Grant Thornton
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Economic Impact Assessment Report

The Coronavirus Pandemic

As at April 2, 2020

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- Liquidity concerns and forex volatility forcing central bank to intervene
- Lower tax collections due to drop in imports, exports as well as affected business across the nation
- URA grants amnesties and extensions for filing key corporate taxes and payment of penalties
- Stagnated hospitality and tourism industry with occupancy and travel numbers dropping to all time lows respectively
- Manufacturing and aviation sectors have reduced their business activities which has led to a drop in demand for petroleum products

Post Pandemic Scenarios in our view

Scenario 1: Quick Recovery
The pandemic is seasonal and case counts continue to grow, given the virus's high transmissibility. However, due to a strong public reaction and drop in demand, other countries will able to achieve the same rapid control seen in China.

Under this scenario, analysts suggest that global GDP growth for 2020 will fall from previous consensus estimates of approximately 2.5% to 2.0%.

Scenario 2: Global Slowdown
This scenario suggests that most countries are not able to achieve the same rapid control as China. The resulting shock cuts global GDP growth for 2020 in half, to between 1% and 1.5%, and pulls the global economy into a slowdown, though not a recession.

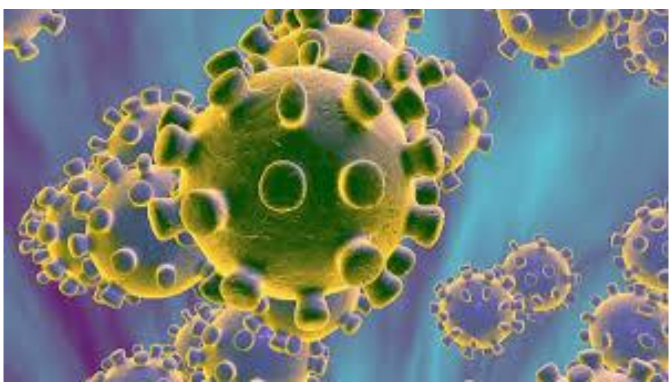
Small and mid-size companies are to be more acutely affected especially in aviation, travel, and tourism while less developed economies will suffer more than advanced economies.

Scenario 3: Recession
Case growth continues throughout Q2 and Q3 of 2020, potentially overwhelming healthcare systems around the world and pushing out a recovery in consumer confidence in the short term.

This scenario results in a global recession, with global growth in 2020 falling to between 1.5% and 0.5%.

Coronavirus pandemic

Coronavirus disease (COVID-19) is an infectious disease caused by the coronavirus. The disease causes respiratory illness (like the flu) with symptoms such as a cough, fever, and in more severe cases, difficulty breathing. Other symptoms include; tiredness, aches and pains, sore throat, and few people report instances of; diarrhoea, nausea and running nose.



The virus is highly transmissible and spreads when an infected person coughs small droplets packed with the virus into the air. These may be breathed in and can cause an infection. Alternatively, if one touches a surface on which these droplets have landed on; then their eyes, nose or mouth, they too can get infected.

It has been discovered that those infected often display only mild symptoms (or no symptoms at all), making it hard for public health systems to identify such cases.

It is not clear whether asymptomatic people can transmit the virus and the length of the incubation period also varies based on the evidence that has been obtained. However, the median incubation period was estimated to be 5.1 days.

