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9 Ways COVID-19 Changed the Global Economy

By now, it's easy to see that there are few aspects of life that the COVID-19 global pandemic has not changed.

JERSEY CITY, NEW JERSEY, UNITED STATES, February 9, 2021 /EINPresswire.com/ -- It becomes more clear as the days and months pass that the world is unlikely to return to the pre-pandemic "normal." The pandemic's impact has only accelerated many trends that were already underway in the global economy.

#1. Easier Money Than Ever
We saw central banks plunging back into printing money during the global pandemic while interest rates hit record lows. We soon saw some of the easiest financial conditions in history, which unleashed a craze of speculative investments, leaving analysts concerned about moral hazards ahead. These new central bank policies will be difficult to reverse, especially if labor markets stay fractured. History has shown us that pandemic depressed interest rates stay that way for a long time.

#2. Credit and Debt
As tens of millions of people filed for unemployment in the U.S., more than 100 million jobs were lost in India alone; it became evident that global economies were suffering. As people worldwide struggled to stay financially afloat, credit cards became lifelines. It wasn't just individuals who were forced to depend on credit, however, there has also been a surge in corporate debt levels around the world as COVID brought a record $1 trillion of new global corporate debt in 2020 as revenues plunged in various industries because of lockdowns, travel restrictions and consumer caution.

#3. Work-From-Home Economy
Stay-at-home orders forced the world to shift to a work-from-home model. The global economy is now adapting to a WFH model as it becomes more apparent that WFH is not going anywhere

anytime soon. In fact, 65 percent of survey respondents report a desire to work from home full-time post-pandemic.

We also saw a lot of economies adapting their own versions of Germany's Kurzarbeit, or short work subsidy program. This policy allows workers to stay employed at reduced hours and pay while the government compensates for some shortfalls in wages. These policies allow workers and employers to continue their match, better preparing the economy for a quick recovery.

We didn't just shift to working from home, however. We shifted to doing everything from home including exercising. We also saw a spike in digital transactions, like Venmo, PayPal, and Apple Pay as people could no longer make payments in person due to restrictions. These two changes can lead to bigger things for cryptos.

#4. Stock Market Volatility

During the pandemic, the global stock markets suffered dramatic falls with the [Dow Jones reported its largest-ever single-day fall] of almost 3,000 points on March 16, 2020—beating its previous record of 2,300 points that was set only four days earlier.

The pandemic also had a devastating impact on many employees' retirement plans, whether they lost their jobs and employer-sponsored 401K accounts or were victims of pay cuts that limit employee's abilities to contribute to retirement plans. We have also seen employers reduce or eliminate their matching contribution.

#5. Rise of the Robots

As the global pandemic triggered new concerns about face-to-face contact in industries where social distancing may be difficult, for example, retail and hospitality, robots may be the answer. Robots don't have to wear masks, they can be easily disinfected, and, best of all, they don't get sick.

What's more, research suggests that automation often gains ground when there is a recession. During the pandemic, we saw companies speed up work on machines that can check guests in to hotels, collect fees at toll booths and even pass out hand sanitizer in hospitals. These innovations will make economies more productive. But, on the downside, these innovations will also take jobs away from humans.

#6. Virus Screening and Testing Investments

Major corporations have already started investing in virus screening and testing, and this will continue, likely in perpetuity. Virus screening will likely become a routine part of life, similar to how airport security became routine after the September 11, 2001 terror attacks. Companies must make an investment in the infrastructure necessary for detecting viral outbreaks. Investments like this can protect economies in case we find out that COVID-19 immunity is temporary.

#7. E-Commerce Over Everything

During the lockdown orders and quarantine, the world depended on eCommerce more than ever as worldwide e-commerce sales approach the $5 trillion mark. Statistics show that retail eCommerce sales grew 27.6 percent in 2020 after being projected to decline 16.5 percent mid-pandemic. From ordering takeout online, hand sanitizer and toilet paper on Amazon, or a new pair of pajamas or something to keep the kids entertained, Ecommerce was there when brick and mortar shops were forced to close, either temporarily for lockdowns and quarantines or permanently. Even after restrictions are lifted, most consumers will continue their online spending shift. A survey found 26 percent of consumers plan to shop more online at non-grocery retailers once the pandemic ends, while only 16 percent plan to shop more in stores.

#8 A De-Globalized Economy
Pre-COVID, it felt as if the world was getting smaller and smaller with globalization. COVID-19 stopped that in its tracks and shifted to de-globalization and a focus on local goods. As economic difficulties mount, we are seeing a boom in nationalism and "my nation first" politics that are pushing companies to localize business operations that favor national and regional supply chains.

#9. A Green Economy
Pre-pandemic interest in green economies was reserved mostly for environmentalists. But when COVID hit, and we saw planes grounded and historically low traffic levels from people staying home, air quality improved in many cities and water pollution in different parts of the world was reduced. This led many major governments from California to the U.K. to pledge to ban the sale of new gasoline and diesel cars by the year 2035. This will undoubtedly shift car manufacturers to focus on electric cars, and we will see investors mimic that shift and turn to green energy. Joe Biden has also rejoined the Paris Climate Agreement, further proving the world's renewed focus on the environment.

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