1. Empirical measures in the United States Federal Reserve System

See also European Central Bank for other approaches and a more global perspective.

Money is used as a medium of exchange, a unit of account, and as a ready store of value. Its different functions are associated with different empirical measures of the money supply. There is no single "correct" measure of the money supply. Instead, there are several measures, classified along a spectrum or continuum between narrow and broad *monetary aggregates*. Narrow measures include only the most liquid assets, the ones most easily used to spend (currency, checkable deposits). Broader measures add less liquid types of assets (certificates of deposit, etc.).

This continuum corresponds to the way that different types of money are more or less controlled by monetary policy. Narrow measures include those more directly affected and controlled by monetary policy, whereas broader measures are less closely related to monetary-policy actions.[6] It is a matter of perennial debate as to whether narrower or broader versions of the money supply have a more predictable link to nominal GDP.

The different types of money are typically classified as **"M"s**. The "M"s usually range from M0 (narrowest) to M3 (broadest) but which "M"s are actually focused on in policy formulation depends on the country's central bank. The typical layout for each of the "M"s is as follows:

Type of money	M0	MB	M1	M2	M3	MZM
Notes and coins in circulation (outside Federal Reserve Banks and the vaults of depository institutions) (currency)	✓[8]	✓	✓	✓	✓	✓
Notes and coins in bank vaults (Vault Cash)		✓				
Federal Reserve Bank credit (required reserves and excess reserves not physically present in banks)		✓				
Traveler's checks of non-bank issuers			✓	✓	✓	✓
Demand deposits			✓	✓	✓	✓
Other checkable deposits (OCDs), which consist primarily of Negotiable Order of Withdrawal (NOW) accounts at depository institutions and credit union share draft accounts.			✓[9]	✓	✓	✓
Savings deposits				✓	✓	✓
Time deposits less than $100,000 and money-market deposit accounts for individuals				✓	✓	
Large time deposits, institutional money market funds, short-term repurchase and other larger liquid assets[10]					✓	
All money market funds						✓

- **M0**: In some countries, such as the United Kingdom, M0 includes bank reserves, so M0 is referred to as the monetary base, or narrow money.[11]
- **MB**: is referred to as the monetary base or total currency.[8] This is the base from which other forms of money (like checking deposits, listed below) are created and is traditionally the most liquid measure of the money supply.[12]
- **M1**: Bank reserves are not included in M1.
- **M2**: Represents M1 and "close substitutes" for M1.[13] M2 is a broader classification of money than M1. M2 is a key economic indicator used to forecast inflation.[14]
- **M3**: M2 plus large and long-term deposits. Since 2006, M3 is no longer tracked by the US central bank.[15] However, there are still estimates produced by various private institutions.
- **MZM**: Money with zero maturity. It measures the supply of financial assets redeemable at par on demand. Velocity of MZM is historically a relatively accurate predictor of inflation.[16][17][18]

The ratio of a pair of these measures, most often M2 / M0, is called an (actual, empirical) money multiplier