



Federal Reserve Balance Sheet Developments

May 2026



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.

In accordance with the Federal Reserve Act, each week the Federal Reserve publishes the H.4.1 statistical release, "Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks."¹ Additionally, each year the Federal Reserve publishes its audited financial statements, "Federal Reserve Banks Combined Financial Statements," and its "Annual Report of the Board of Governors of the Federal Reserve System."²

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

² See the Federal Reserve's website at <https://www.federalreserve.gov/aboutthefed/audited-annual-financial-statements.htm> and <https://www.federalreserve.gov/publications/annual-report.htm>.

General Balance Sheet Trends

Since the previous report, the size of the Federal Reserve's balance sheet increased \$49 billion, from about \$6.6 trillion on September 24, 2025, to about \$6.7 trillion as of March 25, 2026, as shown in [table 1](#).

On the asset side of the Federal Reserve's balance sheet, securities held outright increased, consistent with the Federal Open Market Committee's (FOMC's) decision announced at its December 2025 policy meeting to begin reserve management purchases to maintain an ample supply of reserves on an ongoing basis.³

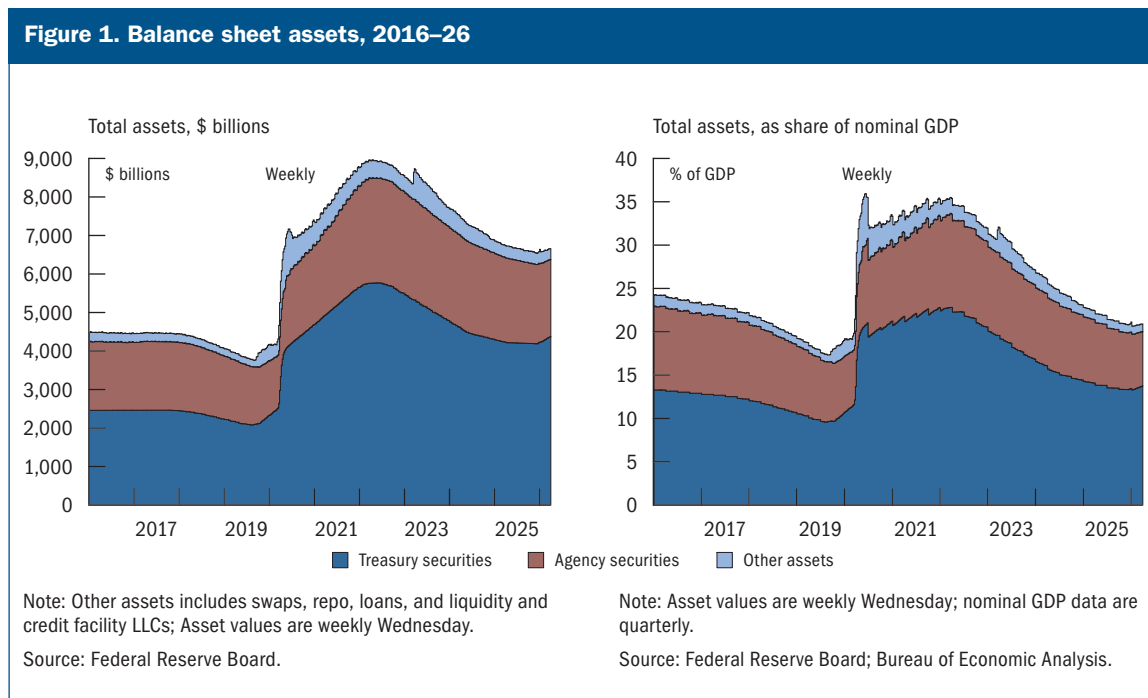
Table 1. Assets, liabilities, and capital of the Federal Reserve System			
(\$ billions)			
	March 25, 2026	September 24, 2025	Change from September 24, 2025
Total assets	6,657	6,608	49
Securities held outright	6,374	6,303	71
U.S. Treasury securities	4,375	4,201	174
Federal agency debt securities	2	2	0
Agency mortgage-backed securities	1,997	2,099	-102
Repurchase agreements	0	0	0
Foreign official	0	0	0
Other	0	0	0
Loans	5	9	-4
Discount window	5	8	-3
Paycheck Protection Program Liquidity Facility	0	1	-1
Other credit extensions	0	0	0
Net portfolio holdings of Main Street Facilities LLC	1	4	-3
Central bank liquidity swaps	0	0	0
Other assets	276	293	-17
Total liabilities	6,611	6,563	48
Federal Reserve notes	2,395	2,359	36
Deposits held by depository institutions other than term deposits	3,036	3,000	36
Reverse repurchase agreements	334	409	-75
Foreign official and international accounts	333	380	-47
Others	1	29	-28
U.S. Treasury, General Account	837	758	79
Treasury contributions to credit facilities	1	2	-1
Other liabilities	7	34	-27
Total capital	46	46	0
Note: Components may not sum to totals because of rounding.			
Source: Federal Reserve Board.			

³ See Board of Governors of the Federal Reserve System, "Federal Reserve issues FOMC statement," news release, December 10, 2025, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20251210a.htm>.

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, while balances in the U.S. Treasury’s General Account increased. Reserve balances increased on net.

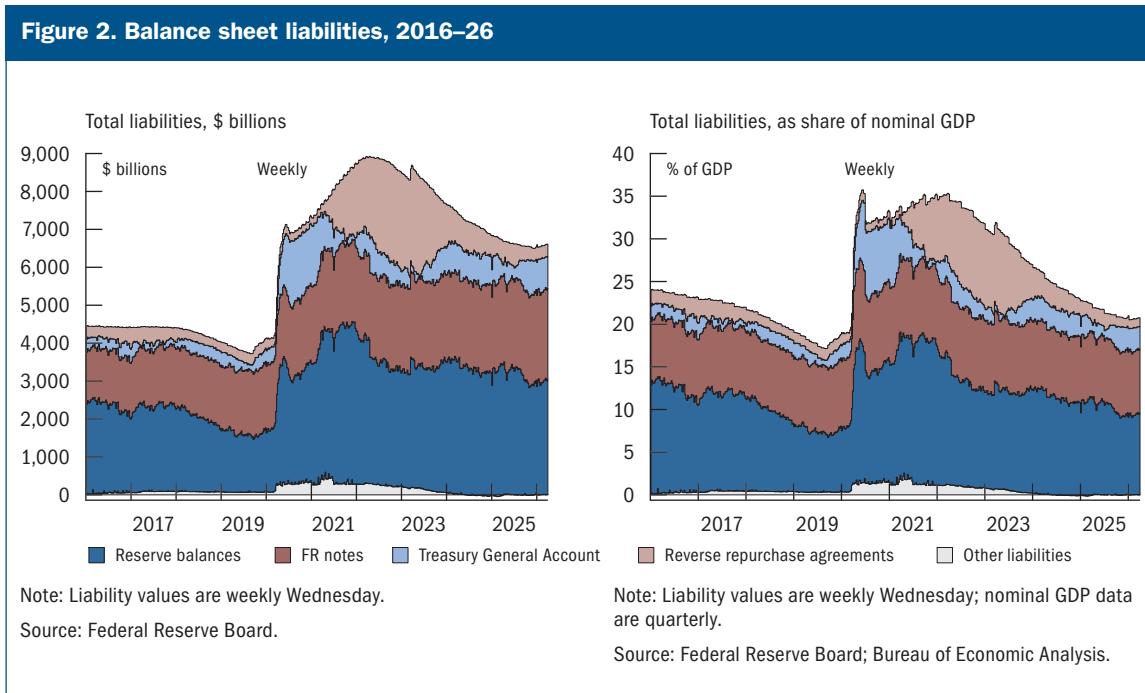
Changes in Federal Reserve Assets

As shown in [figure 1](#), total assets on the Federal Reserve’s balance sheet increased \$49 billion over the past two quarters, to stand at \$6.7 trillion, or 21 percent of nominal gross domestic product (GDP), as of March 25, 2026. Securities held outright rose \$71 billion, reflecting an increase in Treasury securities, partially offset by a decline in agency mortgage-backed securities, as reserve management purchases commenced under the FOMC’s plan to maintain an ample supply of reserves on an ongoing basis.



Changes in Federal Reserve Liabilities

As shown in [figure 2](#), the Federal Reserve’s liabilities increased \$48 billion since September 2025 to a total of \$6.6 trillion as of March 25, 2026. Take-up at the ON RRP facility fell \$28 billion, reaching very close to zero, reflecting the availability of higher-yielding alternative money market instruments such as Treasury bills and repurchase agreements (repos). Balances in the Treasury General Account grew \$79 billion and Federal Reserve notes (currency) increased by \$36 billion. These changes, along with the increase in security holdings, contributed to a \$36 billion net increase in reserve balances.



Consolidated net income across the Federal Reserve System remained negative on net since September 2025.⁴ As of March 25, 2026, the Federal Reserve System reported a consolidated deferred asset of \$244 billion in connection with accumulated negative net income.⁵ 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.

⁴ 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/>.

⁵ Weekly remittances to the Treasury were made for the week of March 25, 2026, as net income at three Federal Reserve Banks was positive.

Box 1: FOMC Initiates Reserve Management Purchases

Between June 1, 2022, and October 31, 2025, the Federal Reserve's securities holdings declined by \$2.2 trillion under the FOMC's "Plans for Reducing the Size of the Federal Reserve's Balance Sheet" (Plans) announced in May 2022.¹

On December 10, 2025, the FOMC announced that it judged that reserve balances had declined to ample levels, and it would initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis. These actions are consistent with the FOMC's Plans, which indicated that after the Committee judges that reserve balances are at an ample level, the Committee will manage securities holdings as needed to maintain ample reserves over time. The FOMC directed that the reserve management purchases will be sized to accommodate projected trend growth in the demand for Federal Reserve liabilities as well as seasonal fluctuations, such as those driven by tax payment dates. Purchase amounts will be adjusted as appropriate based on the outlook for reserve supply and market conditions.²

¹ 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>.

² See Federal Reserve Bank of New York, "Statement Regarding Reserve Management Purchases Operations," operating policy, December 10, 2025, https://www.newyorkfed.org/markets/opolicy/operating_policy_251210a.