BUSINESS ACUITIES

INTERNATIONAL BUSINESS

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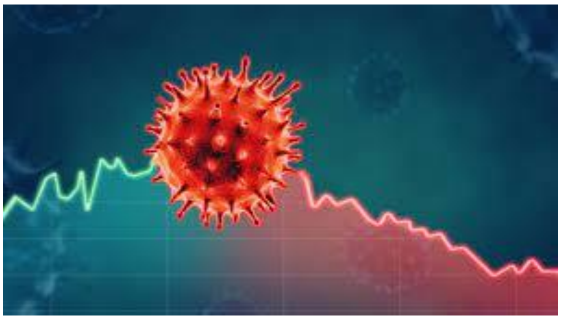
CONTENTS

EDITORIAL BOARD

IMPACT OF COVID-19:



1. Health Crisis:

The pandemic persisted in many countries, with varying rates of infection and mortality. Governments and health authorities continued to implement measures to contain the spread of the virus, such as social distancing, mask mandates, and testing and contact tracing initiatives. Efforts were focused on preventing new outbreaks and protecting vulnerable populations.

2. Economic Contraction:

The pandemic resulted in severe economic contractions globally. Many countries experienced recessions, with GDP growth rates sharply declining compared to previous years. Sectors such as travel, tourism, hospitality, and retail faced significant challenges due to lockdowns, travel restrictions, and reduced consumer spending.

3. Unemployment and Job Losses:

The economic downturn caused by COVID-19 led to widespread job losses and increased unemployment rates. Businesses faced closures or downsizing, and workers across various industries were affected. Government support programs, such as wage subsidies and unemployment benefits, were implemented to help individuals and businesses navigate the crisis.

4. Government Intervention and Stimulus Measures:

Governments around the world implemented fiscal stimulus packages to provide economic relief. These measures included financial assistance to affected businesses, support for healthcare systems, income support for individuals, and funding for research and vaccine development. Central banks also implemented monetary policy measures, such as interest rate cuts and liquidity injections, to support financial markets and ensure liquidity in the economy.

5. Disruptions to Global Trade and Supply Chains:

COVID-19 disrupted global trade and supply chains due to restrictions on movement, travel, and transportation. Borders were closed, leading to a decrease in trade volumes and challenges in logistics and distribution. The pandemic highlighted vulnerabilities in global supply chains and led to discussions on diversification and resilience.

6. Shifts in Consumer Behaviour and Digital Transformation:

The pandemic prompted significant shifts in consumer behaviour, with increased reliance on e-commerce, online services, and remote work. Businesses accelerated their digital transformation efforts to adapt to changing consumer demands and preferences. Technology companies, online retailers, and digital service providers experienced growth, while traditional brick-and-mortar businesses faced challenges.

7. Mental Health and Social Impacts:

The prolonged nature of the pandemic and associated restrictions took a toll on mental health and well-being. People faced challenges related to isolation, anxiety, and uncertainty. Efforts were made to provide mental health support and promote social cohesion during these difficult times.

It's important to note that the impact of COVID-19 varied across countries and regions, depending on factors such as healthcare systems, government responses, and the effectiveness of containment measures. For the most up-to-date and comprehensive information on the impact of COVID-19, it is recommended to refer to recent news sources, official reports, and statements from health authorities and government agencies.

GDP CONTRACTIONS AND RECOVERY EFFORTS:

1. GDP Contractions:

The pandemic led to sharp declines in GDP growth rates, and many countries experienced negative GDP growth in the second quarter of 2020. Lockdown measures, travel restrictions, and reduced consumer spending significantly impacted economic output across sectors such as tourism, hospitality, retail, and manufacturing.

2. Fiscal Stimulus Packages:

Governments implemented fiscal stimulus packages to support economic recovery. These packages included measures such as direct cash transfers to individuals, wage subsidies to businesses, tax relief, and increased spending on infrastructure projects. The aim was to boost consumer spending, protect jobs, and stimulate economic activity.

