

**EMBARGOED UNTIL: 09:30 (UTC) July 16<sup>th</sup> 2020**

# IHS Markit COVID-19 recovery survey

## US and China anticipate fastest economic recoveries from COVID-19

- Companies in the US are expecting to lead the recovery of output lost due to the COVID-19 pandemic, according to survey data compiled by IHS Markit, though Chinese companies have so far suffered the smallest hit.
- On average, firms expect to have recouped output lost due to the pandemic by the end of the year, with average expectations of just three months in the US and China. The longest average recovery is seen in the UK at nearly nine months.
- Hotels, restaurants and other consumer-facing services are anticipating the longest recoveries, and the greatest likelihood of a permanent loss of output.

The survey, undertaken in June 2020, asked companies to report whether output had risen or fallen since the start of the pandemic, and to give guidance on when any loss would be fully recouped, if ever. The survey was conducted simultaneously in 12 countries, directed at companies that participate in IHS Markit's manufacturing and services PMI surveys. Responses were received from 6,887 companies. Note that retail, energy, construction and government entities are excluded from the survey coverage.

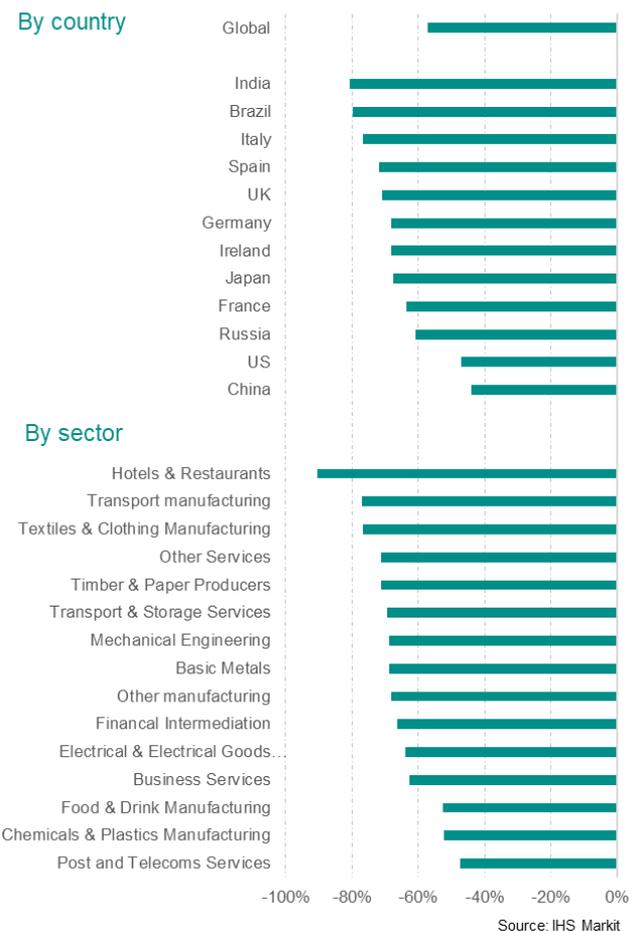
### Two-thirds of all companies report output to be running below pre-pandemic peaks

Just 8% of companies globally reported that their output was higher in June than prior to the COVID-19 pandemic, which first escalated in February 2020. More encouragingly, a further 27% reported that current output matched pre-pandemic peaks, meaning that just over one-third (35%) of firms globally report their output to have either matched or exceeded pre-pandemic peaks.

However, almost two-thirds of firms (65%) reported that output remained below pre-COVID peaks, resulting in a net balance of those reporting an increase minus those reporting a decline of -57%.

### Output compared to pre-pandemic peaks

% net balance (those reporting that output has risen as of mid-June since the COVID-19 outbreak minus those reporting a decline, excluding "don't knows")



### China leads recovery so far, followed by the US

Firms in China reported the smallest output loss compared to prior to the pandemic, linked to the Chinese economy having been locked down relatively early and consequently opened up earlier, followed by the US – the only two economies to see output losses below the global average.

The greatest loss of output was reported by companies in India followed by Brazil, which are two of the

economies which continued to endure relatively tight restrictions to contain the COVID-19 outbreak in June.

All sectors report output to be lower than prior to the pandemic on average, albeit less so at post and telecoms services, chemical & plastics firms and food & drink manufacturers. The steepest losses have meanwhile been seen in the hotels & restaurants, transport manufacturing, textiles & clothing and ‘other’ (mainly consumer) services sectors.

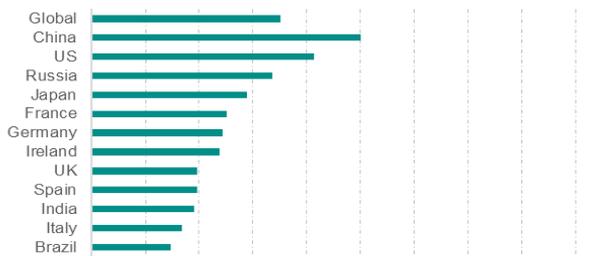
## Permanent loss of output most common in Japan

Just 2% of firms globally never expect to regain their pre-pandemic output peaks, ranging from zero companies in the US and China to 12% in Japan.

### Stage of recovery from pandemic

% of companies (excluding “don’t knows”) as of mid-June

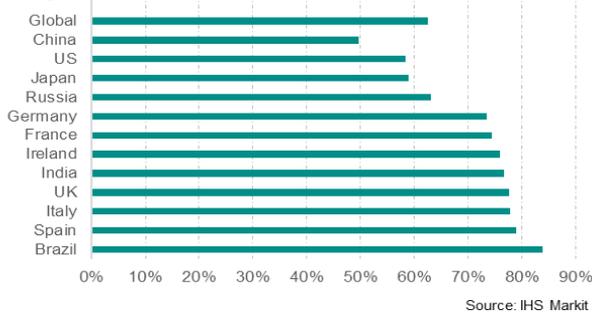
#### Already recovered or surpassed pre-virus peak



#### Will never recover



#### Waiting to recover



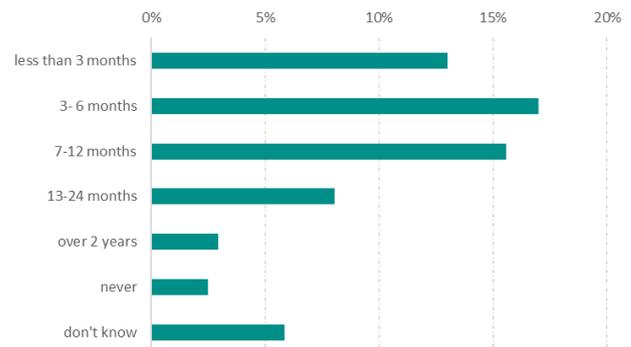
By sector, the most common expectation of a permanent loss of output was seen in the transport services sector, which includes airlines, and ‘other’ services, which includes many recreational activities.

## Variance in recovery paths for lost output

Of those companies still waiting to recover, 13% globally expect to have regained their prior peaks within three months, with a further 17% within six months, meaning over a quarter of all firms expect to regain lost output by the end of 2020. An additional 16% expect to have recovered by mid-2021, leaving one-in-five with longer or unknown recovery paths.

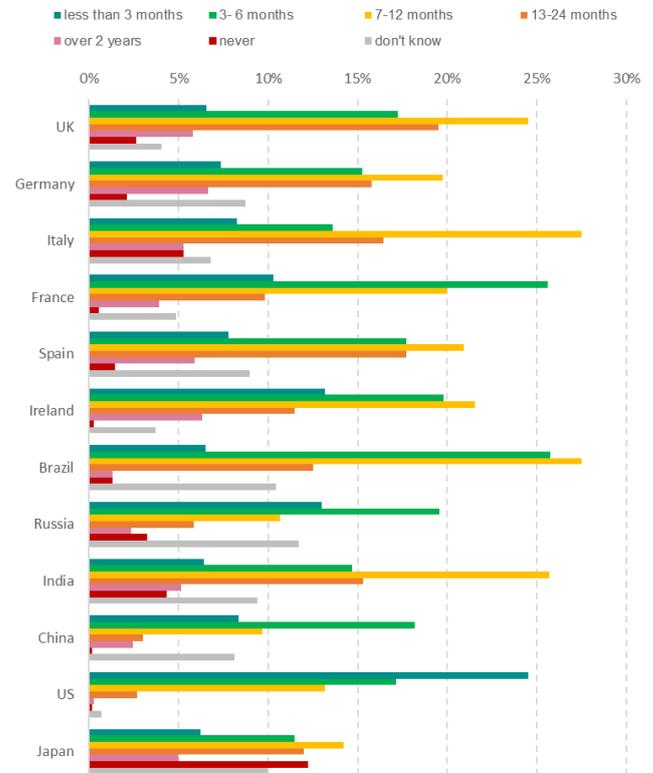
### Global output recovery expectations

If your output is lower, how long do you expect it to take to fully recover to pre-pandemic levels?



Source: IHS Markit

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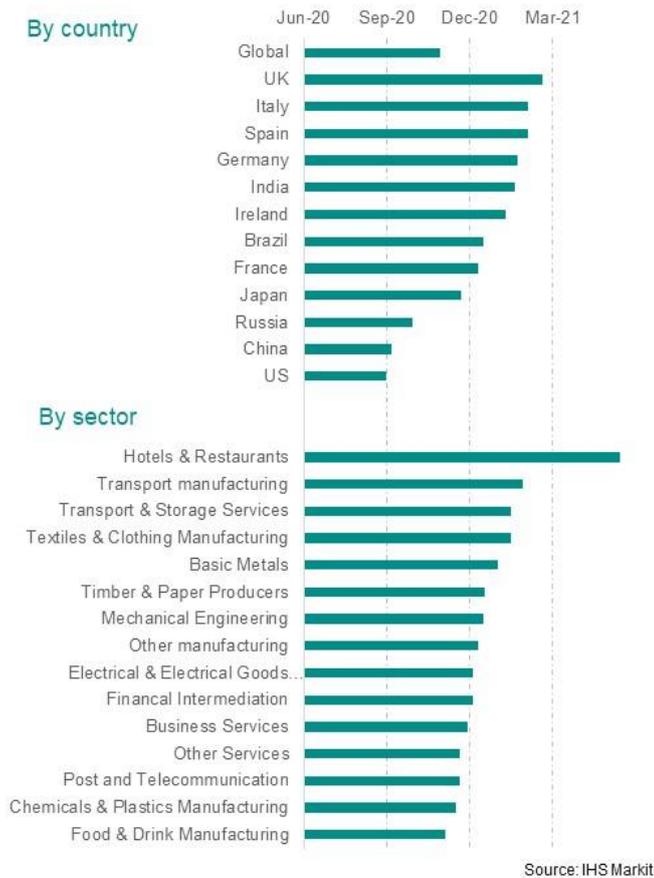
Source: IHS Markit

## Recoveries generally expected in months

The survey data therefore imply that, of the 62% of firms that are waiting (and still expect) to recover their lost output, the average recovery time is five months, ranging from an average of almost nine months in the UK to just three months in the US and just over three months in China. By sector, the longest expected recovery time is seen for hotels & restaurants.

### Expected recovery dates

Date when firms expect, on average, to regain pre-pandemic output peaks



## US firms most upbeat on recovery paths

Looking at an overall gauge of COVID-19 recovery paths, which takes into account not just the proportion of firms that have already exceeded pre-pandemic output peaks but also considers expected recovery times for the remaining companies<sup>1</sup>, firms in the US are the most upbeat regarding recovery followed by China. That said, the data were collected prior to the reacceleration of case numbers in the US and the reimposition of restrictions in some states which is likely

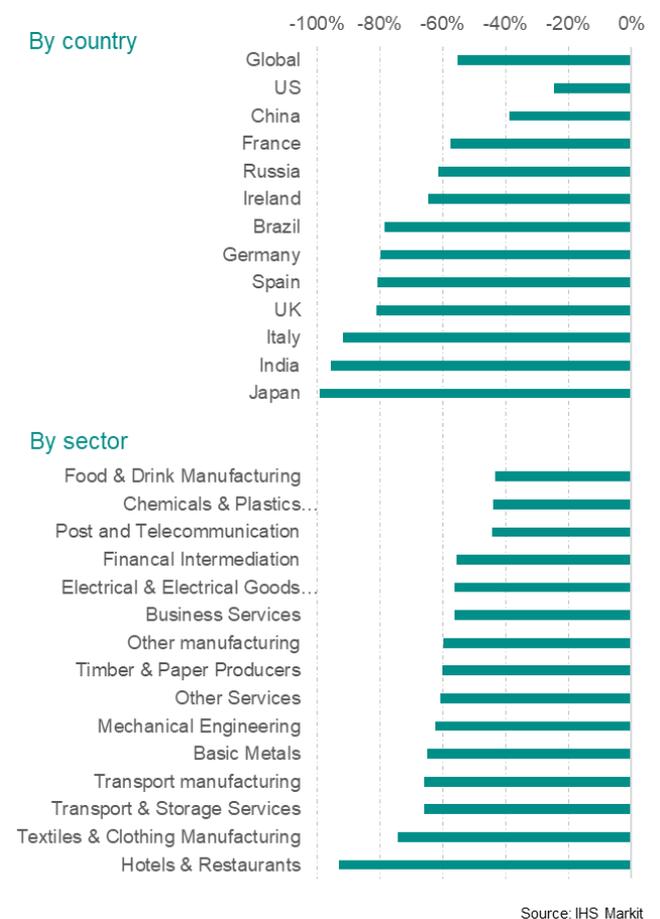
<sup>1</sup> The proportion of companies still to recover lost output is weighted, with those that have a longer expected recovery time given a higher weight.

to delay recoveries. Firms in Japan have the longest recovery expectations (from this moment in time), followed by India, Italy and the UK.

By sector, food & drink companies see the fastest recovery paths followed by chemicals & plastics manufacturers. Hotels and restaurants see the longest recovery path, followed by textile & clothing makers and transport services.

### COVID-19 recovery indices

Recovery speed-adjusted % net balance (those reporting that business output has risen as of mid-June since the COVID-19 outbreak minus those reporting a decline, with weights assigned to the latter depending on when companies expect their output to be fully recovered)



### Comment:

Commenting on the survey, **Chris Williamson**, Chief Business Economist at IHS Markit, said:

*“The survey reveals a surprisingly short anticipated path to recovery for companies on average, which will help ferment expectations of a v-shaped recovery for many markets. Firms in the US and China are particularly*

*optimistic, while Japanese, Indian and Italian firms are especially downbeat, though even in these countries average recovery paths are measured in months not years.*

*“Such optimistic expectations are encouraging, but setbacks along the way, such as that currently being seen in the US, seem likely. Persistent weak demand and ongoing social distancing measures until an effective treatment or vaccine for the coronavirus are available will also be a challenge for firms.*

*“The longest recovery paths are seen for companies in the hotels, restaurants, clothing, transport and vehicle manufacturing sectors, reflecting the persistent need for social distancing, quiet high streets and a lack of demand for travel and tourism.”*

Full data are available on request from [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com)

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#### Notes to Editors:

The Global COVID-19 Recovery Survey for worldwide manufacturing and services is produced by IHS Markit and is based on a survey of around 12,000 manufacturers and service providers. Responses were received from 6,887 companies between 12 and 29 June.

#### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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