

Have policymakers done enough to support the global economy?

As much as we expect the largest quarter over quarter contraction in economic history in the second quarter of this year. We also continue to see unprecedented fiscal and monetary stimulus, the size and scope of which we have very little experience with.

In our view, actions from the Federal Reserve and several other major central banks have limited the possibility that this economic crisis become a financial crisis within credit markets though we need to monitor this risk very closely.

We also believe that fiscal stimulus will have a significant impact on the economic rebound that we're likely to see late this year. It will probably also contribute to some rising and inflation expectations over time. These two policies combined are reducing the length of time we think we'll be in this crisis and mitigating a lot of the offshoot downside further risks.

© 2020. Manulife Investment Management. All rights reserved. Manulife, Stylized M Design, Manulife Investment Management, & Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and its affiliates under license.