

Week ending: May 26, 1976



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Growth of the money stock depends on both the growth of the monetary base and the influences of other factors such as portfolio decisions by the public and the banks. The influences of these other factors are summarized in movements of the multiplier (page 3). Over extended periods the growth of the monetary base tends to be the predominant factor in the determination of the growth of the money stock, and growth rates of the base and the money stock tend to be similar. Over shorter periods, however, wider divergence in the growth rates of base and money can occur. A breakdown of the period since last August illustrates how short-term fluctuations in the multiplier can produce wider than usual differences in the growth rates of the money stock and monetary base.

The money multiplier indicates how many dollars of the money stock are supported by each dollar of the base. From an average of 2.494 over the four weeks ended August 20, 1975, the multiplier declined to an average of 2.437 over the four weeks ended March 17, 1976. This meant that each dollar of the base was supporting fewer dollars of the money stock at the end of this period than at the beginning. Consequently, the growth rate of the money stock fell below that of the monetary base.

Over the period of the multiplier's decline the changing rate of expansion of the monetary base produced different effects on the growth of the money stock. From early August to early January, the monetary base increased at a relatively slow 5.3 percent annual rate. The combination of the declining multiplier and the slow growth of the base resulted in a very sluggish 2.3 percent growth rate of the money stock. In contrast, over the period from early January to early March the growth of the monetary base accelerated to a 12.6 percent annual rate leading to a pickup in the growth of the money stock to a 4.7 percent rate, even as the multiplier continued to decline.

From an average of 2.437 over the four weeks ended March 17, 1976, the money multiplier has moved upward to an average of 2.455 over the most recent four week period. Although the growth of base has slowed somewhat, it has increased at a 7.1 percent rate since early March. The combined effects of the increase in the multiplier and the continued relatively rapid growth of the monetary base have caused the growth of the money stock to increase at an 11.6 percent annual rate over the most recent two months.

Prepared by Federal Reserve Bank of St. Louis

Released: May 28, 1976

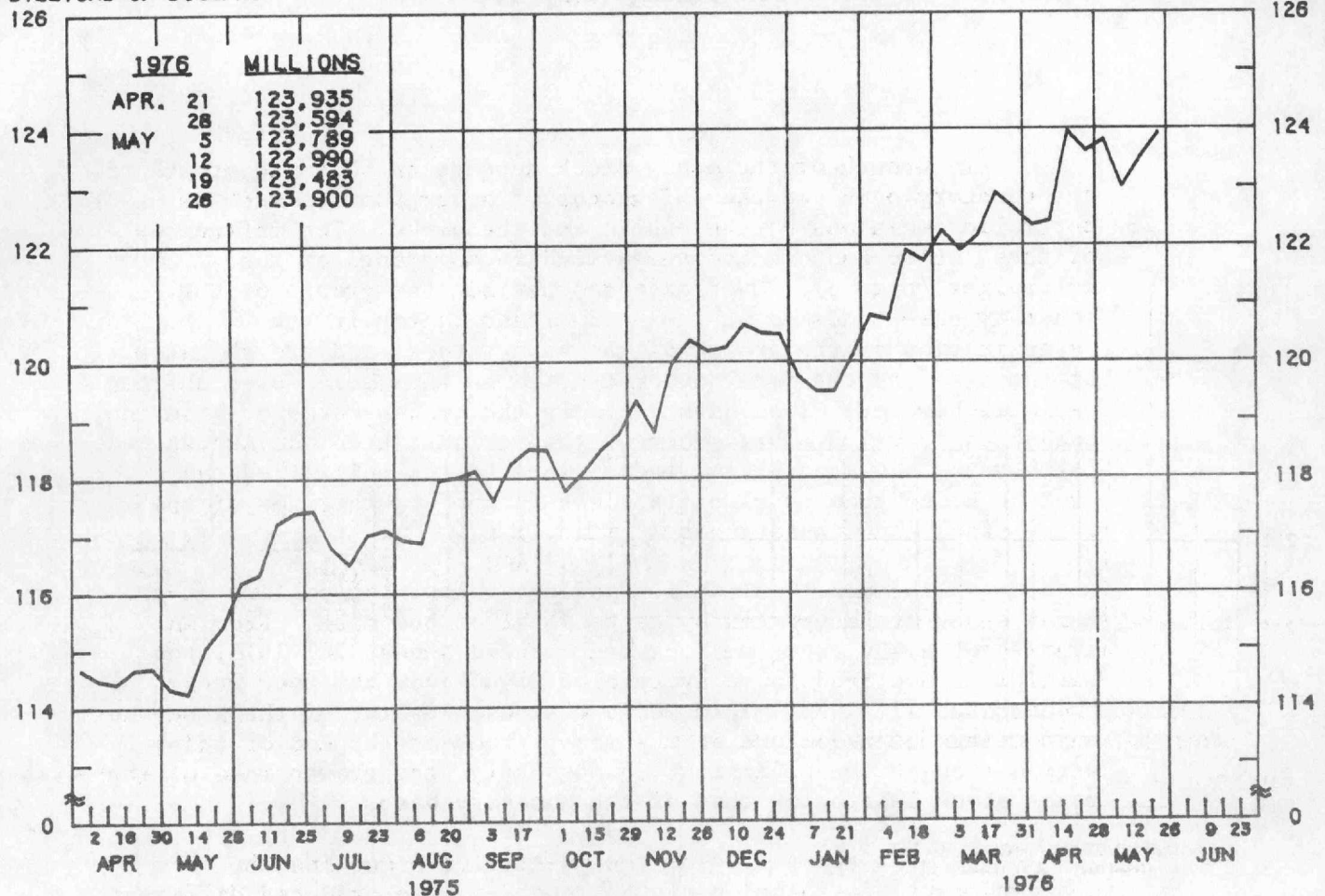
MONETARY BASE

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MAY 26, 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. 51 FROM THE FEDERAL RESERVE BANK OF ST. LOUIS.

