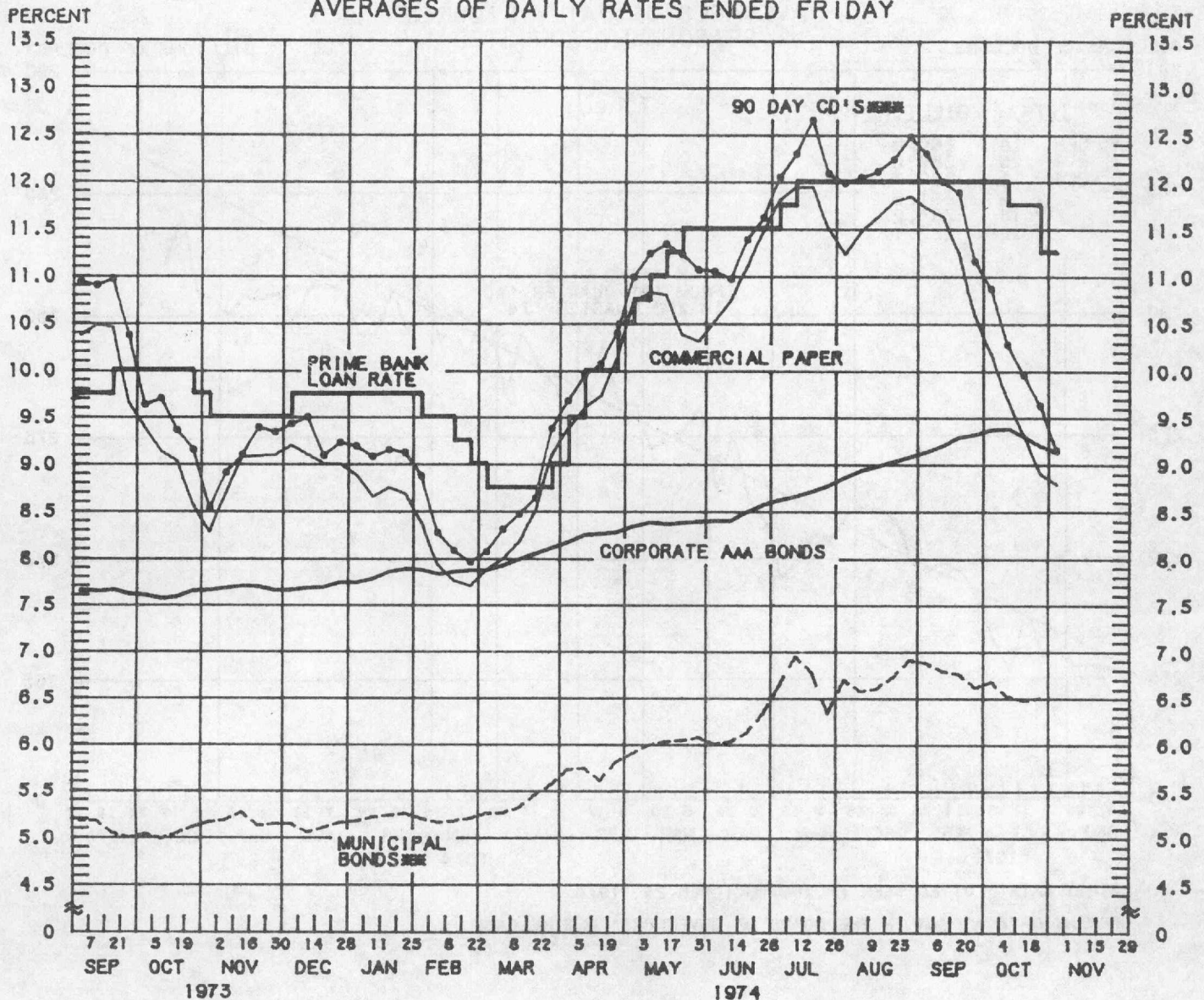
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

	10/24/73	1/23/74	3/20/74	4/24/74	5/22/74	6/26/74	7/24/74	8/21/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/20/74	8.1							
4/24/74	8.1	9.3						
5/22/74	7.3	7.6	5.6					
6/26/74	7.5	7.9	6.6	5.8				
7/24/74	7.0	7.0	5.7	4.7	5.8			
8/21/74	6.5	6.4	5.1	4.1	4.7	2.3		
9/25/74	5.8	5.4	4.1	3.2	3.4	1.4	1.0	
10/23/74	5.9	5.6	4.4	3.7	4.0	2.6	2.7	2.9

