

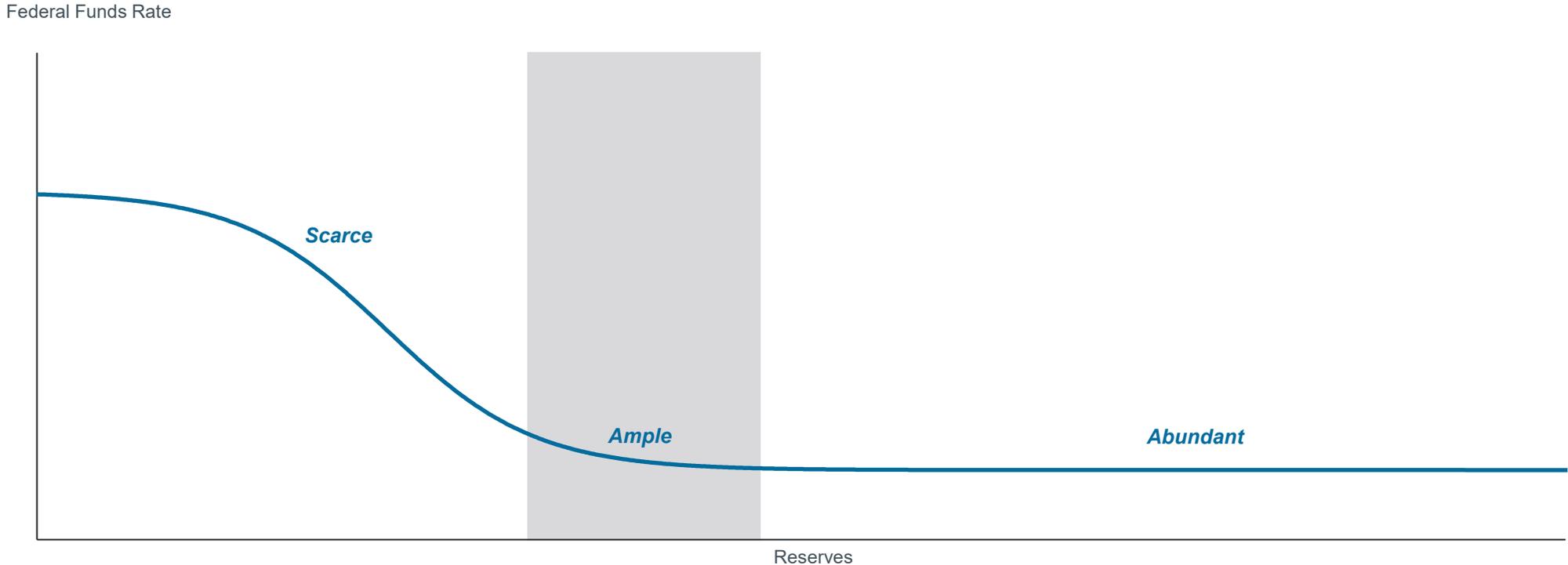
Reflections on the Early Days of Reserve Management Purchases and the Maintenance of Ample Reserves

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Ample refers to a range of reserves that makes the federal funds rate only modestly sensitive to short-term variations in reserve supply

1 Stylized Reserve Demand Curve



Source: Federal Reserve Bank of New York

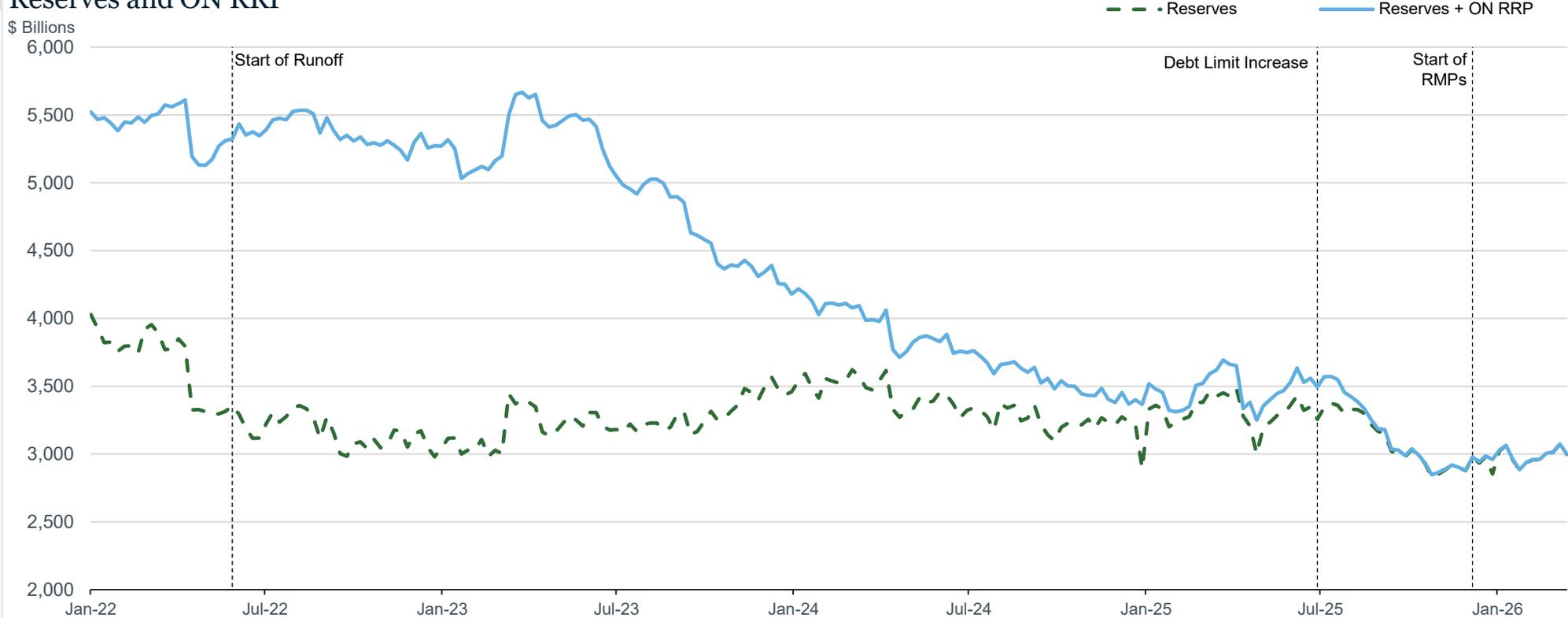
Money market conditions when reserves are ample

2 Expected Money Market Conditions

- EFFR close to IORB, with low volatility.
- Repo reference rates not far from IORB, on average, but show a moderate amount of volatility.
- Minimal ON RRP usage.
- Occasional SRP usage, as repo rates move above the SRP rate at times.
- Reserve supply meets bank demand at the aggregate level, but domestic banks may still borrow in fed funds and other markets to smooth out the distribution of those reserves.
- Some banks manage intraday reserve positions by delaying payments or using intraday credit.

The TGA rebuild and cumulative impact of balance sheet runoff brought system liquidity to the lowest levels since runoff began

