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8 EIGHT INTERNATIONAL

GLOBAL INSIGHT

What our post-pandemic future looks like

Economists, investors, and CEOs on how the coronavirus has forever changed the world./ [Bloomberg News](#)



Stephen Jen

Former economist at the International Monetary Fund and Morgan Stanley who now runs Eurizon SLJ Capital, a hedge fund and advisory firm

Essentially the coronavirus will make the world look more like China, in terms of the state's involvement in private-sector activities. It is **the U.S. converging to China, not the other way around.**



James Gorman

CEO of Morgan Stanley

Clearly we've figured out how to operate with much less real estate. Do I think everyone is going to be working from home? No. The mentoring, the connection, the team bonding, the brainstorming, the creativity that comes from being in groups of individuals, like-minded and not like-minded, that's how great organizations thrive. But can I see a future where **part of every week, certainly part of every month, a lot of our employees will be at home? Absolutely.** People have been functioning extremely well. We will have less footprint.



Al Kelly

CEO of Visa Inc.

The new global consciousness about the migration of germs—not just within a household, but within a community, state, country, and across the world will continue to impact the way societies at large go about their daily lives. **We now understand how the actions of a single person can impact literally thousands of others globally.** The underappreciated role of hand-washing and being careful about what your hands touch—especially outside your home—is and will continue to be top of mind. We are rethinking how to push an elevator button, open a door, or greet a friend. And adjusting the way we shop, too—how we inspect produce, where we place our phone, how close we stand to one another on line, and even how we pay.



Mike Corbat

Chief executive officer of Citigroup Inc.

In our industry, financial activities viewed as inviolably “high client touch” are moving online by necessity. From putting letters of credit on blockchains, digitally onboarding clients, and conducting virtual roadshows for IPOs, bankers are ripping up some of the last paper trails we have left. Consumers who might have not done a lot digitally until now are engaging remotely. Many of those core activities will never go analog again. All that puts even more responsibility on financial institutions to help close the digital divide, for people, communities, and clients in the public and private sectors. We'll need to do more to bring more people into the formal economy, because **increasing free and low-cost access to digital services is going to be key to the coming recovery.**



Tadashi Yanai

Founder and CEO of Uniqlo clothing's Fast Retailing Co.

People will **go out less, be at or near their homes, and spend more time with their families.** We will think about our clothes in this way, so that people feel less stress. When the world changes, clothing will change accordingly.



Anne Krueger

Former IMF official now at the Johns Hopkins School of Advanced International Studies in Washington

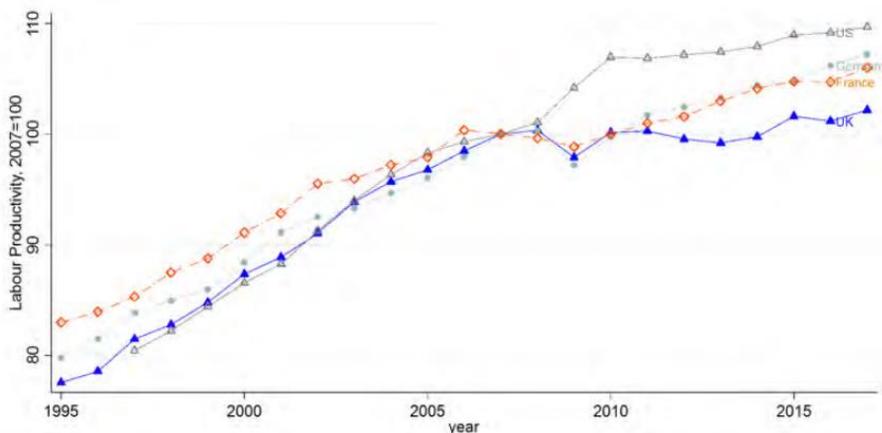
There is a compelling case for international cooperation and coordination in addressing the crisis and keeping its devastation to a minimum. If that coordination takes place and is successful, it could provide the basis for the next stage of **international cooperation, integration, and economic growth.** If, however, many countries choose to insulate themselves from the rest of the world and fail to act with others, the crisis will last longer and the chances for increased nationalism and diminished integration will greatly increase to the detriment of the entire world.