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: NOVEMBER 1, 1974

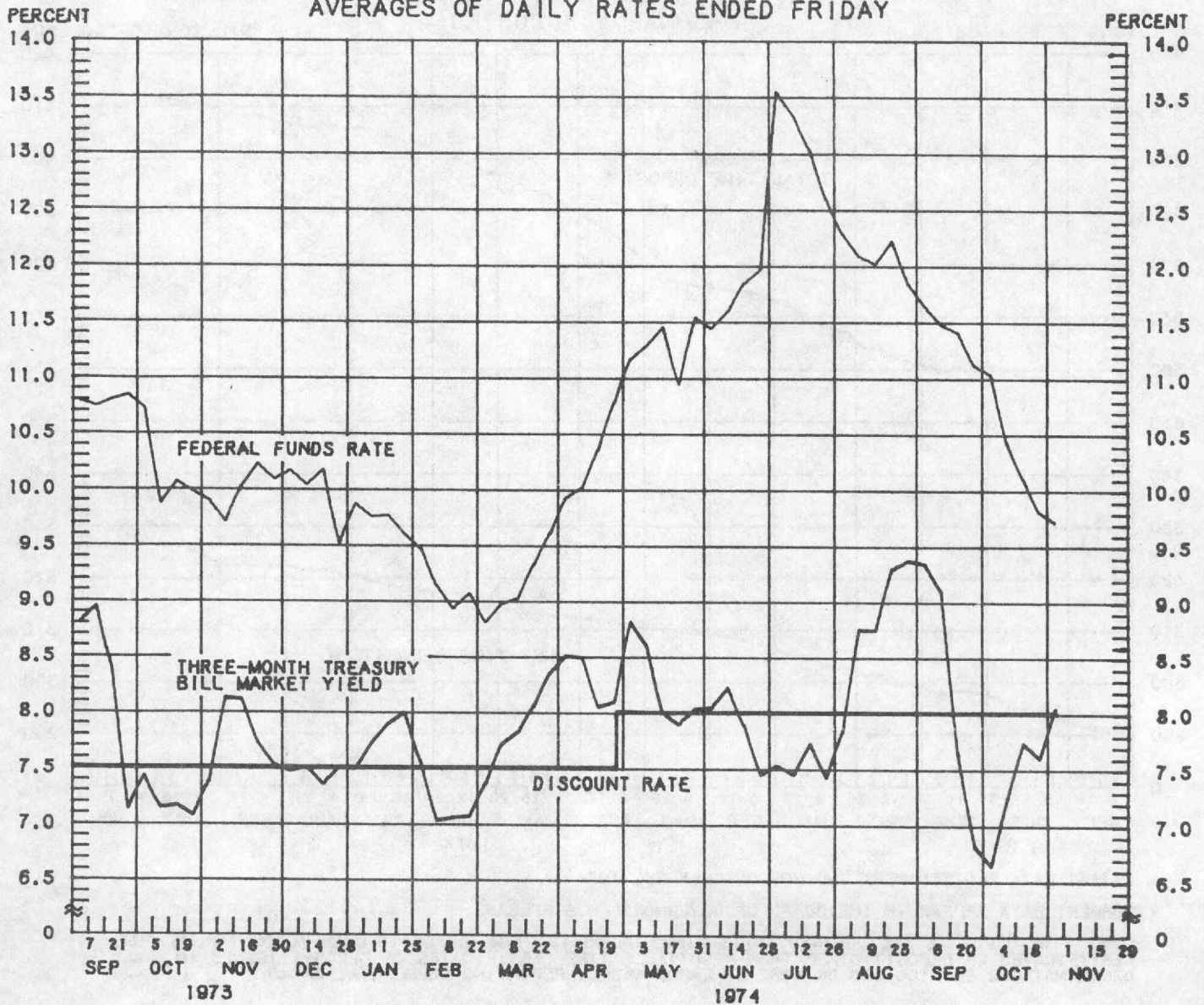
1974	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
SEP. 6	12.30	11.72	11.79	9.13	6.88
13	12.00	11.63	11.46	9.20	6.79
20	11.89	11.25	10.95	9.29	6.76
27	11.16	10.58	10.36	9.32	6.62
OCT. 4	10.87	10.18	9.79	9.37	6.68
11	10.28	9.70	9.61	9.38	6.52
18	9.96	9.31	9.31	9.29	6.48
25	9.63	8.90	9.12	9.19	6.51
NOV. 1 *	9.15	8.79	8.98	9.12	N.A.
8					
15					
22					
29					

* 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, NOVEMBER 1, 1974

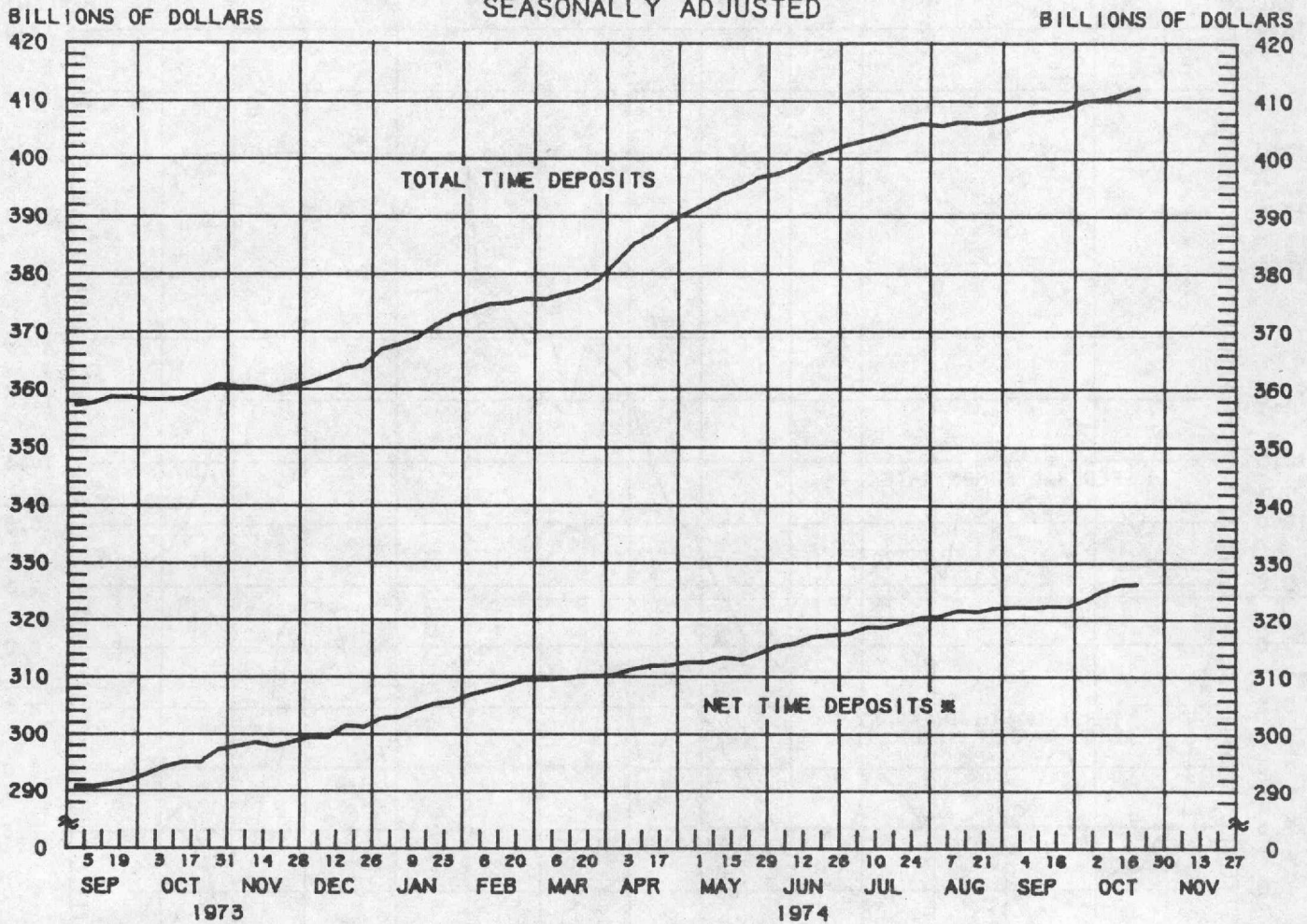
1974	FEDERAL FUNDS ^{***}	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
SEP. 6	11.64	9.34	8.61	7.33
13	11.48	9.10	8.52	7.31
20	11.41	7.64	8.35	7.31
27	11.12	6.81	8.14	7.27
OCT. 4	11.04	6.64	8.13	7.31
11	10.43	7.24	7.98	7.27
18	10.11	7.73	7.95	7.22
25	9.81	7.60	7.90	7.18
NOV. 1 [*]	9.72	8.04	7.98	7.13
8				
15				
22				
29				

