



Federal Reserve Balance Sheet Developments

December 2024



Federal Reserve Balance Sheet Actions and Activities

The Federal Reserve prepares this balance sheet report to help further its commitment to transparency about actions taken in connection with two of its key functions: conducting monetary policy to meet its congressional mandate of maximum employment and price stability as well as promoting financial stability. The report contains a snapshot of Federal Reserve actions and activity in managing its balance sheet, including

- an [overview of the Federal Reserve's balance sheet trends](#);
- a review of [changes in key Federal Reserve assets](#); and
- a review of [changes in key Federal Reserve liabilities](#).

The Role of the Balance Sheet in Meeting the Federal Reserve's Monetary Policy Mandate

The Federal Reserve conducts monetary policy in accordance with its mandate from Congress: to promote maximum employment and stable prices in the U.S. economy. Because sustainably achieving maximum employment and price stability depends on a stable financial system and because smooth financial market functioning facilitates the transmission of monetary policy, the Federal Reserve monitors financial stability risks and takes appropriate actions to help ensure that financial institutions and financial markets can efficiently support the flow of credit to households, communities, and businesses. The Federal Reserve's policy actions in support of its goals may have implications for the size and composition of its balance sheet.

The Federal Reserve considers transparency about the goals, conduct, and stance of monetary policy to be fundamental to the effectiveness of monetary policy. Transparency about monetary policy also helps promote the accountability of the Federal Reserve to Congress and the public. As a result, and in accordance with the Federal Reserve Act, the Federal Reserve publishes each week the H.4.1 statistical release, "Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks."¹

¹ See the Federal Reserve's website at <https://www.federalreserve.gov/releases/h41/>.

General Balance Sheet Trends

Since the previous report, the size of the Federal Reserve's balance sheet decreased roughly \$400 billion, from about \$7.5 trillion on March 27, 2024, to about \$7.1 trillion as of September 25, 2024, as shown in [table 1](#).

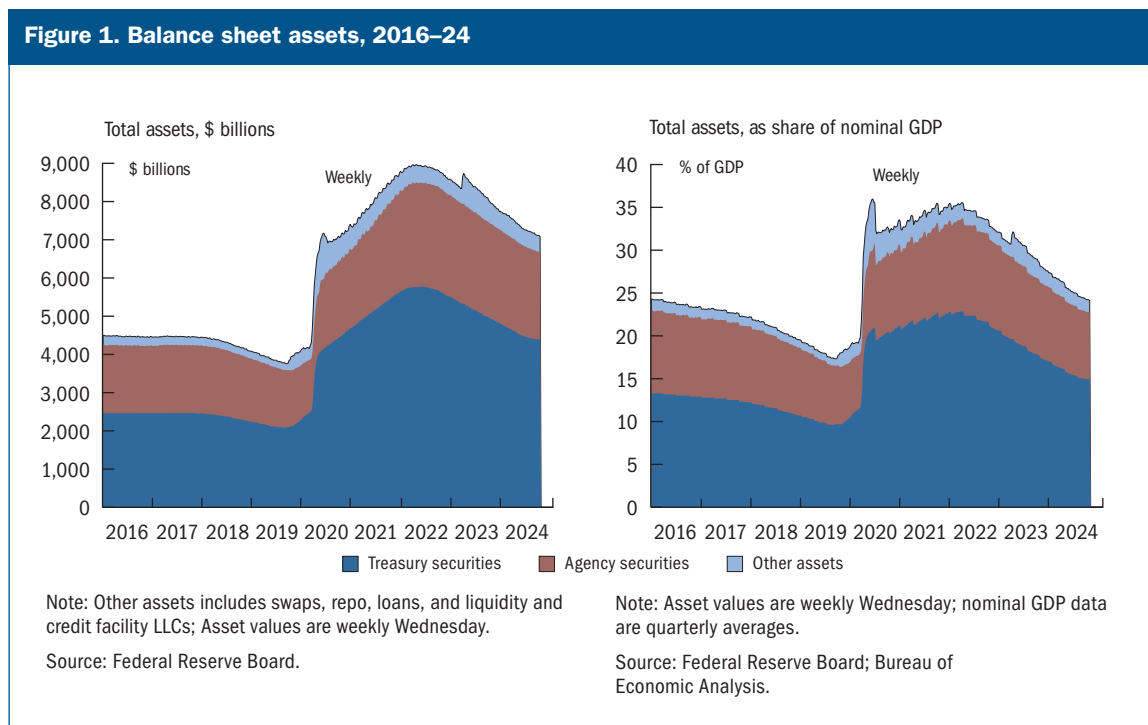
Table 1. Assets, liabilities, and capital of the Federal Reserve System			
(\$ billions)			
	September 25, 2024	March 27, 2024	Change from March 27, 2024
Total assets	7,080	7,485	-405
Securities held outright	6,669	7,009	-340
U.S. Treasury securities	4,384	4,618	-234
Federal agency debt securities	2	2	0
Agency mortgage-backed securities	2,282	2,388	-106
Repurchase agreements	0	0	0
Foreign official	0	0	0
Other	0	0	0
Loans	90	142	-52
Discount window	1	6	-5
Bank Term Funding Program	86	133	-47
Other credit extensions	0	0	0
Paycheck Protection Program Liquidity Facility	2	3	-1
Other loans	0	0	0
Net portfolio holdings of Corporate Credit Facility LLC	0	0	0
Net portfolio holdings of Main Street Facilities LLC	10	15	-5
Net portfolio holdings of Municipal Liquidity Facility LLC	0	0	0
Net portfolio holdings of Term Asset-Backed Securities Loan Facility II LLC	0	0	0
Central bank liquidity swaps	0	0	0
Other assets	311	319	-8
Total liabilities	7,037	7,442	-405
Federal Reserve notes	2,299	2,293	6
Deposits held by depository institutions other than term deposits	3,142	3,472	-330
Reverse repurchase agreements	833	873	-40
Foreign official and international accounts	417	354	63
Others	416	518	-102
U.S. Treasury, General Account	779	772	7
Treasury contributions to credit facilities	5	7	-2
Other liabilities	-21	24	-45
Total capital	43	43	0
Note: Components may not sum to totals because of rounding.			
Source: Federal Reserve Board.			

On the asset side of the Federal Reserve’s balance sheet, securities held outright continued to decline, consistent with the Federal Open Market Committee’s (FOMC’s) “Plans for Reducing the Size of the Federal Reserve’s Balance Sheet” announced at its May 2022 policy meeting.² In addition, loans made by the Federal Reserve decreased on net.

On the liability side of the Federal Reserve’s balance sheet, take-up at the Federal Reserve’s overnight reverse repurchase agreement (ON RRP) facility decreased slightly, while reserve balances declined moderately on net.

Changes in Federal Reserve Assets

As shown in [figure 1](#), total assets on the Federal Reserve’s balance sheet declined \$405 billion over the past two quarters, to stand at \$7.1 trillion, or 24 percent of nominal gross domestic

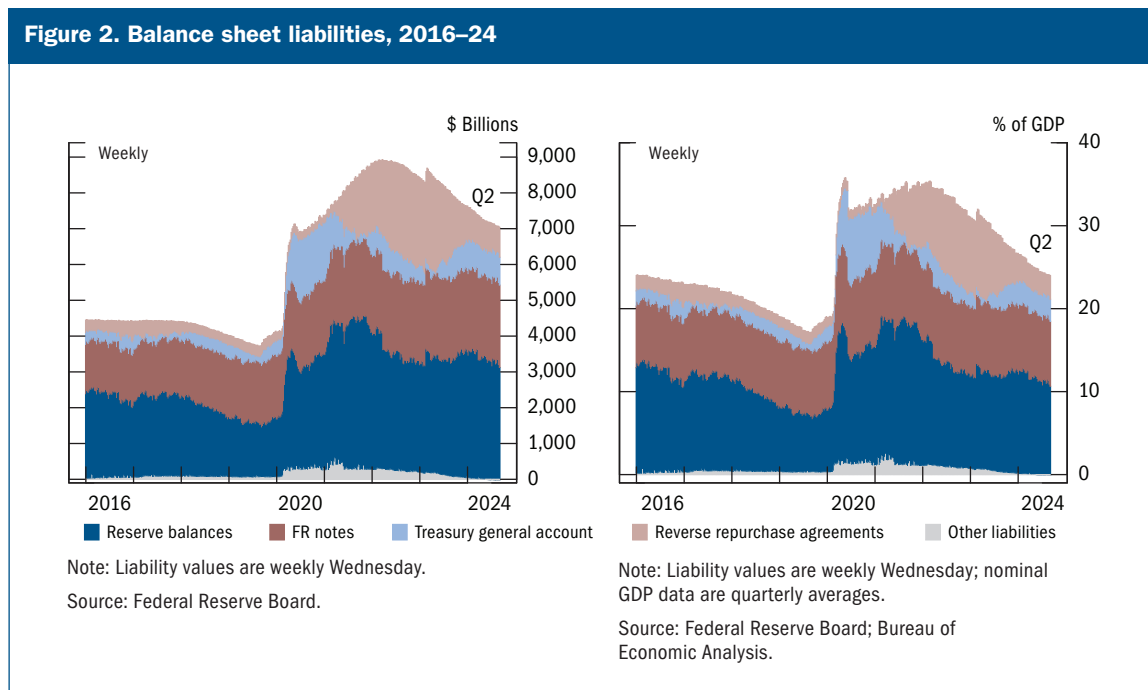


² See Board of Governors of the Federal Reserve System, “Plans for Reducing the Size of the Federal Reserve’s Balance Sheet,” news release, May 4, 2022, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220504b.htm>. Starting on June 1, 2024, the Federal Reserve slowed the pace of decline of its securities holdings. See Board of Governors of the Federal Reserve System, “Federal Reserve Issues FOMC Statement,” news release, May 1, 2024, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20240501a.htm>.

product (GDP), as of September 25, 2024. Securities held outright fell \$340 billion, mostly reflecting runoff of Treasury securities and to a lesser extent agency mortgage-backed securities. The Federal Reserve’s securities holdings have declined by about \$1.8 trillion since the beginning of balance sheet runoff in June 2022. Loans also declined on net since the previous report, as \$47 billion in Bank Term Funding Program (BTFP) loans were repaid and discount window lending declined slightly.³ The remaining BTFP loans will mature by March 11, 2025.⁴

Changes in Federal Reserve Liabilities

As shown in [figure 2](#), the Federal Reserve’s liabilities decreased \$405 billion since March 2024 to a total of \$7.0 trillion as of September 25, 2024. Take-up at the ON RRP facility fell \$102 billion,



³ The BTFP was established under section 13(3) of the Federal Reserve Act on March 12, 2023, to support American businesses and households by making additional funding available to eligible depository institutions to help assure banks have the ability to meet the needs of all their depositors. See Board of Governors of the Federal Reserve System, “Federal Reserve Board Announces It Will Make Available Additional Funding to Eligible Depository Institutions to Help Assure Banks Have the Ability to Meet the Needs of All Their Depositors,” news release, March 12, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230312a.htm>.

⁴ Board of Governors of the Federal Reserve System, “Federal Reserve Board Announces the Bank Term Funding Program (BTFP) Will Cease Making New Loans as Scheduled on March 11,” news release, January 24, 2024, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20240124a.htm>.

reflecting greater availability of higher-yielding alternative money market instruments such as Treasury bills and repurchase agreements (repos), while balances in the Treasury General Account rose \$7 billion. Reserve balances fell by \$330 billion on net.

Consolidated net income across the Federal Reserve System remained negative on net since March 2024, mainly driven by interest expenses.⁵ As of September 25, 2024, the Federal Reserve System reported a consolidated deferred asset of \$200 billion in connection with accumulated negative net income.⁶ Negative net income, and the corresponding creation of a deferred asset, do not affect the Federal Reserve's ability to conduct monetary policy or meet its financial obligations.

⁵ Negative net income appears in the H.4.1 statistical release in table 6 as a negative entry in "Earnings remittances due to the U.S. Treasury" for each individual Federal Reserve Bank. The sum of these entries across Reserve Banks reflects the consolidated net income of the Federal Reserve; see <https://www.federalreserve.gov/releases/h41/>.

⁶ Weekly remittances to the Treasury were made for the week of September 25, 2024, as net income at one Federal Reserve Bank was positive.