

MAR 24 1987

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Federal Reserve Bank

of St. Louis

Financial Data

March 19, 1987

Average effective interest rates on mortgage loan commitments in the United States have continued to decline over the past year. As the table on the back page indicates, the average rate on fixed-rate mortgages (FRMs) fell by 181 basis points from February 1986 to February 1987, while the rate on adjustable-rate mortgages (ARMs) fell by 156 basis points. Hence, the spread between the rates on FRMs and ARMs narrowed over this period, although it was wider from June through November than it had been in February 1986.

Other things the same, borrowers prefer the certainty of a fixed interest rate. Therefore, as the spread between the rates on FRMs and ARMs narrows, the share of new mortgages with adjustable rates typically declines. The interest rate data in the table are for mortgage commitments, which tend to lead the data on mortgage closings. For example, the small ARM share of new mortgages in June 1986 corresponded to earlier, more narrow spreads in the commitment rates. This share subsequently rose in response to the wider spread, but declined between December and February as the spread fell.

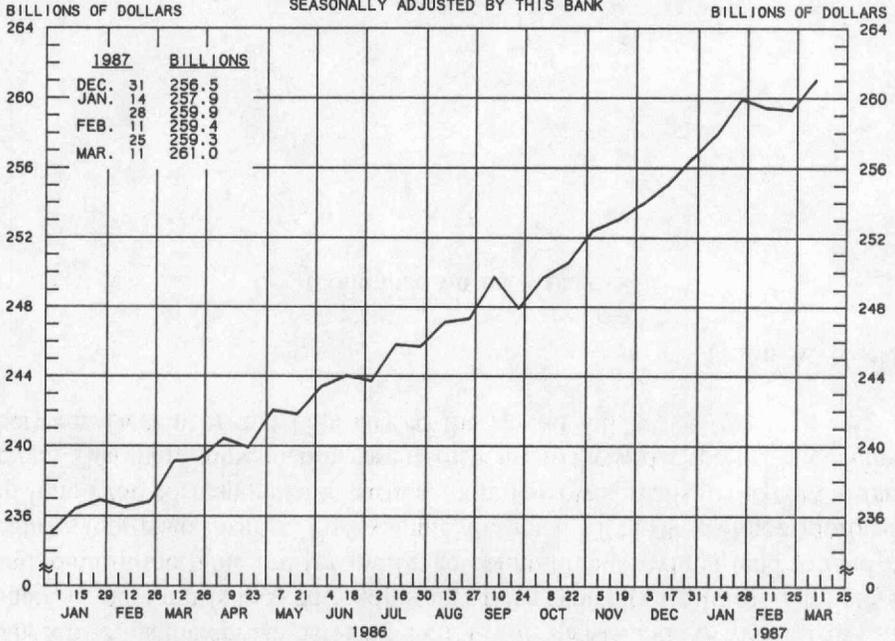
—Philip A. Nuetzel

(continued on back page)



ADJUSTED MONETARY BASE

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



LATEST PLOTTED RESERVE MAINTENANCE PERIOD ENDING: MARCH 11, 1987

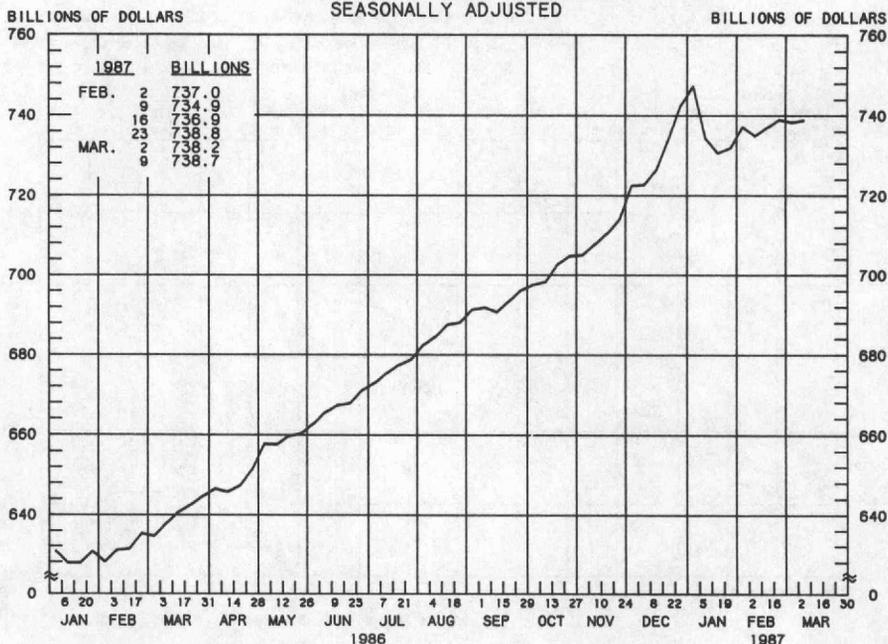
THE ADJUSTED MONETARY BASE IS THE SUM OF RESERVE ACCOUNTS OF FINANCIAL INSTITUTIONS AT FEDERAL RESERVE BANKS, CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF ALL DEPOSITORY INSTITUTIONS) AND AN ADJUSTMENT FOR RESERVE REQUIREMENT RATIO CHANGES. THE MAJOR SOURCE OF THE ADJUSTED 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:									
	3/12/86	6/4/86	8/13/86	9/10/86	10/8/86	11/5/86	12/17/86	1/14/87	
TO THE AVERAGE OF TWO MAINTENANCE PERIODS ENDING:									
8/13/86	8.5								
9/10/86	9.0	9.3							
10/ 8/86	8.0	7.6	6.5						
11/ 5/86	8.8	8.9	9.3	8.1					
12/17/86	9.1	9.3	9.8	9.3	12.5				
1/14/87	9.6	10.0	10.7	10.5	13.1	12.4			
2/11/87	9.9	10.3	11.1	11.0	13.2	12.7	14.1		
3/11/87	9.3	9.5	9.9	9.6	11.2	10.3	10.1	7.8	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MARCH 9, 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.

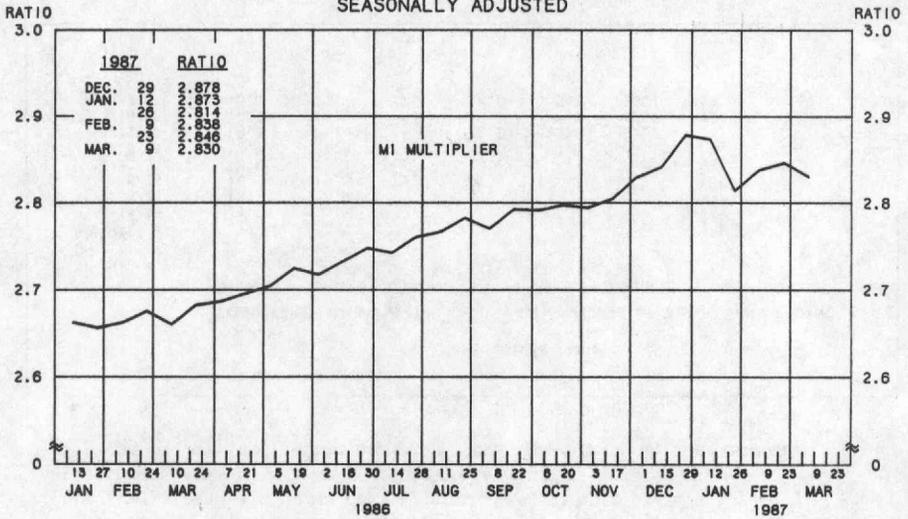
MONEY STOCK (M1)

