

FEDERAL RESERVE BANK

of KANSAS CITY

JUL 30 1973

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BOARD OF GOVERNORS  
OF THE

FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551



DIVISION OF DATA PROCESSING

July 26, 1973

TO RECIPIENTS OF THE L.5.3 AND L.5.4:

Several fundamental issues have arisen concerning these two reports and comments from the report users would be appreciated to aid in resolving these issues.

First, there is the basic question of the utility of the reports as a method of presenting borrowings data. With agreement among the recipients, the reports could be discontinued if they lack utility. This would free badly needed resources that would be used in other areas of our operation and would be in line with current System efforts under Operation Elbowroom.

A second issue is to effect needed revisions in the reports to reflect changes in reserve requirements given that they have basic utility. In November, 1972 the reserve city and country bank classifications were eliminated by the common reserve requirements and this is not reflected in the groupings used in the report. Also, the reports do not segregate seasonal borrowings. A survey will be conducted among users to further define conceptual changes needed in the reports to bring them up to date.

A third issue concerns computer programming problems in the required reserve calculation used in the report program. The required reserve figures used in the reports do not include reserves required against commercial paper, Eurodollars, or the new marginal reserves on large CD's and finance bills. In addition, the algorithm used to calculate reserves against deposits does not conform to basic Regulation D requirements. Programming resources to correct these problems have been set aside but the task could not be completed until this Fall at the earliest.

On balance, our proposal is to suspend publication of these two reports pending review of the whole question of proper presentation of borrowing data and if they are to be continued pending completion of the required modifications. Your comments on these issues and the proposed report suspension would be appreciated.

Sincerely,

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