

December 2

By Junko Oguri & Steven Kelly

Original post [here](#).

***The use of lending facilities has declined to \$87.1 billion. The use of swaps is now at 2% of the peak amount while a few central banks have slightly increased their use in the past few weeks.***

As of December 2, the Fed's liquidity programs had \$87.1 billion in outstanding loans. The total outstanding has fallen from \$94.7 billion in October, the last time we reported the usage (see the post [here](#)).

Figure 1 below shows the outstanding amount of each facility, not including Treasury contributions that are invested in Treasury securities rather than loans to market participants.

*Note on the counterparties of the Commercial Paper Funding Facility (CPFF), Secondary Market Corporate Credit Facility (SMCCF), Term Asset-Backed Securities Loan Facility (TALF), and the agency commercial mortgage-backed securities purchases*

On November [6](#) and [20](#), the Federal Reserve Bank of New York (NY Fed) announced additional counterparties for the CPFF, SMCCF, TALF, and the agency commercial mortgage-backed securities (agency CMBS) purchases. This follows [the statement](#) in July, which announced an initiative to expand the set of counterparties for these programs. The NY Fed explained that the newly added firms represent a diverse range of market participants, including Minority-, Women-, and Veteran-owned Business Enterprises (MWVBES). The following dealers and sellers will be eligible in addition to those already announced on October [19](#) and [23](#).

The additional commercial paper dealer for the [CPFF](#) announced on November 6 is:

- BNY Mellon Capital Markets, LLC

The additional eligible sellers for the [SMCCF](#) announced on November 6 are:

- CastleOak Securities, L.P.
- Great Pacific Securities
- SMBC Nikko Securities America, Inc.
- U.S. Bancorp Investments, Inc.

The additional agency CMBS approved counterparties announced on November 20 are:

- Brean Capital LLC
- PNC Capital Markets LLC

The additional agent for [TALF](#) announced on November 20 is:

- Loop Capital Markets LLC

*Note on Treasury Contributions to Federal Reserve Programs*

On April 9, the Treasury announced that it intended to use funds available under the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) to purchase equity in special purpose vehicles established under Fed lending programs.

In total, the Treasury has invested \$114 billion – including CARES and non-CARES funds – in six facilities, as of December 2. Per the facility agreements, 85% of the equity contributions to the CCF, CPFF, MLF, MSF, and TALF have been invested in nonmarketable Treasury securities: \$31.9 billion for the CCF, \$8.5 billion for the CPFF, \$14.9 billion for the MLF, \$31.9 billion for the MSF, and \$8.5 billion for TALF.

On November 19, the Treasury published a letter from Secretary Steven T. Mnuchin to Jerome Powell, Chairman of the Federal Reserve Board of Governors. The letter indicated the Treasury would not extend the programs established under the CARES Act after December 31.

The Fed’s lending facilities established under Section 13(3) can be categorized into three buckets: the PDCF and PPPLF do not have Treasury capitalization; second, the CPFF and MMLF have equity protection from the Treasury’s pre-existing ESF funds; and, third, the facilities for corporate bonds and loans, municipal bonds, and asset-backed securities (the [SMCCF](#), [PMCCF](#), [MSLP](#), [MLF](#), and [TALF](#)) have equity funding that the Treasury provided under the CARES Act. The letter’s request applies to the latter bucket.

The Fed responded on November 19 with a statement that, “the Federal Reserve would prefer that the full suite of emergency facilities established during the coronavirus pandemic continue to serve their important role as a backstop for our still-strained and vulnerable economy.” On November 20, Chair Powell [confirmed](#) the Fed would arrange to return the unused portions of the funds allocated to the CARES Act facilities with a December 31 termination.

For a discussion of these developments and the future of the Fed emergency lending facilities supported by CARES Act funds, see [this](#) YPFS blog post.

*Note on the extension of Commercial Paper Funding Facility (CPFF), the Money Market Mutual Fund Liquidity Facility (MMLF), the Primary Dealer Credit Facility (PDCF), and the Paycheck Protection Program Liquidity Facility (PPPLF)*

On November 30, the Fed [announced](#) that it would extend the following facilities originally scheduled to expire on (or around) December 31 this year, through March 31, 2021: the CPFF, MMLF, PDCF, and PPPLF. These four facilities do not have equity funding that the Treasury provided under the CARES Act.

*Note on Federal Reserve Swap Lines*

Over the past month, central banks reduced their use of the Fed’s U.S. dollar swap lines. As of December 3, the total amount outstanding is \$9,128 million. Compared to the peak on May 27, this is a 98% drop, reflecting the low demand of the swap lines in the current environment.

While the overall demand has been low, a few central banks have resumed the use of the swap line over the past weeks. For instance, on November 19, the Bank of England (BOE) reported the use of \$115 million. This was the first time since July 22 that the BOE reported use larger than \$100 million. The Swiss National Bank has been increasing its use of the swap line. As of December 3, the Swiss National Bank reported \$5,866 million outstanding, now representing 64 percent of the total outstanding amount (Figure 2).

