

RESEARCH LIBRARY

Federal Reserve Bank

of St. Louis

U.S. Financial Data

OCT 15 1985

October 10, 1985

Interest rates generally have declined over the past year (see pages 6 and 7). At the same time, the growth rate of M1 has accelerated sharply (see page 5). This appears to fit the view that faster money growth is associated with falling interest rates. However, such a liquidity effect is a more short-run phenomenon, and a closer look at the recent data yields conflicting observations concerning the relationship between money growth and interest rates.

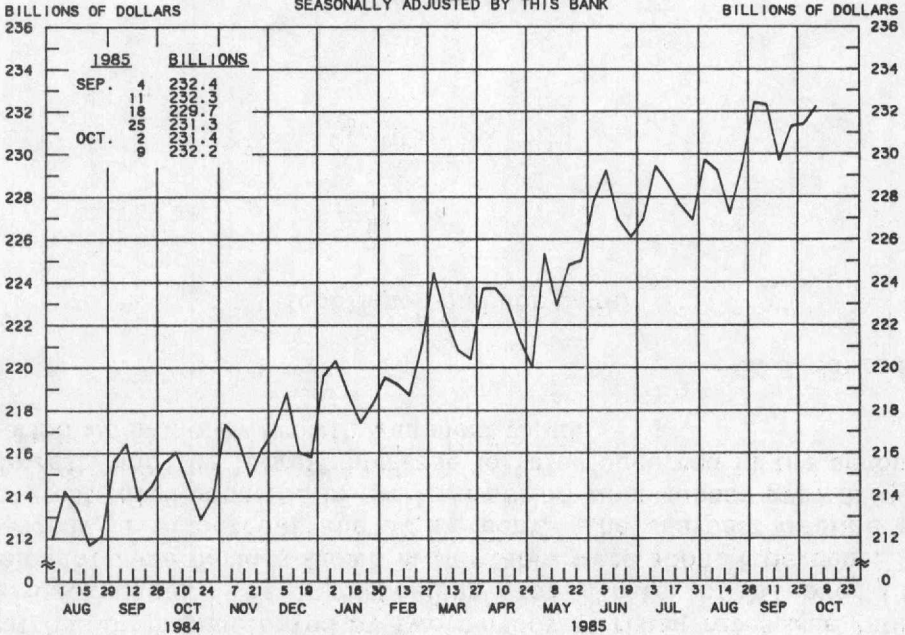
The general decline in interest rates has not been uniform, but has been punctuated by two periods of rising rates (see table on back page). The corresponding growth rates of M1 over the relevant time periods shown in the table were about 6 percent, 15 percent, 11.5 percent and 13 percent. The sharpest decline in interest rates occurred in the first period when money growth was slowest, and the largest increase in rates occurred in the second period when money growth was most rapid.

—G. J. Santoni

(continued on back page)



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



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 9, 1985

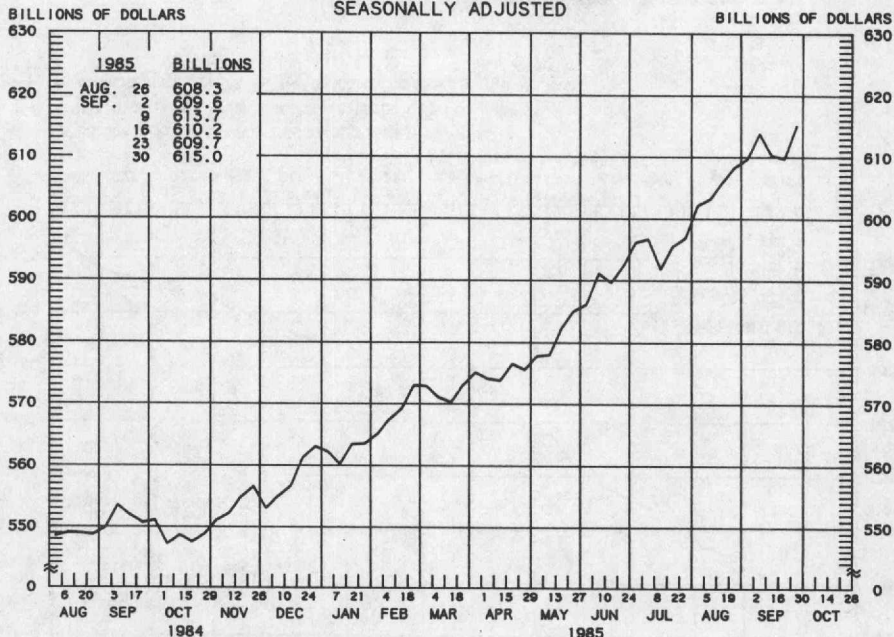
THE ADJUSTED MONETARY BASE IS THE SUM OF RESERVE ACCOUNTS OF FINANCIAL INSTITUTIONS AT FEDERAL RESERVE BANKS, CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF ALL DEPOSITORY INSTITUTIONS) AND AN ADJUSTMENT FOR RESERVE REQUIREMENT RATIO CHANGES. THE MAJOR SOURCE OF THE ADJUSTED 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.

