



**Operational Perspectives on Monetary Policy Implementation:
Panel Remarks on “The Future of the Central Bank Balance Sheet”**

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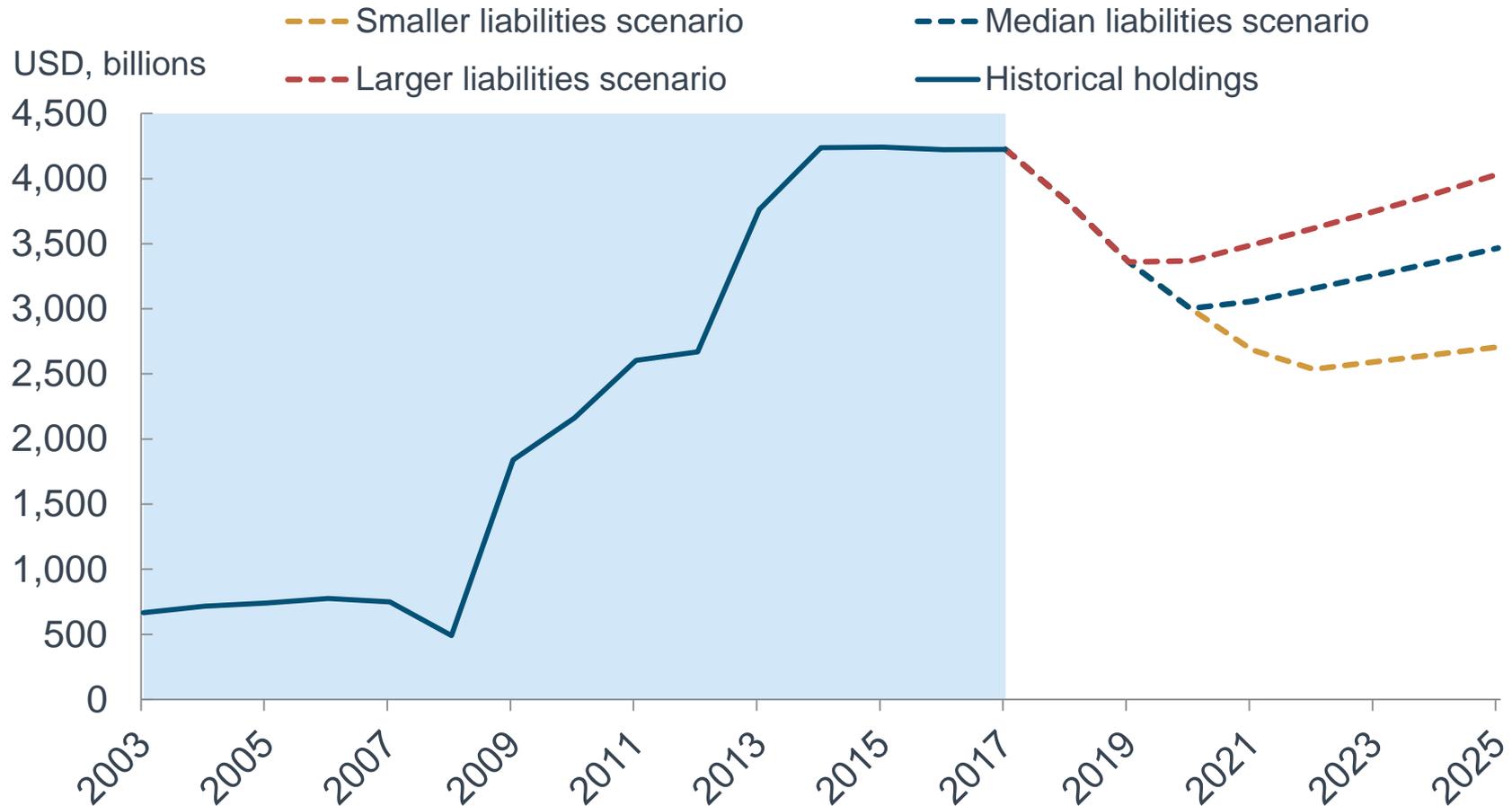
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FEDERAL RESERVE BANK *of* NEW YORK

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Figure 1: Historical and Projected SOMA Domestic Securities Holdings



Source: Federal Reserve Bank of New York staff projections (Report on Open Market Operations during 2017).

