

FEDERAL RESERVE statistical release



H.9 (511)

For immediate release
January 23, 1981

MONEY STOCK MEASURES AND LIQUID ASSETS

The weekly monetary data must be interpreted with particular caution during the current period, when NOW accounts are being introduced on a nationwide basis at depository institutions, accompanied by heavy promotional efforts. Very large shifts of funds into interest-bearing checking accounts have been evident in early January and have distorted monetary statistics. The significance of these flows will be in substantial part dependent on the ultimate sources of the funds. Because of the irregularity of deposit and other flows, it will take some time to assess the impact of these movements. Weekly data around year end are, in any event, subject to erratic fluctuations. As these extraordinary flows subside over the course of coming weeks, more reliable judgments will be possible about the trend of deposit growth.

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WEEKLY SUMMARY OF BANKING AND CREDIT MEASURES

January 23, 1981

Averages of daily figures

	Levels				Percent change ⁷		
	Week ended		4 weeks ended		Average of 4 weeks ended January 21, 1981 from 4 weeks averages		
	Jan. 21	Jan. 14	Jan. 21	Dec. 24	13 weeks previous	26 weeks previous	52 weeks previous
	Millions of dollars, seasonally adjusted				Seasonally adjusted annual rates		
Reserve aggregates¹							
Total reserves ²	40,814	40,558	40,389	40,206			
Nonborrowed reserves	39,395	39,226	39,015	38,436			
Required reserves	40,162	39,817	39,751	39,593			
Monetary base ³	160,200	159,913	159,903	159,212			
Reserve aggregates (adjusted)⁴							
Total reserves	40,793	40,537	40,368	40,185	15.8 (9.7)	15.3(12.3)	7.6(6.1)
Nonborrowed reserves	39,374	39,205	38,994	38,414	16.2(10.1)	9.8 (6.7)	7.3(5.7)
Required reserves	40,141	39,796	39,730	39,571	11.9 (6.0)	13.5(10.4)	6.8(5.2)
Monetary base ³	160,179	159,892	159,882	159,190	7.6 (6.1)	9.9 (9.2)	8.2(7.8)
					Average of 4 weeks ended January 14, 1981 from 4 weeks averages		
	Week ended		4 weeks ended		13 weeks previous	26 weeks previous	52 weeks previous
	Jan. 14p	Jan. 7p	Jan. 14p	Dec. 17p			
	Billions of dollars, seasonally adjusted				Seasonally adjusted annual rates		
Monetary aggregates (REVISED SERIES)							
M-1A (Currency plus demand deposits)	374.1	382.8	380.2	387.1	-4.2	4.3	2.5
M-1B (M-1A plus other checkable deposits)	416.9	419.2	413.4	414.1	4.0	10.1	6.4
	Week ended		4 weeks ended				
	Jan. 21	Jan. 14	Jan. 21	Dec. 24			
	Not seasonally adjusted						
Other reserve measures and interest rates							
Member bank borrowings (\$ mil.)	1419	1332	1374	1771			
Includes seasonal borrowings of:	123	105	114	116			
Federal funds rate	19.35	19.64	19.38	18.95			
3-month Treasury bill rate	15.44	15.10	14.72	15.65			
90 day dealer placed commercial paper ⁵	17.17	16.69	16.52	18.22			
3-month CD rate (secondary market)	17.74	17.19	17.12	18.80			
3-month Eurodollar rate	18.60	18.06	17.88	19.57			
U.S. Government bond rate ⁶	12.37	12.20	12.13	12.58			

- 1 Includes required reserves against deposits at member banks and Edge Act corporations and beginning November 13, 1980, at other depository institutions. Effective November 13, 1980 required reserves of member banks and Edge Act corporations were reduced about \$4.3 billion and required reserves of other depository institutions were increased about \$1.4 billion due to the implementation of the Monetary Control Act of 1980.
 - 2 Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.
 - 3 Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.
 - 4 Reserve aggregates series have been adjusted to remove discontinuities associated with the implementation of the Monetary Control Act, marginal reserve requirements, the inclusions of Edge Act corporation reserves, and other changes in Regulations D, K, and M.
 - 5 On January 14, 1981 bank-related commercial paper outstanding was \$26,235 million.
 - 6 Yield at 20-year constant maturity. Source: U.S. Treasury.
 - 7 Reserve measures for recent weeks reflect increases in required reserves, largely in November, associated with the reduction of weekend avoidance activities of a few large banks. The reduction in these activities leads to essentially a one-time increase--currently estimated at \$550 to \$600 million--in the average level of required reserves that need to be held for a given level of deposits entering the money supply. This increase in required reserves would raise reserve aggregates for technical reasons unrelated to monetary policy. Growth rates shown in parentheses reflect adjustment for this technical factor. No significant influence on money supply data has been identified as a result of this technical change.
- NOTE: All percentage changes are at seasonally adjusted annual rates, not compounded.
- p--Indicates preliminary data. Special caution should be taken in interpreting week-to-week changes in money supply data, which are often highly volatile and subject to revision in subsequent weeks and months.