Transcript of Chair Powell's Press Conference Call
March 15, 2020

CHAIR POWELL. Good evening, everyone. Today the Federal Reserve took a number of actions to support American families and business and the economy overall and to promote the flow of credit as we weather disruptions caused by the coronavirus. The virus is having a profound effect on people across the United States and around the world. On behalf of my colleagues at the Federal Reserve, our first concern is for those who've been harmed.

Families, businesses, schools, organizations, and governments at all levels are taking steps to protect people's health. These measures, which are essential for containing the outbreak, will nonetheless understandably take a toll on economic activity in the near term. While the primary response to this challenge will come from our health-care providers and policy experts, economic policymakers must do what we can to ease hardship caused by the disruptions to the economy and to support a swift return to normal once they have passed.

The Federal Reserve's role is guided by our mandate from Congress to promote maximum employment and stable prices for the American people, along with our responsibilities to promote the stability of the financial system. Today we reduced the target range for our policy interest rate by 1 percentage point, bringing it close to zero, and said that we expect to maintain the rate at this level until we're confident that the economy has weathered recent events and is on track to achieve our maximum employment and price stability goals. In addition, we took other actions to support the flow of credit to households and businesses.

Before describing our actions more fully, I will share how my colleagues and I currently view the economic outlook. The economy came into this challenging period on a strong footing. The unemployment rate was 3.5 percent in February and has been at or near half-century lows for almost two years. Job gains have been running at a solid pace, well above what is needed to

provide jobs for new entrants into the labor market. Participation in the labor force by people in their prime working years remained near its highest rate in more than a decade. And wages have been rising, particularly for lower-paying jobs. Overall economic activity has been expanding at a moderate rate, even though weak growth abroad and trade developments have been weighing on some sectors. U.S. banks are strong, have high levels of capital and liquidity, and are well positioned to provide credit to households and businesses.

Against this favorable backdrop, the virus presents significant economic challenges. Like others, we expect that the illness and the measures now being put in place to stem its spread will have a significant effect on economic activity in the near term. Those in travel, tourism, and hospitality industries are already seeing a sharp drop in business. In addition, the effects of the outbreak are restraining economic activity in many foreign economies, which is causing difficulties for U.S. industries that rely on global supply chains. The weakness abroad will also weigh on our exports for a time. Moreover, the energy sector has recently come under stress because of the large drop in global oil prices. Inflation, which has continued to run below our symmetric 2 percent objective, will likely be held down this year by the effects of the outbreak.

Financial conditions have also tightened markedly. The cost of credit has risen for all but the strongest borrowers, and stock markets around the world are down sharply. Moreover, the rapidly evolving situation has led to high volatility in financial markets as everyone tries to assess the path ahead. In the past week, several important financial markets, including the market for U.S. Treasury securities, have at times shown signs of stress and impaired liquidity.

The market for Treasury securities is a critical part of the foundation of the global financial system. It is generally the most liquid of all markets and serves as the benchmark by which many other financial assets are valued. It plays an important role in allowing households

and firms to earn a safe return and manage their risks. When stresses arise in the Treasury market, they can reverberate through the entire financial system and the economy. To prevent this from happening and to support the smooth functioning of the Treasury market, we announced today that we will purchase at least $500 billion of Treasury securities over the coming months.

Similar stresses have also emerged in the market for agency mortgage-backed securities, which is closely linked to the Treasury market and critically supports the ability of people to get a mortgage to buy a house or refinance an existing mortgage. To improve the functioning of this market and to ensure the effective transmission of monetary policy to borrowers in the economy, we will also purchase at least $200 billion of agency mortgage-backed securities over coming months and immediately cease the runoff of these securities in our portfolio. While the primary purpose of these securities purchases is to restore smooth market functioning so that credit can continue to flow, the purchases will also foster more accommodative financial conditions.