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

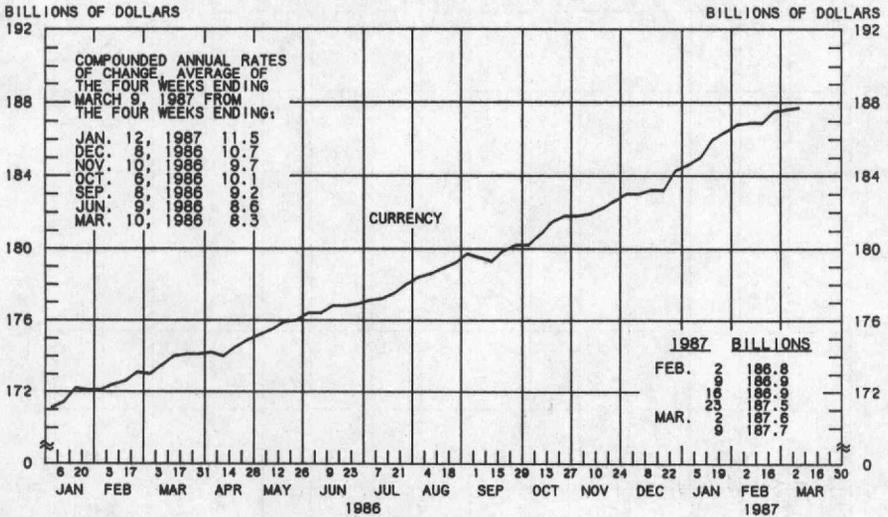
	3/10/86	6/9/86	8/11/86	9/8/86	10/6/86	11/10/86	12/8/86	1/12/87
TO THE AVERAGE OF FOUR WEEKS ENDING:								
8/11/86	18.0							
9/8/86	18.1	17.9						
10/6/86	16.9	15.8	13.8					
11/10/86	16.9	16.1	15.1	13.6				
12/8/86	17.7	17.4	17.4	17.0	20.6			
1/12/87	19.8	20.4	21.6	22.3	26.3	31.7		
2/9/87	17.0	16.5	16.1	15.7	17.2	17.2	13.9	
3/9/87	16.3	15.7	15.1	14.6	15.6	15.1	12.2	-1.1

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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: MARCH 9, 1987