^{*} 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: OCTOBER 23, 1974

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

10/24/73 1/23/74 3/20/74 4/24/74 5/22/74 6/26/74 7/24/74 8/21/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

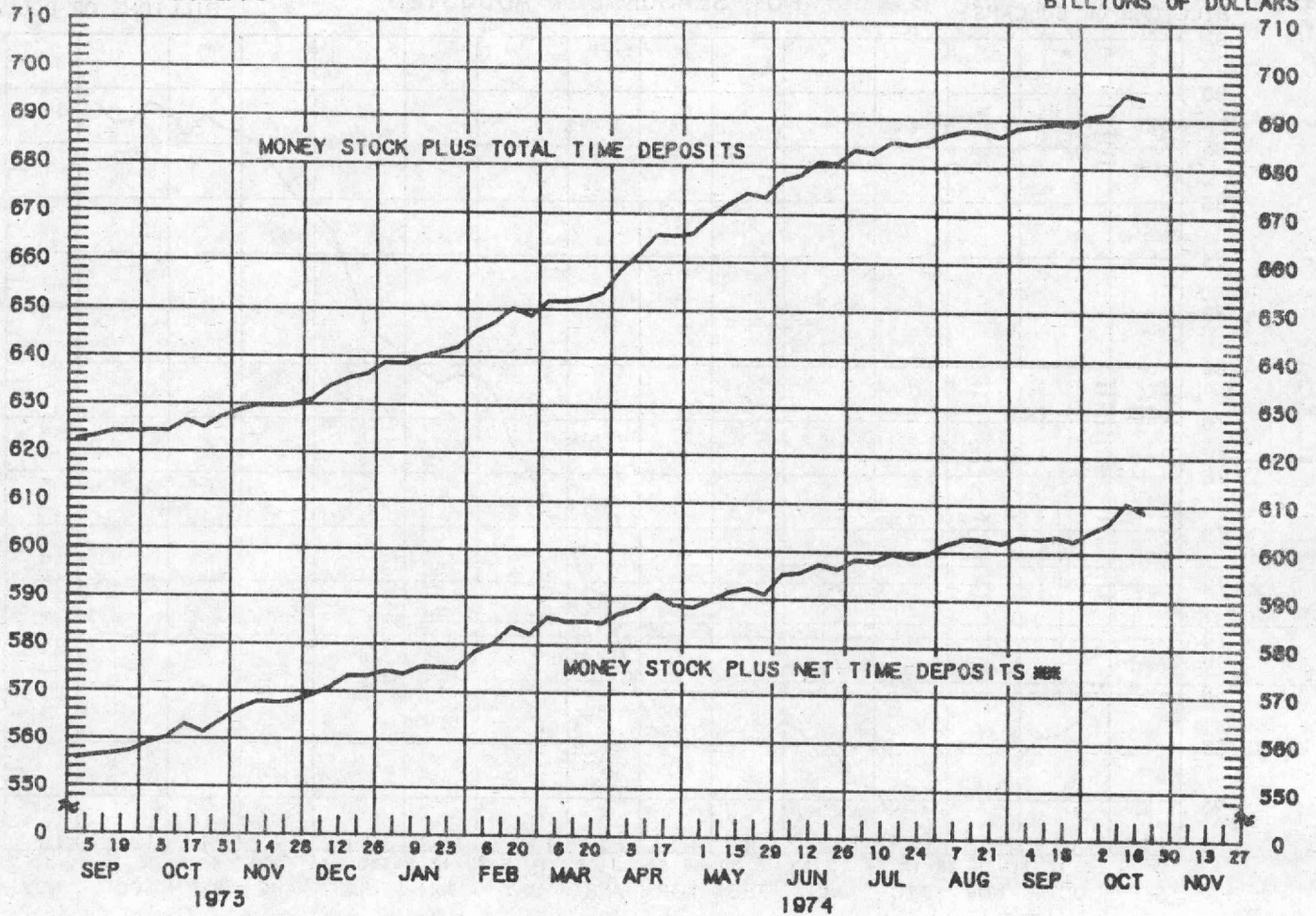
3/20/74	13.4							
4/24/74	12.0	10.4						
5/22/74	11.1	9.3	6.1					
6/26/74	11.3	10.0	8.3	9.4				
7/24/74	11.1	9.8	8.4	9.3	10.8			
8/21/74	11.0	10.0	8.8	9.6	10.8	9.8		
9/25/74	10.3	9.1	8.0	8.4	8.9	7.7	7.1	
10/23/74	10.5	9.5	8.6	9.1	9.6	8.9	8.8	8.0

