

# U.S. Financial Data

NOV 13 1985

November 7, 1985

The spreads between the municipal bond rate and other long-term rates have narrowed since January 1985, as the table on the back page indicates. Changes in interest rate spreads are the result of changes in the demand and supply of various types of debt instruments. These in turn depend on investors' assessments of tax rates and risks, both now and in the future.

The smaller spreads of today appear to be due to an increase in the supply of municipal bonds. Why the increase? A likely cause is the Treasury's proposed change in the tax treatment of municipal bonds, which was released late in 1984. Under the Treasury's tax reform proposal, as well as Reagan's subsequent proposal, municipal bonds issued for public purpose would retain their current tax exempt status. The interest on municipal bonds issued after December 31, 1985, whose proceeds are used by someone other than a state or local government, however, would be taxable.

From January to May 1985, the average monthly issuance of municipal bonds was \$10.2 billion, up from \$5.6 billion for the same period in 1984. Since the Reagan tax reform proposal at the end of May 1985, municipal bond issuance has increased further, averaging \$12.9 billion from June to August.

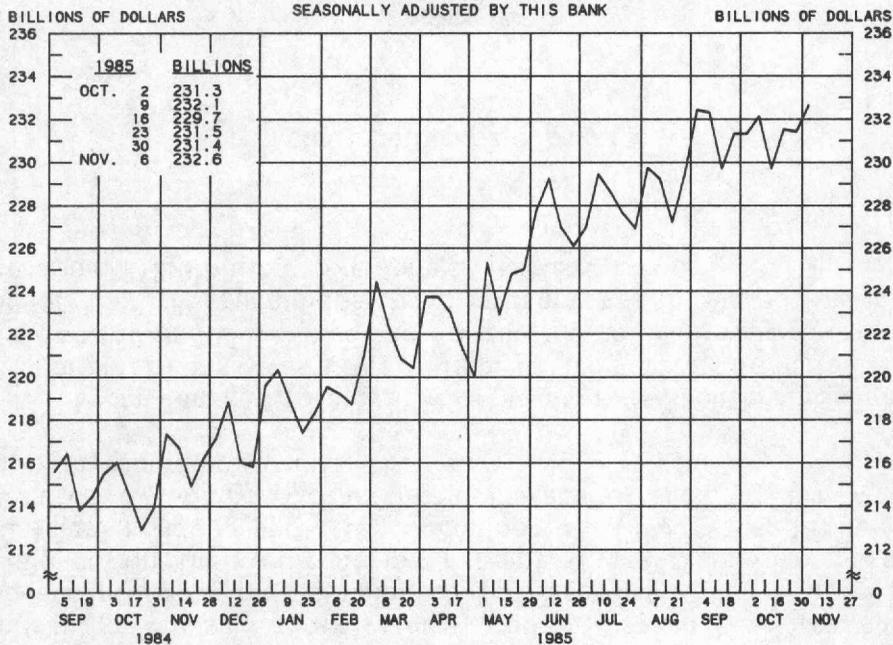
—Richard G. Sheehan

(continued on back page)



## ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: NOVEMBER 6, 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.

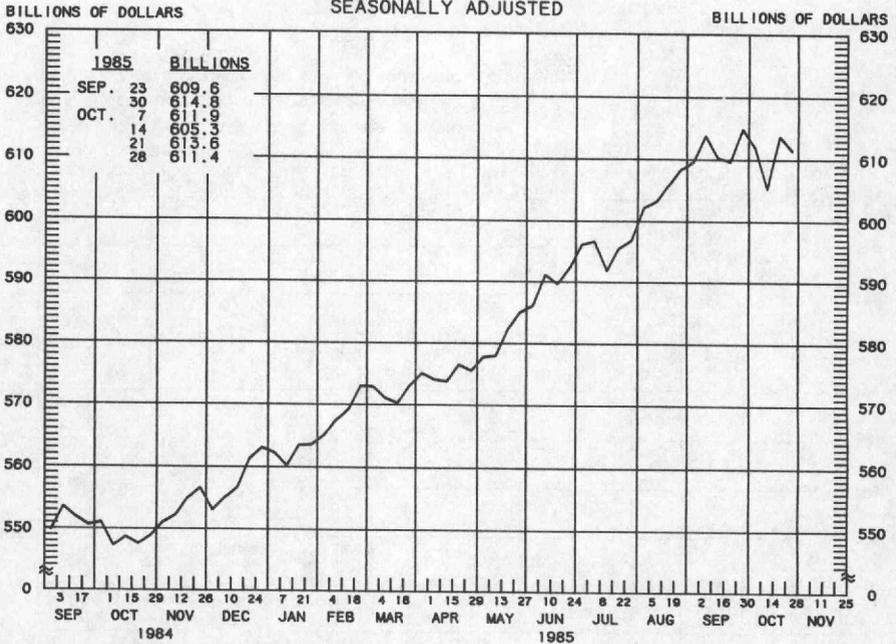
### ADJUSTED MONETARY BASE

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

|                                      | 11/7/84 | 2/6/85 | 4/3/85 | 5/8/85 | 6/5/85 | 7/3/85 | 8/7/85 | 9/4/85 |
|--------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: |         |        |        |        |        |        |        |        |
| 4/ 3/85                              | 8.4     |        |        |        |        |        |        |        |
| 5/ 8/85                              | 7.3     | 7.3    |        |        |        |        |        |        |
| 6/ 5/85                              | 8.5     | 9.5    | 8.9    |        |        |        |        |        |
| 7/ 3/85                              | 9.1     | 10.3   | 10.3   | 15.2   |        |        |        |        |
| 8/ 7/85                              | 8.5     | 9.1    | 8.6    | 10.8   | 8.2    |        |        |        |
| 9/ 4/85                              | 8.5     | 9.0    | 8.5    | 10.2   | 8.2    | 6.0    |        |        |
| 10/ 9/85                             | 8.3     | 8.7    | 8.2    | 9.5    | 7.9    | 6.4    | 7.6    |        |
| 11/ 6/85                             | 7.7     | 7.9    | 7.3    | 8.2    | 6.6    | 5.2    | 5.5    | 4.4    |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)  
AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 28, 1985

CURRENT DATA APPEAR IN THE "FEDERAL RESERVE 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.

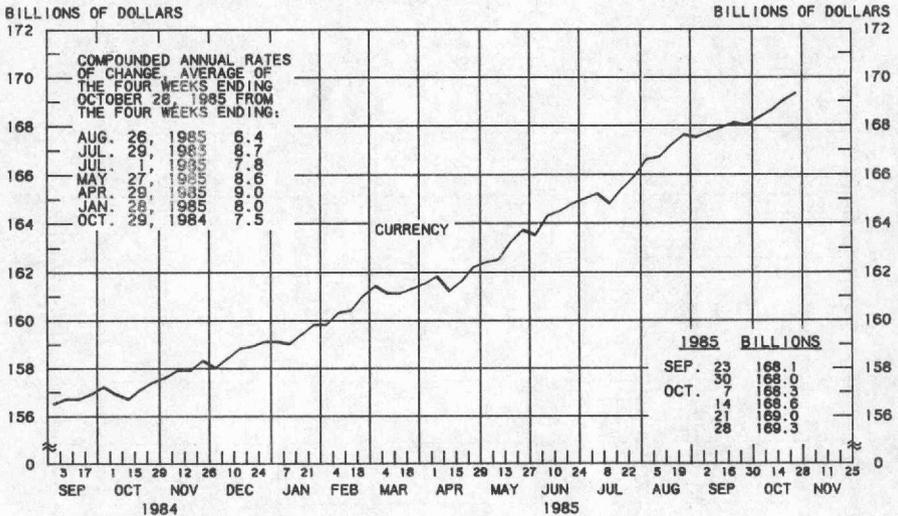
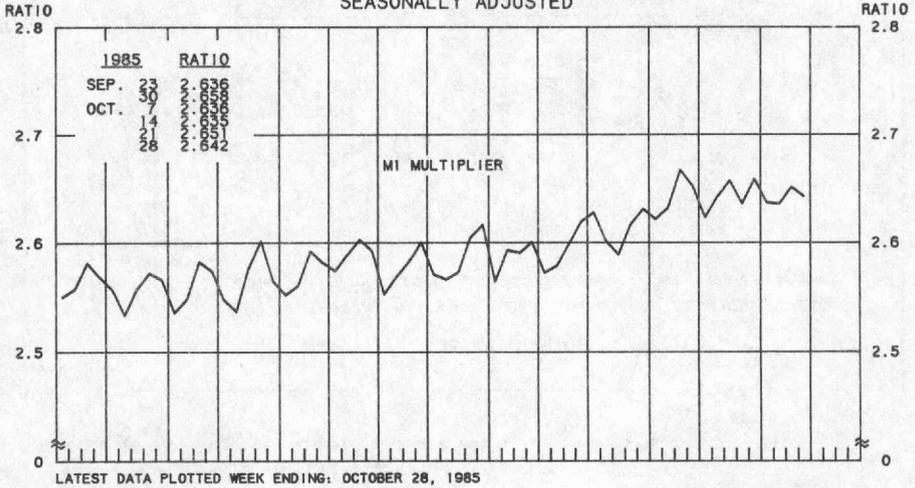
MONEY STOCK (M1)

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

|                                      | 10/29/84 | 1/28/85 | 3/25/85 | 4/29/85 | 5/27/85 | 7/1/85 | 7/29/85 | 8/26/85 |
|--------------------------------------|----------|---------|---------|---------|---------|--------|---------|---------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: |          |         |         |         |         |        |         |         |
| 3/25/85                              |          | 11.1    |         |         |         |        |         |         |
| 4/29/85                              |          | 10.1    | 9.3     |         |         |        |         |         |
| 5/27/85                              |          | 10.6    | 10.4    | 9.3     |         |        |         |         |
| 7/1/85                               |          | 12.2    | 13.0    | 13.9    | 18.7    |        |         |         |
| 7/29/85                              |          | 11.6    | 12.0    | 12.3    | 14.9    | 15.3   |         |         |
| 8/26/85                              |          | 12.7    | 13.5    | 14.2    | 16.8    | 17.7   | 14.7    |         |
| 9/30/85                              |          | 12.7    | 13.4    | 14.0    | 16.0    | 16.4   | 14.1    | 17.6    |
| 10/28/85                             |          | 11.4    | 11.6    | 11.6    | 12.8    | 12.6   | 9.8     | 10.8    |
|                                      |          |         |         |         |         |        |         | 5.7     |

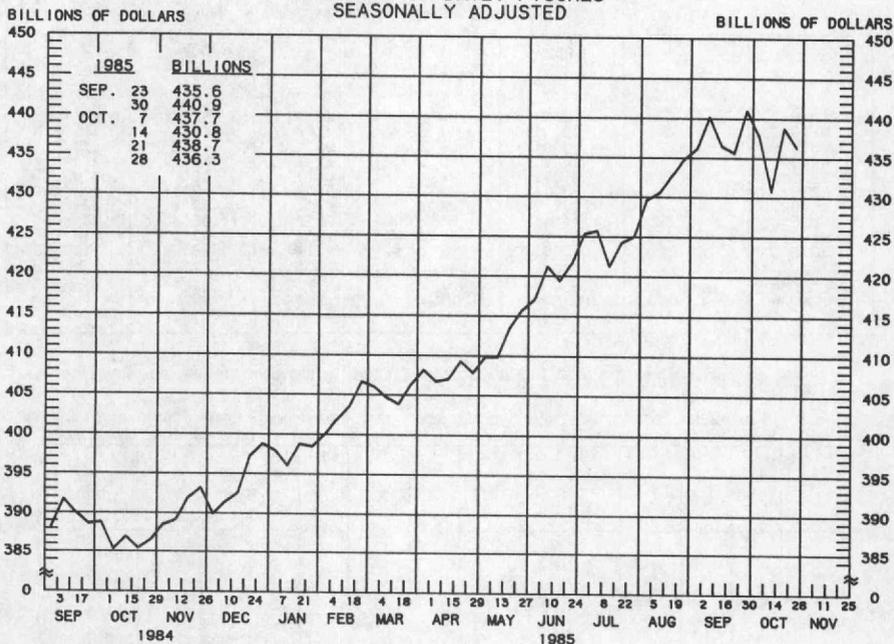
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MONEY MULTIPLIER <sup>1/</sup>  
 CURRENCY COMPONENT OF MONEY STOCK <sup>2/</sup>  
 AVERAGES OF DAILY FIGURES  
 SEASONALLY ADJUSTED



## TOTAL CHECKABLE DEPOSITS

AVERAGES OF DAILY FIGURES  
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 28, 1985

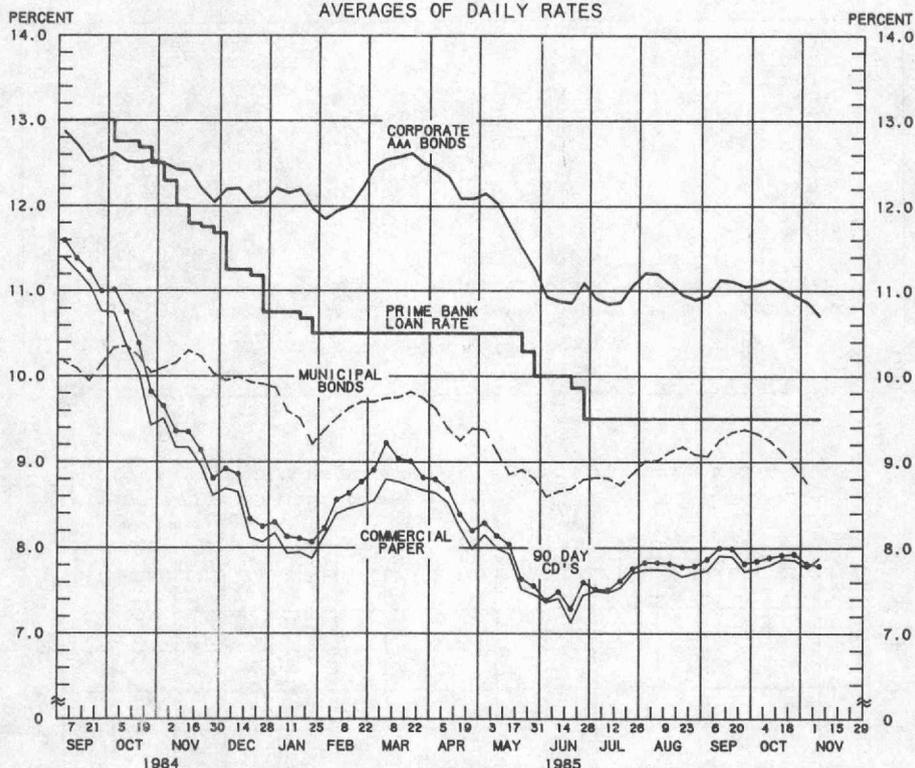
TOTAL CHECKABLE DEPOSITS IS THE SUM OF DEMAND DEPOSITS AND OTHER CHECKABLE DEPOSITS AT ALL DEPOSITORY INSTITUTIONS.

| TOTAL CHECKABLE DEPOSITS   |          |         |         |         |         |        |         |         |  |
|--|----------|---------|---------|---------|---------|--------|---------|---------|--|
| COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING: |          |         |         |         |         |        |         |         |  |
|  | 10/29/84 | 1/28/85 | 3/25/85 | 4/29/85 | 5/27/85 | 7/1/85 | 7/29/85 | 8/26/85 |  |
| TO THE AVERAGE OF FOUR WEEKS ENDING:                             |          |         |         |         |         |        |         |         |  |
| 3/25/85  | 12.8     |         |         |         |         |        |         |         |  |
| 4/29/85  | 11.6     | 10.3    |         |         |         |        |         |         |  |
| 5/27/85  | 12.1     | 11.5    | 10.4    |         |         |        |         |         |  |
| 7/1/85   | 14.1     | 14.9    | 16.2    | 21.9    |         |        |         |         |  |
| 7/29/85  | 13.3     | 13.6    | 14.0    | 17.0    | 17.7    |        |         |         |  |
| 8/26/85  | 14.6     | 15.3    | 16.3    | 19.3    | 20.5    | 16.4   |         |         |  |
| 9/30/85  | 14.8     | 15.5    | 16.3    | 18.7    | 19.4    | 16.5   | 21.1    |         |  |
| 10/28/85   | 12.9     | 13.0    | 13.0    | 14.3    | 14.1    | 10.5   | 11.7    | 5.5     |  |

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## YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES



| 1985 |     | 90 DAY<br>CD'S | 30-DAY<br>COMMERCIAL<br>PAPER | 90-DAY<br>BANKERS*<br>ACCEPTANCES | CORPORATE<br>AAA BONDS | CORPORATE<br>BAA BONDS | MUNICIPAL<br>BONDS ** |
|------|-----|----------------|-------------------------------|-----------------------------------|------------------------|------------------------|-----------------------|
| SEP. | 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  | 7.89           | 7.80                          | 7.82                              | 11.12                  | 12.39                  | 9.25                  |
|      | 18  | 7.92           | 7.87                          | 7.81                              | 11.03                  | 12.38                  | 9.12                  |
|      | 25  | 7.93           | 7.86                          | 7.80                              | 10.94                  | 12.31                  | 8.95                  |
| NOV. | 1   | 7.82           | 7.77                          | 7.71                              | 10.87                  | 12.24                  | 8.76                  |
|      | 8 * | 7.79           | 7.88                          | 7.69                              | 10.71                  | 12.15                  | N.A.                  |
|      | 15  |                |                               |                                   |                        |                        |                       |
|      | 22  |                |                               |                                   |                        |                        |                       |
|      | 29  |                |                               |                                   |                        |                        |                       |

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

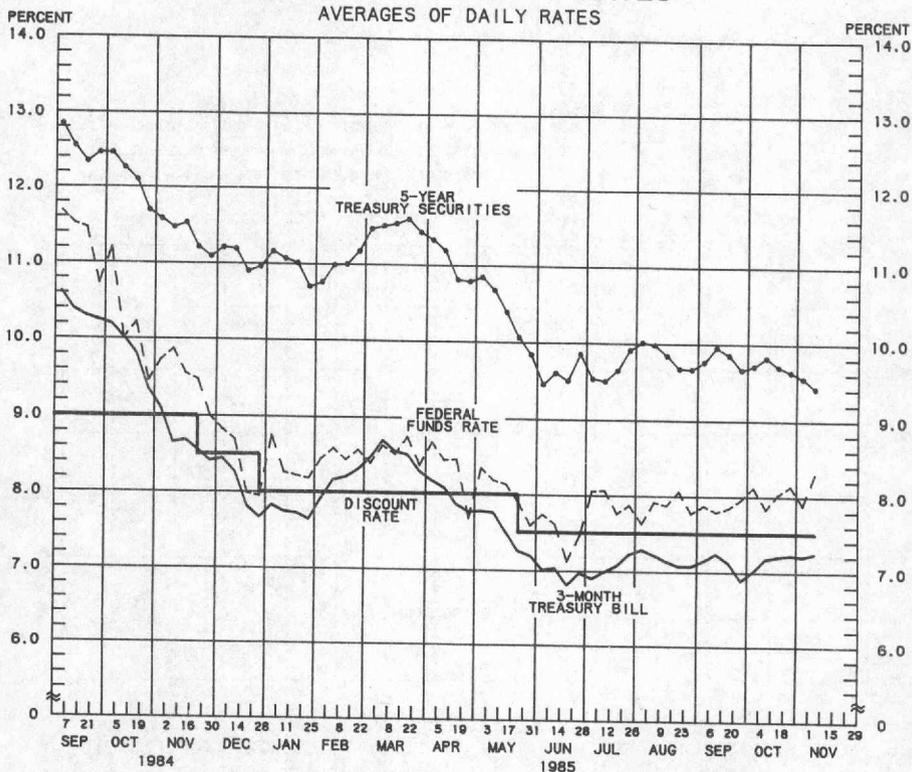
