COVID-19: Saving our lives and livelihoods

Washington Board of Trade

Updated: April 7, 2020
Scenarios for the economic impact of the COVID-19 crisis

Virus spread and public health response

Rapid and effective control of virus spread

- **B1** Virus contained, but sector damage; lower long-term trend growth

Effective response, but (regional) virus resurgence

- **B2** Virus resurgence; slow long-term growth

Broad failure of public health interventions

- **B3** Pandemic escalation; prolonged downturn without economic recovery

Ineffective interventions

- **B4** Pandemic escalation; slow progression towards economic recovery

- **B5** Pandemic escalation; delayed but full economic recovery

Knock-on effects and economic policy response

- **A3** Virus contained, slow recovery

- **A4** Virus contained; strong growth rebound

- **A1** Virus resurgence; slow long-term growth

- **A2** Virus resurgence; return to trend growth

Muted World Recovery

- **A1** Pandemic escalation; slow progression towards economic recovery

- **A2** Pandemic escalation; return to trend growth

Strong World Rebound

Source: “Safeguarding our lives and our livelihoods: The imperative of our time,” Sven Smit, Martin Hirt, Kevin Buehler, Susan Lund, Ezra Greenberg, and Arvind Govindarajan

Current as of March 25, 2020
**Scenario A3**  
**Virus contained**  
Real GDP, Local Currency Indexed

### Real GDP Growth – COVID-19 Crisis
Local Currency Units Indexed, 2019 Q4=100

<table>
<thead>
<tr>
<th>Country</th>
<th>Real GDP Drop 2019Q4-2020Q2</th>
<th>2020 GDP Growth</th>
<th>Time to Return to Pre-Crisis Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>-3.3%</td>
<td>-0.4%</td>
<td>2020 Q3</td>
</tr>
<tr>
<td>USA</td>
<td>-8.0%</td>
<td>-2.4%</td>
<td>2020 Q4</td>
</tr>
<tr>
<td>World</td>
<td>-4.9%</td>
<td>-1.5%</td>
<td>2020 Q4</td>
</tr>
<tr>
<td>Eurozone</td>
<td>-9.5%</td>
<td>-4.4%</td>
<td>2021 Q1</td>
</tr>
</tbody>
</table>

1. Seasonally adjusted by Oxford Economics

Source: McKinsey analysis, in partnership with Oxford Economics
Scenario A1  
Muted Recovery  
Real GDP, Local Currency Indexed

Real GDP Growth – COVID-19 Crisis  
Local Currency Units Indexed, 2019 Q4=100

- World  
- Eurozone  
- United states  
- China¹

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<tr>
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<td>-3.9%</td>
<td>-2.7%</td>
<td>2021 Q2</td>
</tr>
<tr>
<td>USA</td>
<td>-10.6%</td>
<td>-8.4%</td>
<td>2023 Q1</td>
</tr>
<tr>
<td>World</td>
<td>-6.2%</td>
<td>-4.7%</td>
<td>2022 Q3</td>
</tr>
<tr>
<td>Eurozone</td>
<td>-12.2%</td>
<td>-9.7%</td>
<td>2023 Q3</td>
</tr>
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1. Seasonally adjusted by Oxford Economics

Source: McKinsey analysis, in partnership with Oxford Economics
COVID-19 US impact could exceed anything since the end of WWII

United States Real GDP
% total draw-down from previous peak

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