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

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Figure 1: Historical and Projected SOMA Domestic Securities Holdings

USD, billions


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

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

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

- Marginal deposit rate (IOER rate)
- Marginal lending rate (primary credit rate)
- ON RRP rate
- Reserve balances

Interest rate

Scarc Reserve (corridor)
Abundant Reserve (floor)

Demand for reserves
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.
Distributions of Changes in Weekly Averages of Non-Reserve Liabilities and Capital

Figure 5: Variability of Non-Reserve Liabilities and Capital

USD, billions

Distributions of Changes in Weekly Averages 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.