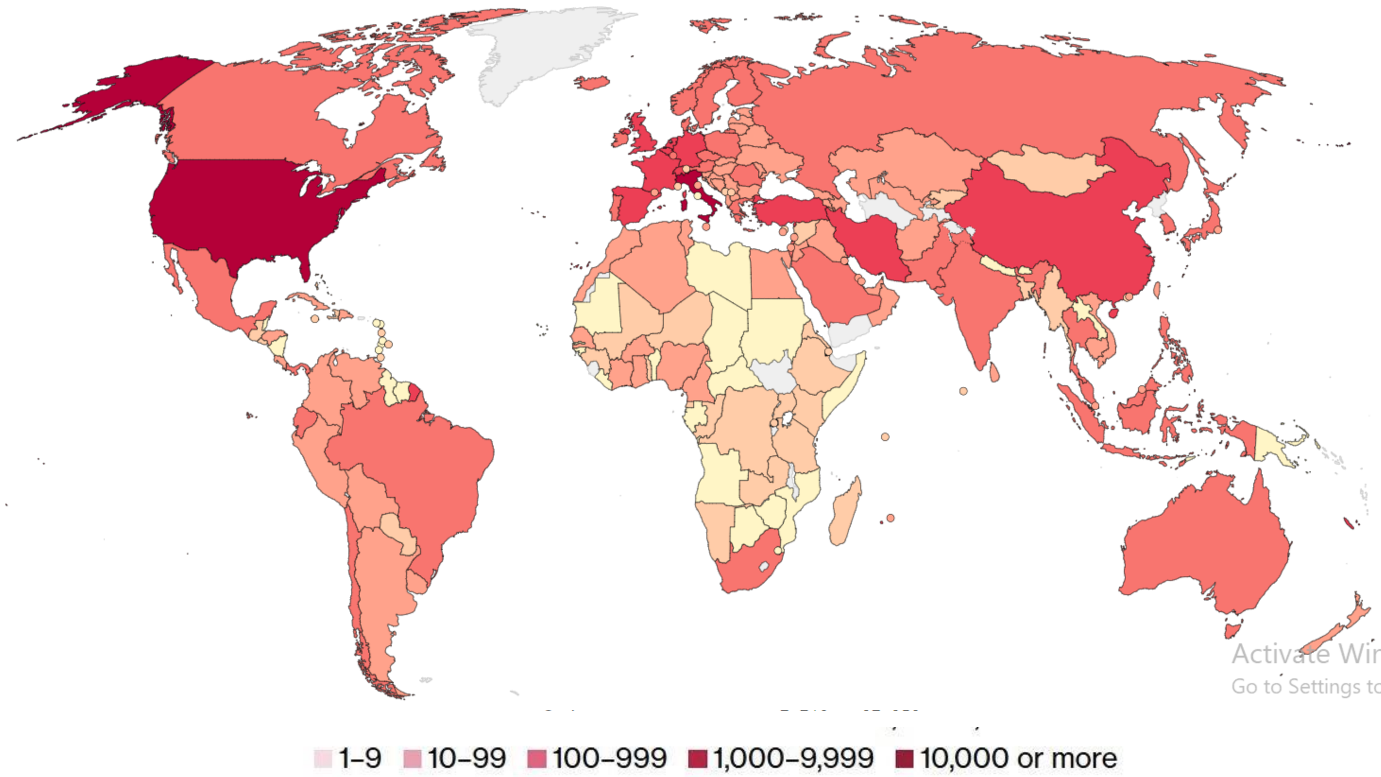
The United States' Center for Disease Control and Prevention (CDC) estimates that the virus's reproduction number (the number of additional cases that are likely to result from an initial case) is between 1.6 and 2.4

This makes it more transmissible than seasonal flu. People who have underlying medical conditions and those over 60 years of age have a higher risk of developing severe complications and dying. Epidemiologists Zunyou Wu and Jennifer McGoogan analysed a report from China Center for Disease Control and Prevention and concluded that a fatality rate for patients 80 years and older was 7 times the average.

Infographics from World Health Organization to spread awareness on the disease

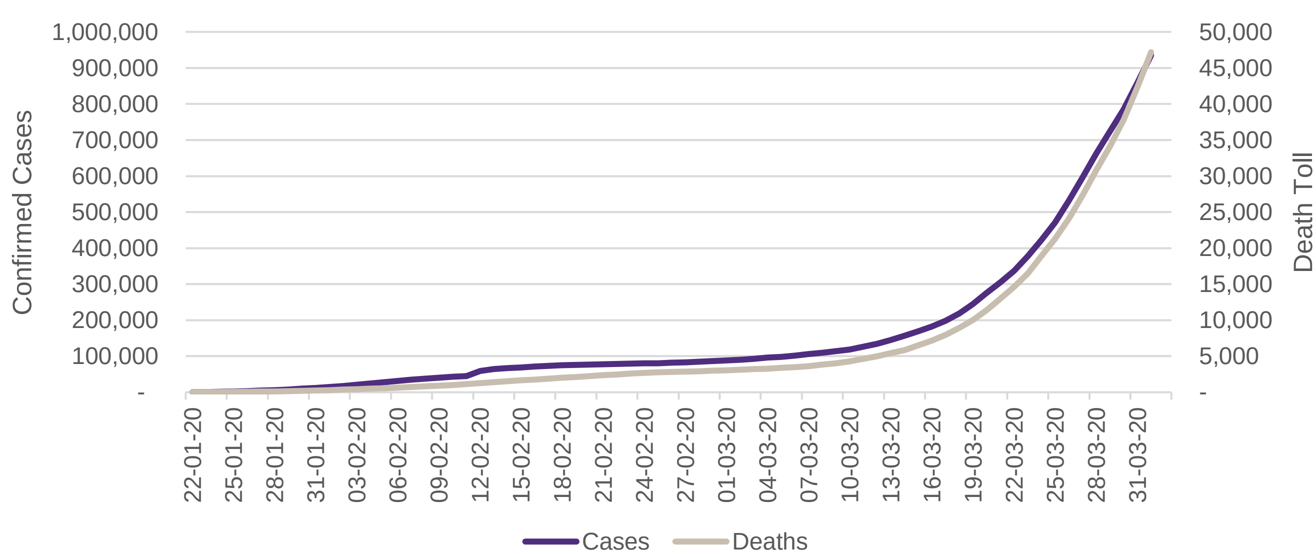
COVID-19 spread

Global spread as at April 1, 2020



Source: Bloomberg

Confirmed cases and death toll as at April 1, 2020



Measures against COVID-19

Global response

Many countries now face the need to bring the widespread community transmission of the coronavirus under control.

