

JAN 13 1986

January 9, 1986

The basic money stock, M1, grew at an 11.7 percent annual rate during 1985. As the table on the back page shows, the growth rates of M1's three major components differed widely. The category of other checkable deposits (OCDs), which consists of checkable deposits that earn interest explicitly, grew by far the most rapidly. Though only 28 percent of M1 is currently held in OCDs, they accounted for roughly half of the overall rate of money growth in 1985.

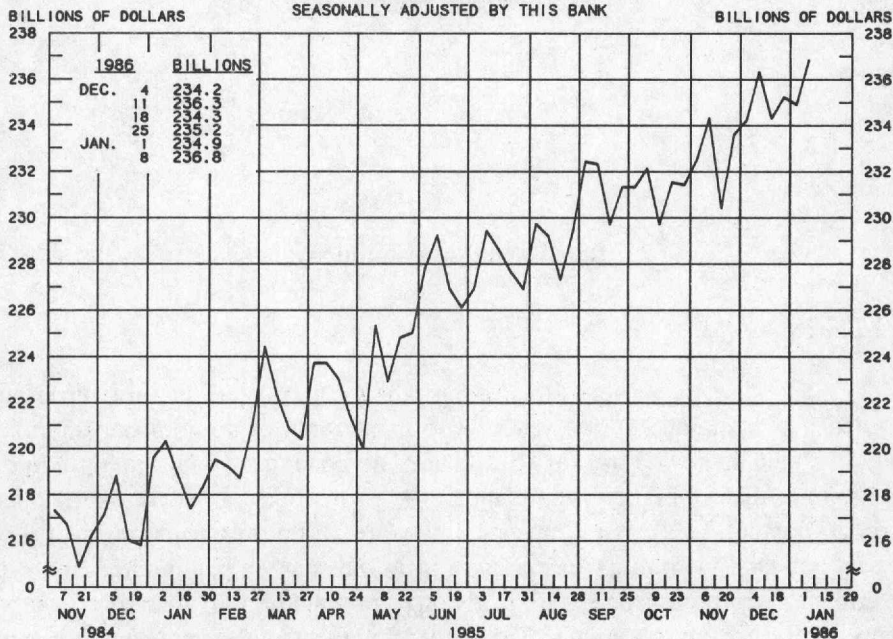
Changes in the growth rates of both OCDs and demand deposits were important contributors to the fluctuations of money growth between the subperiods shown in the table. While currency growth displayed a similar pattern, its variations were small by comparison. The springtime acceleration of M1 growth from a compounded annual rate of 9.5 percent to 16 percent was due largely to the acceleration in the growth of demand deposits. Since demand deposits account for nearly 45 percent of M1, changes in their rate of growth have a comparatively large influence on money growth. On the other hand, the late summer deceleration in the growth of M1 was due in roughly equal parts to the reductions in OCD and demand deposit growth.

—Philip A. Nuetzel

(continued on back page)



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



LATEST DATA PLOTTED WEEK ENDING: JANUARY 8, 1986

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.

