

Policy Response Monitor: Monetary Response

February 28: Powell reassured markets that the Fed “will use its tools and act as appropriate to support the economy”

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

March 20: FRB expanded MMLF

March 22: Regulatory agencies encouraged financial institutions to work with borrowers and provided information regarding loan modifications

March 23:

- FOMC announced open-ended purchase of Treasuries and MBS and expanded purchases to include agency commercial MBS
- Established Primary Market Corporate Credit Facility (PMCCF) and Secondary Market Corporate Credit Facility (SMCCF)
- Established Term Asset-Backed Securities Loan Facility (TALF)
- Expanded MMLF to wider range of securities
- Expanded the CPFF to more securities and reduced facility pricing

March 23: FRB announced technical change around a firm’s Total Loss Absorbing Capacity (TLAC) to facilitate the use of firms’ buffers

March 26: Regulatory agencies encourage banks, saving associations & credit unions to offer small-dollar loans to consumers & small businesses

March 26: Fed offers reporting relief to small financial institutions

March 27: Regulatory agencies permitted early adoption of standardized approach for measuring counterparty credit risk (SA-CCR) and allowed banks to mitigate effects of current expected credit loss (CECL)

March 31: Fed established temporary FIMA Repo Facility

April 1: FRB announced exclusion of U.S. Treasury securities and deposits at Fed Reserve Banks from the supplementary leverage ratio rule

April 6: Regulatory agencies changed community bank leverage ratio

April 9: Fed announced \$2.3T in loans to support the economy

- Established Main Street Loan Facility (MSELF & MSNLF)
- Bolstered Paycheck Protection Program Liquidity Facility (PPPLF)
- Expanded PMCCF, SMCCF and TALF
- Established Municipal Liquidity Facility (MLF)

April 14: Regulatory agencies issued interim final rule to temporarily defer real estate-related appraisals and evaluations

April 16: Fed announced its PPPLF is fully operational

April 17: FRB announced a rule change to bolster effectiveness of Small Business Administration’s (SBA) PPP

Policy Response Monitor: Monetary Response (continued)

April 23: FRB announced it will make information regarding its programs publicly available on a monthly basis

April 23: FRB announced temporary actions aimed at increasing the availability of intraday credit extended by Federal Reserve Banks

April 23: Fed announced it is working to expand access to its PPPLF for additional SBA-qualified lenders as soon as possible

April 24: FRB announced an interim final rule to amend Regulation D to delete the six-per-month limit on convenient transfers from the “saving deposit” definition

April 27: FRB announced an expansion of the MLF to counties with a population of at least 500,000 residents (down from 2M) and cities with at least 250,000 residents (down from 1M).

Recent Commentary

“[Fed Cuts Rates 50 bps—Further Easing Likely in Store](#)” (March 03, 2020)

“[The Fed Announces a Barrage of Policy Changes](#)” (March 16, 2020)

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

“[The Fed Goes Nuclear](#)” (March 23, 2020)

“[The Fed Goes Nuclear: Part II](#)” (April 09, 2020)

“[April Flashlight for the FOMC Blackout Period](#)” (April 20, 2020)

Policy Response Monitor: Fiscal Response

Phase 1: Coronavirus Preparedness and Response Supplemental Appropriations Act

\$8.3B

<0.1% of GDP

Status: Passed. Became Law on March 6, 2020.

Targeting: Vaccines, R&D

- Provides emergency funding for federal agencies including: Centers for Disease Control and Prevention (CDC), Food and Drug Administration (FDA), National Institute of Health (NIH), the State Department, the Small Business Administration (SBA) and the United States Agency for International Development (USAID)
- Includes \$4B to make more coronavirus tests available
- Includes \$1B in loan subsidies for small businesses

Phase 2: Families First Coronavirus Response Act

\$192B

~0.9% of GDP

Status: Passed. Became Law on March 18, 2020.

Targeting: Free testing, sick leave, unemployment insurance

- Requires free COVID-19 tests, including uninsured
- Temporarily requires employers with less than 500 employees provide two weeks paid sick and family leave (\$105B)
- Extended unemployment insurance benefits to provide additional funding to states (~\$1B)
- Increases funds for Medicaid (\$50B) and food security programs (\$21B), e.g. SNAP

Phase 3: Coronavirus Aid, Relief & Economic Security Act (CARES)

\$2.2T

~10% of GDP

Status: Passed. Became Law on March 27, 2020.

Targeting: Direct checks, loans to highly impacted industries

- Direct payments of \$1,200 to individuals making <\$75,000 and \$2,400 to couples making <\$150,000, plus a \$500 per child bonus (\$293B)
- Unemployment benefits boosted by \$600/week for a minimum of four months and extended to include more workers, e.g. gig workers (\$268B)
- Delay of tax filing date to July 15 from April 15
- Suspend federal student loan payments for six months
- Allow businesses to defer payments of the employer side of the Social Security payroll tax
- Loans to small businesses, which can be forgiven if used for certain purposes, e.g. keeping workers on payroll or rent (\$377B)
- Loans to businesses, states and municipalities adversely impacted by measures taken to combat COVID-19; likely won't be forgiven
- Gives depository institutions the option to temporarily delay measuring credit losses on financial instruments
- Supplemental appropriations for federal agencies/programs, hospitals, and state & local governments

Policy Response Monitor: Fiscal Response (continued)

Phase 4: Paycheck Protection Program and Health Care Enhancement Act

\$484B

~2% of GDP

Status: **Passed.** Became Law on April 24, 2020.

Targeting: **More money to small businesses & hospitals**

- \$321 billion in additional appropriations to support the Paycheck Protection Program
- \$60 billion for separate disaster loans/grants to small businesses
- \$75 billion for hospitals
- \$25 billion for COVID-19 testing

Recent Commentary

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

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

[“The Fiscal Stimulus Bill: What Happens Next?”](#) (March 23, 2020)

[“Congress Unleashes the Fiscal Firehose”](#) (March 26, 2020)

[“What Might a “Phase 4” Fiscal Package Include?”](#) (April 09, 2020)

[“Fiscal Fallout from the COVID-19 Pandemic: Part I”](#) (April 20, 2020)

[“Fiscal Fallout from the COVID-19 Pandemic: Part II”](#) (April 22, 2020)

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