



## COVID-19 CRISES: IMPACT ON GLOBAL ECONOMY

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### ABSTRACT:

How the health crises transforming to economic activity? How this is encourage to shutdown the financial and economical activity and influence of stock market indices and comes to global recession.

**Key words:** - COVID-19 Pandemic, Social Distancing, GDP, Global Trade, Human Control Measure,

### INTRODUCTION:

In the account of year 2019, Impact of US-China trade war, Middle East Syrian, Iran, Iraq Crises and US precedential election. Due to that the last quarter IMF releasing the note to moderate the growth of 3.5% and slow down outlook. But COVID-19 wave change the outlook unexpectedly. Due to that spreading the fear and uncertainty in the entire globe. This is enforcing to shutdown the operational activity of various firms likely to be lower the profit. Global Stock market wiped \$9 trillion within nine days and still following due to uncertainty. In the beginning of pandemic and record of 24<sup>th</sup> to 28<sup>th</sup> February S&P indices lost \$5 trillion and S&P 500 which includes combine largest 10 companies loss of over \$1.4 trillion.

The international Air Transport Association (IATA) updated its analysis of the financial impact due to public health emergency his losses the global revenue around \$113 billion. The tourism industry and hospitality industry also loss of revenue due to cancellation of flight and distracting supply chain management which recorded the loss of revenue around \$200 billion. The IMF revising his outlook for the pandemic and releasing his press note in march to stated that it expected global recession that

would be at least as bad as the 2007-08 global financial crisis.

### 1. COVID-19 as a Pandemic

Scientist first identified a human corona virus in 1965. It causes common cold. Late that decade, researcher found a group of similar human and animal viruses and named them after their crown-like appearance. Seven Corona viruses can infect human. The one that causes SARS emerged in Southern China in 2002 and quickly spread to 28 countries. More than 8000 people were infected by July 2003 and 774 died. A small outbreak in 2004. MERS started in Saudi Arabia in 2012. Almost all of the nearly 2,500 cases and 858 people were died due to same respiratory symptoms and cause of kidney failure.

The new Corona various that cause COVID-19, come into being in Wuhan, China in late 2019. It later spread across the world through the movement of people. The economic problem faces the people were asked to stay at home and were felt in various sectors of the economy. Restriction of traveling, gatherings which affects the mass production of firms, Sport events, Entertainment Industry, Aviation, Tourism and hotel industry and finally financial and economical crises began and impact to several loss of revenue of firms and various country of

government to enforcing the public health emergency. WHO announced has set off a global pandemic on 11 March 2020.

## 2. Policy Adaptation through the Globe:

Several countries observing the increasing cases of corona various country they restricted the international borders and sometimes they also close the international and domestic flight in the country. Strictly closedown the School and colleges and market only essential services are open by the government and allow to only them people. Also restrict the people below 10 years and more than 55-60 years old peoples. Some country declares the state of emergency. Government enforcing and allowing bell out packages to bust the economy and health services.

## 3. Aviation Industry

According to IATA loss of global revenue and loss of passenger business of about \$63 billion dollars and \$113 billion from cargo operation. The airline share prices fall nearly 25% since the outbreak began. The following table provide data by IATA how the pandemic heat to loss of passenger by various country as on 2<sup>nd</sup> March 2020 in public note. A from that oil prices fallen significantly around \$13 Brent crude which imparted to the saving around \$28bn from fuel bill. With understanding COVID-19 pandemic airline provide the services as per the relevant Government of the country which is provide global connectivity and migratory, airline industry will need to consideration for relief in taxation.

## 4. Entertainment Industry

Global film industry affect by COIVD-19. Most of the country adopting the social distancing policy which imparted restriction on peoples moving due to that lost of \$7 billion on box offices and

rising up to \$17 billion at the end of month May, 2020 and 25 million jobs from the industry.

US Entertainment Industry Union International Alliance reported of 1, 20,000 workers have so far been laid off in Hollywood as result of shutdown.

Bollywood film as reported by the film trend analyst Arul Mohan in the interview of The Hindu. He predict \$10.5 million weekly loss .China Entertainment industry \$ 3.9 million reported weekly at the shutdown

Cinema in Italy ,Spain, France and Arab world enforcing strictly social distancing in Cinemas through seat separation and reduce the capacity but moves was short lived by the time they were ordered to close by local government which loss recorded up to above countries around \$23 million

## 5. Fiscal Policy Measure

Social Distancing policy adaptation and lockdown of states borders and international borders of country enforcing adequate capital within a country as well as industry and human too. COVIND 19 pandemic disturb the supply, inflow of cash in market result of operation activity of firm is collapse and impact of jobless and inflation. Understanding the need of health emergency and need cash requirement of small, medium industry. World various central of bank adopting fiscal decision to stop the inflation and recession .Fiscal policy also adopted by the various country to pandemic battle not only health emergency but also boosting the negative economy of country to minimize the recession.

