



Week ending: February 18, 1981

FEBRUARY 1981

The prime lending rate was lowered to 19.50 percent in early February. This rate is 200 basis points below the historic peak of 21.50 percent established in late December. The recent decline in the prime rate has followed other short-term interest rates in a manner reminiscent of last spring's period of falling interest rates (see page 6).

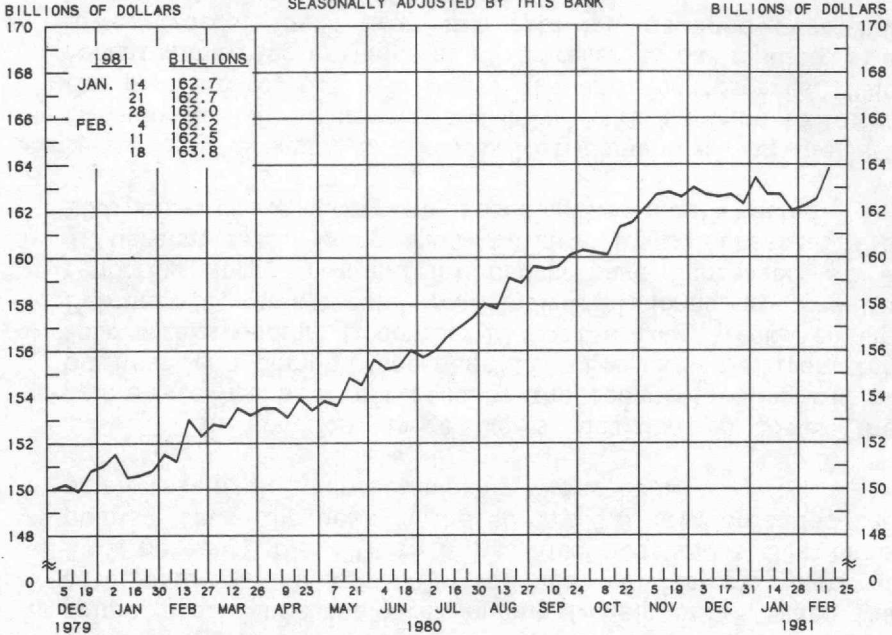
One interest rate that influences the level of the prime rate is the rate on 90-day certificates of deposit (CDs). Since these certificates are a primary source of additional loanable funds to commercial banks, declines in the cost of such funds generally precede declines in the prime rate. Since the week ending December 19, when the rate paid on 90-day CDs reached an historic high of 20.23 percent, the CD rate has declined about 350 basis points. Thus, the peak in the 90-day CD rate preceded the prime rate peak by approximately two weeks.

In addition, large banks' decision to lower the prime rate has been affected by the recent leveling off of business loan demand (see page 11). For example, from the four weeks ending December 10 to the four weeks ending February 11, commercial and industrial loans at weekly-reporting large commercial banks have increased at a 3.9 percent rate. In contrast, business loans increased at a 23.0 percent rate during the preceding two-month period.

The easing in business loan demand during the last two months has influenced not only banks' decision to lower the prime rate, but also banks' demand for reserves. The recent slackening in the demand for reserves has resulted in a lower federal funds rate; this rate has declined over 200 basis points since early December.

## ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 18, 1981

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:

2/20/80    5/21/80    7/16/80    8/20/80    9/17/80    10/15/80    11/19/80    12/17/80