RECENT DATA ARE PRELIMINARY.

ADJUSTED MONETARY BASE								
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:								
TO THE AVERAGE OF FOUR WEEKS ENDING:	10/10/84	1/9/85	3/6/85	4/10/85	5/8/85	6/12/85	7/10/85	8/7/85
3/ 6/85	6.9							
4/10/85	6.9	8.1						
5/ 8/85	6.1	6.5	4.3					
6/12/85	8.3	9.8	10.3	12.3				
7/10/85	7.8	8.8	8.7	9.5	13.4			
8/ 7/85	7.5	8.3	8.1	8.5	10.8	4.4		
9/11/85	7.8	8.6	8.5	8.8	10.6	6.5	7.9	
10/ 9/85	7.6	8.2	8.0	8.3	9.6	6.2	7.0	7.8

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 30, 1985

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

M1 IS THE SUM OF CURRENCY HELD BY THE NONBANK PUBLIC, DEMAND DEPOSITS, OTHER CHECKABLE DEPOSITS AND TRAVELERS CHECKS.

MONEY STOCK (M1)

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

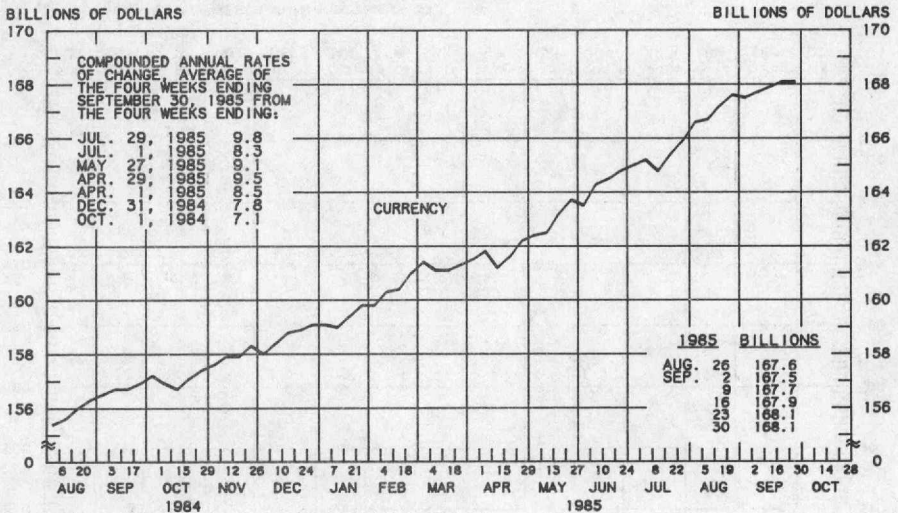
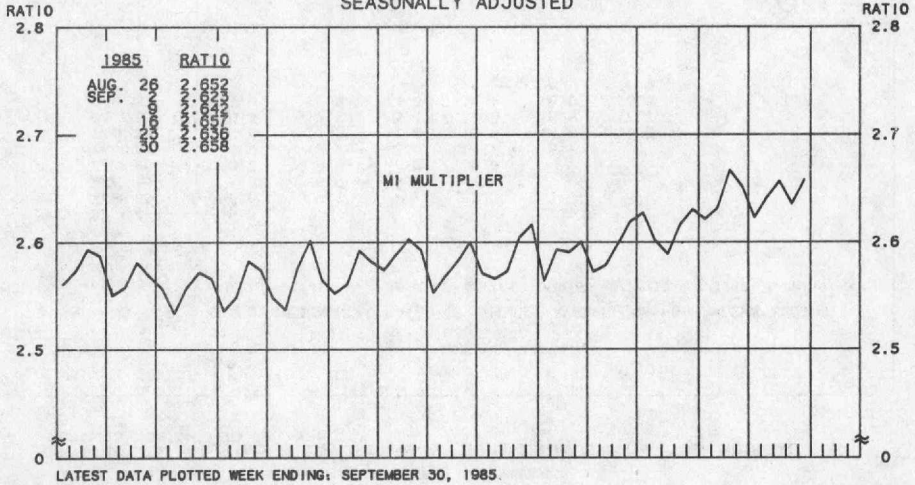
10/1/84 12/31/84 3/4/85 4/1/85 4/29/85 5/27/85 7/1/85 7/29/85

