

FEDERAL RESERVE BANK of NEW YORK *Serving the Second District and the Nation*

OPERATING POLICY

Statement Regarding Treasury Reserve Management Purchases and Repurchase Operations

March 12, 2020

The Open Market Trading Desk (the Desk) at the Federal Reserve Bank of New York has released a new monthly schedule of Treasury securities operations and has updated the current monthly schedule of repurchase agreement (repo) operations. Pursuant to instruction from the Chair in consultation with the FOMC, adjustments have been made to these schedules to address temporary disruptions in Treasury financing markets. The Treasury securities operation schedule includes a change in the maturity composition of purchases to support functioning in the market for U.S. Treasury securities. Term repo operations in large size have been added to enhance functioning of secured U.S. dollar funding markets.

- As a part of its \$60 billion reserve management purchases for the monthly period beginning March 13, 2020 and continuing through April 13, 2020, the Desk will conduct purchases across a range of maturities to roughly match the maturity composition of Treasury securities outstanding. Specifically, the Desk plans to distribute reserve management purchases across eleven sectors, including nominal coupons, bills, Treasury Inflation-Protected Securities, and Floating Rate Notes. The distribution of purchases across sectors will be the same distribution as the Desk uses to reinvest principal payments from the Federal Reserve's holdings of agency debt and agency MBS in Treasury securities. The first such purchases will begin tomorrow, March 13, 2020.
- Today, March 12, 2020, the Desk will offer \$500 billion in a three-month repo operation at 1:30 pm ET that will settle on March 13, 2020. Tomorrow, the Desk will further offer \$500 billion in a three-month repo operation and \$500 billion in a one-month repo operation for same day settlement. Three-month and one-month repo operations for \$500 billion will be offered on a weekly basis for the remainder of the monthly schedule. The Desk will continue to offer at least \$175 billion in daily overnight repo operations and at least \$45 billion in two-week term repo operations twice per week over this period.

These changes are being made to address highly unusual disruptions in Treasury financing markets associated with the coronavirus outbreak. Reserve management purchases into the second quarter will continue to be conducted with this maturity allocation. The terms of operations will be adjusted as needed to foster smooth Treasury market functioning and efficient and effective policy implementation.

Detailed information on the schedule of Treasury purchases is provided on the [Treasury Securities Operational Details page](#). Detailed information on the schedule and parameters of term and overnight repo operations are provided on the [Repurchase Agreement Operational Details page](#).
