

BANKING/ FINANCE

Fed Cuts Half Point in Emergency Move Amid Spreading Virus

by Craig Torres

The U.S. Federal Reserve delivered an emergency half-percentage point interest rate cut Tuesday in a bid to protect the longest-ever economic expansion from the spreading coronavirus.

"The coronavirus poses evolving risks to economic activity," the Fed said in a statement to announce the move, its first such inter-meeting reduction since October 2008 during the financial crisis.

U.S. stocks were higher after the announcement, while the 10-year Treasury yield touched 1.08%. Fed funds futures are pricing more than a percentage point of central bank rate reductions for 2020, including another quarter-point cut in the first half of the year.

The central bank also said it is "closely monitoring developments and their implications for the economic outlook and will use its tools and act as appropriate to support the economy."

The Fed's action could presage a wave of easing from other central banks around the world although those in the euro-area and Japan have less scope to follow with rates already in negative territory. It came hours after Chairman Jerome Powell and finance chiefs from the Group of Seven nations said they would "use all appropriate policy tools to achieve strong, sustainable growth and safeguard against downside risks."

The vote for the emergency cut to a range of 1% to 1.25% was unanimous. The Fed also said in the statement that the "fundamentals of the U.S. economy remain strong."

The decision came amid public pressure for a cut by President Donald Trump, whose stewardship of the economy is central to his reelection campaign this year. Following today's shift he called for more, demanding in a tweet that the Fed "must further ease and, most importantly, come into line with other countries/competitors. We are not playing on a level field. Not fair to USA."

U.S. central bankers were scheduled to gather March 17-18 in Washington. Tuesday's decision was the first time it had cut by more than 25 basis points since 2008.

The reduction marks a stark shift for Powell and his colleagues. They had previously projected no change in rates during 2020, remaining on the sidelines during the election year, after lowering their benchmark three times in 2019 to a range of 1.5% to 1.75%.

CLARIDA STANCE

As recently as last week, some officials, including Vice Chairman Richard Clarida, had indicated they thought it was too soon to respond to the virus. They pledged to monitor the situation, but argued monetary policy was already easy and the fundamentals of the economy strong with unemployment near a 50-year low.

But as the number of reported cases of the virus rose around the world in recent days and the U.S. reported its first fatality, traders increasingly bet the Fed would step in. Powell seemed to cement that view with a promise on Friday to "act as appropriate," which lent some support to stocks.

Lower rates do little for factories lacking needed materials from abroad and are unlikely to spur consumers to shop if they're scared of infection. But they should support consumer and business sentiment as well as ease financial conditions by making debt payments easier to manage and by calming market volatility.

Powell has staked his chairmanship on sustaining the expansion, words he has used to describe the essential mission of the Federal Open Market Committee, the Fed's rate-setting panel. Despite the limited ability of monetary policy to ease the impact of a public health emergency, the rate cut could support consumer and business sentiment. Lawmakers are working on a \$7.5 billion virus response bill, another reminder that critical fiscal policy can take weeks to move through Congress.

NO SILVER BULLET

One lesson Fed officials will take away from this moment is how rapidly their policy space is used up in a crisis.

Total cuts of one percentage point this year, which several Wall Street firms are forecasting, would bring the bottom range of the Fed policy rate down to 0.5%. If the virus impact is worse than expected, or if the economy is hit by a separate shock, the policy rate could strike zero.

At that point, Fed officials are left with unconventional tools, such as purchases of longer-dated Treasuries — known as quantitative easing. The effectiveness of such tools when longer-term rates are already low remains to be seen.

The Fed is in the midst of a review of its tool kit to achieve its goal of maximum employment and stable prices. They are considering policies such as outcome-based forward guidance, where a policy change would be linked to some tangible metric such as achieving an inflation rate, and yield curve caps.

Wherever the discussion lands, the virus has highlighted the need for better fiscal and monetary policy coordination in a time of exceptionally low interest rates, says Julia Coronado, the president of MacroPolicy Perspectives.

The Fed is "carrying the domestic burden and the global burden" because they are one of the few central banks in developed economies that still has rates to some degree above zero, Coronado said. "The fiscal policy response has been lacking. There are people that are going to be struggling to pay their bills and certain workers are going to lose incomes. This is the shock that needs to be insured and we are really behind the curve."

Craig Torres reports for Bloomberg News.



CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **Council Zoning Meeting** on **Wednesday, March 18, 2020 beginning at 6:00 PM**, to consider the following text amendment to the City of Doral Land Development Code. The City Council will consider this item for **FIRST READING**. This meeting will be held at the **City of Doral, Government Center, Council Chambers located at 8401 NW 53rd Terrace, Doral, Florida, 33166**.

The City of Doral proposes to adopt the following Ordinance:

ORDINANCE No. 2020-07

AN ORDINANCE OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA APPROVING/DENYING TEXT AMENDMENTS TO THE CITY OF DORAL LAND DEVELOPMENT CODE, CHAPTER 68 "LAND USES AND ZONING DISTRICTS", ARTICLE VI "INDUSTRIAL DISTRICTS", CREATING DIVISION 5, "DOWNTOWN ARTS REUSE DISTRICT" TO ALLOW FOR MODIFIED REQUIREMENTS WITH DEVELOPMENT STANDARDS THAT MODIFY AND SUPPLEMENT THE EXISTING INDUSTRIAL DISTRICT STANDARDS AND CRITERIA FOR APPROXIMATELY 113 ACRES, BOUNDED BY NW 87 AVENUE ON THE WEST, NW 58 STREET ON THE NORTH, NW 79 AVENUE ON THE EAST AND NW 54 STREET ON THE SOUTH, TO ALLOW THE REUSE OF BUILDINGS AND TRANSITION OF THE AREA NORTH OF DOWNTOWN DORAL FROM AREA DOMINATED BY HEAVY COMMERCIAL AND INDUSTRIAL USES TO A MORE VIBRANT MIX OF USES THAT CAPITALIZE ON ITS PROXIMITY TO THE DOWNTOWN CORE; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICT; AND PROVIDING FOR AN EFFECTIVE DATE

HEARING NO.: 20-03-DOR-08

APPLICANT: City of Doral

LOCATION: Area located north of Downtown Doral, bounded by NW 87th Avenue on the west, NW 58th Street on the north, NW 79th Avenue on the east and NW 54th Street on the south.

REQUEST: The City of Doral (the "Applicant") is requesting Mayor and City Council approval of a text amendment to Chapter 68 "Land Uses and Zoning Districts" to create Division 5, "Downtown Arts Reuse District" to allow for modified requirements with development standards that modify and supplement the existing Industrial District standards and criteria for approximately 113 acres.

Location Map



Information relating the subject application is on file and may be examined in the City of Doral, Planning and Zoning Department Located at **8401 NW 53rd Terrace, Doral, FL. 33166**. All persons are invited to appear at this meeting or be represented by an agent, or to express their views in writing addressed to the City Clerk, **8401 NW 53rd Terrace, Doral, FL. 33166**. Maps and other data pertaining to these applications are available for public inspection during normal business hours in City Hall. Any persons wishing to speak at a public hearing should register with the City Clerk prior to that item being heard. Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes If a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

NOTE: If you are not able to communicate, or are not comfortable expressing yourself, in the English language, it is your responsibility to bring with you an English-speaking interpreter when conducting business at the City of Doral during the zoning application process up to, and including, appearance at a hearing. This person may be a friend, relative or someone else. A minor cannot serve as a valid interpreter. The City of Doral DOES NOT provide interpretation services during the zoning application process or during any quasi-judicial proceeding.

NOTA: Si usted no está en capacidad de comunicarse, o no se siente cómodo al expresarse en inglés, es de su responsabilidad traer un intérprete del idioma inglés cuando trate asuntos públicos o de negocios con la Ciudad de Doral durante el proceso de solicitudes de zonificación, incluyendo su comparecencia a una audiencia. Esta persona puede ser un amigo, familiar o alguien que le haga la traducción durante su comparecencia a la audiencia. Un menor de edad no puede ser intérprete. La Ciudad de Doral NO suministra servicio de traducción durante ningún procedimiento durante el proceso de solicitudes de zonificación.

Connie Diaz, MMC
City Clerk
City of Doral