Note: Figures are as of year-end. Figures for 2018 onwards (dashed lines) are projected holdings and are rounded. Scenarios are based on the 25th, 50th, and 75th percentile responses to a question about expectations for the size and composition of the Federal Reserve's balance sheet, on average in 2025, conditional on not moving to the zero lower bound, in the Federal Reserve Bank of New York's December 2017 Survey of Primary Dealers and Survey of Market Participants.

Figure 2: Federal Reserve Liabilities and Capital

Billions of U.S. Dollars	Pre-Crisis Average (H1 2007*)	Current Level (4/25/18)	Expected Average Value in 2025**		
			Smaller Liabilities Scenario	Median Scenario	Larger Liabilities Scenario
Reserve balances	16	2,011	412	600	750
Non-reserve liabilities:					
Federal Reserve notes	772	1,596	1,900	2,200	2,400
Treasury General Account	6	403	200	300	365
Other deposits	0	80	50	75	100
Reverse repos (foreign official accounts)	34	235	120	200	250
Reverse repos (private counterparties)	n/a	4	58	100	150
All other liabilities and capital	40	45	50	50	57
Total	869	4,373	2,790	3,525	4,072

Sources: Federal Reserve Board; Federal Reserve Bank of New York.

* Average of Wednesday levels.

** Expected average values in 2025 are based on the 25th, 50th, and 75th percentile responses to a question about expectations for the size and composition of the Federal Reserve's balance sheet, conditional on not moving to the zero lower bound, in the Federal Reserve Bank of New York's December 2017 Survey of Primary Dealers and Survey of Market Participants.

