

FOMC, April 29, 2020, Press Release - Changes from, March 15, 2020?



Summary

- Staying the course of using its full range of tools to support the U.S. economy (**no change**)
- The disruptions to economic activity here and abroad have significantly affected financial conditions and have impaired the flow of credit to U.S. households and businesses. The ongoing public health crisis will weigh heavily on economic activity, employment and inflation in the near term and pose considerable risks to the economic outlook over the medium term. (**new**)
- The target range for the federal funds rate remains unchanged at 0 to 1/4 percent. (**unchanged**)
- To support the flow of credit to households and businesses, the Federal Reserve will continue to purchase Treasury securities and agency residential and commercial mortgage-backed securities in the amounts needed to support smooth market functioning. (**changed**)
- Continue to offer large-scale overnight and term repurchase agreement operations. (**no change**)

Press Release

~~April 29~~ ~~March 15~~, 2020

Federal Reserve issues FOMC statement

For release at ~~25~~:00 p.m. EDT

~~The coronavirus outbreak has harmed communities and disrupted economic activity in many countries, including the United States. Global financial conditions have also been significantly affected. Available economic data show that the U.S. economy came into this challenging period on a strong footing. Information received since the Federal Open Market Committee met in January indicates that the labor market remained strong through February and economic activity rose at a moderate rate. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although household spending rose at a moderate pace, business fixed investment and exports remained weak. More recently, the energy sector has come under stress. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation have declined, survey-based measures of longer-term inflation expectations are little changed.~~

~~Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The effects of the coronavirus~~ **The Federal Reserve is committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting employment and price stability goals.**

The coronavirus outbreak is causing tremendous human and economic hardship across the United States and around the world. The virus and the measures taken to protect public health are inducing sharp declines in economic activity and a surge in job losses. Weaker demand and significantly lower oil prices are holding down consumer price inflation. The disruptions to economic activity here and abroad have significantly affected financial conditions and have impaired the flow of credit to U.S. households and businesses

The ongoing public health crisis will weigh **heavily** on economic activity, **employment and inflation** in the near term and ~~pose~~ **poses considerable** risks to the economic outlook **over the medium term**. In light of these developments, the Committee decided to **maintain lower** the target range for the federal funds rate ~~to~~ **at** 0 to 1/4 percent. The Committee expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals. ~~This action will help support economic activity, strong labor market conditions, and inflation returning to the Committee's symmetric 2-percent objective.~~

The Committee will continue to monitor the implications of incoming information for the economic outlook, including information related to public health, as well as global developments and muted inflation pressures, and will use its tools and act as appropriate to support the economy. In determining the timing and size of future adjustments to the stance of monetary policy, the Committee will assess realized and expected economic conditions relative

to its maximum employment objective and its symmetric 2 percent inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

~~The Federal Reserve is prepared to use its full range of tools to~~ **To** support the flow of credit to households and businesses ~~and thereby promote its maximum employment and price stability goals. To support the smooth functioning of markets for,~~ **the Federal Reserve will continue to purchase** Treasury securities and agency ~~mortgage-backed securities that are central to the flow of credit to households and businesses, over coming months the Committee will increase its holdings of Treasury securities by at least \$500 billion and its holdings of agency mortgage-backed securities by at least \$200 billion. The Committee will also reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency~~ **residential and commercial** mortgage-backed securities in ~~agency mortgage-backed securities. the amount needed to support smooth market functioning, thereby fostering effective transmission of monetary policy to broader financial conditions.~~ In addition, the Open Market Desk ~~has recently expanded its~~ **will continue to offer large-scale** overnight and term repurchase agreement operations. The Committee will continue to closely monitor market conditions and is prepared to adjust its plans as appropriate.

Voting 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; ~~and Randal K. Quarles. Voting against this action was Loretta J. Mester, who was fully supportive of all of the actions taken to promote the smooth functioning of markets and the flow of credit to households and businesses but preferred to reduce the target range for the federal funds rate to 1/2 to 3/4 percent at this meeting~~ **Loretta J. Mester; and Randal K. Quarles.**

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200429a.htm>

Press Release

April 29, 2020

Implementation Note issued April 29, 2020

Decisions Regarding Monetary Policy Implementation

The Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its statement on April 29, 2020:

- The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on required and excess reserve balances at 0.10 percent, effective April 30, 2020.
- As part of its policy decision, the Federal Open Market Committee voted to authorize and direct the Open Market Desk at 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 April 30, 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.
 - Increase the System Open Market Account holdings of Treasury securities, agency mortgage-backed securities (MBS), and agency commercial mortgage-backed securities (CMBS) in the amounts needed to support the smooth functioning of markets for these securities.
 - Conduct term and overnight repurchase agreement operations to support effective policy implementation and the smooth functioning of short-term U.S. dollar funding markets.
 - Conduct overnight reverse repurchase agreement operations at an offering rate of 0.00 percent and with a per-counterparty limit of \$30 billion per day; the per-counterparty limit can be temporarily increased at the discretion of the Chair.
 - Roll over at auction all principal payments from the Federal Reserve's holdings of Treasury securities and reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency MBS in agency MBS and all principal payments from holdings of agency CMBS in agency CMBS.
 - Engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions."
- In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 0.25 percent.

This information will be updated as appropriate to reflect decisions of the Federal Open Market Committee or the Board of Governors regarding details of the Federal Reserve's operational tools and approach used to implement monetary policy.

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200429a1.htm>