

## A Study of world financial crisis due to COVID-19

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### ABSTRACT

This paper is an study of world financial crisis due to covid-19. This study is based on secondary research. The analysis was carried on the basis of information and news available about the covid -19. For the analysis the authors have considered the top-10 countries by their economy it includes data of USA, China, Japan, Germany, U.K., France, India, Italy, Brazil, Canada. Also author considered the economic factor of top 10 countries like foreign direct investment (FDI), Gross Domestic Product (GDP), and Balance of Trade (BOT), Export, Import, Unemployment rate etc. is calculated to determine financial condition/position of the top 10 countries by their economy. This research author has used graphical representation analysis technique.

**Key Words:** IMF, GDP, WHO, Foreign Direct Investment, SARS CoV 2, OECD.

### 1. INTRODUCTION

The covid-19 similar like the flu with symptoms like a cough, fever, and in additional severe cases, most of the people faces difficulty in breathing. People will protect themselves by washing hands frequently, avoiding touching face, and avoiding close contact (1 meter or 3 feet) with people that are unwell. The virus, thought to possess originated from wildlife in

China late last year, has jumped to 172 other nations and territories with quite 20,000 new cases reported within the past 24 hours.

With quite 1 million confirmed cases of the COVID-19 coronavirus effect the worldwide, businesses are dealing with lost revenue and disrupted supply chains as factory and industries are shut downs and quarantine measures spread across the world, restricting movement and commerce. Unemployment is increases, while policymakers across countries implement fiscal and monetary measures to alleviate the financial burden on citizens and prop up economies under severe strain.

Due to the covid -19 it's caused severe global socioeconomic disruption, it including the most important global recession since the good Depression. It's cause the postponement or cancellation of sporting and examination, religious, political events and cultural events also as different functions. It impact on widespread supply shortages exacerbate by panic purchasing, and reduces emissions of pollutants and greenhouse gases. Schools, universities, and colleges have closed also on a nationwide or local basis in 190 countries, disturbing approximately 73.5 per cent of the world's student population. Wrong information about the virus has spread online, and there are incidents of xenophobia and discrimination against Chinese people and against those perceived as being Chinese, or as being from areas with high infectivity rates.

### 2. OBJECTIVES

- ❖ To have an overview of global economic slowdown.
- ❖ To find out the impact of covid-19 on world economy.

- ❖ To study the impact of covid-19 on Top 10 countries trade (import and export).
- ❖ To study the FDI, Inflation rate and Balance of trade of countries.
- ❖ To find out impact of Covid-19 on unemployment rate of countries

**3. RESEARCH METHODOLOGY**

- ❖ It is a secondary research .The research is based on world financial crisis due to covid-19. Hence study has been done on the basis of data and news available about the covid-19. The entire research has completed by doing graphical analysis of the covid-19.
- ❖ Secondary data was collected from the internet, different websites. However the main source of information is collected from the WHO (world health organization) website and Trading Economies.

**3.1 RESEARCH APPROACH**

- ❖ Firstly the data was collected from different websites and after that we are analyzing the data it shows the impact of covid-19 on top 10 countries by their economy.
- ❖ Primary data collection for preparing this project was not possible due to time and money constraints .Thus secondary data was been used. Internet was the major source of information while preparing of the project as most of the data was collected from various websites. Major data was collected from trading economies and WHO website

**3.2 SCOPE**

1. Research period was first week of September 2020 to last week of October 2020.
2. Study was carried for top 10 countries by their economy.

**3.3 RESEARCH TECHNIQUE**

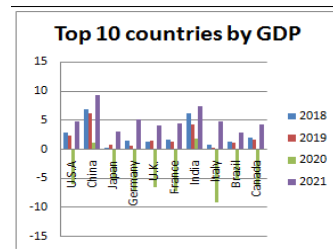
Graphical representation is a specific type of research technique that involves the use of different types of charts

and graphs to visually display, analyze, clarify and interpret numerical data, function and other qualitative structure. Graphical analysis based upon secondary data sources.

**4.0 DATA ANALYSIS & INTERPRETATION**

As the virus spread globally, a lot of countries have previously taken or will finally take action to limit the spread, through social separation policies, such as closing educational institutions, restrictive work and restrict the mobility of people.

