

RESEARCH LIBRARY
Federal Reserve Bank

of St. Louis

U.S. Financial Data

JUL 22 1986

July 17, 1986

Both the discount rate and the prime rate were reduced by 50 basis points effective Friday, July 11. At its new level of 6 percent, the discount rate is lower than it has been since January 1978. The prime rate, now at 8 percent, has not been this low since May 1978. In announcing the discount rate reduction, the Federal Reserve Board stated that the action was taken within the framework of the accommodative policy stance that has prevailed and, in part, conformed to recent declines in market interest rates.

The discount rate is the rate at which depository institutions may borrow reserves from the Federal Reserve. The prime rate is a benchmark upon which banks base rates on short-term loans to their most creditworthy borrowers. Because both are administered rates, which do not respond directly to market forces, changes in the discount and prime rates tend to follow periods of movement in market interest rates. For example, the three previous rounds of reductions in the discount and prime rates, beginning with the cuts in May and June 1985, all followed periods of declining market interest rates (see pages 6 and 7).

After the previous round of cuts in late April, most market interest rates rose for a period of about six weeks, reaching a peak around June 6, and subsequently declined. Therefore, the most recent reductions in the discount and prime rates occurred when market interest rates were no lower than their levels following the April reductions.

—Philip A. Nuetzel



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

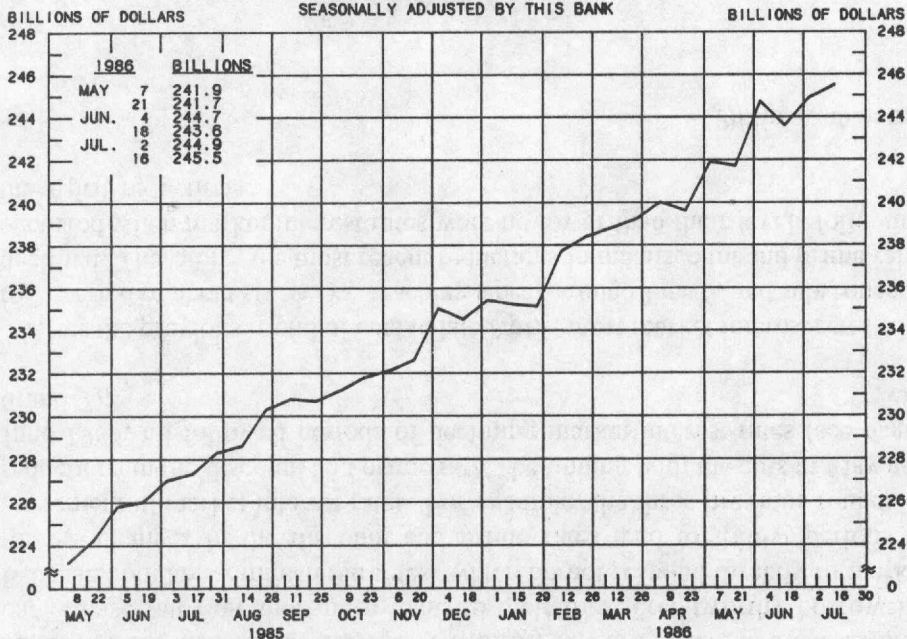
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Federal Reserve Bank of St. Louis

ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



LATEST PLOTTED RESERVE MAINTENANCE PERIOD ENDING: JULY 16, 1986

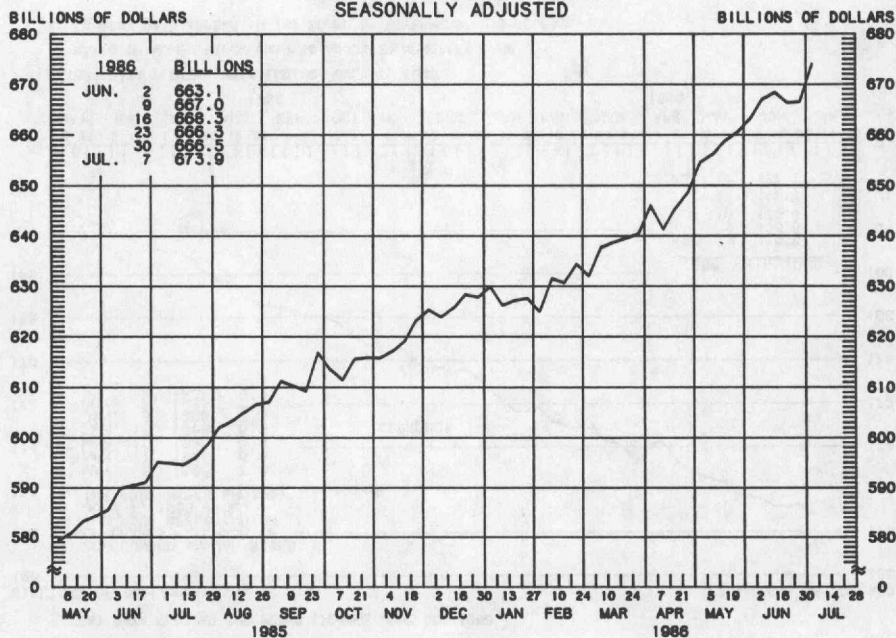
THE ADJUSTED MONETARY BASE IS THE SUM OF RESERVE ACCOUNTS OF FINANCIAL INSTITUTIONS AT FEDERAL RESERVE BANKS, CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF ALL DEPOSITORY INSTITUTIONS) AND AN ADJUSTMENT FOR RESERVE REQUIREMENT RATIO CHANGES. THE MAJOR SOURCE OF THE ADJUSTED 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:									
	7/17/85	10/9/85	12/18/85	1/15/86	2/12/86	3/12/86	4/9/86	5/21/86	
TO THE AVERAGE OF TWO MAINTENANCE PERIODS ENDING:									
12/18/85	8.1								
1/15/86	7.3	7.1							
2/12/86	7.1	6.9	4.5						
3/12/86	7.8	8.0	7.2	9.5					
4/9/86	7.5	7.6	6.8	8.2	9.1				
5/21/86	7.6	7.7	7.2	8.2	8.8	7.2			
6/18/86	8.1	8.4	8.2	9.2	9.8	9.0	10.4		
7/16/86	7.9	8.1	7.8	8.6	9.0	8.2	9.0	9.5	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JULY 7, 1986

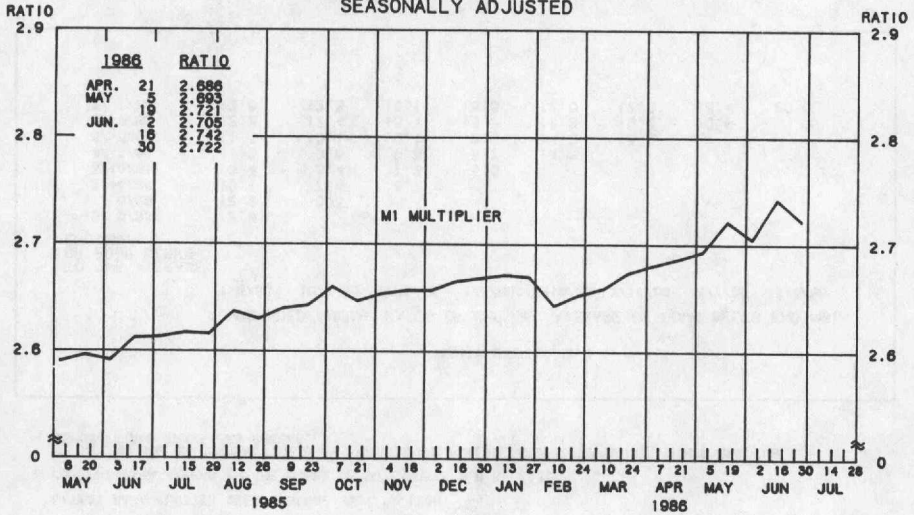
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

