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### NEWS RELEASE

EMBARGOED UNTIL RELEASE AT 9:00 A.M. EDT, WEDNESDAY, SEPTEMBER 19, 2012.

## CFS DIVISIA MONETARY DATA FOR THE UNITED STATES:<sup>1</sup> AUGUST 2012

### The CFS Featured Broad Divisia Monetary Aggregates in August 2012

- CFS Divisia M4, including Treasuries (DM4) – the broadest and most important measure of money calculated by the Center for Financial Stability – grew by 3.4% in August 2012, on a year-over-year basis. In contrast, CFS Divisia M4 increased by 1.3% in August 2011 over the preceding year.
- The narrower version of the CFS Divisia M4, excluding Treasuries, (DM4-), increased by 2.6% in August 2012 over the year, relative to a year-over-year gain of 3.6% in August 2011.
- CFS Divisia M3 (DM3) advanced by 3.4% year-over-year, relative to an increase of 3.7% in August 2011.

### The Narrow Divisia Monetary Aggregates in August 2012<sup>2</sup>

- CFS Divisia M2 (DM2) advanced by 6.5% year-over-year, relative to an increase of 10.2% in August 2011 over the preceding year.
- CFS Divisia M1 (DM1) advanced by 7.9% year-over-year, relative to an increase of 14.5% in August 2011 over the preceding year.

### Most Significant Factors Influencing CFS Divisia M4 in August 2012

#### *Positive Contributors to CFS Divisia M4 Growth*

- The largest positive contributor to CFS Divisia M4 growth was commercial banks' savings deposits (sweeps adjusted), contributing an increase of 2.9% in the last 12 months ending August 2012. Their growth-rate weight was 26.5%. Unweighted, they increased 11.6% in the last 12 months. This component is included in all of the aggregates, except the narrowest (DM1).
- The second largest positive contributor to growth was T-bills, contributing an increase of 1.0% in the last 12 months ending August 2012. Their growth-rate weight was 9.3%. Unweighted, they increased 11.7% in the last 12 months. This component is included only in the broadest aggregate (DM4).
- The third largest positive contributor to growth was demand deposits (sweeps adjusted), contributing an increase of 0.9% in the last 12 months ending August 2012. Their growth-rate weight was 8.0%. Unweighted, they increased 11.8% in the last 12 months. This component is included in all of the aggregates.

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<sup>1</sup> The CFS Divisia indexes in this release were constructed under the direction of Professor William A. Barnett. Dr. Barnett is the originator of the Divisia monetary aggregates, which he has been developing and refining for decades, in accordance with modern advances in economic aggregation and index-number theory.

<sup>2</sup> The narrow aggregates, DM1 and DM2, are similar to the MSI (monetary services index) Divisia aggregates, supplied by the St. Louis Federal Reserve Bank. See page 18 for the relationship between the CFS and the MSI aggregates. The broad Divisia monetary aggregates, DM3, DM4-, and DM4, are available only from the CFS, since no other source currently exists for broad Divisia monetary aggregates for the US.



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### *Negative Contributors to CFS Divisia M4 Growth*

- The largest negative contributor to CFS Divisia M4 growth was commercial paper, contributing a decrease of 0.5% in the last 12 months ending August 2012. Its growth-rate weight was 5.4%. Unweighted, it decreased 8.7% in the last 12 months. This component is included in DM4 and DM4-, but not in the narrower aggregates.
- The second largest negative contributor to CFS Divisia M4 growth was repurchase agreements, contributing a decrease of 0.5% in the last 12 months ending August 2012. Their growth-rate weight was 10.1%. Unweighted, they decreased 4.8% in the last 12 months. This component is included in DM3, DM4-, and DM4, but not in the narrower aggregates (DM1 and DM2).
- The third largest negative contributor to CFS Divisia M4 growth was commercial banks' small time deposits, contributing a decrease of 0.5% in the last 12 months ending August 2012. Their growth-rate weight was 3.0%. Unweighted, they decreased 14.8% in the last 12 months. This component is included in all of the aggregates, except the narrowest (DM1).

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The next CFS Divisia M4 data are scheduled to be released at 9:00 AM EDT on Wednesday, October 17, 2012.

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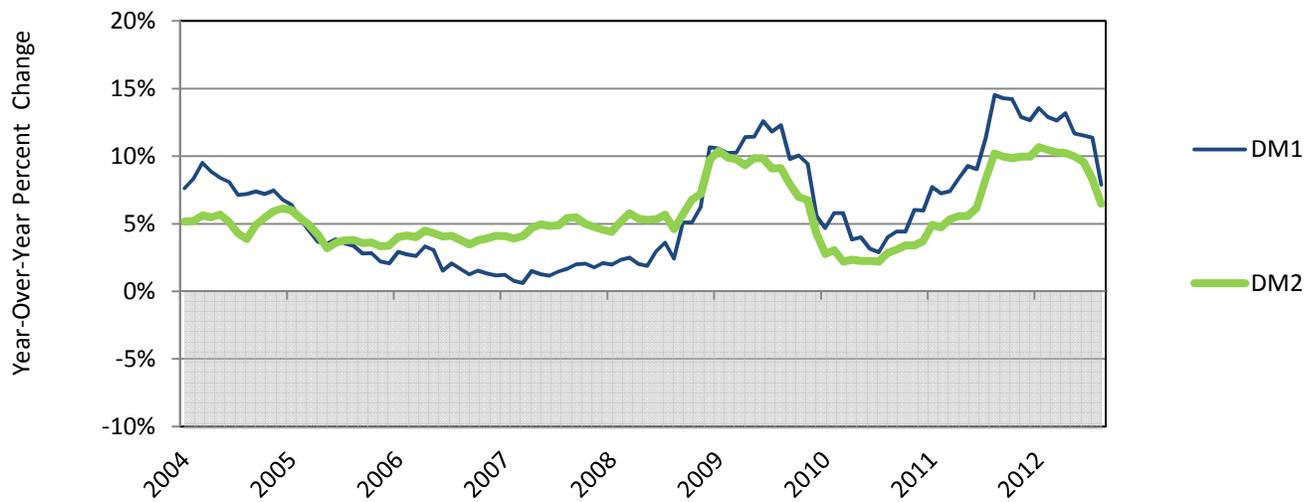
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**Figure 1 - Recent Growth in Broad CFS Divisia Monetary Data<sup>3</sup>**



**Figure 2 - Recent Growth in Narrow CFS Divisia Monetary Data<sup>4</sup>**



<sup>3</sup> The broadest CFS Divisia monetary aggregates are **best** for most purposes. See p. 18 for background on the supporting research. We nevertheless provide the narrower CFS Divisia aggregates in Figure 2 for comparison.

<sup>4</sup> The narrow aggregates shown here, DM1 and DM2, are similar to the MSI (monetary services index) Divisia aggregates, supplied by the St. Louis Federal Reserve Bank. For more information about the St. Louis Fed's MSI Divisia aggregates and their relationship to the CFS Divisia monetary aggregates, see p. 18.



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Figure 3 - CFS Divisia Monetary Aggregates Table, Year-Over-Year Percent Change

Date	Divisia M4 Including Treasuries (DM4)	Divisia M4 Excluding Treasuries (DM4-)	Divisia M3	Divisia M2 (Sweeps Adjusted) <sup>5</sup>	Divisia M1 (Sweeps Adjusted) <sup>5</sup>
Nov-09	-4.9%	-4.8%	-2.7%	6.8%	9.4%
Dec-09	-4.9%	-5.0%	-2.3%	4.3%	5.6%
Jan-10	-6.2%	-6.3%	-4.1%	2.8%	4.7%
Feb-10	-6.4%	-5.8%	-4.1%	3.0%	5.8%
Mar-10	-7.2%	-7.0%	-5.1%	2.2%	5.8%
Apr-10	-5.7%	-5.4%	-4.2%	2.3%	3.8%
May-10	-6.1%	-5.6%	-4.6%	2.2%	4.0%
Jun-10	-7.3%	-6.6%	-5.9%	2.2%	3.2%
Jul-10	-5.0%	-4.2%	-4.3%	2.2%	2.9%
Aug-10	-4.2%	-3.3%	-2.9%	2.8%	4.0%
Sep-10	-3.6%	-2.8%	-1.9%	3.1%	4.4%
Oct-10	-1.4%	-0.9%	-0.1%	3.4%	4.4%
Nov-10	-0.7%	-0.4%	0.5%	3.4%	6.0%
Dec-10	-0.7%	-0.6%	0.1%	3.7%	6.0%
Jan-11	-0.3%	-0.6%	0.2%	4.9%	7.7%
Feb-11	0.2%	0.2%	0.7%	4.8%	7.3%
Mar-11	1.5%	2.6%	2.9%	5.3%	7.4%
Apr-11	2.2%	3.9%	3.6%	5.6%	8.4%
May-11	2.8%	4.9%	4.5%	5.6%	9.3%
Jun-11	3.2%	5.4%	4.9%	6.2%	9.0%
Jul-11	2.1%	4.3%	4.2%	8.3%	11.3%
Aug-11	1.3%	3.6%	3.7%	10.2%	14.5%
Sep-11	1.2%	3.3%	4.1%	10.0%	14.3%
Oct-11	0.2%	2.2%	2.7%	9.8%	14.2%
Nov-11	0.7%	2.6%	3.2%	10.0%	12.9%
Dec-11	0.9%	2.8%	3.6%	10.0%	12.7%
Jan-12	2.4%	4.4%	4.7%	10.7%	13.6%
Feb-12	2.8%	4.0%	4.7%	10.5%	12.9%
Mar-12	2.4%	2.9%	4.1%	10.3%	12.6%
Apr-12	1.5%	1.8%	3.4%	10.2%	13.2%
May-12	0.7%	0.5%	1.9%	10.0%	11.7%
Jun-12	2.3%	2.1%	3.6%	9.6%	11.5%
Jul-12	2.9%	2.6%	3.6%	8.3%	11.4%
Aug-12	3.4%	2.6%	3.4%	6.5%	7.9%

Note: Cells are shaded on a gradient from dark green (maximum) to dark red (minimum).

