

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7553]
January 21, 1975]

REDUCTION IN RESERVE REQUIREMENTS

To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:

The following is quoted from the text of a statement issued January 20 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today a reduction in reserve requirements on the net demand deposits of member commercial banks. The action will release about \$1.1 billion in reserves to the banking system.

The action is designed to permit further gradual improvement in bank liquidity and to facilitate moderate growth in the monetary aggregates.

Reserve requirements will be reduced by one-half of 1 percentage point on all categories of net demand deposits up to \$400 million. The reduction on deposits of more than \$400 million will be 1 percentage point.

The new schedule of reserves is as follows:

<i>Net Demand Deposits (in millions of dollars)</i>	<i>Present Ratio</i>	<i>New Ratio</i>
0—2	8	7½
2—10	10½	10
10—100	12½	12
100—400	13½	13
over 400	17½	16½

The new reserve ratios will apply to net demand deposits during the week of January 30-February 5 and thereafter. They will affect the reserves banks must maintain beginning the week of February 13-19. No change was made by the Board of Governors in reserve requirements on time and savings deposits.

A copy of a new Supplement to Regulation D, reflecting this change, will be sent to you shortly. Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.