



Week ending: July 16, 1980

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The sharp decline in the prime lending rate (page 6)—from 20 percent in April to 11.50 percent currently—reflects the general decline in interest rates during this period and, consequently, the decreasing cost to banks of obtaining additional loanable funds. Because large, negotiable certificates of deposit (CDs) are an important source of additional funds to banks, changes in the interest rate on CDs have a substantial effect on the costs to banks of obtaining additional loanable funds.

When calculating the cost of additional loanable funds, a bank must consider not only the explicit interest cost of issuing new CDs, but also the reserve requirements on such funds. To calculate the "effective" rate on new CDs for member banks, the market interest rate on CDs is divided by one minus the appropriate reserve requirement. The member bank reserve requirement on time deposits with initial maturities of 30-179 days is 6 percent for time deposits in excess of \$5 million. From November 1978 until mid-July of this year, an additional 2 percent reserve requirement on time deposits in denominations of \$100,000 or more was in effect. Also, some banks have been subject to varying marginal reserve requirements on managed liabilities during the period used in the table below. As demonstrated in the table, the effective cost of obtaining additional loanable funds has declined markedly since April. This decline reflects the drop in the interest rate on 90-day CDs and recent changes in reserve requirements.

Interest Rates on 90-Day Certificates of Deposit

| Period: Week ending | Market rate* | Effective rate | |
|---------------------|--------------|-------------------------------------|---|
| | | With marginal reserve requirement** | Without marginal reserve requirement*** |
| April 11 | 17.65 % | 21.52 % | 19.18 % |
| 18 | 16.62 | 20.27 | 18.07 |
| 25 | 14.79 | 18.04 | 16.08 |
| May 2 | 12.89 | 15.72 | 14.01 |
| 9 | 10.26 | 12.51 | 11.15 |
| 16 | 9.70 | 11.83 | 10.54 |
| 23 | 9.43 | 11.50 | 10.25 |
| 30 | 8.43 | 9.69 | 9.16 |
| June 6 | 8.92 | 10.25 | 9.70 |
| 13 | 8.34 | 9.59 | 9.07 |
| 20 | 8.25 | 9.48 | 8.97 |
| 27 | 8.41 | 9.67 | 9.14 |
| July 4 | 8.70 | 10.00 | 9.46 |
| 11 | 8.63 | 9.92 | 9.38 |
| 18 | 8.72 | 9.28 | 9.28 |

* All rates represent five-day averages for the week ending date shown.

** Because of changes in regulations, the reserve requirement used for this category was eighteen percent effective the week beginning April 3, thirteen percent effective the week beginning May 22, and six percent effective the week beginning July 10.

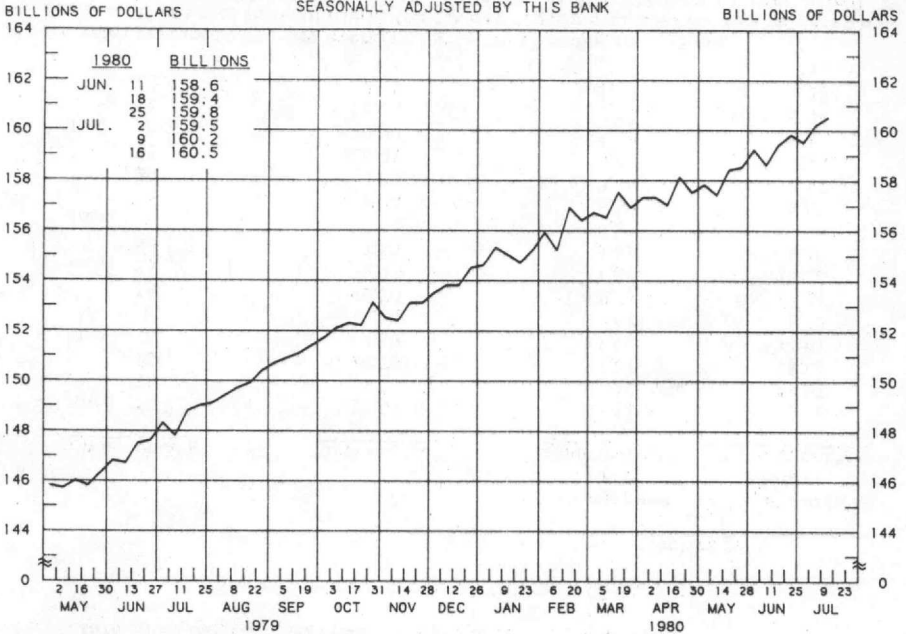
*** Based on a reserve requirement of eight percent, except for the week beginning July 10 when a rate of six percent is used.

Prepared by Federal Reserve Bank of St. Louis

Released: July 18, 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:

7/18/79 10/17/79 12/19/79 1/16/80 2/13/80 3/19/80 4/16/80 5/14/80

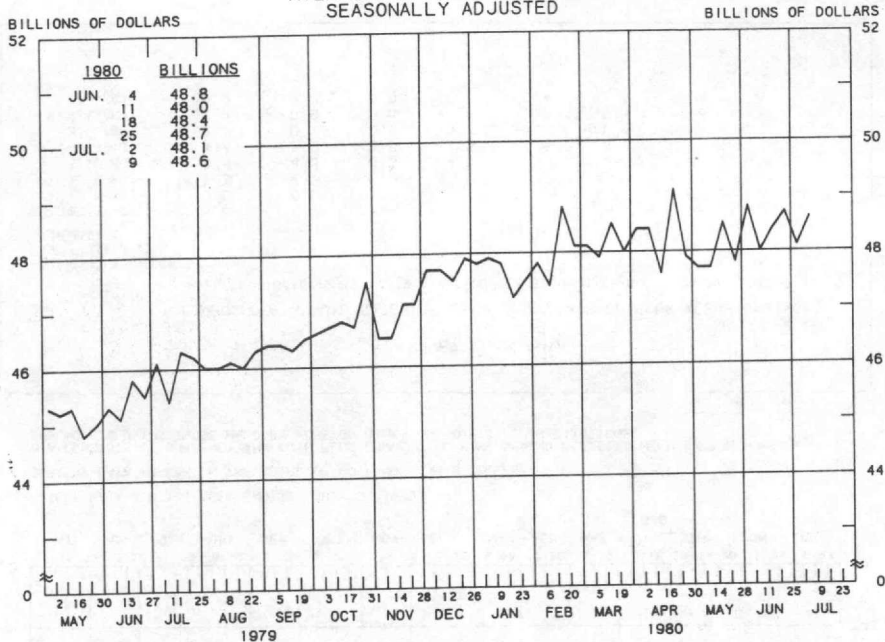
TO THE AVERAGE
OF FOUR WEEKS
ENDING:

| | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| 12/19/79 | 9.0 | | | | | | | |
| 1/16/80 | 9.4 | 8.1 | | | | | | |
| 2/13/80 | 8.6 | 7.0 | 7.4 | | | | | |
| 3/19/80 | 8.9 | 7.8 | 8.6 | 7.3 | | | | |
| 4/16/80 | 8.2 | 7.0 | 7.1 | 5.8 | 6.9 | | | |
| 5/14/80 | 7.9 | 6.7 | 6.7 | 5.6 | 6.3 | 3.8 | | |
| 6/18/80 | 7.9 | 6.9 | 7.0 | 6.2 | 6.8 | 5.5 | 6.8 | |
| 7/16/80 | 8.0 | 7.2 | 7.3 | 6.7 | 7.3 | 6.4 | 7.6 | 8.7 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

ADJUSTED BANK RESERVES ^{1/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



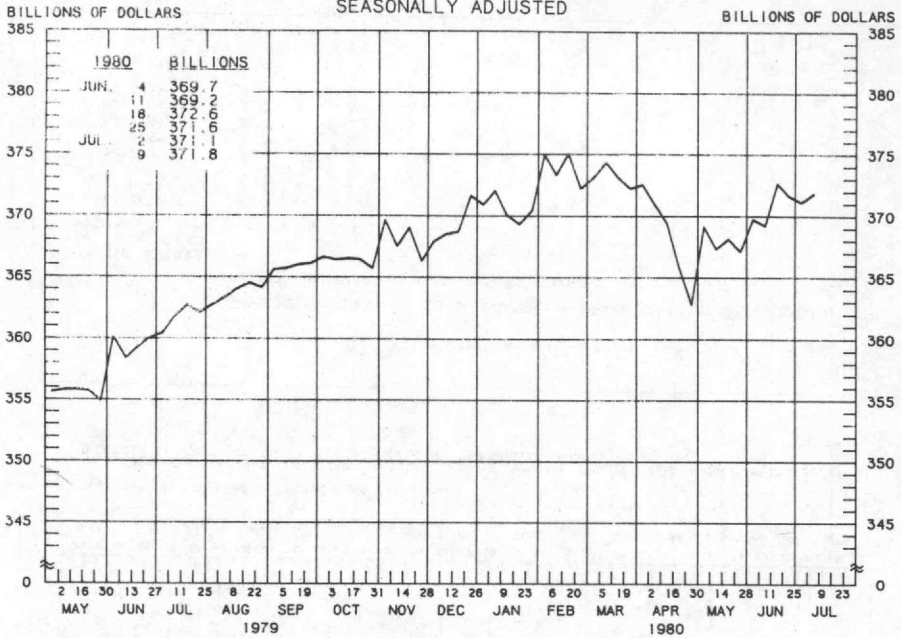
LATEST DATA PLOTTED WEEK ENDING: JULY 9, 1980