LATEST DATA PLOTTED WEEK ENDING: MARCH 9, 1987

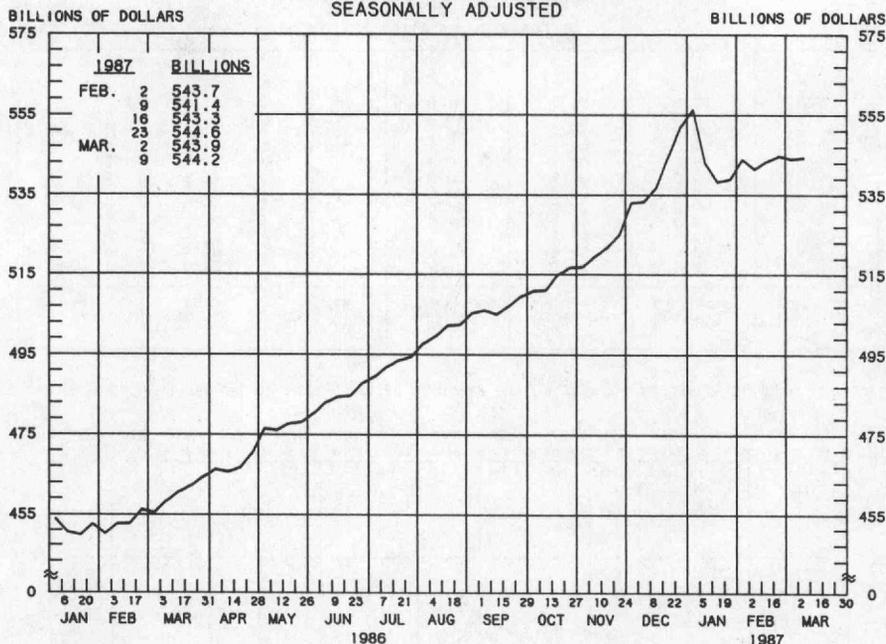
^{1/} RATIO OF MONEY STOCK (M1) TO ADJUSTED MONETARY BASE

^{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: MARCH 9, 1987

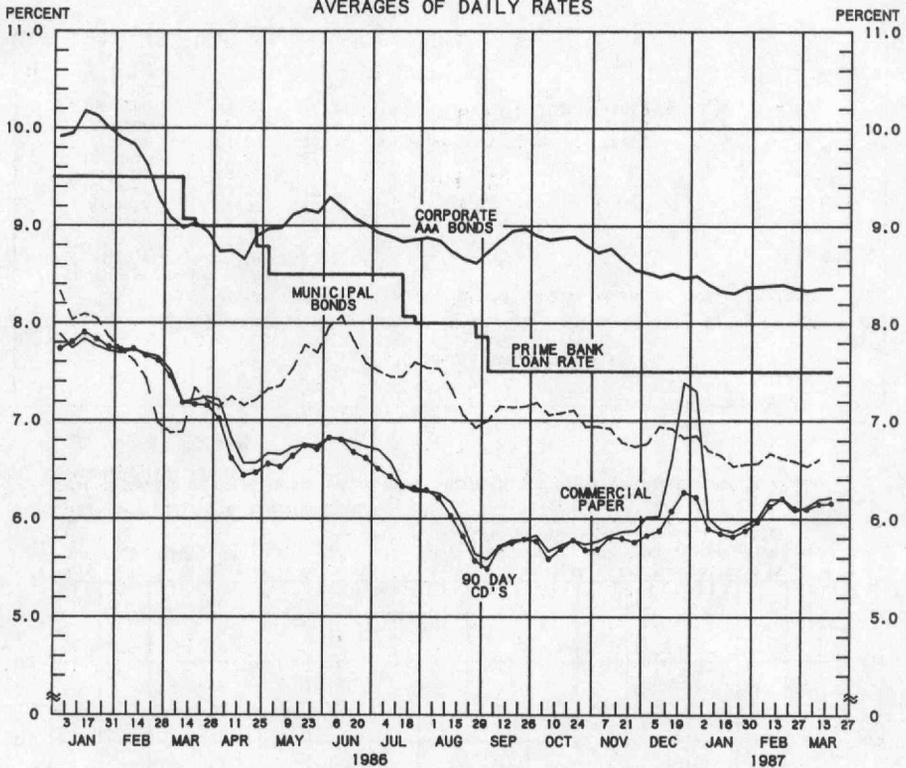
TOTAL CHECKABLE DEPOSITS IS THE SUM OF DEMAND DEPOSITS AND OTHER CHECKABLE DEPOSITS AT ALL DEPOSITORY INSTITUTIONS.

TOTAL CHECKABLE DEPOSITS									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	3/10/86	6/9/86	8/11/86	9/8/86	10/6/86	11/10/86	12/8/86	1/12/87	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
8/11/86	22.4								
9/ 8/86	22.3	21.8							
10/ 6/86	20.8	19.2	16.5						
11/10/86	20.6	19.3	17.8	15.9					
12/ 8/86	21.8	21.2	21.1	20.7	25.3				
1/12/87	24.6	25.3	26.9	28.0	33.2	41.3			
2/ 9/87	20.3	19.4	18.7	18.0	19.6	19.6	14.2		
3/ 9/87	19.4	18.3	17.3	16.5	17.6	16.9	12.5	-5.6	

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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 20, 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
FEB. 30	5.88	5.94	5.83	8.37	9.68	6.56
6	5.97	6.01	5.86	8.38	9.65	6.57
13	6.13	6.20	6.07	8.39	9.65	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	6.12	5.98	8.34	9.60	6.54
13	6.15	6.20	6.08	8.36	9.61	6.61
20 ^{**}	6.16	6.22	6.10	8.36	9.58	N.A.
27						

