

Week ending: September 22, 1976



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The prime bank loan rate at many commercial banks has remained at 7 percent since August 2, 1976, when it was raised from 6.75 percent. The interest rate on prime four- to six-month commercial paper, an alternative source of short-term business credit, is currently about 5.38 percent. Many financial observers have noted that the spread between these two rates has been unusually high for a recovery period. Some perspective on this matter is provided in the table below, where the spread between the prime rate and the prime commercial paper rate at various stages of the past five recoveries is presented.

The trough of the most recent recession occurred in March 1975, and the troughs of the previous four recessions occurred in November 1970, February 1961, April 1958, and May 1954.\* The average spread in the four previous recovery periods has tended to decrease in the first few quarters following a trough. In three of the four previous recovery periods, the average spread had fallen below 100 basis points (1 percentage point) by the sixth quarter after the trough (approximately the amount of time between the March 1975 trough and September 1976). In the sixth quarter after the February 1961 trough, the average spread was over 100 basis points (120), but the average spread had declined rather steadily from its level in the second quarter of the recovery. In contrast, the average spread in the most recent recovery has shown no steady decline from the spread which prevailed in the first quarter following the March 1975 trough. The absence of a marked decline in this average spread is what financial observers have recently been pointing to as being an unusual phenomenon during a recovery period.

Average Quarterly Spread Between the Prime  
Bank Loan Rate and 4-6 Month  
Prime Commercial Paper Rate  
(Basis Points)

Quarters After the Cyclical Trough	Month in Which the Cyclical Trough Occurred				
	March 1975	Nov. 1970	Feb. 1961	April 1958	May 1954
1st Quarter	140	126	160	192	155
2nd Quarter	90	81	165	107	169
3rd Quarter	146	16	149	76	151
4th Quarter	154	42	128	66	114
5th Quarter	134	72	130	62	93
6th Quarter	156	45	120	39	70

\* The dating of the most recent trough is tentative. The previous troughs are those defined by the National Bureau of Economic Research.