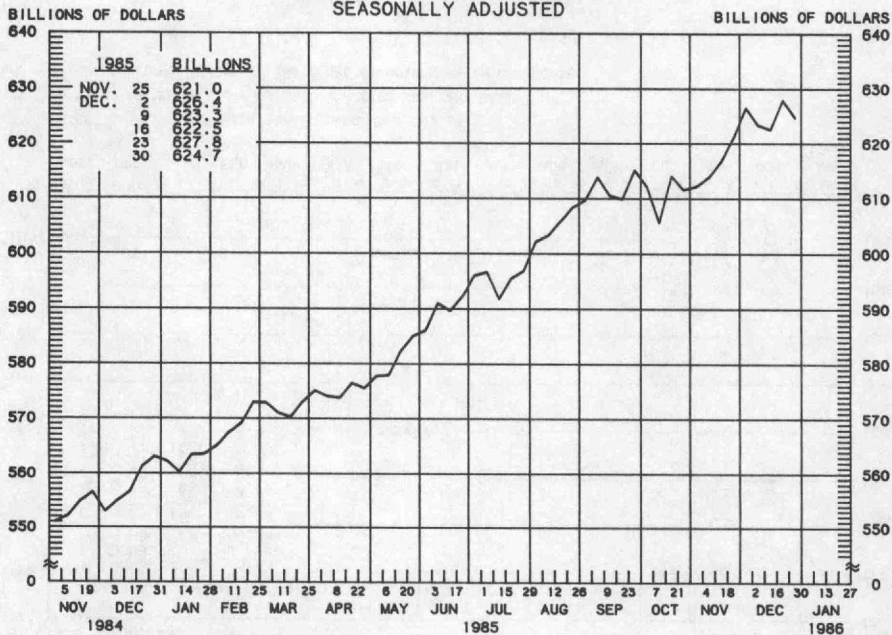
RECENT DATA ARE PRELIMINARY.

ADJUSTED MONETARY BASE
 COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE OF FOUR WEEKS ENDING:	1/9/85	4/10/85	6/5/85	7/10/85	8/7/85	9/11/85	10/9/85	11/6/85
6/ 5/85	8.4							
7/10/85	8.8	9.5						
8/ 7/85	8.3	8.5	8.2					
9/11/85	8.6	8.9	9.0	8.1				
10/ 9/85	8.2	8.2	7.9	6.9	7.6			
11/ 6/85	7.5	7.2	6.6	5.5	5.5	2.6		
12/11/85	7.8	7.7	7.4	6.7	7.0	5.7	6.4	
1/ 8/86	8.0	7.9	7.7	7.2	7.5	6.6	7.5	10.4

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 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.

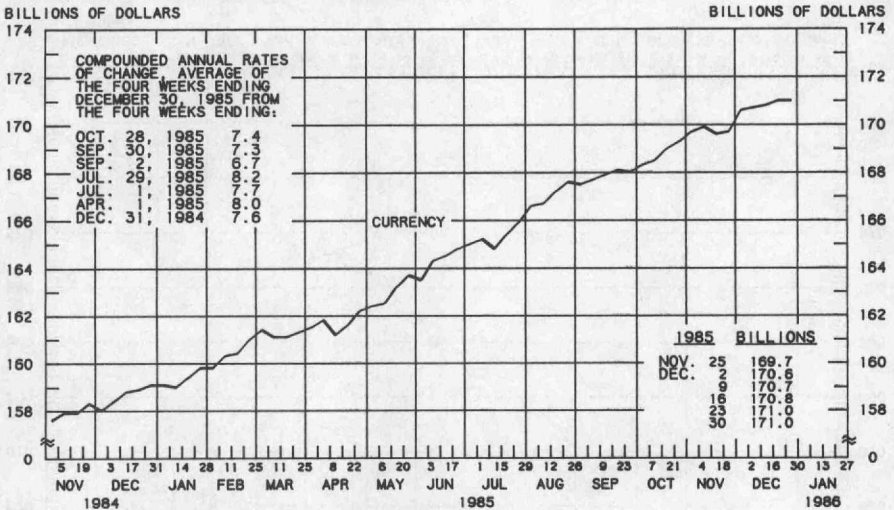
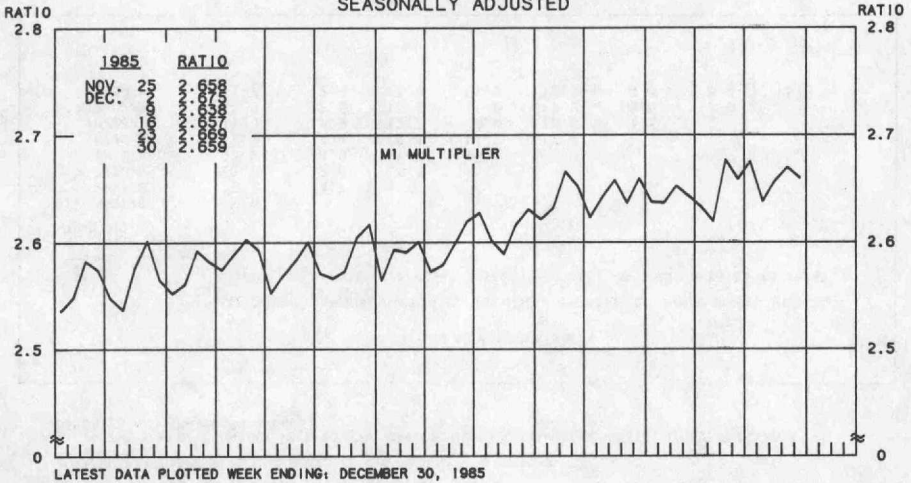
MONEY STOCK (M1)

