

Coronavirus: The Global Economic Threat

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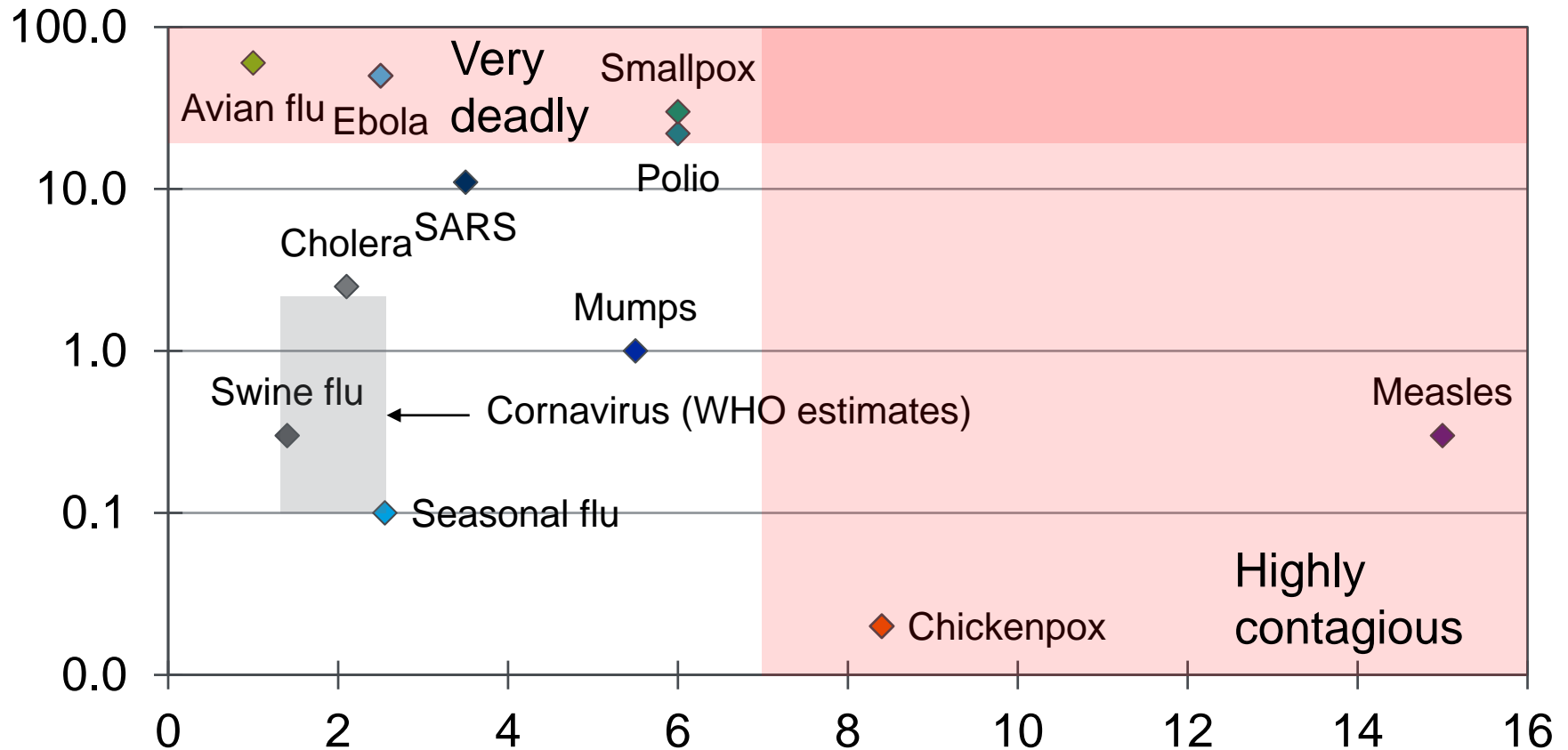
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1

Gauging the Virus

How Widespread and How Virulent?

X-axis: Contagiousness (R_0), Y-axis: Mortality rate (% , log scale)



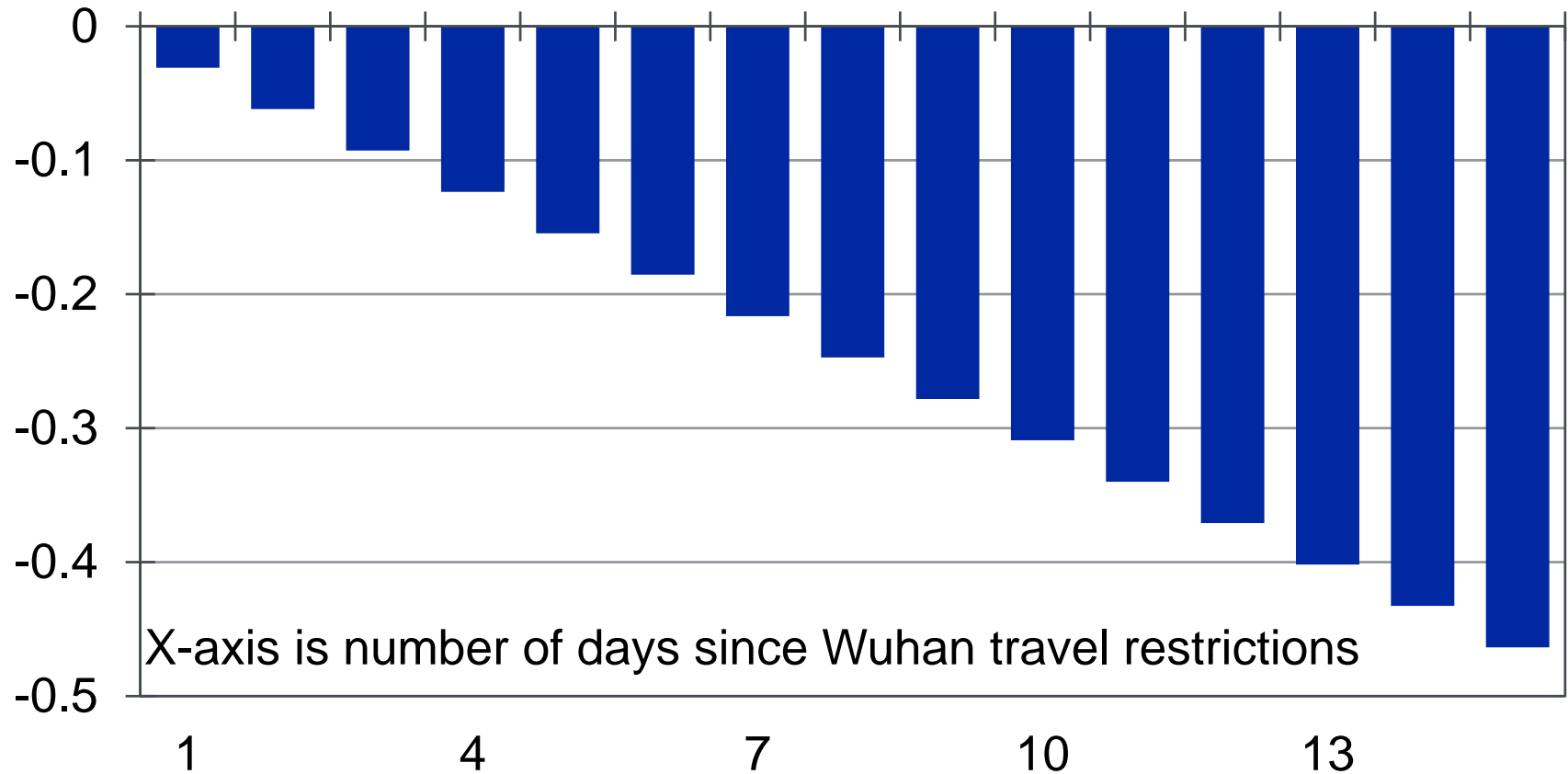
Sources: CDC, WHO, various studies, Moody's Analytics

2

Chinese Economic Impact

Body Blow to China

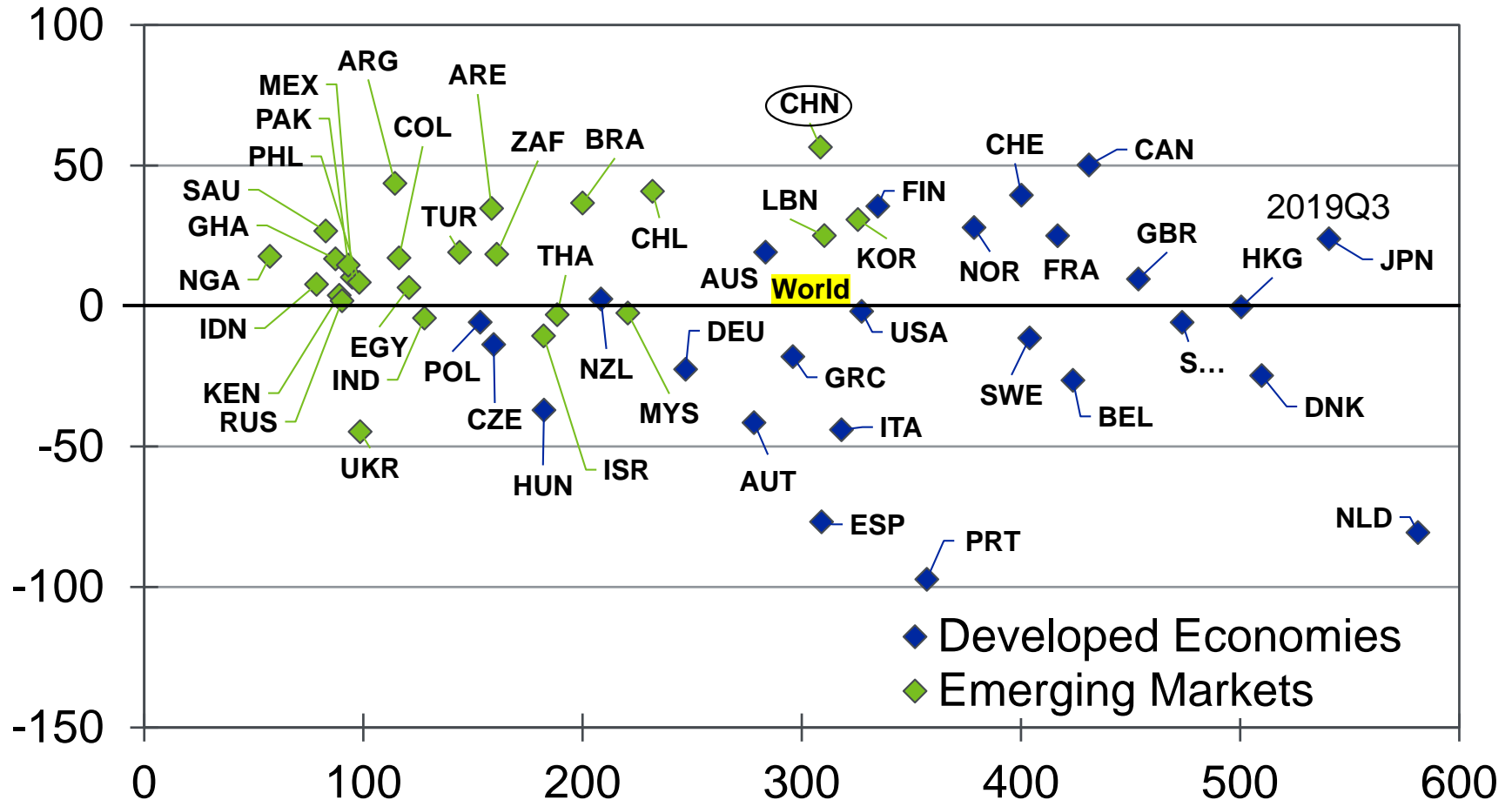
Cumulative lost output, % of China GDP, ppt



