

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

INTERNATIONAL MAGISTRATE AND DOCTORATE CENTER

MASTER DISSERTATION

on the topic

THE GLOBAL MACROECONOMIC IMPACTS OF COVID-19

Aliyev Aligardash Seymur

BAKU - 2022

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Elm andı

Mən, Əliyev Əliqardaş Seymur oğlu, and içirəm ki, “COVID-19-un qlobal makroiqtisadi təsirləri” mövzusunda magistrlik dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

COVID-19-UN QLOBAL MAKROIQTISADI TƏSİRLƏRİ

XÜLASƏ

Tədqiqatın aktuallığı: Koronavirusun (COVID-19) qlobal şəkildə yayılması prosesi davam etməkdədir. Virusun yayılmasının qarşısını almaq məqsədilə ölkələr müxtəlif sahələrdə qadağalar tətbiq etmək məcburiyyətində qalır. Bu isə qlobal şəkildə makroiqtisadi aktivliyi zəiflədərək ümumi iqtisadi artım göstəricilərinin pisləşməsinə və geosiyasi vəziyyətin gərginləşməsinə yol açmış olur. Virusla əlaqədar olaraq uçuşların dayandırılması, məhsulların ixracının minimal həddə endirilməsi, ölkələrin sərhədlərinin bağlanması turizm, emal sənayesi və digər iqtisadi sahələrdə durğunluğun yaranmasına və dəyər zəncirinin davamlılığının pozulmasına gətirib çıxarır. İqtisadi durğunluq virusun yayılmağa başladığı Çin də daxil olmaqla, ABŞ, Avrozona kimi iqtisadi mərkəzlərin tənəzzülə doğru hərəkət etməsinə səbəb olmuşdur. Bu baxımdan araşdırma mövzusu müasir dövr üçün olduqca aktualdır.

Tədqiqatın məqsədi: COVID-19-un qlobal makroiqtisadi təsirlərinin araşdırılmasına yönəlmişdir.

İstifadə olunmuş tədqiqat metodları: Araşdırma zamanı əsasən müşahidə, təhlil, analiz, sintez metodlarından istifadə edilmişdir.

Tədqiqatın informasiya bazası: Tədqiqat zamanı internet mənbələri, Azərbaycan, Türk, İngilis dilində, eləcə də beynəlxalq ədəbiyyat nümunələri istifadə edilmişdir.

Tədqiqat məhdudiyyətləri: Mövzuyla bağlı Azərbaycan dilində ədəbiyyatın azlığı əsas məhdudiyyətdir.

Tədqiqatın elmi yeniliyi və praktiki nəticələri: Tədqiqatın elmi yeniliyi pandemiyanın makroiqtisadi sahələrə təsirlərini işıqlandırmaq, mövcud problemlərə həll yolları təklif etmək, praktiki nəticələri isə əldə edilən nəticələrin müxtəlif iqtisadi sahələrdə tətbiqidir.

Nəticələrin istifadə oluna biləcəyi sahələr: Tədqiqatın nəticələrindən tələbələr, bu sahə ilə maraqlanan şəxslər istifadə edə bilər.

Açar sözlər: koronavirus, makroiqtisadi təsir, pandemiyanın təsirləri, inkişaf perspektivi, iqtisadi tədbirlər.

GLOBAL MACROECONOMIC EFFECTS OF COVID-19

SUMMARY

The actuality of the subject: The process of global spread of coronavirus (COVID-19) continues. Countries are forced to impose sanctions in various areas to prevent the spread of the virus. This weakens macroeconomic activity globally, worsening overall economic growth and exacerbating the geopolitical situation. The suspension of flights due to the virus, the minimization of exports of products, the closure of the borders of countries lead to stagnation in tourism, processing industry and other economic sectors and disruption of the sustainability of the value chain. The economic downturn has led to the recession of economic centers such as the United States and the Eurozone, including China, where the virus has begun to spread. In this regard, the subject of research is very relevant for the modern era.

Purpose and tasks of the research: To study the global macroeconomic effects of COVID-19.

Used research methods: Observation, analysis, synthesis methods were mainly used during the research.

The information base of the research: Internet sources, samples of Azerbaijani, Turkish, English, as well as international literature were used during the research.

Restrictions of research: The main limitation is the lack of literature on the subject in the Azerbaijani language.

The novelty and practical results of investigation: The scientific novelty of the research is to highlight the effects of the pandemic on macroeconomic areas, to offer solutions to existing problems, and the practical results are the application of the results in various economic fields.

Scientific-practical significance of results: The results of the research can be used by students and those interested in this field.

Keywords: coronavirus, macroeconomic impact, pandemic effects, development prospects, economic measures.

ABBREVIATIONS

ADF	Augmented Dickey-Fuller
WHO	World Health Organization

CONTENT

INTRODUCTION	8
CHAPTER I. OVERVIEW OF THE EFFECTS OF COVID-19	11
1.1. Overview of the current situation of COVID - 19	11
1.2. The devastating economic effects of COVID - 19.....	18
CHAPTER II. ASSESSING THE GLOBAL MACROECONOMIC IMPACTS OF COVID-19	29
2.1. Shocks to the equity risk premia of economic sectors	29
2.2. The changes in prices during the COVID-19 period from the macroeconomic point of view.....	36
2.3. Shocks to consumption demand.....	40
CHAPTER III. ECONOMIC MEASURES TAKEN WITHIN THE SCOPE OF FIGHTING THE EPIDEMIC AND EXAMPLES OF SELECTED COUNTRIES	52
3.1. Epidemic Fight: Examples of world experience	52
3.2. The current situation in Azerbaijan in the fight against the epidemic	62
CONCLUSIONS AND RECOMMENDATIONS	65
REFERENCES	68
List of tables	72
List of figures	72
List of diagrams.....	72
List of schemes.....	72

INTRODUCTION

Relevance of the research topic: The process of the global spread of coronavirus (COVID-19) continues. Countries are forced to impose sanctions in various areas to prevent the spread of the virus. This weakens economic activity globally, worsens overall economic growth, and exacerbates the geopolitical situation.

The suspension of flights due to the virus, the minimization of exports of products, the closure of the borders of countries lead to stagnation in tourism, processing industry, and other economic sectors and disruption of the sustainability of the value chain.

Economic stagnation is pushing economic centers such as the United States and the Eurozone, including China, where the virus is spreading, into recession. The weakening of global economic activity also has a negative impact on the economies of countries that depend on the export of those raw materials, reducing the demand for them.

In this regard, the spread of COVID-19 has led to a sharp decline in demand for energy products and disagreements among energy exporters. As a result, oil prices have fallen sharply in international markets.

As the decline in oil prices has a direct impact on the Azerbaijani economy, it is important to analyze the economic impact of the spread of the coronavirus. Therefore, it is very important today to study the global macroeconomic effects of the coronavirus on the world's most powerful economies in general.

Statement of the problem and learning level: The analysis of the global macroeconomic effects of COVID-19, which is the main subject of the research, has been examined by many domestic and foreign authors to date. These authors are Abbasov A.G., Sebzeliyev S.M., Abbasov A.G., Sevda K.A., Engin A.L., Gural A. I., Deniz U.I., Chengiz I.O., Ural A.U., Candan I.H. and others can be given as examples.

Purposes and objectives of the research: The purposes of the topic are as follows:

- a) To investigate the effects of COVID - 19;
- b) To determine the global macroeconomic impacts of COVID - 19;
- c) To investigate economic measures taken within the scope of fighting the epidemic and examples of selected countries.

The objectives of the topic are as follows:

- a) To investigate the current situation of COVID - 19;
- b) To investigate the devastating economic effects of COVID - 19;
- c) To investigate the shocks to the equity risk premia of economic sectors;
- d) To study the changes in prices during the COVID-19 period from the macroeconomic point of view;
- e) To investigate the shocks to consumption demand.

Object and subject of the research: The object of the study is economics, and the subject is to study the global macroeconomic effects of COVID-19.

Research methods: A number of methods will be used in the study. These are:

Method of comparison - It is one of the most widely used methods. This method allows the assessment of the global macroeconomic impact of COVID-19 to identify differences in the current situation between other countries.

Analysis - Analysis is a method based on the process of breaking down an object into its components. When using the method of analysis in the research work, the object under study is divided into thought parts, i.e. it is explained what parts it consists of, its features and characteristics.

Synthesis - It is a complete combination of the parts obtained as a result of the analysis. As a result of the application of synthesis, the knowledge obtained through the use of analysis is integrated into a single system.

In scientific creativity, the methods of analysis and synthesis are organically related to each other and can take different forms depending on the characteristics of the object under study and the purpose of research. In this regard, the global macroeconomic impacts of COVID-19 will be analyzed and reflected in tables and graphs.

Research database: Internet sources, samples of Azerbaijani, Turkish, English, as well as international literature were used during the research.

Research limitations: The main limitation is the lack of literature on the subject in the Azerbaijani language.

Scientific novelty of the research: The scientific novelty of the research is to highlight the impact of the pandemic on macroeconomic areas, to offer solutions to existing problems, and the practical results are the application of the results in various economic areas.

Scientific and practical significance of the results: Areas where the results can be used: The results of the research can be used by students and those interested in this field.

CHAPTER I. OVERVIEW OF THE EFFECTS OF COVID-19

1.1. Overview of the current situation of COVID - 19

Humanity has been exposed to many epidemics that have caused many health problems, as well as causing the death of a large number of people affecting large geographies. Although there have been many diseases in history, not every disease has been accepted as an epidemic.

In order for a disease to be an epidemic, if it occurs with a new virus and spreads among people, it must be defined as a pandemic by the World Health Organization (WHO). In order for this to happen, the virus that caused the epidemic must have emerged for the first time, the virus must spread rapidly and continuously among people and pass from person to person, causing dangerous consequences.

Epidemics are health events that cause radical changes and global effects in the history of humanity in social, political, and economic terms. Epidemics have caused many radical changes from nutrition to management and lifestyle. So much so that the epidemics even caused the collapse of empires.

The Black Death, which started in Italy in the 1300s, surrounded Europe and North America and caused the death of approximately 75 million people, causing the collapse of feudalism in Europe. The coronavirus (COVID-19) epidemic, which was first seen in Wuhan, China in December 2019 and spread all over the world in a short time, became a global health crisis and affected the whole world.

It is estimated that this crisis, which negatively affected both the business world and the economy in a short time, will have more devastating consequences than the Great Depression of 1929. Undoubtedly, developing countries will suffer more in this process.

Especially due to the risk, there will be a decrease in the flow of foreign direct investment, a decrease in the trade volume, an increase in the prices of intermediate goods and raw materials, and depending on this increase, the production volume will decrease and the prices will increase.

The decrease in production will also cause price increases and a contraction in demand, especially in some sectors (textile, technology, etc.). However, with the rise in exchange rates, especially in developing countries, the national currency will lose value.

As a result, many macroeconomic variables will be negatively affected within the cause-effect relationship. Despite having a low death rate, the COVID-19 virus, which has a high spread rate, has caused an intense anxiety and panic environment, unlike previous epidemics.

The reason for this intense concern is that people are more in touch thanks to development, science, and technology, international mobility of people increases due to advanced transportation networks, and countries are more affected by each other due to intense global trade.

When we look at the historical process of the countries, it has to go through five stages (traditional society stage, preparation for take-off, take-off, maturation, and mass consumption stage) until it reaches the level of development.

In order to complete these stages, countries must fulfill the requirements of the age. Especially in recent years, rapid developments in science and technology have made the global competition more difficult in many fields. During the development process, countries may be exposed to many wars, natural disasters, and epidemics (Engin A.L. 2019: p.142).

Natural disasters and epidemics, in particular, cannot be foreseen and easily controlled. An emerging epidemic or a disaster can turn the whole order upside down. The history of humanity has witnessed these events and has undergone many changes.

When the 1918 Spanish Flu emerged, approximately 1/3 of the world's population was infected with this virus and caused the death of more than 80 million people. So much so that the number of people who lost their lives in the Spanish Flu was more than those who lost their lives in the First World War (Engin A.L. 2019: p.149).

The spread of the Spanish flu had an impact in the war. The Ebola epidemic, which was first seen in Africa in 2013, also caused great losses. According to the World Health Organization (WHO) report, approximately 11 thousand people died from Ebola between 2013 and 2016. The Ebola epidemic has adversely affected the West African economy. Accordingly, it has been reported that it caused a loss of approximately 53 billion dollars in the country's economy and reduced the national income of 2015 by 20%. A large number of people died in the SARS epidemic, which first appeared in China in 2003, affecting Taiwan, Singapore, the USA and Canada. According to the World Bank report, the economic growth of 2003 decreased by 0.5% -1% (Engin A.L. 2019: p.180).