Prepared by Federal Reserve Bank of St. Louis

Released: September 24, 1976

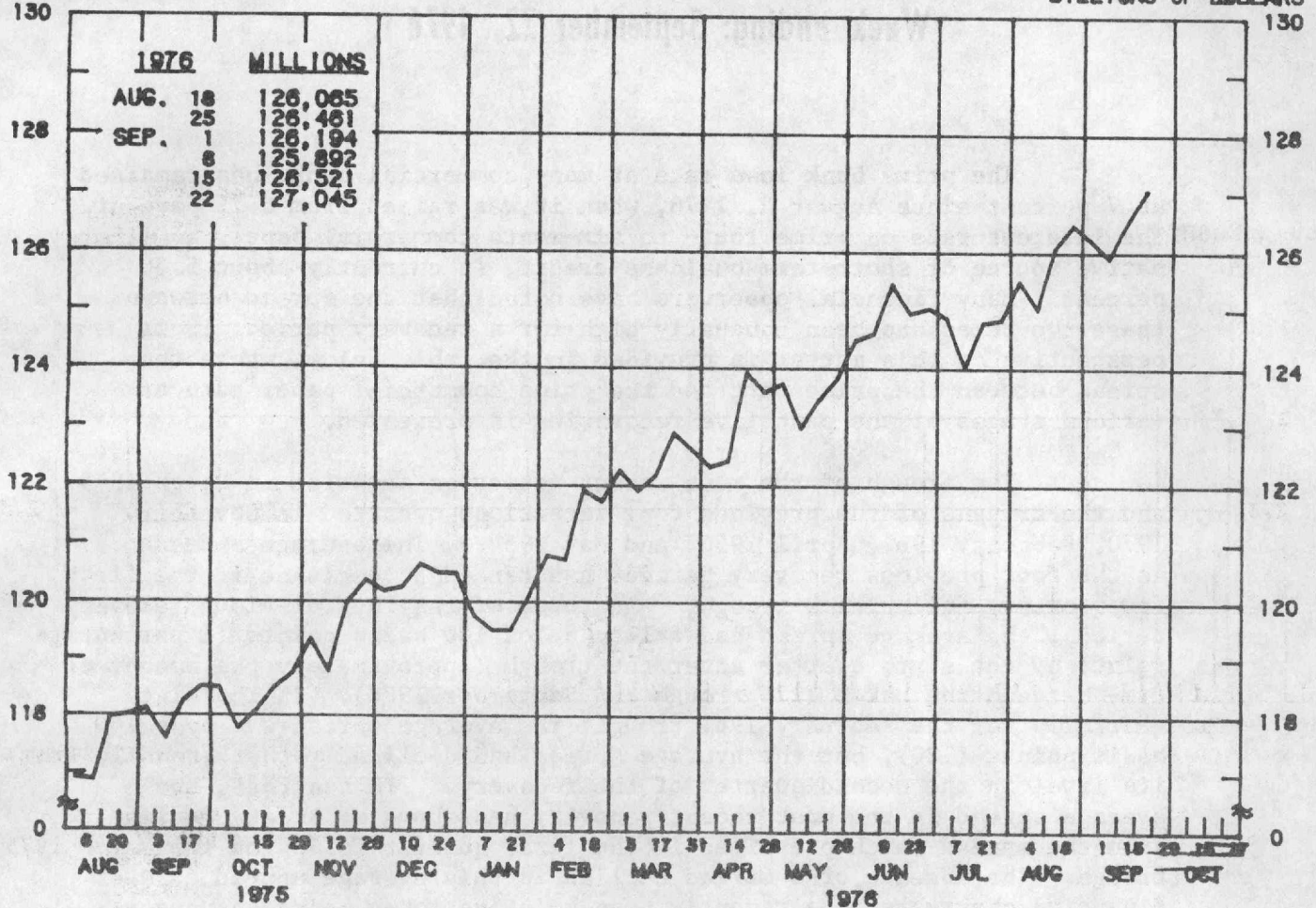
# MONETARY BASE

## AVERAGES OF DAILY FIGURES

### SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 22, 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

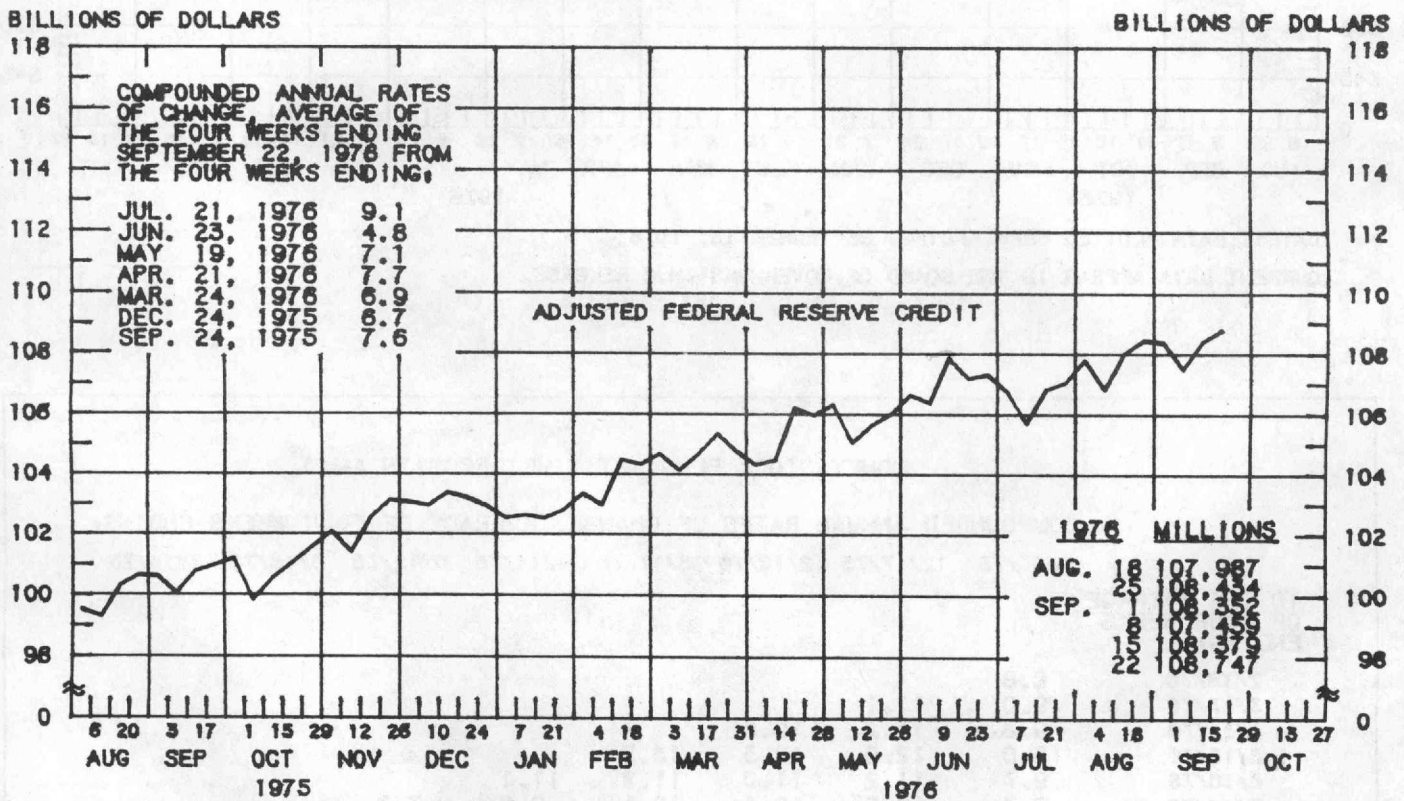
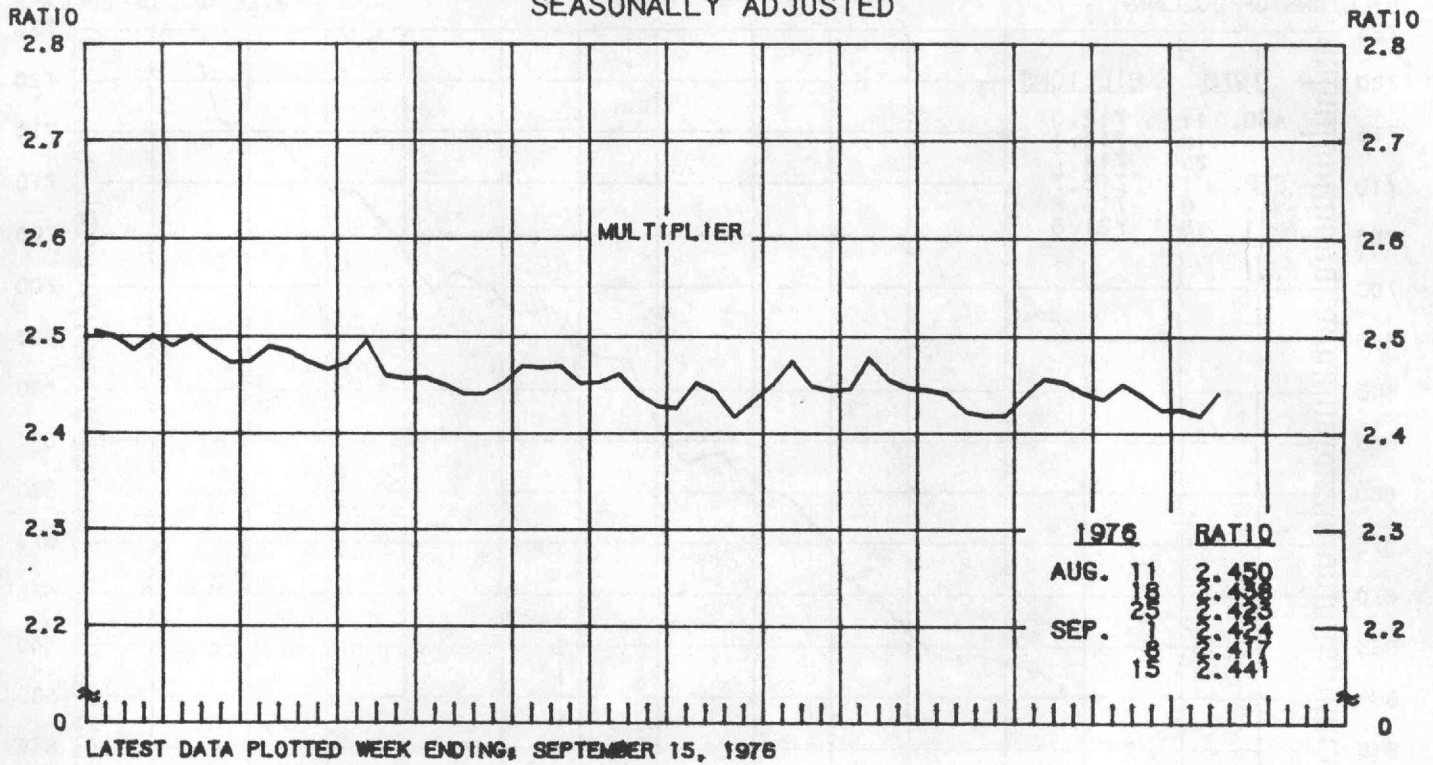
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

