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## Fed's Daly Welcomes More Fiscal Aid as Stimulus Deal Nears.

- **'This support in unequivocally beneficial,' Daly says of plan**
- **San Francisco Fed chief 'bullish' on post-Covid labor market**

Another \$900 billion of fiscal support would "absolutely" make a significant difference to the U.S. economy's ability to endure Covid-19, but "challenging months" lie ahead, a top Federal Reserve official said.

"This support in unequivocally beneficial," Mary Daly, president of the Federal Reserve Bank of San Francisco, said on CBS's "Face the Nation" on Sunday, after congressional negotiations cleared the last significant obstacle for pandemic relief, setting up a possible vote later in the day.

The proposal had been held up by a dispute over the future of Fed emergency lending programs, which was resolved by changing language restricting what the central bank could do in the future to make it less sweeping.

Daly said she wasn't privy to the details of the negotiations but stressed that the Fed's powers were there for the benefit of all Americans.

"I believe completely that Congress, the Federal Reserve, the Treasury Secretary, the American people, really want us to be able to deploy our full tools" to their best benefit, she said. "Remember, these are emergency too, we only bring them out in times of crisis and then we put them back away."

Republican Senator Pat Toomey of Pennsylvania has insisted the stimulus bill include a provision barring the Fed from resuscitating various lending programs, including to Main Street businesses, corporations, and municipalities.

Democrats objected that this would harm the Fed's ability to react to future economic crises and threaten its independence. A compromise was being explored and Senate Democratic leader Chuck Schumer told reporters late Saturday that negotiators were "very close."

Daly said that massive policy support from the Fed and Congress had been vital in propping up the U.S. economy since the pandemic struck in March "to ensure that the bridge through coronavirus -- over coronavirus -- is both strong enough and long enough to get Americans fully through this."

Fed officials last week forecast their benchmark lending rate would be held around zero for at least the next three years. They also revised up their economic growth forecast for next year to 4.2% from 4%, and lowered their unemployment forecast to 5% from 5.5%.

As virus cases surge again across the U.S. and new restrictions are imposed, the economic recovery risks slowing further at a time when more than 10 million are unemployed.

"I'm bullish on the job market once we get fully through coronavirus but we're not there yet," Daly said. "So our future is bright, but we've got some challenging months ahead of this."

## **Bloomberg Markets**

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