



U.S. FINANCIAL DATA

Week ending: July 25, 1979

LIBRARY

The discount rate -- the interest rate at which member banks borrow from their district Federal Reserve Banks -- was raised last week from 9.50 to 10 percent, the highest level in history. This change was the first since November 1978, when the discount rate was raised 100 basis points, the largest of seven increases last year. The seven increases in 1978 raised the discount rate from 6 to 9.50 percent. In 1973, when many short-term interest rates were at historically high levels, the discount rate was also raised seven times from 4.50 to 7.50 percent. The discount rate finally peaked at 8 percent in April 1974.

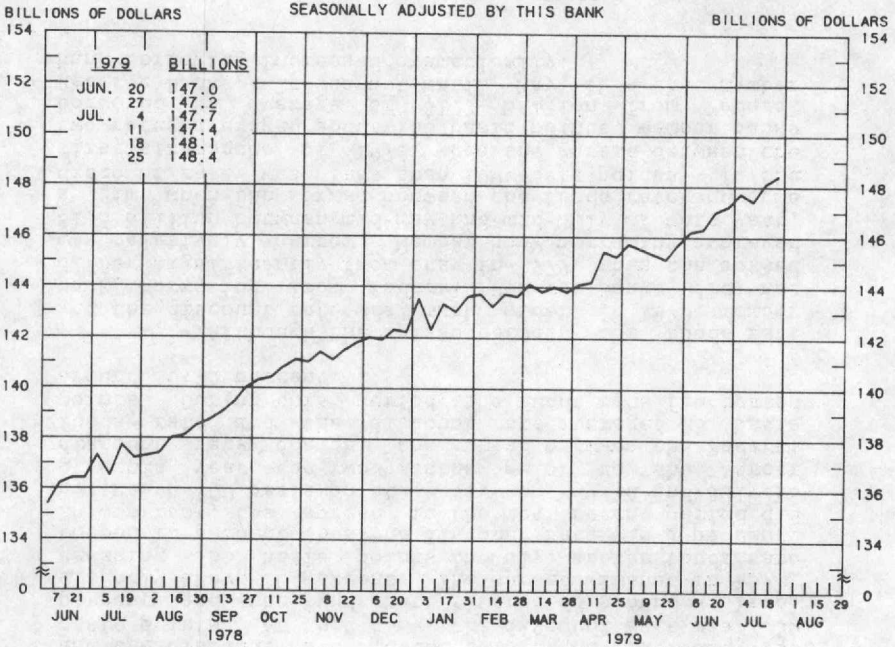
Movements in the discount rate relative to the Federal funds rate differed substantially in the current period compared to 1973-74. The spread between the discount rate and the Federal funds rate is significantly narrower than it was then. In the last half of 1973, the spread between the Federal funds rate and the discount rate fluctuated between 220 and 330 basis points. At that time, the discount rate was 7.50 percent and the funds rate fluctuated around a level slightly above 10 percent. The spread widened in 1974, reaching 555 basis points in July, as the funds rate topped 13 percent when the discount rate was 8 percent. In contrast, the spread in the most recent period did not reach 100 basis points. Between May 16 and July 18 of this year, the two months prior to the latest discount rate change, the spread between the Federal funds rate and the discount rate averaged 78 basis points. During this period, the funds rate fluctuated around 10.25 percent.

Although the spread between the funds rate and the discount rate was much wider in 1973, member bank borrowing from Federal Reserve Banks did not differ significantly from that in 1979, when the spread was relatively narrow. Member bank borrowing averaged \$1.5 billion between mid-May and mid-July of this year, a time when the spread between the funds rate and the discount rate was less than 100 basis points. In the first six months of 1973, when the spread between the two rates averaged about 160 basis points, member banks borrowed an average of \$1.7 billion from Federal Reserve Banks. It was not until May 1974 that member bank borrowing increased dramatically.

