

Week ending: August 18, 1976



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Member banks can cover short-term reserve deficiencies by borrowing either from the Federal Reserve or from other commercial banks. Loans to member banks from a Federal Reserve Bank are made at the discount rate, which is currently 5.5 percent. Changes in the discount rate are proposed by the Board of Directors of each Federal Reserve Bank, subject to approval by the Board of Governors of the Federal Reserve System. An alternative to borrowing from a Federal Reserve Bank is to borrow Federal funds (balances on deposit at Federal Reserve Banks) from another commercial bank. A major use of these funds is to fulfill reserve requirements. The interest cost of this type of borrowing is reflected in the Federal funds rate, which has averaged 5.29 percent in the current week.

The changing alignment of short-term interest rates charged on funds from these alternative sources determines, in part, the extent to which a bank will tap one source or the other. So far in 1976, the Federal funds rate has averaged 46 basis points below the discount rate, a somewhat wider spread than the average during 1975. This wider spread has made Federal funds relatively more attractive, which is consistent with the lower average level of borrowings from Federal Reserve Banks this year in comparison with 1975.

The spread between the interest rates banks pay for funds, such as the Federal funds rate, and the rate banks earn on loans, such as the prime bank loan rate, influences bank profitability. Currently the prime bank loan rate is 170 basis points above the Federal funds rate. In contrast, six months ago the prime rate was 193 basis points above the Federal funds rate. The narrower spread in the most current week is the result of a 25 basis point increase, on balance, in the prime rate, compared to a 48 basis point increase in the Federal funds rate from six months ago.

Prepared by Federal Reserve Bank of St. Louis

Released: August 20, 1976

# MONETARY BASE

## AVERAGES OF DAILY FIGURES

### SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: AUGUST 18, 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.

### MONETARY BASE

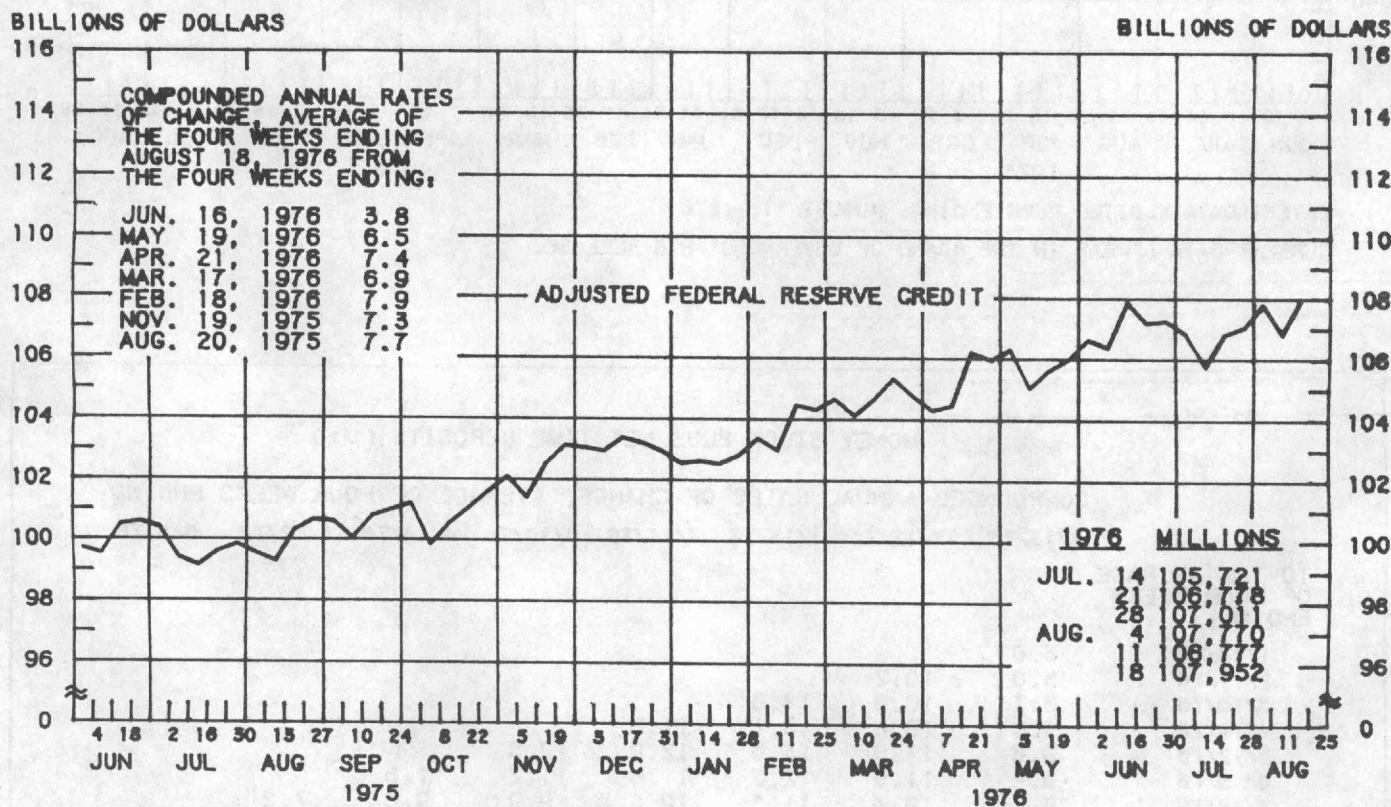
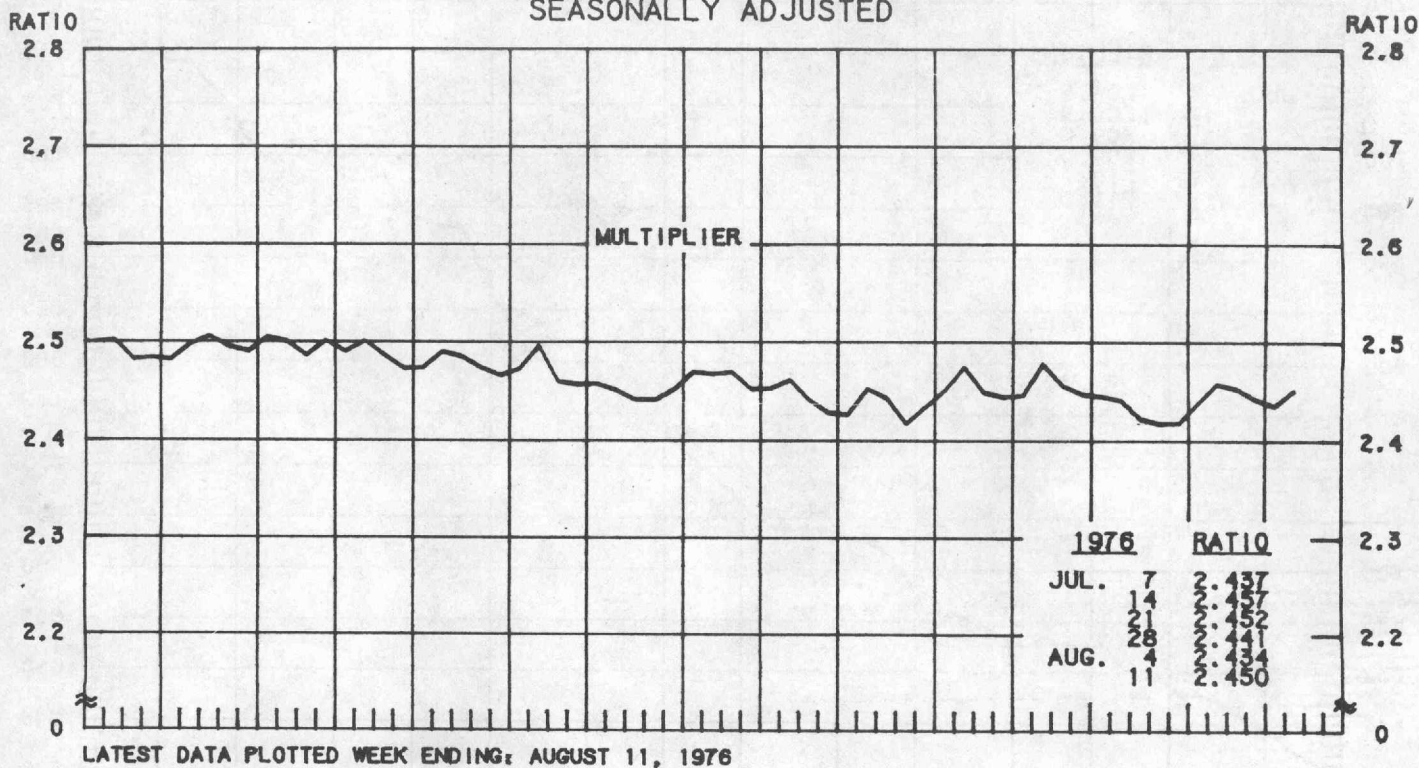
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

