



FEDERAL RESERVE BANK *of* NEW YORK

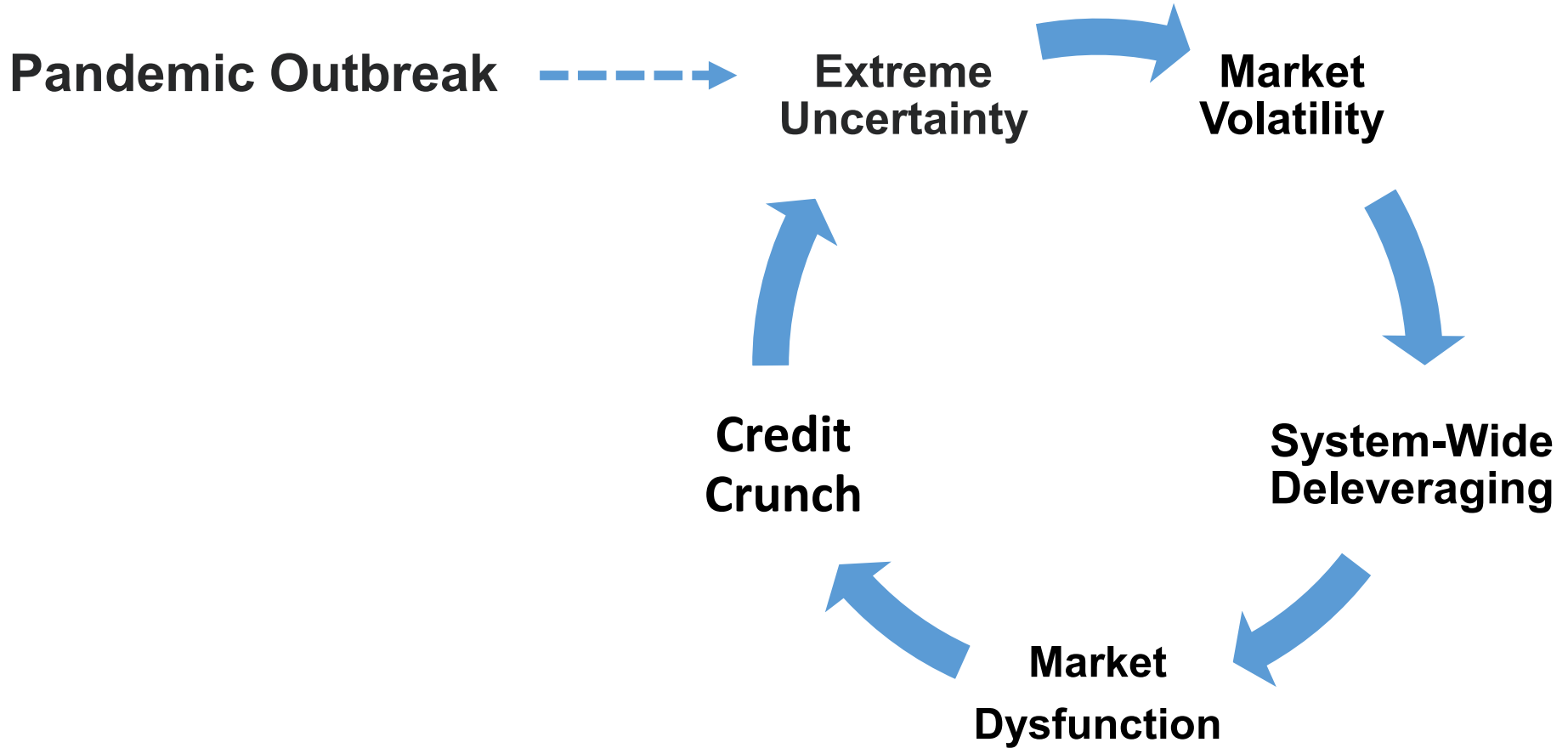
The Fed's Response to COVID-19

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The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

Why Did The Fed Need To Respond?



What Has The Fed Done In Response?

FOMC Rate Policy

- Lowered target rate by 50 bps to 1.0% – 1.25% on March 3
- Lowered target rate by 100 bps to 0.0% - 0.25% on March 15
- Lowered primary credit rate by 150 bps to 0.25% on March 15

Liquidity Operations

- O/N and term repo funding (peak of \$152bn and \$370bn on March 17 and March 23, respectively)
- Outright purchase operations (since March 15): \$1.3 trillion of USTs and ~\$460bn agency MBS
- Discount window: \$34bn
- Swap lines: \$410bn
- Foreign and International Monetary Authorities (FIMA) Repo Facility

Credit Support

Section 13(3) of the Federal Reserve Act

- Primary Dealer Credit Facility
- Commercial Paper Funding Facility
- Primary Credit and Secondary Market Corporate Credit Facilities
- Term Asset-Backed Securities Lending Facility
- Money Market Liquidity Facility
- Paycheck Protection Program Liquidity Facility
- Municipal Liquidity Facility
- Main Street Lending Facilities

How Will These Facilities Make A Difference?*

| Facility | Purpose |
|---|---|
| Primary Dealer Credit Facility (PDCF) | Allow primary dealers to support smooth market functioning and facilitate the availability of credit by providing term funding for a broad range of collateral |
| Commercial Paper Funding Facility (CPFF) | Support the short-term funding needs of eligible issuers by purchasing commercial paper through primary dealers |
| Primary Market Corporate Credit Facility (PMCCF) | Assist large employers' access to credit by providing a funding backstop for eligible issuers |
| Secondary Market Corporate Credit Facility (SMCCF) | Support the flow of credit to large employers by providing liquidity to the market for outstanding corporate bonds and ETFs |
| Term Asset-Backed Securities Loan Facility (TALF) | Support the flow of credit to consumers and businesses by enabling the issuance of asset-backed securities backed by student loans, auto loans, credit card debt, etc |
| Paycheck Protection Program Liquidity Facility (PPPLF) | Bolster the effectiveness of the Small Business Administration's Paycheck Protection Program (PPP) by supplying term liquidity to participating lenders |
| Municipal Liquidity Facility (MLF) | Help state and local governments to better manage cash flow pressures and address funding needs by providing short-term lending |

**Facilities implemented by the New York Fed (in some cases, alongside other Federal Reserve Banks)*



Guiding Principles

■ Transparency

- Disclosure of vendor selection criteria & competitive bidding (post exigency)
- Posting of fees paid and key terms
- Clear guidelines on eligibility of borrowers and collateral
- Reporting on facility usage (participants, size, price)

■ Governance

- Proactive management on conflicts of interest
- Refined personal investment guidelines
- Clear rules on gathering of market intelligence and information handling
- Balancing loss protection with financial stability goals

■ Accountability

- Responsible for process and outcomes
- Full engagement with oversight bodies
- Nothing more important than trust



Where Can I Learn More?

Resources

Federal Reserve Board

- ***Webpage on COVID-19 Related Actions***
 - <https://www.federalreserve.gov/covid-19.htm>
- ***Feedback Form***
 - <https://www.federalreserve.gov/apps/contactus/feedback.aspx>

New York Fed

- ***New York Fed Actions Related to COVID-19***
 - <https://www.newyorkfed.org/markets/new-york-fed-actions-related-to-covid-19>
- ***Community Resources on the Coronavirus***
 - <https://www.newyorkfed.org/outreach-and-education/coronavirus-resource-center>

