

Covid-19 and the Future for Investment

AXA IM Virtual Economists Lunch

May 12, 2020

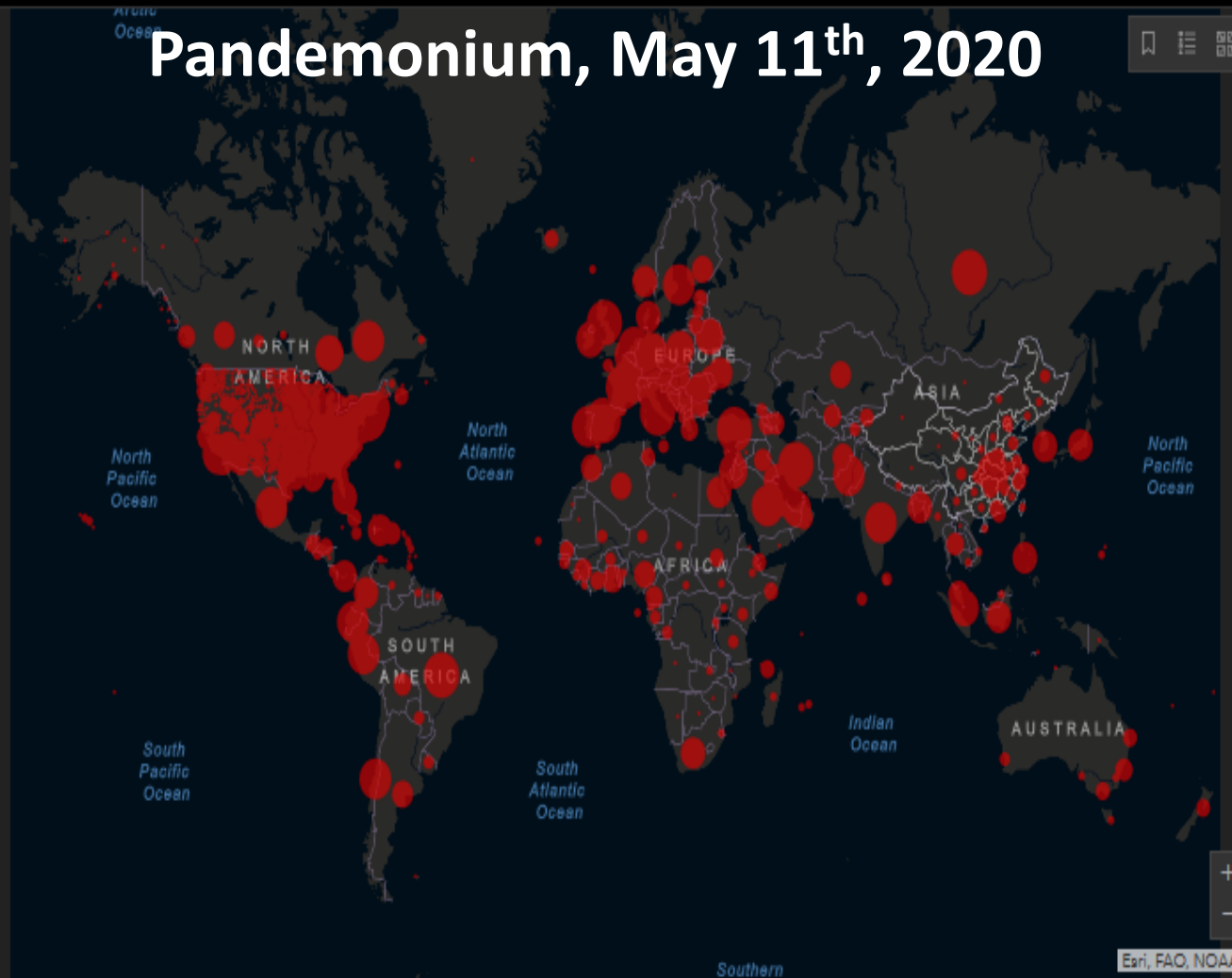
# Pandemonium, May 11<sup>th</sup>, 2020

Total Confirmed

# 4,126,154

Confirmed Cases by Country/Region /Sovereignty

- 1,329,799 US
- 224,350 Spain
- 221,344 Russia
- 220,449 United Kingdom
- 219,070 Italy
- 177,094 France
- 171,879 Germany
- 163,427 Brazil
- 138,657 Turkey
- 109,286 Iran
- 84,010 China
- 70,091 Canada
- 67,724 India
- 67,307 Peru
- 53,449 Belgium



Cumulative Confirmed Cases   Active Cases   Incidence Rate   Case-Fatality Ratio   Testing Rate   Hospitalization Rate

# 187

Lancet Inf Dis Article: [Here](#). Mobile Version: [Here](#).  
Lead by JHU CSSE. Automation Support: [Esri Living Atlas team](#) and [JHU APL](#). [Contact US](#). [FAQ](#).

