

# Transactions. Restructuring. Transformation. Financial Engineering.

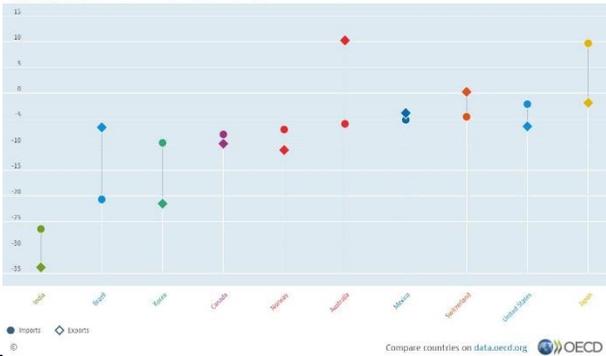
**8 EIGHT INTERNATIONAL**

## GLOBAL INSIGHT

### International trade hit hard by Covid-19

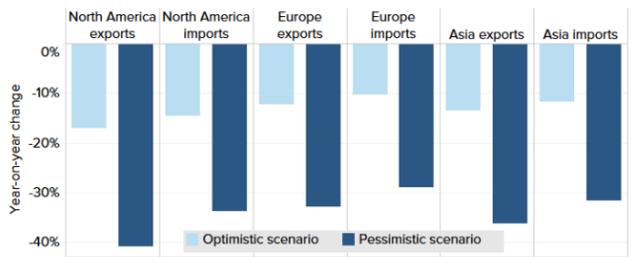
Covid-19 related lockdown measures hit international trade hard in March 2020, with evidence emerging of a sharp deterioration in April as demand stalled & supply chains continued to be disrupted./ [OECD & CNBC/WTO](#)

Trade in goods Imports / Exports, Percentage change, previous period, Apr 2020 or latest available



### Expected decline in global merchandise trade

World Trade Organization forecasts exports and imports volume to fall in 2020



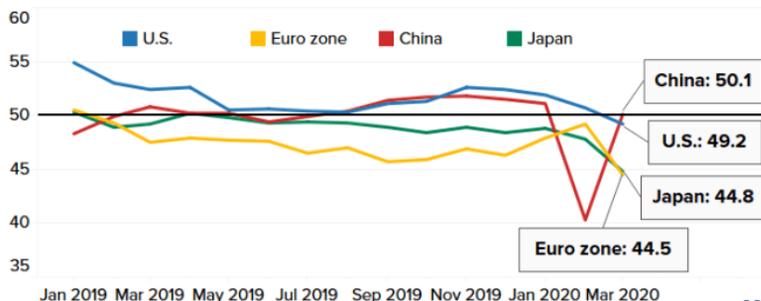
SOURCE: World Trade Organization forecasts (April 2020)

### Slump in manufacturing activity

Manufacturers, already weighed down by the U.S.-China trade war in the last two years, have once again come under pressure as the coronavirus spreads around the world./ [CNBC](#)

### Manufacturing in major economies

Lines show the Purchasing Managers' Index (PMI), which is an indicator of economic activity. A reading above 50 indicates expansion while below 50 represents contraction



SOURCE: IHS Markit, Caixin, au Jibun Bank, Refinitiv

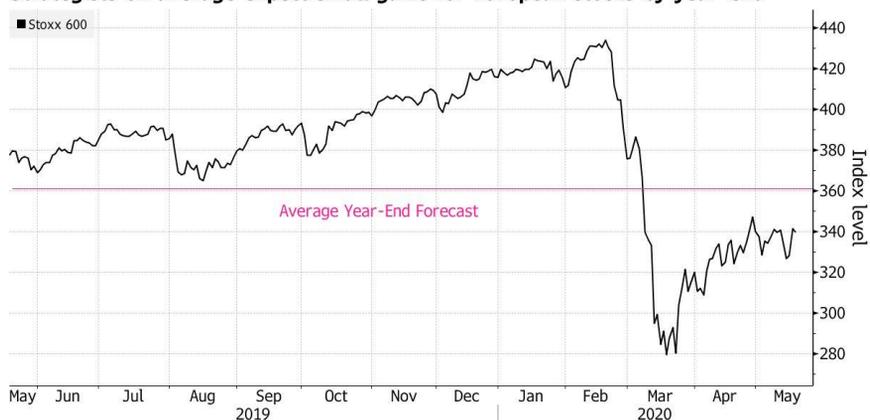


## European stocks down again

While European stocks rebounded strongly in April from the rout spurred by widespread coronavirus-induced lockdowns, the gains have lost momentum in May. Optimism over stimulus measures and the easing of restrictions has given way to bleak economic and earnings reports, and worries about a second wave of infections. The degree of uncertainty related to the pandemic is prompting a wide range in strategists' predictions. Deutsche Bank AG is among the most bullish forecasters, calling for the Stoxx 600 to close the year at 440, or about 29% higher from here. At the bearish end of the spectrum, ING Groep NV expects a 9.2% drop/  
**Bloomberg**

### Lower your Expectations

Strategists on average expect small gains for European stocks by year-end



Source: Bloomberg

## Large pandemics compared

Growth and returns on assets can be depressed up to 40 years after the pandemic has passed, according to Keith Wade, chief economist at U.K. fund manager Schroders. He looked at pandemics dating back to the Black Death in this hall-of-fame table of despair./ [Market Watch](#)

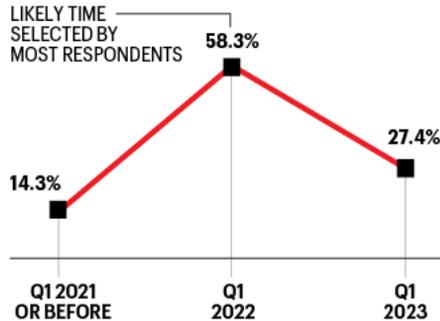
Schroders

Table 1. Large pandemic events: Covid-19 in context

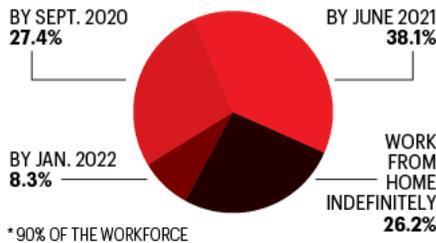
	Start	End	Years	Deaths
Black Death	1347	1352	5	75,000,000
Italian Plague	1623	1632	9	280,000
Great Plague of Sevilla	1647	1652	5	2,000,000
Great Plague of London	1665	1666	1	100,000
Great Plague of Marseille	1720	1722	2	100,000
First Asia Europe Cholera Pandemic	1816	1826	10	100,000
Second Asia Europe Cholera Pandemic	1829	1851	22	100,000
Russia Cholera Pandemic	1852	1860	8	1,000,000
Global Flu Pandemic	1889	1890	1	1,000,000
Sixth Cholera Pandemic	1899	1923	24	800,000
Encephalitis Lethargica Pandemic	1915	1926	11	1,500,000
Spanish Flu	1918	1920	2	40,000,000
Asian Flu	1957	1958	1	2,000,000
Hong Kong Flu	1968	1969	1	1,000,000
H <sub>1</sub> N <sub>1</sub> Pandemic	2009	2010	1	203,000
Covid-19	2019	-	-	297,491 <sup>1</sup>

Source: Alfani and Murphy (2017), Taleb and Cirillo (2020), Wikipedia, Johns Hopkins University, NBER (March 2020) Schroders Economics Group, 14/05/2020.  
<sup>1</sup>Covid-19 death toll taken from Johns Hopkins University and accurate as of 14 May 2020. 442084

