

# Transactions. Restructuring. Transformation. Financial Engineering.

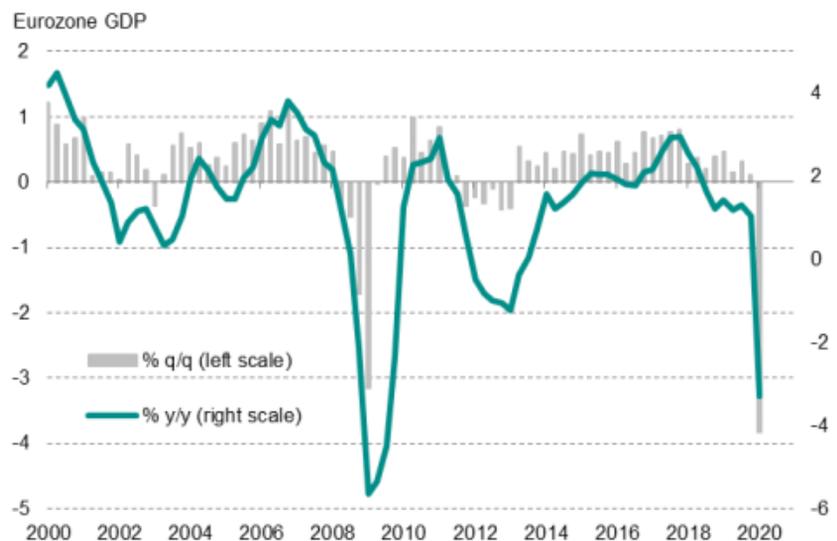
**8** EIGHT INTERNATIONAL

## GLOBAL INSIGHT

**Record Q1 GDP  
contractions will be  
followed by much  
worse in Q2**

Eurozone GDP contracted at a record 3.8% quarter-on-quarter (q/q) rate in Q1 2020 (Charts 1 and 2) and a much larger, 10.8% q/q, decline is forecast for Q2 2020, ahead of a partial rebound from Q3 onwards as restrictions progressively ease. On an annual basis, eurozone GDP is forecast to contract by 8.6% in 2020, below the current market consensus expectation (-7.9%)./ [IHS Markit](#)

**Chart 1: Record fall in eurozone GDP**

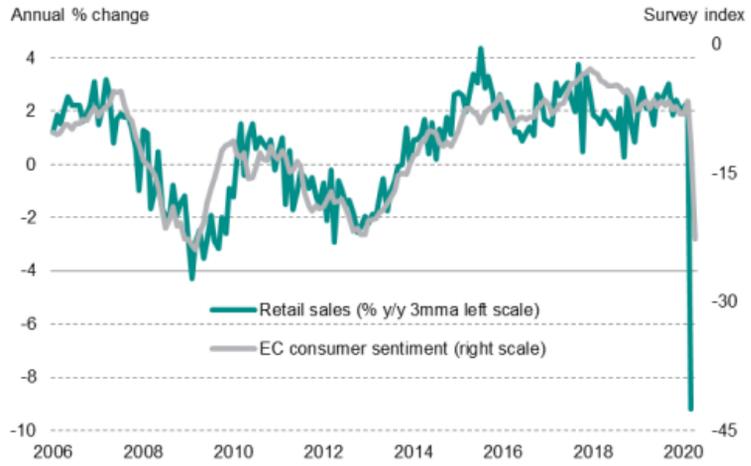


Source: IHS Markit, Eurostat

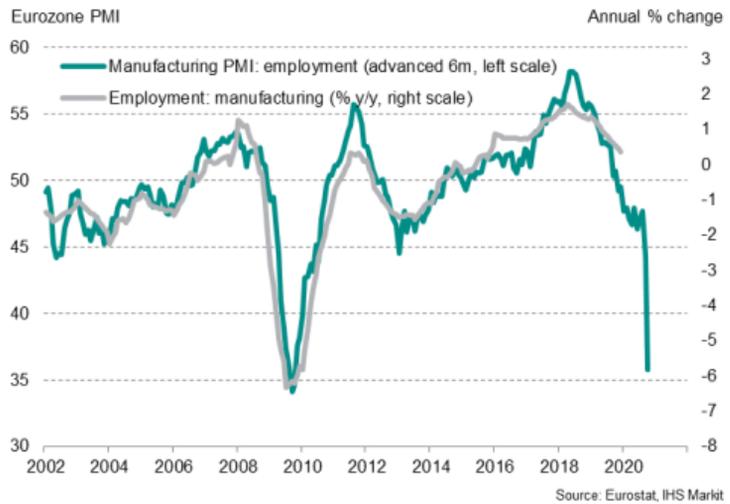
**Eurozone consumer  
spending in freefall**

While consumer sentiment has collapsed (Chart 3), expenditure has fallen ever further than signalled by the survey data, highlighting the impact of COVID-19 related restrictions. Additional damage to household incomes and sentiment due to contracting employment is an additional, more persistent, headwind to eurozone growth. Surveys of employment intentions have plunged across sectors, including in industry, potentially impacting on higher value added jobs./ [IHS Markit](#)

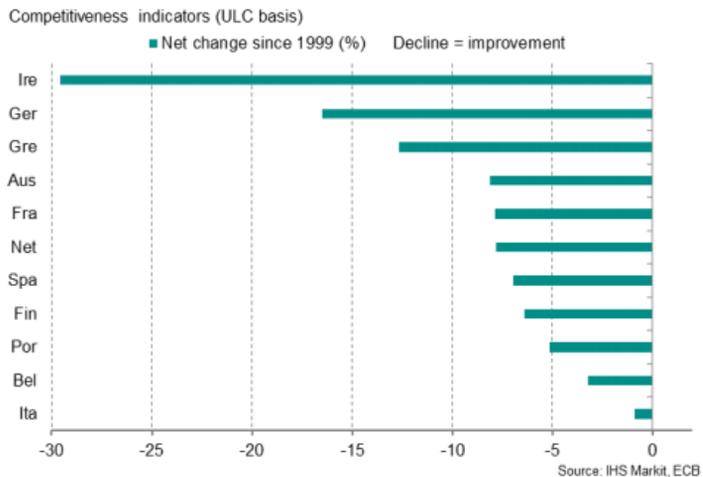
**Chart 3: Eurozone consumer spending in freefall**



**Chart 4: Eurozone industrial employment to contract markedly**



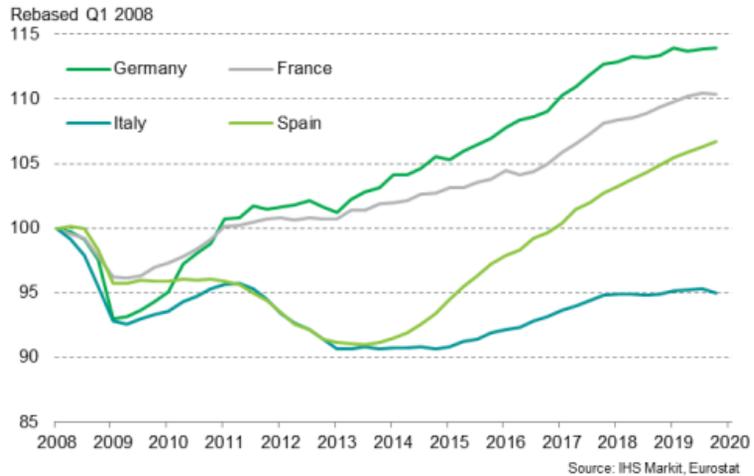
**Chart 5 Eurozone-11 competitiveness indicators**



**Eurozone  
competitive  
indicators**

## Eurozone GDP relative to pre-Global Financial Peaks

**Chart 6: Eurozone-4 GDP relative to pre-Global Financial Crisis peaks**



## FRANCE

France's Finance Minister Bruno Le Maire said he has not signed off on a 5 billion euro (\$5.47 billion) state-guaranteed loan to help Renault cope with the fallout from the coronavirus, and that discussions continued. The government was seeking commitments from carmakers in three areas in return for help: electric vehicles; the fair treatment of sub-contractors; and that they base hi-tech activities in France./ [Reuters](#)

The French government is planning to create a state-run travel booking website in an attempt to rival popular US platforms such as Airbnb and Booking.com. Aiming to revive the French tourist industry after coronavirus lockdown measures are lifted, Emmanuel Macron's government hopes to attract more foreign visitors without American tech companies acting as online agents./ [The Independent](#)

## GERMANY

Tax revenues of the German government and the 16 federal states declined by 23.5 percent in April from a year earlier to around \$43 billion due to the coronavirus pandemic, the finance ministry's monthly report showed on today./ [Arab News](#)

Deutsche Lufthansa is close to a 9-billion euro bailout deal that would see Germany become its biggest shareholder after the coronavirus punctured a decades-long boom in air travel. The package of would include a 3 billion euro loan, a so-called silent participation and the WSF obtaining a 20 per cent stake through a capital issuance, Lufthansa said./ [Gulf News](#)

## • RUSSIA

German exporters are regaining momentum in their trade with China, epicenter of the coronavirus outbreak, Martin Wansleben, managing director of Germany's DIHK chambers of industry and commerce, told Reuters./ [Reuters](#)

## UK

Britain's economy is on course for a slow rebound from the coronavirus outbreak amid mounting business concern over the hit to consumer demand, despite early signs of improvement in May. After April's unprecedented economic [slump](#) as lockdown measures brought the UK economy to an effective standstill, the latest monthly health check for growth and jobs from IHS Markit and the Chartered Institute of Procurement and Supply (Cips) suggested the economy has recovered slightly this month./ [The Guardian](#)

A measure of British public debt leapt to close to 100% of the country's economic output in April, its highest in nearly 60 years, and retail sales slumped by a record 18% as the coronavirus crisis hammered the economy./ [Reuters](#)

UK is in the middle of an economic disaster and a health crisis. Yet the country is also racing toward a self-imposed deadline to construct a post-Brexit trade agreement with the European Union, its single biggest market for exports, by the end of the year. Talks are not going well — raising the possibility of another major shock just as the expected economic recovery gains momentum./ [CNN Business](#)

## ITALY

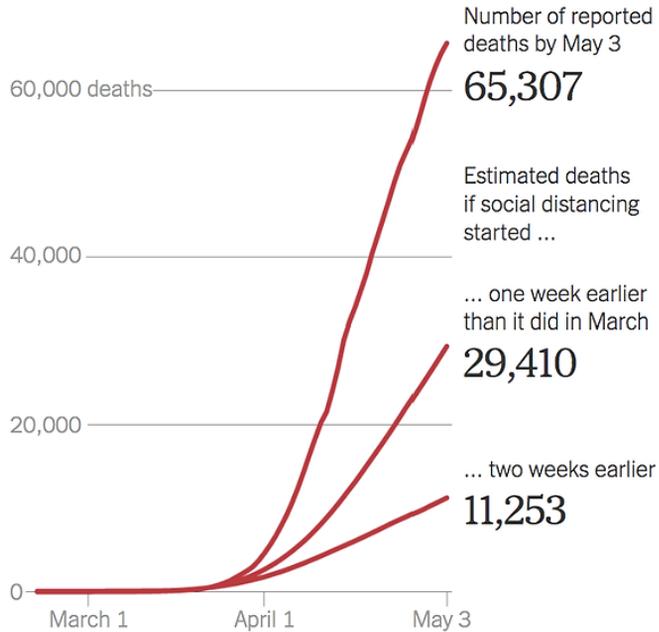
Italy's prime minister has said the country is over the worst of the global pandemic - and that they cannot afford to wait for a vaccine to kick-start the economy. Giuseppe Conte told Italian politicians that banks must now move towards "accelerating the procedures to grant state-backed loans" to help get the country's economy going after the coronavirus outbreak./ [SKY News](#)

Italian Prime Minister Giuseppe Conte told parliament on Thursday his government was preparing a raft of reforms to cut red tape, improve company governance and encourage investment to revive the coronavirus-battered economy. Conte promised a so-called "simplification decree" to attract foreign capital by streamlining bureaucratic procedures, and said Rome would help the recapitalisation of companies hit by the pandemic./ [Reuters](#)

Italy raises record \$25 bn from sale of retail bonds. It's the second time as many months that orders for an Italian bond sale were sizable. With the European Central Bank backstopping the euro zone's securities, demand for the nation's debt is high, even after Italy boosted supply to help fund its economic relief programs./ [Mint News](#)

According to new estimates from Columbia University, if the U.S. had started social distancing measures one week earlier, about 36,000 fewer people would have died by early May. Make it two weeks, and about 54,000 lives — 83 percent — would have been saved./ [The New York Times](#)

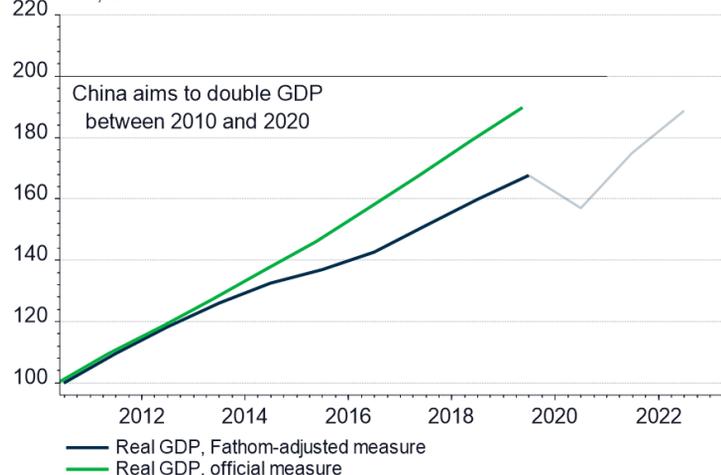
**How Earlier Control Measures Could Have Saved Lives**



China GDP projection by [Fathom Consulting](#)

**China GDP**

Rebased, 2010 = 100



Source: Refinitiv Datastream / Fathom Consulting

Global market data (as of May 21, 2020)./ [Reuters](#)

## SECTORS & INDUSTRIES

<b>-0.20%</b>	<b>Energy</b> Renewable Fuels, Integrated Oil & Gas, Oil & Gas Transport	<b>-0.23%</b>	<b>Financials</b> Banks, Diversified Investment Services, Property & Casualty Ins
<b>-0.21%</b>	<b>Basic Materials</b> Chemicals Diversified, Aluminum, Construction Materials	<b>-0.12%</b>	<b>Healthcare</b> Pharmaceuticals, Biotechnology & Medical Research
<b>-0.31%</b>	<b>Industrials</b> Industrial Machinery & Equipment, Construction & Engineering	<b>-0.06%</b>	<b>Technology</b> Semiconductors, Computer Hardware, IT Services & Consulting
<b>-0.23%</b>	<b>Cyclical Goods &amp; Services</b> Auto & Truck Manufacturers, Homebuilding, Cons Electronics	<b>-0.57%</b>	<b>Telecoms</b> Integrated Telecoms, Wireless Telecoms
<b>-0.29%</b>	<b>Non-Cyclical Goods &amp; Services</b> Brewers, Personal services, Food Distn & Convenience Stores	<b>-0.14%</b>	<b>Utilities</b> Electric, Gas, Water

Sector Percentage changes powered by Thomson Reuters Indices.

## Leisure, Tourism & Travel

With the Covid-19 pandemic leading more people to ditch foreign holiday plans and seek closer-to-home options, the best performing stock in Europe's benchmark stock index this quarter is a Swedish supplier of equipment for recreational vehicles./ [Bloomberg](#)

### Waiting For Summer

**Domestic shares have outpaced Europe's Stoxx 600 Index so far this quarter**

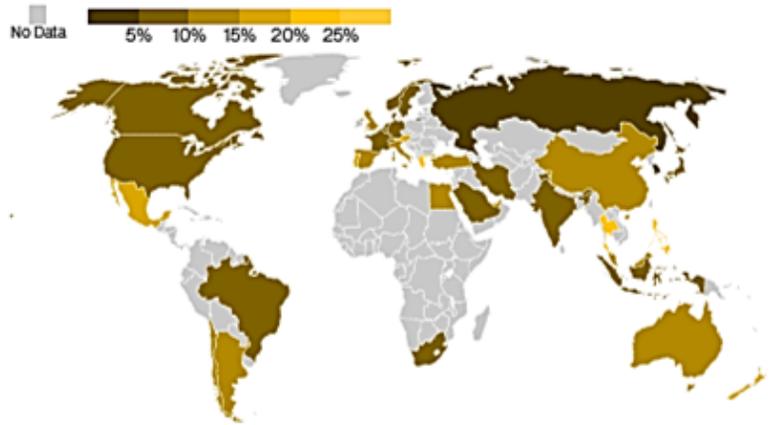


Source: Bloomberg

The hit to Turkey's tourism industry, a critical source of revenue, from the coronavirus pandemic was starkly displayed in April data that showed the collapse in foreign arrivals as the health emergency escalated. About 24,000 foreign tourists arrived in Turkey in April, compared to 3.3 million in the same month last year, data published by Culture and Tourism Ministry on Friday showed./ [Bloomberg](#)

## Relying on Tourists

Proportion of gross domestic product generated by travel and tourism



Source: WTTC

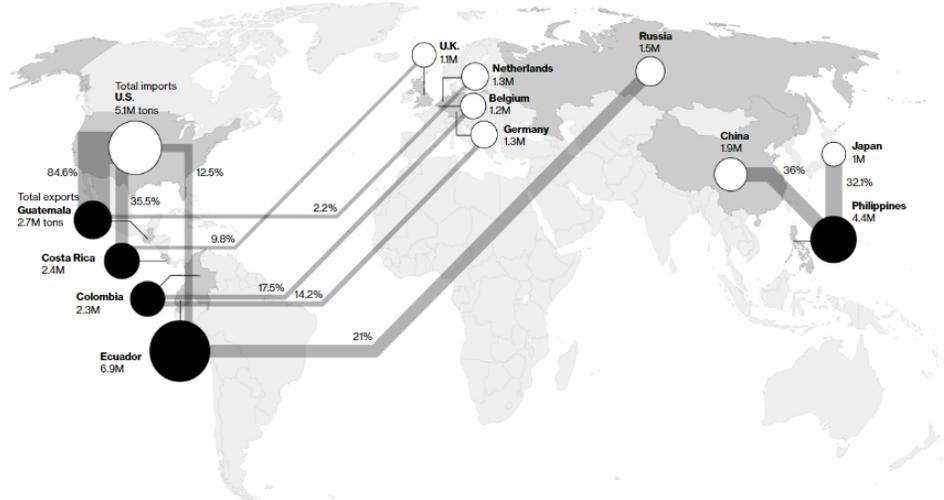
## Food

Bananas have a claim to be the modern world's first globalized product and are still the most exported fruit on the planet. Yet the trade that began some 130 years ago is now a potent symbol of the underlying fragility of globalization. How it adapts and responds may suggest a path toward rebuilding international consensus in the post-pandemic era. / [Bloomberg](#)

### International Banana Trade

Some 20 million tons of bananas were exported globally in 2019

● Largest exporters ○ Largest importers / Percent shipped to largest two partners



Source: International Trade Centre

# AFTER HOURS

'It Feels Like We Got the City Back for Ourselves.' Travel restrictions have turned 11 overtouristed destinations into quiet, almost unrecognizable places, even for those who live there. It's a bittersweet experience for these people./ [The New York Times](#)

Bali



Croatia



Rome



Paris



Venice



Vietnam



Iceland



Amsterdam



Barcelona



Today's bittersweet cartoon has been brought to you by [Will McPhail/The New Yorker Cartoons](#)



*“One more thing—can you find out why I’m sad all the time?”*

### 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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