



Central Bank Balance Sheets: Misconceptions and Realities

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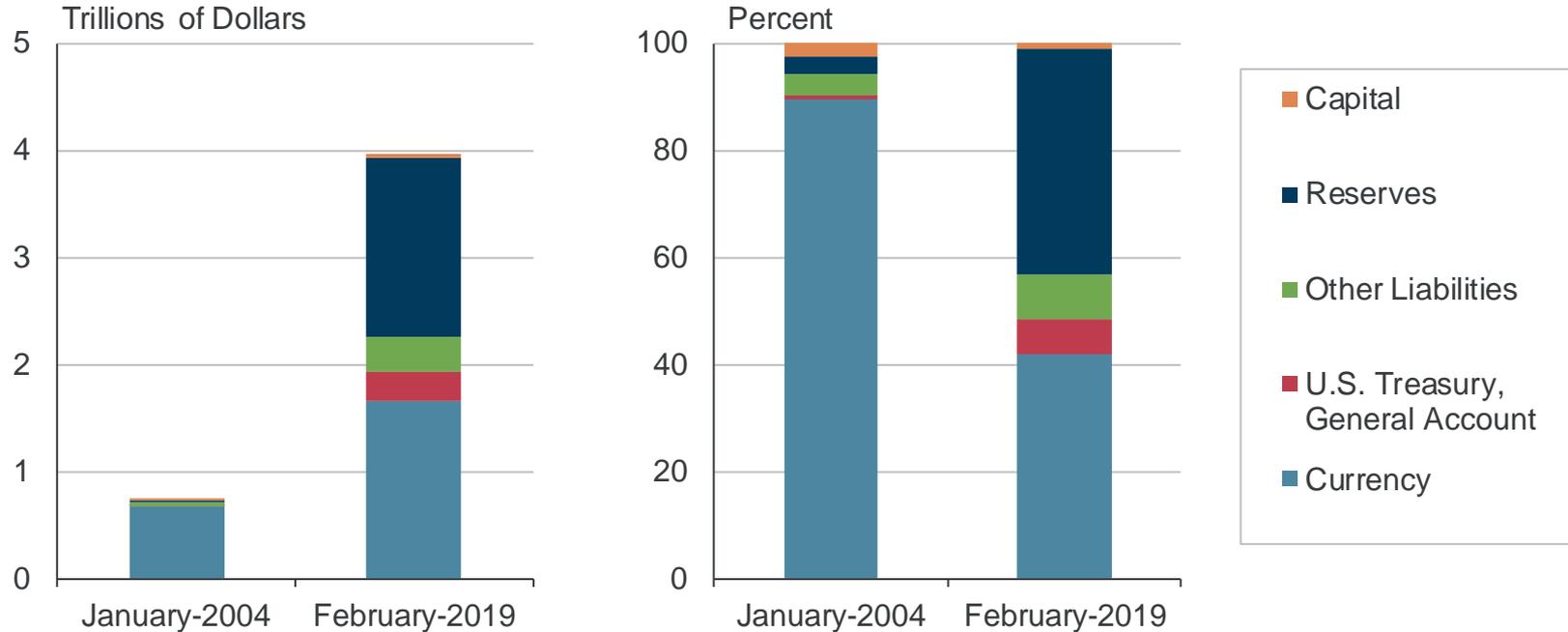
Figure 1: Federal Reserve System Balance Sheet

January 2004 and February 2019

Assets (Billions of Dollars)			Liabilities and Capital (Billions of Dollars)		
	January 2004	February 2019		January 2004	February 2019
Treasury Bills	245.3	0.0	Currency	676.3	1,664.6
Other Treasury Securities	421.8	2,182.1	Reserves Held by Depository Institutions	25.3	1,682.2
Mortgage-Backed Securities	0.0	1,607.6	U.S. Treasury, General Account	5.2	266.0
Other Assets	88.2	184.9	Other Liabilities	30.2	322.6
			Capital	18.2	39.2
Total	755.3	3,974.6	Total	755.3	3,974.6

Source: Federal Reserve Board, Haver Analytics

Figure 2: Federal Reserve System Liabilities and Capital Composition January 2004 and February 2019



