

RESEARCH LIBRARY

Federal Reserve Bank

of St. Louis
U.S. Financial Data

APR 15 1986

April 10, 1986

From their peaks of 14.81 percent and 12.54 percent in July 1984, the average interest rates on both fixed-rate mortgages (FRMs) and adjustable-rate mortgages (ARMs) have declined, by 429 basis points and 293 basis points, respectively. This decline has narrowed the rate spread between the two types of mortgages.

Interest rates on ARMs tend to be lower than those on FRMs because ARMs shift the risk of interest rate variation from lender to borrower. Borrowers are more willing to accept this risk when the spread between the two types of mortgages is large, but they reduce their use of ARMs when the spread narrows. As the table on the back page indicates, the FRM-ARM rate spread declined from an average level of 197 basis points in 1984 to 91 basis points in March 1986. This has been accompanied by a 30 percentage-point reduction in the ARM share of the mortgage market.

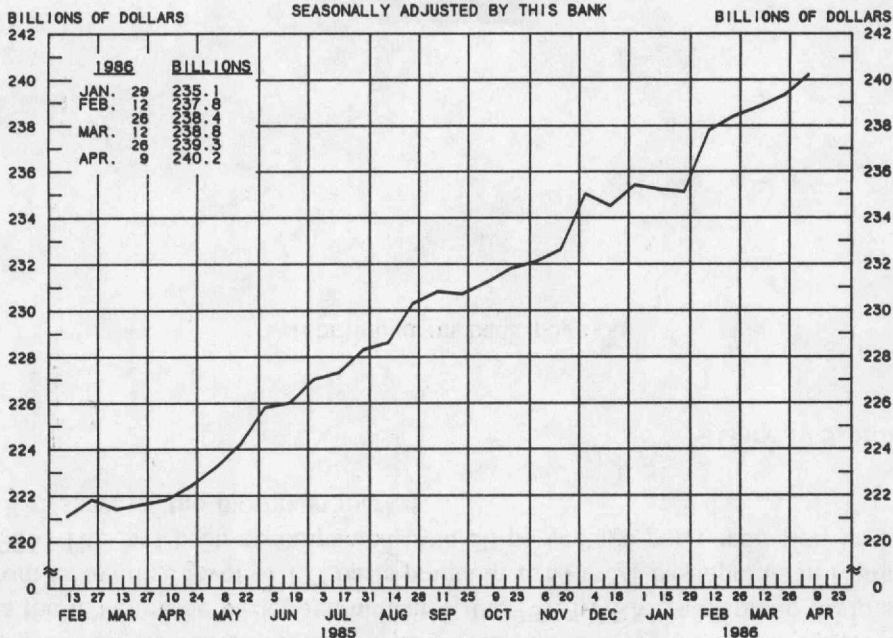
—Gary J. Santoni

(continued on back page)



ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



LATEST PLOTTED RESERVE MAINTENANCE PERIOD ENDING: APRIL 9, 1986

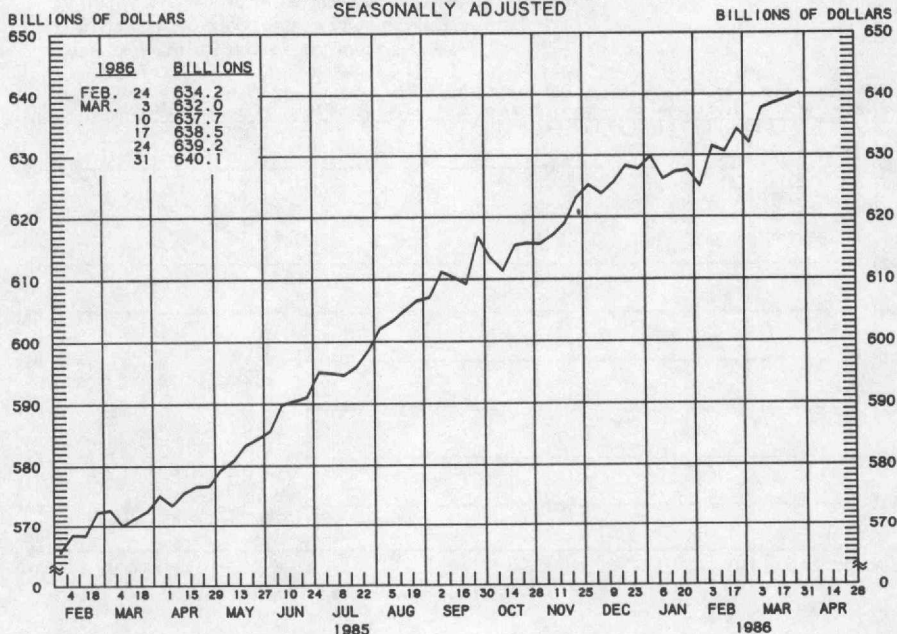
THE ADJUSTED MONETARY BASE IS THE SUM OF RESERVE ACCOUNTS OF FINANCIAL INSTITUTIONS AT FEDERAL RESERVE BANKS, CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF ALL DEPOSITORY INSTITUTIONS) AND AN ADJUSTMENT FOR RESERVE REQUIREMENT RATIO CHANGES. THE MAJOR SOURCE OF THE ADJUSTED 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 TWO MAINTENANCE PERIODS ENDING:									
	4/10/85	7/3/85	9/11/85	10/9/85	11/6/85	12/4/85	1/15/86	2/12/86	
TO THE AVERAGE OF TWO MAINTENANCE PERIODS ENDING:									
9/11/85	9.7								
10/ 9/85	8.6	7.6							
11/ 6/85	8.2	7.2	4.0						
12/ 4/85	8.5	7.8	6.2	8.1					
1/15/86	8.0	7.3	6.0	7.1	7.6				
2/12/86	7.9	7.3	6.2	7.0	7.4	6.2			
3/12/86	8.3	7.8	7.1	8.0	8.4	7.8	9.5		
4/ 9/86	8.2	7.7	7.0	7.8	8.1	7.6	8.6	9.4	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MARCH 31, 1986

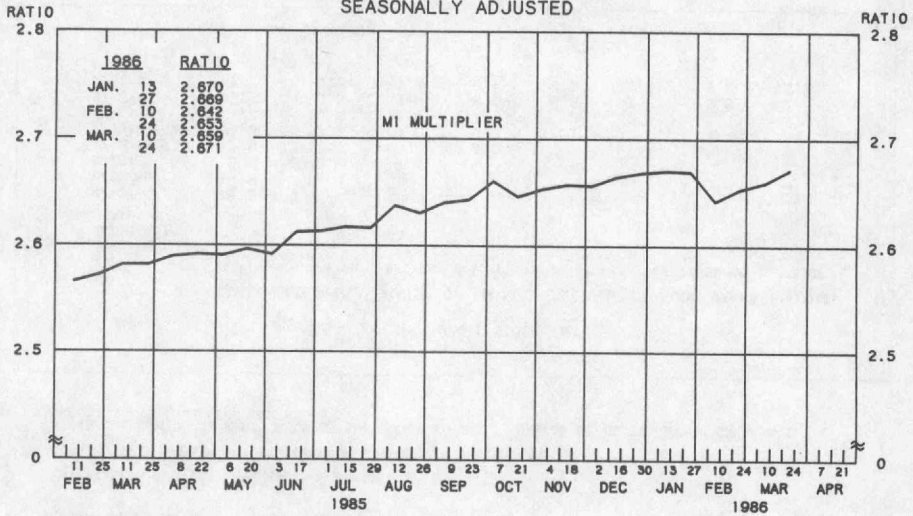
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

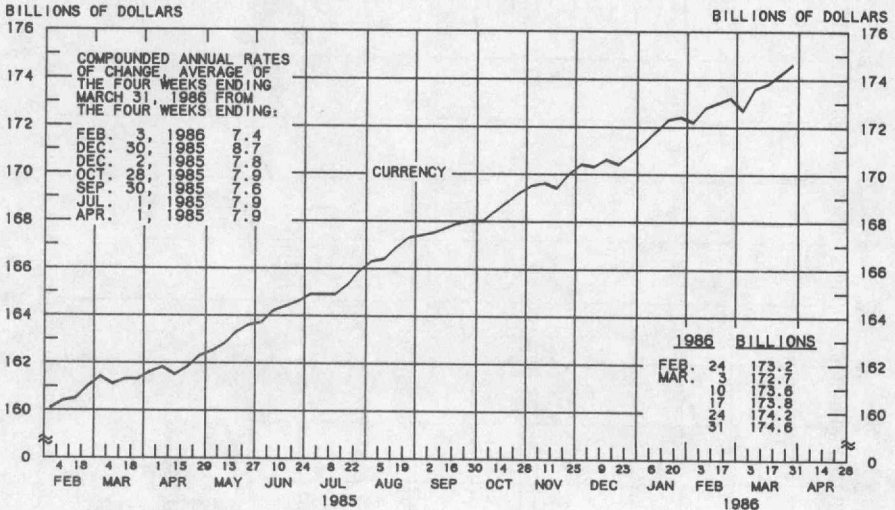
MONEY STOCK (M1)								
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:								
	4/1/85	7/1/85	9/2/85	9/30/85	10/28/85	12/2/85	12/30/85	2/3/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
9/ 2/85	14.3							
9/30/85	14.3	14.4						
10/28/85	13.0	12.0	9.5					
12/ 2/85	12.9	12.1	10.7	9.0				
12/30/85	12.8	12.1	10.9	9.8	12.2			
2/ 3/86	11.3	10.1	8.4	7.1	7.8	5.1		
3/ 3/86	11.4	10.3	9.0	8.0	8.8	7.3	5.5	
3/31/86	11.7	10.8	9.8	9.1	9.9	9.1	8.3	13.7

