



EXECUTIVE SUMMARY

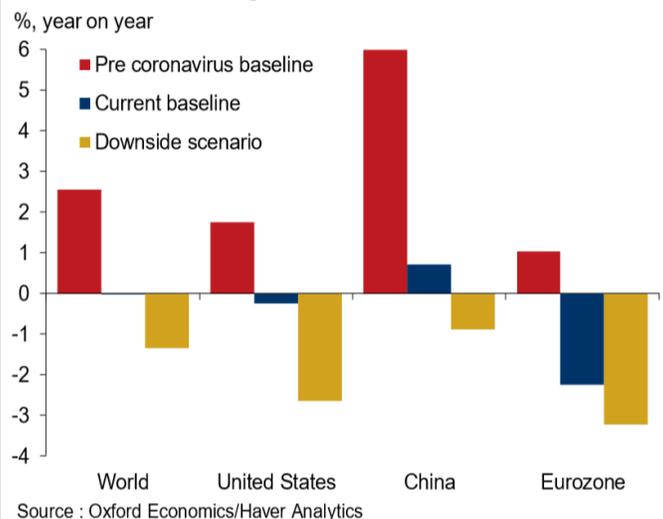
# World Economic Prospects March 2020 <sup>2nd Update</sup>

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](http://www.oxfordeconomics.com).

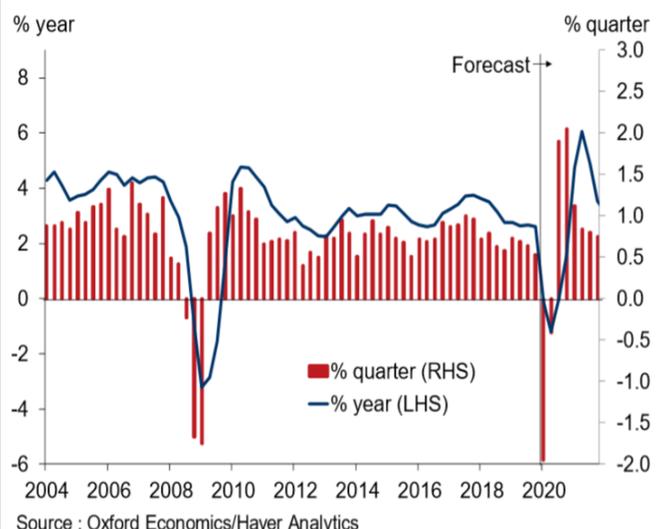
## Coronavirus inflicts a short, sharp recession on global economy

- The coronavirus pandemic will inflict a deep recession on the world economy, and many major national economies, during the first half of 2020.
- Over the full year, we now expect global growth to drop to zero. In the current (first) quarter of 2020, we expect the global economy to have contracted at a faster pace than during the global financial crisis, with a fall of some 2% in world GDP, and our baseline forecasts then projecting a further quarterly fall of 0.4% in Q2.
- The zero growth we now project for 2020 will mark the second-weakest year for the global economy in almost 50 years of comparable data, with only 2009, in the depths of the financial crisis, worse. Our projection of zero growth in 2020 also compares with our pre-outbreak global forecast of 2.5% GDP growth, marking out largest-ever forecast revision over two months.
- The spread of the coronavirus to more economies, the imposition of social

**Global: real GDP growth in different scenarios**



**World: GDP**



distancing and draconian policy measures across most of the Western world, plus ongoing financial market turmoil despite heavy central bank intervention, have led us to make further significant across-the-board cuts to our 2020 GDP and growth forecasts. For the year, we now expect the US economy to shrink by 0.2%, eurozone GDP to contract by 2.2%, and China to grow by just 1%.

- The near-term outlook is extremely challenging. But we believe that – consistent with historical experience – the bounce back in activity will be very strong once social distancing measures are relaxed, and monetary and fiscal stimulus combine with a resumption in discretionary spending. Businesses that can weather the crisis should be prepared for a strong end to 2020 and start to 2021, with global growth rising as high as 5.3% in annual terms and averaging 4.4% for next year as a whole.
- Still, we see huge uncertainty in this rapidly evolving environment. Therefore, we have also updated our downside scenario to incorporate a worsening

of the outbreak, imposition of greater social restrictions, and financial stress. Under this more severe scenario, the global economy would enter outright contraction in 2020, with GDP falling 1.3%. The US, eurozone and China would then see 2020 GDP shrink by 2.6%, 3.2% and 0.9%, respectively.

## About Oxford Economics

Oxford Economics is a world leader in global forecasting and quantitative analysis. Our worldwide client base is comprised over 1,500 corporations, financial institutions, and government organisations.

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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