

For release at
4:30 PM EST
March 21, 2002

H.3 (502)

SPECIAL NOTICE

Measures of reserves and the monetary base have been revised to incorporate the results of the annual break factor and seasonal factor reviews. Break-adjusted and seasonally adjusted data (Table 1 of the release) were revised in most cases by less than \$1.0 billion in a maintenance period, with maximum revisions of \$2 billion for reserves and \$2.4 billion 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.¹ Break-adjusted data (Table 3 of the release) incorporate updated break factors. The revisions from this source begin in January 2001 and do not exceed \$70 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 effects of the September 11, 2001 terrorist attacks. 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, will soon be available from the Monetary and Reserve Analysis Section, Division of

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 \$41.3 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 \$5.7 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.

Monetary Affairs, Mail Stop 72, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, (202) 452-3062. Complete historical data are available 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 requirements¹

Averages of daily figures, seasonally adjusted unless noted otherwise

Millions of dollars

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

March 21, 2002

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	adjustment	seasonal	extended credit
2001-Feb.	38382	38331	36875	1507	589886	51	30	21	0
Mar.	38460	38402	37061	1399	592272	58	38	20	0
Apr.	38568	38517	37291	1277	595638	51	15	35	0
May	38316	38103	37297	1019	598894	213	134	79	0
June	39066	38836	37704	1362	602835	229	110	120	0
July	39785	39502	38377	1408	608105	283	109	174	0
Aug.	40079	39895	38870	1209	616025	183	19	164	0
Sep.	58214	54829	39195	19019	639717	3385	3292	93	0
Oct.	45655	45528	44334	1321	630510	127	60	67	0
Nov.	40904	40820	39417	1487	629596	84	51	33	0
Dec.	41099	41032	39459	1641	634549	67	34	33	0
2002-Jan.	41510	41460	40105	1405	640882	50	33	17	0
Feb.	41058	41028	39685	1373	646028	30	12	17	0
<u>Two weeks ending</u>									
2002-Jan. 23	41315	41287	40072	1243	640898	28	15	14	0
Feb. 6	41356	41330	39957	1398	644103	26	8	18	0
20	40875	40838	39461	1414	645850	37	17	20	0
Mar. 6	41154	41132	39872	1282	647783	22	9	13	0
20p	40642	40618	39378	1264	648234	24	4	20	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 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.)

p preliminary

H.3 (502)

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	
2001-Feb.	39307	39256	37800	595517	6542	48530	32765	15765	
Mar.	37723	37666	36324	598195	6733	44127	30991	13136	
Apr.	38589	38538	37312	601841	6860	43672	31729	11943	
May	39374	39161	38355	605475	7604	43267	31771	11497	
June	38217	37988	36855	608812	7043	43139	31174	11966	
July	39337	39054	37929	615577	7693	43910	31644	12266	
Aug.	39668	39484	38459	622038	7578	44007	32090	11917	
Sep.	57567	54182	38549	645753	25633	43436	31934	11502	
Oct.	45061	44934	43739	636449	12552	45021	32509	12512	
Nov.	40158	40074	38672	637865	8944	43065	31214	11851	
Dec.	40955	40888	39315	648889	9059	43918	31896	12023	
2002-Jan.	43474	43424	42069	653310	10009	45731	33465	12266	
Feb.	42090	42060	40717	654732	9277	45699	32813	12886	
<u>Two weeks ending</u>									
2002-Jan. 23	43215	43187	41971	651692	10646	43724	32569	11155	40
Feb. 6	45235	45210	43837	651516	9191	50352	36044	14308	61
20	41244	41207	39830	655106	8985	45422	32259	13163	92
Mar. 6	41213	41192	39931	656489	9853	42696	31360	11335	113
20p	39094	39070	37830	657122	8543	42272	30551	11721	11

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 requirements¹
 Averages of daily figures, not seasonally adjusted
 Millions of dollars

Date	Reserves of depository institutions			Monetary base ⁴
	total ²	nonborrowed	required ³	
2001-Feb.	39325	39274	37818	588962
Mar.	37753	37696	36354	591357
Apr.	38631	38581	37354	594914
May	39430	39217	38410	598559
June	38283	38054	36921	601667
July	39418	39135	38009	608235
Aug.	39759	39576	38550	614551
Sep.	57676	54291	38657	637995
Oct.	45188	45061	43867	628340
Nov.	40287	40203	38801	629897
Dec.	41073	41007	39433	640058
2002-Jan.	43460	43411	42055	644295
Feb.	42072	42042	40699	645509
<u>Two weeks ending</u>				
2002-Jan. 23	43201	43173	41958	642633
Feb. 6	45222	45196	43823	642538
20	41226	41189	39812	645688
Mar. 6	41189	41168	39907	647423
20p	39065	39041	37801	647753

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.

p preliminary

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.