

FEDERAL RESERVE statistical release



H.3 (502)

For release at
4:30 PM EST
May 7, 1998

SPECIAL NOTICE

Aggregate data for reserves and the monetary base have been revised to incorporate adjustments for breaks in series resulting from the annual indexations of the low reserve tranche and the reserve requirement exemption levels, and to reflect 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 1998 low reserve tranche and exemption level were higher than those estimated in early 1997. Thus, the 1997 data for break-adjusted reserves and the monetary base were revised downward.

In order to make 1998 data comparable with historical data, the 1998 data have been adjusted using estimates of the low reserve tranche and reserve requirement exemption that will take effect in January 1999. New estimates for the January 1999 values for the low reserve tranche

1. The Monetary Control Act of 1980 established a reserve ratio of 3 percent against the first \$25 million in net 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 \$47.8 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 \$4.7 million.

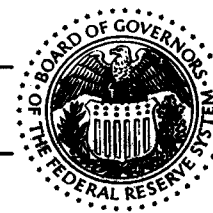
Both of these indexations take effect each year in the reserve computation periods containing January 1.

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

and exemption were obtained by extrapolating the actual growth rates from June 1997 to March 1998 of seasonally adjusted net transaction deposits and total reservable liabilities, respectively. The new estimates of \$45.9 million for the low reserve tranche and \$4.9 million for the exemption level replaced preliminary estimates made last year; the revisions resulted in small downward revisions to 1998 data for break-adjusted reserves and the monetary base.

Revised historical data for measures of reserves will soon be available in printed form 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. Historical data are available each week in the Board's weekly H.3 statistical release on its Web site (<http://www.bog.frb.fed.us/releases>) and also from the Economic Bulletin Board of the U.S. Department of Commerce. Call (202) 482-1986 or toll-free (800) 782-8872 for information on how to access the Commerce Department 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

May 7, 1998

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
1997-Apr.	47336	47075	47075	46326	1010	458104	261	88	0
May	46750	46507	46507	45510	1240	459474	243	173	0
June	46871	46504	46504	45591	1280	461746	367	243	0
July	46717	46308	46308	45516	1201	464427	409	330	0
Aug.	46939	46341	46341	45686	1253	466711	598	385	0
Sep.	46240	45802	45802	44944	1295	469406	438	368	0
Oct.	45958	45689	45689	44562	1396	471983	270	227	0
Nov.	46310	46157	46157	44693	1617	476187	153	115	0
Dec.	46669	46345	46345	44986	1683	480152	324	79	0
1998-Jan.	46501	46292	46292	44721	1780	482845	210	18	0
Feb.	45722	45664	45664	44198	1524	484243	58	12	0
Mar.	46047	46006	46006	44731	1316	485899	41	22	0
Apr. pe	45918	45846	45846	44519	1399	485967	72	41	0
Two weeks ending									
1998-Mar. 11	46275	46256	46256	44718	1556	486153	19	17	0
25	45857	45823	45823	44718	1138	485628	34	23	0
Apr. 8	46074	45974	45974	44783	1291	486068	101	30	0
22p	46116	46065	46065	44621	1495	487194	51	37	0
May 6pe	45415	45335	45335	44075	1340	483719	81	61	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.)

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Table 2

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	
1997-Apr.	47879	47618	46869	465062	12308	41562	35571	5991	
May	45997	45754	44757	465219	10916	41310	35081	6228	
June	46610	46243	45330	468778	10291	42547	36319	6228	
July	46380	45971	45179	472582	9851	43313	36529	6784	
Aug.	46645	46047	45392	474005	10489	42587	36156	6432	
Sep.	46056	45618	44761	475316	9742	43264	36314	6950	
Oct.	45621	45351	44225	477279	9990	42211	35631	6581	
Nov.	46451	46298	44834	483495	10559	42851	35892	6959	
Dec.	47880	47555	46196	491919	10673	44707	37206	7500	
1998-Jan.	47495	47285	45714	491615	9733	47336	37762	9574	
Feb.	44974	44916	43450	488428	9394	43167	35580	7587	
Mar.	45509	45468	44193	491000	10140	41598	35370	6228	
Apr. pe	46434	46362	45035	492912	11072	41219	35363	5857	
Two weeks ending									
1998-Mar. 11	45765	45747	44209	490784	10210	42202	35555	6647	226
25	45031	44997	43893	490615	9878	41199	35154	6046	172
Apr. 8	46157	46056	44865	492297	10623	41420	35534	5886	167
22p	47188	47137	45693	495086	12003	40818	35185	5633	80
May 6pe	45394	45314	44054	489721	9892	41722	35502	6219	417

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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Table 3

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	
1997-Apr.	47912	47652	46903	458053
May	46037	45794	44796	458147
June	46660	46293	45380	461636
July	46437	46028	45236	465348
Aug.	46709	46111	45456	467004
Sep.	46127	45689	44832	468370
Oct.	45693	45424	44297	470406
Nov.	46530	46377	44913	476615
Dec.	47971	47647	46288	485113
1998-Jan.	47487	47277	45706	484416
Feb.	44993	44935	43469	481364
Mar.	45545	45504	44228	484038
Apr. pe	46484	46412	45085	486161
Two weeks ending				
1998-Mar. 11	45794	45776	44238	483750
25	45068	45034	43929	483655
Apr. 8	46202	46101	44910	485459
22p	47238	47187	45743	488378
May 6pe	45447	45367	44107	482984

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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