
The economic outlook and policy responses in the coronavirus pandemic: Some remarks on developments in Germany

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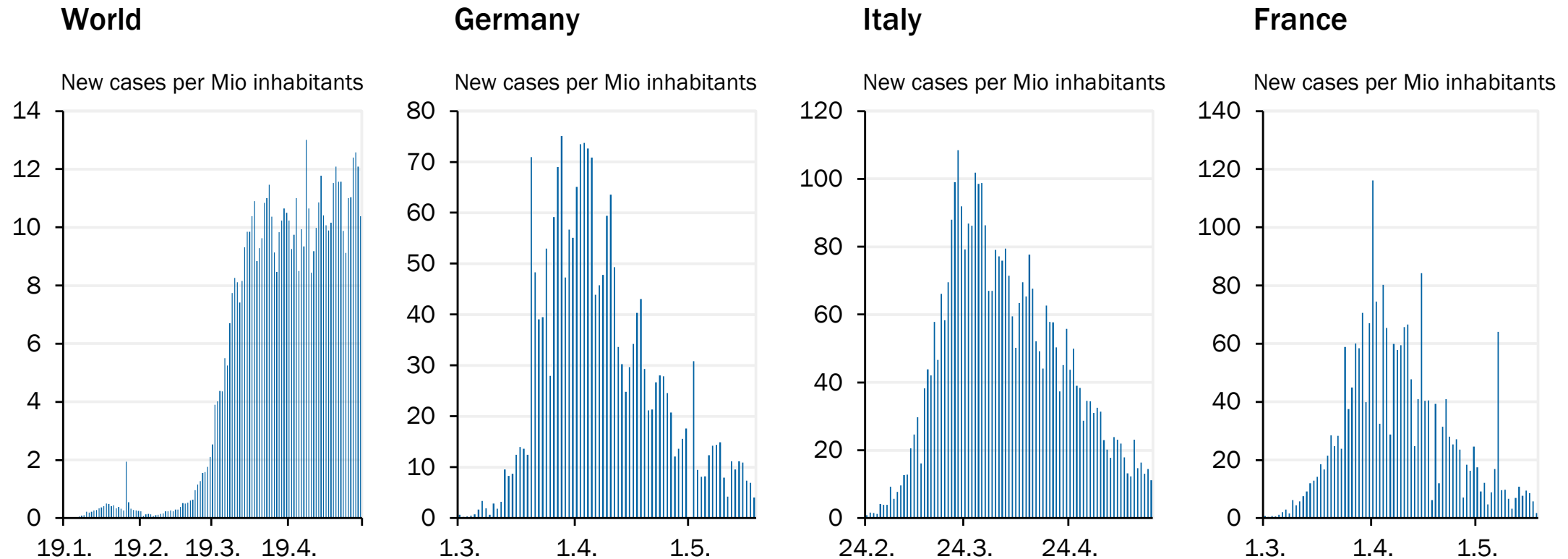
Impact of coronavirus pandemic in Germany

- I. Spread of coronavirus and COVID-19: Slowing
- II. Economic consequences: Lockdown, missing inputs, missing demand
- III. Economic policy measures: Fiscal room used

New COVID-19 infections: World, Germany, Italy, France

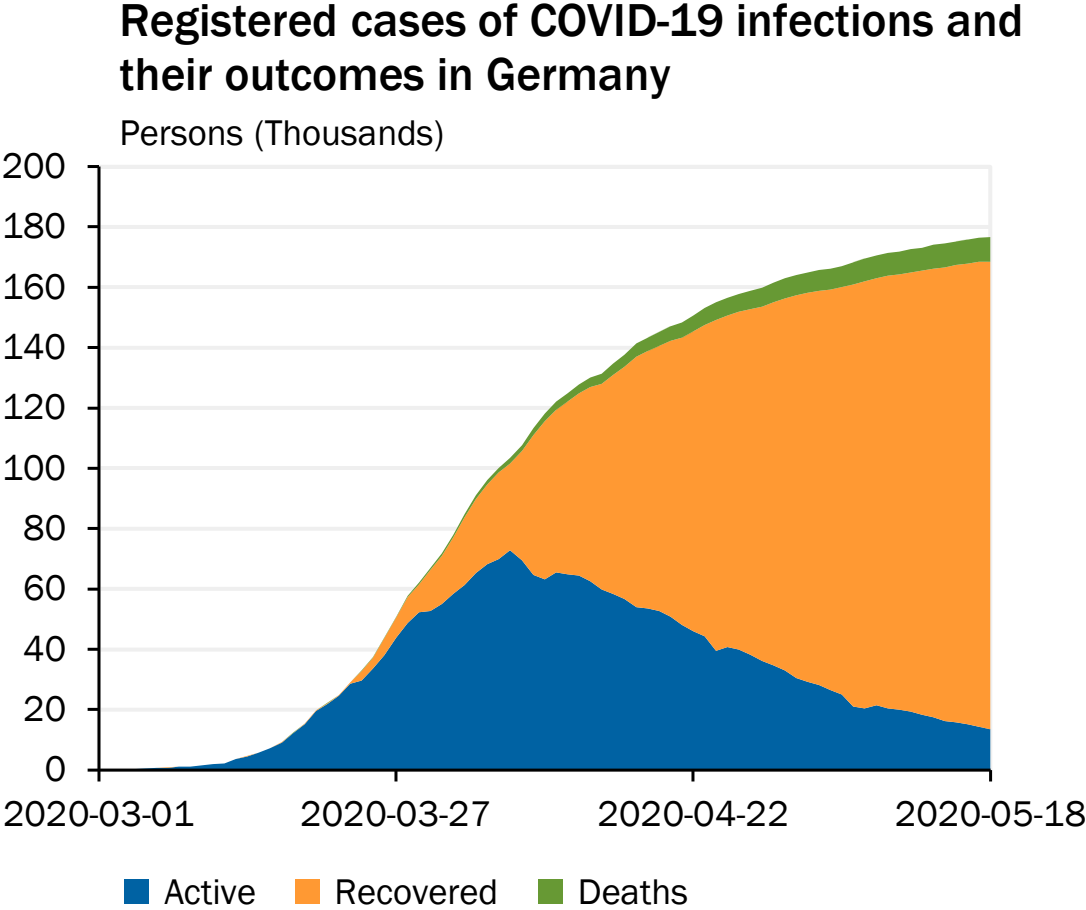
Number of new cases of COVID-19 infections per capita