Super-rich stranded by lockdowns face higher tax bills

Labor productivity

As nations have closed borders, some individuals are confronting unexpectedly complex tax situations. These include the prospect of higher levies from spending too many days in a foreign locale, or having to shelve plans to obtain tax breaks by moving abroad./ [Bloomberg](#)

Labor productivity before and after the financial crisis./ [CEPR](#)



Source: Authors' calculations from EU KLEMS database.

Pandemic could lead to 75,000 additional deaths from alcohol and drug misuse and suicide

Alongside the thousands of deaths from COVID-19, the growing epidemic of “deaths of despair” is increasing due to the pandemic—as many as 75,000 more people will die from drug or alcohol misuse and suicide, according to new research released by Well Being Trust (WBT) and the Robert Graham Center for Policy Studies in Family Medicine and Primary Care./ [Well Being Trust](#)

Table. Possible Additional Deaths of COVID-19 Recession on Deaths of Despair, Alternative Scenarios

	Percent Change in Mortality with One Point Increase in Unemployment								
	1% increase			1.3% increase			1.6% increase		
	Slow	Medium	Fast	Slow	Medium	Fast	Slow	Medium	Fast
2020	9,859	9,333	8,343	12,817	12,133	10,846	15,774	14,932	13,349
2021	18,347	16,103	12,209	23,851	20,934	15,871	29,355	25,765	19,534
2022	15,879	11,840	5,832	20,642	15,392	7,581	25,406	18,944	9,331
2023	13,410	8,025	1,261	17,434	10,433	1,639	21,457	12,841	2,017
2024	10,394	3,973	-	13,512	5,164	-	16,630	6,356	-
2025	7,651	870	-	9,947	1,131	-	12,242	1,392	-
2026	7,103	316	-	9,234	411	-	11,365	506	-
2027	5,732	-	-	7,451	-	-	9,171	-	-
2028	4,086	-	-	5,312	-	-	6,538	-	-
2029	3,812	-	-	4,956	-	-	6,099	-	-
Total	96,273	50,460	27,644	125,155	65,598	35,937	154,037	80,735	44,230

Types of Recovery: Slow—Same as Great Recession; Medium—Twice as Fast; Fast—Four Times as fast.

Euro-area exports face slump

Europe's single-currency area is in the throes of a "sudden, severe, and synchronized" drop in export demand inflicted by the global shutdown to contain the coronavirus, according to the European Commission. Demand will rebound in 2021, but only "incompletely" because of the lingering effects of the pandemic throughout the world, officials predict./ [Bloomberg](#)

Trade Slump

Euro-area exports are predicted to decline 13% this year



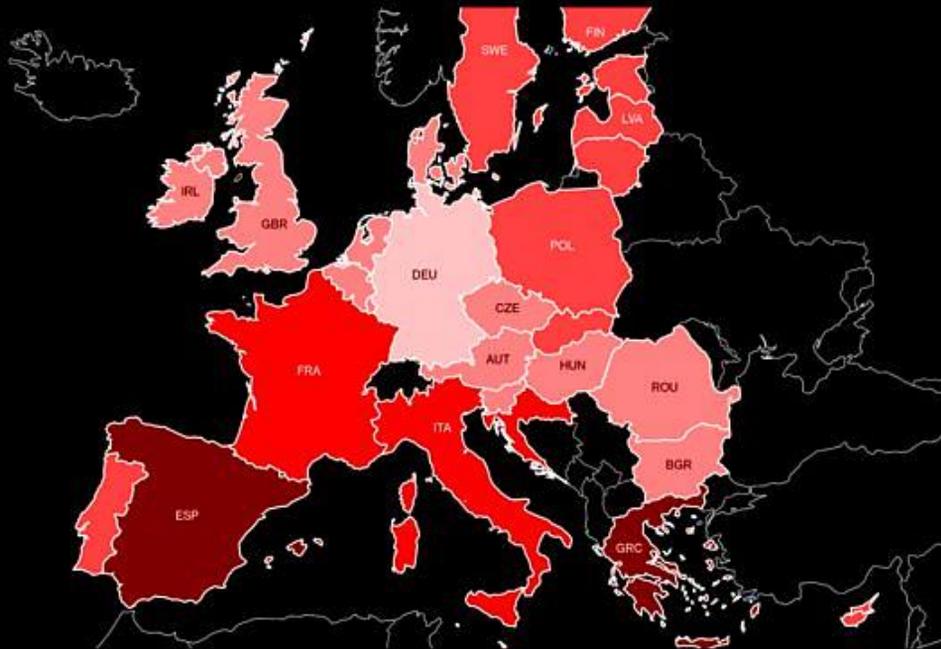
Source: European Commission
Note: *Volume, change on preceding year; EU, euro-area data are for entire region

Euro-area joblessness is predicted to increase to 9,6 percent this year

European governments that unflinchingly deployed tens of billions to prevent a catastrophic jobs crisis are now grappling with the challenge of turning off the tap on what's become one of the biggest welfare experiments in history./ [BloombergQuint](#)

Soaring Unemployment

Euro-area joblessness is predicted to increase to 9.6% this year



Source: European Commission

**Companies in CEE
provide cheap
business services**

As the COVID-19 pandemic wipes out jobs and empties offices across the world, companies in Central Europe that provide remote, lower-cost services for multinationals are emerging as winners in the new business order. From Prague and Warsaw to Bucharest, these firms have long provided outsourced or offshored business services such as software development, administration, payroll handling and research for big European and American customers. Now they are bucking the global trend by expanding and hiring. / [Reuters](#)

**EC prepares Europe
for vacation**

The European Commission is putting the final touches on a tourism-revival roadmap covering everything from reopening national borders to offering appealing travel vouchers for canceled flights. The package of recommendations tomorrow will reveal the fine balance between restoring transport across the EU and limiting the risk of a resurgence in virus cases. The initiative is due to include a map being prepared by the European Centre for Disease Prevention and Control showing the differing epidemiological situations within member nations. In short, vacation in Europe this summer may depend on the coronavirus track records of regions as much as of countries. / [Bloomberg](#)

**TUI: tourism to
recovery by 2022**

Tourism will recover to its pre-coronavirus levels by 2022 at the latest and European holidays will restart in July said Fritz Jousen, the chief executive of travel group TUI. / [Reuters](#)

**Billions of Euros
later, dividend tax
schemes face EU
crackdown**

European regulators are cracking down on complex dividend-tax transactions after years of trades cost national treasuries tens of billions of euros and sparked probes into some of the region's top banks. The deals may have cost taxpayers some 55 billion euros (\$60 billion) between 2001 and 2012, according to the European Parliament. / [Bloomberg](#)

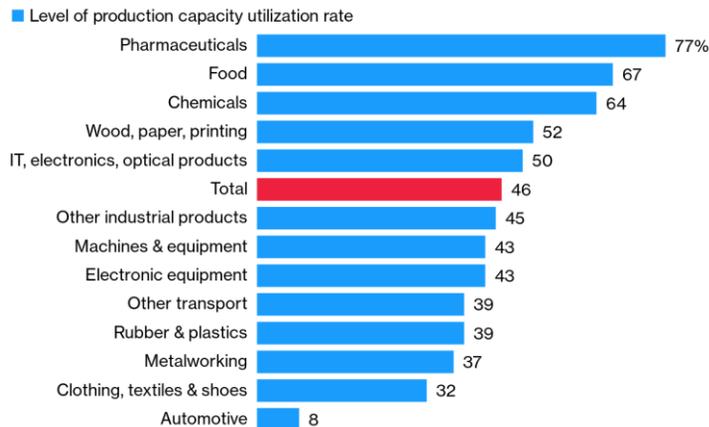
FRANCE

France is preparing to increase its 4 billion-euro (\$4.3 billion) bailout package for tech startups by more than 50% to compensate for an investor retreat, people familiar with the matter said. The government plans to enlarge a series of financial measures set up in late March, to keep innovative companies afloat, by the end of the month, according to two French officials with knowledge of the plans who asked not to be identified because the deliberations are private. The increase is still under discussion and the plans may still change, they said./ [Bloomberg](#)

French economic activity improved only slightly in the later stages of the virus lockdown and won't snap back to normal levels in May despite the lifting of many restrictions, a Bank of France survey showed. The central bank's cautious assessment of the economy's capacity to rebound underscores concern about the lasting damage of confinement measures./ [Bloomberg](#)

Underutilized

French output was at just 46% in April



Source: Bank of France

Bloomberg

GERMANY

German lender Deutsche Bank plans to pump at least 200 billion euros (\$216.8 billion) into so-called sustainable financing and investments by 2025, its first formal targets for doing so. The money will include loans provided by the bank, bonds placed on behalf of its clients and assets managed by its private bank. /

[Reuters](#)

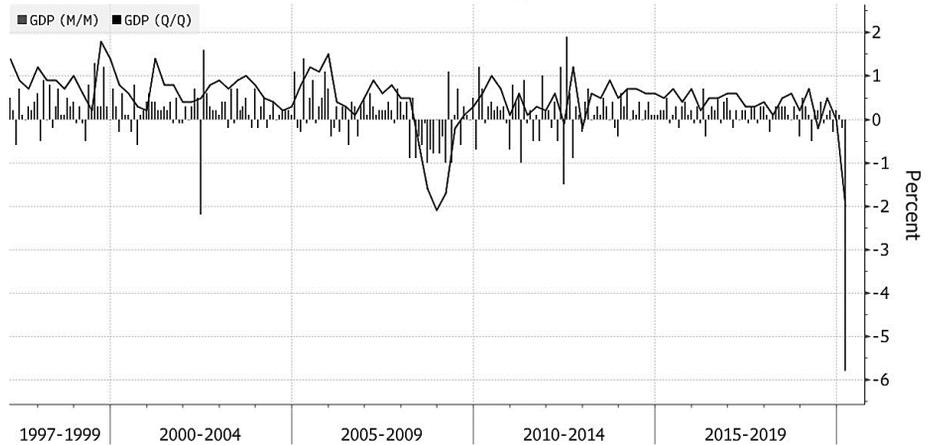
European Union legal action against Germany over a ruling by the country's top court that targeted the European Central Bank would "would weaken or endanger" the bloc in the long-run, one of Germany's Constitutional Court judges told a newspaper./

[Reuters](#)

The U.K. economy shrank almost 6% in March as the nation went into lockdown, plunging into what may be its deepest recession in more than three centuries. The sharp decline is only a small part of the damage of the restrictions to control the coronavirus, which were in place for all of April and look set to endure in some form for months to come. The measures heaped misery on an already tepid economy, with the Bank of England forecasting a staggering 25% contraction this quarter. The BOE, which has cut interest rates to 0.1% and restarted bond purchases, has indicated more easing could come as soon as next month. It expects a strong rebound in 2021 after a 14% slump this year but many analysts regard such a scenario as overly optimistic./ [Bloomberg](#)

Lockdown Fallout

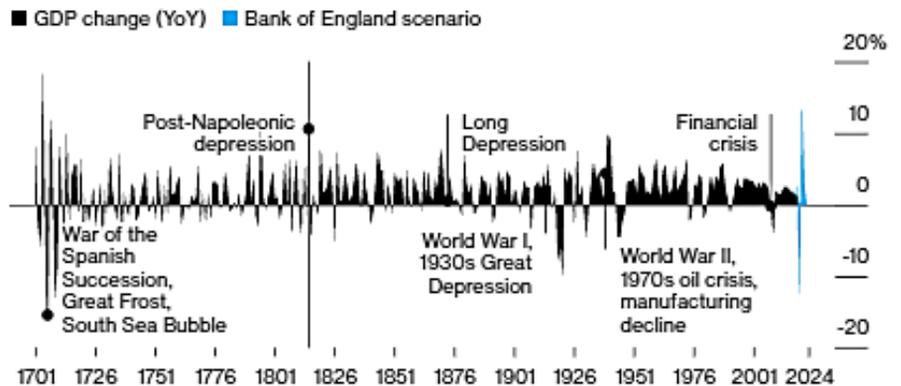
U.K. economy shrank almost 6% in March during virus restrictions



Source: Office for National Statistics

Worst Since 1706

The U.K. economy could shrink 14% this year even with a strong rebound



Source: Bank of England, Office for National Statistics

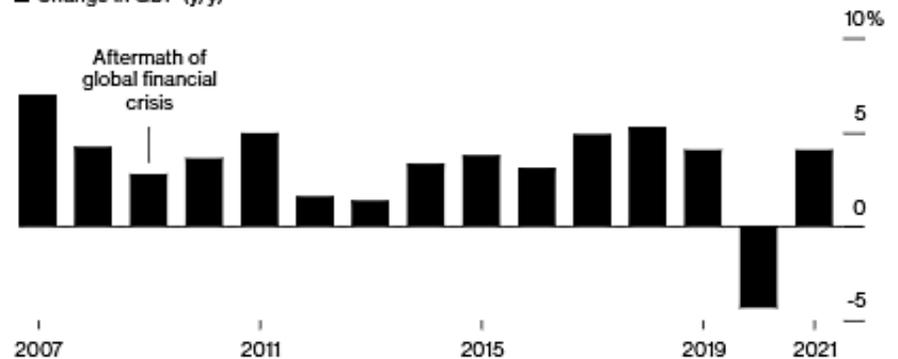
POLAND

The economy seen as most resilient to the coronavirus in the European Union, Poland bottomed out in April and is heading for a U-shape recovery, according to the head of its relief efforts. The EU sees Poland's gross domestic product shrinking 4.3% this year, the least among the bloc's 27 economies. While a deputy prime minister said the country may avoid a downturn completely, the head of the state development fund the impact may be felt for years. "We achieved a trough in economic activity in the second half of April," Pawel Borys, Chief Executive Officer of PFR SA, said on Monday. "This doesn't mean May or June won't be difficult," and second-quarter GDP is likely to decline 10% to 15%./ [Bloomberg](#).

Top of the Class

Polish economy set to be EU's best performer amid virus slump

■ Change in GDP (y/y)



Source: Bloomberg, European Commission forecasts

CHINA

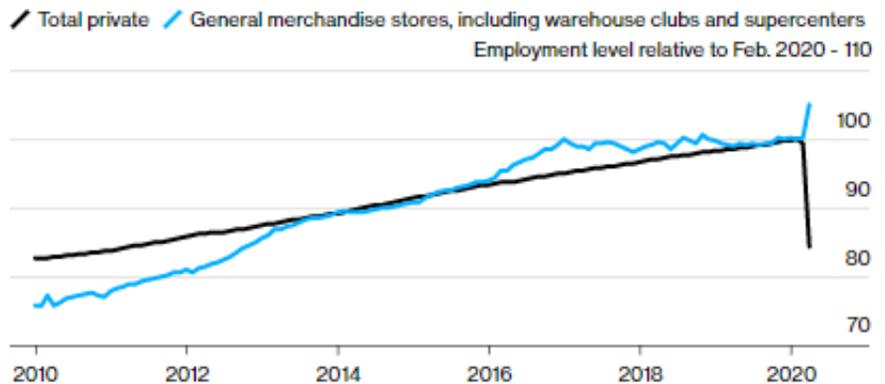
Wuhan has ordered officials to test its entire population of 11 million people after the central Chinese city where the coronavirus pandemic began reported new infections for the first time since its lockdown was lifted./ [Bloomberg](#)

House Democrats proposed a \$3 trillion virus relief bill Tuesday, combining aid to state and local governments with direct cash payments, expanded unemployment insurance and food stamp spending as well as a list of progressive priorities like funds for voting by mail and the troubled U.S. Postal Service./ [Bloomberg](#)

Labor landscape in the uS - while private sector employment in April was down more than 15% from a peak of nearly 130 million workers in February, before the first major U.S. coronavirus outbreaks, a Bloomberg analysis of Bureau of Labor Statistics seasonally-adjusted data found five industries that were still hiring over that same period. Warehouse clubs and supercenters, which employ more than 2 million people and include the likes of Costco Wholesale Corp. and Walmart Inc.' Sam's Club unit, led with an additional 99,000 jobs since February as Americans stocked up on food and household items./ [Bloomberg](#)

Labor Landscape

As the labor market fell off a cliff, warehouse clubs went on a hiring spree



Source: Bloomberg analysis of Bureau of Labor Statistics data

OTHER LOCAL NEWS

Sweden will adjust a key corner of its strategy for dealing with Covid-19, after the death rate at care homes spiraled out of control. The government of Prime Minister Stefan Lofven plans to spend about 2.2 billion kronor (\$220 million) on ratcheting up staff levels to help protect the country's oldest citizens. Another 2 billion kronor will go toward compensating local authorities for the extra costs they've incurred in dealing with the pandemic./ [Bloomberg](#)

Global market data (as of May 13, 2020)./ [Reuters](#)

SECTORS & INDUSTRIES

-0.39%	Energy Renewable Fuels, Integrated Oil & Gas, Oil & Gas Transport	-0.25%	Financials Banks, Diversified Investment Services, Property & Casualty Ins
-0.21%	Basic Materials Chemicals Diversified, Aluminum, Construction Materials	+0.07%	Healthcare Pharmaceuticals, Biotechnology & Medical Research
-0.32%	Industrials Industrial Machinery & Equipment, Construction & Engineering	-0.03%	Technology Semiconductors, Computer Hardware, IT Services & Consulting
-0.35%	Cyclical Goods & Services Auto & Truck Manufacturers, Homebuilding, Cons Electronics	-0.24%	Telecoms Integrated Telecoms, Wireless Telecoms
-0.25%	Non-Cyclical Goods & Services Brewers, Personal services, Food Distn & Convenience Stores	-0.26%	Utilities Electric, Gas, Water

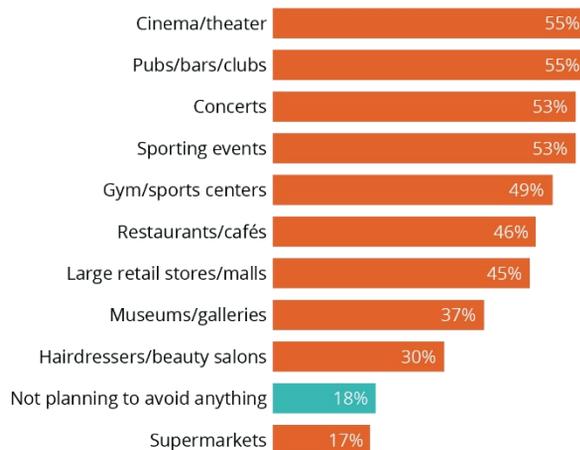
Sector Percentage changes powered by Thomson Reuters Indices.

Consumer behaviour

While officials internationally are under increased pressure to reopen the economy, health experts are warning that a rushed exit from lockdowns could foster a second wave of infections and torpedo much of the progress made so far in slowing down the spread of COVID-19. Regardless of whether or not reopening is premature from an epidemiological point of view, many consider it the only option to limit the economic fallout of the lockdown. Reopening will not automatically kickstart economic activity, however, because people may still behave cautiously even if they're legally allowed to return to business-as-usual./ [Statista](#)

Should I Stay or Should I Go?

% of respondents likely to avoid the following for a while even after COVID-19 restrictions are lifted



Based on an online survey of 720 U.S. adults conducted May 4-10, 2020
Source: Statista COVID-19 Barometer



Onfido, a San Francisco-based identity verification company, is working with at least one European government to develop phone-based "immunity passports" for those who have already recovered from COVID-19 and tested positive for antibodies. The idea, which has been floated by the British government, is rooted in the theory that people who have coronavirus antibodies would be protected against re-infection. Onfido announced yesterday it would build the technology into mobile hotel booking app Sidehide, allowing users to verify their identity and immunity status with hotels or authorities. The World Health Organization has said there is currently "no evidence" that people who have recovered from the virus and have antibodies are protected from a second infection, suggesting an immunity passport may create a false sense of security./ [AXIOS & Bloomberg](#)

Richard Branson is considering selling more than a quarter of his stake in Virgin Galactic Holdings Inc., a move that would provide about \$500 million to support his broader Virgin business empire. Branson's Virgin Group may sell as many as 25 million shares in the space-travel firm, with the proceeds going to his leisure and travel businesses, according to a statement Monday. He owns 92.6 million shares of Virgin Galactic worth about \$1.9 billion, his biggest holding in a listed business./ [Bloomberg](#)

As the coronavirus continues to kill thousands each day, tech companies are seizing the opportunity to extend their reach and power. / [The Guardian](#)

Green energy

The Trump administration approved the largest solar installation in U.S. history, giving its blessing to a Berkshire Hathaway Inc. subsidiary's 690-megawatt project just north of Las Vegas. When finished, NV Energy's estimated \$1 billion Gemini Solar Project is set to become the eighth-largest solar power facility in the world, spanning some 7,100 acres (2873 hectares) of federal land and generating enough electricity to power 260,000 homes in the region. The current record for a solar plant is 579 megawatts./ [Bloomberg Green](#)

Aero

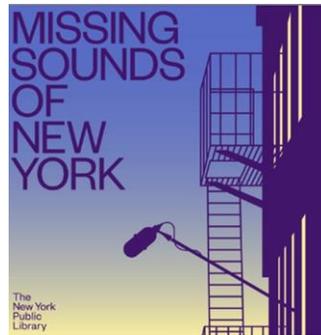
A booth designed to conduct full-body disinfection is being trialed by staff at Hong Kong International Airport as the international aviation industry looked to bounce back from the COVID-19 pandemic./ [Bloomberg QuickTake](#)

AFTER HOURS

It's showtime! Hear the N.Y.C. that used to be - "Missing Sounds of New York," an album from the New York Public Library, recreates the everyday soundtrack many have been missing since March./

[The New York Times](#)

Press on each round photo to enjoy selected sounds of NY (or a square album cover to hear it all)!



New York Public Library  Marta Marczak

1. To See an Underground Show



New York Public Library

6. I'd Call a Cab to Anywhere



New York Public Library

7. Never Call It a Night Again

And speaking about the sounds ... 'Facts don't matter' brought to you by [Joe Dator/ The New Yorker Cartoons](#)



"I'm sorry, Jeannie, your answer was correct, but Kevin shouted his incorrect answer over yours, so he gets the points."

About Eight International

Eight International is a global advisory organization founded in 2016 by six consultancies sharing the same values. A globally integrated team of over 70 leaders and over 600 professionals seamlessly advises corporate clients, businesses, private equity funds and leading investment banks to help navigate challenges across transactions, restructuring and operational transformation. Eight International brings innovative solutions in a broad array of industries through its three key pillars: Reactivity via its nimble business model, Quality of its experienced practitioners and Independence, given no conflicts of interest.

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