

## A Crisis Like No Other, An Uncertain Recovery

*Global growth is projected at –4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.*

*As with the April 2020 WEO projections, there is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions—which have eased following the release of the April 2020 WEO—will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects—as the June 2020 Global Financial Stability Report (GFSR) Update discusses—raising the possibility that financial conditions may tighten more than assumed in the baseline.*

*All countries—including those that have seemingly passed peaks in infections—should ensure that their health care systems are adequately resourced. The international community must vastly step up its support of national initiatives, including through financial assistance to countries with limited health care capacity and channeling of funding for vaccine production as trials advance, so that adequate, affordable doses are quickly available to all countries. Where lockdowns are required, economic policy should continue to cushion household income losses with sizable, well-targeted measures as well as provide support to firms suffering the consequences of mandated restrictions on activity. Where economies are reopening, targeted support should be gradually unwound as the recovery gets underway, and policies should provide stimulus to lift demand and ease and incentivize the reallocation of resources away from sectors likely to emerge persistently smaller after the pandemic.*

*Strong multilateral cooperation remains essential on multiple fronts. Liquidity assistance is urgently needed for countries confronting health crises and external funding shortfalls, including through debt relief and financing through the global financial safety net. Beyond the pandemic, policymakers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis. Furthermore, building on the record drop in greenhouse gas emissions during the pandemic, policymakers should both implement their climate change mitigation commitments and work together to scale up equitably designed carbon taxation or equivalent schemes. The global community must act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research and supporting public health systems, and putting in place effective modalities for delivering relief to the neediest.*

## COVID-19 Crisis: More Severe Economic Fallout than Anticipated

Economic data available at the time of the April 2020 WEO forecast indicated an unprecedented decline in global activity due to the COVID-19 pandemic. Data releases since then suggest even deeper downturns than previously projected for several economies.

*The pandemic has worsened in many countries, leveled off in others.* Following the release of the April 2020 WEO, the pandemic rapidly intensified in a number of emerging market and developing economies, necessitating stringent lockdowns and resulting in even larger disruptions to activity than forecast. In others, recorded infections and mortality have instead been more modest on a per capita basis, although limited testing implies considerable uncertainty about the path of the pandemic. In many advanced economies, the pace of new infections and hospital intensive care occupancy rates have declined thanks to weeks of lockdowns and voluntary distancing.

*Synchronized, deep downturn.* First-quarter GDP was generally worse than expected (the few exceptions include, for example, Chile, China, India, Malaysia, and Thailand, among emerging markets, and Australia, Germany, and Japan, among advanced economies). High-frequency indicators point to a more severe contraction in the second quarter, except in China, where most of the country had reopened by early April.

*Consumption and services output have dropped markedly.* In most recessions, consumers dig into their savings or rely on social safety nets and family support to smooth spending, and consumption is affected relatively less than investment. But this time, consumption and services output have also dropped markedly. The pattern reflects a unique combination of factors: voluntary social distancing, lockdowns needed to slow transmission and allow health care systems to handle rapidly rising caseloads, steep income losses, and weaker consumer confidence. Firms have also cut back on investment when faced with precipitous demand declines, supply interruptions, and uncertain future earnings prospects. Thus, there is a broad-based aggregate demand shock, compounding near-term supply disruptions due to lockdowns.

*Mobility remains depressed.* Globally, lockdowns were at their most intense and widespread from about mid-March through mid-May. As economies have gradually reopened, mobility has picked up in some areas but generally remains low compared to pre-virus levels, suggesting people are voluntarily reducing exposure to one another. [Mobility data from cellphone tracking](#), for example, indicate that activity in retail, recreation, transit stations, and workplaces remains depressed in most countries, although it appears to be returning to baseline in certain areas.

*Severe hit to the labor market.* The steep decline in activity comes with a catastrophic hit to the global labor market. Some countries (notably in Europe) have contained the fallout with effective short-term work schemes. Nonetheless, according to the [International Labour Organization](#), the global decline in work hours in 2020:Q1 compared to 2019:Q4 was equivalent to the loss of 130 million full-time jobs. The decline in 2020:Q2 is likely to be equivalent to more than 300 million full-time jobs. Where economies have been reopening, activity may have troughed in April—as suggested, for example, by the May employment report for the United States, where furloughed workers are returning to work in some of the sectors most affected by the lockdown.

The hit to the labor market has been particularly acute for low-skilled workers who do not have the option of working from home. Income losses also appear to have been uneven across genders, with [women among lower-income groups bearing a larger brunt of the impact in some countries](#). Of the approximately 2 billion informally employed workers worldwide, the International Labour Organization estimates close to 80 percent have been significantly affected.

*Contraction in global trade.* The synchronized nature of the downturn has amplified domestic disruptions around the globe. Trade contracted by close to –3.5 percent (year over year) in the first quarter, reflecting weak demand, the collapse in cross-border tourism, and supply dislocations related to shutdowns (exacerbated in some cases by trade restrictions).

*Weaker inflation.* Average inflation in advanced economies had dropped about 1.3 percentage points since the end of 2019, to 0.4 percent (year over year) as of April 2020, while in emerging market economies it had fallen 1.2 percentage points, to 4.2 percent. Downward price pressure from the decline in aggregate demand, together with the effects of lower fuel prices, seems to have more than offset any upward cost-push pressure from supply interruptions so far.

## **Policy Countermeasures Have Limited Economic Damage and Lifted Financial Sentiment**

Some bright spots mitigate the gloom. Following the sharp tightening during January–March, financial conditions have eased for advanced economies and, to a lesser extent, for emerging market economies, also reflecting the policy actions discussed below.

Sizable fiscal and financial sector countermeasures deployed in several countries since the start of the crisis have forestalled worse near-term losses. Reduced-work-hour programs and assistance to workers on temporary furlough have kept many from outright unemployment, while financial support to firms and regulatory actions to ensure continued credit provision have prevented more widespread bankruptcies (see Annex 1 and the June 2020 Fiscal Monitor Database of Country Fiscal Measures, which discuss fiscal measures amounting to about \$11 trillion that have been announced worldwide, as well as the [April 2020 WEO](#) and the [IMF Policy Tracker on Responses to COVID-19](#), which provide a broader list of country-specific measures).

Swift and, in some cases, novel actions by major central banks (such as a few emerging market central banks launching quantitative easing for the first time and some advanced economy central banks significantly increasing the scale of asset purchases) have enhanced liquidity provision and limited the rise in borrowing costs (see the June 2020 GFSR *Update*). Moreover, swap lines for several emerging market central banks have helped ease dollar liquidity shortages. Portfolio flows into emerging markets have recovered after the record outflows in February–March and hard currency bond issuance has strengthened for those with stronger credit ratings. Meanwhile, financial regulators' actions—including modification of bank loan repayment terms and release of capital and liquidity buffers—have supported the supply of credit.

Stability in the oil market has also helped lift sentiment. West Texas Intermediate oil futures, which in April had sunk deep into negative territory for contracts expiring in the early summer, have risen in recent weeks to trade in a stable range close to the current spot price.

Exchange rate changes since early April have reflected these developments. As of mid-June, the US dollar had depreciated by close to 4 percent in real effective terms (after strengthening by over 8 percent between January and early April). Currencies that had weakened substantially in previous months have appreciated since April—including the Australian dollar and the Norwegian krone, among advanced economy currencies, and the Indonesian rupiah, Mexican peso, Russian ruble, and South African rand, among emerging market currencies.

## Considerations for the Forecast

The developments discussed in the previous section help shape the key assumptions for the global growth forecast, in particular with regard to activity disruptions due to the pandemic, commodity prices, financial conditions, and policy support.

*Disruptions to activity in the forecast baseline.* Based on downside surprises in the first quarter and the weakness of high-frequency indicators in the second quarter, this updated forecast factors in a larger hit to activity in the first half of 2020 and a slower recovery path in the second half than envisaged in the April 2020 WEO. For economies where infections are declining, the slower recovery path in the updated forecast reflects three key assumptions: persistent social distancing into the second half of 2020, greater scarring from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters, and a negative impact on productivity as surviving businesses enhance workplace safety and hygiene standards. For economies still struggling to control infection rates, the need to continue lockdowns and social distancing will take an additional toll on activity. An important assumption is that countries where infections have declined will not reinstate stringent lockdowns of the kind seen in the first half of the year, instead relying on alternative methods if needed to contain transmission (for instance, ramped-up testing, contact tracing, and isolation). The risk section below considers alternative scenarios, including one featuring a repeat outbreak in 2021.

*Policy support and financial conditions.* The projection factors in the impact of the sizable fiscal countermeasures implemented so far and anticipated for the rest of the year. With automatic stabilizers also allowed to operate and provide further buffers, overall fiscal deficits are expected to widen significantly and debt ratios to rise over 2020–21. Major central banks are assumed to maintain their current settings throughout the forecast horizon to the end of 2021. More generally, financial conditions are expected to remain approximately at current levels for both advanced and emerging market economies.

*Commodity prices.* The assumptions on fuel prices are broadly unchanged from the April 2020 WEO. Average petroleum spot prices per barrel are estimated at \$36.20 in 2020 and \$37.50 in 2021. Oil futures curves indicate that prices are expected to increase thereafter toward \$46, still about 25 percent below the 2019 average. Nonfuel commodity prices are expected to rise marginally faster than assumed in the April 2020 WEO.

## Deep Downturn in 2020, Sluggish Turnaround in 2021

*Global growth* is projected at –4.9 percent in 2020, 1.9 percentage points below the April 2020 WEO forecast (Table 1). Consumption growth, in particular, has been downgraded for most economies, reflecting the larger-than-anticipated disruption to domestic activity.

The projections of weaker private consumption reflect a combination of a large adverse aggregate demand shock from social distancing and lockdowns, as well as a rise in precautionary savings. Moreover, investment is expected to be subdued as firms defer capital expenditures amid high uncertainty. Policy support partially offsets the deterioration in private domestic demand.

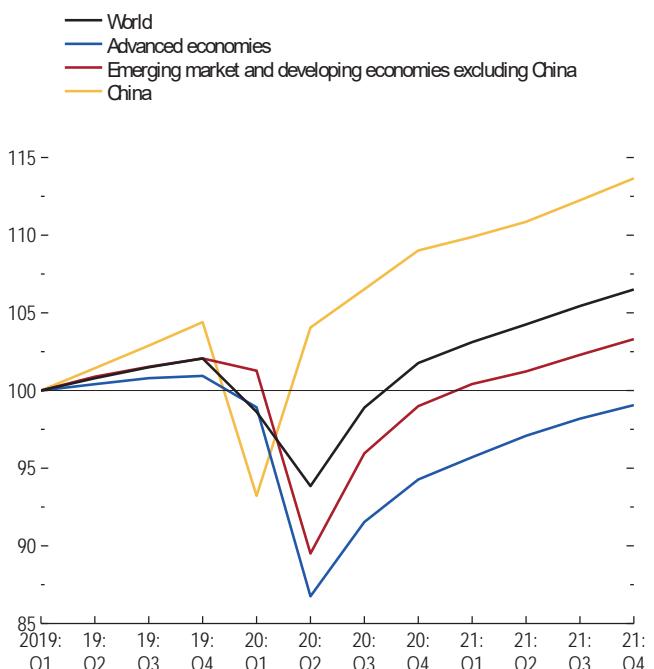
In the baseline, global activity is expected to trough in the second quarter of 2020, recovering thereafter (Figure 1). In 2021 growth is projected to strengthen to 5.4 percent, 0.4 percentage point lower than the April forecast. Consumption is projected to strengthen gradually next year, and investment is also expected to firm up, but to remain subdued. Global GDP for the year 2021 as a whole is forecast to just exceed its 2019 level.

*Uncertainty.* Similarly to the April 2020 WEO projections, there is pervasive uncertainty around this forecast. The forecast depends on the depth of the contraction in the second quarter of 2020 (for which complete data are not yet available) as well as the magnitude and persistence of the adverse shock. These elements, in turn, depend on several uncertain factors, including

- The length of the pandemic and required lockdowns
- Voluntary social distancing, which will affect spending
- Displaced workers' ability to secure employment, possibly in different sectors
- Scarring from firm closures and unemployed workers exiting the workforce, which may make it more difficult for activity to bounce back once the pandemic fades
- The impact of changes to strengthen workplace safety—such as staggered work shifts, enhanced hygiene and cleaning between shifts, new workplace practices relating to proximity of personnel on production lines—which incur business costs
- Global supply chain reconfigurations that affect productivity as companies try to enhance their resilience to supply disruptions

**Figure 1. Quarterly World GDP**

(2019:Q1 = 100)



Source: IMF staff estimates.

- The extent of cross-border spillovers from weaker external demand as well as funding shortfalls
- Eventual resolution of the current disconnect between asset valuations and prospects for economic activity (as highlighted in the June 2020 *GFSR Update*)

Growth in the *advanced economy* group is projected at –8.0 percent in 2020, 1.9 percentage points lower than in the April 2020 WEO. There appears to have been a deeper hit to activity in the first half of the year than anticipated, with signs of voluntary distancing even before lockdowns were imposed. This also suggests a more gradual recovery in the second half as fear of contagion is likely to continue. Synchronized deep downturns are foreseen in the United States (–8.0 percent); Japan (–5.8 percent); the United Kingdom (–10.2 percent); Germany (–7.8 percent); France (–12.5 percent); Italy and Spain (–12.8 percent). In 2021 the advanced economy growth rate is projected to strengthen to 4.8 percent, leaving 2021 GDP for the group about 4 percent below its 2019 level.

Among *emerging market and developing economies*, the hit to activity from domestic disruptions is projected closer to the downside scenario envisaged in April, more than offsetting the improvement in financial market sentiment. The downgrade also reflects larger spillovers from weaker external demand. The downward revision to growth prospects for emerging market and developing economies over 2020–21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Excluding China, the downward revision for emerging market and developing economies over 2020–21 is 3.6 percentage points.

Overall, growth in the group of emerging market and developing economies is forecast at –3.0 percent in 2020, 2 percentage points below the April 2020 WEO forecast. Growth among low-income developing countries is projected at –1.0 percent in 2020, some 1.4 percentage points below the April 2020 WEO forecast, although with differences across individual countries. Excluding a few large frontier economies, the remaining group of low-income developing countries is projected to contract by –2.2 percent in 2020.

For the first time, all regions are projected to experience negative growth in 2020. There are, however, substantial differences across individual economies, reflecting the evolution of the pandemic and the effectiveness of containment strategies; variation in economic structure (for example, dependence on severely affected sectors, such as tourism and oil); reliance on external financial flows, including remittances; and precrisis growth trends. In China, where the recovery from the sharp contraction in the first quarter is underway, growth is projected at 1.0 percent in 2020, supported in part by policy stimulus. India's economy is projected to contract by 4.5 percent following a longer period of lockdown and slower recovery than anticipated in April. In Latin America, where most countries are still struggling to contain infections, the two largest economies, Brazil and Mexico, are projected to contract by 9.1 and 10.5 percent, respectively, in 2020. The disruptions due to the pandemic, as well as significantly lower disposable income for oil exporters after the dramatic fuel price decline, imply sharp recessions in Russia (–6.6 percent), Saudi Arabia (–6.8 percent), and Nigeria (–5.4 percent), while South Africa's performance (–8.0 percent) will be severely affected by the health crisis.

**Table 1. Overview of the *World Economic Outlook* Projections**  
(Percent change, unless noted otherwise)

	Year over Year						Q4 over Q4 2/		
			Projections		Difference from April 2020 WEO Projections 1/		Projections		
	2018	2019	2020	2021	2020	2021	2019	2020	2021
World Output	3.6	2.9	-4.9	5.4	-1.9	-0.4	2.8	-3.5	4.6
Advanced Economies	2.2	1.7	-8.0	4.8	-1.9	0.3	1.5	-7.2	5.1
United States	2.9	2.3	-8.0	4.5	-2.1	-0.2	2.3	-8.2	5.4
Euro Area	1.9	1.3	-10.2	6.0	-2.7	1.3	1.0	-8.6	5.8
Germany	1.5	0.6	-7.8	5.4	-0.8	0.2	0.4	-6.7	5.5
France	1.8	1.5	-12.5	7.3	-5.3	2.8	0.9	-8.9	4.2
Italy	0.8	0.3	-12.8	6.3	-3.7	1.5	0.1	-10.9	5.5
Spain	2.4	2.0	-12.8	6.3	-4.8	2.0	1.8	-11.4	6.3
Japan	0.3	0.7	-5.8	2.4	-0.6	-0.6	-0.7	-1.8	0.0
United Kingdom	1.3	1.4	-10.2	6.3	-3.7	2.3	1.1	-9.0	6.9
Canada	2.0	1.7	-8.4	4.9	-2.2	0.7	1.5	-7.5	4.6
Other Advanced Economies 3/	2.7	1.7	-4.8	4.2	-0.2	-0.3	1.9	-5.1	5.5
Emerging Market and Developing Economies	4.5	3.7	-3.0	5.9	-2.0	-0.7	3.9	-0.5	4.2
Emerging and Developing Asia	6.3	5.5	-0.8	7.4	-1.8	-1.1	5.0	2.4	3.9
China	6.7	6.1	1.0	8.2	-0.2	-1.0	6.0	4.4	4.3
India 4/	6.1	4.2	-4.5	6.0	-6.4	-1.4	3.1	0.2	1.2
ASEAN-5 5/	5.3	4.9	-2.0	6.2	-1.4	-1.6	4.6	-1.4	6.1
Emerging and Developing Europe	3.2	2.1	-5.8	4.3	-0.6	0.1	3.4	-7.0	6.6
Russia	2.5	1.3	-6.6	4.1	-1.1	0.6	2.2	-7.5	5.6
Latin America and the Caribbean	1.1	0.1	-9.4	3.7	-4.2	0.3	-0.2	-9.0	4.1
Brazil	1.3	1.1	-9.1	3.6	-3.8	0.7	1.6	-9.3	4.5
Mexico	2.2	-0.3	-10.5	3.3	-3.9	0.3	-0.8	-10.1	4.8
Middle East and Central Asia	1.8	1.0	-4.7	3.3	-1.9	-0.7	...	...	...
Saudi Arabia	2.4	0.3	-6.8	3.1	-4.5	0.2	-0.3	-4.4	4.1
Sub-Saharan Africa	3.2	3.1	-3.2	3.4	-1.6	-0.7	...	...	...
Nigeria	1.9	2.2	-5.4	2.6	-2.0	0.2	...	...	...
South Africa	0.8	0.2	-8.0	3.5	-2.2	-0.5	-0.6	-2.1	-2.8
Memorandum									
Low-Income Developing Countries	5.1	5.2	-1.0	5.2	-1.4	-0.4	...	...	...
World Growth Based on Market Exchange Rates	3.1	2.4	-6.1	5.3	-1.9	-0.1	2.3	-4.9	4.8
World Trade Volume (goods and services) 6/	3.8	0.9	-11.9	8.0	-0.9	-0.4	...	...	...
Advanced Economies	3.4	1.5	-13.4	7.2	-1.3	-0.2	...	...	...
Emerging Market and Developing Economies	4.5	0.1	-9.4	9.4	-0.5	-0.7	...	...	...
Commodity Prices (U.S. dollars)									
Oil 7/	29.4	-10.2	-41.1	3.8	0.9	-2.5	-6.1	-42.6	12.2
Nonfuel (average based on world commodity import weights)	1.3	0.8	0.2	0.8	1.3	1.4	4.9	-0.8	1.3
Consumer Prices									
Advanced Economies 8/	2.0	1.4	0.3	1.1	-0.2	-0.4	1.4	-0.1	1.5
Emerging Market and Developing Economies 9/	4.8	5.1	4.4	4.5	-0.2	0.0	5.0	3.1	4.0
London Interbank Offered Rate (percent)									
On U.S. Dollar Deposits (six month)	2.5	2.3	0.9	0.6	0.2	0.0	...	...	...
On Euro Deposits (three month)	-0.3	-0.4	-0.4	-0.4	0.0	0.0	...	...	...
On Japanese Yen Deposits (six month)	0.0	0.0	0.0	-0.1	0.1	0.0	...	...	...

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during April 21–May 19, 2020. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = *World Economic Outlook*.

1/ Difference based on rounded figures for the current and April 2020 WEO forecasts. Countries whose forecasts have been updated relative to April 2020 WEO forecasts account for 90 percent of world GDP measured at purchasing-power-parity weights.

2/ For World Output, the quarterly estimates and projections account for approximately 90 percent of annual world output at purchasing-power-parity weights. For Emerging Market and Developing Economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' output at purchasing-power-parity weights.

3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.

6/ Simple average of growth rates for export and import volumes (goods and services).

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$61.39 in 2019; the assumed price, based on futures markets (as of May 19, 2020), is \$36.18 in 2020 and \$37.54 in 2021.

8/ The inflation rate for the euro area is 0.2% in 2020 and 0.9% in 2021, for Japan is -0.1% in 2020 and 0.3% in 2021, and for the United States is 0.5% in 2020 and 1.5% in 2021.

9/ Excludes Venezuela.

In 2021 the growth rate for emerging market and developing economies is projected to strengthen to 5.9 percent, largely reflecting the rebound forecast for China (8.2 percent). The growth rate for the group, excluding China, is expected to be –5.0 percent in 2020 and 4.7 percent in 2021, leaving 2021 GDP for this subset of emerging market and developing economies slightly below its 2019 level.

*Global trade* will suffer a deep contraction this year of –11.9 percent, reflecting considerably weaker demand for goods and services, including tourism. Consistent with the gradual pickup in domestic demand next year, trade growth is expected to increase to 8 percent.

*Inflation outlook.* Inflation projections have generally been revised downward, with larger cuts typically in 2020 and for advanced economies. This generally reflects a combination of weaker activity and lower commodity prices, although in some cases partially offset by the effect of exchange rate depreciation on import prices. Inflation is expected to rise gradually in 2021, consistent with the projected pickup in activity. Nonetheless, the inflation outlook remains muted, reflecting expectations of persistently weak aggregate demand.

## **Likely Reversal of Progress on Poverty Reduction**

These projections imply a particularly acute negative impact of the pandemic on low-income households worldwide that could significantly raise inequality. The fraction of the world's population living in extreme poverty—that is, on less than \$1.90 a day—had fallen [below 10 percent in recent years](#) (from more than 35 percent in 1990). This progress is [imperiled by the COVID-19 crisis](#), with more than 90 percent of emerging market and developing economies projected to register negative per capita income growth in 2020. In countries with high shares of informal employment, lockdowns have led to joblessness and abrupt income losses for many of those workers (often where migrants work far from home, separated from support networks). Moreover, with widespread school closures in about 150 countries as of the end of May, [the United Nations Educational, Scientific and Cultural Organization estimates that close to 1.2 billion schoolchildren](#) (about 70 percent of the global total) have been affected worldwide. This will result in significant loss of learning, with disproportionately negative effects on earnings prospects for children in low-income countries.

## **Risks to the Outlook**

Fundamental uncertainty around the evolution of the pandemic is a key factor shaping the economic outlook and hinders a characterization of the balance of risks. The downturn could be less severe than forecast if economic normalization proceeds faster than currently expected in areas that have reopened—for example in China, where the recovery in investment and services through May was stronger than anticipated. Medical breakthroughs with therapeutics and changes in social distancing behavior might allow health care systems to cope better without requiring extended, stringent lockdowns. Vaccine trials are also proceeding at a rapid pace. Development of a safe, effective vaccine would lift sentiment and could improve growth outcomes in 2021, even if vaccine production is not scaled up fast enough to deliver herd immunity by the end of 2021. More generally, changes in production, distribution, and payment systems during the pandemic could actually spur productivity gains—ranging from new techniques in medicine to, more broadly, accelerated digitalization or the switch from fossil fuels to renewables.

Downside risks, however, remain significant. Outbreaks could recur in places that appear to have gone past peak infection, requiring the reimposition of at least some containment measures. A more prolonged decline in activity could lead to further scarring, including from wider firm closures, as surviving firms hesitate to hire jobseekers after extended unemployment spells, and as unemployed workers leave the labor force entirely. Financial conditions may again tighten as in January–March, exposing vulnerabilities among borrowers. This could tip some economies into debt crises and slow activity further. More generally, cross-border spillovers from weaker external demand and tighter financial conditions could further magnify the impact of country- or region-specific shocks on global growth. Moreover, the sizable policy response following the initial sudden stop in activity may end up being prematurely withdrawn or improperly targeted due to design and implementation challenges, leading to misallocation and the dissolution of productive economic relationships. Some of these aspects are featured in the Scenario Box, which presents growth projections under alternative scenarios.

Beyond pandemic-related downside risks, escalating tensions between the United States and China on multiple fronts, frayed relationships among the Organization of the Petroleum Exporting Countries (OPEC)+ coalition of oil producers, and widespread social unrest pose additional challenges to the global economy. Moreover, against a backdrop of low inflation and high debt (particularly in advanced economies), protracted weak aggregate demand could lead to further disinflation and debt service difficulties that, in turn, weigh further on activity.

## Policy Priorities

With the relentless spread of the pandemic, prospects of long-lasting negative consequences for livelihoods, job security, and inequality have grown more daunting. Further effective policy actions can help slow the deterioration of those prospects and set the stage for a speedier recovery that benefits all in society across the income spectrum and skills distribution. At the same time, considering the substantial uncertainty regarding the pandemic and its implications for different sectors, the policy response will have to adapt as the situation evolves to maximize its effectiveness—for instance, shifting from saving firms to facilitating resource reallocation across sectors.

As discussed in the April 2020 WEO, these policy objectives are shared across emerging market and developing economies as well as advanced economies, but the former group is relatively more constrained by lower health care capacity, larger informal sectors, and tighter borrowing constraints. Moreover, some emerging market and developing economies entered this crisis with limited policy space. External support and strong multilateral cooperation are therefore essential to help these financially constrained countries combat the crisis. This is particularly the case for low-income countries. Many of these have high debt, and some are already in a precarious security situation, with scarce food and medicine. Hence, their ability to deploy the policy response needed to prevent a devastating human toll and long-lasting impacts on livelihoods depends critically on debt relief, grants, and concessional financing from the international community. Island economies that rely heavily on tourism and economies that are driven by oil exports are also likely to face long-lasting challenges.

## Resources for Health Care

The pandemic continues to test health care capacity in many countries, accelerating in emerging market and developing economies. Other countries that have passed peaks in infections remain at risk of renewed surges. All countries therefore need to ensure that their health care systems are adequately resourced. This requires additional spending as needed in various areas, including virus and antibody testing; training and hiring contact tracers; acquiring personal protective equipment; and health care infrastructure spending for emergency rooms, intensive care units, and isolation wards.

*Multilateral cooperation to support health care systems.* The international community needs to vastly step up efforts to support national initiatives, including completing the removal of trade restrictions on essential medical supplies; sharing information on the pandemic widely and transparently; providing financial assistance and expertise to countries with limited health care capacity, including via support for international organizations; and channeling funding to scale up vaccine production facilities as trials advance so that adequate, affordable doses are quickly available to all countries.

## Contain the Economic Fallout, Facilitate Recovery

Confronted with a highly transmissible virus and susceptible populations, countries have restricted mobility to curb its spread and protect lives. In the resulting deep economic downturn, the broad economic policy objectives remain similar to those discussed in the April 2020 WEO, with a continued emphasis on sizable, well-targeted measures that protect the vulnerable. As economies reopen, the focus there should gradually move from protecting jobs and shielding firms to facilitating recovery and removing obstacles to worker reallocation. Elevated debt levels, nonetheless, could constrain the scope of further fiscal support—and will pose an important medium-term challenge for many countries.

To ensure that economies are well prepared to counter further shocks, policymakers should consider strengthening mechanisms for automatic, timely, and temporary support in downturns. As analyzed in the [April 2020 WEO](#), rules-based fiscal stimulus measures that respond to deteriorating macroeconomic conditions—such as temporary targeted cash transfers to liquidity-constrained, low-income households that kick in when the unemployment rate or jobless claims rise above a certain threshold—can be highly effective in dampening downturns.

*Economies where the pandemic is accelerating.* In countries where lockdowns are required to slow transmission, the emphasis should be on containing the health shock and minimizing damage to the economy so that activity can normalize more quickly once the restrictions are lifted. The objective is twofold: cushioning income losses for people to the extent possible while enabling the shift of resources away from contact-intensive sectors that will likely be persistently smaller after the pandemic.

Targeted measures, such as temporary tax breaks for affected people and firms, wage subsidies for furloughed workers, cash transfers, and paid sick and family leave are good common practices for cushioning income losses. The specific mix of targeted support should be tailored to country circumstances with due consideration for those who may not be protected by the formal safety net (as discussed below). Temporary credit guarantees, particularly for small

and medium-sized enterprises, and loan restructuring can help preserve employment relationships likely to remain viable after the pandemic fades. In tandem, spending on retraining, where feasible, should be increased so that workers are better equipped to seek employment in other sectors as needed. Broader social safety nets should be enhanced, including to expand eligibility criteria for unemployment protection and provide better coverage of self-employed and informal workers.

