

Governor Martin Galstyan's Opening Speech for 2020 Armenian Economic Association Annual Meetings

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COVID-19 and its Economic Implications

Good morning. Let me first start with thanking the organizers for inviting me to this wonderful event. The program of the Armenian Economic Association annual meetings is impressive, and I congratulate all the organizers for putting together this conference despite all the difficulties at this time.

The topic of my talk today is, not surprisingly, the Covid-19 and its economic implications. I will start with laying out the global context with particular emphasis on comparison with the Global Financial Crisis (GFC) of 2009. I will stress uncertainty, which, will drive the economic activity taking its toll on aggregate demand at least in the short-run. After describing fiscal and monetary policy response around the world and zooming in on emerging markets, I will present our economic outlook for Armenia.

The overarching message is that despite the very aggressive fiscal and monetary policy response, macroeconomic policy cannot fundamentally address the health crisis, which is the key unknown in all our scenarios. The role of macroeconomic policy, though, is to preserve macroeconomic stability in these difficult times, so that macroeconomic and financial aberrations do not derail the recovery. In this respect, I would like to stress that the Central Bank of Armenia has the necessary policy space to preserve the price and financial stability in Armenia.