

RESEARCH LIBRARY

Federal Reserve Bank
of St. Louis

U.S. Financial Data

MAR 12 1987

March 5, 1987

The money multiplier shows how many dollars of the money stock (M1) are supported by each dollar of the adjusted monetary base. Over the past year, the multiplier has risen by 6.4 percent, up sharply from 3.3 percent over the previous 12 months. The multiplier is sensitive to changes in the public's holdings of currency relative to checkable deposits (the k-ratio) and time deposits relative to 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 is held as reserves by depository institutions, permitting a multiple expansion of their checkable deposit liabilities. A fall in the t-ratio increases the proportion of reserves that depository institutions can use to support checkable deposits.

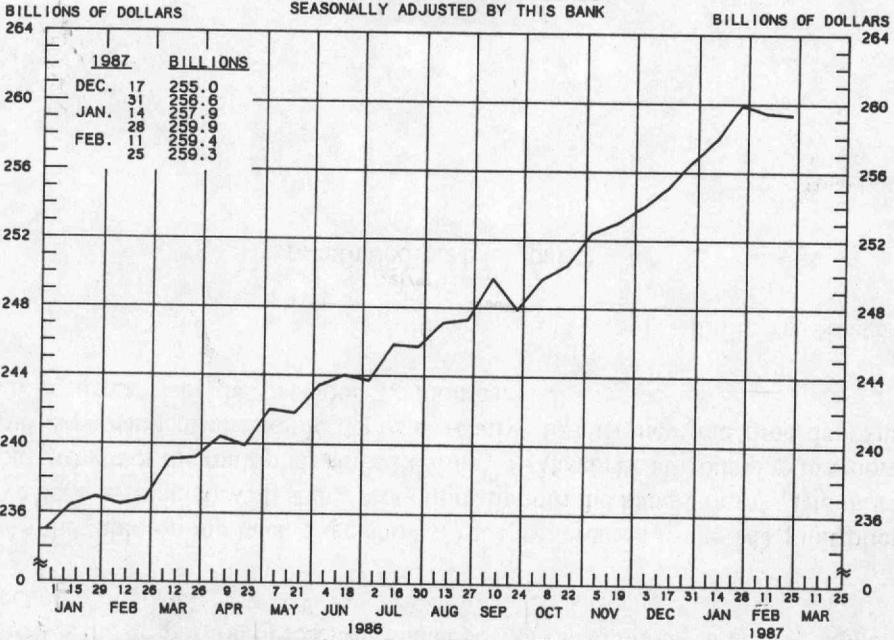
As the table on the back page shows, recent increases in the M1 multiplier have been associated with sharp reductions in both the k and t-ratios. The more rapid growth of the multiplier since February 1985 can be attributed to the more rapid expansion of checkable deposits relative to currency and time deposits than occurred over the previous 12 months.

—Philip A. Nuetzel

(continued on back page)



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



LATEST PLOTTED RESERVE MAINTENANCE PERIOD ENDING: FEBRUARY 25, 1987

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.