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

3/ 4/85	8.3							
4/ 1/85	7.6	9.9						
4/29/85	7.4	9.0	5.0					
5/27/85	8.2	9.9	7.9	9.9				
7/ 1/85	9.9	12.2	12.0	14.7	18.7			
7/29/85	9.6	11.5	11.0	12.8	14.9	15.3		
9/ 2/85	10.8	12.9	13.1	14.8	16.8	17.7	15.0	
9/30/85	11.0	12.9	13.0	14.4	16.0	16.5	14.2	17.7

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MONEY MULTIPLIER ^{1/}
 CURRENCY COMPONENT OF MONEY STOCK ^{2/}
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED

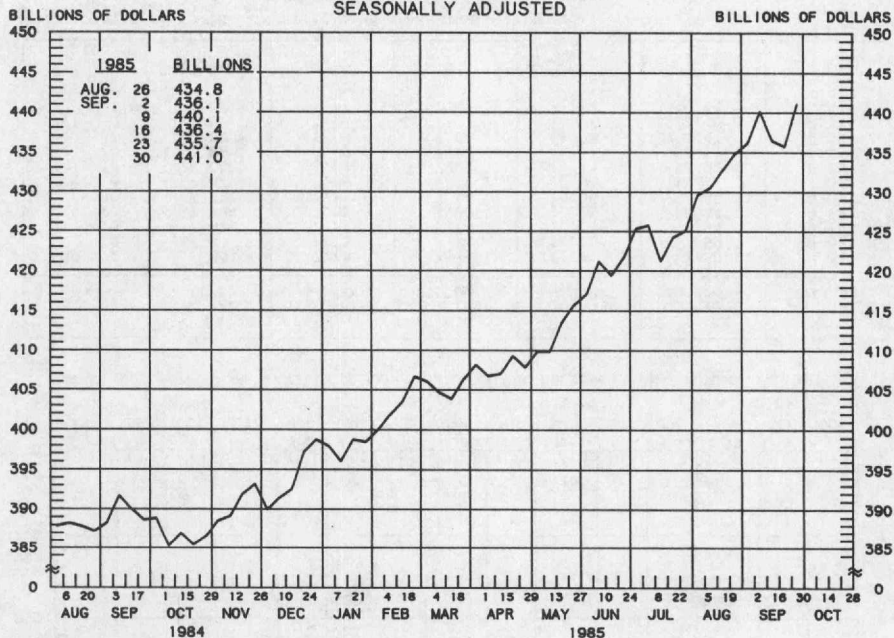


1/ RATIO OF MONEY STOCK (M1) TO ADJUSTED MONETARY BASE
 2/ CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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TOTAL CHECKABLE DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 30, 1985

