



OECD Economic Outlook

Coronavirus: Turning hope into reality

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OECD Economic Outlook

Twice yearly full sets of projections (June & December)
Twice yearly Interim projections (March & September)

50 countries – detailed projections + country notes

Coverage of **world** GDP and world trade

Aggregate demand, public budgets, inflation, labour market, potential output, national accounts (**NIPA**).

Alternative **scenarios** with model NIGEM (NIESR)

Research notes (mobility, confinement and GDP; confinement and contamination; firm insolvency)

Discussed by OECD **committees** before publication (STEP and Economic Policy Committee).



www.oecd-ilibrary.org

www.oecd.org/economic-outlook/December-2020/

<https://data.oecd.org/>

<https://stats.oecd.org/>

<https://oecdecoscope.blog/>



Light at the end of the tunnel

1. The outlook is looking brighter with vaccines in sight
2. Risks persist
3. What needs to be done?



1. Light at the end of the tunnel.....

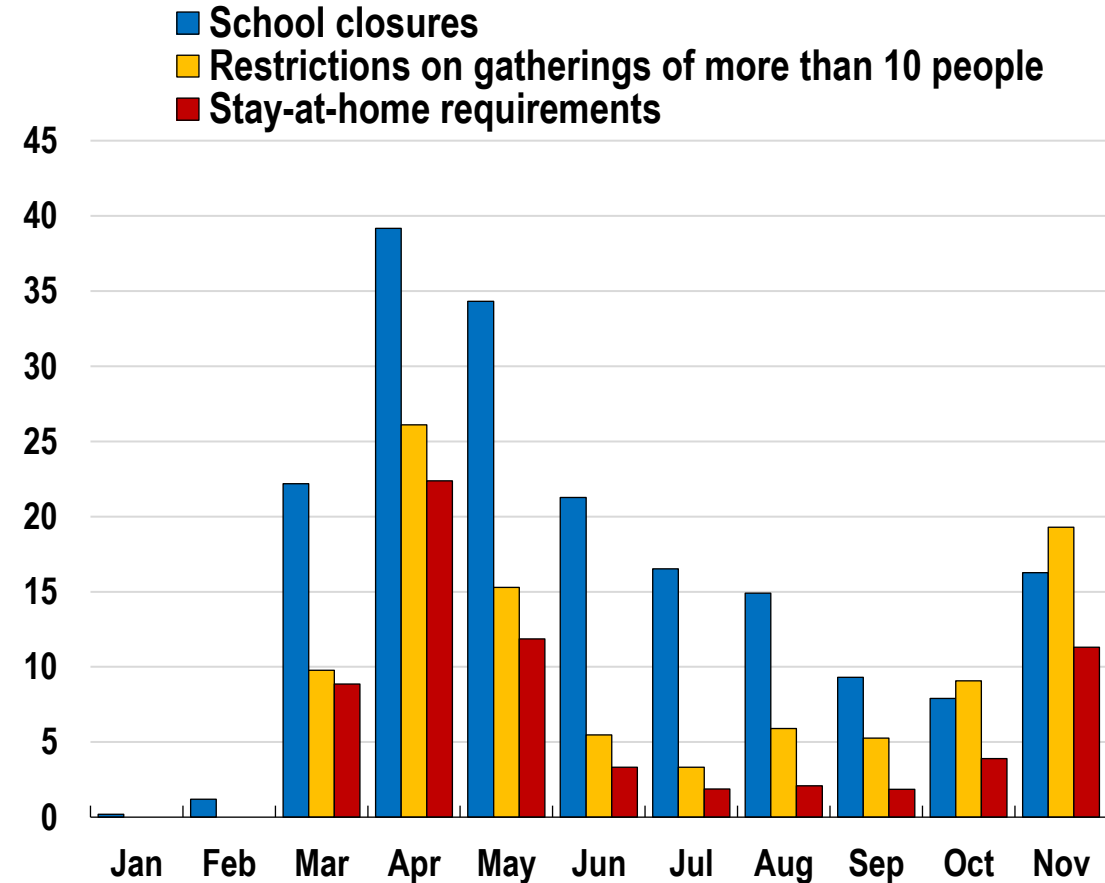
but only after short-term slowdown



We face a temporary slowdown due to renewed outbreaks and new restrictions

Containment measures

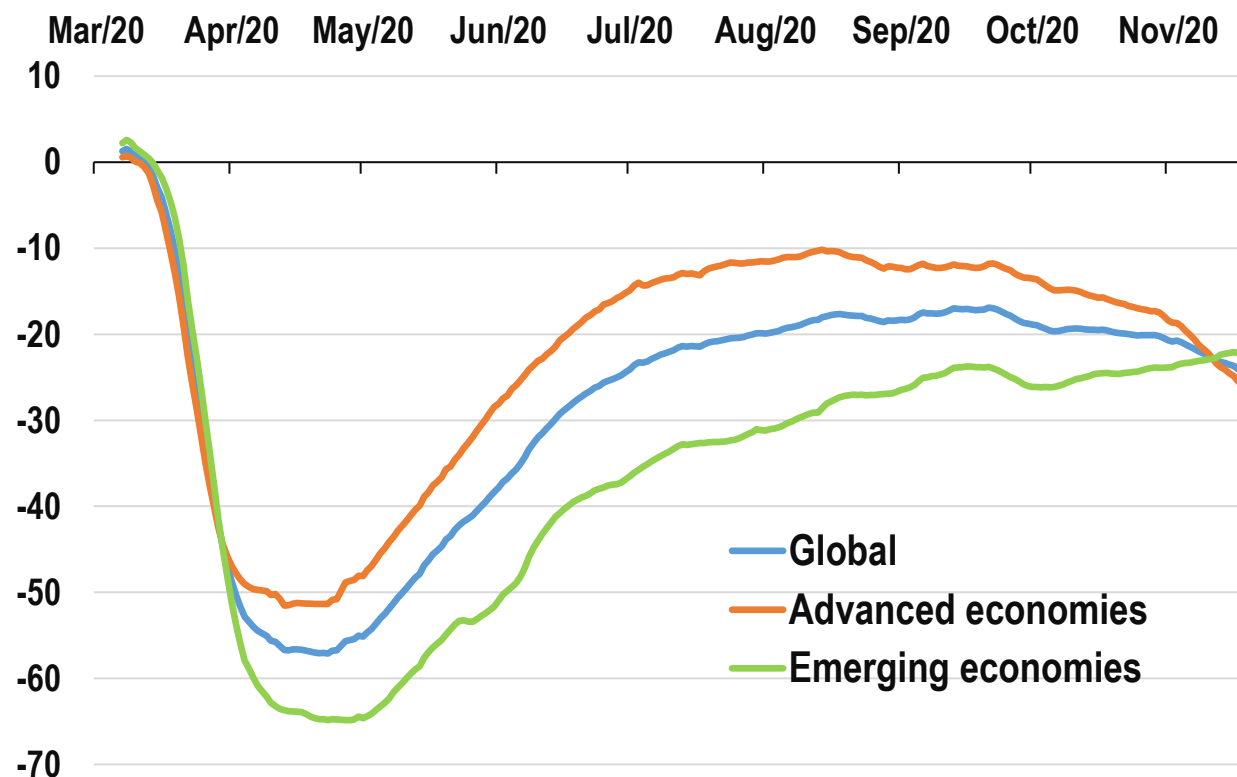
OECD and G20 countries,
0=no restrictions, 1=4 weeks of restrictions for each country



New restrictions are impeding the recovery

Google mobility trends for retail and recreation places

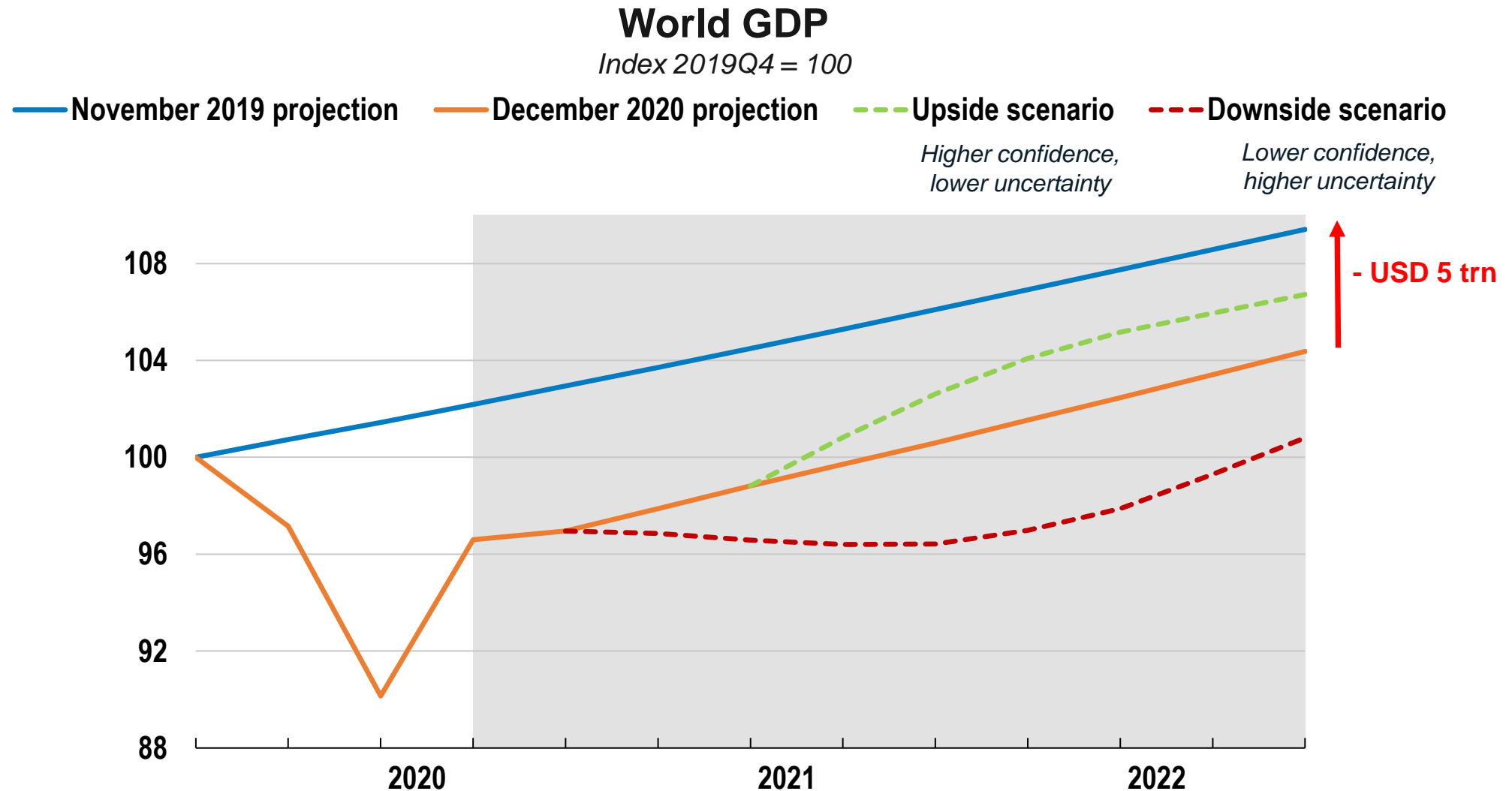
% change from Jan 3 – Feb 6 2020



Note: RHS: The figure shows the 14-day moving average of google retail and recreation mobility (which includes mobility trends for places like restaurants, cafes, shopping centres, theme parks, museums, libraries, and movie theatres). Data are PPP-weighted averages. Data for China are not available.
Source: Google LLC, Google COVID-19 Community Mobility Reports; and OECD calculations.