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

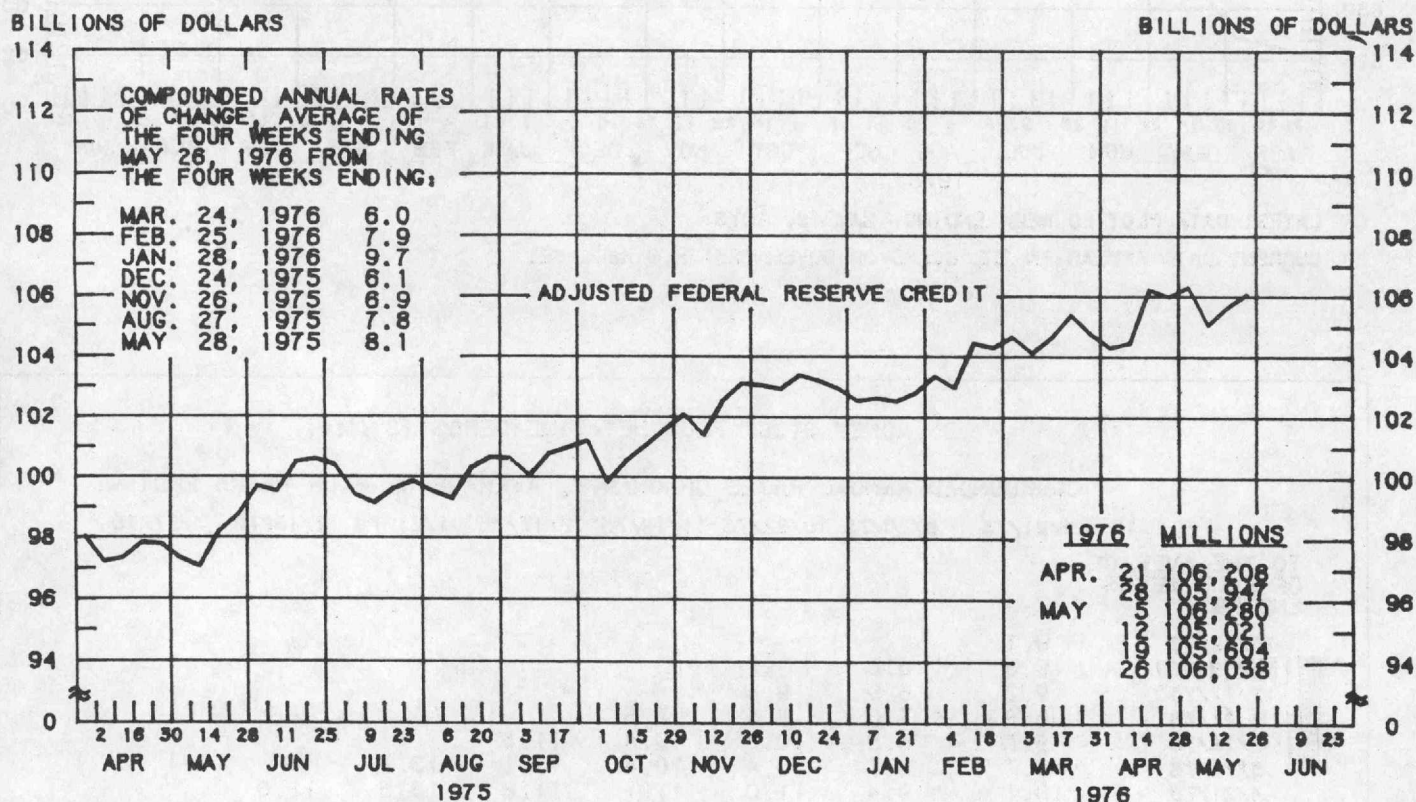
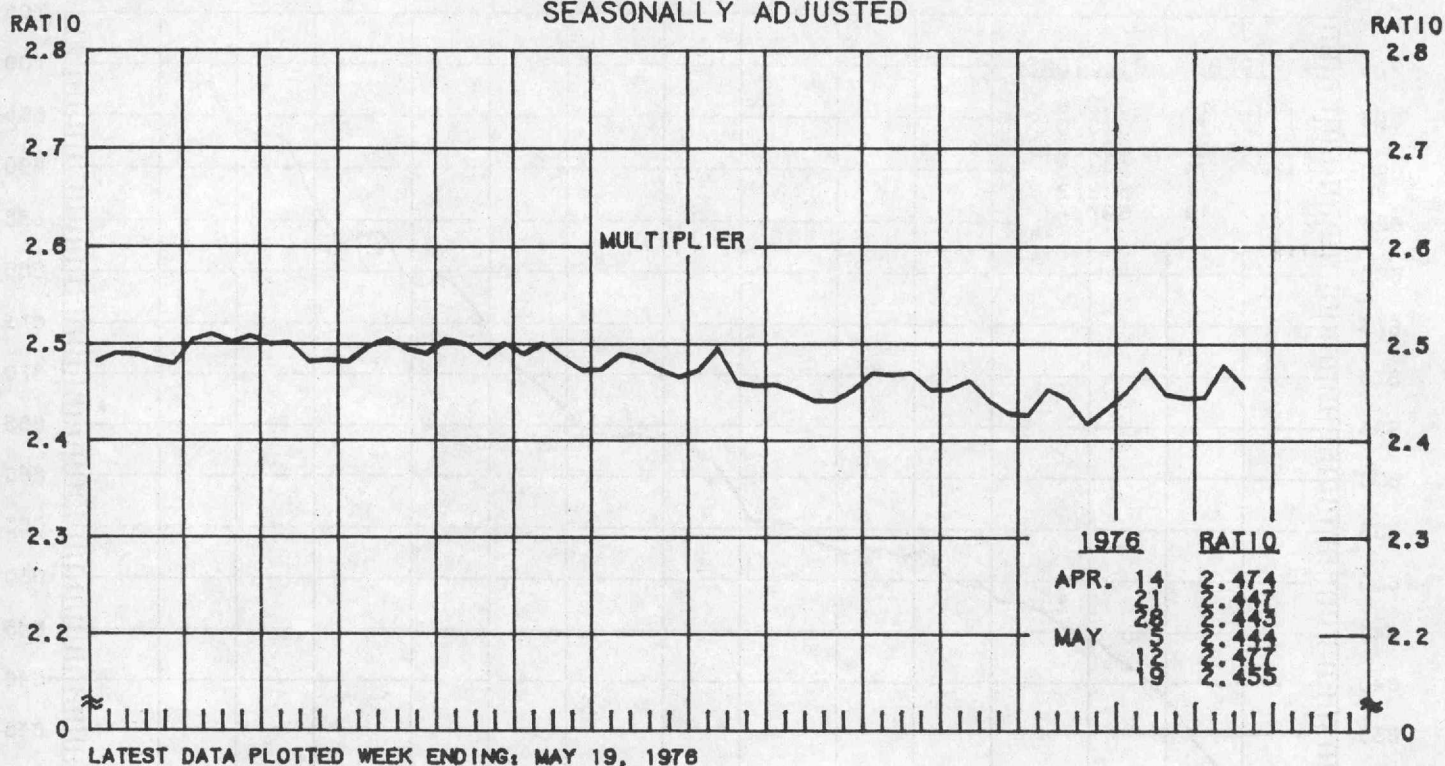
5/28/75 8/27/75 10/29/75 11/26/75 12/24/75 1/28/76 2/25/76 3/24/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

