

# Transactions. Restructuring. Transformation. Financial Engineering.

**8 EIGHT INTERNATIONAL**

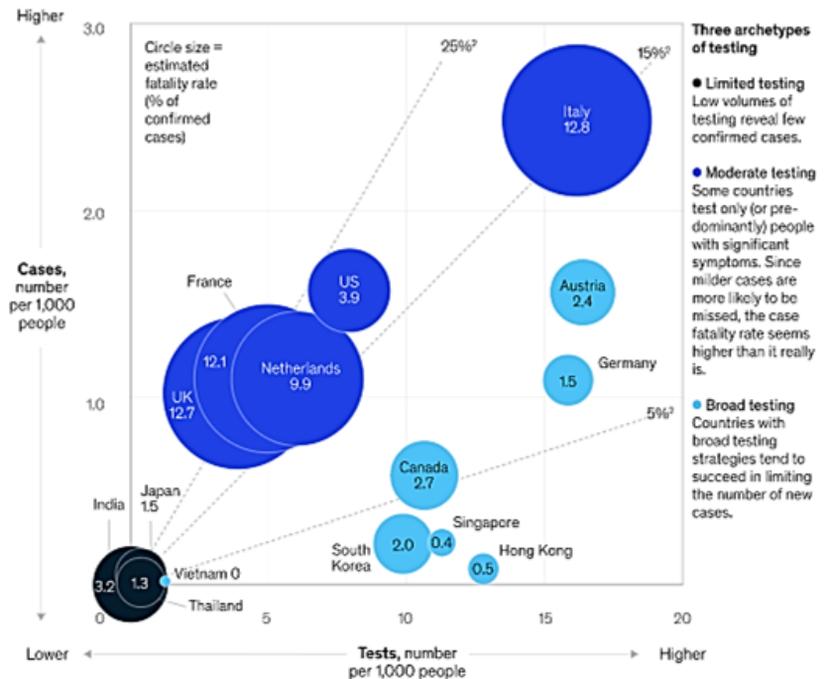
## GLOBAL INSIGHT

**Surprising correlation between a number of tests and a number of cases per thousand people.**

Countries need to think about building surge capacity in traditional public-health approaches to control the virus's spread. Such a surge must build on current efforts to scale viral testing rapidly, mostly through reverse transcription-polymerase chain reaction machines. That's countries that have tested more people have diagnosed fewer cases per thousand people. [McKinsey](#)

**Countries with the widest testing tend to have the fewest cases per 1,000 people.**

COVID-19: Confirmed cases, tests conducted, and estimated fatality rate\*



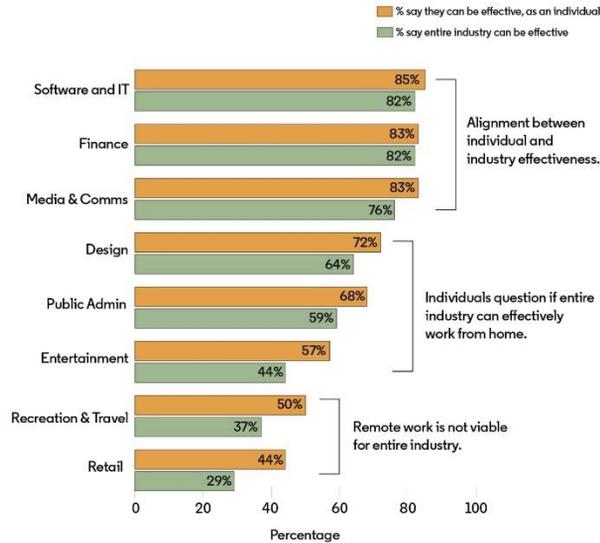
\*Current as of Apr 12 (Austria, Canada, Japan, South Korea); Apr 11 (India, Italy, United Kingdom, United States, Vietnam); Apr 10 (Thailand); Apr 7 (France, Netherlands); Apr 6 (Singapore); Apr 5 (Germany); Mar 31 (Hong Kong).  
 †Percent of positive tests among tests conducted.  
 Source: Johns Hopkins University; Government of Hong Kong Special Administrative Region; Our World in Data; Singapore Government; World Health Organization situation reports

## Which industries are best geared towards remote working

The newest edition of the **LinkedIn Workforce Confidence Index** shows that 55% of respondents now think their industry can be effective when people are working remotely. Optimism is strongest in intensely digital fields, such as software, finance and media. In those industries, more than 75% of people endorse the idea that remote work and effective operations go hand in hand. In other sectors, remote work is a polarizing topic, especially if in-person interaction is crucial. These include health care (with optimists at just 48%) and manufacturing (41%)./ [LinkedIn](#)

### Can your industry WFH effectively?

How U.S. professionals across key industries feel about their ability to work remotely — on both an individual and industry level.



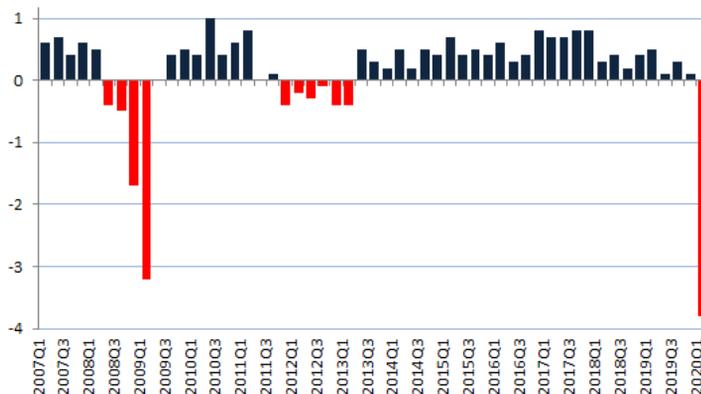
Source: LinkedIn Workforce Confidence Index research  
 Note: 5,447 professionals in the U.S. were surveyed April 27-May 3.



## Third mega-crisis in 12 years: Eurozone economy plunges at fastest rate on record

In its 21 years of official existence, the Eurozone has already been through two brutal crises — the Global Financial Crisis and one of its own doing, the Euro Debt Crisis — that nearly tore the bloc apart. Now, it is in the grip of another one that is already exacting a larger toll than the first two, despite having barely begun./ [Wolf Street](#)

### Eurozone GDP Change from Prior Quarter %, seasonally adjusted



Source: Eurostat

## Unpriceable climate change stalks \$31 trillion debt market

Across continents, bond investors are struggling to answer what Deutsche Bank AG strategists dubbed “the question of our age” - how much societies are willing to sacrifice in economic growth to counter climate change, and what that spells for the world’s \$31 trillion sovereign debt market./ [Bloomberg Green](#)

