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Federal Reserve Bank

of St. Louis

U.S. Financial Data

OCT 2 0 1986

October 16, 1986

The money multiplier, the ratio of the money stock (M1) to the adjusted monetary base, has grown at an annual rate of 6.4 percent this year, up sharply from its 3.7 percent growth last year. Among the key factors influencing the money multiplier are changes in the distribution of the public's asset holdings between currency and checkable deposits (the k -ratio) and between time deposits and checkable deposits (the t -ratio). Reductions in these ratios, other things the same, increase the multiplier. A fall in the k -ratio increases the proportion of the monetary base that depository institutions hold as reserves, permitting a multiple expansion of their checkable deposits. A fall in the t -ratio increases the proportion of reserves that depository institutions can use to support checkable deposits.

As the table on the back page shows, the rapid growth in the money multiplier this year has been associated with sharp reductions in both the k - and t -ratios. Since January, the public has continuously increased its holdings of checkable deposits at the expense of both currency and time deposits.

—Courtenay C. Stone

(continued on back page)



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

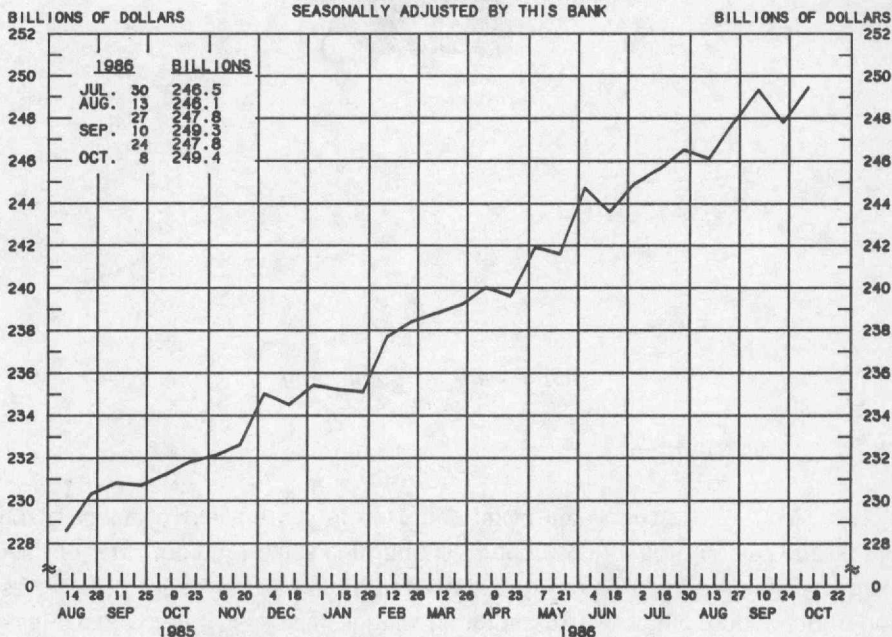
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Federal Reserve Bank of St. Louis

ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



LATEST PLOTTED RESERVE MAINTENANCE PERIOD ENDING: OCTOBER 8, 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.

