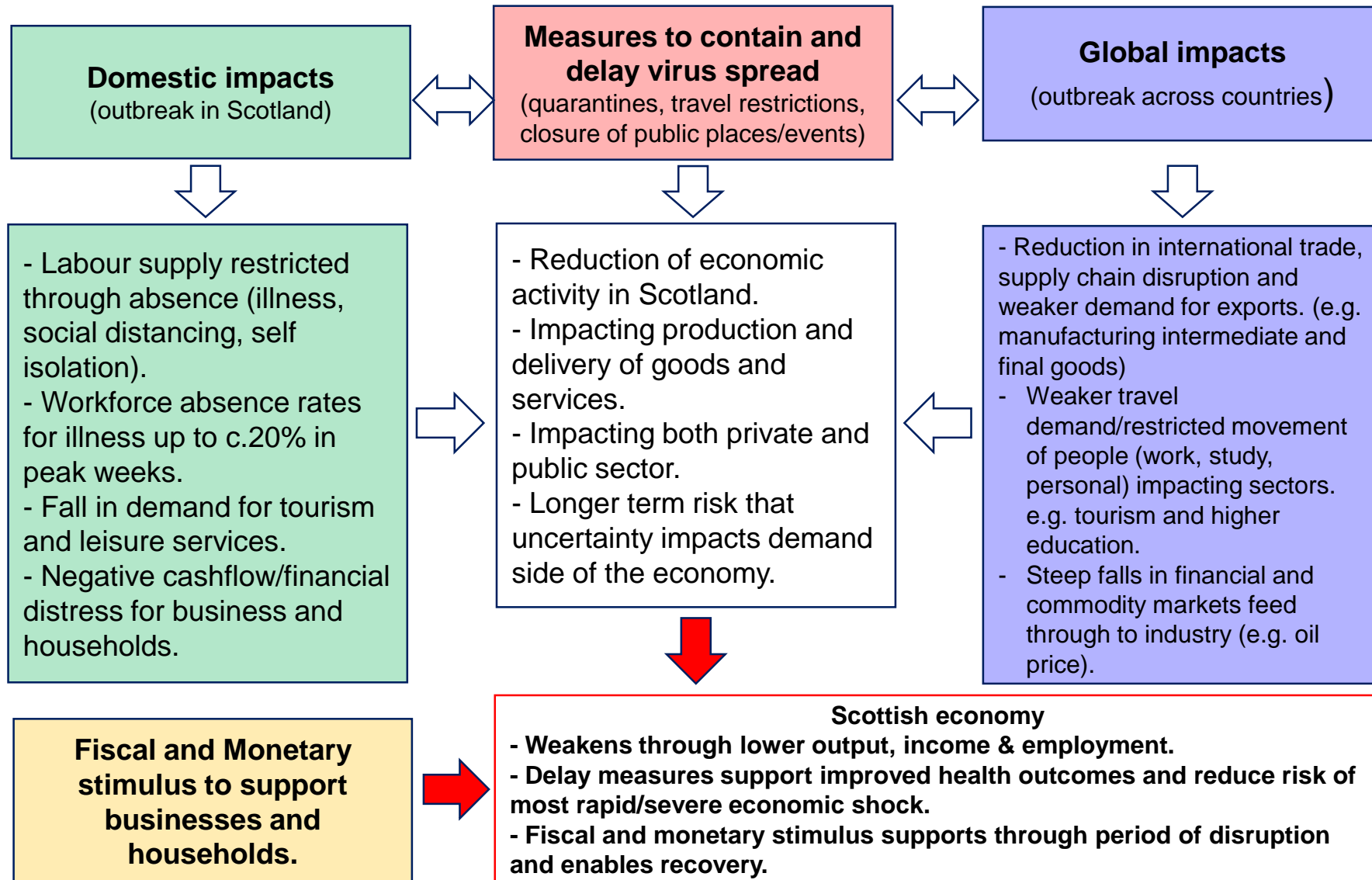


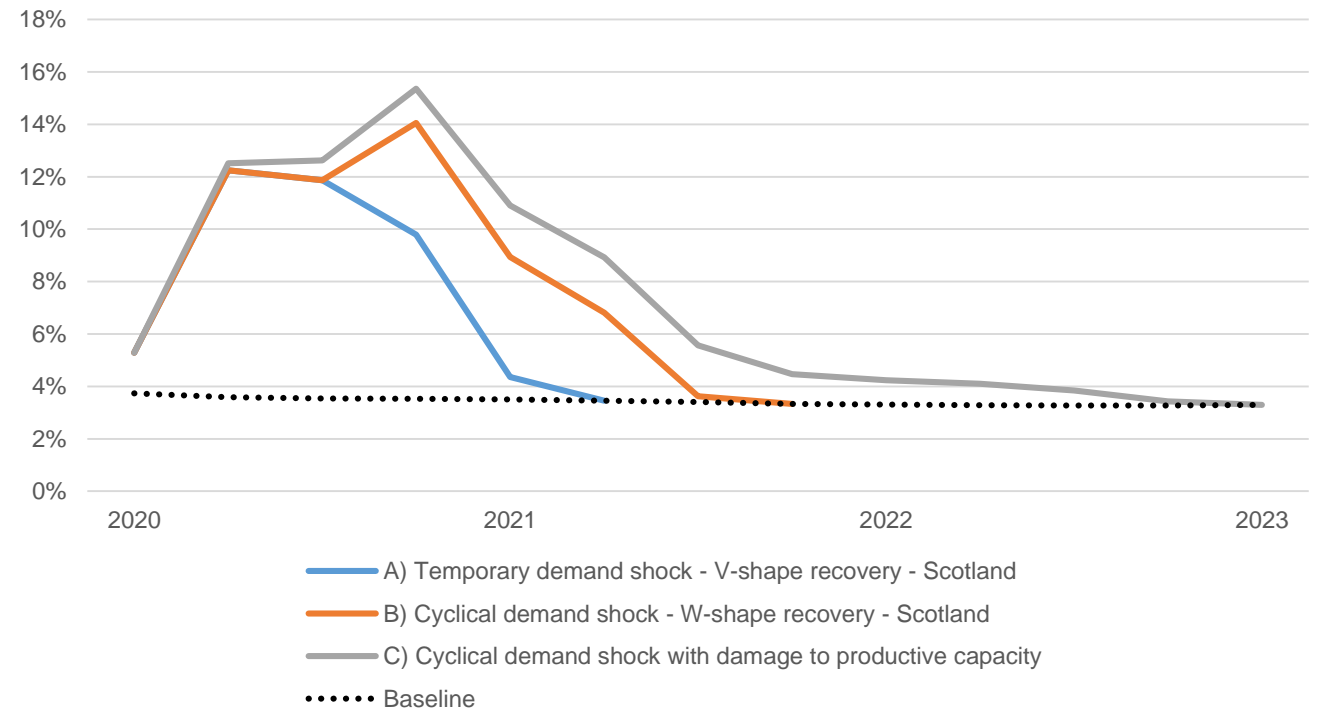
Macroeconomic channels of a global COVID-19 Pandemic.



Labour Market Impacts – illustrative scenarios

- OCEA modelled 3 scenarios to give illustration of impacts and recovery:
 - A temporary V shaped shock – with unemployment rising to around 12% and falling back to normal levels by around Q2 of 2021
 - A W shaped recovery – with unemployment rising to around 14% and recovering by around Q4 2021
 - Longer-term damage with scarring effects (an L shaped recovery), with unemployment rising to around 15% before slowly recovering
- The degree of uncertainty is large – we don't know if the medium term impact will take years for the labour market to return to pre-pandemic levels like after the financial crisis, or if it might bounce back much quicker.

Profile of the Scottish Unemployment Rate under the Illustrative Scenarios



OCEA, State of the Economy

