

FEDERAL RESERVE statistical release



H.6 (508)

For immediate release
January 23, 1980

Money stock measures and related data have been benchmarked to the December 1979 and March 1980 call reports. In addition, daily deposits data from all nonmember commercial banks with total deposits greater than \$15 million as of December 1979 were incorporated into the series. These nonmember banks have been reporting daily deposits data since November of last year in conjunction with the implementation of the Monetary Control Act of 1980. This revision also includes revised estimates of deposits at credit unions and other minor deposit items at all thrift institutions. In addition, the revision incorporates benchmarks for overnight and term RP's, and the "L" series--M-3 plus other liquid assets--has been revised back to late 1969 to incorporate new estimates of term Eurodollar assets of U.S. nonbank holders. Revised historical data for the past four years on a monthly basis and for the past two years on a weekly basis are attached.

The benchmark adjustments had only a minor impact on the levels of M1-A and M1-B. The adjustments to M-2 and M-3 were larger in absolute terms, but still small in terms of the growth rates of those series. The level of M-2 was raised about \$500 million in late 1979 and about \$5.0 billion in late 1980. M-3 was unchanged in late 1979 but the level of the series was gradually raised about \$6.5 billion over the course of 1980. The major factor contributing to the upward adjustment in the broader money stock measures was a revised estimate of the RP data derived from the March call report, and is subject to further revision as later call reports become available. The Eurodollar adjustments, affecting "L", reflect recently available estimates of Eurodollar CDs held in custody by banks in London for the account of banks in the U.S. which are beneficially owned by nonbank U.S. residents.

The impact of benchmark adjustments on growth rates was minimal.

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The weekly monetary data must be interpreted with particular caution during the current period, when NOW accounts are being introduced on a nationwide basis at depository institutions, accompanied by heavy promotional efforts. Very large shifts of funds into interest-bearing checking accounts have been evident in early January and have distorted monetary statistics. The significance of these flows will be in substantial part dependent on the ultimate sources of the funds. Because of the irregularity of deposit and other flows, it will take some time to assess the impact of these movements. Weekly data around year end are, in any event, subject to erratic fluctuations. As these extraordinary flows subside over the course of coming weeks, more reliable judgments will be possible about the trend of deposit growth.