Source: Federal Reserve Board, Haver Analytics

Figure 3: Federal Reserve System Liabilities Composition

September 2017 and February 2019

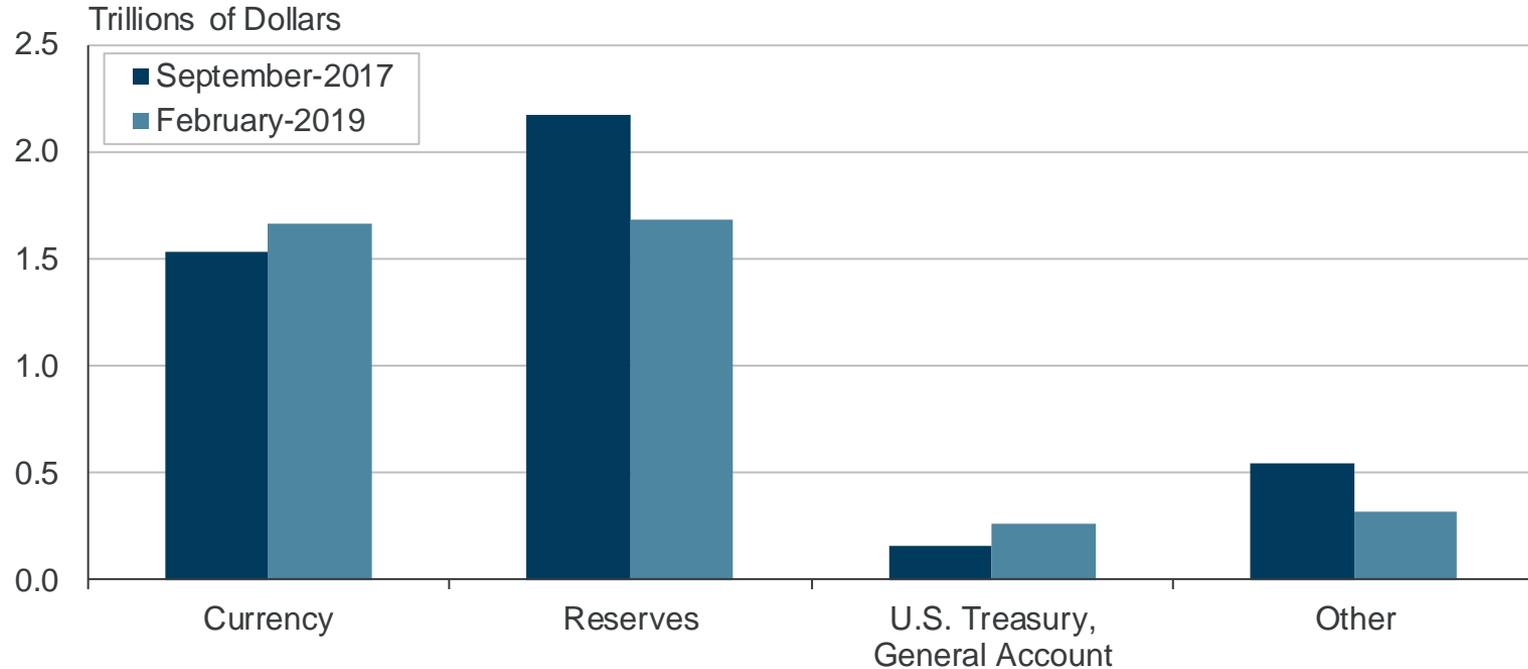
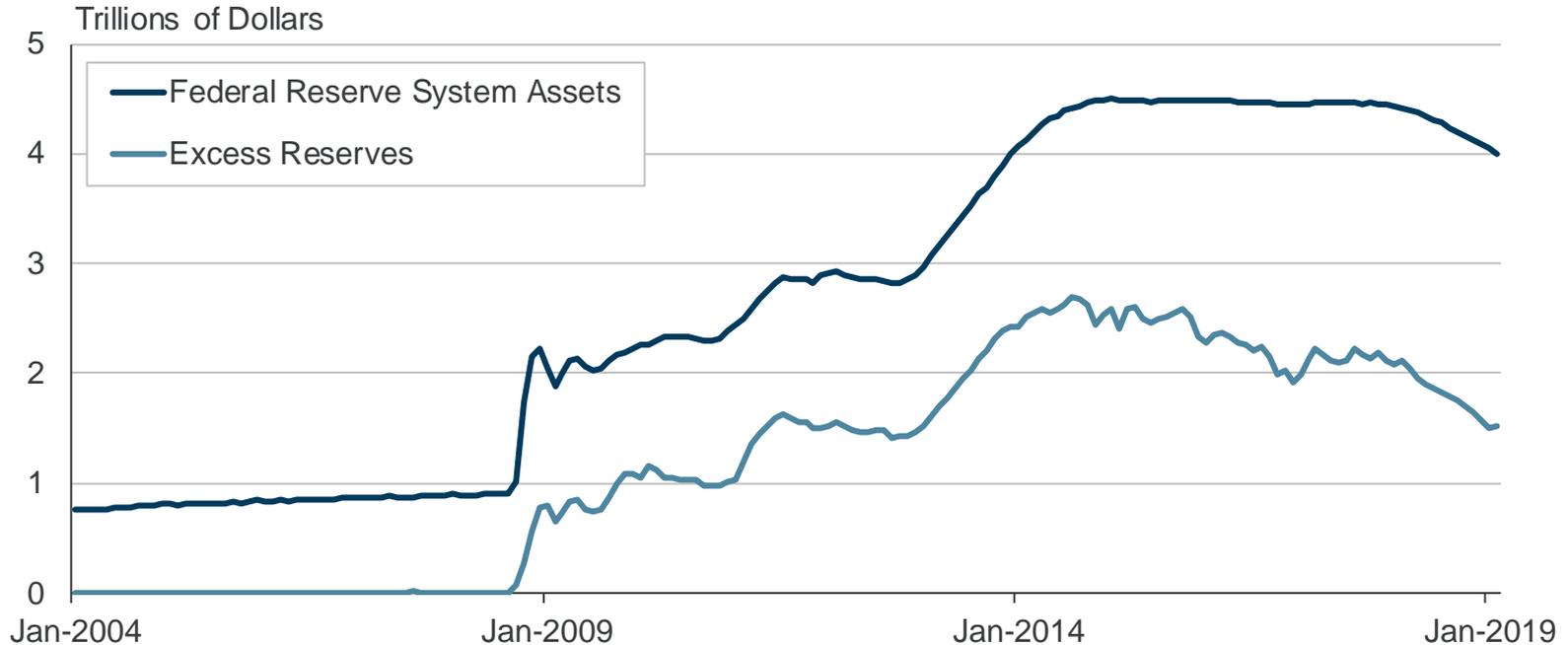


Figure 4: Federal Reserve System Assets and Excess Reserves of Depository Institutions in the U.S.

January 2004 - February 2019

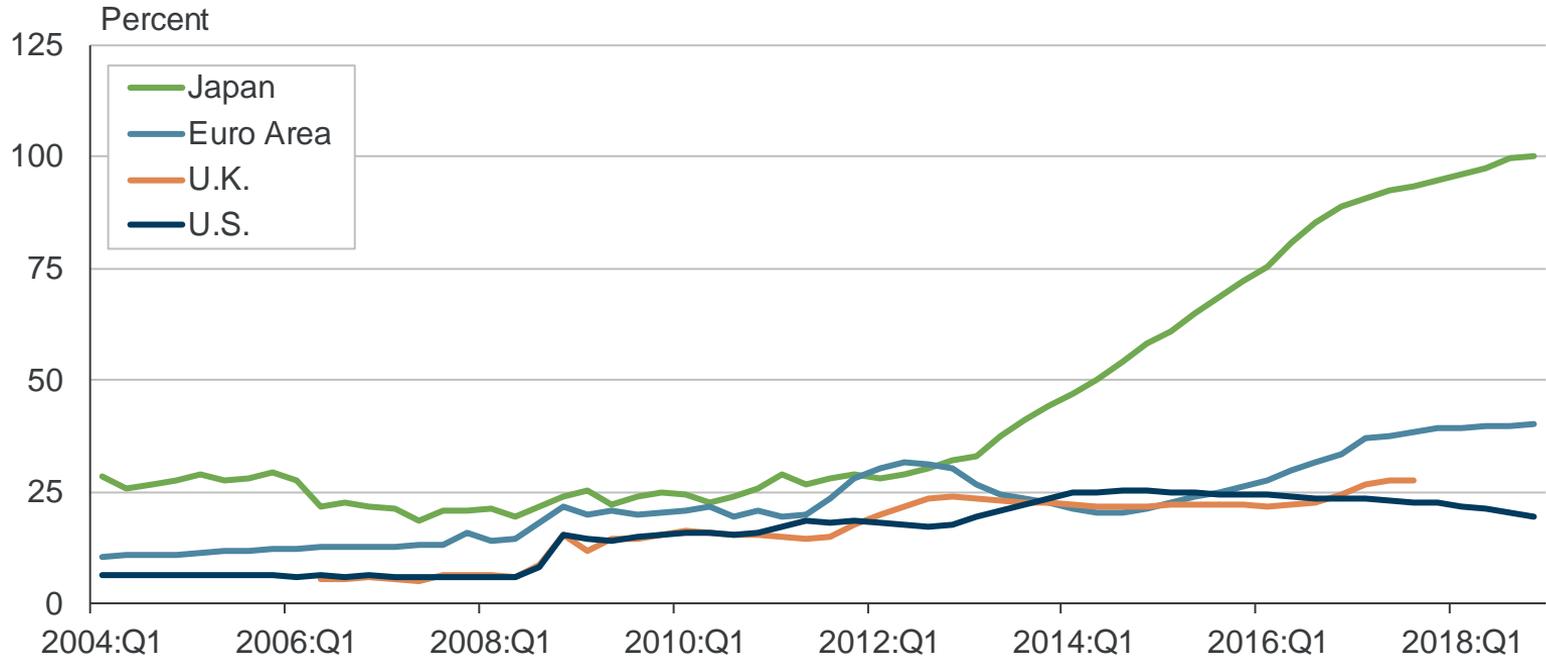


Note: The monthly FRS assets figures pictured above are the averages of the weekly figures for each month. Monthly figures for excess reserves are prorated averages of biweekly figures.

Source: Federal Reserve Board, Haver Analytics

Figure 5: Central Bank Assets Relative to GDP

2004:Q1 - 2018:Q4



Note: The Bank of England publishes its balance sheet with a five-quarter lag.

Source: Bank of Japan, Cabinet Office of Japan; European Central Bank, Eurostat; Bank of England, Office for National Statistics; Federal Reserve Board, BEA; Haver Analytics

January 30, 2019 Statement Regarding Monetary Policy Implementation and Balance Sheet Normalization

- ▶ “The Committee intends to continue to implement monetary policy in a regime in which an **ample supply of reserves ensures that control over the level of the federal funds rate** and other short-term interest rates is exercised primarily through the **setting of the Federal Reserve's administered rates**, and in which **active management of the supply of reserves is not required.**”
- ▶ Implications
 - ▶ Floor system, rates controlled by administered rates
 - ▶ Not active management, abundant reserves to avoid regular intervention to add or reduce reserves to offset reserve shocks

