
FEDERAL RESERVE statistical release



H.3 (502)

For release at
4:30 PM EST
March 2, 1995

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 1995 low reserve tranche is lower than that estimated in early 1994.³ As a result, the 1994 data for break-adjusted reserves and the monetary base were revised upward by as much as \$400 million and \$325 million, respectively.

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. At present, the low reserve tranche is \$54.0 million.

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). At present, the reserve exemption level is \$4.2 million.

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.

3. The January 1995 reserve exemption projected in early 1994 turned out to be equal to the actual level.

In order to make 1995 data comparable with historical data, the 1995 data are adjusted using estimates of the low reserve tranche and reserve requirement exemption that will take effect in January 1996. The new estimates of the 1996 low reserve tranche and exemption levels were derived by extrapolation of the actual monthly growth from June 1994 to January 1995 of seasonally adjusted net transaction deposits and reservable liabilities, respectively. The new estimates are \$52.4 million and \$4.2 million, respectively. The new low reserve tranche estimate is slightly higher than that incorporated in the reserves data previously published for 1995. As a result, there were small downward revisions to the 1995 data for break-adjusted reserves and the monetary base.

Revised historical data will soon be available from the Money and Reserves Projection Section, Division of Monetary Affairs, mail stop 72, Board of Governors of the Federal Reserve System, Washington, DC 20551, (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 402, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3245. Revised historical data for reserves measures and components will also be available shortly from the Economic Bulletin Board of the U.S. Commerce Department. Call (202) 482-1986 for information on how to access the Commerce bulletin board.

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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

MARCH 2, 1995

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
1994-FEB.	60775	60705	60705	59635	1140	393771	70	15	0
MAR.	60587	60532	60532	59620	967	396668	55	24	0
APR.	60480	60356	60356	59329	1151	399229	124	57	0
MAY	60105	59905	59905	59190	915	401680	200	134	0
JUNE	59989	59656	59656	58885	1105	404213	333	226	0
JULY	60105	59647	59647	58998	1107	407175	458	364	0
AUG.	59839	59370	59370	58835	1004	409243	469	445	0
SEP.	59794	59307	59307	58734	1060	411337	487	444	0
OCT.	59496	59116	59116	58693	804	413854	380	339	0
NOV.	59401	59152	59152	58394	1008	416788	249	164	0
DEC.	59342	59133	59133	58174	1168	418223	209	100	0
1995-JAN.	59124	58988	58992	57785	1339	421047	136	46	4
FEB. pe	58909	58849	58850	57951	958	422595	59	33	0
Two weeks ending									
1995-JAN. 4	58937	58691	58691	57769	1167	418280	246	95	0
18	59124	59057	59057	57764	1360	420301	68	38	0
FEB. 1	59181	59005	59015	57811	1370	422702	176	41	10
15p	59096	59045	59045	58116	980	422492	51	31	0
MAR. 1pe	58687	58627	58627	57784	903	422697	60	36	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 ⁸
	total ²	nonborrowed	required			total	used to satisfy required reserves ⁶	surplus ⁷	
1994-FEB.	59593	59523	58454	397929	26922	36296	32671	3625	
MAR.	59605	59550	58638	400783	27396	35589	32208	3380	
APR.	61641	61516	60489	406319	29614	35222	32027	3195	
MAY	59273	59073	58358	406592	26790	35897	32483	3414	
JUNE	59924	59591	58819	410939	26502	36906	33422	3484	
JULY	60092	59634	58985	414391	25996	37644	34096	3548	
AUG.	59337	58868	58333	414923	25284	37618	34052	3566	
SEP.	59951	59465	58891	416701	25157	38433	34794	3639	
OCT.	59490	59110	58686	418187	24745	38231	34745	3486	
NOV.	60006	59757	58999	421904	24715	38933	35291	3642	
DEC.	61340	61131	60172	427247	24658	40365	36682	3683	
1995-JAN.	60521	60385	59182	426304	22291	42289	38230	4059	
FEB. pe	57689	57630	56731	423874	21766	39791	35923	3868	
<u>Two weeks ending</u>									
1995-JAN. 4	61618	61372	60451	430258	25189	39967	36429	3539	196
18	62181	62114	60822	428473	23958	42165	38223	3942	139
FEB. 1	58396	58220	57026	422750	19603	43139	38793	4346	396
15p	58311	58260	57331	424423	21037	41291	37274	4017	598
MAR. 1pe	56966	56906	56063	423369	22719	37920	34247	3672	455

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.
8. 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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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	
1994-FEB.	59555	59485	58415	390881
MAR.	59541	59486	58574	394191
APR.	61548	61423	60396	399882
MAY	59155	58955	58240	400411
JUNE	59781	59447	58676	404900
JULY	59923	59465	58816	408378
AUG.	59141	58673	58137	409214
SEP.	59728	59241	58668	411371
OCT.	59241	58860	58437	413149
NOV.	59731	59482	58724	417075
DEC.	61133	60924	59964	422514
1995-JAN.	60520	60384	59181	421833
FEB. pe	57712	57653	56754	419551
<u>Two weeks ending</u>				
1995-JAN. 4	61601	61355	60433	425778
18	62172	62104	60812	424062
FEB. 1	58409	58234	57039	418218
15p	58331	58280	57351	419990
MAR. 1pe	56992	56933	56090	419182

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

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.

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