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

TO THE AVERAGE OF FOUR WEEKS ENDING:	12/31/84	4/1/85	5/27/85	7/1/85	7/29/85	9/2/85	9/30/85	10/28/85
5/27/85		9.9						
7/1/85		12.2	14.7					
7/29/85		11.5	12.8	15.3				
9/2/85		12.9	14.8	17.7	15.0			
9/30/85		12.9	14.4	16.5	14.2	17.7		
10/28/85		11.3	11.9	12.7	9.9	10.9	4.5	
12/2/85		11.8	12.5	13.2	11.2	12.2	8.6	7.0
12/30/85		11.7	12.4	13.0	11.2	12.1	9.3	8.4
								13.8

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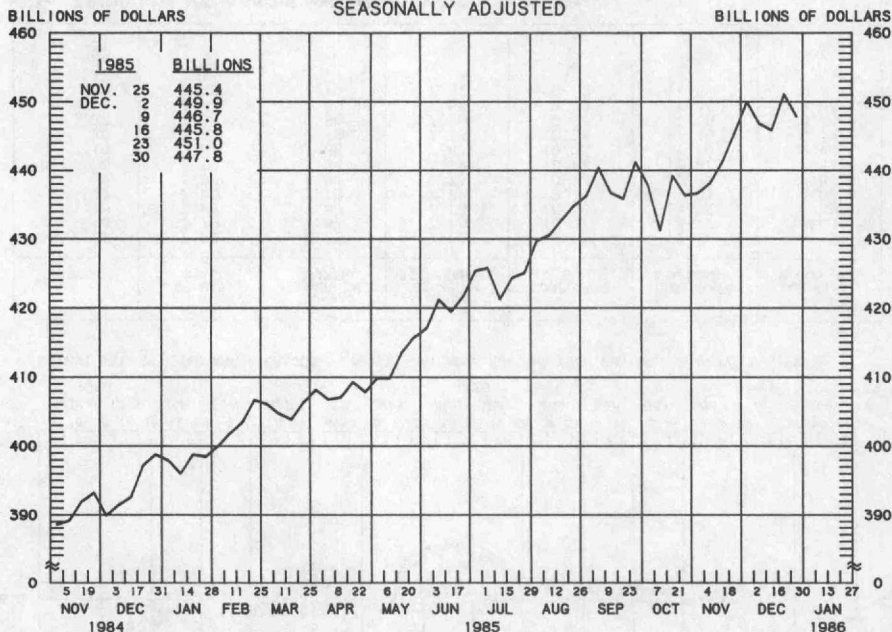
MONEY MULTIPLIER ^{1/} CURRENCY COMPONENT OF MONEY STOCK ^{2/} AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



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

TOTAL CHECKABLE DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: DECEMBER 30, 1985

