

Talking Points

In the latest *Take Five*, recorded Friday, May 1, 2020, Economist Bill Emmons discusses...

The April 29, 2020, FOMC Policy Statements:

- **Current Environment**
 - The coronavirus outbreak 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.
- **Inflation**
 - The ongoing public health crisis will weigh heavily on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term.
- **The Federal Funds Target Range**
 - On April 29, 2020, the Federal Open Market Committee voted to maintain the target range for the federal funds rate at between 0% and 0.25%. 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.
- **Monetary Policy**
 - 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, thereby fostering effective transmission of monetary policy to broader financial conditions.
 - The Federal Open Market Committee directed the Open Market Desk to continue to purchase Treasury bills, to conduct term and overnight repurchase agreement operations, and to conduct overnight reverse repurchase operations at an offering rate of 0%.

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