

FEDERAL RESERVE statistical release



H.3 (502)

April 7, 1994

SPECIAL NOTICE

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

The break adjustments employ the procedure that has been used since 1989.² The actual January 1994 low reserve tranche and reserve exemption are slightly higher than those estimated in 1993, causing small downward revisions to the break-adjusted reserve data and the monetary base in 1993. In order to make 1994 data comparable with historical data, the 1994 data are adjusted using estimates of the low reserve tranche and reserve requirement exemption that will take effect next January. The 1995 low reserve tranche and exemption levels are estimated, respectively, by extrapolation of the monthly growth of

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 Institutions 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.

seasonally adjusted net transaction deposits and reservable liabilities from June 1993 to February 1994. The estimates for the 1995 low reserve tranche and exemption levels, \$55.8 million and \$4.2 million respectively, are used to break-adjust reserves and the monetary base in 1994. 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 1994.

Revised historical data will be available in May from the Money and Reserves Projection Section, Division of Monetary Affairs, mail stop 72, 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

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

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

APRIL 7, 1994

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
1993-FEB.	54906	54861	54861	53802	1104	355913	45	18	0
MAR.	55228	55137	55137	54015	1213	358590	91	26	0
APR.	55306	55233	55233	54210	1096	361166	73	41	0
MAY	56740	56618	56618	55743	996	365294	121	84	0
JUNE	57048	56867	56867	56138	911	368194	181	142	0
JULY	57546	57302	57302	56457	1089	371286	244	210	0
AUG.	58011	57659	57659	57059	952	374340	352	234	0
SEP.	58813	58386	58386	57723	1090	378076	428	236	0
OCT.	59749	59464	59464	58660	1089	381400	285	192	0
NOV.	60320	60231	60231	59219	1101	384029	89	75	0
DEC.	60476	60394	60394	59413	1063	385855	82	31	0
1994-JAN.	60603	60529	60529	59155	1448	389613	73	15	0
FEB.	60763	60693	60693	59623	1140	393952	70	15	0
Two weeks ending									
1994-FEB. 2	60658	60613	60613	59391	1267	391636	45	18	0
16	60769	60674	60674	59657	1112	393412	95	15	0
MAR. 2	60773	60728	60728	59621	1151	394968	45	15	0
16	60695	60657	60657	59635	1061	396442	39	17	0
30p	60462	60394	60394	59612	850	397735	68	32	0

1. Reserves and monetary base figures incorporate adjustments for discontinuities, or "breaks", associated with regulatory changes in reserve requirements. (For more information, see Table 3.)
2. 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.)
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.
4. 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.
5. Excess reserves NSA equals unadjusted total reserves (Table 2, column 1) less unadjusted required reserves (Table 2, column 3).
6. 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.)

p preliminary
pe preliminary estimate

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 ⁶
	total ²	nonborrowed	required			total	used to satisfy required reserves ⁵	surplus ⁷	
1993-FEB.	53882	53837	52778	359558	23515	33919	30368	3551	
MAR.	54296	54204	53083	362588	24383	33294	29912	3381	
APR.	56541	56468	55445	368175	26975	32718	29567	3151	
MAY	56101	55979	55104	370461	25968	33460	30133	3328	
JUNE	57238	57057	56328	375192	26462	34106	30776	3329	
JULY	57750	57506	56661	378481	26562	34536	31189	3347	
AUG.	57767	57415	56815	380532	26564	34516	31203	3313	
SEP.	59136	58709	58046	384245	27274	35220	31863	3357	
OCT.	60036	59751	58947	387512	28297	35184	31739	3445	
NOV.	61296	61207	60195	391144	29018	35655	32278	3377	
DEC.	62858	62776	61795	397619	29374	36812	33484	3328	
1994-JAN.	62072	61998	60624	397887	27817	37907	34254	3653	
FEB.	59593	59523	58454	397921	26922	36295	32671	3624	
Two weeks ending									
1994-FEB. 2	59824	59779	58557	394448	25672	38108	34152	3957	338
16	59989	59894	58878	398546	26339	37475	33651	3824	303
MAR. 2	59093	59048	57942	397771	27811	34617	31282	3335	285
16	60244	60205	59183	401241	27139	36654	33105	3549	373
30p	58876	58808	58026	400325	27436	34666	31440	3226	399

1. Reflects actual required reserves, with no adjustments to eliminate the effects of discontinuities, or "breaks", associated with regulatory changes in reserve requirements.

2. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.

3. 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.

4. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance sheet "as-of" adjustments.

5. 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.

6. 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.

7. Total vault cash held by depository institutions minus the amount applied to satisfy reserve requirements.

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	
1993-FEB.	53805	53759	52701	353182
MAR.	54167	54075	52954	355996
APR.	56349	56276	55253	361628
MAY	55855	55734	54859	364070
JUNE	56933	56751	56022	368719
JULY	57385	57141	56297	371997
AUG.	57343	56991	56391	374083
SEP.	58646	58218	57556	377723
OCT.	59481	59195	58391	380800
NOV.	60671	60582	59571	384285
DEC.	62367	62285	61305	390588
1994-JAN.	62037	61963	60589	391001
FEB.	59529	59459	58389	390851
Two weeks ending				
1994-FEB. 2	59786	59741	58519	387647
16	59931	59836	58819	391332
MAR. 2	59017	58972	57865	390825
16	60146	60107	59085	394597
30p	58761	58693	57911	393735

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

- Figures reflect adjustments for discontinuities, or "breaks", associated with regulatory changes in reserve requirements.
- Break-adjusted total reserves equal break-adjusted required reserves (Table 3, column 3) plus excess reserves NSA (Table 1, column 5).
- 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.
- 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.

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