September 23

By Junko Oguri

Original post here.

The use of lending facilities has declined to $97.4 billion. The use of swaps also continued to decline, and is now at 7% of the peak amount.

As of September 23, the Fed's liquidity programs had $97.4 billion in outstanding loans. The total outstanding has not changed much compared to $98.4 billion, the outstanding amount at the end of August, 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 securities rather than loans to market participants.

Note on Treasury Contributions to Federal Reserve Programs

The Treasury announced on April 9 that it intended to use funds available under the CARES Act to purchase equity in special purpose vehicles established under Fed lending programs.

In total, the Treasury has invested $114 billion in six facilities as of September 23, which is unchanged since the August report. 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, $14.9 billion for the MSF, and $8.5 billion for TALF.

At the congressional hearing, Treasury Secretary Steven Mnuchin and Jerome H. Powell, Chair of the Federal Reserve, reconfirmed their commitment to provide support to households and businesses. Meanwhile, Mnuchin noted there were limits to what could be done with the existing lending facilities and said that he would like to see legislation that would "reallocate that money to better use."

Note on the Commercial Paper Funding Facility (CPFF) and Secondary Market Corporate Credit Facility (SMCCF)

On September 9, the Federal Reserve Bank of New York (NY Fed) announced the first wave of additional counterparties for CPFF and SMCCF. This follows the statement in July, which announced an initiative to expand the set of counterparties for CPFF, SMCCF, and the TALF.

According to the NY Fed's press release, by widening the eligibility criteria for counterparties, it intends to further "its commitment to support diversity, inclusion, and opportunity as we increase these facilities' operational capacity and reach." On September 10, Daleep Singh, executive vice president of the NY Fed, emphasized the NY Fed's effort in expanding the vendors and the counterparties for the lending facilities.

Note on Federal Reserve Swap Lines

Over the past month, central banks continued to reduce their use of the Fed's USD swap lines. The reduction is partially due to the expiration of 84-day swaps entered during the early weeks of the crisis. Auctions for these swaps were conducted weekly. As these contracts are reaching maturity, the total outstanding amount declined. As of September 23, the total amount still outstanding is $31 billion. Compared to the peak on May 27, this is a 93% drop, reflecting the low demand of the swap lines these days.

Figure 1: Use of Federal Reserve Lending Facilities
not including uninvested Treasury contributions
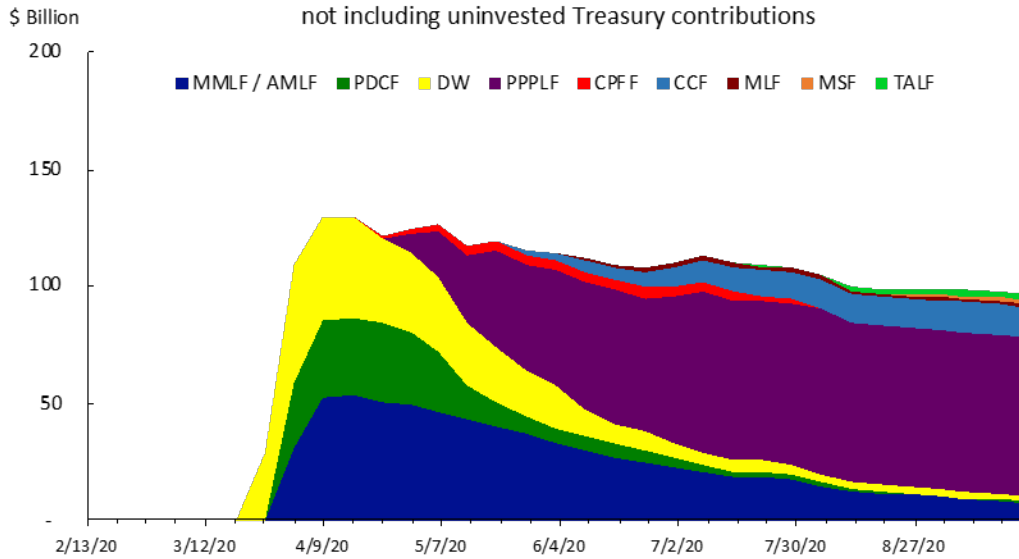
Note: Includes author's estimate for data prior to June 18, 2020.
Source: H.4.1. weekly release, FRBNY, Federal Reserve Board

