



Week ending: February 20, 1980

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NOV 28 1980

Both the discount rate and the prime rate were raised in the past week. The discount rate—the interest rate charged by the Federal Reserve for borrowing by its member banks—was increased 100 basis points to an historic peak of 13 percent. This discount rate increase matches the increase on October 6, 1979, when the rate was raised to 12 percent, and is the first increase since the October 6 policy change.

Short-term interest rates adjusted upward following the increase in the discount rate (pages 6 and 7). For example, the interest rate on large certificates of deposit (CDs)—an important source of loanable funds to commercial banks—increased from 13.59 percent in the week ending February 15 to 14.81 percent in the week ending February 22. Other short-term rates, such as prime commercial paper and three-month Treasury bills, also registered significant upward changes over this one-week period.

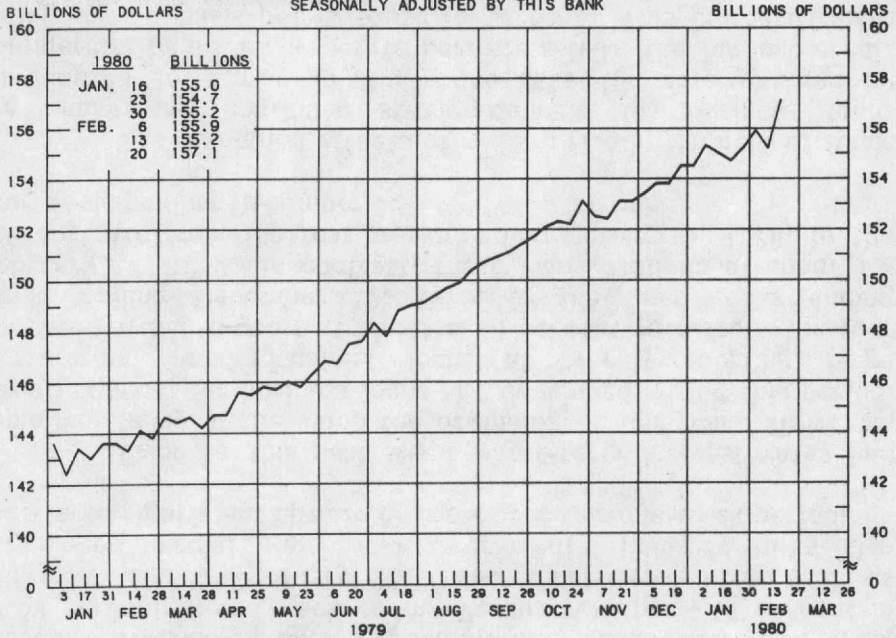
Prior to this past week, short-term interest rates had remained fairly stable since the beginning of the year. However, strong demand for business loans had developed during this period. Commercial and industrial loans at weekly-reporting large commercial banks grew at about a 30 percent rate from the four weeks ending December 12, 1979, to the four weeks ending February 13, 1980. In contrast, these loans declined at about a 3 percent rate from the four weeks ending October 6, 1979, to the four weeks ending December 5.

The combined effects of a sharp rise in the cost of funds for banks and continued strong demand for business loans contributed to a rise in the prime rate—the rate charged by commercial banks to corporate borrowers with the highest credit rating—by 50 basis points to 15.75 percent. This increase raises the prime rate to a level matching the previous peak which prevailed from November 16 through November 29 of last year.