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

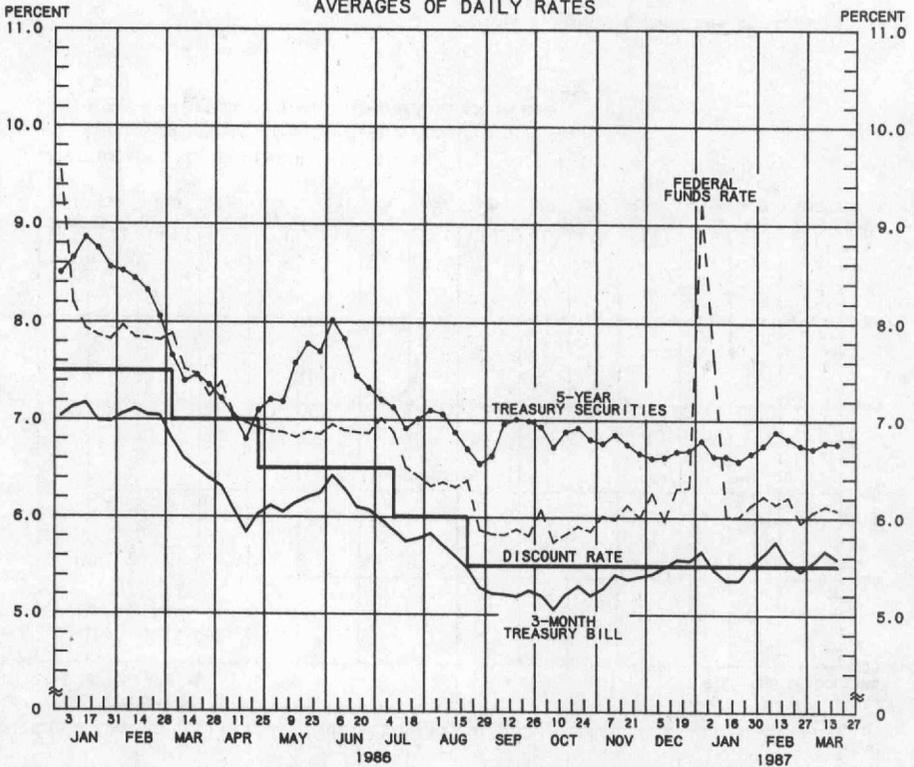
^{**} AVERAGES OF RATES AVAILABLE

^{***} 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



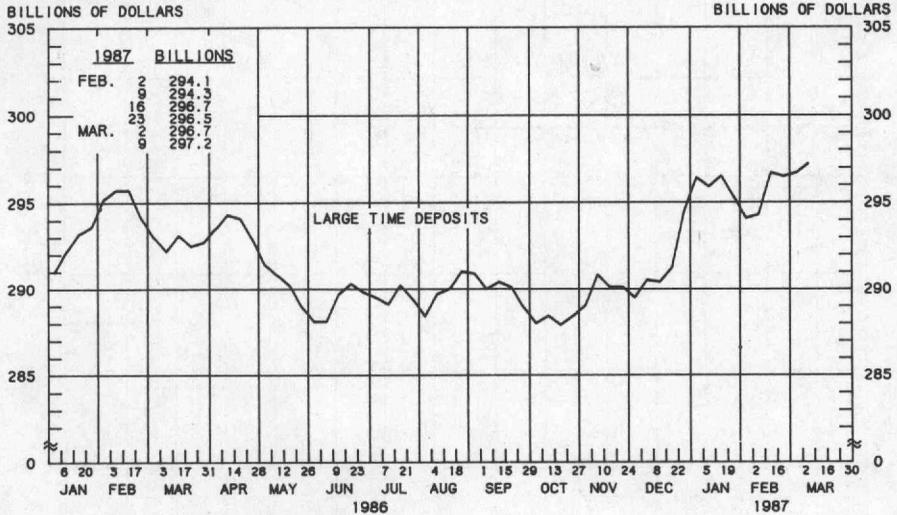
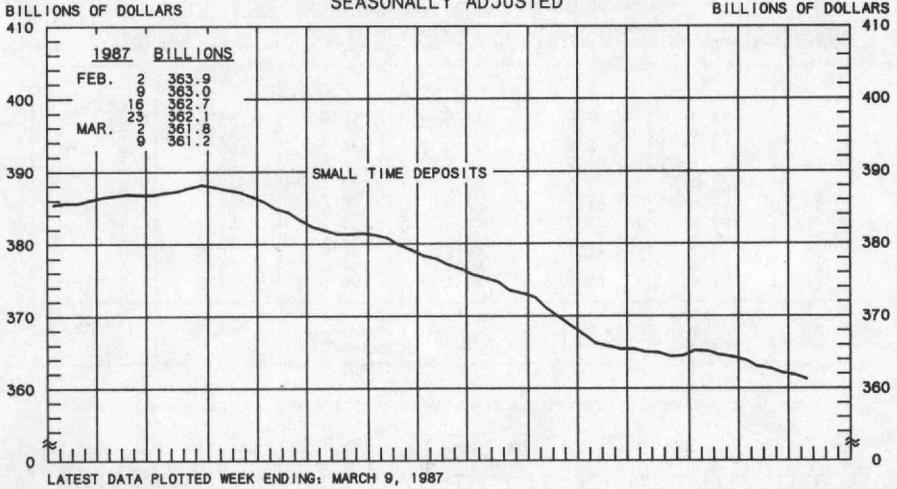
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: MARCH 20, 1987.

