



Week ending: January 22, 1975

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In the past six months the monetary base has increased at a 7.3 percent annual rate. Despite this relatively rapid growth of the base, over the past six months the money stock has increased at a 1.6 percent annual rate, and demand deposits have actually decreased at a 0.7 percent annual rate. The reason for such a divergence in growth rates is that much of the increase in the base has been used as currency and as required reserves on total time deposits.

On January 20, 1975 the Board of Governors of the Federal Reserve System announced a reduction in reserve requirements on net demand deposits of member commercial banks. Reserve requirements will be reduced by one-half of one percentage point on all categories of net demand deposits up to \$400 million, and one percentage point on deposits in excess of \$400 million. The new reserve ratios will apply to net demand deposits during the week of January 30 - February 5, 1975. Due to the two-week lag in reserve requirements, they will affect the reserves that banks must maintain during the week of February 13-19. The Board estimates that this action will release about \$1.1 billion in reserves to the banking system.

Reserve Requirements

Net Demand Deposits (Millions)	Present Ratio	Ratio Effective 2/13 - 2/19
\$0 - 2	8%	7 1/2%
2 - 10	10 1/2	10
10 - 100	12 1/2	12
100 - 400	13 1/2	13
over 400	17 1/2	16 1/2

Short-term interest rates have fallen markedly since early December. Rates paid on 90-day certificates of deposit have fallen by 2.22 percentage points since the week of December 6; the current yield is 7.31 percent. This is the lowest level for these rates since the week of May 9, 1973 and represents a drop of 5.35 percentage points from the high of 12.66 percent in the week of July 17, 1974. Long-term rates have shown almost no change on average over the last two months, after declining sharply from mid-October to late November. Rates on long-term Government securities have fallen from 6.89 percent in early December, 1974 to 6.67 percent in the latest week for a drop of 0.22 percentage points. The corporate Aaa rate has shown almost no change on average since late November.

Prepared by Federal Reserve Bank of St. Louis
Released: January 24, 1975

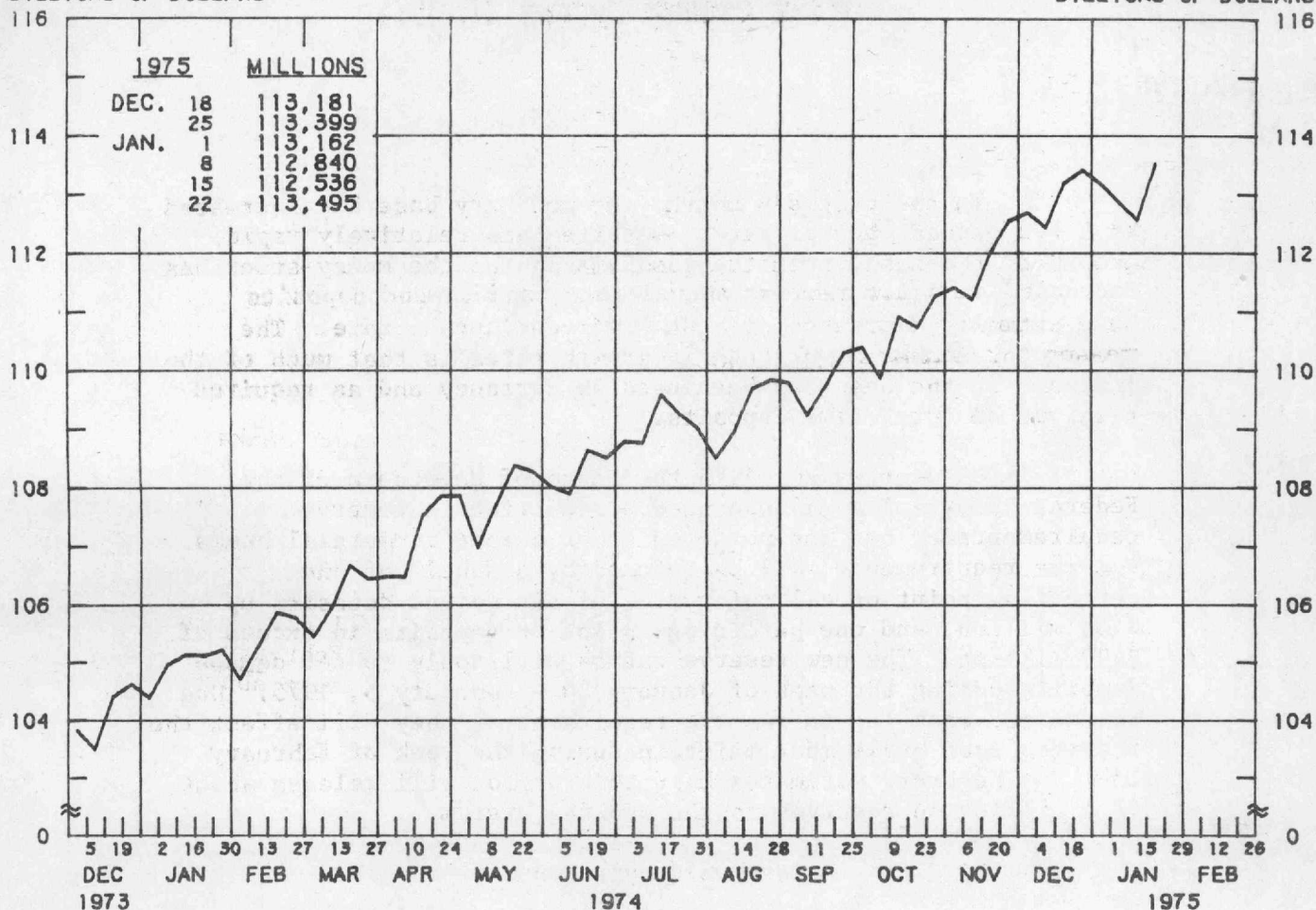
MONETARY BASE

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 22, 1975

THE MONETARY BASE CONSISTS OF MEMBER BANK DEPOSITS AT THE FEDERAL RESERVE AND CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF COMMERCIAL BANKS), ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. THE MAJOR SOURCES OF THE MONETARY BASE ARE FEDERAL RESERVE CREDIT AND THE GOLD STOCK. DATA ARE COMPUTED BY THIS BANK. A DETAILED DESCRIPTION OF THE SOURCES AND USES OF THE MONETARY BASE IS AVAILABLE AS REPRINT NO. 31 FROM THE FEDERAL RESERVE BANK OF ST. LOUIS.