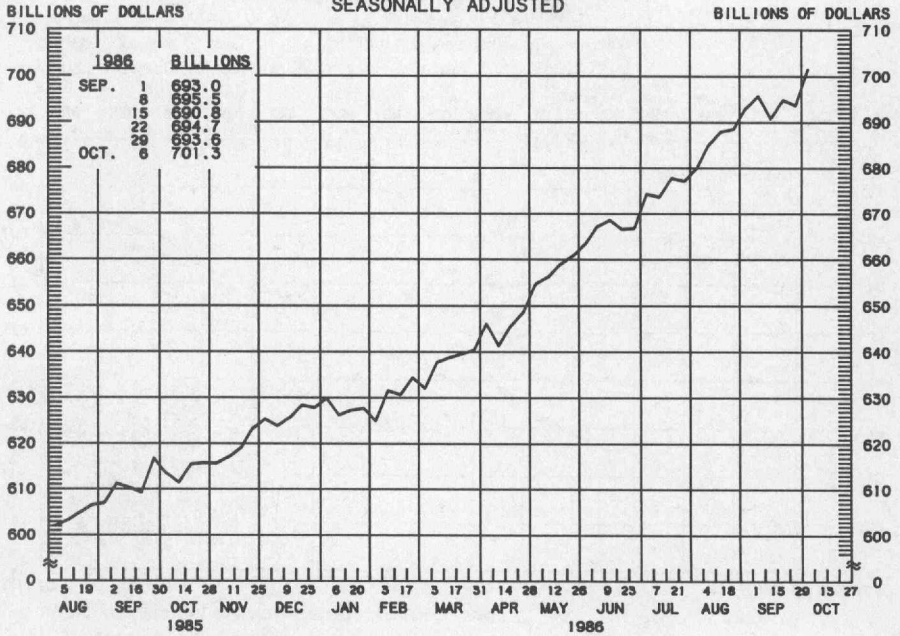
ADJUSTED MONETARY BASE

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

| | 10/9/85 | 1/1/86 | 3/12/86 | 4/9/86 | 5/7/86 | 6/4/86 | 7/2/86 | 8/13/86 |
|---|---------|--------|---------|--------|--------|--------|--------|---------|
| TO THE AVERAGE OF TWO MAINTENANCE PERIODS ENDING: | | | | | | | | |
| 3/12/86 | 8.0 | | | | | | | |
| 4/ 9/86 | 7.6 | 7.5 | | | | | | |
| 5/ 7/86 | 7.5 | 7.3 | 6.1 | | | | | |
| 6/ 4/86 | 8.2 | 8.4 | 8.6 | 10.2 | | | | |
| 7/ 2/86 | 8.0 | 8.1 | 8.0 | 8.8 | 9.8 | | | |
| 8/13/86 | 7.9 | 7.9 | 7.8 | 8.3 | 8.8 | 6.8 | | |
| 9/10/86 | 8.3 | 8.5 | 8.6 | 9.1 | 9.6 | 8.5 | 9.5 | |
| 10/ 8/86 | 7.6 | 7.6 | 7.4 | 7.7 | 7.8 | 6.5 | 6.7 | 6.2 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 6, 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.

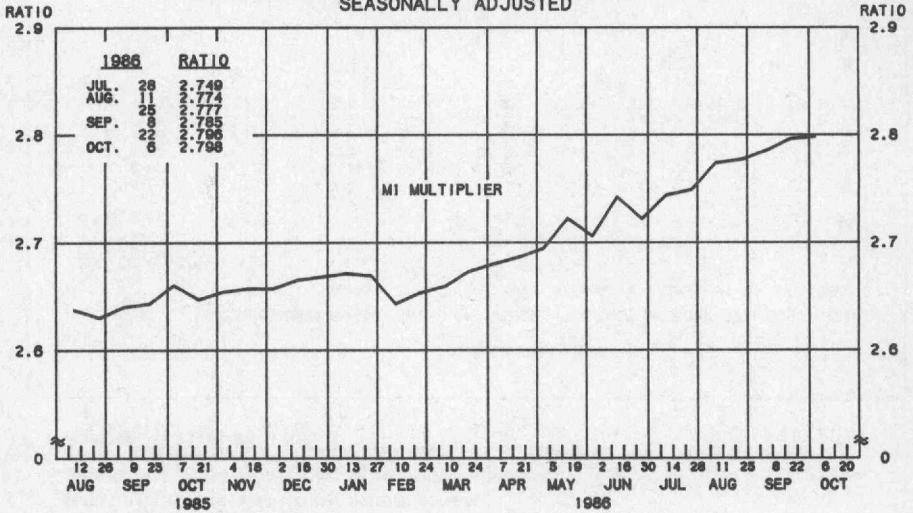
MONEY STOCK (M1)