1987	FEDERAL FUNDS RATE	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
27	6.21	5.55	5.70	5.64	6.81	7.73
MAR. 6	5.95	5.45	5.41	5.57	6.74	7.63
13	6.06	5.54	5.51	5.61	6.71	7.58
20 *	6.12	5.66	5.59	5.72	6.77	7.63
27	6.08	5.58	5.58	5.66	6.76	7.61

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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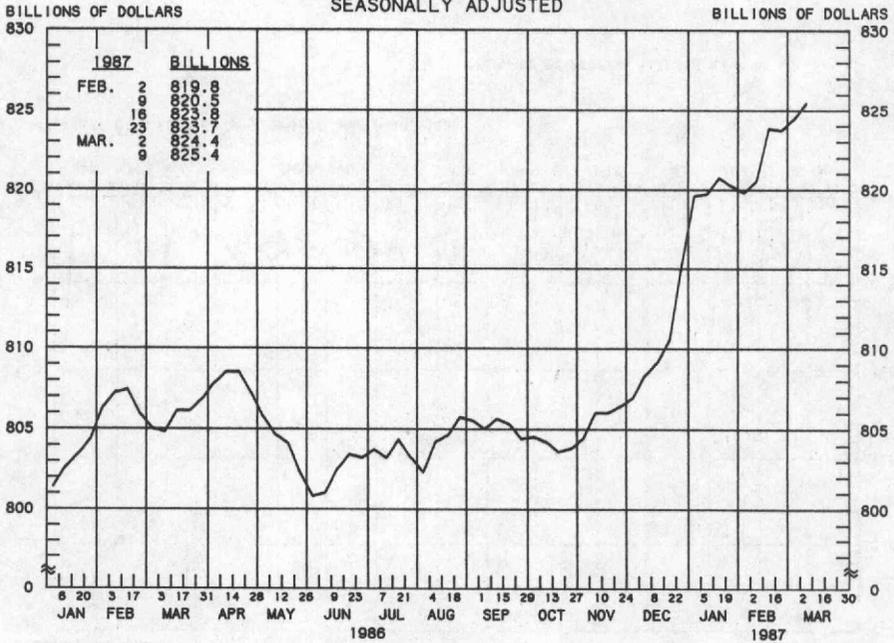
COMMERCIAL BANK
 SMALL TIME DEPOSITS 1/
 LARGE TIME DEPOSITS 2/
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



1/ TIME DEPOSITS ISSUED IN DENOMINATIONS OF LESS THAN \$100,000
 2/ TIME DEPOSITS ISSUED IN DENOMINATIONS OF \$100,000 OR MORE