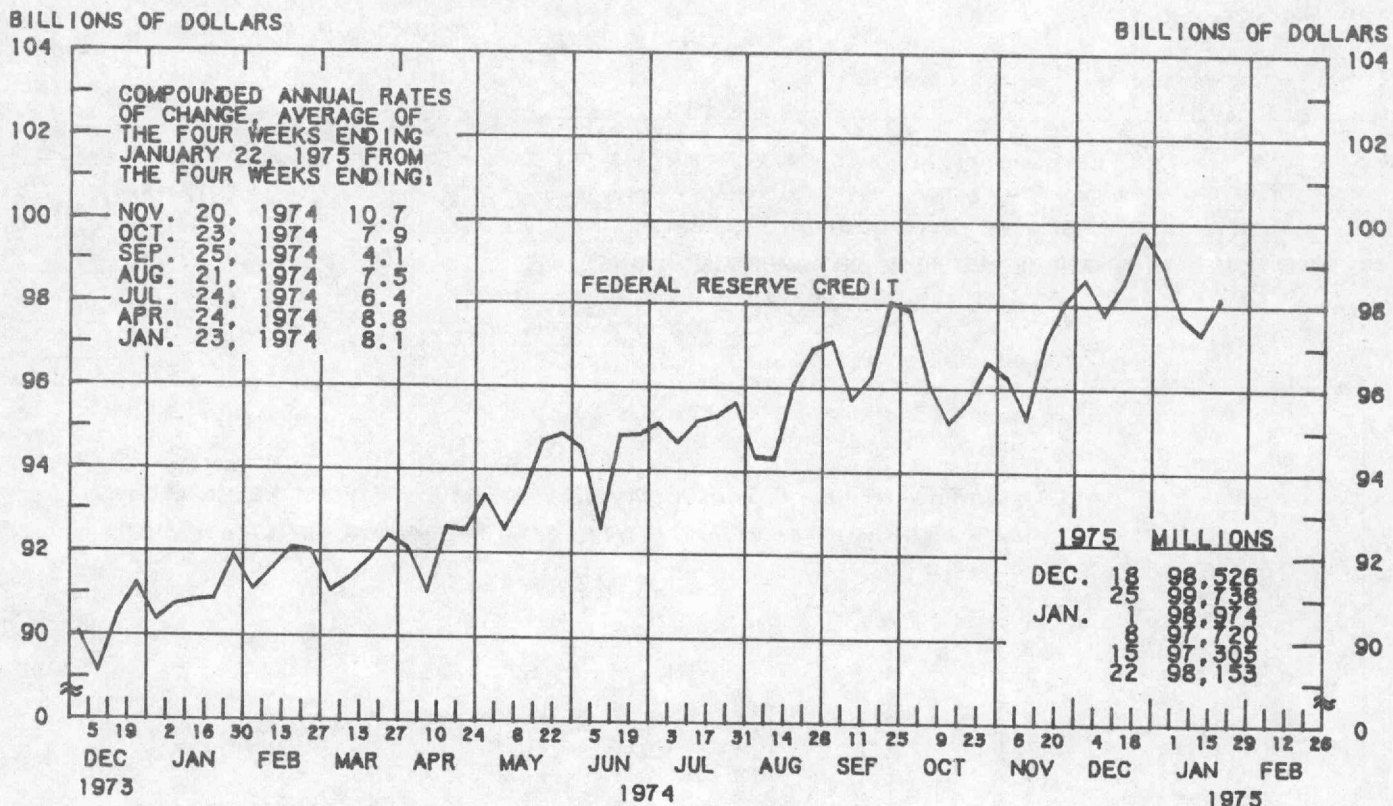
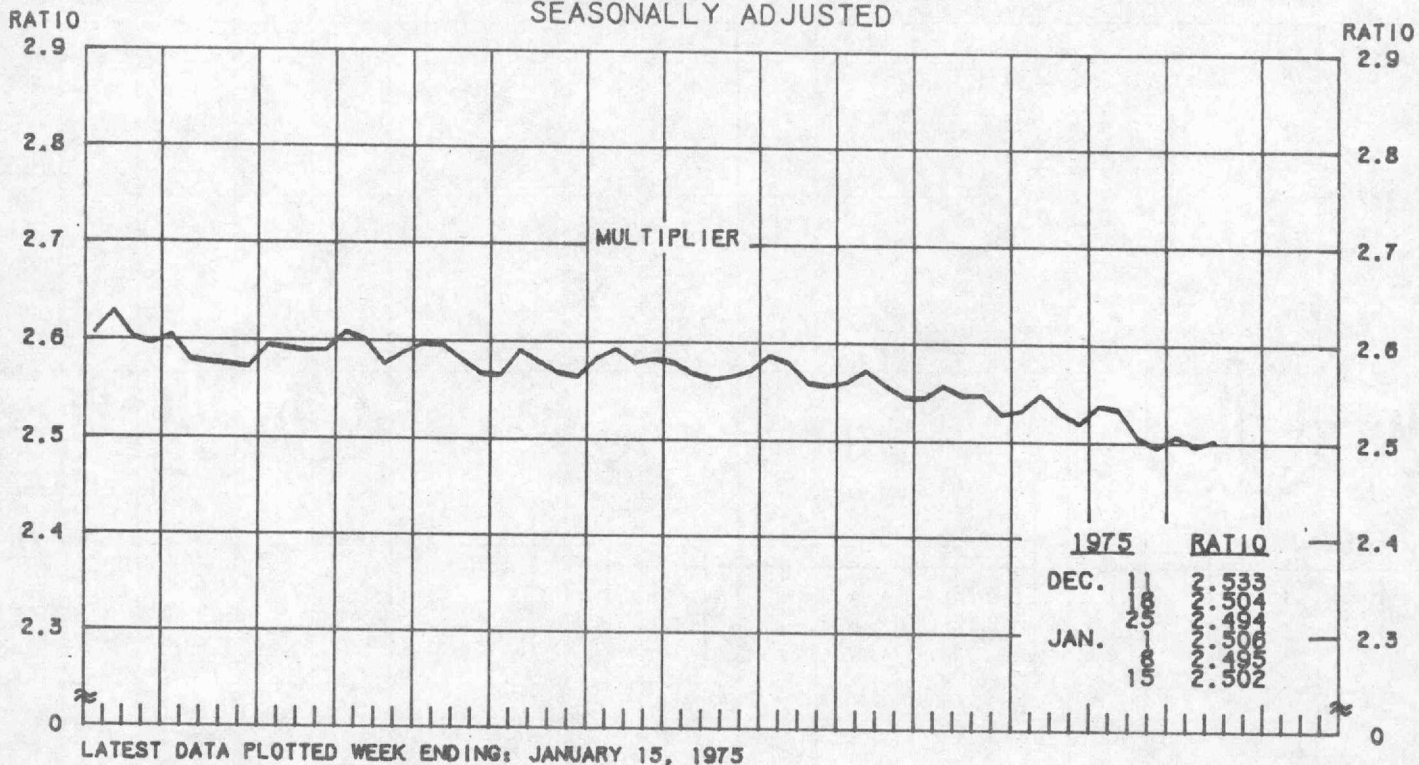
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

