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COVID-19: List of monetary and fiscal policy responses by G20 economies (2)

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The global policy response to the rapidly unfolding coronavirus crisis has already been substantial, even unprecedented. All countries and regions are responding in a tailored way to their circumstances and using the various policy tools at their disposal, sometimes re-introducing retired crisis policies, sometimes announcing innovations. This makes for a complex patchwork of policies. In this note we list what has been announced to-date by fiscal and monetary policymakers across G20 economies and several other countries within our coverage universe.

Since our first edition of this report on 19 March, numerous further measures have been undertaken globally. New containment steps have been introduced in many countries, with Italy leading the way towards a full lockdown, as it announced suspension of all non-essential activity.

On central bank action, the Fed this morning announced a war chest of new and expanded facilities targeted at credit easing. Additional policy rate cuts were announced in recent days in several countries, including the UK, Norway, South Africa, and Mexico, with an on-hold decision in Russia a notable exception. The UK and New Zealand launched new QE programmes, and numerous central banks undertook new liquidity action, including the coordinated move on 20 March by the Fed, BoC, BoJ, ECB, BoE, and SNB to increase further the provision of dollar-swap liquidity, building on earlier steps on 15 March.

New fiscal measures include a stimulus package in Australia and new fiscal support in the UK and South Korea among others, while a supplementary budget is expected this week in Germany. In the US, the move towards a new fiscal stimulus package stalled over the weekend as Congress remained divided on its design, but further progress is expected imminently this week.

DB Macro Publications on COVID-19 response

The tables that follow contain a summary of policy responses as of late morning GMT on 23 March for the following countries (new announcements and views since our last edition are **highlighted in bold** in the tables):

Europe: Eurozone (Figure 2), Germany (Figure 3), France (Figure 4), Italy (Figure 5), Spain (Figure 6), United Kingdom (Figure 7), Sweden (Figure 8), Norway (Figure 9), Switzerland (Figure 10)

Dollar Bloc: United States (Figure 1), Australia (Figure 11), Canada (Figure 13), New Zealand (Figure 12)

Asia: Japan (Figure 14), China (Figure 15), India (Figure 16), Indonesia (Figure 17), South Korea (Figure 18)

CEEMEA: Russia (Figure 19), Saudi Arabia (Figure 20), South Africa (Figure 21), Turkey (Figure 22)

LatAm: Brazil (Figure 23), Mexico (Figure 24), Argentina (Figure 25), Chile (Figure 26)

Many of the details used in the tables and further analysis can be seen in our publications on the developing crisis:

- Impact of Covid-19 on the global economy Update 2: Severe recession, DB Special Report, 18 March 2020

Europe

- Capital buffers from recent announcements - What does it mean?, DB Banks Monitor, 20 March 2020
- ECB PEPP: "whatever it takes" goes live, DB Focus Europe, 19 March 2020
- Potentially the worst recession for a century, DB UK economic notes, 20 March 2020
- Government support for German companies in the corona crisis, DB Focus Germany, 19 March 2020
- Under corona siege – Update, DB Focus Germany, 18 March 2020
- COVID-19: Eurogroup and a "whatever is necessary" response, DB Focus Europe, 16 March 2020
- ECB package: Right composition, wrong message (temporarily), DB Focus Europe, 12 March 2020
- COVID-19 & Italy: The risk to public finances , DB Focus Europe, 11 March 2020

US & Dollar Bloc

- Next steps: CP, QE and beyond, Fed Notes, 20 Mar 2020
- Covid-19 economic impact tracker: The recession is nigh, US Economic Perspectives, 19 March 2020
- AUS fiscal update (2): From Stimulus to Bridge, Macro Notes, 23 March 2020

- RBA: Whatever it takes? Whatever we have got, Marco Notes, 19 March 2020
- AUS vs NZ: Fiscal Stimulus Side by Side, Macro Notes, 18 March 2020
- AUS fiscal stimulus: Cash and equipment, Macro Notes, 12 March 2020

Asia

- Economic update: lockdown, Asia Economic Notes, 19 March 2020
- Time to unleash fiscal and monetary bazooka, India Economics Weekly, 23 March 2020
- RBI's "whatever it takes" moment to support growth and financial stability, India Economics Weekly, 18 March 2020
- Korea's response to another external shock, Asia Economic Notes, 13 March 2020
- Monetary policy hits limits; focus turns to fiscal policy, Japan Monetary Policy Watch, 12 March 2020

CEEMEA

- COVID-19: Global recession or depression? Who is responding more?, CEEMEA Macro Notes, 20 March 2020
- COVID-19: Next step to focus on: debt across CEEMEA (and beyond), CEEMEA Macro Notes, 20 March 2020
- South Africa: SARB cuts and more to come, CEEMEA Macro Notes, 19 March 2020

LatAm

- COVID–19: Policy responses in LatAm, Latam Macro Notes, 20 March 2020
- Brazil- BCB to deliver what's priced, and more, Latam Macro Notes, 18 March 2020
- Chile - What's next after BCCh's extraordinary moves?, Latam Macro Notes, 17 March 2020

Summary of policy responses to COVID-19 by country

Figure 1: United States

Country	Containment measures	Fiscal Policy	Monetary Policy
	Citizens told to avoid social gatherings of more than 10 people Advice to work from home whenever possible. Advice to avoid bars and restaurants, as well as not visit nursing or retirement homes.	On March 6, Congress passed the first emergency fiscal package of USD8.3bn, tageted at the healcare cirsis reponse. On March 13, President Trump declared a National Emergency under the Stafford Act, which immediately provided FEMA with between USD40bn and USD50bn to combat the virus. Trump also announced that the April tax date will be delayed, which could act as a roughly USD200-300bn bridge loan to households and businesses, and will also defer student loan interest payments which could amount to another USD20bn on an annualised basis.	The Fed cut the target range for the fed funds rate by 150 bps to 0-0.25%. In addition, the Fed announced initial QE purchases of 500bn of Treasuries and 200bn of agency MBS. These purchases are now open ended and market is awaiting further operational guidance. Together with the fed funds cut, the FOMC lowered the discount rate on primary credit and extended the term of lending at the discount window to 90 days. The Fed further encouraged banks to tap the discount window and cut required reserves to zero. The Fed is considering other regulatory capital changes to further encourage banks to tap their capital and liquidity buffers, which totaled $1.3 trn of common equity and $2.9 trillion in HQLA. To improve liquidity and functioning in asset markets, the Fed has rolled out its full suit of credit facilities to address the issue. The Commercial Paper Funding Facility, the Primary Dealer Credit Facility, the Money Market Mutual Fund Facility all address market dislocations and provide several trillion USD of liquidity to these markets.
United States	**Statewide lockdowns in New York, California, Illinois, Ohio, Connecticut and New Jersey**	The House passed a bill on a federal emergency program to provide payments to employees taking unpaid leave due to Covid-19, expand unemployment benefits, provide grants to states, require employers to provide paid sick leave and establish requirements for diagnostic testing at no cost, among other measures.	The Fed also introduced massive repo operation at extended terms - three-month and one-month tranches - that could amount to a maximum of more than USD5tn in additional liquidity, though the take up has been significantly less so far. **On 23 March, the FOMC announced broad credit easing measures. First, to address strains in Treasuries and agency MBS markets it moved to a QE framework that is open-ended in terms of size. Second, the Fed established two new facilities to support credit to large firms – the Primary Market Corporate Credit Facility (PMCCF), to finance new bond and loan issuance directly via an SPV, and the Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for secondary corporate bonds.**
	Travel restrictions in place for foreign nationals from the EU, the UK, China and Iran. **On March 19, the State Department issued a Global Level 4 Travel Advisory telling its citizens to avoid all international travel.The US has limited land border crossings from Canada and Mexico to "essential travel".**	**What to expect? Republicans and Democrats continue to negotiate on a fiscal package. Senate Republicans put out the text of their proposal late last week. By our rough calculations, the bill would provide a little over $1trn in near-term stimulus, with roughly half of that in the form of guaranteed loans to specific sectors and small firms. Another $500-600bn would consist of economic impact payments directly to households. In addition, the bill proposes to defer the employer portion of the payroll tax over the rest of 2020 until 2021 and 2022, which could be worth around $300-450bn in terms of liquidity to businesses. Finally, the deadline for to pay 2019 taxes has been pushed to 15 July, potentially freeing up an additional $300bn of liquidity near term.**	**A third facility, the Term Asset-Backed Securities Loan Facility (TALF), will enable the issuance of ABS backed by a broader range of underlying assets including student loans, auto loans, credit card loans. The three facilities - PMCCF, SMCCF and TALF - will each be able to purchase roughly $100bn in securities each as of now. Once Congress pass additional legislation, it will allow for extra $400+bn for the Treasury to finance the facilities, which in turn would then unlock another $4 - $5 trn of potential Fed purchases across these facilities.** **The Fed aims to facilitate the flows of credit to municipalities by expanding the Money Market Mutual Fund Liquidity Facility (MMLF) and Commercial Paper Funding Facility (CPFF) to include a wider range of securities. The Fed also expects to announce soon the establishment of a programme to support lending to SMEs.**

Source : Deutsche Bank

Figure 2: Eurozone

Country	Containment measures	Fiscal Policy	Monetary Policy
Eurozone	The EU has announced a 30-day travel ban for most visitors from outside the EU, Schengen members and the UK, with limited exceptions (e.g. family members of EU nationals). Residents are advised against non-essential travel. More policies have been introduced at national level.	The European Commission announced a EUR1bn transfer to the European Investment Fund to guarantee EUR8bn of financing to SMEs and mid-cap firms; the EIB intends raising this by up to EUR20bn. There will also be "credit holidays" for existing debtors who are affected by the virus. The EIB also pledged to catalyse EUR10bn of investment in SMEs and mid-caps for their own account and to accelerate the deployment of another EUR10bn backed by the EU Budget. EUR37bn of EU Cohesion Policy resources are being converted into a "Corona Response Investment Initiative" to plough funds into healthcare and supporting SMEs. This is mostly based on EUR28bn of unabsorbed 'Structural Funds'. The German Federal Government said it was injecting EUR25bn immediately into this Commission initiative. The Commission also announced that it would accelerate the preparation of a legislative proposal for a European Unemployment Reinsurance Scheme. **In the latter half of last week, the European Commission approved numerous state aid requests from Member States. On Friday 20 March, it also proposed for the European Council to activiate the escape clause of the Stability and Growth Pact, which, if approved, would effectively suspend it.** **What to expect?** The ESM (European Stability Mechanism), the EU's crisis-fighting fund, has been asked to explore options to use its EUR410bn of unused firepower. The news that Germany could support a common bond (Eurobond) to finance the fight against the virus would be a significant structural change for policy. One potential approach is via the ESM, the euro area's crisis fighting tool. The ESM has an established issuance platform, it can be expanded in scale (currently has EUR410bn of unused firepower) and can define its tools. A coordinated draw on ESM resources would also nullify individual country stigma.	Late on 18 March, the ECB launched a Pandemic Emergency Purchase Programme (PEPP) worth EUR 750bn (6.5% of GDP). The ECB will deploy these resources in a highly flexible manner including temporary deviation from capital keys over the rest of 2020, and in a way that creates implicit monetary-fiscal policy coordination. There is additional credit easing also, with non-financial CP added to the list of eligible securities and an expansion of collateral to include corporate credits. The message to governments is: (a) you are free to spend what is necessary to fight the virus without having to worry about the bond market, and (b) don't waste valuable time trying to construct a common bond or agree ESM conditionality. Both may be relevant to the recovery phase, but are a political distraction in the emergency phase. The ECB commitment to doing whatever is necessary to smooth the transmission mechanism in any/all member states was stated very strongly. This decision builds on the package of measures at its 12 March regular meeting. The ECB increased the capacity of TLTRO3 from 30% of eligible assets to 50% of assets, adding EUR1.2tn of potential liquidity. The ECB offered an unprecedented discount on TLTRO interest rates. Banks that maintain their level of lending outstanding unchanged over the next year will received a 25bp discount below the deposit facility rate (currently -0.50%). To smooth over liquidity until the next TLTRO3 operation in June, the ECB has offered a series of shorter LTROs. In addition to the existing EUR20bn of monthly asset purchases, the Governing Council on 12 March approved a EUR120bn asset purchasing "envelope" that can be deployed flexibly. The ECB also announced relief on capital and liquidity requirement for banks and that supervisors will apply operational flexibility to the rules. **On Friday 20 March, together with other major CBs, the ECB announced additional provision of USD swap lines.** **What to expect?** The ECB has reiterated its pledge to use all its policy instruments as necessary and do everything within its mandate. It has also stated that self-imposed limits hinder its ability to take further action, it will consider revising these – implying that it will be flexible and adjust issue limits and other restrictions if necessary to make the ECB's action proportionate to the risks it faces in order to smooth policy transmission. Meanwhile, in the event of ESM deployment, with flexible conditionality, the ECB could deploy OMT purchases to control spreads, while also buying ESM bonds, as it already does under the APP.

Source :

Figure 3: Germany

Country	Containment measures	Fiscal Policy
Germany	Nationwide closure of non-essential retail activities inlcuding bars, clubs, theaters, opera houses, museums, exhibitions, movie theatres, casinos, gyms, swimming pools, playgrounds, etc. Religious congregations are no longer allowed to meet in person, nor the civic associations. 'Meetings in community colleges, musical institutes, and other private educational and recreational institutions are also now prohibited. **The government has moved to prohibit gatherings of three or more people in public unless the metting is work-related of they are from the same household.** Border closures with Germany's neighbors (Austria, Denmark, France, Luxemburg, and Switzerland) and the school and daycare center closures announced in all 16 states.	German Chancellor Merkel has indicated that Germany may support a common fiscal instrument to finance the fight against the crisis. **We now assume discretionary stimulus of EUR 30 bn (0.9% of GDP) for 2020 and an additional one of EUR 60 bn in 2021 (1.7% of GDP). At EUR 90 bn, this would be somewhat higher than the EUR 85bn seen in 2009/10 following the Great Recession**. The government plans to broaden the existing liquidity programs – through potentially unlimited state guarantees – to facilitate firms' access to affordable loans. Business will benefit from deferred tax payments, reducing prepayments and other steps like waiving of late fees until end-2020 for affected firms. The Central Customs Authority has been instructed to provide concessions for taxes in its remit (e.g.. Energy, Aviation tax). The same guideline will fall for insurance and value added tax. On providing financing, the government plans to (1) open the various KfW credit instruments to more firms, (2) increase the upper limits for guarantee banks and (3) open up its "large-scale guarantee program granted to firms operating in laggard regions" also to firms in other areas. (4) Firms which do not have access to the existing programs should receive financial support through the introduction of new special KfW programs. A possible volume of guarantees of EUR460bn (13.2% of 2020 GDP), which would be accessible according to the federal government budget for 2020. If needed, these guarantees could be increased by another EUR93bn. The government promised to give also some smaller tax relief to corporates through improving the depreciation allowance for "digital goods" and granting non-incorporated firms to be taxed alike corporate companies. Meanwhile, affected firms will no longer have to pay social contributions on the amount of the short-time allowance. The government has also announced a cosmetic increase in investment spending of about EUR12.4bn, split over the next four budget years (i.e., EUR3.1bn per year (0.1% of GDP) each year over 2021-24). **The government will push ahead with a supplementary federal budget for 2020 this week. The augmented budget foresees a further federal expenses of EUR 150 bn (4.5% of forecast 2020 GDP) on top of the already targeted spending volume of EUR 362 bn. The debt brake will have to be temporarily suspended. The government plans to establish a special fund for hard cases to help small firms and self-employed persons by funding their running costs for three months. The fund could have volume of EUR 40-50 bn, to consist of both subsidies and loans. The government is considering the idea of a special "Economic Stabilisation Funds" that might invest equity into equity of ailing companies, according to press reports. The potential volume could reach up to EUR 500 bn.**

