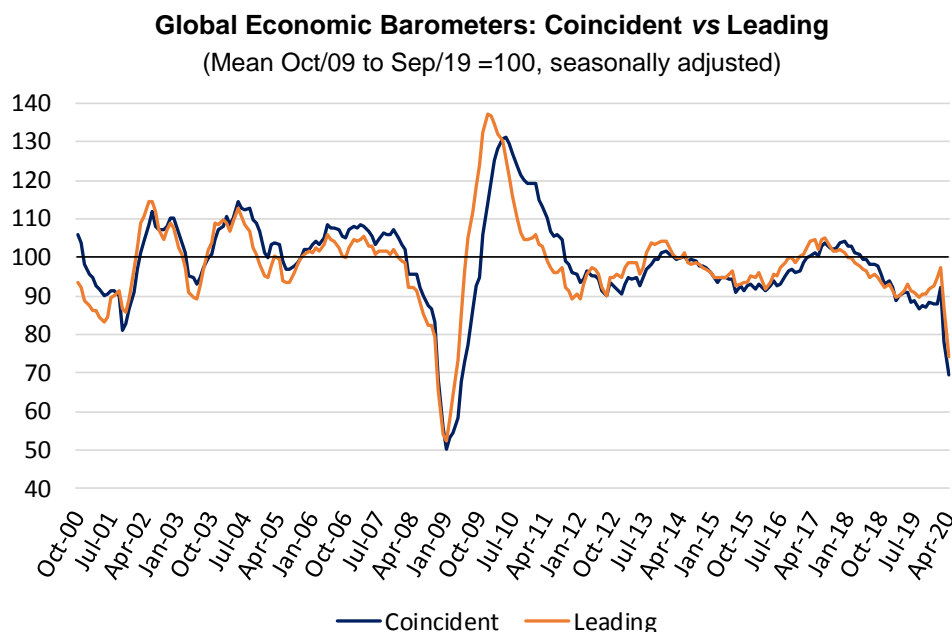


## Press Release

Rio de Janeiro and Zurich, 8th April 2020, 10am (local time) – 1pm (UTC).

### Global Economic Barometers: Increased Impact of Covid-19 on the International Economy

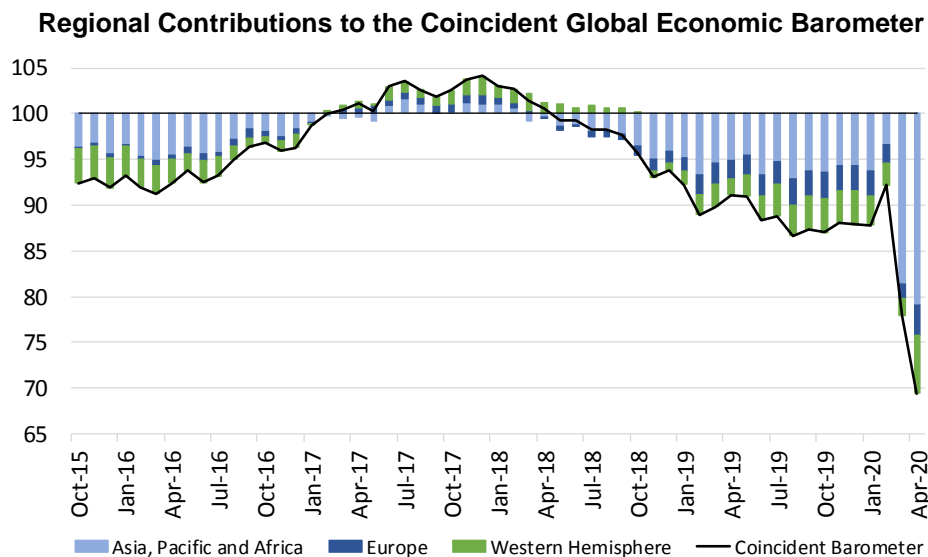
In the April 2020 edition, the Global Leading Barometer and the Global Coincident Barometer have fallen sharply, reflecting the impact of the Covid-19 pandemic on the world economy. The second consecutive decrease in the two barometers shows that the economies of all regions were seriously shaken by the pandemic.



Source: KOF Swiss Economic Institute, ETH Zurich, Switzerland and Getulio Vargas Foundation, Rio de Janeiro, Brazil

The Global Coincident Barometer dropped 8.5 points in April 2020, to 69.4 index points (from revised 77.9 in March). This is the lowest level since May 2009 and signals a deepening of the deceleration in World GDP. While in March the decrease in the indicator was concentrated in the *Asia, Pacific, and Africa* regional bundle, it has spread this month to all regions. The *Asia, Pacific, and Africa* region once again exercised the largest negative contribution to the result, followed by the *Western Hemisphere* (North America, Latin America and the Caribbean) and *Europe*. Compared to the previous month, especially the contribution of the Western hemisphere has become more negative. The negative contribution of Europe has only increased slightly in April.

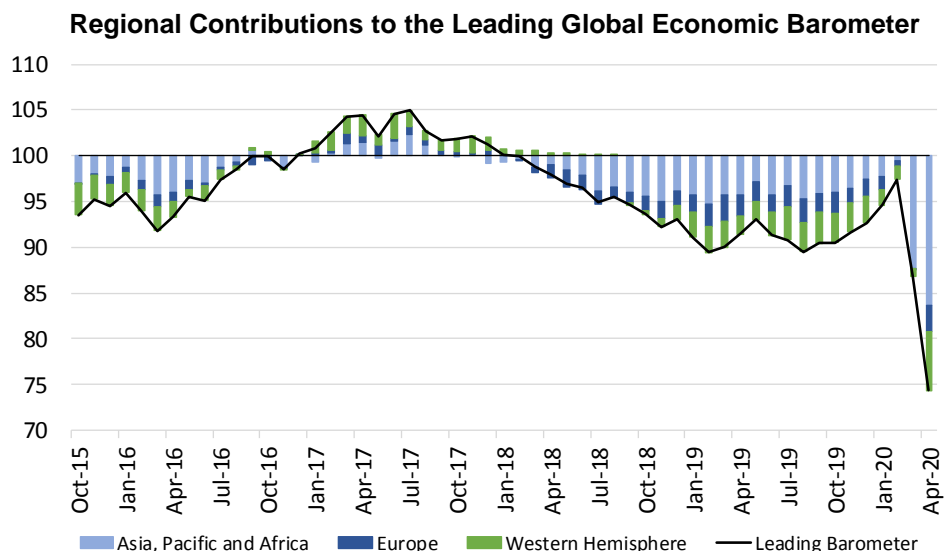
In terms of economic sectors, the largest contribution to the fall came from the set of variables reflecting the aggregated evolution of economies (*Overall Economic Development*), followed by the trade sector (wholesale and retail), industry and services. The construction sector has been suffering less than the others, but the fall in April surpassed that of the previous month.



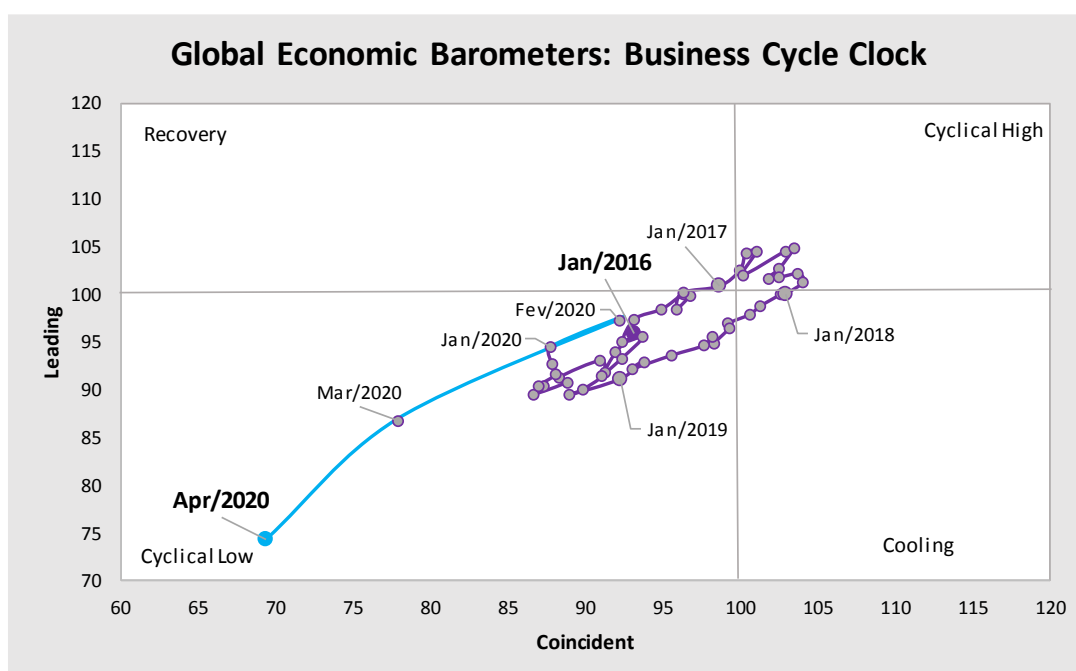
Source: KOF Swiss Economic Institute, ETH Zurich, Switzerland and Getulio Vargas Foundation, Rio de Janeiro, Brazil

The Leading Global Barometer declined 12.5 points in April, to 74.4 points (from revised 86.9 in the previous month). The Leading Barometer leads the world economic growth rate cycle by three to six months. All the regions contributed to the fall in the indicator, with the greatest negative change in contribution coming from variables in the *Western Hemisphere*, followed by *Asia, Pacific, and Africa*, and *Europe*.

The decrease in the Leading Barometer was well distributed in terms of sectors, with the variables connected to *Overall Economic Development, Industry and Trade* standing out. The lowest contribution, albeit not far off that of construction, came from the services sector, which ceased to be positive and had a negative influence on the Leading Barometer in April.



Source: KOF Swiss Economic Institute, ETH Zurich, Switzerland and Getulio Vargas Foundation, Rio de Janeiro, Brazil



Source: KOF Swiss Economic Institute, ETH Zurich, Switzerland and Getulio Vargas Foundation, Rio de Janeiro, Brazil

| Period        | <i>Coincident Global Barometer</i> |                   | <i>Leading Global Barometer</i> |                   |
|---------------|------------------------------------|-------------------|---------------------------------|-------------------|
|               | <i>Vintages</i>                    |                   | <i>Vintages</i>                 |                   |
|               | <i>April 2020</i>                  | <i>March 2020</i> | <i>April 2020</i>               | <i>March 2020</i> |
| Apr/19        | 91.1                               | 90.9              | 91.5                            | 91.2              |
| May/19        | 91.0                               | 90.4              | 93.0                            | 92.5              |
| Jun/19        | 88.3                               | 87.8              | 91.3                            | 90.8              |
| Jul/19        | 88.8                               | 88.8              | 90.8                            | 91.0              |
| Aug/19        | 86.7                               | 86.5              | 89.5                            | 89.6              |
| Sep/19        | 87.4                               | 87.0              | 90.4                            | 90.5              |
| Oct/19        | 87.0                               | 87.3              | 90.5                            | 90.6              |
| Nov/19        | 88.1                               | 88.2              | 91.6                            | 91.7              |
| Dec/19        | 87.9                               | 87.7              | 92.7                            | 92.8              |
| Jan/20        | 87.8                               | 88.4              | 94.6                            | 94.9              |
| Feb/20        | 92.2                               | 92.4              | 97.4                            | 97.6              |
| Mar/20        | 77.9                               | 78.0              | 86.9                            | 87.2              |
| <b>Apr/20</b> | <b>69.4</b>                        |                   | <b>74.4</b>                     |                   |

\*The Global Barometer series are revised monthly to reflect updates in the component series and revision of the seasonal adjustment

## The Global Economic Barometers

The Global Economic Barometers are a system of indicators enabling timely analysis of global economic development. They represent a collaboration between the KOF Swiss Economic Institute of the ETH Zurich in Switzerland and Fundação Getulio Vargas (FGV), based in Rio de Janeiro, Brazil. The system consists of two composite indicators, the Coincident Barometer and the Leading Barometer. The Coincident Barometer reflects the current state of economic activity, while the Leading Barometer provides a cyclical signal roughly six months ahead of current economic developments.

The two Barometers comprise the results of economic tendency surveys conducted in more than 50 countries with the aim of achieving the broadest possible global coverage. The advantages of economic tendency surveys are that their results are usually readily available and are not substantially revised after first publication.

The Coincident Barometer includes more than 1,000 different time series, while the Leading Barometer consists of over 600 time series. Cross-correlation analysis is used to decide which individual time series are included in the barometers. This involves correlating the individual time series with a reference series. The reference series used is the year-on-year growth rate of global gross domestic product (GDP), where the individual national GDPs are aggregated at purchasing power parity to form global GDP. A time series is only included in a Barometer if it shows a sufficiently high correlation and a suitable synchronization or lead with the reference series.

The two Barometers are calculated once every month and are usually published on the 10th of each calendar month.

**More information on the Global Economic Barometers is available on the KOF website:**

<https://kof.ethz.ch/prognosen-indikatoren/indikatore/kof-globalbaro.html> →

### The methodology is described in:

Klaus Abberger, Michael Graff, Aloisio Campelo Jr., Anna Carolina Lemos Gouveia, Oliver Müller and Jan-Egbert Sturm (2020), The Global Economic Barometers: Composite indicators for the world economy. KOF Working Papers, vol. 471, Zurich: KOF Swiss Economic Institute, ETH Zurich, 2020.

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