1/23/74 4/24/74 6/19/74 7/24/74 8/21/74 9/25/74 10/23/74 11/20/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/19/74	8.0							
7/24/74	8.2	7.7						
8/21/74	6.9	5.7	4.6					
9/25/74	7.0	6.0	5.5	3.6				
10/23/74	7.2	6.4	6.2	5.2	7.9			
11/20/74	7.6	7.2	7.3	6.9	9.2	10.6		
12/25/74	8.3	8.2	8.6	8.5	10.7	12.1	13.5	
1/22/75	7.7	7.5	7.6	7.3	8.8	9.4	9.5	8.3

**MULTIPLIER 1/
FEDERAL RESERVE CREDIT 2/
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED**



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

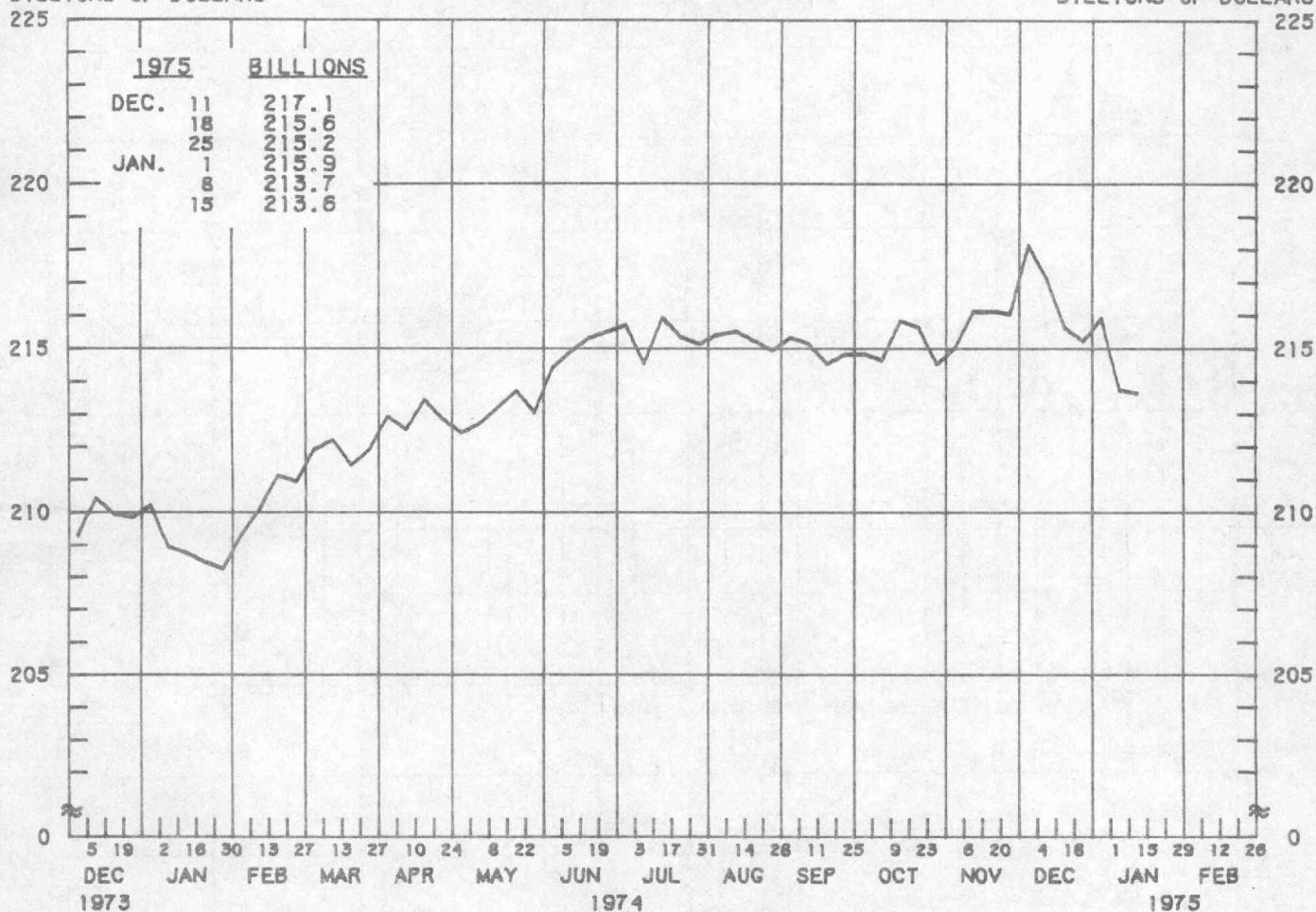
2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND CHANGES IN REQUIREMENTS DUE TO SHIFTS IN DEPOSITS AMONG CLASSES OF BANKS. DATA ARE SEASONALLY ADJUSTED BY THIS BANK.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 15, 1975

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

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

1/16/74 4/17/74 8/12/74 7/17/74 8/14/74 9/18/74 10/16/74 11/13/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

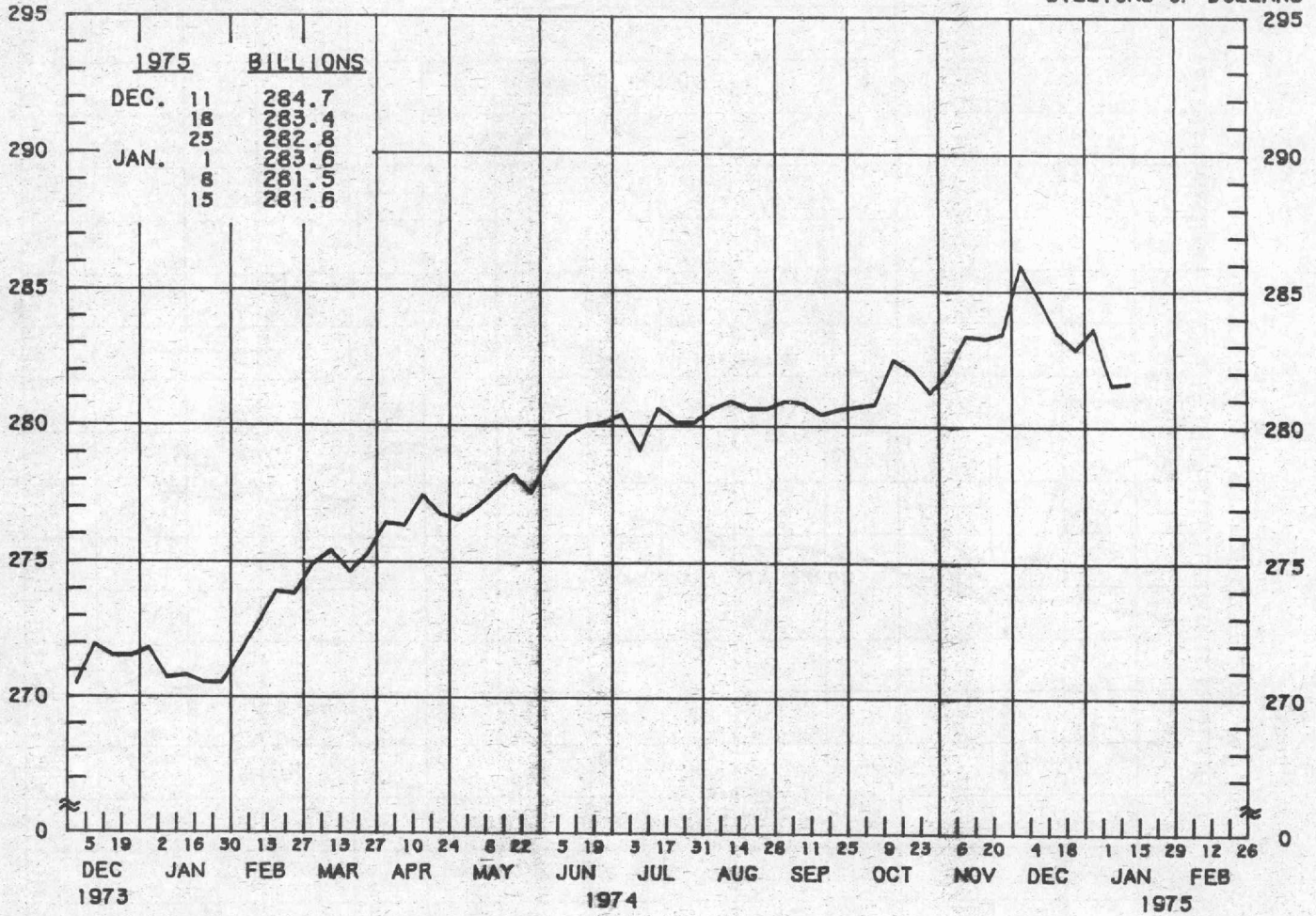
6/12/74	5.5							
7/17/74	5.8	5.2						
8/14/74	4.9	3.8	3.6					
9/18/74	4.0	2.6	1.7	-1.1				
10/16/74	3.6	2.2	1.4	-0.7	-0.8			
11/13/74	3.4	2.1	1.4	-0.1	0.0	0.9		
12/18/74	3.8	2.8	2.4	1.4	1.9	3.2	4.7	
1/15/75	2.5	1.2	0.5	-0.7	-0.8	-0.6	-0.7	-1.9

