

The AGN Covid Business Recovery Index – October 2020

A Global Business Voice – SPECIAL REPORT

AGN members' 30 day business confidence drops into the negative for the first time, while recovery expectations weaken but hold firm.

- Business confidence has reduced very significantly from August (+15% to -4%).
- The view that the next 30 days will improve has also declined substantially, by 34 percentage points to -12% (from +22%).
- There has been a more modest decline to +33% (from +39%) in the proportion of members who believe that the economy will see an improvement in the next 90 days. Similarly, members seem to have become more negative regarding the economic performance reaching pre-pandemic levels, with a 5% decrease in those that think things will return to normality within 12 months.

Business Confidence*

**Last 30 days:
Deteriorated = -4%**

(August 2020 Result = +15%)



**Next 30 days:
Deteriorate = -12%**

(August 2020 Result = +22%)



Recovery Expectation**

Some improvement in the next 90 days = 33%

(August 2020 Result = 39%)



Pre-COVID levels within 12 months = 21%

(August 2020 Result = 26%)



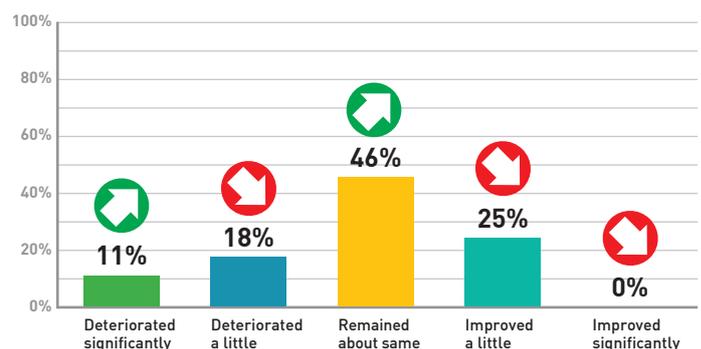
* An index of responses, where 100% is all responses were optimistic, -100% all were negative, and 0% is neutral.
** The percentage of respondents expecting to see the level of improvement specified within the noted timescale.

Average global business confidence levels fall

Global Outlook:

Since August, we have observed a steep rise in the global COVID-19 infection rate. This has led to a big drop in respondents who reported any improvement in business confidence, with a corresponding increase in those indicating confidence has remained the same or deteriorated significantly.

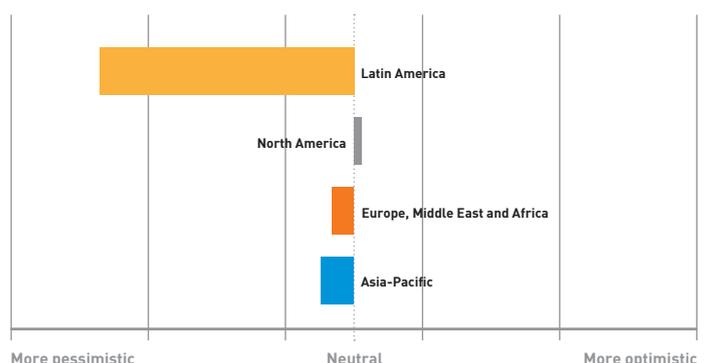
How has business confidence in your country changed in the last 30 days?



Regional Outlook

Business Confidence in Latin America has remained negative. Europe, Middle East and Africa region has transitioned from an optimistic outlook to a more pessimistic outlook while North America remains slightly optimistic. Although most regions have experienced a fall in business confidence, Asia-Pacific has reported a marginal reduction in their pessimism compared to August.

This may be due to the fact that several countries in the Asia-Pacific region have recently eased lockdown restrictions which in turn, have bolstered economic activity over the past month.



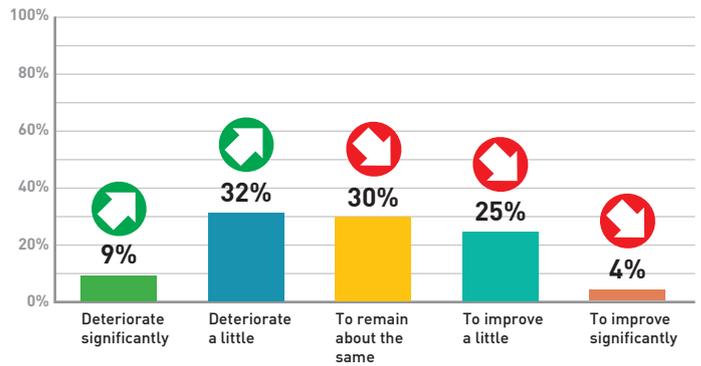
NEXT 30 DAYS

Business confidence for the next 30 days deteriorates

Global Outlook: To deteriorate.

Looking forwards the overall reduction in business confidence is profound – from +22% in August to -12%. However, the biggest single vote is for confidence to deteriorate a little, followed by remain the same. So it seems the effect is negative but contained, with a realisation that things are taking longer, but we are coping meanwhile.

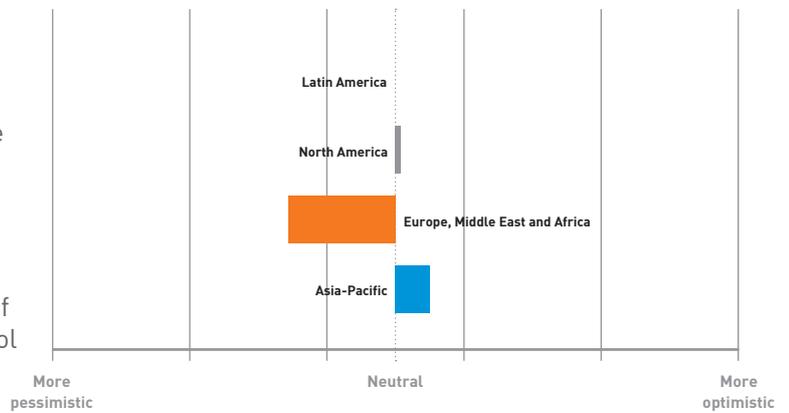
How do you expect business confidence in your country to change in the next 30 days?



Regional Outlook

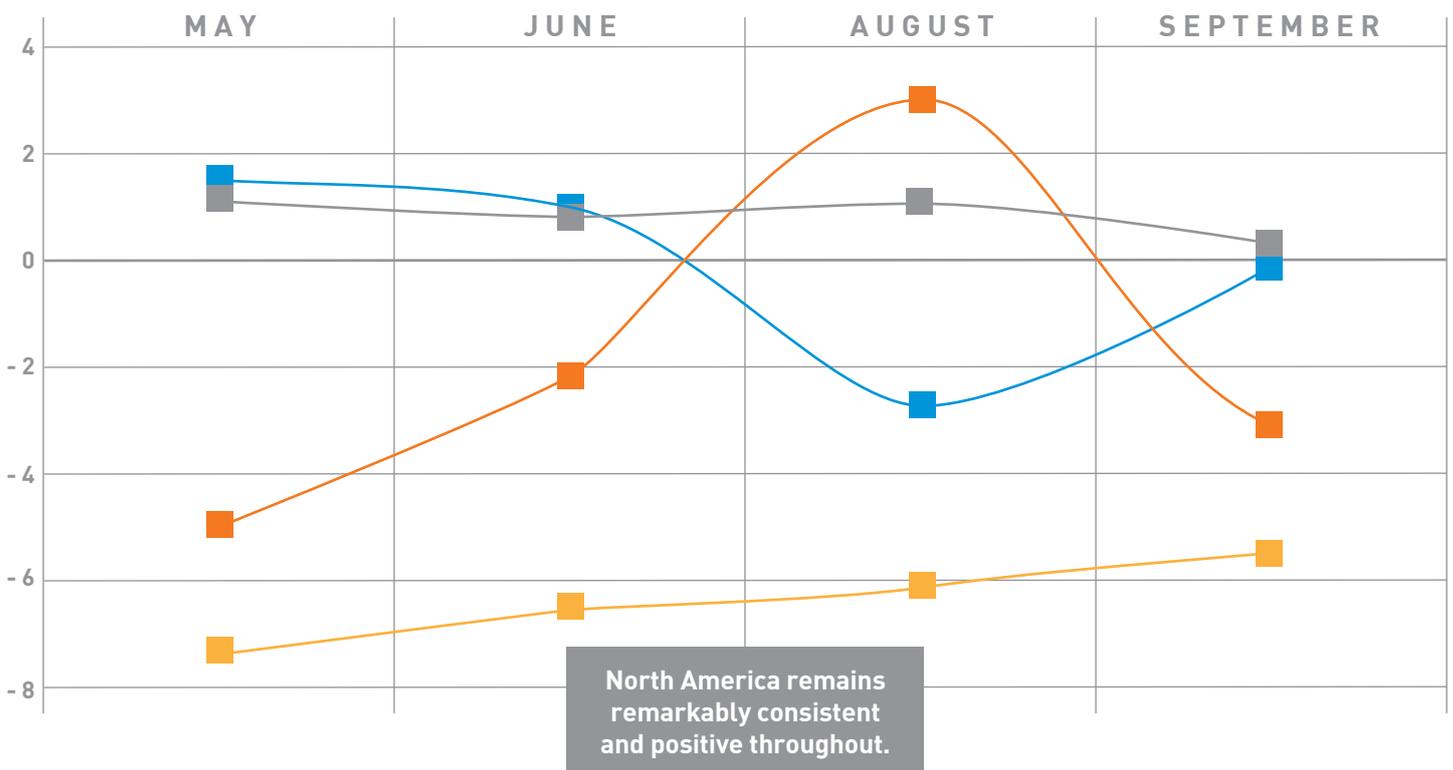
Expectations about the future are quite varied across region. North America and Asia-Pacific are slightly optimistic about the future. Latin America maintain a neutral outlook as respondents, on average, expect business confidence to remain the same. Europe, Middle East and Africa have a significantly pessimistic outlook for the next 30 days.

Surely the pessimistic outlook of the EMEA region can be attributed to the rising number of coronavirus cases. Consequently, members may anticipate the imposition of new restrictions in the coming months, in order to control the spread of the virus which in turn impacts their expectations.



EMEA confidence falls but Asia Pacific are more optimistic

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



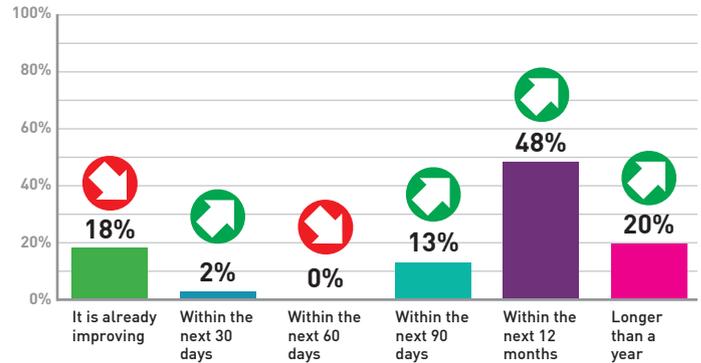
START TO IMPROVE

Expectations for improvement fall to 33%

Global Outlook: Within the next 12 months.

33% of respondents indicated that they expect business performance to improve over the next 90 days, down from 39% last time. This seems to reflect the short-term trends noted above, but perhaps also indicates that businesses worldwide are becoming more inclined to believe that economic recovery is a gradual process. The most frequent answer from respondents was that the economy will start to improve within the next 12 months.

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



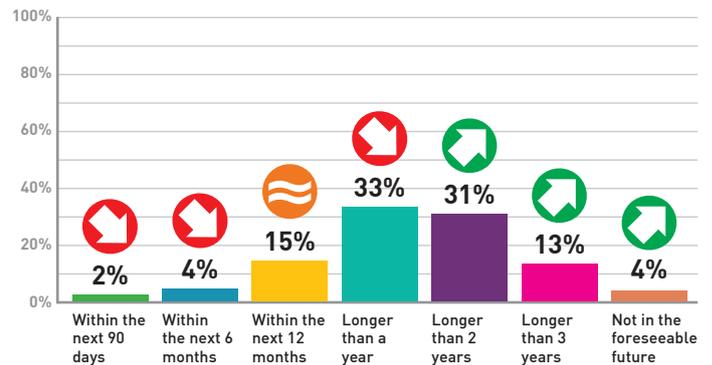
RETURN TO NORMALITY

Modest decline in expectation of recovery within 12 months

Global Outlook: Longer than a year.

21% of respondents think that businesses will return to normality within the next 12 months. This is a 5% fall from our last survey. That being said, the large majority of respondents expect that it will take longer, between 2-3 years for the economy to reach pre-COVID levels.

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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