



# Global Macro Drivers and Risk Management

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## Global Macro Drivers and Risk Management

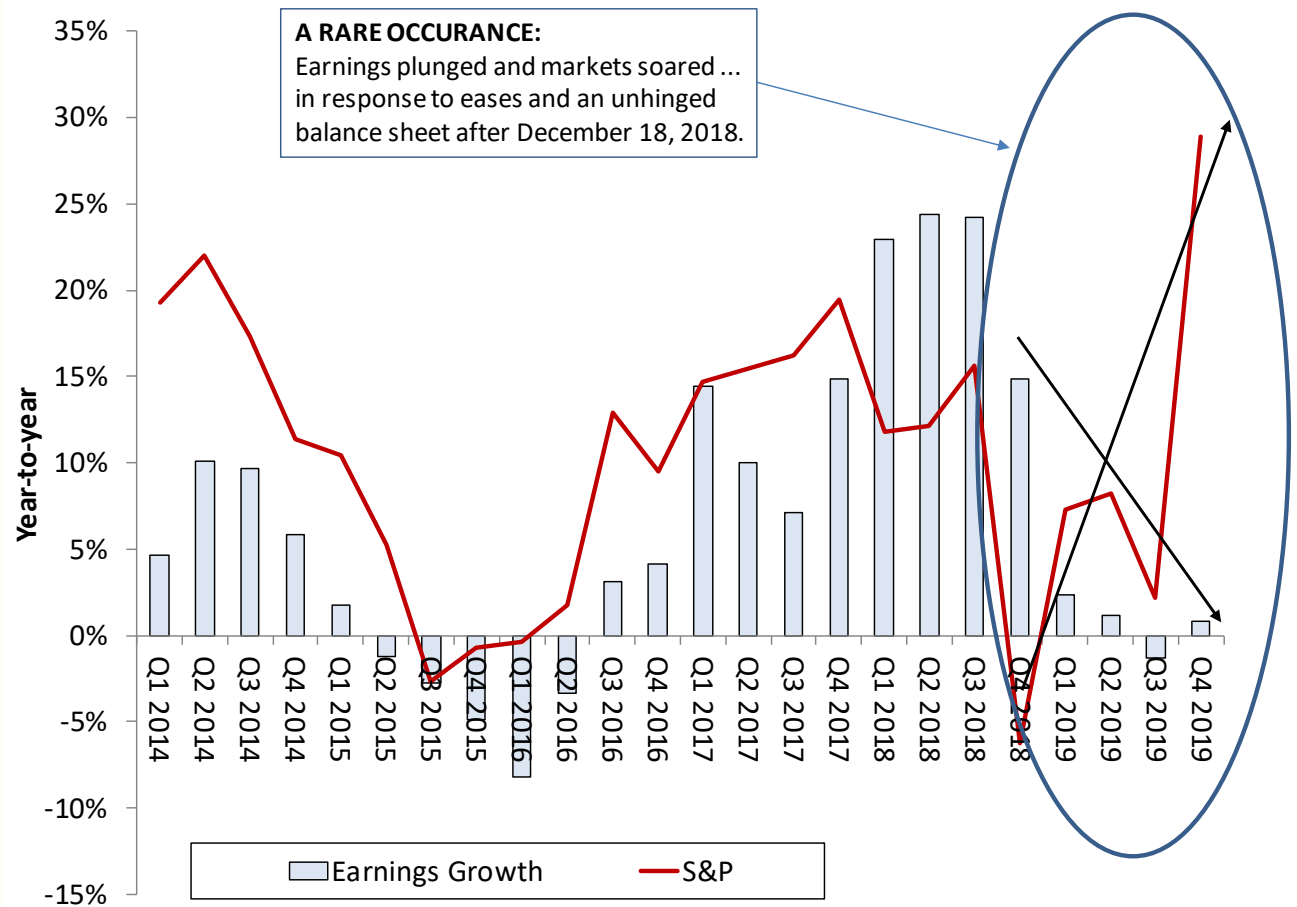
***Topics and / or questions posed by Chief Risk Officers:***

