



Business English News 43 - COVID-19 Economic Impact

The world first heard about cases of a **novel coronavirus** on December 31st, 2019. In just two short months, the World Health Organization had **declared** a global **pandemic**. The impact on the world economy was **instantaneous**, as the World Economic Forum explains:

The COVID-19 pandemic has hit global trade and investment at an **unprecedented** speed and **scale**. Multinational companies faced an initial **supply shock**, then a **demand shock** as more and more countries ordered people to stay at home. Governments, businesses and individual consumers suddenly **struggled** to **procure** basic products and materials, and were forced to **confront** the **fragility** of the modern **supply chain**.

Now, as we approach summer, supply chains still don't feel completely secure. Economic forecasts look pretty **gloomy** as nations **emerging** from **lockdown** attempt to **kickstart** their economies. The stock market, however, has provided some surprises amid the crisis. As Vox reports:

Earlier in the coronavirus crisis, Wall Street had a **meltdown**. Stocks **plunged** amid fears of the disease's spread and its potential impact on the global economy, sometimes to the point that trading was **halted** altogether to **rein in** the **chaos**. But in recent weeks, the market has been doing okay. It's not at the record **highs** it was in mid-February, but it's not bad. And given the state of the world, a relatively **rosy** stock market is particularly **perplexing**.

Rosy stock market or not, the economic trouble **runs deep**. It's not just the financial **big guns** that are suffering. It's the entire **foundation of** the economy, including a massive hit to small and medium-sized businesses, which have been forced to close altogether or **scale down**. And all this **translates into** huge jobless numbers. According to the New York Times:

The latest evidence of the economic **devastation** from the coronavirus pandemic came Thursday as the U.S. government reported that an additional 3.2 million jobless **claims** were **filed** last week. The weekly **tallies** have **declined** since reaching a **peak** of 6.9 million claims in late March, but the numbers are still **stupefying**: Over 33 million people have joined the **unemployment rolls** in seven weeks.

Of course, governments can't **sit idly by** while the economy **goes up in flames**. Indeed, throughout Europe, Asia, and North America, nation states have **stepped in** to support individuals and businesses. In the U.S., the response was massive, as CNBC reports:

Lawmakers in March moved **swiftly** to approve a historic **stimulus package** that would **inject** trillions of dollars into the economy as incomes and revenues **evaporated**. The Coronavirus Aid, Relief, and Economic Security, or CARES, Act injects more than \$7 trillion into the economy: \$2.2 trillion for direct **checks** to Americans, expanded **unemployment benefits**, money for health care, **forgivable** small business loans, and **authorization** for the Federal Reserve to invest more than \$5 trillion into **custom-made** lending programs.

But not every industry or company is impacted equally in a crisis. Despite the deep damage done to tourism, aviation, oil and gas, retail, and hospitality, there are a few winners in the crisis. As the Economist notes:

Demand for online services has **exploded** and the **infrastructure** behind the internet has proved to be **remarkably reliable**. **Newcomers** such as Slack and Zoom, which help businesses **operate remotely**, have become **household names**. And although some tech supply chains are **creaking** and online advertising spending has **dipped**, overall the big five firms are seeing **surging** demand.

Happy news to **big tech** notwithstanding, the **situation is dire**. As the pandemic **gathered momentum** through March and April, historical comparisons became increasingly **grimmer**. Channel News Asia outlines the following:

Economists have been warning for weeks that the pandemic will lead to a global **economic downturn** not seen since the **Great Depression** of the 1930s and new data is **bringing** the impact **into sharper focus**. The Bank of England said the economic output of Britain - which has the second-highest number of deaths in the world - was set to **crash** 14 per cent this year. The **forecast** came a day after the European Union warned of a 7.7-percent eurozone **contraction** in 2020.

But there has to be a limit to the bad news. Countries around the world are **crafting** approaches to opening up their economies, ending lockdowns, and getting people back to work. And whether or not a **much-anticipated second wave** hits, companies are figuring out what the **new normal** will look like. And that means recovery, as CNN concludes:

We had a hard, fast drop in March, and I think how **we bounce back** will be a long, steady **inching up** through the end of 2020," said Steve Rick, chief economist at CUNA Mutual Group. That kind of **comeback** would be similar to what happened **in the wake of** the Great Recession of 2008, which didn't feel like much of a recovery at all!

Vocabulary

Novel coronavirus: a new strain of viral disease not seen before in humans; "Disease experts are constantly watching for the emergence of novel coronaviruses so they can stop them from spreading."

To declare: to officially announce that something is happening; "The President declared a State of Emergency, which gave temporary special powers."

Pandemic: a worldwide spread of a new disease; "In the early 1950s, the polio pandemic reached its highest point in North America, killing thousands of people."

Instantaneous: happening immediately or instantly; "When the amazing new manager was hired, the positive effects on the team were instantaneous."

Unprecedented scale: a size or extent of something that is larger than anything else before; "The COVID-19 crisis has impacted airlines at an unprecedented scale, causing drops in demand of up to 90%."

Supply shock / Demand shock: a sudden, unexpected change in the supply – how much is available – or demand – how much is wanted – of a good, which impacts its price; "The release of so much oil into the market by OPEC and Russia have created a supply shock that has driven oil prices extremely low."

To struggle: to try to do something with difficulty or suffering; "Many workers, especially those with young families, struggle to adapt to working from home."

To procure: to obtain something, especially with effort; "Our buyers are tasked with procuring only the best quality clothing for our department stores."

To confront: to face and deal with something difficult; "This safety inspection has forced us to finally confront the problems that have existed for a long time."

Fragility: the quality of being easily broken or damaged; "Given the overall political fragility in Hungary, I'm not so sure we should invest there."

Supply chain: a network and series of processes among companies and their suppliers to distribute a product to its final buyer or user; "Problems at many meat-packing facilities are affecting the security of the entire food supply chain."

Gloomy: sad or pessimistic; "While some economists are hopeful for a quick economic recovery, others are making very gloomy predictions."

To emerge: to appear or become known; "Zoom has emerged as a clear winner in the world of videoconferencing, with millions of new users."

Lockdown: a situation where people are not allowed to move freely because of an emergency; "The lockdown in Italy was so strict that people were fined for leaving home without a good reason."

To kickstart: to make something active again after a period of no or slow activity; "We put the mill down to one shift a day for a month, but we're now ready to kickstart normal operations again."

Meltdown: a sudden and complete failure; "If investors continue to lose confidence, we might see a total meltdown in the stock market."

To plunge: to decrease rapidly and greatly; "Boeing's stock plunged more than 50% during the crisis, but is expected to come back now that the company is resuming production."

To halt: to stop; "The Federal Reserve has decided to raise interest rates in order to halt inflation."

To rein in: to control or limit something that has happened too much or for too long; "Every department is going to have to find ways to rein in spending as we head into this recession."

Chaos: total disorganization; "In some U.S. states, orders to stay home have resulted in chaos among people who think the economic impact is worse than the disease."

Highs: periods of great amount, number or degree; "We have no hope of reaching new highs in sales unless we make a quick transition to online retail."

Rosy: positive or optimistic; "Sure, in the short term property values will go down, but long-term my view of the real estate market is still rosy."

Perplexing: confusing; "Not many businesses have accessed the rent relief measures because the application procedures are perplexing."

To run deep: to be strongly or broadly felt; "The staff's respect for their CEO runs deep, as demonstrated by their support for him in the crisis."

Big guns: powerful or important people or organizations; "There's a lot of pressure on the government not to offer too much to the financial big guns that were bailed out in 2008."

Foundation: the most basic part of something from which other things develop; "Government-backed student loans form the foundation of the entire business model of some American universities."

To scale down: to become smaller, for an operation or system; "We plan to scale down operations and lay off staff for only a few months."

To translate into: to lead to; "More people working from home has translated into great pressure on Internet infrastructure."

Devastation: great destruction; "Rural areas are generally safer than urban environments, as witnessed by the devastation in New York hospitals."

To file a claim: to submit a request for money, from an insurance company or government; "The government is promising you will receive money within 14 days of filing a claim for benefits."

Tally: a record of how many of something; "Some medical experts say that the real death toll in the U.S. is higher than the official current tally of 80,000."

To decline: to decrease; "Since implementing our new health and wellness plan, we've seen a 20% decline in staff illness."

Peak: the highest point; "While many European countries are reopening their economies, Russia hasn't yet reached its peak of COVID-19 cases."

Stupefying: very confusing or surprising; "Union leaders say its stupefying that management hasn't taken the safety issues more seriously."

Unemployment rolls: the list of jobless people who have applied for government benefits.

To sit idly by: to not take action when something bad is happening; "If we sit idly by while our competition innovates, we will fail as a company."

To go up in flames: to fail completely or be destroyed; "Our plans for European expansion and two new factories have gone up in flames with the recent pandemic."

To step in: to enter a situation to try to help solve a problem; "Retailers are really hoping the government steps in with support paying rent during the crisis."

Lawmaker: politician.

Swiftly: quickly; "New Zealand has avoided a lot of COVID-cases because their government reacted very swiftly with very strict measures."

Stimulus package: a government economic program designed to help suffering economies by stimulating economic activity; "It seems that each week the government announces new relief measures to its already massive stimulus package."

To inject: to put into; "Dan and Jay have really injected a lot more positivity into the workplace culture."

To evaporate: to suddenly disappear; "Our interest in acquiring Jayden Industries quickly evaporated when we found out about their aging technology."

Check: a written order from a person's bank for money to be transferred; "If you forget to sign your check, the recipient won't be able to cash it at the bank."

Unemployment benefits: money provided by the government to a person without a job.

Forgivable: a "forgivable" loan is one where all or part does not have to be paid back if certain conditions are met; "The government has made any of the loan amount used for payroll costs forgivable, but companies will have to repay the rest."

Authorization: official approval or permission; "The drugs have been proven safe, but they still haven't gone through all the steps to receive official authorization for public use."

Custom-made: made or designed for a particular situation, person, or customer; "We've never done this type of manufacturing work before, so we'll need custom-made machinery."

To explode: to increase quickly and suddenly; "Shopify's demand for their online retail platform has exploded during the pandemic."

