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# COVID-19: Saving our lives and livelihoods

Washington Board of Trade

Updated: April 7, 2020

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# Scenarios for the economic impact of the COVID-19 crisis

Virus spread and public health response

Rapid and effective control of virus spread

Effective response, but (regional) virus resurgence

Broad failure of public health interventions

**B1**

Virus contained, but sector damage; lower long-term trend growth



**A3**

Virus contained, slow recovery



**A4**

Virus contained; strong growth rebound



**B2**

Virus resurgence; slow long-term growth



**A1**

Virus resurgence; slow long-term growth

Muted World Recovery



**A2**

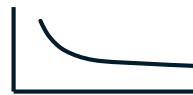
Virus resurgence; return to trend growth

Strong World Rebound



**B3**

Pandemic escalation; prolonged downturn without economic recovery



**B4**

Pandemic escalation; slow progression towards economic recovery



**B5**

Pandemic escalation; delayed but full economic recovery



Ineffective interventions

Partially effective interventions

Highly effective interventions

Knock-on effects and economic policy response

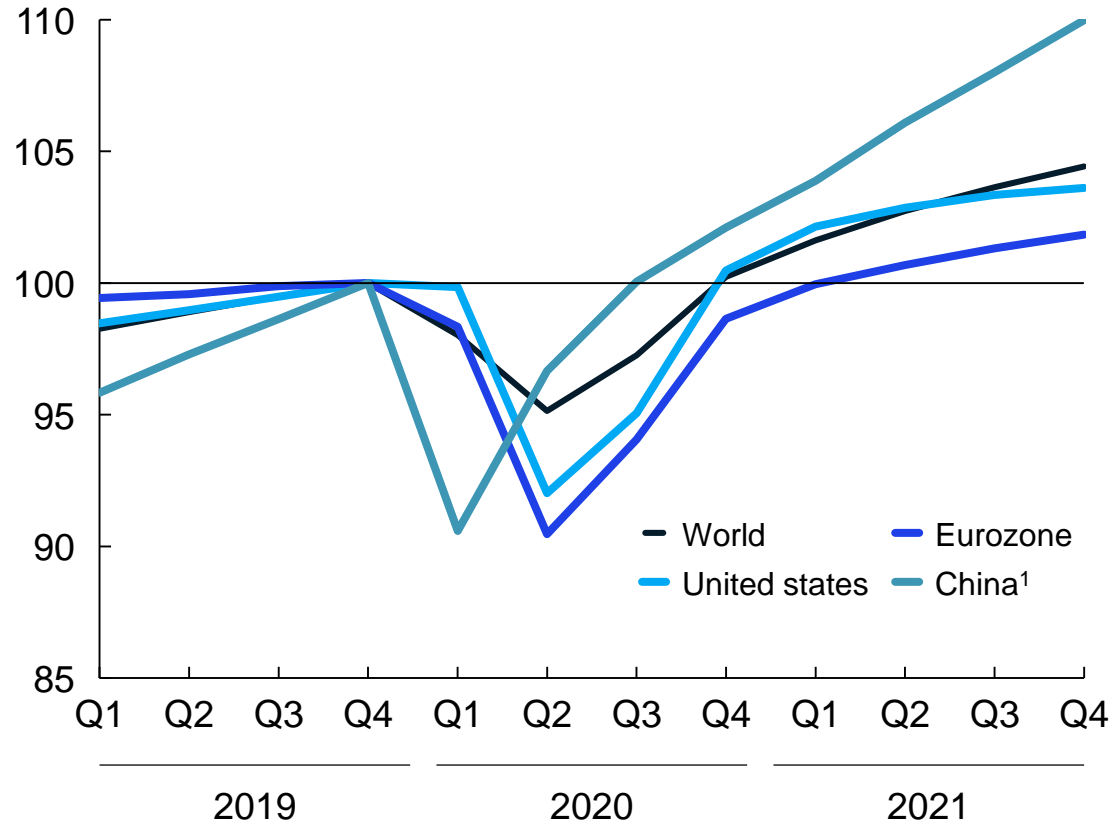
# Scenario A3

## Virus contained

Real GDP, Local Currency Indexed

### Real GDP Growth – COVID-19 Crisis

Local Currency Units Indexed, 2019 Q4=100



1. Seasonally adjusted by Oxford Economics

Source: McKinsey analysis, in partnership with Oxford Economics

	Real GDP Drop 2019Q4-2020Q2 % Change	2020 GDP Growth % Change	Time to Return to Pre-Crisis Quarter
China	<b>-3.3%</b>	<b>-0.4%</b>	<b>2020 Q3</b>
USA	<b>-8.0%</b>	<b>-2.4%</b>	<b>2020 Q4</b>
World	<b>-4.9%</b>	<b>-1.5%</b>	<b>2020 Q4</b>
Eurozone	<b>-9.5%</b>	<b>-4.4%</b>	<b>2021 Q1</b>

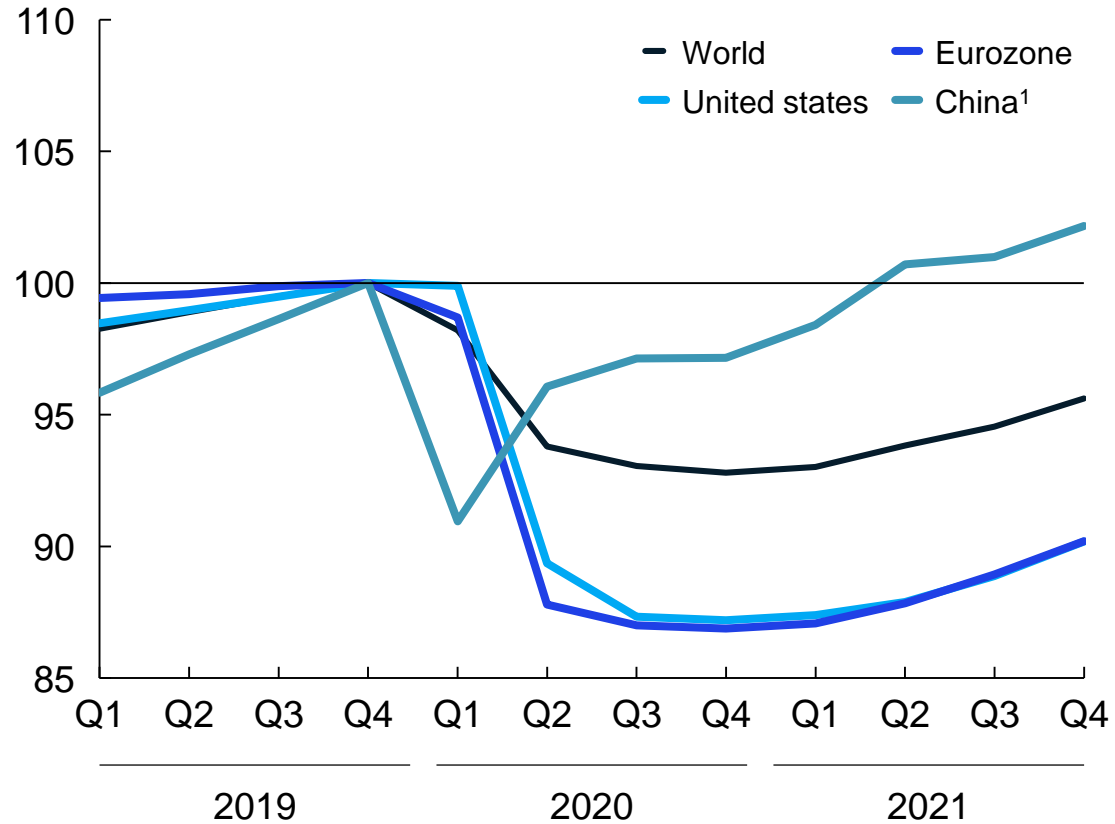
# Scenario A1

## Muted Recovery

Real GDP, Local Currency Indexed

### Real GDP Growth – COVID-19 Crisis

Local Currency Units Indexed, 2019 Q4=100

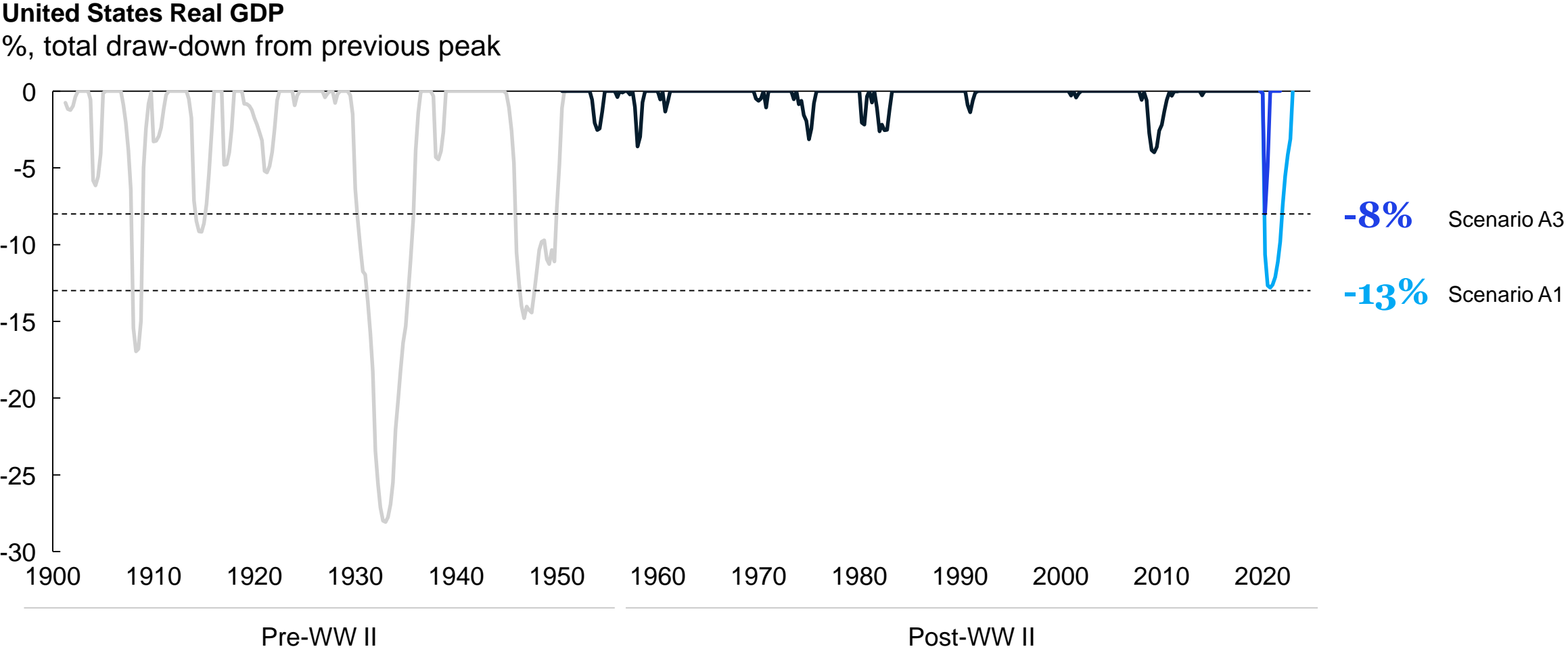


1. Seasonally adjusted by Oxford Economics

Source: McKinsey analysis, in partnership with Oxford Economics

	Real GDP Drop 2019Q4-2020Q2 % Change	2020 GDP Growth % Change	Time to Return to Pre-Crisis Quarter
China	<b>-3.9%</b>	<b>-2.7%</b>	<b>2021 Q2</b>
USA	<b>-10.6%</b>	<b>-8.4%</b>	<b>2023 Q1</b>
World	<b>-6.2%</b>	<b>-4.7%</b>	<b>2022 Q3</b>
Eurozone	<b>-12.2%</b>	<b>-9.7%</b>	<b>2023 Q3</b>

# COVID-19 US impact could exceed anything since the end of WWII



Source: Historical Statistics of the United States Vol 3; Bureau of economic analysis; McKinsey team analysis, in partnership with Oxford Economics