Numerous measures addressing projected GDP declines
Ongoing competition in lowering forecasts
March/April 2020

As unpleasant as the last 14 days, macroeconomists last felt back in 2008/2009, when the global financial crisis unexpectedly left huge effects on the real economy. The bad feeling in this crisis comes from the fact that it is difficult to predict GDP trends. The key reasons for such a wide range of forecasts from the Conjuncture Institutes are:

(1) the length of the Covid-19 pandemic in a particular country and also in its key trading partners (impact on exports and / or availability of imports of raw materials and assemble parts)
(2) accompanying measures of the state that are to a certain extent precedent (restriction on public life, curfew, cancellation of sports and cultural events, restriction on trade).

Most analysts agree that this year's GDP will be lower in most developed countries than last year, with falls falling largely between 5 and 10 percent of GDP. (The Bank of Slovenia estimates that the annual fall in GDP will be between six and 16 percent.) The measures taken by governments and central banks will try to stabilize some of the demand. However, their effectiveness depends not only on how quickly the money will actually reach the businesses or households, but

(1) whether they will be able to waste it at all and
(2) whether they will be ready to spend it (spending leads to GDP growth).

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