Recovery projected in 2021-22, but no return to pre-crisis path



OECD Economic Outlook projections

Real GDP growth

%, year-on-year

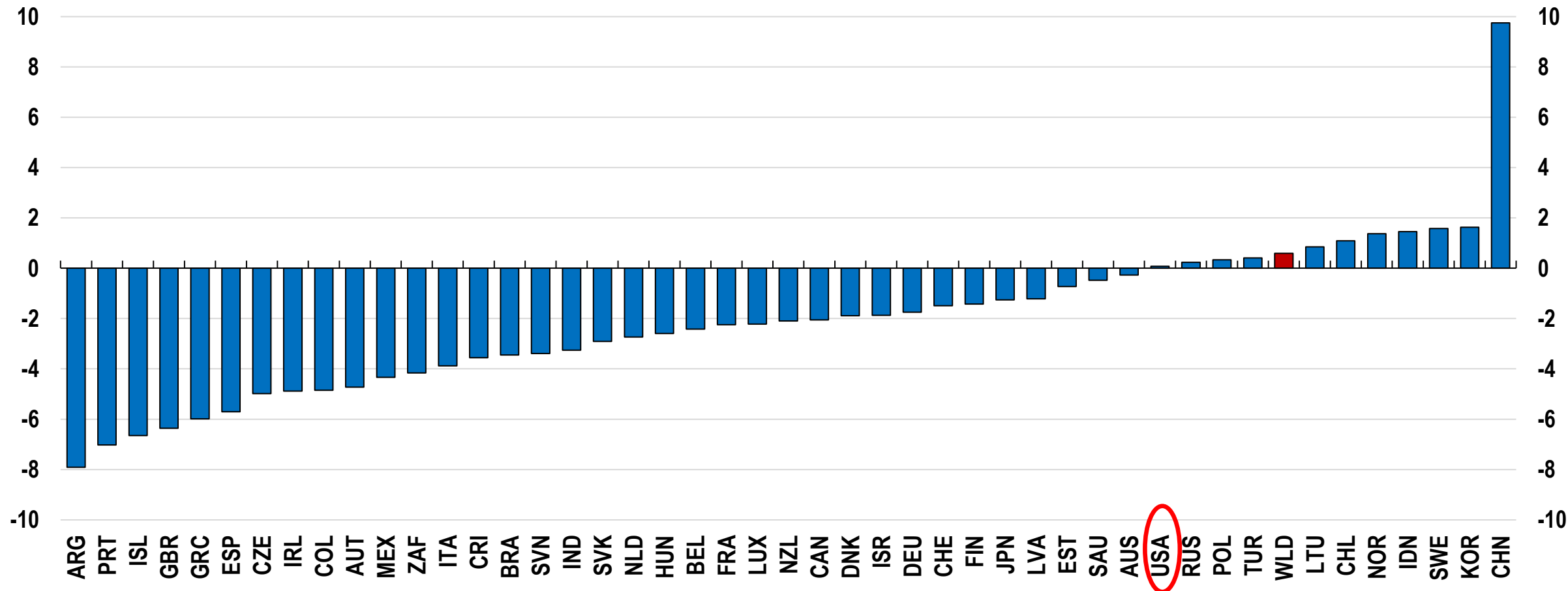
	2020	2021	2022		2020	2021	2022
World	-4.2	4.2	3.7	G20	-3.8	4.7	3.7
Australia	-3.8	3.2	3.1	Argentina	-12.9	3.7	4.6
Canada	-5.4	3.5	2.0	Brazil	-6.0	2.6	2.2
Euro area	-7.5	3.6	3.3	China	1.8	8.0	4.9
Germany	-5.5	2.8	3.3	India*	-9.9	7.9	4.8
France	-9.1	6.0	3.3	Indonesia	-2.4	4.0	5.1
Italy	-9.1	4.3	3.2	Mexico	-9.2	3.6	3.4
Japan	-5.3	2.3	1.5	Russia	-4.3	2.8	2.2
Korea	-1.1	2.8	3.4	Saudi Arabia	-5.1	3.2	3.6
United Kingdom	-11.2	4.2	4.1	South Africa	-8.1	3.1	2.5
United States	-3.7	3.2	3.5	Turkey	-1.3	2.9	3.2



Economic performance will vary significantly

GDP

% change between 2019Q4 and 2021Q4, constant prices

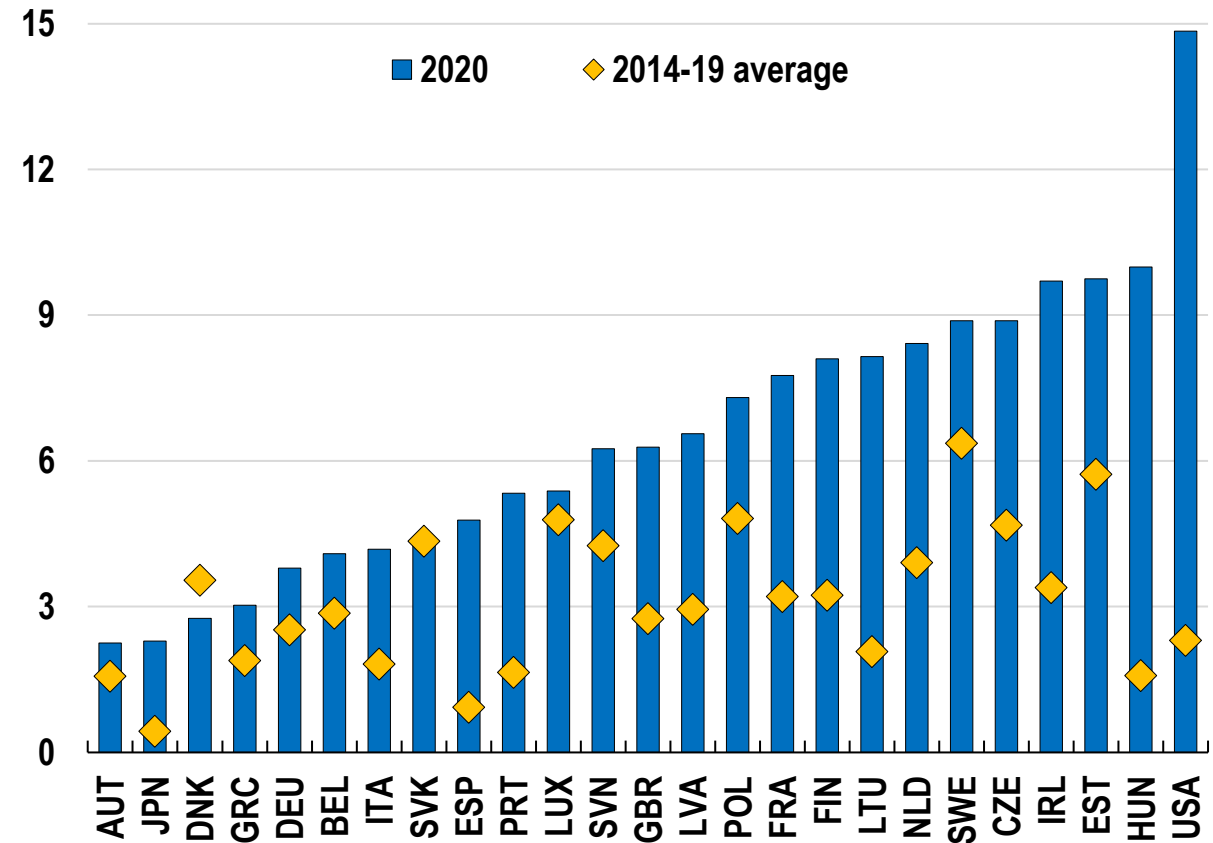


2. Risks persist



**Upside risk:
consumer demand
could come back
stronger if large
accumulated savings
are fully used**

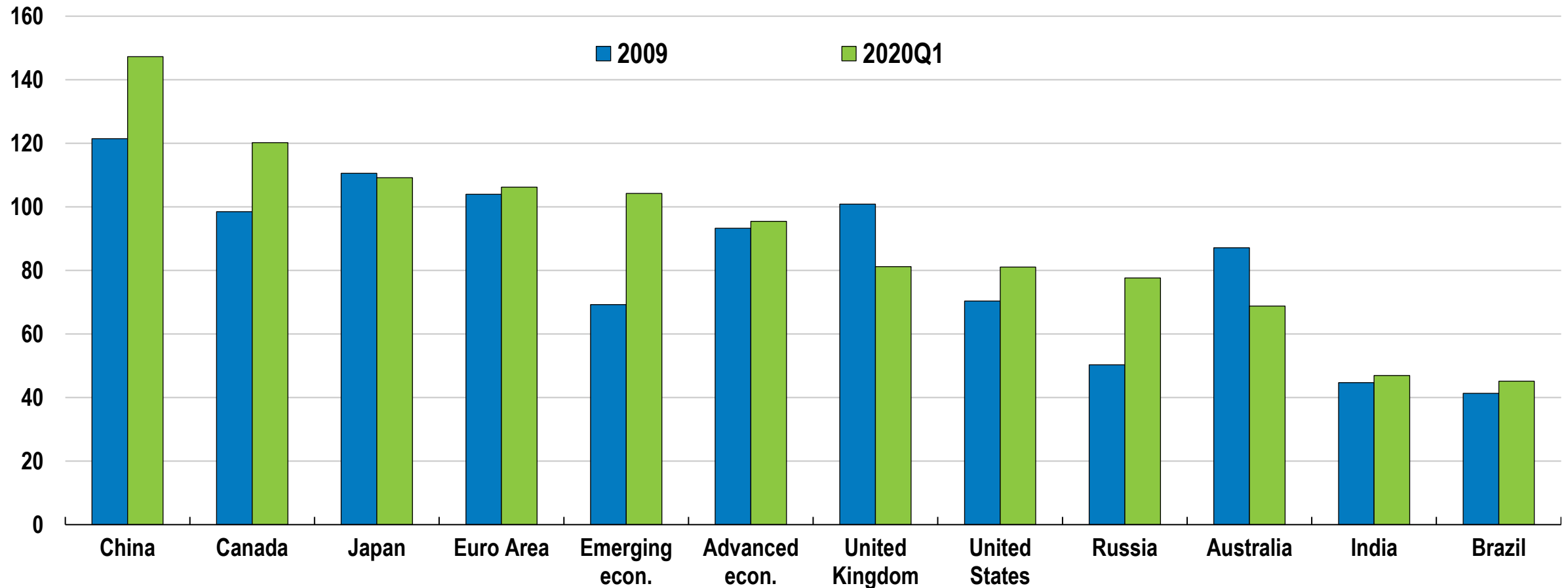
Households' deposits have jumped
% change between Dec-Sep