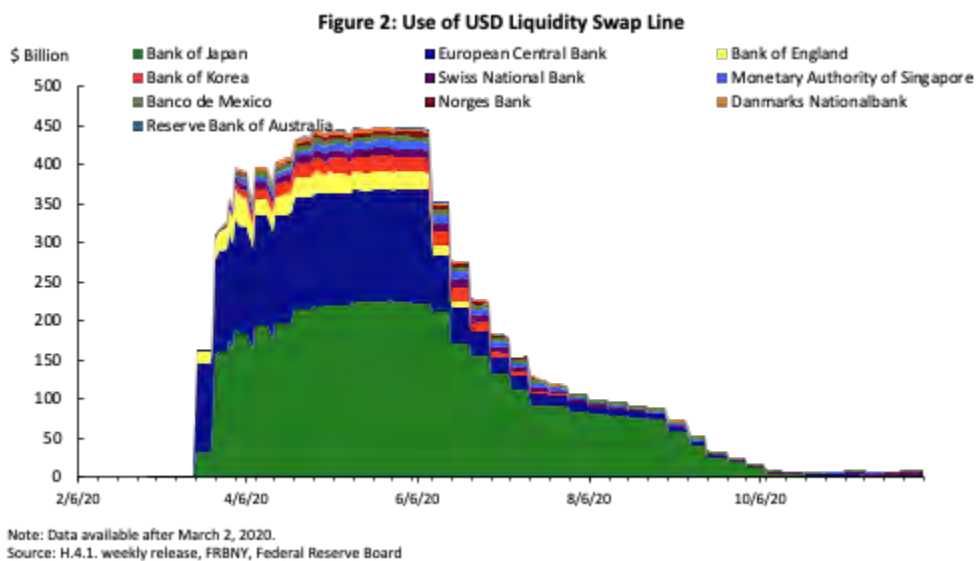
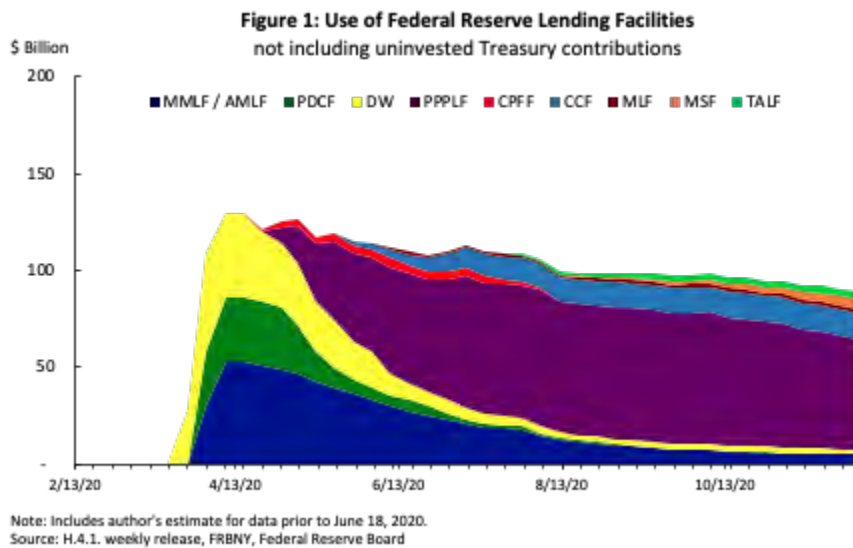
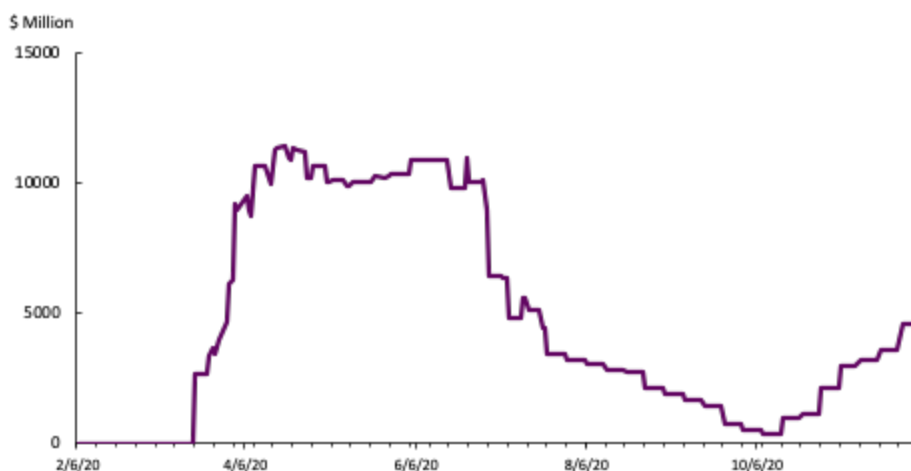


Figure 2': Swiss National Bank



Note: Data available after March 2, 2020.  
Source: H.4.1. weekly release, FRBNY, Federal Reserve Board

