

# Federal Reserve's Response to COVID-19 and Implications for Agriculture

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Online Video

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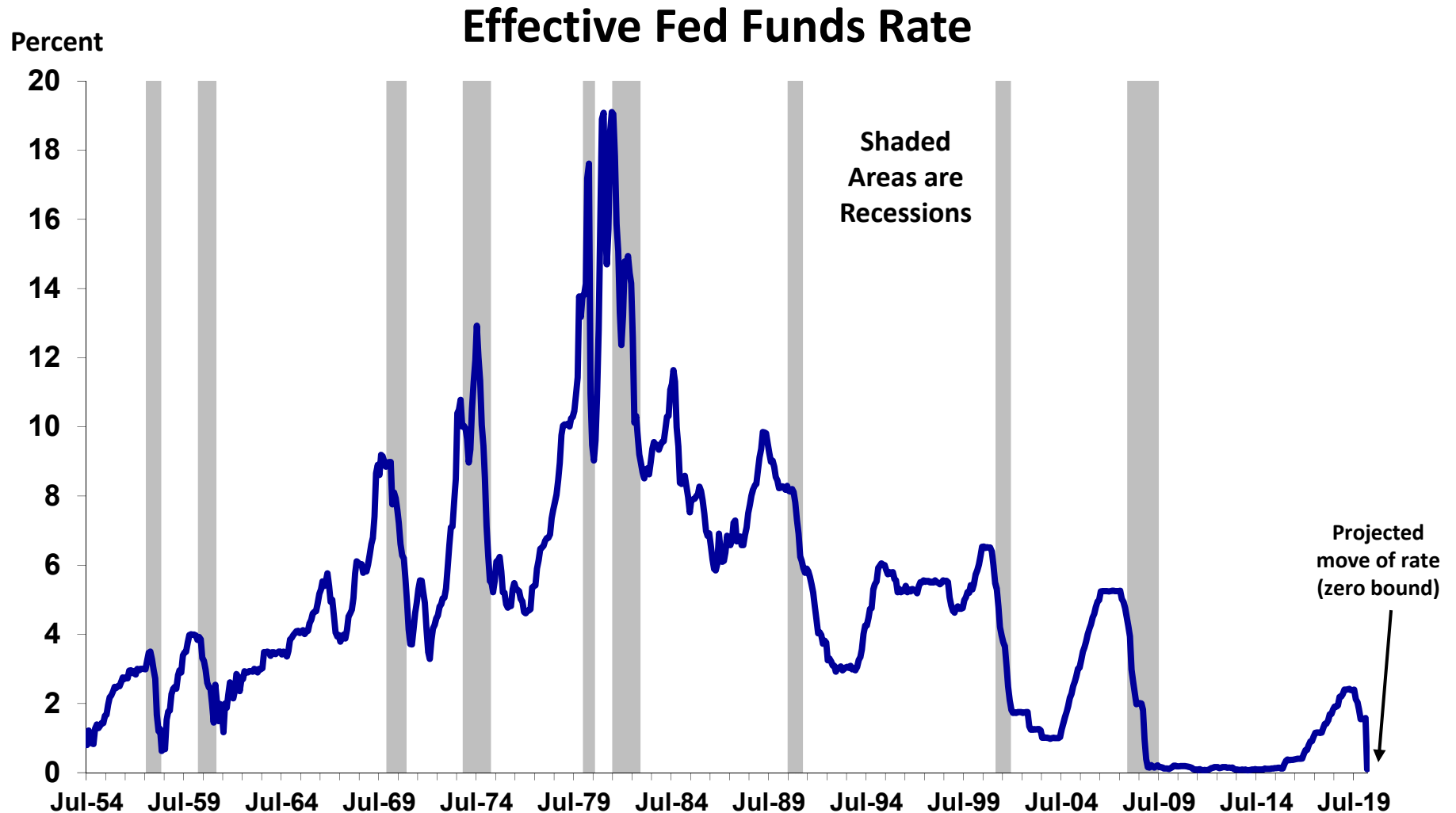
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# Federal Reserve's Response to COVID-19

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- Monetary policy tools are being used by the Federal Reserve to support the US economy
- Dropped Federal Funds Rate to the “zero bound”
- Started using “quantitative easing” or the Fed’s balance sheet to support the market
  - Will ramp up Treasury bond purchases by an additional \$37 billion per month
  - Will inject \$1.5 trillion into short-term funding markets
- Created lending facility to support the flow of credit
  - Will establish a Commercial Paper Funding Facility
  - Will establish a Primary Dealer Credit Facility
  - Both aimed to support credit needs of households and businesses

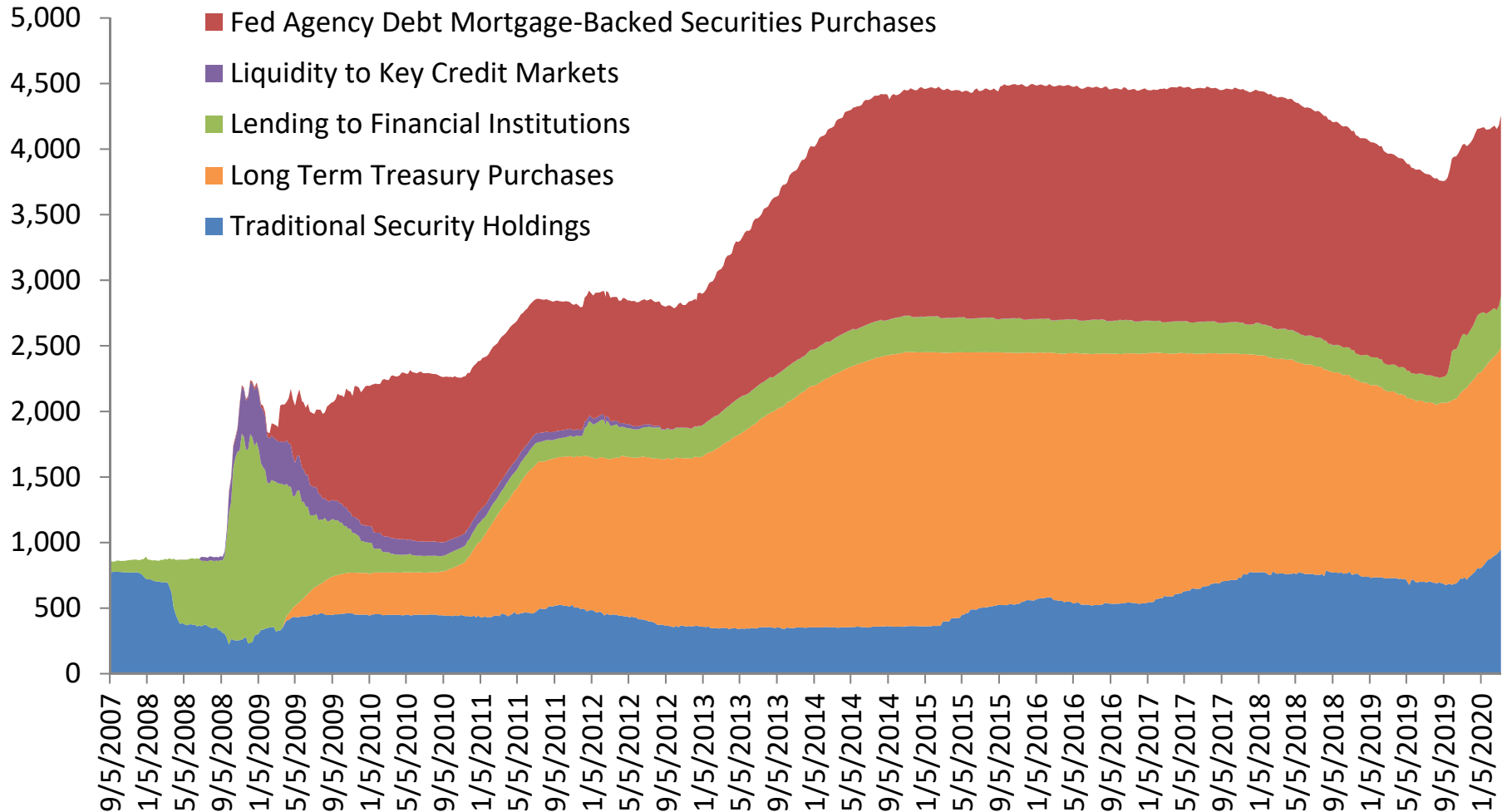
The COVID-19 Pandemic has caused the Federal Reserve to move the Fed Funds Rate to the zero bound.



Source: Federal Reserve Board of Governors

In October 2019, the Fed committed to expanding the balance sheet (US treasuries). In March 2020, it will expand even more.

Billion Dollars



Source: Federal Reserve Bank of Cleveland

# Key Questions Going Forward

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- Will interest rates go lower?
- Will the Fed's response calm domestic and global markets?
- Will the US enter into a recession?
- What impact will this have on agriculture?

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