

# What happened in September?

## Reserves, money markets and Fed policy

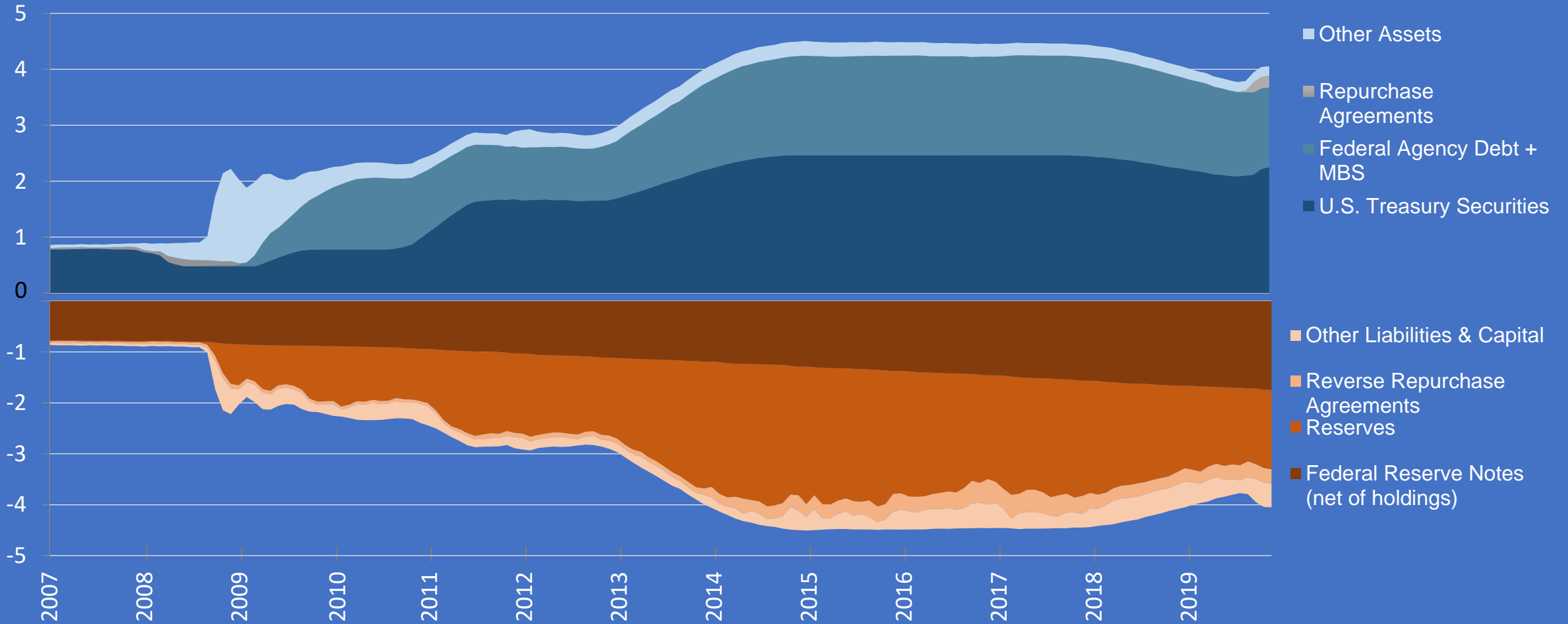
*The Repo Market Disruption: What happened, why,  
and should something be done about it?*

*Brookings*

*5 December 2019*

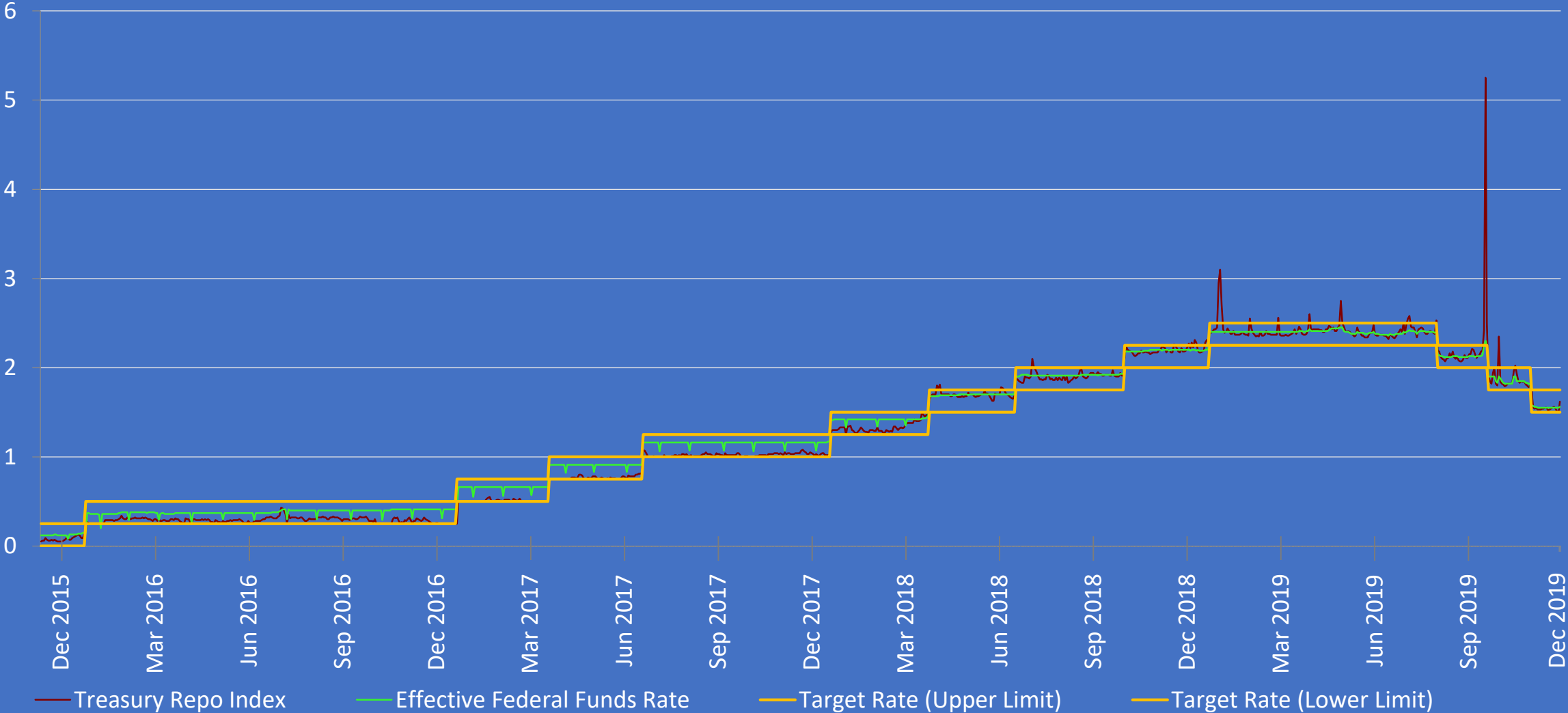
# The Federal Reserve's Balance Sheet

In trillion USD



Source: Federal Reserve H4.1

# Repo and Effective Federal Funds Rates



Source: Federal Reserve, BNY Mellon

# Federal Reserve's Balance Sheet

Trillions of U.S. Dollars

|                           | <u>July 07</u> | <u>Oct 17</u> | <u>9-11-19</u> | <u>9-18-19</u> | <u>Current</u> |
|---------------------------|----------------|---------------|----------------|----------------|----------------|
| <b><u>Assets</u></b>      | <b>0.88</b>    | <b>4.47</b>   | <b>3.77</b>    | <b>3.84</b>    | <b>4.05</b>    |
| US Treasuries             | 0.79           | 2.46          | 2.10           | 2.11           | 2.25           |
| Agencies                  | 0.00           | 1.78          | 1.49           | 1.48           | 1.42           |
| Other                     | 0.06           | 0.23          | 0.18           | 0.25           | 0.38           |