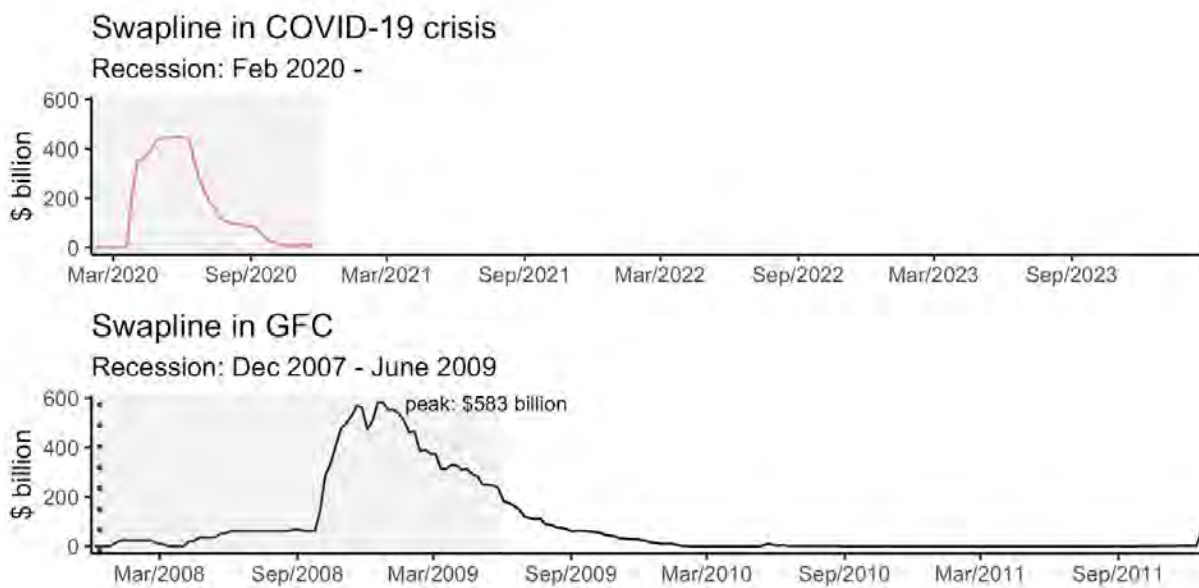
For further details on the use of Federal Reserve Programs, please refer to [the Fed's monthly report to Congress](#).

The following figures show the usage of Fed programs during the COVID-19 crisis. They also show data for similar programs during the Global Financial Crisis of 2007-09 (GFC), where applicable. The graphs also indicate how soon each program was launched relative to the start date of recessions (February 1, 2020, for COVID, and December 1, 2007 for GFC). The actual take-up of these facilities has been relatively low compared to the take-up of similar facilities during the GFC.

For a more detailed comparison of Fed programs during the GFC and the COVID-19, see our [Key Program Summaries](#).

### *Liquidity Swap Lines*

The USD [swap lines](#) are bilateral agreements between the Fed and foreign central banks. They allow foreign central banks to exchange domestic currency for US dollars. The Fed currently maintains swap line agreements with 14 central banks.



Note: (a) The start date for the graph “Swapline in COVID-19” is February 1, 2020 and the start date for the graph “Swapline in GFC” is December 1, 2007. (b) The green dotted line in the graph “Swapline in GFC” indicates December 12, 2007, the date when the FOMC authorized temporary dollar liquidity swap arrangements with foreign central banks.

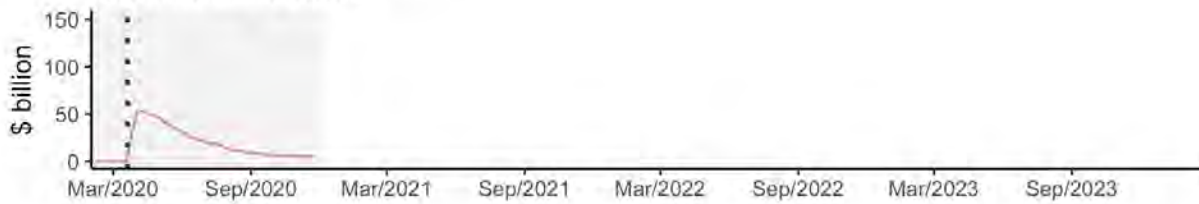
Sources: FRBNY, Federal Reserve Board

### *Money Market Mutual Fund Liquidity Facility*

The [MMLF](#) allows the Fed to fund the purchase of money market mutual fund (MMF) assets. The program is established under Section 13(3) of the Federal Reserve Act. The Fed reported that the U.S. Treasury, to date, has provided an equity cushion of \$1.5 billion to the Money Market Mutual Fund Liquidity Facility – as part of \$10 billion total in credit protection. The facility had \$4,915 million in outstanding loans on December 2. It is similar to the Asset-Backed Commercial Paper Liquidity Money Market Mutual Fund Liquidity Facility (AMLF) that the Fed launched during the GFC. The AMLF funded the purchase of ABCP from MMFs. In comparison, the MMLF is authorized to lend against a broader range of collateral.

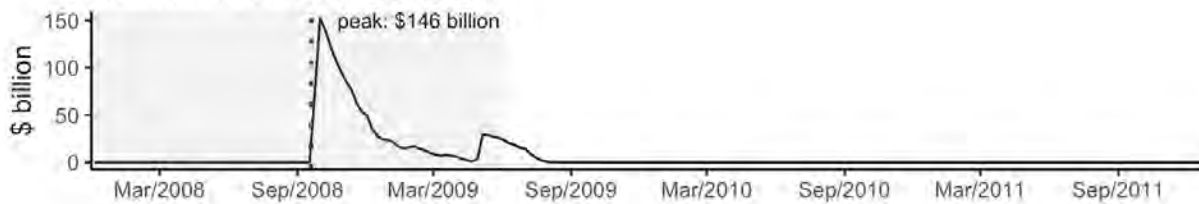
### MMLF in COVID-19 crisis

Recession: Feb 2020 -



### AMLF in GFC

Recession: Dec 2007 - June 2009



Note: (a) The start date for the graph “MMLF in COVID-19 crisis” is February 1, 2020 and the start date for the graph “AMLF in GFC” is December 1, 2007. (b) The green dotted line in the graph “MMLF in COVID-19 crisis” indicates March 23, 2020, the launch date of the program. (c) The green dotted line in the graph “AMLF in GFC” indicates September 19, 2008, the announcement date of the program. (d) Includes author’s estimate for MMLF data prior to June 18, 2020.

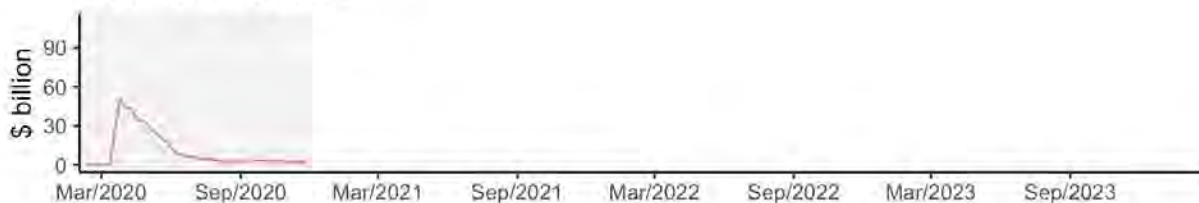
Sources: FRBNY, Federal Reserve Board

### Discount Window

The [DW](#) is a standing facility that allows the Fed to provide collateralized loans to depository institutions. It had \$1,992 million in outstanding loans on December 2.

