

For release at

4:30 PM EST

March 8, 2001

H.3 (502)

### **SPECIAL NOTICE**

Measures of reserves and the monetary base have been revised to incorporate the results of the annual benchmark and the break factor and seasonal factor reviews. Break-adjusted and seasonally adjusted data (Table 1 of the release) generally changed very little, although data for a few maintenance periods were revised by as much as \$800 million for reserves and \$2.7 billion for the monetary base.

Data for reserves and the monetary base that are not seasonally adjusted (Table 2 of the release) were revised to reflect the re-aggregation of historical data corrected by depository institutions. These revisions begin in August 1998, and the maximum revision from this source in a single maintenance period is about \$280 million for reserves and \$810 million for the monetary base.

Break factors remove discontinuities (or “breaks”) associated with regulatory changes in reserve requirements, such as the annual indexations of the low reserve tranche and the reserve requirement exemption levels.<sup>1</sup> Break-adjusted data (Table 3 of the release) incorporate updated break factors. The revisions from this source begin in January 2000 and do not exceed \$40 million in any maintenance period.

Seasonal factors for required reserves and the surplus vault cash component of the monetary base have been re-estimated using the revised break-adjusted data, after excluding the estimated

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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 \$42.8 million.

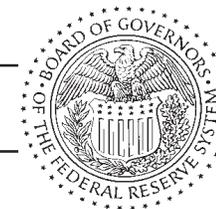
Under the Garn-St Germain Depository Institutions Act of 1982, the first \$2 million of reservable liabilities of each depository institution was exempted from reserve requirements. Since 1983, this exemption amount has been indexed each year by 80 percent of the rate of increase of the reservable liabilities at all depository institutions over the preceding year (June 30 to June 30). At present, the reserve exemption level is \$5.5 million.

Both of these indexations take effect each year in a reserve maintenance period that begins around January 1 for weekly respondents to the FR 2900 report.

effects of the century date change. The latter adjustments were made to ensure that unusual movements around the century date change did not influence the estimated seasonal factors. The revisions due to re-estimated seasonal factors start in February 1984, and they are the major source of the revisions to break-adjusted, seasonally adjusted data.

A more detailed description of the methods for constructing the break factors and seasonal factors for the measures of reserves and the monetary base as well as printed tables of the revised historical data are available from the Monetary and Reserve Analysis Section, Division of Monetary Affairs, Mail Stop 72, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, (202) 452-3062. Complete historical data are released each week through the Federal Reserve's web site (<http://www.federalreserve.gov/releases/>) with the H.3 statistical release. The data are also available through other electronic means, as described in the note at the end of Table 3 of this release.

# FEDERAL RESERVE statistical release



H.3 (502)

Table 1

## AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE

Adjusted for changes in reserve requirements<sup>1</sup>

Averages of daily figures, seasonally adjusted unless noted otherwise

Millions of dollars

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

March 8, 2001

Date	Reserves of depository institutions				Monetary base <sup>5</sup>	Borrowings of depository institutions from the Federal Reserve, NSA			
	total <sup>2</sup>	nonborrowed <sup>3</sup>	required	excess NSA <sup>4</sup>		total <sup>6</sup>	adjustment	seasonal	Special Liquidity Facility <sup>7</sup>
2000-Feb.	41573	41465	40461	1112	574297	108	45	44	19
Mar.	40306	40127	39097	1209	571470	179	101	71	7
Apr.	40783	40479	39626	1157	572495	304	184	120	0
May	41003	40641	40031	972	574144	362	86	276	
June	39882	39403	38766	1117	575307	479	90	389	
July	40124	39555	38981	1144	576957	570	60	510	
Aug.	39643	39064	38639	1004	577531	579	25	554	
Sep.	39386	38908	38267	1119	578336	477	50	427	
Oct.	39021	38602	37874	1147	579698	418	119	299	
Nov.	39023	38739	37821	1201	581398	283	124	159	
Dec.	38507	38297	37182	1325	583963	210	99	111	
2001-Jan.	38827	38754	37574	1253	589286	73	39	34	
Feb. p	38834	38783	37468	1365	592395	51	30	21	
<b>Two weeks ending</b>									
2001-Jan. 10	38523	38413	37024	1499	586564	110	56	55	
24	38764	38698	37658	1106	589803	66	42	25	
Feb. 7	39385	39351	38188	1196	592140	34	9	25	
21	38565	38527	37010	1555	590472	38	18	20	
Mar. 7p	38820	38726	37666	1154	596495	95	76	19	

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 Excess reserves NSA equals unadjusted total reserves (Table 2, column 1) less unadjusted required reserves (Table 2, column 3).

