

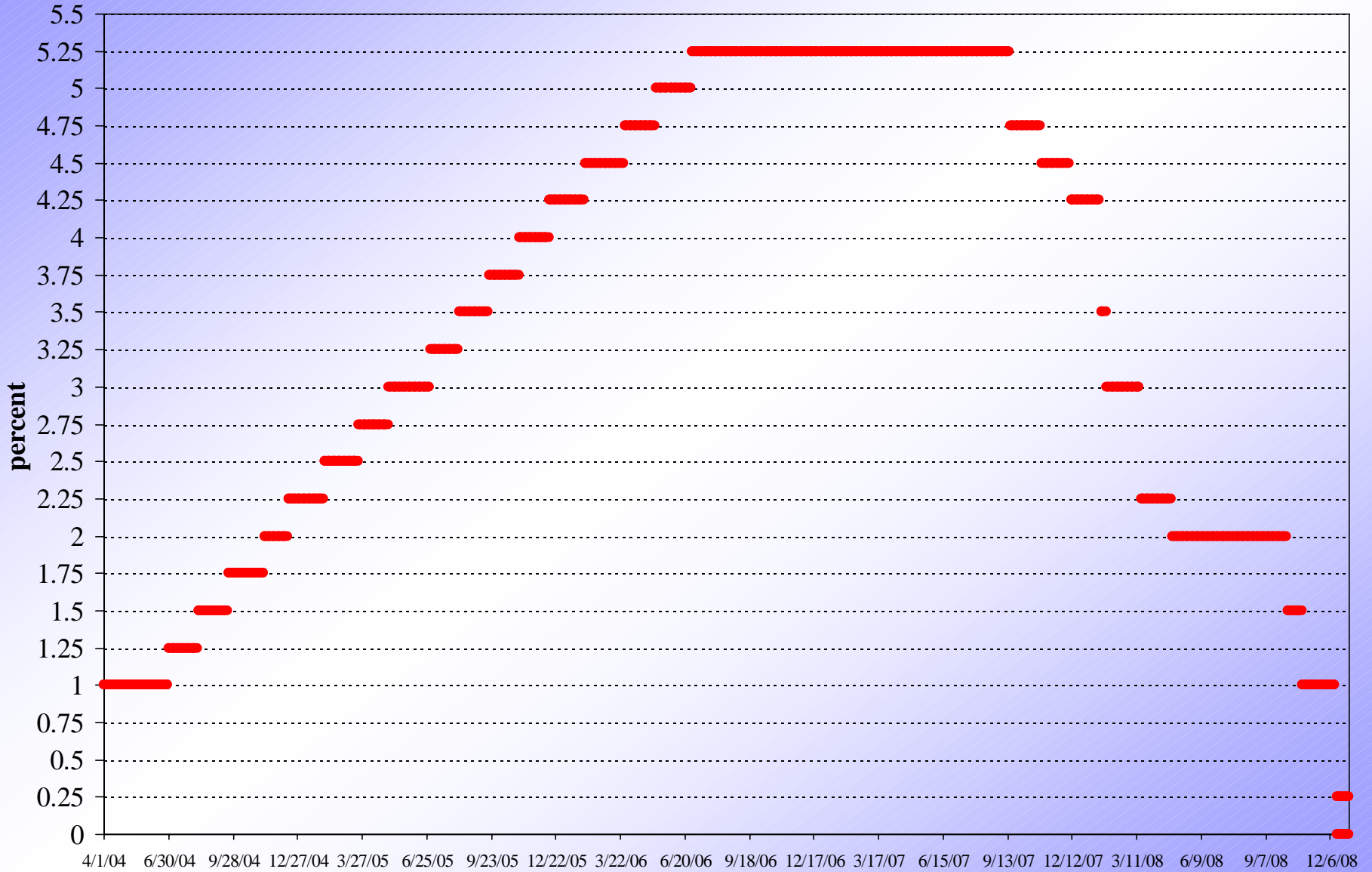
Monetary Policy and the New Fed Tools



Spence Hilton
FRBNY Markets Group
March 3, 2009

Target Federal Funds Rates

April 2004 through December 2008



Source: FOMC

Federal Reserve Facilities and Operations

Traditional Facilities

OMOs – Open market operations: repos against govt. securities and outright holdings of Treasury debt

PCF – Primary Credit Facility; traditional discount window

SL – overnight securities lending facility; bonds for bonds

New Arrangements (month of announcement)

modified PCF – term lending and narrower spread (August 2007)

