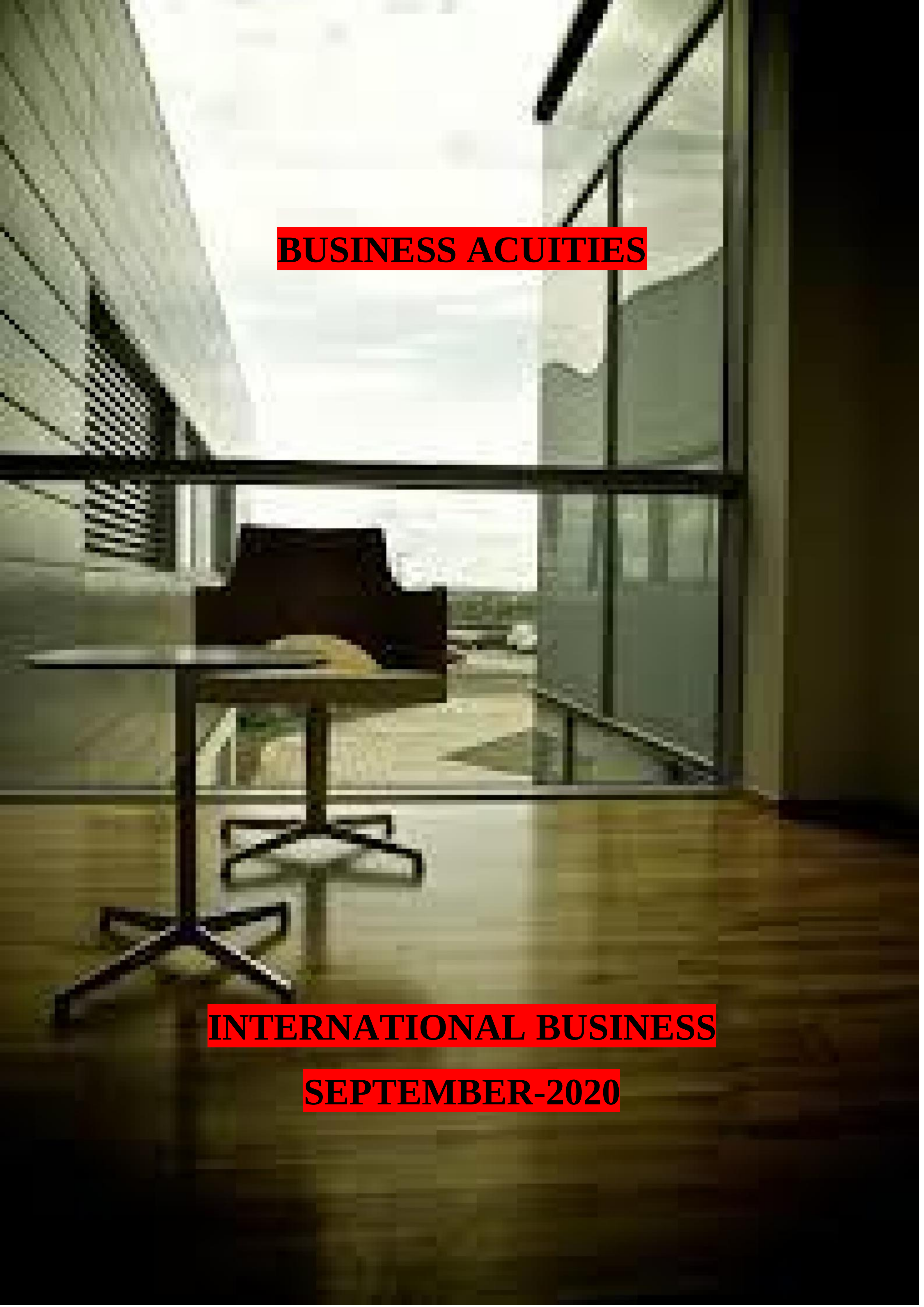


BUSINESS ACUITIES

INTERNATIONAL BUSINESS

SEPTEMBER-2020

CONTENTS

EDITORIAL BOARD

GLOBAL ECONOMIC OUTLOOK:

1. Uneven Recovery:

The global economy was experiencing an uneven recovery with different regions and countries recovering at different paces. Some economies were gradually reopening and showing signs of improvement, while others were still grappling with significant challenges and struggling to contain the spread of the virus.

