

RESEARCH LIBRARY

Federal Reserve Bank

of St. Louis

U.S. Financial Data

AUG 18 1986

August 14, 1986

Interest rates generally have declined over the past year. Over the same period, M1 has grown at an annual rate of about 13 percent. The coincidence of historically rapid M1 growth and the decline in interest rates appears to support the view that there is an inverse relationship between changes in money growth and changes in interest rates. A closer examination of the data, however, indicates that this presumed relationship between money growth and interest rates is very loose and has been contradicted on occasion.

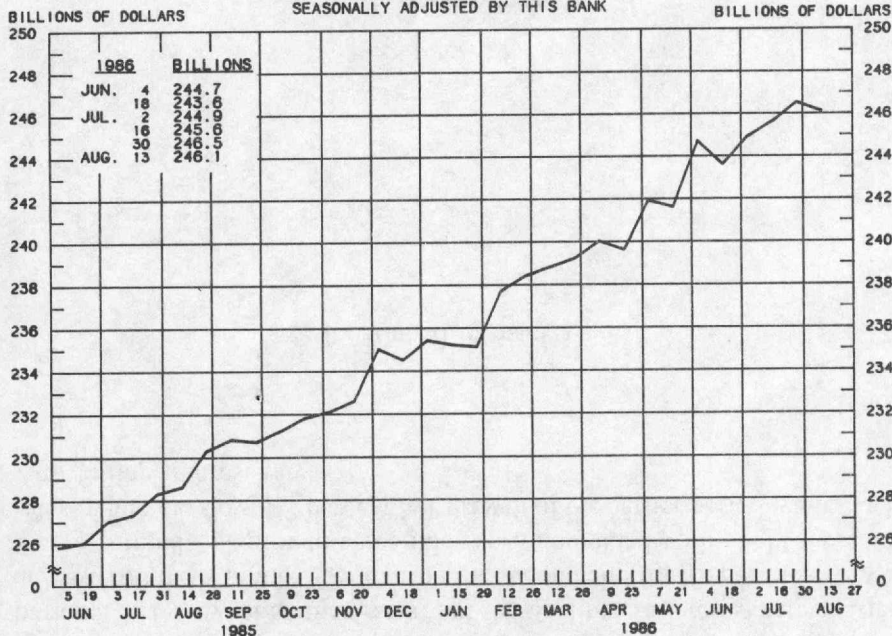
The table on the back page depicts time periods during which M1 growth shifted, as well as the coincident changes in interest rates. In the first and third periods, M1 grew at similar rates, but the declines in interest rates varied by at least 100 basis points. Comparing the second and fourth periods shows that the very rapid M1 growth since mid-April coincided with slight increases in rates, while the slow 4.7 percent M1 growth of the earlier period was associated with falling interest rates.

—Michael T. Belongia

(continued on back page)



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



LATEST PLOTTED RESERVE MAINTENANCE PERIOD ENDING: AUGUST 13, 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.