3. Monetary Policy Measures:

Central banks employed various monetary policy tools to support economic recovery. Interest rates were lowered, sometimes to record-low levels, to encourage borrowing and investment. Central banks also implemented quantitative easing programs to inject liquidity into financial markets and ensure the smooth functioning of the banking sector.

4. Infrastructure Investment:

Governments focused on infrastructure investment as a means to create jobs and stimulate economic growth. Projects related to transportation, renewable energy, digital infrastructure, and healthcare infrastructure were prioritized to support long-term economic development.

5. Support for Small and Medium-sized Enterprises (SMEs):

SMEs, which were hit hard by the pandemic, received targeted support to help them survive and recover. Governments provided financial assistance, access to credit, loan guarantees, and business advisory services to help SMEs sustain their operations and retain employees.

6. Sector-Specific Support:

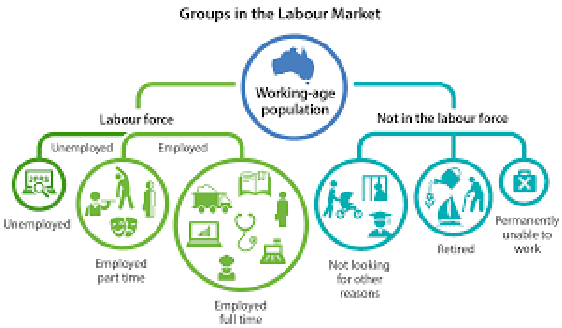
Certain sectors heavily affected by the pandemic, such as aviation, tourism, and hospitality, received specific support and relief measures. These included sector-specific bailout packages, tax breaks, and regulatory flexibility to help these industries navigate the crisis and facilitate their recovery.

7. International Collaboration:

International organizations and governments collaborated to coordinate efforts and provide financial assistance to countries in need. For example, the International Monetary Fund (IMF) and the World Bank provided financial support and debt relief initiatives to low-income and developing countries.

It's important to note that the specific recovery efforts and their effectiveness varied across countries and regions. The pace and trajectory of recovery also depended on factors such as the severity of the outbreak, the effectiveness of containment measures, and the structure of each country's economy. For the most up-to-date and comprehensive information on GDP contractions and recovery efforts, it is advisable to refer to recent economic reports, government announcements, and statements from relevant authorities.

UNEMPLOYMENT AND JOB MARKET:



1. High Unemployment Rates:

Many countries experienced elevated unemployment rates as a result of the economic downturn caused by the pandemic. Lockdown measures, business closures, and reduced consumer demand led to job losses across various sectors, particularly in industries such as travel, tourism, hospitality, retail, and manufacturing.

2. Job Retention Measures:

Governments implemented various measures to support job retention and minimize layoffs. These measures included wage subsidies, furlough schemes, and short-term work programs that provided financial assistance to businesses to retain employees even during periods of reduced activity.

3. Disproportionate Impact on Certain Groups:

The pandemic had a disproportionate impact on certain groups in the job market. Low-wage workers, temporary workers, and those in the informal sector were particularly vulnerable to job losses and reduced working hours. Young people and women also faced challenges in terms of reduced job opportunities and increased unemployment rates.

4. Shifts in Labour Demand:

The pandemic led to significant shifts in labour demand as certain sectors experienced increased hiring while others faced declines. Industries such as healthcare, e-commerce, logistics, and technology saw increased demand for workers, particularly in roles related to healthcare services, online retail, and delivery services. On the other hand, sectors such as aviation, hospitality, and retail faced reduced demand and significant job losses.

5. Skills Mismatch and Reskilling:

The pandemic highlighted the need for reskilling and upskilling to adapt to changing labour market dynamics. As some sectors faced significant job losses, there was a need for workers to acquire new skills or transition to industries with higher labour demand. Governments and organizations focused on providing training programs and resources to help individuals acquire in-demand skills.

6. Remote Work and Digital Skills:

The shift to remote work and increased reliance on digital technologies became more prevalent during this time. Companies and individuals had to adapt to remote work arrangements and acquire digital skills to effectively work and collaborate in virtual environments. Digital literacy and proficiency became increasingly important for job seekers.

