



U.S. FINANCIAL DATA

Week ending: May 9, 1979

LIBRARY

Because of various reserve requirement changes, Eurodollar borrowing has become a relatively more attractive source of funds for banks than issuance of large certificates of deposit (CDs). Effective last October, the Board of Governors eliminated the 4 percent reserve requirement on borrowings of member banks from their foreign branches and other foreign banks. This action reduced the effective cost to member banks of borrowing in the Eurodollar market.* In the following month, the Federal Reserve imposed a supplementary 2 percent reserve requirement on all member bank time deposits of \$100,000 or more. This action raised the effective cost of obtaining funds through the issuance of large negotiable CDs. Together, these changes encouraged member banks to substitute Eurodollar borrowing for domestic borrowing as a source of funds.

The table below presents the effective costs of raising funds from these two sources before and after the changes in reserve requirements. In September, when large CDs were subject to a 6 percent reserve requirement and Eurodollar borrowing a 4 percent requirement, issuance of large CDs was a more attractive alternative source of funds. In November, however, after both reserve requirement changes, the effective cost of obtaining funds in the Eurodollar market was 14 basis points less than in the CD market. The spread between the effective costs of these sources of funds has widened in recent months. In April, the Eurodollar rate was 33 basis points less than the effective cost of issuing large CDs.

Effective Costs of Raising Funds through
Eurodollar Borrowing and Issuance of Large CDs

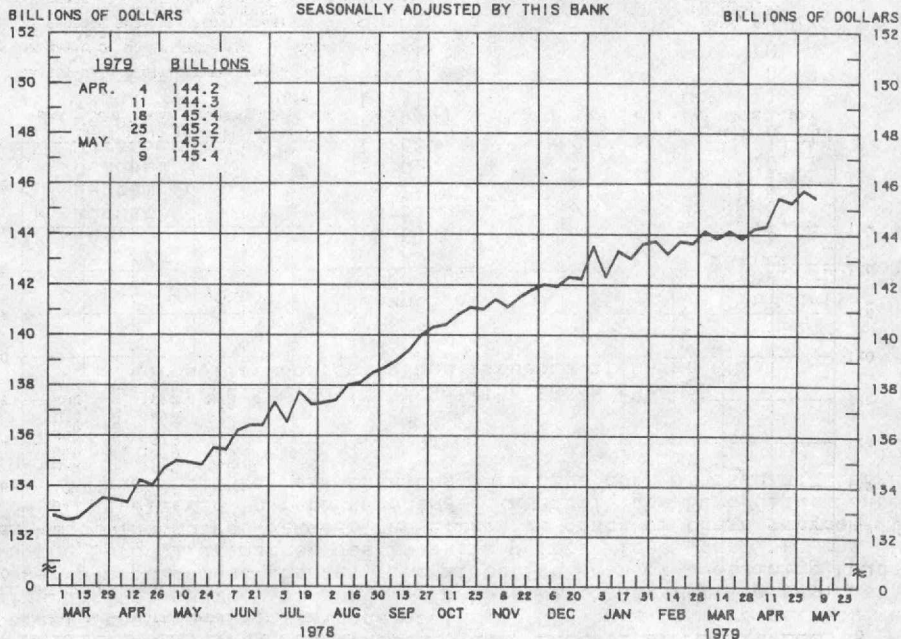
		Issuance of Large CDs	Eurodollar Borrowing
1978	July	8.63 %	8.88 %
	August	8.56	8.83
	September	9.16	9.50
	October	10.02	10.12
	November	11.65	11.51
	December	11.63	11.62
1979	January	11.41	11.16
	February	11.07	10.79
	March	11.01	10.64
	April	10.92	10.59**

* The effective cost (EC) is the market interest rate (R) divided by one minus the reserve requirement (RR); that is, $EC=R/(1-RR)$.