2. Impact on GDP:

The pandemic had a severe impact on global GDP growth, leading to significant contractions in many countries during the first half of 2020. As economies started reopening and restrictions were eased, some recovery was observed, but the overall trajectory remained uncertain.

3. Fiscal and Monetary Policy Support:

Governments and central banks implemented unprecedented fiscal and monetary policy measures to support their economies. These measures included fiscal stimulus packages, interest rate cuts, liquidity injections, and asset purchase programs. The aim was to mitigate the economic fallout, support businesses and households, and encourage recovery.

4. Employment Challenges:

The pandemic led to significant job losses and increased unemployment rates globally. Many businesses faced closures or downsizing, leading to job market disruptions and reduced consumer spending. Governments implemented various measures such as job retention schemes and unemployment benefits to provide support to affected individuals and industries.

5. Trade and Supply Chain Disruptions:

Global trade and supply chains experienced disruptions as a result of lockdown measures, border restrictions, and reduced demand. Disruptions in production, logistics, and transportation hindered the flow of goods and services, impacting both exports and imports.

6. Vaccine Development and Hopes for Recovery:

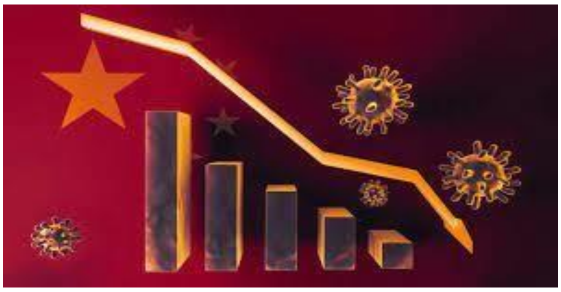
In September 2020, there were encouraging developments in vaccine development, raising hopes for a potential solution to the pandemic. The progress in vaccine trials and eventual distribution played a significant role in shaping the economic outlook as it provided prospects for a more robust recovery in the future.

7. Geopolitical Factors:

Geopolitical tensions, including trade disputes, Brexit negotiations, and strained international relations, added to the uncertainties surrounding the global economic outlook. These factors infuenced investor sentiment and had the potential to impact trade flows and investment decisions.

It's important to note that the economic situation and outlook can evolve rapidly, and conditions may have changed since September 2020. For the most up-to-date and comprehensive information on the global economic outlook, I recommend referring to recent economic reports, forecasts from reputable institutions, and official statements from central banks and international organizations.

IMPACT OF CORONAVIRUS OUTBREAK:



1. Economic Contraction:

Many countries were still experiencing economic contractions as a result of lockdown measures and restrictions imposed to contain the spread of the virus. Business closures, reduced consumer spending, disrupted supply chains, and decreased international trade all contributed to the economic downturn.

2. Unemployment and Job Losses:

The pandemic led to widespread job losses and increased unemployment rates. Many businesses faced financial challenges and were forced to downsize or close, resulting in significant layoffs. Sectors such as travel, hospitality, retail, and entertainment were particularly hardhit.

3. Government Support and Stimulus:

Governments worldwide implemented various fiscal stimulus measures and support programs to mitigate the economic impact of the pandemic. These measures included job retention schemes, direct payments to individuals and businesses, tax relief, and assistance for affected industries. The aim was to provide financial support, maintain employment, and stimulate economic activity.

4. Disrupted Travel and Tourism:

Travel and tourism industries continued to face significant disruptions. International travel restrictions, reduced domestic travel, and people's reluctance to travel due to health concerns affected airlines, hotels, restaurants, and other tourism-related businesses. The tourism industry suffered from reduced revenue, layoffs, and business closures.

