



# U.S. FINANCIAL DATA

Week ending: May 28, 1980

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The discount rate and the prime rate were lowered in the past week. The discount rate—the interest rate the Federal Reserve charges its member banks for borrowing—was decreased by 100 basis points to 12 percent. The prime lending rate—the interest rate that commercial banks charge on short-term loans to large businesses with the highest credit rating—was lowered again by most large commercial banks from 16.50 percent to 14 percent. This 250 basis point drop is the fifth reduction since the prime rate reached 20 percent on April 3, and it is the largest one-week decline during the post-war period.

The recent series of declines in the prime rate reflect the interaction of two key factors. One factor is the decreasing cost to banks of acquiring additional loanable funds. Because large negotiable certificates of deposit (CDs) represent a primary source of such funds, changes in the CD rate tend to be reflected in banks' cost of funds and, consequently, in the prime rate. The banks' effective cost of CD funds has declined sharply since the beginning of April. For example, based on a marginal reserve requirement of 8 percent for new CDs, the effective cost of funds for the week ending April 4 was 19.64 percent. In contrast, this effective cost of funds was 9.09 percent in the most recent week.\*

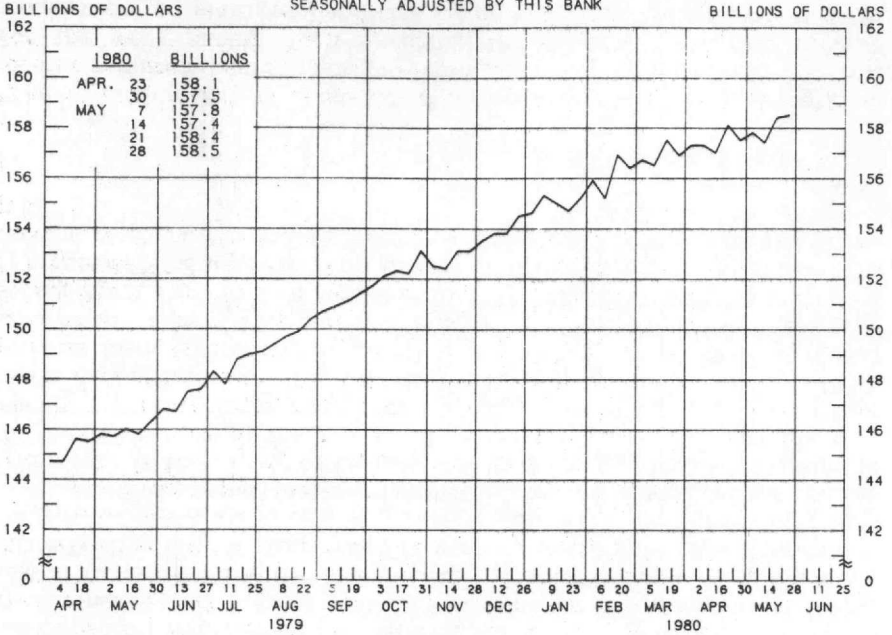
The second factor contributing to the sharp decline in the prime rate is the easing of business credit demand, which is reflected in the recent decline in the growth of commercial and industrial loans at weekly reporting large commercial banks. For example, from the four weeks ending December 26, 1979 to the four weeks ending April 2, 1980, business loans (seasonally adjusted) at large commercial banks increased at an annual rate of 18.6 percent. In sharp contrast, from the four weeks ending April 2 to the four weeks ending May 21, business loans decreased at a rate of 12.8 percent. This decline in loan demand—a reflection of a slowing in economic activity—reduces the upward pressure on the prime rate.

\*The effective cost of funds for a bank subject to additional marginal reserve requirements on managed liabilities is higher than that reported. For the week ending April 4, adding the 8 percent marginal reserve requirement on managed liabilities yielded an effective cost of funds of 21.51 percent. After increasing the marginal reserve requirement to 10 percent in mid-April, the Federal Reserve Board reduced the marginal reserve requirement to 5 percent last week. Using this figure, the effective cost of funds for the week ending May 30 is 9.61 percent.