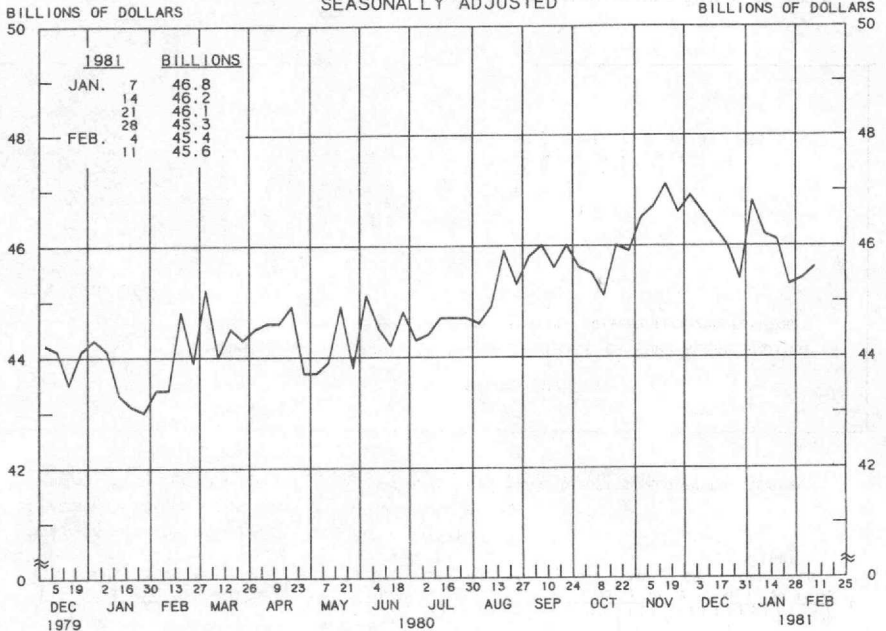
TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

7/16/80	7.5						
8/20/80	8.8	11.4					
9/17/80	9.1	11.3	12.8				
10/15/80	8.8	10.4	10.9	9.0			
11/19/80	9.5	11.2	11.9	11.1	11.0		
12/17/80	8.9	10.1	10.3	9.2	8.5	9.4	
1/21/81	8.0	8.7	8.4	7.2	6.3	6.2	1.8
2/18/81	7.3	7.6	7.1	5.8	4.8	4.4	0.7
							-0.4

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

# ADJUSTED BANK RESERVES <sup>1/</sup>

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



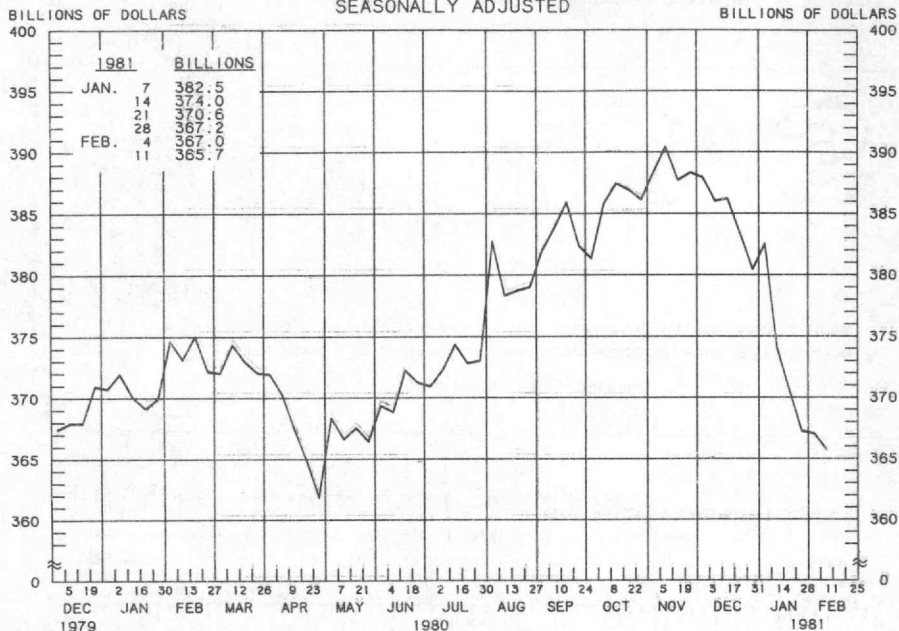
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 11, 1981

