



RESEARCH LIBRARY

Federal Reserve Bank
of St. Louis

U.S. Financial Data

January 23, 1986

JAN 27 1986

Interest rates on single-family home mortgages have followed the general downward trend in long-term rates that began early in 1984. From their recent peaks of 14.81 percent and 12.54 percent in July 1984, the average rates on both fixed-rate mortgages (FRMs) and adjustable-rate mortgages (ARMs) have declined, by 317 basis points and 240 basis points, respectively. The relatively larger declines in rates on FRMs has narrowed the rate spread between the two types of mortgage.

Average interest rates on ARMs tend to be lower than those on FRMs because borrowers are taking a risk that the interest rate will adjust upward and their monthly payments will become higher. This possibility leads borrowers to reduce their use of ARMs when the interest rate spread between the two mortgages narrows. As the table on the back page indicates, the ongoing decline in the FRM-ARM rate spread since July 1984 has been associated with a 17 percentage point reduction in the share of the mortgage market held by ARMs.

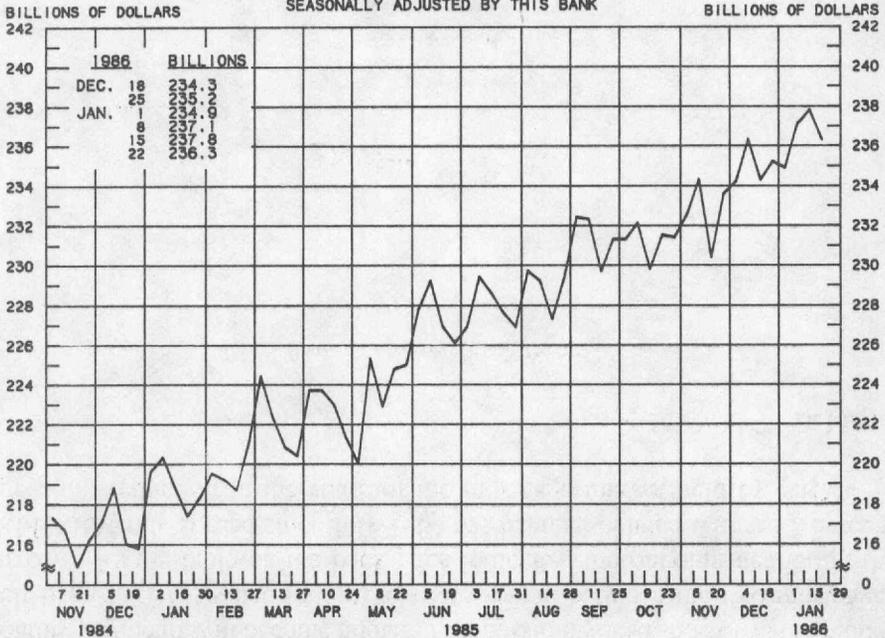
—Michael T. Belongia

(continued on back page)



Views expressed do not necessarily reflect official positions of the Federal Reserve System.

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



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:

	1/23/85	4/24/85	6/19/85	7/24/85	8/21/85	9/25/85	10/23/85	11/20/85
TO THE AVERAGE OF FOUR WEEKS ENDING:								
6/19/85	9.5							
7/24/85	8.5	9.7						
8/21/85	7.5	7.6	2.8					
9/25/85	8.5	9.2	7.0	8.7				
10/23/85	7.5	7.6	5.2	5.5	7.6			
11/20/85	7.3	7.3	5.3	5.6	7.0	2.3		
12/25/85	7.9	8.2	6.7	7.3	8.7	6.4	9.9	
1/22/86	8.0	8.2	7.0	7.5	8.7	6.9	9.5	11.2

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 13, 1986

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.