Global Deaths

# 283,120

- 79,528 deaths US
- 31,930 deaths United Kingdom
- 30,560 deaths Italy
- 26,621 deaths Spain
- 26,383 deaths France
- 11,168 deaths Brazil
- 8,707 deaths Belgium
- 7,540 deaths

Global Deaths

US State Level

## Deaths, Recovered

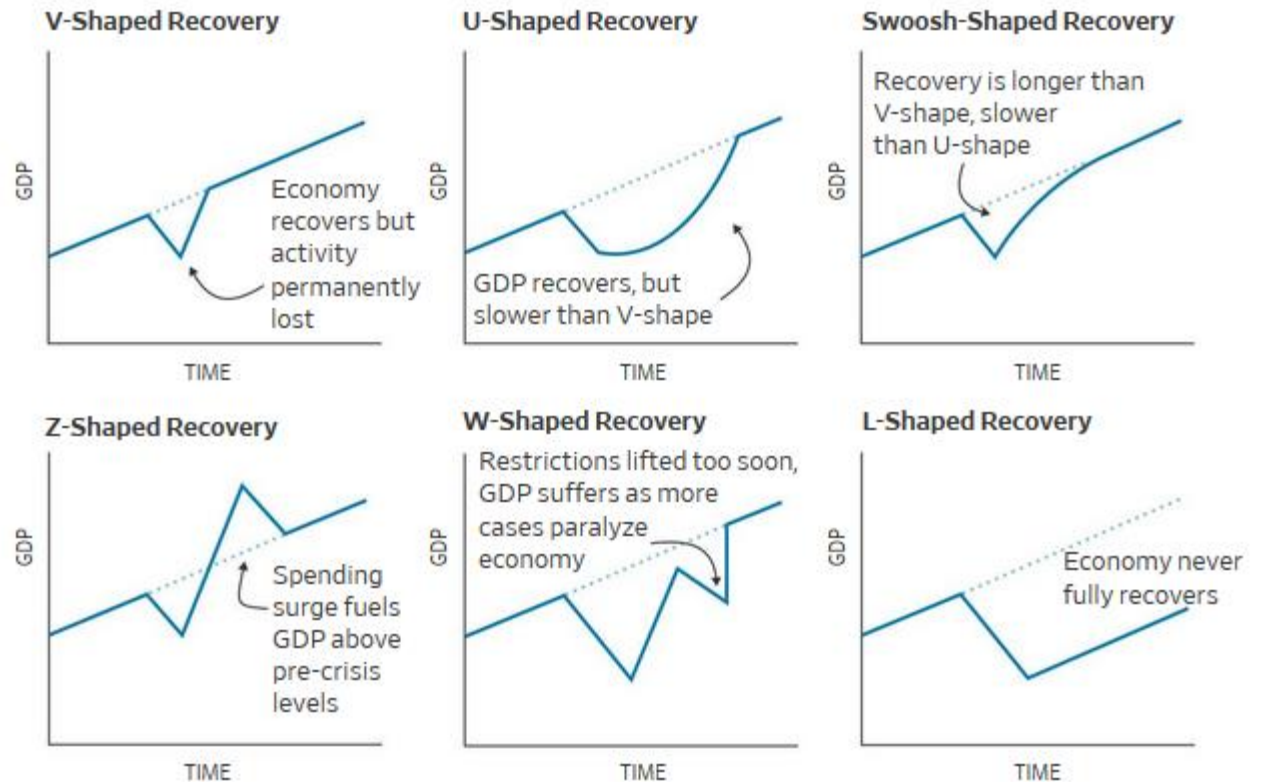
- 26,641 deaths, 58,006 recovered New York US
- 9,256 deaths, 15,642 recovered New Jersey US
- 4,979 deaths, recovered Massachusetts US
- 4,555 deaths, 22,686 recovered Michigan US
- 3,806 deaths, recovered Pennsylvania US
- 3,406 deaths, recovered Illinois US
- 2,967 deaths, 5,413 recovered Connecticut US
- 2,710 deaths, recovered