Figure 2: Use of USD Liquidity Swap Line
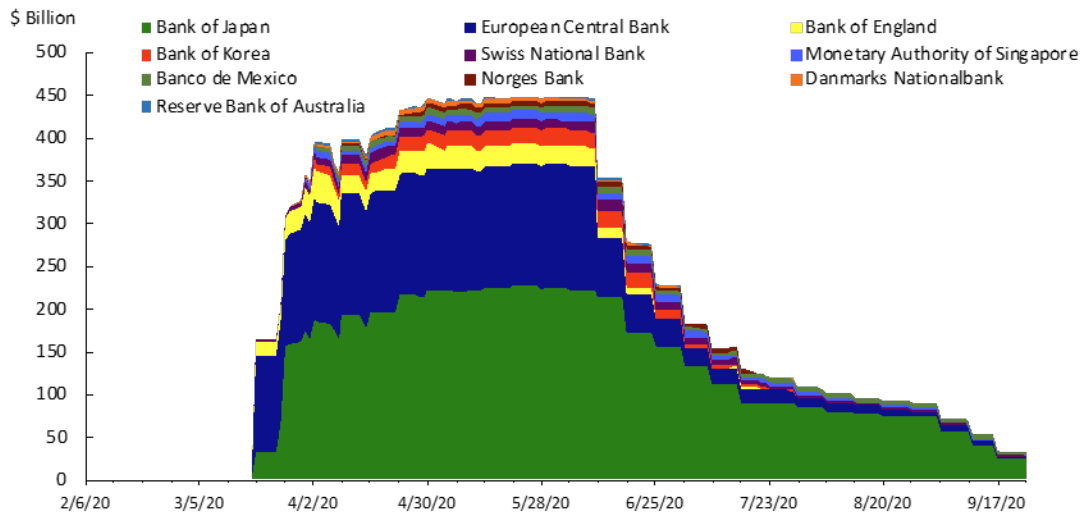
Note: Data available after March 2, 2020.
Source: H.4.1. weekly release, FRBNY, Federal Reserve Board