Central bank liquidity provision and targeted relending facilities for funding-affected firms can help ensure that credit provision continues, while policy rate cuts and asset purchases can limit the rise in borrowing costs (see the June 2020 *GFSR Update* for details). Public infrastructure investment or across-the-board tax cuts may be less effective in stimulating demand when large parts of the economy are shut down. Nonetheless, where financing constraints permit, such measures can play an important role in supporting confidence and limiting bankruptcies.

*Economies where reopening is underway.* Many countries have begun scaling back stringent lockdowns. With reopening, policy focus must also shift toward facilitating recovery. This requires progressively unwinding targeted support as the recovery gets underway, incentivizing the reallocation of workers and resources where needed, and providing stimulus.

The exit from targeted support—such as wage subsidies for furloughed workers, cash transfers, enhanced eligibility criteria for unemployment insurance, credit guarantees for firms, and moratoria on debt service—should proceed gradually to avoid precipitating sudden income losses and bankruptcies just as the economy is beginning to regain its footing. The sequence in which the targeted measures are unwound should take into account the structure of employment—for instance, the share of self-employed, the distribution of firms across sectors experiencing different rates of recovery, and the degree of informality in the economy.

Where fiscal space permits, as targeted fiscal support is unwound, it can be replaced with public investment to accelerate the recovery and expanded social safety net spending to protect the most vulnerable. The former can support the transition to a low-carbon economy and mitigation strategies. The latter will be particularly important given that the pandemic has taken a significant toll on lower-skilled workers (who may have a harder time securing reemployment than higher-skilled workers) and lower-income households more generally (who may not have adequate resources to purchase health care and essentials).

At the same time, hiring subsidies and spending on worker training will need to increase to facilitate reallocation toward sectors with growing demand and away from those likely to emerge persistently smaller from the pandemic. Policymakers should also address factors that can impede this reallocation, including barriers to entry that favor incumbents at the expense of potential entrants and labor market rigidities that deter firms from hiring. Easing reallocation will also involve actions to repair balance sheets and address debt overhangs—factors that have slowed past recoveries from deep recessions. This will require mechanisms for restructuring and disposing of distressed debt. Such steps to reduce persistent resource misallocation and productivity losses can further enhance the effectiveness of broader stimulus to lift aggregate demand and boost employment.

*Modalities for delivering relief in countries with large informal sectors.* In economies where the pandemic and associated lockdowns weigh heavily on informally employed workers, digital payment systems can provide an alternative modality for ensuring that government relief measures reach intended beneficiaries ([IMF Special Series Note on COVID-19](#)). Where individuals do not have IDs or access to mobile phones to avail of this channel, temporary workarounds can be implemented to scale up the coverage of digital payments ([IMF Special Series Note on COVID-19](#)), along with complementary in-kind support of food, medicine, and other essentials staples for households in need—for example, through local governments and community organizations.

## **Multilateral Cooperation**

Considering the global scale of the crisis, countries must cooperate on multiple fronts to combat the shared challenges. Besides common efforts to support health care systems, liquidity assistance is urgently needed for countries confronting health shocks and external funding shortfalls.

The G20 initiative for a temporary standstill on official debt service payments by low-income countries is an important first step to help them preserve international liquidity and channel resources to combat the health crisis. Private creditors should also provide comparable treatment. More generally, it is in the best interest of all creditors and low-income country and emerging market borrowers with high debt and large financing needs to quickly agree on mutually acceptable terms of debt relief where needed.

Multilateral assistance through the global financial safety net can help further cushion the impact of funding shocks. The IMF has enhanced the access limits to its emergency financing facilities, increased its ability to provide grant-based debt service relief, and is helping vulnerable countries with new financing through other lending facilities. Other elements of the global financial safety net have also been activated to alleviate international liquidity shortages in emerging markets, including central bank swap lines. Shared recognition that emerging market and developing economies are generally more constrained than reserve-currency-issuing advanced economies guides these actions. The longer the pandemic and its aftermath persist, the greater the need to enhance efforts to support financially constrained economies.

Beyond the pandemic, policymakers must cooperate to address the economic issues underlying trade and technology tensions as well as gaps in the rules-based multilateral trading system. The eventual recovery from the COVID-19 crisis would be endangered without a durable solution to these frictions. Building on the record drop in greenhouse gas emissions this year (reflecting significantly lower fossil fuel use during the pandemic), policymakers should implement their climate change mitigation commitments, and effort needs to be scaled up at the international level, ideally through equitably designed carbon taxation or equivalent schemes (see the [October 2019 Fiscal Monitor](#)). Low oil prices also present an opportunity to reduce harmful fuel subsidies. And the global community must act now to avoid a repeat pandemic catastrophe by building global stockpiles of essential supplies and protective equipment that can be distributed quickly to affected areas, funding research and supporting public health systems, and putting in place adequate and effective modalities for delivering relief to the neediest.

## Scenario Box. Alternative Scenarios

The IMF's G-20 Model is combined with a detailed sectoral-based analysis to estimate the impact of two alternative scenarios: (1) a second COVID-19 outbreak in early 2021, and (2) a faster recovery from the lockdown measures implemented in the first half of 2020. These scenarios, which are summarized below, are presented in deviations from the June 2020 *World Economic Outlook (WEO) Update* projections (the baseline).

### Scenario 1: A Second Global COVID-19 Outbreak in Early 2021

While the baseline does not rule out a possible resurgence in cases in some countries, the first scenario assumes instead that a second major global outbreak takes place early in 2021. The disruptions to domestic economic activity in each country in 2021—resulting from measures taken to contain this second outbreak—are assumed to be roughly one-half the size of what is already in the baseline for 2020. The halving of the impact reflects the assumption that containment measures will be less disruptive to firms and households because the share of vulnerable individuals will likely be lower and the measures will become better targeted at vulnerable groups, building on the experience gained regarding the effectiveness of measures that have been tried to date.

As a result of the second outbreak, there is assumed to be additional tightening in financial conditions in 2021, relative to the baseline. The additional tightening is about one-half of the increase in sovereign and corporate spreads seen since the beginning of the pandemic, with advanced economies facing, on average, relatively limited tightening, especially in sovereign premiums, and emerging markets facing larger increases in spreads on both sovereign and corporate debt.

The simulation assumes that conventional monetary policy reacts endogenously in countries where there is still some room for further reductions in policy rates, mainly in emerging markets. Unconventional policies are not explicitly incorporated in the simulations; however, they are implicitly reflected in the limited tightening of financial conditions in advanced economies. Regarding the fiscal policy response, it is assumed that governments implement additional discretionary measures above and beyond automatic stabilizers. As a result, the overall spending response to the decline in output is twice as strong as the response under typical business cycle fluctuations.

Despite the policy response, the outbreak is assumed to cause further longer-lived damage to the supply side of economies (scarring) starting in 2022, as increased bankruptcies lead to capital destruction, temporary slowing in productivity growth, and a temporary increase in trend unemployment. The additional scarring is assumed to be about one-half the size of what is already in the baseline, with emerging markets experiencing greater, longer-lived damage than advanced economies, given the more limited policy space to support incomes in those countries.