<sup>5</sup> While the broadest Divisia monetary aggregates are best for most purposes, we provide the narrower CFS Divisia aggregates for comparison. The narrow aggregates shown here, DM1 and DM2, are similar to the MSI (monetary services index) Divisia aggregates, supplied by the St. Louis Federal Reserve Bank. For more information about the St. Louis Fed’s MSI Divisia aggregates and their relationship to the CFS Divisia monetary aggregates, see p. 18.



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**Figure 4 - CFS Divisia Data Table (DM4, DM4-, and DM3)**

Levels are normalized to equal 100 in Jan. 1967

Date	Divisia M4 Including Treasuries (DM4)			Divisia M4 Excluding Treasuries (DM4-)			Divisia M3		
	Level	Yr-Over-Yr % Growth Rate	Interest-Rate Aggregate %	Level	Yr-Over-Yr % Growth Rate	Interest-Rate Aggregate %	Level	Yr-Over-Yr % Growth Rate	Interest-Rate Aggregate %
Nov-09	1,225	-4.9%	0.17%	1,125	-4.8%	0.18%	1,094	-2.7%	0.18%
Dec-09	1,220	-4.9%	0.15%	1,121	-5.0%	0.16%	1,093	-2.3%	0.15%
Jan-10	1,211	-6.2%	0.13%	1,116	-6.3%	0.14%	1,091	-4.1%	0.14%
Feb-10	1,203	-6.4%	0.14%	1,113	-5.8%	0.15%	1,089	-4.1%	0.14%
Mar-10	1,194	-7.2%	0.15%	1,098	-7.0%	0.15%	1,073	-5.1%	0.15%
Apr-10	1,197	-5.7%	0.17%	1,098	-5.4%	0.17%	1,075	-4.2%	0.16%
May-10	1,203	-6.1%	0.20%	1,103	-5.6%	0.21%	1,082	-4.6%	0.19%
Jun-10	1,186	-7.3%	0.21%	1,087	-6.6%	0.22%	1,066	-5.9%	0.20%
Jul-10	1,200	-5.0%	0.20%	1,102	-4.2%	0.20%	1,080	-4.3%	0.19%
Aug-10	1,206	-4.2%	0.17%	1,109	-3.3%	0.17%	1,087	-2.9%	0.16%
Sep-10	1,208	-3.6%	0.16%	1,112	-2.8%	0.16%	1,087	-1.9%	0.15%
Oct-10	1,219	-1.4%	0.15%	1,122	-0.9%	0.15%	1,100	-0.1%	0.14%
Nov-10	1,216	-0.7%	0.14%	1,120	-0.4%	0.15%	1,100	0.5%	0.14%
Dec-10	1,211	-0.7%	0.14%	1,114	-0.6%	0.14%	1,095	0.1%	0.14%
Jan-11	1,208	-0.3%	0.14%	1,109	-0.6%	0.14%	1,093	0.2%	0.13%
Feb-11	1,205	0.2%	0.14%	1,115	0.2%	0.14%	1,096	0.7%	0.13%
Mar-11	1,211	1.5%	0.13%	1,126	2.6%	0.13%	1,105	2.9%	0.12%
Apr-11	1,224	2.2%	0.11%	1,141	3.9%	0.11%	1,114	3.6%	0.11%
May-11	1,236	2.8%	0.10%	1,158	4.9%	0.11%	1,130	4.5%	0.10%
Jun-11	1,224	3.2%	0.10%	1,146	5.4%	0.11%	1,118	4.9%	0.10%
Jul-11	1,225	2.1%	0.10%	1,150	4.3%	0.10%	1,125	4.2%	0.10%
Aug-11	1,222	1.3%	0.11%	1,149	3.6%	0.11%	1,128	3.7%	0.11%
Sep-11	1,223	1.2%	0.11%	1,149	3.3%	0.12%	1,132	4.1%	0.11%
Oct-11	1,221	0.2%	0.11%	1,146	2.2%	0.12%	1,130	2.7%	0.11%
Nov-11	1,225	0.7%	0.12%	1,149	2.6%	0.13%	1,135	3.2%	0.12%
Dec-11	1,222	0.9%	0.12%	1,145	2.8%	0.13%	1,135	3.6%	0.13%
Jan-12	1,237	2.4%	0.12%	1,157	4.4%	0.13%	1,145	4.7%	0.12%
Feb-12	1,239	2.8%	0.12%	1,159	4.0%	0.12%	1,148	4.7%	0.12%
Mar-12	1,241	2.4%	0.12%	1,159	2.9%	0.13%	1,149	4.1%	0.12%
Apr-12	1,242	1.5%	0.12%	1,162	1.8%	0.13%	1,151	3.4%	0.12%
May-12	1,245	0.7%	0.12%	1,164	0.5%	0.13%	1,152	1.9%	0.12%
Jun-12	1,252	2.3%	0.13%	1,170	2.1%	0.13%	1,159	3.6%	0.12%
Jul-12	1,261	2.9%	0.12%	1,179	2.6%	0.12%	1,166	3.6%	0.12%
Aug-12	1,264	3.4%	0.11%	1,179	2.6%	0.11%	1,166	3.4%	0.11%



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**Figure 5 - CFS Divisia Data Table (DM2 and DM1)**

Levels are normalized to equal 100 in Jan. 1967

Date	Divisia M2 (Sweeps Adjusted)			Divisia M1 (Sweeps Adjusted)		
	Level	Yr-Over-Yr % Growth Rate	Interest-Rate Aggregate %	Level	Yr-Over-Yr % Growth Rate	Interest-Rate Aggregate %
Nov-09	972	6.8%	0.20%	1,200	9.4%	0.03%
Dec-09	974	4.3%	0.16%	1,209	5.6%	0.03%
Jan-10	970	2.8%	0.15%	1,202	4.7%	0.03%
Feb-10	976	3.0%	0.14%	1,212	5.8%	0.03%
Mar-10	976	2.2%	0.13%	1,216	5.8%	0.03%
Apr-10	979	2.3%	0.13%	1,211	3.8%	0.03%
May-10	985	2.2%	0.13%	1,213	4.0%	0.03%
Jun-10	987	2.2%	0.12%	1,222	3.2%	0.03%
Jul-10	987	2.2%	0.12%	1,223	2.9%	0.03%
Aug-10	991	2.8%	0.12%	1,233	4.0%	0.03%
Sep-10	995	3.1%	0.11%	1,243	4.4%	0.03%
Oct-10	1,001	3.4%	0.10%	1,250	4.4%	0.03%
Nov-10	1,005	3.4%	0.10%	1,272	6.0%	0.03%
Dec-10	1,010	3.7%	0.09%	1,281	6.0%	0.02%
Jan-11	1,017	4.9%	0.09%	1,295	7.7%	0.02%
Feb-11	1,022	4.8%	0.09%	1,300	7.3%	0.02%
Mar-11	1,028	5.3%	0.09%	1,306	7.4%	0.02%
Apr-11	1,034	5.6%	0.09%	1,312	8.4%	0.02%
May-11	1,039	5.6%	0.09%	1,326	9.3%	0.02%
Jun-11	1,048	6.2%	0.08%	1,332	9.0%	0.02%
Jul-11	1,069	8.3%	0.08%	1,362	11.3%	0.02%
Aug-11	1,092	10.2%	0.08%	1,412	14.5%	0.02%
Sep-11	1,094	10.0%	0.08%	1,420	14.3%	0.01%
Oct-11	1,100	9.8%	0.07%	1,428	14.2%	0.01%
Nov-11	1,105	10.0%	0.07%	1,436	12.9%	0.01%
Dec-11	1,110	10.0%	0.07%	1,443	12.7%	0.01%
Jan-12	1,126	10.7%	0.06%	1,470	13.6%	0.01%
Feb-12	1,129	10.5%	0.07%	1,467	12.9%	0.01%
Mar-12	1,133	10.3%	0.07%	1,471	12.6%	0.01%
Apr-12	1,139	10.2%	0.07%	1,486	13.2%	0.01%
May-12	1,143	10.0%	0.07%	1,481	11.7%	0.01%
Jun-12	1,149	9.6%	0.07%	1,486	11.5%	0.01%
Jul-12	1,158	8.3%	0.06%	1,516	11.4%	0.01%
Aug-12	1,162	6.5%	0.06%	1,523	7.9%	0.01%



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Figure 6 - Components of CFS Divisia M4 - Highlights for August 2012

Components in this table build from the narrowest aggregate at the top to the broadest at the bottom. For example, the darkest green in the left column includes components of DM1. The next tier shows the components included in DM2, but not within DM1.