**IMF Economic Forecasts:**



Top 10 countries by GDP Percentage	2018 %	2019 %	2020 %	2021% Projection
U.S.A	2.9	2.3	-5.9	4.7
China	6.8	6.1	1.2	9.2
Japan	0.3	0.7	-5.2	3
Germany	1.5	0.6	-7	5.2
U.K.	1.3	1.4	-6.5	4
France	1.7	1.3	-7.2	4.5
India	6.1	4.2	1.9	7.4
Italy	0.8	0.3	-9.1	4.8
Brazil	1.3	1.1	-5.3	2.9
Canada	2	1.6	-6.2	4.2
World GDP	3.6	2.9	-3.0	5.8

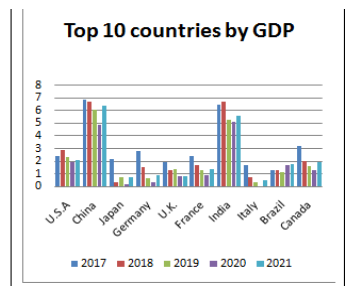
Graph/Chart 1: Top 10 countries by GDP IMF forecast

**Interpretation**

In case of World GDP is declined from 2.9% (2019) to -3.0% (2020) which indicates that the GDP of world is declined from 2019-2020 by 5.9%. In upcoming year it is expected that the GDP will increase up to 5.8 % (2021E).

**OECD Economic Forecast**

top 10 countries by GDP in percentage	2017 %	2018 %	2019 %	2020 %	2021 %Projection
U.S.A	2.4	2.9	2.3	1.9	2.1
China	6.9	6.7	6.1	4.9	6.4
Japan	2.2	0.3	0.7	0.2	0.7
Germany	2.8	1.5	0.6	0.3	0.9
U.K.	1.9	1.3	1.4	0.8	0.8
France	2.4	1.7	1.3	0.9	1.4
India	6.5	6.7	5.3	5.1	5.6
Italy	1.7	0.7	0.3	0	0.5
Brazil	1.3	1.3	1.1	1.7	1.8
Canada	3.2	2	1.6	1.3	1.9
World GDP	3.14	3.7	2.9	2.4	3.3



Graph/Chart 2: Top 10 countries by GDP OECD forecast

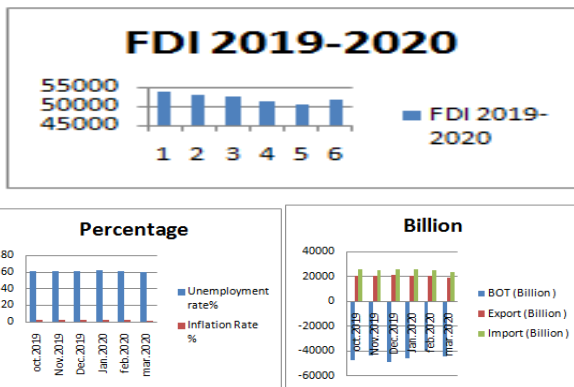
**Interpretation**

In case of World GDP is declined from 2.9% (2019) to 2.4% (2020) which indicates that the GDP of world is declined

from 2019-2020 by 0.5%. In upcoming year it is expected that the GDP will increase up to 3.3 % ( 2021E).

1. United States of America (USA):

Economic factors	oct.2019	Nov.2019	Dec.2019	Jan.2020	feb.2020	mar.2020	Api.2020
BOT(Billion)	-47448	-43793	-48613	-45482	-39810	-44415	-
Export (Billion)	20225	20750	20900	20700	20774	18774	-
Import (Billion)	25400	25250	25700	25400	24755	23216	-
Unemployment rate%	61	61	61	62.2	61.1	60	51.3
Inflation Rate %	1.8	2.1	2.3	2.5	2.3	1.5	0.3
Economic factor	1	2	3	4	5	6	
	Jan-19		Jul-19		Jan-20		
FDI 2019-2020	53720	52720	52378	51113	50582		51575

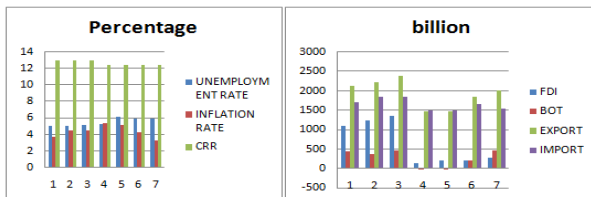


Graph/Chart 3: Six month economic data of USA

**Interpretation:**

The US trade deficit widened to \$44.4 billion in March of 2020. Exports from the US reduced by USD 20.0 billion from the previous month to USD 187.7 billion in March 2020. Imports to the United States decreased by USD 15.4 billion. Unemployment rate increased to 14.7 percent in April 2020, the Annual inflation rate in the US eased to 0.3% in April of 2020 from 1.5%. FDI improved by 51575 USD Million.

2. China



Economic factors:	1 OCT 2019	2 NOV. 2019	3 DEC 2019	4 JAN 2020	5 FEB 2020	6 MARCH 2020
FDI (Billion)	1107.78	1243.94	1367.1	126.8	194.2	216.19
BOT(Billion)	431.81	373.2	471.91	-34.38	-34.38	199.33
EXPORT( Billion)	2129.95	2214.63	2386.54	1464.43	1464.43	1851.46
IMPORT( Billion)	1706.14	1841.43	1841.62	1498.81	1498.81	1652.13
UNEMPLOYMENT RATE %	5.1	5.1	5.2	5.3	6.2	5.9
INFLATION RATE %	3.8	4.5	4.5	5.4	5.2	4.3

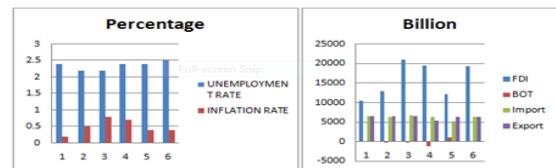
Graph/Chart 4: Six month economic data of China

**Interpretation:**

Foreign direct investment of china increased by 21.99billion in the march .BOT of china raised up to 199.33 billion in march .The export from china upward movement by 387.03 billion in march 2020.Import increased by 153.33 billion in march. Unemployment rate decreased from 6.2% in Feb. to 5.9% in March. Inflation rate cut down from 5.25 to 4.3%.

3. JAPAN

Economic factors	1 OCT 2019	2 NOV 2019	3 DEC 2019	4 JAN 2020	5 FEB 2020	6 MAR 2020
FDI (Billion)	10407.61	12999.38	21112.23	19554.83	12142.91	19320.76
BOT (Billion)	11.163	-88.386	-159.149	-1315.111	1108.765	4.946
IMPORT (Billion)	6565.00	6467.39	6735.24	6746.31	5212.52	6552.93
EXPORT (Billion)	6576.17	6379.00	6576.09	5431.20	6321.28	6357.87
UNEMPLOYMENT RATE %	2.4	2.2	2.2	2.4	2.4	2.5
INFLATION RATE %	0.2	0.5	0.8	0.7	0.4	0.4

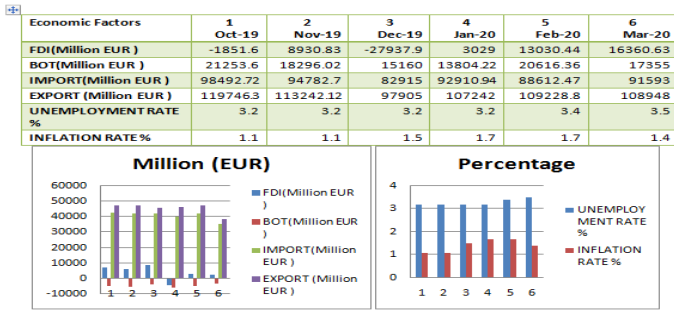


Graph/Chart 5: Six month economic data of Japan

**Interpretation**

FDI in Japan increased by 19320.76 billion in March of 2020.Japan's trade surplus plunged to JPY 4.95 billion in March 2020 from 517.29 billion. Export Prices in Japan decreased to 89.40 points in April from 90.40 points in March of 2020.The unemployment rate in Japan edged up to 2.5 percent in March 2020. Inflation remained unchanged at 0.4 percent in March 2020. Import to Japan increased by 1340.41 billion in March.

**4. GERMANY:**

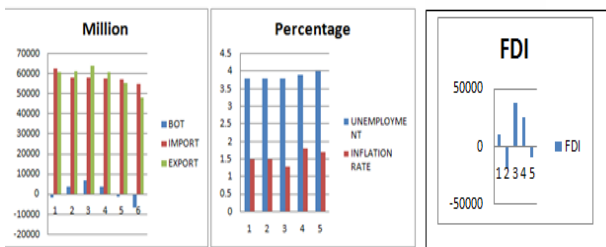
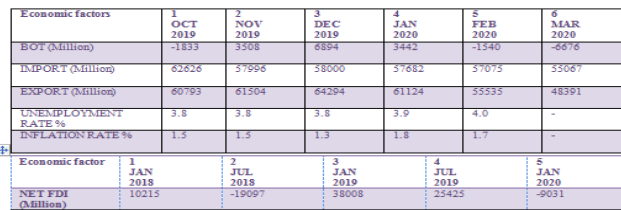


Graph/Chart 6: Six month economic data of Germany

**Interpretation:**

FDI in Germany was increased by 16360.64 EUR Million in March of 2020. Germany's trade surplus lessened to EUR 17.4 billion in March 2020. Exports from Germany was 7.9% from a year earlier to EUR 108.9 billion in March 2020 Imports to Germany reduced 4.5 percent from a year earlier to EUR 91.6 billion in March 2020, Germany's unemployment rate edged up to 3.5 percent in March 2020. Annual rate of inflation in Germany is probable to slow to 0.6 percent in May of 2020 from 0.9.

**5. UNITED KINGDOM**



Graph/Chart 7: Six month economic data of UK

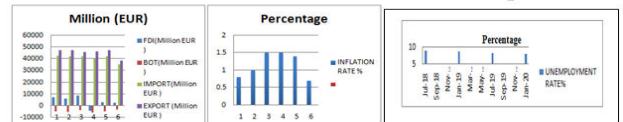
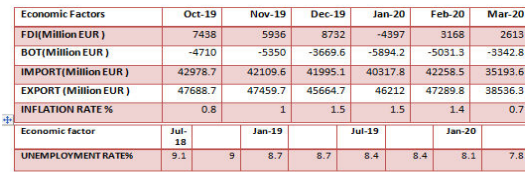
**Interpretation:**

FDI within the United Kingdom decreased by 9031 GBP Million .The UK trade shortage rose to GBP 6.68 billion in March of 2020..Export from the United Kingdom slid 12.9 percent from a month earlier to GBP 48.39 billion in March Imports to the UK decrease by 3.5 percent from a month. The UK unemployment rate edged up to 4.0 percent in the three months to February 2020. Annual rate of inflation within the UK eased to 1.5% in March from 1.7% in February.

**6 FRANCE:**

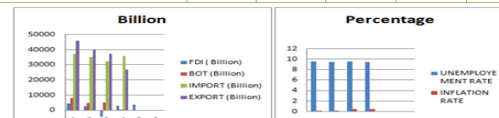
**Interpretation:**

Foreign Direct Investment in France was increased by 2613 EUR Million in March of 2020. The trade deficit in France lessened to €3.3 billion in March of 2020 Imports to France is 18.5% month-over-month to €38.54 billion in March of 2020. Exports from France is 16.7% month-over-month to €35.19 billion in March of 2020.The unemployment rate in France decreased to 7.8% in the first quarter of 2020.Annual inflation rate in France is seen edging downward to 0.2% in May of 2020 from 0.3%.



Graph/Chart 8: Six month economic data of France

**7. INDIA:**



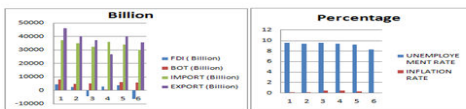
Graph/Chart 9: Six month economic data of India

**Interpretation:**

FDI increased by 2874 USD Million in March of 2020. BOT in India is expected to be -14200.00 USD Million by the end of this quarter. Imports to India fall heavily 58.65% over a year earlier to an over eleven-year low of USD 17.12 billion in April 2020. Exports from India jumped 60.28 % over a year earlier to USD 10.36 billion in April India's unemployment rate was unchanged at 23.5 percent in May 2020. Inflation was revised lower to 5.84 percent year-on-year in March 2020, from a preliminary estimate of 5.91 percent.

**8. Italy**

Economic factors	oct. 2019	nov. 2019	Dec. 2019	Jan-20	Feb. 2020	Mar-20
FDI (Billion)	4568	2627	-4285	2963	3796	-6480
BOT (Billion)	8056.563	4889.806	5007.11	543.365	6086.408	5685.087
IMPORT (Billion)	37489.493	35279.57	32390.283	36007.559	34014.05	30251.85
EXPORT (Billion)	45906.056	40169.376	37397.313	26834.04	40100.45	35936.93
UNEMPLOYMENT RATE	9.6	9.5	9.6	9.5	9.3	8.4
INFLATION RATE	0.2	0.2	0.5	0.5	0.3	0.1



Graph/Chart 10: Six month economic data of Italy

**Interpretation:**

FDI in Italy decreased by -6480 EUR Million in March of 2020. Italy's trade surplus raised to EUR 5.69 billion in March of 2020 from EUR 4.58 billion. Imports to Italy fell 18.1% year-on-year to EUR 30.25 billion in March. Exports from Italy fall 13.5 percent from a year earlier to EUR 35.94 billion in March of 2020. Italy's unemployment rate decreased to 8.4 percent in March 2020. Consumer prices in Italy are expected to decrease 0.1 percent year-on-year in May of 2020.

**9. Brazil**

Economic factor	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
FDI	6814.523	6999.748	9433.656	5618.327	5996.292	7620.704
BOT (Billion)	2549.555	3564.612	5964.891	-1626	2475	4713.258
IMPORT (Billion)	17027.284	14172.103	12556.086	16176	13257	14525.394
EXPORT (Billion)	19576.839	17736.715	18502.977	14550	15732	19238.651
UNEMPLOYMENT RATE	11.6	11.2	11	11.2	11.6	12.2
INFLATION RATE	2.54	3.27	4.31	4.19	4.01	3.3



Graph/Chart 11: Six month economic data of Brazil

**Interpretation:**

FDI in Brazil was raised by 234.25 USD billion in April of 2020. Brazil's trade increased 2238.25 billion in March. Imports in Brazil improved to 13400 USD Million in May from 11611 USD billion in April. Exports to Brazil decreased by 4.2 percent from a year earlier to USD 17.9 billion in May of 2020. Unemployment rate is increased by 0.6% in March 2020.

Inflation rate is decreased by 0.71% in March 2020.

**10. Canada**

Economic Factors	Oct-19	Nov-19	Dec-10	Jan-20	Feb-20	Mar-20
FDI	20294	12417	23312	13212	10630	11823
BOT (Billion)	-1557.9	-602.1	-520.6	-1703.2	-893.9	-1401.8
IMPORT (Billion)	50792.1	49395.5	49663.6	49732.7	49416.8	47668.2
EXPORT (Billion)	49234.2	48793.4	49143	48029.5	48522.9	46257.4
UNEMPLOYMENT RATE %	5.5	5.9	5.6	5.5	5.6	7.8
INFLATION RATE %	1.9	2.2	2.2	2.4	2.2	0.9



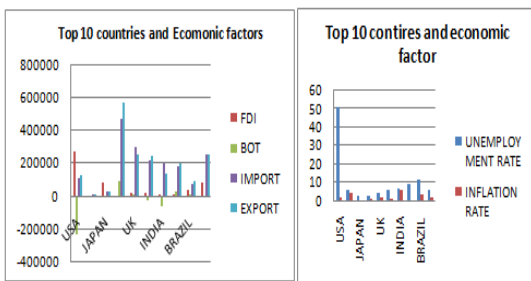
Graph/Chart 12: Six month economic data of Canada

**Interpretation:**

FDI in Canada was improved by 11623 CAD Million. Canada's BOT decreased by -893.9 to -1401.8 in March. Imports decreased by 3.5% from a month earlier to CAD 47.7 billion. An export reduces by 4.7% from a month earlier to CAD 46.3 billion in March. The unemployment rate increased to 13 percent in April of 2020 from 7.8 percent in the previous. Consumer price reduced by 0.2 % April

**OVERALL IMPACT OF COVID -19 ON TOP -10 COUNTRIES (AVG)**

TOP 10 COUNTRIES	USA	CHINA	JAPAN	GERMANY	UK	FRANCE	INDIA	ITALY	BRAZIL	CANADA
FDI	26007.33	709.335	15922.95	1422.067	3793.333	5.683333	2960.17	498.1667	7080.542	15082.5
BOT	44926.8	234.5817	72.962	15446.67	632.5	3915	11526.7	5045	2940.22	1113.25
IMPORT	20353.83	1918.573	6379.898	76065.98	58074.33	4666.32	37319.3	34238.67	14618.98	49444.82
EXPORT	20720.17	1673.157	6273.602	91511.7	58606.83	40808.88	25853.3	37724	10533.72	48330.07
UNEMPLOYMENT RATE	50.683333	5.466667	2.35	2.75	3.9	5.683333	6.316667	9.316667	11.466667	5.983333
INFLATION RATE	2.083333	4.616667	0.5	1.133333	1.56	1.15	6.253333	0.3	3.603333	1.966667



Table/graph .13- Average data of Top 10 Countries For Six month

**Interpretation:**

Red color indicates the highest impact of covid-19 on country.

Green color indicates the lowest impact of covid-19 on country.

**5.0 FINDINGS AND SUGGESTIONS**

**5.1 FINDINGS**

1. WHO is join together the world’s scientists and global health professionals together to advance the research and development process, and develop new norms and standards to contain the spread of the corona virus pandemic and supply help look after those affected during this pandemic.
2. A team of researchers from the Institute for Advanced Sustainability Studies (IASS) has developed four scenarios that show how political decisions will shape the post-Corona world.

3. The worldwide economic system has emerged from an initial period of utmost stress, in large part thanks to governments’ efforts to stimulate the economy, central banks’ speed at addressing market disruptions, and therefore the resilience of monetary institutions.
4. The economic and financial crisis in emerging market and developing economies could also be more severe than in advanced economies.
5. Credit conditions continue reducing across emerging markets (EMs); we now expect an enormous global recession and a slower recovery. COVID-19 has rapidly advanced in EM economies, and governments are implementing social distancing measures to contain the epidemic, halting most business activities and severely shocking employment.
6. Many advanced economies within the world have unrolled support packages. While India’s economic announced a package is 10 per cent of its GDP, Japan’s is 21.1 per cent, US (13 per cent), Sweden (12 per cent), Germany (10.7 per cent), France (9.3 per cent), Spain (7.3 per cent) and Italy (5.7 per cent)

**5.2 SUGGESTIONS**

- Governments of each and every nation try to coordinate policy on a global level to help maintain financial stability. Within countries, policy guidance must be compatible across regulatory agencies.
- Policy-makers must make sure that the financial system remains capable of safely meeting the public’s need for financial services through digital channels
- Developed economies support offered to emerging markets and developing economies for development.

## **6.0 CONCLUSION**

COVID-19 isn't only a worldwide pandemic and public health crisis; it's also severely affected the worldwide economy and financial markets. Continuous reducing the in income level of the people, an increase in unemployment, and disruptions within the transportation, service, and manufacturing industries are among the results of the disease mitigation measures that are implemented in many countries. It's become understandable that the majority governments within the world underestimated the risks of rapid COVID-19 spread and were mostly aware in their crisis response. As disease outbreaks aren't likely to disappear within the near future, proactive international actions are required to not only save lives but also protect economic prosperity.

Global financial markets are heavily impacted by the consequences of COVID-19 spread. Because the numbers of cases began to increase globally, mainly through the US, Italy, Spain, Germany, France, Iran, and South Korea , the planet financial and oil markets significantly declined. Since the beginning of the year, leading U.S. and European stock exchange indices have lost 1 / 4 of their value, with oil prices declining by quite 65% as of April 24, 2020. Daily data on stock exchange volatility and price movements are good indicators of consumer and business confidence within the economy. There have been significant negative relationships between the daily number of COVID-19 cases and various stock indices.

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