TAF – Term Auction Facility (December 2007)

Swaps Lines – Reciprocal currency arrangements with foreign CBs (December 2007)

Single-tranche Agency MBS repos (March 2008)

TSLF – Term Securities Lending Facility; bonds for bonds (March 2008)

PDCF - Primary Dealer Credit Facility (March 2008)

AMLF – ABCP MMMF Liquidity Facility (September 2008)

CPFF- Commercial Paper Funding Facility (October 2008)

MMIFF – Money Market Investor Funding Facility (October 2008)

Outright purchases of Agency and Agency MBS debt (November 2008)

TALF - Term Asset-Backed Securities Loan Facility (November 2008)

“Credit and Liquidity Programs and the Balance Sheet” Website

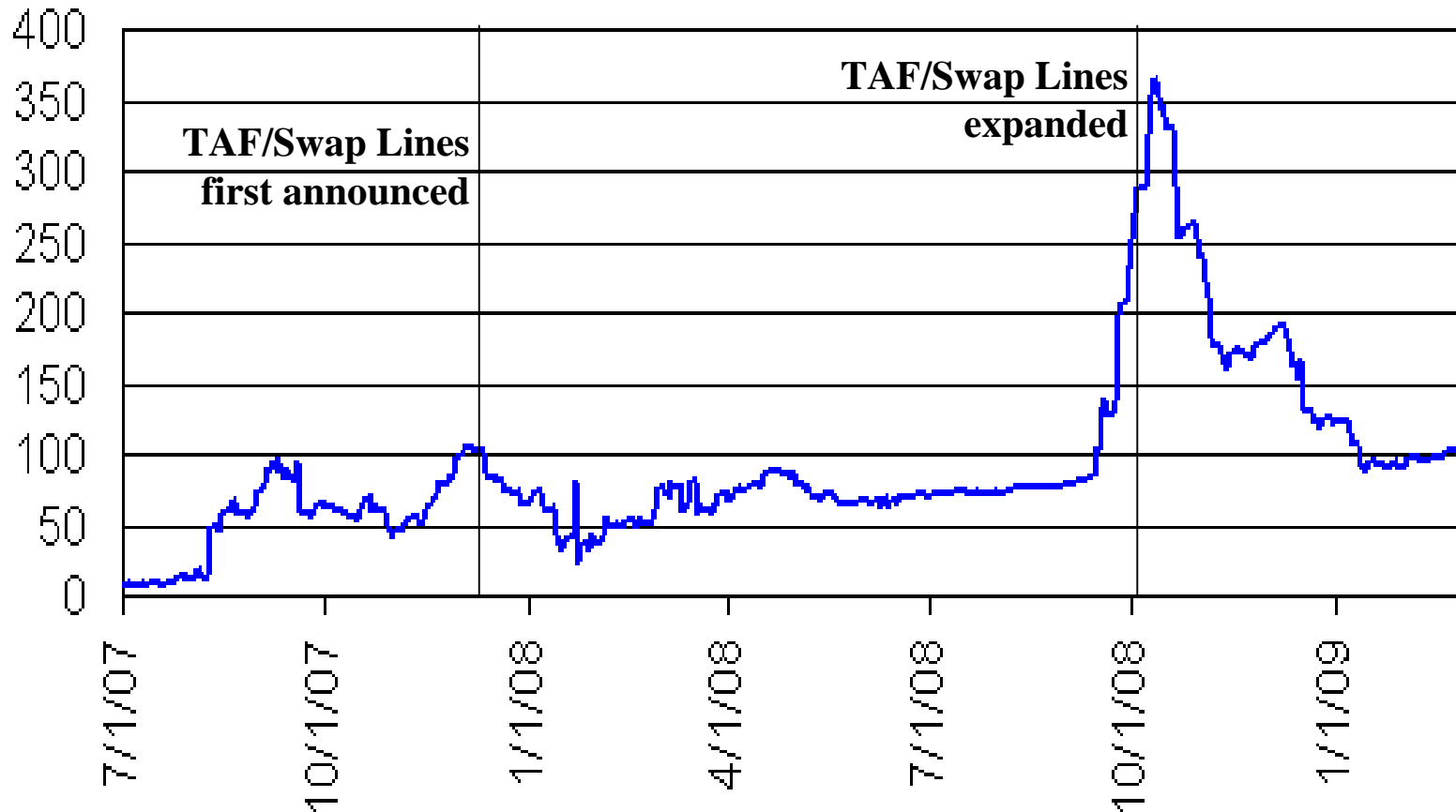
<http://www.federalreserve.gov/monetarypolicy/bst.htm>