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 new 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.
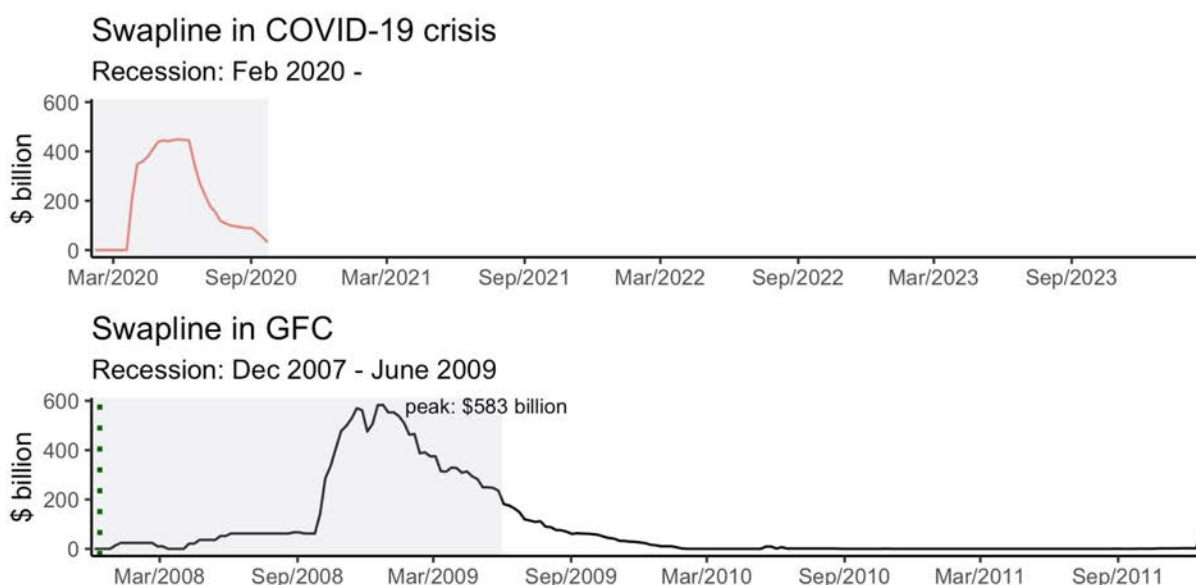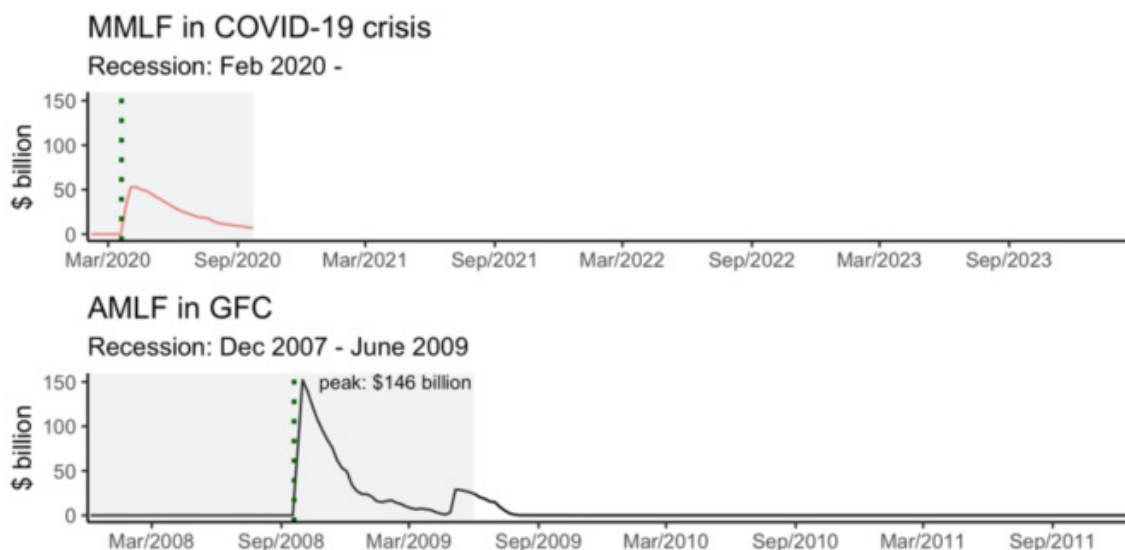

Note: (a) The start date for the graph "Swapline in COVID-19" is February 1, 2020 and the start date for the graph "Swapline in GFC" is December 1, 2007. (b) The green dotted line in the graph "Swapline in GFC" indicates December 12, 2007, the date when the FOMC authorized temporary dollar liquidity 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 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 credit protection of $1.5 billion to the Money Market Mutual Fund Liquidity Facility. The facility had $7,377 million in outstanding loans on September 23. 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 purchase a broader range of collateral.

MMLF in COVID-19 crisis
Recession: Feb 2020 -

AMLF in GFC
Recession: Dec 2007 - June 2009

peak: $146 billion

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.
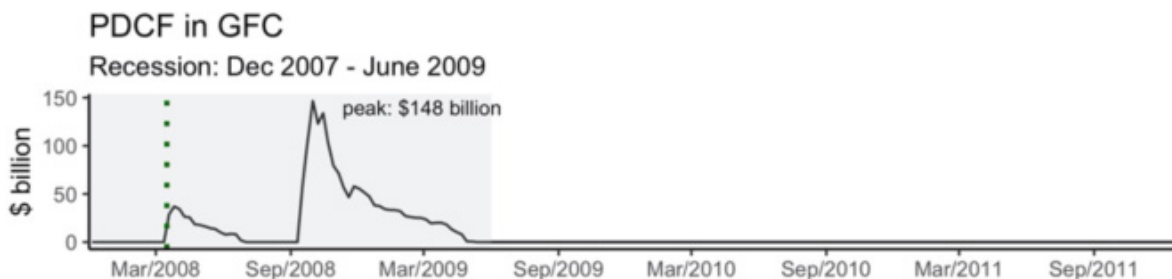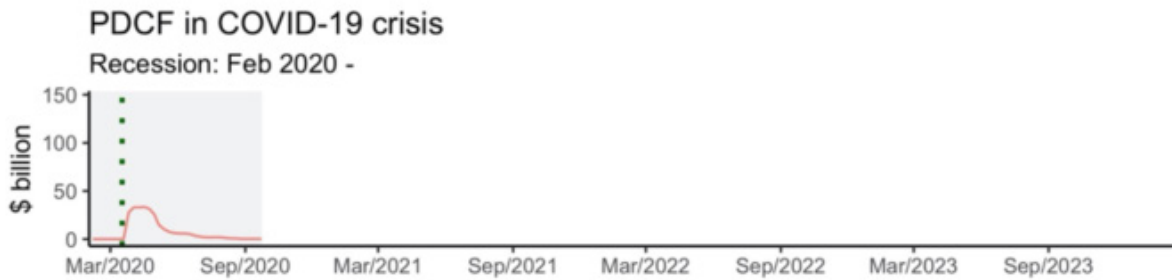Sources: FRBNY, Federal Reserve Board