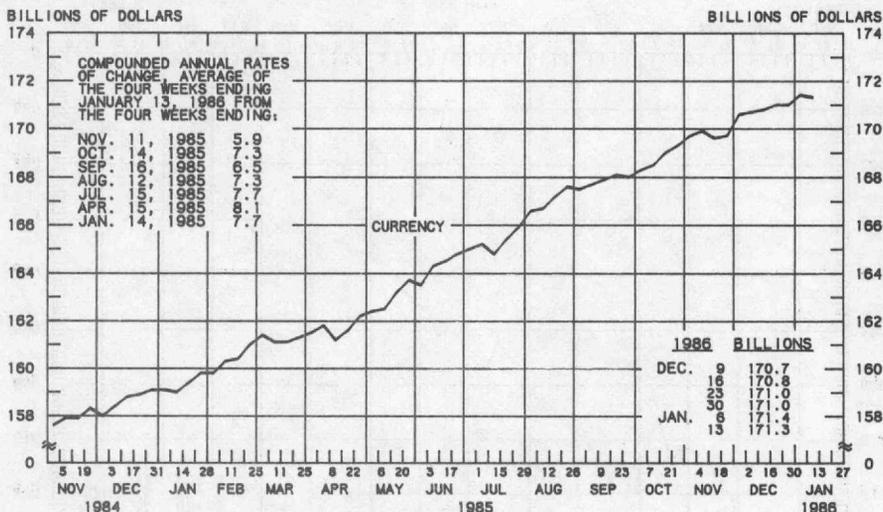
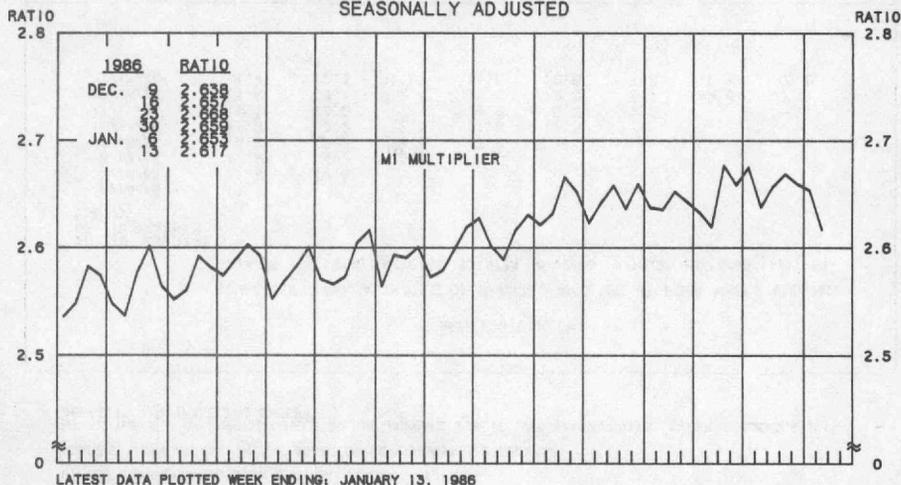
MONEY STOCK (M1)

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

	1/14/85	4/15/85	6/10/85	7/15/85	8/12/85	9/16/85	10/14/85	11/11/85
6/10/85	11.1							
7/15/85	11.9	14.8						
8/12/85	11.9	14.2	13.8					
9/16/85	13.2	15.7	16.4	17.0				
10/14/85	11.8	13.2	12.6	11.6	11.3			
11/11/85	11.1	12.0	11.1	9.9	9.2	2.5		
12/16/85	11.9	13.1	12.6	12.0	12.0	8.7	12.6	
1/13/86	11.4	12.3	11.7	11.0	10.8	7.9	10.4	13.0