Prepared by Federal Reserve Bank of St. Louis

Released: February 25, 1980

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



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 20, 1980

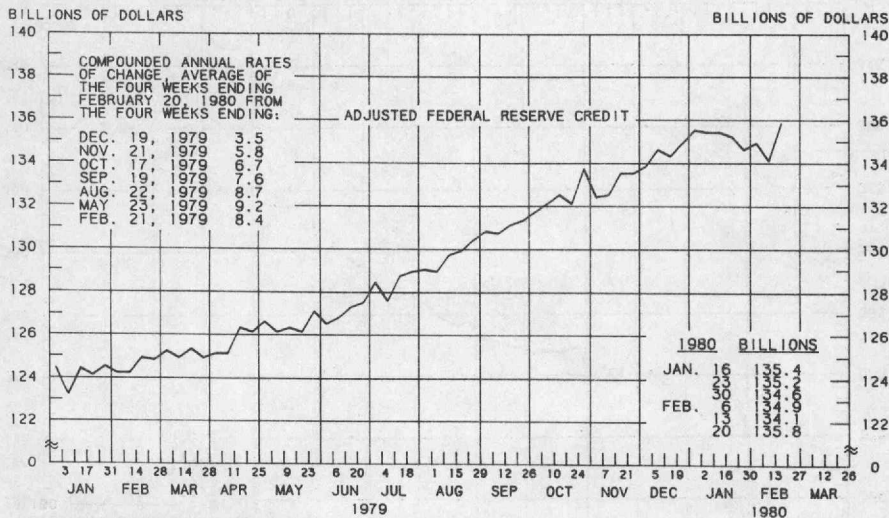
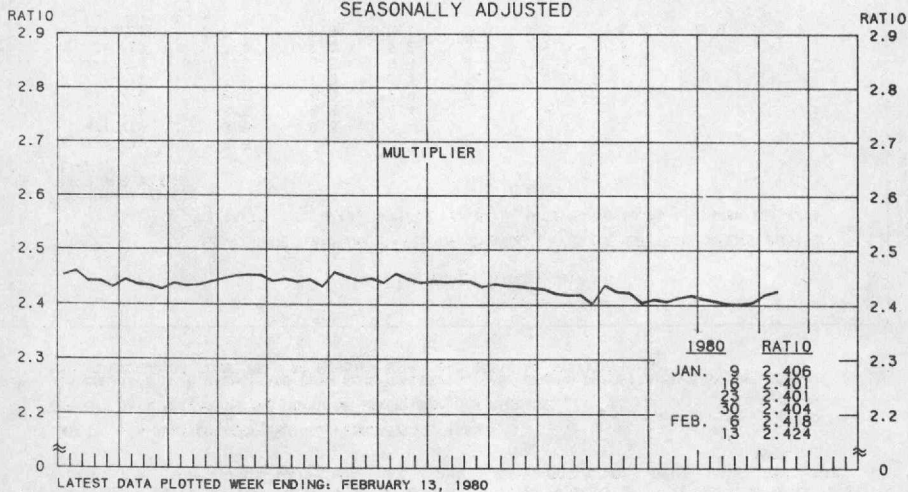
THE ADJUSTED MONETARY BASE CONSISTS OF: (1) MEMBER BANK RESERVES AT THE FEDERAL RESERVE BANKS, (2) CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF COMMERCIAL BANKS), AND (3) AN ADJUSTMENT FOR RESERVE REQUIREMENT RATIO CHANGES. THE MAJOR SOURCE OF THE ADJUSTED MONETARY BASE IS 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:

|                                      | 2/21/79 | 5/23/79 | 7/18/79 | 8/22/79 | 9/19/79 | 10/17/79 | 11/21/79 | 12/19/79 |
|--------------------------------------|---------|---------|---------|---------|---------|----------|----------|----------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: |         |         |         |         |         |          |          |          |
| 7/18/79                              | 7.8     |         |         |         |         |          |          |          |
| 8/22/79                              | 8.2     | 10.5    |         |         |         |          |          |          |
| 9/19/79                              | 8.7     | 10.9    | 11.0    |         |         |          |          |          |
| 10/17/79                             | 8.9     | 10.7    | 10.7    | 10.9    |         |          |          |          |
| 11/21/79                             | 8.5     | 9.8     | 9.4     | 9.1     | 7.9     |          |          |          |
| 12/19/79                             | 8.3     | 9.3     | 8.8     | 8.4     | 7.4     | 6.2      |          |          |
| 1/23/80                              | 8.5     | 9.4     | 9.0     | 8.7     | 8.1     | 7.5      | 8.2      |          |
| 2/20/80                              | 8.5     | 9.3     | 9.0     | 8.7     | 8.2     | 7.8      | 8.4      | 9.4      |

# MULTIPLIER <sup>1/</sup> ADJUSTED FEDERAL RESERVE CREDIT <sup>2/</sup> AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED

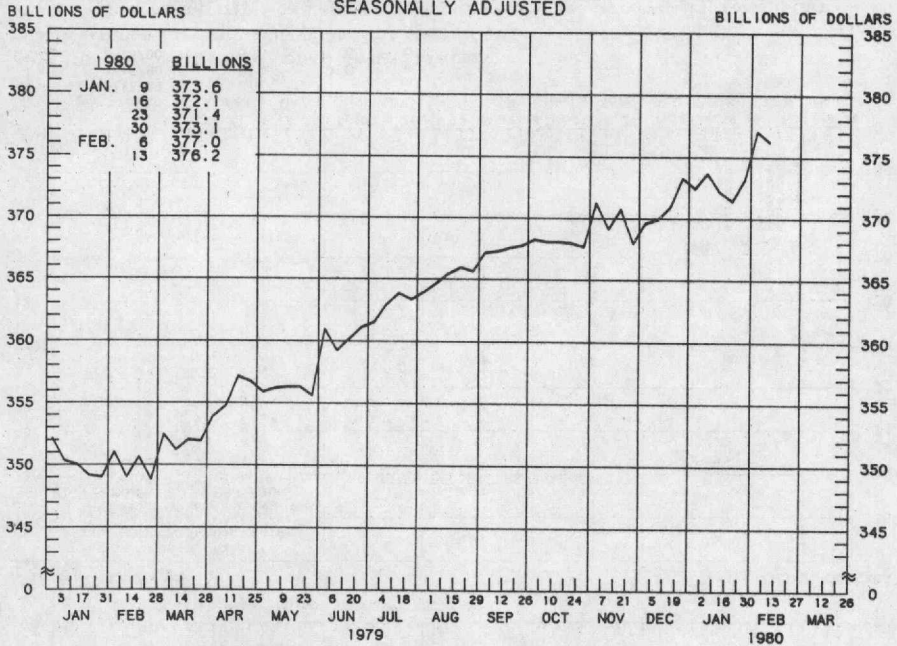


1/ RATIO OF MONEY STOCK (M1A) / ADJUSTED MONETARY BASE

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 (M1A) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 13, 1980

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

M1A CONSISTS OF CURRENCY AND COIN PLUS COMMERCIAL BANK DEMAND DEPOSITS HELD BY THE NONBANK PUBLIC EXCLUDING THOSE HELD BY FOREIGN BANKS AND OFFICIAL INSTITUTIONS.

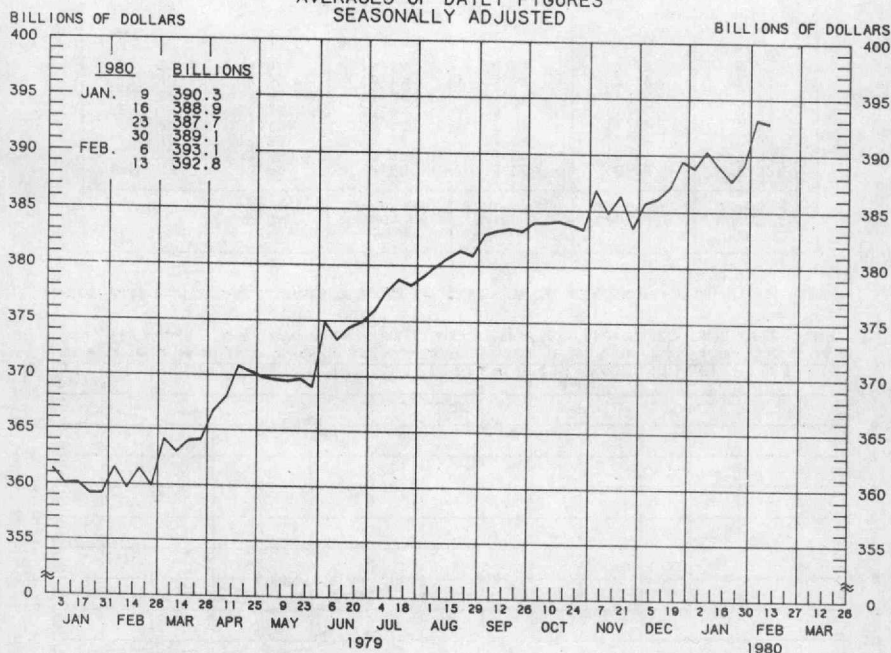
## MONEY STOCK (M1A)

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

|  | 2/14/79 | 5/16/79 | 7/11/79 | 8/15/79 | 9/12/79 | 10/10/79 | 11/14/79 | 12/12/79 |
|--|---------|---------|---------|---------|---------|----------|----------|----------|
| TO THE AVERAGE<br>OF FOUR WEEKS<br>ENDING: |         |         |         |         |         |          |          |          |
| 7/11/79                                    | 8.6     |         |         |         |         |          |          |          |
| 8/15/79                                    | 8.6     | 9.3     |         |         |         |          |          |          |
| 9/12/79                                    | 8.6     | 9.0     | 8.4     |         |         |          |          |          |
| 10/10/79                                   | 8.2     | 8.3     | 7.4     | 6.6     |         |          |          |          |
| 11/14/79                                   | 7.5     | 7.3     | 6.2     | 5.3     | 4.0     |          |          |          |
| 12/12/79                                   | 7.0     | 6.5     | 5.4     | 4.4     | 3.3     | 2.5      |          |          |
| 1/16/80                                    | 7.2     | 7.0     | 6.2     | 5.6     | 5.0     | 5.0      | 6.1      |          |
| 2/13/80                                    | 7.1     | 6.8     | 6.1     | 5.6     | 5.2     | 5.2      | 6.0      | 7.9      |

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# MONEY STOCK (M1B) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 13, 1980

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

M1B CONSISTS OF M1A PLUS OTHER CHECKABLE DEPOSITS AT ALL DEPOSITORY INSTITUTIONS.

## MONEY STOCK (M1B)

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

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

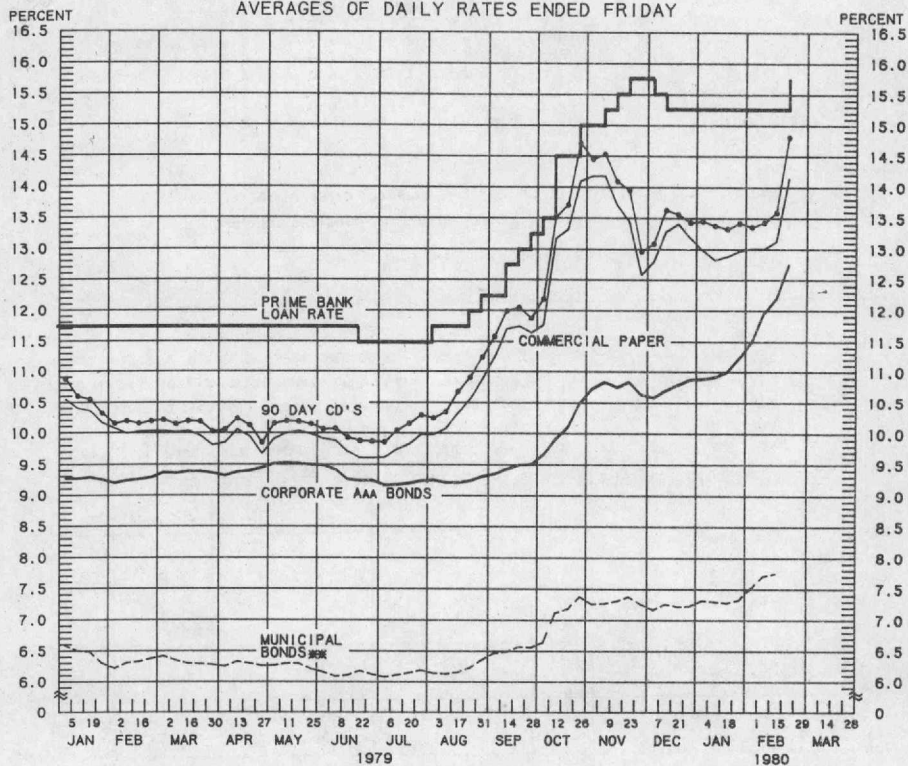
|          | 2/14/79 | 5/16/79 | 7/11/79 | 8/15/79 | 9/12/79 | 10/10/79 | 11/14/79 | 12/12/79 |
|----------|---------|---------|---------|---------|---------|----------|----------|----------|
| 7/11/79  | 11.2    |         |         |         |         |          |          |          |
| 8/15/79  | 11.2    | 10.9    |         |         |         |          |          |          |
| 9/12/79  | 10.9    | 10.4    | 10.1    |         |         |          |          |          |
| 10/10/79 | 10.2    | 9.5     | 8.7     | 7.2     |         |          |          |          |
| 11/14/79 | 9.3     | 8.2     | 7.1     | 5.6     | 4.2     |          |          |          |
| 12/12/79 | 8.6     | 7.4     | 6.2     | 4.8     | 3.6     | 2.7      |          |          |
| 1/16/80  | 8.9     | 8.0     | 7.1     | 6.3     | 5.7     | 5.7      | 7.3      |          |
| 2/13/80  | 8.6     | 7.6     | 6.8     | 6.0     | 5.5     | 5.4      | 6.4      | 8.2      |

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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: FEBRUARY 22, 1980

| 1980   | 90 DAY<br>CD'S | PRIME<br>COMMERCIAL<br>PAPER | PRIME<br>BANKERS'<br>ACCEPTANCES | CORPORATE<br>AAA BONDS | MUNICIPAL<br>BONDS |
|--------|----------------|------------------------------|----------------------------------|------------------------|--------------------|
| JAN. 4 | 13.45          | 12.98                        | 13.29                            | 10.88                  | 7.32               |
| 11     | 13.38          | 12.82                        | 13.09                            | 10.91                  | 7.30               |
| 18     | 13.33          | 12.88                        | 13.04                            | 10.99                  | 7.28               |
| 25     | 13.42          | 12.97                        | 13.24                            | 11.22                  | 7.33               |
| FEB. 1 | 13.36          | 13.01                        | 13.11                            | 11.49                  | 7.52               |
| 8      | 13.43          | 13.01                        | 13.13                            | 11.95                  | 7.71               |
| 15     | 13.59          | 13.13                        | 13.33                            | 12.19                  | 7.75               |
| 22 *   | 14.81          | 14.14                        | 14.51                            | 12.73                  | N.A.               |
| MAR. 7 |                |                              |                                  |                        |                    |
| 14     |                |                              |                                  |                        |                    |
| 21     |                |                              |                                  |                        |                    |
| 28     |                |                              |                                  |                        |                    |

\* AVERAGES OF RATES AVAILABLE.

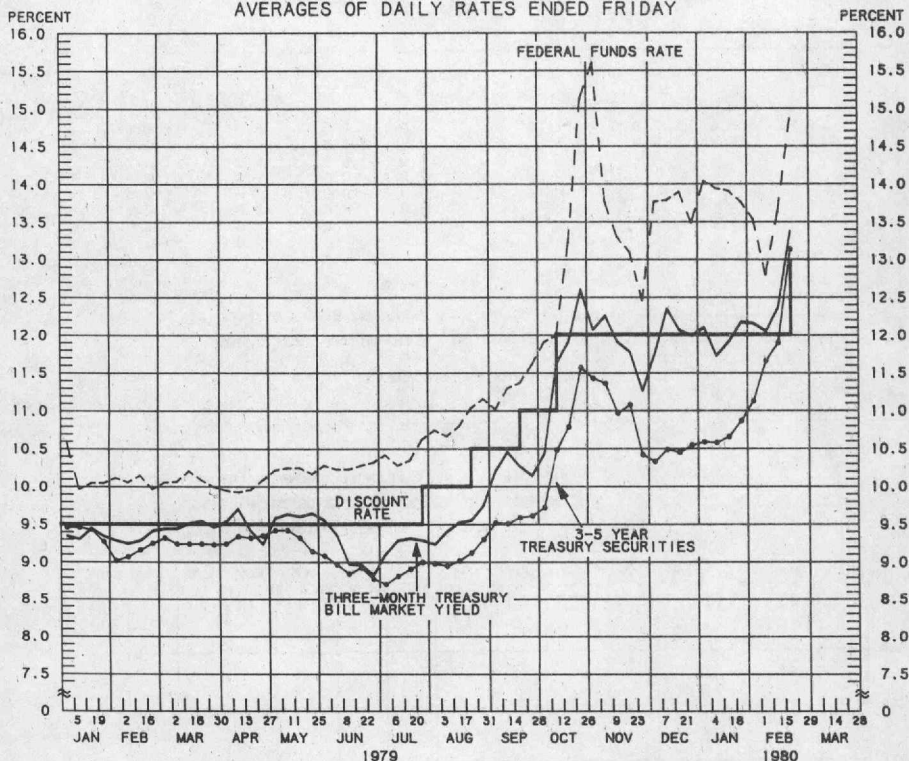
90 DAY BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.

90 DAY DATA ARE 4-MONTH COMMERCIAL PAPER RATES.

N.A. - NOT AVAILABLE

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# SELECTED INTEREST RATES AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: FEBRUARY 22, 1980

| 1980   | FEDERAL FUNDS % | 3-MONTH TREASURY BILL | 6-MONTH TREASURY BILL % | 1-YEAR TREASURY BILL | 3-5 YEAR TREASURY SECURITIES | LONG-TERM TREASURY SECURITIES |
|--------|-----------------|-----------------------|-------------------------|----------------------|------------------------------|-------------------------------|
| JAN. 4 | 14.04           | 12.10                 | 11.88                   | 10.97                | 10.59                        | 10.21                         |
| 11     | 13.94           | 11.72                 | 11.86                   | 10.78                | 10.58                        | 10.27                         |
| 18     | 13.91           | 11.91                 | 11.78                   | 10.83                | 10.66                        | 10.42                         |
| 25     | 13.77           | 12.17                 | 11.89                   | 11.05                | 10.87                        | 10.73                         |
| FEB. 1 | 13.54           | 12.15                 | 11.85                   | 11.23                | 11.13                        | 11.01                         |
| 8      | 12.80           | 12.05                 | 11.99                   | 11.51                | 11.66                        | 11.51                         |
| 15     | 13.64           | 12.36                 | 12.26                   | 11.91                | 11.90                        | 11.76                         |
| 22 *   | 14.87           | 13.37                 | 13.01                   | 13.05                | 13.14                        | 12.44                         |
| 29     |                 |                       |                         |                      |                              |                               |
| MAR. 7 |                 |                       |                         |                      |                              |                               |
| 14     |                 |                       |                         |                      |                              |                               |
| 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.

