

Transactions. Restructuring. Transformation. Financial Engineering.

8 EIGHT INTERNATIONAL

GLOBAL INSIGHT

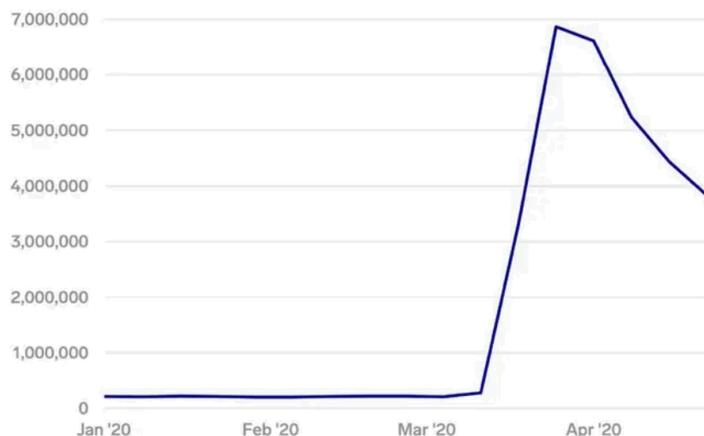
World economy to shrink by 3.2 per cent, new UN report projects

Against the backdrop of the raging COVID-19 pandemic, the world economy in 2020 is projected to shrink by 3.2 per cent, racking up some \$8.5 trillion in overall losses – wiping out nearly four years of output gains, according to a mid-year economic analysis by the United Nations.. The global economy is expected to lose nearly \$8.5 trillion in output over the next two years due to the COVID-19 pandemic, wiping out nearly all gains of the previous four years. The sharp economic contraction, which marks the sharpest contraction since the Great Depression in the 1930s, comes on top of anaemic economic forecasts of only 2.1 percent at the start of the year./ [UN](#)

Employment in G7 economies

UN's International Labour Organization predicts 1.6 billion informal economy workers could suffer “massive damage” to their livelihoods. In the second quarter of 2020, COVID-19 may cost the equivalent of 305 million full-time jobs. The advanced economies of the G7 provide snapshots of evolving unemployment trends in the developed world./ [WEF](#)

Initial unemployment claims



Source: US Employment and Training Administration via FRED

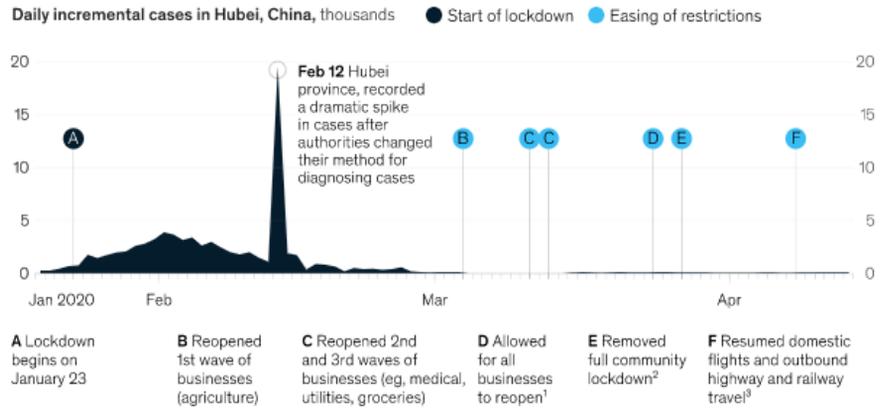
BUSINESS INSIDER

Different unlock strategies, no proven best strategy

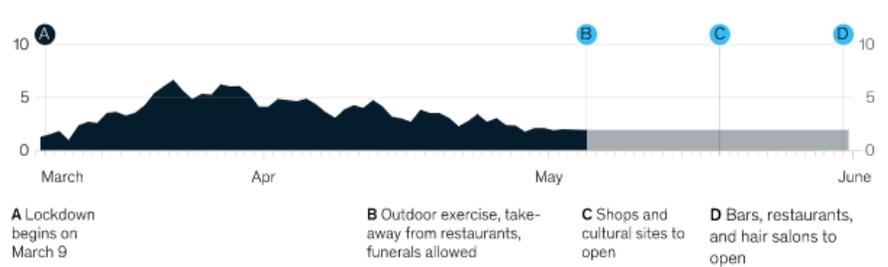
Countries and regions take divergent approaches to unlocking their economies. Hubei Province in China waited until reported cases were near zero to reopen, whereas Italy and Spain took the first steps to reopening with daily case counts at more than 1,000. Every location needs to balance public-health and economic imperatives./ [McKinsey](#)

Countries have chosen to reopen with varying numbers of recent cases.

Entering lockdown and lockdown easing, by country



Daily incremental cases in Italy, thousands



WTO's top trade official to step down before his term ends

The World Trade Organization's top trade official, Roberto Azevedo, has told member governments he plans to step down before his term ends in 2021, according to four people familiar with the matter. The 62-year-old Brazilian has served as the WTO's director-general since September 2013 and his second four-year term began in September 2017./ [Bloomberg Economics](#)

European shares drop on doubts over speedy recovery

European shares retreated as comments from U.S. officials fanned concerns of a prolonged economic downturn due to the coronavirus outbreak, while investors eyed the prospect of a second wave of infections fearfully./ [Bloomberg](#)

FRANCE

French unemployment fell in the first quarter to an 11-year low as people without work were unable to seek jobs once France entered a coronavirus lockdown, the INSEE stats agency said today. The jobless rate fell to 7.8% from 8.1% in the fourth quarter, hitting its lowest since late 2008, INSEE's quarterly unemployment survey found./ [The New York Times](#)

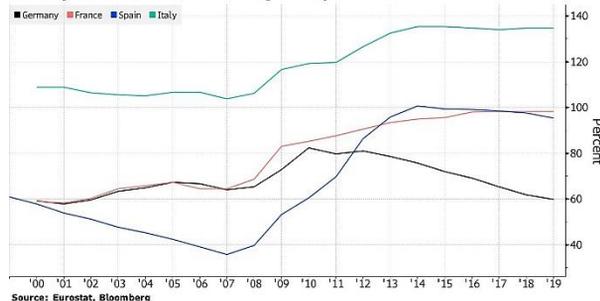
Americans will likely get Sanofi's Covid-19 vaccine before the rest of the world if the French pharmaceutical giant can successfully deliver one. That's because the U.S. was first in line to fund Sanofi's vaccine research./ [Bloomberg](#)

Giving the U.S. priority access to a Sanofi vaccine against the new coronavirus would be "unacceptable," a French government minister said./ [Bloomberg](#)

GERMANY

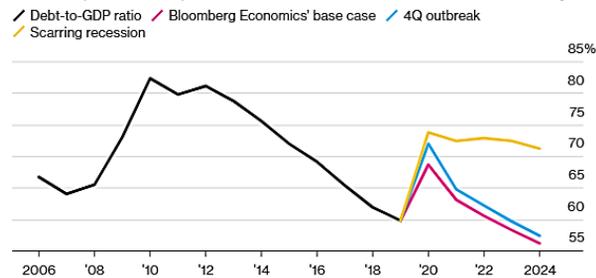
Just as Germany starts counting the cost of the coronavirus's damage to economic growth, officials will get another glimpse of the shaky foundations it was built on. While the virus-induced crash in activity may temporarily drown out any narrative of neglect, it might not silence observers who had long pushed for a large-scale budget stimulus to reinvigorate growth that was outpaced last year by all major euro-area peers (apart from Italy). Spurred on by a debt-averse public, Merkel's government zealously avoided such spending, even when it could borrow money for virtually nothing. [Bloomberg](#)

Great Divergence Germany has lowest debt ratio of major European economies



German Debt Scenarios

Fiscal response to the pandemic is an investment in the economic recovery



UK

More than three-quarters of companies in Britain which took part in a survey by the country's official statistics office have applied for the government's emergency job retention scheme to help them through the coronavirus lockdown. Seventy-six percent of the companies which took part in the survey said they had applied for the Coronavirus Job Retention Scheme, the Office for National Statistics said./ [Reuters](#)

ITALY

Italy's government approved a much-delayed 55 billion-euro (\$60 billion) stimulus package to rescue an economy crippled by a two-month nationwide lockdown, promising a boost in liquidity for businesses and aid for families in need. Prime Minister Giuseppe Conte held a cabinet meeting on the new spending measures after tensions within the ruling coalition forced repeated postponements for what was originally dubbed the "April decree."/ [Bloomberg](#).

Italy registered the fewest new coronavirus cases in two days on Wednesday, as the government prepared to approve a much-postponed 55 billion-euro (\$60 billion) stimulus package for an economy blighted by a nationwide lockdown./ [Bloomberg](#)

Confirmed Trends

Daily cases decline as Italians expect new stimulus package



Spain is preparing to reopen its borders from early July. A reopening of borders, which have been closed since mid-March amid the coronavirus pandemic, could initially be for Schengen countries only, according to Spanish foreign ministry sources./ [Sky News](#)

INDIA

Top UN economic experts have hailed as "impressive" the Rs 20 lakh crore stimulus package, the largest so far among developing countries, announced by India to revive the country's economy. Prime Minister Narendra Modi announced massive new financial incentives on top of the previously announced packages for a combined stimulus of Rs 20 lakh crore (USD 260 billion)./ [The Week](#)

RUSSIA

Russians are running out of money after six weeks of lockdown and minimal government support, adding to pressure that pushed President Vladimir Putin to start reopening the economy even as the infection total surges to the second-highest in the world. Putin announced the end of a national stay-at-home period on Monday, and Moscow and other major cities are slowly beginning to loosen restrictions./ [Bloomberg](#)

Vladimir Putin's popularity plummets due to ineffective coronavirus response in Russia/ [ITV](#)

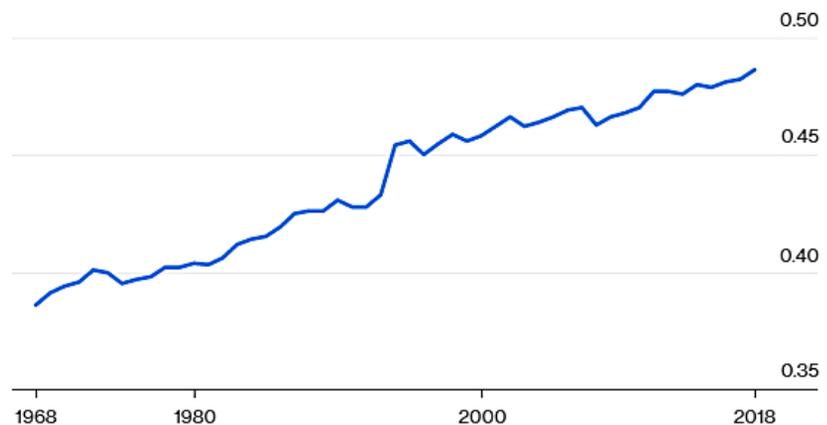
Russia might not see its pre-coronavirus levels of tourism return until January 2021, Russia's Federal Tourist Agency (Rostourism) warned that the measures would lead to "colossal losses for the economy" of at least 300 billion rubles (\$4 billion) per quarter./ [The Moscow News](#)

US

Goldman Sachs Group Inc. economists revised their forecasts to reflect a gloomier outlook for the U.S. labor market, though also the potential for a faster recovery from the coronavirus pandemic. Analysts David Mericle and Ronnie Walker estimate that the unemployment rate will peak at 25%, up from a previous forecast of 15%, as "more workers will lose their jobs and a larger share of them will be classified as unemployed"/ [Bloomberg](#)

In the years before coronavirus, inequality was looming larger in American policy discussions. Income and wealth inequality had been rising for decades. Now the coronavirus pandemic threatens to make an already bad situation worse. Some have called the virus a great equalizer, because it can strike even the rich and powerful. But in terms of the long-term effect on economic outcomes, the disease is likely to be anything but an equalizer./ [Bloomberg Opinion](#)

A Widening Divide
Gini Index of Income Inequality



Source: U.S. Census Bureau via Bloomberg

Global market data (as of May 14, 2020). / [Reuters](#)

SECTORS & INDUSTRIES

-0.75%	Energy Renewable Fuels, Integrated Oil & Gas, Oil & Gas Transport	-0.53%	Financials Banks, Diversified Investment Services, Property & Casualty Ins
-0.66%	Basic Materials Chemicals Diversified, Aluminum, Construction Materials	-0.21%	Healthcare Pharmaceuticals, Biotechnology & Medical Research
-0.86%	Industrials Industrial Machinery & Equipment, Construction & Engineering	-0.19%	Technology Semiconductors, Computer Hardware, IT Services & Consulting
-0.65%	Cyclical Goods & Services Auto & Truck Manufacturers, Homebuilding, Cons Electronics	-0.35%	Telecoms Integrated Telecoms, Wireless Telecoms
-0.45%	Non-Cyclical Goods & Services Brewers, Personal services, Food Distn & Convenience Stores	-0.44%	Utilities Electric, Gas, Water

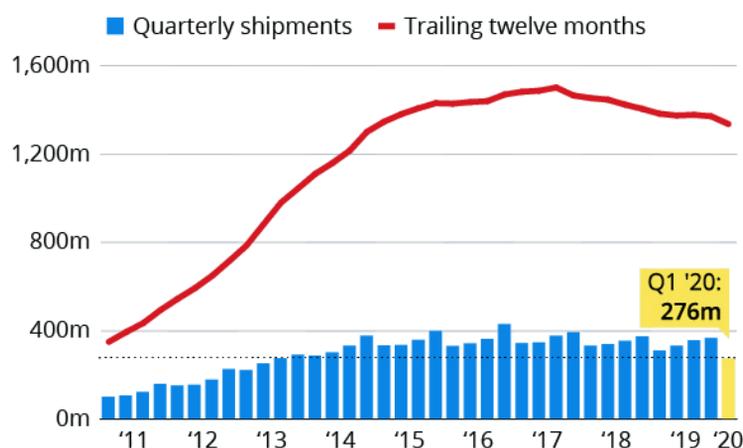
Sector Percentage changes powered by Thomson Reuters Indices.

TMT

Worldwide smartphone shipments dropped 11.7 percent in the first quarter of 2020, marking the largest year-over-year decline for the once booming industry. Companies shipped 275.8 million units in the first three months of 2020, down from 312.3 million the year before. / [Statista](#)

Smartphone Shipments Drop to 7-Year Low in Q1 2020

Worldwide smartphone shipments since Q1 2011

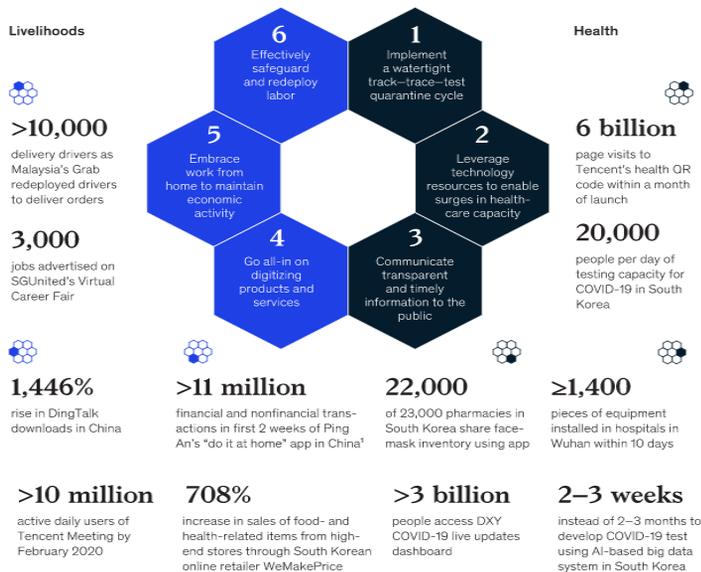


Source: IDC



Deepening technological capabilities and innovations—most notably digital and mobile technologies—enabled early responses to the COVID-19 crisis. Six broad categories of measures to safeguard both health and livelihoods helped guide governments and businesses in the region./ **McKinsey**

Six ways technology contributed to Asia's response to the COVID-19 pandemic.



*Nonfinancial transactions include online medical counseling, traffic-violation inquiries, and shopping for disinfection-related goods. Source: Press search; McKinsey Global Institute analysis

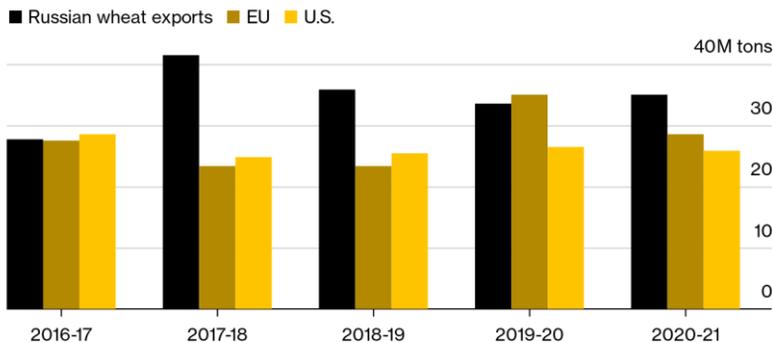
McKinsey & Company

Food

Russia's giving up its title as the world's biggest wheat exporter, but only until next season. The U.S. raised its outlook for shipments from the European Union to 35 million tons for the 2019-20 season, meaning Russia will lose the top spot for the first time in three years./ **Bloomberg**

Crown Shifts

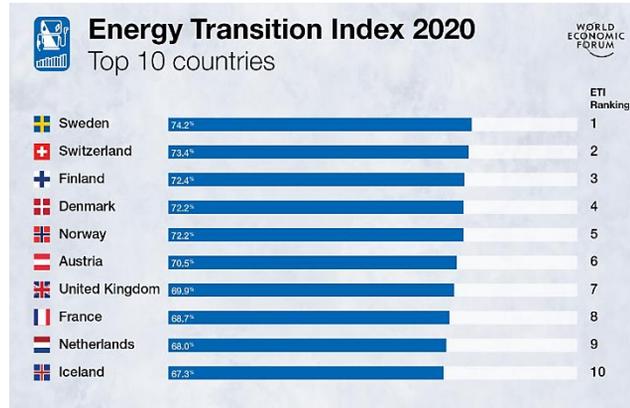
Russia to lose top wheat-export ranking this season, but then reclaim it



Source: USDA

Bloomberg

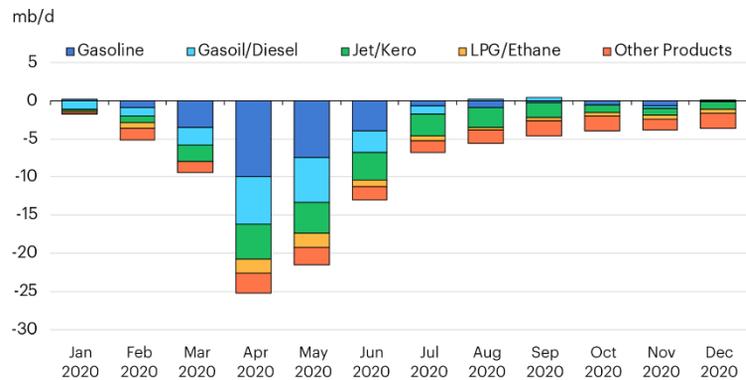
A new Energy Transition Index (ETI) is a fact-based ranking intended to enable policy-makers and businesses to plot the course for a successful energy transition./ [WEF](#)



The International Energy Agency (IEA) has slightly raised its forecast for oil demand this year a little, as economies start to lift lockdown restrictions./ [IEA](#)

Annual oil demand change by product

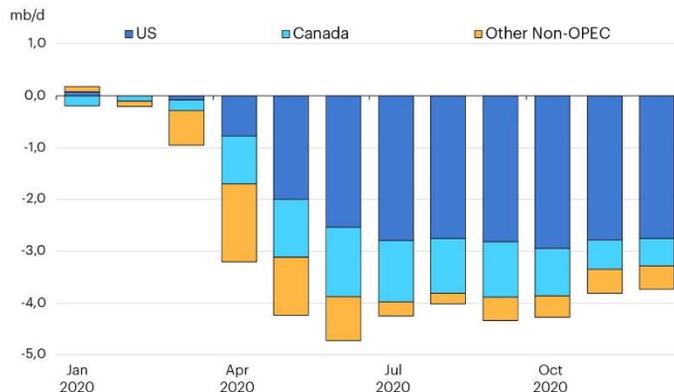
Oil Market Report: May 2020



International Energy Agency

Estimated output decline from outside OPEC+ vs December 2019

Oil Market Report: May 2020



International Energy Agency

Latest global automotive overview from [IHS Markit](#)

69.4M

baseline global LV sales forecast, lowest since 2010

72.5M

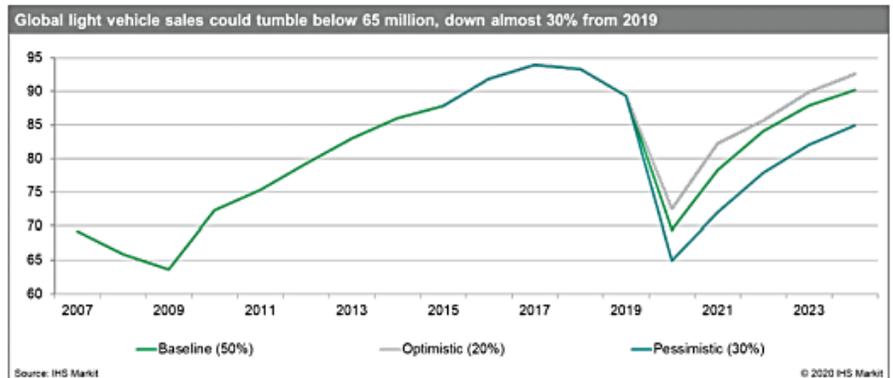
optimistic global LV sales scenario reflecting broader V-shaped recovery

64.9M

pessimistic global LV sales scenario with stringent virus-fighting efforts into third quarter

IHS Markit Contingency Forecasts assess vehicle sales under alternative market conditions providing high- and low-band sensitivity forecast scenarios for key drivers of the global automotive industry. Our COVID-19 scenarios take into consideration the immediate impacts of containment measures, stimulus policies, unemployment, and more.

- IHS Markit COVID-19 scenarios, published 28 April 2020, signal deeper market declines in 2020 than the 6 April 2020 forecast release. Fiscal policy will aid auto recovery efforts in 2021–22. Globally, our baseline sales forecast anticipates the **light vehicle market to decline 22% in 2020 to 69.4 million units**, the lowest since 2010.
- The 20% probability of a more **optimistic forecast reflects a broader V-shaped recovery** globally as stimulus measures are expanded to include light vehicle scrapping programs. Additionally, measures to gradually reopen shuttered economies are successful and not interrupted by a return of the virus. Global vehicle sales pare losses, **falling only 19% to 72.5 million. Sales down 21.4 million units from the 2017 peak.** (United States down 23% in 2020 to 13.2 million units, Europe down 22% to 16 million, and China down 10% to 22.8 million)
- There is a 30% probability of an **extended pessimistic scenario contains stringent virus-fighting efforts lasting into the third quarter** of 2020 as markets in northern hemisphere see renewed COVID-19 cases. Stimulus measures prove ineffective at backstopping crisis and unemployment rates spiral. Recovery begins later and at a much slower rate than anticipated. **Global vehicle sales collapse by more than 27% to 64.9 million units.** Sales down 29.1 million units from 2017 peak. (United States down 34% in 2020 to 11.3 million units, Europe down 29% to 14.6 million, and China down 22% to 19.7 million).



*Based on data received through 12 May 2020.

AFTER HOURS

Eurovision in the times of cholera - The usual Eurovision contest, which would've been gearing up in Rotterdam now, has been canceled. In its place, 13 teams of computer scientists, artists and academics were invited to compete using artificial intelligence to write original songs, feeding their programs everything from pop ballads to folk music to animal noises./ [Bloomberg Pursuits](#)

An Australian team called "Uncanny Valley" won the inaugural Eurovision AI song contest for their song "Beautiful the World," (even with lyrics like "dreams still live on the wings of happiness.") Click on the image below to watch & listen (if you have to)..



And speaking about AI ... (hopefully not) the future of leisure brought to you by **Lars Kenseth**/[The New Yorker Cartoons](#)



“Computer, begin simulation: movie-theatre line.”

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.

This newsletter has been brought to you by:



Alexis Karklins-Marchay
Partner at Eight Advisory
Secretary General at Eight International



Marta Marczak
Communications Director at JP Weber
International Communications Coordinator at Eight International



Was this forwarded to you? Sign up [here](#).

Or send us [feedback](#) - we'd love to know what you think!

If you'd like to unsubscribe simply reply **'No'** to our e-mail.

Copyright © 2020 Eight Advisory & Eight International