Figure 6: Federal Reserve System Liabilities

January 2004 - February 2019

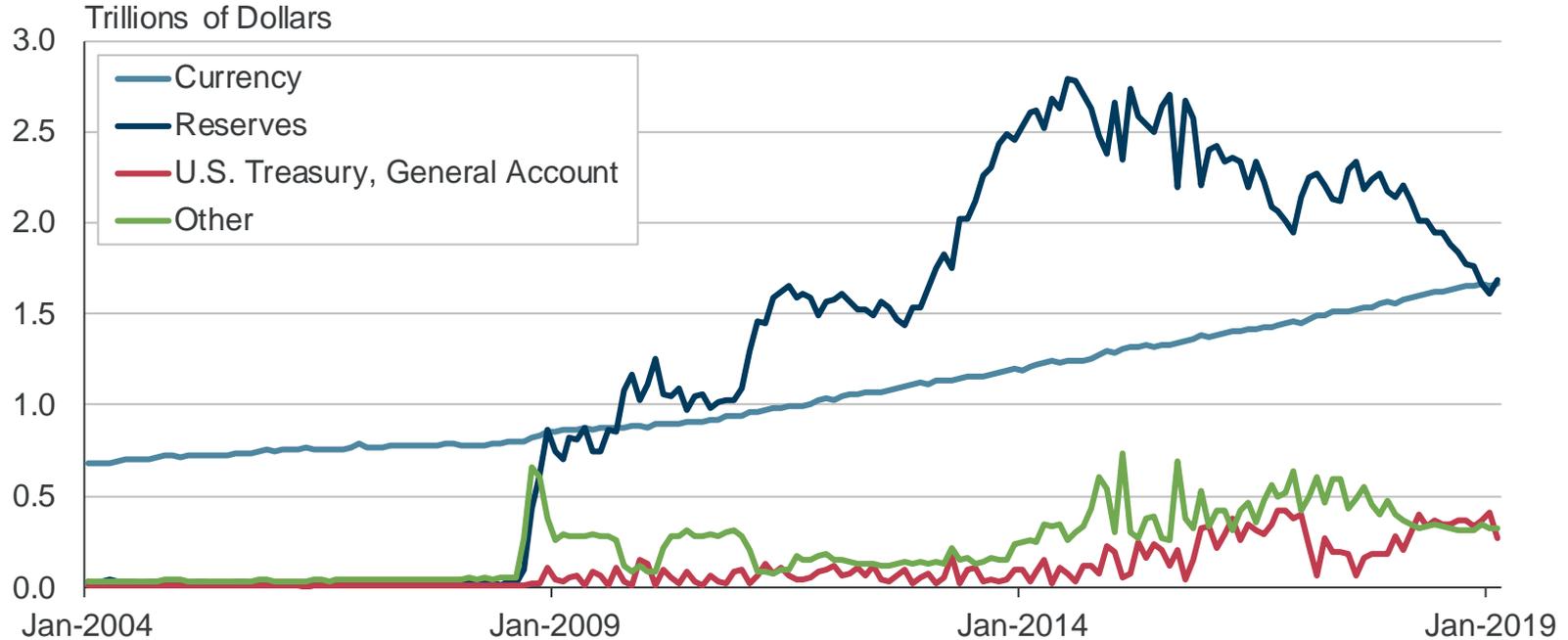


Figure 7: Change in Federal Reserve System Assets November 2014 - February 2019

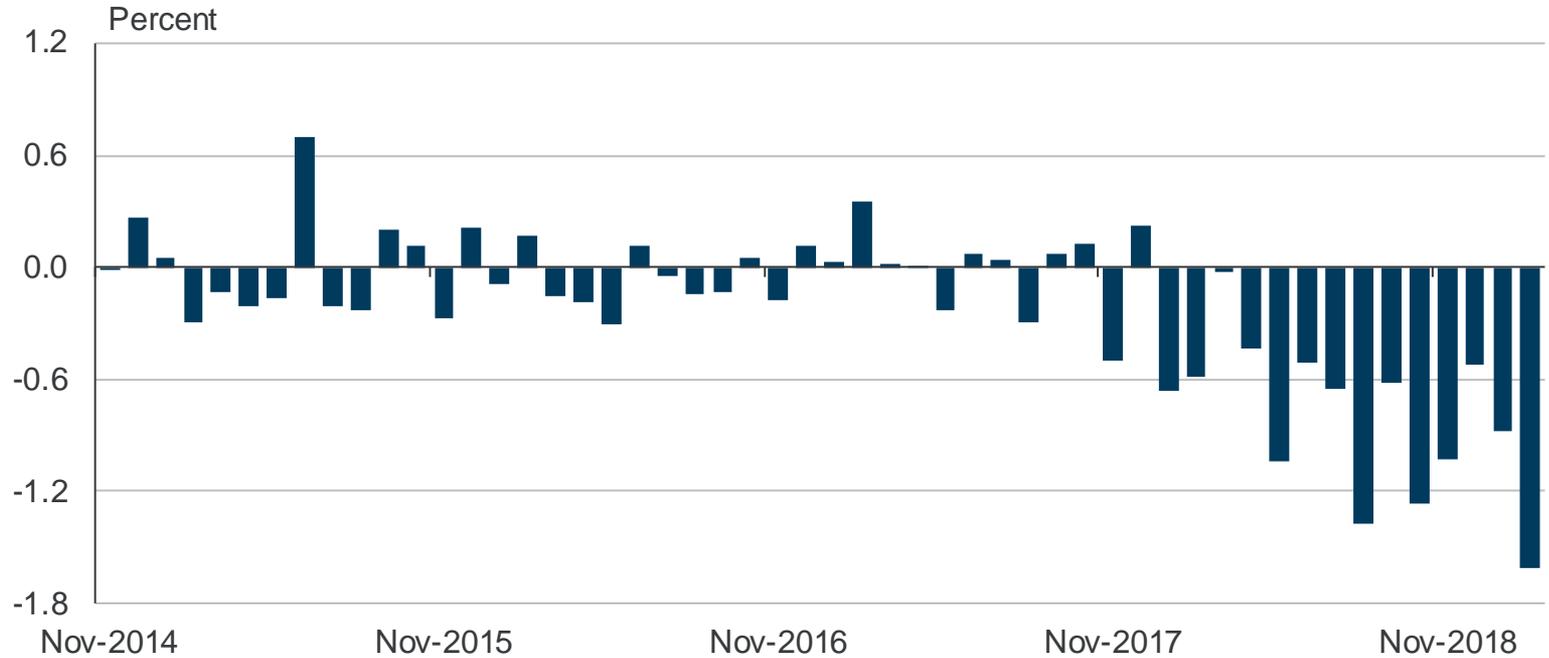
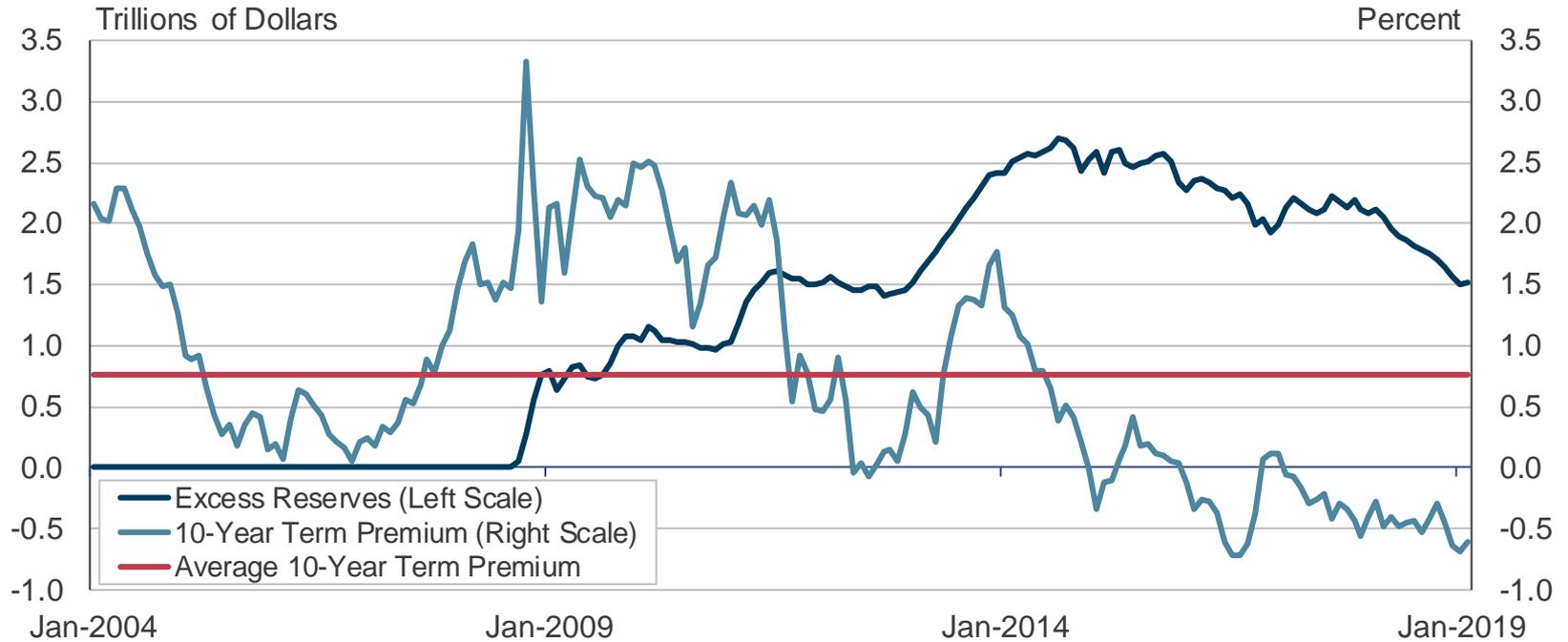