Discount Window

The DW is a standing facility that allows the Fed to provide collateralized loans to depository institutions. It had $3,359 million in outstanding loans on September 23.

DW in COVID-19 crisis
Recession: Feb 2020 -

DW in GFC
Recession: Dec 2007 - June 2009

peak: $111 billion
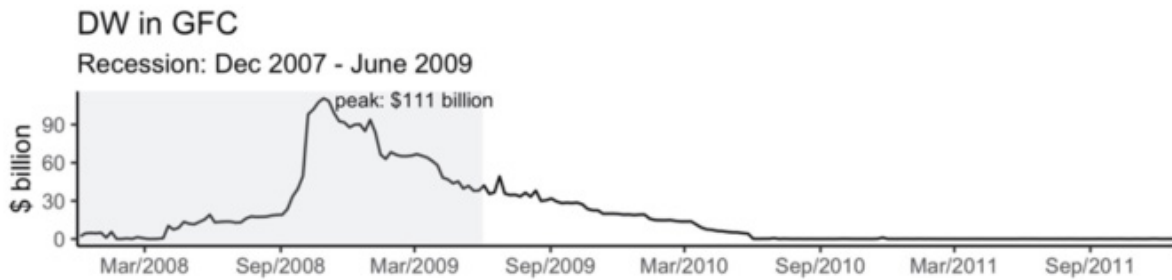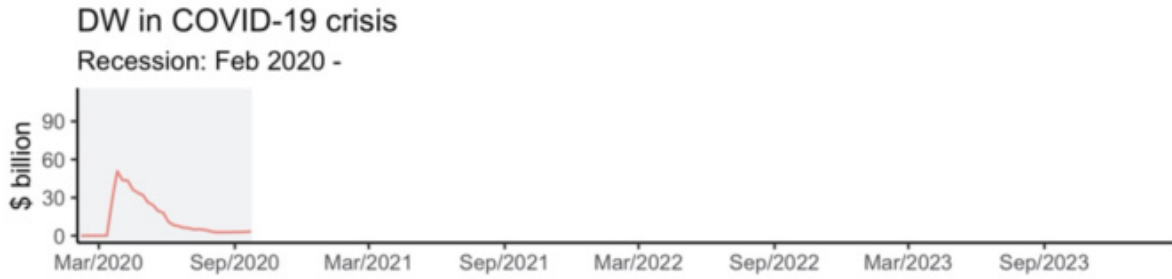
Note: (a) The start date for the graph "DW in COVID-19 crisis" is February 1, 2020 and the start date for the graph "DW in GFC" is December 1, 2007.
Sources: FRBNY, Federal Reserve Board

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 $233 million in outstanding loans on September 23.

