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How global emergency economic measures compare?

The coronavirus pandemic has caused governments around the world to announce emergency measures to battle the economic fallout. Governments have learned from the global financial crisis and have taken relatively similar relief measures. Differences are large in terms of size though, which is likely to be key

Fiscal spending to the rescue!

Globally, measures taken by governments to mitigate the economic impact of the Covid-19 crisis all roughly follow similar lines.

Support has been given to keep people at work, taxes have been deferred, various forms of household income support have been granted, and liquidity and guarantees have been provided to make sure that healthy businesses do not go bankrupt in the period of restrictive economic measures and its aftermath. Differences in size are large though, with countries like Australia spending a share of GDP in double-digits, while Japan is spending just 0.1% of GDP.

It's not easy comparing these numbers as spending takes different forms over different timeframes and the lines aren't always clear between guarantees, loans and cash out fiscal stimulus.

Fiscal measures are similar around the globe, but very different in size and detail

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Additional fiscal spending (everything except liquidity and guarantees) **% GDP**	2.3%	7.7%	6%	4.5%	1.9%	1.4%	1.4%	2.5%	2%	0.1%	0.9%	6.6%	7.5%	11.3%
Short-time working	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tax forbearance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liquidity and guarantees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Household income support	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Monetary policy so far

Monetary policy has been quick to react to the Covid-19 outbreak, and in many cases central banks are pretty much 'all-in' with their efforts to support the economy. The table below shows what's been done so far across the major central banks, and what might still be possible.

Central bank actions compared

	Rate cuts	QE	QE assets	Commercial paper purchases	Counter-cyclical buffer cut	Targeted loans to banks	Other schemes	What's still possible?
Federal Reserve	↓ 150bp	Unlimited	Treasuries, MBS	Yes	-	-	Corporate bond buying program	Extend QE to other assets (corp. bonds or equities). Negative rates not considered
European Central Bank	No	EUR120bn euro + EUR750bn PEPP	Euro sovereign bonds, corporate bonds	Yes	Yes	Yes, TLTROs, LTROs, dual rates	Collateral rules eased, tiering system for deposit facility, invtied banks not to pay dividends	More QE, rate cuts, purchases of bank bonds, ETFs
Bank of Japan	No	No target changes, text tweaked to "active" buying	Stepped up existing ETF and J-Reit purchases	Yes, increased upper limits of CP and Corp bond purchases	Already 0%	Yes, 1-year zero interest rate loans for commercial banks	No	Debt monetization through annulling direct JGB holdings
People's Bank of China	↓ 30bp	No	No	No	No	Yes - aimed at SMEs	Permitting delay of loan repayments	Counter-cyclical buffer cut
Bank of England	↓ 65bp	£200bn	Gilts, corp. bonds	Yes	Yes (to 0%)	Yes - aimed at SMEs	Collateral rules eased	Negative rates ruled out. More QE possible
Bank of Canada	↓ 150bp	C$5bn/week	Government bonds	Yes	Yes	-	Purchasing mortgage bonds, banker's acceptance and provincial money market securities	Expand & extend QE to include other assets. Negative rates unlikely
Reserve Bank of Australia	↓ 50bp	In pursuit of 0.25% 3Y yield target, so in principle, unlimited	Gov't bonds, semi-gov't bonds	No	Already at 0%	Yes, AUD90bn Term funding facility	Forward guidance - OCR not to be raised until inflation target met	Outright purchases of bank paper
Reserve Bank of NZ	↓ 75bp	Yes, up to NZD30bn in next 12 months	Government bonds	Not outright, repo only for Asset backed CP	n/a	Not yet, term lending hinted as possible	OCR will not be raised for 12M - guidance	Mildly negative rates, interest rate swaps
Riksbank	No	SEK300bn	Govt, municipal, covered bonds	Yes	Yes (to 0%)	Yes	Collateral rules eased	Cut repo rate into negative again
Norges Bank	↓ 125bp	No	No	No	Yes (to 1%)	Yes	Threatened NOK intervention. Collateral rules eased	Negative rates & QE not viewed as feasible
Swiss National Bank	No	No	No	No	SNB has submitted a proposal requesting to reduce the buffer to 0%	-	FX interventions and a new SNB COVID-19 refinancing facility, aimed at strengthening supply of credit	QE or rate cut possible if FX interventions aren't enough to limit appreciation of the Swiss franc (not our base case)

Source: ING

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