Prepared by Federal Reserve Bank of St. Louis

Released: July 27, 1979

ADJUSTED MONETARY BASE
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED BY THIS BANK



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

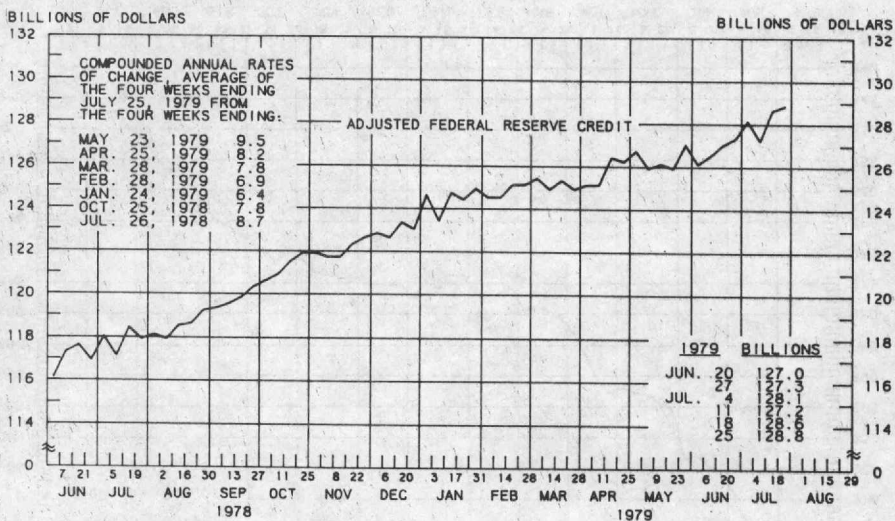
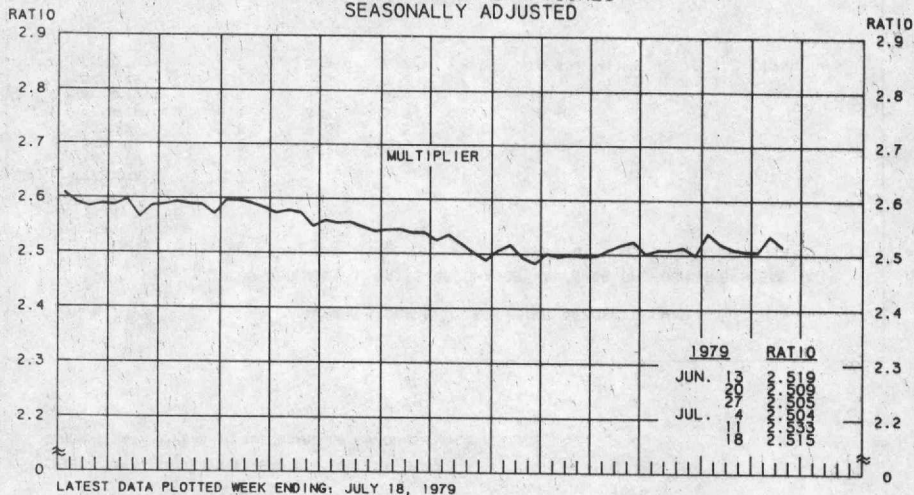
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:
 7/26/78 10/25/78 12/27/78 1/24/79 2/28/79 3/28/79 4/25/79 5/23/79

TO THE AVERAGE
 OF FOUR WEEKS
 ENDING:

12/27/78	8.6							
1/24/79	8.6	6.7						
2/28/79	7.9	6.1	6.3					
3/28/79	7.3	5.5	5.2	3.7				
4/25/79	7.4	5.8	5.7	4.8	5.1			
5/23/79	7.3	5.9	5.8	5.2	5.5	7.0		
6/27/79	7.5	6.4	6.6	6.2	6.8	8.0	8.3	
7/25/79	7.8	6.9	7.2	7.0	7.6	8.7	9.1	10.4

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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



