

PRESS RELEASE

**Capital Markets Enter Uncharted Waters:
Covid-19 One Year Later – a Global CFA Institute Survey**

[SYDNEY, AUSTRALIA] 13 July 2021: CFA Institute, the global association of investment professionals, has released a report, [*Covid-19, One Year Later, Capital Markets Entering Uncharted Waters*](#), which analyses the results of a new global member survey from CFA Institute to highlight the critical impacts of the Covid-19 pandemic on financial markets.

The report reflects views from over 6,000 CFA Institute members and charterholders on the structural consequences of the crisis on the economy. The survey also addresses the potential socioeconomic distortions that may have been caused by the monetary stimulus measures undertaken by central banks intended to address the Covid-19 economic crisis.

Paul Andrews, Managing Director, Research, Advocacy and Standards, CFA Institute, said: "With authorities ready to do whatever it takes to prevent a liquidity crisis in the markets, the economic stimulus unleashed to address the crisis may well have consequences of its own. While we readily acknowledge the difficulty in crafting one-size-fits-all public policies, our global survey highlights a number of important areas of concern where unintended consequences may already be in sight."

The report reveals that around the world, respondents are seeing evidence of a multispeed recovery together with inflationary pressures, as well as "a potential for monetary stimulus addiction, tax hikes, emerging regulatory risks and questions over the actual financial health of corporates," Mr Andrew said.

Lisa Carroll, CEO of CFA Societies Australia, said the Covid-19 fiscal and monetary stimulus measures are similarly viewed in Australia. "While many governments and central banks have implemented robust and comprehensive plans to meet the crisis head on, concerns are rising as to the eventual unintended consequences of this liquidity infusion, including inflation and a widening wealth gap, with Australian respondents particularly holding these beliefs," she said.

"The survey also reveals many Australian CFA charterholders believe that the central bank should be prioritising an exit from its accommodative monetary policy, with 53 per cent of respondents holding this belief, compared to 51 percent globally."

Key findings:

- 41 per cent Australian respondents (compared to 34 percent globally) believe that **there will be growing inflation pressures over the next one to three years** because

of demand-focused accommodative monetary policy; but central banks will not be able or inclined to engage in a restrictive policy. That compares with 24 percent of Australian respondents (31% globally) who think **central banks will be forced to raise interest rates** due to inflationary pressures.

- While some Australian respondents think inflation pressures will cause the central bank to raise interest rates (31 percent), a greater proportion think the central bank will not switch to a restrictive policy (41 percent).
- Globally, 45 percent of respondents thought that equities in their respective markets had recovered too quickly from the market slump in February–March 2020 and **are due for a market correction within the next one to three years**. The proportion was higher in Australia at 47 percent.
- 58 percent of respondents agree that **the role of government will broaden as a result of the crisis**, and the share of government spending in GDP will structurally and materially rise, as will taxes, though in Australia that proportion is much lower at 43 percent.
- 46 percent of Australian respondents think **tighter monetary policy will hurt growth stocks** the most, while 63 percent think **value shares would be the most positively affected** asset class by a monetary policy reversal.
- 44 percent of respondents believe the stimulus measures have created a goldmine for the investor class, **widening the wealth gap in society**; Australian respondents agree more strongly with this belief at 49 percent.
- In addition, 41 percent of Australian respondents believe that **the trend toward sustainable investment products is structurally strong** and here to stay.

Notes to Editors

The CFA Institute survey report Covid-19, One Year Later, Capital Markets Entering Uncharted Waters, follows a 2020 CFA Institute global member survey: Is the Coronavirus Rocking the Foundations of Capital Markets?

Survey Methodology

The 2021 CFA Institute Covid-19, One Year Later survey was conducted across the global membership of CFA Institute members and charterholders, across all regions and jurisdictions where the organisation has representation, between the period 8 March to 28 March 2021. Some 150,024 investment professionals were invited to participate, from whom 6,040 valid responses were received and incorporated into the report's findings. A summary dataset of survey questions and responses is available [here](#).

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About CFA Societies Australia

CFA Societies Australia is part of the worldwide network of CFA Institute member societies that lead the investment profession globally by promoting the highest standards of ethics, education and professional excellence for the ultimate benefit of society. CFA Societies Australia represents the interests of over 3000 investment professionals through advocacy, education, events, and



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