Source: Moody's Analytics

China's Debt Load is High and Rising

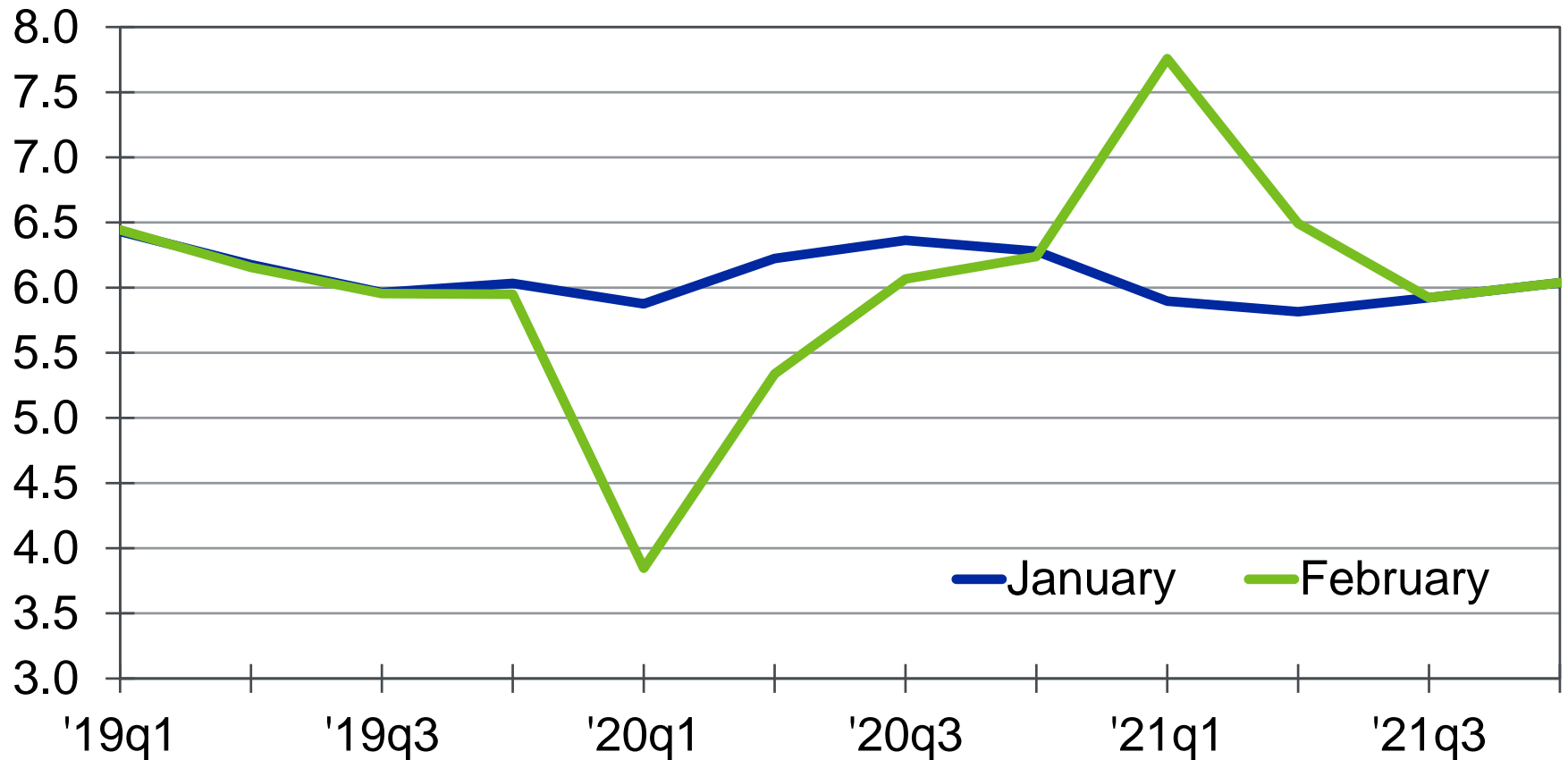
Total debt-to-GDP ratio, % (x-axis), 5-yr change, pts, (y-axis)



Sources: IIF, Moody's Analytics

China's Economic Outlook

China real GDP by forecast vintage, % change yr ago



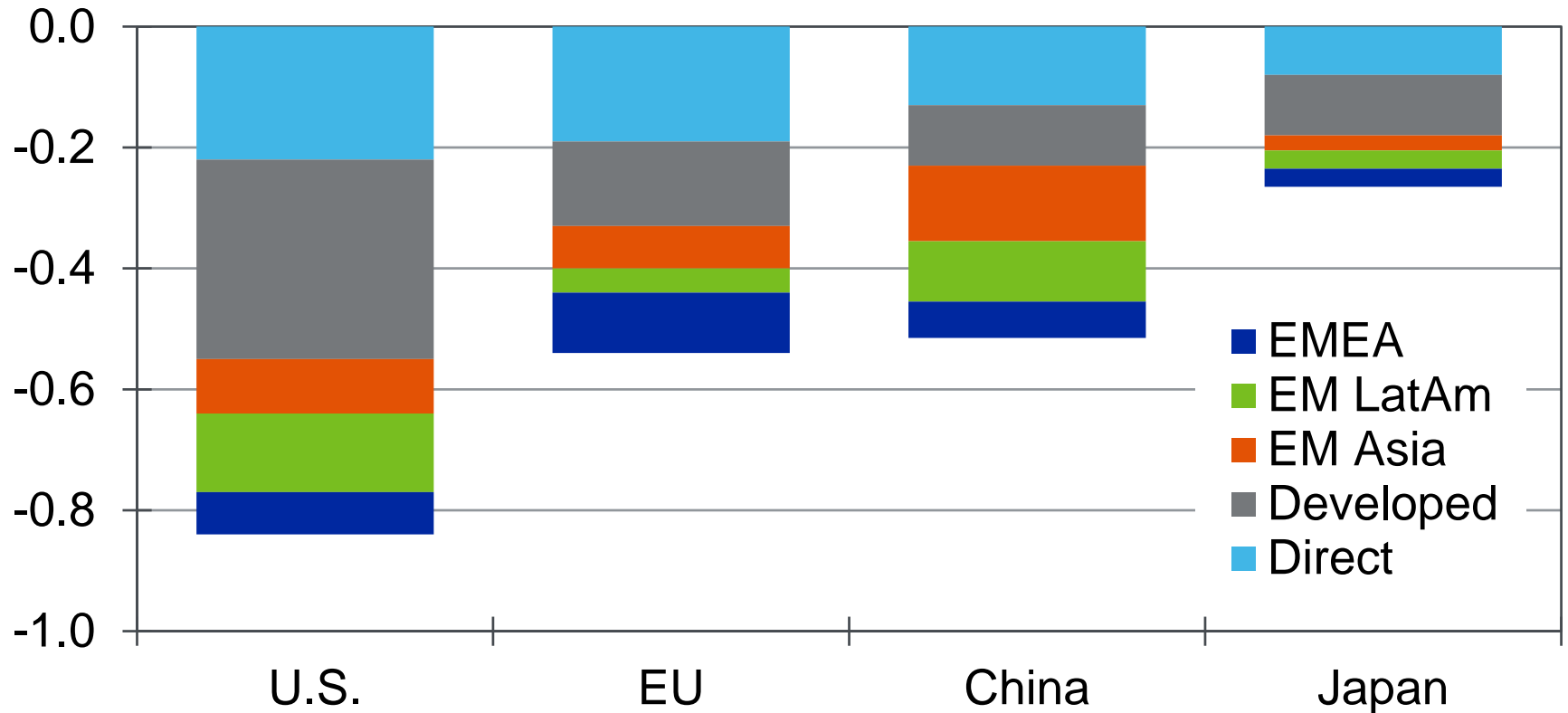
Sources: National Bureau of Statistics, Moody's Analytics

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Global Economic Impact

Virus Will Hurt Global Economies

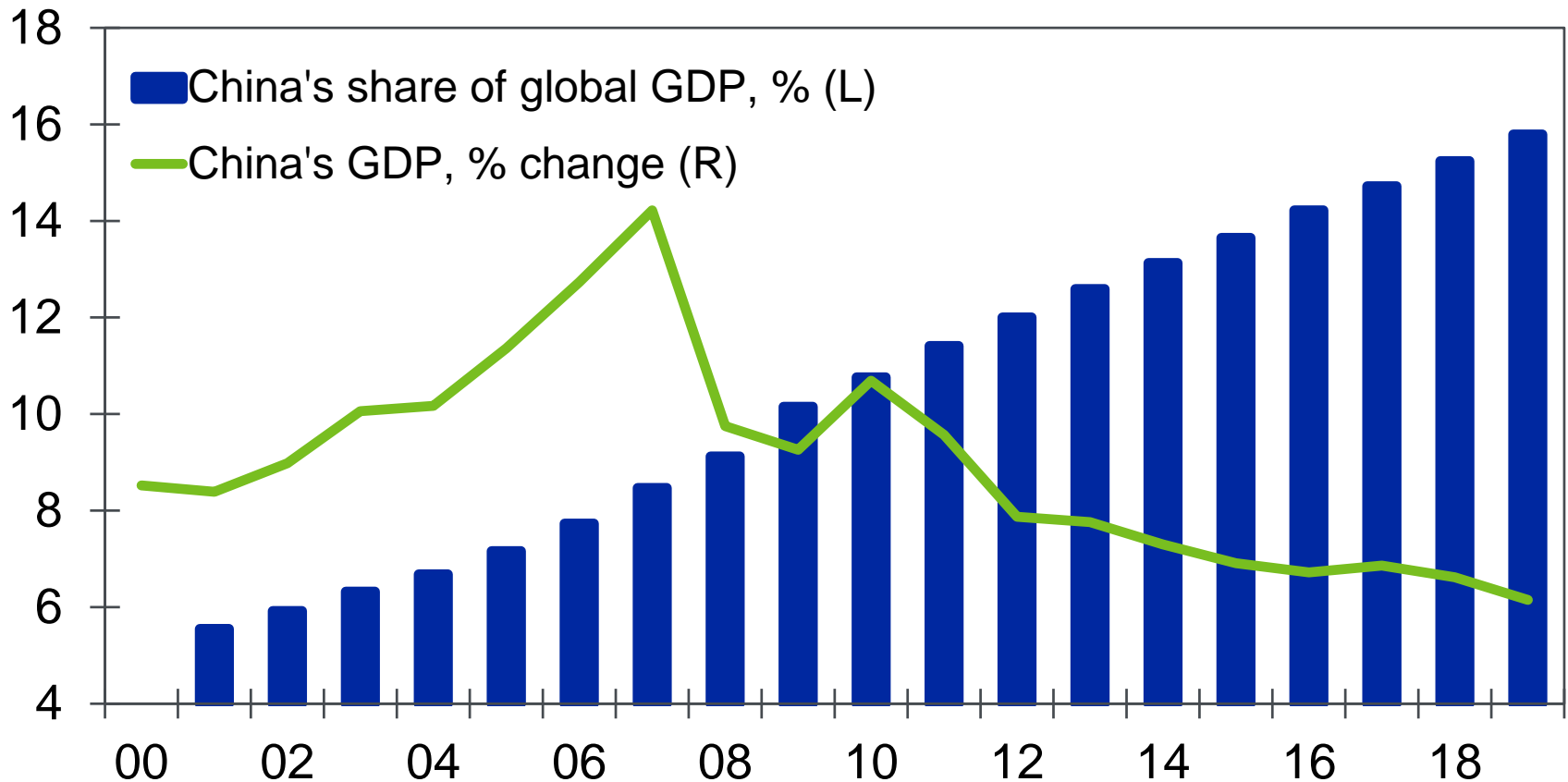
Ppt contribution to global GDP growth from 1% deceleration in GDP growth of specified country