Downside risk: corporate debt at worrying levels

Corporate debt is close to levels reached during the global financial crisis

Outstanding corporate debt, % of GDP



3. OECD policy recommendation:

*Governments should keep up support in
health, macro and employment*

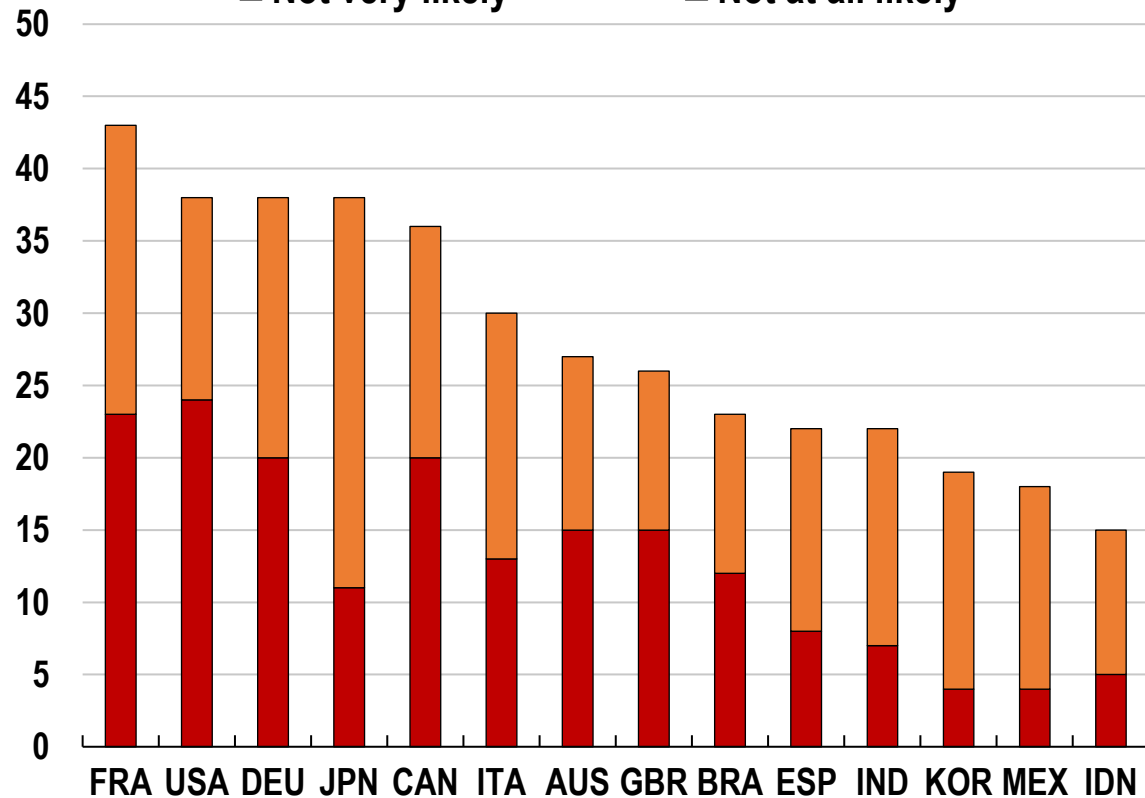


1. Strengthen public health policies

Use of contact tracing

% of respondents indicating that they are not likely to participate in contact tracing

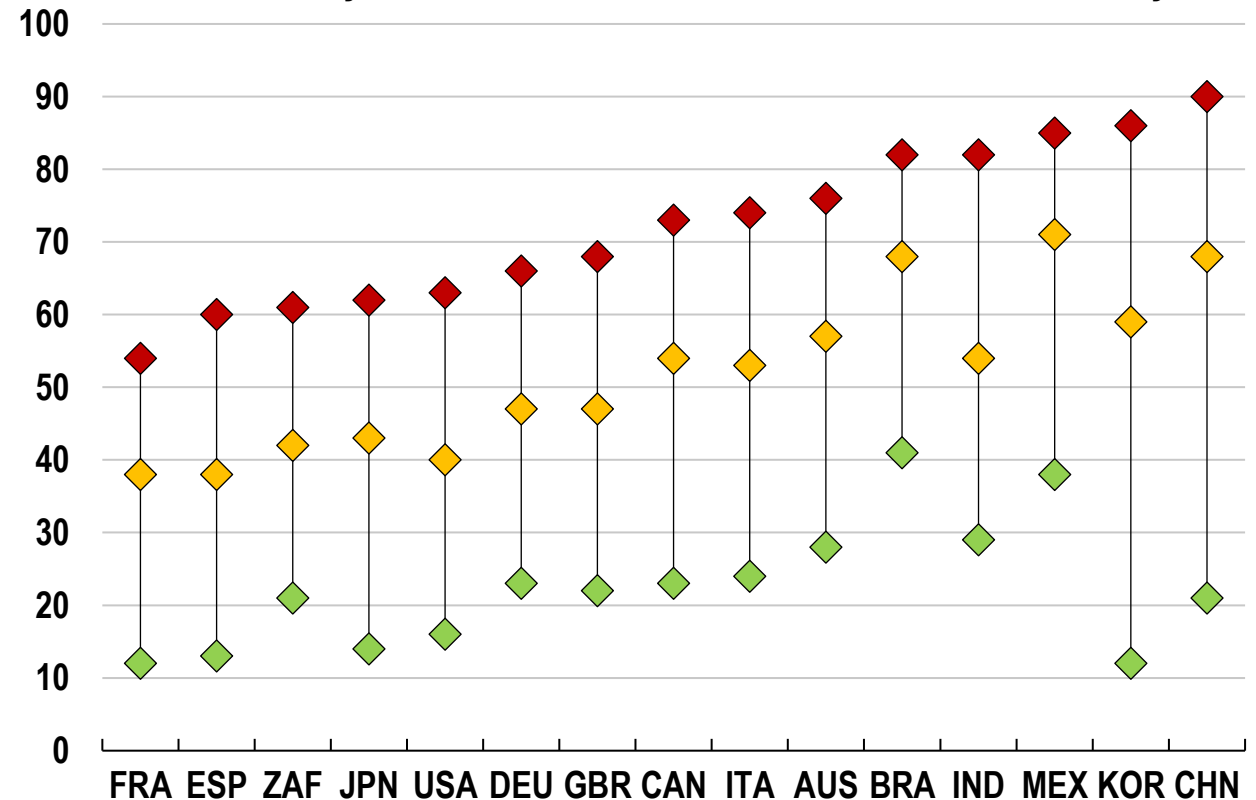
Not very likely Not at all likely



Take-up of a potential COVID-19 vaccine

% of respondents agreeing to get vaccinated if a Covid vaccine were available

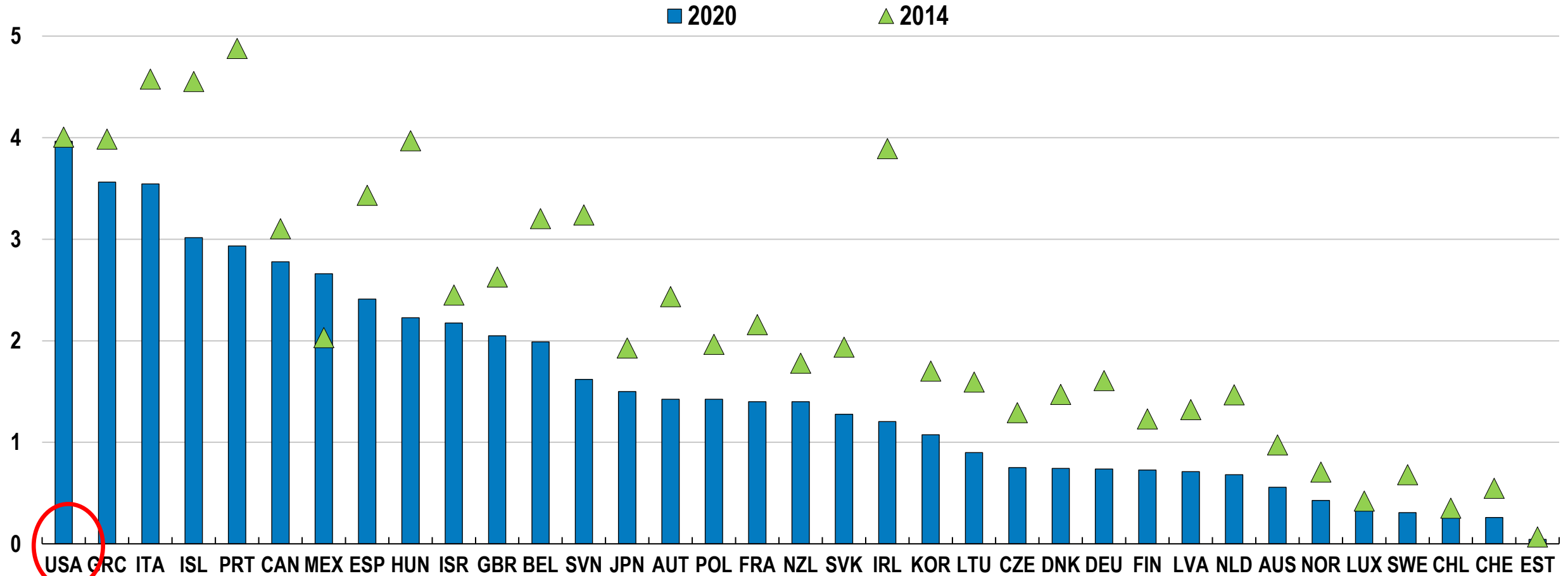
Immediately after available Within 3 months Within 1 year



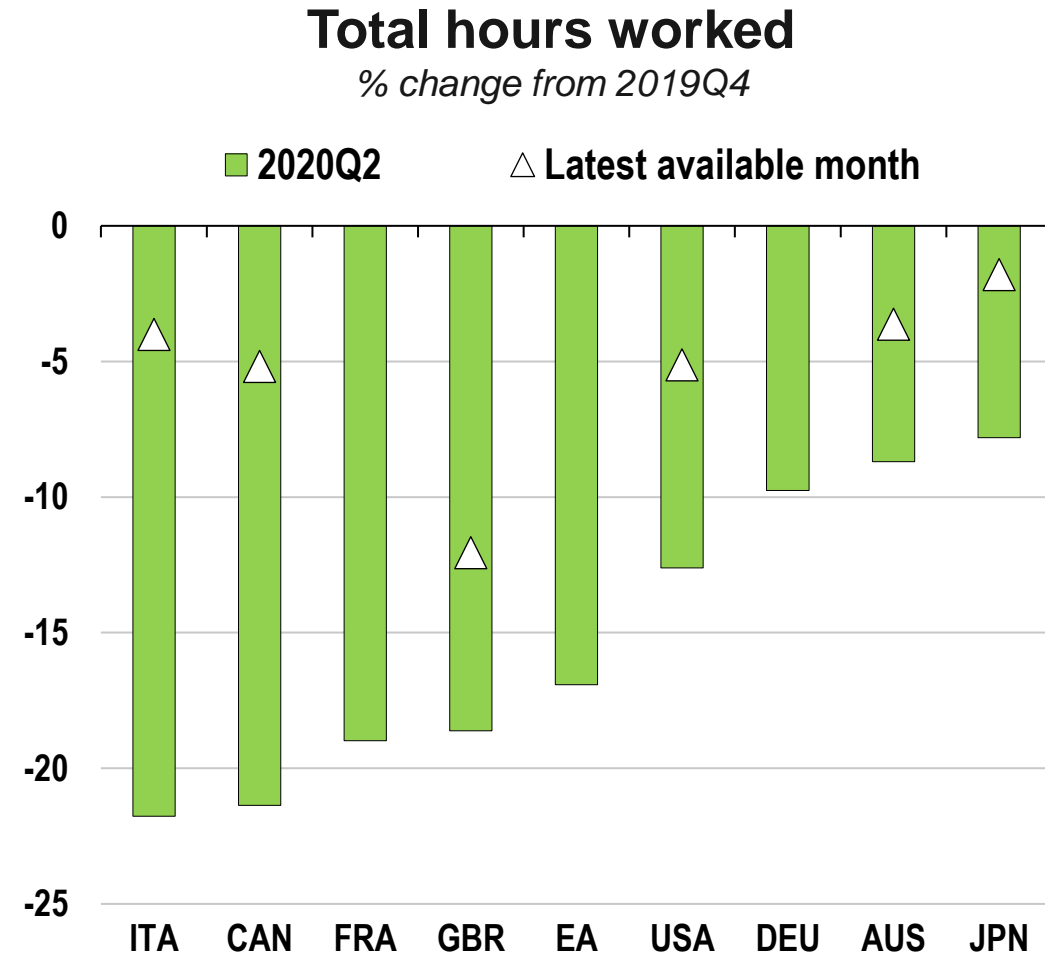
2. Low interest rates increase space for fiscal support

Debt servicing costs are low

Government debt servicing payments, % of nominal GDP



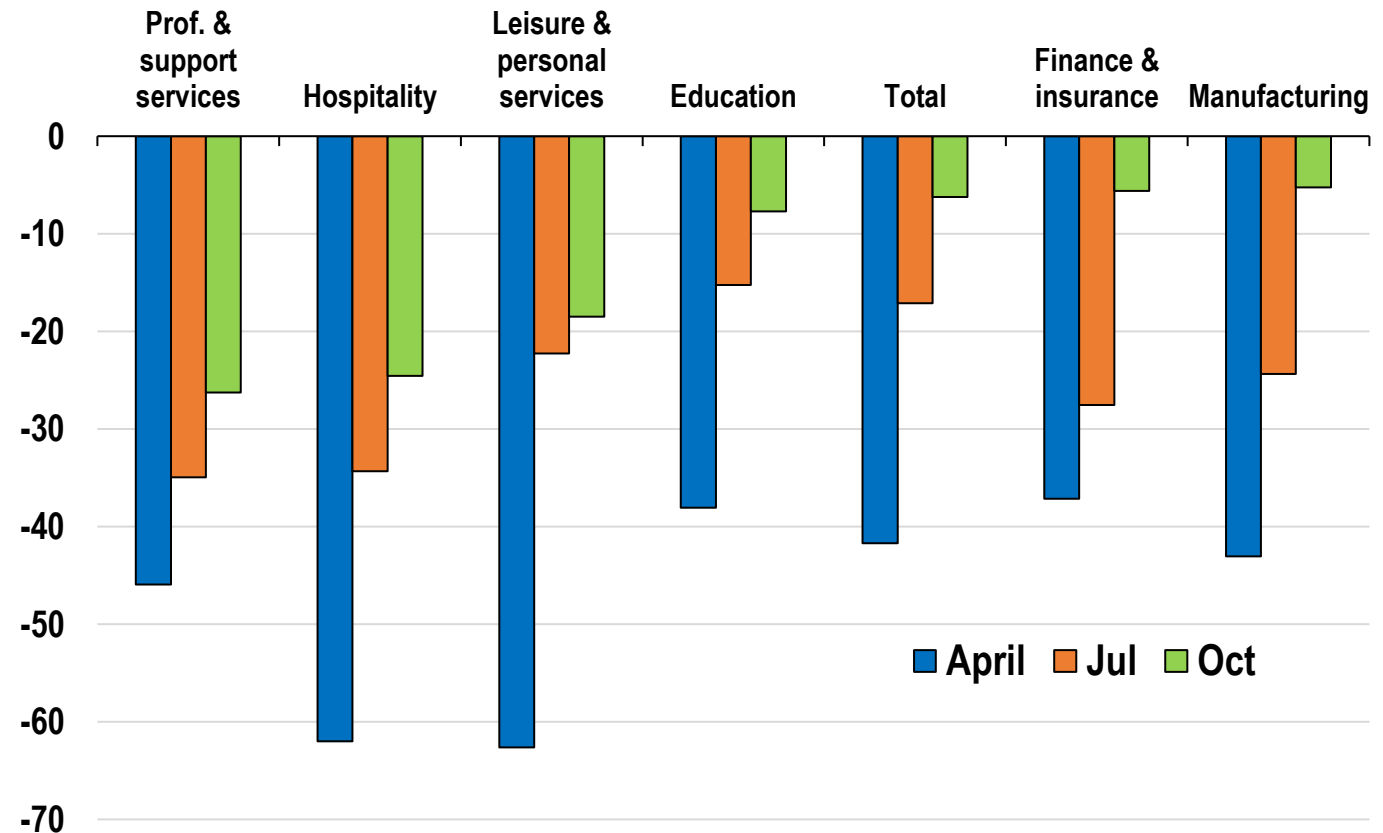
3. Step up support to dismissed workers and job seekers



Job postings remain depressed in shutdown sectors

Job postings in 6 countries

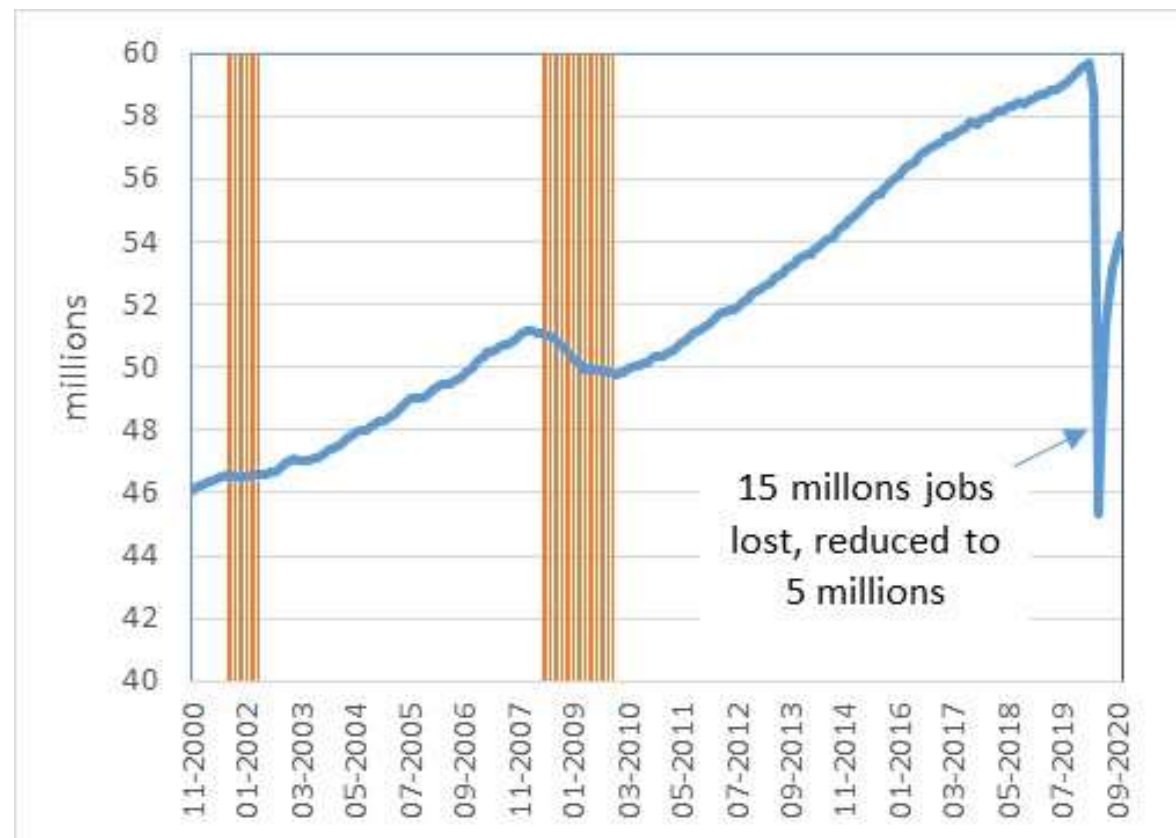
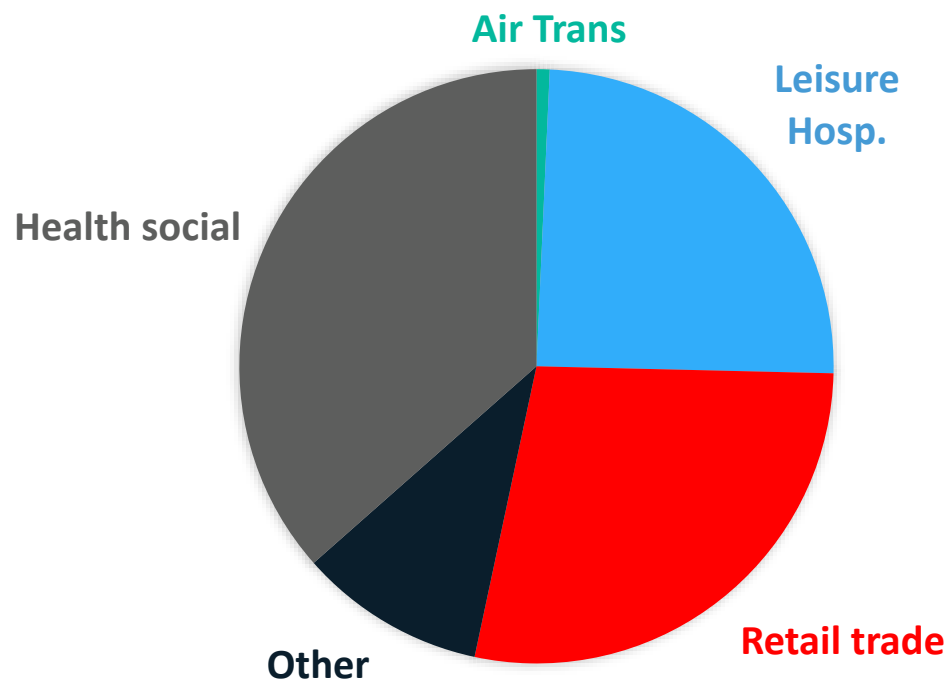
% change from January 2020



Note: Based on online job postings in Australia, Canada, New Zealand, Singapore, the United Kingdom and the United States. The occupational group professional and support services includes professional, scientific and administrative support services. Source: Burning Glass Technologies



U.S. employment in sectors impacted by lockdowns remains depressed



Source: Bureau of Labour Statistics



Important policy priorities

- Keep up with **safe practices**: masks, distances, tests, tracing, and isolation.
- Plan and coordinate widespread **vaccine** distribution.
- Avoid premature withdrawal of **fiscal** support.
- Keep easy **monetary** conditions until the recovery is well underway.
- Target support to **viable** firms, with grants and equity.
- Help SMEs to **digitalize**.
- Targeted support to **job seekers** with job search assistance and training.



Thank you

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