Infrastructure: the basic physical system of facilities and structures needed for something to function.

Remarkably reliable: very stable or well-functioning; "I wasn't sure about the quality of these Asus laptops, but they have proven remarkably reliable."

Newcomer: a person or company that is new to a place, situation, or market; "It's very difficult for newcomers to compete in a busy marketplace dominated by Amazon."

Remotely: from a distance, or virtually; "Twitter has announced that all its staff may continue to work remotely even after the COVID crisis."

Household name: a person or company that is known by almost everyone; "Blackberry was once a household name in the mobile phone business, but it's rare to see their devices now."

To creak: to show signs of stress or possible breakdown, for a system; "It's time to put some money into upgrading our aging subway system, before real problems occur."

To dip: to become less; "We saw a small dip in business but have now come back to normal sales levels."

Surging: suddenly increasing; "Demand for factory robots is surging, as companies try to find ways to ensure physical distancing in their plants."

Big tech: the huge technology companies, including Apple, Facebook, Amazon, Google, and Microsoft.

Dire situation: very serious or severe situation; "We've had difficult times in our company's past, but I'm worried we won't actually make it out of this dire situation."

To gather momentum: to gradually become higher, stronger, or greater; "After receiving approval to operate in Vancouver, Uber has quickly gathered momentum."

Grim: negative or pessimistic; "Many economists are saying that the future of big oil and gas companies is looking especially grim at this time."

Downturn: a reduction on economic activity; "I've lived through several downturns before, starting in the 80s, and I'm confident we'll make it out of this one eventually."

Great Depression: the worst economic downturn in modern history, from 1929 to 1939.

To bring into sharper focus: to make something clearer, easier to understand, or easier to see; "We've needed stronger reserves of emergency equipment for many years, but this crisis has really brought that into sharper focus."

To crash: to fail suddenly and completely; "Several large financial companies avoided a complete crash in 2008, thanks to government relief money."

Forecast: an expert prediction about the future; "It's really difficult to make accurate forecasts when there's still so much uncertainty about the virus."

Contraction: a decrease in economic activity, as measured by Gross Domestic Product; "I don't think there's any national economy that won't experience a contraction in 2020."

To craft: to carefully create; "As we make plans to reopen, we're crafting an entire new set of policies and procedures around facilities and safety."

Much-anticipated: expected by many people or for a long time; "The much-anticipated Tokyo Olympics have been put on hold until 2021."

Second wave: a situation where a disease that has decreased after an initial spread begins spreading again; "Businesses should be ready for a second wave of COVID, during which they may have to suspend operations again."

New normal: a situation or state that is very different from a previous situation or state; "With things changing so quickly, it feels like every week there's a new normal to get used to."

To bounce back: to become healthy or successful again after a period of low activity or failure; "Oil prices have dropped to new lows, and many experts predict they'll never bounce back to pre-crisis levels."

To inch up: to increase slowly or bit by bit; "Traffic levels have been inching up in May, but people are still very reluctant to travel."

Comeback: a situation where something becomes popular or successful again; "After years of neglect, the Bedford neighborhood appears to be making a comeback with young urban professionals."

In the wake of: happening after and because of something else; "Every major sports league is trying to figure out how to resume operations in the wake of COVID-19."

Language Review

A. Collocations

Match words from each column to make collocations found in the article.

1. Supply	a. deep	
2. To run	b. idly by	
3. Unemployment	c. back	
4. To sit	d. in flames	
5. Household	e. rolls	
6. To gather	f. chain	
7. To bounce	g. momentum	
8. To go up	h. name	

B. Vocabulary Quiz

- Which of the following describes a *positive* outlook or forecast?
 - Grim
 - Stupefying
 - Gloomy
 - Rosy
- Which of the following indicate an *increase*? [choose 2]
 - Plunge
 - Contraction
 - Explosion
 - Surging
- A lack of consumer confidence has _____ stock market volatility and decreased demand.
 - Translated into
 - Scaled down
 - Bounced back
 - Inched up

4. Despite the increase in demand for online services, the basic systems on which the Internet are built have proven to be _____
- Creaking
 - Remarkably reliable
 - Unprecedented
 - Reined in
5. There appear to be challenges in the _____, as many companies have difficulty _____ some basic materials.
- Infrastructure / filing
 - Demand shock / kickstart
 - Supply chain / procure
 - Foundation / rein in
6. Which of the following refer to an extremely *negative* situation? [choose 2]
- devastation
 - stimulus
 - comeback
 - meltdown
7. To receive money or benefits from an insurance company or government, you have to _____ a _____.
- Craft / check
 - File / claim
 - Rein in / tally
 - Procure / rolls
8. Many businesses are having difficulty figuring out what normal operations looks like _____ COVID-19.
- Much-anticipated
 - Sitting idly by
 - Translating into
 - In the wake of

Answers

A. Collocations

1/f, 2/a, 3/e, 4/b, 5/h, 6/g, 7/c, 8/d

B. Vocabulary Quiz

1/d, 2/c,d, 3/a, 4/b, 5/c, 6/a,d, 7/b, 8/d