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



LATEST DATA PLOTTED TWO WEEKS ENDING: MARCH 24, 1986



LATEST DATA PLOTTED WEEK ENDING: MARCH 31, 1986

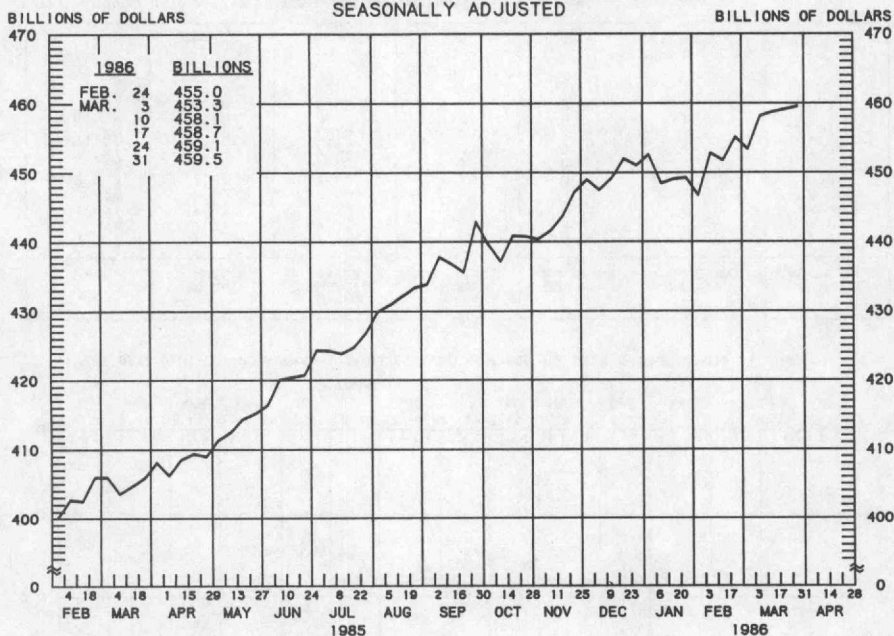
1/ RATIO OF MONEY STOCK (M1) TO ADJUSTED MONETARY BASE

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: MARCH 31, 1986

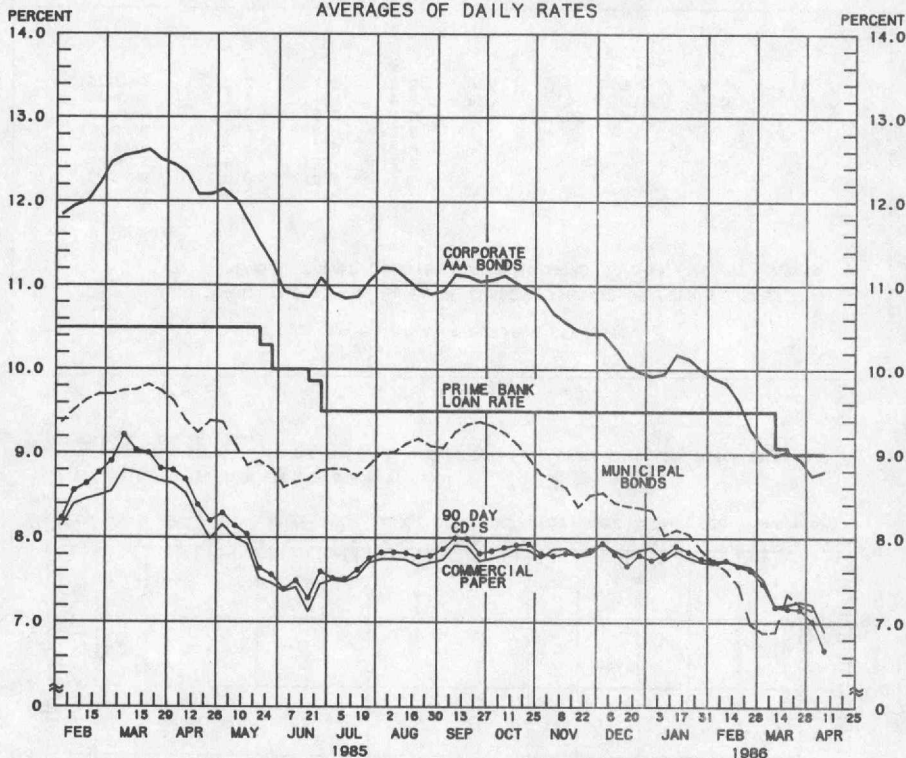
TOTAL CHECKABLE DEPOSITS IS THE SUM OF DEMAND DEPOSITS AND OTHER CHECKABLE DEPOSITS AT ALL DEPOSITORY INSTITUTIONS.

TOTAL CHECKABLE DEPOSITS									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	4/1/85	7/1/85	9/2/85	9/30/85	10/28/85	12/2/85	12/30/85	2/3/86	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
9/ 2/85	16.5								
9/30/85	16.8	16.9							
10/28/85	15.0	13.7	11.0						
12/ 2/85	14.9	13.9	12.4						
12/30/85	14.9	14.0	12.8	9.7	14.5				
2/ 3/86	12.6	10.9	8.9	6.8	7.6	4.0			
3/ 3/86	12.8	11.4	9.8	8.3	9.3	7.3	4.3		
3/31/86	13.2	12.0	10.8	9.7	10.7	9.6	8.2	16.4	

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YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: APRIL 11, 1986.

