



Week ending: January 28, 1976

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The shape of the yield curve for U.S. Government securities, which indicates the yield/maturity relationship, has changed considerably over the course of the last seventeen months (see page 12). In late August 1974 yields on short-term Treasury securities were much higher than yields on intermediate and long-term Government bonds, resulting in a downward sloping yield curve. Nine months later (late May 1975) bill rates were well below long-term rates, producing an upward sloping yield curve. By late September short-term rates had increased somewhat in relation to long-term yields, but the yield curve was still upward sloping in the short-term range of the curve. The yield curve had flattened considerably in the maturities of over two years. The most recent yield curve is inclined steeply upward out to about five years' maturity, with some short-term rates 295 basis points below long-term rates.

The marked change in the shape of the yield curve in the short-term range probably reflects the decline in demand for short-term funds accompanying the lower level of economic activity and the forecasts of a progressive slowing in the rate of inflation. There has been less change in long-term yields reflecting both greater uncertainty regarding the long-run outlook for inflation and less of a decline in long-term credit demands.

As yields on short-term securities have decreased recently, the spread between their yields and the maximum interest rates payable by banks on time deposits has narrowed. Consequently, holding funds in the form of bank time deposits has become increasingly attractive relative to investing in marketable securities. Reflecting this change in relative interest rates, net time deposits have increased at an 11.4 percent annual rate in the most recent three months, compared to about an 8 percent rate in the previous three months.

In view of the low level of business credit demands, banks have not been aggressively bidding for new sources of loanable funds. Therefore, yields on negotiable certificates of deposit (CDs) have decreased along with other short-term rates, bringing them very close to the maximum interest paid on savings accounts by commercial banks. This decline in yields has been accompanied by a decline, on balance, in the volume of CDs, since January 1975.

Prepared by Federal Reserve Bank of St. Louis

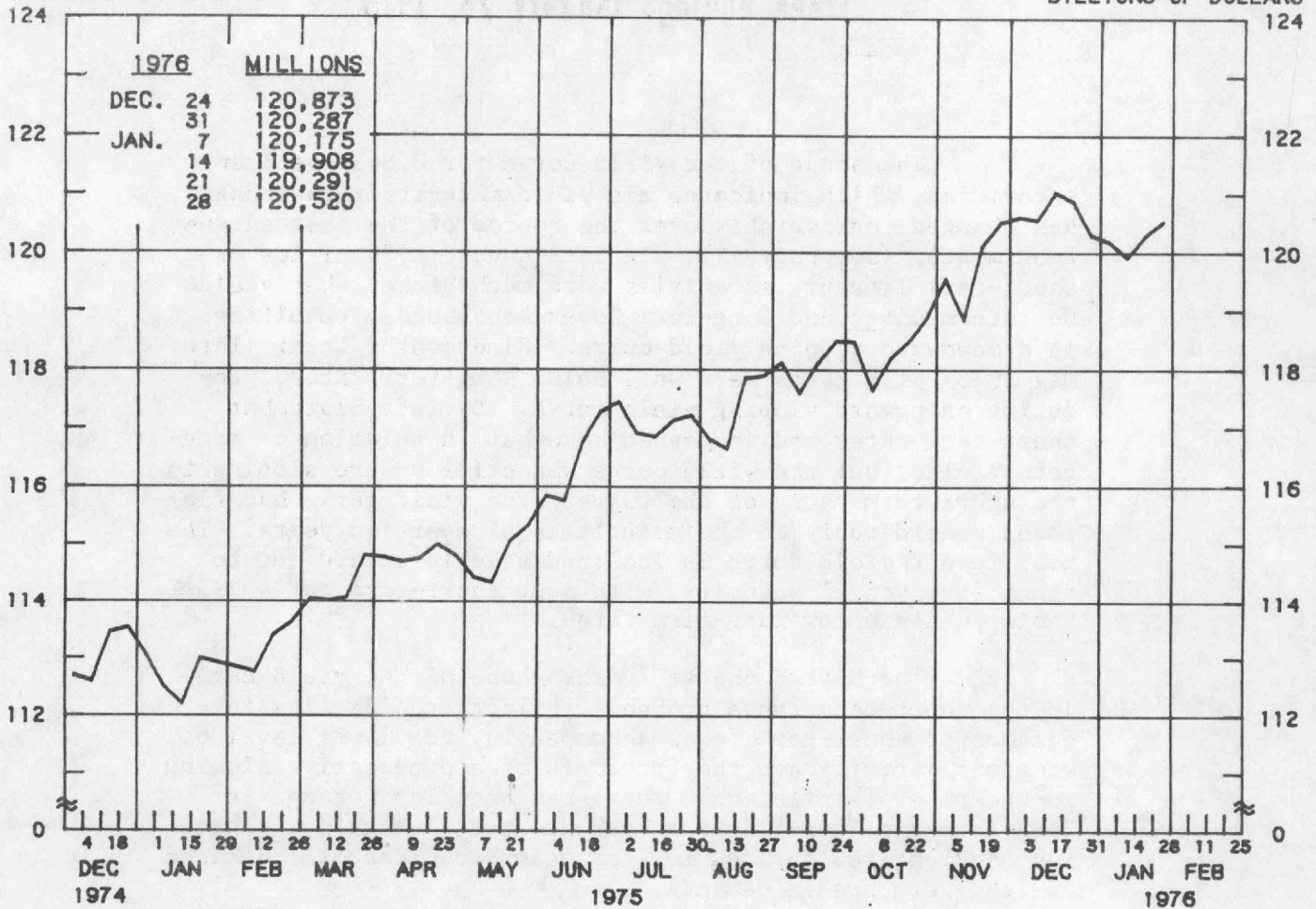
Released: January 30, 1976

# MONETARY BASE

## AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 28, 1976

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.

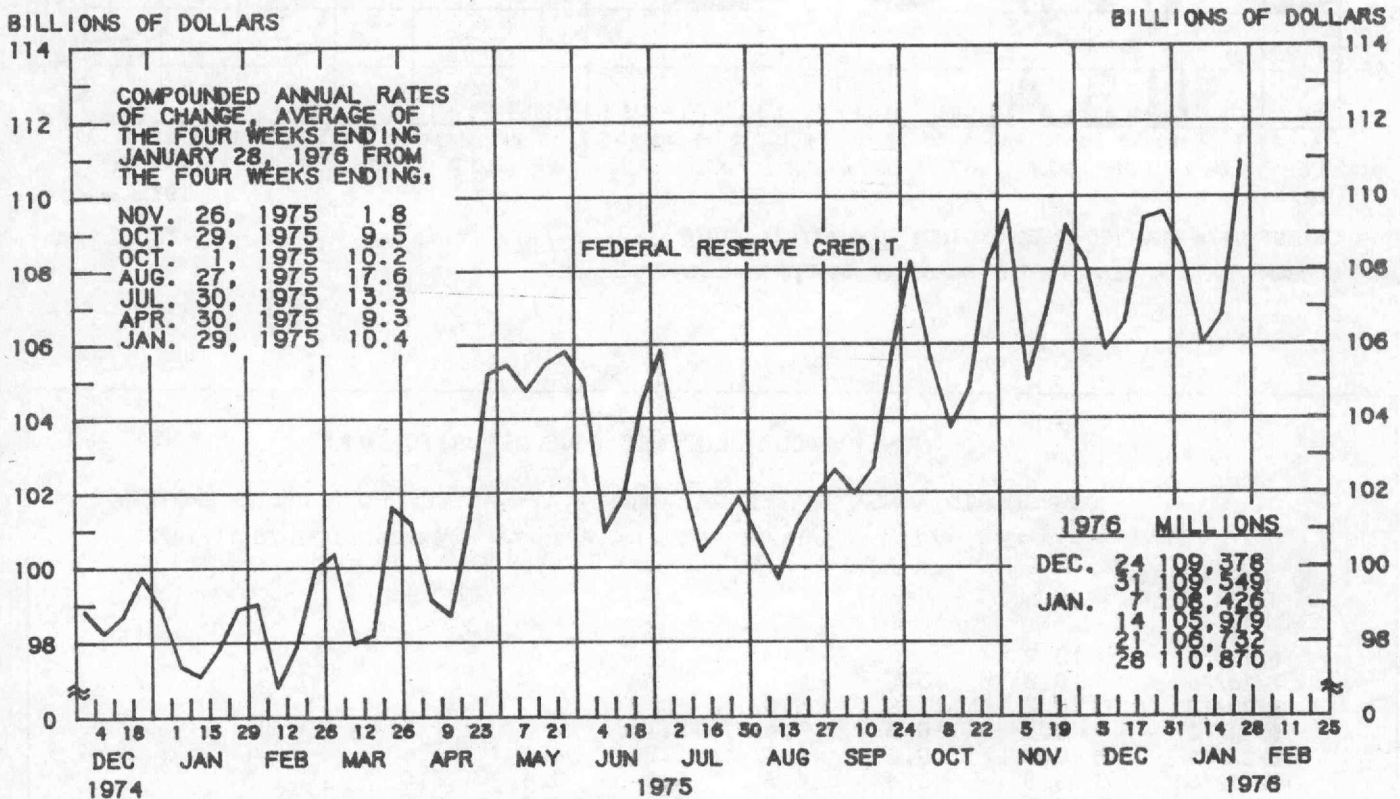
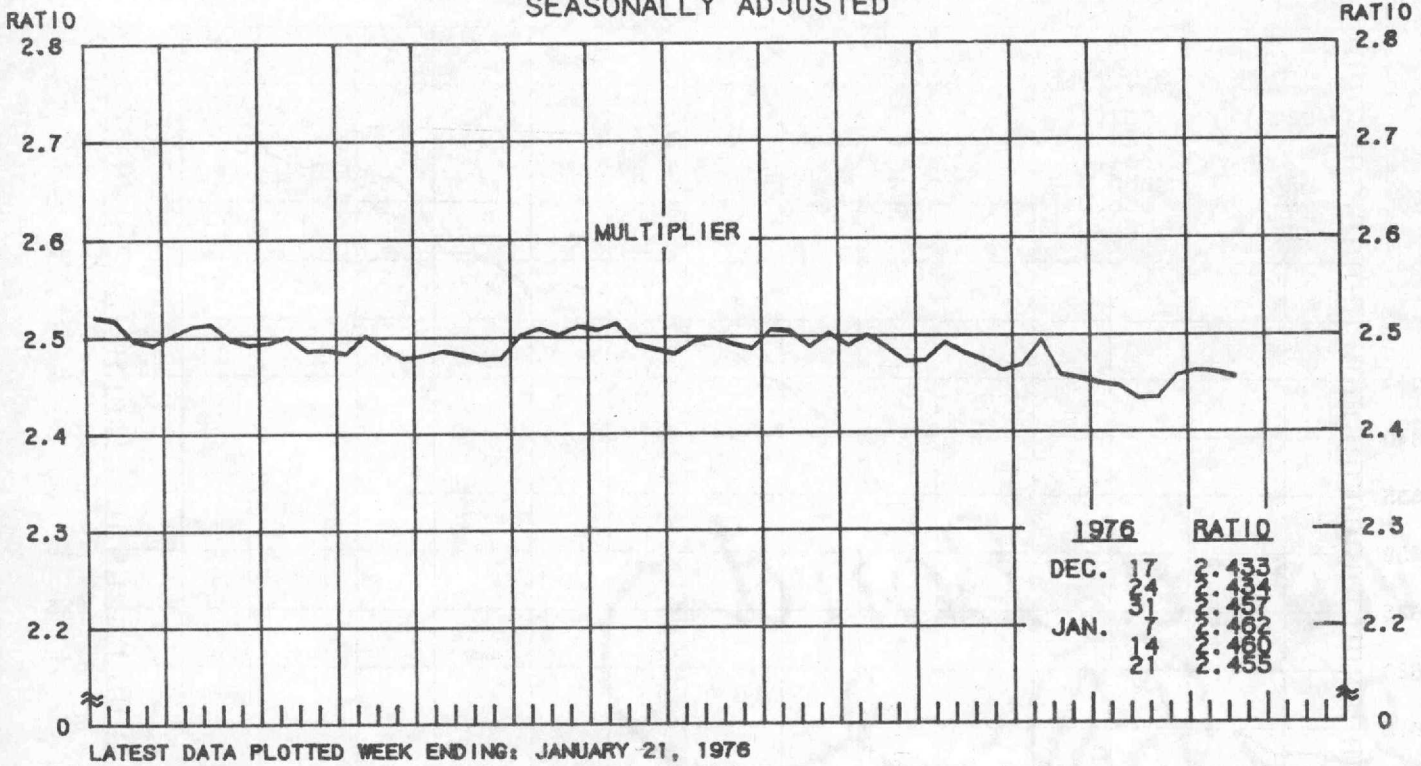
### COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

1/29/75    4/30/75    6/25/75    7/30/75    8/27/75    10/1/75    10/29/75    11/26/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

6/25/75	8.5							
7/30/75	7.9	7.9						
8/27/75	7.3	6.8	4.5					
10/1/75	7.4	7.0	5.7	5.8				
10/29/75	6.8	6.2	4.8	4.5	5.1			
11/26/75	7.7	7.6	6.9	7.3	8.7	9.1		
12/31/75	7.8	7.7	7.2	7.6	8.6	8.8	12.2	
1/28/76	6.7	6.3	5.6	5.6	6.0	5.4	6.6	2.3

**MULTIPLIER <sup>1/</sup>**  
**FEDERAL RESERVE CREDIT <sup>2/</sup>**  
 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 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

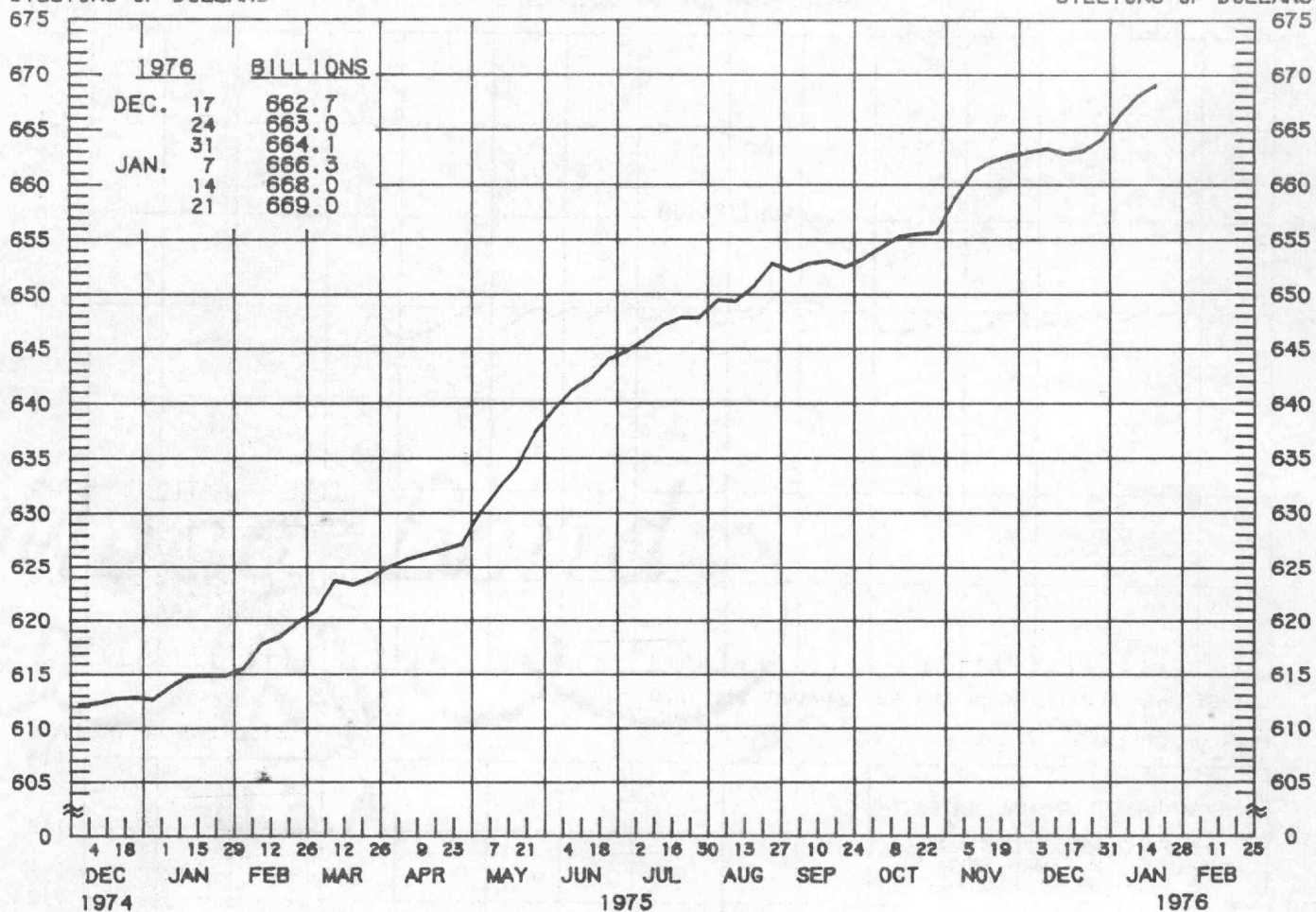


# MONEY STOCK PLUS NET TIME DEPOSITS

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 21, 1976

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

## MONEY STOCK PLUS NET TIME DEPOSITS (M<sub>2</sub>)

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

1/22/75    4/23/75    6/18/75    7/23/75    8/20/75    9/24/75    10/22/75    11/19/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

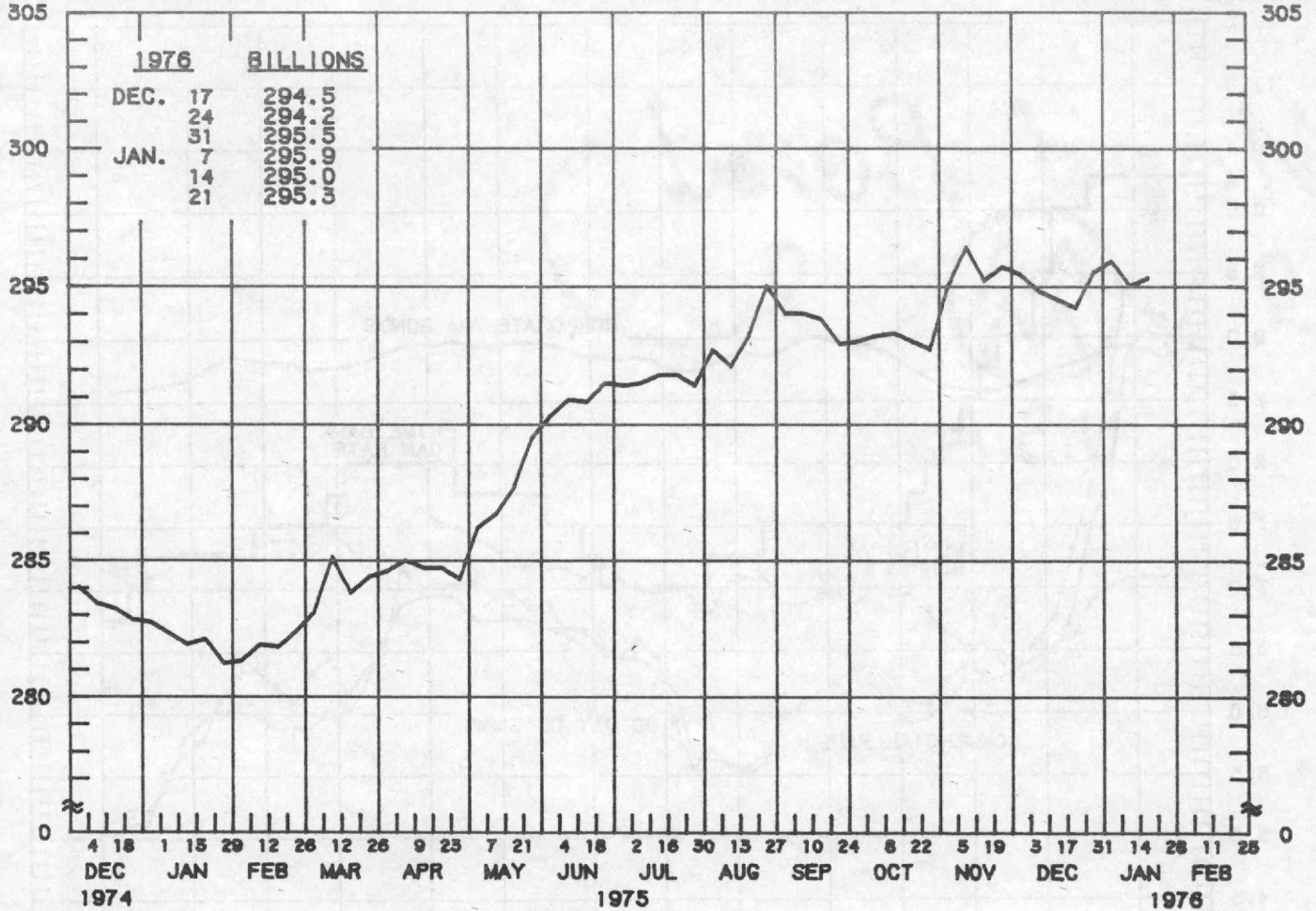
6/18/75	10.9							
7/23/75	10.8	13.7						
8/20/75	10.2	11.8	8.6					
9/24/75	9.5	10.3	7.4	5.7				
10/22/75	8.9	9.3	6.7	5.2	4.8			
11/19/75	9.0	9.4	7.3	6.3	6.4	7.0		
12/24/75	8.7	8.9	7.0	6.2	6.2	6.5	7.6	
1/21/76	8.6	8.8	7.1	6.4	6.5	6.9	7.7	6.8

# MONEY STOCK

## AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 21, 1976

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:

1/22/75    4/23/75    6/18/75    7/23/75    8/20/75    9/24/75    10/22/75    11/19/75

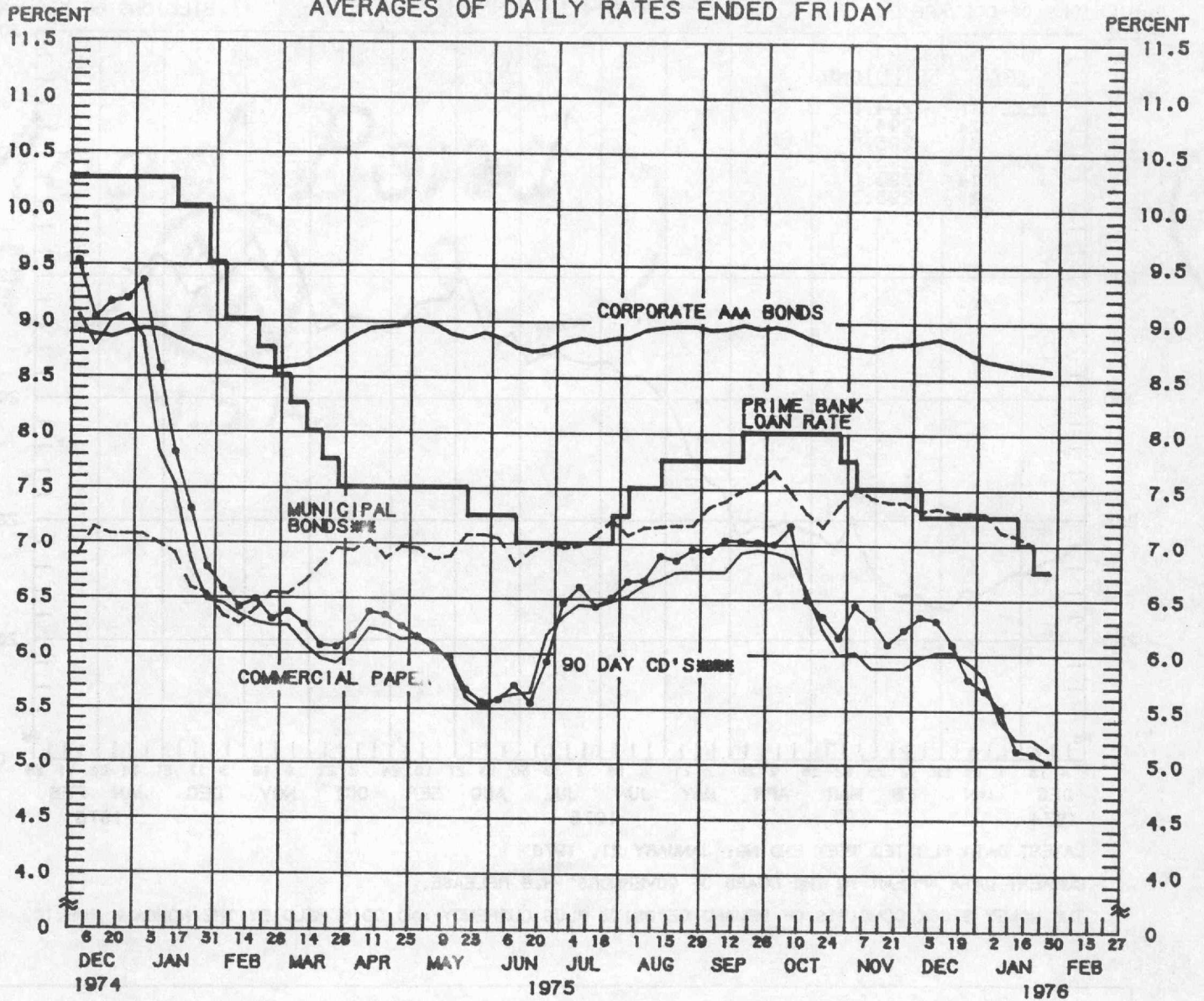
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

6/18/75	7.3							
7/23/75	6.7	9.9						
8/20/75	6.3	8.4	4.0					
9/24/75	6.1	7.5	4.3	4.2				
10/22/75	5.1	5.9	2.7	2.1	1.4			
11/19/75	5.4	6.2	3.6	3.4	3.3	2.5		
12/24/75	4.8	5.2	2.9	2.5	2.3	1.4	3.2	
1/21/76	4.6	5.0	2.9	2.6	2.4	1.8	3.2	1.2



