



Monetary Policy Has Moved Quickly

The Federal Reserve Is Crisis “First Responder”

Policy Measures To Date: ■ **IMPLEMENTED** ■ **ANNOUNCED** *PROGRAM FROM 2008 FINANCIAL CRISIS

Policy Tool	Details
Fed Funds Rate*	3/15 – Cut rate to zero
Repo Operation*	Ongoing - Daily overnight liquidity operations
Regulatory Easing*	Ongoing guidance encouraging banks to be flexible with customers; utilize their liquidity and capital buffers
Discount Window*	3/15 – Rate lowered to 0.25%
Quantitative Easing*	3/15 - Announced \$500 Billion in Treasuries, \$200 Billion in Agency MBS; 3/23 – Expanded to unlimited amounts, added agency CMBS
U.S. Dollar Swap Lines*	3/19 – Support dollar liquidity for additional central banks (Australia, Brazil, Korea, Mexico, Singapore, Sweden, Denmark, Norway and New Zealand); 3/20 – Set up daily (from weekly) dollar swaps with BoC, BoE, BoJ, ECB, SNB
Primary Dealer Credit Facility*	Opened 3/20 ; lend to primary dealers in exchange for a broad range of collateral
Money Market Fund Facility*	Opened 3/23 ; lend to Prime and Municipal money market funds in exchange for US Treasury, Agency, CP, CD, Municipal, and VRDN collateral
Reserve Requirement elimination*	Effective 3/26
Commercial Paper Funding Facility*	Announced 3/17 ; purchase of newly issued 3-month A1/P1/F1 commercial paper from U.S. corporate and municipal issuers
Primary Market Corporate Credit Facility (PMCCF)	Announced 3/23 ; purchase of newly issued 4-year investment grade corporate debt from U.S. corporate issuers
Secondary Market Corporate Credit Facility (SMCCF)	Announced 3/23 ; purchase of outstanding 5-year and shorter investment grade corporate debt from U.S. corporate issuers
Term Asset-Backed Securities Loan Facility (TALF)*	Announced 3/23 ; lend through primary dealers in exchange for asset-backed securities collateral (auto loan and leases, student loans, credit cards etc.), \$100 Billion
Main Street Business Lending Program	Announced 3/23 ; direct loans from Federal Reserve to individual small business, potentially through the Small Business Association (SBA)

Source: Payden Economics, Federal Reserve



While Fiscal Policy Takes Longer To Set Up, Policymakers Are Moving Fast

It Took Almost A Year Before Congress Passed The Stimulus Bill During the 2008 Financial Crisis

Policy Measures To Date: ■ IMPLEMENTED ■ ANNOUNCED ■ UNDER CONSIDERATION

Policy Tool	Details
National Emergency	<ul style="list-style-type: none"> • \$50 Billion in emergency funds • Interest waived on student loans, adding to Strategic Oil Reserve
House Emergency Bill (Phase I)	<ul style="list-style-type: none"> • \$8.3 Billion in emergency funding
IRS Guidance	<ul style="list-style-type: none"> • Individuals can delay tax payments up to \$1 million • Corporations defer up to \$10 million for 90 days (\$300 Billion in liquidity)
House Bill (Phase II)	<ul style="list-style-type: none"> • Free testing, Paid Sick/Family Leave, Enhance unemployment benefits, Food aid, Medicaid funds (~\$150 Billion)
Phase III Stimulus Bill	<ul style="list-style-type: none"> • \$1.8 Trillion (+5% of GDP) • Direct cash payments to individuals • Further enhancing unemployment benefits • Collateralized loans and guarantees to sectors impacted (airlines)
Phase III Bill Enhancements	<ul style="list-style-type: none"> • Various other measures could take the amount as high as \$4 trillion
Defense Production Act	<ul style="list-style-type: none"> • Government takes over private-sector companies to produce medical equipment
Tax cuts	<ul style="list-style-type: none"> • Corporate tax cuts, payroll tax cuts
Direct aid to state/local governments	<ul style="list-style-type: none"> • State/local budgets will be under strain
Bailouts of more sectors	<ul style="list-style-type: none"> • Insurance, Restaurants