Source: Moody's Analytics

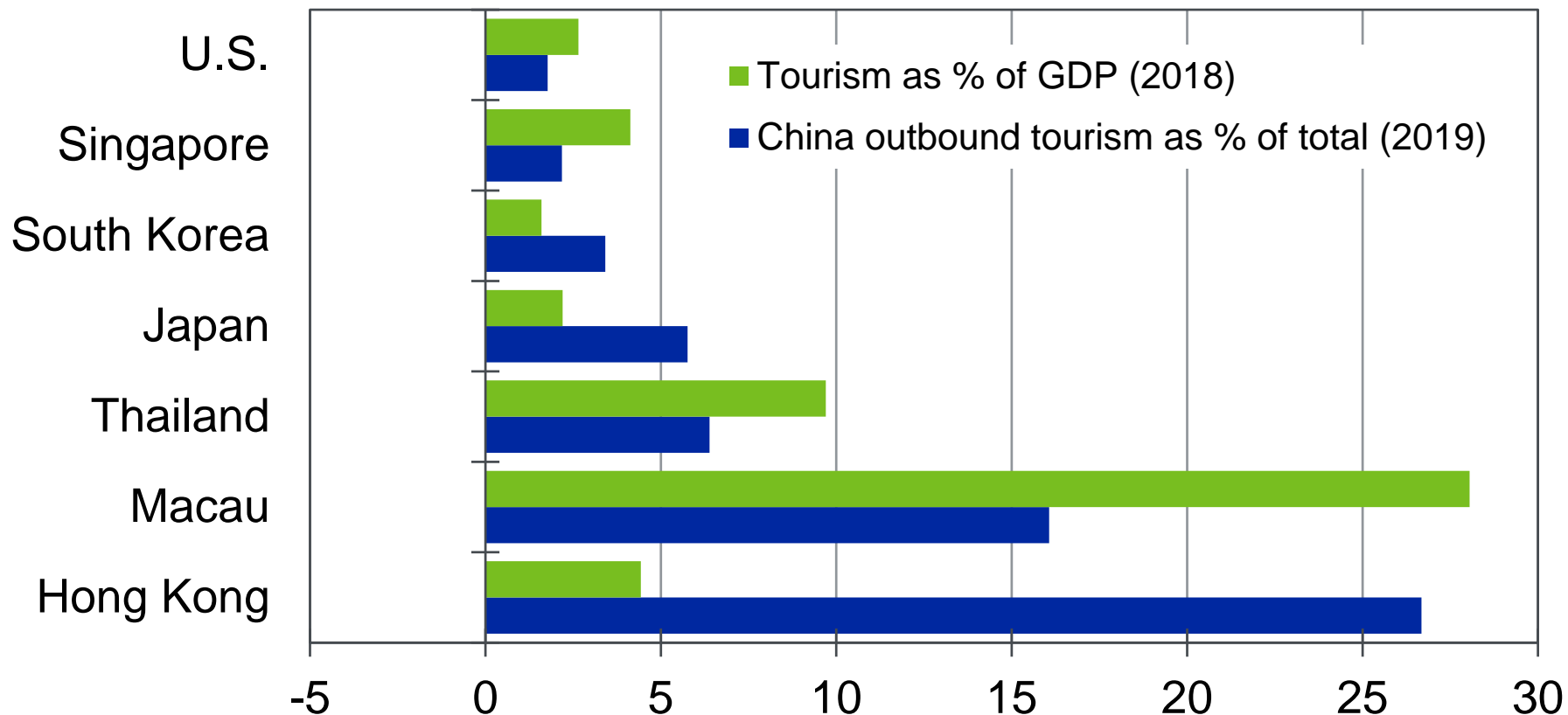
China's Role in the Global Economy

China's real GDP



Sources: National Bureau of Statistics, Moody's Analytics

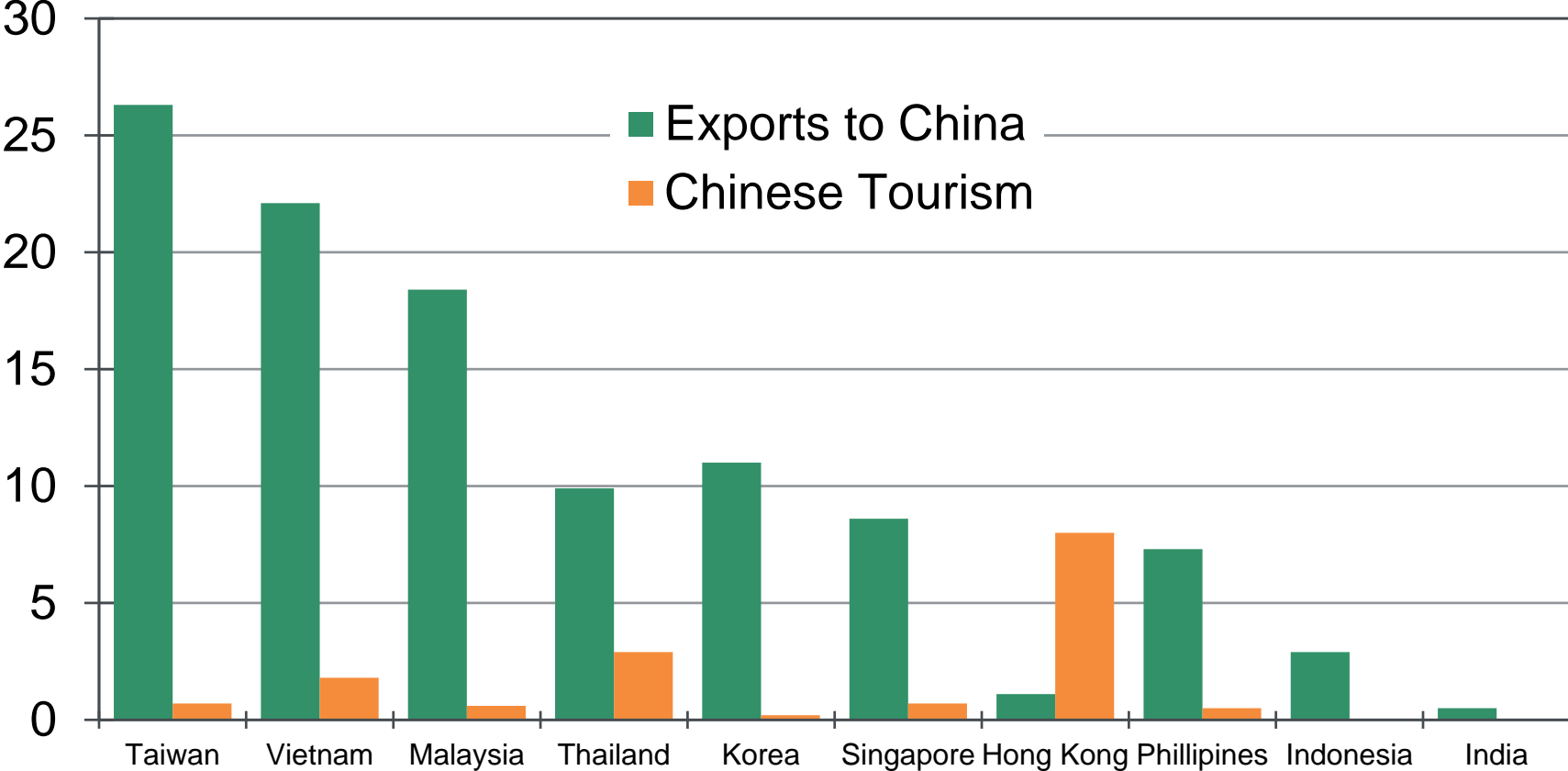
Exposure to Chinese Tourism



Sources: World Travel and Tourism Council, China Outbound Tourism Research Institute, Moody's Analytics

Asian Economies are Highly Exposed

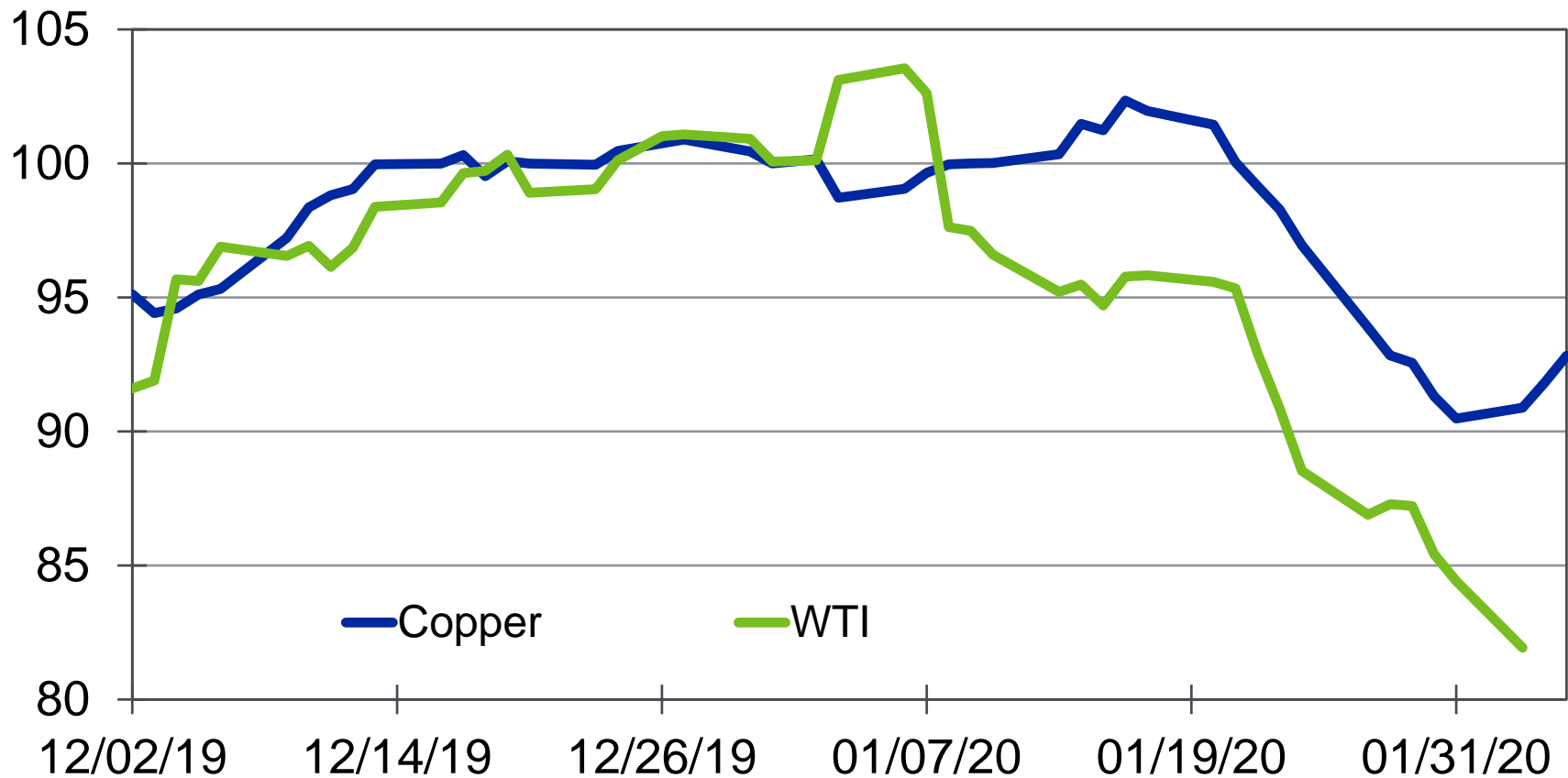
% of GDP, 2018



Sources: IMF, Government sources, Moody's Analytics

Commodity Prices Take It on the Chin

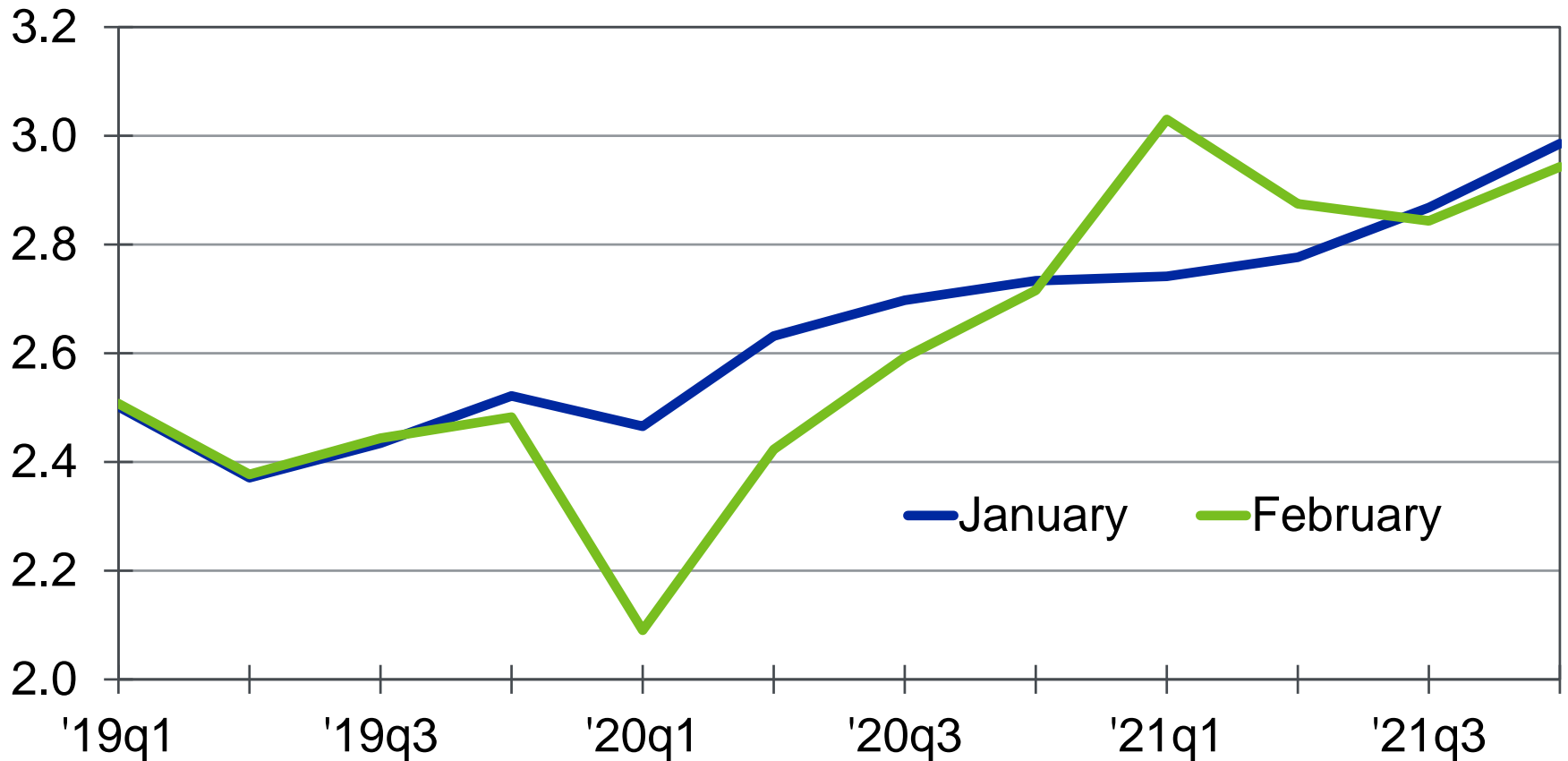
Commodity prices, Dec 31, 2019 = 100



Source: EIA, LME, Moody's Analytics

Global Economic Outlook

Global real GDP by forecast vintage, % change yr ago



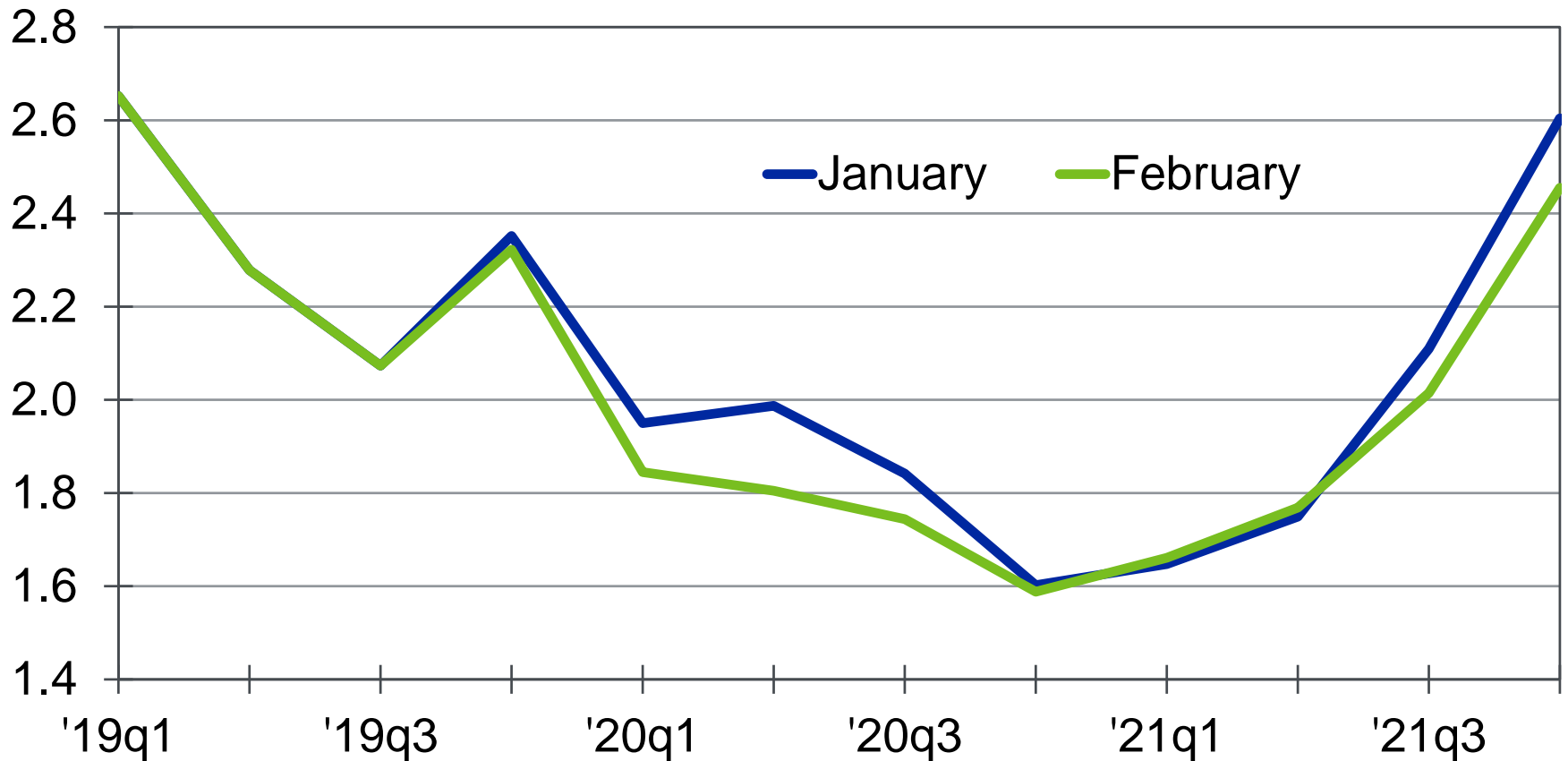
Sources: Moody's Analytics

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U.S. Economic Impact

U.S. Economic Outlook

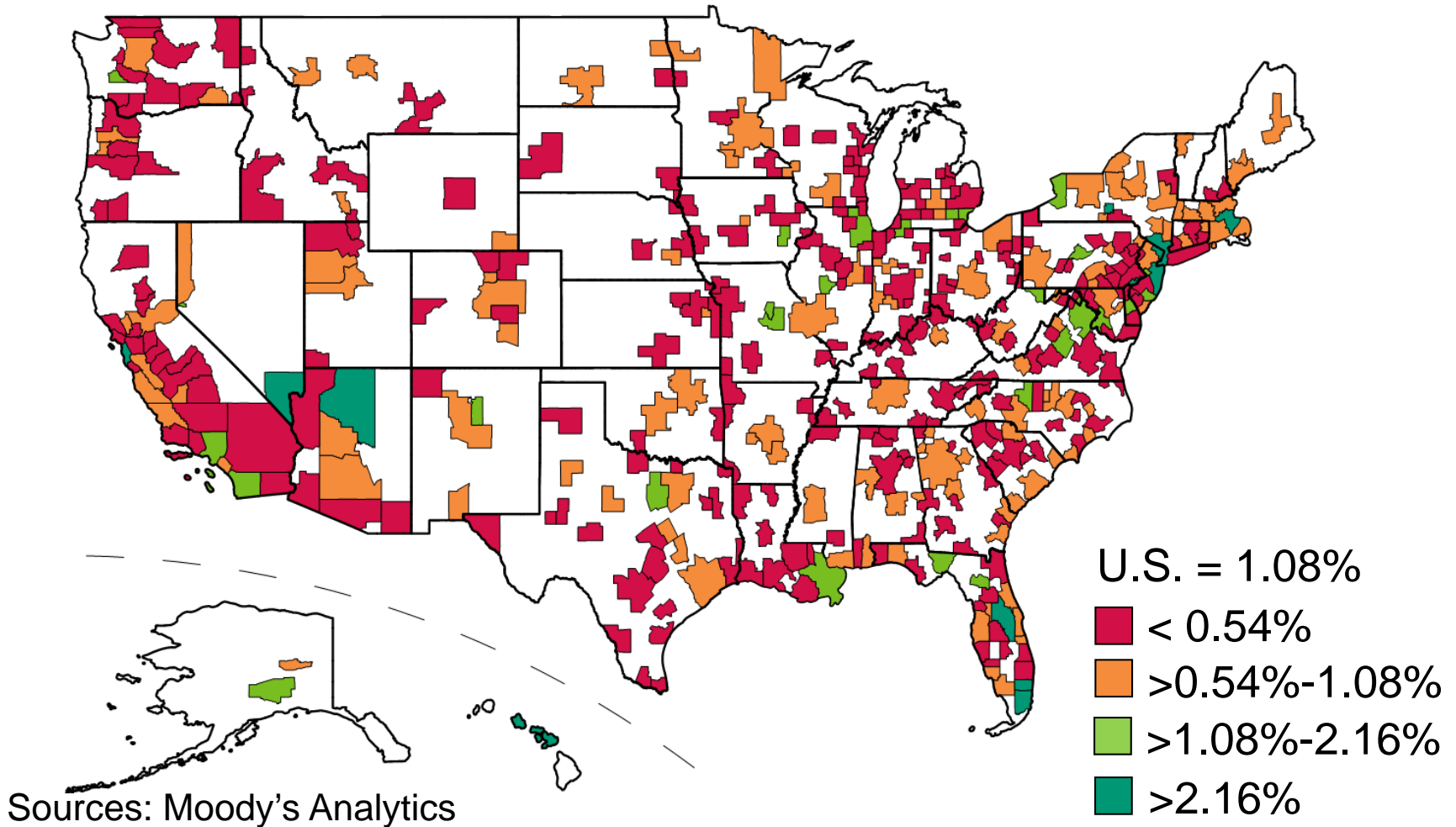
U.S. real GDP by forecast vintage, % change yr ago



Sources: BEA, Moody's Analytics

Regional Vulnerabilities

Travel exports, % of GDP, 2016

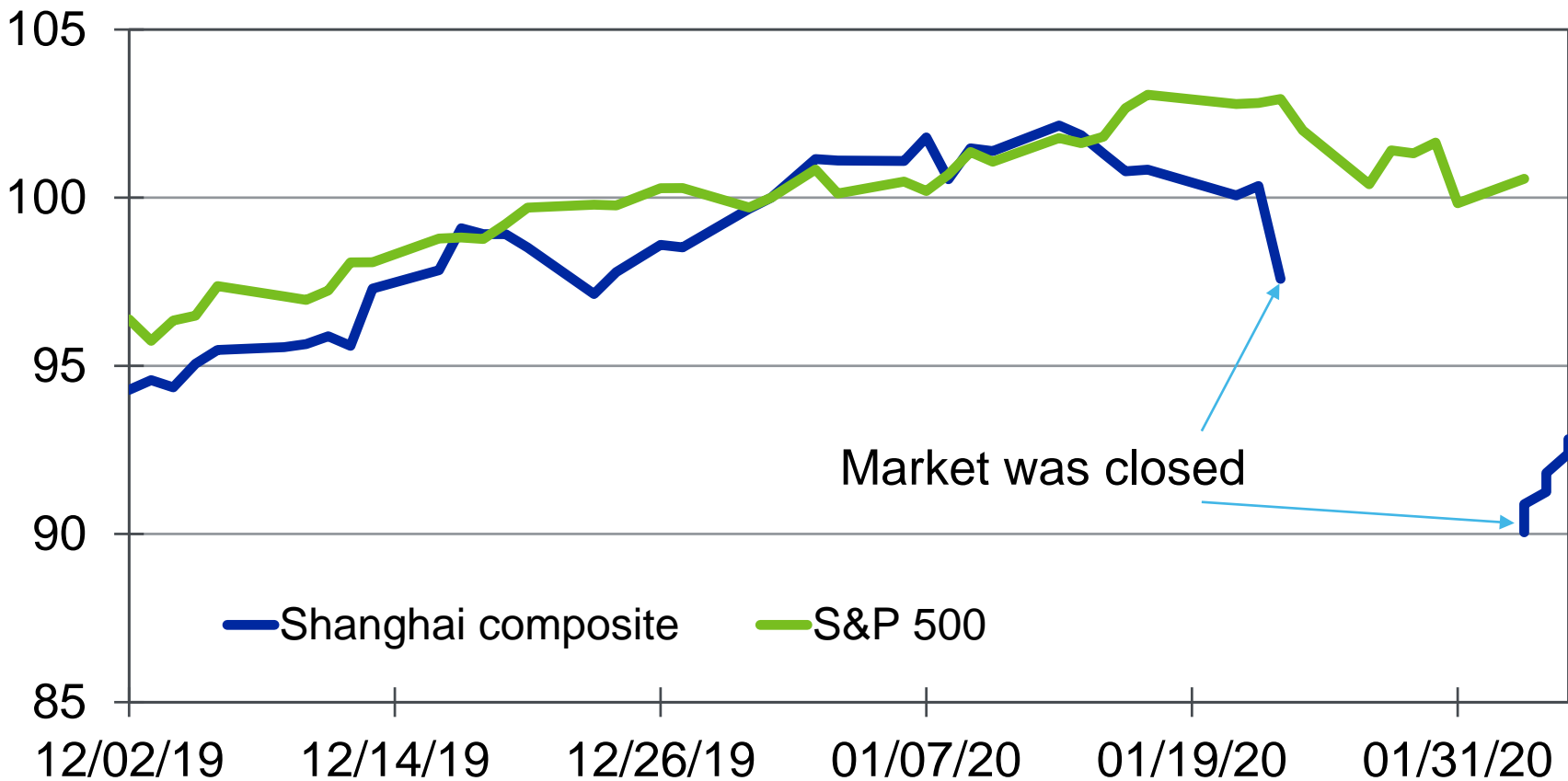


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The Risks

Equity Markets Hang Tough (So Far)...

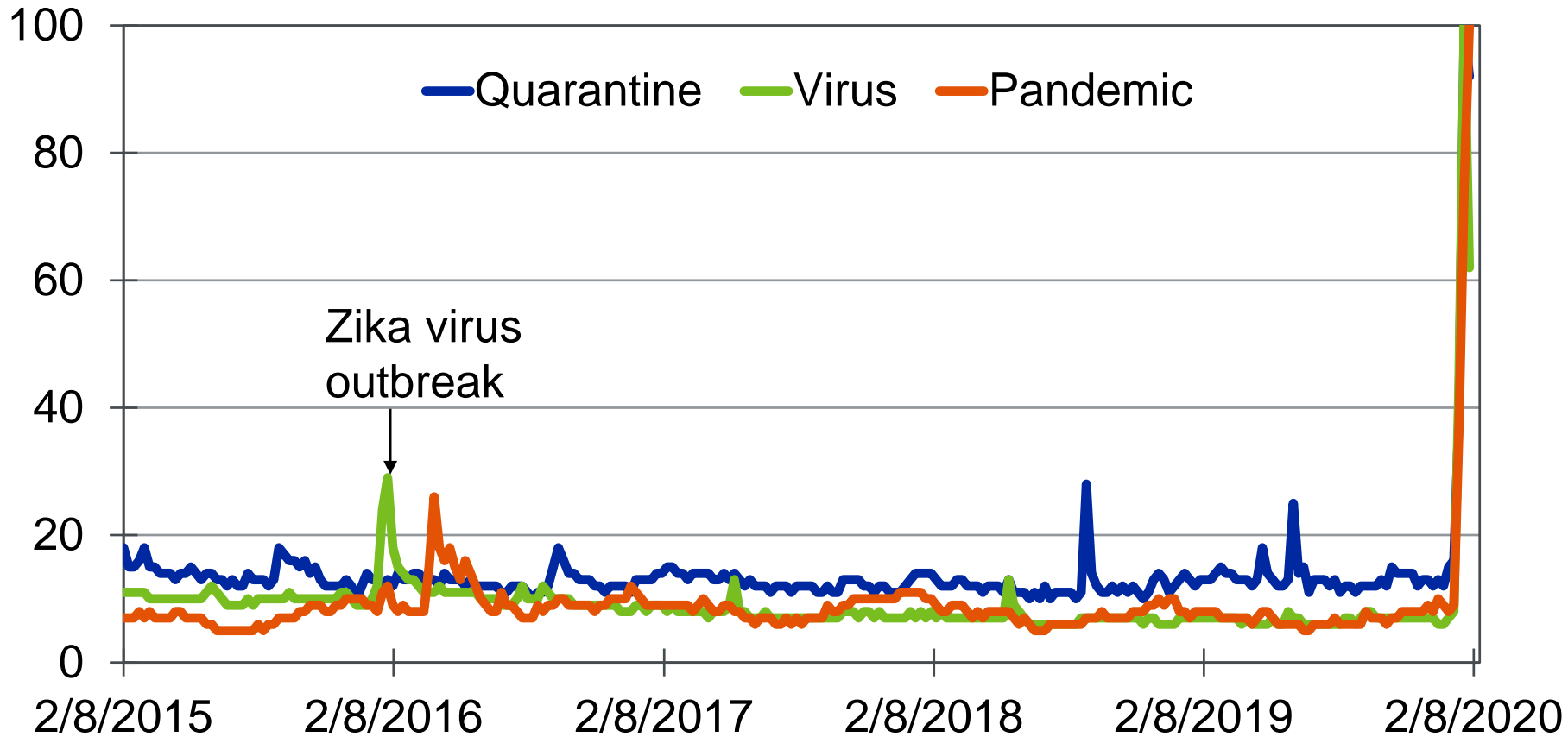
Equity prices, Dec 31, 2019 = 100



Source: Bloomberg LP, Moody's Analytics

...But Sentiment Is Fragile

Google search term (worldwide), 100=peak interest



Sources: Google Trends, Moody's Analytics

Q&A

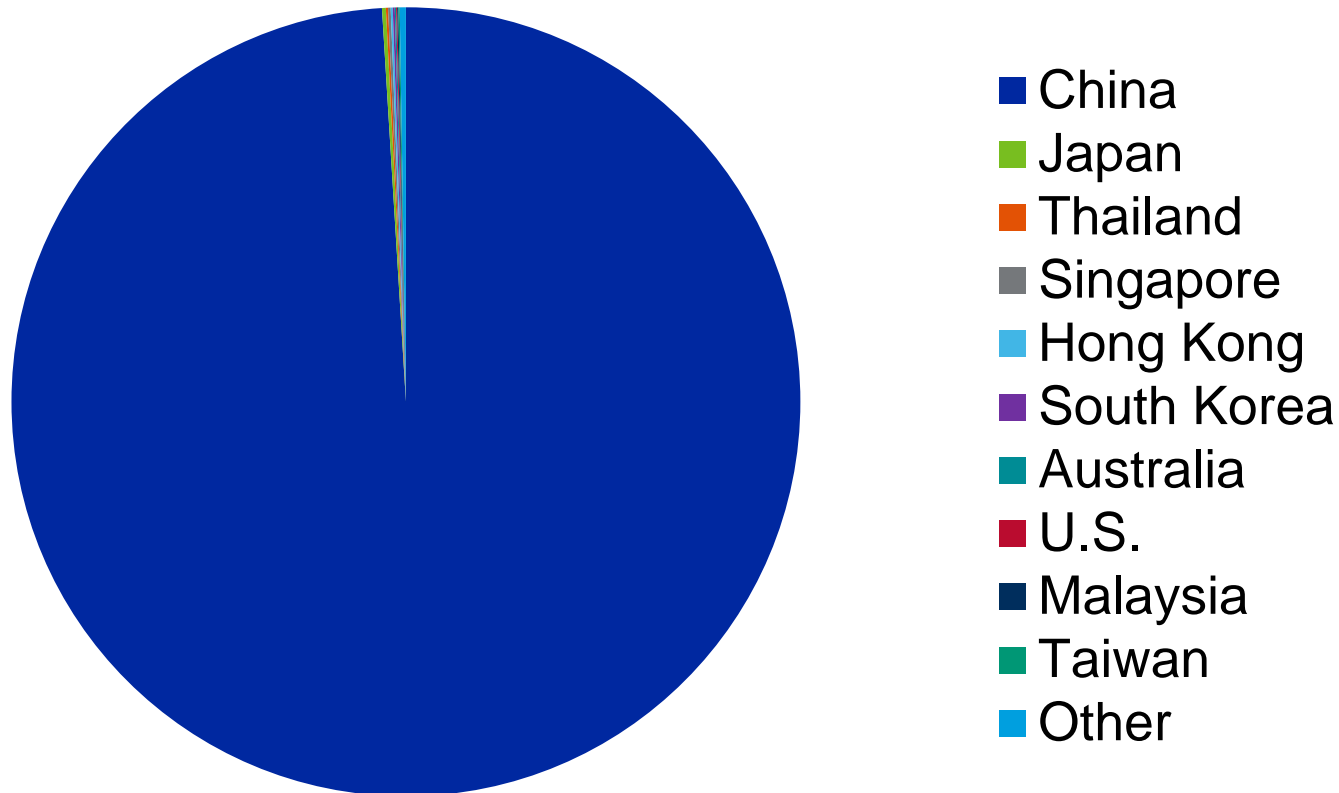
Questions? Contact us at help@economy.com