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

TOTAL CHECKABLE DEPOSITS

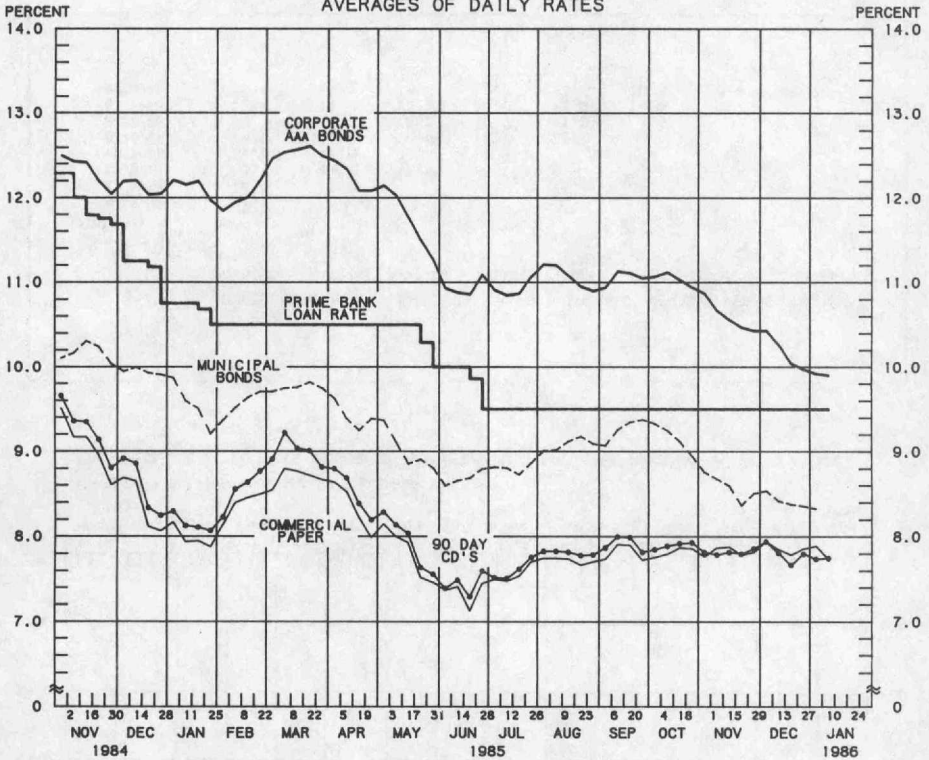
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE OF FOUR WEEKS ENDING:	12/31/84	4/1/85	5/27/85	7/1/85	7/29/85	9/2/85	9/30/85	10/28/85
5/27/85		11.1						
7/1/85		14.1	17.0					
7/29/85		13.1	14.5	17.9				
9/2/85		14.9	17.0	20.7	17.1			
9/30/85		14.9	16.8	19.6	16.7	21.3		
10/28/85		12.7	13.3	14.3	10.7	11.8	3.8	
12/2/85		13.4	14.2	15.2	12.6	13.9	9.5	6.9
12/30/85		13.4	14.1	14.9	12.7	13.7	10.4	8.8
								16.5

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YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 10, 1986.

1986	90 DAY CD'S	30-DAY COMMERCIAL PAPER	90-DAY BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	CORPORATE BAA BONDS	MUNICIPAL BONDS **
NOV. 1	7.82	7.77	7.71	10.87	12.24	8.76
8	7.79	7.87	7.70	10.67	12.12	8.68
15	7.82	7.88	7.73	10.56	12.02	8.60
22	7.80	7.79	7.72	10.47	11.91	8.37
29	7.86	7.82	7.73	10.43	11.85	8.51
DEC. 6	7.94	7.94	7.78	10.43	11.87	8.54
13	7.81	7.85	7.67	10.26	11.70	8.42
20	7.67	7.79	7.56	10.04	11.46	8.38
27	7.80	7.86	7.70	9.97	11.36	8.36
JAN. 3	7.74	7.89	7.65	9.92	11.36	8.33
10 *	7.75	7.74	7.62	9.90	11.33	N.A.
17						
24						
31						