# YIELDS ON SELECTED SECURITIES

## AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 30, 1976

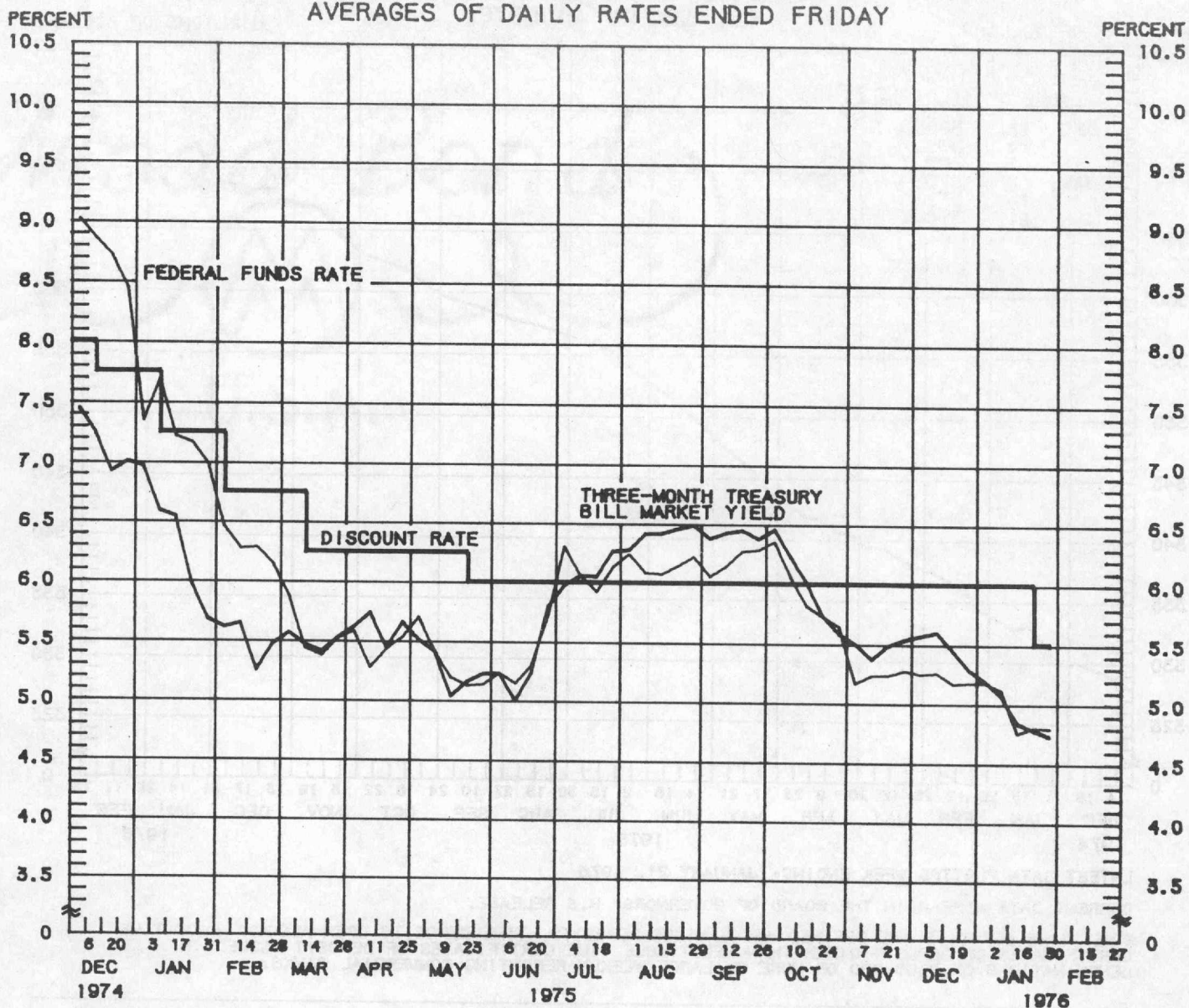
1976	90 DAY CD'S <sup>***</sup>	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS <sup>**</sup>
DEC. 5	6.35	5.98	5.80	8.83	7.31
12	6.32	6.03	5.81	8.86	7.34
19	6.10	6.03	5.72	8.81	7.30
26	5.78	5.94	5.65	8.72	7.30
JAN. 2	5.68	5.81	5.52	8.66	7.29
9	5.51	5.40	5.25	8.63	7.13
16	5.13	5.23	5.04	8.60	7.09
23	5.10	5.23	5.01	8.59	7.01
30 *	5.02	5.13	4.94	8.57	N.A.
FEB. 6					
13					
20					
27					

\* AVERAGES OF RATES AVAILABLE.  
<sup>\*\*</sup> BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.  
<sup>\*\*\*</sup> 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 30, 1976

1976	FEDERAL FUNDS <sup>***</sup>	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
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	5.18	5.19	5.79	7.28	7.05
9	5.12	5.07	5.58	7.20	6.96
16	4.76	4.84	5.41	7.14	6.90
23	4.81	4.78	5.37	7.18	6.93
30 *	4.80	4.73	5.34	7.15	6.94
FEB. 6					
13					
20					
27					

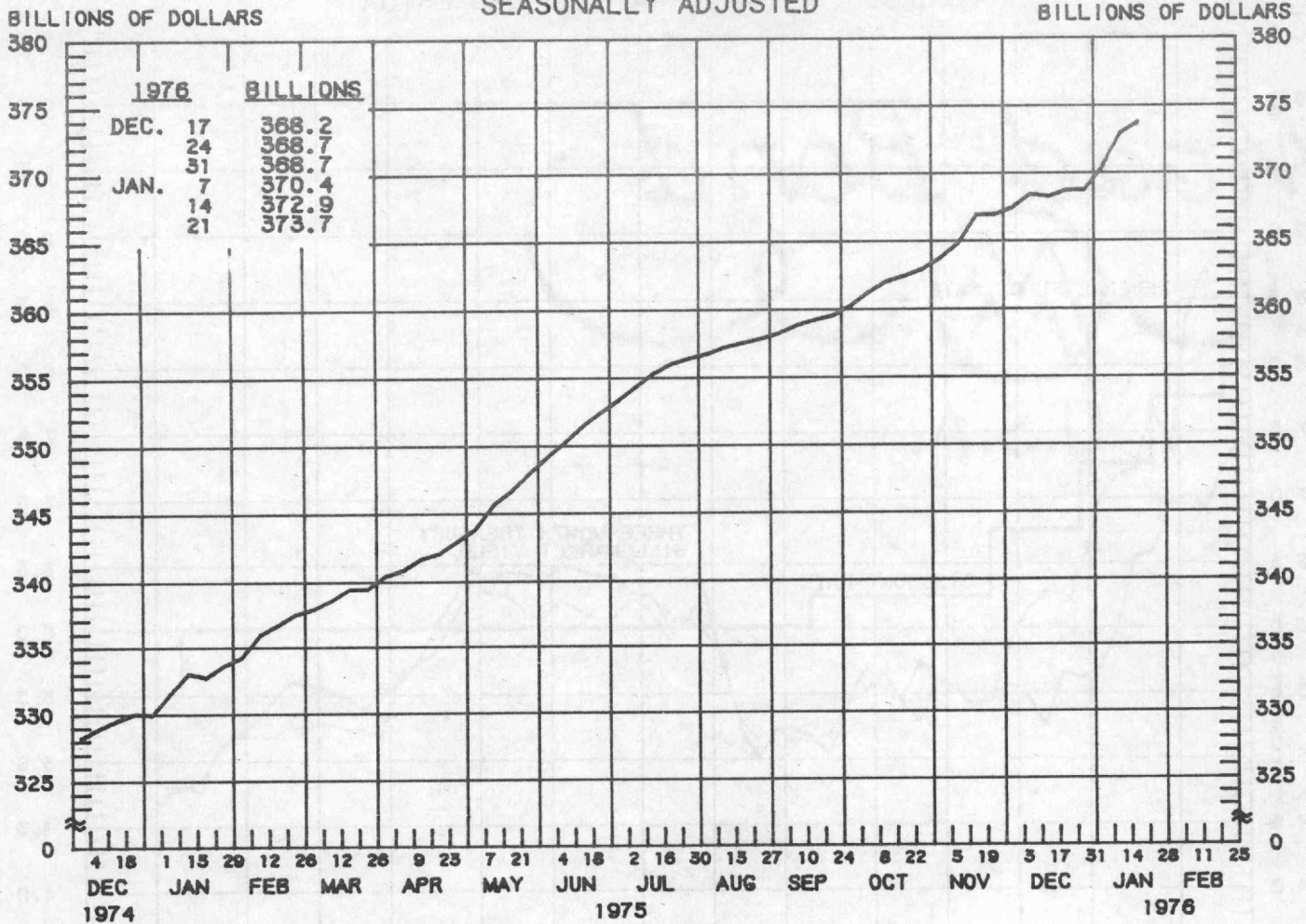
\* AVERAGES OF RATES AVAILABLE.