<sup>1/</sup> 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:									
	2/13/80	5/14/80	7/9/80	8/13/80	9/10/80	10/8/80	11/12/80	12/10/80	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
7/ 9/80	7.0								
8/13/80	7.1	5.6							
9/10/80	10.7	12.3	19.6						
10/ 8/80	9.0	9.2	12.2	15.5					
11/12/80	9.7	10.2	12.9	15.1	6.5				
12/10/80	10.2	10.8	13.3	15.1	9.0	14.7			
1/14/81	7.3	6.8	7.5	7.6	1.9	3.3	-2.5		
2/11/81	5.6	4.6	4.6	4.1	-1.0	-0.6	-5.9	-13.9	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1A)  
AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 11, 1981

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:

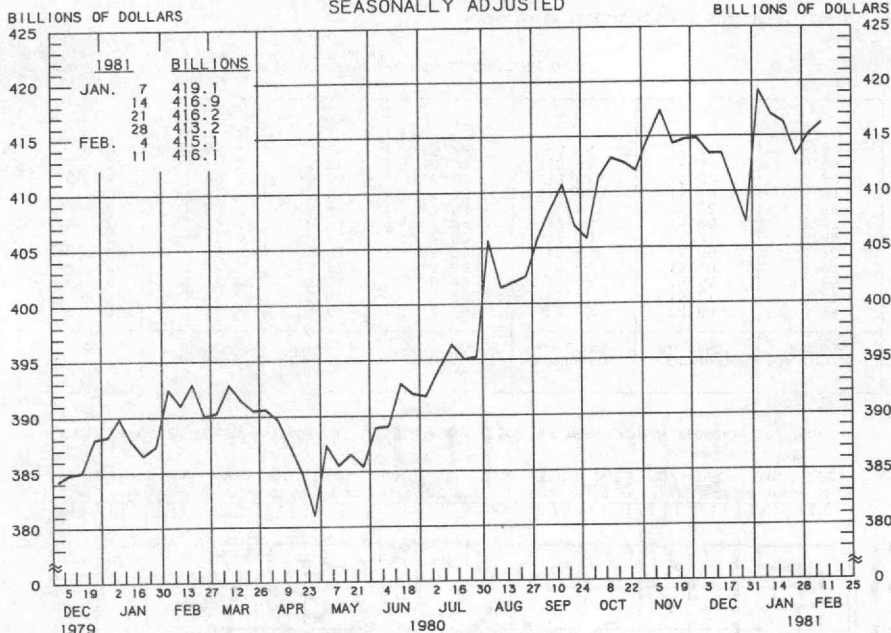
2/13/80 5/14/80 7/9/80 8/13/80 9/10/80 10/8/80 11/12/80 12/10/80

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

7/ 9/80	-0.1							
8/13/80	2.7	13.0						
9/10/80	4.3	13.6	15.4					
10/ 8/80	5.0	12.9	13.8	12.9				
11/12/80	5.9	12.7	13.2	12.4	11.1			
12/10/80	5.2	10.7	10.4	9.0	7.1	5.7		
1/14/81	2.5	6.0	4.5	2.1	-0.6	-3.5	-11.1	
2/11/81	-1.1	0.8	-1.8	-4.8	-8.1	-11.7	-19.3	-26.3

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1B)  
AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 11, 1981

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

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

MONEY STOCK (M1B)