7. Government Support and Job Creation Initiatives:

Governments implemented measures to support job creation and stimulate employment opportunities. These initiatives included infrastructure projects, green jobs programs, and investment in sectors such as renewable energy, digital technology, and healthcare.

It's important to note that the specific situations in terms of unemployment and the job market varied across countries and regions. Government responses, labour market policies, and economic conditions played significant roles in shaping the job market during this period. For the most up-to-date and comprehensive information on unemployment and the job market, it is recommended to refer to recent labour market reports, government announcements, and official statistics.

CENTRAL BANK POLICIES:

1. Interest Rate Adjustments:

Many central banks lowered their benchmark interest rates to historically low levels in an effort to support economic activity and stimulate borrowing. Lower interest rates can incentivize businesses and individuals to borrow, invest, and spend, thus boosting economic growth. However, in some cases, central banks had already reached near-zero or negative interest rate levels, limiting their scope for further rate cuts.

2. Quantitative Easing (QE) Programs:

Central banks employed or expanded their quantitative easing programs, which involve the purchase of government bonds and other securities from financial institutions. This injection of liquidity into the financial system helps to stabilize markets and lower borrowing costs. By increasing the money supply, central banks aim to encourage lending, support credit availability, and foster economic growth.

3. Liquidity Provision:

Central banks took steps to ensure sufficient liquidity in financial markets, particularly in the early stages of the pandemic when there were concerns about market functioning and credit availability. They provided additional liquidity to banks and financial institutions through measures such as repo operations, swap lines, and relaxed collateral requirements. This liquidity support aimed to maintain stability in the banking system and prevent disruptions in credit flow.

4. Forward Guidance:

Central banks provided forward guidance to give clarity and guidance on their monetary policy stance. This involved communicating their intentions regarding future interest rate decisions, the timing of potential policy changes, and the conditions necessary for adjusting policy. Forward guidance aims to anchor market expectations and provide stability, particularly during times of uncertainty.

5. Support for Financial Institutions:

Central banks worked to ensure the stability and resilience of the financial system. They implemented measures to support banks, such as relaxing regulatory requirements, providing additional funding facilities, and facilitating loan forbearance or moratoriums to alleviate financial stress on borrowers.

6. Exchange Rate Management:

Some central banks intervened in foreign exchange markets to manage exchange rate fluctuations. In certain cases, central banks implemented measures to support their currencies or address excessive volatility to maintain stability in external trade and capital flows.

7. Collaboration and Coordination:

Central banks collaborated closely with each other and international organizations to address the global economic challenges posed by the pandemic. Cooperation among central banks helped to enhance policy effectiveness, facilitate currency swap arrangements, and ensure a consistent approach to supporting financial markets and the global economy.

It's important to note that the specific policies and measures taken by central banks varied across countries and regions based on their individual economic circumstances and policy frameworks. For the most up-to-date and comprehensive information on central bank policies, it is advisable to refer to recent monetary policy statements, official releases, and communications from respective central banks.

TRADE AND SUPPLY CHAIN DISTRUPTIONS:

1. Decreased Trade Volumes:

Many countries experienced a decline in international trade volumes as a result of restrictions on movement, border closures, and reduced consumer demand. Lockdown measures and the overall economic downturn led to reduced trade flows, particularly in sectors such as manufacturing, automotive, and consumer goods.

2. Supply Chain Disruptions:

The pandemic exposed vulnerabilities in global supply chains, with disruptions occurring at various stages, including production, transportation, and distribution. Restrictions on movement and factory closures in certain regions led to shortages of raw materials and components, affecting manufacturing operations worldwide. Delays in transportation and logistics also resulted in challenges in delivering goods to consumers.

3. Shifts in Demand and Supply:

The changing consumer behaviour and economic conditions led to shifts in demand and supply patterns. Certain products, such as medical supplies, personal protective equipment (PPE), and essential goods, experienced a surge in demand, leading to supply shortages. At the same time, demand for non-essential goods and luxury items decreased significantly.

