

# MONETARY DEVELOPMENTS A

## Factors Influencing the Monetary Base in 1973<sup>1</sup> Averages of Daily Figures

|   | Millions of Dollars |                  | Change          | Change in<br>Source Base<br>Attributable To: |
|---|---------------------|------------------|-----------------|--|
|   | December<br>1972    | December<br>1973 |                 |  |
| <b>Federal Reserve Credit</b>                         |                     |                  |                 |  |
| U.S. Government Securities <sup>2</sup> .....         | \$71,185            | \$ 79,851        | \$+8,666        | + 96.1%                                      |
| Loans .....   | 1,049               | 1,298            | + 249           | + 2.8  |
| Float .....   | 3,479               | 3,326            | - 153           | - 1.7  |
| Other F.R. Assets .....                               | 1,138               | 1,079            | - 59            | - 0.7  |
| <b>Total</b> .....                                    | <b>76,851</b>       | <b>85,554</b>    | <b>+8,703</b>   | <b>+ 96.5</b>                                |
| <b>Other Factors</b>                                  |                     |                  |                 |  |
| Gold Stock .....                                      | 10,410              | 11,567           | +1,157          | + 12.8                                       |
| Special Drawing Rights Certificate Acct. ...          | 400                 | 400              | 0               | 0  |
| Treasury Currency Outstanding .....                   | 8,293               | 8,668            | + 375           | + 4.2  |
| Treasury Cash Holdings <sup>3</sup> .....             | 350                 | 323              | + 27            | + 0.3  |
| Treasury Deposits with F.R. Banks <sup>3</sup> .....  | 1,449               | 1,892            | - 443           | - 4.9  |
| Foreign Deposits with F.R. Banks <sup>3</sup> .....   | 272                 | 406              | - 134           | - 1.5  |
| Other Deposits with F.R. Banks <sup>3</sup> .....     | 631                 | 717              | - 86            | - 1.0  |
| Other F.R. Liabilities and Capital <sup>3</sup> ..... | 2,362               | 2,942            | - 580           | - 6.4  |
| <b>Total</b> .....                                    | <b>14,039</b>       | <b>14,355</b>    | <b>+ 316</b>    | <b>+ 3.5</b>                                 |
| <b>Total Source Base</b> .....                        | <b>\$90,890</b>     | <b>\$ 99,910</b> | <b>\$+9,020</b> | <b>100.0%</b>                                |
| Reserve Adjustment <sup>4,5</sup> .....               | 7,245               | 5,489            | -1,756          |  |
| Monetary Base <sup>5</sup> .....                      | \$98,135            | \$105,399        | \$+7,264        |  |
| Monetary Base, Seasonally Adjusted <sup>5</sup> ..... | \$97,006            | \$104,275        |                 |  |

<sup>1</sup>The monetary base is defined as the net monetary liabilities of the U.S. Treasury and Federal Reserve System held by commercial banks and the nonbank public. For a brief description of each of the factors influencing the monetary base see **Glossary: Weekly Federal Reserve Statements**, Federal Reserve Bank of New York. Copies of this publication are available on request from the Federal Reserve Bank of New York, Public Information Department, 33 Liberty Street, New York, New York 10045.

<sup>2</sup>Includes Federal agency obligations and bankers' acceptances.

<sup>3</sup>These items absorb funds and therefore a reduction in them releases reserves and increases the base (sign is reversed on dollar changes and percent distribution).

<sup>4</sup>Adjustment for reserve requirement changes and changes in average requirements due to shifts in deposits where different reserve requirements apply.

<sup>5</sup>Computed by this Bank.

Totals may not add due to rounding.

### Margin Requirements on Listed Stocks

|                                   |     |
|-----------------------------------|-----|
| In effect January 1, 1973 .....   | 65% |
| In effect December 31, 1973 ..... | 65% |

### Discount Rate

|                                   |     |
|-----------------------------------|-----|
| In effect January 1, 1973 .....   | 4½% |
| January 15, 1973 .....            | 5   |
| February 26, 1973 .....           | 5½  |
| May 4, 1973 .....                 | 5¾  |
| May 11, 1973 .....                | 6   |
| June 11, 1973 .....               | 6½  |
| July 2, 1973 .....                | 7   |
| August 14, 1973 .....             | 7½  |
| In effect December 31, 1973 ..... | 7½% |

