So, what is the history of this virus, and where did it come from?

In late December 2019, it was reported that there was an outbreak of a new virus in the Wuhan province, China. It led to the death of more than 3,000 people, while more than 81,000 tested positive, while many more went undiagnosed. The severity wasn’t widely understood until it led to an unprecedented three-month lockdown, where people were confined to their homes and only the most essential of work continued such as grocery stores, hospitals, pharmacies, and others.

Initially, it was thought to be an isolated area of the disease, but it spread fast throughout China and sadly things took a turn for the worse when cases started appearing elsewhere in Asia, Europe, and the USA.

Italy recorded its first official case on January 29, but there weren’t enough restrictions in place and people weren’t following social distancing guidelines. This led to an outbreak, and the country was on a severe lockdown starting March 11 in an effort to stem the tide of ever-increasing infections and deaths. Since then it has spread throughout the globe, and unfortunately more deaths have been recorded.

The immediate impacts from this virus are several:

- Affects elderly people disproportionately
- Easily transmitted
- No symptoms for up to 14 days, easing transmission
- Led to severe lockdowns across the globe in an effort to slow the spread of the disease

The impact of this virus is very difficult to quantify currently as it is still ongoing but based on the number of causalities and infected population it has definitely become the number one agenda that needs to be resolved in the new decade.
economic impact in economies across the globe

Has there been any impact to the wider economy? Yes, there has been a profound impact on the wider economy.

**Developed economies**

The stock markets experienced a severe 30% drop - the single worst day for stocks since the 1987 Black Monday crash. In addition to that the significant decrease in business activity and the fact that vast numbers of economies were effectively put on lockdown caused oil prices to collapse to levels not seen since the 1990s-Western Texas Intermediate oil went down to $10, while future prices went briefly to negative territory - something unthinkable in modern times.

Meanwhile, retailers were forced to cancel orders worth billions, thereby spreading the economic pain to their suppliers in Asia. Even a minor decrease in such orders could have major ramifications for the local economies and the millions they employ. Some analysts suggest that just a 10% decline in exports could lead to a 4 to 9% drop in employment just in Bangladesh. Another sector that was severely impacted was transport, specifically air travel. Airlines have had to ground their aircrafts, thereby completely eliminating their business altogether. It is estimated that air traffic has reduced by close to 77%. Shipping has decreased significantly up to the point that some international ports are seeing half the shipping traffic that they would normally expect. Governments across the globe were forced to distribute a vast amount of stimulus packages - the USA gave worth close to $25 billion dollars; KLM-Air France got a $7.7 billion package; Singapore Airlines got $13.3 billion. These show that impact to the sector has been profound and absolute, while many airlines were forced to put their staff on furlough schemes, ask them to take unpaid leave, and even announce severe reductions in the level of employment.

The frozen economy has had a ripple effect to businesses of all kinds, and governments have been forced to implement unprecedented and unimaginable measures not seen since the Great Depression.

Both in the UK and USA government have implemented business loans (guaranteed in some cases up to 100%), provided business loans to keep companies afloat in these difficult times with the condition that they wouldn’t fire people and offer to pay furloughed employees up to 80% of their normal salary, while the measures are in place. However, even with these extreme measures the economies are suffering. In the USA close to 40 million people have become unemployed a level not seen since the Great Depression. Governments and central banks have reacted urgently and with great speed by providing loans and guarantees for businesses but the issue is that under a continued lockdown people without income cannot buy goods, and companies won’t be able to sell those goods creating a perfect store, where there is no demand for lack of income and no supply due to not having enough sales. Current projections by the IMF are that there will be a 3% reduction to the global economy this year.
The effects have been even more pronounced in developing countries.

For one, developing economies are extremely dependent on developed economies for trade, investment and technical expertise.

