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DEC 26 1979

Week ending: September 15, 1976

Over the last 6 months the monetary base, the prime determinant of the growth of the money stock (M1), has increased at an annual rate of 7.2 percent, while M1 has increased at a 6 percent annual rate. Over the previous 6 months, however, the growth rates of the base and money stock were much more diverse -- the base increased at approximately the same rate as recently, 6.9 percent, while money expanded at only a 2.1 percent rate. The convergence of the growth rates of the base and M1 in the most recent period is primarily attributable to the fact that more of the increase in the monetary base has been used to support demand deposits rather than time deposits and currency.

The monetary base can be used either as currency or as reserves to support bank deposits (time and demand deposits). The allocation of a given increase in the monetary base between these uses affects the growth of the money stock (M1). While a one dollar increase in the base can support only a one dollar increase in currency, the same dollar increase in the base used as bank reserves could support a multiple expansion in bank deposits. Therefore, the larger the proportion of a given increase in the monetary base that is used as currency, the smaller will be the resulting increase in the money stock. In addition, the growth of the money stock resulting from an increase in the monetary base is also reduced when more of the increase in the base is used as reserves to support time deposits (not a component of M1), leaving a smaller proportion of the increase in the base available to support demand deposits.

Over the last 6 months demand deposits have increased at a 4.8 percent rate, while over the previous 6 months they declined at a 0.3 percent rate. In contrast, the growth of total time deposits (net time deposits and large CDs) over the last 6 months slowed to a 6.5 percent rate from the 10 percent rate which prevailed during the preceding 6 months. The rate of growth of currency remained fairly stable over the two periods: 9.2 percent in the most recent period, compared to 9.4 percent in the previous 6-month period.

Prepared by Federal Reserve Bank of St. Louis

Released: September 17, 1976

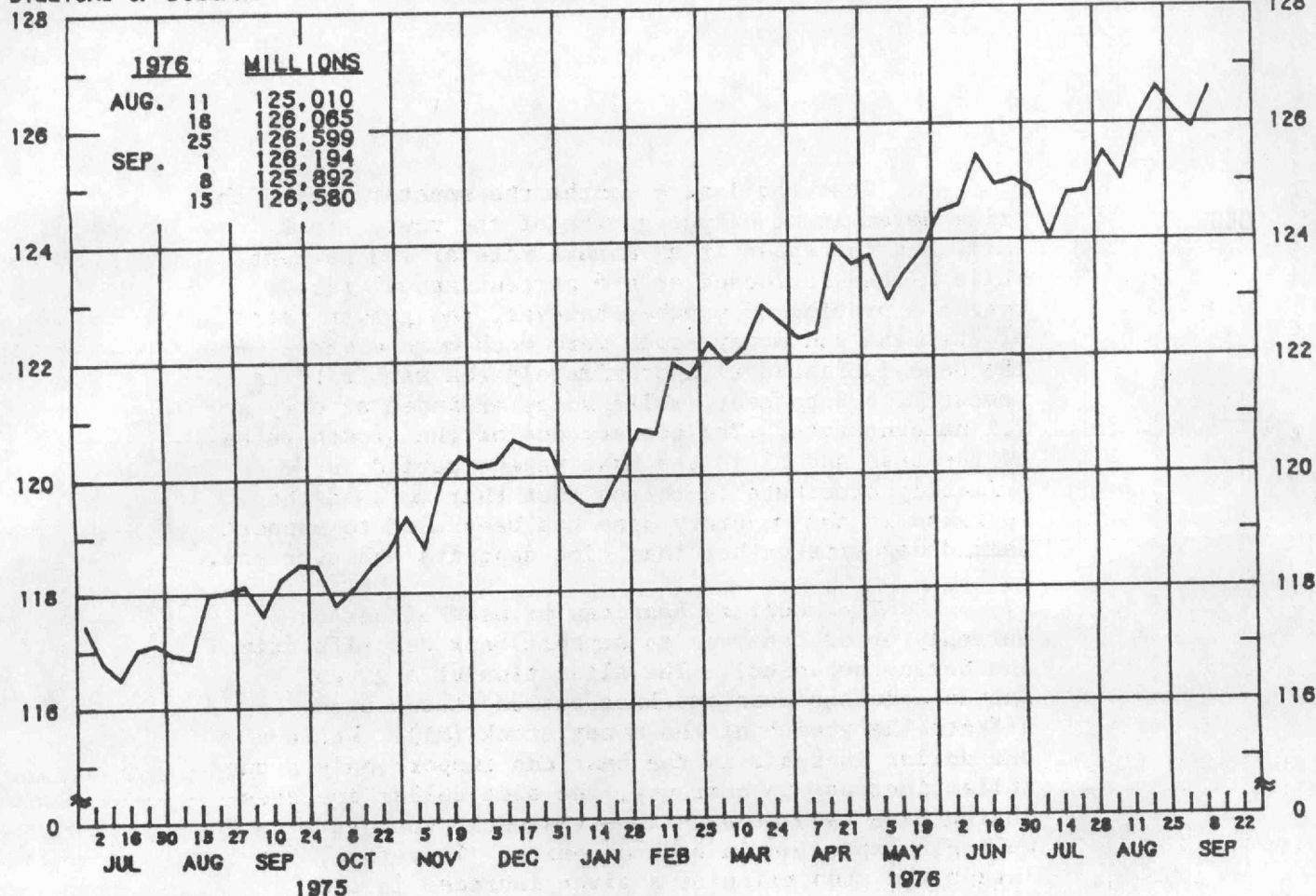
MONETARY BASE

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 15, 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:

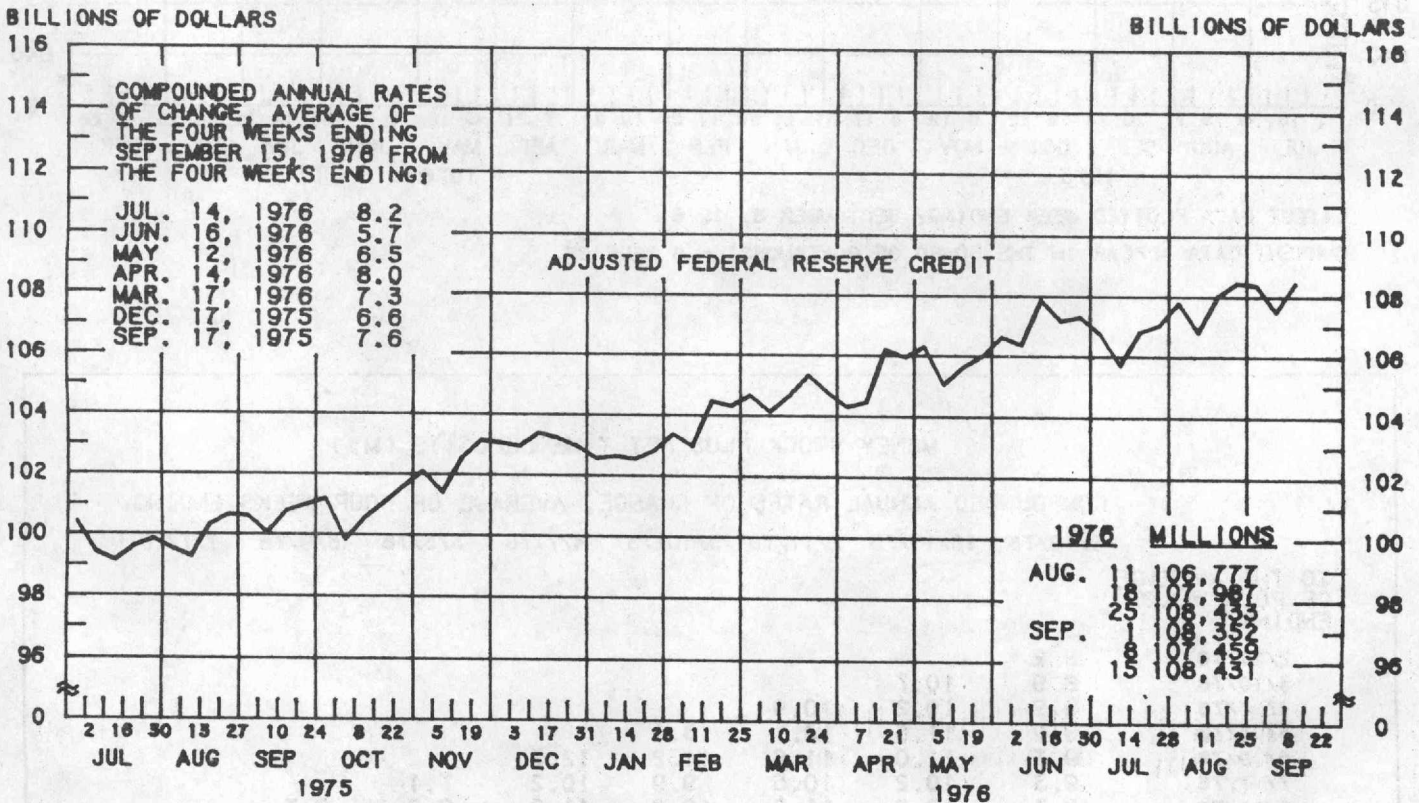
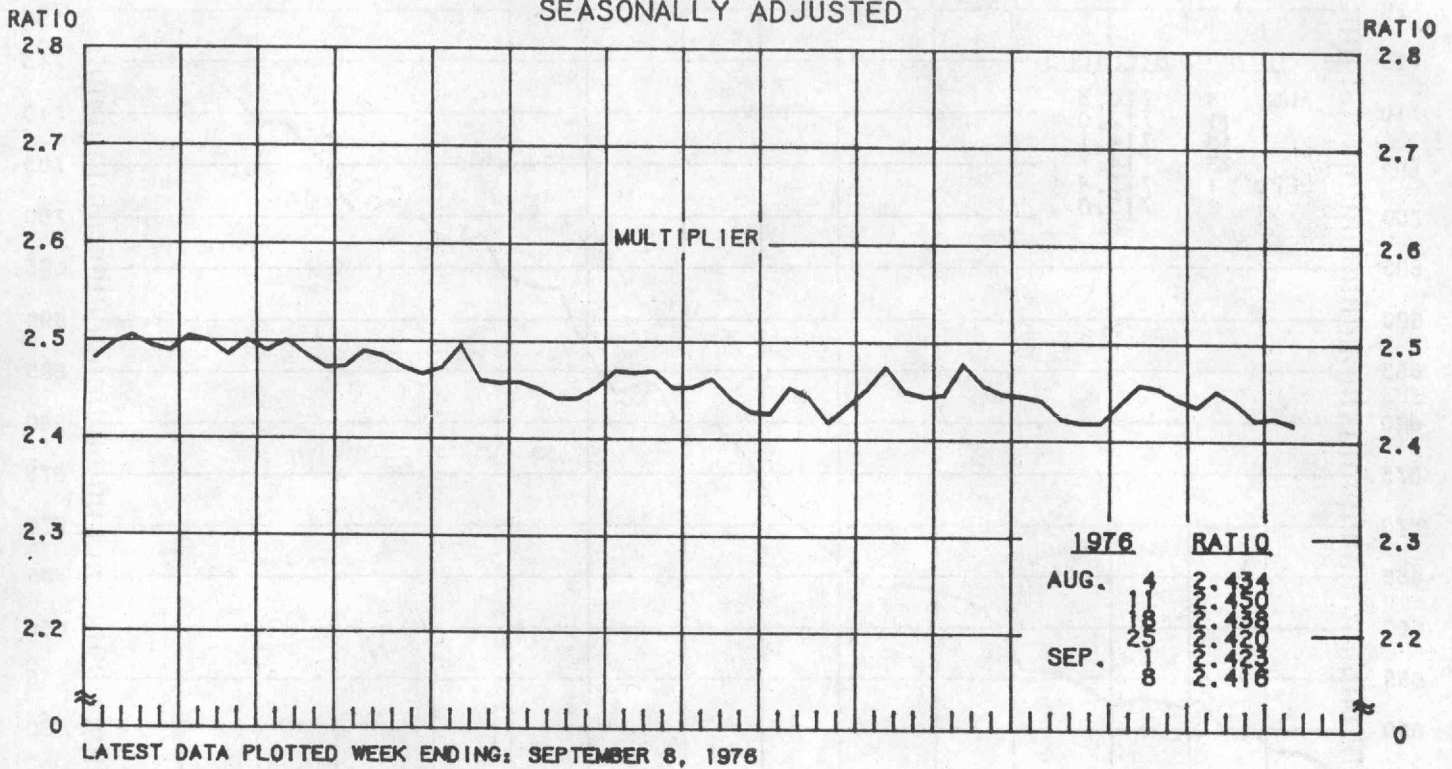
9/17/75 12/17/75 2/18/76 3/17/76 4/14/76 5/12/76 6/18/76 7/14/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

2/18/76	5.9							
3/17/76	6.9	5.8						
4/14/76	6.8	5.7	9.4					
5/12/76	7.3	6.7	10.0	8.5				
6/18/76	7.5	7.2	9.7	8.8	10.0			
7/14/76	6.9	6.4	8.1	6.9	7.2	5.6		
8/18/76	6.8	6.2	7.6	6.6	6.8	5.5	3.6	
9/15/76	7.1	6.7	7.9	7.2	7.4	6.6	5.7	7.7

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: SEPTEMBER 15, 1976

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

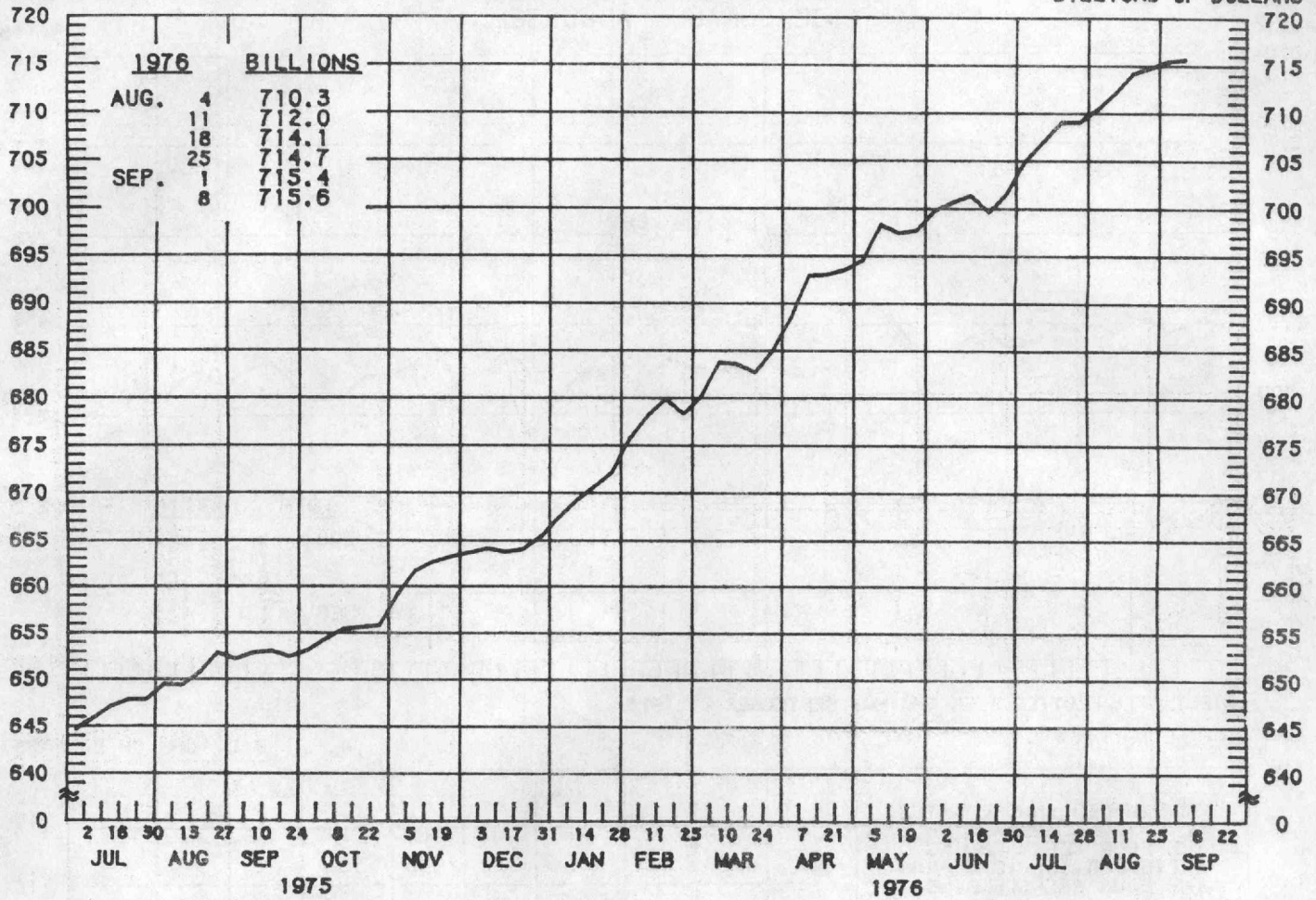
2/ FEDERAL RESERVE CREDIT CONSISTS OF FEDERAL RESERVE HOLDINGS OF SECURITIES, LOANS, FLOAT AND OTHER ASSETS. ADJUSTED FEDERAL RESERVE CREDIT IS COMPUTED BY SUBTRACTING TREASURY DEPOSITS AT FEDERAL RESERVE BANKS FROM THIS SERIES, AND ADJUSTING THE SERIES FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS 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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 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:

9/10/75 12/10/75 2/11/76 3/10/76 4/7/76 5/5/76 6/9/76 7/7/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

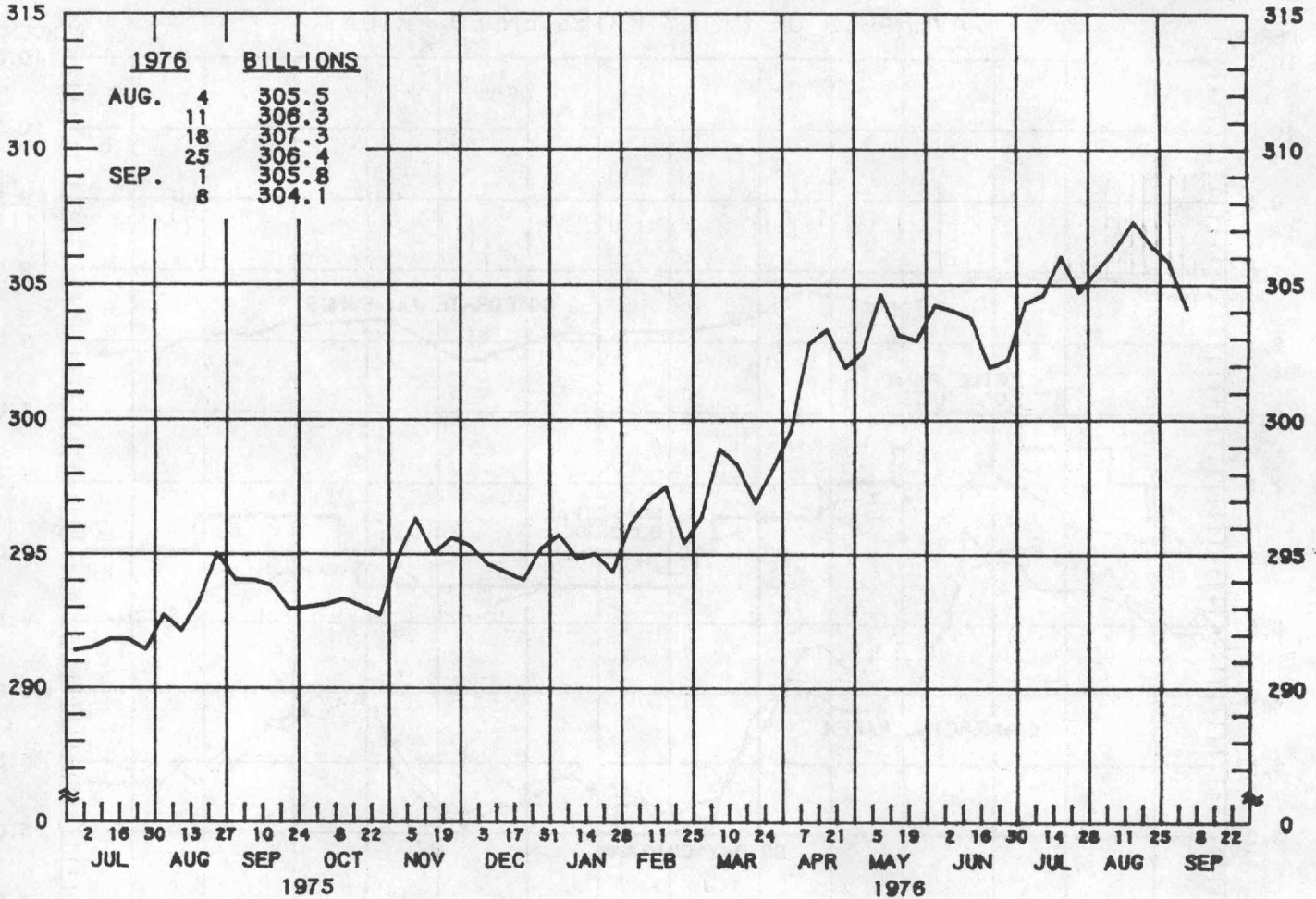
2/11/76	8.2							
3/10/76	8.9	10.7						
4/7/76	8.9	10.2	10.9					
5/5/76	9.9	11.6	13.1	13.1				
6/9/76	9.7	11.0	11.6	11.2	12.3			
7/7/76	9.3	10.2	10.5	9.9	10.2	7.1		
8/11/76	9.7	10.6	11.0	10.6	11.0	9.2	9.7	
9/8/76	9.6	10.5	10.7	10.4	10.7	9.2	9.6	11.4