The Federal Reserve announced a number of other actions today to support the flow of credit to households and businesses, thereby promoting our maximum employment and price stability goals. Of these, I will highlight two. First, we reduced the interest rate on discount window loans by 1½ percentage points, bringing that rate to ¼ percent. The discount window plays an important role in supporting liquidity and stability in the banking system, and we encourage banks to turn to the discount window to help meet demands for credit from households and businesses. To make the discount window more effective, we will also offer discount window loans for periods up to 90 days.

Because of the importance of the U.S. dollar in the global economy, strains in markets for borrowing and lending dollars overseas can disrupt financial conditions here in the United States.

To guard against such disruptions, the Federal Reserve maintains swap lines with five major central banks. When dollar funding pressures emerge abroad, those central banks can contain the pressures in their jurisdictions and prevent them from impeding the flow of credit here at home. To address potential pressures in these markets during the current period of elevated uncertainty, we made a coordinated announcement with the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, and the Swiss National Bank to reduce the pricing on our dollar swap lines. In addition, our central bank counterparts will begin offering dollars to institutions in their jurisdictions for a term of 84 days in addition to the usual one-week operation. These long-standing arrangements carry no risk to the Federal Reserve or to the American taxpayer.

I won't go into detail on the other actions we took today, but they involved eliminating reserve requirements for banks and encouraging banks to make use of intraday credit with the Federal Reserve and to use their capital and liquidity buffers as they support lending to households and businesses.

The actions we have announced today will help American families and businesses and, indeed, our entire economy weather this difficult period and will foster a more vigor—more vigorous return to normal once the disruptions from the coronavirus abate. We will continue to closely monitor economic and financial developments and their implications for the economic outlook. We are prepared to use our full range of tools to support the flow of credit to households and business, to help keep the economy strong, and to promote our maximum employment and price stability goals.

Finally, let me note that today's FOMC meeting today was in lieu of the meeting scheduled for next Tuesday and Wednesday. Thank you. I'll be—I'll be happy to take a few of your questions.

MICHELLE SMITH. The Chair will now take some questions. Please dial "star 1" on your phone to indicate you want to ask a question. You will be unmuted when you are called on. [Extended silence] Okay, CNBC.

STEVE LIESMAN. Thank you. Mr. Chairman, how effective do you expect this—these actions to be? Do you—do you think a recession is inevitable and/or can be avoided? Secondly, there was talk about additional programs that could come out—for example, a Primary Dealer Credit Facility or a Term Auction Facility. Do you expect those to be announced soon? Thank you.

CHAIR POWELL. Thank you. So, based on our discussions today and many conversations with participants, it's fair to say that we have a range of views about the path of the economy, as is always the case with the Fed. But, in general, I'd say that we see the U.S. economy as having been in quite a strong position before the arrival of the virus. We see that it is likely that the measures we take to protect ourselves from the virus will involve withdrawing from or reducing certain activities—thinking there of travel, leisure, hospitality, those things—and that's going to mean lower economic activity for a period of time. These are choices that we make to protect ourselves—appropriate choices that we make to protect ourselves from the virus.

So that means that the second quarter is probably going to be weak—in fact, in the view of many, output declining—output lower in the second quarter than it was in the first quarter. After that, it's very hard to say how big the effects will be or how long they will last. And that's

going to depend, of course, on how widely the virus spreads, which is something that is highly uncertain, and I would say, in fact, unknowable.

We do know that the virus will run its course and that the U.S. economy will resume a normal level of activity. In the meantime, the Fed will continue to use our tools to support the flow of credit to households and businesses and support demand with monetary policy—ultimately, to do what we can to see that the recovery is as vigorous as possible.

You also asked about other facilities. I would point out that we have, of course, responded very strongly not just with interest rates, but also with liquidity measures today. And we believe that what we did today will be beneficial to financial markets generally. And as I said in my statement, we're prepared to use our full range of tools to support the flow of credit to households and businesses. Thanks.

MICHELLE SMITH. Okay, thanks. We'll go to Marketplace radio.

