

OECD ECONOMIC OUTLOOK

ISSN 1609-7513, e-ISSN 1609-7408

N. 1, June 2020

[Consulta en línea desde Intranet](#)

Editorial After the lockdown, a tightrope walk toward recovery	7
1 General assessment of the macroeconomic situation	11
Introduction	12
Global activity has collapsed suddenly	14
The evolution of the COVID-19 pandemic and exit strategies is uncertain	19
Short-term outlook scenarios for an uncertain global economy	22
The large recession may leave multiple scars and there are risks it could last for longer	31
Policy requirements	39
References	55
Annex 1.A. Policy and other assumptions underlying the projections	58
2 Issues notes on macroeconomic and structural policy issues related to the COVID-19 outbreak	59
Issue Note 1: Evaluating the impact of COVID-19 containment measures on activity and spending	60
Issue Note 2: Corporate sector vulnerabilities during the COVID-19 outbreak: Assessment and policy responses	78
Annex 2.A. Sensitivity test and country-specific results	89
Issue Note 3: Assessment of government crisis programmes to support businesses	90
Issue Note 4: Distributional risks associated with non-standard work: Stylised facts and policy considerations	101
Issue Note 5: Flattening the unemployment curve? Policies to support workers' income and promote a speedy labour market recovery	114
Annex 2.B. Country-specific tables and figures	126
3 Developments in individual OECD and selected non-member economies	131
Argentina	132
Australia	136
Austria	140
Belgium	144
Brazil	148
Bulgaria	153
Canada	157
Chile	162
China	166
Colombia	171
Costa Rica	175
Czech Republic	179

Denmark	183
Estonia	187
Euro area	191
Finland	196
France	200
Germany	205
Greece	210
Hungary	215
Iceland	219
India	223
Indonesia	228
Ireland	233
Israel	237
Italy	241
Japan	246
Korea	251
Latvia	255
Lithuania	259
Luxembourg	263
Mexico	267
Netherlands	271
New Zealand	275
Norway	279
Poland	283
Portugal	287
Romania	291
Slovak Republic	295
Slovenia	299
South Africa	303
Spain	307
Sweden	311
Switzerland	315
Turkey	319
United Kingdom	324
United States	329

FIGURES

Figure 1.1. Global activity declined abruptly in the first quarter of 2020	15
Figure 1.2. Survey measures of business activity remain exceptionally weak	16
Figure 1.3. High-frequency data point to sharp contractions in activity during shutdowns	17
Figure 1.4. World trade is now collapsing	18
Figure 1.5. Financial market tensions have increased	19
Figure 1.6. A collapse in output followed by a slow recovery	23
Figure 1.7. An unprecedented output collapse is occurring in the first half of 2020	24
Figure 1.8. Output is projected to decline in all economies this year	25
Figure 1.9. Output is set to remain weak for an extended period	26
Figure 1.10. The crisis is resulting in sizeable job losses and high unemployment	28
Figure 1.11. World trade is projected to remain very weak, with challenges for tourism-dependent economies	29
Figure 1.12. Inflation is expected to remain low	30
Figure 1.13. The pandemic will leave long-lasting legacies	32
Figure 1.14. Vulnerabilities in emerging-market economies	35

Figure 1.15. Domestic currencies have weakened considerably against the US dollar	36
Figure 1.16. Vulnerability to trade shocks is high in some OECD countries	37
Figure 1.17. Cross-border trade has helped to raise world trade intensity	39
Figure 1.18. The global monetary policy stance has been eased substantially	41
Figure 1.19. Fiscal positions are set to deteriorate drastically	46
Figure 1.20. Frequency of government measures in response to the pandemic crisis	48
Figure 1.21. Several central banks have become dominant holders of domestic government bonds	51
Figure 2.1. A benchmark estimate of the impact of shutdowns on activity in selected advanced economies	62
Figure 2.2. A benchmark estimate including spillovers of the overall impact of shutdowns on activity in selected advanced economies	64
Figure 2.3. The total impact of shutdowns varies across sectors in the benchmark estimates	64
Figure 2.4. Benchmark estimates of the potential impact of shutdowns on private consumption in selected advanced economies	65
Figure 2.5. Benchmark estimates of the potential impact of shutdowns on productive investment in selected advanced economies	67
Figure 2.6. Survey evidence on the share of businesses shut down due to containment measures	69
Figure 2.7. Business sentiment has declined substantially in most sectors	70
Figure 2.8. Monthly GDP growth by sector in March	71
Figure 2.9. Differences between national estimates of shutdowns and OECD illustrative estimates	75
Figure 2.10. Liquidity shortfalls without government intervention: Whole economy and severely hit sectors	82
Figure 2.11. Liquidity shortfalls without government intervention: Solvency, collateral availability and indebtedness	84
Figure 2.12. Liquidity shortfalls: The impact of policies	86
Figure 2.13. Liquidity shortfalls: The impact of policies — alternative scenarios	87
Figure 2.14. Unprecedented government programmes have been implemented to support business cash-flows	90
Figure 2.15. US business lending programmes do not extend to all firms in need of liquidity support	94
Figure 2.16. Euro area business lending programmes do not extend to all firms in need of liquidity support	95
Figure 2.17. The share of distressed firms could rise considerably	97
Figure 2.18. Preferred equity support can reduce government exposure to loss and reduce business leverage	100
Figure 2.19. Employment in activities most affected by containment measures across OECD countries	103
Figure 2.20. Non-standard workers in activities most affected by containment measures across European OECD countries	104
Figure 2.21. Composition of non-standard workers in activities most affected by containment measures across European OECD countries	105
Figure 2.22. Proportion of small entrepreneurs in activities most affected by containment measures across European OECD countries	106
Figure 2.23. Proportion of low-wage non-standard employees in activities most affected by containment measures across European OECD countries	107
Figure 2.24. Total employment and non-standard employment in activities most affected by containment measures across European OECD countries	108
Figure 2.25. OECD unemployment projections and deviations from the Okun benchmark	116
Figure 2.26. Deviations from Okun's law partly reflect labour market policies	118
Figure 2.27. Registered unemployment and applications for participation in job retention schemes	119

TABLES

Table 1.1. Global activity has collapsed and the recovery will be slow and possibly interrupted	13
Table 1.2. Key monetary policy measures in the main economic areas	42
Table 1.3. Key financial policy measures in the main economic areas	43
Table 2.1. Cross-country differences in sectoral shutdown estimates	74
Table 2.2. Government support programmes to businesses	91
Table 2.3. Stylised mapping of corporate credit ratings, defaults and pricing of risk	97
Table 2.4. Current policies and new measures to support non-standard and vulnerable workers during the COVID-19 crisis	109