Starting date: Minimum of 100 cumulated cases, End date: 18 May 2020



Source: Our World in Data

Registered infections and outcomes



Source: Johns Hopkins Universität

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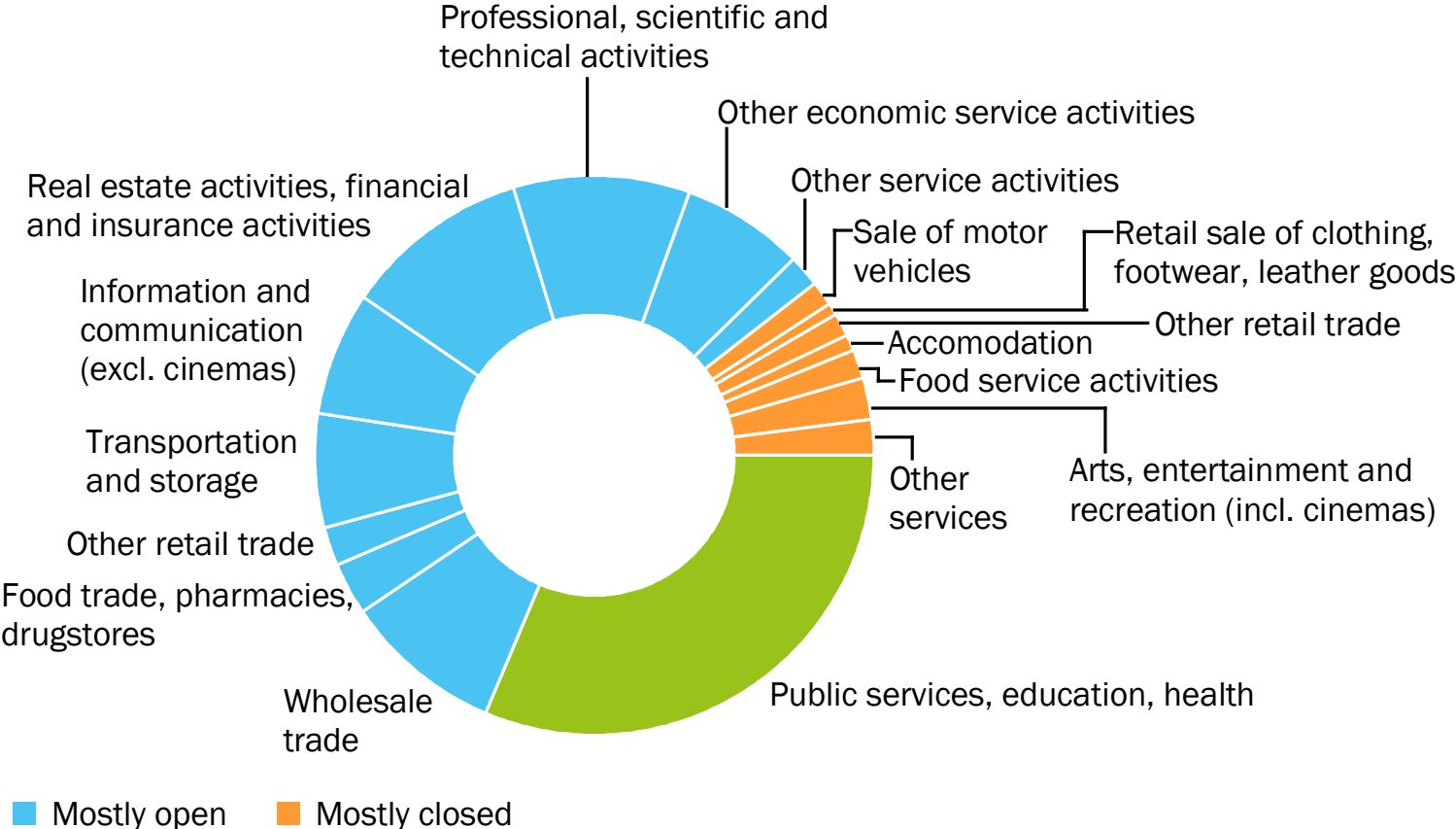
Registered infections:

- Open cases remaining
- Recovered
- Deaths

Direct shutdown by government: By gross value added in services

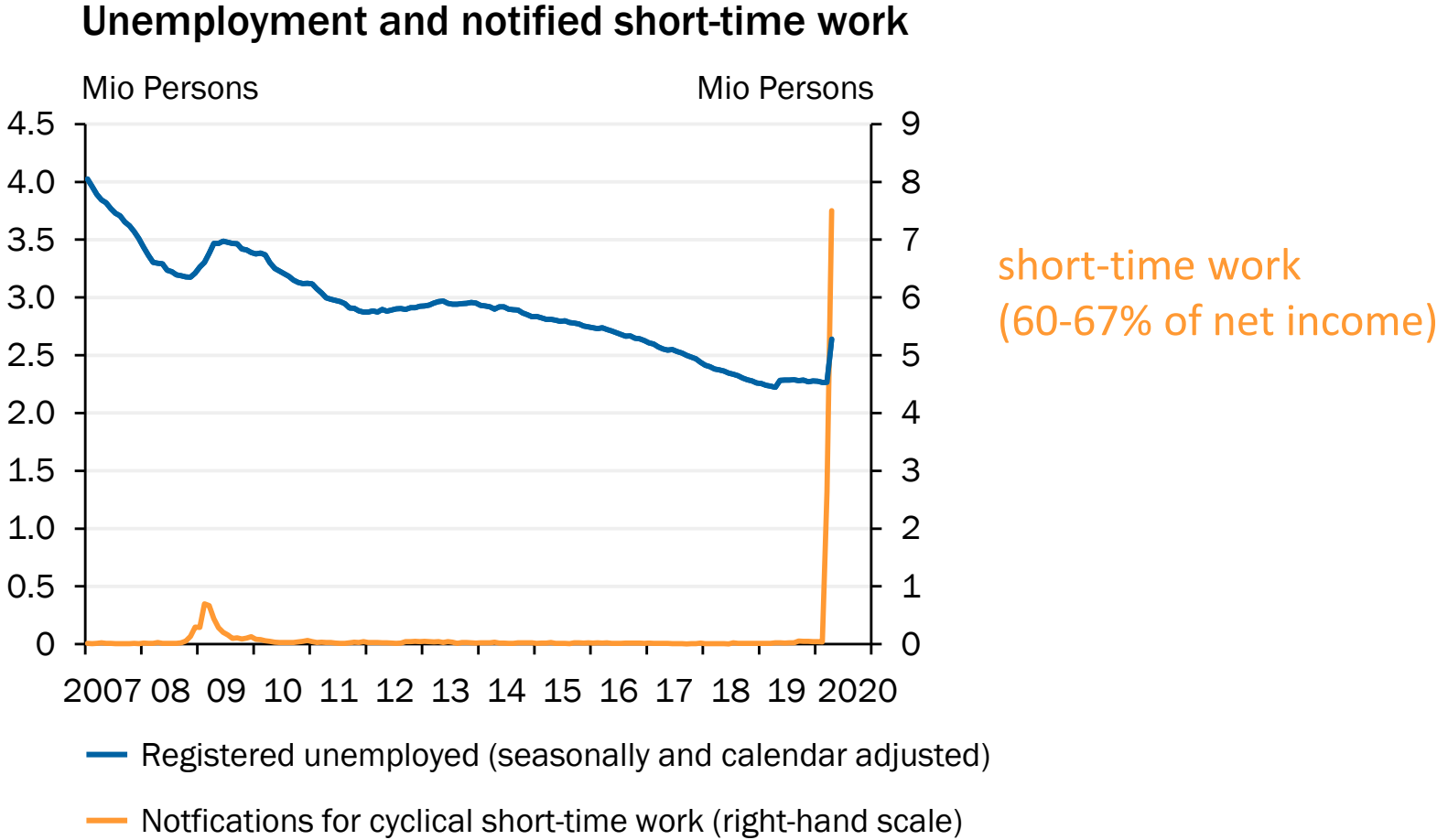
Mostly open
 Mostly closed
 Public sector