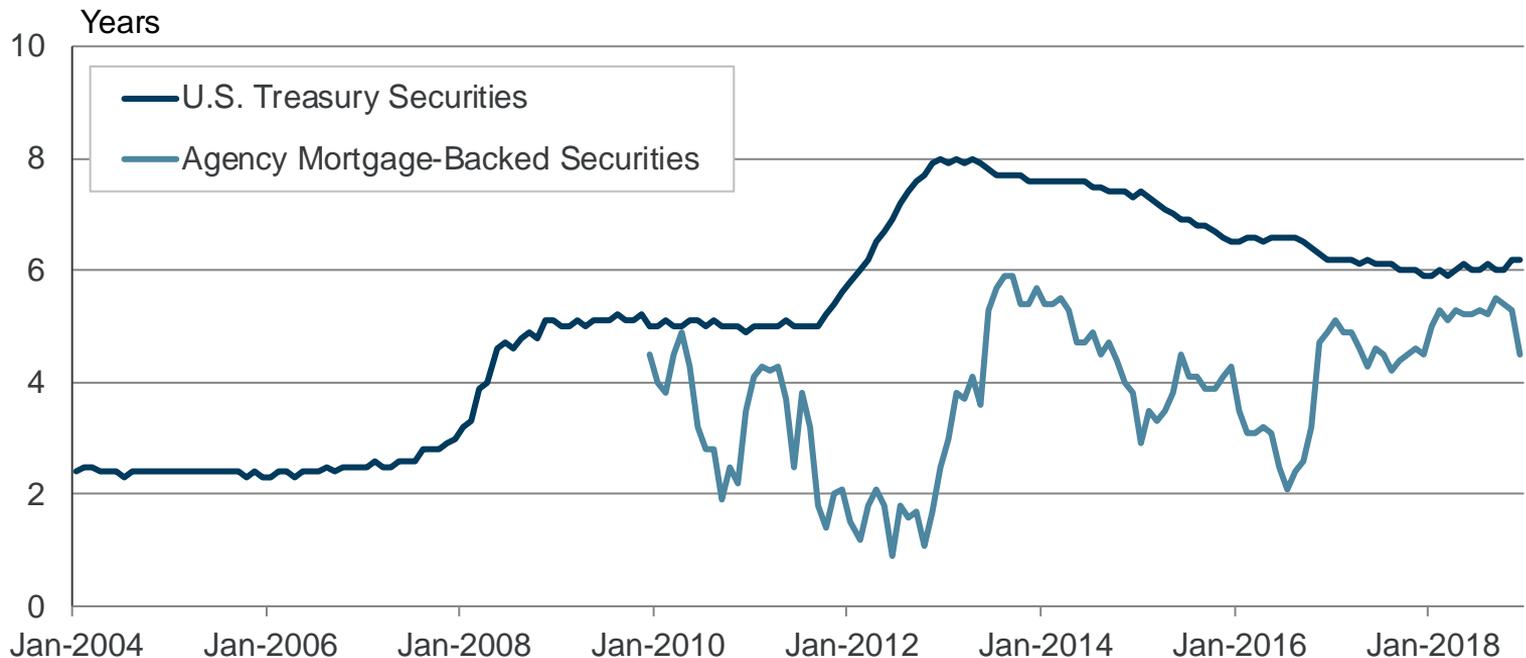
Figure 8: Ten-Year Treasury Term Premium and Excess Reserves January 2004 - February 2019