	Weighted Contribution To DM4 Money Annual Growth Rate*	Divisia Growth-Rate Weights (Average of Last 12 Months)	Unweighted Year-Over-Year Percentage Growth Rate
<b>DM1</b>			
Currency	0.5%	6.3%	8.5%
Traveler's Checks	0.0%	0.0%	-11.4%
Demand Deposits **	0.9%	8.0%	11.8%
OCDs at Commercial Banks **	-0.1%	2.4%	-3.3%
OCDs at Thrift Institutions **	0.1%	1.8%	5.1%
<b>Added into DM2</b>			
Savings Deposits at Commercial Banks **	2.9%	26.5%	11.6%
Savings Deposits at Thrift Institutions **	0.3%	4.8%	6.2%
Retail Money-Market Funds	-0.2%	4.0%	-5.3%
Small Time Deposits at Commercial Banks	-0.5%	3.0%	-14.8%
Small Time Deposits at Thrifts	-0.3%	1.1%	-20.2%
<b>Added into DM3</b>			
Institutional Money-Market Funds	0.0%	10.7%	-0.3%
Large Time Deposits	-0.3%	6.7%	-3.7%
Repurchase Agreements	-0.5%	10.1%	-4.8%
<b>Added into DM4-</b>			
Commercial Paper	-0.5%	5.4%	-8.7%
<b>Added into DM4</b>			
T-Bills	1.0%	9.3%	11.7%

Note: The row labels in the first column are shaded to show which components are included into which aggregates. Each data column is shaded on a gradient from dark green (maximum) to dark red (minimum). See the figures 10-15 for these calculations over time and a chart version of the above table.

\* Average of last 12 monthly weighted contributions to CFS Divisia M4 growth rates (annual rates). Unlike the other percent calculations in this report, the weighted contributions use continuous percent changes computed from natural logs.

\*\* Sweeps adjusted.

**Components That Are Pulling CFS Divisia M4 Up**

The largest positive contributor to CFS Divisia M4 growth was commercial banks' savings deposits (sweeps adjusted), contributing an increase of 2.9% in the last 12 months ending August 2012. Their growth-rate weight was 26.5%. Unweighted, they increased 11.6% in the last 12 months. This component is included in all of the aggregates, except the narrowest (DM1).

The second largest positive contributor to growth was T-bills, contributing an increase of 1.0% in the last 12 months ending August 2012. Their growth-rate weight was 9.3%. Unweighted, they increased 11.7% in the last 12 months. This component is included only in the broadest aggregate (DM4).

The third largest positive contributor to growth was demand deposits (sweeps adjusted), contributing an increase of 0.9% in the last 12 months ending August 2012. Their growth-rate weight was 8.0%. Unweighted, they increased 11.8% in the last 12 months. This component is included in all of the aggregates.

**Components That Are Pulling CFS Divisia M4 Down**

The largest negative contributor to CFS Divisia M4 growth was commercial paper, contributing a decrease of 0.5% in the last 12 months ending August 2012. Its growth-rate weight was 5.4%. Unweighted, it decreased 8.7% in the last 12 months. This component is included in DM4 and DM4-, but not in the narrower aggregates.

The second largest negative contributor to CFS Divisia M4 growth was repurchase agreements, contributing a decrease of 0.5% in the last 12 months ending August 2012. Their growth-rate weight was 10.1%. Unweighted, they decreased 4.8% in the last 12 months. This component is included in DM3, DM4-, and DM4, but not in the narrower aggregates (DM1 and DM2).

The third largest negative contributor to CFS Divisia M4 growth was commercial banks' small time deposits, contributing a decrease of 0.5% in the last 12 months ending August 2012. Their growth-rate weight was 3.0%. Unweighted, they decreased 14.8% in the last 12 months. This component is included in all of the aggregates, except the narrowest (DM1).



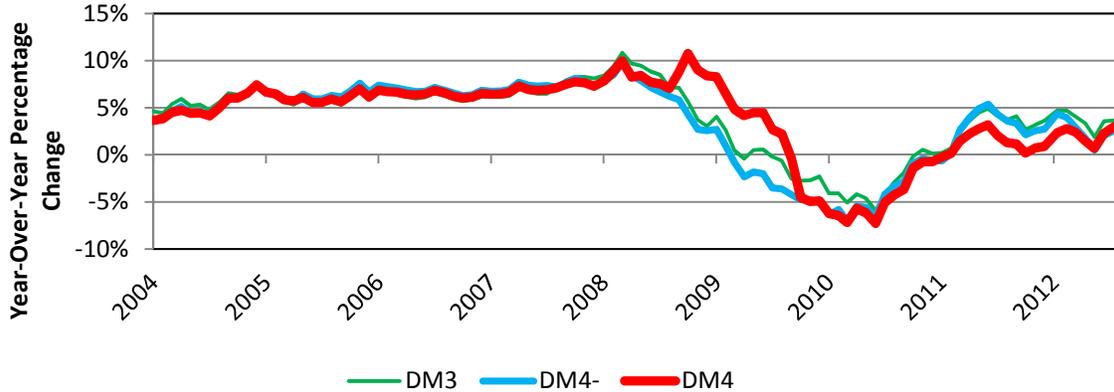
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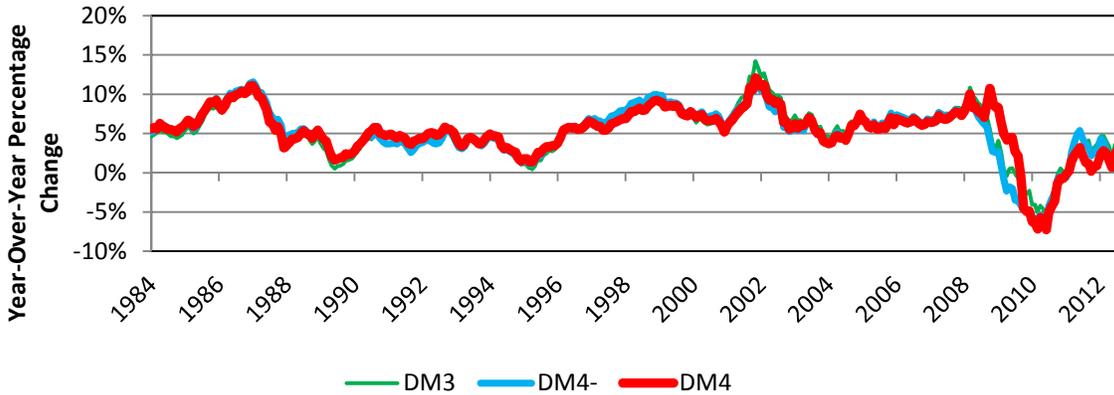
**Figure 7 - CFS Divisia Monetary Growth Charts**

DM3, DM4-, and DM4 Year-Over-Year Percent Change, Three Date Horizons

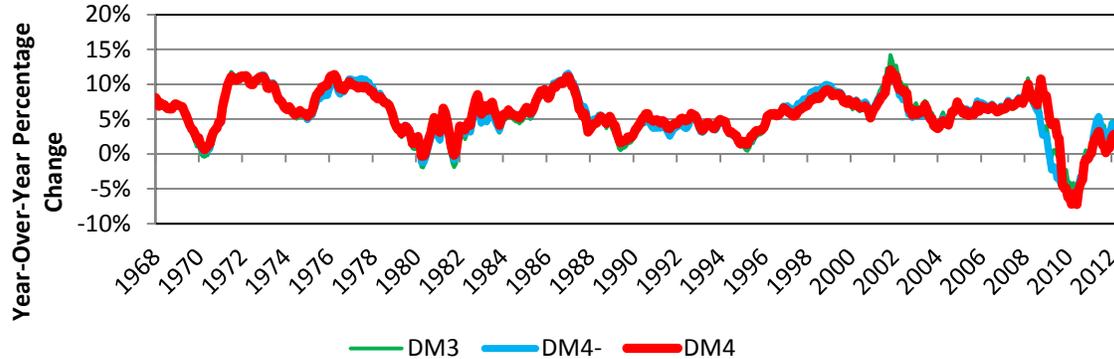
### 2004 to Present



### 1984-Present



### 1968 to Present





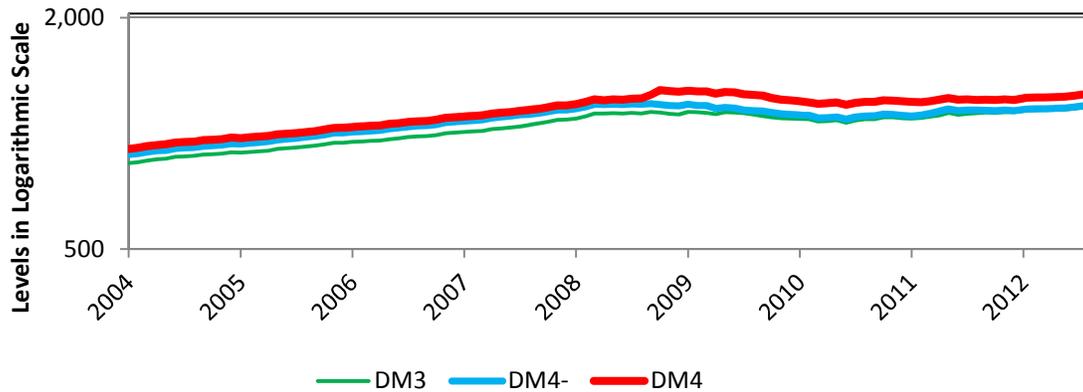
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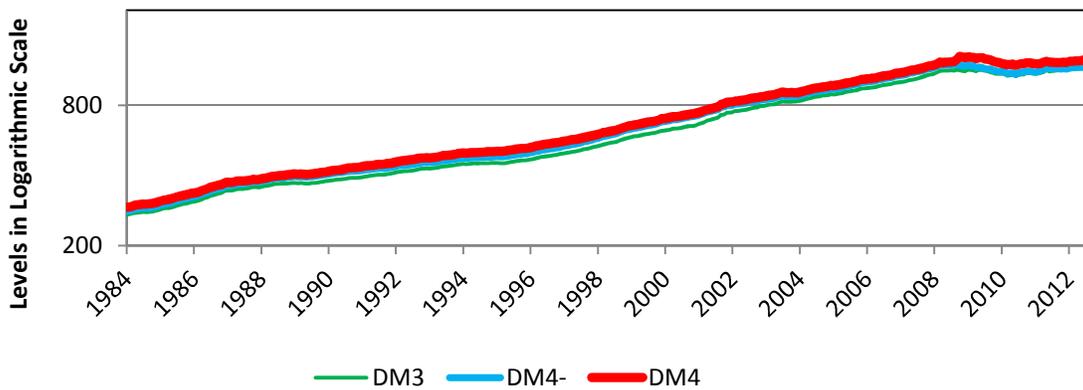
## Figure 8 - CFS Divisia Monetary Aggregates Level Charts

