

Subject:

Week 123 Learnings- The Road ahead

Dear All

In this note I am trying to look ahead and see what could happen. Here are my predictions:

1. **Governments:** In the last two crises, i.e. World war 2 and the Financial crisis, the American system played the role of the world's coordinator. In the 2008 crisis, President Obama brought together the G 20 and all the countries lined up to help the world weather the storm. So, the world needs a leader to step up. President Trump seems reluctant.
2. **Media:** Media is already being challenged, country leaders are challenging the news that's being put out. As every country becomes more nationalistic, the internet will come up for censorship. I expect at least 50 governments to impose some form of censorship. The Internet can be both a truth provider and a falsehood propagator. I think it will evolve into some kind of self- censorship.
3. **Citizens:** Till a vaccine is found, I think we will fundamentally distrust anyone who snuffles, coughs etc. We will panic at the first sign of a cold and fever around us. Trust levels will fall. We will only trust immediate family, no one else, not even visiting cousins. We will reward citizens who self -declare. We will actually not want to meet people, this will impact the way we interact with each other.
4. **Offices:** Offices will get into significantly higher testing. Offices will become more compartmentalized without getting cubicalized. Offices will try and eliminate as many contact surfaces for you to open doors etc. etc. These will move to another form- maybe pedals on doors, something on windows. More people will work from home vs before, this will become the norm for some departments.
5. **Stimulus:** Stimulus package is massive. USA has thrown close to \$ 3 Trillion. Interest rates will be very low, hence debt levels will go up in developed economies. However developing countries will be challenged. Over time, every country will have to push up taxes, the timing will be the debate. There is no choice. Debt needs to be restructured for emerging economies. While the developed and emerging economies will behave differently, the one big danger is that emerging markets cannot become submerging markets. If that happens, the world economy will be in deeper trouble.
6. **Shopping:** will pivot to online very quickly. The format of physical stores will undergo significant change. We will have testing in every mall, in every place. Retail merchandising will undergo a new approach.
7. **Airlines:** Singapore Airlines has sent out a memo, saying that they will test the passenger before issuing him the boarding pass. If the passenger is healthy, he will be allowed on board. However, once he/.she lands in Singapore, the passenger will be checked again to ensure that he/she didn't pick up covid on the way to the airport. Some airports might quarantine people for 24 hours before allowing them into the country. Masks will become mandatory. Temperature screening machines will come up everywhere. People will only travel if they choose to in the next 12 months. Every traveler will be viewed with suspicion.
8. **Unemployment:** Unemployment will be massive, of an order we haven't seen before. USA is already at 14.7 %, India is already at 24 %, there are 90 million people unemployed in China right now. Those unemployed will go through massive stress because they will not know what to do to come back into the job market, should they wait for demand to pick up, should they reskill, should they pivot industry? Too many great CVs will chase too few lower order jobs. Funnily, Immigration workers (eg the Middle east) in every country will be more valued now. They will be treated better and a red carpet will be rolled out to get them back.
9. **Globalization:** Will be in recession. A lot will depend on enlightened leadership in every region of the world. The natural reflex action will be to shut the country and close the boundaries.
10. **Legal:** Everyone will sue everyone else. It will be difficult to prove deliberate wrong doing in any case. We already see governments suing companies and fining them for cutting headcount and salary.

I think we must value ABG and the security that the company has given us.

The only way for us to repay this security is to work double hard and produce great results.

I want each individual to leave behind his/her own legacy when the market opens fully. We have no time to lose.

All the best, feedback welcome.

Wr

shiv