MONEY STOCK (M1)

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 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:

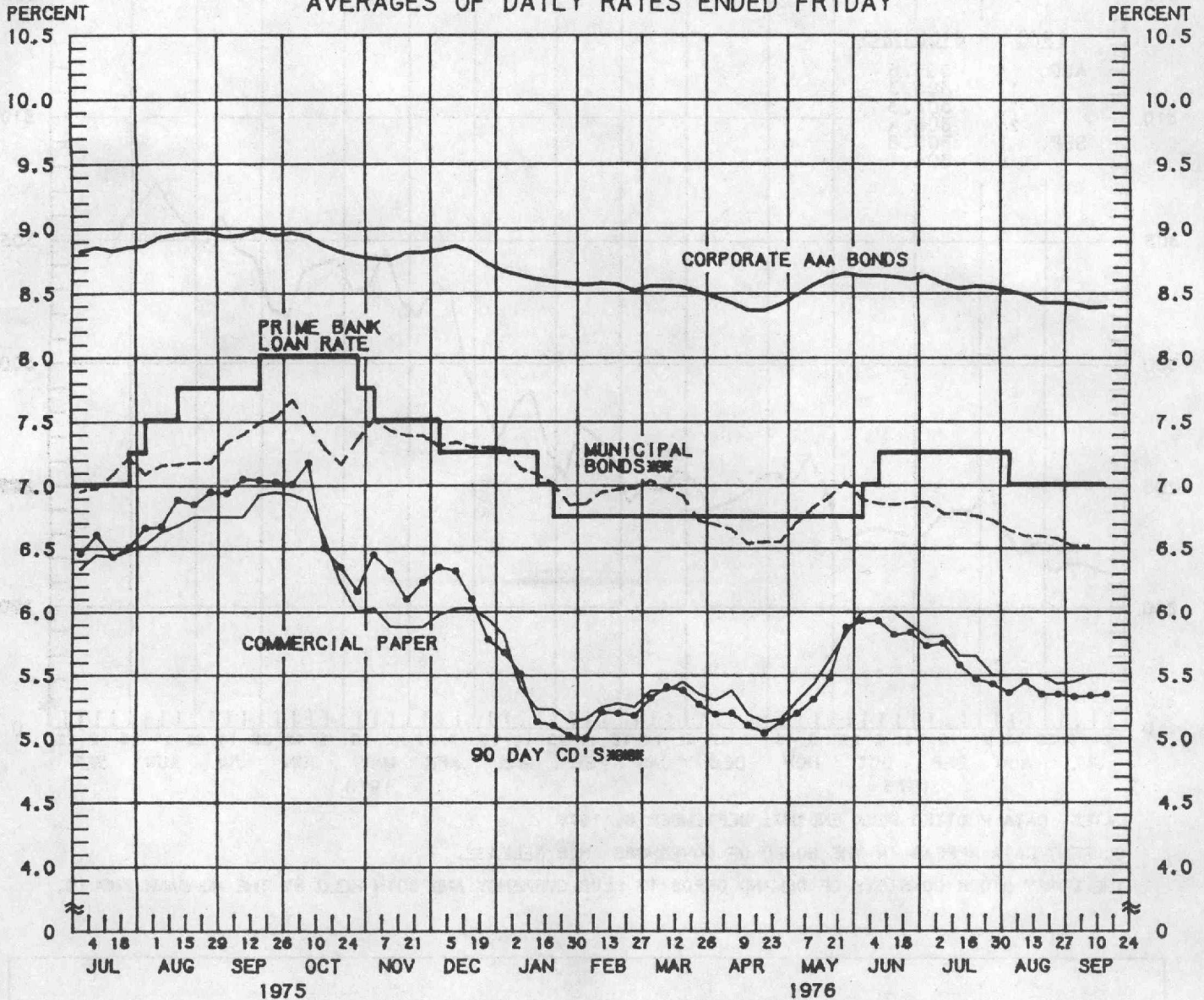
9/10/75 12/10/75 2/11/76 3/10/76 4/7/76 5/5/76 6/9/76 7/7/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

2/11/76	1.2							
3/10/76	2.1	2.7						
4/7/76	2.5	3.4	6.1					
5/5/76	4.5	6.4	10.7	12.7				
6/9/76	4.3	5.8	8.5	9.0	10.7			
7/7/76	3.7	4.7	6.3	6.2	6.5	0.8		
8/11/76	4.2	5.3	6.9	6.9	7.2	3.7	3.9	
9/8/76	4.0	4.9	6.1	6.0	6.1	3.2	3.1	5.7

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: SEPTEMBER 17, 1976

1976	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
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
AUG. 30	5.43	5.50	5.35	8.54	6.73
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	6.60
27	5.35	5.43	5.30	8.42	6.58
SEP. 3	5.33	5.45	5.28	8.41	6.52
10	5.34	5.50	5.31	8.38	6.52
17	5.35	5.50	5.31	8.39	N.A.
24					

* AVERAGES OF RATES AVAILABLE.

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

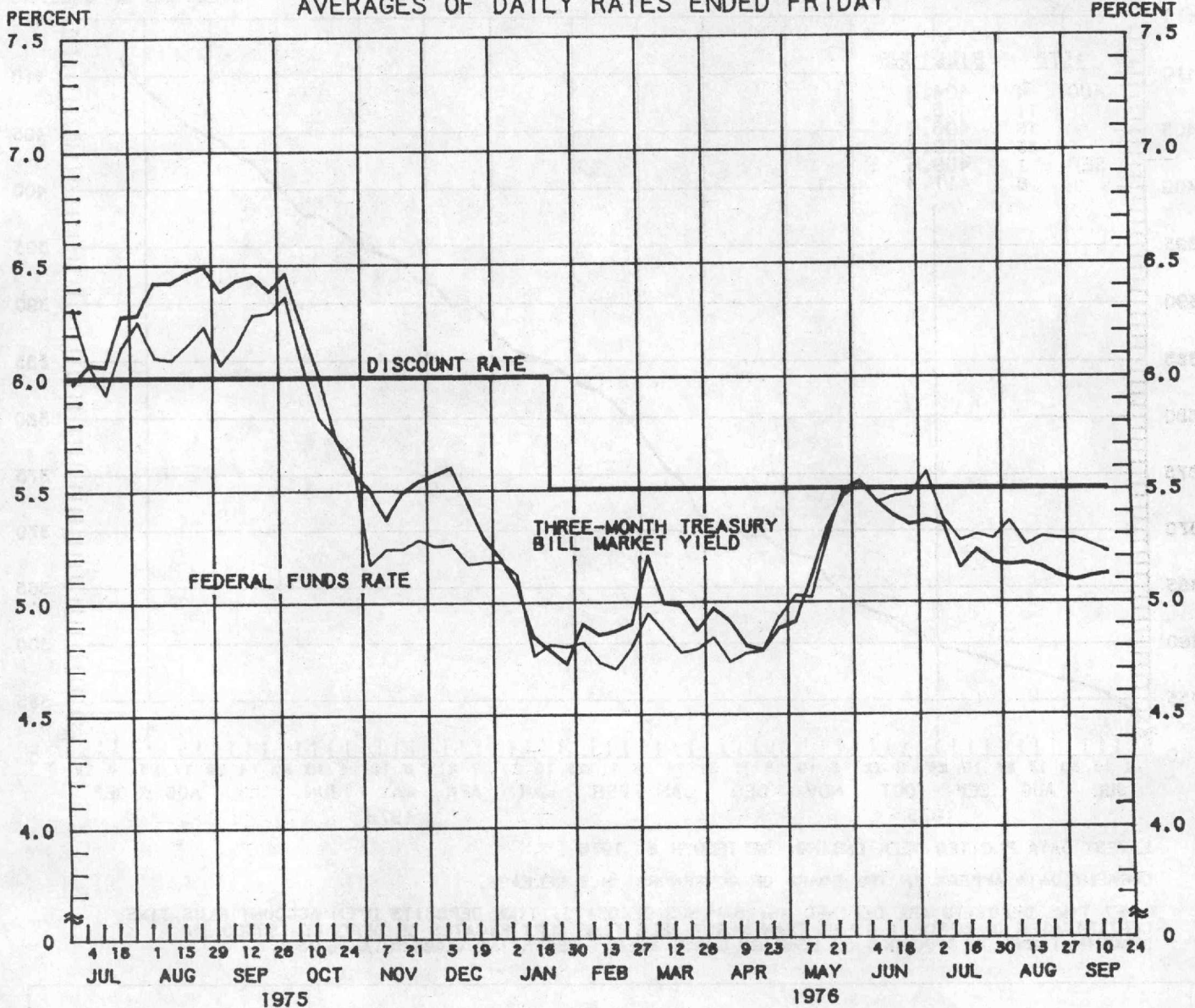
*** SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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, SEPTEMBER 17, 1976

1976	FEDERAL FUNDS RATE	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
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
AUG. 30	5.28	5.17	5.74	7.21	7.84
6	5.36	5.16	5.72	7.12	7.82
13	5.25	5.17	5.65	7.06	7.80
20	5.29	5.15	5.64	7.04	7.79
27	5.28	5.11	5.59	6.98	7.76
SEP. 3	5.28	5.09	5.56	6.91	7.72
10	5.25	5.11	5.53	6.88	7.70
17 *	5.22	5.12	5.57	6.88	7.69
24					

* AVERAGES OF RATES AVAILABLE.

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

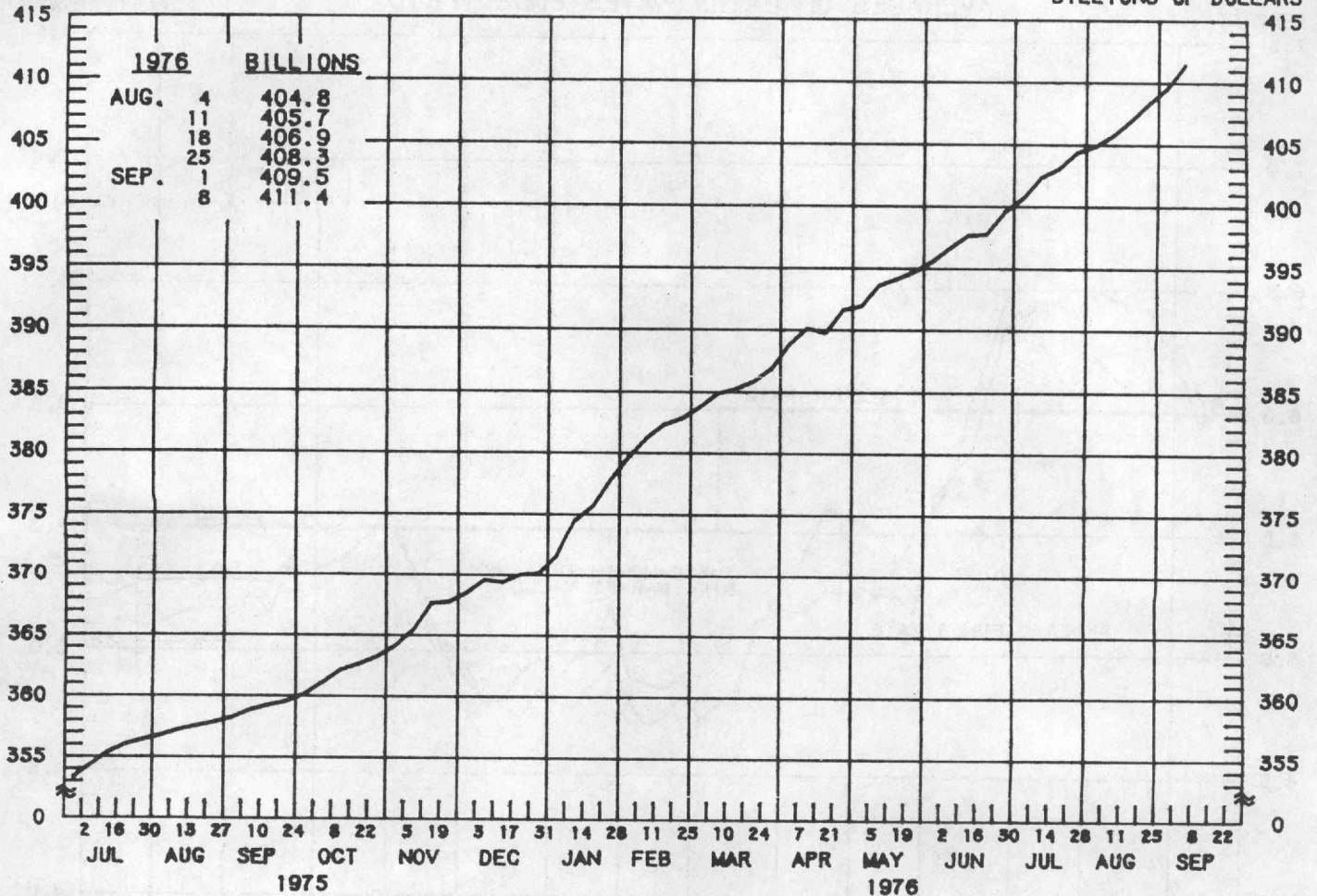
*** CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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

