

Impact of COVID-19 on the Global Economy

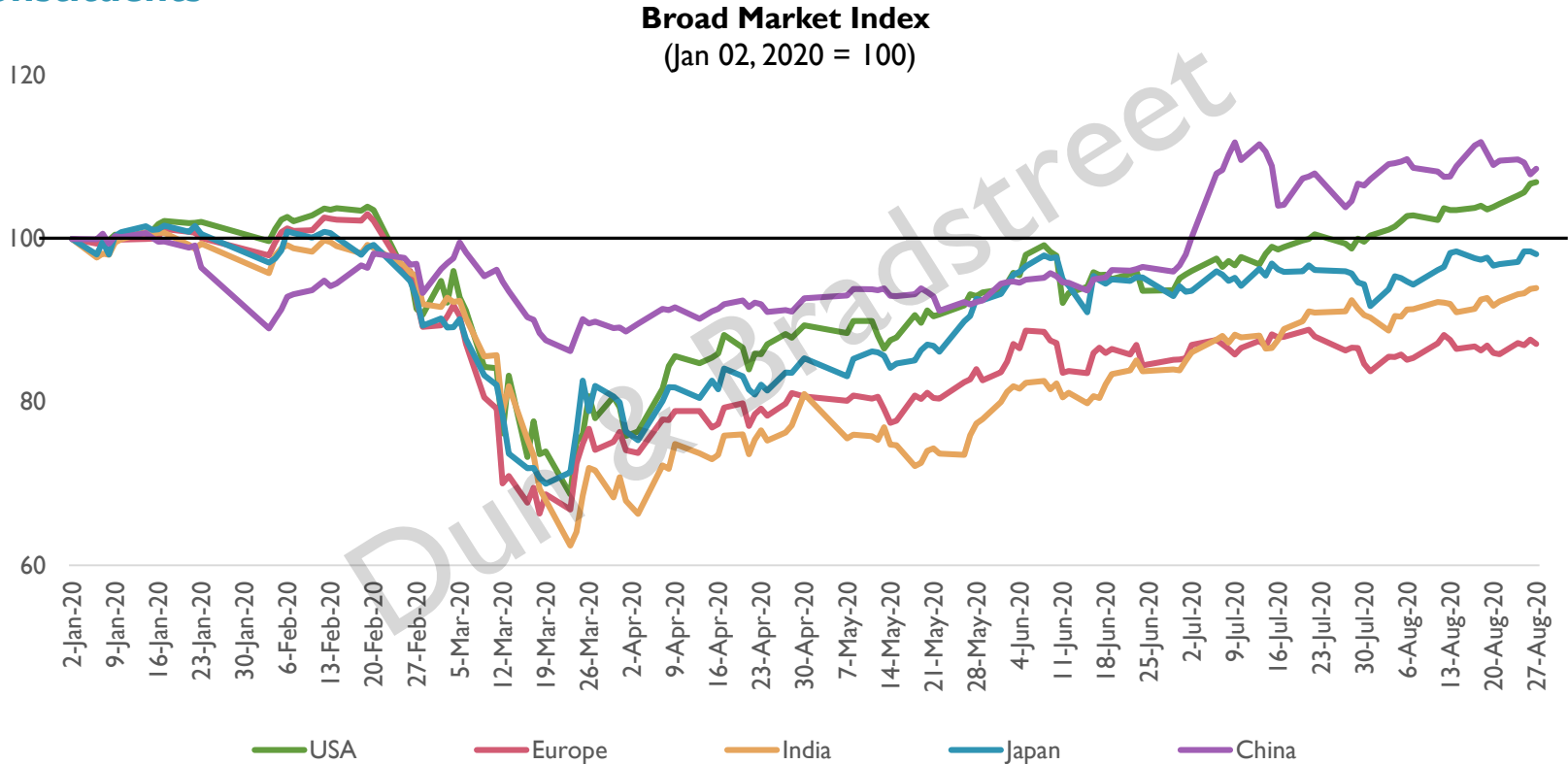
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Global Chief Economist

September 02, 2020

STOCK MARKET

The rally in the stock market is driven primarily by the rally in a few large index constituents