^{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: | | | | | | | | |
| | 7/11/79 | 10/10/79 | 12/12/79 | 1/9/80 | 2/6/80 | 3/12/80 | 4/9/80 | 5/7/80 |
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 12/12/79 | 9.0 | | | | | | | |
| 1/9/80 | 9.4 | 11.7 | | | | | | |
| 2/6/80 | 7.3 | 7.4 | 2.8 | | | | | |
| 3/12/80 | 8.2 | 8.9 | 6.9 | 4.9 | | | | |
| 4/9/80 | 7.7 | 7.9 | 5.9 | 4.3 | 8.8 | | | |
| 5/7/80 | 6.4 | 6.0 | 3.7 | 1.9 | 4.3 | -1.3 | | |
| 6/11/80 | 6.2 | 5.8 | 3.8 | 2.5 | 4.3 | 0.8 | 0.0 | |
| 7/9/80 | 6.1 | 5.8 | 4.1 | 3.0 | 4.5 | 1.9 | 1.7 | 4.9 |

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MONEY STOCK (M1A)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 9, 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)

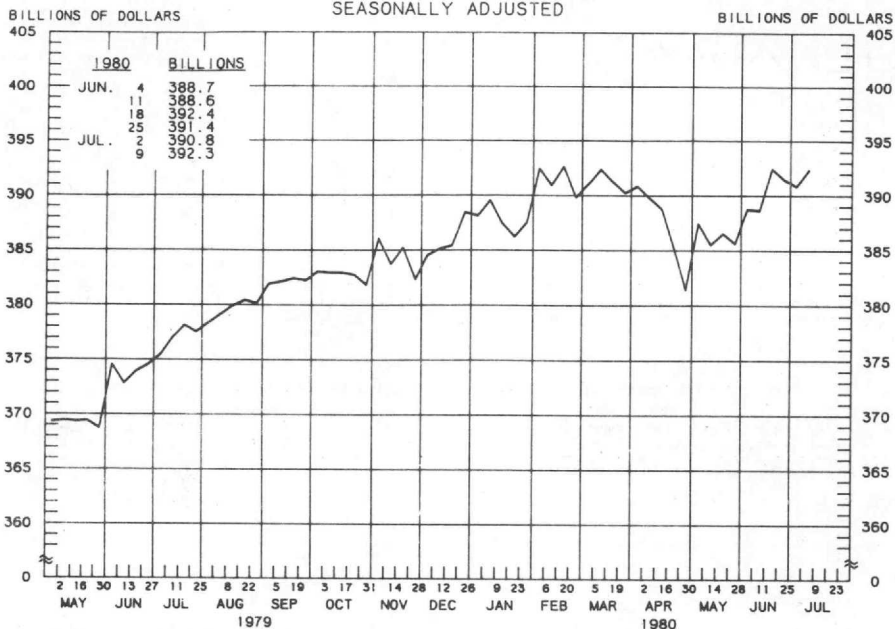
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

| | 7/11/79 | 10/10/79 | 12/12/79 | 1/9/80 | 2/6/80 | 3/12/80 | 4/9/80 | 5/7/80 |
|--------------------------------------|---------|----------|----------|--------|--------|---------|--------|--------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 12/12/79 | 5.0 | | | | | | | |
| 1/ 9/80 | 5.9 | 5.0 | | | | | | |
| 2/ 6/80 | 5.3 | 4.1 | 6.0 | | | | | |
| 3/12/80 | 5.5 | 4.8 | 6.5 | 4.6 | | | | |
| 4/ 9/80 | 4.4 | 3.2 | 3.6 | 1.5 | 1.6 | | | |
| 5/ 7/80 | 2.2 | 0.2 | -0.7 | -3.3 | -4.7 | -11.4 | | |
| 6/11/80 | 2.4 | 0.9 | 0.3 | -1.5 | -2.1 | -5.5 | -5.6 | |
| 7/ 9/80 | 3.2 | 2.0 | 1.8 | 0.5 | 0.4 | -1.5 | -0.4 | 8.1 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1B)

