



Week ending: December 31, 1975

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The Board of Governors of the Federal Reserve System has announced a reduction in reserve requirements from 3 percent to 2.5 percent on time deposits maturing in 180 days to 4 years. The new reserve requirement ratio is subject to the condition that in no case may the average of reserves on the total of time and savings deposits at any member bank be less than 3 percent, the minimum level specified by law. This reduction is effective on deposits in the week beginning December 25 and will affect reserves held the week beginning January 8. The Board stated that the purpose of this reduction, which is expected to release \$340 million in reserves, was to encourage member banks to lengthen the structure of their deposit liabilities.

The last two changes in reserve requirements on time and savings deposits also had as their stated purpose the encouragement of banks to seek longer-term time deposits. In October 1975 the Board reduced the reserve requirement ratio from 3 percent to 1 percent on time deposits with an original maturity of 4 years or more, subject to the legal minimum requirement of a 3 percent average level of reserves on the total of time and savings deposits. In November 1974 the reserve requirement ratio on all time deposits with an original maturity of six months or longer was reduced from 5 percent to 3 percent. At that time the reserve requirement ratio on all time deposits with an initial maturity of less than six months was increased from 5 percent to 6 percent. In the week ended January 14, the effects of the most recently announced reserve requirement reduction will increase the reserve adjustment magnitude (RAM) by about \$340 million. RAM is used in computing the monetary base and Federal Reserve credit series appearing on pages 2 and 3 of this release.

In the most recent six months the monetary base has increased at a 6.8 percent annual rate, compared to a 6.6 percent rate of increase in the previous six months. On balance, the monetary base has increased at a 6.7 percent rate over the past year. Federal Reserve credit has also grown at a relatively steady pace, on balance, over the year -- increasing at a 9.1 percent rate in the most recent six months and at a 9 percent rate in the previous six months. However, as the chart on page 3 indicates, in the short term there have been wide fluctuations in Federal Reserve credit, reflecting to a large extent Federal Reserve actions designed to offset large changes in Treasury deposits at Federal Reserve Banks.

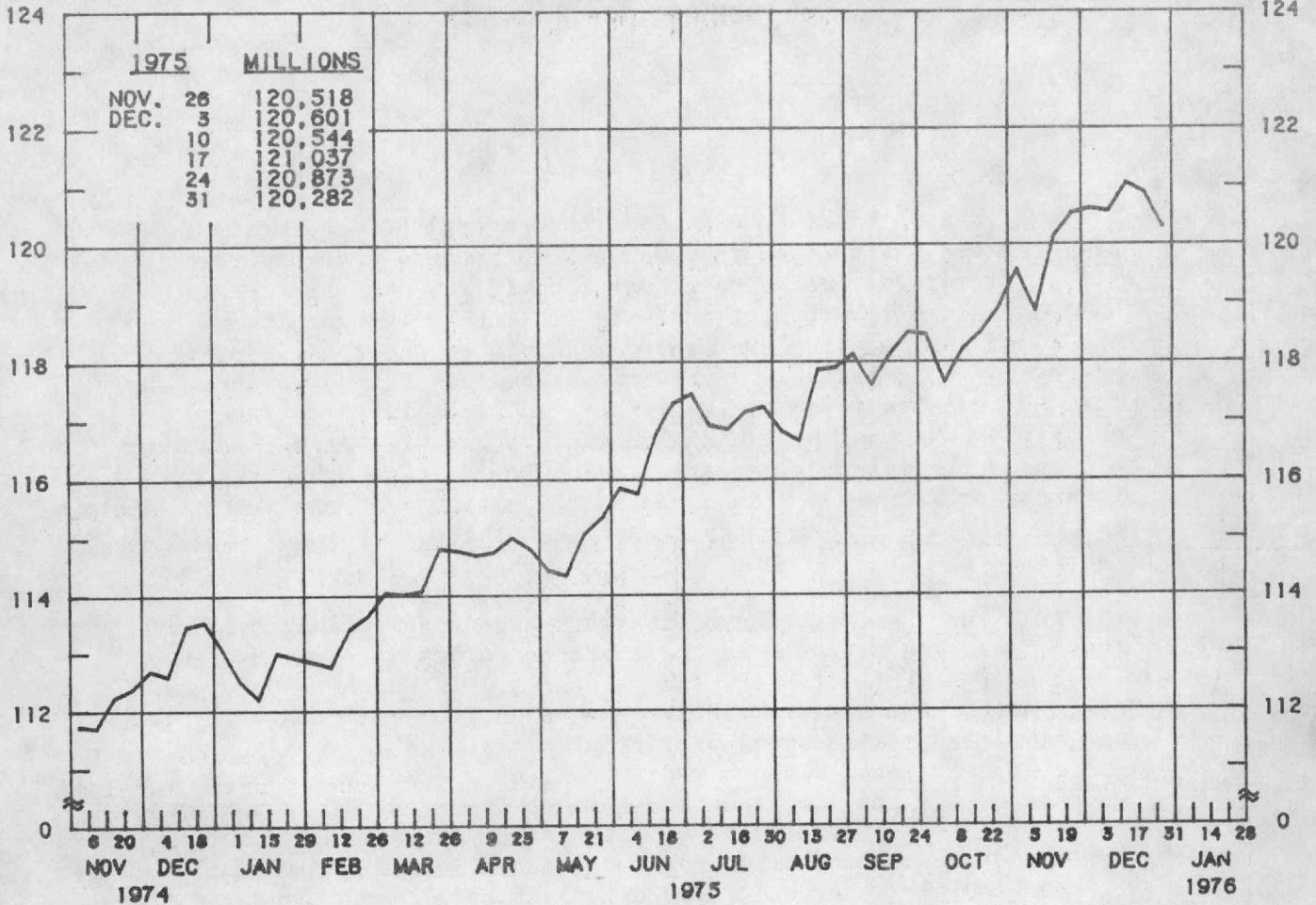
Prepared by Federal Reserve Bank of St. Louis

Released: January 2, 1976

**MONETARY BASE**  
**AVERAGES OF DAILY FIGURES**  
**SEASONALLY ADJUSTED BY THIS BANK**

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 31, 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:

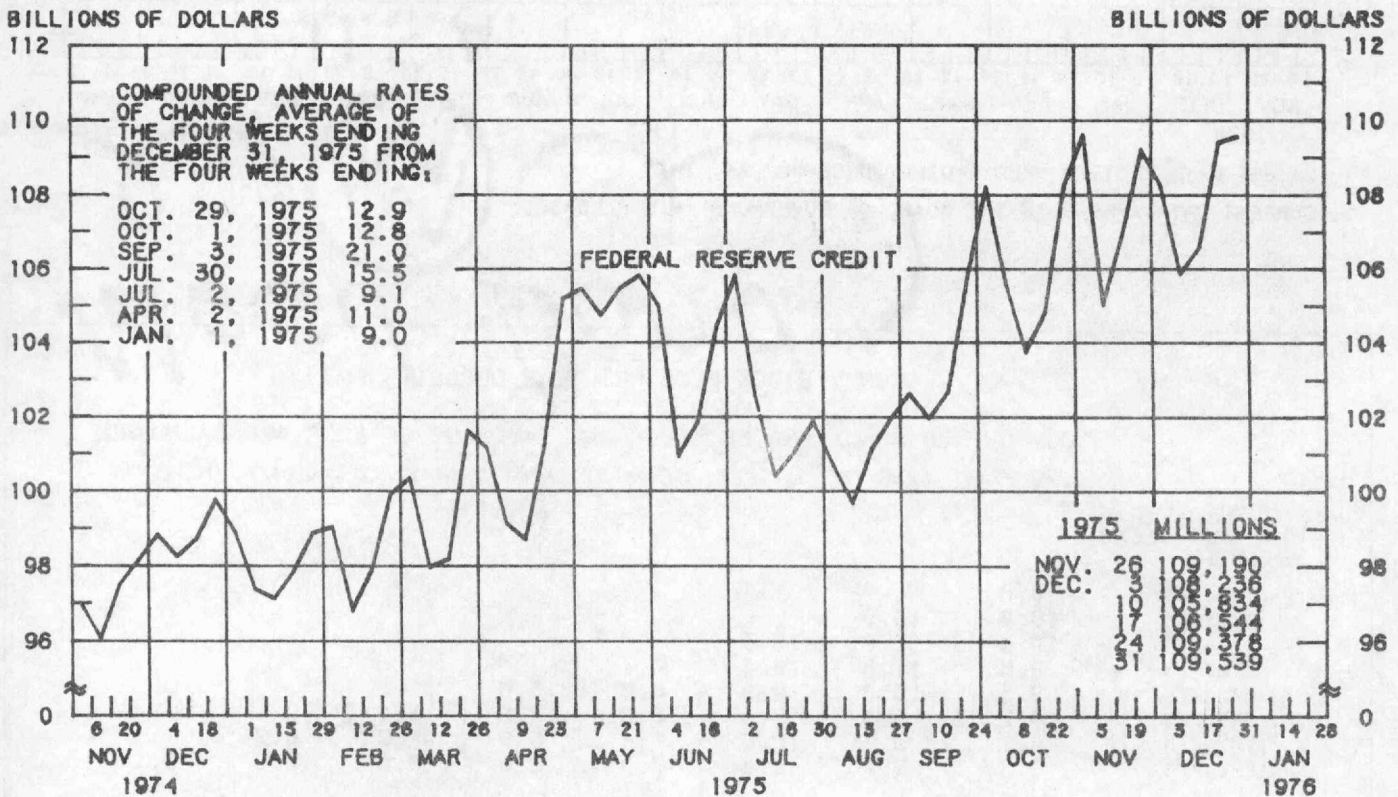
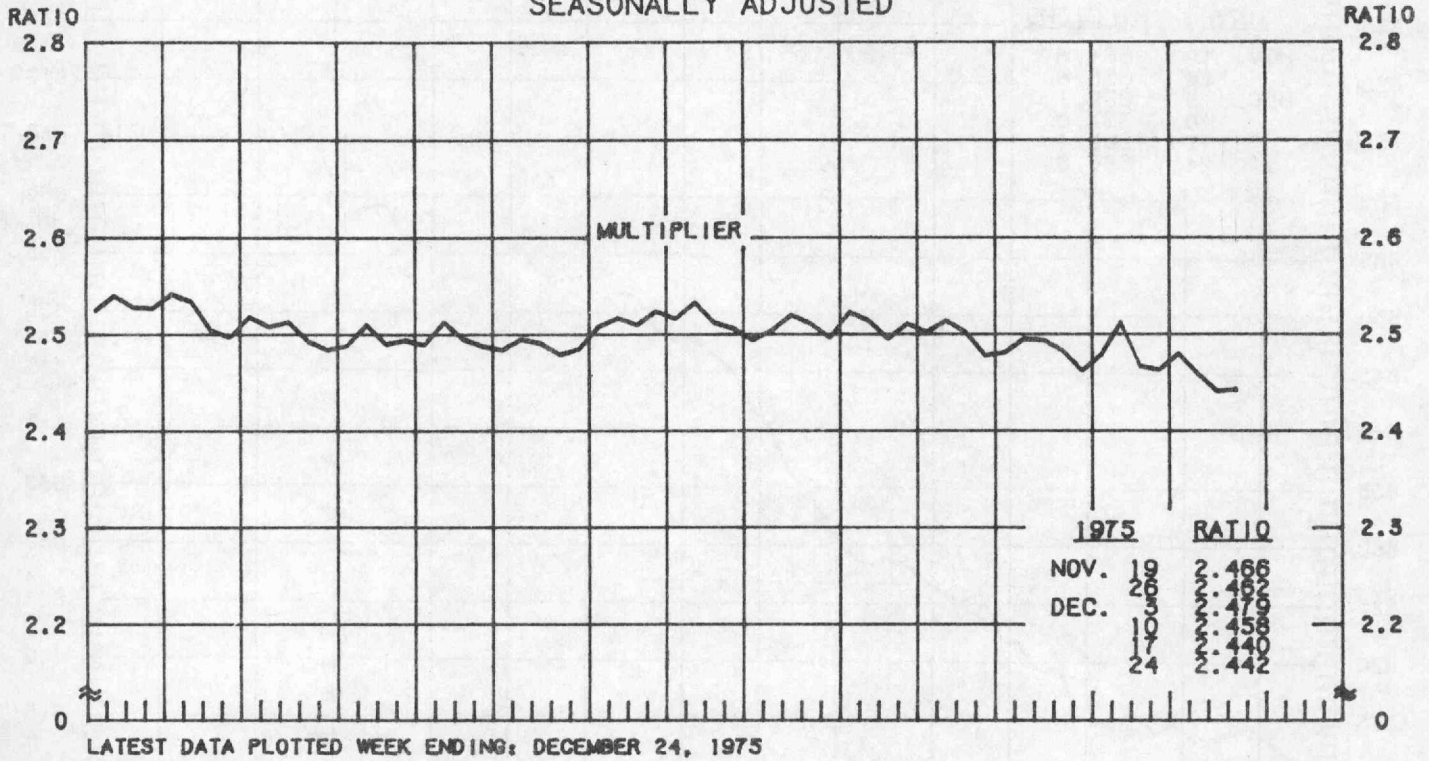
1/1/75    4/2/75    5/28/75    7/2/75    7/30/75    9/3/75    10/1/75    10/29/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/28/75	3.6							
7/2/75	6.6	8.6						
7/30/75	6.0	7.1	11.8					
9/3/75	5.9	6.8	9.5	4.1				
10/1/75	5.9	6.7	8.7	4.7	5.8			
10/29/75	5.5	6.0	7.4	4.0	4.5	3.9		
12/3/75	6.6	7.4	9.0	6.6	7.6	8.4	9.4	
12/31/75	6.7	7.4	8.8	6.8	7.6	8.2	8.6	12.2

