

FEDERAL RESERVE statistical release



H.3 (502)

For release at
4:30 PM EST
March 1, 1990

SPECIAL NOTICE

Aggregate data for reserves and the monetary base have been revised to reflect the break adjustment for the January 1990 indexation of the low reserve tranche and the reserve requirement exemption, and the annual re-estimates of seasonal factors.¹

The break adjustment affected reserves and the monetary base only back to January 1989, lowering the growth rate of reserves by about 0.3 percent over the year, and the growth rate of the monetary base by 0.1 percent. The new seasonal factors raised growth rates in the first half of 1989 by about 0.4 percent for reserves and 0.2 percent for the monetary base, with similar downward revisions to the second-half-year growth rates.

The break adjustment for the recent January indexation continued to employ the procedure adopted last year². Under this

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).

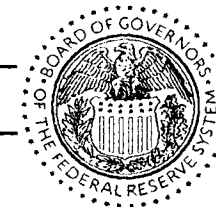
Both of these indexations take effect each year in the reserve computation periods containing January 1.

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

technique, in order to put current-year data on a comparable basis with the historical data, the data in the current year are adjusted using estimates of the low reserve tranche and reserve requirement exemption that will take effect next January. The growth of seasonally adjusted net transactions deposits and total reservable liabilities from June 1989 through January 1990, and extrapolated through June 1990, implies that the low reserve tranche will rise approximately \$1 million and that the reserve requirement exemption will not change at the start of next year. The break-adjusted data for 1990 will be constructed under these assumptions.

Revised historical data will be available shortly from the Money and Reserves Projection Section, Division of Monetary Affairs, Stop 75, Board of Governors of the Federal Reserve System, Washington, D.C. 20051, (202) 452-3361.

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H.3 (502)
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 1, 1990

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
1989-JAN.	60358	58696	59742	59214	1145	276767	1662	76	1046
FEB.	60383	58896	59946	59229	1154	277561	1487	97	1050
MAR.	59980	58168	59502	59023	957	278472	1813	139	1334
APR.	59351	57062	58769	58575	776	278398	2289	213	1707
MAY	58826	57106	57796	58304	1031	278712	1720	345	1197
JUNE	58597	57107	58024	57692	905	279210	1490	431	917
JULY	58867	58173	58279	57901	966	280137	694	497	106
AUG.	58906	58231	58272	58021	885	280923	675	490	41
SEP.	59289	58596	58618	58351	938	281970	693	452	22
OCT.	59640	59085	59106	58620	1020	282944	555	330	21
NOV.	59646	59297	59318	58701	945	283381	349	134	21
DEC.	60033	59767	59787	59110	922	285105	265	84	20
1990-JAN.	59897	59457	59482	58880	1016	287692	440	47	26
Two weeks ending									
1989-DEC. 27	60403	60052	60070	59385	1018	285786	351	89	19
1990-JAN. 10	60059	59720	59739	58942	1117	286570	339	58	19
24	59682	59382	59409	58840	841	287702	300	41	27
FEB. 7	60093	59228	59261	58873	1220	289273	865	44	33
21p	60223	58743	58875	59240	983	289518	1480	50	133

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 institutions whose vault cash exceeds their required reserves, the seasonally adjusted, break-adjusted excess of current vault cash over 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 BASENot adjusted for changes in reserve requirements¹

Averages of daily figures, not seasonally adjusted

Millions of dollars

Date	Reserves of depository institutions			Monetary base ³	Reserve balances with F.R. Banks ⁴	Vault cash ⁵		Net carryover of reserve balances ⁸
	total ²	nonborrowed	required			total	used to satisfy required reserves ⁶	
1989-JAN.	63468	61806	62323	281344	36475	28385	26993	1393
FEB.	60693	59206	59539	277700	32834	29787	27859	1928
MAR.	60212	58400	59255	279003	34623	27071	25589	1482
APR.	61288	58998	60511	281599	35832	26760	25456	1304
MAY	58911	57191	57881	280638	33199	27184	25712	1471
JUNE	59587	58097	58681	283276	33852	27161	25735	1425
JULY	60254	59560	59288	285389	33902	27851	26351	1499
AUG.	59559	58884	58674	284230	32823	28362	26735	1627
SEP.	60126	59433	59188	283779	33556	28089	26570	1519
OCT.	60397	59842	59378	284487	33123	28897	27275	1622
NOV.	60989	60640	60044	287347	33941	28519	27048	1472
DEC.	62810	62544	61888	292713	35436	28782	27374	1409
1990-JAN.	62931	62491	61915	292314	34090	30354	28840	1513
Two weeks ending								
1989-DEC. 27	63033	62682	62015	294270	35131	29415	27903	1513
1990-JAN. 10	64961	64622	63844	295762	36627	29695	28335	1360
24	62468	62169	61627	291499	34424	29338	28045	1294
FEB. 7	60956	60091	59736	289019	29802	33327	31155	2172
21p	60545	59065	59562	290545	30586	31932	29959	1973

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 total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks plus the currency component of the money stock plus, for institutions whose vault cash exceeds their required reserves, the excess of current vault cash over 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. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.
- 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.

AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASEAdjusted 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	
1989-JAN.	62071	60409	60926	277958
FEB.	59388	57901	58234	274426
MAR.	58969	57156	58011	275715
APR.	60058	57769	59282	278239
MAY	57781	56061	56750	277649
JUNE	58485	56995	57580	280260
JULY	59044	58350	58078	282189
AUG.	58399	57725	57515	281193
SEP.	59025	58332	58087	280819
OCT.	59272	58717	58252	281502
NOV.	59869	59520	58924	284272
DEC.	61669	61404	60747	289605
1990-JAN.	61580	61140	60563	288853
Two weeks ending				
1989-DEC. 27	61900	61549	60882	291282
1990-JAN. 10	63709	63370	62592	292404
24	61120	60820	60278	288040
FEB. 7	59457	58592	58236	285408
21p	59136	57656	58153	287105

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 includes required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities.)
4. Break-adjusted monetary base equals (1) break-adjusted total reserves plus (2) the (unadjusted) currency component of the money stock plus (3), for institutions whose vault cash exceeds their required reserves, the break-adjusted excess of current vault cash over 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