

Post
Pandemic
Positioning

Managing liquidity
in uncertain times

BMO



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Forecasting, Optimizing
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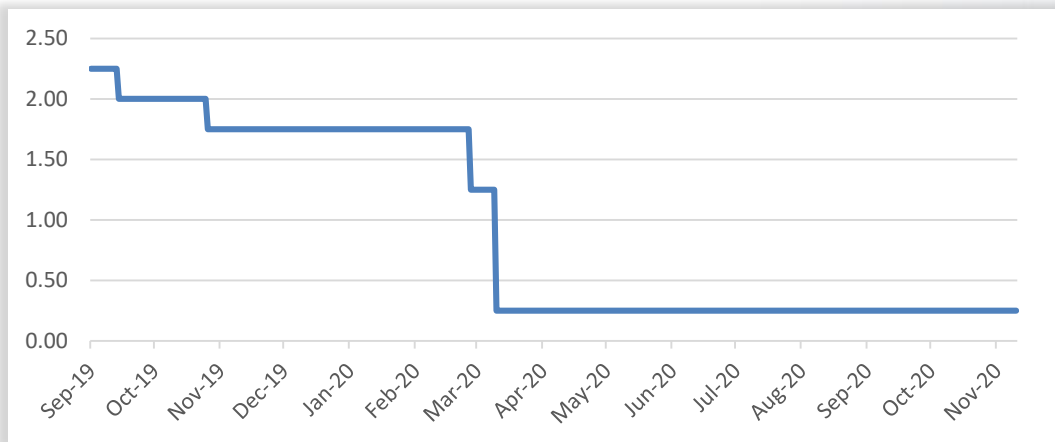
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Q & A

Monetary Response to COVID

150 bps

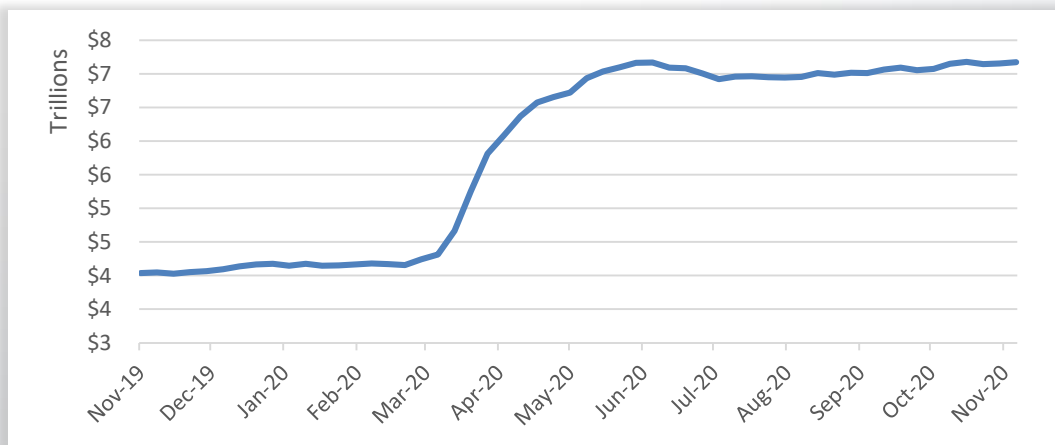
Precipitous target rate reduction by FED due to economic concerns



Source: Federal Reserve Economic Data

\$3.0 Trillion

Increase in Fed balance sheet assets since March 20



Source: Federal Reserve Economic Data

Monetary Alphabet Soup (for the economy)

Policy

- **ZIRP:** Low rates
- **FG:** “Cards on the table”

Financial Markets

- **QE:** Securities Purchases
- **PDCF:** Lending to securities firms
- **MMLF:** Backstopping money market mutual funds

Regulatory

- **SLR:** Temporarily relaxing regulatory requirements

Corporates & Businesses

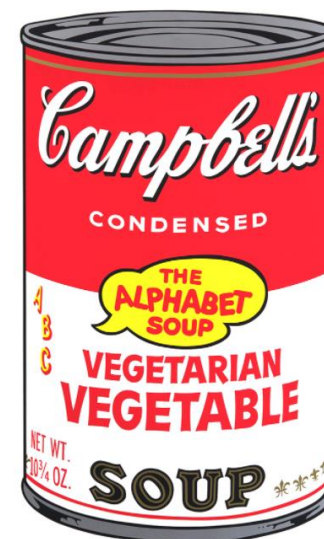
- **PMCCF/SMCCF:** Direct lending to major corporates
- **CPFF:** Commercial Paper market support
- **PPP/MSLF:** Supporting loans to small- and mid-sized businesses