\* AVERAGES OF RATES AVAILABLE

\*\* 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



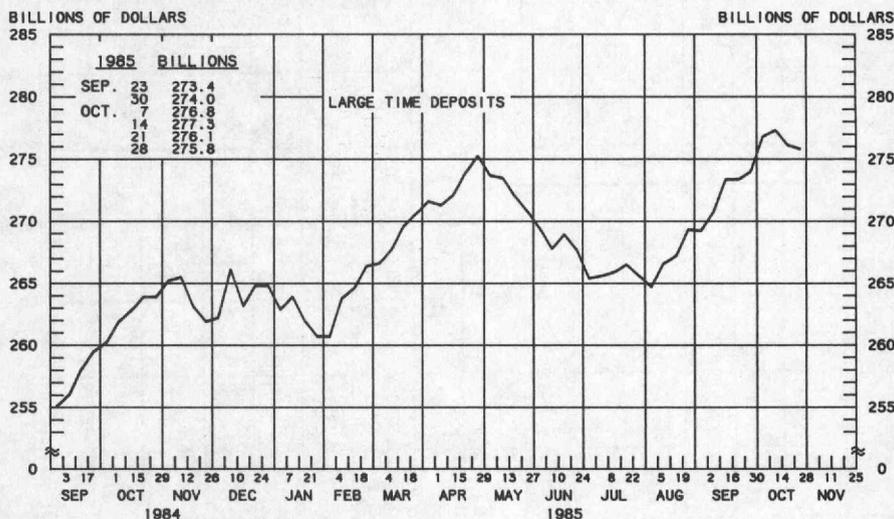
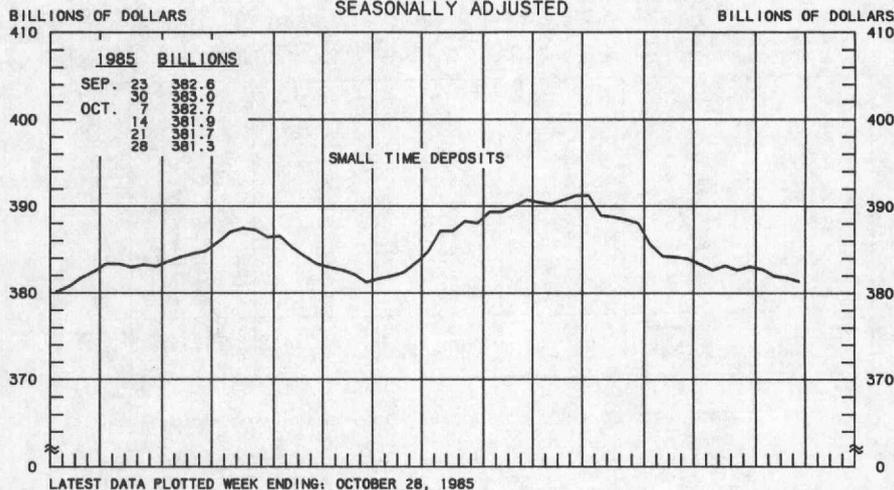
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: NOVEMBER 8, 1985.

| 1985   | FEDERAL FUNDS RATE | 3-MONTH TREASURY BILL | 6-MONTH TREASURY BILL | 1-YEAR TREASURY BILL | 5-YEAR TREASURY SECURITIES | LONG-TERM TREASURY SECURITIES |
|--------|--------------------|-----------------------|-----------------------|----------------------|----------------------------|-------------------------------|
| 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                       | 10.81                         |
| 11     | 7.84               | 7.17                  | 7.32                  | 7.49                 | 9.82                       | 10.67                         |
| 18     | 8.03               | 7.20                  | 7.36                  | 7.44                 | 9.70                       | 10.57                         |
| NOV. 1 | 8.14               | 7.22                  | 7.32                  | 7.47                 | 9.63                       | 10.48                         |
| 8 *    | 7.89               | 7.20                  | 7.37                  | 7.41                 | 9.55                       | 10.33                         |
| 15     | 8.30               | 7.24                  | 7.30                  | 7.38                 | 9.42                       |                               |
| 22     |                    |                       |                       |                      |                            |                               |
| 29     |                    |                       |                       |                      |                            |                               |

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



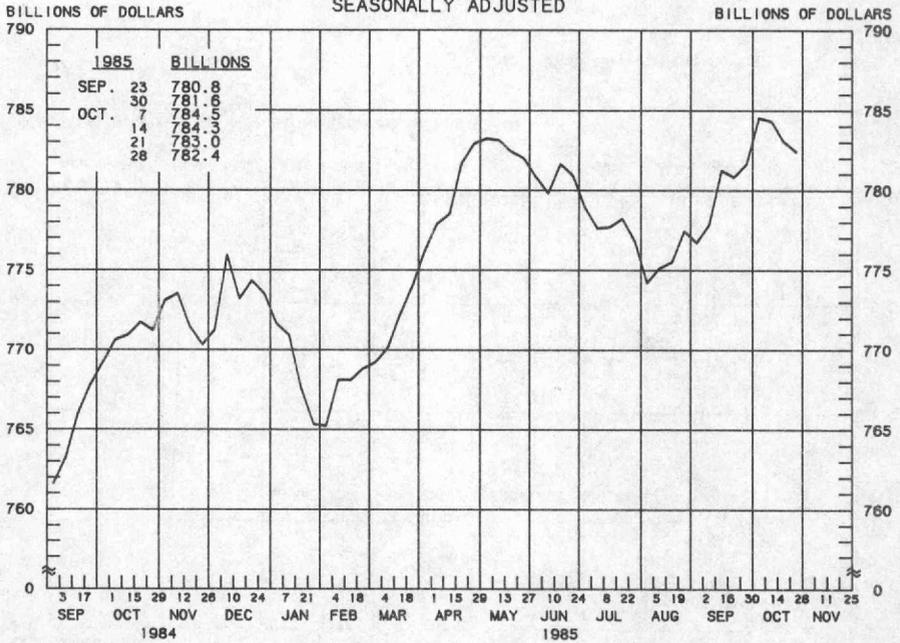
LATEST DATA PLOTTED WEEK ENDING: OCTOBER 28, 1985