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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 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:

9/10/75 12/10/75 2/11/76 3/10/76 4/7/76 5/5/76 6/9/76 7/7/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

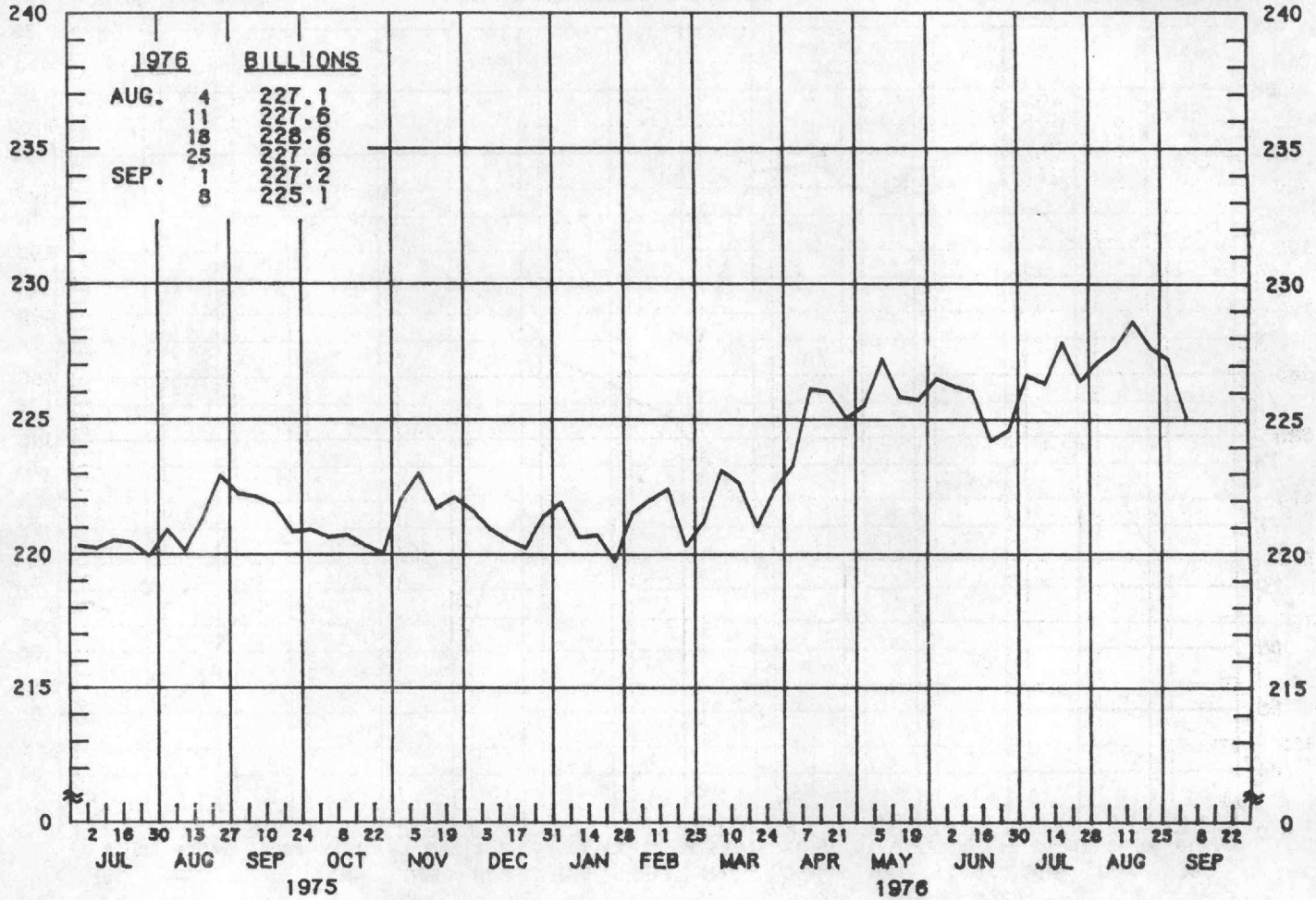
2/11/76	14.1							
3/10/76	14.6	17.4						
4/7/76	14.2	16.1	14.8					
5/5/76	14.3	15.8	14.7	13.2				
6/9/76	14.0	15.1	14.0	12.9	13.4			
7/7/76	13.9	14.8	13.8	12.9	13.2	12.6		
8/11/76	14.1	14.9	14.1	13.5	13.9	13.7	14.4	
9/8/76	14.2	15.0	14.3	13.8	14.2	14.1	14.7	15.5

