

THE FEDERAL RESERVE SYSTEM

Date: January 17, 2019
To: Federal Open Market Committee
From: Thomas Laubach and Simon Potter
Subject: Memo on Balance Sheet Normalization Options

As background for the discussion at the upcoming FOMC meeting, attached is a staff memo that describes options the Committee could consider to provide greater clarity about its plans for the likely evolution of the balance sheet. All of the options involve specifying a date for the end of the reduction in the size of the balance sheet. In addition, the options provide some additional information about the likely evolution of the size and composition of the balance sheet thereafter. We'll be sending along a companion document tomorrow that includes a draft set of bullets that could form the basis for further communications about the FOMC's balance sheet normalization plans.