DM3, DM4-, and DM4 Levels, Normalized to Equal 100 in Jan. 1967, Logarithmic Scales

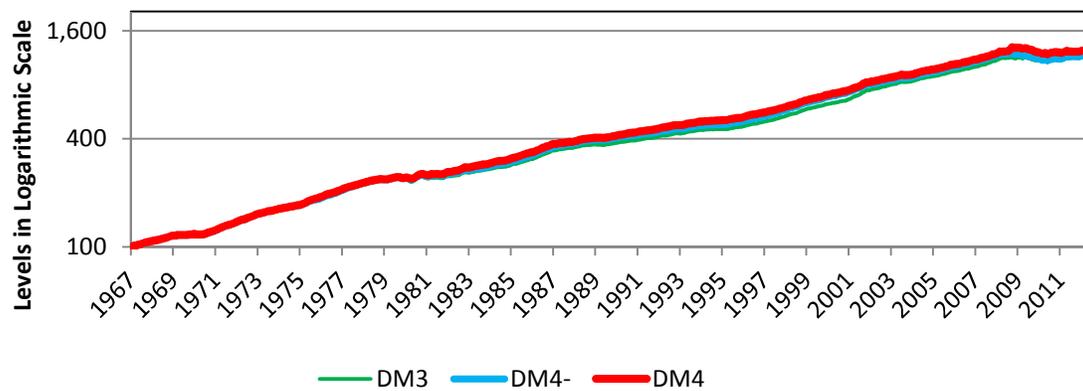
### 2004 to Present



### 1984 to Present



### 1967 to Present





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**Figure 9 - Components of All CFS Divisia Aggregates  
Growth-Rate Weights Used in Latest Month (August 2012)**

	Divisia M1	Divisia M2M	Divisia M2M	Divisia M2	Divisia ALL	Divisia M3	Divisia M4-	Divisia M4
Currency	33.9%	11.7%	9.8%	10.9%	9.3%	7.5%	7.1%	6.4%
Traveler's Checks	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Demand Deposits (Sweeps Adjusted)	43.9%	15.1%	12.7%	14.1%	12.0%	9.8%	9.2%	8.3%
OCDs at Commercial Banks (Sweeps Adjusted)	12.6%	4.4%	3.7%	4.1%	3.5%	2.8%	2.6%	2.4%
OCDs at Thrift Institutions (Sweeps Adjusted)	9.4%	3.2%	2.7%	3.0%	2.6%	2.1%	2.0%	1.8%
Savings Deposits at Commercial Banks (Sweeps Adjusted)		49.7%	41.8%	46.5%	39.5%	32.1%	30.2%	27.4%
Savings Deposits at Thrift Institutions (Sweeps Adjusted)		8.9%	7.5%	8.3%	7.1%	5.8%	5.4%	4.9%
Retail Money-Market Funds		6.9%	5.8%	6.5%	5.5%	4.5%	4.2%	3.8%
Small Time Deposits at Commercial Banks				4.7%	4.0%	3.3%	3.1%	2.8%
Small Time Deposits at Thrifts				1.7%	1.4%	1.2%	1.1%	1.0%
Institutional Money-Market Funds			15.9%		15.0%	12.2%	11.5%	10.4%
Large Time Deposits						7.8%	7.4%	6.7%
Repurchase Agreements						11.0%	10.3%	9.4%
Commercial Paper							5.8%	5.3%
T-Bills								9.4%
Sum of Weights	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

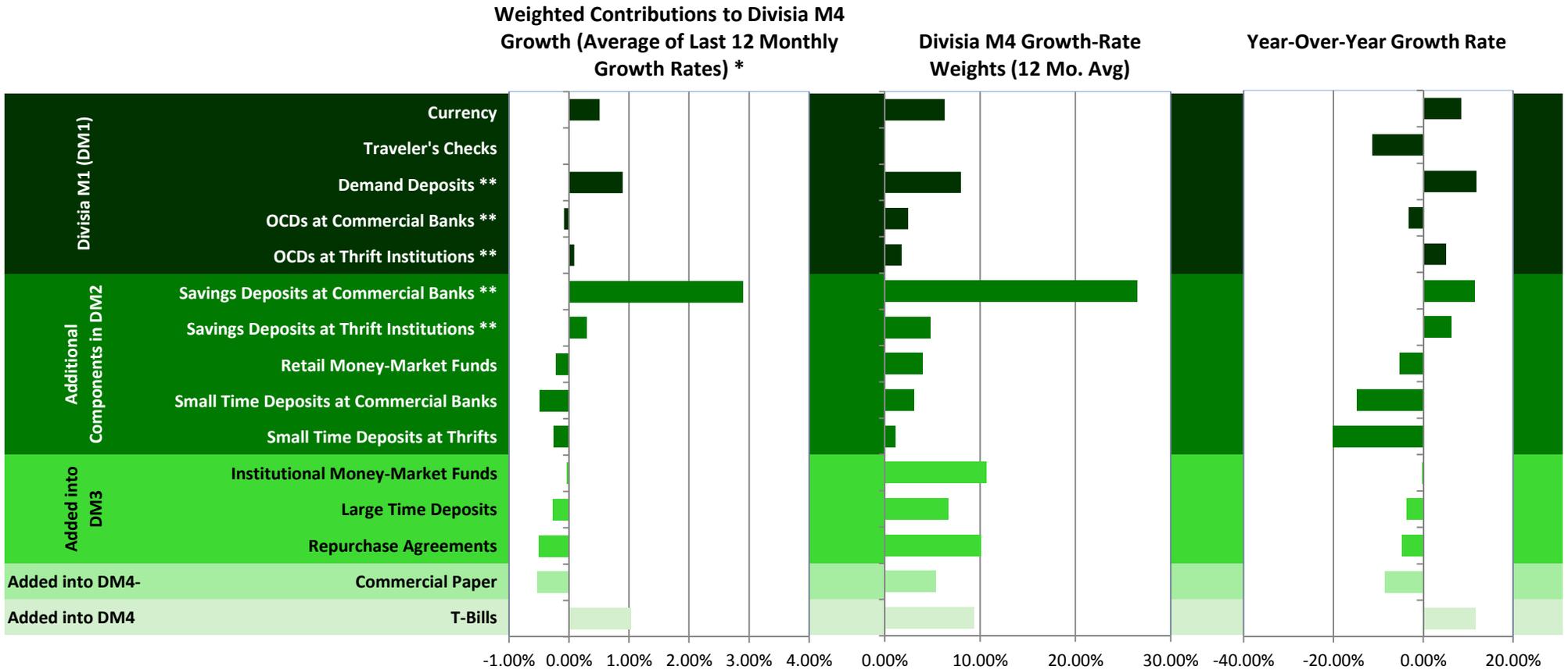
\* Sweeps adjusted.



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Figure 10 - Components of CFS Divisia M4 - Highlights for August 2012

Note: Each component's influence on DM4 growth (left chart column) reflects the component's unweighted growth (right chart column) and its growth-rate weight (middle chart column). The background and the bar colors are shaded to show which components are included in which aggregates. The lighter the green, the broader the aggregate.



\* Average of last 12 monthly weighted contributions to CFS Divisia M4 growth rates (annual rates). Unlike the other percent calculations in this report, the weighted contributions use continuous percent changes computed from natural logs e.g.  $(\ln(x)-\ln(x-1))$ .

\*\* Sweeps adjusted.



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**Figure 16 - CFS Divisia M4 Quarterly Growth Triangle**

Recent Quarterly History (Compound Annual Rates of Change)

This triangular report design was originated by Federal Reserve Bank of St. Louis to show seasonally adjusted annualized growth rates for a variety of time periods.