The SARS epidemic cost the global economy 54 billion dollars (Engin A.L. 2019: p.180). Due to the plague epidemic that emerged in Europe, the rural population decreased, which led to a decrease in agricultural production. The decrease in the population engaged in agriculture caused famines.

However, animal husbandry began to develop with the grazing of animals in the vacant agricultural lands and pastures. In addition, due to the death of many people due to the plague, the workforce decreased, which led to an increase in wages. During this period, workers were working less and earning more. This, in turn, led to the emergence of the slave trade and the formation of a production structure based on the wage labor system.

Apart from this, people who wanted to escape from the plague started to trade to distant and overseas countries, and as a result, overseas voyages were made and large ships were built to be used in these voyages.

The plague did not only affect the economy, but also many cultural changes occurred. The Latin, which was widely used at that time, was gradually replaced by English and French. Significant reforms also took place in terms of religion. People have sought freedom and knowledge.

The COVID-19 epidemic, which emerged in China for the first time in December 2019 and affected the whole world in a short time, caused the death of many people and continues to do so.

When the epidemic diseases experienced throughout the history of humanity are examined, there are many common features. Accordingly, it has some common features such as affecting all humanity, not making age and gender discrimination, negatively affecting the economy, being contagious, deadly, limiting and isolating the society.

The COVID-19 epidemic has affected many countries and many sectors in a short time. The economic effects of the epidemic are called Black Swan. The COVID-19 outbreak is both medically contagious and economically contagious.

With the emergence and spread of the virus, many businesses have stopped their activities; There have been many economically important developments such as decreases in production volume in many important sectors, collapse of stock markets, decrease in interest rates.

The COVID-19 pandemic has affected the whole world and negatively affected the global economy. Starting from China, the country where the case was first seen, the whole country caused heavy damage to the economies and dragged them into economic recession.

While production and foreign trade decreased as a result of the isolation measures taken specially to prevent the spread of the epidemic; investments have almost come to a standstill and activities in many sectors have been stopped. Along with the decrease in production and trade, there has been a serious decrease in employment due to the rupture of supply chains (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

According to the researches, the damage caused by the COVID-19 epidemic to the global economy has been more than the damage of the 2008 global crisis. It is expected that this epidemic will have profound effects on the economy, similar to the 1929 crisis.

During periods of uncertainty and intense stress in the economy, the markets are adversely affected by this situation. In the previous 2008 crisis and the crises before it, sharp decreases were observed in the markets.

Although the reason for the decline in the markets is financial and economic factors, the fear of loss experienced by investors triggers negativities. The COVID-19 epidemic also created uncertainties similar to the financial crises experienced before, causing sharp declines in the markets (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

As a result of the countries taking intense protectionist measures against the COVID-19 epidemic, anti-globalization tendencies have started to increase, and instability and conflicts have begun to emerge in many regions. While the consequences of the epidemic threaten globalization, these threats can be reduced by international cooperation.

As mentioned before, humanity has experienced many epidemics throughout history and has suffered economically, socially and politically as a result of these epidemics.

There are many reasons why the virus spreads so quickly and causes great harm. Due to reasons such as globalization, the development of transportation and communication networks, the borders between countries have disappeared, the increase in global trade, the fact that people enter and exit countries easily, increase the spread of the virus, and as a result of the development of communication technologies, people become aware of a development in a shorter time and act accordingly.

These can be listed as the reasons why the virus is field destructive. In addition to the reasons listed above, one of the most important reasons why the virus has caused such damage to the world economy is that the virus first started in China. In 2003, China represented about 3% of the world economy (Cengiz İ.O. 2019: p.255-256).

Today, China accounts for approximately 16% of the world economy. China is a net exporter and importer on a global scale and is an important supplier. As a result of globalization, countries have become dependent on each other both in production and in trade. Considering that China is also an important supplier, it is inevitable that a contraction in the Chinese economy will also affect the global economy (Cengiz İ.O. 2019: p.301).

The downturn in the world economy caused by the coronavirus has led to a substantial reduction in global economic growth forecasts. According to the Organization for Economic Cooperation and Development (OECD), global economic growth will reach 2.4% by the end of the year (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

This is 0.5% less than the previous forecast. For the first quarter of this year, global economic growth is expected to be below 0%. Moody's cut its global growth forecast for the year to 2.1% from 2.4%. Other financial institutions and experts are more pessimistic.

For example, the International Monetary Fund predicts that global growth will slow to 2% in 2021, while Morgan Stanley's economists predict annual growth of 0.9% at best and 0.6% at worst.

The United Nations Trade and Development Agency (TIDA) estimates that the economic downturn caused by the virus will cost the world economy at least \$ 1 trillion (hereafter).

The sound of various figures is due to the continuing spread of the virus, the difficulty of predicting the extent of its spread and economic impact. Therefore, these forecasts can be taken as an initial forecast (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

One of the main reasons why the spread of COVID-19 has had a profound effect on global economic development is that its epicenter is China, the world's second largest economy, and the virus has spread rapidly to the eurozone and the United States.

The eurozone, China and the United States together account for about 45-50% of world GDP, and the resulting economic downturn has had a significant impact on the global economy. Only the rapidly growing share of China in various sectors of the world economy in recent years allows us to imagine the extent to which the virus will affect the world economy.

Thus, in 2002-2019, China's share in global industrial production increased from 8% to 21%, in Global Gross Domestic Product (GDP) from 6% to 17%, and in

global trade from 4% to 11%. increased. In addition, China is the world's largest exporter (Cengiz İ.O. 2019: p.312).

China's growing share in the world economy and the development of economic ties with other countries with strong economies have increased its ability to influence global economic processes.

Despite the fact that the spread of the virus in China has stopped, the rapid spread of the virus in the United States and Europe and the resulting economic problems will continue to negatively affect the economies of these countries for a long time and affect the growth of the global economy (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

Another important reason why the spread of the virus creates economic problems at the global level is the dependence of production in different countries on the global supply chain and the high concentration of this chain in terms of countries.

As we know, China is one of the most important players in this supply chain, and the problems in its economy are disrupting the sustainability of the global supply chain. This, in turn, has a negative impact on the production process in other countries.

Despite the resumption of the supply chain in China to prevent the spread of the virus, the majority of buyers of products in the chain are the United States and European countries, and the stagnation in their economies will result in a sharp decline in demand for these products. This, in turn, will take a long time for the supply chain to fully recover.

According to TIA estimates, the slowdown in the processing industry will lead to a \$ 50 billion decline in exports from China within the global value chain. Problems in the global supply chain are affecting more and more industries, including technology, precision instruments, machinery, automobiles and communications equipment (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

Problems in the supply chain will cost the European Union \$ 15.6 billion, the United States \$ 5.8 billion, Japan \$ 5.2 billion, Korea \$ 3.8 billion, Taiwan \$ 2.6 billion and Vietnam \$ 2.3 billion in 2021 (Cengiz İ.O. 2019: p.222).

However, the extent of this damage may vary depending on the prevention of the spread of the virus and the ability of countries to use alternative sources of supply.

According to the International Civil Aviation Organization, the total revenues of global airlines will decrease by \$ 4-5 billion in the first quarter of 2020. All the negative developments in the tourism sector are due to the ban on travel in more than 100 countries around the world due to the virus.

1.2. The devastating economic effects of COVID - 19

To understand the damage that the pandemic has done to the world economy, some economists have compared its effects to the profound recession of the world economy in the 1930s.

So, in terms of time compared to different periods, this crisis is almost three times worse than the global crisis of 2008 in terms of GDP decline. Granted, this was no worse than the Great Depression of the 1930's (Candan İ.H. 2020: p.14).

During that period, production declined for 3-4 years and the unemployment rate in the United States rose to 25%.

In this pandemic, unemployment in the United States rose to 14.7% in April and gradually declined in the following months. The economic downturn in this period is the lowest in the world since 1930 (Candan İ.H. 2020: p.67).

In general, given the changes that have taken place so far, each shows that China is still relatively harmless in this pandemic. There has been almost no technical recession in the Chinese economy. Only in the first quarter of 2020, negative economic growth was observed (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

At the same time, it can be said that countries such as South Korea and Taiwan are in a better position than other countries. So, these countries have managed to

control a lot of things by doing a lot of experiments with the virus and watching them. In this regard, the death toll was higher in countries such as the United States, Brazil and India, which spend less resources on the fight against the virus (Candan İ.H. 2020: p.54).

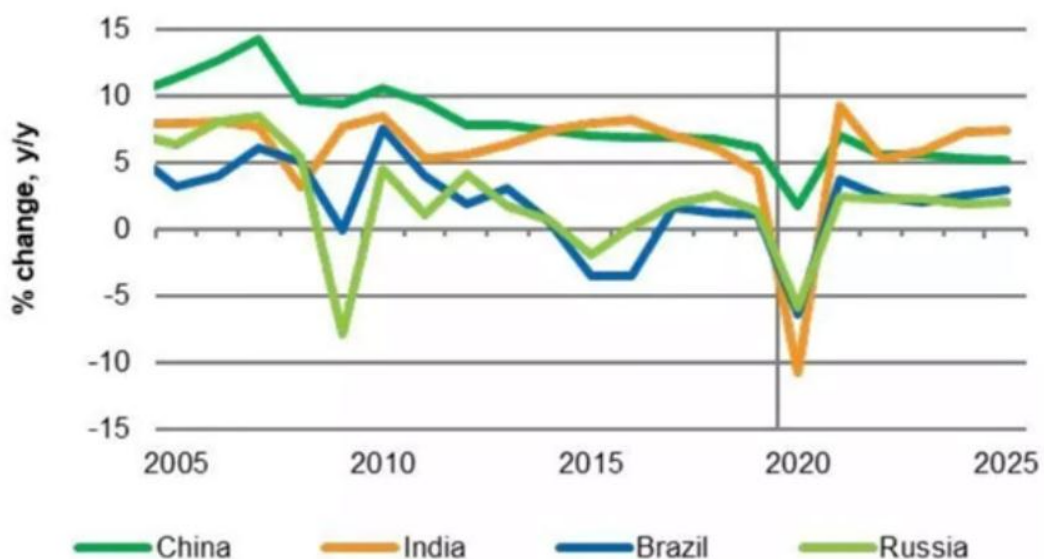
Despite the fact that the United States is among the top 10 countries in terms of the number of deaths per 1 million people, this figure is lower than in countries such as Spain and Belgium.

In short, what criteria should be used when analyzing the impact of the virus? At the same time, it should be noted that this sequence changes at any time, and for more information you can get acquainted by following the link above.

From an economic point of view, the European economy has been more affected, as the recession in Europe is worse than in the United States, Canada or Japan. Especially with the cooling of the weather in the last month; indicates an increase in the number of infections with this virus worldwide (Candan İ.H. 2020: p.265-266).

In this regard, Europe is in a worse position among these regions. In particular, France, Italy, Spain and the United Kingdom are among the leading countries in the number of infections.

Figure 1: Real economic growth and forecast in developing countries

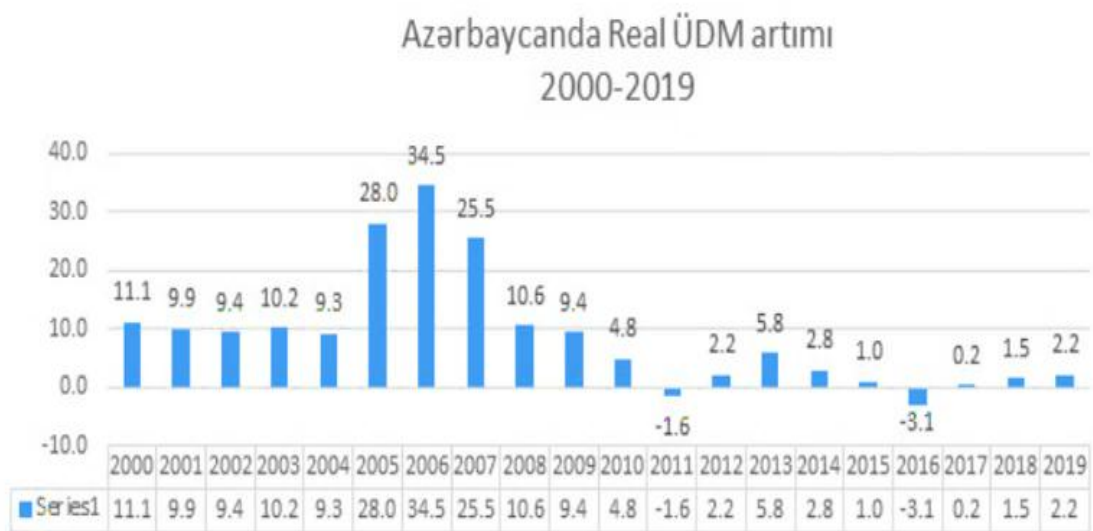


Source: <https://marja.az/63730/covid-19-pandemiyasi-dunya-iqtisadiyyatina-nece-tesir-edir-ve-iqtisadi-gozlentiler-nedir> - pandemic and expected results 2021.