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

* AVERAGES OF RATES AVAILABLE

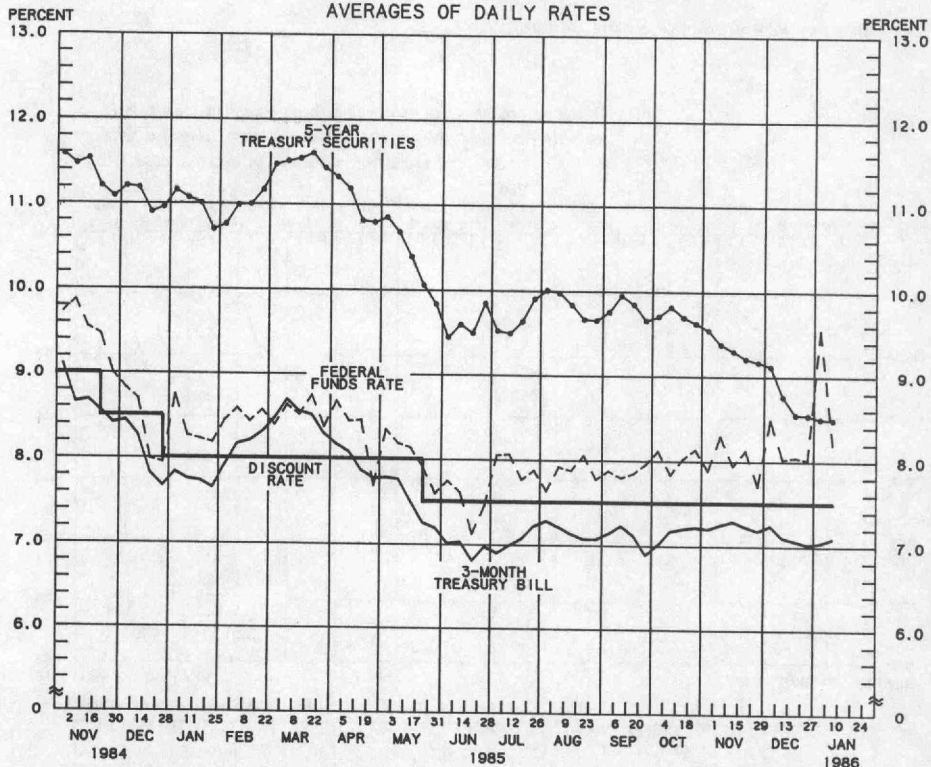
** BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA

N.A. - NOT AVAILABLE

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SELECTED INTEREST RATES

AVERAGES OF DAILY RATES



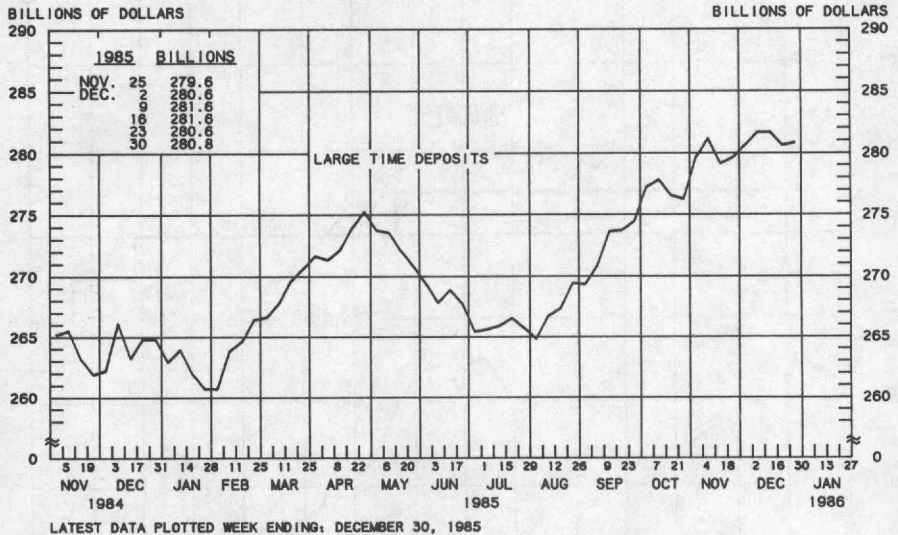
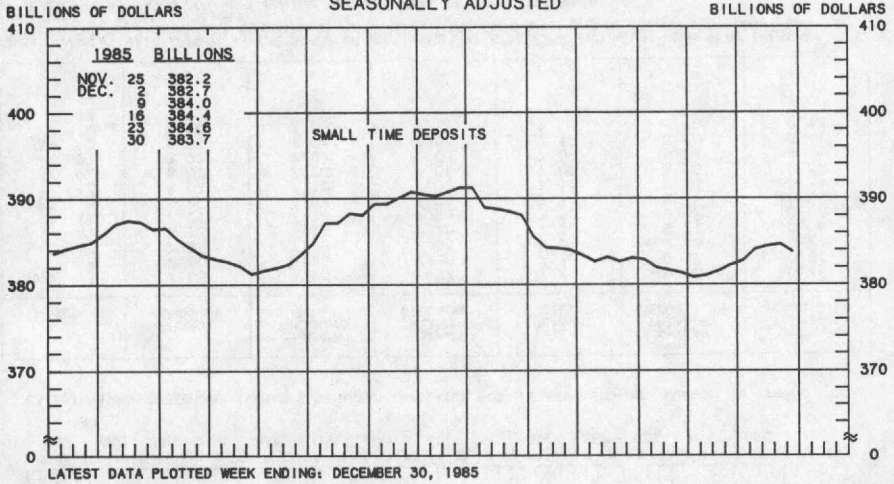
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 10, 1986.

1986	FEDERAL FUNDS ¹ %	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL ² %	1-YEAR TREASURY BILL	5-YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
NOV. 1	7.89	7.20	7.37	7.41	9.55	10.48
8	8.30	7.25	7.30	7.36	9.38	10.31
15	7.95	7.29	7.23	7.34	9.30	10.21
22	8.13	7.23	7.26	7.30	9.21	10.08
29	7.71	7.18	7.26	7.33	9.17	10.06
DEC. 6	8.49	7.24	7.26	7.35	9.12	10.05
13	8.03	7.10	7.02	7.13	8.76	9.74
20	8.05	7.06	7.01	7.07	8.55	9.52
27	8.02	7.02	7.05	7.09	8.54	9.46
JAN. 3	9.55	7.04	7.07	7.12	8.50	9.44
10 ³	8.20	7.09	7.11	7.14	8.49	9.43
17						
24						
31						

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.
¹ AVERAGES OF RATES AVAILABLE
² SEVEN-DAY AVERAGES FOR WEEK ENDING TWO DAYS EARLIER THAN DATE SHOWN
³ AUCTION AVERAGE (DISCOUNT)