5 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.)

6 Total borrowing includes borrowing under the extended credit program.

7 Borrowing at the discount window under the terms and conditions established for the Century Date Change Special Liquidity Facility in effect from October 1, 1999 through April 7, 2000.

p preliminary

H.3 (502)

Table 2

**AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE**Not adjusted for changes in reserve requirements<sup>1</sup>

Averages of daily figures, not seasonally adjusted

Millions of dollars

Date	Reserves of depository institutions			Monetary base <sup>3</sup>	Reserve balances with F.R. Banks <sup>4</sup>	Vault cash <sup>5</sup>			Net carryover of reserve balances <sup>8</sup>
	total <sup>2</sup>	nonborrowed	required			total	used to satisfy required reserves <sup>6</sup>	surplus <sup>7</sup>	
2000-Feb.	42097	41989	40984	579331	5075	63770	37022	26748	
Mar.	39751	39572	38542	577306	6518	48952	33233	15719	
Apr.	40601	40297	39444	578468	7093	46456	33508	12948	
May	41585	41224	40614	580222	7692	44643	33894	10749	
June	39363	38884	38247	581687	6610	44560	32753	11807	
July	39884	39315	38741	584283	6802	45473	33082	12391	
Aug.	39464	38885	38460	583401	6933	45319	32531	12788	
Sep.	39168	38691	38050	583519	6852	44807	32316	12491	
Oct.	38776	38358	37629	585014	6778	45178	31998	13180	
Nov.	38786	38502	37584	589120	7156	44546	31629	12917	
Dec.	38540	38331	37216	597116	7159	45120	31381	13739	
2001-Jan.	39791	39718	38538	598261	7190	47506	32601	14905	
Feb. p	39317	39265	37951	596939	6626	48397	32691	15706	
<u>Two weeks ending</u>									
2001-Jan. 10	38664	38554	37165	604508	7085	46696	31579	15117	78
24	39972	39906	38866	596451	7656	45558	32316	13243	31
Feb. 7	41041	41007	39844	592960	6410	52561	34631	17930	99
21	38923	38885	37368	596013	6611	48505	32313	16192	88
Mar. 7p	38380	38285	37225	602773	6873	44017	31507	12510	342

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. 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 Vault cash eligible to satisfy reserve requirements. It includes only vault cash held by those banks and thrifts that are not exempt from reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements.

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 eligible to satisfy reserve requirements, held by depository institutions not exempt from reserve requirements, minus the amount used 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.

p preliminary

H.3 (502)

Table 3

## AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE

Adjusted for changes in reserve requirements<sup>1</sup>  
 Averages of daily figures, not seasonally adjusted  
 Millions of dollars

Date	Reserves of depository institutions			Monetary base <sup>4</sup>
	total <sup>2</sup>	nonborrowed	required <sup>3</sup>	
2000-Feb.	42111	42003	40999	571991
Mar.	39776	39597	38567	570428
Apr.	40631	40327	39474	571657
May	41618	41256	40646	573395
June	39404	38925	38287	574811
July	39930	39360	38786	577493
Aug.	39509	38930	38505	576664
Sep.	39224	38746	38105	576836
Oct.	38837	38419	37690	578291
Nov.	38846	38563	37645	582356
Dec.	38596	38386	37271	590196
2001-Jan.	39775	39702	38522	591383
Feb. p	39345	39294	37980	590387
<u>Two weeks ending</u>				
2001-Jan. 10	38618	38508	37119	597270
24	39958	39892	38852	589641
Feb. 7	41061	41027	39864	586457
21	38952	38914	37396	589493
Mar. 7p	38417	38323	37263	596106

Note: Current and historical H.3 data are available each week on the Federal Reserve Board's web site (<http://www.federalreserve.gov/>). Monthly data are available back to January 1959, and weekly data are available back to January 1975 for most series. For information about individual copies or subscriptions, contact Publications Services at the Federal Reserve Board (phone 202-452-3245, fax 202-728-5886). For paid electronic access to current and historical data, call STAT-USA at 1-800-782-8872 or 202-482-1986.

- 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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