

# The work at Curation has never been more vital

Nick Finegold, Founder and CEO of Curation shares his three key trends that will define business and society and explores why using insight, rather than hindsight is critical to making informed decisions and making change.

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As COVID-19 continues to impact businesses, markets and individuals, I wanted to take a moment to talk about how tracking trends, their speed of change and convergence allows us to identify more clearly the risks we all face. It's my belief that we are seeing the colliding of three major global trends. When the dust settles, it's likely we'll emerge into a new order where both corporates and populations enact behavioural changes significantly departing from past actions.

Three systemic risks have converged at once, rendering central banks and governments powerless. When the dust eventually settles, a new order of risk management will emerge, as will some very predictable pre-established trends, leading us to a brighter, safer and more environmentally friendly future.

In order of magnitude, these three risks are:

## 1. Environmental Risk

*An Inconvenient Truth*, written by Vice President Al Gore in 2006, should have given us a 14-year head start on climate change. We chose to ignore it.

Some commentators have said more lives have been saved by a resultant reduction in air pollution than have been lost to the coronavirus amid

the pandemic. The European Environmental Agency estimated air pollution in major cities accounted for 400,000 premature deaths in 2016 alone.

## 2. Public health and biological risk

SARS (2003) and MERS (2012) fired two extremely clear warning shots across our bows.

Additionally, in 2015, Bill Gates, in the wake of the Ebola outbreak in Western Africa, told us we had no effective response to a probable pandemic despite the simplest maths providing overwhelming evidence that the economic cost of readiness would far outweigh those of preparation. Despite a rally on Friday, the S&P 500 has lost roughly \$7T in value since 2020's market high on 19 February. Again, we didn't pay attention to the warnings.

## 3. Financial risk

The dangers of unsustainable debt were raised in 2008 by sub-prime lending. The oft-asked question at the time was: "What happens when we get an economic shock and rates have already been cut?"

We're now finding out.

Our response to the 2008 crisis was to swap corporate debt for sovereign debt, allowing companies to feast on an artificial foundation of asset-price inflation while weakening sovereign balance sheets.

What was the point of insisting banks have adequate capital ratios if the countries in which they were situated did not? Greece, subsequently, nearly brought down Europe. Why would weakening sovereign balance sheets be a shield against future financial trauma?

All three of these systemic risks have now converged and it is hardly surprising we face a correction threatening the entire financial system.

# Why did global governments ignore clear and obvious signals?

Creating policies tackling "cause", as opposed to "symptoms", is often political suicide. To that extent, as the people who elect our public officials, we are all complicit.

The dislocation between politics and economics has also seen the electorate reject the required behavioural changes needed for sustainability. Instead, we've remained addicted to consumption, immediacy and debt.

Perhaps a change is on the horizon. Environmental, social and public health risks are being elevated. Electorates will now demand profound change as the impact of their own lifestyles come home to roost.

## So what next? The trend is your friend

At Curation, we have always argued that identifying a new trend is relatively trivial. Failing to grasp the speed at which a trend is moving, however, is what causes disruption and value destruction.

Tracking this velocity is Curation's USP. Throughout our existence, we have followed trends forensically, allowing clients to better assess the speed of change. We're not a breaking news service, but we will follow topics relentlessly for years if necessary.

We are currently witnessing a violent acceleration in trend velocity that will lead to a new order.

For example, the environmental agenda was already putting corporates under huge pressure to modernise travel policies, repatriate supply chains and lower carbon emissions. The coronavirus outbreak may simply rubber stamp these processes.

## It's a movie, but this time we're all in it

So, in our darkest hour I can only see us emerging from this crisis having finally taken the pain necessary to elevate society to a better plan.

The costs – economic, social and human – are in no way trivial. The recovery will be long and fraught with difficulty.

However, it seems impossible to visualise a scenario where the environment, public health, equality and a sustainable future will not now emerge victorious, leading to a brighter future for everyone.

*Nick Finegold is the Founder & CEO, Curation an emerging and peripheral risks monitoring service.*

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