



Week ending: October 18, 1978

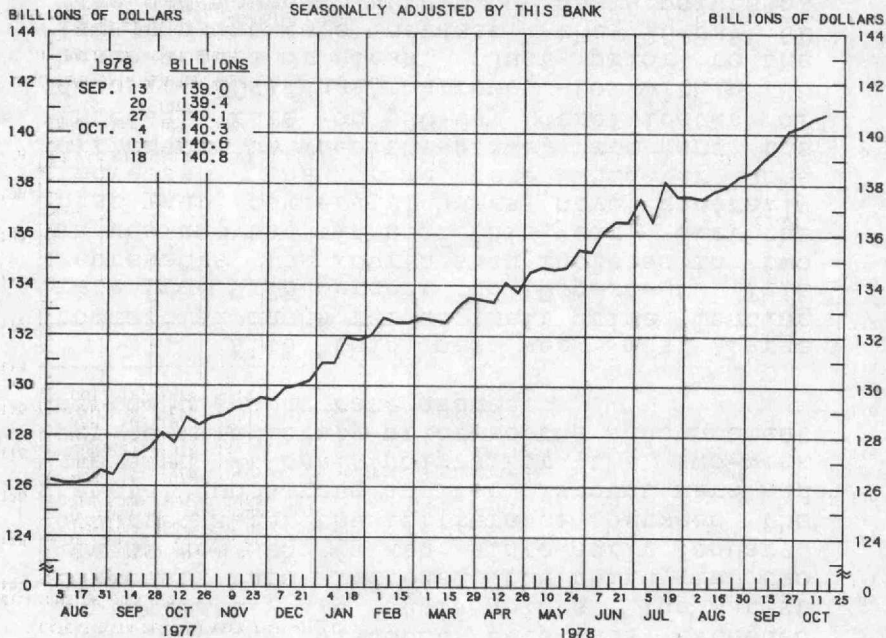
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DEC 2 8 1978

This past week the Federal Reserve Banks raised their discount rates from 8 percent to 8.50 percent. The Board of Governors stated in a press release that "the action was taken to bring the discount rate into closer alignment with increased short-term market interest rates, and in recognition of continued high inflation, the recent rapid rate of monetary expansion and current international financial conditions." Since July 1977 the Federal Reserve has generally raised the discount rate whenever the difference between the Federal funds rate and the discount rate has exceeded approximately 70 basis points. The latest discount rate increase, the third in two months and the sixth since early January, occurred after the difference between the Federal funds rate and the discount rate had averaged 78 basis points for the two-week period immediately prior to the announcement of the discount rate change.

Also this past week most large commercial banks raised their prime lending rate from 9.75 percent to 10 percent. This represents the fourth such increase in two months and the ninth of this year. Over the past year, commercial banks have generally increased the prime rate whenever the difference between the prime rate and the interest rate on 90-day certificates of deposit (CDs) has narrowed to within 80 basis points or less. Just prior to the latest prime rate increase, the 90-day CD rate had moved to within 60 basis points of the then-existing prime rate.

MONETARY BASE
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 18, 1978

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:

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

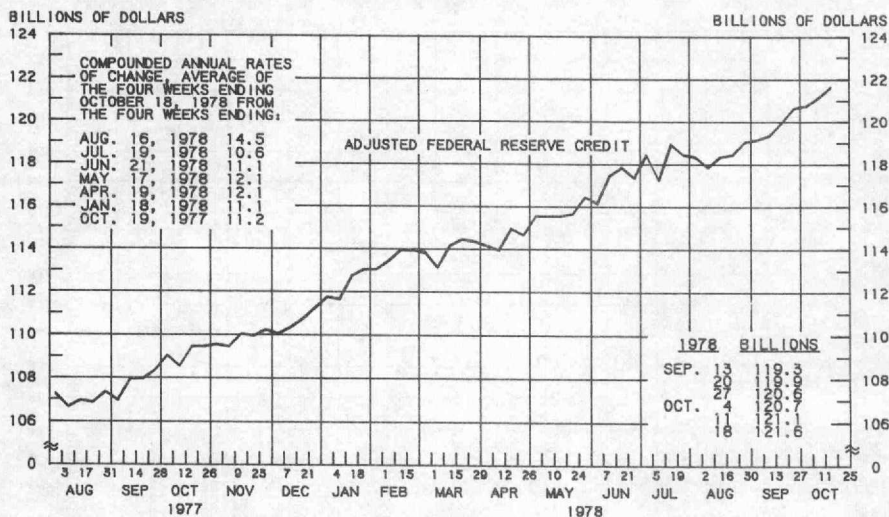
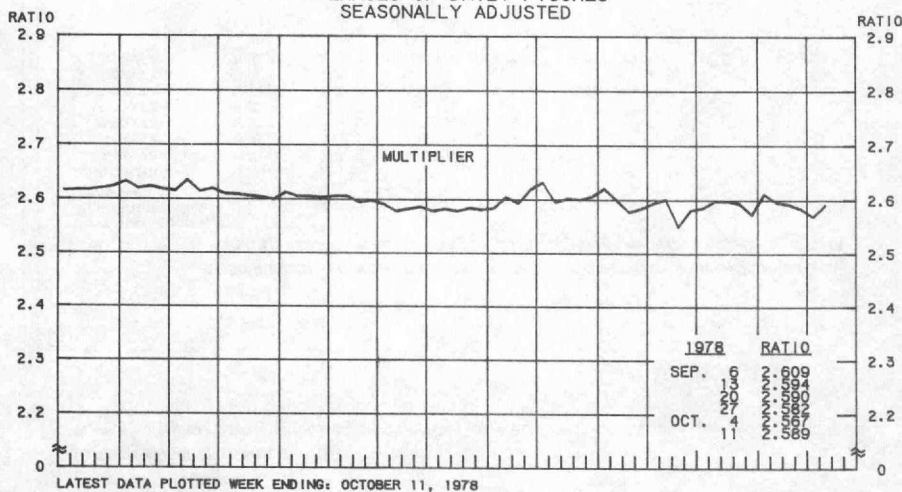
	3/15/78	4/19/78	5/17/78	6/21/78	7/19/78	8/16/78
3/15/78	9.1					
4/19/78	8.9	8.2				
5/17/78	8.8	8.1				
6/21/78	9.2	8.9	9.3			
7/19/78	9.6	9.5	10.1	10.9	12.2	
8/16/78	9.0	8.8	9.0	9.2	9.6	8.4
9/20/78	9.2	9.0	9.2	9.4	9.8	9.1
10/18/78	9.8	9.8	10.2	10.6	11.1	11.0
						7.4
						10.3
						13.3

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: OCTOBER 18, 1978

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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK PLUS NET TIME DEPOSITS (M2)

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 11, 1978

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

MONEY STOCK PLUS NET TIME DEPOSITS (M2)

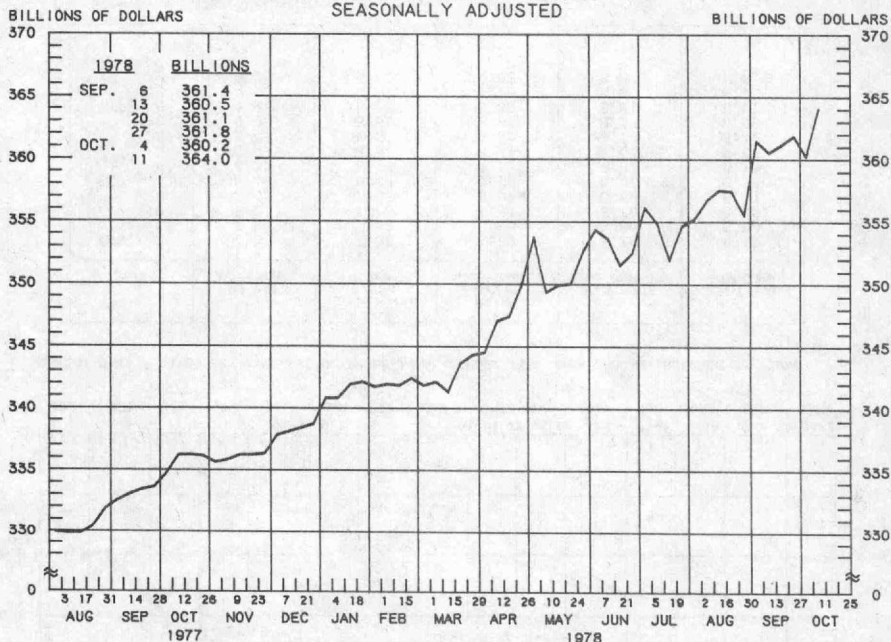
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	10/12/77	1/11/78	3/8/78	4/12/78	5/10/78	6/14/78	7/12/78	8/9/78
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/ 8/78	6.9							
4/12/78	7.0	7.0						
5/10/78	7.6	8.1	9.3					
6/14/78	7.7	8.2	9.0	9.8				
7/12/78	7.6	7.9	8.4	8.7	7.4			
8/ 9/78	7.6	7.9	8.3	8.5	7.6	7.1		
9/13/78	8.2	8.6	9.1	9.5	9.1	9.3	10.7	
10/11/78	8.4	8.8	9.4	9.8	9.4	9.7	10.9	12.2

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 11, 1978

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

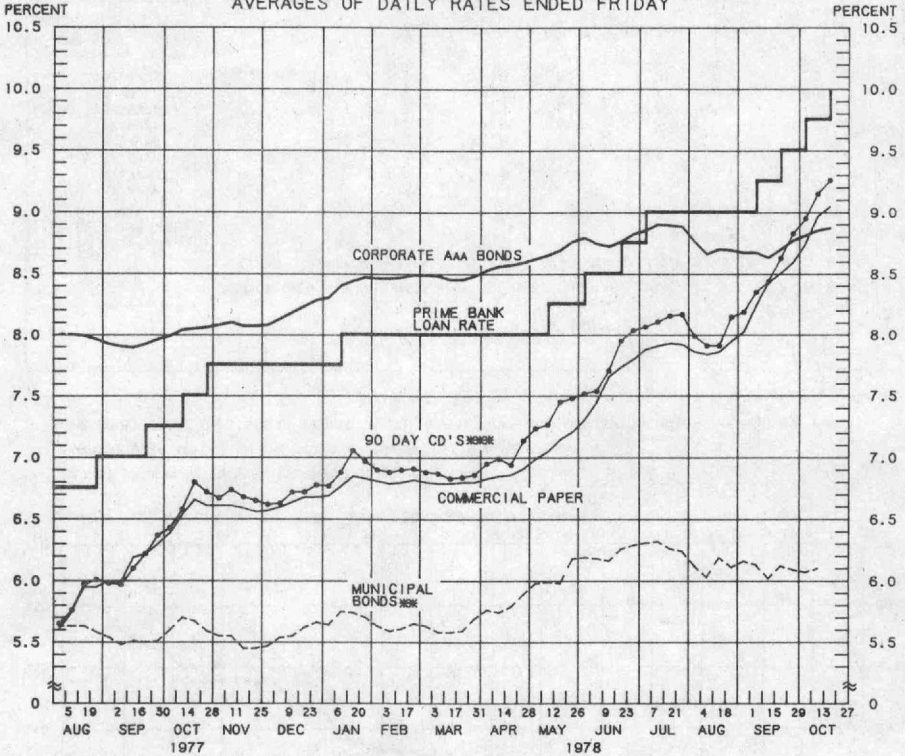
THE MONEY STOCK CONSISTS OF DEMAND DEPOSITS PLUS CURRENCY AND COIN HELD BY THE NONBANK PUBLIC.

MONEY STOCK (M1)									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
TO THE AVERAGE OF FOUR WEEKS ENDING:	10/12/77	1/11/78	3/8/78	4/12/78	5/10/78	6/14/78	7/12/78	8/9/78	
3/ 8/78	5.6								
4/12/78	6.3	6.3							
5/10/78	8.2	9.7	14.5						
6/14/78	8.1	9.2	12.0	13.6					
7/12/78	7.7	8.4	10.2	10.6	6.1				
8/ 9/78	7.3	7.7	8.9	8.9	5.2	3.7			
9/13/78	7.9	8.4	9.6	9.7	7.3	7.1	8.4		
10/11/78	8.2	8.8	9.9	10.0	8.1	8.2	9.5	12.3	

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YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 20, 1978

1978	90 DAY CD'S %	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS %
AUG. 4	7.99	7.86	7.89	8.76	6.12
11	7.91	7.84	7.83	8.66	6.03
18	7.91	7.86	7.93	8.70	6.19
25	8.15	7.95	8.07	8.69	6.11
SEP. 1	8.19	8.03	8.19	8.67	6.16
8	8.35	8.24	8.31	8.67	6.13
15	8.44	8.43	8.44	8.63	6.02
22	8.63	8.51	8.62	8.70	6.12
29	8.83	8.60	8.82	8.77	6.09
OCT. 6	8.95	8.75	8.89	8.81	6.07
13	9.15	8.97	9.06	8.85	6.10
20 *	9.26	9.05	9.26	8.87	N.A.
27					

* 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

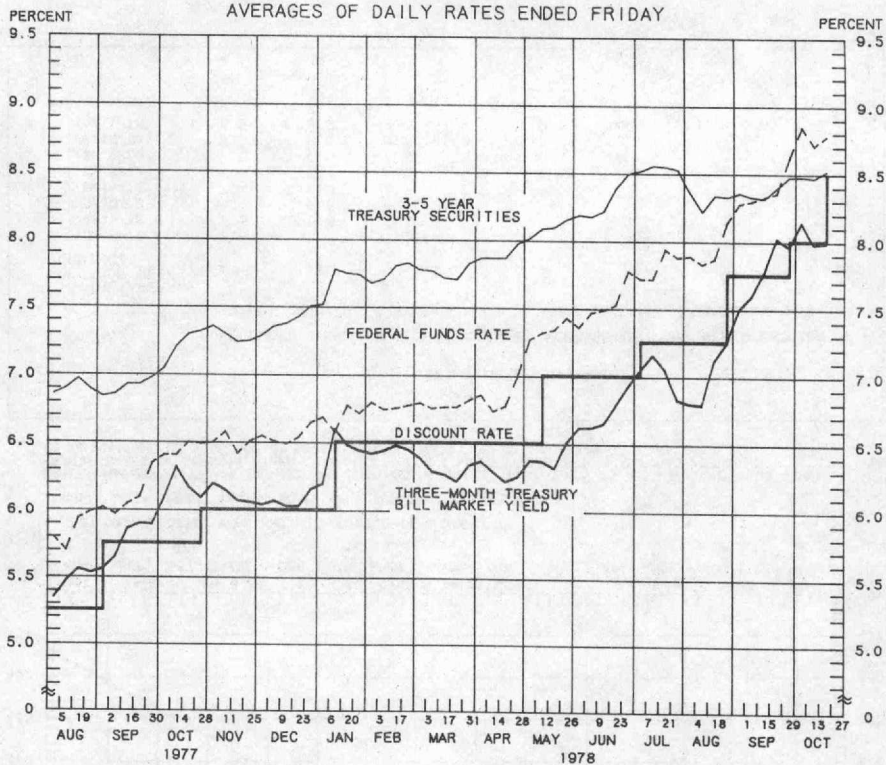
EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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 20, 1978

1978	FEDERAL FUNDS RATE	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL	1-YEAR TREASURY BILL	3-5 YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
AUG. 4	7.89	6.80	7.36	7.65	8.36	8.43
11	7.83	6.79	7.17	7.58	8.22	8.34
18	7.87	7.12	7.26	7.78	8.34	8.44
25	8.14	7.25	7.47	7.79	8.33	8.35
SEP. 1	8.28	7.50	7.55	7.86	8.36	8.34
8	8.30	7.60	7.74	7.86	8.33	8.31
15	8.33	7.77	7.79	7.95	8.32	8.28
22	8.36	8.02	7.98	8.08	8.40	8.40
29	8.62	7.96	8.28	8.16	8.48	8.51
OCT. 6	8.65	8.14	8.36	8.23	8.48	8.55
13	8.71	7.98	8.42	8.28	8.47	8.53
20 *	8.78	7.99	8.56	8.44	8.52	8.58
27						

* 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.

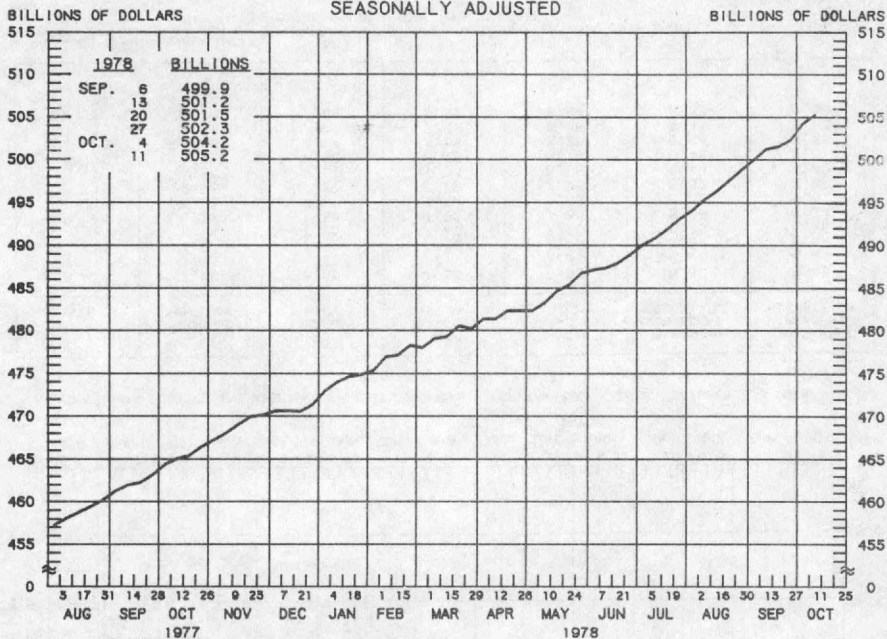
**** NEW ISSUE RATE

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: OCTOBER 11, 1978

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

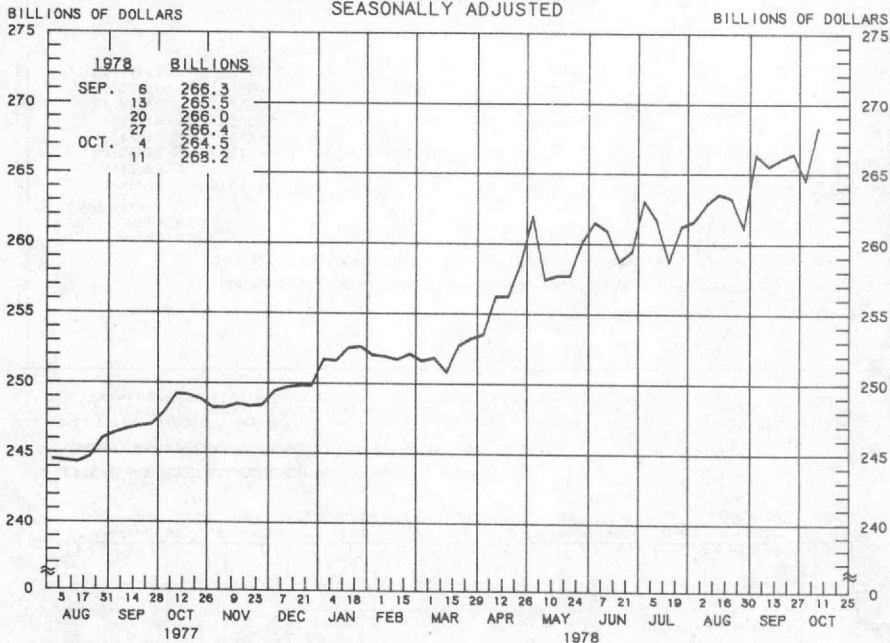
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE OF FOUR WEEKS ENDING:	10/12/77	1/11/78	3/8/78	4/12/78	5/10/78	6/14/78	7/12/78	8/9/78
3/ 8/78	7.9							
4/12/78	7.5	7.5						
5/10/78	7.1	6.8	5.4					
6/14/78	7.4	7.4	6.8	7.2				
7/12/78	7.5	7.4	7.0	7.3	8.5			
8/ 9/78	7.8	7.9	7.8	8.3	9.4	9.6		
9/13/78	8.3	8.6	8.7	9.3	10.4	10.9	12.3	
10/11/78	8.5	8.9	9.0	9.6	10.5	10.9	11.9	12.0

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DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



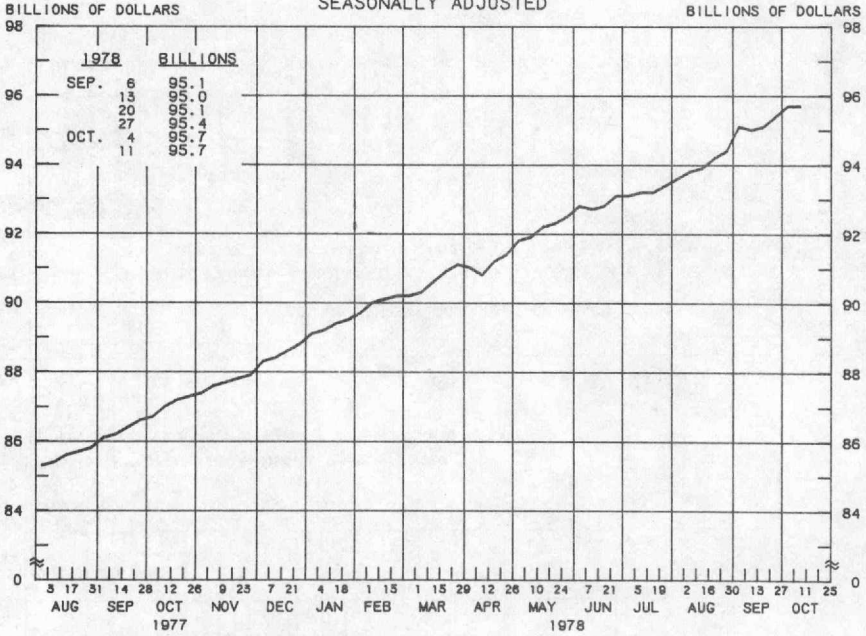
LATEST DATA PLOTTED WEEK ENDING: OCTOBER 11, 1978

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:									
	10/12/77	1/11/78	3/8/78	4/12/78	5/10/78	6/14/78	7/12/78	8/9/78	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
3/ 8/78	4.0								
4/12/78	5.0	5.2							
5/10/78	7.6	9.8	16.4						
6/14/78	7.5	9.1	12.8	15.0					
7/12/78	7.0	8.1	10.6	11.2	5.0				
8/ 9/78	6.5	7.3	9.0	8.9	4.1	2.5			
9/13/78	7.1	8.0	9.5	9.7	6.3	6.1	7.5		
10/11/78	7.5	8.4	9.8	10.0	7.3	7.5	8.9	12.1	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

CURRENCY COMPONENT
OF MONEY STOCK
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

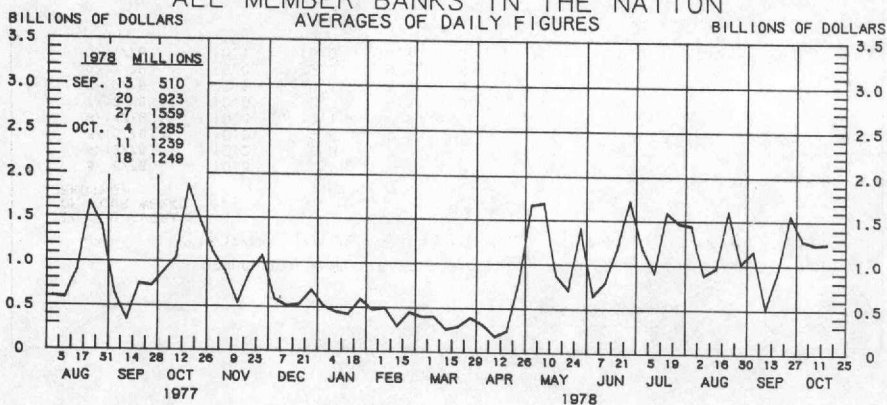


LATEST DATA PLOTTED WEEK ENDING: OCTOBER 11, 1978
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

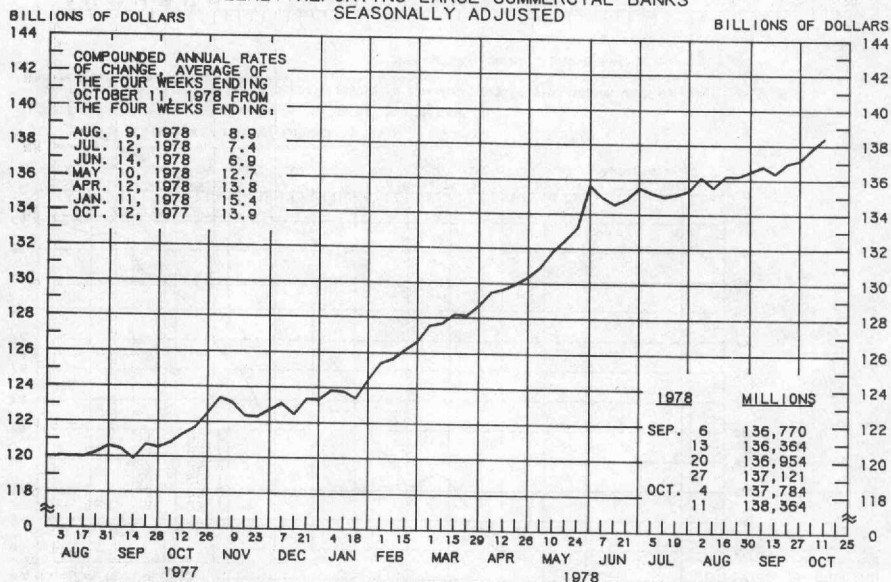
CURRENCY								
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:								
	10/12/77	1/11/78	3/8/78	4/12/78	5/10/78	6/14/78	7/12/78	8/9/78
TO THE AVERAGE OF FOUR WEEKS ENDING:								
3/ 8/78	10.3							
4/12/78	10.2	9.8						
5/10/78	10.0	9.6	9.3					
6/14/78	10.3	10.1	10.2	10.6				
7/12/78	10.0	9.7	9.6	9.6	9.8			
8/ 9/78	9.6	9.1	8.9	8.6	8.6	6.5		
9/13/78	10.0	9.8	9.8	9.9	10.1	9.4	10.3	
10/11/78	10.1	10.0	10.1	10.1	10.4	9.9	10.7	13.0

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



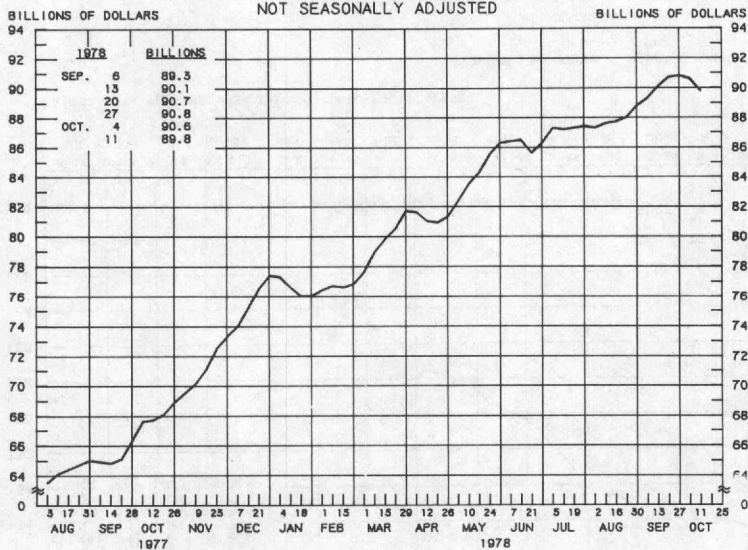
BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 11, 1978

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