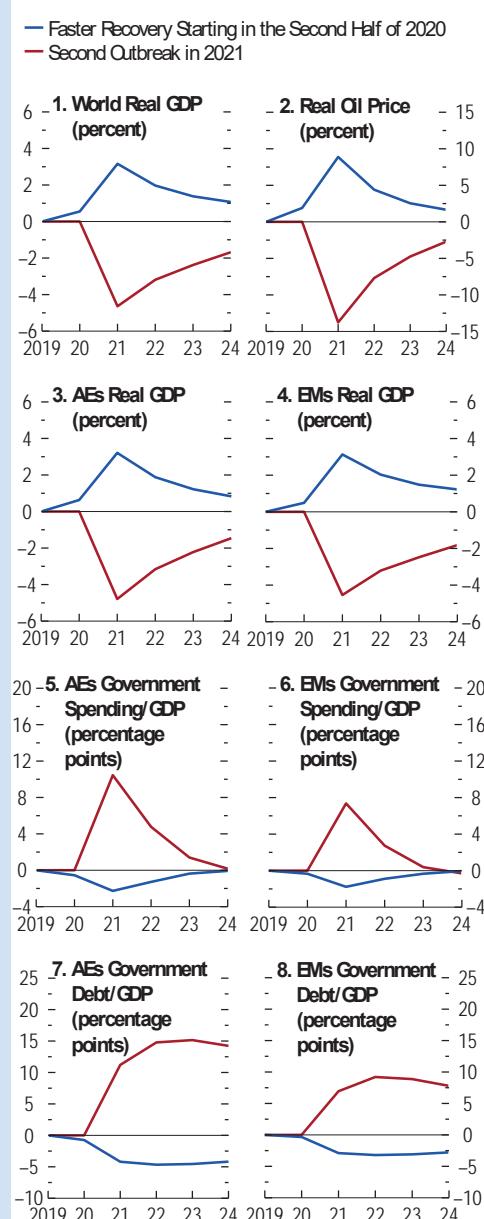
## Scenario 2: A Faster Recovery

The baseline projection assumes a gradual recovery in activity starting in the second half of 2020. In the second scenario, it is assumed that the recovery is faster than expected, as greater confidence in efficient post-lockdown measures (social distancing and more effective testing, tracing, and isolation practices) lead to effective containment and less precautionary behavior by households and firms once the lockdowns are lifted.<sup>1</sup> As a result of the faster recovery, financial conditions become more accommodative; for simplicity, the loosening of financial conditions starts in 2021. It is also assumed that the discretionary fiscal measures already included in the baseline are maintained in their entirety; that is, there is no partial rollback in response to the improved outlook. However, automatic stabilizers would imply less fiscal support overall as they respond endogenously to a faster dissipation of excess supply. The faster recovery also implies there is 50 percent less supply-side scarring than in the baseline starting in 2021.

## Results

Results are presented in Scenario Figure 1 for the world and advanced economy/emerging market groups. In the event of a second outbreak (red line in Scenario Figure 1), the resulting containment measures lead to a decrease in world output of about 4.9 percent in 2021, relative to the baseline. As in the scenarios presented in the April 2020 WEO, the decrease in activity is broadly similar for advanced and emerging market economies in the short term (2021): on one hand, advanced economies have a relatively larger share of services and are thus more directly exposed to social-distancing measures; on the other hand, tighter financial conditions and more limited fiscal responses in emerging markets amplify the impact in those economies. The hit to activity in 2021 is only partially corrected in 2022, with

**Scenario Figure 1. June WEO 2020 Alternative Scenarios**  
(Deviation from baseline)



Source: IMF, G-20 Model simulations.

Note: AEs = advanced economies; EMs = emerging market economies.

<sup>1</sup> The second scenario does not assume that a vaccine is made available before the end of 2021.

global output still 3.3 percent below the baseline, partly due to the additional supply-side scarring.

Under the alternative scenario, in which efficient post-lockdown measures in the second half of 2020 better contain the virus and generate greater confidence and a more rapid return to normal (blue line in Scenario Figure 1), global output improves relative to the baseline by about one-half percent in 2020. The recovery picks up steam in 2021, with global output 3 percent above baseline, and with the relative loosening of financial conditions and the reduced scarring both contributing to the faster recovery.

It is important to stress the considerable uncertainty surrounding these scenarios, especially Scenario 1. The second outbreak could take place in the fall, in which case the negative impact on activity in 2020 would be even larger than in the current baseline. In addition, while the quantitative implications of current containment measures remain to be fully ascertained, the impact of a hypothetical second round is even more uncertain. Finally, a second outbreak could lead to a more severe tightening of financial conditions than assumed here, with the overall macroeconomic effect possibly amplified by nonlinearities stemming from greater scarring and financial pressures, especially in emerging markets.

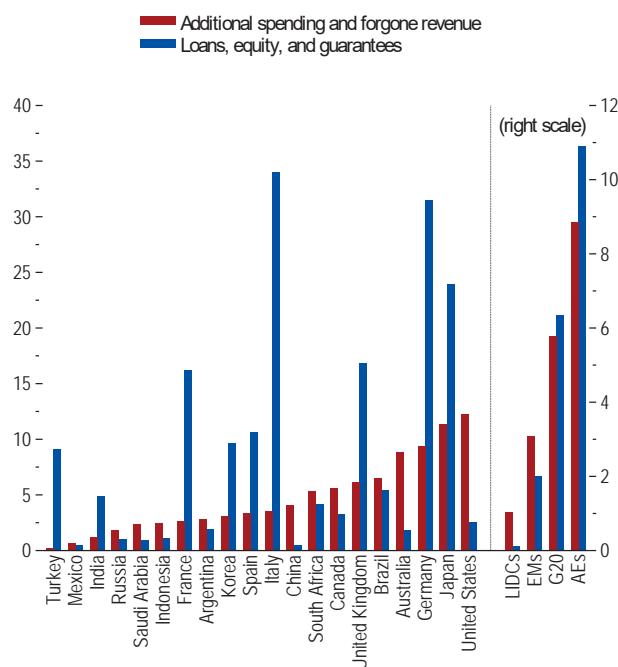
# Annex: Update of Fiscal Developments and the Outlook

As the economic fallout from the COVID-19 pandemic and the Great Lockdown has become more severe, many governments have stepped up their emergency lifelines to protect people, preserve jobs, and prevent bankruptcies. The steep contraction in economic activity and fiscal revenues, along with the sizable fiscal support, has further stretched public finances, with global public debt projected to reach more than 100 percent of GDP this year. As the lockdowns are unwound in many countries, policy focus needs to shift toward facilitating recovery, although uncertainty about the containment of the pandemic remains, and elevated debt could constrain the scope and effectiveness of further fiscal support. This annex updates the April 2020 Fiscal Monitor on fiscal measures in response to the pandemic, as well as the fiscal outlook.<sup>1</sup>

More than two-thirds of governments across the world have scaled up their fiscal support since April to mitigate the economic fallout from the pandemic and the stringent lockdowns as growth is revised further down relative to the April 2020 *World Economic Outlook*. These measures have helped save lives, protect livelihoods, and preserve employment and business relations. Announced fiscal measures are now estimated at near \$11 trillion globally, up from \$8 trillion estimated in the April 2020 *Fiscal Monitor*. One-half of these measures (\$5.4 trillion) are additional spending and forgone revenue, directly affecting government budgets.<sup>2</sup> The remaining half (\$5.4 trillion) is liquidity support, such as loans, equity injections, and guarantees, including through state-owned banks and enterprises, which help maintain cashflows and limit bankruptcies, but could add to government debt and deficits down the road if these public interventions incur losses. The Group of Twenty (G20) economies continue to account for the bulk of the global fiscal support, with budget measures now standing at 6 percent of GDP on average (Annex Figure 1), compared with just 3 percent of GDP in April, and much higher than during 2008–10 in response to the global financial crisis.

