

Week ending: July 13, 1977



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The growth of the broadly-defined money stock (M2) has slowed noticeably during the most recent six months, compared to the previous six months. After increasing at a 12.6 percent annual rate over the latter half of 1976, M2 has increased at a 9 percent annual rate over the first half of 1977. This slowdown in M2 growth is the result of the slowdown in the growth of its major component — net time deposits.

M2 consists of M1 (demand deposits plus currency and coin held by the nonbank public) plus net time deposits. Net time deposits constitute the largest portion of M2 and consist of savings deposits, time deposits open account plus time certificates of deposit (CDs) other than negotiable time CDs issued in denominations of \$100,000 or more by weekly-reporting large commercial banks. While M1 growth during the past six months has slowed somewhat, compared to the previous six months, growth of net time deposits has slowed more markedly -- to an 11.1 percent rate from a 17.1 percent rate. A major reason for the reduction in net time deposit growth has been the upward movement of short- and intermediate-term interest rates since January of this year.

During the last quarter of 1976, market interest rates on short- and intermediate-term Treasury securities fell below the ceiling rates of interest being paid by banks on savings and small-denomination time deposits. Net time deposit growth increased rapidly during this period, reflecting the increased attractiveness of these bank deposits to lenders. With market interest rates on these securities increasing during the first half of 1977, and with rates paid on savings and small-denomination time deposits at or close to their ceiling levels, these bank deposits are no longer as attractive to lenders.

With the markedly slower growth of net time deposits, combined with slower growth of demand deposits, banks have recently increased issuance of large negotiable certificates of deposit (in denominations of \$100,000 or more). The issuance of these large certificates of deposit at weekly-reporting large commercial banks has been on the upswing since early May.

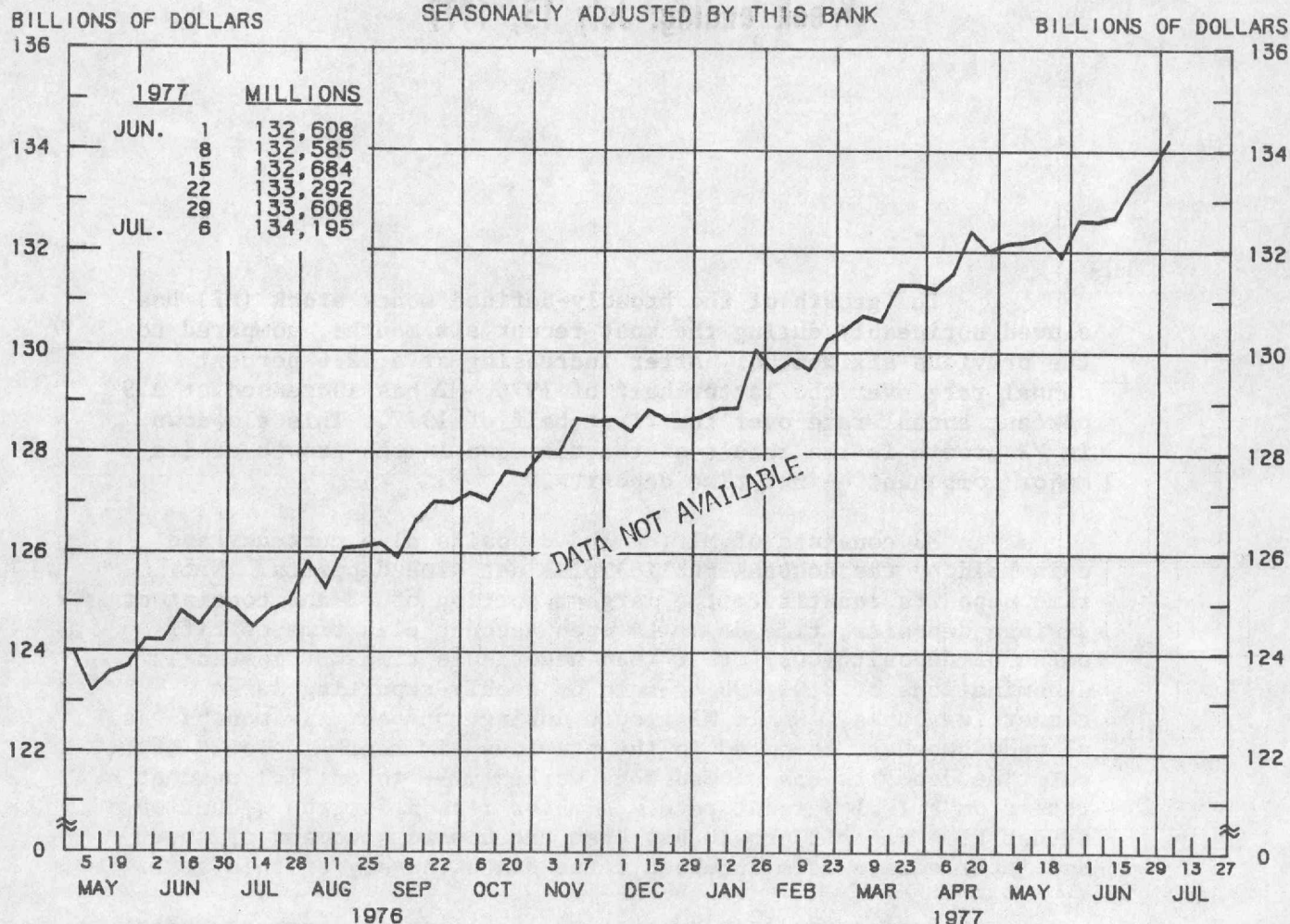
Prepared by Federal Reserve Bank of St. Louis

Released: July 15, 1977

MONETARY BASE

AVERAGES OF DAILY FIGURES

SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: JULY 6, 1977

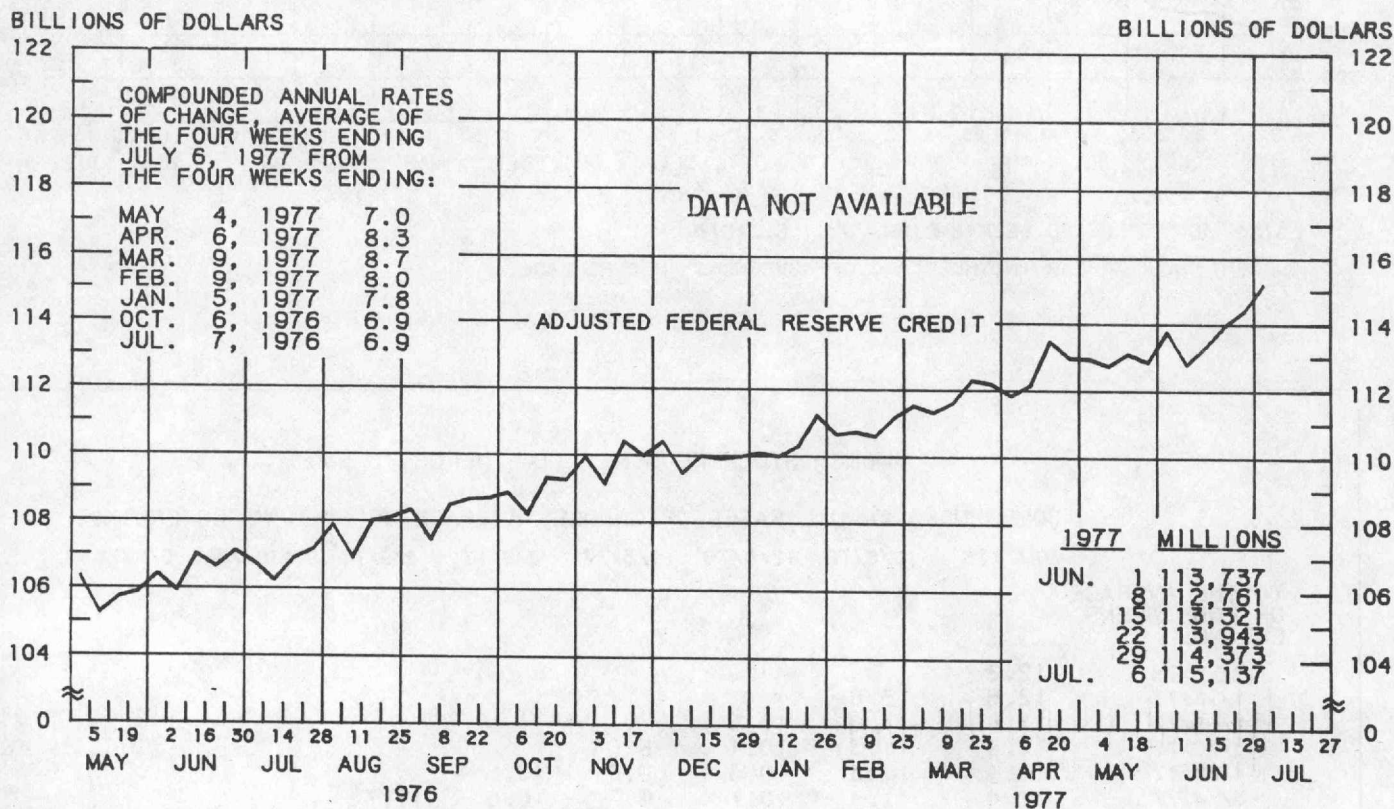
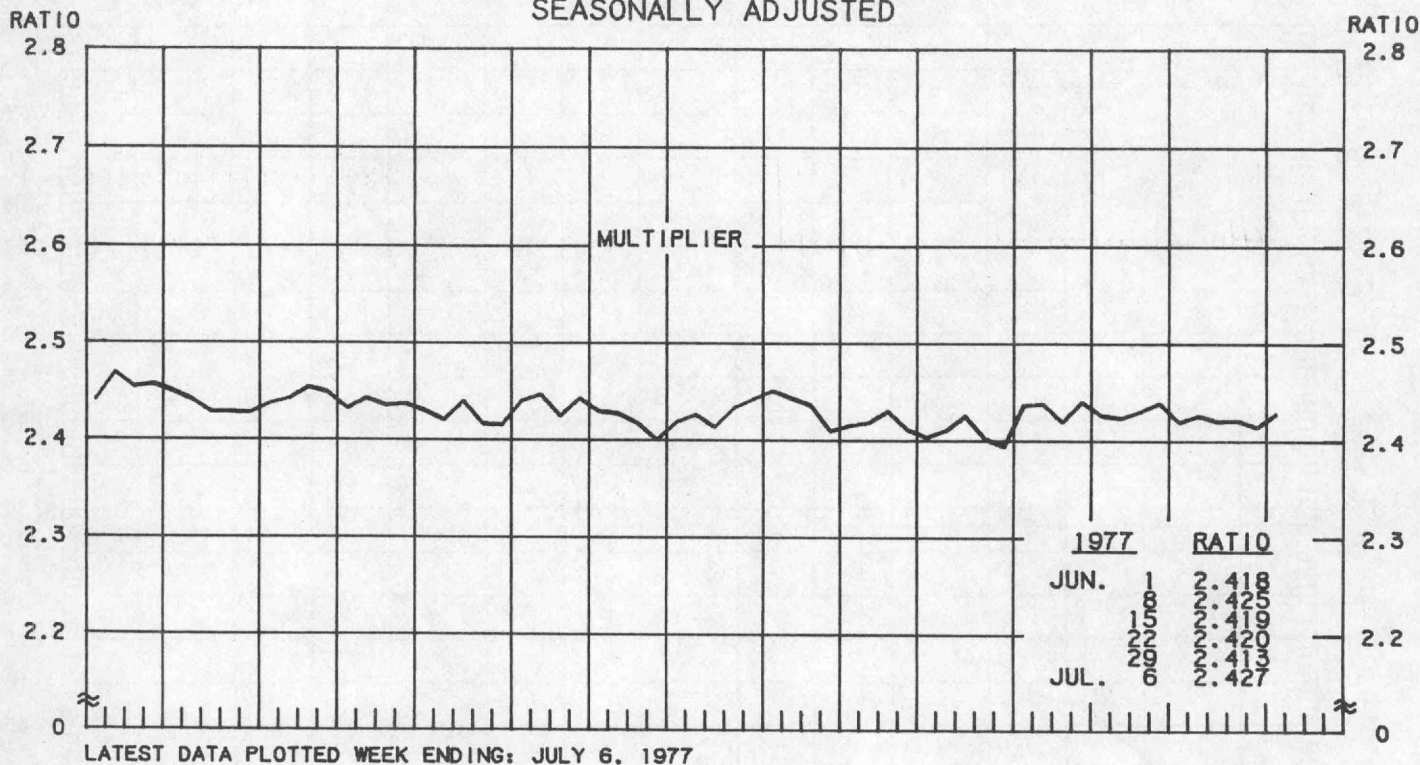
THE MONETARY BASE CONSISTS OF MEMBER BANK RESERVES AT THE FEDERAL RESERVE BANKS AND CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF COMMERCIAL BANKS), ADJUSTED FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS IN THE SAME TYPE OF DEPOSITS BETWEEN BANKS WHERE DIFFERENT RESERVE 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:

	7/7/76	10/6/76	12/8/76	1/5/77	2/9/77	3/9/77	4/6/77	5/4/77
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 8/76	7.3							
1/ 5/77	6.3	5.6						
2/ 9/77	6.5	6.1	4.7					
3/ 9/77	6.5	6.3	5.3	7.2				
4/ 6/77	6.8	6.7	6.2	7.7	7.9			
5/ 4/77	7.0	7.0	6.8	8.1	8.4	9.1		
6/ 8/77	6.5	6.4	5.9	6.8	6.6	6.5	5.5	
7/ 6/77	6.9	6.9	6.6	7.5	7.5	7.7	7.3	6.4

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



LATEST DATA PLOTTED WEEK ENDING: JULY 6, 1977

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

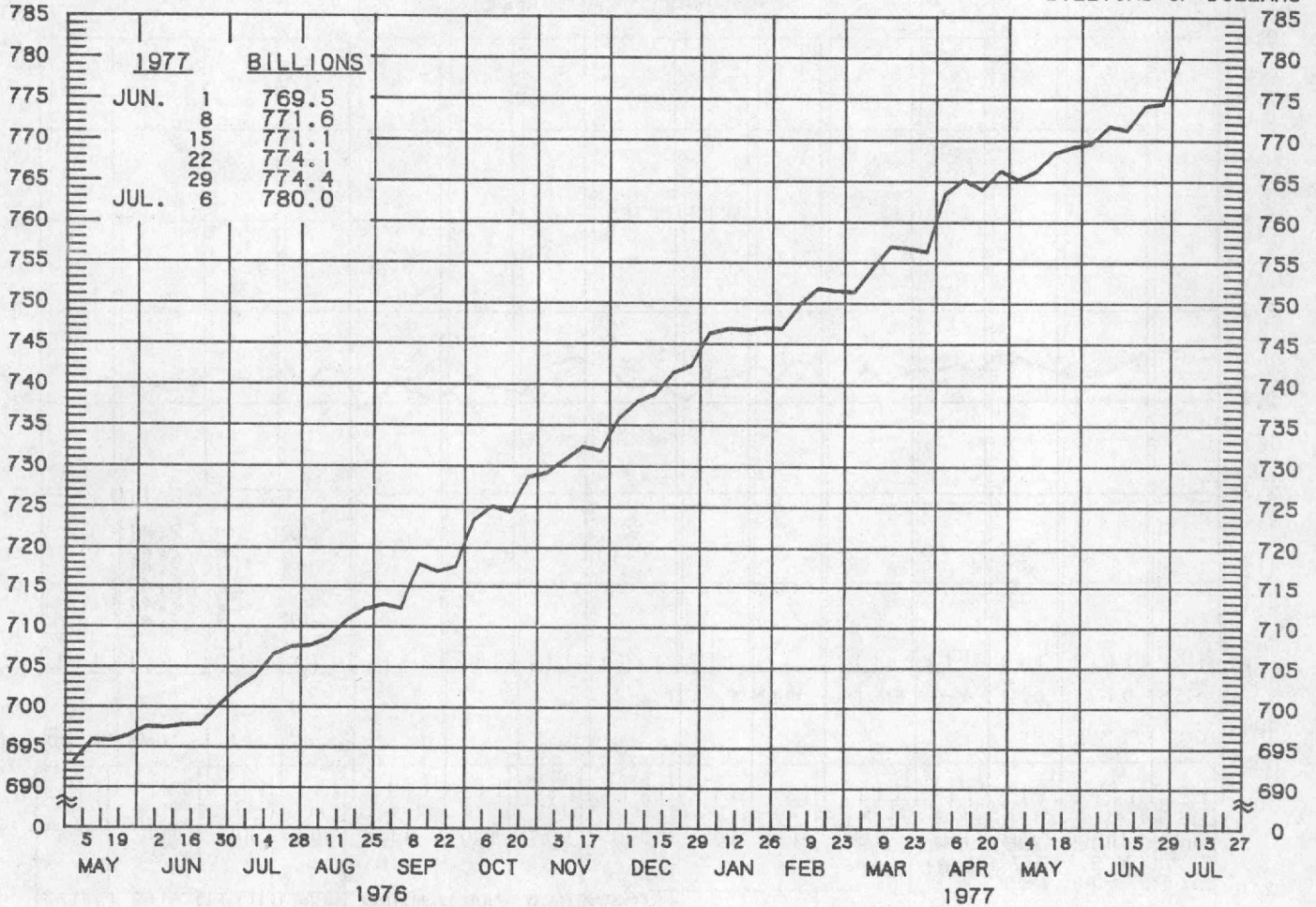
2/ FEDERAL RESERVE CREDIT CONSISTS OF FEDERAL RESERVE HOLDINGS OF SECURITIES, LOANS, FLOAT AND OTHER ASSETS. ADJUSTED FEDERAL RESERVE CREDIT IS COMPUTED BY SUBTRACTING TREASURY DEPOSITS AT FEDERAL RESERVE BANKS FROM THIS SERIES, AND ADJUSTING THE SERIES FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS 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: JULY 6, 1977

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

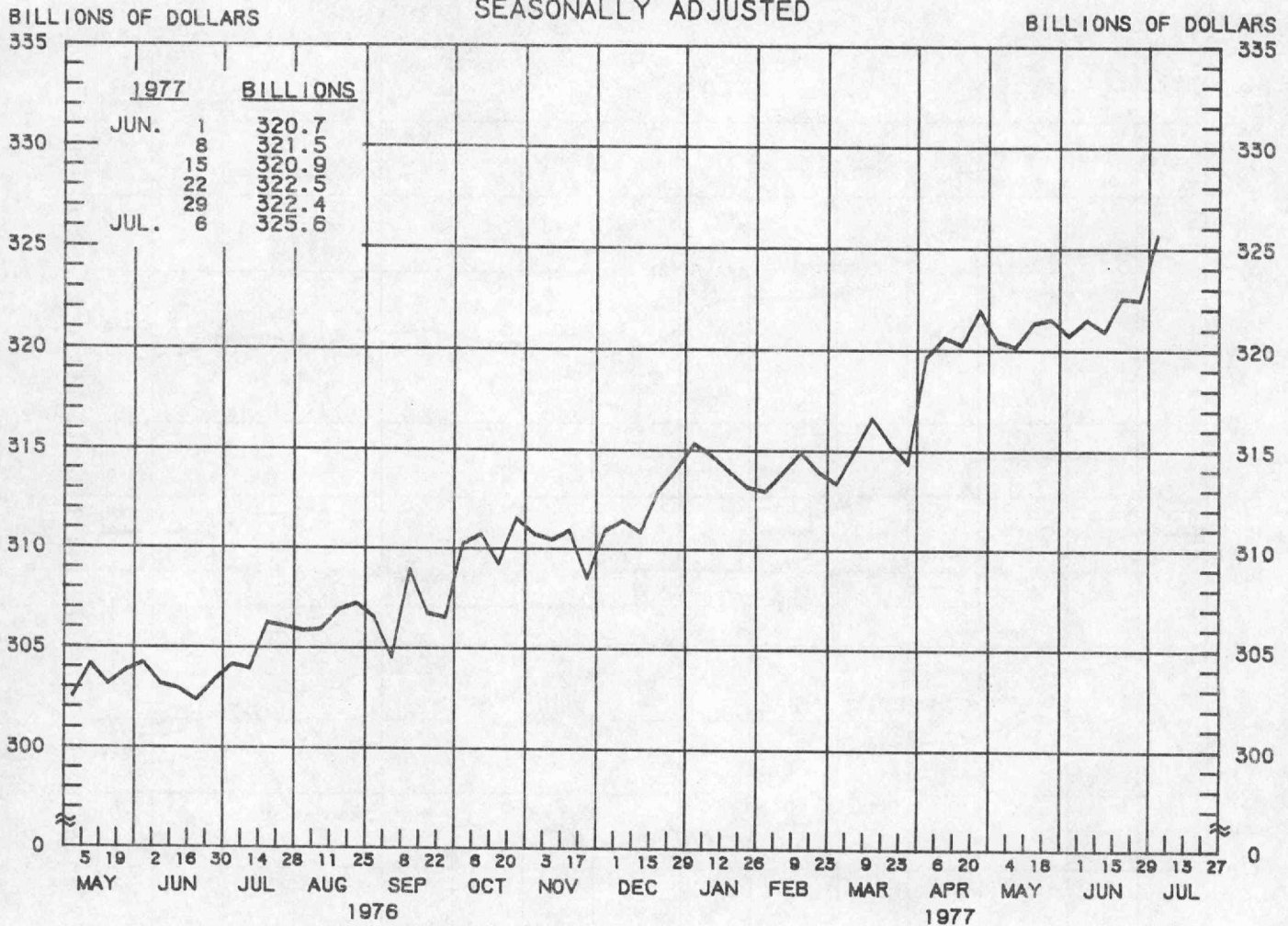
MONEY STOCK PLUS NET TIME DEPOSITS (M2)

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

	7/7/76	10/6/76	12/8/76	1/5/77	2/9/77	3/9/77	4/6/77	5/4/77
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 8/76	12.2							
1/ 5/77	12.6	13.6						
2/ 9/77	11.8	11.9	10.8					
3/ 9/77	11.4	11.3	10.1	8.0				
4/ 6/77	11.4	11.3	10.3	9.0	9.8			
5/ 4/77	11.4	11.4	10.7	9.7	10.6	11.7		
6/ 8/77	10.9	10.7	9.8	9.0	9.4	9.6	9.0	
7/ 6/77	10.8	10.5	9.8	9.0	9.3	9.5	9.0	7.6

MONEY STOCK (M1)

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 6, 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.

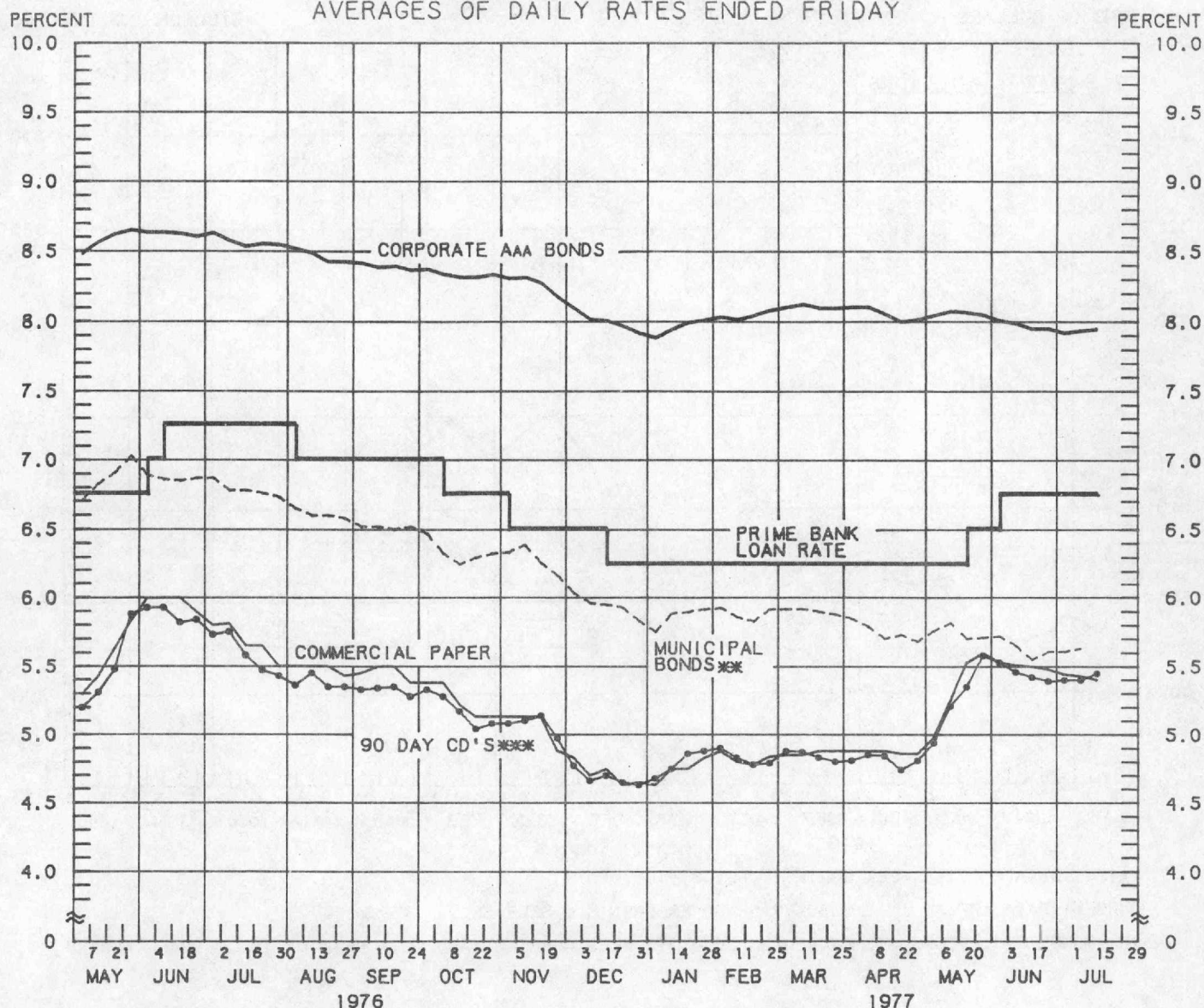
MONEY STOCK (M1)

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

	7/7/76	10/6/76	12/8/76	1/5/77	2/9/77	3/9/77	4/6/77	5/4/77
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 8/76	5.7							
1/ 5/77	6.8	6.9						
2/ 9/77	5.8	5.1	5.9					
3/ 9/77	5.5	4.8	5.1	1.9				
4/ 6/77	5.9	5.5	6.1	4.1	6.4			
5/ 4/77	7.1	7.3	8.5	7.5	10.5	14.2		
6/ 8/77	6.5	6.4	7.1	6.1	7.8	9.2	9.1	
7/ 6/77	6.5	6.5	7.1	6.2	7.6	8.6	8.3	3.8

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JULY 15, 1977

1977	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
MAY 6	4.94	4.98	5.06	8.04	5.76
13	5.21	5.25	5.33	8.07	5.82
20	5.35	5.53	5.43	8.06	5.70
27	5.58	5.60	5.52	8.04	5.71
JUNE 3	5.53	5.53	5.42	8.00	5.72
10	5.46	5.51	5.42	7.98	5.65
17	5.42	5.50	5.41	7.94	5.55
24	5.39	5.48	5.39	7.94	5.61
JULY 1	5.40	5.44	5.35	7.91	5.61
8	5.40	5.43	5.38	7.93	5.63
15 *	5.45	5.40	5.41	7.94	N.A.
22					
29					

* AVERAGES OF RATES AVAILABLE.

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

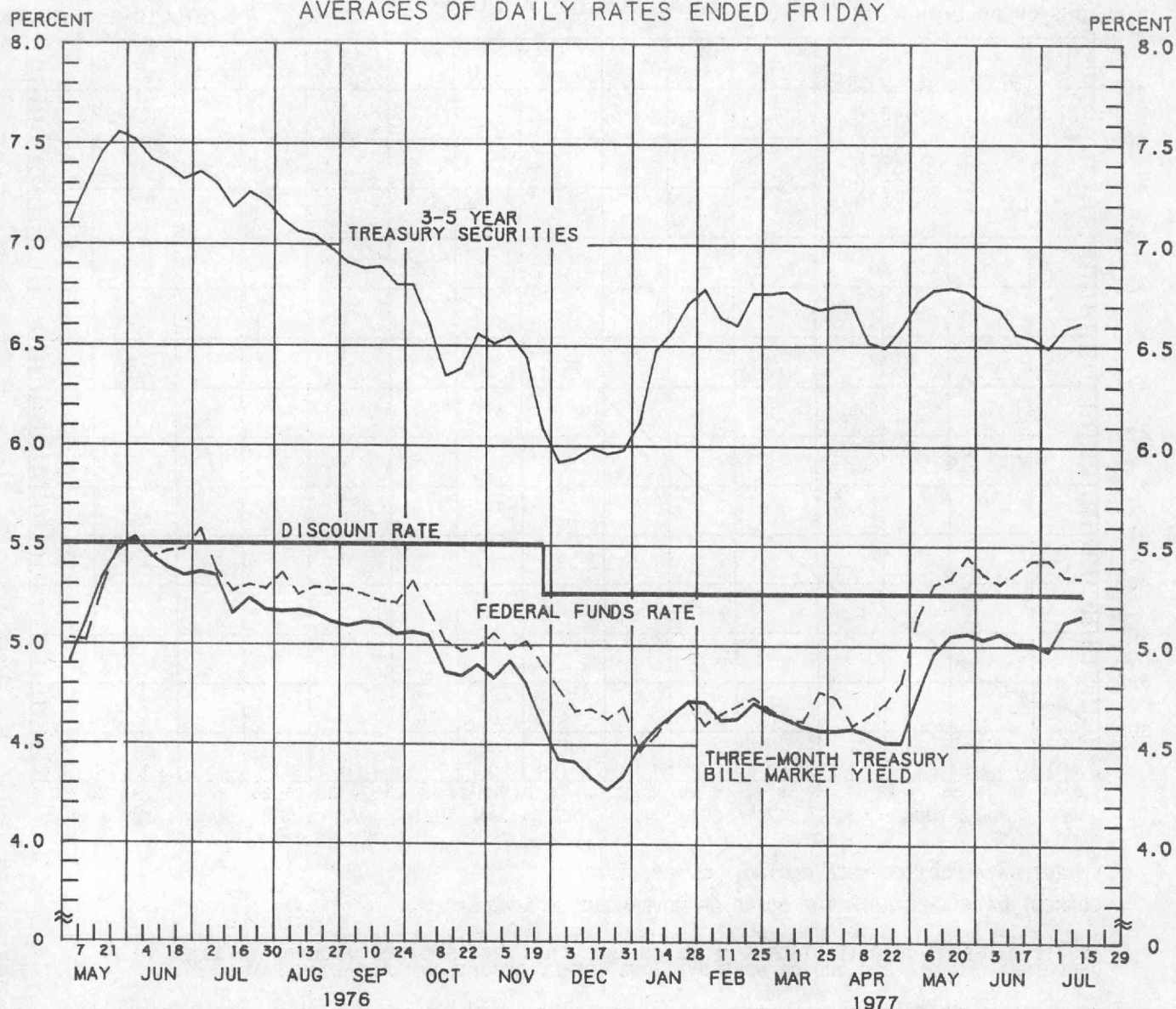
*** SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

N.A. - NOT AVAILABLE

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JULY 15, 1977

1977	FEDERAL FUNDS %	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
MAY 6	5.15	4.75	5.28	6.72	7.57
13	5.31	4.96	5.46	6.78	7.61
20	5.34	5.05	5.52	6.79	7.58
27	5.45	5.06	5.45	6.77	7.53
JUNE 3	5.36	5.03	5.42	6.71	7.52
10	5.31	5.06	5.43	6.68	7.48
17	5.37	5.01	5.40	6.56	7.41
24	5.43	5.01	5.41	6.54	7.41
JULY 1	5.43	4.97	5.39	6.49	7.38
8	5.35	5.12	5.46	6.59	7.43
15 *	5.34	5.15	5.50	6.62	7.44
22					
29					

* AVERAGES OF RATES AVAILABLE.

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

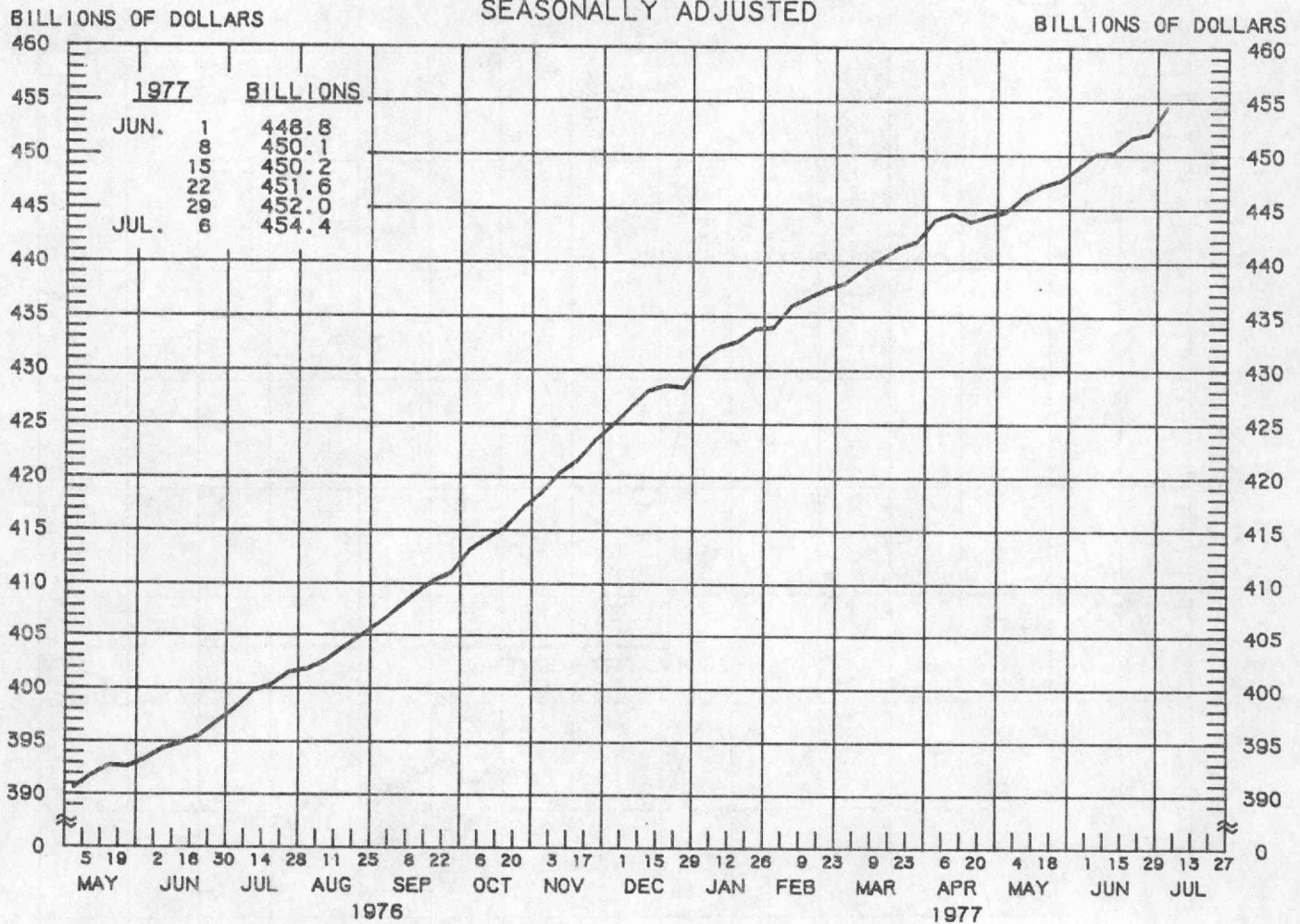
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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

TREASURY BILL YIELDS ON DISCOUNT BASIS.

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: JULY 6, 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:

7/7/76 10/6/76 12/8/76 1/5/77 2/9/77 3/9/77 4/6/77 5/4/77

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

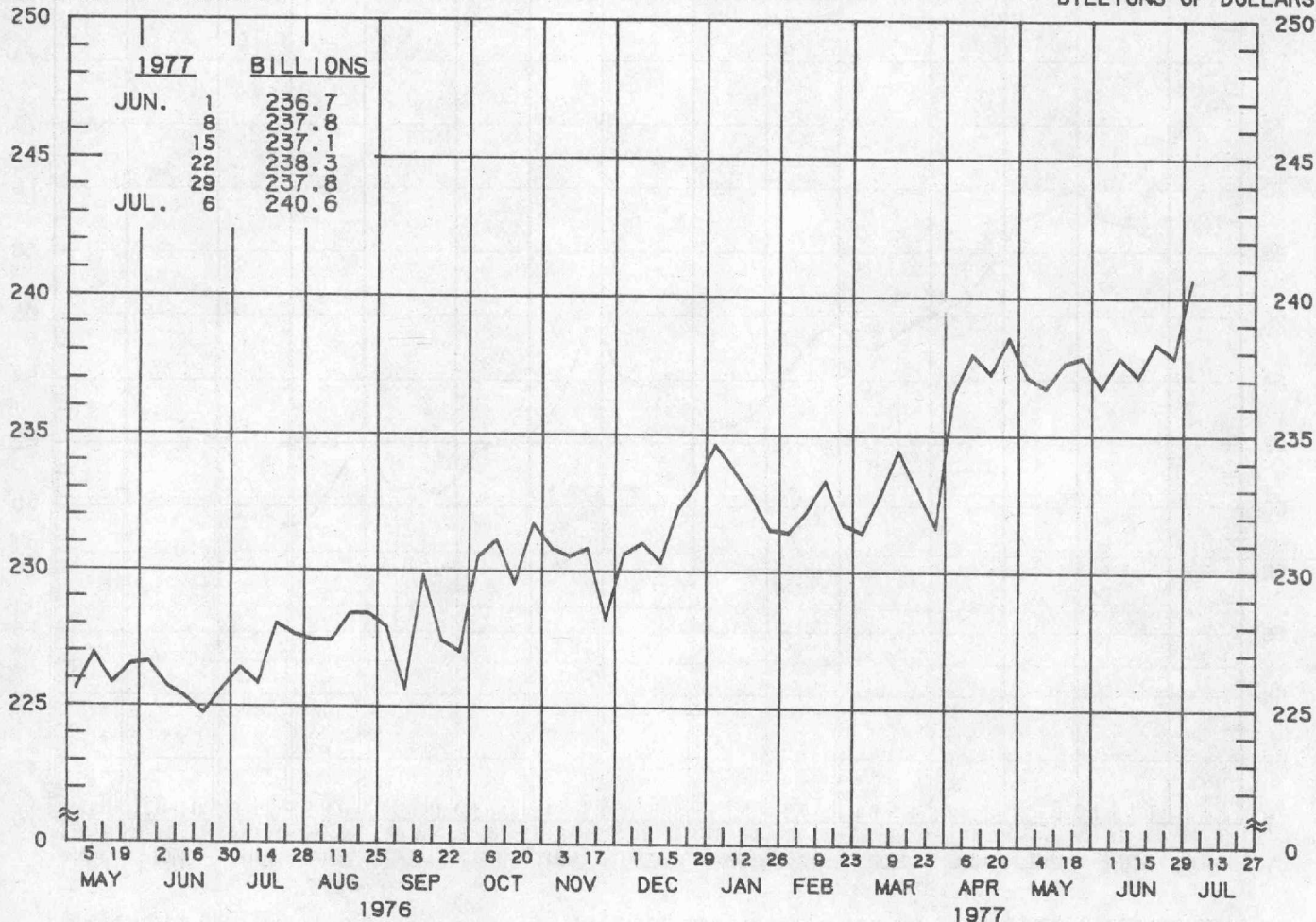
12/ 8/76	17.3							
1/ 5/77	17.1	18.8						
2/ 9/77	16.5	17.3	14.6					
3/ 9/77	16.0	16.3	13.8	12.7				
4/ 6/77	15.6	15.7	13.5	12.7	12.3			
5/ 4/77	14.8	14.6	12.3	11.4	10.6	9.9		
6/ 8/77	14.3	13.9	11.8	11.1	10.4	9.9	8.8	
7/ 6/77	14.1	13.6	11.8	11.1	10.6	10.3	9.6	10.6

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JULY 6, 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:

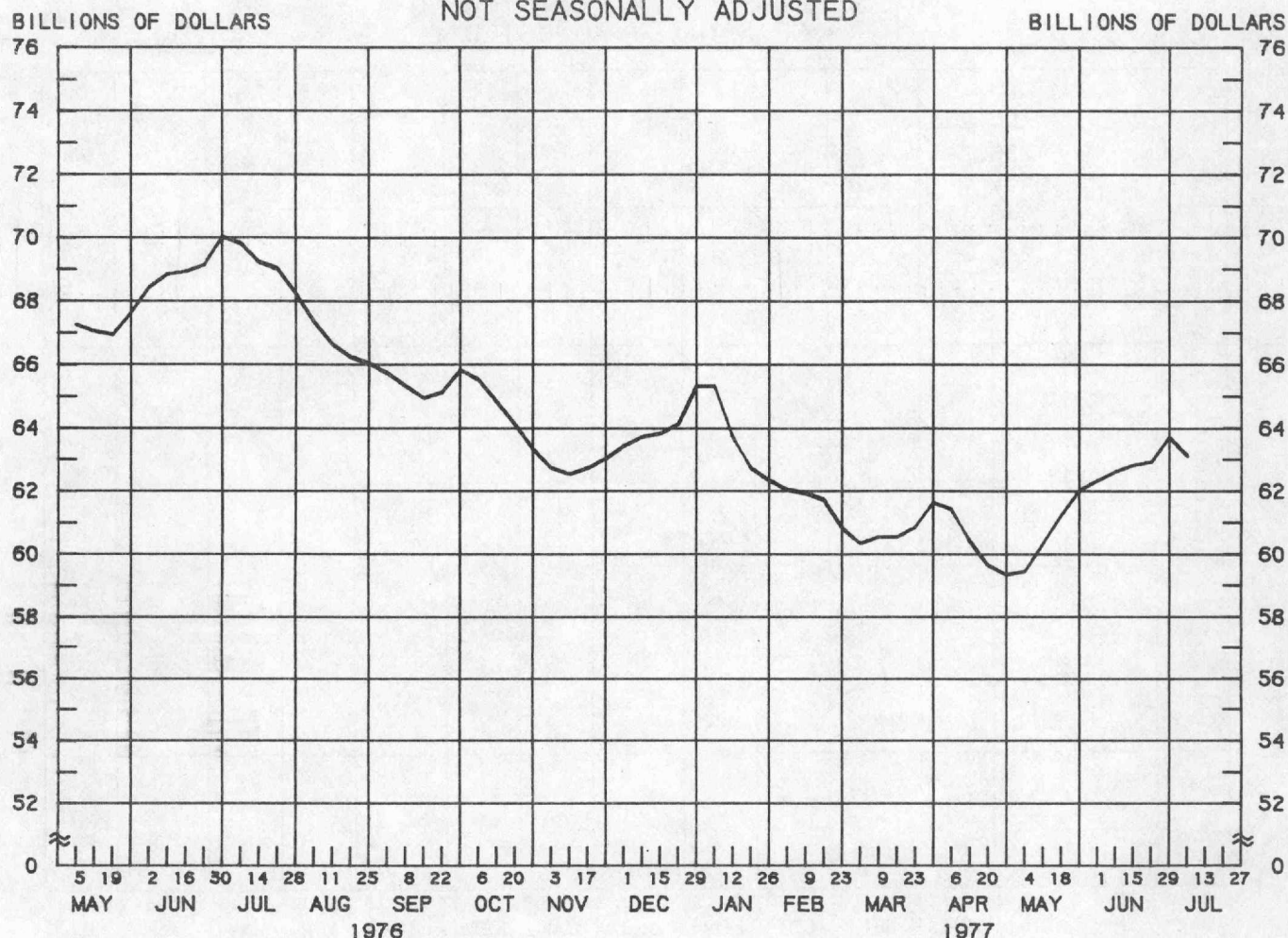
7/7/76 10/6/76 12/8/76 1/5/77 2/9/77 3/9/77 4/6/77 5/4/77

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

12/ 8/76	5.0							
1/ 5/77	6.4	7.0						
2/ 9/77	4.9	4.2	4.6					
3/ 9/77	4.5	3.8	3.7	-0.7				
4/ 6/77	5.0	4.6	5.0	2.3	5.4			
5/ 4/77	6.6	6.9	8.3	6.9	11.1	16.1		
6/ 8/77	5.8	5.8	6.4	5.1	7.4	9.3	9.2	
7/ 6/77	5.8	5.8	6.3	5.1	7.1	8.4	8.1	2.0

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 6, 1977

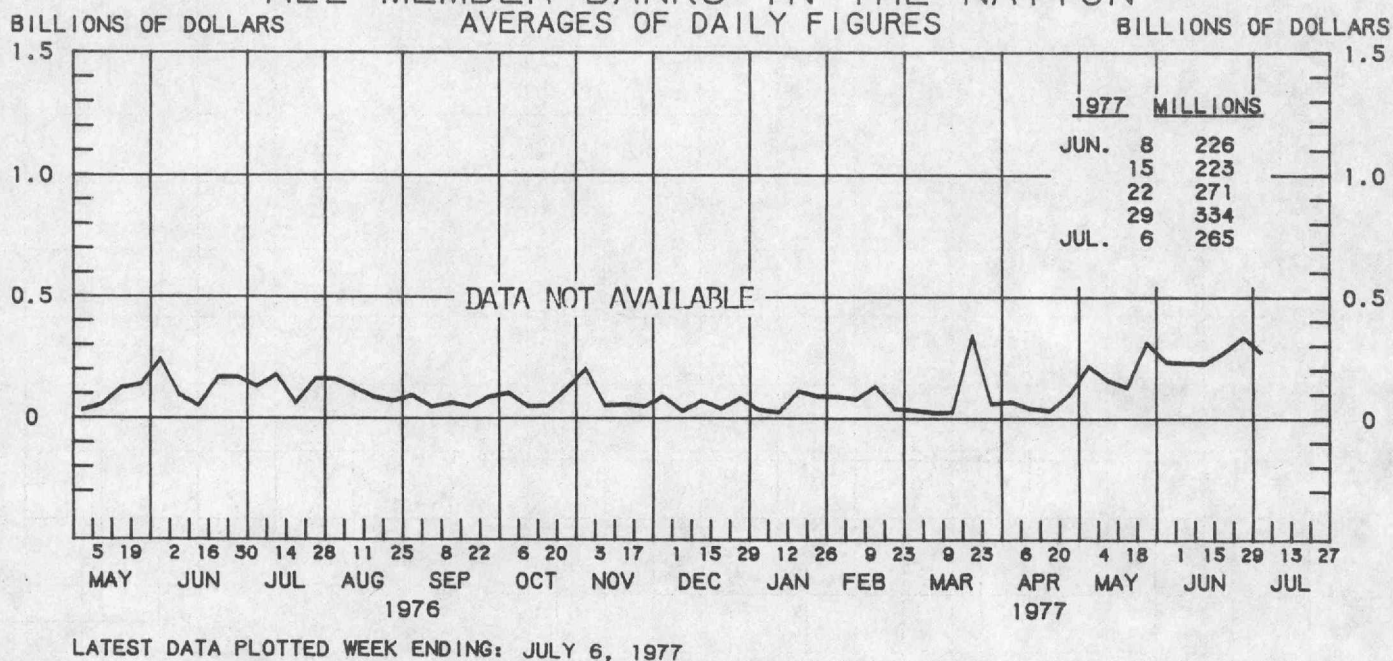
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

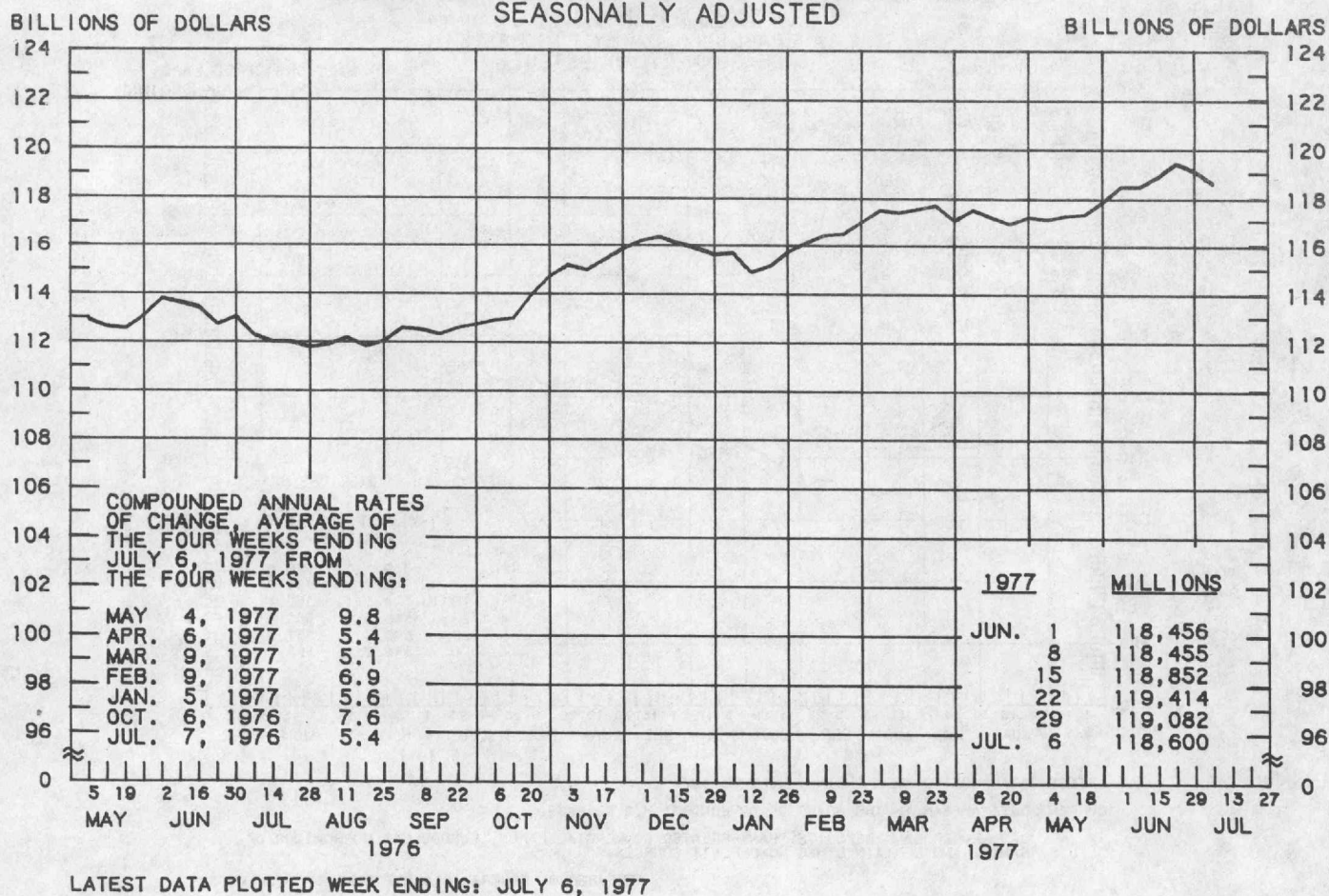
1977	CERTIFICATES OF DEPOSIT NOT SEAS. ADJ.	CERTIFICATES OF DEPOSIT SEAS. ADJ.
MAY 4	59.4	61.3
11	60.3	62.0
18	61.2	62.4
25	62.0	62.7
JUNE 1	62.3	62.9
8	62.6	63.2
15	62.8	63.7
22	62.9	64.0
29	63.7	64.8
JULY 6	63.1	64.0
13		
20		
27		

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

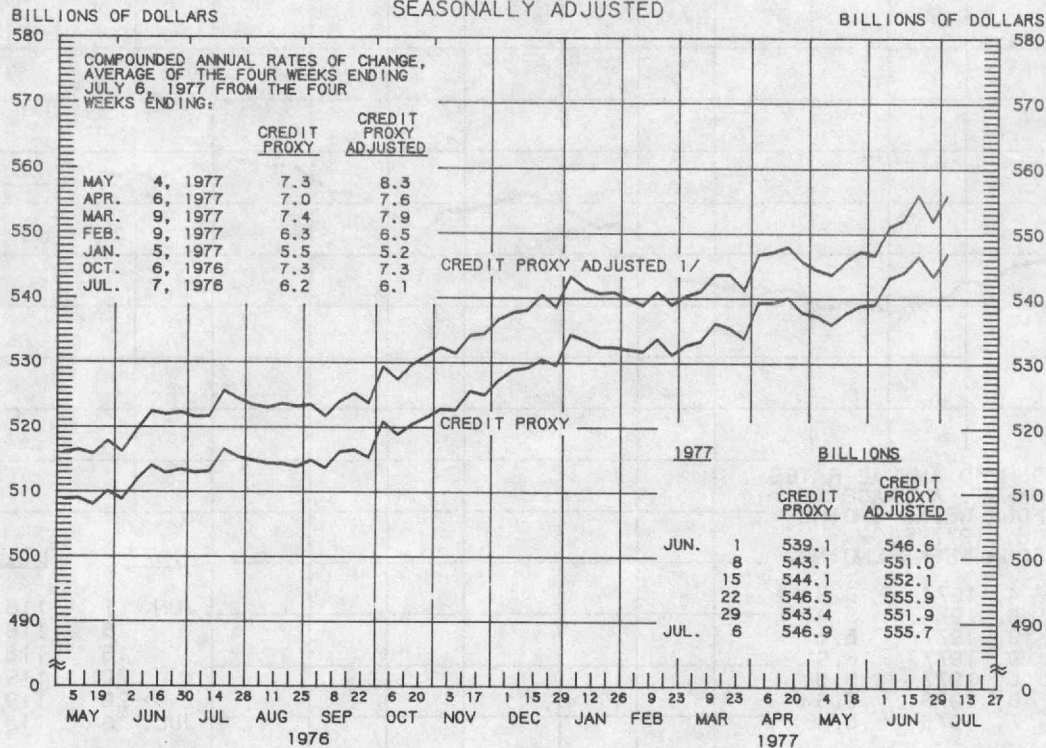
BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



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



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



LATEST DATA PLOTTED WEEK ENDING: JULY 6, 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