8/20/75 11/19/75 1/21/76 2/18/76 3/17/76 4/21/76 5/19/76 6/16/76

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

1/21/76	5.3						
2/18/76	6.3	5.7					
3/17/76	7.2	7.4	12.6				
4/21/76	7.2	7.3	10.4	9.6			
5/19/76	7.1	7.2	9.6	8.8	7.0		
6/16/76	7.7	8.0	10.2	9.7	8.8	9.8	
7/21/76	6.9	6.9	8.3	7.6	6.5	6.2	5.9
8/18/76	6.9	6.9	8.2	7.6	6.6	6.5	6.4
							3.6

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



LATEST DATA PLOTTED WEEK ENDING: AUGUST 18, 1976

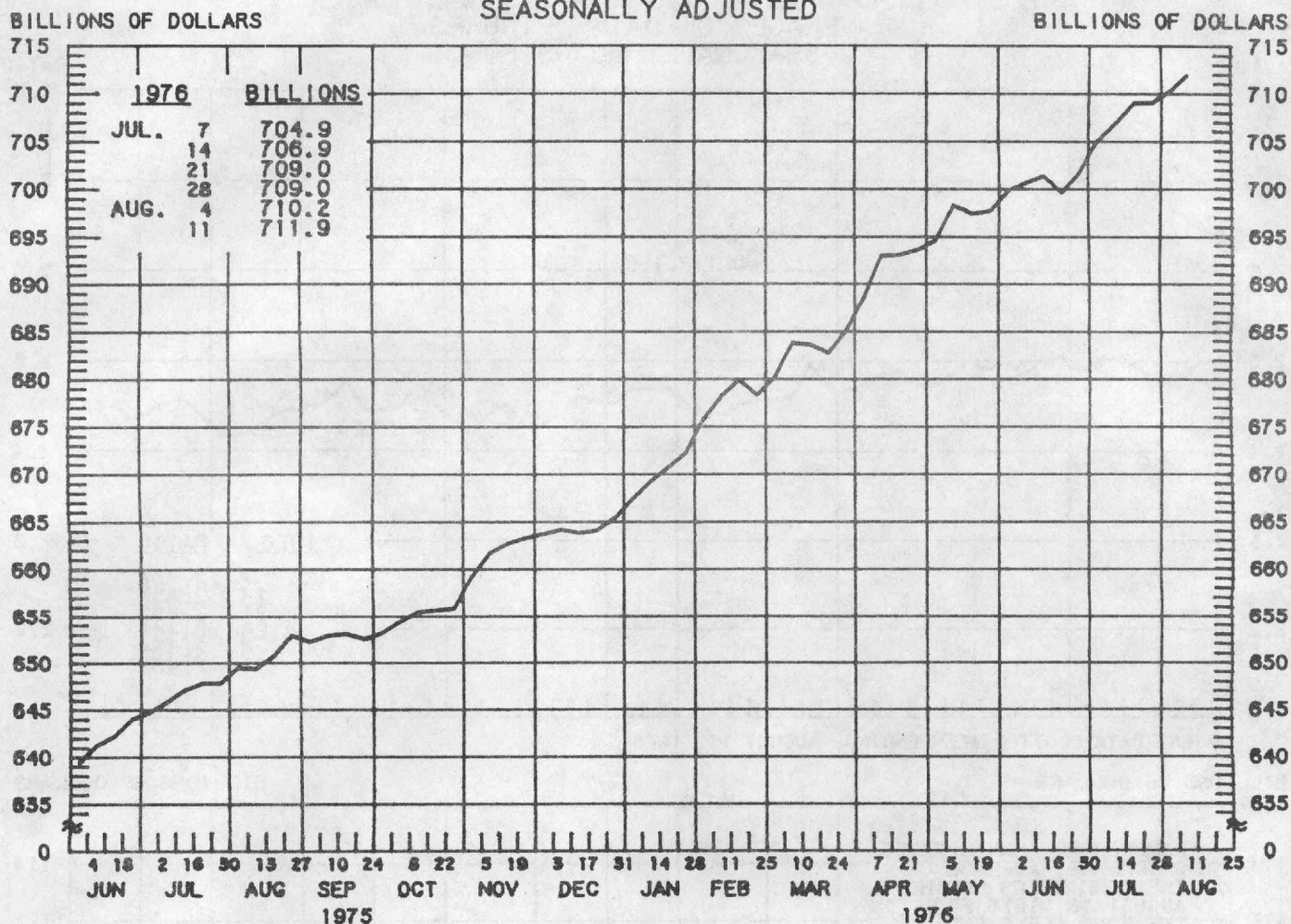
1/ RATIO OF MONEY STOCK (M1) / MONETARY BASE.

