



EXECUTIVE SUMMARY

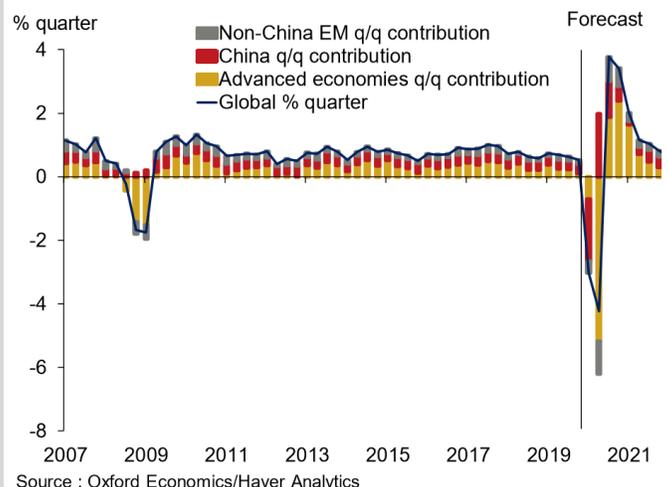
World Economic Prospects April 2020

Each month Oxford Economics' team of 250 economists updates our baseline forecast for 200 countries using our Global Economic Model, the only fully integrated economic forecasting framework of its kind. Below is a summary of our analysis on the latest economic developments, and headline forecasts. For complete analysis, or to request free trial access, [click here](#) or visit www.oxfordeconomics.com.

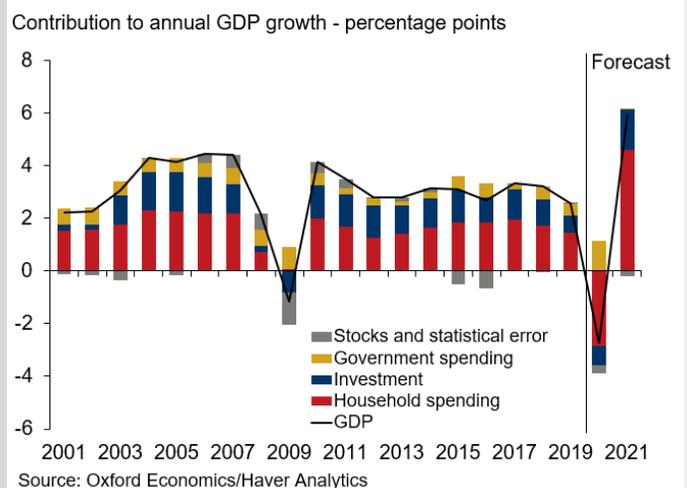
World GDP to fall 2.8% in 2020, exceeding financial crisis toll

- With much of the global economy now in some form of lockdown due to the coronavirus pandemic, we expect world GDP to contract by about 7% in H1 2020. Activity is expected to rebound sharply in H2, but even so the severity of the shock is likely to lead to a permanent GDP loss for the global economy.
- While Chinese activity picked up in late-Q1 as lockdown restrictions were unwound, we expect China's GDP to have fallen 12% q/q in Q1 before rebounding sharply in Q2. But this Q2 boost from China looks set to be swamped by the collapse in activity caused by the rest of the world going into lockdown.
- Although shutdown restrictions elsewhere are less severe than those imposed in China, business survey and labour market data still point to sharp falls in activity in most countries in Q2. Quarterly GDP declines of 8% or more in the US and eurozone seem likely. Overall, world GDP could fall by about

World: GDP



World: GDP - components



7% in H1, roughly double the size of the contraction in 2009 during the global financial crisis.

- In those economies subject to some form of lockdown, we expect restrictions to begin to be lifted during Q2. As a result, growth should resume in Q3 as sectors that have been forced to shut down see some pick-up. But despite this rebound, world GDP is now seen shrinking by 2.8% in 2020 overall. By comparison, in 2009, during the financial crisis, the fall in global GDP was 1.1%.
- The pick-up in the second-half, followed by a return to more normal conditions next year, will result in world GDP growth rising to almost 6% in 2021, helped also by the recent collapse in oil prices to about \$30pb. But the scale of the disruption means that we expect a permanent loss of output from the shock. We expect global GDP in the medium-term to be some 1.5% below the level we anticipated before the onset of the coronavirus outbreak.
- The risks around this forecast are large

and broadly balanced. But were stringent lockdowns or widespread disruption, perhaps due to renewed outbreaks of the virus, to extend into Q3, global GDP could fall by as much as 8% this year.

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Founded in 1981, Oxford Economics employs more than 400 people in 22 offices worldwide, including 250 economists. The rigour of our analysis, the calibre of our staff, and our links with Oxford University make us a trusted resource for decision-makers around the globe.

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