Source: Federal Reserve Bank of New York, Adrian, Crump and Moench (ACM) Treasury Term Premia Estimates; Federal Reserve Board; Haver Analytics

Figure 9: Average Duration of Federal Reserve System Domestic Securities Holdings

January 2004 - December 2018

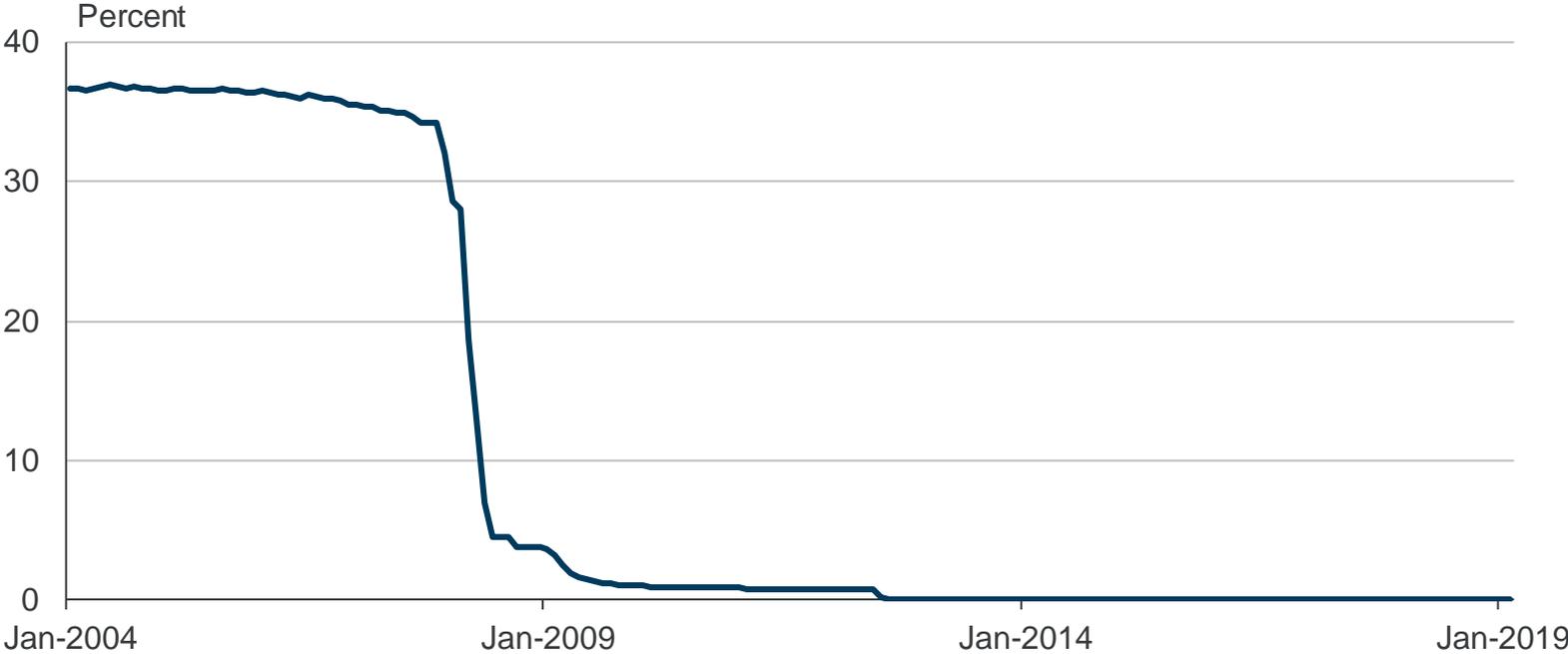


Note: Pictured above is the average duration of the Federal Reserve System Open Market Account (SOMA) domestic securities holdings. Figures are as of month-end. Calculations are par-weighted.

Source: Federal Reserve Bank of New York

Figure 10: Treasury Bills as a Share of Securities Held Outright by the Federal Reserve System

January 2004 - February 2019



Source: Federal Reserve Board, Haver Analytics