Prepared by Federal Reserve Bank of St. Louis  
Released: May 30, 1980

## 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:

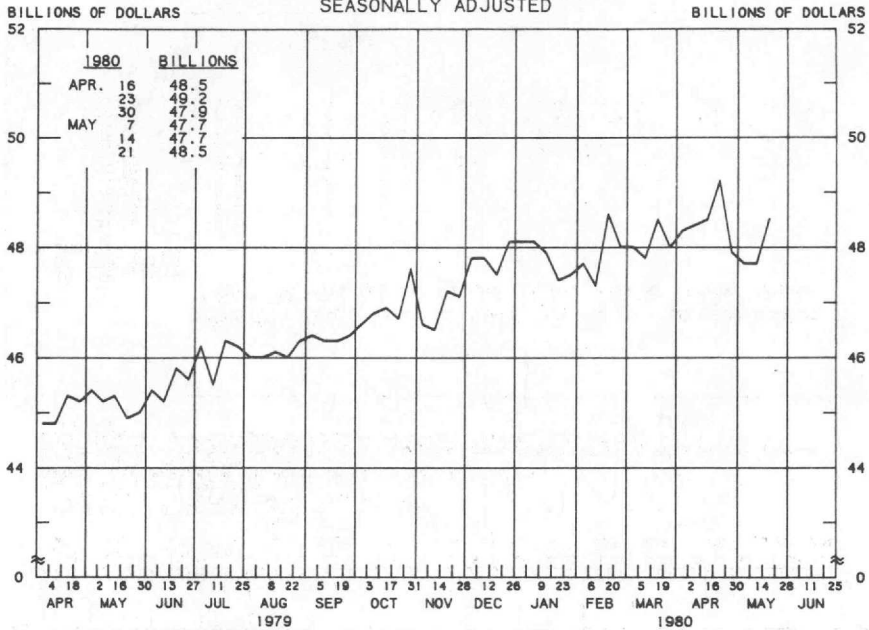
5/30/79   8/29/79   10/31/79   11/28/79   12/26/79   1/30/80   2/27/80   3/26/80

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

|          |      |     |     |     |     |     |     |     |
|----------|------|-----|-----|-----|-----|-----|-----|-----|
| 10/31/79 | 10.7 |     |     |     |     |     |     |     |
| 11/28/79 | 9.5  | 8.0 |     |     |     |     |     |     |
| 12/26/79 | 9.6  | 8.4 | 6.6 |     |     |     |     |     |
| 1/30/80  | 9.4  | 8.4 | 7.3 | 9.0 |     |     |     |     |
| 2/27/80  | 9.3  | 8.4 | 7.6 | 8.9 | 8.5 |     |     |     |
| 3/26/80  | 9.1  | 8.2 | 7.5 | 8.4 | 8.0 | 7.8 |     |     |
| 4/30/80  | 8.6  | 7.6 | 6.8 | 7.4 | 6.9 | 6.3 | 5.3 |     |
| 5/28/80  | 8.2  | 7.3 | 6.5 | 6.9 | 6.4 | 5.8 | 5.0 | 4.1 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

**ADJUSTED BANK RESERVES** ↓  
 AVERAGES OF DAILY FIGURES  
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 21, 1980

1/ ADJUSTED MONETARY BASE LESS CURRENCY HELD BY THE NONBANK PUBLIC (MEMBER BANK RESERVES AT FEDERAL RESERVE BANKS (+) CURRENCY HELD BY COMMERCIAL BANKS).