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Appendix

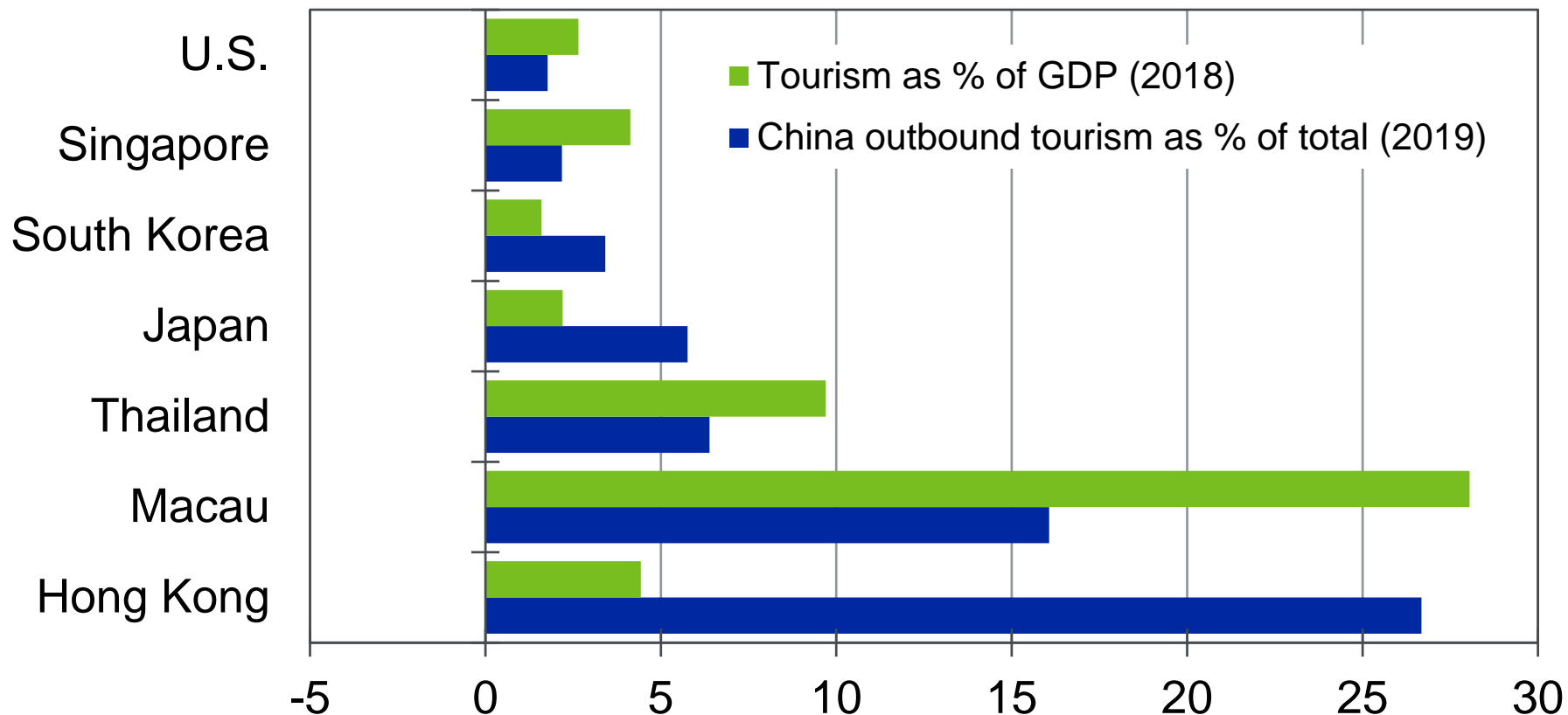
Outbreak Is Contained to Mainland China

Coronavirus cases by country as of Feb 5, 2020



Sources: Worldometer, Moody's Analytics

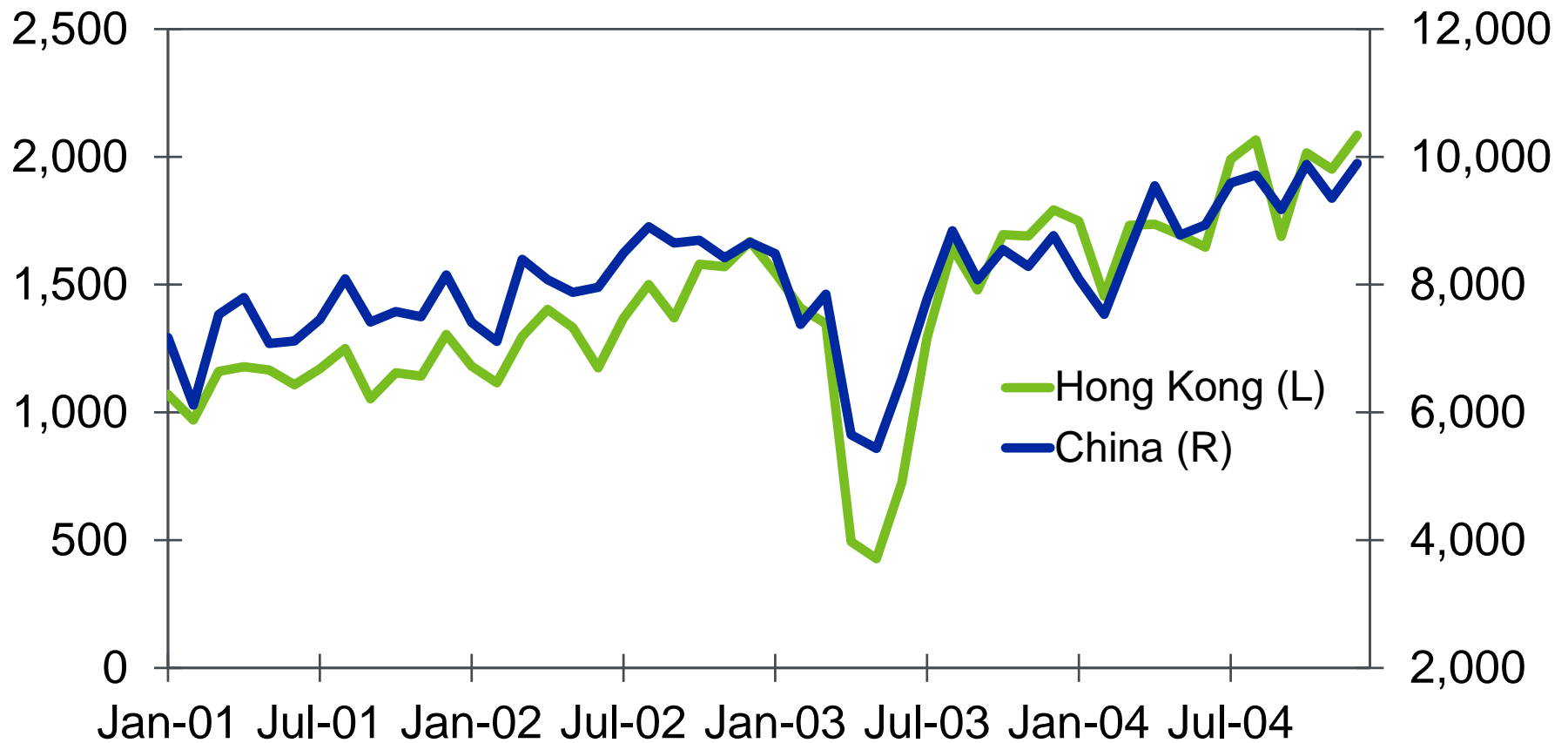
Varying Exposure to Mainland Tourism



Sources: World Travel and Tourism Council, China Outbound Tourism Research Institute, Moody's Analytics

Arrivals Fell Sharply With 2003 SARS

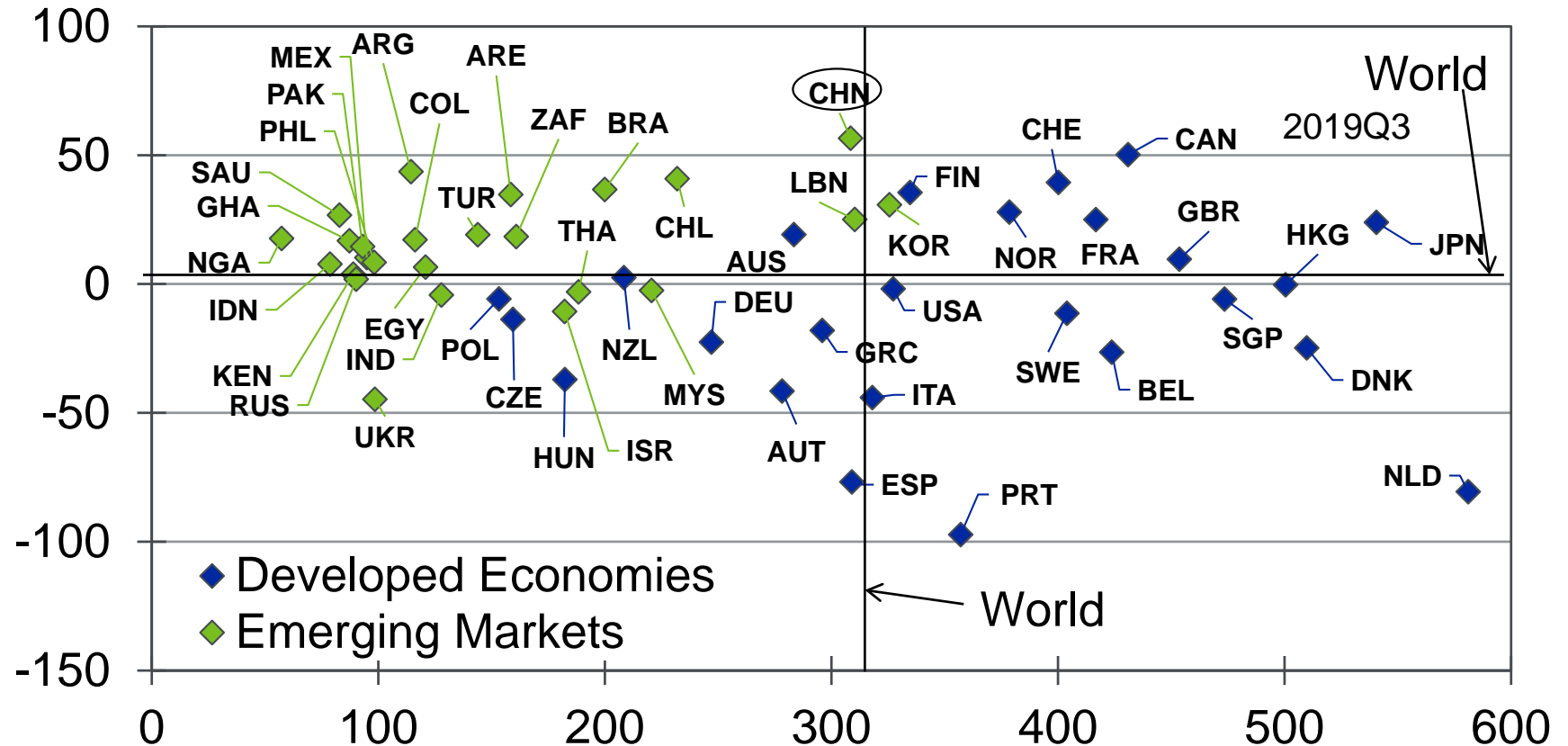
Thousands of persons



Sources: Hong Kong Tourism Board, China National Tourism Administration, Moody's Analytics

