

Week ending: January 29, 1975



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During the past year time deposits at commercial banks have consistently increased at a faster rate than demand deposits. Over the past year demand deposits increased by 2.4 percent, while net time deposits (time deposits other than large negotiable certificates of deposit) increased by 9.5 percent, and total time deposits (time deposits inclusive of large certificates of deposit) increased by about 15 percent. Demand deposits have decreased at about a 2 percent annual rate in the past three months and at about a 1 percent annual rate in the last six months. In contrast, net and total time deposits increased at annual rates of 9.7 and 14.6 percent, respectively, in the last three months.

The divergence between the growth rates of net and total time deposits is the result of a rapid increase in the volume of large negotiable certificates of deposit (CDs) at commercial banks. The volume of these CDs, on a not-seasonally adjusted basis, increased by \$25.8 billion over the past year to \$91.8 billion for the latest week--for an increase of 39 percent.

In the latest week many commercial banks lowered their prime lending rate to 9.5 percent from 10 percent. This represents a drop of 250 basis points from the record high of 12 percent which prevailed from early July to early October 1974 and is the lowest level for this rate since the week ended April 12, 1974.

Despite the decline in the prime rate, the spread between the banking system's base lending rate and the rates that banks must pay in order to raise funds has risen to a near record level. During the latest week the rates paid for Federal funds and 90-day CDs were 6.99 and 6.76 percent, respectively. This brings the spread between the prime rate and the Federal funds rate to 251 basis points, compared to a spread of only 96 basis points in the week ended October 4, 1974. In addition, the spread between the prime rate and the rate on 90-day CDs has widened to 274 basis points in the latest week, compared to 113 basis points in early October. In a further contrast, in early July this situation was reversed. At that time, rates on Federal funds and 90-day CDs exceeded the prime rate by 134 and 30 basis points, respectively.

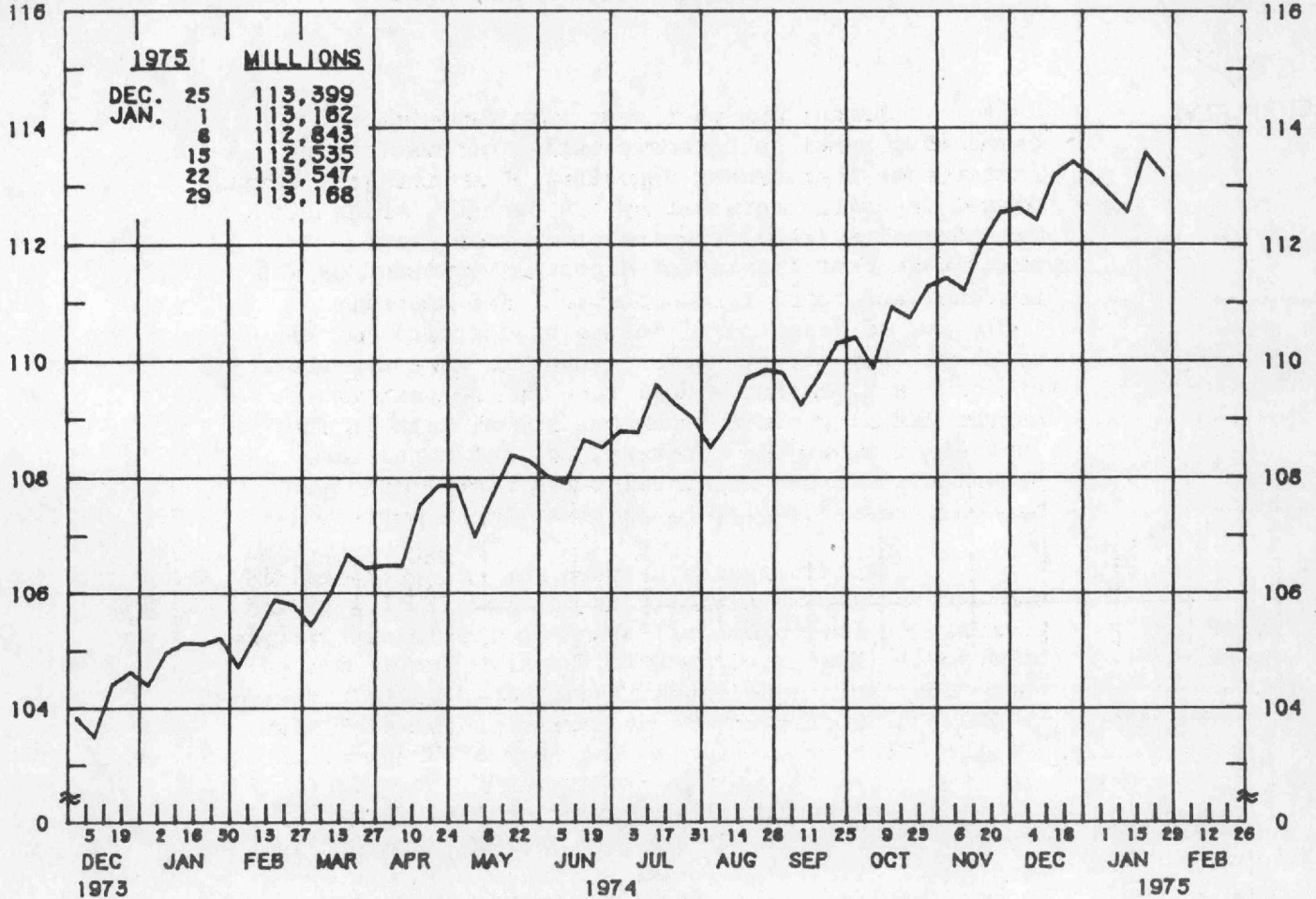
Prepared by Federal Reserve Bank of St. Louis

Released: January 31, 1975

MONETARY BASE
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 29, 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:

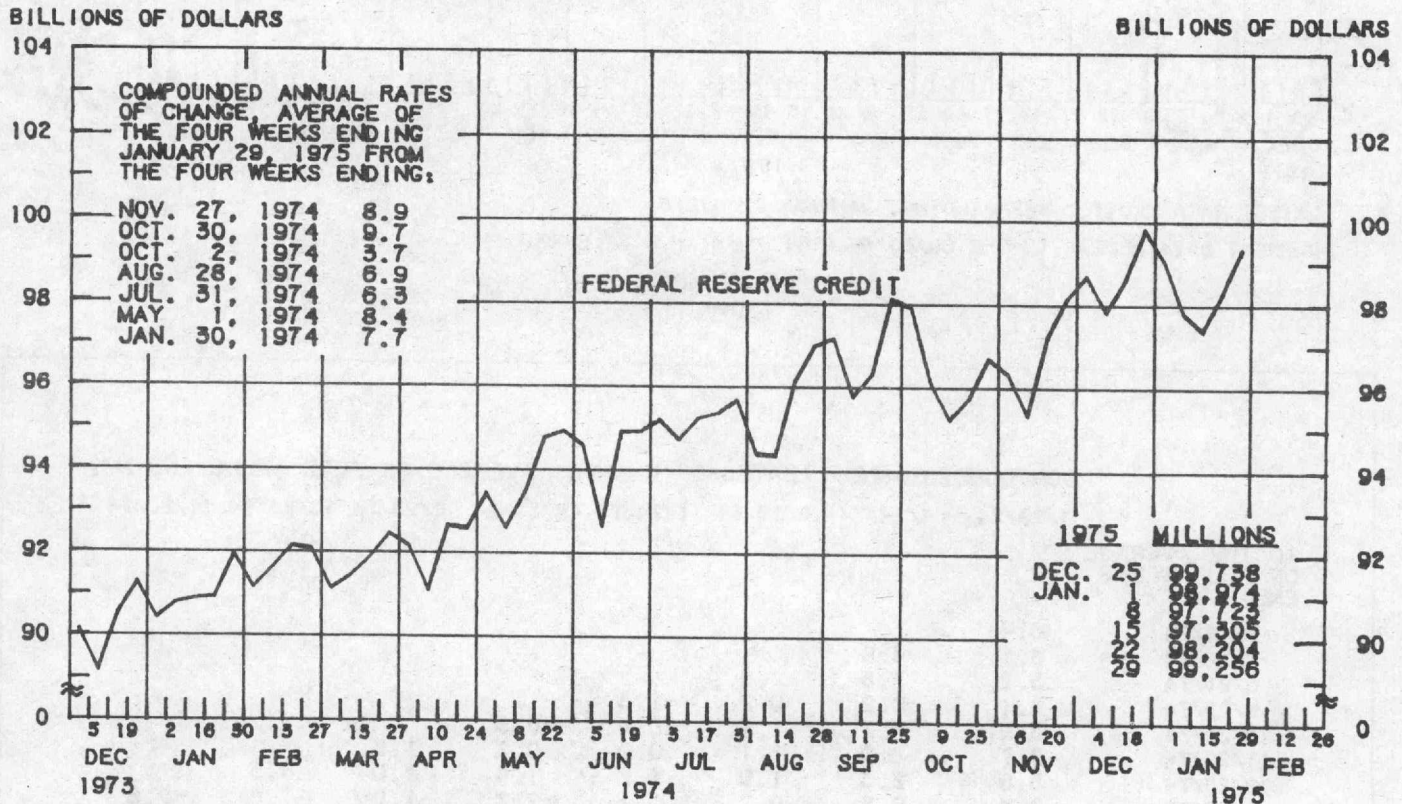
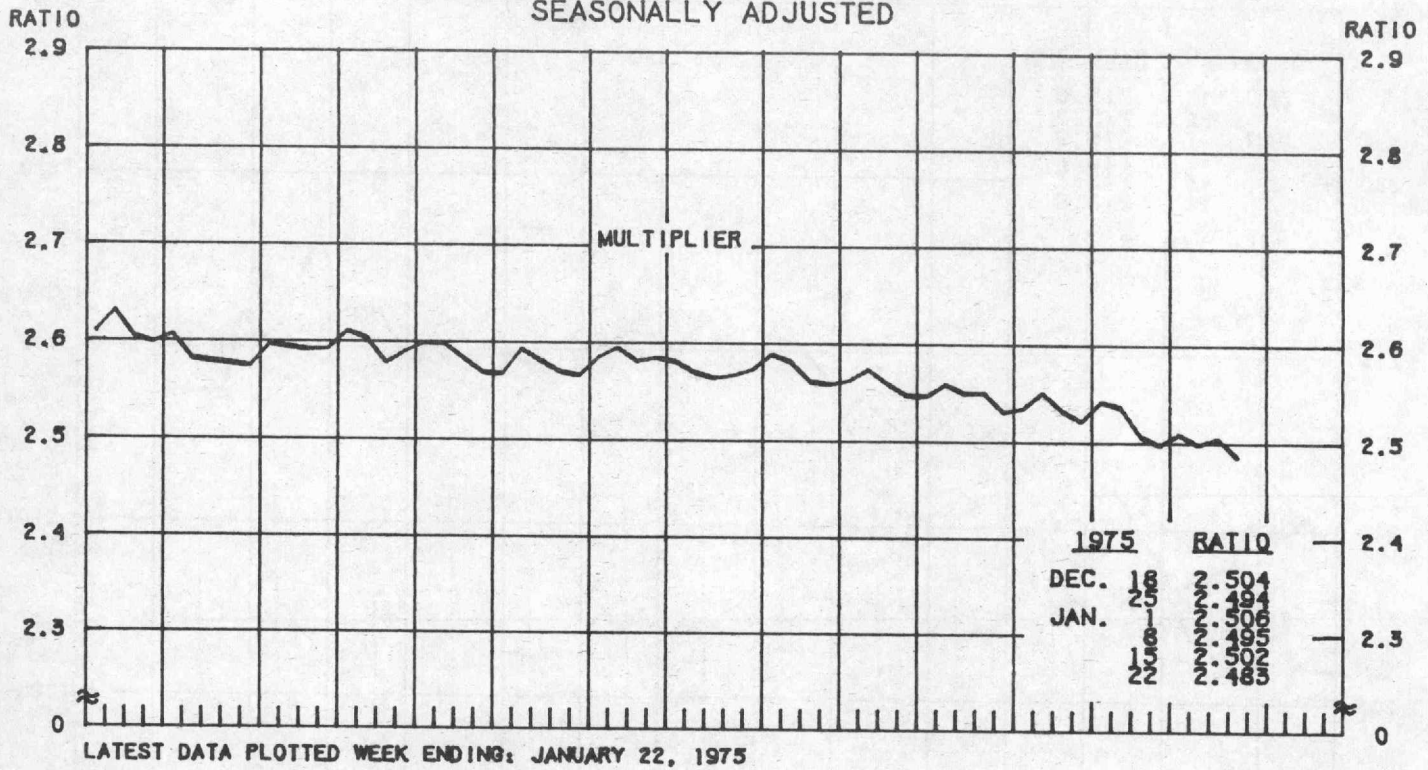
1/30/74 5/1/74 6/28/74 7/31/74 8/28/74 10/2/74 10/30/74 11/27/74

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/26/74	7.6						
7/31/74	7.8	6.5					
8/28/74	6.9	5.3	5.4				
10/ 2/74	6.9	5.6	5.8	4.2			
10/30/74	7.2	6.2	6.7	5.8	7.9		
11/27/74	7.8	7.1	7.9	7.6	9.7	11.6	
1/ 1/75	8.2	7.9	8.7	8.7	10.4	11.9	12.9
1/29/75	7.5	7.0	7.5	7.3	8.4	8.9	8.7 6.6

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

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 29, 1975

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

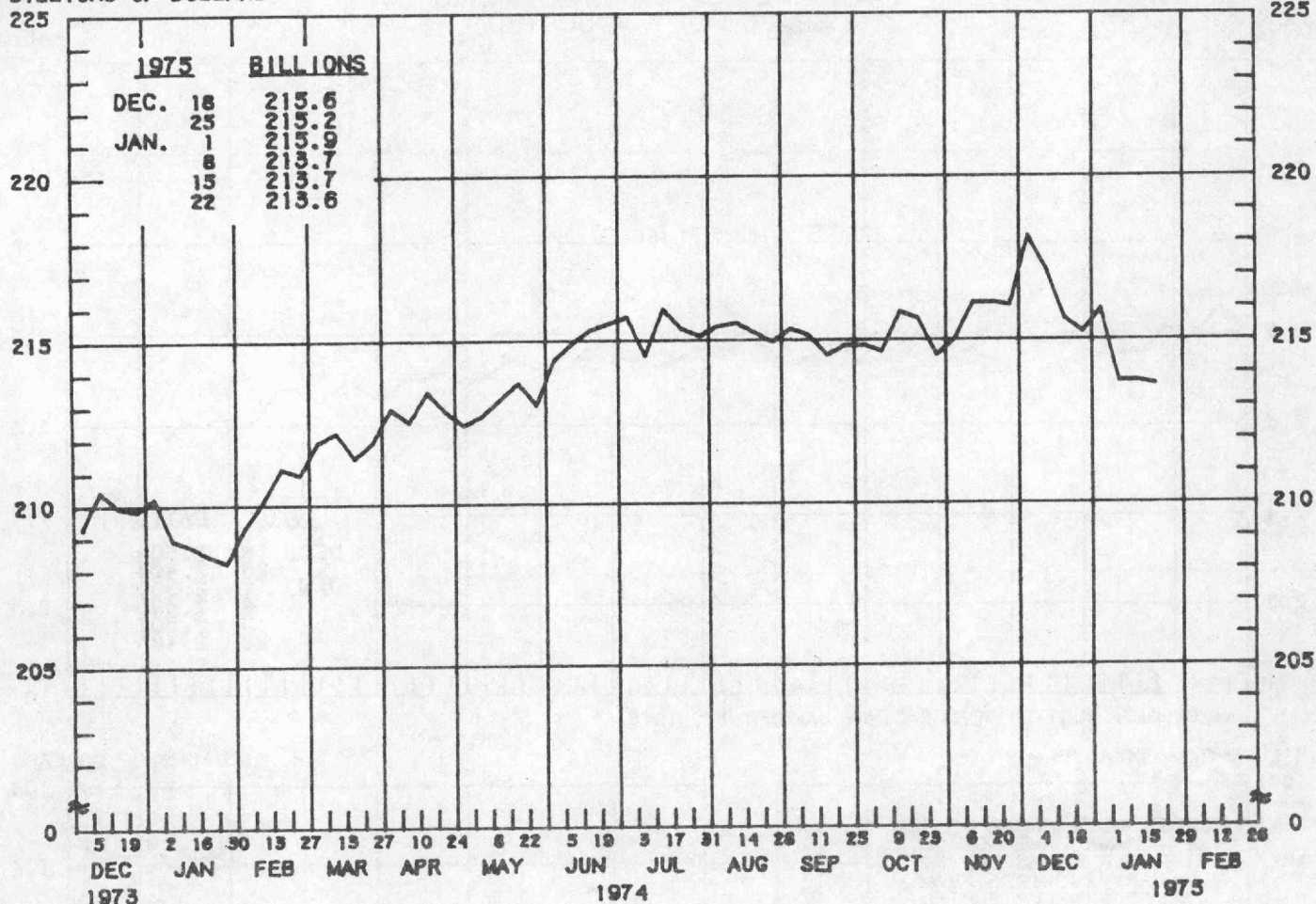
2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND CHANGES IN REQUIREMENTS DUE TO SHIFTS IN DEPOSITS AMONG CLASSES OF BANKS. DATA ARE SEASONALLY ADJUSTED BY THIS BANK.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 22, 1975

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

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

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

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

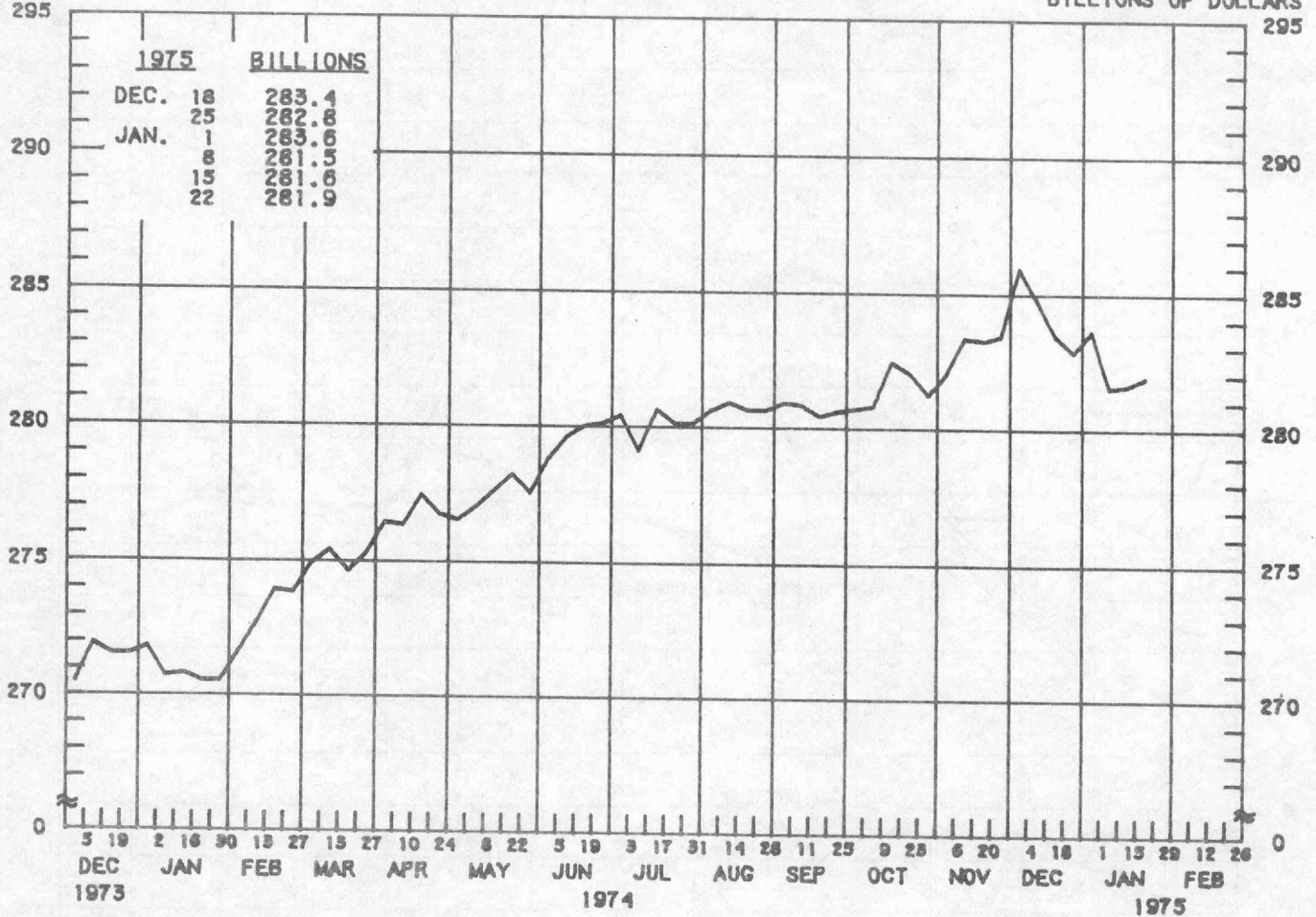
8/19/74	6.4								
7/24/74	6.1	4.8							
8/21/74	5.2	3.5	2.4						
9/25/74	4.1	2.2	0.9	-1.3					
10/23/74	3.9	2.2	1.1	-0.4	-0.3				
11/20/74	3.7	2.0	1.1	0.0	0.2	1.5			
12/25/74	3.8	2.5	1.9	1.2	1.6	3.0	3.5		
1/22/75	2.4	0.8	-0.2	-1.1	-1.2	-1.0	-1.8	-3.2	

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 22, 1975

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

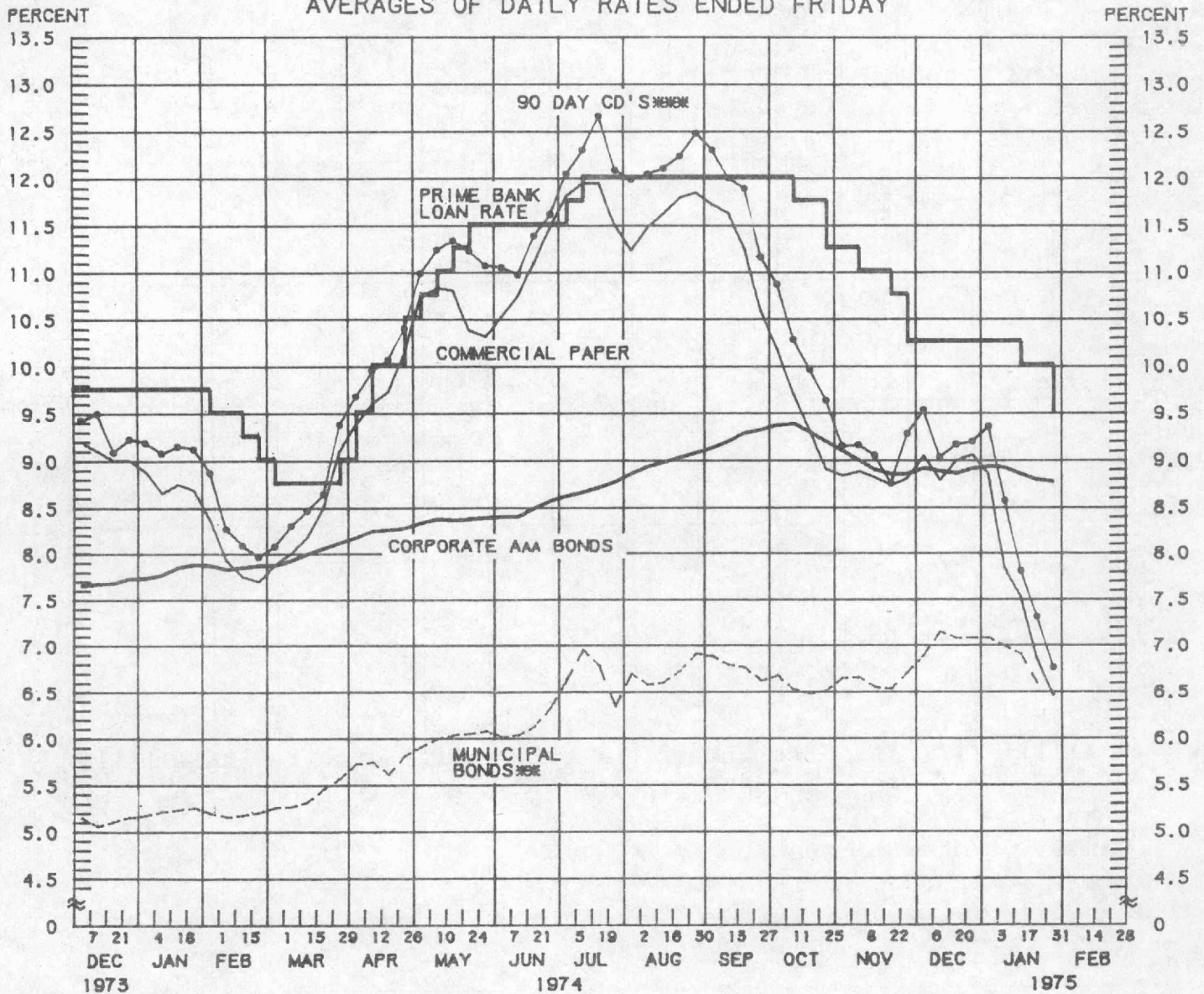
THE MONEY STOCK CONSISTS OF DEMAND DEPOSITS PLUS CURRENCY AND COIN HELD BY THE NONBANK PUBLIC.

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

	1/23/74	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:								
8/19/74	7.5							
7/24/74	6.8	5.0						
8/21/74	6.2	4.4	3.4					
9/25/74	5.4	3.5	2.3	1.2				
10/23/74	5.2	3.5	2.6	2.0	1.9			
11/20/74	5.1	3.6	2.9	2.5	2.6	4.0		
12/25/74	5.3	4.1	3.6	3.5	3.8	5.1	5.7	
1/22/75	4.1	2.7	1.9	1.5	1.4	1.6	1.0	-0.4

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



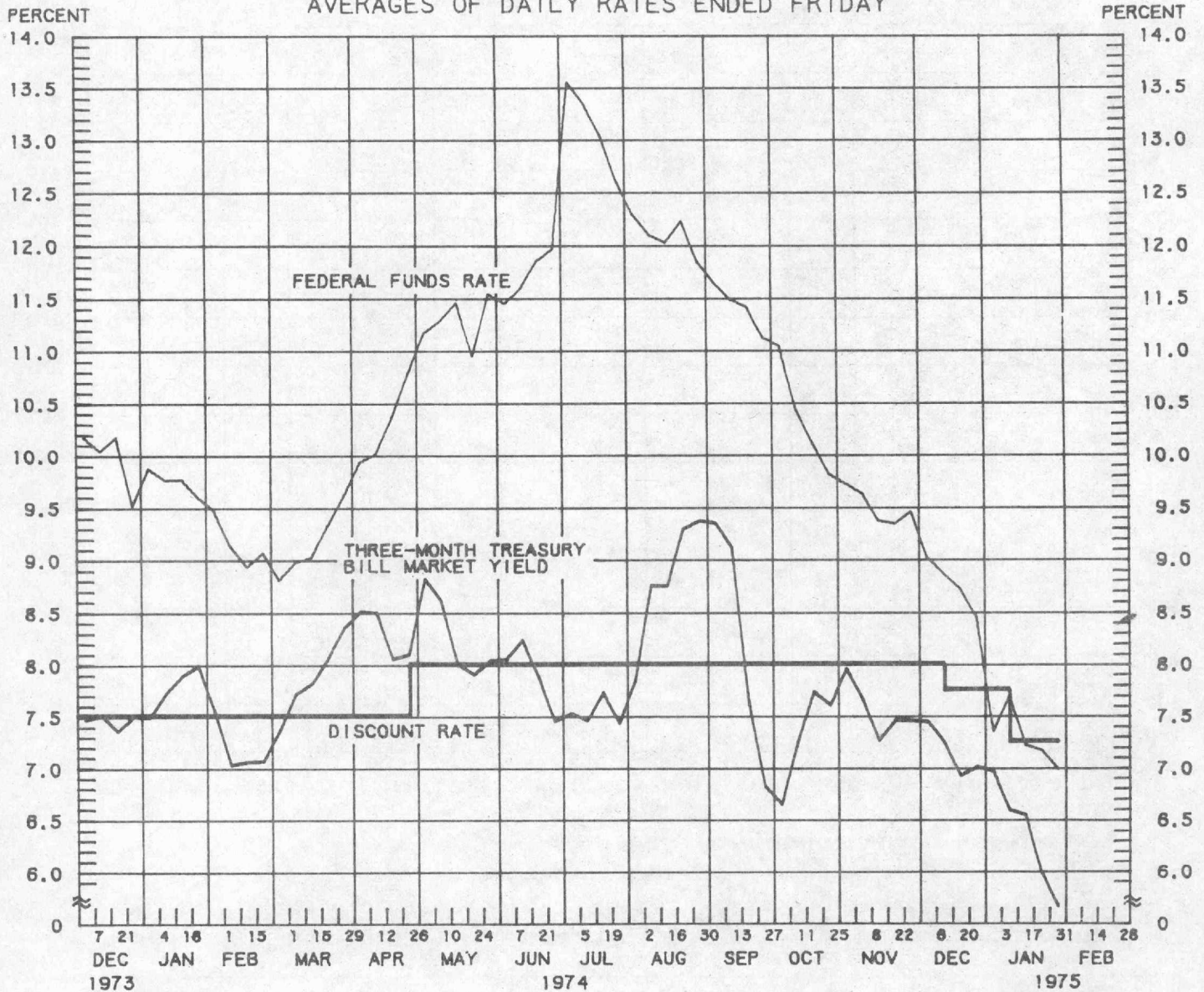
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 31, 1975

1975	90 DAY CD'S <small>***</small>	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS <small>**</small>
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	6.85	7.03	8.78	6.59
31 *	6.76	6.46	6.60	8.76	N.A.
FEB. 7					
14					
21					
28					