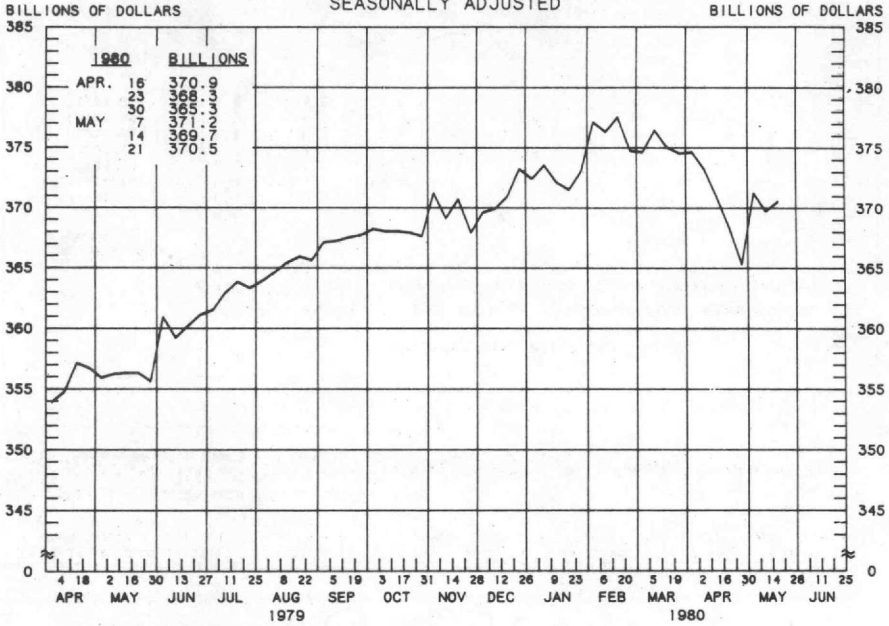
ADJUSTED BANK RESERVES

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

| TO THE AVERAGE OF FOUR WEEKS ENDING: | 5/23/79 | 8/22/79 | 10/24/79 | 11/21/79 | 12/19/79 | 1/23/80 | 2/20/80 | 3/19/80 |
|--------------------------------------|---------|---------|----------|----------|----------|---------|---------|---------|
| 10/24/79                             | 8.6     |         |          |          |          |         |         |         |
| 11/21/79                             | 8.1     | 9.0     |          |          |          |         |         |         |
| 12/19/79                             | 9.4     | 11.0    | 11.6     |          |          |         |         |         |
| 1/23/80                              | 9.0     | 10.0    | 9.7      | 11.6     |          |         |         |         |
| 2/20/80                              | 7.7     | 8.0     | 6.7      | 7.0      | 2.5      |         |         |         |
| 3/19/80                              | 7.8     | 8.0     | 7.0      | 7.3      | 4.3      | 2.7     |         |         |
| 4/23/80                              | 8.2     | 8.5     | 7.8      | 8.2      | 6.2      | 6.0     | 10.1    |         |
| 5/21/80                              | 6.2     | 5.8     | 4.5      | 4.3      | 2.0      | 0.6     | 1.7     | -1.2    |

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**MONEY STOCK (M1A)**  
 AVERAGES OF DAILY FIGURES  
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 21, 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:

5/23/79 8/22/79 10/24/79 11/21/79 12/19/79 1/23/80 2/20/80 3/19/80

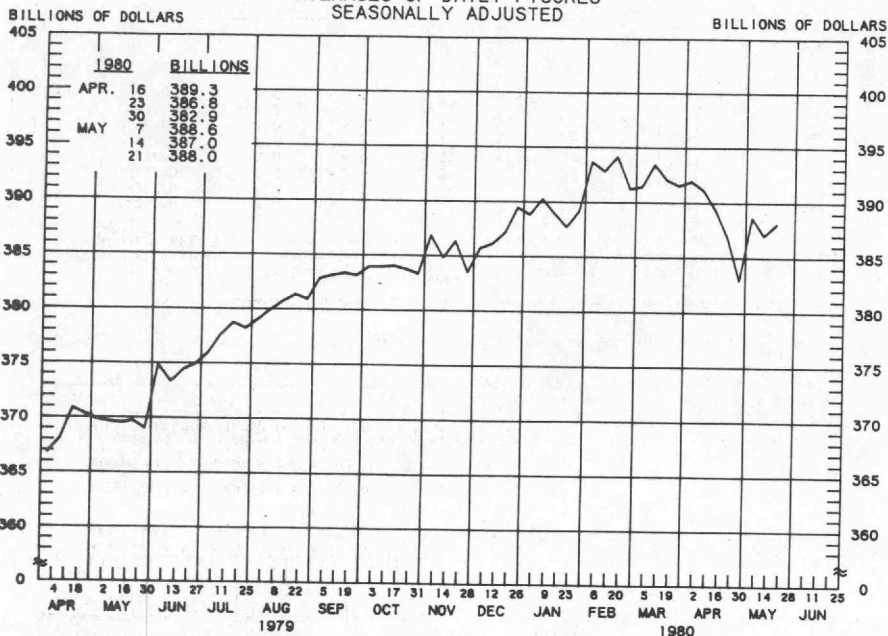
TO THE AVERAGE  
 OF FOUR WEEKS  
 ENDING:

|          |     |     |     |      |      |      |      |      |
|----------|-----|-----|-----|------|------|------|------|------|
| 10/24/79 | 8.0 |     |     |      |      |      |      |      |
| 11/21/79 | 7.7 |     |     |      |      |      |      |      |
| 12/19/79 | 6.6 | 5.3 |     |      |      |      |      |      |
| 1/23/80  | 6.8 | 4.9 | 2.9 |      |      |      |      |      |
| 2/20/80  | 7.5 | 6.1 | 4.9 | 4.3  |      |      |      |      |
| 3/19/80  | 6.5 | 4.9 | 6.8 | 7.0  | 10.4 |      |      |      |
| 4/23/80  | 4.8 | 2.8 | 4.9 | 4.6  | 6.2  | 5.0  |      |      |
| 5/21/80  | 3.6 | 1.5 | 2.1 | 1.3  | 1.7  | -0.6 | -6.3 |      |
|          |     |     | 0.6 | -0.3 | -0.3 | -2.6 | -7.0 | -8.9 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

# MONEY STOCK (M1B)

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 21, 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:

5/23/79    8/22/79    10/24/79    11/21/79    12/19/79    1/23/80    2/20/80    3/19/80

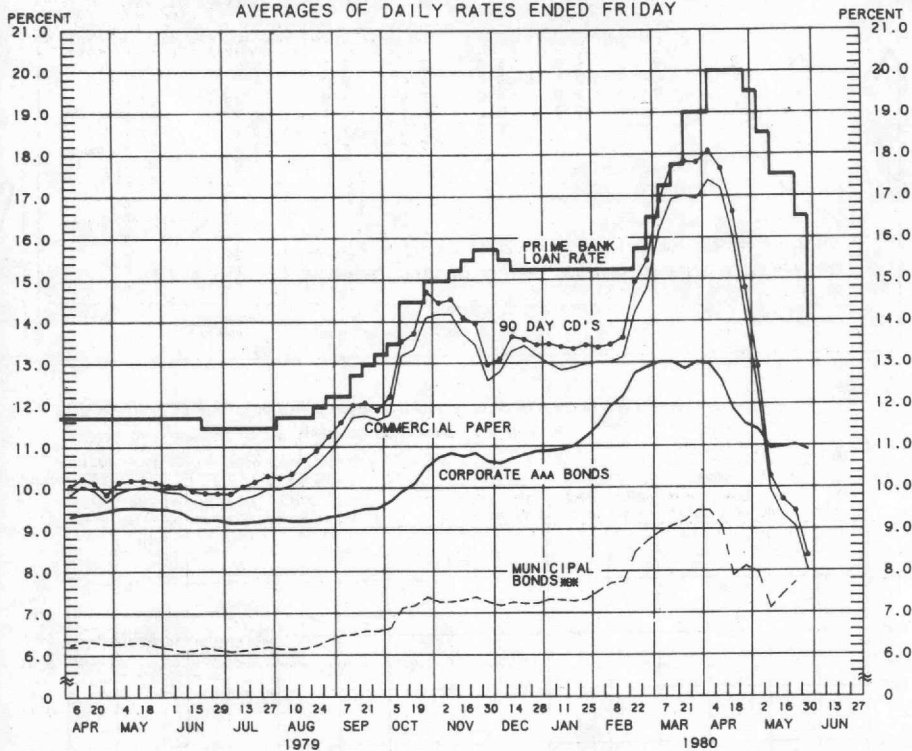
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

|          |     |     |     |     |      |      |      |
|----------|-----|-----|-----|-----|------|------|------|
| 10/24/79 | 9.3 |     |     |     |      |      |      |
| 11/21/79 | 8.6 | 5.5 |     |     |      |      |      |
| 12/18/79 | 7.6 | 4.4 | 2.9 |     |      |      |      |
| 1/23/80  | 7.8 | 5.5 | 5.3 | 5.5 |      |      |      |
| 2/20/80  | 8.3 | 6.5 | 6.9 | 7.6 | 10.6 |      |      |
| 3/18/80  | 7.3 | 5.4 | 5.3 | 5.4 | 6.8  | 5.3  |      |
| 4/23/80  | 5.9 | 3.8 | 3.1 | 2.8 | 3.2  | 0.9  | -3.8 |
| 5/21/80  | 4.6 | 2.3 | 1.2 | 0.7 | 0.6  | -1.8 | -5.8 |
|          |     |     |     |     |      |      | -7.7 |

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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: MAY 30, 1980

| 1980   | 90 DAY CD'S | PRIME COMMERCIAL PAPER % | PRIME BANKERS' ACCEPTANCES | CORPORATE AAA BONDS | CORPORATE BAA BONDS | MUNICIPAL BONDS % |
|--------|-------------|--------------------------|----------------------------|---------------------|---------------------|-------------------|
| APR. 4 | 18.07       | 17.37                    | 17.51                      | 12.95               | 14.75               | 9.44              |
| 11     | 17.65       | 17.19                    | 17.12                      | 12.57               | 14.56               | 9.07              |
| 18     | 16.62       | 16.03                    | 16.06                      | 11.87               | 14.11               | 7.89              |
| 25     | 14.79       | 14.19                    | 14.39                      | 11.51               | 13.86               | 8.11              |
| MAY 2  | 12.89       | 12.31                    | 12.46                      | 11.38               | 13.68               | 7.96              |
| 9      | 10.26       | 9.92                     | 10.04                      | 10.93               | 13.20               | 7.11              |
| 16     | 9.70        | 9.32                     | 9.60                       | 10.96               | 13.10               | 7.44              |
| 23     | 9.43        | 9.06                     | 9.08                       | 11.02               | 13.11               | 7.72              |
| 30 *   | 8.36        | 8.03                     | 8.34                       | 10.89               | 13.12               | N.A.              |
| JUNE 6 |             |                          |                            |                     |                     |                   |
| 13     |             |                          |                            |                     |                     |                   |
| 20     |             |                          |                            |                     |                     |                   |
| 27     |             |                          |                            |                     |                     |                   |

\* AVERAGES OF RATES AVAILABLE.

