Quantitative Easing 1 (QE1) – In November 2008, the Federal Reserve (“the Fed”) started buying $600 billion in mortgage-backed securities (MBS) from commercial banks. This action flooded banks with excess liquidity (cash in their reserve accounts). The excess liquidity put downward influence on short-term interest rates, or the borrowing rates between banks, known as the federal funds rate.

By March 2009, the Fed had $1.75 trillion in bank debt, MBS, and Treasury notes on its balance sheet. In June 2010, the Fed had reached a peak of $2.1 trillion in assets. As debt matured, the Fed bought more Treasuries at a $30 billion monthly rate to keep its balance sheet inflated above the $2.0 trillion level.

Quantitative Easing 2 (QE2) – In November 2010, the Fed announced a second round of QE. The Fed indicated it would buy an additional $600 billion in Treasury securities by the second quarter of 2011.

Operation Twist – In September 2011, the Fed announced it would buy and sell short- and long-term bonds to influence policy objectives. Operation Twist was used to lower long-term interest rates. The Fed sold short-term Treasury bonds and bought long-term Treasury bonds.

Quantitative Easing 3 (QE3) – In September 2012, the Fed announced QE3 – an additional open-ended bond purchasing program of $40 billion a month of agency MBS. The Fed also indicated it would keep short-term interest rates (the fed funds rate) near zero through at least 2015. QE3 is often referred to as “QE-Infinity”.

In December 2012, the FOMC announced it would increase open-ended purchases from $40 billion to $85 billion per month. The Fed would buy $45 billion in Treasurys and $40 in MBS.