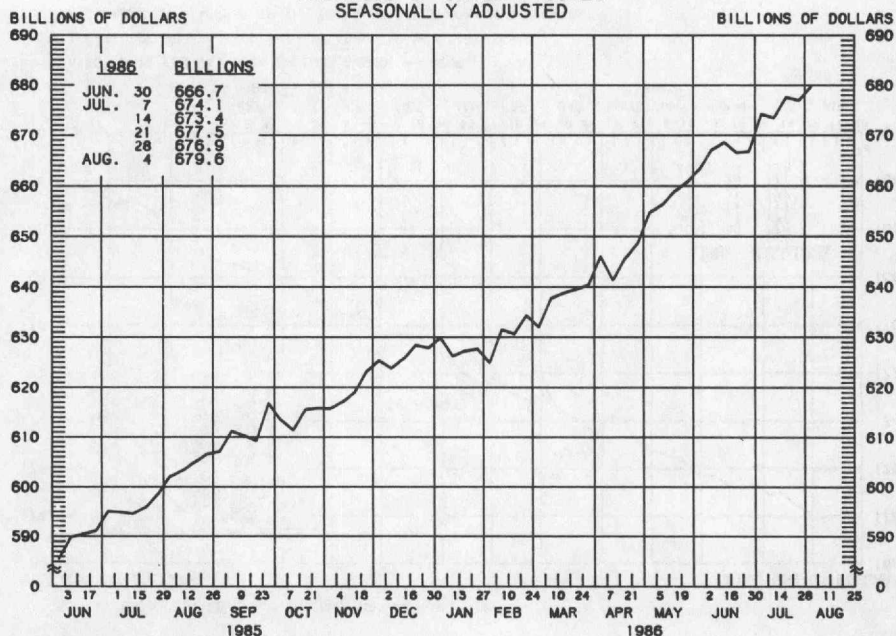
ADJUSTED MONETARY BASE

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

	8/14/85	11/6/85	1/15/86	2/12/86	3/12/86	4/9/86	5/7/86	6/18/86
TO THE AVERAGE OF TWO MAINTENANCE PERIODS ENDING:								
1/15/86	7.2							
2/12/86	7.0	7.2						
3/12/86	7.8	8.4	9.5					
4/9/86	7.5	7.9	8.2	9.1				
5/7/86	7.4	7.7	7.8	8.3	6.1			
6/18/86	8.2	8.7	9.2	9.8	9.0	10.4		
7/16/86	8.0	8.4	8.7	9.1	8.3	9.1	10.1	
8/13/86	7.8	8.1	8.2	8.6	7.8	8.3	8.8	5.7

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 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.

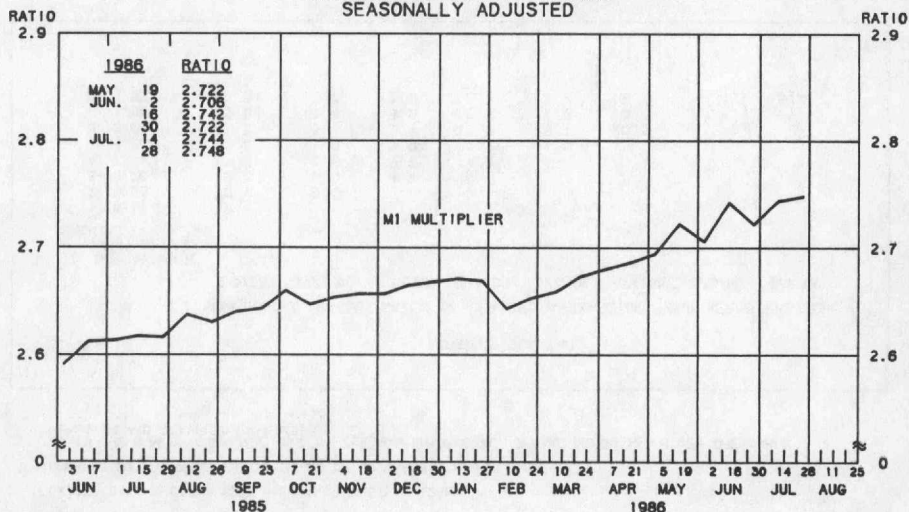
MONEY STOCK (M1)