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 23, 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:

	10/24/73	1/23/74	3/20/74	4/24/74	5/22/74	6/26/74	7/24/74	8/21/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/20/74		10.7						
4/24/74		10.0	10.0					
5/22/74		9.3	8.6	5.9				
6/26/74		9.4	9.0	7.5	7.7			
7/24/74		9.1	8.5	7.1	7.1	8.4		
8/21/74		8.8	8.3	7.1	7.0	7.9	6.3	
9/25/74		8.1	7.4	6.2	5.9	6.3	4.7	4.2
10/23/74		8.3	7.7	6.6	6.5	6.9	5.9	5.9
								5.6

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



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 23, 1974

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

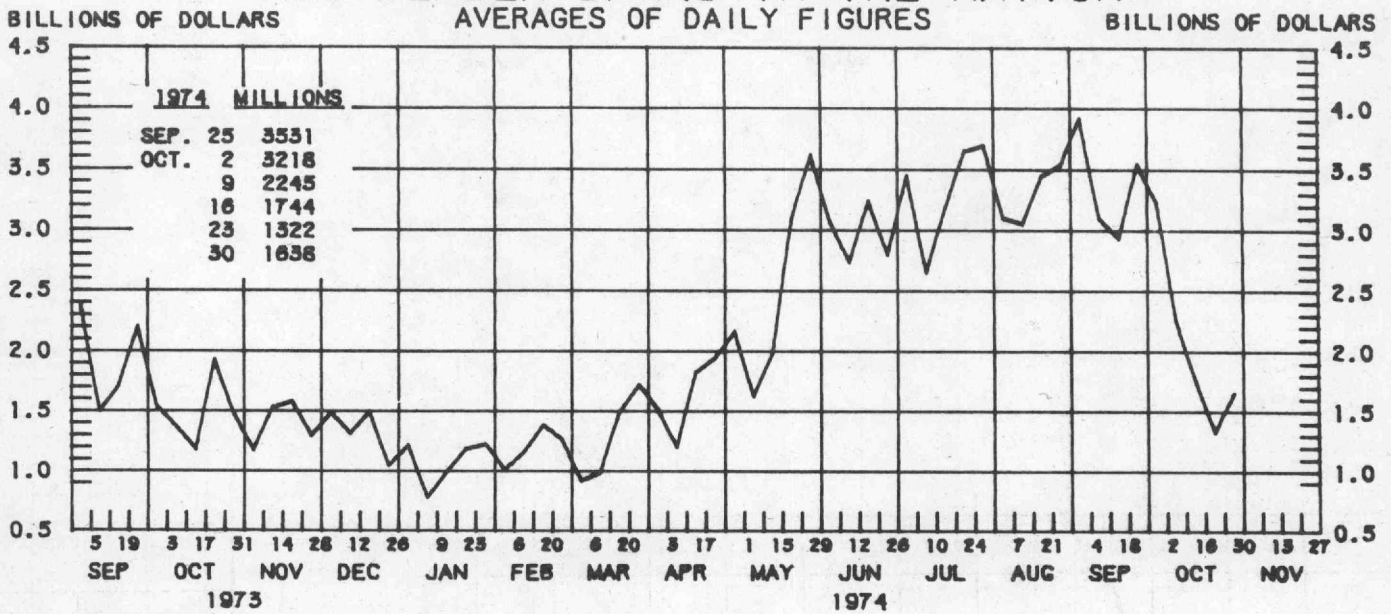
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA				
1974	BILLIONS			
	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS*	M 2**
SEP. 4	88.5	85.0	322.2	603.1
11	89.0	86.0	322.1	602.7
18	88.2	85.8	322.4	603.2
25	89.1	86.4	322.2	602.2
OCT. 2	89.5	86.4	323.4	604.2
9	88.8	85.2	325.0	606.0
16	88.7	84.9	326.1	610.3
23	89.4	85.9	326.3	608.3
30				
NOV. 6				
13				
20				
27				

