



# Passport

## THE IMPACT OF CORONAVIRUS ON THE GLOBAL ECONOMY

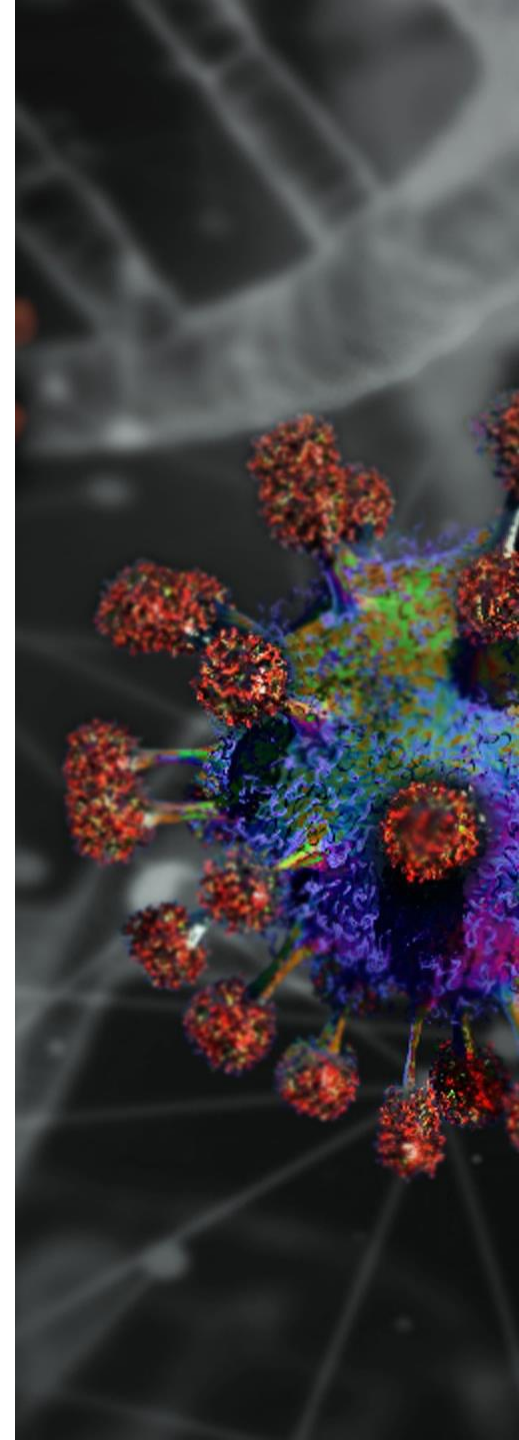
April 2020

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# Scope

Euromonitor International's Macro Model houses our three macro scenarios to analyse the impact of the COVID-19 pandemic on major economies around the world



- The range of our COVID-19 macro scenarios allows clients to factor in pandemic-related risks and foresee their economic impact.
- Forecast and scenario closing date: 24 March 2020
- Report closing date: 1 April 2020

## Disclaimer

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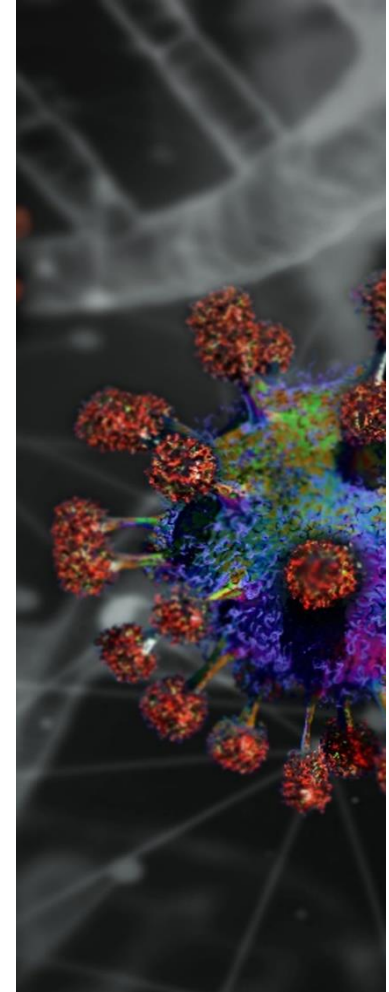
***The Coronavirus (COVID-19) pandemic is the most severe global crisis since WWII. COVID-19 restrictions have effectively stopped economies around the world and the global economy is expected to enter a recession in 2020. However, the magnitude of the downturn will depend on the length of the restrictions. The severity of the crisis is likely to leave a long term impact on the functioning of economies, supply chains and trade relations.***

## Key findings

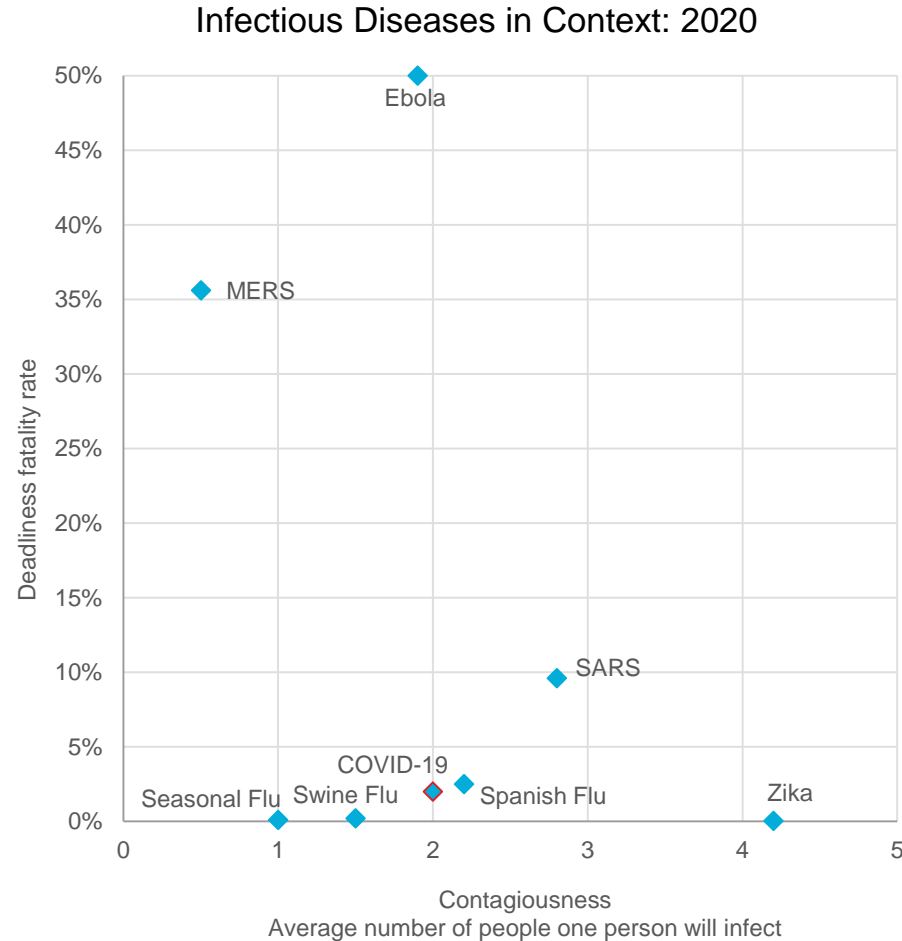
<p>COVID-19 impact for the global economy will be significant</p>	<p>Global supply chains are disrupted, containment measures, such as social distancing, limit aggregate demand. On top of that, countries around the globe have closed their borders. These factors will lead to a global recession in 2020.</p>
<p>In the baseline scenario, the pandemic peaks in May/June 2020</p>	<p>Our baseline forecasts assume that strict social distancing successfully flattens the infection rate curve over 1-2 quarters, with infection rates below 10% in key economies and case mortality rates that are less than 1% on average.</p>
<p>The uncertainty surrounding the pandemic is modelled with a range of scenarios</p>	<p>Besides our baseline forecast, we model the uncertainty of depth and length of the pandemic with three scenarios. Under our most severe COVID-19 Deep Crisis scenario, up to half of the global population gets infected with the virus. The economic slowdown turns into a full-blown financial crisis as companies declare bankruptcies due to a severe supply and demand collapse in the economy. The real global economy contracts by -3.5% to -7.5% in 2020.</p>
<p>Countries are turning to significant fiscal stimulus to stabilise the economic downturn</p>	<p>Governments around the world have started announcing their stimulus packages to aid economic recovery. However, the exact size of the response globally remains in constant flux. Given a novel global supply and demand shock, it is not currently clear how economies will react to fiscal or monetary stimulus.</p>
<p>The COVID-19 pandemic is likely to leave a lasting economic impact</p>	<p>Supply chains are expected to get more diversified in future as companies will try to mitigate the risks of disruption. The automation trend in the labour market is expected to get a boost. Global decoupling could increase as US companies may diversify away from their dependence on China.</p>

