Covid-19 causes the economy to contract by 3.9 % in the first quarter of 2020

The flash estimate of real gross domestic product (GDP) adjusted for seasonal and calendar effects in the first quarter of 2020 dropped as a result of the covid-19 crisis by 3.9 compared with the previous quarter. In comparison to the first quarter of 2019, GDP was down by 2.8 %.

According to an earlier estimate, value added was down on the previous quarter by 3.5 % in industry, by 6.6 % in construction and by 3.6 % in services.

These growth figures are shrouded in even greater uncertainty than is normally the case with the flash estimate. Owing to the lack of administrative data for the month of March reflecting the impact of covid-19, an adapted methodology has been used for this flash estimate. Based on a wide range of available information (taken from news releases, websites and contacts with companies, surveys conducted by the Bank and by the federations among companies, etc.), assumptions about the impact of covid-19 on economic activity in the various branches of activity have been made at a highly detailed level. The information was then aggregated to the indicators which are used later on in the econometric models. As far as seasonal adjustment of the series is concerned, the recent Eurostat guidance in this respect was followed in order to estimate the impact of covid-19 as accurately as possible.