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

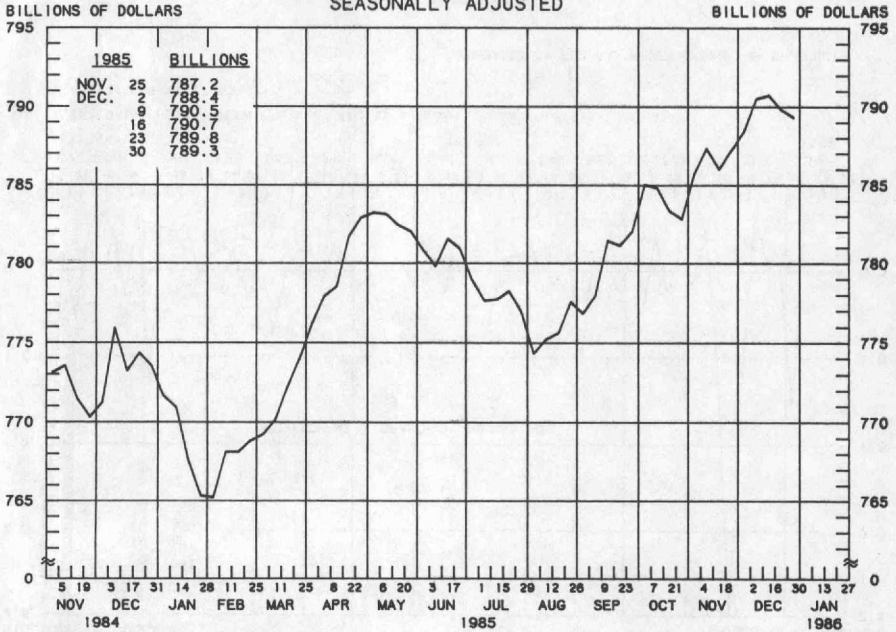


1/ TIME DEPOSITS ISSUED IN DENOMINATIONS OF LESS THAN \$100,000

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



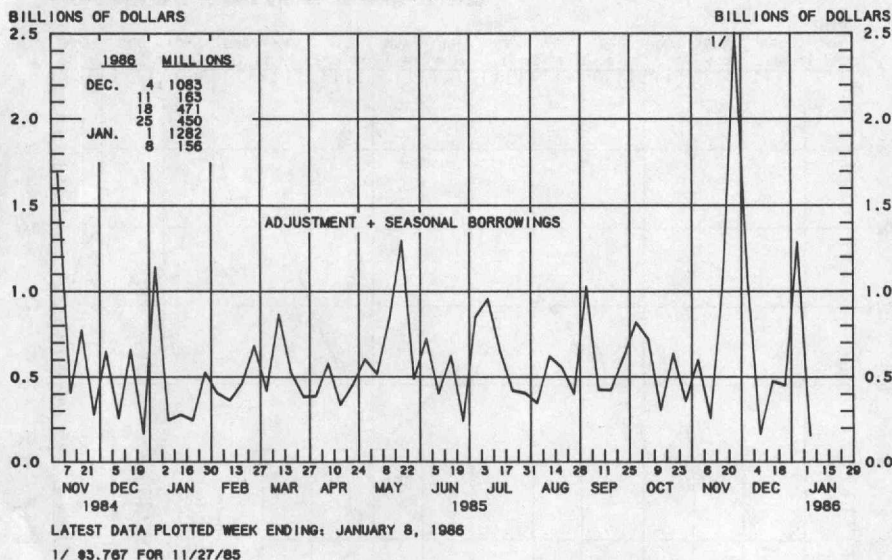
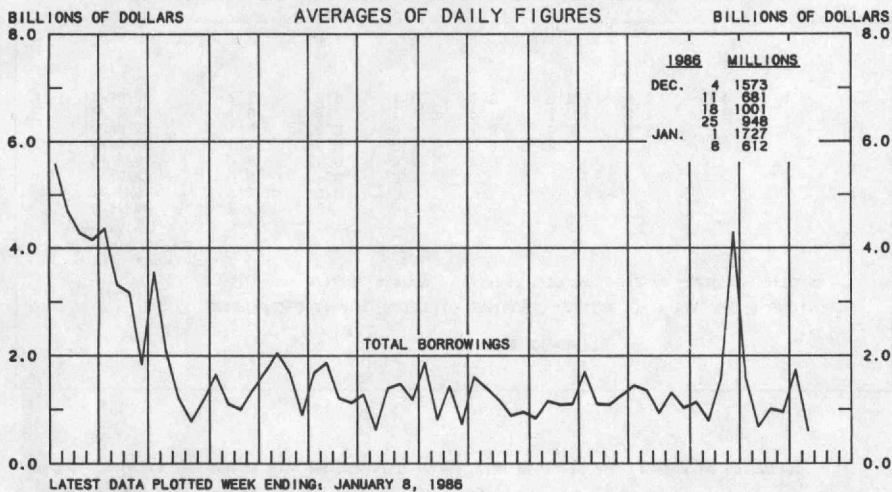
LATEST DATA PLOTTED WEEK ENDING: DECEMBER 30, 1985