NANCY MARSHALL-GENZER. Hi, Nancy Marshall-Genzer with Marketplace. Chair Powell, I'm wondering, are you considering negative interest rates at this point? Is there a scenario in which you think that would be appropriate?

CHAIR POWELL. So, as I've noted on a number of occasions, really, the Committee—as you know, we did a year-plus-long study of our tools and strategies and communications. And we, really, at the end of that, and also when we started out, we view forward guidance and asset purchases—asset purchases and also different variations and combinations of those tools as the basic elements of our toolkit once the federal funds rate reaches the effective lower bound—so, really, forward guidance, asset purchases, and combinations of those. You know, we looked at negative policy rates during the Global Financial Crisis, we monitored their use in other

jurisdictions, we continue to do so, but we do not see negative policy rates as likely to be an appropriate policy response here in the United States.

MICHELLE SMITH. Okay, we're going to the *Wall Street Journal.*

NICK TIMIRAOS. Thanks, Chair Powell. Nick Timiraos of the *Wall Street Journal.* I guess I wanted to understand, specifically, how the actions you've announced this evening will get credit to households and firms that are going to see large drops in income and revenue. And also, to the extent that they are needed, what steps would you recommend the fiscal authorities undertake—again, to make sure that firms with large drops in income and revenue don't go bust over the next few weeks or months?

CHAIR POWELL. So let me tell you how, I think—what our tools can accomplish, and—and really what they're not designed to accomplish. So what our liquidity operations—and I'll talk specifically about the Treasury and MBS purchases—are designed to do is to assure the proper functioning of the Treasury and MBS markets. The Treasury market is one of the most important, perhaps the most important, market in the world. It's probably the most liquid large market in the world. The MBS market is very important: It's closely linked to the Treasury market, and it's the way that our monetary policy decisions flow through to borrowers in the real economy. So, two very important markets. And they had reached levels of very high illiquidity, and—to the point where we—as you know, last week we offered financing—very large amounts of financing. And after that, we bought assets across the curve to try to support liquidity and return to normal function. And we found that that helped, but, nonetheless, we thought we had to do more. And we knew what we had to do, which was the asset purchase programs that we did today. And those are designed to restore those key markets to normal function.

Now, why is that important to—to everyone? These markets are part of the foundation of the global financial system and of the United States financial system. And if they are not functioning well, then other markets—then that will spread to other markets. And those are the markets that—that amount to—that—where households and businesses typically get credit. So we know that dysfunctional financial markets—a dysfunctional financial system, really, can have very big negative effects on the economy. We saw that during the financial crisis. This is a very different situation, but, nonetheless, we thought it was quite important for us to take strong measures to support—to support proper market function in these important markets.

Now, you asked about households. It's true, we don't have the tools to reach individuals and particularly small businesses and other businesses and people who may be out of work or whose businesses may not—may experience a period of very low activity. We don't have those tools. We have the tools that we have, and we use them. I think we've used them quite aggressively for the benefit of the public. But this is a multifaceted problem, and it requires answers from different parts of the government and society. I mean, I think that, by far, the most important is the response of the health-care workers and health-care policymakers. After that, fiscal policy. We've had one round of fiscal policy, another coming. I think fiscal policy is a way to direct relief, really, to particular populations and groups. Monetary policy has a role, and it really is in, you know—our original role was providing liquidity to financial systems when they're under stress, and that's—that's really part of what we did today. The other role is to support demand through lower interest rates, and we did that.

You—you asked about fiscal as well, and I guess I've sort of covered that. We do think fiscal response is—is critical, and we're happy to see that those measures are being considered, and we—we hope they are effective.

MICHELLE SMITH. Okay, we're going to go to Fox Business.

EDWARD LAWRENCE. Thank you, Mr. Chairman. Edward Lawrence from Fox Business Network. In your statement, you say that the market measures of inflation have declined. The Fed has undershot inflation in the last year, and that's become one of the focuses of the FOMC meetings. Now, does the Federal Reserve see deflation coming, and is this large cut meant to get in front of any more inflation? Plus, as a second question, would the Fed consider buying securities outside of Treasuries and mortgage-backed securities? Thank you.

CHAIR POWELL. Right. So, on—on inflation, you know, the—the economy's performed so well, really, over the last few years, and right up through January: historically low unemployment—50-year-low unemployment for a couple of years, 11 years—almost 11 years of expansion so far, and yet inflation lingered below 2 percent. So we've been concerned that inflation not move down further. It's not at all a question of deflation. It was a question of not getting inflation up to our target on a robust, symmetric kind of a way.

So, with this coronavirus arriving, we judged that the—the net effects of this will be to—to have inflation move down even a little bit more. And it's—it's not a question—it's not—it's not an issue of deflation. Again, it's just an issue of inflation probably falling even a bit further. We expect, with uncertainty, that, you know—that it will fall a little bit further, at least, below where it has been. We are—of course, we don't have the legal authority to buy other securities other than the ones we already buy, and we're not seeking authority to do so. We haven't discussed that at the—at the FOMC, and it's not—it's not legal authority that we're seeking.

MICHELLE SMITH. Okay, we'll go to the *Financial Times.*

BRENDAN GREELEY. Thank you, Chair Powell. This is Brendan Greeley with the *Financial Times.* You have talked about the mortgage-backed security purchases and the

Treasury purchases as a stability—a stability operation. I'm pretty sure that every person on this call has an editor asking to determine whether or not this is quantitative easing. How do we draw a distinction between these asset purchases and something you may do in the future that is explicit quantitative easing? Or can we think of this as the first step in quantitative easing?

CHAIR POWELL. So what—what I can tell you definitively is what the purpose of the asset purchases was, and I mentioned this in my statement. And it really is to support the availability of credit in the economy—households and businesses—and thereby support the overall economy. How do they do that? They do that by supporting proper market functioning in the Treasury market and the MBS market. So you see—and I think you'll see—as these purchases roll forward, you will see the Treasury market and the MBS market returning to normal market function, and that will actually support economic activity. That will be a positive for economic activity.

In terms of what it's labeled, that's of less interest to me. I really think we are very clear in our minds what we're doing this for and what the logical effects would be, which would be—which would be both better market function and—and—you know, when there's better market function, it will be—you know, policy will be supporting the economy better.

MICHELLE SMITH. Okay, Bloomberg TV.

MICHAEL MCKEE. Thank you, Mr. Chairman. I want to ask some timing questions here. First, on the—whatever it is, QE or not QE, you talk in the press release about increase "over coming months." Is there a timetable for that? How long are we talking about—$700 billion, obviously, over two months is a lot different from $700 billion over the course of a year. And do you have a date where you would reevaluate and perhaps add more or end the program? And the same with the interest rate cut to zero—how long do you think that might last, and

would you be inclined to quickly go back to a higher level, the 100 basis points or more that you cut it from? Or would you anticipate that this will be a long, slow process going back?

CHAIR POWELL. Okay, so—sorry.

MICHELLE SMITH. Mike, can you ask your question?

CHAIR POWELL. What was it again? What was the question again? Just tell me. I can't read my writing. [Laughter]

MICHAEL MCKEE. I was asking about timing. How long a period—

CHAIR POWELL. Ah, okay, great.

MICHAEL MCKEE. —are we talking about for the QE purchases, and how long do you anticipate keeping rates low, and how fast would you bring them back up again?

CHAIR POWELL. Okay, sorry. So that's the "in coming months" language. Let me tell you what we were doing there. So there's no monthly cap here. There's no weekly cap. The Desk is going to go out, and it's going to buy at a strong rate that is—that we think will restore market function—restore liquidity as quickly as it can be restored. And that language is open ended, and it's meant to send a signal to the market that—that, you know, we're not going to be bound by, for example, $60 billion a month or anything like that. We're going to go in strong starting tomorrow, and we're going to buy across the curve, and we're going to buy MBS, and we're really going to use our tools to do what we need to do here, which is restore these important markets to normal function. So that—that's really what that is.

As far as—as the policy rate, what we've said is that we will maintain the rate at this level until we're confident that the economy has weathered recent events and is on track to achieve our maximum employment and price stability goals. So, you can see, that's the test we've written down. And if you—if you look at it, you'll see that some things have to happen

before we'd consider—we'd have to become confident of—that the economy has weathered these recent events and also is on track to achieve our maximum employment and price stability goals. So that's a test we'll be looking at, and I think it suggests that, you know, we're going to be watching and willing to be patient, certainly.

MICHELLE SMITH. Okay, we're going to go to the Associated Press.

CHRISTOPHER RUGABER. Hi, it's Chris Rugaber at AP. In 2008, you had a lot of coordination between the White House at that time, the Fed, the Treasury—Bernanke doing a lot of things with Paulson and so forth. You know, today the White House had its press conference at 5:00. You guys are doing something a little separate. Is there—do you think it would be more helpful to markets—perhaps, in the broader economy, to have a more coordinated response? Is that something we might look for in the future?

CHAIR POWELL. Well, I would say this. You know, we have different tools. I think we do, actually, work pretty closely with the Treasury Department and—and cooperate with them on things, with clear lines of delineation. For example, the Treasury Department has authority over fiscal policy. That's not our job. It's their job, with other parts of the Administration. It's just that—like that for us with monetary policy. We have sole responsibility for monetary policy and strong instructions from Congress to conduct it in an independent, nonpolitical way. So those two things are—one for each of us.

But in the middle there, there are areas where we—where we can cooperate. And also, there's a long history. You would want the finance ministry and the treasury [and the central bank] to be talking in every major economy in the world. You would want them to be regularly exchanging information—professional relationships not just at the, you know, the Chair-to-Treasury-Secretary level, but also through the organization. For example, the New York Fed is

the Treasury's agent—fiscal agent, as you know, so there's a lot that goes into debt management and the issuance of debt, which happens at the New York Fed. So I think we do, actually—we have professional, good working relationships up and down the chain there, and, you know, that—that seems to me to be working. And there is—there's also quite a lot of coordination in other respects with—of course, with foreign central banks, but you didn't ask about that.

MICHELLE SMITH. Okay, we're going to go to the *Washington Post.* [Silence] *Washington Post,* are you there?

HEATHER LONG. Hey, sorry, I'm here. I think—hi, Chair Powell. Two questions this evening. First, have you personally been tested for coronavirus, and are you working from home? If you could shed some light on the precautions you're taking. And, second, do you believe the Fed has sufficient tools at the moment, or are you seeking congressional action to expand your tool set?

CHAIR POWELL. So I feel fine. I feel very well, and so there's no reason for me to be tested. We are observing—we're trying to model good behavior here, so we're observing quite a lot of teleworking. And also, we're—you know, we're not having a lot of big, crowded meetings—we're not having any big, crowded meetings. So we're trying to observe all of the things that the professionals tell us to do. I do expect to do some teleworking because I want to model that—that it's okay for the people to do so. In fact, it's important for them to do so. So I will do that.

In terms of our—of our toolkit, let me say first that, you know, I think we do have plenty of space to adjust our policy. I mentioned our liquidity tools—you know, we have a lot of power in our liquidity tools, and, as I mentioned, we're prepared to use them. In addition, we've got plenty of space left to offer forward guidance, asset purchases, and adjust those policies, so I

think we do have room. We—we have not at all made a decision to request further—further tools or authorities from Congress, no. We—we have not made that decision. It is not something we're actively considering right now.