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

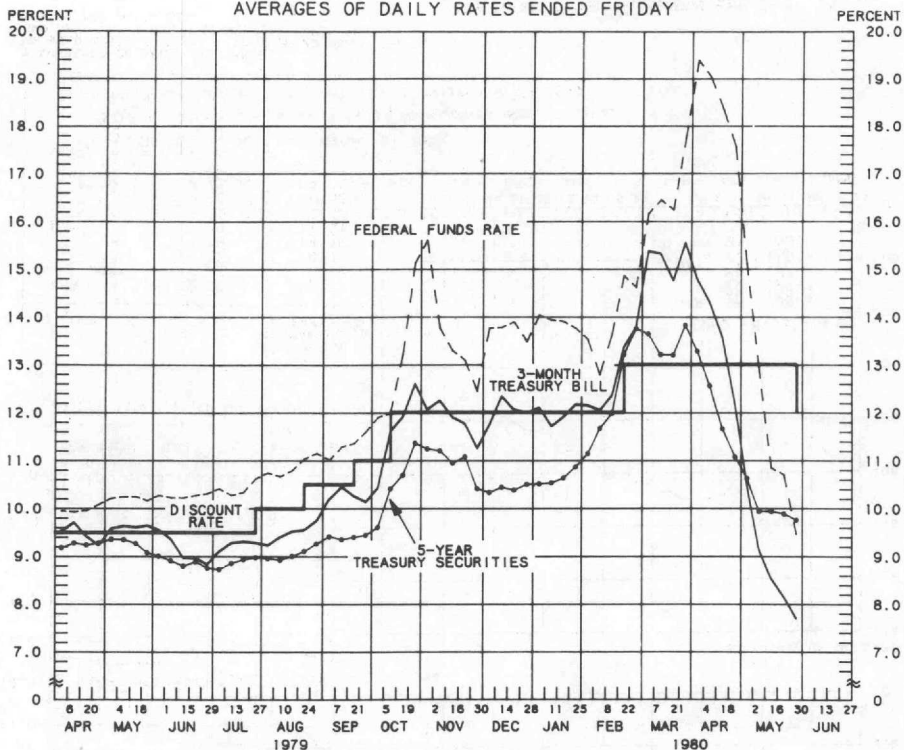
% DATA ARE 4-MONTH COMMERCIAL PAPER RATES.

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: MAY 30, 1980

| 1980   | FEDERAL FUNDS RATE | 3-MONTH TREASURY BILL | 6-MONTH TREASURY BILL | 1-YEAR TREASURY BILL | 5-YEAR TREASURY SECURITIES | LONG-TERM TREASURY SECURITIES |
|--------|--------------------|-----------------------|-----------------------|----------------------|----------------------------|-------------------------------|
| APR. 4 | 19.39              | 14.78                 | 14.80                 | 13.90                | 13.29                      | 12.20                         |
| 11     | 19.04              | 14.30                 | 14.23                 | 13.11                | 12.57                      | 11.61                         |
| 18     | 18.35              | 13.57                 | 13.55                 | 11.97                | 11.67                      | 10.95                         |
| 25     | 17.56              | 12.18                 | 11.89                 | 10.80                | 11.08                      | 10.74                         |
| MAY 2  | 15.12              | 10.47                 | 10.79                 | 9.99                 | 10.63                      | 10.51                         |
| 9      | 12.96              | 9.14                  | 9.50                  | 9.00                 | 9.94                       | 9.94                          |
| 16     | 10.85              | 8.53                  | 8.78                  | 8.72                 | 9.94                       | 10.20                         |
| 23     | 10.71              | 8.15                  | 8.92                  | 8.34                 | 9.89                       | 10.22                         |
| 30 *   | 9.46               | 7.69                  | 7.75                  | 7.99                 | 9.76                       | 10.10                         |
| JUNE 6 |                    |                       |                       |                      |                            |                               |
| 13     |                    |                       |                       |                      |                            |                               |
| 20     |                    |                       |                       |                      |                            |                               |
| 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.