| Repo                      | 0.03           | 0.00          | 0.00           | 0.08           | 0.21           |
| <b><u>Liabilities</u></b> |                |               |                |                |                |
| Currency                  | 0.78           | 1.54          | 1.72           | 1.71           | 1.74           |
| Reserves                  | 0.02           | 2.25          | 1.46           | 1.39           | 1.56           |
| Other (incl capital)      | 0.05           | 0.68          | 0.59           | 0.74           | 0.75           |
| Reverse RP                | 0.03           | 0.35          | 0.29           | 0.33           | 0.28           |
| UST acct                  | 0.00           | 0.20          | 0.18           | 0.30           | 0.36           |

# Federal Reserve's Balance Sheet

Trillions of U.S. Dollars

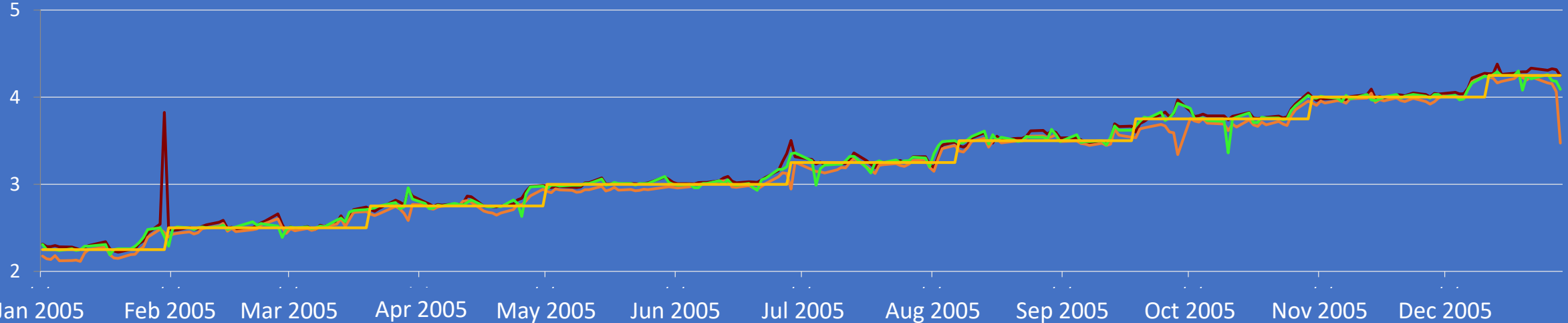
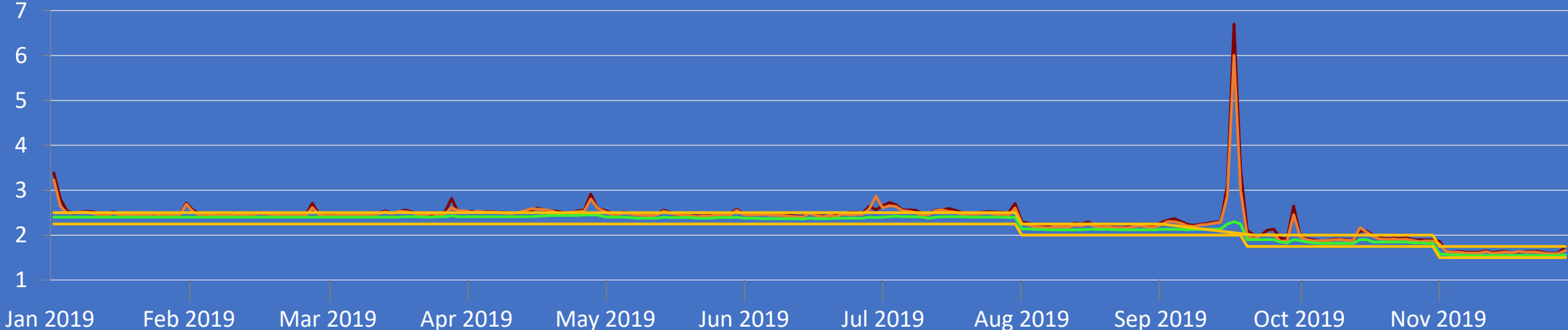
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# Repo and Effective Federal Funds Rates, 2019 and 2005



