
[Download](#)

[Other Working Papers](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

Javier G. Gómez-Pineda

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc)

Publication Date:
Thursday, 06 August 2020

The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

Abstract

With the help of growth forecasts and a simple structural model, we build a likely forward-looking account of the depth, length and shape of the recession as well as of the demand and supply shocks that may be driving it. The results point to an approximately –8 percent deep, V-shaped recession with partial recovery in advanced economies and an approximately –9 percent deep, L-shaped recession in emerging and developing economies. In addition, the projected shapes likely involve, in advanced economies, an output level shock and in emerging and developing economies, an output growth shock. In light of the forecast performance during the 2008 global financial crisis, growth forecasts might be informative about the depth of the recession as soon as 6 months after the beginning of the recession and, in advanced economies, might be informative about the shape of the recession about 12 months after the beginning of the recession. The depth and shape of the recession are important for monetary and fiscal policy analysis. The simple structural model does not have the problem of univariate filters that can misleadingly attribute to demand shocks a large part of output variability that is actually originated in supply shocks.