ON MACROFINANCIAL CONSIDERATIONS FOR ASSESSING THE IMPACT OF THE COVID-19 PANDEMIC

Alexander Morozov

Head of Research&Forecasting Department
The Bank of Russia
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Three assessments

- **Real time assessment** of economic activity (timely diagnostics)
- Assessing the **size** of a combined shock and its **persistence**
- Assessing output gap and a loss of potential output
Hardest-hit sectors: travel and leisure

Daily incoming payments to **travel agencies**, % to average 2019 daily incoming payment

Daily incoming payments to **creative and entertainment activities and arts**, % to average 2019

Source: the Bank of Russia
Winner sectors

Daily incoming payments to production of basic pharmaceuticals, % to average 2019 daily incoming payments

Daily incoming payments to textiles production, % to average 2019 daily incoming payments

Source: the Bank of Russia
Aggregate indicators of financial flows: unstable pace of recovery

Deviation of weekly averages of incoming payments from average weekly volume at the beginning of 2020 (Jan 24th – March 19th), 4-week moving average

Source: the Bank of Russia
Second-round shock effects amplify and prolong shocks

Output deviation from the norm, % (by week)

Assuming 6 weeks of lockdown

Source: the Bank of Russia
Demand shock explains less than half of GDP contraction

GDP y/y growth decomposition (deviation from a steady-state) from DSGE model without the banking sector

Source: the Bank of Russia
Output gap appears much less than output fall

GDP y/y growth decomposition (deviation from a steady-state) from DSGE model with the banking sector

Source: the Bank of Russia
WANTED! An extra assessment

- Assessing Effective Lower Bound (ELB) in EME
  - Financial stability aspect
  - Monetary policy transmission aspect