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

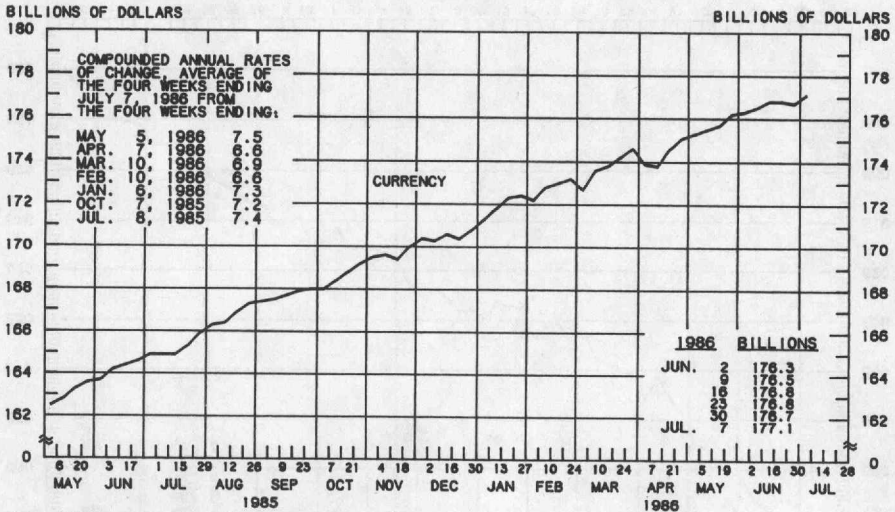
MONEY STOCK (M1)								
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:								
	7/8/85	10/7/85	12/9/85	1/6/86	2/10/86	3/10/86	4/7/86	5/5/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 9/85	12.4							
1/ 6/86	12.2	10.5						
2/10/86	10.1	7.4	4.7					
3/10/86	10.4	8.4	7.2	5.5				
4/ 7/86	11.0	9.6	9.3	8.7	14.6			
5/ 5/86	11.3	10.1	10.1	9.9	14.3	15.0		
6/ 9/86	12.8	12.4	13.1	13.5	17.8	19.4	20.6	
7/ 7/86	12.8	12.5	13.1	13.5	17.0	17.9	18.4	20.6

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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: JUNE 30, 1986