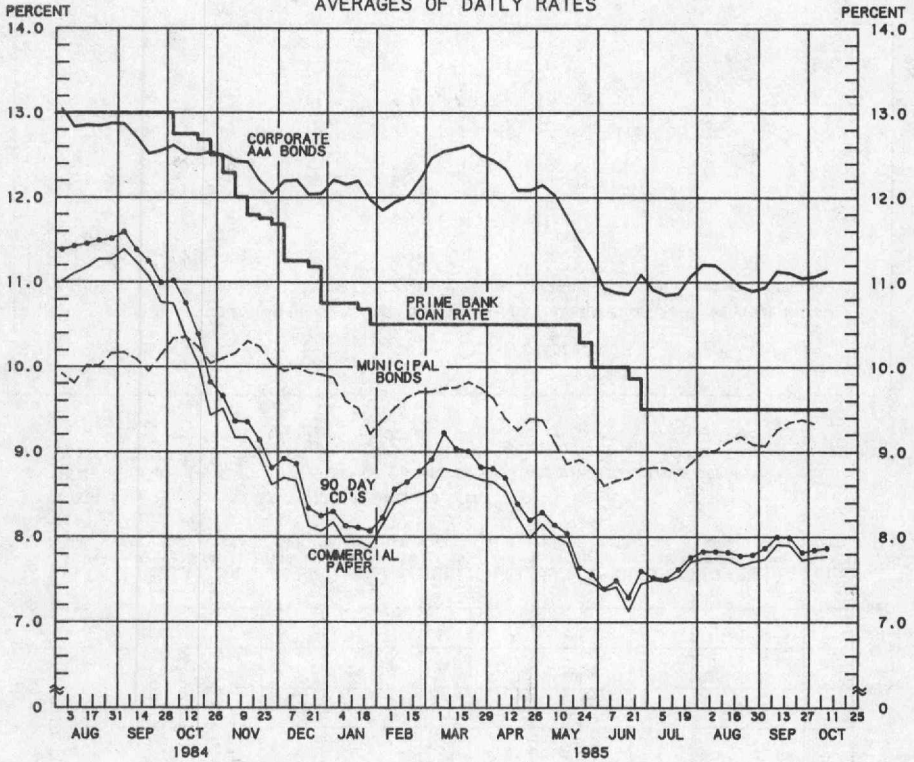
TOTAL CHECKABLE DEPOSITS IS THE SUM OF DEMAND DEPOSITS AND OTHER CHECKABLE DEPOSITS AT ALL DEPOSITORY INSTITUTIONS.

TOTAL CHECKABLE DEPOSITS									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	10/1/84	12/31/84	3/4/85	4/1/85	4/29/85	5/27/85	7/1/85	7/29/85	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
3/ 4/85	9.2								
4/ 1/85	8.4	11.3							
4/29/85	8.1	10.2	5.3						
5/27/85	9.0	11.1	8.5	10.9					
7/ 1/85	11.2	14.1	13.7	17.0	21.9				
7/29/85	10.7	13.1	12.4	14.4	17.0	17.7			
9/ 2/85	12.2	14.8	14.9	17.0	19.4	20.6	17.0		
9/30/85	12.5	14.9	14.9	16.7	18.7	19.4	16.5	21.1	

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YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES



1985	90 DAY CD'S	30-DAY COMMERCIAL PAPER	90-DAY BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	CORPORATE BAA BONDS	MUNICIPAL BONDS ^{***}
AUG. 2	7.83	7.75	7.74	11.21	12.58	9.01
9	7.83	7.75	7.73	11.20	12.59	9.02
16	7.82	7.74	7.70	11.08	12.54	9.12
23	7.78	7.67	7.66	10.95	12.44	9.18
SEP. 30	7.79	7.71	7.68	10.90	12.40	9.09
6	7.87	7.74	7.80	10.94	12.41	9.07
13	8.00	7.91	7.92	11.13	12.52	9.26
20	7.99	7.90	7.90	11.11	12.51	9.35
27	7.82	7.73	7.68	11.05	12.47	9.38
OCT. 4	7.85	7.76	7.72	11.07	12.46	9.33
11 [*]	7.87	7.77	7.80	11.13	12.44	N.A.
18						
25						

NOTE: CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.15 RELEASE.