- I. Current environment in Washington.**
- II. Can fiscal measures continue forever without implications?**
- III. Is there any political will to start modifying this agenda?**
- IV. Perspective on the broader economic agenda.**
- V. Views into potential longer term dynamics, 10-20 years out**



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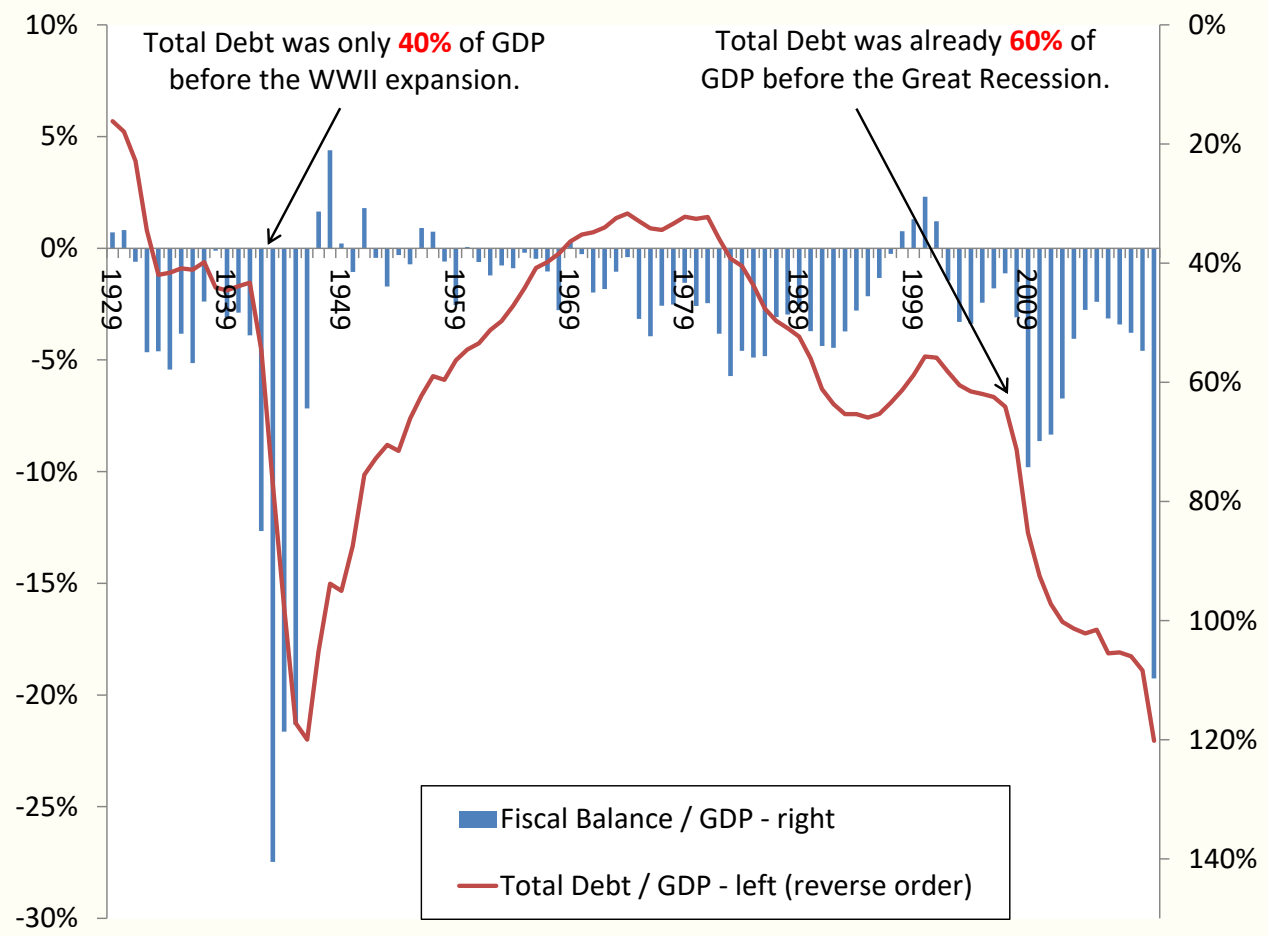
## Figure 1. Lesson on Markets and Money from 2019



Source: Bloomberg LP and Center for Financial Stability.



