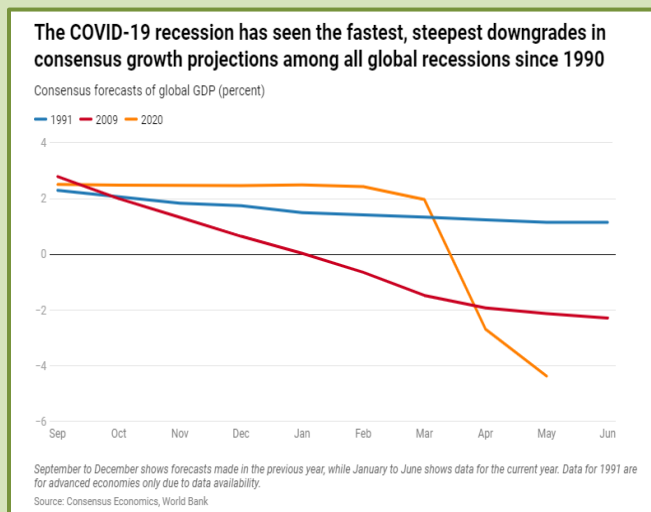


HOW COVID-19 PANDEMIC AFFECT THE GLOBAL ECONOMY

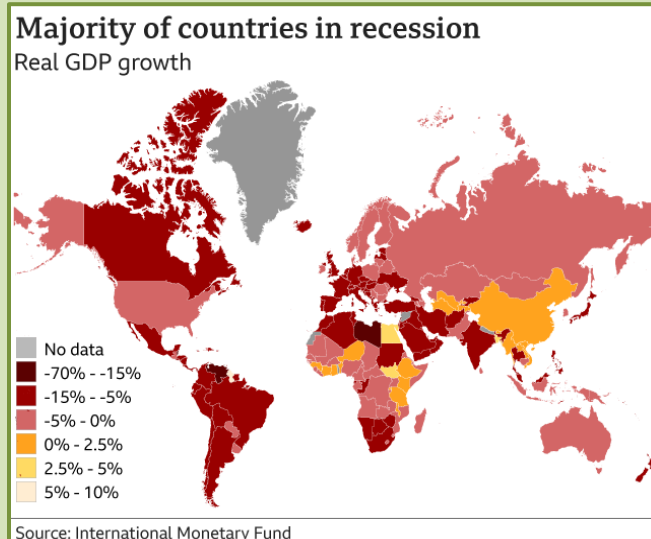
The COVID-19 pandemic has spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. As the health and human toll grows, the economic damage is already evident and represents the largest economic shock the world has experienced in decades.

The crisis highlights the need for urgent action to cushion the pandemic's health and economic consequences, protect vulnerable populations, and set the stage for a lasting recovery. For emerging market and developing countries, many of which face daunting vulnerabilities, it is critical to strengthen public health systems, address the challenges posed by informality, and implement reforms that will support strong and sustainable growth once the health crisis abates.



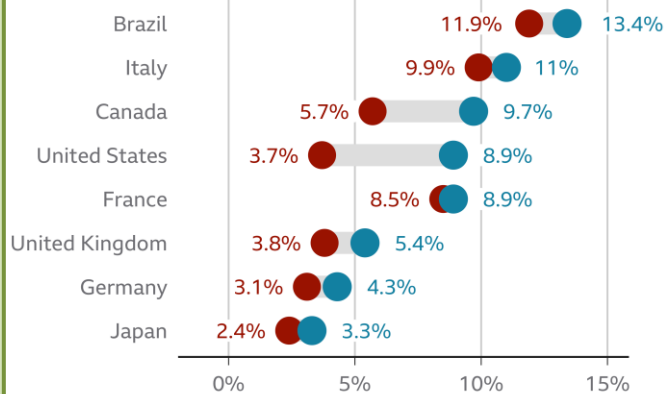
Most Countries Are Expected To Face Recessions

These downturns are expected to reverse years of progress toward development goals and tip tens of millions of people back into extreme poverty. Emerging market and developing economies will be buffeted by economic headwinds from multiple quarters: pressure on weak health care systems, loss of trade and tourism, dwindling remittances, subdued capital flows, and tight financial conditions amid mounting debt. Exporters of energy or industrial commodities will be particularly hard hit. The pandemic and efforts to contain it have triggered an unprecedented collapse in oil demand and a crash in oil. Demand for metals and transport-related commodities such as rubber and platinum used for vehicle parts has also tumbled. While agriculture markets are well supplied globally, trade restrictions and supply chain disruptions could yet raise food security issues in some places.



World economies struggling with rising unemployment

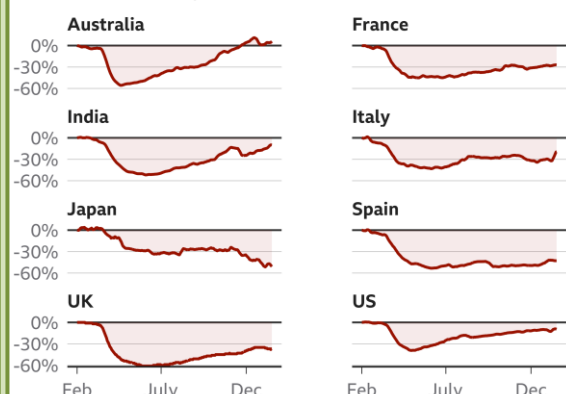
Yearly unemployment rate change, 2019 and 2020 compared



Source: International Monetary Fund

New vacancies still very low in many countries

Daily percentage change in the number of job postings, 2020 and 2019 compared



Source: Indeed.com, 24 January 2021, 00:01 GMT

A Difficult Year for Job Seekers

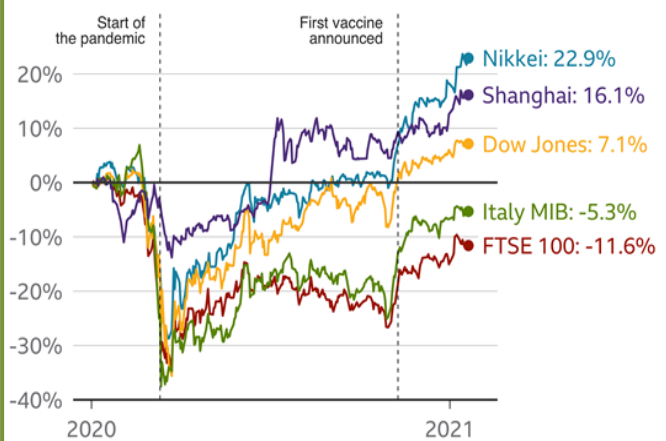
Many people have lost their jobs or seen their incomes cut. Unemployment rates have increased across major economies. Millions of workers have also been put on government-supported job retention schemes as parts of the economy, such as tourism and hospitality; have come to a near standstill.

The numbers of new job opportunities is still very low in many countries. Job vacancies in Australia have returned to the same level of 2019, but they are lagging in France, Spain, the UK and several other countries. Some experts have warned it could be years before levels of employment return to those seen before the pandemic.

Global Shares in Flux

Big shifts in stock markets, where shares in companies are bought and sold, can affect the value of pensions or individual savings accounts (Isas). In response, central banks in many countries, including the UK, have slashed interest rates. That should, in theory, make borrowing cheaper and encourage spending to boost the economy. Analysts are worried that the possibility of further lockdowns and delays in vaccination programs might trigger more market volatility this year.

The impact of coronavirus on stock markets since the start of the outbreak



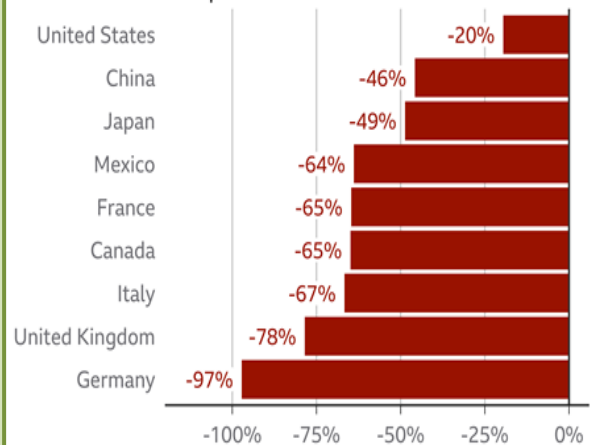
Source: Bloomberg, 24 January 2021, 00:01 GMT

Shopping Behavior Has Changed

Retail footfall has seen unprecedented falls as shoppers stayed at home. New variants and surges in cases have made problems worse. Pedestrian numbers have fallen further from the first lockdown, according to research firm ShopperTrak. Separate research suggests that consumers are still feeling anxious about their return to stores. Accountancy giant EY says 67% customers are now not willing to travel more than 5 kilometers for shopping. This change in shopping behavior has significantly boosted online retail, with global revenue of \$3.9 trillion in 2020.

Huge drop in shoppers

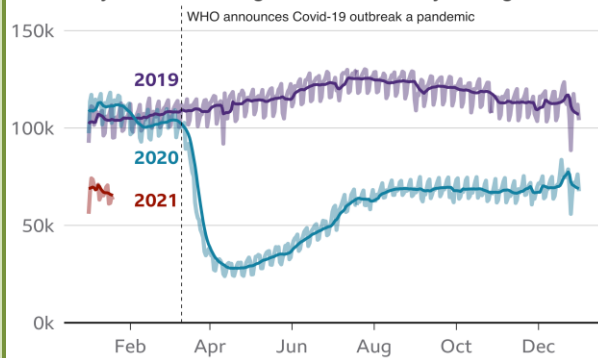
Annual percentage change of footfall, 12-28 Jan 2021 compared to same dates in 2020



Source: ShopperTrak, 24 January 2021, 00:01 GMT

Commercial flights remain well below normal levels

Total daily commercial flights with seven-day average



Source: Flightradar24, 24 January 2021, 00:01 GMT

Travel Still Far From Taking Off

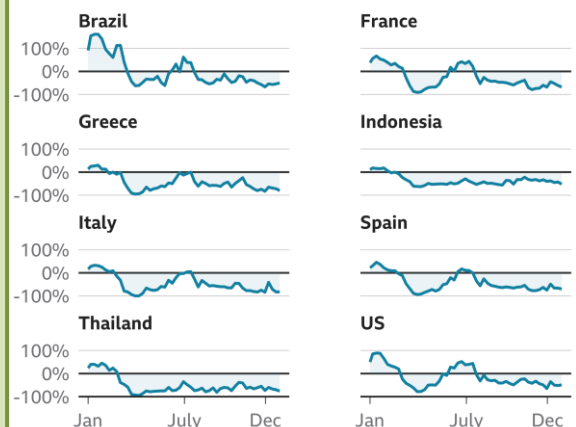
The travel industry has been badly damaged, with airlines cutting flights and customers cancelling business trips and holidays. New variants of the virus - discovered only in recent months - have forced many countries to introduce tighter travel restrictions. Data from the flight tracking service Flight Radar 24 shows that the number of flights globally took a huge hit in 2020 and it is still a long way from recovery.

Hospitality Sector Has Shut Its Doors Worldwide

The hospitality sector has been hit hard, with millions of jobs and many companies bankrupt. Data from Transparent – an industry company that covers over 35 million hotel and rental listings worldwide - has registered a fall in reservations in all the top travel destinations. Billions of dollars have been lost in 2020 and although the forecast for 2021 is better, many analysts believe that international travel and tourism won't return to the normal pre-pandemic levels until around 2025.

The global tourism industry is crumbling

Weekly percentage change in the number of reservations, 2019 v 2020



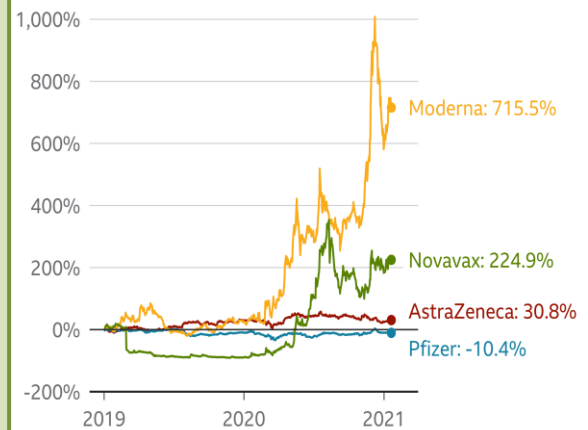
Source: SeeTransparent, 24 January 2020, 00:01 GMT

Pharmaceutical companies among the winners

Governments around the world have pledged billions of dollars for a Covid-19 vaccine and treatment options. Shares in some pharmaceutical companies involved in vaccine development have shot up. Moderna, Novavax and AstraZeneca have seen significant rises. A number of pharmaceutical firms have started already distributing doses and many countries have started their vaccination programs. Many more - such as Johnson & Johnson and Sanofi/GSK - will join the vaccine distribution during 2021.

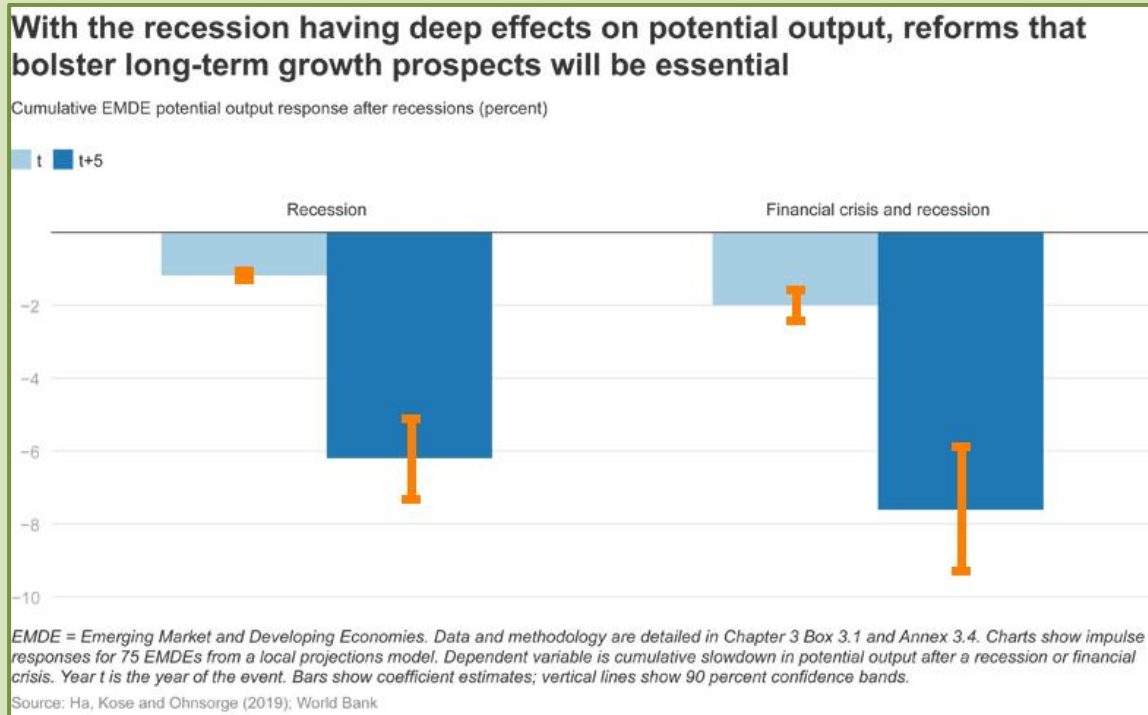
The rise of pharmaceutical companies

Percentage change in share value



Source: Bloomberg, 24 January 2021, 00:01 GMT

Long-Term Damage to Potential Output, Productivity Growth



The June 2020 Global Economic Prospects looks beyond the near-term outlook to what may be lingering repercussions of the deep global recession: setbacks to potential output—the level of output an economy can achieve at full capacity and full employment—and labor productivity. Efforts to contain COVID-19 in emerging and developing economies, including low-income

economies with limited health care capacity, could generate deeper and longer recessions—compound the problem to a multi-decade trend of slowing potential growth and productivity growth. Many emerging and developing economies were already experiencing weaker growth before this crisis, however the shock of COVID-19 now makes the challenges these economies face even harder.

In the face of this disquieting outlook, the immediate priority for policymakers is to address the health crisis and contain the short-term economic damage. Over the longer term, authorities need to undertake comprehensive reform programs to improve the fundamental drivers of economic growth once the crisis lifts.

Policies to rebuild both in the short and long-term need strengthening health services and putting in place targeted stimulus measures to help reignite growth, including support for the private sector and getting money directly to people. During the mitigation period, countries should focus on sustaining economic activity with support for households, firms and essential services.

Global coordination and cooperation—of the measures needed to slow the spread of the pandemic, and of the economic actions needed to alleviate the economic damage, including international support—provide the greatest chance of achieving public health goals and enabling an intense global recovery.

Sources: A bunch of articles on internet and videos from YouTube

<https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

<https://voxeu.org/article/economic-consequences-covid-19-multi-country-analysis>

<https://www.bbc.com/news/business-51706225>

<https://youtu.be/uWUo3YzJ6VI>

https://youtu.be/QYFG_u1D0dM

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