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 9, 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)

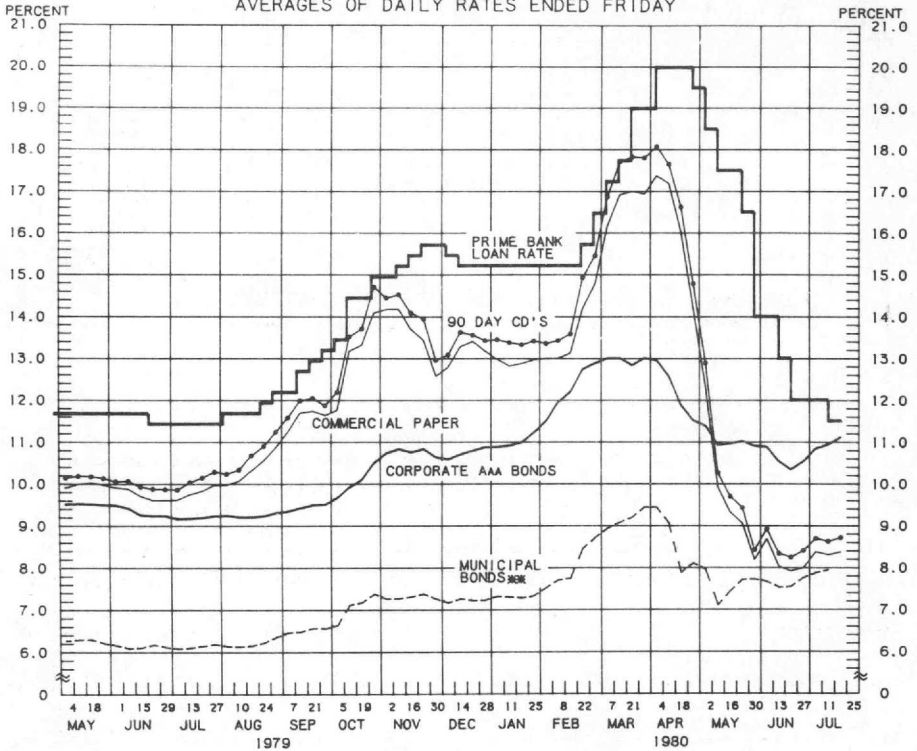
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

| | 7/11/79 | 10/10/79 | 12/12/79 | 1/9/80 | 2/6/80 | 3/12/80 | 4/9/80 | 5/7/80 |
|--------------------------------------|---------|----------|----------|--------|--------|---------|--------|--------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 12/12/79 | 5.8 | | | | | | | |
| 1/ 9/80 | 6.9 | 5.7 | | | | | | |
| 2/ 6/80 | 6.2 | 4.7 | 7.1 | | | | | |
| 3/12/80 | 6.5 | 5.5 | 7.6 | 5.3 | | | | |
| 4/ 9/80 | 5.5 | 4.2 | 5.0 | 2.7 | 3.2 | | | |
| 5/ 7/80 | 3.4 | 1.4 | 0.9 | -1.7 | -2.8 | -9.1 | | |
| 6/11/80 | 3.5 | 1.9 | 1.6 | -0.3 | -0.7 | -4.0 | -4.5 | |
| 7/ 9/80 | 4.4 | 3.2 | 3.4 | 2.0 | 2.0 | 0.2 | 1.2 | 9.3 |

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: JULY 18, 1980

| 1980 | 90 DAY CD'S | PRIME COMMERCIAL PAPER | PRIME BANKERS' ACCEPTANCES | CORPORATE AAA BONDS | CORPORATE BAA BONDS | MUNICIPAL BONDS |
|------|----------------|------------------------------|----------------------------------|------------------------|------------------------|--------------------|
| MAY | 2 | 12.89 | 12.31 | 12.46 | 13.38 | 7.96 |
| | 9 | 10.26 | 9.92 | 10.04 | 10.93 | 7.11 |
| | 16 | 9.70 | 9.32 | 9.60 | 10.96 | 7.44 |
| | 23 | 9.43 | 9.06 | 9.08 | 11.02 | 7.72 |
| | 30 | 8.43 | 8.19 | 8.42 | 10.90 | 7.73 |
| JUNE | 6 | 8.92 | 8.69 | 8.68 | 10.88 | 7.67 |
| | 13 | 8.34 | 8.03 | 8.06 | 10.53 | 7.53 |
| | 20 | 8.25 | 7.92 | 8.08 | 10.34 | 7.55 |
| | 27 | 8.41 | 8.00 | 8.33 | 10.53 | 7.76 |
| JULY | 4 | 8.70 | 8.38 | 8.66 | 10.84 | 7.88 |
| | 11 | 8.63 | 8.31 | 8.58 | 10.94 | 7.95 |
| | 18 * | 8.72 | 8.38 | 8.57 | 11.11 | N.A. |
| | 25 | | | | | |

* AVERAGES OF RATES AVAILABLE.

