

2020 has been a watershed year. Our daily routines and lives have been changed rapidly and dramatically. All around the world, people have been facing different challenges and changes in their habits and outlooks. We decided to take a closer look at just how the current global pandemic has impacted our lives.

How COVID-19 has impacted our lives, routines and outlooks.

May 8th, 2020



Introduction

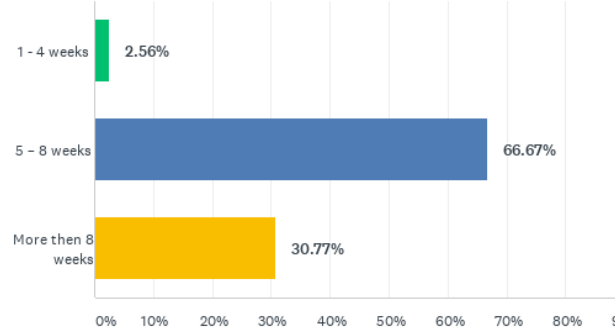
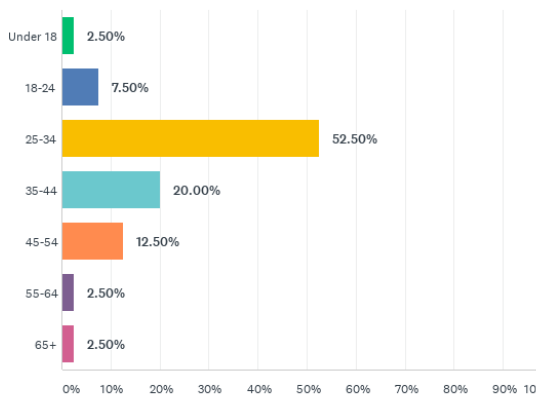
Many countries and cities are currently under some form of “lockdown”, with nobody on the streets, and all shops, restaurants and cappuccino bars closed *sine die*. On the news, any initial optimism about a return to “normal” has been replaced by increasingly alarming headlines revealing the extent of the pandemic’s impact, and a growing recognition that there will be no quick or easy return to our previous normality.

Just how large will the impact of COVID-19 be on our lives and routines? We conducted a survey in late-April/early-May to obtain feedback from people around the world as well as reviewed financial data from open resources to piece together a fuller picture, which we will present below.

Our survey respondents were mainly 24-35 years of age, living in countries that have been under some form of lockdown for 5 to 8 weeks. Here is a snapshot of the findings and conclusions that have emerged from our research:

Average age of participants

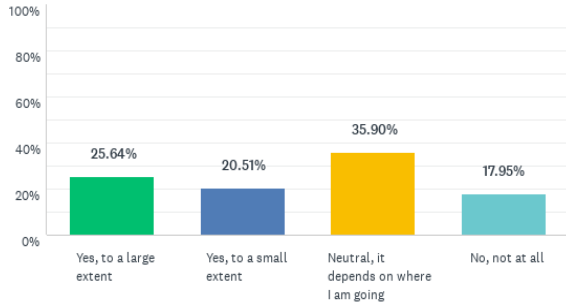
Length of being on lockdown



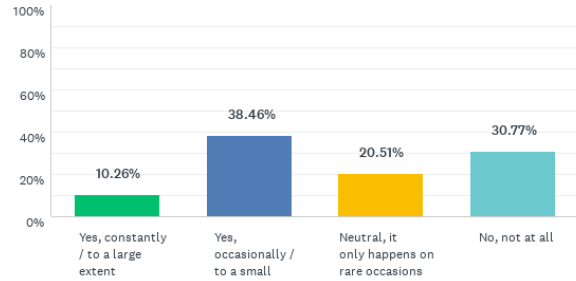
Stay Home / Work from Home

A fair majority (slightly more than 50%) were neutral or not worried about going back out in public, and even less concerned about returning to the office (some 64% indicating that this only worried them to a small extent or not at all). That said, in terms of the respondents’ preferences between working remotely or in their offices, only 10% favoured a full return to the office - some 20% favoured continuing to work from home, while the majority of respondents (about 43%) preferred a mix of working remotely and in the office. It would appear that “smart working” is enjoyed to an extent but ultimately works best when mixed with some days spent in the office. Overall, respondents were generally comfortable with staying home and this was not a significant cause of constant stress, likely because many may have gotten used to the new routine.