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

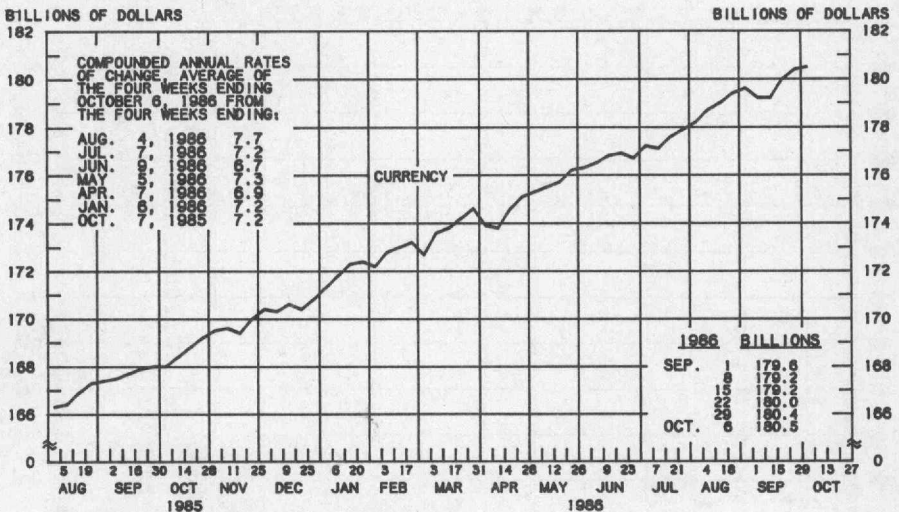
| | 10/7/85 | 1/6/86 | 3/3/86 | 4/7/86 | 5/5/86 | 6/9/86 | 7/7/86 | 8/4/86 |
|--------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 3/ 3/86 | 8.2 | | | | | | | |
| 4/ 7/86 | 9.6 | 8.7 | | | | | | |
| 5/ 5/86 | 10.1 | 9.9 | 14.9 | | | | | |
| 6/ 9/86 | 12.4 | 13.5 | 19.1 | 20.9 | | | | |
| 7/ 7/86 | 12.5 | 13.5 | 17.8 | 18.6 | 20.8 | | | |
| 8/ 4/86 | 12.9 | 14.0 | 17.7 | 18.2 | 19.6 | 15.2 | | |
| 9/ 8/86 | 14.0 | 15.3 | 18.8 | 19.5 | 20.8 | 18.5 | 20.8 | |
| 10/ 6/86 | 13.5 | 14.5 | 17.3 | 17.6 | 18.3 | 15.8 | 16.5 | 16.4 |

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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: OCTOBER 6, 1986



