

June 19, 2020

WEEKLY SENTIMENT ON COVID-19 - POLL HIGHLIGHTS

With COVID-19 and concern spreading around the world, Brunswick Insight gathers the **latest global sentiment polls**. Please find below this week's highlights, with links allowing easy access to the detailed findings.

IN A HURRY?... 3 KEY FACTS OF THE WEEK

1. **With or without a second outbreak, the global consequences of COVID-19 will be severe and long-lasting, according to the latest OECD report.** [\[LINK\]](#)

OECD predicts that even without a second wave of infections, global economic activity will fall 6% in 2020, unemployment will climb to 9.2% and living standards will drop, with five years of income growth lost by 2021.

2. **CFOs fear a second wave of COVID-19 infections will threaten recovery but look ahead to rebuild revenue through innovation and emerge stronger and more agile than before.** [\[LINK\]](#)

A survey conducted by PwC among 330 US finance leaders during the week of June 8, shows that:

- **Worries about a second wave of COVID-19 infections top the list of threats** to business recoveries—a concern for 59% of US finance leaders.
- **CFOs are pursuing changes to capture growth and emerge stronger.** Sixty-three percent plan changes to products and services, to reflect customers changing wants & needs; 41% look to alter pricing. The majority (72%) believe they will be more resilient and agile in the long run.
- **Continued focus on Tech investments** shows companies are not giving up on growth, signalling further optimism about where companies are headed post-COVID-19.
- **Remote working no longer viewed as a productivity drain**, with 54% of CFOs planning to make remote work a permanent option. There is therefore a need for companies to have a "purpose led" flexible, agile plan for their workforce, with well-being at the heart of it.

3. **UK government's handling of COVID-19 continues to be criticized, while Asian governments are viewed positively by the majority of their public.** [\[LINK\]](#)

Only 39% of UK population think its government is handling COVID-19 well. Governments in US (43%), France (43%) and Poland (44%) fair only slightly better. This is in sharp contrast with many of the Asia Pacific governments, whose handling of the crisis is rated much more positively by their public, particularly in Vietnam (97%), Malaysia (94%), Taiwan (89%), Australia (86%) and Singapore (81%).

GLOBAL

With or without a second outbreak, the global consequences of COVID-19 will be severe and long-lasting. (OECD Economic Outlook June 2020). [\[LINK\]](#)

- **Double-hit scenario:** a second wave of infections triggers a return to lockdowns: OECD estimates that world economic output will plummet 7.6% in 2020, before climbing back 2.8% in 2021. The OECD unemployment rate is estimated to nearly double to 10%, with little recovery in jobs by 2021.
- **Single hit scenario:** a second wave is avoided: OECD predicts that global economic activity will fall 6% in 2020 and OECD unemployment will climb to 9.2% from 5.4% in 2019. It also estimates that even with this scenario, living standards will drop, with five years of income growth lost by 2021.

Net consumer optimism has decreased, despite pockets of re-openings. Most consumers continue to expect a long-lasting impact from COVID-19.

(Pulse surveys conducted by McKinsey across 42 markets between 15 March and 25 May). [\[LINK\]](#)

- China and India remain the most optimistic, while Japan remains the least, and many countries in Europe have more consumers who are pessimistic about an economic recovery than are optimistic.
- As incomes have declined, consumers are spending on essentials and not discretionary categories. Consumers globally continue to see the impact of COVID-19 on their incomes, with those in Brazil, South Africa, and India most impacted.
- Consumers are shifting to online and digital solutions to get goods and services.
- Even though many countries have lifted stay-at-home restrictions, most consumers still feel the pull toward a "homebody economy." Despite this, a large minority of consumers intend to dine at a restaurant or bar, meet friends, go to a hair salon, or work outside the home. However, intent to travel or shop at malls, remains low across countries.
- Consumers want extra reassurance to resume activities outside their homes, through the implementation of visible safety measures from stores, restaurants, and other indoor spaces.

Consumers are less concerned about personal financial security than they were at the start of crisis, but levels of concern remain high.

(Toluna's global barometer conducted across 19 markets between 26 May and 1 June). [\[LINK\]](#)

- Consumers are less concerned about personal financial security compared to the beginning of the crisis, across Europe (-7 points), The Americas (-6 points) and Asia (-4 points).
 - However, the level of concern remains high especially in The Americas, where 50% are extremely concerned, along with Asia (43%).
 - Level of concern is lowest in Europe, with 31% saying they are extremely concerned about their personal financial security.

Following the sun... a summary of the perceptions from around the world:

ASIA PACIFIC

Singapore:

- **Inefficient communications and lack of appropriate tools diminish Singaporean workers' remote work productivity and indicate a strong need for better future workplace preparedness.** Ninety percent of employees want to continue to work from home in some capacity, yet 40% think they are less productive than pre-COVID-19 times, mainly due to inefficient communication with senior management and the lack of tools to work remotely. [\[LINK\]](#)

EUROPE

Germany:

- **German industry looks optimistically into the future.** About half of companies expect German industry to recover as early as this year, with 93% of companies convinced they have the flexibility to adapt to the crisis. [\[LINK\]](#)
- **Consumers in Germany get through the crisis relatively well.** Only one-in-four Germans intend to spend less money in the coming months; in southern Europe, 42% of Italians and 56% of Spaniards plan to spend less money. [\[LINK\]](#)

Italy

- **Due to COVID-19, Italian companies are switching employee collaboration and integration from physical to digital.** HR Departments identify 2020 top priorities as the introduction or enhancement of smart working (65%), the development of digital culture and skills (45%) and the management of company reorganizations (43%) [\[LINK\]](#)

UK:

- **Over a fifth (22%) of key workers lose income if they self-isolate,** including 6% who do not get paid at all. Among key workers, 19% have had to isolate during the pandemic. [\[LINK\]](#)
- **Key workers are struggling with stress (49%), anxiety (47%) and sleeping problems (37%).** 34% of key workers also report struggling to concentrate, 29% feel angry and 25% feel hopeless. [\[LINK\]](#)

GULF

UAE CFO sentiment continues to slide as restrictions on businesses continue. [\[Link\]](#)

- A survey conducted by PwC in June, among Chief Financial Officers (CFOs) in the Middle East shows that expectations on recovery timelines have declined; 72% of CFOs expect the recovery to take three months or more, compared to 66% five weeks ago.
- 96% of CFOs are considering implementing cost containment measures and just under half (46%) of regional leaders are changing company financial plans.
- When it comes to rebuilding revenues, 62% of CFOs are focused on their pricing strategies and 49% of CFOs are focused on enhancing their products or services.

NORTH AMERICA

US:

- **CFOs fear a second wave of COVID-19 infections will threaten recovery (59%) but look to rebuild revenue** through innovation and emerge stronger and more agile than before. [\[LINK\]](#)
- **Consumers set high corporate standards post-COVID-19.** Nine-in-ten Americans agree that this is an opportunity for large companies to hit the “reset” button and focus on doing right by their workers, customers, communities, and the environment. [\[LINK\]](#)

ABOUT BRUNSWICK

Brunswick is a strategic advisory firm focused on helping companies navigate critical issues. Along with a worldwide team of experts, we have a deeply experienced team across China who can advise on capital markets related implications of the COVID-19 outbreak. Please do not hesitate to get in touch with us.

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