Consumers

- **TALF:** Liquidity to support credit to consumers

Governments

- **MLF:** Direct lending to state and municipal governments



Fiscal Response to COVID

2020

March 6

\$8.3_B

Coronavirus Preparedness and Response Supplemental Appropriations Act

March 18

\$192_B

Families First Coronavirus Response Act

March 27

\$2.3_T

CARES ACT

April 24

\$484_B

Paycheck Protection Program and Health Care Enhancement Act

Dec 21

\$866_B

Coronavirus Response and Relief Supplemental Appropriations Act

2021

March 11

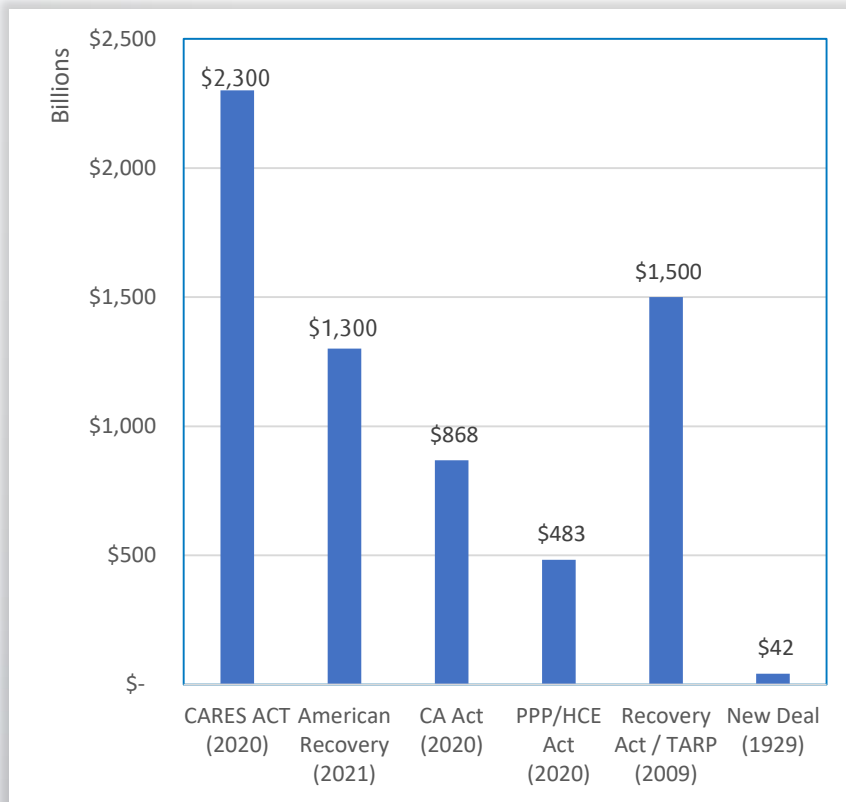
\$1.9_T

American Recovery Plan Act

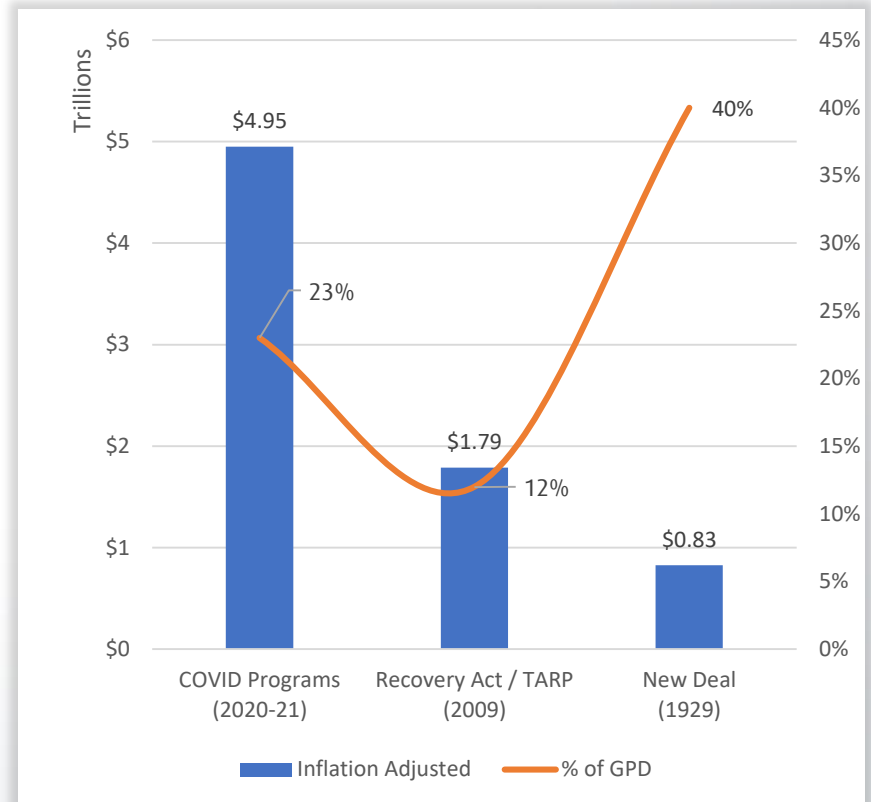


Fiscal Response to COVID vs other

Historical US Stimulus Bills (\$B)
Nominal \$



Historical US Stimulus Bills (\$B)
Inflation Adjusted \$



Months since
stock market
peak

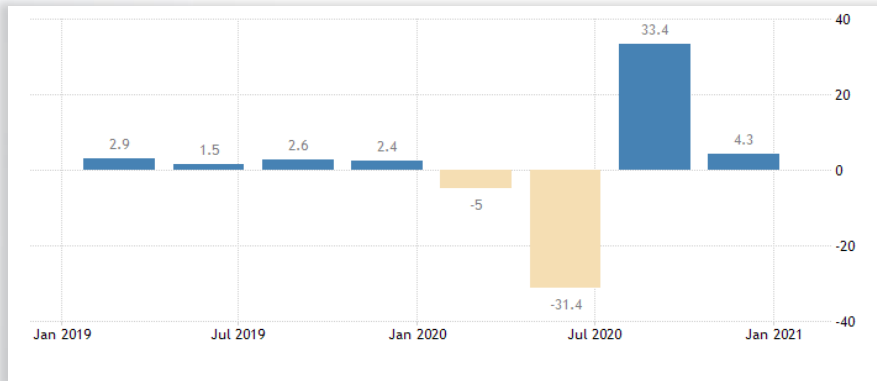
1	11	9	6	10	42
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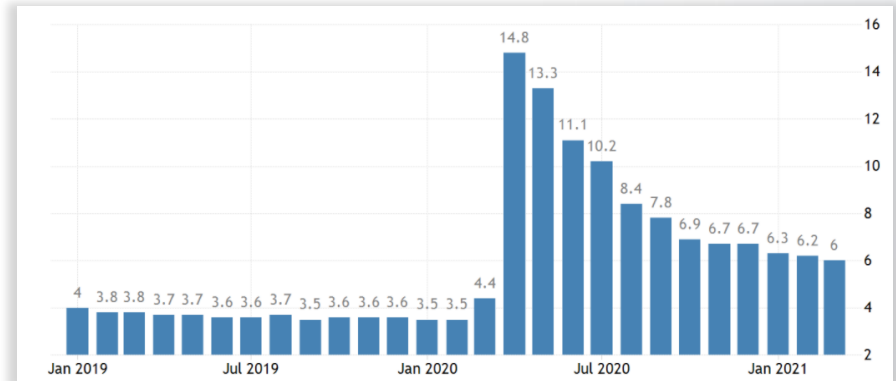
Current Macro Conditions

GDP



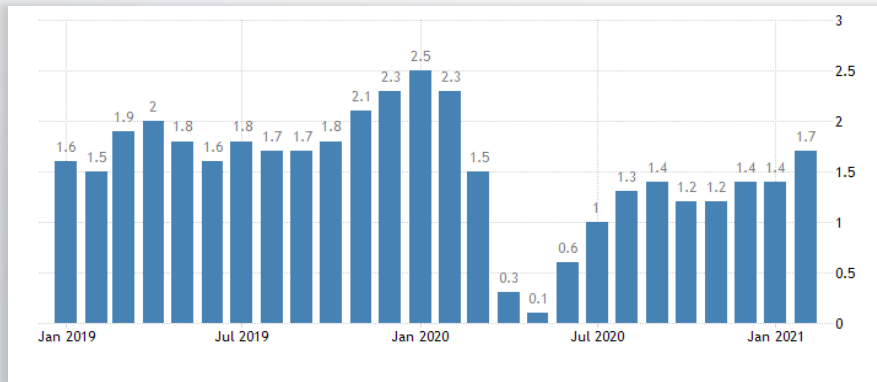
Source: TradingEconomics.com / Bureau of Economic Analysis

Unemployment Rate



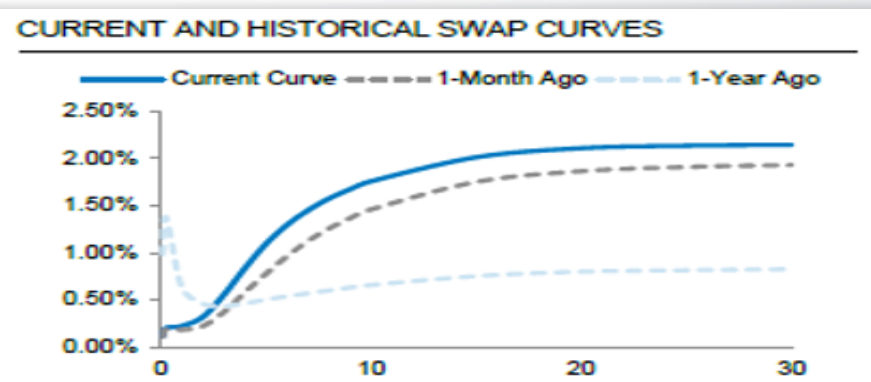
Source: TradingEconomics.com / Bureau of Economic Analysis

