



NOT FOR PUBLICATION UNTIL 09:30 ON 5 JUNE 2006

Provisional estimates of narrow money (notes & coin) and reserve balances May 2006

As highlighted on the April release and following the announcement in the article '*Publication of narrow money: the implications of money market reform*' in the Autumn 2005 *Quarterly Bulletin* (<http://www.bankofengland.co.uk/publications/quarterly/qb050304.pdf>), the Bank of England will no longer publish data on M0 and bankers' operational deposits. This release now covers only separate data for notes and coin in circulation and for banks' and building societies' reserve balances. See Notes to Editors 1.

Provisional figures for May indicate that, seasonally adjusted, notes and coin in circulation were on average 0.2% higher than in April. The twelve-month growth rate was unchanged from April at 5.4%.

Table A: Notes & coin and reserve balances ^(a)
 Seasonally adjusted

		Notes & coin ^(b)				Reserve balances ^(c)			
		Average amount outstanding	Change	Growth rates		Average amount outstanding	Change	Growth rates	
		£ millions	£ millions	Per cent	Per cent	£ millions	£ millions	Per cent	Per cent
				1m	12m			1m	12m
2006	Feb	44 425	343	0.8	4.5				
	Mar	44 708	283	0.6	5.2				
	Apr	44 918	210	0.5	5.4				
	May	45 017	99	0.2	5.4	24 408			

(a) Data in **bold italics** are where the current estimate of the change differs by more than 0.2 per cent of the underlying level or the growth rate (or amount outstanding) differs by 0.2 percentage points (per cent) or more from the most recent published estimate. Further details on revisions are available separately. There are no revisions above the thresholds on this occasion.

(b) An adjusted version of notes and coin is available. See Notes to Editors 3.

(c) This series has not been seasonally adjusted.

Chart 1: Growth rates of notes and coin

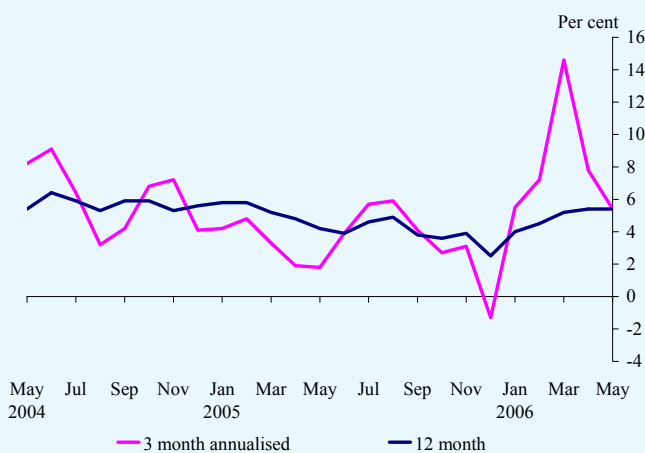
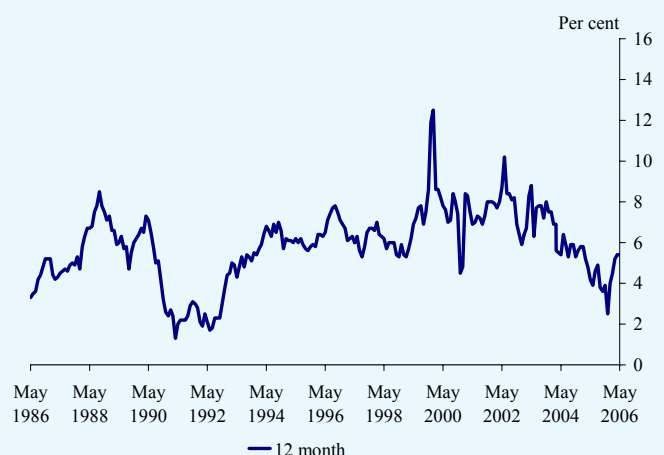


Chart 2: Growth rate of notes and coin long run



Notes to Editors

- 1 Following the launch of the Bank of England money market reforms on 18 May (<http://www.bankofengland.co.uk/markets/moneymarketreform>), the new reserve balances are much larger than the former bankers' operational deposits and the economic inferences that may be drawn from the growth in notes and coin and from growth in reserve balances differ greatly.
- 2 Notes and coin in circulation represents all holdings outside the Bank of England (including those in banks' and building societies' tills). Further information on notes and coin, reserve balances and calculations of growth rates can be found in Bank of England *Monetary and Financial Statistics*, or via the following links:
www.bankofengland.co.uk/mfsd/iadb/notesiadb/nm.htm
www.bankofengland.co.uk/mfsd/iadb/notesiadb/growth_rates.htm
- 3 An adjusted version of notes and coin is also available on the Bank's Statistical Interactive Database, see note 4. This series excludes Bank estimates of the effects of specific non-seasonal events on the level of notes and coin in circulation. To date, the series has been adjusted for the effects of: the £1 note write-off in 1998; the funding of the winter fuel payments; the turn of the millennium; the fuel dispute of 2000; and the threatened strike action affecting note distributors in 2003.

The relevant codes are:

LPMB8H4	(Amounts outstanding)
LPMB8H5	(Changes)
LPMB7H5	(1 month growth rate)
LPMB7H7	(3 month annualised growth rate)
LPMB7H9	(6 month annualised growth rate)
LPMB8H3	(12 month growth rate)

- 4 The Statistical Interactive Database provides long runs of statistical data with comprehensive search options and the ability to download in a variety of formats. This database can be accessed at www.bankofengland.co.uk/mfsd/iadb. The tables shown separately illustrate the codes for each series which can be used for downloading long runs from the database.