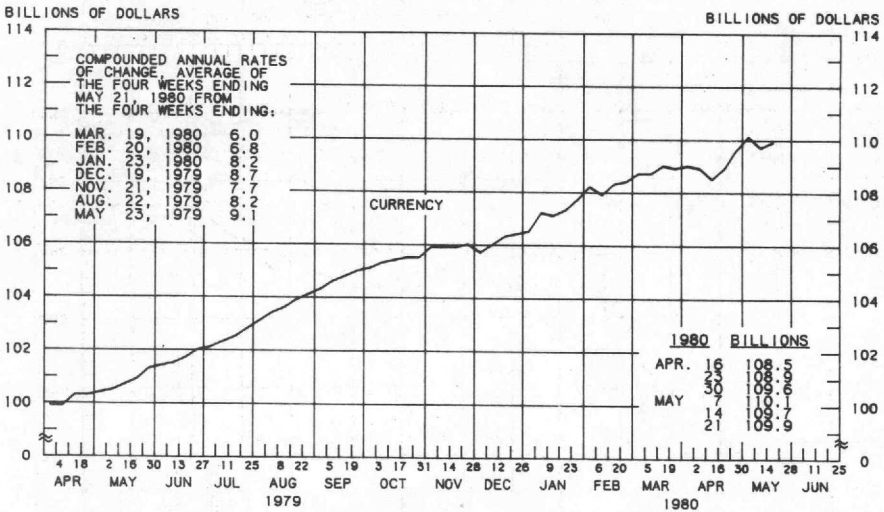
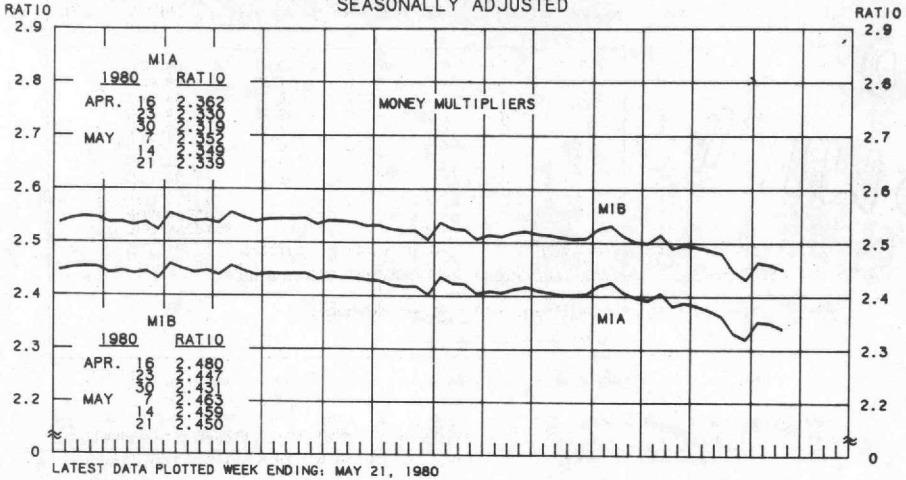
\*\*\*\* NEW ISSUE RATE

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

\*\*\*\*\* TREASURY BILL YIELDS ON DISCOUNT BASIS.

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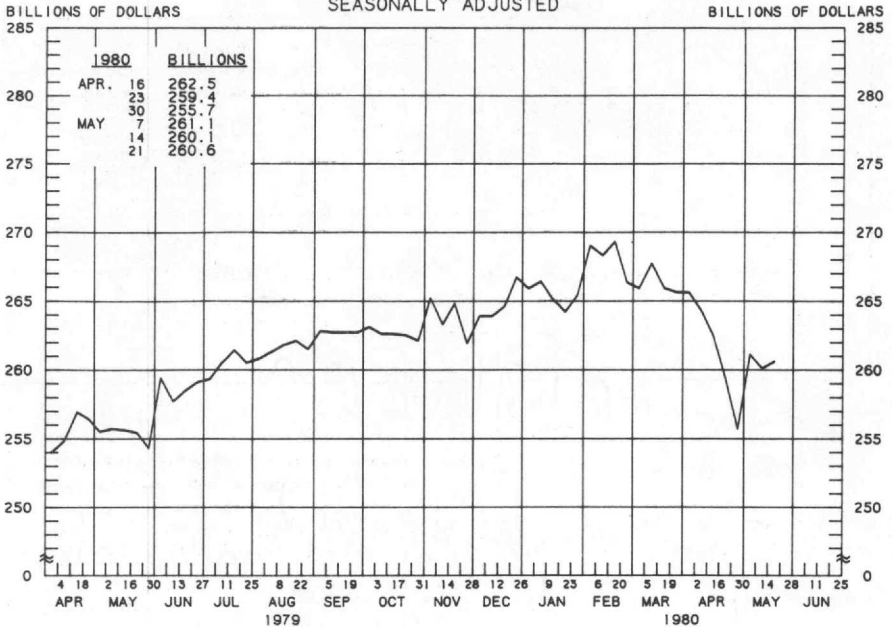
## MULTIPLIERS <sup>1/</sup> CURRENCY OF MONEY STOCK MEASURES <sup>2/</sup> AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