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 1976

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

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

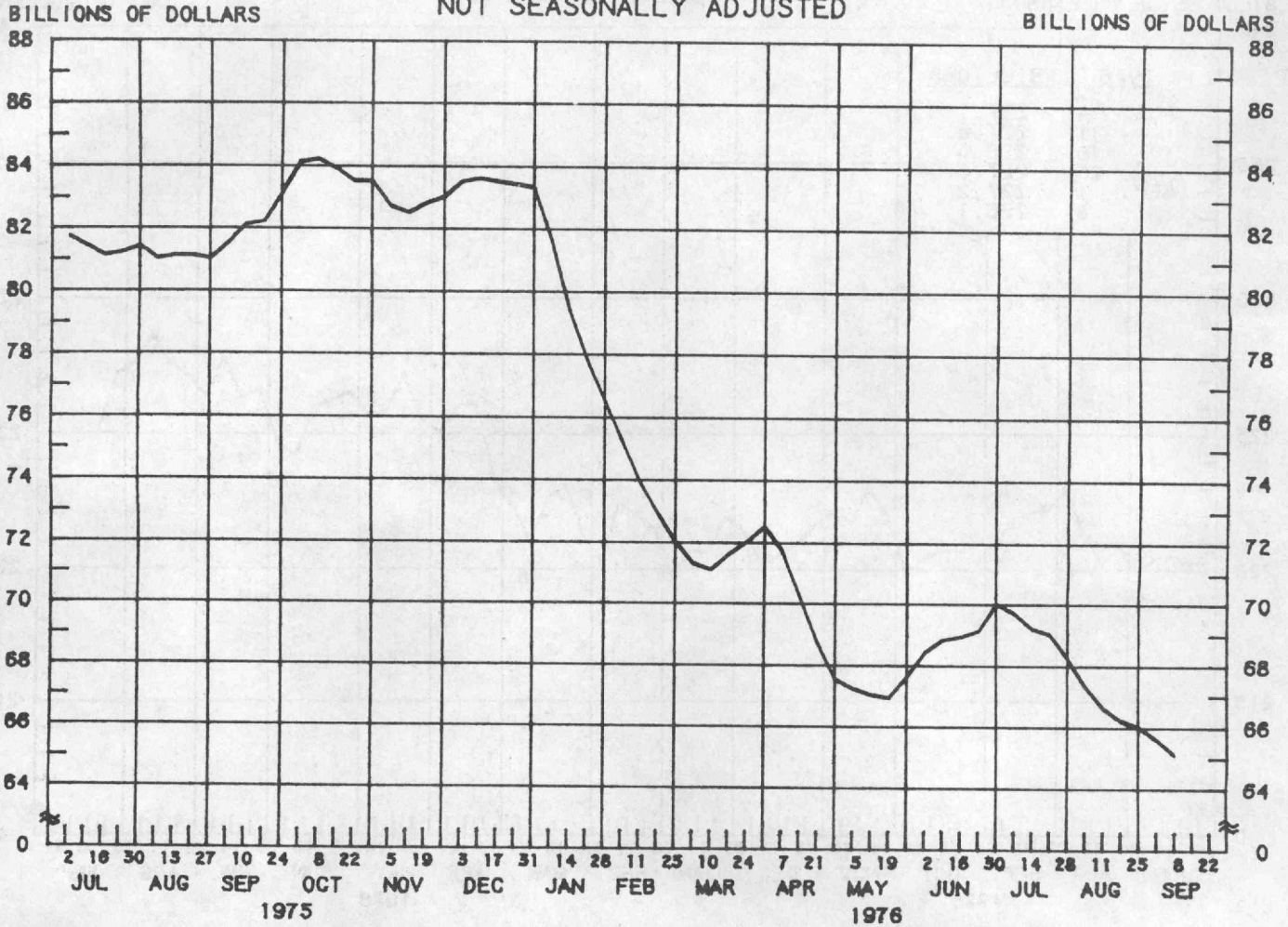
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

9/10/75 12/10/75 2/11/76 3/10/76 4/7/76 5/5/76 6/9/76 7/7/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

2/11/76	-1.2							
3/10/76	-0.3	0.4						
4/7/76	0.2	1.0	3.9					
5/5/76	2.5	4.6	9.5	12.0				
6/9/76	2.4	4.1	7.2	8.0	10.3			
7/7/76	1.8	3.0	5.0	5.0	5.7	-0.8		
8/11/76	2.5	3.8	5.7	5.9	6.5	2.5	2.8	
9/8/76	2.3	3.3	4.8	4.8	5.2	1.8	1.8	4.4

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



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 1976

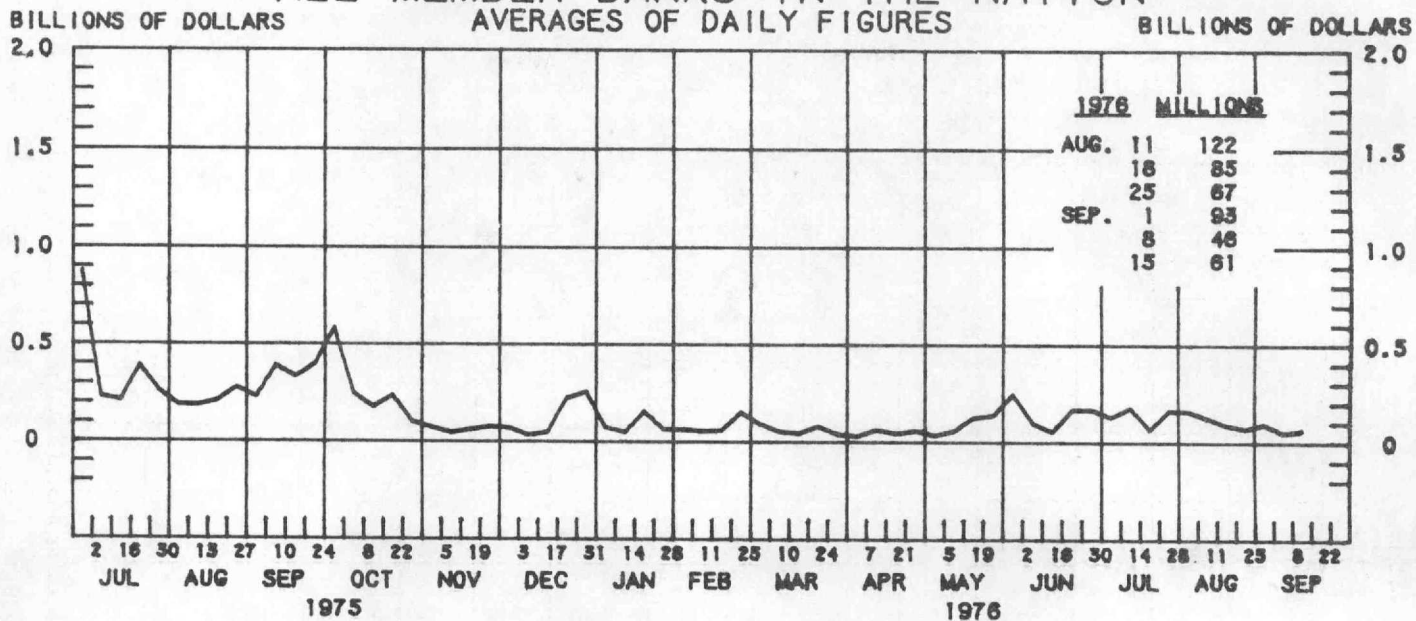
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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.
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	66.6	65.4
18	66.2	64.4
25	66.0	63.5
SEP. 1	65.6	62.8
8	65.1	62.2
15		
22		
29		

