

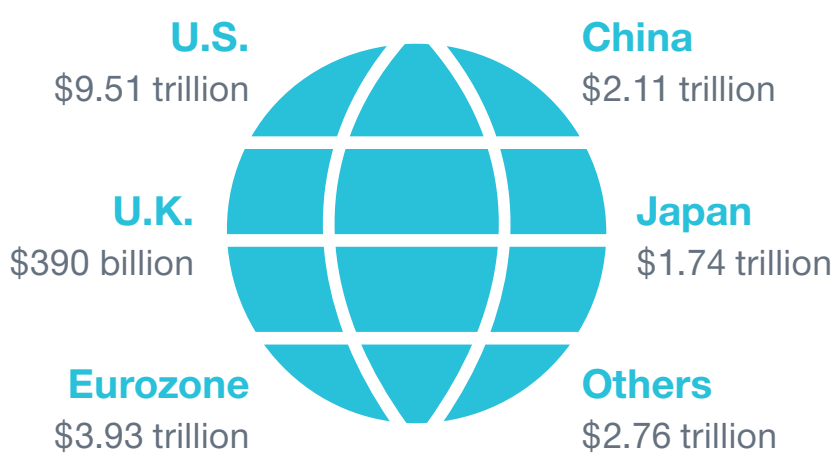


# Extraordinary Stimulus, Considerable Risks



## Stimulus Unique in Size and Speed

### A Global Response\*



\* Combined fiscal and monetary stimulus. As of 4/30/20. Source: Cornerstone Macro.

“We’ve seen stimulus from pretty much every country in the world, both fiscal and monetary.”

**Arif Husain, CFA®**  
Head of International Fixed Income

U.S. monetary measures have included **massive Fed purchases** of Treasuries and—for the first time—corporate bonds.



## Support for Main Street America

- \$2.2 Trillion **CARES Act** is a ‘shotgun’ approach
- A tenfold expansion of the **Small Business Administration** lending programs
- The CARES Act was followed by a “bridge” stimulus package of **\$484 billion**

“We saw a completely unprecedented expansion of individual relief through direct payments to consumers.”

**Katie Deal**  
U.S. Regulatory Analyst

**\$160 billion**

direct stimulus to taxpayers, and more could be on the way



## Short- and Long-Term Hazards

- Federal government not equipped to quickly deliver on what has been promised
- State and local governments are urgently seeking federal assistance to avoid severe budget shortfalls or even bankruptcies

“The difference between a small business, or even a medium-sized business, being able to stay open and closing is a matter of a couple of weeks. So, that funding flow really matters and the execution of it matters.”

**Katie Deal,**  
U.S. Regulatory Analyst

In the first  
**14 DAYS**  
of the CARES Act,  
the SBA processed  
**14 YEARS**  
worth of loans



- Stimulus programs will have to be repaid at some point
- Central banks will not want to keep interest rates near zero
- U.S. national debt could top **100% of GDP** for first time since WWII
- Unwinding of stimulus is likely to cause volatility

Source: Congressional Budget Office. <https://www.cbo.gov/publication/56165>

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