9/24/75 12/24/75 2/25/76 3/24/76 4/21/76 5/19/76 6/23/76 7/21/76

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

2/25/76	6.4							
3/24/76	7.2	6.5						
4/21/76	7.0	6.3	8.5					
5/19/76	7.0	6.4	8.0	6.2				
6/23/76	7.7	7.6	9.3	8.7	10.1			
7/21/76	6.8	6.3	7.1	6.1	6.2	5.9		
8/25/76	7.0	6.7	7.5	6.8	7.1	7.2	4.2	
9/22/76	7.0	6.7	7.5	6.9	7.1	7.1	5.1	8.4

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



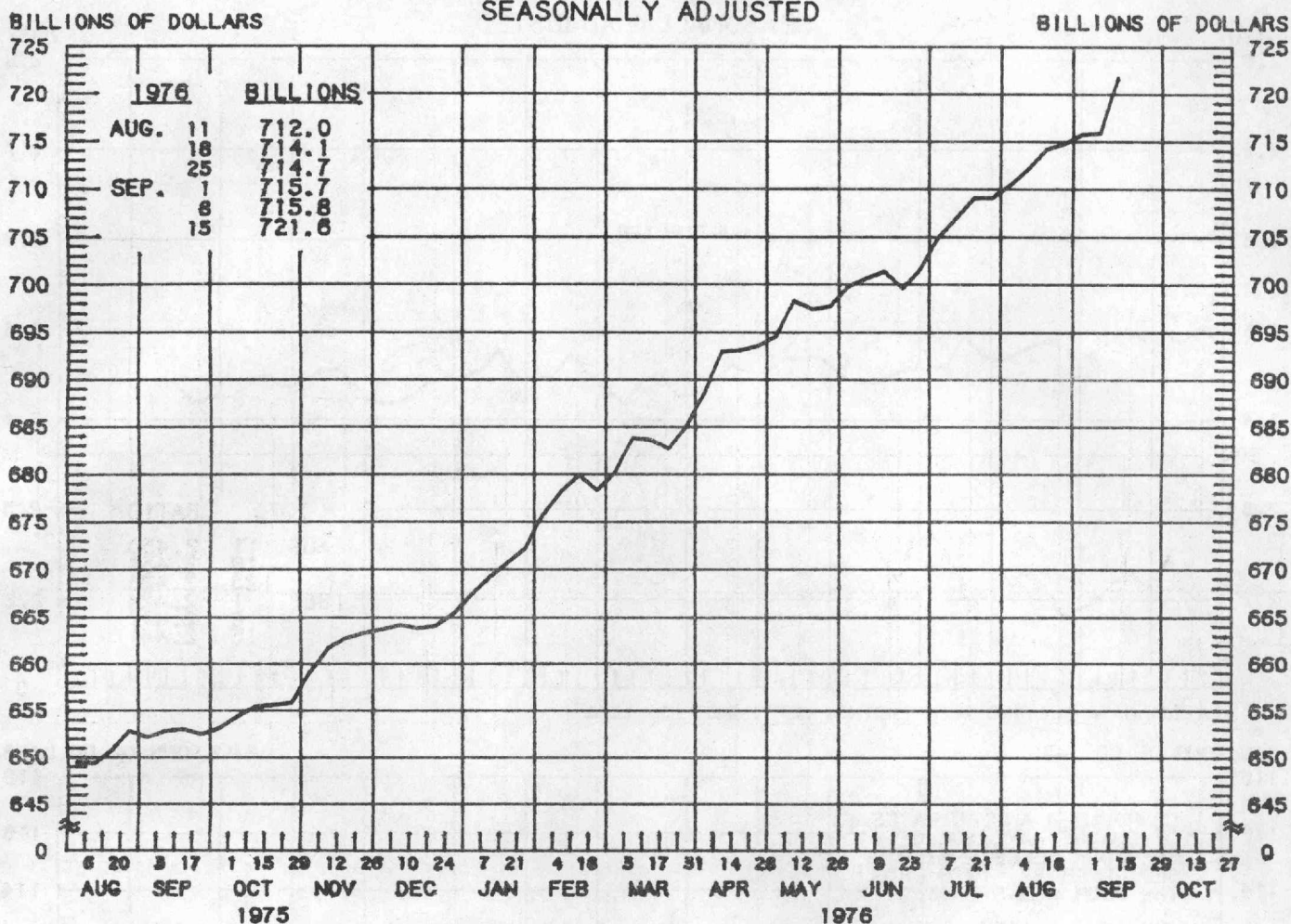
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 22, 1976

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: SEPTEMBER 15, 1976

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

## MONEY STOCK PLUS NET TIME DEPOSITS (M2)

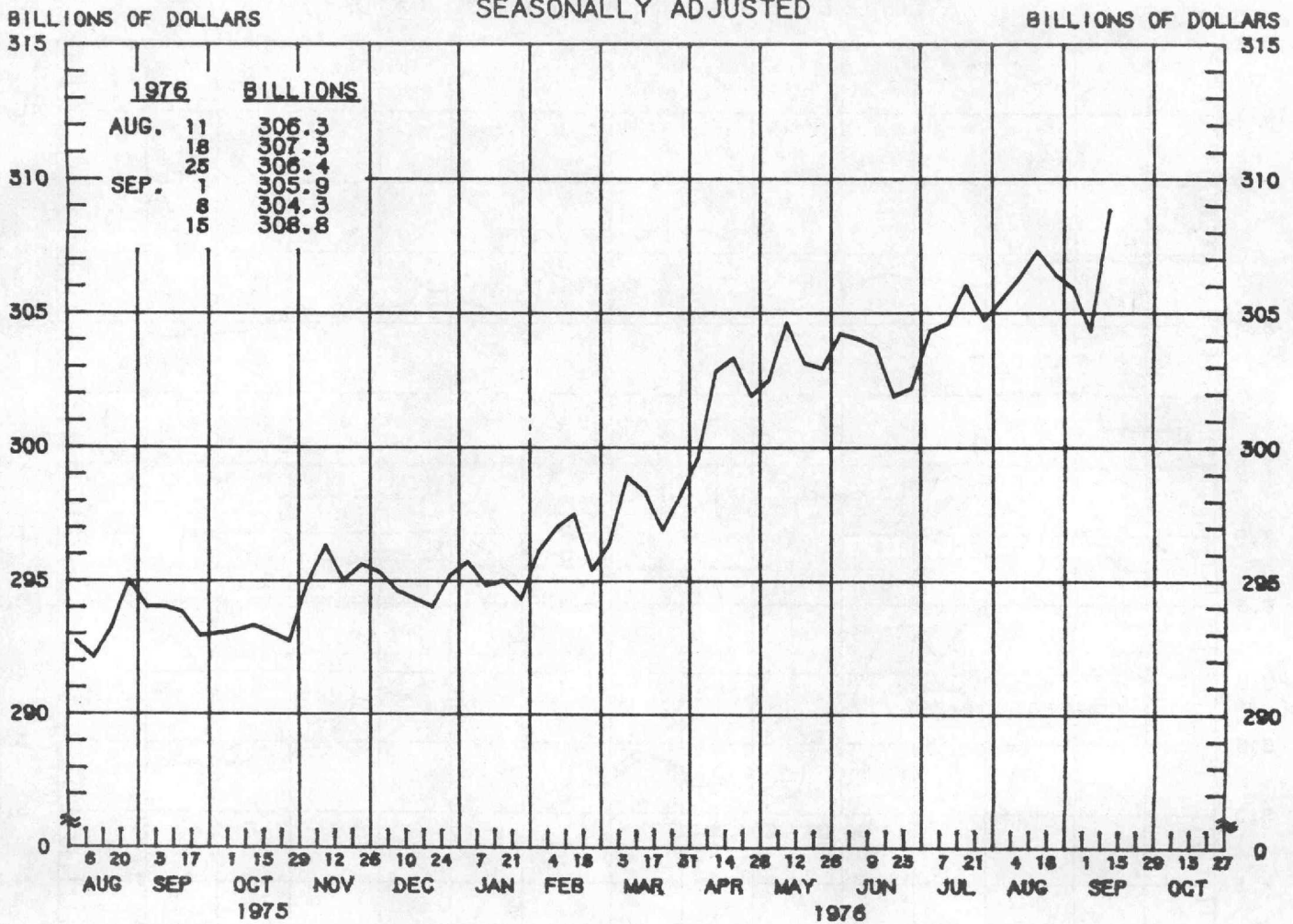
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