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 (M2)

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 11, 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:

8/13/75 11/12/75 1/14/76 2/11/76 3/10/76 4/14/76 5/12/76 6/9/76

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

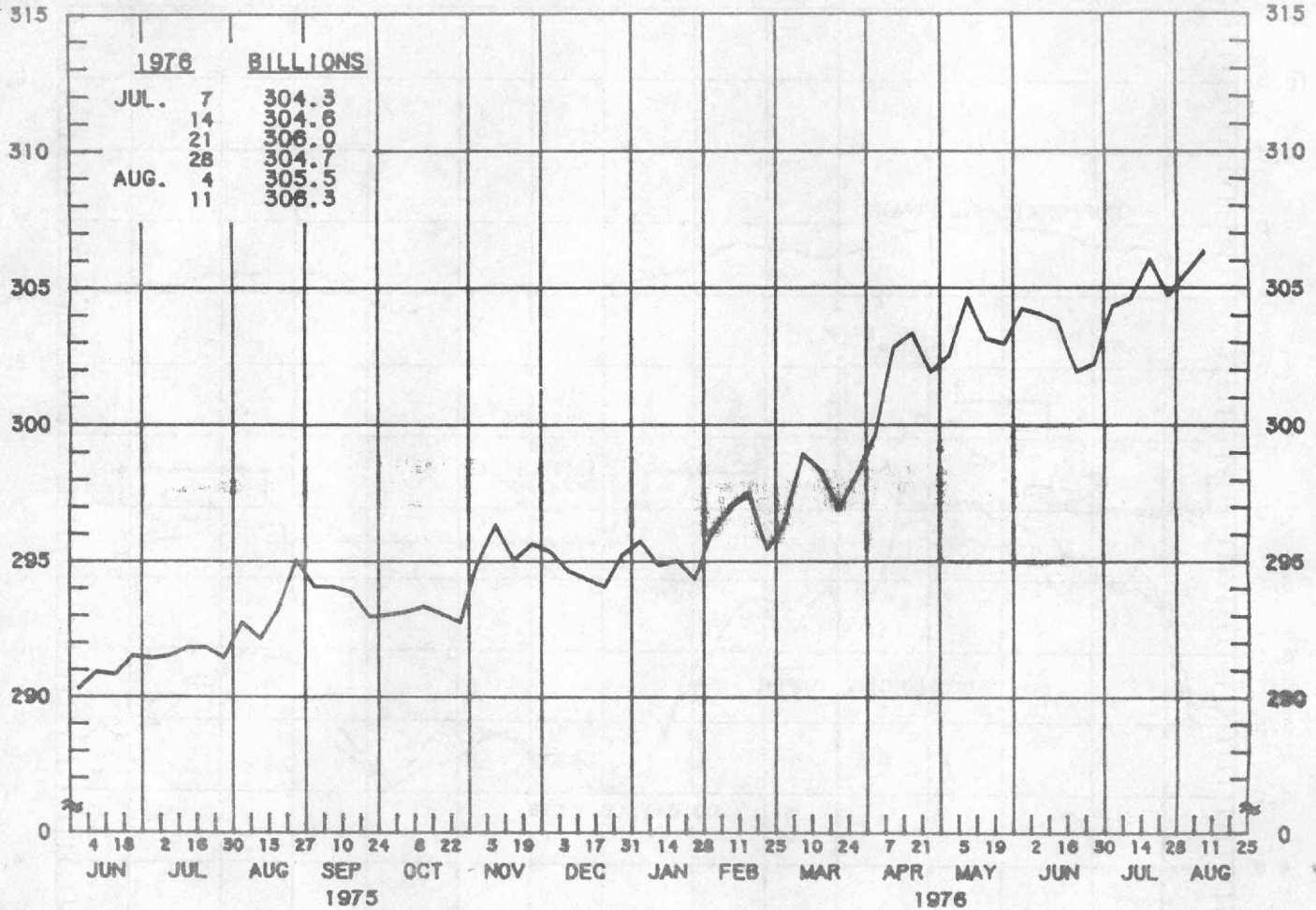
1/14/76	6.6							
2/11/76	8.0	10.2						
3/10/76	8.7	10.8	14.6					
4/14/76	9.0	10.8	13.1	11.8				
5/12/76	9.6	11.5	13.6	12.9	12.8			
6/9/76	9.4	11.0	12.5	11.6	11.2	11.5		
7/14/76	9.2	10.4	11.3	10.5	9.9	9.6	7.2	
8/11/76	9.5	10.7	11.6	10.9	10.6	10.5	9.0	9.6