5. Shifts in Consumer Behaviour:

Consumer behavior underwent significant changes as people adjusted to the new realities brought by the pandemic. With social distancing measures and lockdowns in place, there was a shift towards online shopping, remote work, and virtual experiences. E-commerce, food delivery services, and digital entertainment platforms witnessed increased demand.

6. Healthcare Sector Strain:

The healthcare sector faced immense strain as hospitals and medical facilities dealt with the surge in COVID-19 cases. Healthcare providers worked tirelessly to treat patients, manage resources, and develop testing and treatment protocols. The pandemic also highlighted the importance of healthcare system preparedness and investment in medical research.

7. Education and Remote Learning:

Educational institutions faced challenges in conducting traditional in-person classes. Many schools and universities shifted to remote learning and online education platforms. This transition presented both opportunities and hurdles in terms of technology access, effectiveness of remote learning, and student engagement.

It's important to note that the impact of the pandemic varied across countries and regions, depending on factors such as the severity of the outbreak, effectiveness of containment measures, healthcare infrastructure, and economic structure. The situation and impact of the coronavirus outbreak continue to evolve, and it's advisable to refer to recent news, official statements, and reports for the most up-to-date information on the impact of COVID-19.

STOCK MARKET VOLATILITY:

1. Fluctuating Investor Sentiment:

Investor sentiment remained fragile and influenced by a range of factors, including developments in the pandemic, economic data releases, central bank policies, and geopolitical tensions. Market participants closely monitored news related to vaccine developments, infection rates, and government responses to the crisis, which contributed to market volatility.

2. Tech Sector Volatility:

Technology stocks, which had performed strongly during the initial phase of the pandemic, experienced heightened volatility in September 2020. Investors closely watched the valuations of tech companies, especially those in the e-commerce, cloud computing, and digital communication sectors. Concerns about lofty valuations and potential regulatory changes contributed to increased volatility in the tech sector.

3. Geopolitical Tensions:

Geopolitical developments, including trade tensions between the United States and China, Brexit negotiations, and geopolitical conflicts, added to market volatility. News related to these events, along with potential policy shifts or trade disruptions, had the potential to impact investor sentiment and drive market swings.

4. Economic Data Releases:

Economic data releases during September 2020 influenced market volatility as investors assessed the pace and shape of the global economic recovery. Indicators such as GDP growth, employment figures, manufacturing activity, and consumer sentiment were closely watched for insights into the health of the global economy and its potential impact on corporate earnings.

5. Central Bank Policies:

Central bank decisions and communication played a role in market volatility. Investors closely analyzed monetary policy statements, interest rate decisions, and other measures implemented by central banks. Any surprises or changes in central bank policies could trigger market reactions and volatility.

6. Sector-Specific Factors:

Volatility varied across sectors, reflecting the differing impacts of the pandemic on various industries.

Sectors such as travel, hospitality, and energy faced significant challenges, while technology, healthcare, and e-commerce sectors saw relative strength. The performance of individual sectors contributed to overall market volatility.

7. Investor Uncertainty and Risk Aversion:

Uncertainty surrounding the duration and severity of the pandemic, along with concerns about potential future waves and the effectiveness of containment measures, led to increased risk aversion among investors. This risk-off sentiment could trigger heightened volatility and sell-offs in the markets.

It's important to note that stock market volatility can be influenced by a multitude of factors and can change rapidly. The information provided here reflects the general market conditions during September 2020 but may not capture specific day-to-day movements or individual stock performances. For the most upto-date and comprehensive information on stock market volatility during that period, it is advisable to refer to financial news sources, market reports, and official market data from relevant stock exchanges and indices.

CENTRAL BANK POLICIES:

1. Monetary Policy Accommodation:

Central banks maintained accommodative monetary policies by keeping interest rates at historically low levels or even implementing rate cuts. This was done to support borrowing and investment, stimulate economic activity, and mitigate the impact of the pandemic on financial markets.

2. Asset Purchase Programs:

Many central banks expanded their asset purchase programs or introduced new ones. These programs involved purchasing government bonds, corporate bonds, and other financial assets from the market to inject liquidity, stabilize financial markets, and lower borrowing costs.

3. Forward Guidance:

Central banks provided forward guidance on their future policy intentions to provide clarity and stability to financial markets. This guidance included communicating the central banks' stance on interest rates and potential policy adjustments based on economic conditions and inflation outlook.

4. Targeted Lending and Funding Programs:

Central banks introduced targeted lending and funding programs to support specific sectors and businesses affected by the pandemic. These programs aimed to ensure the availability of credit to households and businesses, particularly small and medium-sized enterprises (SMEs), to help sustain economic activity and preserve jobs.

5. Regulatory Measures and Relief:

Central banks implemented regulatory measures to provide temporary relief to banks and financial institutions. These measures included adjustments to capital and liquidity requirements, eased reporting and accounting standards, and extended deadlines for regulatory compliance. The goal was to provide flexibility and support financial stability during the crisis.

6. International Cooperation:

Central banks continued to collaborate and coordinate with each other and international organizations to address the global economic challenges. This included sharing information, coordinating policy responses, and providing liquidity support through currency swap arrangements.

7. Communication and Transparency:

Central banks increased their communication efforts to provide clarity and transparency to the markets. They held regular press conferences, released policy statements, and published economic forecasts and assessments. Clear communication aimed to manage market expectations and provide guidance on future policy actions.

It's important to note that the specific policies and measures adopted by central banks varied across countries and regions, depending on their economic circumstances and policy frameworks. Additionally, central banks' actions and policies are dynamic and can change rapidly based on evolving economic conditions and the impact of the pandemic. For the most up-to-date and comprehensive information on central bank policies in September 2020, it is advisable to refer to official statements, monetary policy reports, and press releases from respective central banks.

UNEMPLOYMENT AND JOB MARKET:

1. High Unemployment Rates:

Many countries experienced elevated levels of unemployment due to the economic fallout from the pandemic. Lockdown measures, business closures, and reduced consumer demand resulted in layoffs and job losses across various sectors.

2. Job Retention Schemes:

Governments in several countries implemented job retention schemes or wage subsidy programs to help businesses retain their employees during the crisis. These programs aimed to prevent mass layoffs and provide income support to workers.

3. Industry-Specific Impact:

The impact on different industries varied depending on their susceptibility to social distancing measures and travel restrictions. Sectors such as hospitality, tourism, retail, and entertainment were particularly hard-hit, leading to significant job losses. Meanwhile, some sectors like healthcare, technology, and e-commerce experienced relative resilience or even growth.

4. Unequal Impact on Workers:

The pandemic disproportionately affected vulnerable workers, including low-wage earners, parttime workers, and those in the informal sector. Women, young people, and minority communities also faced higher levels of unemployment and job insecurity.

5. Shifts in Job Demand:

The pandemic prompted changes in job demand, with some sectors experiencing increased hiring. For example, there was a surge in demand for healthcare workers, delivery drivers, and professionals in remote work technologies. However, the overall number of available jobs remained lower compared to prepandemic levels.

6. Transition to Remote Work:

Many companies adopted remote work arrangements to comply with social distancing measures. This transition allowed some workers to retain their jobs or continue working from home. However, it also presented challenges for certain industries that relied heavily on inperson activities.

7. Government Support and Job Creation Efforts:

Governments implemented measures to support job creation and provide training opportunities. Stimulus packages and investment in infrastructure projects aimed to stimulate economic activity, create employment, and reskill workers for future job market demands.

8. Gradual Recovery:

Some economies began to show signs of recovery in certain sectors, leading to a gradual improvement in the job market. However, the pace and extent of recovery varied across countries and depended on the effectiveness of public health measures and the reopening of economies.

It's important to note that the impact on unemployment and the job market was dynamic and evolving during September 2020. The situation varied across countries and regions, and new developments and data releases could significantly influence the job market conditions. For the most up-to-date information on unemployment and job market trends, it is advisable to refer to official labor market reports, government data, and relevant employment indicators.