

2020 National Coin Circulation Slowdown (July 21, 2020)

The pandemic related shutdowns that began in March 2020 slowed down coin recirculation. Coins circulate when payments are made with paper currency and coins are returned in change. The change is then used by consumers to make smaller purchases including at vending machines, laundromats, and parking meters. When Covid-19 restrictions went into place consumers migrated to shopping online, or, if in person, used debit and credit cards more often to avoid physical contact. The coins that they received in change were not circulated back into the system.

The business reopening has created demand from merchants to stock their coins at higher levels, but a large number of coins remain in consumer piggy banks. This is critical because recirculated coins represent more than 80% of the supply with the remaining amount being new coins produced by the Mint. The Federal Reserve projects that the gap between supply and demand at between 2.3 to 3.5 billion coins each month through the end of 2020.

The Fed has convened a broad industry task force to develop a plan to increase coin circulation.

- The Mint produces the coins and the Fed distributes them to banks along with paper currency.
- Approximately \$50B in coins are in circulation.
- 82% of coin orders are filled with recirculated coins and the remaining 18% are filled with newly minted coins. The Mint can't increase production to solve this problem.
- In the beginning of 2020, more than 4 billion coins were deposited (recirculated) each month. Those numbers dropped to less than 2 billion beginning in April.
- When the shutdowns started.
 - Banks reduced orders to the Fed for coins.
 - Banks received lower deposits of coins from merchants and coin aggregators (Coinstar).
 - Merchants reduced orders for coins.
 - Mint had production/Covid-19 staffing issues and production went down.
 - In general, the lack of supply wasn't an issue because there was a corresponding drop in demand.
- More recently with re-openings
 - Banks' merchant customers are increasing orders for coin.
 - But, banks are not receiving coins in deposits from merchant customers to recirculate.
 - The Fed is rationing coin distribution to Financial Institutions who are increasing their requests because of the lack of recirculated coin to meet demand.
 - Consumer are not paying with coins that will be deposited and recirculated at previous levels.
- The goal of the new Task Force is to kick start the coin circulation process.
 - The first Task Force meeting was held on July 10.
 - June 30 [Press Release](#).