Figure 3: Stylized Monetary Policy Implementation Frameworks

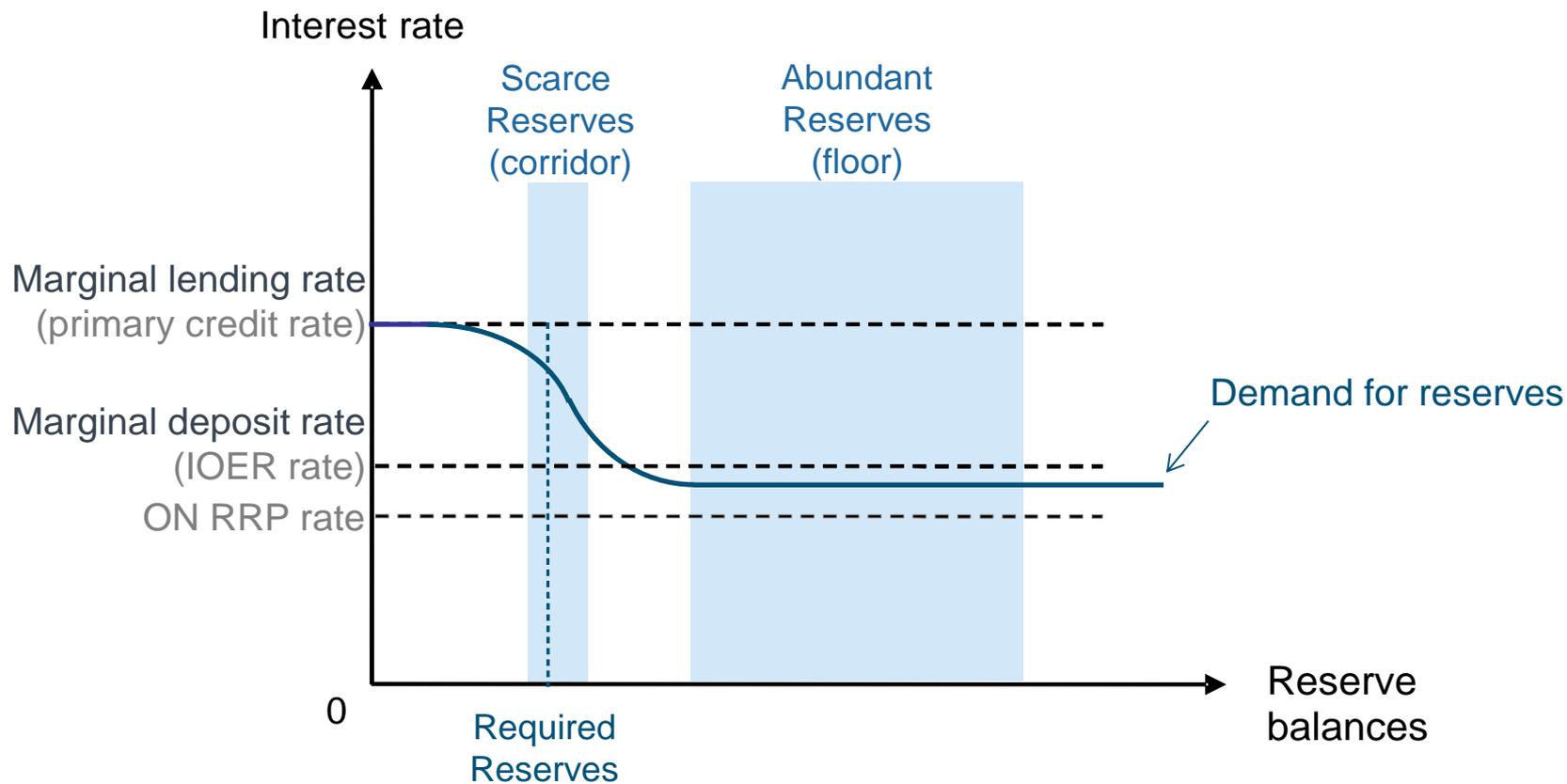
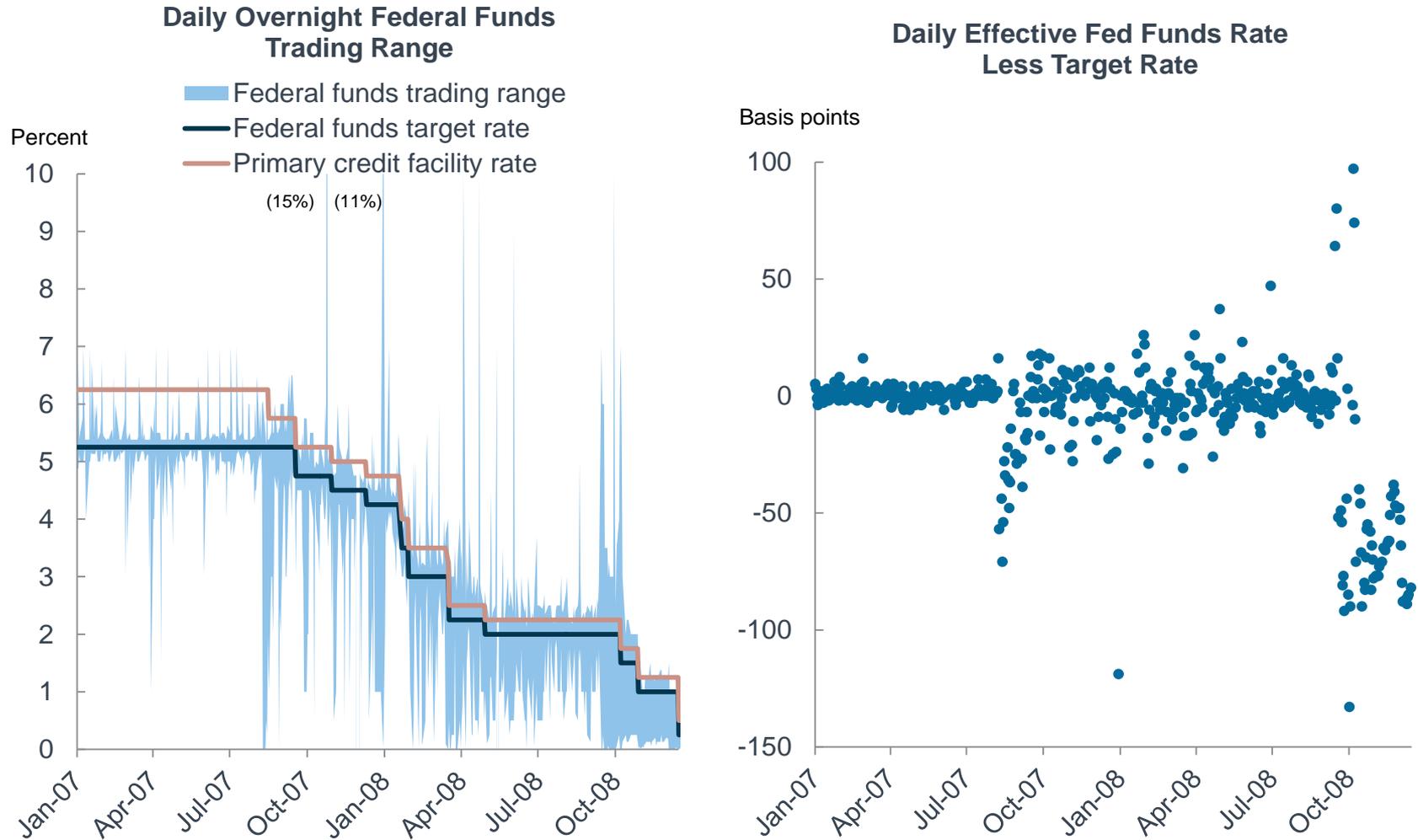


