

World Economic Situation and Prospects as of mid-2020

- The global economy is forecast to shrink by 3.2% in 2020 and only gradually recover in 2021.
- In the baseline forecast – subject to high degree of uncertainties – the world economy is expected to lose nearly \$8.5 trillion in output in 2020 and 2021, wiping out much of the output gains of the previous four years.
- In the worst-case scenario, the global economy could shrink by 4.9% in 2020, followed by a further 0.5% contraction in 2021 should a second wave of infections flare up and extensive lockdown measures in developed economies extend to the third quarter of 2020.
- GDP growth in developed economies is expected to plunge to -5.0% in 2020, marking the sharpest contraction since the Great Depression in 1930s. A modest 3.4% growth – barely enough to make up for the lost output – is expected in 2021.
- The developing economies are expected to shrink by 0.7% in 2020, followed by a more robust rebound with 5.3% growth in 2021.
- An estimated 34.3 million people will likely fall below the extreme poverty line in 2020, with 56% of the increase occurring in African countries.
- The pandemic will likely put an additional 130 million to the rank of people living in extreme poverty by 2030, dealing a huge blow to global efforts for eradicating extreme poverty and hunger.
- Governments have rolled out large, but uneven, fiscal stimulus measures – equivalent overall to roughly 10 per cent of the world GDP – to minimize the fallout of the crisis.
- Large fiscal deficits and high levels of public debt – coupled with diminished access to liquidity and credit – are constraining the ability of many developing countries to implement necessary and adequate fiscal response.
- Sustainable development face significant risks amid the possibility of a prolonged economic slump, slow recovery and rising poverty and inequality.
- The success of national and global efforts to fight the pandemic – containing the spread of the virus, minimizing risks of reinfection, protecting jobs and income and restoring consumer confidence – will determine the pace of recovery.
- Stronger international cooperation – containing the pandemic and extending economic and financial assistance to countries hardest hit by the crisis – will remain critical for accelerating recovery, building back better and putting the world back on the trajectory of sustainable development.

Growth of world output, 2018–2021

	Annual percentage change				Change from World Economic Situation and Prospects 2020 forecast	
	2018	2019 ^a	2020 ^b	2021 ^b	2020	2021
World	3.1	2.6	-3.2	4.2	-5.7	1.5
Developed economies	2.3	1.9	-5.0	3.4	-6.5	1.7
United States of America	2.9	2.3	-4.8	3.9	-6.5	2.1
Japan	0.3	0.7	-4.2	3.2	-5.1	1.9
European Union	2.1	1.8	-5.5	2.8	-7.1	1.1
Euro area	1.9	1.5	-5.8	2.9	-7.2	1.4
United Kingdom of Great Britain and Northern Ireland	1.3	1.4	-5.4	3.0	-6.6	1.2
Other Developed countries	2.3	2.0	-4.8	3.5	-6.6	1.6
Economies in transition	2.8	2.2	-3.5	3.1	-5.8	0.6
South-Eastern Europe	3.9	3.4	-3.3	3.6	-6.7	0.2
Commonwealth of Independent States and Georgia	2.8	2.2	-3.5	3.0	-5.8	0.6
Russian Federation	2.3	1.3	-4.3	2.9	-6.1	0.9
Developing economies	4.3	3.7	-0.7	5.3	-4.7	1.0
Africa	3.1	3.0	-1.6	3.4	-4.8	-0.1
North Africa	3.4	3.5	-1.8	4.0	-5.4	0.3
East Africa	6.6	6.3	1.5	3.4	-4.5	-2.8
Central Africa	1.6	1.9	-1.6	3.2	-4.5	0.1
West Africa	3.2	3.3	-1.3	3.1	-4.9	-0.7
Southern Africa	0.9	-0.1	-3.5	2.7	-4.4	0.8
East and South Asia	5.7	5.0	0.8	6.4	-4.4	1.2
East Asia	5.8	5.2	1.1	6.8	-4.1	1.6
China	6.6	6.1	1.7	7.6	-4.3	1.7
South Asia	5.1	3.8	-0.6	4.4	-5.7	-0.9
India ^c	6.8	4.1	1.2	5.5	-5.4	-0.8
Western Asia	2.2	1.0	-3.5	2.6	-5.9	-0.2
Latin America and the Caribbean	0.5	-0.2	-5.4	3.1	-6.7	1.1
South America	-0.3	-0.5	-5.5	2.7	-6.6	0.7
Brazil	1.1	1.1	-5.2	2.9	-6.9	0.6
Mexico and Central America	2.3	0.6	-5.4	3.8	-7.0	1.9
Caribbean	1.8	0.3	-1.9	3.7	-7.6	0.3
Least developed countries	4.5	4.8	0.8	4.6	-4.3	-0.8
Memorandum items						
World trade ^d	4.1	1.3	-14.6	9.4	-16.9	6.2
World output growth with PPP weights ^e	3.2	2.7	-2.6	4.3	-5.8	0.9

Source: UN DESA.

a Estimated.

b Forecast.

c Fiscal year basis.

d Includes goods and services.

e Based on 2010 benchmark.

About the World Economic Situation and Prospects as of mid-2020

The report is a mid-year update of the World Economic Situation and Prospects 2020 (United Nations publication, Sales No. E.20.II.C.1), released in January 2020.

For more information, please visit: www.bit.ly/wespmidyear

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