** Preliminary.

ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



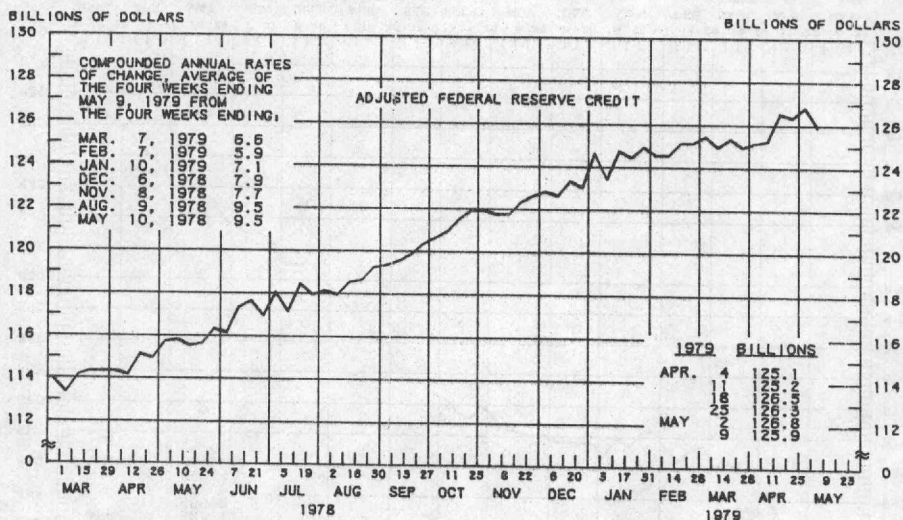
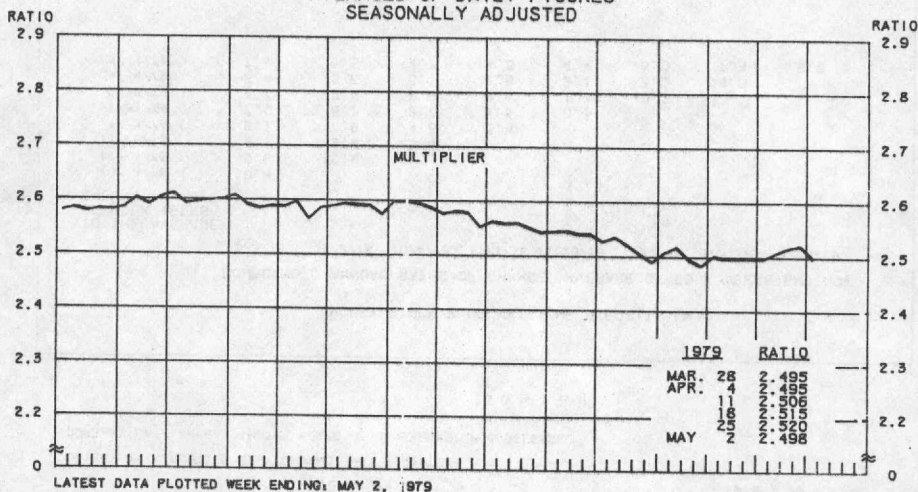
LATEST DATA PLOTTED WEEK ENDING: MAY 9, 1979

THE ADJUSTED MONETARY BASE CONSISTS OF: (1) MEMBER BANK RESERVES AT THE FEDERAL RESERVE BANKS, (2) CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF COMMERCIAL BANKS), AND (3) AN ADJUSTMENT FOR RESERVE REQUIREMENT RATIO CHANGES. THE MAJOR SOURCE OF THE ADJUSTED MONETARY BASE IS FEDERAL RESERVE CREDIT. DATA ARE COMPUTED BY THIS BANK. A DETAILED DESCRIPTION OF THE ADJUSTED MONETARY BASE IS AVAILABLE FROM THIS BANK.

ADJUSTED MONETARY BASE								
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:								
	5/10/78	8/9/78	10/11/78	11/8/78	12/6/78	1/10/79	2/7/79	3/7/79
TO THE AVERAGE OF FOUR WEEKS ENDING:								
10/11/78	9.9							
11/ 8/78	10.1	11.2						
12/ 6/78	9.3	9.6	7.7					
1/10/79	9.1	9.2	7.6	6.3				
2/ 7/79	8.9	8.9	7.6	6.7	7.6			
3/ 7/79	8.3	8.1	6.7	5.7	6.1	5.1		
4/11/79	7.8	7.3	5.9	5.1	5.2	4.3	2.9	
5/ 9/79	8.1	7.8	6.8	6.2	6.5	6.1	5.7	7.0

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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



