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Fed begins quantitative tightening on unprecedented scale

US central bank's move to reduce \$9tn balance sheet comes alongside steep rate rises to tackle persistent inflation

Kate Duguid in New York, Colby Smith in Washington, Tommy Stubbington in London JUNE 14 2022

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The mammoth task of shrinking the Federal Reserve's \$9tn balance sheet has finally begun.

On Wednesday, the US central bank will stop pumping the proceeds of an initial \$15bn of maturing [Treasuries](#) back into the \$23tn market for US government debt, the first time it has done so since it kicked off its bond-buying programme in the early days of the coronavirus pandemic.

"The Fed has been a big buyer and a big stabilising influence in the markets for a couple of years," said Rick Rieder, chief investment officer for fixed income at BlackRock.

"Losing that, with the uncertainty around inflation and growth, means that volatility in the rates market is going to be high, much higher than we witnessed over the last couple of years," he added.