Inflation



Source: TradingEconomics.com / Bureau of Economic Analysis

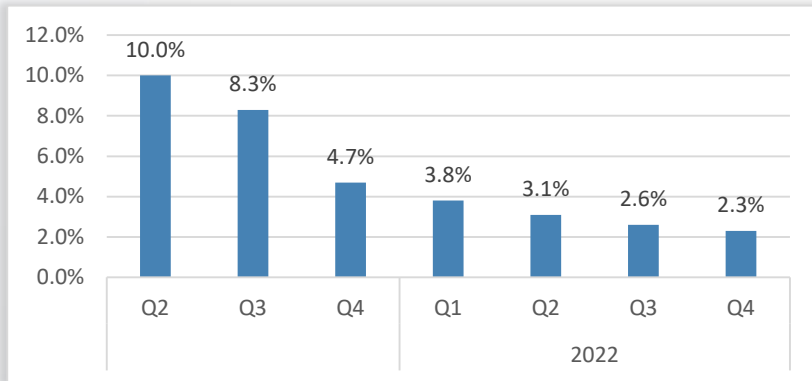
Rates



Source: BMO

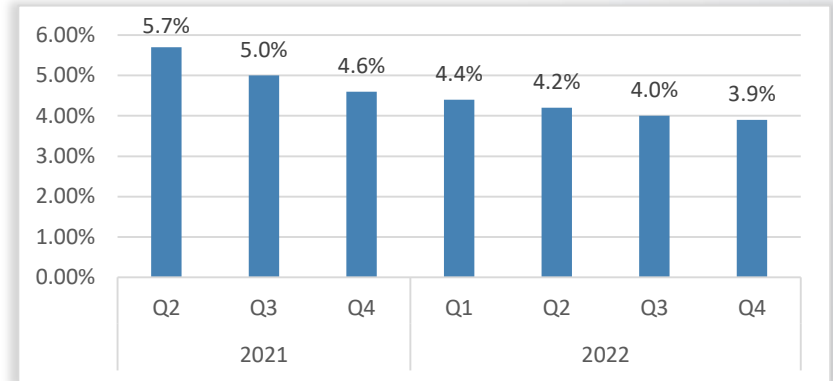
Macro Forecasts

GDP



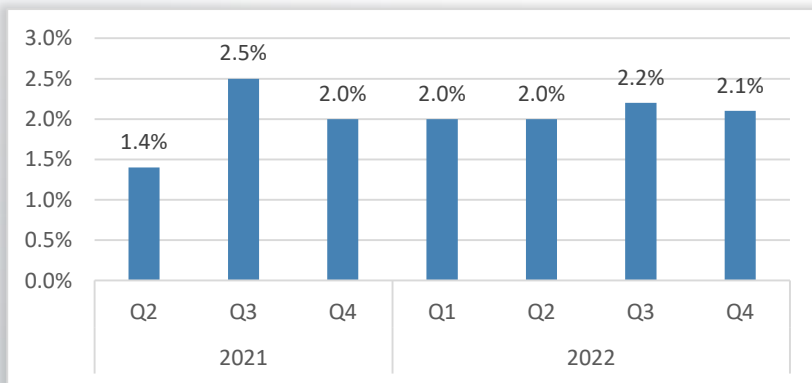
Source: BMO

Unemployment Rate



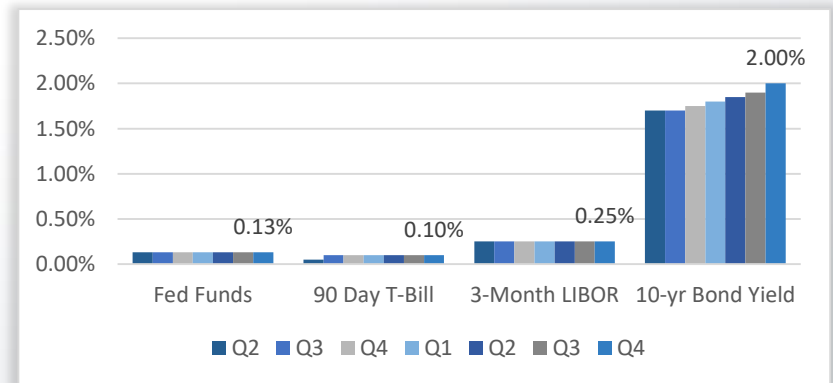
Source: BMO

Inflation



Source: BMO

Rates

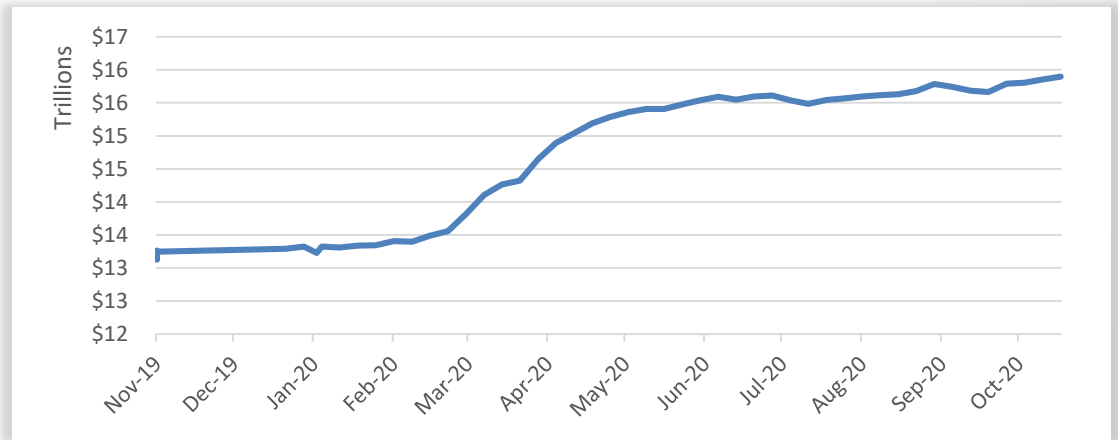


Source: BMO

Where did the \$ go?

