

M3 is the broadest definition of money supply. It is regarded as the total money supply including currency in circulation as well as liquid financial products such as CDs. The Federal Reserve has not tracked M3 since 2006, but the Federal Reserve Bank of St. Louis does publish M3. As the Federal Reserve stopped reporting M3, some economists ceased using it as an indicator of growth and demand. With nearly \$20tr in circulation and bonds providing little to no yield, it is not surprising that equities and housing are attracting investors. The result in demand is driving prices up. The St Louis Fed also reports on the velocity of money for M2, being similar to M3. Despite record levels of M3, the velocity is showing that the currency is largely being saved rather than used to buy goods and services.

- As of February 2021, M3 was just under \$20 trillion (St. Louis Federal Reserve Bank).
- The difference between M2 and M3 money supply is that M3 is M2 plus large deposits, institutional money market funds, or larger liquid assets.
- The velocity of money as report by the St Louis Fed is at all time lows, dating back to 1960.
- As of March 2021, currency in circulation jumped from 1.84tr in March 2020 to 2.12tr in March 2021 and reserve balances increased 1.96tr (Federal Reserve Bank)

