

RESEARCH LIBRARY

Federal Reserve Bank
of St. Louis

U.S. Financial Data

JUN 10 1986

June 5, 1986

Financial markets may already have responded in anticipation of changes that could be brought about by renewed legislative tax reform efforts. The major tax reform proposals incorporate a substantial reduction in marginal tax rates, which will reduce the taxes paid on interest income from corporate bonds and hence lessen the advantage of municipal over corporate bonds. The recent rise in the ratio of municipal to corporate interest rates may partly reflect these developments.

Because interest income on corporate bonds is taxable while interest income on municipal bonds generally is not, arbitrage pricing theory predicts that the after-tax rates of return on municipal and corporate bonds of similar risk, maturity and callability should be equal. Consequently, the ratio of the municipal to the corporate interest rate on comparable securities should equal one minus the expected future tax rate of the marginal investor.

In May 1986, the ratio of the municipal to the corporate Aaa interest rate was .829, up substantially from the February 1986 value of .769. Thus, the implied expected future tax rate fell from about 23 percent in February to about 17 percent in May 1986.

—Richard G. Sheehan

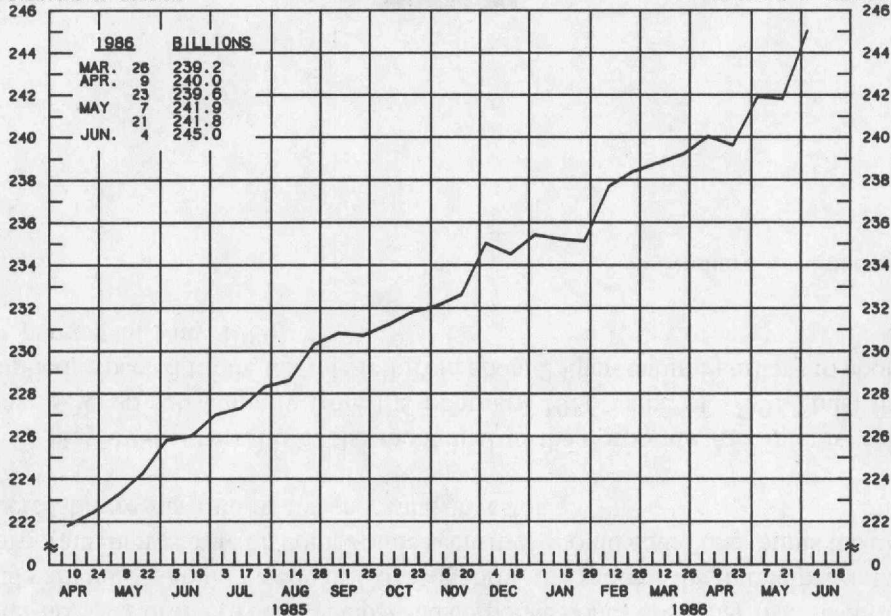


ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST PLOTTED RESERVE MAINTENANCE PERIOD ENDING: JUNE 4, 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.