— MBS Repo Rate    — Treasury Repo Rate    — Effective Federal Funds Rate    — Target Rate

Source: Federal Reserve, DTCC

Reference

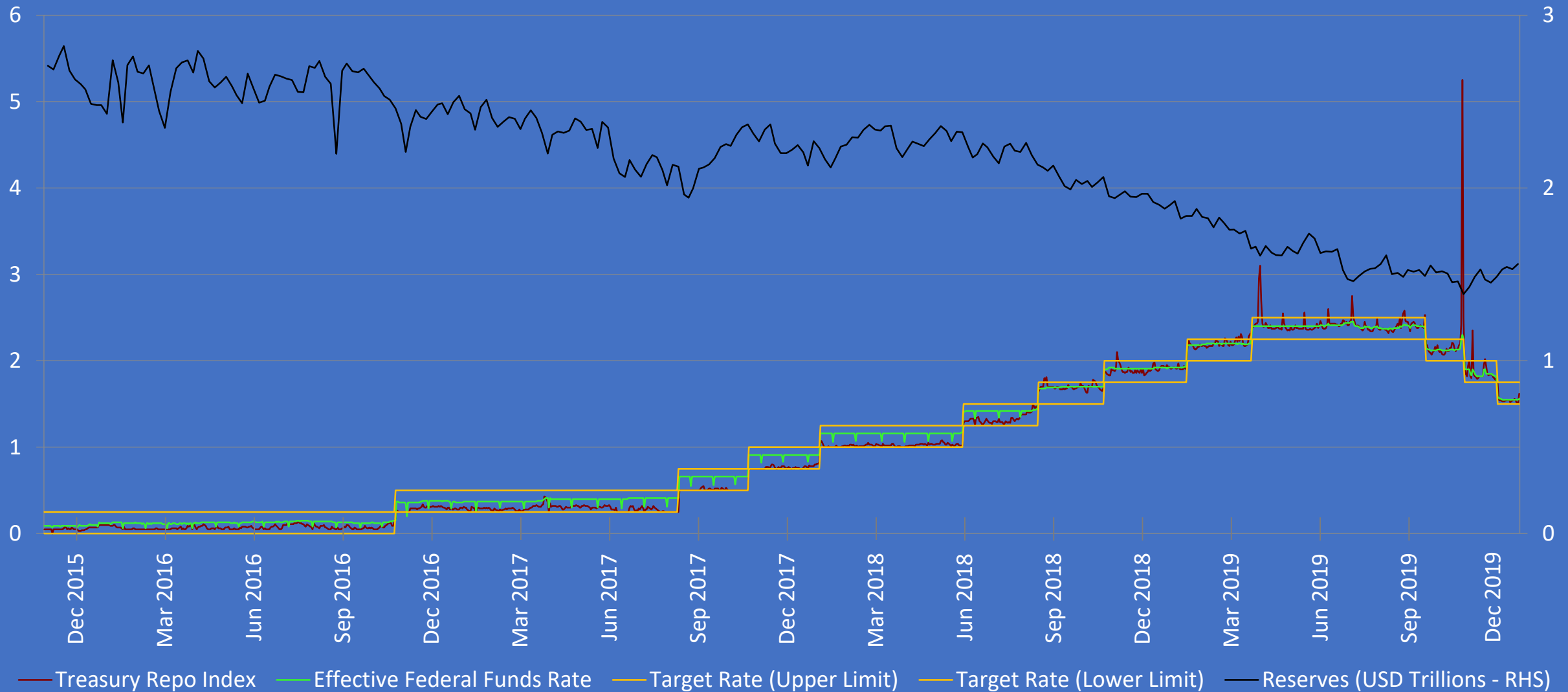


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Trillions of U.S. Dollars

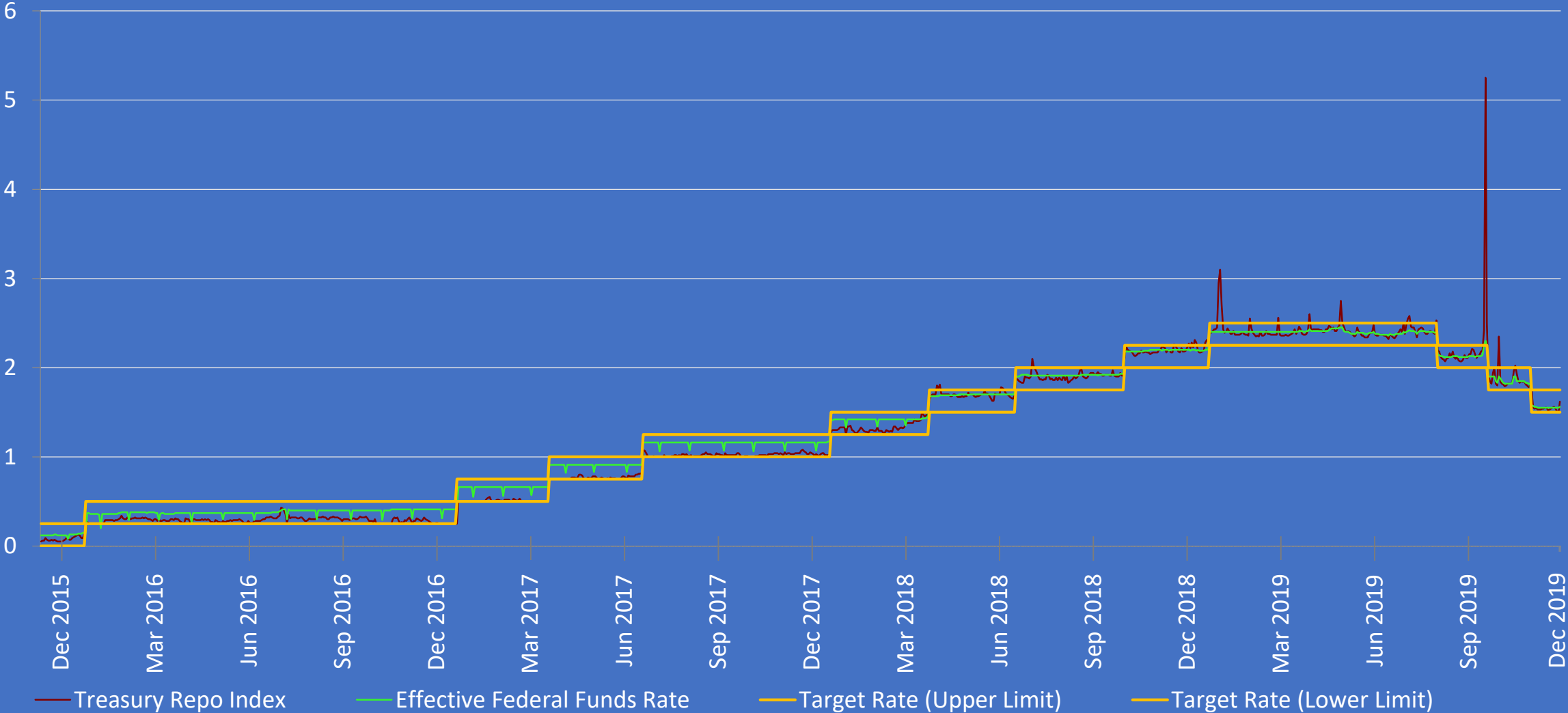
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# Repo, Effective Federal Funds Rates and Reserves



Source: Federal Reserve, BNY Mellon

# Repo and Effective Federal Funds Rates



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