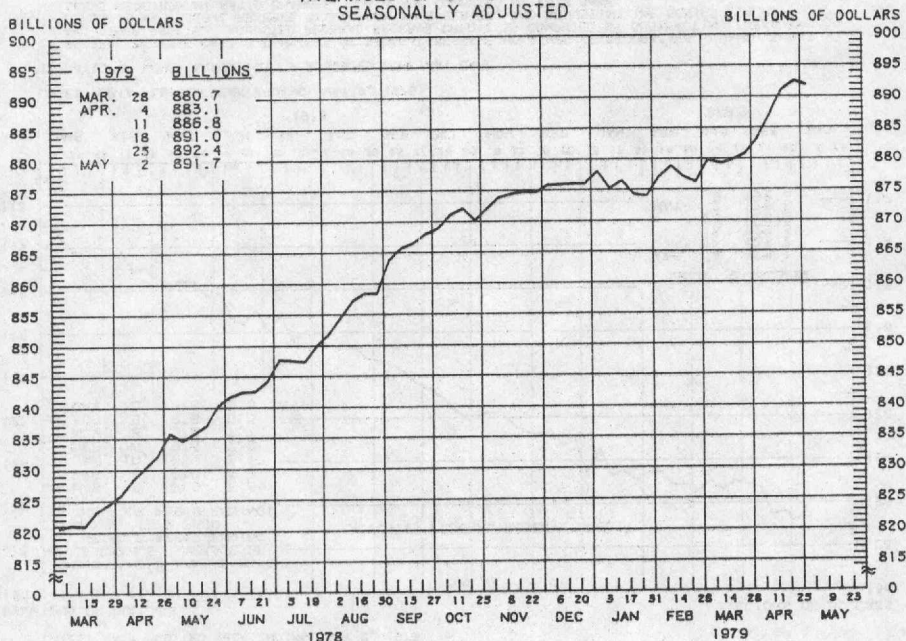
1/ RATIO OF MONEY STOCK (M1) / ADJUSTED MONETARY BASE

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. 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: MAY 2, 1979

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

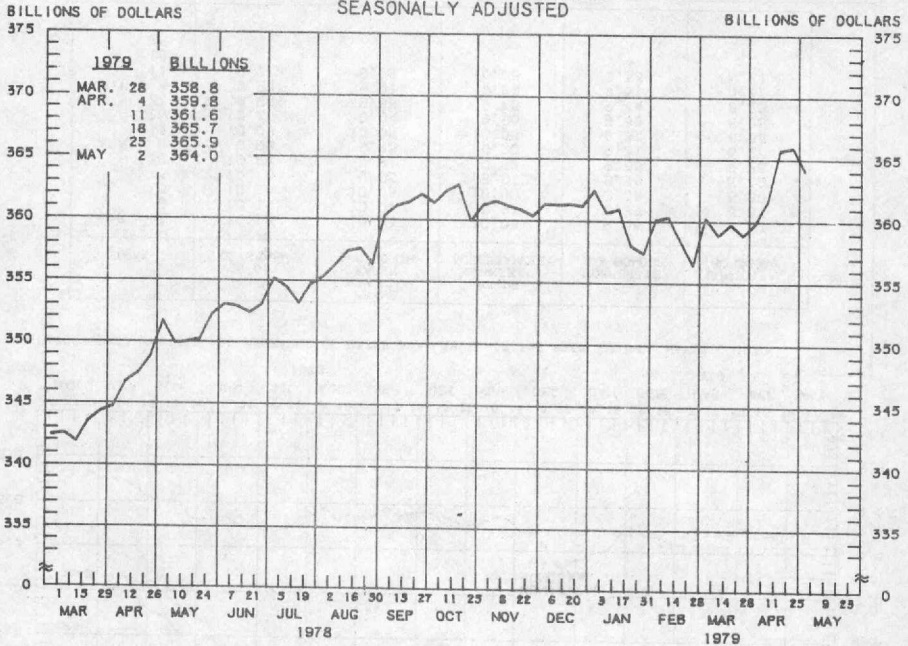
MONEY STOCK PLUS NET TIME DEPOSITS (M2)

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

TO THE AVERAGE OF FOUR WEEKS ENDING:	5/3/78	8/2/78	10/4/78	11/1/78	11/29/78	1/3/79	1/31/79	2/28/79
10/ 4/78	10.4							
11/ 1/78	9.8	10.9						
11/29/78	9.1	9.4	5.4					
1/ 3/79	8.1	7.8	4.3	3.4				
1/31/79	7.0	6.2	2.7	1.6	0.3			
2/28/79	6.7	5.8	2.9	2.1	1.3	0.5		
4/ 4/79	6.4	5.6	3.1	2.6	2.1	2.0	4.0	
5/ 2/79	7.1	6.6	4.7	4.5	4.4	5.0	7.4	9.2