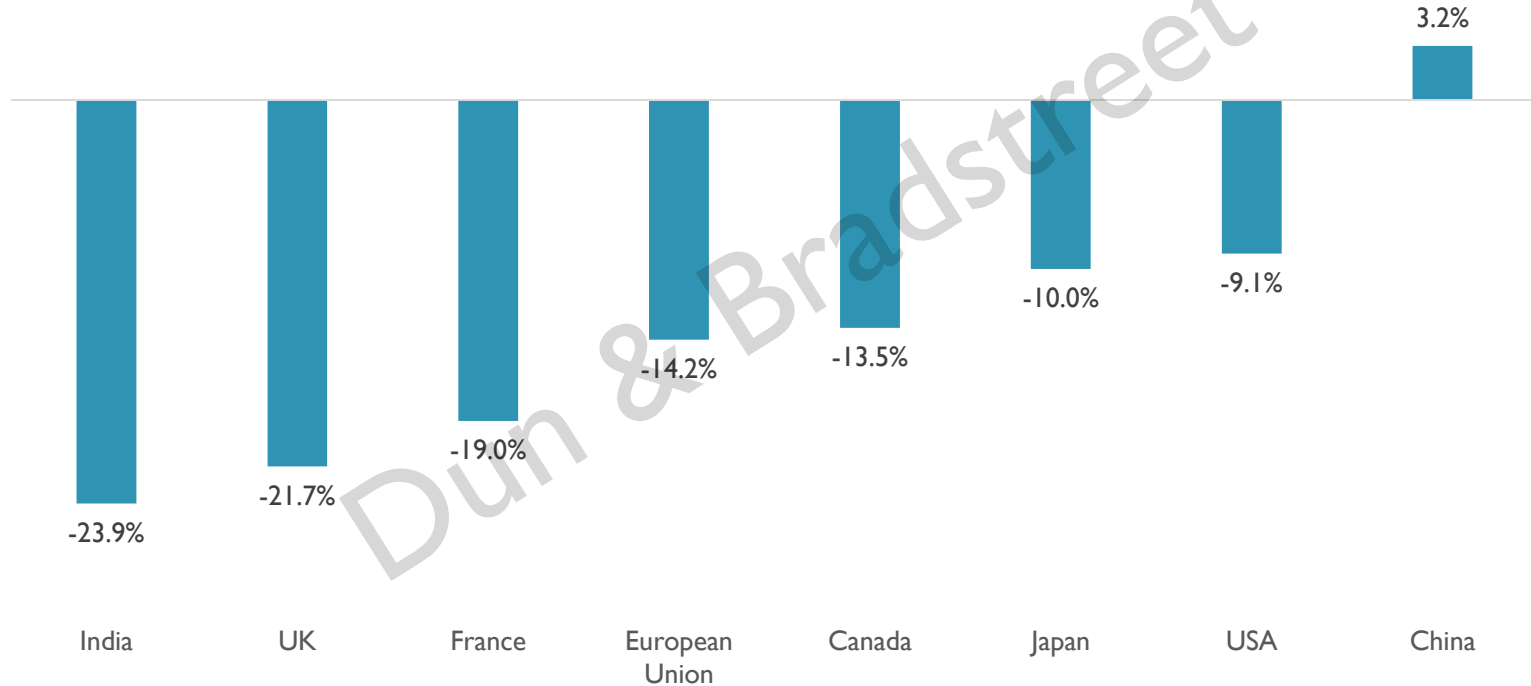


Source: Yahoo! Finance, D&B Analysis

REAL ECONOMY

The real economy is in dire straits. Stay-at-home orders around the world have impacted economic activity significantly in the previous quarter

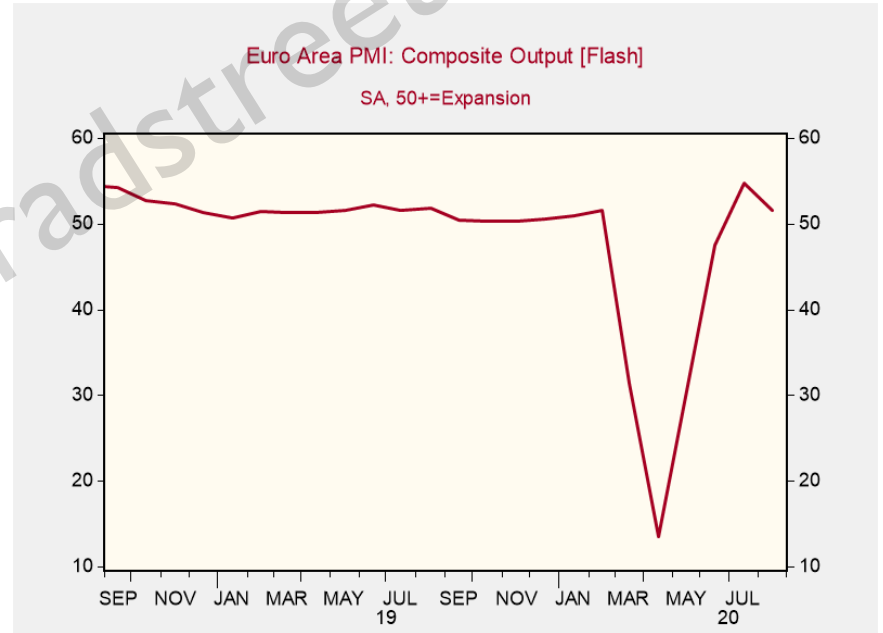
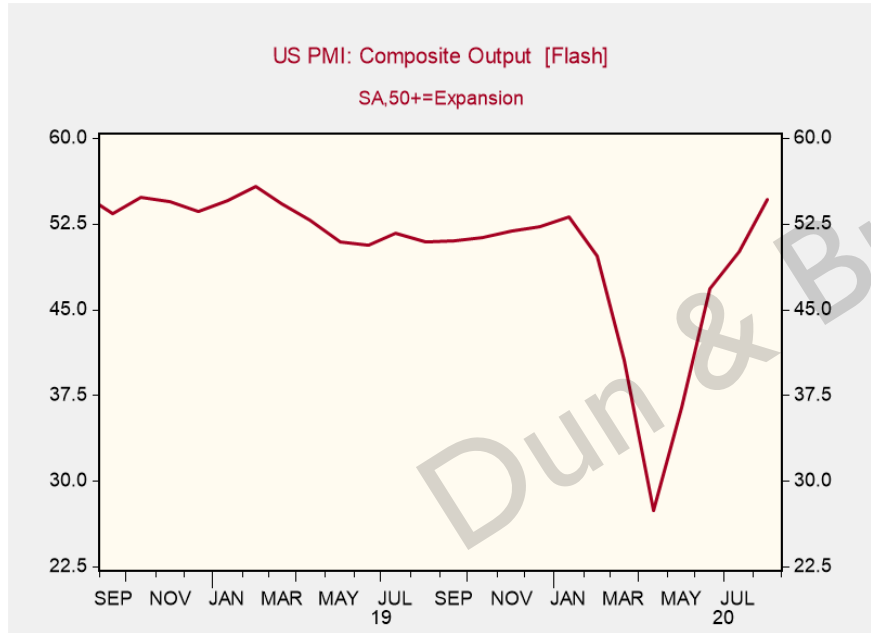
Real GDP Growth – Q2 2020 (y-o-y)