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: OCTOBER 28, 1985

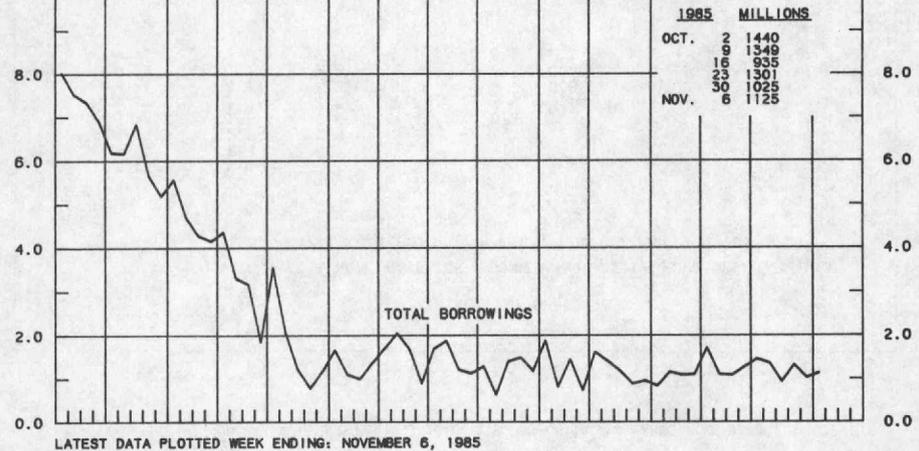
TOTAL TIME IS THE SUM OF SAVINGS DEPOSITS, SMALL TIME DEPOSITS AND LARGE TIME DEPOSITS.

| TOTAL TIME DEPOSITS  |          |         |         |         |         |        |         |         |  |
|--|----------|---------|---------|---------|---------|--------|---------|---------|--|
| COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING: |          |         |         |         |         |        |         |         |  |
| TO THE AVERAGE<br>OF FOUR WEEKS<br>ENDING:                       | 10/29/84 | 1/28/85 | 3/25/85 | 4/29/85 | 5/27/85 | 7/1/85 | 7/29/85 | 8/26/85 |  |
| 3/25/85  | 0.1      |         |         |         |         |        |         |         |  |
| 4/29/85  | 2.4      | 6.1     |         |         |         |        |         |         |  |
| 5/27/85  | 2.6      | 5.6     | 8.8     |         |         |        |         |         |  |
| 7/1/85   | 1.8      | 3.6     | 4.4     | 0.0     |         |        |         |         |  |
| 7/29/85  | 1.1      | 2.3     | 2.3     | -1.4    | -3.7    |        |         |         |  |
| 8/26/85  | 0.7      | 1.5     | 1.3     | -1.8    | -3.6    | -3.9   |         |         |  |
| 9/30/85  | 1.3      | 2.2     | 2.3     | 0.0     | -0.8    | 0.1    | 2.1     |         |  |
| 10/28/85   | 1.6      | 2.6     | 2.7     | 0.8     | 0.3     | 1.3    | 3.1     | 6.1     |  |

