

A decorative graphic on the left side of the page features a dark grey background with a grid of light grey lines. Overlaid on this are various green and teal elements: a curved band of small squares and rectangles, and several circles of different sizes and shades of green, some with white outlines. The overall aesthetic is modern and data-driven.

COVID-19

BCG Perspectives

Facts, scenarios, and actions for leaders

Publication #8 with a focus on
Galvanizing nations for the new reality

Version: 02 June 2020

COVID-19 BCG Perspectives

Objectives of this document

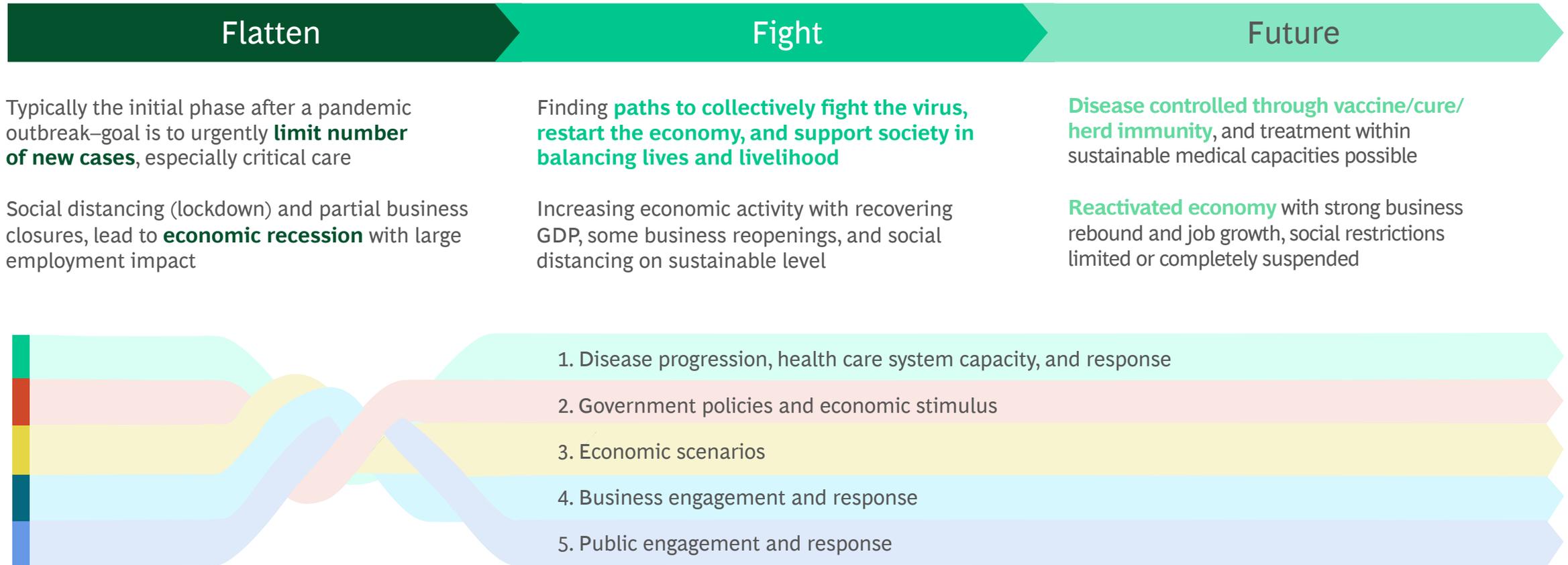
COVID-19 is a global societal crisis

We at BCG believe that the COVID-19 outbreak is first and foremost a societal crisis, threatening lives and the wellbeing 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.

COVID-19 will be a journey with three distinct phases, requiring an integrated perspective



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

Executive Summary | COVID-19 BCG Perspectives

Governments are actively responding to the societal crisis that is threatening lives and livelihoods. Need to further prepare for the new reality

- COVID-19 is a global societal crisis, threatening lives and the wellbeing of our global community
- Governments across the globe are racing to respond to the human suffering and economic loss; announced stimulus packages are unprecedented
- As governments plan for the new reality, they need to 1) enhance social and economic resilience; 2) build and strengthen capabilities required for the future; 3) deploy equitable and forward-looking financial support
- To ensure effectiveness of stimulus packages, government leaders need to follow best practices in aim, design, channel mix, and governance
- Business leaders need to actively engage with governments. Stepping up on social responsibility is critical

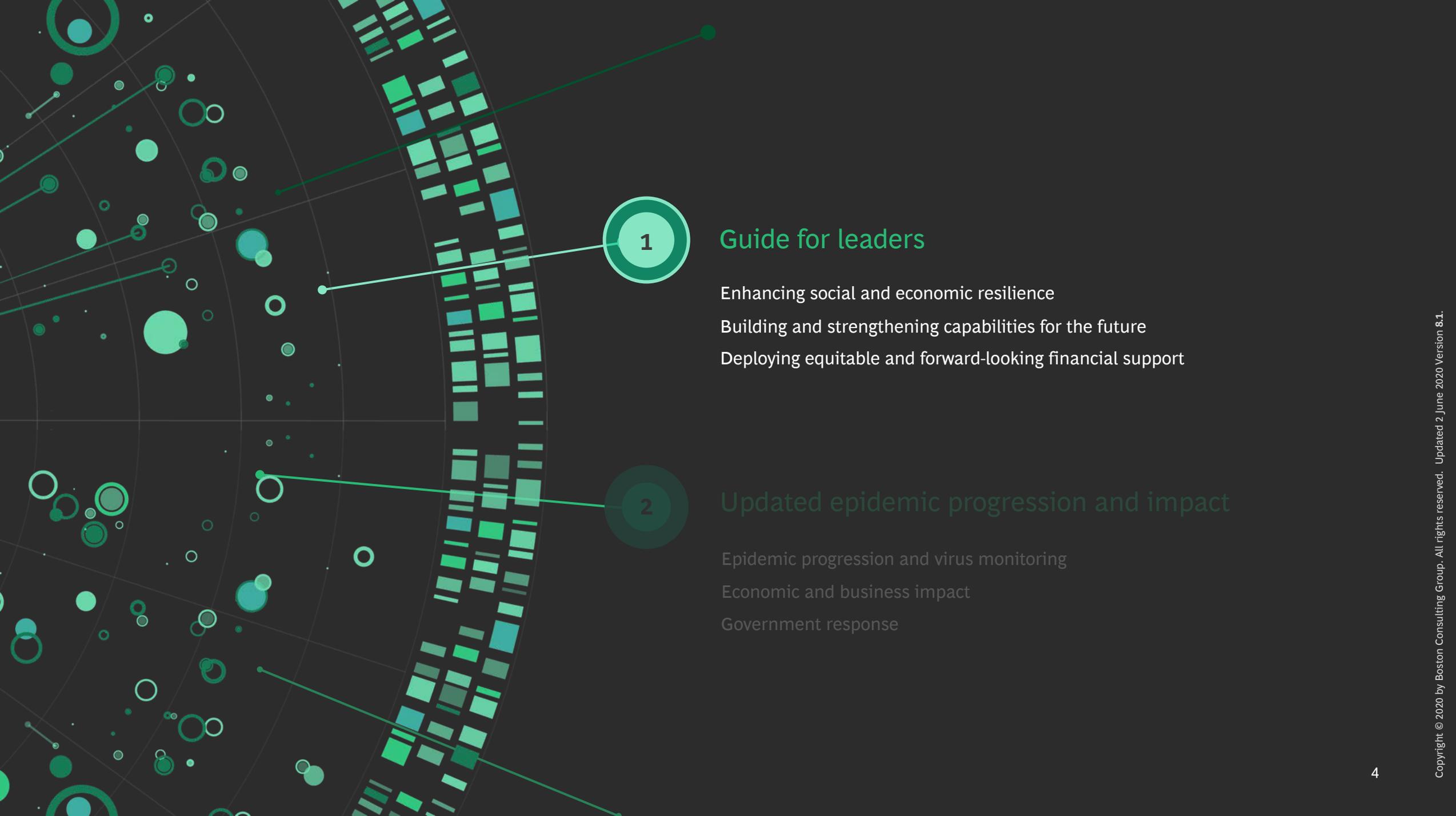
Across countries, efforts to flatten the curve and ramp-up testing continue. The impact on economy and businesses persists

- Globally, 2.5 million patients have recovered from COVID-19 and the case-doubling rate has improved to 37 days
- As countries move into the 'Fight' phase, several have started to see a decline in daily case while some emerging economies continue to see an increase
- Many governments have started to relax lockdown measures; continued testing capacity ramp-up is critical in many countries
- Economic forecasts are deteriorating; rebound of global GDP not expected before 2021; 20-45%+ of employees in major economies affected
- Multiple sectors continue to be stressed; 11 sectors with a number of companies have more than 15% probability of default

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



1

Guide for leaders

- Enhancing social and economic resilience
- Building and strengthening capabilities for the future
- Deploying equitable and forward-looking financial support

2

Updated epidemic progression and impact

- Epidemic progression and virus monitoring
- Economic and business impact
- Government response

COVID-19: Impact dashboard

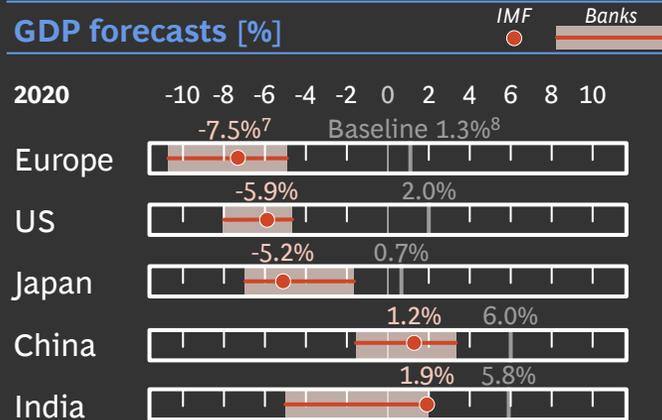
As of 29 May 2020

Epidemic Progression

5.9M	2.5M	365K	
# of cases	# of recoveries	# of fatalities	
	1 May	15 May	29 May
# of days of case doubling ¹	26	33	37
# of reported recoveries as % of total cases	32%	36%	42%
# of countries with 1k+ cases	87	98	112
# of tests / case ²	11	14	17
# of tests / million ²	16k	24K	44K
	Vaccine	Treatment	
Trials in pre-clinical stage and beyond ³	144	125	
Trials in Phase 1 and beyond ⁴	9	52	
Current est. timeline for approval & scale-up	12-36 months ⁵	6-24 months ⁶	

Economic Impact

GDP forecasts [%]



Estimated current employment impact⁹

	Total employment 2019 (M)	Employees impacted ¹⁰ (M)	% of employees impacted
US	~159	~41	~26%
UK	~33	~8	~25%
Germany	~45	~10	~23%
France	~28	~13	~46%
Italy	~23	~8	~32%
Spain	~20	~4	~22%