# STEM POLICY ACTIONS IN 1973

## Maximum Interest Rates Payable on Time & Savings Deposits<sup>1</sup>

|  | In Effect<br>Jan. 1, 1973 | In Effect<br>Dec. 31, 1973 |
|--|---------------------------|----------------------------|
| Savings Deposits .....                                   | 4½%                       | 5%                         |
| Other Time Deposits                                      |                           |                            |
| Multiple maturity:                                       |                           |                            |
| 30-89 days .....   | 4½                        | 5                          |
| 90 days to 1 year .....                                  | 5                         | 5½                         |
| 1 year to  |                           |                            |
| 2 years .....  | 5½                        | --                         |
| 2½ years .....   | --                        | 6                          |
| 2 years and over .....                                   | 5¾                        | --                         |
| 2½ years and over .....                                  | --                        | 6½                         |
| 4 years and over (minimum denomination of \$1,000) ..... | --                        | 7¼ <sup>2/</sup>           |
| Single maturity:   |                           |                            |
| Less than \$100,000                                      |                           |                            |
| 30-89 days .....   | 5                         | 5                          |
| 90 days to 1 year .....                                  | 5                         | 5½                         |
| 1 year to  |                           |                            |
| 2 years .....  | 5½                        | --                         |
| 2½ years .....   | --                        | 6                          |
| 2 years and over .....                                   | 5¾                        | --                         |
| 2½ years and over .....                                  | --                        | 6½                         |
| 4 years and over (minimum denomination of \$1,000) ..... | --                        | 7¼ <sup>2/</sup>           |
| \$100,000 and over                                       |                           |                            |
| 30-59 days .....   | ¾                         | ¾                          |
| 60-89 days .....   | ¾                         | ¾                          |
| 90-179 days .....  | 6¾                        | ¾                          |
| 180 days to 1 year .....                                 | 7                         | ¾                          |
| 1 year or more .....                                     | 7½                        | ¾                          |

<sup>1</sup>A member bank may not pay a rate in excess of the maximum rate payable by state banks or trust companies on like deposits under the laws of the state in which the member bank is located.

<sup>2</sup>Between July 1 and October 31, 1973, there was no ceiling on 4-year certificates with minimum denomination of \$1,000. The amount of such certificates that a bank could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount were subject to the 6½ percent ceiling that applies to time deposits maturing in 2½ years or more. Effective November 1, 1973, a ceiling rate of 7¼ percent was imposed on certificates maturing in 4 years and over with minimum denominations of \$1,000. There is no limitation on the amount of these certificates that banks may issue.

<sup>3</sup>Suspended as of June 24, 1970.

<sup>4</sup>Suspended as of May 16, 1973.

## Percent Reserve Requirements

|                               | Net Demand Deposits    |                                     |                                       |   | Over \$400<br>Million<br>(Reserve City) | Time<br>Deposits up<br>to \$5<br>Million &<br>Savings Deps. | Time<br>Deposits in<br>Excess of<br>\$5 Million <sup>1</sup> |
|-------------------------------|------------------------|-------------------------------------|---------------------------------------|---|---|---|--|
|                               | \$2 Million<br>or Less | Over \$2 Million<br>to \$10 Million | Over \$10 Million<br>to \$100 Million | Over<br>\$100 Million<br>to \$400 Million |   |   |  |
| In effect Jan. 1, 1973 .....  | 8                      | 10                                  | 12                                    | 13  | 17½                                     | 3   | 5  |
| July 19, 1973 .....           | 8                      | 10½                                 | 12½                                   | 13½                                       | 18                                      | 3   | 5  |
| In effect Dec. 31, 1973 ..... | 8                      | 10½                                 | 12½                                   | 13½                                       | 18                                      | 3   | 5  |

<sup>1</sup>Effective dates quoted below are deposit dates. On June 21, 1973 a marginal requirement of 8 percent (the regular 5 percent plus a supplemental 3 percent) was imposed on increases in the total amount outstanding of \$100,000 and over single maturity time deposits and bank-related commercial paper above the level existing during the week ending May 16, 1973, or above \$10 million, whichever is larger.

June 21, 1973 reserve requirements were reduced on Eurodollar borrowings, above the reserve-free base, from 20 percent to 8 percent.

July 12, 1973 finance bills were included in the total volume subject to the supplemental reserve requirement.

August 30, 1973 multiple time deposits of \$100,000 or more became subject to the supplemental reserve requirement.

October 4, 1973 the supplemental reserve requirement was raised to 6 percent.

December 13, 1973 the supplemental reserve requirement was reduced to 3 percent.