9/17/75 12/17/75 2/18/76 3/17/76 4/14/76 5/12/76 6/16/76 7/14/76

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

2/18/76	8.8								
3/17/76	9.0	11.1							
4/14/76	9.3	11.2	10.8						
5/12/76	10.0	12.0	12.3	13.5					
6/16/76	9.7	11.2	11.0	11.2	11.1				
7/14/76	9.4	10.5	10.1	10.1	9.6	7.2			
8/16/76	9.8	10.9	10.6	10.7	10.5	9.2	10.0		
9/15/76	9.9	10.8	10.6	10.7	10.6	9.5	10.2	11.9	

**MONEY STOCK (M1)**  
**AVERAGES OF DAILY FIGURES**  
**SEASONALLY ADJUSTED**



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 15, 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.

**MONEY STOCK (M1)**

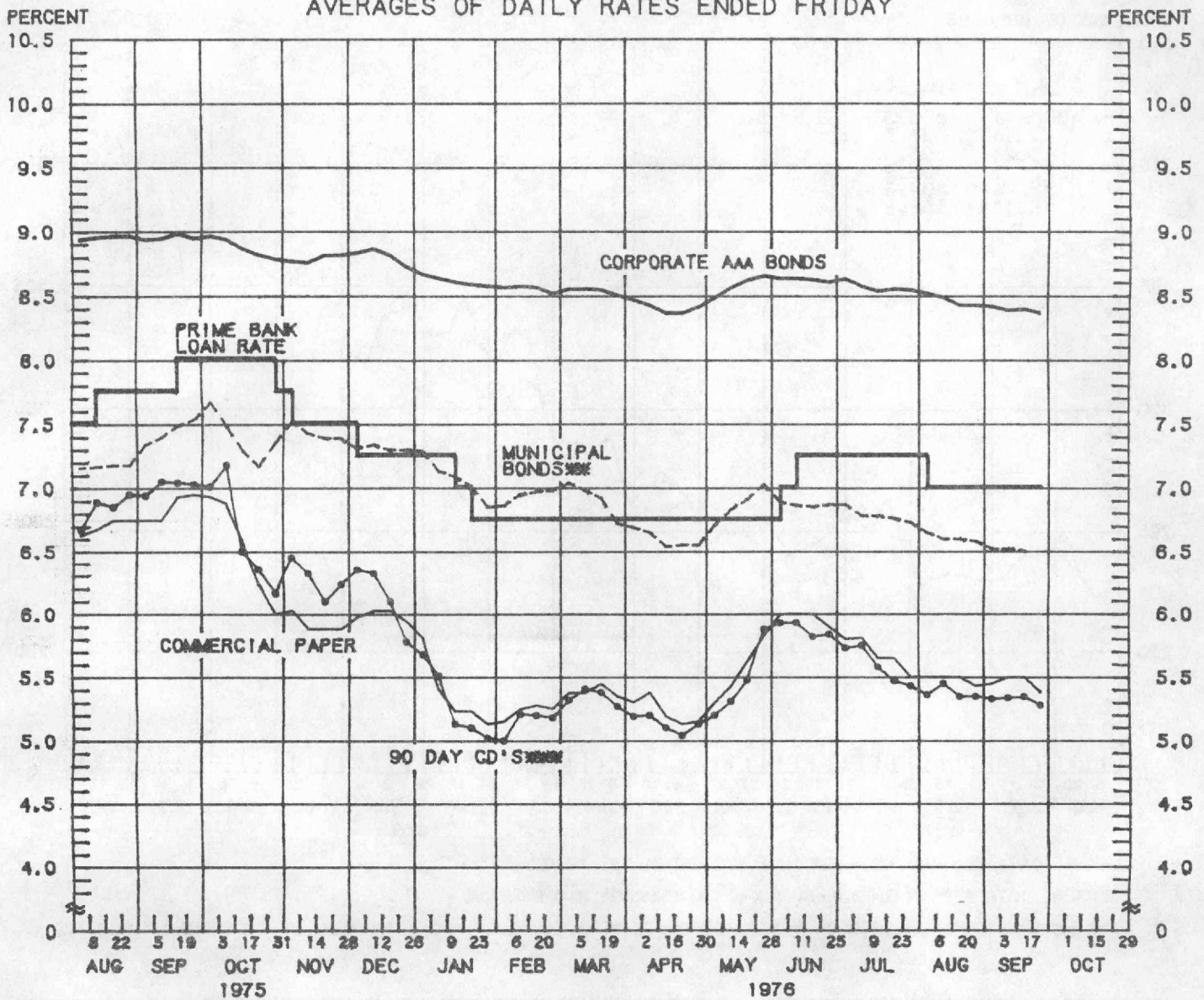
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:  
 9/17/75 12/17/75 2/18/76 3/17/76 4/14/76 5/12/76 6/16/76 7/14/76

TO THE AVERAGE  
 OF FOUR WEEKS  
 ENDING:

2/18/76	1.6							
3/17/76	2.1	3.2						
4/14/76	3.1	4.6	7.2					
5/12/76	4.7	6.9	10.5	13.4				
6/16/76	4.3	6.0	7.9	8.9	8.6			
7/14/76	3.8	4.9	6.0	6.3	5.3	0.4		
8/18/76	4.4	5.6	6.7	7.1	6.5	3.6	4.5	
9/15/76	4.1	5.2	6.0	6.2	5.6	3.2	3.6	6.1

# YIELDS ON SELECTED SECURITIES

## AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING SEPTEMBER 24, 1976

1976	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
AUG. 8	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	5.30	8.39	6.50
24 *	5.28	5.38	5.25	8.36	N.A.
OCT. 1					
8					
15					
22					
29					

\* AVERAGES OF RATES AVAILABLE.

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

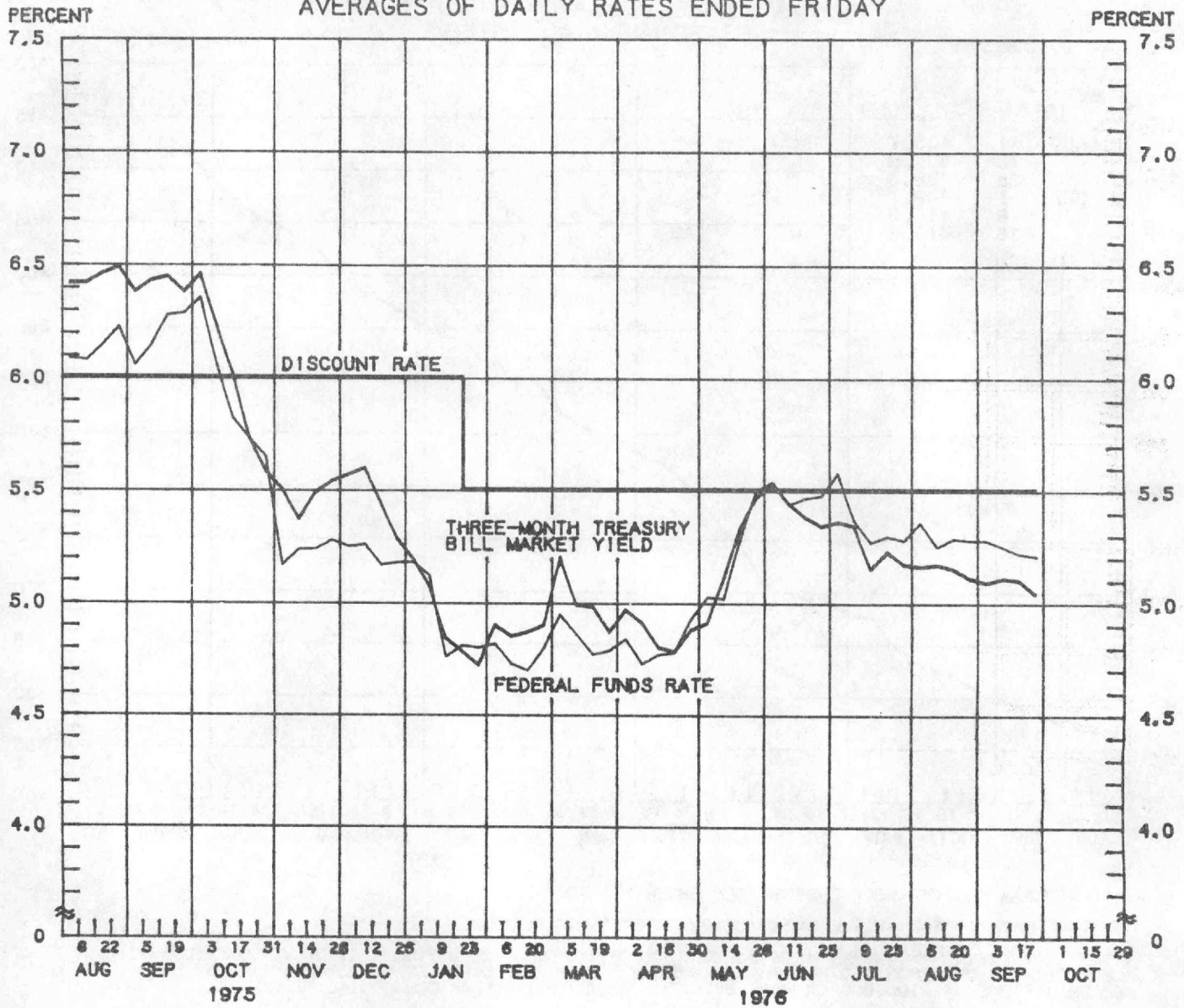
\*\*\* SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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 24, 1976

1976	FEDERAL FUNDS RATE	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
AUG. 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	5.26	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	5.10	5.52	6.89	7.66
OCT. 24 *	5.21	5.04	5.40	6.77	7.60
1					
8					
15					
22					
29					

\* AVERAGES OF RATES AVAILABLE.

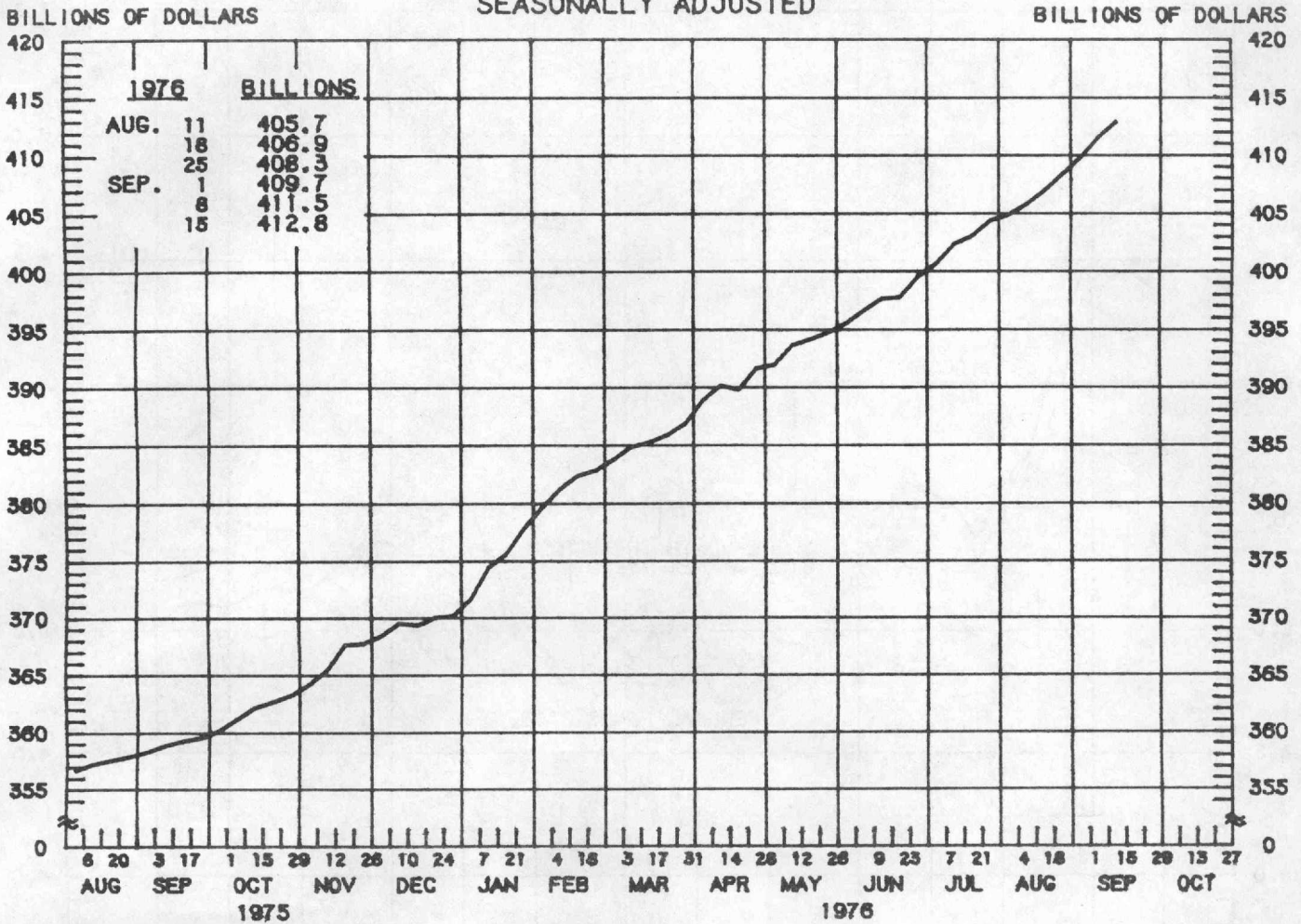
\*\* SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN.

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: SEPTEMBER 15, 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:								
	9/17/75	12/17/75	2/18/76	3/17/76	4/14/76	5/12/76	6/16/76	7/14/76
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/18/76		14.9						
3/17/76		14.8	17.8					
4/14/76		14.6	16.8	13.9				
5/12/76		14.5	16.2	13.8	13.6			
6/16/76		14.2	15.4	13.4	13.1	12.8		
7/14/76		14.2	15.2	13.4	13.2	13.1	12.9	
8/18/76		14.2	15.1	13.7	13.6	13.6	13.6	14.3
9/15/76		14.5	15.4	14.3	14.3	14.4	14.6	15.5
								16.3

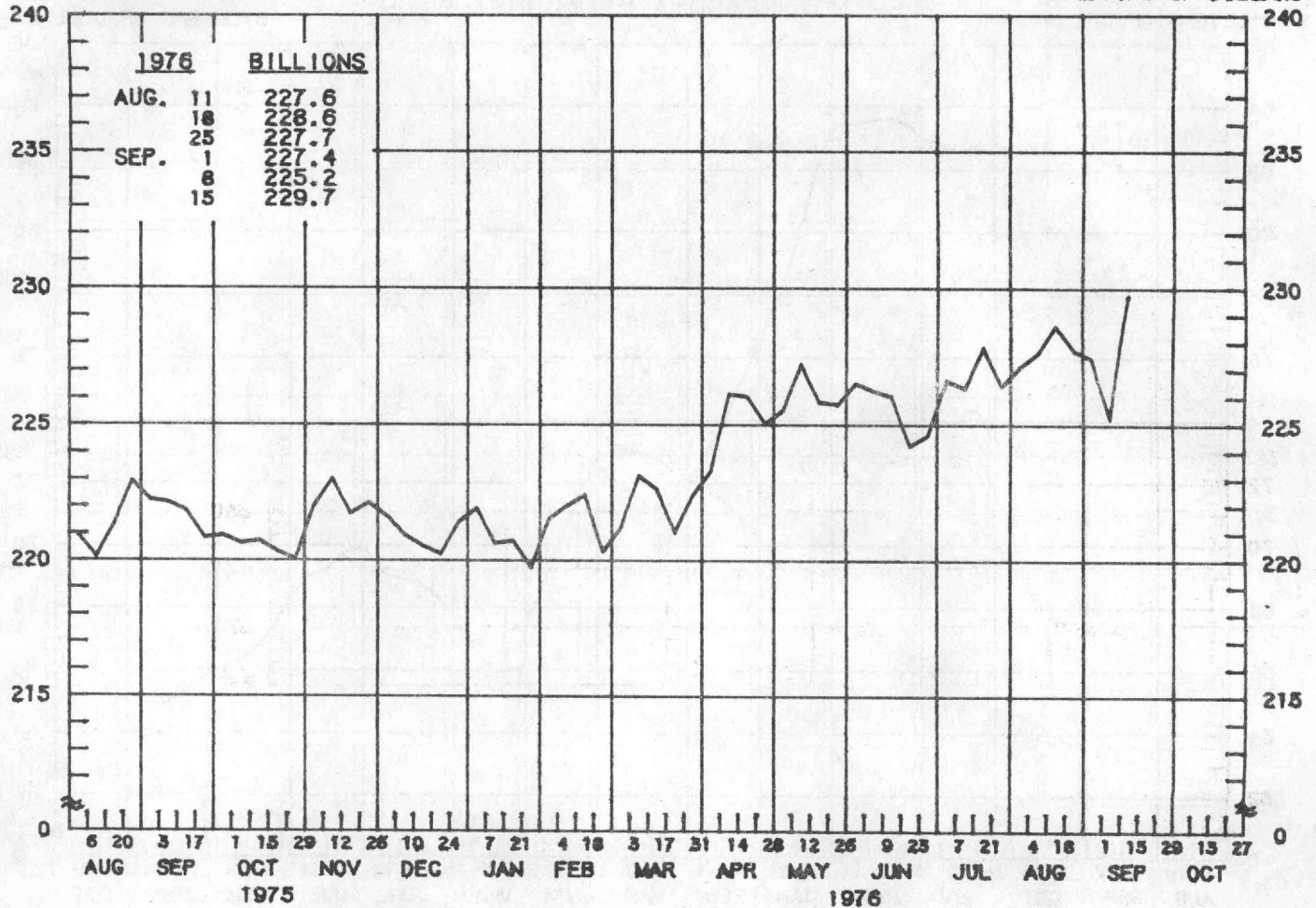


# DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 15, 1976

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

## DEMAND DEPOSIT COMPONENT OF MONEY STOCK

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