# MONEY STOCK (M1)

## AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: AUGUST 11, 1976

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

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

### MONEY STOCK (M1)

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

8/13/75 11/12/75 1/14/76 2/11/76 3/10/76 4/14/76 5/12/76 6/9/76

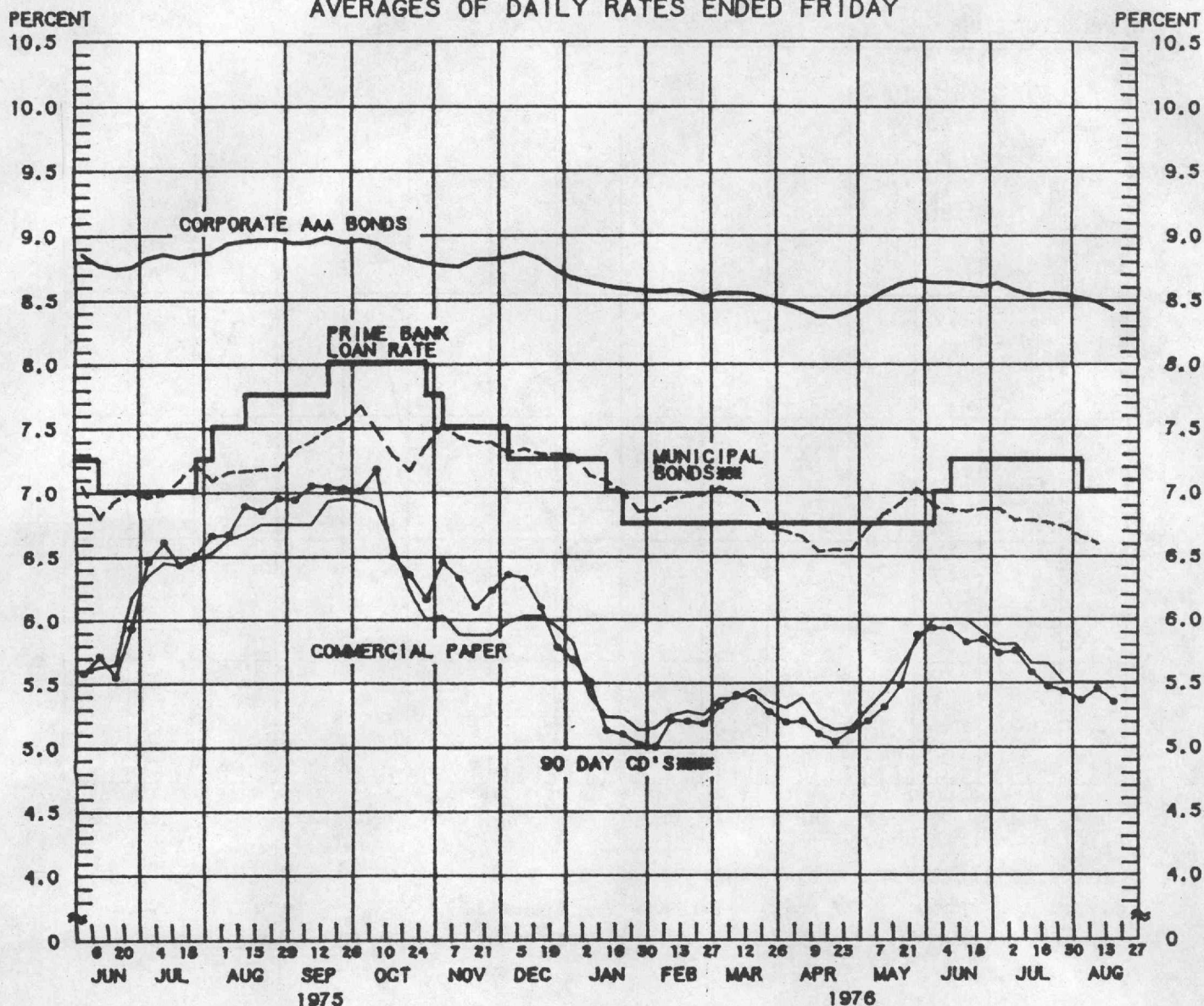
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

1/14/76	2.4							
2/11/76	2.5	1.9						
3/10/76	3.0	3.0	4.9					
4/14/76	3.8	4.2	6.2	7.7				
5/12/76	5.1	6.1	8.8	10.3	12.2			
6/ 9/76	4.8	5.6	7.5	8.5	9.0	9.5		
7/14/76	4.2	4.6	5.8	6.3	6.1	5.3	0.4	
8/11/76	4.7	5.2	6.4	6.9	6.9	6.5	3.3	3.9



# YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: AUGUST 20, 1976

1976	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
JUNE 4	5.93	6.00	5.92	8.63	6.89
11	5.93	6.00	5.82	8.63	6.86
18	5.82	6.00	5.74	8.62	6.85
25	5.84	5.90	5.69	8.60	6.87
JULY 2	5.73	5.80	5.69	8.63	6.87
9	5.75	5.81	5.66	8.57	6.78
16	5.58	5.65	5.48	8.53	6.78
23	5.47	5.65	5.47	8.55	6.76
30	5.43	5.50	5.35	8.54	6.73
AUG. 6	5.36	5.50	5.34	8.51	6.65
13	5.45	5.50	5.34	8.48	6.60
20	5.35	5.50	5.33	8.42	N.A.
27					

\* AVERAGES OF RATES AVAILABLE.

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

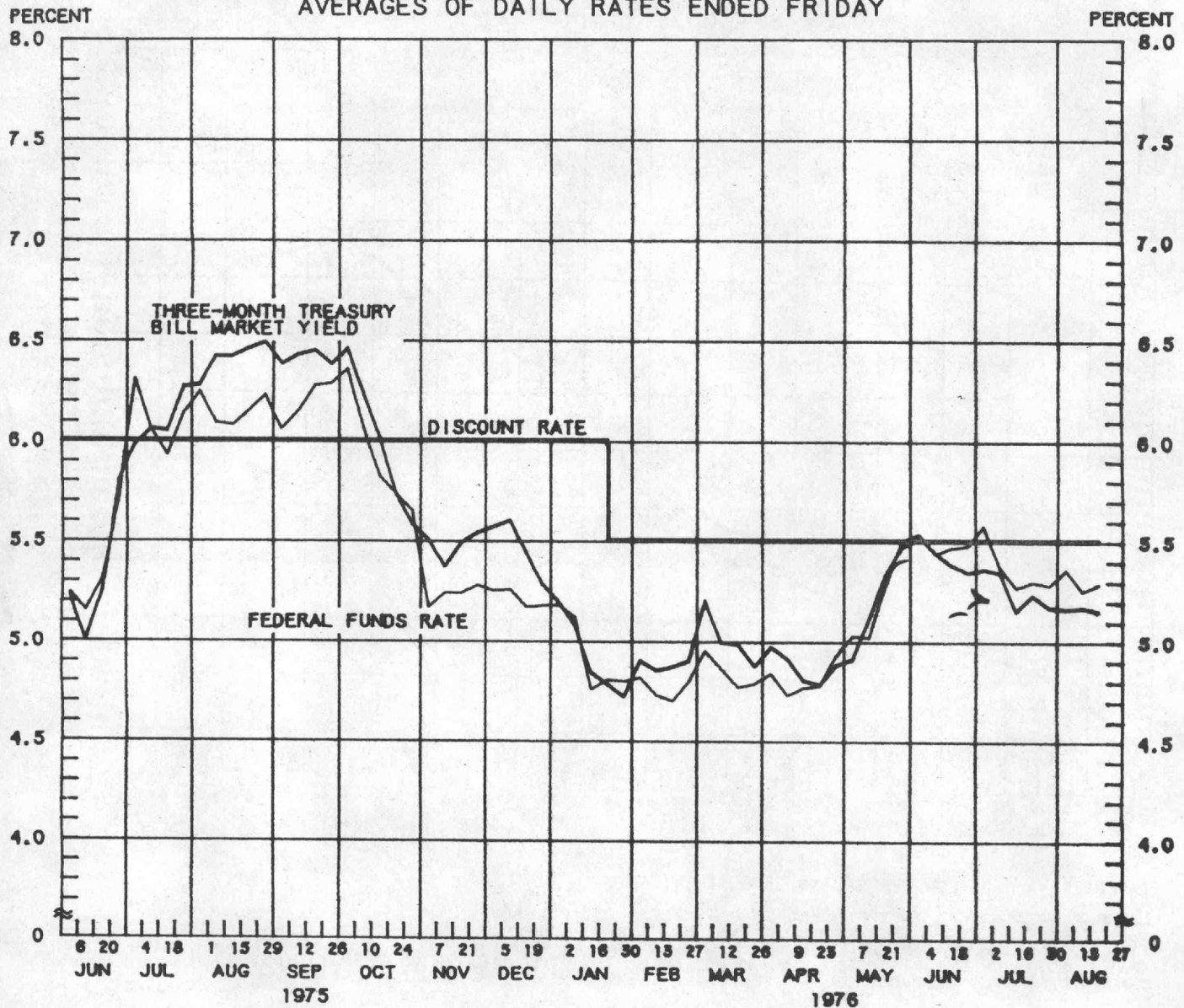
\*\*\* SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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: AUGUST 20, 1976