PDCF in COVID-19 crisis
Recession: Feb 2020 -

PDCF in GFC
Recession: Dec 2007 - June 2009

peak: $148 billion

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 and medium-sized businesses extended under the federal government's Paycheck Protection Program and guaranteed by the Small Business Administration. The Program was established under section 13(3). The facility had $67.1 billion in outstanding loans on September 23.
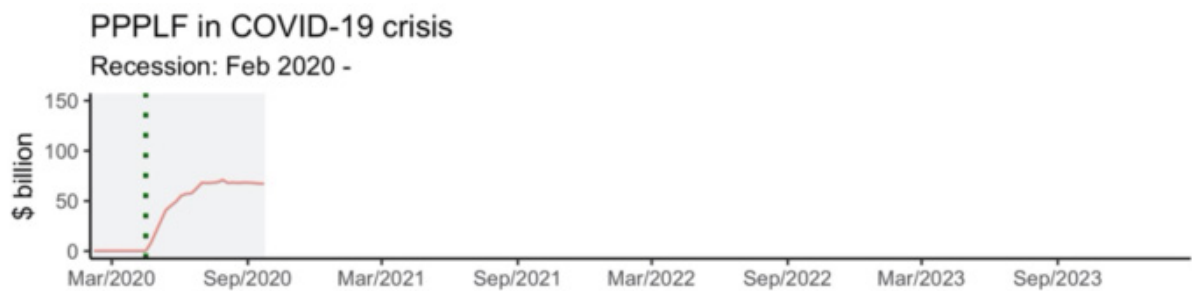
PPPLF in COVID-19 crisis
Recession: Feb 2020 -

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 FRBNY through a special purpose vehicle, the Commercial Paper Funding Facility II LLC (CPFF LLC). The Treasury has made an equity investment of $10 billion in CPFF LLC. The facility had $30 million in outstanding loans on September 23.

CPFF in COVID-19 crisis
Recession: Feb 2020 -

CPFF in GFC
Recession: Dec 2007 - June 2009

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 $12.9 billion in outstanding loans on September 23. The PMCCF has not extended any loans to date.
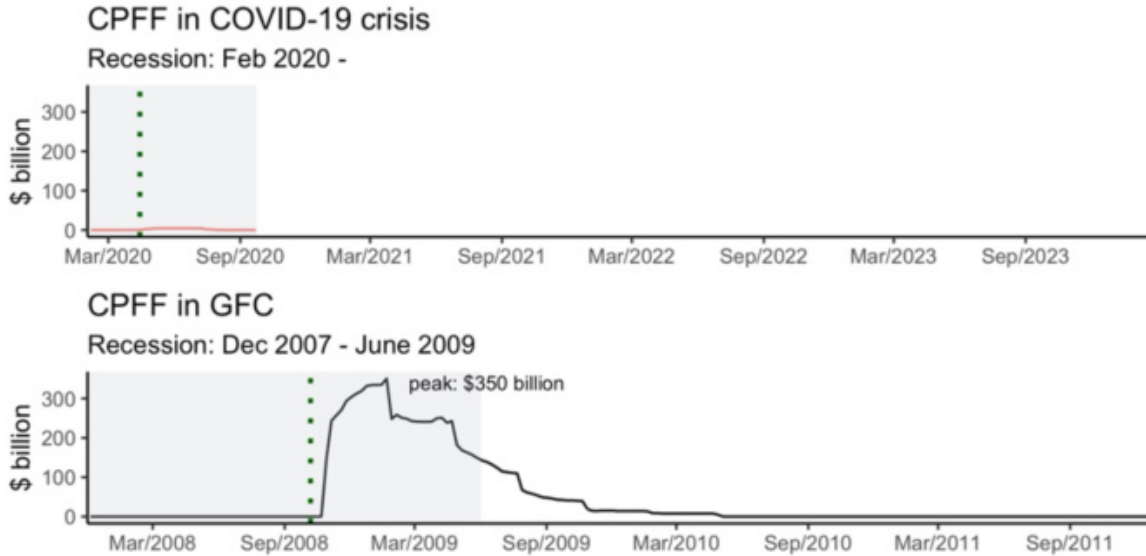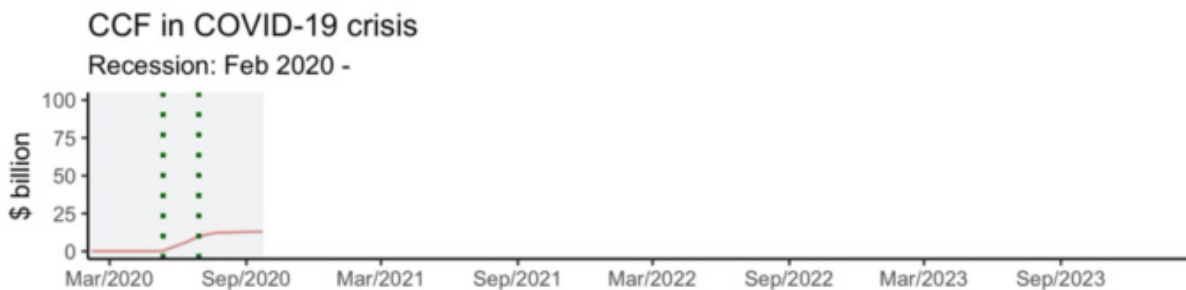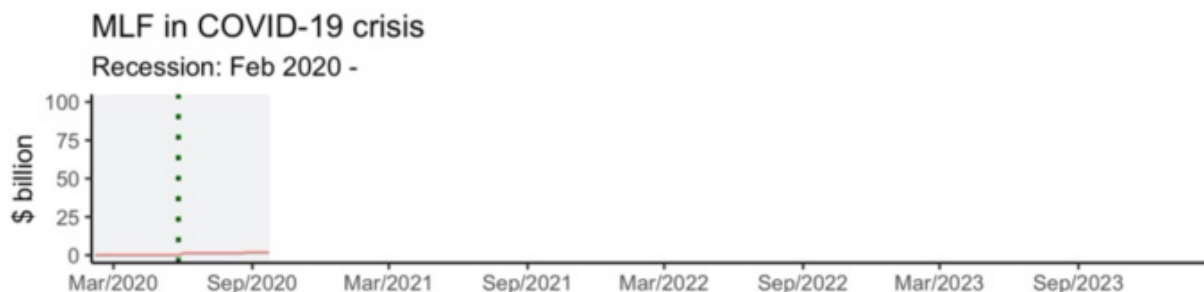
CCF in COVID-19 crisis
Recession: Feb 2020 -