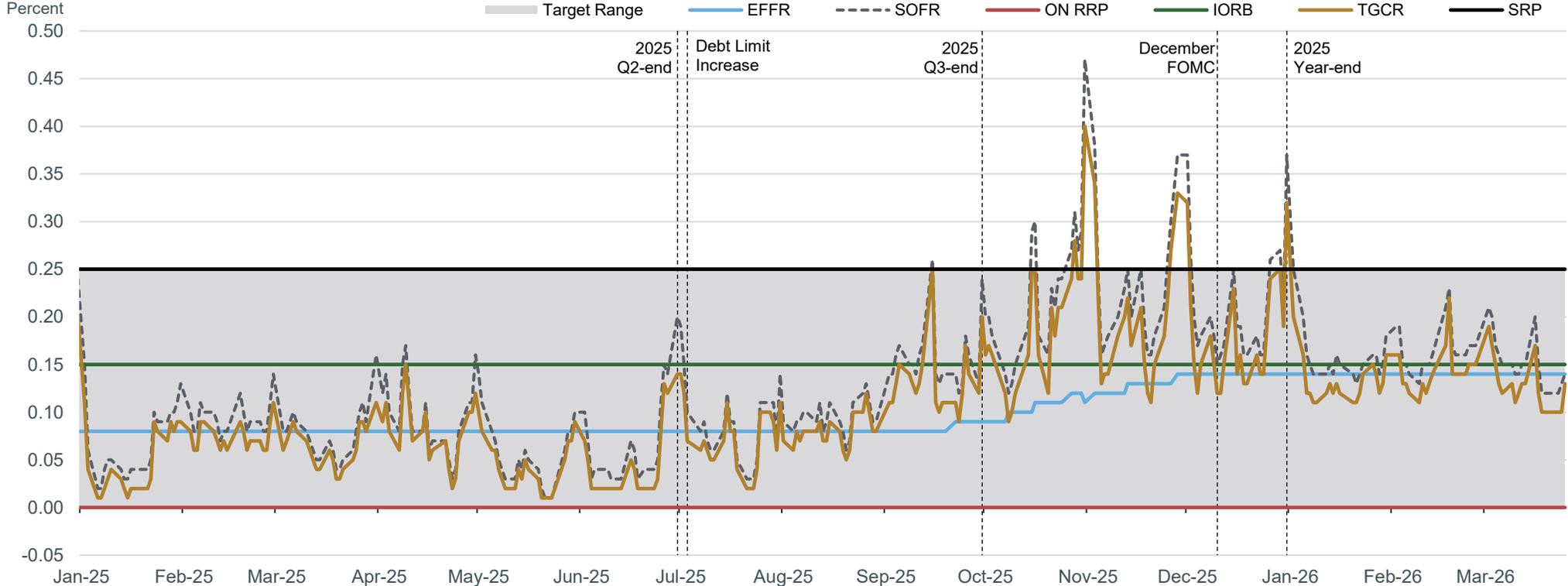
3 Reserves and ON RRP



Source: Board of Governors of the Federal Reserve System

Last fall, as system liquidity diminished, repo reference rates rose relative to IORB and sustainably printed above EFFR

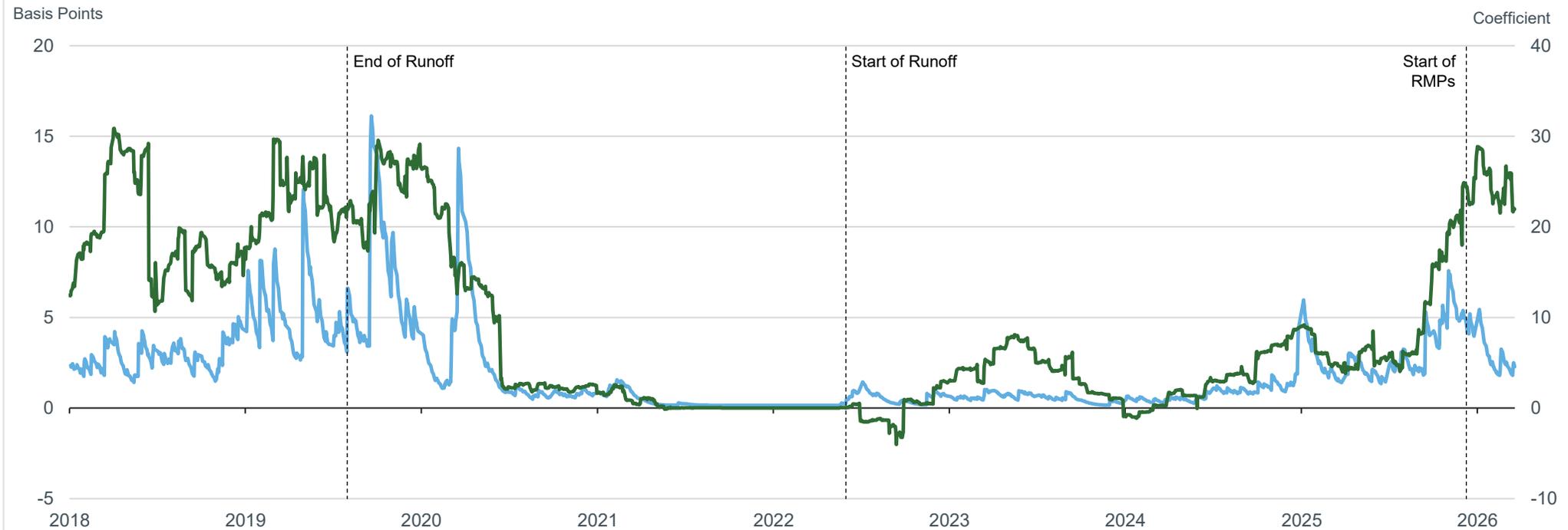
4 Administered and Overnight Rates (Spread to Bottom of Federal Funds Target Range)



Note: Data through 3/25/2026.
 Source: Board of Governors of the Federal Reserve System, Federal Reserve Bank of New York

