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SincetheCOVID-19 outbreakwasfirstdiagnosed,ithasspreadtoover190countriesandall U.S. states. The pandemic is having a noticeable impact on global economic growth. Estimates so far indicate the virus could trimglobal economic growth by as much as 2.0% per month if current conditionspersist.Globaltradecouldalsofallby13%to32%,dependingonthedepthandextent of the global economic downturn. The full impact will not be known until the effects of the pandemic peak. This report provides an overview of the global economic costs to date and the responsebygovernments and international institutions to address these effects.

The world Health Organization first declared Covid-19 a world health emergency in January 2020. Since the virus was first diagnosed in Wuhan, China, it has been detected in over 190 countries and all U.S. states.1 In early March, the focal point of

infections shifted from China to Europe, especially Italy, but by April 2020, the focus shifted to the United States, where the number of infections was accelerating. The infection has sickened over 2.1 million people, with thousands of fatalities. More than 80 countries have closed their borders to arrivals from countries with infections, ordered businesses to close, instructed their populations to self-quarantine, and closed schools to an estimated 1.5 billion children.2
In late January 2020, China was the first country to impose travel restrictions, followed by South Korea and Vietnam. Over the period from mid-March to mid-April 2020, more than 22 million Americans filed for unemployment insurance, raising the prospect of a deep economic recession and a significant increase in the unemployment rate.3
After a delayed response, central banks are engaging in an ongoing series of interventions in financial markets and national governments are announcing spending initiatives to stimulate

their economies. Similarly, international organizations are taking steps to provide loans and other financial assistance to countries in need. The International Monetary Fund (IMF) estimated that government spending and revenue measures to sustain economic activity adopted through mid- April 2020 amounted to $3.3 trillion and that loans, equity injections and guarantees totaled an additional $4.5 trillion.4 As a result, the IMF estimates that the increase in borrowing by governments globally will rise from 3.7% of global gross domestic product (GDP) in 2019 to 9.9% in 2020, as indicated in Figure 1. Among developed economies, the fiscal balance to GDP ratio is projected to rise from 3.0% in 2019 to 10.7% in 2020; the ratio for the United States is projected to rise from 5.8% to 15.7%. For developing economies, the fiscal balance to GDP ratio is projected to rise from 4.8% to 9.1%.5 According to the IMF, France, Germany, Italy, Japan, and the United Kingdom have each announced public sector support measures totaling more than 10% of their annual GDP.6

Among central banks, the Federal Reserve has taken extraordinary steps not experienced since the 2008-2009 global financial crisis to address the growing economic effects of COVID-19, and the U.S. Congress approved a historic fiscal spending package. In other countries, central banks have lowered interest rates and reserve requirements, announced new financing facilities, and relaxed capital buffers and, in some cases, countercyclical capital buffers,7 adopted after the 2008-2009

On March 11, The Who announced health emergency

Agrowing list of economic indicators makes it clear that the outbreak is having a significant negative impact on global economic growth.10 Global trade and GDP are forecast to decline sharply at least through the first half of 2020. The global pandemic is affecting a broad swath of international economic and trade activities, from services generally to tourism and hospitality, medical supplies and other global value chains, consumer electronics, and financial markets to energy, transportation, food, and a range of social activities, to name a few. The health and economic crises could have a particularly negative impact on the economies of developing countries that are constrained by limited financial resources and where health systems could quickly become overloaded. Without a clear understanding of when the global health and economic effects may peak and some understanding of the impact on economies, forecasts must necessarily be considered preliminary. Similarly, estimates of when any recovery might begin and the speed of the recovery are speculative. Efforts to reduce social interaction to contain the spread of the virus are disrupting the daily lives of most Americans and adding to the economic costs.

The economy situation remains highly fluid, uncertainly about the length depth of health depth of the health crisis related economic effects are fueling perceptions of risk and violators in financial markets and corporate decision-making. In addition, uncertainties concerning the global pandemic and the effectiveness of public policies intended to curtail its spread are adding to market volatility.

The Organization for Economic Cooperation and Development (OECD) on March 2, 2020, lowered its forecast of global economic growth by 0.5% for 2020 from 2.9% to 2.4%, if the economic effects of the virus peaked in the first quarter of 202011 (see Table 1). The OECD estimated that if the economic effects of the virus peaked in the first quarter, which is now apparent that it did not, global economic growth would increase by 1.5% in 2020. That forecast now seems to have been highly optimistic.

On March 23, 2020, OECD Secretary GeneralAngel Gurria stated that:

The sheer magnitude of the current shock introduces an unprecedented complexity to economicforecasting.TheOECDInterimEconomicOutlook,releasedon March2, 2020, madea firstattempttotakestockofthelikely impactofCOVID-19 onglobalgrowth,but it now looks like we have already moved well beyond even the more severe scenario envisaged then.... [T]he pandemic has also set in motion a major economic crisis that will burden our societies for years to come.12

On March 26, 2020, the OECD revised its forecast of the impact on global economic growth from the pandemic and measures governments have adopted to contain the spread of the virus. According to the updated estimate, the current containment measures could reduce global GDP by 2.0% per month, or an annualized rate of 24%, approaching the level of economic decline not experienced since the Great Depression of the 1930s. The OECD estimates in Table 1 will be revised when the OECD releases updated country-specific data. Labeling the projected decline in global economic activity as the Great Lockdown, the IMF released an updated forecast on April 14, 2020. The forecast concluded that the global economy would experience its “worst recession since the Great Depression, surpassing that seen during the global financial crisis a decade ago.”[13] The IMF forecasts that the global economy could decline by 3.0% in 2020, before growing by 5.8% in 2021; global trade is projected to fall in 2020 by 11.0% and oil prices are projected to fall by 42%, also shown in Table 1.[14] The forecast assumes that the pandemic fades in the second half of 2020 and that the containment measures can be reversed. The IMF also concluded that many countries are facing a multi-layered crisis that includes a health crisis, a domestic economic crisis, falling external demand, capital outflows, and a collapse in commodity prices. In combination, these various effects are interacting in ways that make forecasting difficult.