



COSTS OF CORONAVIRUS: A LOOK AT THE STATS

“For every extra week the current restrictions remain in place, Treasury estimates that we will see close to a \$4 billion reduction in economic activity from a combination of reduced workforce participation, productivity, and consumption.” – Treasurer Josh Frydenberg, 5 May 2020

For those wanting a breakdown of the economic cost of the current pandemic, here is a brief summary of the statistics provided by the Treasurer in his address to the National Press Club on 5 May 2020:



IMPACTS ON GDP

Treasury has forecasted greater than a 10% fall in GDP in the June quarter, equivalent to \$50 billion. If restrictions had been increased to the extent of a full lockdown as has happened in Europe, the impact on GDP in the June quarter could have been 24% or \$120 billion.

The most affected sectors have been retail and hospitality, which employ over 2 million employees in total.



GLOBAL GROWTH

The global economy contracted by 0.1% in 2009 due to the Global Financial Crisis. IMF has predicted that there will be a 3% contraction in the global economy in 2020.





UNEMPLOYMENT RATE

The unemployment rate in February was 5.1%. It is now expected to reach 10% in the June quarter. If it were not for JobKeeper, the unemployment rate could have been expected to reach 15%.

The current estimates show that the unemployment rate is expected to increase by around 5 percentage points in *three months*. This can be compared to the early 1990s, when the unemployment rate increased by 5 percentage points over *three years*.



CONSUMPTION

Overall consumption has fallen 19.5% since January 2020.



GOVERNMENT FINANCIAL SUPPORT

Direct financial support provided to Australians by the Federal Government is estimated at around \$200 billion (10% of GDP).

DID YOU KNOW?

Since the Coronavirus SME (Small and Medium Enterprise) Guarantee Scheme was announced by the Federal Government on 22 March 2020, the Commonwealth Bank of Australia alone has approved more than \$555 million worth of new loans, helping 6,500 business customers (as at 7 May 2020). These new loans are 50% guaranteed by the Federal Government. Overall, around \$1 billion has been approved under this partnership between the Federal Government and the banks.