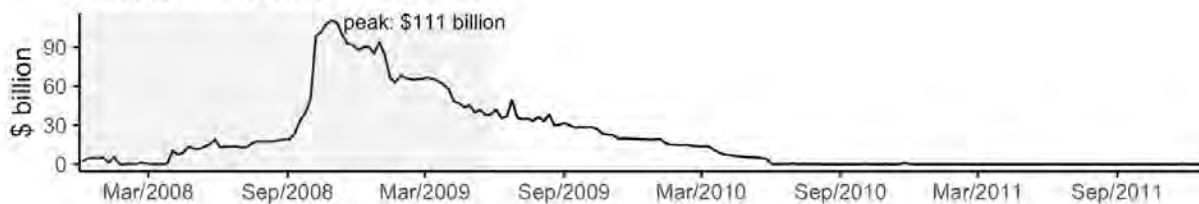
### DW in COVID-19 crisis

Recession: Feb 2020 -



### DW in GFC

Recession: Dec 2007 - June 2009

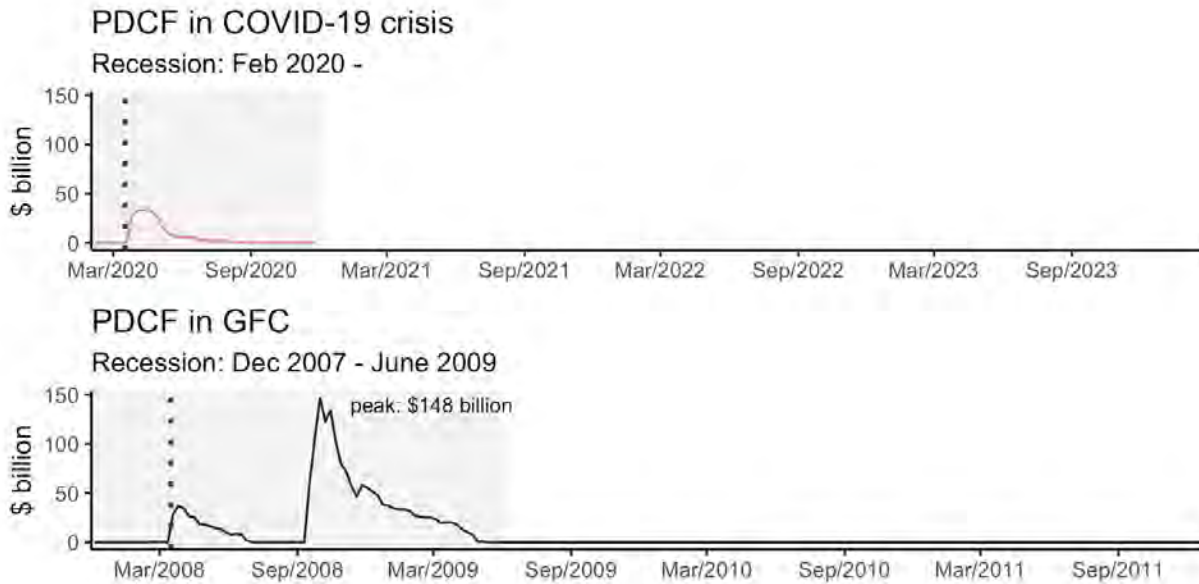


Note: (a) The start date for the graph “DW in COVID-19 crisis” is February 1, 2020 and the start date for the graph “DW in GFC” is December 1, 2007.

Sources: FRBNY, Federal Reserve Board

### Primary Dealer Credit Facility

The [PDCF](#) allows the Fed to extend collateralized loans to primary dealers. The facility was established under Section 13(3). The facility had \$250 million in outstanding loans on December 2.

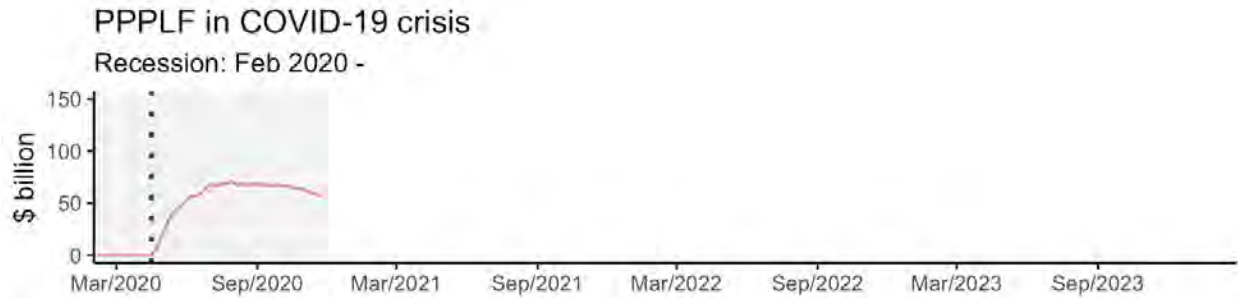


Note: (a) The start date for the graph “PDCF in COVID-19 crisis” is February 1, 2020 and the start date for the graph “PDCF in GFC” is December 1, 2007. (b) The green dotted line in the graph “PDCF in COVID-19 crisis” indicates March 20, 2020, the launch date of the program. (c) The green dotted line in the graph “PDCF in GFC” indicates March 16, 2008, the announcement date of the program.

Sources: FRBNY, Federal Reserve Board

### Paycheck Protection Program Liquidity Facility

The [PPPLF](#) allows the Fed to provide financial institutions with liquidity backed by loans to small businesses extended under the federal government’s Paycheck Protection Program and guaranteed by the Small Business Administration. The PPPLF was established under Section 13(3). The facility had \$55 billion in outstanding loans on December 2.