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.

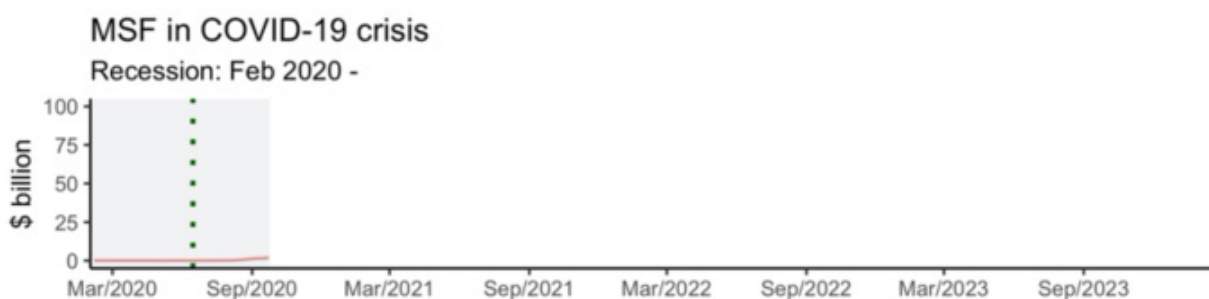Sources: FRBNY, Federal Reserve Board

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 $1,651 million in outstanding loans on September 23.

