Definitions

M1: The sum of currency held outside the vaults of depository institutions, Federal Reserve Banks, and the U.S. Treasury; travelers checks; and demand and other checkable deposits issued by financial institutions (except demand deposits due to the Treasury and depository institutions), minus cash items in process of collection and Federal Reserve float.

M2: M1 plus savings deposits (including money market deposit accounts) and small-denomination (less than $100,000) time deposits issued by financial institutions; and shares in retail money market mutual funds (funds with initial investments of less than $50,000), net of retirement accounts.

M3: M2 plus large-denomination ($100,000 or more) time deposits; repurchase agreements issued by depository institutions; Eurodollar deposits, specifically, dollar-denominated deposits due to nonbank U.S. addresses held at foreign offices of U.S. banks worldwide and all banking offices in Canada and the United Kingdom; and institutional money market mutual funds (funds with initial investments of $50,000 or more).

Notes

Cover Page: Economic forecasts are median responses from the Thomson Reuters Weekly Economic Survey, which is sent out to 20 to 25 Wall Street economists each week (usually on Tuesday). These forecasts are released on Friday—at which time, Thursday’s USFD cover page will be updated.

Page 3: Adjusted Monetary Base equals the sum of currency in circulation outside Federal Reserve Banks and the U.S. Treasury, deposits of depository financial institutions at Federal Reserve Banks, and an adjustment for the effects of changes in statutory reserve requirements on the quantity of base money held by depositories. This series is a spliced chain index; see Anderson and Rasche (1996a, 1996b, 2001, 2003).

Page 4: Adjusted Reserves is defined as the sum of vault cash and Federal Reserve Bank deposits held by depository institutions and an adjustment for the effects of changes in statutory reserve requirements on the quantity of base money held by depositories. This series, a spliced chain index, is numerically larger than the Board of Governors’ measure, which excludes vault cash not used to satisfy statutory reserve requirements and Federal Reserve Bank deposits used to satisfy required clearing balance contracts; see Anderson and Rasche (1996a, 2001, 2003).

Page 5: MZM includes the zero maturity, or immediately available, components of M3. MZM equals M2 minus small-denomination time deposits, plus institutional money market mutual funds (that is, the money market mutual funds included in M3 but excluded from M2). The label MZM, or “Money, Zero Maturity,” was coined by William Poole (1991) for this aggregate, proposed earlier by Motley (1988). Readers are cautioned that since early 1994 the level and growth of M1 have been depressed by retail sweep programs that reclassify transactions deposits (demand deposits and other checkable deposits) as savings deposits overnight, thereby reducing banks’ required reserves; see Anderson and Rasche (2001) and research.stlouisfed.org/aggrep/swdata.html.

Page 7: The asset groups are aggregates of the following categories on the H.4.1: Short-term lending to financial firms and markets is the sum of repurchase agreements, term auction credit, commercial paper funding facility, central bank liquidity swaps, money market investor funding facility, other loans (less AIG loan), and other assets.
Page 17: Natural Gas (Henry Hub) spot prices are from the U.S. Energy Information Administration (EIA). Futures prices are listed in the Wall Street Journal. Spot prices are weekly averages of daily prices; Futures prices are usually taken on Wednesday.

Page 18: Data appear in the Federal Reserve Board’s H.10 release. The Major Index comprises 7 currencies. The Broad Index comprises the Major Index plus 19 additional currencies. Further details may be found at www.federalreserve.gov/releases/h10/summary/.

Page 19: Data appear in the Federal Reserve Board’s H.6 release. Savings Deposits is the sum of money market deposit accounts and passbook and statement savings. Small Time Deposits have a minimum initial maturity of 7 days. Savings deposits and small time deposits are at all depository institutions.

Page 20: Data appear in the Federal Reserve Board’s H.6 and H.4.1 releases. Retail Money Funds are included in M2. Institutional Money Funds are not part of M2; they used to be included in M3, which was discontinued as of March 23, 2006. See www.federalreserve.gov/releases/h6/dism3.htm.

Total Borrowings include loans to depository institutions for (i) primary, secondary, and seasonal credit and (ii) primary dealer and other broker-dealer credit. This category also includes the asset-backed commercial paper money market mutual fund liquidity facility, credit extended to American International Group, Inc., term asset-backed securities loan facility, and other credit extensions. Term auction credit is excluded. Data and recent information regarding Federal Reserve lending programs appear in the Federal Reserve Board's H.4.1 release at http://www.federalreserve.gov/releases/h41/Current/.

Page 21: Data appear in the Federal Reserve Board’s H.8 release. Bank Loans and Credit include foreign-related institutions. Bank Credit includes loans and leases and securities. All Banks includes foreign-related institutions. Large Banks are domestically chartered banks (adjusted for mergers) and report on a weekly basis.


Page 23: Treasury Security yields are Treasury constant maturities as reported in the Board of Governors of the Federal Reserve System’s H.15 release. The 3-Month Treasury Bill yield is the secondary market yield from the H.15 release. Federal Funds represents seven-day averages for the week ending two days earlier than the date shown in the table. Municipal Bonds represents Bond Buyer’s Average Index of 20 municipal bonds, Thursday data.

Sources

Board of Governors of the Federal Reserve System

Chicago Board of Trade
Federal funds futures contract.

Dow Jones Indexes
Dow Jones Industrial Average.

Federal Reserve Bank of St. Louis
Adjusted monetary base, adjusted reserves, and MZM.

NASDAQ Stock Market, Incorporated
NASDAQ Composite®.

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U.S. Department of the Treasury
U.S. inflation-indexed security yields.

U.S. Energy Information Administration (EIA)
Natural gas (Henry Hub) spot prices.

Wall Street Journal
Jumbo mortgage interest rates, oil (West Texas intermediate) spot and futures prices, and natural gas (Henry Hub) futures prices.

Wilshire Associates Incorporated (www.wilshire.com)
Wilshire 5000®.

References


Note: Articles from this Bank’s Review are available on the Internet at research.stlouisfed.org/publications/review/.