Source: OECD, MOSPI, D&B Analysis

BUSINESS OPTIMISM

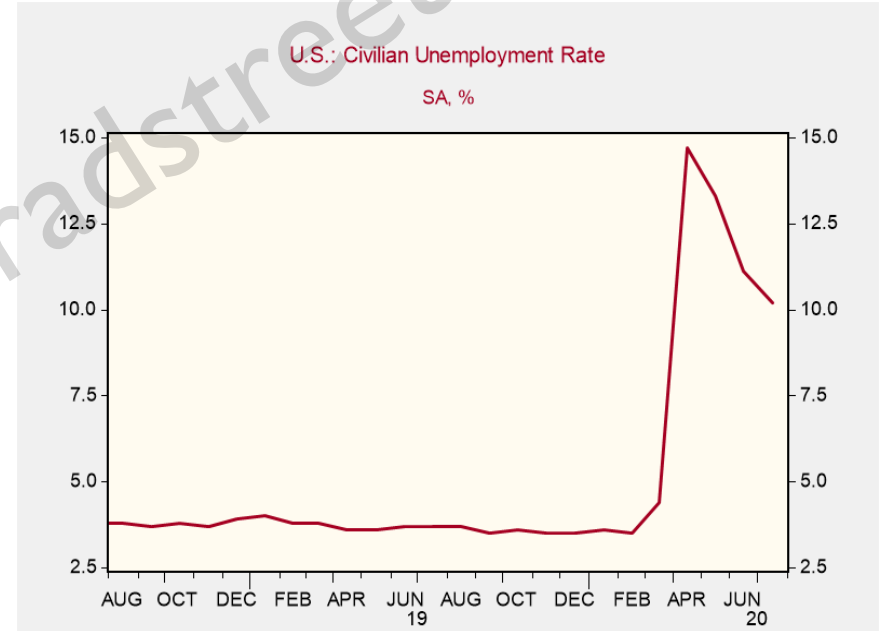
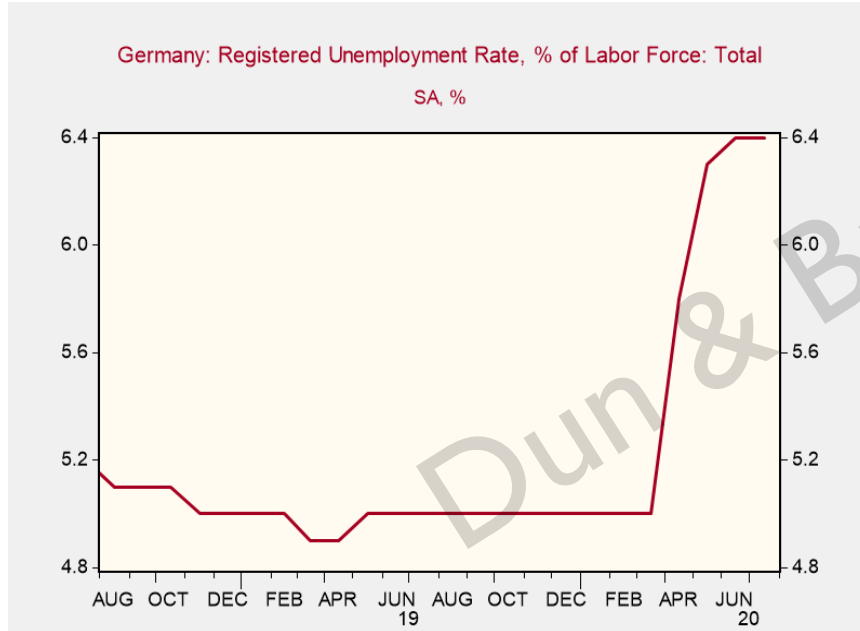
Business Optimism is gradually recovering



Source: IHS Markit, Haver Analytics, D&B Analysis

UNEMPLOYMENT

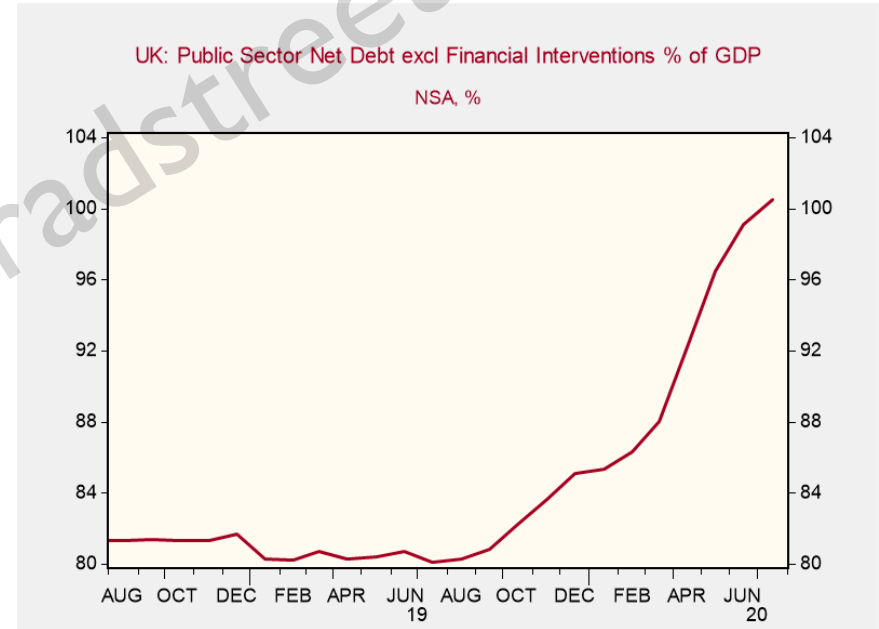
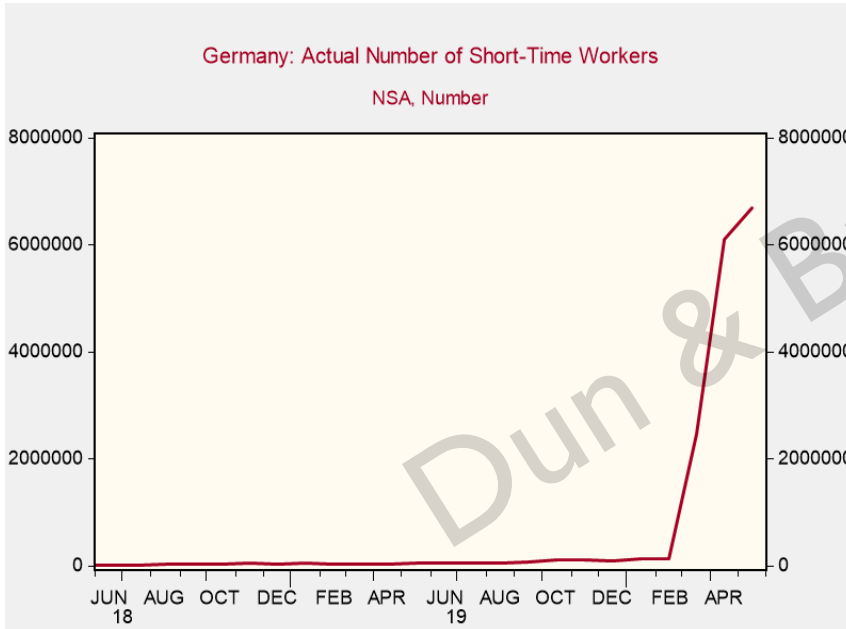
Unemployment increased around the globe but there are severe country-level differences