MICHELLE SMITH. Okay, we'll go to the *New York Times.*

JEANNA SMIALEK. Hi, Chair Powell. This is Jeanna Smialek from the *New York Times.* Thanks for taking our questions. I'm just curious—you know, obviously, you held this meeting in lieu of your meeting later this week. Will you still release a Summary of Economic Projections? And if not, how should we understand how you guys are thinking about the economy as the coronavirus shapes up?

CHAIR POWELL. So why no—I guess you're asking, why no SEP, and what's our forecast? So a couple reasons we didn't do an SEP. First, we decided on Thursday to move the meeting up by three days to today, and that's before the SEPs are generally filed. They hadn't been filled out, and we—frankly, we spent our time focused on getting ready to make these announcements. Second, and, you know, a number of FOMC participants had already reached out to make the point that the economic outlook is evolving on a daily basis, and it really is depending heavily on the spread of the virus and the measures taken to affect it and how long that goes on. And that is just not something that's knowable. So, actually, writing down a forecast in that circumstance didn't seem to be useful, and, in fact, it could have been more of an obstacle to clear communication than a help. I do expect that we'll return to the quarterly—regular quarterly cycle in June, however.

In terms of the forecast, so, as I mentioned, you know, we see the U.S. economy starting out strong—from a strong position, different—different as we—as we talked through it today. People have a range of perspectives on the way the year is going to go, but I think there's a

pretty broad sense that the second quarter will be a weak quarter, with probably out—you know, output declining a bit. After that, it becomes hard to say, you know, what'll happen in the third and fourth quarters and thereafter, and it's going to depend, again, on—on the path of the virus. So the thing we do know is that we'll be here doing our job and supporting the flow of credit and there to do what we can when the recovery comes to make it as vigorous as possible.

MICHELLE SMITH. Okay. Now we'll go to Bloomberg News.

CRAIG TORRES. Hi, Chair Powell. Craig Torres at Bloomberg News. You say the path of the economy more or less depends on the path of the virus. How important is fiscal policy now in determining whether this sudden stop in activity is long or short and of high human consequence or little human consequence? And, second, can you talk a little bit about what's on your dashboard for economic and financial indicators that you're going to be watching day to day? I know Vice Chair Clarida said that we should start seeing the data show up in April. What are you going to be watching, and what should we be watching?

CHAIR POWELL. So, in terms of fiscal policy, I think in the first instance—and you're—you're seeing some of this now—is the thing that fiscal policy and, really, only fiscal policy can do is reach out directly to affected industries, affected workers, and we've seen some of that. So, that's—that's an important job for fiscal policy. More broadly, after that, there's the question of—of fiscal—broader fiscal stimulus, and I think that'll depend on the path of the economy. I—I think there is such a wide range of possibilities here that it's some—it's very hard to predict. But there could certainly be—there could certainly be, you know, a need for that. And your second question was—what was your second question?

CRAIG TORRES. Yes. It was on what indicators you're going to be looking at, financial and real.

CHAIR POWELL. Well, I think, in the very near term, we're going to be looking at, you know, the Treasury market function. We're really going to be looking to see that financial markets are returning to more liquid, more normal functioning. That is an essential part of our job. That is—actually, you know, that is the thing that central banks were originally designed to do, was to provide liquidity to financial systems in stress, so we take that job very seriously. It's probably the most important thing we're doing now is that. So we'll be watching that and we'll be prepared to use our tools when and as appropriate to address—to—to support market functioning and really to support the flow of credit to households and businesses. Those are the things I'll be looking at. You know, in terms of economic data, I think it's just so early. You know, we're really looking—I mean, the economic data will follow the data on the spread of the virus. You know, I think what happens—what happens during the spread of the virus is probably not going to tell you a lot about where the economy will be in six months. It's going to be—because you may have a—you probably have a bad quarter in the second quarter, but if things get better in the third quarter, that probably won't matter so much. We may be able to come back from that. If it lasts longer—so that's really what I'll be looking for, is—is what is going to be the spread of the virus and what's the path it's going to take and what are the effects on the economy.