The pandemic has also affected the Azerbaijani economy. Thus, the country's economy, which began with positive economic growth in the first months of 2020, later declined as a result of a pandemic.

By the end of 2022, economic growth is projected at minus 3.5 to minus 4.5%. It should be noted that in the current situation, this figure is not so bad compared to other developed and neighboring countries.

Figure 2: Real GDP growth in Azerbaijan



Source: <https://marja.az/63730/covid-19-pandemiyasi-dunya-iqtisadiyyatina-nece-tesir-edir-ve-iqtisadi-gozlentiler-nedir> - pandemic and expected results 2021.

The economic recession in Azerbaijan is expected to be short-lived and positive economic growth will be restored by the end of 2022.

The following information was obtained on the impact of the pandemic and war on the country's capital markets. In capital markets, we do not see much of an impact. In particular, these effects are not felt in the domestic market. There are some reasons for this. We can point to excess liquidity as the primary reason (Candan İ.H. 2020: p.98).

Thus, the large amount of free funds available to banks and investors does not lead to a significant increase in interest rates for the small amount offered, despite the high demand at the auctions of the Ministry of Finance.

The recent auctions of the Ministry of Finance show that there is a great demand for such bonds among investors. The Ministry of Finance meets the needs of investors by placing more than the planned amount if the interest income offered by investors is acceptable to it.

If the provided interest rate does not satisfy him, he places funds equal to the amount corresponding to the level of profitability that satisfies him, without placing all the pre-specified amount. We are also witnessing the replacement of funds with longer-term investments with shorter-term ones.

It should be noted that the 5-year bonds of the Ministry of Finance were placed in early September after a long break after being placed in February this year. The Ministry of Finance also saw a sharp decline in interest rates on bonds placed at auctions in November compared to previous months.

One of the interesting reasons is the trend of changing the yield of Eurobonds issued by the Azerbaijani government for foreign markets. In general, the most active and liquid of these bonds is the bond with a maturity of March 2024 and a total issue of \$ 1.25 billion.

Although the interest rate is 4.75%, the yield on these bonds, which were offered in the range of 2% -2.7% before the war, has not changed much in the current war. Although prices fell in the first days of the war, they later rose above the level at the beginning of the war.

Thus, based on data from the Bloomberg platform, these bonds were issued as of November 16 in the range of 1.7% -1.9% indicative yield. This is an indication of the confidence of foreign investors in the bonds of the Azerbaijani government.

Thus, in times of uncertainty, such as war, foreign investors can raise interest rates by selling their bonds, but the decline in yields offered in response to growing demand for these bonds is an indication of foreign investors' confidence in the Azerbaijani state.

It should be noted that although there has been a strong correlation between the yield of these bonds and oil prices recently, as the yield of these bonds increased sharply during the period of sharp fall in oil prices, we could not observe this

increase during the war (2011-2022-ci illərdə Azərbaycan Respublikasında qiymətli kağızlar bazarının inkişafı” Dövlət Proqramı).

Economic development forecasts:

First of all, let me note that these notes vary depending on the results of COVID 19, and expectations can change at any time. We think that in the 3rd or 4th quarter of next year we will be able to see positive economic growth in the global economy. As many organizations predict.

According to the World Bank's June 2020 report, the COVID 19 pandemic caused a major economic shock and economic downturn in many countries. The World Bank forecasts the lowest negative economic growth in 80 years by the end of 2020, despite the support of all countries in the world. In many countries, real incomes are expected to decline due to the current situation.

At the same time, it is stressed that if the fight against the pandemic is weak, its effects will be more acute. In general, the pandemic will lead to a recession in the economies of most countries, and in this regard, the world's per capita economic growth will be the worst decline since 1870.

In general, the economies of developed countries are projected to shrink by minus 7%, while economic growth in China will be controlled by a pandemic, and if economic activity increases, it will be 1% by the end of 2022. This is the lowest figure for China in the last 40 years.

Since this publication in June, the situation in China has changed for the better, and I am confident that the figures for China will change for the better after the World Bank updates this information.

Economic growth for China in October was 4.9% for the third quarter (economists' expectations were 5.2%). It should be noted that after a negative 6.8% decrease in the first quarter, China showed a positive increase of 3.2% in the second quarter of this year. This is a positive indicator for the countries of the world.

This factor once again shows that it is possible to restore the economy by better controlling the virus and increasing the effectiveness of the fight against it. On the other hand, the development of the Chinese economy is a positive factor for other

countries (especially for countries that sell raw materials and finished products to China).

The World Bank predicts that most countries will gradually emerge from the recession by the end of next year and the beginning of 2022. At the same time, the World Bank's report on Azerbaijan is negative (<https://edu.gov.az/az/news-and-updates/18449> - Azərbaycanın pandemiya sınağı).

Thus, the report, based on data from the second quarter, forecasts that economic growth in Azerbaijan in 2020 will be minus 2.6%. I think that this figure will be a little higher after the update of this information by the end of the year (Candan İ.H. 2020: p.123).

At the same time, the International Monetary Fund's report for October this year predicts that economic growth for Azerbaijan this year will be minus 4% (<https://edu.gov.az/az/news-and-updates/18449> - Azərbaycanın pandemiya sınağı).

In a September 2020 Global Economic Growth report by Fitch, the United States raised its economic forecasts for China. For the eurozone, the UK and developing countries, it has declined.

Thus, by the end of 2020, the global economy will have a negative 4.4% (5.2% in 2021, 3.6% in 2022), and the United States will have a negative 4.6% (4% in 2021, 3% in 2022) and China 2.7% (7.7% in 2021 and 5.5% in 2022).

The International Monetary Fund also stressed that the positive news about China will have a positive impact on the world economy. So, the statements of the organization in this direction are interesting. According to their estimates, China's share of growth in the world economy will increase from 26.8% in 2021 to 27.7% in 2025.

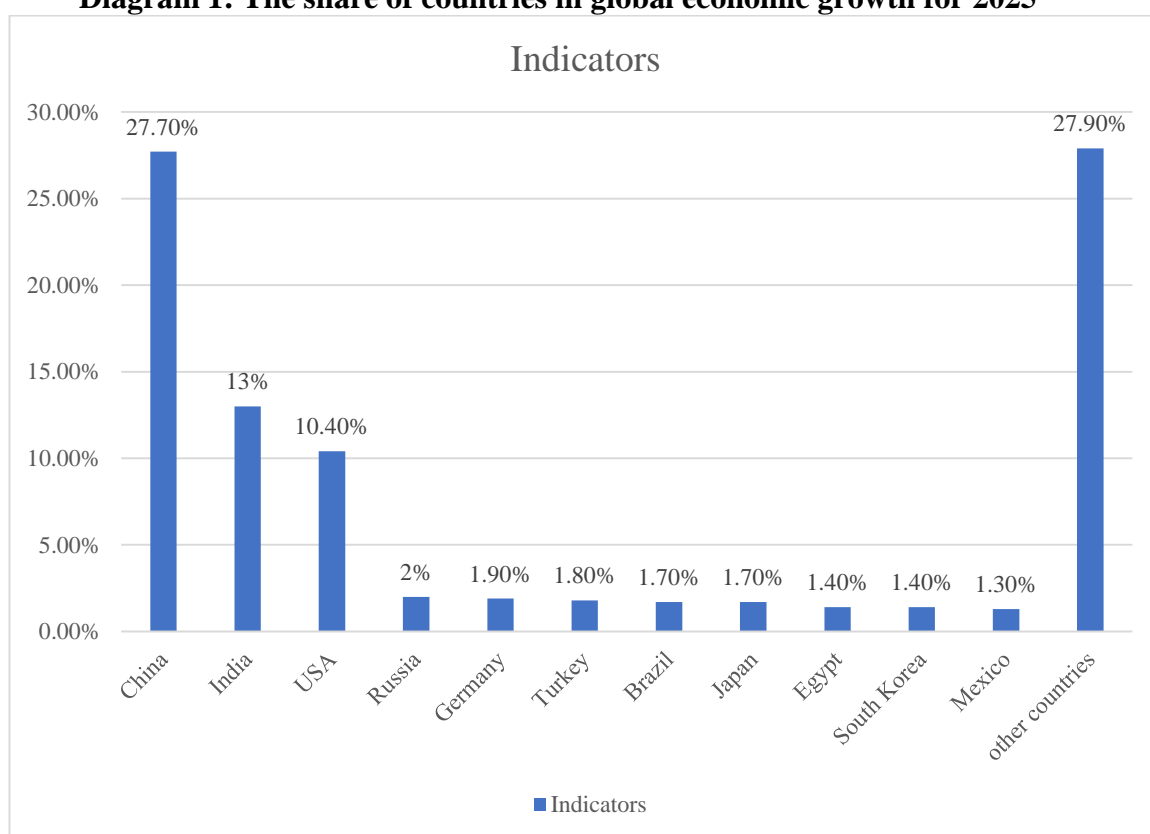
The International Monetary Fund (IMF) says the only reason for China's economic growth is that it predicts global economic growth in 2021 will be 0.6% higher than in 2019. To understand China's growing role in the world over the next five years, it is enough to look at the data of the International Monetary Fund (<https://edu.gov.az/az/news-and-updates/18449> - Azərbaycanın pandemiya sınağı).

Of course, all these expectations and economic growth will largely depend on when the vaccine is administered. The sooner the vaccine is introduced, the more it will have a positive effect on economic growth (<https://edu.gov.az/az/news-and-updates/18449> - Azərbaycanın pandemiya sınağı).

However, the vaccine must first be tested in order to be detected and made available to the public. In this regard, we believe that the mass introduction of this vaccine will not be earlier than the first quarter of 2022 (<https://edu.gov.az/az/news-and-updates/18449> - Azərbaycanın pandemiya sınağı).

Thus, based on the data of the International Monetary Fund and according to Bloomberg's calculations, the ranking of 15 countries in descending order for the share of global economic growth for 2025 is presented:

Diagram 1: The share of countries in global economic growth for 2025



Source: <https://marja.az/63730/covid-19-pandemiyasi-dunya-iqtisadiyyatina-nece-tesir-edir-ve-iqtisadi-goilentiler-nedir> - pandemic and expected results 2021.

At the same time, it is interesting to know how the economy will be renewed. There are many discussions among economists in this regard. It is likely that the production area will likely have a V-shaped upgrade, albeit temporary, but more

damaged services (airlines, travel, tourism, entertainment, etc.) will have a U-shaped upgrade. does not exclude the possibility of this situation in the presence of the second and subsequent waves.

About the most damaged and developing areas:

Of course, in such conditions, the areas of activity that depend on the mass gathering and number of people in connection with the activity have suffered the most. For example, airlines are one of the most affected areas. Hotel services are another example. The cruiser has suffered heavy losses in the service sector. Sufficient time is required for the restoration of these areas.

We can show high technologies to the areas that have shown good results. Many companies are trying to increase their digital development to grow their business, depending on the current situation. At the same time, the field of health services is one of the developing areas in response to the growing demand due to the current situation.

What areas can the current situation lead to in the future:

It can be said that the current situation will lead to innovations in many areas in the future. But all these changes will be possible in the relatively long run. It is inevitable that there will be innovations, especially in the effective management of business processes.

The fact that people are operating at home in connection with the pandemic proves that the concept of space is not so important in the work environment. It also eliminated time-dependent dependencies. Thus, regardless of the place and time, the implementation of the tasks came to the fore.

It also showed that when people are offered free working hours, they put in quality work because they are better off psychologically and spiritually in terms of spending enough time with family members.

At the same time, companies have found that they can save a significant amount of money by allowing employees to work from home rather than renting offices. During this period, we can expect that the growing number of online services in the service sector will continue in the future.

On March 11, the World Health Organization declared the spread of the coronavirus as a pandemic. Many countries, including China, the Czech Republic, Hong Kong, Italy, Slovakia, and the United States, have imposed travel restrictions and public distance maintenance measures.

Currently, the world economy is forecast to slow down as a result of declining economic activity, as well as restrictions on many services, including tourism, logistics and education.

Faced with a pandemic, business managers take preventive measures to reduce risks and their impact on business operations, and develop specific action plans to do so. At the same time, they try to meet the needs of their customers.

Countries take various legal measures in accordance with their internal conditions to get businesses out of this difficult situation. For this purpose:

In China, employers are exempt from 50-100% social security contributions for up to 6 months, depending on the size of the business and its location. At the same time, the deadlines for the transfer of losses in previous years in heavy industry have been increased from 5 to 8 years, and VAT exemption is provided during the period when the COVID-19 virus is relevant.

In Austria, advance tax payments have been reduced, deadlines for filing some tax returns have been extended, and taxes can be paid in installments.

In Croatia, deadlines for payment of income tax and social security costs have been postponed. The country has imposed restrictions on raising food and hygiene prices. At the same time, there are opportunities for companies with financial difficulties to defer special loans and payments.

In Cyprus, due to the closure of schools, special permits and a system of paid leave have been established for parents of children under the age of 15. There is an additional salary for the sick and the elderly.

Some businesses, such as restaurants and gyms, have been restricted and are currently receiving unemployment benefits. In order to support small and medium-sized businesses, a subsidy of 70 percent of their salaries is provided, provided that employees are retained, and some businesses are temporarily exempted from VAT.

In Greece, too, some workplaces have been restricted and parents have been granted special permits. It is planned to defer VAT, social insurance payments and debt repayment. Travel to other countries is restricted.

In some regions of Venezuela, the government has restricted citizens from leaving their homes and required the Tax Administration to extend the deadline for filing tax returns.

Although pandemic measures are still being planned in Costa Rica and Hungary, some tax returns have already been extended in Jamaica.

Although many measures have been taken in Italy in this regard, a separate decree on the tax area has not yet been adopted to reduce the burden on businesses.

In Thailand, the deadline for filing income tax returns has been extended and income taxes have been reduced for certain periods. Here, the obligations of some businesses and SMEs to the state within a limited circle have been specifically reduced.

In Denmark and Poland, separate bills have been drafted to address the effects of the pandemic. These laws extend the terms of some payments, including tax payments, especially for SMEs, and protect the liquidity of companies.

In addition to these general measures, Korea has announced an additional budget to combat the situation, allocated \$ 2.81 billion to save the Israeli economy, and Serbia has cut interest rates. In Russia, however, there are only preliminary discussions on how to support the economy in the current situation, and the measures taken are mainly related to credit obligations.

According to the order of the Cabinet of Ministers, one of the measures applied in Azerbaijan was the suspension of the teaching and learning process in all educational institutions from March 10 to 27, 2020 and the postponement of all related public events.

All borders between Azerbaijan and neighboring countries, except Russia, have been closed. In addition, starting from 00:00 on March 14, 2020, some social isolation measures will be applied in the country. The list of measures does not include preventive measures related to entrepreneurship. At present, the Milli Majlis

is considering proposals to apply benefits for entrepreneurs who have suffered economic losses due to the COVID-19 virus.

It can be said that these services will increase in the future, especially in the fields of sales, education and health.

In general, it will be possible to explain the further development of IT in the future with the innovations that will emerge in this area. Strange as it may sound, thanks to all these factors, it is possible to say that in the future there will be radical changes in the field of health.

It can be expected that there will be reductions in many areas, especially in tourism, travel, business trips, and all these factors will be regulated virtually or via the Internet thanks to new technology.

Another area of influence is the positive revival in nature due to the cessation of production due to the pandemic, which will make people think again, which in turn will increase the amount of "green investment" to reduce emissions into the atmosphere.

It is also expected to reduce the country's dependence on oil and gas in the medium term, leading to major revolutions in the automotive industry and alternative energy.

CHAPTER II. ASSESSING THE GLOBAL MACROECONOMIC IMPACTS OF COVID-19

2.1. Shocks to the equity risk premia of economic sectors

Today, with the effect of globalization being felt deeply, it is clearly seen that the world economy is much more articulated than in the past, and even that the whole world has become a “global village”.

Although this new order, in which the whole world is articulated, brings with it some positive developments, it also prepares the ground for many negative developments.

Especially during periods of great uncertainty, economies are under serious stress and economies may react more intensely and dramatically than expected. Finally, the Covid-19 pandemic has been added to these uncertainty situations, of which we have experienced many examples in the world economy in the past.

The Covid-19 Pandemic first emerged as a virus (Sars-Cov-2) in China (Wuhan) in December 2019. The virus-borne disease, which was thought to be controllable at the beginning, started to occupy the agenda of the whole. International human mobility has caused this virus to spread all over the world in a very short time.

As a result of the rapid increase in the number of people infected and deaths, the World Health Organization (WHO) has declared a Covid-19 Pandemic regarding the SARS-CoV-2 virus as of March 2020 (WHO, 2020). With this decision, countries began to take serious measures, especially regarding social and economic life.

Many measures have been taken to limit people's contact with each other, especially to reduce in-country and international mobility. These measures, which put social and economic life in a new form, have had serious negative effects on the whole world economy and continue to do so.

In this context, it is argued that the Covid-19 pandemic may be contagious worldwide as well as economically. Because the Covid-19 pandemic creates a

supply shock on the one hand and a demand shock on the other, creating a holistic and drastic effect on the economies of countries. The simultaneous occurrence of the double shock effect for the producer and the consumer negatively affects both domestic and international trade in goods and services.

In addition, the pandemic has led to increased volatility in financial markets, increased CDS premiums, and serious negativities in commodity prices and growth rates of countries.

These effects have led to a decrease in interest rates, an increase in inflation rates, and countries to slow down the progress of the policies they had targeted before Covid-19. It is stated that recession situations may occur for countries.

As a matter of fact, the data obtained as of 2020 (volatility in financial markets, CDS premiums, commodity prices and growth rates) support current thoughts. The most important point here is the uncertainty about the extent of the damage caused and will be caused by the pandemic.

This situation has led to a serious change in economic behavior, especially in the perspective of financial markets and the risk perception in these markets, which has been articulated with globalization (Deniz U.İ. 2019: p.89).

The most distinctive feature of economies is that they are affected by internal and external developments, especially technological developments, seriously and in a short time due to their dynamic structures.

Uncertainty increases volatility in the stock market, raises credit risk premiums and increases the upward pressure on gold prices, which is seen as a safe-haven. In this context, the Covid-19 pandemic, which we have been under the influence of for the past year, is a factor that seriously increases uncertainty in economies (Candan İ.H. 2020: p.183).

Recently, studies dealing with the effects of the Covid-19 pandemic on economies and especially financial markets have started to increase rapidly. In order to investigate some of these studies, we conducted a research using the literature review method. Some of these studies are summarized in the table below.

Table 1: Literature review

Researchers\ Variables	Conclusion
Takyi and Bentum Ennin (2020) - 13 African Countries Stock Market Index	It evaluated the short-term impact of the Covid-19 pandemic on stock market performance in 13 African countries. In general, stock market performances in Africa decreased significantly during and after the emergence of Covid-19, usually between -2.7% and -21%, On a heterogeneous level, the stock markets of 10 countries were significantly and negatively affected by Covid-19. They found that the remaining 3 countries were less affected.
Liu et al. (2020) - 21 country stock market index	They observed that there were rapid declines in the financial markets of the countries that were more affected by the Covid-19 pandemic, and that there were more negativities, especially in the Asian financial markets, compared to other countries.
Onali (2020) - Covid-19 cases, deaths and Stock Market indices	He compared the impact of the Covid-19 pandemic on the American stock markets with other countries (China, Spain, Italy, England, France and Iran) more affected by the pandemic. As a result, it was revealed that the American stock markets were not affected by the pandemic compared to other countries.
Ashraf (2020) - Covid-19 cases, deaths and 64 country stock market indices	He examined the effects of the increase in the number of Covid-19 cases and deaths on the stock market indices, and determined that the number of cases and deaths had a negative effect on the indices and that positive cases were much more effective than deaths on the indices.
Ustalar and Shanlısoy (2020) - Number of Covid-19 cases and BIST 100 Index	They found that the increase in the number of Covid-19 cases had a reducing effect on the BIST100 returns, but the findings that the Covid-19 outbreak alone was a shock channel for the world stock market were quite weak.
Hit and Care (2020) - CDS and Stock Indices	They found that the relationship between CDS premiums and indices before the Covid-19 pandemic, which could be considered weak, increased significantly after the pandemic, and that the relationship between stock market indices and CDS was deeper in economically weak countries.
Daehler, Aizenman and Jinjarak (2021) - Developing Country Covid-19 Mortality and CDS data	They showed that the cumulative Covid-19 death rate increase was positively associated with CDS spreads.
Kartal (2020) - MSCI Load and Market Index	Covid-19 data has determined that the Covid-19 outbreak is causing an increased impact on countries CDS spreads.
Yousef and Shehadeh (2020) - Covid-19 cases and Gold Prices	They found a positive correlation between the increase in the number of global Covid-19 cases and increases in the price of gold.
Ehsan (2020) - Crude Oil Price, Dollar Index, World GDP Per Capita and Gold Prices	Although there are short-term relationships between the variables, no long-term relationship could be detected. In this context, it has been determined that the Covid-19 epidemic will positively affect gold prices in the short term, but the effect will decrease in the long run.

Source: It was organized using the literature investigate method by the author

Data Set and Method (Istanbul example)

In the study, in order to analyze the relations between the credit risk premium, stock market and gold prices during the Covid-19 pandemic process, the daily number of cases of Covid-19, the daily closing values of the Exchange Istanbul index (BIST100), the daily values of the credit risk premium (CDS) and the gold prices. prices (GAU/TL) daily values are used.

The analysis period of the study covers the dates between 11 March 2020 and 25 January 2021. The reason for using the start date of the analysis as 11 March 2020 is because it is the date when the first Covid-19 case was detected in Turkey. The number of Covid-19 cases used in the study was determined by T.C. Data of BIST100, CDS and GAU/TL were obtained from the website of the Ministry of Health (<https://covid19.saglik.gov.tr>), and from the website of www.investing.com. In the study, the VAR system approach methodology was used to determine the relationships between the credit risk premium, stock market and gold prices during the Covid-19 pandemic process.

Findings

The stationarity of the variables used in time series analysis is a prerequisite for these analyses. For this reason, first of all, the stationarity degrees of the variables used in the study were examined. ADF (Augmented Dickey-Fuller) unit root test developed by Dickey and Fuller (1981) was used to test for stationarity. ADF test statistics unit root results of all variables used in the analysis are shown in Table 2.

Table 2: ADF unit root test results of variables

Variables	ADF Test Statistic (Level)	ADF Test Statistic (First Difference)
COVID	-1.719746	-6.655185 *
BİST	-1.963963	-8.968462 *
CDS	-0.760207	-3.551620 *
GOLD	-0.742723	-5.432088 *
Critical Values	-2.575468	
	1%	
	5%	
	10%	

Source: It was prepared by the author according to URL: <https://dergipark.org.tr/en/download/article-file/1761076>.

Latency values are determined according to AIC (Acaice Information Criterion).
 * indicates 1% significance level, *** indicates 10% significance level.

According to the unit root test results, it is seen that the series of the variables used in the analysis are not stationary at the level, but when the first difference of the series of the variables is taken, it becomes stationary (I_1).

After it was determined that the first differences of the stationarity of the variables did not contain a unit root, the cointegration test was applied to the series. Cointegration test results are shown in Table 3.

Table 3: Cointegration test results

Hypotheses	Eigenvalue	Trace Statistics	Critical Value (0.05)	Possibility**
No *	0.142984	59.22762	54.07904	0.0162
Up to 1	0.060720	24.66465	35.19275	0.4207
Up to 2	0.036548	10.63303	20.26184	0.5777
Up to 3	0.010184	2.292992	9.164546	0.7190

Source: It was prepared by the author according to URL: <https://dergipark.org.tr/en/download/article-file/1761076>.

According to the cointegration test results given in Table 3, since the trace statistic is greater than the critical value ($59.22762 > 54.07904$), it is seen that there is a cointegrating vector between the four variables used in the analysis. In this context, it has been determined that there is a cointegrated relationship between CDS, BIST 100 and GAU/TL during the pandemic process (<https://dergipark.org.tr/en/download/article-file/1761076>).

After the cointegration test, the Grenger causality test was applied in order to determine the direction of this relationship on the existence of the relationship between the variables. The causality test results are shown in Table 4.

Table 4: Granger causality test results

Hypothesis	F- Statistics	Probability
BIST does not Granger Cause GOLD	2.15736	0.0219
GOLD does not Granger Cause BIST	0.78393	0.6443
CDS does not Granger Cause GOLD	0.32222	0.9746
GOLD does not Granger Cause CDS	4.11259	4.E-05
COVID does not Granger Cause GOLD	0.25986	0.9888
GOLD does not Granger Cause COVID	1.28083	0.2434
CDS does not Granger Cause BIST	1.16106	0.3193
BIST does not Granger Cause CDS	3.89056	8.E-05
COVID does not Granger Cause BIST	0.51222	0.8803
BIST does not Granger Cause COVID	1.09999	0.3638
COVID does not Granger Cause CDS	1.48227	0.1482
CDS does not Granger Cause COVID	2.24674	0.0167

Source: It was prepared by the author according to URL: <https://dergipark.org.tr/en/download/article-file/1761076>.

According to the findings in Table 4; It has been determined that there is a one-way causality relationship from the number of Covid-19 cases to the Credit Default interest (CDS), from the Credit default interest to the Stock market (BIST 100), from the Credit default interest to the Gold prices (GAU/TL) and from the Gold prices to the Stocks market.