New Facilities and Operations

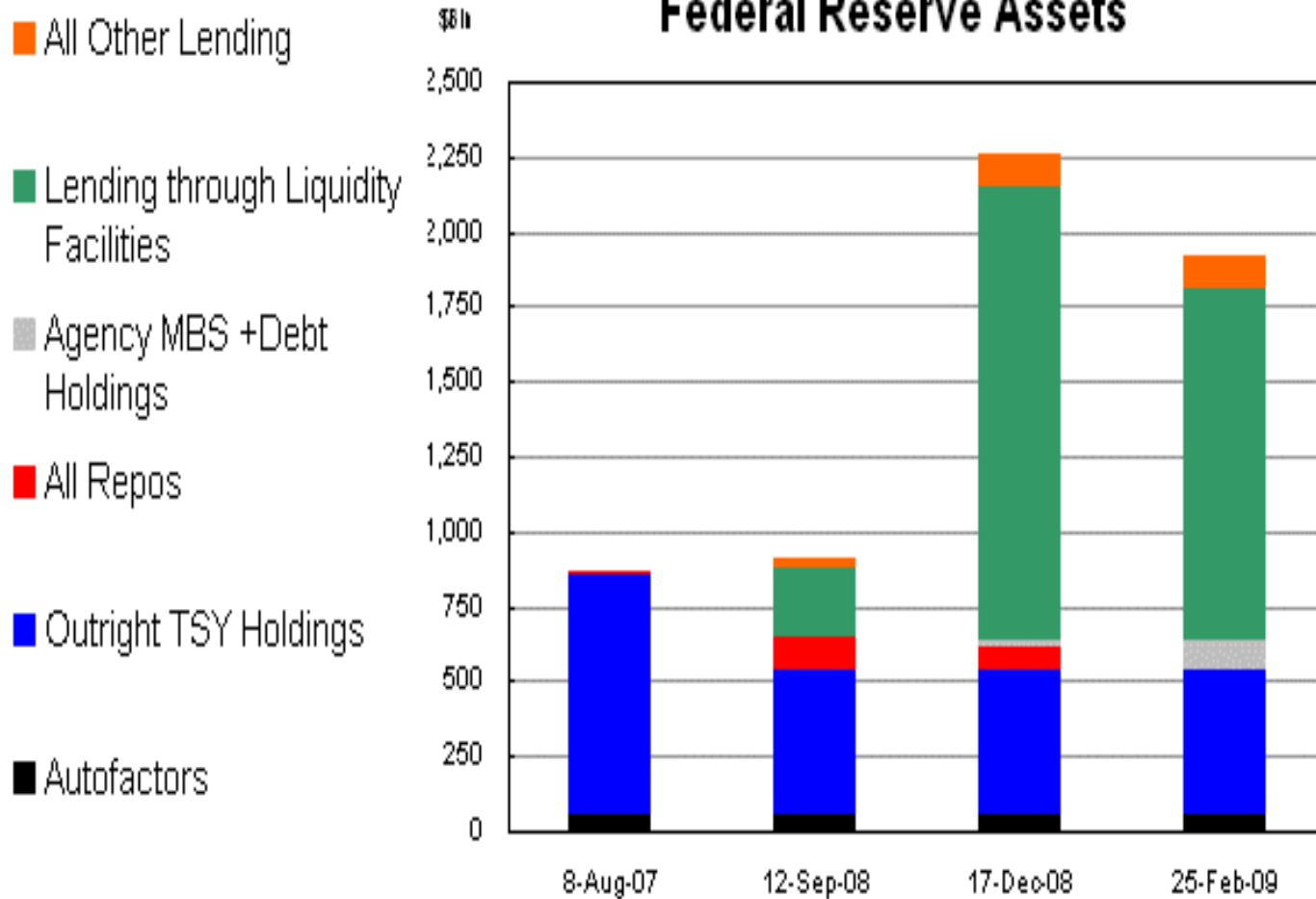
- Liquidity support for financial institutions and investors in wholesale funding markets
- Agency MBS purchases and TALF

Basis Points

3-Month U.S. Libor - OIS Spread



Federal Reserve Assets



Other Issues

- Credit Easing vs. Quantitative Easing
- Exit Strategy

Questions?