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:									
	12/31/84	4/1/85	5/27/85	7/1/85	7/29/85	9/2/85	9/30/85	10/28/85	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
5/27/85	2.7								
7/1/85	1.6	3.8							
7/29/85	0.8	1.8	-3.7						
9/2/85	0.4	1.0	-3.0	-2.9					
9/30/85	1.1	1.9	-0.8	0.2	2.2				
10/28/85	1.5	2.5	0.4	1.5	3.3	6.6			
12/2/85	1.8	2.7	1.1	2.1	3.6	5.7	5.0		
12/30/85	2.1	2.9	1.6	2.5	3.8	5.5	5.0	4.6	

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BORROWINGS FROM FEDERAL RESERVE BANKS



PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

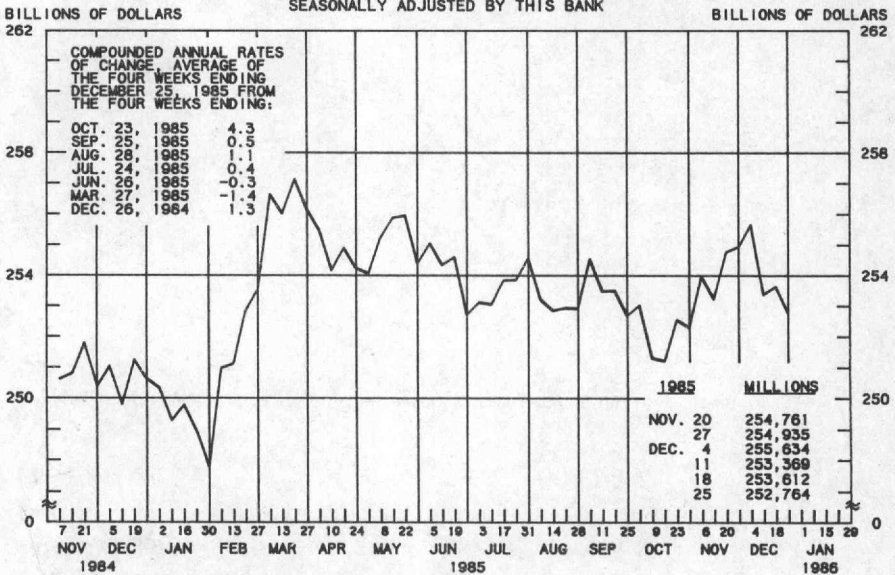
MMDAS, MMFS AND SUPER NOWS

(BILLIONS OF DOLLARS, NOT SEASONALLY ADJUSTED)

		MMDAs 1/	MMFs 2/	Super NOWs 3/
November	4	\$327.0	\$241.2	\$61.7
	11	328.4	240.5	62.5
	18	329.4	239.6	62.5
	25	330.0	242.1	61.9
December	2	330.4	241.0	62.8
	9	331.8	241.0	64.1
	16	332.5	240.6	63.7
	23	332.1	240.6	63.9
	30	332.9	239.4	63.6

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: DECEMBER 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

Growth Rates of M1 and Its Major Components¹
(seasonally adjusted)

Period	M1	Currency	Demand deposits	Other checkable deposits
12/31/84-4/15/85	9.5%	6.0%	5.1%	21.7%
4/15/85-9/9/85	16.0	9.5	13.3	27.2
9/9/85-12/30/85	8.3	6.7	6.1	13.8
12/31/84-12/30/85	11.7	7.6	8.7	21.4

¹Compounded annual growth rates of four-week averages ending on dates shown