Finally, impulse response analysis was performed to determine the direction and severity of the relationship. The effect of a random shock that may occur in the error term of a variable on other variables in the system can be investigated by impulse response analysis.

With the impulse response analysis developed by Koop (1996) and Pesaran and Shin (1998), the response of other variables to a stochastic shock of one standard deviation that will occur in one of the variables is measured. With the impulse response analysis, it can be determined whether the variables can be used as a policy tool or not.

Uncertainties, regardless of their cause and source, have consequences that affect social and economic life seriously and from different angles, as it has throughout history.

Changes in risk perception that occur in the case of uncertainty reveal a differentiation effect in the behavior patterns of economic and social actors. This effect occurs more rapidly, especially in financial markets.

The rapid spread of the Covid-19 virus, which was detected in China in the last quarter of 2019, to the whole world in a short time and causing a high rate of deaths, has emerged as the biggest uncertainty in the last century (<https://dergipark.org.tr/en/download/article-file/1761076>).

Although various measures are implemented by almost all countries with an emergency code, it mostly causes negative effects in the overall economies and especially in the financial markets.

In this direction, the relationship between the credit default interest (CDS), stock market (BIST100) and gold prices (GAU/TL) during the Covid-19 pandemic process was analyzed in the case of Turkey (<https://dergipark.org.tr/en/download/article-file/1761076>).

According to the analysis results; First of all, it was determined that there is a co-integrated relationship between credit default interest, stock market and gold prices during the Covid-19 pandemic process, and from the number of Covid-19 cases to CDS, from CDS to BIST100 and GAU/TL and GAU/TL. It has been determined that there is a one-way causality relationship from.

In addition, the shock increase in the number of Covid-19 cases increased CDS in the short term and this effect was not permanent in the 12-day period, the increase in CDS decreased BIST100 and increased the GAU/TL, and these effects were permanent in the 12-day period. It has been concluded that the increase in BIST 100 decreases and this effect is permanent in a 12-day period (<https://dergipark.org.tr/en/download/article-file/1761076>).

As can be seen from the results of the analysis, in the Covid-19 pandemic process, where social and economic uncertainty and stress are high and fluctuations

in financial markets increase, credit default rates are seen as the main connection point of the relationship between these four variables.

The credit default interest, which is suddenly and short-term affected by the Covid-19 pandemic, indirectly reflects this effect as a secondary effect on both gold prices and stock markets, causing fluctuations in the market that are thought to be long-term.

Based on these results, Turkey's development and implementation of policies based on the quality of reducing the volatility in credit default rates will be able to eliminate the high fluctuations that arise in the face of uncertainties.

2.2. The changes in prices during the COVID-19 period from the macroeconomic point of view

The onset and spread of the Corona virus in early 2020 disrupted the world's social and economic infrastructure. This has led to various measures to control the virus and to have an economic impact on various enterprises.

The pandemic has caused some uncertainty about how and how certain information is provided in financial statements to enable users to make informed decisions (<https://dergipark.org.tr/en/download/article-file/1761076>).

Global accounting firms do not leave any stone unturned to ensure accurate and fair reporting. To that end, some amendments have been made to the existing accounting report to reduce uncertainty or at least remove some doubts for users and financial statements preparers.

One such area that needs to be addressed in the near future is to address production costs in the financial statements for the pandemic year. Manufacturing, Wholesale / Retail Companies have a greater impact on Covid-19's inventory, raw materials, processing and finished products. Businesses that fit into 2020 are the focus of this article.

The price of a bribe

It is necessary to measure the price of arrows and the actual sales price. The two concepts that need to be clarified here are “price” and “net sales price”. In this article, we will focus on what costs are, because it is important to understand their value and nature in order to use clean prices.

The cost of inflation usually includes purchasing, conversion costs, and other costs associated with bringing inventories to their current state (<https://dergipark.org.tr/en/download/article-file/1761076>).

Purchase costs

Expenses for the purchase of goods include the purchase price, import duties and other taxes (other than those that can be refunded after the tax office) and other costs related to direct shipping, handling and finished products, materials and services. Trade discounts, discounts, and the like are excluded from determining purchase costs.

Debit cards

When bracelets are purchased, they must be turned into goods or exchanged. Inflation costs include costs directly related to manufacturing sectors such as labor. Expenses also include a consistent distribution of unchanged and unchanged production costs associated with the conversion of materials into finished products (<https://dergipark.org.tr/en/download/article-file/1761076>).

Defined production costs are indirect production costs, which remain the same regardless of production volume. For example, the obsolescence and repair of factory buildings, the equipment used in production, and the right and cost of use of the plant.

Indirect production costs such as indirect production costs, indirect materials and indirect labor costs, and indirect production costs such as indirect labor are indirect production costs.

The essence of the problem

The main problem is the distribution of production costs. IAS 2 explains how this is done. Divide the cost of production into conversion costs based on the normal capacity of the production facilities.

Normal production is expected to take place over a period of time or season under normal circumstances, taking into account the loss of capacity as a result of the planned maintenance. Even in areas where the distribution of costs is based on the actual level of production, such a level should be closer to normal power (<https://dergipark.org.tr/en/download/article-file/1761076>).

Effect of COVID-19 on the use of conventional power

Although the standard describes what normal power is, it cannot explain how it should be determined or what “normal situations” are. Therefore, if conventional capacity is to be determined by “normal circumstances”, then in such normal circumstances, attention should be paid to the emergence of COVID-19 in achieving the exact cost of the conversion, which will ensure the correct and fair presentation of financial statements.

Therefore, the presence of Covid-19 should be understood as an unusual situation. As a result, all time / periods lost due to Covid-19 should be adjusted to calculate normal power, resulting in the final product being absorbed.

This is mainly due to the position of the standard, so organizations should consider the loss of power as a result of planned maintenance, not just the usual ones caused by incidents like Covid-19.

What to do if Covid-19 is scheduled maintenance? The best thing to do is to eliminate the unemployment caused by the planned maintenance / shutdown period COVID-19 and make the corresponding costs relevant

(<https://dergipark.org.tr/en/download/article-file/1761076>).

After determining the lost power due to the Covid-19, all costs are treated as normal and should be adjusted. Examples of such costs include employee costs, inventory loss, quality deterioration, and closing costs. Companies with fast-moving

consumer goods are still at a disadvantage due to loss of inventories and rising transportation costs.

Why be careful at this time?

If the exact power is not determined, the amount of head per unit of production can be increased due to the need for a low production or unemployed plant produced by Covid-19. The main thing is that you have to pay for the expenses incurred as a result of low production or empty factory.

What about organizations that have suddenly risen in production due to the pandemic? Good examples are manufacturers of face masks, meals, some essential medicines, hand sanitizers, among others. During extraordinary production periods, the amount of head allocated per unit of production is reduced so that inventories are not over-priced.

All unusual expenses will only be incurred if they have been repaired or removed. The point is to reduce the number of fixed heads capitalized on each unit of production during an unusual high production period. Otherwise, the costs incurred in the financial statements for the inventory may be excessive (Güral A.I. 2020: p.56).

Concerns for internal and external reporting

Supervisors should take a closer look at the cost patterns of manufacturing companies during this period. Because most of them will not be able to look at the cost pattern again during this period. Some can be absorbed over production.

Auditors are also given more responsibilities within the inventory price module in the various accounting folders available.

Many of them have been created to ensure the correct distribution of direct and surplus costs on the basis of material costs and normal costs. There is no doubt that the system will not be able to distinguish the Covid-19 period from the other “normal” periods.

Internal and external auditors are interested in monitoring excessive price changes. Are prices regularly reviewed? Are there any updates to the Covid-19 pandemic-guaranteed changes? Additional work may be considered necessary to

monitor important differences for monitors. How is the cost of learning and the total cost of production at the end of the year considered? For organizations that have no control over the periodic analysis of the absorption rate, this period is the best time to determine how inventory production price misinformation risk can affect financial statements.

2.3. Shocks to consumption demand

Consumers are defined as those who decide to purchase marketing components in line with the wishes, needs and wishes of their personal and close circles, or who have the potential to purchase them.

All living things consume in the field of food and health in order to maintain their lives, and they also make non-necessary consumption for wants and desires, apart from the consumption made to sustain their lives.

The person or institution that makes a purchase out of their own needs, wishes and desires is called the buyer, and the main difference from the consumer is that they only buy and do not consume. Consumer behavior, which is the most dynamic aspect of marketing science, is an important issue that concerns the branches of marketing, psychology, sociology and economics.

Consumer behavior; It is defined as a process that affects decisions such as choosing, purchasing, using and disposing of products or services that they think can meet the wishes and needs of individuals or others, and the activities related to these. Purchasing behavior forms the basis of consumer behavior (https://www.sbb.gov.tr/wp-content/uploads/2020/12/DEG_2020_Yili_3_Ceyrek-22122020.pdf).

The purchasing stage is a process of purchasing behavior. Main features of consumer behavior; It is listed as being a motivated behavior, expressing a dynamic process, dealing with different roles, being affected by environmental factors, showing different behaviors for different consumers, being complex and showing differences in terms of timing. Generally, it has a flexible structure as consumer purchasing behaviors can change according to time and conditions (Güral A.I. 2020: p.114-115).

Psychological, demographic and socio-cultural factors greatly change consumer purchasing behavior. Marketing has progressed by changing and developing over the course of history.

In the early 1900s, when the supply was less than the demand, the general perception was in the direction of production approach with the principle of I sell what I produce, but as of the 1930s, it has developed in the direction of sales in the periods when the supply is equal to the demand.

As of the 1960s, the marketing approach came to the fore when the supply was greater than the demand. In today's conditions, when the supply is much larger than the demand and the competitive environment is very high, the general perception has advanced in the direction of the modern marketing approach with the principle of “I produce what I can sell”.

In these periods when the competitive environment is very high, consumer behavior gained great value and even affected the production planning processes. In the period when the marketing-oriented approach and the customer came to the fore, consumer behavior became one of the very important criteria for marketing science (Güral A.I. 2020: p.139).

In all of the marketing activities to be carried out, product and service offerings of a quality and value that will monitor and shape consumer behavior and meet their wishes and needs should be realized.

Companies have to shape their marketing strategies according to the expectations and wishes of the consumers and make the new product or service according to these expectations and requests (<https://www.cdc.gov/media/dpk/diseases-and-conditions/coronavirus/coronavirus-2020.html>).

Amazon Virtual Market brand, which differentiates this service a little more, can be given as examples. Or, it is another option for them to offer a new product or service concept that they cannot imagine beyond their expectations and wishes. The first smartphone under the iPhone brand, released by Apple 15 years ago, can be given as an example.

Changing Consumer Behaviors with Covid-19

The Covid-19 pandemic, which has affected the whole world, has caused changes all over the world and in many areas of life. These changes have also affected consumer behavior and continue to do so. Changing consumer behavior related to the process has brought along many researches (<https://www.cdc.gov/media/dpk/diseases-and-conditions/coronavirus/coronavirus-2020.html>).

DORinsight, the market research company with the largest permission database with over one million registered members, conducted a study on “Changing consumer behavior after the epidemic” with the participation of 5,007 people over the age of 18 between 15-20 April 2020. effects have been obtained (Güral A.I. 2020: p.189).

According to the results of the research, 92% of the female participants and 84% of the male participants stated that their purchasing behavior has changed, and 60% of them stated that their monthly expenditures have increased in this process (Güral A. I. 2020: p.189).

According to purchasing preferences, the food sector ranked first with 69%, while hygiene products ranked second with 60%. In meeting the needs, 60% of the participants gave importance to hygiene, 15% to price, 12% to accessibility, 92% to quality, and 4% to speed.

According to the results of the research, 86% of the participants stated that the use of social media increased during the Covid-19 pandemic.

The concept of “making stock”, which was needed in times of war but was forgotten later, gained value again with the Covid-19 pandemic period, and it was noteworthy that the purchasing patterns of consumers changed as well as their purchasing priorities.

Diagram 2: Issues that consumers care about according to their purchasing preferences



Source: <https://dergipark.org.tr/en/download/article-file/1636669> - the impact of the pandemic on consumers 2021.

The demand for products with a long shelf life and medical products such as disinfectants, masks and gloves has increased, and orders have been placed online with the thought that not many people touch it.

In this context, it can be predicted that the Covid-19 pandemic will affect not only the period in which it is present but also the consumer habits and consumption patterns afterwards.

During the Covid-19 pandemic, consumers' tendency to stock up on food products has also increased. A Canadian study concluded that consumers buy enough meat to empty their entire meat aisle.

According to the results of a study involving 1,242 people in Germany, it was determined that 14% of the participants stocked up on products with high consumption times such as pulses, pasta, rice and canned food. According to the results of the research, it is seen that consumers give priority to long-lasting foods instead of fresh foods during this period.