1986	90 DAY CD'S	30-DAY COMMERCIAL PAPER	90-DAY BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	CORPORATE BAA BONDS	MUNICIPAL BONDS ^{***}
FEB. 7	7.73	7.70	7.59	9.90	11.29	7.73
14	7.74	7.73	7.62	9.84	11.25	7.62
21	7.67	7.69	7.52	9.64	11.10	7.44
28	7.62	7.66	7.52	9.29	10.82	6.98
MAR. 7	7.46	7.52	7.29	9.08	10.59	6.88
14	7.19	7.20	7.08	8.98	10.50	6.89
21	7.17	7.22	7.05	8.03	10.50	7.34
28	7.16	7.25	7.03	8.94	10.42	7.21
APR. 4	7.02	7.22	6.82	8.74	10.28	7.15
11 ^{**}	6.68	6.90	6.52	8.79	10.27	N.A.
18						
25						

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

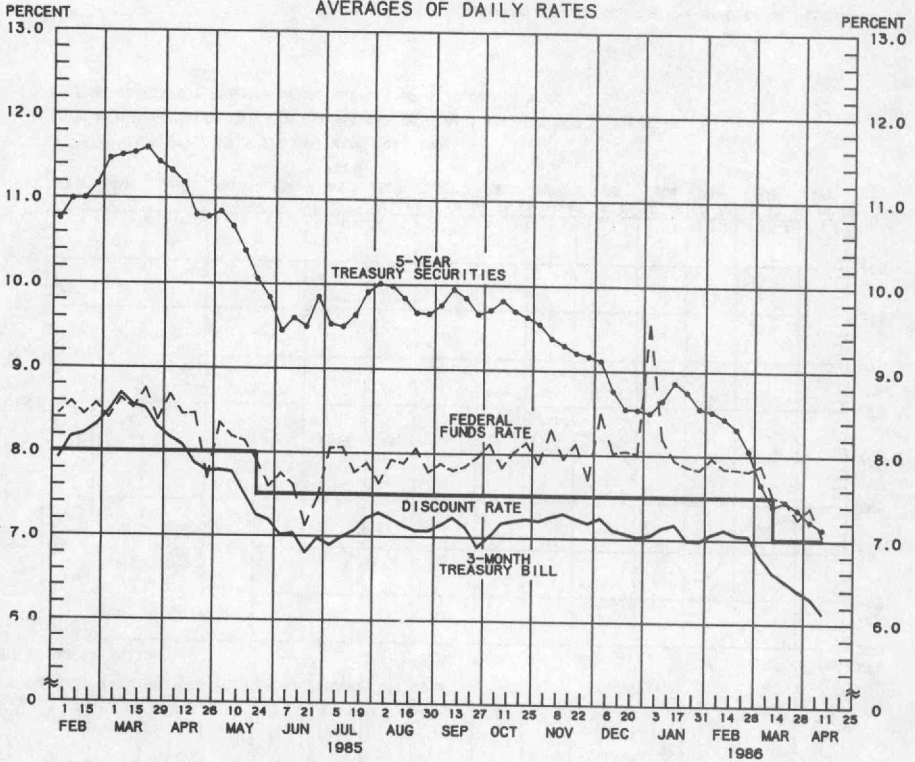
^{**} AVERAGES OF RATES AVAILABLE

^{***} 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



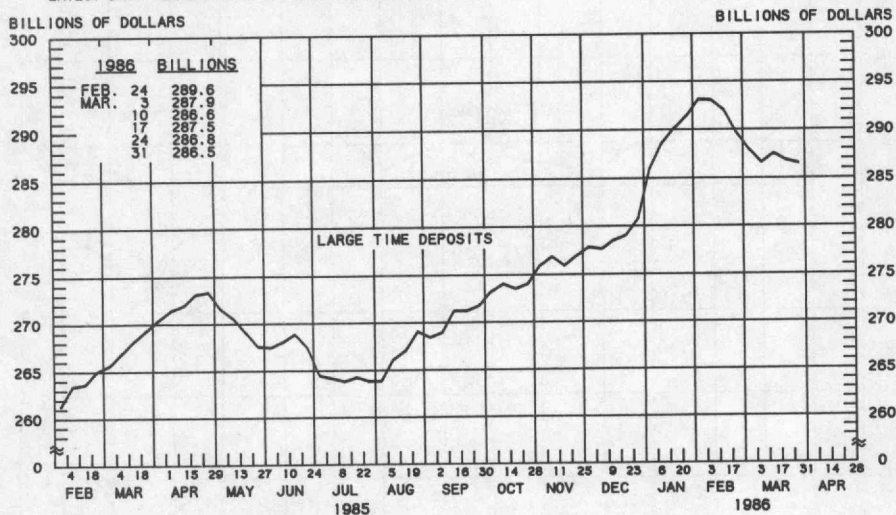
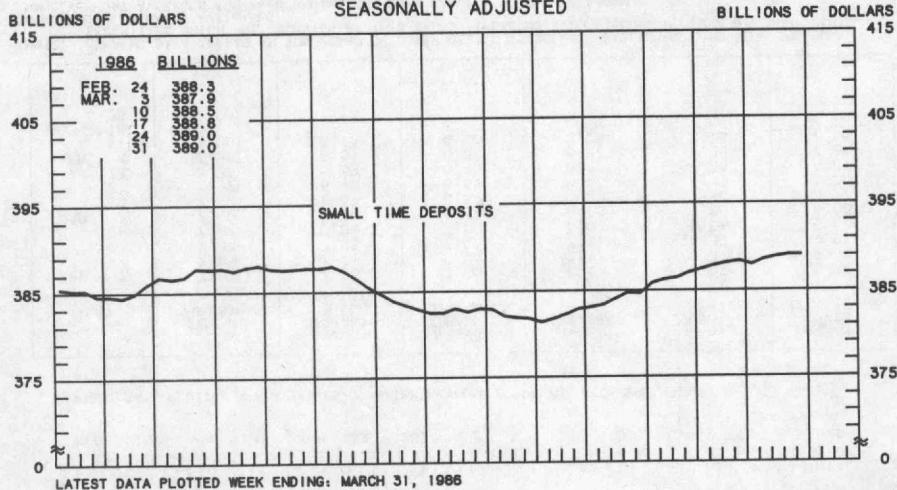