\*\*\* 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: JANUARY 21, 1976

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:

1/22/75    4/23/75    6/18/75    7/23/75    8/20/75    9/24/75    10/22/75    11/19/75

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

6/18/75	13.9								
7/23/75	14.3	16.8							
8/20/75	13.5	14.9	12.7						
9/24/75	12.4	12.7	10.1	7.0					
10/22/75	12.1	12.3	10.1	7.9	7.5				
11/19/75	12.1	12.2	10.4	8.8	8.8	10.8			
12/24/75	11.9	12.0	10.4	9.2	9.3	10.8	11.2		
1/21/76	11.9	12.0	10.6	9.6	9.8	11.0	11.4	11.3	

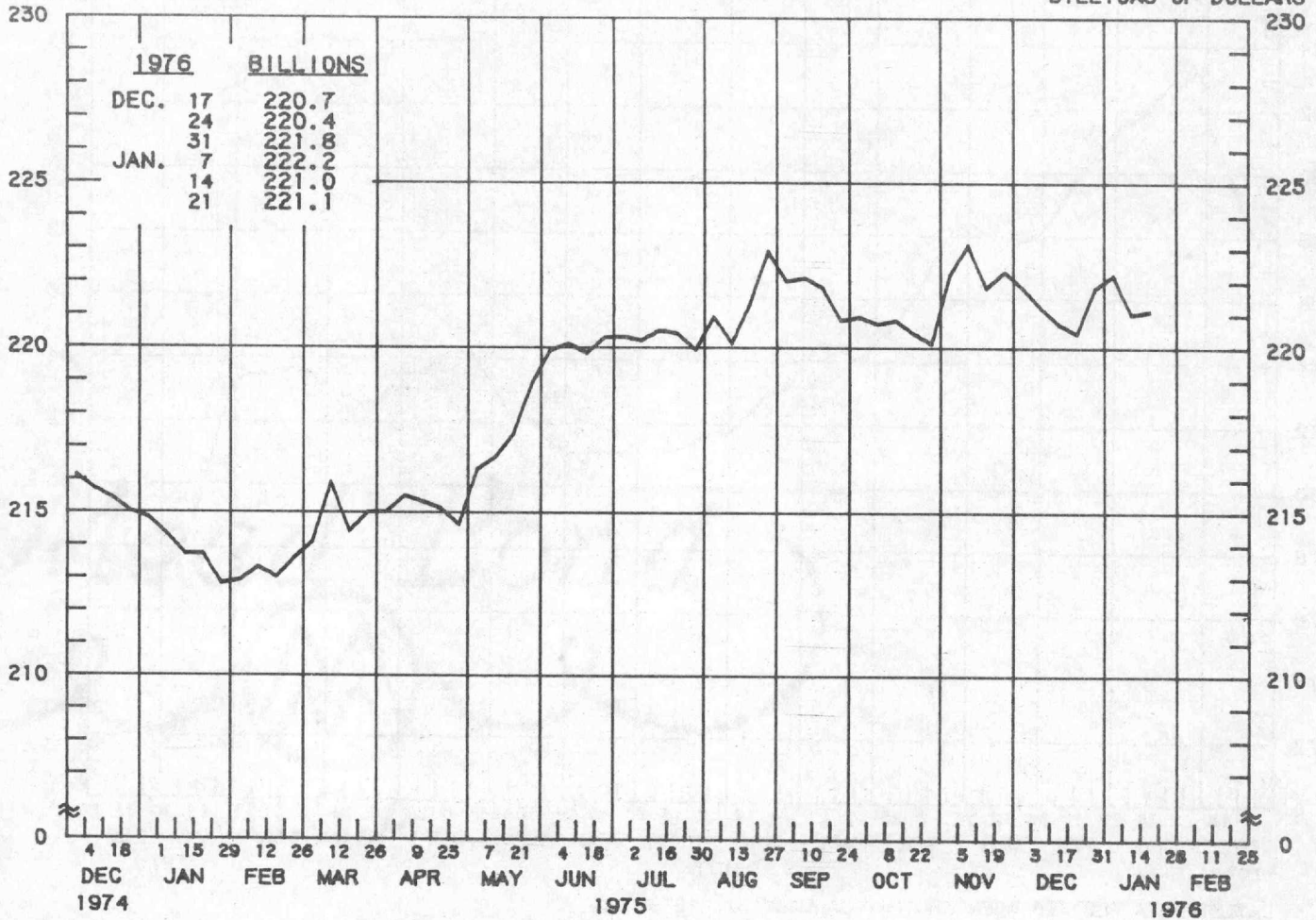


# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 21, 1976

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

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

1/22/75    4/23/75    6/18/75    7/23/75    8/20/75    9/24/75    10/22/75    11/19/75