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

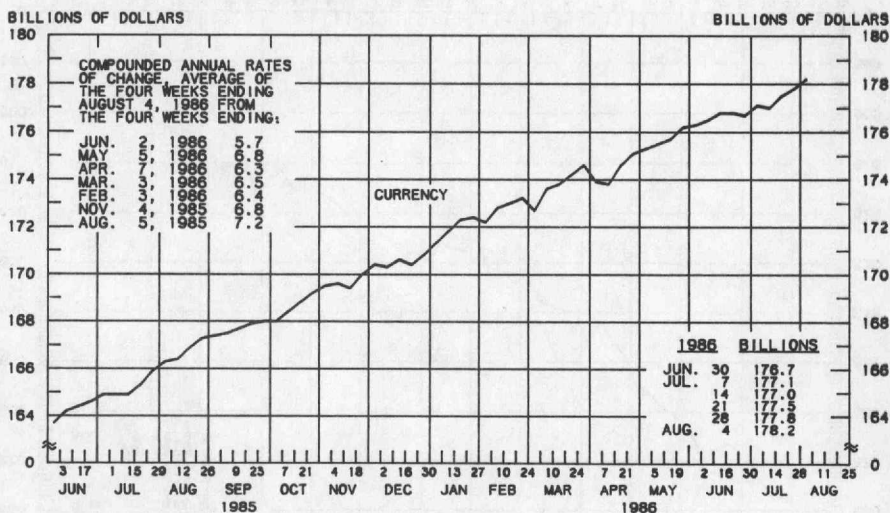
	8/5/85	11/4/85	1/6/86	2/3/86	3/3/86	4/7/86	5/5/86	6/2/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
1/ 6/86	12.4							
2/ 3/86	9.9	8.0						
3/ 3/86	10.2	9.0	4.4					
4/ 7/86	11.0	10.5	8.7	14.2				
5/ 5/86	11.3	11.0	9.9	14.1	14.9			
6/ 2/86	12.7	13.1	13.1	17.2	18.7	20.5		
7/ 7/86	13.0	13.4	13.5	16.8	17.8	18.6	20.8	
8/ 4/86	13.3	13.7	13.9	16.7	17.6	18.1	19.4	15.9

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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: JULY 28, 1986



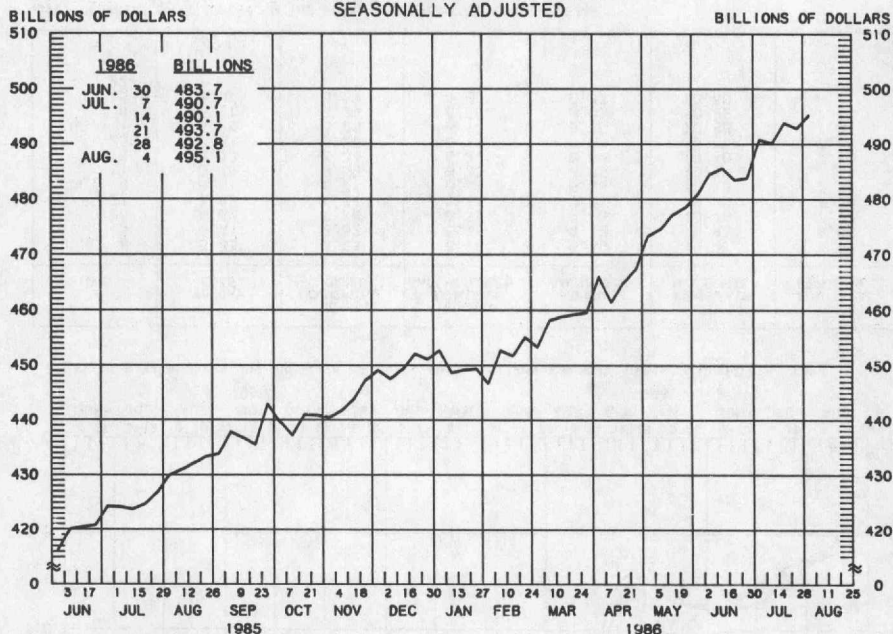
LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 1986