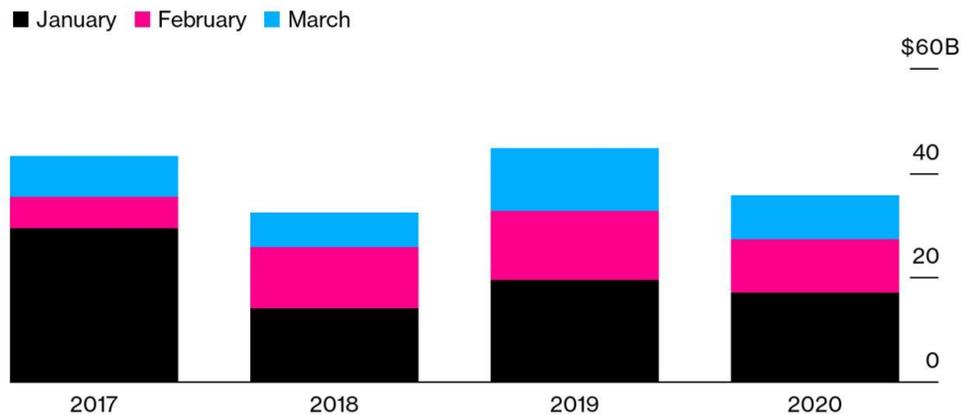
### Green Bonanza

Growth in green bond market has accelerated in past five years



### Viral Hit

Green bond sales dropped in 1Q as coronavirus pandemic deepened



## Markets rise

Global equity investors seem to be taking a glass-half-full view of the world this morning as policymakers move to get economies back on track. Overnight the MSCI Asia Pacific Index added 0.1% while Japan's Topix index closed 0.4% higher. There has been a much larger move in Europe where the Stoxx 600 Index had gained 2% by 5:50 a.m. Eastern Time with miners and carmakers leading the rally. S&P 500 futures pointed to a jump at the open, the 10-year Treasury yield was at 0.646% and gold rose. /

[Bloomberg](#)

## FRANCE

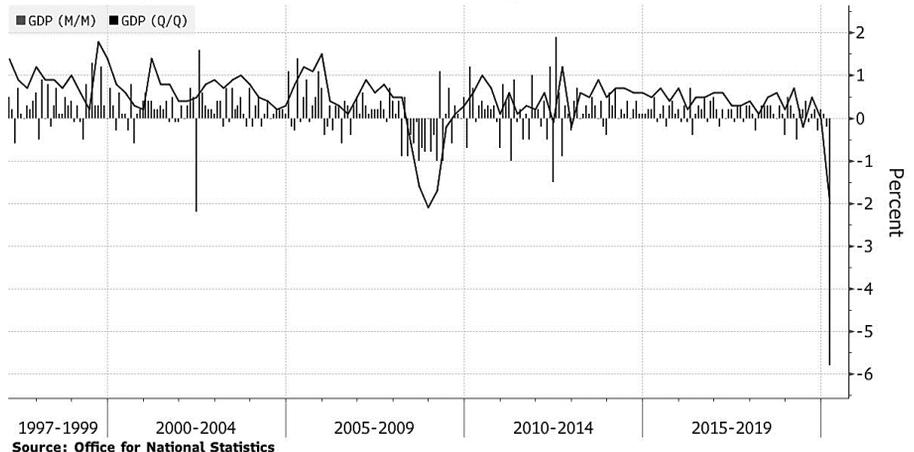
France is hoping to announce a plan within 15 days to help the country's automobile sector, which has been hit hard by the impact of the coronavirus. The government is already working on a roughly 5 billion euros (\$5.41 billion) package of state-guaranteed loans for carmaker Renault, which is 15% owned by the state./ [US News](#)

## UK

The U.K. got fresh warnings of the lasting economic damage the coronavirus pandemic will inflict on the economy just as Chancellor of the Exchequer Rishi Sunak prepares to face lawmakers on Monday. Sunak, who last week extended the U.K.'s much-heralded jobs retention plan, is expected to field questions in Parliament amid growing speculation about how the nation will foot the bill for the dramatic increase in borrowing needed to fund his plans./ [Bloomberg](#)

### Lockdown Fallout

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



Inequalities in age, education and work are being exposed and reinforced by the pandemic in the U.K., reports published Monday show. Children from better-off families are spending 30% more time on educational activities per day than those in the poorest households, a survey from the Institute for Fiscal Studies showed. They're also much more likely to receive online classes or private tutoring./ [Bloomberg](#)

## GERMANY

No country in Europe is in a better position than Germany when it comes to funding domestic economic recovery. But in Brussels, Rome and Madrid, politicians see that as a potential problem: They're worried that less economically stable countries might be left behind by the coronavirus pandemic, and that Germany and other countries with strong economies will widen the gap between themselves and the rest of the EU./ [Euractive](#)

## • GERMANY

The German economy should start its recovery in the course of the second quarter as restrictions imposed to contain the pandemic are gradually lifted, the Bundesbank predicted on Monday. Yet business activity will significantly undershoot the level recorded in the first three months of the year, when Germany suffered its deepest contraction in a decade, the central bank said in its monthly health-check on Europe's largest economy. While private spending and investment have suffered badly from lockdown measures, the construction industry appears to be relatively robust. Fiscal spending is also delivering a positive impetus, according to Bundesbank./ [Bloomberg](#)

## ITALY

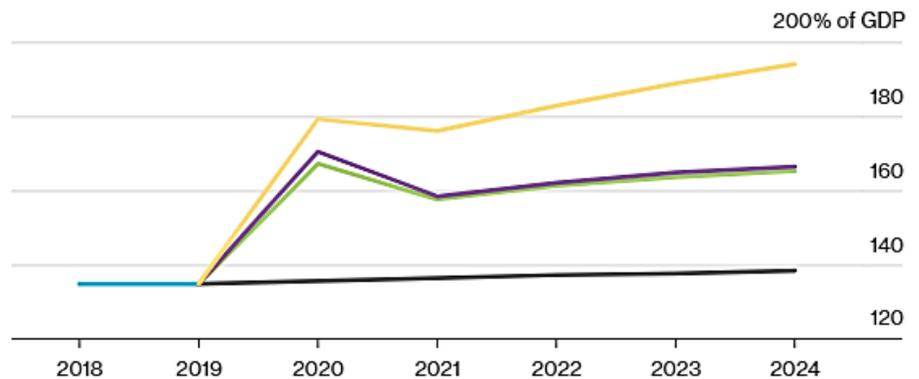
Italy's shoppers may be digging out their wallets as retail businesses reopen on Monday, but many of the country's 2.7 million merchants say there's little to celebrate./ [Bloomberg](#)

Italy's debts run the risk of becoming unmanageable, and a creeping rise in borrowing costs shows investors are getting nervous, according to Bloomberg Economics./ [Bloomberg Economics](#)

### Elephant in the Room

Debt restructuring may be inevitable for Italy

◆ Debt-to-GDP ratio    ◆ Pre-virus core scenario    ◆ New core scenario  
◆ Second outbreak scenario    ◆ Deep economic scarring scenario



Source: Bloomberg Economics

## ITALY

Japan dived into its first recession since 2015, according to official data Monday, with the world's third-largest economy contracting by 0.9 percent in the first quarter as it wrestles with the fallout from the coronavirus. The drop in gross domestic product followed a 1.9-percent decline in the fourth quarter of 2019 as a tax hike and typhoons hit Japan hard, even before the pandemic shut down much of the economy./ [France 24](#)

Global market data (as of May 18, 2020)./ [Reuters](#)

## SECTORS & INDUSTRIES

<b>+1.20%</b>	<b>Energy</b> Renewable Fuels, Integrated Oil & Gas, Oil & Gas Transport	<b>+0.31%</b>	<b>Financials</b> Banks, Diversified Investment Services, Property & Casualty Ins
<b>+0.76%</b>	<b>Basic Materials</b> Chemicals Diversified, Aluminum, Construction Materials	<b>+0.23%</b>	<b>Healthcare</b> Pharmaceuticals, Biotechnology & Medical Research
<b>+0.44%</b>	<b>Industrials</b> Industrial Machinery & Equipment, Construction & Engineering	<b>+0.05%</b>	<b>Technology</b> Semiconductors, Computer Hardware, IT Services & Consulting
<b>+0.46%</b>	<b>Cyclical Goods &amp; Services</b> Auto & Truck Manufacturers, Homebuilding, Cons Electronics	<b>+0.64%</b>	<b>Telecoms</b> Integrated Telecoms, Wireless Telecoms
<b>+0.47%</b>	<b>Non-Cyclical Goods &amp; Services</b> Brewers, Personal services, Food Distn & Convenience Stores	<b>+0.32%</b>	<b>Utilities</b> Electric, Gas, Water

Sector Percentage changes powered by Thomson Reuters Indices.

## Oil & gas

Oil rose above \$30 a barrel for the first time in two months as producers in the U.S. and elsewhere continued to cut output./ [Bloomberg](#)

French energy group Total (TOTF.PA) said on Monday it had agreed to buy up a large customer portfolio from Energías de Portugal (EDP.LS) and two of EDP's gas-fired combined cycle power plants in Spain, making it a leading player in the Iberian market./ [Reuters](#)

## Automotive

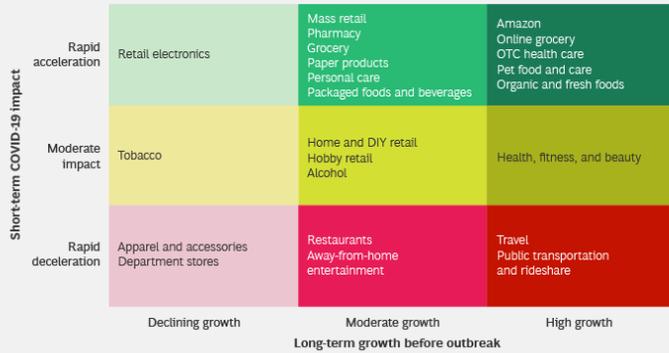
The U.S. auto industry slowly returned to life on Monday, with some vehicle assembly plants reopening after the coronavirus lockdown while suppliers geared up to support a sector that employs nearly 1 million people./ [Reuters](#)

## Consumer goods

Shareholders in the now defunct Russian oil giant Yukos have seized Netherlands-based assets of two well-known vodka brands controlled by the Russian state in their most recent legal move to obtain \$57 billion in damages from Moscow./ [Reuters](#)

The crisis has accelerated trends that were already underway, such as ordering groceries online, and interrupted others, such as the ongoing move toward rideshare. Some shifts may prove to be temporary while others may yield lasting effects/ [BCG](#)

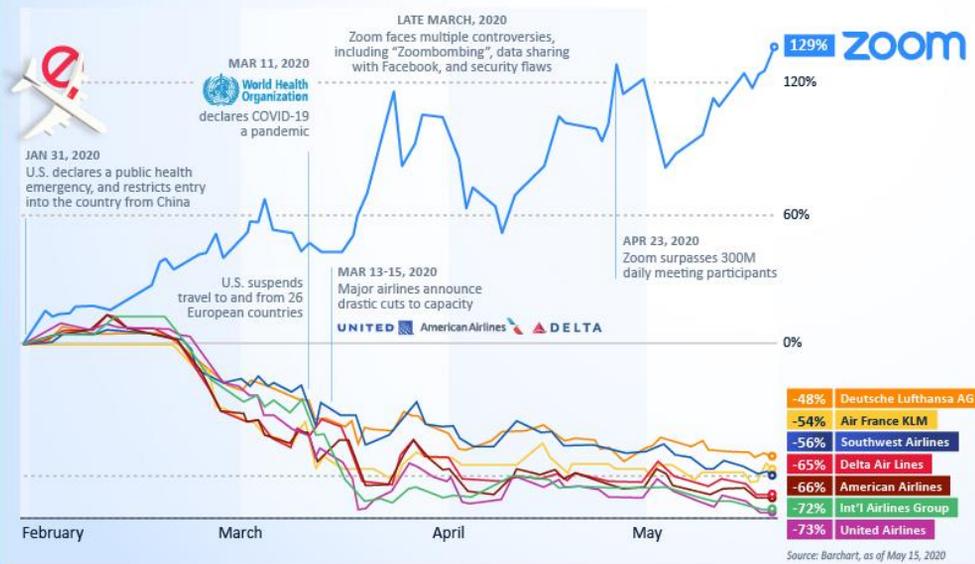
us  
The Pandemic Has Exacerbated Some Pre-COVID-19 Trends and Moderated Others



Sources: BCG Gamma and BCG Henderson Institute analysis; BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,783 US), unweighted, representative within ±3% of census demographics.  
 Note: Based on credit card and IRI data from the US for March 2020 vs. compound annual growth rate from January 2016 to January 2020 in same categories. Survey question text: "How do you expect your spend to change in the next 6 months across the following areas?" and "In the next month, how much do you expect your total spend (online + shopping at a local store) on the following types of products to change?" and "Which of the following best describes how your behavior across the following activities has changed due to the coronavirus?"  
 \* "Net" is the difference between the percentage of respondents who plan to spend more and the percentage of respondents who plan to spend less over the next month to next six months.

Amid the COVID-19 pandemic, many people have transitioned to working—and socializing—from home. If these trends become the new normal, certain companies may be in for a big payoff. Popular video conferencing company, Zoom Communications, is a prime example of an organization benefiting from this transition. Zoom is now worth more than the 7 biggest airlines/ [Visual Capitalist](#)

ZOOM VS THE 7 LARGEST AIRLINES STOCK PERFORMANCE (% Change, Jan 31 – May 12, 2020)

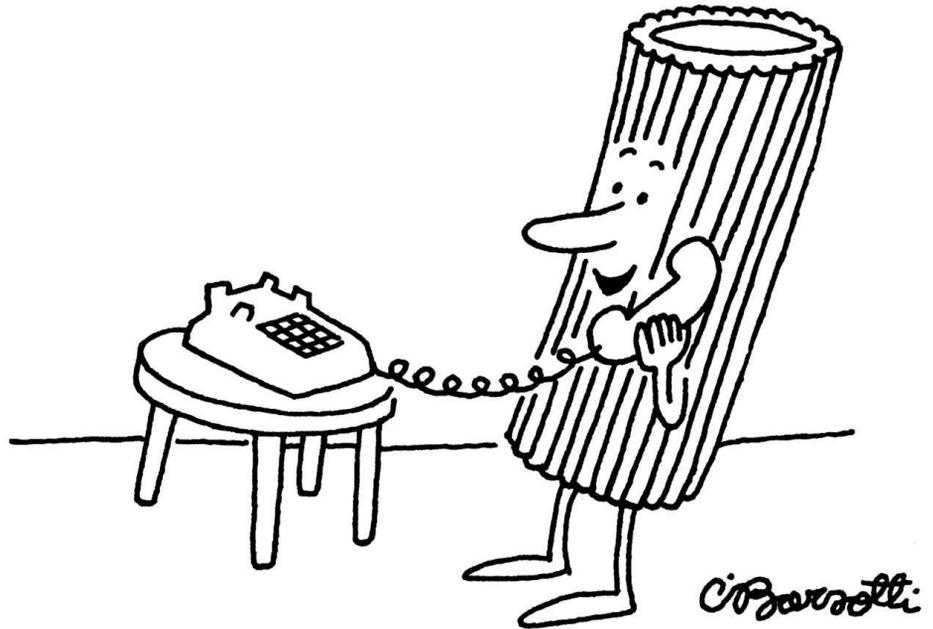


## AFTER HOURS

A cafe in Germany has celebrated its grand reopening to customers after lockdown by handing out pool noodles to maintain social distancing. Last Saturday the owners of the Cafe Rothe in Schwerin - a town in German Chancellor Angela Merkel's home state of Mecklenburg-Western Pomerania - were allowed to reopen their doors to visitors after coronavirus restrictions were lifted. While people enjoyed the company and the weather, the motto at the cafe was: "Keep the social distance." Rather than using floor markings and perspex screens to keep people apart, the owners of the cafe distributed straw hats with two colorful swimming noodles attached to the top. / [CNN News](#)



And speaking about noodles ... long time no hear, brought to you by **Charles Barsotti/ The New Yorker Cartoons**



*“Fusilli, you crazy bastard! How are you?”*

### 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  
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