



Week ending: October 8, 1975

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In the last three months the growth of the broadly defined money supply (M2) has slowed to an annual rate of 5.7 percent, compared to a 13.6 percent rate in the prior four months. Both components of M2, the narrowly defined money stock (M1) and net time deposits, have contributed to this reduction in the growth rate of M2. The growth of M1 has slowed to a 1.6 percent rate in the last three months, compared to an 11.7 percent rate in the previous four months. Likewise, growth of net time deposits has slowed to about a 9 percent rate since mid-June, compared to a 15.3 percent rate in the prior four months.

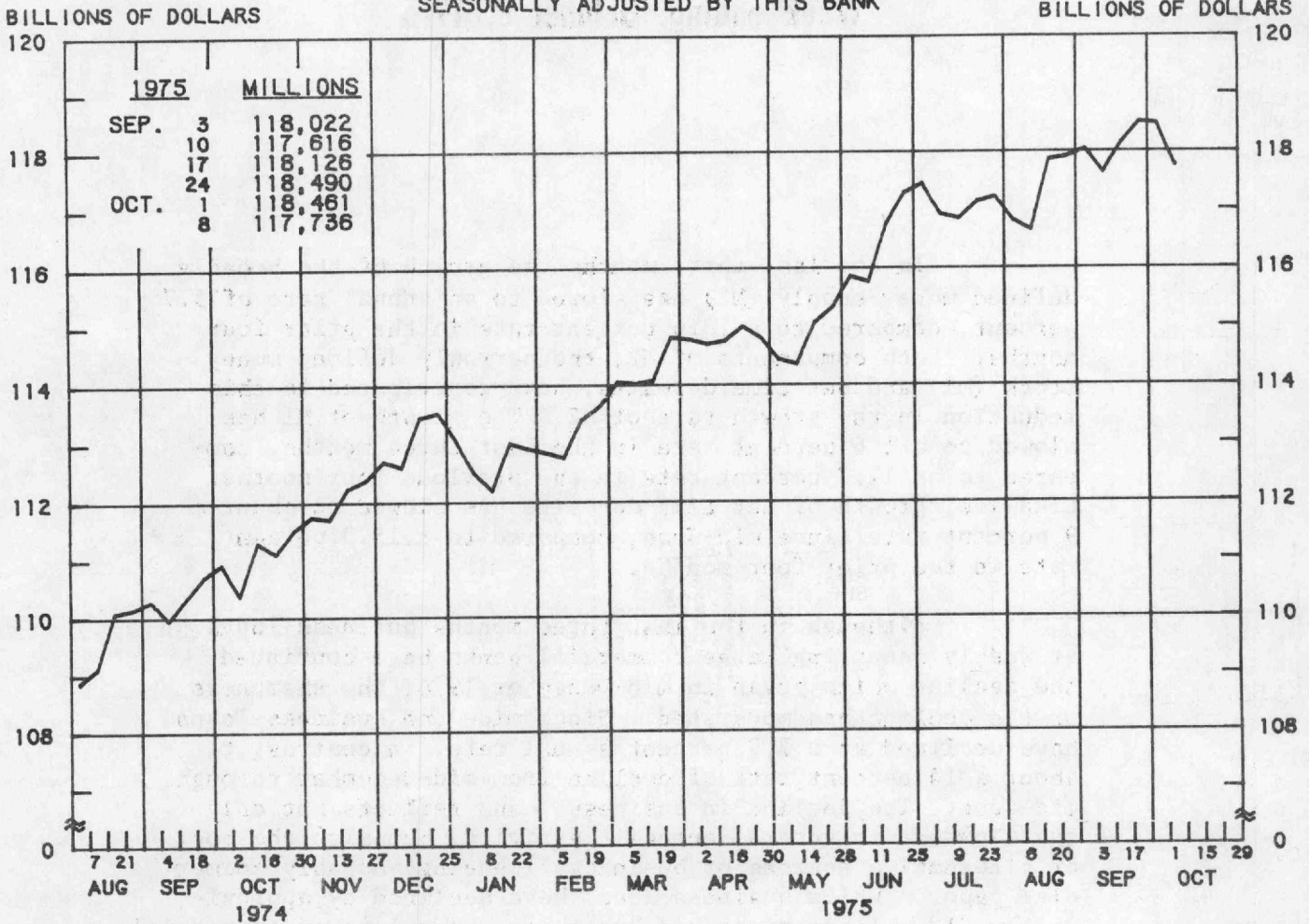
Although in the last three months business loans at weekly reporting large commercial banks have continued the decline which began in mid-December 1974, the sharpness of the decline has moderated. Since mid-June business loans have declined at a 7.7 percent annual rate, in contrast to about a 14 percent rate of decline from mid-December through mid-June. The decline in business loans reflects not only the slowdown in general economic activity, but also the cost of alternative sources of business financing, notably commercial paper. While business loans have declined by approximately \$13 billion since mid-December, the volume of commercial paper outstanding has remained relatively stable at approximately \$50 billion.

The cost advantage of the commercial paper market as a source of funds for businesses can be seen in the spread between the interest rate charged on four- to six-month prime commercial paper and the rate charged by commercial banks on short-term loans to large businesses with the highest credit standing (prime rate). Since mid-August the prime rate has exceeded the commercial paper rate by about 100 basis points. In contrast, in the first half of last year, the spread between the prime rate and the commercial paper rate was narrower and, at times, the rate on commercial paper was higher than the prime rate. During that period business loans at commercial banks were rising rapidly, while the volume of commercial paper remained comparatively stable.

Prepared by Federal Reserve Bank of St. Louis

Released: October 10, 1975

MONETARY BASE
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



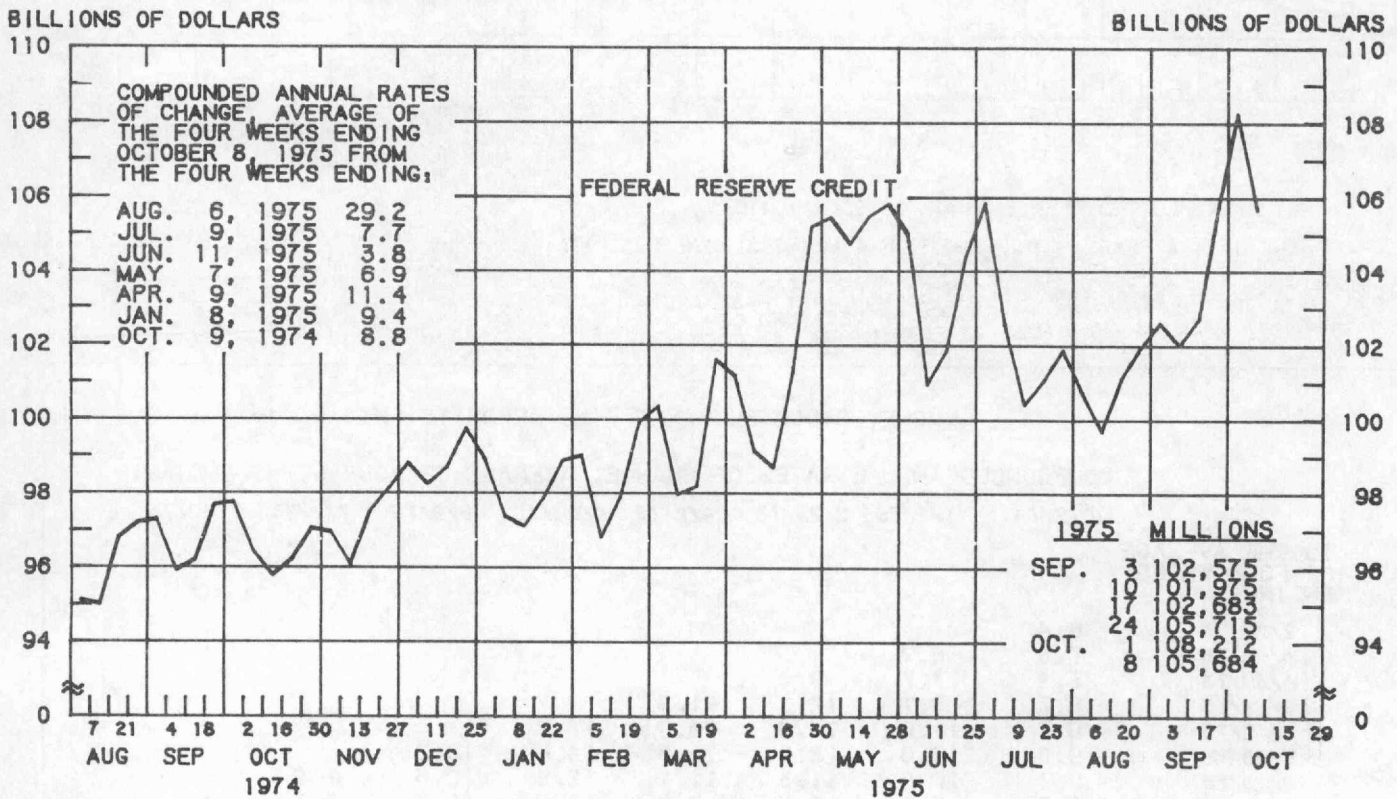
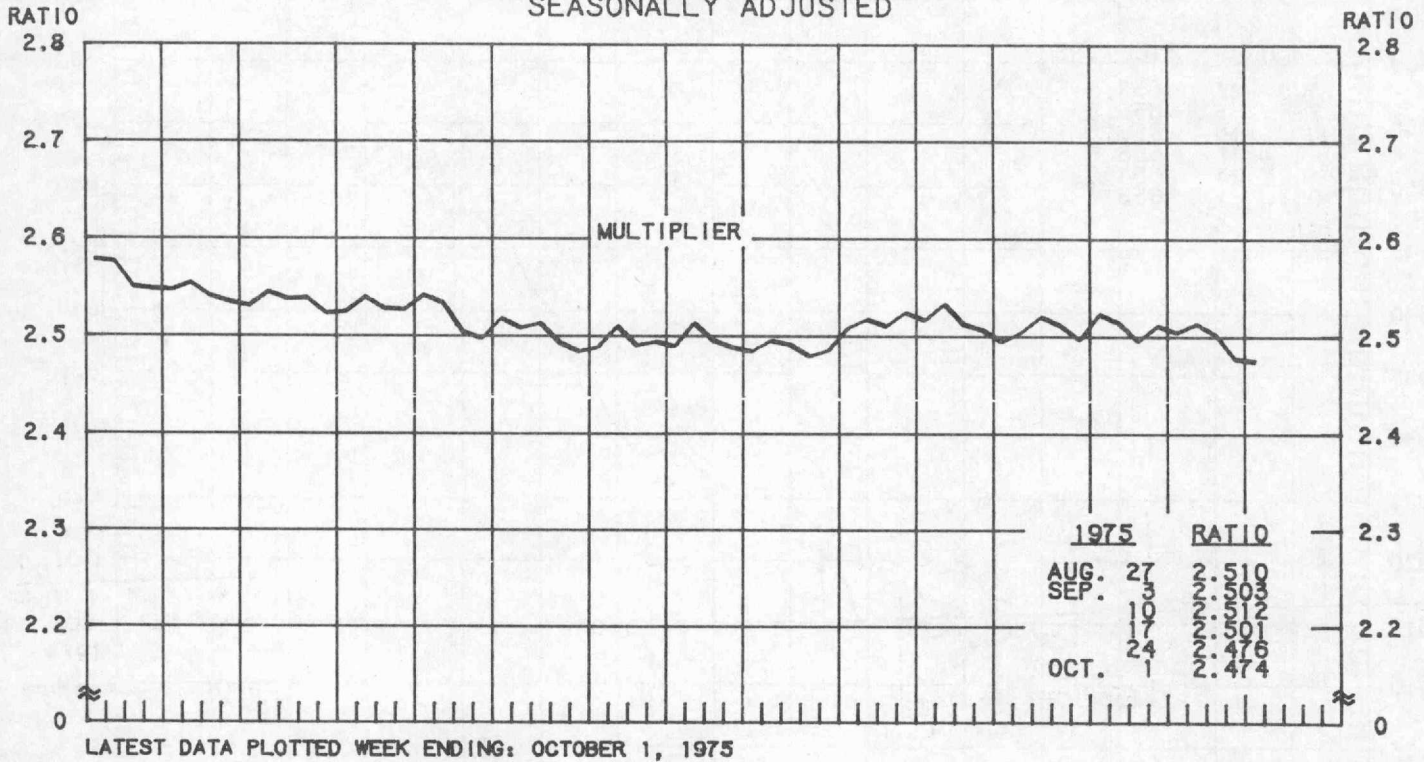
LATEST DATA PLOTTED WEEK ENDING: OCTOBER 8, 1975

THE MONETARY BASE CONSISTS OF MEMBER BANK RESERVES AT THE FEDERAL RESERVE BANKS AND CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF COMMERCIAL BANKS), ADJUSTED FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS IN THE SAME TYPE OF DEPOSITS BETWEEN BANKS WHERE DIFFERENT RESERVE REQUIREMENT RATIOS APPLY. 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:

	10/9/74	1/8/75	3/5/75	4/9/75	5/7/75	6/11/75	7/9/75	8/6/75
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/ 5/75	6.5							
4/ 9/75	7.4	5.3						
5/ 7/75	6.6	4.4	6.7					
6/11/75	6.7	5.0	6.8	4.7				
7/ 9/75	7.9	7.1	9.5	9.0	12.4			
8/ 6/75	7.0	6.0	7.5	6.6	8.1	8.8		
9/10/75	7.1	6.3	7.6	6.9	8.0	8.4	3.8	
10/ 8/75	6.9	6.0	7.1	6.4	7.3	7.4	3.9	6.1

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



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 8, 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 RATIO CHANGES AND SHIFTS IN THE SAME TYPE OF DEPOSITS BETWEEN BANKS WHERE DIFFERENT RESERVE REQUIREMENT RATIOS APPLY. DATA ARE SEASONALLY ADJUSTED BY THIS BANK.

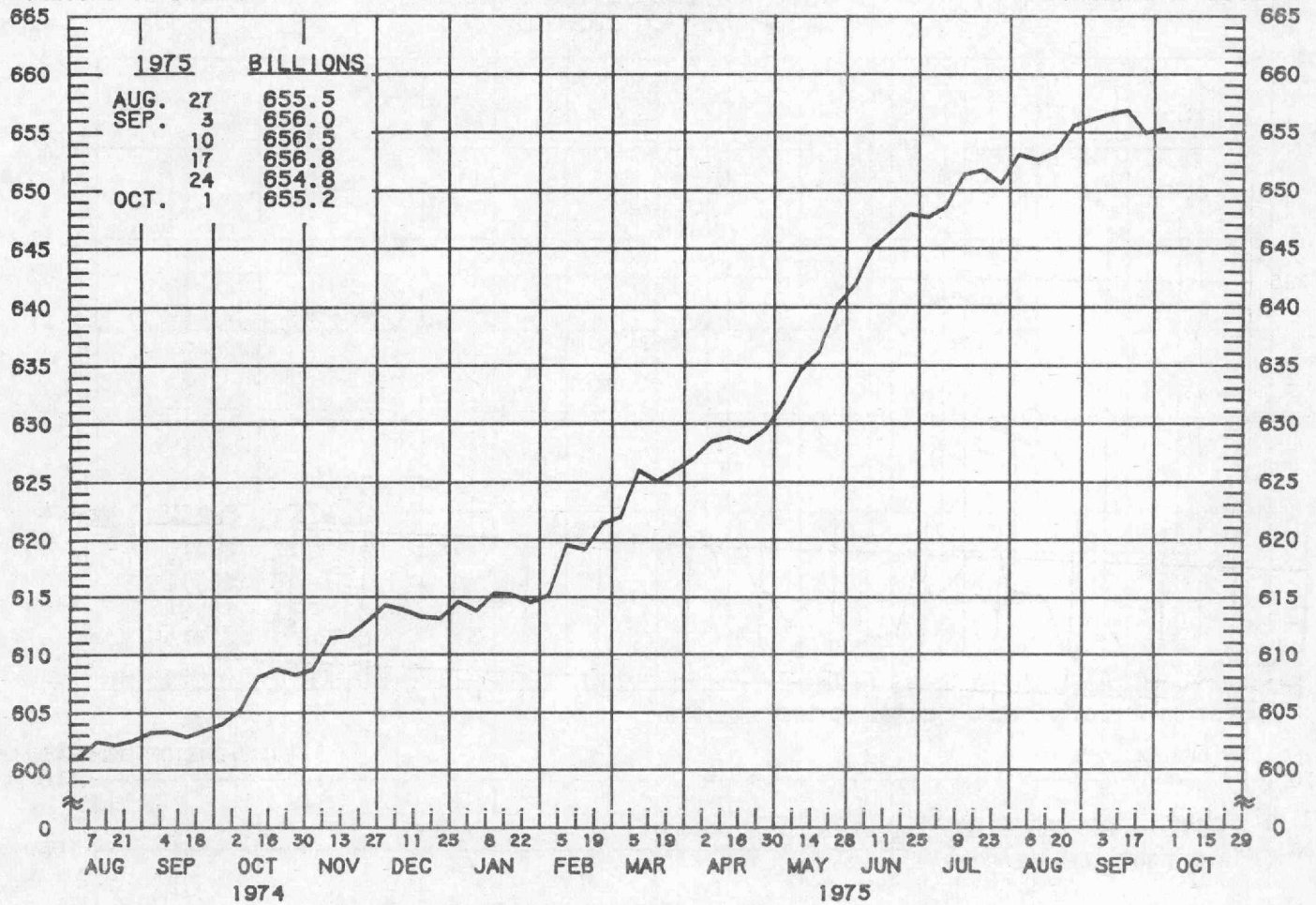
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK PLUS NET TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 1, 1975

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

MONEY STOCK PLUS NET TIME DEPOSITS (M₂)

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

10/2/74 1/1/75 2/26/75 4/2/75 4/30/75 6/4/75 7/2/75 7/30/75

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

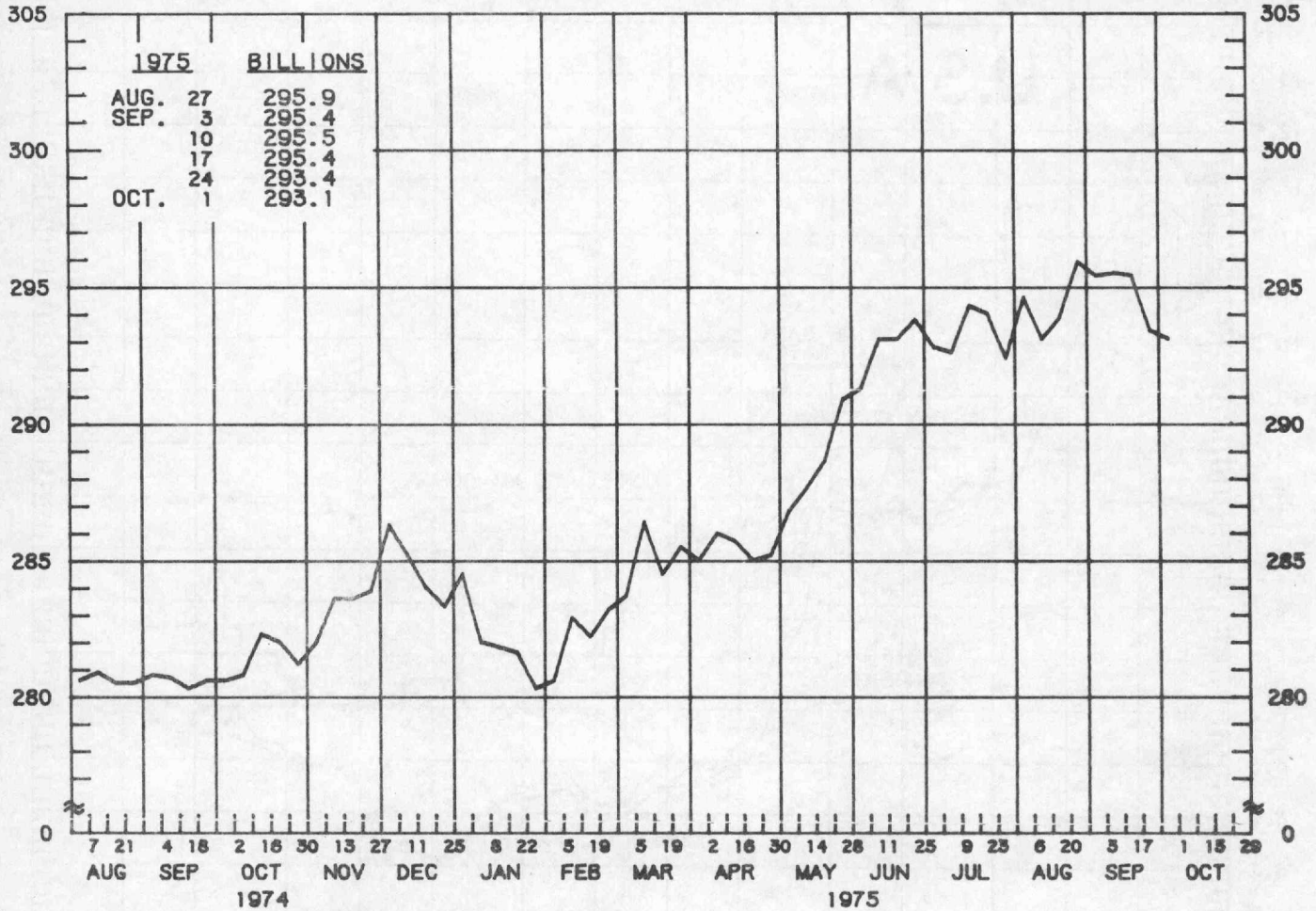
2/26/75	6.4							
4/ 2/75	7.6	8.2						
4/30/75	7.4	7.7	9.6					
6/ 4/75	8.7	9.7	12.1	11.9				
7/ 2/75	9.7	11.0	13.6	14.0	17.7			
7/30/75	9.5	10.6	12.5	12.5	14.6	13.2		
9/ 3/75	9.2	10.0	11.3	11.1	12.2	10.5	7.0	
10/ 1/75	8.7	9.2	10.2	9.8	10.5	8.7	5.7	4.8

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 1, 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:

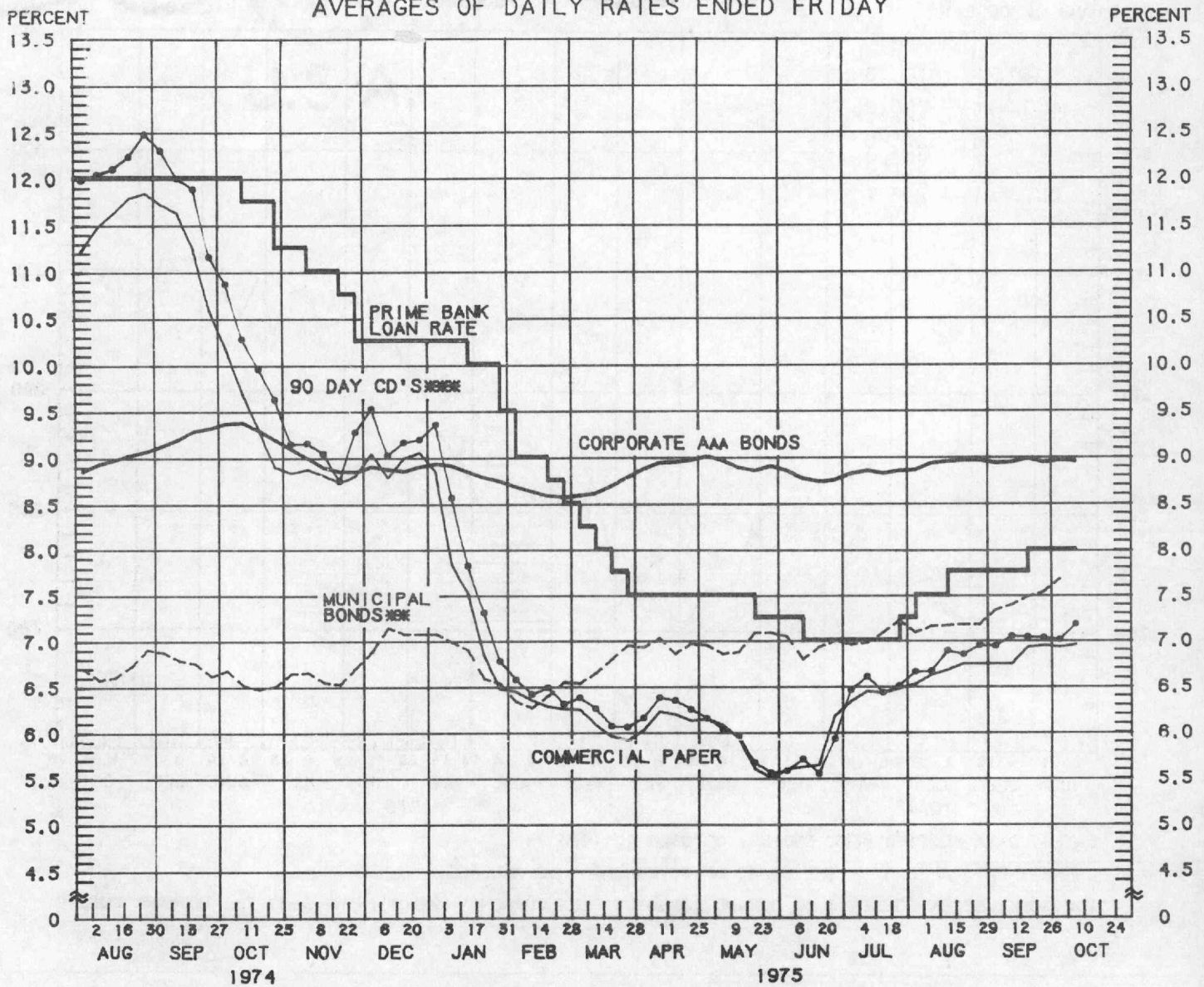
10/2/74 1/1/75 2/26/75 4/2/75 4/30/75 6/4/75 7/2/75 7/30/75

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

2/26/75	1.4							
4/ 2/75	3.5	1.6						
4/30/75	3.0	1.3	6.9					
6/ 4/75	4.9	4.5	10.2	9.0				
7/ 2/75	6.0	6.4	11.7	11.4	16.6			
7/30/75	5.5	5.6	9.5	8.7	11.4	8.4		
9/ 3/75	5.4	5.4	8.6	7.8	9.5	6.9	2.8	
10/ 1/75	4.9	4.8	7.4	6.4	7.5	5.0	1.6	2.2

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 10, 1975

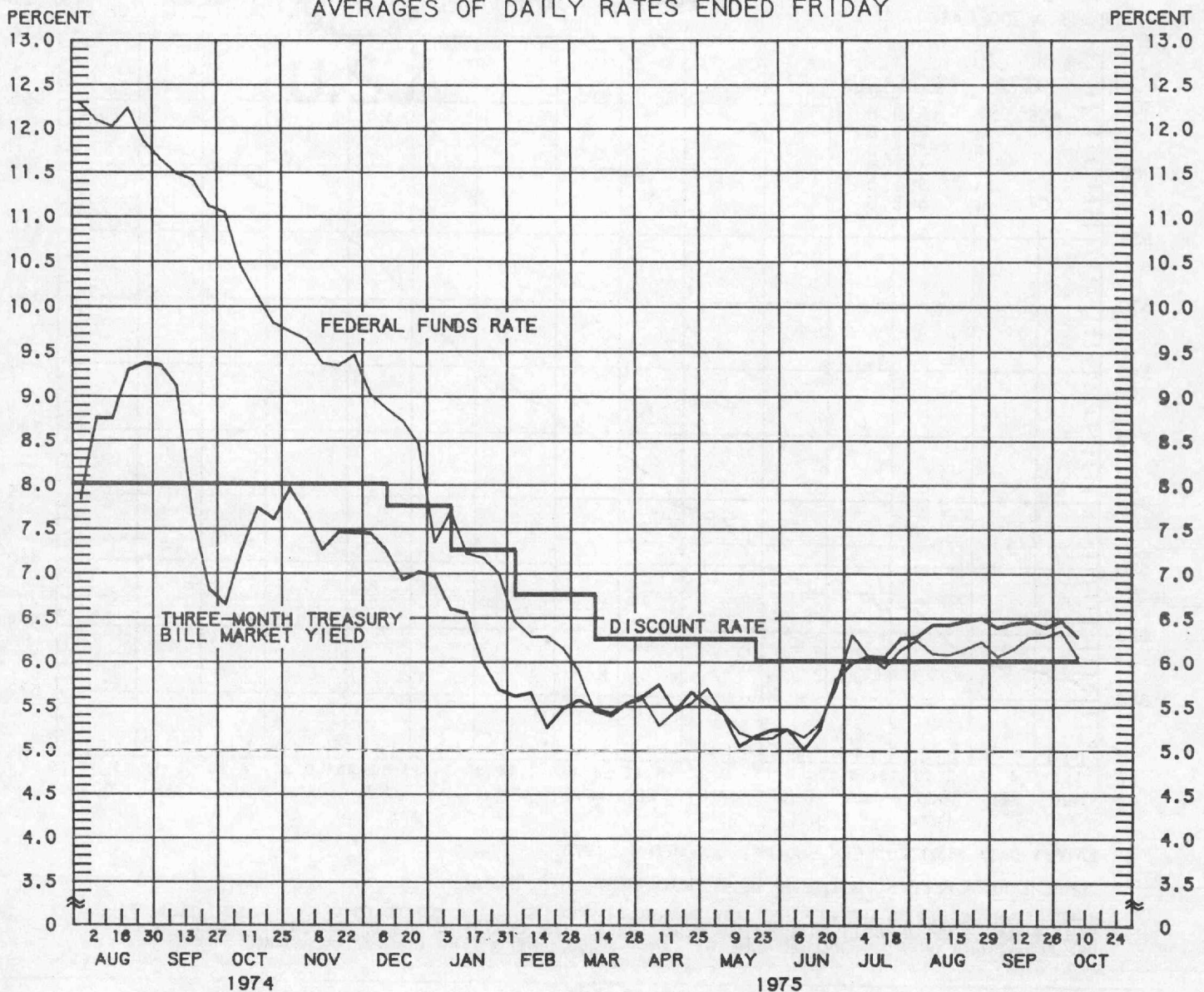
1975	90 DAY CD'S SEVEN	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS SEVEN
AUG. 1	6.66	6.53	6.48	8.86	7.09
8	6.67	6.63	6.66	8.93	7.16
15	6.89	6.68	6.73	8.95	7.17
22	6.85	6.75	6.79	8.96	7.18
29	6.95	6.75	6.83	8.96	7.18
SEP. 5	6.94	6.75	6.82	8.93	7.34
12	7.05	6.75	6.85	8.94	7.40
19	7.04	6.93	6.82	8.98	7.49
26	7.03	6.95	6.81	8.94	7.54
OCT. 3	7.01	6.93	6.79	8.96	7.67
10 *	7.18	6.96	6.62	8.95	N.A.
17					
24					
31					

* 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: OCTOBER 10, 1975

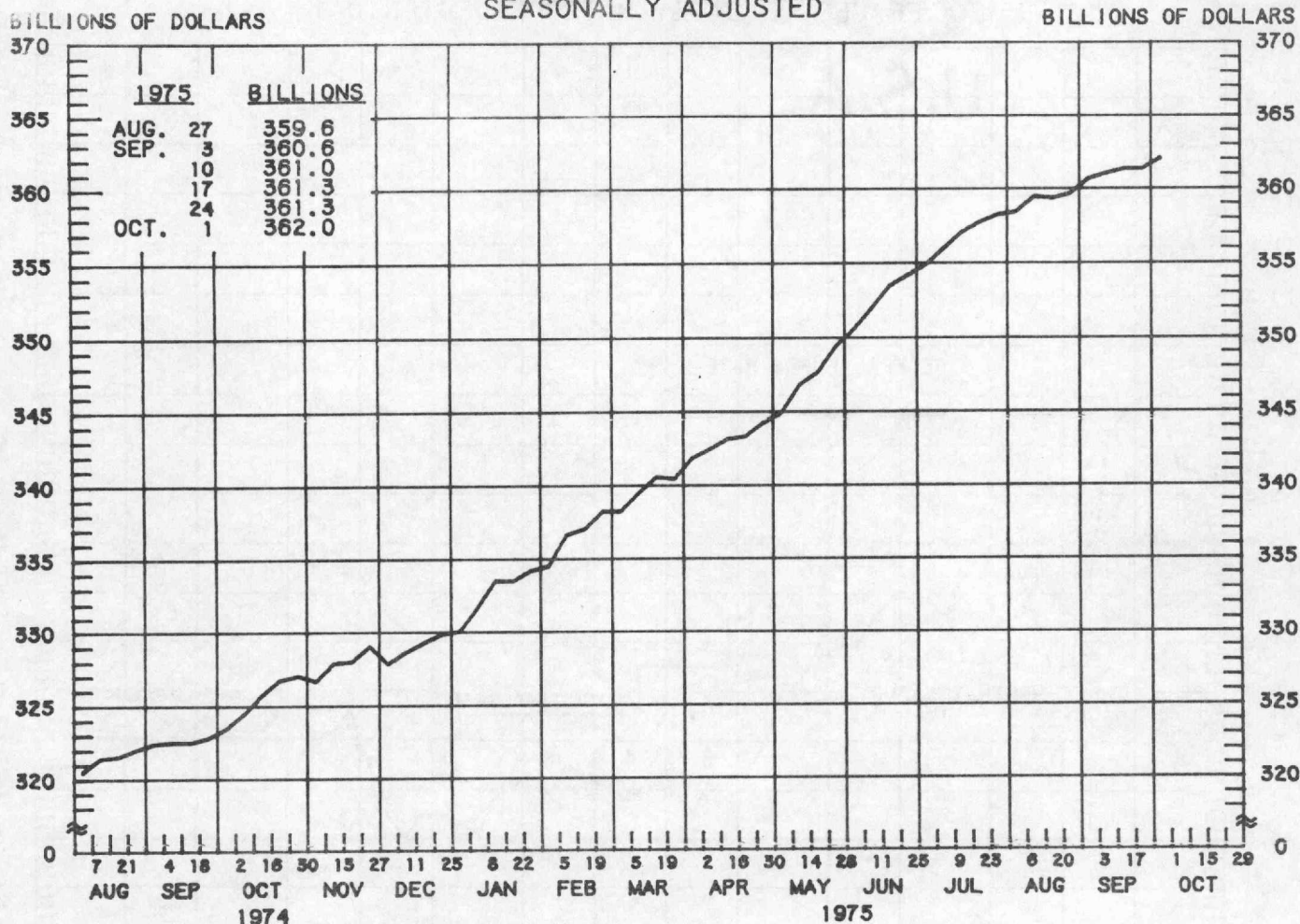
1975	FEDERAL FUNDS **	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
AUG. 1	6.25	6.28	6.86	7.86	6.92
8	6.09	6.42	7.11	8.05	7.00
15	6.08	6.42	7.17	8.13	7.01
22	6.15	6.46	7.26	8.20	7.14
29	6.23	6.49	7.16	8.12	7.12
SEP. 5	6.06	6.38	7.07	8.07	7.11
12	6.15	6.43	7.14	8.26	7.25
19	6.28	6.45	7.31	8.34	7.34
26	6.29	6.38	7.21	8.18	7.35
OCT. 3	6.36	6.46	7.16	8.22	7.43
10 *	6.06	6.28	6.81	7.99	7.37
17					
24					
31					

* 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

NET TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 1, 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:

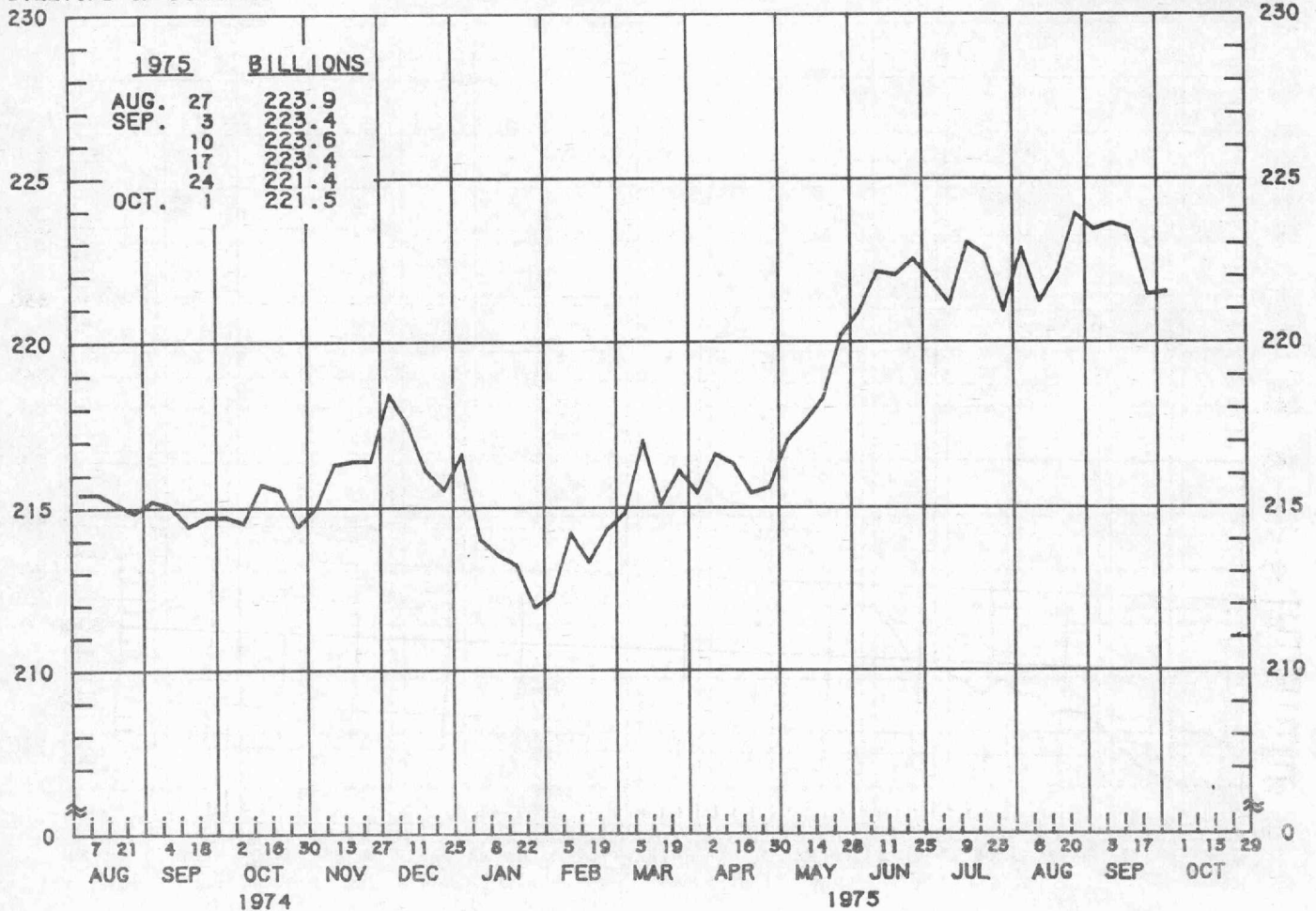
	10/2/74	1/1/75	2/28/75	4/2/75	4/30/75	6/4/75	7/2/75	7/30/75
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/28/75		10.9						
4/ 2/75		11.3	14.2					
4/30/75		11.3	13.5	12.1				
6/ 4/75		12.1	14.3	13.9	14.5			
7/ 2/75		12.9	15.2	15.3	16.3	18.6		
7/30/75		13.0	15.1	15.1	15.8	17.2	17.2	
9/ 3/75		12.4	14.0	13.6	13.8	14.4	13.4	10.4
10/ 1/75		12.0	13.2	12.7	12.7	12.9	11.7	9.1
								7.0

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 1, 1975

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

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

	10/2/74	1/1/75	2/26/75	4/2/75	4/30/75	6/4/75	7/2/75	7/30/75
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/26/75	-1.4							
4/ 2/75	1.1	-0.9						
4/30/75	1.1	-0.6	7.0					
6/ 4/75	3.2	3.2	10.5	9.4				
7/ 2/75	4.6	5.3	12.1	12.0	17.5			
7/30/75	4.1	4.4	9.6	8.7	11.4	8.0		
9/ 3/75	4.0	4.4	8.5	7.6	9.2	6.3	1.6	
10/ 1/75	3.6	3.8	7.2	6.2	7.3	4.5	0.7	1.6

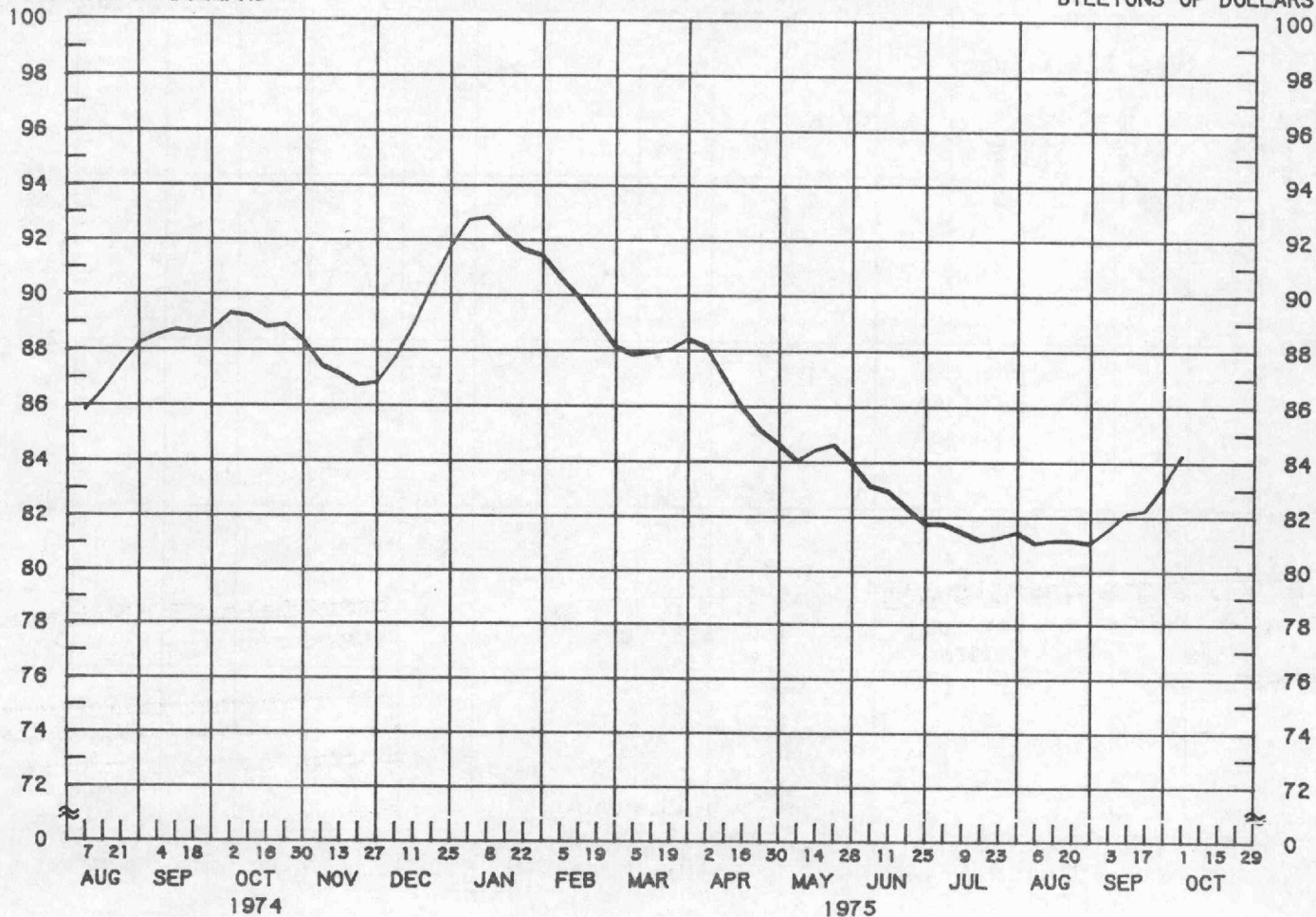
CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES

NOT SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 1, 1975

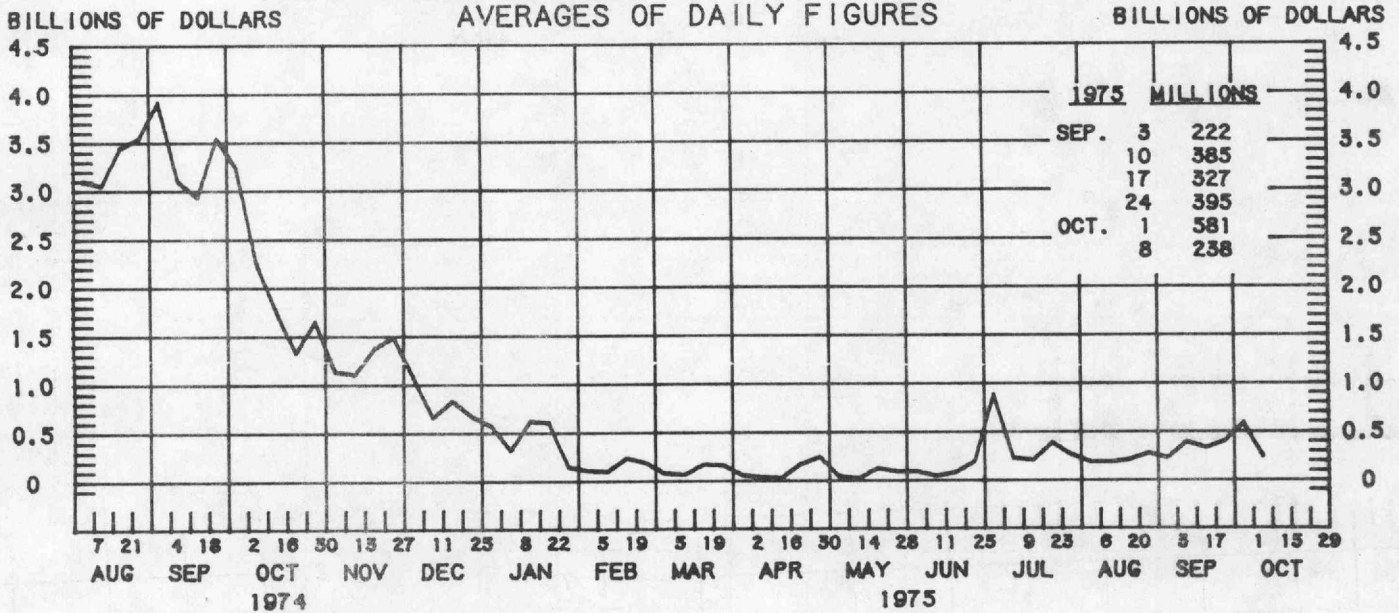
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

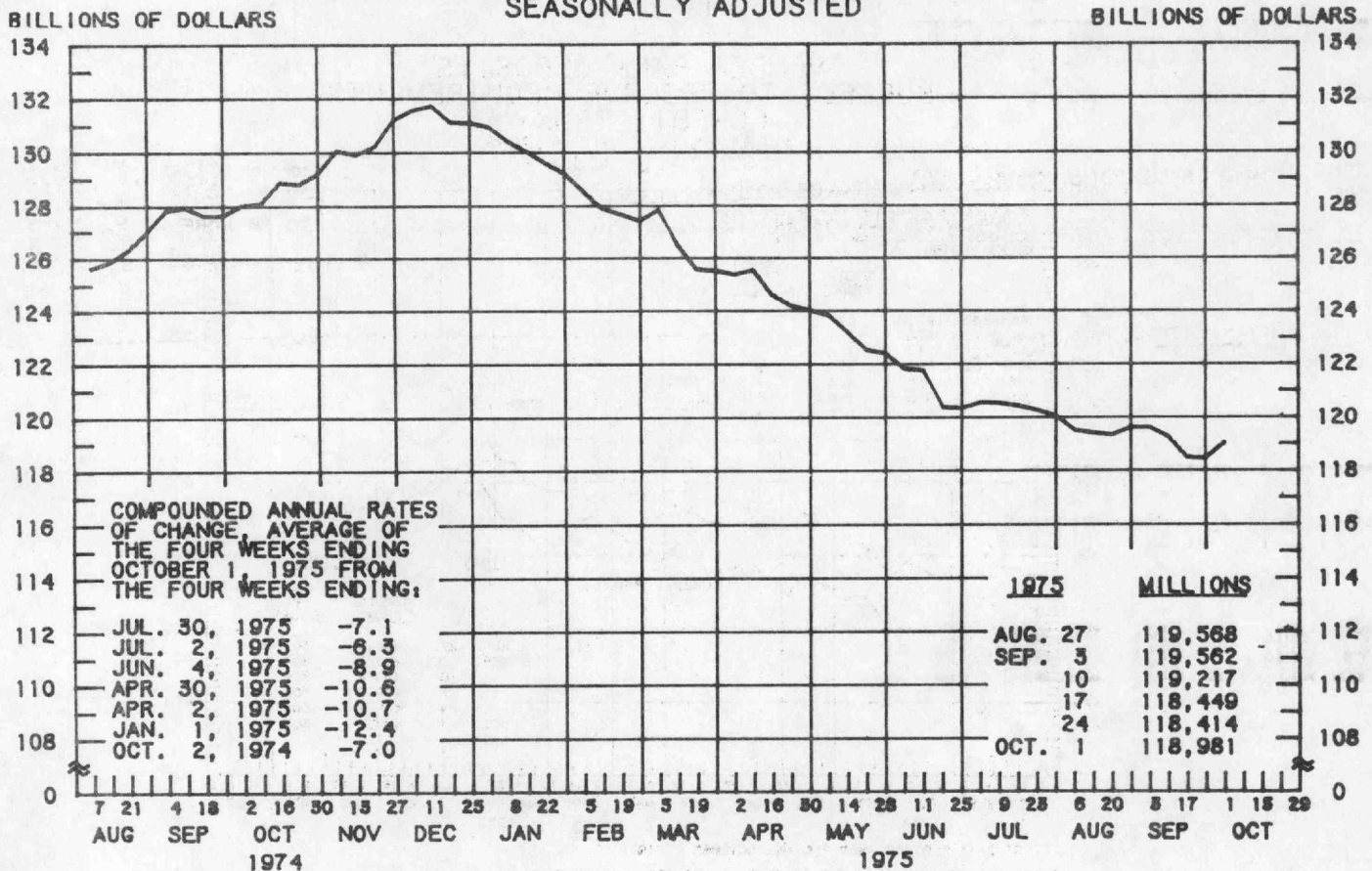
1975	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT SEAS. ADJ.
AUG. 6	81.0	79.4
13	81.1	78.7
20	81.1	77.9
27	81.0	77.0
SEP. 3	81.5	77.1
10	82.1	78.1
17	82.2	78.7
24	83.1	79.7
OCT. 1	84.2	80.9
8		
15		
22		
29		

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

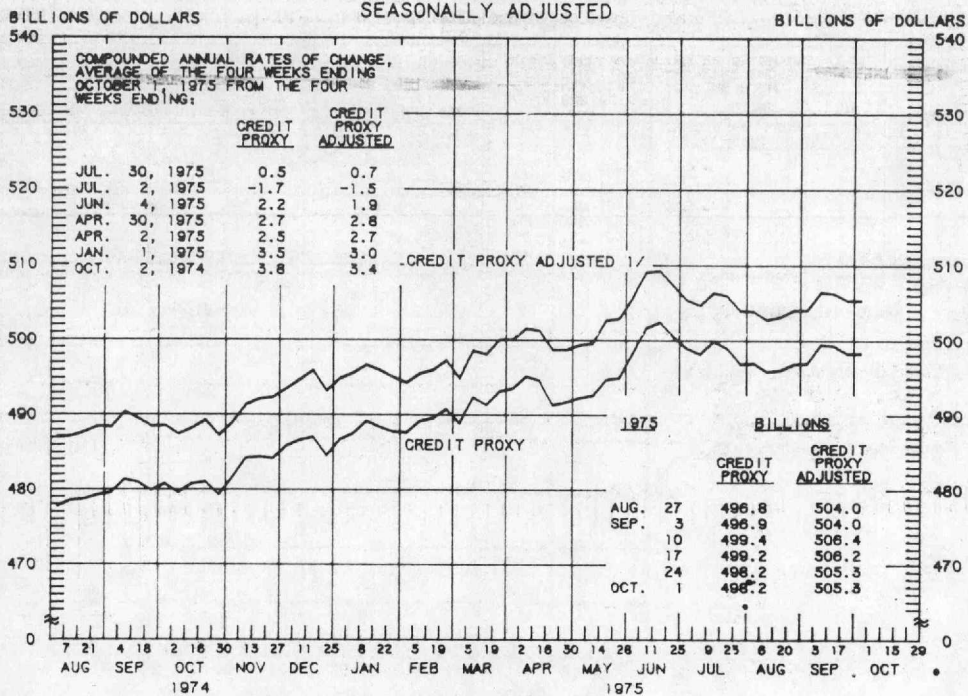
BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



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: OCTOBER 1, 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