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 15, 1975

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

THE MONEY STOCK CONSISTS OF DEMAND DEPOSITS PLUS CURRENCY AND COIN HELD BY THE NONBANK PUBLIC.

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

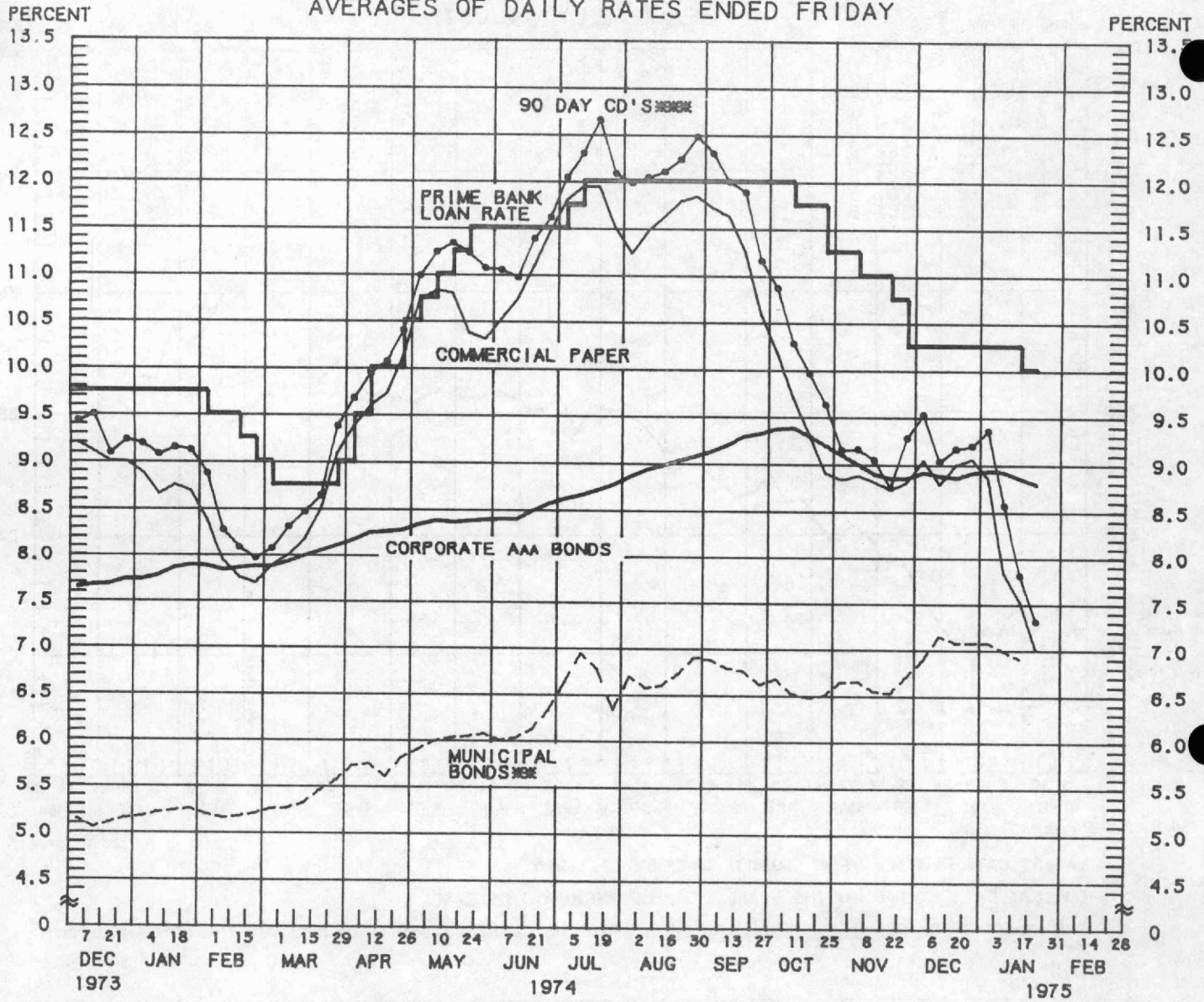
1/16/74 4/17/74 6/12/74 7/17/74 8/14/74 9/18/74 10/16/74 11/13/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/12/74	6.8							
7/17/74	6.7	5.5						
8/14/74	6.0	4.5	4.0					
9/18/74	5.2	3.7	3.0	1.2				
10/16/74	4.9	3.4	2.7	1.4	1.5			
11/13/74	4.9	3.6	3.1	2.2	2.4	3.3		
12/16/74	5.3	4.3	4.1	3.7	4.2	5.4	7.0	
1/15/75	4.1	2.9	2.4	1.6	1.7	1.9	1.9	0.6

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 24, 1975

1975	90 DAY CD'S SEVEN	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS SEVEN
DEC. 6	9.53	9.05	9.55	8.91	6.89
13	9.03	8.78	9.03	8.87	7.15
20	9.17	9.00	9.03	8.85	7.08
27	9.20	9.06	9.16	8.91	7.08
JAN. 3	9.36	8.84	9.08	8.93	7.08
10	8.57	7.83	8.33	8.91	6.99
17	7.81	7.53	7.66	8.84	6.90
24 *	7.31	7.00	7.21	8.78	N.A.
31					
FEB. 7					
14					
21					
28					

* AVERAGES OF RATES AVAILABLE.