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 6, 1986

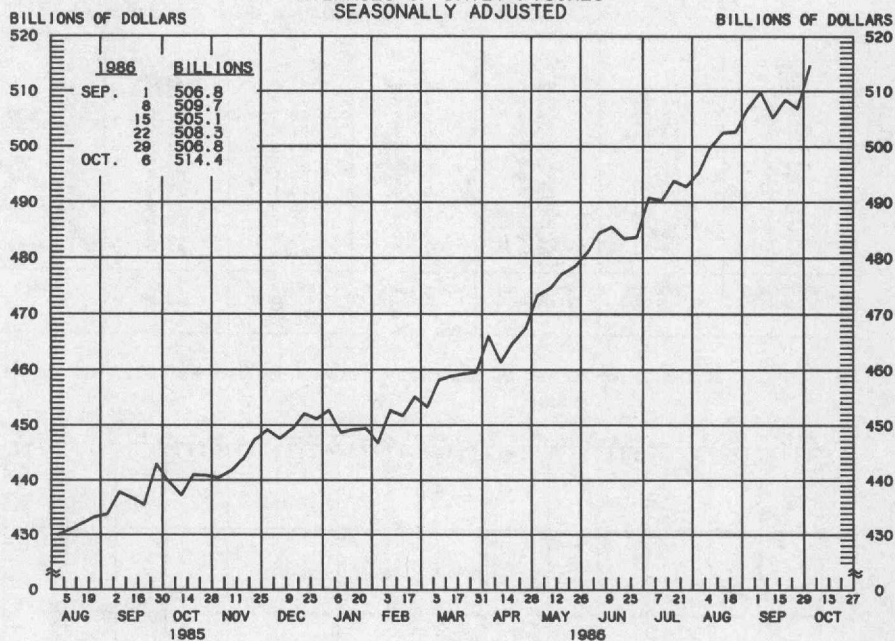
1/ RATIO OF MONEY STOCK (M1) TO ADJUSTED MONETARY BASE

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

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

TOTAL CHECKABLE DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 6, 1986

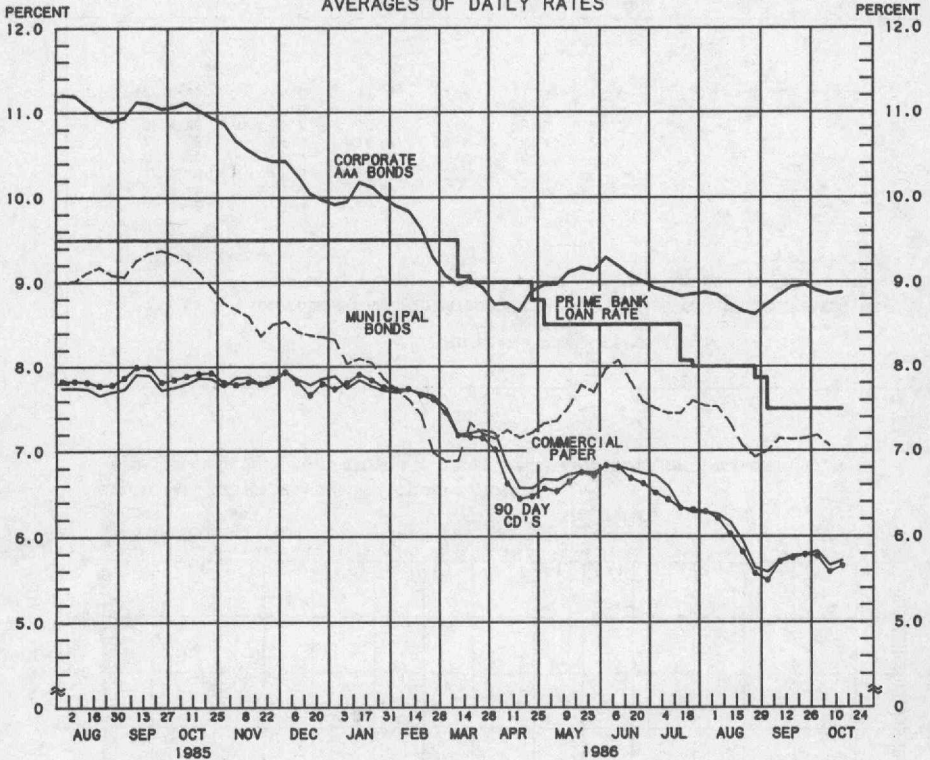
TOTAL CHECKABLE DEPOSITS IS THE SUM OF DEMAND DEPOSITS AND OTHER CHECKABLE DEPOSITS AT ALL DEPOSITORY INSTITUTIONS.

| TOTAL CHECKABLE DEPOSITS | | | | | | | | |
|--|---------|--------|--------|--------|--------|--------|--------|--------|
| COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| TO THE AVERAGE OF FOUR WEEKS ENDING: | 10/7/85 | 1/6/86 | 3/3/86 | 4/7/86 | 5/5/86 | 6/9/86 | 7/7/86 | 8/4/86 |
| 3/ 3/86 | | 8.4 | | | | | | |
| 4/ 7/86 | | 10.4 | 8.9 | | | | | |
| 5/ 5/86 | | 11.3 | 10.9 | 18.5 | | | | |
| 6/ 9/86 | | 14.4 | 15.9 | 24.0 | | | | |
| 7/ 7/86 | | 14.6 | 15.9 | 22.2 | 23.4 | 26.1 | | |
| 8/ 4/86 | | 15.2 | 16.6 | 22.0 | 22.9 | 24.5 | 18.6 | |
| 9/ 8/86 | | 16.6 | 18.4 | 23.4 | 24.3 | 25.9 | 22.7 | 25.7 |
| 10/ 6/86 | | 16.0 | 17.3 | 21.4 | 21.8 | 22.6 | 19.3 | 20.2 |
| | | | | | | | | 19.9 |

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

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 |
|--------|-------------|-------------------------|-----------------------------|---------------------|---------------------|-----------------|
| 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 | 6.03 | 6.17 | 5.94 | 8.74 | 10.26 | 7.33 |
| 22 | 5.82 | 5.95 | 5.72 | 8.66 | 10.12 | 7.06 |
| 29 | 5.57 | 5.64 | 5.46 | 8.62 | 10.04 | 6.93 |
| SEP. 5 | 5.49 | 5.59 | 5.43 | 8.74 | 10.08 | 7.00 |
| 12 | 5.71 | 5.72 | 5.64 | 8.85 | 10.21 | 7.15 |
| 19 | 5.73 | 5.78 | 5.66 | 8.95 | 10.24 | 7.14 |
| 26 | 5.79 | 5.79 | 5.68 | 8.97 | 10.24 | 7.15 |
| OCT. 3 | 5.77 | 5.83 | 5.66 | 8.90 | 10.21 | 7.19 |
| 10 | 5.59 | 5.67 | 5.45 | 8.86 | 10.20 | 7.06 |
| 17 * | 5.66 | 5.72 | 5.55 | 8.88 | 10.21 | N.A. |
| 24 | | | | | | |
| 31 | | | | | | |