Source: Deutsche Bundesbank, Bureau of Labor Statistics, Haver Analytics, D&B Analysis

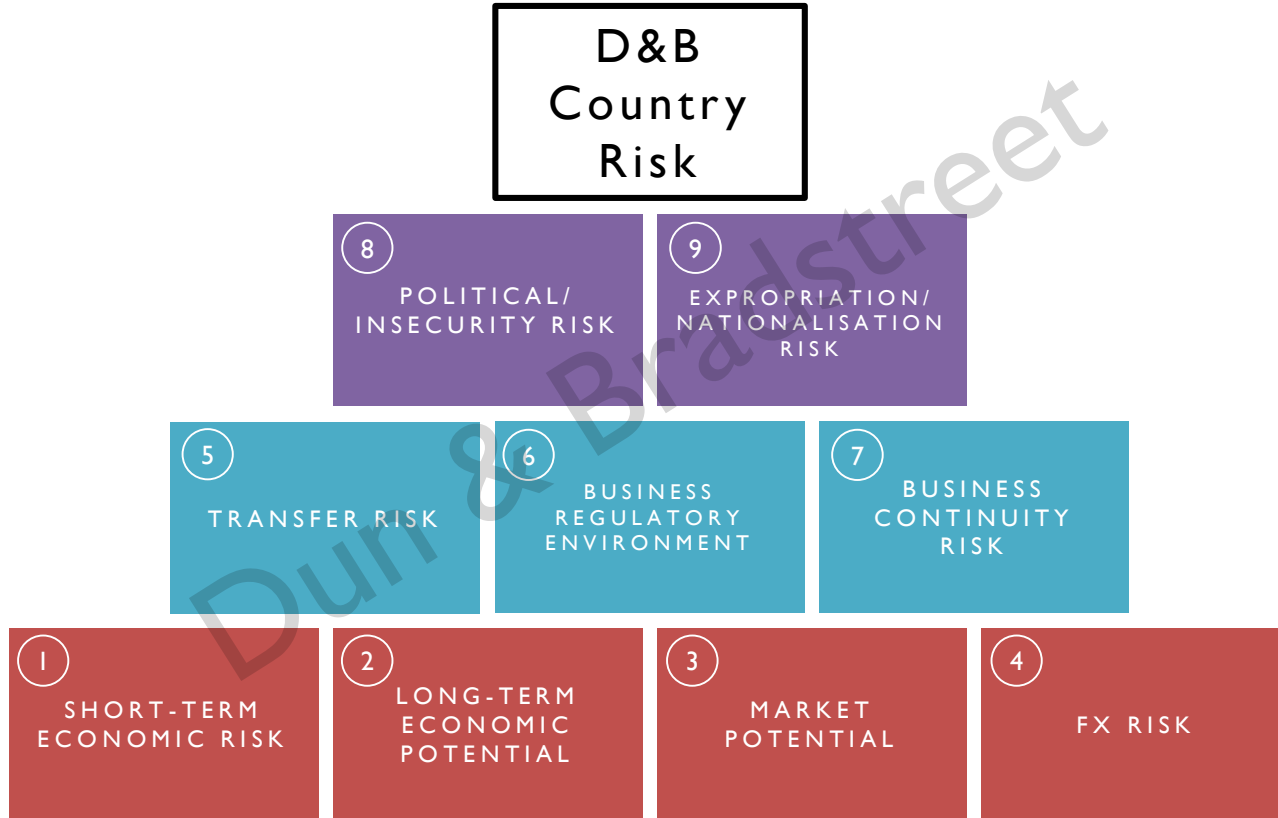
UNEMPLOYMENT

In some countries, unemployment is masked by costly Government schemes



Source: Federal Employment Agency, Office for National Statistics, Haver Analytics, D&B Analysis

