



**\$\$ETcoin**

# December 2020 NEWSLETTER

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# Economic Reflection for 2020



Prior to the pandemic and in the midst of a strong economy with a record streak of job growth, low income wage earners were struggling to make ends meet.

Since the pandemic, hundreds of businesses have permanently closed their doors; as a result, millions of people have lost their jobs and are at risk of being homeless.

Other the past few months, we have been reporting on the two trends that continue to impact Americans; in April, unemployment hit 14.7%, a level unseen since the Great Depression.

According to the National Women's Law Center, almost 2.2 million women stopped working or looking for work between February and October. These losses have disproportionately affected Black and Latina women and the childcare burdens that have fallen much more heavily on mothers than on fathers.

It will take years for these women to fully return to the workforce, and even then they will experience suppressed wages and lost opportunities.

That number hardly tells the whole story, as another 2.4 million Americans filed first-time unemployment claims this week — suggesting that the economic shock caused by the virus is far from over. To worsen matters, between 10 – 12% of Americans report (nearly 26 million adults) reported that their household didn't have enough to eat.

In terms of the recovery, the spending should be tailored to jobs; to prevent hysteresis, which is when an unemployment shock lowers growth potential, government spending will need to support jobs and try to prevent discouraged workers which in turn lowers the labor force participation in the economy. In short, creating jobs and boosting greener growth would focus the extraordinary amounts of government spending on both near-term needs and longer-term aims.

Aside from China's expected growth, the International Monetary Fund (IMF) estimates that national output will contract by nearly 6% in 2020 for all other developed and emerging economies. More importantly, the speed of recovery is vastly different; for developed economies, GDP is forecast to be a sizeable -4.7% before the pre-pandemic, but for emerging economies (excluding China), the loss in output will be a staggering -8.1%.

Central bank policies are pointing to a prolonged recovery as well. The Federal Reserve has signaled that it will keep interest rates at rock bottom until at least the end of 2023. The European Central Bank has extended its pandemic emergency purchase program until March 2022 while reinvesting its proceeds, i.e., continuing to inject cash, until at least the end of 2023. Both central banks are indicating they are supporting the economy with loose monetary policy for the next three years. It's a reflection of the scale of economic damage from the pandemic.

At the end of 2020, even though the upcoming winter months will be challenging, due to the speed of vaccine development, it is possible to look ahead and start planning more rigorously for the recovery phase.

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## Sources:

Yuch, L. (2020). Looking Ahead To 2021 and the Economic Impact of Covid-19. London Business School. Looking Ahead To 2021 And The Economic Impact Of Covid-19 (forbes.com)

# ECONOMIC

# RECOVERY

# PLAN

In any recovery, establishing a plan is essential; predictions for the 2021 highlight a safe recovery plan for stablecoin investments.

Although 2020 experienced the worst pandemic in centuries; it was a record year for stablecoins with assets growing from less than \$5 billion at the beginning of the year to over \$25 billion by December.

Economists expect this momentum to continue in 2021; for one, people have very little confidence in the government and its leaders. In fact, Pew Research indicates public trust in the government remains historically low with only 17% of Americans having trust in government in Washington to do what is right.

If nothing else, financial and health crisis' have taught us that markets can drop further and faster than anyone expects.

For instance, if the dollar collapsed tomorrow, it would create global economic turmoil; the main question the day afterwards and thereafter will be what will be the currency that is used to buy a bag of groceries, a tank of petrol, a meal at a restaurant?

This is why cryptocurrencies were created; when the iconic US investment bank Lehman Brothers Holdings Inc. filed for bankruptcy in 2008, it shook people's faith in banks so much that a new class of asset (crypto) came to be.

Unlike the U.S. dollar not backed by anything and unlike first generation crypto (Bitcoin) plagued with price fluctuations, A\$SETcoin is backed by assets and monthly cash flow derived from ecosystem business holdings that appreciate over time.

As a whole the stablecoin market is growing at astronomical rates; in the past 12 months, on-chain activity increased 800%.

The combined stablecoin market cap (\$10 billion) ranks third behind Bitcoin with expectations of reaching one trillion in the next five years; currently, the overall combined market cap of stablecoins sits at \$6.7 billion dollars.

If you haven't done so already, we strongly recommend investors diversify their portfolio with the most stable product on the market – stablecoins.



*From All of Us to All of You...*

HAPPY  
**Holidays**

*This Holiday Season  
Practice some*



**Quote of the Month**

*“The smallest act of kindness makes you more beautiful than any expensive dress or make up.”*

*— Debasish Mridha*

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