* 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

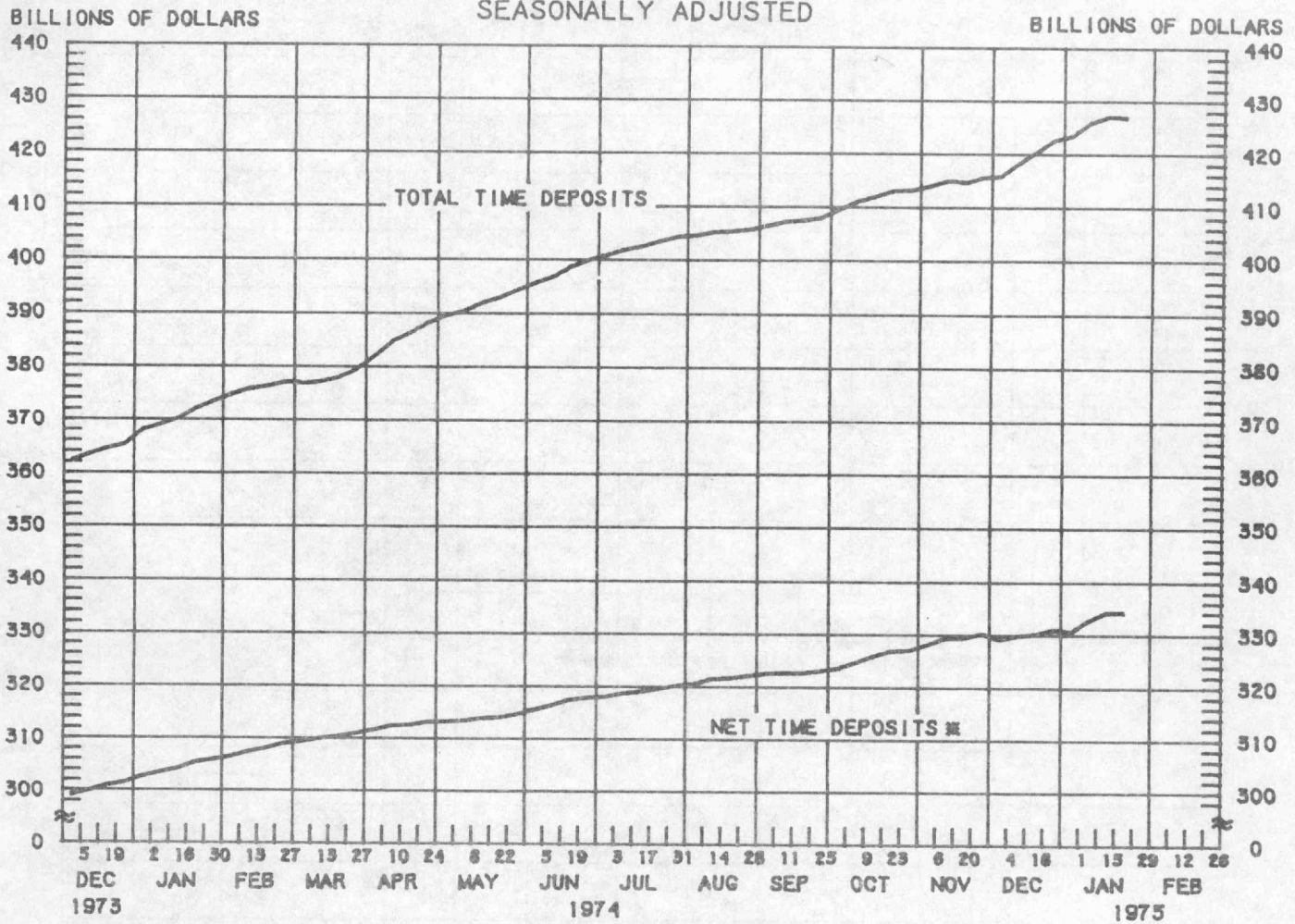


LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 31, 1975

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	5.98	7.36	6.69
31 *	6.99	5.67	7.28	6.68
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.

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 22, 1975

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:

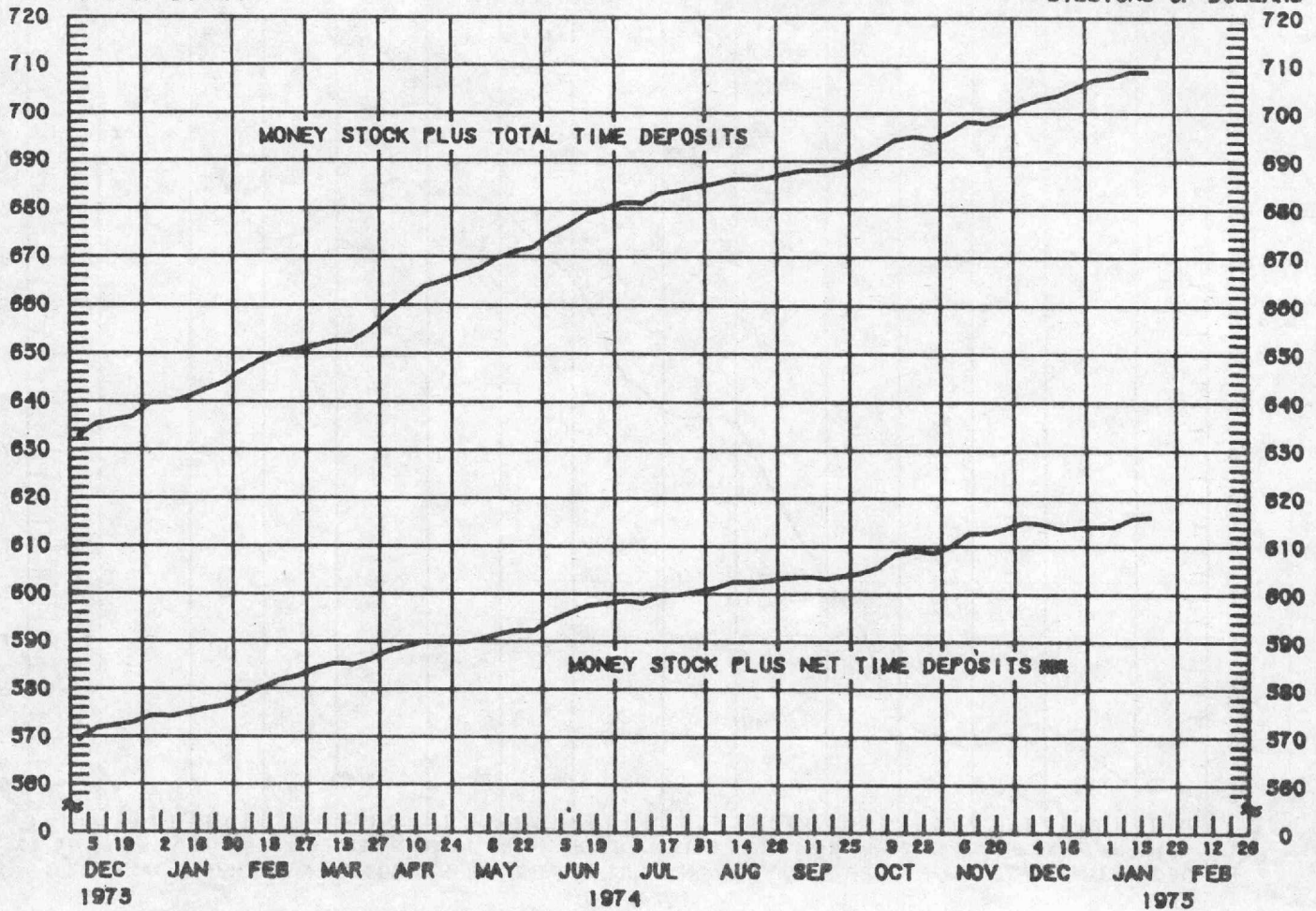
	1/23/74	4/24/74	6/19/74	7/24/74	8/21/74	9/25/74	10/23/74	11/20/74
TO THE AVERAGE OF FOUR WEEKS ENDING:								
6/19/74	10.2							
7/24/74	10.0	8.4						
8/21/74	10.0	8.7	9.5					
9/25/74	9.3	8.0	8.1	7.3				
10/23/74	9.5	8.4	8.6	8.3	7.8			
11/20/74	9.8	9.0	9.5	9.5	9.5	12.1		
12/25/74	9.3	8.5	8.7	8.5	8.3	9.4	8.8	
1/22/75	9.5	8.8	9.1	9.0	8.9	9.9	9.7	8.0

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 22, 1975

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:

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

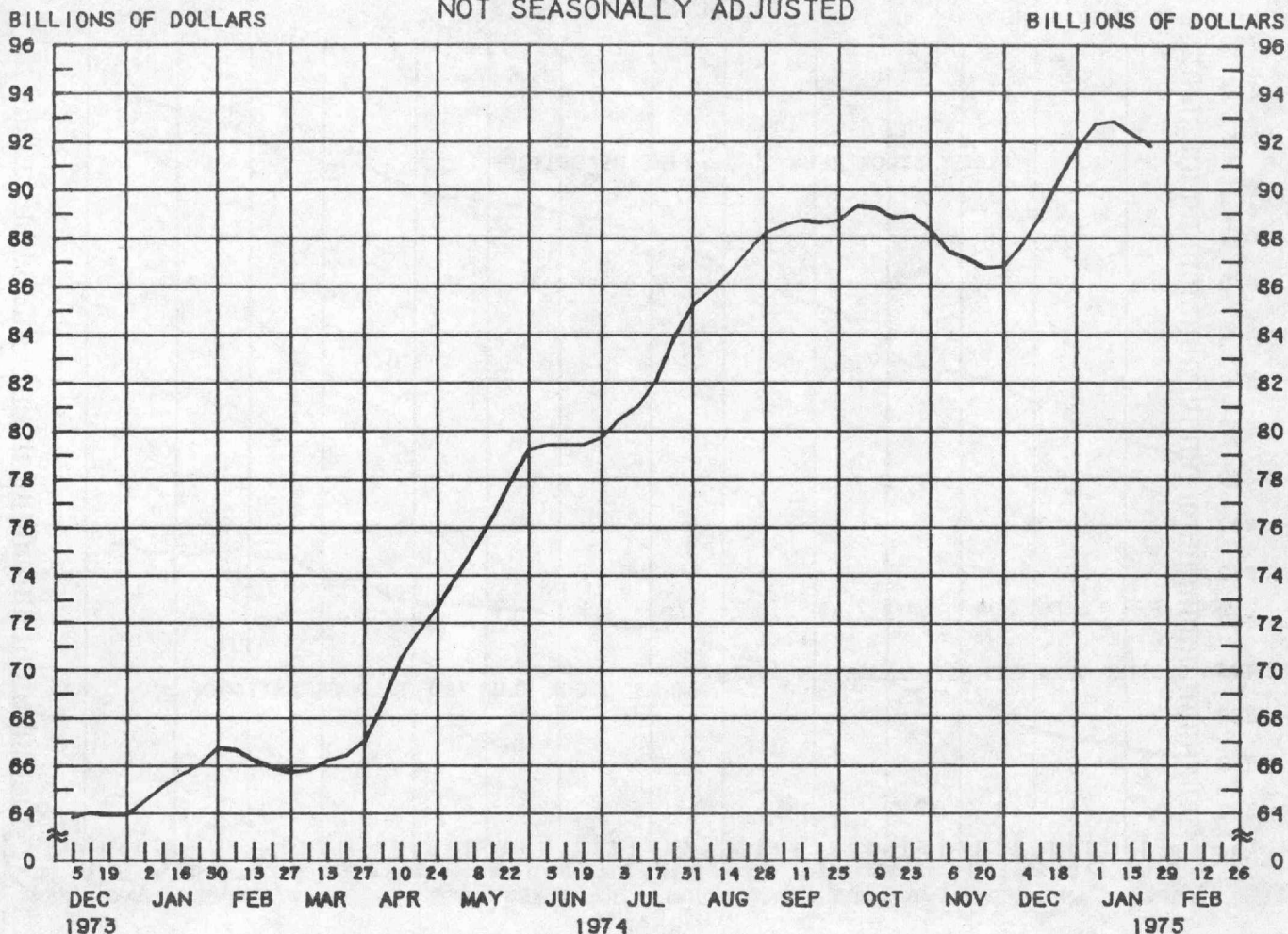
TO THE AVERAGE
OF FOUR WEEKS
ENDING:

8/19/74	8.9								
7/24/74	8.6	6.8							
8/21/74	8.2	6.6	6.6						
9/23/74	7.5	5.8	5.4	4.4					
10/23/74	7.5	6.1	5.8	5.3	5.1				
11/20/74	7.6	6.5	6.5	6.3	6.4	8.4			
12/23/74	7.4	6.4	6.3	6.1	6.2	7.3	7.3		
1/22/75	7.0	5.9	5.7	5.4	5.3	5.9	5.5	3.8	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES

NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 22, 1975

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

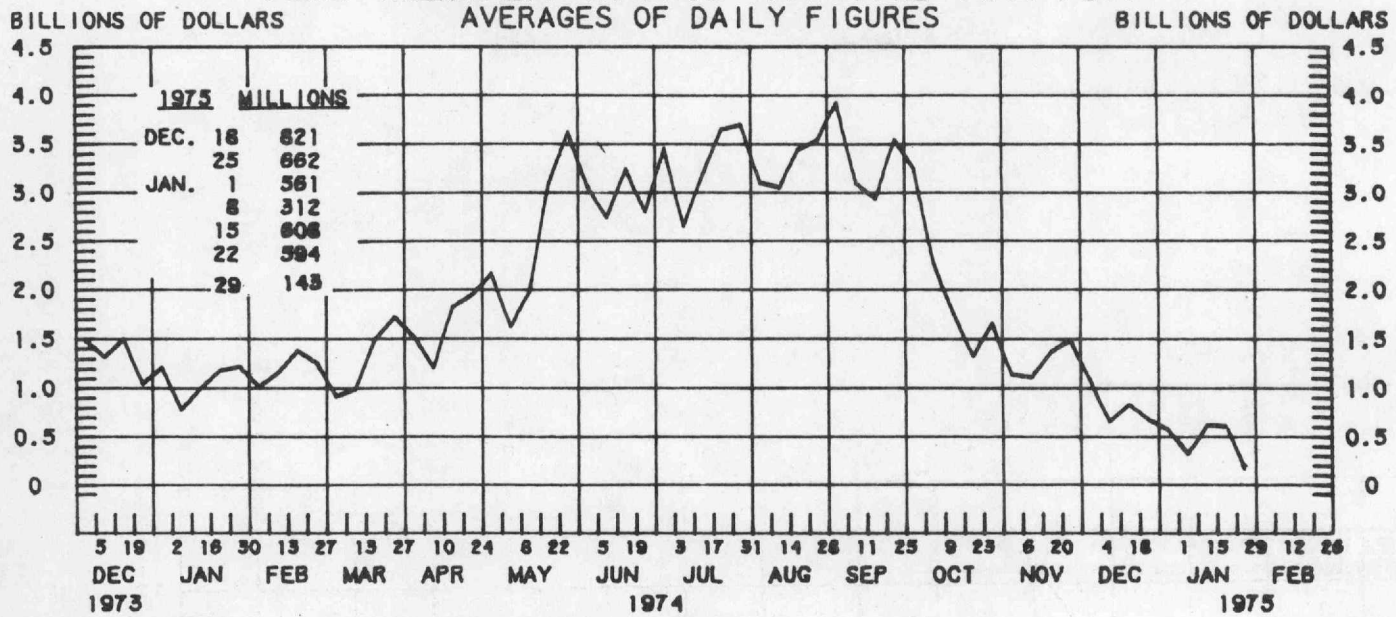
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA				
1975	BILLIONS			
	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS*	M2**
DEC. 4	87.7	86.7	329.0	614.9
11	88.9	88.5	329.8	614.4
18	90.4	90.2	330.1	613.4
25	91.7	91.7	330.9	613.8
JAN. 1	92.7	93.1	330.3	613.9
8	92.8	93.3	332.5	614.0
15	92.3	92.5	334.1	615.7
22	91.8	92.7	334.1	616.0
JAN. 29				
FEB. 5				
12				
19				
26				