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**COMMERCIAL BANK
TOTAL TIME DEPOSITS**
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: MARCH 9, 1987

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

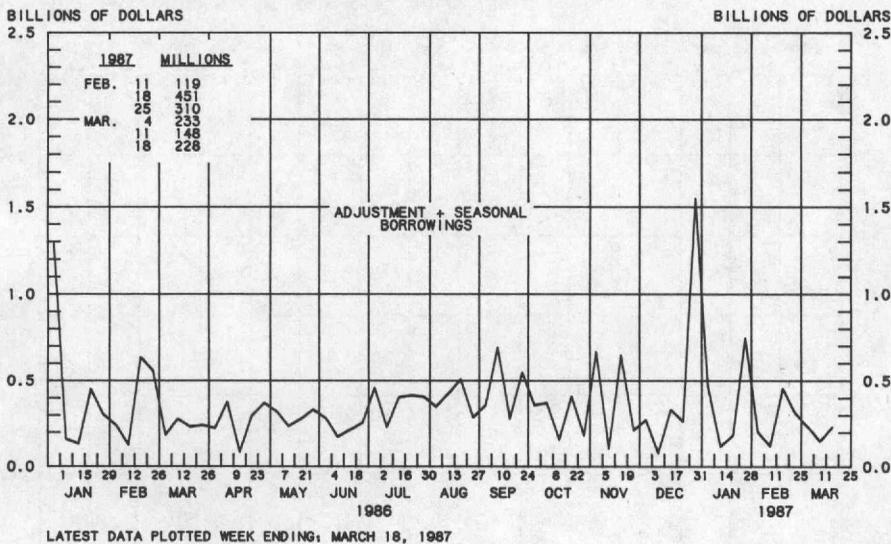
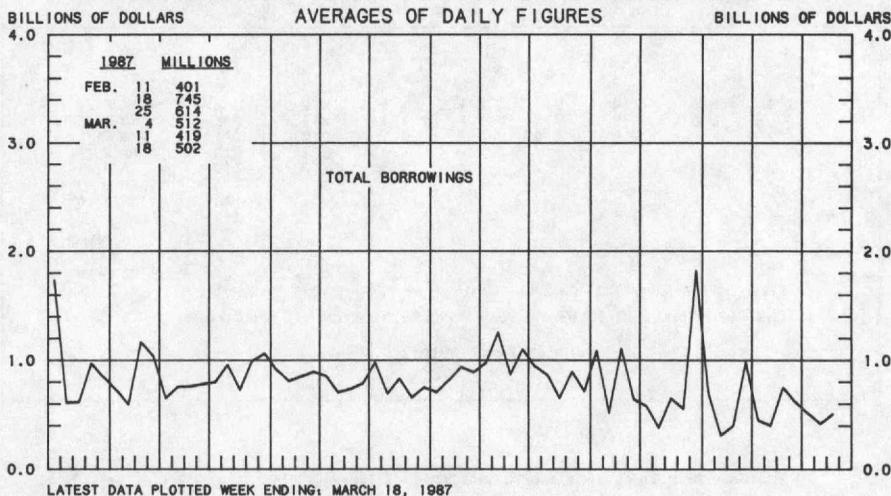
TOTAL TIME DEPOSITS

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

	3/10/86	6/9/86	8/11/86	9/8/86	10/6/86	11/10/86	12/8/86	1/12/87
TO THE AVERAGE OF FOUR WEEKS ENDING:								
8/11/86	-0.7							
9/ 8/86	-0.1	1.6						
10/ 6/86	-0.2	1.1	1.2					
11/10/86	-0.2	0.7	0.5	-0.5				
12/ 8/86	0.2	1.2	1.3	0.8	1.4			
1/12/87	1.5	3.0	3.8	4.0	5.3	8.8		
2/ 9/87	2.0	3.4	4.2	4.5	5.6	8.1	10.0	
3/ 9/87	2.3	3.7	4.5	4.8	5.8	7.7	8.9	6.5