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

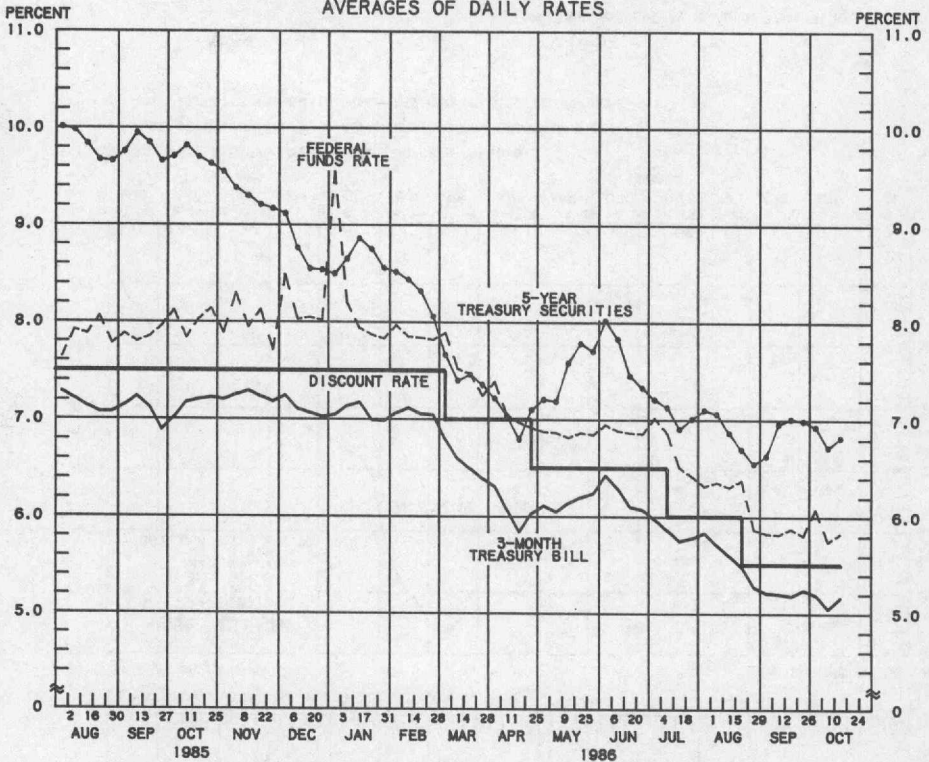
* AVERAGES OF RATES AVAILABLE

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

N.A. - NOT AVAILABLE

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SELECTED INTEREST RATES AVERAGES OF DAILY RATES



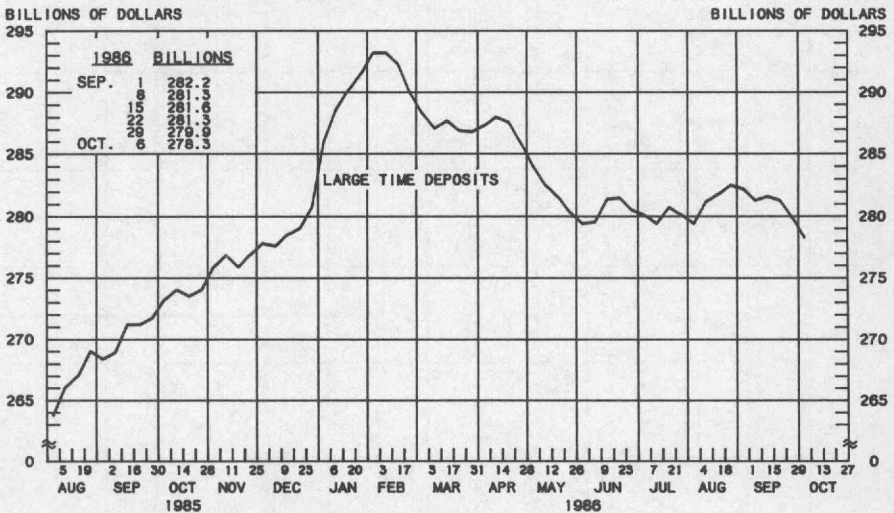
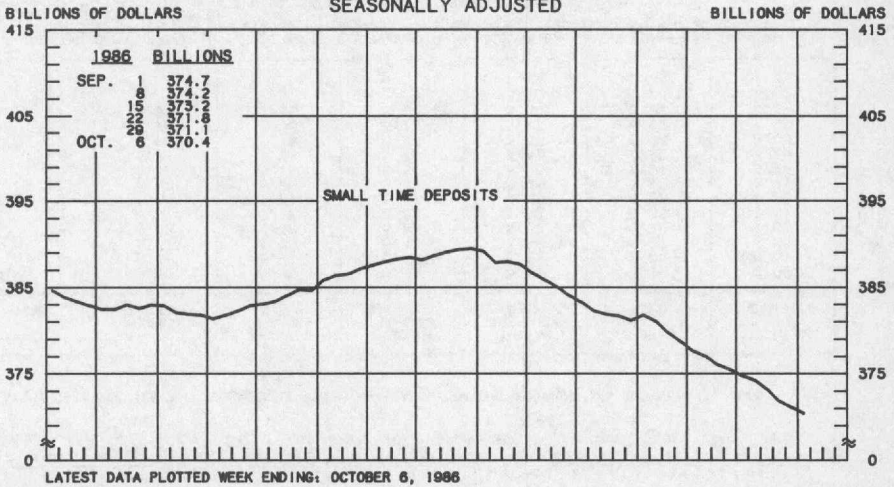
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: OCTOBER 17, 1986.