US Deaths, Recovered



# Covid-19 SIX Economic and Political Consequences

- **World GDP takes a major hit: recovery V-shaped, W-shaped or L-shaped**



Note: Recoveries are using sample data  
Source: Brookings Institution

# GROWTH PROJECTIONS

The COVID-19 health crisis will have a severe impact on economic activity in 2020



(Percent change, unless noted otherwise)

IMF, *World Economic Outlook*,  
April 2020

	2019	Projections	
		2020	2021
<b>World Output</b>	<b>2.9</b>	<b>-3.0</b>	<b>5.8</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>-6.1</b>	<b>4.5</b>
United States	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
Japan	0.7	-5.2	3.0
United Kingdom	1.4	-6.5	4.0
Canada	1.6	-6.2	4.2
Other Advanced Economies <sup>2</sup>	1.7	-4.6	4.5
<b>Emerging Market and Developing Economies</b>	<b>3.7</b>	<b>-1.0</b>	<b>6.6</b>
Emerging and Developing Asia	5.5	1.0	8.5
China	6.1	1.2	9.2
India <sup>3</sup>	4.2	1.9	7.4
ASEAN-5 <sup>4</sup>	4.8	-0.6	7.8
Emerging and Developing Europe	2.1	-5.2	4.2
Russia	1.3	-5.5	3.5
Latin America and the Caribbean	0.1	-5.2	3.4
Brazil	1.1	-5.3	2.9
Mexico	-0.1	-6.6	3.0
Middle East and Central Asia	1.2	-2.8	4.0
Saudi Arabia	0.3	-2.3	2.9
Sub-Saharan Africa	3.1	-1.6	4.1
Nigeria	2.2	-3.4	2.4
South Africa	0.2	-5.8	4.0
<b>Memorandum</b>			
European Union <sup>5</sup>	1.7	-7.1	4.8
Low-Income Developing Countries	5.1	0.4	5.6
Middle East and North Africa	0.3	-3.3	4.2
World Growth Based on Market Exchange Rates	2.4	-4.2	5.4

April 14, 2020

	<u>GDP Growth (%qoq)</u>		<u>Unemployment(%)</u>		<u>Gov't Debt (%)</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
<b>United States</b>	<b>-7.1</b>	<b>2.6</b>	<b>11.0</b>	<b>8.4</b>	<b>105</b>	<b>116</b>
<b>Euro Area</b>	<b>-12.0</b>	<b>5.0</b>	<b>12.2</b>	<b>12.2</b>	<b>119</b>	<b>125</b>
<b>Germany</b>	<b>-9.0</b>	<b>4.0</b>				
<b>France</b>	<b>-14.0</b>	<b>6.0</b>				
<b>Italy</b>	<b>-14.0</b>	<b>5.5</b>				
<b>Japan</b>	<b>-6.5</b>	<b>1.2</b>	<b>3.3</b>	<b>3.6</b>	<b>262</b>	<b>265</b>
<b>China</b>	<b>-1.1</b>	<b>9.5</b>			<b>90</b>	<b>92</b>
<b>India</b>	<b>-5.8</b>	<b>5.6</b>			<b>78</b>	<b>81</b>
<b>South Africa</b>	<b>-9.0</b>	<b>0.1</b>				
<b>Brazil</b>	<b>-6.2</b>	<b>2.0</b>				