Business Impact

Stock market performance¹¹

20 Mar vs 21 Feb	-31%	-30%	-34%	-10%
29 May vs 21 Feb	-9%	-18%	-15%	-6%
	S&P500	FTSE100	DAX	CHN SSE

Total Shareholder Returns¹¹

First column: 21 Feb to 20 Mar; Second column: 21 Feb to 29 May

	Americas		Europe		Asia	
Pharma	-19%	4%	-20%	-5%	-22%	8%
F&B ¹²	-26%	-12%	-24%	-13%	-12%	-2%
Telecom	-17%	-11%	-20%	-17%	-14%	-12%
Software	-30%	-2%	-32%	-10%	-28%	-10%
Retailing	-42%	-13%	-36%	-16%	-24%	7%
Capital goods	-38%	-15%	-35%	-20%	-29%	-9%
Auto	-47%	-24%	-45%	-21%	-32%	-12%
Real Estate	-42%	-31%	-26%	-27%	-22%	-20%
Energy	-56%	-31%	-45%	-31%	-41%	-28%
Banks	-41%	-31%	-44%	-40%	-26%	-15%

1. No. of doubling days based on 7 day CAGR; 2. Median of values for top 15 countries by nominal GDP (except China); 3. Ongoing trials including pre-clinical, Phase 1 (first trial in humans), Phase 2, Phase 3, Phase 4; 4. Ongoing trials including Phase 1 (first trial in humans), Phase 2, Phase 3, Phase 4; 5. 12 month development "best case", then likely to require time to scale across population; 6. Remdesivir is approved now, could be more widely available by Jul '20. For the next wave, estimated timeline is Oct '20 – April '22 (6-24 months). If first round of drugs being tested succeeds – then 6-9 months; if not – substantially longer; 7. For India, forecast is for financial year; for others, it is for calendar year; IMF April 2020 forecast; YoY forecasts; Range from forecasts (where available) of International Monetary Fund, JP Morgan Chase, Goldman Sachs, Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC; As of reports dated 12 April 2020 to 29 May 2020; 8. IMF January 2020 forecast; 9. Available data as of May 15; figures are changing rapidly and often being reported with a lag from the current date; 10. Includes increase in unemployment and employees covered by government's wage support programs 11. 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 22 May 2020; 12. Food & Beverage. Source: WHO, World Bank, JHU CSSE, Our World in Data, IMF, Bloomberg, BCG, Eurostat (Europe), Gov't Wage Support figures & comments: UK Govt 5/12 & Bloomberg 5/19 (UK), Reuters.com 4/30 & FitchRatings 5/18 (Italy), U.S. Department of Labor 5/21 (US), Ministerio de Trabajo 6/2 (Spain), Ministere du Travail 5/27 (France), Arbeitsagentur 4/30 (Germany)

COVID-19 is a societal crisis, threatening lives, livelihoods, and the wellbeing of our global community

As of 22 May 2020

Economic recession

-3%

Decline in global GDP forecast for 2020, rebound to pre-crisis level not expected until end of 2021

(IMF)

Employment impact

20–46%

Of employees in US and Europe impacted by unemployment and/or support programs

(BCG)

Structural starvation

66%

Of African people run out of food and water after 14 days of stay-at-home-order²

(PERC)

Poverty aggravation

86M

Children worldwide at risk of slipping into poverty through end of 2020

(Save the Children)

Domestic violence

60%

Increase in emergency calls by women subjected to violence by their partners

(WHO)

1. Pharma, Telecom, Retailing, Materials, Transport, Media, Capital Goods, Auto, Real Estate, Energy, Hospitality with > 10% of companies with probability of default > 15% as of 15 May 2020 2. Study conducted on 20,990 adults across 28 cities in 20 African Union member states (March 29 to April 17, 2020)
Source: BCG

Governments across countries are racing to respond to the human suffering and economic loss

As of 29 May 2020



14 Apr 2020

Switzerland fast-tracks emergency aid for small businesses weathering COVID-19



12 Mar 2020

Singapore government ramps up reskilling efforts for sectors hardest hit by COVID-19



13 May 2020

Coronavirus: India targets small businesses in economic bailout



22/05/2020

Australian federal government unveils \$1.8 billion stimulus for local job growth



May 7, 2020

'You deserve a raise': Canada to help fund pay hikes for essential workers



06-05-2020

Covid-19: emergency measures to help EU farmers and fishermen



May 28, 2020

Small-Business Loan Terms Eased Under U.S. House-Passed Bill



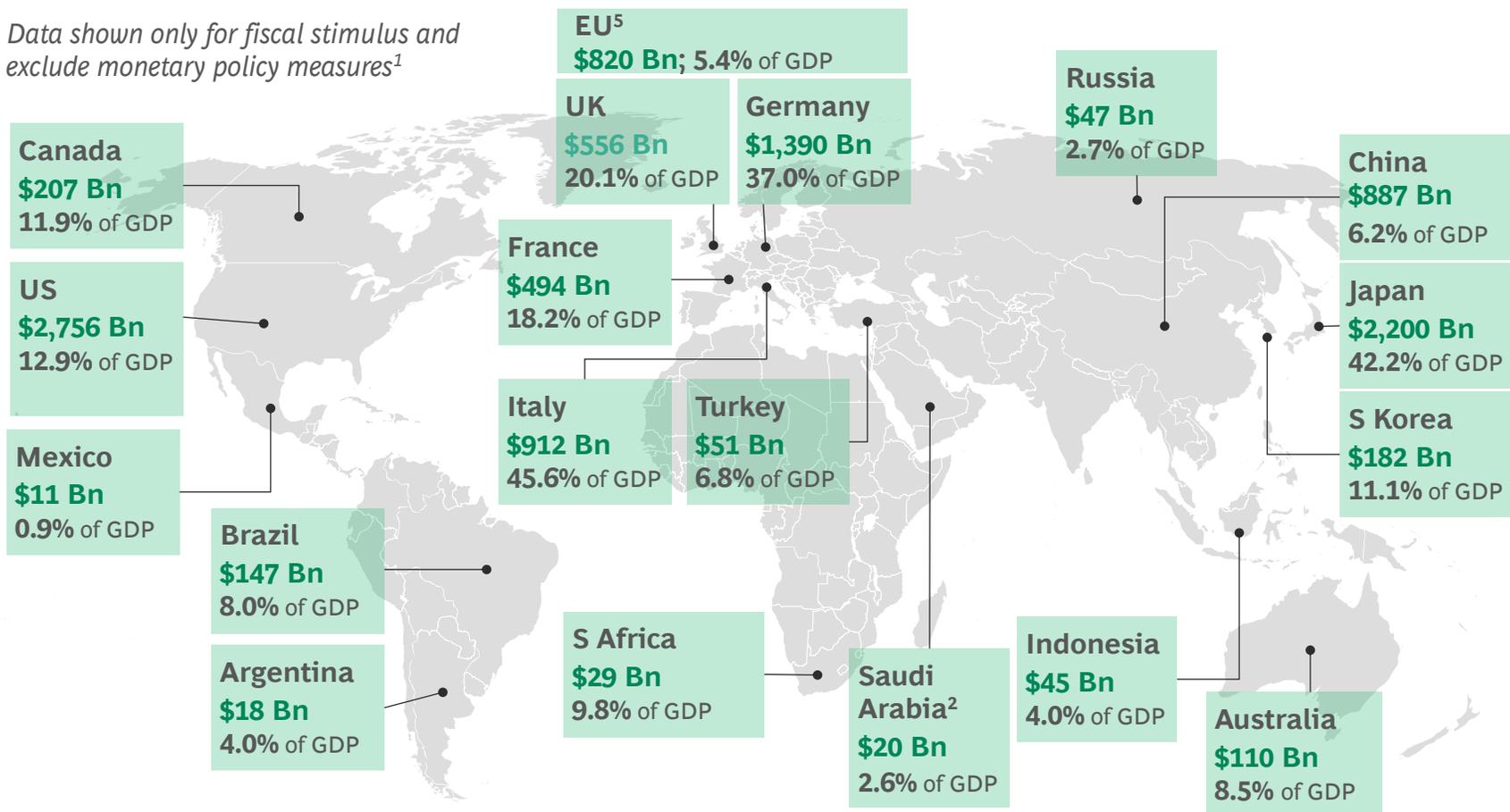
28.04.2020

Germany's Angela Merkel calls for 'climate-friendly' coronavirus response

Announced stimulus packages are unprecedented, and already dwarf Global Financial Crisis scale

As of 29 May 2020

Data shown only for fiscal stimulus and exclude monetary policy measures¹



\$xx Bn Approx. Nominal Value of COVID-19 stimulus package in US dollars

1. Numbers may differ from total stimulus announced by various countries due to composition including fiscal as well as monetary measures. Also, different methodologies used across countries in assessing the size of the stimulus e.g. inclusion of guarantees or value of tax deferrals; 2. Saudi Arabia total stimulus figure takes into account budget rationalization of ~40B announced by the Ministry of Finance on March 19th and May 11th; 3. Data is represented for G20 countries, excluding India; Total figure of USD10 trillion & 14% of GDP excludes EU figure as it is still pending member state approval 4. Global Financial Crisis 5. Pending approval of member states; GDP figure excludes the UK; Note: stimulus packages inclusive of loans and loan guarantees; figures include preliminary estimates from IMF as additional stimulus measures are being announced or details of individual measures being finalized; Sources: IMF, Reuters, Australian Treasury, Italy MEF, BMWI, OBR; BCG

In addition to responding to the human suffering and economic loss, governments also need to plan for the new reality

Flatten

Fight

Future

From crisis response ...

Improve health care capacity
(test, track and trace, treat)

Lockdown and restart approach
(plan when and how)

Protect the most vulnerable

... to the new reality

1 | Enhance social and economic resilience

2 | Build and strengthen capabilities for the future

3 | Deploy equitable and forward-looking financial support

Social and economic resilience | Almost all countries accelerate social protection initiatives; continued efforts necessary

As of 29 May 2020

1,046 measures in **188** countries announced so far

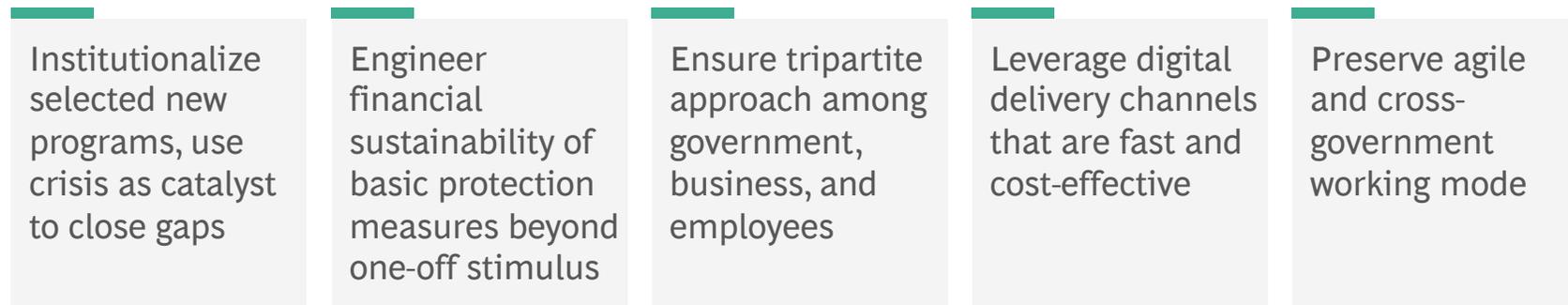
~\$570B

has been pledged globally toward social protection initiatives (0.7% of 2019 World GDP)¹