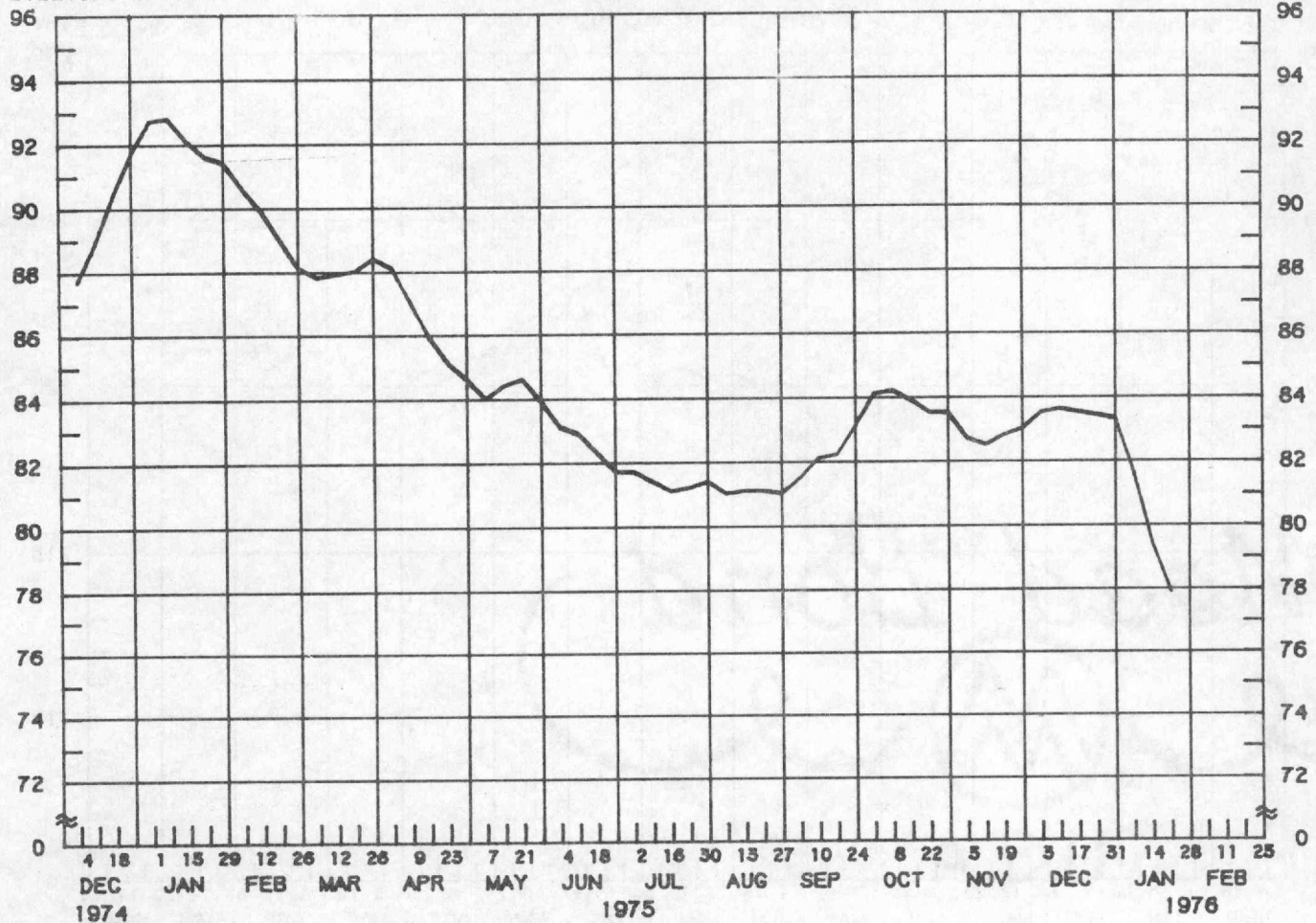
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

6/18/75	6.6							
7/23/75	6.0	10.0						
8/20/75	5.3	7.9	2.4					
9/24/75	5.3	7.3	3.4	3.5				
10/22/75	4.1	5.2	1.3	0.5	0.3			
11/19/75	4.4	5.4	2.3	2.0	2.2	0.3		
12/24/75	3.5	4.0	1.1	0.6	0.5	-1.3	0.8	
1/21/76	3.5	3.9	1.4	1.0	1.0	-0.3	1.5	-0.8

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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 21, 1976

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

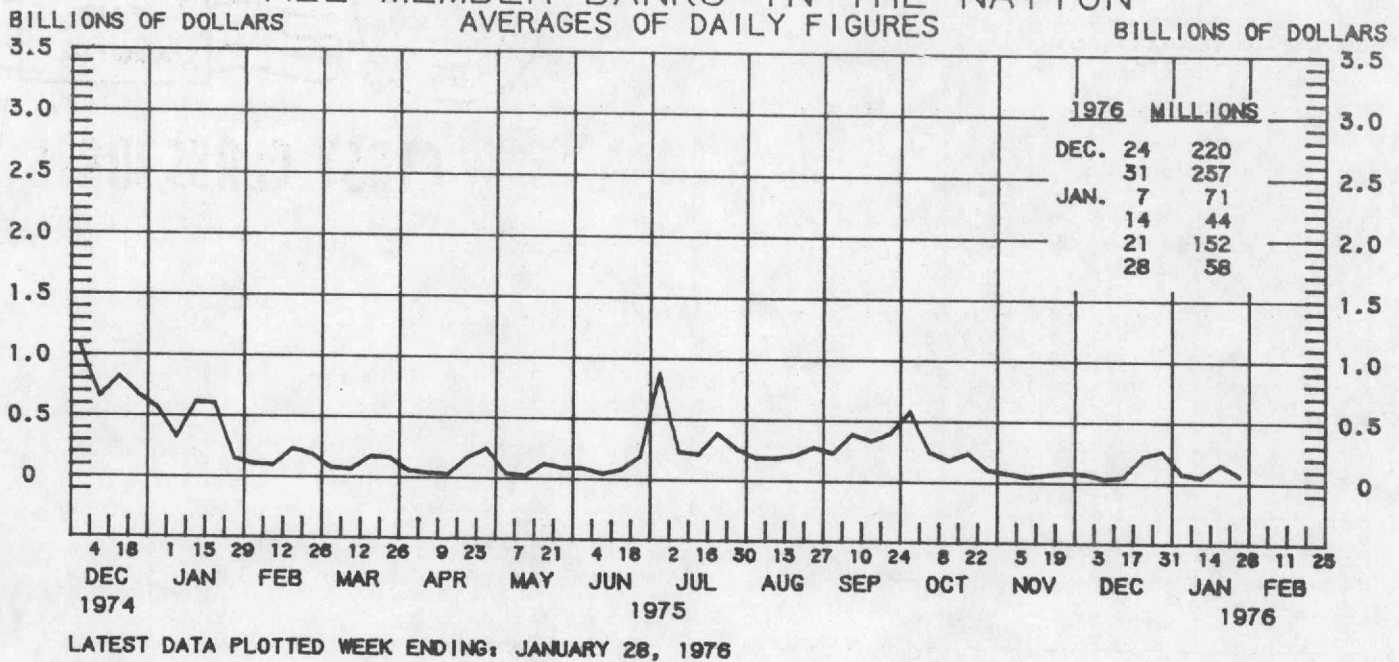
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

1976	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT SEAS. ADJ.
DEC. 3	83.5	82.6
10	83.6	82.8
17	83.5	82.9
24	83.4	82.9
31	83.3	82.8
JAN. 7	81.6	81.9
14	79.4	79.9
21	77.9	78.7
28		
FEB. 4		
11		
18		
25		