## Figure 2. Public debt is a greater albatross than many acknowledge

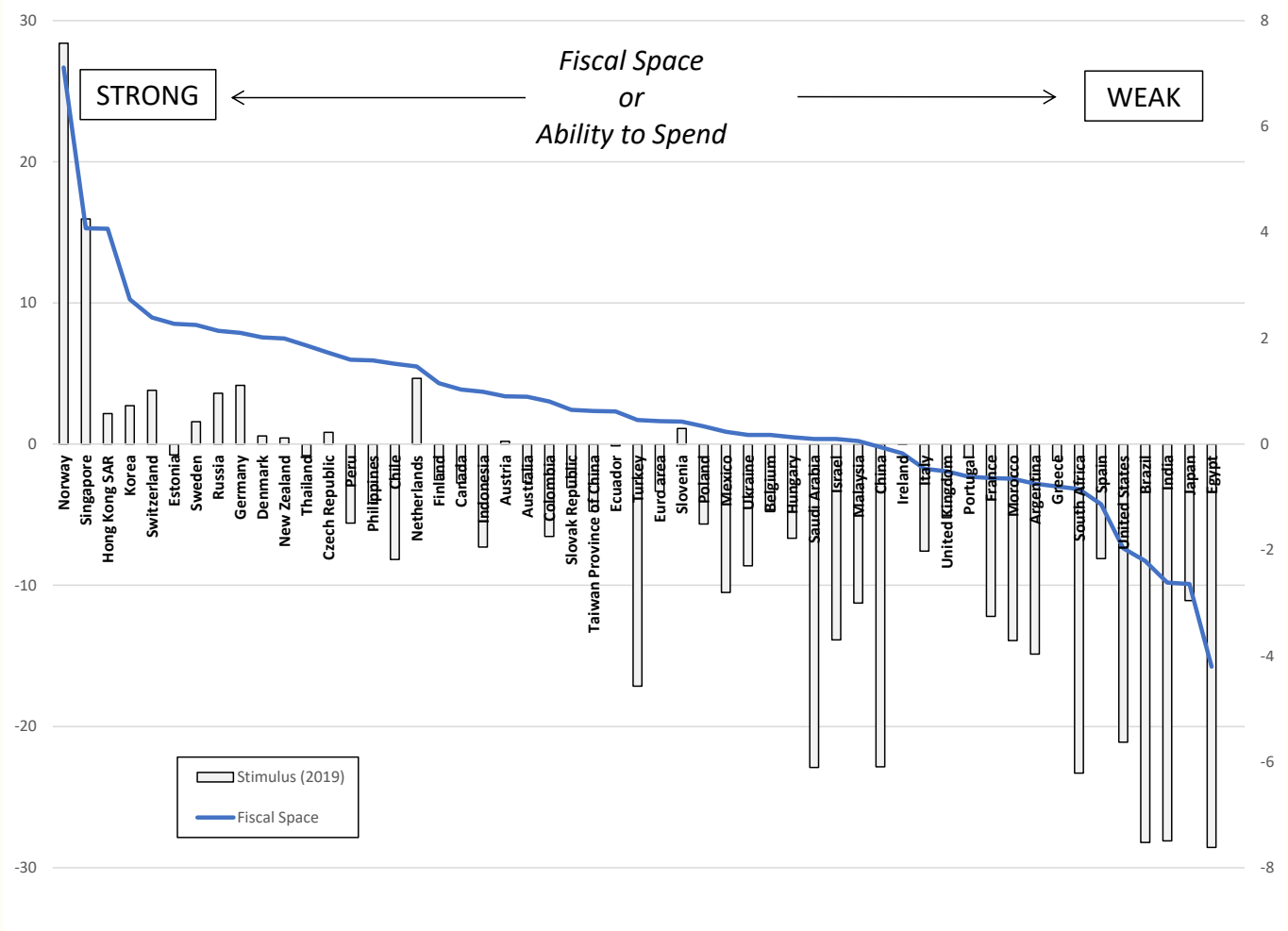


Source: US Department of Treasury and Center for Financial Stability.



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## Figure 3. A Global Issue: Fiscal Space around the World

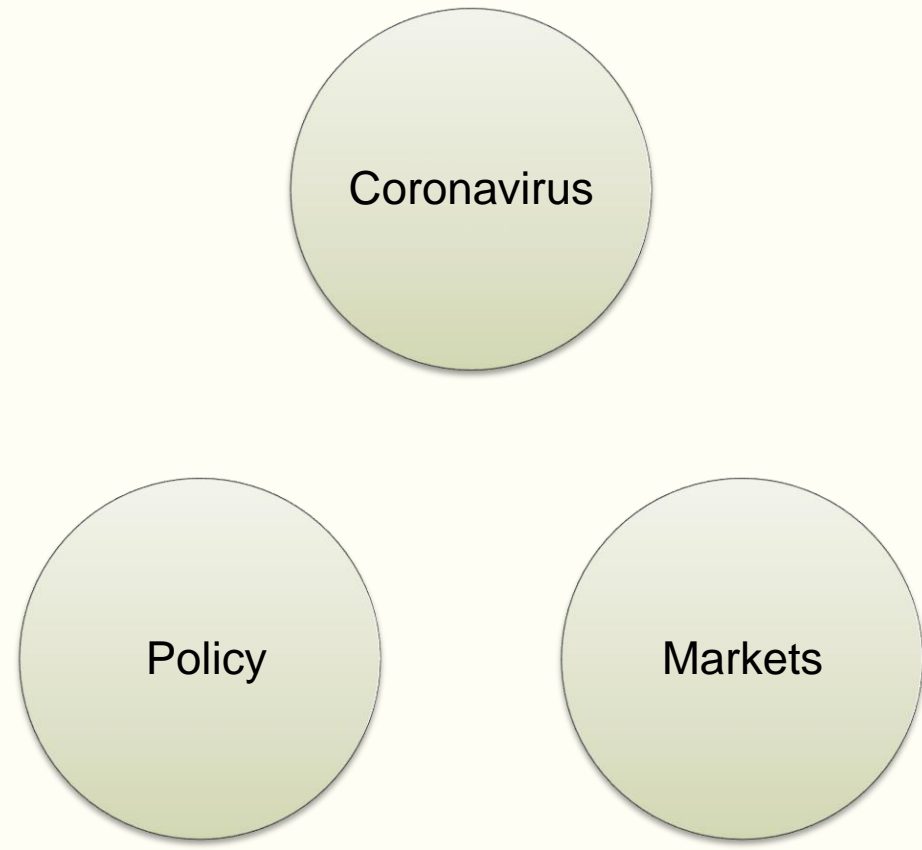


Source: International Monetary Fund and Center for Financial Stability.



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## Figure 4. Three Vectors for Investors and Officials





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## IV. Conclusions and Solutions

- **Supersized policies will ensure and even exacerbate global macroeconomic distortions well into the future.**
- **Resolution of skewed incentives and these forces will dominate financial market valuations and movements.**
- **Ironically, economic growth will remain restrained.**
- **Expect higher inflation not only due to central bank policy ... but perform of financial system**
- **Sovereign and private debt defaults and workouts will increase meaningfully.**

***Risk management will be vital to protect and grow companies and financial institutions.***



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