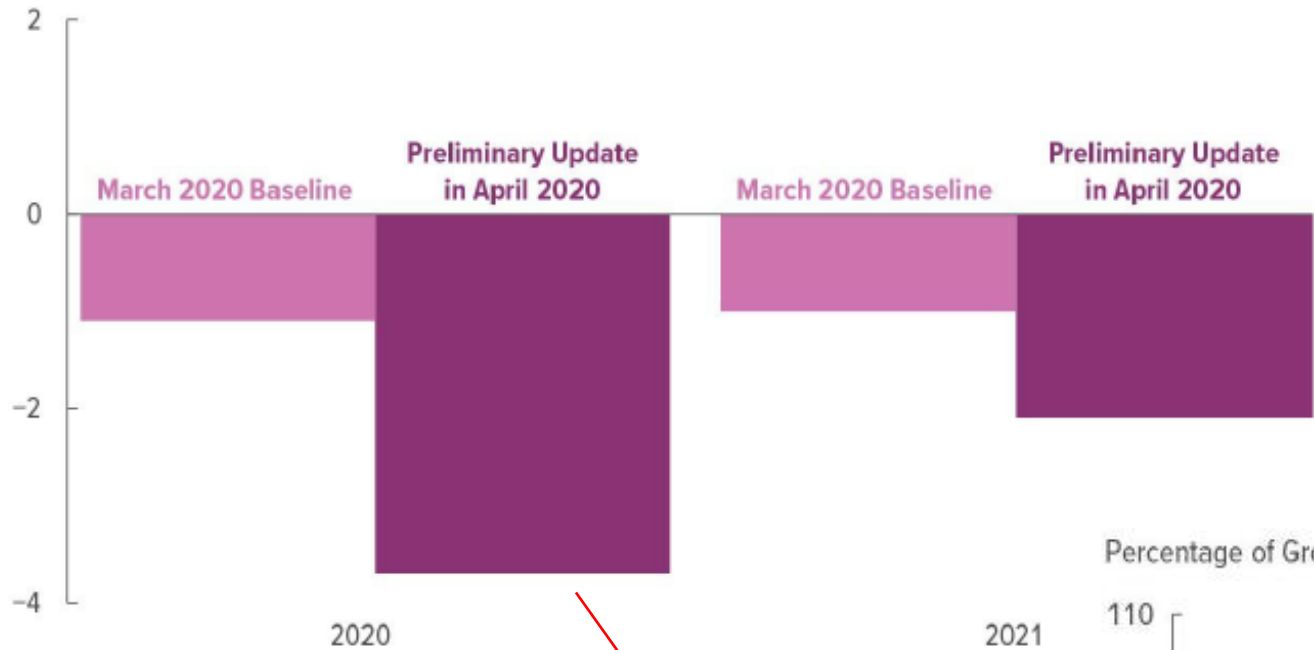
**source:** Deutsche Bank, May 7, 2020

# Covid-19 Economic and Political Consequences

- **World GDP takes a major hit:** recovery ~~V-shaped~~, W-shaped or U-shaped
- **Fiscal deficits up** → **Government debt up** → **Debt Service up**