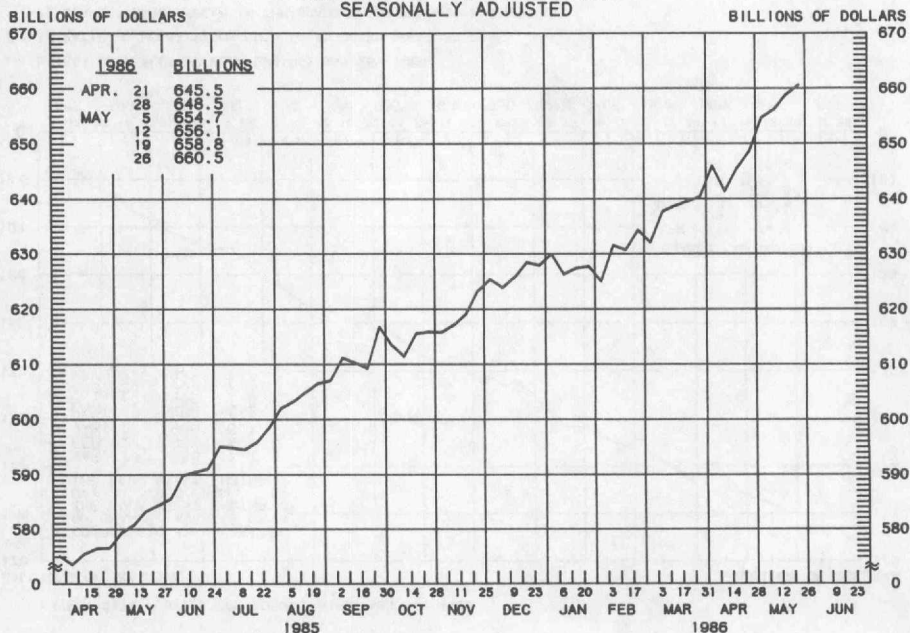
ADJUSTED MONETARY BASE

COMPOUNDED ANNUAL RATES OF CHANGE,
AVERAGE OF TWO MAINTENANCE PERIODS ENDING:

| | 6/5/85 | 9/11/85 | 11/6/85 | 12/4/85 | 1/1/86 | 1/29/86 | 3/12/86 | 4/9/86 |
|---|--------|---------|---------|---------|--------|---------|---------|--------|
| TO THE AVERAGE OF TWO MAINTENANCE PERIODS ENDING: | | | | | | | | |
| 11/ 6/85 | 7.5 | | | | | | | |
| 12/ 4/85 | 8.0 | 6.2 | | | | | | |
| 1/ 1/86 | 7.8 | 6.3 | 8.7 | | | | | |
| 1/29/86 | 7.0 | 5.3 | 6.1 | 4.0 | | | | |
| 3/12/86 | 7.9 | 7.1 | 8.4 | 7.8 | 8.2 | | | |
| 4/ 9/86 | 7.7 | 6.9 | 7.9 | 7.3 | 7.5 | 10.1 | | |
| 5/ 7/86 | 7.6 | 6.8 | 7.7 | 7.2 | 7.3 | 9.1 | 6.1 | |
| 6/ 4/86 | 8.2 | 7.7 | 8.7 | 8.4 | 8.7 | 10.4 | 9.0 | 10.8 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MAY 26, 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:

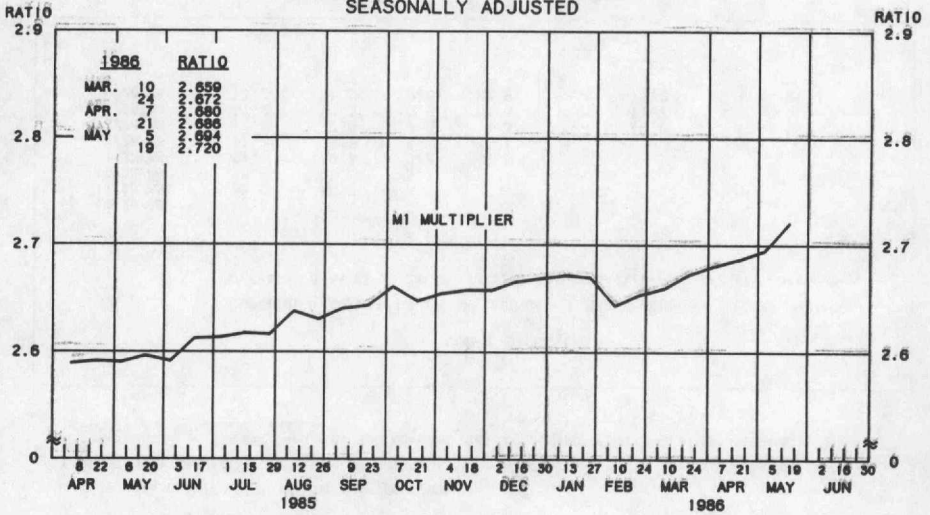
5/27/85 8/26/85 10/28/85 11/25/85 12/23/85 1/27/86 2/24/86 3/24/86

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

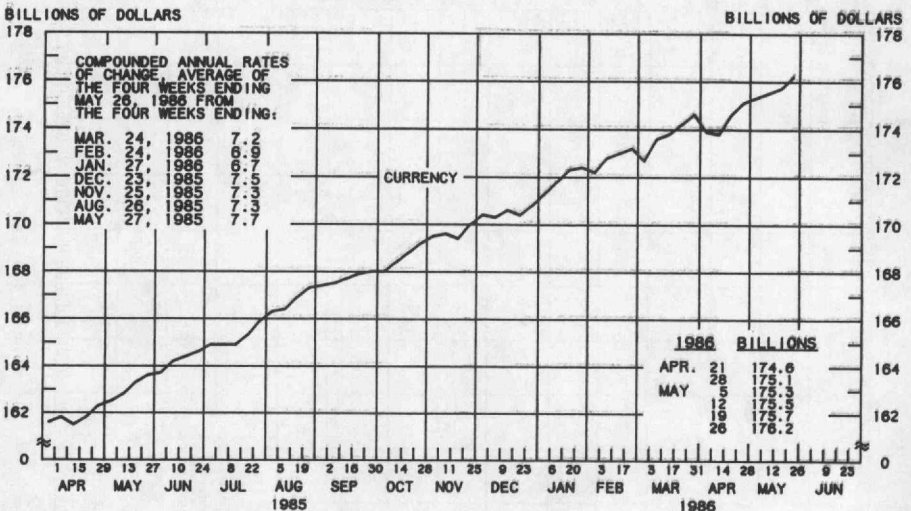
| | | | | | | | |
|----------|------|------|------|------|------|------|-----------|
| 10/28/85 | 13.5 | | | | | | |
| 11/25/85 | 13.0 | 10.0 | | | | | |
| 12/23/85 | 13.4 | 11.3 | 13.1 | | | | |
| 1/27/86 | 11.9 | 9.4 | 9.2 | 8.7 | | | |
| 2/24/86 | 11.2 | 8.8 | 8.3 | 7.7 | 4.3 | | |
| 3/24/86 | 11.6 | 9.6 | 9.5 | 9.3 | 7.4 | 10.0 | |
| 4/28/86 | 11.9 | 10.3 | 10.5 | 10.5 | 9.3 | 11.7 | 14.6 |
| 5/26/86 | 13.0 | 11.9 | 12.6 | 12.9 | 12.4 | 15.2 | 18.4 20.1 |

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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: MAY 19, 1986



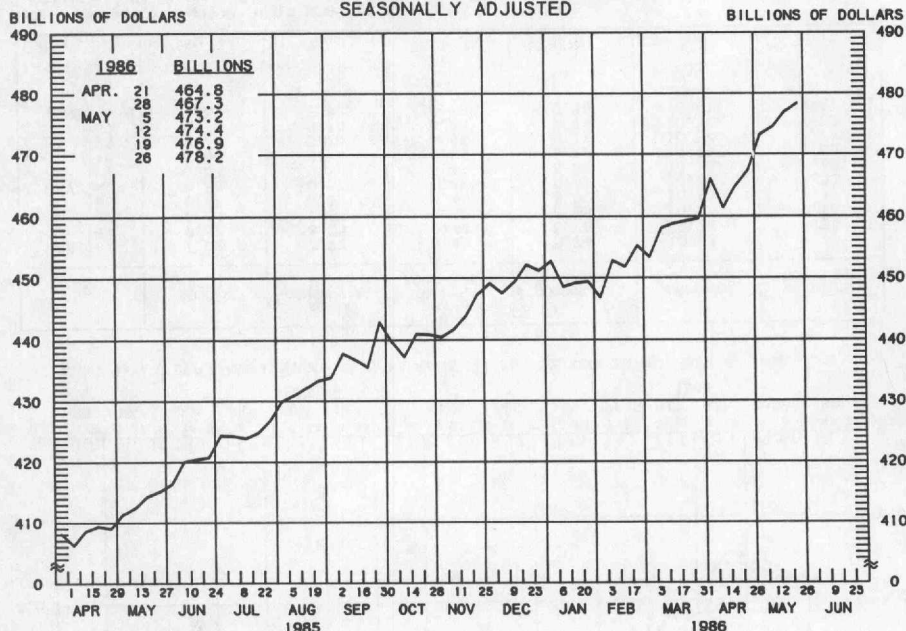
LATEST DATA PLOTTED WEEK ENDING: MAY 26, 1986

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: MAY 26, 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:

5/27/85 8/26/85 10/28/85 11/25/85 12/23/85 1/27/86 2/24/86 3/24/86

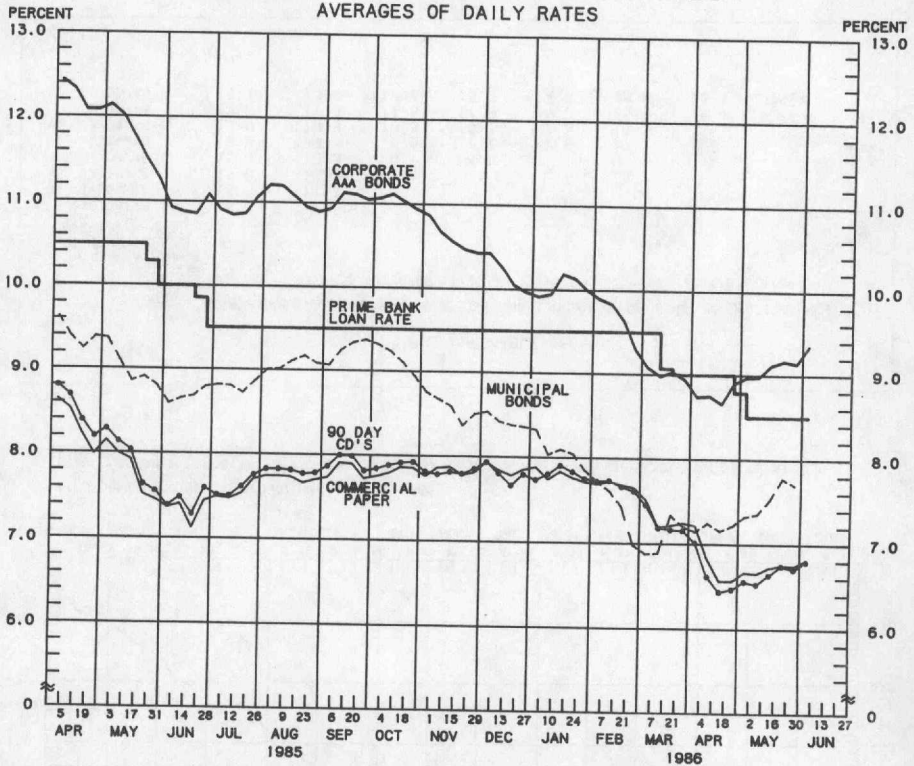
TO THE AVERAGE
OF FOUR WEEKS
ENDING:

| | | | | | | | |
|----------|------|------|------|------|------|------|------|
| 10/28/85 | 15.7 | | | | | | |
| 11/25/85 | 15.0 | 11.3 | | | | | |
| 12/23/85 | 15.6 | 13.2 | 15.4 | | | | |
| 1/27/86 | 13.4 | 10.3 | 9.7 | 8.9 | | | |
| 2/24/86 | 12.5 | 9.5 | 8.6 | 7.7 | 2.9 | | |
| 3/24/86 | 13.0 | 10.6 | 10.3 | 10.1 | 7.3 | 11.3 | |
| 4/28/86 | 13.6 | 11.6 | 11.8 | 11.8 | 10.2 | 13.9 | 18.1 |
| 5/26/86 | 15.1 | 13.9 | 14.7 | 15.2 | 14.4 | 18.6 | 23.1 |
| | | | | | | | 25.4 |

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: JUNE 6, 1986.

| 1986 | 90 DAY CD'S | 30-DAY COMMERCIAL PAPER | 90-DAY BANKERS' ACCEPTANCES | CORPORATE AAA BONDS | CORPORATE BAA BONDS | MUNICIPAL BONDS ^{##} |
|----------------------|----------------|-------------------------------|-----------------------------------|------------------------|------------------------|----------------------------------|
| APR. 4 | 7.02 | 7.22 | 6.82 | 8.74 | 10.28 | 7.15 |
| 11 | 6.62 | 6.83 | 6.48 | 8.75 | 10.24 | 7.25 |
| 18 | 6.44 | 6.57 | 6.32 | 8.66 | 10.13 | 7.16 |
| 25 | 6.47 | 6.57 | 6.47 | 8.90 | 10.13 | 7.22 |
| MAY 2 | 6.56 | 6.67 | 6.47 | 8.97 | 10.20 | 7.33 |
| 9 | 6.53 | 6.66 | 6.41 | 8.98 | 10.16 | 7.36 |
| 16 | 6.64 | 6.73 | 6.59 | 9.12 | 10.29 | 7.53 |
| 23 | 6.75 | 6.76 | 6.65 | 9.17 | 10.37 | 7.78 |
| 30 | 6.71 | 6.75 | 6.63 | 9.14 | 10.37 | 7.70 |
| JUNE 6 ^{##} | 6.80 | 6.82 | 6.79 | 9.35 | 10.51 | N.A. |
| 13 | | | | | | |
| 20 | | | | | | |
| 27 | | | | | | |

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

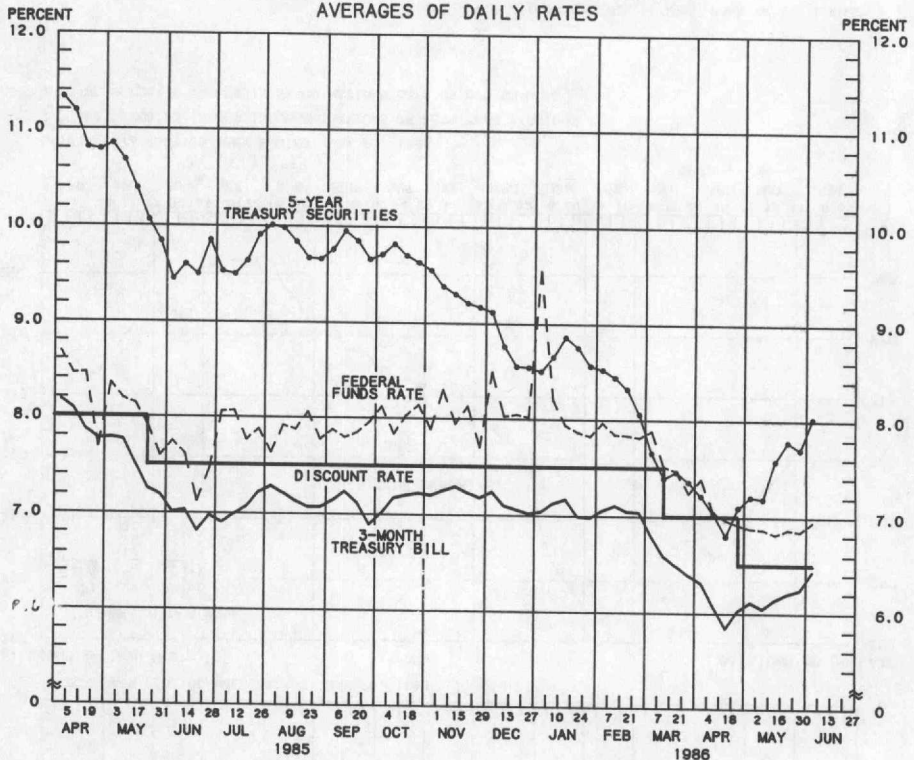
^{##} AVERAGES OF RATES AVAILABLE

^{##} 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



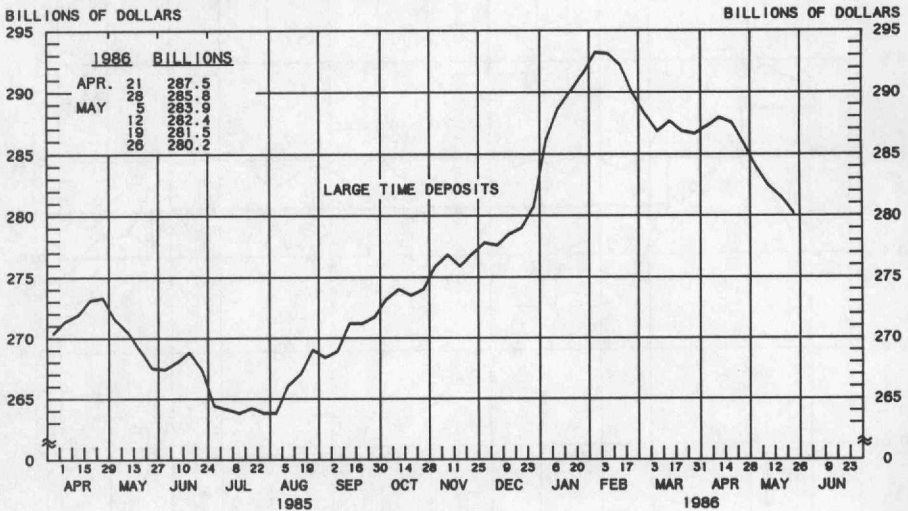
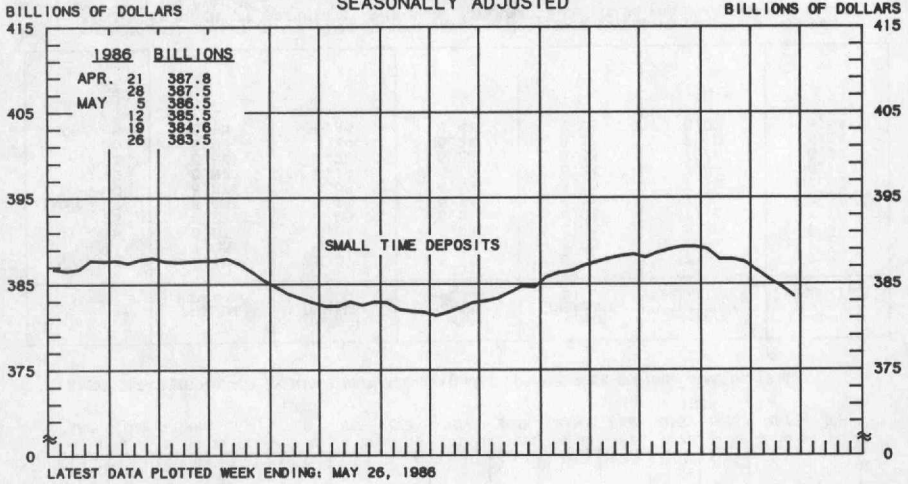
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JUNE 6, 1986.

| 1986 | FEDERAL FUNDS RATE | 3-MONTH TREASURY BILL | 6-MONTH TREASURY BILL | 1-YEAR TREASURY BILL | 5-YEAR TREASURY SECURITIES | LONG-TERM TREASURY SECURITIES |
|----------|--------------------|-----------------------|-----------------------|----------------------|----------------------------|-------------------------------|
| APR. 4 | 7.39 | 6.31 | 6.32 | 6.27 | 7.22 | 7.66 |
| 11 | 7.05 | 6.07 | 6.17 | 6.03 | 7.04 | 7.62 |
| 18 | 6.97 | 5.84 | 5.93 | 5.85 | 6.80 | 7.42 |
| 25 | 6.92 | 6.03 | 5.87 | 6.08 | 7.10 | 7.70 |
| MAY 2 | 6.88 | 6.11 | 6.14 | 6.17 | 7.21 | 7.81 |
| 9 | 6.87 | 6.05 | 6.09 | 6.10 | 7.19 | 7.80 |
| 16 | 6.82 | 6.14 | 6.10 | 6.24 | 7.58 | 8.10 |
| 23 | 6.87 | 6.20 | 6.26 | 6.33 | 7.78 | 8.26 |
| 30 | 6.85 | 6.24 | 6.21 | 6.37 | 7.70 | 8.24 |
| JUNE 6 * | 6.95 | 6.43 | 6.41 | 6.58 | 8.02 | 8.64 |
| 13 | | | | | | |
| 20 | | | | | | |
| 27 | | | | | | |

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



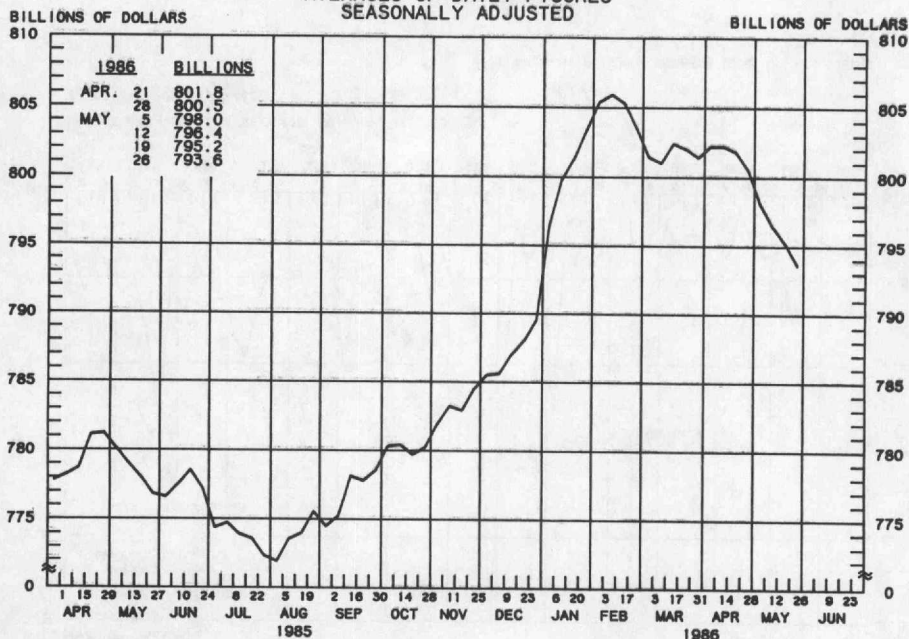
LATEST DATA PLOTTED WEEK ENDING: MAY 26, 1986

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: MAY 26, 1986

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

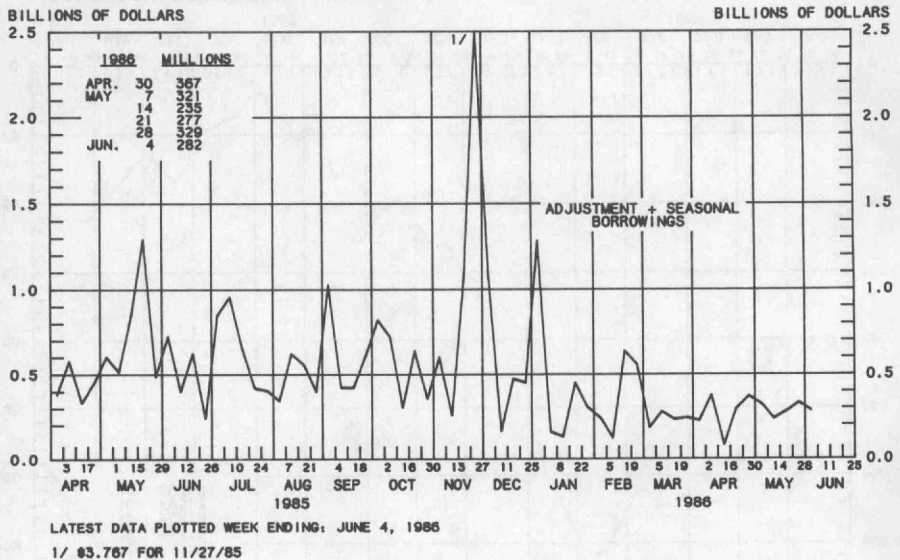
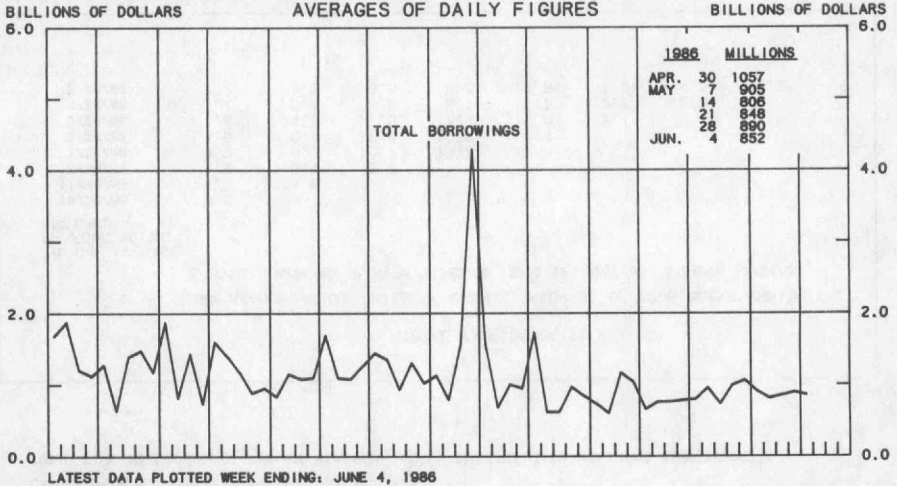
TOTAL TIME DEPOSITS

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

| | 5/27/85 | 8/26/85 | 10/28/85 | 11/25/85 | 12/23/85 | 1/27/86 | 2/24/86 | 3/24/86 |
|--------------------------------------|---------|---------|----------|----------|----------|---------|---------|---------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 10/26/85 | 0.5 | | | | | | | |
| 11/25/85 | 1.2 | 4.9 | | | | | | |
| 12/23/85 | 1.8 | 5.1 | 5.4 | | | | | |
| 1/27/86 | 4.2 | 8.3 | 10.7 | 13.4 | | | | |
| 2/24/86 | 4.6 | 8.2 | 10.0 | 11.7 | 14.4 | | | |
| 3/24/86 | 3.6 | 6.3 | 7.0 | 7.4 | 8.0 | 1.1 | | |
| 4/28/86 | 3.2 | 5.4 | 5.6 | 5.7 | 5.7 | 0.7 | -2.3 | |
| 5/26/86 | 2.2 | 3.8 | 3.5 | 3.3 | 2.8 | -1.7 | -4.5 | -4.2 |

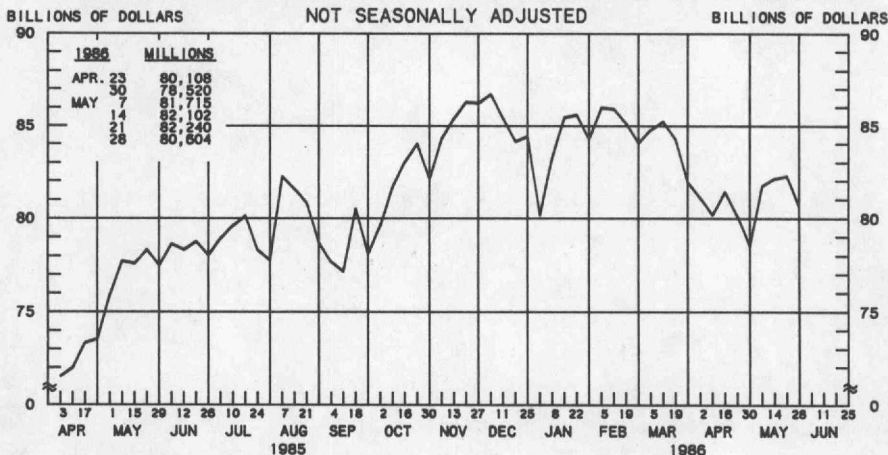
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS

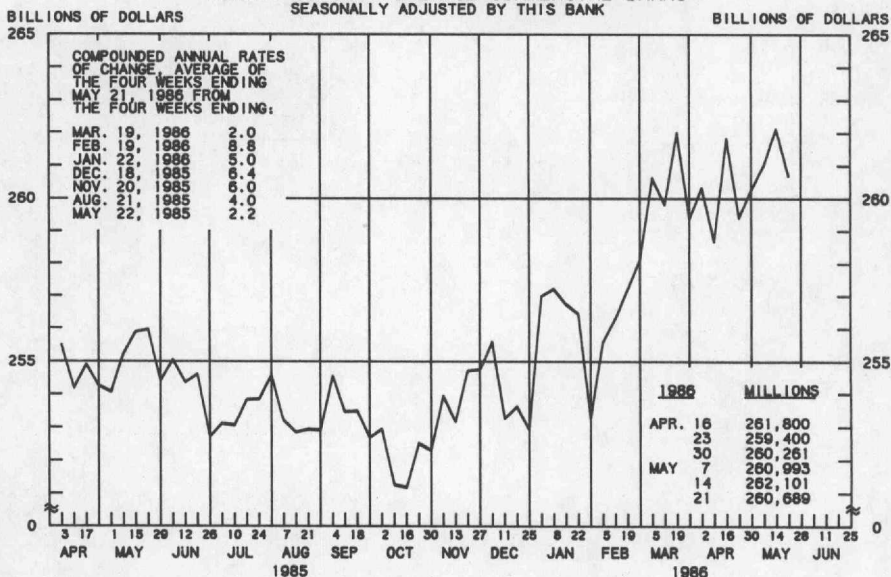


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COMMERCIAL PAPER OF NONFINANCIAL COMPANIES



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



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