

FEDERAL RESERVE statistical release



H.3 (502)

For release at
4:30 PM EST
March 25, 1993

Aggregate data for reserves and the monetary base have been revised to incorporate adjustments for breaks in series resulting from the January 1993 indexations of the low reserve tranche and the reserve requirement exemption levels, and the annual re-estimates of seasonal factors.¹

The break adjustments for the indexations of the low reserve tranche and exemption levels in January 1993 employ the procedure that has been used since 1989.² Differences between the estimated and actual low reserve tranche, and between the estimated and actual exemption amount in January 1993, resulted in small revisions to reserves and the monetary base in 1992. In order to make 1993 data comparable with historical data, the 1993 data are adjusted using estimates of the low reserve tranche and reserve requirement exemption that will take effect next January. The 1994 low reserve tranche and exemption levels are estimated, respectively, by extrapolation of the

1. The Monetary Control Act of 1980 established a reserve ratio of 3 percent against the first \$25 million in transaction deposits (low reserve tranche) at each depository institution. Since 1982, the low reserve tranche has been indexed each January by 80 percent of the previous year's (June 30 to June 30) growth rate of net transaction deposits at all depository institutions.

Under the Garn-St Germain Depository Institution Act of 1982, the first \$2 million of reservable liabilities of each depository institution are exempted from reserve requirements. Since 1983, this exemption amount has been indexed each year by 80 percent of the rate of increase of total reservable liabilities at all depository institutions over the preceding year (June 30 to June 30).

Both of these indexations take effect each year in the reserve computation periods containing January 1.

2. For details, see the H.3 released on May 4, 1989.

monthly growth of seasonally adjusted net transaction deposits and reservable liabilities from June 1992 to January 1993. The estimates for the 1994 low reserve tranche and exemption levels, \$51.5 million and \$3.8 million respectively, are used to break-adjust reserves and the monetary base in 1993. Because these estimates are slightly lower than those incorporated in the previous reserves series, break-adjustments for the low reserve tranche and exemption indexations resulted in small upward revisions to reserves and the monetary base in early 1993.

The change in Regulation D that shortened the lag in counting vault cash toward required reserves from four weeks to two weeks for weekly reporters, effective November 12, 1992, did not create breaks in reserve data. However, it was believed to cause changes in seasonal patterns of the surplus vault cash component of the monetary base. Because of insufficient historical data, counter-factual data for the period from January 2, 1986 to November 11, 1992 were used with actual break-adjusted data for the period from November 12, 1992 to March 3, 1993 to estimate seasonal factors after November 11, 1992 for this surplus vault cash component. The counter-factual data were generated from micro data for each maintenance period by counting vault cash in the previous maintenance period toward current required reserves.

Revised historical data will be available in late April from the Money and Reserves Projection Section, Division of Monetary Affairs, mail stop 75, Board of Governors of the Federal Reserve System, Washington, DC 20051, (202) 452-3062. The historical data will also be available on floppy diskette for a fee of \$25 per diskette from the Federal Reserve Board's Publications Section, mail stop 138, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3245.

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Table 1

For Release at 4:30 p.m. Eastern Time

AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE

Adjusted for changes in reserve requirements¹
Averages of daily figures, seasonally adjusted unless noted otherwise
Millions of dollars

MARCH 25, 1993

Date	Reserves of depository institutions					Monetary base ⁶	Borrowings of depository institutions from the Federal Reserve, NSA		
	total ²	nonborrowed ³	nonborrowed plus extended credit ⁴	required	excess NSA ⁵		total	seasonal	extended credit ⁴
1992-FEB.	47795	47717	47719	46730	1065	322849	77	22	2
MAR.	48509	48418	48420	47481	1028	324655	91	32	2
APR.	48992	48902	48904	47855	1137	326691	90	47	2
MAY	49496	49341	49341	48495	1000	328863	155	98	0
JUNE	49316	49087	49087	48403	913	330228	229	149	0
JULY	49629	49345	49345	48664	965	333177	284	203	0
AUG.	50341	50091	50091	49407	935	336844	251	223	0
SEP.	51274	50987	50987	50280	994	341585	287	193	0
OCT.	52836	52693	52693	51763	1074	344849	143	114	0
NOV.	53815	53711	53711	52772	1043	347832	104	40	0
DEC.	54351	54228	54228	53196	1155	350799	124	18	1
1993-JAN.	54665	54500	54501	53405	1260	353224	165	11	1
FEB.	54922	54876	54877	53818	1104	355743	45	18	0
Two weeks ending									
1993-JAN. 20	54525	54324	54324	53297	1229	352695	202	11	1
FEB. 3	54854	54791	54793	53624	1230	354353	64	11	3
17	55096	55063	55063	53601	1495	355278	33	18	0
MAR. 3	54718	54662	54662	54147	571	356713	56	20	0
17p	55340	55247	55247	54025	1315	357867	93	22	0

p--preliminary

pe--preliminary estimate

- Reserves and monetary base figures incorporate adjustments for discontinuities, or "breaks", associated with regulatory changes in reserve requirements. (For more information, see Table 3.)
- Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves plus unadjusted excess reserves. (Also, see footnote 2 on Table 2 and footnote 2 on Table 3.)
- Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves less unadjusted total borrowings of depository institutions from the Federal Reserve.
- Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
- Excess reserves NSA equals unadjusted total reserves (Table 2, column 1) less unadjusted required reserves (Table 2, column 3).
- The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves plus (2) the seasonally adjusted currency component of the money stock plus (3), for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves, the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements. (Also see footnote 3 on Table 2 and footnote 4 on table 3.)

AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE

Not adjusted for changes in reserve requirements¹
Averages of daily figures, not seasonally adjusted
Millions of dollars

Date	Reserves of depository institutions				Reserve balances with F.R. Banks ⁴	Vault cash ⁵			Net carryover of reserve balances ⁸
	total ²	nonborrowed	required	Monetary base ³		total	used to satisfy required reserves ⁶	surplus ⁷	
1992-FEB.	55238	55161	54174	333190	24918	34233	30320	3912	
MAR.	56282	56191	55254	335817	28057	31649	28225	3424	
APR.	50455	50365	49318	332694	22655	31071	27800	3271	
MAY	48825	48670	47825	333792	21071	31198	27754	3444	
JUNE	49496	49267	48584	336431	21223	31728	28273	3456	
JULY	49823	49538	48857	339865	21206	32145	28617	3528	
AUG.	50162	49911	49227	342494	21272	32458	28890	3568	
SEP.	51521	51234	50527	346207	22627	32342	28894	3448	
OCT.	53136	52993	52062	349812	23626	32987	29510	3477	
NOV.	54666	54562	53624	354251	25462	32457	29205	3252	
DEC.	56540	56416	55385	360895	25368	34535	31172	3364	
1993-JAN.	56004	55838	54744	360875	23636	35991	32368	3624	
FEB.	53882	53837	52778	359566	23515	33915	30368	3547	
Two weeks ending									
1993-JAN. 20	56886	56685	55657	362323	24057	36389	32829	3560	58
FEB. 3	53970	53906	52740	356696	21500	36369	32470	3899	101
17	54370	54337	52875	360741	23301	34765	31069	3696	127
MAR. 3	53237	53181	52666	358854	24335	32164	28902	3262	465
17p	54992	54899	53677	363445	24050	34488	30942	3546	-71

p--preliminary

pe--preliminary estimate

- Reflects actual required reserves, with no adjustments to eliminate the effects of discontinuities, or "breaks", associated with regulatory changes in reserve requirements.
- Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.
- The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks plus (3) the currency component of the money stock plus (4), for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves, the difference between current vault cash and the amount applied to satisfy current reserve requirements. After the introduction of CRR, currency and vault cash figures are measured over computation periods ending on Mondays.
- Excludes required clearing balances and adjustments to compensate for float and includes other off-balance sheet "as-of" adjustments.
- Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Starting with the maintenance period ended November 25, 1992, each maintenance period for weekly reporters ends 16 days after the lagged computation period in which the vault cash is held. Previously, each maintenance period ended 30 days after the lagged computation period.
- All vault cash held during the lagged computation period by "bound" institutions (i.e., those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (i.e., those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
- Total vault cash held by depository institutions minus the amount applied to satisfy reserve requirements.
- Consists of carryover only at depository institutions maintaining reserves on the basis of two-week maintenance periods. Reflects excess (+) or deficit (-) reserves eligible to be carried forward into the two-week reserve maintenance period ending on the date shown.

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Table 3

AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE

Adjusted for changes in reserve requirements¹
Averages of daily figures, not seasonally adjusted
Millions of dollars

Date	Reserves of depository institutions			Monetary base ⁴
	total ²	nonborrowed	required ³	
1992-FEB.	46841	46764	45777	320376
MAR.	47674	47583	46646	322685
APR.	49998	49908	48861	327438
MAY	48602	48447	47601	328355
JUNE	49220	48991	48307	330919
JULY	49494	49210	48529	334075
AUG.	49777	49526	48843	336573
SEP.	51071	50784	50077	340080
OCT.	52616	52474	51543	343626
NOV.	54079	53974	53036	347888
DEC.	56056	55933	54901	354546
1993-JAN.	55969	55803	54709	354414
FEB.	53810	53765	52707	353192
Two weeks ending				
1993-JAN. 20	56849	56647	55620	355535
FEB. 3	53926	53863	52696	350546
17	54304	54271	52809	354316
MAR. 3	53151	53095	52579	352484
17p	54880	54787	53565	356928

p--preliminary

pe--preliminary estimate

1. Figures reflect adjustments for discontinuities, or "breaks", associated with regulatory changes in reserve requirements.
2. Break-adjusted total reserves equal break-adjusted required reserves (Table 3, column 3) plus excess reserves NSA (Table 1, column 5).
3. To adjust required reserves for discontinuities due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves are equal to break-adjusted required reserves against transactions deposits.
4. The break-adjusted monetary base equals (1) break-adjusted total reserves plus (2) the (unadjusted) currency component of the money stock plus (3), for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves, the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

Note: Historical data are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of The Federal Reserve System, Washington, D.C. 20551