Measures to limit spread of the virus include:

- Implementation of public-health tools with the help of technology. These include:
    - rapid and widespread deployment of coronavirus testing kits,
    - rigorous contact tracing,
    - a focus on healthcare provider safety,
    - real-time integrated tracking and analytics.
- Rapid construction of health facilities to handle COVID-19 patients. For example, China building hospitals within 10 days of the initial cases.
- Instituting lockdowns (quarantine) on citizens.
- Significant movement restrictions imposed on citizens. Some countries have taken to imposing curfews such as Uganda, Kenya and Rwanda.

In places where the cases have surged, hospital capacity has been overwhelmed. The disproportionate impact on healthcare workers and lack of flexibility in the system is creating a vicious cycle which makes it harder to bring the pandemic under control.

Governments and international organizations like World Health Organization (WHO) are frequently sharing information on COVID-19 to help bring it under control.

Basic protective measures from WHO include:

- Keeping up-to-date with latest information on the COVID-19 outbreak available on the WHO website, through national and local public health authorities.
- Disinfecting hands frequently with an alcohol-based hand rub or washing for not less than 20 seconds with soap.
- Maintaining social distance of at least 1 meter (3 feet) between individuals.
- Avoiding touching of the eyes, nose and mouth because hands touch surfaces and can pick up the virus. WHO reported that the coronavirus may persist on surfaces for a few hours or up to several days depending on their nature.
- Covering the mouth with a bent elbow or tissue when coughing or sneezing and disposing of the used tissue immediately.
- Those who have fever, cough and difficulty breathing are advised to seek medical care early. Those who feel unwell are advised to stay home.
- Avoid smoking and other activities that weaken the lungs.

Uganda's response

In order to reduce the wide spread of COVID-19, the Ministry of Health has undertaken numerous measures being enforced by the Police.

Initial measures to limit spread of the virus included:

- All passenger entry and exit into and from Uganda has been banned. The Entebbe International Airport and all boarders were consequently closed.

- Suspension of all public transport including boda-bodas, taxis, mini-buses, among others for 14 days.

- Markets should be selling only foodstuffs and therefore those selling non-foodstuffs such as clothes, appliances, among others are to shut down.

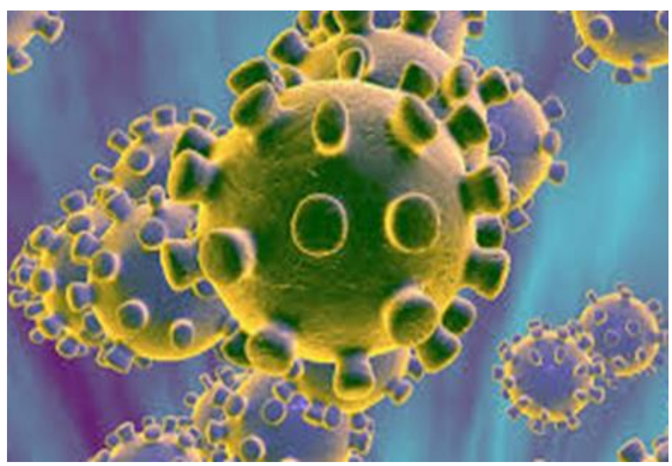
- All religious centers, schools and bars have been closed for a period of 32 days.

- All funerals for those infected with the coronavirus shall be handled by the State and not the individual's family.

- All mass gatherings listed below have been either banned for 32 days or where necessary, the number of attendees limited to less than 10:
    - Social/cultural events e.g. funerals, weddings, parties, crowding in bars, music performances, etc.
    - Political events e.g. rallies, campaigns, national events
    - Sporting events
    - Religious events

In addition to these, the president enforced the following measures:

1. Ban on all private vehicle movement effective March 30, 2020;
2. Closure of all malls and non-essential businesses selling non-food items for 14-day period;
3. Supermarkets to remain open with strict SOPs on to minimize congestion;
4. Gatherings exceeding 5 people prohibited;
6. Factories & food markets to remain open provided that there is minimal movement of staff between sites and places of residence;
7. Except for cargo lorries, trains and planes, at 1900 Hrs a curfew has been imposed across the country
8. Government workers to stay at home for the 14 days, except for the Army, the Police, the Health workers, the Electricity, Water and Telephone workers.