The vast majority of developing countries depend on some form of commodity exports to balance their budgets, but sadly the global lockdown has pushed their prices to lows unseen in previous generations, an example being oil prices. For those of you that are interested in a more detailed overview of the commodity markets the World Bank has published an extensive study in April on the outlook for 2020. (https://openknowledge.worldbank.org/bitstream/handle/10986/33624/CMO-April-2020.pdf)

The other significant impact has been the sudden decrease in commerce and trade on a global level. This is diminishing a lot of foreign investments on which developing economies depend to improve the financial situation and employment situation of their population.

In addition, a lot of countries were hit with the COVID-19 virus much later. Only in the last month has India implemented a lockdown that is supposed to last 40 days, which was necessary given the rising levels of infections that risked overwhelming the healthcare system. In Africa, the situation is extremely difficult due to a number of reasons. There are not enough ventilators, some countries have single digits, and some have none at all. The other issue is lack of enough intensive care beds. Another area of concern is that the lack of investment and trade, as well as limited sources of revenue, could have negative consequences on their budgets making it extremely unlikely that they would be able to service their debts.

Calls for debt relief amounting to billions worth of dollars have been made, in order to give developing economies some breathing room, so that they can actually fight the current pandemic. However, there is lack of certainty, whether these measures would be implemented. A significant cause of concern is also the lack of medical equipment and hospital beds, which make diagnosing the virus and taking care of the sickest patients very hard.

But the major impact the virus is having is the lack of certainty, when economies could restart as we live in a very globalized economy, where such sudden shocks have brought millions to the brink and have increased the risk of poverty for countless of people across the globe. The World Bank estimates that 40-60 million people will be pushed into extreme poverty. For more information, please see: https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest

But how does the current pandemic compare to other diseases in the past? Surely, mankind must have faced something similar before.
way forward

So, what is the way out of this crisis and the severe lockdown that was imposed on both people and businesses?

It is not quite clear, as the situation is changing constantly, which makes it extremely hard to predict or even forecast what is going to happen next, especially on the economic side of things.

Restarting an economy and making business start to invest and trade is much more difficult than stopping it. Hiring and training new staff takes time, and creating a viable business model in these difficult times is making things much more complicated. Still, some countries such as China have slowly started to lift the restrictions. China, which was first affected, has just started to lift restrictions after almost 3 months of zero movement policy (people were not allowed to leave their homes). In the Western countries the situation is anything but clear as every country has implemented different measures. The most severely impacted implemented strict curfews but some movement is still allowed only for essential shopping and basic exercise. Still, the virus is ever-present, and there are a handful of viable options from this scenario.

What is the way forward? Governments have posed the below options as a viable way forward but without any clear guidance if these will even happen in the specified timeframe. For now, they remain best estimates, or in another word, guesses.

- A vaccine is developed; This process can take anything from 18 months (optimistic) to 5 years or more; The reason being that vaccines take time to develop, test, implement and then produce on an industrial scale

- Herd immunity approach – this is one of the most heavily criticized ways out of the crisis, as it relies on the fact that close to 70% of all of the population, but that would mean that millions of people would get affected and potentially die, which makes this a very dangerous approach;

- Limiting the spread of the virus, while having some social distancing measures in place- reducing the number of infected by limiting the social interactions as well as decreasing the overall number of people who can get the disease seems to be the most sensible approach so far; however, the biggest downside is that a lot of people have to be supported by financial means during the pandemic as reported above, so many people were made redundant in such a short space of time; The other downside is that it is not clear how long these measures would be in place because as soon as they are lifted any asymptomatic virus carriers could spread the virus once more.
Diseases have been part of human society as long as we have been on Earth. Many pandemics have come and gone and yet humanity has still survived to become the dominant species, but with that dominance come many risks, especially with globalization. What this situation has shown is that a virus can quickly grasp the globe in the space of a few months, but it has also shown the resilience of the human spirit and society as a whole. Hopefully, these virtues combined with our dedication to find a solution to the current crisis will prevail and help us move forward from these challenging times.

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