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

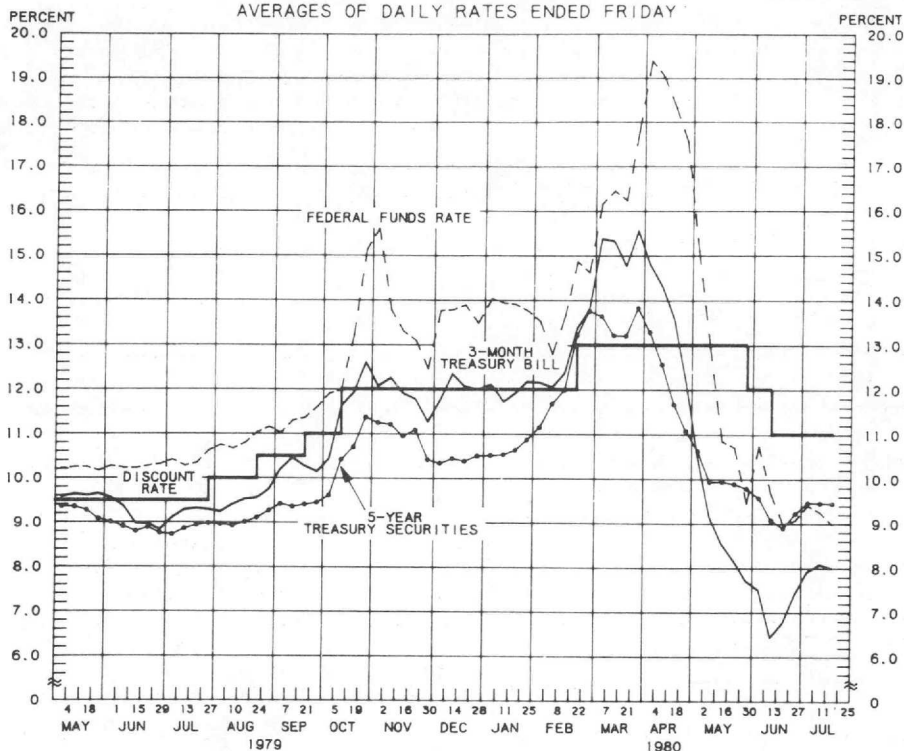
‡ DATA ARE 4-MONTH COMMERCIAL PAPER RATES.

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: JULY 18, 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 |
|------|----|--------------------|-----------------------|-----------------------|----------------------|----------------------------|-------------------------------|
| 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 |
| JUNE | 30 | 9.46 | 7.70 | 7.75 | 8.03 | 9.79 | 10.13 |
| | 6 | 10.74 | 7.51 | 8.17 | 7.91 | 9.58 | 10.08 |
| | 13 | 9.68 | 6.44 | 6.94 | 7.23 | 9.08 | 9.64 |
| | 20 | 8.99 | 6.76 | 6.66 | 7.30 | 8.90 | 9.45 |
| JULY | 27 | 9.08 | 7.42 | 7.11 | 7.65 | 9.23 | 9.74 |
| | 4 | 9.41 | 7.92 | 8.10 | 7.86 | 9.47 | 10.05 |
| | 11 | 9.26 | 8.08 | 8.11 | 7.91 | 9.46 | 10.13 |
| | 18 | 8.98 | 7.99 | 8.11 | 7.95 | 9.45 | 10.25 |
| | 25 | | | | | | |

* AVERAGES OF RATES AVAILABLE.

** SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN.

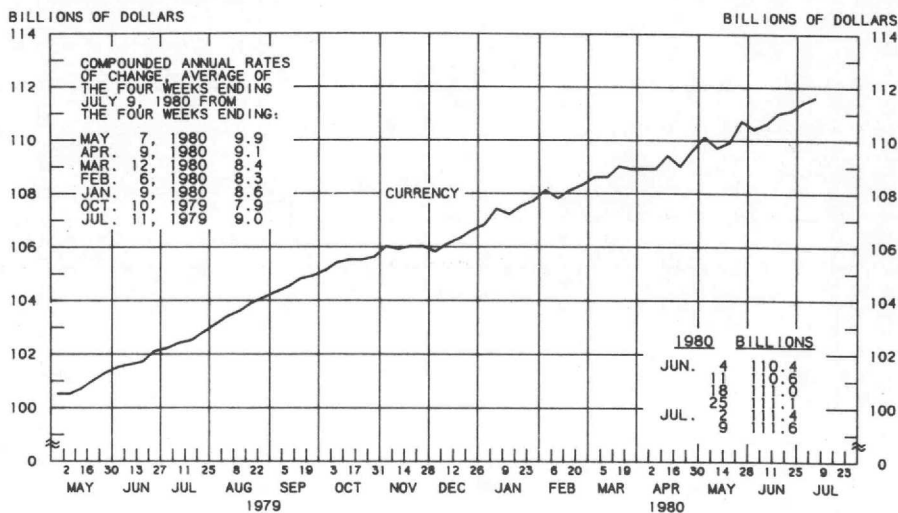
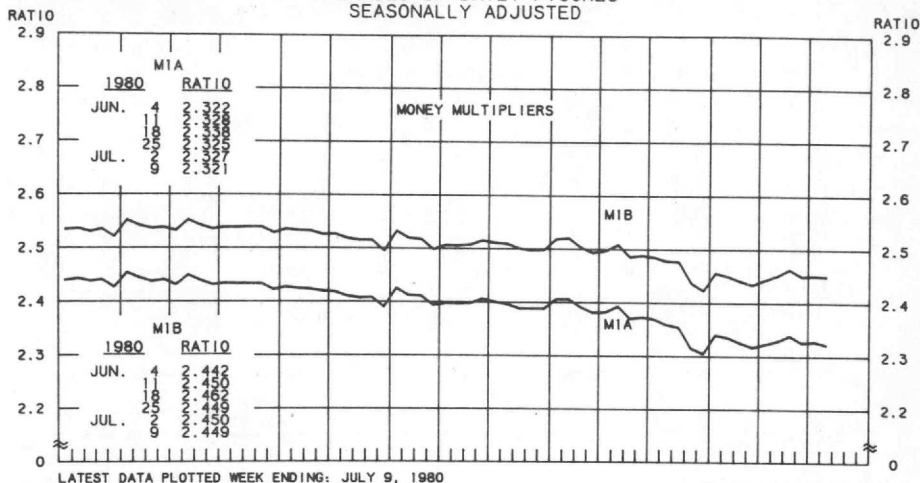
*** CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

**** 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

MULTIPLIERS ^{1/}
CURRENCY OF MONEY STOCK MEASURES ^{2/}
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



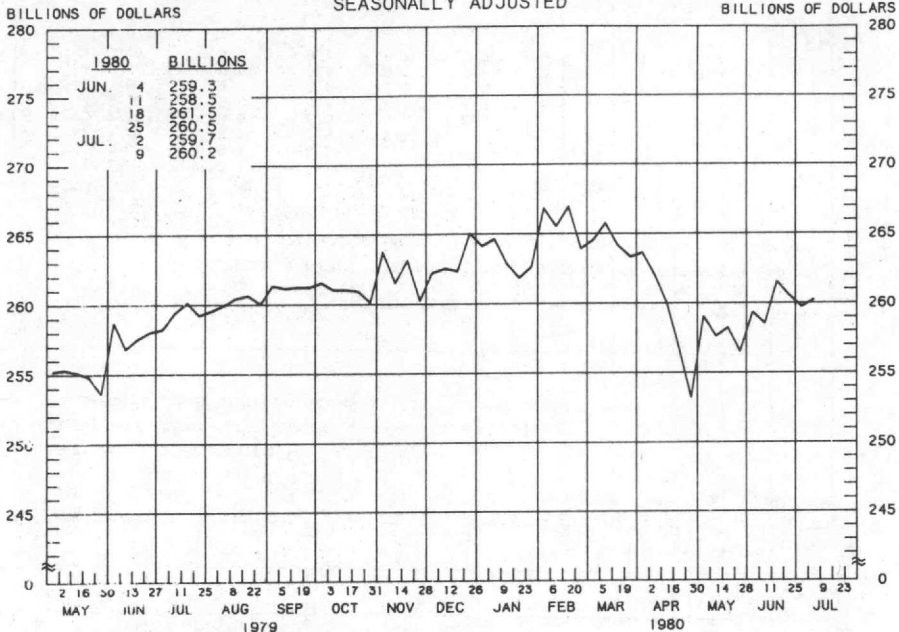
LATEST DATA PLOTTED WEEK ENDING: JULY 9, 1980