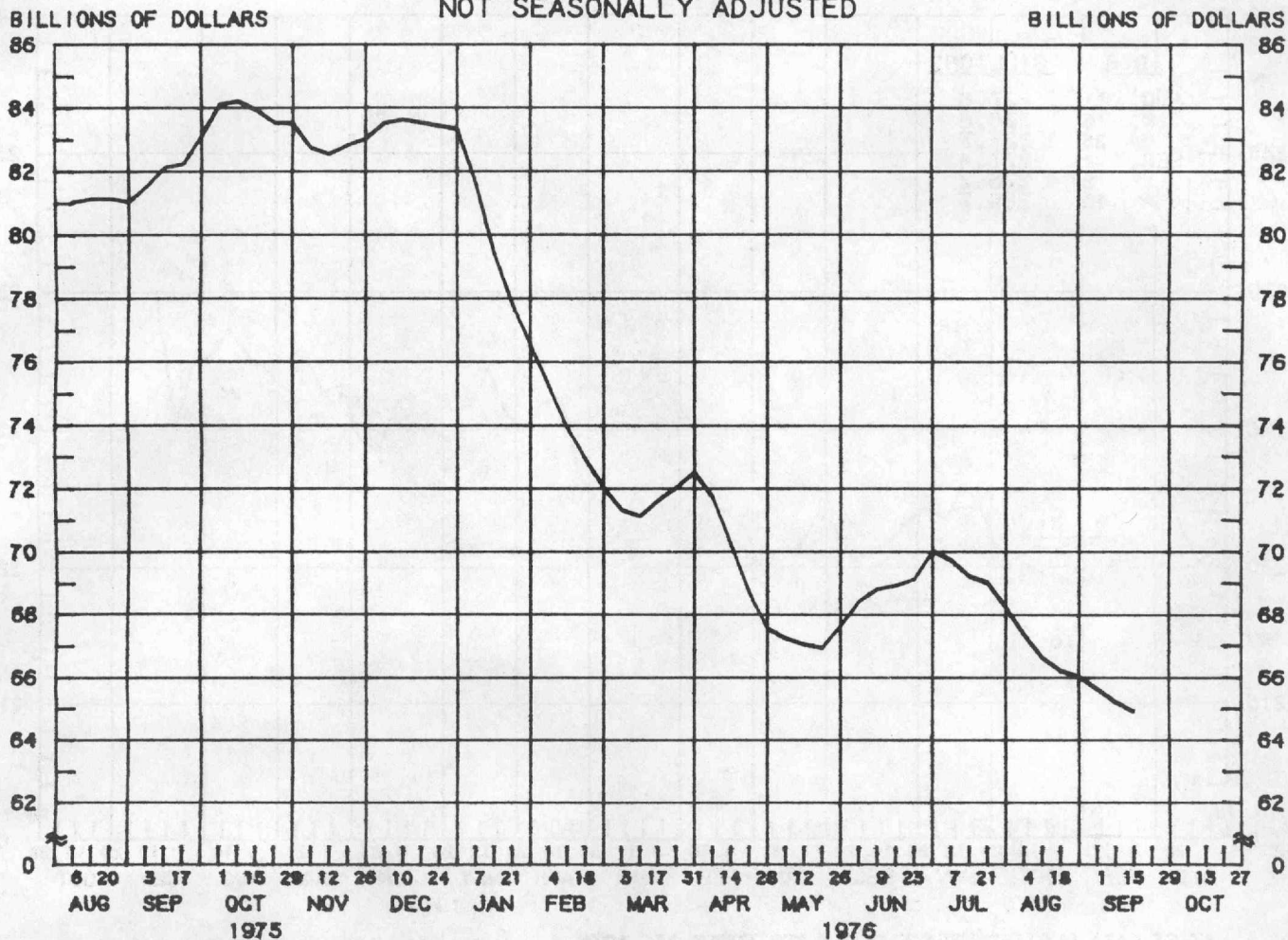
9/17/75 12/17/75 2/18/76 3/17/76 4/14/76 5/12/76 6/16/76 7/14/76

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

2/18/76	-1.0								
3/17/76	-0.4	0.9							
4/14/76	0.7	2.6	5.4						
5/12/76	2.5	5.2	9.1	12.6					
6/16/76	2.3	4.4	6.6	8.0	7.7				
7/14/76	1.7	3.2	4.5	5.0	4.0	-1.3			
8/16/76	2.5	4.1	5.5	6.1	5.5	2.5	3.4		
9/15/76	2.3	3.8	4.8	5.2	4.6	2.1	2.5	5.5	

# CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES  
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 15, 1976

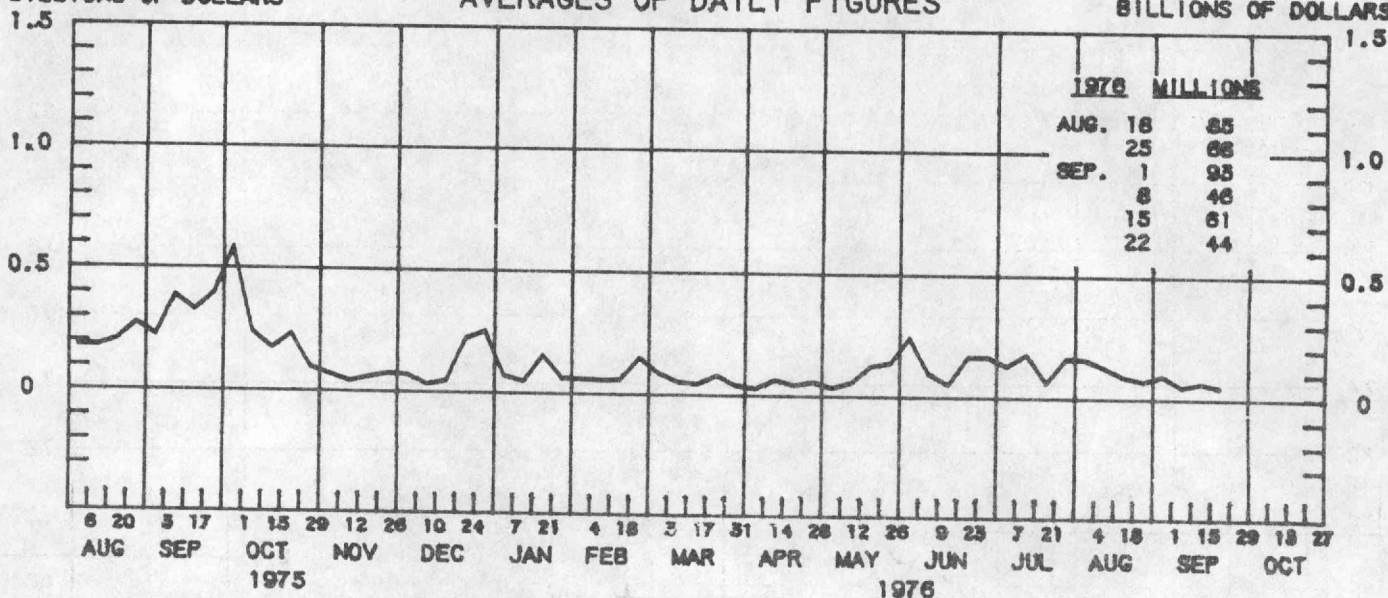
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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.
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	65.2	62.3
15	64.9	62.0
22		
29		
OCT. 6		
13		
20		
27		

