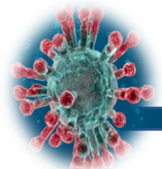


ECONOMICS OF THE CORONAVIRUS

Dale W. Jorgenson
University Professor
Harvard University
Cambridge, Massachusetts

International Webinar
Research Institute of Economy, Trade, and Industry (RIETI)
Tokyo, Japan
August 31, 2020

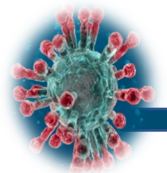
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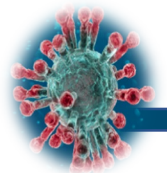


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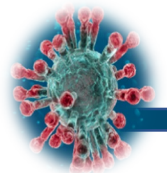
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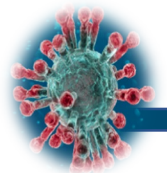
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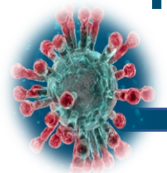
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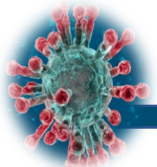
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As of August 18, There Were More Than 22 Million Cases and 780 Thousand Deaths.



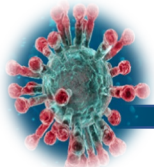
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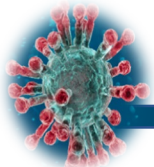
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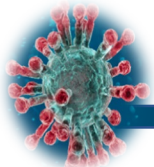


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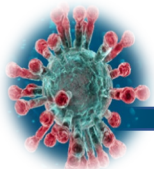
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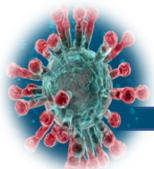
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Consumption Growth Has Been Downgraded for Most Economies, Reflecting the Larger-Than-Anticipated Disruption to Domestic Activity.



THE WORLD ECONOMIC OUTLOOK

Table 1. Overview of the World Economic Outlook Projections

(Percent change, unless noted otherwise)

	Year over Year								
	2018	2019	Projections		Difference from April 2020 WEO Projections 1/		Q4 over Q4 2/		
			2020	2021	2020	2021	2019	2020	2021
World Output	3.6	2.9	-4.9	5.4	-1.9	-0.4	2.8	-3.5	4.6
Advanced Economies	2.2	1.7	-8.0	4.8	-1.9	0.3	1.5	-7.2	5.1
United States	2.9	2.3	-8.0	4.5	-2.1	-0.2	2.3	-8.2	5.4
Euro Area	1.9	1.3	-10.2	6.0	-2.7	1.3	1.0	-8.6	5.8
Germany	1.5	0.6	-7.8	5.4	-0.8	0.2	0.4	-6.7	5.5
France	1.8	1.5	-12.5	7.3	-5.3	2.8	0.9	-8.9	4.2
Italy	0.8	0.3	-12.8	6.3	-3.7	1.5	0.1	-10.9	5.5
Spain	2.4	2.0	-12.8	6.3	-4.8	2.0	1.8	-11.4	6.3
Japan	0.3	0.7	-5.8	2.4	-0.6	-0.6	-0.7	-1.8	0.0
United Kingdom	1.3	1.4	-10.2	6.3	-3.7	2.3	1.1	-9.0	6.9
Canada	2.0	1.7	-8.4	4.9	-2.2	0.7	1.5	-7.5	4.6
Other Advanced Economies 3/	2.7	1.7	-4.8	4.2	-0.2	-0.3	1.9	-5.1	5.5
Emerging Market and Developing Economies	4.5	3.7	-3.0	5.9	-2.0	-0.7	3.9	-0.5	4.2
Emerging and Developing Asia	6.3	5.5	-0.8	7.4	-1.8	-1.1	5.0	2.4	3.9
China	6.7	6.1	1.0	8.2	-0.2	-1.0	6.0	4.4	4.3
India 4/	6.1	4.2	-4.5	6.0	-6.4	-1.4	3.1	0.2	1.2
ASEAN-5 5/	5.3	4.9	-2.0	6.2	-1.4	-1.6	4.6	-1.4	6.1
Emerging and Developing Europe	3.2	2.1	-5.8	4.3	-0.6	0.1	3.4	-7.0	6.6
Russia	2.5	1.3	-6.6	4.1	-1.1	0.6	2.2	-7.5	5.6
Latin America and the Caribbean	1.1	0.1	-9.4	3.7	-4.2	0.3	-0.2	-9.0	4.1
Brazil	1.3	1.1	-9.1	3.6	-3.8	0.7	1.6	-9.3	4.5
Mexico	2.2	-0.3	-10.5	3.3	-3.9	0.3	-0.8	-10.1	4.8
Middle East and Central Asia	1.8	1.0	-4.7	3.3	-1.9	-0.7	...	...	...
Saudi Arabia	2.4	0.3	-6.8	3.1	-4.5	0.2	-0.3	-4.4	4.1
Sub-Saharan Africa	3.2	3.1	-3.2	3.4	-1.6	-0.7	...	...	...
Nigeria	1.9	2.2	-5.4	2.6	-2.0	0.2	...	...	...
South Africa	0.8	0.2	-8.0	3.5	-2.2	-0.5	-0.6	-2.1	-2.8