Impact on the global economy

Overview

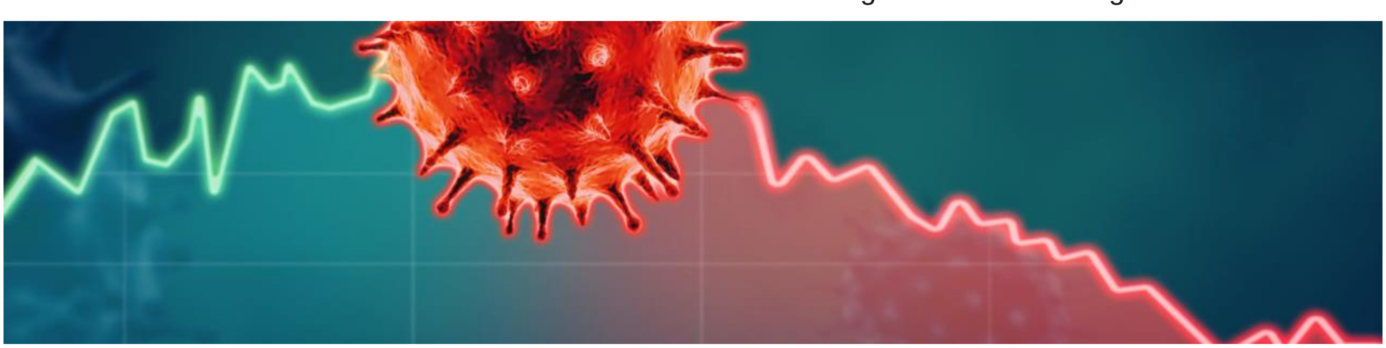
With the WHO stating that 176 countries have recorded cases of COVID-19, there is no doubt that the global economy is being affected negatively.

Coronavirus COVID-19 wipes USD 50 billion off global exports in February according to UNCTAD

Tokyo 2020 Olympics and all other major sports leagues postponed over COVID-19 concerns

IATA now estimates that industry passenger revenues could plummet USD 252 billion

Retail centers, schools, authorities, boarders, places of worship remain closed whereas non-essential businesses reduce hours of operations to encourage a remote working environment

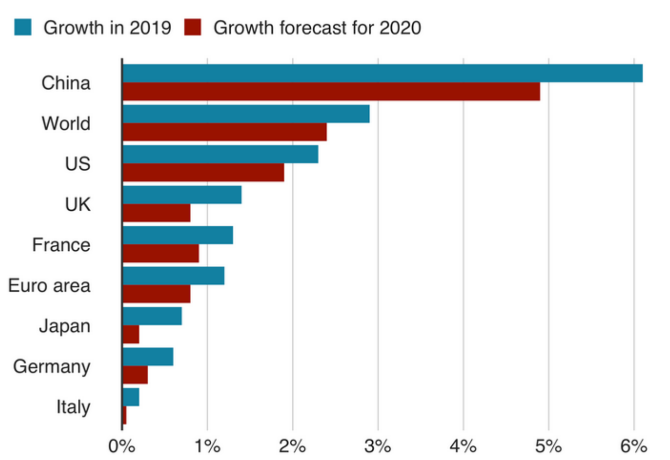


Demand

The aviation, tourism and hospitality sectors are poised to lose significant levels of demand which will be largely irrecoverable.

According to base-case scenarios from analysts, the continued spread within areas with confirmed cases, as well as community transmission in new complexes, will drive a 0.3% to 0.7% reduction in the global GDP growth for 2020. Furthermore, according to the OECD, the global economy is likely to grow at 2.4% in 2020, down from the initial prospect of 2.9%. This would be the slowest growth rate since the 2008/2009 financial crisis.

The graph below compares the current GDP to the expected GDP per major economy



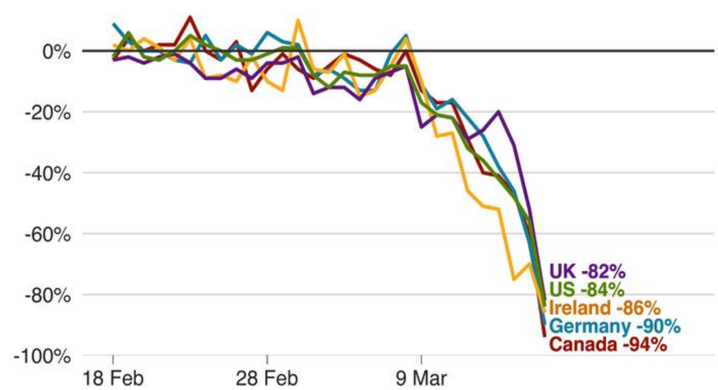
Source: OECD

China is currently on its path to recovery, aiming to achieve a near-complete economic restart by Q2 while other geographies experience continued increase in cases whilst imposing movement restrictions in attempt to cut the progression of the disease. This is deemed to drive a sharp reduction in demand, which will in turn lower economic growth throughout Q2 and early Q3. Demand recovery will depend on a slowing of case growth, the most likely cause of which would be seasonality. Demand may also return if the disease's fatality ratio proves to be much lower than what is currently reported.

Unsurprisingly, different sectors will be affected in different degrees. Some sectors, like aviation, tourism, and hospitality, will experience lost demand. This demand is largely irrecoverable.

Other sectors will see delayed demand. For example in consumer goods, customers may hold off discretionary spending due to the pandemic but will eventually purchase such items later, once the fear subsides and confidence returns. These demand shocks in regions that are unable to contain the virus can result in significantly lower annual growth. The effect on sectors such as aviation have been much higher than the rest.