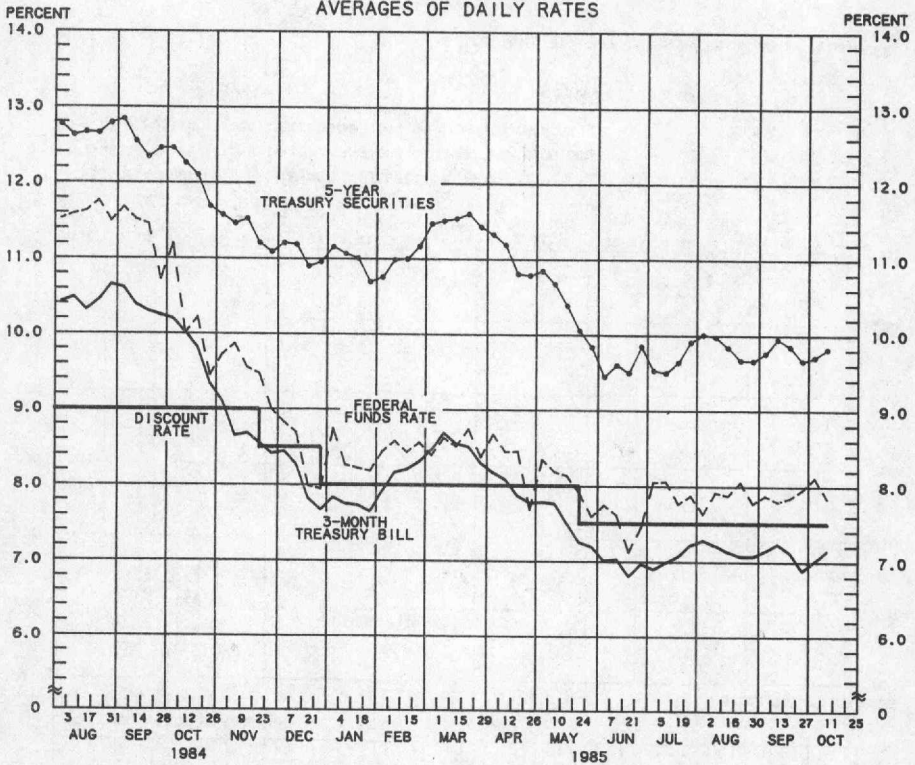
^{*} AVERAGES OF RATES AVAILABLE

^{**} BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA

N.A. - NOT AVAILABLE

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SELECTED INTEREST RATES AVERAGES OF DAILY RATES



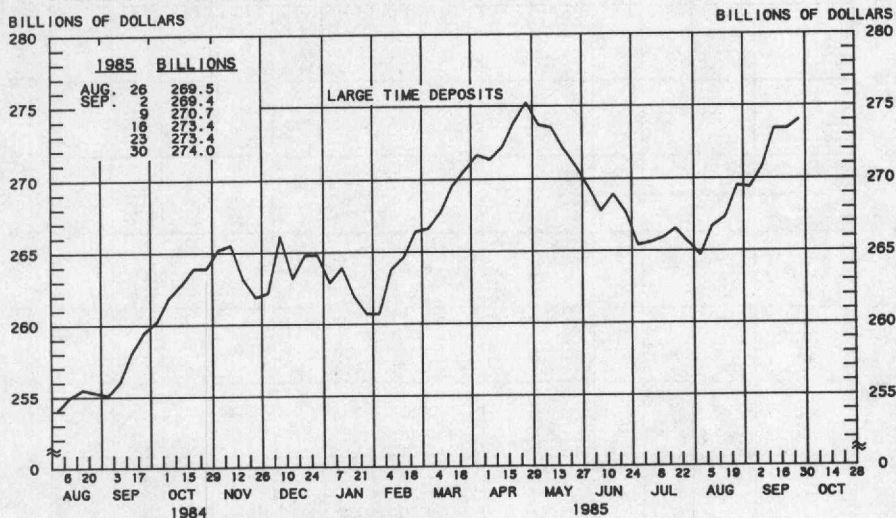
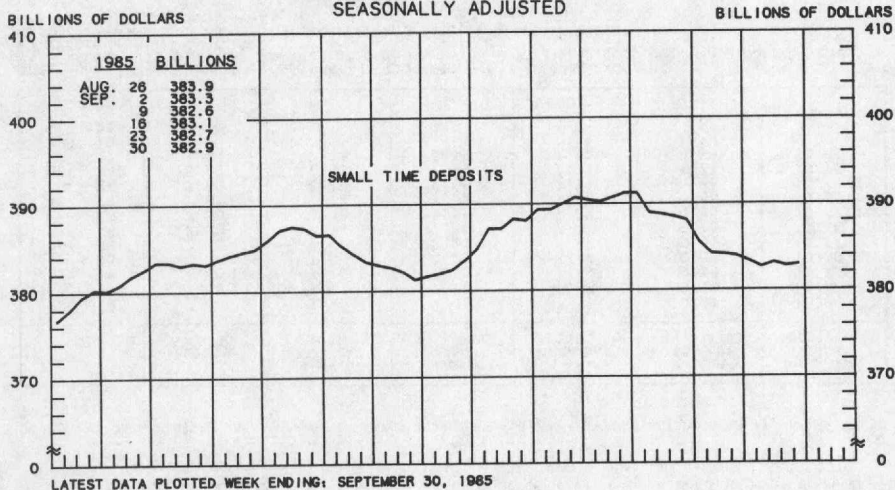
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 11, 1985.

