### Policy Response Monitor: Monetary Response

<table>
<thead>
<tr>
<th><strong>February 28:</strong></th>
<th>Powell reassured markets that the Fed “will use its tools and act as appropriate to support the economy”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>March 3:</strong></td>
<td>FOMC cut FFR 50 bps to 1.00-1.25%; unanimous decision</td>
</tr>
<tr>
<td><strong>March 9:</strong></td>
<td>NY Fed increased overnight repo offering from $100B to $150B and increased two-week term repo operation from $20B to $45B</td>
</tr>
<tr>
<td><strong>March 11:</strong></td>
<td>NY Fed increased overnight repo offering from $150B to $175B and added three one-month term repo operations at $50B</td>
</tr>
<tr>
<td><strong>March 12:</strong></td>
<td>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</td>
</tr>
</tbody>
</table>
| **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 18:**    | 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 |

---

**Key:**  
- Monetary Policy  
- Banking & Consumer Regulatory Policy  
- Operating Policy  
- Other Announcements  

Source: Federal Reserve System and Wells Fargo Securities  
June 10, 2020
### Policy Response Monitor: Monetary Response (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Announcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 23</td>
<td>FRB announced it will make information regarding its programs publicly available on a monthly basis</td>
</tr>
<tr>
<td>April 23</td>
<td>FRB announced temporary actions aimed at increasing the availability of intraday credit extended by Federal Reserve Banks</td>
</tr>
<tr>
<td>April 23</td>
<td>Fed announced it is working to expand access to its PPPLF for additional SBA-qualified lenders as soon as possible</td>
</tr>
<tr>
<td>April 24</td>
<td>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</td>
</tr>
<tr>
<td>April 27</td>
<td>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)</td>
</tr>
<tr>
<td>April 30</td>
<td>FRB announced an expansion of the Main Street Lending Program by adding a third loan option, lowering the minimum loan size for certain loans to $500,000 and expanding business eligibility</td>
</tr>
<tr>
<td>April 30</td>
<td>Fed expanded access to its PPPLF to additional lenders and expanded the collateral that can be pledged</td>
</tr>
<tr>
<td>May 5</td>
<td>Regulatory agencies modified the Liquidity Coverage Ratio (LCR) rule to support participation in the MMLF and PPPLF</td>
</tr>
<tr>
<td>May 15</td>
<td>Regulators temporarily change supplementary leverage ratio rule to provide flexibility to certain depository institutions</td>
</tr>
</tbody>
</table>
| June 3     | Fed announced an expansion of the MLF  
• Each U.S. state is allowed to have at least two cities or counties eligible regardless of population  
• Issuers such as public transit, airports, toll facilities and utilities are allowed to directly use the facility |
| June 8     | FRB expanded its Main Street Lending Program to allow for more small and medium sized businesses to receive support |
| June 10    | FOMC released its “Dot Plot” as part of its June Summary of Economic Projections which suggested the FOMC members believed the committee will keep rates at the zero lower bound through 2022 |

### 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)
- “Fed Expands Muni Purchase Eligibility” (April 28, 2020)
- “FOMC Meeting: Committee Ready To Do More, If Needed” (April 29, 2020)
- “June Flashlight for the FOMC Blackout Period” (June 01, 2020)
- “FOMC Remains Prepared To Do ‘Whatever It Takes’” (June 10, 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

Source: CBO and Wells Fargo Securities
Phase 4: Paycheck Protection Program and Health Care Enhancement Act

$484B
~2% of GDP


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)
“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 II” (April 22, 2020)

Source: CBO and Wells Fargo Securities
Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC. is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC’s research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2020 Wells Fargo Securities, LLC.

**Important Information for Non-U.S. Recipients**

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

**SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE**