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PART THREE

DERIVATION OF OUR ESTIMATES

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Introduction

Chapter 1 described the scope and coverage of our estimates and outlined in very summary form how they were derived. The eight chapters of this part fill in the details and in addition give supplementary statistical series that, though by-products of the derivation of our estimates, are of interest in their own right.

Chapter 10 sets the stage by explaining why we chose the particular date at which we shifted from semiannual and annual estimates to monthly estimates (section 1), supplementing the comments in Chapter 1 on the sources of our basic data (section 2), discussing some of the general statistical methods employed in making the estimates (sections 3, 4, and 5), and commenting on the reliability of the estimates (section 6). It ends with a list of definitions of terms used in the remaining chapters (section 7).

Chapter 11 explains the construction of the semiannual, annual, and quarterly estimates covering the period 1867-1907. The remaining chapters of this part all deal with the monthly estimates from 1907 on. As explained in Chapter 1, most of these were constructed in two stages, of which the first was the preparation of a call date series which was then usually used to construct the monthly estimates.

This procedure was reversed for total currency outside the Treasury and Federal Reserve Banks (Chapter 12, section 1). In this case, we started with a monthly series which we then converted into a call date series to match the independently derived call date series for bank vault cash (section 2). The difference between these two series is our call date series of currency held by the public. The difference between the initial monthly series for currency in circulation and a monthly vault cash series derived from the call date series (Chapter 12, section 3) is our monthly series of currency held by the public (Chapter 12, section 4).

Commercial bank deposits required more extensive estimating than any other component of our series (except possibly vault cash). We first estimated these deposits (as well as those at mutual savings banks and the Postal Savings System) inclusive of U.S. government deposits, and then subtracted separately estimated U.S. government deposits

(Chapter 17). Chapter 13 explains the derivation of the call date estimates of commercial bank deposits and Chapter 14, of the monthly estimates; Chapter 15 explains the derivation of both call date and monthly estimates of mutual savings bank deposits; and Chapter 16, of postal savings.