~~SEVEN~~ BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.

~~SEVEN~~ SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS

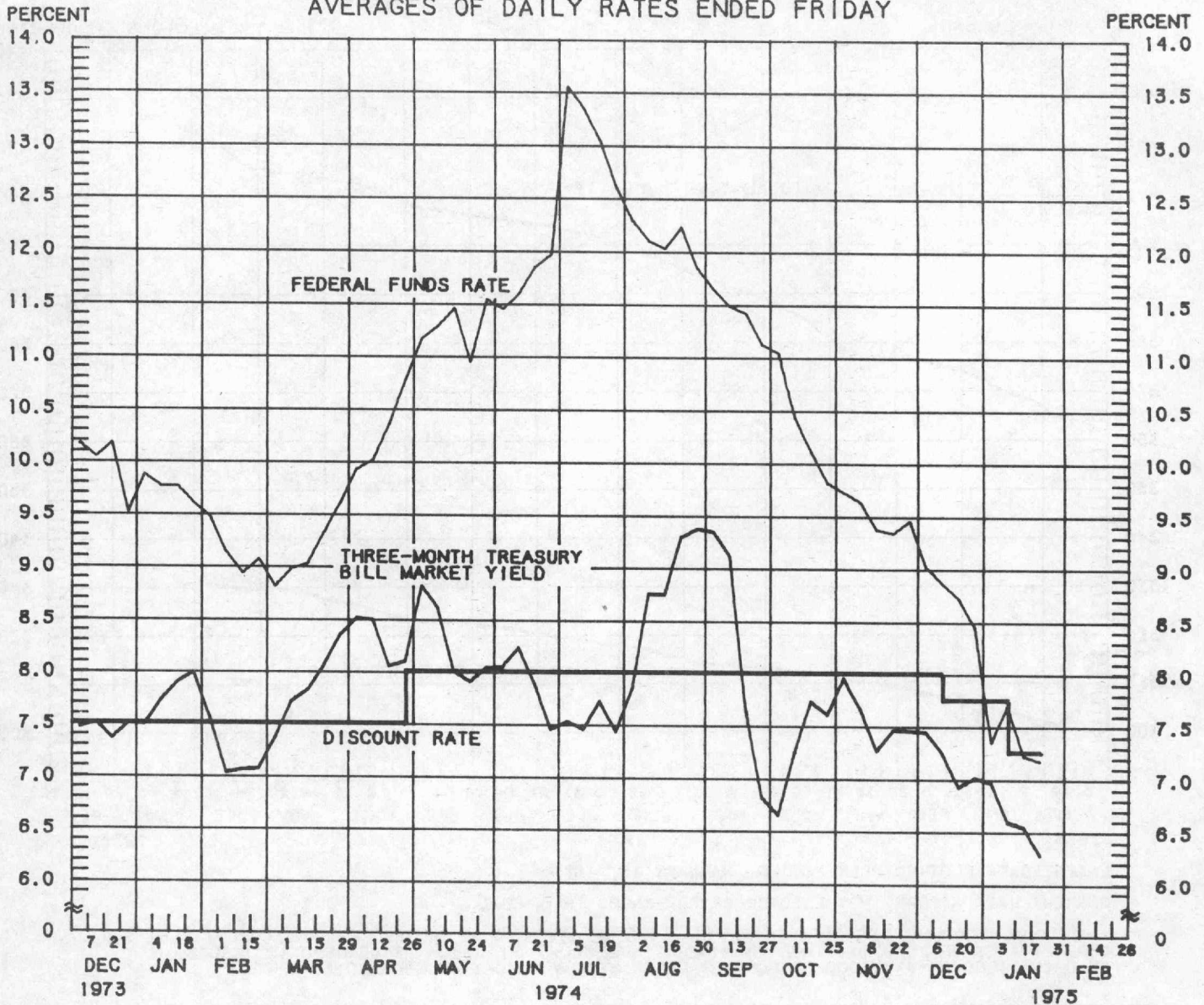
EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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: JANUARY 24, 1975

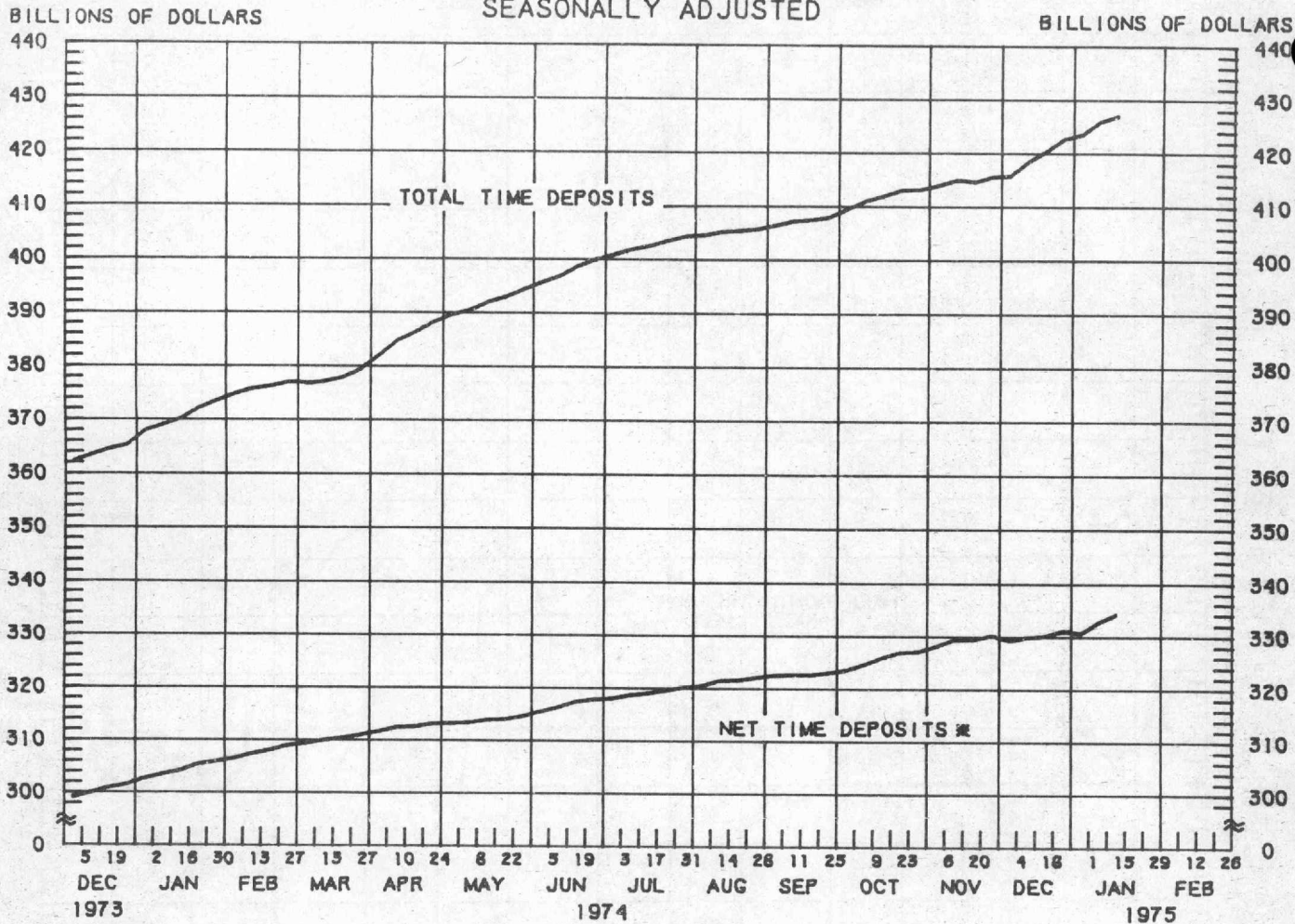
1975	FEDERAL FUNDS **	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
DEC. 6	9.02	7.44	7.46	6.89
13	8.86	7.24	7.16	6.75
20	8.72	6.92	7.06	6.70
27	8.45	7.01	7.17	6.77
JAN. 3	7.35	6.96	7.26	6.77
10	7.70	6.59	7.23	6.68
17	7.22	6.54	7.32	6.66
24 *	7.17	6.28	7.37	6.67
31				
FEB. 7				
14				
21				
28				

* 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: JANUARY 15, 1975

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:

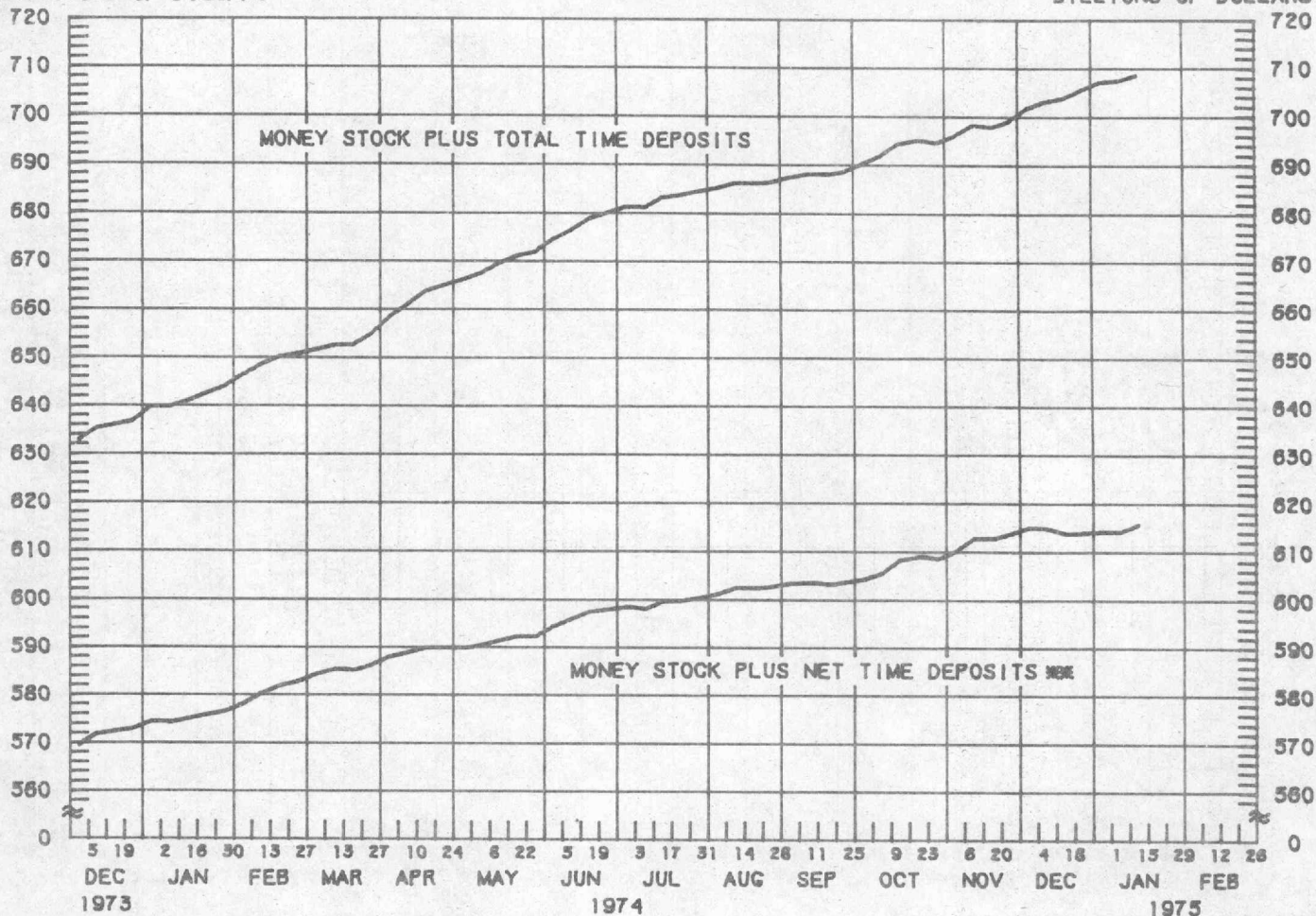
	1/16/74	4/17/74	8/12/74	7/17/74	8/14/74	9/18/74	10/16/74	11/13/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
8/12/74	10.3							
7/17/74	10.5	8.6						
8/14/74	10.3	8.7	10.3					
9/18/74	9.8	8.2	9.0	7.7				
10/16/74	9.5	8.0	8.6	7.5	6.9			
11/13/74	10.0	9.0	9.8	9.3	9.4	11.2		
12/18/74	9.7	8.6	9.2	8.7	8.6	9.4	10.4	
1/15/75	9.6	8.7	9.2	8.7	8.7	9.3	10.0	7.6

