



# COVID-19 Global Effects on Domestic Business Shutdowns

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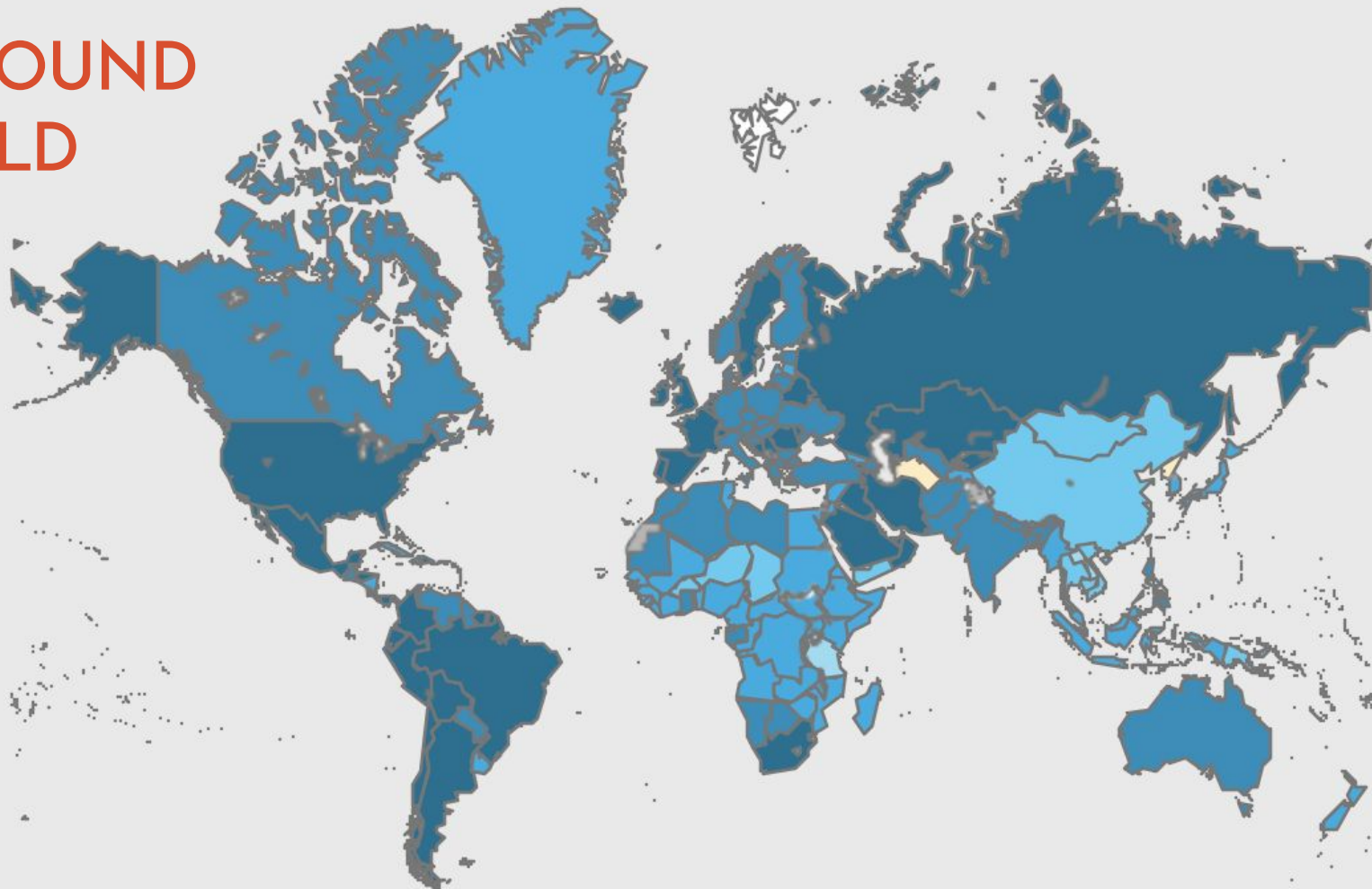
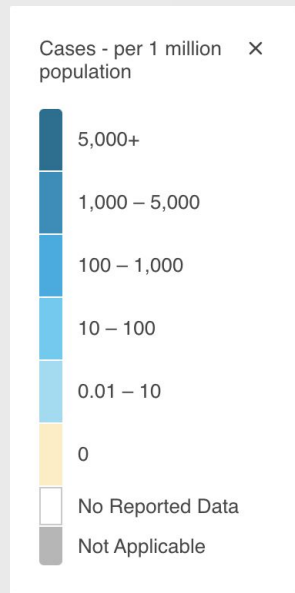


01

AMERICA vs  
THE WORLD



# CASES AROUND THE WORLD



# REGIONAL ECONOMICS

## East Asia & Pacific

Growth to fall to 0.5%,  
lowest since 1967

## Europe & Central Asia

Economy to contract by 4.7%,  
recessions in most countries

## Latin America & Caribbean

Economic activity to fall by  
7.2%, recessions in most  
countries

## Middle East & N. Africa

Economic activity to fall by  
4.2% due to covid & oil market

## South Asia

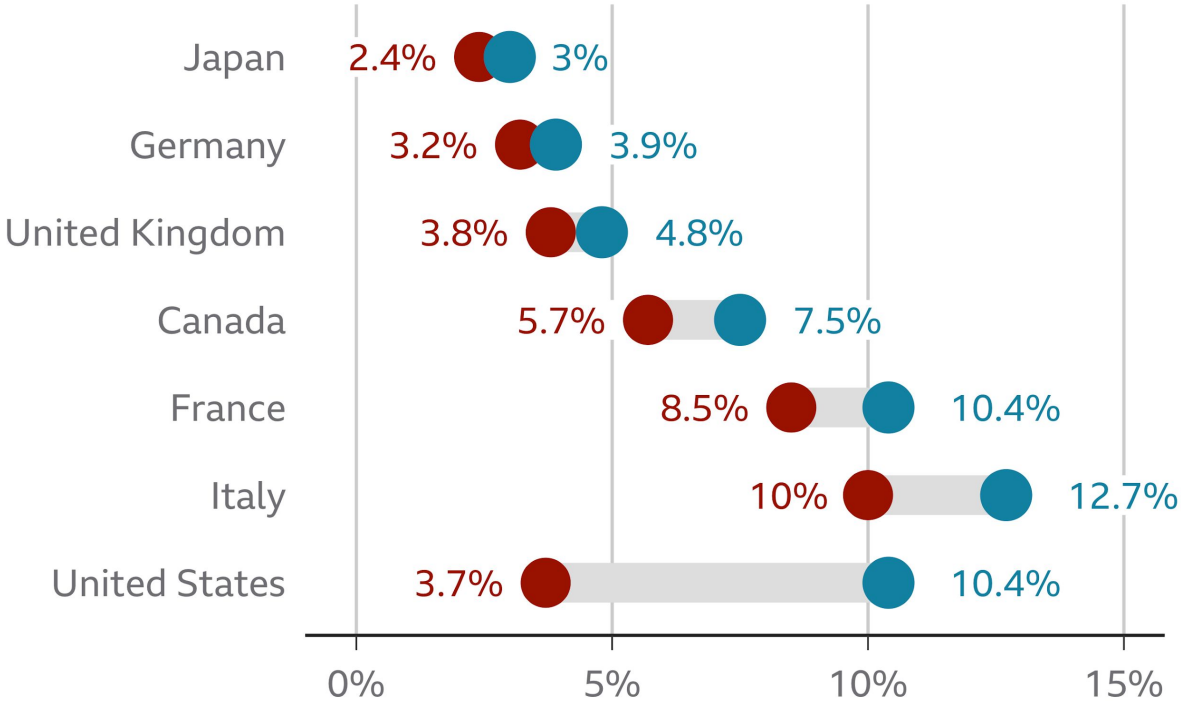
Economic activity to contract by  
2.7% due to low private  
investment & consumption

## Sub-Saharan Africa

Economic activity to fall by  
2.8%; deepest fall on record

# World economies struggling with rising unemployment

Yearly unemployment rate change, 2019-2020



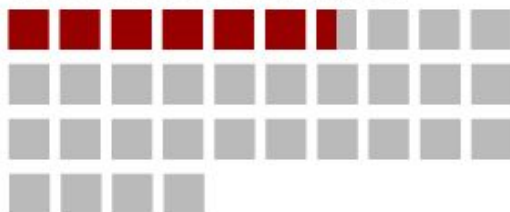
Source: IMF, 29 June 2020, 12:00 BST

# Million of workers furloughed

□ = 1 million workers    ■ Furloughed    ■ Not furloughed

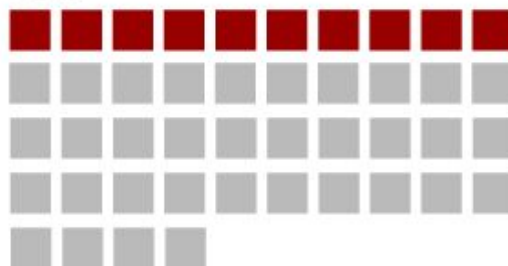
United Kingdom

19% workers furloughed



Germany

23%



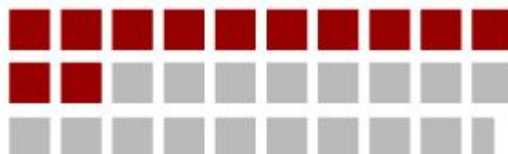
Italy

29%



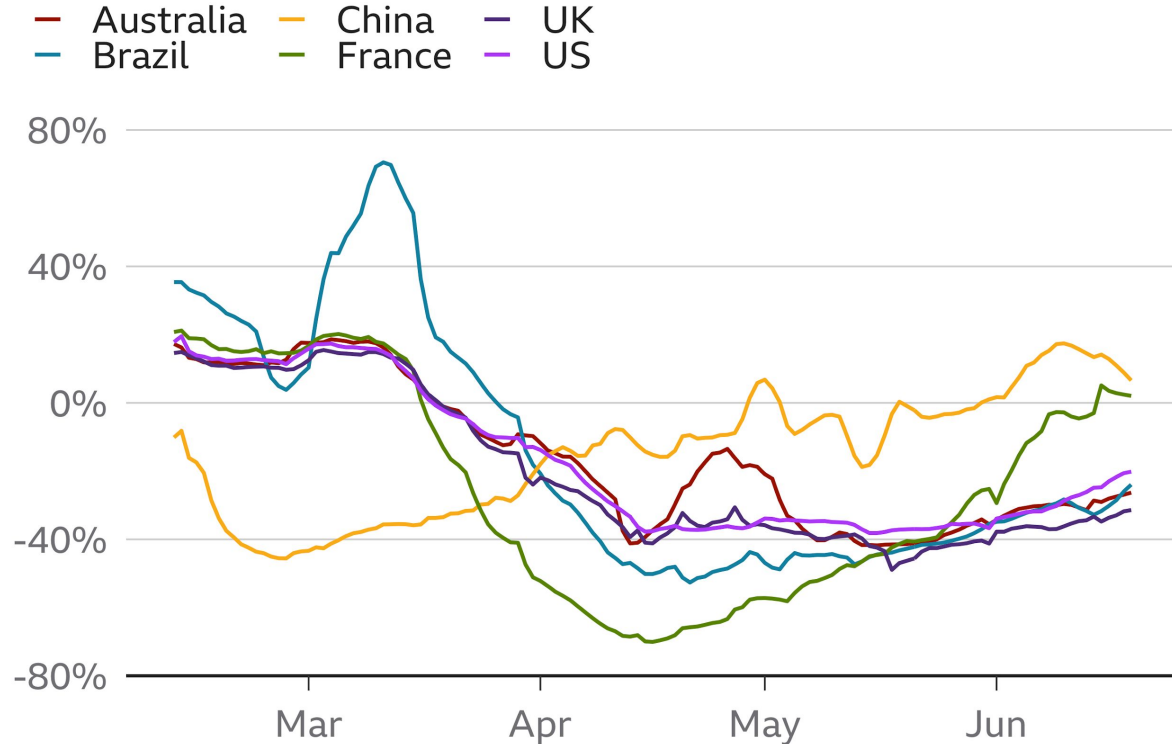
France

41%



# LinkedIn hiring rate by country

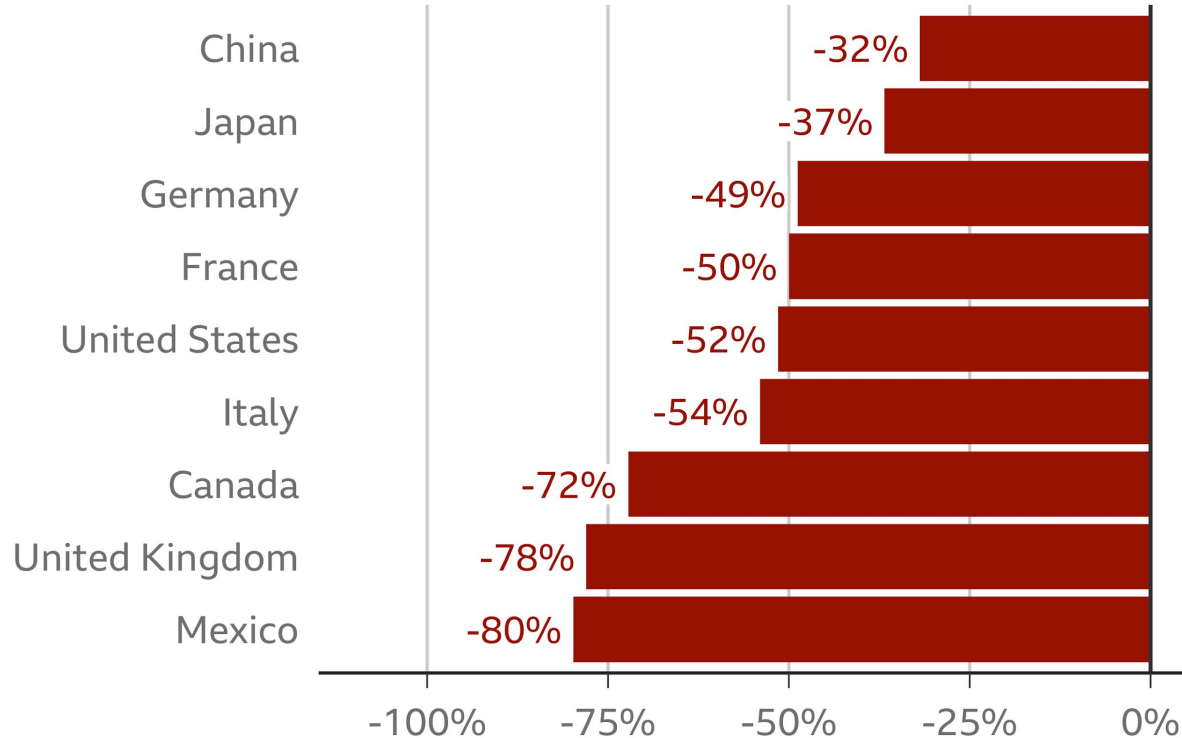
Year-on-year percentage change



Source: LinkedIn, 29 June 2020, 12:00 BST

# Huge drop in shoppers

Annual percentage change of footfall in 14-20 June



Source: ShopperTrak, 29 June 2020, 12:00 BST





# Reopening Around the World



# BEIJING



## What's Required, Restricted or in Force

- Masks Required
- Police checks

## What's not

- **No widespread testing**
- Retail business open
- Manufacturing Plants open
- Dine-in open
- Outdoor exercise permitted
- Schools open
- No curfew
- No fines

# BERLIN



## What's Required, Restricted or in Force

- Fines
- Widespread testing
- Police checks

## What's not

- Retail business open
- Manufacturing Plants open
- Dine-in open
- Outdoor exercise permitted
- Schools open
- No curfew
- **No masks required**

# DUBAI



## What's Required, Restricted or in Force

- Fines
- **Widespread testing**
- Police checks
- Masks required

## What's not

- Retail business open
- Manufacturing Plants open
- Dine-in open
- Outdoor exercise permitted
- Schools open
- No curfew

# MEXICO CITY



## What's Required, Restricted or in Force

- Fines possible
- Masks required
- **Schools closed**

## What's not

- No widespread testing
- Retail business open
- Manufacturing plants open
- Dine-in open
- Outdoor exercise permitted
- No curfew
- **No police checks**

# NAIROBI



## What's Required, Restricted or in Force



- Fines
- **Widespread testing**
- Masks required
- Police checks
- **Curfew**
- **Schools closed**

## What's not



- Most retail business open
- Manufacturing plants open
- Dine-in open
- Outdoor exercise permitted


# TOKYO



## What's Required, Restricted or in Force

- **No restrictions**

## What's not

- No widespread testing
  - Retail business open
  - Manufacturing plants open
  - Dine-in open
  - Outdoor exercise permitted
  - Schools open
  - Masks not required
  - No fines
  - No police checks
  - No curfew
- 



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# 02

## ECONOMY:

The Basic Facts

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# THE SITUATION

- COVID-19 has greatly affected the economy due to national shutdowns
  - The government issued a stay at home order in order to slow the spread of COVID-19
  - A majority of non-essential jobs have gone remote and companies have cut down on their employees
- 



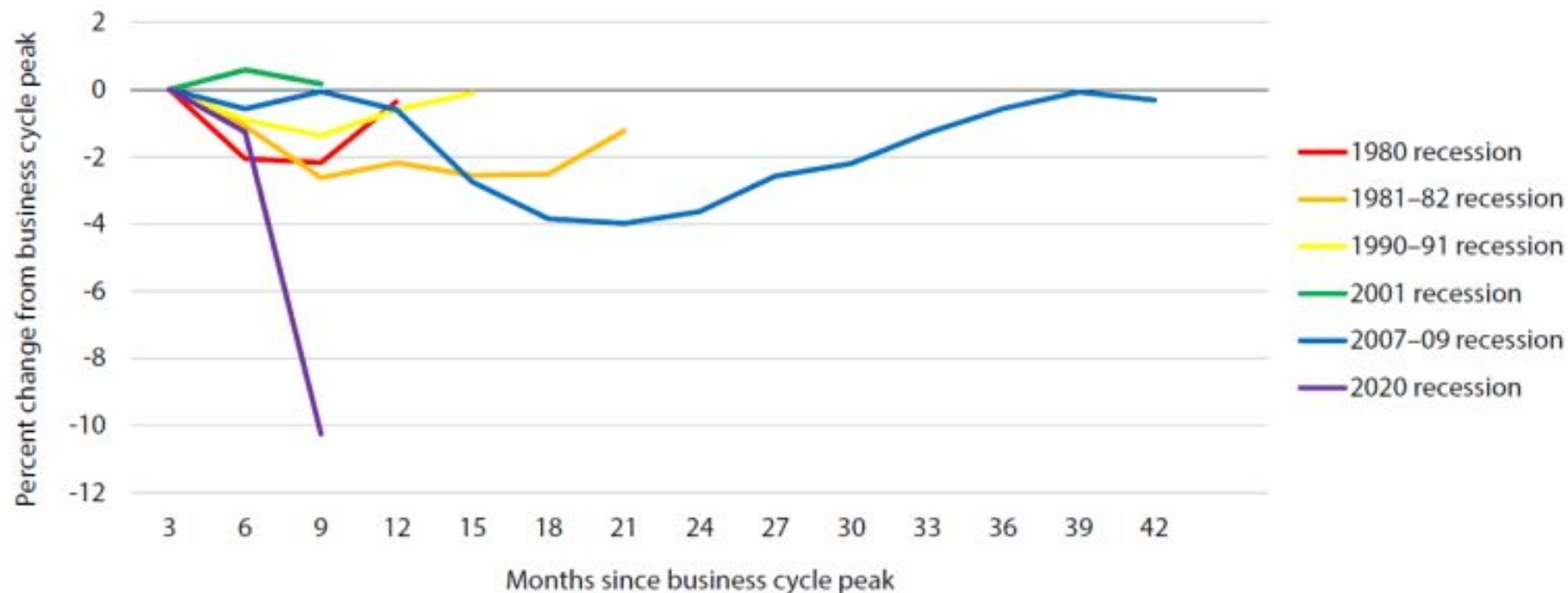
# GROSS DOMESTIC PRODUCT

- Investopedia: the GDP is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
  - The GDP gives a general measure of domestic production, it is used as a scorecard of the economic health of a country
  - “Gross domestic product — the broadest measure of economic activity — shrank at an annual rate of 32.9% in the second quarter as restaurants and retailers closed their doors in a desperate effort to slow the spread of the virus, which has killed more than 150,000 people in the U.S.”<sup>1</sup>
  - “The economic shock in April, May and June was more than three times as sharp as the previous record — 10% in 1958 — and nearly four times the worst quarter during the Great Recession.”<sup>1</sup>
- 

1.Horsley, Scott. “3 Months Of Hell: U.S. Economy Drops 32.9% In Worst GDP Report Ever,” July 30, 2020.<https://www.npr.org/sections/coronavirus-live-updates/2020/07/30/896714437/3-months-of-hell-u-s-economys-worst-quarter-ever>.

FIGURE C.

## Percent Change in GDP Relative to Business Cycle Peak, by Business Cycle

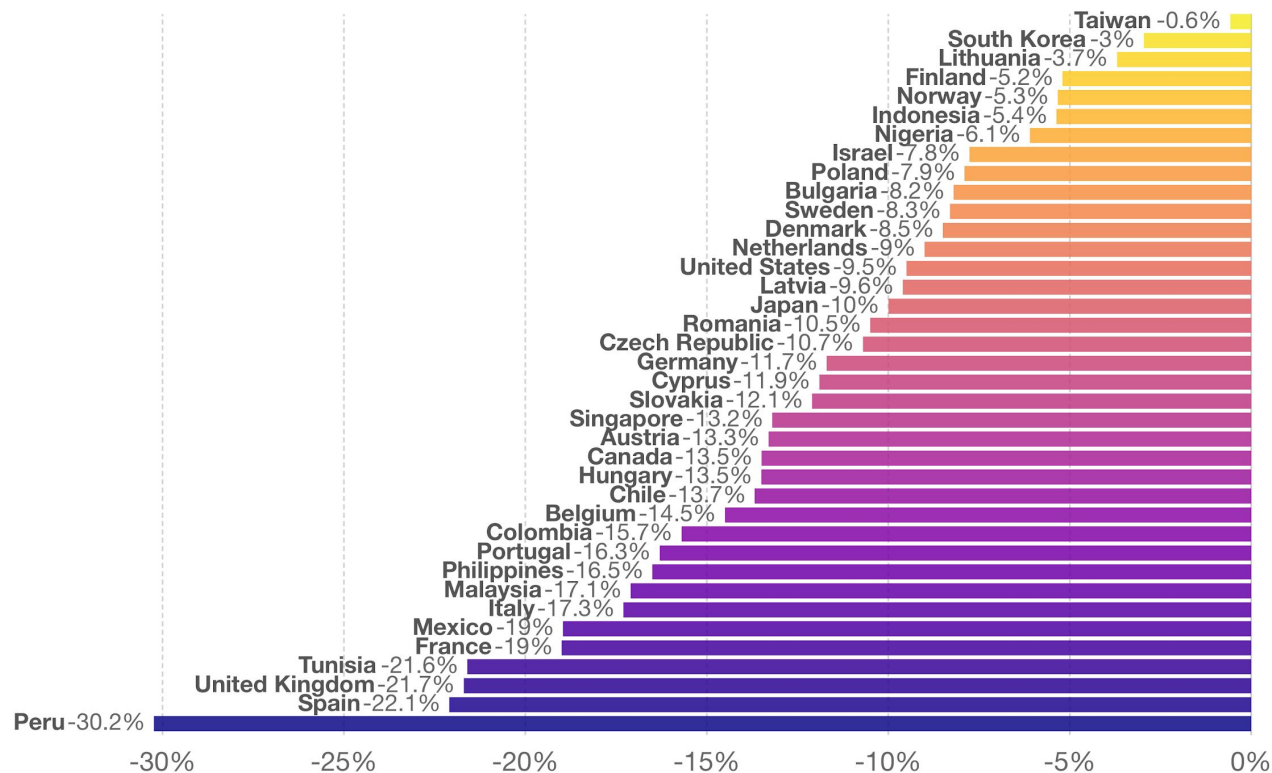


Source: U.S. Bureau of Economic Analysis (BEA) 1980–2020; NBER n.d.; authors' calculations.

Note: The figure shows the quarterly percent change in real Gross Domestic Product (GDP) from the peak of a business cycle until GDP returns to the level of the previous business cycle peak. GDP is in billions of chained 2012 dollars.

# Economic decline in the second quarter of 2020

The percentage decline of GDP relative to the same quarter in 2019. It is adjusted for inflation.



Source: Eurostat, OECD and individual national statistics agencies

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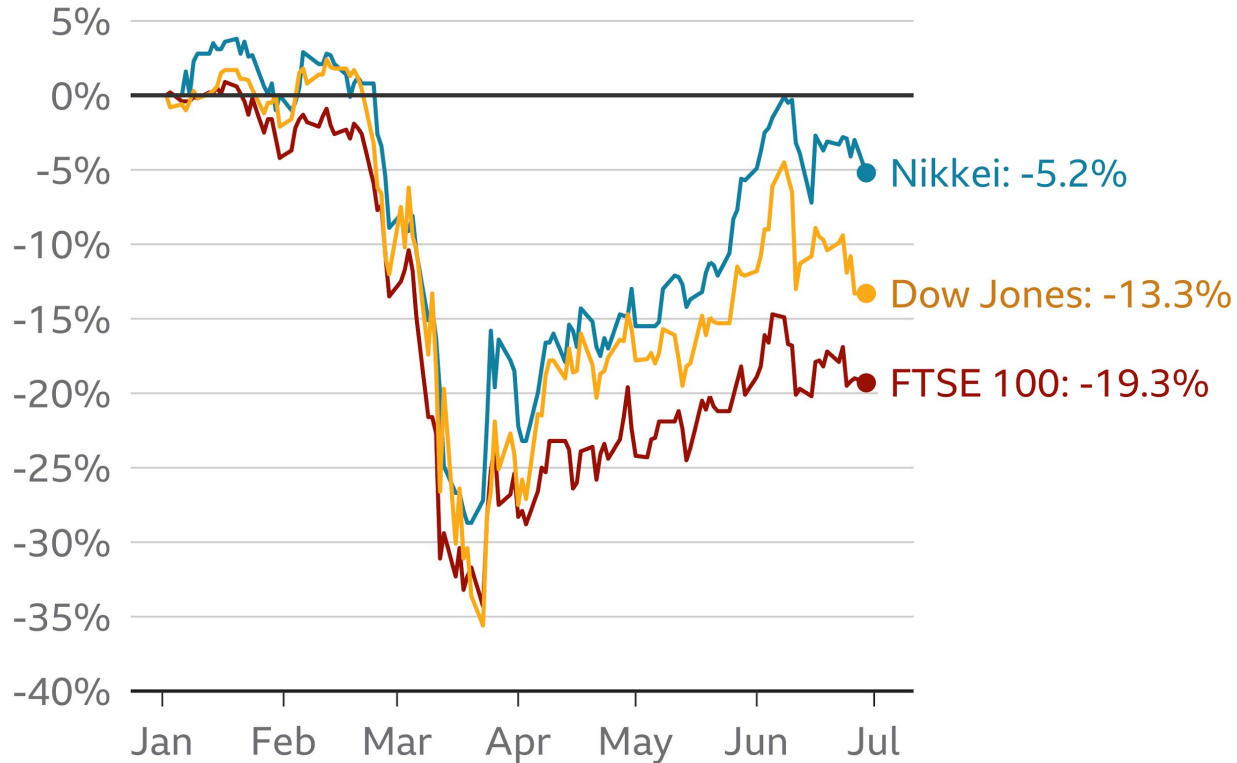
Note: Data for China is not shown given the earlier timing of its economic downturn. The country saw positive growth of 3.2% in Q2 preceded by a fall of 6.8% in Q1

A large, polished bronze bull statue stands in the foreground, facing forward with its head slightly lowered. The background shows a city street with buildings, a white car, and a street sign. The scene is brightly lit, suggesting a sunny day.

The  
Economist

**WHY THE STOCKMARKET  
IS RALLYING**

# The impact of coronavirus on stock markets since the start of the outbreak



Source: Bloomberg, 29 June 2020, 12:00 BST

The image features the iconic Wall Street Bull statue in New York City. The bull is a large, bronze sculpture of a bull, standing on a cobblestone plaza. It is facing forward, with its head slightly lowered. The background shows a city street with buildings, a white car, and a street sign. The sky is overcast. The overall scene is a classic view of the Wall Street Bull statue.

The  
Economist

**WHY THE STOCKMARKET  
IS RALLYING**

# THE STOCK MARKET

- Investors are worried what will happen to the stock market once a vaccine is developed
  - The government predicted that the CARES Act would stimulate the economy, but it did not have any impact
  - The stimulus checks were abruptly stopped in July
- 





# TRADE

## Global Export Restrictions In Response To COVID-19

Countries that have imposed temporary export restrictions on products due to COVID-19\*



\* Products affected include personal protection equipment, pharmaceutical products, hand sanitizer and food.

\*\* Germany has lifted export bans on medical equipment.

Source: International Trade Centre



statista 

- Due to COVID-19, countries prioritized importing medical equipment and restricted exporting essential items
- 88 countries had trade restrictions
- Countries did not export medical equipment, ppe, cleaning supplies, food, or hand sanitizer



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02

ECONOMY:

Government Regulation & Policies

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# FINANCE



## **Action:** Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances


**Publication Date:** March 31, 2020

**Significance:** The rule pertains to the calculation of “current expected credit loss,” an upcoming rule that would completely revise how companies calculate their losses by requiring that for the first time companies should include estimated future losses in their assessment of their reserving and therefore their capital, This interim final rule would allow for the implementation of this new standard over an additional two years on top of the three-year postponement period already in place.

## **Action:** Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans

**Publication Date:** April 13, 2020

**Significance:** The rule establishes a lending facility for the Paycheck Protection Program, providing liquidity to small business lenders and the broader credit markets and helping stabilize the financial system.



# TRAVEL



**Action:** Order Suspending Introduction of Persons From a Country Where a Communicable Disease Exists


**Publication Date:** March 24, 2020

**Significance:** The rule serves notice that the CDC issued an order preventing persons from designated countries or places from entering the United States.

**Action:** No Sail Order and Suspension of Further Embarkation

**Publication Date:** March 24, 2020

**Significance:** The notice announces a CDC order that all large cruise ships subject to the jurisdiction of the United States cannot operate for 30 days. The order was [extended](#) for a longer period on April 15. It was [extended](#) again on July 16.



# HEALTH



## **Action:** [Determination of Public Health Emergency](#)

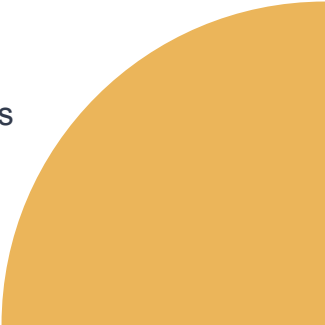
**Publication Date:** February 7, 2020

**Significance:** The notice formally declared a public health emergency involving the coronavirus, allowing the CDC to issue an Emergency Use Authorization for the first diagnostic test.

## **Action:** [Enforcement Discretion Regarding COVID-19 Community-Based Testing Sites \(CBTS\) During the COVID-19 Nationwide Public Health Emergency](#)

**Publication Date:** May 18, 2020

**Significance:** The rule notifies covered Community-Based Testing Sites that HHS will utilize discretion in instances where protected health information may be released as a result of steps taken to address the COVID-19 pandemic. Covered entities must still make good faith efforts to protect certain health information as much as practicable.



# WORKFORCE



**Action:** [Paid Leave Under the Families First Coronavirus Response Act](#)

**Publication Date:** April 6, 2020

**Significance:** The rule implements the paid leave provisions of the Families First Coronavirus Response Act.

**Action:** [Business Loan Program Temporary Changes; Paycheck Protection Program](#)


**Publication Date:** April 15, 2020

**Significance:** The rule implements the Paycheck Protection Program, designed to provide loans to small businesses to maintain payroll employees for eight weeks.

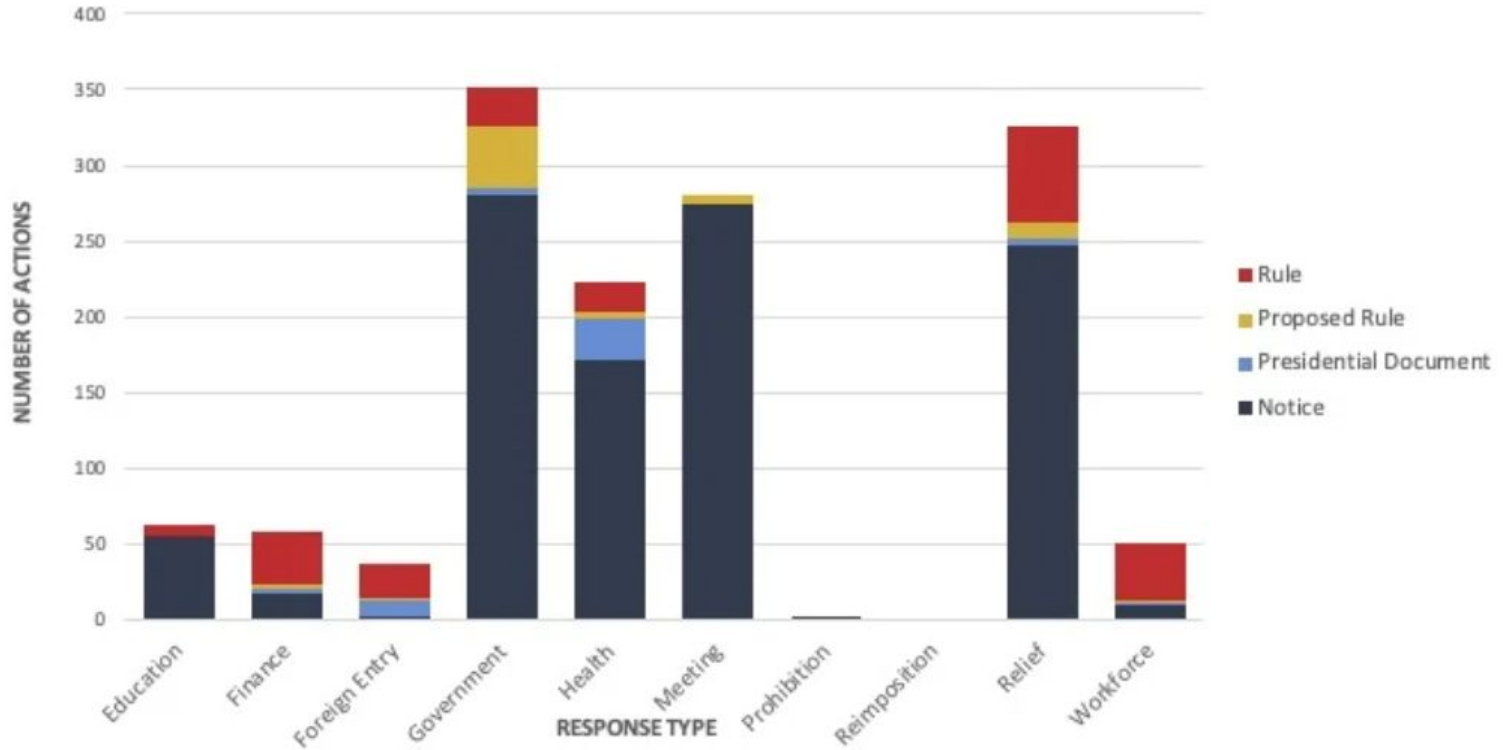
**Action:** [Temporary Changes to Requirements Affecting H-2A Nonimmigrants Due to the COVID-19 National Emergency](#)

**Publication Date:** April 20, 2020

**Significance:** The rule temporarily removes certain limitations on agricultural employers and workers to ensure that agricultural employers have access to the workers necessary to maintain the food supply chain.



## COVID-19 REGULATION TRACKER





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# 02

## ECONOMY:

Job Loss

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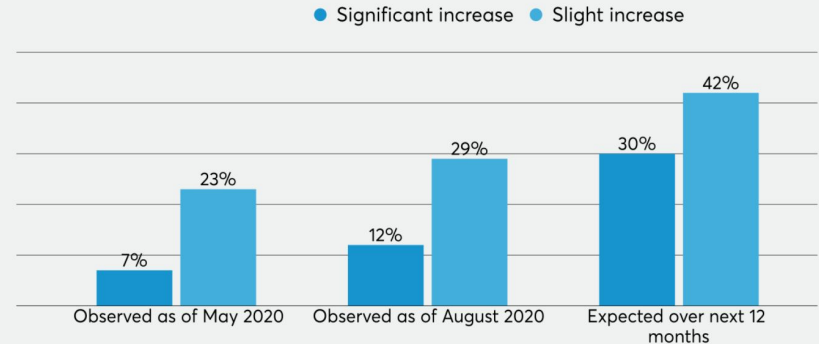




# JOB LOSS

- Remote except essential workers are in person
  - Started with complete shutdown, only going outside for food or essential items
- 3.5% February > 14.7% April > 8.4% September
  - We have underestimated the unemployment rate
    - The Department of Labor misclassified 8 million people
    - Including marginally attached job seekers pushes the rate to 27.6% at its highest
- Unemployment benefits
  - \$600/week
  - Cases of fraud

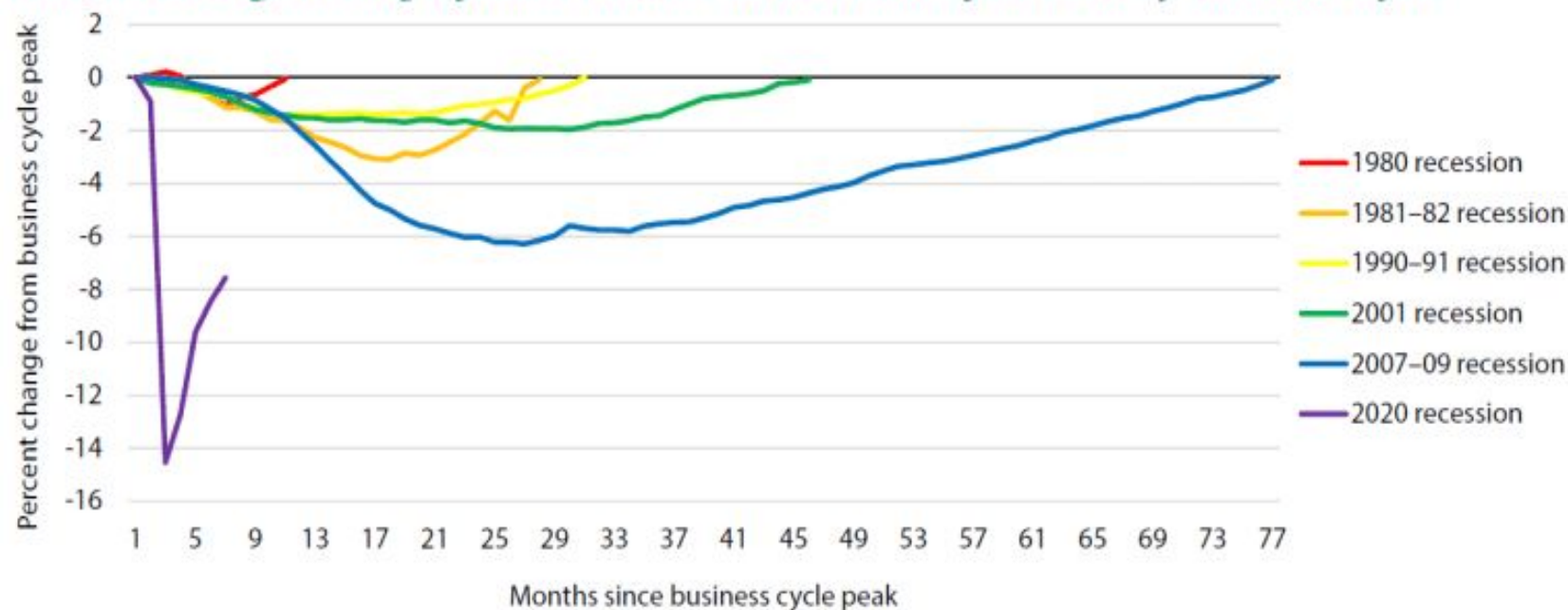
## Financial statement fraud is seen to be on the increase amid COVID



Source: Association of Certified Fraud Examiners

FIGURE D.

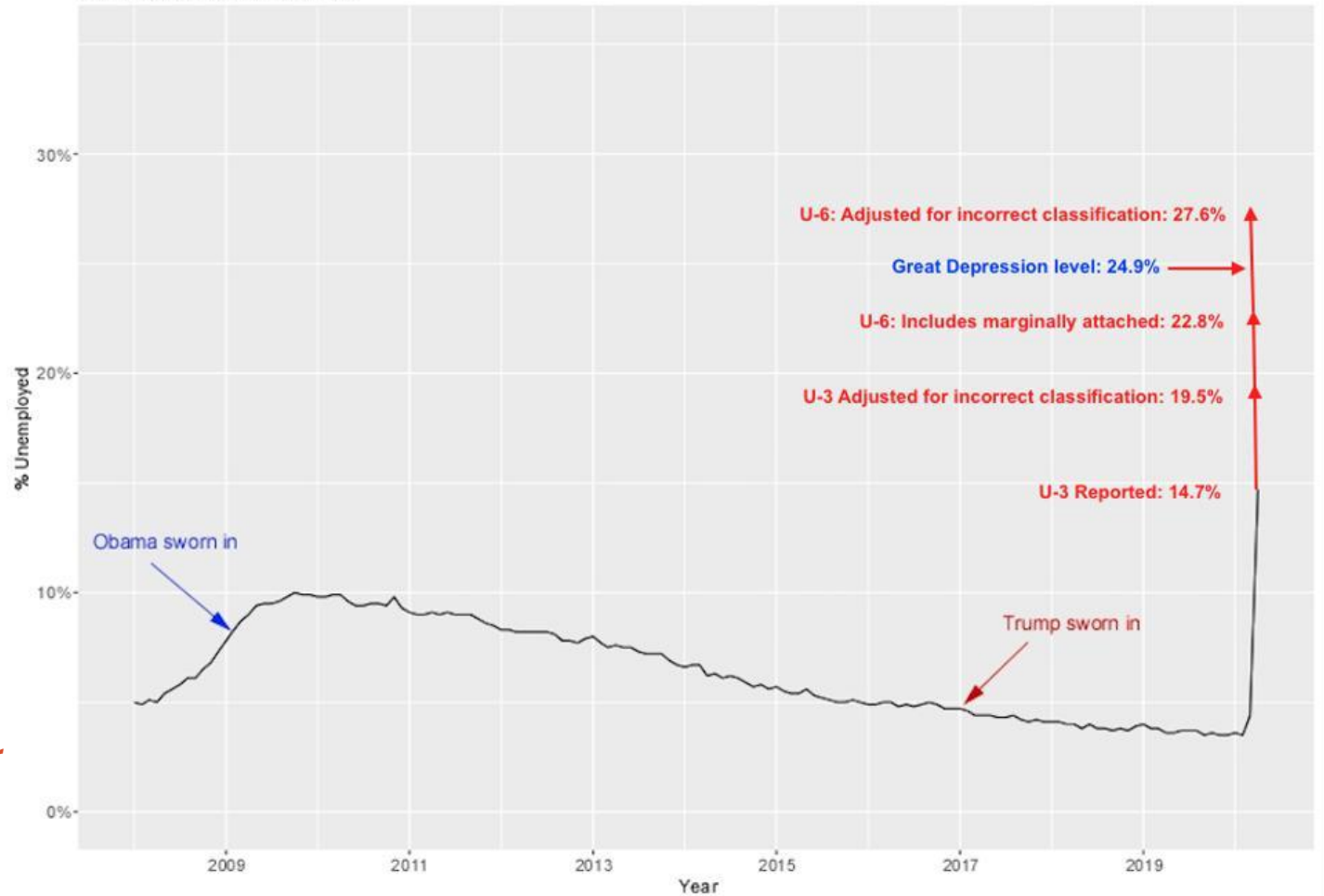
## Percent Change in Employment Relative to Business Cycle Peak by Business Cycle



Source: Bureau of Labor Statistics (BLS; Current Population Survey [CPS]) 1980–2020; NBER n.d.; authors' calculations.

Note: The figure shows the monthly percent change in total nonfarm payroll from the peak of a business cycle until total nonfarm payroll returns to the level of the previous business cycle peak.

Unemployment Rate  
Seasonally Adjusted Monthly Rate



Us Bureau Of Labor  
Statistics, Forbes

# WHAT JOBS ARE MOST AT RISK?



**29%**  
are considered  
nonessential



Nonessential industries  
and cannot be  
performed from home

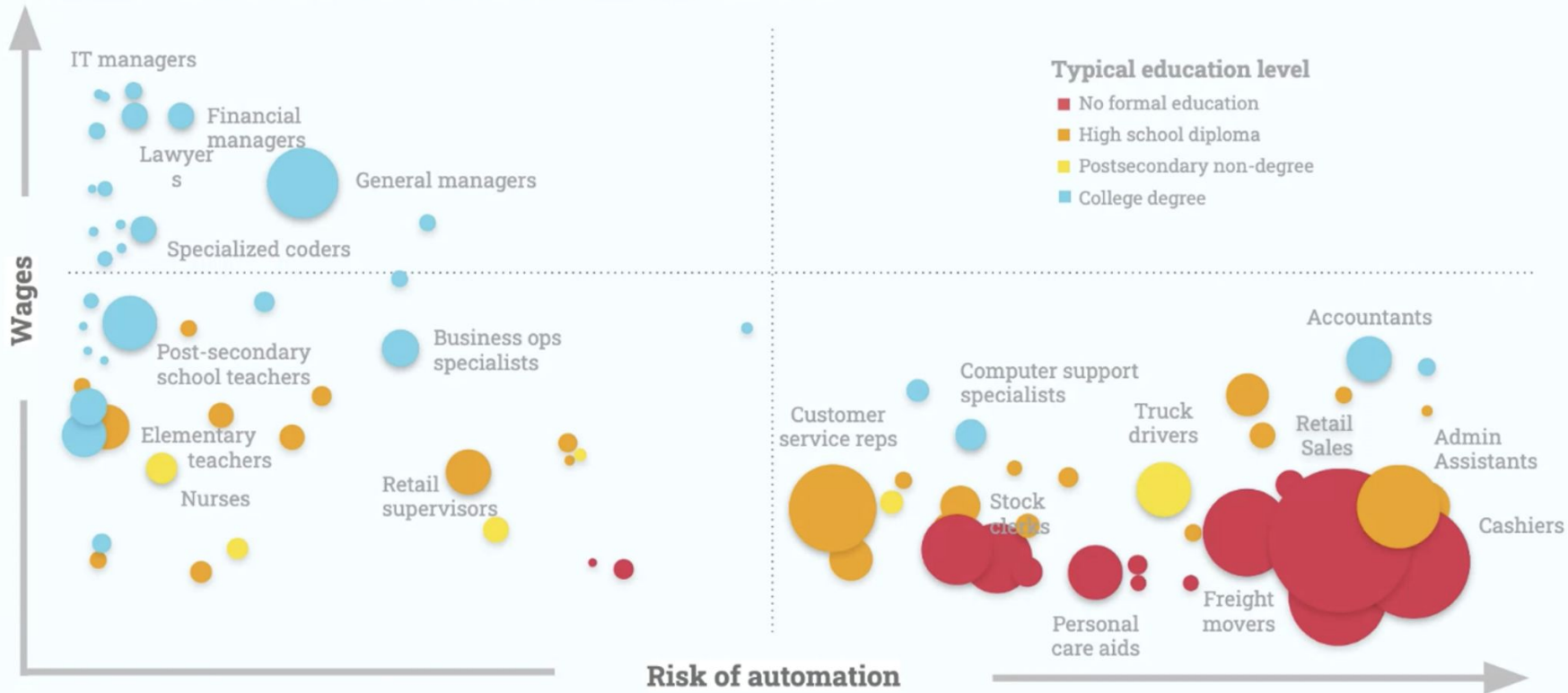


**42.47 million**  
workers



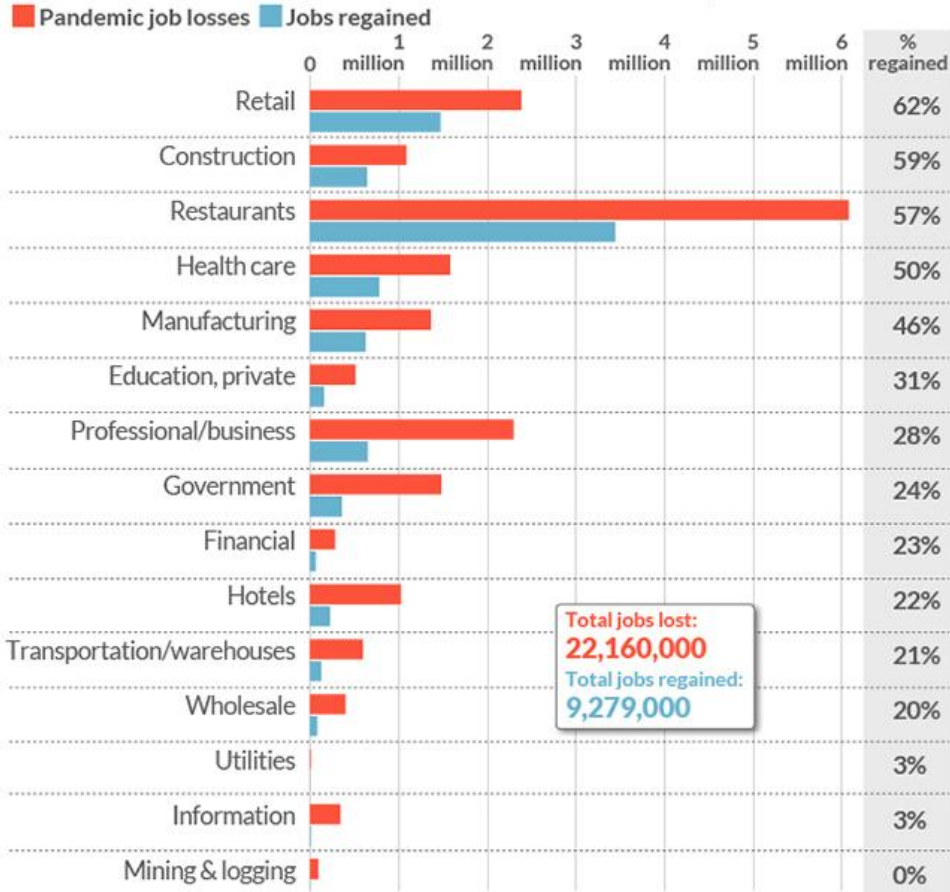
Require face-to-face  
interaction  
- Elective activities

# Jobs are at risk of automation



# Jobs lost and regained in coronavirus crisis

U.S. labor market has only recovered 42% of the 22.2 million jobs lost so far



Source: Bureau of Labor Statistics

- Some might need to switch gears and find a new profession altogether
  - Will need help learning new skills and finding ways to get back into the workforce



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02

ECONOMY:

Production & Consumption

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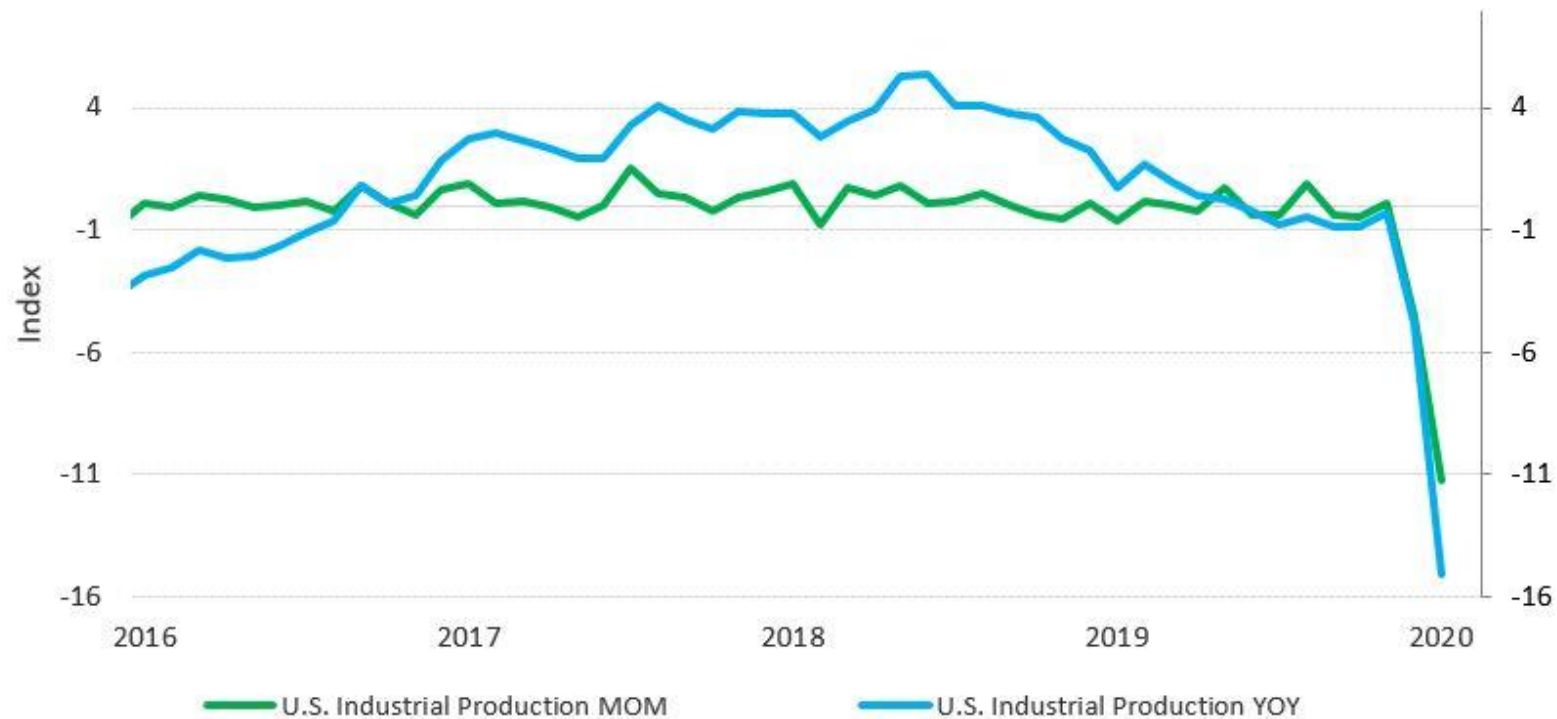
# PRODUCTION

- A majority of industrial companies have temporarily closed due to the virus and have laid off a significant amount of workers in order to stay afloat for economic reasons.
  - Manufacturing employs about 13 million people in the United States
  - Businesses have had several production delays in the U.S. and overseas
- 





# U.S. industrial production



Source: RSM US, Bloomberg

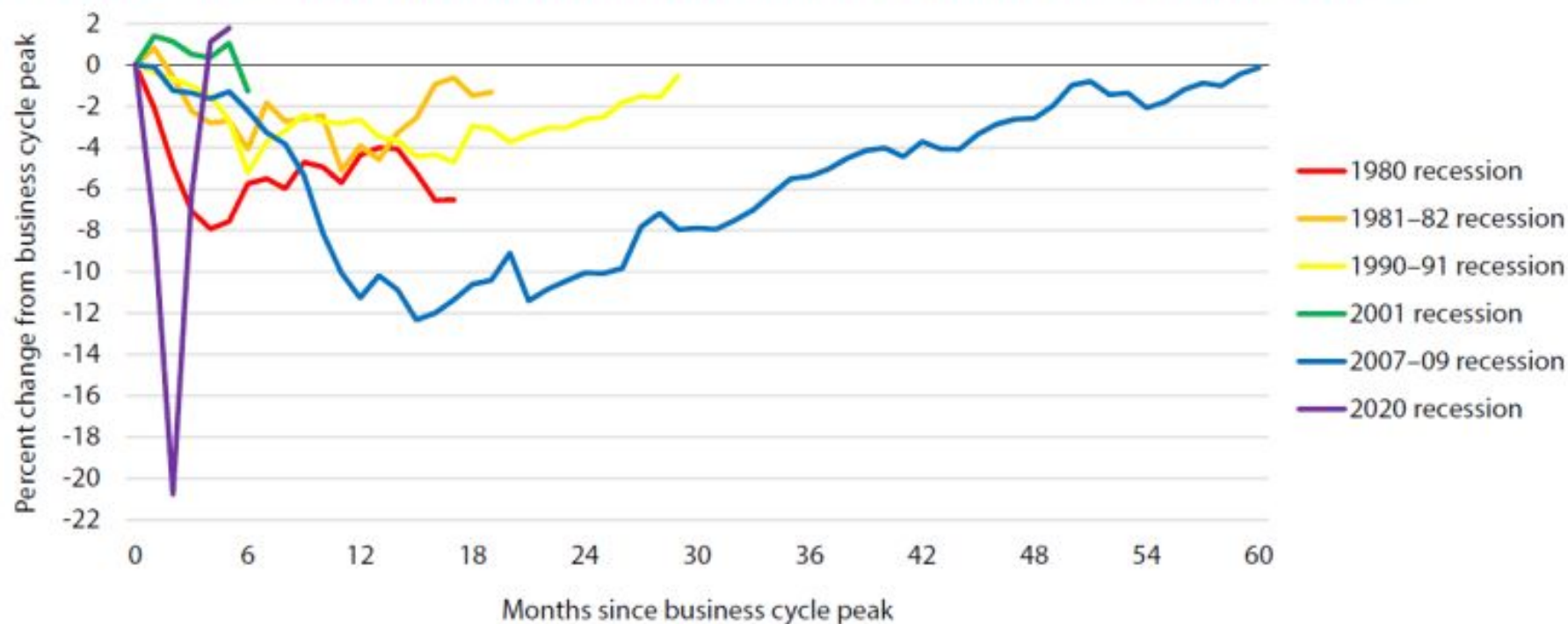
# CONSUMPTION



- COVID-19 has led Americans to panic buy essential items
- Toilet paper, cleaning supplies, hand sanitizer, and food have been available in limited quantities across the U.S.
- Grocery stores have limited the number of essential items a customer can purchase due to limited supply

FIGURE E.

## Percent Change in Retail Sales Relative to Business Cycle Peak by Business Cycle



Source: U.S. Census Bureau 1980-2020; NBER n.d.; authors' calculations.

Note: The figure shows the percent change in advance real retail and food sales from the peak of a business cycle until sales return to the level of the previous business cycle peak. Data are deflated using the Consumer Price Index for All Urban Consumers (1982-84=100). Data are adjusted for seasonal, holiday and trading-day differences.



# 03

## INNOVATION





# The Unique Recession

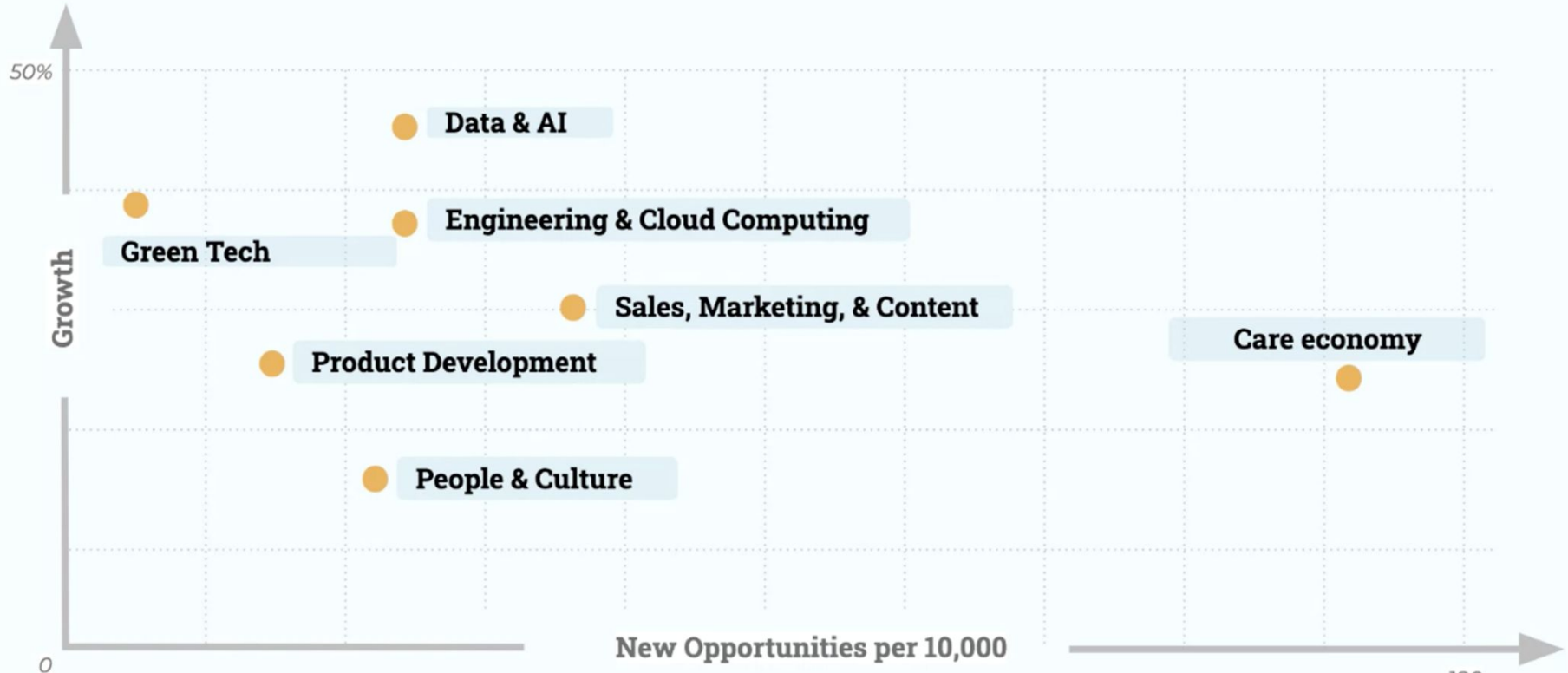




Does Innovation Matter?



# Future jobs will require new skills



Source: WEF Jobs of Tomorrow, 2020

# INNOVATION SHIFT



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## PRE-COVID

Too much choice and not enough great product



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## POST-COVID

Minimal choice but stronger product









# SECTORS

- Service
- Leisure
- Hospitality
- Education
- Construction
- Healthcare
- Fitness
- Technology





Design and Technology  
are no longer unique to one industry.  
Every industry sector must adopt principles of  
design and implement technology in order to  
survive the recession.



# Trending skills in the United States

## Business

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Microsoft Excel

Project Management

Writing

**Tableau Software**

Digital Marketing

**Technical Support**

**Product Management**

**Leadership**

Blockchain

**Social Media**

## Technology

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C Programming

**Algorithms**

**Graphic Design**

**Data Structures**

Javascript

User Experience

**Tensorflow**

**Matlab**

**Linear Algebra**

**Html**

## Data Science

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Python Programming Language

SQL

**Statistics**

R Programming Language

Deep Learning

**Calculus**

Natural Language Processing

**Business Analytics**

**Big Data**

**Bioinformatics**

# INNOVATION EXAMPLES: Food Service Industry

Arup Parklets



Heineken



Facing Industry: Service  
Purpose: Put Social Back into Social Distancing  
Shadow Industry: Engineering and Design

# INNOVATION EXAMPLES:

## Education

The logo for LinkedIn Learning, featuring the word "LinkedIn" in white with the "in" inside a white square, followed by the word "Learning" in white, all on a blue background.

LinkedIn Learning

The logo for Facebook Coursera, featuring the word "facebook" in white with a registered trademark symbol, a horizontal line, and the word "coursera" in white, all on a dark blue background.

facebook®  
coursera

Facing Industry: Education

Purpose: Help workers upskill and network to advance their careers

Shadow Industry: Technology



Industry will only take off once.





Thank you!



# RESOURCES

- <https://www.marketwatch.com/story/restaurants-and-retailers-have-regained-the-most-jobs-since-the-coronavirus-crisis-but-theres-a-catch-2020-08-07>
- <https://www.usatoday.com/story/money/2020/07/29/almost-half-of-all-jobs-lost-during-coronavirus-may-be-gone-permanently/112446072/>
- <https://www.usa.gov/coronavirus>
- <https://www.americanactionforum.org/infographic/covid-19-regulation-tracker/>
- <https://tradingeconomics.com/united-states/unemployment-rate>
- <https://www.forbes.com/sites/chuckjones/2020/05/19/3-reasons-unemployment-is-already-at-great-depression-levels/#44e22fb9413f>
- <https://www.cnet.com/personal-finance/coronavirus-unemployment-who-is-covered-how-to-apply-and-how-much-does-it-pay/>



# RESOURCES

- <https://www.accountingtoday.com/news/fraud-on-the-rise-during-coronavirus-pandemic>
- <https://www.covidinnovations.com/>
- <https://www.brookings.edu/research/ten-facts-about-covid-19-and-the-u-s-economy/>
- <https://www.investopedia.com/terms/g/gdp.asp>
- <https://www.npr.org/sections/coronavirus-live-updates/2020/07/30/896714437/3-months-of-hell-u-s-economys-worst-quarter-ever>
- <https://ourworldindata.org/covid-health-economy>
- <https://www.statista.com/chart/21429/countries-that-have-imposed-temporary-export-restrictions-on-products/>
- <https://www.bbc.com/news/business-51706225>
- <https://www.worldbank.org/en/news/press-release/2020/06/08/covid-19-to-plunge-global-economy-into-worst-recession-since-world-war-ii>
- <https://www.washingtonpost.com/world/2020/07/16/coronavirus-pandemic-cities-reopening/?arc404=true>



# Let's play Kahoot!

<https://kahoot.it/>





## Questions for the Class

1. Has your career path changed due to covid?
  2. What does covid reopening look like in your city?
  3. Who wants to have permanent WFH and why?
  4. Do you think the government should be responsible for getting people back to work?
- 