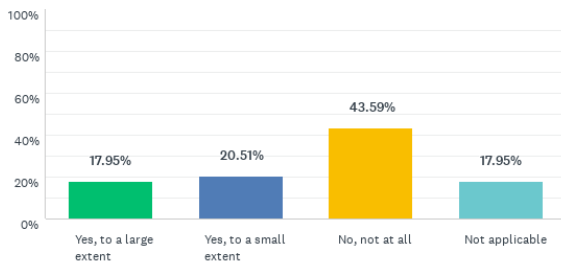
Anxious going back to public



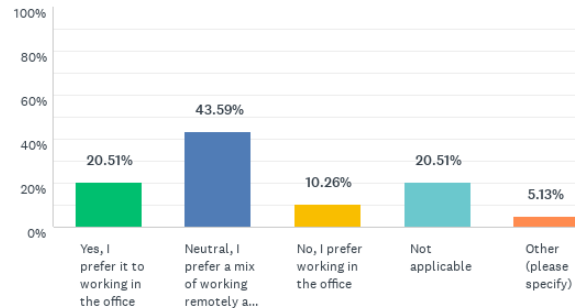
Anxious staying home under lockdown



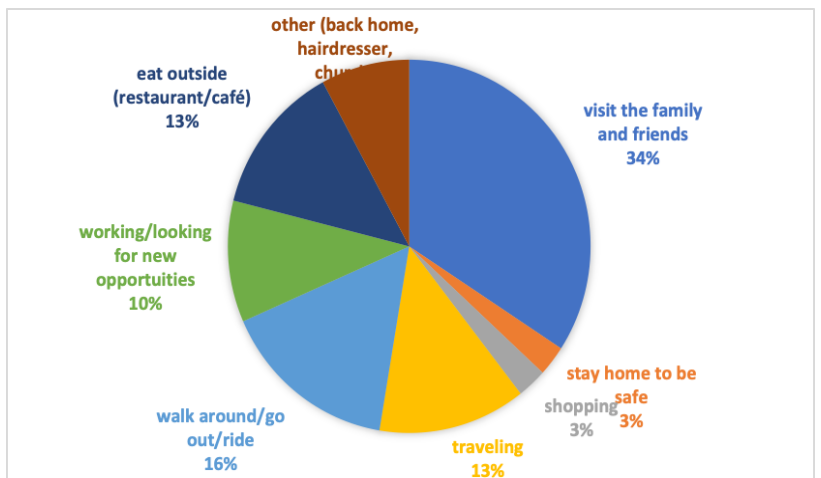
Anxious returning to work in the office



Prefer working remotely (e.g. working from home)?



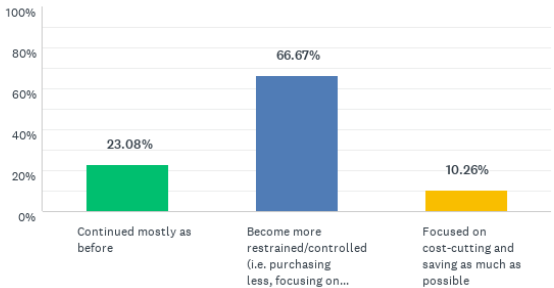
Respondents' post- lockdown plans were fairly varied, although most prioritized physical social interaction and experience - to see friends and close relatives, have some food outside in cafés or restaurants, and travel. We will examine further below using financial data from these market segments to see if they have complementary assessments or opposite estimations.



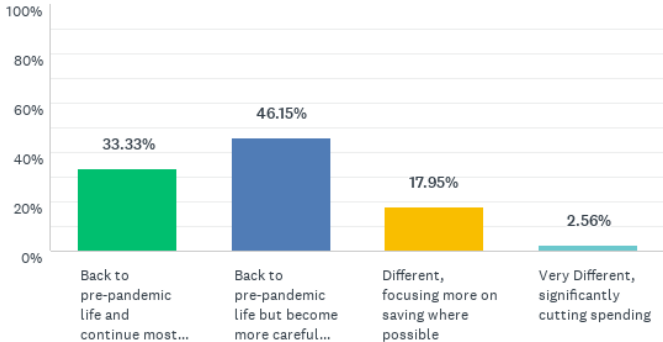
Moving to the financial aspects of the survey, the considerable impact of the pandemic and lockdowns on respondents' jobs and finances was evident. A significant number of respondents indicated that they had either lost their jobs or experienced some form of financial impact.

The impact was especially clear when it came to spending habits, where some 77% of respondents reported a reduction or increased restraint in their spending. The financial impact is unlikely to be temporary, with most respondents indicating that they would continue to be careful with spending habits even after the pandemic is brought under control.

Since the outbreak of the pandemic, your spending habits have:



Once the pandemic is over/under control, your spending habits are likely to be:



The biggest concern of corporate world

Financial markets worldwide experienced a severe downward correction in the month of February but have since rebounded from lows at the end of March. Corporate earnings have been revised down in most sectors, with several reporting dramatic revisions. Energy and consumer discretionary are the sectors with the worst outlook, with the lockdown causing major Oil overcapacity and disrupting global storage capacity. Will oil demand and consumption recover to pre-pandemic levels once the current pandemic is brought under control? This could be the case to a certain extent, as societies emerge from lockdown and vehicles return to the roads, and factories resume full production capacity. That said, the pandemic may well leave a permanent mark on key sectors which drive oil demand, such as aviation and shipping. But oil is ultimately

a physical asset and with global oil inventories starting to fill up, it will take more than simply a return to previous demand levels in order to absorb the current oversupply.



