

For release at
4:30 PM EST
June 9, 2005

H.3 (502)

SPECIAL NOTICE

Data on reserves and the monetary base have been revised to reflect the results of annual reviews of break factors and seasonal factors. Revisions to seasonal factors start in August 1998, and they are the major source of revisions to the data. Revisions to break factors begin in January 2004, and revisions to break-adjusted data do not exceed \$200 million in any maintenance period. The maximum revision to total reserves, nonborrowed reserves, required reserves, and the monetary base (Table 1) in any maintenance period was \$1.1 billion; most revisions were less than \$500 million.

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.¹ Seasonal factors for required reserves and the surplus vault cash component of the monetary base have been reestimated with the revised break-adjusted data.

A more detailed description of the methods for constructing break factors and seasonal factors is available under “Annual Review of Break and Seasonal Factors” on the Federal Reserve’s web site (<http://www.federalreserve.gov/releases/h3/hist/>). Historical data, updated each week, are available there as well. For paid electronic access to current and historical data, call STAT-USA at 1-800-782-8872 or 202-482-1986.

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. For all reserve maintenance periods ending in 2005, the low-reserve tranche is \$47.6 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). For all reserve maintenance periods ending in 2005, the reserve exemption level is \$7.0 million.

FEDERAL RESERVE statistical release



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Table 1

AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE

Adjusted for changes in reserve requirements¹

Seasonally adjusted unless noted otherwise

Millions of dollars

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

June 9, 2005

Date	Reserves of depository institutions				Monetary base ⁵	Borrowings of depository institutions from the Federal Reserve, NSA			
	total ²	nonborrowed ³	required	excess NSA ⁴		total	primary	secondary	seasonal
Month⁶									
2004-May	45638	45526	43994	1644	734416	112	9	0	103
June	46276	46096	44389	1887	739315	180	40	0	140
July	46460	46216	44758	1702	745842	245	42	0	203
Aug.	45510	45258	43973	1537	747491	251	18	0	233
Sep.	46520	46185	44941	1579	751539	335	97	0	238
Oct.	46427	46248	44709	1719	754174	179	15	0	164
Nov.	46393	46210	44623	1771	758500	183	105	0	78
Dec.	46761	46698	44849	1911	758601	63	11	0	52
2005-Jan.	47436	47374	45694	1742	761135	62	39	0	23
Feb.	45949	45907	44420	1529	764284	42	26	0	16
Mar.	46810	46761	45003	1807	766490	49	13	0	37
Apr.	46613	46482	44935	1678	767395	132	52	0	80
May p	45914	45774	44393	1520	768339	139	6	0	133
Two weeks ending⁷									
2005-Apr. 13	45781	45607	43980	1801	766207	175	112	0	63
27	47485	47391	45857	1627	768359	94	6	0	88
May 11	46152	46029	44771	1380	768044	123	7	0	117
25	45273	45127	43776	1497	767348	146	5	0	141
June 8p	46972	46818	45141	1831	771193	154	7	0	148

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 Prorated averages of biweekly averages.

7 Averages of daily figures.

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Table 2

AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASENot adjusted for changes in reserve requirements¹

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	
Month⁹									
2004-May	46334	46223	44691	743750	14082	43023	32253	10770	
June	45711	45531	43824	749469	13194	43592	32517	11075	
July	46835	46591	45133	757062	13374	44458	33461	10997	
Aug.	45872	45620	44334	757175	12418	45042	33454	11588	
Sep.	46532	46197	44953	760994	13044	44840	33489	11352	
Oct.	45747	45568	44028	763663	12010	46659	33736	12923	
Nov.	45652	45469	43881	768803	12116	45570	33536	12035	
Dec.	46812	46750	44901	774745	12017	47259	34795	12463	
2005-Jan.	50397	50335	48656	773204	14032	47668	36365	11303	
Feb.	46703	46661	45174	772467	12255	47640	34447	13193	
Mar.	46033	45983	44226	773828	12043	46726	33989	12736	
Apr.	46704	46572	45026	775315	12962	45319	33742	11577	
May p	46505	46366	44985	775646	12039	45575	34466	11109	
Two weeks ending¹⁰									
2005-Apr. 13	43233	43058	41432	774909	11065	45381	32168	13213	298
27	50287	50193	48659	775934	15087	45232	35200	10033	310
May 11	45027	44904	43646	774191	11268	45456	33759	11697	307
25	47901	47755	46404	775308	12709	45867	35192	10676	-53
June 8p	45959	45805	44128	779103	11888	45112	34072	11041	-22

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.

9 Prorated averages of biweekly averages.

10 Averages of daily figures.

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Table 3

AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND THE MONETARY BASE

Adjusted for changes in reserve requirements¹

Not seasonally adjusted

Millions of dollars

Date	Reserves of depository institutions			Monetary base ⁴
	total ²	nonborrowed	required ³	
Month⁵				
2004-May	46174	46062	44530	733500
June	45523	45343	43636	738967
July	46596	46352	44894	746584
Aug.	45589	45338	44052	746684
Sep.	46221	45886	44642	750580
Oct.	45402	45223	43684	752840
Nov.	45256	45073	43485	758364
Dec.	46486	46423	44574	764630
2005-Jan.	50328	50266	48586	763736
Feb.	46678	46636	45149	763214
Mar.	45993	45944	44187	764682
Apr.	46635	46503	44957	766315
May p	46410	46270	44890	766906
Two weeks ending⁶				
2005-Apr. 13	43184	43009	41383	765368
27	50202	50109	48575	767452
May 11	44939	44816	43558	765108
25	47803	47657	46306	766904
June 8p	45855	45701	44024	770207

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.

5 Prorated averages of biweekly averages.

6 Averages of daily figures.

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