# Fiscal Deficit as % GDP)

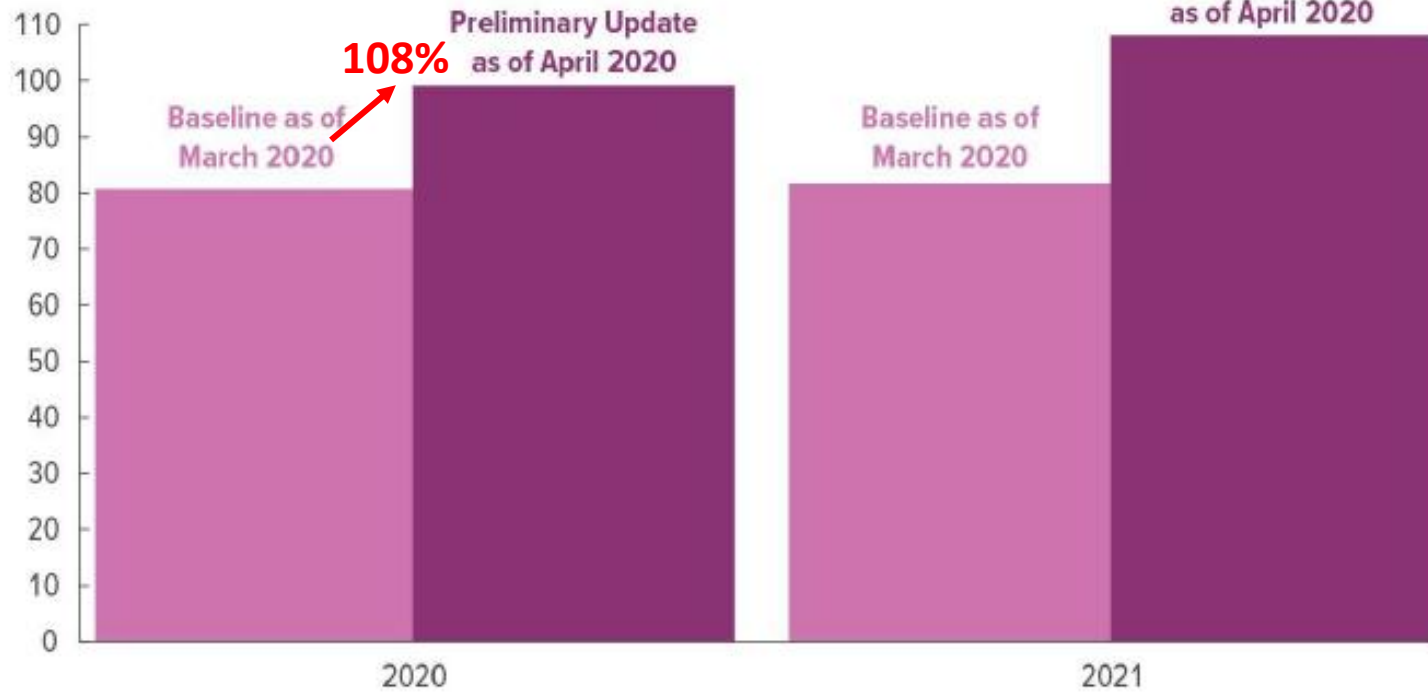
Trillions of Dollars



**\$3.7 bil**

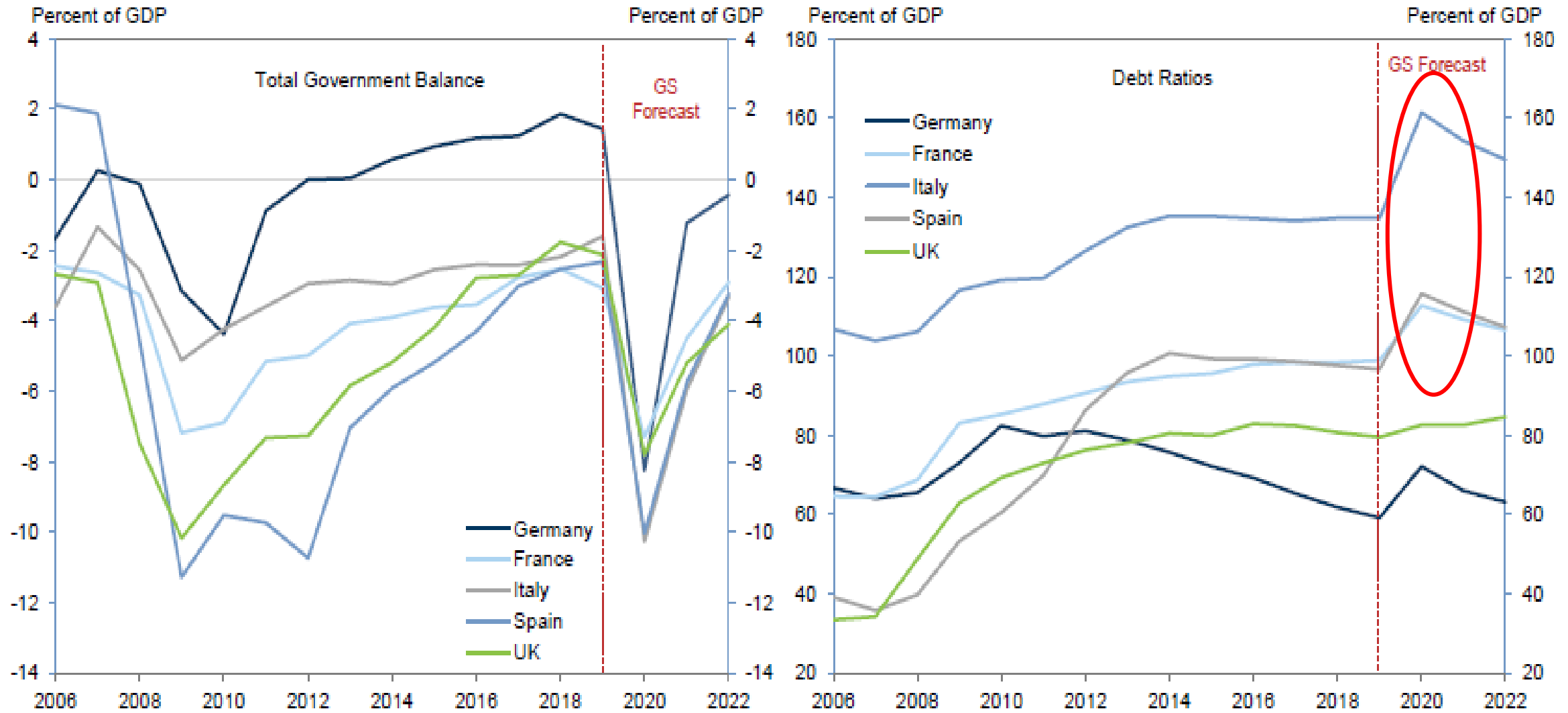
# Federal Debt held debt as %GDP

Percentage of Gross Domestic Product





# Europe



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  - *“The more troublous the times, the worse does a laissez-faire system work”*  
John Maynard Keynes, 1923
  - **Healthcare, minimum wage, income inequality, regulation, energy policy, etc.**

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- **European integration at risk...**
  - North-South Divide, Debt and slow growth, East Europe democracies