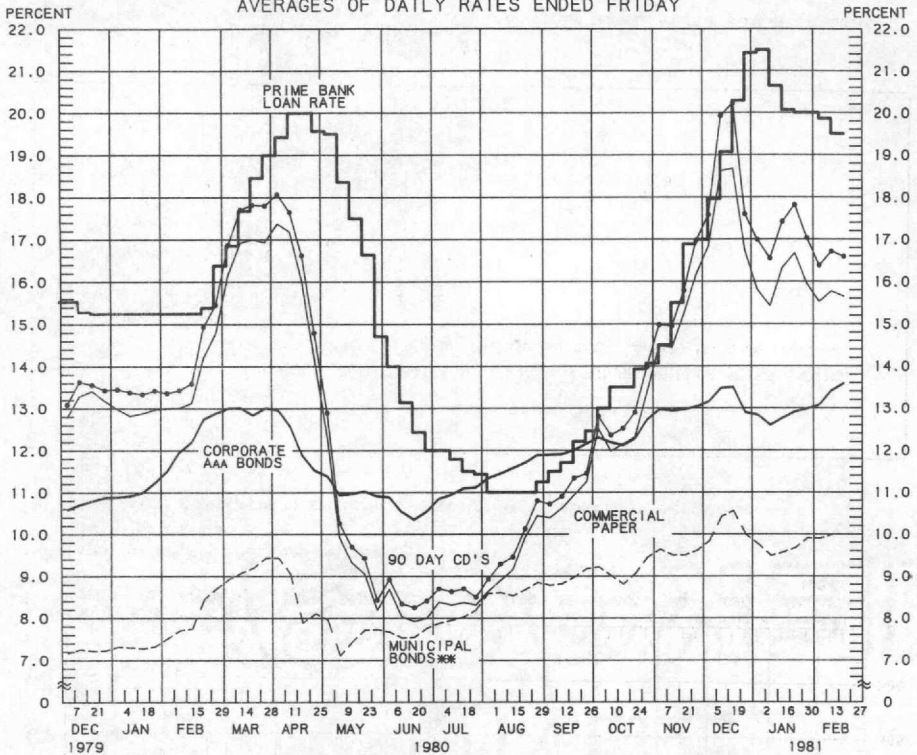
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	2/13/80	5/14/80	7/9/80	8/13/80	9/10/80	10/8/80	11/12/80	12/10/80
TO THE AVERAGE OF FOUR WEEKS ENDING:								
7/ 9/80	2.1							
8/13/80	5.2	16.1						
9/10/80	7.0	16.8	19.2					
10/ 8/80	7.7	16.2	17.4	16.3				
11/12/80	8.6	15.9	16.7	15.7	14.2			
12/10/80	7.8	13.7	13.6	11.9	9.8	8.2		
1/14/81	6.7	11.3	10.5	8.5	6.3	4.3	-1.0	
2/11/81	6.7	10.7	9.8	8.1	6.2	4.7	1.1	1.3

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: FEBRUARY 20, 1981

1981	90 DAY CD'S	PRIME COMMERCIAL PAPER ***	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	CORPORATE BAA BONDS	MUNICIPAL BONDS ***
DEC. 5	17.58	16.84	17.28	13.15	14.84	9.84
12	19.93	18.62	19.23	13.47	15.21	10.42
19	20.23	18.68	19.24	13.49	15.36	10.56
26	17.60	16.72	16.84	12.89	15.19	9.99
JAN. 2	16.99	15.80	16.28	12.83	15.09	9.76
9	16.55	15.43	16.03	12.59	14.93	9.49
16	17.42	16.33	17.08	12.76	14.96	9.57
23	17.82	16.67	17.38	12.91	15.08	9.68
30	17.03	15.94	16.38	12.98	15.15	9.91
FEB. 6	16.38	15.53	15.92	13.07	15.32	9.90
13	16.71	15.77	16.23	13.41	15.41	9.99
20 *	16.59	15.65	15.78	13.58	15.37	N.A.
27						

\* AVERAGES OF RATES AVAILABLE.