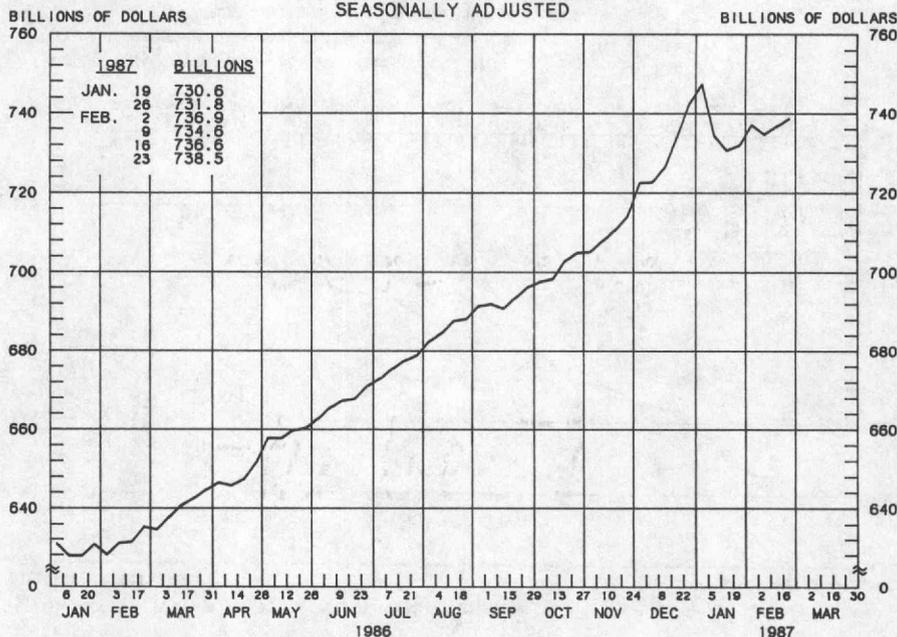
ADJUSTED MONETARY BASE

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

	2/26/86	5/21/86	7/30/86	8/27/86	9/24/86	10/22/86	11/19/86	12/31/86
TO THE AVERAGE OF TWO MAINTENANCE PERIODS ENDING:								
7/30/86	9.3							
8/27/86	9.1	8.4						
9/24/86	9.0	8.5	8.2					
10/22/86	8.8	8.2	7.8	7.9				
11/19/86	9.4	9.1	9.4	10.0	10.6			
12/31/86	9.6	9.5	9.9	10.4	10.9	12.4		
1/25/87	10.2	10.3	10.9	11.6	12.2	13.7	13.4	
2/25/87	9.6	9.5	9.8	10.1	10.4	11.1	10.2	9.5

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 23, 1987

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.

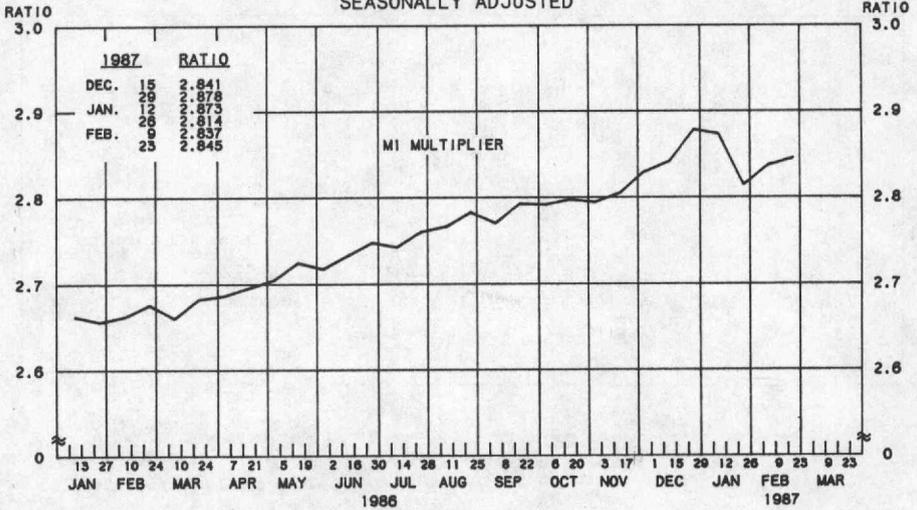
MONEY STOCK (M1)