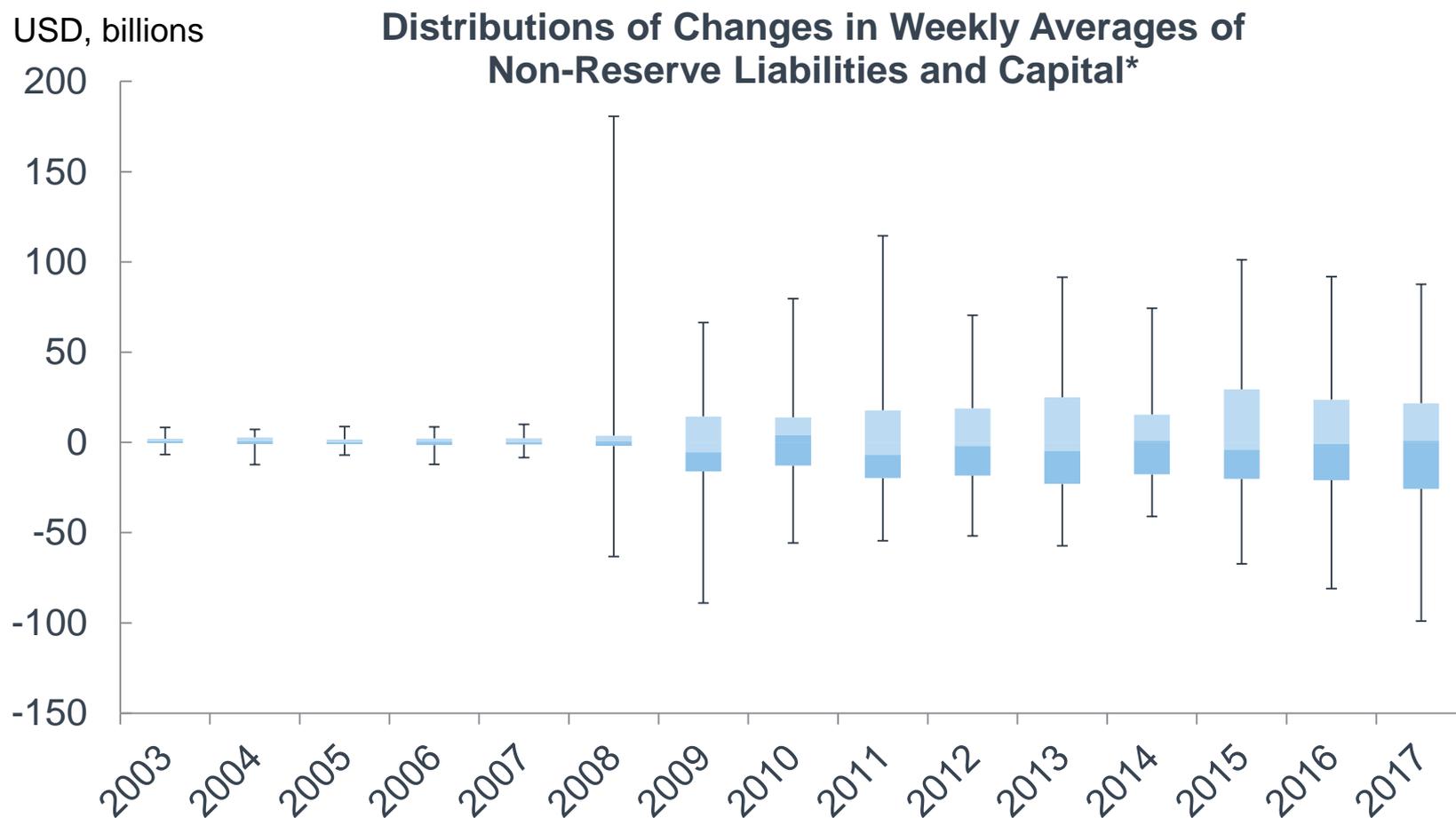
Figure 4: Intraday and Interday Volatility in Fed Funds Rates during the Crisis



Source: Federal Reserve Bank of New York.

Note: Time series end on December 15, 2008, when the FOMC introduced a target range for the federal funds rate.