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: AUGUST 4, 1986

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

TOTAL CHECKABLE DEPOSITS

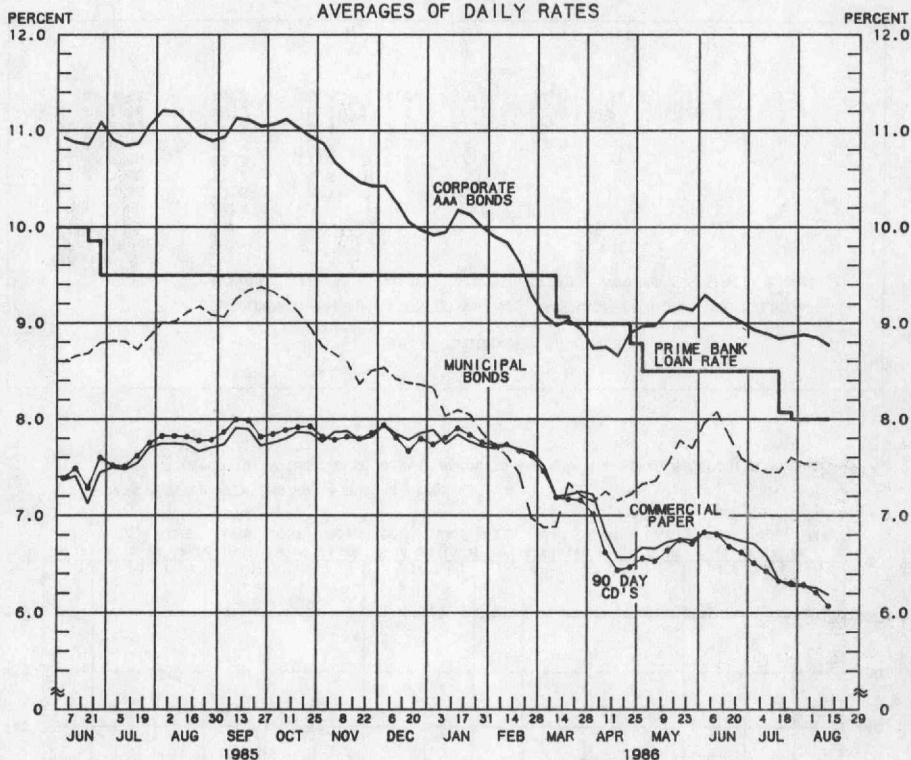
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	8/5/85	11/4/85	1/6/86	2/3/86	3/3/86	4/7/86	5/5/86	6/2/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
1/ 6/86	14.4							
2/ 3/86		8.1						
3/ 3/86	11.2	9.6	2.9					
4/ 7/86	12.3	11.7	8.9	17.2				
5/ 5/86	12.8	12.6	10.9	17.4	18.5			
6/ 2/86	14.8	15.4	15.2	21.4	23.4	26.2		
7/ 7/86	15.2	15.9	15.9	20.8	22.2	23.4	26.1	
8/ 4/86	15.6	16.4	16.6	20.8	22.0	22.8	24.4	19.8

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YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: AUGUST 15, 1986.

1986	90 DAY CD'S	30-DAY COMMERCIAL PAPER	90-DAY BANKERS* ACCEPTANCES	CORPORATE AAA BONDS	CORPORATE BAA BONDS	MUNICIPAL BONDS ^{***}
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	6.55	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	6.34	6.21	8.84	10.10	7.45
25	6.31	6.28	6.17	8.86	10.17	7.60
AUG. 1	6.29	6.28	6.17	8.88	10.28	7.54
8	6.21	6.26	6.08	8.85	10.29	7.53
15 ^{**}	6.07	6.19	5.95	8.77	10.30	N.A.
22						
29						

