

The Fed was able to lower longer term rates by becoming a buyer of longer term maturities. Given the COVID crises resulting; job losses in a free fall, it made sense for the Fed to take this monetary action. In doing so, the Fed's balance sheet has materially increased. In Dec 2021 it has sent signals that it will decrease purchases---this will have upward pressure on interest rates

## TO NEARLY \$9 TRILLION

The Federal Reserve balance sheet is comprised of the central bank's assets and liabilities, such as government loans extended to regional banks and U.S. currency in circulation.



SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM • SHADED AREAS INDICATE U.S. RECESSIONS  
PHOTO: GETTY IMAGES

**yahoo!**  
finance