

U.S. markets closed

S&P 500

2,711.02
+230.38 (+9.29%)



Dow 30

23,185.62
+1,985.02 (+9.36%)



Nasdaq

7,874.88
+673.08 (+9.35%)



Russell 2000

1,210.13
+87.20 (+7.77%)



Federal Reserve slashes rates to 0, restarts QE

Brian Cheung
Reporter

Yahoo Finance March 15, 2020

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Federal Reserve Chair Jerome Powell announces emergency action as the coronavirus pandemic shuts down parts of the global economy. (AP Photo/Jacquelyn Martin)

The Federal Reserve made an [emergency announcement](#) Sunday afternoon by announcing that it would be cutting interest rates to zero for the first time since the financial crisis.

The central bank said it will use its “full range of tools” to battle the economic impacts of the novel coronavirus and announced quantitative easing in the form of at least \$700 billion of asset purchases. The Fed also encouraged banks to provide credit to the economy by eliminating reserve requirements and allowing the financial firms to tap into capital and liquidity buffers.

In a global effort, the Fed also announced standing U.S. dollar liquidity swap line arrangements in coordination with the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, and the Swiss National Bank.

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Fed Cuts Main Interest Rate to Near Zero, Boosts Assets by \$700 Billion

Bloomberg

The Fed said the coronavirus outbreak “harmed communities and disrupted communities in many countries,” adding that the U.S. labor market still appeared “strong” as the U.S. economy rose at a “moderate rate.”

But the Fed on Sunday slashed rates by 100 basis points, less than two weeks after it had already made an impromptu 50 basis point cut.

Coronavirus: US slashes rates and launches huge stimulus programme

BBC

“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.”

The Fed also resumed the crisis-era policy of large-scale asset purchases by committing to Treasury purchases of at least \$500 billion and agency mortgage-backed securities of at least \$200 billion “over coming months.”

Fed cuts rates to near zero, details \$700B quantitative easing program

The Block

The central bank was scheduled to hold a Federal Open Market Committee meeting on March 17-18 with a policy announcement on March 18. In the face of accelerating cases of the coronavirus around the world, the Fed pulled the decision forward.

The decision was voted on by all members of the FOMC with the exception of Cleveland Fed President Loretta Mester, who supported all the actions but preferred only a 50 basis point cut to a target range of between 0.5% and 0.75%.

The US government clarifies when workers must get paid amid coronavirus shutdown

Yahoo Finance

Maintaining credit

The Fed said it is “carefully monitoring credit markets,” where market liquidity has been a concern as markets churned over the impact of the coronavirus.

The central bank announced a number of measures on Sunday to motivate banks to support businesses as quarantines around the country raise concerns

Exclusive: Warren Buffett on his health & widespread effects of coronavirus

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[it's a great time to go out': California Republican Devin Nunes talks about life the coronavirus pandemic](#)

MarketWatch

“potential funding pressures.” In the past, banks have been hesitant to tap into the direct lines of funding because of the stigma associated with relying on the Fed for emergency funds.

The Fed said banks were welcome to borrow from the discount window for periods as long as 90 days, “prepayable and renewable by the borrower on a daily basis.”

[Starbucks to fight coronavirus by makin 'to go', limiting hours and closing some](#)

Yahoo Finance

The Fed also said firms could use their capital and liquidity buffers to lend, and reduced reserve requirement ratios to zero percent effective on March 26.

“This action eliminates reserve requirements for thousands of depository institutions and will help to support lending to households and businesses.”

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[Brian Cheung is a reporter covering the Fed, economics, and banking for Yahoo Finance. You can follow him on Twitter @bcheungz.](#)

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