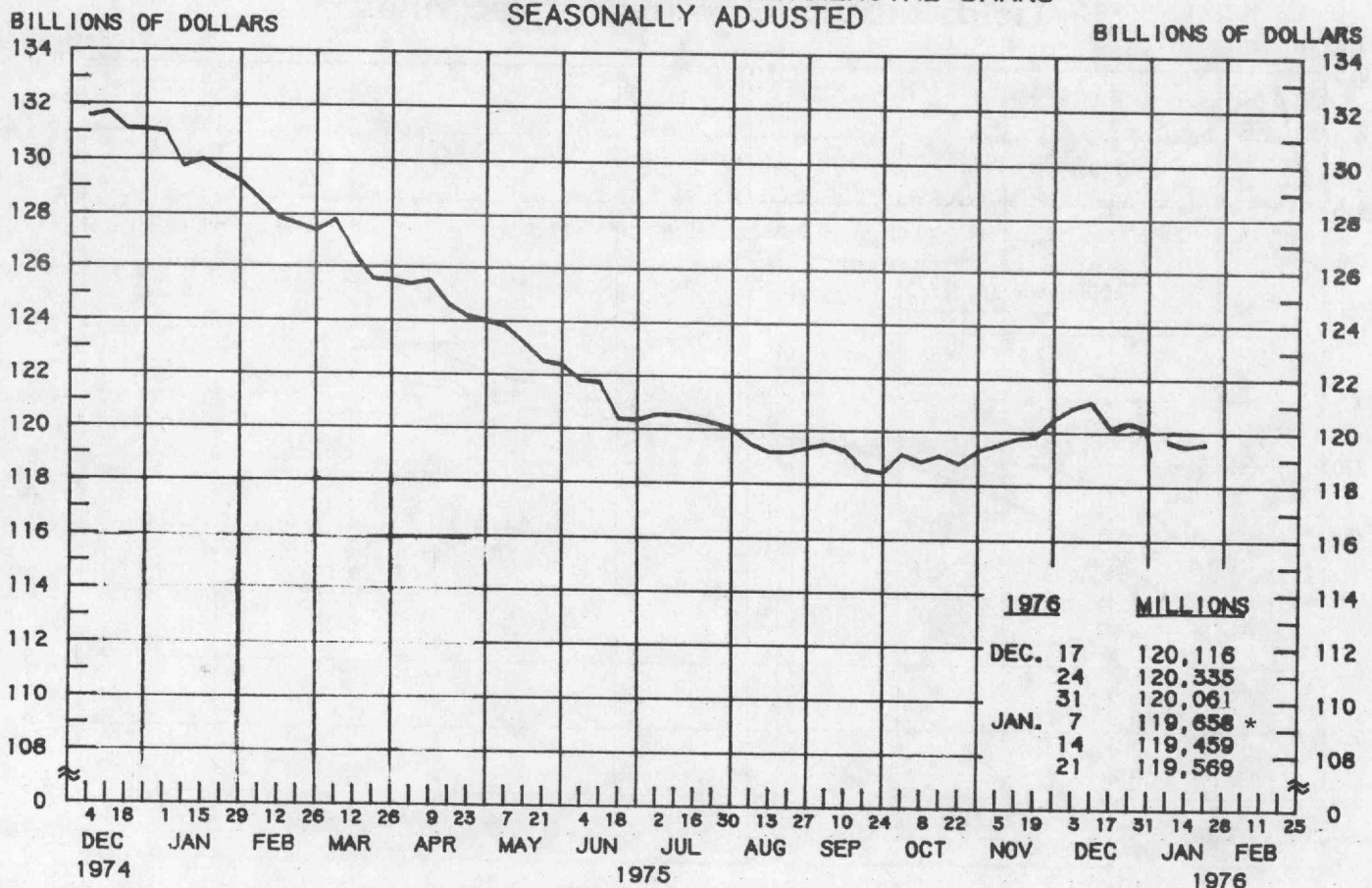
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS



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



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

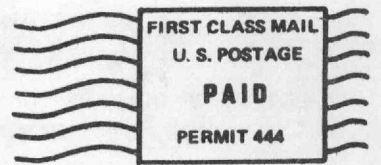


\* LEVELS OF BUSINESS LOANS BEGINNING JANUARY 7 ARE NOT COMPARABLE TO PREVIOUS DATA.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

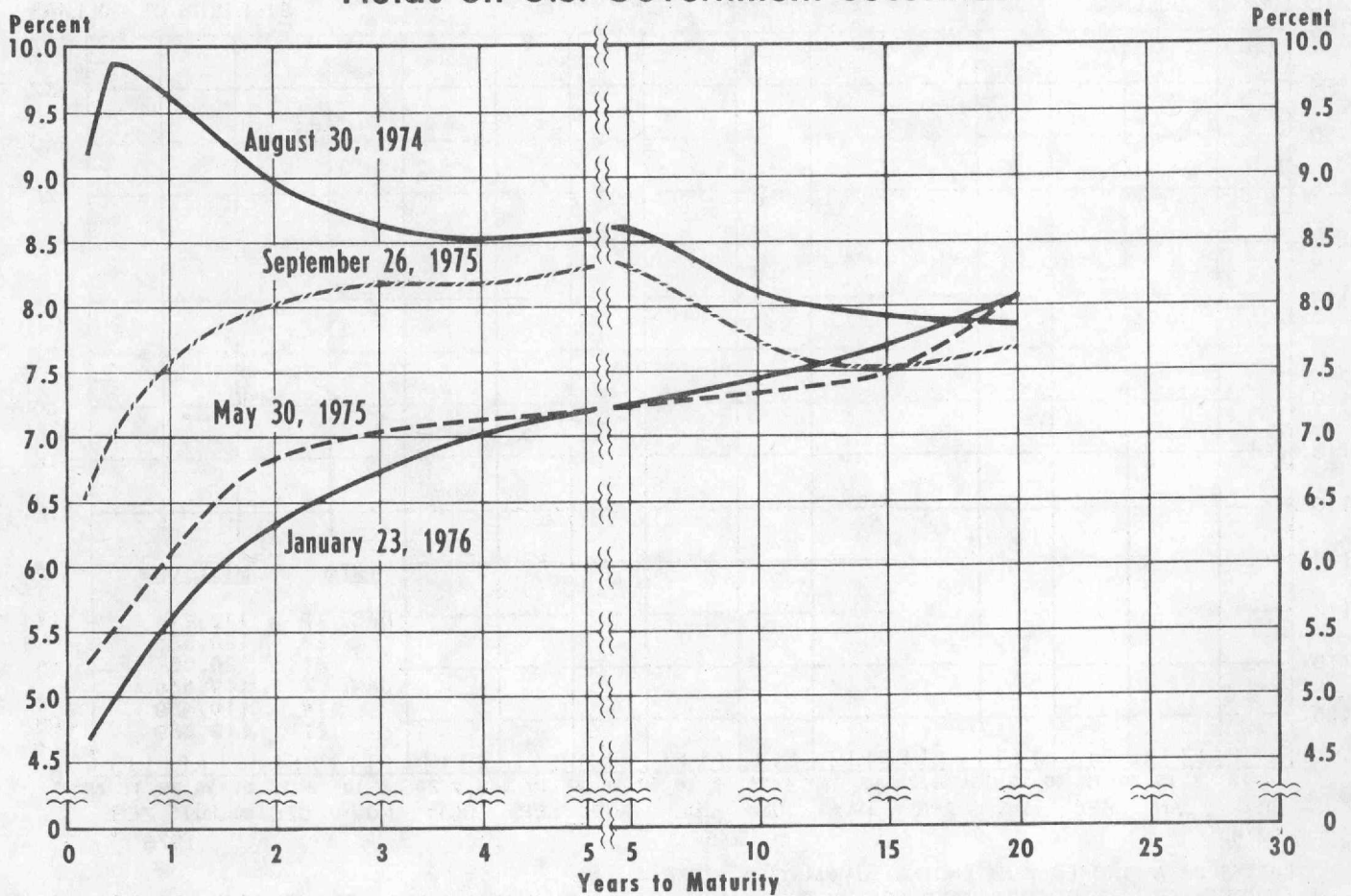
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FIRST CLASS MAIL

### Yields on U.S. Government Securities



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