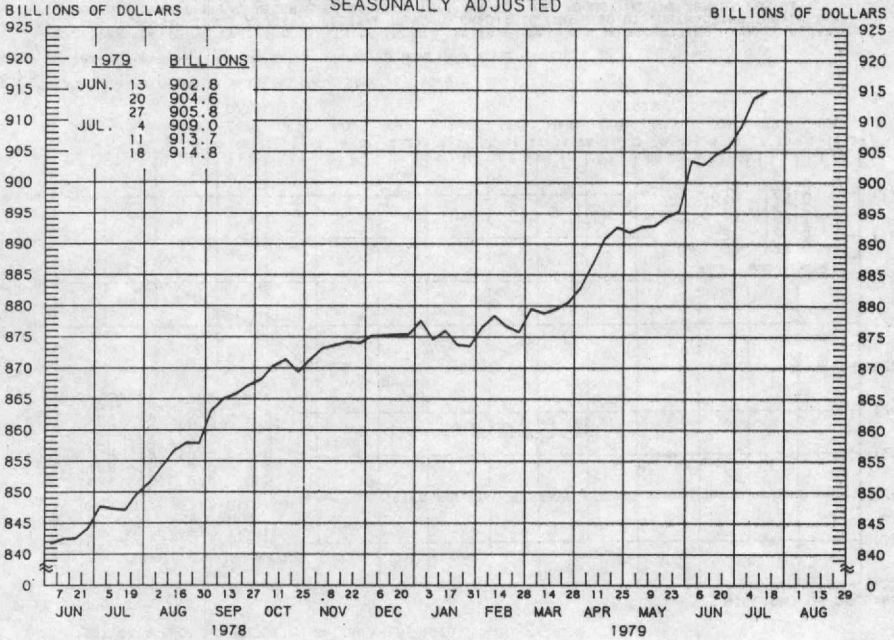
1/ RATIO OF MONEY STOCK (M1) / ADJUSTED MONETARY BASE

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.

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MONEY STOCK PLUS NET TIME DEPOSITS (M2)

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

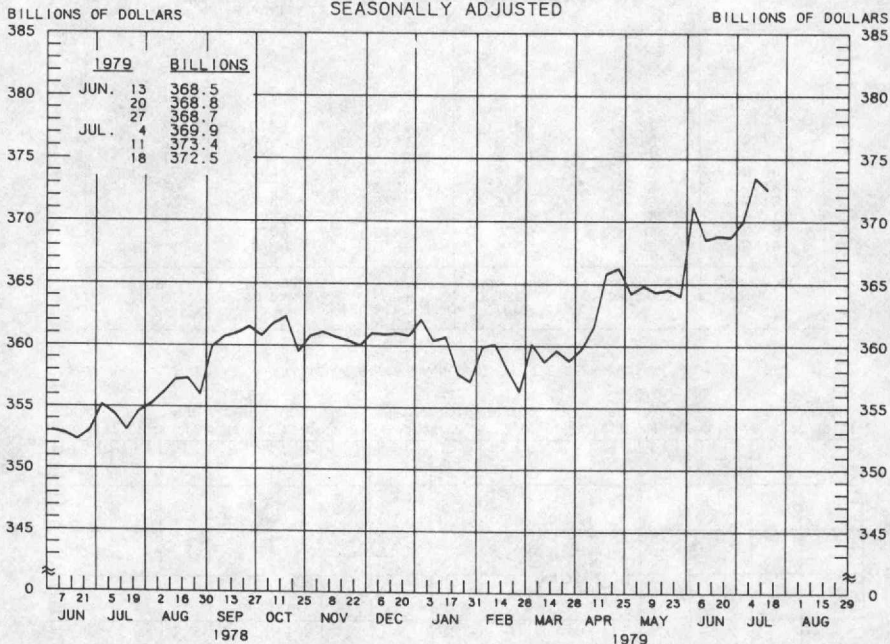


LATEST DATA PLOTTED WEEK ENDING: JULY 18, 1979
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

MONEY STOCK PLUS NET TIME DEPOSITS (M2)									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	7/19/78	10/18/78	12/20/78	1/17/79	2/21/79	3/21/79	4/18/79	5/16/79	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
12/20/78	8.1								
1/17/79	7.0	3.1							
2/21/79	6.0	2.3	0.9						
3/21/79	5.6	2.5	1.6	1.7					
4/18/79	6.1	3.7	3.6	4.4	6.9				
5/16/79	6.6	4.7	5.1	5.9	8.3	11.0			
6/20/79	7.1	5.6	6.2	7.1	9.1	11.0	11.1		
7/18/79	7.6	6.4	7.2	8.2	10.1	11.8	12.1	12.4	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 18, 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:

7/19/78 10/18/78 12/20/78 1/17/79 2/21/79 3/21/79 4/18/79 5/16/79

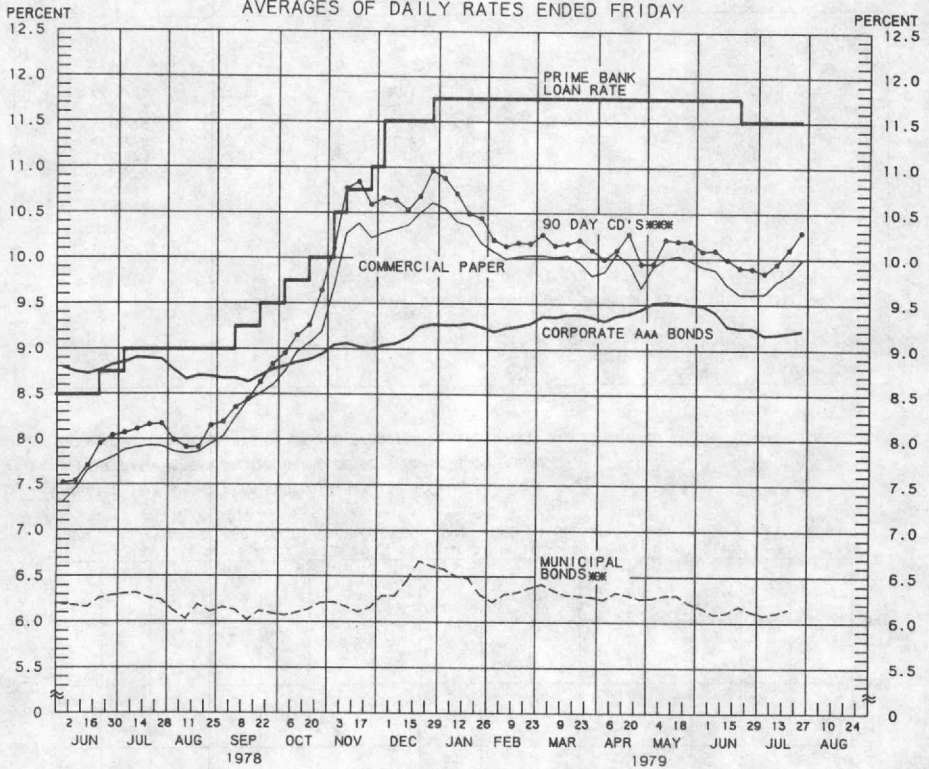
TO THE AVERAGE
 OF FOUR WEEKS
 ENDING:

12/20/78	4.6						
1/17/79	4.1	-0.7					
2/21/79	2.3	-2.2	-3.0				
3/21/79	2.0	-1.9	-2.2	-3.6			
4/18/79	2.9	-0.1	0.7	0.6	5.0		
5/16/79	3.8	1.6	2.9	3.3	7.6	11.8	
6/20/79	4.4	2.7	4.1	4.7	8.1	10.9	11.0
7/18/79	4.9	3.5	5.1	5.7	8.7	11.0	11.1
							10.2

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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: JULY 27, 1979

1979	90 DAY CD'S	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS
JUNE 1	10.08	9.91	9.93	9.48	6.16
8	10.09	9.88	9.90	9.41	6.09
15	9.99	9.71	9.73	9.25	6.11
22	9.90	9.61	9.76	9.23	6.18
29	9.89	9.61	9.72	9.23	6.12
JULY 6	9.84	9.62	9.73	9.16	6.08
13	9.94	9.75	9.94	9.17	6.11
20	10.10	9.83	10.03	9.19	6.15
27 *	10.29	9.98	10.20	9.21	N. A.
AUG. 3					
10					
17					
24					
31					

* AVERAGES OF RATES AVAILABLE.

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

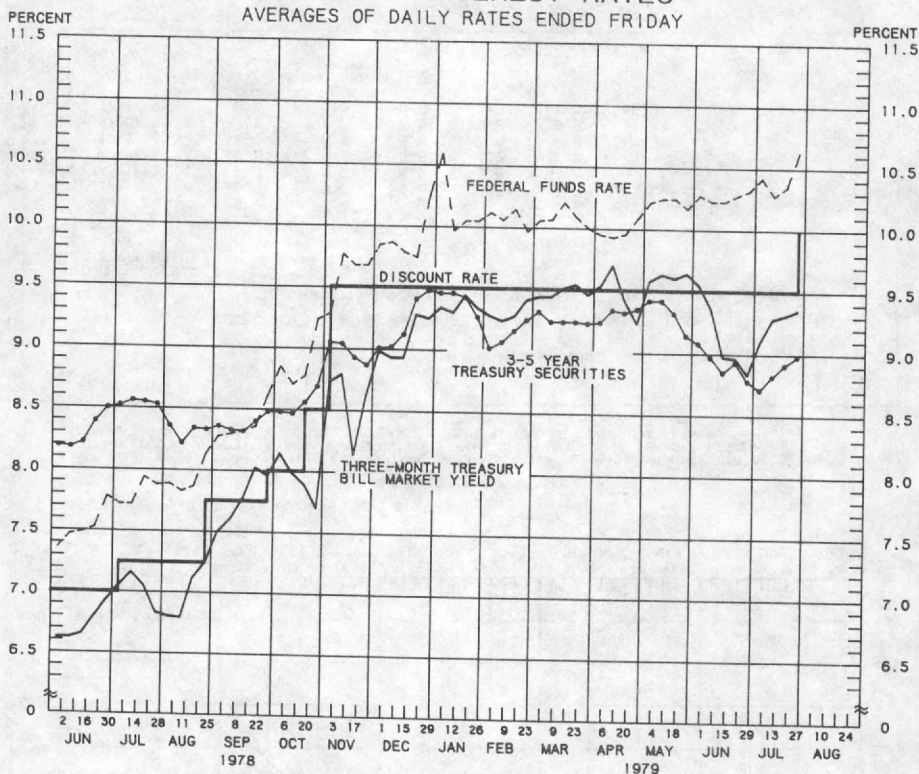
*** SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

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 27, 1979

1979	FEDERAL FUNDS ^{***}	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL ^{***}	1-YEAR TREASURY BILL	3-5 YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
JUNE 1	10.28	9.55	9.41	9.05	9.08	8.98
8	10.23	9.36	9.43	8.94	8.97	8.90
15	10.23	8.97	9.05	8.74	8.85	8.81
22	10.28	8.96	8.87	8.84	8.85	8.85
29	10.32	8.83	8.90	8.64	8.93	8.76
JULY 6	10.42	9.10	8.87	8.70	8.78	8.74
13	10.28	9.28	9.16	8.79	8.82	8.82
20	10.35	9.31	9.26	8.93	8.91	8.88
27 *	10.63	9.35	9.47	9.02	8.98	8.89
AUG. 3						
10						
17						
24						
31						

* 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.

