

The AGN Covid Business Recovery Index – August 2020

A Global Business Voice – SPECIAL REPORT

AGN members' business confidence remains cautiously optimistic, coupled with a jump in members predicting a full recovery in 12 months.

- Business confidence reduced slightly from June (+17%) to August (+15%).
- The view that the next 30 days will improve has also declined very marginally by one percentage point to +22% (from +23%).
- There has been a decline to +39% (from +44%) in of members who believe that the economy will see an improvement in the next 90 days – however, members seem to have become more positive regarding the economic performance reaching pre-pandemic levels, with a 10% increase in those that think things will return to normality within 12 months.

Business Confidence*

**Last 30 days:
Improved = +15%**

(June 2020 Result = +17%)



**Next 30 days:
To improve a little = +22%**

(June 2020 Result = +23%)



Recovery Expectation**

**Some improvement in
the next 90 days = 39%**

(June 2020 Result = 44%)



**Pre-COVID levels within
12 months = 26%**

(June 2020 Result = 16%)



* An index of responses, where 100% is all responses were optimistic, -100% all were negative, and 0% is neutral.
** The percentage of respondents expecting to see the level of improvement specified within the noted timescale.

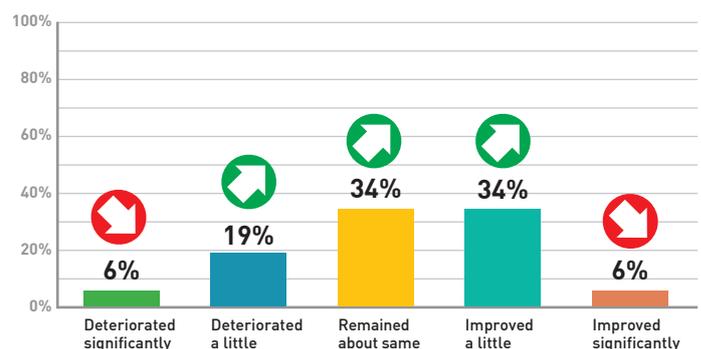
Business confidence plateaued over past 30 days

Global Outlook: confidence about the same.

The past few months have not seen many significant changes with regards to economic activity and optimism. However, the survey indicates less members taking an extreme view of 'significant' deterioration or improvement.

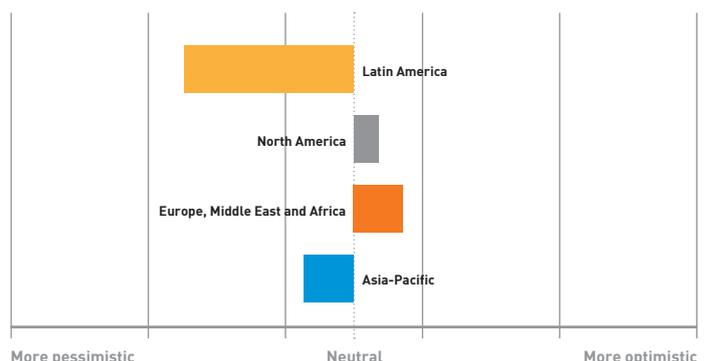
This could be due to an increasing acceptance of the view that economic recovery will be a much more gradual process than previously anticipated.

How has business confidence in your country changed in the last 30 days?



Regional Outlook

Similar to the sentiments last month, North America remains quite consistent in business confidence. On the other hand, the Europe, Middle East and Africa region has transitioned from a pessimistic outlook to a more optimistic one. Latin America and Asia-Pacific regions have a more pessimistic outlook. While most regions have seen an improvement in business confidence, Asia-Pacific has experienced a sharp drop of almost three times the index rating in June.



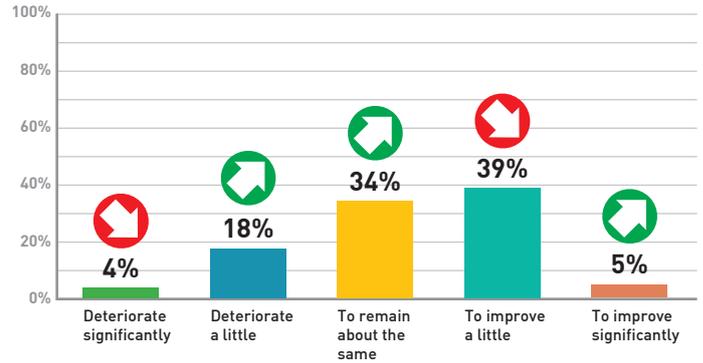
NEXT 30 DAYS

Business confidence for the next 30 days improves a little

Global Outlook: To improve a little.

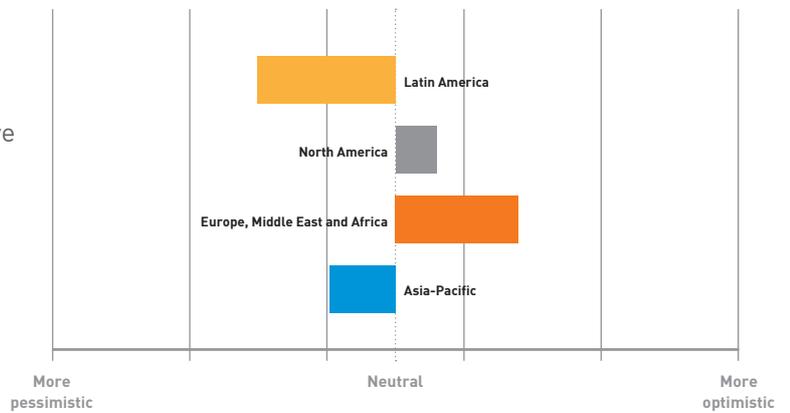
Globally members expect business confidence will show a slight improvement as it remains the most popular response at 39%. However, the proportion of respondents that believe this has fallen overall.

How do you expect business confidence in your country to change in the next 30 days?



