

FEDERAL RESERVE SET TO BUY \$300 BILLION MORE TREASURIES



Federal Reserve is going to buy massive amounts of long-term Treasuries of about \$300 billion next year. It's size is half of QE2 even if QE3 never takes place. The effort of Fed to pump \$600 billion into the economy over the last eight months comes to an end. The program Quantitative easing or QE2. The central bank was an active buyer of Treasuries. Fed purchased \$250 billion in long-term Treasuries August because of reinvesting the principal from other securities that matured. Fed keeps reinvesting continue to be a very big buyer of bonds. Kim Rupert, managing director of fixed income for Action Economics told about Fed being a major buyer of Treasuries, and giving the market some support. Rupert told about her expectation of bond yields to rise even with the Fed's continued purchases and investors' flight to quality will unwind those positions. The interest rates 'll lift as the economic outlook improves. The Fed still holds about \$1 trillion in mortgage-backed securities, government-sponsored firms Fannie Mae and Freddie Mac. Also from long-term bonds on its balance sheet. Fed has its disposal to roll over into new bond purchases. It's about to stop reinvesting the principal of maturing securities having the same effect of actually raising interest rates. Fed policymakers worried about the impact of buying bond has had on the dollar and inflation the bond. The central bank issued about the gloomier forecast for growth and unemployment at the end of 2012. David Coard, director of fixed income sales and trading for The Williams Capital Group told about the economy is not going gangbusters and it's not a self-sustaining recovery yet. Read the full article here: [Fed set to buy \\$300B more Treasuries](#)

<https://blog.granted.com/>