Coronavirus: The Global Economic Threat

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Gauging the Virus
How Widespread and How Virulent?

X-axis: Contagiousness (R0), Y-axis: Mortality rate (%), log scale

Sources: CDC, WHO, various studies, Moody’s Analytics
Chinese Economic Impact
Body Blow to China

Cumulative lost output, % of China GDP, ppt

X-axis is number of days since Wuhan travel restrictions

Source: Moody’s Analytics
China’s Debt Load is High and Rising

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

Sources: IIF, Moody’s Analytics

Developed Economies
Emerging Markets
China’s Economic Outlook

China real GDP by forecast vintage, % change yr ago

Sources: National Bureau of Statistics, Moody’s Analytics
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

- Blue: China's share of global GDP, % (L)
- Green: China's GDP, % change (R)

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

Sources: Moody’s Analytics
The Risks
Equity Markets Hang Tough (So Far)...

Equity prices, Dec 31, 2019 = 100

Market was closed

Source: Bloomberg LP, Moody’s Analytics
…But Sentiment Is Fragile

Google search term (worldwide), 100=peak interest

Zika virus outbreak

Sources: Google Trends, Moody’s Analytics
Q&A

Questions? Contact us at help@economy.com
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
The WHO issues global alert for SARS
The WHO removes Hong Kong from list of SARS transmission areas

Equity Markets During SARS in 2003
Index (1 Jan 2003 = 100)

Hang Seng
Shanghai Composite

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

- SARS
- H1N1
- H7N9
- Ebola
- Coronavirus

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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