Terminal Period	Initial Period																			
	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	
Q4 2007	9.5																			1,177.71
Q1 2008	10.3	11.0																		1,208.94
Q2 2008	8.4	7.9	4.8																	1,223.07
Q3 2008	7.8	7.2	5.4	6.0																1,240.99
Q4 2008	9.4	9.4	8.9	11.0	16.2															1,288.38
Q1 2009	7.8	7.4	6.5	7.1	7.7	-0.2														1,287.83
Q2 2009	6.1	5.5	4.5	4.4	3.9	-1.8	-3.4													1,276.66
Q3 2009	4.6	3.9	2.8	2.4	1.5	-3.0	-4.4	-5.3												1,259.28
Q4 2009	2.9	2.1	0.8	0.2	-0.9	-4.8	-6.3	-7.7	-9.9											1,226.82
Q1 2010	1.8	0.9	-0.3	-1.0	-2.1	-5.4	-6.6	-7.6	-8.8	-7.6										1,202.76
Q2 2010	1.4	0.6	-0.5	-1.1	-2.1	-4.9	-5.8	-6.4	-6.7	-5.1	-2.4									1,195.37
Q3 2010	1.5	0.8	-0.1	-0.7	-1.5	-3.7	-4.3	-4.5	-4.3	-2.4	0.4	3.3								1,205.05
Q4 2010	1.7	1.1	0.2	-0.3	-0.9	-2.9	-3.3	-3.2	-2.8	-0.9	1.4	3.4	3.5							1,215.35
Q1 2011	1.4	0.8	0.0	-0.4	-1.1	-2.8	-3.1	-3.1	-2.7	-1.2	0.5	1.4	0.5	-2.3						1,208.20
Q2 2011	1.7	1.2	0.5	0.1	-0.4	-1.9	-2.1	-1.9	-1.4	0.1	1.7	2.7	2.6	2.1	6.8					1,228.11
Q3 2011	1.5	1.0	0.3	0.0	-0.5	-1.9	-2.0	-1.9	-1.4	-0.2	1.1	1.9	1.5	0.9	2.6	-1.5				1,223.54
Q4 2011	1.4	0.9	0.3	0.0	-0.5	-1.7	-1.9	-1.7	-1.3	-0.2	0.9	1.5	1.2	0.6	1.6	-0.9	-0.2			1,222.80
Q1 2012	1.6	1.2	0.6	0.3	-0.1	-1.2	-1.3	-1.1	-0.7	0.4	1.5	2.1	1.9	1.5	2.5	1.2	2.5	5.3		1,238.70
Q2 2012	1.7	1.3	0.7	0.5	0.1	-0.9	-1.0	-0.8	-0.4	0.6	1.6	2.1	1.9	1.7	2.5	1.5	2.5	3.9	2.5	1,246.34

**How to Read this Table:**

To find a growth rate for a particular date range, find the column that contains the start quarter; then find the row that contains the end quarter of the date range. The cell where they intersect represents the annualized growth rate for that time period. For example, the last row contains the growth rates ending in the most recent quarter for each starting quarter going back 4 3/4 years. The outer diagonal shows the growth rates that are the quarter-over-quarter rates for the last few years. Red and green shades highlight the largest negative and positive growth rates.

**Quarterly Data Highlights:**

- In the last quarter, CFS Divisia M4 grew by 2.5% (seasonally adjusted annual rate).
- In the last year, CFS Divisia M4 grew by 1.5% (seasonally adjusted annual rate).
- In the last 2 years, CFS Divisia M4 grew by 2.1% (seasonally adjusted annual rate).
- In the last 3 years, CFS Divisia M4 declined by 0.8% (seasonally adjusted annual rate).
- In the last 4 years, CFS Divisia M4 grew by 0.5% (seasonally adjusted annual rate).



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**Figure 11 - Components of CFS Divisia M4 (Asset Levels in Billions of Dollars)**

	Divisia M1 (DM1)					Additional Components in DM2					Additional Components in DM3			Added into DM4-	Added into DM4
	Currency	Traveler's Checks	Demand Deposits *	OCDs at Commercial Banks *	OCDs at Thrift Institutions *	Savings Deposits at Commercial Banks *	Savings Deposits at Thrift Institutions *	Retail Money-Market Funds	Small Time Deposits at Commercial Banks	Small Time Deposits at Thrifts	Institutional Money-Market Funds	Large Time Deposits	Repurchase Agreements	Commercial Paper	T-Bills
Jul-10	887	5	892	437	303	3,557	753	711	747	290	1,920	1,752	1,752	1,066	1,809
Aug-10	893	5	907	437	303	3,587	757	700	732	286	1,931	1,759	1,803	1,065	1,799
Sep-10	899	5	917	443	300	3,630	760	692	713	283	1,939	1,759	1,756	1,103	1,792
Oct-10	907	5	920	442	305	3,690	768	684	694	279	1,927	1,758	1,879	1,078	1,804
Nov-10	914	5	957	448	301	3,702	772	679	674	275	1,922	1,749	1,860	1,055	1,779
Dec-10	918	5	974	444	303	3,745	777	674	657	271	1,896	1,725	1,799	1,037	1,794
Jan-11	923	5	999	439	305	3,790	788	672	644	266	1,849	1,718	1,767	978	1,828
Feb-11	930	5	999	440	308	3,829	800	665	635	263	1,824	1,719	1,784	1,031	1,701
Mar-11	939	5	1,003	439	309	3,865	815	663	624	260	1,846	1,727	1,813	1,076	1,636
Apr-11	948	5	1,019	426	310	3,910	821	659	615	257	1,873	1,744	1,840	1,168	1,612
May-11	956	5	1,037	430	307	3,935	833	658	604	254	1,894	1,773	1,951	1,175	1,560
Jun-11	963	5	1,048	429	302	4,011	835	659	593	251	1,868	1,734	1,785	1,171	1,548
Jul-11	969	5	1,115	420	298	4,133	841	659	581	247	1,835	1,663	1,784	1,138	1,518
Aug-11	976	4	1,223	411	296	4,220	845	671	569	243	1,747	1,554	1,810	1,091	1,482
Sep-11	982	4	1,241	405	293	4,244	846	666	558	239	1,772	1,554	1,818	1,029	1,492
Oct-11	986	4	1,254	401	295	4,279	853	669	549	235	1,766	1,530	1,762	1,019	1,512
Nov-11	993	4	1,266	399	296	4,318	860	664	541	231	1,757	1,503	1,810	993	1,518
Dec-11	1,000	4	1,276	397	295	4,353	864	662	537	229	1,765	1,494	1,760	938	1,532
Jan-12	1,009	4	1,319	398	298	4,434	871	659	535	223	1,762	1,485	1,763	976	1,568
Feb-12	1,020	4	1,289	403	307	4,506	857	646	534	214	1,746	1,477	1,791	964	1,572
Mar-12	1,029	4	1,286	404	308	4,543	866	641	525	209	1,752	1,469	1,777	937	1,601
Apr-12	1,035	4	1,311	403	307	4,568	871	641	515	206	1,737	1,462	1,772	951	1,588
May-12	1,039	4	1,291	405	311	4,611	884	641	507	203	1,733	1,447	1,755	971	1,595
Jun-12	1,045	4	1,308	394	310	4,656	887	641	499	201	1,723	1,468	1,792	966	1,616
Jul-12	1,051	4	1,360	399	309	4,676	895	639	492	196	1,727	1,494	1,779	1,000	1,618
Aug-12	1,058	4	1,367	397	311	4,708	898	636	485	194	1,742	1,496	1,722	997	1,654

Note: Four components are not included, because they ended in Aug. '91 (MMDAs at commercial banks, MMDAs at thrifts, savings deposits at commercial banks excluding MMDAs, savings deposits at thrifts excluding MMDAs).

\*Sweeps adjusted.



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**Figure 12 - Components of CFS Divisia M4 (Year-Over-Year Growth Rates)**