# The global economy and COVID-19

- At the beginning of 2020, the global economy faced many risks: geopolitical uncertainties in the Middle East, trade war, worsening business and consumer confidence and slowing industrial production. However, the economy was supported by low interest rates and dovish forward guidance from central banks around the world. The economy was expected to grow at a similar rate in 2020 as in 2019.
- Then a “black swan” event hit the global economy. The COVID-19 disease caused by a new strain of coronavirus started rapidly rising in China just before lunar new year celebrations. The Chinese government effectively shut down Wuhan (the epicentre of the new virus) and other large cities to contain the virus and built new hospitals in days to increase the healthcare sector’s capacity. The strict containment restrictions helped to stop the spread of the disease in China at a pretty early stage but due to global interconnectivity the disease started spreading to other countries.
- The second epicentre of the disease became Italy where cases skyrocketed after 21 February. Despite Italy’s effective healthcare systems, hospitals in the Northern region became overloaded.
- In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic. Many countries followed this announcement by implementing restrictions for their citizens and closed borders for international travel.
- These events resulted in disrupted supply chains , economies effectively shutting down for an indefinite period and financial markets panicking. In April 2020, a few months after the first reported cases, the global economy is expected to enter a recession.



# COVID-19 in context



Source: Centers for Disease Control, World Health Org, CIDRAP, studies

Despite lower mortality rates than other recent epidemics, the impact of COVID-19 on the global economy and consumer markets has the potential to be significant for many reasons:

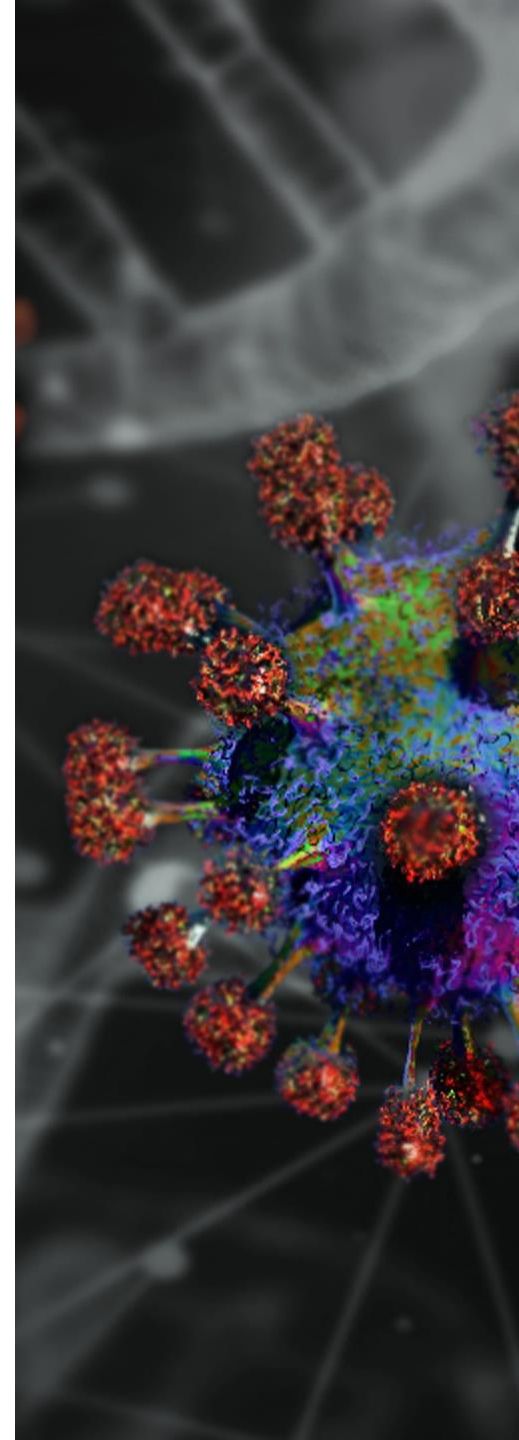
- Geographic spread, with transmission centres across most regions globally. The impact globally is also likely to be protracted, affecting different countries and regions at different times;
- Contagiousness, as COVID-19 is more transmissible than seasonal flu, for instance;
- The global economy was already weakened, many governments have limited room for manoeuvre fiscally (without incurring heavy debt) and in monetary policy, and the impact of these measures is not clear cut;
- The impact on China and therefore global supply chains has been severe;
- Currently, the seasonality of the virus is unclear as are the number of unreported cases, meaning many uncertainties remain.

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**ECONOMIC OUTLOOK**

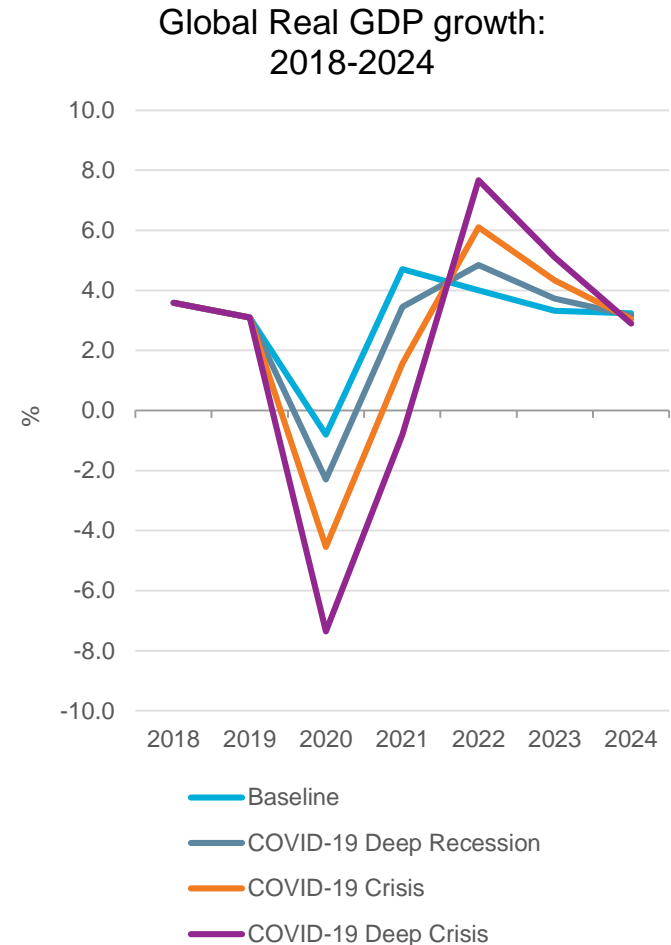
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# Global GDP is likely to contract in 2020 under the baseline scenario

- The COVID-19 pandemic has forced governments to quarantine entire countries, disrupted global supply chains, slashed business and consumer confidence and affected financial markets. The effects on the global economy are already being felt, and will be substantial, but the exact magnitude will depend on the length of COVID-19 restrictions.
- COVID-19 will severely impact both the supply and demand sides of the economy. At the same time, monetary policy tools are almost exhausted due to the slow recovery from the Global Financial Crisis. Interest rates have not recovered, so central banks have to resort to Quantitative Easing programmes (QEs), but QEs have limited effect on labour markets, consumer spending and other aspects of the real economy.
- Thus, countries have to turn to fiscal stimulus. However, the response to fiscal stimulus will be limited too as long as people are quarantined in their homes. In the meantime, governments are helping businesses and citizens by providing emergency loans to cover expenses and lower the spillover effects through economies, but uncertainty surrounding the pandemic limits economic activity.
- Our baseline forecast for global real economic growth in 2020 is in the -1.5 to 0.5% range, which will be in the bottom three growth rates in all years since 1961.



Source: Euromonitor International Macro Model



# The COVID-19 pandemic impacts both supply and demand



## How is virus being contained?

- Testing and tracing of people who have come into contact with the sick person in order to prevent community transmission.
- Closure of public areas (cafés, restaurants, shopping centres, gyms, cinemas, etc) and large-scale events (Tokyo Olympics have been postponed).
- Quarantine: People have to stay home, and non-essential travel is prohibited. International flights are cancelled as countries close their borders.



## How is demand affected?

- Individuals are stockpiling essential goods and turning to online purchases with delivery or streaming services.
- Social distancing measures are lowering consumption demand by limiting spending on leisure and entertainment services.
- Uncertainty about the future makes consumers more cautious about discretionary purchases.
- Consumers are wary of setting up travel plans due to uncertainty about the end of quarantine across countries.

