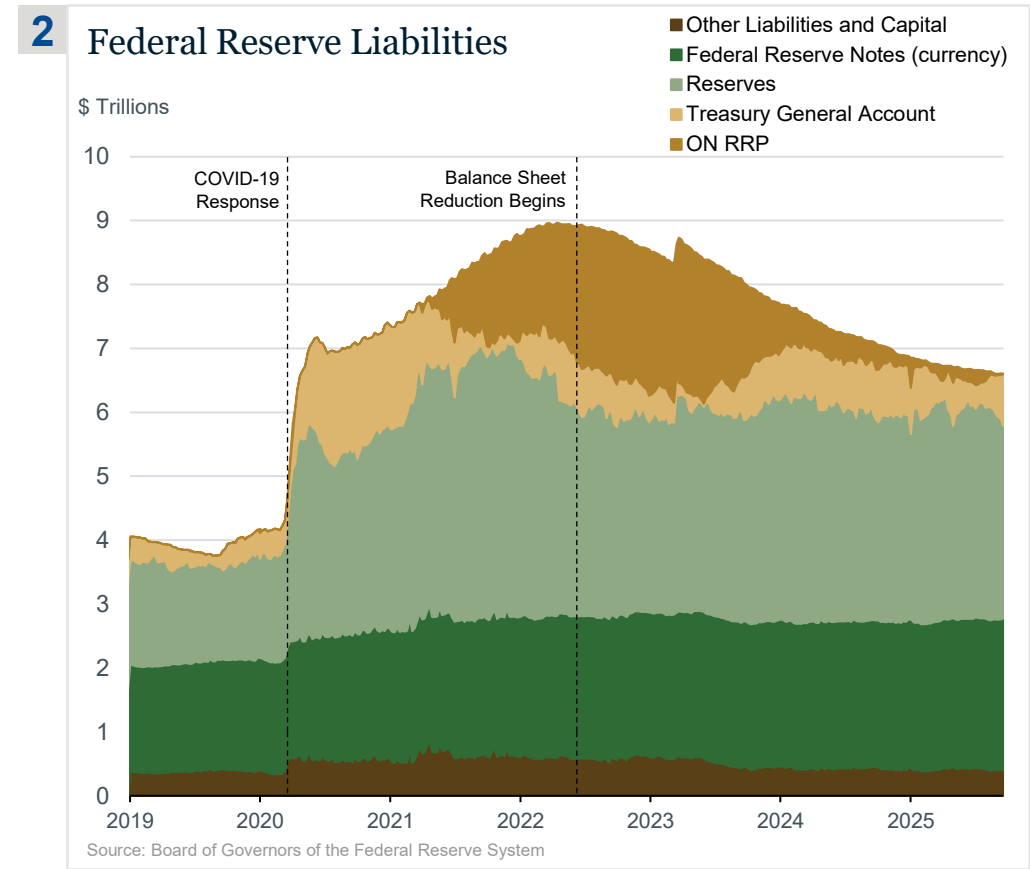
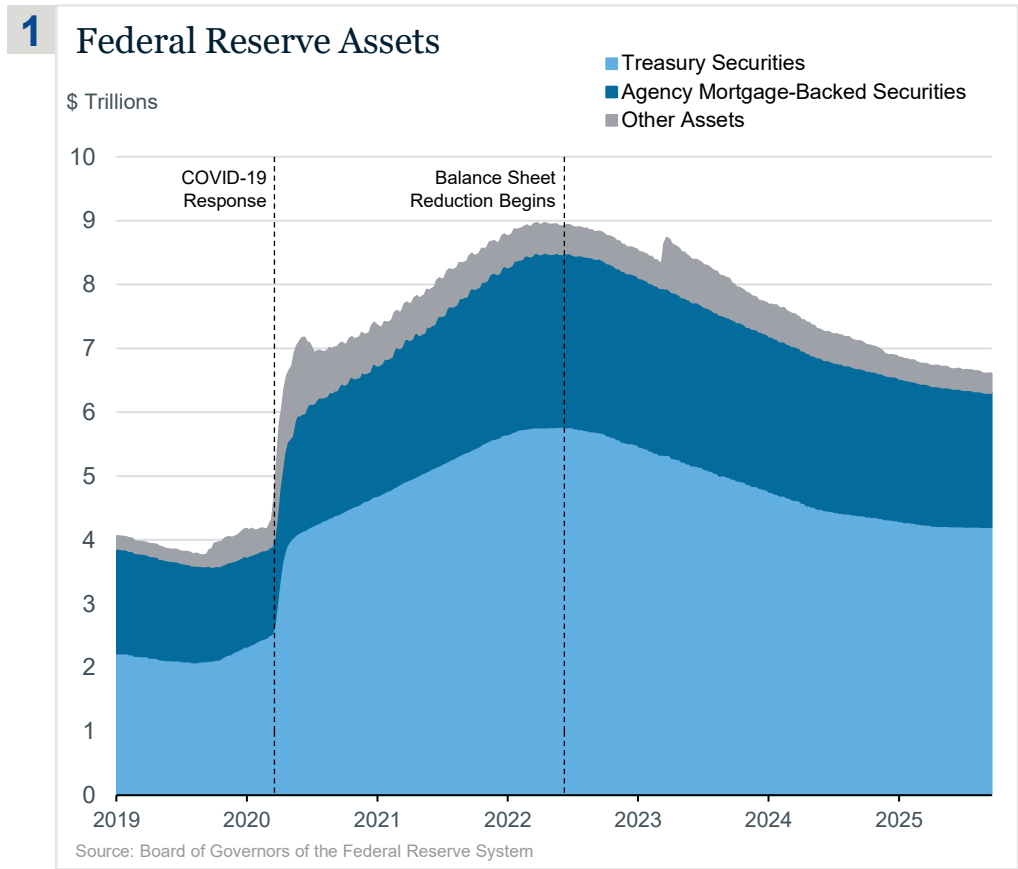


Balance Sheet Reduction and Ample Reserves

Julie Remache, Deputy SOMA Manager
Annual Primary Dealer Meeting
September 29, 2025

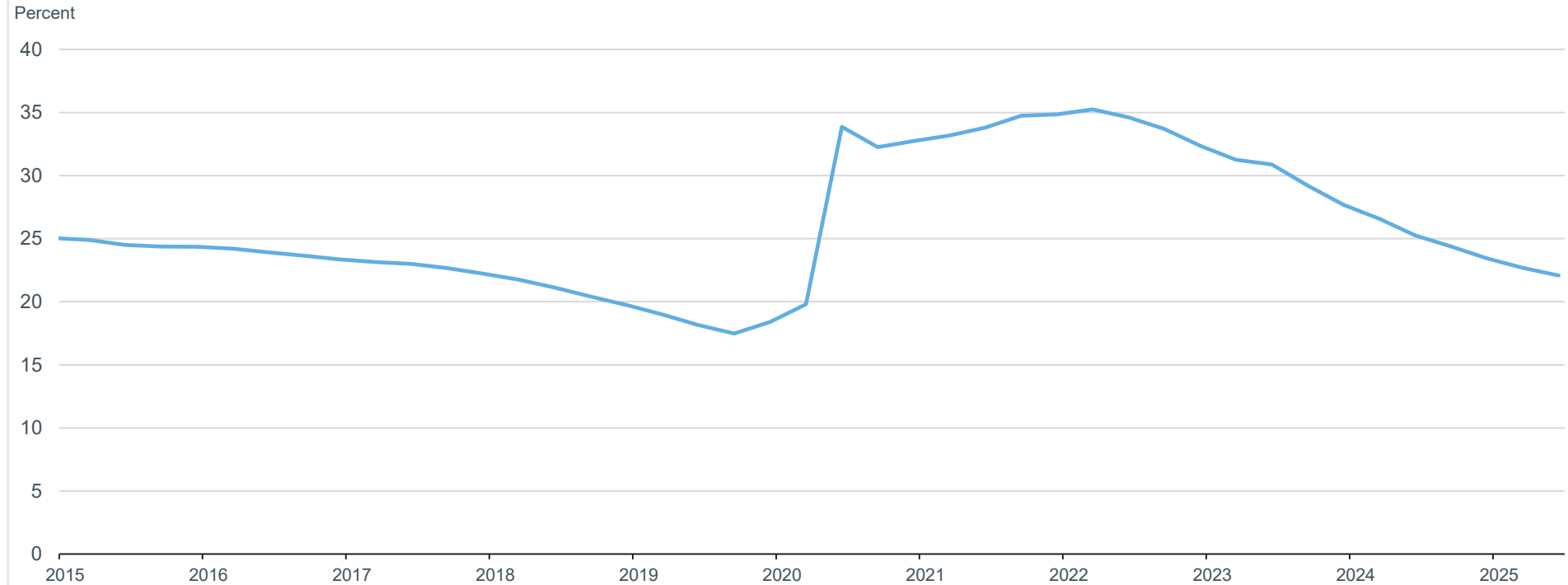


The Fed added assets post-pandemic to support the economy and smooth functioning of markets; reserves and ON RRP consequently increased



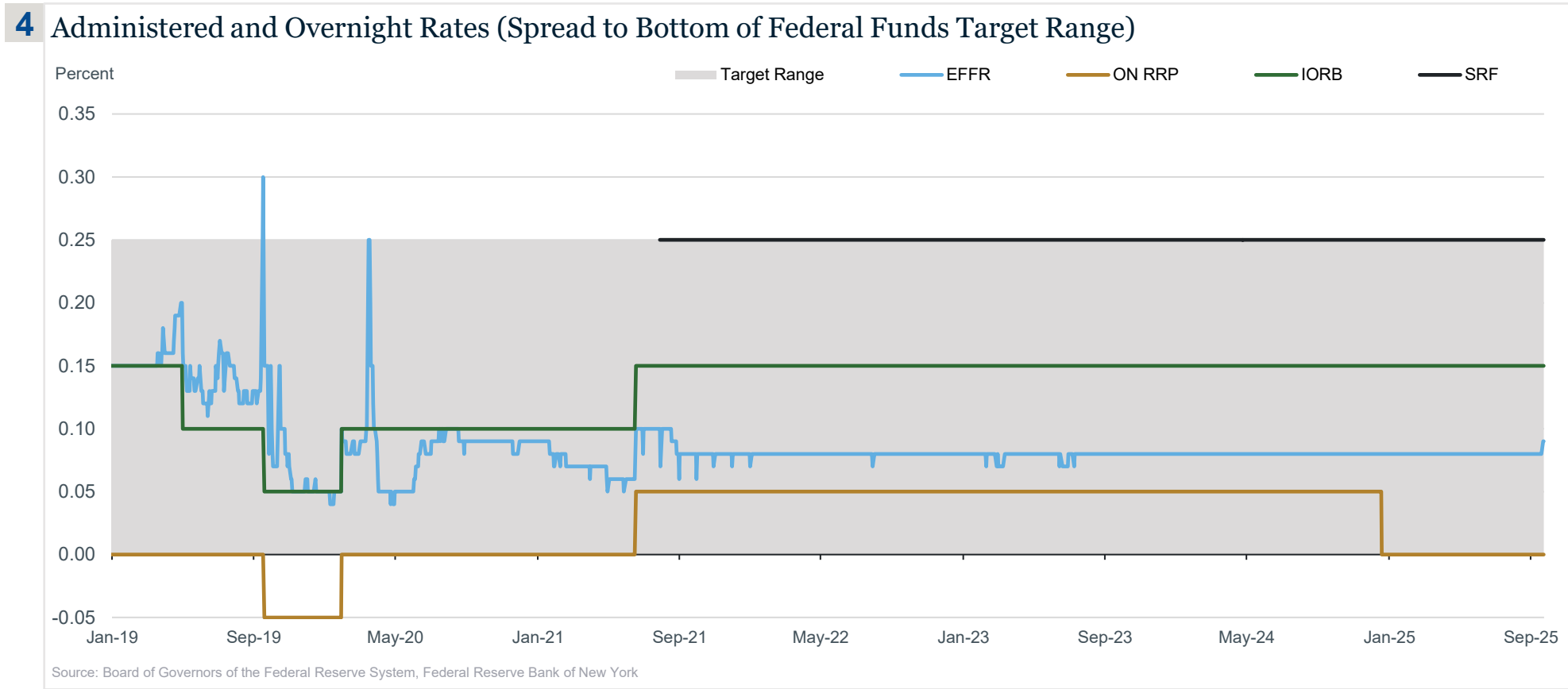
The balance sheet, as a share of GDP, is close to its pre-pandemic level

3 Federal Reserve Balance Sheet as a Share of GDP



Note: Calculated as quarterly averages of weekly Federal Reserve assets/liabilities divided by quarterly seasonally adjusted annualized nominal GDP.
Source: Board of Governors of the Federal Reserve System, Bureau of Economic Analysis

The Fed's implementation framework, based on an ample supply of reserves, has been very effective for controlling the federal funds rate



When reserves fell below an ample level in September 2019, money market rates spiked upward