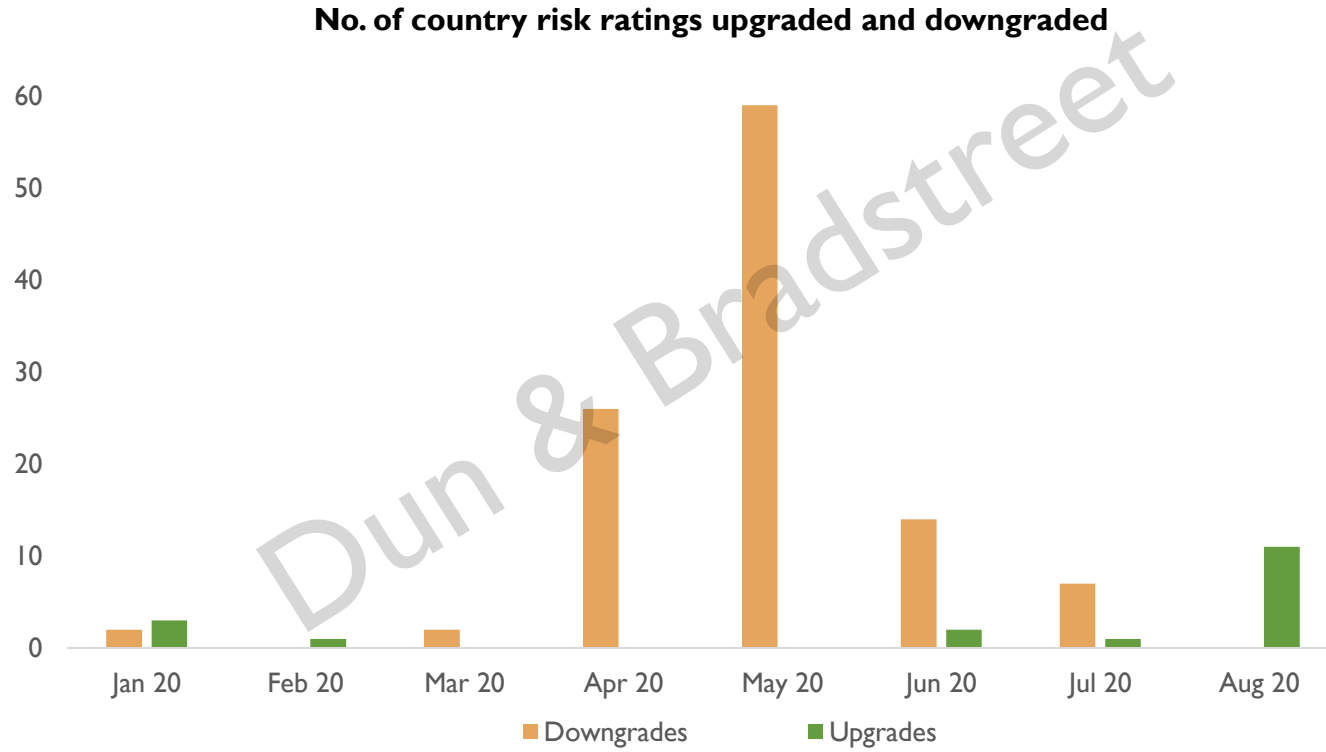
DUN & BRADSTREET COUNTRY RISK RATINGS MODEL



Source: Dun & Bradstreet

DUN & BRADSTREET COUNTRY RISK RATINGS

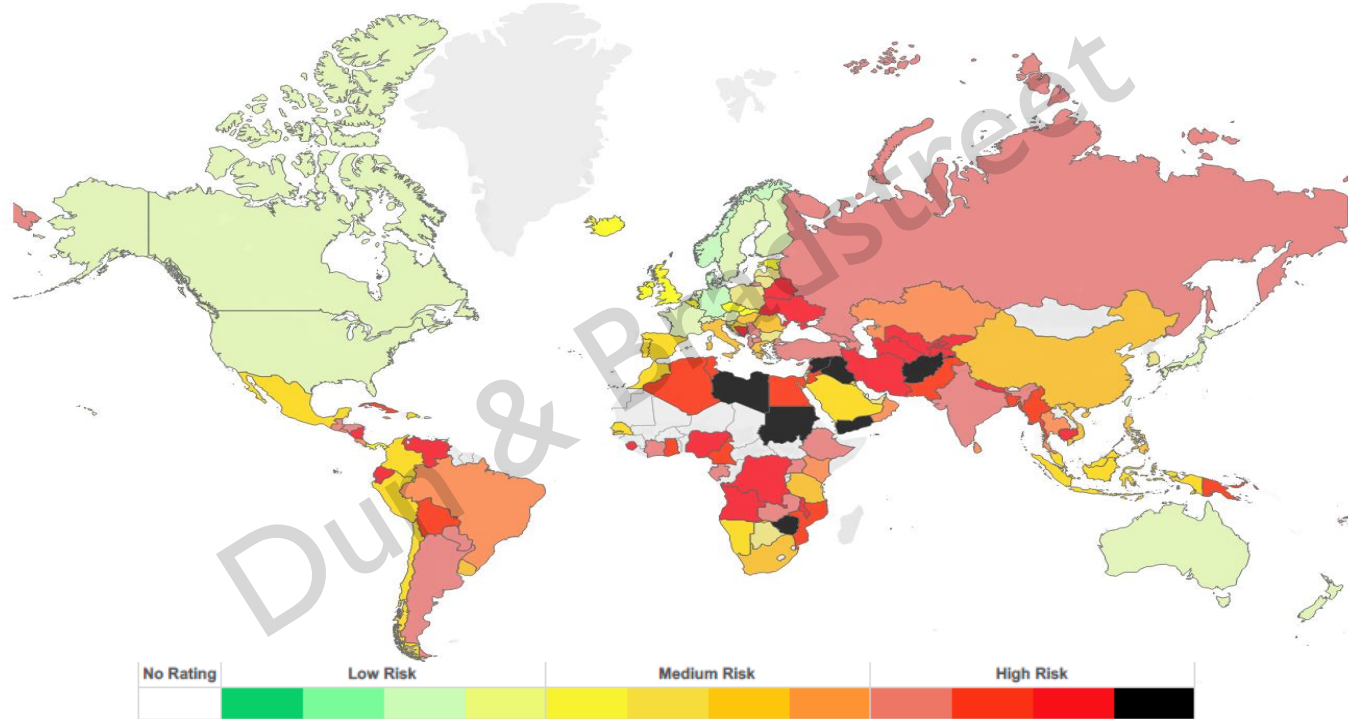
Upgrades outnumbered downgrades over the last month – 1st time in many months