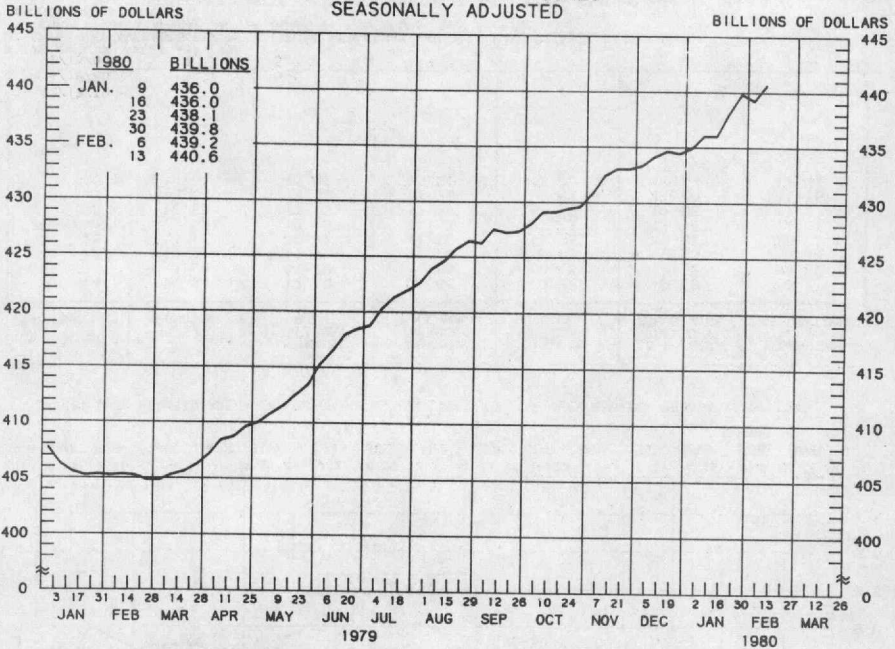
\*\*\*\* NEW ISSUE RATE

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

TREASURY BILL YIELDS ON DISCOUNT BASIS.

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SAVINGS PLUS SMALL TIME DEPOSITS  
ALL COMMERCIAL BANKS  
AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 13, 1980

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

TIME DEPOSITS ISSUED IN DENOMINATIONS OF LESS THAN \$100,000.

SAVINGS PLUS SMALL TIME DEPOSITS

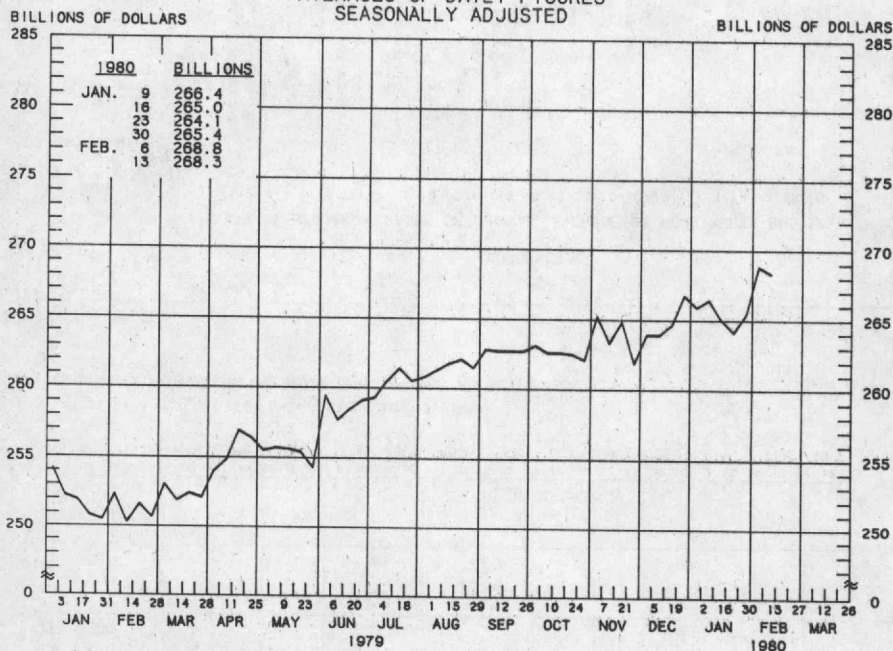
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

|                                      | 2/14/79 | 5/16/79 | 7/11/79 | 8/15/79 | 9/12/79 | 10/10/79 | 11/14/79 | 12/12/79 |
|--------------------------------------|---------|---------|---------|---------|---------|----------|----------|----------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: |         |         |         |         |         |          |          |          |
| 7/11/79                              | 8.5     |         |         |         |         |          |          |          |
| 8/15/79                              | 9.1     | 13.1    |         |         |         |          |          |          |
| 9/12/79                              | 9.2     | 12.4    | 10.9    |         |         |          |          |          |
| 10/10/79                             | 8.7     | 10.8    | 8.9     | 7.3     |         |          |          |          |
| 11/14/79                             | 8.4     | 10.0    | 8.3     | 7.1     | 5.7     |          |          |          |
| 12/12/79                             | 8.4     | 9.9     | 8.4     | 7.5     | 6.6     | 7.7      |          |          |
| 1/16/80                              | 8.0     | 9.1     | 7.7     | 6.8     | 6.1     | 6.6      | 6.5      |          |
| 2/13/80                              | 8.4     | 9.5     | 8.3     | 7.8     | 7.3     | 8.0      | 8.4      | 8.3      |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS



# DEMAND DEPOSIT COMPONENT OF MONEY STOCK (M1A) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 13, 1980

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

## DEMAND DEPOSIT COMPONENT OF MONEY STOCK (M1A)

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

2/14/79 5/16/79 7/11/79 8/15/79 9/12/79 10/10/79 11/14/79 12/12/79

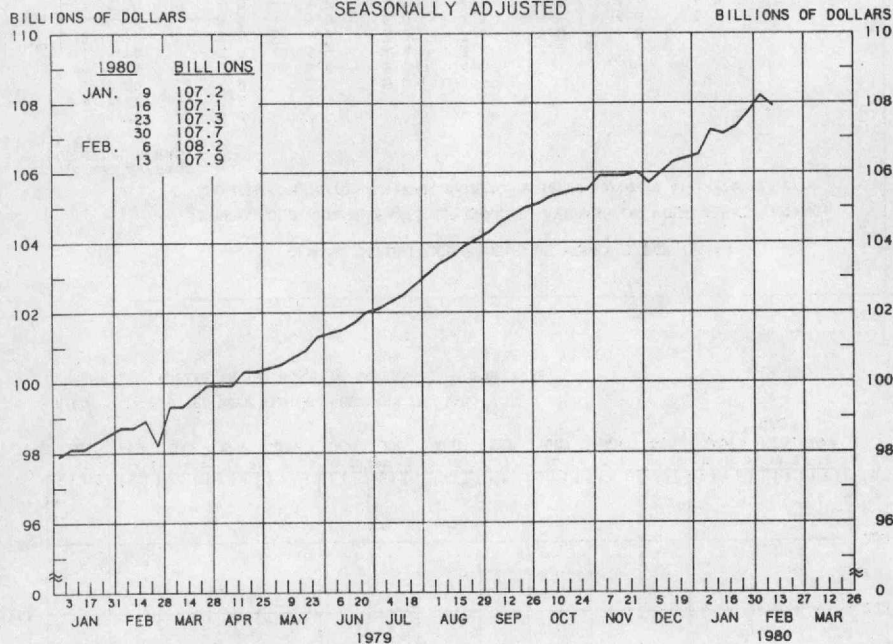
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

|          |     |     |     |     |     |     |     |     |
|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| 7/11/79  | 8.5 |     |     |     |     |     |     |     |
| 8/15/79  | 8.2 | 8.5 |     |     |     |     |     |     |
| 9/12/79  | 7.9 | 8.0 | 6.6 |     |     |     |     |     |
| 10/10/79 | 7.3 | 6.9 | 5.3 | 4.3 |     |     |     |     |
| 11/14/79 | 6.6 | 5.9 | 4.4 | 3.4 | 2.2 |     |     |     |
| 12/12/79 | 6.1 | 5.3 | 3.9 | 3.0 | 2.0 | 1.8 |     |     |
| 1/16/80  | 6.5 | 6.0 | 5.0 | 4.5 | 4.1 | 4.6 | 6.1 |     |
| 2/13/80  | 6.3 | 5.7 | 4.8 | 4.3 | 4.0 | 4.3 | 5.3 | 7.0 |