China's Debt Is Rising Rapidly

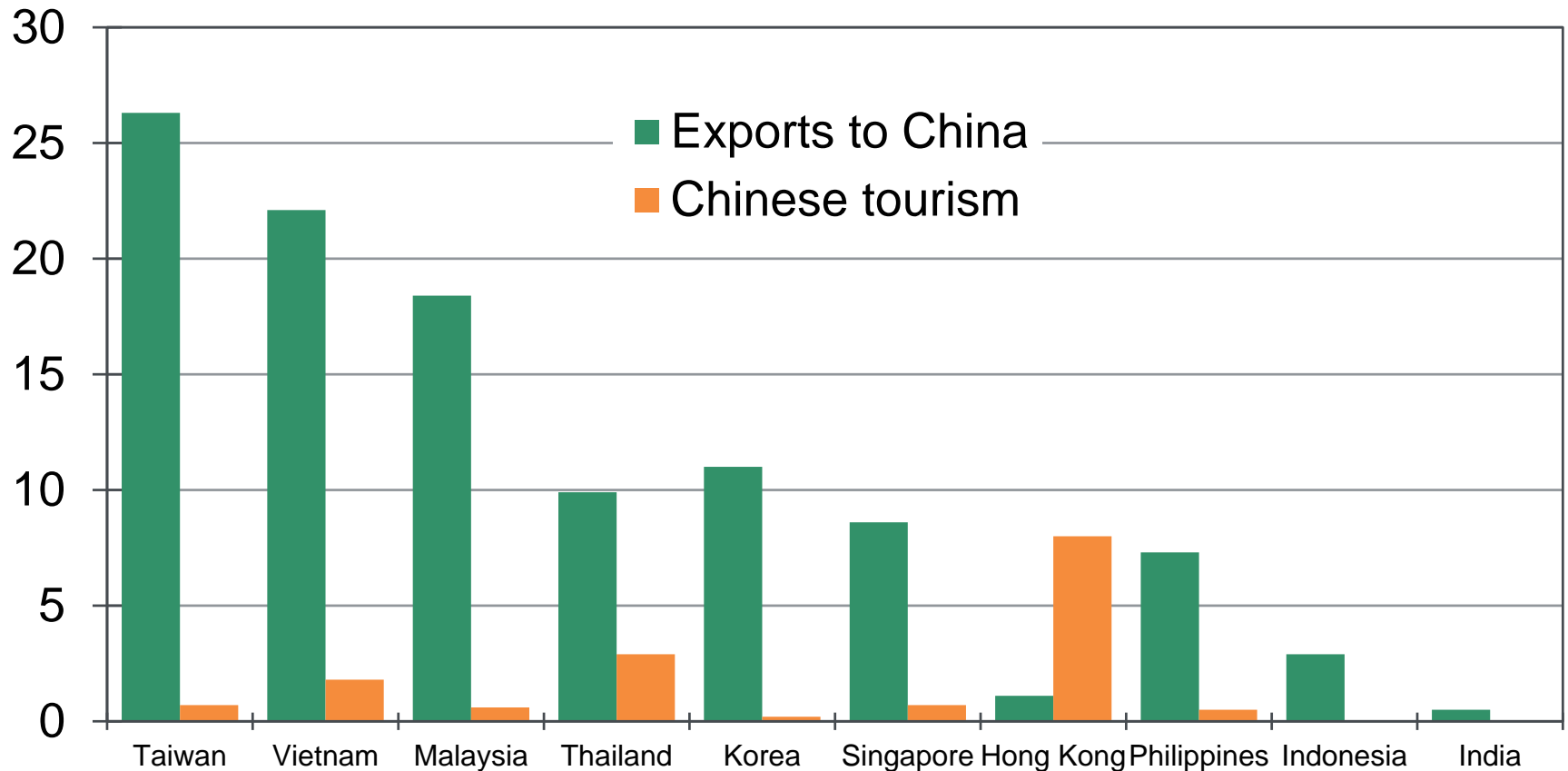
Total debt-to-GDP ratio, % (x-axis), 5-yr change, ppts, (y-axis)



Sources: IIF, Moody's Analytics

Asian Economies are Highly Exposed

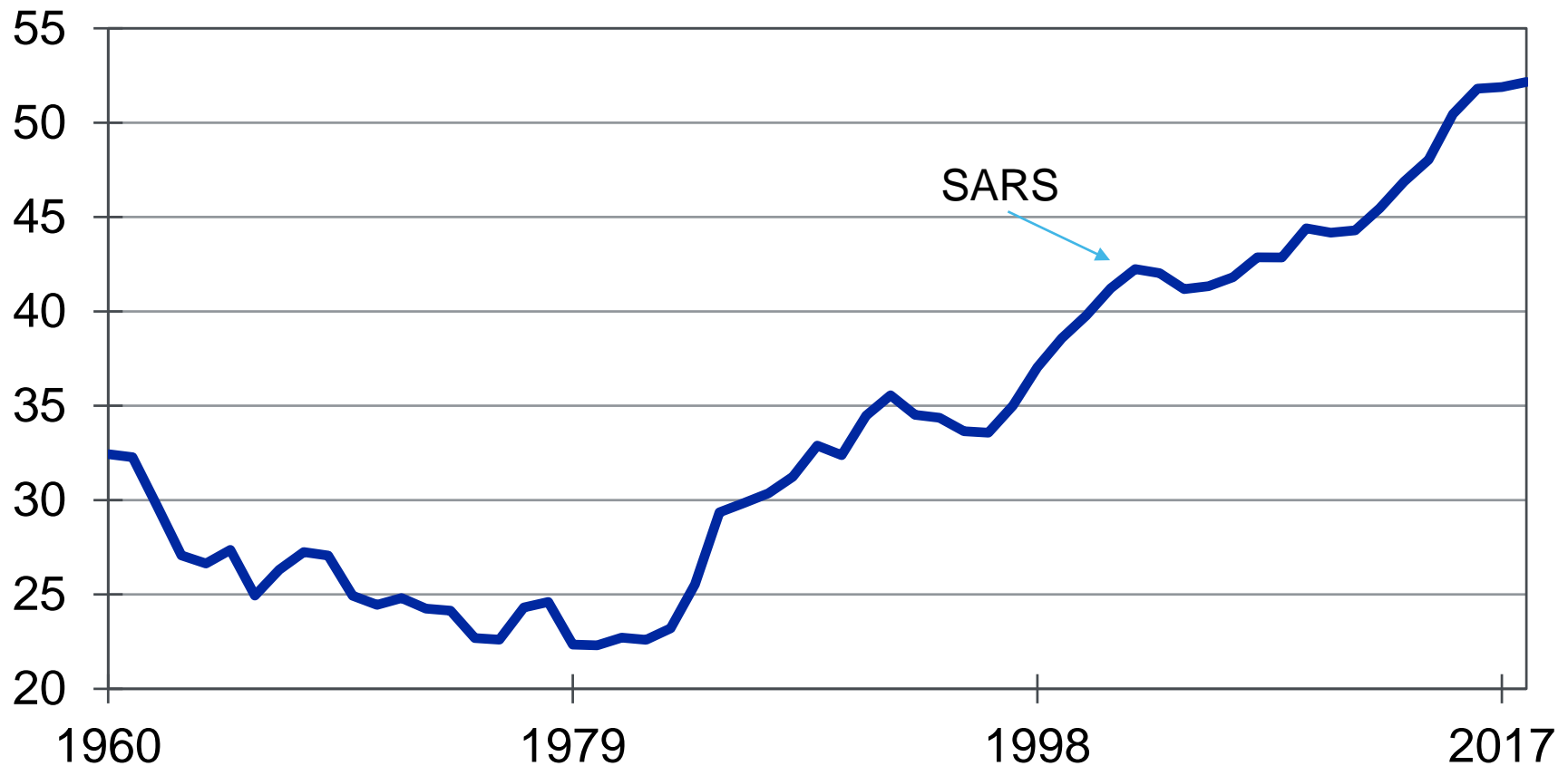
% of GDP, 2018



Sources: IMF, Government sources, Moody's Analytics

Services Have Become More Important

China services, value added (% of GDP)



Sources: World Bank, Moody's Analytics

Equity Markets During SARS in 2003

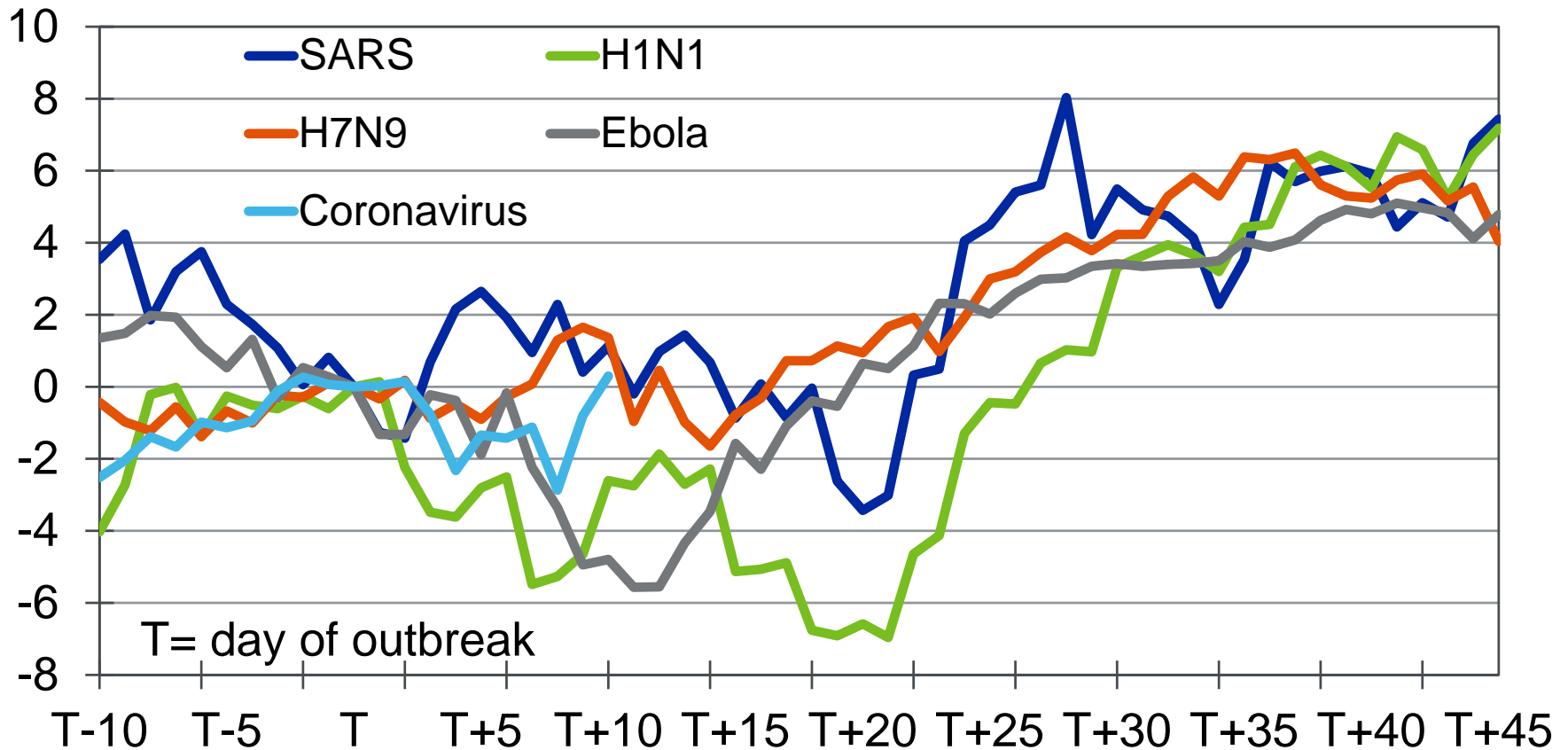
Index (1 Jan 2003 = 100)



Sources: Bloomberg, Moody's Analytics

How the Stock Market Fares Is Key

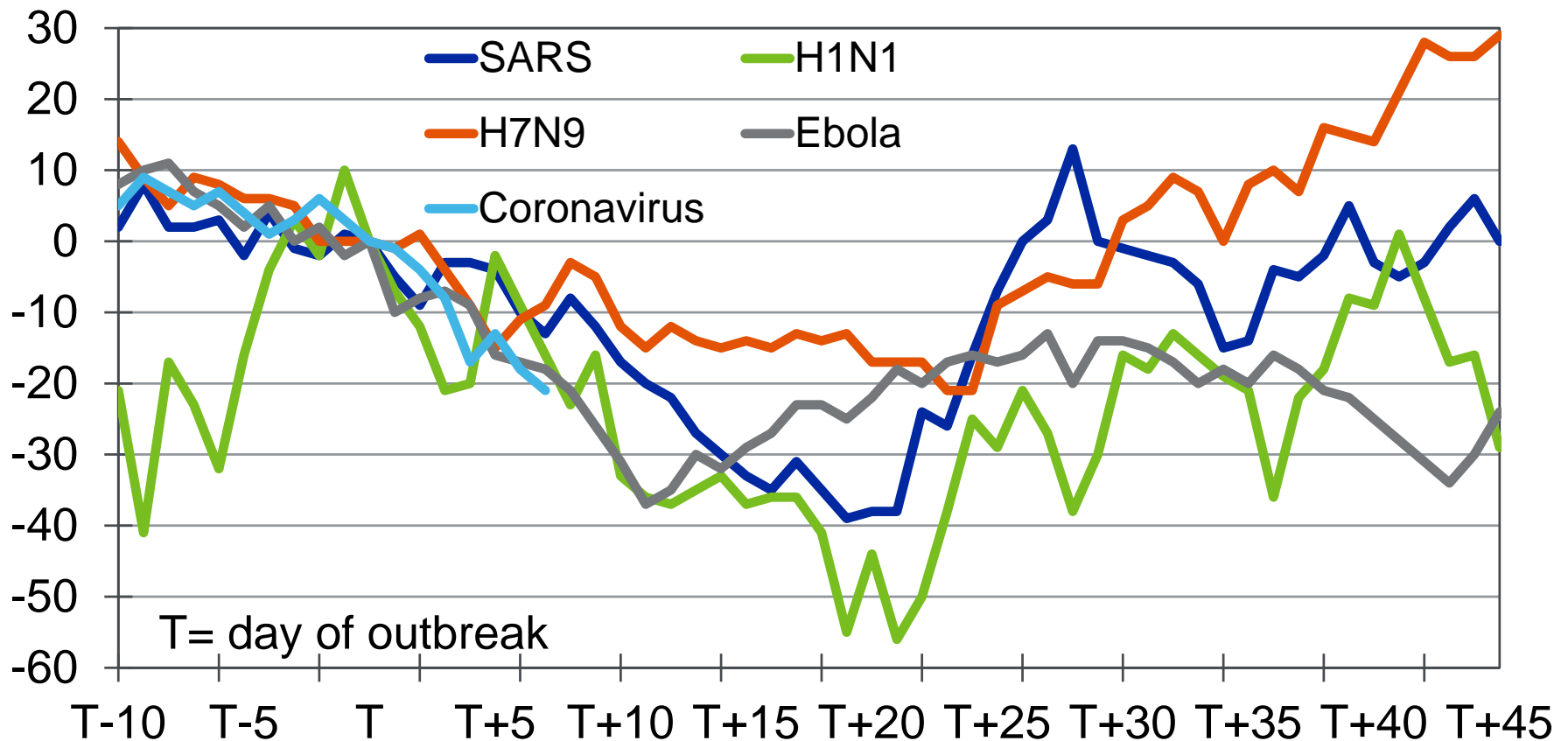
S&P 500, % change since day of outbreak



Source: Moody's Analytics

Temporary Drag on 10-Year Treasury Yield

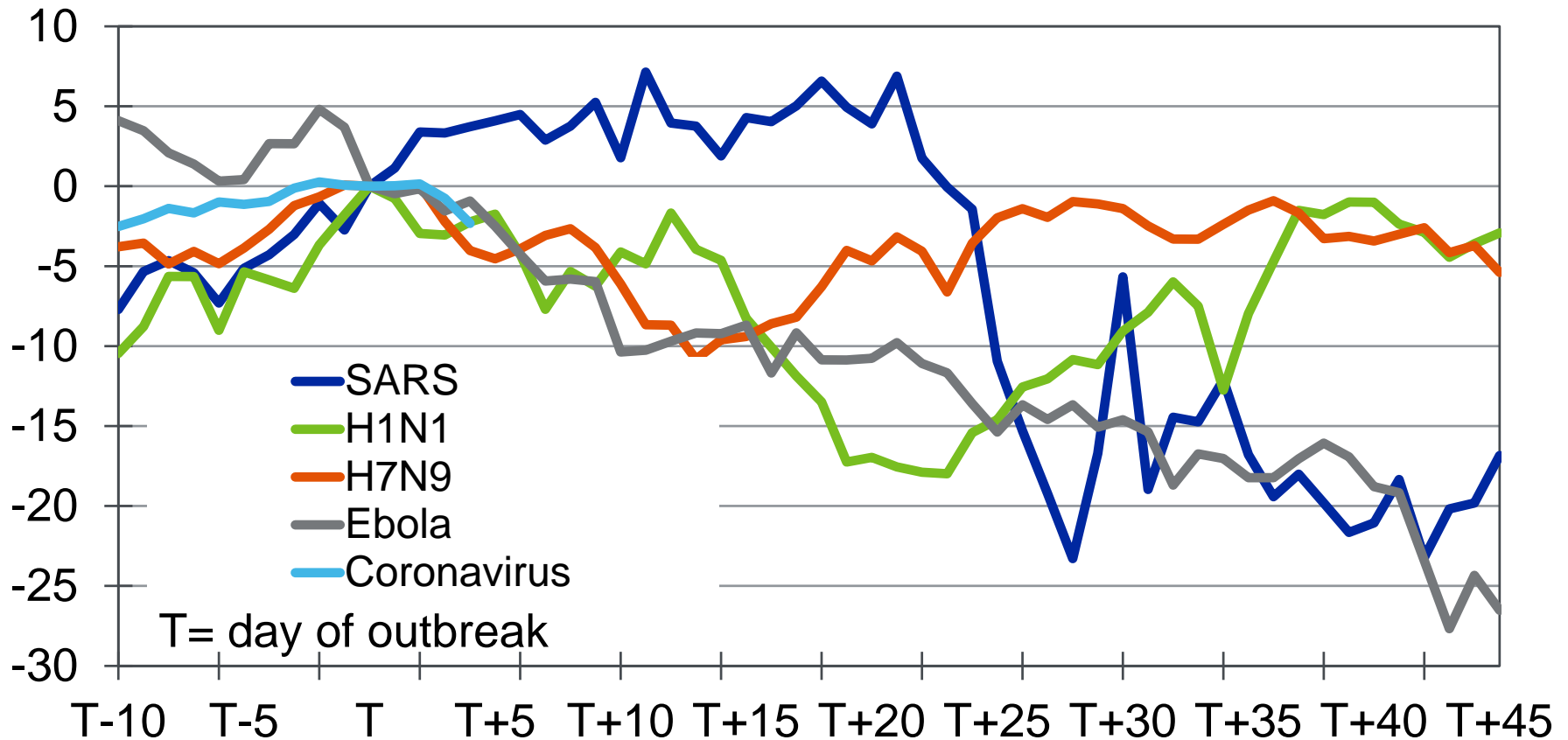
10-year Treasury yield, daily change since outbreak, bps



Source: Moody's Analytics

Oil Prices Could Fall Further

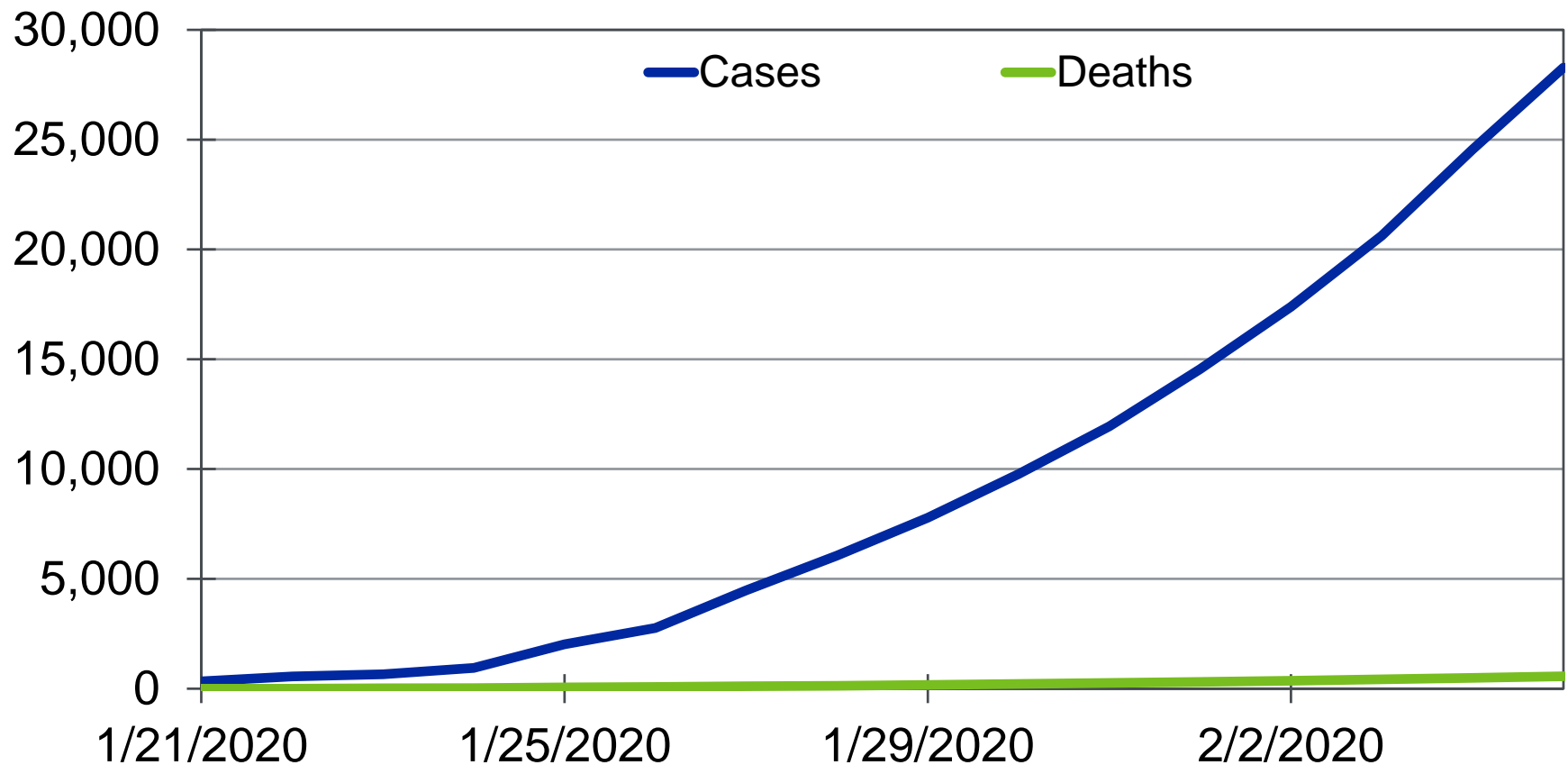
West Texas Intermediate oil, % change since day of outbreak



Source: Moody's Analytics

Monitoring the Coronavirus

Coronavirus reported cases and deaths, #



Sources: Bloomberg LP, Moody's Analytics

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