Source: Dun & Bradstreet

DUN & BRADSTREET COUNTRY RISK RATINGS

Nevertheless, the level of risk still remains high for many countries

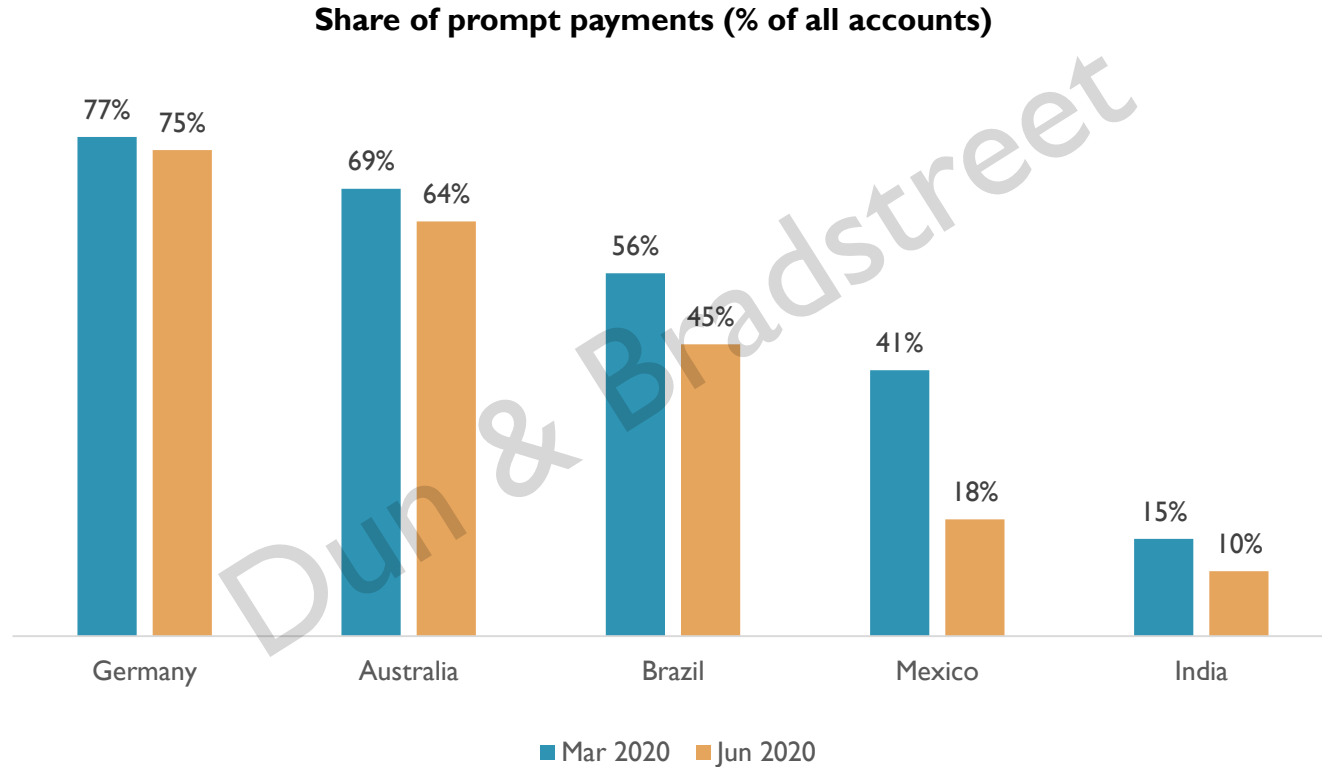


Note: This map is for illustrative purposes and does not imply the expression of any opinion on the part of the D&B, concerning the legal status of any country or territory or concerning the delimitation of frontiers or boundaries.