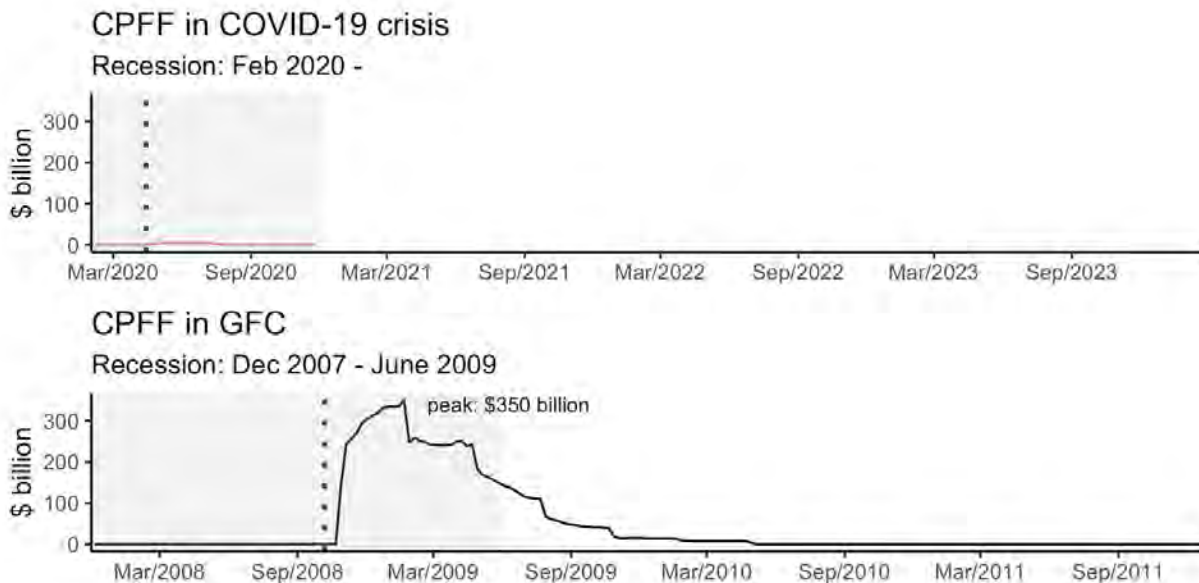


Note: (a) The start date for the graph is February 1, 2020. (b) The green dotted line in the graph indicates April 16, 2020, the launch date of the program.

Sources: FRBNY, Federal Reserve Board

### *Commercial Paper Funding Facility*

The [CPFF](#) provides a liquidity backstop to issuers of commercial paper and was also established under Section 13(3). It is operated by the NY Fed through a special purpose vehicle, the Commercial Paper Funding Facility II LLC (CPFF II LLC). The Treasury has made an equity investment of \$10 billion in CPFF II LLC. The facility had no outstanding loans on December 2.



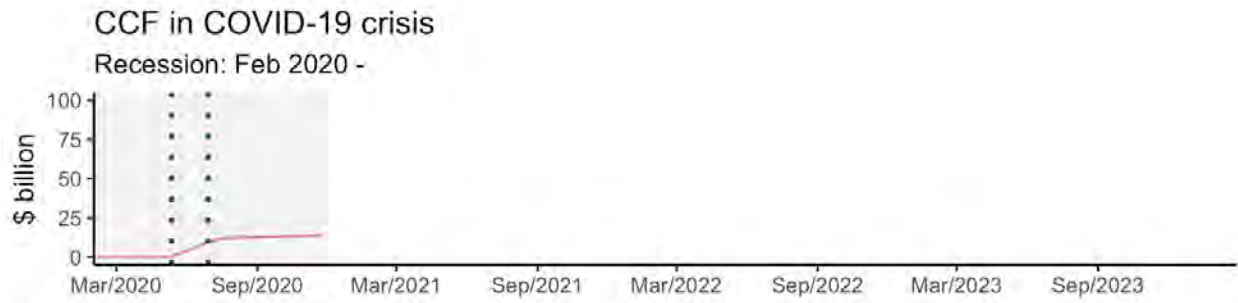
Note: (a) The start date for the graph “CPFF in COVID-19 crisis” is February 1, 2020 and the start date for the graph “CPFF in GFC” is December 1, 2007. (b) The green dotted line in the graph “CPFF in COVID-19 crisis” indicates April 14, 2020, the launch date of the program. (c) The green dotted line in the graph “CPFF in GFC” indicates October 27, 2008, the date commercial paper purchases began. (d) “CPFF in COVID-19 crisis” includes author’s estimate for data prior to June 18, 2020.

Sources: FRBNY, Federal Reserve Board

### *Primary and Secondary Market Corporate Credit Facilities*



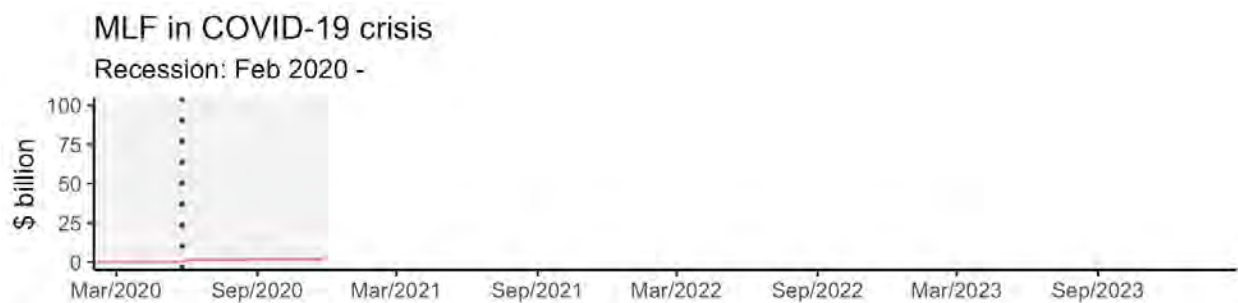
The [PMCCF](#) and [SMCCF](#) were set up under Section 13(3) to support credit to employers through purchases of newly issued bonds and support market liquidity for outstanding corporate bonds. These facilities operate through a special purpose vehicle, the Corporate Credit Facilities LLC (CCF LLC). The Treasury has made an equity investment of \$37.5 billion in CCF LLC. The SMCCF had \$13.9 billion in outstanding assets on December 2. The PMCCF has not extended any credit to date.



