

FEDERAL RESERVE BANK OF ST. LOUIS  
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BANKING AND MONETARY DEVELOPMENTS IN OCTOBER, 1967

Summary. Seasonally adjusted commercial bank credit rose more rapidly in October than in the previous month. Banks participated heavily in the large Treasury financing early in October, but --seasonally adjusted--added much less to their net holdings of U.S. Government securities over the month than they had in July and August when Treasury cash financings also were large. Acquisitions of State and local obligations accelerated from the slackened September rate. Total loans increased somewhat less than in September, but continued at a more rapid pace than that over the first half of the year. Business loan expansion remained modest. The money supply rose following little change in the preceding month. Time and savings deposit inflows accelerated somewhat from the reduced pace of September. Total and required reserves rose, but free reserves dropped slightly.

Changes in Commercial Bank Credit 1/ 2/  
Money Supply and Time Deposits  
(Seasonally adjusted)

|   | Annual rate (per cent) |          |           |          |             |          |          |       |       |
|---|------------------------|----------|-----------|----------|-------------|----------|----------|-------|-------|
|   | 1967                   |          |           |          |             | 1966     |          |       | 1965  |
|   | Oct.                   | 3rd Qtr. | July-Oct. | 1st half | 1st 10 mos. | 2nd half | 1st half | Year  | Year  |
| Total loans and investments                       | 11.0                   | 17.1     | 15.7      | 9.9      | 12.5        | 2.2      | 9.2      | 5.7   | 10.2  |
| U.S. Govt. sec.                                   | 13.6                   | 44.8     | 37.4      | 6.3      | 19.2        | - 4.4    | - 8.4    | - 6.3 | - 5.6 |
| Other sec.  | 18.7                   | 9.9      | 12.3      | 31.2     | 24.4        | 0.8      | 12.1     | 6.5   | 15.8  |
| Total loans                                       | 8.7                    | 11.8     | 11.1      | 5.9      | 8.1         | 4.3      | 13.6     | 9.1   | 14.7  |
| Business loans                                    | 2.8                    | 5.8      | 5.1       | 10.9     | 8.7         | 7.7      | 18.2     | 13.3  | 18.8  |
| Money supply                                      | 6.7                    | 6.8      | 6.8       | 6.8      | 6.9         | - 0.2    | 4.6      | 2.2   | 4.7   |
| Time and savings deposits at all commercial banks | 13.4                   | 15.1     | 14.8      | 17.4     | 16.9        | 6.5      | 10.8     | 8.8   | 16.0  |

- 1/ Where necessary, changes in loans and other securities described above are adjusted for the definitional shift of about \$1 billion of participation certificates from loans to other securities on June 30, 1966. Changes in total credit, total loans, and total time and savings deposits described above are also adjusted for the reduction of \$1.1 billion of balances accumulated for the payment of personal loans excluded on June 9 as a result of a change in Federal Reserve regulations affecting reserve requirements.
- 2/ Changes in commercial bank credit are based on data revised to reflect adjustments to June 1967 benchmarks.