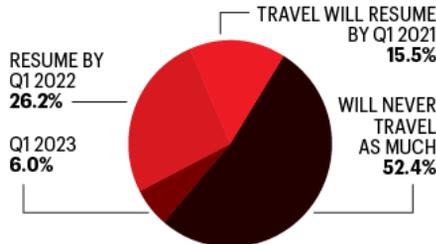
**TIME BY WHICH ECONOMIC ACTIVITY WILL RETURN TO PRE-PANDEMIC LEVEL**



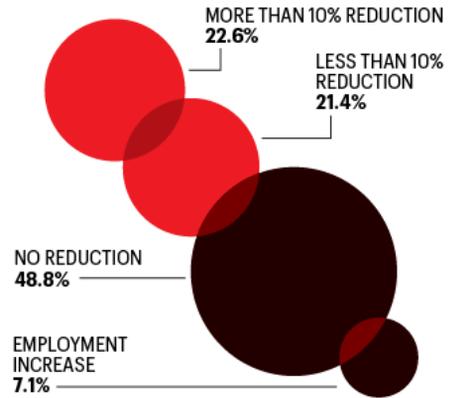
**ESTIMATED TIME FOR EMPLOYEES\* TO RETURN TO THEIR USUAL WORKPLACE**



**POST-PANDEMIC BUSINESS TRAVEL**



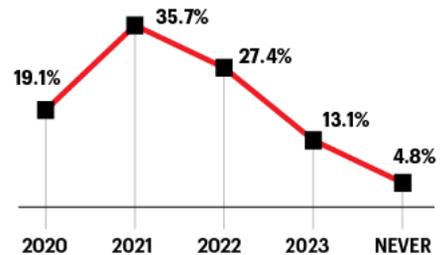
**WORKERS FURLOUGHED AND LAID OFF OWING TO COVID-19**



**JANUARY 2021 EMPLOYMENT OUTLOOK**



**POINT IN TIME COMPANIES' CAPITAL SPENDING WILL EXCEED 2019 LEVELS**



Few economists have explored a variety of reopening options: a long lockdown, relaxation with rules, stop-and-go lockdowns, and phased-in lockdowns by age, geographic region within countries, and by country in sectoral waves. The analyses suggest that, assuming that minimum epidemiological standards are met (declining new cases for one week or [two weeks](#), adequate intensive care unit capacity and testing and tracing protocols), the latter approach — sequential opening of sectors starting with those least likely to generate a substantial resurgence of the virus — is the most promising./ [HBR](#)

# FRANCE

Just a week after many schools were reopened in France, the discovery of 70 coronavirus cases in classrooms across the country forced the authorities to shutter some preschools and elementary schools. The cases are spread throughout France, from Brittany in the west to Nice in the south, in the latest example of the challenge faced by European countries in reopening their societies while seeking to avoid new waves of infections./ [The New York Times](#)

The Mona Lisa is considered the archetypal masterpiece of the Renaissance and France should "sell the family jewellery" for at least €50 billion (\$A83 billion), a leading French businessmen has suggested. Stephane Distinguin, founder and CEO of the international tech company, Fabernovel, made the proposal as a solution to help offset its losses caused by the coronavirus pandemic./ [New Zealand Herald](#)

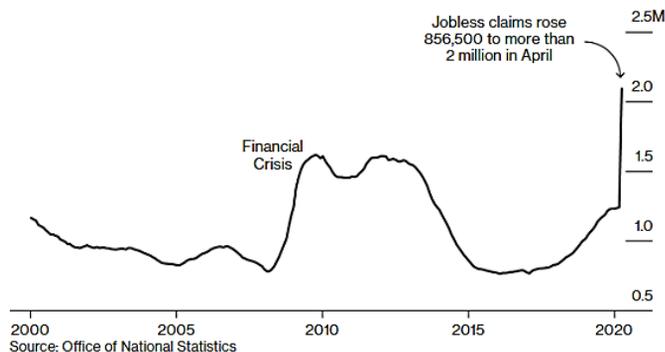
# UK

Harnessing power from sun, wind and sea could spur UK's post-pandemic economy while tackling climate crisis, say experts./ [The Guardian](#)

For Boris Johnson, Parliament Is Becoming a House of Horrors In a mostly empty chamber, the blustery prime minister is sorely missing the usual whoops and catcalls as he is picked apart by the lawyerly new opposition leader, Keir Starmer./ [The New York Times](#)

Benefit claims made by unemployed and underemployed people in the U.K. rose more last month than at any time on record, with the pain spread throughout the country. Jobseeker's Allowance and related Universal Credit claims jumped by 856,500 in April alone. For context, the worst month during the 2008-09 financial crisis saw claims increase by 143,000./ [Bloomberg](#)

Number of Britons Seeking Jobless Benefits



## GERMANY

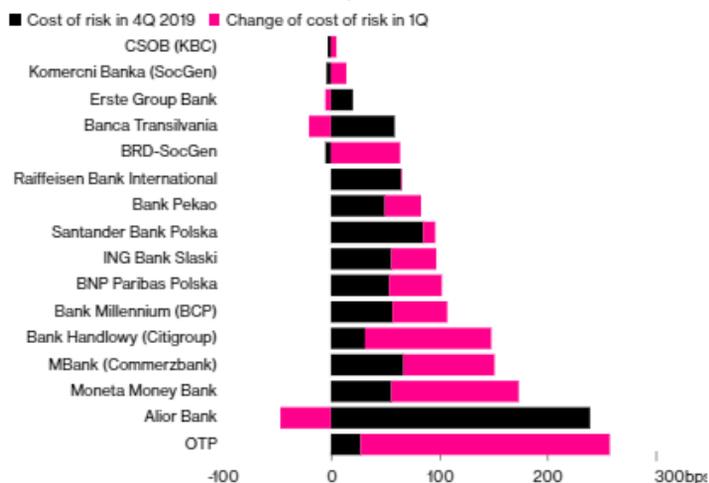
German investors morale took a more optimistic turn this month, after a gloomy April under coronavirus lockdown. The investor morale index from Centre for European Economic Research (ZEW) on Tuesday showed an uptick in economic sentiment in May to 51 points, its highest reading in five years, and 22.8 points higher than in April./ [Yahoo](#)

## POLAND

Polish banks escaped the brunt of the Great Recession in 2008. This time around, a wave of heavy provisioning suggests that they're worried they may not be so lucky. With the coronavirus crisis threatening to wreak worse havoc on global economies, Poland's financial institutions are leading east European banks in front-loading potential losses. The concern is that forecasts for the country may be too optimistic and safeguards against the spread of Covid-19 will devastate their balance sheets./ [Bloomberg](#)

### Guessing Game

Polish banks are more conservative in provisions for virus



Source: Banks' reports

## RUSSIA

Russia's overall output shrunk by a quarter last month as the pandemic lockdown limited economic activity and slashed incomes, according to Bloomberg Economics estimates based on Finance Ministry data. The government data on spending and revenues in April were the first to reveal the scale of damage to the economy. The ministry doesn't release a monthly GDP figure, but the number can be calculated from the budget aggregates it reports as a percentage of economic activity./ [Bloomberg](#)

## INDIA

A crushing cyclone barreled up the Bay of Bengal on Tuesday, heading for a swampy stretch along the border of India and Bangladesh and threatening to unleash 165-mile-an-hour winds and massive floods when it makes landfall on Wednesday. The power of the storm is not the only threat, as the cyclone, Amphan, nears coastal areas. It also poses a risk to the coronavirus response as hundreds of thousands of people begin moving toward emergency shelters./ [The New York Times](#)

The coronavirus pandemic has ravaged economies the world over, but once the crisis is behind us, the future can be rosy again. The path back to growth, especially in India, will depend on a number of factors, but this entrepreneur believes the signs are clear that we can make a good recovery. The government's vision of making India a manufacturing hub can become a reality through timely focussed efforts, given that global players are looking for options to set up their manufacturing base here. The time for India is now, says Dr Aneel Kashi Murarka, MD of Mirachem Industries./ [Economy Times](#)

## SINGAPORE

A man has been sentenced to death in Singapore via a Zoom video-call for his role in a drug deal, the city-state's first case where capital punishment has been delivered remotely./ [The Guardian](#)

## OTHER LOCAL NEWS

Sweden's highly contested response to Covid-19 left much of the economy open. Even so, the country is now headed for its worst recession since World War II. Scandinavia's biggest economy will shrink 7% this year, Finance Minister Magdalena Andersson said on Tuesday. Shortly after she spoke, the debt office revealed an historic 30-fold spike in borrowing to cover emergency spending amid record job losses. A separate survey showed 40% of businesses in Sweden's service sector now fear bankruptcy./ [Bloomberg](#)

Greece's economy may shrink by 10-13 percent this year following a lockdown imposed to stem the spread of the novel coronavirus./ [Ekathimerini.com](#)

Prime Minister Kyriakos Mitsotakis will announce steps to revive the Greek economy in a televised address today. The measures, both long-term and seasonal for the summer months, will be based on two pillars: fiscal interventions of 7 billion euros and liquidity of 10 billion euros./ [Ekathimerini.com](#)

Global market data (as of May 20, 2020)./ [Reuters](#)

## SECTORS & INDUSTRIES

<b>-0.31%</b>	<b>Energy</b> Renewable Fuels, Integrated Oil & Gas, Oil & Gas Transport	<b>-0.21%</b>	<b>Financials</b> Banks, Diversified Investment Services, Property & Casualty Ins
<b>-0.12%</b>	<b>Basic Materials</b> Chemicals Diversified, Aluminum, Construction Materials	<b>+0.21%</b>	<b>Healthcare</b> Pharmaceuticals, Biotechnology & Medical Research
<b>+0.08%</b>	<b>Industrials</b> Industrial Machinery & Equipment, Construction & Engineering	<b>+0.02%</b>	<b>Technology</b> Semiconductors, Computer Hardware, IT Services & Consulting
<b>-0.13%</b>	<b>Cyclical Goods &amp; Services</b> Auto & Truck Manufacturers, Homebuilding, Cons Electronics	<b>-0.08%</b>	<b>Telecoms</b> Integrated Telecoms, Wireless Telecoms
<b>+0.05%</b>	<b>Non-Cyclical Goods &amp; Services</b> Brewers, Personal services, Food Distn & Convenience Stores	<b>+0.02%</b>	<b>Utilities</b> Electric, Gas, Water

Sector Percentage changes powered by Thomson Reuters Indices.

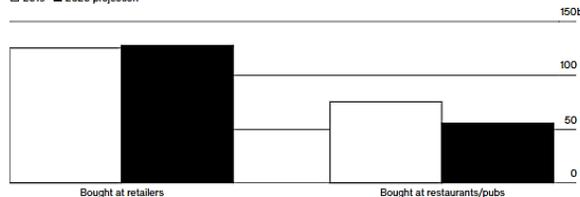
## Food

Blockchains can trace foods from farm to plate, but the industry is still behind the curve. Food manufacturers can give consumers detailed information on where our foods have come from using blockchains – the tamper-proof online technology for logging information that is the basis of cryptocurrencies like bitcoin. Some manufactures are doing this, but many have been slow to adopt this technology for various reasons. There are suggestions that coronavirus could be the game changer – but will it be?/ [The Conversation](#)

It will take years for beer drinking in Europe to return to normal. Socially distanced pubs are a big threat to brewers' profits../ [Bloomberg](#)

Global Beer Consumption, in Liters

□ 2019 ■ 2020 projection



Data: Euromonitor International

The European Union will unveil its plan to reduce the environmental footprint of its farming and food production industry, forging ahead with its ambitious Green Deal agenda to make the bloc climate-neutral by the middle of the century. The “Farm to Fork” strategy by the European Commission, published Wednesday, will map out the ways for the 27-nation region to cut the use of pesticides and antibiotics, boost organic farming, promote plant-based proteins and make every link of the food system more sustainable. The EU wants to make environmental cleanup one of the pillars of an economic plan to recover from the coronavirus crisis./ [Bloomberg Green](#)

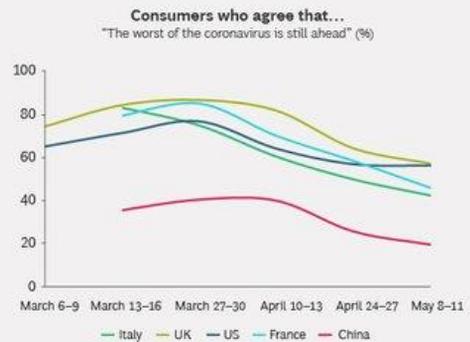
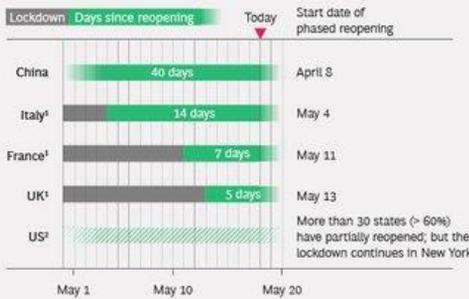
Hotels vs. Airbnb: Has Covid-19 disrupted the disrupter? For years, home sharing has put pressure on hotel rates and occupancy levels. Social distancing, hygiene and refund policies may be the new game changers./ [The New York Times](#)

How the pandemic is fueling a boom in animated TV series and movies. With kids in lockdown and live-action production at a standstill, cartoons are taking over Hollywood./ [Bloomberg](#)

As consumers in many countries anticipate the end of the lockdown phase, the level of concern declines in most countries. BCG's tenth Consumer Sentiment Snapshot focuses on what this means for current sentiment surrounding travel and tourism./ [BCG](#)

GLOBAL - WEEK 10 - MAY 8-11

As Most Countries Continue Their Transition out of Lockdown, Consumers' Level of Concern Declines in Most Countries



Sources: BCG COVID-19 Consumer Sentiment Survey, March 6-May 11, 2020 (N = 2,000-3,000, unweighted, representative within +/-3% of census demographics; media reports. Note: Question text: "How much do you agree with each of the following statements about the coronavirus?"  
<sup>1</sup> Some parts of these countries may remain under tighter controls while nationwide restrictions ease.  
<sup>2</sup> The national situation is complex and fluid, depending on each state's reopening plan and the subsequent impact of reopening on the coronavirus's spread. Here, we will use a criteria-based approach to reduce restrictions country by country; California will take a similar approach; states such as Washington that remain under statewide restrictions may loosen them for particular activities, areas, and low-risk businesses.

US, UK, ITALY, FRANCE - WEEK 10 - MAY 8-11

Exhibit 4 | Across the Board, Consumers Report That They Miss Traveling More Than Anything Else

US data (trend indicative of developed markets)

Most missed categories

Rank	Age			Household income per capita <sup>1</sup>	
	Gen Z and millennials (19-40)	Gen X (41-55)	Baby boomers+ (56+)	Highest quartile	Lowest quartile
1	Leisure travel				
2	Out-of-home entertainment	Restaurant dining			
3	Restaurant dining	Out-of-home entertainment			
4	Cosmetics	Business travel			Accessories, fashion
5	Accessories, fashion	Women's clothing	Gambling (ranks lower in other developed markets)		Public transportation

60%–69%<sup>2</sup>  
"can't wait to start traveling again"

18%–36%<sup>2</sup>  
"can see themselves going on a vacation this summer"<sup>3</sup>

Sources: BCG COVID-19 Consumer Sentiment Survey, May 8-11, 2020 (N = 2,500-3,000, unweighted, representative within +/-3% of census demographics. Note: In Italy, the 56+ age group identified "Savings" as the fourth-most missed category. Question text: "Of the categories you plan to spend less in, what do you miss the most?" and "How much do you agree with each of the following statements about your future travel habits?"  
<sup>1</sup> Calculated by dividing household income by number of people within household.  
<sup>2</sup> This range reflects the variation in percentages among France, Italy, the UK, and the US.

# AFTER HOURS

You're socially distanced but still in need of space? Go Globe. Netflix. Peloton. Charmin. These are well-known brands benefiting from the quarantine lifestyle. Here's one you've never heard of: Globe. Its target customer is all of us who are really annoyed with the people we live with./ [The New York Times](#)

Pretending all is good? Today's drama's been brought to you by [The New Yorker Magazine](#)



## 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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