Source: Dun & Bradstreet

PAYMENT DELAYS

The no. of companies paying on time is expected to decrease in the coming months

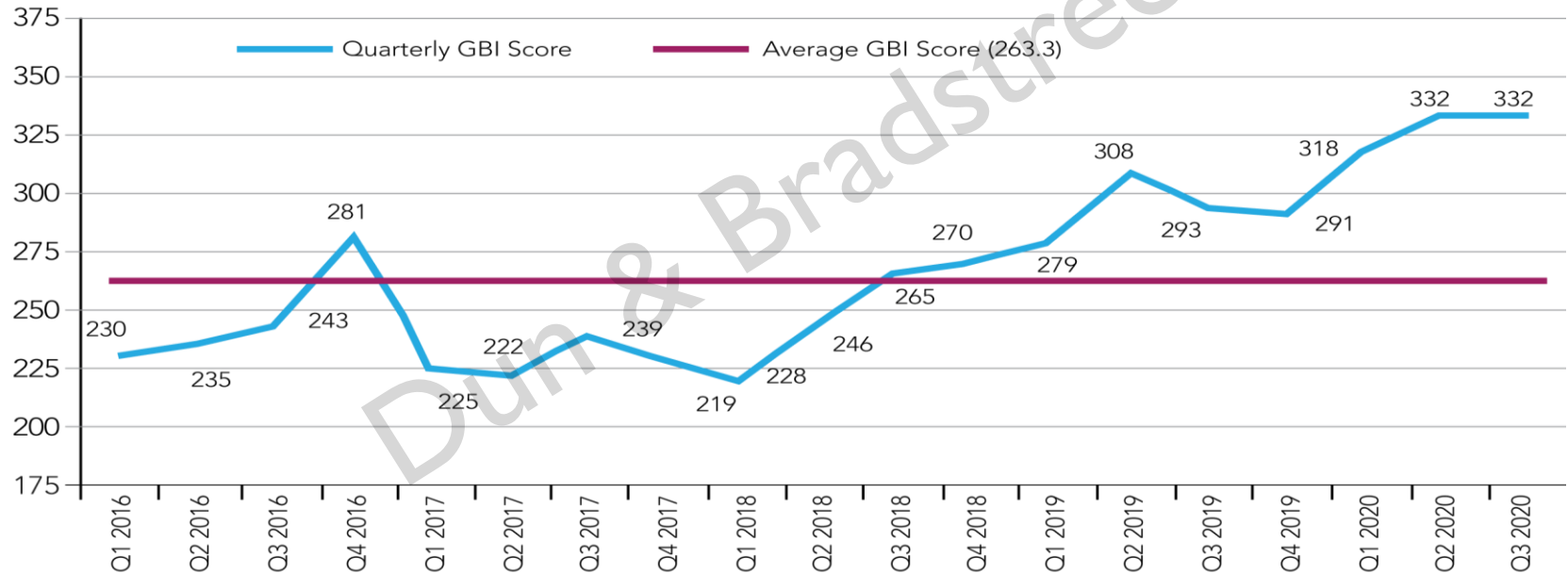


Source: Dun & Bradstreet

TEN KEY GLOBAL RISKS FOR BUSINESSES

Dun & Bradstreet's latest GBI score remains at a record-high, indicating that the outlook for cross-border businesses is at its worst level since the index was introduced in Q3 2014

Global Business Impact (GBI) score



Source: Dun & Bradstreet

TEN KEY GLOBAL RISKS FOR BUSINESSES

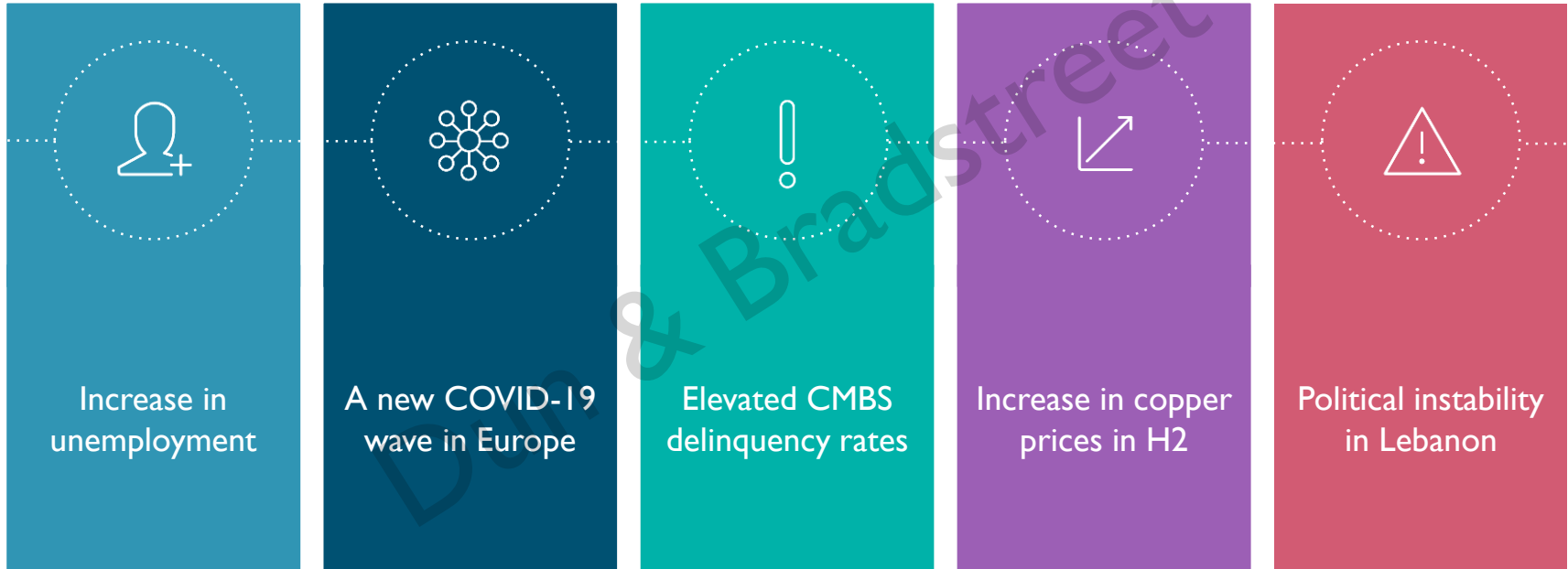
The impacts of the coronavirus pandemic are spread across different types of risks: markets, economic growth and politics. The three non-Covid-19 risks are all political in nature



Source: Dun & Bradstreet

TEN KEY GLOBAL RISKS FOR BUSINESSES

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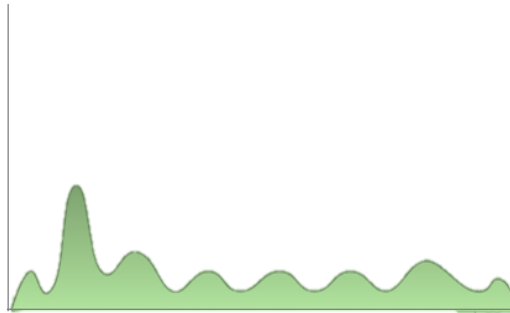


Source: Dun & Bradstreet

WHAT'S NEXT?

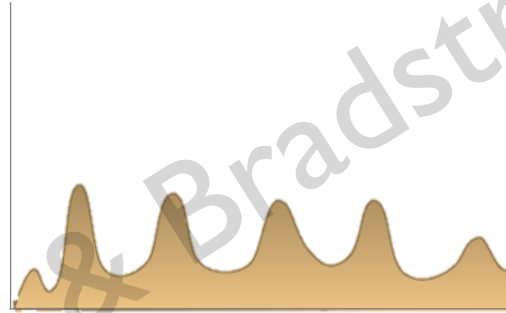
The Center for Infectious Disease Research and Policy lists three possible scenarios of how the COVID-19 may progress. However, there is no crystal ball to tell us what the 'end game' will be

Slow Burn – The Good



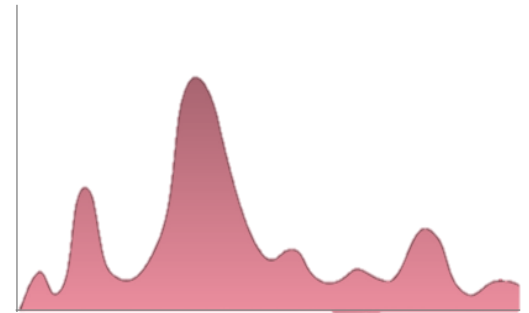
The first wave of COVID-19 infections is the only wave followed by a “slow burn” of ongoing transmission but without a clear wave pattern

Peaks and Valleys – The Bad



Smaller waves of outbreak but with lower no. of infections that persist over a one- to two-year period and gradually diminishing sometime in 2021

Fall Peak – The Worst



The 1st wave is followed by a larger wave in the fall or winter of 2020, and one or more smaller subsequent waves in 2021. Similar to what happened during the 1918 Spanish Flu and 1958 H2N2 Pandemic

Source: Center for Infectious Disease Research and Policy, WEF

THE RECOVERY SCENARIOS

U-Shaped



Growth recovers within a few quarters but leads to some permanent loss of output

Pandemic and containment peaks in the 3rd quarter, and recedes in the 2nd half of this year

V-Shaped



Growth recovers quickly with no/small permanent loss of output

Pandemic and containment peaks in the 3rd quarter, and recedes quickly

L-Shaped



Growth takes several quarters to recover leading to heavy permanent loss of output

Deterioration in public health leading to prolonged lockdown

W-Shaped



Growth recovers very quickly but plunges again leading to some permanent loss of output

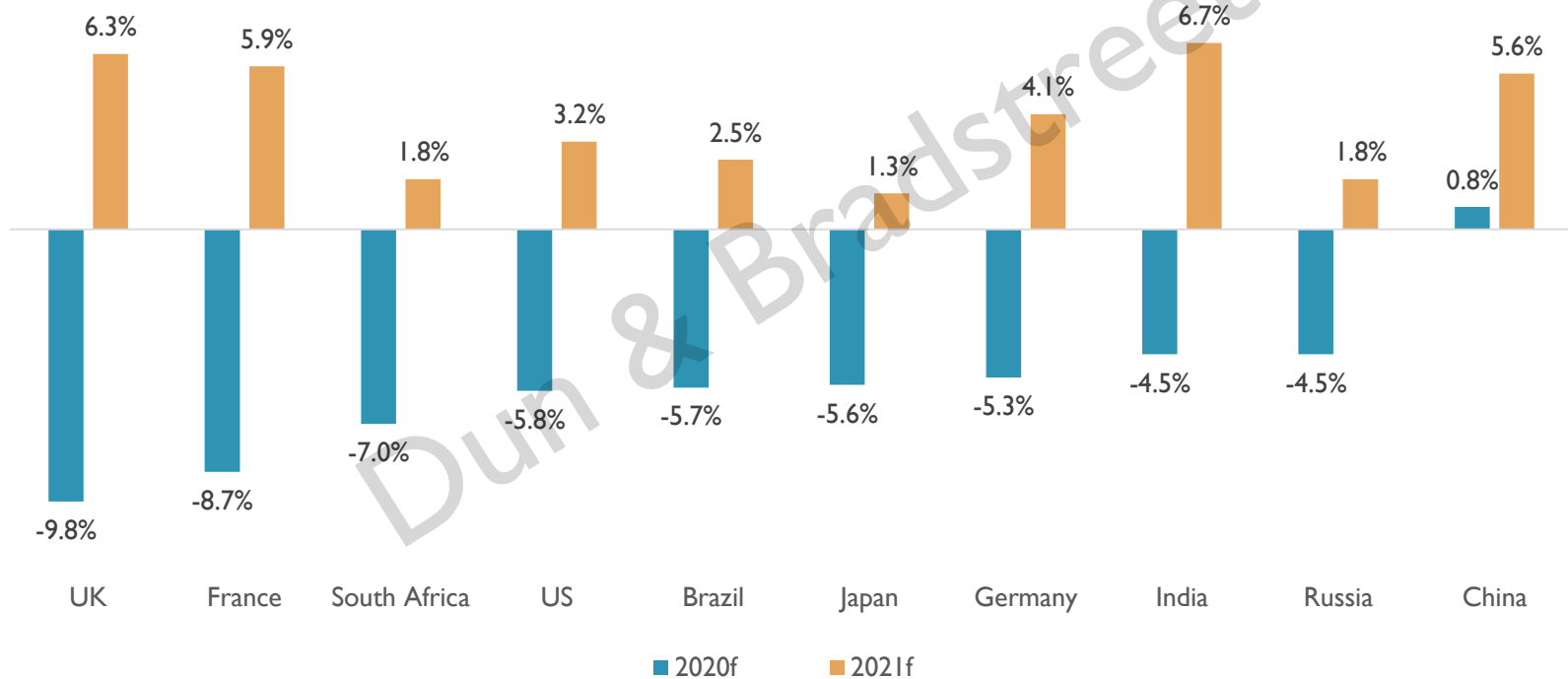
Easing of lockdown initially boosts activity but growth plunges due to 2nd wave of COVID-19 or ineffective policies to prevent bankruptcies and extended job losses

Source: Dun & Bradstreet

GROWTH FORECASTS

While most countries are expected to contract this year, a sharp recover can be expected in 2021

Real GDP Growth Forecasts



Source: Dun & Bradstreet

SUMMARY

- Dun & Bradstreet expects a quick, V-shaped economic rebound in H2 2020
- This will be followed by a slower recovery in 2021
- In most countries, it will take until 2022 until pre-crisis GDP levels are reached again
- Payment delays will increase over the next quarters
- The risk of business failures will also rise
- Monitoring counterparty risk will be crucial to weather the pandemic

Source: Dun & Bradstreet

Thank You!

謝謝

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