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

^{**} AVERAGES OF RATES AVAILABLE

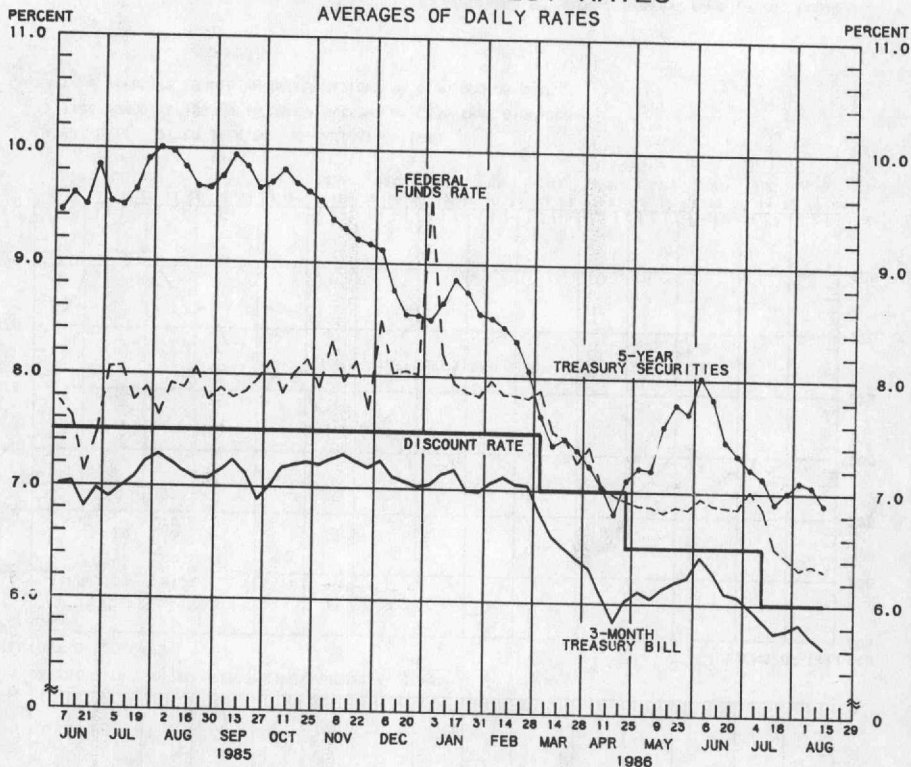
^{***} BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA

N.A. - NOT AVAILABLE

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SELECTED INTEREST RATES

AVERAGES OF DAILY RATES

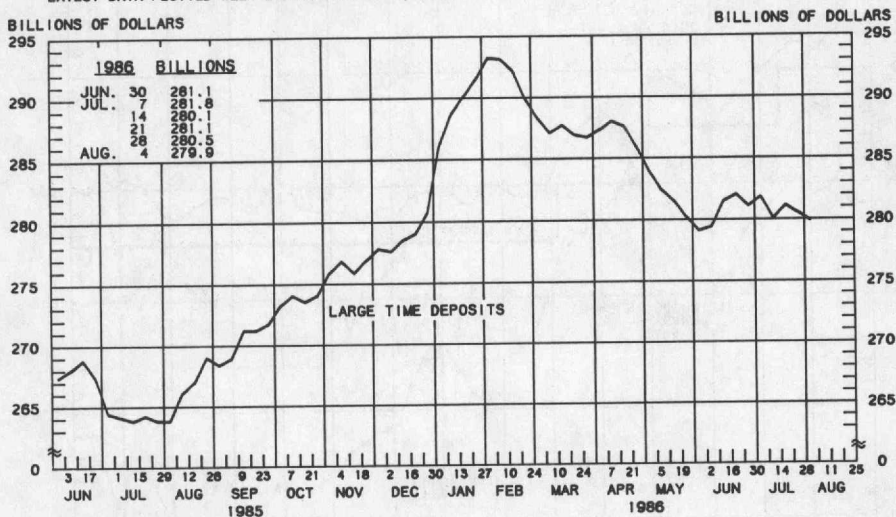
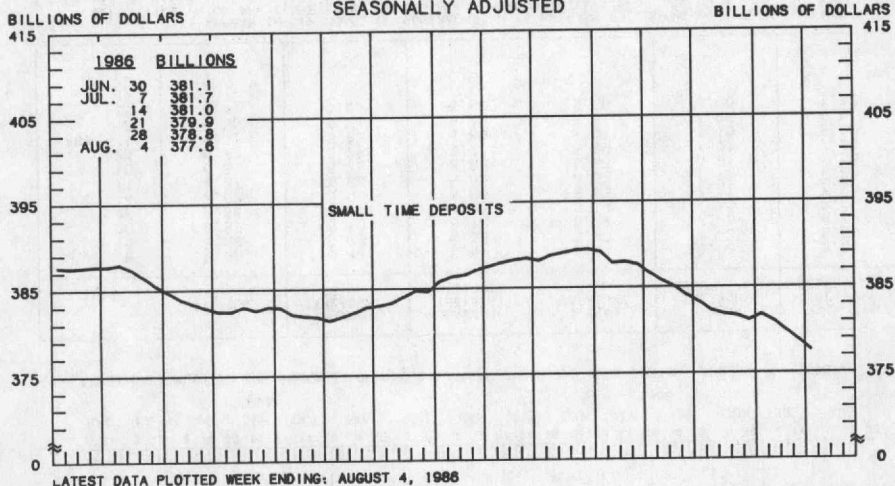