LATEST DATA PLOTTED WEEK ENDING: JULY 7, 1986

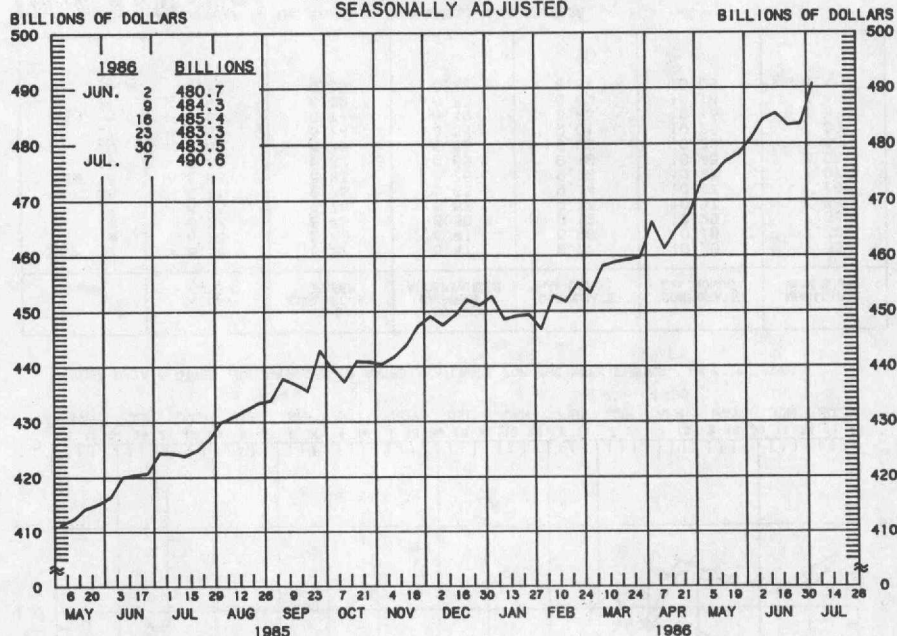
1/ RATIO OF MONEY STOCK (M1) TO ADJUSTED MONETARY BASE

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



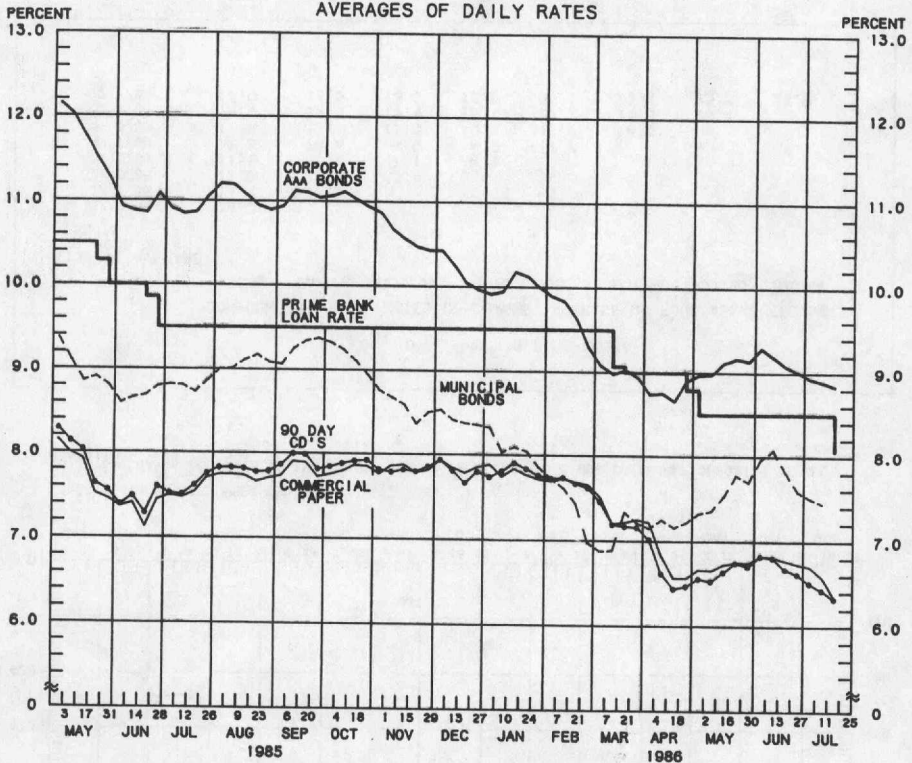
LATEST DATA PLOTTED WEEK ENDING: JULY 7, 1986

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:								
	7/8/85	10/7/85	12/9/85	1/6/86	2/10/86	3/10/86	4/7/86	5/5/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
12/ 9/85	14.3							
1/ 6/86	14.1	11.9						
2/10/86	11.0	7.3	3.4					
3/10/86	11.5	8.8	7.1	4.4				
4/ 7/86	12.3	10.4	9.9	8.9	17.7			
5/ 5/86	12.8	11.3	11.3	10.9	17.7	18.6		
6/ 9/86	14.9	14.3	15.4	15.7	22.2	24.3	26.4	
7/ 7/86	15.0	14.5	15.5	15.9	21.1	22.4	23.3	25.9