**\$3
Trillion**

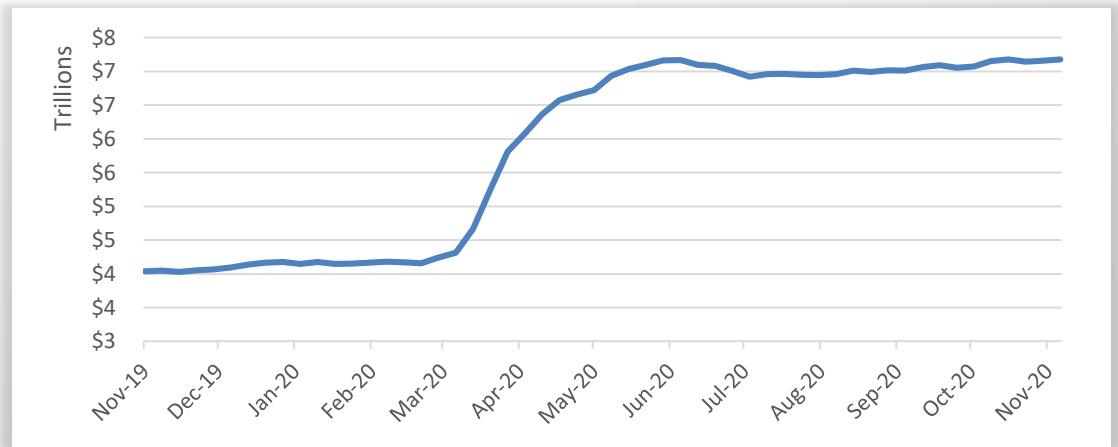
Increase in Fed
balance sheet
assets since
March 20



