

COVID-19 has created hardships across all industries, with little indication when the economy will begin to turn around. Some experts say markets could bounce back as early as June, while others think it will take much longer.

U.S. jobless claims surged for a third straight week, causing the Fed to bolster the economy with another \$2.3 trillion in aid. This move caused gold futures to jump 4.2% to their highest level in seven years.



Construction spending was down in February, before pandemic closures took hold. Now, commercial lending for new construction loans has ground to a halt for all but a very few preferred customers.

Many construction and mining companies have cut salaries, with some executives drawing zero salary in order to fund assistance programs for employees facing financial hardship.

WHAT THIS MEANS FOR SHELL

A strong jump in gold prices means an intense focus on gold mines for the remainder of 2020, and possibly beyond. With construction spending down, and new loans halted, construction customers will need help evaluating from where new opportunities will come.

WHAT THIS MEANS FOR SHELL'S CUSTOMERS

With construction slowdowns across the country, customers may face losing many current and future contracts, as well as laying off or furloughing employees. Mining customers will be looking for ways to take advantage of the gold futures.

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While many states have allowed construction to continue during the COVID-19 pandemic, still others have ceased all construction projects or limited the types of projects that are allowed to continue. The U.S. Chamber of Commerce has urged the federal government to delineate which types of construction projects are considered essential.

Many states are allowing transportation construction to proceed. Citing less traffic on the road and the need for jobs, Florida has greenlighted \$2.1 billion in road projects, while Pennsylvania has lifted its construction pause declaring safe and reliable transportation of the utmost importance.

An American Institute of Architects survey reports that 59% of firms are seeing fewer inquiries for construction design, and 83% of firms are expecting a decline in revenue on active projects in March.



WHAT THIS MEANS FOR SHELL

The varying allowances for construction operations during the pandemic could make it difficult to help customers navigate the “new normal” landscape. Ensure they are making progress on any government contracts that are still active, and encourage them to check on the status of pending projects.

WHAT THIS MEANS FOR SHELL'S CUSTOMERS

Slowed construction projects may result in loss of contracts. Customers should take time to examine their strengths and weaknesses and how that can lead to new opportunities when the economy picks up.

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The Department of Homeland Security reiterated that mining is included in its list of 16 critical infrastructure sectors that should maintain work schedules during the COVID-19 outbreak.

Minerals and metals are essential in the medical world – including copper, silver, gold and zinc – and their antimicrobial properties are needed in the fight against COVID-19.

Quebec ordered all non-essential operations – including mines – to close until April 13. This affects several gold mines in the province. However, other provinces have given mining companies more flexibility, leaving closure decisions to individual companies. Those with proximity to towns more at risk, where medical treatments are harder to access, or those closer to the U.S. border, have stemmed production.



Positive project milestone activity declined in the mining sector in February, from five positive projects month over month to four. All four milestones were for gold projects.

WHAT THIS MEANS FOR SHELL

Mining customers could very well see business as usual. The medical field will still need metals and minerals for making equipment. Continue to direct customers to gold, since Canadian mines may lose productivity.

WHAT THIS MEANS FOR SHELL'S CUSTOMERS

U.S. customers must be prepared to seize the opportunities created by the shutdown of Canadian gold mines. Business may even see a slight uptick as metals will be needed for the high demand for medical equipment as a result of the pandemic. Even as the pandemic slows, cities may begin to stockpile medical equipment to be prepared for future incidents.

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The effects of COVID-19 are far-reaching, and the extent of the damage is yet to be determined. However, some experts are looking ahead and seeing a bright future.

One analyst believes there will be a “construction tsunami” once the economy bounces back. A reluctance to continue sourcing materials from overseas could cause a construction surge for factories and warehouses, as the country relies more on U.S.-sourced building materials.

Megaprojects are getting bigger and more frequent, and FMI predicts that over the next decade, annual construction put in place on megaprojects in the U.S. will increase by 600%.

It is likely that five years from now most mining vehicles will be smart and industrial equipment will be automated.

WHAT THIS MEANS FOR SHELL

When the economy returns, projects could come fast and furious. Help your customers evaluate those projects to find those best suited to their operations. Customers also will need help reducing delays in getting materials, tools and equipment. Discuss automated and autonomous equipment with mining customers, so they can get ahead of the curve.

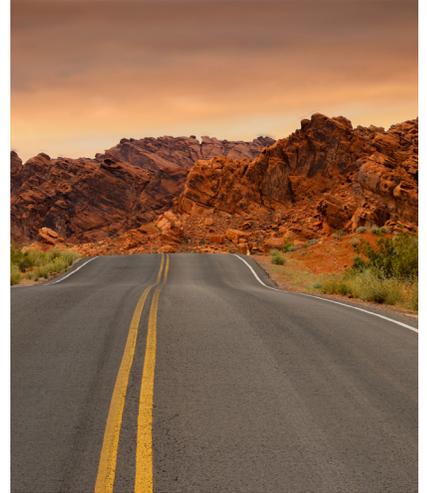
WHAT THIS MEANS FOR SHELL'S CUSTOMERS

Contractors should study in which areas they expect the most projects to arise and prepare themselves for a surge of opportunities in those areas, then create a plan for keeping supply chains moving so they can avoid delays in getting new projects started. Mining customers may want to explore developments in automated and autonomous mining equipment so they are ready to make purchasing decisions when the equipment is widely available.

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