| 1986 | FEDERAL FUNDS RATE | 3-MONTH TREASURY BILL | 6-MONTH TREASURY BILL | 1-YEAR TREASURY BILL | 5-YEAR TREASURY SECURITIES | LONG-TERM TREASURY SECURITIES |
|--------|--------------------|-----------------------|-----------------------|----------------------|----------------------------|-------------------------------|
| 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 | 5.60 | 5.60 | 5.67 | 6.87 | 7.73 |
| 22 | 6.38 | 5.48 | 5.65 | 5.52 | 6.70 | 7.61 |
| 29 | 5.87 | 5.27 | 5.35 | 5.36 | 6.55 | 7.61 |
| SEP. 5 | 5.83 | 5.21 | 5.17 | 5.35 | 6.63 | 7.80 |
| 12 | 5.82 | 5.20 | 5.35 | 5.46 | 6.96 | 8.11 |
| 19 | 5.88 | 5.18 | 5.34 | 5.48 | 7.01 | 8.24 |
| 26 | 5.81 | 5.24 | 5.39 | 5.47 | 6.99 | 8.20 |
| OCT. 3 | 6.08 | 5.19 | 5.37 | 5.47 | 6.93 | 8.05 |
| 10 | 5.75 | 5.05 | 5.13 | 5.27 | 6.72 | 7.99 |
| 17 * | 5.83 | 5.16 | 5.22 | 5.38 | 6.82 | 8.17 |
| 24 | | | | | | |
| 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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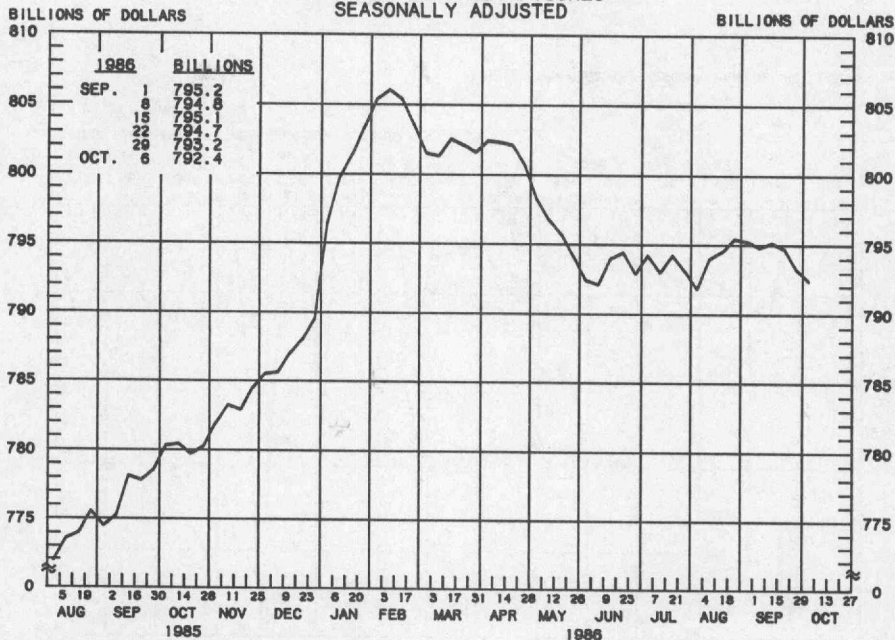
**COMMERCIAL BANK
SMALL TIME DEPOSITS 1/
LARGE TIME DEPOSITS 2/
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED**



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: OCTOBER 6, 1986

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

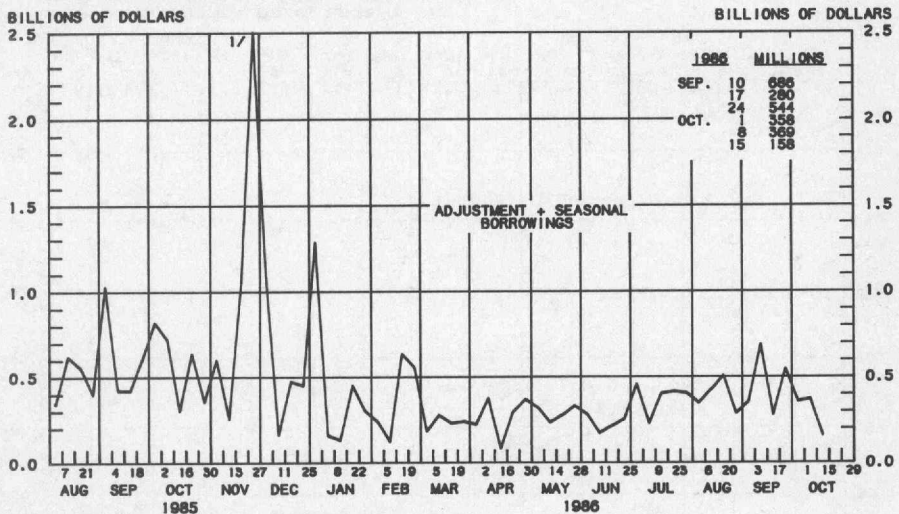
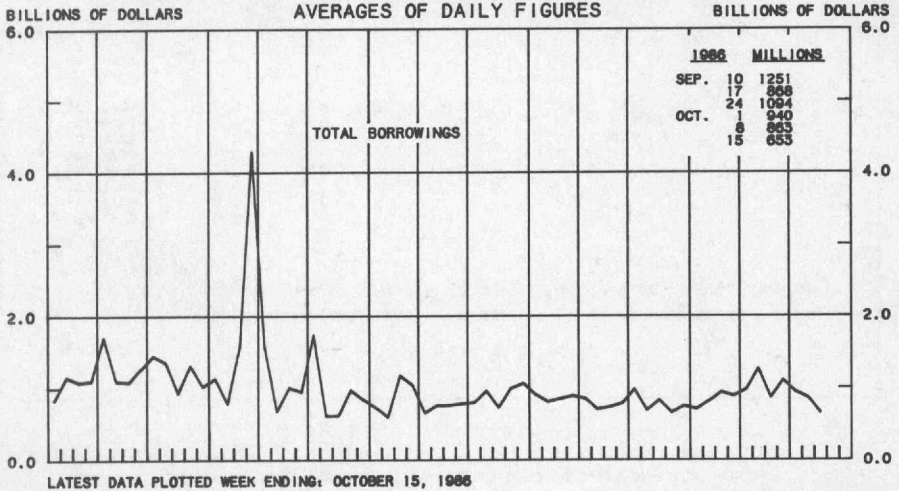
TOTAL TIME DEPOSITS

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

| | 10/7/85 | 1/6/86 | 3/3/86 | 4/7/86 | 5/5/86 | 6/9/86 | 7/7/86 | 8/4/86 |
|--------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| TO THE AVERAGE OF FOUR WEEKS ENDING: | | | | | | | | |
| 3/ 3/86 | | 8.3 | | | | | | |
| 4/ 7/86 | | 6.1 | 6.2 | | | | | |
| 5/ 5/86 | | 5.0 | 4.1 | -2.3 | | | | |
| 6/ 9/86 | | 2.9 | 1.0 | -4.8 | -6.0 | | | |
| 7/ 7/86 | | 2.6 | 0.9 | -3.6 | -4.1 | -4.9 | | |
| 8/ 4/86 | | 2.2 | 0.6 | -3.2 | -3.5 | -3.8 | -0.5 | |
| 9/ 8/86 | | 2.3 | 0.9 | -2.2 | -2.1 | -2.1 | 0.7 | 0.8 |
| 10/ 6/86 | | 2.0 | 0.6 | -2.1 | -2.1 | -2.0 | 0.1 | 0.0 |
| | | | | | | | | 0.7 |