Source: Federal Reserve Economic Data

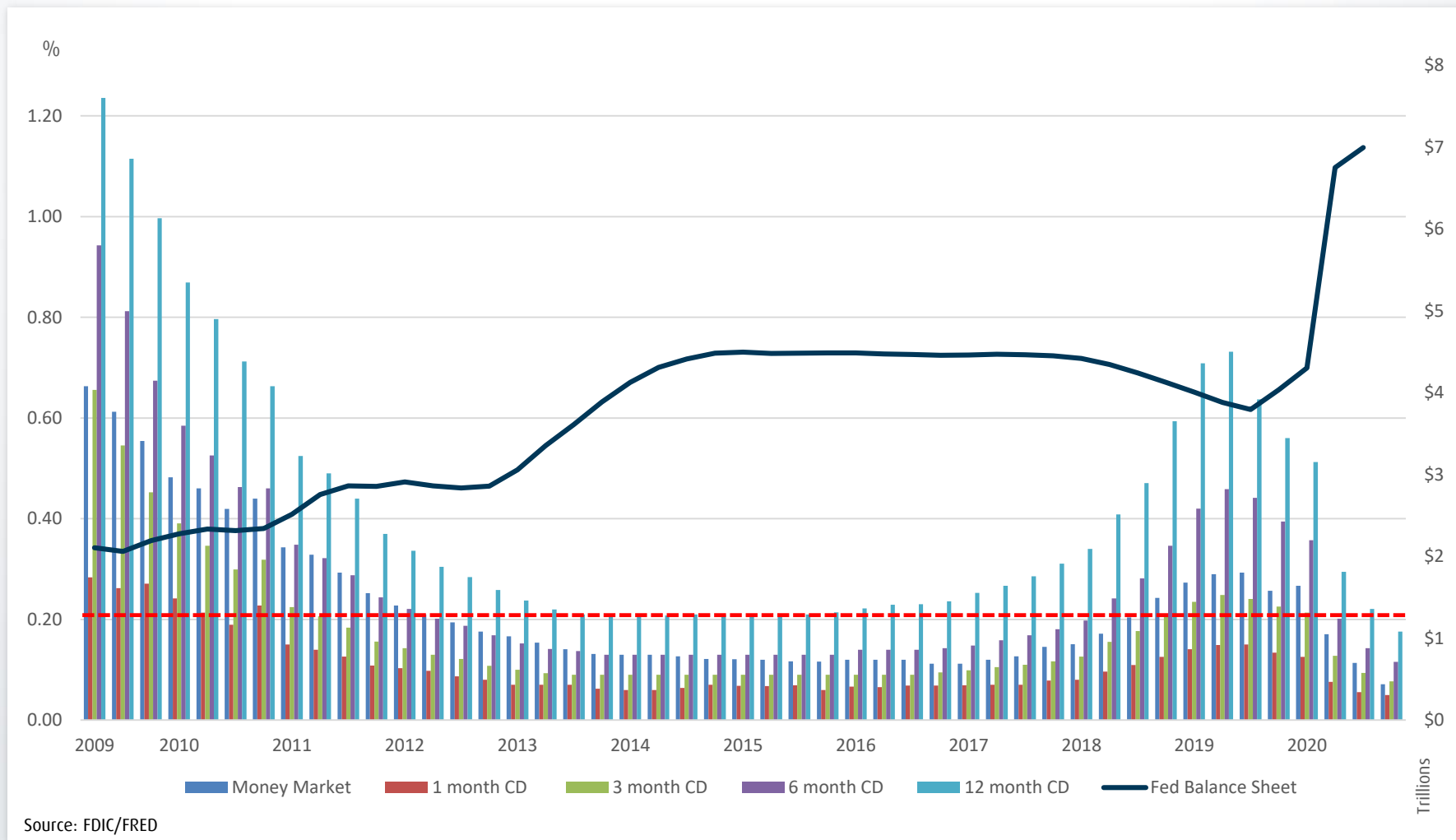
**\$2.4
Trillion**

Increase in
commercial bank
deposits held at
the Federal