MICHELLE SMITH. Okay, we'll go to NBC News now.

DAVID GURA. Hi, Chair Powell. This is David Gura from NBC News. And a lot of good questions here, so I'll—I'll turn to one that's more philosophical in nature. And you've talked a bit about the—the disruptions from the coronavirus outbreak and having lower economic activity for a period of time. I'm reckoning with fact that my kid's going to be out of school until April 20 at the earliest, so we're feeling this very, very acutely. But I wonder if you

could just give us your perspective on the time horizon here and put that into some broader context—how you look at this and how anomalous this thing is with which you and your colleagues are going to have to reckon. That's my first question.

The second is, you know, we've seen a variety of tools here deployed over these last few weeks, and the market—which I know is something that you pay at least minimal attention to—has reacted negatively to some of that. What do you make of that? Going back to the question that was asked earlier about the toolbox and—and what's left—what's left in it, rates are low. Does that provoke any apprehension, any nervousness on your part that there are fewer tools therein?

CHAIR POWELL. So I guess your first question is, how—how do we think about the time—the time for this thing? You know—and the truth is, we just don't know, and, you know, the experts we talk to will say that they don't know, and that it's, in fact, unknowable. It's going to depend on a number of things. First, it's the measures that we take to, you know, to—with the social distancing, and the—all the things businesses and school and everyone's doing now. And that will depend, to some extent, on how compliant people are. You can see that some countries have had a—have been able to, through aggressive measures and really high compliance—have been able to bend the curve and—and do that. And whether we succeed or—you know, that's really the question. And I wouldn't—I wouldn't, you know—I'll resist the impulse to guess. I really don't know what that will be.

In terms of the toolbox, as I mentioned, we think we have plenty of policy space left, plenty of power left in our tools, and I would point in particular to the liquidity tools. That, I think, is—is right now the most important thing that we're doing. Our interest rates will matter—cuts will matter now to borrowers who will get some relief from our cuts, but they'll

matter a lot more when the economy begins to recover. So—but in the forefront now are the liquidity tools and—and getting that job done well.

In addition, as I mentioned, we—you know, we have room to provide forward guidance, to do more asset purchases. I think there—there is room for us to do what we need to do. I—I would just close, though, by saying that, you know, typically, fiscal policy does play a major role when—when there are downturns. You saw—you've seen that in many past downturns, and that's beyond just the automatic stabilizers. Sometimes fiscal policy comes in on a discretionary basis, and that—that will probably need to be the case here as well.

MICHELLE SMITH. Okay, we'll go to Politico.

VICTORIA GUIDA. Hi, Victoria Guida with Politico. Thanks for doing the call. I just wanted to ask, do you see a bigger role here for the Financial Stability Oversight Council? With all the stress that's showing up in different markets, do you see risks to financial stability rising? Do you think there are some activities that FSOC might want to crack down on? And are you confident that there aren't any nonbanks that are systemically important?

CHAIR POWELL. FSOC is really something that the Treasury Secretary chairs. And it's a big group—it's got a lot of people. I think it serves a good purpose. But, you know, you should know that we are, of course, in regular contact with the other regulatory agencies, constantly talking about what's going on in markets. There's a lot of information and conversation on an ongoing basis there, I would say. So—and the same is true with our central bank contacts around the world. We're in ongoing contact with all the major central banks around the world, talking about what's going on. We're having group calls, we're calling one-on-one, so there's quite a lot of information being exchanged there.

And then, your question was, nonbank SIFIs. You know, again, that's a judgment for the—that's a judgment for the FSOC. I—you know, I'm comfortable with the actions that we've taken, and if—if we do identify, you know, a systemically important nonbank institution, then we wouldn't hesitate to designate it, but—although I guess now we're working more on activities, but we do still have the power to designate institutions, so—

MICHELLE SMITH. Okay—

VICTORIA GUIDA. Financial stability risks—are those rising?

