

FOMC, March 23, 2020

Press Release – FOMC Statement



Summary

- taking further actions to support the flow of credit to households and businesses by addressing strains in the markets for Treasury securities and agency mortgage-backed securities.
- continue to purchase Treasury securities and agency mortgage-backed securities in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broader financial conditions.
- include purchases of agency commercial mortgage-backed securities (CMBS) in its agency mortgage-backed security (MBS) purchases.
- undertake open market operations as necessary to maintain the federal funds rate in a target range of 0 to 1/4 percent.
- continue conducting term and overnight repurchase agreement operations to ensure that the supply of reserves remains ample and to support the smooth functioning of short-term U.S. dollar funding markets.
- conduct overnight reverse repurchase operations (and reverse repurchase operations with maturities of more than one day when necessary to accommodate weekend, holiday, or similar trading conventions) at an offering rate of 0.00 percent, in amounts limited only by the value of Treasury securities held outright in the System Open Market Account that are available for such operations and by a per-counterparty limit of \$30 billion per day.
- continue rolling over at auction all principal payments from the Federal Reserve's holdings of Treasury securities and to reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities received during each calendar month in agency mortgage-backed securities.
- engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency mortgage-backed securities transactions."

Press Release

March 23, 2020

Federal Reserve issues FOMC statement

For release at 8:00 a.m. EDT

The Federal Reserve is committed to use its full range of tools to support the U.S. economy in this challenging time and thereby promote its maximum employment and price stability goals.

The Federal Open Market Committee is taking further actions to support the flow of credit to households and businesses by addressing strains in the markets for Treasury securities and agency mortgage-backed securities. The Federal Reserve will continue to purchase Treasury securities and agency mortgage-backed securities in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broader financial conditions. The Committee will include purchases of agency commercial mortgage-backed securities in its agency mortgage-backed security purchases. In addition, the Open Market Desk will continue to offer large-scale overnight and term repurchase agreement operations. The Committee will continue to closely monitor market conditions, and will assess the appropriate pace of its securities purchases at future meetings.

Voting (by notation) for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michelle W. Bowman; Lael Brainard; Richard H. Clarida; Patrick Harker; Robert S. Kaplan; Neel Kashkari; Loretta J. Mester; and Randal K. Quarles.

In a related set of actions, the Federal Reserve announced additional measures to support the flow of credit to households and businesses. More information can be found on the Federal Reserve Board's website.

In connection with these plans, the Committee voted unanimously to authorize and direct the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:

"Effective March 23, 2020, the Federal Open Market Committee directs the Desk to undertake open market operations as necessary to maintain the federal funds rate in a target range of 0 to 1/4 percent. The Committee directs the Desk to increase the System Open Market Account holdings of Treasury securities and agency mortgage-backed securities (MBS) in the amounts needed to support the smooth functioning of markets for Treasury securities and agency MBS. The Committee also directs the Desk to include purchases of agency commercial mortgage-backed securities in its agency mortgage-backed security purchases.

The Committee also directs the Desk to continue conducting term and overnight repurchase agreement operations to ensure that the supply of reserves remains ample and to support the smooth functioning of short-term U.S. dollar funding markets. In addition, the Committee directs the Desk to conduct overnight reverse repurchase operations (and reverse repurchase operations with maturities of more than one day when necessary to accommodate weekend, holiday, or similar trading conventions) at an offering rate of 0.00 percent, in amounts limited only by the value of Treasury securities held outright in the System Open Market Account that are available for such operations and by a per-counterparty limit of \$30 billion per day.

The Committee directs the Desk to continue rolling over at auction all principal payments from the Federal Reserve's holdings of Treasury securities and to reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities received during each calendar month in agency mortgage-backed securities. Small deviations from these amounts for operational reasons are acceptable.

The Committee also directs the Desk to engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency mortgage-backed securities transactions."

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323a.htm>

Statement Regarding Treasury Securities and Agency Mortgage-Backed Securities Operations

March 23, 2020

Effective March 23, 2020, the Federal Open Market Committee (FOMC) directed the Open Market Trading Desk (the Desk) at the Federal Reserve Bank of New York to increase the System Open Market Account (SOMA) holdings of Treasury securities and agency mortgage-backed securities (MBS) in the amounts needed to support the smooth functioning of markets for Treasury securities and agency MBS. The FOMC also directed the Desk to purchase agency commercial mortgage-backed securities (CMBS).

Consistent with this directive, the Desk has updated its plans regarding purchases of Treasury securities and agency MBS during the week of March 23, 2020. Specifically, the Desk plans to conduct operations totaling approximately \$75 billion of Treasury securities and approximately \$50 billion of agency MBS each business day this week, subject to reasonable prices. The Desk will begin agency CMBS purchases this week.

The Desk stands ready to adjust the size and composition of its purchase operations as appropriate to support the smooth functioning of the Treasury, agency MBS, and agency CMBS markets.

Detailed information on the purchase schedules for Treasury securities and agency MBS can be found on the Treasury Securities Operational Details and Agency MBS Operation Schedule pages, respectively. Additional details on eligible securities and the overall size and scope of agency CMBS purchases will be released in coming days.

https://www.newyorkfed.org/markets/opolicy/operating_policy_200323