^{1/} RATIO OF MONEY STOCK (M1A) OR (M1B) TO ADJUSTED MONETARY BASE

^{2/} CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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: JULY 9, 1980
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

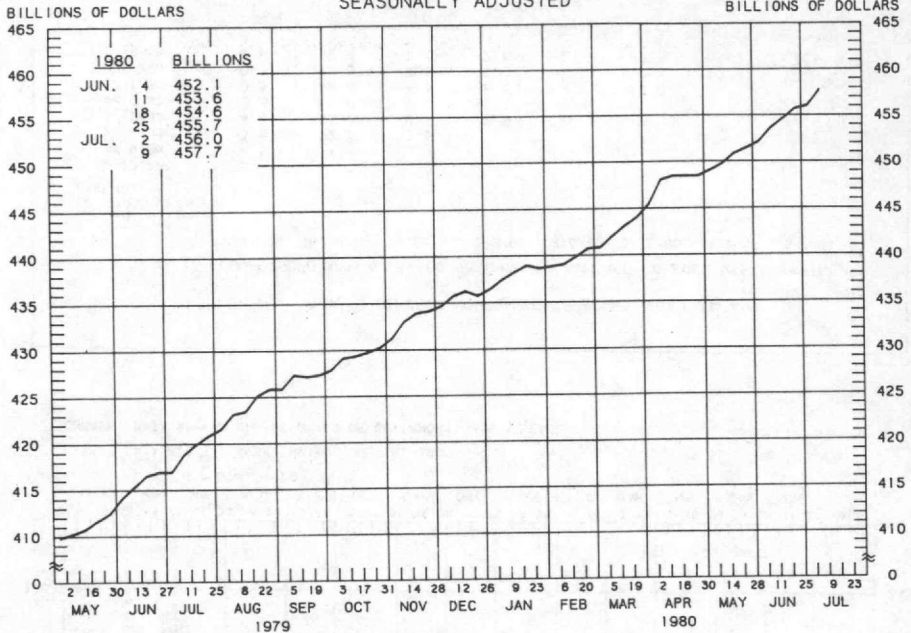
DEMAND DEPOSIT COMPONENT OF MONEY STOCK (M1A)

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

| | 7/11/79 | 10/10/79 | 12/12/79 | 1/9/80 | 2/6/80 | 3/12/80 | 4/9/80 | 5/7/80 |
|--------------------------------------|---------|----------|----------|--------|--------|---------|--------|--------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 12/12/79 | 3.4 | | | | | | | |
| 1/ 9/80 | 4.5 | 4.4 | | | | | | |
| 2/ 6/80 | 3.5 | 2.7 | 3.8 | | | | | |
| 3/12/80 | 4.1 | 3.7 | 5.1 | 2.9 | | | | |
| 4/ 9/80 | 2.6 | 1.6 | 1.5 | -1.1 | -0.4 | | | |
| 5/ 7/80 | -0.5 | -2.6 | -4.4 | -7.6 | -9.1 | -18.0 | | |
| 6/11/80 | -0.1 | -1.8 | -3.0 | -5.2 | -5.8 | -10.4 | -10.9 | |
| 7/ 9/80 | 0.9 | -0.4 | -1.0 | -2.6 | -2.7 | -5.4 | -4.2 | 7.4 |

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

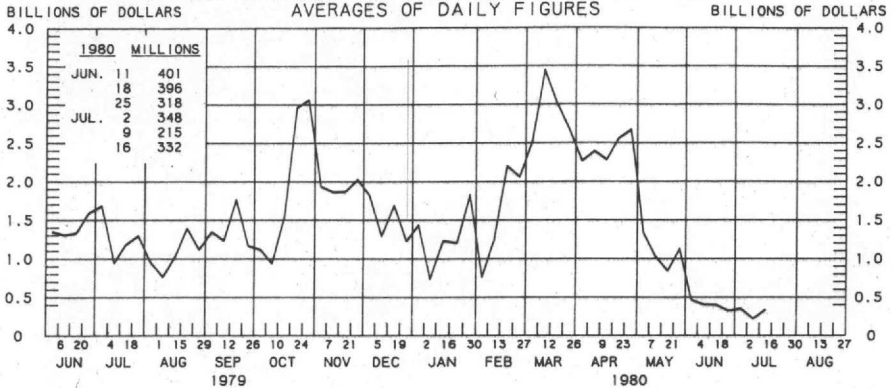


LATEST DATA PLOTTED WEEK ENDING: JULY 9, 1980
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.
TIME DEPOSITS ISSUED IN DENOMINATIONS OF LESS THAN \$100,000.

| SAVINGS PLUS SMALL TIME DEPOSITS | | | | | | | | |
|--|---------|----------|----------|--------|--------|---------|--------|--------|
| COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| | 7/11/79 | 10/10/79 | 12/12/79 | 1/9/80 | 2/6/80 | 3/12/80 | 4/9/80 | 5/7/80 |
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 12/12/79 | 10.1 | | | | | | | |
| 1/ 9/80 | 9.4 | 8.3 | | | | | | |
| 2/ 6/80 | 9.0 | 7.9 | 6.1 | | | | | |
| 3/12/80 | 8.5 | 7.3 | 5.8 | 6.0 | | | | |
| 4/ 9/80 | 9.0 | 8.3 | 7.6 | 8.2 | 8.9 | | | |
| 5/ 7/80 | 9.1 | 8.6 | 8.2 | 8.8 | 9.4 | 12.1 | | |
| 6/11/80 | 9.0 | 8.5 | 8.2 | 8.7 | 9.1 | 10.6 | 9.3 | |
| 7/ 9/80 | 9.3 | 8.9 | 8.7 | 9.2 | 9.6 | 10.9 | 10.2 | 9.9 |

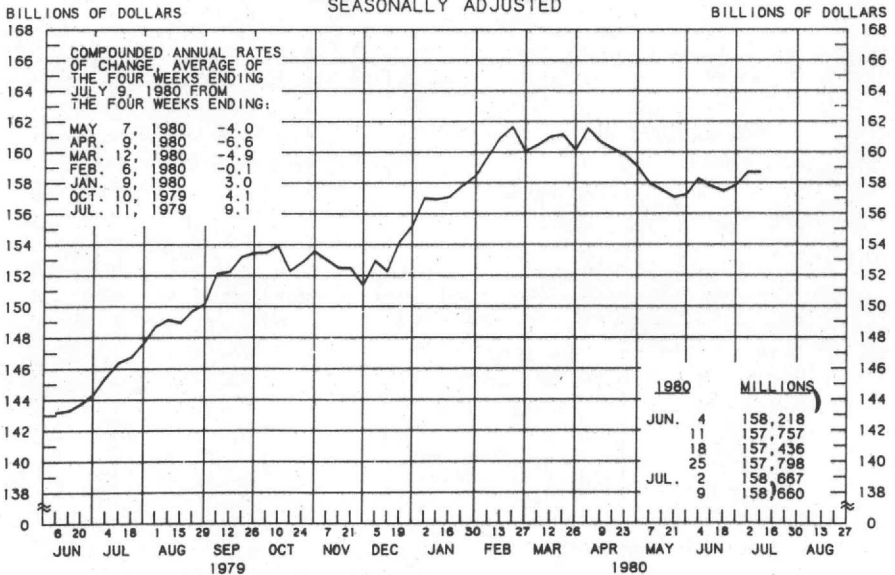
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BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: JULY 16, 1980

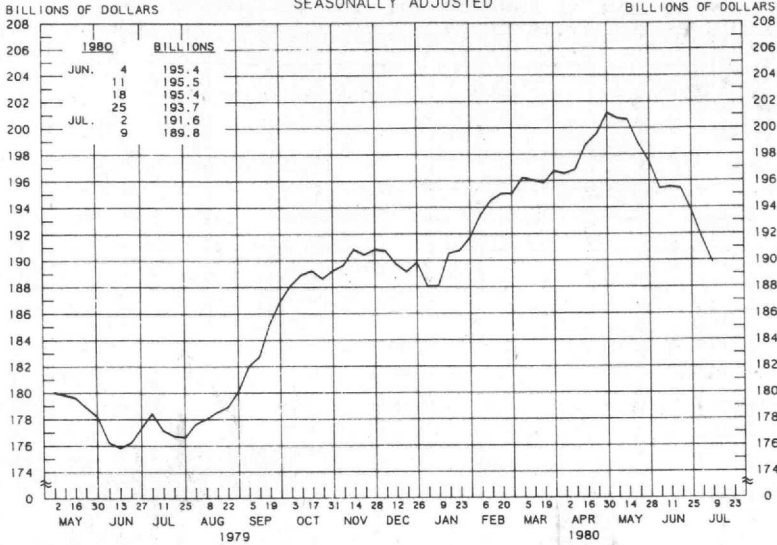
BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 9, 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: JULY 9, 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