Source :Deutsche Bank

Figure 4: France

Country	Containment measures	Fiscal Policy
France	Restaurants and bars have been shut down. Universities and schools have been closed. Ski resorts have been put off-limits. Paris closed all its parks and gardens.	Emergency fiscal spending to total an estimated EUR45bn (1.9% of GDP), that can be revised as events unfold. This includes:
	People to be allowed to leave their homes for necessary outings such as buying groceries, seeking medical care. Paying visits to family or meeting up with friends will be banned.	Partial unemployment measures for the first time in French history. This will be available for 2 months for any employee above minimum wage (estimated cost of EUR 8.5bn for 2 months), with the aim of ensuring that firms avoid layoffs.
	Travel will be allowed only with evidence. Travel from home to work only if working at home is not possible. Travel for childcare and to help vulnerable people - but only while strictly respecting advice on barrier measures	Direct taxes and social contribution payments, which are estimated to total EUR32bn for the month of March, are delayed. At the end of the crisis, there will be case by case evaluations if those tax delays need to be turned into outright cancellations. **Companies can defer payments regarding rent and utility bills for their professional activities.** Solidarity public spending fund of EUR2bn over two months, to be extended if necessary, for companies less than EUR 1m turnover that have had to close down or lost more than 70% of revenues. A company can claim EUR 1,500 immediately.
	Many public spaces closed at the local level (e.g. beach, parks) and curfews imposed in a few towns. Fines for not respecting the containment measures increased.	**Emergency public health law adopted by Parliament on 22 March: This set the emergency period (not necessarily the confinement period per se) to two months.Employers can now force on workers up to 6 days of paid holidays to be taken during the health emergency period if there has been agreement between unions and employers at the firm or sectoral level, added flexibility for employers to set working hours.**
	Physical exercise to be carried out individually, close to home and with no gathering of people.	State guarantee of all new bank loans up to EUR300bn to ensure companies have cash flow. The French Finance Minister also assured that "they have tools to support Air France or to support any strategic company" if required.

Source : Deutsche Bank

Figure 5: Italy

Country	Containment measures	Fiscal Policy
Italy	All non-essential travel and public gatherings banned until 3 April. Movement of people only for essentials (food, essential work). People not indoors must have written declaration justifying their movement.	Italy has assigned EUR 25bn (1.5% of GDP) to tackle COVID-19 pandemic.
	Passenger temperature checks at transport hubs. Limits on cruise ship docking.	**Households.** EUR 1.5bn for the health system (to cover overtime, infrastructure including additional ICU beds, etc.), EUR 1.5bn for the civil protection agency, with the National Emergency Fund increased by EUR 1.65bn.
	With the exception of food stores, pharmacies, banking etc., all retail activity suspended. Cafes, bars, museums, gyms, schools, etc closed. No sporting events (including football matches).	EUR10bn to support employment and workers' income, including: special payments in March to self-employed and seasonal workers; parental leave extension; childcare costs; a freeze on any worker lay-offs for two months starting from 23 February; suspension of social security and national insurance payments until 31 May; cash bonus to people working during the lockdown; and EUR 3.3bn for the national redundancy fund.
	All non-strategic activity will be closed from 25 March until 3 April. Metallurgic and steel industry will be closed as well as half of textile sector and construction (with the exception of infrastructures).	Cassa Integrazione Guadagni (CIG) covers up to 80% of lost pay for employees affected by lay-offs or short-time working for a maximum of 52 weeks. Also, suspension of mortgage payments for those in difficulty for 9 months, with a possible 4 month extension.
	Parks, playground and similar areas will be closed from 21 March.	
	Further restrictions on sport activities. Most recreational activities prohibited. Jogging is still allowed, but done alone and close to the home residence.	**Businesses.** Increase in capacity for SME credit guarantee fund. Moratorium on SME loan repayments until Sep 2020. EUR10bn credit available to medium and large firms. Banks encouraged to sell non-performing loans by converting deferred tax assets into tax credits for financial and industrial companies to facilitate access to credit.
	Bars and similar shops operating in train stations will be closed. On the motorways they will remain open but just for take-away.	
	It is forbidden to leave primary residences to travel to second homes on the weekend and during days preceding bank holidays.	Tax and payment deadlines deferred. Includes suspension of withholding payments, social security, welfare contributions, compulsory insurance premiums and VAT in the most affected sectors for March and/or April. Tax credit equal to 60% of rent for March given to shops. The government aims to use guarantees to support up to EUR 340bn of credit.

Source : Deutsche Bank

Figure 6: Spain

Country	Containment measures	Fiscal Policy
Spain	The government has announced a state of emergency to put the country under broad lockdown. **The state of emergency is expected to be extended by two weeks to 11 April.** Closure of schools. Bars, restaurants, cafes, cinemas and all shops shut except for supermarkets, drug stores or communication stores. A general suspension of citizen's right to movement, with police to ensure the restrictions are obeyed. Borders closed down with only Spanish citizens and residents able to enter the country via land borders in most cases, with non-Spaniards allowed only for limited reasons.	The government announced a broad package encompassing EUR 17bn (1.4% of GDP) of direct public resources and EUR 100bn (8% of GDP) of public guarantees to address liquidity problems, especially for SMEs. The government is aiming for the full package, including private money triggered by loan guarantees to total EUR 200bn (16.1% of GDP). Social Security will provide special benefits (a reduction of contributions) for employers to enter into permanent-intermittent employment contracts, allowing for employees to be suspended rather than laid off. Affected employees will be entitled to the relevant Social Security sick leave benefits for occupation hazards, which involves a payment of 75% of the employee's monthly base contribution. Social security contributions for self-employed workers will also be reduced. A moratorium to be established on mortgage payments and utility bills for those whose incomes are affected by the crisis. EUR 600m will be given to finance basic benefits for social services in the autonomous communities and local authorities. There are guarantees of EUR 2bn euros granted for exporting companies, restructuring of loans to farms and to support digitization related programs.

Source Deutsche Bank

Figure 7: United Kingdom

Country	Containment measures	Fiscal Policy	Monetary Policy
UK	All schools to be closed nationwide effective from 20 March. Major annual events including Glastonbury Festival and the Eurovision Song Contest have been cancelled. Cultural spaces across the country closed. Residents, especially those vulnerable, advised to avoid non-essential social interaction. **Moreover, pubs, clubs theatres, restaurants to all close on 20 March.** Nationals being advised against all international travel for 30 days. **Vulnerable and older aged put under more stringent self-containment measures from 23 March.**	On the healthcare front, a COVID-19 response fund has been set up, initially set at GBP 5bn to treat coronavirus patients and support social care services. For households, Statutory Sick Pay (SSP) will be available for individuals diagnosed with the virus and those unable to work because of it, while a GBP 500m Hardship Fund for local authorities is aimed to support economically vulnerable people and households. For firms, the government is targeting GDP 20bn of business rates support and grant funding, through a 12-month business rates holiday for all retail, hospitality and leisure businesses and grants to SMEs. A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will be launched. **VAT payments will be deferred for next quarter with unlimited interest free loans for 12m given to all business struggling with the impact of COVID-19.** The government is planning to make available an initial GBP 330bn of credit guarantees and loans to SMEs (15% GDP). **Government will now pay up to 80% of wages (up to GBP2,500/month) for those jobs at risk of being lost. Government has also increased social safety net up to GBP 7bn, including increases in universal credit payments. Government will also give GBP 1bn as part of a renter relief fund.** **Self- employed workers will now be eligible for statutory sick pay.**	On 10 March, the Monetary Policy Committee (MPC) reduced Bank Rate by 50bp to 0.25%. **This was taken down to 0.1% on 19 March**.The Bank of England has also introduced a new Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (TFSME), financed by the issuance of central bank reserves. The Financial Policy Committee (FPC) has reduced the UK countercyclical capital buffer rate to 0% of banks' (expects to maintain it for 12m at least) exposures to UK borrowers with immediate effect. The BoE and Treasury have also announced a new Corporate Financing Facility (CCFF) to provide funding for large corporates by purchasing commercial paper. **The BoE has also announced an increase in QE and Corporate Bond Purchases of up to GBP200bn (largely skewed to government bonds).**

