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DEC 26 1979

Week ending: January 26, 1977

The rate of growth of the monetary base has slowed over the most recent three months, compared to the previous three months. The monetary base increased at a 6.4 percent annual rate from the four weeks ended October 20, 1976 through the four weeks ended January 19, 1977, after increasing at a 7.5 percent rate from the four weeks ended July 21, 1976 through the four weeks ended October 20, 1976. However, both measures of the money stock (M1 and M2) increased at more rapid rates during the most recent three months, compared to the previous three months. This divergence in the pattern of growth of the monetary base and the two measures of the money stock is attributable to the fact that in the most recent period proportionally more of the monetary base has been used to support demand and time deposits rather than currency.

The monetary base can be used either as currency or as reserves to support bank deposits (time and demand deposits). The allocation of the monetary base between these uses affects the size of the money stock (M1 or M2). While one dollar of the base can support only one dollar of currency, the same dollar of the base used as bank reserves can support a multiple expansion of bank deposits. Therefore, the larger the proportion of a given monetary base that is used as currency, the smaller will be the money stock (M1 or M2). In addition, the size of M1 resulting from a given monetary base is also reduced when proportionally more of the base is used as reserves to support time deposits (a component of M2 but not of M1), leaving a smaller proportion of the base available to support demand deposits.

In the most recent three months, the rate of growth of currency slowed to 7.8 percent from 9 percent in the previous three months. The rate of growth of demand and net time deposits, however, increased from 4.5 and 15.9 percent in the previous three-month period, respectively, to 6.8 and 16.9 percent in the most recent three-month period, respectively.

Prepared by Federal Reserve Bank of St. Louis

Released: January 28, 1977

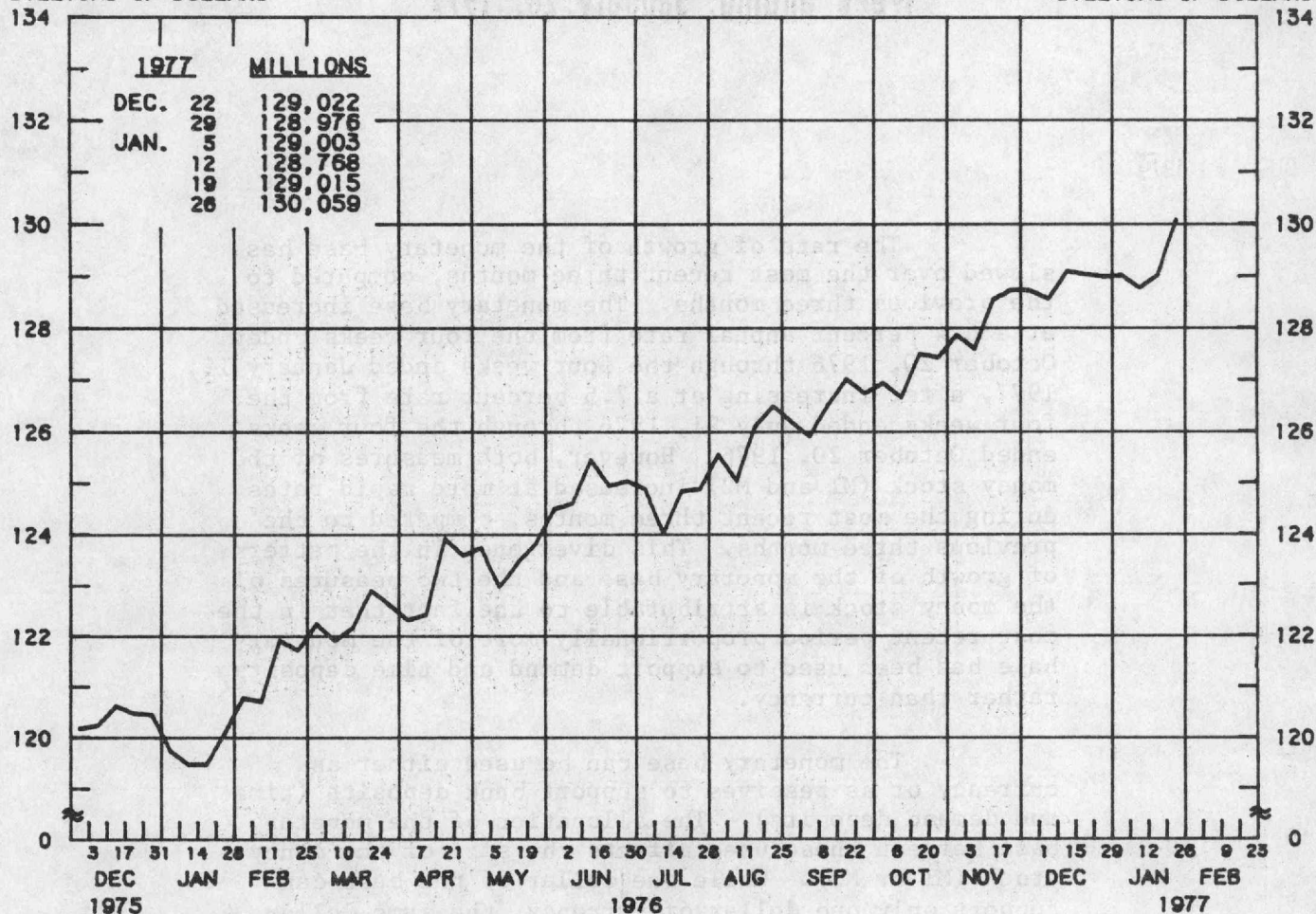
MONETARY BASE

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 26, 1977

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:

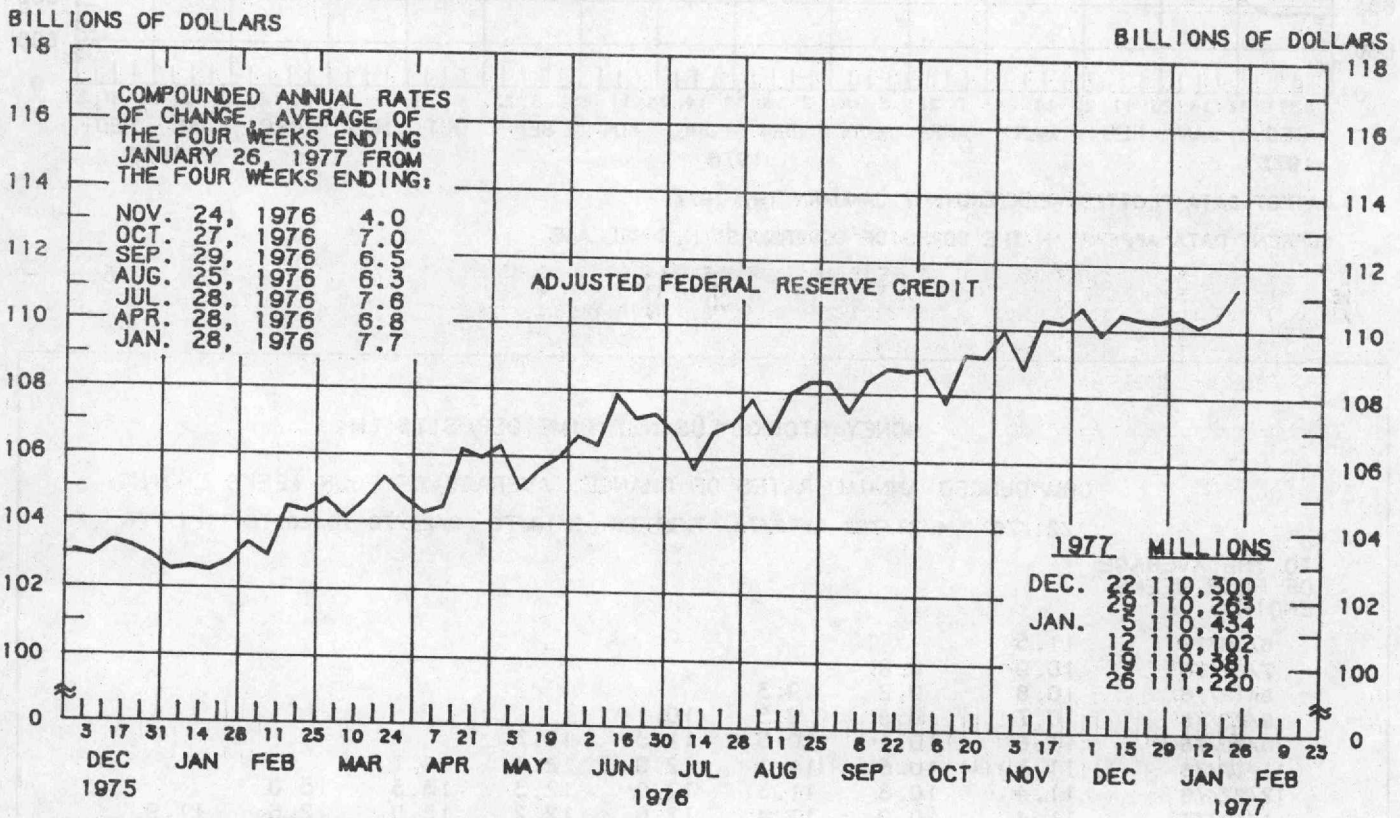
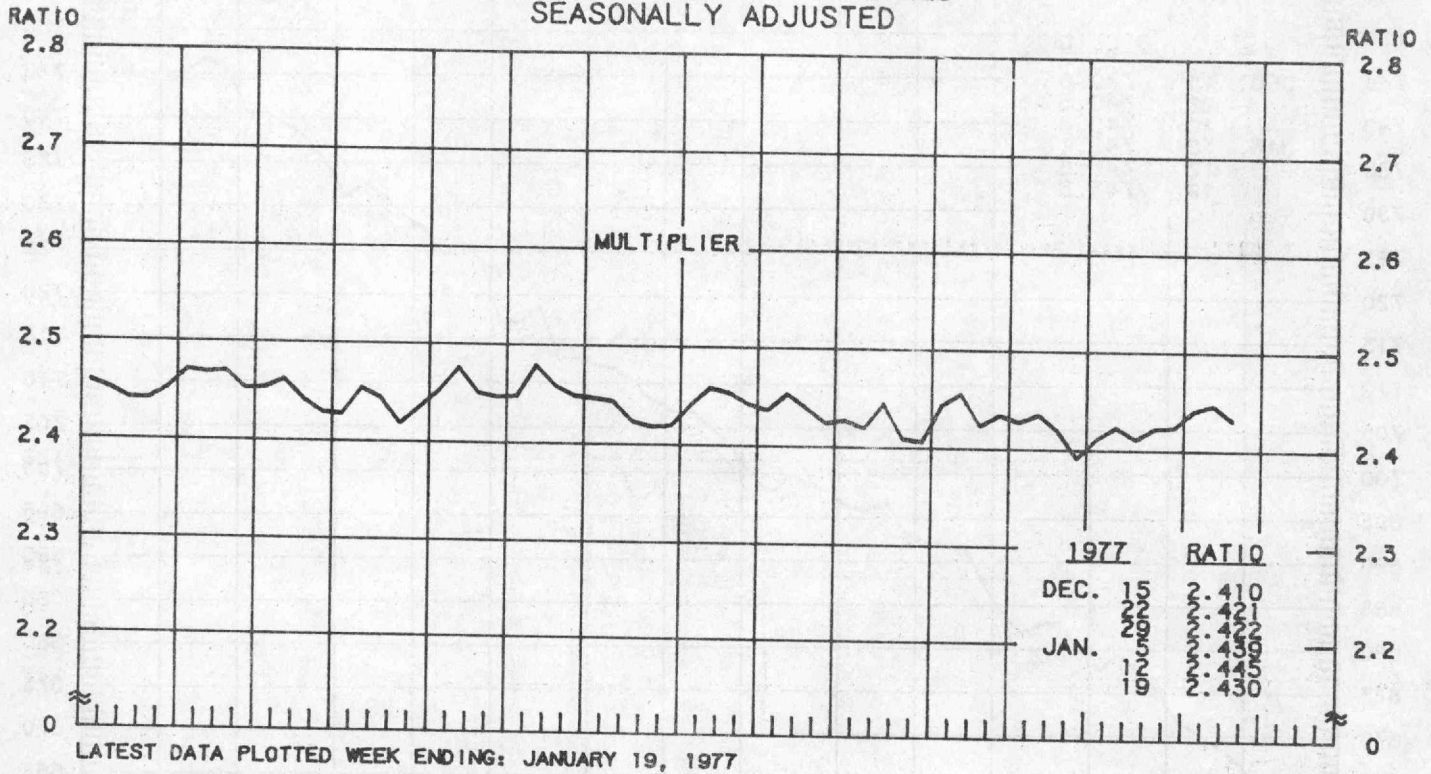
1/28/76 4/28/76 6/23/76 7/28/76 8/25/76 9/29/76 10/27/76 11/24/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

6/23/76	11.0							
7/28/76	8.4	5.3						
8/25/76	9.0	7.0	4.3					
9/29/76	8.6	6.8	5.1	9.1				
10/27/76	8.4	6.7	5.3	8.2	6.3			
11/24/76	8.6	7.3	6.4	8.9	7.8	8.7		
12/29/76	8.4	7.2	6.3	8.3	7.3	7.7	8.4	
1/26/77	7.9	6.7	5.9	7.5	6.6	6.6	6.7	4.8

MULTIPLIER ^{1/} ADJUSTED FEDERAL RESERVE CREDIT ^{2/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



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

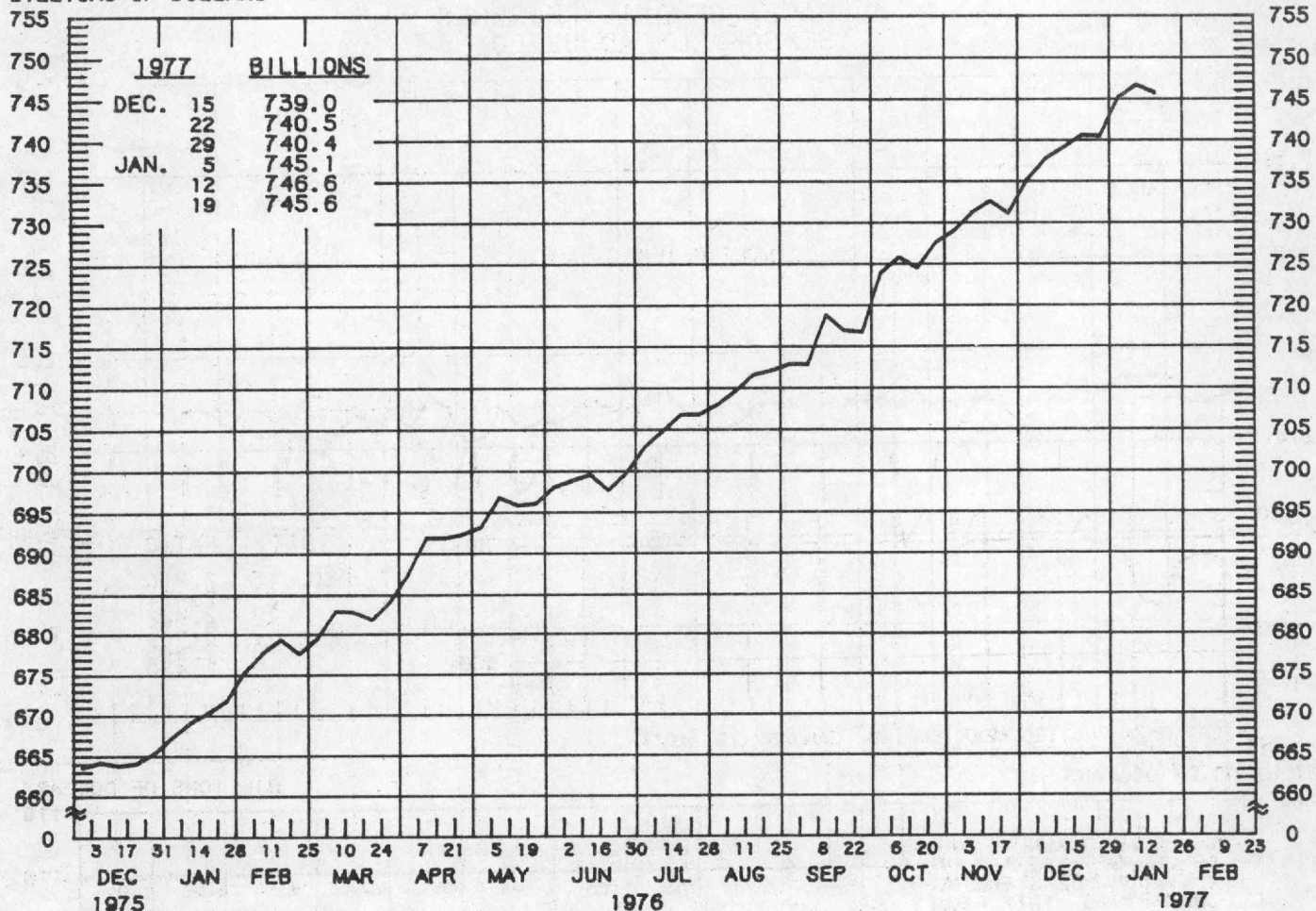
2/ FEDERAL RESERVE CREDIT CONSISTS OF FEDERAL RESERVE HOLDINGS OF SECURITIES, LOANS, FLOAT AND OTHER ASSETS. ADJUSTED FEDERAL RESERVE CREDIT IS COMPUTED BY SUBTRACTING TREASURY DEPOSITS AT FEDERAL RESERVE BANKS FROM THIS SERIES, AND ADJUSTING THE SERIES FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS 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: JANUARY 19, 1977

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:

1/21/76 4/21/76 6/16/76 7/21/76 8/18/76 9/22/76 10/20/76 11/17/76

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

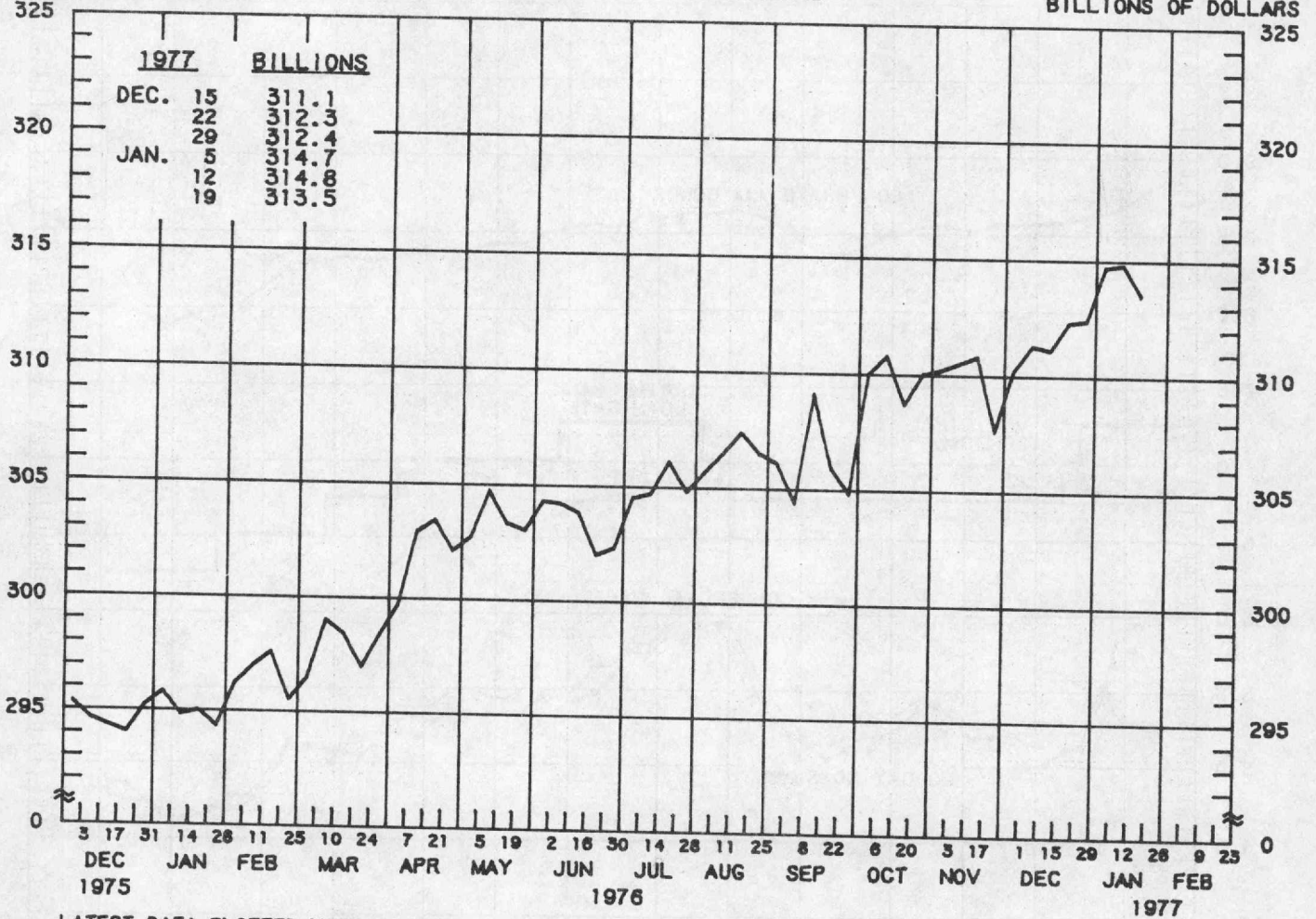
6/16/76	11.5							
7/21/76	10.9	8.8						
8/18/76	10.8	9.2	9.3					
9/22/76	10.7	9.3	9.5	10.1				
10/20/76	11.0	10.1	10.5	11.3	11.7			
11/17/76	11.3	10.6	11.1	12.0	12.4	14.1		
12/22/76	11.4	10.8	11.3	12.0	12.3	13.3	13.0	
1/19/77	11.4	10.9	11.4	12.0	12.2	13.0	12.6	11.9

MONEY STOCK (M1)

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JANUARY 19, 1977

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.

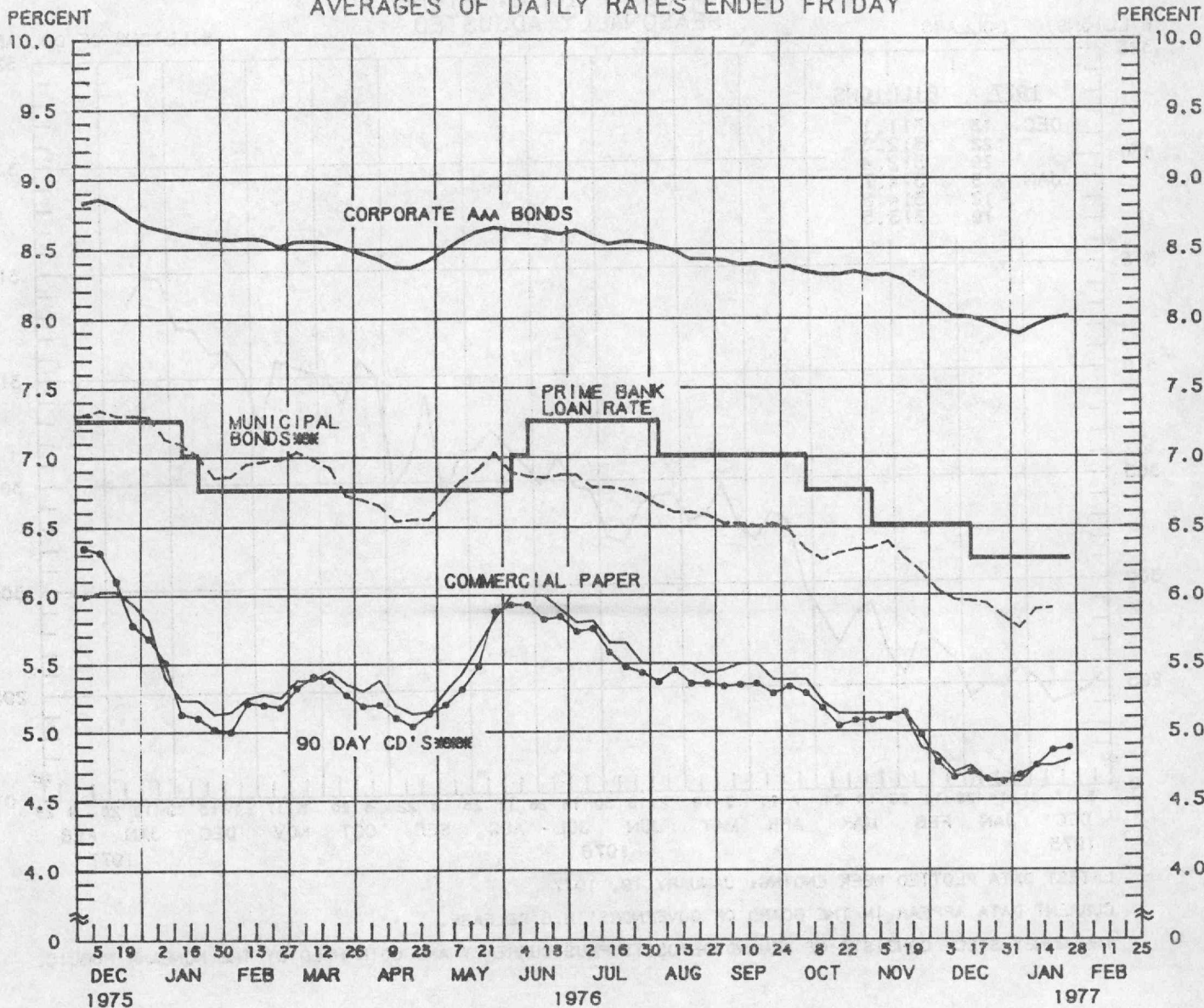
MONEY STOCK (M1)

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

	1/21/76	4/21/76	6/16/76	7/21/76	8/18/76	9/22/76	10/20/76	11/17/76
TO THE AVERAGE OF FOUR WEEKS ENDING:								
6/16/76	7.4							
7/21/76	6.3	4.5						
8/18/76	6.5	5.2	4.5					
9/22/76	5.7	4.2	3.2	3.9				
10/20/76	6.1	5.0	4.6	5.6	4.8			
11/17/76	6.3	5.4	5.2	6.2	5.7	8.8		
12/22/76	5.9	5.0	4.7	5.4	4.9	6.4	5.0	
1/19/77	6.3	5.7	5.6	6.3	6.1	7.7	7.0	6.7

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 28, 1977

1977	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
DEC. 3	4.77	4.83	4.64	8.09	6.03
10	4.66	4.70	4.64	8.01	5.96
17	4.70	4.75	4.60	8.00	5.95
24	4.65	4.63	4.60	7.96	5.93
31	4.63	4.65	4.65	7.91	5.83
JAN. 7	4.68	4.63	4.70	7.88	5.75
14	4.75	4.75	4.80	7.94	5.89
21	4.86	4.75	4.84	7.99	5.90
28 *	4.88	4.79	4.85	8.01	N.A.
FEB. 4					
11					
18					
25					

* AVERAGES OF RATES AVAILABLE.

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

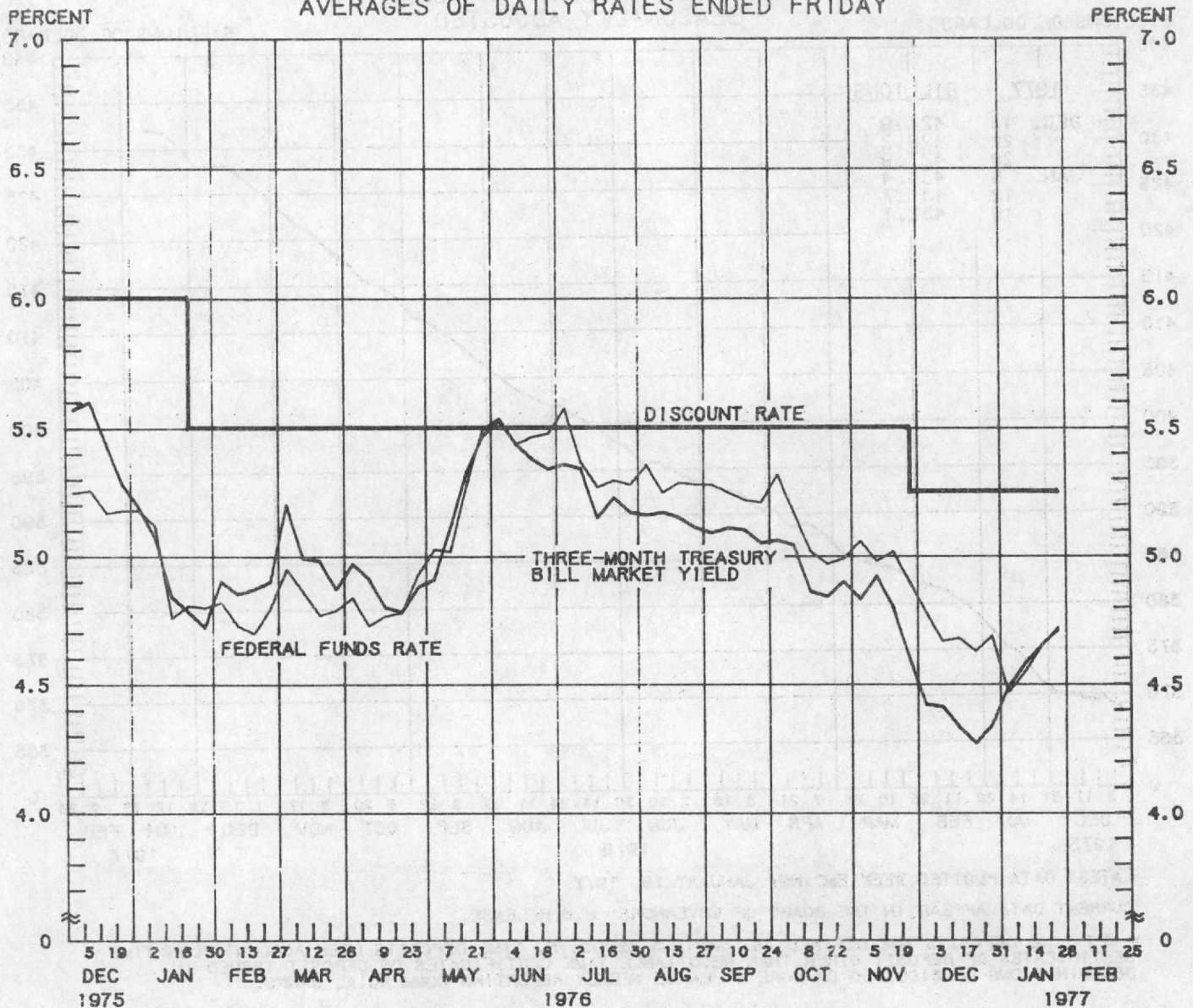
*** SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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: JANUARY 28, 1977

1977	FEDERAL FUNDS ^{***}	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES
DEC. 3	4.78	4.42	4.66	5.92	7.31
10	4.67	4.41	4.66	5.94	7.22
17	4.68	4.33	4.66	5.99	7.23
24	4.63	4.27	4.60	5.96	7.18
31	4.69	4.34	4.62	5.98	7.11
JAN. 7	4.47	4.49	4.76	6.12	7.14
14	4.55	4.58	4.93	6.48	7.35
21	4.65	4.65	5.08	6.57	7.40
28 *	4.72	4.71	5.15	6.65	7.45
FEB. 4					
11					
18					
25					

* AVERAGES OF RATES AVAILABLE.

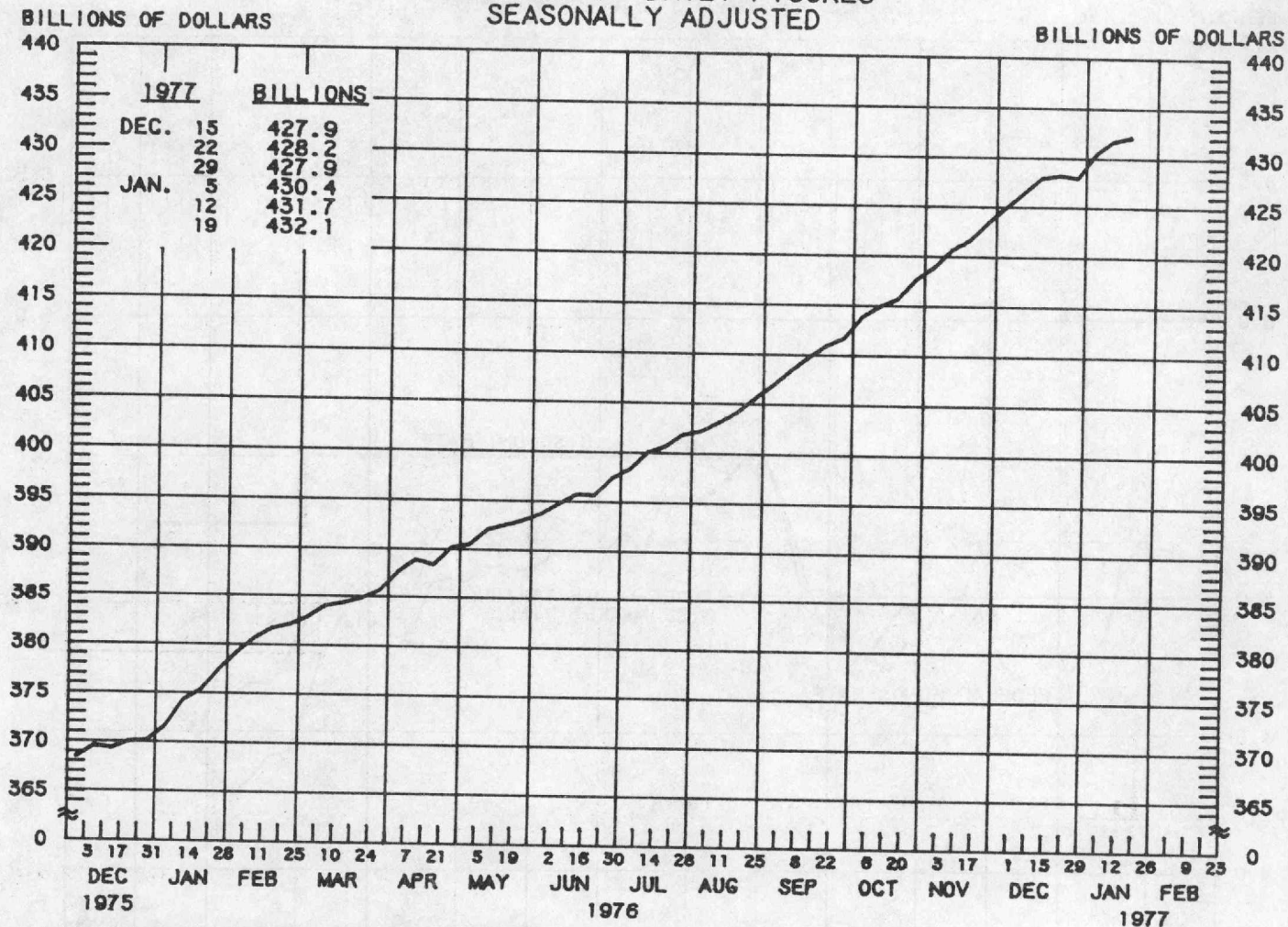
** SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN.

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

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: JANUARY 19, 1977

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.

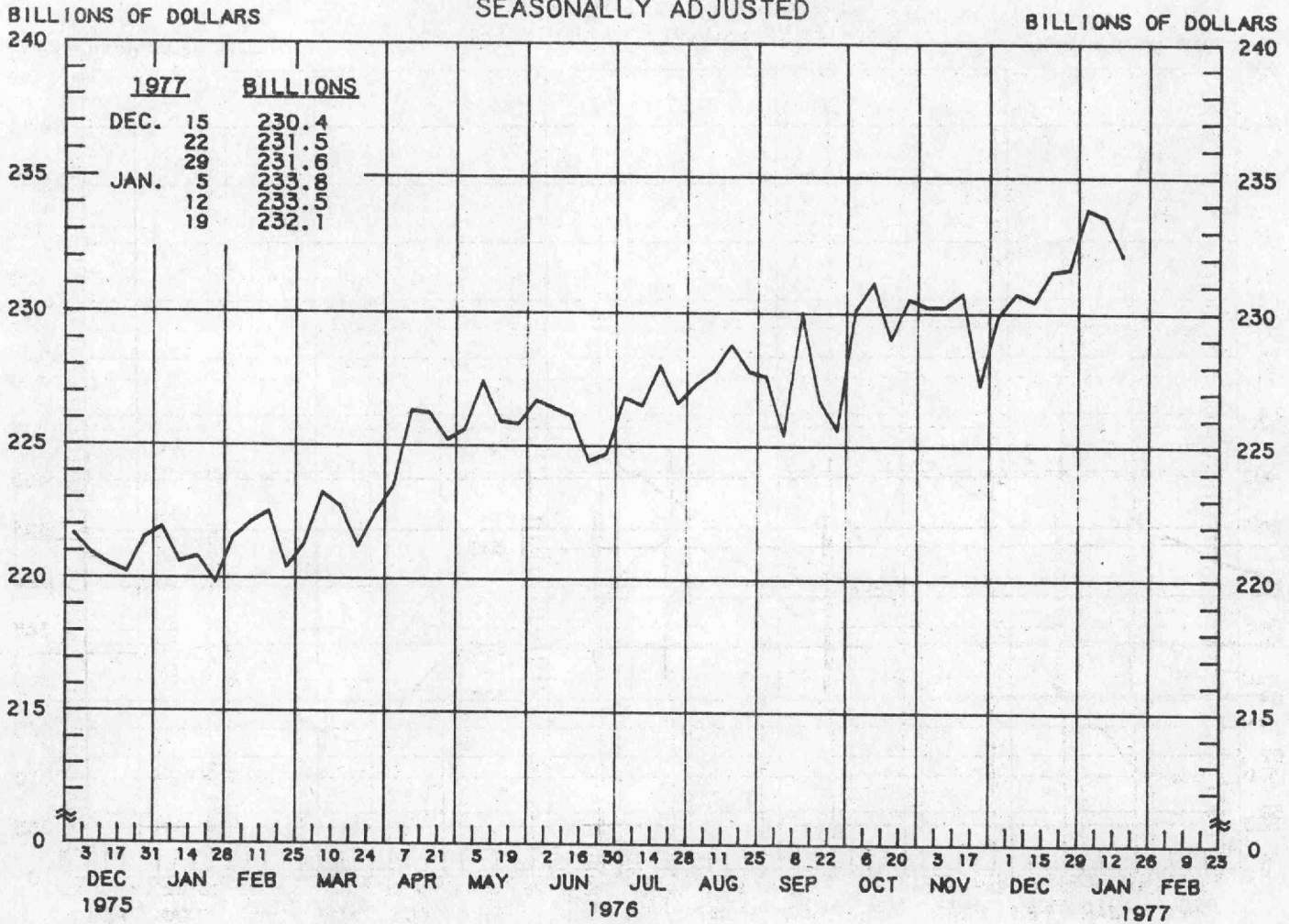
NET TIME DEPOSITS

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

	1/21/76	4/21/76	6/16/76	7/21/76	8/18/76	9/22/76	10/20/76	11/17/76
TO THE AVERAGE OF FOUR WEEKS ENDING:								
6/16/76	14.9							
7/21/76	14.6	12.3						
8/18/76	14.4	12.4	13.1					
9/22/76	14.7	13.4	14.5	15.0				
10/20/76	15.0	14.0	15.1	15.8	17.2			
11/17/76	15.4	14.7	15.9	16.6	17.9	18.5		
12/22/76	15.8	15.4	16.5	17.3	18.3	18.8	19.4	
1/19/77	15.5	15.0	15.9	16.4	17.0	17.1	16.9	15.8

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

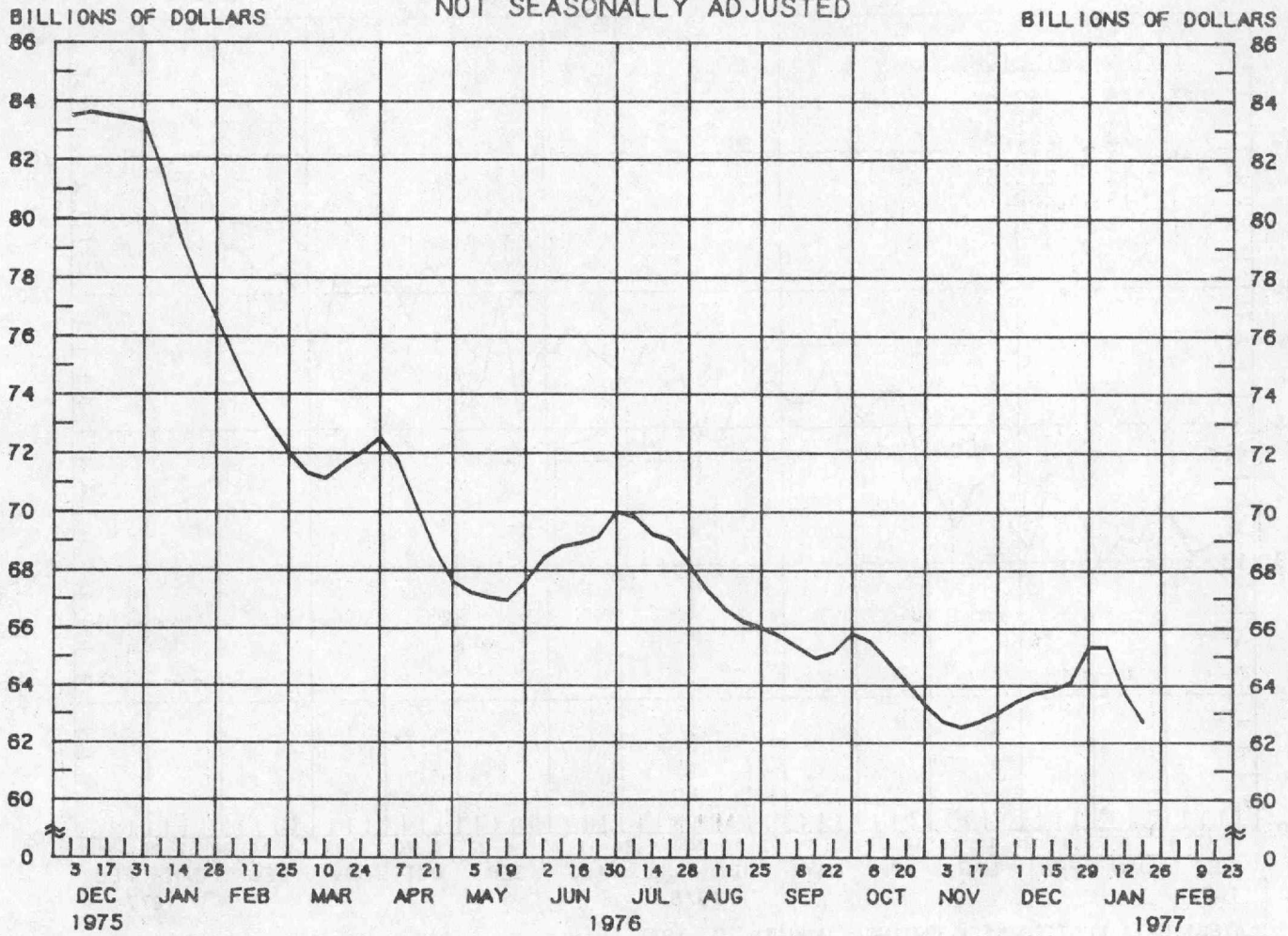


LATEST DATA PLOTTED WEEK ENDING: JANUARY 19, 1977
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	1/21/76	4/21/76	6/16/76	7/21/76	8/18/76	9/22/76	10/20/76	11/17/76	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
6/16/76	5.8								
7/21/76	4.8	3.4							
8/18/76	5.1	4.1	3.4						
9/22/76	4.2	3.0	1.8	2.3					
10/20/76	4.7	4.0	3.5	4.5	3.6				
11/17/76	5.1	4.5	4.3	5.4	5.0	8.9			
12/22/76	4.6	4.0	3.7	4.3	3.9	5.7	4.1		
1/19/77	5.2	4.9	4.9	5.6	5.5	7.4	6.8	6.2	

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 19, 1977

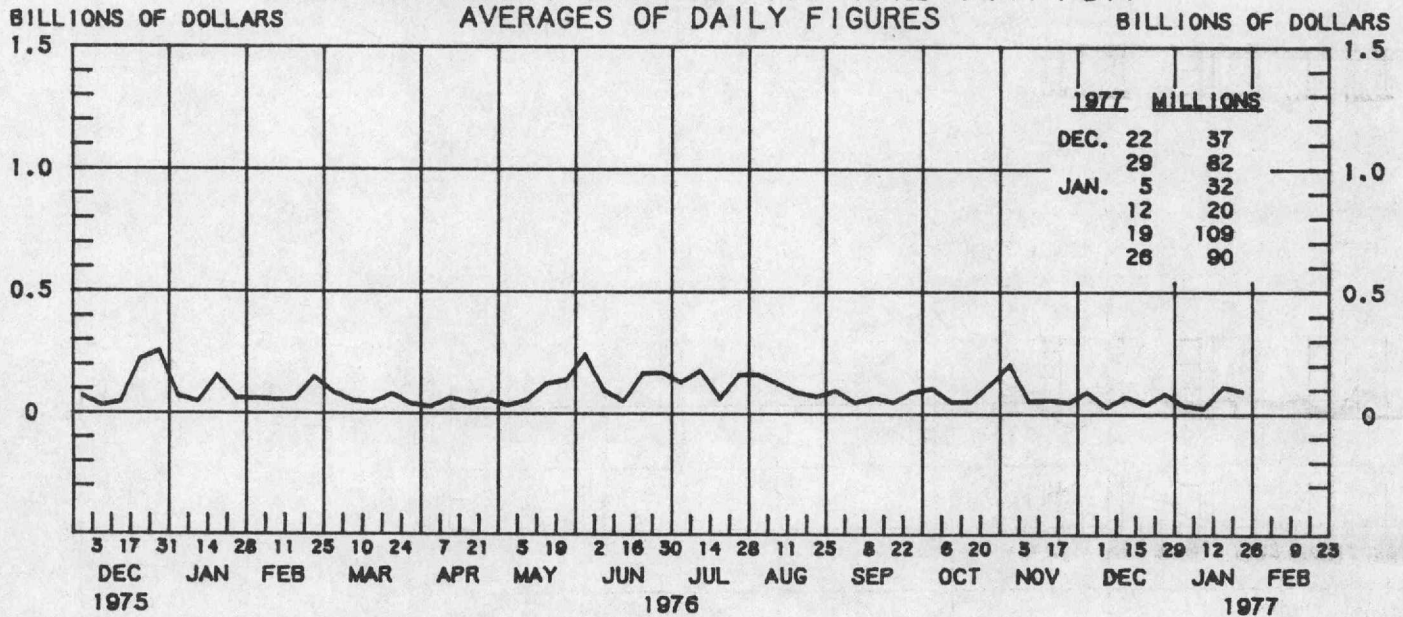
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

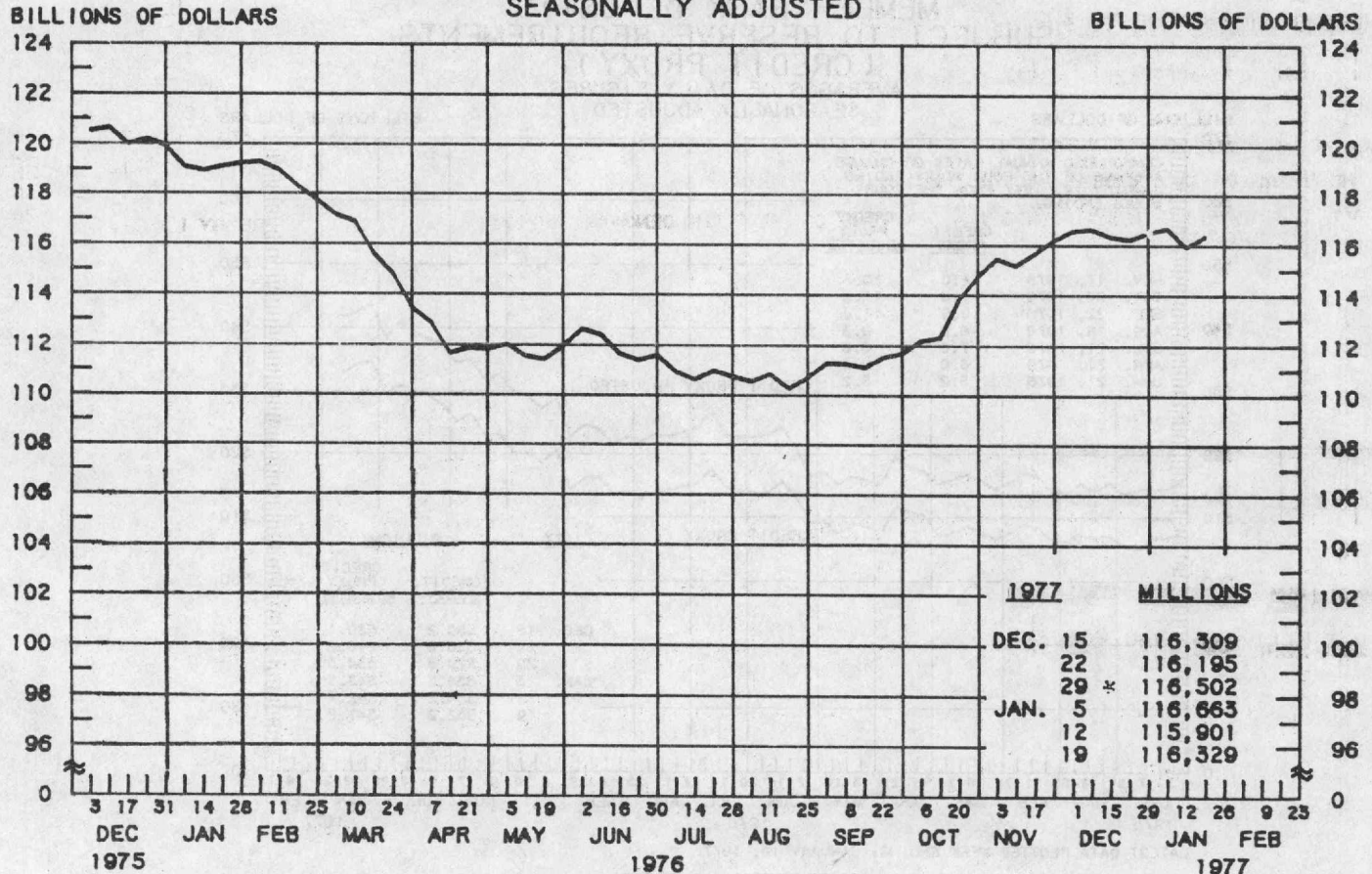
1977	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT SEAS. ADJ.
DEC. 1	63.4	62.8
8	63.7	63.1
15	63.8	63.4
22	64.1	63.7
29	65.3	64.9
JAN. 5	65.3	65.2
12	63.7	64.1
19	62.7	63.3
26		
FEB. 2		
9		
16		
23		

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



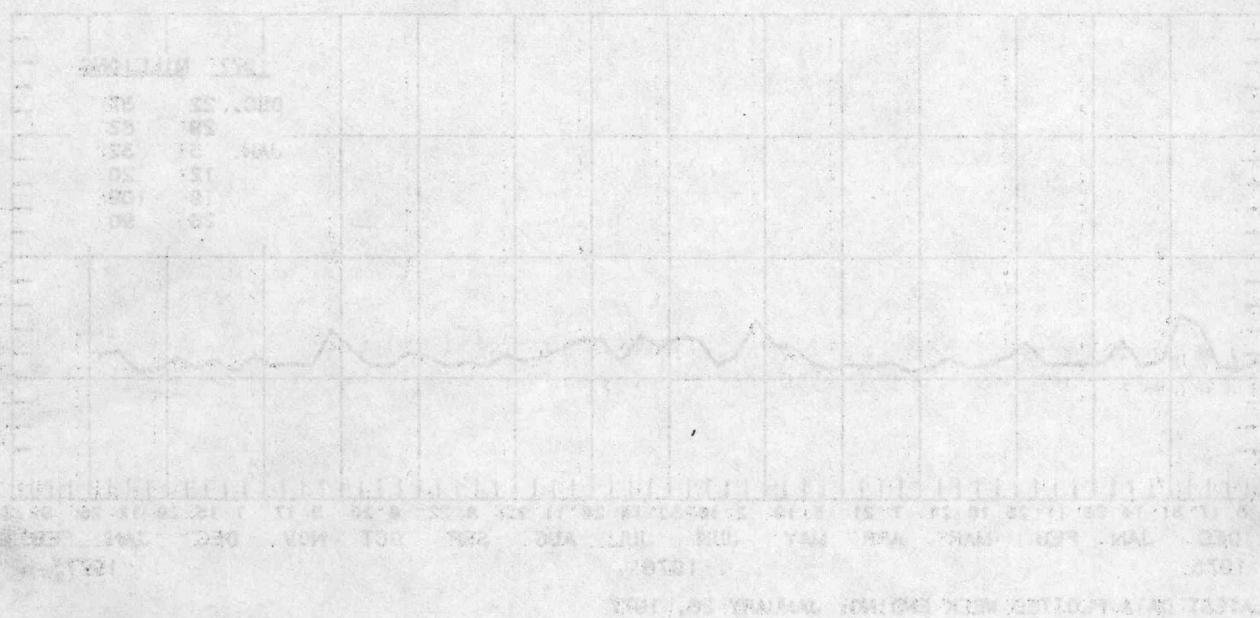
BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



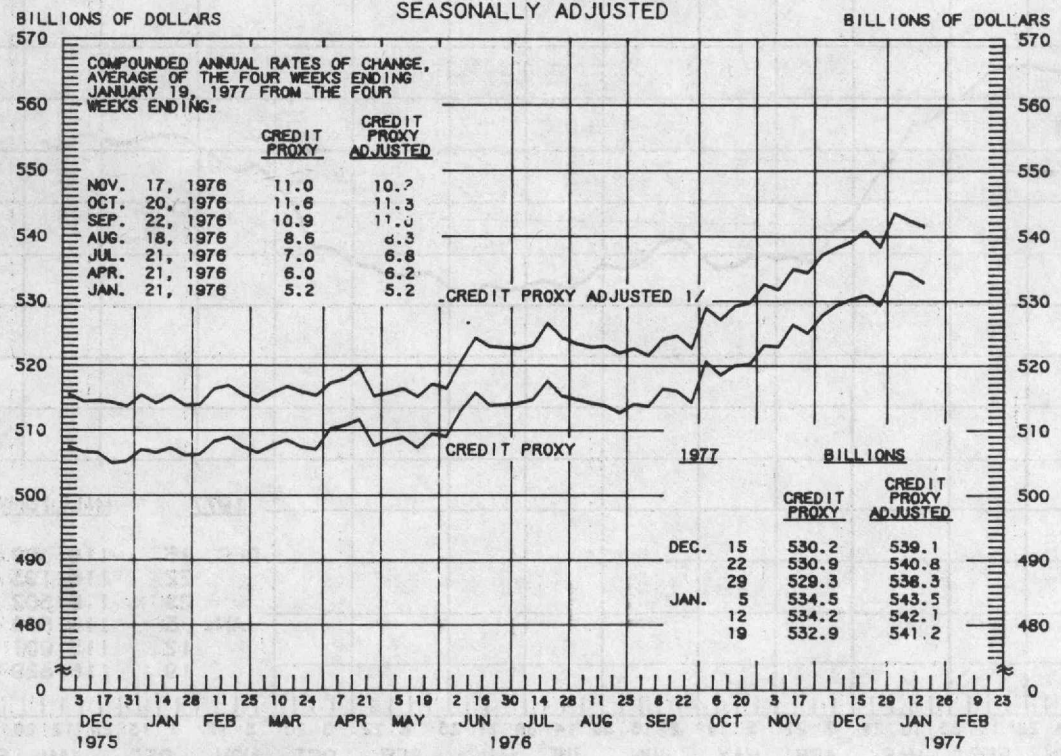
* LEVELS OF BUSINESS LOANS BEGINNING DECEMBER 29 ARE NOT COMPARABLE TO PREVIOUS DATA.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

Borrowings from Federal Reserve Banks
All Member Banks in the Nation



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



LATEST DATA PLOTTED WEEK ENDING: JANUARY 19, 1977

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