

Board of Governors of the Federal Reserve System

Open Market Operations

Open market operations (OMOs)--the purchase and sale of securities in the open market by a central bank--are a key tool used by the Federal Reserve in the implementation of monetary policy. The short-term objective for open market operations is specified by the [Federal Open Market Committee](#) (FOMC). Before the global financial crisis, the Federal Reserve used OMOs to adjust the supply of reserve balances so as to keep the federal funds rate--the interest rate at which depository institutions lend reserve balances to other depository institutions overnight--around the target established by the FOMC.

The Federal Reserve's approach to the implementation of monetary policy has evolved considerably since the financial crisis, and particularly so since late 2008 when the FOMC established a near-zero target range for the federal funds rate. From the end of 2008 through October 2014, the Federal Reserve greatly expanded its holding of longer-term securities through open market purchases with the goal of putting downward pressure on longer-term interest rates and thus supporting economic activity and job creation by making financial conditions more accommodative.

During the policy normalization process that commenced in December 2015, the Federal Reserve will use overnight reverse repurchase agreements (ON RRP)--a type of OMO--as a supplementary policy tool, as necessary, to help control the federal funds rate and keep it in the target range set by the FOMC.

For additional information, see: http://www.federalreserve.gov/monetarypolicy/bst_openmarketops.htm

The Federal Reserve Bank of New York publishes a detailed explanation of OMOs each year in its [Annual Report](#). For a description of open market operations during the 1990s, see the [article](#) in the Federal Reserve Bulletin (102 KB PDF).

For additional information on how the Federal Reserve will use ON RRP during the policy normalization process, see: <http://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm>

FOMC's target federal funds rate or range, change (basis points) and level

[2016](#) | [2015](#) | [2008](#) | [2007](#) | [2006](#) | [2005](#) | [2004](#) | [2003](#) | [Historical Archive](#)

2016

Date	Increase	Decrease	Level (%)
December 15 25	0		0.50-0.75

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2015

Date	Increase	Decrease	Level (%)
December 17	25	0	0.25-0.50

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2008

Date	Increase	Decrease	Level (%)
December 16	...	75-100	0-0.25
October 29	...	50	1.00
October 8	...	50	1.50
April 30	...	25	2.00
March 18	...	75	2.25
January 30	...	50	3.00
January 22	...	75	3.50

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2007

Date	Increase	Decrease	Level (%)
December 11	...	25	4.25
October 31	...	25	4.50
September 18	...	50	4.75

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2006

Date	Increase	Decrease	Level (%)
June 29	25	...	5.25
May 10	25	...	5.00
March 28	25	...	4.75
January 31	25	...	4.50

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2005

Date	Increase	Decrease	Level (%)
December 13	25	...	4.25
November 1	25	...	4.00
September 20	25	...	3.75
August 9	25	...	3.50
June 30	25	...	3.25
May 3	25	...	3.00
March 22	25	...	2.75
February 2	25	...	2.50

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2004

Date	Increase	Decrease	Level (%)
December 14	25	...	2.25
November 10	25	...	2.00
September 21	25	...	1.75
August 10	25	...	1.50
June 30	25	...	1.25

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2003

Date	Increase	Decrease	Level (%)
June 25	...	25	1.00

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Basis points: 1/100 percentage point [Return to Text](#)