1/ RATIO OF MONEY STOCK (MIA) OR (MIB) TO ADJUSTED MONETARY BASE  
2/ CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

# DEMAND DEPOSIT COMPONENT OF MONEY STOCK (M1A)

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 21, 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:

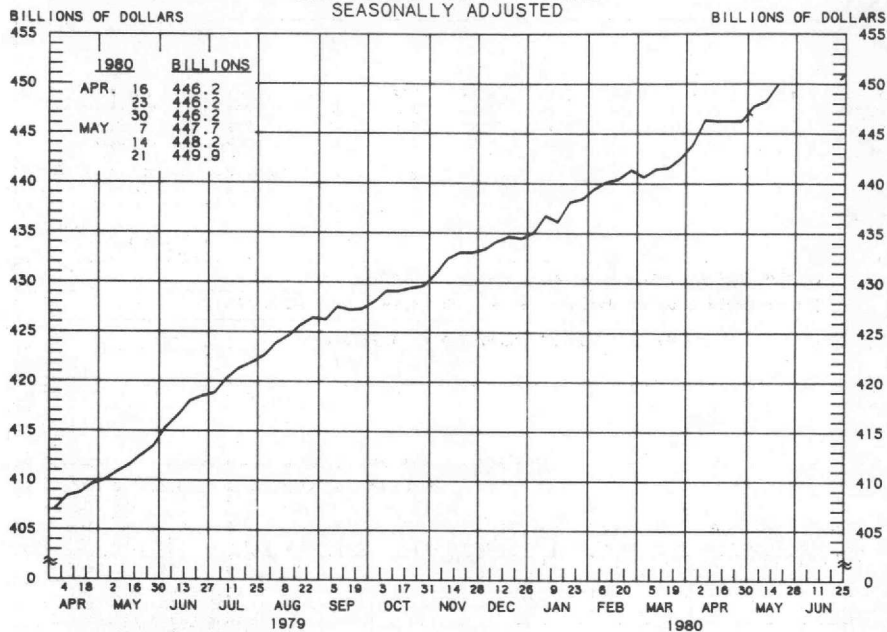
5/23/79    8/22/79    10/24/79    11/21/79    12/19/79    1/23/80    2/20/80    3/19/80

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

|          |     |      |      |      |      |      |       |       |  |
|----------|-----|------|------|------|------|------|-------|-------|--|
| 10/24/79 | 6.7 |      |      |      |      |      |       |       |  |
| 11/21/79 | 6.6 | 3.7  |      |      |      |      |       |       |  |
| 12/19/79 | 5.5 | 2.5  | 2.2  |      |      |      |       |       |  |
| 1/23/80  | 5.7 | 3.6  | 4.2  | 3.3  |      |      |       |       |  |
| 2/20/80  | 6.5 | 5.0  | 6.3  | 6.4  | 10.0 |      |       |       |  |
| 3/19/80  | 5.2 | 3.3  | 3.6  | 3.0  | 4.5  |      |       |       |  |
| 4/23/80  | 3.1 | 0.9  | 0.2  | -0.8 | -0.7 | -3.6 | -10.3 |       |  |
| 5/21/80  | 1.5 | -1.1 | -2.2 | -3.4 | -3.7 | -6.8 | -12.2 | -14.4 |  |

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



LATEST DATA PLOTTED WEEK ENDING: MAY 21, 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:

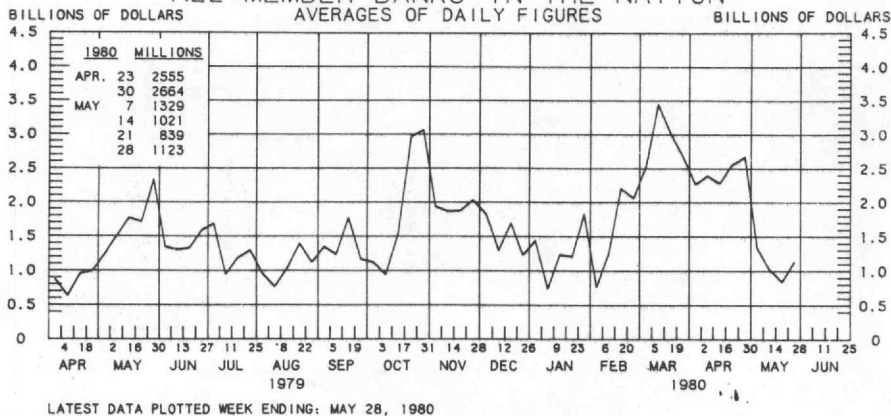
5/23/79 8/22/79 10/24/79 11/21/79 12/19/79 1/23/80 2/20/80 3/19/80

