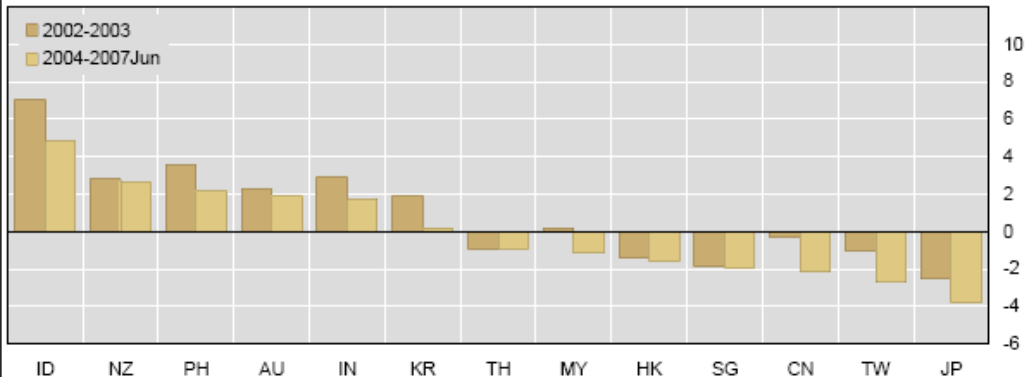


Figure 12: Quasi-fiscal Cost of Reserves*

Quasi-fiscal cost: quick diagnosis

Yield of 3-month domestic government bill minus average yield of US Treasury 1-5 year



Sources: Bloomberg; Morgan Stanley.

Graph 12

*Figure 12 taken directly from Ho and McCauley, 2008.