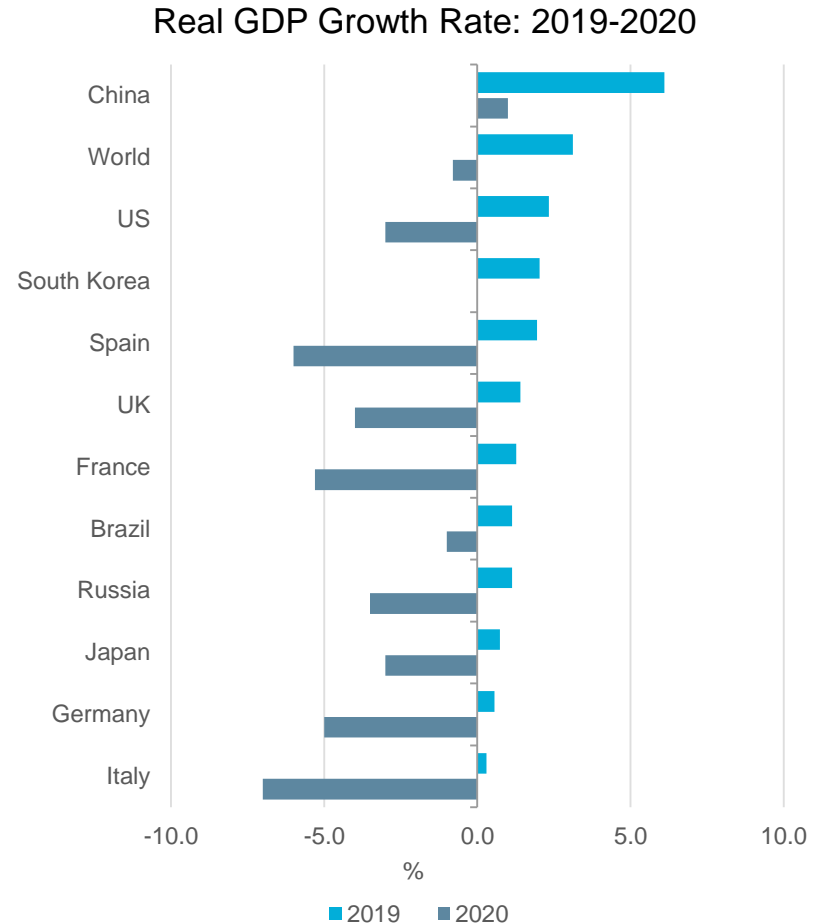


## How is supply affected?

- Supply chain disruptions arise due to global interconnectivity of industries.
- Factories are being temporarily closed all over the world (eg most of the carmakers are closing factories in Europe and the US).
- Uncertainty over the length of the restrictions limits productivity investments.
- Stockpiling by consumers leads to shortages of essentials, medical products and pharmaceuticals sold through retailers.

## In our baseline view the pandemic peaks in June 2020

- Under our baseline forecast scenario, the COVID-19 pandemic peaks in late May/early June. Following on from this, restrictions to contain the virus are relaxed, and the economy rebounds.
- In total, around 1-10% of the global population gets infected, although not all are tested and confirmed.
- The mortality rate for the virus averages 0.8% globally. Most healthcare systems around the world cope relatively well with the virus and do not get overloaded, with only a handful of exceptions as social distancing measures help relieve the pressure.
- Fiscal policies effectively support the aggregate demand by saving businesses with emergency loans and temporarily increasing unemployment benefits.
- The economic upheaval induced by restrictions to contain COVID-19 do not spill over to a large number of bankruptcies, limiting the length and depth of the recession in most countries. Financial crisis is similarly avoided. Therefore, once the restrictions are lifted, economies quickly rebound.



Source: Euromonitor International Macro Model, National Statistics

# Three scenarios examine the impact of a more severe outbreak

## COVID Deep Recession: Global GDP growth of -3.5% to -1.5% in 2020

- In this scenario, the pandemic lasts until June/July 2020, during which time around 15% of the global population is infected.
- The healthcare sector is overloaded only in a few regions and the mortality rate remains close to 1.0%. We estimate the mortality from all infected people, not only from confirmed cases.
- Global supply chains become disrupted and cashflow mismatches lead to a rise in bankruptcies.
- However, the number of bankruptcies is contained by significant government policies.

## COVID Crisis: Global GDP growth of -5.5% to -3.5% in 2020

- In this scenario, the pandemic slows down in the summer but returns in September. Nevertheless, it is relatively contained by around November.
- In total, up to 25% of the global population is infected but not all of them are tested. The mortality rate rises compared to a less severe scenario and reaches around 1.5% as a significant portion of hospitals becomes overcrowded and healthcare systems struggle to cope, leaving some patients without the treatment they need.
- A significant portion of businesses go bankrupt.

## COVID Deep Crisis: Global GDP growth of -9.0% to -5.5% in 2020

- In this most extreme scenario, the pandemic returns with larger presence in the autumn and lasts until spring 2021.
- More than one third of the global population gets the virus, and healthcare systems across some countries completely collapse: hospitals cannot admit most of the patients and the mortality rate rises to around 2.5% globally.
- Fiscal and Monetary stimulus packages are inadequate, and a significant number of businesses go bankrupt, leading to a skyrocketing of the unemployment rate around the world.

# Our view in short

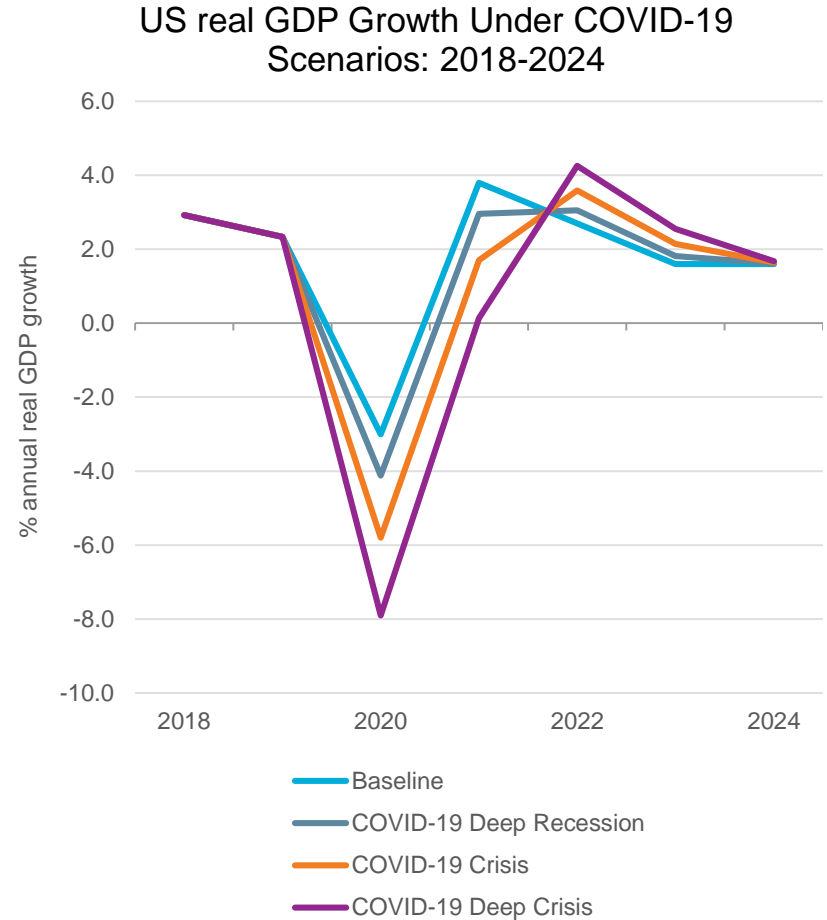
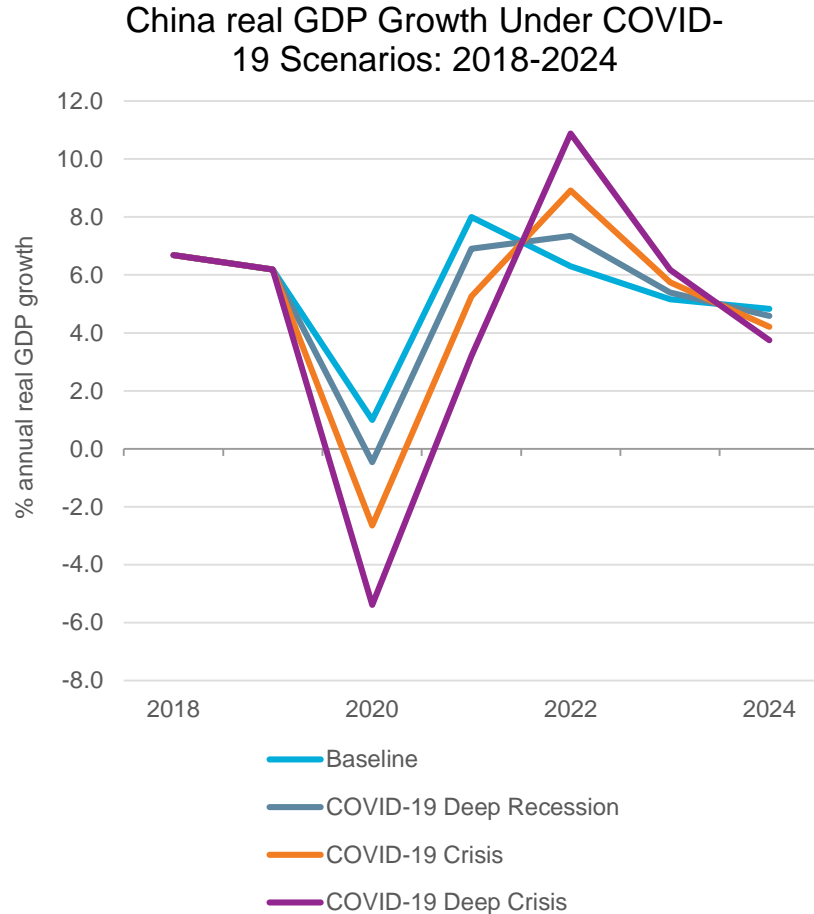
	Global infection rate	Mortality rate	Pandemic duration	Stock prices decline by	Private vs Government interest rate spreads rise by	Probability	Global real GDP growth in 2020
Baseline	1-10%	0.3-1.3%	1-2 quarters	Rebound by 0-30% in H2 2020	Around current level	40-50%	[-1.5%, 0.5%]
COVID-19 Deep Recession	5-25%	0.5-1.5%	1-3 quarters	10-30%	1-2 percentage points	20-30%	[-3.5%, -1.5%]
COVID-19 Crisis	15-35%	1.0-3.0%	2-4 quarters	25-45%	2-4 percentage points	15-25%	[-5.5% , -3.5%]
COVID-19 Deep Crisis	20-50%	1.5-3.5%	2-6 quarters	30-70%	3-6 percentage points	2-10%	[-9.0%, -5.5%]

## Forecasts of real GDP growth in 2020 under different scenarios

Country	Baseline	Change in Baseline since January 2020	COVID-19 Deep Recession	COVID-19 Crisis	COVID-19 Deep Crisis	Real GDP growth in 2009 (the worst year of the Global Financial Crisis)
China	1.0%	-4.8%	-0.4%	-2.6%	-5.4%	9.2%
US	-3.0%	-4.7%	-4.1%	-5.8%	-7.9%	-2.5%
South Korea	0.0%	-2.0%	-1.8%	-4.5%	-7.9%	0.8%
Japan	-3.0%	-3.6%	-4.5%	-6.6%	-9.4%	-5.4%
Italy	-7.0%	-7.4%	-8.7%	-11.2%	-14.3%	-5.3%
Germany	-5.0%	-5.7%	-6.3%	-8.2%	-10.6%	-5.7%
France	-5.3%	-6.4%	-6.4%	-8.1%	-10.3%	-2.9%
UK	-4.0%	-5.1%	-5.2%	-6.9%	-9.2%	-4.2%
Spain	-6.0%	-7.5%	-7.6%	-9.9%	-12.9%	-3.8%
Russia	-3.5%	-5.2%	-5.2%	-7.8%	-11.0%	-7.8%
Brazil	-1.0%	-3.1%	-2.7%	-5.3%	-8.6%	-0.1%

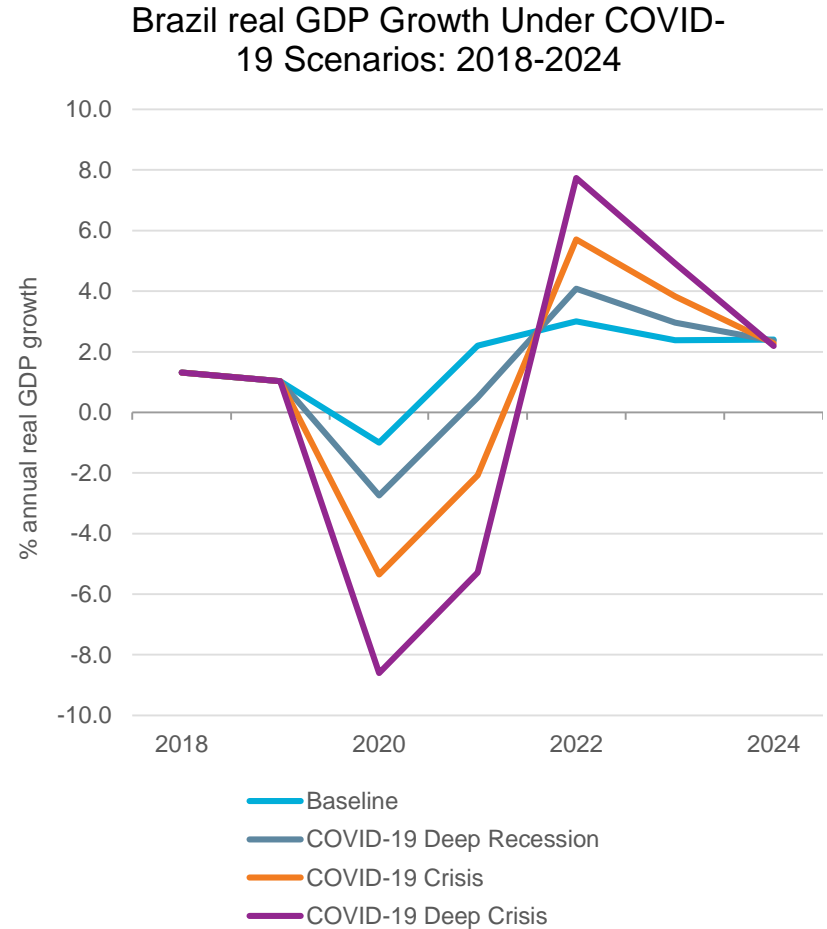
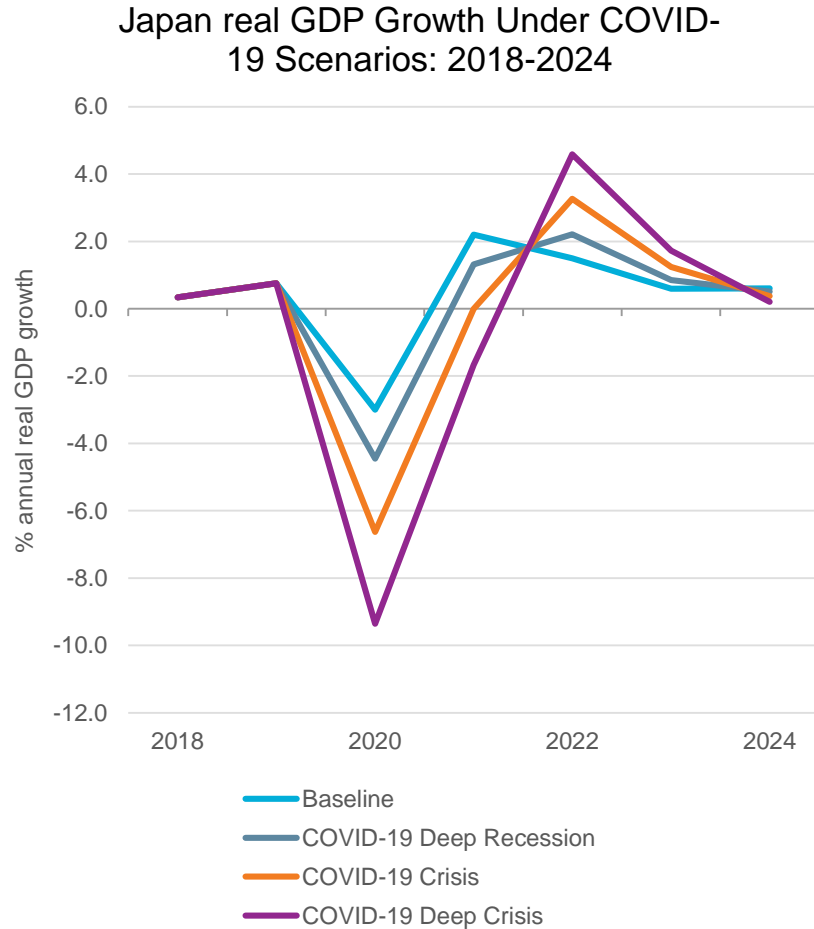
Source: Euromonitor International Macro Model and National Statistics

# Economic growth to stall in 2020 in major economies



Source: Euromonitor International Macro Model

# Economic growth to stall in 2020 in major economies



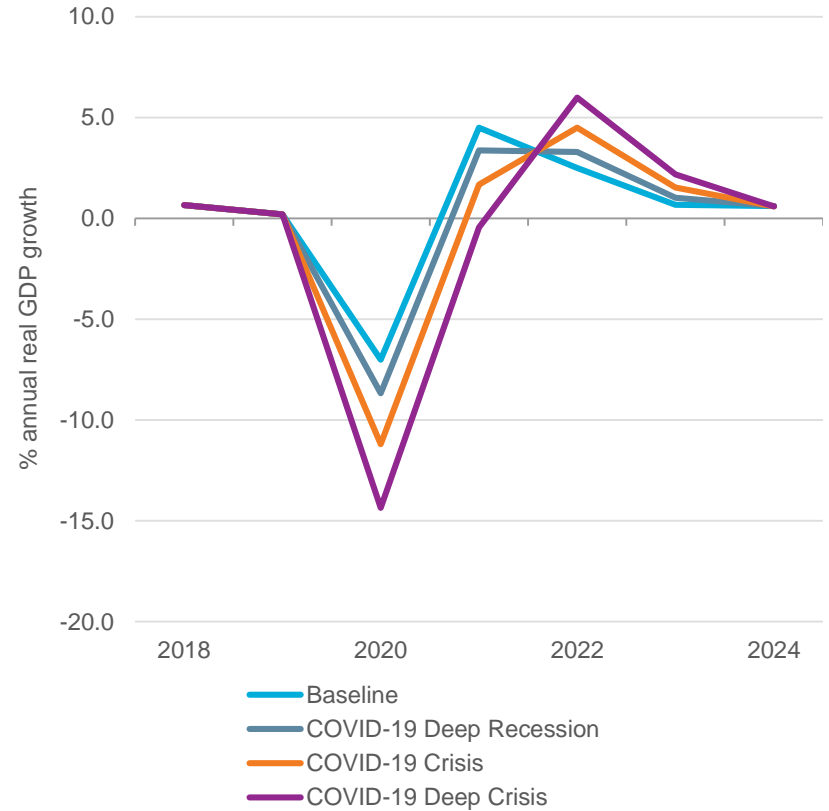
Source: Euromonitor International Macro Model

# Economic growth to stall in 2020 in major economies

The UK real GDP Growth Under COVID-19 Scenarios: 2018-2024



Italy Real GDP Growth Under COVID-19 Scenarios: 2018-2024

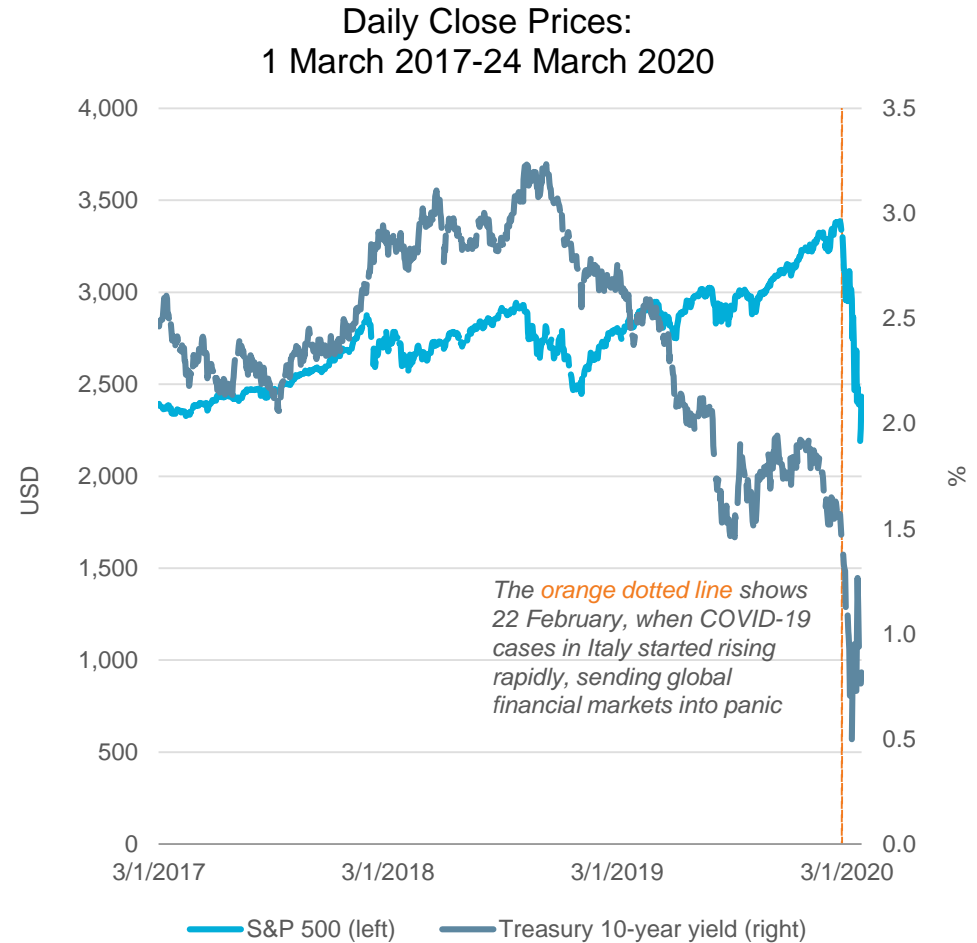


Source: Euromonitor International Macro Model



# Financial markets on risk-off mode as COVID-19 entered Italy

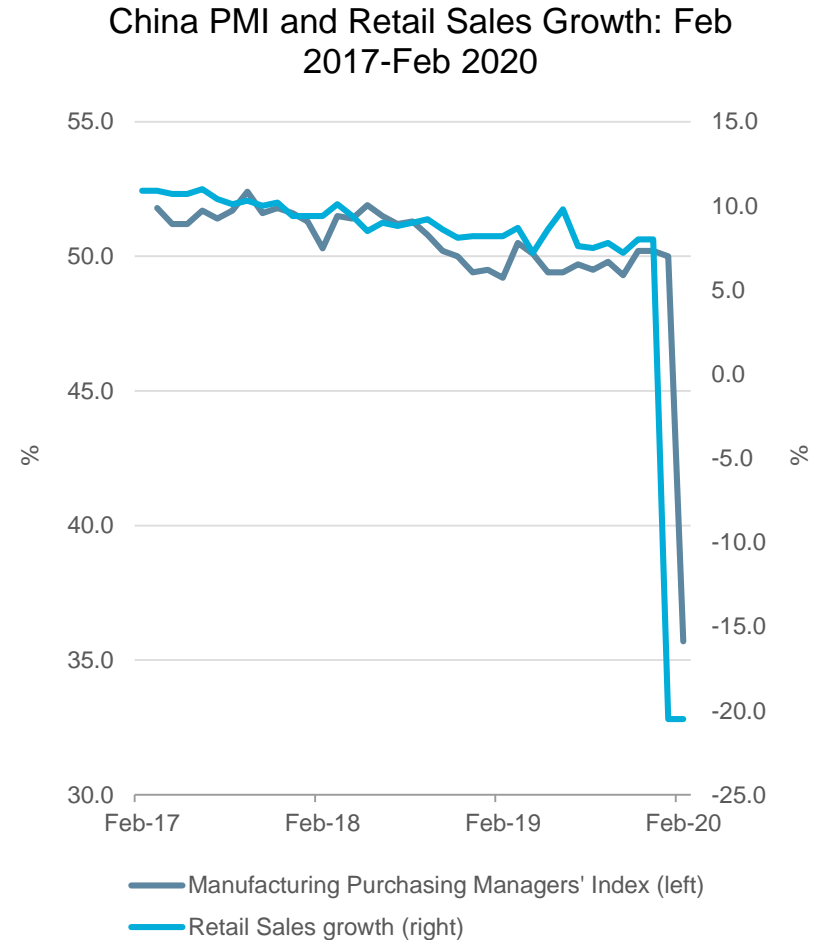
- Data from financial markets provides two-fold insights: it leads real economy indicators such as GDP growth and shows liquidity or difficulty for companies to raise cash to cover their short-term needs.
- As COVID-19 cases hit Italy, financial markets around the world went into risk-off mode, with a significant spike in volatility. VIX index futures, which are sometimes called “Fear Index”, skyrocketed from around 15 at the beginning of February to more than 60 in late March.
- S&P 500 index prices fell by 27.1% from 21 February to 24 March this year, while in the same period, Treasury yields fell by 65.5 basis points, as investors turned to safer assets.
- The uncertainty surrounding the spread of the virus, as well as fiscal and monetary stimulus that countries will implement, will keep the volatility in financial markets elevated at least until the summer.



Source: Yahoo! Finance

# China: an early glimpse into the economic cost of the virus

- As China was the first economy where COVID-19 hit and the government introduced strict measures, data from the country give an early glimpse into what is to come in other severely affected regions.
- The COVID-19 pandemic started in China in late November 2019. It began rapidly spreading in January and February 2020, forcing the Chinese government to implement strict quarantine measures, which severely affected the economy.
- Manufacturing Purchasing Managers' Index data showed a significant drop from 50.0% in January 2020 to 35.7% in February 2020. Values below 50% in the index indicate that manufacturing activity in the economy is contracting.
- Retail sales in China contracted by 20.5% in the first two months of 2020 compared to the same period in 2019 in nominal terms. Most retail outlets were closed in the country, with only grocery and other essential stores open, which caused a dramatic decline in activity.

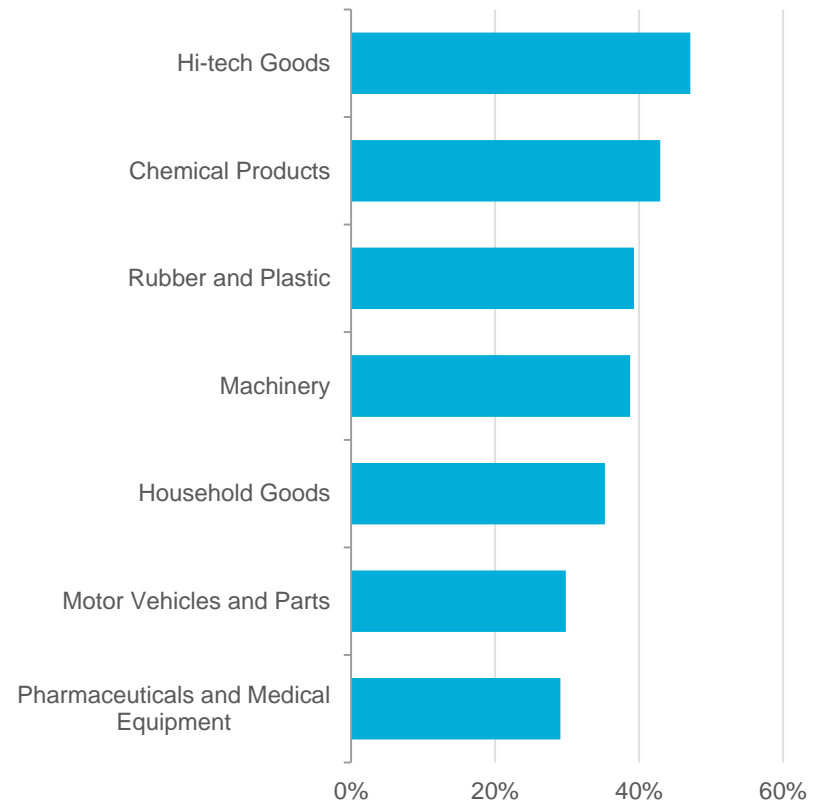


Source: National Bureau of Statistics of China

# COVID-19 highlights need for supply chain diversification

- Global manufacturing supply chains were extremely effective and streamlined before COVID-19 hit the world. But the pandemic has exposed the vulnerability of the system in which components are manufactured by one major country, with no global alternatives to switch to quickly.
- The supply chain disruption started in China, when numerous factories across industries were shut down and restrictions on transportation were imposed. The first to feel the effects were global manufacturers of hi-tech goods, chemicals, machinery and automotive producers.
- Now China is restarting its economy; however Europe and North America are shutting down some of their factories to fight the spread of COVID-19. This will result in further disruptions to industries and an overall slowdown in manufacturing.
- There is no doubt manufacturers around the globe will have to rethink their supply and logistics strategies. We expect to see more diversification in supply chains, with more emphasis on having alternative suppliers.

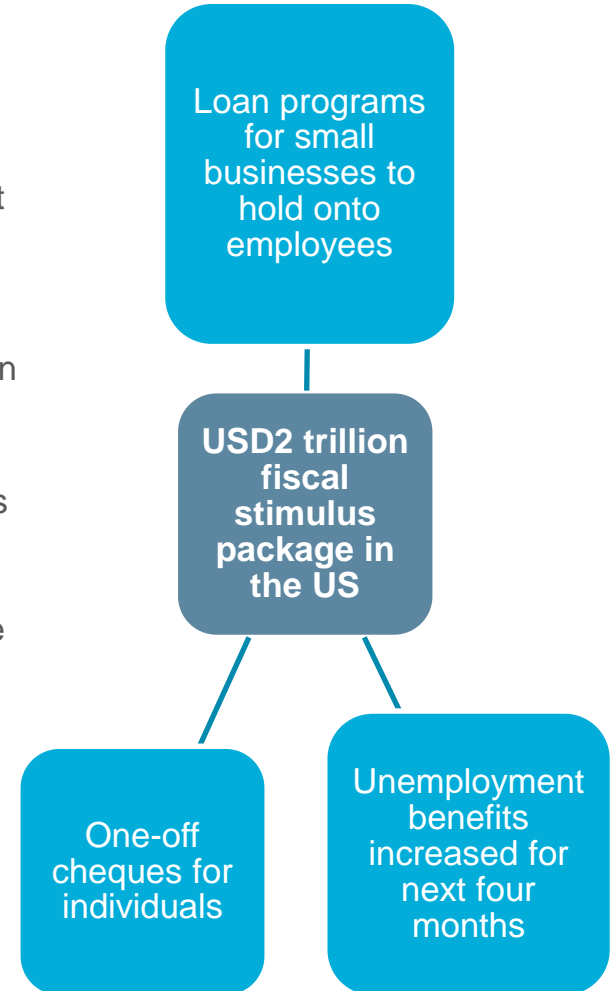
China's Share of Global Production in Selected Industries 2019



Source: Euromonitor International from National Statistics

# Fiscal stimulus a challenge with restrictions on expenditure

- Governments around the world have started announcing their stimulus packages to aid economic recovery. However, the exact size of the response globally remains in constant flux.
- Given a novel global supply and demand shock, it is not currently clear how economies will react to fiscal or monetary stimulus. In light of the pandemic, people will not increase their demand for many items and services, and companies cannot produce more when people are isolated in their homes. It is important that governments around the world provide safety nets for individuals and companies in the form of delaying payment of taxes, insurance for people losing their jobs, etc.
- Another potential issue for the global economy is liquidity constraints on company debts. For example, shale oil industry debts or sky-high student loans in the US or corporate debts in Asia. The problem is that while recovery from the national disaster could be swift once the pandemic is over, the lack of liquidity in the system could trigger larger and longer lasting economic shocks when companies default.
- The response from governments will likely be unprecedented. The US will send cheques directly to individuals to help them cover shortfalls as part of its USD2.0 trillion proposed stimulus package. The UK will make GBP330 billion available to companies needing emergency loans, while France has allocated EUR300 billion to businesses in a similar situation.



# How are governments trying to mitigate the downturn?

## The US

- The government in the US agreed the largest relief deal in US history, amounting to USD2.0 trillion.
- All individuals earning up to USD75,000 will receive a one-off payment of USD1,200. The payment will start to phase out for higher-earning individuals.
- Small business will be able to get loans from a USD367 billion government-set-up fund to help them cover expenses.
- The Federal Reserve will manage a USD454 billion fund to help medium and large corporations get access to funding.
- USD60 billion has been set up to help the airlines industry in the crisis.

## Germany

- Germany has passed an additional EUR156 billion budget.
- The budget will be distributed to small companies and self-employed people who lost access to funding, as well as be used for social benefits.
- The country also set up a EUR600 billion bailout fund to help large corporations. The fund will be able to take a stake in the corporations it rescues.
- Small companies facing liquidity constraints will have access to EUR500 billion from state run KfW bank to finance short-term liability constraints.

## The UK

- A group of ministers is overseeing the country's response to the crisis in daily meetings.
- The government has agreed job retention schemes: All companies that retain employees who cannot continue to work will be reimbursed with 80% of wage costs (capped at GBP2,500 per month).
- Self-employed workers will also be able to apply for a grant covering up to 80% of their previous profits (again capped at GBP2,500 per month). Large companies will have direct access to loan funds from the Bank of England to keep their costs managed. Essentially, the amount of loans is unlimited.

## What could alleviate the economic effects of the pandemic?

**A coordinated global response** limits the spread of the virus. Advanced economies help emerging economies with their response and this limits the spread and length of the pandemic.

**Effective treatment, widespread testing and a vaccine** help to curtail the pandemic. The vaccine provides certainty that the virus will not return at pandemic levels, which gives people security. The economy quickly rebounds.

**Fiscal and monetary policy stimulus** helps companies and consumers stay afloat and supports demand through uncertain times. Once the pandemic passes, the economy quickly and fully rebounds because no financial crisis with a considerable number of defaults and bankruptcies was triggered.

It becomes evident that **COVID-19 cannot survive in higher temperatures**, leading to a significant slowdown of the pandemic in warmer months. Countries are able to safely remove the severe quarantine measures before the summer, which leads to economic recovery. The virus does not return at a similar presence for a second wave in autumn 2020.

## What could exacerbate the economic impact of the pandemic?

Declining private sector income and sentiment, lower employment and tightening credit conditions cause **declining consumption and investment**. Lack of investment in infrastructure lower the potential economic growth.

Current short-term travel bans grow out into **long-term protectionist policies** and decoupling gets an additional boost – global trade declines and remains low in the long-term future too.

High-debt companies (eg shale industry in the US) cannot roll over debts due to a slowdown in business, which gives rise to **bankruptcies, triggering a financial crisis**.

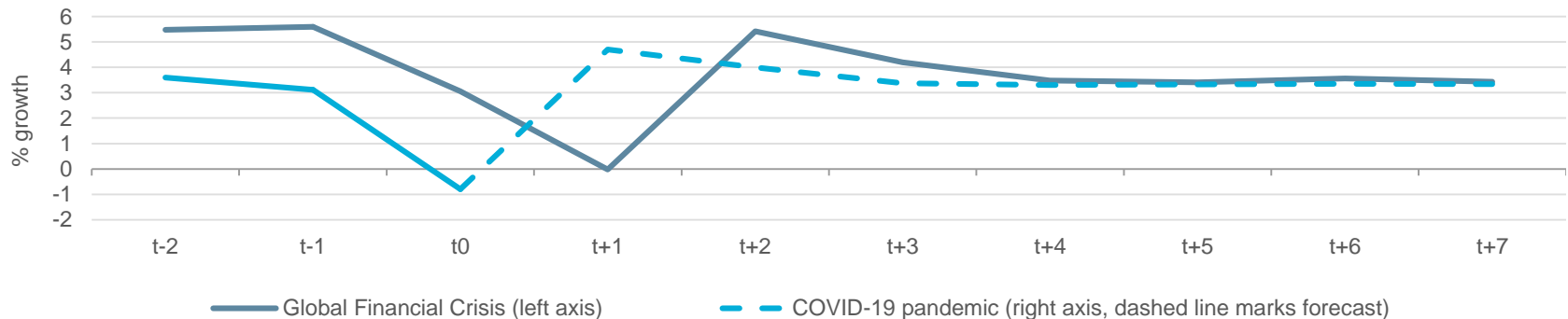
**The pandemic lasts longer and infects more people** than in the baseline forecasts. Social-distancing measures have little impact to curtail the spread of the virus.

**Cashflow mismatches** between business costs and revenues cause business liquidity problems and a rise in bankruptcies.

# COVID-19 strikes economies differently than the 2008 financial crisis

- The global financial crisis of 2008 started in the subprime mortgage market.
- The sharp devaluations of mortgages resulted in a lack of trust in the banking sector, which in turn resulted in skyrocketing private interest rates.
- Excessive leveraging of financial institutions exacerbated the financial crisis once the financial instruments devalued.
- Recovery from the global financial crisis was slow and global economic growth did not reach pre-2008 levels afterwards.
- The COVID-19 pandemic is expected to cause a global recession too.
- However, the economy is expected to contract in 2020, but rebound quickly in 2021.
- Under our baseline scenario, the economic slowdown in 2020 does not trigger a financial crisis.
- Most of the companies are able to survive the slowdown due to government support in the form of emergency loans.
- A banking crisis is also not expected as banks have larger economic buffers than before 2008.

Global GDP Growth During Crises: 2006-2015, 2018-2027



Source: Euromonitor International Macro Model, World Bank

Note: t denotes the first year of the crisis. For the Global Financial Crisis, t is 2008, for COVID-19, t is 2020



# Global economy in a weaker position in 2019 than 2007



Source: Euromonitor International from IMF/OECD/Eurostat/national statistics

# What we can and cannot learn from previous crises

## Learnings include:

- Uncertainty about future recovery, which the world faces, could exacerbate the crisis. Uncertainty dampens both business and consumer confidence. This lowering of confidence can then become a self-fulfilling prophecy, with consumers and business deferring spending and that in turn suppressing economic growth.
- Duration of crisis: The length of time it takes to recover has a corresponding impact on habit persistence. Consumer behaviour is more likely to be fundamentally affected the longer the crisis endures. Governments can shore up businesses in the short term, but not indefinitely. If the COVID-19 containment restrictions are in place for longer than one quarter, they will severely affect consumer behaviour in future.

## What is different?

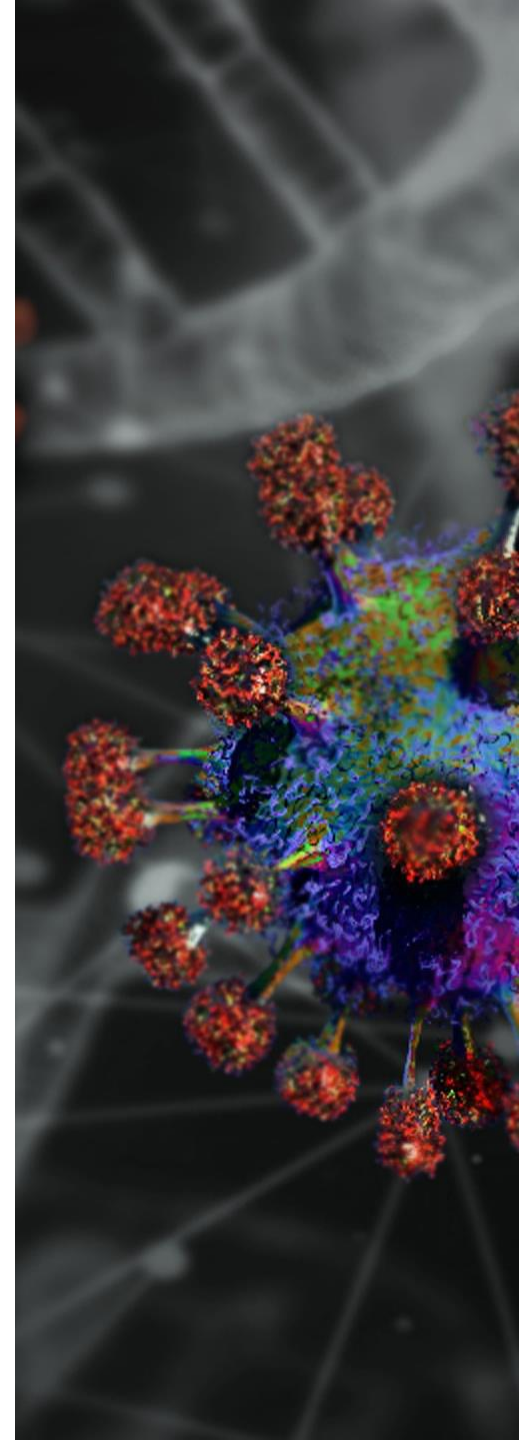
- A complete halt in many sectors across countries is unprecedented. Unlike many previous recessions, a lot also depends on the course the pandemic itself takes, ie if it is contained, if the virus itself mutates, if effective treatment or vaccines emerge.
- Unlike the global financial crisis, this is a crisis of the real economy, that in a worse case scenario could lead to a financial crisis, although we think the probability of this is low.
- Unlike SARS, this crisis is global, and today's supply chains are also more closely integrated than they were at the peak of the SARS crisis.

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# COVID-19 pandemic could leave long-term impact on economies

## Diversified supply chains

- During COVID-19, we see severely impacted supply chains. Production stalls around the globe as factories are shut down in some regions.
- Due to uncovering of these risks, we expect companies to place more priority on diversification of supply chains in future. This effect could have a long-lasting impact on companies' business practices.

## Robotisation of the labour market

- Nowadays, the labour market transitions to robotisation in spurts which take place during times of higher unemployment.
- The current circumstances of lockdowns and transition towards delivery services give an additional boost for automation in the services industry. The automation is a long-term trend which will see an upswing during the COVID-19 recession.
- It is important to stress that only lower-level and “routine” tasks are being automated.

## Global decoupling

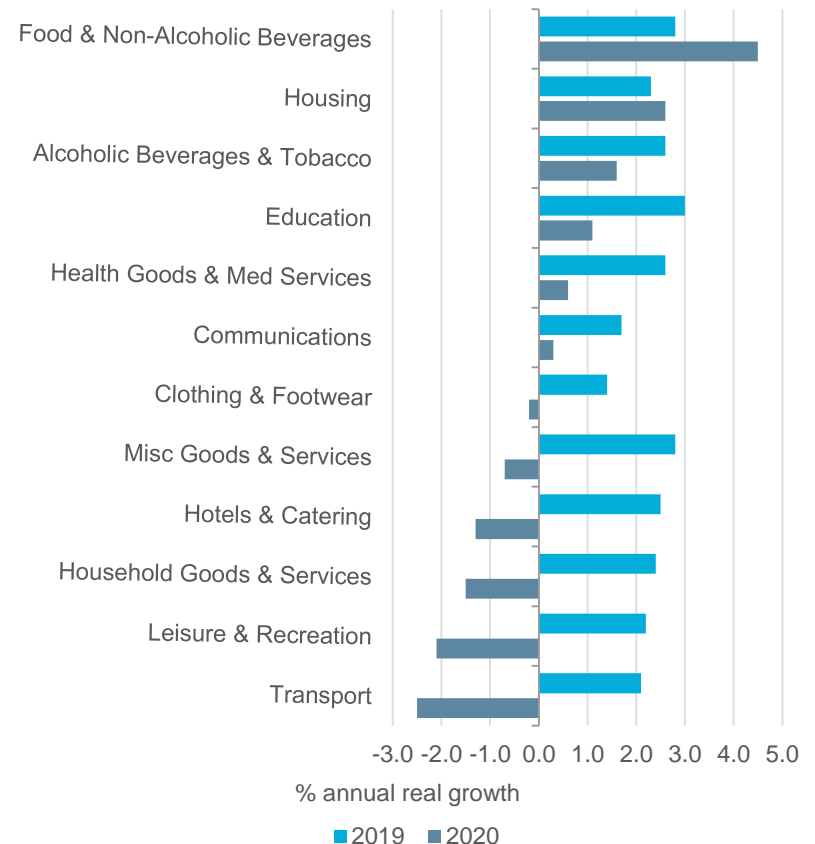
- Global decoupling could stay after the COVID-19 pandemic. The US president Donald Trump already threatened a trade war with China in the form of rising tariffs in order to push US companies to use domestic supply chains.
- However, now the virus might prove to be a bigger deterrent for US companies. If the pandemic lasts longer, we might start seeing global trade declining as companies turn more towards domestic inputs and away from China, decoupling the global economy.

## CONCLUSION

# Long-lasting change in consumer attitudes and behaviour

- Global consumer expenditure is set to rise by 0.7% in real terms year-on-year in 2020 (down from 2.4% in 2019), on the back of weak 0.9% global annual disposable income growth (down from 2.7% in the previous year). Food and non-alcoholic beverages will be the fastest-growing category as consumers stock up in response to lockdowns, while hotels and catering, leisure and recreation, and transport will be among the categories with real negative growth.
- The COVID-19 pandemic will bring about lasting changes in consumer attitudes and behaviour. Being cooped up at home for a long period of time, consumers will buy and do more things online. Older consumers, previously reticent to e-commerce but now housebound, will have to resort to online grocery shopping and will likely continue to embrace e-commerce in the future. Hygiene and healthy living will be high on the agenda, as more consumers will prioritise self-care and self-prevention in the aftermath of the pandemic. Finally, COVID-19 will be a catalyst for a permanent shift to a cashless world, as retailers and consumers radically want to go cashless and contactless due to concerns over infection.

Global Consumer Expenditure Growth by Category  
2019-2020



Source: Euromonitor International from national statistics  
Note: 2020 data are forecasts

## Key takeaways

Global economy is expected to stall in 2020

- Our baseline forecast for global real economic growth in 2020 is in the range 0.5-1.8%.
- We see significant downside risks for the global economy, which are analysed with additional COVID-19 scenarios.

COVID-19 Deep Crisis reflects the worst case scenario

- The global economy declines by up to 7.5% in 2020.
- Up to half of the global population contract COVID-19, with mortality rate rising up to 3.5%.
- Cashflow mismatches lead to significant rise in bankruptcies around the world, causing a financial crisis.

COVID-19 highlights need for supply chain diversification

- Global manufacturing supply chains were extremely effective and streamlined before COVID-19 hit the world. But the pandemic has exposed the vulnerability of a system where components are manufactured by one major country with no global alternatives to switch to quickly.

The Covid-19 pandemic will bring about lasting changes in consumer attitudes and behaviour

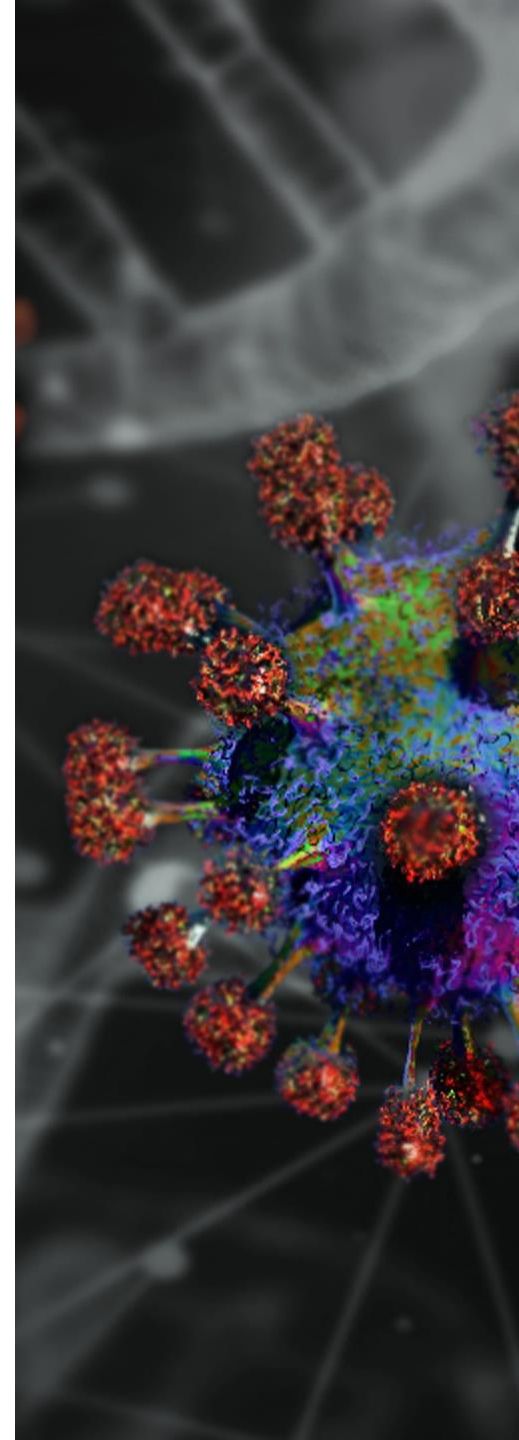
- Being cooped up at home for a long period of time, consumers will buy and do more things online. Older consumers, previously reticent to e-commerce but now homebound, will have to resort to online grocery shopping and will likely continue to embrace e-commerce in the future.

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**ABOUT OUR ANALYTIC CAPABILITIES**



## About Euromonitor International's Macro Model

- Euromonitor International's Macro Model allows us to regularly update key macro indicators like real GDP growth, as well as create hypothetical scenarios that simulate potential macro shocks. In turn, this ability to change macro forecasts like GDP growth allows us to create multiple retail category or income/wealth band forecasts.
- Our macro forecasts are produced as a combination of:
  - A global macroeconomic model (Euromonitor International's Macro Model) that uses data from multiple sources on GDP growth, inflation, interest rates, exchange rates and unemployment rates to forecast those variables.
  - Further adjustments via model shocks/scenarios to reflect other variables and information that is not taken into account directly by the pure model forecast. For example, other credit market or confidence measures, as well as the macro views of policy institutions and other private sector forecasters.
- Euromonitor International's Macro Model itself is an extended version of one of the main forecasting and scenario analysis models of the IMF (International Monetary Fund). The benchmark model has five observable variables for each economy. These are real GDP, the consumer price index, a short-term interest rate, the unemployment rate, and the exchange rate against the US dollar.





# Passport

**FOR FURTHER INSIGHT, PLEASE CONTACT**



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