## 6. Sport Event:

Several Country adaptation policy of Stay at home and Social distancing and restriction of gathering which affects the several sport event postpone or cancelled by the industry which

cause of affection of revenue of country and it's relatively firms business.

### 7. Financial Parameters of Country (G7)

Financial parameters like GDP and BOP or Net balance parameters Indicate or measures how the economical activity disturbed due to social distance and lock down policy adopted by the various country to fall down the growth of country . Under this studies showing G7 nation having a major contribution in growth and develop economical growth. The following data shows the behavior of economic composite growth affected by the COVID-19 pandemic.

### 8. World Financial Market

COVID-19 virus through the globe is closes the operation activity of firms. This impacted to the business running operation in the domestic's borders of country and international trade too. Profit of the firms is diluted during the pandemic and very hard to sustain the medium and small business. Ultimatum to the big firms and country his industrialization growth index should be comes to a result of negative impact causes layoff of workers and scarcity of product availability.It also cause of inflation due to hikes of prices or commodity and consumer price index (CPI) should also may get the hike for any country. Market trend show the investor sentiments of the economy&fear factor which ultimately trend of business firms, fear to sustainin the market.

### Research Methodology

The paper has conducted all secondary data from various press related note from news channel and real time data published by the counters economic board and commerce ministry.

### Data Analysis

- Calculation of market indices and commodity percentage by formula of base trends

analysis Percentage =  $C.V - B.V. / B.V.$

(C.V.:- Current Value/ Price , B.V.:- Base Value/ Price)

- Calculation of GDP and Trade GAP Analysis consider the position as on December Quarter result of year 2019 and April Quarter result of year 2020

Increase (+) /Decrease (-) = Position as on April 2020 – Position As on Dec 2019

### Limitation of study:

- This data collected on real time basis of event from December 2019 of end to june2020.
- This study is limited base on the various resources published by relative agency and banks,commerce department of the respected country.
- This Study collected the data of mostly G7 and other country which has more wattage in world economy.
- The financial marketand majorcommodity position of the G7 nations and other country get the position of opening market as on January and 12 Jun 2020

### CONCLUSION:

We analyzed the covid-19 pandemic outbreak the economy which is imparted to global recession in 2020. Various adoption policy take by the country is under the pressure of corona virus pandemic and how long the pandemic is begin and how long adaptation policy supporting the to stop the recession, inflation is awaited. The various indicator GDP, Financial market and global trend is negative impact on global economy. Lockdown policy affected the growth of petroleum supplies country mostly negative impact on crude prices and growth of country too. International gold price is almost hike ever.

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Tables and Figure

**Globally Situation report by WHO, 10 June 2020****Total (New Cases in last 24 Hours)**

<b>Globally</b>	<b>71,45,539 Cases (1,05,621)</b>	<b>4,08,025 deaths (3629)</b>
Africa	145287Cases (4789)	3493deaths (141)
Americas	3415174 Cases (48923)	185863 deaths (1913)
Eastern Mediterranean	677338 Cases (18724)	15246 deaths (333)
Europe	2321147Cases (17786)	185537 deaths (866)
South- East Asia	392674Cases (14556)	10741 deaths (365)
Western Pacific	193178 Cases (843)	7132 deaths (11)

**Country Worst hit by Pandemic& Human Controls Parameters**

<b>Country</b>	<b>International Border</b>	<b>District Borders</b>	<b>Domestic Transport</b>	<b>Colleges And School</b>	<b>Curfew</b>	<b>Shop &amp; Restaurant Restriction</b>	<b>Courantyne mask Wearing</b>	<b>COVID 19 Free of Cost</b>
Turkey	Y	Y	Y	Y	Y	Y	Y	P
U.S.	P	N	N	Y	P	Y	Y	Y
Spain	Y	P	P	Y	P	P	P	Y
Italy	Y	Y	Y	Y	Y	Y	Y	Y
France	Y	Y	Y	Y	P	P	Y	Y
Germany	P	P	N	Y	N	P	P	Y
U.K.	P	P	N	Y	N	P	Y	Y
China	Y	P	Y	Y	P	Y	Y	Y
Iran	Y	P	P	Y	P	P	Y	P
Belgium	Y	Y	Y	Y	P	P	Y	P
Brazil	Y	P	P	Y	P	P	P	P
Russia	Y	N	N	Y	N	N	P	Y
Canada	Y	P	P	Y	Y	Y	Y	Y
India	Y	Y	P	Y	Y	Y	Y	P
Israel	Y	N	N	Y	N	P	P	Y
Netherlands	Y	P	P	Y	P	P	Y	Y
Saudi Arabia	Y	N	N	Y	N	P	P	Y