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: APRIL 11, 1986.

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
FEB. 7	7.97	7.06	7.06	7.12	8.52	9.46
14	7.85	7.11	7.23	7.17	8.44	9.34
21	7.84	7.05	7.03	7.11	8.32	9.07
28	7.82	7.04	7.00	7.02	8.06	8.62
MAR. 7	7.89	6.79	6.87	6.76	7.66	8.35
14	7.52	6.59	6.54	6.59	7.40	8.17
21	7.47	6.49	6.55	6.57	7.46	8.20
28	7.25	6.39	6.43	6.46	7.36	8.01
APR. 4	7.39	6.31	6.32	6.27	7.22	7.66
11 * ³	7.05	6.13	6.17	6.08	7.13	7.66
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.
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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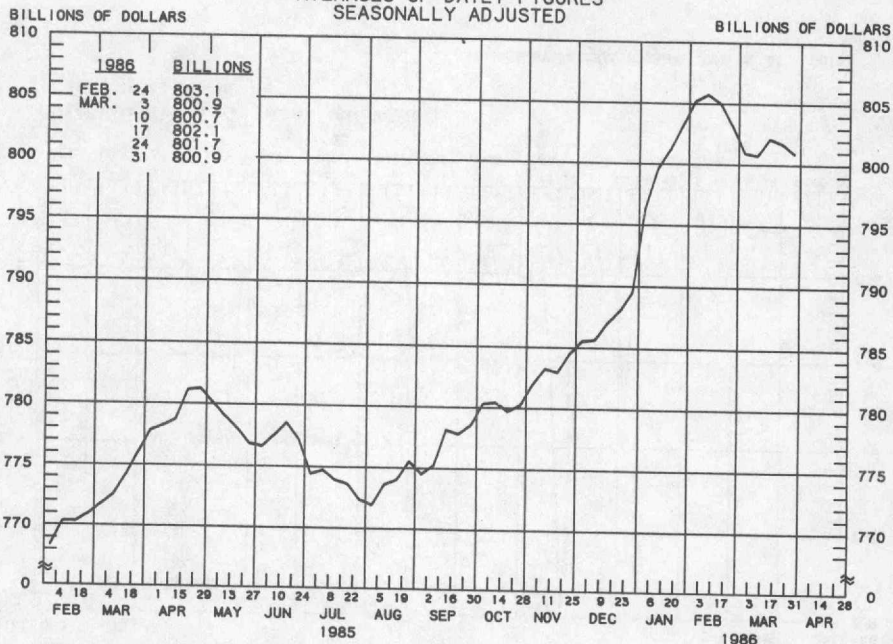
COMMERCIAL BANK
 SMALL TIME DEPOSITS 1/
 LARGE TIME DEPOSITS 2/
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