The chart below compares the trend in restaurant bookings between the same days in 2019 and 2020



Source: OpenTable

In addition to facing consumer-demand headwinds, business need to navigate through supply-chain challenges. Currently, companies with strong, centralized procurement teams and good relationships with suppliers in China are feeling more confident about their understanding of the risks these suppliers face while others are grappling with their exposure in China and other transmission complexities.

Supply chain

COVID-19 is upending the carefully calibrated logistics of global shipping and highlighting long-standing concerns.

The COVID-19 crisis presents organization leaders with a challenge the global economy has not faced since the Spanish Flu pandemic in 1918-20. The flu infected up to one third of the world population, with a mortality rate of approximately 3%, killing many young adults in the prime of their lives.

Over the subsequent 100 years, the growth engines driving business ecosystems have changed, becoming highly dependent on trade across global supply chains. With the current coronavirus crisis, these highly dependent and fragile supply chains have been terribly affected.

Below are some examples:

- The plunging level of exports from China and congestion at Chinese ports are disrupting the trade of goods.

- US agricultural products that are destined for Asian markets are stuck at Chinese ports, creating a traffic that is driving up prices for US exporters and sowing additional turmoil on top of a not-yet-resolved trade war.

- In addition, developing countries that are highly dependent on agriculture have also not been able to export their produce to China, one of the largest importers and consumers of food.

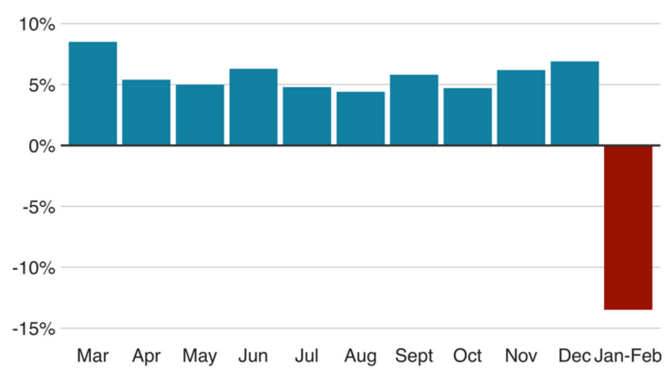
- Factory shutdowns have crippled China's industrial production. A record number of 2 million containers of ocean-going cargo stalled in February; this figure is more than that reported during the Great Recession between 2007 and 2009.

- Rising concerns around product availability, cost, and quality; and decreased manufacturing capacity stemming from plant closures and workforce shortages are all disrupting supply chains.

For many organizations around the world, the most important consideration from the first ten weeks of the COVID-19 outbreak has been the effect on supply chains that begin in or go through China. As a result of the factory shutdowns in China during Q1, many disruptions have been felt across the supply chain, though the full effects are of course still unclear.

Given the relatively quick economic restart in China, many companies are focused on temporary stabilization measures rather than moving supply chains out of China. COVID-19 is also serving as an accelerant for companies to make strategic, longer-term changes to supply chains, changes that had often already been under consideration.

The graph below illustrates the Chinese industrial production from March 2019 to February 2020



Source: China National Bureau of Statistics

Supply chain *(continued)*

China on its way back to restoration as global companies make strategic changes to supply chains.

Hubei, a leading province is still in the early phases of its recovery, but fatality rates remain high, and many restrictions remain that will prevent a resumption of normal activity until Q2.

The rest of China reports many large companies running at more than 90% capacity as of March 1, 2020.

Tracking capacity to ship goods from factories to ports is at approximately 60% to 80% of normal capacity as goods are facing delays of between 8 - 10 days on their journeys to ports.

The Baltic Dry Index which measures freight rates for grains and other dry goods around the world dropped by approximately 15% at the beginning of the outbreak but has increased by nearly 30% since then. The TAC index, for measuring air-freight prices, has also increased by approximately 15% since early February.

Over the coming months, the phased restart of plants outside Hubei and the relaxed progress of plants within Hubei are likely to lead to challenges in securing critical parts. As inventories run down faster, parts shortages are likely to become the new reason why plants in China cannot operate at full capacity. Moreover, plants that depend on Chinese output (most factories around the world) have not yet experienced the brunt of the initial Chinese shutdown and are likely to experience inventory “whiplash” in the coming weeks.

However analysts predict that the biggest uncertainty for supply-chain heads is the dropping consumer demand.

Such a crisis heightens the need for organizations to be able to access, quantify and respond to supply chain risks in real time.

Supply chain disruptions increase the likelihood of logistical, financial and solvency concerns, especially in the absence of substantial working capital or ready access to credit. The lack of organizational resiliency in the face of a pandemic presents an essential challenge for today’s organization leaders.

Eight supply chain lessons organizations can apply in order to better understand, prepare for and combat the disruptions of the COVID-19 pandemic have been listed below:

Lesson 1: Build a supply chain risk management framework and link underlying processes and key risk triggers to a business continuity plan

- Governance framework should be documented with clear roles and responsibilities.
- Scope and objectives as well as desired outputs should be clearly defined.
- Resiliency planning and business continuity must be included and tested.