Reserve



Source: Federal Reserve Economic Data

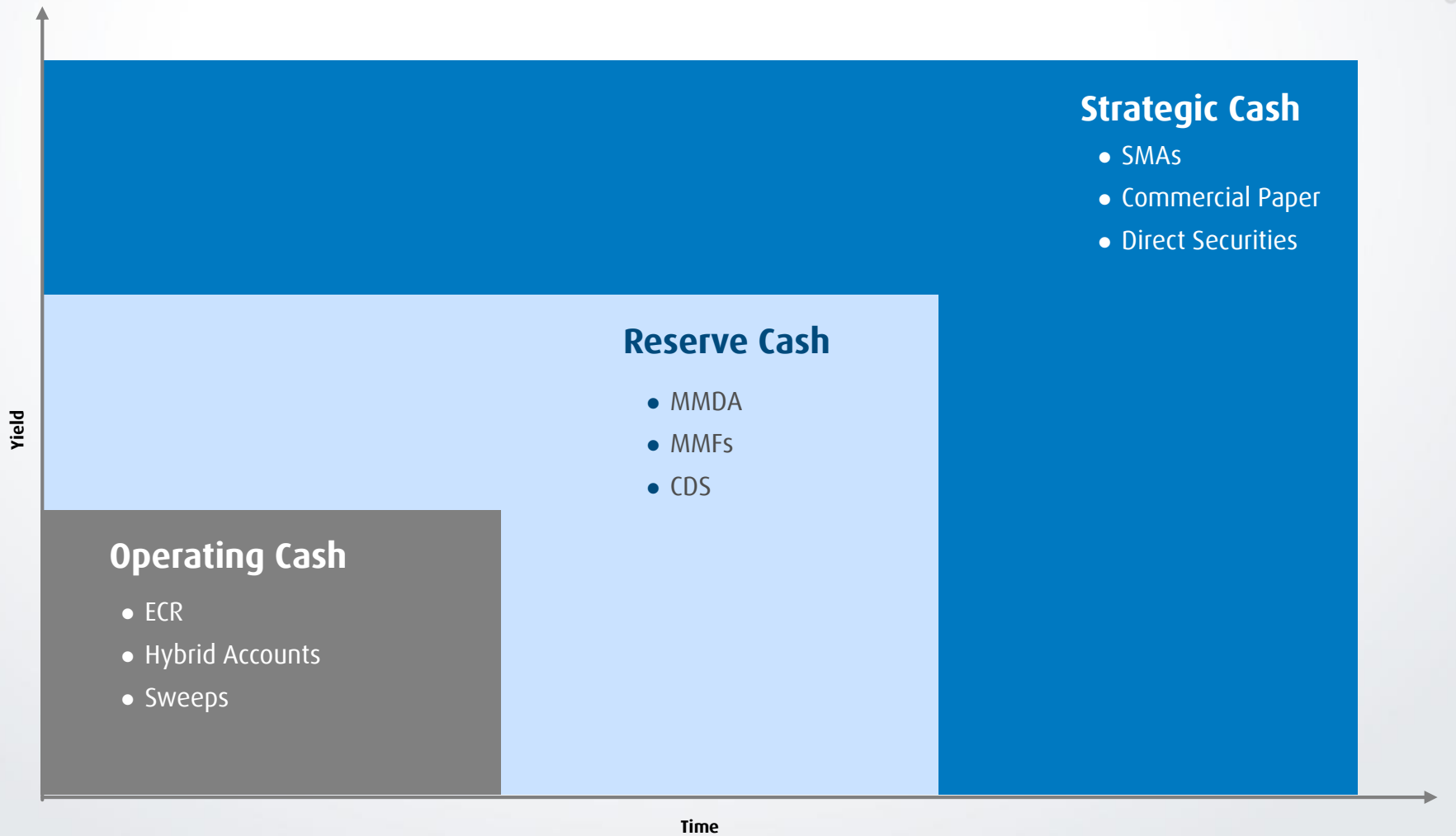
Bank Deposits vs Fed Balance Sheet



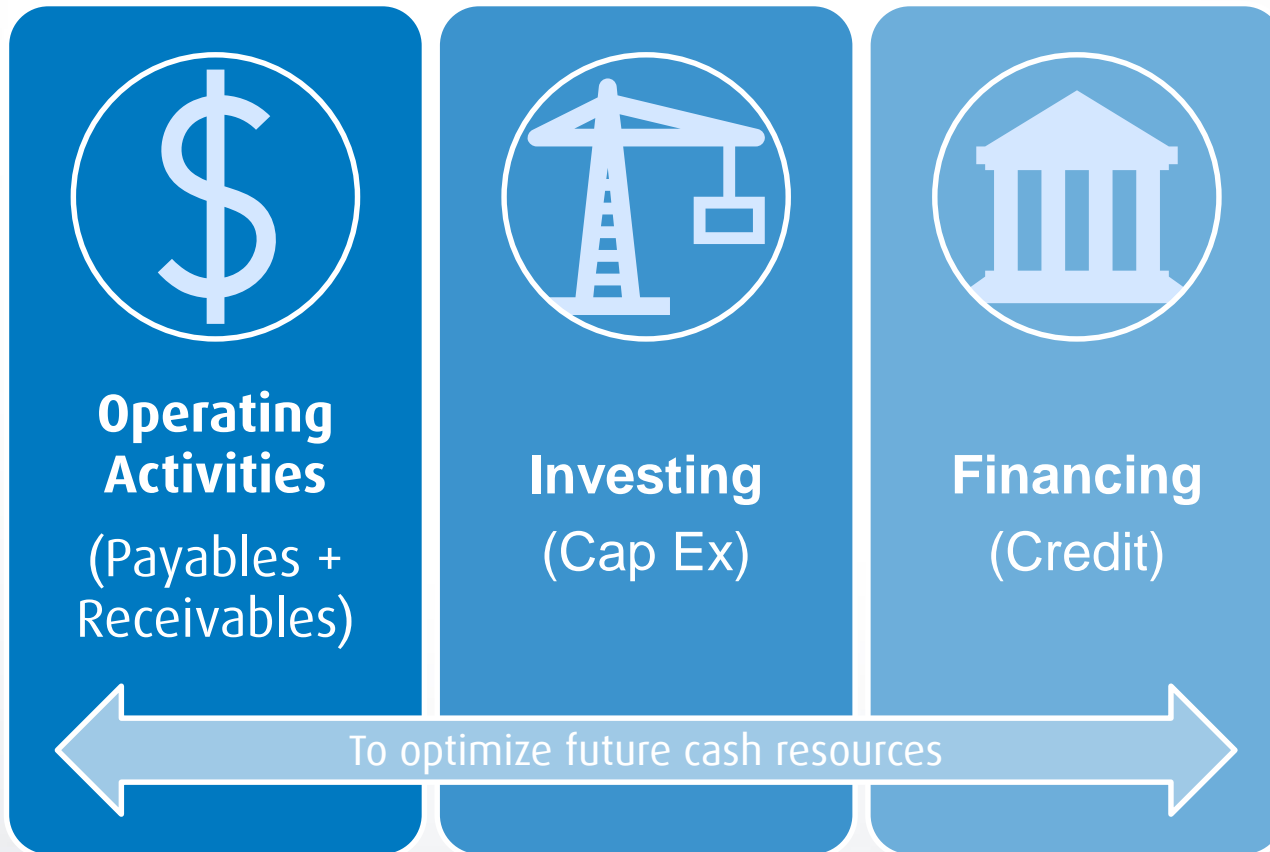