MLF in COVID-19 crisis
Recession: Feb 2020 -

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 SMEs. The program operates through three facilities: the Main Street New Loan Facility (MSNLF), the Main Street Priority Loan Facility (MSPLF), and the Main Street Expanded Loan Facility (MSELF). The loans 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 $1,837 million in outstanding loans on September 23.
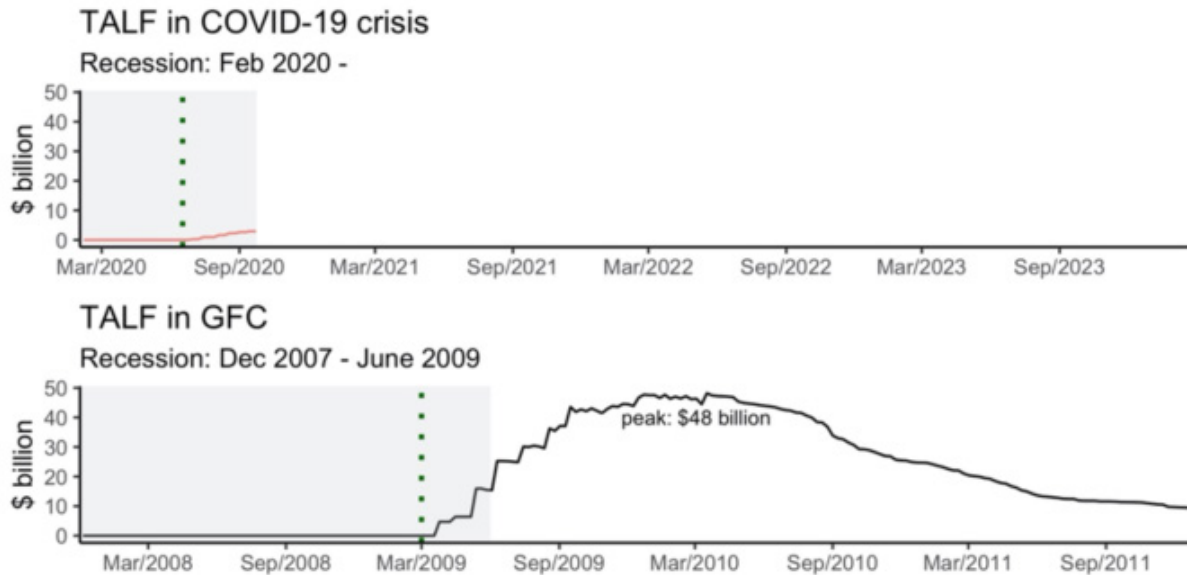

MSF in COVID-19 crisis
Recession: Feb 2020 -

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 guaranteed 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 $2,896 million in outstanding loans on September 23.

TALF in COVID-19 crisis
Recession: Feb 2020 -

TALF in GFC
Recession: Dec 2007 - June 2009

peak: $48 billion

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(3)	No limit	$111	Discount Window (DW) *Not 13(3)	No limit	$51
	Primary Dealer Credit Facility (PDCF)	No limit	$147	Primary Dealer Credit Facility (PDCF)	No limit	$33
	Term Auction Facility (TAF) *Not 13(3)	$40 *Size for only first two auctions announced	$493			
	Term Securities Lending Facility (TSLF)	$200	$236			
	Single-Tranche Term Repo Agreement (STTR)	$100	$80			
Total		$240 *Two facilites 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
Total		$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 $3.6 trillion at announcement	$53
	Money Market Investor Funding Facility (MMIFF)	No limit	$0			
Total		No stated limit *Total market size $3.4 trillion at announcement	$152		No stated limit	$53
States and Municipalities				Municipal Liquidity Facility (MLF)	$500	n/a
Total		$0	$0		$500	$0
Small Businesses				Paycheck Protection Program Liquidity Facility (PPPLF)	$659 *Amount authorized under Congressional allocations	$41
Total		$0	$0		$659	$41
Medium Businesses				Main Street Lending Program (MSLP)	$600	n/a
Total		$0	$0		$600	$0
Foreign Countries	Central Bank Liquidity Swap Lines (CBLSL) * Not 13(3)	$24 *Size for only ECB and SNB announced initially Size later increased	$586	Central Bank Liquidity Swap Lines (CBLSL) * Not 13(3)	No limit on 5 existing swap lines 9 new swap lines	$445
				Temporary Repurchase Agreement Facility for Foreign and International Monetary Authorities (FIMA) *Not 13(3)	No limit	$1
Total		$24	$586		No stated limit	$446
Support to a Specific Company	Bear Stearns/JPMorgan (Maiden Lane)	$29	$29			
	AIG (Revolving Credit Facility)	$85	$72			
	AIG (Maiden Lane II)	$20	$20			
	AIG Securities Borrowing Facility	$38	$21			
	AIG (Maiden Lane III)	$24	$24			
	AIG AIA Aurora	$25	$25			
	CitiGroup	$234	$0			
	Bank of America	$88	$0			
Total		$543	$191		$0	$0
Grand Total			$2,392		$2609 *total excludes programs with no stated limit	$629