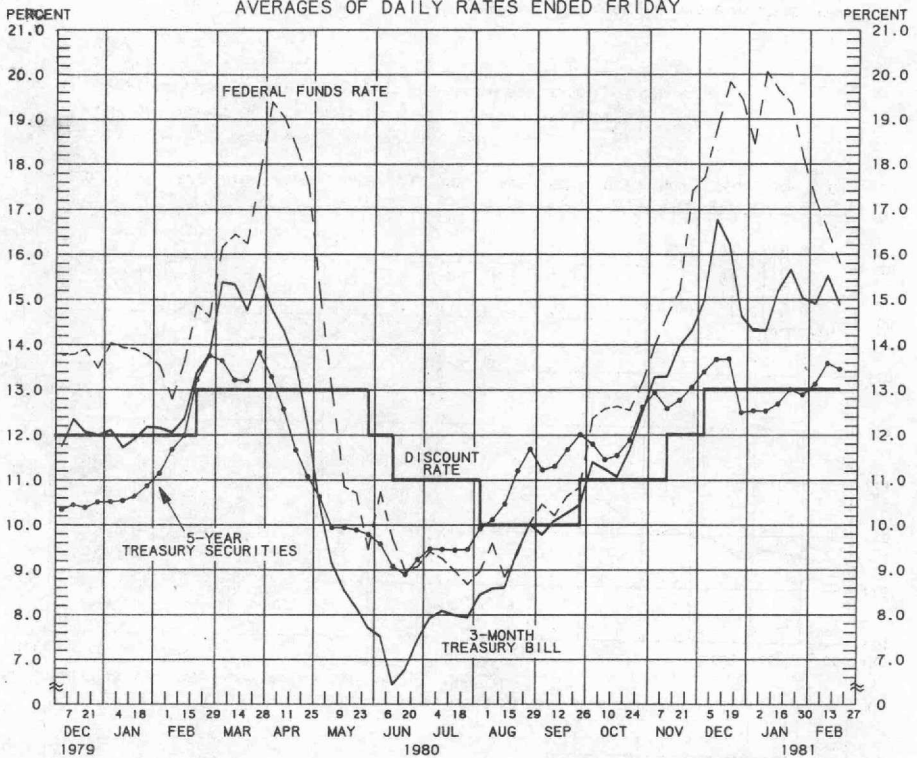
\*\* BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.

\*\*\* DATA ARE 4-MONTH COMMERCIAL PAPER RATES.

N.A. - NOT AVAILABLE.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

## SELECTED INTEREST RATES AVERAGES OF DAILY RATES ENDED FRIDAY



1981		FEDERAL FUNDS **	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL ***	1-YEAR TREASURY BILL	5-YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
DEC.	5	17.72	14.98	14.55	13.43	13.40	12.39
	12	18.82	16.76	15.07	13.75	13.68	12.74
	19	19.83	16.21	15.42	13.71	13.69	12.63
	26	19.44	14.62	14.03	12.40	12.50	11.79
JAN.	2	18.45	14.31	13.41	12.38	12.54	11.92
	9	20.06	14.31	13.18	12.26	12.53	11.81
	16	19.64	15.19	14.23	12.50	12.69	12.02
	23	19.35	15.65	14.47	13.03	13.01	12.21
	30	18.12	15.01	14.12	12.68	12.89	12.22
FEB.	6	17.19	14.90	13.74	12.84	13.13	12.45
	13	16.51	15.51	14.43	13.31	13.59	12.88
	20 *	15.81	14.88	14.76	13.11	13.46	12.82
	27						

\* AVERAGES OF RATES AVAILABLE.