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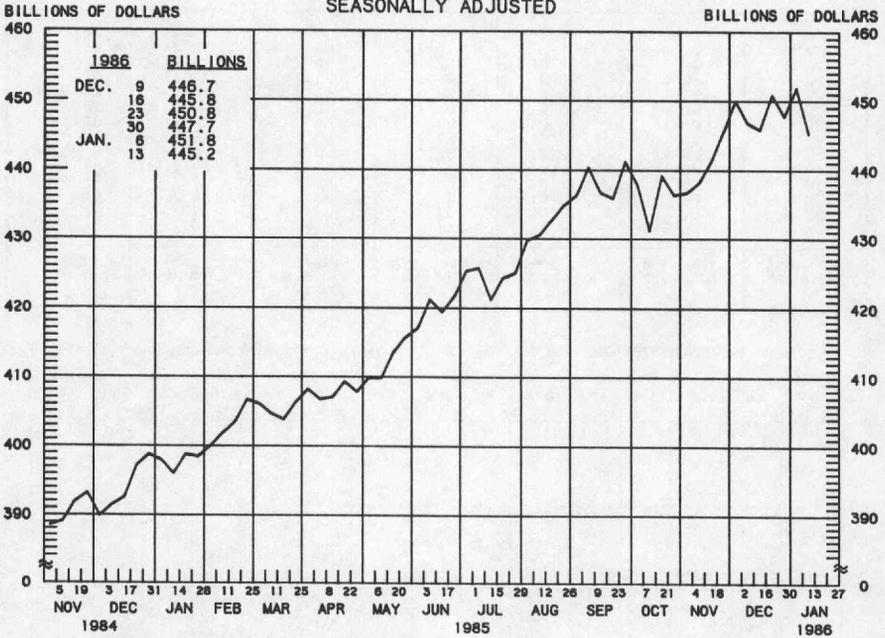
MONEY MULTIPLIER ^{1/}
CURRENCY COMPONENT OF MONEY STOCK ^{2/}
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

TOTAL CHECKABLE DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JANUARY 13, 1986

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

TOTAL CHECKABLE DEPOSITS

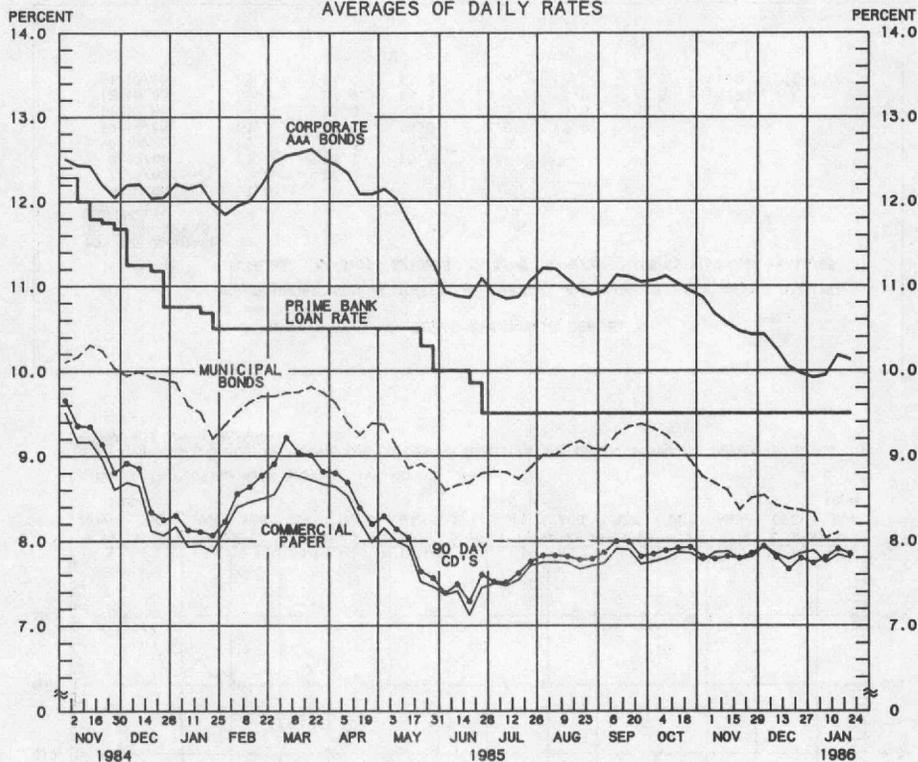
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	1/14/85	4/15/85	6/10/85	7/15/85	8/12/85	9/16/85	10/14/85	11/11/85
TO THE AVERAGE OF FOUR WEEKS ENDING:								
6/10/85	12.5							
7/15/85	13.5	17.2						
8/12/85	13.4	16.1	15.6					
9/16/85	15.1	18.3	19.2	19.9				
10/14/85	13.3	15.0	14.3	12.9	12.9			
11/11/85	12.3	13.3	12.1	10.5	9.8	0.7		
12/18/85	13.6	14.9	14.4	13.6	13.8	9.5	14.7	
1/13/86	12.9	14.0	13.3	12.4	12.3	8.6	11.9	16.0