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

# MULTIPLIER <sup>1/</sup> FEDERAL RESERVE CREDIT <sup>2/</sup> AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 31, 1975

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

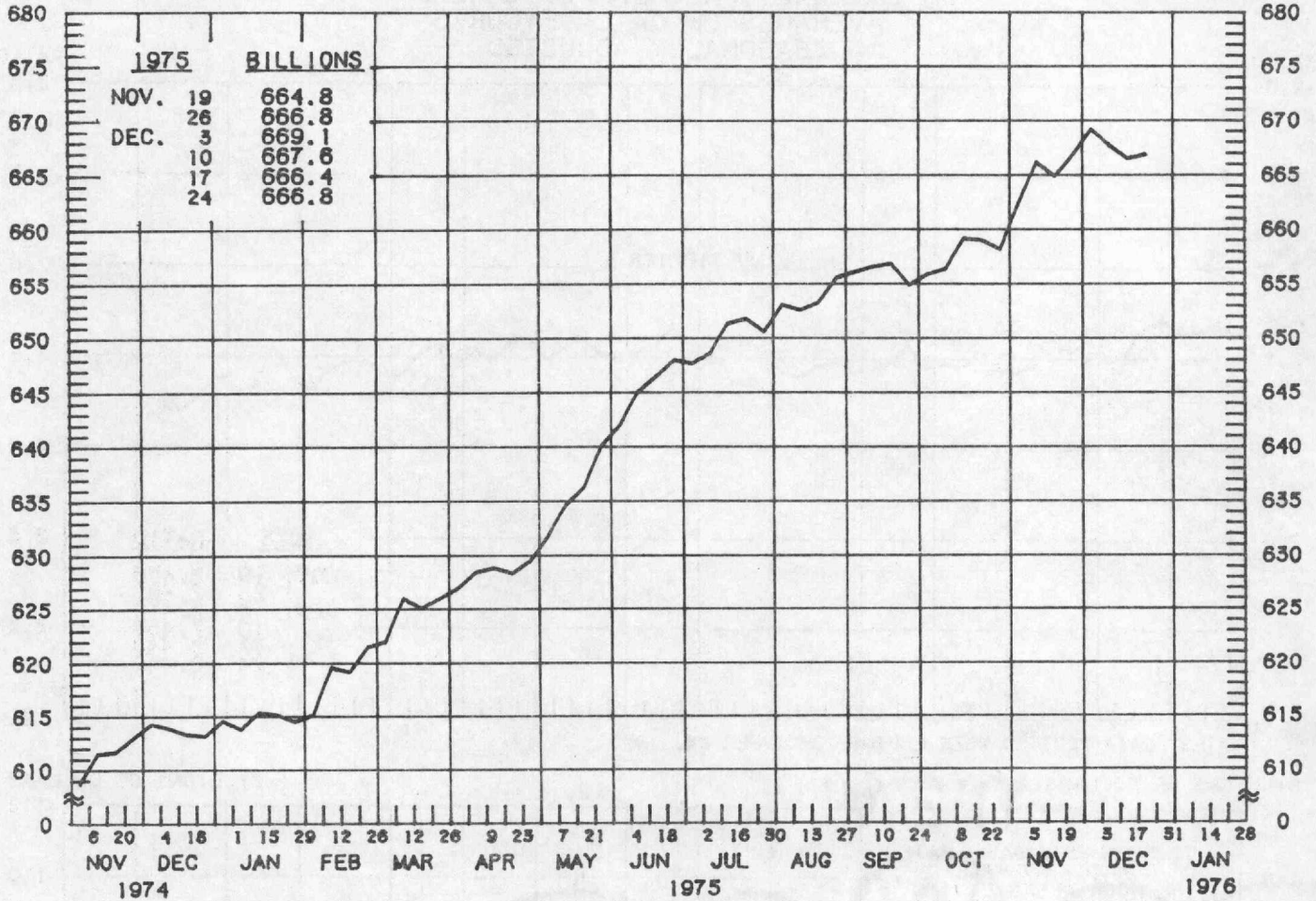
2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS, ADJUSTED FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS IN THE SAME TYPE OF DEPOSITS BETWEEN BANKS WHERE DIFFERENT RESERVE REQUIREMENT RATIOS APPLY. DATA ARE SEASONALLY ADJUSTED BY THIS BANK.

# MONEY STOCK PLUS NET TIME DEPOSITS

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 24, 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:

12/25/74 3/26/75 5/21/75 6/25/75 7/23/75 8/27/75 9/24/75 10/22/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

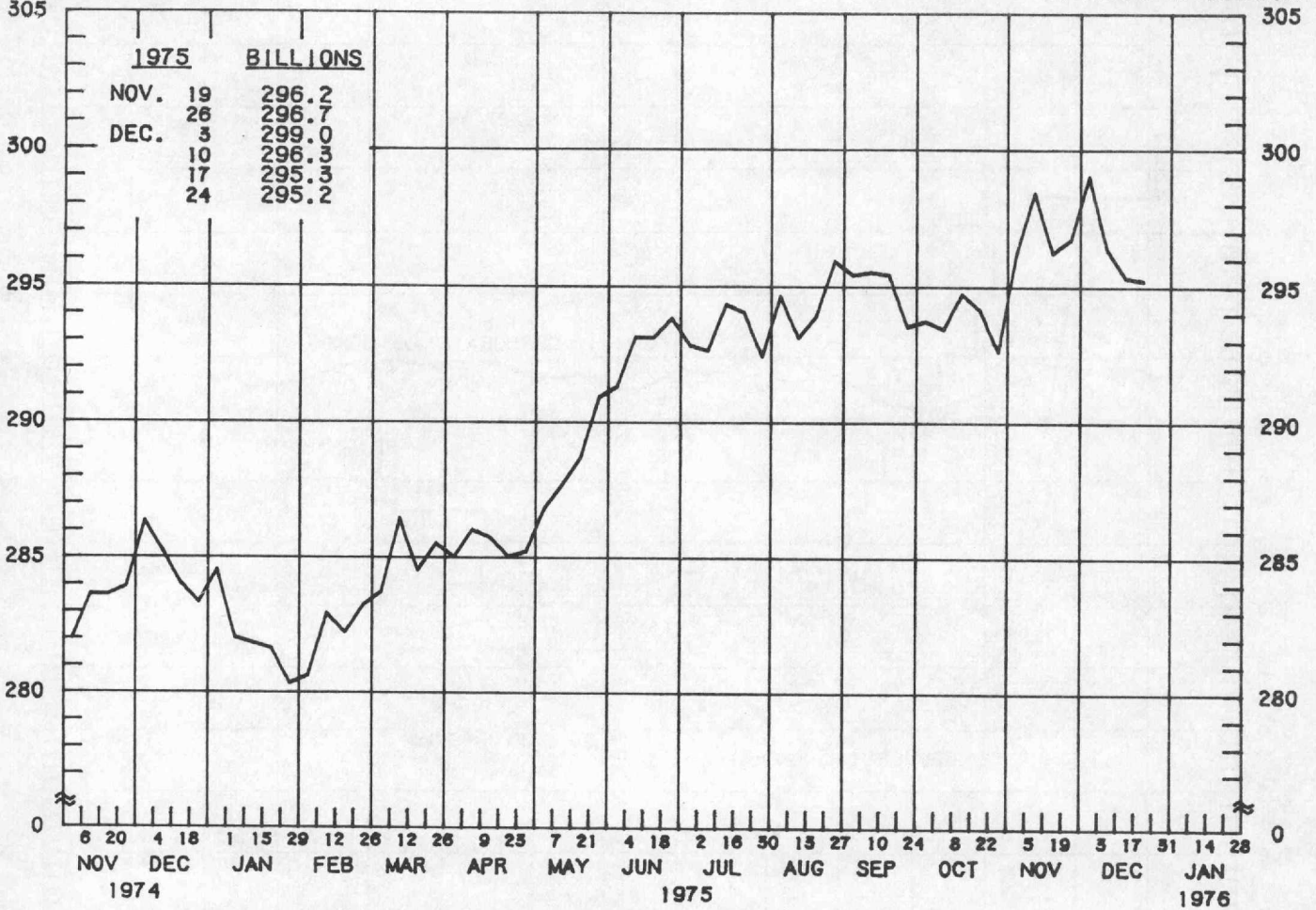
5/21/75	8.0							
6/25/75	10.6	13.9						
7/23/75	10.4	12.8	16.3					
8/27/75	9.8	11.3	12.6	7.7				
9/24/75	9.3	10.3	10.9	6.8	5.6			
10/22/75	8.7	9.3	9.4	5.9	4.8	3.9		
11/26/75	9.1	9.7	10.0	7.4	6.9	7.2	8.2	
12/24/75	8.8	9.2	9.3	7.0	6.6	6.6	7.2	9.1

