

# COVID-19

# BCG Perspectives

Facts, scenarios, and actions for leaders

*State of the World*

December 2020

# COVID-19 BCG Perspectives

## Objectives of this document

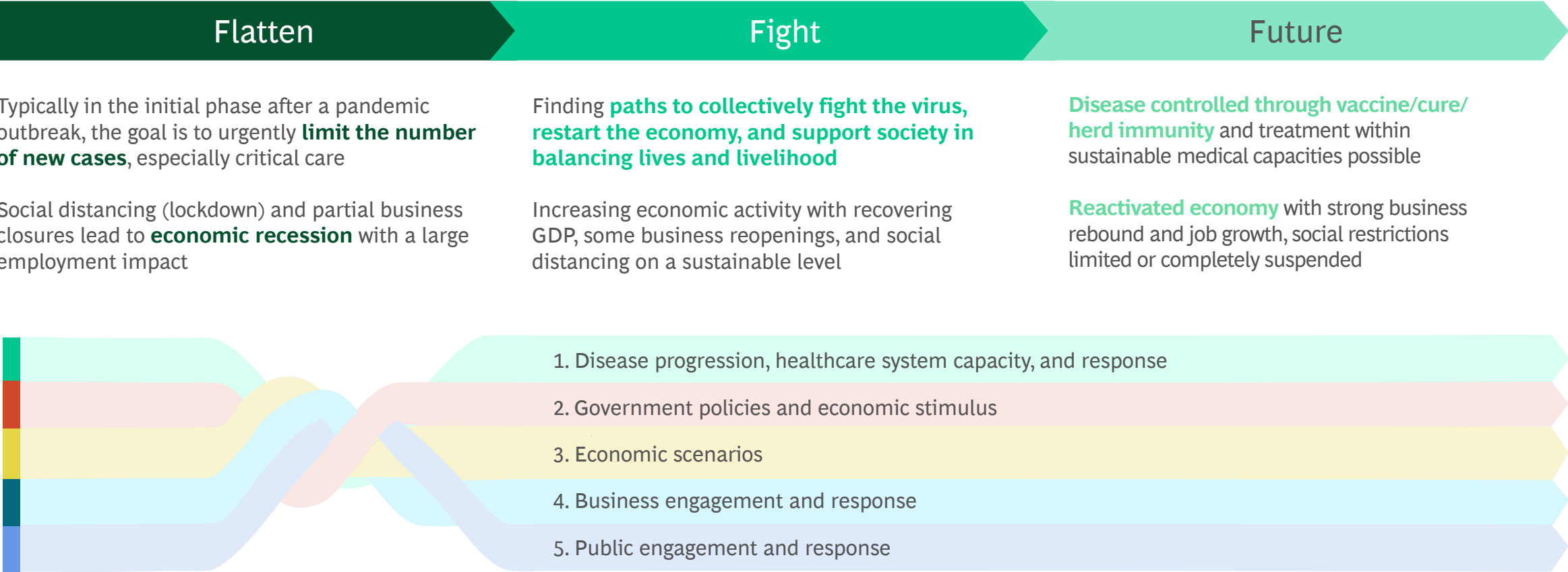
### COVID-19 is a global societal crisis

We at BCG believe that the COVID-19 outbreak is first and foremost a societal crisis, threatening lives and the well-being of our global community. Society now, more than ever, needs to collaborate to protect people's lives and health, manage mid-term implications, and search for lasting solutions.

### Leaders need to drive an integrated response to navigate the crisis

It is the duty of health, political, societal, and business leaders to navigate through this crisis. A complex interplay of epidemic progression, medical response, government action, sector impact, and company action is playing out. This document intends to help leaders find answers and shape opinions to navigate the crisis in their own environments. It encourages thinking across the multiple time horizons over which we see the crisis manifesting itself.

# The COVID-19 recovery will be driven by disease progression, de-averaged economic impact, government policies, and business and public responses



All of the above five factors result in specific economic and social outcomes in each phase

# Summary snapshot | Restart progression at a glance

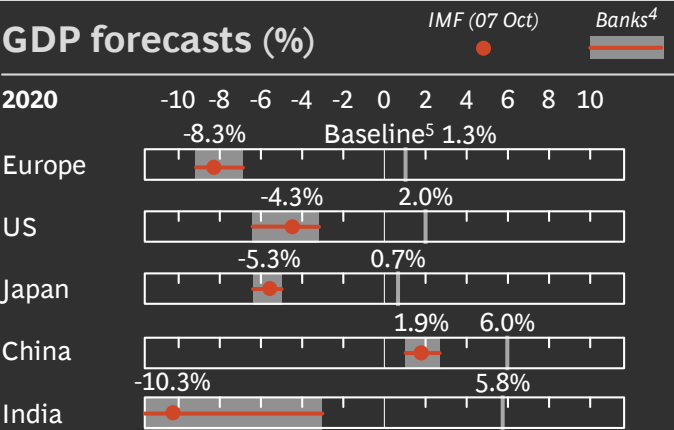
As of 09 Dec 2020

## Epidemic Progression

### Global epidemic snapshot

<b>68.9M</b>	<b>620K</b>	<b>22.9M</b>	<b>1.6M</b>
# of cases	# of daily cases <sup>1</sup>	# of active cases	# of fatalities
Month-on-month growth of new cases <sup>2</sup>		Aug	Sep
Americas	1.0x	0.8x	1.2x
Europe	1.7x	1.9x	3.2x
Asia <sup>3</sup>	1.4x	1.3x	0.8x
		Oct	Nov
		1.2x	1.7x
		3.2x	1.6x
		0.8x	1.0x

## Economic Impact



## Consumer Activity

### Mobility

		Sep	Oct	Nov
Mobility <sup>6</sup> (month vs. Jan '20)	US	-20%	-19%	-23%
	Europe	-14%	-17%	-29%
	Japan	-11%	-8%	-9%
Domestic air travel tickets booking <sup>7,8</sup> (YoY)	US	-64%	-63%	-66%
	UK	-84%	-88%	-88%
	China	-1%	-8%	-4%

### Sales

Retail goods sales <sup>9</sup> (excl. auto & fuel, YoY)	US	11%	11%	
	UK	6%	7%	
	China	2%	1%	
Passenger vehicle sales <sup>10</sup> (YoY)	US	-9%	-9%	-21%
	Europe	0%	-6%	
	China	8%	9%	
Hotel occupancy <sup>11</sup> (YoY)	US	-28%	-30%	
	Europe	-52%	-58%	
	China		-3%	

## Business Impact

### Stock market performance

Month end vs. 02 Jan '20	Sep	Oct	Nov
S&P500	3%	0%	11%
FTSE100	-23%	-27%	-18%
CHN SSE	4%	8%	10%
Volatility Index (S&P500) <sup>12</sup>	2.1x	3.0x	1.6x

### International trade

Trade value <sup>13</sup> (YoY)	US	-5%	-2%	
	UK	-8%		
	China	11%	8%	14%

### Industrial production

Purchasing manager's index <sup>14</sup> (base = 50)	US	53	53	57
	EU	54	55	54
	China	52	51	52
Steel production (YoY) <sup>15</sup>		3%	6%	

To be updated in forthcoming editions

1. Calculated as 7-day rolling average; 2. Calculated as monthly average of daily cases vs. previous month; 3. Includes Middle East and Oceania; 4. For India, forecast is for financial year; for others, it is for calendar year; YoY forecasts; range from forecasts (where available) of World Bank, International Monetary Fund, JP Morgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC; As of reports dated 08 June 2020 to 09 Dec 2020; For India's GDP forecast, World Bank's 2020 forecast from 08 June provides the upper bound of the forecast range; 5. IMF Jan 2020 forecast; 6. Mobility values are calculated as the average of mean monthly mobilities in workplace, public transit, retail & recreation, and grocery & pharmacy and compared to a baseline from 03 Jan - 06 Feb 2020; Europe mobility values are calculated as the average of Germany, France, UK, Spain, and Italy; 7. Calculated as change in last 14 days rolling average value as compared to same period last year; 8. As of 22 Nov, 2020; 9. Retail goods sales include online & offline sales and comprise food & beverages, apparel, cosmetics & personal care, home appliances, general merchandise, building material; do not include auto, fuel & food services; 10. Figures represent passenger vehicle (including sedan, hatchback, SUV, MPV, van and pickup) sales data for 2020 over same month in 2019; Europe value calculated as cumulative sales in Germany, France, UK, Spain, and Italy; 11. Calculated as average occupancy rates compared to same month of previous year; 12. Underlying data is from Chicago Board Options Exchange Volatility Index (VIX); Volatility Index is a real-time market index that represents the market's expectation of 30-day forward-looking volatility and provides a measure of market risk and investors' sentiments; 13. Calculated as sum of imports and exports, measured in USD and compared to previous year period; 14. PMI (Purchasing Manager's Index) is a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding (>50), staying the same (50), or contracting (<50); 15. Data corresponds to G-20 countries (minus Indonesia). Sources: JHU CSSE, Our World in Data, WHO, World Bank, IMF, Bloomberg, Google Mobility, US Census Bureau, Eurostat, PRC National Bureau of Statistics, ACEA actuals, Marklines, ARC ticketing data, STR, Statista, CBOE, OECD, BEA, GACC (customs) China, ONS, BCG

# Executive Summary | COVID-19 BCG Perspectives

## **Daily new COVID-19 cases are growing, and hospital systems are under pressure; however, overall economic recovery and vaccine progress is promising**

- The last few weeks have witnessed substantial growth in daily new cases across regions, especially in North America and Europe
- Hospital systems are under immense pressure as cases surge; the vulnerable segments (e.g., exposure vulnerable) continue to be most impacted
- Many large economies are expected to continue recovery in 2021 and may end closer to 2019 GDP; multiple consumption sectors are back to pre-crisis levels
- Vaccine progress is very promising with 13 candidates already in Phase III, and seven with approval for limited or emergency use
- There is a fast recovery scenario (i.e., defeating the pandemic by Q3 2021), but it requires three difficult interventions: (i) mastering "epinomics", (ii) scaling the virus monitoring system, and (iii) perfecting the vaccine roll-out
- 2021 will be impacted by trends that have emerged or have been accelerated by COVID-19; leaders must use Head, Heart, and Hands in the new reality

## **Priority groups are targeted, but public vaccine uptake is a challenge; economic performance is better than expected, retail goods sales have rebounded**

- Many countries plan to prioritize healthcare workers, elderly people, and people with comorbidities for early vaccination
- Public uptake of the vaccine may be the largest challenge; key success factors are transparency/clarity, clear communication, and support from trusted voices
- Economic development since the start of the pandemic has outperformed expectations: US, Europe, and global data has surprised to the upside
- Retail goods sales have rebounded to pre-COVID-19 levels across most countries; passenger vehicle sales see limited rebound, depending on geography

**We believe during this crisis leaders need to think along two dimensions:**

Taking an integrated perspective on health/medical progression, governmental responses, societal reactions, and economic implications to understand business/sector impacts

Thinking multi-timescale in a Flatten-Fight-Future logic



## Guide for leaders as we enter 2021

Getting to the COVID-19 finish line

Implications and actions

## Updated analyses and impact

Epidemic progression

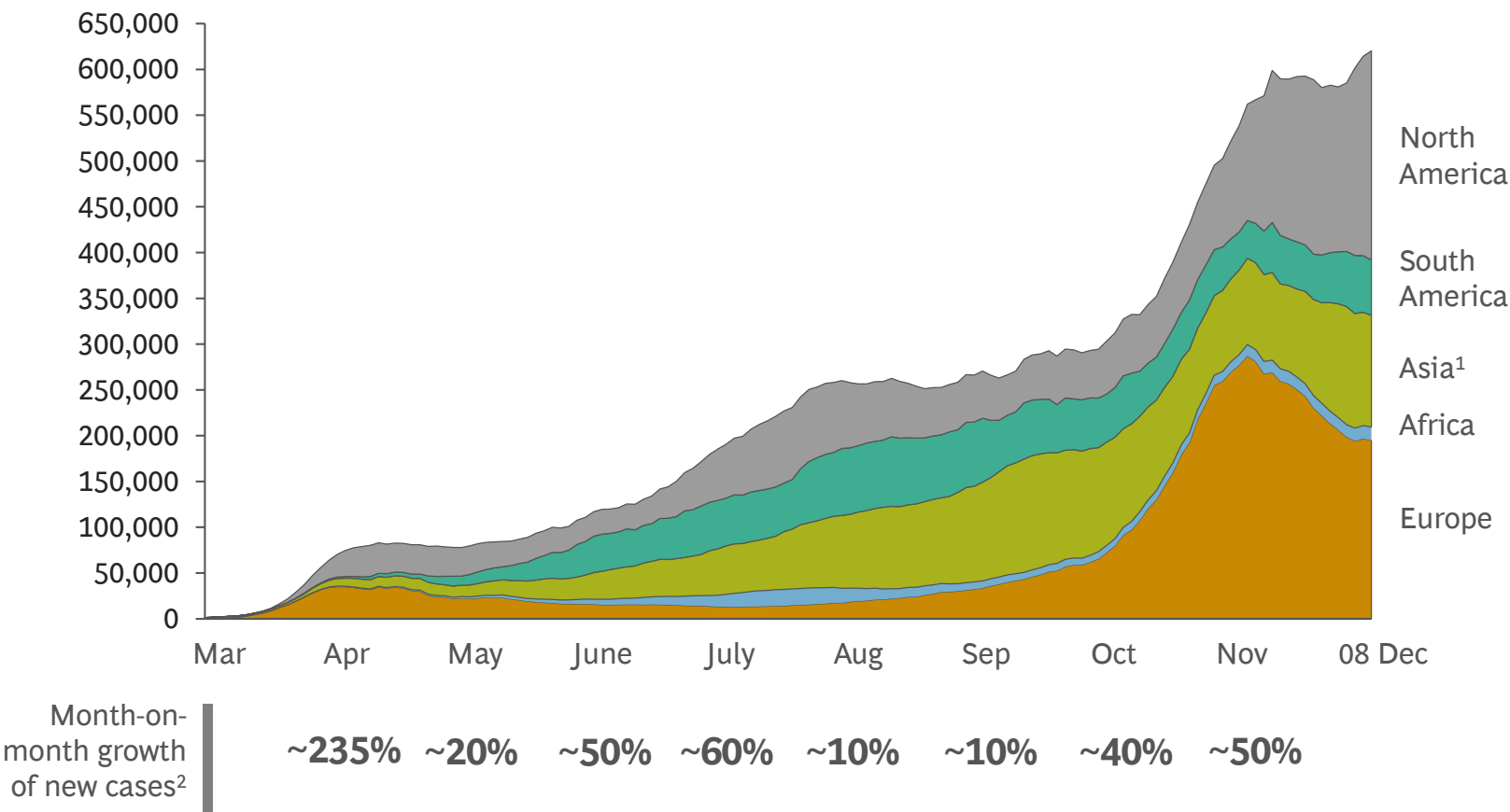
Vaccine updates

Economic and business impact

# The last few weeks have witnessed substantial growth in daily cases across regions

As of 08 Dec 2020

## Daily new cases (7-day rolling average)



## Key observations

**68.9M**

# of confirmed cases

**1.6M**

# of fatalities

**7x**

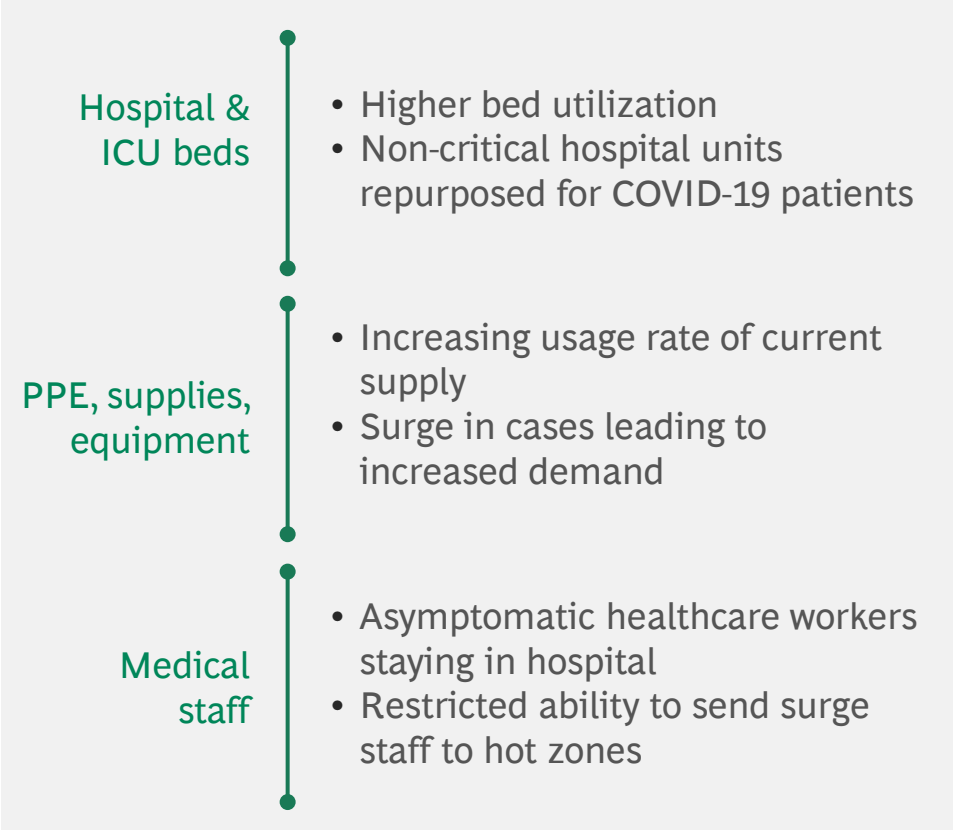
Nov daily cases³ vs. Apr

1. Includes Oceania (Australia, New Zealand, Papua New Guinea and surrounding island nations of the Pacific ocean); 2. Calculated as growth in monthly average of daily cases as compared to previous month; 3. Peak 7 day rolling average of daily new cases of Nov vs. Apr  
Source: Johns Hopkins CSSE; Our World in Data; BCG

# Hospital systems under immense pressure as cases surge

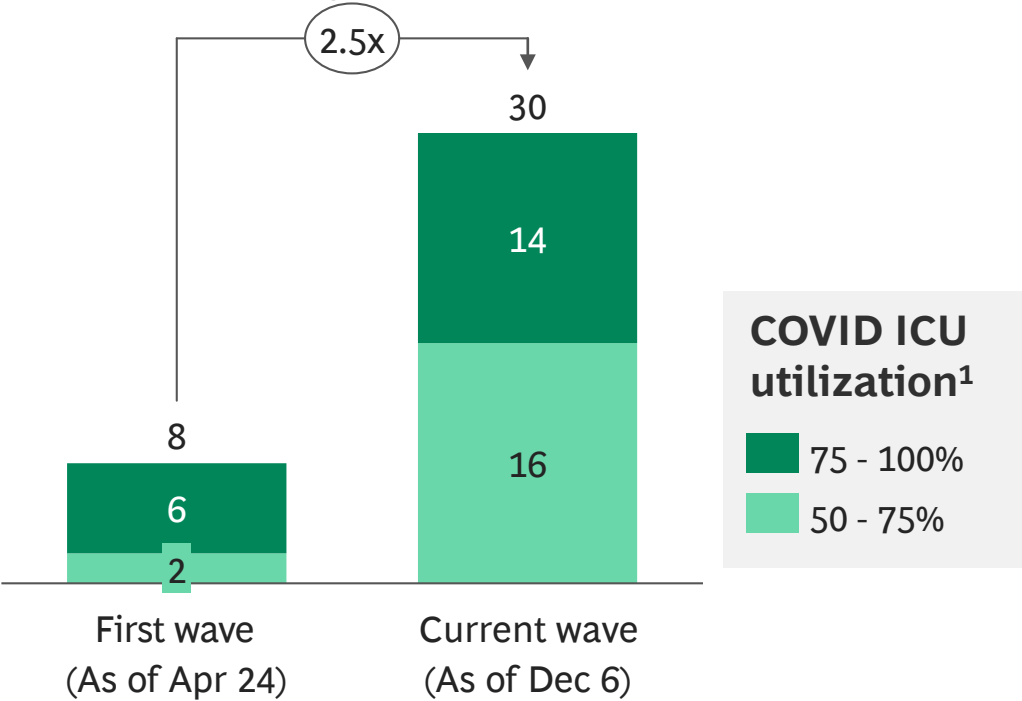
As of 7 Dec 2020

## Three types of shortages being observed across countries



## Example: US health system under greater strain than in spring

Number of US states reporting intensive care unit (ICU) utilization >50%



1. Ratio of COVID patients to estimated ICU capacity sourced from COVID Act Now (CAN); CAN sources ICU utilization from COVIDCareMap (CCM) and adjusts the number down by 30% based on empirical estimates for current utilization before adding COVID ICU utilization; CAN uses historic ICU capacity given inconsistent data reporting standards across states  
Note: Data through Dec 6<sup>th</sup>; States began reporting at various points in time as the pandemic progressed as early as March 26<sup>th</sup>  
Source: COVID Act Now; BCG analysis

# Vulnerable segments continue to be the most severely impacted by COVID-19; leaders must address the inequities that we have failed to act on so far

Data for US

## Health vulnerable

People older than 65 and/or with underlying conditions, roughly 30% of US population

up to  
**90x**

Higher death rate for those older than 65 vs. healthy young adults (18-29 years)

## Exposure vulnerable

Those living in dense settings or unable to work from home, especially in communities of color

**~3x**

Higher exposure in communities of color<sup>1</sup> compared to White, non-Hispanic persons in the US

## Economically vulnerable

Those bearing the brunt of economic hardship (e.g., job loss); **gender and income gaps** are being exacerbated

**~4x**

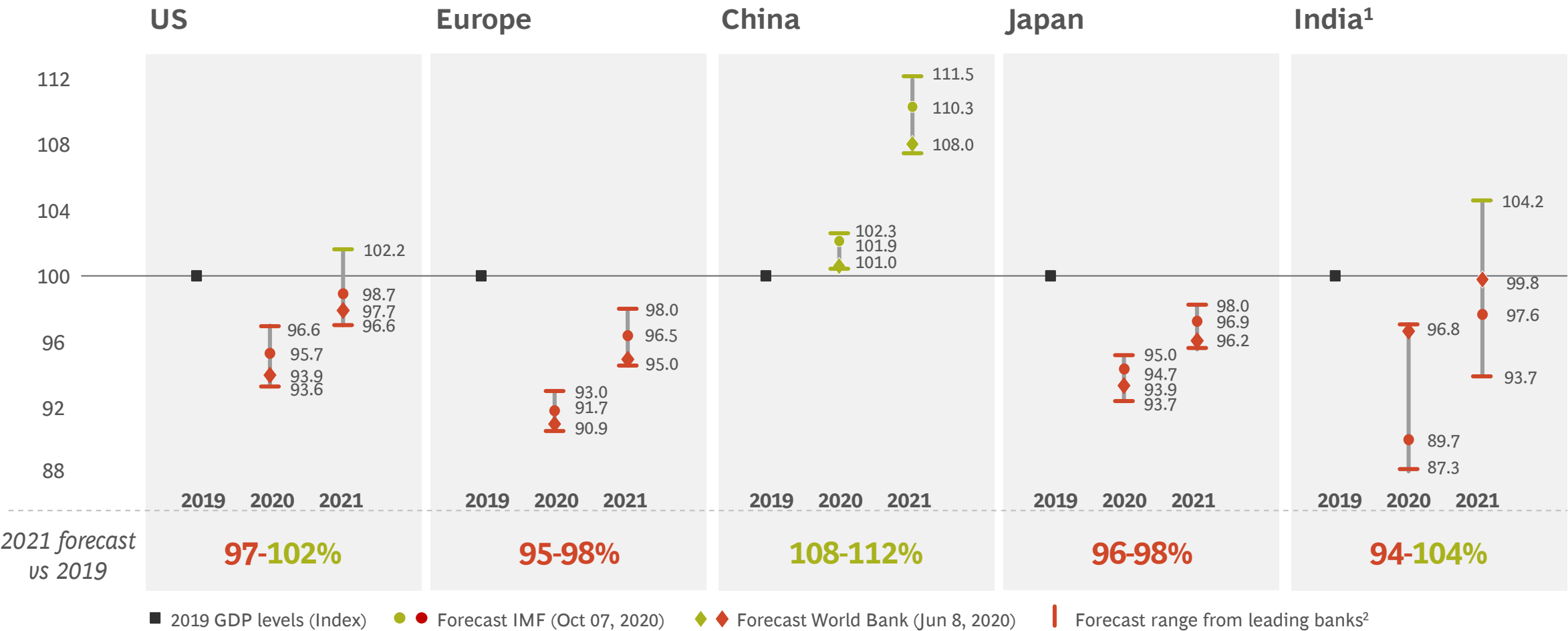
Women left the workforce in September 2020 vs. men<sup>2</sup> (~865K vs. 216K)

Note: 1. Includes Black or African American, Hispanic or Latino persons 2. Based on data from the US department of Labor in September 2020  
Source: CDC; US Bureau of Labor; BCG

# However, many large economies expected to continue recovery in 2021 and potentially end closer to 2019 GDP

As of 09 Dec 2020

GDP forecast levels indexed to 2019 value (Base: 100)



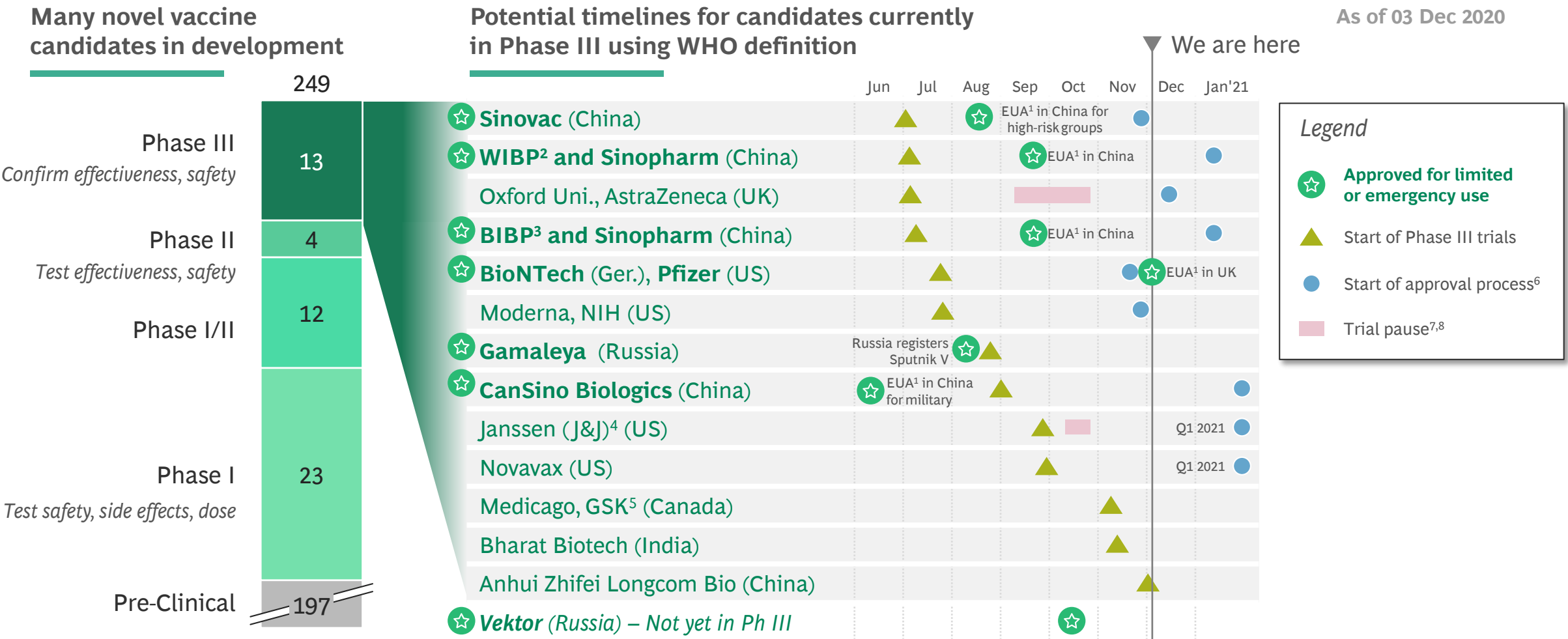
Note: As of reports dated 08 June 2020 to 09 Dec 2020, YoY forecasts; 1. For India, forecast is for financial year; for other countries, the forecast is for calendar year; 2. Range from forecasts (where available) of JPMorgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC; Source: Bloomberg; World Bank; IMF; BCG

# Consumption coming back: two levers fully back online, one not quite yet



Source: BEA, BCG Center for Macroeconomics (CME)

# Record vaccine progress shows promise and charts road ahead; population inoculation initiated



Note: The timeline represented is highly dependent on Phase III vaccine results including safety and efficacy data and hence, subject to change

1. Emergency Use Authorization 2. Wuhan Institute of Biological Products 3. Beijing Institute of Biological Products 4. Janssen's (Johnson & Johnson) candidate is undergoing one- and two-dose Phase III trials 5. Phase II/III 6. Trials are expected to continue until end of 2021 & 2022 for different candidates, as per WHO, clinicaltrials.gov. However, companies are expected to start approval applications with initial phase III results 7. Global AZ trial paused on Sept 6. due to reported adverse neurological reaction, restarted in the UK and US 8. Global Janssen/J&J trial paused on Oct. 13 due to unexplained illness in the study volunteers

Source: Guggenheim, Wells Fargo, Bloomberg, FT, Cowen, NYT, Milken Institute, Morgan Stanley, NIH, clinicaltrials.gov, WHO, Press Search, BCG

# Three potential pandemic scenarios going forward

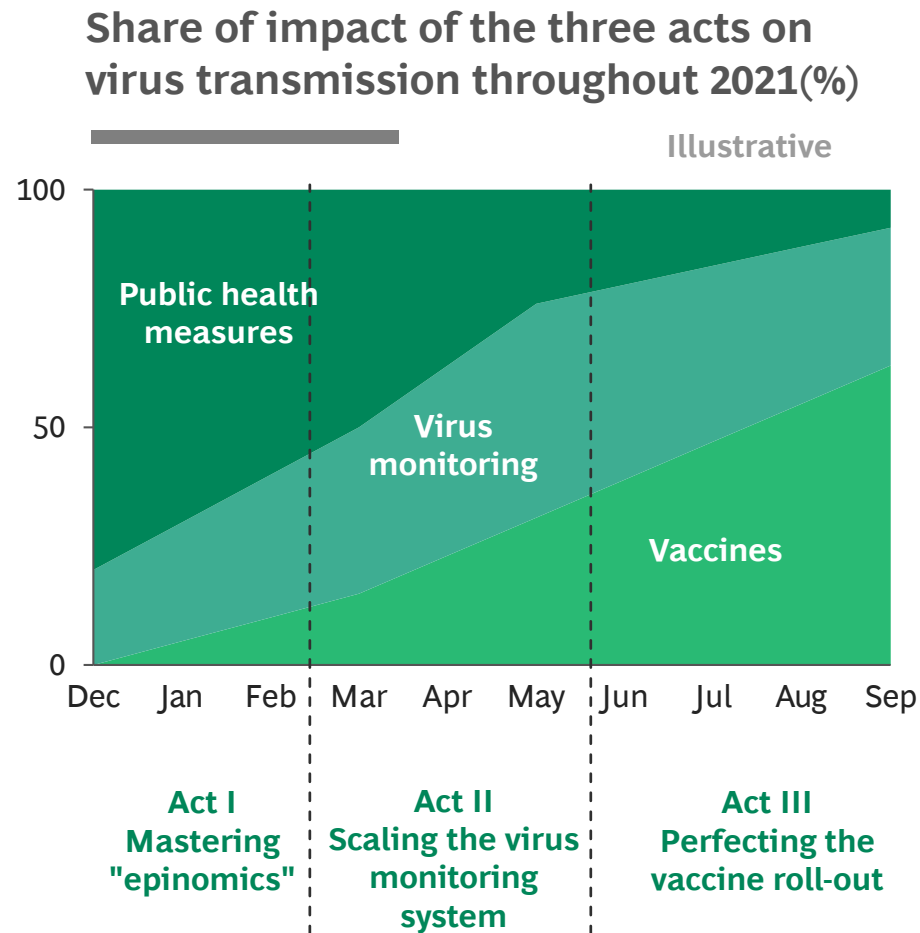
Note: Recovery timelines are estimated for high income countries that have already locked-in supply

	Fast recovery Q3 2021	Cautious confidence Q1 2022	Prolonged drought Q3 2022
Vaccines	<ul style="list-style-type: none"> <li>Multiple high efficacy vaccines available in late 2020</li> </ul>	<ul style="list-style-type: none"> <li>Two vaccines available in late 2020</li> </ul>	<ul style="list-style-type: none"> <li>Vaccine not as effective as contemplated</li> </ul>
Roll-out	<ul style="list-style-type: none"> <li>Effective supply chain ramp-up</li> </ul>	<ul style="list-style-type: none"> <li>Moderate supply chain delays</li> </ul>	<ul style="list-style-type: none"> <li>Slow &amp; difficult vaccine deployment</li> </ul>
Societal Response	<ul style="list-style-type: none"> <li>Public health measure<sup>1</sup> (PHM) adoption initially high, then starts to drop</li> <li>High public uptake</li> </ul>	<ul style="list-style-type: none"> <li>PHMs linger, are the norm for vulnerable</li> <li>Slow public uptake, vaccination increases in late 2021</li> </ul>	<ul style="list-style-type: none"> <li>PHMs become part of life</li> <li>Poor communication, loss of public trust</li> </ul>

**Vaccine efficacy is a successful first step; need to ensure that roll-out and societal response also advance under the "Fast Recovery" scenario**

1. Measures like social distancing, masks, tracking, tracing, etc.  
Source: BCG

# Fast recovery scenario: Defeating pandemic by Q3 2021 will require balancing multiple interventions across *Three Acts*



## Act I: Mastering "epinomics"

As cases surge, we must swiftly take the right set of "epinomic" actions **to drive highest reduction in  $R_t$ <sup>1</sup> at lowest socioeconomic cost**, and maintain vigilance until virus monitoring or vaccines are at scale

## Act II: Scaling the virus monitoring system

We must **build robust and scaled virus monitoring systems (testing, tracking, tracing, and quarantining) to contain the virus** until we reach herd immunity or vaccine supply is sufficient

## Act III: Perfecting the vaccine roll-out

Need to scale vaccines through to herd immunity, which will require a **flawless roll-out and clear, transparent communications that drive uptake**

1.  $R_t$  represents the effective reproduction rate of the virus

# Traversing the three acts will take a coordinated, whole-society response


	Act I: Mastering "epinomics"	Act II: Scaling the virus monitoring system	Act III: Perfecting the vaccines rollout
National governments	Provide economic supports to protect those whose livelihoods are hampered by public health measures	Provide technology, capacity, & implementation guidelines to support testing (screening) and safe school reopening	Continue to move at lightning speed to complete reviews and deployment of vaccines
Regional and local governments	Get people to wear masks and progressively reduce those activities that best balance epinomics	Re-double focus on increasing testing (screening) and tracing capacity, especially in key communities	Prioritize the health and exposure vulnerable for vaccines and develop robust strategies
Business leaders	Back government in providing economic supports and advocate for sensible public health measures	Take extra steps to protect employees and customers, in part by scaling own virus monitoring systems	Support employees in accessing vaccines, especially the health and exposure vulnerable
Citizens	Must wear masks and continue to limit their gathering sizes, frequency, and duration	Participate in testing (screening), support tracing and quarantining efforts	Seek access to vaccines as soon as they are eligible

# Further, 2021 will be shaped and impacted by multiple trends that have emerged or have been accelerated by COVID-19

As of 05 Dec 2020

← Evolving consumer needs →


Volatile consumer demand



Nov 26, 2020

COVID-19 has **shattered demand forecasts** that guide retailers and suppliers of consumer goods and services


Online shopping



Dec 02, 2020

US saw **record online shopping** this year on Thanksgiving, Black Friday & Cyber Monday, up 20-3% YoY


Focus on health & well-being



Dec 02, 2020

Global research points to consumers' **increasing demand** for products and services focusing on health & wellness

Sustainability




Dec 04, 2020

2020 marks a watershed year for global economy. **Investor demand** driving acceleration of **ESG awareness** in China

← Adapting company responses →

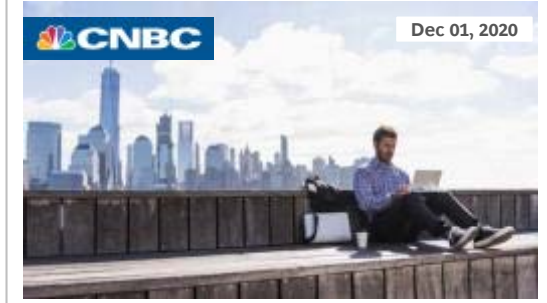
Digital acceleration



Dec 02, 2020

Partly due to pandemic, most industries scaled their **digital experiences**; some, like CPG, embraced them for the 1st time

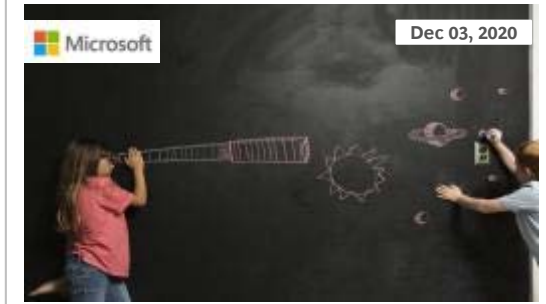
Hybrid work models



Dec 01, 2020

Tech companies have doubled down on remote work and adopted various **hybrid work models**


Innovation



Dec 03, 2020

64% of business surveyed in India found it **easier to innovate now**, compared with 32.5% prior to the onset of COVID-19

Strategic M&As



Nov 30, 2020

Leading social networking service **acquires omnichannel customer service platform**

1. ESG stands for Environmental, Social and Governance

# During & after COVID-19 crisis, the world will be different – business leaders are starting to face a New Reality

## Fight

### Emerging/accelerating elements...

- **Constant video conference**
- **Work flexibility**
- **Inequity and reactions to it**
- **Adversity**
- **Sustainability**
- **Eroding confidence in institutions**
- **Digital acceleration**



## Future

### ...will lead to a New Reality

- **New organizational models**
- **New working models**
- **Equity and inclusion**
- **Advantage**
- **Raised ESG<sup>1</sup> expectations**
- **Purpose-driven organization and culture**
- **Resilient and bionic organization**

1. ESG stands for Environmental, Social and Governance

# Guiding principles for business leaders in the New Reality



*Transforming  
with humanity  
using head,  
heart, and  
hands*

## Head

**Envision the future  
& align on the big  
rocks**



Infuse your  
priorities with  
humanity

- Define organizational agendas with a focus on people
- Re-envision and reinvent the workplace
- Make a human-centered case for change

## Heart

**Inspire and  
empower your  
people**



Build on  
strengths  
forged in crisis

- Demonstrate care to alleviate disruption
- Double down on activating purpose
- "Hot forge" an empowering culture

## Hands

**Execute and  
innovate  
with agility**



Shape the new  
reality of work

- Reinvent ways of working
- Upskill to address the digital skills chasm
- Leverage creative talent acquisition models: gig workers, talent sharing



## Guide for leaders as we enter 2021

Getting to the COVID-19 finish line

Implications and actions

## Updated analyses and impact

Epidemic progression

Vaccine updates

Economic and business impact

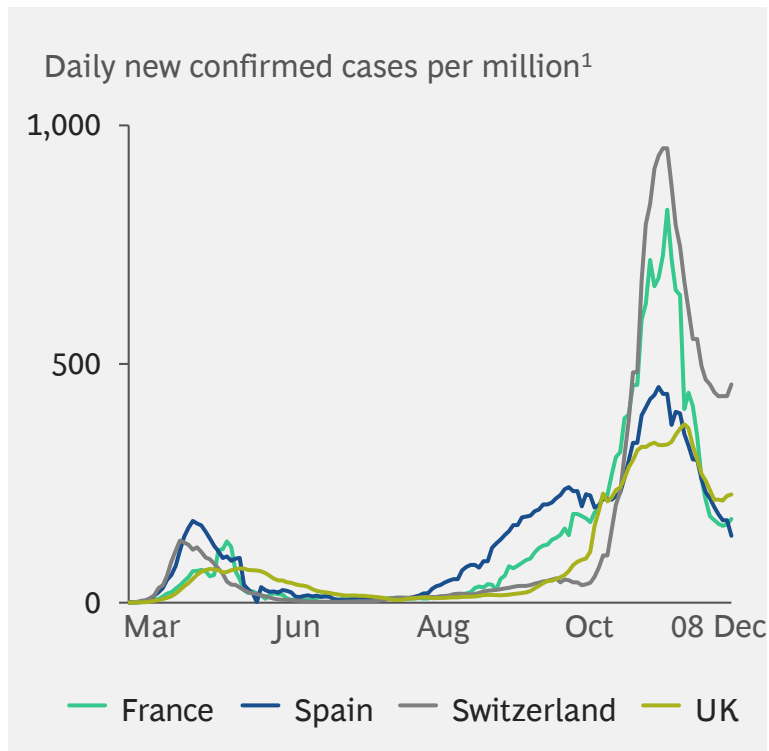
# COVID-19 has broader geographic reach today with countries at different stages in their fight

As of 08 Dec 2020

Non-exhaustive

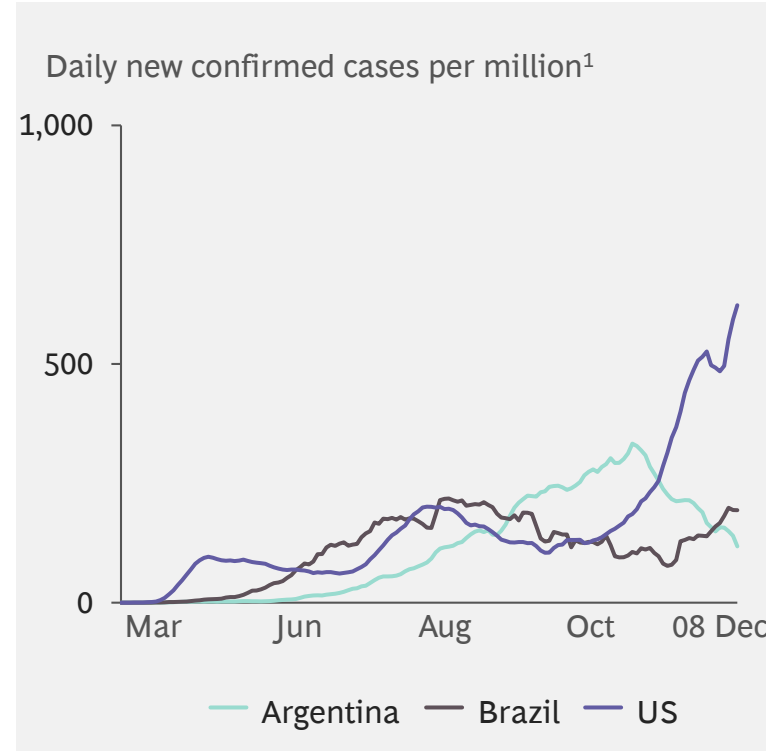
## Resurgence

Curve was flattened, but saw resurgence



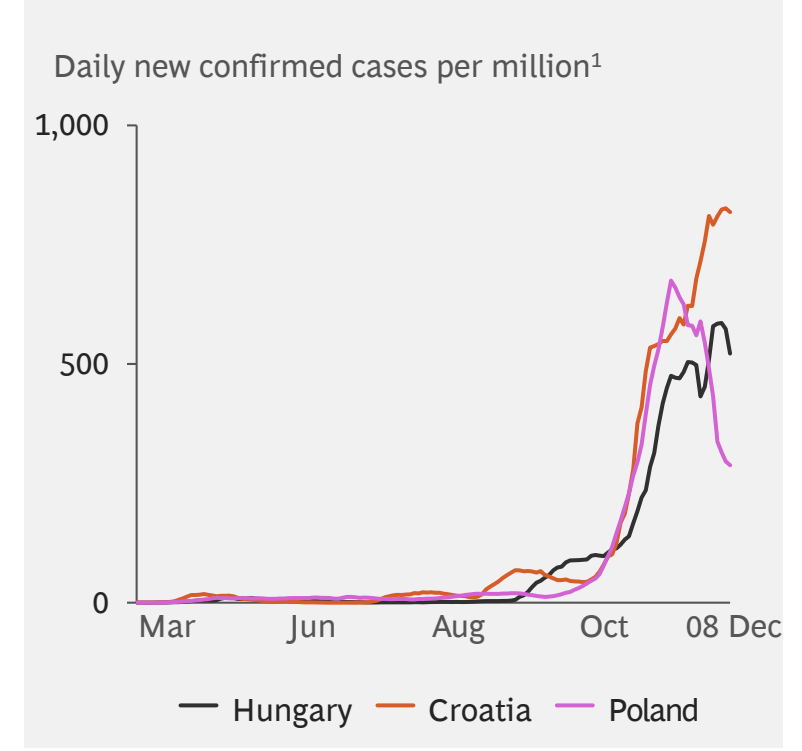
## Continuation

Curve was never quite flattened; on-going battle



## Delayed first wave






First wave was avoided early, but is happening now



1. Data shown as 7 day rolling average of daily new cases per million; Source: Our World in Data; BCG

# Several levers influence how long the "Fight" will be, though ultimately vaccines will be the most critical lever

## Several levers will impact the length of the Fight

	Impact spread (infection rate)	Impact severity (Infection fatality rate) <sup>1</sup>
 <b>Societal practices</b> (e.g., social distancing, masks, restrictions)	✓	
 <b>Virus monitoring</b> (e.g., testing, tracing, tracking, quarantine)	✓	
 <b>Natural and recovered patient immunity</b>	✓	✓
 <b>Therapeutics and clinical protocols</b>		✓
 <b>Vaccines</b>	✓	✓

1. Percentage of fatalities across all infected individuals  
Source: WHO, BCG analysis

## Five questions to consider to understand vaccine potential to end this pandemic quickly

<b>Timing</b>	When might vaccine(s) be authorized for use?
<b>Safety &amp; Effectiveness</b>	What is the impact on infection rates and severity?
<b>Availability &amp; Prioritization</b>	How fast can we get vaccines to targeted populations?
<b>Distribution &amp; Administration</b>	How do we manage supply chains and get sites ready for administration?
<b>Public Uptake</b>	Will people choose to get vaccinated?

# Many countries plan to prioritize healthcare workers, elderly, and people with comorbidities

			Non-exhaustive					
Geography	Status (advisory official decision/ no communication)		Targeted Groups					
			Health care workers	Elderly	At risk due to health	Essential workers	Living in precarity	Living in closed places <sup>1</sup>
 EU	Recommendation to members states		✓	✓	✓	✓	✓	✓
 France	Advisory recommendation		✓	✓	✓	✓	✓	✓
 Belgium	Advisory recommendation		✓	✓	✓	⊗		
 Spain	Potential prioritization by Health Minister <sup>2</sup>		⊗					
 Germany	Advisory recommendation		✓	✓	✓	✓		
 UK	Advisory recommendation		✓	✓	✓		⊗	
 US	Official guidelines from CDC to jurisdictions <sup>3</sup>		✓	✓	✓	✓	✓	✓
 Canada	Advisory recommendation		✓	✓	✓	✓		✓
 China	Advisory recommendation		✓	✓	✓	✓		
 Japan	MLHW <sup>4</sup> decision <sup>5</sup>		✓	✓	✓	⊗		
 South Korea	Data collection ongoing		✓	⊗				
 Sweden	Data collection ongoing		✓	✓	✓			
 Australia	Official guidelines from CDC to jurisdictions <sup>3</sup>		✓	✓	✓	✓		
 Philippines	Reported but not yet officially announced		✓	✓	✓	✓	✓	



Targeted in priority groups



Mention that could also be considered priority group

Note: The definition of essential workers is highly dependent on the country's need to consider criticality to reboot of economy

1. Prisons, dormitories, establishments for handicapped people, psychiatric hospitals 2. Potential target groups evoked by the Health Minister during a speech in November

3. Estimation of critical population within a jurisdiction to be made by each jurisdiction 4. MHLW: Ministry of Health, Labour and Welfare 5. First and second priority groups only, priorities after these two segments still to be determined

Sources: press research, government websites, BCG analysis

# Public uptake of the vaccine may ultimately be the largest challenge we face

## According to surveys

Only **47%** of people globally say they are very likely to take a COVID-19 vaccine<sup>1</sup>

Concerns may be mitigated if early vaccine is successful with prioritized groups

## Several likely barriers to vaccine uptake

- **General distrust** of the development and authorization process
- **Concerns or confusion** over cost or how to get a vaccine
- **Uncertainty** about which vaccine is recommended for a given individual
- **Two-dose requirement** for certain vaccines, several weeks apart
- General **anti-vaccination sentiments**

## Key success factors to drive vaccination

- 1** Transparency and clarity on safety and efficacy
- 2** Clear and consistent communication
- 3** Support from trusted, respected voices

1. Per a survey published in October 2020 including 13,426 people in 19 countries significantly affected by COVID; survey data was collected between June 16, 2020 and June 20, 2020.

Source: Nature Medicine

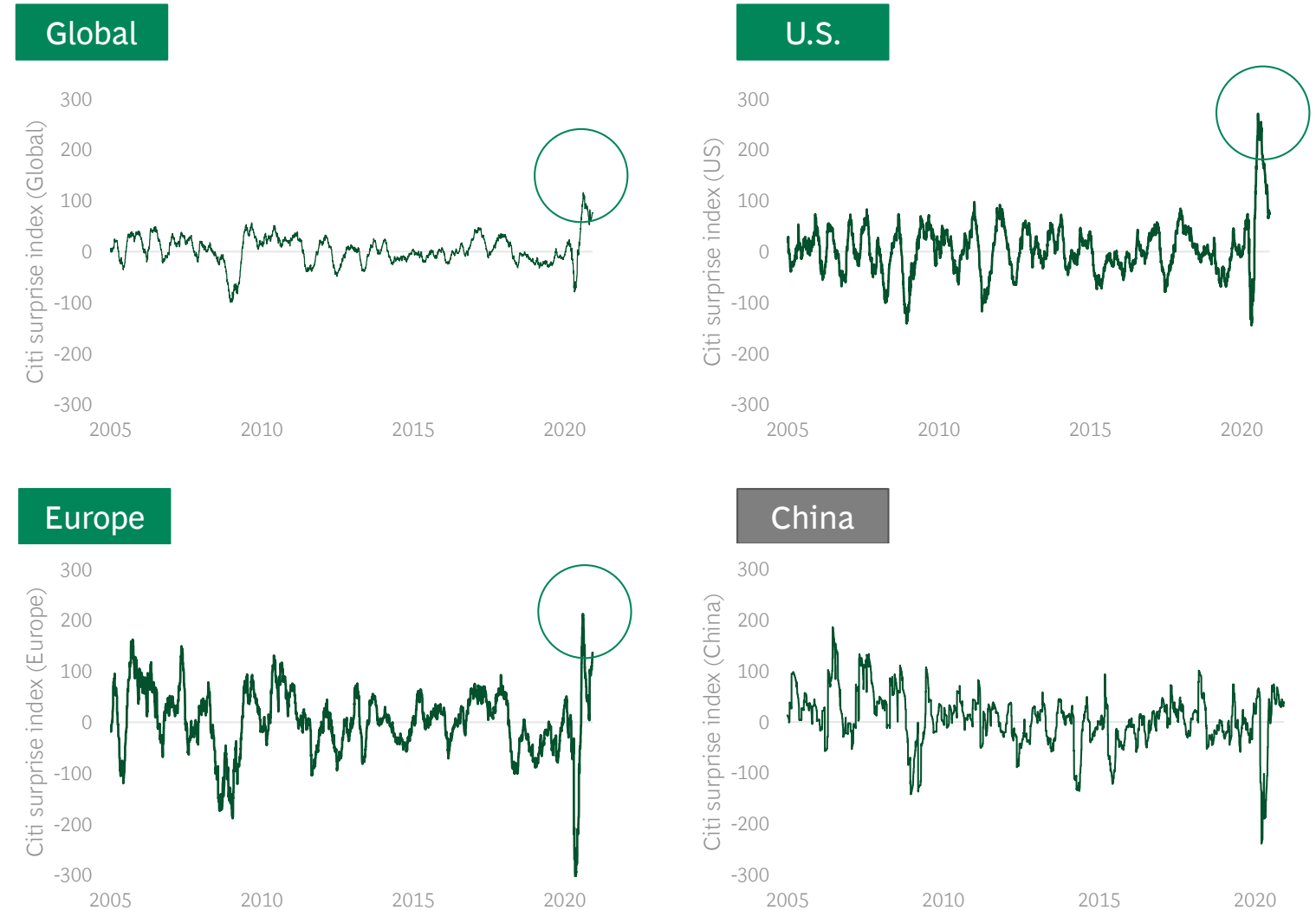
# Economy has outperformed expectations to date

Continued bad economic news was expected in widely hit areas

Actual data "surprised" to the upside (US, Europe, & global)

No big upside in China, since negative expectations were not set due to early control

Citi Surprise Index, which is a weighted historical standard deviation of data surprises<sup>1</sup> and a quantitative measure of economic news, indicates outperformed recovery



Note: 1. They are objective and quantitative measures of economic news. Defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance [been] beating consensus.

Source: Citi, Bloomberg, BCG Center for Macroeconomics

# Stock markets continue to have an optimistic outlook: 14 out of 24 sectors currently above pre-crisis TSR levels

ECONOMIC &  
BUSINESS IMPACT

As of 04 Dec 2020

Based on top S&P Global 1200 companies

## Categories based on TSR and net debt/enterprise value<sup>1</sup>

### TSR performance<sup>2</sup>

### Companies<sup>3</sup> with probability of default >15%<sup>4</sup>

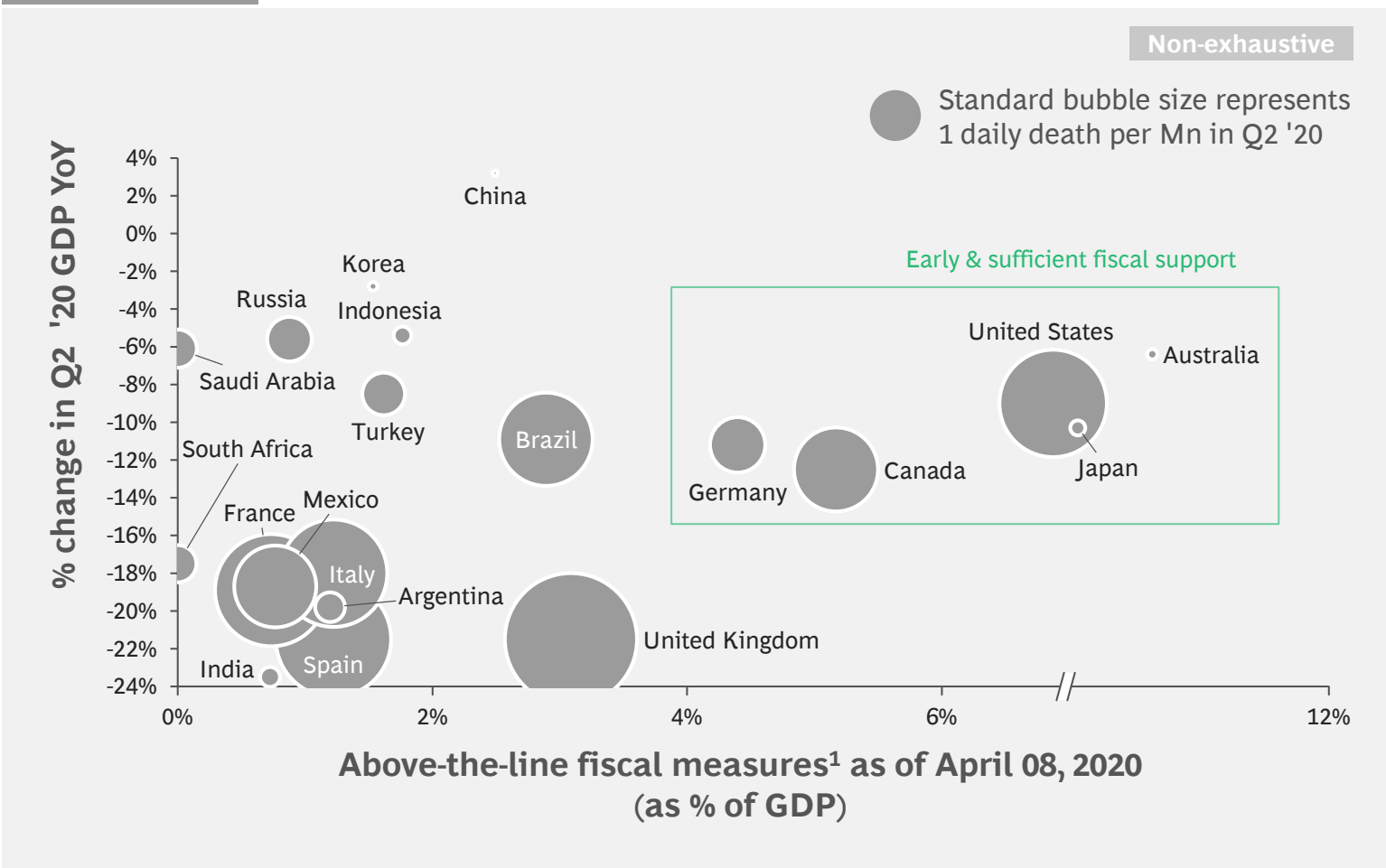
		21 Feb 2020 - 20 Mar 2020	21 Feb 2020 - 04 Dec 2020	20 November 2020 - 4 December 2020	21 Feb 2020	04 Dec 2020	20 November 2020 - 4 December 2020
Healthier sectors	Semiconductors	-30%	40%	↗	0%	0%	→
	Tech Hardware	-26%	20%	↗	0%	0%	→
	Materials	-32%	16%	↗	5%	4%	→
	Retailing	-40%	14%	↗	0%	12%	↗
	Auto	-41%	12%	↗	0%	5%	→
Pressured sectors	Media	-36%	10%	↗	0%	0%	→
	Capital Goods	-35%	9%	↗	2%	2%	↗
	Health Equipment	-31%	7%	↗	0%	0%	→
	Household Products	-16%	6%	→	0%	0%	→
	Durable Goods	-39%	4%	↗	0%	0%	→
	Pharma	-20%	2%	↗	0%	0%	→
	Financials	-35%	2%	↗	0%	0%	→
	Software	-30%	2%	↗	0%	0%	→
	Food/staples Retail	-10%	1%	→	0%	0%	→
	Prof. Services	-30%	-1%	↘	0%	0%	→
Vulnerable sectors	Food & Beverage	-23%	-4%	↗	0%	0%	→
	Hospitality	-44%	-5%	↗	8%	15%	↗
	Insurance	-39%	-8%	↗	0%	0%	→
	Telecom	-17%	-9%	→	0%	8%	→
	Utilities	-30%	-10%	↘	0%	0%	→
	Banks	-39%	-11%	↗	0%	0%	↗
	Transport	-34%	-14%	↗	0%	24%	→
	Real Estate	-39%	-15%	→	0%	0%	↗
	Energy	-52%	-22%	↗	0%	12%	↗

Note: Based on top S&P Global 1200 companies; Sectors are based on GICS definitions; 1. Net debt & enterprise value from latest available balance sheet; categories defined based on comparison with S&P Global 1200 median: healthy = TSR & debt/EV > median, pressured = TSR or debt/EV < median, vulnerable = TSR & debt/EV < median; 2. Performance is tracked for two periods, first from 21 February 2020 (before international acceleration of outbreak) to 20 March 2020 (trough of the market) and from 21 February 2020 through 04 Dec 2020 based on median; 3. Retailing, Hospitality, Transport and Energy are sectors with > 10% of companies with a probability of default > 15%; 4. Implied by 5-year credit default swap based on median; Source: S&P Capital IQ; BCG ValueScience Center; BCG

↗ Pos. trend ≥ 2%  
→ No sig. change  
↘ Neg. trend ≥ 2%

# Robust fiscal support critical to buffer against economic impact of the pandemic

## Financial stimulus and economic impact across countries



**Early and sufficient fiscal support lowered economic impact of COVID-19**

**Failure to provide follow-up stimulus could lead to economic drag in many regions**

1. Includes only spending and revenue measures weighted by GDP in PPP-adjusted current US dollars; excludes below-the-line measures (loans, equity injections) and government guarantees;  
Source: OECD Data; Fiscal Monitor Database- April 2020, IMF Fiscal Affairs Department; BCG

# Leaders must address the inequitable economic outcomes we have failed to act on so far

ECONOMIC &  
BUSINESS IMPACT

## Women's economic security more at risk by the pandemic

**19%** higher risk for women to lose job than men<sup>1</sup>

**72%** of domestic workers, 80% of whom are women, have lost their jobs as a result of COVID-19<sup>1</sup>

**50%** women in Asia Pacific reported drop in working time in formal jobs vs. 35% men<sup>1</sup>

## Low income/informal sector workers impacted the most

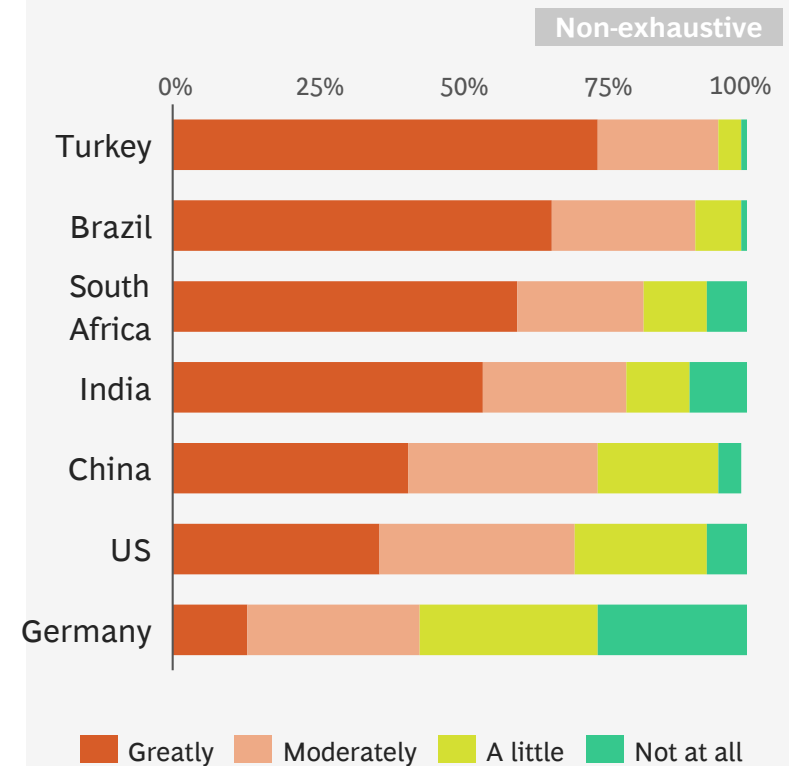
**60%** decline in income of informal workers in 1st month of pandemic<sup>1</sup>

**82%** of poorer households reported a loss in income since COVID-19<sup>2</sup>

**17%** loss in wages of lowest paid 50% of workers across Europe vs. 6.5% across all groups<sup>3,4</sup>

## Income impact varies across geographies

Survey question: How much are you personally affected by COVID-19?<sup>5</sup>



1. "From Insights to Action – Gender Equality in the Wake of COVID-19" publication that draws on the UN Secretary-General's policy brief on COVID-19 and women, UN Women Spotlight on Gender, COVID-19 and the SDGs, UN Women thematic policy briefs focused on COVID-19, as well emerging data from UN Women's rapid gender assessments; 2. Survey conducted across 37 countries and ~25K participants by Save the Children; 3. Fall without temporary subsidies – wage subsidies compensated for 40% of this amount; 4. As per Global Wage Report 2020/21, International Labour Organization; 5. Survey of 27,000 people was conducted for the BBC World Service in 27 countries by GlobeScan in June 2020

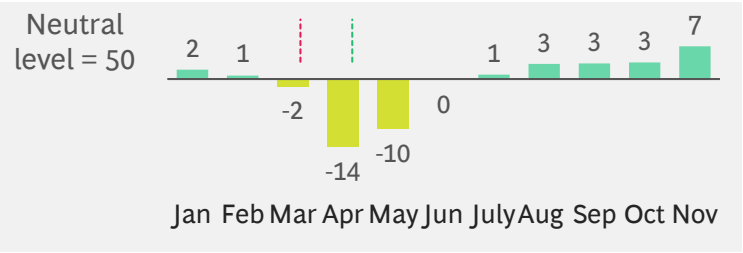
# Manufacturing PMI recovery globally indicates positive momentum

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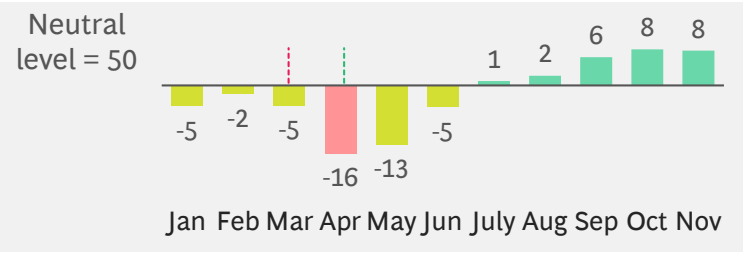
As of 09 Dec 2020

## Manufacturing PMI before, during, and after the crisis

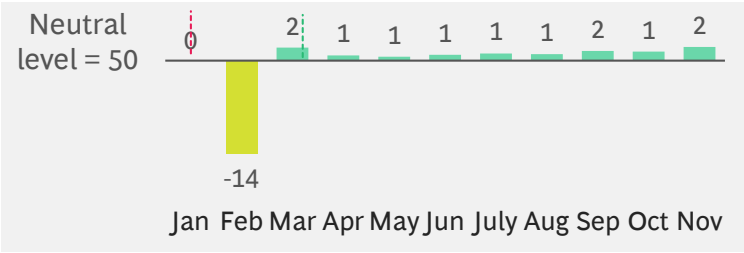
### US



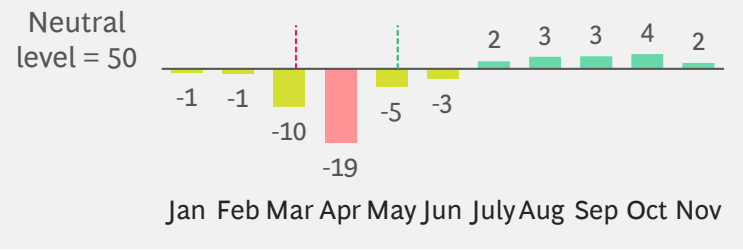
### Germany



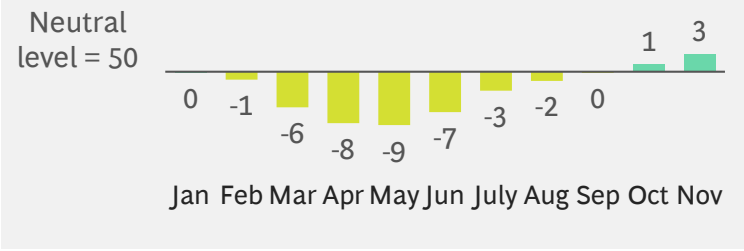
### China<sup>1</sup>



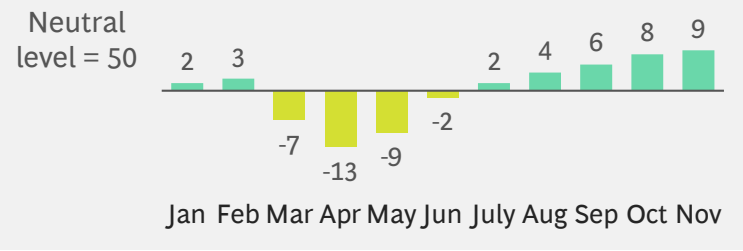
### Italy



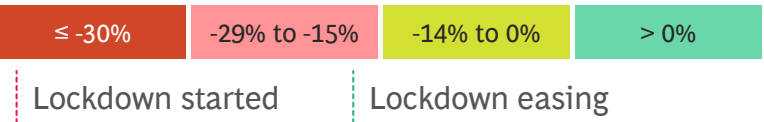
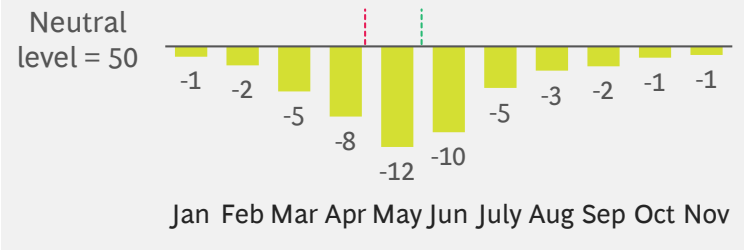
### South Korea



### Sweden



### Japan



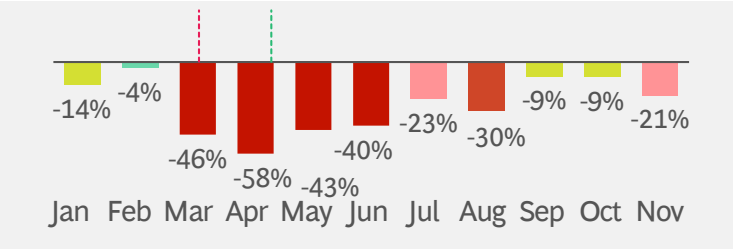
Note: PMI (Purchasing Manager's Index) is a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. 50 is neutral, >50 is considered to be positive sentiment and <50 is considered to be negative sentiment. 1. Lockdown dates are only pertaining to Hubei province; Source: Markit South Korea Manufacturing PMI SA; Jibun Bank Japan Manufacturing PMI SA; China Manufacturing PMI SA; Swedbank Sweden PMI SA; Markit/BME Germany Manufacturing PMI SA; Markit Italy Manufacturing PMI SA; Markit US Manufacturing PMI SA; Bloomberg

# Passenger vehicle sales see limited rebound

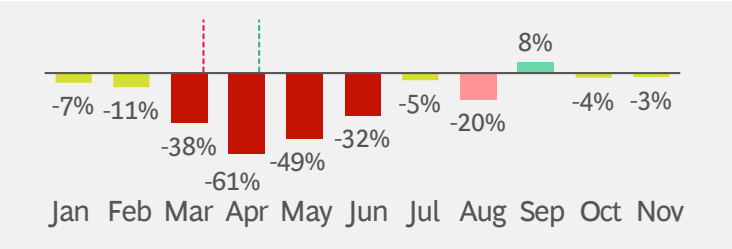
As of 08 Dec 2020

## Monthly passenger vehicle<sup>1</sup> sales, YOY % change vs 2019

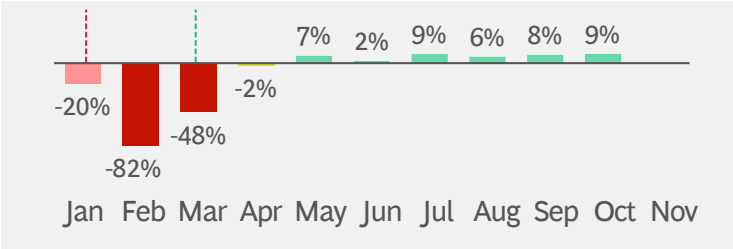
### US



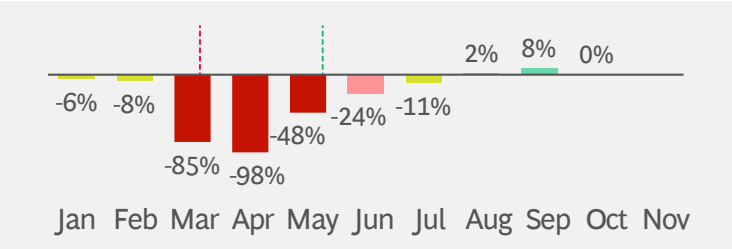
### Germany



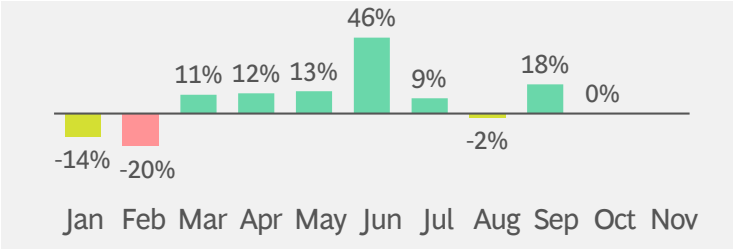
### China<sup>2</sup>



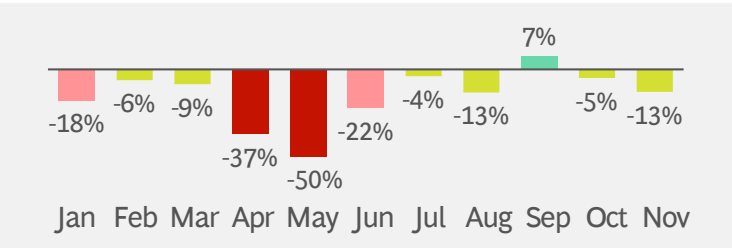
### Italy



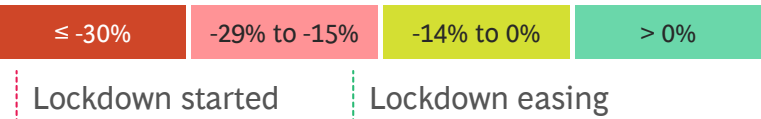
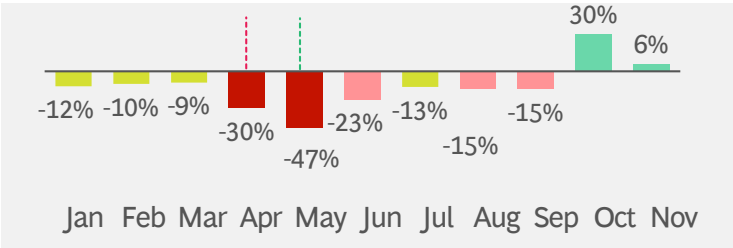
### South Korea<sup>3</sup>



### Sweden



### Japan



1. Passenger vehicle sales includes data on, where available, hatchback, MPV, pickup, sedan, SUV, and vans; 2. Stimulus policies: Launched subsidies for car purchases in 10 cities, lessened purchase restriction in high tier cities and extended NEV subsidies; 3. South Korea's growth in auto sales from Mar through June 2020 is supported by recent tax cuts for individual consumption goods (e.g., cars), several carmakers (e.g. Audi, VW) launching new models and the increased appreciation by the Koreans of cars as a safe mode of transport and as a travel alternative for camping during COVID-19, supported by recently passed legislation to allow a variety of different cars to be modified into 'camping cars'. Source: Marklines; BCG

# Retail goods sales (excl. auto and fuel) have rebounded to pre-COVID-19 levels across most countries

As of 09 Dec 2020

## Growth of total retail goods sales (excl. auto & fuel)<sup>1</sup>, YOY % change vs 2019

Retail goods sales include online & offline sales and comprise food & beverages, apparel, cosmetics & personal care, home appliances, general merchandise, building material; do not include auto, fuel & food services

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
China <sup>2</sup>	-16%		-12%	-6%	-1%	2%	-2%	-1%	2%	1%
Japan	0%	2%	1%	-6%	-1%	10%	7%	7%	-3%	13%
US	3%	4%	7%	-6%	3%	8%	9%	10%	11%	11%
UK	1%	0%	-4%	-19%	-11%	1%	3%	4%	6%	7%
Italy	1%	2%	-18%	-27%	-11%	-1%	-11%	1%	0%	1%
Sweden	3%	5%	2%	-3%	2%	3%	2%	2%	3%	3%
Belgium	2%	1%	-6%	-14%	2%	7%	3%	14%	5%	8%

≤ -30%

-29% to -15%

-14% to 0%

> 0%

Retail goods sales have **rebounded** to pre-COVID-19 levels, with countries showing higher growth levels than in Jan

**US, Sweden and Belgium** have seen consistent retail sales growth over last 6 months

**Japan sales** rebounded in Oct after a small dip in Sep

*Further reading*

**Reigniting Retail Demand**

1. Retail goods sales categorization may be different across countries; seasonally adjusted values taken; country-specific categorization; 2. For China, combined value of Jan & Feb is available; Source: US Census Bureau; PRC National Bureau of Statistics; Eurostat; Ministry of Economy Japan

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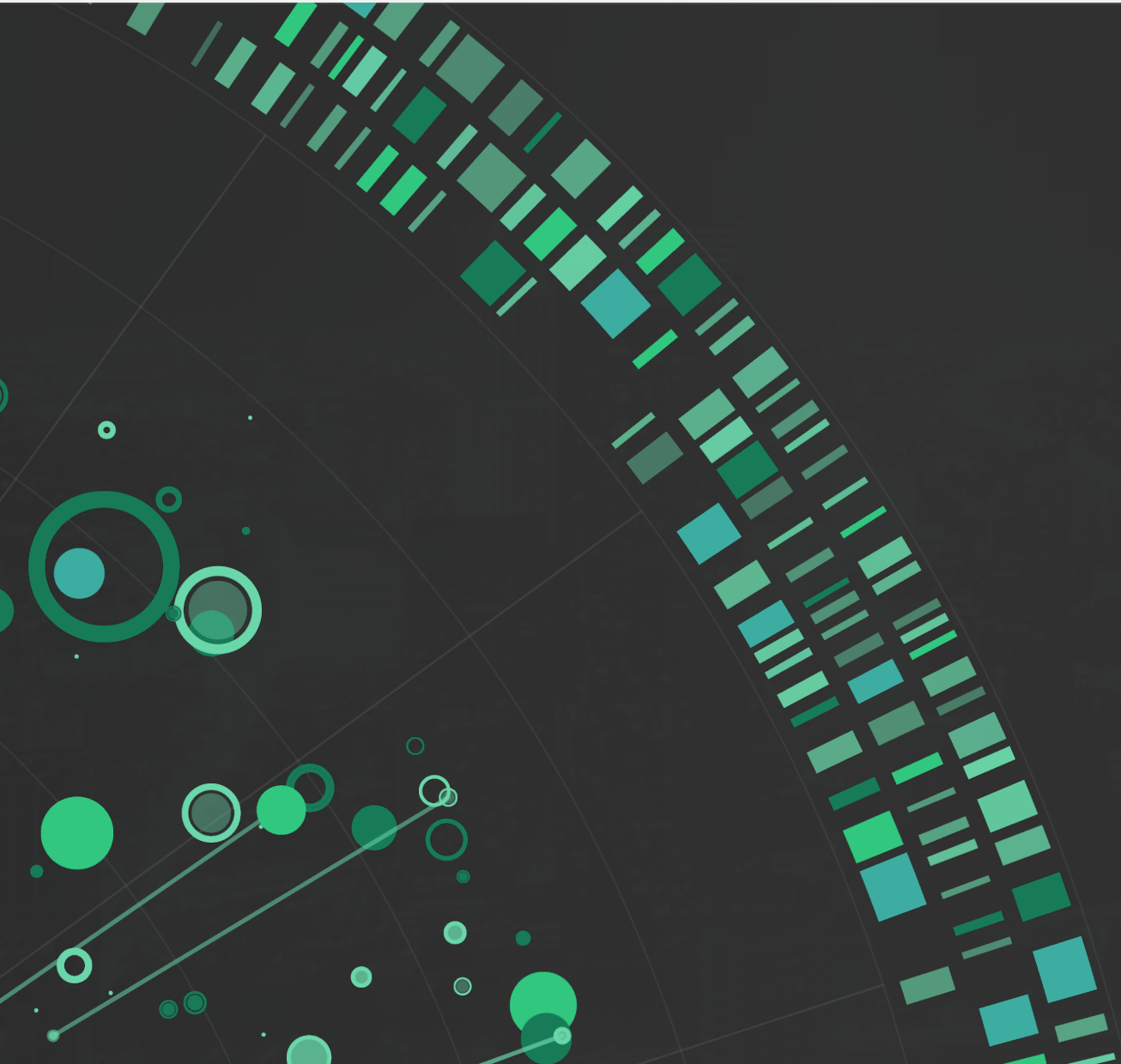
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