1986	FEDERAL FUNDS RATE	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL	1-YEAR TREASURY BILL	5-YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
JUNE 6	6.95	6.42	6.41	6.55	8.02	8.61
13	6.89	6.29	6.39	6.43	7.83	8.50
20	6.87	6.10	6.18	6.21	7.45	8.14
27	6.86	6.07	6.13	6.14	7.33	7.95
JULY 4	7.02	5.97	5.96	5.98	7.21	7.83
11	6.87	5.86	5.85	5.92	7.13	7.83
18	6.51	5.75	5.80	5.83	6.91	7.76
25	6.42	5.78	5.77	5.89	7.01	7.94
AUG. 1	6.32	5.83	5.89	5.91	7.10	8.09
8	6.36	5.71	5.73	5.81	7.06	8.01
15 *	6.31	5.62	5.60	5.68	6.90	7.76
22						
29						

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



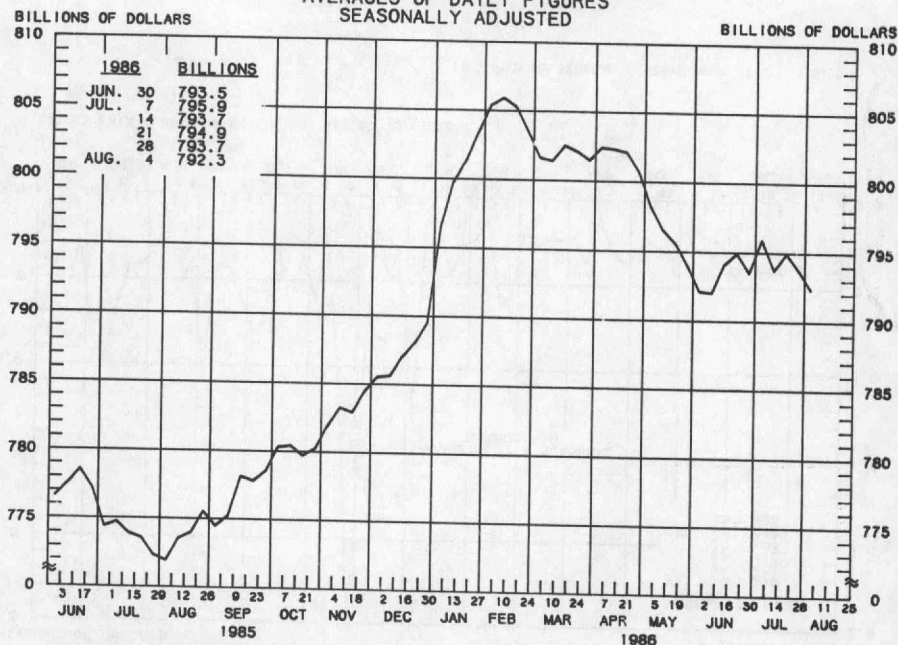
LATEST DATA PLOTTED WEEK ENDING: AUGUST 4, 1986