1985	FEDERAL FUNDS %	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL %	1-YEAR TREASURY BILL	5-YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
AUG. 2	7.64	7.28	7.40	7.57	10.01	10.90
9	7.92	7.21	7.52	7.58	9.98	10.85
16	7.88	7.13	7.36	7.49	9.84	10.76
23	8.06	7.07	7.28	7.39	9.67	10.59
30	7.78	7.07	7.21	7.42	9.66	10.57
SEP. 6	7.88	7.14	7.30	7.49	9.76	10.68
13	7.80	7.23	7.39	7.62	9.95	10.87
20	7.85	7.12	7.32	7.55	9.85	10.80
27	7.96	6.89	7.05	7.34	9.66	10.73
OCT. 4	8.12	7.01	7.24	7.41	9.71	10.73
11 *	7.84	7.14	7.32	7.48	9.82	10.82
18						
25						

NOTE: CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.15 RELEASE EXCLUDING LONG-TERM TREASURY SECURITIES WHICH ARE COMPUTED BY THIS BANK. TREASURY BILL YIELDS ARE ON A DISCOUNT BASIS.
 * AVERAGES OF RATES AVAILABLE
 % SEVEN-DAY AVERAGES FOR WEEK ENDING TWO DAYS EARLIER THAN DATE SHOWN
 %% AUCTION AVERAGE (DISCOUNT)

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COMMERCIAL BANK
 SMALL TIME DEPOSITS 1/
 LARGE TIME DEPOSITS 2/
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



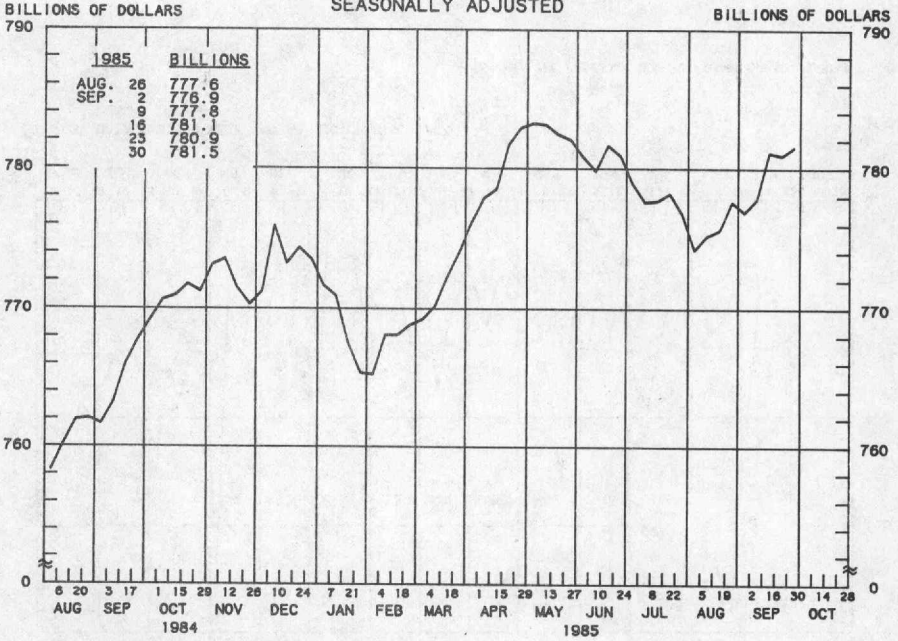
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 30, 1985