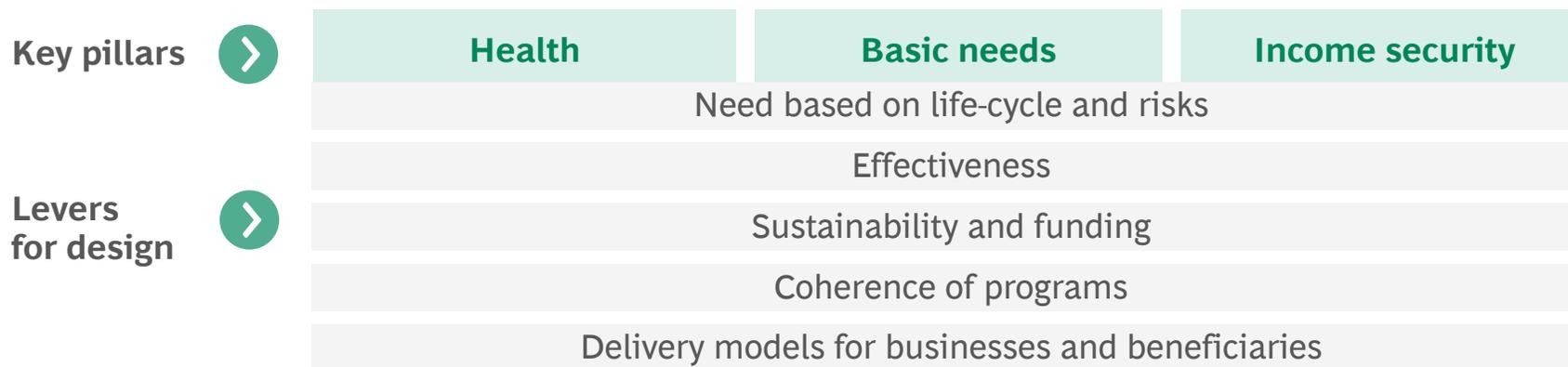
55%

of measures are new benefits or programs recently deployed by the governments

Leaders need to continue the progress made...



... and think holistically about how social protection can enhance resilience



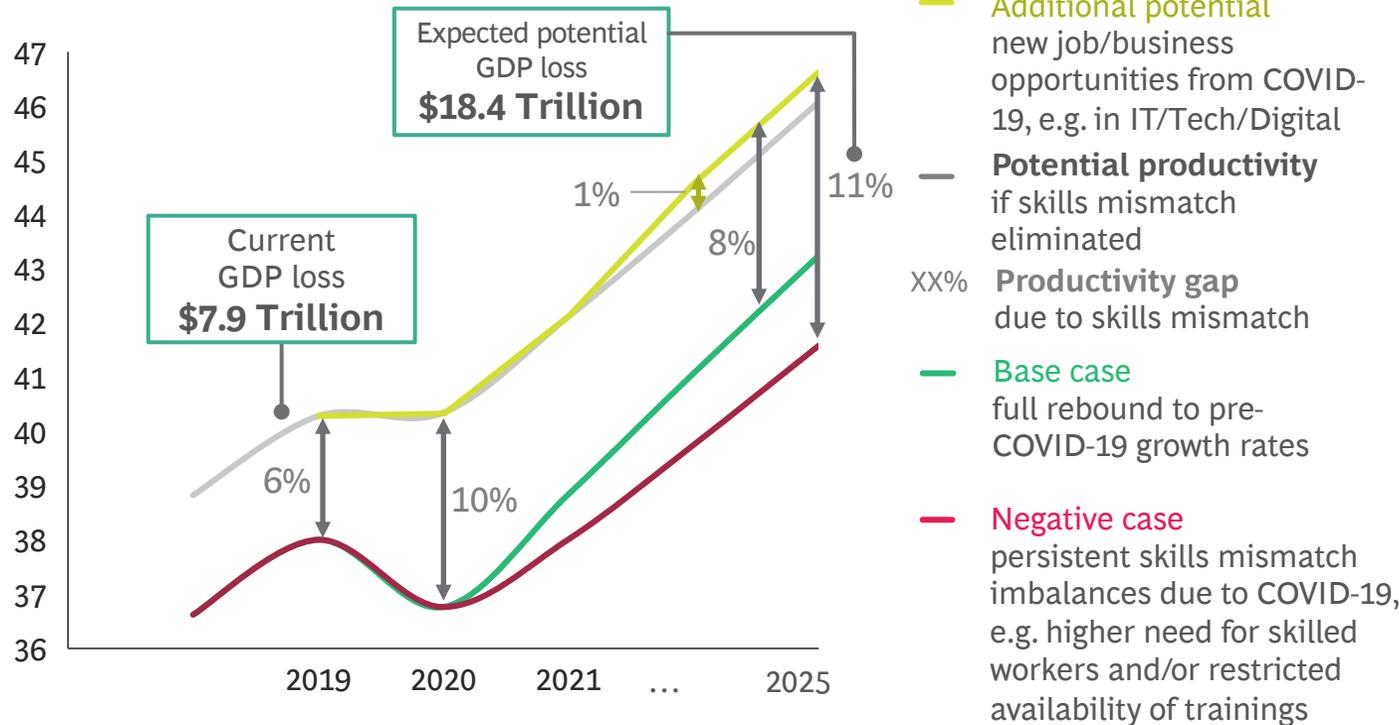
1. Preliminary estimates on total global social protection spend since not all countries report on cost figures and some are planned volumes, 2019 Global GDP: 86.6 trillion from IMF; Source: OECD, ILO, World Bank, BCG

Building capabilities for the future | Skills mismatch could cost ~\$18 trillion in unrealized GDP by 2025; mitigation measures need to be intensified

As of 18 May 2020

Existing skills mismatch have been exacerbated by COVID-19 crisis; due to increased need for high-skilled jobs, for example

Global Labor Productivity (US \$ K)¹



Governments have taken actions to address skills

Improve access and fill gaps

Australia promotes labor-sharing platforms to access staffing opportunities

Support up-/reskilling

Singapore subsidizes trainings to address structural labor market changes

Support critical services

Ireland reallocates workers to sectors low on capacity, for example, to health care

Further reading

Governments Must Fix the Skills Mismatch for a Post-COVID World

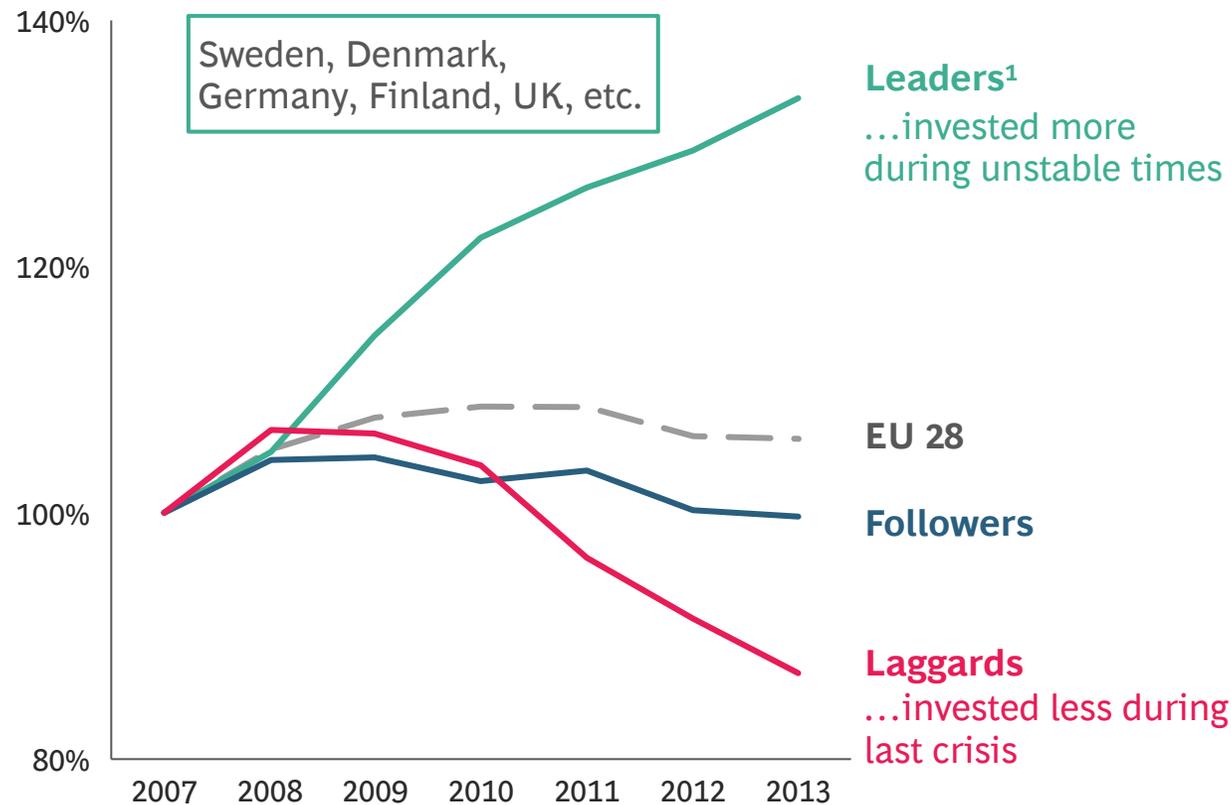
1. GDP per capita, Purchasing Power Parity exchange rate, real, US dollars at 2015 prices
Source: Oxford Economics; BCG

Building capabilities for the future | Counter-cyclical investments required; governments need to double down on innovation and digital

EU example from Global Financial Crisis

Invest counter-cyclically in innovation ...

Share of R&D in Total Government Expenditure (%)



... while building a conducive environment

Prioritize projects with future needs

- Stimulate digitization and innovation
- Focus on environmentally sustainable industries and maximize social returns²

Establish complementary policies

- Invest in supporting infrastructure
- Ensure that regulation keeps pace with technology and scientific advances

Drive collaboration and foster ecosystem

- Promote international partnerships
- Foster collaboration between academia and business

1. Based on EU's Innovation Union Scorecard indicator for innovative performance pre-crisis (2007) 2. E.g. healthcare R&D, smart diagnostics, public health awareness
Source: Public Investment in R&D in Reaction to Economic Crises – Longitudinal OECD Study

Financial support | Stimulus packages essential for sustainable recovery; multiple waves may be required

As of 17 May 2020

Positive economic impact

Stimulus measures have historically demonstrated positive impact in accelerating economic rebound

Example: US emergency funding (2009 to 2011) raised the country's GDP by 2% to 2.5%

Context and goals shape stimulus design

Announced stimulus size and composition varies across countries based on context, priorities and objectives

Example: Canada and France among few countries to have linked stimulus to climate actions

Multiple waves

Largest stimulus historically - multiple waves expected to help navigate crisis and address growing constituencies

Example: US stimulus of \$2 trillion revised to \$3trillion. Japan added \$1trillion to COVID response

Speed of deployment

COVID-19 stimulus funds to be fully deployed soon– execution and timely disbursement critical

E.g. Germany government disbursed €500M to freelancers within 4 days of launching grant program

Financial support | Four principles emerge to ensure effective design and implementation

As of 29 May 2020

Aim for equitable & sustainable growth

Focus on the most **vulnerable sectors**

South Korea employment security scheme for hardest hit sectors

Target **systemically critical** sectors & social/econ. multipliers

France, UK offer compensation schemes¹ to partially cover payroll

Invest in **new reality** and embrace sustainability

Canada creates **Emissions Reduction Fund**

Determine an optimal stimulus **design**

Communicate consistently to all audiences

Singapore shares infographics via social media and official websites

Tailor stimulus to the target groups, define eligibility **criteria**

Australia has guardrails & compliance checks for wage subsidies

Balance short- and long-term impact, have clear **exit strategy**

Germany's economic stabilization fund guarantees loans for 60 months

Select the right **channel** for disbursement

Leverage digital to boost **productivity and reach**

Brazil provided unbanked with smartphone based savings account

Use **existing channels** where possible

Switzerland unveiled CHF60 B for SMEs via bank network

Build for the future, e.g. use of **digital & fintech**

US launched **My Payment App** for the direct deposit of stimulus

Deploy inclusive **governance** structure

Set clear mandates and engage necessary stakeholders

Germany's MOF provides oversight and clear allocation of responsibilities to agencies and States

Coordination between **oversight and fiscal authority**

UK's Treasury and Bank of England monitor overall stimulus execution

Monitor and **provide transparency**

Germany has **KfW tracker** on loan requests

Further reading

Generating the Right Returns from Stimulus Packages

1. Applied by ~90% of G20 & OECD countries 2. Bank of England Source: BCG

Critical for governments and businesses to track and understand long-term shifts

As of 21 May 2020

Consumption patterns will be altered in a non-linear way

Need for digital engagement has shifted consumer behavior, preference, and choice

Ex.: 48% of consumers plan to maintain their changed habits¹

Supply chain ecosystems will be very disrupted

Supply chains interrupted by uneven movement restrictions across nations

Ex.: 20-30% decline in global trade expected as result²

Competitive landscape will change dramatically

Pushed-out companies may generate attractive acquisition targets

Ex.: -4 to +6 p.p. market share for video-conferencing companies in two months³

New government and community expectations will emerge

Shift in balance of public and private mandates and need for social license-to-operate

Ex.: Auto OEM produces 30,000 respirators under Defense Production Act⁴

1. BCG COVID-19 Consumer Sentiment Survey, April 20, 2020 (N= 1,584, unweighted, representative within $\pm 3\%$ of German census) 2. UN Contrade, OECD, IHS, WTO, IMF, BCG Trade Finance Model 2020 3. Delta between Jan and March 2020; RBC Capital Markets Zoom Analyst Report (March 2020), Steam Hardware Survey, 2020 4. Manager Magazine, March 2020
Source: 'New Normal' Scenarios by BCG CFS; BCG

Business leaders need to actively engage with governments

Implications for business leaders

Generate transparency



Create an understanding of **starting situation** of countries you operate in (impact on industries and society)

Monitor the **outcomes** governments are pursuing (short-term liquidity vs. long-term growth), and plan accordingly

Estimate the **expected impact** of stimulus packages on your sector and company, locally and abroad

Support decision making



Monitor the current **stage** of stimulus package (design phase, sector allocation, company break-down, deployment)

Track and provide inputs on **next steps** government officials are thinking through (such as criteria to apply for companies)

Engage with stakeholders directly or via associations to explain context and critical needs

Benefit and give back

Build and evaluate options for **bold strategic moves** arising from economic agenda of relevant governments

Actively pursue viable **diversification** into other (and potentially more beneficial) businesses or geographies

Create an action plan to **benefit** from targeted future growth and also **give back** to society

Many companies already stepping up on social responsibility; which also positively impacts customer preferences

As of 29 May 2020

Help local communities

Mining company provides services to local communities—food, supplies, and training to 70 clinics

Support the weakest

Mask manufacturer prioritizes customers according to their vulnerability

Step up for your people

Airline company supported evacuation efforts for ~90,000 people from multiple locations

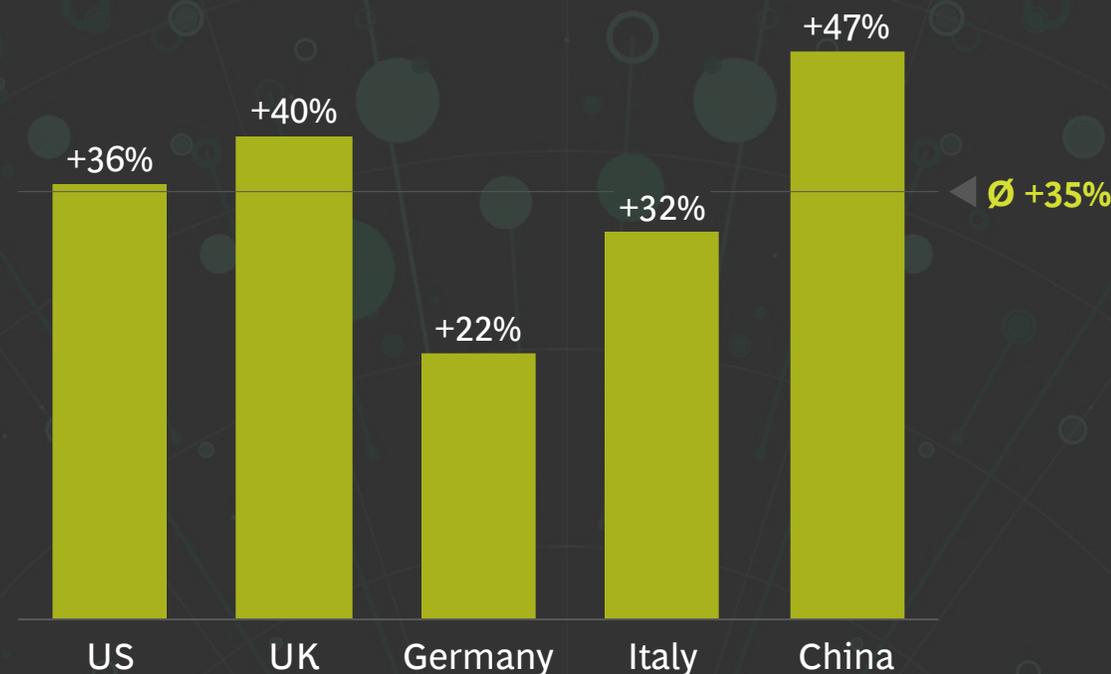
Find quick/creative solutions

Natural resources company accelerates ~\$60 million liquidity to small suppliers by reducing payment terms

Source: BCG

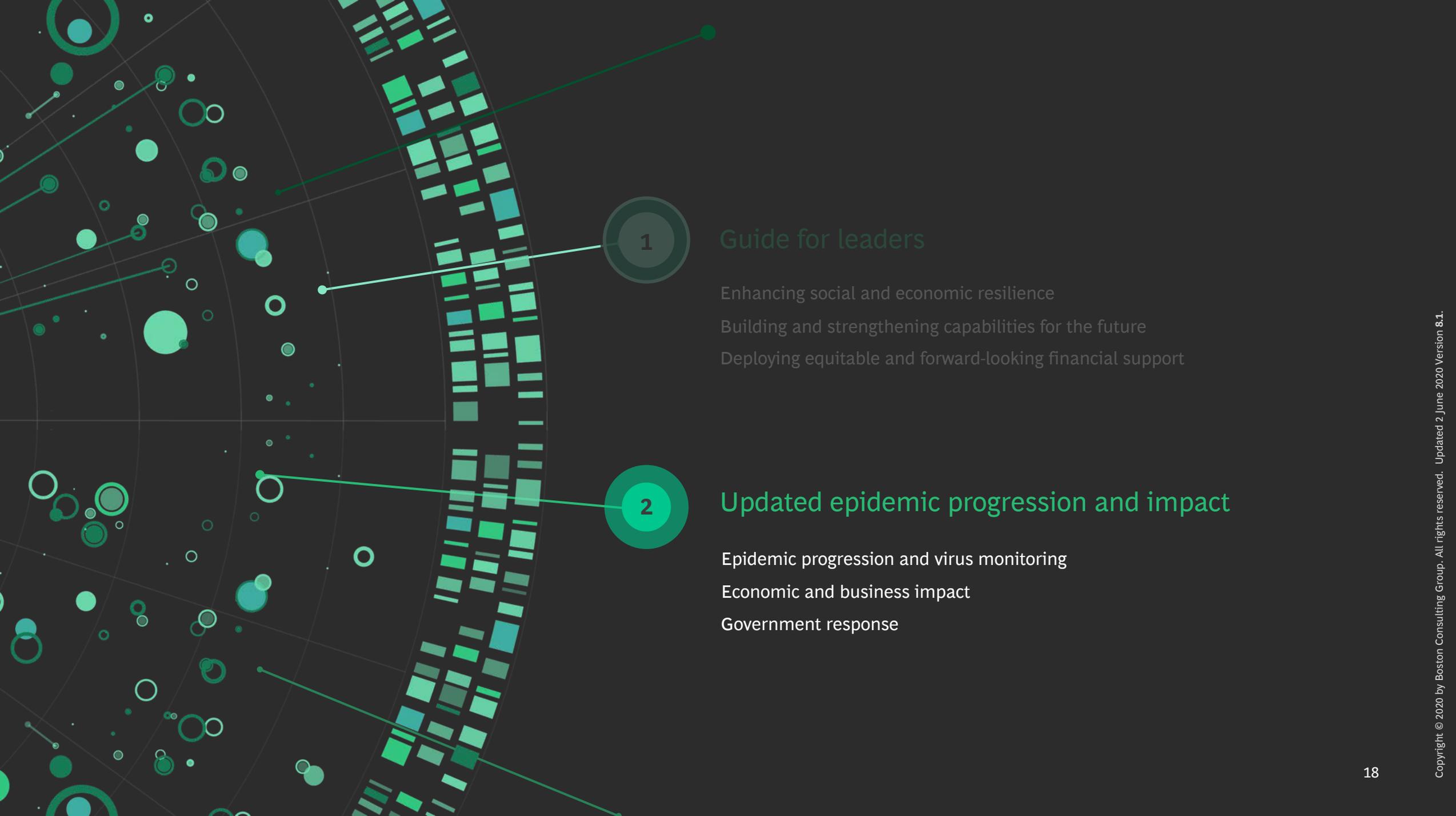
As of 20 April 2020

+35% of shoppers net¹ likely to buy from brands that stood out positively during the crisis (%)



1. Difference between people who are likely to increase and people who are likely to decrease; Source: BCG-COVID-19 Consumer Sentiment Survey, April 17-20, 2020 (N = 5728 across US, UK, Germany, Italy, and China; unweighted); BCG

17



1

Guide for leaders

- Enhancing social and economic resilience
- Building and strengthening capabilities for the future
- Deploying equitable and forward-looking financial support

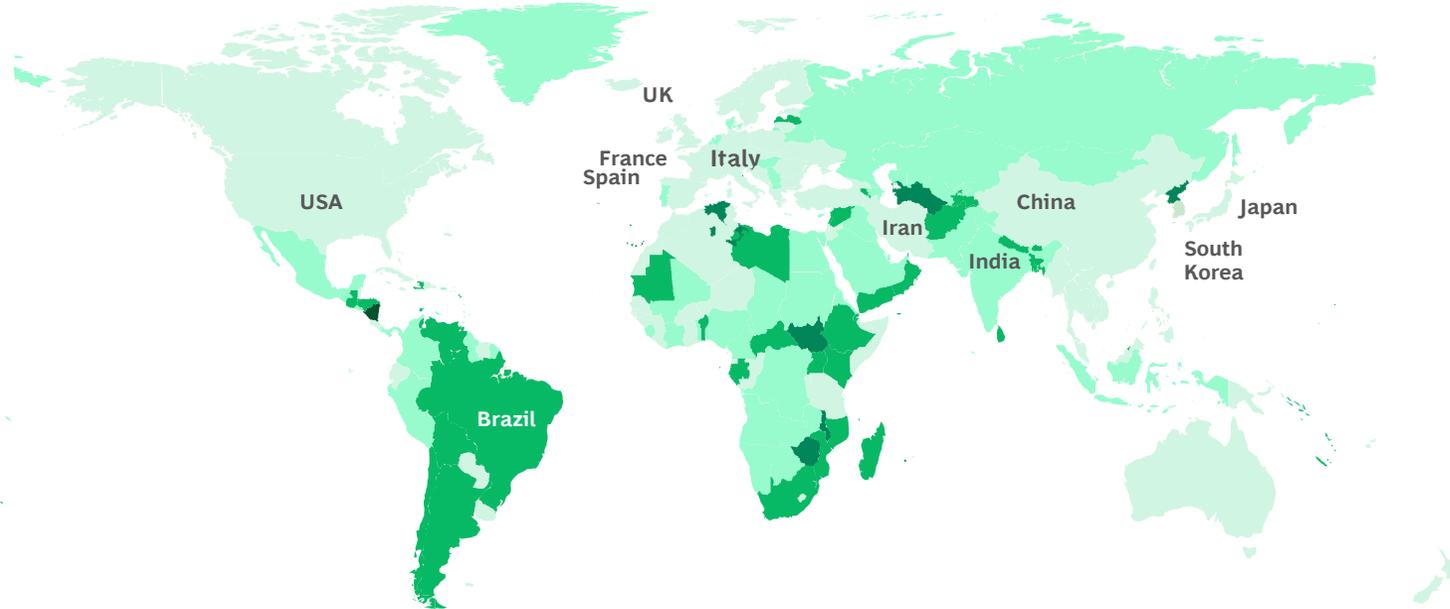
2

Updated epidemic progression and impact

- Epidemic progression and virus monitoring
- Economic and business impact
- Government response

Approximately 2.5 million reported recoveries¹ globally so far; case-doubling rate improves to 37 days

As of 29 May 2020



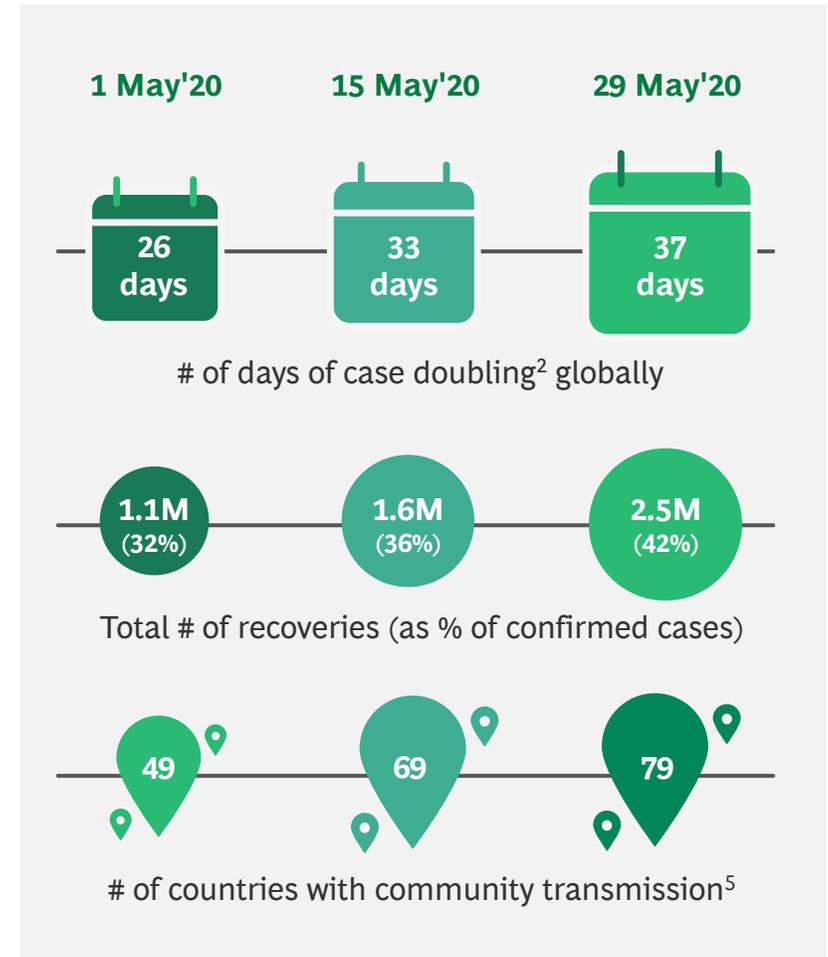
Days of doubling cases:



185
Countries with cases³

5.9M [$\Delta 1.9\%$]⁴
Confirmed cases globally

365k [$\Delta 1.1\%$]⁴
Fatalities globally



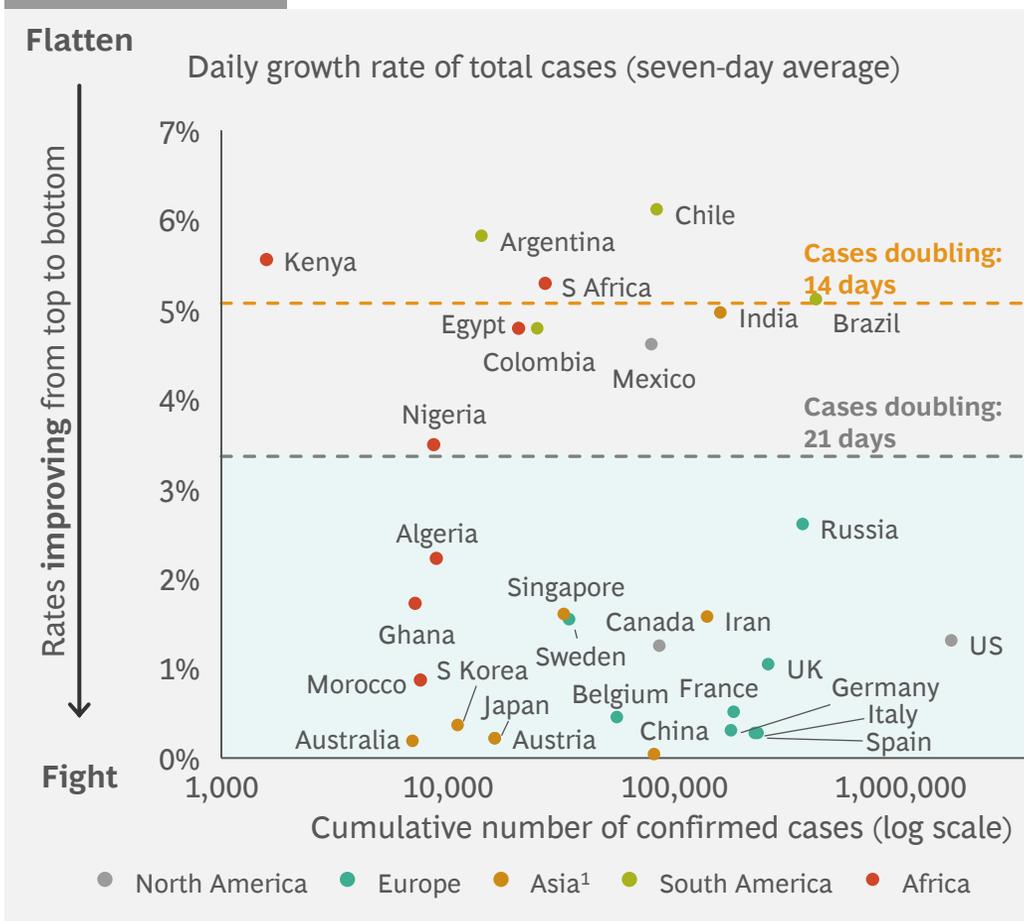
Note: Continued cases and fatalities are subject to different testing, propensity, reporting standards, hence are imperfect measures
 1. Refers to total reported recoveries as a percentage of total reported infections (cases) 2. No. of doubling days based on 7-day CAGR 3. Basis Johns Hopkins CSSE 4. Daily growth rate basis 7-day CAGR;
 5. Community transmission defined basis WHO - Countries experiencing larger outbreaks of local transmission on basis of decided factors
 Sources: Johns Hopkins CSSE; Our world in data; WHO situation reports; BCG

As countries move into Fight phase, several have started to see decline in number of daily cases

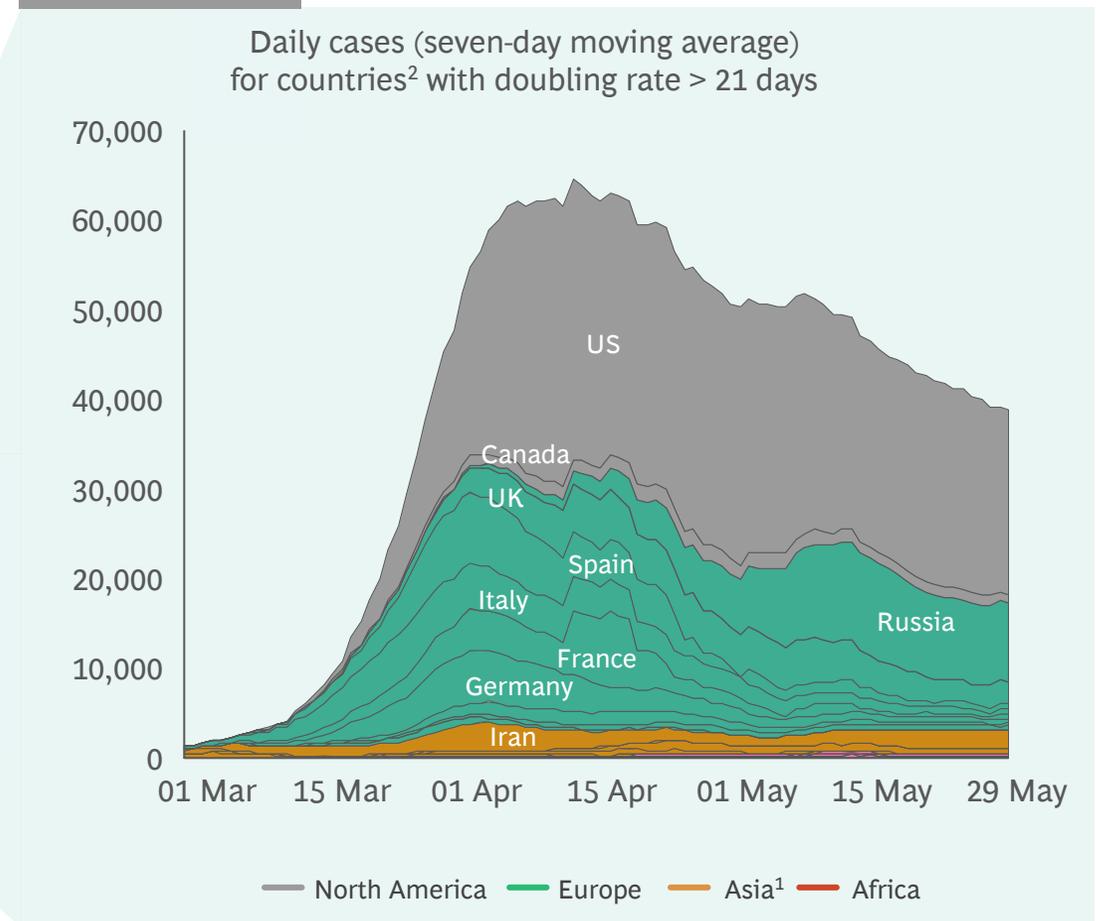
As of 29 May 2020

Non-exhaustive

Several countries improving doubling rate...



...driven by decline in number of daily cases



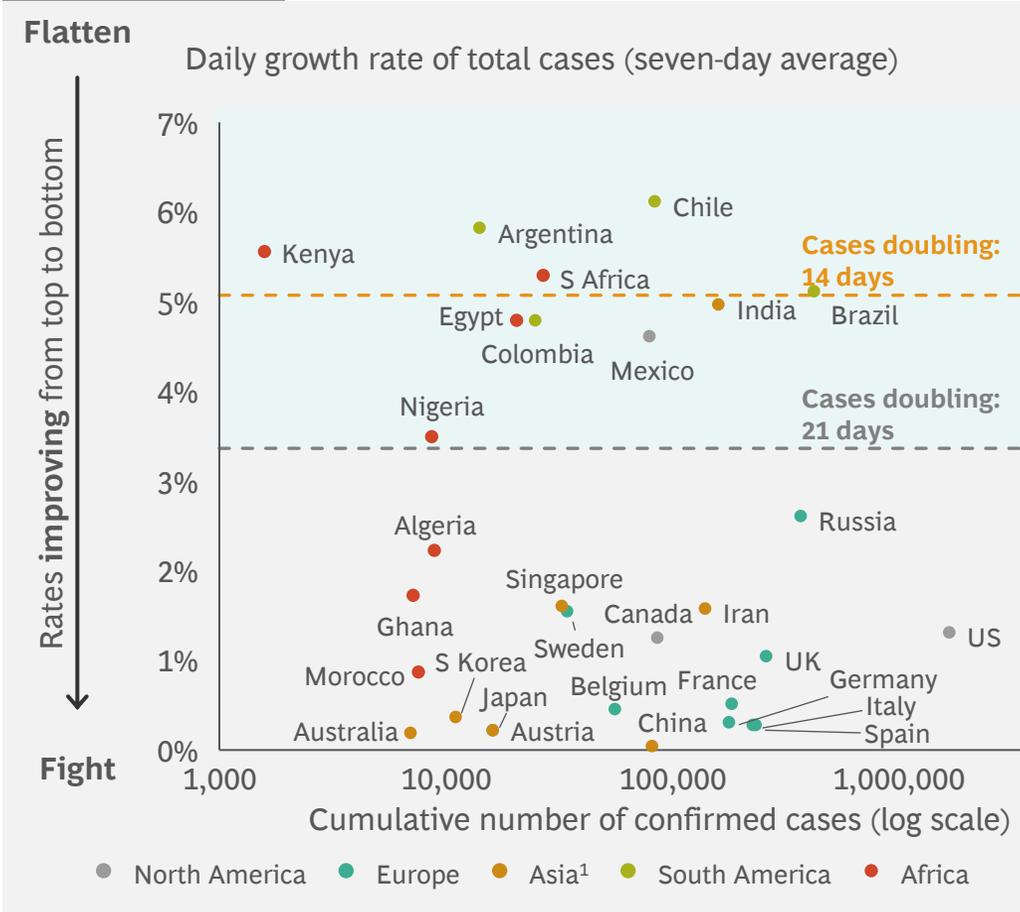
1. Includes Middle East and Australia 2. Countries selected from the chart on the left
Source: Johns Hopkins CSSE; Our World in data; BCG

Some countries currently have cases doubling under 21 days; strong monitoring essential in the next few weeks

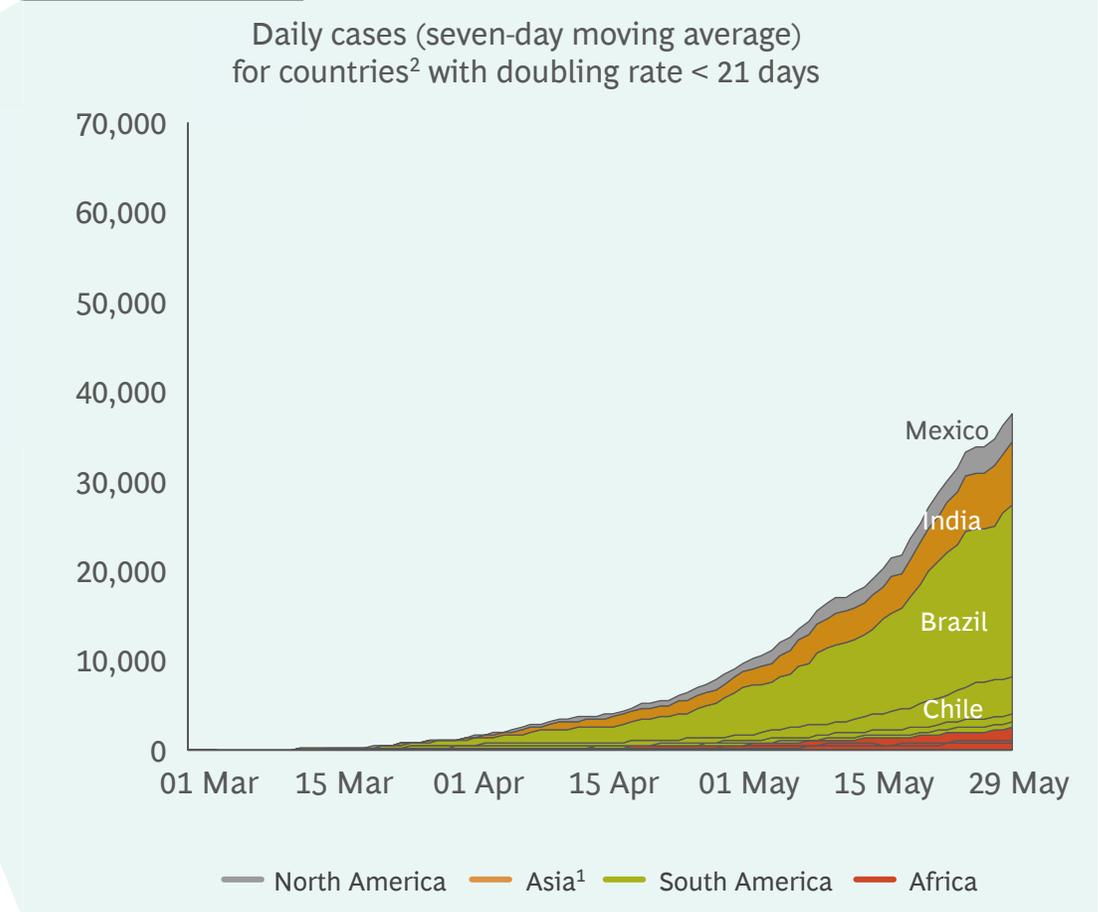
As of 29 May 2020

Non-exhaustive

Some countries currently have high case growth rate...



...driven by increase in number of daily cases



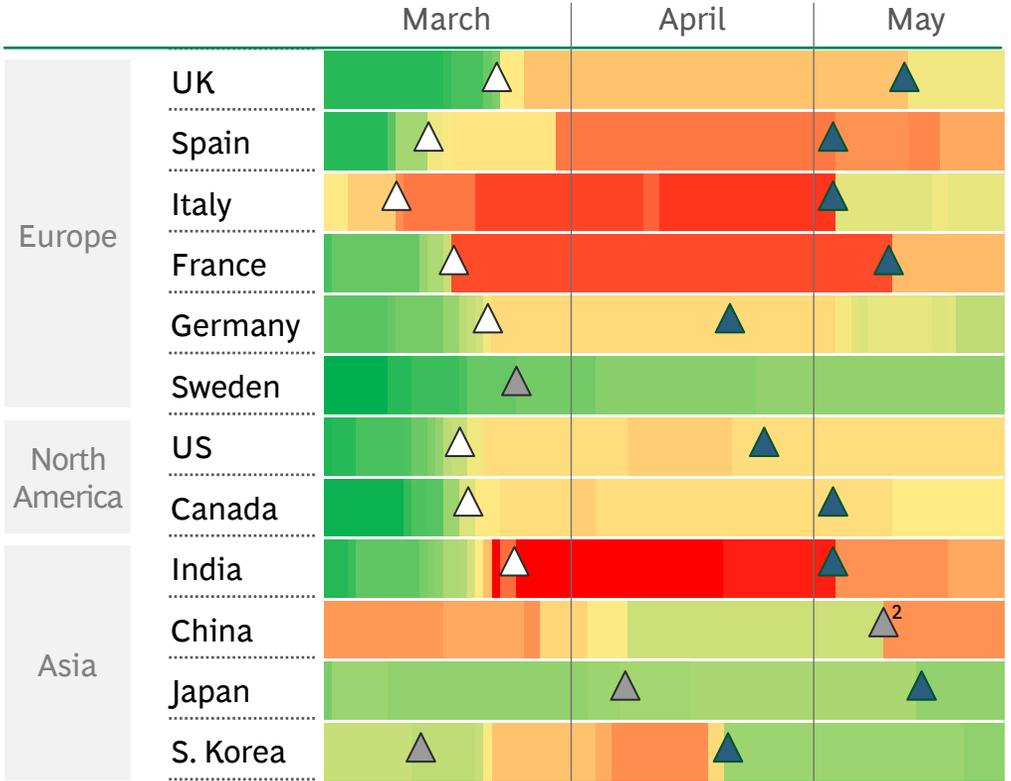
1. Includes Middle East and Australia 2. Countries selected from the chart on the left
Source: Johns Hopkins CSSE; Our World in data; BCG

Governments have started to relax lockdown measures

As of 29 May 2020

Non-exhaustive

Change in lockdown restrictions basis stringency index¹



Total cases (K)

Current status of measures implemented by various governments

273	Lockdown easing started from 13 May; outdoor exercise, travel to work allowed
239	Phase 2 of lockdown easing started from 25 May; shops, restaurants reopened
232	Factories, wholesale trade, parks opened; bars and restaurants reopened on 15 May
187	Shops, primary schools, beaches began opening; restaurants, bars remain closed
183	Cautious exit in coordination with states; shops reopened, select borders eased
36	Restaurants, schools, businesses remained opened; gatherings of 50+ banned
1,746	Restrictions eased in all states except two; measures vary across states
91	Several provinces started to ease restrictions on non-essential businesses
174	Non-essential shops, e-com. restarted; restrictions on outside movement eased
84	Renewed restrictions in Northeast region starting from 10 May
16	Started lifting emergency from 14 May; lifted across the nation on 25 May
11	Avoided lockdown (except schools); schools also reopened from 20 May

△ Lockdown started ▲ Restrictions without lockdown ▲ Re-entry started

Index Min restrictions (Green) Max restrictions (Red)

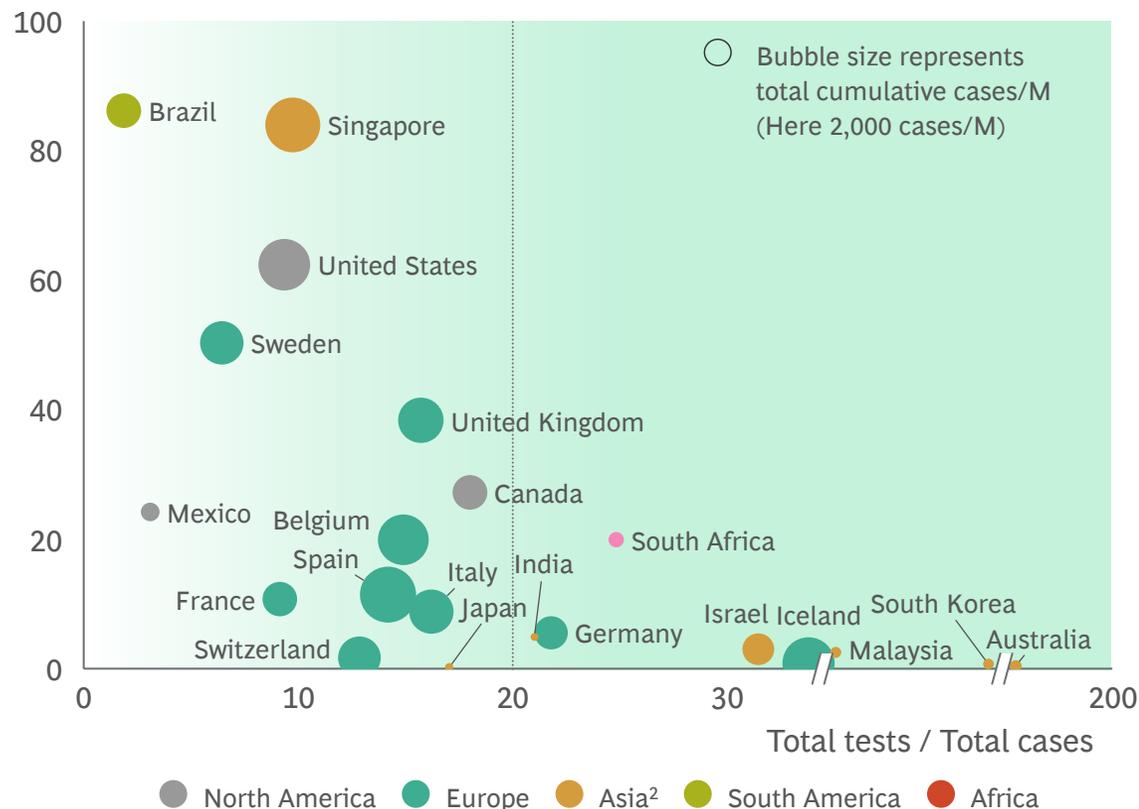
1. Stringency index is calculated using 8 govt. policy indicators (School closing, workplace closing, public events cancellation, gatherings restriction, public transport closure, stay at home requirements, internal movement restrictions, international travel controls) and public information campaigns; represented for selected countries; Data as of 24th May, 2020. 2: In China, lockdown has been started only in Northeast region; Note: Lockdown is defined as "stay at home" orders from govt. People are allowed to go out only for essential activities like medical, grocery shopping, etc. following certain restrictions. Lockdown measures can differ across countries; Source: Oxford covid-19 Government response tracker; Our world in Data, News articles

As countries further relax lockdown measures, continued testing capacity ramp-up is critical

As of 29 May 2020

As countries ramp-up testing capacity...

Daily new cases per million population¹



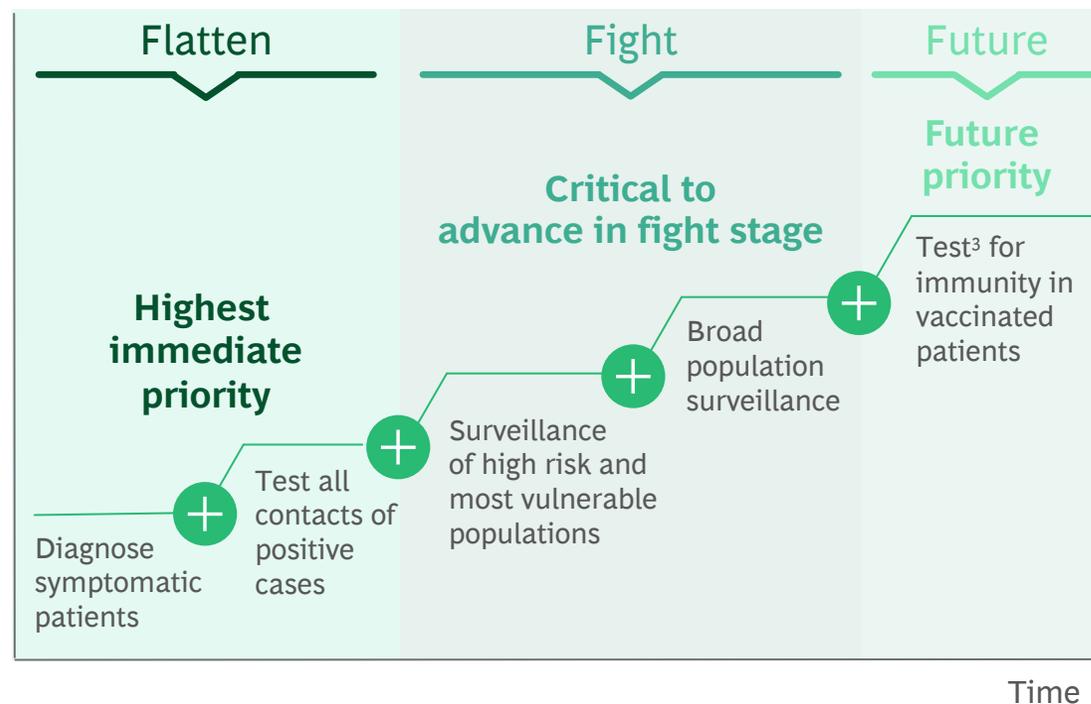
1. Taken as 7-day moving average; 2. Includes Middle East and Australia; 3. Tests for testing immune response to vaccines may be different from current ones to test infection

Source: Our World in Data, Worldometer, BCG Analysis

Non-exhaustive

..they must plan to move beyond testing symptomatic patients to greater degrees of population monitoring

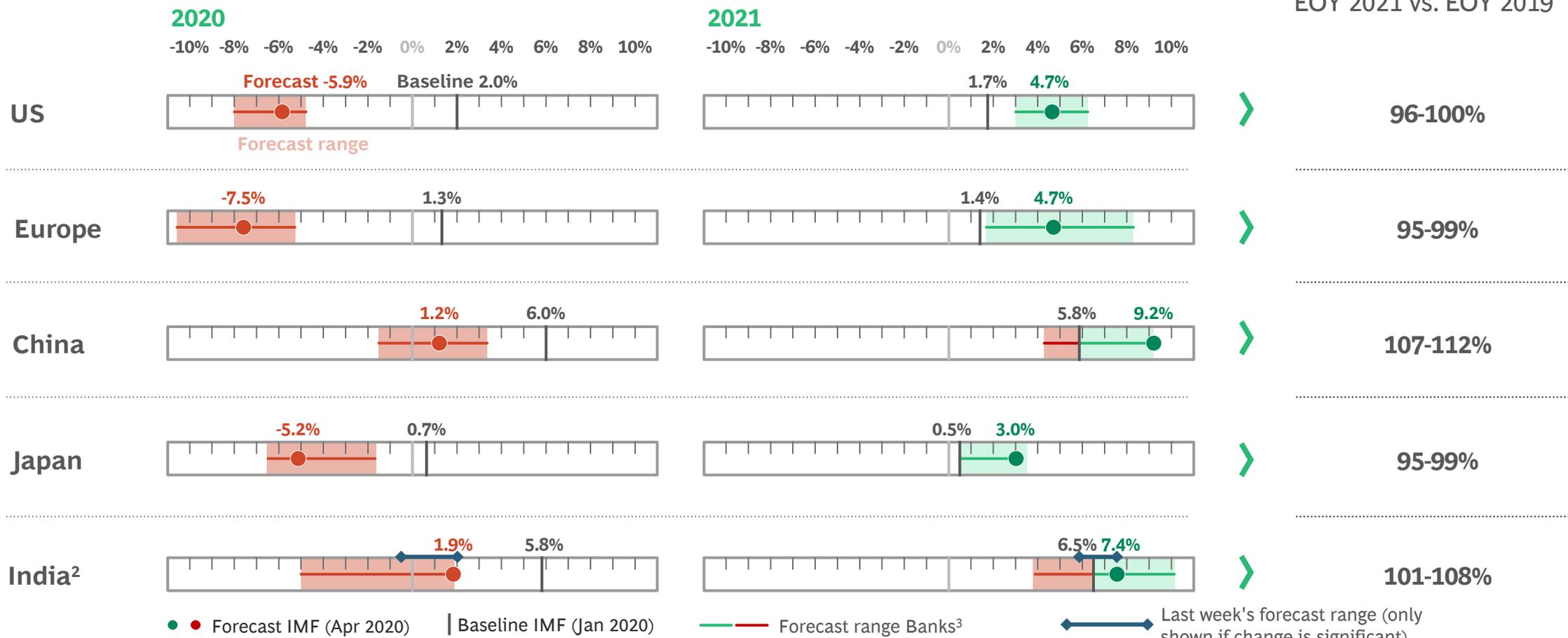
Overall testing level required



Economic forecasts point towards severe downturn in 2020; rebound of global GDP not expected before 2021

As of 29 May 2020

GDP growth forecast vs. baseline



Note: As of reports dated 31 March 2020 to 29 May 2020, YoY forecasts 1. Range calculated with 25th & 75th percentile values of forecast range 2. For India, forecast is for financial year (last week's forecast adjusted like for like); for other countries, the forecast is for calendar year; 3. Range from forecasts (where available) of International Monetary Fund, Goldman Sachs, JP Morgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC; Source: Bloomberg; IMF; BCG

Multiple sectors continue to be stressed; 9 sectors with a number of companies with high¹ probability of default

As of 29 May 2020

Decline reflects economic scenario and consumer sentiment

		TSR performance ²			Companies with probability of default >15% ³		
		21 Feb 2020 - 20 Mar 2020	21 Feb 2020 - 29 May 2020	15 May 2020 - 29 May 2020	21 Feb 2020	29 May 2020	15 May 2020 - 29 May 2020
Healthier sectors	Pharma	-20%	1%	↗	0%	5%	↗
	Household Products	-16%	-3%	→	0%	0%	→
	Food/staples Retail	-10%	-5%	→	0%	0%	→
	Health Equipment	-31%	-6%	↗	0%	0%	→
	Semiconductors	-30%	-7%	↗	0%	0%	→
Pressured sectors	Tech Hardware	-26%	-7%	↗	0%	0%	→
	Retailing	-40%	-8%	↗	0%	41%	↗
	Software	-30%	-8%	↗	9%	8%	→
	Food & Beverage	-23%	-9%	↗	0%	0%	→
	Materials	-32%	-11%	↗	4%	13%	↗
	Prof. Services	-30%	-11%	↗	0%	0%	→
	Telecom	-17%	-11%	↗	0%	12%	↗
	Transport	-34%	-13%	↗	0%	36%	→
	Capital Goods	-35%	-15%	↗	2%	11%	→
	Financials	-35%	-15%	↗	0%	0%	→
Vulnerable sectors	Media	-36%	-15%	↗	0%	15%	↗
	Utilities	-30%	-16%	↗	0%	0%	↗
	Auto	-41%	-17%	↗	0%	33%	→
	Durable Goods	-39%	-19%	↗	0%	5%	→
	Insurance	-39%	-26%	↗	0%	0%	→
	Hospitality	-44%	-28%	↗	7%	36%	↗
	Real Estate	-39%	-29%	↗	0%	17%	→
	Energy	-52%	-31%	↗	0%	21%	↗
	Banks	-39%	-31%	↗	0%	4%	→

Note: As of 6 May 2020; Based on top S&P Global 1200 companies; Sectors are based on GICS definitions; 1. Companies with probability of default >15%; 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 29 May 2020 based on median; 3. 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%

Governments face different starting points for stimulus response

As of 26 May 2020

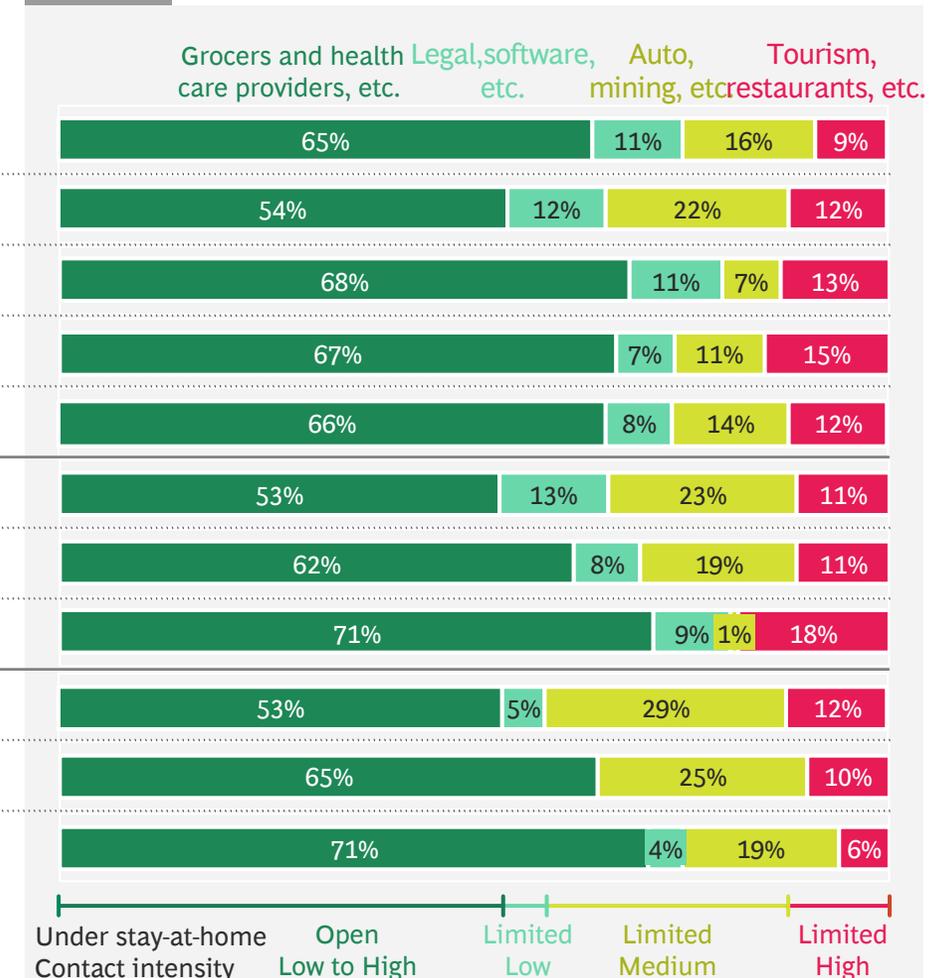
Macro Indicators

		GDP per capita (in \$, 2019, PPP ³)	Interest rates ¹ (yearly change)	Debt to GDP ² (in %)
Europe	Germany	53,567	-0.45% (-0.29%)	69
	France	47,223	-0.01% (-0.27%)	115
	UK	46,827	0.19% (-0.73%)	96
	Spain	41,592	0.68% (-0.11%)	113
	Italy	40,470	1.55% (-1.14%)	156
Americas	US	65,112	0.68% (-1.58%)	131
	Mexico	20,868	6.13% (-1.84%)	61
	Brazil	16,462	7.06% (-1.58%)	98
Asia	Japan	45,546	0.00% (0.07%)	252
	China	19,504	2.72% (-0.65%)	65
	India	8,378	5.98% (-1.17%)	74

As of 05 May 2020

Revenue by sector (%)

Preliminary figures

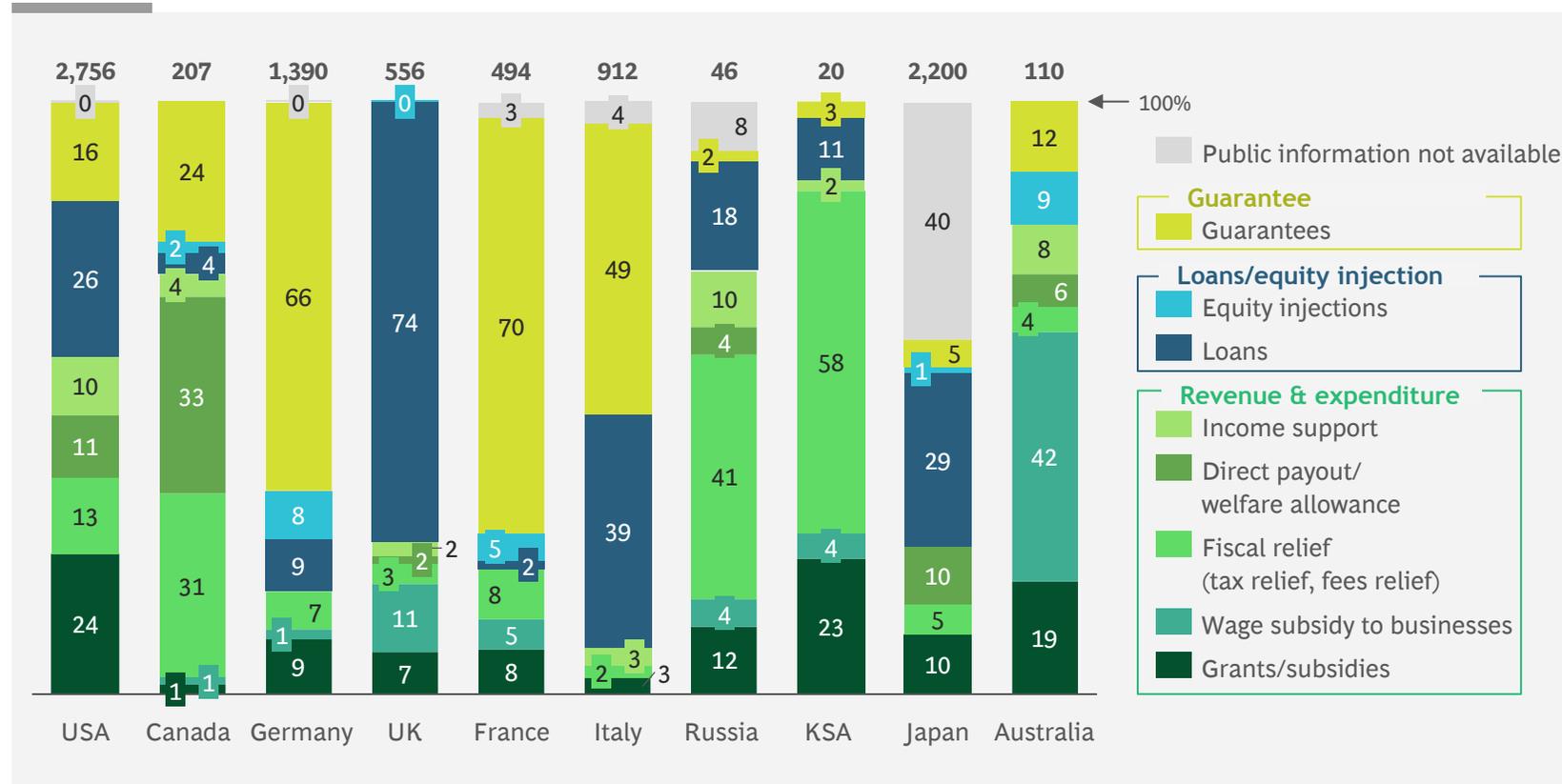


1. 10 year government bond yield 2. 2020 number per IMF Fiscal Monitor April 2020 3. Purchasing power parity
 Note: European figures reflect gross output by sector, which is analogous to revenue by sector. US figures directly reflect revenue by sector.
 Source: Eurostat Database; CNBS; Statistics Bureau of Japan; St. Louis Fed; O*NET; American Community Survey; other country-specific sources on request; BCG

Due to different starting points, governments have opted for a different mix of measures

As of 28 May 2020

Select countries' stimulus breakdown by types of measure (%)



- ~65%
Germany, UK, and Japan's stimulus spend targeted at businesses
- ~40%
Australian stimulus funding targeted at workers via wage subsidy program
- ~2-9%
UK, US, and Germany funding dedicated to health care
- Canada and France have linked stimulus support to climate actions¹

1. Canada linked CA\$1.7B support for the oil & gas sector to cleaning up orphan and inactive oil and gas wells, and set up CA\$750M Emission Reduction Fund; France has set green conditions for the €7bn state loan to Air France and work toward being the world's "most environmentally friendly" airline
 Note: Figures include preliminary estimates from IMF as additional stimulus measures are being announced or details of individual measures being finalized
 Source: IMF, National Authorities, Oxford Economics, Bruegel, Press research; BCG analysis

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