United States: the first effects of monetary policy measures on bank balance sheets

The measures taken by the US Federal Reserve (Fed) since 15 March have already had a major impact on the balance sheets of commercial banks resident in the United States*. Their reserves held at the Central Bank have considerably increased following their role as intermediaries for the Fed's securities purchases, emergency loans and liquidity swaps. As in 2008-2014, the Fed's quantitative easing policy has also created a disconnect between growth in loans and growth in deposits on banks' balance sheets. Since most of the Fed's securities purchases have been from non-bank agents, customer deposits have grown more quickly than loans. Finally, as in 2008, a large proportion of dollar liquidity lent by the Fed to foreign central banks, then distributed to non-resident banks, has eventually been re-lent to resident banks, as shown by the increase in their net debts to affiliated entities located abroad (parent companies, subsidiaries or branches).

* US banks and the US subsidiaries and branches of foreign banks.