Note: (a) The start date for the graph is February 1, 2020. (b) The green dotted lines in the graph indicate May 12, 2020 and June 29, 2020, the launch date of SMCCF and PMCCF. (c) Includes author's estimate for data prior to June 18, 2020. Sources: FRBNY, Federal Reserve Board

### *Municipal Liquidity Facility*

The [MLF](#) provides liquidity to states, counties, and cities. The facility was set up to purchase up to \$500 billion of short-term notes and was established under Section 13(3). The Treasury has made an equity investment of \$17.5 billion in MLF LLC. The facility had \$1,454 million in outstanding loans on December 2.

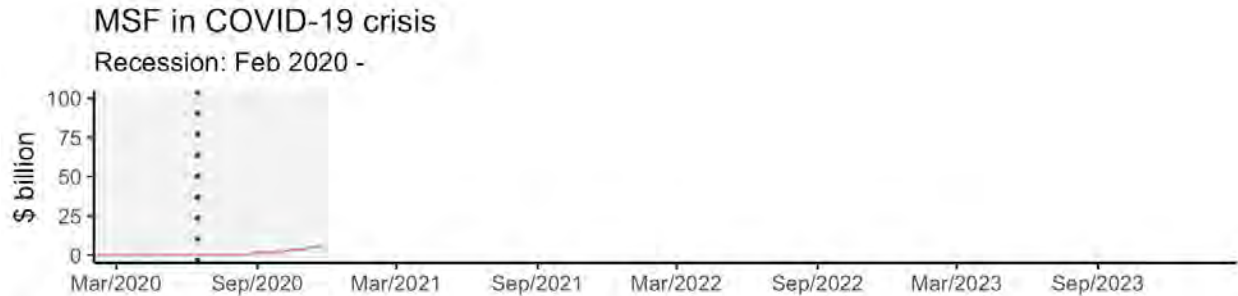


Note: (a) The start date for the graph is February 1, 2020. (b) The green dotted line in the graph indicates May 26, 2020, the launch date of the program. (c) Includes author's estimate for data prior to June 18, 2020. Sources: FRBNY, Federal Reserve Board

### *Main Street Lending Programs*

The [MSF](#) is established under Section 13(3) to provide loans to small and medium-sized businesses. The program operates through five facilities: the Main Street New Loan Facility (MSNLF), the Main Street Priority Loan Facility (MSPLF), the Main Street Expanded Loan Facility (MSELF), the Nonprofit Organization New Loan Facility (NONLF), and the Nonprofit

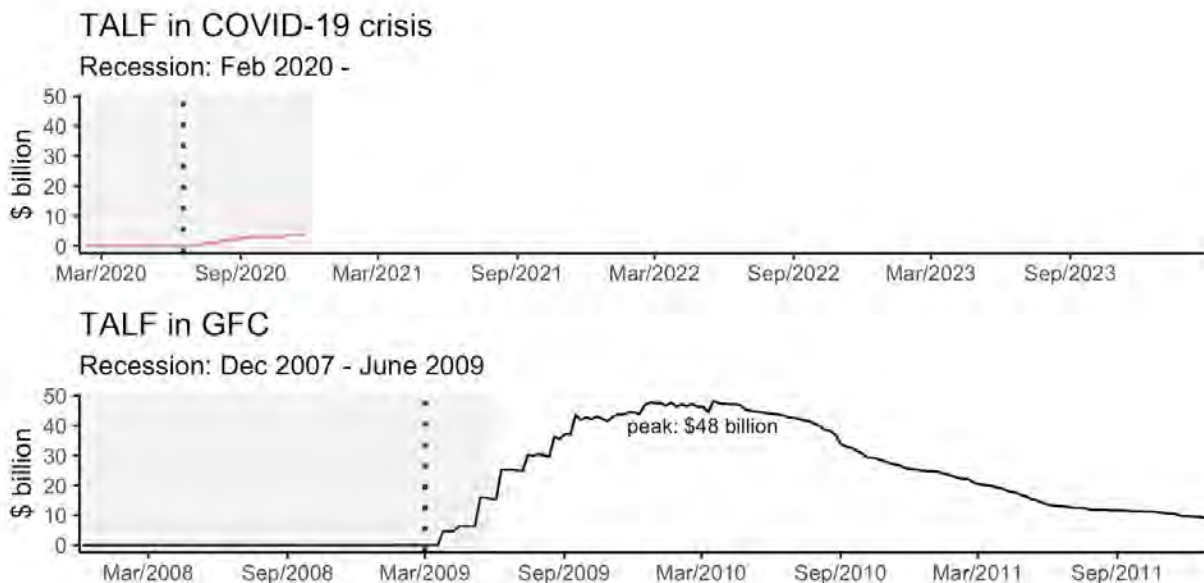
Organization Expanded Loan Facility (NOELF).). The loans for all five facilities are extended through a special purpose vehicle, the Main Street Facilities LLC (MSF LLC), established by the Federal Reserve Bank of Boston. The Treasury has made an equity investment of \$37.5 billion in MSF LLC. The facility had \$6,212 million in outstanding loans on December 2.



