One year into the pandemic
A macroeconomic outlook

11th of May 2021 | 10.00 – 11.00 CEST

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Global, Nordics & Netherlands Macroeconomic trends

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LOOKING BACK
2020
GDP, Unemployment and Covid-19

Tracking Home | Critical Trends ⌄ | **Global Map** | U.S. Map | Data in Motion | Tracking FAQ

COVID-19 Dashboard by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins ...

Global Cases
158,343,405

Cases by Country/Region/Sovereignty

32,707,806 US

22,662,575 India

15,184,790 Brazil

5,838,294 France

5,031,332 Turkey

4,824,621 Russia

◁ Admin0 ▷

NORTH AMERICA EUROPE ASIA AFRICA SOUTH AMERICA AUSTRALIA

Esri, FAO, NOAA

+ −

Cumulative Cases | Incidence Rate | Case-Fatality Ratio | Testing Rate

192 countries/regions

Lancet Inf Dis Article: Here. Mobile Version: Here. Data sources: Full list. Downloadable database: GitHub, Feature Layer.

Global Deaths
3,293,355

581,754 deaths US

422,340 deaths Brazil

246,116 deaths India
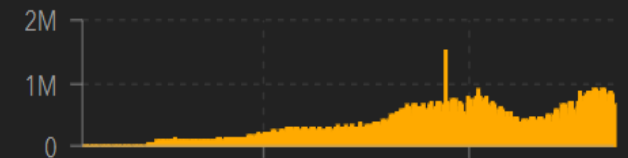
◁ Global Dea... ▷

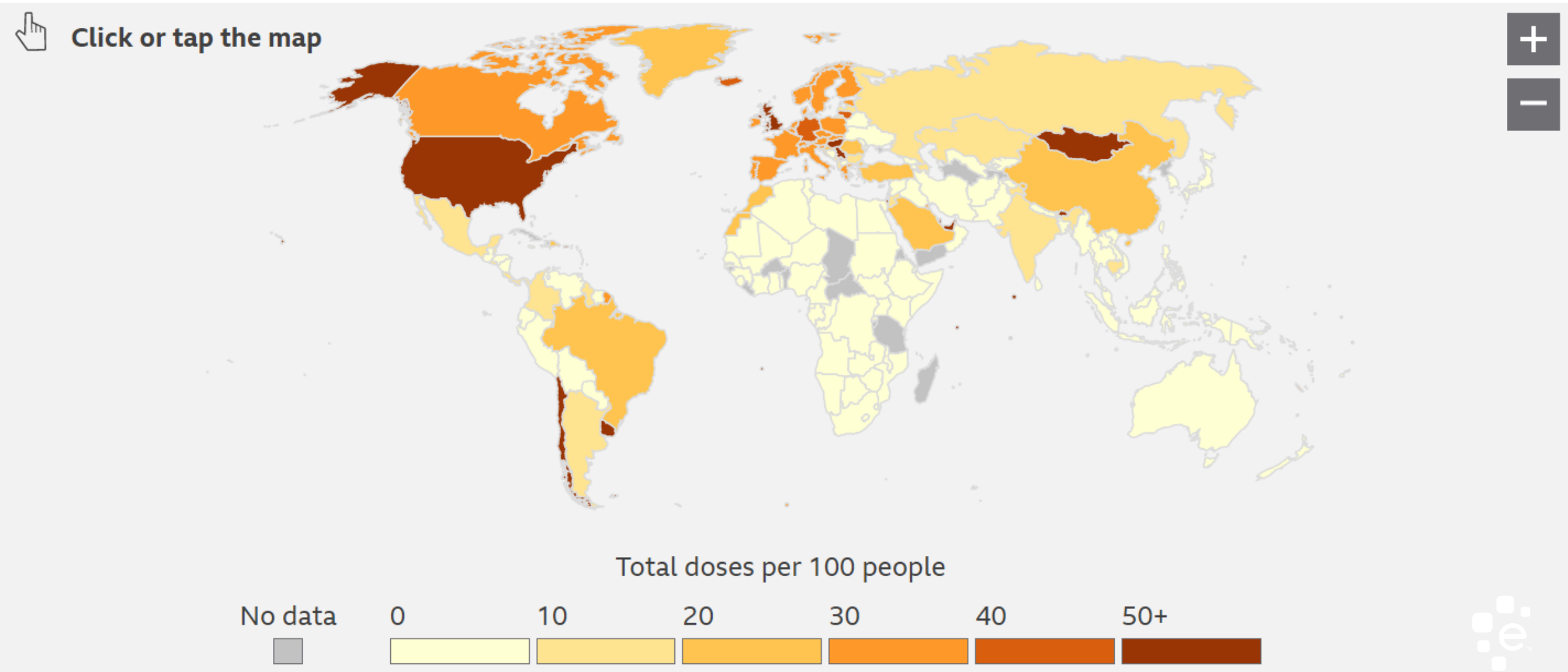**Total Test Results in US**
444,043,481

61,585,617 tests California US

52,658,279 tests New York US
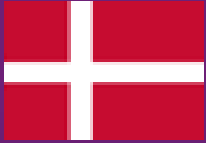
23,522,592 tests Texas US

◁ US Test Re... ▷

2M

1M

0

Jul 2021

◁ Daily Cases ▷

Global vaccinations

Click or tap the map

Total doses per 100 people

No data   0   10   20   30   40   50+

Recent trends: 2020

	Norway	Denmark	Sweden	Finland	Netherlands
GDP	-2.5%	-2.7%	-2.8%	-2.8%	-3.7%
Unemployment	4.4%	5.6%	8.3%	7.8%	3.8%

What is NiGEM?

A transparent, peer reviewed global econometric model

Over 60 countries and regions modeled
- Detailed country-level models

Provides access to forecasts, scenarios and stochastic output for over 5000 macro variables
- Allows complete replicability of our in-house processes

Historical and forecast data updated quarterly

The scenario suite allows us to run simulations for economic shocks
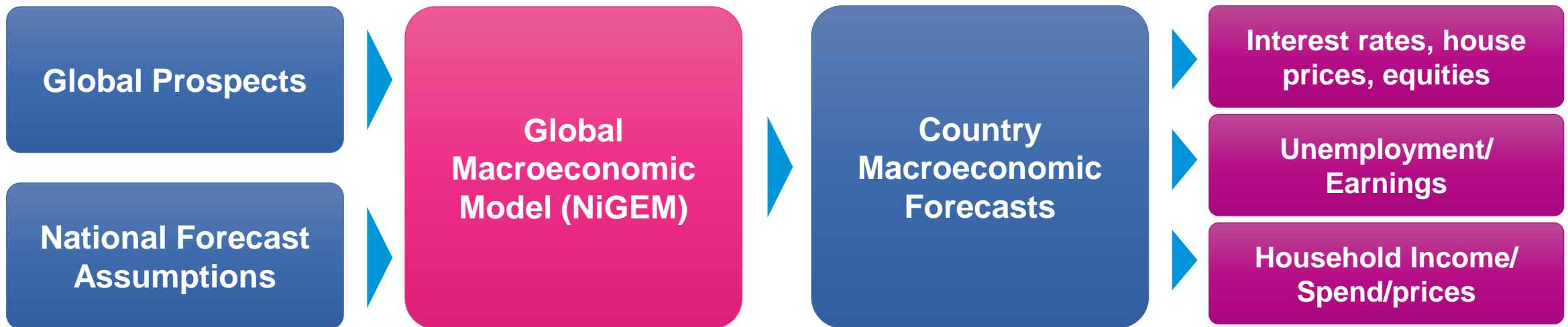- Common shocks include, fiscal, monetary policies commodity prices, labor market
- Tariffs, trade and investment
- Financial market modelling of risk premia

Macroeconomic model overview: NiGEM

NiGEM uses 'Top-down' approach for the forecasts in order to ensure:

- Transparency of models & assumptions
- Explicit forecast 'narrative'
- Internal consistency
- Flexible scenario capabilities – including client and regulatory scenarios

At the country level, granular economic data and forecasts to give real insight into exposures at a granular level
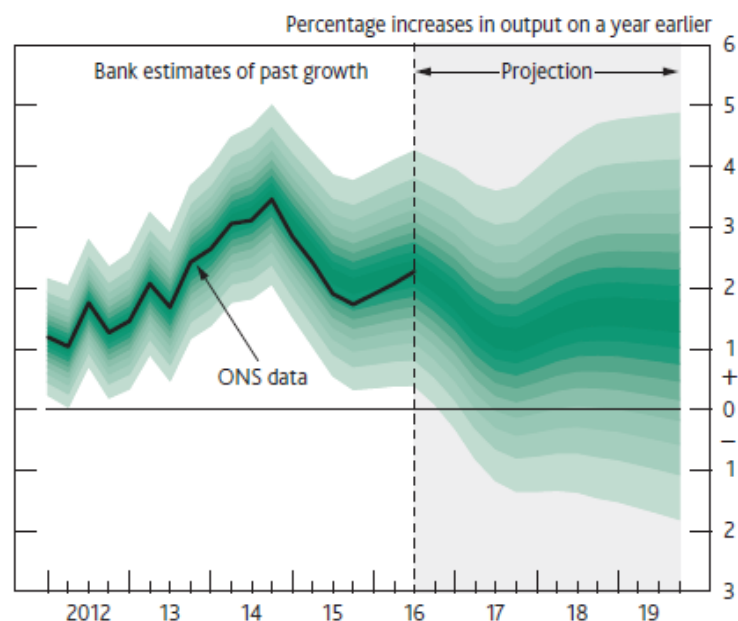
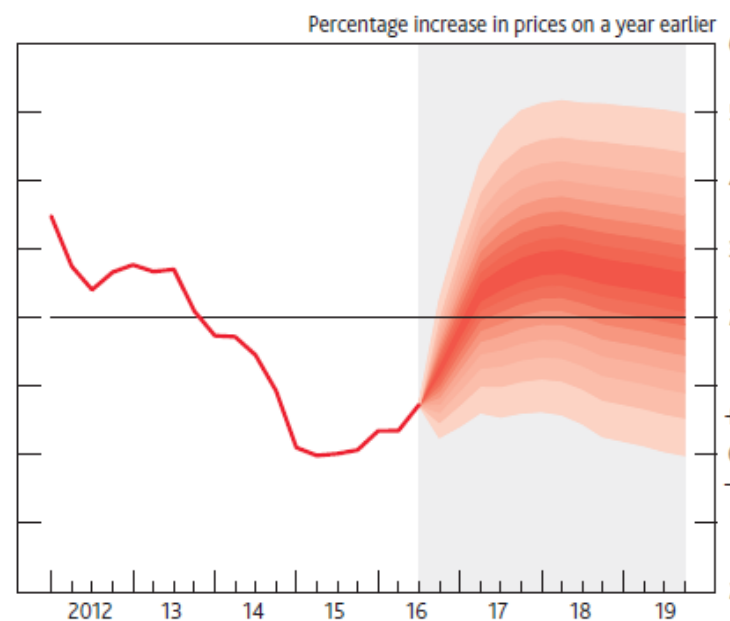**Global Prospects** → **Global Macroeconomic Model (NiGEM)** → **Country Macroeconomic Forecasts** → **Interest rates, house prices, equities**

National Forecast Assumptions →

→ **Unemployment/ Earnings**

→ **Household Income/ Spend/prices**

Macroeconomic forecasts

Uncertainties and probabilities

'Fan Charts'

GDP projection (narrow bands)[a][b]

Percentage increases in output on a year earlier

Bank estimates of past growth · Projection

ONS data

2012 13 14 15 16 17 18 19

CPI inflation projection (narrow bands)[a]

Percentage increase in prices on a year earlier

2012 13 14 15 16 17 18 19

Unemployment rate projection[a][b][i][j]

Unemployment rate, per cent
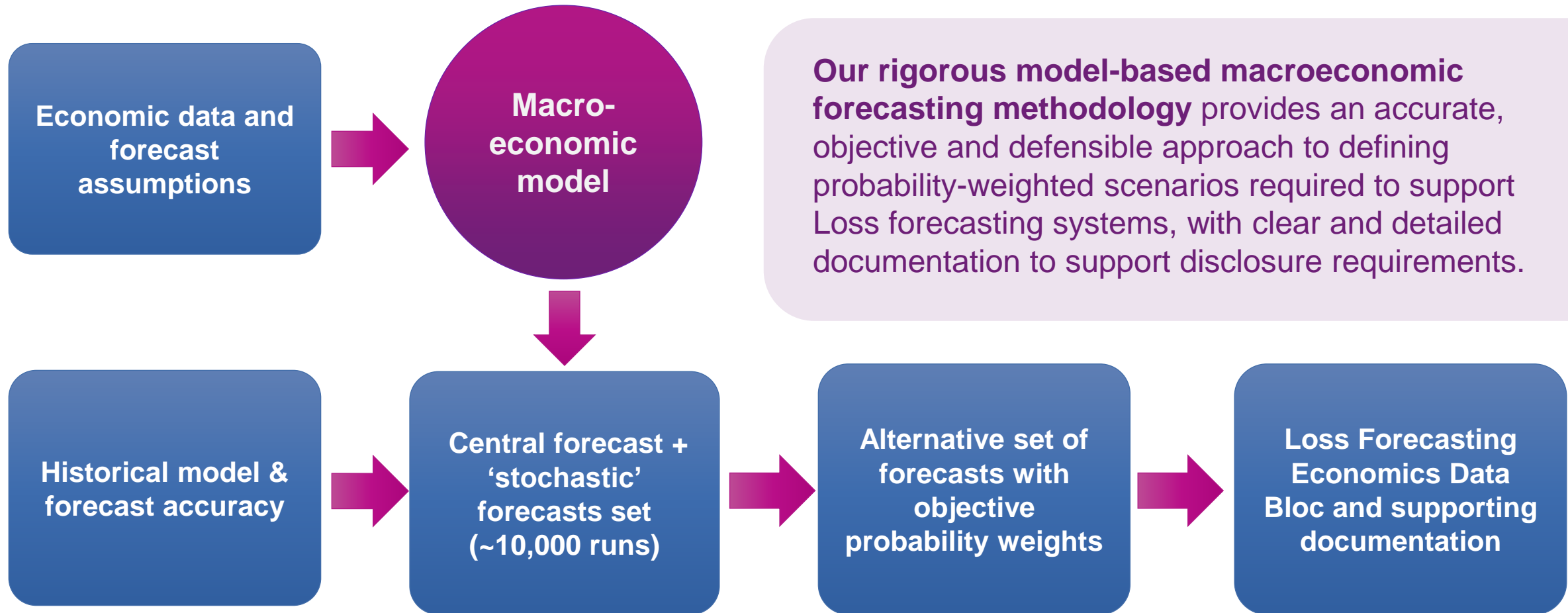
2012 13 14 15 16 17 18 19
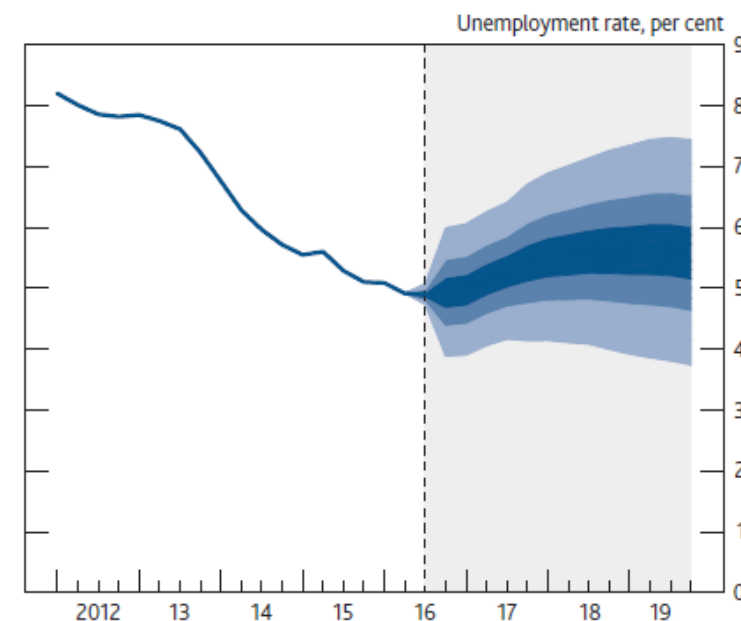
Show the range of possible outcomes for each variable.
Do not consider probabilities for combinations of variables (e.g. slow growth + high inflation + rising unemployment)

We generally need to consider combinations of variables for credit risk assessment (including Loss forecasting)
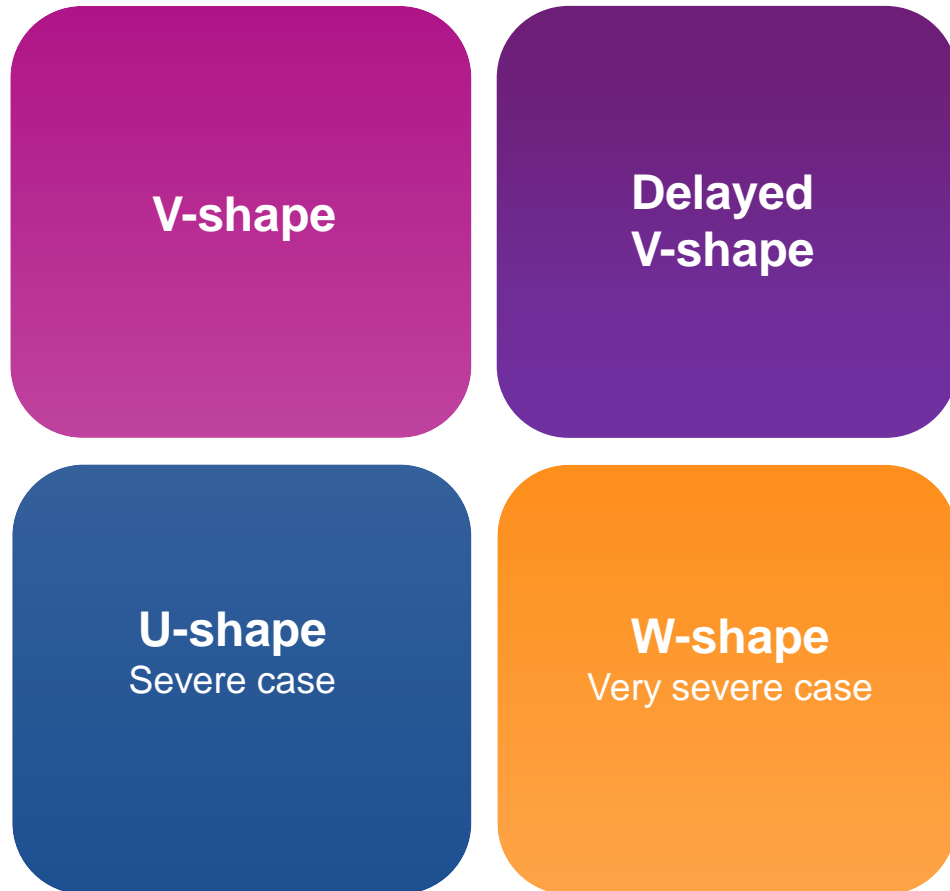
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Expected credit loss – our methodology

Probability-weighted economic forecasts

Economic data and forecast assumptions

Macro-economic model

Our rigorous model-based macroeconomic forecasting methodology provides an accurate, objective and defensible approach to defining probability-weighted scenarios required to support Loss forecasting systems, with clear and detailed documentation to support disclosure requirements.

Historical model & forecast accuracy

Central forecast + 'stochastic' forecasts set (~10,000 runs)

Alternative set of forecasts with objective probability weights

Loss Forecasting Economics Data Bloc and supporting documentation

e.g. 40% central case with 30% upside & downside cases

Macroeconomic scenarios

V-shape

Delayed V-shape

U-shape
Severe case

W-shape
Very severe case

What will be the shape of the recovery?

U-shape **20%**

V-shape **20%**

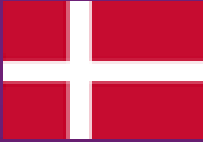W-shape **15%**

Delayed V-shape **45%**
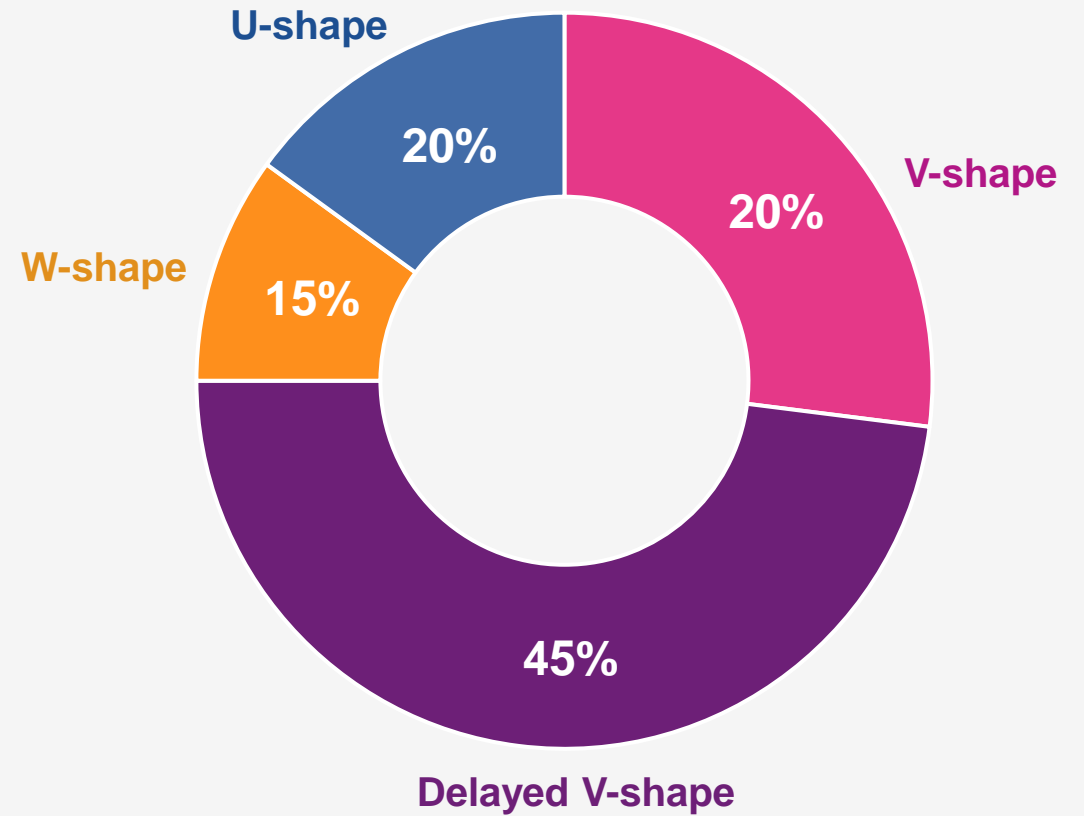
LOOKING FORWARD

2021

Risk and opportunity unevenly spread

All about understanding and unlocking consumer behaviour

Outlook: 2021

	Norway	Denmark	Sweden	Finland	Netherlands
GDP	3.7%	3.0%	3.3%	2.3%	2.6%
Unemployment	4.8%	5.8%	8.5%	8.0%	4.3%

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