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

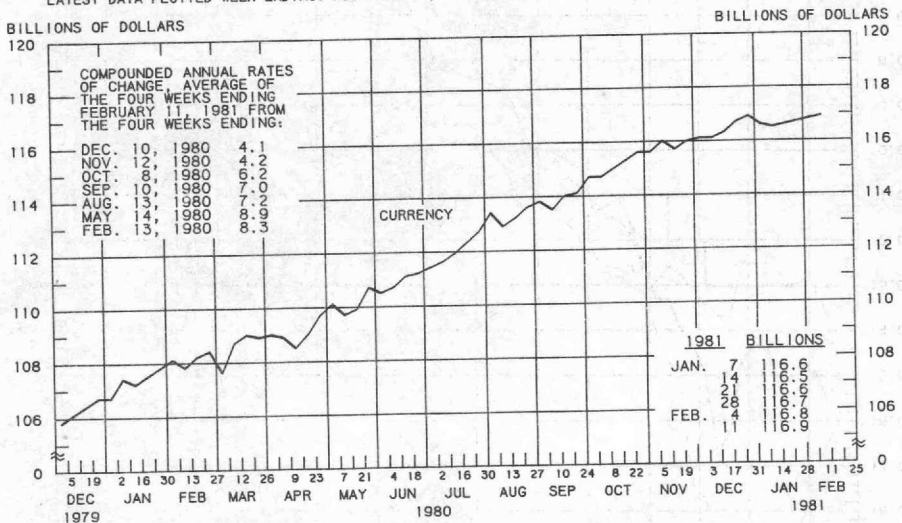
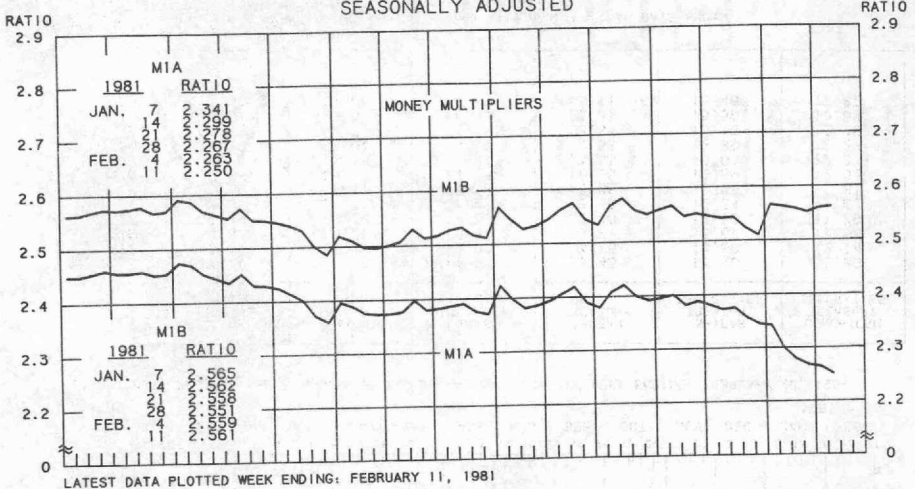
\*\*\* CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

\*\*\*\* 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.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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



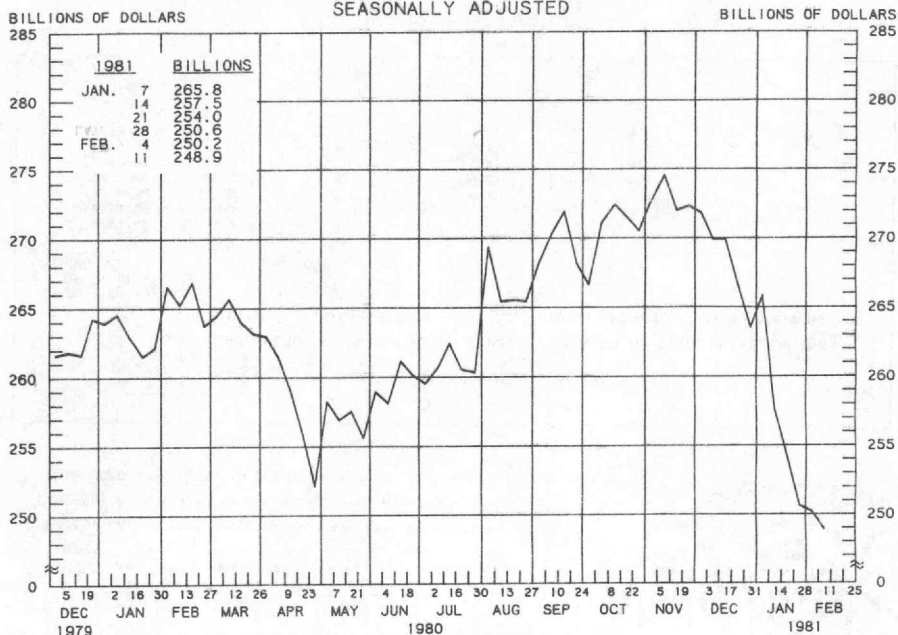
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 11, 1981

1/ RATIO OF MONEY STOCK (MIA) OR (MIB) 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: FEBRUARY 11, 1981

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:

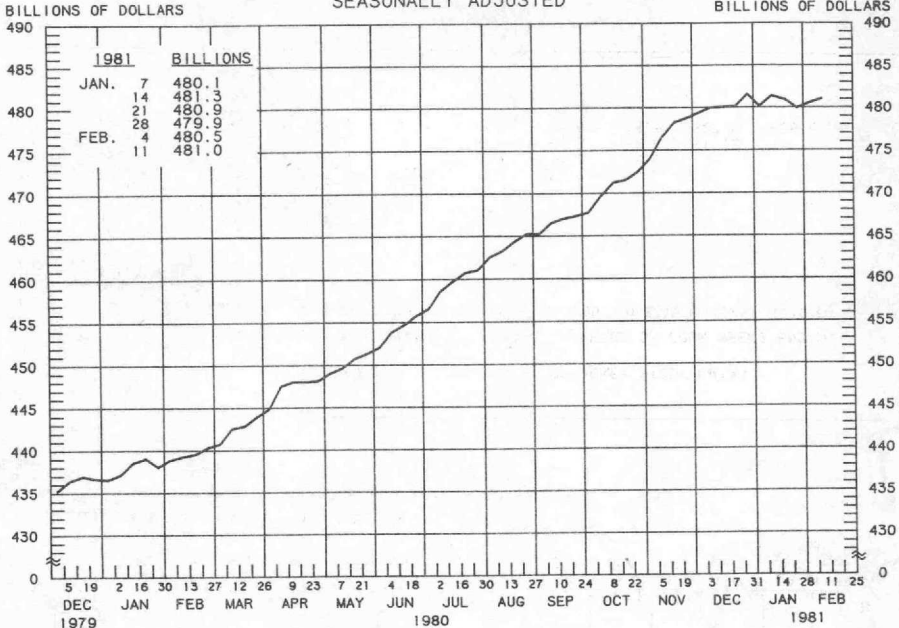
2/13/80    5/14/80    7/9/80    8/13/80    9/10/80    10/8/80    11/12/80    12/10/80

TO THE AVERAGE  
OF FOUR WEEKS  
ENDING:

7/ 9/80	-3.3							
8/13/80	0.1	13.3						
9/10/80	2.4	14.5	16.8					
10/ 8/80	3.3	13.7	14.7	14.3				
11/12/80	4.3	13.3	13.9	13.4	11.1			
12/10/80	3.5	10.9	10.5	9.1	6.3	4.6		
1/14/81	-0.2	4.4	2.3	-0.4	-4.3	-8.0	-17.5	
2/11/81	-4.9	-2.5	-6.0	-9.6	-14.0	-18.6	-27.9	-36.6

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 11, 1981  
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.  
TIME DEPOSITS ISSUED IN DENOMINATIONS OF LESS THAN \$100,000.