Note: (a) The start date for the graph is February 1, 2020. (b) The green dotted line in the graph indicates June 15, 2020, the launch date of the program. (d) Includes author's estimate for data prior to June 18, 2020.  
Sources: FRBNY, Federal Reserve Board

### *Term Asset-Backed Securities Loan Facility*

The [TALF](#) is established under Section 13(3) to provide liquidity collateralized by asset-backed securities (ABS). Under the facility, the Federal Reserve lends to holders of certain AAA-rated ABS. The facility operates through a special purpose vehicle to extend its loans, the Term Asset-Backed Securities Loan Facility II LLC (TALF II LLC). The Treasury has made an equity investment of \$10 billion in TALF II LLC. The facility had \$3,548 million in outstanding loans on December 2.



Note: (a) The start date for the graph “TALF in COVID-19 crisis” is February 1, 2020 and the start date for the graph “TALF in GFC” is December 1, 2007. (b) The green dotted line in the graph “TALF in COVID-19 crisis” indicates June 17, 2020, the launch date of the program. (c) The green dotted line in the graph “TALF in GFC” indicates March 1, 2008, the date lending operation began. (d) “TALF in COVID-19 crisis” includes author’s estimate for data prior to June 18, 2020.

Sources: FRBNY, Federal Reserve Board

Summary Table from our [Key Program Summaries](#)

Updated on May 20, 2020		GFC		COVID-19		
Who	Program	Initial Announcement Size (billions)	Peak Size (billions)	Program	Initial Announcement Size (billions)	Peak Size (billions)
Financial Institutions	Discount Window (DW) *Not 13(d)	No limit	\$111	Discount Window (DW) *Not 13(d)	No limit	\$61
	Primary Dealer Credit Facility (PDCF)	No limit	\$147	Primary Dealer Credit Facility (PDCF)	No limit	\$33
	Term Auction Facility (TAF) *Not 13(d)	\$40 *Size for only first two auctions announced	\$403			
	Term Securities Lending Facility (TSLF)	\$200	\$238			
	Single-Tranche Term Repo Agreement (STTR)	\$100	\$80			
<b>Total</b>		\$240 *Two facilities with no stated limit, one facility with unspecified future auction sizes	\$1,067		No stated limit	\$84
Businesses	Commercial Paper Funding Facility (CPFF)	No limit *Market size \$1.8 trillion at announcement	\$348	Commercial Paper Funding Facility (CPFF)	No limit *Market size \$1.1 trillion at announcement	\$4
	Term Asset-Backed Securities Loan Facility (TALF)	\$200 *Size later increased	\$48	Term Asset-Backed Securities Loan Facility (TALF)	\$100	n/a
				Primary Market Corporate Credit Facility (PMCCF)	\$500	n/a
				Secondary Market Corporate Credit Facility (SMCCF)	\$250	n/a
<b>Total</b>		\$200 *One facility with no stated limit	\$396		\$850 *One facility with no stated limit	\$4
Money Markets	Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF)	No limit	\$152	Money Market Mutual Fund Liquidity Facility (MMLF)	No limit *Market size \$3.8 trillion at announcement	\$63
	Money Market Investor Funding Facility (MMIFF)	No limit	\$0			
<b>Total</b>		No stated limit *Total market size \$3.4 trillion at announcement	\$152		No stated limit	\$63
States and Municipalities				Municipal Liquidity Facility (MLF)	\$500	n/a
<b>Total</b>		\$0	\$0		\$500	\$0
Small Businesses				Paycheck Protection Program Liquidity Facility (PPPLF)	\$550 *Amount authorized under Congressional allocations	\$41
<b>Total</b>		\$0	\$0		\$550	\$41
Medium Businesses				Main Street Lending Program (MSLP)	\$800	n/a
<b>Total</b>		\$0	\$0		\$800	\$0
Foreign Countries	Central Bank Liquidity Swap Lines (CBLSL) *Not 13(d)	\$24 *Size for only ECB and SNB announced initially Size later increased	\$588	Central Bank Liquidity Swap Lines (CBLSL) *Not 13(d)	No limit on 5 existing swap lines 9 new swap lines	\$446
				Temporary Repurchase Agreement Facility for Foreign and International Monetary Authorities (T-RAMA) *Not 13(d)	No limit	\$1
<b>Total</b>		\$24	\$588		No stated limit	\$446
Support to a Specific Company	Bear Stearns/JPMorgan (Maiden Lane)	\$29	\$29			
	AIG (Revolving Credit Facility)	\$86	\$72			
	AIG (Maiden Lane II)	\$20	\$20			
	AIG Securities Borrowing Facility	\$38	\$21			
	AIG (Maiden Lane III)	\$24	\$24			
	AIG AIA/Aurora	\$26	\$26			
	Citi Group	\$24	\$0			
	Bank of America	\$88	\$0			
<b>Total</b>		\$643	\$191		\$0	\$0
<b>Grand Total</b>			\$2,392		\$3,689 *Total excludes programs with no stated limit	\$623