The reasons for these are both the curfew restrictions and the fact that people start to spend more time in their homes due to isolation. Although consumer behavior

differed partially according to regions or cultures, it can be said that they basically changed in the same direction with different accelerations

(<https://www.cdc.gov/media/dpk/diseases-and-conditions/coronavirus/coronavirus-2020.html>).

According to the research results of the Nielsen Research company, two weeks after the first officially determined case statement in the USA on January 30, 2020, the sales of medical products such as disinfectants and masks, respectively, compared to the previous week; An increase of 4%, 47% and 53% was observed.

After Donald Trump's press conference on February 26, 2020, the public switched from reactive health management to pantry preparation, causing a great increase in the sales of food products with a long shelf life.

In Azerbaijan, on the night of March 10, 2020, when the first case was announced, and on the following day, there was a simultaneous increase in demand for proactive, reactive health products and kitchen products related to “pantry preparation”. This shows that in the global world, the processes of crises differ according to countries.

With Covid-19, changes have occurred in the preferences and habits of consumers. According to the results of the research conducted by the international market research company Euromonitor International in April 2020, some changes were above expectations.

In particular, the use of houses to serve multiple purposes such as business, education, sports and entertainment has led the way in change. With the increase in the time people spend at home, changes have occurred in their clothing styles. Casual casual clothes have started to replace formal clothes such as suits, and it is expected to continue in the same way when going to work after returning to normal life after the epidemic.

According to the research of Euromonitor, the demand for robots and similar products containing artificial intelligence has begun to increase, as voice-controlled technologies reduce the need to touch surfaces.

Generally, it has been observed that the activities that can be done at home have increased as the Covid-19 pandemic causes consumers to spend more time at home (<https://www.cdc.gov/media/dpk/diseases-and-conditions/coronavirus/coronavirus-2020.html>).

According to the study conducted with the participation of 1,043 people, it was concluded that 79% of the participants preferred to cook themselves at home. In the research on health, 904 participants reported that they increased their sports activities. 76% of the participants stated that they looked at the contents of the products before consuming, and 49% of them stated that they checked the table about the nutritional values.

When the changes in consumer behavior related to shopping are examined, there has been an increase in the online purchase rate of the products during the epidemic.

Consumers aged 30 and above give priority to grocery shopping, while consumers aged 15-19 and 20-29 spend more on textiles and shoes. These data and studies can also be interpreted as individuals' priorities change according to age. It can also be said that the tendency of consumers to cook at home due to hygiene concerns has increased during the Covid-19 pandemic (<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

It is thought that the news about strengthening the immune system causes an increase in pickle consumption. Interest in products such as cologne, vinegar, pasta and pulses decreased in the following weeks.

When we look at the course on a weekly basis, the demand for yeast continued to increase as a result of the tendency of people to pastry with the effect of being at home.

In particular, the number of video searches related to bread making at home on the Internet has exceeded 3 million. While the rate of take-home food orders was 13% in the first week, this rate increased to 38% in the third week. The impact of the Covid-19 pandemic on some sectors was negative (https://www.sbb.gov.tr/wp-content/uploads/2020/12/DEG_2020_Yili_3_Ceyrek-22122020.pdf).

According to the research results of the research company McKinsey & Company, which has changed due to the Covid-19 crisis on a global scale between March 15 and April 6, 2020, the downward trend in restaurants and entertainment centers has been highlighted.

However, the travel and clothing sectors have also been a concern. The impact of international and intercity travel barriers in the transportation and tourism sector caused a contraction.

According to the report, the clothing industry in the world has taken its place among the sectors that have been severely affected due to the declines in both online and offline sales.

The decrease in the need for official clothing of the working personnel as a result of the transition to the home working system due to the epidemic is also one of the factors that cause the market share of the clothing sector to decrease.

According to the results of the research, a decrease of 30% to 50% was observed in consumer expenditures on a global basis in April.

When the research is evaluated in terms of Azerbaijan (according to the survey made in the social media account); It has been concluded that the income of a large part of the population, such as 43%, was adversely affected due to the epidemic, 47% of the consumers abstained from investing or buying new products due to the economic uncertainty brought about by the epidemic, and 56% of them reduced their expenditures.

As a result of all these, it can be concluded that savings have increased and consumption has decreased due to both the loss of income and the uncertainty of the future. Social distance, mask use, hygiene and sterilization have become more decisive and selective in the consumption preferences of consumers.

According to the research conducted on the social media account, the survey questions were presented on the news page. According to the results of the research in which 1,222 people participated, 74% of the participants reported that they mostly pay attention to sterilization and distance sitting arrangements in restaurants

(<http://news.unec.edu.az/ekspert-reyi/7052-pandemiya-sheraitinde-olkelerin-igtisadi-dayanagligi>).

Apart from this, 64% of the participants do not wear masks, gloves, etc. 58% of them mentioned the importance of providing disinfectants, masks and gloves to customers, 55% of them having an outside seating area, 48% of them having a contactless payment option. It is estimated that some new habits brought into our lives by the Covid-19 pandemic will be permanent.

According to the results of the research conducted by First Insights in the United States to see the effect of the Covid-19 pandemic on consumer behavior, the participants stated that they would continue to be careful and cautious even if the measures were expanded, and only one-third of them found shopping centers safe (Cengiz İ.O. 2019: p.191).

It has been revealed that men are more comfortable than women when it comes to going to shopping malls, and women feel more uneasy (https://www.sbb.gov.tr/wp-content/uploads/2020/12/DEG_2020_Yili_3_Ceyrek-22122020.pdf).

It can be said that the Covid-19 pandemic has taught generations some new concepts and started to gain experience. According to the research of REM People, a new generation research and retail technology company, the Z generation, who quickly reached their needs and consumed at once before the Covid-19 epidemic, started to learn the concept of stocking, which they had never learned before.

Many consumers preferred to do online grocery shopping instead of going to the market during this period due to the concern of virus contamination, and some of the consumers over the age of 50 experienced online shopping for the first time. During the epidemic process, changes were observed in the way of purchasing and payment methods.

It is thought that the tendency of consumer behavior to online shopping and the speed and convenience of contactless payment have a significant effect on the decrease in cash usage. With the Covid-19 epidemic, people started to prefer contactless payment method instead of using cash.

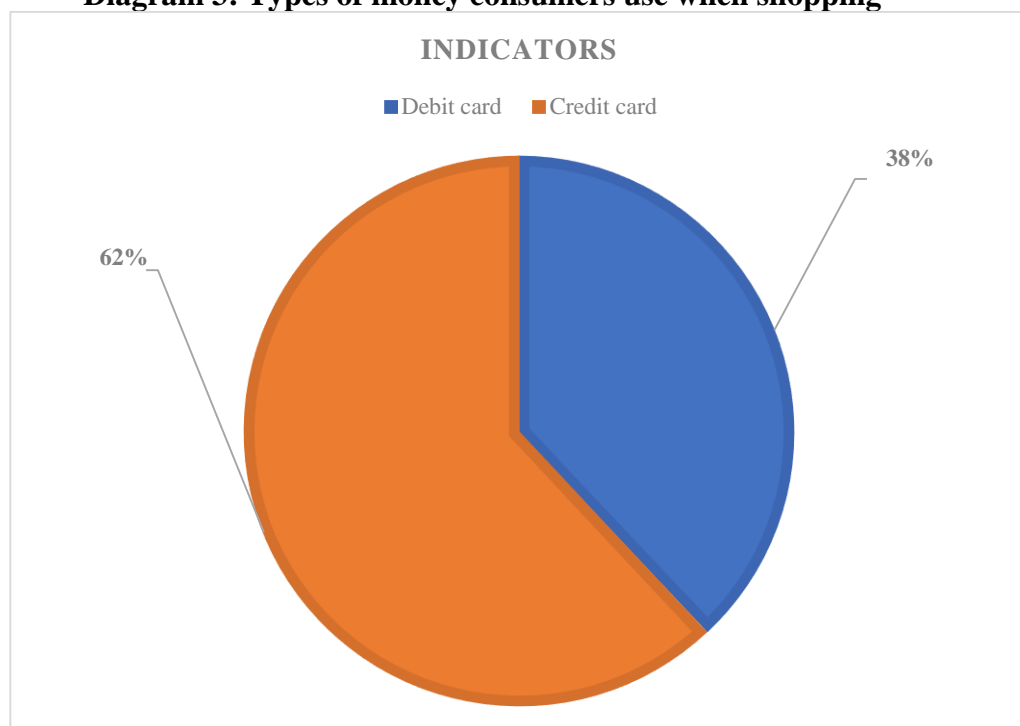
According to the results of Mastercard's survey, in which 17.000 people from 19 countries participated, 46% of the participants changed their current card with a contactless card.

About 82% of the respondents reported that contactless payment is more advantageous in terms of hygiene, touch and speed during payment (Cengiz İ.O. 2019: p.101).

According to the research conducted by the venture company Iyzico, which provides payment infrastructure for e-commerce companies, marketplaces and individual users, the most used payment method during the epidemic period was the credit card.

While 38% of consumers made their purchases with a debit card, 62% of them made their purchases with a credit card. The reason for this situation can be shown to be dominated by the opinion of the consumer that the paper money circulating from hand to hand carries a suitable environment for the transmission of the virus.

Diagram 3: Types of money consumers use when shopping



Source: <https://dergipark.org.tr/en/download/article-file/1636669> - the impact of the pandemic on consumers 2021

As a result, epidemics have caused important health problems that have to be dealt with throughout history and threaten human life. These diseases, which caused

the death of millions of people, have caused great dangers for societies. Black Plague, Cholera, Spanish Flu, Ebola etc., which have been mentioned in the world from past to present.

In addition to the epidemics, Covid-19, or the new Corona virus, which emerged in December 2019, has also been declared as a global epidemic (pandemic) due to its spread rate and severity and will go down in history as one of the major epidemics.

In the global world order, it can be said that this epidemic shows a higher rate of transmission compared to previous epidemics in history. Throughout the history of humanity, epidemics have led to radical social changes not only in the period when they were active, but also in the long term (https://www.sbb.gov.tr/wp-content/uploads/2020/12/DEG_2020_Yili_3_Ceyrek-22122020.pdf).

The Covid-19 pandemic, which has affected the whole world, has also significantly changed the consumption habits of people around the world and in our country.

In this period, a significant increase was observed in the demand for some product groups, while a decrease was observed in the demand for some products (Engin A.L. 2019: p.114).

While there was a great increase especially in health, personal care, durable dry food and cleaning products, a decreasing trend was observed in clothing, jewelry and accessories categories.

After the Covid-19 pandemic process, it can be said that the consumption curves of product groups whose demand has increased due to consumer habits will continue to increase for a while.

Since the first day of the Covid-19 pandemic period, many studies have been conducted on the behavior of consumers, changes in consumption and shopping habits, and it has been revealed that many of the results are similar to each other. During this period, a significant increase was observed in the market-food sector throughout the world.

Due to the rate of spread of the virus, increasing death rates, people's fear of catching a disease, curfews, and quarantine periods, “stocking consumers” who store more than they need and thus feel safe, have been the most common consumer profile in this process.

The need for stockpiling, which was most intensely seen in World War II, re-emerged with the Covid-19 pandemic process, and it is predicted that it will probably exist in our lives for a while after the pandemic ends (https://www.sbb.gov.tr/wp-content/uploads/2020/12/DEG_2020_Yili_3_Ceyrek-22122020.pdf).

Although the retail industry has weakened due to reasons such as people staying at home as a result of the Covid-19 pandemic and the curfews around the world and the anxiety of disease transmission, electronic commerce has begun to experience its golden age.

The changing consumer behaviors and lifestyles with the epidemic have radically affected the digital transformation process and brought it to a completely different point.

The use of television and internet has increased, and visitor traffic in e-commerce has increased significantly. In this period, e-commerce sites selling on the internet also turned the process into an advantage (https://www.sbb.gov.tr/wp-content/uploads/2020/12/DEG_2020_Yili_3_Ceyrek-22122020.pdf).

As the market share of e-commerce companies has increased, many of them have either revised their existing e-commerce platform or started to establish a new e-commerce platform.

All research data show that people who work at home, study at home, do sports at home, cook at home, use online channels in their shopping, prefer to pay by credit card rather than cash, are very sensitive about hygiene and health, and reduce their spending except for essential needs, due to the effect of the epidemic. Although it is thought that old habits will return after the epidemic, some habits are expected to be permanent (Engin A.L. 2020: p.207-208).

It can be said that some habits that settled in our lives during the Covid-19 pandemic process will remain a part of our lives as a result of the pandemic process (Engin A.L. 2020: p.208).

As a result, the literature review and research results show that Covid-19 has changed and will change the consumption and spending habits of consumers globally.