COMMERCIAL BANK TOTAL TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MARCH 31, 1986

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

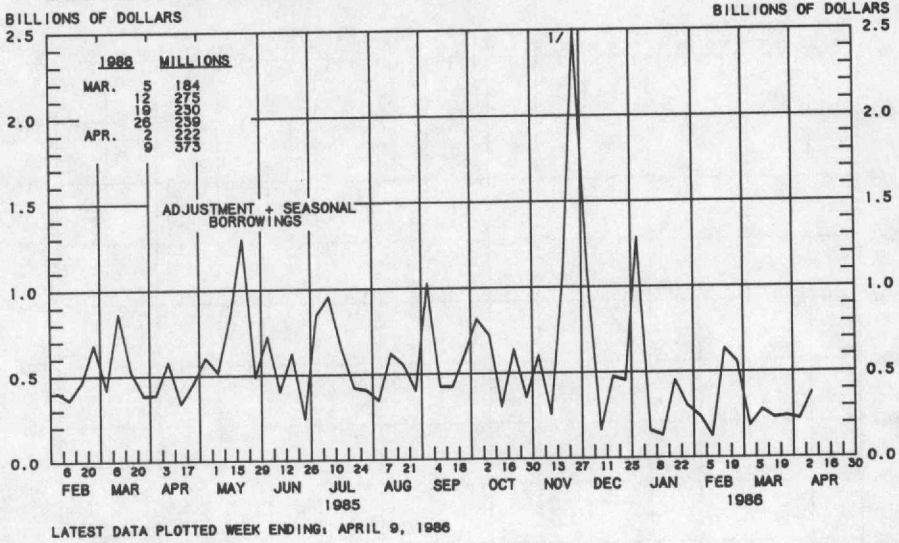
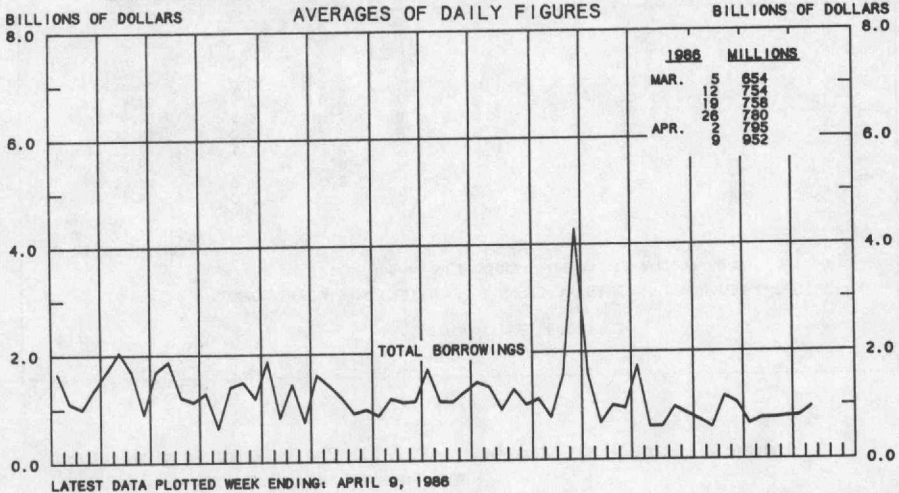
TOTAL TIME DEPOSITS