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 2, 1979

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

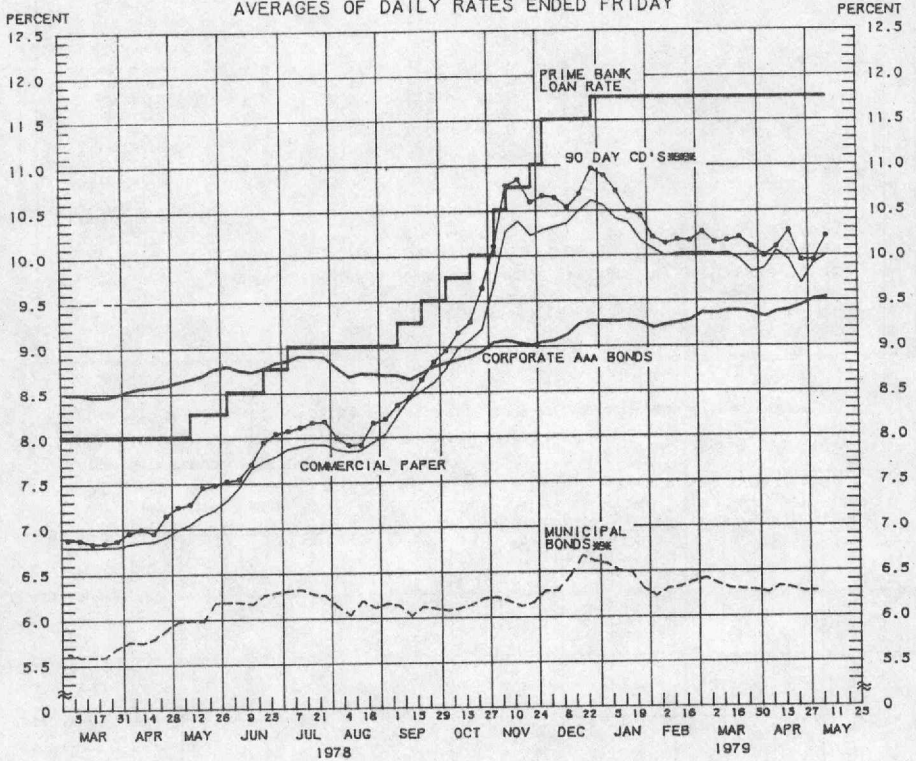
THE MONEY STOCK CONSISTS OF DEMAND DEPOSITS PLUS CURRENCY AND COIN HELD BY THE NONBANK PUBLIC.

MONEY STOCK (M1)									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	5/3/78	8/2/78	10/4/78	11/1/78	11/29/78	1/3/79	1/31/79	2/28/79	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
10/ 4/78	9.0								
11/ 1/78	7.6	8.4							
11/29/78	6.2	5.7	-1.1						
1/ 3/79	5.5	4.8	0.0	-0.2					
1/31/79	4.1	2.7	-1.9	-2.6	-2.7				
2/28/79	3.5	2.2	-1.8	-2.3	-1.3	-4.8			
4/ 4/79	3.3	2.1	-1.2	-1.5	-1.3	-2.4	0.2		
5/ 2/79	4.5	3.7	1.3	1.5	2.2	2.4	5.8	9.2	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 11, 1979

1979	90 DAY CD'S ^{§§§}	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS ^{§§§}
MAR. 2	10.26	10.03	10.03	9.36	6.42
9	10.14	10.01	9.97	9.35	6.35
16	10.16	10.03	10.00	9.36	6.30
23	10.20	9.95	9.97	9.36	6.29
30	10.09	9.81	9.82	9.35	6.28
APR. 6	9.99	9.85	9.90	9.31	6.25
13	10.09	10.05	10.05	9.37	6.33
20	10.27	9.94	9.90	9.39	6.30
27	9.94	9.68	9.75	9.44	6.26
MAY 4	9.94	9.91	9.99	9.31	6.27
11 [§]	10.21	9.99	10.06	9.53	N.A.
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

