
Markets 'unnervingly detached from economics': CFAs

By Editorial Staff Thu, Aug 6, 2020

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Thousands of Chartered Financial Analysts (CFAs) are calling for careful oversight of the trillions of dollars worth of stimulus money appropriated by Congress through the CARES Act that was passed in March, the CFA Institute said this week.

The institute surveyed about 8,000 of its members in July. Nearly 90% of respondents said they expect to see details on the recipient, the amount, and the terms of the distribution. "We increasingly hear the frustration that securities markets and financial analysis have become unnervingly detached from economics," CFA Institute said in a release.

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"The amounts, parameters, and rapid roll out of this unparalleled and open-ended stimulus have raised concerns," the release said. "The functioning of oversight committees and transparency around the various programs that ultimately will distribute record amounts of taxpayer-funded stimulus need scrutiny. Similarly, long-term concerns surround the resulting budget deficits and the impact on capital markets."

On 27 March 2020, the US government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, embarking on a multi-trillion dollar program of monetary and fiscal stimulus in response to the COVID-19-induced economic shutdown. "The level of stimulus has been broad; the program parameters were put together at warp speed; and, even as negotiations over the fourth round of stimulus continue, it is generally expected that further steps and programs may be required as the extent and duration of the pandemic impacts become more predictable," the institute release said.

The survey was fielded to all active employed CFA Institute members residing in the United States. The survey was sent on 10 July 2020, with two reminders. The survey closed 20 July 2020. Out of the members invited to participate, 8,036 provided usable data, for a total response rate of 11 percent. Margin of error was +/- 1.03%.