# MONEY STOCK

## AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 24, 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:

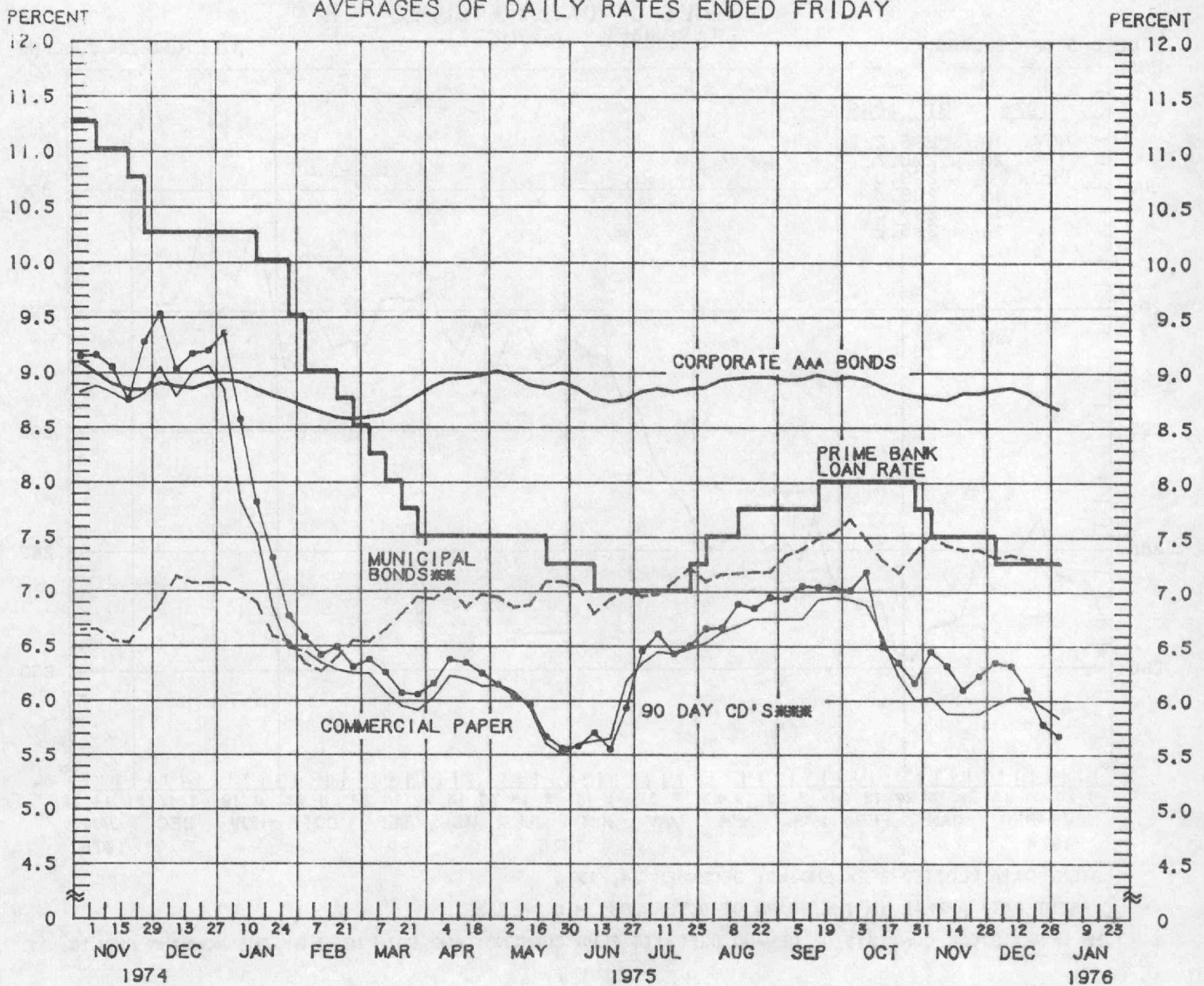
12/25/74    3/26/75    5/21/75    6/25/75    7/23/75    8/27/75    9/24/75    10/22/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/21/75	2.1							
6/25/75	5.8	11.4						
7/23/75	5.4	9.3	13.4					
8/27/75	5.1	8.0	9.8	3.2				
9/24/75	4.9	7.1	8.2	3.0	3.2			
10/22/75	4.0	5.5	5.8	1.3	0.8	-0.9		
11/26/75	4.7	6.3	6.7	3.3	3.5	3.4	3.8	
12/24/75	4.1	5.4	5.6	2.5	2.5	2.2	2.0	5.0

# YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 2, 1976

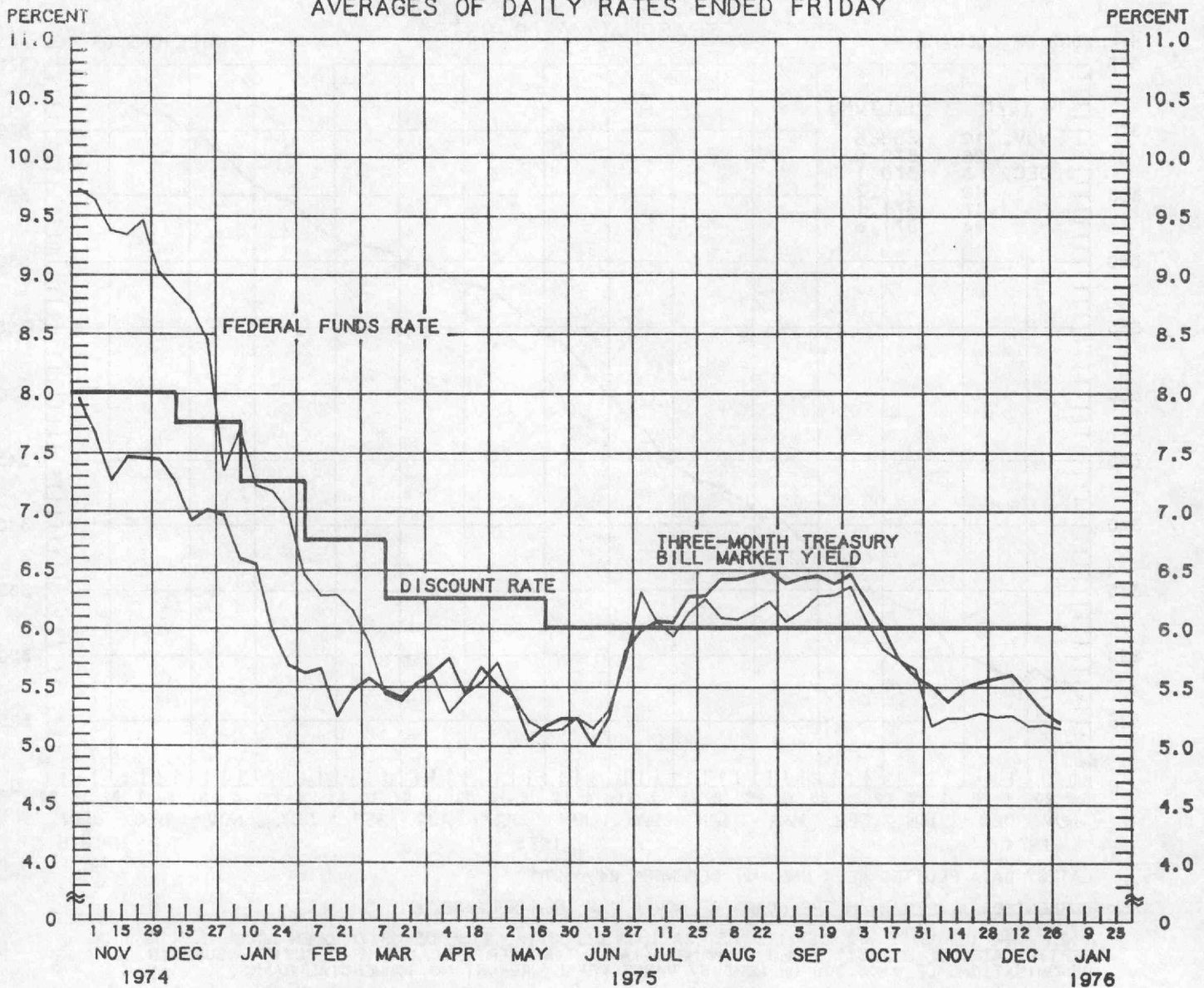
1976	90 DAY CD'S %	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS %
NOV. 7	6.45	6.03	5.79	8.76	7.52
14	6.32	5.88	5.77	8.75	7.43
21	6.10	5.88	5.79	8.81	7.39
28	6.23	5.88	5.80	8.81	7.39
DEC. 5	6.35	5.96	5.80	8.84	7.31
12	6.32	6.03	5.81	8.86	7.34
19	6.10	6.03	5.72	8.81	7.30
26	5.78	5.94	5.65	8.72	7.30
JAN. 2 *	5.67	5.84	5.53	8.66	N.A.
9					
16					
23					
30					

\* 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: JANUARY 2, 1976

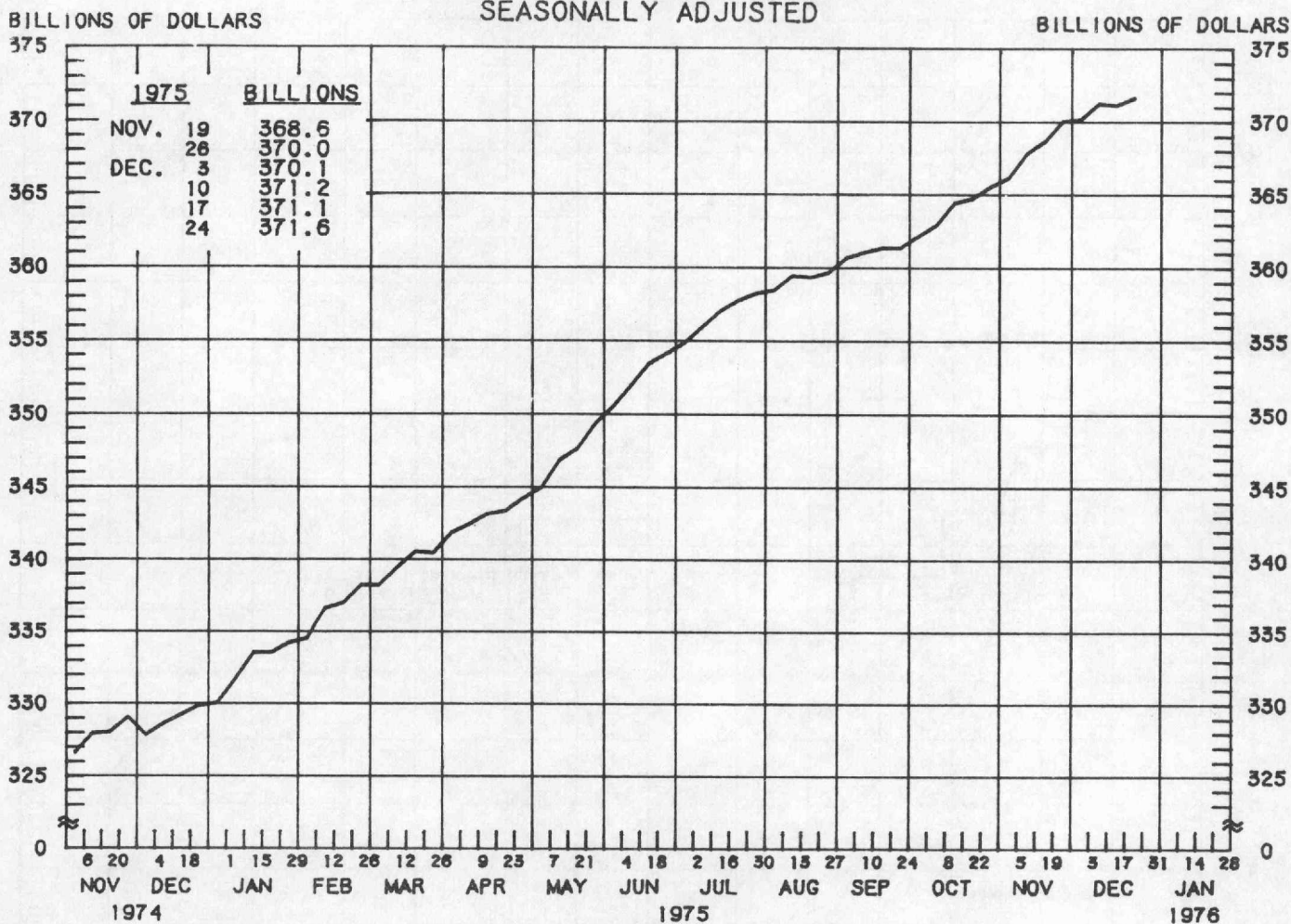
1976	FEDERAL FUNDS **	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
NOV. 7	5.17	5.50	5.89	7.41	7.17
14	5.24	5.37	5.96	7.38	7.17
21	5.24	5.49	6.17	7.60	7.25
28	5.28	5.54	6.24	7.62	7.24
DEC. 5	5.25	5.57	6.30	7.59	7.23
12	5.26	5.60	6.43	7.67	7.26
19	5.17	5.44	6.20	7.50	7.17
26	5.18	5.28	5.91	7.37	7.09
JAN. 2 *	5.15	5.19	5.76	7.26	7.05
9					
16					
23					
30					

\* 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: DECEMBER 24, 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:

12/25/74    3/26/75    5/21/75    6/25/75    7/23/75    8/27/75    9/24/75    10/22/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/21/75	13.3								
6/25/75	14.9	16.1							
7/23/75	14.9	15.9	18.9						
8/27/75	14.0	14.2	15.0	11.5					
9/24/75	13.3	13.1	13.2	10.1	7.9				
10/22/75	12.9	12.5	12.4	9.9	8.2	8.0			
11/26/75	13.0	12.7	12.7	10.8	9.8	10.3	11.7		
12/24/75	12.8	12.5	12.5	10.8	10.0	10.4	11.4	12.5	

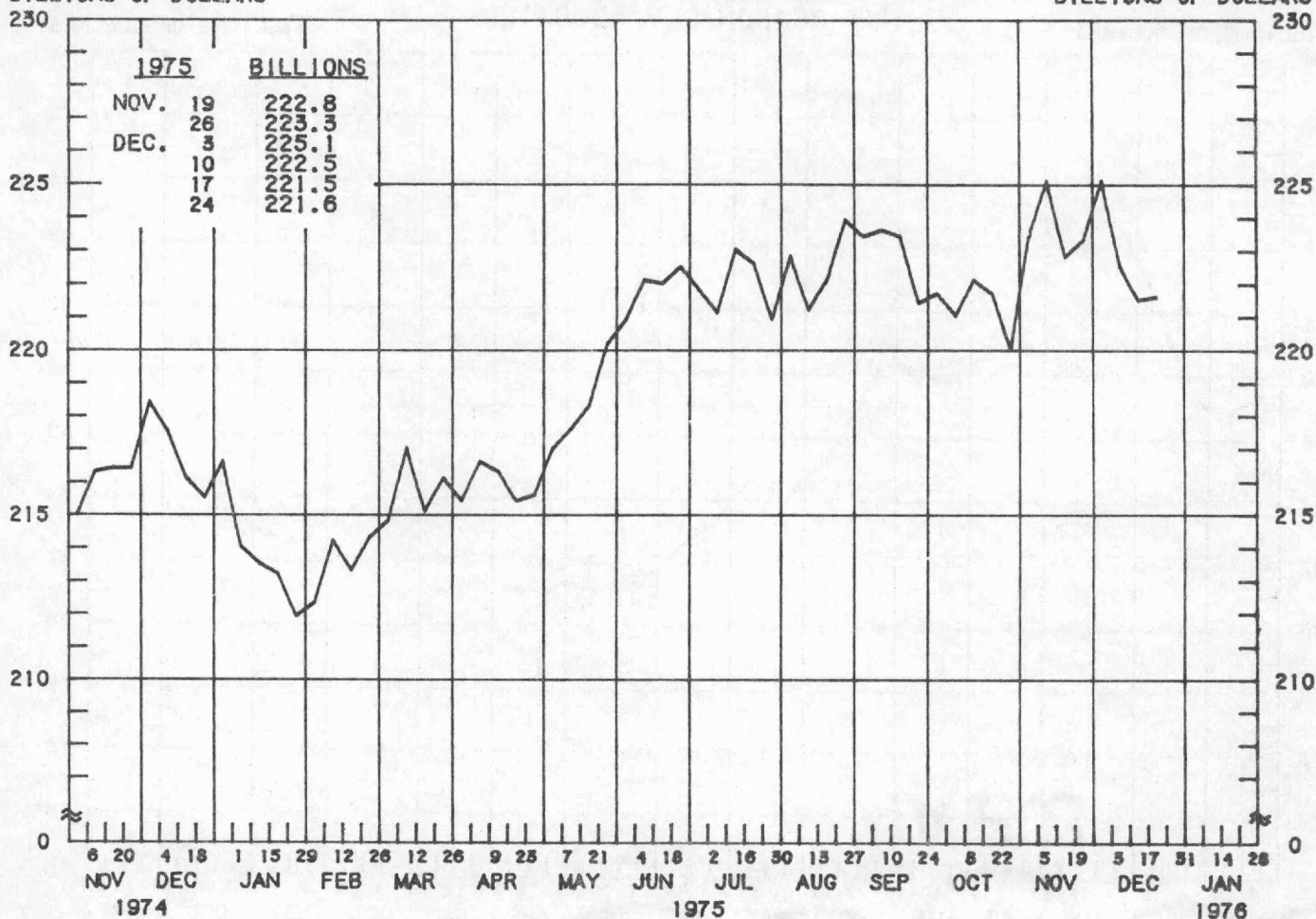


# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 24, 1975

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