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YIELDS ON SELECTED SECURITIES AVERAGES OF DAILY RATES



1986	90 DAY CD'S	30-DAY COMMERCIAL PAPER	90-DAY BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	CORPORATE BAA BONDS	MUNICIPAL BONDS
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	6.83	6.83	6.76	9.29	10.47	7.97
13	6.81	6.82	6.65	9.19	10.43	8.08
20	6.68	6.78	6.65	9.08	10.29	7.82
27	6.62	6.74	6.54	9.01	10.20	7.59
JULY 4	6.51	6.71	6.39	8.93	10.15	7.51
11	6.43	6.59	6.33	8.89	10.14	7.45
18 *	6.33	6.35	6.23	8.84	10.08	N.A.
25						

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

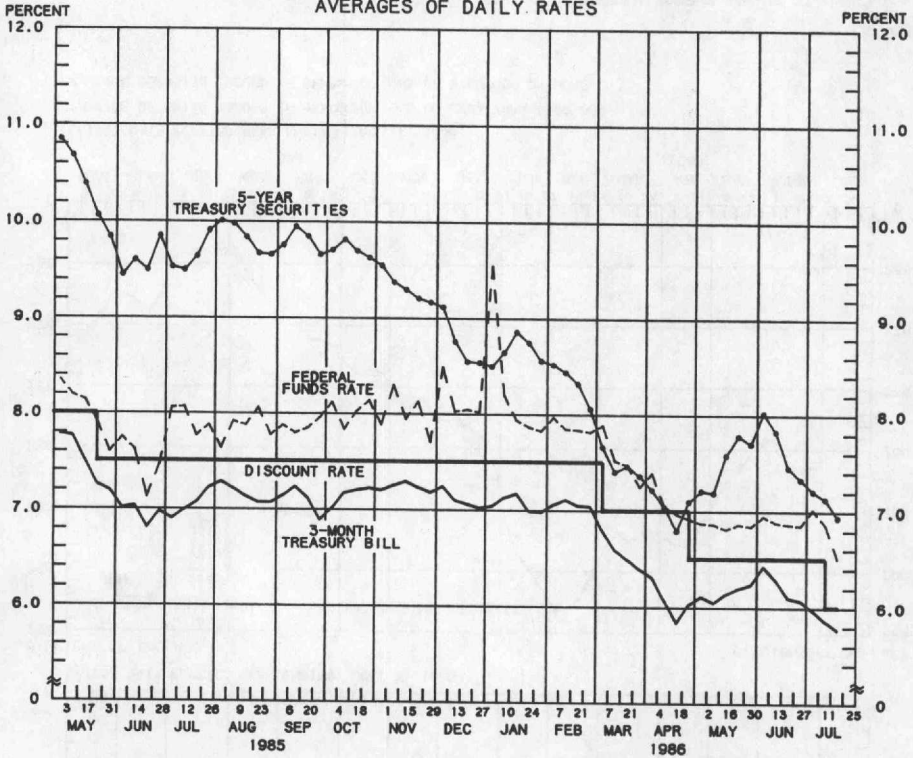
* AVERAGES OF RATES AVAILABLE

** 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



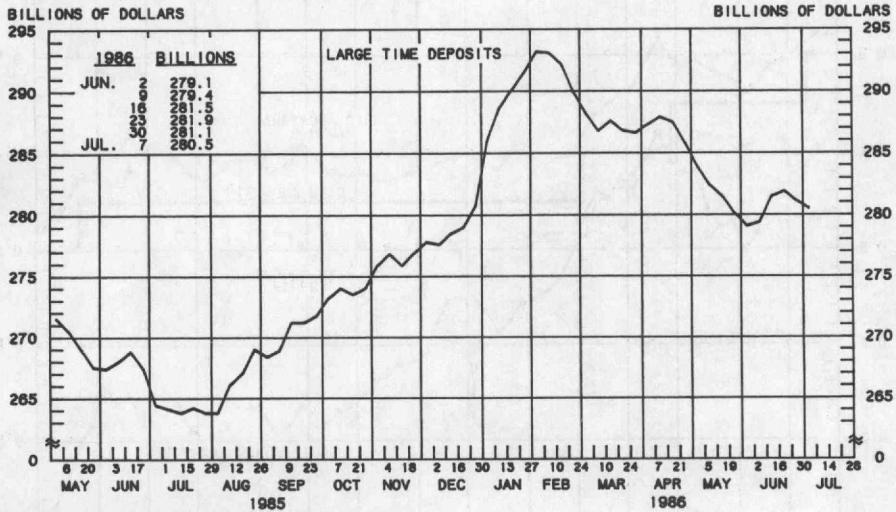
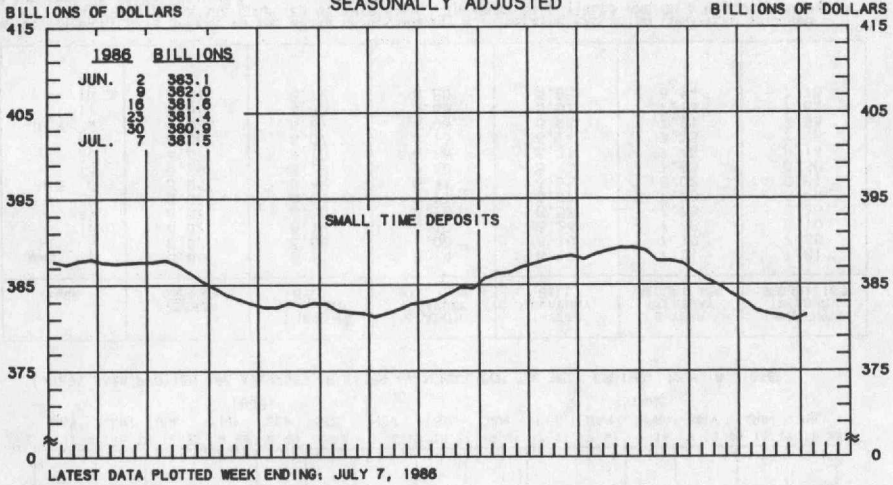