1976	FEDERAL FUNDS %	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
JUNE 4	5.54	5.53	6.27	7.52	7.89
11	5.44	5.44	6.11	7.42	7.86
18	5.47	5.38	6.07	7.38	7.86
25	5.48	5.34	6.08	7.32	7.84
JULY 2	5.58	5.36	6.08	7.36	7.84
9	5.37	5.34	5.90	7.30	7.81
16	5.27	5.15	5.72	7.18	7.79
23	5.30	5.23	5.84	7.26	7.84
30	5.28	5.17	5.74	7.21	7.84
AUG. 6	5.36	5.16	5.72	7.12	7.82
13	5.25	5.17	5.65	7.08	7.79
20 *	5.29	5.15	5.62	6.98	7.76
27					

\* AVERAGES OF RATES AVAILABLE.

% SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN.

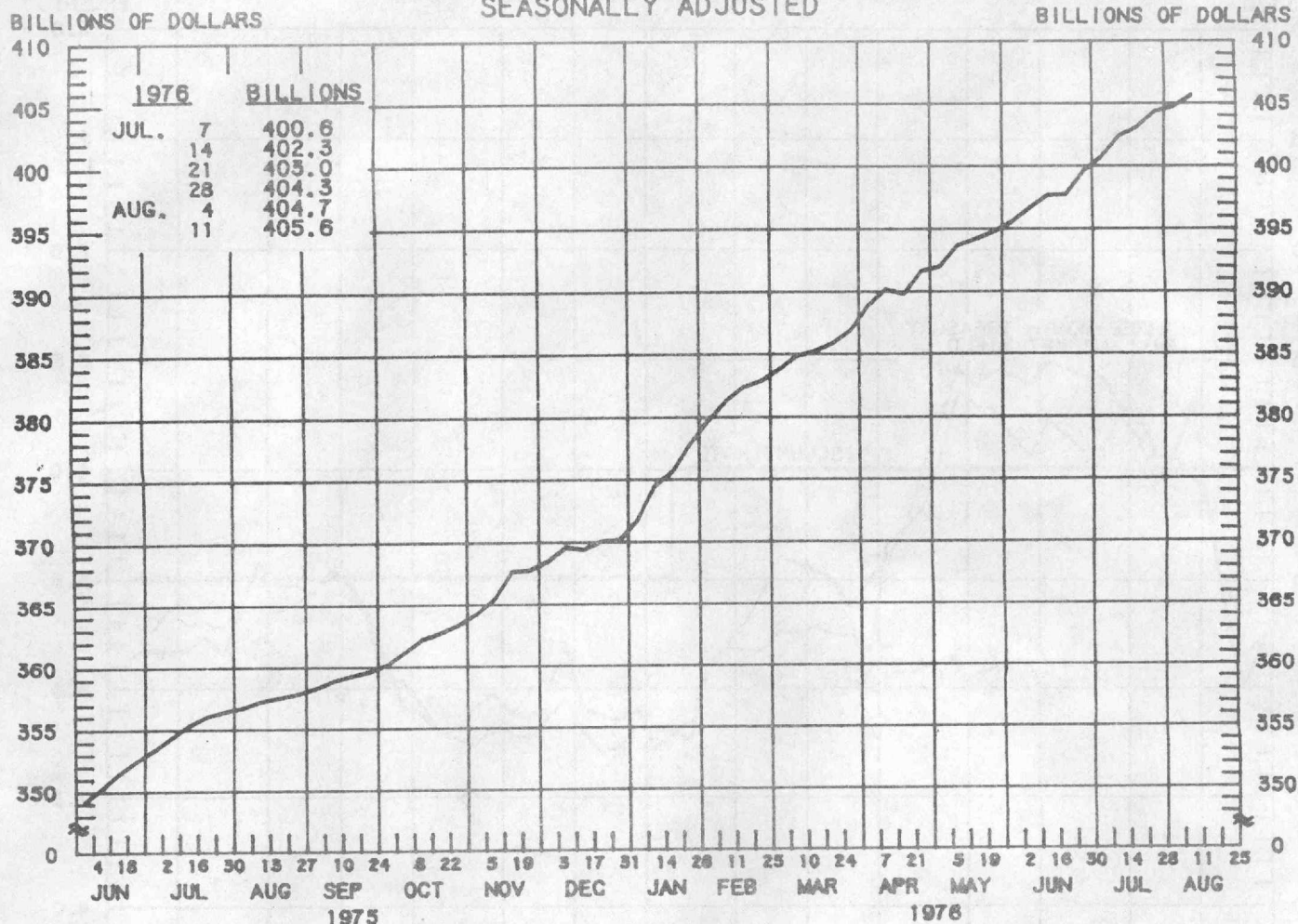
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

RATES ON LONG-TERM GOVERNMENT SECURITIES ARE COMPUTED BY THE FEDERAL RESERVE BANK OF ST. LOUIS.

