# Anglo-American Economy Still Needs ‘Sugar Daddy’—Bill Gross

By Editor Test *Tue, Jan 12, 2010*

*U.S. and U.K. asset markets may suffer from the absence of the nearly $2 trillion of government checks written in 2009, opines PIMCO's founder.*

In his January editorial “Investment Outlook: Let ‘s Get Fiscal,” Bill Gross, the world’s most famous bond fund manager at Pacific Investment Management Co. (PIMCO), writes that as governments withdraw stimulus measures and their “carefree check writing” stops, asset markets in the U.S. and U.K. may see tough times ahead.

Gross, managing director and a founder of PIMCO, said the U.S. economy is likely not strong enough to handle the end of the Federal Reserve’s quantitative easing program meant to decrease borrowing costs and stimulate growth. He expressed concern over the Fed’s withdrawal of liquidity to markets and he focused on the Fed’s plans to stop its program of buying Fannie Mae and Freddie Mac mortgage-backed securities, scheduled to end in March.

“Most ‘carry’ trades in credit, duration, and currency space may be at risk in the first half of 2010 as the markets readjust to the absence of their ‘sugar daddy,’” Gross wrote. He added that if exit strategies proceed as planned, all U.S. and U.K. asset markets may suffer from the absence of the nearly $2 trillion of government checks written in 2009.