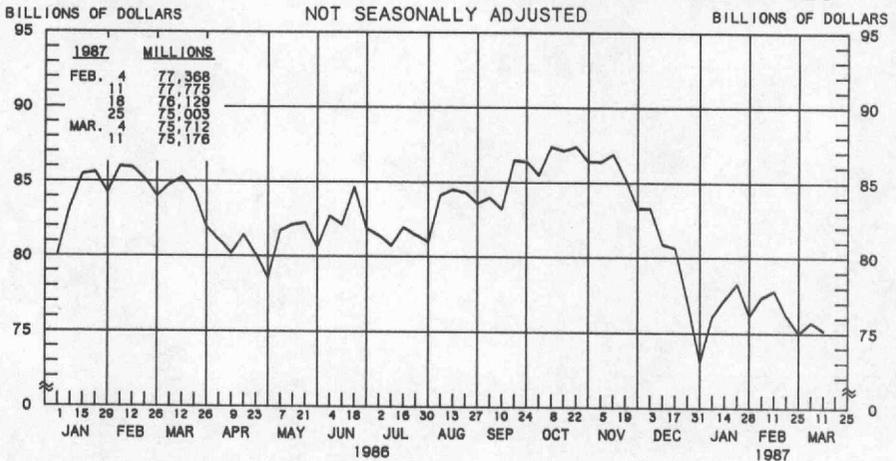
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BORROWINGS FROM FEDERAL RESERVE BANKS

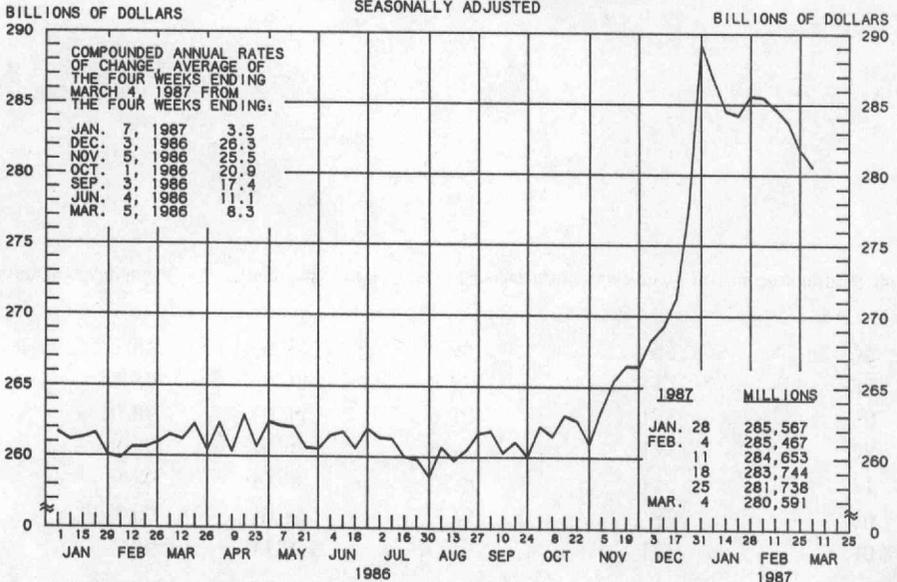


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COMMERCIAL PAPER OF NONFINANCIAL COMPANIES



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



LATEST DATA PLOTTED WEEK ENDING: MARCH 4, 1987

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

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

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Effective Interest Rates on FRMs and ARMs, Their Spread and the ARM Share of New Mortgages

Period	FRMs ¹	ARMs ¹	Spread in basis points	ARM share of new mortgages
2/86	11.35%	10.13%	122	40%
4/86	10.57	9.75	82	29
6/86	11.08	9.59	149	21
8/86	10.85	9.51	134	28
10/86	10.44	9.13	131	30
12/86	9.98	8.86	112	35
2/87	9.54	8.57	97	27

¹ Average commitment rates on mortgages of 15 years or longer maturities with 90 percent loan-to-price ratios