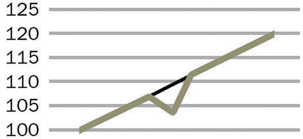
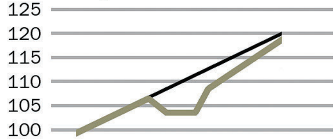
Simulation is based on 4 archetypes of the crisis

GDP level

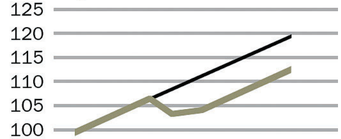
1 ARCHETYPE **Contained V path**



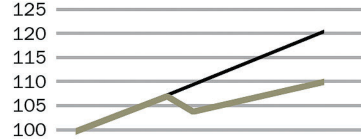
2 ARCHETYPE **Deep V skewed on U**



3 ARCHETYPE **U path**



4 ARCHETYPE **L path**



	1 ARCHETYPE Contained V path	2 ARCHETYPE Deep V skewed on U	3 ARCHETYPE U path	4 ARCHETYPE L path
Macroeconomic	■ Positive surprise in virus properties ■ Rapid catch-up in mitigation measures and their effectiveness ■ Significant monetary and fiscal response ■ Household and business spending stays largely intact ■ Few businesses fail; unemployment recovers from initial dip	■ Virus properties stay or worsen ■ Mitigation efforts are slow/unsuccessful and have to be extended ■ Household and business confidence falls and remains depressed (2008-09 crisis) ■ Rebound through governmental support in investments, business sector and households	■ Virus properties linger into 2021 with continued fear of mutation ■ Mitigation efforts are intense, yet ultimately unsuccessful ■ Mitigation efforts have to be sustained for an extended period ■ Household and business confidence collapses and remains depressed ■ Financial system begins to show cracks	Consistent repeated shock: ■ To labor — potentially facilitated by a repeated deadly pandemic ■ To capital — potentially facilitated by an inability to invest as in the past ■ To productivity — potentially facilitated by a break in the capacity to learn
Automotive	■ Government-backed incentives and cheap credit spur quick recovery ■ Deferred automotive demand recovered to large extent	■ Confidence remains low, and consumers continue to defer major purchases ■ Demand partly recovered, yet significant portion of sales lost in 2020	■ New-vehicle sales remain depressed as market moves into prolonged economic downturn ■ Significant portion of sales lost	■ Disruption to auto supply chains ■ Continued shutdowns — e.g., manufacturing, dealerships, etc. ■ Immense loss of sales
Assumptions	■ Short-term crisis impact: **~3 months** ■ Macroeconomic impact: **~9 months** ■ GDP drawdown: **~2 percentage points**	■ Short-term crisis impact: **~6 months** ■ Macroeconomic impact: **~18 months** ■ GDP drawdown: **~5 percentage points**	■ Short-term crisis impact: **~9 months** ■ Macroeconomic impact: **~24 months** ■ GDP drawdown: **~6 percentage points**	■ Short-term crisis impact: **>12 months** ■ Macroeconomic impact: **>24 months** ■ GDP drawdown: **~7 percentage points**
	← Unlikely →	← COVID-19 crisis is most likely in this range	→	← Unlikely →

Source: BCG analysis