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**QUESTION**

The COVID-19 pandemic continues to ravage the world. Briefly assess the pandemic's impacts on the global economy between December 2019 and April 2020. Basically, explain both the intended and unintended consequences of the shutdowns, looking at the statistics of global financial institutions, for example, the IMF.

Corona virus also known as COVID-19, is a very deadly viral disease which has led to loss of life of over 150,000 of the world population (According to Al Jazeera News,2020 17th April). The virus is thought to be natural and have an animal origin, through spillover infection. The actual origin is unknown, but by December 2019 the spread of infection was almost entirely driven by human-to-human transmission. A study of the first 41 cases of confirmed COVID-19, published in January 2020 in The Lancet, revealed the earliest date of onset of symptoms as 1 December 2019. Official publications from the WHO reported the earliest onset of symptoms as 8 December 2019.Human-to-human transmission was confirmed by the WHO and Chinese authorities by 20 January 2020. But some say that the first corona virus case was first confirmed in china on the 17 of November 2019(South China Morning Post, 2020 13th March).

The COVID-19 pandemic has caused an unprecedented human and health crisis. The measures necessary to contain the virus have triggered an economic downturn. At this point, there is great uncertainty about its severity and length. The latest Global Financial Stability Report shows that the financial system has already felt a dramatic impact, and a further intensification of the crisis could affect global financial stability.

Since the pandemic’s outbreak, prices of risk assets have fallen sharply. At the worst point of the recent selloff, risk assets suffered half or more of the declines they experienced in 2008 and 2009. For example, many equity markets (in economies large and small) have endured declines of 30 percent or more at the trough. Credit spreads have jumped, especially for lower-rated firms. Signs of stress have also emerged in major short-term funding markets, including the global market for U.S. dollars.

The challenge for policymakers has been one of implementing targeted policies that address what had been expected to be short-term problems without creating distortions in economies that can outlast the impact of the virus itself. Policymakers, however, are being overwhelmed by the quickly changing nature of the global health crisis that appears to be turning into a global trade and economic crisis whose effects on the global economy are rapidly growing. As the economic effects of the pandemic grow, policymakers are giving more weight to policies that address the immediate economic effects at the expense of longer-term considerations such as debt accumulation.

Initially, many policymakers had felt constrained in their ability to respond to the crisis as a result of limited flexibility for monetary and fiscal support within conventional standards, given the broad-based synchronized slowdown in global economic growth, especially in manufacturing and trade that had developed prior to the viral outbreak. The pandemic is also affecting global politics as world leaders are cancelling international meetings and some nations reportedly are stoking conspiracy theories that shift blame to other countries. Initially, the economic effects of the virus were expected to be short-term supply issues as factory output fell because workers were quarantined to reduce the spread of the virus through social interaction. The drop-in economic activity, initially in China, has had international repercussions as firms experienced delays in supplies of intermediate and finished goods through supply chains. Concerns are growing, however, that the virus-related supply shock is creating more prolonged and wide-ranging demand shocks as reduced activity by consumers and businesses lead to a lower rate of economic growth. As demand shocks unfold, businesses experience a decline in activity, reduced profits, and potentially escalating and binding credit and liquidity constraints. While manufacturing firms are experiencing supply chain shocks, reduced consumer activity through social distancing is affecting the services sector of the economy, which accounts for two-thirds of annual U.S. economic output. In this environment, manufacturing and service firms are hoarding cash, which affects market liquidity. In response, central banks have lowered interest rates where possible and expanded lending facilities to provide liquidity to financial markets and to firms potentially facing insolvency. The longer the economic effects persist, the impact spreads through trade and financial linkages to an ever-broadening group of countries, firms and households. This potentially increases liquidity constraints and credit market tightening in global financial markets as firms hoard cash, with negative fallout effects on economic growth. At the same time, financial markets are factoring in an increase in government bond issuance in the United States and Europe as government debt levels are set to rise to meet spending obligations during an expected economic recession and increased fiscal spending to fight the effects of COVID-19