4. Regionalization of Supply Chains:

The disruptions highlighted the risks of relying heavily on distant and complex supply chains. Many businesses and governments began considering regionalization and diversification of supply chains to reduce dependence on a single region or country. This led to discussions on reshoring or nearshoring manufacturing capabilities and sourcing inputs locally or from neighbouring countries.

5. Trade Policy Uncertainty:

The pandemic added to the existing trade policy uncertainties, including ongoing trade tensions and disputes between major economies. Governments implemented trade restrictions and export controls on certain critical goods, further impacting global supply chains. The uncertain trade policy environment increased concerns for businesses and hindered long-term planning and investments.

6. Digitalization of Trade Processes:

The disruptions prompted accelerated digitalization efforts in trade processes. Businesses and governments increasingly adopted digital platforms and tools for conducting virtual trade, electronic documentation, and online customs procedures. Digital solutions helped mitigate some of the challenges posed by physical restrictions and paper-based processes.

7. Collaboration and Multilateral Efforts:

International organizations, such as the World Trade Organization (WTO) and World Customs Organization (WCO), continued to work towards maintaining open and predictable trade. Efforts were made to facilitate cooperation among countries, ensure trade flows of essential goods, and address trade-related challenges arising from the pandemic.

It's important to note that the specific trade and supply chain disruptions varied across industries, regions, and countries, depending on the severity and duration of the pandemic, as well as the effectiveness of containment measures. For the most up-to-date and comprehensive information on trade and supply chain disruptions, it is recommended to refer to recent trade reports, industry publications, and official statements from relevant authorities

STOCK MARKET PERFORMANCE:

1. Varied Performance:

Stock market performance varied across countries and regions. Some markets witnessed gains and reached new highs, while others remained relatively stagnant or experienced declines. Factors such as the severity of the pandemic's impact on the economy, government stimulus measures, corporate earnings, and investor sentiment influenced market performance.

2. Tech and Healthcare Sectors:

Technology and healthcare sectors generally performed well during this period as they were considered relatively resilient and even benefited from changing consumer behaviour and increased demand. Companies in areas such as e-commerce, cloud computing, telemedicine, and pharmaceuticals experienced strong performance and contributed to overall market gains.

3. Volatility and Uncertainty:

Market volatility persisted in August 2020 due to ongoing concerns surrounding the pandemic, geopolitical tensions, and uncertainties about the pace and shape of economic recovery. Investors grappled with mixed economic data, earnings reports, and evolving news related to the pandemic, leading to increased market swings and caution in decision-making.

4. Sector-Specific Factors:

Performance within specific sectors varied based on the pandemic's impact on their respective industries. Sectors heavily affected by the pandemic, such as travel, hospitality, and energy, faced significant challenges and experienced declines. On the other hand, sectors such as technology, e-commerce, and renewable energy saw relative strength.

5. Central Bank Policies:

The actions and statements of central banks, including their monetary policy decisions and stimulus measures, had an impact on stock market performance. Investor sentiment was influenced by central banks' efforts to support the economy through interest rate cuts, liquidity injections, and bond-buying programs, which provided some support to stock markets.

6. Geopolitical Factors:

Geopolitical developments, such as trade tensions, Brexit negotiations, and political uncertainties, also influenced market performance and investor sentiment. Trade disputes between major economies, particularly the U.S.-China trade tensions, had the potential to disrupt global supply chains and impact multinational companies' earnings, which affected stock market performance.

7. Long-Term Outlook:

Despite short-term volatility, some investors maintained a long-term perspective and looked for potential buying opportunities during market dips. The expectation of continued government stimulus measures, progress in vaccine development, and hopes for a gradual economic recovery provided some optimism for the future.

It's important to note that stock market performance can be unpredictable and influenced by a multitude of factors. For the most up-to-date and comprehensive information on stock market performance in August 2020, it is advisable to refer to financial news sources, market reports, and official market data from relevant stock exchanges and indices.