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

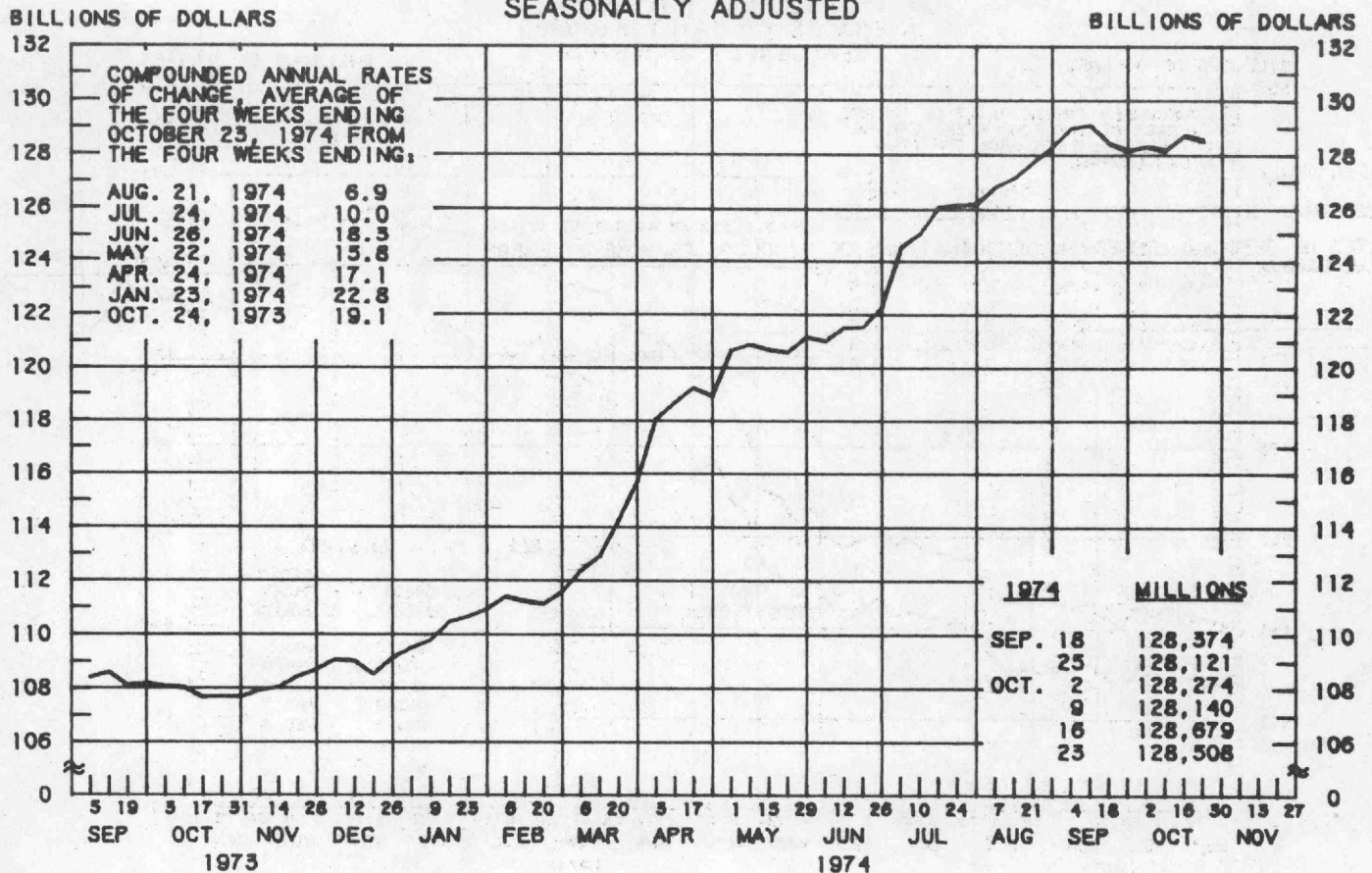
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