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: AUGUST 4, 1986

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

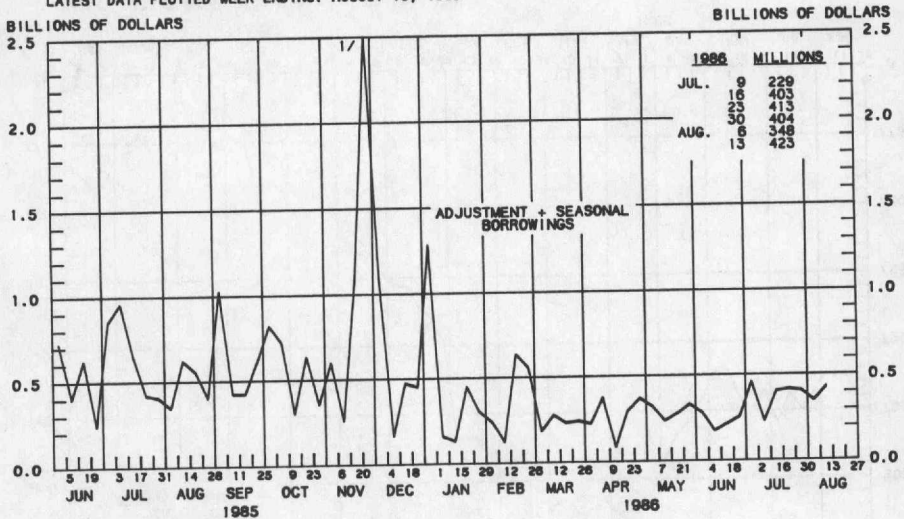
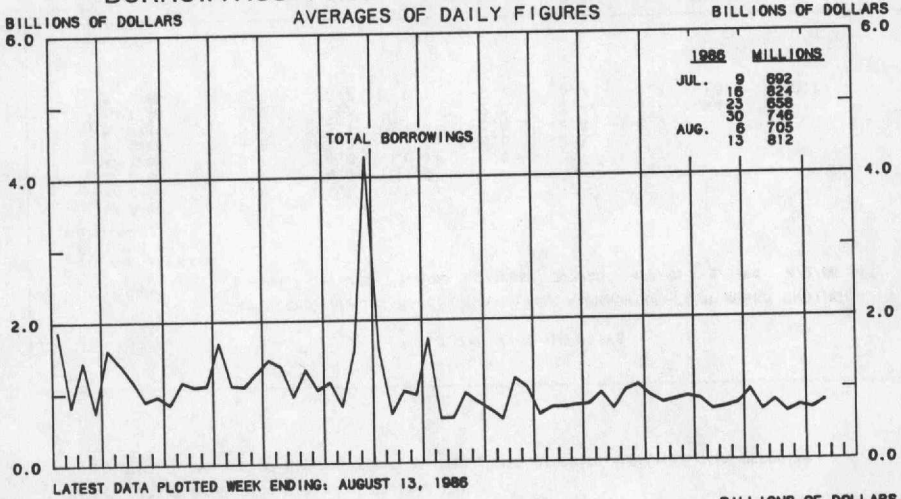
TOTAL TIME DEPOSITS

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

TO THE AVERAGE OF FOUR WEEKS ENDING:	8/5/85	11/4/85	1/6/86	2/3/86	3/3/86	4/7/86	5/5/86	6/2/86
1/ 6/86	5.4							
2/ 3/86	7.8	11.7						
3/ 3/86	7.1	9.5	11.9					
4/ 7/86	5.7	6.6	6.1	-0.3				
5/ 5/86	4.8	5.2	4.1	-0.8	-2.3			
6/ 2/86	3.4	3.1	1.4	-3.0	-4.6	-5.9		
7/ 7/86	3.0	2.7	1.1	-2.3	-3.4	-3.7	-4.4	
8/ 4/86	2.7	2.2	0.7	-2.2	-3.0	-3.2	-3.5	-0.7

