Economic Implications of National COVID-19 Response
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Executive Summary

The COVID-19 pandemic negatively affected economies all over the globe.

We chose to study the economies of Sweden, New Zealand, and the United States.

Overall, the results were inconclusive whether one strategy was better than the others.
Introduction

Start of COVID-19
First case reported in Wuhan, China on December 31, 2019

Economic Effect
The World Bank projected global growth shrink of 8% in 2020

Economic Factors
We studied each country's GDP, stock market, and unemployment rates
Sweden
Nudge Strategy - No lockdown, just suggestions

New Zealand
Full Lockdown - Countrywide seven week lockdown

United States
Mixed Response - Restrictions differed based on states and counties
Global Supply Chain
Global supply chain has slowed tremendously and thus been a catalyst for declines in stock indices

Industries Affected
Leisure, entertainment, travel, and oil companies were the hardest hit during the pandemic

India’s Stock Market Example
India had rigorous COVID-19 lockdown protocol and their stock market cap dropped 27.31% for the year
Forecast: 0.5% decrease of global GDP 2020

Forecast: 5.2% decrease of global GDP 2020

30 Country forecast - average 2020 GDP decline of 2.5%
Every country has a natural rate of unemployment that varies based on the economy. Unemployment rate is referred to as “a lagging economic indicator” (Levine).

The unemployment rate is a strong indicator of an economy's overall health and shows the direct impact of the government's response. The U.S.’ lose and inconsistent lockdown prolonged the shutdown for companies, leading to a higher unemployment.
Research Methods - Stock Market

Public Stock Market Data

Nationwide Lockdown Dates

Economic Stimulus Announcement Dates
Public Quarterly Unemployment Rates

New Zealand’s Underutilisation Rate

The conventional and revised labour force frameworks

1. Not in the labour force
Source: Statistics New Zealand
Results - Stock Market

01. Overall Pandemic Stock Price Change
New Zealand: +1.23%
United States: -3.07%
Sweden: -9.38%

02. Unexpected Performance
Results - GDP

01. Overall Pandemic GDP Change
New Zealand: -13.6% (incomplete)
United States: -3.3%
Sweden: -2.8%

02. Trends
Consecutive growth to finish 2019
Q2 - most severe losses
Results - Unemployment

01. Overall Pandemic Unemployment Change (Q1-Q3 ’20)
   - New Zealand: +1.1%
   - United States: +5%
   - Sweden: +1.9%

02. Trends
   - New Zealand and Sweden trending up
   - U.S. Large spike in Q2, decline in Q3
Stock Markets
- Strict lockdowns for better market
- Not anticipated results

GDP
- Unavailable Q3 data from New Zealand skews overall results
- Though inconclusive, harsher lockdowns seems to lead to greater decrease in GDP

Unemployment
- New Zealand’s use of the underutilisation rate impacts the unemployment rate
- Both Sweden and New Zealand have seen a linear increase whereas the US is decreasing
Interpretation

Stock Markets
- Maintain vs. lose human capital in labor force
- Results vary in relation to previous literature

GDP
- Overall results follow previous literature
- Fluctuations must be analyzed in context of overall GDP

Unemployment
- More strict lockdowns result in higher unemployment
- Overall every country has seen an increase in unemployment
Conclusion / Suggestions

Inconclusive Results
Our data points do not signal any specific response to COVID-19 having significant differences than the others.

Do More Research Over Time
This pandemic is not over, so each country’s economy should be studied further as the pandemic is still evolving.

Isolate Pandemic’s Effect on Economies
We recommend that future researchers take into effect the myriad of variables that affect the stock market, GDP, and unemployment rates.
Data Shortage
We were unable to collect GDP numbers for New Zealand in quarter 3 of 2020

Unable to Predict Future
The pandemic has made typical predicting factors of the economy obsolete

We Don’t Have the Full Picture
We were only able to study each country’s initial response since the pandemic is still ongoing