It is thought that consumers, who were not used to shopping online before the epidemic, started to meet most of their needs through e-commerce sites due to social isolation during the pandemic process and will continue to do so after the pandemic ends.

This study was created from a large-scale literature review on the effects of the Covid-19 pandemic, which has affected the world, on consumer behavior and the e-commerce sector.

Current articles and news sources about the process were used in the research. In the new normal after the epidemic, some empirical studies can be done on these issues.

After the data related to the period covering the epidemic process are clearly explained, the differences can be examined by comparing them with the years before the epidemic. Research can be conducted on sectors that are positively or negatively affected as a result of changing consumer behavior due to the epidemic.

CHAPTER III. ECONOMIC MEASURES TAKEN WITHIN THE SCOPE OF FIGHTING THE EPIDEMIC AND EXAMPLES OF SELECTED COUNTRIES

3.1. Epidemic Fight: Examples of world experience

Immediately after Covid-19 was declared a “pandemic” by the World Health Organization, the precautionary packages of governments began to come one after another. However, there are suspicions that especially China may have hidden some information about the virus and WHO was late in describing the disease as an “epidemic”.

In this situation, it can be evaluated that being late in the medical measures to be taken regarding the epidemic increases the economic cost. Because when other epidemics in history are examined, it is known that early measures in the fight against the epidemic also provide serious economic advantages (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf).

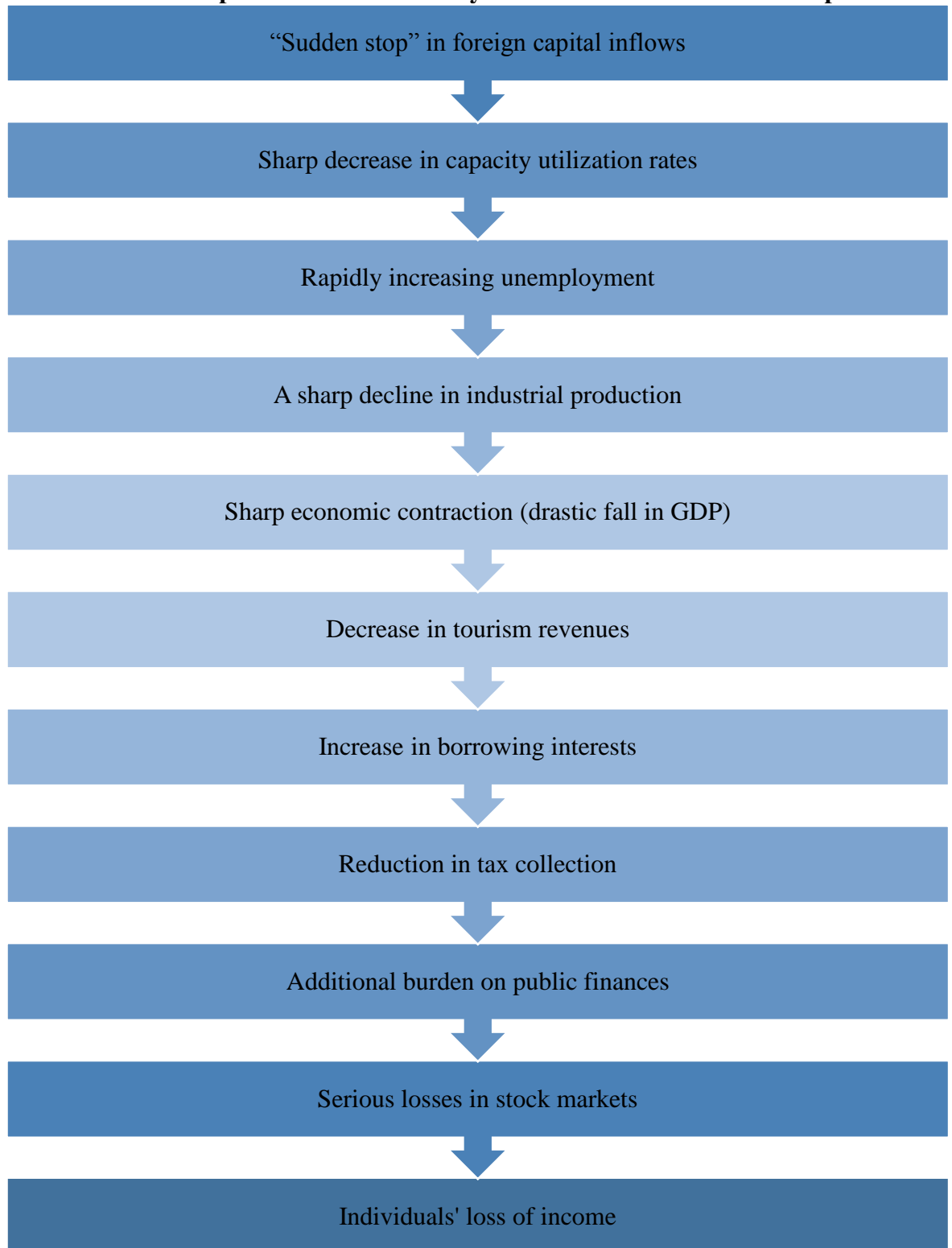
According to the findings of Correia, Luck and Verner (2020), who examined the Spanish Flu epidemic in 1918; While the negative economic effects were limited in the medium term in cities where early and widespread non-medication (social distance, voluntary isolation and/or curfews) steps were taken against the epidemic, real economic activity increased relatively after the epidemic ended in cities that took earlier and more aggressive measures (Cengiz İ.O. 2019: p.34).

The numerical equivalents of these economic measures are at levels that have never been seen in history. Because the Covid-19 outbreak has caused the largest global recession in history, and more than a third of the world's population is still under curfew.

It is possible to summarize the economic problems seen in the economies of the countries as a result of the epidemic as follows

(https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf):

Schema 1: Economic problems in the country's economies as a result of the epidemic



Source: https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf - Evaluations on the economic dimension of the Covid-19 epidemic and its aftermath 2021.

On the other hand, since it is not known when the epidemic will be brought under control, it is obvious that the prolonged restrictions also put serious pressures on the economies.

In this situation, governments had to take precautions not only regarding the medical aspect of the fight against the epidemic, but also against its economic side effects.

Because, while there are serious problems on the supply side as a result of the curfews implemented, industrial facilities that have been decided to stop production within the scope of isolation, disrupted or broken supply chains, and shopping centers that are closed, the demand of individuals who remain within the scope of isolation also decreases significantly. This simultaneous decline in supply and demand limits the mobility of economies and pushes governments to take additional economic measures (Sevda K.A. 2019: p.7).

As it is known, one of the most basic indicators of a healthy economy is having sustainable economic growth. Economic growth, which can be defined as an increase in the GDP of an economy compared to the previous year, is often the most important goal of governments. Through economic growth, issues such as reducing unemployment, accelerating investments and providing the financing needed for development are aimed.

Governments had to announce serious support packages in order to ensure the sustainability of the sectors and individuals in question, as the supply and demand brought the markets to a standstill as a result of curfews, travel restrictions, closure of shopping centers and workplaces selling non-vital products and similar measures implemented within the scope of the fight against the epidemic (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf).

However, while governments have to make closures that affect the economy to combat the epidemic, on the other hand, they want to reopen the economy as soon as possible in order to manage the economic cost.

This situation, which we can call the “Covid-19 Dilemma”, complicates the management of the process. For example, Spanish Prime Minister Pedro Sánchez states that the measures that his government will take against the virus crisis, which “threats to destroy lives and at the same time destroy the economic and social fabric of our country”, should be balanced.

The steps and measures taken by some selected countries within the scope of combating the effects of Kovid-19 on the economy are listed below. Countries have been selected considering their weight in the world economy and their level of impact from the epidemic.

United States of America

The United States Trump Government has prepared a law titled “Coronavirus Aid, Recovery and Economic Security Act” within the scope of combating the effects of the epidemic on the economy. The content of the said law is as follows (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf):

- a) The numerical equivalent of the law corresponds to approximately 11 percent of the GDP of the USA;
- b) \$250 billion to provide a one-time tax refund to individuals;
- c) \$250 billion to increase unemployment benefits;
- d) \$24 billion to provide a food safety net for the most vulnerable;
- e) \$510 billion to prevent business bankruptcy by supporting credit, collateral and the FED's transactions;
- f) \$359 billion to help small businesses that retain the Small Business Administration's forgivable debts and workers;
- g) 100 billion dollars for hospitals;
- h) 150 billion dollars to transfer to states and local governments;
- i) Allocated a budget of \$49.9 billion for international aid, including the IMF's New Debt Arrangement.

The Trump Government also;

- a) To be transferred to the Centers for Disease Control and Prevention to increase virus testing and meet their state's medical needs;
- b) Those who are on paid sick leave, two-thirds of the wages of those who are infected and cannot work, food aid and unemployment insurance payments;
- c) Small Business Administration subsidies;
- d) The “Coronavirus Preparedness and Response Supplementary Allocations Act” covering international aid and accounting for 1 percent of the US GDP, United

States Congress(b), 2020 and the “Family Priority Coronavirus Response Act” United States Congress(c), 2020) has been released. The combined size of these two laws is 200.3 (8.3 + 192) billion dollars.

In addition to all these, the US Federal Reserve made a cut in interest rates and declared that it would provide unlimited liquidity to the markets.

United Kingdom

The first case of coronavirus in the UK was detected on 31 January 2020, after a family of two from China, who stayed at a hotel in York, suffered from respiratory illness.

After the World Health Organization announced that the cases started as respiratory diseases, especially in people from Wuhan, the United Kingdom developed a laboratory test for new disease diagnoses. Heathrow Airport received additional clinical assistance and tightened surveillance for aircraft arriving from the city of Wuhan. With the World Health Organization declaring a state of emergency on 30 January, the UK raised the risk level to high (https://tr.wikipedia.org/wiki/Birle%C5%9Fik_Krall%C4%B1k%27ta_COVID-19_pandemisi).

The United Kingdom was one of the countries most affected by the Kovid-19 outbreak. So much so that the Prime Minister of the United Kingdom, Boris Johnson, was also infected with the virus and had to be treated in the hospital.

On the other hand, the United Kingdom has been one of the last countries to act in response to the epidemic. The increase in the number of cases and deaths in the country, which initially followed the “herd immunity” strategy, pushed the government to take new measures. These economic measures (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf);

a) £14.7 billion for utilities and charities;

b) £27bn to cover property tax rollbacks, direct payments for small businesses and firms in the hardest-hit sectors, and operating subsidies to cover sick leave compensation;

c) Billion Pounds to support vulnerable people and strengthen the social safety net;

- d) Postponing tax payments of large enterprises to the end of the year;
- e) Postponing the income tax payments of the self-employed for 6 months;
- f) Paying 80 percent of the income of the self-employed for 3 months, and
- g) It includes items such as 150 million pounds of support to the IMF's Disaster Prevention and assistance package.

Also, the Bank of the United Kingdom;

- a) Lowered interest rates;
- b) Increased the holding amount of UK government bonds and non-financial corporate bonds by 200 billion pounds;
- c) Initiated the Term Funding Plan to provide additional incentives to the real economy, especially to SMEs;
- d) Initiated a new short-term additional liquidity program between the Treasury and the Bank in order to meet the government's cash needs;
- e) Provided businesses with £330bn of loans and collateral, equivalent to 15% of UK GDP;
- f) It opened a SWAP channel with many different central banks.

Germany

In order to alleviate the effects of Kovid-19 on the economy, the German Federal Government has issued an additional support budget of 156 billion euros, which corresponds to 4.9 percent of Germany's GDP. This new budget (Deniz U.İ. 2019: p.73):

- a) Support for healthcare equipment, hospital capacity and vaccine R&D;
- b) Short-term work support to protect jobs and workers' incomes;
- c) Expanding childcare benefits for low-income families;
- d) Easier access to basic income support for the self-employed;
- e) It includes issues such as 50 billion-euro grants to small businesses and interest-free loan deferral until the end of the year

(https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf).

In addition to this package, the German Federal Government has also created a new balancing fund of 757 billion Euros, which corresponds to 23 percent of GDP,

to provide surety for enterprises of various sizes, to be used in the Public Development Bank.

A significant portion of the loan guarantees in this context covers 100 percent of the loans. In addition, different states have provided additional direct support of 48 billion euros from their own budgets and state loan guarantees of 63 billion euros (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf).

In addition, the German Federal Government has announced a new asset purchase program called the “Epidemic Emergency Purchase Program”, amounting to 750 billion euros, to be used until the end of 2020 for asset purchases in the public and private sectors.

In addition, a financing of 100 billion Euros was obtained from the European Central Bank, in addition to the previous Financial Stabilization Fund, in order to strengthen the capital structures of large enterprises to which commercial banks will transfer, in order to use the public in the development bank.

