Steps Taken by the Federal Reserve, the ECB, and Other Global Central Banks

- The Federal Reserve cut the federal funds rate range from 1.50% - 1.75% to 0.00% - 0.25% between scheduled meetings.
- The Fed announced a policy for an unlimited amount of Treasury securities and agency mortgage-backed securities to be purchased in the amounts needed to support smooth market functioning and effective transmission of monetary policy.
- Established new programs, through the Exchange Stabilization Fund (ESF), that support the flow of credit to employers, consumers and businesses up to $300B with $30B in equity provided by the Department of the Treasury.
- Established two facilities to support credit to large employers—the Primary Market Corporate Credit Facility (PMCCF) for new bond and loan issuance and the Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for outstanding corporate bonds.
- Established a third facility, the Term Asset-Backed Securities Loan Facility (TALF), to support the flow of credit to consumers and businesses. The TALF will enable the issuance of asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration (SBA), and certain other assets.
- Established the Money Market Mutual Fund Liquidity Facility (MMLF), to make loans available to eligible financial institutions secured by high-quality assets purchased by the financial institution from money market mutual funds. The MMLF will include a wide range of securities, including municipal variable rate demand notes (VRDNs) and bank certificates of deposit.
- Established the Primary Dealer Credit Facility (PDCF) to allow primary dealers to support smooth market functioning and facilitate the availability of credit to businesses and households. The PDCF will offer overnight and term funding with maturities up to 90 days and will be in place for at least six months and may be extended as conditions warrant.
- Established the Commercial Paper Funding Facility (CPFF) to support the flow of credit to households and businesses. The CPFF provides a liquidity backstop to U.S. issuers of commercial paper through a special purpose vehicle (SPV) that will purchase unsecured and asset-backed commercial paper rated A1/P1 directly from eligible companies. In addition, the facility will provide credit to municipalities by including high-quality, tax-exempt commercial paper as eligible securities. In addition, the pricing of the facility has been reduced.
- In its latest move, the Fed announced a major expansion of its programs aiming to provide direct loans and funding to U.S. corporations and municipalities, to outright purchase both primary and secondary bonds, and to support short-term funding markets in the U.S. This includes support of high yield, investment-grade corporates, and asset-backed securities.

Possible Next Steps:

- Enlarge these facilities as market conditions require. (Fed has used less than half of the $450 billion that Congress allocated to backstop such programs.)
- Mechanisms to support mortgage servicers?
- Expand swap-line network to include more emerging markets?

***All Investments involve risk, including the possible loss of capital*.**
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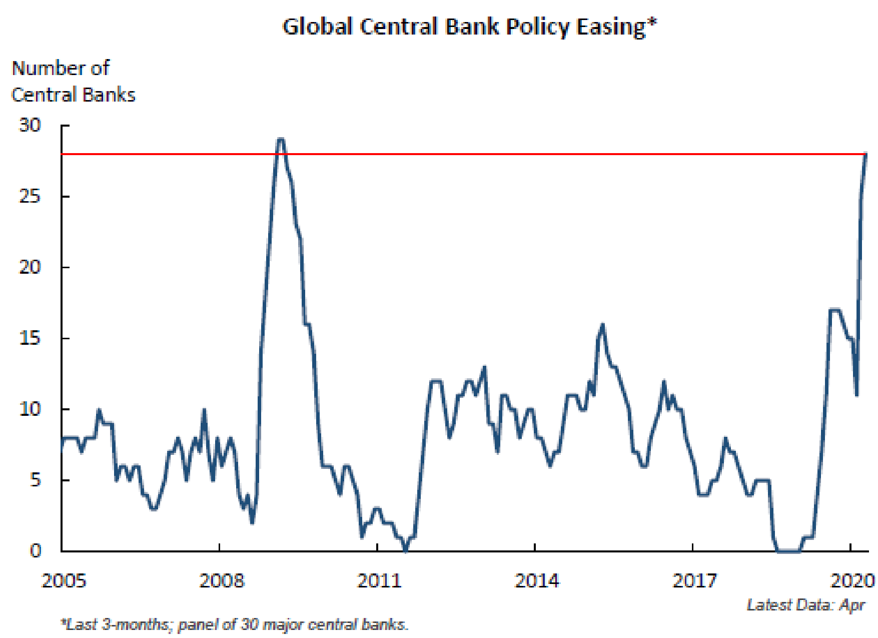
ECB Asset Purchase Programs

- Pandemic Emergency Purchase Programme (PEPP): The PEPP consists of private and public sector securities and has an overall mandate of €750 billion. Includes Greek Government debt and non-financial commercial paper. Maturities for purchase range from 70 days to up to 30 years and 364 days. The PEPP holdings totaled €70.7 billion in the week that ended on April 17, 2020.
- The ECB's Asset Purchase Programme consists of the:
  - corporate sector purchase programme (CSPP): holdings of €201.5 billion at the end of March 2020.
  - public sector purchase programme (PSPP): holdings of €2.2 trillion at the end of March 2020.
  - asset-backed securities purchase programme (ABSPP): holdings of €31.2 billion at the end of March 2020.
  - third covered bond purchase programme (CBPP3): holdings of €274.1 billion at the end of March 2020.

Countries With Central Banks Easing Policy

Moves Made by 28 of the 30 Major Central Banks Monitored			
Australia (-50 bps)	Euro Area (PEPP)	Mexico (-75 bps)	Russia (-25 bps)
Brazil (-75 bps)	India (-75 bps)	New Zealand (-75 bps)	South Africa (-225 bps)
Canada (-150 bps)	Indonesia. (-50 bps)	Norway (-125 bps)	Taiwan (-25 bps)
Chile (-125 bps)	Israel (-15 bps)	Peru (-200 bps)	Thailand (-50 bps)
China (-10 bps)	Japan (ETFs)	Philippines (-75 bps)	Turkey (-225 bps)
Colombia (-50 bps)	Korea (-50 bps)	Poland (-100 bps)	United Kingdom (-65 bps)
Czech Rep. (-100 bps)	Malaysia (-50 bps)	Romania (-50 bps)	United States (-150 bps)



Market Reaction to Fed Moves

U.S. Sector	March 20, 2020	April 17, 2020
10-year Treasury Yield	0.85%	0.64%
10-year Bund Yield	-0.32%	-0.48%
10-year Greek Government Yield	2.51%	2.11%
MBS (T-OAS)	T+97 bps	T+ 48 bps
Securitized Credit	CMBS Conduit 2.0 A4A: L+325 bps Non-Agency (RPL Sr.): L+ 350 bps CLO 2.0 AAA: L+400 bps ABS Senior Consumer Loans AAA-A: L+ 450 bps	CMBS Conduit 2.0 A4A: L+ 155 bps Non-Agency (RPL Sr.): L+ 210 bps CLO 2.0 AAA: L+ 200 bps ABS Senior Consumer Loans AAA-A: L+ 490 bps
U.S. Investment Grade Corporates	T+363 bps	T+ 206 bps
European Investment Grade Corporates	T+ 236 bps	T+ 200 bps
U.S. High Yield	T+ 982 bps	T+ 731 bps
European High Yield	T+ 854 bps	T+ 659 bps
U.S. Leveraged Loans (DM)	L+355 bps	L+ 349 bps
European Leveraged Loans (DM)	L+ 1114 bps	L+ 790 bps
EMD HC Spreads	Sovereigns: T+673 bps Corporates: T+584 bps	Sovereigns: T+ 607 bps Corporates: T+ 494 bps

Source: PGIM Fixed Income.

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Source of data (unless otherwise noted): PGIM Fixed Income and Bloomberg as of April 2020

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European Investment Grade Corporate Bonds: Bloomberg Barclays European Corporate Bond Index (unhedged): The Bloomberg Barclays Euro-Aggregate: Corporates bond Index is a rules-based benchmark measuring investment grade, EUR denominated, fixed rate, and corporate only. Only bonds with a maturity of 1 year and above are eligible.

U.S. High Yield Bonds: ICE BofAML U.S. High Yield Index: The ICE BofAML U.S. High Yield Index covers US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, and at least one year remaining term to final maturity as of the rebalancing date.

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European Senior Secured Loans: Credit Suisse Western European Leveraged Loan Index: All Denominations EUR hedged. The Index is a representative, unmanaged index of tradable, floating rate senior secured loans designed to mirror the investable universe of the European leveraged loan market. The Index return does not reflect the impact of principal repayments in the current month.

Emerging Markets U.S.D Sovereign Debt: JP Morgan Emerging Markets Bond Index Global Diversified: The Emerging Markets Bond Index Global Diversified (EMBI Global) tracks total returns for U.S.D-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding. To be deemed an emerging market by the EMBI Global Diversified Index, a country must be rated Baa1/BBB+ or below by Moody's/S&P rating agencies. Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2020, J.P. Morgan Chase & Co. All rights reserved.

Emerging Markets Local Debt (unhedged): JPMorgan Government Bond Index-Emerging Markets Global Diversified Index: The Government Bond Index-Emerging Markets Global Diversified Index (GBI-EM Global) tracks total returns for local currency bonds issued by emerging market governments.

Emerging Markets Corporate Bonds: JP Morgan Corporate Emerging Markets Bond Index Broad Diversified: The CEMBI tracks total returns of U.S. dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries.

Emerging Markets Currencies: JP Morgan Emerging Local Markets Index Plus: The JP Morgan Emerging Local Markets Index Plus (JPM ELMI+) tracks total returns for local currency–denominated money market instruments.

Municipal Bonds: Bloomberg Barclays Municipal Bond Indices: The index covers the U.S.D-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The bonds must be fixed-rate or step ups, have a dated date after Dec. 13, 1990, and must be at least 1 year from their maturity date. Non-credit enhanced bonds (municipal debt without a guarantee) must be rated investment grade (Baa3/BBB-/BBB- or better) by the middle rating of Moody's, S&P, and Fitch.

U.S. Treasury Bonds: Bloomberg Barclays U.S. Treasury Bond Index: The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Mortgage Backed Securities: Bloomberg Barclays U.S. MBS - Agency Fixed Rate Index: The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

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2020-2707

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