10/29/75	7.4						
11/26/75	8.6	7.6					
12/24/75	8.6	7.8	12.2				
1/28/76	6.5	4.6	4.9	0.5			
2/25/76	7.6	6.6	8.0	5.7	4.4		
3/24/76	8.0	7.3	8.7	7.0	6.5	15.0	
4/28/76	7.9	7.2	8.3	7.0	6.6	11.7	8.9
5/26/76	7.7	7.0	7.9	6.7	6.3	10.2	7.7
							6.0

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MULTIPLIER ^{1/} ADJUSTED FEDERAL RESERVE CREDIT ^{2/} AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



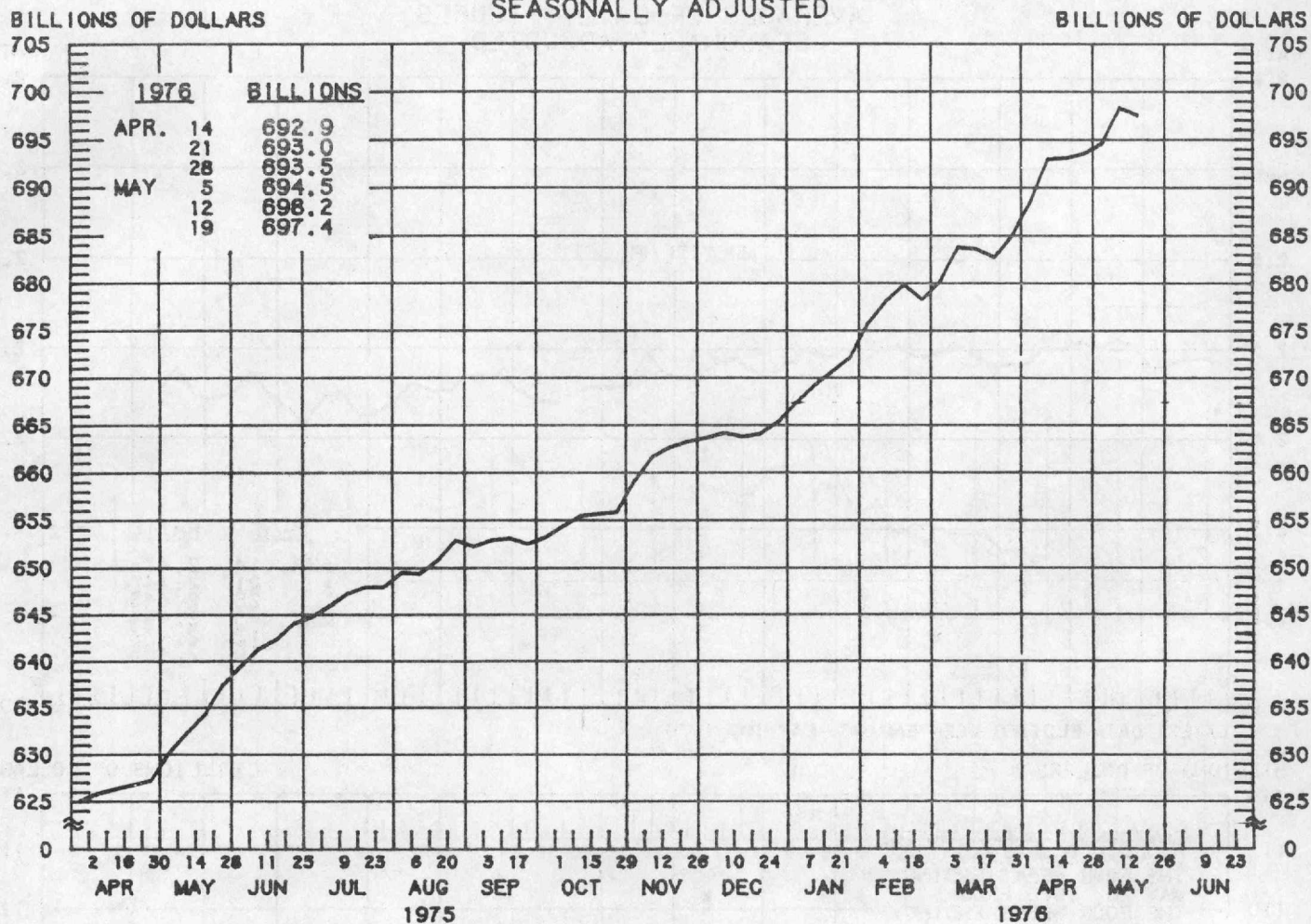
LATEST DATA PLOTTED WEEK ENDING: MAY 26, 1976

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

2/ FEDERAL RESERVE CREDIT CONSISTS OF FEDERAL RESERVE HOLDINGS OF SECURITIES, LOANS, FLOAT AND OTHER ASSETS. ADJUSTED FEDERAL RESERVE CREDIT IS COMPUTED BY SUBTRACTING TREASURY DEPOSITS AT FEDERAL RESERVE BANKS FROM THIS SERIES, AND ADJUSTING THE SERIES FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS IN THE SAME TYPE OF DEPOSITS BETWEEN BANKS WHERE DIFFERENT RESERVE REQUIREMENT RATIOS APPLY. DATA ARE COMPUTED BY THIS BANK.

MONEY STOCK PLUS NET TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 19, 1976

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:

5/21/75 8/20/75 10/22/75 11/19/75 12/17/75 1/21/76 2/18/76 3/17/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

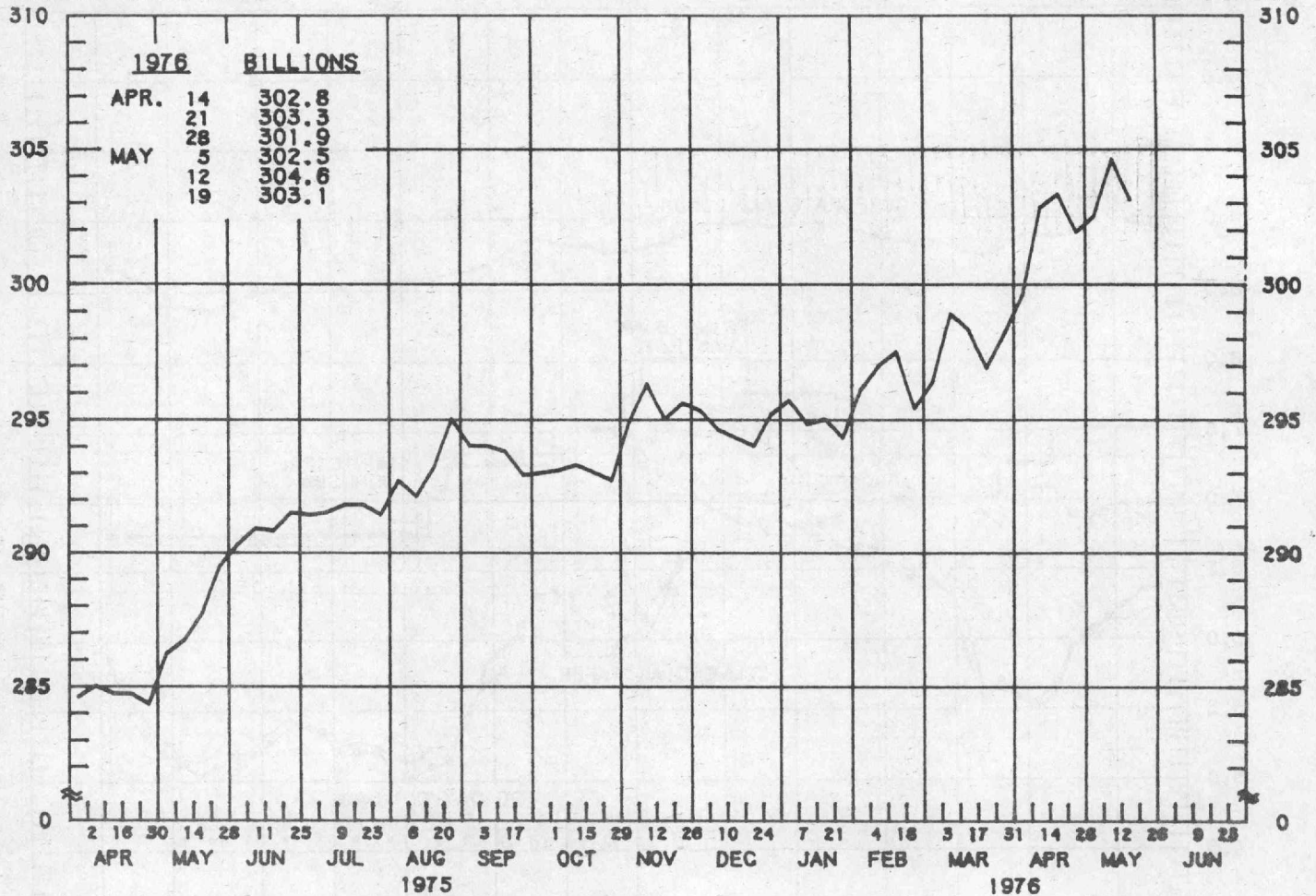
10/22/75	9.1							
11/19/75	9.3	6.6						
12/17/75	9.2	6.9	9.4					
1/21/76	8.9	7.0	8.5	7.5				
2/18/76	9.7	8.5	10.5	10.4	11.6			
3/17/76	9.7	8.7	10.4	10.4	11.1	13.7		
4/21/76	10.1	9.4	11.0	11.1	11.8	13.6	12.0	
5/19/76	10.3	9.7	11.2	11.2	11.8	13.3	12.0	12.9

MONEY STOCK

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MAY 19, 1976

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

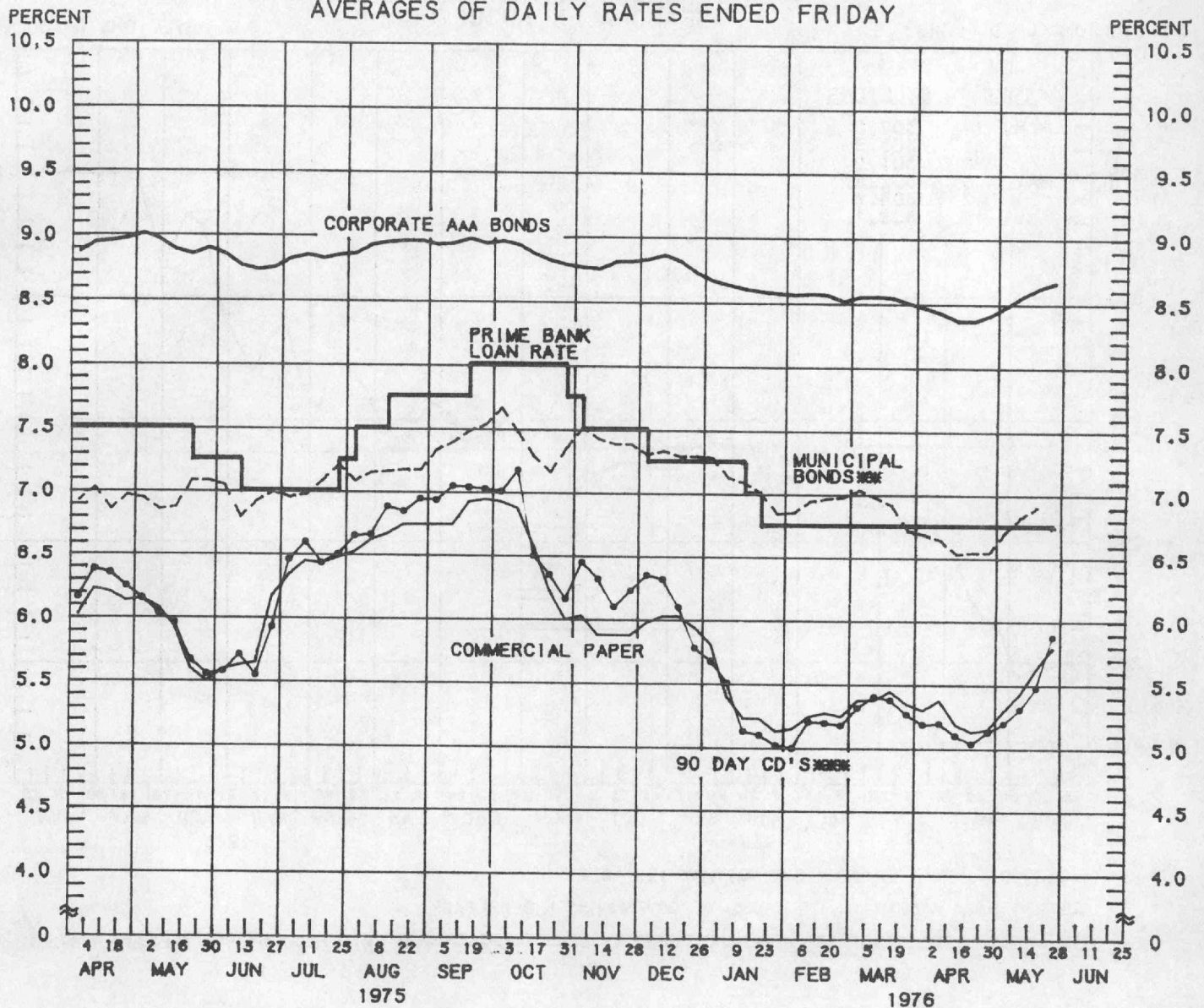
5/21/75 8/20/75 10/22/75 11/19/75 12/17/75 1/21/76 2/18/76 3/17/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

10/22/75	5.8							
11/19/75	6.0	3.2						
12/17/75	5.4	2.7	4.3					
1/21/76	4.7	2.3	2.9	1.0				
2/18/76	4.7	2.6	3.3		2.4			
3/17/76	4.7	2.9	3.6	2.7	3.2	4.7		
4/21/76	5.6	4.4	5.5	5.1	6.0	8.1	9.7	
5/19/76	5.9	4.9	5.9	5.7	6.5	8.3	9.5	11.6

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 28, 1976

1976	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
APR. 2	5.19	5.30	5.10	8.46	6.69
9	5.20	5.38	5.05	8.42	6.65
16	5.10	5.19	5.01	8.36	6.54
23	5.04	5.13	4.94	8.36	6.55
30	5.13	5.15	5.07	8.41	6.55
MAY 7	5.20	5.30	5.21	8.48	6.71
14	5.31	5.43	5.39	8.56	6.83
21	5.48	5.63	5.67	8.62	6.91
28 *	5.88	5.79	5.86	8.66	N.A.
JUNE 4					
11					
18					
25					

* AVERAGES OF RATES AVAILABLE.

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

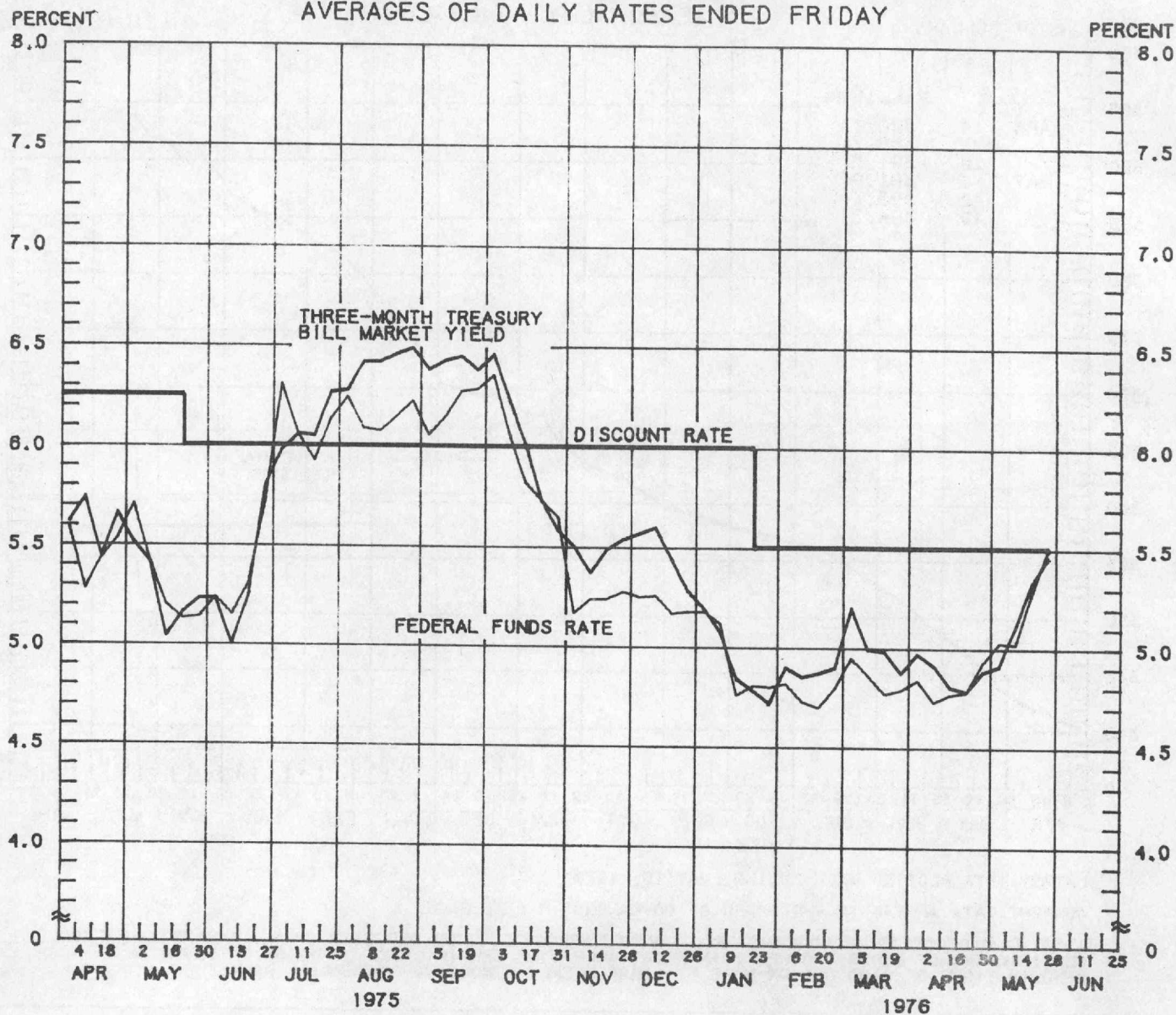
*** SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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: MAY 28, 1976

1976	FEDERAL FUNDS RATE	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
APR. 2	4.84	4.97	5.76	7.14	6.78
9	4.73	4.91	5.59	7.04	6.72
16	4.77	4.80	5.36	6.88	6.65
23	4.78	4.78	5.47	6.92	6.70
30	4.93	4.88	5.61	7.04	6.80
MAY 7	5.03	4.91	5.68	7.11	6.88
14	5.02	5.11	5.89	7.29	6.98
21	5.28	5.33	6.11	7.46	7.04
28 *	5.50	5.46	6.20	7.54	7.05
JUNE 4					
11					
18					
25					

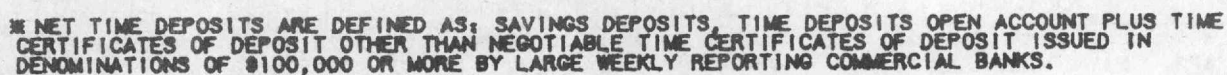
* AVERAGES OF RATES AVAILABLE.

** 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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



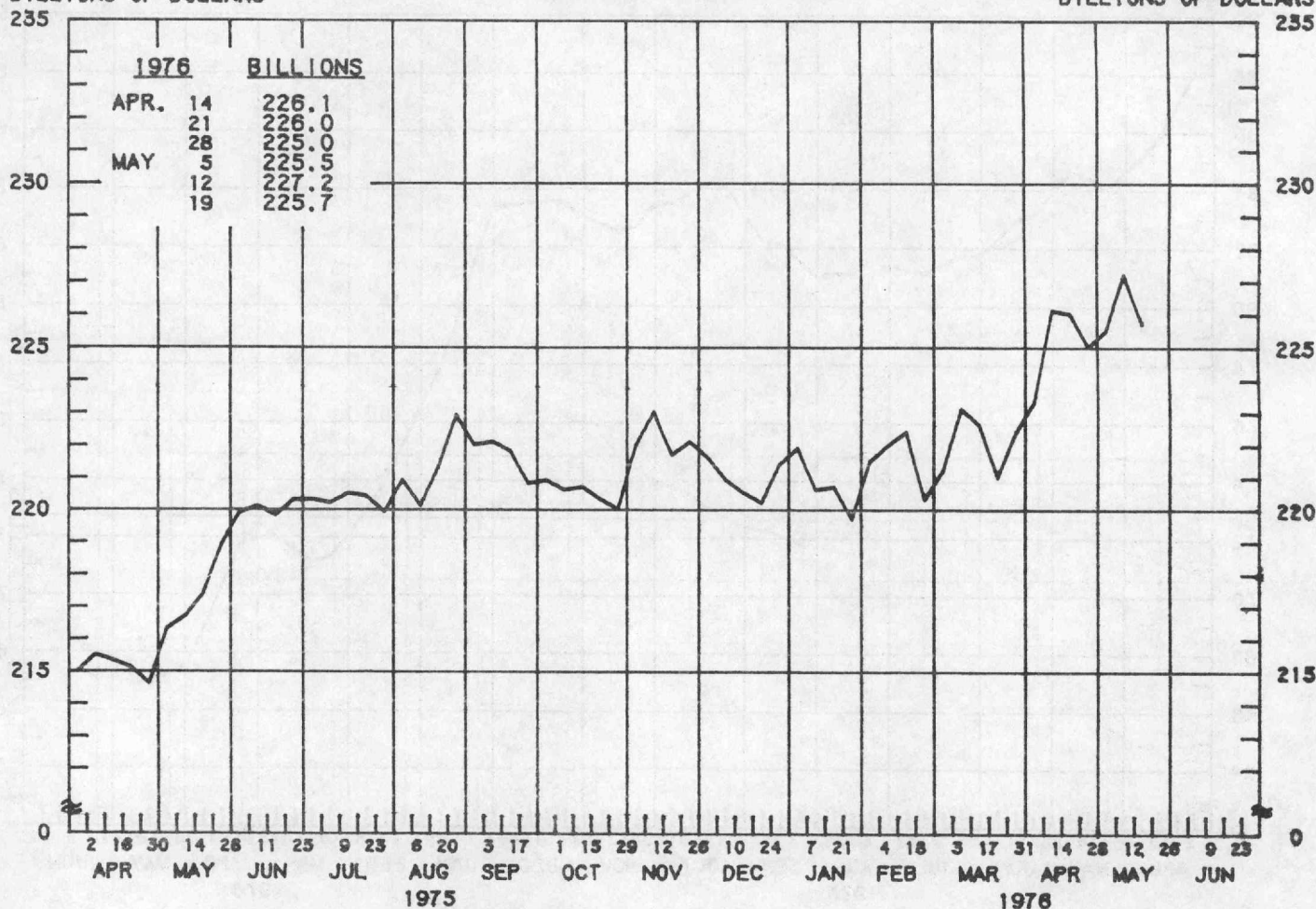
10/22/T5	11.9								
11/19/T5	12.2	9.4							
12/17/T5	12.4	10.4	13.7						
1/21/T6	12.4	10.8	13.2	13.0					
2/18/T6	14.0	13.4	16.7	17.6	19.4				
3/17/T6	14.0	13.5	16.2	16.8	17.8	21.2			
4/21/T6	14.0	13.6	15.7	16.1	16.7	18.3	14.0		
5/19/T6	14.0	13.6	15.5	15.8	16.2	17.3	14.0	14.0	

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING, MAY 19, 1976

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

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

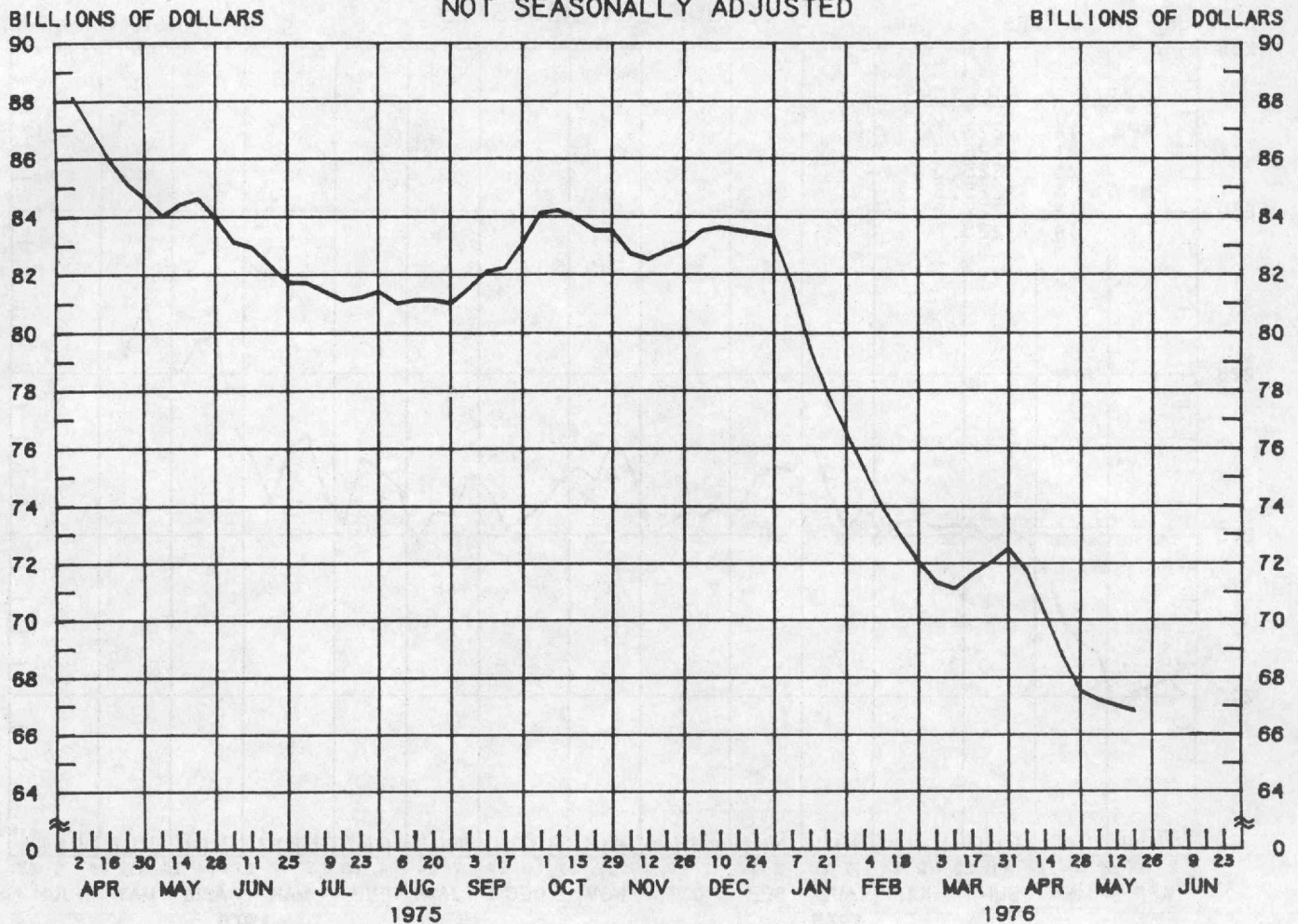
5/21/75 8/20/75 10/22/75 11/19/75 12/17/75 1/21/76 2/18/76 3/17/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

10/22/75	4.8							
11/19/75	5.1	2.0						
12/17/75	4.0	1.0	2.1					
1/21/76	3.4	0.6	1.1	-1.3				
2/18/76	3.2	0.7	1.1	-0.5	0.3			
3/17/76	3.1	0.9	1.4	0.1	0.9	1.8		
4/21/76	4.1	2.6	3.6	3.0	4.2	6.1	8.4	
5/19/76	4.4	3.2	4.2	3.8	5.0	6.6	8.4	11.2

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 19, 1976

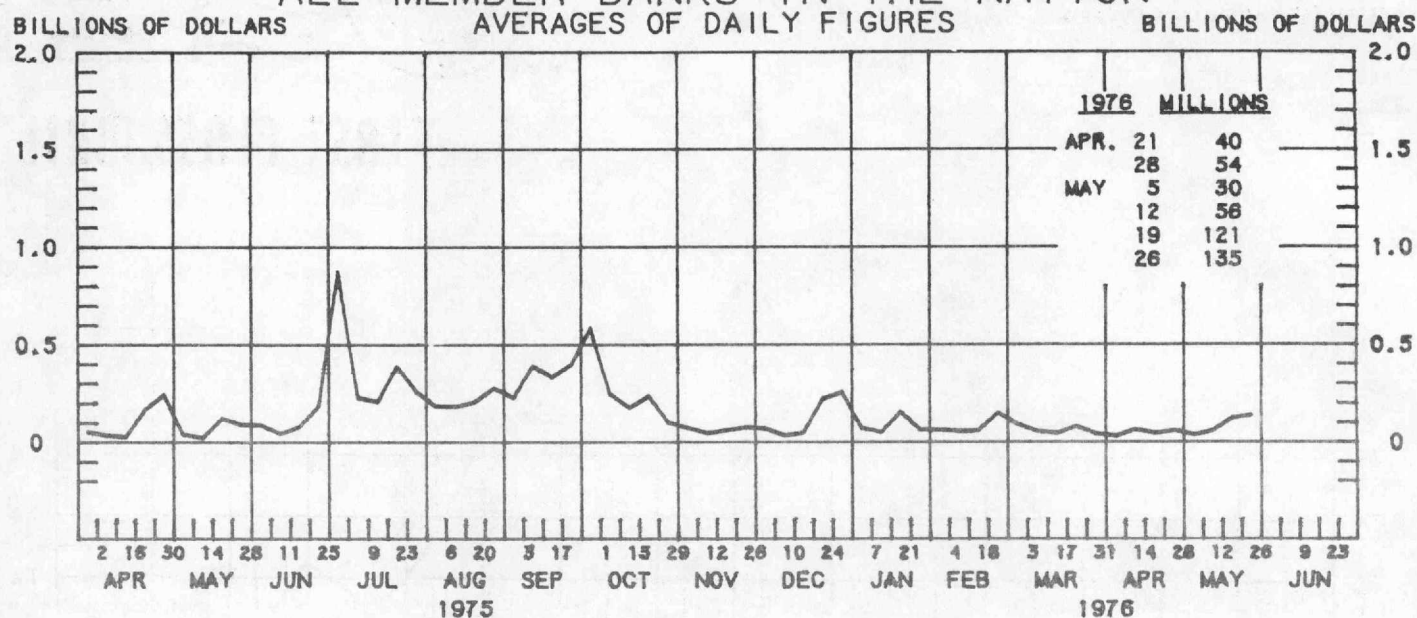
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

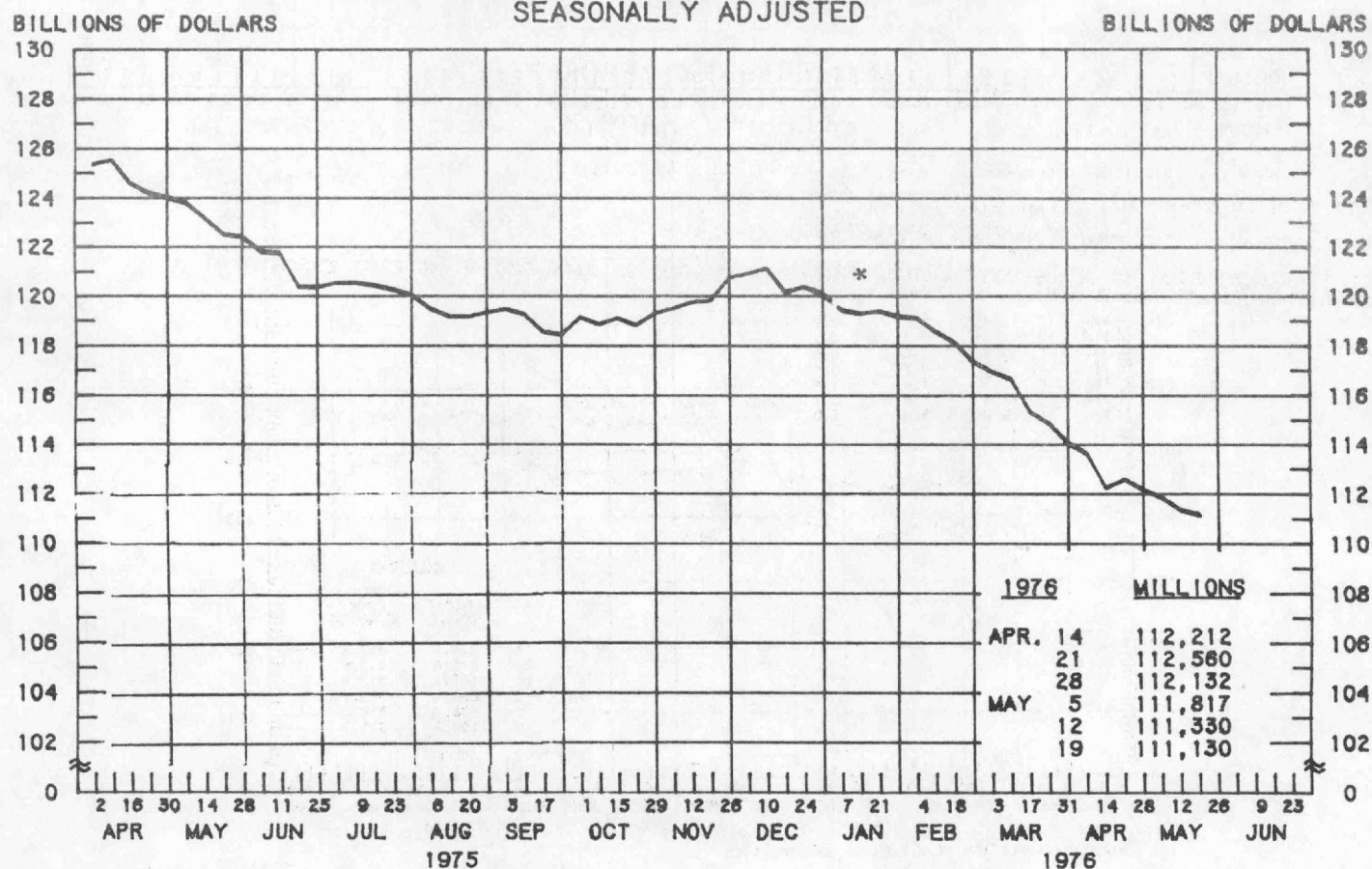
1976	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT SEAS. ADJ.
APR. 7	71.7	73.5
14	70.2	72.2
21	68.7	70.9
28	67.5	69.7
MAY 5	67.2	69.1
12	67.0	68.2
19	66.8	67.4
26		
JUNE 2		
9		
16		
23		
30		

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BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



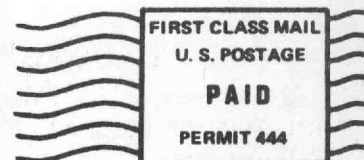
BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



* LEVELS OF BUSINESS LOANS BEGINNING JANUARY 7 ARE NOT COMPARABLE TO PREVIOUS DATA.
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

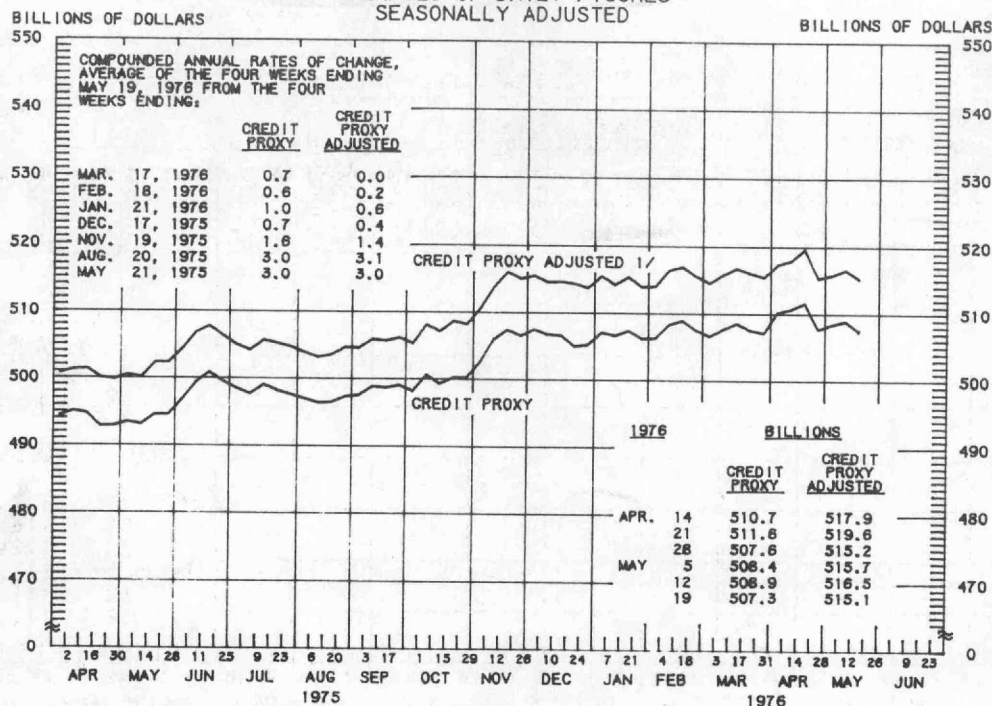
FEDERAL RESERVE BANK OF ST. LOUIS
P. O. BOX 442
ST. LOUIS, MISSOURI 63166

RETURN POSTAGE GUARANTEED



FIRST CLASS MAIL

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



LATEST DATA PLOTTED WEEK ENDING: MAY 19, 1976

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.

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