

Maxwell Arias Explains Why Stimulus Payments Might Not Be Inflationary

Maxwell Arias gives expert insight about the current COVID-19 stimulus payments and why they might not be inflationary.

PHILADELPHIA, PA, UNITED STATES, June 29, 2020 /EINPresswire.com/ -- Millions of Americans feel the pressure of the COVID-19 pandemic. Unemployment has reached levels that experts could not have anticipated, leaving many Americans without a steady paycheck. To combat this health and financial crisis, Congress passed legislation to provide trillions of dollars to American adults, businesses, and healthcare providers.

Stimulus checks were one of the main components of the federal government's package. In essence, qualifying American adults would each get a one-time payment of \$1,200. Additional funds were provided for families with children and other dependents. These payments helped unemployed or temporarily underemployed Americans pay rent, utilities, and meet other financial obligations.

However, many wondered if this sudden influx of cash would lead to a decrease in the value of the US dollar and increased inflation. Based on basic economic principles, this is a pretty legitimate concern. If inflation sees a steep increase, it will become more difficult for Americans to save for retirement and make financial plans for the future. Fortunately, [Maxwell Arias thinks](#) that Americans may not need to worry too much about inflation.

Maxwell Arias Discusses Stimulus Checks and Inflation Concerns

After receiving a degree in Economics from the [Wharton School](#), [Maxwell Arias](#) began working as an investment associate. Maxwell Arias would then return to the Wharton School, this time as a teacher's assistant. Additionally, Maxwell Arias has also spent time working with The Vanguard Group.



All of this experience gave [Maxwell Arias key](#) insights into the economic situation in the United States. Even as the short-term economic outlook becomes more uncertain, Maxwell Arias sees patterns that resemble other historical downturns. This, in turn, gives him relative confidence in the ability for inflation to remain low.

Regarding the current situation with COVID-19, Maxwell Arias had this to say about the potential for stimulus checks to be inflationary:

“Inflation only occurs when disposable income and aggregate spending habits of people in an economy increase, supporting higher prices for products and market wages, or when the value of a currency depreciates relative to others. This likely won’t happen at least in the short run in the United States. Data already shows that macroeconomic consumption ratios are decreasing and the savings ratio is increasing. Also, US investments are seen as safer than foreign alternatives, thus increasing the demand for dollars and supporting its exchange rate.”

In short, the United States is in a better financial situation to withstand the damage caused by the Coronavirus pandemic. While stimulus checks have given consumers greater spending power, much of this spending has gone to essentials like rent, food, and groceries. Americans who have not lost income due to COVID-19 are choosing to set aside their stimulus checks for a rainy day. All of these factors will likely cause inflation to remain at normal levels.

Caroline Hunter
Web Presence, LLC
+1 786-233-8220
[email us here](#)

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