

This will bring the short-term target rate below 1% for the first time since 2017.

On Wednesday, traders saw a 33% chance of a rate cut in March. But that was before a report showed that the number of new cases in Iran, Italy and elsewhere was greater than that in China, the epicenter of the outbreak, world leaders began to unite in preparation for a broader outbreak.

In the face of the economic threat brought by the epidemic, the global central bank is still basically taking a wait-and-see attitude.

European Central Bank President Christine Lagarde said Thursday that she needed to see "lasting" shocks before taking action, adding that "certainly" has not yet reached that level. In South Korea, one of the worst hit countries outside China, the central bank unexpectedly stopped cutting interest rates.

Unlike many other central banks, the Fed still has room to cut interest rates, although policy makers say they want to see "substantial changes" in economic data before taking further action after cutting rates three times last year. But at the same time, they warned that with inflation already low, any response to the economic shock might need to be stepped up to have an effect.

At a central bank meeting in Mexico City on Thursday, Chicago Fed President Evans said there was limited scope for interest rate cuts and inflation fell. "Policymakers must commit to providing exceptionally loose monetary policy to meet their responsibilities."

Asked about the direct impact of the coronavirus, Evans said the Fed was "watching closely," but reiterated the Fed's consensus that the impact on the economy would be temporary