

## Talking Points

In the latest *Take Five*, recorded Friday, March 20, 2020, Economist Bill Emmons discusses...

### The March 15, 2020, FOMC Policy Statements:

- Current Environment
  - Through February, the labor market remained strong 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. The effects of the coronavirus will weigh on economic activity in the near term and pose risks to the economic outlook.
- Inflation
  - Overall inflation and inflation for items other than food and energy have declined and are running below 2 percent.
- The Federal Funds Target Range
  - On March 3, 2020, the Federal Open Market Committee voted to reduce the target range for the federal funds rate to between 1.0% and 1.25%. Then on March 15, 2020, the Federal Open Market Committee voted to reduce the target range for the federal funds rate to between 0% and 0.25%.
- Monetary Policy
  - To support the smooth functioning of markets for 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 Federal Open Market Committee directed the Open Market Desk 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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