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: AUGUST 11, 1976

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:

8/13/75 11/12/75 1/14/76 2/11/76 3/10/76 4/14/76 5/12/76 8/9/76

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

1/14/76	10.2						
2/11/76	12.7	17.3					
3/10/76	13.4	17.4	22.7				
4/14/76	13.3	16.4	18.9	15.1			
5/12/76	13.3	15.9	17.6	14.6	13.2		
6/ 9/76	13.2	15.4	16.5	14.0	12.9	12.9	
7/14/76	13.2	15.1	15.9	13.9	13.0	13.1	12.9
8/11/76	13.4	15.2	15.8	14.1	13.4	13.6	13.6
							14.2

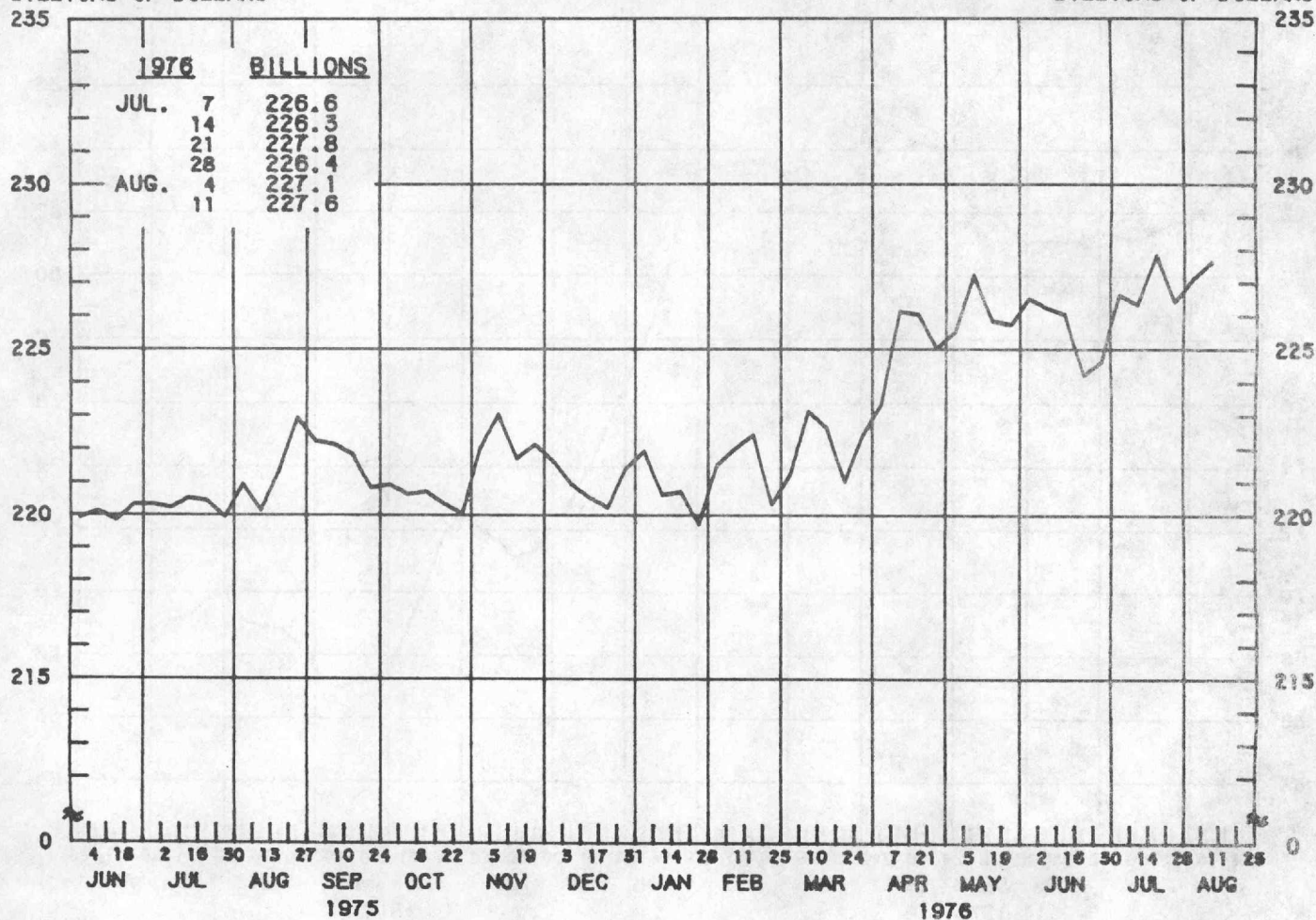


# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: AUGUST 11, 1976

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

## DEMAND DEPOSIT COMPONENT OF MONEY STOCK

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

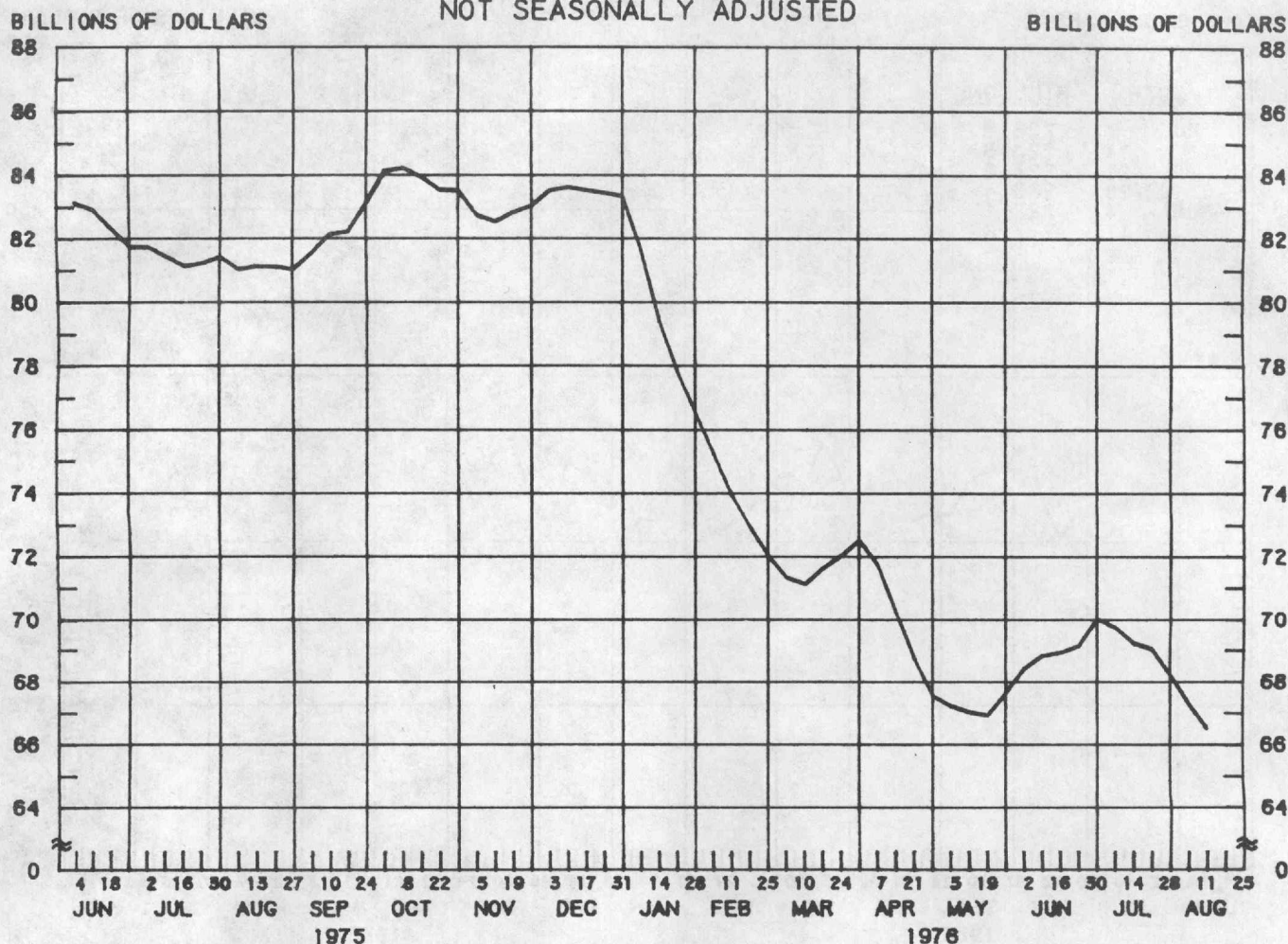
8/13/75 11/12/75 1/14/76 2/11/76 3/10/76 4/14/76 5/12/76 6/9/76

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

1/14/76	0.8							
2/11/76	0.6	-0.5						
3/10/76	1.2	0.7	2.4					
4/14/76	2.0	2.0	4.0	5.9				
5/12/76	3.4	4.2	6.9	9.2	11.2			
6/ 9/76	3.2	3.8	5.8	7.2	8.0	8.8		
7/14/76	2.5	2.8	4.0	4.8	4.8	4.0	-1.3	
8/11/76	3.1	3.6	4.9	5.7	5.9	5.6	2.3	2.8

# CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES  
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 11, 1976

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

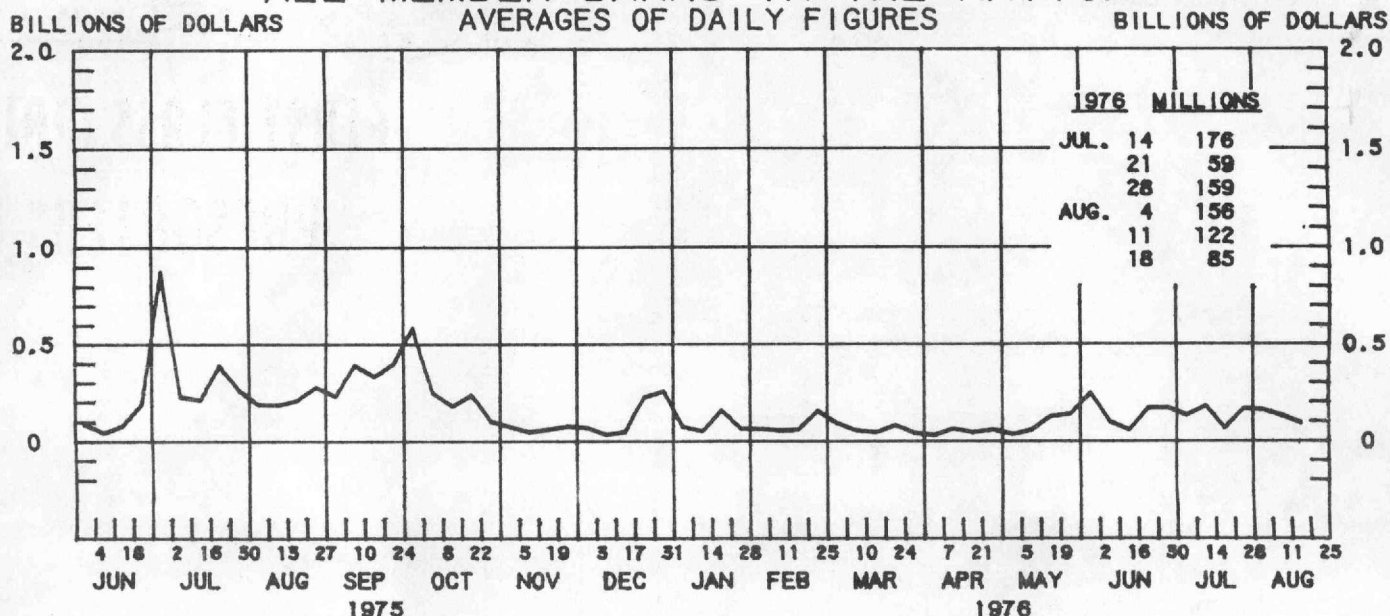
NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

1976	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT SEAS. ADJ.
JUNE 2	68.4	68.7
9	68.8	69.7
16	68.9	70.4
23	69.1	71.1
30	70.0	72.0
JULY 7	69.7	71.5
14	69.2	70.4
21	69.0	69.7
28	68.2	68.2
AUG. 4	67.3	66.5
11	66.5	65.3
18		
25		

