

	Monetary	Fiscal	Other
China	<ul style="list-style-type: none"> PBoC promises "significant" increase in credit growth in 2020 Targeted QE announced CNY 400 bn Small and Micro enterprise loan purchase programme Compliance with asset management regulations delayed to end 2021. Delay allows growth shadow banking assets. PBoC, CBIRC, and CSRC issue joint statement calling for forbearance and flexibility in debt collection up to 30 June 2020. 50-150bps of targeted RRR cuts across large and small banks. The reserve reductions are conditional on banks meeting strict sector lending targets. Rate cut 1YLPR 30bps 5YLPR 15bps, MLF 30bps Interest on excess reserves cut by 35 bps. Banks to delay NPL recognition by 180 days CNY 1.8 tr re-lending and re-discounting facilities at subsidized rates Increased re-lending and re-discounting rate for small commercial lenders by 25bp to 2.5%. Re-lending facility changed dictating banks must not issue loans above 4.55% - 50bps above the LPR and 205bp above that charged to small banks. State-owned large commercial banks to achieve 30% yoy loan growth to SMEs in H1. <p>Stimulus expectations:</p> <ul style="list-style-type: none"> 100 bp more RRR cuts 10bps LPR cuts Pledged supplementary lending to policy banks 	<ul style="list-style-type: none"> Fiscal deficit set at a <i>minimum</i> 3.6% of GDP up from a maximum of 2.8% in 2019 Local government special purpose bond quota increased by 70% yoy to CNY 3.75 trn New central government special treasury central government bonds totalling CNY 1 trn Eased funding leverage restriction for local government financing platforms "New infrastructure" investment and "New urban construction" receive government policy support including better lending terms, political incentives and priority planning Mandate higher proportion of local government bond proceeds spent on infrastructure projects, and prohibits usage for land and property activities. Part of social security tax waived – 5 months for SMEs and all firms in Hubei, 3 months for large firms ex-Hubei. VAT exemptions for small-scale taxpayers in Hubei between March and June, VAT for small-scale taxpayers outside Hubei lowered from 3% to 1%. Electricity prices for businesses cut by 5%. <p>Stimulus expectations</p> <ul style="list-style-type: none"> China will tailor mortgage lending and property ownership regulations at a city level to maintain price increases and real estate investment. Cheaper car loans and lower auto purchase tax. Larger license plate quotas. 	<p>During lockdown</p> <ul style="list-style-type: none"> Widespread containment policies <p>After outbreak peak</p> <ul style="list-style-type: none"> Work resumption rate targets set Planes and trains chartered for migrant workers <p>Back to work, but second wave risk</p> <ul style="list-style-type: none"> All business and schools now open Barring a number of high covid risk industries; cinema, gyms etc The industrial economy is now completely open Services and consumer activity is recovering slowly Second wave risk remains. Targeted lockdowns are occurring at a city level across China
US	<ul style="list-style-type: none"> 150 bp of total inter-meeting cuts 	<ul style="list-style-type: none"> Total: 6.7% of GDP in direct spending, 3% of deferrals; 3% loans convertible to grants, 2.5% of bailouts 	<ul style="list-style-type: none"> Ban on travel from EU Federal emergency declared

