



UvA-DARE (Digital Academic Repository)

Quantifying the Toll of Covid-19

Lorié, J.A.; Smid, T.

Publication date

2020

Document Version

Final published version

[Link to publication](#)

Citation for published version (APA):

Lorié, J. A. (Author), & Smid, T. (Author). (2020). Quantifying the Toll of Covid-19. Web publication or website, Treasury & Risk. <https://www.treasuryandrisk.com/2020/08/19/quantifying-the-toll-of-covid-19/?slreturn=20210213075448>

General rights

It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations

If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: <https://uba.uva.nl/en/contact>, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.

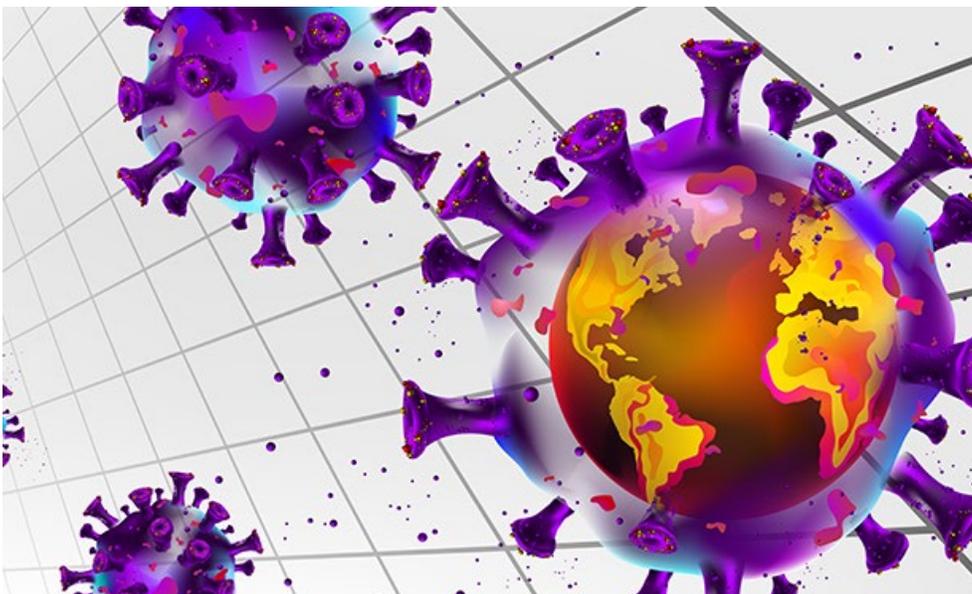


Analysis

Quantifying the Toll of Covid-19

The latest economic research from Atradius suggests global GDP may recover rapidly in 2021—but only if some key assumptions are met.

By **John Lorié & Theo Smid** | augustus 19, 2020 at 10:35 PM



As [Covid-19](#) spread around the world this spring and governments locked down their economies to slow the virus, both advanced and emerging-market economies suffered greatly. These lockdowns prevented nonessential businesses—such as restaurants,

barbershops, and sports and arts venues—from opening their doors for an indeterminate period of time. They also prohibited many employees from traveling to work, even if working from home was not an option. As a result, a large swath of businesses, including many factories, were not able to operate.

This created a supply-side shock, as products and services could not be produced. On top of that, demand fell as workers lost their income and economic uncertainty climbed. Precautionary savings rose. Consumption fell. Businesses, facing lower demand and higher uncertainty, reduced capital expenditures. Falling equity prices exacerbated the situation, restricting financing opportunities. Indeed, even demand for many products and services that could still be produced in lockdown fell precipitously.

The ultimate result was a supply shock, in combination with a demand shock. The impact on countries' gross domestic product (GDP) has been profound. In Q2/2020, [the U.S. economy shrank](#) at a quarterly rate of 9.5 percent, which translates into an annualized rate of 32.9 percent—the sharpest downturn since the U.S. Commerce Department began tracking quarterly GDP in the 1940s.

**Complete your profile to
continue reading and get FREE
access to Treasury & Risk, part
of your ALM digital membership.**

**YOUR ACCESS TO UNLIMITED TREASURY & RISK
CONTENT ISN'T CHANGING.
ONCE YOU ARE AN ALM DIGITAL MEMBER, YOU'LL
RECEIVE:**

Critical Treasury & Risk information including in-depth analysis of treasury and finance best practices, case studies with corporate innovators, informative newsletters, educational webcasts and videos, and resources from industry leaders.