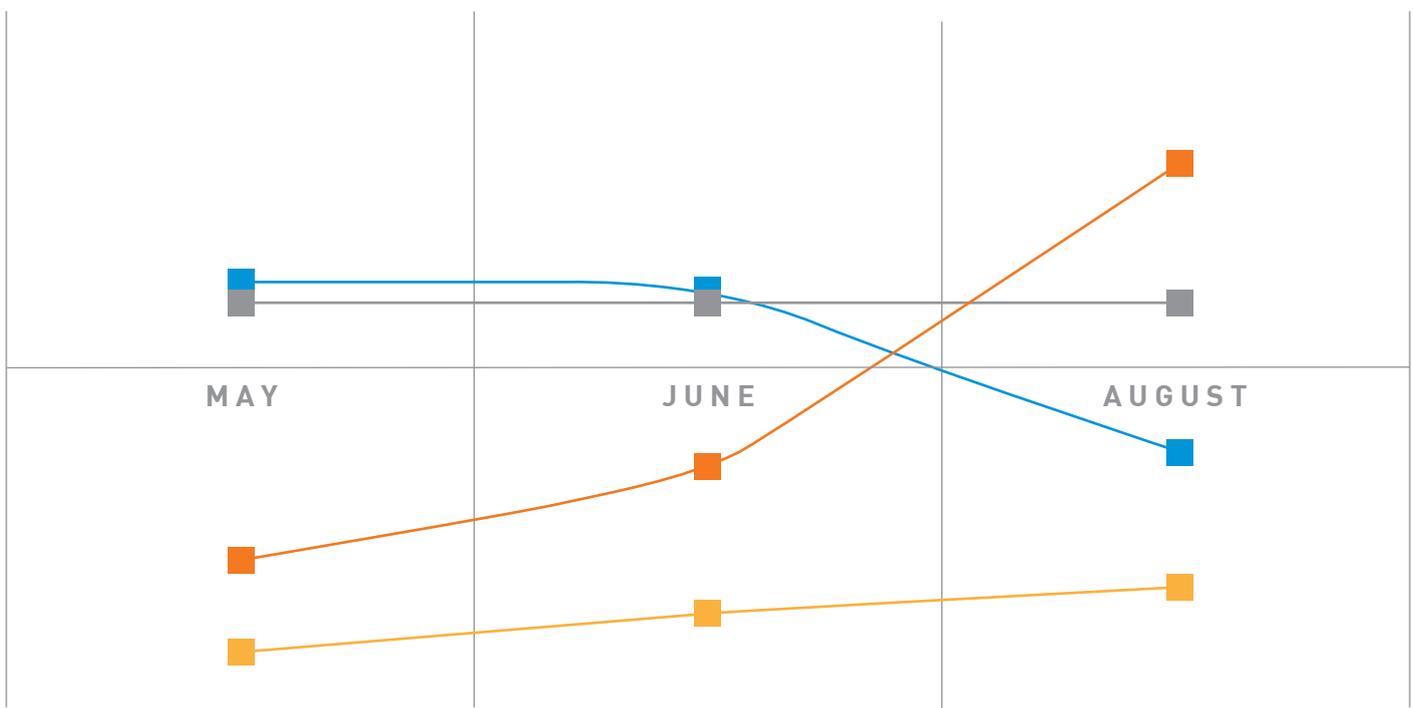
Regional Outlook

Firstly, we can observe that this chart showing us regional business confidence in the next 30 days is similar to that of the last 30 days – North America and Europe, Middle East and Africa are optimistic about the future. However, Latin America and Asia-Pacific still have a pessimistic outlook. The global average rating tells us that business confidence for the next 30 days is slightly more positive than that of the last 30 days.



EMEA confidence rises but Asia Pacific are more pessimistic

Legend: Asia-Pacific (Blue), Europe, Middle East and Africa (Orange), North America (Grey), Latin America (Yellow)



START TO IMPROVE

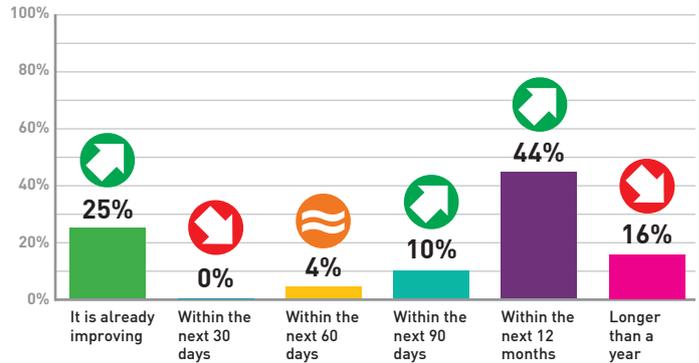
Expectations for improvement fall to 39%

Global Outlook: Within the next 12 months.

60% of respondents indicate that they expect business performance to improve in a year or longer. An increasing number of respondents believe economic improvement will be a gradual process although almost 25% of respondents believe economic recovery is already happening. It is interesting to note that a new idea has emerged regarding economic recovery: it is taking on a “K” shape.

The president of the U.S. Chamber of Commerce, Suzanne Clark, suggested that the spokes can also represent two sets of job sectors. Industries like tech and software—which have survived due to telemedicine, communication and distance learning—may continue to grow, while travel, entertainment, and food services, which rely on in-person activities, may trend in a downward direction.

When do you expect business performance will start to improve in your country?



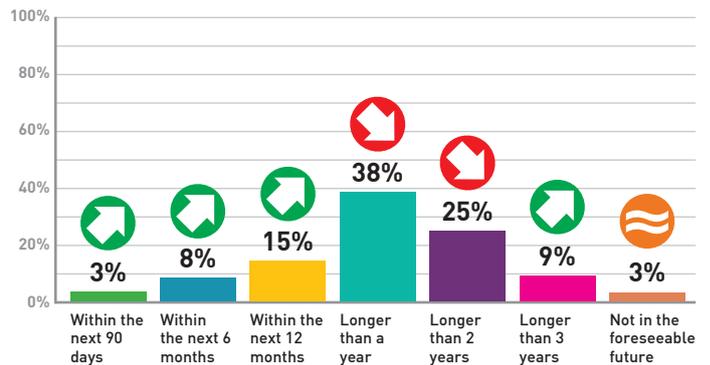
RETURN TO NORMALITY

Sharp improvement in expectation of recovery within 12 months

Global Outlook: Longer than a year.

26% of respondents think that business will return to normality within the next 12 months – a 10% increase from our last survey. However, 75% of respondents believe that it will take longer than a year for business performance to reach pre-COVID levels. Nevertheless, since the last survey, members are more inclined to believe that the global economy will return to normality soon

When do you expect business performance in your country to reach pre-COVID levels?



AGN International member firms are comprised of thousands of advisory professionals that actively work with small and medium-sized businesses around the world. Their ‘confidence’ about the future is founded on interactions with these businesses, making them a

credible proxy for business confidence more broadly. With this in mind, we have developed the Covid Business Recovery Index – a monthly barometer or snapshot of business confidence from every region around the world.



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