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 15, 1975

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

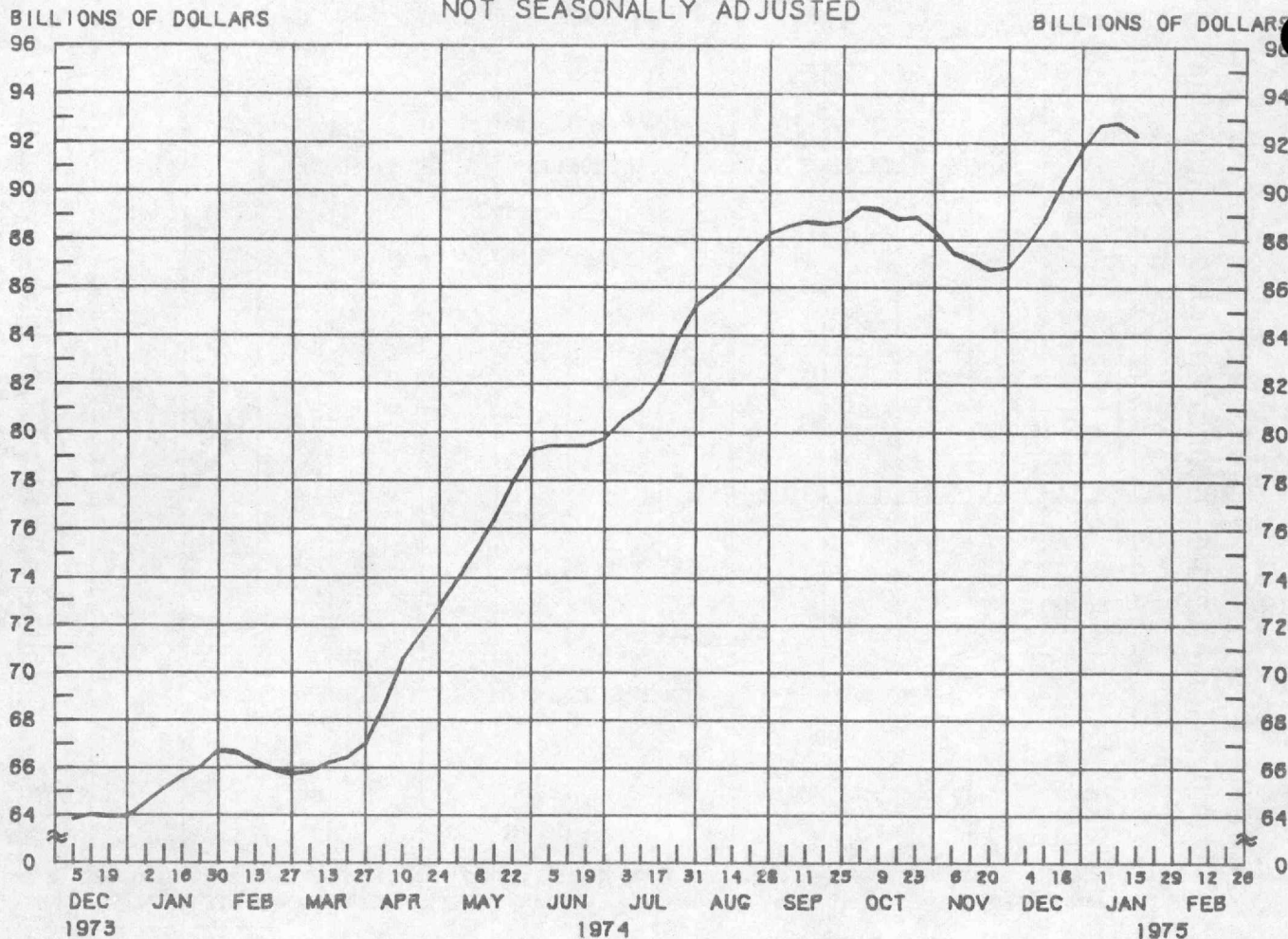
1/16/74 4/17/74 6/12/74 7/17/74 8/14/74 9/18/74 10/16/74 11/13/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/12/74	8.6								
7/17/74	8.6	7.1							
8/14/74	8.2	6.8	7.3						
9/18/74	7.6	6.1	6.1	4.7					
10/16/74	7.3	5.9	5.9	4.8	4.4				
11/13/74	7.6	6.5	6.6	6.0	6.1	7.4			
12/18/74	7.6	6.6	6.8	6.4	6.5	7.5	8.7		
1/15/75	7.0	6.0	5.9	5.4	5.4	5.8	6.1	4.3	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 15, 1975

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

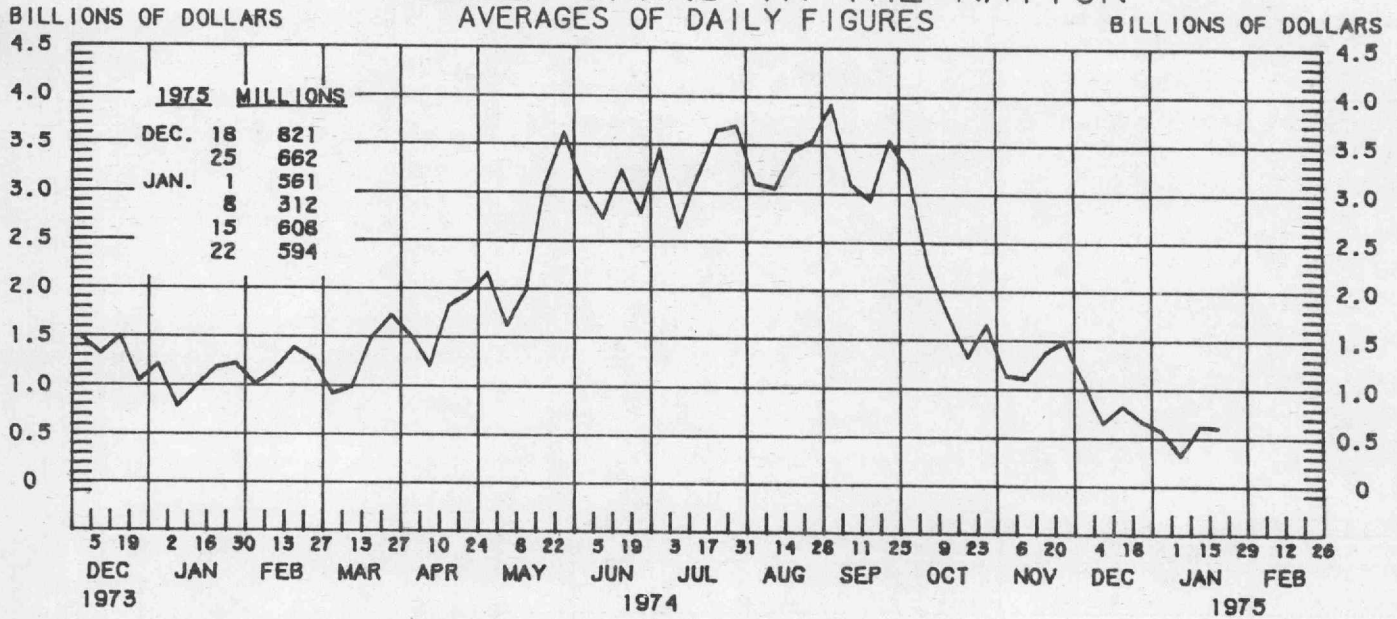
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA				
1975	BILLIONS			
	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 **
DEC. 4	87.7	86.7	329.1	614.9
11	88.9	88.5	329.8	614.5
18	90.4	90.2	330.1	613.5
25	91.7	91.7	331.0	613.8
JAN. 1	92.7	93.1	330.4	614.0
8	92.8	93.3	332.5	614.0
15	92.3	92.9	334.0	615.8
22				
29				
FEB. 5				
12				
19				
26				