CHAIR POWELL. I'm sorry, the question was—

VICTORIA GUIDA. Are risks to financial stability rising, given all the stress that's happening in financial markets?

CHAIR POWELL. Well, yes. I would say, you know, that's—that's something that happens when markets are as volatile as they are, when you're having these big market movements while markets are trying to understand what's going on. They're trying to reach a view on—in high uncertainty, and that's why you see lots and lots of volatility. I think there's more risk to financial stability in an era like—like that than there is when things are really placid, and, you know, we're going home at 4 o'clock and kind of bored over here. That's not the case right now. So, financial stability—I would say those—those risks do rise at a time of high volatility, particularly a time where we're presenting—presented with a challenge that is—is kind of unique, really—it's not something we've all done before.

I also want to add, though, that, you know, we're strongly focused on financial stability. We monitor it carefully. We've built a very resilient financial system. The banks are highly capitalized, lots of liquidity, much better at understanding and managing their risks, their resilience to stress. So our financial stability focus—our focus on an event like this over the last

10 years will pay dividends, in the sense that you have a much more resilient financial system than you've had before.

MICHELLE SMITH. Okay, we'll go to Market News.

JEAN YUNG. Hi, this is Jean Yung. I wanted to ask, a few days ago the Open Market Desk expanded its term repo operations, but the take-up was a bit low. Is that—did you have any takeaway from that? Did that indicate to you that the repos were not working as you had envisioned it, or was there something else that you learned from that? Thank you.

CHAIR POWELL. Thank you. Yes, so we saw, and everyone saw, that liquidity had become very strained in Treasury and MBS markets, and we decided to offer very large quantities of term and overnight repo to address that. That makes it easier to finance the purchase of repos—sorry, of Treasuries and MBS. So we did that, and as you pointed out, the take-up was not as high as many had expected, and I did—we did learn something from that. We thought that was worth doing, and what we learned was that we needed to go direct here rather than trying to intermediate through the dealers.

And so we realized at that point that we would need to actually purchase securities for our portfolio, so we did that on Friday. We bought—the next day, Friday, we went in and we bought across the curve, and we bought, I think, $37 billion worth of securities, and then we saw what happened with that. We saw that market function improved a little bit, but still it wasn't what we needed. And that's why we brought together the full FOMC and had our meeting this afternoon and announced these measures this evening, which are strong measures, with the broad support of the Committee to provide really substantial amounts of liquidity. And I—I think you can see us working through different solutions and—and finding the one that we think really will work and then acting quite vigorously, quite aggressively tonight to implement it.

MICHELLE SMITH. Okay, we're going to go to Reuters for the last question.

HOWARD SCHNEIDER. Thanks, Chair Powell. Howard Schneider with Reuters. Two things, if I could. Could you describe any discussions you've had in coordination with the major banks—this whole talk of drawing down liquidity, drawing down capital buffers—how far can they draw it down? How much do you think they can put out—out to customer finance? Did you get explicit agreements for them that this will go to customer finance and not something else? And then, secondly, is there any discussion yet of—of using the 13(3) powers of the Fed to do some sort of direct lending facility?

CHAIR POWELL. We have given broad general guidance to the banks. We'd like them to use their buffers to provide—you know, to provide loans and—and also to work with their borrowers. As you can see, we're providing a lot of guidance to them across a wide range, and they're saying they have every intention of doing that. That's good to hear. And—so we'll see how that works out. There—there are a lot of discussions going on, and, you know, we hear the banks saying, that's exactly what they're going to do, so that's a good thing.

You know, we're—of course, we've—we're—we have nothing to announce on—on 13(3) powers, but, you know, of course, we—that's part of our playbook in—you know, in any situation like this. So, as I said, we're—we're prepared to use our authorities as is appropriate to—you know, to support borrowing and lending in the economy, and, hence, to support the availability of credit to households and businesses.

MICHELLE SMITH. Okay, thank you very much.