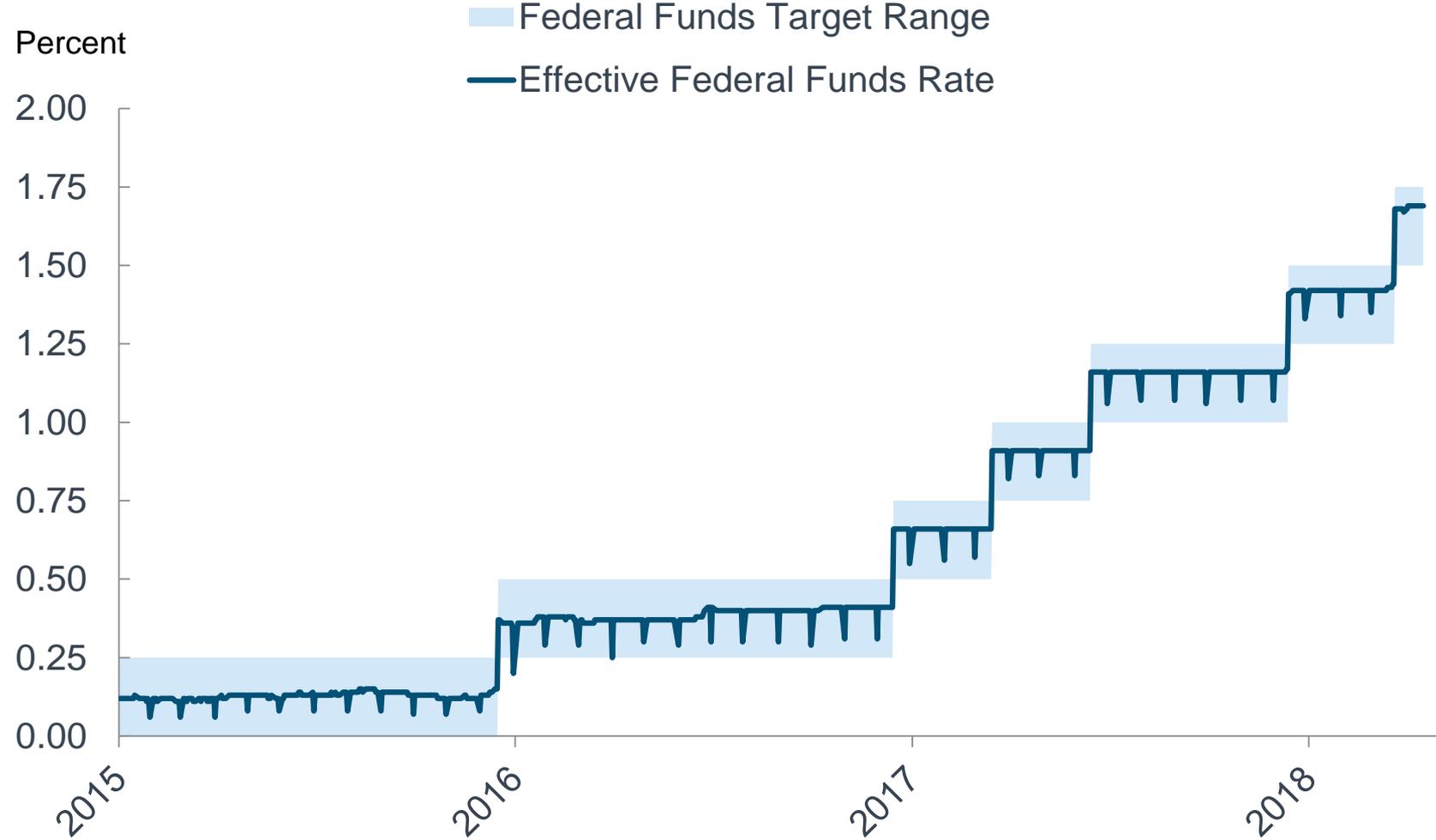
Figure 5: Variability of Non-Reserve Liabilities and Capital



Sources: Federal Reserve Board; Federal Reserve Bank of New York staff calculations.

* Boxes indicate interquartile ranges, and whiskers indicate minimum and maximum outcomes. Data show the distribution of changes in weekly averages of daily figures for liabilities outside the direct control of the Fed (currency, Treasury accounts, foreign repo pool, and other deposits) and capital. Liabilities associated with monetary policy instruments (overnight and term reverse repos conducted with private counterparties and term deposits held by depository institutions) are not included.

Figure 6:
Effective Federal Funds Rate



Source: Federal Reserve Bank of New York.