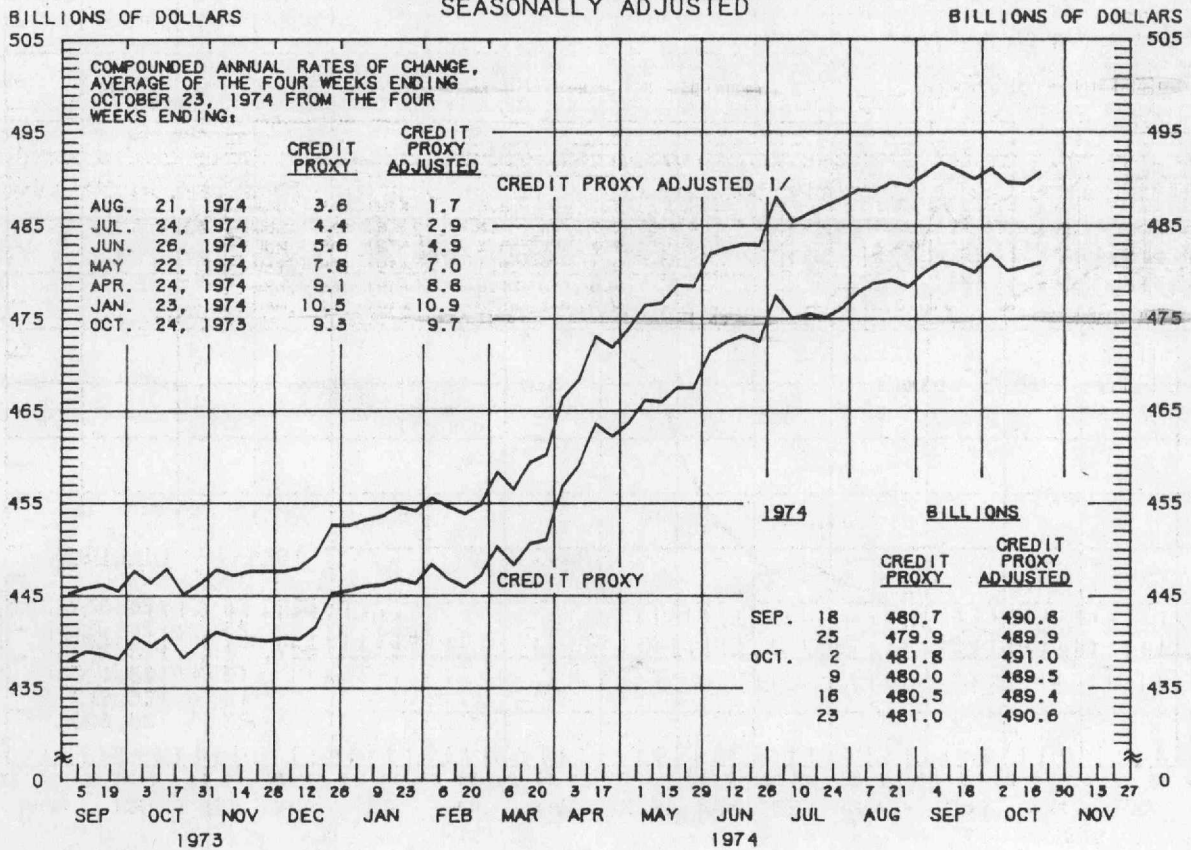
LATEST DATA PLOTTED WEEK ENDING: OCTOBER 30, 1974

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



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 23, 1974

**MEMBER BANK DEPOSITS
SUBJECT TO RESERVE REQUIREMENTS
(CREDIT PROXY)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED**



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 23, 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