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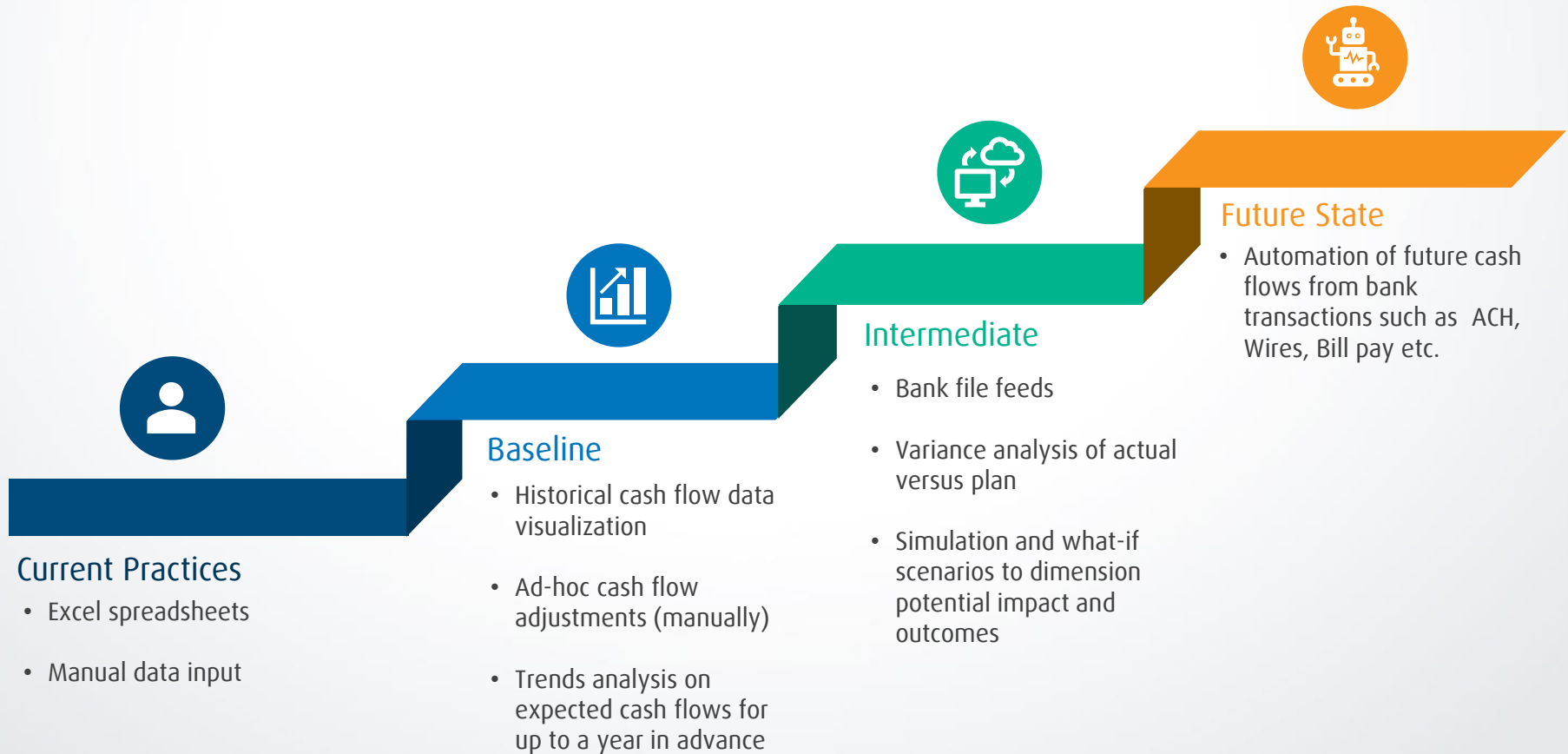
Knowing what levers to pull in optimizing yield



Cash Flow Forecasting Framework



Attributes of a best-in-class cash flow forecasting solution



Case study – capitalizing on market dislocations to increase return

March 15th 2020

150
bps

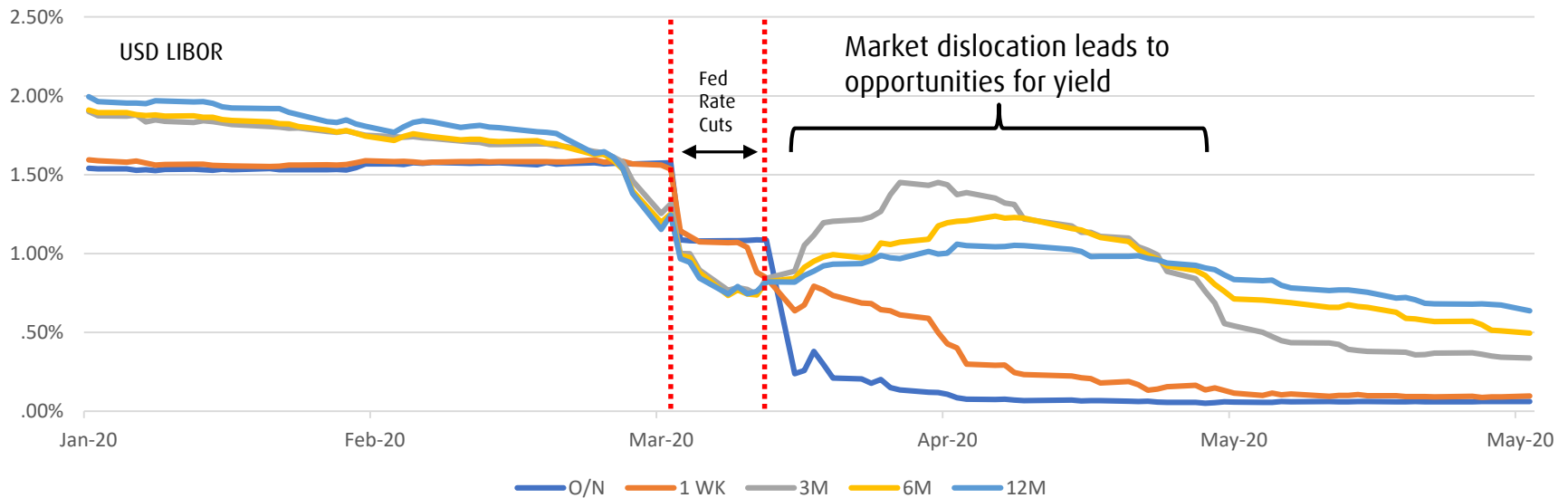
Precipitous rate reduction by FED in March due to economic concerns

↓ 13% to
32%

Forecast of world trade reduction in 2020 - WTO

\$1
Trillion

Build up of cash on U.S. bank balance sheets in Q2'2020



Source: Federal Reserve Economic Data

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Thank you!



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