Supplying Ample Reserves

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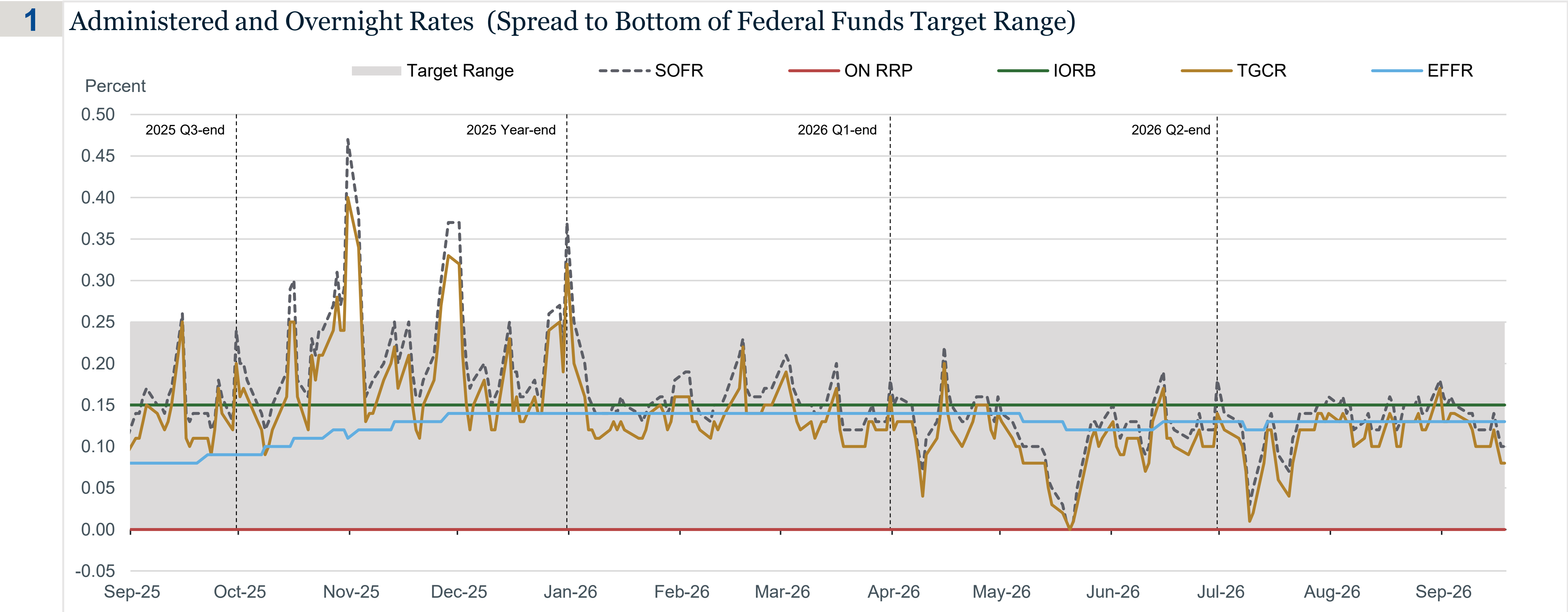
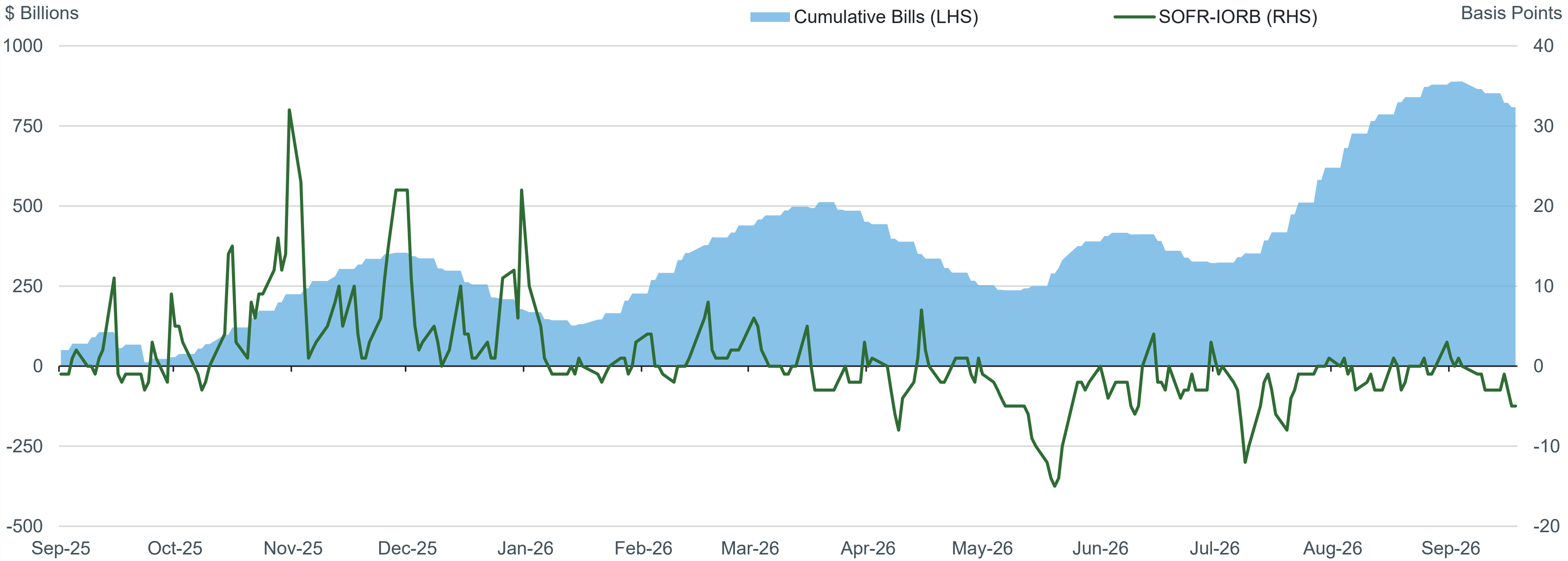
Money market rates have remained close to IORB on average