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

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

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**COMMERCIAL BANK
TOTAL TIME DEPOSITS**
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 30, 1985

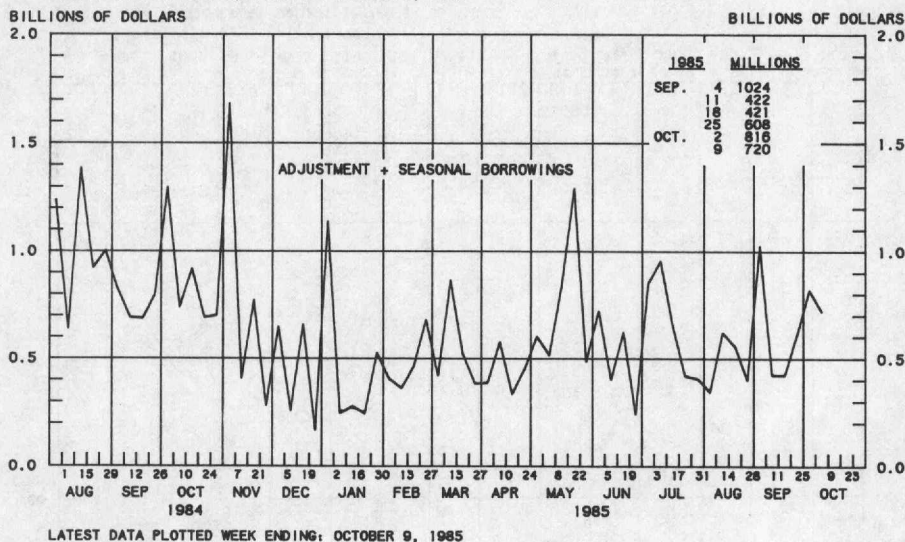
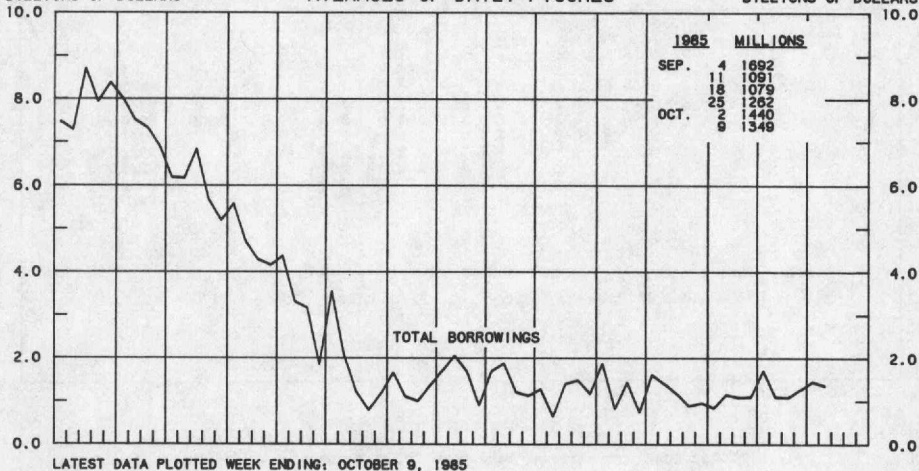
TOTAL TIME IS THE SUM OF SAVINGS DEPOSITS, SMALL TIME DEPOSITS AND LARGE TIME DEPOSITS.

