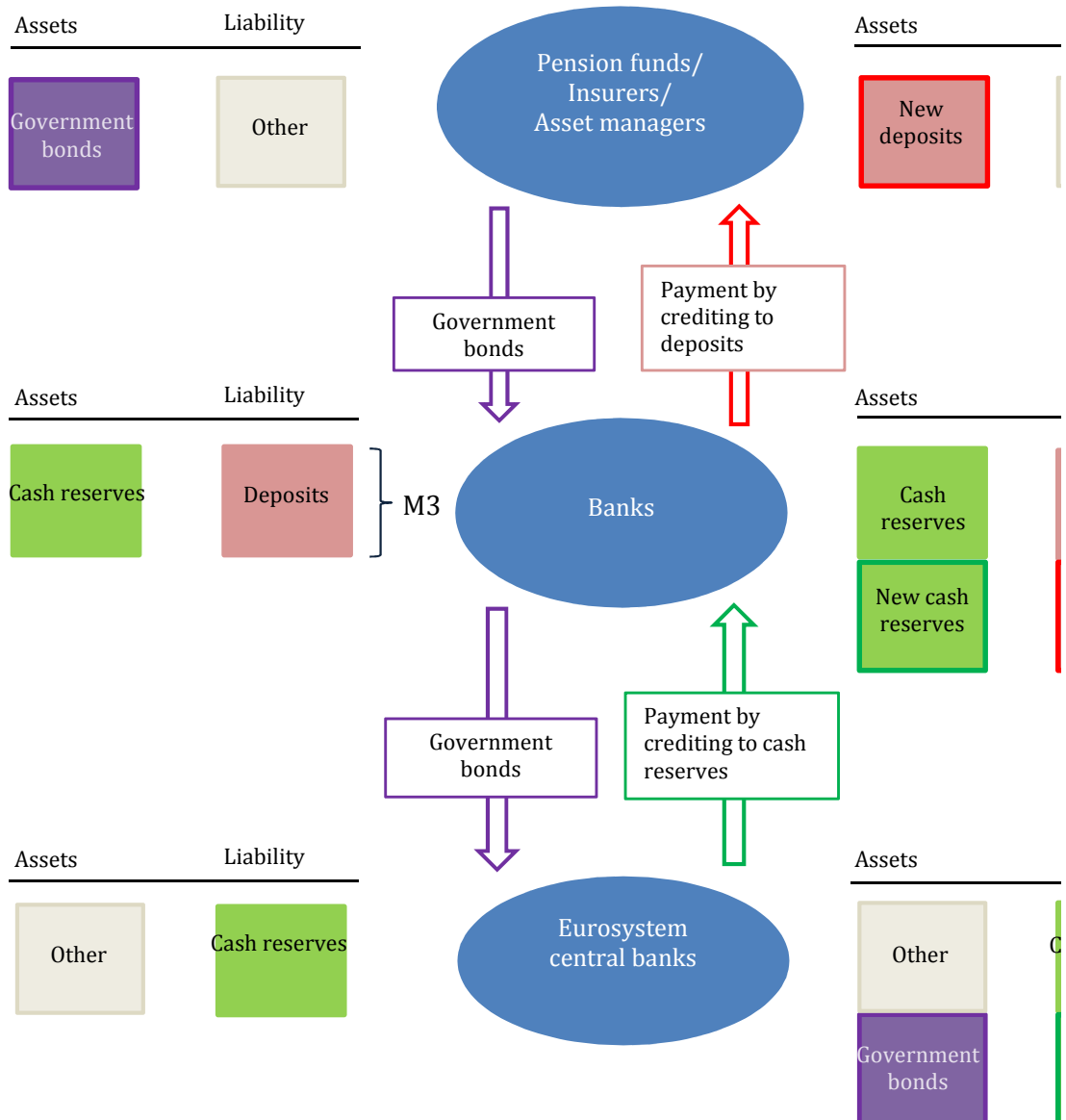


The impact of quantitative easing on balance sheets

Before purchase of government bonds

After purchase of government bonds



This is a simplified representation of the balance sheets in order to clarify the process. In reality these institutions have many other assets and liabilities. This figure only shows those assets and liabilities that are relevant to QE transactions. The size of the assets and liabilities and the transactions in this figure do not correspond to their actual size.

ment bonds

Liability

Other

Liability

Deposits

New
deposits

} M3

Liability

Cash reserves

New cash
reserves