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

	4/1/85	7/1/85	9/2/85	9/30/85	10/28/85	12/2/85	12/30/85	2/3/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
9/ 2/85	-0.2							
9/30/85	0.6	0.3						
10/28/85	1.1	1.3	5.0					
12/ 2/85	1.7	2.2	5.1	5.0				
12/30/85	2.1	2.7	5.3	5.3	5.5			
2/ 3/86	4.2	5.5	8.7	9.5	10.9	14.3		
3/ 3/86	4.0	5.2	7.7	8.2	9.0	10.4	12.5	
3/31/86	3.4	4.2	6.1	6.3	6.5	6.9	7.2	-0.7

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BORROWINGS FROM FEDERAL RESERVE BANKS



1/ 83.787 FOR 11/27/85

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MMDAS, MMMFS AND SUPER NOWS

(BILLIONS OF DOLLARS, NOT SEASONALLY ADJUSTED)

		MMDAs 1/	MMMFs 2/	Super NOWs 3/
February	3	\$335.6	\$248.3	\$66.0
	10	336.6	248.3	67.5
	17	336.7	248.1	66.9
	24	337.7	248.8	66.8
March	3	338.3	249.9	67.5
	10	339.6	252.6	69.0
	17	340.3	255.5	68.5
	24	340.5	258.7	68.1
	31	341.0	260.5	68.6

1/ Money market deposit accounts at commercial banks

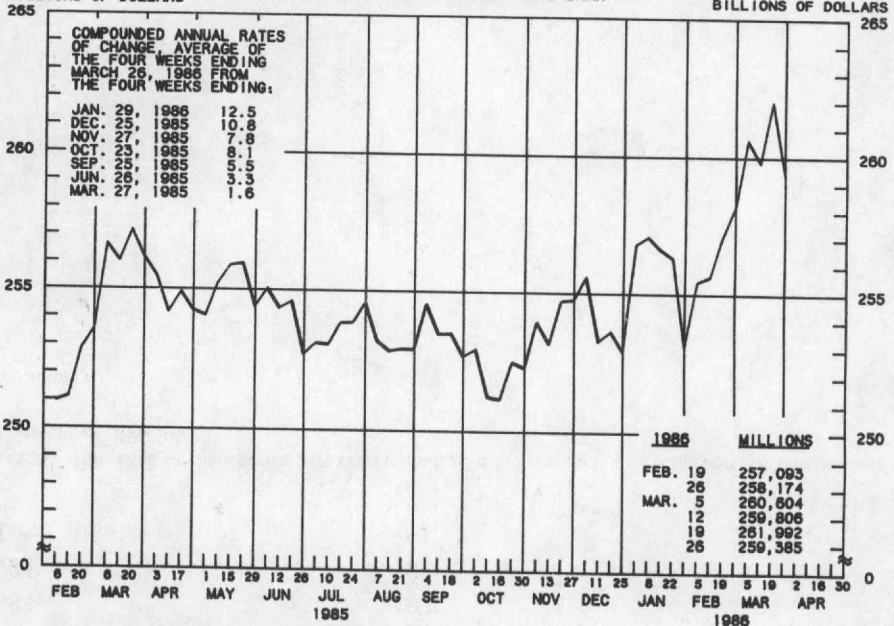
2/ Total money market mutual fund balances

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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: MARCH 26, 1986

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

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

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

Period	Spread ¹	ARMs as percent of total new mortgages
1984	197	61%
1985	189	50
March 1986 ²	91	31

¹Average difference in basis points between commitment interest rates on FRMs and ARMs for loans at 90 percent of sales price

²Preliminary