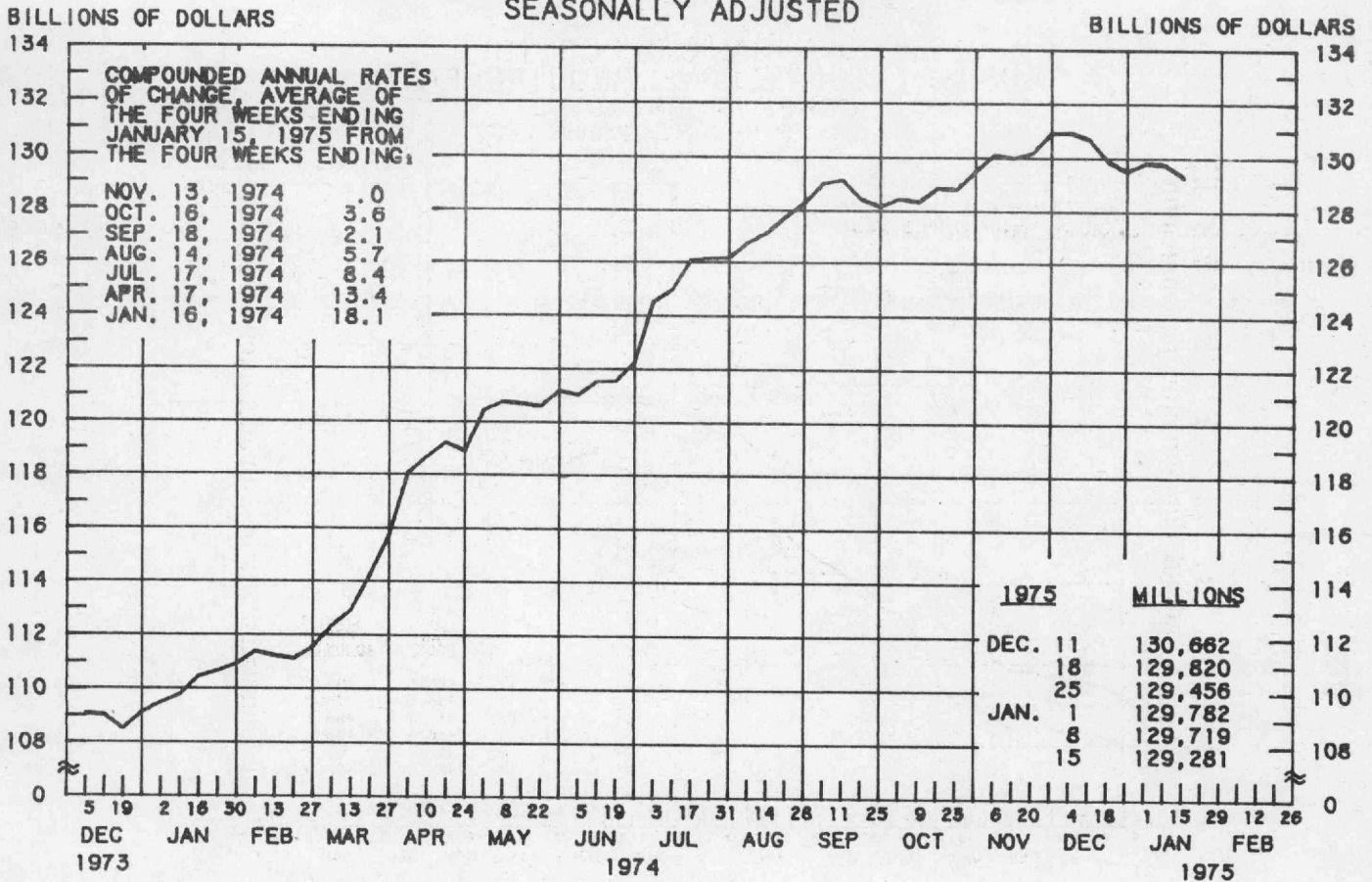
* SEE FOOTNOTE PAGE 8.
** SEE FOOTNOTE PAGE 9.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

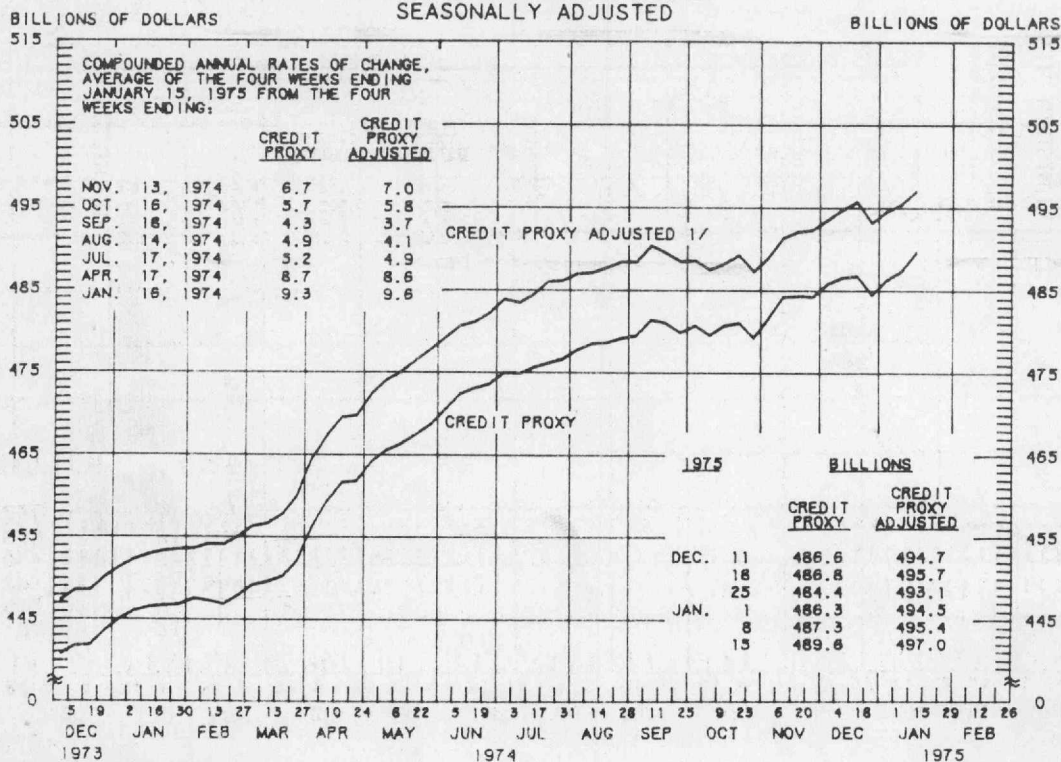
BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



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



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



LATEST DATA PLOTTED WEEK ENDING: JANUARY 15, 1975

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