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JULY 18, 1986.

1986		FEDERAL FUNDS RATE	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL	1-YEAR TREASURY BILL	5-YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
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	6.28	6.33	7.78	8.26
JUNE	30	6.85	6.24	6.21	6.37	7.70	8.24
	6	6.95	6.42	6.41	6.55	8.02	8.61
	13	6.89	6.29	6.39	6.43	7.83	8.50
	20	6.87	6.10	6.18	6.21	7.45	8.14
JULY	27	6.86	6.07	6.13	6.14	7.33	7.95
	4	7.02	5.97	5.96	5.98	7.21	7.83
	11	6.87	5.86	5.85	5.92	7.13	7.83
	18	6.51	5.77	5.80	5.83	6.94	7.73
	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.
 * 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



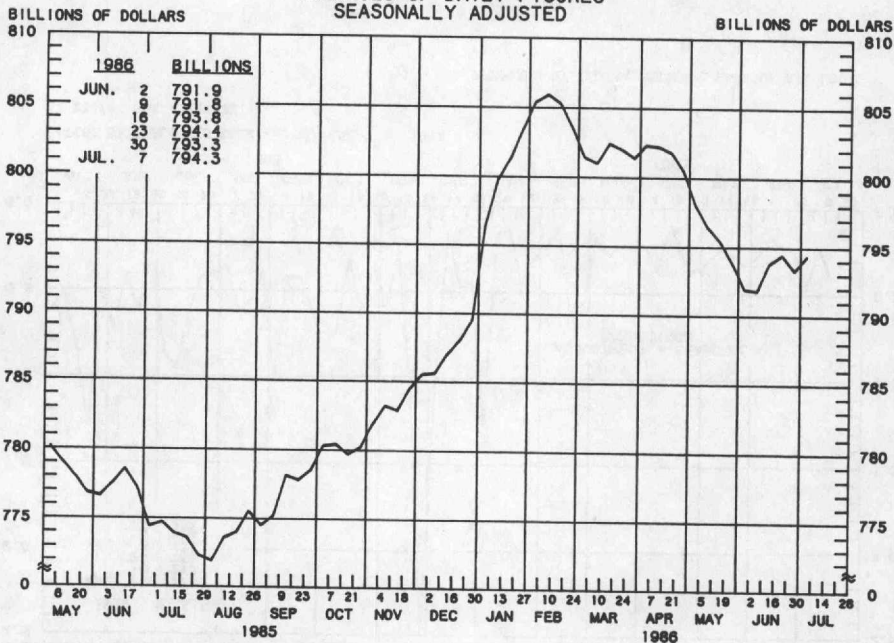
LATEST DATA PLOTTED WEEK ENDING: JULY 7, 1986

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: JULY 7, 1986

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

TOTAL TIME DEPOSITS

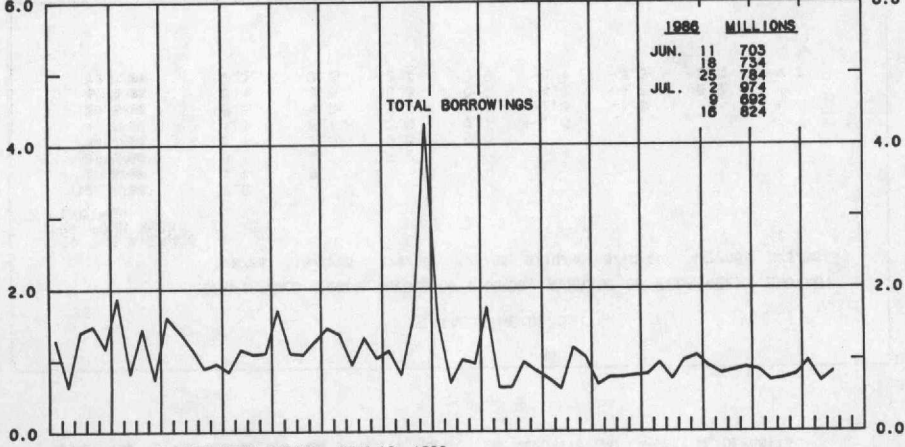
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE OF FOUR WEEKS ENDING:	7/8/85	10/7/85	12/9/85	1/6/86	2/10/86	3/10/86	4/7/86	5/5/86
12/ 9/85	2.6							
1/ 6/86	3.7	6.1						
2/10/86	6.1	9.7	15.2					
3/10/86	5.1	7.5	9.6	9.5				
4/ 7/86	4.5	6.1	6.9	6.1	-1.6			
5/ 5/86	3.8	4.9	5.1	4.0	-1.8	-1.8		
6/ 9/86	2.4	2.8	2.2	0.9	-4.1	-4.7	-6.2	
7/ 7/86	2.3	2.6	2.1	0.9	-3.1	-3.3	-3.9	-4.7

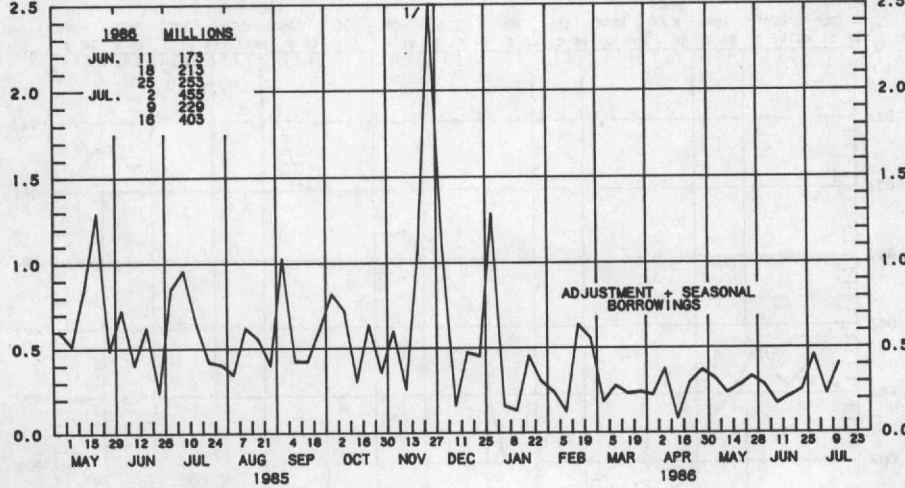
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BORROWINGS FROM FEDERAL RESERVE BANKS

BILLIONS OF DOLLARS AVERAGES OF DAILY FIGURES BILLIONS OF DOLLARS



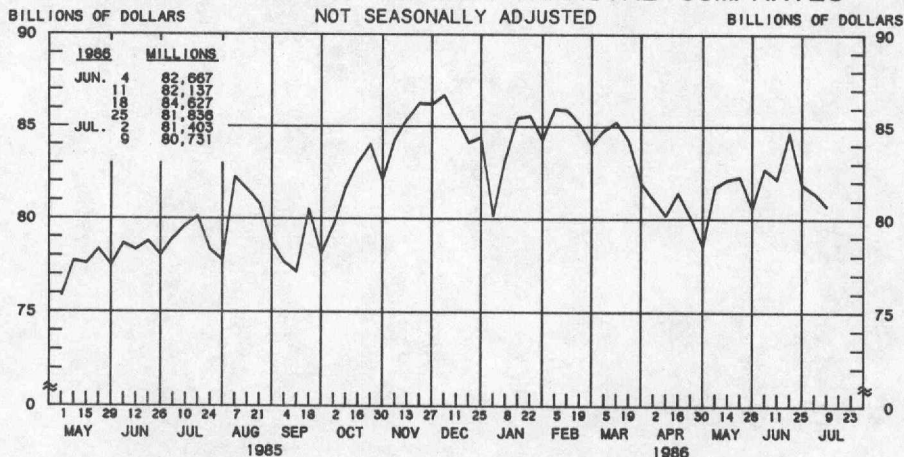
BILLIONS OF DOLLARS BILLIONS OF DOLLARS



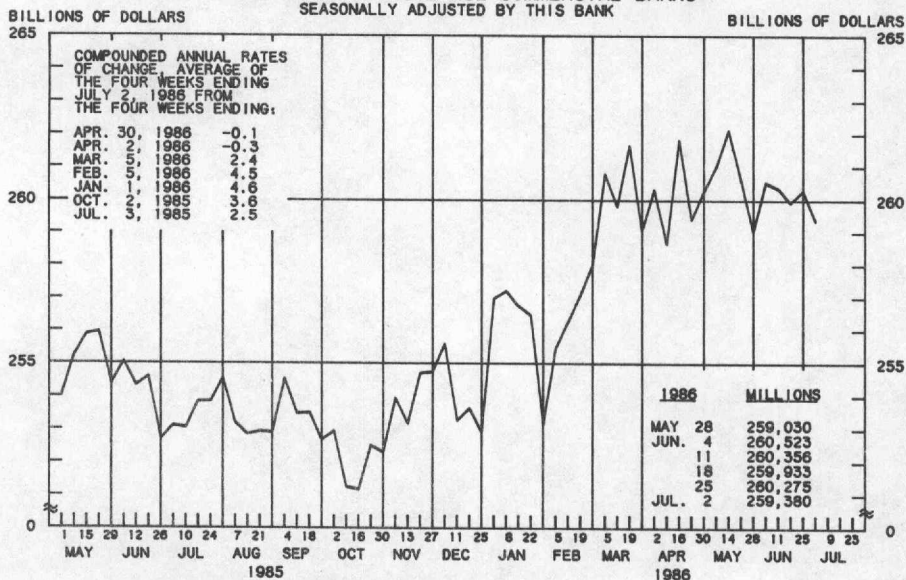
1/ 93.787 FOR 11/27/85

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

COMMERCIAL PAPER OF NONFINANCIAL COMPANIES



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



LATEST DATA PLOTTED WEEK ENDING: JULY 2, 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