	Divisia M1 (DM1)					Additional Components in DM2					Additional Components in DM3			Added into DM4-	Added into DM4
	Currency	Traveler's Checks	Demand Deposits *	OCDs at Commercial Banks *	OCDs at Thrift Institutions *	Savings Deposits at Commercial Banks *	Savings Deposits at Thrift Institutions *	Retail Money-Market Funds	Small Time Deposits at Commercial Banks	Small Time Deposits at Thrifts	Institutional Money-Market Funds	Large Time Deposits	Repurchase Agreements	Commercial Paper	T-Bills
Jul-10	3.8%	-5.9%	1.4%	2.4%	6.0%	17.0%	9.1%	-21.1%	-23.7%	-17.9%	-24.8%	-7.1%	-0.7%	-2.3%	-11.2%
Aug-10	4.1%	-7.8%	5.5%	0.6%	4.6%	16.6%	10.2%	-20.0%	-23.7%	-16.1%	-22.7%	-6.6%	3.7%	-8.2%	-11.2%
Sep-10	4.4%	-7.8%	6.7%	0.2%	4.1%	16.1%	9.4%	-18.7%	-23.8%	-15.0%	-20.8%	-5.9%	6.8%	-13.8%	-9.5%
Oct-10	5.2%	-7.8%	7.3%	-1.9%	3.2%	15.6%	8.8%	-16.7%	-23.4%	-15.1%	-18.9%	-6.1%	17.0%	-10.0%	-5.1%
Nov-10	6.1%	-7.8%	10.8%	-2.1%	4.1%	12.9%	11.3%	-15.3%	-23.9%	-14.9%	-17.0%	-6.6%	20.8%	-11.8%	-3.3%
Dec-10	6.3%	-7.8%	11.0%	-2.5%	3.0%	12.8%	11.5%	-13.5%	-23.9%	-15.3%	-16.0%	-8.5%	15.0%	-9.8%	-1.8%
Jan-11	6.8%	-7.8%	14.9%	-0.7%	1.5%	13.5%	11.7%	-11.5%	-23.2%	-15.8%	-16.6%	-8.4%	9.1%	-12.0%	3.0%
Feb-11	7.2%	-8.0%	13.9%	-2.6%	2.6%	13.1%	11.1%	-11.2%	-22.8%	-15.6%	-15.2%	-7.7%	10.5%	-7.1%	0.2%
Mar-11	7.7%	-8.0%	14.6%	-4.7%	3.8%	13.5%	11.6%	-9.1%	-22.5%	-15.3%	-11.1%	-5.3%	18.2%	-1.5%	-8.1%
Apr-11	8.2%	-6.1%	14.8%	-0.4%	1.9%	12.6%	11.8%	-8.1%	-22.2%	-14.9%	-5.8%	-2.1%	10.9%	8.3%	-11.5%
May-11	8.7%	-6.1%	17.6%	-0.3%	-0.3%	11.7%	11.8%	-8.2%	-22.0%	-14.6%	-2.4%	2.9%	8.5%	11.2%	-14.6%
Jun-11	9.1%	-6.3%	17.3%	-2.2%	0.2%	13.3%	11.1%	-8.1%	-22.0%	-14.5%	-2.3%	0.6%	11.7%	12.4%	-14.4%
Jul-11	9.3%	-6.3%	25.0%	-4.0%	-1.7%	16.2%	11.8%	-7.3%	-22.1%	-14.7%	-4.4%	-5.1%	1.8%	6.8%	-16.1%
Aug-11	9.3%	-6.4%	34.8%	-6.0%	-2.3%	17.6%	11.7%	-4.0%	-22.2%	-15.3%	-9.6%	-11.7%	0.4%	2.5%	-17.7%
Sep-11	9.2%	-6.4%	35.3%	-8.5%	-2.3%	16.9%	11.3%	-3.8%	-21.7%	-15.5%	-8.6%	-11.6%	3.5%	-6.8%	-16.8%
Oct-11	8.7%	-6.4%	36.3%	-9.4%	-3.1%	15.9%	11.0%	-2.3%	-20.8%	-15.8%	-8.3%	-13.0%	-6.2%	-5.4%	-16.2%
Nov-11	8.7%	-8.5%	32.4%	-11.0%	-1.6%	16.6%	11.5%	-2.2%	-19.7%	-15.8%	-8.6%	-14.1%	-2.7%	-5.8%	-14.7%
Dec-11	8.9%	-8.5%	31.1%	-10.4%	-2.4%	16.2%	11.2%	-1.7%	-18.2%	-15.6%	-6.9%	-13.4%	-2.2%	-9.6%	-14.6%
Jan-12	9.4%	-10.6%	32.0%	-9.3%	-2.4%	17.0%	10.5%	-2.0%	-17.0%	-16.1%	-4.7%	-13.6%	-0.2%	-0.2%	-14.2%
Feb-12	9.6%	-8.7%	29.1%	-8.4%	-0.4%	17.7%	7.1%	-2.8%	-16.0%	-18.7%	-4.3%	-14.0%	0.4%	-6.5%	-7.5%
Mar-12	9.6%	-10.9%	28.2%	-8.0%	-0.4%	17.5%	6.2%	-3.4%	-15.8%	-19.8%	-5.1%	-15.0%	-2.0%	-12.9%	-2.2%
Apr-12	9.2%	-10.9%	28.7%	-5.6%	-0.7%	16.8%	6.2%	-2.8%	-16.2%	-19.9%	-7.3%	-16.2%	-3.7%	-18.6%	-1.5%
May-12	8.7%	-13.0%	24.5%	-5.9%	1.6%	17.2%	6.2%	-2.5%	-16.1%	-20.2%	-8.5%	-18.4%	-10.1%	-17.4%	2.2%
Jun-12	8.5%	-11.1%	24.8%	-8.3%	2.7%	16.1%	6.3%	-2.8%	-15.8%	-20.0%	-7.8%	-15.4%	0.4%	-17.5%	4.4%
Jul-12	8.5%	-13.3%	21.9%	-5.0%	3.9%	13.1%	6.3%	-3.0%	-15.4%	-20.5%	-5.9%	-10.2%	-0.3%	-12.1%	6.6%
Aug-12	8.5%	-11.4%	11.8%	-3.3%	5.1%	11.6%	6.2%	-5.3%	-14.8%	-20.2%	-0.3%	-3.7%	-4.8%	-8.7%	11.7%

Note: Four components are not included, because they ended in Aug. '91 (MMDAs at commercial banks, MMDAs at thrifts, savings deposits at commercial banks excluding MMDAs, savings deposits at thrifts excluding MMDAs).

\*Sweeps adjusted.



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**Figure 13 - CFS Divisia M4 Growth-Rate Weights (Based on Average of Contemporaneous and Previous Months)**

	Divisia M1 (DM1)					Additional Components in DM2					Additional Components in DM3			Added into DM4-	Added into DM4
	Currency	Traveler's Checks	Demand Deposits *	OCDs at Commercial Banks *	OCDs at Thrift Institutions *	Savings Deposits at Commercial Banks *	Savings Deposits at Thrift Institutions *	Retail Money-Market Funds	Small Time Deposits at Commercial Banks	Small Time Deposits at Thrifts	Institutional Money-Market Funds	Large Time Deposits	Repurchase Agreements	Commercial Paper	T-Bills
Jul-10	5.8%	0.0%	5.9%	2.8%	1.8%	22.3%	4.2%	4.7%	4.4%	1.4%	12.3%	7.7%	9.9%	5.6%	11.1%
Aug-10	5.7%	0.0%	5.8%	2.8%	1.8%	22.0%	4.2%	4.5%	4.3%	1.4%	12.1%	8.6%	10.3%	5.9%	10.8%
Sep-10	5.7%	0.0%	5.8%	2.7%	1.8%	22.0%	4.2%	4.4%	4.1%	1.4%	12.0%	9.1%	10.1%	6.1%	10.6%
Oct-10	5.7%	0.0%	5.8%	2.7%	1.8%	22.1%	4.2%	4.3%	4.0%	1.4%	11.8%	9.3%	10.3%	6.1%	10.6%
Nov-10	5.6%	0.0%	5.8%	2.7%	1.8%	22.2%	4.2%	4.2%	3.9%	1.4%	11.7%	9.4%	10.6%	6.0%	10.5%
Dec-10	5.7%	0.0%	6.0%	2.7%	1.8%	22.5%	4.3%	4.2%	3.9%	1.4%	11.7%	9.2%	10.4%	5.8%	10.5%
Jan-11	5.8%	0.0%	6.2%	2.7%	1.8%	22.9%	4.3%	4.2%	3.8%	1.4%	11.6%	8.9%	10.3%	5.6%	10.6%
Feb-11	5.9%	0.0%	6.3%	2.7%	1.8%	23.2%	4.3%	4.2%	3.7%	1.3%	11.4%	8.8%	10.3%	5.6%	10.4%
Mar-11	5.9%	0.0%	6.3%	2.7%	1.8%	23.3%	4.4%	4.1%	3.6%	1.3%	11.4%	8.9%	10.5%	5.9%	9.9%
Apr-11	5.9%	0.0%	6.3%	2.6%	1.8%	23.2%	4.4%	4.1%	3.5%	1.3%	11.4%	8.9%	10.8%	6.2%	9.7%
May-11	5.8%	0.0%	6.3%	2.6%	1.8%	23.0%	4.4%	4.0%	3.4%	1.3%	11.4%	9.1%	11.2%	6.4%	9.4%
Jun-11	5.8%	0.0%	6.4%	2.6%	1.8%	23.3%	4.4%	4.0%	3.3%	1.2%	11.3%	9.0%	11.0%	6.5%	9.3%
Jul-11	5.9%	0.0%	6.6%	2.5%	1.7%	24.0%	4.5%	4.0%	3.3%	1.2%	11.2%	8.7%	10.6%	6.5%	9.2%
Aug-11	6.0%	0.0%	7.2%	2.5%	1.7%	24.7%	4.5%	4.0%	3.3%	1.2%	10.9%	8.0%	10.7%	6.2%	9.0%
Sep-11	6.0%	0.0%	7.6%	2.5%	1.7%	25.2%	4.6%	4.1%	3.2%	1.2%	10.7%	7.5%	10.7%	5.8%	9.1%
Oct-11	6.1%	0.0%	7.7%	2.5%	1.7%	25.4%	4.6%	4.1%	3.2%	1.2%	10.8%	7.2%	10.6%	5.6%	9.2%
Nov-11	6.1%	0.0%	7.8%	2.4%	1.7%	25.7%	4.7%	4.1%	3.1%	1.2%	10.8%	6.8%	10.5%	5.5%	9.3%
Dec-11	6.2%	0.0%	7.9%	2.4%	1.8%	26.0%	4.8%	4.1%	3.1%	1.2%	10.8%	6.3%	10.5%	5.4%	9.4%
Jan-12	6.2%	0.0%	8.0%	2.4%	1.7%	26.3%	4.8%	4.0%	3.1%	1.2%	10.8%	6.3%	10.3%	5.3%	9.5%
Feb-12	6.2%	0.0%	8.0%	2.4%	1.8%	26.5%	4.8%	4.0%	3.1%	1.1%	10.6%	6.7%	10.2%	5.3%	9.3%
Mar-12	6.3%	0.0%	7.9%	2.4%	1.8%	26.7%	4.8%	3.9%	3.1%	1.1%	10.6%	6.8%	10.1%	5.2%	9.3%
Apr-12	6.4%	0.0%	8.0%	2.5%	1.8%	26.9%	4.8%	3.9%	3.0%	1.1%	10.6%	6.6%	9.8%	5.2%	9.4%
May-12	6.5%	0.0%	8.1%	2.5%	1.8%	27.1%	4.8%	3.9%	2.9%	1.0%	10.6%	6.4%	9.6%	5.2%	9.4%
Jun-12	6.5%	0.0%	8.1%	2.4%	1.8%	27.3%	4.9%	3.9%	2.9%	1.0%	10.5%	6.4%	9.6%	5.2%	9.4%
Jul-12	6.5%	0.0%	8.2%	2.4%	1.8%	27.4%	4.9%	3.9%	2.8%	1.0%	10.4%	6.4%	9.6%	5.2%	9.4%
Aug-12	6.4%	0.0%	8.3%	2.4%	1.8%	27.4%	4.9%	3.8%	2.8%	1.0%	10.4%	6.7%	9.4%	5.3%	9.4%
12 Mo Chg.	0.5%	0.0%	1.2%	-0.1%	0.1%	2.7%	0.4%	-0.2%	-0.5%	-0.3%	-0.5%	-1.3%	-1.4%	-0.9%	0.3%

Note: The growth-rate Divisia weights are the arithmetic average of the component's contemporaneous expenditure share and the asset's expenditure share for the prior month. The expenditure shares are each component's share in the sum of the products of each component's quantity and user-cost price.

\*Sweeps adjusted.



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**Figure 14 - Weighted Contributions to Divisia M4 Growth (12-Month Moving Average of Monthly Contributions at Annual Rates)**

	Divisia M1 (DM1)					Additional Components in DM2					Additional Components in DM3			Added into DM4-	Added into DM4
	Currency	Traveler's Checks	Demand Deposits *	OCDs at Commercial Banks *	OCDs at Thrift Institutions *	Savings Deposits at Commercial Banks *	Savings Deposits at Thrift Institutions *	Retail Money Market Funds	Small Time Deposits at Commercial Banks	Small Time Deposits at Thrifts	Institutional Money-Market Funds	Large Time Deposits	Repurchase Agreements	Commercial Paper	T-Bills
Jul-10	0.2%	0.0%	0.1%	0.1%	0.1%	3.0%	0.3%	-1.2%	-1.2%	-0.3%	-3.9%	-0.7%	-0.1%	-0.2%	-1.4%
Aug-10	0.2%	0.0%	0.3%	0.0%	0.1%	3.0%	0.4%	-1.1%	-1.2%	-0.2%	-3.5%	-0.7%	0.4%	-0.5%	-1.4%
Sep-10	0.2%	0.0%	0.4%	0.0%	0.1%	3.0%	0.3%	-1.0%	-1.2%	-0.2%	-3.2%	-0.6%	0.6%	-1.0%	-1.1%
Oct-10	0.3%	0.0%	0.4%	-0.1%	0.1%	3.0%	0.3%	-0.9%	-1.2%	-0.2%	-2.8%	-0.6%	1.6%	-0.7%	-0.6%
Nov-10	0.3%	0.0%	0.6%	-0.1%	0.1%	2.6%	0.4%	-0.8%	-1.2%	-0.2%	-2.5%	-0.7%	1.9%	-0.8%	-0.4%
Dec-10	0.3%	0.0%	0.6%	-0.1%	0.0%	2.6%	0.4%	-0.7%	-1.2%	-0.2%	-2.3%	-0.9%	1.4%	-0.6%	-0.2%
Jan-11	0.4%	0.0%	0.8%	0.0%	0.0%	2.7%	0.4%	-0.6%	-1.1%	-0.2%	-2.3%	-0.8%	0.8%	-0.7%	0.3%
Feb-11	0.4%	0.0%	0.8%	-0.1%	0.0%	2.7%	0.4%	-0.5%	-1.1%	-0.2%	-2.1%	-0.8%	1.0%	-0.4%	0.0%
Mar-11	0.4%	0.0%	0.8%	-0.1%	0.1%	2.8%	0.5%	-0.4%	-1.0%	-0.2%	-1.5%	-0.5%	1.6%	-0.1%	-0.9%
Apr-11	0.5%	0.0%	0.8%	0.0%	0.0%	2.7%	0.5%	-0.4%	-1.0%	-0.2%	-0.7%	-0.2%	1.1%	0.5%	-1.3%
May-11	0.5%	0.0%	1.0%	0.0%	0.0%	2.5%	0.5%	-0.4%	-1.0%	-0.2%	-0.3%	0.2%	0.9%	0.7%	-1.6%
Jun-11	0.5%	0.0%	1.0%	-0.1%	0.0%	2.8%	0.5%	-0.4%	-1.0%	-0.2%	-0.3%	0.0%	1.1%	0.7%	-1.5%
Jul-11	0.5%	0.0%	1.4%	-0.1%	0.0%	3.5%	0.5%	-0.3%	-0.9%	-0.2%	-0.5%	-0.5%	0.2%	0.4%	-1.7%
Aug-11	0.5%	0.0%	1.9%	-0.2%	0.0%	3.8%	0.5%	-0.2%	-0.9%	-0.2%	-1.1%	-1.0%	0.0%	0.1%	-1.9%
Sep-11	0.5%	0.0%	2.0%	-0.2%	0.0%	3.7%	0.5%	-0.2%	-0.9%	-0.2%	-1.0%	-1.0%	0.4%	-0.4%	-1.8%
Oct-11	0.5%	0.0%	2.1%	-0.3%	-0.1%	3.5%	0.5%	-0.1%	-0.8%	-0.2%	-1.0%	-1.1%	-0.7%	-0.3%	-1.7%
Nov-11	0.5%	0.0%	1.9%	-0.3%	0.0%	3.7%	0.5%	-0.1%	-0.8%	-0.2%	-1.0%	-1.2%	-0.3%	-0.3%	-1.5%
Dec-11	0.5%	0.0%	1.9%	-0.3%	0.0%	3.6%	0.5%	-0.1%	-0.7%	-0.2%	-0.8%	-1.1%	-0.2%	-0.6%	-1.5%
Jan-12	0.5%	0.0%	2.0%	-0.2%	0.0%	3.8%	0.4%	-0.1%	-0.6%	-0.2%	-0.5%	-1.1%	0.0%	0.0%	-1.5%
Feb-12	0.6%	0.0%	1.8%	-0.2%	0.0%	4.0%	0.3%	-0.1%	-0.6%	-0.3%	-0.5%	-1.2%	0.0%	-0.4%	-0.8%
Mar-12	0.6%	0.0%	1.7%	-0.2%	0.0%	4.0%	0.3%	-0.1%	-0.6%	-0.3%	-0.6%	-1.3%	-0.2%	-0.8%	-0.2%
Apr-12	0.5%	0.0%	1.8%	-0.1%	0.0%	3.9%	0.3%	-0.1%	-0.6%	-0.3%	-0.8%	-1.4%	-0.4%	-1.2%	-0.1%
May-12	0.5%	0.0%	1.6%	-0.2%	0.0%	4.0%	0.3%	-0.1%	-0.6%	-0.3%	-1.0%	-1.6%	-1.2%	-1.1%	0.2%
Jun-12	0.5%	0.0%	1.6%	-0.2%	0.0%	3.8%	0.3%	-0.1%	-0.5%	-0.3%	-0.9%	-1.3%	0.0%	-1.1%	0.4%
Jul-12	0.5%	0.0%	1.5%	-0.1%	0.1%	3.2%	0.3%	-0.1%	-0.5%	-0.3%	-0.7%	-0.8%	0.0%	-0.8%	0.6%
Aug-12	0.5%	0.0%	0.9%	-0.1%	0.1%	2.9%	0.3%	-0.2%	-0.5%	-0.3%	0.0%	-0.3%	-0.5%	-0.5%	1.0%

Note: This table shows the contribution of each component over the trailing 12 months. The Divisia index is a chain-weighted calculation, based on growth-rates and weights relative to the prior months. This table shows the 12-month moving average of the monthly contributions. These calculations on this page are based on continuous annual percent changes (using natural logs).

\*Sweeps adjusted.