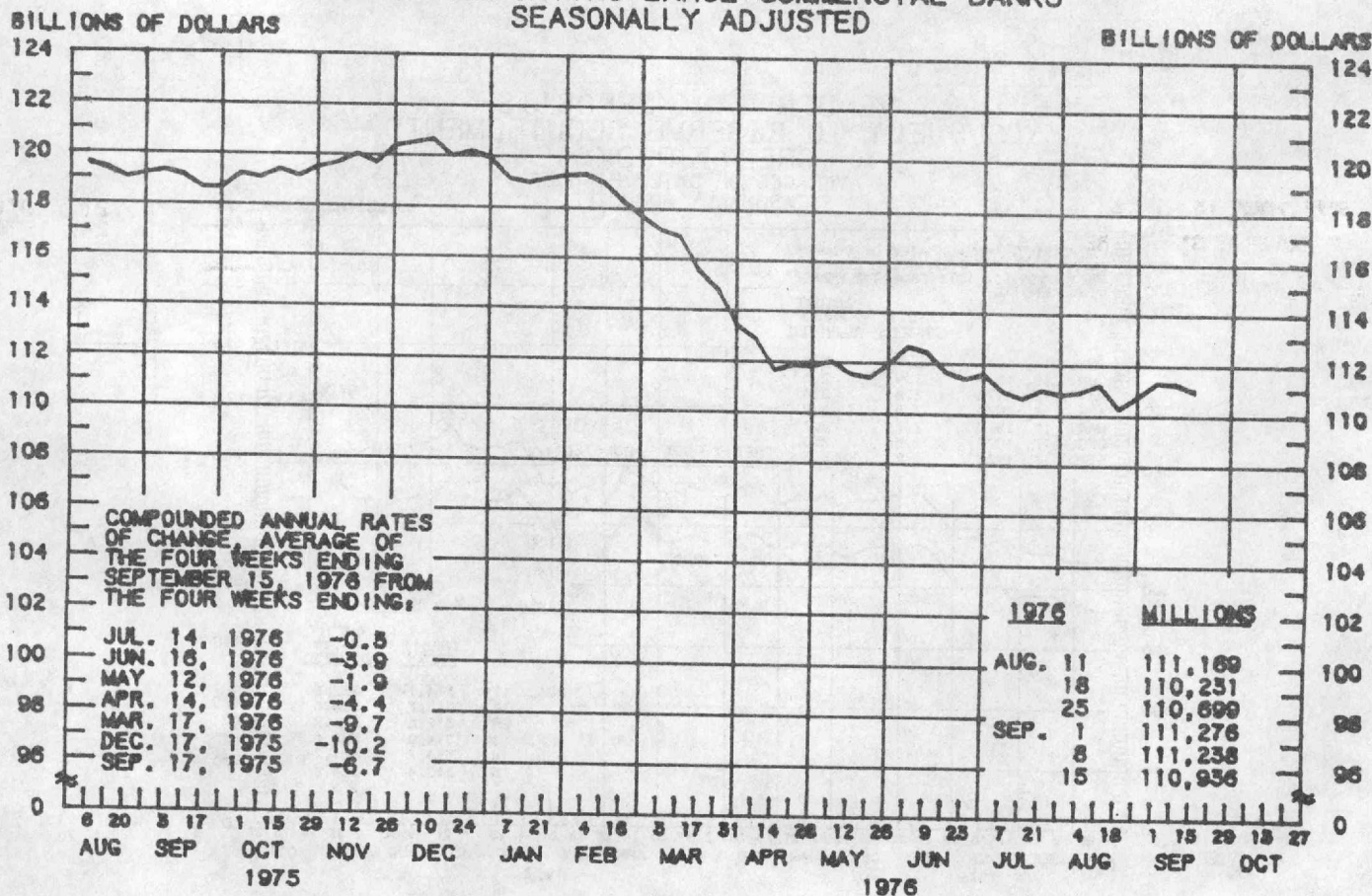
# BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION

BILLIONS OF DOLLARS      AVERAGES OF DAILY FIGURES      BILLIONS OF DOLLARS



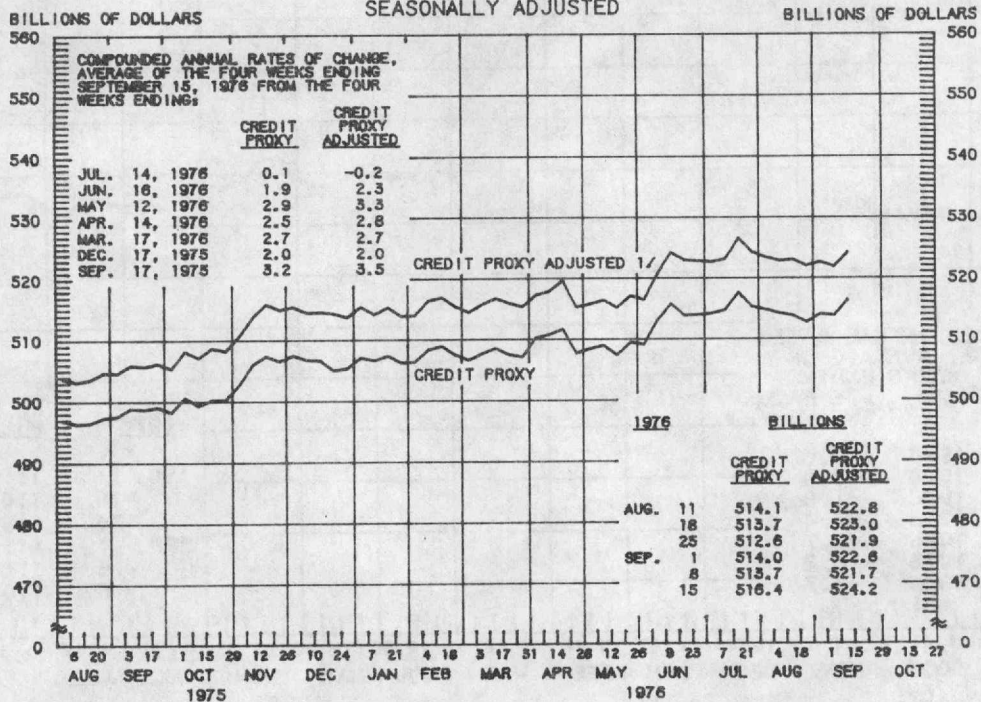
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 22, 1976

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



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 15, 1976

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



LATEST DATA PLOTTED WEEK ENDING SEPTEMBER 15, 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