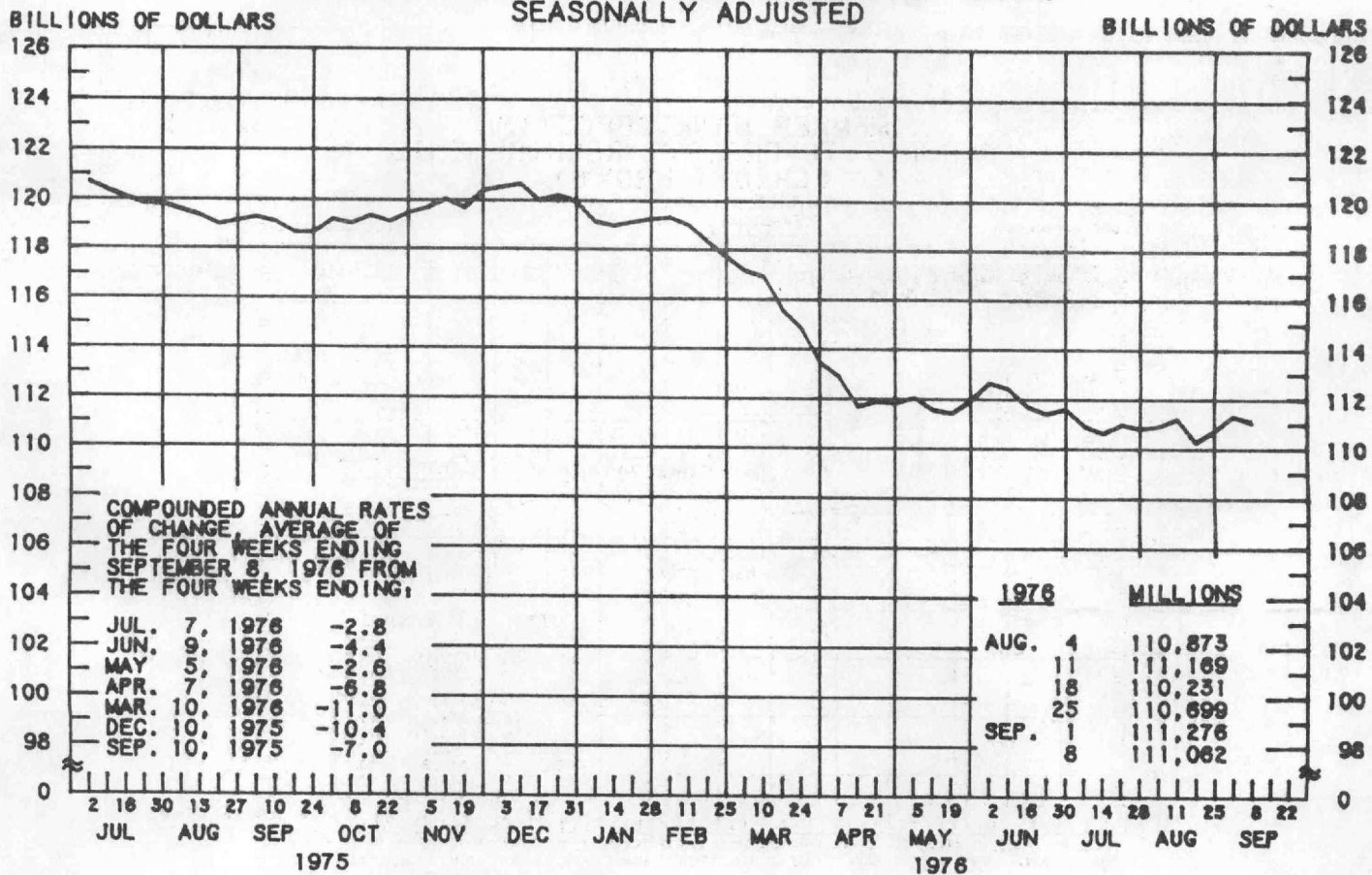
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



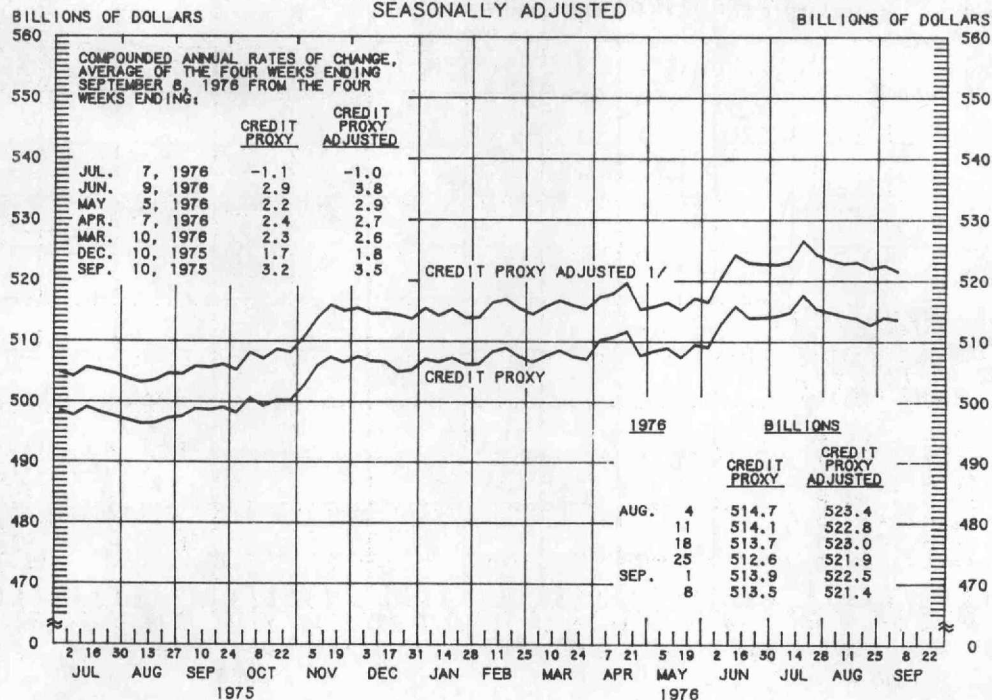
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 15, 1976

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



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 1976

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



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 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