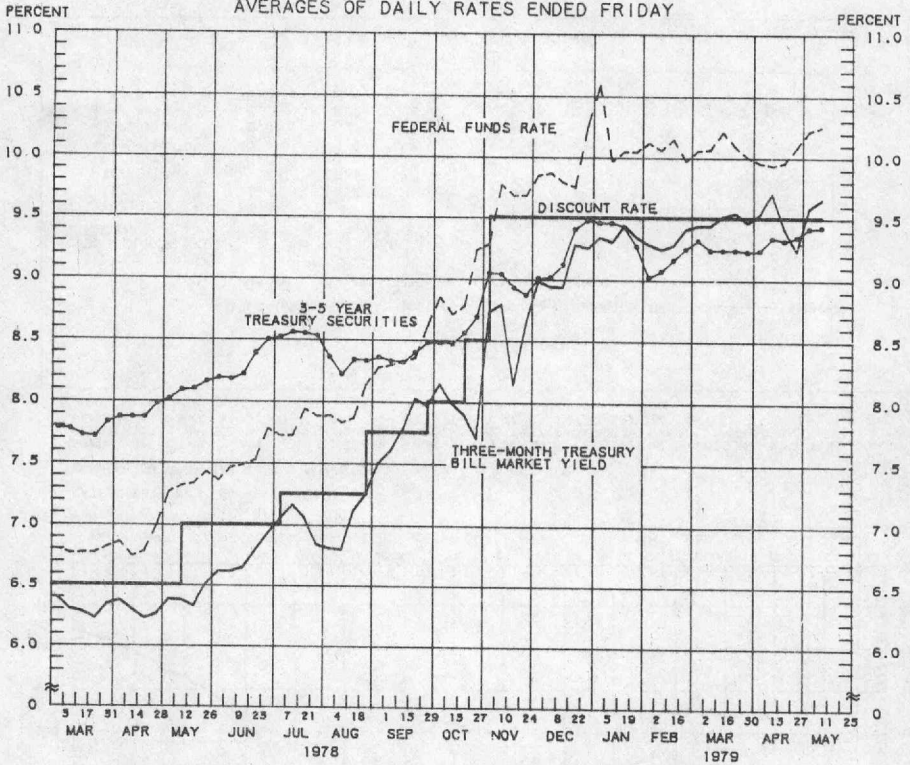
EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

N.A. - NOT AVAILABLE

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MAY 11, 1979

1979	FEDERAL FUNDS RATE	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL	1-YEAR TREASURY BILL	3-5 YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
MAR. 2	10.06	9.44	9.50	9.50	9.32	9.03
9	10.07	9.44	9.42	9.40	9.24	8.98
16	10.21	9.51	9.46	9.43	9.24	8.99
23	10.09	9.54	9.48	9.37	9.24	8.99
30	10.00	9.46	9.44	9.29	9.23	8.97
APR. 6	9.95	9.53	9.50	9.26	9.24	8.97
13	9.93	9.70	9.37	9.37	9.34	9.02
20	9.96	9.41	9.63	9.22	9.32	9.03
27	10.09	9.23	9.30	9.27	9.35	9.09
MAY 4	10.22	9.58	9.57	9.40	9.42	9.17
11 *	10.25	9.65	9.62	9.42	9.43	9.21
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.