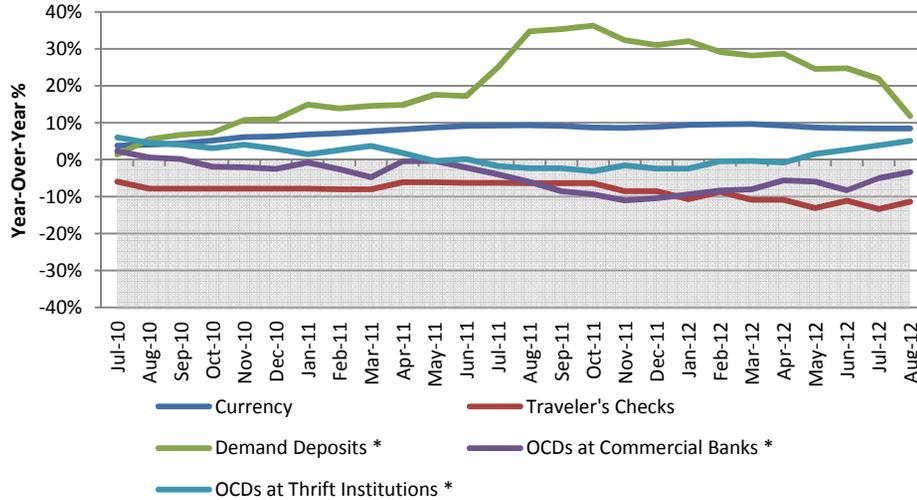
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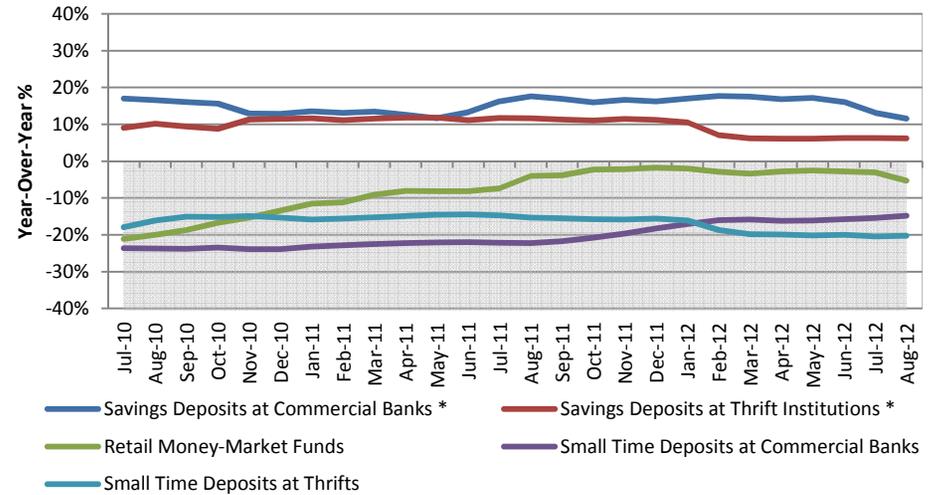
**Figure 15 - Unweighted Components of CFS Divisia M4 (Year-Over-Year Growth Rates)**

All charts share the same vertical axis range for comparison purposes. Gray area highlights negative growth.

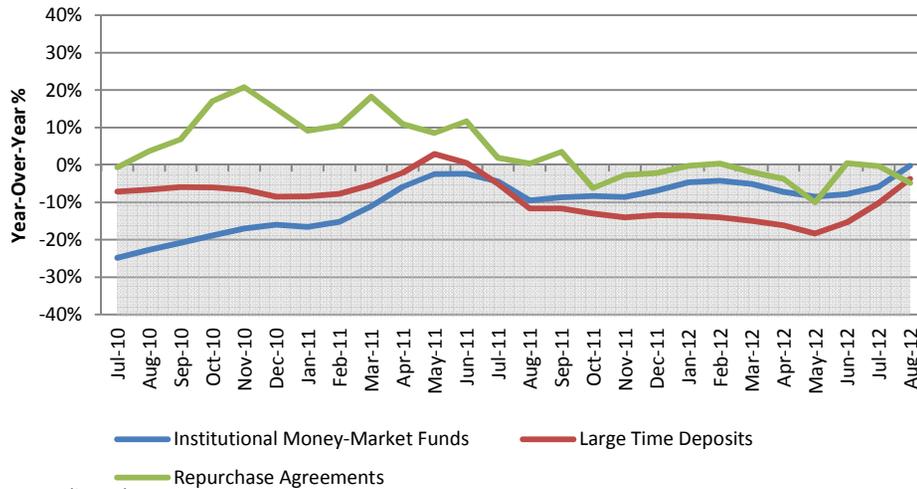
### DM1 Components



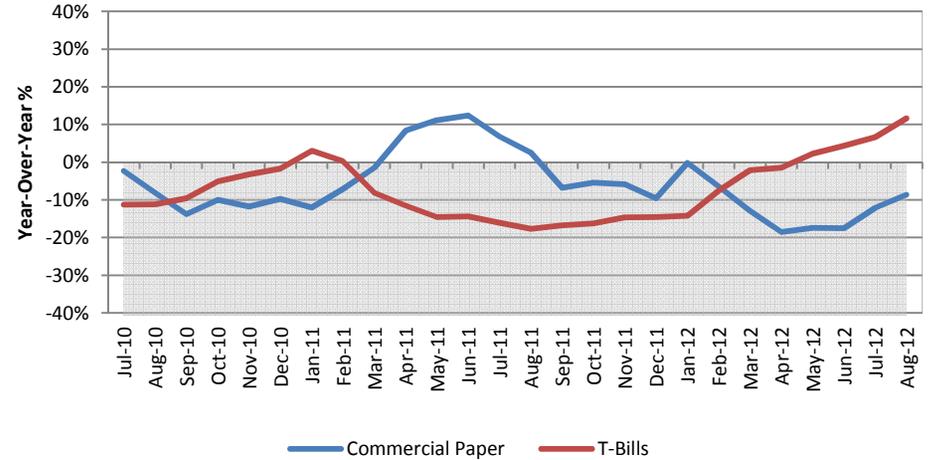
### Additional DM2 Components (That Are Not in DM1)



### Additional DM3 Components (That Are Not in DM2)



### Additional DM4 Components (That Are Not in DM3)



\* Sweeps adjusted.



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### Introduction to CFS Divisia Monetary Aggregates

Conventional money-supply measures are not adjusted to account for differences in the degree to which various assets actually serve as money, and hence implicitly assume that all assets in the aggregates contribute equally to the economy's monetary services. This assumption has not been reasonable since monetary assets began yielding interest over a half century ago. Divisia measures, using a mathematical formula derived by the famous 20th-century French economist, Francois Divisia, are a weighted aggregate, providing a more accurate picture of what is really happening to the economy's monetary service flow. The growth-rate weights for each component asset are based on their expenditure shares, with expenditures within the shares evaluated with user-cost pricing. The user-cost prices measure the interest foregone by owning the asset in question, instead of the higher, expected, benchmark rate, defined to be the rate of return on pure investment capital, providing no monetary services.

When their components are properly weighted, the broadest monetary aggregates (DM3, DM4-, and DM4) are almost always the best monetary aggregates, with DM4 commonly being the most useful of the three. As a result, this report focuses on the broadest, CFS Divisia aggregate (DM4). See W. A. Barnett, "The Optimal Level of Monetary Aggregation," *Journal of Money, Credit, and Banking*, November 1982.<sup>6</sup> But we nevertheless provide the narrower CFS Divisia aggregates for comparison.

The CFS Divisia indexes in this release were developed by Professor William A. Barnett, based on his decades of work studying and refining Divisia measures of money supply, in accordance with the latest advances in economic measurement, modern economic aggregation theory, and state-of-the-art economic index-number theory. The Divisia formula for aggregating over imperfect substitutes was adapted for monetary and financial aggregation by W. A. Barnett in his seminal paper, "Economic Monetary Aggregates: An Application of Index Number and Aggregation Theory," *Journal of Econometrics*, September 1980, pp. 6-10.<sup>7</sup> For more information about the history and methodology in this large literature, see <http://www.centerforfinancialstability.org/amfm.php>.

We consider the St. Louis Fed's MSI (monetary services index) Divisia aggregates to be an admirable and important contribution to public information, and we are indebted to the St. Louis Fed for helping us develop our Divisia monetary aggregates. Our narrowest Divisia monetary aggregates are similar to the St. Louis Fed's MSI Divisia aggregates, which are available only as narrow aggregates. However, we use a different benchmark interest-rate assumption, based on the recently introduced Bank of Israel formula. Since the Divisia quantity-index formula is relatively robust to the benchmark rate,

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<sup>6</sup> Reprinted in W. A. Barnett and A. Serletis, *The Theory of Monetary Aggregation*, Elsevier, 2000, chapter 7, pp. 125-149. Also see W. A. Barnett, *Getting It Wrong: How Faulty Monetary Statistics Undermine the Fed, the Financial System, and the Economy*, MIT Press, 2012, section 4.4, pp. 143-144.

<sup>7</sup> Reprinted in W. A. Barnett and A. Serletis, *The Theory of Monetary Aggregation*, chapter 2, pp. 11-48. Also see W. A. Barnett, *Getting It Wrong: How Faulty Monetary Statistics Undermine the Fed, the Financial System, and the Economy*, appendix A, pp. 159-215.



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the CFS narrow Divisia quantity indexes can be expected usually to behave similarly to the St. Louis Fed's MSI Divisia aggregates; but the CFS and St. Louis Fed's corresponding user-cost price aggregates behave very differently. For more information about the St. Louis Fed's MSI, see <http://research.stlouisfed.org/msi/> and <http://research.stlouisfed.org/fred2/release?rid=62&soid=4>.

The broad Divisia monetary aggregates, DM3, DM4-, and DM4, are available only from the CFS, since no other source currently exists for broad Divisia monetary aggregates for the US.

### CFS Divisia Resources on the Center for Financial Stability Site

See [www.centerforfinancialstability.org/amfm.php](http://www.centerforfinancialstability.org/amfm.php) for more information about the following topics:

- Introduction to Advances in Monetary and Financial Measurement (Divisia)
- Monetary Data for the US: including methodology, data sources, and key takeaway points
- International Advances in Monetary and Financial Measurement: Divisia and Fisher-ideal monetary aggregates for a vast number of countries throughout the world
- Library: Key articles and books regarding advances in monetary and financial measurement

### About the Center for Financial Stability

The Center for Financial Stability is an independent, nonpartisan, and nonprofit think tank dedicated to financial markets for the benefit of investors, officials, and the public.

CFS balances the big picture and financial market mechanics; serves as a private sector check on government actions; integrates finance, law, and economics; and supplements research with a community of public officials, academics, and market participants.

The organization's website is [www.CenterforFinancialStability.org](http://www.CenterforFinancialStability.org).

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