The world has been put in a Great Lockdown. The magnitude and speed of collapse in activity that has followed is unlike anything experienced in our lifetimes. This is a crisis like no other, and there is substantial uncertainty about its impact on people’s lives and livelihoods. A lot depends on the epidemiology of the virus, the effectiveness of containment measures, and the development of therapeutics and vaccines, all of which are hard to predict. In addition, many countries now face multiple crises—a health crisis, a financial crisis, and a collapse in commodity prices, which interact in complex ways. Policymakers are providing unprecedented support to households, firms, and financial markets, and, while this is crucial for a strong recovery, there is considerable uncertainty about what the economic landscape will look like when we emerge from this lockdown.

Under the assumption that the pandemic and required containment peaks in the second quarter for most countries in the world, and recedes in the second half of this year, in the April World Economic Outlook we project global growth in 2020 to fall to -3 percent. This is a downgrade of 6.3 percentage points from January 2020, a major revision over a very short period. This makes the Great Lockdown the worst recession since the Great Depression, and far worse than the Global Financial Crisis.

The coronavirus outbreak threatens to disproportionately devastate the economies of already impoverished countries as they gear up to tackle a health crisis with extremely limited resources, the United Nations Development Programme (UNDP) warned. The socioeconomic hit on poor and developing countries will take years to recover from, UNDP said in a report released, stressing that income losses in those countries are forecast to exceed $220bn. Nearly half of all jobs in Africa could be lost, it also warned. The loss in income could have severe repercussions for societies, including in areas such as education, human rights and food security. UNDP also warned that hospitals and clinics in developing countries are likely to be overrun and under resourced, further risking the spread of the COVID-19 virus. Up to 75 percent of people in least-developed countries lack access to soap and water.

UNDP (United Nations Development Programme) urged focus on effective COVID-19 responses in developing and emerging economies, especially to reach those most vulnerable like slum dwellers, prisoners, migrants and refugees.

India's Prime Minister Narendra Modi issued a 21-day lockdown for the country's 1.3 billion people. The order stranded millions of migrant workers who were forced to walk hundreds of miles to their home villages after public transport shut down. Half of the population in India lives below the poverty level.  The urgency to act to stem the spread of COVID-19 is being felt in Africa as well. In Kenya, President Uhuru Kenyatta recently ordered sweeping measures to slow the coronavirus outbreak, which some fear will bring more economic hardship. Informal labourers account for 83.6 percent of the Kenya's total workforce.

The World Bank and the International Monetary Fund (IMF) stressed the need to provide debt relief to developing countries. In addition to activating emergency programmes that offer grants and loans, the two financial institutions called on official bilateral creditors to provide immediate debt relief to the world's poorest nations. “Poorer countries will take the hardest hit, especially ones that were already heavily indebted before the crisis," the World Bank's President David Malpass, told the International Monetary and Financial Committee, the steering committee of the IMF."Many countries will need debt relief. This is the only way they can concentrate any new resources on fighting the pandemic and its economic and social consequences," he said, according to a text of his remarks.Malpass said the bank had emergency operations under way in 60 countries and its board was considering the first 25 projects valued at nearly $2bn under a $14bn fast-track facility to help fund immediate healthcare needs. Meanwhile, United Nations Development Programme says it is supporting health systems in China, Ukraine, Iran, Eritrea, Nigeria, and Vietnam, among others. It estimates it will need a minimum of $500m to support 100 countries, where the long-term effect will be particularly felt by the most vulnerable and marginalised groups.

One can also see another economic impact of the COVID-19 in the decline in the price of crude oil per barrel. The Organization of Petroleum Exporting Countries (OPEC) had emergency meeting which was called by Russia and Saudi Arabia due to the gradual decline in price of because of the corona virus which lead to a global lockdown of the world economy. The organization tried to maintain the price of crude oil per barrel but as at between 18th and 20th of April one can see the downfall of the price of crude oil per barrel from $22 to $0 .This has led to a cause for alarm of the economies of the world who solely depend on crude oil for source of their wealth.

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