Repo rate volatility and sensitivity to Treasury issuance increased

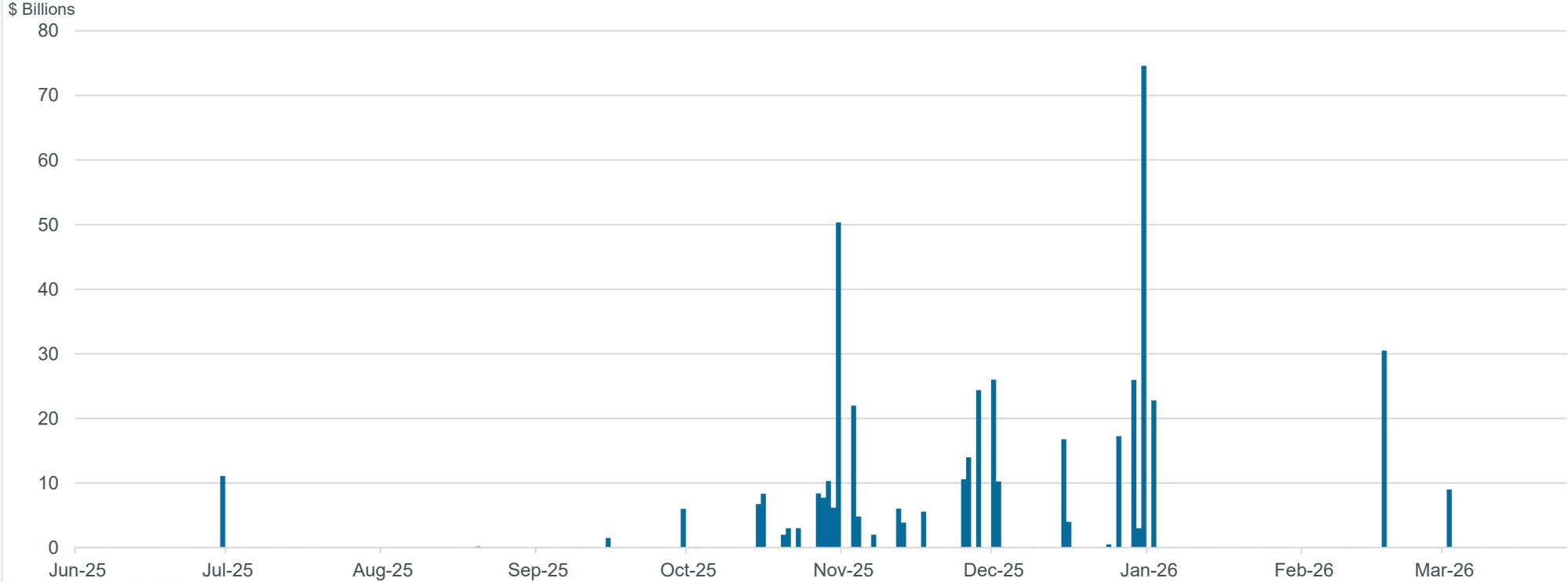
5 Volatility and Sensitivity to Net Treasury Coupon Issuance of TGCR



Note: Volatility represents the conditional standard deviation of changes in the TGCR minus IORB spread since January 2, 2018 from a GJR-GARCH(1,1,1) model. Data are winsorized at the 1 percent level. Excludes 5-day window around quarter-ends. The sensitivity coefficient is from Cordes and Infante (2025) and represents the increase in the TGCR minus ON RRP spread, in basis points, associated with a 1 percent increase in outstanding Treasury coupons. Estimates are based on 60 day rolling windows of daily changes, winsorized at 1 and 99 percents. Excludes December 23-31, 2024. Indicative TGCR values are used for dates prior to TGCR's launch on April 2, 2018. Source: Board of Governors of the Federal Reserve System, Federal Reserve Bank of New York, U.S. Treasury