Lesson 2: Collect internal data on disruptions

- Data on prior events or disruptions is valuable. It can help predict results for future events.
- Challenge employees to identify events and train them on inputting and generating the kind of data that is needed.
- Catalog the data for quick reference and better usability within qualitative and quantitative analysis and reporting.

Supply chain *(continued)*

Supply chain lessons organizations can apply in order to better understand, prepare for and combat the disruptions of the COVID-19 pandemic.

Lesson 3: Leverage external data and models

- External data is equally important and useful for augmenting internal data.
- Industry specific data is often available and offers an added filter.
- Cross industry or customer consortiums offer unique data that adds context.
- External models exist and can help validate internal data and findings.

Lesson 4: Identify the most prevalent supply chain risks

- Brainstorm with internal thought leaders to identify the most obvious risk factors.
- Consider the industry and competitors to identify other potential risk factors.
- Subscribe to academic studies on risk factors in specific industries or geographies.

Lesson 5: Conduct a supply chain risk assessment to understand the business impact of supply chain disruptions both upstream, internal and downstream, across various supplier groups and product lines

- Use the risk factors identified to brainstorm the possible failure modes. For example, consider order and sources of potential disruptions, cost of parts, products and other variable costs, workforce stoppage costs due to supplier non-performance, or nonperformance due to supplier workforce stoppage or slowdown.

Lesson 6: Use quantitative modeling that evaluates supply chain risks based on conditional probabilities

- Build quantitative models that can learn from valid data you collect and maintain.
- Integrate your risk assessment and cost analysis into the risk modeling.

Lesson 7: Develop and iterate on your resiliency plans including a disaster recovery plan with business rules that determine when these plans go into effect

- Always understand the financial exposure you assume with your supply chain subject to the likelihood such exposure occurs.
- Align resources with the most critical resiliency plans that also protect your working capital.
- Maintain disaster recovery plans with clear initiation triggers and guidelines.

Lesson 8: Demand that your suppliers, contract manufacturers, third party logistics providers and others have sophisticated supply chain risk management and resiliency planning capabilities

Financial markets

Global financial markets record worst drops since the 2008 financial crisis.

With the uprising of the global COVID-19 pandemic, financial conditions have deteriorated consequently increasing the difficulty for buyers and sellers to price assets. Markets are experiencing extreme volatility which is in turn expected to start hitting the global economy. This is expected to be spurred on as consumers get nervous about their hard-hit stock portfolios while it becomes increasingly difficult for businesses to borrow money.

US stocks are now down 27% from their record highs posted less than a month ago. Analysts believe that the most worrisome development lately is that circumstances seem to be at much more heightened risk of financial markets becoming an amplifier of the adverse dynamics that are currently unfolding. Short-term lending markets have been stressed to a major point of concern as these markets need to continue functioning for the real economy not to die out.

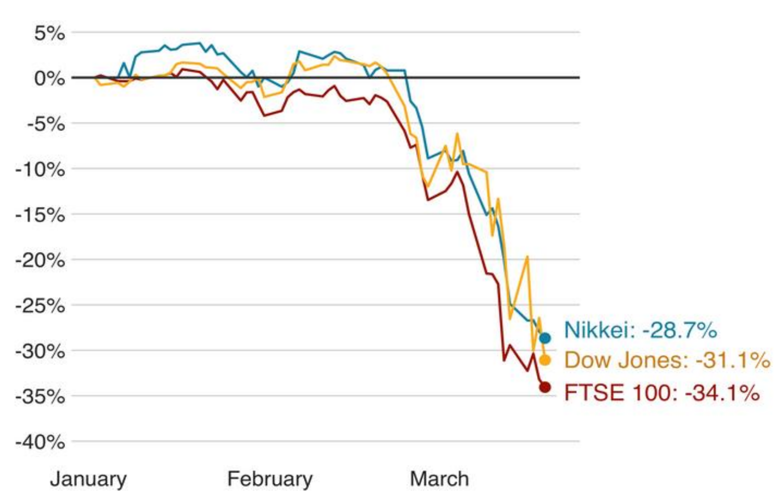
The US Federal Reserve on March 15, 2020 took emergency action to ease some of the stress by cutting its benchmark interest rate. Rates were cut close to zero and it further announced that it would commit to make borrowing of US dollars cheaper for banks around the world.

These are a few signs of just how worried central bankers are about the financial market uproar which could cause broader problems. Further as stock markets keep plunging, credit markets remain unstable while liquidity dries up, it is stated that a global recession is inevitable. On February 18, 2020, US stocks entered a freefall that reduced roughly a third of their value ending the longest bull market in history. The Dow has fallen nearly 35% since Apple issued its coronavirus warning, posting shock declines on March 9 (-7.8%), March 12 (-10%) and March 16 (-12.9%.

The chart below illustrates the trend in the US federal fund interest rate

Source: Macrotrends – Federal Fund Rate

The chart below depicts the movement in stock markets since the COVID-19 outbreak



Source: Bloomberg

Financial markets *(continued)*

Interest rates significantly reduced as Governments try to curb the effects of the pandemic.

Markets in Europe and Asia have also significantly experienced drops. Europe's Stoxx 600 lost approximately a third of its value since February 18, 2020, while Hong Kong's Hang Seng Index dropped by 18% over the same time period.

Globally businesses exposed to fallout from the pandemic have seen their stocks decimated. Shares in United Airlines (UAL) have declined by approximately 70% so far this year, while French carmaker Renault (RNLSY) declined by 62%. As such share prices may come under even more pressure.

The commodity market

In times of uncertainty, Gold has always been considered a safe haven. This was the case in February when gold prices hit a 7 year high of USD 1,682 per ounce.

However, gold has been on a gradual decline over the past week as investors rush to hoard cash. The decline in interest rates and a plunge of the stock markets are key factors that are making investors risk averse.

Additionally, the futures price for precious metals has been falling on the backdrop of weak global cues from the industrial sectors, especially the slump in the demand from the Chinese manufacturing industries.

Outlook

Central banks across the globe have responded to enlarging economic devastation by cutting interest rates and using other tools to support growth while preventing financial markets from seizing up.

- The US Federal Reserve cut interest rates while committing USD 750 billion to buy government bonds and other securities.
- In the UK, the Bank of England also cut its interest rates twice, on March 11, 2020 and March 19, 2020.
- While In Japan and the rest of Europe, where interest rates have been in negative territory for years, central banks have united with the Fed in announcing asset purchases worth hundreds of billions of dollars.

Governments have committed to inject large sums of cash into the economy. Analysts state that spending commitments from USA, Europe, Japan, UK and China add up to at least USD 1.7 trillion.

Furthermore, a much larger sum has been promised in the form of credit guarantees.

Analysts have stated that despite the slow initial response from developed economies, strong commitments from policy makers indicate a sizable fiscal expansion plan in the process.

Impact on Uganda

Our economy

With all global economies being affected, Uganda too is feeling the gruesome effects of the coronavirus. Ministry of Finance has stated that economic growth is foreseen to slowdown from an earlier forecasted rate of 6% to a rate between 5.2% and 5.7% depending on the severity of the pandemic.

The Ministry of Health confirmed its first case on March 22, 2020 stirring a lot of panic in the country. In an attempt to contain the virus, travel restrictions were imposed, and these have consequently affected numerous key sectors. The restrictions have disrupted the supply chain and affected the flow of imports into the country resulting into shortages. Exports are also expected to decline in the last four months of the financial year.

Revenue collection is estimated to register an additional shortfall of Ushs 82.4 billion in the last four months of the financial year. These are foreseen to widen the country's debt level as the Government is already facing a financing gap of USD 100 million this fiscal year from revenue shortfalls and unexpected expenditure on locusts.

Below are the key sectors which have been most affected by the coronavirus outbreak:

Trade

Given that China is one of Uganda's key trading partners with 25% of the country's imports coming from the mainland alone, businesses are feeling the strain of reduced inventory levels due to supply constraints.

Traders are unable to travel nor make orders for goods as many factories on the mainland have been forced to close or shutdown for the foreseeable future in an effort to contain the virus. These conditions are reducing production and sales volumes due to the inability to meet demand as manufacturers are operating below capacity or considering temporary closure because of raw material deficiencies.

As the local populace begins panic buying to prepare for any shortages, many traders are hoarding as a way of maintaining stock and taking advantage of expected price increments.

Our economy

A survey in local markets and retail shops in Lira, Dokolo, Moyo and Alebtong towns indicated that the prices of beans, irish potatoes, sugar, rice and others have more than doubled with a sachet of salt increasing from Ushs 600 to Ushs 2,000.

Tourism

The tourism sector contributed USD 1.6 billion to the economy in 2018/2019 and is a major foreign exchange earner for the country. However, with many countries effecting travel restrictions, tourist numbers to the Pearl of Africa have declined as many have been unable to meet their reservations and others have outright cancelled their plans waiting for the crisis to fade out.

The Government's recent travel ban on inward and outbound passenger flights has dealt a massive blow to the sector darkening its hopes of achieving the 10% projected growth for 2020. The cancellation of International conferences such as the G77 summit and World Health Forum have also affected the sector. Below are a few statements from leading hotels and tourism companies in Uganda:

- Hotel Africana - Occupancy rates have declined from 75% to 25% and the company is considering halving the workforce to accordingly reduce the costs.
- Great Lake Safaris - Most reservations in lodges are being cancelled with clients demanding refunds. 9 out of 10 emails coming in are cancellations.
- Sheraton Kampala Hotel – Business has drastically declined with current occupancy rates standing at 24%.