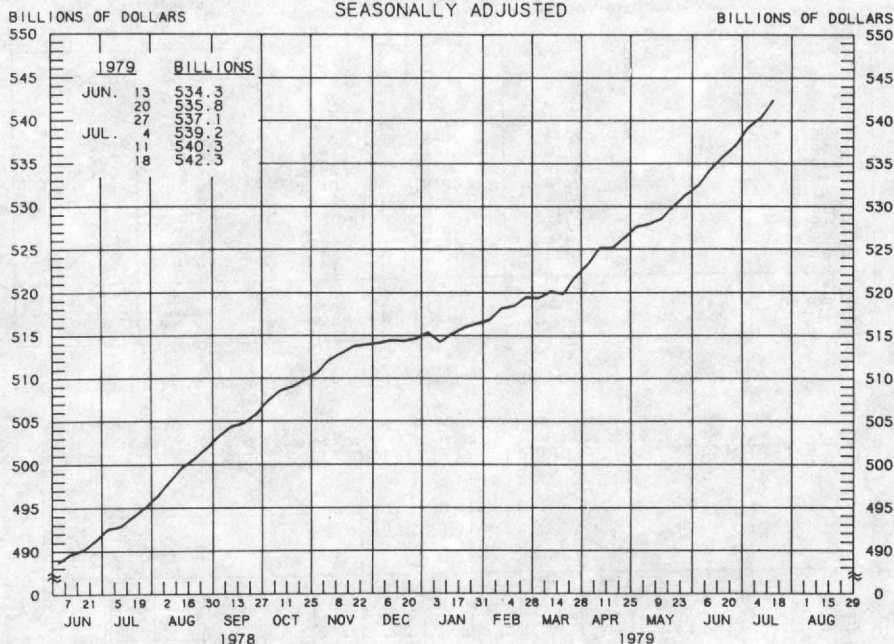
**** NEW ISSUE RATE

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: JULY 18, 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:

7/19/78 10/18/78 12/20/78 1/17/79 2/21/79 3/21/79 4/18/79 5/16/79

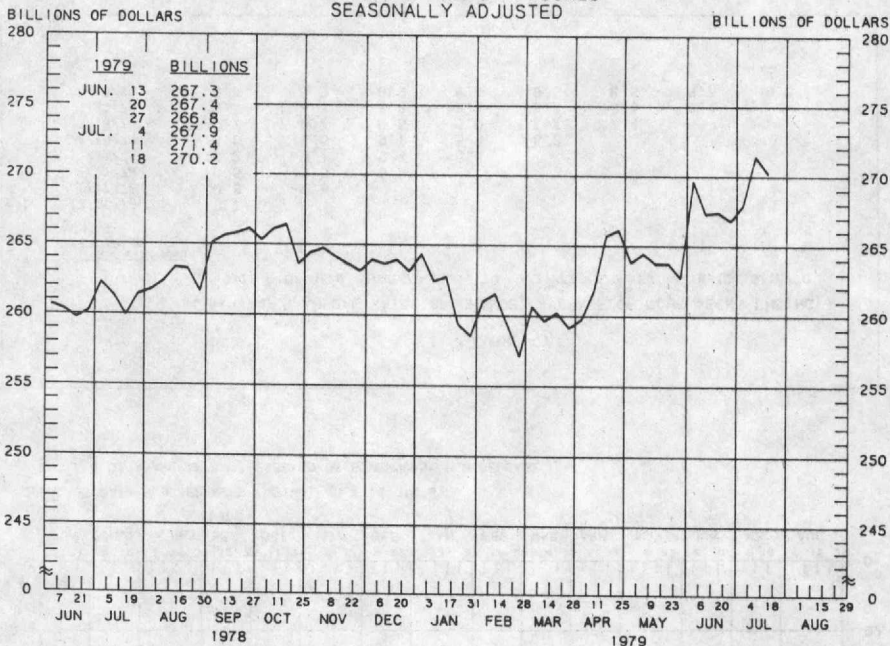
TO THE AVERAGE
OF FOUR WEEKS
ENDING:

12/20/78	10.7							
1/17/79	9.2	5.8						
2/21/79	8.6	5.7	3.6					
3/21/79	8.3	5.7	4.3	5.6				
4/18/79	8.5	6.5	5.8	7.2	8.3			
5/16/79	8.7	6.9	6.6	7.8	8.8	10.3		
6/20/79	9.0	7.7	7.6	8.8	9.8	11.1	11.2	
7/18/79	9.6	8.5	8.8	9.9	11.0	12.2	12.7	14.0

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DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 18, 1979
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

