



IS 2020 GOVERNMENT STIMULUS ESSENTIALLY MMT? WITH DR STEVEN HAIL

Agenda

- Quick background to MMT
- MMT and Inflation expectations
- Which country is closest to considering MMT? Has any economy adopted a form of modern monetary theory and been OK?
- Yellen looking like being Treasury Secretary has disavowed MMT but has voiced support for trying to get the economy to run hot
- Thoughts around government responsibility... a lot of the arguments against MMT centre around whether governments can be trusted.
- Investment implications



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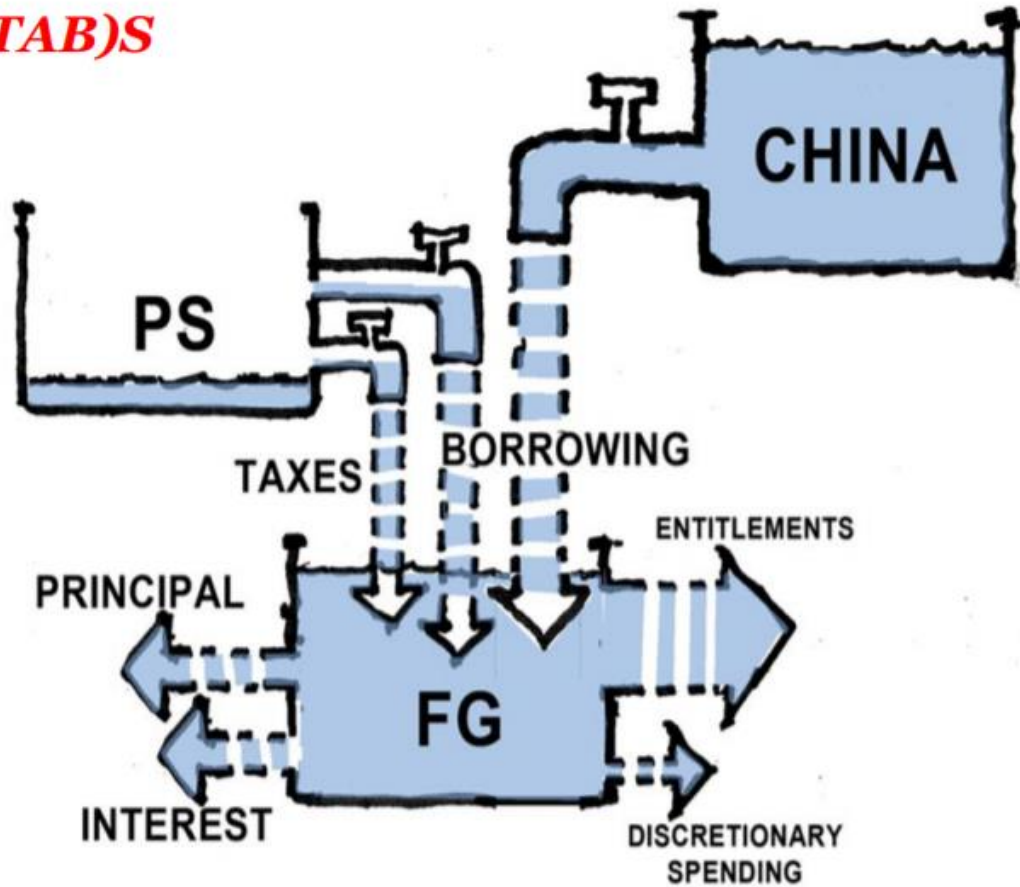
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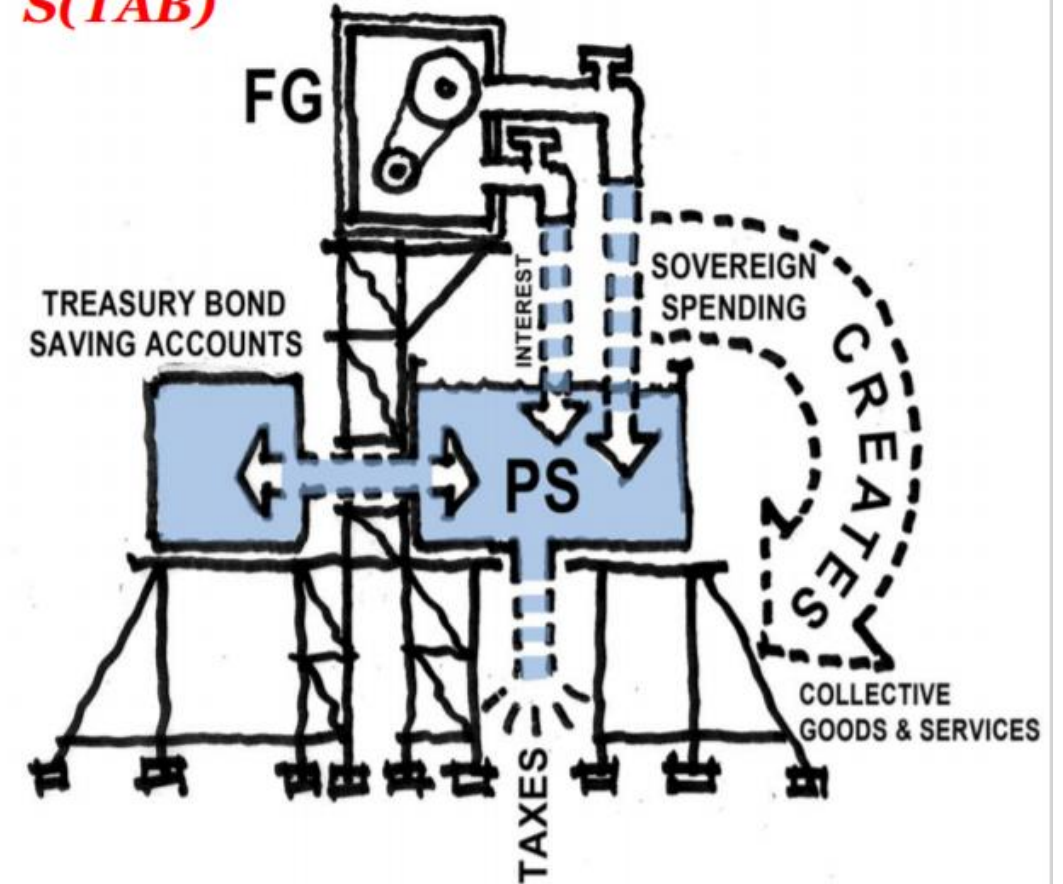
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The wrong and right way to think about Federal Finance

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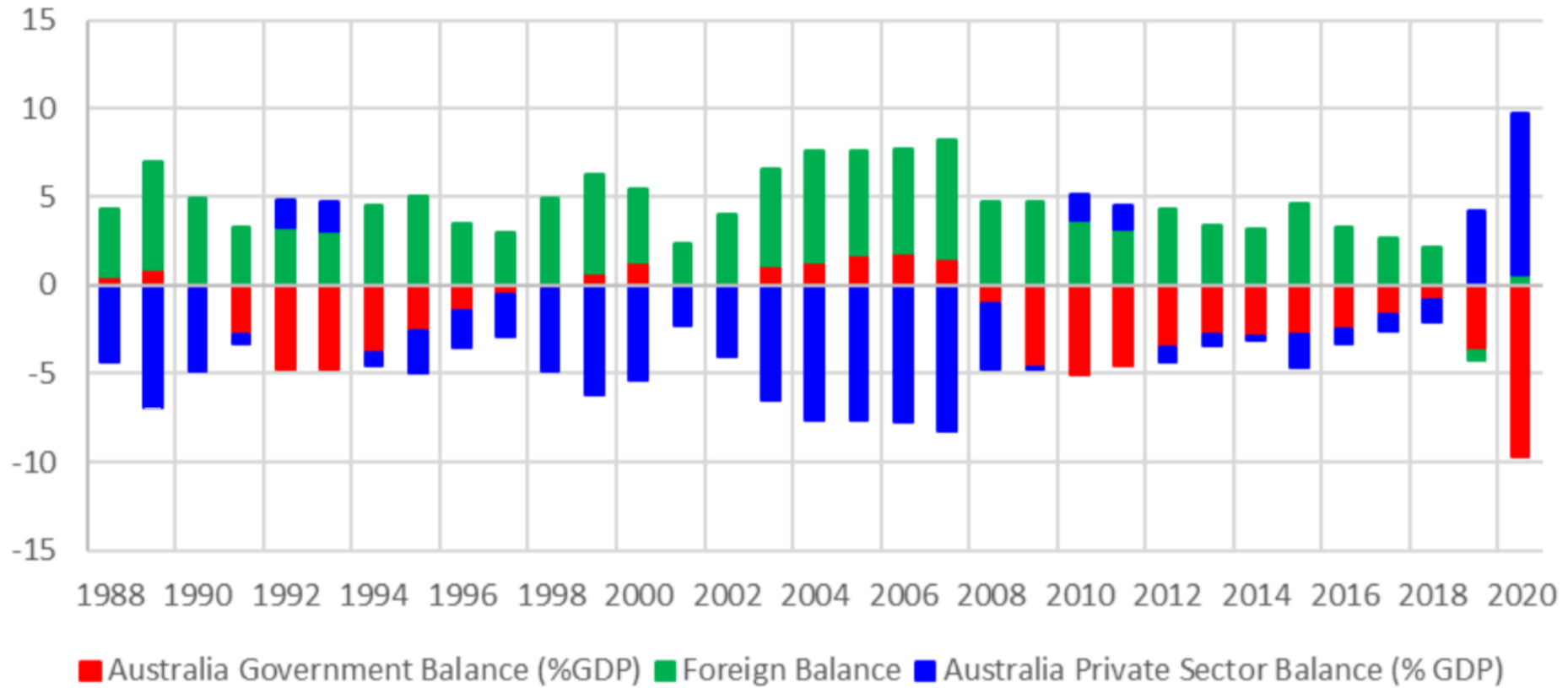
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Australia Sectoral Balances (% GDP)

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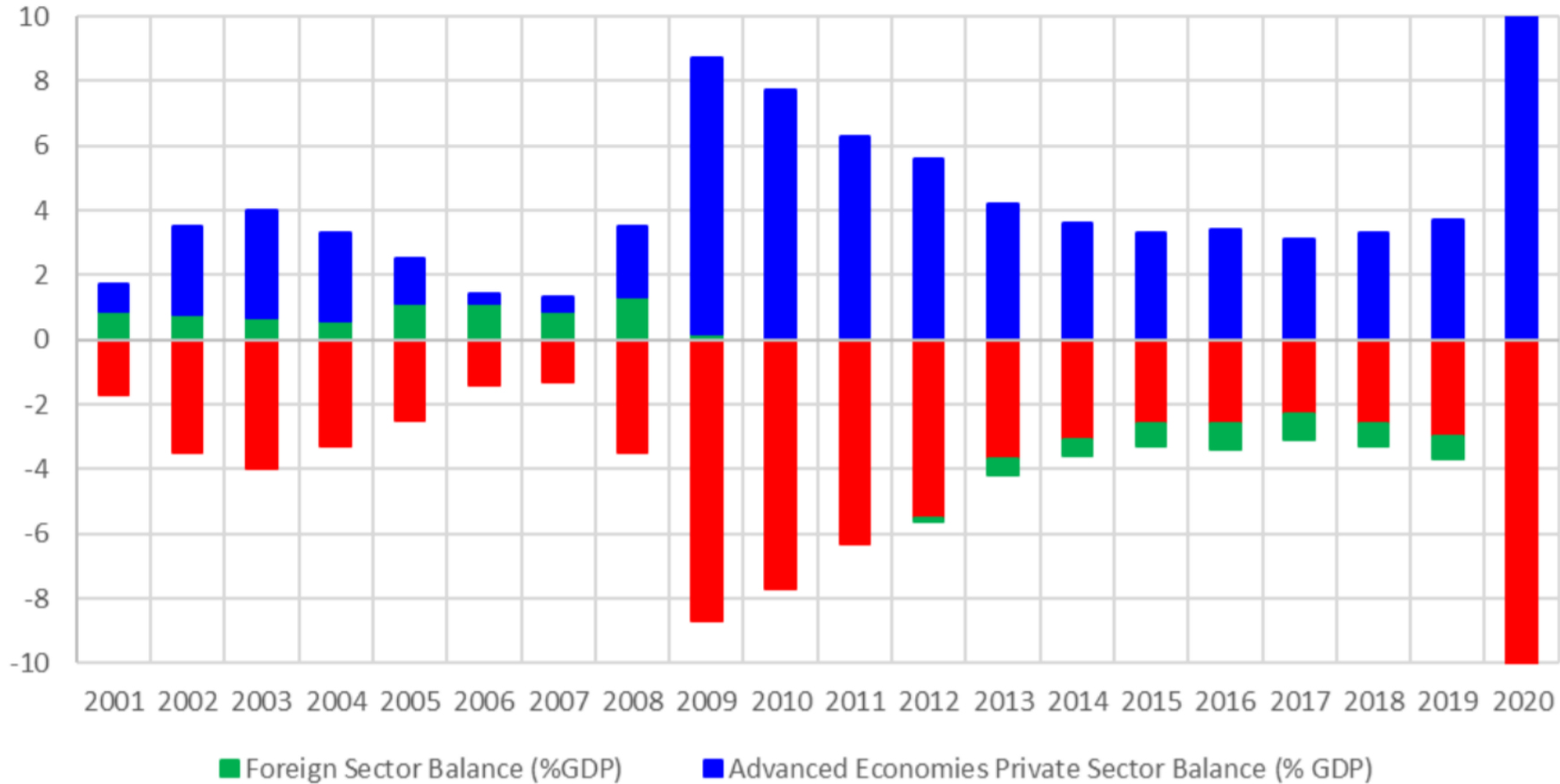
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Advanced Economies Sectoral Balances (% GDP)

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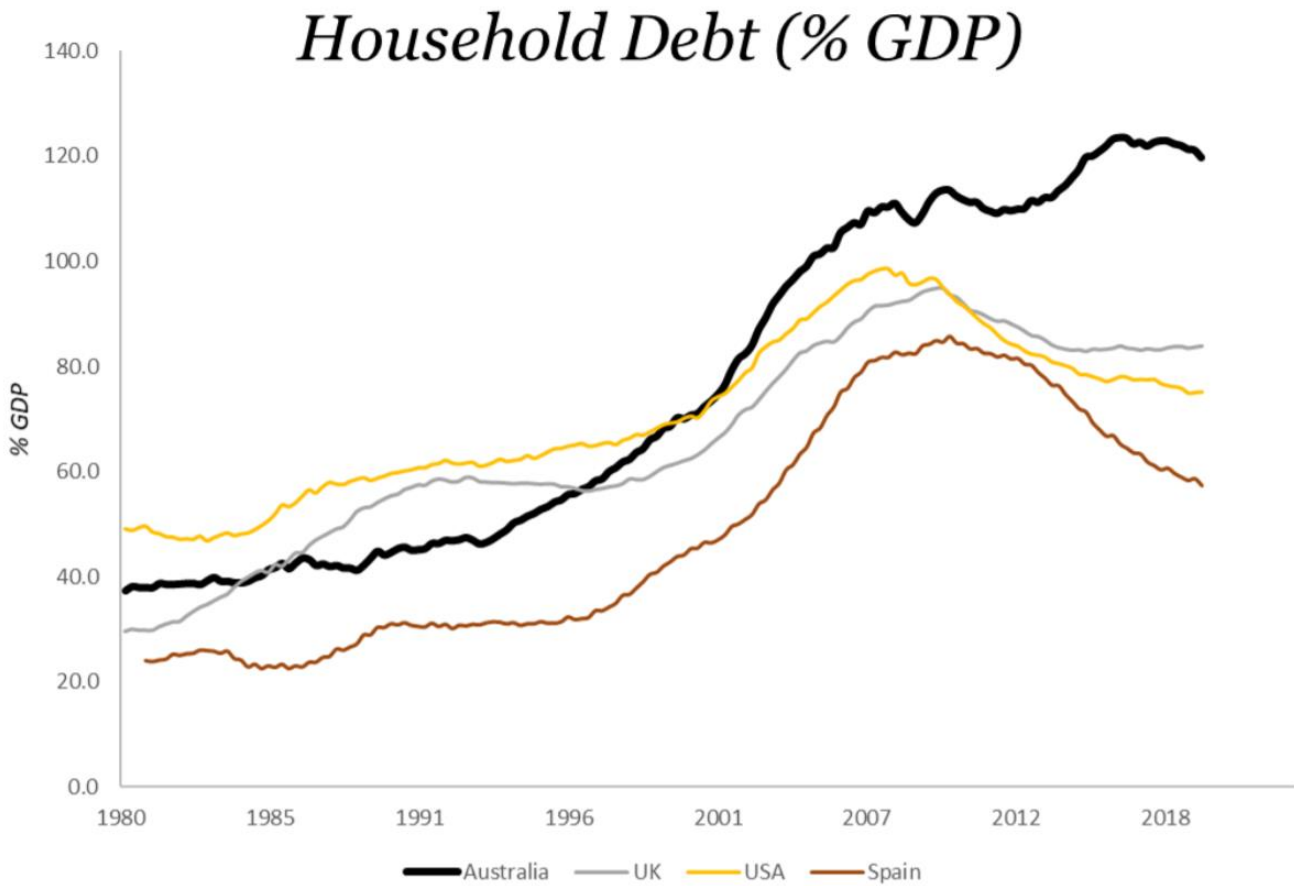


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Household Debt (% GDP)



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Investment implications

Key positive factors

- Government stimulus
- Low probability of US tax hikes
- Earnings very good: The recently
- Inequality to increase

Other positive factors

- Bankruptcies limited
- Evictions limited
- Mortgage repayment holidays
- Wage growth very low
- Capital efficiency
- Low oil prices
- Vaccine hope
- Policy certainty
- Structural change in industries leading to cost efficiencies

Key negative factors

- Virus in Northern Hemisphere
- Valuation
- Latent bankruptcies
- Low genuine credit growth

Other negative factors

- Short term gap in US economic conditions
- Inequality longer-term effects
- Effects gradually rolling off
- Structural change in industries leading to weak demand
- Cycle
- Demand weak
- Australian stimulus badly targeted



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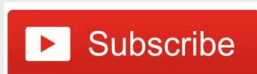
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Viewer question of the week:

What will it take for Central Banks to stop printing money

Drop your answers in the comments



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Coming up:

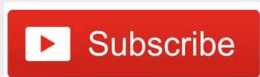
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