

Pandemic to Trigger \$4 Trillion Loss in Global Real GDP in 2020

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The coronavirus induced recession has plunged many countries into economic uncertainty as a result of the severe containment measures. As expected, the pandemic has triggered massive losses in different sectors of the economy which can be reflected in metrics like the real Gross Domestic Product.

Data presented by [Buy Shares](#) projects that the global real GDP will plunge by \$3.94 trillion in 2020. The research also shows that the ten most impacted countries will cumulatively lose \$696.56 billion in real GDP due to the pandemic.

According to the research, the United States will be the biggest loser at \$174.68 billion. South Korea will be the tenth most impacted nation with a loss of \$3.76 billion. Elsewhere, China is the only country to emerge with a positive growth of 1.8% or a \$51.12 billion gain in real GDP.

The global economy begins recovery with the lifting of containment measures

Real GDP refers to the macroeconomic statistic that measures the value of the goods and services produced by a country during a specified period, adjusted for inflation. It measures a country's total economic output, adjusted for price changes. Governments use the metrics for analyzing economic growth and purchasing power over time.

During the pandemic, most global economies stalled due to containment measures like nationwide lockdowns. The economy went into a sudden shock with global trade declining while labor markets witnessed massive layoffs. The decrease in real GDP is also driven by a drop in consumption and investment. However, the drop in real GDP could have been worse if some governments had not intervened to partially offset the negative contributions.

The economic projections remain conditional as they largely depend on the evolution of the pandemic and measures put in place to contain the crisis. For example, the development of a vaccine will spur rapid recovery. On the other hand, with some countries like the United States facing a second wave, they might revert to severe containment measures like lockdowns, slowing down the recovery. However, it is largely expected that most governments will be prepared for local sporadic outbreaks giving way for targeted local containment measures as opposed to a national outlook.

China's economy positive recovery despite Covid-19 epicenter

Despite China being the Covid-19 epicenter the country has benefitted from the pandemic. As the rest of the world is still struggling to contain the virus, China's economy has taken off after the containment measures began to pay off. Notably, the country is witnessing a surge in local consumption.

China which is the leading global manufacturer has seen most of the companies resume normal operations. The country is now exporting consumer electronics, personal protection equipment, and other goods in high demand during the pandemic. Additionally, China has been able to create jobs with fewer imports coming into the county. Most of the countries exporting to China have not resumed full operations hence it's embarking on self-sustainability. Generally, China's positive growth is not having a similar impact on other economies.

Notably, it is still too early to know how long the economic upheaval will last, or the real direction path. However, the impact has been severe and is widely felt, and the road to recovery might be long.

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