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

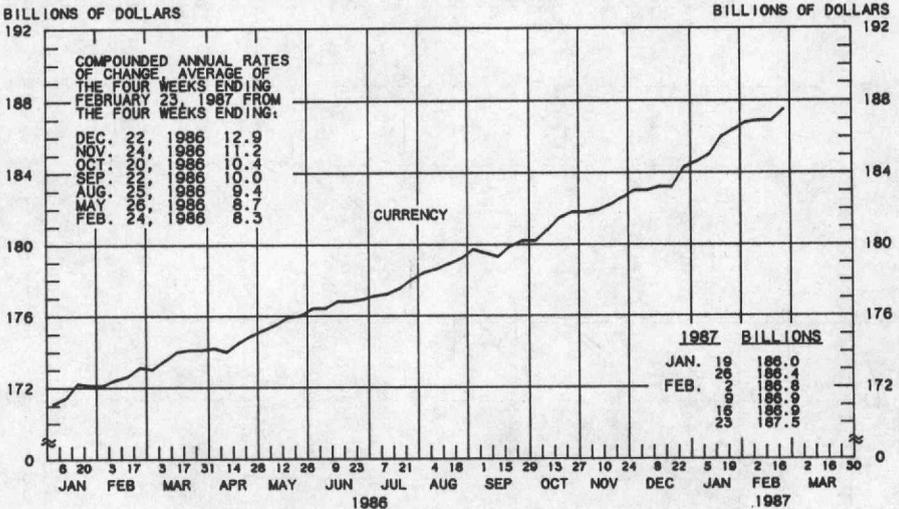
	2/24/86	5/26/86	7/21/86	8/25/86	9/22/86	10/20/86	11/24/86	12/22/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
7/21/86		17.6						
8/25/86		17.9	17.3					
9/22/86		17.2	16.1	16.3				
10/20/86		16.8	15.6	15.4	13.0			
11/24/86		16.8	15.9	15.8	14.5	15.4		
12/22/86		18.5	18.4	19.3	19.3	21.5	25.2	
1/26/87		18.1	17.9	18.4	18.2	19.5	21.3	23.8
2/23/87		16.7	16.1	16.1	15.5	16.0	16.6	16.4
								8.6

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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: FEBRUARY 23, 1987



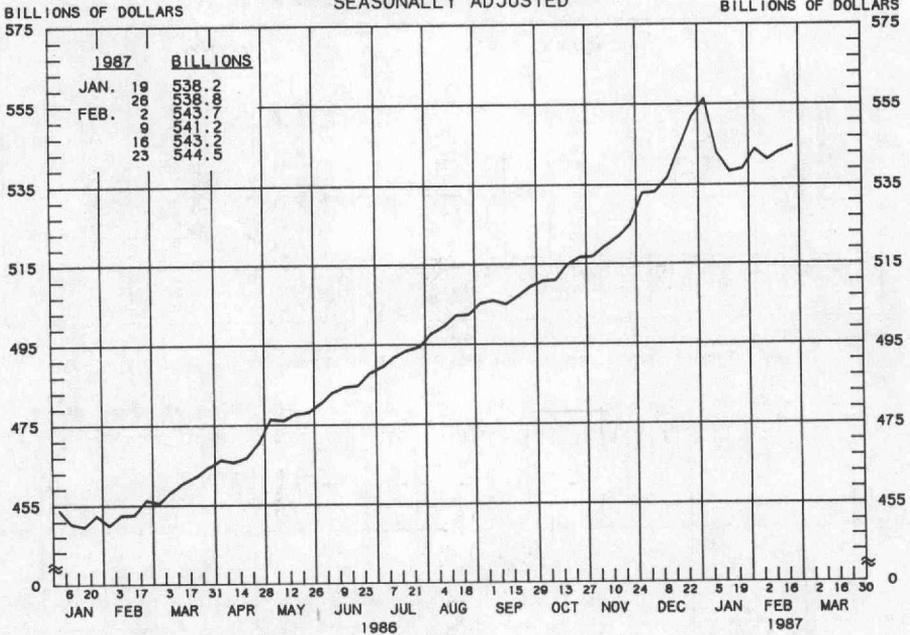
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 23, 1987

