

Who Benefits From the Fed?

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We recently looked at the Federal Reserve's 2012 results. In particular, we pointed to some positive and negative developments. On a positive note, the Fed managed to shrink down the size of its balance sheet by approximately one-third of a percent. (Hey, it's a start.) On a negative note, this decrease occurred because banks shifted their holdings of reserves into cash, thus forcing the Fed to sell off some of its assets. I explained that this is a potentially negative result, as the shift into cash brings with it inflationary pressure on prices. In this article I want to point out who has benefited from the Fed's operations over the past year.

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