

TRENDMACRO LIVE!

## On the November FOMC

Thursday, November 5, 2020

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A statement and a presser with literally nothing new – it shows how very normal things are.

[Today's FOMC statement](#) might as well not have been issued. It made only the most minor ministerial changes from [September's](#) (for a complete red-line mark-up, see ["Data Insights: Federal Reserve"](#) September 16, 2020). The Fed's conventional securities portfolio continues to grow. And its pandemic emergency lending programs continue at less than 10% utilization, collectively. Most striking is the shrinkage of currency swap lines to foreign central banks, having shrunk now to less than \$7 billion, down from almost half a trillion in the spring when global lockdowns drove intense dollar scarcity. *All of this is evidence of how very normal economic conditions have become, scarcely half a year from what can only be called a global depression.*

Same for the post-meeting press conference, in which Chair Jerome Powell revisited all his familiar talking points about the importance of controlling Covid-2019 and the provision of more fiscal stimulus.

- *The only matter that caught our attention was a question about whether the Fed is considering the extension of the expiring pandemic emergency lending programs, which generally are set to expire at year-end. He said this is under consideration by the FOMC, and is the subject of discussions with the US Treasury.*
- *Considering Powell's apparently deep conviction that more fiscal stimulus is needed, we expect that if none is forthcoming in the lame duck session on Congress, most or all of the programs will be extended, even though they are not currently well utilized, simply to leave them in place as a confidence-inspiring backstop.*
- Separately, you will be relieved to know that Powell said he was told today by staff that the national coin shortage has become less severe.

### Update to strategic view

**US FED, US MACRO:** The FOMC statement was virtually unchanged from September. The Fed's special pandemic emergency lending programs remain underutilized. Both are signs that economic conditions have normalized. Powell once again emphasized the importance of controlling Covid-2019, and the desirability of further fiscal stimulus. The only matter of importance in the press conference was Powell's statement that the FOMC is considering extension beyond year-end of the termination of the special lending programs, and that he is in discussions with the Treasury about it. If no fiscal stimulus is forthcoming in the lame duck session of Congress, we expect most or all of the programs will be extended.

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### Bottom line

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extension beyond year-end of the termination of the special lending programs, and that he is in discussions with the Treasury about it. If no fiscal stimulus is forthcoming in the lame duck session of Congress, we expect most or all of the programs will be extended. ▶