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

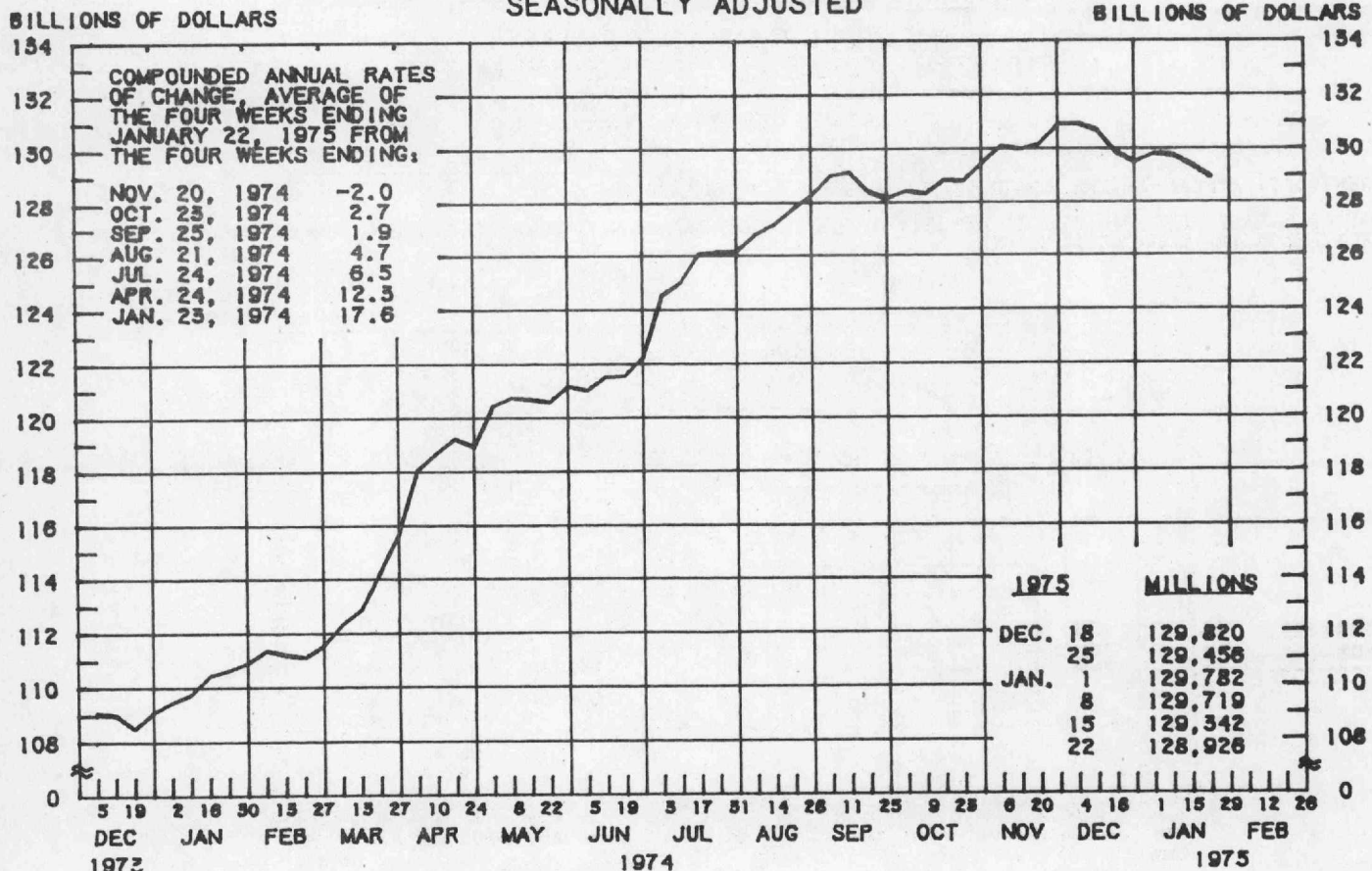
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: JANUARY 29, 1975

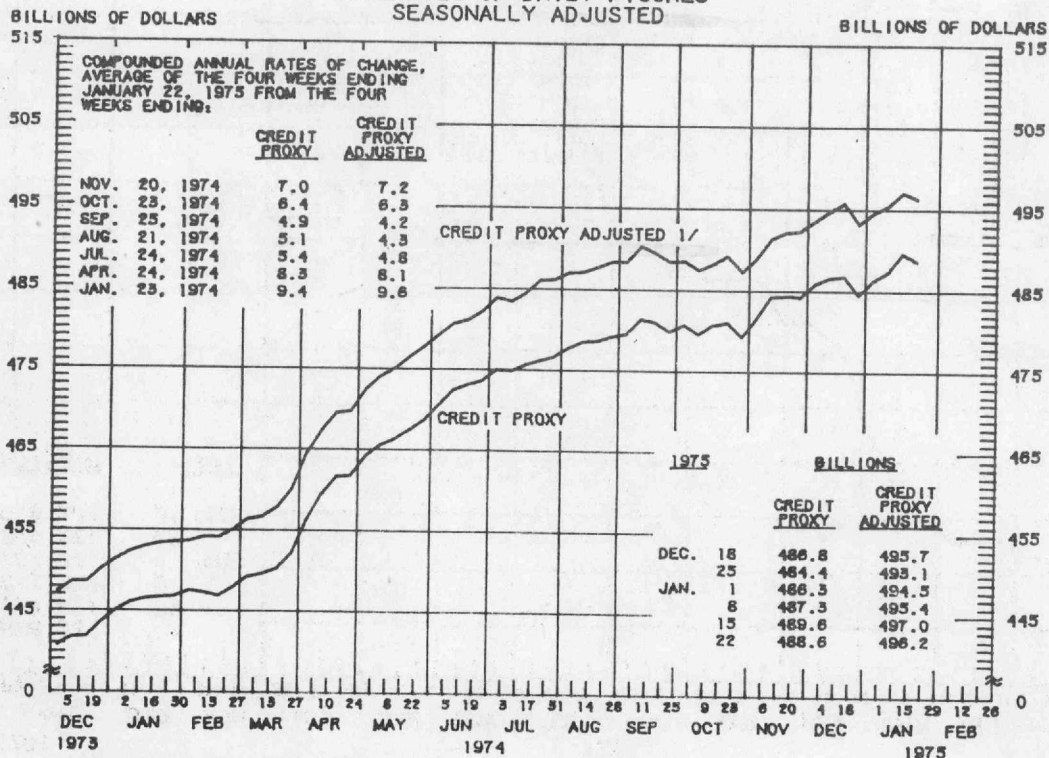
BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 22, 1975

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: JANUARY 22, 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