**Y= Yes , P= Partially , N=No****Loss of passengers from the worldwide**

<b>Market</b>	<b>Loss of Passengers (%)</b>	<b>Loss of Revenue (\$ bn)</b>
Australia , China , Japan, Malaysia, Singapore, South Korea, Thailand and Vietnam	23	49.7
Rest of Asia Pacific	4	7.6
Austria, France, Italy, Germany , Netherlands, Norway, Spain, Switzerland ,Sweden, united Kingdom	24	37.3
Rest of Europe	9	6.6
Bahrain, Iraq, Iran, Kuwait, Lebanon ,UAE	23	4.9
Rest if Middle East	9	2.3
Canada & US	10	21.1

**Wide Declaration of Financial Packages by country and Job Crises**

Country	Bank Name	Direct Spending	% GDP	Job Crises	% (April 25)
USA	US Federal Reserve	\$484 billion	2.4%	20 million	15%
UK	Bank of England	GBP 330 billion	11.8%	2 million	9%
Canada	Bank of Canada	\$337 billion	20%	7.2 million	13%
France	European Central Bank	\$50 billion	1.8%	10 million	6.2%
Germany	European Central Bank	\$ 1.56 billion	4%	2.6 million	5%
Italy	European Central Bank	\$28 billion	1.4%	1.6 million	9.7%
Japan	Bank of Japan	\$1.1 trillion	0.4%	1.76 million	2.8%
India	Reserve Bank of India	\$22.6 billion	0.8%	-	-
Hong Kong	Hong Kong Monetary Authority	\$15 billion	3.9%	-	-
South Korea	Bank of Korea	\$93 billion	5.76%	-	-
Australia	Reserve Bank of Australia	\$50 billion	3.6%	-	-

**Fiscal Decision taken by World Wide Central Bank**

Country	Bank Name	Fiscal Decision
USA	US Federal Reserve	<ul style="list-style-type: none"> <li>Borrowing cost to be Zero.</li> <li>Bank base rate up to 0.25% for financial institution.</li> <li>Re invested \$500 billion in treasury Security.</li> <li>Purchasing garneted commercial Mortgage back Security from government worth of \$200 billion</li> </ul>
UK	Bank of England	<ul style="list-style-type: none"> <li>Purchasing Corporate Bonds of £20 billion and Non Corporate bond up to £10 billion.</li> <li>Investing Stock top grated stock in worth of £645 billion.</li> <li>Bank base rate is maintained up to 0.1% for primary dealers.</li> <li>Additional incentive scheme for SME and bounce back loan facility.</li> </ul>
Euro zone	European Central Bank	<ul style="list-style-type: none"> <li>Bank refining rate should be 0%</li> <li>Garneted asset purchase form government and corporate worth of €20 billion</li> <li>Launching PEPP (Pandemic Emergency Purchase program) budget allocation up to €1350 billion.</li> </ul>
Japan	Bank of Japan	<ul style="list-style-type: none"> <li>7.5 trillion yen allocation to purchase each corporate bond, commercial paper (CP), market operation and asset purchase.</li> <li>Purchasing ETF funds</li> <li>US dollar fund</li> <li>Japanese Government Bond</li> <li>Investment in Japan real asset investment trust (J-REIT)</li> </ul>
China	People's Bank of China	<ul style="list-style-type: none"> <li>56.1 billion Yuan reserve for medium term lending facility for one year and an interest rate of 2.95%</li> <li>Issuing perpetual bond for replenish capital and lend to the real economy.</li> <li>0.5% deposit reserve requirement ration (RRR) for rular financial institution and urban commercial bank.</li> </ul>
India	Reserve bank of India	<ul style="list-style-type: none"> <li>Bank repo rate reduce 40bps to 4% from 4.40%</li> <li>Bank reverse repo rate reduces to 3.35% from 3.75%</li> <li>Investing in grade corporate bond (CB), commercial paper (CP), debentures certificate of deposits (CD)</li> <li>Extending the loans</li> </ul>

