As we attempt to keep you informed of market updates were providing a summary of a webinar recorded yesterday with Sonal Desai, CIO, Franklin Templeton Fixed Income. Read the key takeaways below:

Key Takeaways from the Call

- It becomes critical to try and assess how long we think these shutdowns are going to last. Is it a matter of weeks or months? You cannot shut down entire economies for months at a time.

- It's very clear that we're going to have a pretty bad first quarter in the US. Then I think clearly April is going to be quite ugly in terms of growth. Then as we go through the second quarter, the latter half of the second month of the second quarter, I think we start seeing a recovery.

- The shape of the recovery…I remain optimistic some form of V is reasonable. If I look at what measures the Fed is taking, and…I think no doubt a fiscal package is coming. If I look at what countries ranging from Germany to especially the UK how they have designed fiscal packages, I remain relatively optimistic that…in the second half of the year we should see a reasonable rebound.

- We're in a space where we need to give small- and medium-sized enterprises, people, and large corporates—and here I'm talking about the airlines for example, or multinational hotel chains—all of them need a bridge. They don't need a traditional bailout. They need a bridge to get from this side to the other side.

- But I do hope that if you have an appropriately designed fiscal package together with monetary policy, you can actually hope to have growth rates pick up in a much more speedy fashion.

- I think the Fed has done an exemplary job. I have been a fairly strong critic of Fed policy over the last couple of years, but I equally have to completely grant to the Fed that when it was in true crisis, it very much stood up and delivered.

- The Fed is being enormously proactive in a way that is remarkable. It essentially used the exchange stabilization mechanism. It essentially put equity into a special purpose vehicle, and the New York Fed can buy IG corporates into that. So, it sidestepped the whole issue of the dysfunctionality in Washington DC currently on the political front to carry out what it needed to do in terms of trying to get markets functional again.

- How big is big enough? US GDP is around $21-$22 trillion. It does take me to that 5% to 10% of GDP number, which takes you to around $2 trillion. And this is before we even discuss how much is being done by the central bank just by the fiscal authorities. It's not a replacement, but it is a bridge and it should soften the impact of the lack of activities. In country after country, I am seeing this 5% to 10% of GDP number coming out.

- Keep in mind there’s a big difference between what we're talking about right now relative to what was done after the global financial crisis, because it was a very complicated problem.

- This time around, the issue is going to start from the real economy which, if you allow a lot of companies and then small and medium-size enterprises and ultimately individuals, to go bankrupt, you will circle that problem back to the financial sector which is thankfully, enormously healthy right now. US banks are sitting on close to $1.6 trillion of what I will call security reserves.

- I would say that if I look at a package, if you are looking at a fiscal impulse which comes right down the line extremely quickly, you see that cash flowing to individuals and companies, you actually could stem the crisis, stop it before it develops into something which becomes self-perpetuating. If we got something like 5%-10% of GDP and it came right out of the gate, I think that would be very good indeed.

- Am I petrified of the long-term consequences of doing this right now? I would say yes because it becomes extremely easy for this to become a crutch even if the crisis is not as extreme. However, have we ever faced a situation where the entire country is shut down? The answer is no. So, the scale of the crisis that we're facing, it's a little bit like trying to decide—you're prioritizing your problems.

- I think that there isn't a free lunch. I think there will be negative consequences and I absolutely believe that there is no other option today. You have to do it. There's no option.

- In the coming weeks, areas where we would have to start looking at quite seriously, though the Fed may have taken a little bit of the juice out of the market, would be places like investment grade corporates. We entered this year thinking that valuations were enormously stretched. To some extent we are beginning to see value emerge, and it is going to be a good time going forward to try—not to buy the sector, not to buy the asset class, not to buy the index—but to find those specific pockets of value. I think the value of being active is really showing itself in this period.