



BANK OF ENGLAND



# Protecting economic muscle: Finance and the Covid Crisis

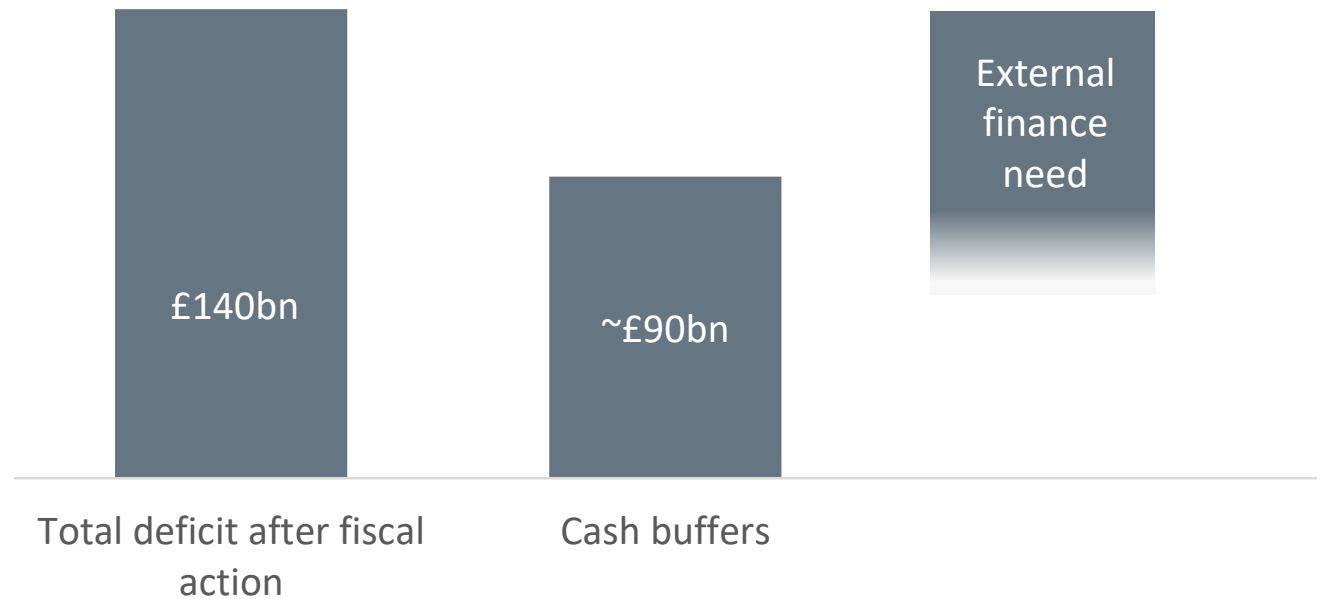


Alex Brazier, Executive Director for Financial Stability Strategy and Risk  
Bank of England



# The Covid corporate cash-flow deficit

■ No deficit ■ Cashflow deficit



Sources: Bank of England, Fame (Bureau van Dijk), S&P Capital IQ and Bank calculations.

# Financial Response 1: Support for markets

## Emergency response

£300bn

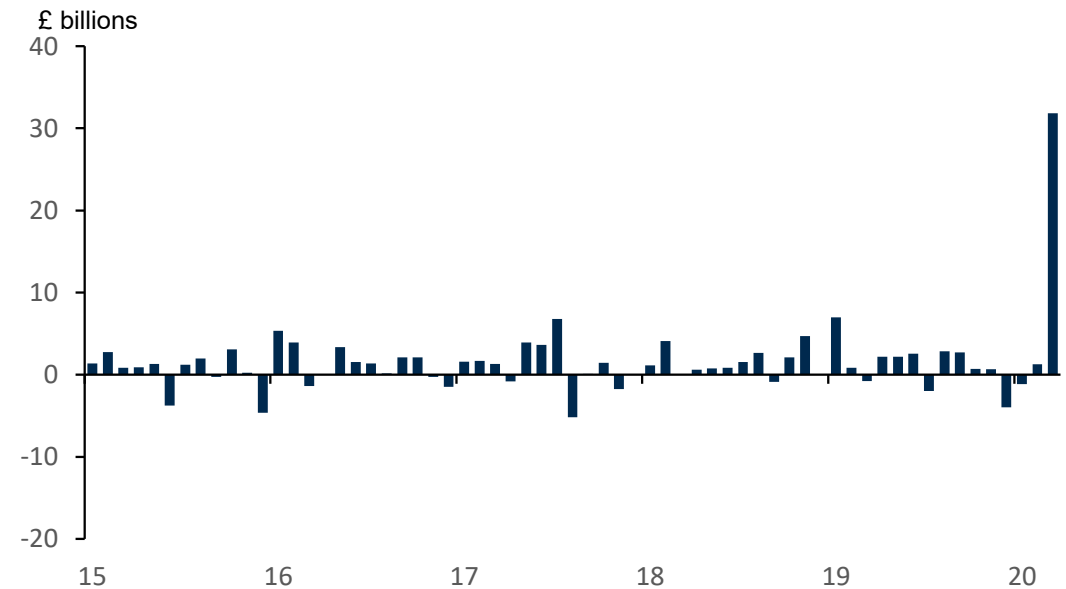
BoE asset purchases

£80bn

CCFF: Backstop financing for larger companies

## A run to the banks

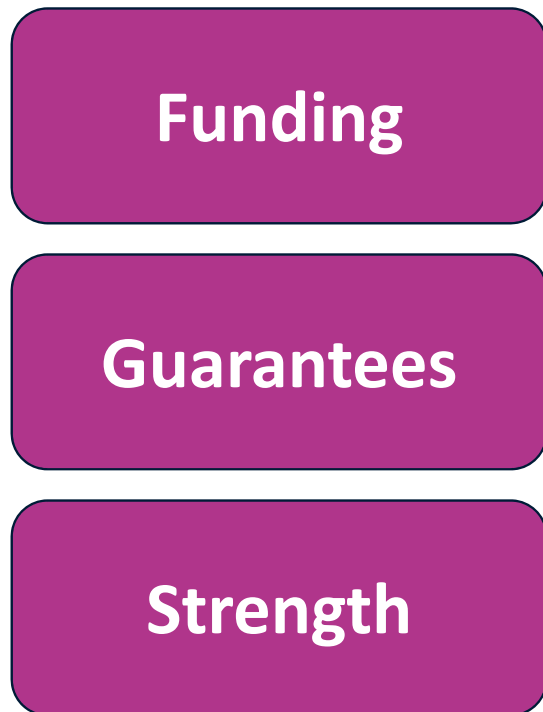
Monthly net flows of lending to PNFCs



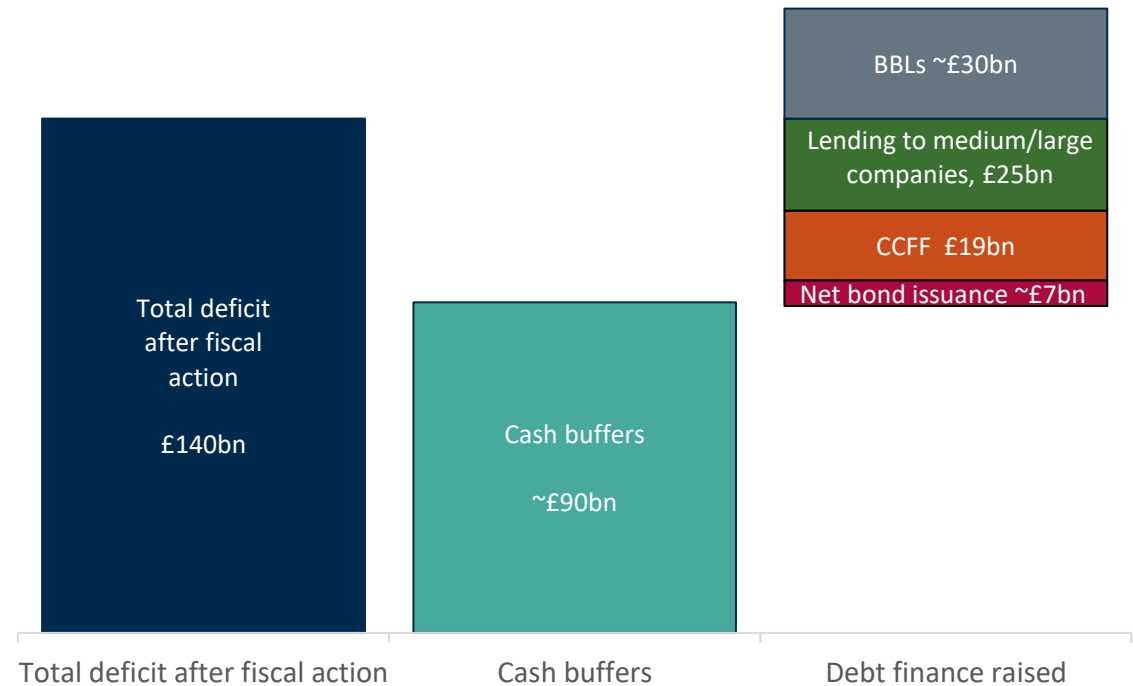
Source: Bank of England. Data to end-March 2020.

# Financial Response 2: Support for bank lending

## All the ingredients to lend



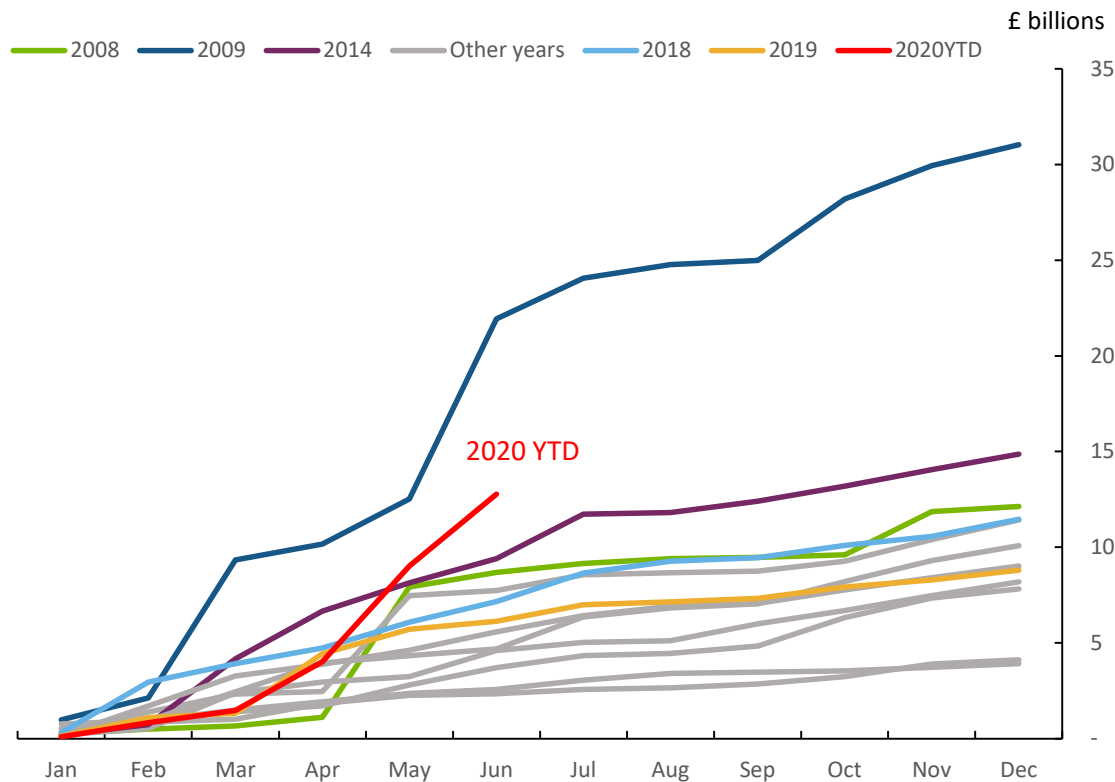
## Lending so far



Sources: Bank of England, Fame (Bureau van Dijk), S&P Capital IQ and Bank calculations.

# Adding equity

## Gross equity issuance by listed UK PNFCs



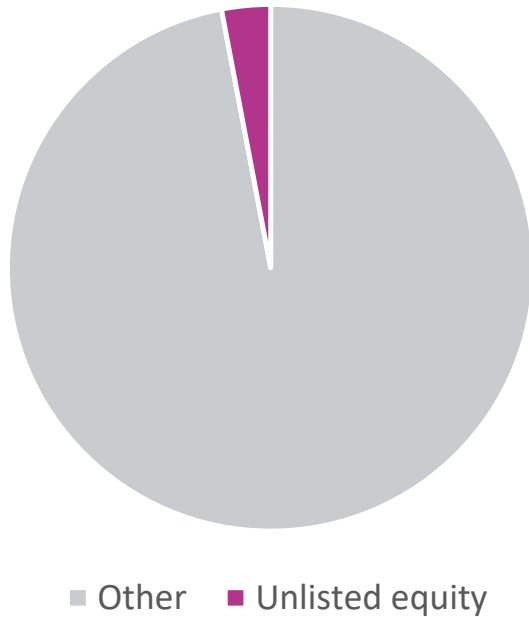
Sources: Bank of England, Eikon from Refinitiv and Bank calculations.

## Why it might be needed...

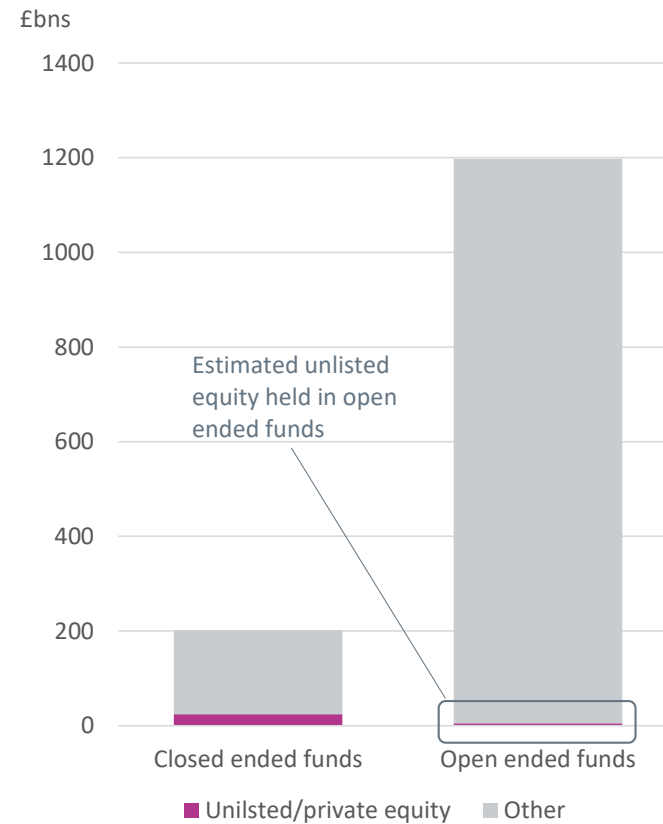
- Companies with high debt at the outset
- New growth to replace lost capacity
- Work off a debt overhang

# An opportunity for more growth capital?

## Insurance company & pension fund assets



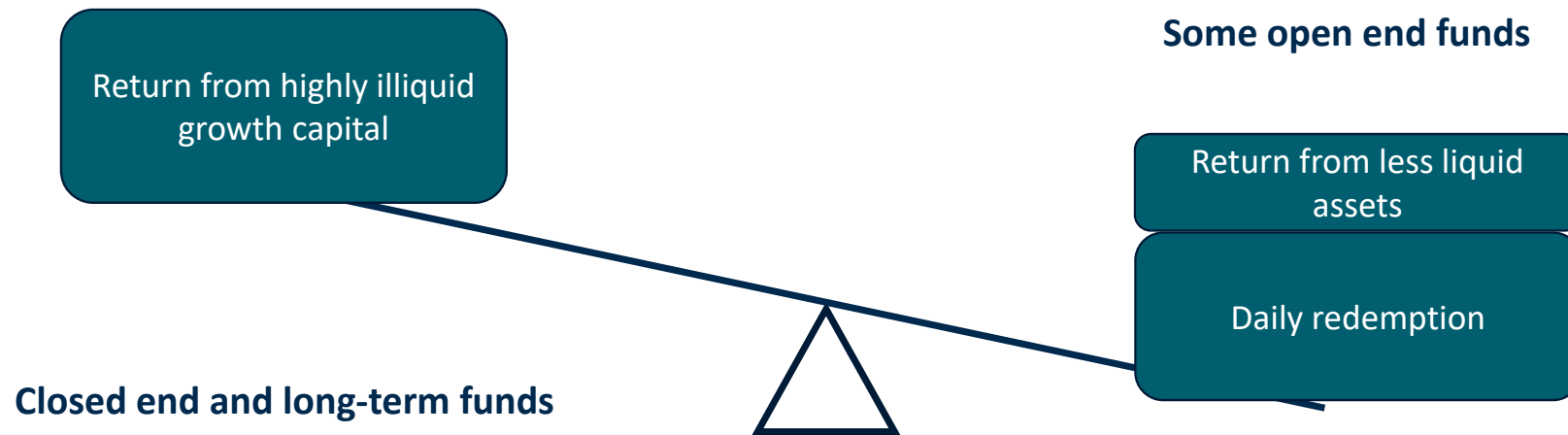
## Split of fund assets



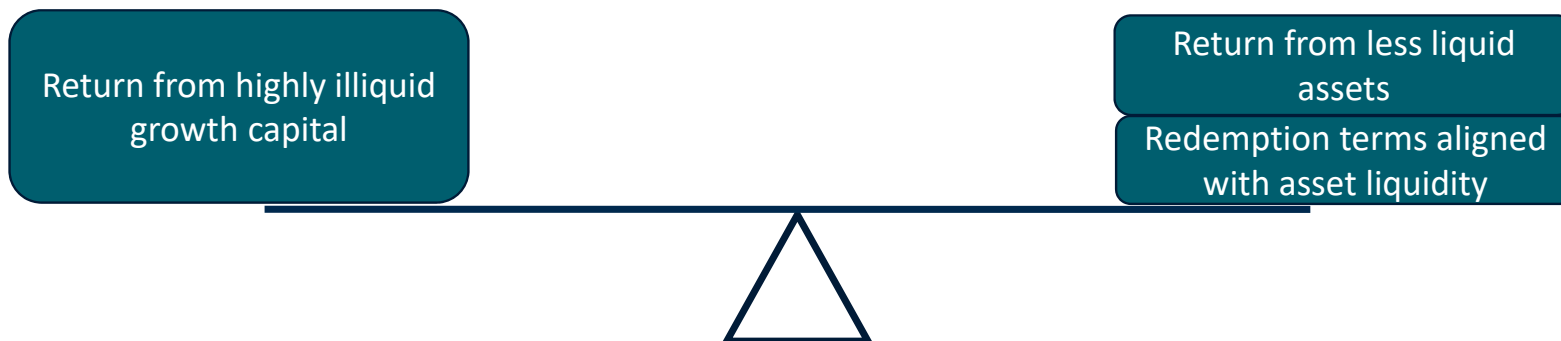
Sources: ONS, EIOPA and Bank calculations

Approximated from estimates and using following sources: Investment Company Institute, Association of Investment Companies, ONS and Bank calculations

## Some open ended funds look attractive...



## Reform of redemption terms could open up new possibilities for growth capital.





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