Table One: International Monetary Fund, World Economic Outlook Update, June 2020.

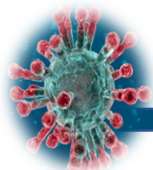


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<i>Memorandum</i>										
Low-Income Developing Countries	5.1	5.2	-1.0	5.2	-1.4	-0.4
World Growth Based on Market Exchange Rates	3.1	2.4	-6.1	5.3	-1.9	-0.1	2.3	-4.9	4.8	...
World Trade Volume (goods and services) 6/	3.8	0.9	-11.9	8.0	-0.9	-0.4	...	...	...	...
Advanced Economies	3.4	1.5	-13.4	7.2	-1.3	-0.2	...	...	...	...
Emerging Market and Developing Economies	4.5	0.1	-9.4	9.4	-0.5	-0.7	...	...	...	...
Commodity Prices (U.S. dollars)										
Oil 7/	29.4	-10.2	-41.1	3.8	0.9	-2.5	-6.1	-42.6	12.2	...
Nonfuel (average based on world commodity import weights)	1.3	0.8	0.2	0.8	1.3	1.4	4.9	-0.8	1.3	...
Consumer Prices										
Advanced Economies 8/	2.0	1.4	0.3	1.1	-0.2	-0.4	1.4	-0.1	1.5	...
Emerging Market and Developing Economies 9/	4.8	5.1	4.4	4.5	-0.2	0.0	5.0	3.1	4.0	...
London Interbank Offered Rate (percent)										
On U.S. Dollar Deposits (six month)	2.5	2.3	0.9	0.6	0.2	0.0	...	...	...	...
On Euro Deposits (three month)	-0.3	-0.4	-0.4	-0.4	0.0	0.0	...	...	...	...
On Japanese Yen Deposits (six month)	0.0	0.0	0.0	-0.1	0.1	0.0	...	...	...	...

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during April 21–May 19, 2020. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = *World Economic Outlook*.

1/ Difference based on rounded figures for the current and April 2020 WEO forecasts. Countries whose forecasts have been updated relative to April 2020 WEO forecasts account for 90 percent of world GDP measured at purchasing-power-parity weights.

2/ For World Output, the quarterly estimates and projections account for approximately 90 percent of annual world output at purchasing-power-parity weights. For Emerging Market and Developing Economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' output at purchasing-power-parity weights.

3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

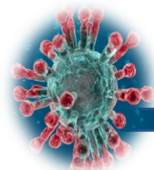
5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.

6/ Simple average of growth rates for export and import volumes (goods and services).

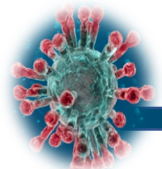
7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$61.39 in 2019; the assumed price, based on futures markets (as of May 19, 2020), is \$36.18 in 2020 and \$37.54 in 2021.

8/ The inflation rate for the euro area is 0.2% in 2020 and 0.9% in 2021, for Japan is -0.1% in 2020 and 0.3% in 2021, and for the United States is 0.5% in 2020 and 1.5% in 2021.

9/ Excludes Venezuela.

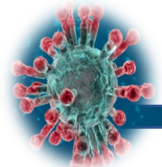


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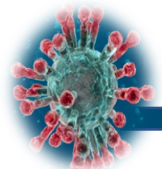
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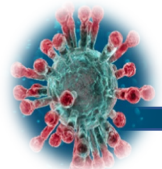


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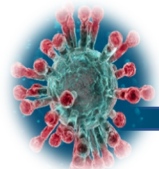
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The Second Outbreak Could Take Place in the Fall, in Which Case the Negative Impact on Activity in 2020 Would Be Even Larger Than in the Current Baseline.