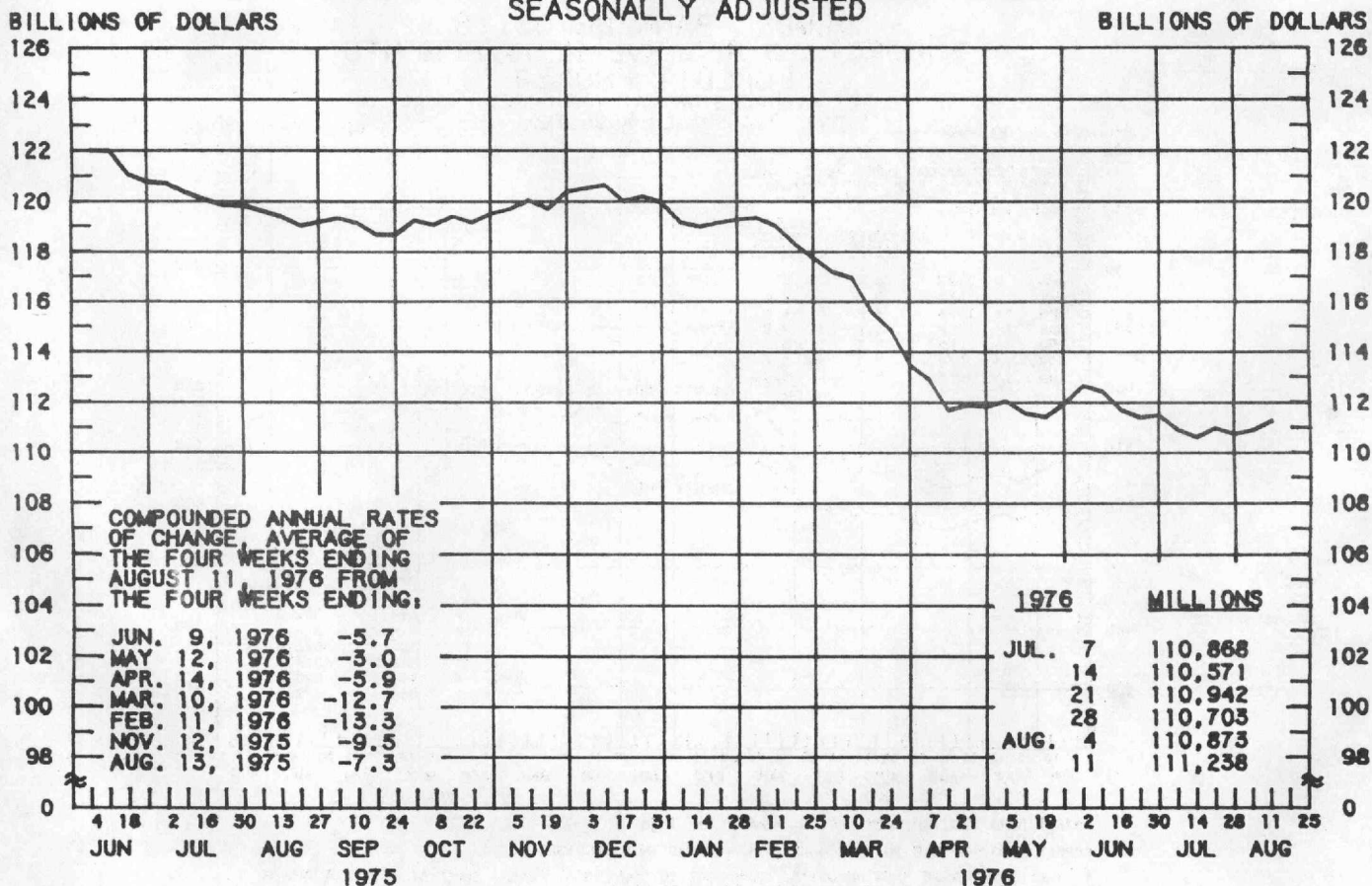
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS



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

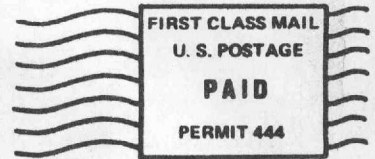


## BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



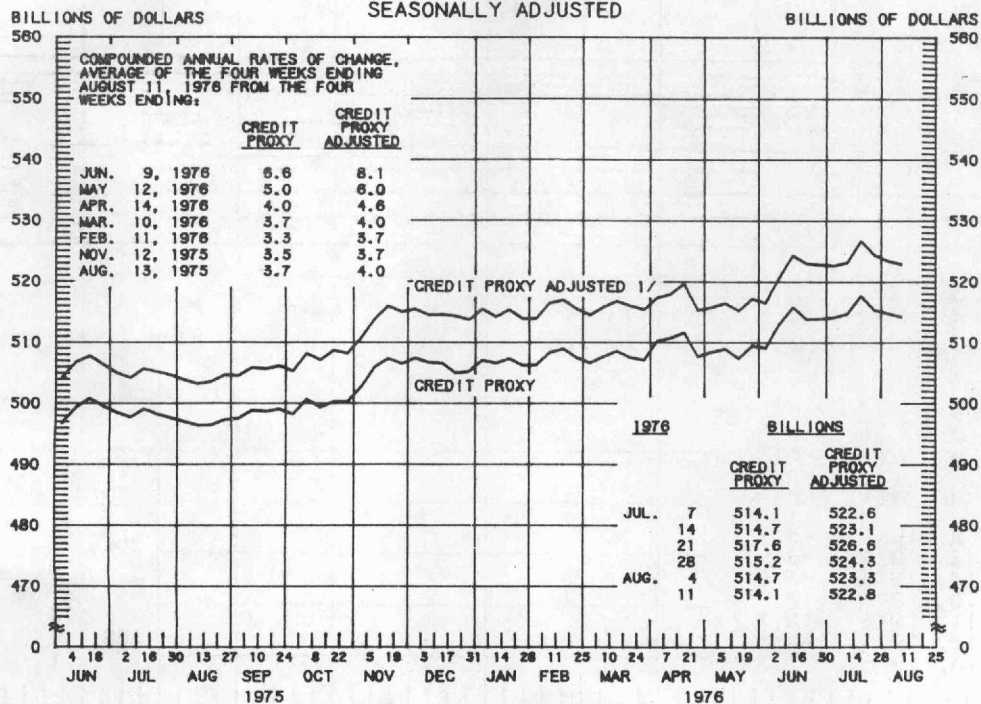
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RETURN POSTAGE GUARANTEED



**FIRST CLASS MAIL  
PRESORTED**

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



LATEST DATA PLOTTED WEEK ENDING: AUGUST 11, 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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS