

Policy Response Monitor

Monetary Response

March 3: FOMC cut FFR 50 bps to 1.00-1.25%; unanimous decision

March 9: NY Fed increased overnight repo offering from \$100B to \$150B and increased two-week term repo operation from \$20B to \$45B

March 11: NY Fed increased overnight repo offering from \$150B to \$175B and added three one-month term repo operations at \$50B

March 12: NY Fed switched reserve management purchases from T-bills to all Treasury securities, introduced weekly one-month and three-month term repo operations at \$500B each

March 15: FOMC meeting

- Cut FFR 100 bps to zero lower bound (0.00-0.25%); Mester dissented
- Restarted Quantitative Easing (QE); increased Treasury and mortgage-backed securities (MBS) holdings by at least \$500B and \$200B
- Cut primary credit rate (discount window) 150 bps to 0.25%
- Depository institutions may borrow from discount window for 90 days, repayable & renewable by the borrower on a daily basis
- Reduced reserve requirement ratios to 0.00%
- Reduced rate on standing U.S. dollar liquidity swaps from OIS+50 bps to OIS+25 bps (BoC, BoE, BoJ, ECB, SNB)

March 16: Regulatory agencies encouraged banks to use discount window

March 17: Regulatory agencies encouraged banking organizations to use capital & liquidity buffers

March 17: FRB established Commercial Paper Funding Facility (CPFF)

March 17: FRB established Primary Dealer Credit Facility (PDCF)

March 18: FRB established Money Market Mutual Fund Liquidity Facility (MMLF)

March 19: Fed expanded U.S. dollar liquidity swap arrangements to nine additional central banks

March 20: Fed, BoC, BoE, BoJ & ECB further enhance swap lines by increasing frequency of 7-day maturity operations from weekly to daily

Potential Monetary Response

- Forward guidance to signal FFR will remain at 0%
- Additional QE purchases of Treasury and MBS
- Request authority from Congress to purchase corporate bonds
- Purchase short-term municipal bonds (six months or less to maturity)
- Reinstate the the Money Market Investor Funding Facility (MMIFF), the Term Securities Lending Facility (TSLF), and/or Term Asset-Backed Securities Loan Facility (TALF)
- Adopt a negative fed funds rate, though we view this as unlikely

Fiscal Response

Phase 1: \$7.8B

Targeting: Vaccines, R&D

Status: *Passed*

Phase 2: \$100-125B?

Targeting: Sick leave, unemployment insurance

Status: *Passed*

Potential Fiscal Response

Phase 3: \$1.3T?

Targeting: Direct checks, loans to small businesses and highly impacted industries, etc.

Status: *In Progress*

Phase 4: \$45.8B?

Targeting: Supplemental budget for federal agencies

Status: *Pending Phase 3*

Recent Commentary

[“Fiscal Policy to the Rescue?”](#) (March 11, 2020)

[“What’s Happening on the Fiscal Front?”](#) (March 17, 2020)

[“Is the Federal Reserve Out of Ammunition?”](#) (March 18, 2020)

Economists & Macro Strategists

Jay H. Bryson, Acting Chief Economist	jay.bryson@wellsfargo.com
Mark Vitner, Senior Economist	mark.vitner@wellsfargo.com
Sam Bullard, Senior Economist	sam.bullard@wellsfargo.com
Nick Bennenbroek, Macro Strategist	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan, Senior Economist	tim.quinlan@wellsfargo.com
Azhar Iqbal, Econometrician	azhar.iqbal@wellsfargo.com
Sarah House, Senior Economist	sarah.house@wellsfargo.com
Charlie Dougherty, Economist	charles.dougherty@wellsfargo.com
Michael Pugliese, Economist	michael.d.pugliese@wellsfargo.com
Brendan McKenna, Macro Strategist	brendan.mckenna@wellsfargo.com

Economic Analysts

Shannon Seery, Economic Analyst	shannon.seery@wellsfargo.com
Matthew Honnold, Economic Analyst	matthew.honnold@wellsfargo.com
Jen Licis, Economic Analyst	jennifer.licis@wellsfargo.com
Hop Mathews, Economic Analyst	hop.mathews@wellsfargo.com

Administrative Assistants

Coren Burton, Administrative Assistant	coern.burton@wellsfargo.com
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