

News

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Moody's Analytics Forecast: Resurgence of COVID-19 Could Cause Global Economic Depression

NEW YORK, June 04, 2020 – According to the Moody's Analytics baseline economic forecast, real global GDP will fall by 4.5% this year as a result of COVID-19. Our base case for the US suggests that it will take until mid-decade for the economy to return to full-employment. Mark Zandi, Chief Economist at Moody's Analytics, describes the outlook in a new paper, [Handicapping the Paths for the Pandemic Economy](#).

"COVID-19 has caused massive damage to the global economy. Quickly reopening economies will boost growth by unleashing pent-up demand, but will also raise the specter of a re-intensification of COVID-19 and another economic downdraft, which could lead to a worldwide depression. We construct our economic forecasts to help market participants navigate this daunting uncertainty and make better decisions," said Mr. Zandi.

The Moody's Analytics baseline economic forecast represents our view of the most likely trajectory for the global economy. The baseline forecast is part of a set of 12 [forecast scenarios](#), updated monthly, that project alternative economic paths for more than 100 countries as well as sub-national regions in major markets. These scenarios are driven by different assumptions regarding the epidemiology of COVID-19, demand-side factors including monetary and fiscal policies, and longer-run structural forces such as sovereign debt loads and globalization. To help users, each scenario is assigned a probability based on its relative severity and our view of how likely it is to occur.

"Given the unprecedented uncertainty around the path of the virus and the policy response, we maintain several alternative scenarios that cover a range of possible outcomes to help users assess the impact on their businesses and portfolios," added Mr. Zandi. "Our global team of economists is dedicated to developing scenarios that account for current conditions and the various risks facing economies that may impact their outlook."

Forecasts are based on the Moody's Analytics Global Macroeconomic Model, which balances economic theory and empirical behavior and is fully documented and validated. In addition to the probability-weighted monthly scenarios, Moody's Analytics produces ad hoc thematic economic scenarios that forecast potential outcomes in the event of significant policy shifts

or changes to economic fundamentals. Our new Global Debt Crisis thematic scenario examines the consequences of high and rising sovereign debt in the event that global growth slows and governments in both developed and emerging markets are unable to address their high and rising debt loads.

Our economic forecast scenarios can be accessed and downloaded in a variety of formats through a standalone subscription or with our dedicated economic and credit risk modeling tools.

The accuracy of our forecasting was recently recognized in the 2020 FocusEconomics Analyst Forecast Awards, where Moody's Analytics [ranked #1](#) in 14 categories.

Our economic forecast scenarios are one of a number of Moody's Analytics [solutions](#) that help leaders across industries make better decisions in the COVID-19 environment.

About Moody's Analytics

Moody's Analytics provides financial intelligence and analytical tools to help business leaders make better, faster decisions. Our deep risk expertise, expansive information resources, and innovative application of technology help our clients confidently navigate an evolving marketplace. We are known for our industry-leading and award-winning solutions, made up of research, data, software, and professional services, assembled to deliver a seamless customer experience. We create confidence in thousands of organizations worldwide, with our commitment to excellence, open mindset approach, and focus on meeting customer needs. For more information about Moody's Analytics, visit our [website](#) or connect with us on [Twitter](#) or [LinkedIn](#).

Moody's Analytics, Inc. is a subsidiary of Moody's Corporation (NYSE: MCO). Moody's Corporation reported revenue of \$4.8 billion in 2019, employs approximately 11,300 people worldwide and maintains a presence in 40 countries.

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