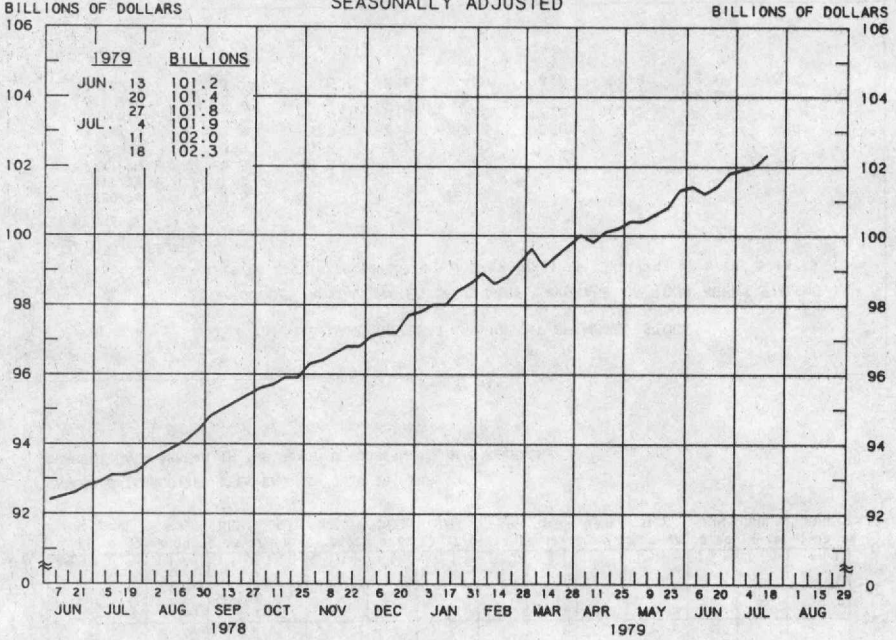
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

	7/19/78	10/18/78	12/20/78	1/17/79	2/21/79	3/21/79	4/18/79	5/16/79
12/20/78		2.5						
1/17/79		1.7	-4.3					
2/21/79		-0.5	-6.3	-7.4				
3/21/79		-0.9	-5.8	-6.2	-7.9			
4/18/79		0.4	-3.3	-2.3		3.8		
5/16/79		1.7	-1.0	0.8	1.6	7.5	13.5	
6/20/79		2.5	0.4	2.4	3.4	8.1	11.9	12.0
7/18/79		3.1	1.6	3.6	4.6	8.8	11.9	12.0
								10.5

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

CURRENCY COMPONENT
OF MONEY STOCK
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

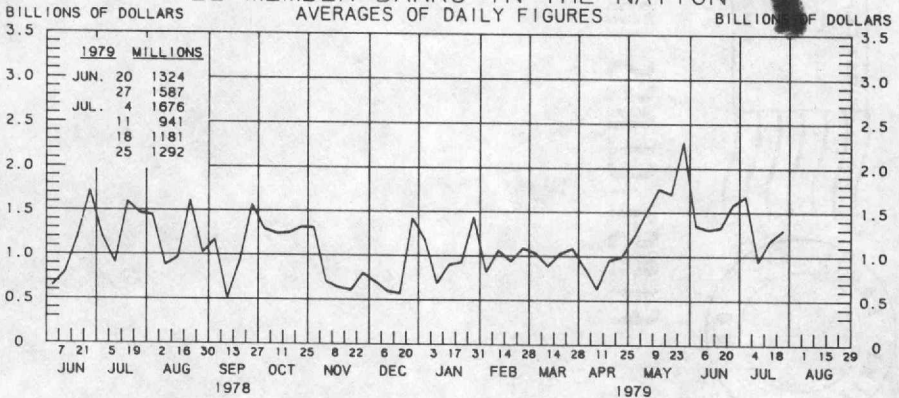


LATEST DATA PLOTTED WEEK ENDING: JULY 18, 1979
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

CURRENCY									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	7/19/78	10/18/78	12/20/78	1/17/79	2/21/79	3/21/79	4/18/79	5/16/79	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
12/20/78	10.7								
1/17/79	10.8	9.5							
2/21/79	10.5	9.3	9.9						
3/21/79	10.2	9.1	9.4	8.5					
4/18/79	10.0	9.0	9.1	8.4	8.2				
5/16/79	9.7	8.7	8.6	8.0	7.7	7.4			
6/20/79	9.7	8.8	8.8	8.4	8.3	8.3	8.4		
7/18/79	9.7	8.9	8.9	8.6	8.5	8.6	8.7	9.6	

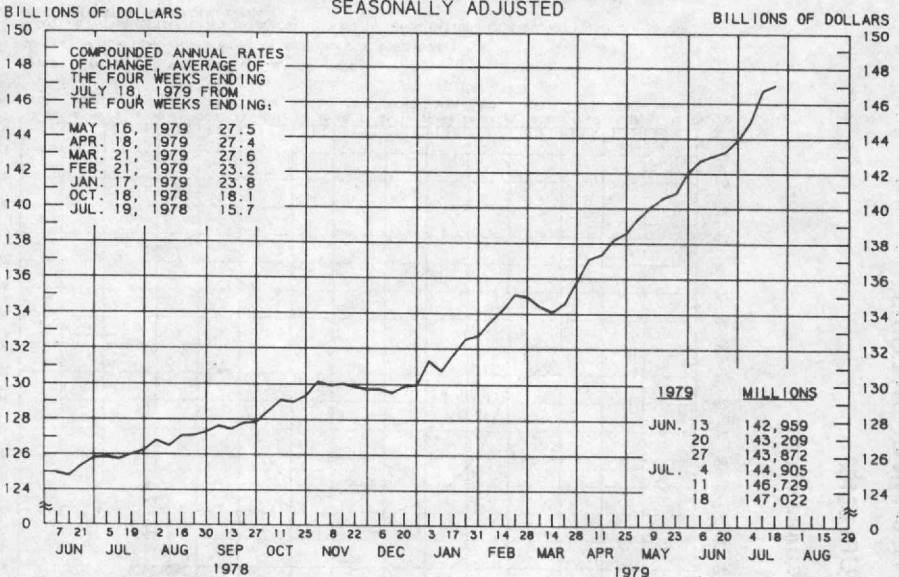
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BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: JULY 25, 1979

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



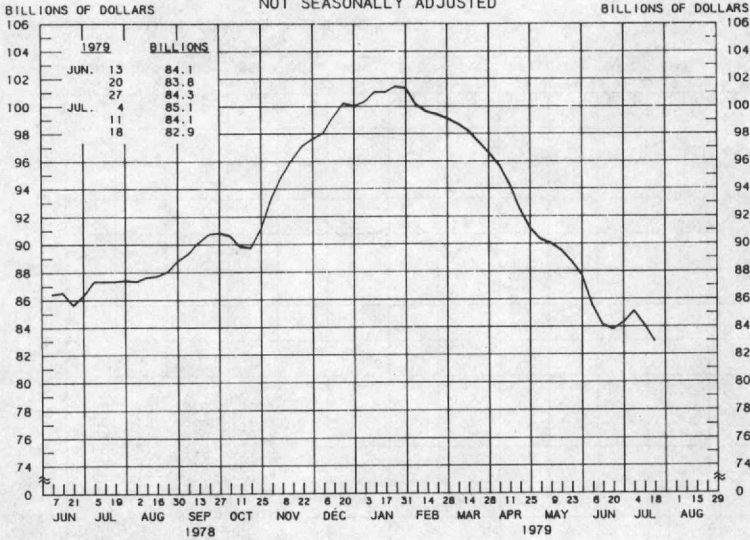
LATEST DATA PLOTTED WEEK ENDING: JULY 18, 1979

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FEDERAL RESERVE BANK OF ST. LOUIS
 P. O. BOX 442
 ST. LOUIS, MISSOURI 63166

RETURN POSTAGE GUARANTEED

CERTIFICATES OF DEPOSIT
 LARGE COMMERCIAL BANKS
 WEDNESDAY FIGURES
 NOT SEASONALLY ADJUSTED

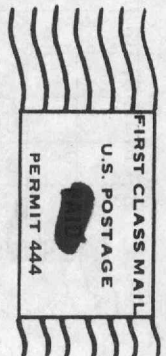
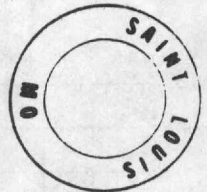


LATEST DATA PLOTTED WEEK ENDING: JULY 18, 1979

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.

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FIRST CLASS MAIL