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

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

TOTAL CHECKABLE DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 23, 1987

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

TOTAL CHECKABLE DEPOSITS

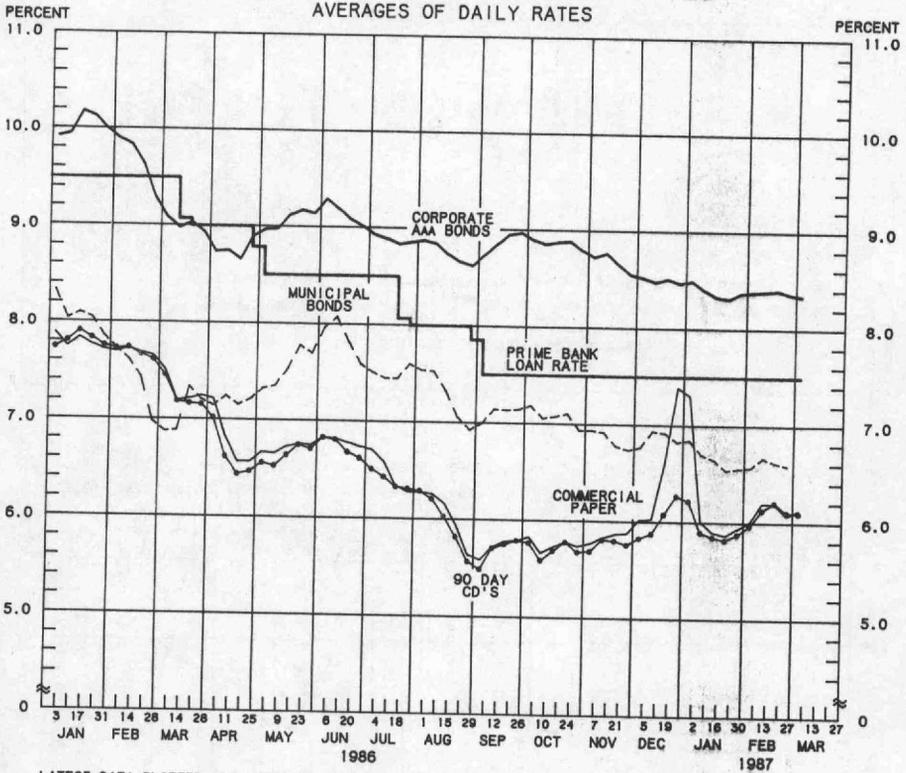
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	2/24/86	5/26/86	7/21/86	8/25/86	9/22/86	10/20/86	11/24/86	12/22/86
TO THE AVERAGE OF FOUR WEEKS ENDING:								
7/21/86	21.9							
8/25/86	22.1	21.1						
9/22/86	21.2	19.6	19.4					
10/20/86	20.5	18.9	18.3	15.3				
11/24/86	20.5	19.2	18.8	17.2	18.3			
12/22/86	22.8	22.7	23.8	24.0	26.9	32.2		
1/26/87	22.0	21.6	22.1	21.8	23.4	25.7	28.8	
2/23/87	20.0	18.9	18.7	17.8	18.4	19.0	18.4	7.1

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YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MARCH 6, 1987.

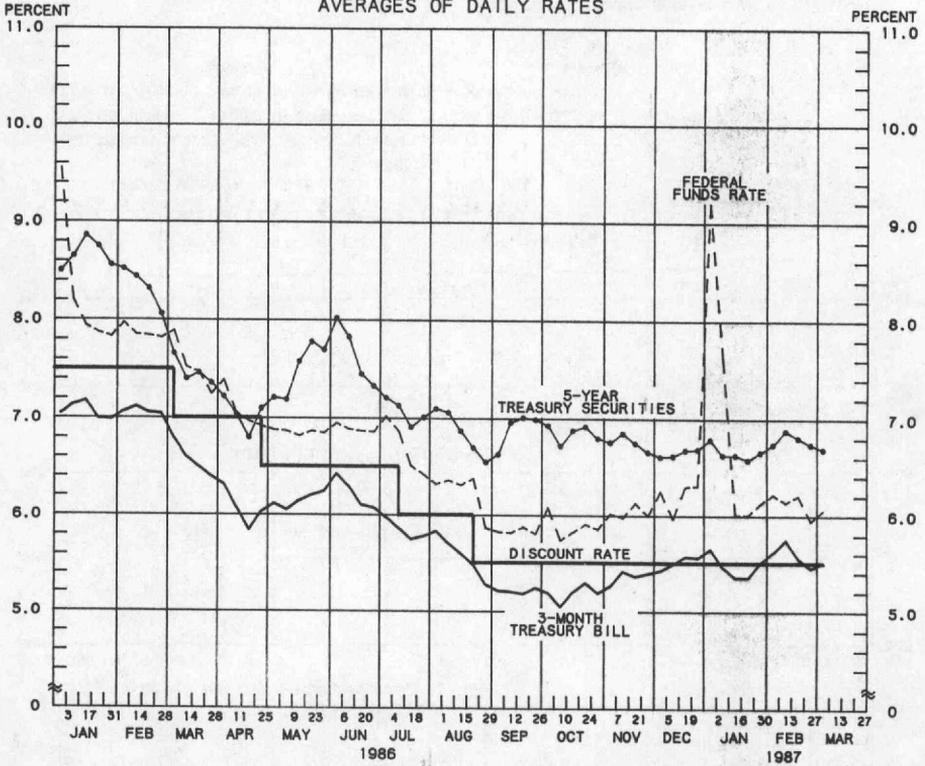
1987	90 DAY CD'S	30-DAY COMMERCIAL PAPER	90-DAY BANKERS' ACCEPTANCES*	CORPORATE AAA BONDS	CORPORATE BAA BONDS	MUNICIPAL BONDS **
JAN. 2	6.22	7.31	6.10	8.49	9.97	6.85
9	5.90	6.01	5.74	8.40	9.82	6.70
16	5.85	5.90	5.73	8.33	9.70	6.65
23	5.82	5.87	5.70	8.31	9.65	6.54
30	5.88	5.94	5.83	8.37	9.68	6.56
FEB. 6	5.97	6.01	5.88	8.38	9.65	6.57
13	6.13	6.20	6.07	8.39	9.67	6.67
20	6.21	6.20	6.07	8.40	9.67	6.62
27	6.11	6.08	6.03	8.36	9.64	6.59
MAR. 6 *	6.10	6.13	5.98	8.34	9.63	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



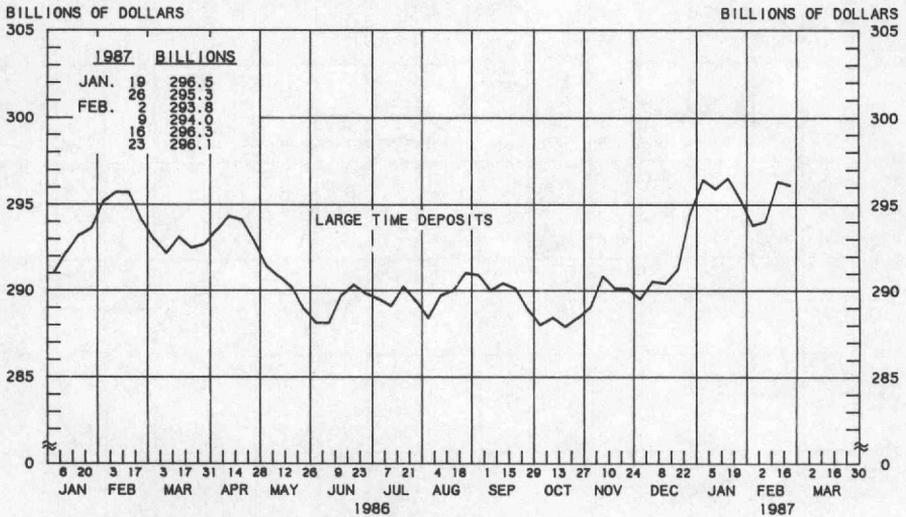
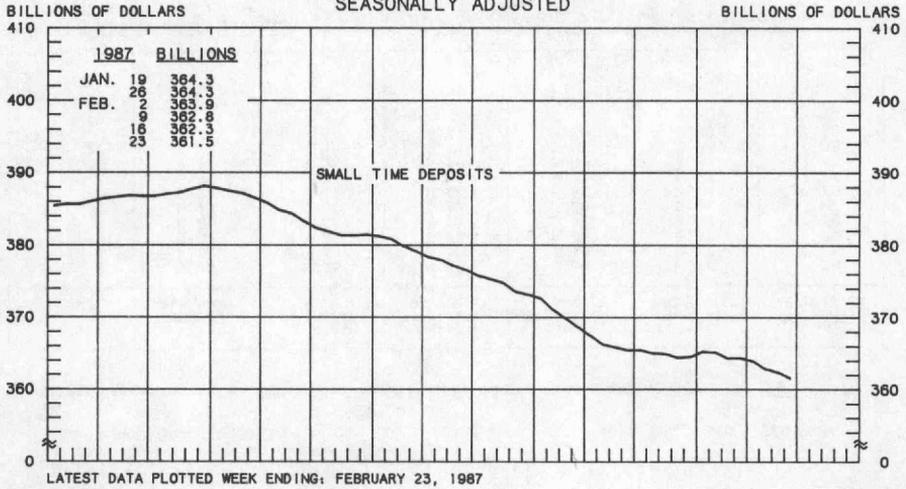
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MARCH 6, 1987.

1987	FEDERAL FUNDS ^{***}	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL ^{***}	1-YEAR TREASURY BILL	5-YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
JAN. 2	9.20	5.65	5.68	5.64	6.79	7.76
9	7.62	5.46	5.55	5.49	6.63	7.58
16	6.01	5.35	5.43	5.45	6.63	7.59
23	6.01	5.35	5.27	5.38	6.58	7.56
30	6.13	5.51	5.43	5.50	6.66	7.69
FEB. 6	6.22	5.62	5.59	5.59	6.74	7.70
13	6.14	5.75	5.69	5.71	6.88	7.77
20	6.21	5.55	5.70	5.64	6.81	7.73
27	5.95	5.45	5.41	5.57	6.74	7.63
MAR. 6 [*]	6.06	5.51	5.51	5.59	6.69	7.58
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



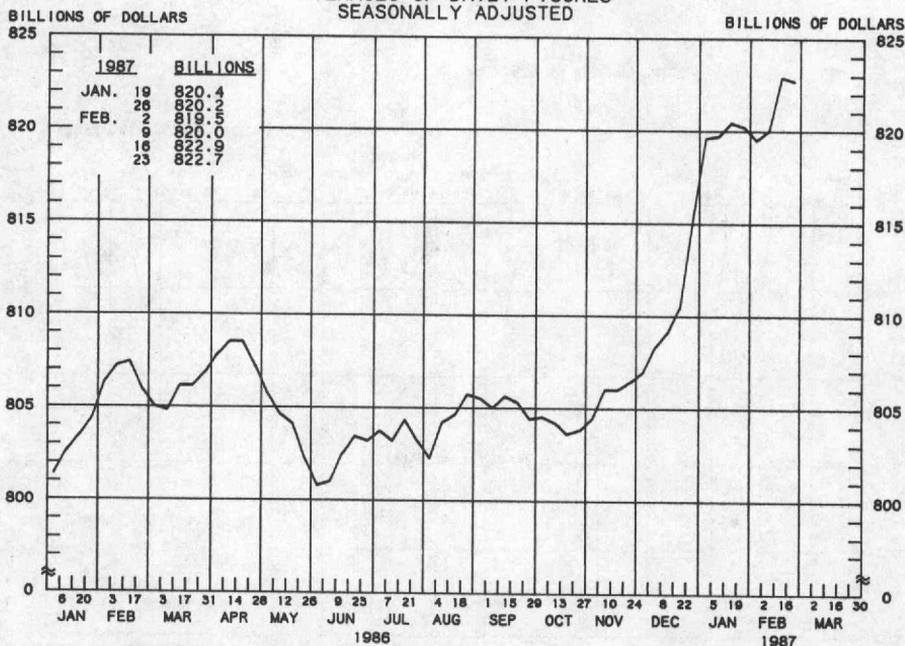
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 23, 1987

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



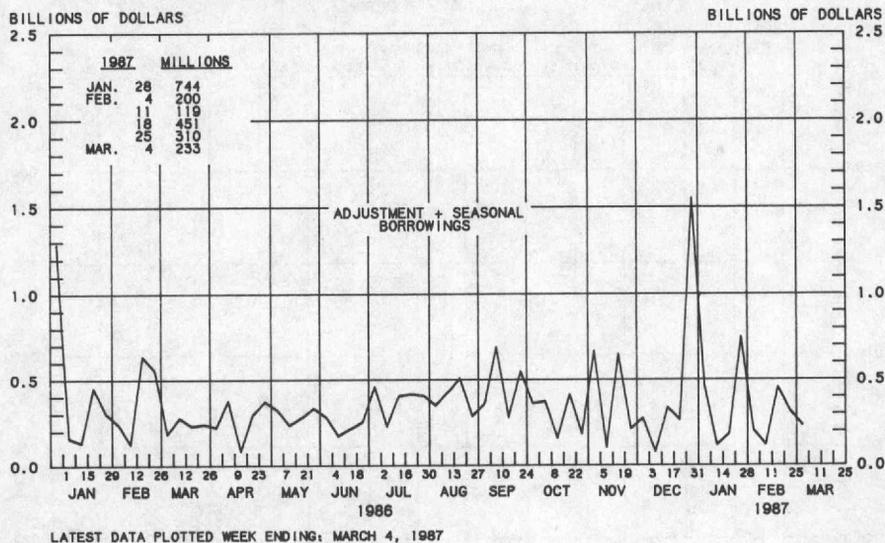
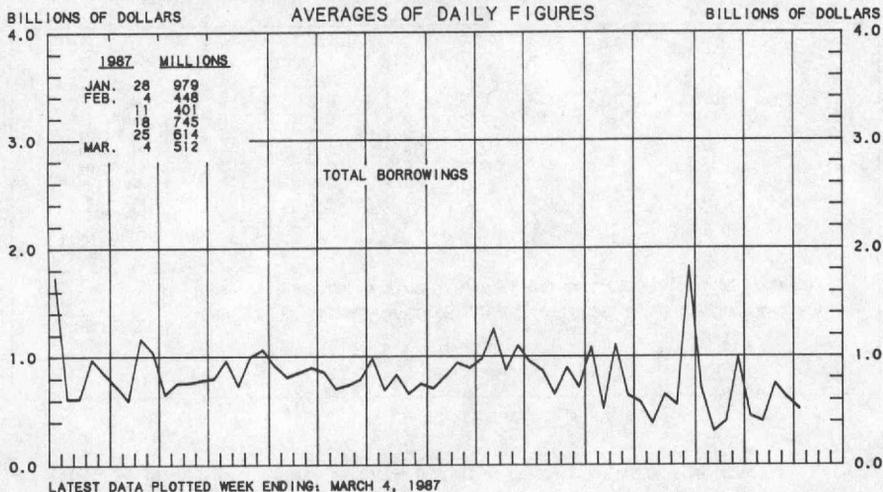
LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 23, 1987

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:									
	2/24/86	5/26/86	7/21/86	8/25/86	9/22/86	10/20/86	11/24/86	12/22/86	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
7/21/86	-0.9								
8/25/86	-0.6	0.0							
9/22/86	-0.3	0.5	1.3						
10/20/86	-0.5	0.0	0.3	0.0					
11/24/86	-0.2	0.4	0.8	0.7	0.2				
12/22/86	0.3	1.0	1.5	1.7	1.6	3.3			
1/26/87	1.8	2.9	4.0	4.7	5.3	7.5	10.7		
2/23/87	1.8	2.8	3.7	4.3	4.7	6.3	8.0	9.3	

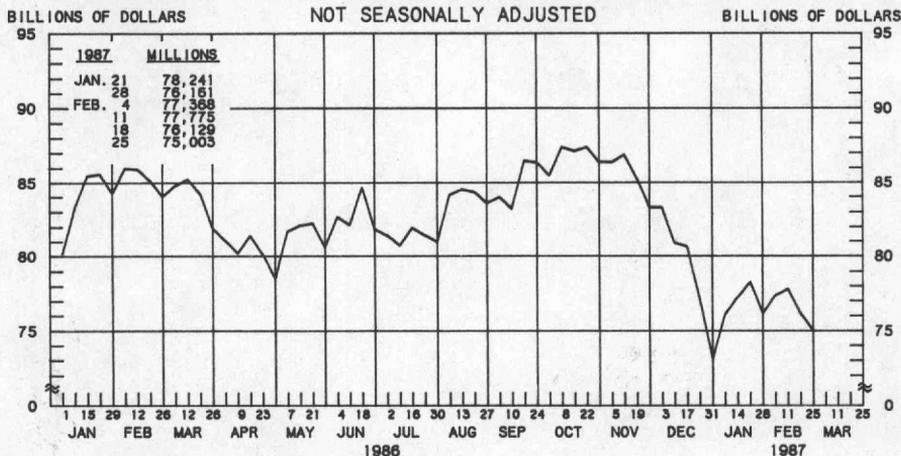
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BORROWINGS FROM FEDERAL RESERVE BANKS



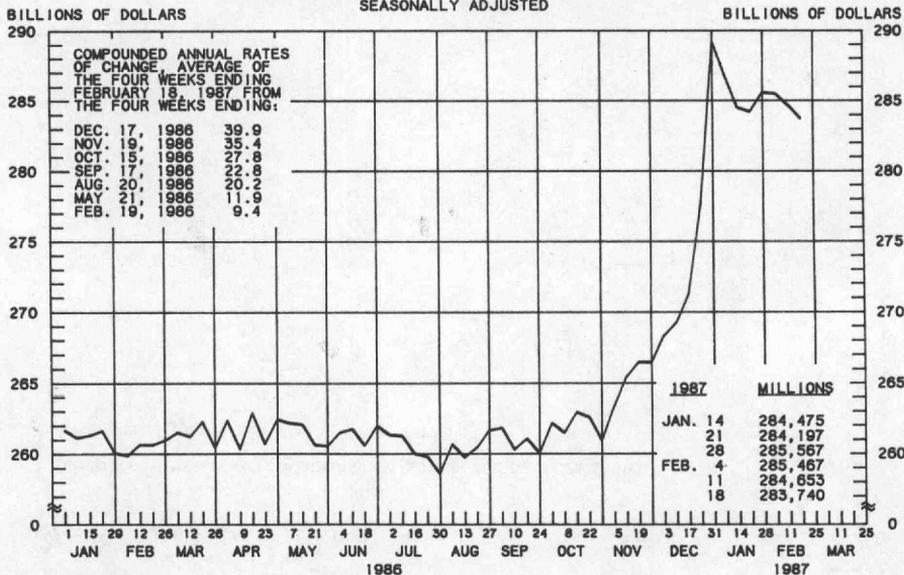
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COMMERCIAL PAPER OF NONFINANCIAL COMPANIES



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 25, 1987

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



LATEST DATA PLOTTED WEEK ENDING: FEBRUARY 18, 1987

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

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

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

Period	M1 multiplier¹	k-ratio²	t-ratio²
2/25/85	2.584	.398	2.633
2/24/86	2.669	.381	2.526
2/23/87	2.841	.344	2.209

¹ Averages of two reserve maintenance periods ending dates shown

² Averages of four weeks ending dates shown