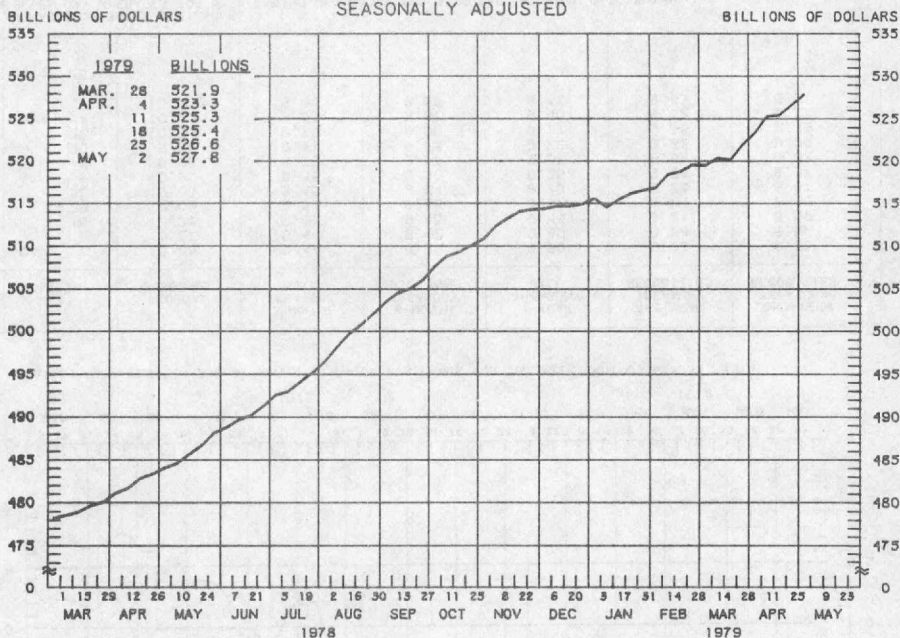
**** NEW ISSUE RATE

***** 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: MAY 2, 1979

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

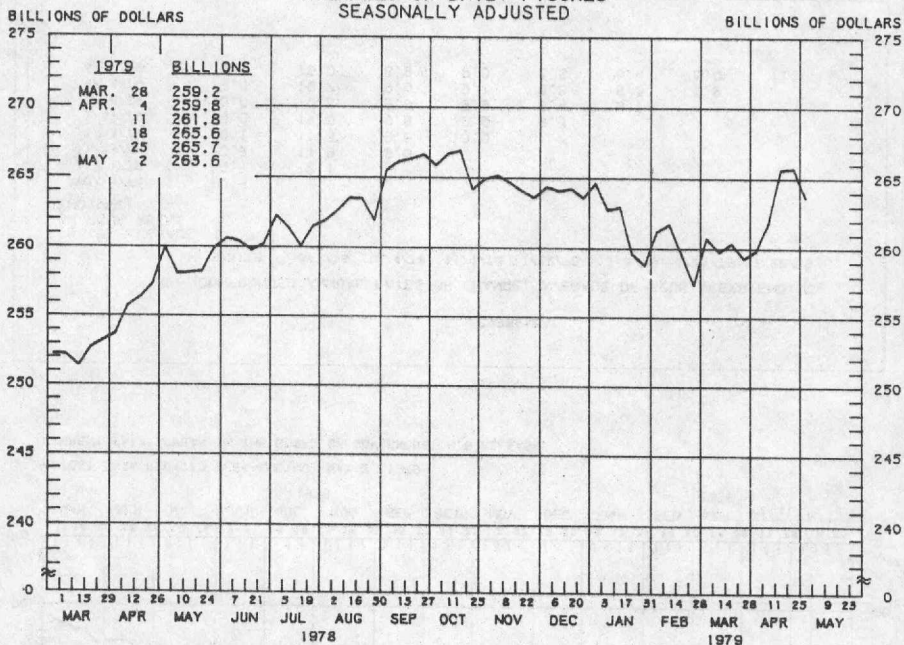
* NET TIME DEPOSITS ARE DEFINED AS: SAVINGS DEPOSITS, TIME DEPOSITS OPEN ACCOUNT PLUS TIME CERTIFICATES OF DEPOSIT OTHER THAN NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

NET TIME DEPOSITS									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	5/3/78	8/2/78	10/4/78	11/1/78	11/29/78	1/3/79	1/31/79	2/28/79	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
10/ 4/78	11.5								
11/ 1/78	11.4	12.8							
11/29/78	11.2	12.1	10.3						
1/ 3/79	10.0	10.0	7.5	6.0					
1/31/79	9.1	8.7	6.1	4.7	2.5				
2/28/79	9.0	8.5	6.3	5.3	4.0	4.5			
4/ 4/79	8.7	8.2	6.3	5.5	4.6	5.1	6.7		
5/ 2/79	9.0	8.6	7.2	6.6	6.0	6.9	8.6	9.1	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 2, 1979