Italy

The first cases of coronavirus were reported in Italy after two Chinese tourists in Rome tested positive on January 31, 2020. A week later, the number of confirmed cases in Italy increased to 3 with the illness of the Italian citizen who returned to Italy from the city of Wuhan, the center of the epidemic, and the positive test result.

On February 21, 16 new cases were detected in the Lombardy region of northern Italy. On February 22, 60 new cases were reported and the 78-year-old man, who was treated in hospital for two weeks, passed away, marking the first death from the epidemic in Italy.

Italy's economy is the 3rd largest national economy in the Eurozone, the 8th largest in the world by nominal GDP, and the 12th largest by PPP GDP. Italy has a large developed economy and is a founding member of the European Union, Eurozone, OECD, G7 and G20. Italy is the eighth largest exporter in the world with an export of 514 billion dollars in 2016. Its closest commercial relations are with the European Union countries, where it carries out approximately 59% of its total trade (Deniz U.İ. 2019: p.77).

Health system problems in Italy, which is one of the countries most affected by the epidemic, came to the agenda of the world. Italy, where people lost their lives on the streets, was already experiencing serious economic difficulties in the pre-epidemic period.

With the impact of the epidemic on the economy, the Italian government announced an emergency action package of 25 billion euros, which corresponds to 1.4 percent of GDP. Package;

- a) 3.2 billion euros to strengthen the health system and protect citizens;
- b) 10.3 billion euros to protect employment and support workers and tradesmen who have lost their income;
- c) 6.4 billion euros to support businesses, including tax delays and postponement of electricity payments to the municipalities most affected by the epidemic;
- d) Includes 5.1 billion euros for new loan supply.

In addition, the Italian government has provided a government guarantee of an additional 400 billion euros, equivalent to 25 percent of GDP, to provide liquidity to the markets.

Thus, when the credit guarantee amounts in the pre-epidemic period are included, the amount of credit guarantee provided by the Italian government to businesses and individuals reached 750 billion Euros and 50 percent of GDP. In addition, a 120-billion-euro program was provided from the European Central Bank for asset purchases.

Spain

The Spanish economy is the 13th largest economy in the world by nominal GDP and one of the largest in the world in terms of purchasing power parity. The country is a member of the European Union, the Organization for Economic Cooperation and Development, and the World Trade Organization. Spain has a capitalist mixed economy.

The Spanish economy is the fourth largest economy in the euro area according to nominal GDP statistics, as well as the sixth largest economy in Europe after Germany, the United Kingdom, France, Italy and Russia (Engin A.L., 2019: p. 111).

Spain, along with Italy, is among the countries most affected by the epidemic. Spain, which went into the state of emergency as part of the fight against the epidemic, declared a package of 13.9 billion euros, which corresponds to 1 percent of GDP. The contents of the package;

- a) 1 billion Euros to be given to the Ministry of Health;
- b) €2.8 billion to be used in regional health services;
- c) 110 million Euros to spend on vaccine and drug development projects;
- d) direct support to the unemployed;
- e) Includes topics such as transfer to the Social Security budget.

In addition to these, a 120-billion-euro program was provided from the European Central Bank for asset purchases. In addition, the government provided a new guarantee of 100 billion euros for the loans of enterprises, farmers and tradesmen, while a 2-billion-euro loan guarantee arrangement was made for export loans.

It is expected that the guarantee arrangements introduced by the government will provide an additional 83 billion euros of liquidity only for the use of the private sector.

France

The first case of the COVID-19 epidemic spreading worldwide was confirmed by the French Ministry of Health on January 24, 2020, in the city of Bordeaux. On February 14, 2020, Paris recorded the first death from COVID-19 in the country and in Europe.

Addressing the public on April 13, French President Macron announced that the partial curfew was extended until May 11. The partial curfew, which lasted for 2 months, ended on May 11, 2020.

2nd normalization on 28 May 2020 Archived 13 September 2020 at the Wayback Machine. In the statement made on the process, it was announced that many service businesses across the country will start operating on June 2, 2020. As of April 18, 2022, 27,790,834 confirmed cases in France, 144,205 patients died from the virus while there were recoveries.

In order to alleviate the economic effects of the epidemic, a package of 45 billion euros was prepared previously. The French Government increased the package to 110 billion euros after the epidemic could not be brought under control (Üral A.U. 2020: p.35). In this package, which corresponds to 5 percent of GDP;

- a) Liquidity injections;
- b) Health insurance arrangements and coverage increases for the patient or their caregivers;
- c) Increasing the amount of spending on the health sector;
- d) Postponing tax and social security payments for their businesses;
- e) Providing liquidity to the markets by accelerating tax returns;
- f) Salary support for workers who switch to the short-time working system;
- g) Postponement of rent and other payments of micro-enterprises;
- h) Expropriation of enterprises in distress;
- i) There are measures such as extending the period of expired unemployment benefits.

In addition to these, a 120-billion-euro program was provided from the European Central Bank for asset purchases, while the French Central Bank took decisions supporting easier access of SMEs to credit by making regulations regarding the minimum capital adequacy requirements of banks (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf).

People's Republic of China

The economic measures taken by China, where the epidemic started, corresponds to 2.5 percent of GDP with 2.6 trillion yuan. These measures are;

- a) Prevention and containment of the epidemic;
- b) Medical equipment manufacturing;
- c) Accelerating unemployment insurance payments;
- d) Waiver of tax breaks and social security contributions;
- e) Improvement of the emergency management system includes general fiscal expansions such as raising the purchase ceiling for local government bonds and automatic stabilizers.

In addition, the People's Bank of China provided monetary policy support for the stability of financial markets. It supports (Üral A.U. 2020: p.38):

a) 3.27 trillion-yuan cash injection into the banking system through open market operations;

b) 1.8 trillion yuan low-interest loan to be used in restructuring loans to small and medium enterprises, including the agricultural sector and businesses producing medical products;

c) Discount on 7- and 14-day reverse repo rates;

d) Includes 100 basis point interest rate cuts for lending to small and medium-sized enterprises.

As can be seen, all countries strive to minimize the adverse effects of the epidemic on their economies by taking financial measures in line with their own means and needs.

However, considering the burdens on the treasury and central banks of the economies by the measures taken for the real economy and employment, it is seen that even if the epidemic is brought under control today, the impact on the economies will be longer-term.

3.2. The current situation in Azerbaijan in the fight against the epidemic

Recently, there has been an increase in the scope and geography of coronavirus (COVID-19) infection. At the same time, the negative impact of the new infection on the global economy, international financial and commodity markets, as well as oil prices is growing.

In order to prevent the spread of coronavirus in our country, trade, tourism, catering, etc. Special work regimes were applied in the fields and social isolation of the population was ensured. All these measures, naturally, can weaken business activity in the country and have a negative impact on the development of most sectors of the economy.

In the current situation, the possible impact on the stability of the economy must be eliminated, the social welfare of the population must be protected and the

sustainability of economic development must be ensured. Achieving these goals requires a combination of all efforts and initiatives in the country (<https://president.az/az/articles/view/36228>).

The Crisis Desk of the Cabinet of Ministers of the Republic of Azerbaijan decided to gradually abolish the request for special permission for the citizens of certain countries with stable epidemiological status to travel to Azerbaijan (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf).

In this respect, as of June 10, 2021, citizens of the Republic of Turkey and the Russian Federation will be able to travel to Azerbaijan by air, observing the following conditions.

a) For passengers over 18 years of age, submission of an official document (COVID passport) issued by the relevant country confirming the COVID-19 vaccination or recovery, and an official document confirming the result of the COVID-19 negative PCR test within 72 hours before the flight (Candan İ.H., 2020: p. 24);

b) Submission of an official document confirming the result of a negative PCR test for COVID-19 within 72 hours prior to flight for passengers aged 1-18 years.

On the other hand, COVID passport and PCR test results are not requested for children younger than 1 year old.

With the decision of the Cabinet of Ministers of the Republic of Azerbaijan dated May 26, 2021 and numbered 151, the duration of the special quarantine regime implemented in Azerbaijan was extended until August 1, 2021, while it was decided that some restrictions would be lifted as of May 31, 2021.

The decisions taken by the Cabinet of Ministers of Azerbaijan are presented below (https://www.pa.edu.tr/Upload/editor/files/Kovid_Ekonomi%20boyutu_.pdf):

- a) As of May 31, 2021, the mask requirement will be removed in the open air.
- b) As of May 31, 2021, the Baku Metro will start operating.
- c) As of May 31, 2021, passenger transportation by road and air between cities and regions will start operating again in the country.

d) As of 10 June 2021, religious places of worship, commercial centers, sports and health centers and beaches/pools will start operating.

Economic Supports

Azerbaijan increased public health spending (8.3 million AzN) to contain the spread of the epidemic. They also announced that they are giving up to 1 billion AzN (1% of GDP) support to the affected businesses. The Azerbaijani government has provided \$5 million to the COVID-19 Fund as part of WHO's Strategic Preparedness and Response Plan.

Effects on Foreign Trade

There is no import restriction application due to the epidemic in the country.

It is predicted that the rapid decline in world oil prices will seriously affect the Azerbaijani economy. According to the first estimates, it is stated that the country's economy will shrink by 50%.

The decrease in Azerbaijan's state revenues will adversely affect the foreign trade of the country, which is a net importer in non-oil sectors (Sevda K.A. 2019: p. 312).

CONCLUSIONS AND RECOMMENDATIONS

At the time of researching the subject, the following results were obtained:

People who wanted to escape from the plague started to trade to distant and overseas countries, and as a result, overseas voyages were made and large ships were built to be used in these voyages.

The plague did not only affect the economy, but also many cultural changes occurred. The Latin, which was widely used at that time, was gradually replaced by English and French. Significant reforms also took place in terms of religion. People have sought freedom and knowledge.

While production and foreign trade decreased as a result of the isolation measures taken specially to prevent the spread of the epidemic; investments have almost come to a standstill and activities in many sectors have been stopped. Along with the decrease in production and trade, there has been a serious decrease in employment due to the rupture of supply chains.

As a result of the countries taking intense protectionist measures against the COVID-19 epidemic, anti-globalization tendencies have started to increase, and instability and conflicts have begun to emerge in many regions. While the consequences of the epidemic threaten globalization, these threats can be reduced by international cooperation.

As mentioned before, humanity has experienced many epidemics throughout history and has suffered economically, socially and politically as a result of these epidemics. However, the damages caused by the COVID-19 epidemic seem to be greater even though 6 months (December 2019-June 2020) have passed since its onset.

As a result of globalization, countries have become dependent on each other both in production and in trade. Considering that China is also an important supplier, it is inevitable that a contraction in the Chinese economy will also affect the global economy.

As a result of the rapid increase in the number of people infected and deaths, the World Health Organization (WHO) has declared a Covid-19 Pandemic regarding the SARS-CoV-2 virus as of March 2020 (WHO, 2020). With this decision, countries began to take serious measures, especially regarding social and economic life.

Generally, we can say that, normal production is expected to take place over a period of time or season under normal circumstances, considering the loss of capacity as a result of the planned maintenance. Even in areas where the distribution of costs is based on the actual level of production, such a level should be closer to normal power.

As a result of all these, it can be concluded that savings have increased and consumption has decreased due to both the loss of income and the uncertainty of the future. Social distance, mask use, hygiene and sterilization have become more decisive and selective in the consumption preferences of consumers.

As a result, epidemics have caused important health problems that have to be dealt with throughout history and threaten human life.

These diseases, which caused the death of millions of people, have caused great dangers for societies. Black Plague, Cholera, Spanish Flu, Ebola etc., which have been mentioned in the world from past to present.

As can be seen, all countries strive to minimize the adverse effects of the epidemic on their economies by taking financial measures in line with their own means and needs.

However, considering the burdens on the treasury and central banks of the economies by the measures taken for the real economy and employment, it is seen that even if the epidemic is brought under control today, the impact on the economies will be longer-term.

The following proposals can be made on the subject:

Deeper review of corona-related macroeconomic measures and the benefit of beneficial ones in countries;

Researching consumer demands and wishes;

Increasing electron - commerce.

By addressing these proposals, the contribution to the country's economy can be highly effective.

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List of tables

Table 1: Literature review.....	31
Table 2: ADF unit root test results of variables.....	32
Table 3: Cointegration test results.....	33
Table 4: Granger causality test results.....	34

List of figures

Figure 1: Real economic growth and forecast in developing countries.....	19
Figure 2: Real GDP growth in Azerbaijan.....	20

List of diagrams

Diagram 1: The share of countries in global economic growth for 2025.....	24
Diagram 2: Issues that consumers care about according to their purchasing preferences.....	43
Diagram 3: Types of money consumers use when shopping.....	48

List of schemes

Schema 1: Economic problems in the country's economies as a result of the epidemic.....	53
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