Covid-19: The scenarios, the lockdown
the reaction, the recovery

ING Global Research Team
April 2020
Unprecedented speed of economic collapse
US weekly jobless claims lay bare the extent of the economic impact

Source: Macrobond
Scenario 1: Our base case
Lockdowns end in the second quarter and future outbreaks viewed as more manageable

Assumptions
- Full lockdowns end by summer (varies by country)
- Social distancing remains a feature for 6-12 months
- Home-working stays in place where possible

Possible drivers
- Global travel remains restrictive
- Widespread testing gives better data on possible winter outbreak
- Progress made on vaccine by year-end but not widely available until 2021
- Better contact tracing helps manage another outbreak without full lockdowns
- Critical care surge capacity increases. Certain drugs available to help reduce time in hospital

Real GDP growth (QoQ% annualized, YoY% for China)

<table>
<thead>
<tr>
<th>Country</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
</tr>
</thead>
<tbody>
<tr>
<td>US (2020: -7.0%)</td>
<td>-6</td>
<td>-40</td>
<td>10</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Eurozone (2020: -5.0%)</td>
<td>-15.2</td>
<td>-16</td>
<td>7.5</td>
<td>2.5</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>China (YoY%, 2020: 4.0%)</td>
<td>3.6</td>
<td>3.9</td>
<td>4</td>
<td>4.5</td>
<td>5.8</td>
<td>5.9</td>
</tr>
<tr>
<td>UK (2020: -6.1%)</td>
<td>-5.5</td>
<td>-35</td>
<td>8</td>
<td>3.5</td>
<td>2.4</td>
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</tbody>
</table>
Scenario 2: Winter lockdowns
Lockdowns end but return later on in the year as testing/healthcare capacity unable to cope

Assumptions
- Lockdowns end by summer but come back over winter
- Social distancing remains a feature for 12 months
- Home-working stays in place where possible

Possible health drivers
- Global travel remains restrictive
- Winter outbreak not manageable
- Some countries unable to test all people displaying fresh symptoms, reducing visibility on winter outbreak
- Antibody tests show only a small percentage of the population has gained immunity
- Progress made on vaccine by year-end but not widely available until 2021
- Critical care surge capacity increases, but second virus wave larger than the first in some areas

Real GDP growth (QoQ% annualized, YoY% for China)

<table>
<thead>
<tr>
<th>Region</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
</tr>
</thead>
<tbody>
<tr>
<td>US (2020: -8.1)</td>
<td>-6</td>
<td>-9.5</td>
<td>1</td>
<td>1</td>
<td>9</td>
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<tr>
<td>Eurozone (2020: -5.8%)</td>
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<td>13</td>
<td>-6</td>
<td>1</td>
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</tr>
<tr>
<td>China (YoY%, 2020: 2.6%)</td>
<td>3.6</td>
<td>3.9</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>UK (2020: -7.1%)</td>
<td>-5.5</td>
<td>-35</td>
<td>20</td>
<td>4.5</td>
<td>11</td>
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</table>
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