



For Release at  
4:30 P.M. Eastern time  
February 27, 2003

H.3 (502)

## SPECIAL NOTICE

Data on reserves and the monetary base have been revised to reflect the results of annual reviews of seasonal factors and break factors. Revisions due to reestimated seasonal factors start in August 1998, and they are the major source of the revisions to the data. Revisions due to reestimated break factors begin in January 2002 and do not exceed \$17 million in any maintenance period. The maximum revision to the monetary base (table 1) in any maintenance period was \$1.0 billion; most of these revisions were less than \$500 million. The maximum revision to total reserves, nonborrowed reserves, and required reserves (also in table 1) in any maintenance period was \$750 million; most of these revisions were also 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.<sup>1</sup> 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.

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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 \$42.1 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 \$6.0 million.

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

# 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

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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	primary	secondary	seasonal	adjustment
2002-Jan.	41576	41526	40181	1395	641545	50			17	33
Feb.	41335	41305	39964	1371	646607	30			17	12
Mar.	40768	40689	39347	1421	649996	79			20	59
Apr.	40635	40565	39424	1211	654098	71			50	21
May	39406	39294	38145	1261	657819	112			105	7
June	39469	39327	38231	1238	662370	142			136	6
July	39674	39482	38300	1374	666912	191			176	16
Aug.	39977	39644	38340	1637	669930	333			185	148
Sep.	39252	39023	37776	1476	671453	229			169	60
Oct.	39184	39041	37634	1550	674301	143			120	23
Nov.	39686	39414	38070	1616	677528	272			60	211
Dec.	40117	40037	38120	1997	681805	80			45	35
2003-Jan.	40594	40567	38930	1664	685662	27	12	0	13	2
<u>Two weeks ending</u>										
2002-Dec. 25	40052	39995	37577	2475	681859	57			48	10
2003-Jan. 8	40447	40411	38807	1640	683348	36			29	8
22	40756	40738	38992	1763	685327	18	9	0	9	
Feb. 5	40473	40440	38943	1530	688238	34	28	0	6	
19p	40145	40120	37824	2320	690978	25	21	0	4	

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 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>	
2002-Jan.	43712	43662	42317	653269	9981	45711	33731	11980	
Feb.	42491	42461	41120	654906	9252	45685	33239	12446	
Mar.	40333	40254	38912	658753	9124	42636	31209	11427	
Apr.	40941	40871	39730	663354	9719	42016	31222	10794	
May	40292	40180	39030	668123	9188	41819	31104	10716	
June	38617	38474	37378	673012	7923	41655	30694	10961	
July	39412	39220	38038	678976	8099	42718	31313	11406	
Aug.	39854	39521	38217	679548	8520	42892	31335	11557	
Sep.	38907	38678	37431	679956	8731	42231	30176	12055	
Oct.	38685	38542	37134	681833	8836	42933	29849	13084	
Nov.	39141	38870	37525	687226	9695	42144	29446	12698	
Dec.	40173	40093	38176	697089	9873	43334	30300	13033	
2003-Jan.	42727	42700	41063	699213	10008	46210	32719	13491	
<u>Two weeks ending</u>									
2002-Dec. 25	40700	40643	38225	697930	10408	43740	30292	13448	-61
2003-Jan. 8	41135	41099	39495	702883	9200	45148	31935	13213	320
22	42394	42377	40631	698147	10894	44363	31500	12863	-6
Feb. 5	44661	44628	43131	697609	9349	50026	35312	14714	277
19p	40293	40268	37972	700679	9418	46005	30875	15131	52

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>	
2002-Jan.	43699	43649	42304	644254
Feb.	42473	42443	41102	645683
Mar.	40303	40225	38882	649205
Apr.	40895	40824	39683	653268
May	40226	40114	38965	657980
June	38541	38398	37302	662866
July	39317	39126	37943	668753
Aug.	39741	39407	38104	669312
Sep.	38782	38553	37306	669714
Oct.	38543	38400	36993	671484
Nov.	38981	38709	37365	676656
Dec.	40027	39947	38030	686166
2003-Jan.	42713	42686	41049	688300
<u>Two weeks ending</u>				
2002-Dec. 25	40523	40466	38048	686789
2003-Jan. 8	41106	41070	39466	692088
22	42379	42362	40616	686985
Feb. 5	44660	44626	43130	686978
19p	40291	40266	37970	689855

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.