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 24, 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	10.05	11.43	8.36
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	7.81	7.75	7.66	9.95	11.37	8.04
17	7.91	7.84	7.72	10.18	11.48	8.10
24 *	7.85	7.80	7.61	10.13	11.46	N.A.
31						

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

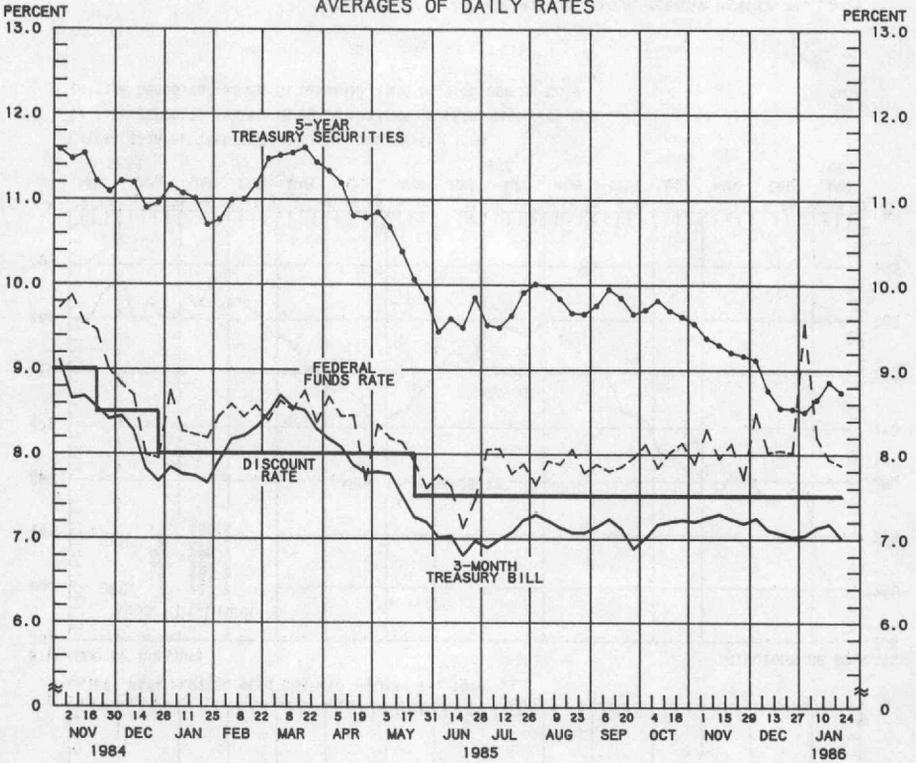
* AVERAGES OF RATES AVAILABLE

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

N.A. - NOT AVAILABLE

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED INTEREST RATES AVERAGES OF DAILY RATES



