

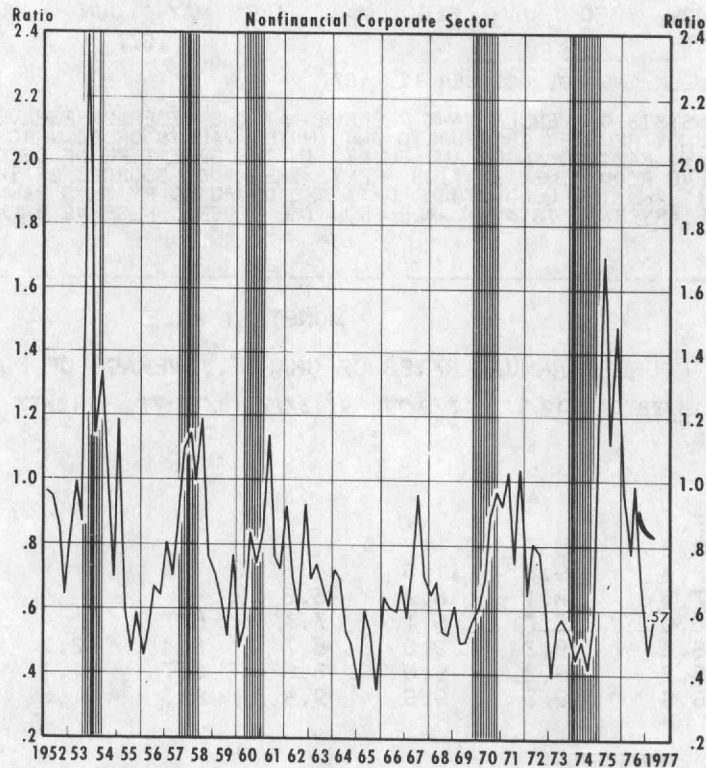


Week ending: October 12, 1977

There has been a shift from long-term to short-term financing by the business sector since the beginning of the current economic recovery in early 1975, as illustrated in the chart below. The line plotted in the chart is the percentage of funds that nonfinancial corporations raised in financial markets through the following sources: equity issues, bonds, and mortgages.* The percentage of funds nonfinancial corporations raise from those long-term sources tends to increase during recessions and decline during recoveries. One reason for this cyclical pattern in business financing is the cyclical pattern of business inventories. An important determinant of business demand for short-term credit is inventory investment, and changes in business inventory investment are very responsive to changes in the pace of economic activity. Also corporate bonds outstanding tend to increase more rapidly during recessions than during periods just prior to recessions. Long-term interest rates tend to decline during recessions when total demand for credit falls, thus providing incentives for corporations to lengthen the maturities of their liabilities during such periods. Equity issues by nonfinancial corporations tend to rise in the latter part of recessions and early part of recoveries, during which time stock prices generally rise rapidly. The shift to more short-term financing by businesses during the past two years appears to have followed the usual cyclical pattern.

* Funds raised from long-term sources exceed total net funds raised during periods when nonfinancial corporations reduce their shorter-term liabilities. Thus, the ratio plotted in the chart is greater than unity during some periods.

Ratio of Funds Raised from Long-Term Sources to Total Net Funds Raised*



*Long-term sources of funds are equity issues, bonds, and mortgages.
 Shaded areas represent periods of business recessions.
 Latest data plotted: 2nd quarter preliminary

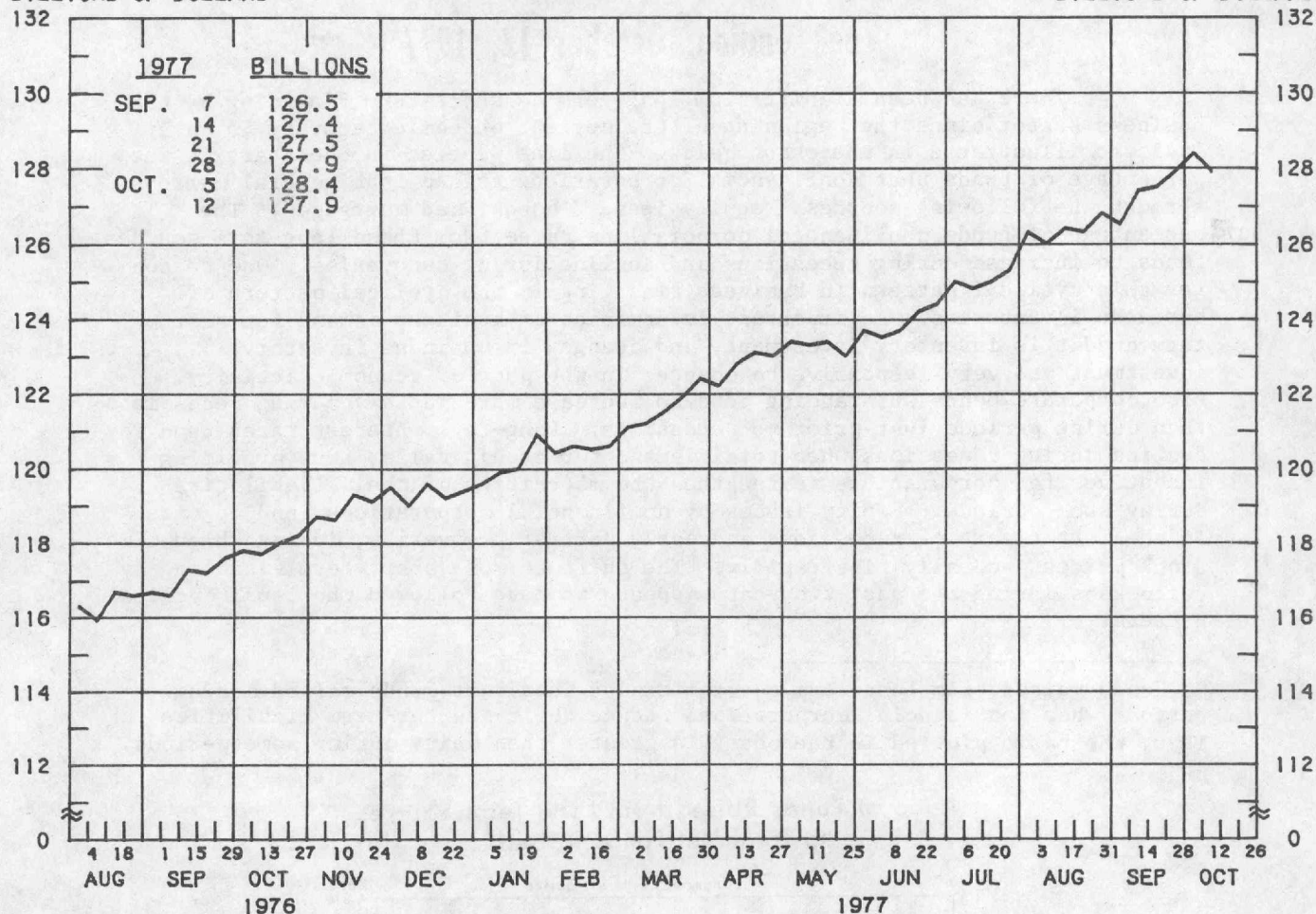
Prepared by Federal Reserve Bank of St. Louis
 Released: October 14, 1977

MONETARY BASE

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 12, 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 MONETARY BASE IS AVAILABLE FROM THE FEDERAL RESERVE BANK OF ST. LOUIS.

MONETARY BASE

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

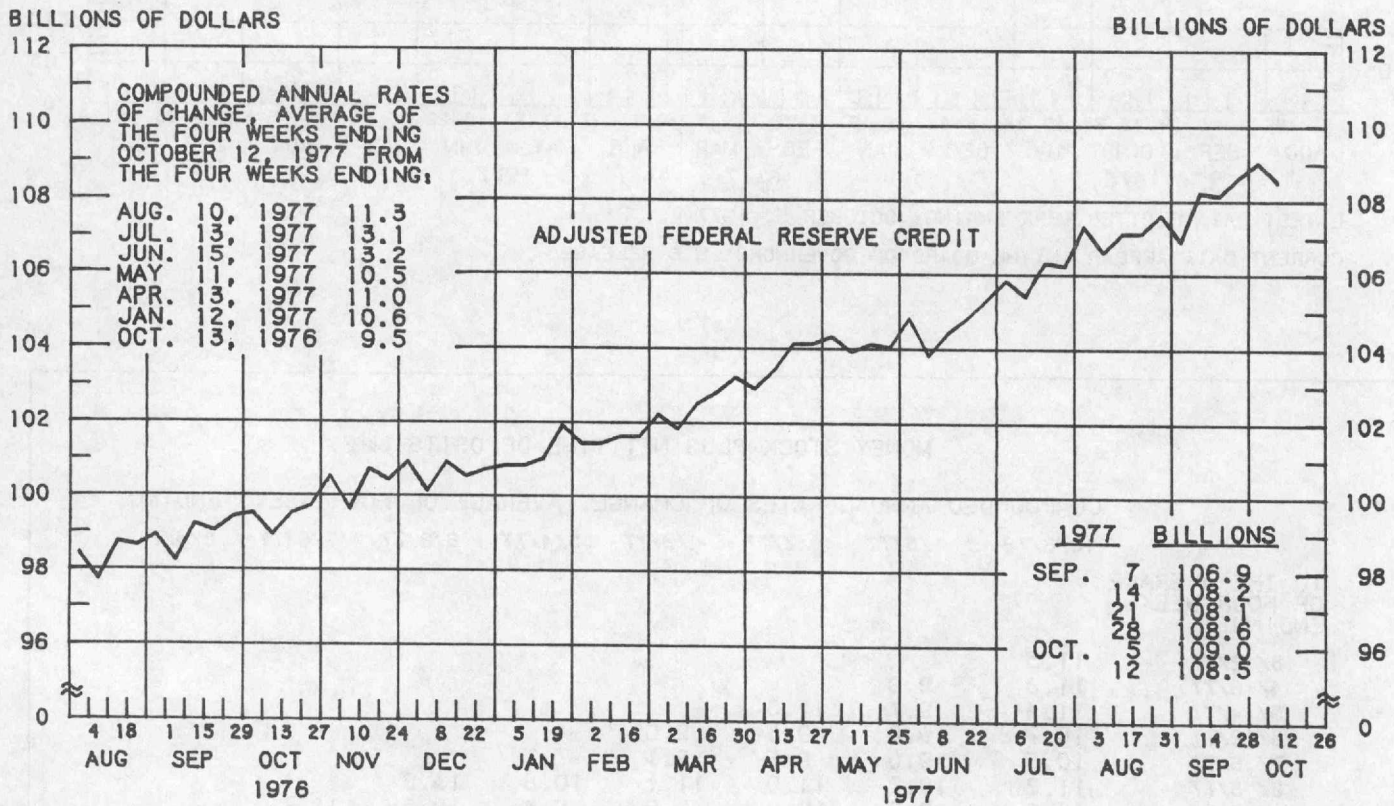
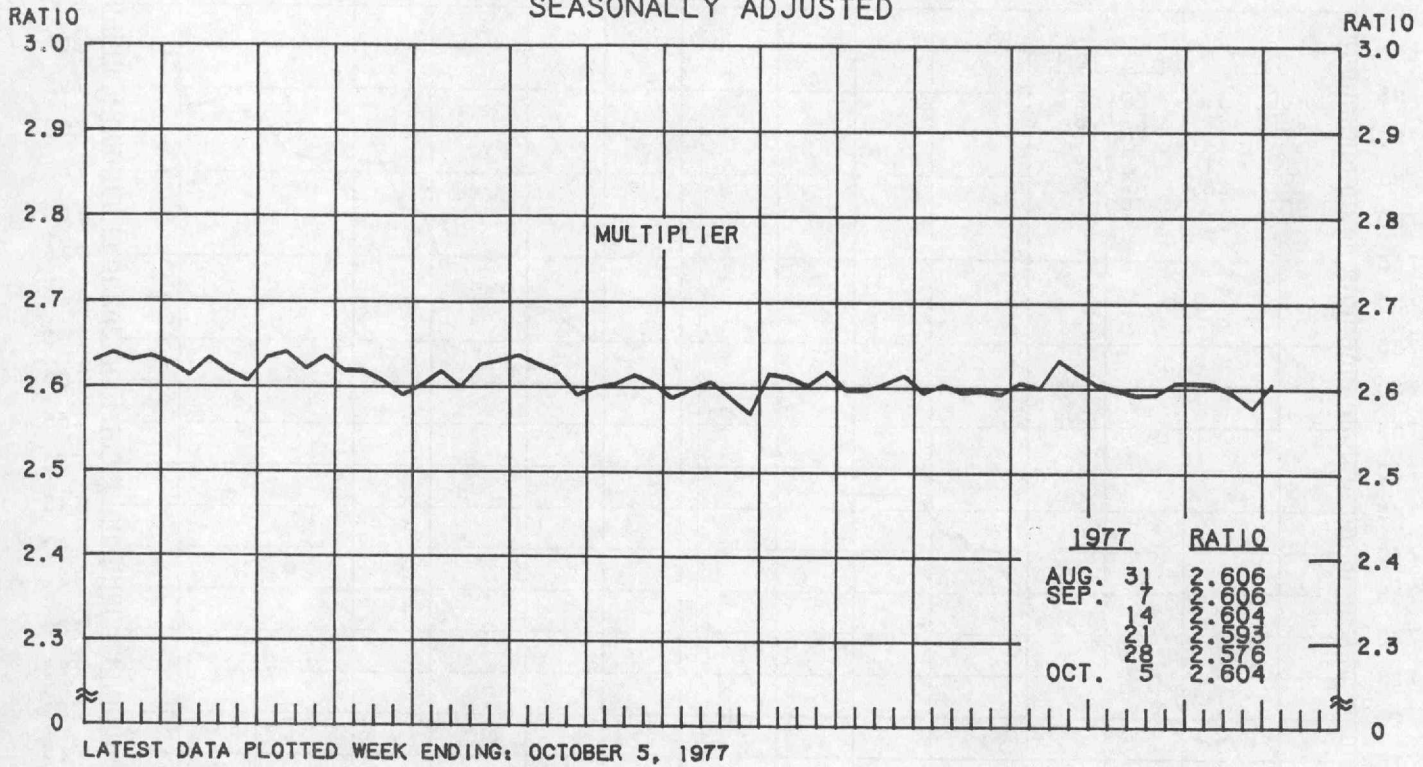
10/13/76 1/12/77 3/9/77 4/13/77 5/11/77 6/15/77 7/13/77 8/10/77

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

3/ 9/77	7.1							
4/13/77	8.2	9.7						
5/11/77	8.4	9.8	11.5					
6/15/77	7.5	8.1	8.2	5.8				
7/13/77	8.0	8.7	9.1	7.7	6.7			
8/10/77	8.4	9.2	9.6	8.7	8.4	12.2		
9/14/77	8.5	9.2	9.6	8.9	8.7	11.1	10.6	
10/12/77	8.8	9.5	9.9	9.4	9.3	11.3	11.0	10.5

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

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 12, 1977

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

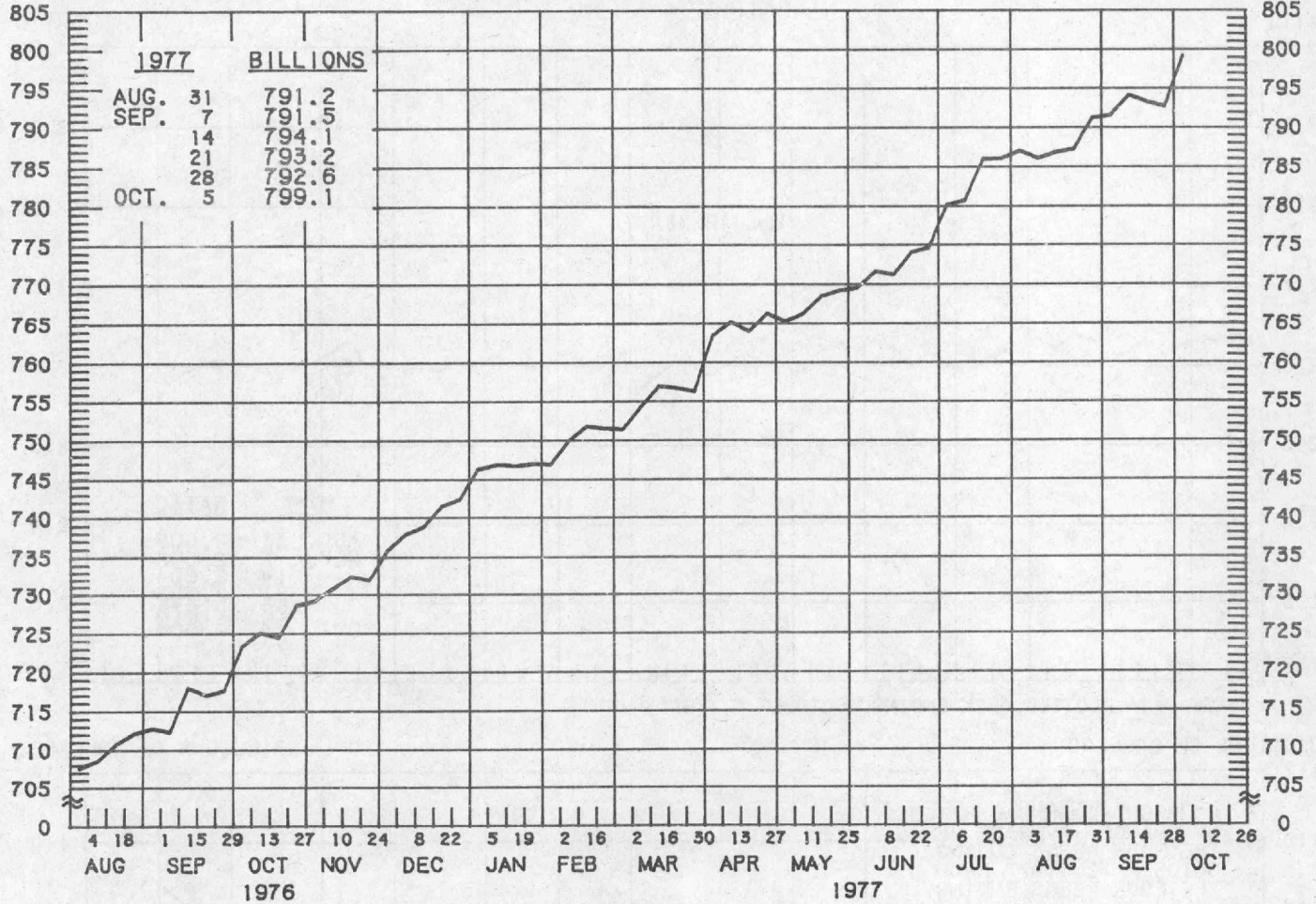
2/ FEDERAL RESERVE CREDIT CONSISTS OF FEDERAL RESERVE HOLDINGS OF SECURITIES, LOANS, FLOAT AND OTHER ASSETS. ADJUSTED FEDERAL RESERVE CREDIT IS COMPUTED BY SUBTRACTING TREASURY DEPOSITS AT FEDERAL RESERVE BANKS FROM THIS SERIES, AND ADJUSTING THE SERIES FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS 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: OCTOBER 5, 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:

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

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

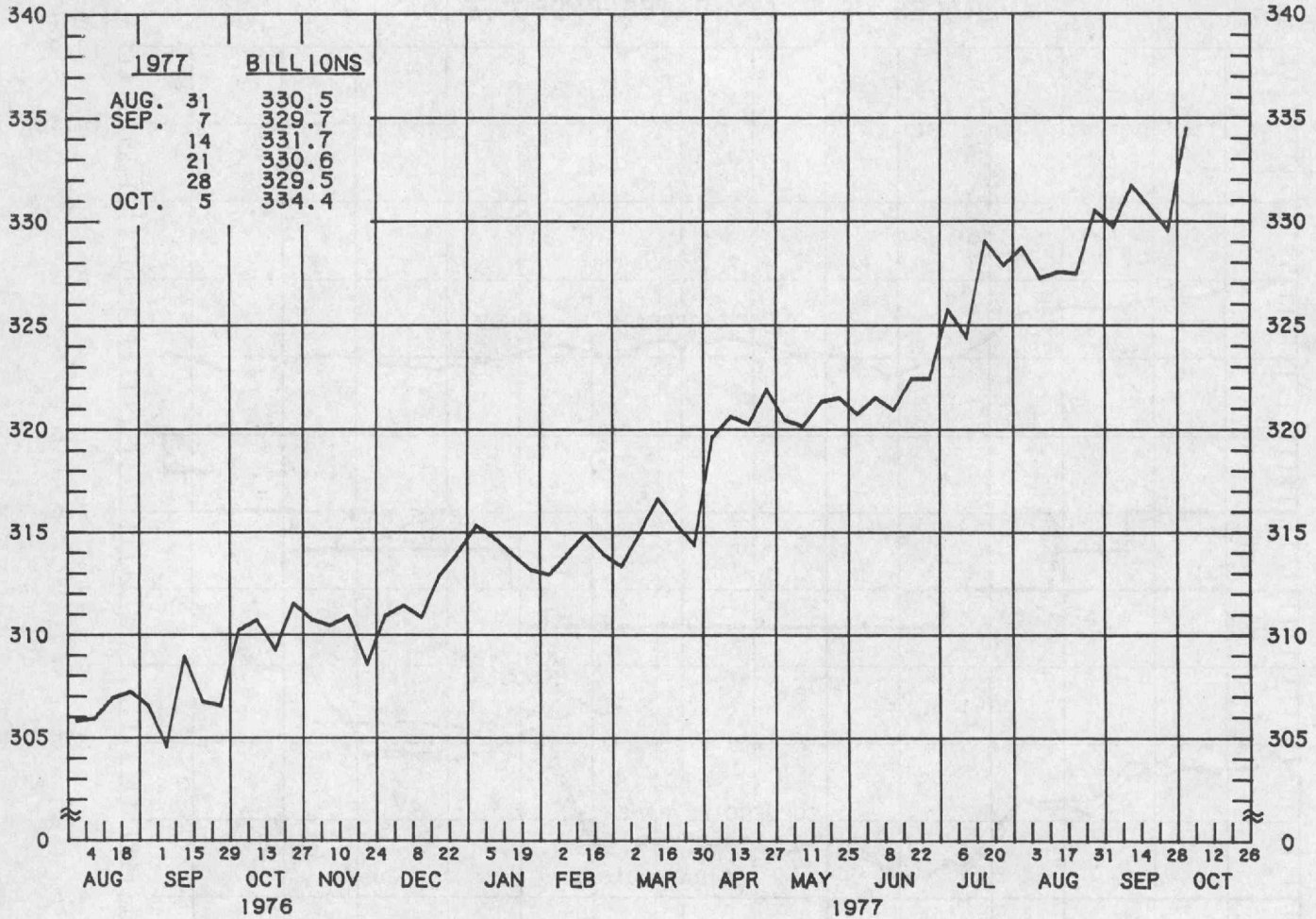
3/ 2/77	11.5							
4/ 6/77	11.3	9.0						
5/ 4/77	11.4	9.7	11.3					
6/ 8/77	10.7	9.0	9.5	9.0				
7/ 6/77	10.5	9.0	9.5	9.1	7.7			
8/ 3/77	11.2	10.2	11.0	11.1	10.8	13.6		
9/ 7/77	10.6	9.6	10.0	9.9	9.4	10.5	11.1	
10/ 5/77	10.6	9.6	10.0	9.9	9.4	10.3	10.6	7.5

MONEY STOCK (M1)

AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 5, 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.

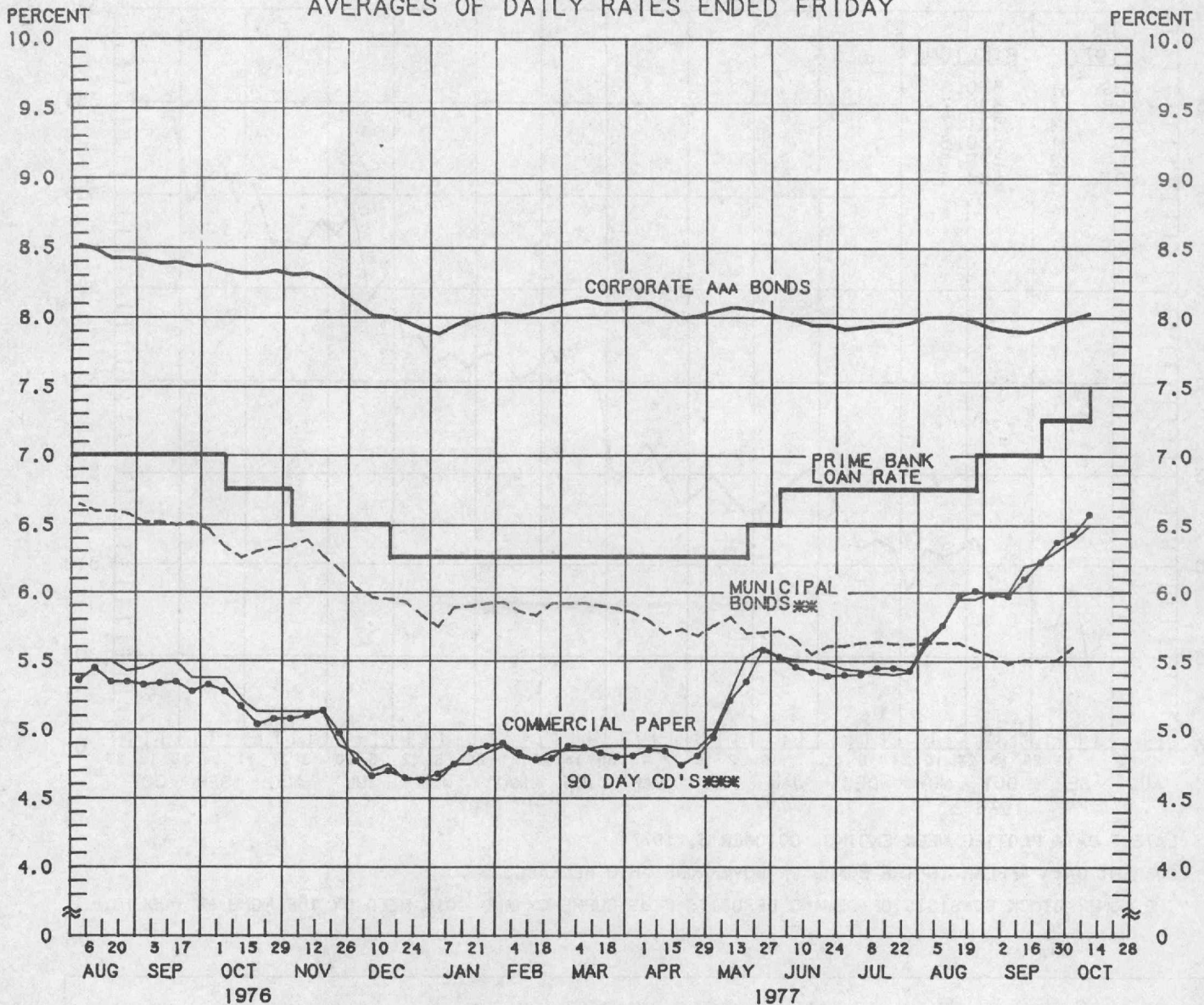
MONEY STOCK (M1)

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

	10/6/76	1/5/77	3/2/77	4/6/77	5/4/77	6/8/77	7/6/77	8/3/77
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/ 2/77	4.8							
4/ 6/77	5.5	4.1						
5/ 4/77	7.3	7.5	13.2					
6/ 8/77	6.4	6.1	8.9	9.1				
7/ 6/77	6.5	6.2	8.4	8.3	3.8			
8/ 3/77	7.7	8.0	10.5	11.0	8.6	13.2		
9/ 7/77	7.3	7.4	9.3	9.4	7.4	9.7	11.0	
10/ 5/77	7.6	7.9	9.6	9.8	8.1	10.1	11.2	7.5

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 14, 1977

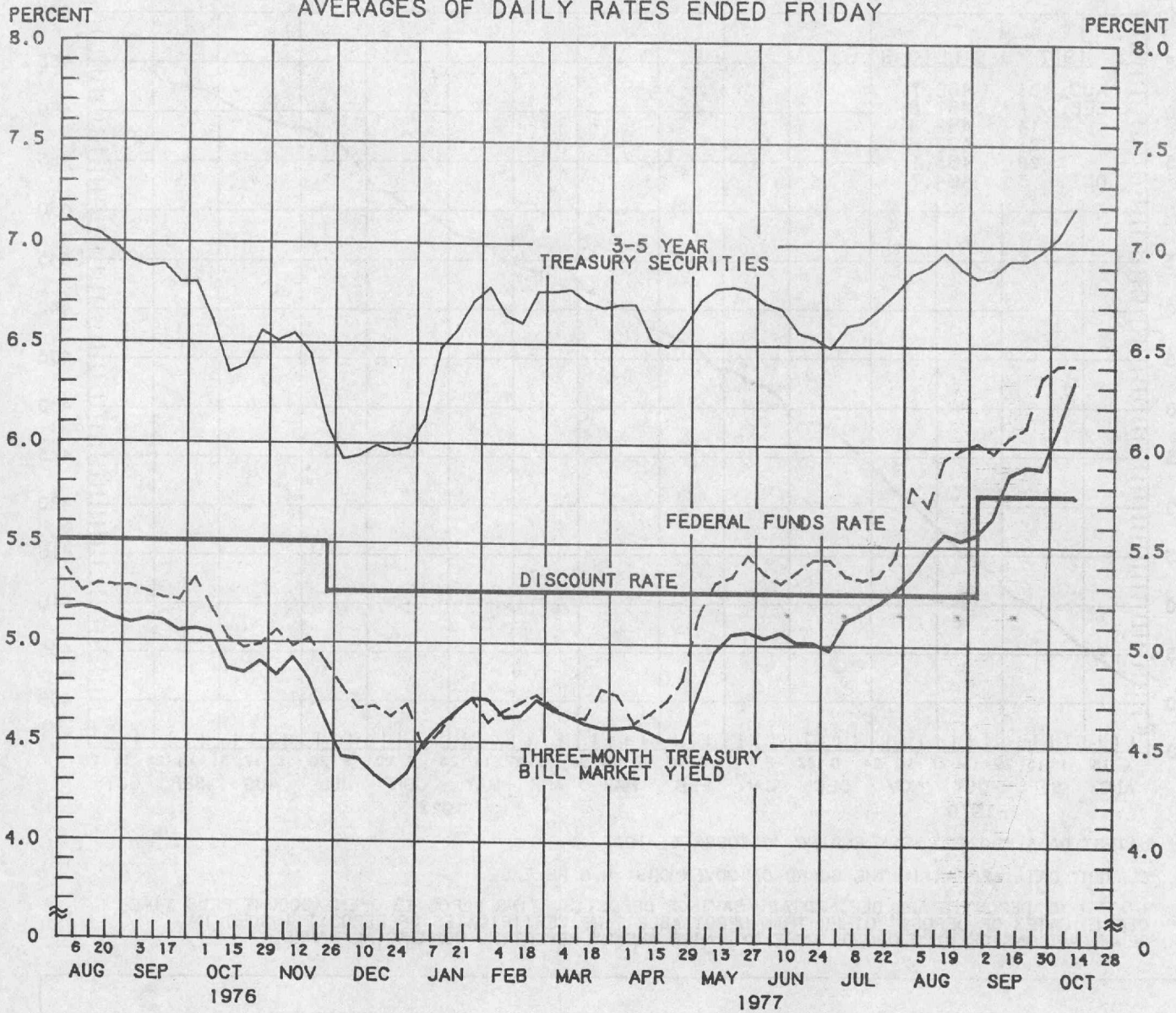
1977	90 DAY CD'S ^{***}	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS ^{**}
AUG. 5	5.65	5.61	5.70	8.00	5.63
12	5.76	5.75	5.83	8.00	5.63
19	5.97	5.95	6.02	7.99	5.63
26	6.01	5.95	5.95	7.96	5.58
SEP. 2	5.98	6.00	5.93	7.92	5.54
9	5.97	5.99	5.98	7.90	5.48
16	6.10	6.19	6.19	7.89	5.51
23	6.22	6.22	6.22	7.92	5.50
30	6.37	6.30	6.30	7.96	5.51
OCT. 7	6.43	6.39	6.48	7.99	5.60
14 *	6.58	6.50	6.61	8.03	N.A.
21					
28					

* 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: OCTOBER 14, 1977

1977	FEDERAL FUNDS %*	3-MONTH TREASURY BILLS	1-YEAR TREASURY BILL	3-5 YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
AUG. 5	5.80	5.35	5.83	6.86	7.53
12	5.70	5.47	5.94	6.90	7.54
19	5.94	5.56	6.07	6.97	7.52
26	5.99	5.53	6.02	6.89	7.45
SEP. 2	6.02	5.56	5.98	6.84	7.40
9	5.97	5.65	6.04	6.86	7.41
16	6.05	5.86	6.14	6.93	7.45
23	6.10	5.90	6.15	6.93	7.47
30	6.35	5.89	6.21	6.98	7.49
OCT. 7	6.41	6.09	6.38	7.05	7.53
14 *	6.41	6.32	6.60	7.19	7.61
21					
28					

* AVERAGES OF RATES AVAILABLE.

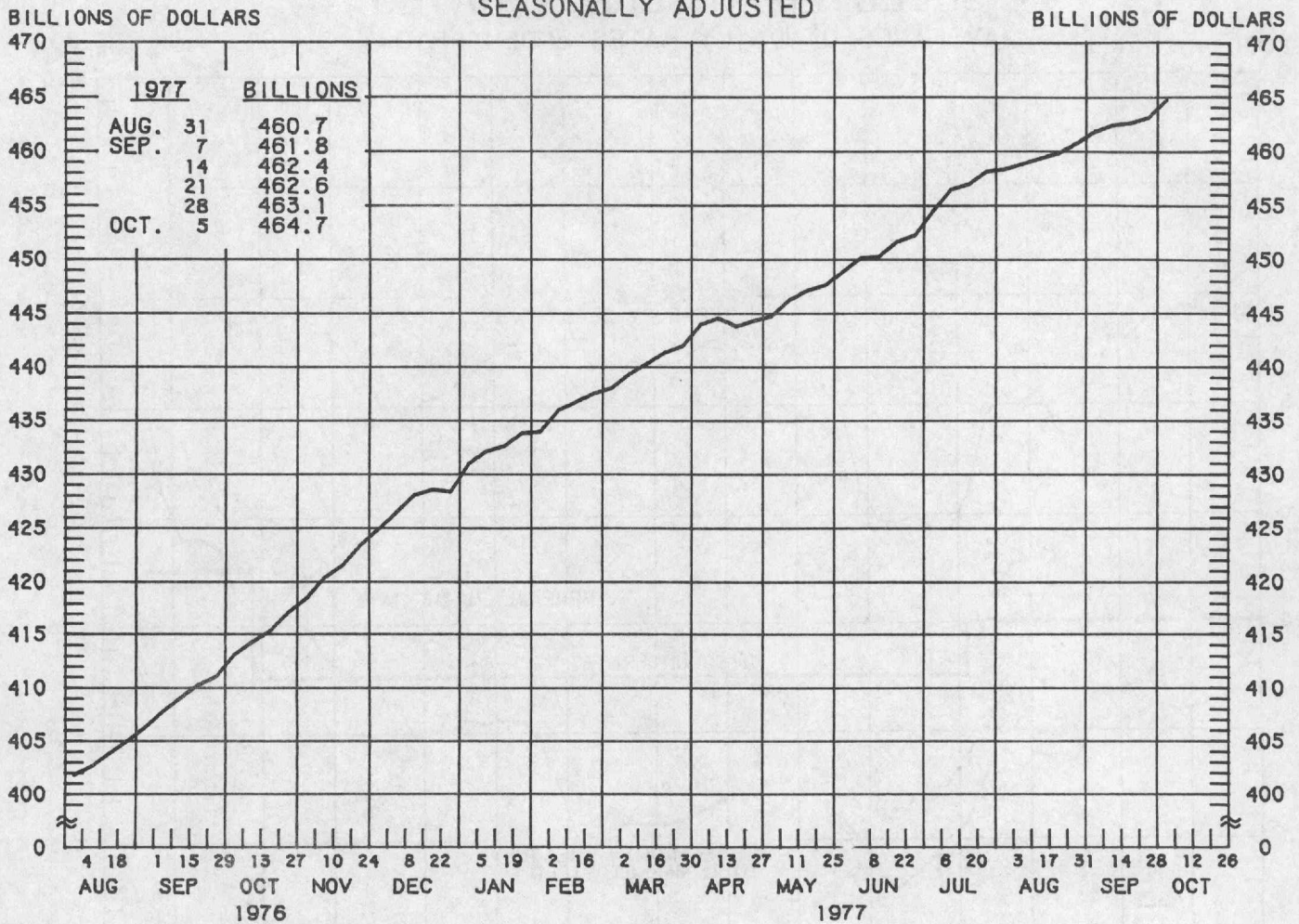
*% SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN.

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.

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



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 5, 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:

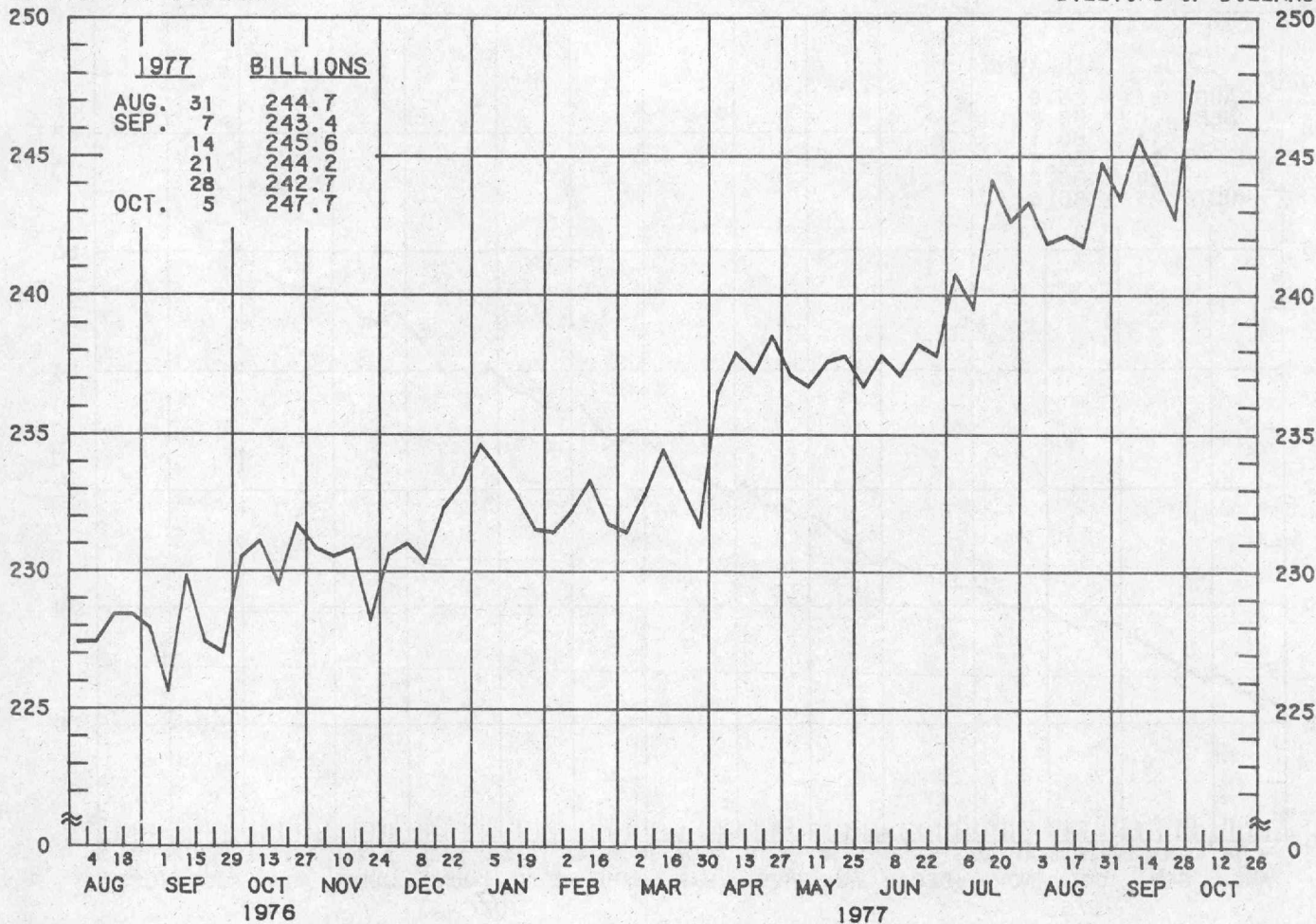
	10/6/76	1/5/77	3/2/77	4/6/77	5/4/77	6/8/77	7/6/77	8/3/77
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/ 2/77	16.5							
4/ 6/77	15.7	12.7						
5/ 4/77	14.6	11.4	10.0					
6/ 8/77	13.9	11.1	10.0	8.8				
7/ 6/77	13.6	11.1	10.3	9.6	10.6			
8/ 3/77	13.9	11.8	11.4	11.1	12.3	13.8		
9/ 7/77	13.1	11.1	10.6	10.2	10.8	11.1	11.1	
10/ 5/77	12.8	10.8	10.3	9.9	10.3	10.4	10.2	7.6

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 5, 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:

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

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

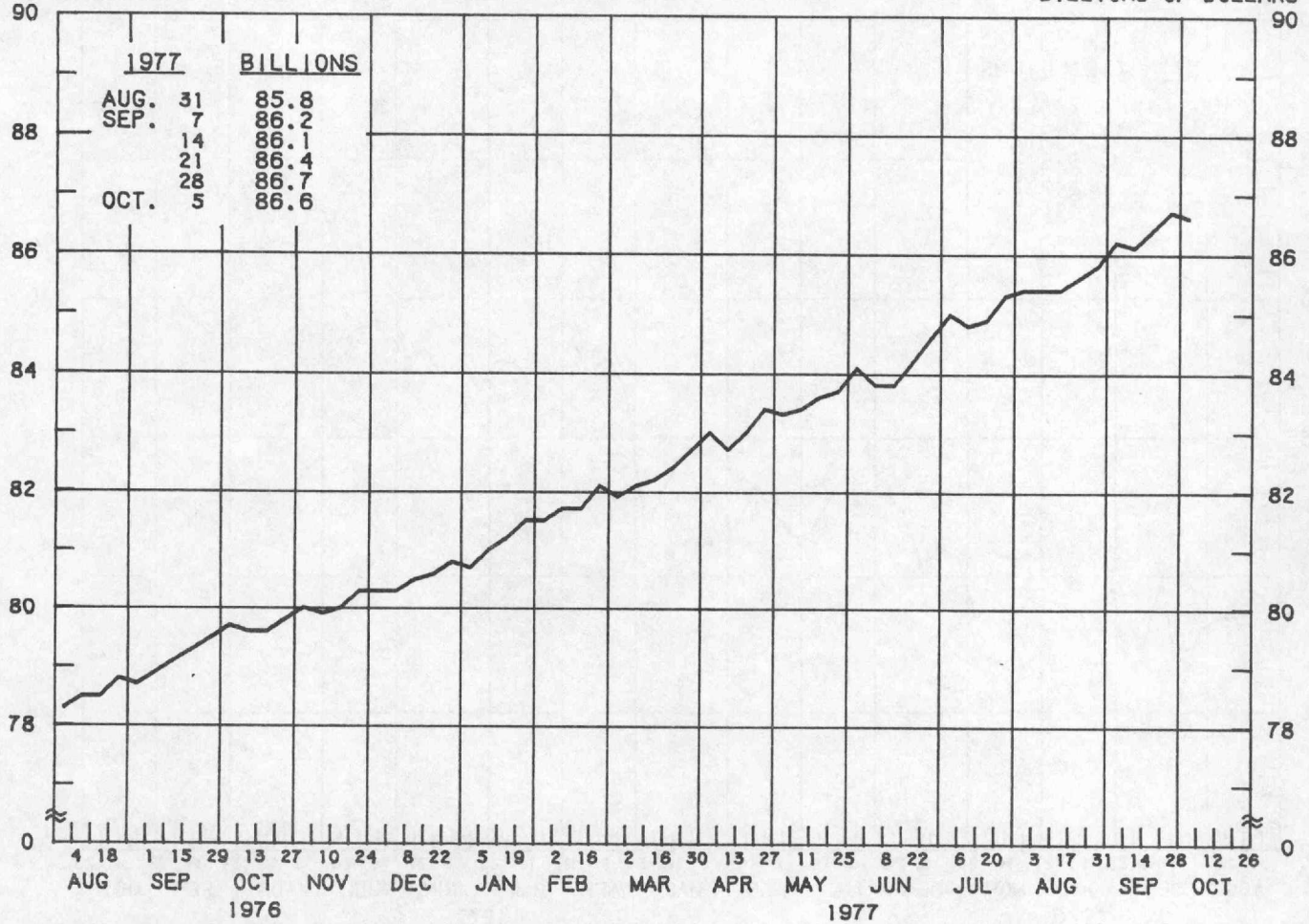
3/ 2/77	3.8							
4/ 6/77	4.6	2.3						
5/ 4/77	6.9	6.9	14.5					
6/ 8/77	5.8	5.1	8.7	9.2				
7/ 6/77	5.8	5.1	8.0	8.1	2.0			
8/ 3/77	7.3	7.4	10.7	11.5	8.1	14.2		
9/ 7/77	6.8	6.7	9.2	9.4	6.6	9.6	11.4	
10/ 5/77	7.2	7.2	9.5	9.8	7.5	10.1	11.5	6.6

CURRENCY COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 5, 1977

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

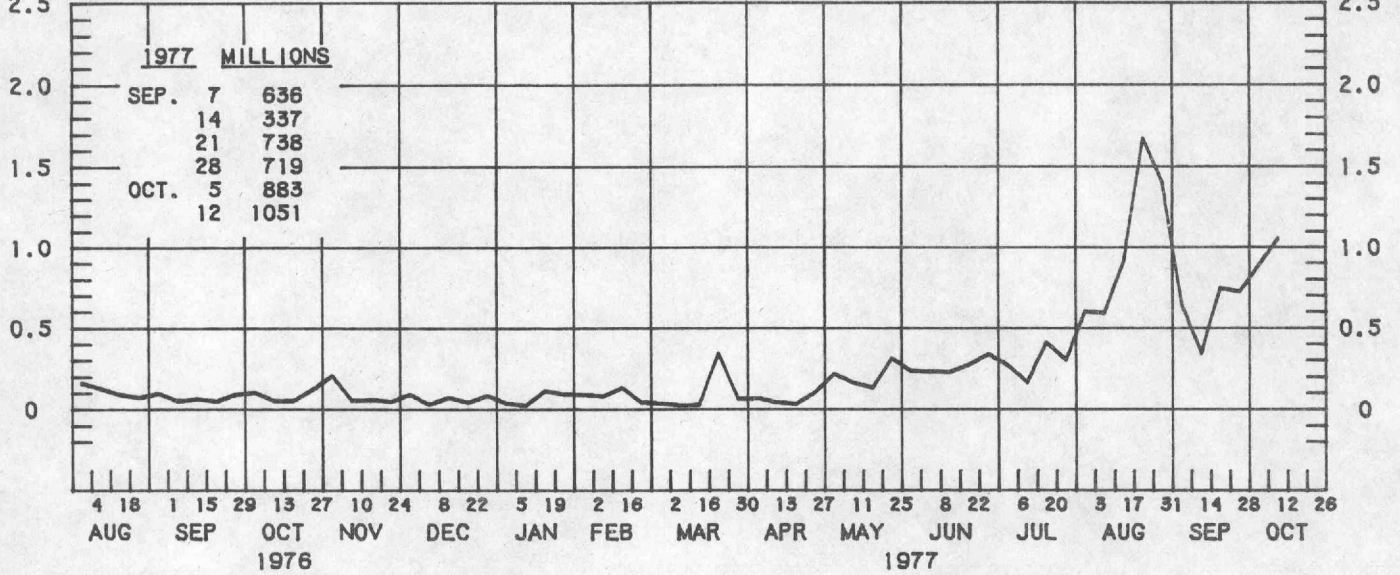
CURRENCY

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

	10/6/76	1/5/77	3/2/77	4/6/77	5/4/77	6/8/77	7/6/77	8/3/77
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/ 2/77	8.0							
4/ 6/77	8.2	9.8						
5/ 4/77	8.2	9.4	8.8					
6/ 8/77	8.3	9.3	8.9	8.7				
7/ 6/77	8.5	9.4	9.1	9.0	9.4			
8/ 3/77	8.7	9.6	9.5	9.5	10.0	10.5		
9/ 7/77	8.8	9.5	9.4	9.4	9.7	9.9	10.0	
10/ 5/77	8.9	9.7	9.6	9.7	9.9	10.2	10.3	9.9

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION

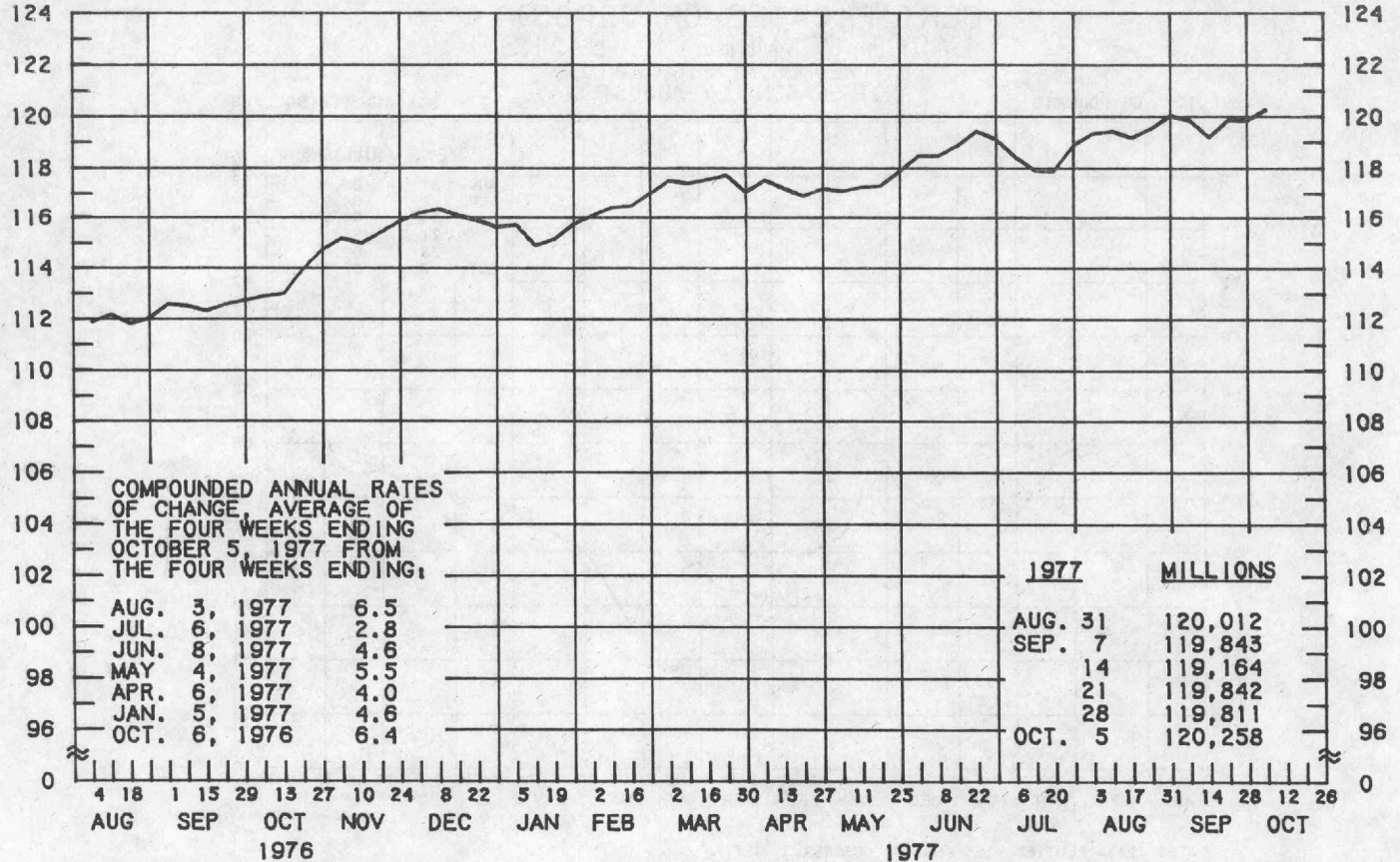
BILLIONS OF DOLLARS AVERAGES OF DAILY FIGURES BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 12, 1977

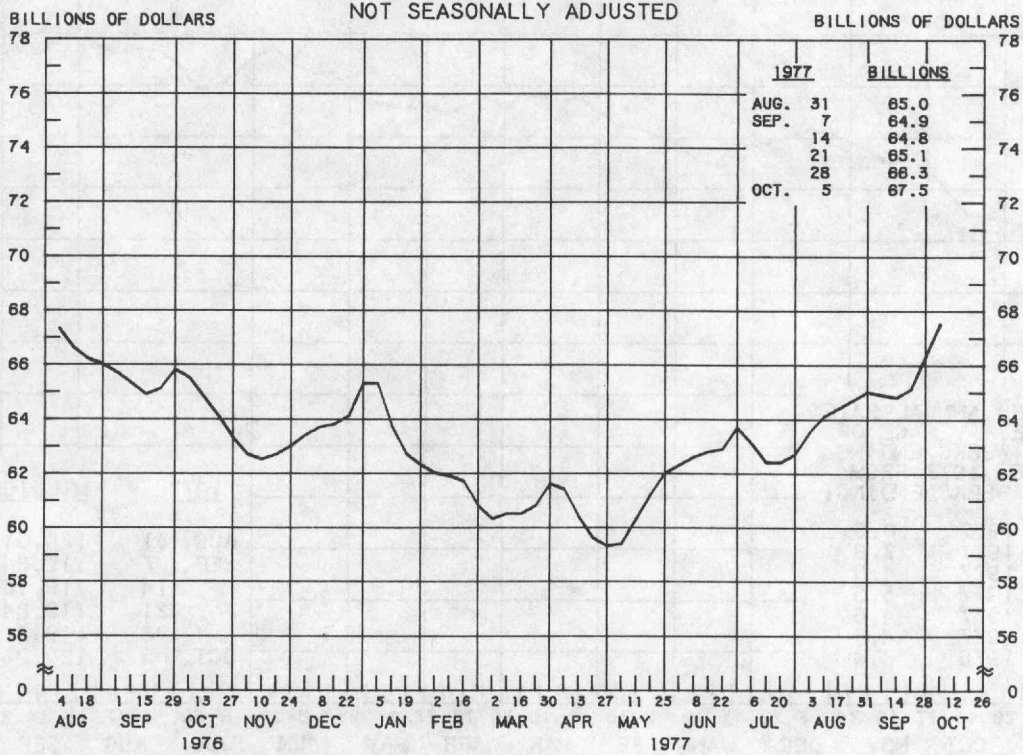
BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED

BILLIONS OF DOLLARS BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 5, 1977

CERTIFICATES OF DEPOSIT
LARGE COMMERCIAL BANKS
WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 5, 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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS