



What Just Happened? What Will Happen Next?

Britt Harris

Advisor to Federal Reserve
Pastor's son

April 30, 2020

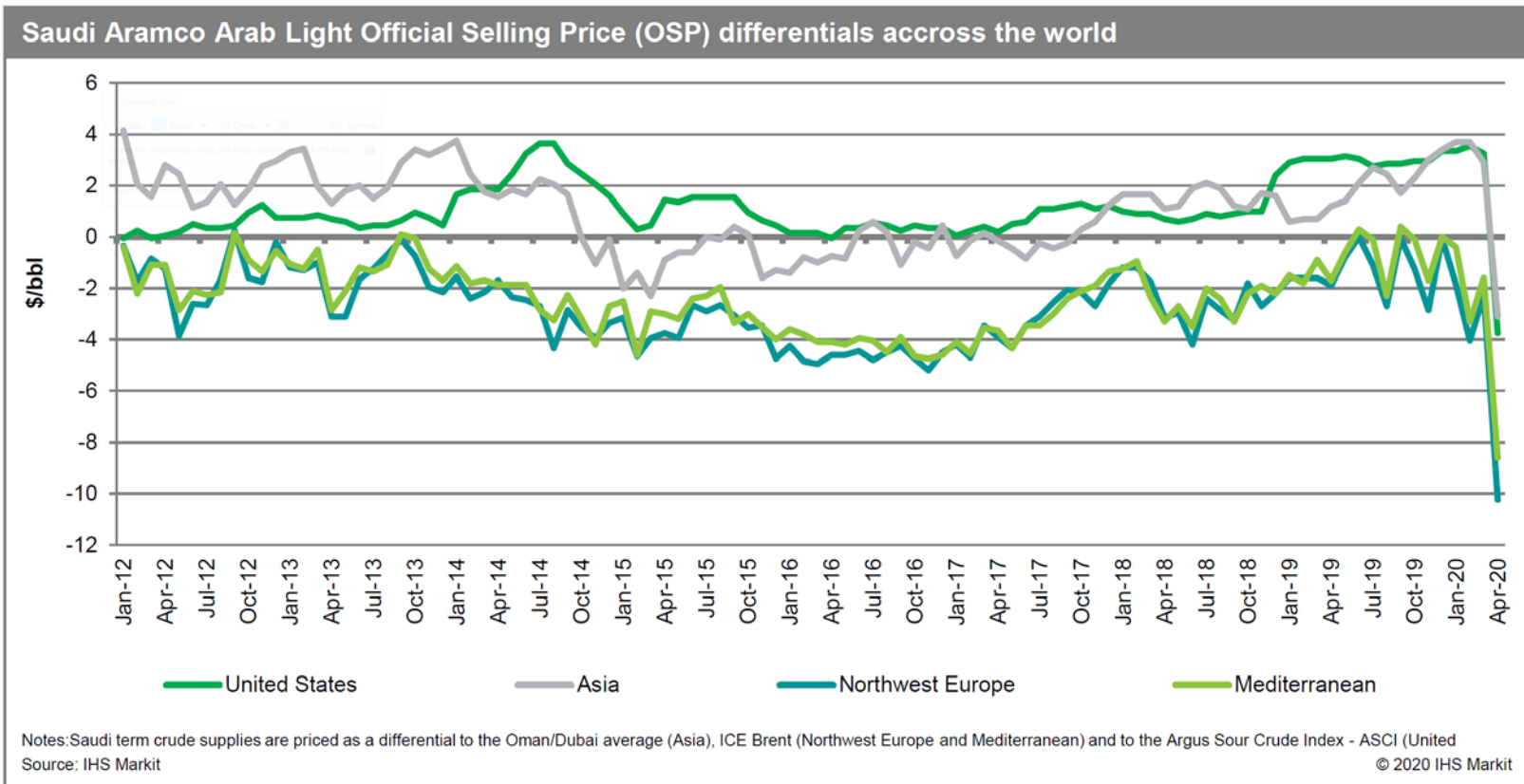
Two Rogue Waves

1) COVID-19

2) Oil “War”



Saudi Aramco Official Selling Price



Confirmed Cases

3,149,600

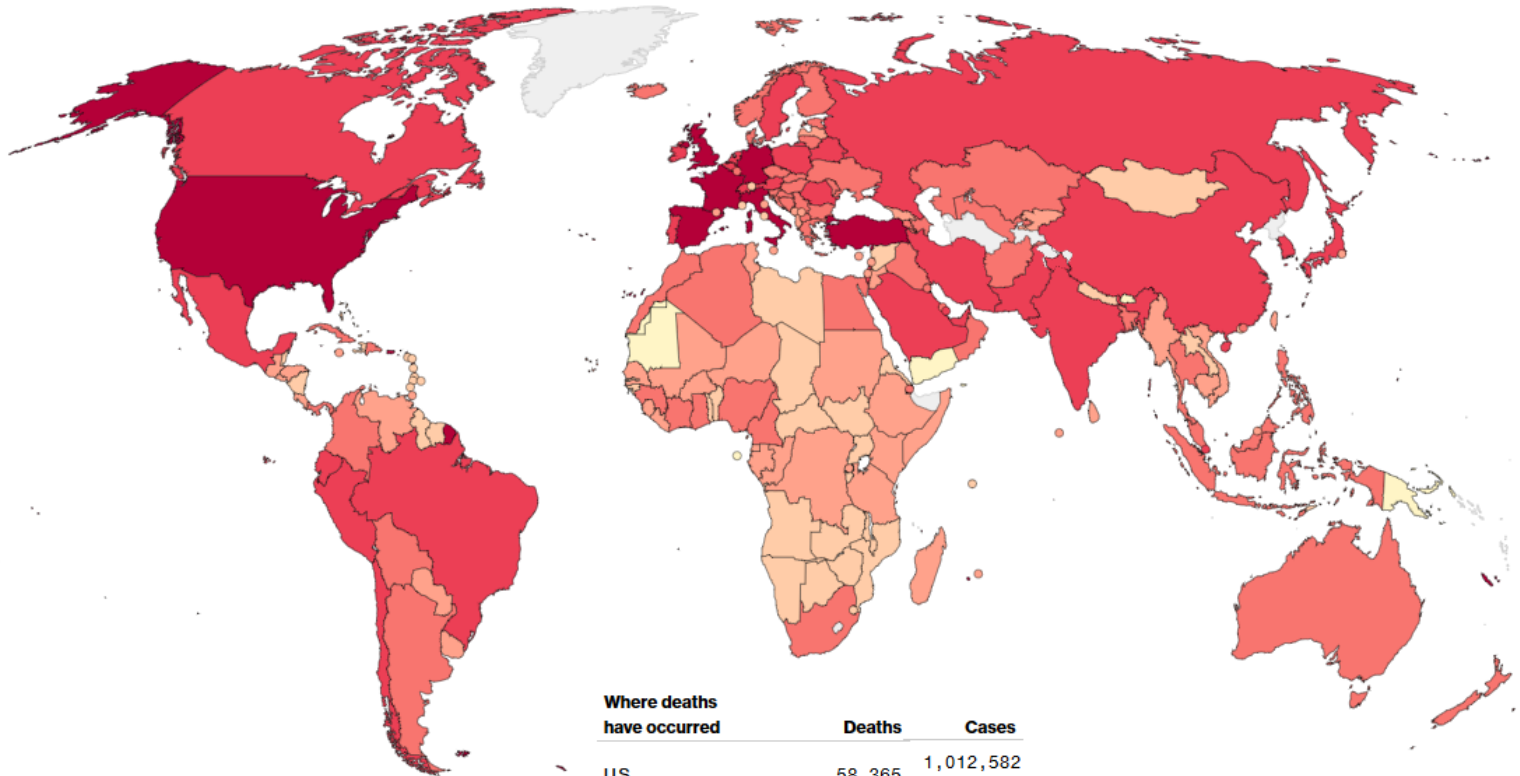
Confirmed cases worldwide

217,215

Deaths worldwide

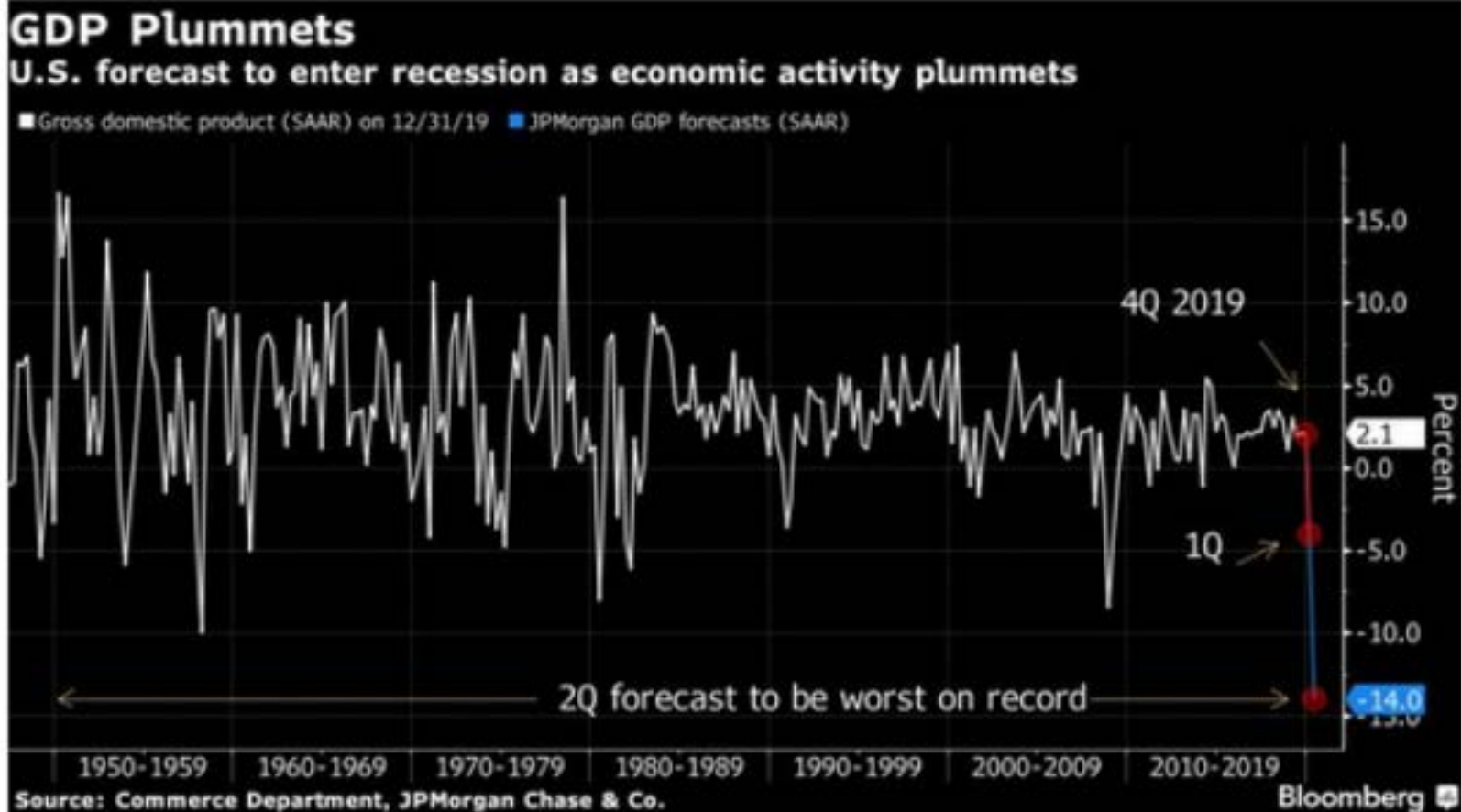
Jurisdictions with cases confirmed as of April 28, 2020, 9:32 PM CDT

■ 1-9 ■ 10-99 ■ 100-999 ■ 1,000-9,999 ■ 10,000-99,999 ■ 100,000 or more

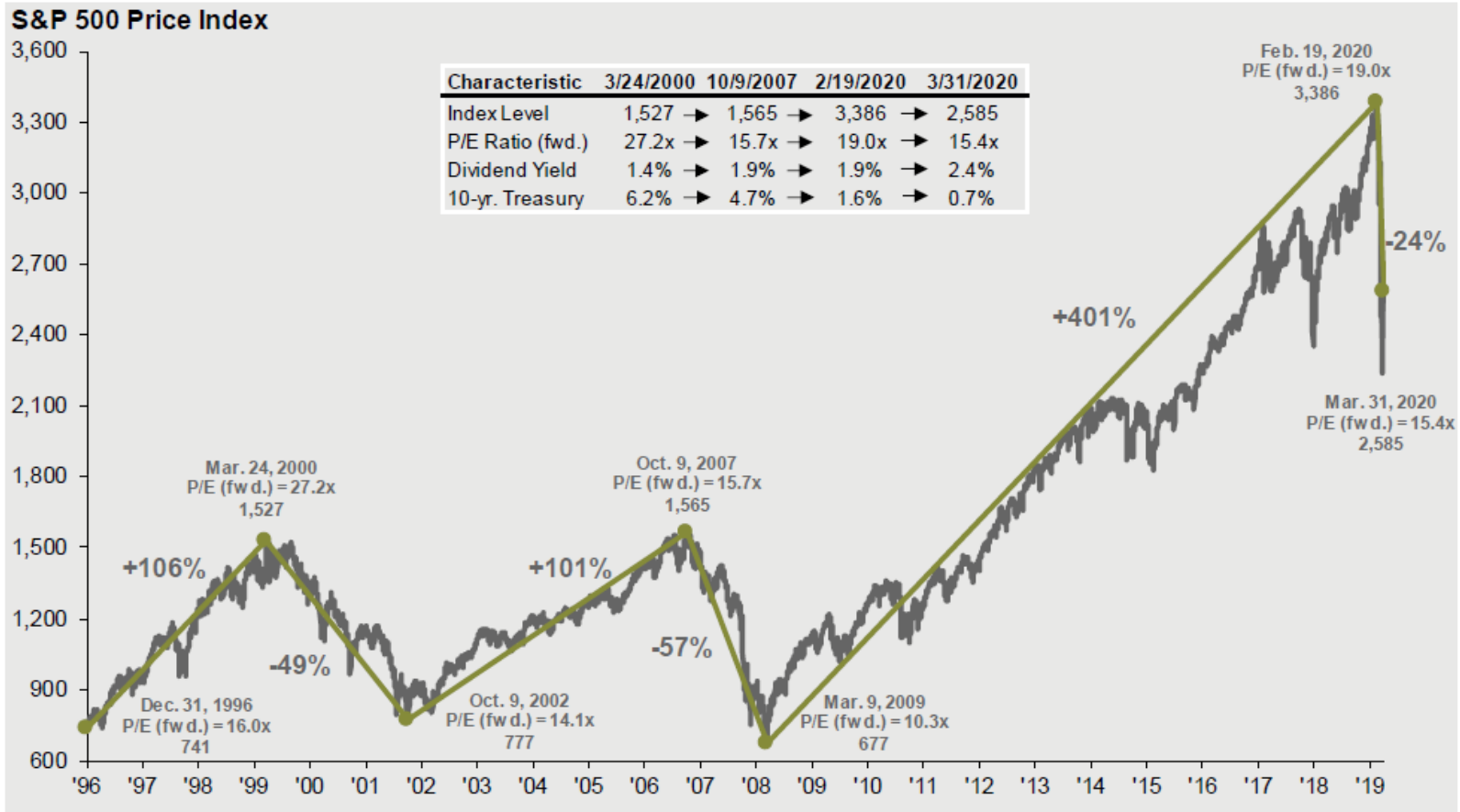


Where deaths have occurred	Deaths	Cases
U.S.	58,365	1,012,582
Italy	27,359	201,505
Spain	23,822	232,128
France	23,694	199,752
U.K.	21,745	162,350

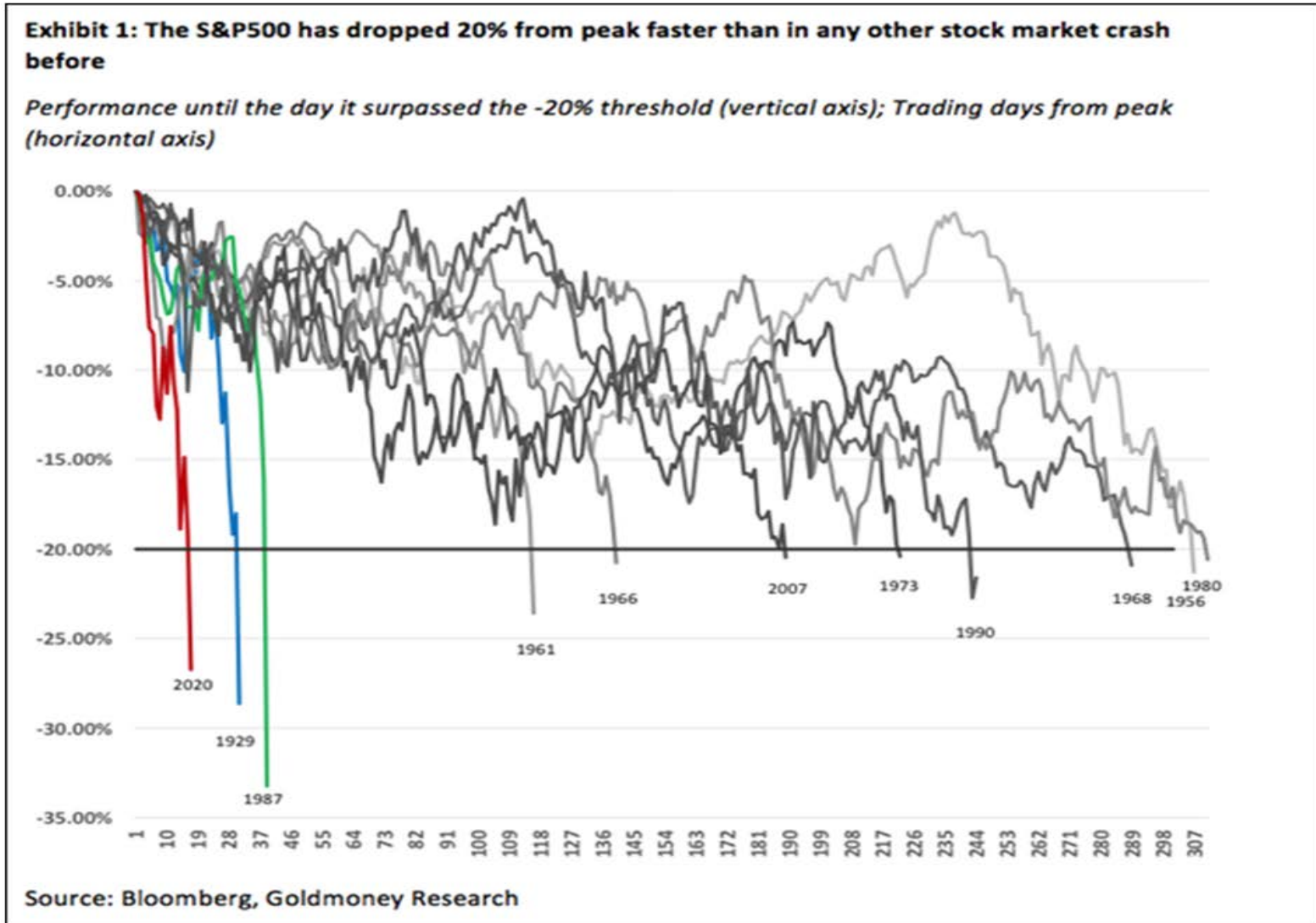
US GDP Plummet



S&P 500



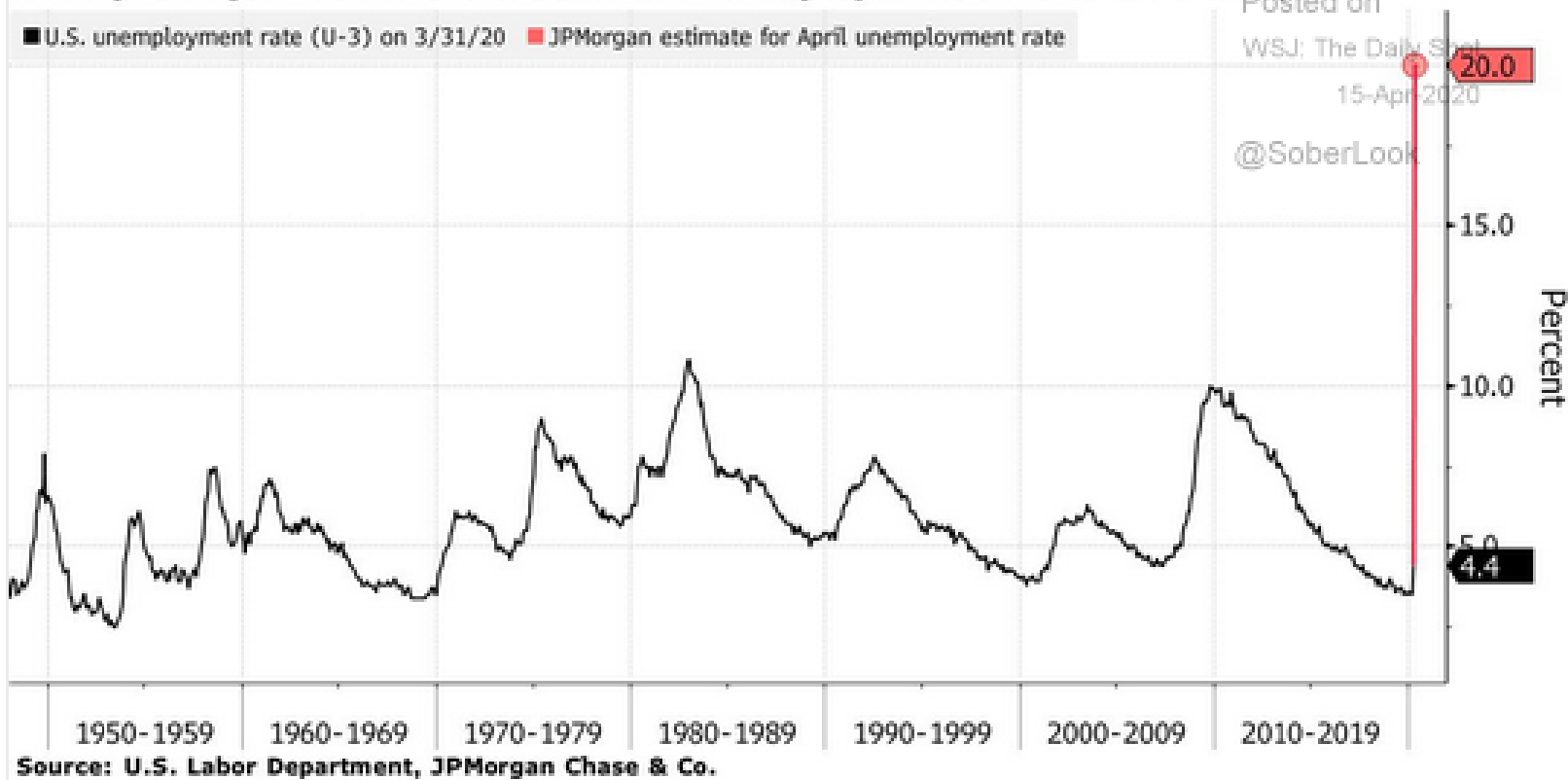
Fastest 20% Drop from Peak in History



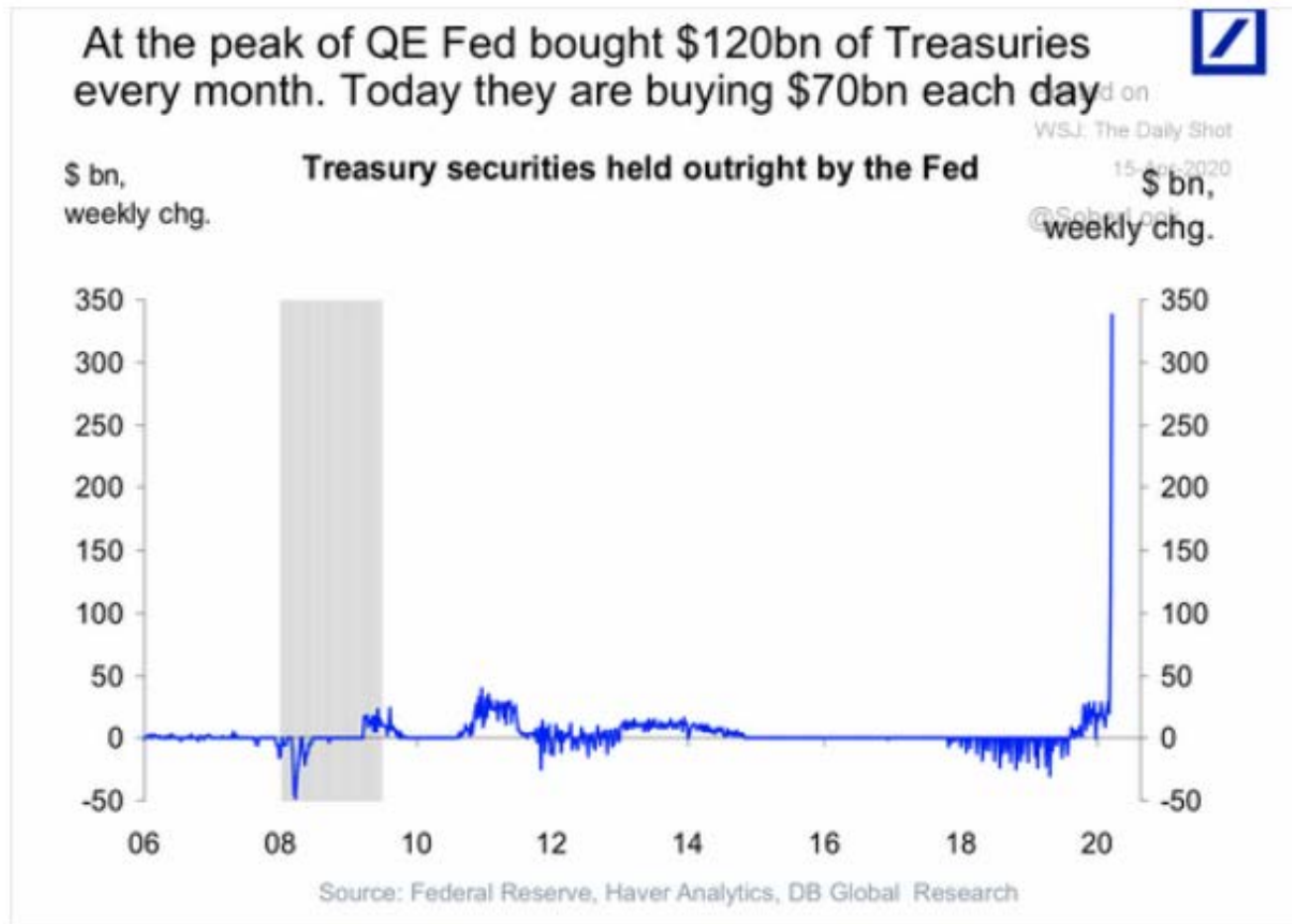
JP Morgan Predicting 20% Unemployment

Unseen Devastation

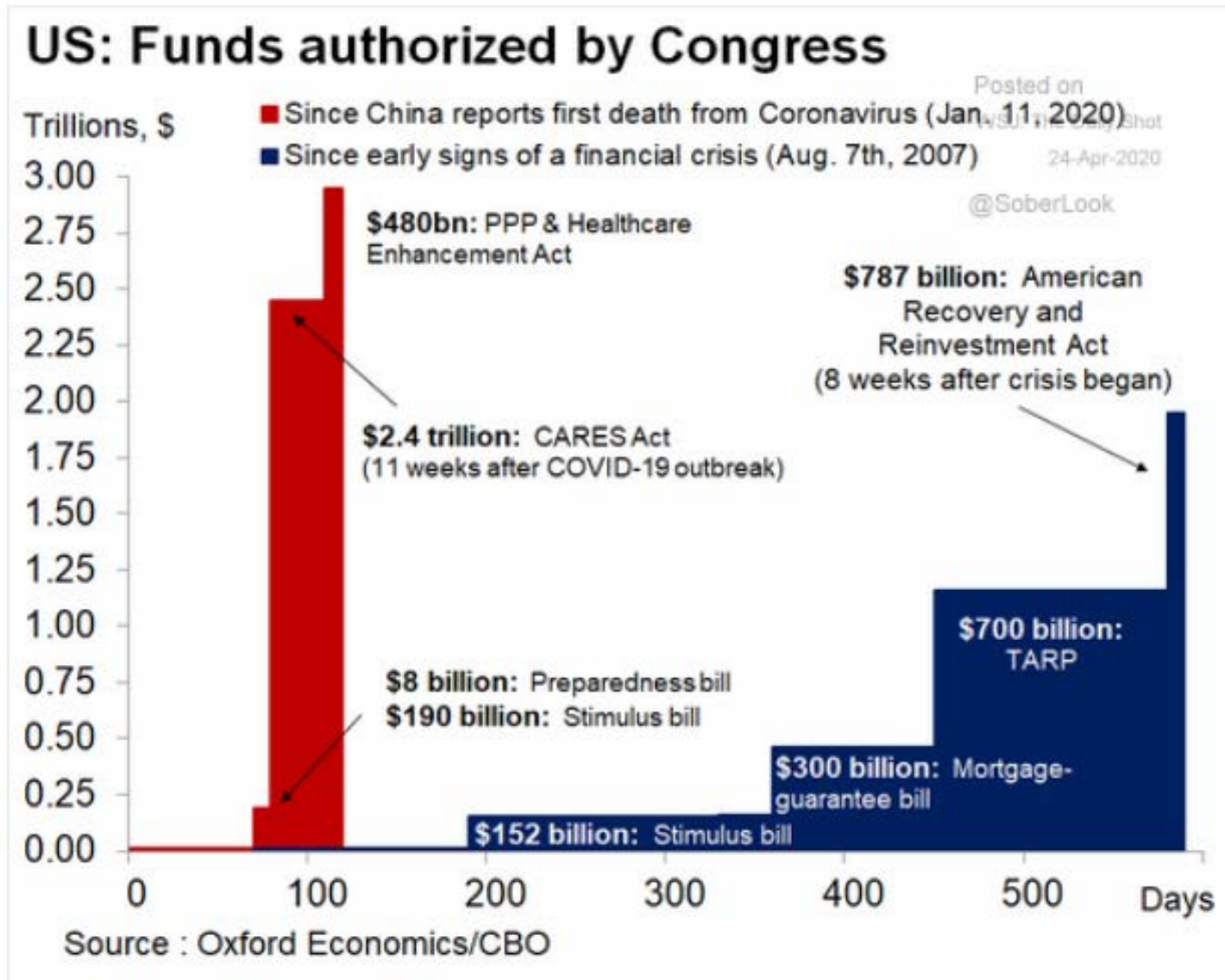
Widespread job losses could send the unemployment rate to 20% in April



Incredible Monetary Stimulus



Stimulus Provided in Record Time



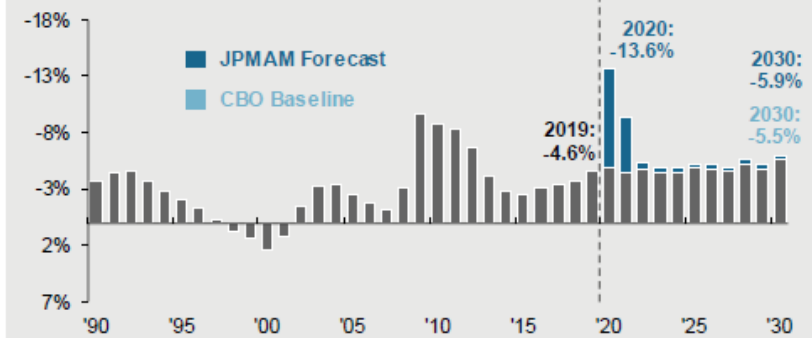
CARES Act

Coronavirus Aid, Relief, and Economic Security Act

Amount (\$ bn)	Measure
\$290	One-time stimulus checks amounting to \$1,200 per adult and \$500 per child up to certain income limits
\$260	Enhanced, expanded and extended unemployment benefits, adding \$600 per week to every unemployment check for 4 months, expanding program to cover contractors and self-employed and extending program to 39 weeks from 26 weeks
\$510	Loans to distressed businesses, cities and states. Includes \$29 billion for airlines, \$17 billion for firms deemed important for national security and \$454 billion as backstop for loans to other businesses, cities and states
\$377	Small business relief, largely in the form of "forgivable loans" for spending on payroll, rent and utilities
\$150	Direct aid to state and municipal governments
\$180	Health-related spending
\$516	Other spending and tax breaks
\$2.283 trillion	~10.8% of GDP

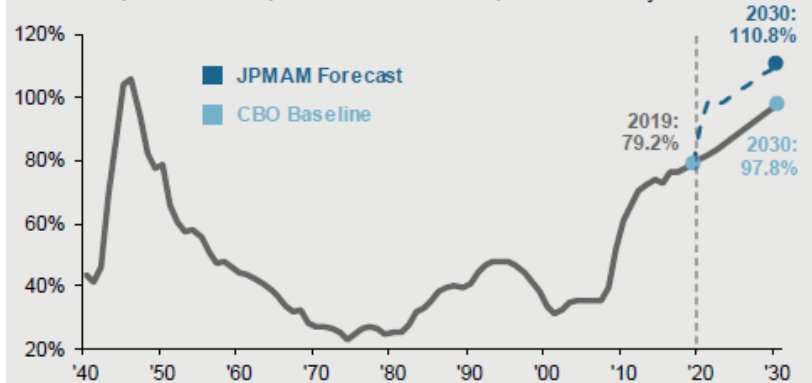
Federal budget surplus/deficit

% of GDP, 1990 – 2030, 2020 CBO Baseline



Federal net debt (accumulated deficits)

% of GDP, 1940 – 2030, 2020 CBO Baseline, end of fiscal year

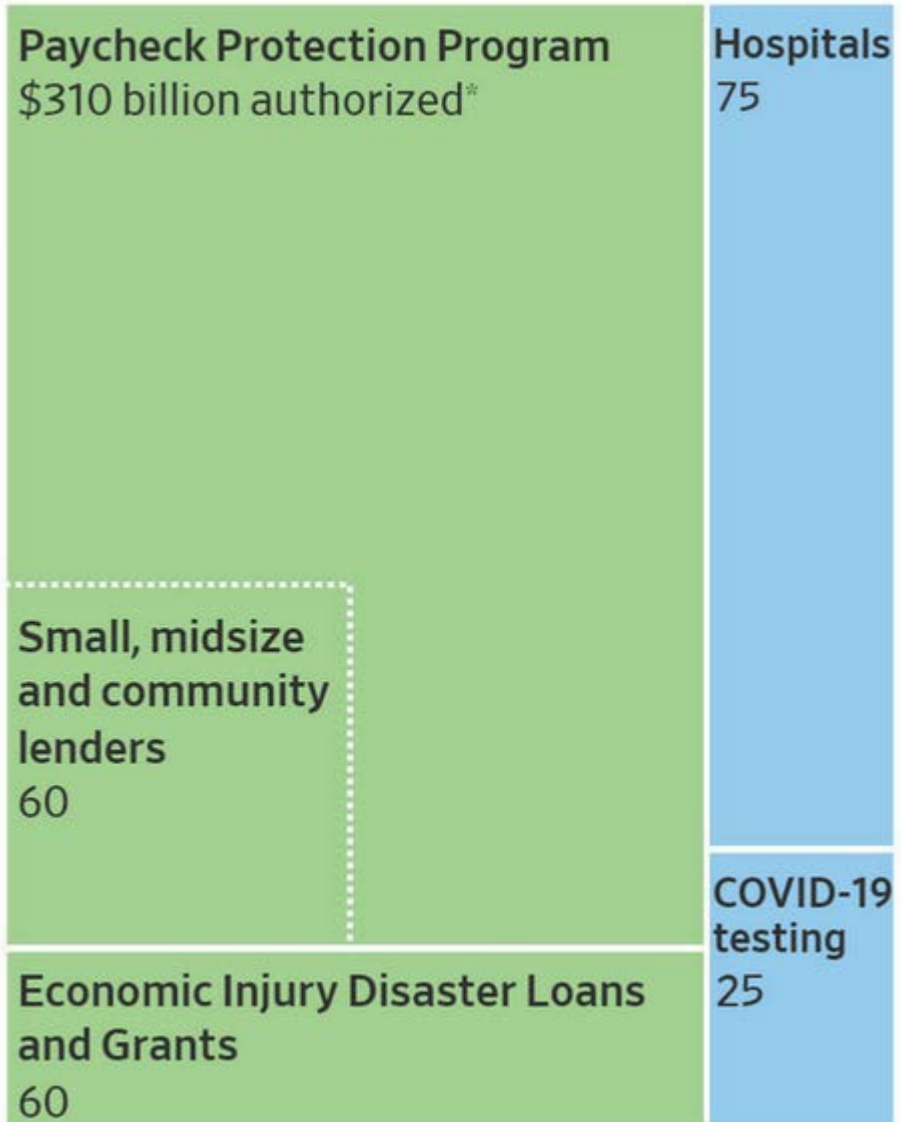


PPP & Healthcare Enhancement Act

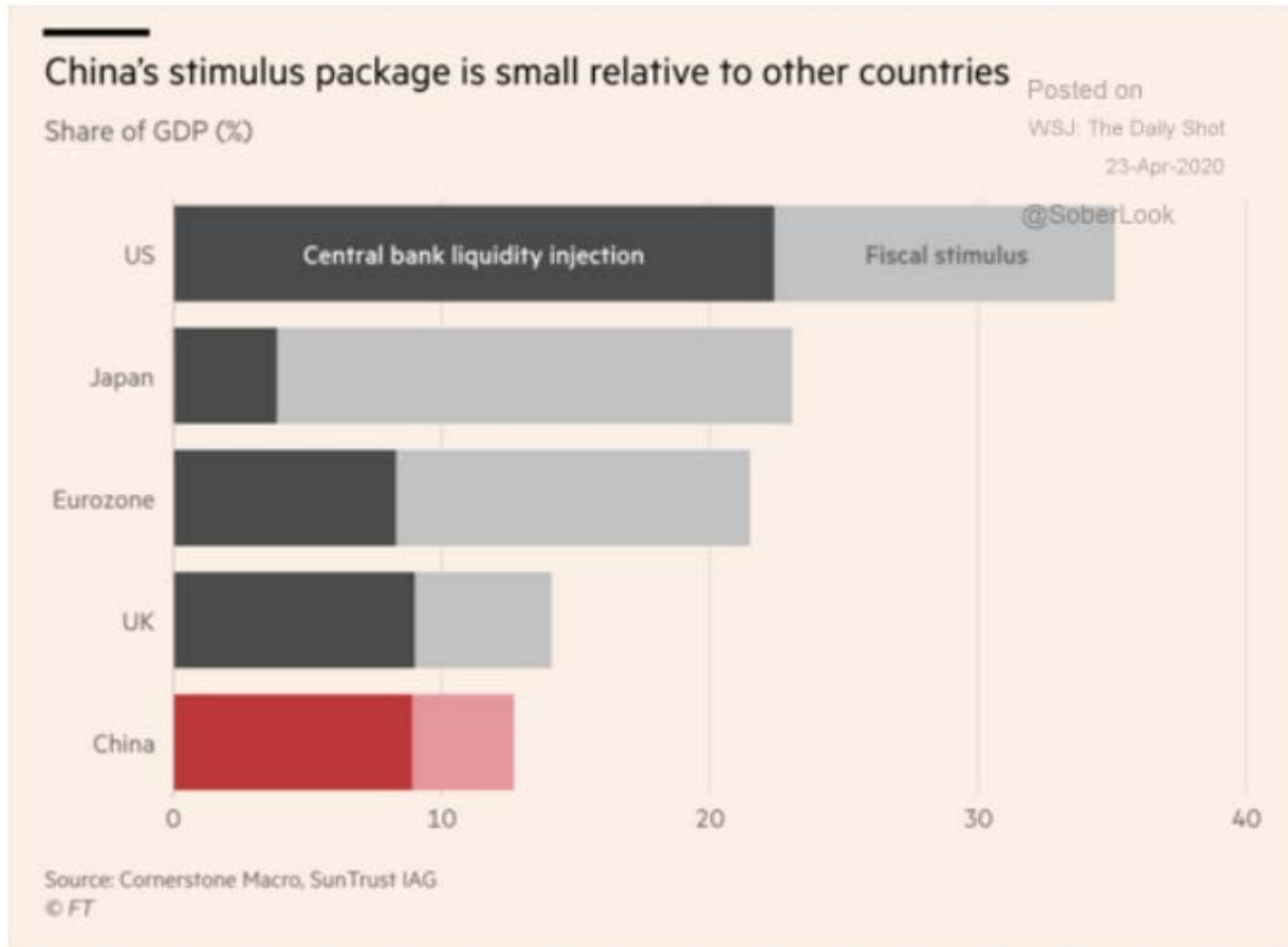
Second Stimulus

The \$450 billion agreement will replenish the Paycheck Protection Program, a program for small businesses battered by the coronavirus and related shutdowns.

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WSJ The Daily Shot
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Stimulus as Percentage of GDP



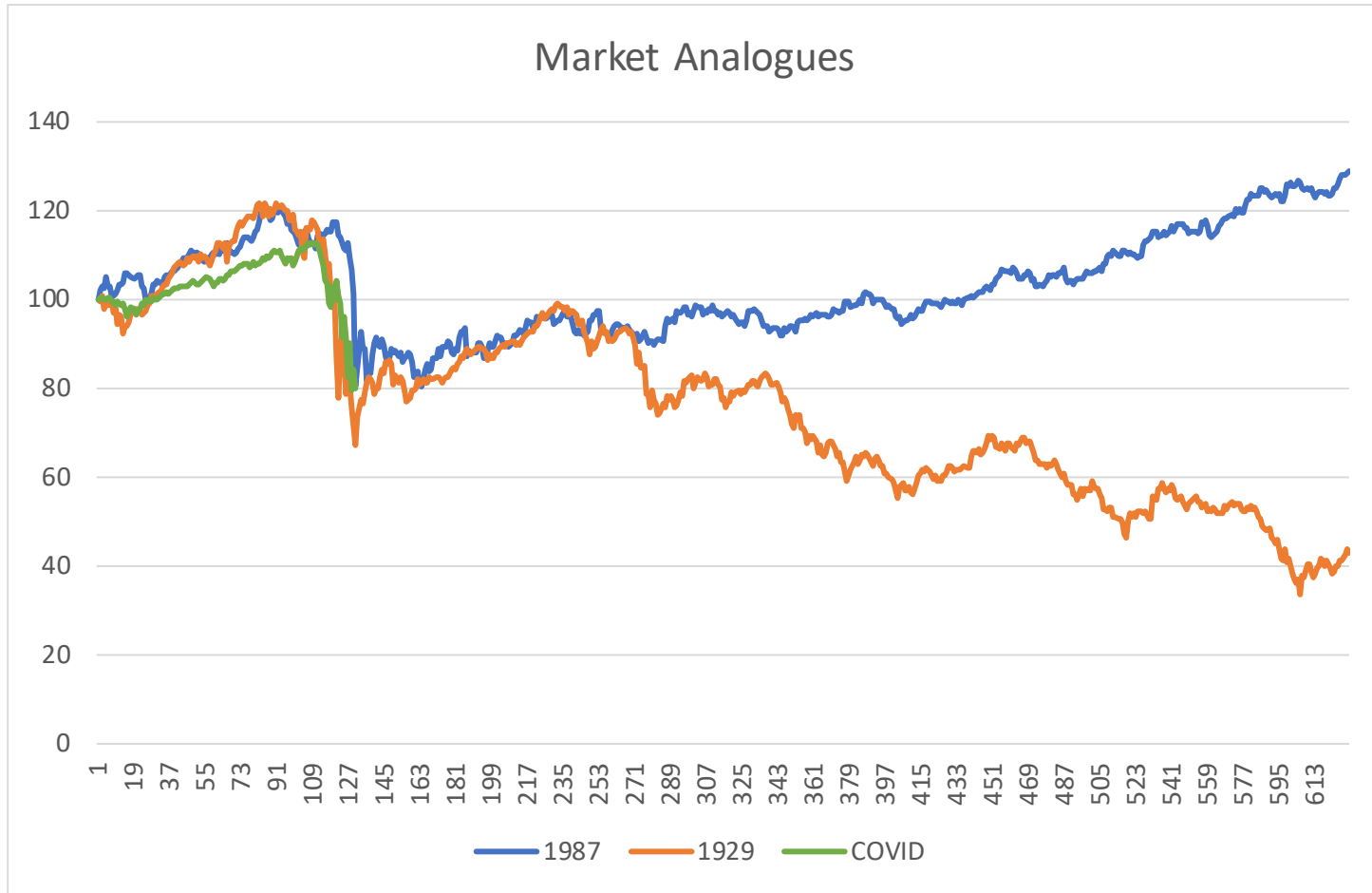
Peak Federal Spending as Percentage of GDP



*Spending authorized as of March 27. Total likely to increase.

Sources: St. Louis Fed (1930-2009); Hamilton Place Strategies (2020)

Market Analogue: 1987 vs. Great Depression



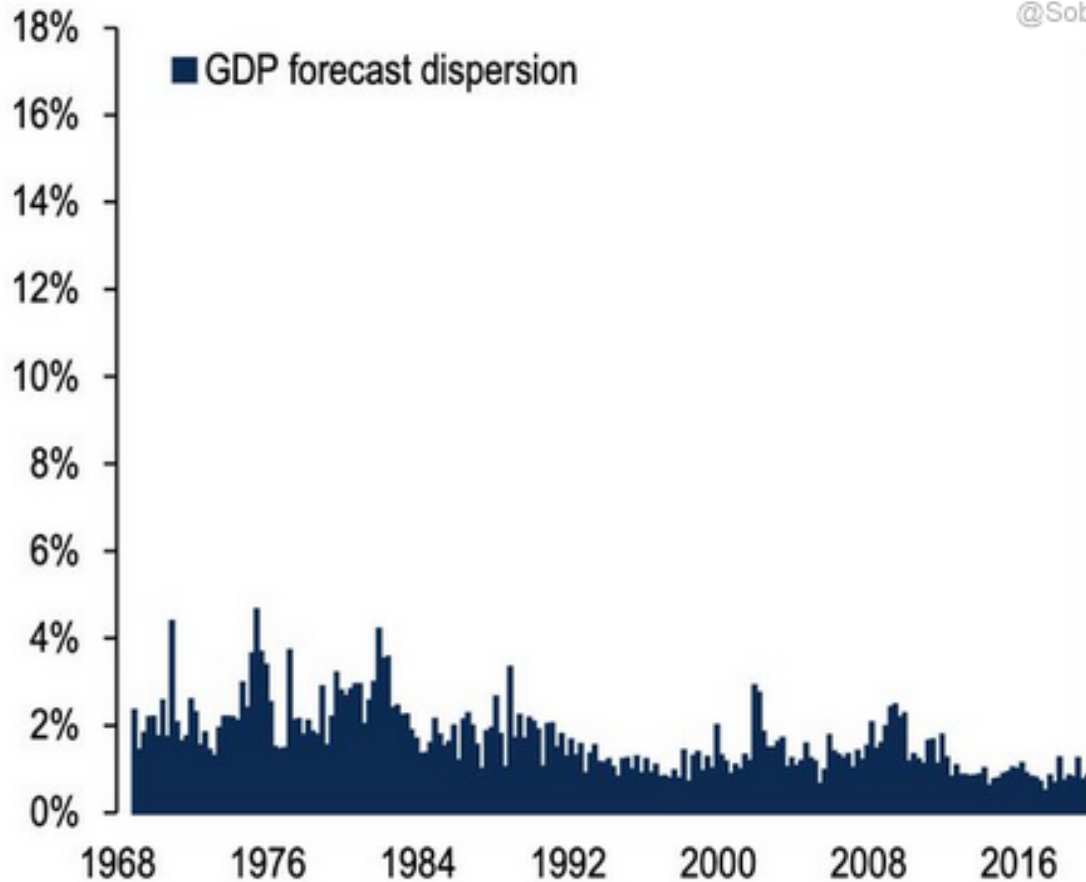
Historic Macroeconomic Uncertainty

Chart 2: Macroeconomic uncertainty is the highest in modern history

Posted on
WSJ: The Daily Shot

15-Apr-2020

@SoberLook



GDP and Earnings Forecasts

Estimates as of 4/17/20

	2020 GDP				GDP		S&P 500 EPS	
	Q1	Q2	Q3	Q4	2020	2021	2020	2021
AGMR	-7%	-34%	27%	17%	-2.8%	5.8%		
Barclays	-3%	-45%	35%	10%	-6.4%	4.4%	\$133	\$159
BofA	-7%	-30%	-1%	30%	-6.0%	6.1%	\$115	\$150
Citi	-2%	-28%	23%	9%	-2.6%		\$125	\$150
Credit Suisse	-4%	-21%	15%	5%	-2.6%	2.9%	\$125	\$150
Goldman	-7%	-34%	19%	12%	-5.7%	5.5%	\$110	\$170
ISI	0%	-50%	-5%	5%	-16.0%	5.0%	\$90	\$130
JP Morgan	-10%	-40%	23%	13%	-7.7%	6.2%	\$150	\$173
Morgan Stanley	-3%	-38%	21%	16%	-4.3%	4.8%	\$130	\$156
UBS	-5%	-26%	3%	6%	-6.3%	6.9%	\$140	
Median	-4%	-34%	20%	11%	-5.9%	5.5%	\$125	\$153
Average	-5%	-35%	16%	12%	-6.0%	5.3%	\$124	\$155



A Glimpse at the Future

Starting Point

“Beware speculation about how the pandemic will replace everything. Neither Spanish Flu nor the Asian Flu changed much of anything.” - Ruchir Sharma

“Every economic shock produces profound and permanent change. A new ‘common sense’ emerges.”

“The pandemic is telescoping the future. Trends that would have played out in five years are playing out in weeks.”

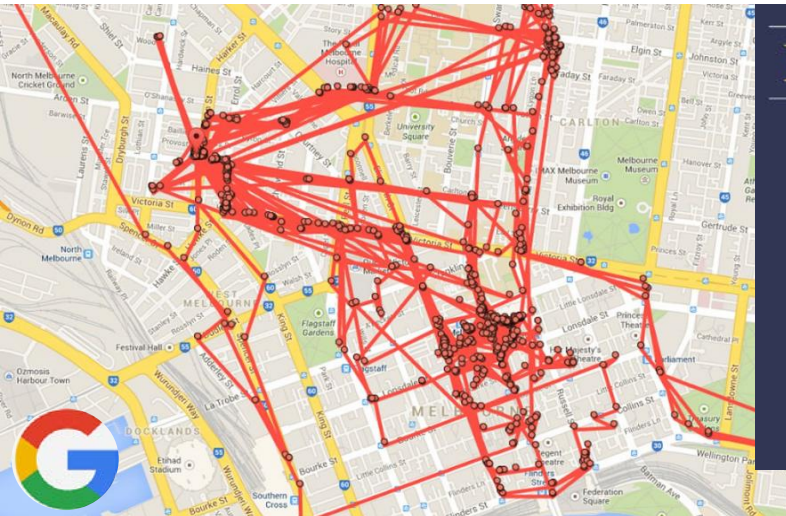
Six feet apart



Streaming Live



Public Security



Consolidation



Family: The Final Frontier



© dsk





Pastors and the Church

On Deck in a Storm



- Captain must go on deck to the wheel
- The crew doesn't expect you to be **perfect**
- But they do expect you to be **present**

What about you?



- Wisdom
- Leadership
- Personal support
- Belief

You can be sure of this

Working Hypothesis

- 20% unemployed
- Increased abuse, addiction
- Latent fear
- Increased anxiety, depression

You can help

You will help

Leadership Priorities

Face reality
Absorb fear

Bring hope
Have a plan

Get to work

**Focus on
Solutions**
not problems

Communicate, Measure, Manage

Best Practices

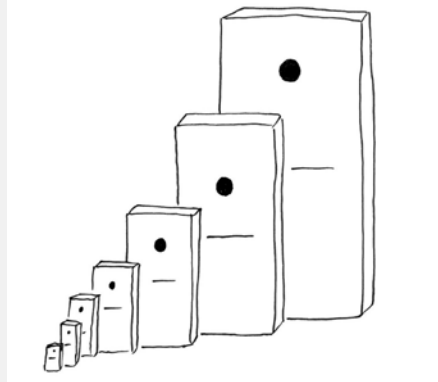
5 Ps



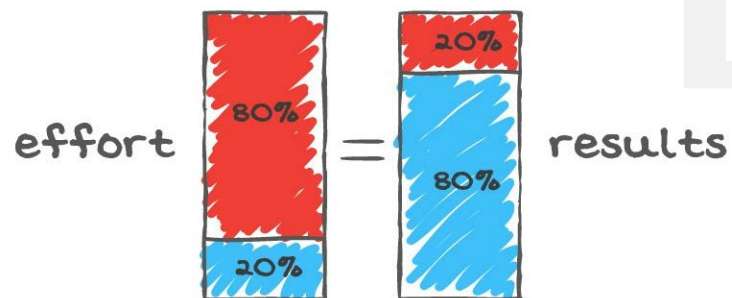
Three Words



Domino Effect



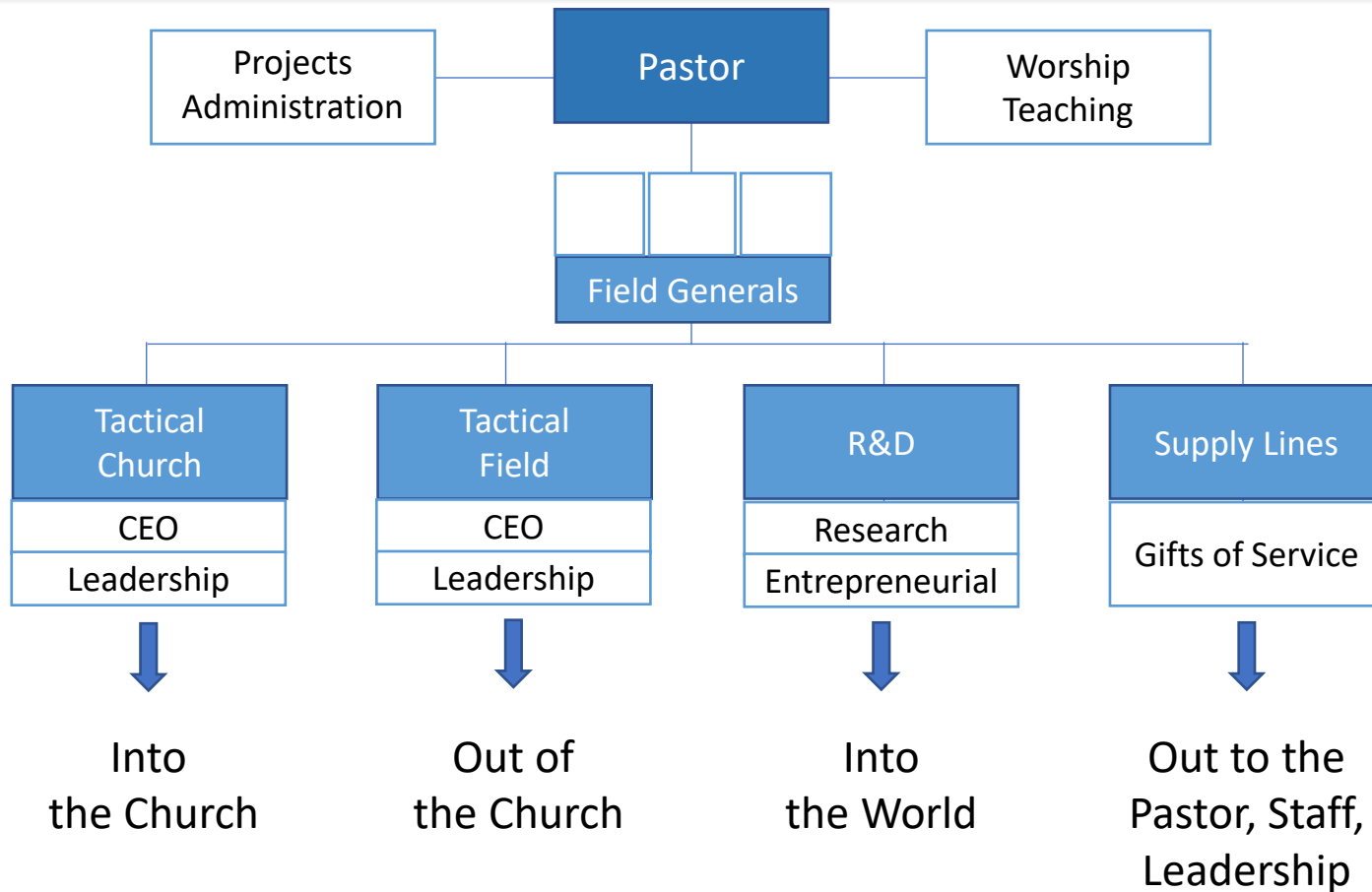
Pareto Principle



The One Thing

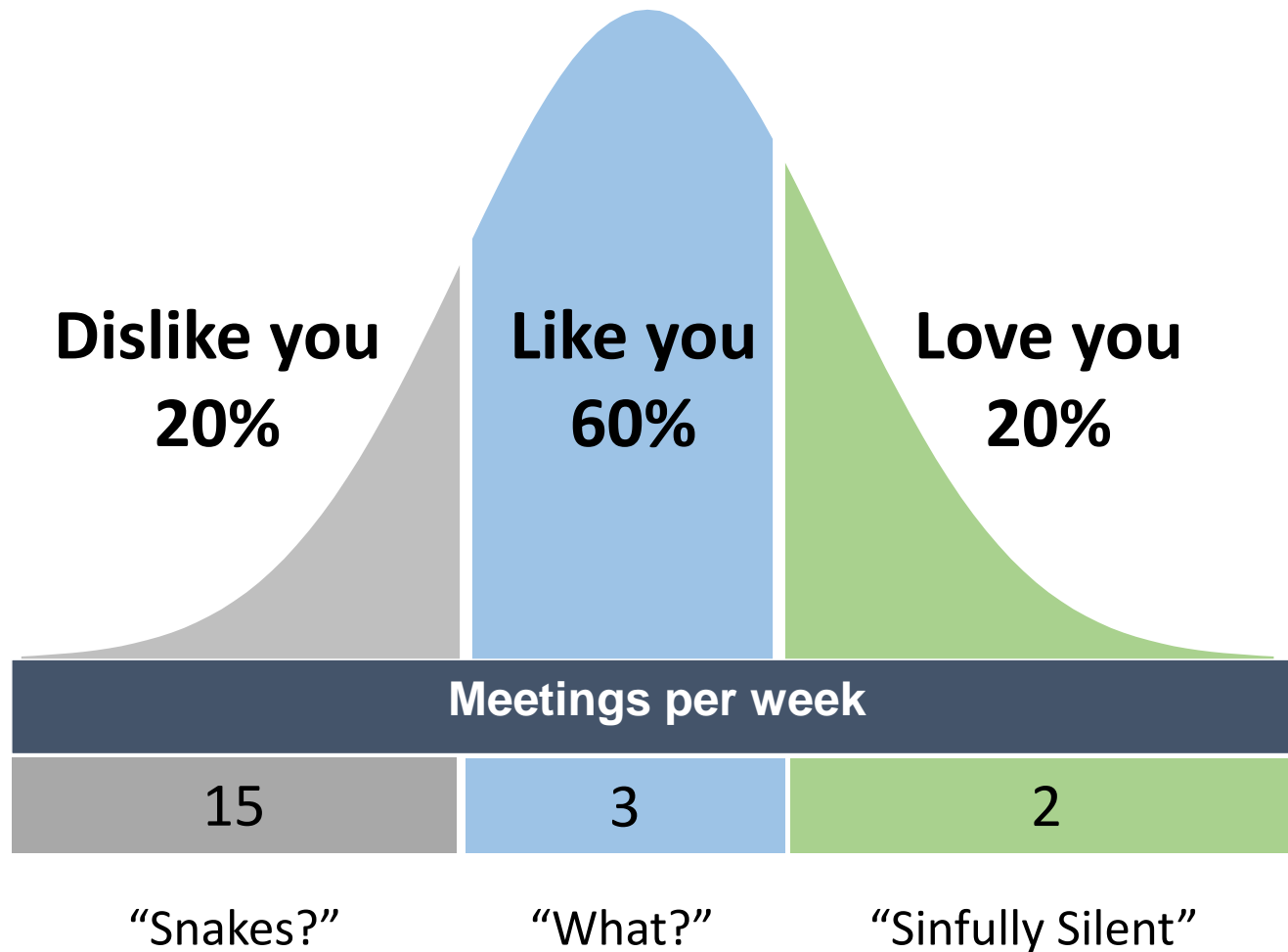


Battle Stations: Model Strategy



Maximize the gifts of the church

Perhaps the greatest proof of God is the unexpected success of His church with us in it



To Shelter or Not to Shelter



King David and his men hid in a cave



Israelites shelter in homes

Danger is passing by

Conducting Layoffs with Grace

Leaders absorb fear and exude hope

- Define reality
- Show a path forward
- Do what you can to prevent
- Have a plan
- Treat as adults with dignity, respect
- Empathy
- References / open door
- Rally the team



What you do today in crisis will affect people now and you and your organization later

There is a time for everything under Heaven



Matthew 7:14 Narrow Path leadership
to life

Ecclesiastes 3:5 Time to embrace/
refrain from embracing

*“There is nothing better for people than to be
happy and to do good as long as they live.”*

Ecclesiastes 3:12

Why wait?

Matthew 9:36-38

They were helpless and harassed

The harvest is plentiful

Ask the Lord for workers

Matthew 10:38

Take up your cross, follow Me