S&P Energy sector

Source: Bloomberg

Consumer Discretionary and in particular Consumer Services i.e. Hotels, Resorts, Cruise lines, Casino & Gaming and Restaurants have essentially been decimated by the pandemic mitigation measures (e.g. closure of borders, lockdowns). For example, analysts estimate that hotel revenues have been cut 40-50% - reaching lows that have not been seen since the last decade. With businesses completely shut down and no capital inflow, companies are burning through their reserves and increasingly desperate to find quick finance at any cost.

From large Cruise Lines, hospitality and restaurant chains to small businesses, “mom-and-pop” shops and family-run hotels - all are struggling to survive the pandemic mitigation measures, but with an end to the pandemic nowhere in sight, the question remains as to which companies will be able to remain afloat and in business once this is all over? Even then, with the pandemic likely to result in a permanent shift in global habits, it also remains to be seen whether existing business setups and strategies will be able to continue attracting a changed clientele with new habits, new preferences and new requests (e.g. sanitization, digital services, social distancing).



Hyatt Hotels revenues estimates

Source: Bloomberg



Carnival cruise line

Source: Bloomberg



Starbucks

Source: Bloomberg

Certain sectors, on the other hand, have shown themselves to be very resilient in the current landscape, while others have deftly adjusted to the new *real economy*.

Communication and Technology are the sectors that suffered least or benefited most from the pandemic:



Ciena Corp telecommunication infrastructure

Source: Bloomberg



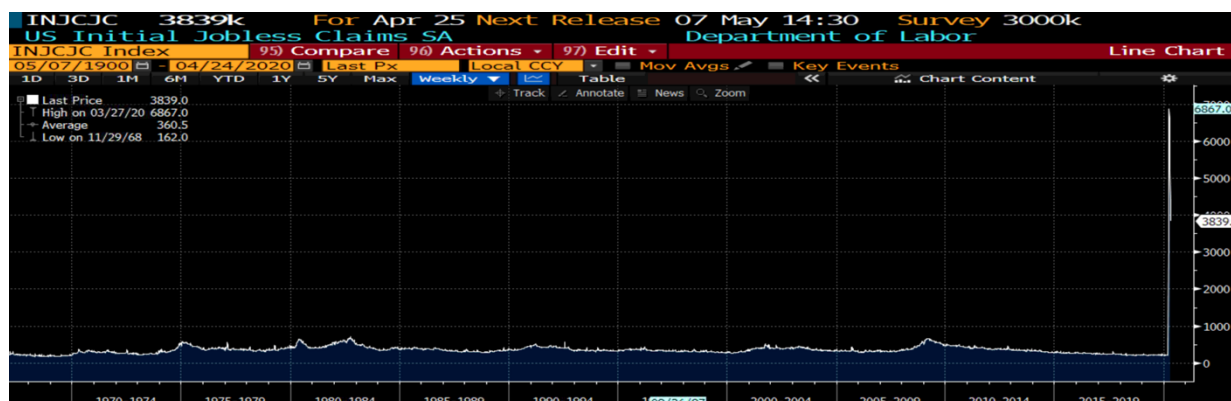
Netflix

Source: Bloomberg

Amidst the various forms of lockdown across the globe, one of the most fundamental human needs - social contact and communication - has become as critical as physical necessities like food and water. To this end, technology has proven to be a versatile and enduring tool that enables social contact while physically apart. From Generation Z to millennials to ‘boomers - digital communication tools have seen a surge in popularity and growth as platforms like Zoom are increasingly adopted not only for business meetings but also virtual happy hours with friends, group fitness sessions, and multi-generational family chats.

Infrastructure in private and public spaces has also come under significant stress and scrutiny, with a renewed importance in private spaces and reconfiguring of public ones. Lockdowns have put the spotlight squarely on Residential Real Estate, which will only continue growing in importance as future consumers seek an expanded range of functionalities like space and solutions for home offices and even home gyms. In public spaces, current capacity and distancing regulations may continue in some form for the longer term, necessitating a reconfiguration and redesign of future shops, restaurants and other public areas.

With a soaring number of unemployed:



US jobless Claims from 1950

Source: Bloomberg

And inequality between people becoming more evident:



Fiat Chrysler Vs Ferrari ytd

Source: Bloomberg

The question remains: are investors, analysts and C-Suite decision-makers able to accurately predict and prepare for a post-pandemic world?

For now, we can only eagerly await the development of an effective vaccine (that can be rapidly mass-produced and disseminated), while we seek answers in detailed surveys, behavioral studies and market data. As much as many, if not most, of us would like to return to our pre-pandemic version of “normal” as soon as possible, it would appear that most people are realistic about how long recovery will take.

From your point of view, when will your regular routines/life go “back to normal”