Source: Board of Governors of the Federal Reserve System, Federal Reserve Bank of New York

Substantial bill issuance in July and August was absorbed without much effect on money market conditions

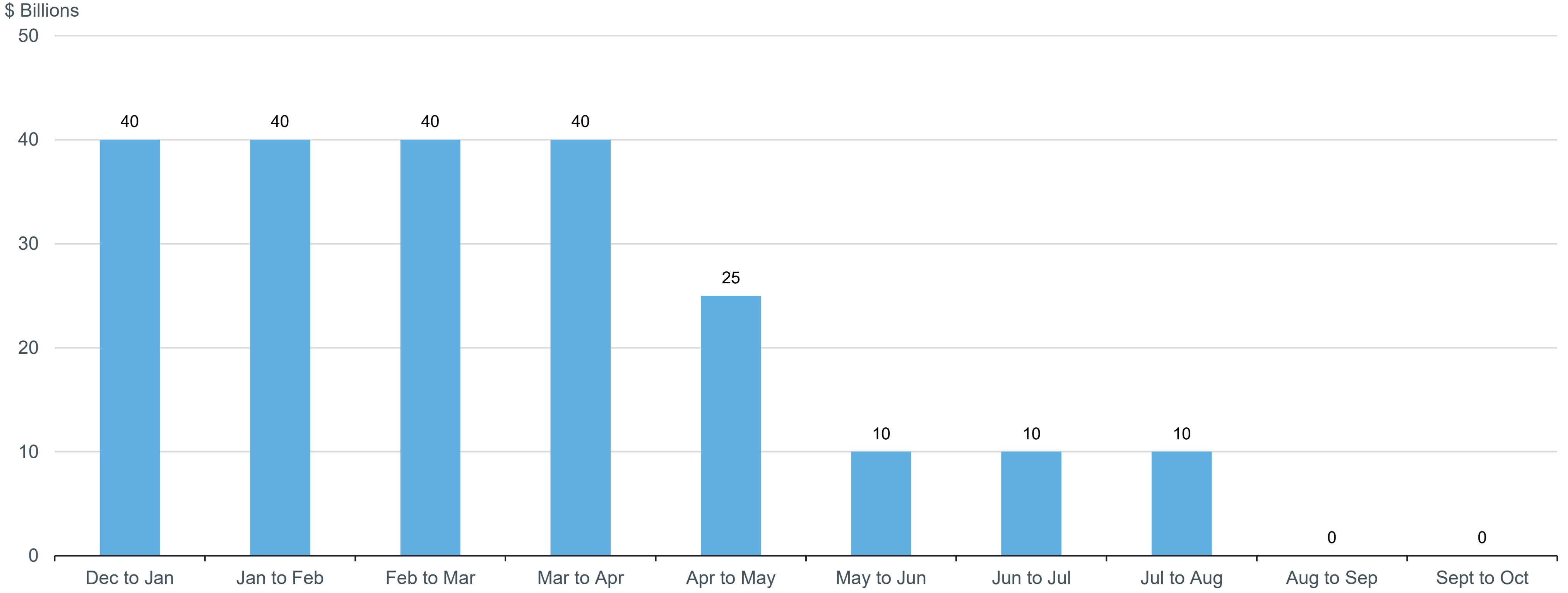
2 SOFR-IORB and Cumulative Net Treasury Bill Issuance Since September 2025



Source: Federal Reserve Bank of New York, U.S. Department of the Treasury

Reserves were likely to remain in the ample range in the near-term even without RMPs; accordingly, we have reduced RMPs to zero since mid-August

3 Reserve Management Purchases



Source: Federal Reserve Bank of New York

Central banks have taken different operational approaches to supplying reserves

- The Fed's approach to monetary policy implementation has been working well. Of course, other operational approaches can also work well, as seen at other central banks.
- The Bank of England and ECB, among others, supply marginal reserves through repo operations (a "repo-led" approach), whereas the Fed has been doing so primarily through asset purchases (a "securities-led" approach).
- These approaches are similar in principle—they aim to supply the amount of reserves that the financial system needs—but differ in the details of how reserves are supplied.
- Choices around operational approaches are certainly influenced by local realities, but also by policy considerations, and policy preferences.
- Neither operational approach is inherently superior to the other.