	<ul style="list-style-type: none"> Regulatory relief for lenders where borrowers are affected Expansion of repo operations: \$1tn in each of three-month and one-month repos, followed by \$500bn of each per week Shifting \$60bn/month in repo from 3m bills to across the curve to be yield curve neutral Dollar swap lines eased and expanded to most DM and some EM countries Temporary repo facility for foreign central banks Multiple lending facilities to support consumer and business credit Additional unlimited UST and MBS purchases Money Market Mutual Fund Liquidity Facility to provide \$10bn of credit protection Liquidity support and \$500bn of purchases announced for Muni and state debt market New TALF to buy ABS backed by student, auto, cc, sba loans €600bn of purchases of loans to SMEs Credit to banks issuing PPP loans to firms keeping workers on payroll Expansion of corporate credit purchase programmes to cover "fallen angels" 	<ul style="list-style-type: none"> \$2tr package on 27 March, \$484bn package on 21 April These include a \$500bn bailout fund Direct payments of \$1,200 to most US adults, \$590bn PPP programme to cover wages for small businesses Expansion of unemployment insurance \$125bn for US hospitals Congress already passed a \$8.3bn package are targeted at the medical and healthcare response 	<ul style="list-style-type: none"> Phased re-opening by state
Japan	<ul style="list-style-type: none"> BOJ expands repo operations Enhanced yen & dollar liquidity provision (via bond-buying, FX swaps); Facilitating corporate financing via i) providing 0% loans for up to a year against corporate debt collateral, and (ii) buying more commercial paper & corporate bonds; Stepping up ETF and J-REIT purchases. No changes in the policy rate; low-for-longer forward guidance maintained. Upper limit for the amount of purchases of government paper has been removed 	<p>Total: over 10% of GDP in spending and bailouts, 30% in loans & liquidity measures</p> <ul style="list-style-type: none"> 234tr yen (\$2.18tr) stimulus approved, in two packages in April and Mar Of which about 65tr yen (\$600bn) in direct spending Direct payments to households and firms Subsidies for firms to retain workers Subsidies and vouchers for domestic travel and tourism Parents burdened by school closures will be compensated Zero-interest loans for businesses and freelancers; crisis lending scheme for larger companies 	<ul style="list-style-type: none"> No formal lockdown, but state of emergency declared – lifted 26 May Closure of events and widespread voluntary compliance

		<ul style="list-style-type: none"> Tax cuts and tax grace periods for SMEs 	
South Korea	<ul style="list-style-type: none"> 75 bps rate cut Corporate bond backed lending facility US\$ funding facility Unlimited repo facility available until end of June. Interest capped at base rate + 10bps KRW 10 trn in lending for SMEs at 0.25% p.a. Window guidance in support of debt forbearance 	<p>Total 13% of GDP, including 7% in loans and guarantees</p> <ul style="list-style-type: none"> 11.7 trn won allocated for medical response 240 tr won virus relief package, including; consumption vouchers, household and business lending 40 tr won support for shipbuilding, aviation, oil and tourism <p>Stimulus expectations:</p> <ul style="list-style-type: none"> Additional supplementary budget in H2 Large public sector job creation program Accelerated infrastructure spending 	<p>New Normal</p> <ul style="list-style-type: none"> New guidelines governing business operation and social behaviour After new cluster infection, operation of all businesses (ex clubs + bars), public gatherings, and schools now permitted <p>National Assembly election April 15 President Moon's party won a large majority. The parliamentary mandate will permit expansive stimulus responses. Record budget deficits in 2020 and 2021.</p>
EU	<ul style="list-style-type: none"> Expansion of QE: €1,470bn in total extra asset purchases to June 2021, across old QE and new PEPP programmes Implication that it can depart from capital key and issuer limits Easing of conditions and reduction on interest rates of TLTRO III (to -1%) Additional LTRO to provide immediate liquidity support to banks and to safeguard money market conditions Non-targeted PELTRO programme (at -0.25%) Banks can fully use capital and liquidity buffers Additional regulatory relief for banks, including delaying changes in capital requirements and accounting standards 	<p>Italy</p> <ul style="list-style-type: none"> Total: 3.8% of fiscal support, 25% of GDP in guarantees and loans, plus bailout funds €470bn in new guarantees, loans and export credit; expanded access to existing programmes Funds for recapitalisation of large firms via state investment bank Grants to affected firms Temporary ban on layoffs Suspension of municipal and utility bills; VAT and revenue tax deferrals Cancellation of end-2020 VAT rises Moratorium on repayments of bank loans to SME and on mortgage repayments for up to 18 months Extended subsidised reductions in working hours for all firms Subsidised parental leave or alternative compensation for childcare costs Vouchers for domestic holidaymakers Extra money for healthcare system 	<ul style="list-style-type: none"> Italy implemented a full-country quarantine Non-essential workplaces closed from 26 March Quarantine began to be relaxed for some shops and industries from April 13 Reopening formally began 4 May Retail trade began 18 May; limited reopening for bars and restaurants from 1 June Schools closed for rest of academic year

		Germany <ul style="list-style-type: none"> • Total: 9% of direct spending; 14.5% for bailouts; 14.5% of GDP of deferrals; unlimited liquidity support, starting at around 12.5% of GDP. • Eased conditions for companies to access the “Kurzarbeit” programme subsidising reductions in working hours • Unlimited business credit programme via state KfW bank • Enormous programme of tax deferrals • Up to €100bn lined up in govt rescue fund to buy struggling companies’ equity and debt, plus up to €400bn of government guarantees • New stimulus announced on June 4, with 130bn over two years for VAT reductions, grants to businesses and families, electric car subsidies and tech investment 	<ul style="list-style-type: none"> • Germany shut most public places on 16 March including schools and universities, shops, cafes and restaurants, and theatres. • Lockdown easing began on 20 April with small shops • Socialising now possible
		France <ul style="list-style-type: none"> • Total: 2% of fiscal support plus bailouts; 13.9% of guarantees, 3.1% of cashflow measures (deferrals etc) • €300bn of state guarantees for business loans, with BoF mediating between firms and banks • Bailouts for car, tourism and aero industry • Introduced subsidised reductions in working hours • Energy bills and social charges suspended for SMEs and self-employed • Tax deferrals and in some circumstances rebates • Furlough scheme extended for two years 	<ul style="list-style-type: none"> • France implemented a full-country quarantine • Most business opened 11 May • Restaurants, bars and cafes now reopened with restrictions
		Spain <ul style="list-style-type: none"> • Total: 3.7% of fiscal support; 1.5% of cashflow measures; 8% of guarantees • €100bn of guarantees • Specific support announced in June for tourism and auto industries, and for regional governments • Moratorium on mortgage and utility bills for those affected • Subsidies and flexibility for shortened working hours • Six-month tax holiday for SMEs and self-employed (~€14bn) covering income and corporate taxes and VAT 	<ul style="list-style-type: none"> • Non-essential workplaces closed 30 March-13 April • Lockdown ended 11 May, with small shops and restaurant outdoor terraces reopening. • Several phases of loosening until end of June.

		EU <ul style="list-style-type: none"> • €240bn in light-conditionality ESM credit lines made available • €100bn in credit for national governments from EU itself to fund furloughed-worker schemes • €200bn in EIB loan guarantees • Full flexibility for national governments in fiscal policy and state aid • Unspent EU funds to be redirected towards COVID-related investment, to reach €37bn with co-financing • €28bn of structural funds, • €18-28bn of EIB lending 	<ul style="list-style-type: none"> • The EU imposed restrictions on inbound travel for foreigners
UK	<ul style="list-style-type: none"> • 65bp cut to 0.1% • £300bn extra of QE • New Term Funding SME scheme • Banks' capital requirements lowered • Repayment holidays to businesses or individuals affected by the virus • Covid Corporate Financing Facility (to buy CP of up to 1yr maturity on favourable terms) for at least a year. Implemented by the BoE on behalf of the Treasury • Extension of Ways and Means facility, allowing temporary monetary financing 	<ul style="list-style-type: none"> • Total: 6.3% of fiscal support, 1.5% of cashflow measures, 15% of GDP of guarantees and loans • Unlimited government guarantees direct loans to businesses, starting with £330bn firepower (15% of GDP) • Government to pay up to 80% salary of retained workers until October, and 80% of freelancers' income • VAT payments for Q2 deferred • Over £27bn in business support, including business rate tax holiday and cash grants for retail and entertainment businesses • £5bn NHS response fund • Expansion and subsidies for sick pay • £1.25bn bailout plan for venture capital-backed firms: £500m co-investment fund (state-backed equity-convertible loans); £750m in grants and loans for small firms focused on R&D. • 100% guarantees and first year interest-free for bank loans up to £50,000 for small firms 	<ul style="list-style-type: none"> • Effective nationwide quarantine from 23 March, non-essential shops closed, people allowed out for only specified activities • Businesses encouraged to restart from 13 May • Non-essential retail reopened 15 June

[Click here for our EM policy table.](#)