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Fed Assets Increase to \$2.45 Trillion on Treasury Purchases
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By Joshua Zumbrun

Jan. 27 (Bloomberg) -- The Federal Reserve's total assets rose by \$18.5 billion to \$2.45 trillion as the central bank bought Treasury securities as part of the second round of its quantitative easing strategy.

Treasuries held by the Fed rose by \$34.9 billion to \$1.11 trillion as of yesterday, according to a weekly release by the central bank today. Mortgage-backed securities held by the Fed fell by \$15.1 billion to \$965.1 billion, while holdings of federal agency debt fell by \$1.26 billion to \$144.6 billion in the week ended Jan. 26.

The central bank has purchased \$266.5 billion in Treasuries since Nov. 12 under plans to purchase \$600 billion of government debt through June and reinvest proceeds from maturing mortgage debt. The program represents the Fed's second round of unconventional monetary easing aimed at spurring economic growth and preventing inflation from falling too low.

M2 money supply rose by \$46.6 billion in the week ended Jan. 17, the Fed said. That left M2 growing at an annual rate of 3.5 percent for the past 52 weeks, below the target of 5 percent the Fed once set for maximum growth. The Fed no longer has a formal target.

The Fed reports two measures of the money supply each week. M1 includes all currency held by consumers and companies for spending, money held in checking accounts and travelers checks. M2, the more widely followed, adds savings and private holdings in money market.

M1 increased \$30.3 billion, and over the past 52 weeks M1 rose 8.1 percent, according to the central bank. The Fed no longer publishes figures for M3.

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