TOTAL TIME DEPOSITS								
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:								
TO THE AVERAGE OF FOUR WEEKS ENDING:	10/1/84	12/31/84	3/4/85	4/1/85	4/29/85	5/27/85	7/1/85	7/29/85
3/ 4/85	0.6							
4/ 1/85	1.7	-0.6						
4/29/85	3.1	2.4	10.3					
5/27/85	3.2	2.7	8.2	8.4				
7/ 1/85	2.4	1.6	4.7	3.8	0.0			
7/29/85	1.7	0.8	2.9	1.8	-1.4	-3.7		
9/ 2/85	1.4	0.4	2.0	1.0	-1.5	-3.0	-2.9	
9/30/85	1.8	1.1	2.7	1.9	0.0	-0.9	0.0	2.0

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BORROWINGS FROM FEDERAL RESERVE BANKS

BILLIONS OF DOLLARS AVERAGES OF DAILY FIGURES BILLIONS OF DOLLARS



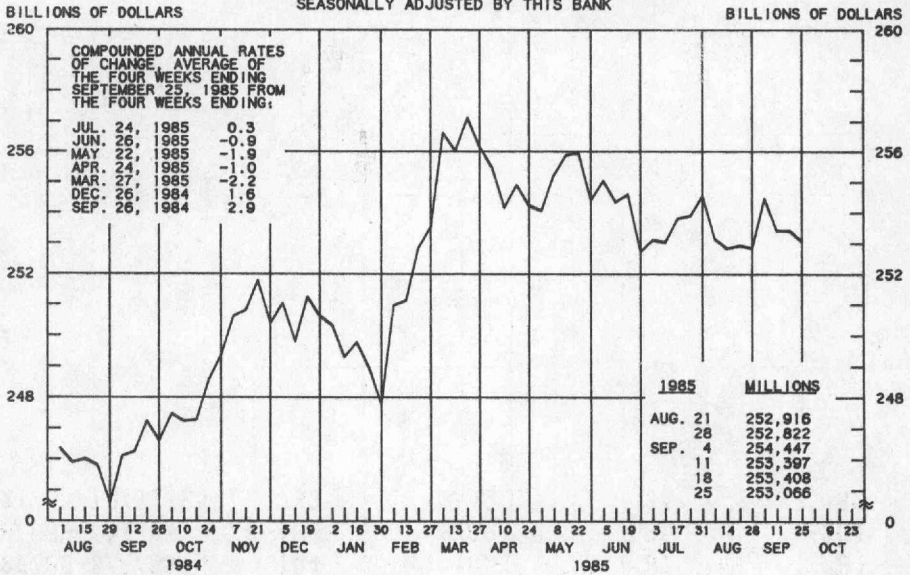
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MMDAS, MMMFS AND SUPER NOWS
(BILLIONS OF DOLLARS, NOT SEASONALLY ADJUSTED)

		<u>MMDAs 1/</u>	<u>MMMFs 2/</u>	<u>Super NOWs 3/</u>
August	5	\$315.7	\$239.2	\$58.7
	12	316.8	240.5	59.0
	19	317.8	239.7	58.7
	26	318.6	241.8	58.5
September	2	319.5	239.6	59.1
	9	321.3	239.0	61.1
	16	322.0	238.8	60.5
	23	320.5	238.8	59.2
	30	321.1	238.2	58.7

1/ Money market deposit accounts at commercial banks
 2/ Total money market mutual fund balances
 3/ NOW accounts at all depository institutions, requiring a \$1,000 minimum balance and eligible to earn more than 5.25 percent, effective 1/5/85

BUSINESS LOANS 1/
(COMMERCIAL AND INDUSTRIAL)
WEEKLY REPORTING LARGE COMMERCIAL BANKS 2/
SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 25, 1985

1/ BUSINESS LOANS INCLUDE BANKERS' ACCEPTANCES AND COMMERCIAL PAPER.

2/ BANKS WITH DOMESTIC ASSETS GREATER THAN \$1.4 BILLION

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

**Basis Point Changes in
Selected Interest Rates**

<u>Period</u>	<u>3-month Treasury bill</u>	<u>6-month Treasury bill</u>	<u>1-year Treasury bill</u>	<u>5-year Treasury security</u>
9/7/84-1/25/85	-296	-282	-260	-214
1/25/85-3/8/85	104	105	87	81
3/8/85-6/21/85	-188	-208	-195	-201
6/21/85-10/11/85	33	42	34	32