Source : Deutsche Bank

Figure 8: Sweden

Country	Containment measures	Fiscal Policy	Monetary Policy
Sweden	The government has stopped non-essential travel to Sweden from countries outside the EEA and Switzerland. Gatherings of more than 500 people have been banned. Sweden's senior high schools, college and universities have been recommended to switch to distance learning.	The government have proposed a package of measures which include: **Almi Företagspartner AB, which is owned by the Swedish state, receiving a capital contribution of SEK 3bn to increase its lending to small- and medium-sized businesses.** **The Swedish Export Credit Corporation's credit framework increasing from SEK 125bn to SEK 200bn, which can be used to provide both state-supported and commercial credit to Swedish export companies.**	The Riksbank has extended government bond purchases by SEK 300bn (and has noted it could also start purchases state, municipalities and covered bonds if necessary). While the policy rate has been kept at 0.00%, new iquidity measures include unlimited 3m funding, relaxed collateral eligibility, and reducing the overnight lending rate from 0.75 %to 0.2% (16 Mar). **On 20 March, the Riksbank announced that its expanded asset purchases will include covered bonds.**

Source : Deutsche Bank

Figure 9: Norway

Country	Containment measures	Fiscal Policy	Monetary Policy
Norway	All travellers arriving in Norway must enter quarantine for 14 days, irrespective of whether they are have symptoms.	The government has changed corporate tax regulations so loss-making companies can reallocate their loss towards previous years' taxed surplus.	On 13 March, the Norges Bank cut rates in an emergency decision by 50bp to 1.00%. It also provided liquidity assistance via 3M F-loans at the prevailing rate. It also released a statement noting it was considering intervention “in the market by purchasing Norwegian kroner”.
	Schools, university and childcare centres have been closed.	The tax on air passengers for flights has been suspended in the period from 1 January 2020 - 31 October 2020	The countercyclical buffer has been reduced from 2.5% to 1%.
	Sports events have been stopped.	The government have removed the 3 waiting days between the period when employers have to provide salary to workers in temporary layoffs and when the workers are entitled to daily unemployment benefits.	**On 19 March, after another extraordinary meeting, Norges Bank cut the policy rate by a further 0.75pp to 0.25%. The Committee does not rule out that the policy rate may be reduced further.**
		Introducing a state guarantee scheme for new bank loans to small and medium-sized enterprises suffering losses as a result of the pandemic.	

Source :Deutsche Bank

Figure 10: Switzerland

Country	Containment measures	Fiscal Policy	Monetary Policy
Switzerland	Schools will be closed throughout the country until at least 4 April. The government has also asked citizens to avoiding public transport during rush hour and limited access to restaurants, bars and discos to a maximum of 50 people at a time, while events with 100 or more people are banned. Suspension of the single border agreement, as border checks with neighbouring countries have been re-introduced in principle. Border with Italy will remain open but further restrictions will be applied.	The government pledged CHF10bn (1.4% of GDP) in emergency aid to support the economy. Up to CHF 8bn can be claimed for unemployment insurance funds for short-time work allowance. For particularly affected companies, the Federal Council will examine financial support (e.g. for bridging liquidity or financial aid) of up to CHF 1 bn. Up to CHF 580m in guaranteed bank loans are now available to SMEs with financial constraints. The Federal Council also eased the conditions required for a guarantee. By the end of 2020, it wants to cover the one-off application costs and the risk premiums for the first year of the guarantee for new guarantees.	**The SNB refrained from cutting rates, but on 19 March it annoucned an increase in the exemption threshold from 25x to 30x, to ease the negative interest rates burden on the banking sector.** **The SNB has also increased it FX intervention, as evidenced by the rise in sight deposits.** The Swiss government and the SNB are reportedly in discussions with Switzerland's major lenders, to consider a CHF 20bn loan program to help small businesses affected by the coronavirus outbreak. **On 20 March the SNB (in coordinated action with the Fed, BoJ, ECB, BoE and BoC) moved to enhance the provision of USD liquidity, by increasing the frequency of its 7-day dollar swap operations from weekly to daily, building on earlier coordinated action on 15 March.**

Source :Deutsche Bank

Figure 11: Australia

Country	Containment measures	Fiscal Policy	Monetary Policy
Australia	Overseas travel advice setting is at Level 4 now. Australians who are overseas are requested to return as soon as possible however, they will be asked to self-isolate for 14 days from date of arrival. All Australians regardless of destination, age or health are requested not to travel overseas at this time. **Resident's also asked to avoid all non-essential domestic travel.** **All non-Australian residents are banned from entering Australia as at 9:00pm AEDT Friday 19 March.** Indoor gatherings of 100 and above have been banned. This does not apply to essential activities like medical, supermarket and grocery stores, office buildings, factories etc although other social distance measures needs to be practiced. Outdoor events of fewer than 500 attendees are allowed. Schools and community sports activity may continue. There are restrictions of visitors in aged care facilities. **From midday 23 March, all non-essential indoor services closed: restuarants, bars, pubs, cinemas, gyms. Beaches in Sydney closed to the public.** **A number of Australian states have enacted internal border closures.**	**On Sunday 22 March, the Government's original AUD17.6bn (0.9% of GDP) fiscal stimulus package was expanded to a $63.8bn (3.2% of GDP) package. Most of this stimulus is concentrated in Q2 and Q3 2020.** **Half of that amount is designed to boost cash flows for employers directly affected by the virus in an effort to minimize job losses.** **Much of the remainder comprises income support for households through increased welfare payments through two schemes: (1) two cash handouts of $750 for eligible households (one in Q2 and another in Q3) and a temporary $550 per fortnight increase in the jobseeker allowance for six months, starting from 27 April.** The Commonwealth Government has also announced an aviation package considering the drop in demand. The total cost is estimated to be AUD 715m, with an estimated benefit of AUD 159bn for reimbursement of applicable charges paid by domestic airlines since 1 Feb 2020.	On 3 March, the Reserve Bank of Australia cut interest rates by 25bps to 0.50%. On 19 March, the RBA further cut its rate to 0.25%, introduced for the first time a government bnond purchase programme, which will target a 3-year government bond yield of around 0.25%, and launched a 3-year term funding facility for banks, targeted at facilitating credit for SMEs. **The balance sheet support elements of the Government's support package amount to 6.4% of GDP, and are targeted at small and medium businesses. The bulk of this comes via the RBA's term funding facility. Added to that is a loan guarantee scheme between the Government and participating banks, and a structured finance facility provided by AOFM.** **Commercial banks have developed a Small Business Assistance Package worth up to AUD8bn, centered around deferral of loan repayments for up to six months.**

Source : Deutsche Bank

Figure 12: New Zealand

Country	Containment measures	Fiscal Policy	Monetary Policy
New Zealand	Foreign nationals arriving from China and Iran have been prevented from entry, with foreign nationals from all other countries required to self-isolate for 14 days.The government have announced a ban on cruise ships. **All foreign residents banned from entering New Zealand from midnight Thursday local time 19 March.** **Internal gatherings limited to 100 people. Outdoor gatherings to 500 people.** **The government has advised citizens to limit all non-essential domestic travel, while those over 70 and with certain medical conditions have been advised to stay at home as much as possible.**	The New Zealand government have outlined an economic stimulus package worth 4% of GDP, or NZD12.1bn. The package includes NZD 5.1bn in wage subsidies for affected businesses. There is a NZD 2.8bn income support package, "including a permanent $25 per week benefit increase and a doubling of the Winter Energy Payment for 2020". There is NZD 2.8bn "in business tax changes to free up cashflow, including a provisional tax threshold lift, the reinstatement of building depreciation and writing off interest on the late payment of tax".	The Reserve Bank of New Zealand cut the Official Cash Rate on 15th March by 75bps to 0.25%. They said that it "will remain at this level for at least the next 12 months." The statement also said that "The Committee also agreed that should further stimulus be required, a Large Scale Asset Purchase programme of New Zealand government bonds would be preferable to further OCR reductions. **23 March: RBNZ announces a NZD30bn Large Scale Asset Programme over the next twelve months.** The RBNZ have announced a new Term Auction Facility (TAF) to support liquidity in the banking system.

Source :Deutsche Bank

Figure 13: Canada

Country	Containment measures	Fiscal Policy	Monetary Policy
Canada	Most foreign nationals have been prevented from entering the country. Initially US citizens were exmpt but on 18 March this was exteneded to prohibiting non-essential travel across the Canada-US border.	On 18 March, Prime Minister Trudeau announced an economic support plan, including CAD 27bn (1.2% of GDP) of funding to support firms and households.	The Bank of Canada cut rates by 50bps on 4th March, and then by a further 50bps on 13th March, taking them down to 0.75%.
	The Canadian government have advised against all non-essential travel outside of Canada.	For workers, this includes an easing of eligibility criteria for sick pay as well as an introduction of an Emergency Care Benefit of up to CAD 900 bi-weekly for the self-employed that do not qualify for sickness benefits and parents who lose income due to care needs because of school closures. Up to CAD 5bn will be provided for long-term support for those facing unemployment. Other measures include a sales tax credit for low-income Canadians, flexibility on mortgage payments for those affectected and a six-month moratorium on student loan repayments.	The Office of the Superintendent of Financial Institutions lowered the Domestic Stability Buffer requirement for domestic systemically important banks by 1.25% of risk weighted assets.
	Schools, colleges, cinemas and museums have ben closed.	Payment of any individual and business tax bills that become due in the coming months will be deferred until after August 2020. Meanwhile, SMEs will benefit from a 10% wage subsidy for 3 months to help prevent layoffs. The Business Credit Availability Program will aim to provide more than CAD 10bn of additional support, targeted at SMEs.	The Bank of Canada announced a new Bankers' Acceptance Purchase Facility.
			On 20 March the BoC (in coordinated action with the Fed, BoJ, ECB, BoE and SNB) moved to further enhance the provision of USD liquidity, by increasing the frequency of its 7-day dollar swap operations from weekly to daily. This built upon the earlier lowering of the price of the swaps and provision of 84-day liquidity announced on 15 March.

Source :Deutsche Bank

Figure 14: Japan

Country	Containment measures	Fiscal Policy	Monetary Policy
Japan	Inbound travel from coronavirus-affected countries restricted. Foreigners, who travelled to the Chinese provinces of Hubei and Zhejiang, Daegu and Gyeongbuk in South Korea, Ghom, Tehran and Gilan in Iran, northern Italy, **Canton Ticino in Switzerland, four autonomous communities in Spain and Iceland** within 14 days of their arrival in Japan, are banned from entry into Japan . Schools closed (not compulsory) **but expectd to be re-started after the spring holidays in early April.** Self-restraint on large-scale events.	Cabinet revised the 2013 special measures law to provide the Prime Minister and the government authority to deal directly with the coronavirus outbreak. The bill would add the new coronavirus to the infectious diseases targeted under the special measures law for a two-year period. Under the law, the prime minister can declare a state of emergency, specifying a timeframe and geographic area, when an infectious disease threatens enormous impact on the lives of people and the economy. If a state of emergency is declared, prefectural governments would temporarily have authority to request or order local residents to refrain from unnecessary outings or holding events. The government has already decided assistance for workers using leave to take care of their children due to government-requested school closures, expanded virus testing and the creation of a special loan program for small firms. The package included some 1.6trn yen in financial measures through state-backed lenders and the use of 430bn yen in government funds. **What to expect?** We expect the government to approve a supplementary budget of 10-15trn yen in April in response to the spread of the novel coronavirus in Japan. The scale could be substantially higher should the Tokyo Olympics be postponed or cancelled. Measures already reported include subsidies for the cost of tourist trips to aid the travel industry, cash benefits of more than 12k yen per citizen and subsidies for manufacturers repatriating production to Japan.	On 16 March, BoJ enhanced monetary easing through (1) the further ample supply of funds by conducting various operations including purchases of Japanese government bonds (JGBs) and the U.S. dollar funds-supplying operations, (2) measures to facilitate corporate financing including the introduction of a new operation, and (3) active purchases of exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs). On 19 March, the BoJ further offered to buy JPY 1tn ($9.2bn) of JGBs in an unscheduled operation. **What to expect?** BoJ will maintain its current monetary policy stance unless the yen should appreciate below 100 yen/dollar. BoJ will increase its JGB purchasing pace if 10y JGB yield goes up toward 20-30bp under the yield curve control policy, which should support the government aggressive fiscal policy.

Source :Deutsche Bank

Figure 15: China

Country	Containment measures	Fiscal Policy	Monetary Policy
China	A variety of restrictions on movement remain in place throughout the country. From 16 March, all those arriving in Beijing from abroad have to undertake 14 days of quarantine in a designated place.	**What to expect?** The economy needs direct demand stimulus, which will take the form, we think, or income tax cuts, subsidies for automobile and other purchases and coupons for spending at hard-hit restaurants and other SME service enterprises. We expect the central government to increase its budget deficit by more than 1ppt (to 4% of GDP) when the 2020 budget is passed in April. But the augmented deficit – including off budget funds and local government borrowing – will likely rise from 8% of GDP to 11% of GDP. Government finances have been on an unsustainable path for years, but with most government debt held by safe domestic investors there is no risk of a crisis.	Financial conditions hardly tightened onshore in China. After years of credit tightening, there seems to have been very little leverage in financial markets so it was enough for the PBoC to ensure liquidity conditions didn't tighten. They have cut heir key policy rate, the MLF rate, only 15bps and lowered banks reserve requirements by at least 100bps. Most significantly, probably, was the RMB800bn in refinancing provided to allow banks to lend to large and small corporations to allow them to weather the storm of the outbreak. **Substantial support has been provided by banks, who have been guided (and funded) to continue to lend to companies, if only to allow them to meet payrolls.** **What to expect? We expect further RRR cuts, another 40bps off the MLF and 25bps off the benchmark deposit rate.**

Source :Deutsche Bank

Figure 16: India

Country	Containment measures	Fiscal Policy	Monetary Policy
India	The HRD Ministry advised all institutions to avoid events which involve large gatherings to check the spread of the Coronavirus. Major sports events and cultural events have been postponed. Flights and travel has been banned from various countries effective 18 March 2020. **No scheduled international commercial passenger aircraft shall take off from any foreign airport for any airport in India, after March 22 till March 29, 2020. A maximum travel time of 20 hours is permissible for such commercial passenger aircraft to land in India. As such, no incoming scheduled international commercial passenger aircraft shall be allowed to disembark its passengers *on Indian soil* (Foreigner or Indian) after March 22, 2020.** **On 22 March, the country has successfully observed "Junta Curfew" (self isolation) for 14 hours . Section 144 has been imposed in some of the states where the spread is to be higher. However, schools, universities, malls, pubs etc continue to remain closed in almost all states till 31 March.**	No fiscal package announced by the central government yet. However, some of the affected states have announced their packages. **What to expect?** The fiscal stimulus will likely be at least 2% of GDP (split half between centre + states), which can push the combined fiscal deficit of centre + states to about 8.5-9.0% of GDP and public debt/GDP to 75% or higher in FY21.	RBI announced to conduct a 6-month dollar/rupee sell/buy swap on March 23. It has announced two more tranches of OMO purchases for next week totalling INR300bn (INR150bn each) . The central bank also announced LTRO of Rs 1 lakh crore in multiple tranches at the policy rate to inject liquidity. RBI to also conduct OMO purchases of GoI dated securities on March 20 in the form of purchase of an aggregated amount of Rs. **What to expect?** 1) at least 40bps repo rate cut on or before April 3 (next monetary policy meeting), with a chance that RBI may deliver 50-65bps rate cut in one shot; 2) more forbearances for small and medium scale industries (over and above what was already announced in February) through relaxation of prudential norms and risk weights; 3) additional liquidity support either in the form of a term repo facility under the LAF or through a SPV like the IDBI stressed asset funds that was introduced in 2009 to narrow credit spreads and ease the stress faced by NBFCs, mutual funds and housing finance companies (HFCs). This is very important, given that the overall health of banks and particularly those of NBFCs and Housing Finance Companies (HFCs) is weaker today compared to the period before the GFC in September 2008. **The State Bank of India, the largest public sector bank has announced additional liquidity facility -Covid-19 Emergency Credit Line (CECL) which will provide liqudity of amount Rs 200 crore till 30 June 2020. Loans will be offered for a period of 12 months at rate of interest of 7.25%.**

Source :Deutsche Bank

Figure 17: Indonesia

Country	Containment measures	Fiscal Policy	Monetary Policy
Indonesia	All foreigners/travelers who wish to visit Indonesia must obtain a visa from Indonesian missions in accordance with the purpose of their visit. Upon submission, applicants must provide health certificates issued by relevant health authorities from their respective countries.	Indonesia unveiled an emergency fiscal stimulus plan worth IDR22.9tn on March 13 following an IDR10tn package announced on Feb 25. The government expects a fiscal deficit of 2.5% of GDP this year. The first package provide support to the tourism, airline, and property industries in the wake of the coronavirus outbreak: IDR98.5bn worth of incentives to airlines and travel agencies; IDR103bn towards tourism marketing and promotions; IDR72bn to social media influencers to also promote the country's tourist hotspots; IDR443bn of discounts available for domestic tourists visiting one of the 10 tourist destinations promoted by the government. This equates to a 30 percent discount for flights from March to May 2020. Tax waiver for hoteliers and restaurants located in the 10 promoted destinations for the next six months. Local governments will be compensated by the central government for the loss of taxes. The second packagae targeted manufacturing, cutting taxes for 19 sectors by up to 30%. Manufacturing workers will have their income taxes waived for six months.	BI has cut its policy rate twice, by a total of 50bps, since the beginning of the year. They are ncouraging the use of non-cash payment channels by reducing the cost of the National Clearing System (SKNBI) from the banking industry to Bank Indonesia from Rp600 to Rp1 and from customers to the banking industry from a maximum of Rp3,500 to Rp2,900, effective from 1st April 2020 until 31st December 2020. Supporting non-cash disbursements for government programs, such as the Family Hope Program (PKH) and Noncash Food Assistance Program (BPNT), Pre-Employment Card and College Smart Indonesia Card. Extending the SBN repo tenor to 12 months and providing daily auctions to loosen rupiah liquidity in the banking industry, effective from 20th March 2020.
	Direct flights to-and-from Mainland China temporarily suspended. All visitors arriving from Mainland China and who have been in China for 14 days temporarily banned from entering and transiting in Indonesia.	Social assistance such as Family Hope Program (PKH), supporting for the construction of tourist destinations, accelerating labor-intensive spending, and increasing the People's Business Loans (KUR) program and credit without collateral. Extra funding for the Affordable Food Program to help 15 million low-income households buy staple foods.	Strengthening the intensity of triple intervention policy to maintain rupiah exchange rate stability in line with the currency's fundamental value and market mechanisms, including the spot and DNDF markets as well as purchasing SBN in the secondary market. Increasing the frequency of FX swap auctions for 1, 3, 6 and 12-month tenors from three times per week to daily auctions in order to ensure adequate liquidity, effective from 19th March 2020.
	Entry or transit denied to Indonesia for visitors/travelers who have traveled to the following countries (Iran, Italy, Vatican, Spain, France, Germany, Switzerland, UK) in the last 14 days.	Injection of 1.5 trillion rupiah (US$104 million) into subsidized housing program which is expected to cover financing for a further 175,000 new homes. 800 billion rupiah (US$55 million) to cover interest payments and the rest to paying for subsidies.	
	Calls to halt religious gatherings in the country. Schools are shut in many regions of the country	State-run oil company PT Pertamina will give discounts on jet fuel equivalent to 265 billion rupiah (US$18 million) at nine airports to support airlines provide the 30 percent airfare discounts.	

Source :Deutsche Bank

Figure 18: South Korea

Country	Containment measures	Fiscal Policy	Monetary Policy
South Korea	Schools and offices closed and large gatherings cancelled, while outside visitors to vulnerable facilities such as senior care facilities and hospitals will be restricted. The government has mandated all inbound travellers from China (including Hong Kong and Macao) to undergo fever testing upon arrival, submit the health condition questionnaire, have their actual locations of residence and contact information confirmed. Contact-tracing, testing centres including drive-through testing and isolation policies have been massively mobilised to contain the spread of virus. **From March 22, any passengers arriving from Europe will go through diagnostic testing to limit the spread of "imported" cases. Subsidies or paid leaves will be granted to foreigners in Korea who are there for long-term stay and are asked to self isolate.**	The Government intitally adopted a KRW11.7trn (0.6% GDP) supplementary budget to help contain the novel coronavirus and minimize the economic fallout from the outbreak. **To ease corporate funding stress, it has also extended a KRW50tn emergency financing package to self-employed, small business owners and SMEs, in form of fresh loans, credit guarantees, and debt roll-over – with a commitment to expand if needed – while increasing the Primary Collateralized Bond Obligation (P-CBO) to KRW6.7tn. The government is likely to ask for additional spending budget of KRW6.5tn at least, while introducing bond and stock market stabilization funds.**	The Bank of Korea expanded the special credit facility for SMEs from KRW25tn to KRW30tn, while lowering its policy rate by 50bps to 0.75%, effective 17 March. The Board also broadened the eligible collateral for open market operations to include debentures issued by banking institutions. **What to expect? BoK left open the possibility of further rate cuts, but we think they will be constrained by the weakening won. After securing a USD60bn FX swap line with the Fed, the BoK is likely to turn its efforts to ease FX liquidity conditions – by (re)introducing FX loan program for corporates (backed by export bills) and extending FX swaps/loans with banks, as during the GFC. It is also likely to expand the list of eligible securities and financial institutions for OMO, well before considering another rate cut.**

Source :Deutsche Bank

Figure 19: Russia

Country	Containment measures	Fiscal Policy	Monetary Policy
Russia	All events of more than 5,000 people forbidden. Extracurricular group student activities, such as trips to museums and exhibitions, have been cancelled. Moscow City announced broad restrictions including closure of schools and universities until 4 April, prohibition of events of over 50 people.	The government has set up a RUB 300bn (USD 4bn) fund for the crisis as well as raising the limits on state guarantees. Measures to support the economy include allowing tourism and airlines companies to defer tax payments and state guarantees on new bank loans to these sectors. The government also pledged to support other sectors as they are affected. The State will also pay sick leave to those under mandatory quarantine and the government re-iterated that already approved changes to the budget (which included higher social spending) will remain in place.	FX purchases under fiscal rule halted by CBR. On 10 March CBR begun pre-emptive FX sales as oil price drops below fiscal rule benchmark of \$42.4/barrel and on 19 March announced FX sales to fully offset lower oil revenues in the event of prices below \$25/barrel. The CBR is also providing additional liquidity via repo operations and an increase in the limits on its FX swap operation.
	Authorities in Moscow have increased restrictions over the weekend, mandating self-isolation at home for over-65s and those with pre-existing conditions and planning to close fitness centers, swimming pools and cinemas.	First deputy PM Belousov ruled out a large stimulus package, citing the oil price slump and the risks that stimulating demand can weaken further the ruble.	**Unlike rate cuts taken by most central banks, the CBR left the key rate on hold at 6.00% on 20 March, constrained by the short-term inflationary impact of the oil price-driven FX shock.** **The CBR has announced further regulatory easing regarding risks weighting of mortgages, flexibility of credit provisioning of SME loans and restructuring of loans for those infected with the virus. The CBR is also introducing a new RUB 500bn liquidity facility, targeted towards SME lending.**
	Travel ban on most foreign citizens coming to Russia to last 18 March to 1 May.		**What to expect?** Expect pausing of easing cycle due to financial market volatility and pro-inflationary FX impact, with easing likely later in the year once the initial shock subsides. We expect CBR to focus on FX and liquidity instruments, although the extent of USDRUB sell-off beyond 80 now raises the risk of rate hikes.

Source :Deutsche Bank

Figure 20: Saudi Arabia

Country	Containment measures	Fiscal Policy	Monetary Policy
Saudi Arabia	The government has suspended travel from nine countries, including neighboring UAE, Bahrain, Kuwait, and Egypt. The government previously banned travel to Iran. Travel restrictions have also been announced for Saudi nationals. The government has imposed a temporary lockdown of the province of Qatif, which hosts most of Saudi Arabia's oil facilities. The government has suspended schools and universities nationwide and suspended work in the private sector except health and food services for 15 days, starting 18 March. Cinemas closed until further notice. Saudi Arabia has suspended work in the private sector except health and food services for 15 days, starting 18th Mar. They had already previously suspended work for government employees except in health, military and security sectors. All mosques have been closed (except the two holy mosques in Mecca and Medina).	The Finance ministry has asked state agencies to submit proposals for cuts of between 20% and 30% to their budgets, according to Reuters. Saudi Aramco has announced that it will cut capital spending by as much as 23 percent in preparation for a prolonged period of lower crude prices. The cut, however, will not include the expenditure required to deliver the 13m b/d maximum capacity target ordered by the government according to Aramco.	The central bank (SAMA) cut the repo rate by 75bps from 1.75% to 1.00% and the reverse repo rate by 75bps from 1.25% to 0.50% this week. The move follows a decision by the US Federal Reserve to lower the target range for the federal funds rate. Also, in early March, SAMA reduced the repo rate by 50bps to 1.75% from 2.25% and the reverse repo rate by 50bps to 1.25% from 1.75%. SAMA has announced a private sector financing support program with a total value of SAR 50bn (USD 13bn). This program includes a delay to payments of the dues of the financial sector from small and medium-sized enterprises (SMEs) for a period of six months, provides concessional finance of about SAR 13.2bn for SMEs by granting loans from banks and finance companies to the SME sector, and deposits SAR 6bn for banks and insurance companies. **What to expect ?** SAMA will continue adjusting its policy rates by mirroring the US Federal Reserve rates decisions going forward.

Source :Deutsche Bank

Figure 21: South Africa

Country	Containment measures	Fiscal Policy	Monetary Policy
South Africa	Travel ban for incoming visitors from high-risk countries from 18 March. This includes China, Iran, Korea, Germany, Italy, US, UK, and Spain. Visas cancelled already for visitors from high- and medium-risk countries. SA citizens returning from high-risk countries will be tested with forced quarantine. Gatherings of more than 100 people prohibited. Mass celebrations and government functions will be cancelled. Small gatherings will attract stringent precautionary measures by organisers. Schools will be closed from 18 March until after Easter weekend (13 April). Private schools are effectively closed until the 5th of May. Some restaurants and night clubs are closed and sporting events have been cancelled. Universities and other higher education services will resort to online training courses where possible.	The cabinet is currently working on a combined package including fiscal support to get ahead of the fallout on the economy. We can identify an envelope of R5-6bn that is immediately available for disaster management purposes. A plausible scenario is to tap surpluses in the Unemployment Insurance Fund, totalling R159bn for FY20/21, as suggested by Cosatu. Further funding could come from reprioritisations of existing expenditure baselines, and scrapping of less significant projects. **'The government may be considering a 0% wage increase this year, much less than initially expected. It could raise an additional R13bn (0.3% of GDP) this year, and cumulatively up to R45bn more than budgeted over the medium term (1% of GDP)**	**SARB eased main policy rate by 100bps to 5.25%.** **The Bank announced several measures to inject additional liquidity into the money market by reducing the money market shortage, lowering both the standing facility (borrowing and lending rates) and intraday repurchase operations.** **What to expect? We think the Bank will cut rates further by 100bps to 4.25%. Currently it's underestimating growth and inflation. The SARB is likely to stick to conventional policy measures until sighs of financial market stability is threatened. Its thus unlikely to alter reserve requirements, or other capital buffers, given that the banking system is stronger post Basle 3 regulations. The Bank may also step in to limit fx volatility as and when deemed necessary.**

Source : Deutsche Bank

Figure 22: Turkey

Country	Containment measures	Fiscal Policy	Monetary Policy
Turkey	Turkey has suspended flights with fourteen European states and with China, South Korea, Iran, Iraq and Azerbaijan over coronavirus fears. It also closed the land borders with Iran, Iraq, Azerbaijan and Georgia for passenger traffic.	Turkey unveiled a fiscal package to the tune of TRY100bn (USD15.5bn or 2-2.5% of GDP) to deal with economic repercussions from the virus outbreak. The steps include: (i) 6-month postponement of taxes and social security contributions for selected sectors (from retail to hospitality); (ii) 3-month debt moratorium for firms that are impacted directly due to measures taken against COVID-19; (iii) a raise in pension at the lowest bracket; (iv) lower VAT rate for domestic air travel sector for three months; (v) TRY25bn rise (to TRY50bn) in credit limit for the Credit Guarantee Fund; (vi) 3-month debt moratorium by state-bank Halkbank for craftsmen and tradesman on their demand, among others.	The Central Bank of Turkey cut its remuneration rate on required reserves by 2 percentage points to 6% (or to 8% for banks that comply with the 15% real credit growth threshold). CBT front loaded its MPC meeting to Tuesday (from Thursday this week) and lowered its key one-week repo rate by 100bps to 9.75%. The CBT also introduced a broad set of financial stability measures.
	Primary and secondary schools for early spring break for a week form Mar 16 and universities will close for three weeks. Istanbul announced that it cancelled all education and training, cultural and recreational events by its subsidiaries till the end of March. **All of the football, basketball, volleyball and handball leagues are suspended indefinitely.** Mass prayers in mosques suspended. All social gathering spaces, except restaurants and shopping malls but incl. bars/nightclubs closed.	The Banking Regulation and Supervisory Agency (BRSA) also issued a directive and raised the 90-day surveillance period for loans in Group 1 and 2 before being categorised as non-performing loans to 180 days - with an aim to provide flexibility on calculation of capital adequacy ratio.	The CBT introduced a set of financial stability measures in the form of (I) as much liquidity as if and when required from the Bank intraday and O/N standing facilities, (ii) 3-month repo auctions, (iii) higher limits for primary dealers' open market operations, (iv) utilisation of EUR and gold in FX swap auctions with maturities of one, three and six months, (v) 500bps reduction in FX reserve requirement ratio for banks satisfying real credit growth conditions, (vi) targeted additional liquidity facilities for banks keeping credit supply channel to the corporate sector, in the form of lower cost of funding in 3-month repo auctions and one-year FX swap auctions with lower TRY costs; and (vii) 3-month postponement of payments to CBT under export rediscount credit scheme, along with maturity extensions and 12-month grace period for exporters whose export commitment has not been fulfilled as yet.
	The Home Secretary imposed a partial curfew on 21 March those over 65 or with chronic illnesses. The government also allowed civil servants to work from home and in shifts. Meanwhile, the Banks Association on 22 March has recommended all banks to shorten the working hours to between 12.00 and 17.00 each weekday. State banks, however, decided to stick by the usual working hours (9-5pm).		**State banks started to offer debt moratorium to firms and consumers with payment difficulties due to virus outbreak. State banks also offered additional credit lines to cover 3 months of wage costs as well as facilities to restructure loans for selected sectors (such as tourism) with no payments in next six months.**
	Honda Turkey and Mercedes-Benz halt production in Turkey.		**What to expect next?** The outbreak cycle in Turkey is lagging that of Europe, hence difference in marginal expediency to respond, compared to other places. We still think further liquidity measures are in the store along with at least 175bps of easing in the near term.

Source : Deutsche Bank

Figure 23: Brazil

Country	Containment measures	Fiscal Policy	Monetary Policy
Brazil	Congress is set to approve the state of public emergency which will remain in place until December 31st, 2020. Government encouraging social distancing but not yet imposing lockdowns. **Land borders are now closed.**	Congress is to approve the state of public emergency effective until 31 December. The measure exempts the Federal Government from complying with the fiscal result target set for this year, which is a primary deficit of R $ 124.1 billion. Due to the fall in tax revenue and higher spending on health and to protect more disadvantaged groups, the target could reach R $ 200 billion. **The government is preparing vouchers for those in the informal labor market of BRL 200 per month for three months. For the formal labor market the government will allow changes to hours worked and salaries of up to 50%.**	National Monetary Council (CMN) is facilitating the renegotiation of credit operations by companies and families by exempting banks from increasing provisioning, should this renegotiation occur in the next six months. The CMN is expanding the banks' capacity to use capital to facilitate renegotiations and to maintain the flow of credit, reducing the need for equity to leverage operations. This should allow an increase in lending capacity by approximately R $ 637 billion.
	Public schools will close but airports and ports remain open. Citizens cannot refuse being tested and quarantines are now legally enforced (specifics are to be managed by the Ministries of Health and Justice).	According to the EconMin, R$ 147.3 billion will be made available, of which R$ 83.4 billion will be directed to the elderly population. Almost R$ 60 billion will go to supporting jobs with three-month suspension of FGTS and 50% reduction of Simples payments. The second instalment of 13th wage will be advanced to May and part of FGTS savings will be made available to those insured.	FX intervention via swaps (for hedging supply), collateralized lending / repo and spot sales to continue to be deployed to tackle liquidity and FX volatility. Prior to the 18 March meeting, we expected the CB to deliver a further two 50bp cuts. One 50bp cut to 3.75% was announced by the central bank of Brazil at the meeting.

Source : Deutsche Bank

Figure 24: Mexico

Country	Containment measures	Fiscal Policy	Monetary Policy
Mexico	Government held its first cabinet-level meeting about the Coronavirus on March 17th. Government recommends cancelling large events. It also announced the cancellation of non-essential business activities that entail the gathering of large groups of people. They also recommend businesses to allow working from home. Schools are set to close for a month.	The administration has not yet released any plans. In fact, President López Obrador has explicitly stated that the Coronavirus pandemic warrants no fiscal stimulus and that his administration's ongoing infrastructure and social spending efforts will be enough to modulate the negative shock to growth. Previously, the minister of Finance Arturo Herrera had stated the administration was looking to use Mexico's development banks in order to provide credit relief to those industries and firms who end up suffering the most as a result of the virus. **What to expect?** The government does not have a lot of fiscal room to aggressively spend its way out of the crisis. The decline of oil prices has hit the source of roughly 17% of fiscal revenue so the government will not have a lot of leeway to increase spending. Given that President López Obrador has publicly stated there is no need for additional spending, we only expect the government to at best delay certain government projects to increase health spending. However, Mexico seems significantly behind the curve as far as responding to the Coronavirus goes.	The Foreign Exchange Commission (a committee with representatives from the Central Bank and the Ministry of Finance) has already stepped in to attempt to curb the MXN's volatility by expanding their existing intervention program from the USD 20bn first announced in March of 2017 to USD 30bn. The instrument by which these interventions are carried out are domestic NDF (i.e. USD futures settled in Mexican pesos). Only USD 5.5bn had been used of the original USD 20bn and since the announcement of the expansion last week, they have announced auctions worth USD 4bn. **Banxico cut its policy rate by 50bp to 6.50% on Friday 20 March, one week ahead of its scheduled meeting. We expect the terminal rate of the cutting cycle to be 6.** **What to expect? We expect Banxico to continue cutting rates to 6%. The stability of the currency though will remain a key necessary condition for further cutting as the central bank has historically been extremely sensitive to exchange rate depreciations and consider the peso's high carry as somewhat of a "last line of defense".**

Source : Deutsche Bank

Figure 25: Argentina

Country	Containment measures	Fiscal Policy	Monetary Policy
Argentina	Closed schools and borders (for non-citizens and non-residents) on March 15. Schools closed until March 31. **On March 21st, Argentina adopts an armed forces-enforced national quarantine.**	Nearly 2% GDP package in reallocation of spending. Bonuses of ARS 3,000 for those who receive the minimum retirement, beneficiaries of the AUH, and of social plans. ARS 100bn budget increase for public works. Credits for constructions and small works. Soft loans package for small companies for ARS 350bn. Exemption from the payment of employer contributions for companies. Price subsidies for basic products. Modular hospitals are under construction. **What to expect?** We expect limited additional measures from the expenditure side. The current economic crisis in Argentina and tight fiscal position restricts the extent of fiscal policy.	Additional monetary and financial measures are expected to be announced in the coming days by the BCRA. **What to expect?** The BCRA has eased monetary conditions systematically since late September driving passive real rates to negative stance. The Leliq rate stands currently at 38% and we expect the BCRA to ease monetary conditions further.

Source : Deutsche Bank

Figure 26: Chile

Country	Containment measures	Fiscal Policy	Monetary Policy
Chile	Closed borders for non-citizens and non-residents on March 18. Schools closed for 2 weeks since March 16. State of catastrophe on March 19, restriction of meetings and help from armed forces in health assistance. Malls and commerce will close on March 19.	**On March 19th, a fiscal plan of nearly USD 11.7bn (4.7% GDP) was announced. Health spending will be boosted by reallocation 2% of the budget. USD 2bn will be allocated to an unemployment insurance fund. Tax payments for small companies have been deferred. State-owned Banco Estado will receive a capital injection of USD 0.5bn to fund loans to people and SMEs.** **What to expect?** We expect the government to expand fiscal spending and provide additional facilities for small businesses. The political crisis and the fiscal package announced in December 2019 restricts the extent of fiscal policy this year.	On March 16, the BCCh enhanced monetary easing through (1) cutting 75bp and driving the TPM to 1% from 1.75%, (2) unconventional policy measured aimed at providing financial facilities to local banks for a period of six months, (3) corporate bonds will be included within the eligible collaterals for all current liquidity operations in pesos, (4) a program of purchase of inflation-linked bonds issued by banks will be offered to the participants of the SOMA (Open Market Operations) system for an equivalent amount up to USD 4bn, (5) the FX program will be extended until January 9, 2021. **What to expect?** BCCh will maintain the TPM unless economic conditions deteriorate further. In its next meeting scheduled for March 31, we expect the board will hold the TPM at 1%. We see downside risk for the future trajectory of the TPM, if economic conditions deteriorate the TPM could reach 0.5% by December 2020.

Source : Deutsche Bank

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Appendix 1

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