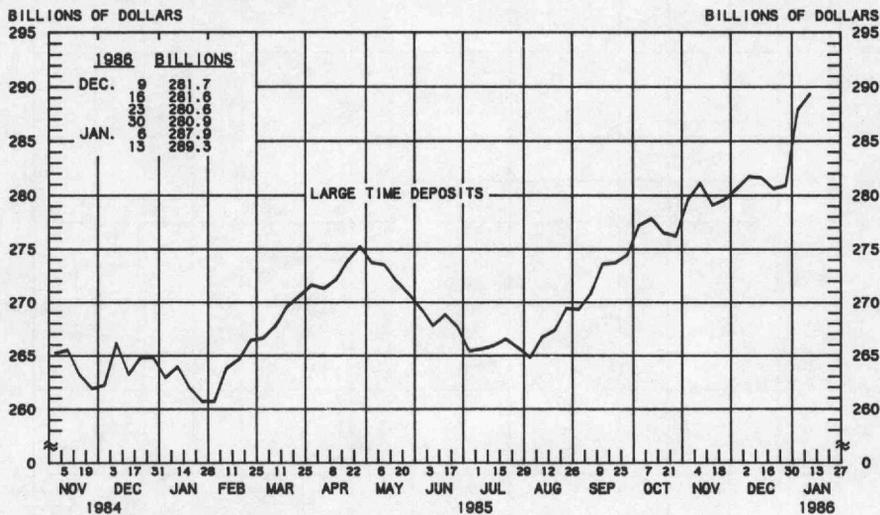
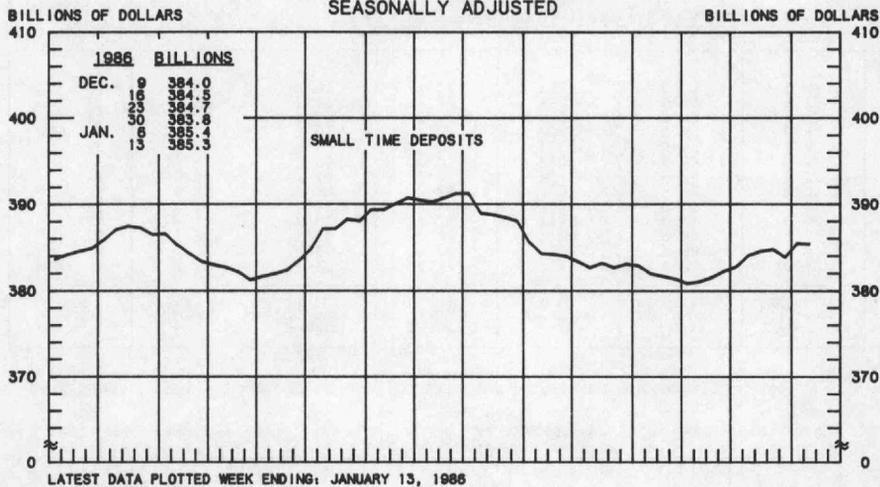
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 24, 1986.

1986	FEDERAL FUNDS ^{***}	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL ^{***}	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	8.20	7.13	7.11	7.21	8.65	9.53
17	7.94	7.17	7.28	7.32	8.86	9.72
24 ^{**}	7.87	7.01	7.14	7.24	8.74	9.67
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.
^{**} AVERAGES OF RATES AVAILABLE
^{***} SEVEN-DAY AVERAGES FOR WEEK ENDING TWO DAYS EARLIER THAN DATE SHOWN
^{****} AUCTION AVERAGE (DISCOUNT)

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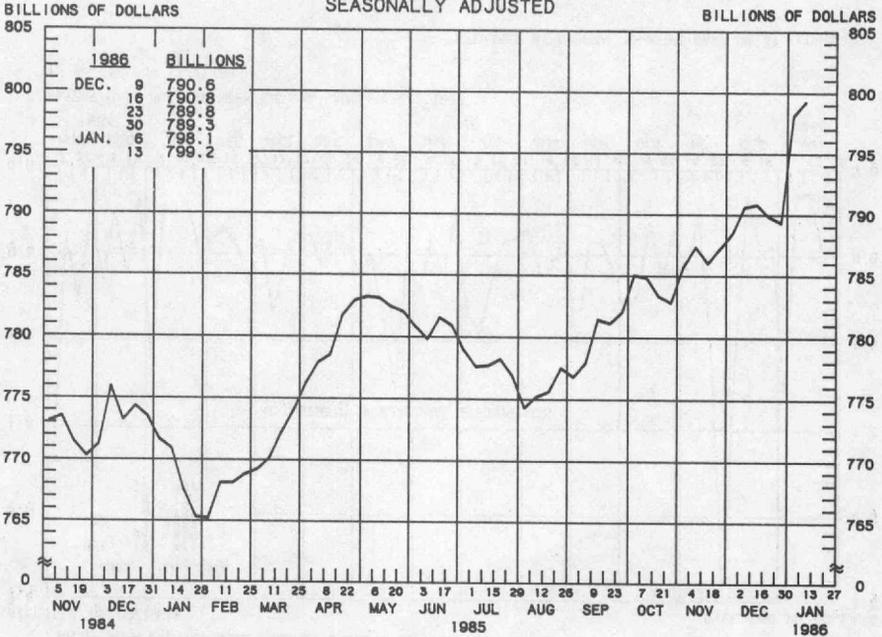
COMMERCIAL BANK
SMALL TIME DEPOSITS 1/
LARGE TIME DEPOSITS 2/
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



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

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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



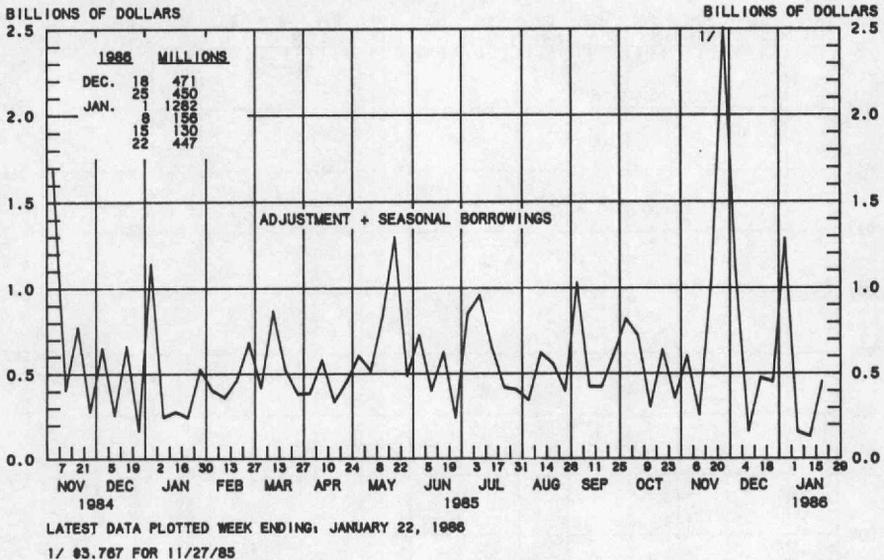
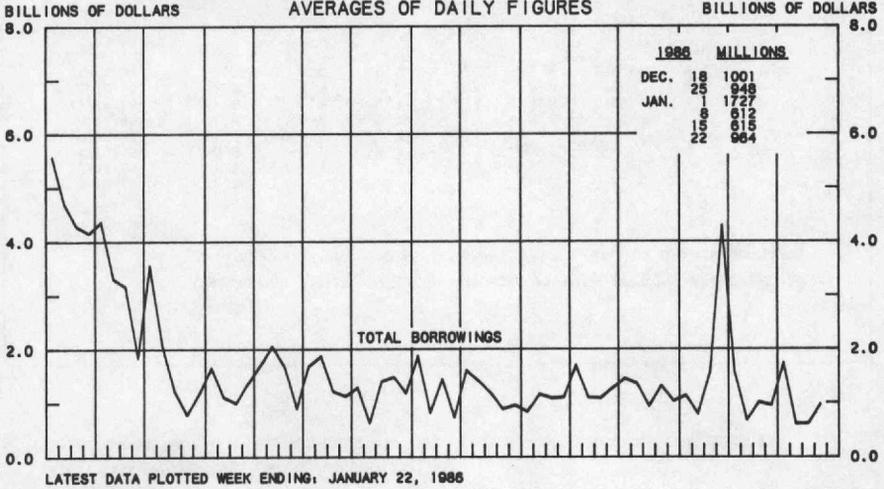
LATEST DATA PLOTTED WEEK ENDING: JANUARY 13, 1985

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:									
	1/14/85	4/15/85	6/10/85	7/15/85	8/12/85	9/16/85	10/14/85	11/11/85	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
6/10/85		2.8							
7/15/85		1.6	1.1						
8/12/85		0.8	-0.2	-3.7					
9/16/85		1.1	0.5	-1.4	-0.3				
10/14/85		1.8	1.7	0.7	2.3	5.3			
11/11/85		1.9	1.8	1.1	2.4	4.5	5.5		
12/16/85		2.3	2.4	2.0	3.2	5.0	5.7	4.6	
1/13/86		2.8	3.0	2.8	4.0	5.5	6.3	5.7	7.0

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS



PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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

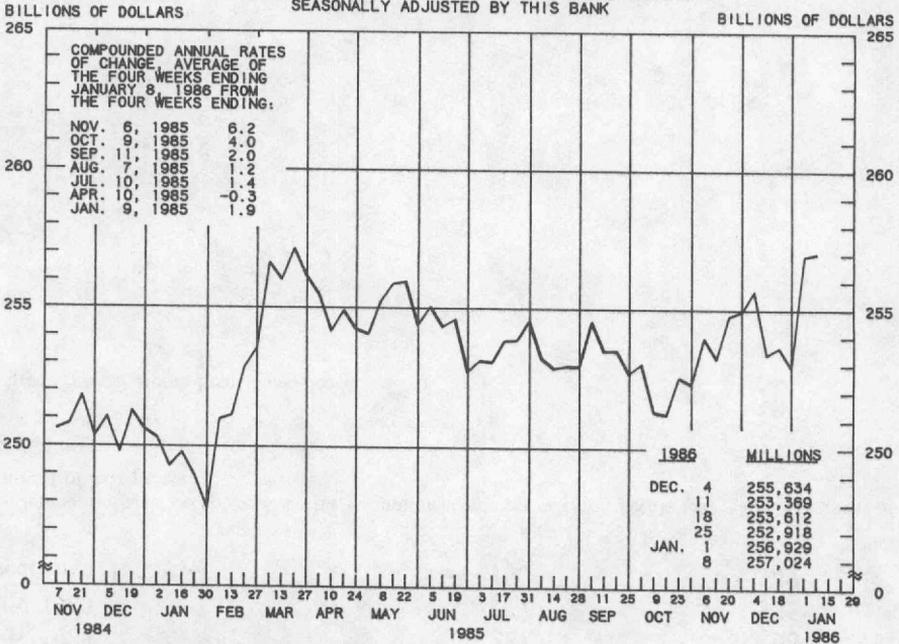
		MMDAs 1/	MMMFs 2/	Super NOWs 3/	
November	18	\$329.4	\$239.6	\$62.5	
	25	330.0	242.1	61.9	
	December	2	330.4	241.0	62.8
		9	331.8	241.0	64.1
		16	332.6	240.6	63.8
January	23	332.1	240.6	63.8	
	30	332.9	239.3	63.6	
	6	336.9	236.6	66.5	
	13	337.4	243.1	66.6	

1/ Money market deposit accounts at commercial banks

2/ Total money market mutual fund balances

3/ NOW accounts at all depository institutions eligible to earn more than 5.25 percent

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



LATEST DATA PLOTTED WEEK ENDING: JANUARY 8, 1986

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

Spread Between Rates on FRMs and ARMs and the ARM Share of New Mortgages

Date	Spread ¹	ARMs as percent of total new mortgages
July 1984	227	66%
July 1985	177	53
December 1985 ²	150	49

¹Difference in basis points between the commitment interest rates on FRMs and ARMs for loans at 90 percent of sale prices

²Preliminary.

Source: Federal Home Loan Bank Board