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# CURRENCY COMPONENT OF MONEY STOCK MEASURES

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 13, 1980

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

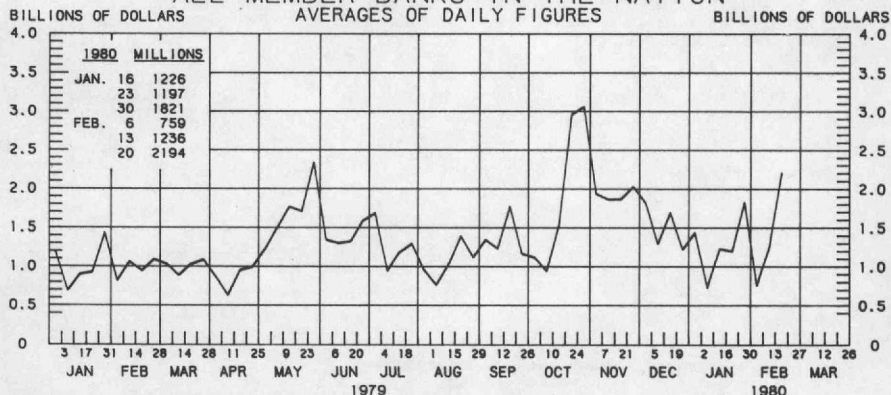
## CURRENCY

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

|  | 2/14/79 | 5/16/79 | 7/11/79 | 8/15/79 | 9/12/79 | 10/10/79 | 11/14/79 | 12/12/79 |
|--|---------|---------|---------|---------|---------|----------|----------|----------|
| TO THE AVERAGE<br>OF FOUR WEEKS<br>ENDING: |         |         |         |         |         |          |          |          |
| 7/11/79                                    |         | 8.8     |         |         |         |          |          |          |
| 8/15/79                                    |         | 9.5     |         |         |         |          |          |          |
| 9/12/79                                    |         | 10.0    | 11.2    |         |         |          |          |          |
| 10/10/79                                   |         | 10.3    | 11.7    | 13.1    |         |          |          |          |
| 11/14/79                                   |         | 9.7     | 10.6    | 10.8    | 12.6    |          |          |          |
| 12/12/79                                   |         | 9.0     | 9.5     | 9.3     | 8.2     | 8.6      |          |          |
| 1/16/80                                    |         | 9.0     | 9.5     | 9.3     | 8.4     | 7.4      | 6.1      | 6.2      |
| 2/13/80                                    |         | 9.3     | 9.8     | 9.7     | 9.1     | 8.4      | 7.6      | 8.2      |
|  |         |         |         |         |         |          |          | 10.8     |

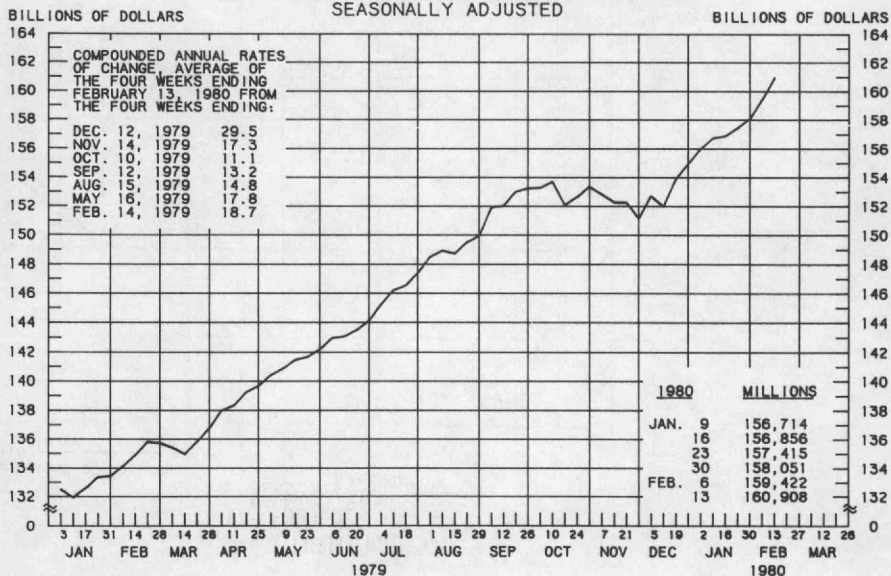
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## BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 20, 1980

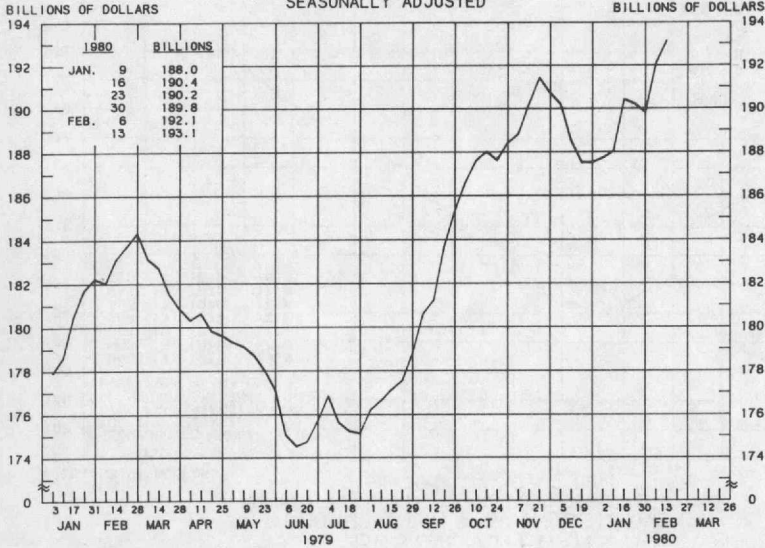
## BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 13, 1980

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 13, 1980

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

TIME DEPOSITS ISSUED IN DENOMINATIONS OF \$100,000 OR MORE.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS