

Use of Federal Reserve Programs as of May 7

By **Pascal Ungersboeck**

Original post [here](#).

The Federal Reserve recently announced a number of lending facilities, based on programs first implemented during the Global Financial Crisis of 2007-09. This post provides an update on the use of Fed lending programs since April 16. It also introduces the Fed's newest lending facility, the [Paycheck Protection Program Liquidity Facility](#) (PPPLF); discusses international use of the Fed's liquidity swap lines; and provides an overview of similar lending programs in Europe and the United Kingdom. Our previous post on the early use of Fed programs is available [here](#).

Recent use of Fed programs

The total outstanding amount for the Fed's main lending programs has changed little over the past two weeks, increasing from USD 120bn to 123bn, down slightly from a peak of USD 129bn on April 9. Usage of the discount window declined by USD 5bn since April 16.

The outstanding balances of the [Money Market Mutual Fund Liquidity Facility](#) (MMLF) and [Primary Dealer Credit Facility](#) (PDCF) decreased by USD 4bn and USD 8bn, respectively. The outstanding amount with the [Commercial Paper Funding Facility](#) (CPFF) increased from less than USD 1bn to USD 3.3bn and remains small relative to overall lending.

The declines in usage of the MMLF and PDCF were offset by the extension of loans through a new facility, the Paycheck Protection Program Liquidity Facility (PPPLF).

Usage of the Fed's USD liquidity swap lines continued to increase over the last two weeks. Swap lines remain the largest program, with USD 438bn outstanding as of April 30. The use of the [Foreign and International Monetary Authorities](#) (FIMA) Repo facility, available to provide US dollar liquidity to central banks that don't have access to an established swap line with the Fed, remains negligible at USD 2mn outstanding.

The Fed has yet to launch two corporate bond purchase programs that it announced on March 23.

The Paycheck Protection Program Liquidity Facility (PPPLF)

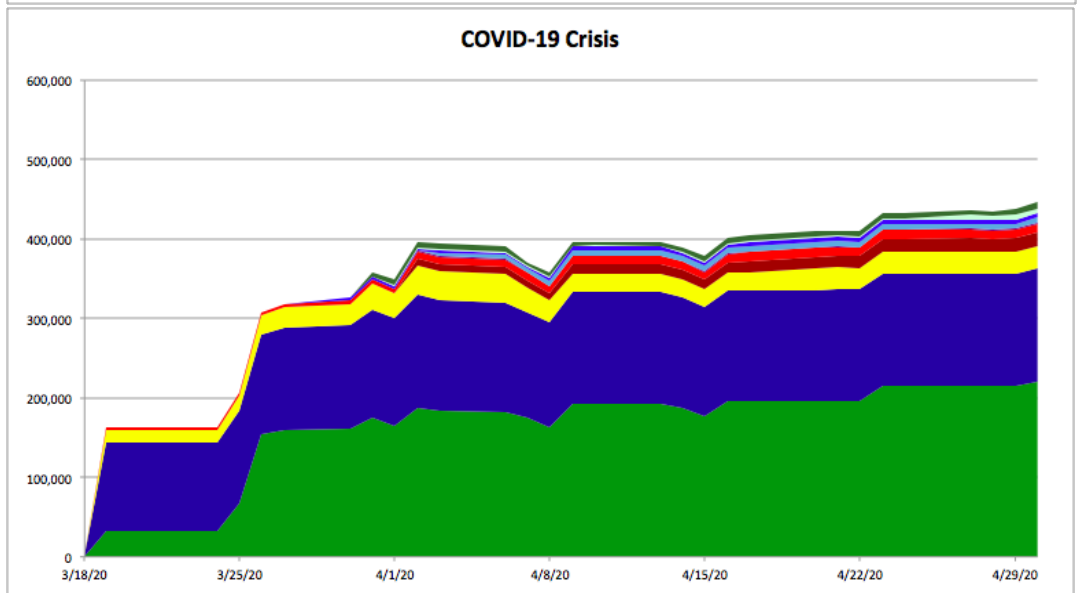
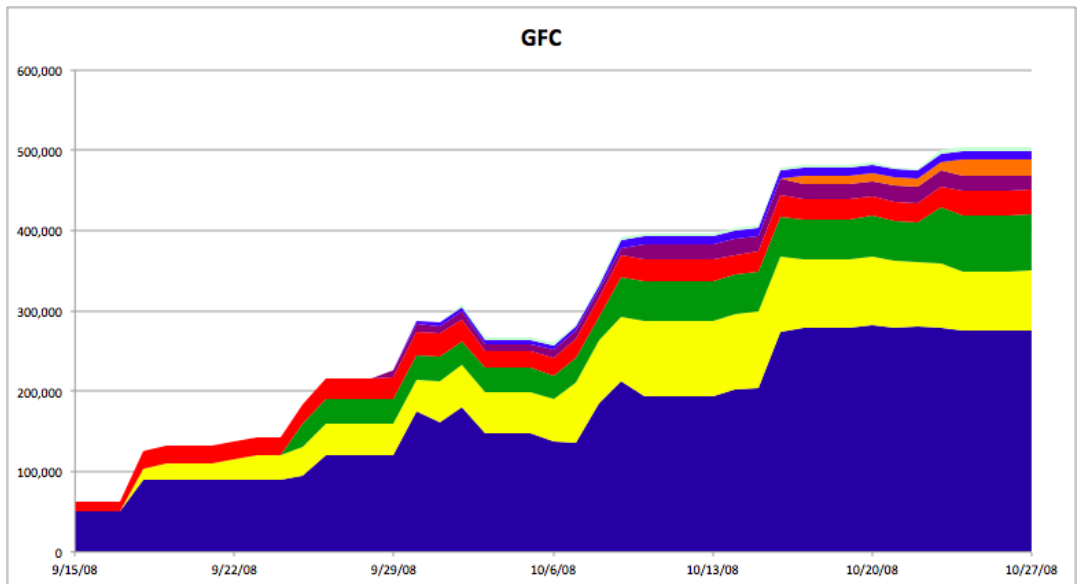
The Paycheck Protection Program Liquidity Facility (PPPLF) allows the Fed to provide financial institutions with liquidity backed by loans to small and medium businesses extended under the federal government's Paycheck Protection Program. The PPPLF was announced on April 9 and became operational one week later. Immediate use was moderate with USD 8bn outstanding on April 23. It stands at USD 19bn as of April 30, showing a large increase as other asset-purchase programs saw their outstanding balance decline.

On April 30 the Fed announced an extension of the program, allowing it to include additional lenders and expand eligible collateral. Under the new framework, eligible lenders include all lenders approved by the Small Business Administration (SBA). Also, lenders can now pledge purchased PPP loans as collateral.

Swap Line Use

The network of 14 dollar liquidity swap lines remains the most used emergency program with USD 438bn outstanding as of April 30. On average, the outstanding amount has increased by USD 14bn every day since March 19. The European Central Bank (ECB), Bank of Japan (BoJ), Bank of England (BoE), and Swiss National Bank (SNB) drew funds on the first day of the program and were gradually joined by six other central banks. By April 3, 10 central banks had a positive outstanding balance.

- Monetary Authority of Singapore
- Norges Bank
- Danmarks Nationalbank
- Banco de Mexico
- Reserve Bank of Australia
- Swiss National Bank
- Bank of Korea
- Bank of England
- European Central Bank
- Bank of Japan



As during the Global Financial Crisis of 2007-09 (GFC), the BoE, BoJ, and ECB constitute the three largest counterparties. They have drawn 88% of funds currently outstanding. The ECB was the largest single counterparty during the GFC with USD 313bn outstanding at its peak. The ECB also made heavy use of the line during the first days following the announcement of the facilities. It drew USD 112bn on March 19, the first day the facility was reactivated. The ECB has since slowly increased its use of the line to USD 143bn outstanding on April 30, on average by USD 1bn per trading day. The BoJ has increased its usage more gradually and has exceeded the ECB's use since March 26. Since then, the BoJ has increased its drawings by USD 6bn every day on average, as of April 30 it has USD 220bn outstanding.

Ten out of 14 participating central banks have used their swap line. Nine banks used the swap lines during the GFC. Other than the three largest central banks, the central banks of Norway, Denmark, Australia, Switzerland, and Korea used the lines during both crises. The central bank of Sweden drew funds only during the GFC, while the central banks of Singapore and Mexico are currently drawing funds but did not use their line during the GFC.

International Comparison

The ECB announced its main asset-purchase program, the [Pandemic Emergency Purchase Program](#) (PEPP), on March 18. It expects to purchase up to EUR 750bn in private and public sector securities until “the COVID-19 crisis phase is over.” As of May 1, the facility had EUR 118bn outstanding, 0.7% of the Eurozone's GDP. The marginal lending facility, the ECB's equivalent of the discount window, has no balance outstanding as of May 1.

In the UK, the BoE implemented the [Covid Corporate Financing Facility](#) to purchase commercial paper from British issuers. As of April 29, the facility has an outstanding balance of GBP 15.91bn, or 0.7% of GDP. The USD 123bn in loans outstanding at the Fed as of April 30 constitute 0.6% of GDP.

Summary Table

CB Swaps				AMLF / MMLF				PDCF			
GFC		COVID		GFC		COVID		GFC		COVID	
12/25/07	24,000	2/26/20	44	9/24/08	72,667	2/26/20	-	2/20/08	-	2/26/20	-
1/1/08	24,000	3/4/20	48	10/1/08	152,108	3/4/20	-	2/27/08	-	3/4/20	-
9/17/08	62,000	3/11/20	58	10/8/08	139,481	3/11/20	-	3/5/08	-	3/11/20	-
9/24/08	141,900	3/18/20	44	10/15/08	122,763	3/18/20	-	3/12/08	-	3/18/20	-
10/1/08	286,432	3/25/20	206,051	10/22/08	107,895	3/25/20	30,634	3/19/08	28,800	3/25/20	27,718
10/8/08	335,184	4/1/20	348,544	10/29/08	96,010	4/1/20	52,667	3/26/08	37,023	4/1/20	33,050
10/15/08	406,882	4/8/20	358,077	11/5/08	85,097	4/8/20	53,171	4/2/08	34,443	4/8/20	33,018
10/22/08	477,159	4/15/20	378,291	11/12/08	76,546	4/15/20	50,656	4/9/08	26,479	4/15/20	33,409
10/29/08	498,860	4/22/20	409,712	11/19/08	61,923	4/22/20	48,810	4/16/08	25,655	4/22/20	31,526
11/5/08	528,355	4/29/20	438,953	11/26/08	53,309	4/29/20	46,277	4/23/08	18,555	4/29/20	25,504

DW				PPPLF				CPFF			
GFC		COVID		GFC		COVID		GFC		COVID	
8/27/08	18,901	2/26/20	13	NA		2/26/20	-	10/1/08	-	2/26/20	-
9/3/08	19,000	3/4/20	1			3/4/20	-	10/8/08	-	3/4/20	-
9/10/08	23,455	3/11/20	11			3/11/20	-	10/15/08	-	3/11/20	-
9/17/08	33,401	3/18/20	28,224			3/18/20	-	10/22/08	-	3/18/20	-
9/24/08	39,327	3/25/20	50,768			3/25/20	-	10/29/08	144,808	3/25/20	-
10/1/08	49,524	4/1/20	43,744			4/1/20	-	11/5/08	243,305	4/1/20	-
10/8/08	98,107	4/8/20	43,449			4/8/20	-	11/12/08	257,287	4/8/20	-
10/15/08	101,853	4/15/20	36,284			4/15/20	-	11/19/08	270,879	4/15/20	974
10/22/08	107,547	4/22/20	33,742			4/22/20	8,009	11/26/08	294,094	4/22/20	2,732
10/29/08	110,737	4/29/20	31,759			4/29/20	19,488	12/3/08	303,880	4/29/20	3,372

CB Swaps				AMLF / MMLF				PDCF			
GFC		COVID		GFC		COVID		GFC		COVID	
12/25/07	24,000	2/26/20	44	9/24/08	72,667	2/26/20	-	2/20/08	-	2/26/20	-
1/1/08	24,000	3/4/20	48	10/1/08	152,108	3/4/20	-	2/27/08	-	3/4/20	-
9/17/08	62,000	3/11/20	58	10/8/08	139,481	3/11/20	-	3/5/08	-	3/11/20	-
9/24/08	141,900	3/18/20	44	10/15/08	122,763	3/18/20	-	3/12/08	-	3/18/20	-
10/1/08	286,432	3/25/20	206,051	10/22/08	107,895	3/25/20	30,634	3/19/08	28,800	3/25/20	27,718
10/8/08	335,184	4/1/20	348,544	10/29/08	96,010	4/1/20	52,667	3/26/08	37,023	4/1/20	33,050
10/15/08	406,882	4/8/20	358,077	11/5/08	85,097	4/8/20	53,171	4/2/08	34,443	4/8/20	33,018
10/22/08	477,159	4/15/20	378,291	11/12/08	76,546	4/15/20	50,656	4/9/08	26,479	4/15/20	33,409
10/29/08	498,860	4/22/20	409,712	11/19/08	61,923	4/22/20	48,810	4/16/08	25,655	4/22/20	31,526
11/5/08	528,355	4/29/20	438,953	11/26/08	53,309	4/29/20	46,277	4/23/08	18,555	4/29/20	25,504

DW				PPPLF				CPFF			
GFC		COVID		GFC		COVID		GFC		COVID	
8/27/08	18,901	2/26/20	13	NA		2/26/20	-	10/1/08	-	2/26/20	-
9/3/08	19,000	3/4/20	1			3/4/20	-	10/8/08	-	3/4/20	-
9/10/08	23,455	3/11/20	11			3/11/20	-	10/15/08	-	3/11/20	-
9/17/08	33,401	3/18/20	28,224			3/18/20	-	10/22/08	-	3/18/20	-
9/24/08	39,327	3/25/20	50,768			3/25/20	-	10/29/08	144,808	3/25/20	-
10/1/08	49,524	4/1/20	43,744			4/1/20	-	11/5/08	243,305	4/1/20	-
10/8/08	98,107	4/8/20	43,449			4/8/20	-	11/12/08	257,287	4/8/20	-
10/15/08	101,853	4/15/20	36,284			4/15/20	-	11/19/08	270,879	4/15/20	974
10/22/08	107,547	4/22/20	33,742			4/22/20	8,009	11/26/08	294,094	4/22/20	2,732
10/29/08	110,737	4/29/20	31,759			4/29/20	19,488	12/3/08	303,880	4/29/20	3,372

FIMA Repos		
GFC	COVID	
NA	2/26/20	-
	3/4/20	-
	3/11/20	-
	3/18/20	-
	3/25/20	-
	4/1/20	-
	4/8/20	1
	4/15/20	-
	4/22/20	-
	4/29/20	2