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

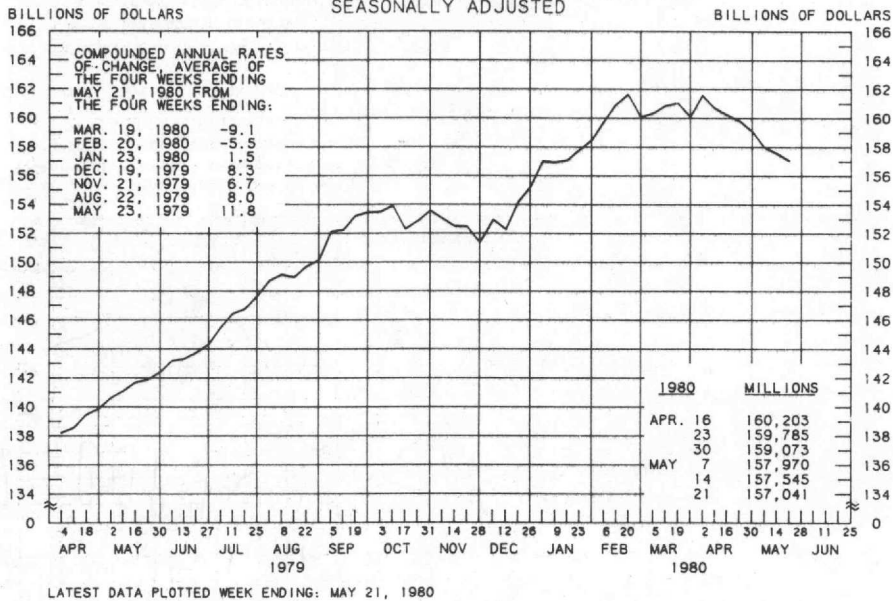
|          |      |     |     |     |     |     |     |     |  |
|----------|------|-----|-----|-----|-----|-----|-----|-----|--|
| 10/24/79 | 10.5 |     |     |     |     |     |     |     |  |
| 11/21/79 | 10.1 | 7.1 |     |     |     |     |     |     |  |
| 12/19/79 | 9.7  | 7.1 | 7.7 |     |     |     |     |     |  |
| 1/23/80  | 9.3  | 7.0 | 7.3 | 6.9 |     |     |     |     |  |
| 2/20/80  | 9.3  | 7.4 | 7.8 | 7.7 | 8.0 |     |     |     |  |
| 3/19/80  | 8.9  | 7.0 | 7.3 | 7.0 | 7.0 | 7.2 |     |     |  |
| 4/23/80  | 9.1  | 7.6 | 7.9 | 7.9 | 8.1 | 8.6 | 8.1 |     |  |
| 5/21/80  | 8.9  | 7.5 | 7.8 | 7.8 | 7.9 | 8.3 | 7.9 | 9.2 |  |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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

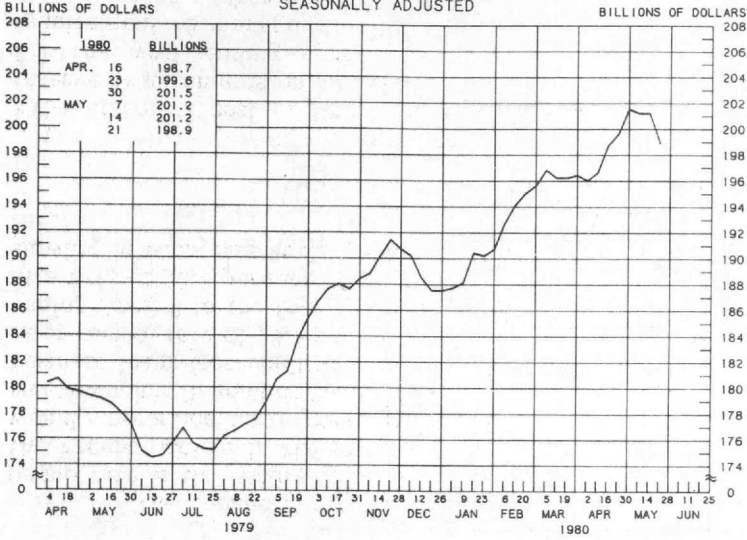


## BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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



LATEST DATA PLOTTED WEEK ENDING: MAY 21, 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