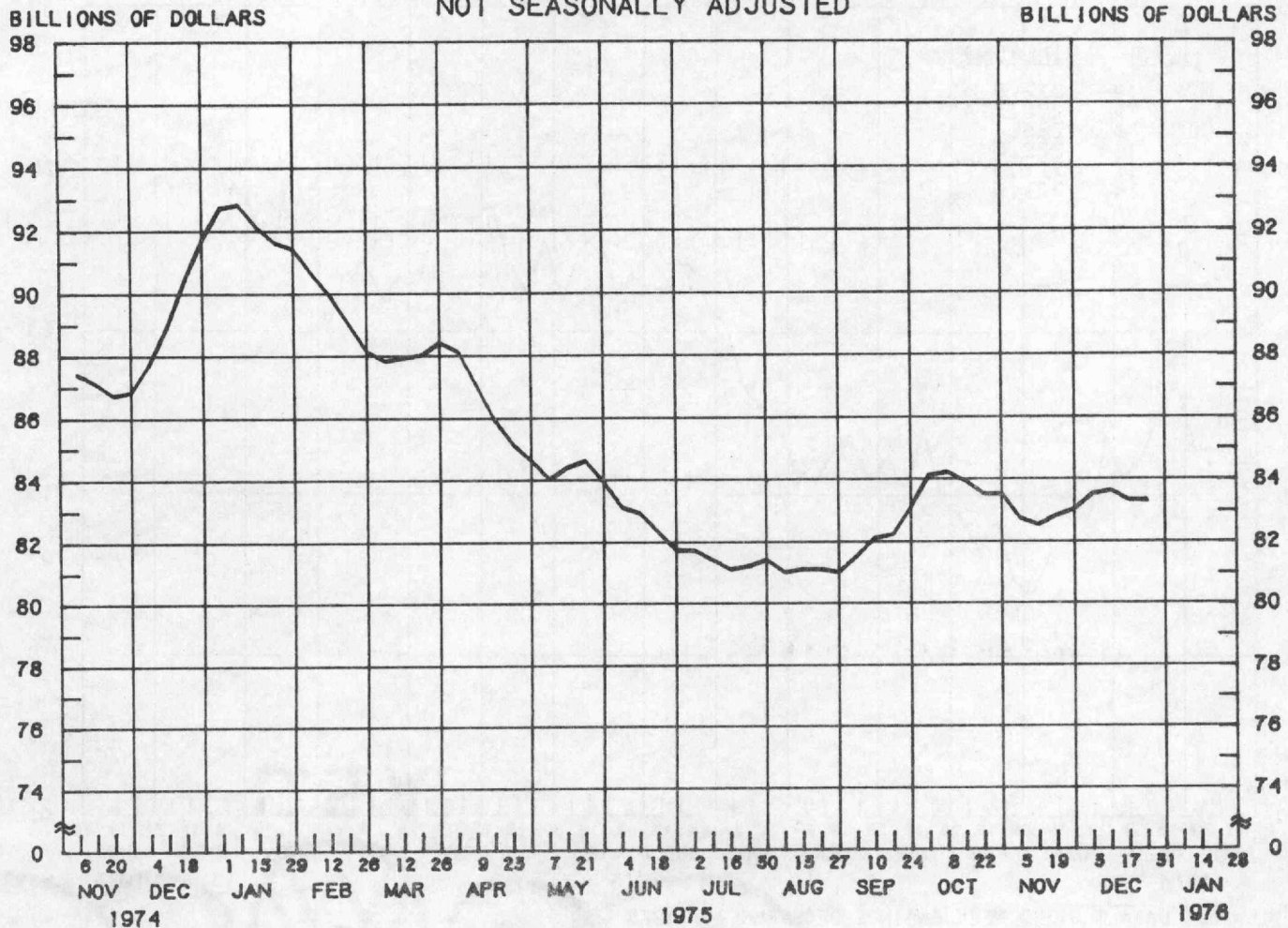
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:  
12/25/74    3/26/75    5/21/75    6/25/75    7/23/75    8/27/75    9/24/75    10/22/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

5/21/75	0.2								
6/25/75	4.7	11.8							
7/23/75	4.2	9.2	14.1						
8/27/75	3.9	7.5	9.6	1.6					
9/24/75	3.8	6.8	8.1	2.0	2.4				
10/22/75	2.6	4.7	5.0	-0.4	-0.9	-2.6			
11/26/75	3.4	5.5	5.9	1.9	2.1	2.2	1.8		
12/24/75	2.7	4.3	4.4	0.7	0.6	0.3	-0.5	2.9	

# CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES  
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 24, 1975

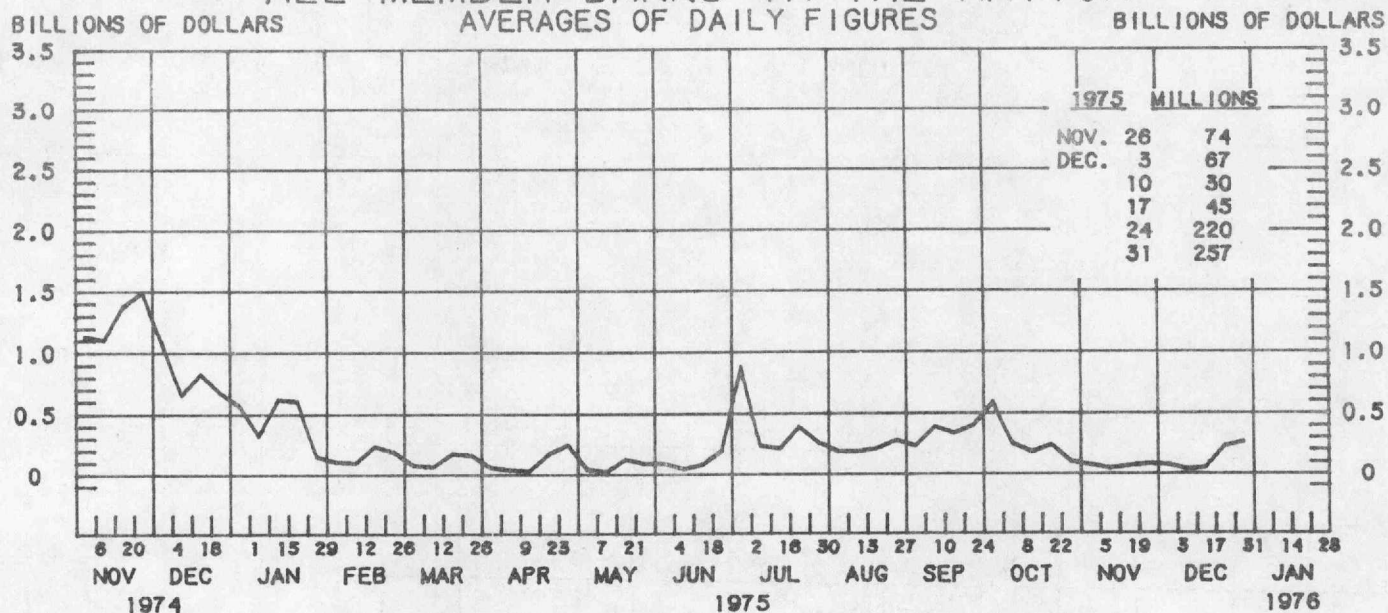
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

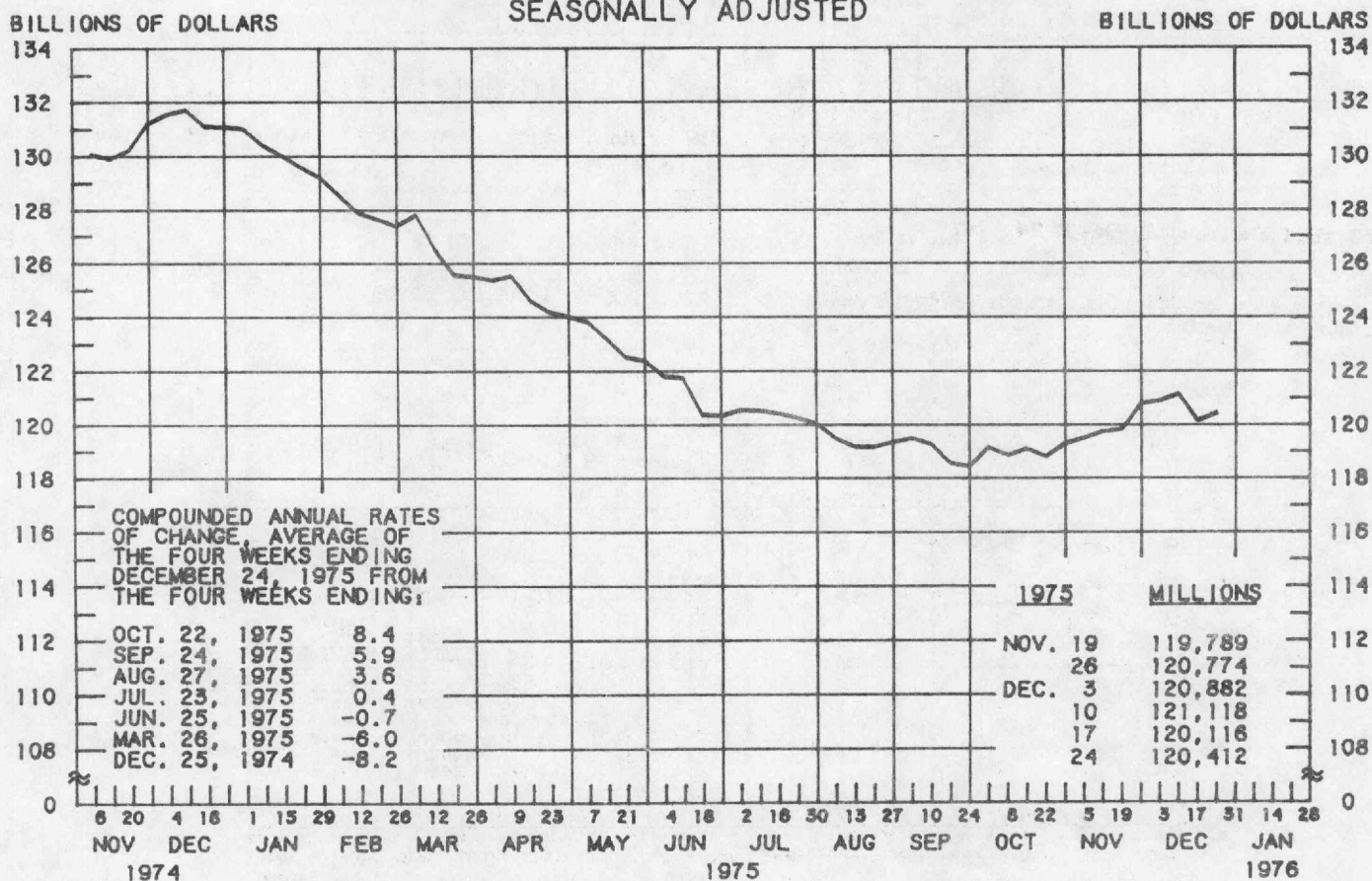
1976	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT SEAS. ADJ.
NOV. 5	82.7	81.0
12	82.5	80.9
19	82.8	81.2
26	83.0	81.5
DEC. 3	83.5	82.4
10	83.6	83.2
17	83.3	83.2
24	83.3	83.3
31		
JAN. 7		
14		
21		
28		

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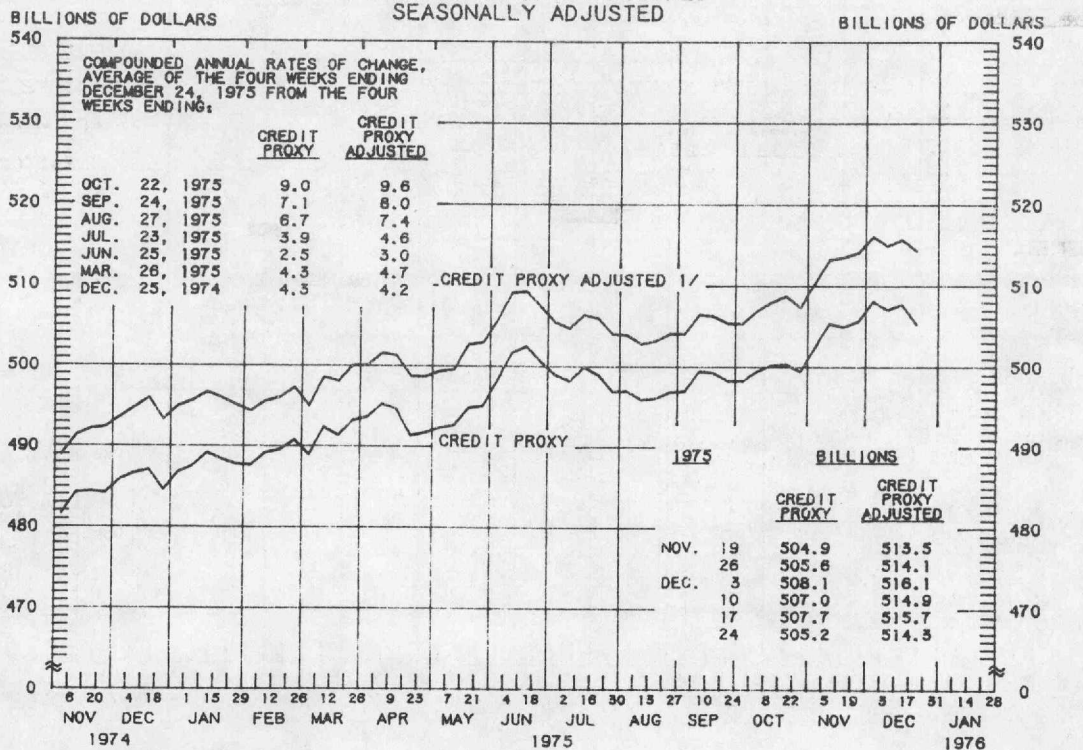
# BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



# 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: DECEMBER 24, 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