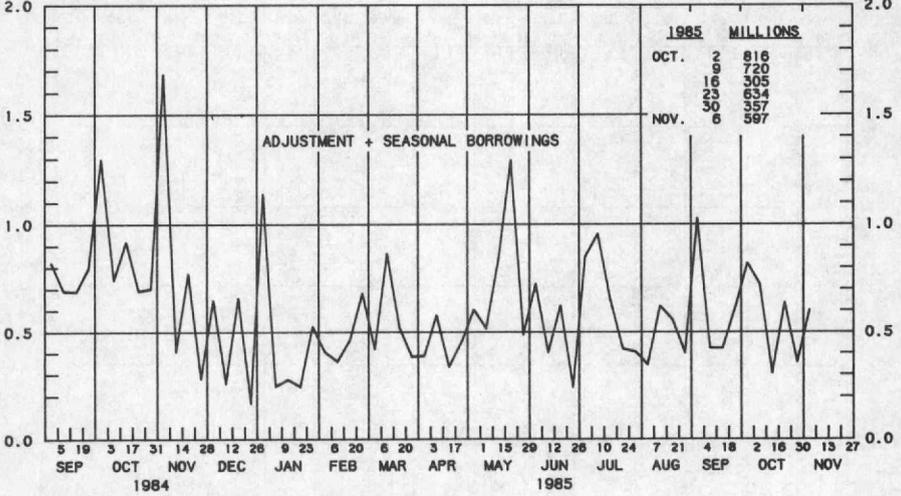
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## BORROWINGS FROM FEDERAL RESERVE BANKS

BILLIONS OF DOLLARS      AVERAGES OF DAILY FIGURES      BILLIONS OF DOLLARS



BILLIONS OF DOLLARS      BILLIONS OF DOLLARS



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## MMDAS, MMMFS AND SUPER NOWS

(BILLIONS OF DOLLARS, NOT SEASONALLY ADJUSTED)

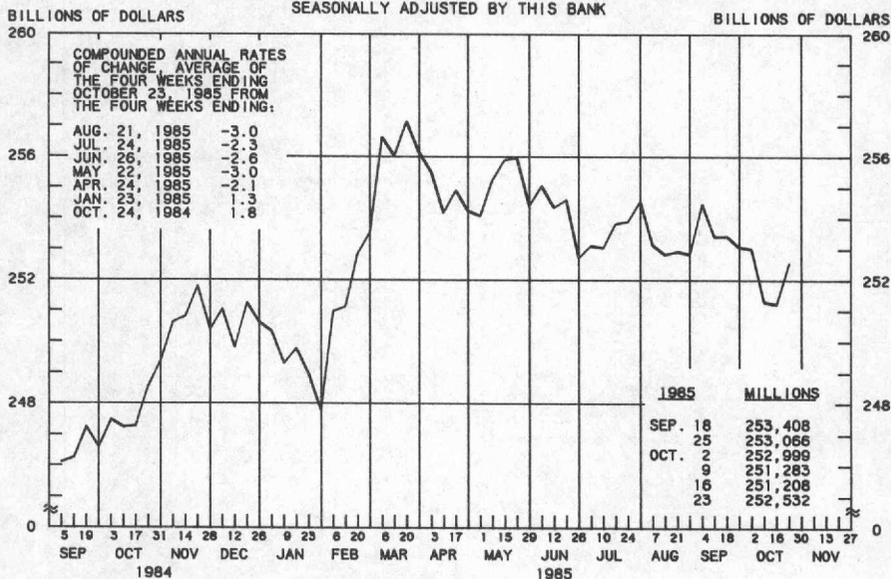
|           |    | MMDAs <sup>1/</sup> | MMMFS <sup>2/</sup> | Super NOWs <sup>3/</sup> |
|-----------|----|---------------------|---------------------|--------------------------|
| September | 2  | \$319.5             | \$239.8             | \$59.1                   |
|           | 9  | 321.3               | 239.1               | 61.1                     |
|           | 16 | 321.9               | 239.0               | 60.5                     |
|           | 23 | 320.5               | 239.0               | 59.2                     |
|           | 30 | 321.1               | 238.4               | 58.7                     |
| October   | 7  | 322.7               | 238.5               | 61.1                     |
|           | 14 | 324.0               | 240.8               | 61.0                     |
|           | 21 | 324.3               | 240.5               | 61.0                     |
|           | 28 | 325.1               | 240.0               | 60.2                     |

<sup>1/</sup> Money market deposit accounts at commercial banks

<sup>2/</sup> Total money market mutual fund balances

<sup>3/</sup> 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 <sup>1/</sup> (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS <sup>2/</sup> SEASONALLY ADJUSTED BY THIS BANK



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

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

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Basis-Point Spread Between the Municipal Bond Rate and  
Rates on Selected Securities

| <u>1985</u> | <u>Corporate<br/>Aaa bonds</u> | <u>Long-term<br/>Treasury securities</u> |
|-------------|--------------------------------|--|
| January     | 257                            | 196                                      |
| June        | 225                            | 179                                      |
| October     | 194                            | 158                                      |