Country	Event Name	Postpone / Cancelled	Loss of Revenue
<b>Japan</b>	International Olympic	8 <sup>th</sup> August 2021	\$ 12.6 billion
<b>South Korea</b>	Football League	Postpone for Several Weeks from 8th May,2020	\$8 billion
<b>Germany</b>	Top-Flight Bundesliga	Two Months from , 16 <sup>th</sup> May 2020	\$6billion
<b>Italy</b>	English Primer League	After June Three Months Suspension	\$22 billion
<b>La Liga</b>	Spain	After June Three Months Suspension	\$18 billion
<b>US</b>	Major League Soccer (MLS)	Up to 8 <sup>th</sup> June, 2020 dependence of Situation	\$38 billion
<b>England</b>	UEFA	Postpone to 11 <sup>th</sup> July 2021	£7 Million
<b>England</b>	Marathon	Postpone to 4 <sup>th</sup> Oct. 2020	N/A
<b>India</b>	Indian Premier League (IPL)	Till Association Notice	\$11.5billion
<b>Hungary</b>	Formula One Grand	Postpone for one year	\$ 30 billion
<b>Australia</b>	Formula One	Cancelled	\$62 billion
<b>England</b>	Wimbledon	Cancelled	£8.7 million

#### Word Wide Country GDP, Trade and Interest Rate Trend Analysis

Country	Bank Name	Interest Rate		Net trade GAP (\$billions)		GDP QT.		Trends		
		Dec-19	Apr-20	19-Dec	01-Apr	Dec %	APR %	Int .Rate	Trade (\$bn)	GDP %
<b>USA</b>	US Federal Reserve	1.50%	0.75%	-48.9	-49.4	2.1	-4.6	-0.75%	-0.5	-6.7
<b>UK</b>	Bank of England	0.75%	0.25%	9.1	-6.68	0.1	-11	-0.50%	-15.78	-11.1
<b>Canada</b>	Bank of Canada	1.75%	1.25%	-1.7	-3.2	0.3	-11	-0.50%	-1.5	-11.3
<b>Japan</b>	Bank of Japan	-	-	3.82	1.78	6.30	3.20	0.00%	-2.04	-3.1
<b>China</b>	People's Bank of China	0.10%	0.10%	9.6	19.9	6	-6.5	-0.53%	10.3	-12.5
<b>Russia</b>	Bank of Russia	6.25%	6%	15.5	9.6	1.3	-1.6	-0.25%	-5.9	-2.9
<b>Italy</b>	European Central Bank	0%	0%	4.96	-11.3	0.3	-4.7	0.00%	-16.26	-5
<b>Germany</b>	European Central Bank	0%	0%	2.5	-7.9	0	-2.2	0.00%	-10.4	-2.2
<b>France</b>	European Central Bank	0%	0%	2.1	-5	0.9	-5.8	0.00%	-7.1	-6.7
<b>Saudi Arabia</b>	Saudi Arabia Monetary Agency	2.50%	1%	157.3	58.39	24.2	6.4	-1.50%	-98.92	-17.8
<b>India</b>	Reserve Bank of India	5.15%	4%	-9.25	-6.76	5	1.8	-1.15%	2.49	-3.2

### World wide major Share market

Country	Market Name	Market As on		Trends	% Change
		Jan-20	Jun-20		
<b>USA</b>	NYSEX	8972	9492	520	5.8
<b>UK</b>	FTSE	13614	11659	-1955	-14.36
<b>Canada</b>	TSX	7286	6076	-1210	-16.61
<b>Japan</b>	Nikkei	23204	15051	-8153	-35.13
<b>China</b>	SHANSEX	24115	22242	-1873	-7.77
<b>Russia</b>	MOEX	3076	2737	-339	-11.02
<b>Germany</b>	DAX	13386	11970	-1416	-10.58
<b>France</b>	CAC	6040	4815	-1225	-20.28
<b>India</b>	SENSEX	41306	28265	-13041	-31.57

### Major Commodity trends

Commodity	Market as on		Trends	% Change
	Jan -20	Jun-20		
GOLD OZ US (\$)	1667	1717	50	3
GOLD IND (Rs)	35220	47148	11928	33.87
CRUDE OIL (\$)	59.29	35.56	-23.73	-40.02
BENT CRUDE (\$)	69.29	37.38	-31.91	-46.05