Gross value added in the service sector in 2017
 Shares in %



Sources: Eurostat, Federal Statistical Office, own calculations

Unemployed, short-time work

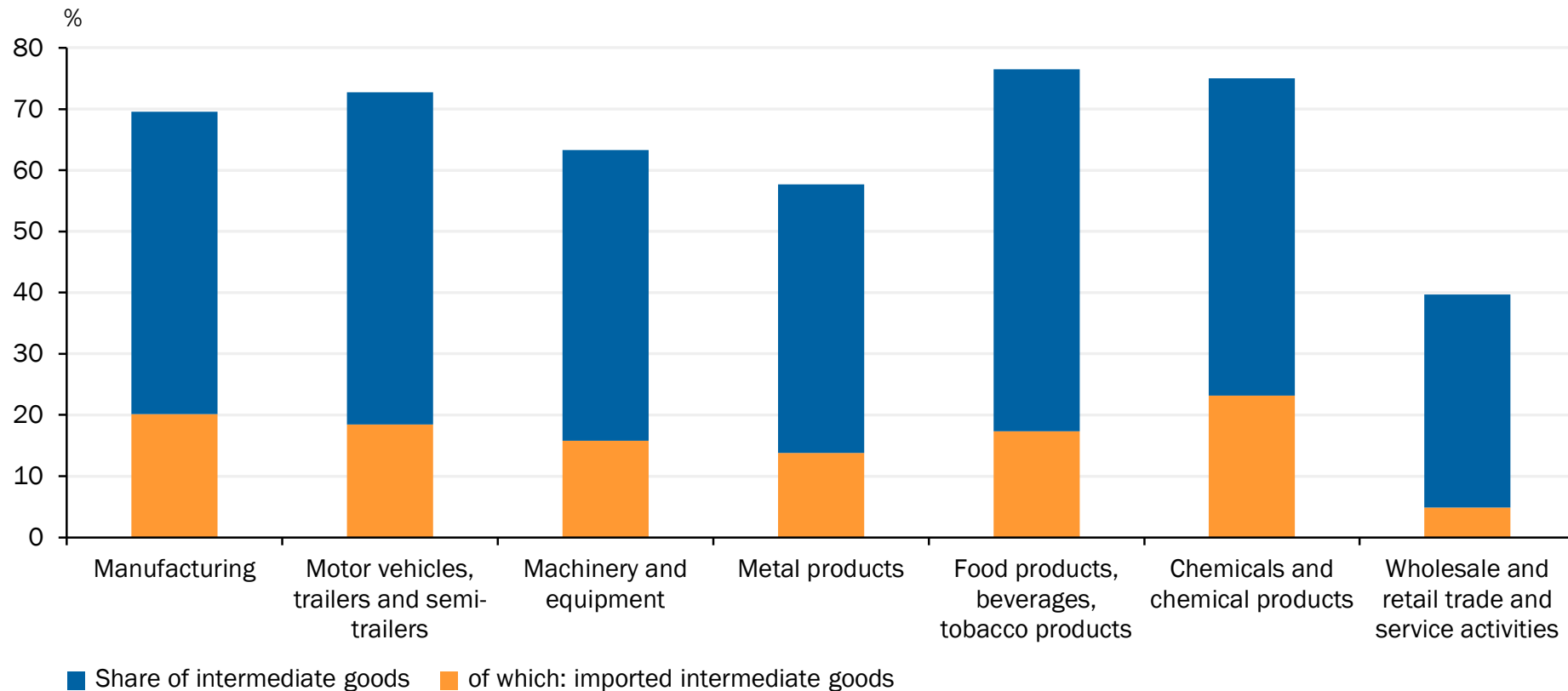


Source: Federal Employment Agency

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High dependency on (imported) intermediated inputs: By sectors with high gross value added

Share of intermediate goods in industries with largest gross value added



Sources: Federal Statistical Office, own calculations

Forecasts for GDP growth: Deep, deeper, ...

GDP forecasts of the German Council of Economic Experts and other institutions

		2020			2021		
		Baseline scenario	Risk scenario 1	Risk scenario 2	Baseline scenario	Risk scenario 1	Risk scenario 2
Growth relative to previous year in %¹							
OECD ²	02.03.	0.3			0.9		
IWH	12.03.	0.6	- 1.7	- 2.4	2.0		
IfW ³	12.03.	- 0.1	- 4.5	- 8.7	2.3	7.2	10.9
ifo	19.03.	- 1.5	- 6.0		3.7		
DIW	19.03.	- 0.1			1.7		
RWI	19.03.	- 0.8			2.3		
GCEE	22.03.	- 2.8	- 5.4	- 4.5	3.7	4.9	1.0
IMK	02.04.	- 4.0			2.4		
GD	08.04.	- 4.2			5.8		
IMF	14.04.	- 7.0			5.2		
Federal Government	29.04.	- 6.3			5.2		
EU ²	06.05.	- 6.5			5.9		
IfW	18.05.	- 7.1			7.2		

1 - Price adjusted. 2 - Calendar adjusted. 3 - Publication of risk scenarios on 19 March.