SRP usage became larger and more frequent

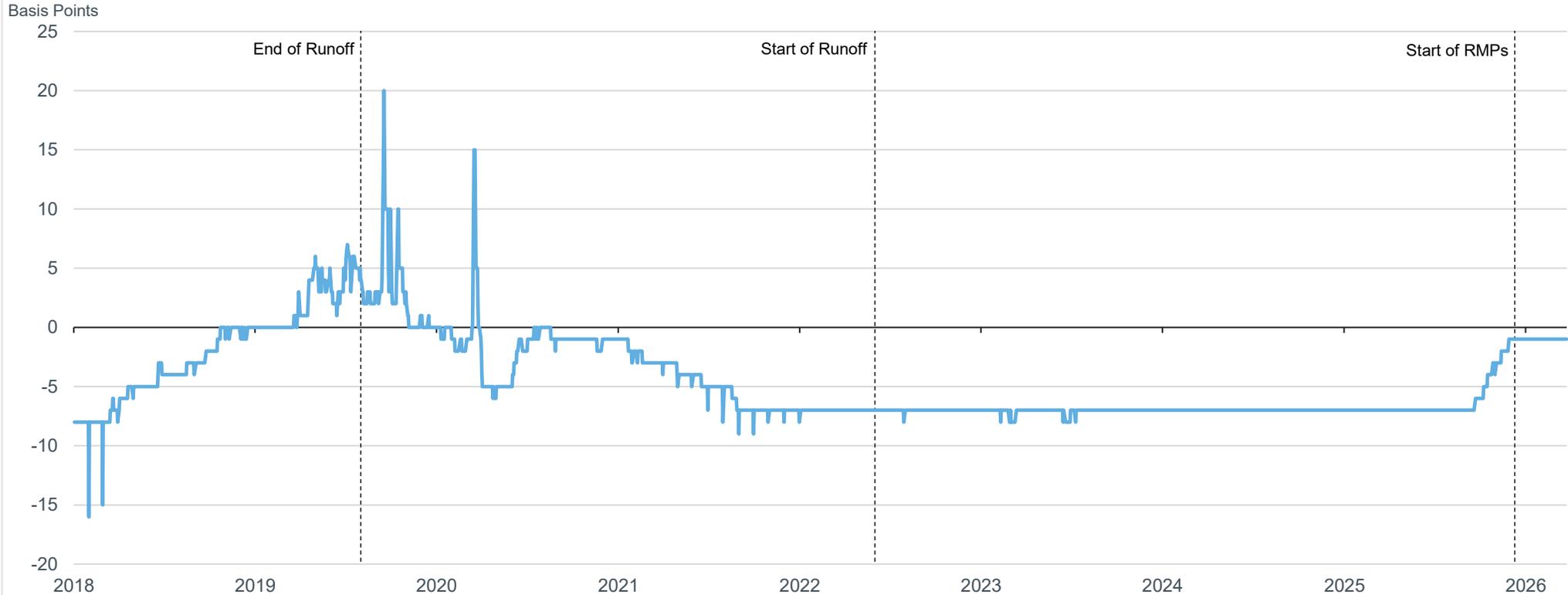
6 SRP Volume



Note: Data through 3/25/2026.
Source: Federal Reserve Bank of New York

From mid-September to November, the EFFR rose from 7 basis points to 1 basis point below IORB, a much faster increase than in early 2018

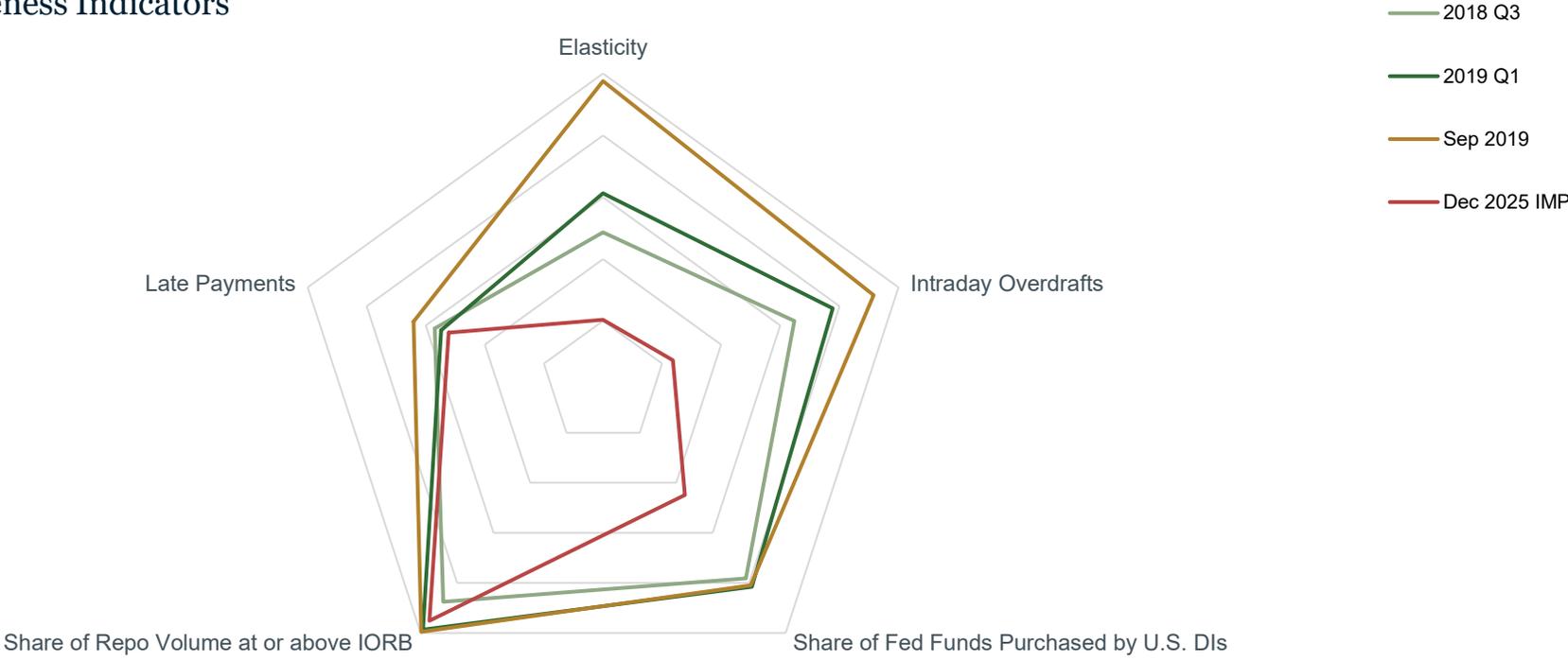
7 EFFR-IORB Spread



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

Our spiderweb chart of reserve ampleness indicators summarized well the tightening of reserve conditions

8 Reserve Ampleness Indicators



Note: Chart based on minimum and maximum monthly average values of each indicator since 2014. Indicators are calculated with average of daily values and 1-day windows around month-ends are dropped. IMP refers to FOMC intermeeting period. Source: Board of Governors of the Federal Reserve System, Federal Reserve Bank of New York, Federal Reserve Financial Services, OFR Cleared Repo Collection.

Currency, the TGA, and reserves comprise over 90% of current Fed liabilities

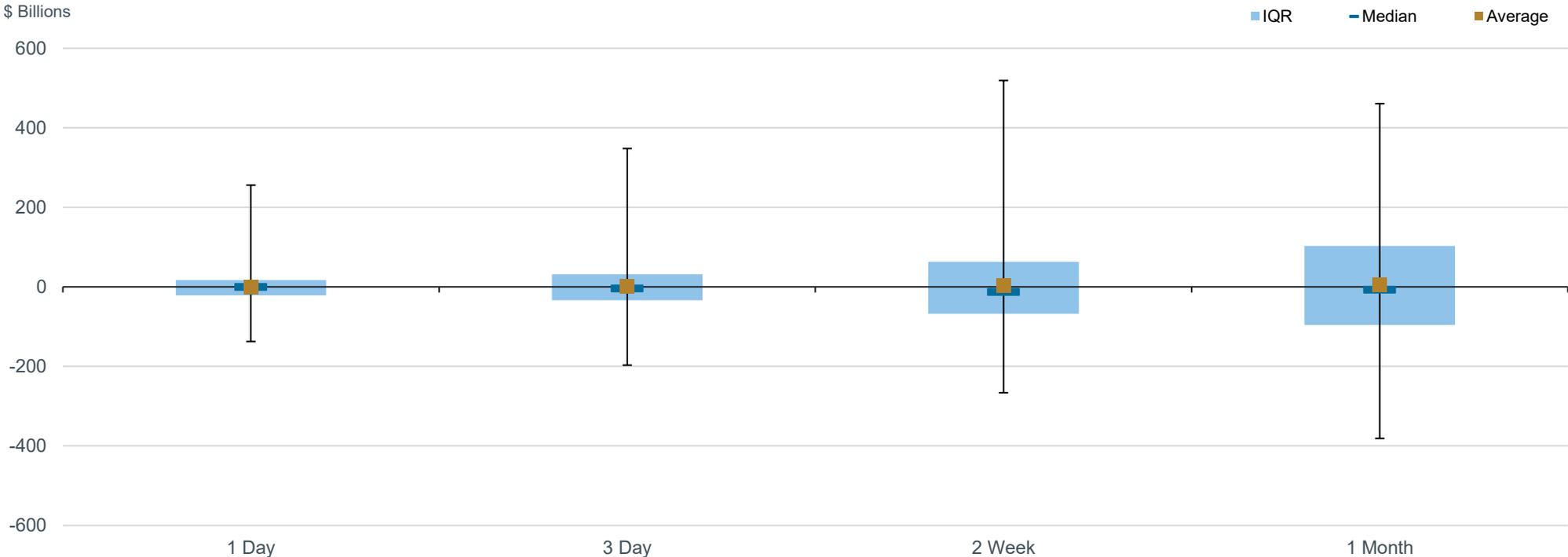
9 Stylized Federal Reserve Balance Sheet (\$ Billions)

Assets	Mid-March 2026	Liabilities and Capital	Mid-March 2026
SOMA Portfolio	6360	FR Notes	2390
U.S. Treasuries	4350	TGA	810
Agency Debt and Securities	2010	FIMA Reverse Repo	320
Standing Repo	0	Overnight Reverse Repo	0
		Reserves	3070
Other Assets	280	Other Liabilities and Capital	50
Total Assets	6650	Total Liabilities and Capital	6650

Note: Stylized balance sheet based on mid-March 2026. Components may not sum to totals because of rounding.
Source: Board of Governors of the Federal Reserve System

Non-reserve liabilities (ex ON RRP) have increased as much as about \$250 billion on certain days and roughly \$460 billion over one month

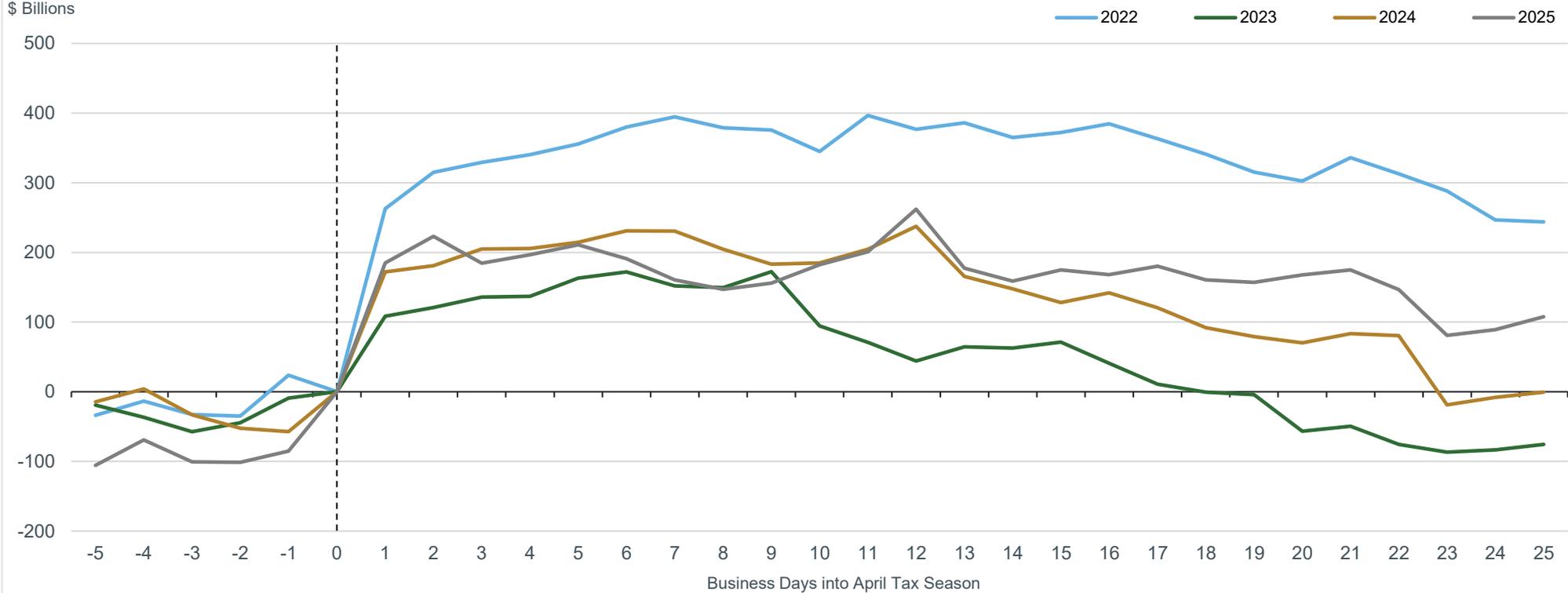
10 Changes in Aggregate Non-Reserve Liabilities



Note: These are changes in the sum of non-reserve, non-ON RRP liabilities over different time periods (from January 3, 2022 to March 12, 2026). The light blue boxes represent the interquartile range of each rolling change window distribution, and the lines extending above/below this range reach the maximum/minimum values of each distribution.
Source: Board of Governors of the Federal Reserve System

Over recent years, the TGA has increased between about \$175 billion and \$400 billion during April tax season

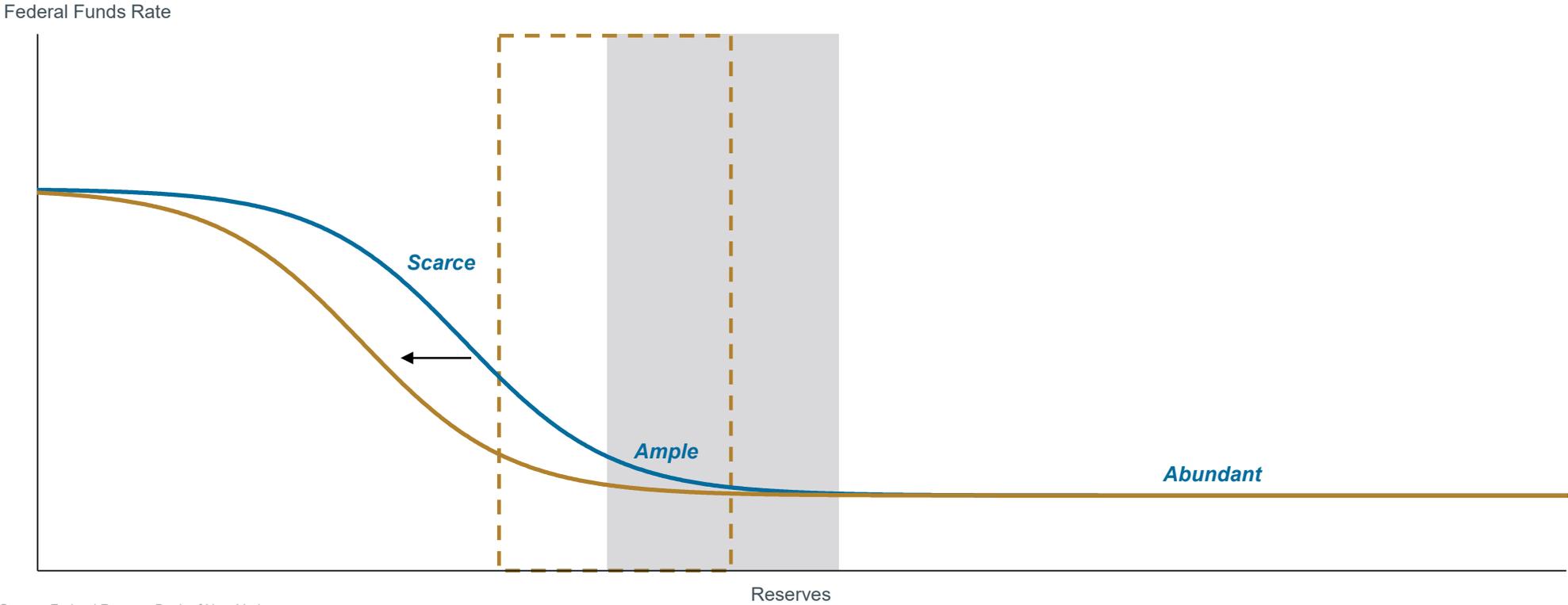
11 Cumulative Changes in TGA (Indexed to Day Before Mid-April Tax Day)



Source: Board of Governors of the Federal Reserve System

If reserve demand decreased, the quantity of reserves consistent with an ample-reserves regime would be smaller than it otherwise would be

12 Stylized Reserve Demand Curve



Source: Federal Reserve Bank of New York