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BORROWINGS FROM FEDERAL RESERVE BANKS



1/ 83.767 FOR 11/27/85

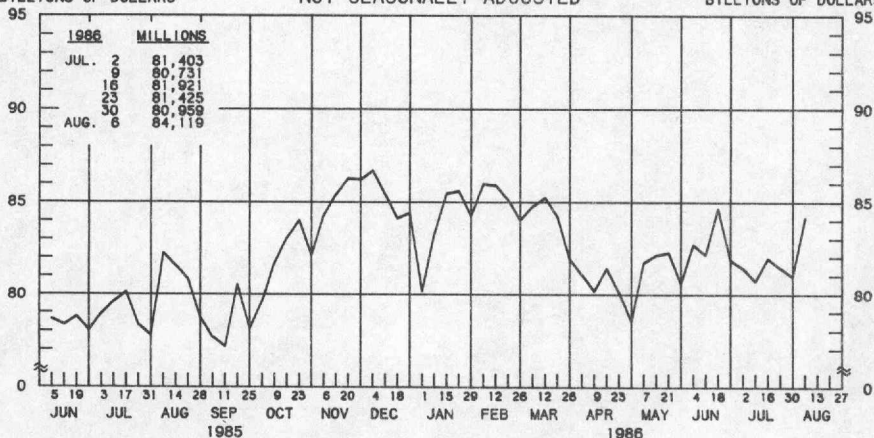
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COMMERCIAL PAPER OF NONFINANCIAL COMPANIES

BILLIONS OF DOLLARS

NOT SEASONALLY ADJUSTED

BILLIONS OF DOLLARS

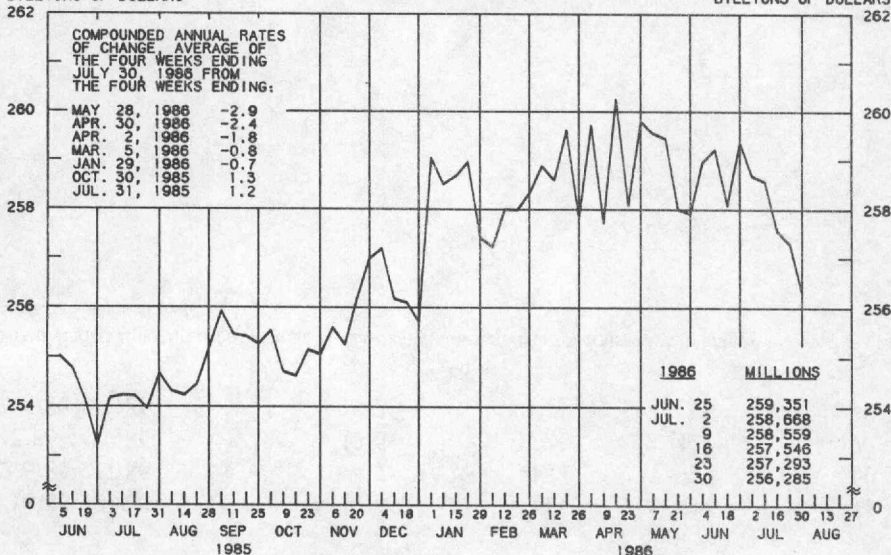


LATEST DATA PLOTTED WEEK ENDING: AUGUST 6, 1986

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

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: JULY 30, 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

Recent Movements in M1 and Selected Interest Rates

Period	M1 growth ¹	Basis Point Changes		
		3-month Treasury bill	1-year Treasury bill	5-year Treasury security
8/16/85-12/6/85	11.6%	11	-14	-72
12/6/85-2/7/86	4.7	-18	-23	-60
2/7/86-4/18/86	13.5	-122	-127	-172
4/18/86-8/1/86	19.3	-1	6	30

¹Compounded annual rates of change of seasonally adjusted data for four-week averages ending three days later than dates shown