40%

decline in occupancy rates across major hotels

Tax and Policy

THE BIG STORY

COVID-19: Uganda Revenue Authority grants various amnesties and extensions for filing key corporate taxes and payment of penalties

Approximately 42% of Uganda's tax is collected from international trade through value added tax, import duty and excise duty on petroleum products. Given the current coronavirus situation, collections this year are likely to be affected due to the slow down in the international trade.

The virus scare has resulted into reduced activity in trade, services, tourism and manufacturing sectors which will consequently result in reduced value added tax remittances and corporation tax payments. This reduces the Government's tax collection and in turn affects next financial year's budget.

The Central Bank has been forced to effect policy measures to intervene in the market after sighting liquidity concerns for domestic financial institutions as well as the forex volatility in the market with the shilling losing ground against the US dollar. As of March 25, 2020, one USD was equivalent to Ushs 3,890.

Our economy

Oil
With the world witnessing an economic slowdown, there has been a massive decline in oil demand. The country's transport, manufacturing and aviation sectors have reduced their business activities which has led to a huge drop in oil demand.

In such situations, oil producers respond to market dynamics by cutting supply to boost prices which may result into rising fuel prices. In addition, Uganda, Rwanda and parts of the Democratic Republic of Congo are staring at possible fuel shortages after Kenyan tax authorities impounded hundreds of trucks that ferry fuel to the landlocked countries.

Health care
Since 2018, Uganda has been in emergency mode and has had to respond to outbreaks of ebola, yellow fever, measles and crimean-congo hemorrhagic fever one after another.

The Government is currently battling the coronavirus and is focused on limiting the spread of the virus. It has therefore put in place expansionary measures to boost the economy and cushion it from any negative impacts arising from the virus.

However, a balance will need to be struck between boosting the economy and supporting the strain that is likely to be felt by our underdeveloped healthcare system.

The Ministry of Health has prepared a response plan which is guiding the ongoing preventive activities. These include standard operational procedures such as installing temperature monitors, distance guidelines, hand sanitization as well as restricting numbers in premises.

All these have however added onto the operational costs for the Ministry and several health institutions.

Post-pandemic scenarios

Post-pandemic scenarios

Analysts have assumed three scenarios of how the COVID-19 epidemic will affect the global economy.

Scenario 1: Quick Recovery

Under these assumptions, COVID-19 is seasonal and case counts continue to grow, given the virus's high transmissibility. While this causes a strong public reaction and drop in demand, other countries will able to achieve the same rapid control seen in China.

Given the low fatality rates in children and working-age adults, we might also see levels of concern start to subdue even as the disease continues to spread. Older people, especially those with underlying conditions are expected to pull back from many activities.

The assumptions under this scenario suggest that younger people will be affected enough to change some daily habits but not so much that they shift to survival mode and take steps that come at a higher cost.

Under this scenario, analysts suggest that global GDP growth for 2020 will fall from previous consensus estimates of approximately 2.5% to 2.0%.

The biggest factors are a fall in China's GDP from nearly 6% to approximately 4.7% (resulting in a 1% drop in GDP growth for East Asia). By the end of Q1, China will be expected to resume most of its factory output however consumer confidence will not be expected to fully recover until the end Q2.

Scenario 2: Global slowdown

These assumptions suggest that most countries are not able to achieve the same rapid control that China managed. In European countries and the United States, transmission is high but remains localized, partly due to individuals, firms, and governments taking on strong counter measures including school closings and cancellation of public events.

The global slowdown assumptions state larger shifts in people's daily behaviors. This reaction can last up to 6 - 8 weeks in towns and cities with active transmission and 3 - 4 weeks in neighboring towns.

The resulting shock cuts global GDP growth for 2020 in half, to between 1% and 1.5%, and pulls the global economy into a slowdown, though not a recession.

Small and mid-size companies are to be more acutely affected while less developed economies will suffer more than advanced economies.

Service sectors, including aviation, travel, and tourism, are likely to be hardest hit. Airlines have already experienced a steep fall in traffic on their highest-profit international routes (especially in Asia–Pacific).

Post-pandemic scenarios

Analysts have assumed three scenarios of how the COVID-19 epidemic will affect the global economy.

For consumer goods, there will be a steep decline in consumer demand. This has implications for the many consumer companies that operate on thin working-capital margins. However demand is expected to return in May–June as concern about the virus diminishes.

For other sectors, the impact will come about due to the drop in national and global GDP, rather than a direct impact of changed behaviors. Furthermore, oil and gas, for instance, will be adversely affected as oil prices stay lower than expected until Q3 of 2020.

Scenario 3: Pandemic and recession

These assumptions are similar to the global slowdown; however it is assumed that the virus is not seasonal (unaffected by spring in the northern hemisphere).

Case growth continues throughout Q2 and Q3 of 2020, potentially overwhelming healthcare systems around the world and pushing out a recovery in consumer confidence to Q3 or even beyond. This scenario results in a global recession, with global growth in 2020 falling to between 1.5% and 0.5%.

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