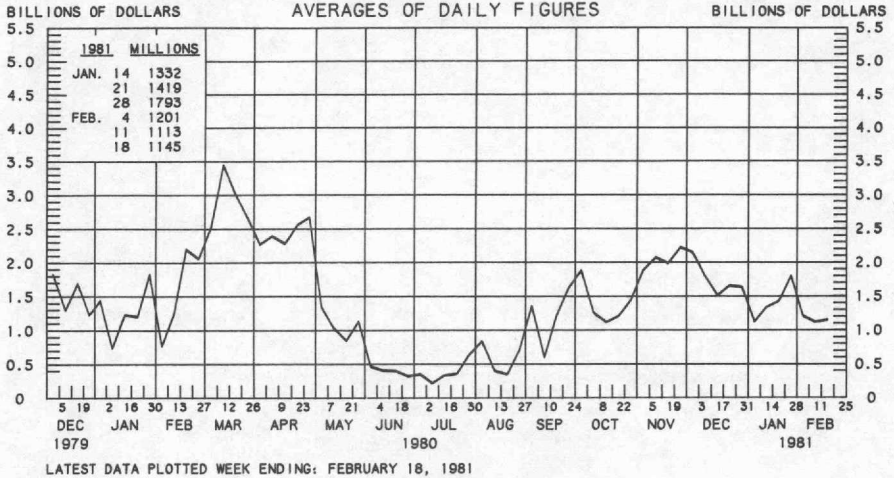
SAVINGS PLUS SMALL TIME DEPOSITS

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

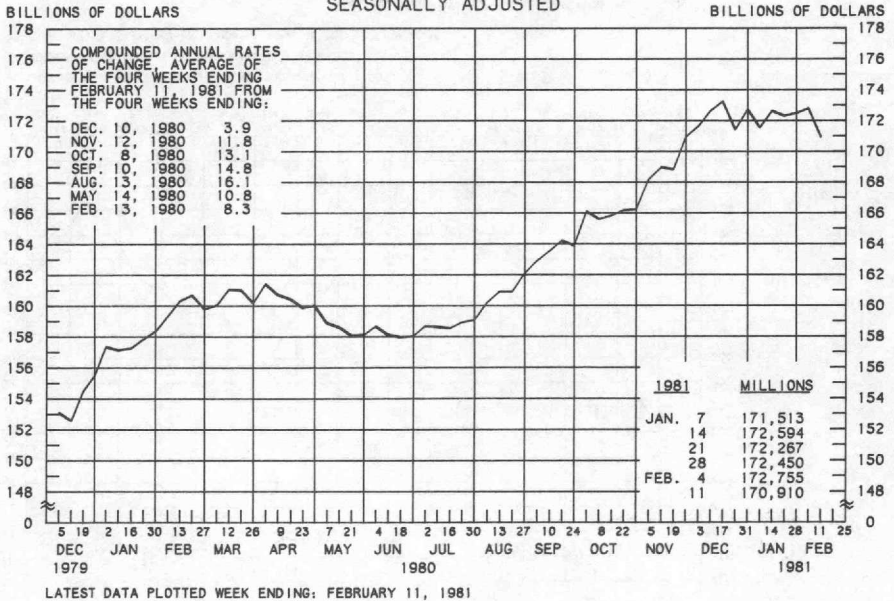
	2/13/80	5/14/80	7/9/80	8/13/80	9/10/80	10/8/80	11/12/80	12/10/80
TO THE AVERAGE OF FOUR WEEKS ENDING:								
7/ 9/80	10.2							
8/13/80	10.8	12.3						
9/10/80	10.7	11.8	11.8					
10/ 8/80	10.3	10.9	10.5	8.8				
11/12/80	10.7	11.4	11.3	10.5	10.8			
12/10/80	11.2	12.0	12.1	11.8	12.3	14.5		
1/14/81	10.4	10.8	10.6	9.9	9.9	10.6	9.1	
2/11/81	9.5	9.6	9.1	8.3	7.9	8.0	6.0	1.9

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

## BORROWINGS FROM FEDERAL RESERVE BANKS

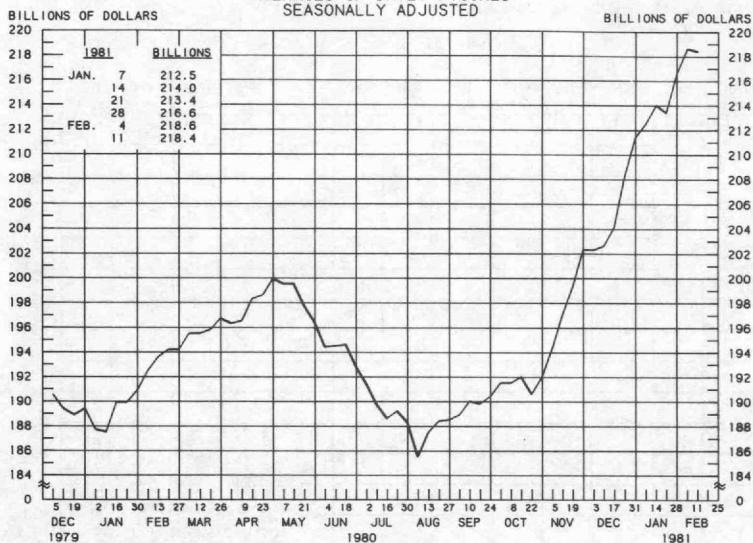


## BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



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: FEBRUARY 11, 1981

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