

AGN Covid Business Recovery Index – January 2021

Business Confidence

**Last 30 days:
Deteriorated = -16%**

(December 2020 Result = +11%)



**Next 30 days:
Deteriorate = +18%**

(December 2020 Result = +23%)



Recovery Expectation

**Some improvement in
the next 90 days = 40%**

(December 2020 Result = 54%)



**Pre-COVID levels
within 12 months = 16%**

(December 2020 Result = 29%)



GLOBAL BUSINESS CONFIDENCE TAKES A HIT AS COVID WAVE TAKES GRIP

Business confidence has plummeted from +11% to -16% in just two months – now below the levels seen in October 2020! However, the view for the month ahead remains largely positive, and there has been only a small decrease in AGN members who envisage an improvement in business performance in the next 90 days. But strikingly, far fewer members (almost half of last times result) are expecting economies to return to pre-covid levels within 12 months.

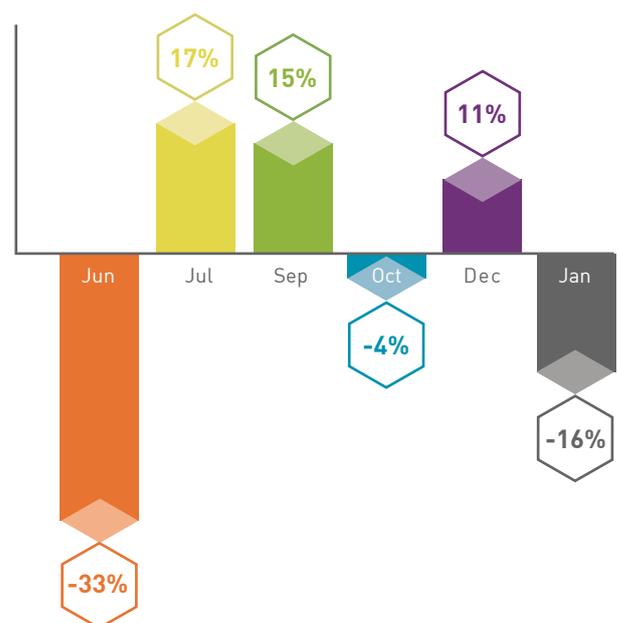
OPTIMISM ALL BUT VANISHED IN A MONTH...

Over the past 30 days, we can observe a steep increase in the proportion of respondents who reported a 'significant' or 'a little deterioration' in business confidence - from 26% to 44%. But in overall terms there has been a big drop in total confidence from +11% to -16%.

Despite the vaccine-powered uptick last month and further stimulus from the United States, Japan and a few other large economies, recent political tensions and market volatility may have set back business confidence in the new year.

There is now a race to vaccinate as fast as possible so that country economies can try to re-launch in the spring or summer. But for many businesses this will have been 12 months with no or only limited revenue and members are predicting a wave of bankruptcies, and fire sales.

Looking back - How has business confidence changed in the last 30 days?



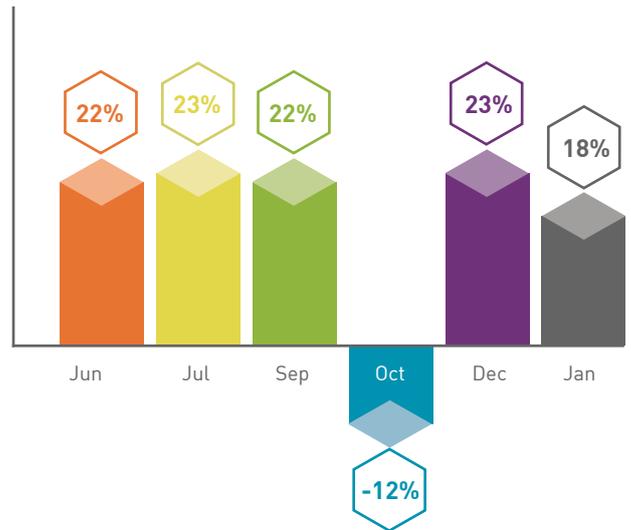
MUTED CONFIDENCE - A REACTION TO COVID VACCINES?

Looking 30 days further ahead, there has also been a 5% reduction in those thinking things will get better in the next month - putting this metric back below where we were in summer of 2020.

42% of members anticipate that business confidence will 'improve slightly', which is lower than our previous survey. Additionally, expectations for future growth seems to be fairly muted as we observe a 6% point increase in the proportion of our respondents that expect business confidence to remain about the same.

Despite the new waves of Covid it would seem that AGN members are still willing to foresee some short-term economic upturn. The existence of effective vaccines means that we are not yet fully returning to the dark days of the October 2020 report.

Looking forward - How has business confidence changed in the next 30 days?

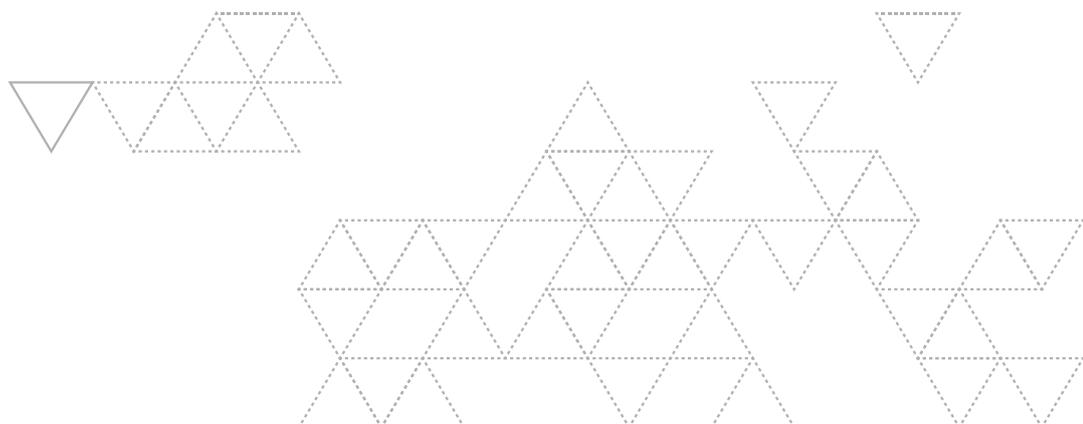
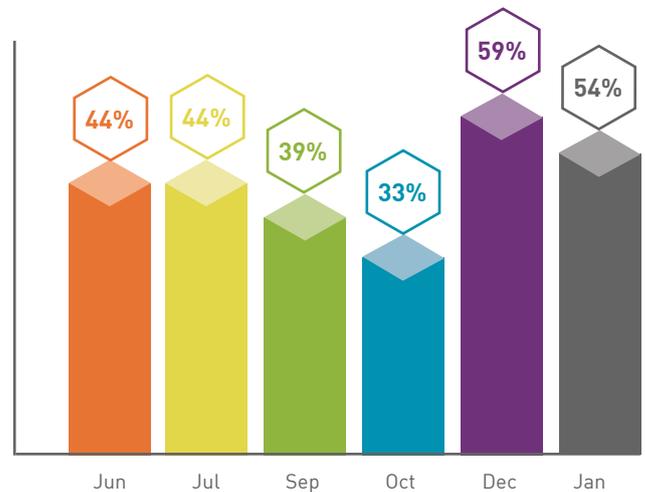


MEDIUM TERM EXPECTATIONS RESILIENT DESPITE COVID VARIANTS

There's been only a marginal drop (5% point difference) in members that believe it will take more than 90 days for business performance to improve.

Despite second and third waves of Covid and the discovery of dangerous unpredictable variants of the disease, members are remaining confident that business performance is just around the corner. This could have so easily gone the other way but this uptick demonstrates either a real resilience...or that members are learning to live with the pandemic.

Business Performance expectation - will improve in the next 90 days

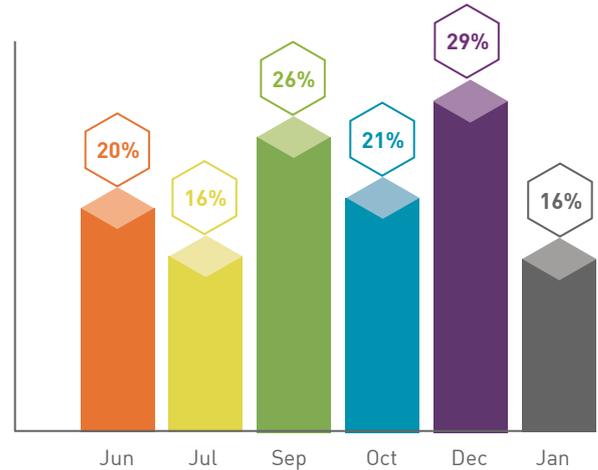


GRITTY REALISM CREEPS INTO MEMBERS LONGER TERM ECONOMIC EXPECTATIONS

Very strikingly only 16% of respondents now think that economies will return to pre-covid levels within the next 12 months, almost half the number stated in the last report.

Responses to this question have been volatile but on a modest upward trend. However, the latest figure is no higher than at July 2020. Members can see medium term opportunity but confidence in a quick bounce-back has crashed.

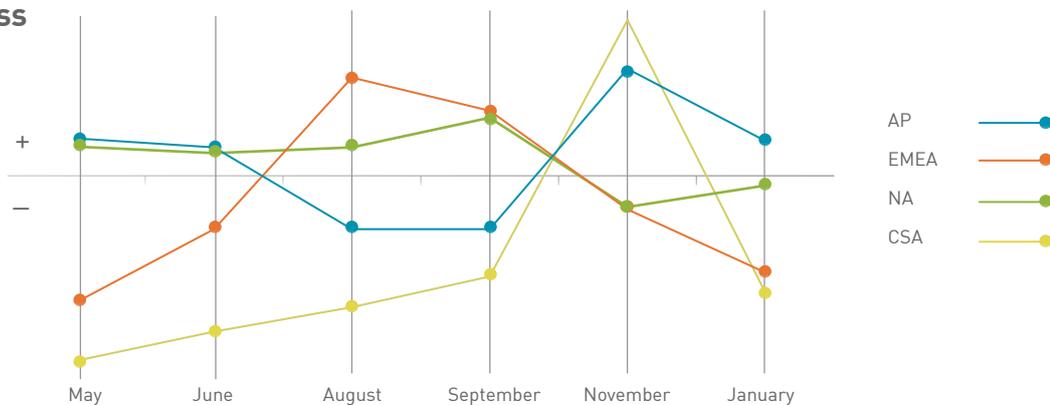
Business Performance Expectation - pre-covid levels within the next 12 months



REGIONAL TRENDS IN BUSINESS CONFIDENCE

North America is the only region where confidence is rising, perhaps reflecting the potential change in government policy anticipated in a new administration. Latin America remained negative for a series of months and then after a major spike in optimism in November has seen a dramatic decline – the emergence of the Brazilian variant might be to blame. EMEA seems on a downward trajectory which could be a reflection of the difficulties the EU have had with vaccine supply.

Regional Business Confidence Over Time



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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