**Annex Figure 1. Country Fiscal Measures in Response to the COVID-19 Pandemic**  
(Percent of GDP)

Countries are providing sizable fiscal support through budgetary measures, as well as off-budget liquidity.



Sources: National authorities; and IMF staff estimates.

Note: Data are as of June 12, 2020. Country groups are weighted by GDP in purchasing power parity-adjusted current US dollars. Revenue and spending measures exclude deferred taxes and advance payments. For details, see the Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic. AEs = advanced economies; EMs = emerging markets; G20 = group of twenty economies; LIDCs = low-income developing countries.

<sup>1</sup> This annex was prepared by the Fiscal Affairs Department.

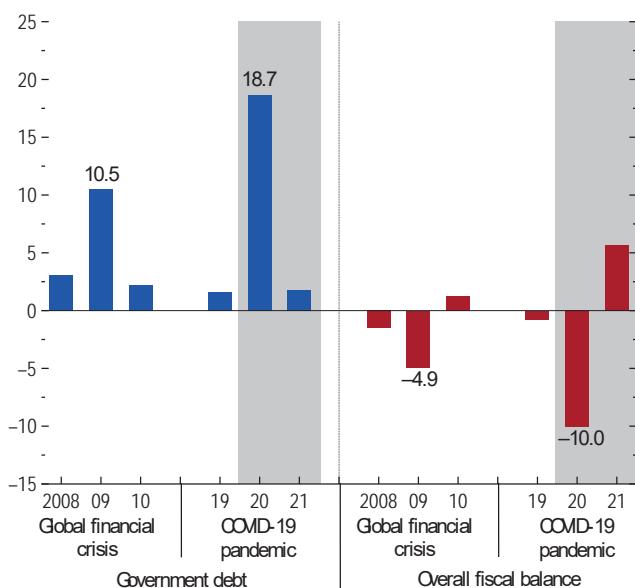
<sup>2</sup> See the Fiscal Monitor [Database](#) of Country Fiscal Measures in Response to the COVID-19 Pandemic for details.

## Government Debt and Deficits at the Global Level

The steep contraction in output and ensuing fall in revenues, along with sizable discretionary support, have led to a surge in government debt and deficits (Annex Figure 2). Under the baseline scenario, global public debt is expected to reach an all-time high, exceeding 101 percent of GDP in 2020–21—a surge of 19 percentage points from a year ago (Annex Table 1). Meanwhile, the average overall fiscal deficit is expected to soar to 14 percent of GDP in 2020, 10 percentage points higher than last year. Beyond discretionary fiscal measures, automatic stabilizers from taxes and social protection are expected to help cushion the fall in household incomes during the recession, but also to contribute to one-third of the rise in deficits on average. In particular, government revenues are expected to fall more than output and projected to be 2½ percentage points of GDP lower, on average, than in 2019, reflecting lower personal and corporate incomes and hard-hit private consumption. In addition, oil-exporting countries have suffered from a decline in oil revenue owing to low oil prices. The trajectory of debt and deficits is subject to high uncertainty and could drift up in an adverse scenario if activity disappoints from a resurgence in infections or if contingent liabilities from large liquidity support materialize when financing conditions tighten.<sup>3</sup> Revenues could also fall more if deferred collections are not recovered in full. Public finances could deteriorate less than forecast if safe and effective vaccines become available later this year, restoring confidence and mitigating the downturn.

**Annex Figure 2. Change in Global Government Debt and Overall Fiscal Balance (Percent of GDP)**

Government debt and deficits are set to rise globally, more so than during 2008–10 following the global financial crisis.



Source: IMF staff estimates.

## Fiscal Developments and Outlook by Country Income Groups

Most *advanced economies* have enacted further rounds of fiscal support as activity contracted more than expected. Overall fiscal deficits are now projected to widen to 16½ percent of GDP on average this year, 13 percentage points higher than last year, and government debt is set to exceed 130 percent of GDP during 2020–21. The large liquidity support in some advanced economies (*France, Germany, Italy, Japan, United Kingdom*) creates fiscal risks in the event of substantial take-up and losses. Borrowing costs, nonetheless, are expected to remain low in advanced economies. In terms of fiscal support, the *United States* approved another package

<sup>3</sup> See the Scenario Box for a summary of alternative scenarios and their growth implications in the G20 economies.

(\$483 billion, or 2½ percent of GDP) in late April, providing additional forgivable loans to small and medium-sized enterprises. Further support amounting to \$3 trillion is pending legislative approval to fund subnational governments and additional cash transfers. *Japan* rolled out a massive package of \$1.1 trillion (22 percent of GDP) in late May, amounting to over 40 percent of GDP when combined with measures decided in April. The package includes expanded concessional loans to affected firms. *Germany* announced a new package (€130 billion, or 4 percent of GDP, over 2020–21) in June to support the recovery, with measures to boost activity in green and digital economies. The *European Union* has proposed an additional €750 billion (6 percent of its GDP) in support over 2021–27, including a grant-based recovery fund, which, if approved, could promote green recovery and reduce the uneven impact of the pandemic on member states' debt sustainability.

In *emerging market economies*, the average fiscal response to the pandemic is now estimated at 5 percent of GDP, sizable but less than in advanced economies. Yet fiscal deficits are projected to widen sharply to 10½ percent of GDP on average in 2020, more than double the level last year. This reflects the fiscal expansion, steep output contraction, lower commodity revenues, and higher external borrowing costs, as global financial conditions remain tighter than they were before the crisis despite recent easing (see the June 2020 *Global Financial Stability Report Update*). Government debt is now projected to average 63 percent of GDP in 2020, continuing its upward trend with a 10 percentage point surge from a year ago. Many emerging markets have scaled up their support. *India* has unveiled liquidity support (4½ percent of GDP) through loans and guarantees for businesses and farmers and equity injections into financial institutions and the electricity sector. *South Africa* has temporarily expanded its unemployment support and transfers to vulnerable households. As activity begins to recover, *China* has continued to focus on vulnerable firms and households, including through the expansion of the social safety net, medical facilities, and digital infrastructure.

As many *low-income developing countries* face tight financing constraints and a less severe impact of the pandemic thus far, the fiscal response to the pandemic has been modest, at 1.2 percent of GDP on average, and mostly through budgetary measures. For example, *Nigeria* provided tax relief for employers to retain workers and raised health care spending (0.3 percent of GDP), while *Ethiopia* has expanded its in-kind provision of food and shelter (1.8 percent of GDP). Support measures in *Vietnam* have included cash transfers to the poor and higher benefits in existing social protection programs (1.2 percent of GDP). As a result, the headline deficit for *low-income developing countries* is projected to widen to 6 percent of GDP in 2020, 2 percentage points higher than last year, and much higher for oil exporters. Within the group, many countries have requested a suspension of official bilateral debt repayment under the G20 Debt Service Suspension Initiative, and 45 countries have sought [IMF emergency financing](#). While these provide temporary relief, elevated public debt—exceeding 48 percent of GDP on average during 2020–21—has raised sustainability concerns in many countries.

## **Fiscal Policies Going Forward**

As the Great Lockdown begins to ease in several parts of the world, fiscal policies will have to adapt to country circumstances, balancing the need to protect people, stabilize demand, and facilitate recovery. Where the pandemic remains acute and stringent lockdowns continue, fiscal policies should accommodate health care services to save lives and provide emergency lifelines to protect people. Where lockdowns are easing, fiscal policies should gradually transition away from firm support to better targeted household support, taking into account the extent of informality in the economy. Employment support measures will need to encourage safe return to jobs and facilitate structural shifts in labor markets for a more resilient post–COVID-19 economy. Once the pandemic is under control, broad-based fiscal stimulus to support the recovery could focus on public investment, including on physical and digital infrastructure, health care systems, and the transition to a low-carbon economy. Where fiscal space is limited, countries need to reorient revenue and spending to increase and incentivize productive investment. Making some provisions (for example, relaxing eligibility) of social protection programs more long-lasting can enhance automatic stabilizers and help tackle rising poverty and inequality. All measures should be embedded in a medium-term fiscal framework and transparently managed and recorded to mitigate fiscal risks, including loans and guarantees that do not have an immediate effect on government debt and deficits.

**Annex Table 1. General Government Fiscal Balance and Gross Debt, 2018–21: Overall Balance and Gross Debt  
(Percent of GDP)**

	Overall Fiscal Balance						Gross Debt					
			Current Projections		Difference from April WEO Projections				Current Projections		Difference from April WEO Projections	
			2018	2019	2020	2021			2020	2021	2020	2021
World	-3.1	-3.9	-13.9	-8.2	-4.0	-2.0	81.2	82.8	101.5	103.2	5.1	6.6
Group of Twenty (G20)	-3.7	-4.5	-15.4	-9.1	-4.6	-2.2	88.6	90.4	111.2	113.3	5.7	7.5
Advanced Economies	-2.7	-3.3	-16.6	-8.3	-6.0	-2.8	104.0	105.2	131.2	132.3	8.8	10.4
Advanced G20	-3.3	-4.0	-18.0	-9.1	-6.5	-3.0	111.6	113.2	141.4	142.9	9.6	11.5
United States <sup>1, 3</sup>	-5.8	-6.3	-23.8	-12.4	-8.4	-3.7	106.9	108.7	141.4	146.1	10.4	14.2
Euro Area	-0.5	-0.6	-11.7	-5.3	-4.2	-1.7	85.8	84.1	105.1	103.0	7.7	7.4
Germany	1.9	1.5	-10.7	-3.1	-5.2	-1.9	61.9	59.8	77.2	75.0	8.6	9.3
France	-2.3	-3.0	-13.6	-7.1	-4.5	-0.8	98.1	98.1	125.7	123.8	10.2	7.4
Italy	-2.2	-1.6	-12.7	-7.0	-4.4	-3.5	134.8	134.8	166.1	161.9	10.6	11.4
Spain <sup>2</sup>	-2.5	-2.8	-13.9	-8.3	-4.4	-1.6	97.6	95.5	123.8	124.1	10.4	9.5
Japan	-2.5	-3.3	-14.7	-6.1	-7.6	-4.1	236.6	238.0	268.0	265.4	16.0	17.8
United Kingdom	-2.2	-2.1	-12.7	-6.7	-4.4	-1.3	85.7	85.4	101.6	100.5	5.9	4.7
Canada <sup>3</sup>	-0.4	-0.3	-12.6	-5.8	-0.8	-1.9	89.7	88.6	109.3	108.8	-0.3	0.3
Australia	-1.2	-3.9	-8.6	-8.4	1.1	-1.0	41.5	45.0	56.8	64.3	-2.5	0.3
Korea	2.6	0.4	-3.6	-2.4	-1.7	-0.8	40.0	41.9	49.5	53.4	3.2	4.3
Emerging Market Economies	-3.8	-4.9	-10.6	-8.5	-1.5	-1.0	48.9	52.4	63.1	66.7	1.1	2.1
Excluding MENAP Oil Producers	-4.0	-5.0	-10.6	-8.5	-1.6	-1.1	50.4	53.9	64.4	68.1	0.9	2.0
Emerging G20	-4.3	-5.4	-11.3	-9.1	-1.6	-1.0	49.4	53.0	64.1	68.3	0.8	1.8
Asia	-4.5	-6.0	-11.4	-9.8	-1.5	-1.3	49.3	53.5	64.9	70.3	0.8	2.3
China	-4.7	-6.3	-12.1	-10.7	-0.9	-1.1	47.0	52.0	64.1	70.7	-0.8	0.6
India	-6.3	-7.9	-12.1	-9.4	-4.6	-2.1	69.6	72.2	84.0	85.7	9.6	11.9
Indonesia	-1.8	-2.2	-6.3	-5.0	-1.3	-1.0	30.1	30.5	37.7	40.3	0.8	2.8
Europe	0.4	-0.6	-6.9	-4.8	-0.7	-0.6	29.3	29.0	36.4	37.1	0.0	0.8
Russia	2.9	1.9	-5.5	-3.9	-0.6	-0.9	13.5	13.9	18.5	18.8	0.6	1.7
Turkey	-3.7	-5.3	-8.4	-7.5	-0.9	-0.8	30.4	33.0	40.4	42.2	1.1	1.5
Latin America	-5.2	-4.0	-10.3	-4.8	-3.6	-0.9	66.6	70.6	81.5	79.7	3.6	3.6
Brazil <sup>4</sup>	-7.2	-6.0	-16.0	-5.9	-6.6	0.2	87.1	89.5	102.3	100.6	4.1	2.4
Mexico	-2.2	-2.3	-6.0	-4.0	-1.8	-1.8	53.6	53.7	65.9	66.3	4.6	7.3
MENAP	-2.9	-3.9	-9.8	-7.8	0.0	-0.1	40.1	44.7	55.2	56.4	4.0	3.6
Saudi Arabia	-5.9	-4.5	-11.4	-5.6	1.2	3.4	19.0	22.8	35.2	36.8	1.1	-1.9
South Africa	-4.1	-6.3	-14.8	-11.0	-1.5	1.6	56.7	62.2	79.9	84.6	2.5	-1.0
Low-Income Developing Countries	-3.8	-4.1	-6.1	-5.1	-0.4	-0.2	42.9	43.1	48.2	49.0	0.8	1.3
Nigeria	-4.3	-5.0	-7.3	-5.7	-0.9	0.2	27.7	29.1	36.5	36.8	1.2	-0.1
Oil Producers	-0.6	-1.0	-8.4	-5.5	-0.8	-1.0	42.7	45.1	56.1	56.6	1.5	2.2
Memorandum												
World Output (percent)	3.6	2.9	-4.9	5.4	-1.9	-0.3						

Source: IMF staff estimates and projections.

Note: All country averages are weighted by nominal GDP converted to US dollars (adjusted by purchasing power parity only for world output) at average market exchange rates in the years indicated and based on data availability. Projections are based on IMF staff assessments of current policies. In many countries, 2020 data are still preliminary. For country-specific details, see "Data and Conventions" and Tables A, B, C, and D in the April 2020 Fiscal Monitor Methodological and Statistical Appendix. MENAP = Middle East, North Africa, and Pakistan; WEO = World Economic Outlook.

<sup>1</sup> For cross-country comparability, expenditure and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States but not in countries that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

<sup>2</sup> Including financial sector support.

<sup>3</sup> For cross-economy comparability, gross debt levels reported by national statistical agencies for countries that have adopted the 2008 System of National Accounts (Australia, Canada, Hong Kong SAR, United States) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

<sup>4</sup> Gross debt refers to the nonfinancial public sector, excluding Eletrobras and Petrobras, and includes sovereign debt held by the central bank.