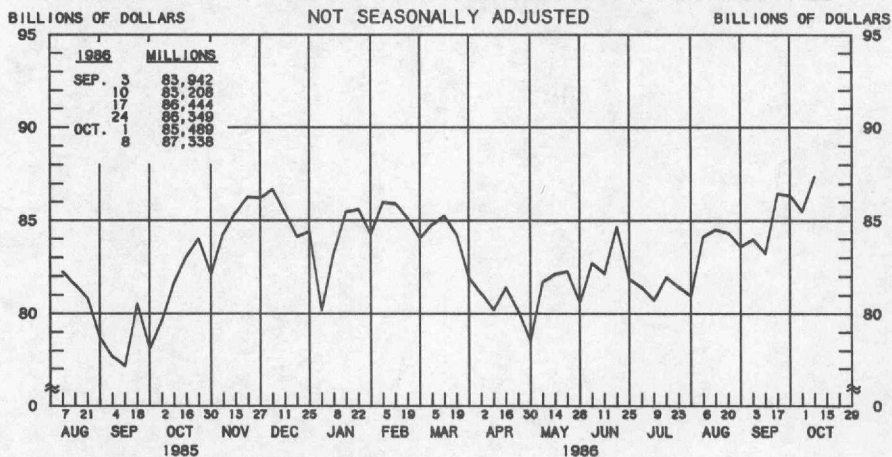
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BORROWINGS FROM FEDERAL RESERVE BANKS



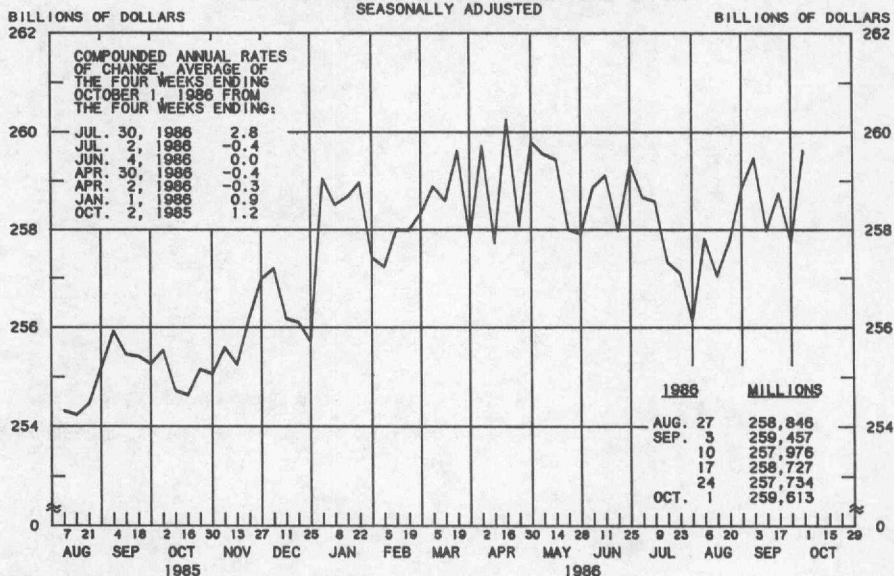
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

COMMERCIAL PAPER OF NONFINANCIAL COMPANIES



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 8, 1986

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



LATEST DATA PLOTTED WEEK ENDING: OCTOBER 1, 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

**M1 Multiplier, k-Ratio and t-Ratio
(seasonally adjusted)**

| Period | M1 multiplier ¹ | k-ratio ² | t-ratio ² |
|---------|----------------------------|----------------------|----------------------|
| 1/13/86 | 2.670 | .379 | 2.502 |
| 4/7/86 | 2.677 | .378 | 2.482 |
| 7/14/86 | 2.733 | .363 | 2.362 |
| 10/6/86 | 2.797 | .354 | 2.285 |

¹averages of two reserve maintenance periods ending dates shown

²averages of four weeks ending dates shown