

Macro Roundup Article

Headline: [The Recent Rise in Discount Window Borrowing](#)

Article Link: <https://libertystreeteconomics.newyorkfed.org/2023/01/the-recent-rise-in-discount-window-borrowing/>

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Publication	Reserve Bank of New York
Publication Date	January 18, 2023

Tweet: 2022 saw an uptick in banks accessing the Fed's discount window, likely driven by declining reserve balances in the banking system. @NewYorkFed

Summary: The notable decline in the total level of reserves in the banking system this year may have been an important factor for the rise in DW [discount window] borrowing. Indeed, as the Fed has gradually shrunk its balance sheet, the cash balances of smaller institutions, particularly those with total assets less than \$10 billion, have in aggregate declined sharply relative to their asset size, reducing their liquidity positions. Smaller banks are generally more willing to come to the DW than their larger counterparts, as they are usually not publicly traded companies and are less subject to public scrutiny. Banks smaller than \$3 billion in assets on average visited the DW twice as much as other banks in 2019, just prior to the pandemic.

Primary Topic: Banking

Topics: Banking, Factoid, Monetary Policy, Op-Ed/Blog Post, Sell-by Date

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