Sources: Sources provided

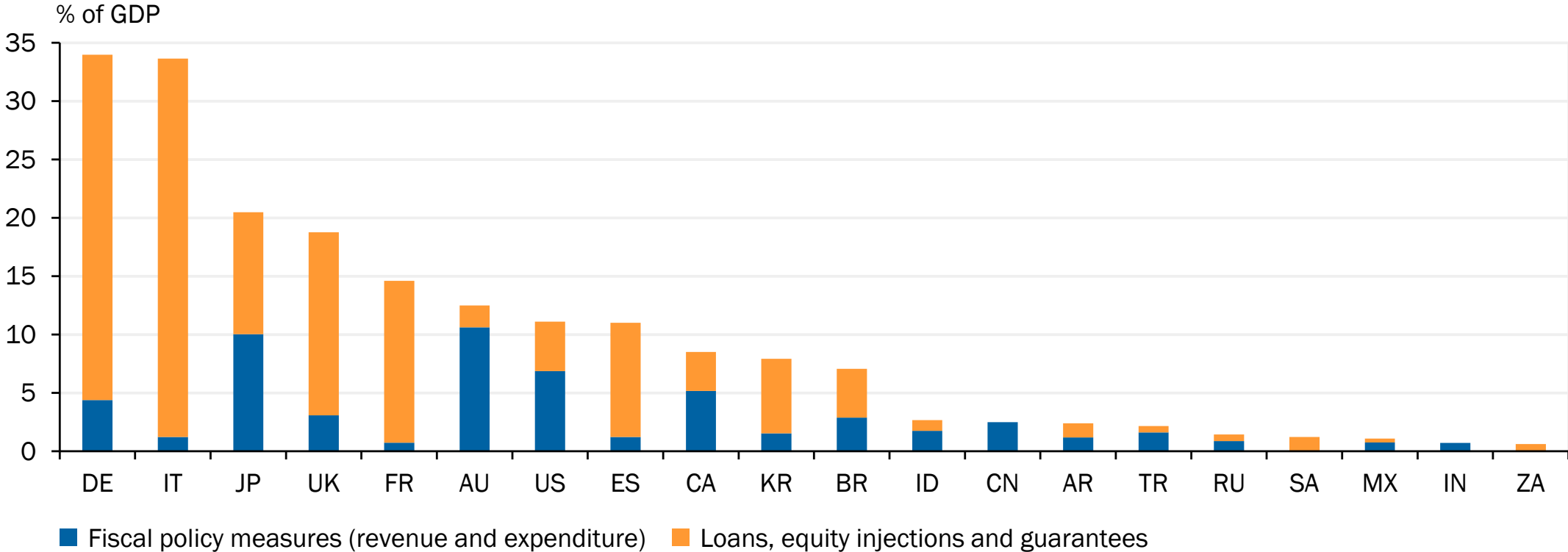
Massive fiscal support measures

Short-time work expanded, direct income support and transfers, loans for companies, tax measures, equity injections.

- 353 bln€ direct budget-relevant measures
- 819 bln€ loans, guarantees, equity

Fiscal measures: comparison by share of GDP

Fiscal measures in G20 countries in response to Corona pandemic in 2020



Source: IMF

Easing out of the lockdown not easy

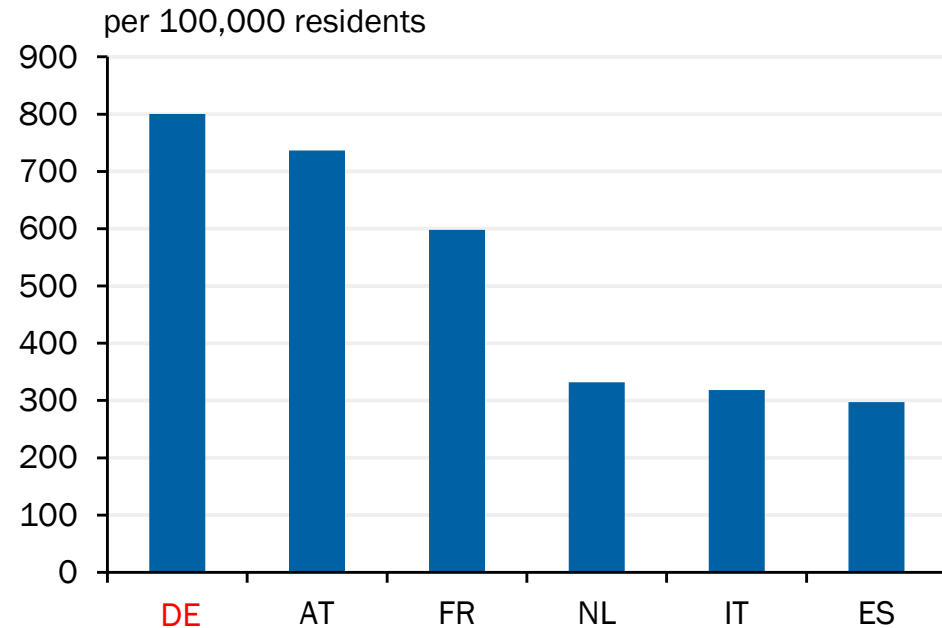
- Need to communicate clear easing strategies s.t. households and firms can plan
- Clear rules. Companies and institutions that satisfy them can open
- Needs encouragement, not only fear.
- International comparison of experience important.

Extra



Krankenhausbetten, Fachkräfte

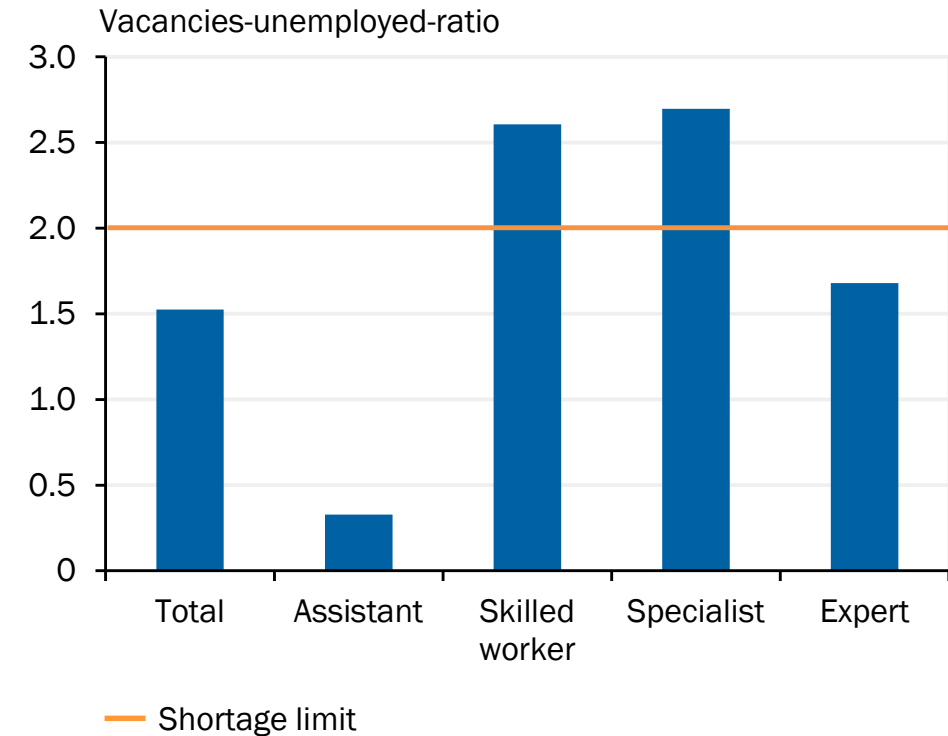
Number of hospital beds in Germany is highest by european comparison



Source: Eurostat

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Shortage of skilled workers in health care jobs



Source: Federal Employment Agency

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