
FEDERAL RESERVE statistical release



H.3 (502)

For release at
4.30 PM EDT
April 12, 1990

NOTICE

Historical revisions have been made to a number of series on the H.3 release. These revisions are the result of 1) a minor definitional change to the monetary base, 2) a data correction to the measure of "total vault cash" used in computing "surplus vault cash", and 3) a data correction to required clearing balances, as follows:

1. The monetary base can be expressed as the sum of reserve balances (including as-of adjustments) and currency in circulation. In addition, there is an adjustment for the lag in applied vault cash at bound institutions (i.e., those institutions whose required reserves exceed their vault cash). In this adjustment, vault cash currently held by bound institutions is subtracted from the monetary base, while their applied vault cash--vault cash held earlier but applied to meet current reserve requirements--is added.¹ This adjustment is limited to bound institutions on the view that, at bound institutions, lagged vault cash supports deposit creation, while at nonbound institutions, current vault cash fills this role. Until now, in the calculation of this adjustment, applied vault cash at bound institutions was defined to include applied vault cash at both weekly and quarterly reporters on the Report of Transactions Accounts, Other Deposits and Vault Cash (FR 2900), while vault cash currently held by bound institutions included current vault cash at weekly reporting institutions only. Because this treatment appears to overstate the monetary base, the adjustment has been redefined to be the difference between applied vault cash and vault cash currently held, at bound weekly reporters only.² That is, applied vault cash at bound quarterly reporters is no longer added to the base. This redefinition affects monetary base data since the beginning of 1981. For recent months, it lowers the monetary base by about \$250 million but has negligible impact on growth rates.

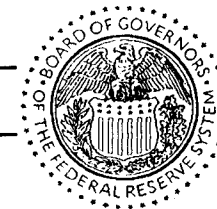
1. Certain additional adjustments are made for the break-adjusted and seasonally-adjusted versions of the monetary base.

2. Extending the argument for confining the adjustment to bound institutions, the adjustment should not involve bound quarterly reporters because, except for one week in every thirteen, current vault cash at quarterly reporters can not be applied to meet reserve requirements in some future maintenance period.

2. "Total vault cash", used in the calculation of "surplus vault cash", is vault cash available to meet reserve requirements at institutions currently subject to reserve requirements--those institutions reporting on the FR 2900, either weekly or quarterly. Since the beginning of contemporaneous reserve accounting, it is measured as the sum of 1) vault cash held by weekly FR 2900 reporters lagged four weeks and 2) vault cash held by quarterly FR 2900 reporters lagged from one to thirteen weeks, starting four weeks after the as-of date of their last quarterly FR 2900 report. Until now, the latter component has been incorrectly measured. This revision affects data for both "total vault cash" and "surplus vault cash" since February 1984. This revision does not affect the monetary base.

3. Historical data for required clearing balances have been corrected for a timing error for the period from February 1984 through April 1989. (More recent data have been correct.) These revisions to required clearing balances--amounting to about \$25 million in absolute value, on an average bi-weekly basis--feed through to other series as well, including total reserves, nonborrowed reserves, excess reserves, reserve balances, and the monetary base.

FEDERAL RESERVE statistical release



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 requirements.
Averages of daily figures, seasonally adjusted unless noted otherwise
Millions of dollars

APRIL 12, 1990

Date	Reserves of depository institutions					Monetary base ⁵	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-MAR.	59929	58117	59451	59023	906	278177	1813	139	1334
APR.	59374	57084	58791	58575	799	278198	2289	213	1707
MAY	58831	57111	58308	57796	1035	278526	1720	345	1197
JUNE	58597	57107	58024	57692	905	279020	1490	431	917
JULY	58867	58173	58279	57901	966	279957	694	497	106
AUG.	58906	58231	58272	58021	885	280756	675	490	41
SEP.	59289	58596	58618	58351	938	281806	693	452	22
OCT.	59640	59085	59106	58620	1020	282786	555	330	21
NOV.	59646	59297	59318	58701	945	283222	349	134	21
DEC.	60033	59767	59787	59110	922	284946	265	84	20
1990-JAN.	59896	59456	59482	58880	1016	287509	440	47	26
FEB.	60215	58768	59302	59227	989	289711	1448	51	535
MAR. p	60316	58193	60143	59449	867	291822	2124	78	1950
Two weeks ending									
1990-FEB. 7	60092	59227	59260	58872	1220	289057	865	44	33
21	60233	58753	58886	59265	968	289313	1480	50	133
MAR. 7	60303	58337	60178	59506	797	291162	1967	60	1841
21	60294	58115	60110	59537	756	291326	2179	75	1995
APR. 4p	60358	58201	60166	59286	1072	292980	2157	96	1965

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 BASE

Not adjusted for changes in reserve requirements
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		surplus ⁷
1989-MAR.	60161	58349	59255	278759	34572	27882	25589	2293	
APR.	61310	59021	60511	281377	35854	27613	25456	2158	
MAY	58916	57196	57881	280448	33204	28111	25712	2398	
JUNE	59587	58097	58681	283087	33852	28088	25735	2352	
JULY	60254	59560	59288	285209	33902	28807	26351	2455	
AUG.	59559	58884	58674	284063	32823	29364	26735	2629	
SEP.	60126	59433	59188	283615	33556	29091	26570	2521	
OCT.	60397	59842	59378	284328	33123	29910	27275	2636	
NOV.	60989	60640	60044	287189	33941	29549	27048	2502	
DEC.	62810	62544	61888	292554	35436	29812	27374	2439	
1990-JAN.	62931	62491	61914	292131	34090	31301	28841	2461	
FEB.	60623	59175	59634	290022	30929	32489	29693	2795	
MAR. p	60676	58553	59809	292377	33426	29581	27250	2331	
Two weeks ending									
1990-FEB. 7	60955	60090	59735	288802	29799	34175	31156	3019	70
21	60553	59073	59585	290339	30597	32780	29956	2824	116
MAR. 7	60430	58463	59633	290608	32724	30220	27706	2514	69
21	60768	58590	60012	292787	33764	29259	27004	2255	37
APR. 4p	60719	58562	59647	293041	33445	29585	27274	2311	46

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.

H.3 (502)
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	
1989-MAR.	58918	57105	58011	275420
APR.	60081	57791	59282	278038
MAY	57786	56066	56750	277464
JUNE	58485	56995	57580	280070
JULY	59044	58350	58078	282009
AUG.	58399	57725	57515	281026
SEP.	59025	58332	58087	280655
OCT.	59272	58717	58252	281344
NOV.	59869	59520	58924	284114
DEC.	61669	61404	60747	289447
1990-JAN.	61579	61139	60563	288671
FEB.	59199	57751	58210	286499
MAR. p	59253	57130	58386	288866
Two weeks ending				
1990-FEB. 7	59456	58591	58235	285191
21	59146	57666	58177	286900
MAR. 7	59048	57082	58251	287007
21	59354	57175	58597	289405
APR. 4p	59256	57100	58184	289414

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