

**FOR IMMEDIATE RELEASE**

**Statement Regarding Purchases of Treasury Securities**

On November 3, 2010, the Federal Open Market Committee (FOMC) decided to expand the Federal Reserve's holdings of securities in the System Open Market Account (SOMA) to promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate. In particular, the FOMC directed the Open Market Trading Desk (the Desk) at the Federal Reserve Bank of New York to purchase an additional \$600 billion of longer-term Treasury securities by the end of the second quarter of 2011.

The FOMC also directed the Desk to continue to reinvest principal payments from agency debt and agency mortgage-backed securities into longer-term Treasury securities. Based on current estimates, the Desk expects to reinvest \$250 to \$300 billion over the same period, though the realized amount of reinvestment will depend on the evolution of actual principal payments.

Taken together, the Desk anticipates conducting \$850 to \$900 billion of purchases of longer-term Treasury securities through the end of the second quarter. This would result in an average purchase pace of roughly \$110 billion per month, representing about \$75 billion per month associated with additional purchases and roughly \$35 billion per month associated with reinvestment purchases.

The Desk plans to distribute these purchases across the following eight maturity sectors based on the approximate weights below:

Nominal Coupon Securities by Maturity Range*							TIPS**
1½ - 2½ Years	2½ - 4 Years	4 - 5½ Years	5½ - 7 Years	7 - 10 Years	10 - 17 Years	17 - 30 Years	1½ - 30 Years
5%	20%	20%	23%	23%	2%	4%	3%

\*The on-the-run 7-year note will be considered part of the 5½- to 7-year sector, and the on-the-run 10-year note will be considered part of the 7- to 10-year sector.

\*\*TIPS weights are based on unadjusted par amounts.

Under this distribution, the Desk anticipates that the assets purchased will have an average duration of between 5 and 6 years. The distribution of purchases could change if market conditions warrant, but such changes would be designed to not significantly alter the average duration of the assets purchased.

To provide operational flexibility and to ensure that it is able to purchase the most attractive securities on a relative-value basis, the Desk is temporarily relaxing the 35 percent per-issue limit on SOMA holdings under which it has been operating. However, SOMA holdings of an individual security will be allowed to rise above the 35 percent threshold only in modest increments.

Purchases associated with balance sheet expansion and those associated with principal reinvestments will be consolidated into one set of operations to be announced under the current monthly cycle. On or around the eighth business day of each month, the Desk will publish a tentative schedule of purchase operations expected to take place through the middle of the following month, as well as the anticipated total amount of purchases to be conducted over that period. The schedule will include a list of operation dates, settlement dates, security types to be purchased (nominal coupons or TIPS), the maturity date range of eligible issues, and an expected range for the size of each operation.

The Desk expects to conduct the November 4 and November 8 purchase operations that were announced on October 13, and it plans to publish its first consolidated monthly schedule on November 10 at 2:00 p.m.

Purchases will be conducted with the Federal Reserve's primary dealers through a series of competitive auctions operated through the Desk's FedTrade system. Consistent with current practices, the results of each operation will be published on the Federal Reserve Bank of New York's website shortly after each purchase operation has concluded. In order to ensure the transparency of our purchase operations, the Desk will also begin to publish information on the prices paid in individual operations at the end of each monthly calendar period, coinciding with the release of the next period's schedule.

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