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

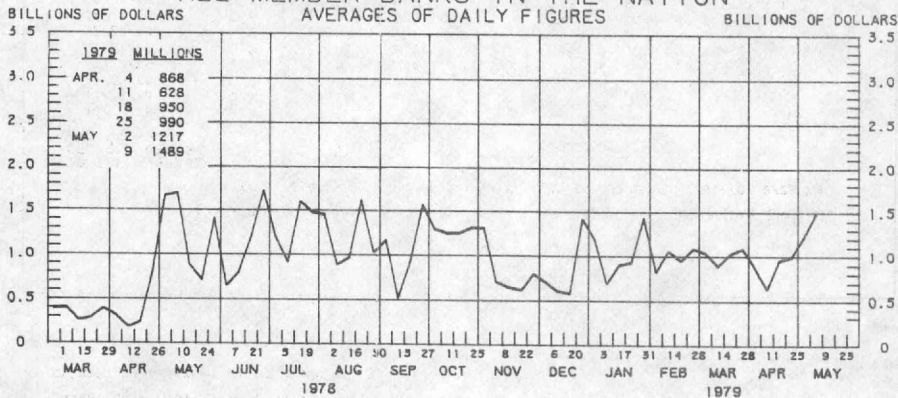
DEMAND DEPOSIT COMPONENT OF MONEY STOCK

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

TO THE AVERAGE OF FOUR WEEKS ENDING:	5/3/78	8/2/78	10/4/78	11/1/78	11/29/78	1/3/79	1/31/79	2/28/79
10/ 4/78	8.4							
11/ 1/78	6.6	7.1						
11/29/78	4.8	3.7	-4.5					
1/ 3/79	4.0	2.6	-3.1	-3.4				
1/31/79	1.9	-0.2	-5.9	-6.9	-7.0			
2/28/79	1.2	-0.9	-5.8	-6.5	-6.5	-9.9		
4/ 4/79	1.1	-0.8	-4.8	-5.2	-4.8	-6.4	-2.6	
5/ 2/79	2.7	1.5	-1.3	-1.1	-0.1	0.1	5.0	9.9

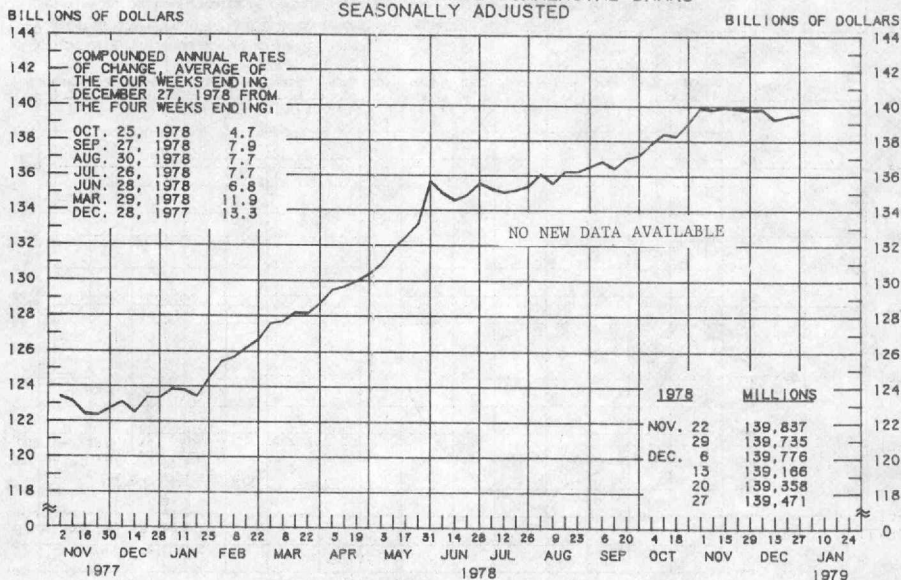
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: MAY 9, 1979

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

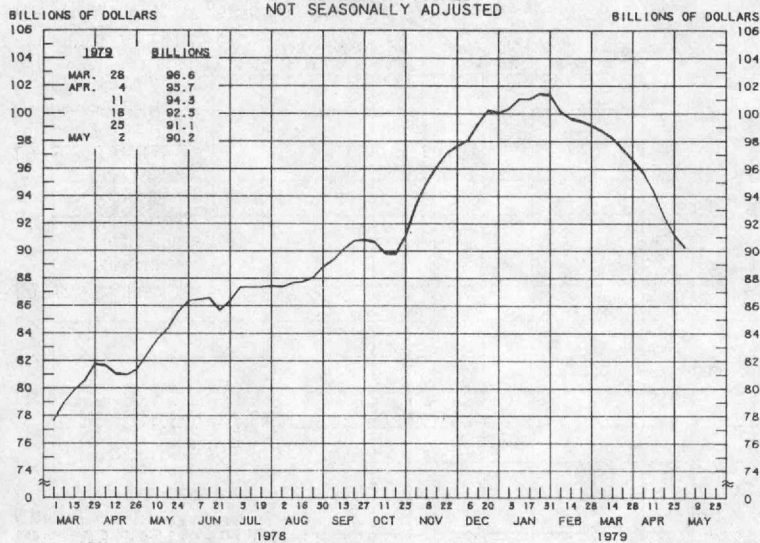


LATEST DATA PLOTTED WEEK ENDING: DECEMBER 27, 1978

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 2, 1979

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