dun & bradstreet

Global Business Optimism Insights

Q1 2024

Dun & Bradstreet® Global Business Optimism Insights

Introduction

Dun & Bradstreet's Global Business Optimism Insights (GBOI) is a quarterly report that aims to gauge the optimism levels of businesses globally and provides a unique and comprehensive view into the thinking behind the growth, operational, and investment expectations of business leaders.

The GBOI is an amalgamation of five indices: Global Business Optimism Index, Global Business Supply Chain Continuity Index, Global Business Financial Confidence Index, Global Business Investment Confidence Index, and Global Business ESG Index. The first four indices capture business expectations for the coming quarter, while the ESG index captures the sentiments on key ESG attributes in the current quarter.

All five indices are constructed for 32 economies across 17 sectors and 3 business sizes, synthesized from a survey of approximately 10,000 businesses. The findings from the survey are supplemented with insights from Dun & Bradstreet's proprietary data and economic expertise. All index values range from 0 to 100, with a reading above 50 indicating an improvement and below 50 a deterioration in optimism.

Key Findings

The survey results suggest that having survived a litany of shocks – pandemic, conflicts, and monetary tightening – businesses are now embracing growth-mindedness, which underpins their optimism. The end of monetary tightening by developed market central banks has brought about market cheer, which shows in overall optimism, and financial and investment confidence. Positive sentiment about ESG not only reflects the overall global alignment, but also increased awareness of sustainability, cemented by the recent COP28 deal. This optimism is balanced by realism, as confidence in supply chain resilience seems under pressure due to geopolitical and climate events, which have forced rerouting and clogged transit routes. One of the most interesting findings of this survey was that firms have continued to expand their operational footprint through the pandemic and the charged geopolitical environment of the past four years and aspire to continue doing so. This contradicts an increasingly common 'de-globalization' narrative.

The **Global Business Optimism Index** has increased from 53.5 in Q4 2023 to 57.1 in Q1 2024, reflecting the fact that businesses in advanced economies now feel much more confident about their ability to absorb geo-political and policy shocks, and are turning their attention to growth opportunities.

The **Global Supply Chain Continuity Index** has come down sharply to 47.9 in Q1 2024 from 51.1 in Q4 2023 due to geopolitical tensions in different parts of the world, trade disputes, and climate-induced disruptions in maritime trade causing both higher delivery costs and delayed delivery times.

The **Global Business Financial Confidence Index** increased 10.1% for Q1 2024 to 59.9; liquidity is expected to increase across firms of all sizes, and businesses are more optimistic about positions, particularly so in large firms with greater resources employed in liquidity risk management.

The **Global Business Investment Confidence Index** rose 10.7% to 58.7 for Q1 2024. The reading reflects a high absolute level of optimism, and a growing consensus that major central banks in advanced economies have reached a peak in the current interest rate hike cycle.

The **Global Business ESG Index** increased 7% to 61.9, in contrast to a 4.7% decline in Q3 2023, reflecting a positive shift in the commitment of firms worldwide towards sustainability practices.

Index	Q3 2023	Q4 2023	Q1 2024
(A) Global Business Optimism Index	52.5	53.5	57.1
(B) Global Business Supply Chain Continuity Index	50.6	51.1	47.9
(C) Global Business Financial Confidence Index	52.2	54.4	59.9
(D) Global Business Investment Confidence Index	53.4	53.1	58.7
(E) Global Business ESG Index	58.1	61.9	-

By Sector

Sector	(A)	(B)	(C)	(D)	(E)
Accommodation and food service activities	57.9	53.4	61.7	60.0	61.9
Construction	56.3	44.5	59.7	56.2	63.4
Financial and insurance activities	58.2	52.4	60.7	58.0	60.5
Information and communication	57.0	52.8	60.9	57.3	61.8
Mfg.: automotive	52.8	46.5	57.8	57.2	61.1
Mfg.: capital goods	55.3	43.1	58.8	60.4	61.7
Mfg.: chemicals, rubber, plastics, and pharma	54.0	44.9	59.3	59.0	63.5
Mfg.: electricals, electronics, and hardware	53.4	44.5	59.2	58.0	61.4
Mfg.: food, beverages, and tobacco	53.8	44.5	59.8	58.0	61.4
Mfg.: metals	56.1	43.9	54.5	64.8	62.3
Mfg.: textiles, wood, paper, and leather	53.8	44.7	57.4	56.9	62.6
Mining	55.1	42.3	58.7	61.4	64.3
Other services – professional and administrative	59.0	52.0	60.8	60.8	62.9
Real estate activities	60.4	51.4	60.6	58.7	61.6
Transportation and storage	57.3	53.5	60.8	60.7	61.3
Utilities	56.9	46.4	61.7	57.0	62.0
Wholesale and retail trade	60.0	45.8	61.0	56.9	60.0

Note: (A) Global Business Optimism Index; (B) Global Business Supply Chain Continuity Index; (C) Global Business Financial Confidence Index (D) Global Business Investment Confidence Index (E) Global Business ESG Index

Global Business Supply Chain Continuity Index is not calculated for the services industry (accommodation, finance, IT, real estate, and other services) as the impact of supply chain disruptions is not considered significant to the core operations of such firms.

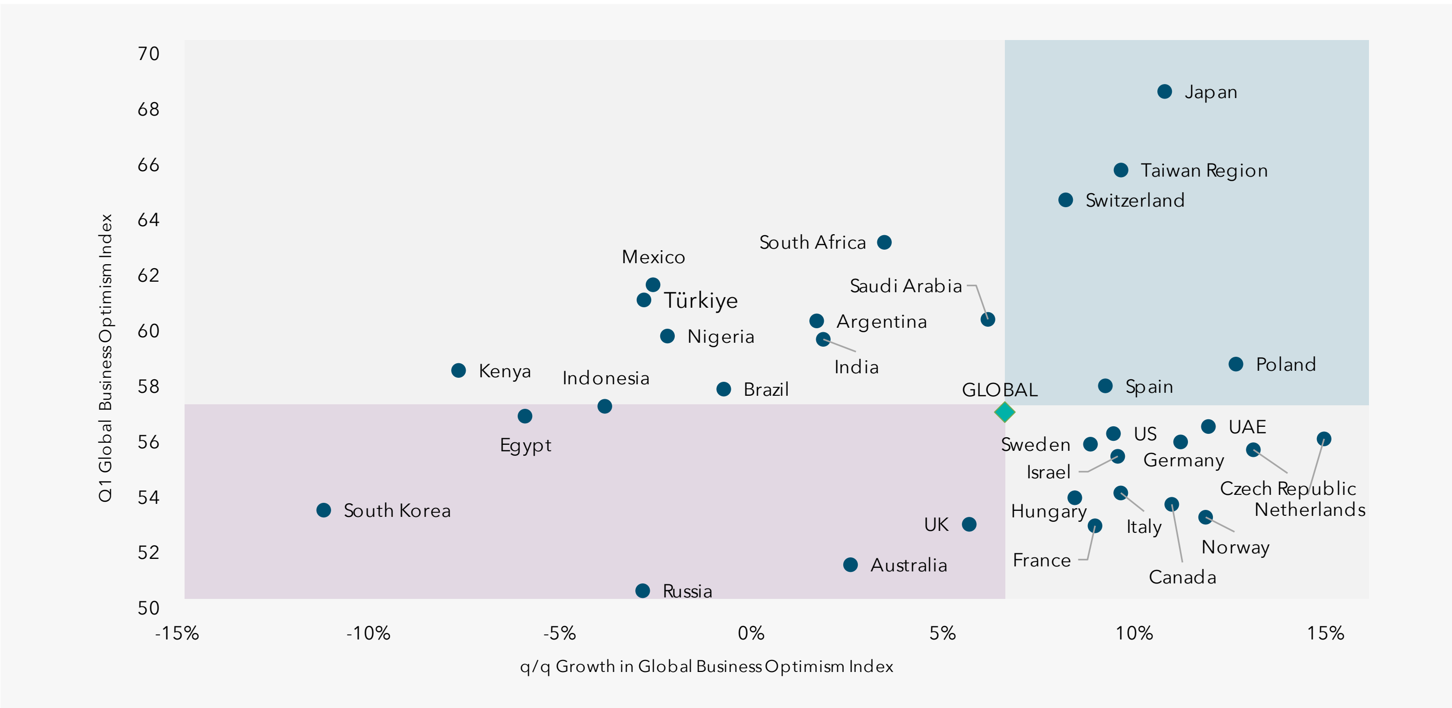
D&B Global Business Optimism Index

D&B Global Business Optimism Index

Key Findings

- The Global Business Optimism Index has increased from 53.5 in Q4 2023 to 57.1 in Q1 2024, reflecting the fact that businesses in advanced economies now feel much more confident about their ability to absorb geopolitical and policy shocks, and are turning their attention to growth opportunities.
- Businesses in Russia (50.7), Australia (51.6), France (53), and the United Kingdom (53) have the least optimistic view of Q1 2024, whereas those in Japan (68.7), Taiwan Region (65.8), and Switzerland (64.8) are among the most optimistic; optimism levels in emerging economies (58.5) continue to be higher than in advanced economies (56.6), despite a 9% surge in the latter. However, the recent earthquake in Japan may dampen the optimism of Japanese businesses.
- Businesses engaged in the real estate sector saw the biggest jump in optimism levels (+16%) from 52.3 in Q4 2023 to 60.4 in Q1 2024, whereas those in manufacturing of electricals, electronics, and hardware reported the sharpest decline (-2%), from 54.4 in Q4 2023 to 53.4 in Q1 2024.
- Businesses identify 'improving business valuations', 'improving competitive positioning', and 'growing customer base' as their key priorities for 2024. They acknowledge competition, consumer behavior, operational resilience, crisis management, and changes in laws and regulations to be the biggest risks for 2024.
- Despite recent shocks to global integration, businesses have not only sustained but are also looking to increase their expansion efforts, contradicting the narrative of de-globalization. Today, 17% of businesses operate globally or continentally, compared with 12% before the pandemic. And almost double that level (30%) express the intention to achieve such a scale beyond 2025.

Quadrant of Optimism – Global Business Optimism Index

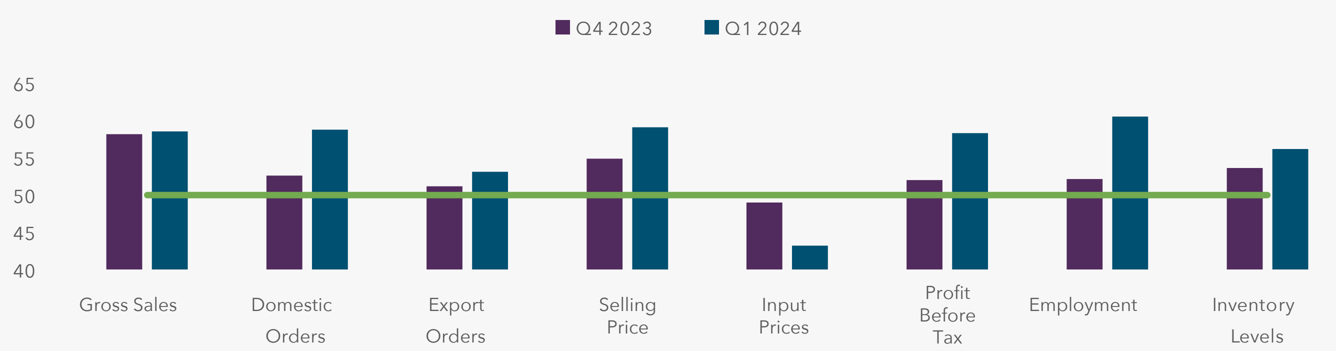


Firm Size – Global Business Optimism Index

Period	Small	Medium	Large
Q3 2023	52.6	52.8	52.3
Q4 2023	53.8	54.1	52.7
Q1 2024	55.4	54.8	58.8

Our survey indicated that at the end of end of 2023, businesses in some emerging economies were paring back their expectations for the next quarter. Though still at high levels, these small declines in the optimism index reflect caution. At the same time, optimism levels among businesses in developed economies have surged, as they have survived the onslaught of a hostile geopolitical environment, aggressive liquidity tightening, and the withdrawal of pandemic-era support measures. Businesses have now turned their attention to growth. in optimism is visible among firms of all sizes. But unlike past quarters, large firms, which typically operate on a bigger scale and are more exposed to global events, have shown a sharp rise in their optimism levels. However, even with falling headline inflation, businesses across the board remain concerned about their ability to control input prices of raw materials, with the corresponding index registering a third consecutive decline in our survey.

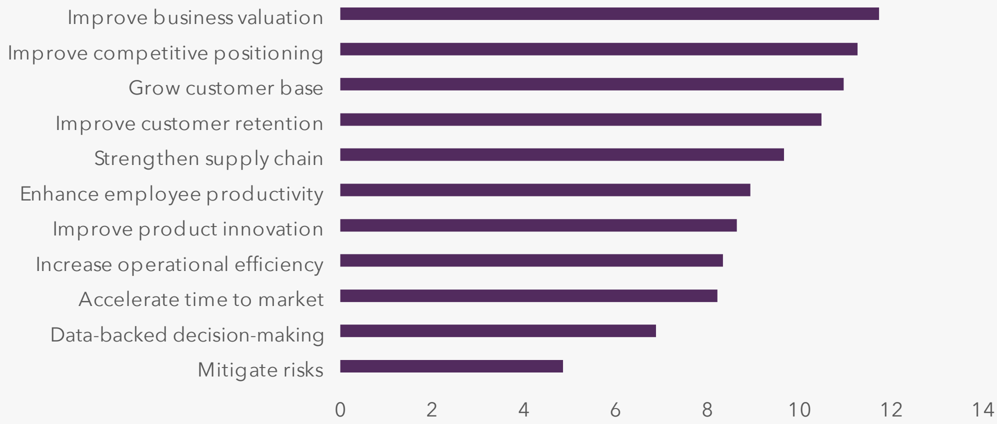
Sub-indices – Global Business Optimism Index



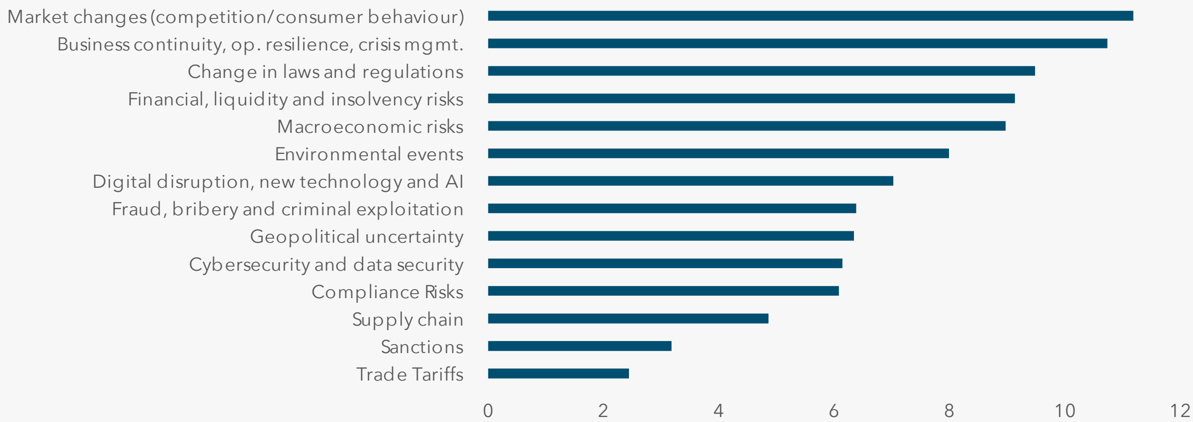
Interestingly, as capital has become more expensive at the end of the monetary tightening cycle, businesses in emerging economies are most focused on improving their business valuations, placing it as their number one priority for 2024, above improving competitive positioning and customer retention. On the other hand, businesses in advanced economies are looking at customer growth as their highest priority for 2024, underpinning their optimism.

While all businesses in advanced economies identify ‘business continuity, operational resilience, and crisis management’ as a top risk for 2024, only large businesses are paying attention to strengthening their supply chains as a priority. For small businesses in advanced economies, growth in customer base trumps all other priorities for 2024, with strengthening of supply chains not even among their top five priorities.

Thematic Question – Top Business Priorities in 2024



Thematic Question – Top Business Risks in 2024



Globally, optimism among manufacturers of electricals, electronics, and hardware has declined. However, Asian heavyweights in the sector – Japan and Taiwan Region – are notable outliers, with respondents from these sectors reporting a high degree of optimism for Q1 2024. India, which had briefly flirted with the idea of import curbs on electronics such as laptops, PCs, and tablets earlier in 2023, also reported one of the highest levels of optimism among manufacturers of such products. Unsurprisingly, Israeli manufacturers of electricals, electronics & hardware, and automotives are two of the most pessimistic sectors globally.

For now, businesses in the information and communications and professional services sectors are pessimistic about external demand. Across sectors, businesses are optimistic about expanding sales domestically in Q1 2024. In the medium term though, twice the number of firms as of today aspire to increase the scope of their operations, diversify vendors, and acquire new customers at a continental or global scale – a stark contrast to the oft-prevalent de-globalization narrative.

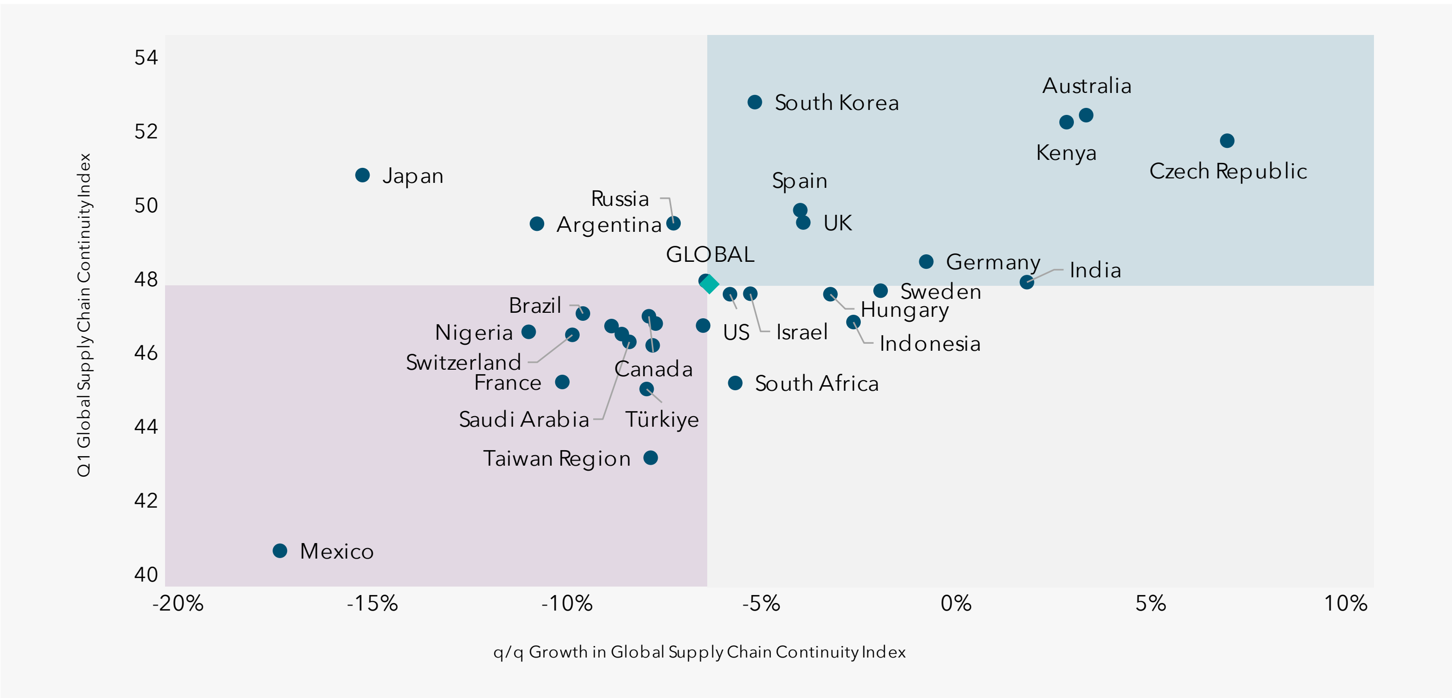
D&B Global Business Supply Chain Continuity Index

D&B Global Business Supply Chain Continuity Index

Key Findings

- The Global Supply Chain Continuity Index has come down sharply to 47.9 in Q1 2024 from 51.1 in Q4 2023 due to geopolitical tensions in different parts of the world, trade disputes among leading nations, and climate-related issues together disrupting trade routes, causing both higher delivery costs and delayed delivery times.
- Survey data shows that the supply chain continuity index has been declining equally for advanced and emerging economies, with both receding 6% each from last quarter. However, with an index score of 46.8, emerging economies demonstrate higher vulnerabilities to supply chain disruptions than advanced economies (48.2).
- Small and large firms have both witnessed sharp falls in their supply chain continuity index values, with the former dropping 13% and the latter 9%, which indicates pessimism about supply chain continuity. In contrast, with an index score of 51.7, midsized firms are relatively optimistic, clocking a modest improvement of 0.2% compared with Q4 2023.
- The services sector demonstrated relative resilience over Q4 2023, while the manufacturing and mining sectors indicated a deterioration.
- One in three firms are considering diversifying their supply chains to multiple sources and multiple regions as their top priority, while one in four is considering improving supplier communication and consolidation as the key priority to ensure seamless supplies. Other key supply chain themes have been relying on localization to avoid supply chain hassles, adopting more resilient supply chain models, and incorporating ESG into sourcing decisions.

Quadrant of Optimism – Global Business Supply Chain Continuity Index



Firm Size – Global Business Supply Chain Continuity Index

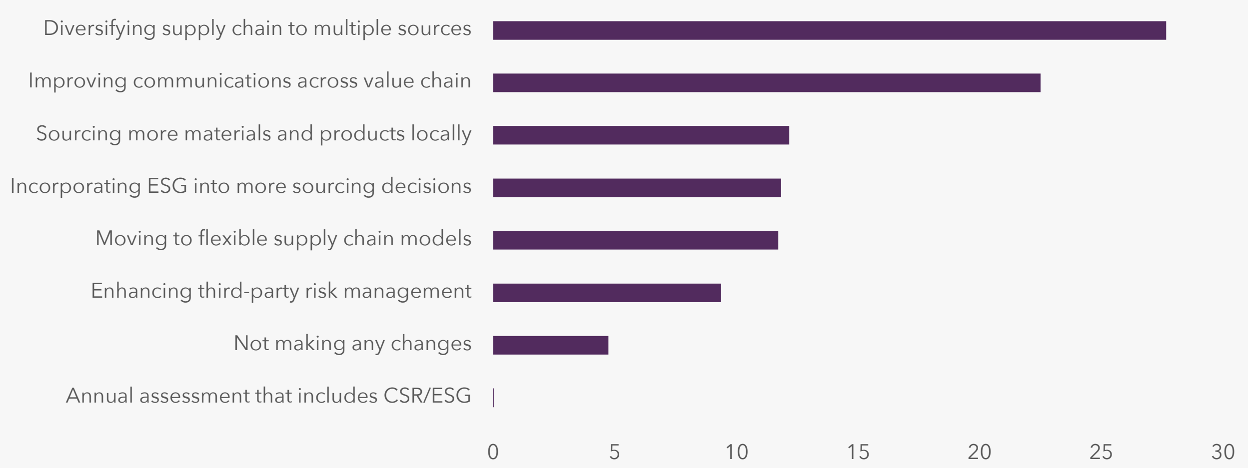
Period	Small	Medium	Large
Q3 2023	50.5	51.1	50.3
Q4 2023	50.2	51.6	51.5
Q1 2024	43.9	51.7	46.8

Suppliers' delivery time and suppliers' delivery cost indices have seen sharp deteriorations. The delivery time index declined 11% from 53 in Q4 2023 to 47.3 in Q1 2024 as firms have been trying to re-route their supplies to regions relatively insulated from geopolitical disturbances to ensure seamless operations. Similarly, the delivery cost index sharply deteriorated 7% from 49.2 in Q4 2023 to 45.8 in Q1 2024.

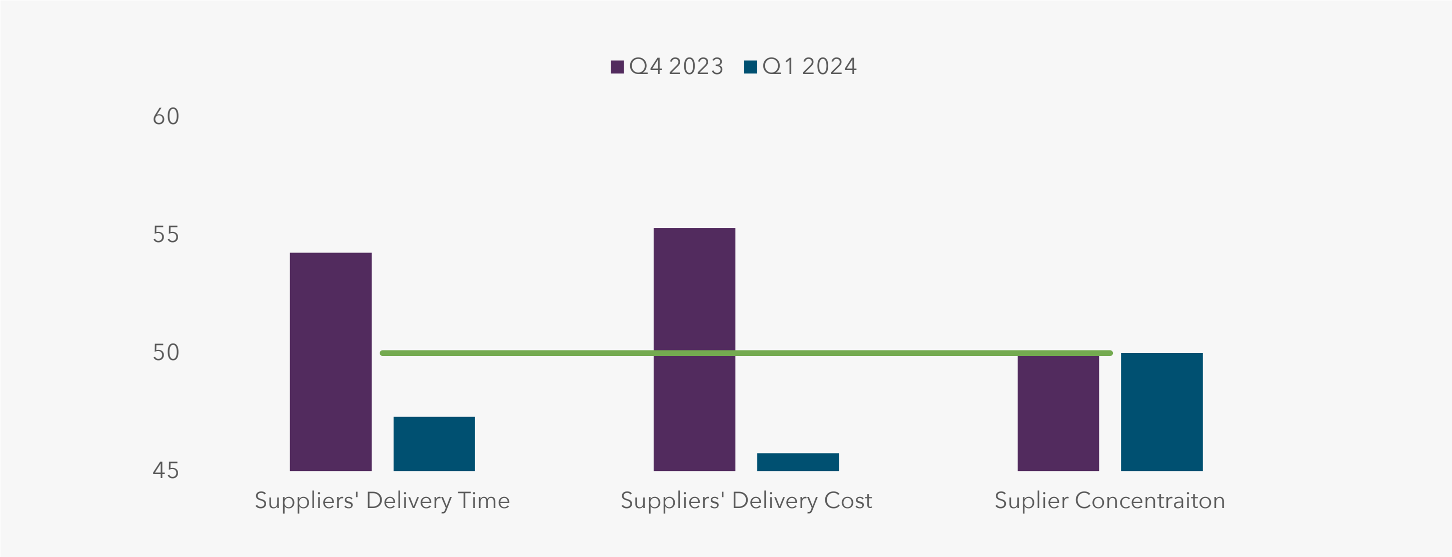
As major freight routes and conventional raw material sources have witnessed a strained security environment, as well as a shift in demand, supply costs have increased due to longer routes, delayed consignments, higher freight charges, and escalating insurance costs.

The Supply Chain Continuity Index across Europe has deteriorated around 1–10%. Europe has seen heightened climate anomalies, including droughts and flooding, which have resulted in landslides, derailments, and other climate-related events that have affected the transit of many of Europe's critical trade supplies.

Thematic Question – Supply Chain Policy Priorities



Sub-indices - Global Business Supply Chain Continuity Index



The labor situation across Europe has been precarious, with strikes across Germany, Sweden, the Netherlands, and Italy 'among others' in an economic climate characterized by rising wages. The Russia-Ukraine crisis still haunts major production centers in the form of much-higher production costs and higher energy prices.

Geopolitical tensions escalated in Q4 2023. The U.S.-Mainland China trade war continues, and there are heightened tensions and security threats across the Taiwan Strait and South and East China Seas, and aggressive posturing in the Indian Ocean, with frequent allegations that various navies have disrupted trade cargoes. Firms in the region are therefore wary about their supply chain security, with index values down for Japan (-15% q/q), Taiwan Region (-8% q/q), and South Korea (-5% q/q). Moreover, the recent earthquake in Japan is expected to further deteriorate the supply chain continuity in the region.

Critical supplies of electronics and electrical products, auto components, semiconductor chips, and rare-earth commodities are also seeing higher freight and insurance costs for their consignments.

The Israel-Hamas conflict is responsible for deteriorating supply chain optimism across the MENA region. The index values have dropped for the following countries in the region: Egypt, Türkiye, the UAE, Saudi Arabia, and Nigeria. Trade across the Red Sea, Suez Canal, Gulf of Aden, and the Mediterranean Sea – which together form a critical supply ecosystem for energy, commodities, and other trade products – has suddenly become riskier for firms. Security threats around Middle Eastern ports have diverted traffic elsewhere, which has led to long congestions along existing and alternate trade routes.

The ongoing Russia-Ukraine conflict is causing the deteriorating supply chain situation in Eastern Europe, Central Asia, and MENA, affecting supplies of agricultural commodities, especially across the Black Sea. Trucker strikes and disturbance at the Poland-Ukraine border have dented supply accessibility across Eastern Europe and into Western Europe.

For Latin American economies, the congestion and low water levels at the Panama Canal and other waterways have led to supply chain disruptions. The supply chain continuity indices for all these countries, such as Mexico, Argentina, and Brazil, have deteriorated. Oil tankers heading to the U.S. are now taking longer routes to avoid Panama Canal disruption. Other waterway transportation routes are also facing climate issues – the Brazilian port in Manaus (a transportation hub) is witnessing a prolonged drought, along with the entire upper Amazon area. Moreover, growing U.S.-Mexico trade has hit an infrastructural bottleneck at U.S.-Mexican checkpoints, with severe congestion for trucks and cargos. This has also partially affected supply chain continuity in the U.S., which has been moving heavily toward nearshoring.

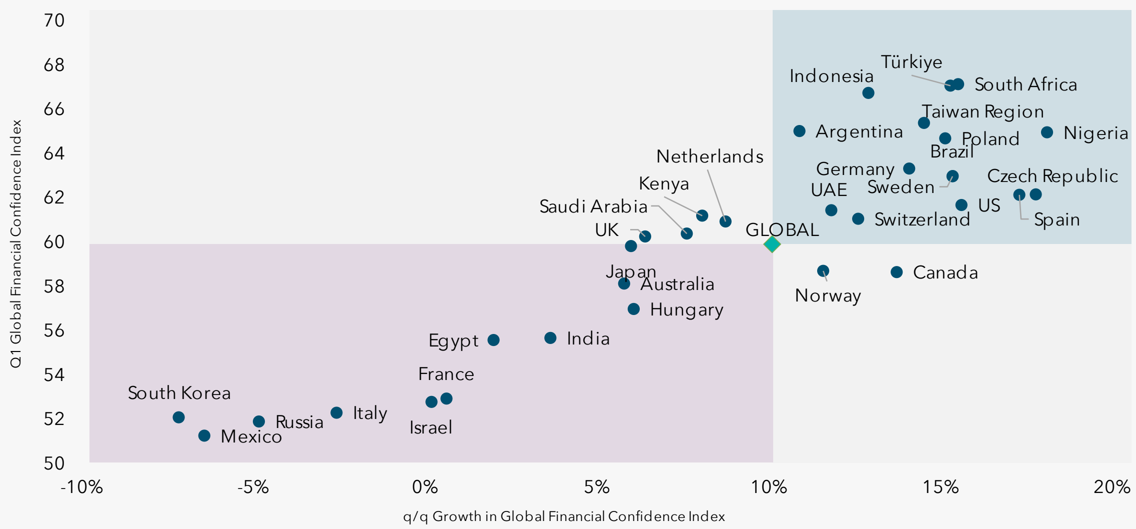
Global Business Financial Confidence Index

D&B Global Business Financial Confidence Index

Key Findings

- The Global Business Financial Confidence Index increased 10.1% for Q1 2024 to 59.9, suggesting higher confidence among businesses that they can cope with tighter financial conditions, despite pressure stemming from high borrowing costs and elevated debt levels.
- The indicator saw strong improvements across advanced (+11.1%) and emerging economies (+7.2%); advanced economies now hold a more confident view of financial conditions, compared with emerging economies.
- A hair's-breadth separates South Africa (67.1), Türkiye (67.1), and Indonesia (66.8), at the top of our Global Business Financial Confidence Index, each with stronger than our global average growth in financial confidence on the quarter. Firms in South Africa are more optimistic about government measures such as the updated Integrated Resource Plan to address the energy crisis, easing financial distress caused by energy supply volatility.
- At the global level, utility firms and accommodation and food services record the highest index score of 61.7, followed by wholesale and retail traders at 61.0, and information and communications providers at 60.9. Manufacturers of metals (54.5) and of textiles, wood, and paper (57.4) rank the lowest.
- Globally, firms of all sizes record equally as good as or better financial confidence than the previous quarter, led by large firms (62.5) and small firms (61.0); the score for midsized firms remained unchanged at 55.3. The index score of large firms in advanced economies rose to 64.1 (+19.8%).

Quadrant of Optimism – Global Business Financial Confidence Index



Firm Size – Global Business Financial Confidence Index

Period	Small	Medium	Large
Q3 2023	51.9	52.8	51.8
Q4 2023	54.3	55.3	53.7
Q1 2024	59.1	55.6	61.9

Among advanced economies, Germany heads the index with a score of 63.3, followed closely by Sweden with a score of 63.0. Spain posts the next highest score (62.1) to round out the top three, on the back of the strongest growth at 17.3%.

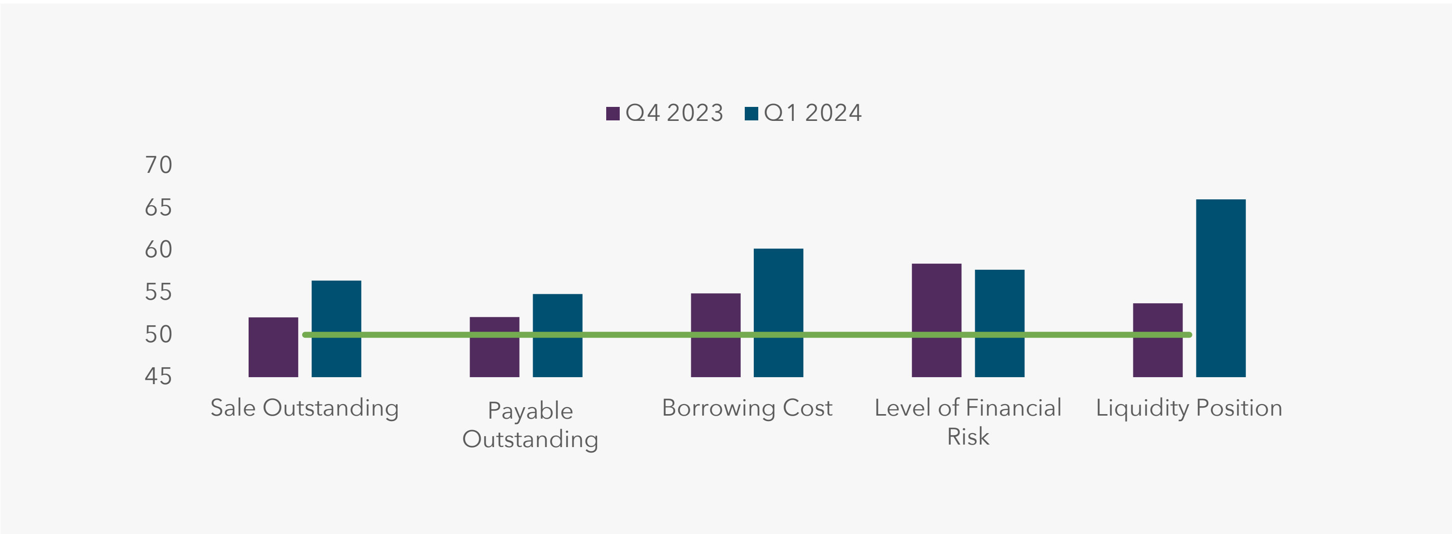
Across economies, expectations of the change in borrowing costs are highly favorable. They are slightly higher for advanced economies, such as the U.S. (63.0), the U.K. (61.3), and Germany (64.7), than in emerging economies such as Russia (50.6) and Mexico (47.4). Across industries, accommodation and food services (61.6), utility firms (64.2), and manufacturers of capital goods (61.4) tend to be more confident of financial conditions, implying low risk of bankruptcy. In advanced economies, large firms have a more favorable view of borrowing costs.

The level of financial risk on companies' balance sheets (including credit, market, and liquidity risks) varies across economies. Globally, financial risk is higher for SMEs and tends to be most elevated within emerging economies, reflecting the difficulty in financing businesses and the lack of funds for development. Banks are relatively reluctant to extend loans to firms operating in these economies. Access to finance continues to be a significant challenge for SME growth, in the context of the recent drop in demand for goods and services and the sharp tightening of credit terms, severely affecting cash flows and threatening solvency. For SMEs this is exacerbated, given that SMEs are generally more vulnerable in that they tend to have lower or no credit rating, have fewer financing options than larger firms, and tend to be less diversified in economic activities.

The average number of days it takes a firm to receive payment for sales is critical: the longer the delay, the more likely a firm will experience cash flow problems. There is little difference between firms' payables outstanding expectations in advanced economies (56.3) and emerging economies (56.8). but there is huge variation within each group – Japan scores especially highly at 79.4, while Italy registers a particularly low score at 43.8, implying firms in Italy are at greater risk of becoming insolvent than firms in Japan.

Linked to payables is liquidity risk, the ability of firms to fulfill short-term financial obligations as they become due. Globally, liquidity is expected to increase across firms of all sizes, and businesses are more optimistic about positions relative to the previous quarter. Larger firms in advanced and emerging economies register higher scores, suggesting greater resources dedicated to liquidity management practices such as ensuring there is sufficient cash to meet financial demands, including payroll and order fulfillment, and indicating a pick-up in consumer demand ensuring inventory gets run down. SMEs, which score less optimistically than larger firms, are relatively constrained in their approach to liquidity risk management, including a lower capacity to bridge unexpected shortfalls.

Sub-indices – Global Business Financial Confidence Index



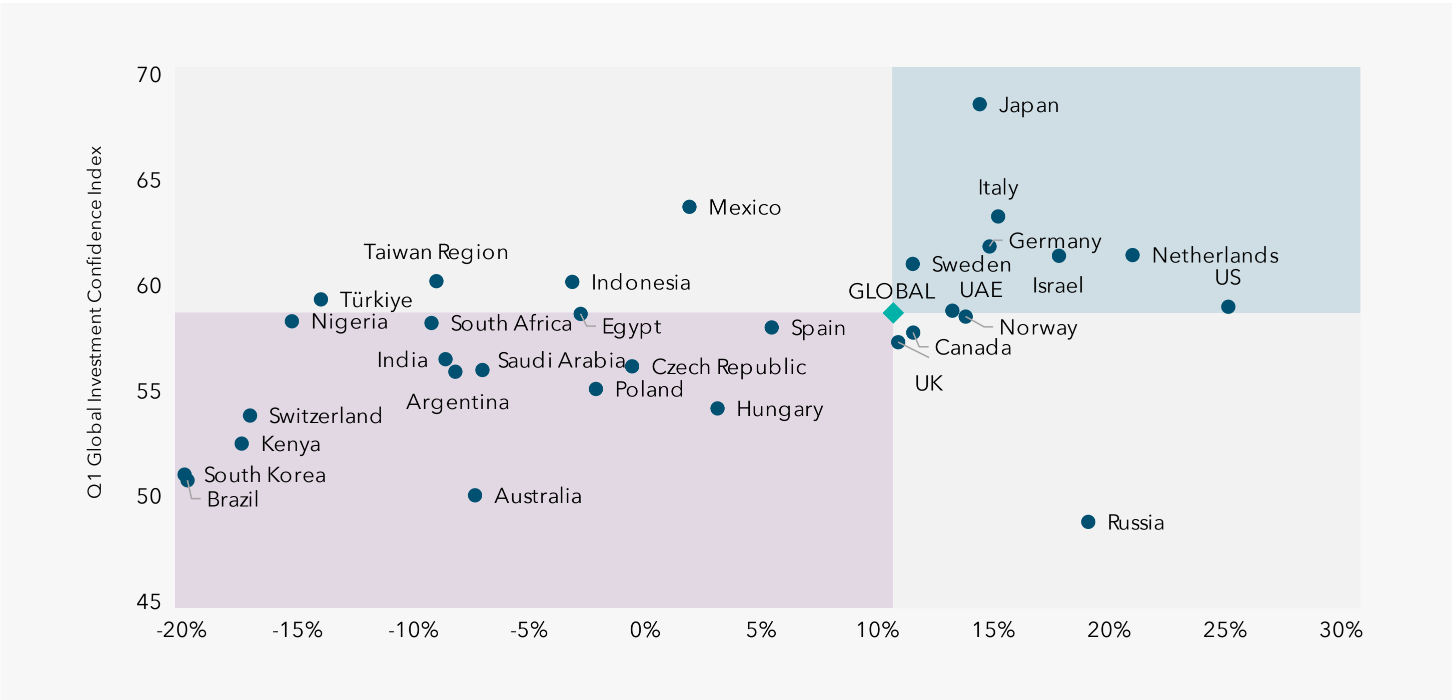
D&B Global Business Investment Confidence Index

D&B Global Business Investment Confidence Index

Key Findings

- The Global Business Investment Confidence Index rose 10.7% to 58.7 for Q1 2024. The reading reflects a high absolute level of optimism and a growing consensus that major central banks in advanced economies have reached a peak in the current interest rate hike cycle. Firms in both advanced and emerging economies are anticipating higher capacity utilization due to higher demand, which indicates a willingness to invest in capacity expansion.
- Among advanced economies, Japan (68.6) remains an outperformer, seeing a 14.4% jump from an already high level of investment confidence – sitting well above the global average. South Korea (51.1) is on the other end of the spectrum, witnessing a 20% decline to a low level of investment confidence and a drop on the quarter.
- Most emerging economies recorded a fall in investment confidence for Q1 2024, though on average, the size of the fall was much smaller than the positive gains from advanced economies.
- Globally, manufacturers of metals (64.8) exhibit the highest level of confidence when it comes to making investments. Among other sectors, mining (61.4) and professional services (60.8) stand out as showing among the most significant improvements in business investment confidence.
- At the global level, firms of all sizes registered improved scores compared with the previous quarter, while large firms have the highest business investment confidence at 61.9, followed closely by small firms at 59.1. Having recorded a sub-50 score in Q4 2023, midsized businesses now appear more optimistic at 55.6.

Quadrant of Optimism – Global Business Investment Confidence Index



Firm Size – Global Business Investment Confidence Index

Period	Small	Medium	Large
Q3 2023	54.0	53.2	53.1
Q4 2023	57.3	49.6	52.2
Q1 2024	59.1	55.6	61.9

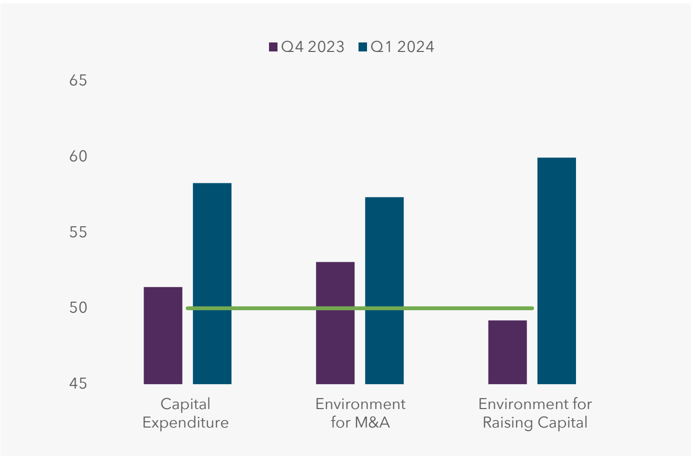
Across economies, firms' perceptions of the environment for raising capital remain generally low, though higher for advanced economies and particularly strong in Japan (64.7) and the U.S. (66.7), and lower in emerging economies such as Brazil (37.2) and Argentina (42.0). Across sectors, manufacturers of metals (68.2) and mining (64.3) – which typically make large capital investments? In plant and machinery – and transportation/storage businesses (64.3) have the most optimistic view of the borrowing environment. Large firms in advanced and emerging economies find healthier conditions for raising financial capital than midsized and small firms. Though global interest rates remain high and the united mantra of 'higher for longer' still accompanies central bank rhetoric – growing expectations of announcements by the U.S. Federal Reserve, the European Central Bank (ECB), and the Bank of England (BoE) that monetary policy will be loosened in 2024 precede lower borrowing costs and greater investment confidence.

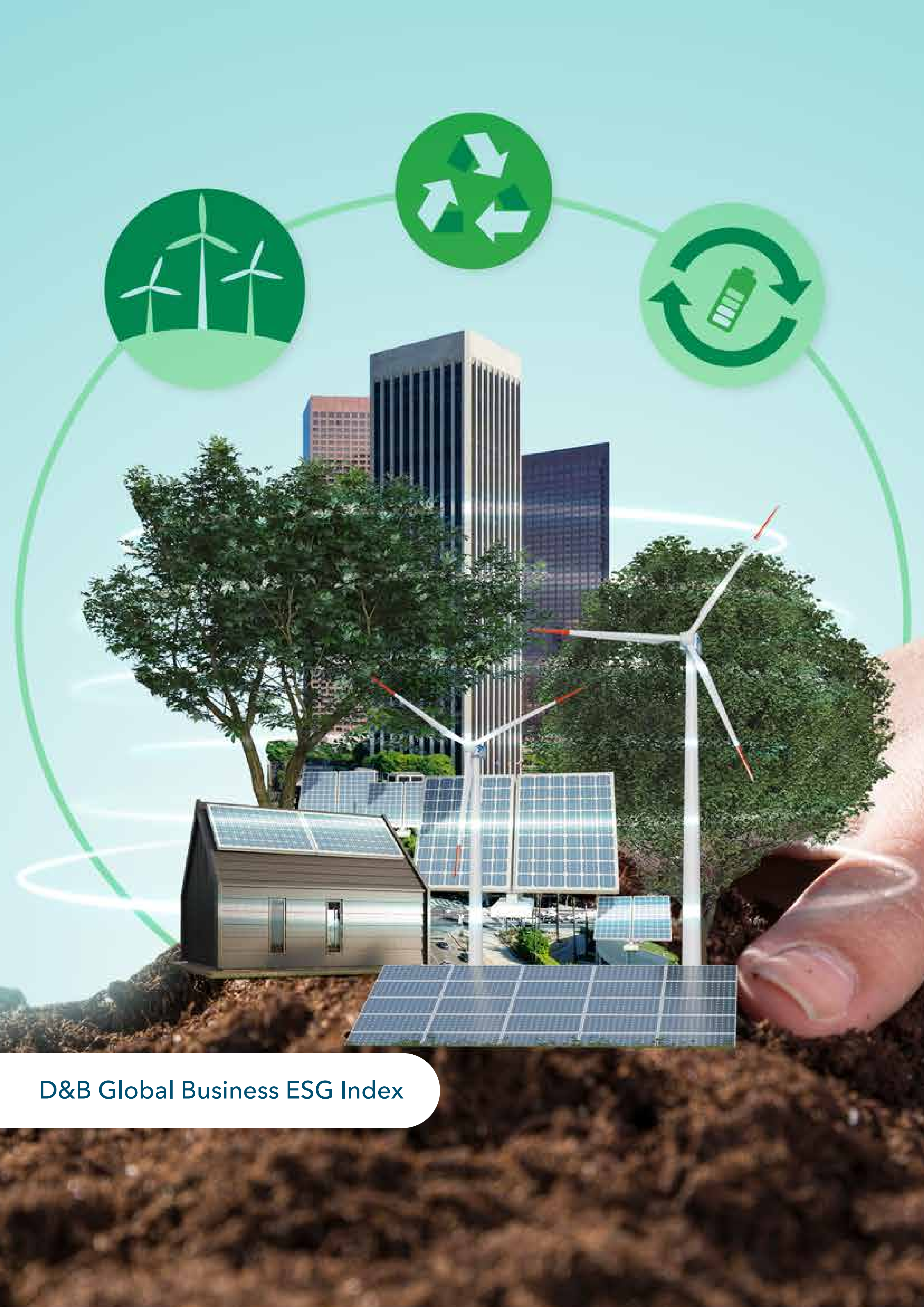
Among advanced economies, Japan's high score of 68.6 is reflected in the D&B Country Insight Report, which assigns a minimal political risk rating and a very highly regulated environment – indicative of high institutional quality supporting confident investment decisions. Canada saw an 11.6% increase over the quarter, which aligns with several upgrades to our risk assessment of Canada, including to the business continuity score and supply environment. Though recession worries may no longer be at the forefront for businesses in Canada, firms are struggling with an economy just about keeping its head above water; however, soft demand is weighing on investment decisions, particularly in the capital-intensive manufacturing sector.

Kenya's score fell 17.4% on the quarter. The decline in optimism comes on the back of our recent downgrades to several risk indicators in the D&B Country Insight Report for Kenya, following depreciation of the local currency and the ramping up of interest rates by the central bank, making borrowing to invest more expensive. Generally, businesses operating in Kenya can expect a high level of risk from their investments, as returns are very difficult to predict as the economy is currently either contracting or in recession.

Manufacturers of capital goods continued to register high investment confidence, which is encouraging for long-term growth prospects, especially in advanced economies. Irrespective of size, firms in advanced economies tend to be more confident about investment than firms of equivalent size in emerging economies. Recent economic challenges and financing constraints will likely suppress deals in 2024, but M&A activity is likely to accelerate as the cost of debt is likely to fall alongside easing policy rates, easing supply chain issues, and diminishing fears of global recession. Large firms in both advanced and emerging economies are more confident about investment than smaller businesses – continued innovation and the emergence of new industries will likely drive dealmaking in the digital, fintech, and AI space, with SMEs and promising startups likely targets of larger firms.

Sub-indices – Global Business Investment Confidence Index





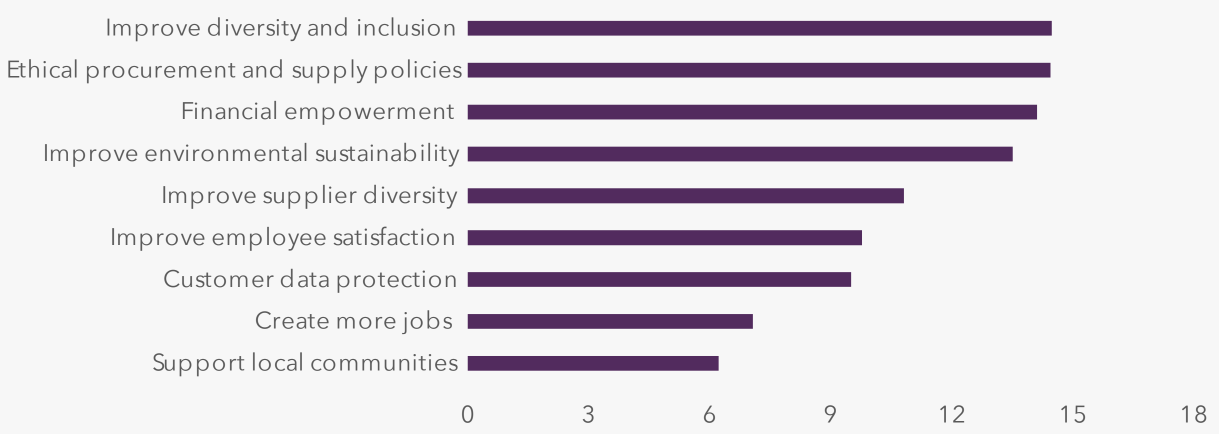
D&B Global Business ESG Index

D&B Global Business ESG Index

Key Findings

- The Global Business ESG Index increased 7% to 61.9 in Q4 2023, in contrast to a 4.7% decline in Q3 2023, reflecting a positive shift in the commitment of firms worldwide to sustainability practices.
- Emerging economies outperformed advanced economies in ESG sentiment, with a 10% increase. This surge could be attributed to heightened attention on emissions in emerging economies, particularly in anticipation of the EU's carbon border adjustment mechanism (CBAM), which became effective in October 2023.
- While the U.S. showed no growth in ESG sentiment, the U.K. demonstrated a significant 12% increase. This divergence indicates varying paces of ESG integration within advanced economies, influenced by domestic policies and industry structures.
- Broad-based improvements in ESG sentiment were observed at a sectoral level in Q4, with the mining sector leading sentiment at 64.3. This may be linked to increased awareness regarding the environmental impact of mining activities.
- Service sectors such as accommodation and food service activities, information and communications, and other services also exhibit a positive trend in ESG sentiment, suggesting a broader recognition of the importance of sustainability practices in service-oriented industries.

Thematic Question – Top ESG Objectives in 2024



Firm Size – Global Business ESG Index

Period	Small	Medium	Large
Q2 2023	60.9	62.2	59.9
Q3 2023	61.9	54.8	57.8
Q4 2023	64.2	57.4	64.4

The Global Business ESG Index for Q4 2023 revealed a positive trajectory worldwide, marking a 7% increase to 61.9 in Q4 2023 and signaling an amplified commitment to sustainable business practices globally. This surge aligns with notable occurrences at the United Nations Climate Conference, COP28, in Dubai, where an agreement by over 190 governments emphasized an unprecedented commitment to transition away from fossil fuels.

The deal underscores a just and equitable transition, aiming to expedite the global shift to clean energy by 2050 in harmony with the Paris Accord's goal of limiting global warming to 1.5 degrees Celsius. Large enterprises globally displayed robust 12% growth, suggesting that major corporations are increasingly recognizing the importance of ESG practices. However, after a stellar performance in Q3 2023, small enterprises displayed a slower 4% growth.

Sub-indices – Global Business ESG Index

Advanced economies, with a weight of 76% among surveyed economies, showed a 5% increase in ESG sentiment, indicative of the influence of well-established regulatory frameworks and governance practices. Australia witnessed a significant 20% rise in ESG sentiment, showcasing growing awareness of sustainability. This is underscored by the release of Australia's Sustainable Finance Strategy consultation paper in November, designed to present a comprehensive framework to facilitate net-zero emissions by 2050. Emerging economies exhibited a robust 10% growth, which brought the absolute level above that for advanced economies, suggesting a swift and dynamic shift toward sustainability, possibly driven by a keen appetite for change and responsiveness to global ESG trends. However, challenges persist within emerging economies. Egypt, in particular, experienced a significant 15% decrease in ESG sentiment, marking the most substantial contraction among the surveyed economies. This ties into the specific challenges faced by the country, potentially linked to economic factors, regulatory obstacles, or shifting market dynamics.

Latin America demonstrated substantial growth, reflecting a noteworthy leap in ESG sentiment. Despite Brazil's marginal decline (-1%) from Q3 2023, sentiment remained notably high at 65.6. However, there are downside risks to sentiment in Q1 2024, influenced by factors such as regulatory reforms and political considerations within the region. This is highlighted by external factors as well, like the EU's stringent insistence on the implementation of the European Union's Regulation on deforestation-free products (EUDR), which has led to the postponement of EU-Mercosur trade deal negotiations. The EUDR, effective since June, mandates that companies must screen suppliers for deforestation and forest degradation, illustrating the EU's commitment to sustainable sourcing practices. On average, European nations continued the improving momentum observed since Q3 2023, driven by measures such as the EUDR and individual country-specific acts like Germany's Supply Chain Due Diligence Act.

Amid the top CSR/ESG priorities for 2024, the emphasis on 'ethical procurement and supply policies' and 'improve diversity and inclusion' signals a global dedication to responsible business practices. Additionally, the prioritization of 'customer data protection' highlights the increasing importance of data privacy. In line with the EU's global initiatives for enhanced upstream sustainability and global supply chain diversification, 'ethical procurement and supply policies' and 'improve supplier diversity' emerge as pivotal sustainability objectives for 2024, consistently stressed across sectors and organizations of all sizes worldwide. Nevertheless, the comparatively lower focus on 'support local communities' indicates a potential area for improvement in corporate social responsibility efforts, prompting organizations to bolster their commitment to community engagement. The alignment in priorities across diverse enterprises underscores the universality of certain ESG objectives, indicating a collective acknowledgment of the importance of ethical, diverse, and socially responsible business practices.

Key Recommendations

Businesses should exercise caution and revisit their growth strategies, such as enhancing client coverage across high-growth economies. Economic growth will be asymmetric, posing risks and presenting pockets of opportunity. Even businesses operating in economies experiencing slowdown may be partially immune if most of their corporate family tree (subsidiaries, joint ventures, affiliates) is operating in economies experiencing expansion and vice versa. The impact of the economic cycle will be amplified by the depth of corporate linkages, including suppliers, vendors, and customers, spread across other regions.

Businesses need to consider supply chain linkages to have a comprehensive view of their upstream and downstream risks. Given the economic uncertainty and regulations, it is advisable to review supply chain resilience and look for opportunities presented by reshoring, nearshoring, and friendshoring trends.

Strengthening of climate and emission regulations has enhanced the need for supplier evaluation and benchmarking of sustainability practices against industry and economy practices. ESG practices vary across the operational value chain, so businesses must trace sustainability practices at all stages to ensure compliance.

Getting back to the basics with the 5Cs of credit management – Capacity, Capital, Character, Collateral, and Conditions – is vital during these volatile times. Businesses must recognize that the current economic landscape necessitates a more proactive approach to credit risk mitigation. Having visibility into credit risk across the entire global portfolio can help inform treatment strategies and prioritize collections.

By working with trusted analytics experts, businesses have access to dynamic data that can be used to answer questions such as financial capacity to pay vendors and track record, present capital structure and changes over time, and available collateral for liquidation in case of bankruptcy.

Dun & Bradstreet Global Business Optimism Index: Appendix

Methodology

Dun & Bradstreet conducted a survey of business leaders in their operating markets. The survey was conducted on a stratified random sample of around 10,000 respondents, from varying sector and size segments. Responses pertain to respondents' own operating markets. A diffusion index is calculated for each parameter. The indices range from 0 to 100, with a reading above 50 indicating an improvement and below 50 a deterioration (both compared with the same period in the previous year). The composite index at size and sector level is calculated using factor-weighted averages of the parameter-level indices. Economy-level indices are weighted averages of sector-level indices by their contribution to GDP. Global indices are weighted averages of economy-level indices with their GDP weights.

Economies covered in the survey			
Argentina	Indonesia	Russia	United Kingdom (UK)
Australia	Israel	Saudi Arabia	United States of America (U.S.)
Brazil	Italy	South Africa	
Canada	Japan	South Korea	
Czech Republic	Kenya	Spain	
Egypt	Mexico	Sweden	
France	Netherlands	Switzerland	
Germany	Nigeria	Taiwan Region	
Hungary	Norway	Türkiye	
India	Poland	United Arab Emirates	

Indices Explained

Dun & Bradstreet Global Business Optimism Index provides valuable insights on the global growth cycle. It serves as a tool to identify turning points in the global economy.

Dun & Bradstreet Global Business Supply Chain Continuity Index monitors the efficiency of suppliers' deliveries in terms of both time and cost. The index enables businesses to optimize their supply chain management by identifying potential bottlenecks, streamlining operations, and mitigating risks.

Dun & Bradstreet Global Business Financial Confidence Index serves as an early warning signal for bankruptcies, enabling stakeholders to anticipate financial distress in various sectors of the economy.

Dun & Bradstreet Global Business Investment Confidence Index provides vital cues about investment rates across different industries and regions. By tracking this index, stakeholders can gain insights on the sentiments and willingness of businesses to invest in new projects, expand operations, and drive growth.

Dun & Bradstreet Global Business ESG Index provides a comprehensive assessment of companies' performance in implementing ESG initiatives. By tracking the ESG index, investors, regulators, and the public can evaluate the sustainability efforts of organizations, encourage responsible business practices, and promote transparency and accountability.

The Indices

INDEX	DESCRIPTION
Global Business Optimism Index	Snapshot of business optimism for the upcoming quarter.
Global Business Supply Chain Continuity Index	Overview of the resilience and stability of global supply chains.
Global Business Financial Confidence Index	Indicator of financial health and confidence levels of businesses globally.
Global Business Investment Confidence Index	Measure of confidence of businesses to make investments.
Global Business ESG Index	Assessment of companies' performance in implementing ESG initiatives.

Disclaimer

Dun & Bradstreet makes no representations or warranties, express or implied, with respect to information provided and the results of the use of such information, including but not limited to implied warranty of merchantability and fitness for a particular purpose, warranties of accuracy, completeness, or currency. Neither Dun & Bradstreet nor any of its parents, subsidiaries, affiliates or their respective partners, officers, directors, employees or agents shall be held liable for any damages, whether direct, indirect, incidental, special or consequential, including but not limited to lost revenues or lost profits, arising from or in connection with use or reliance on the information provided in this report. Recipients of these reports are responsible for determining whether the information contained herein is sufficient for use and shall use their own skill and judgement when choosing to rely upon the reports.

Legal and Copyright Notice

Delivered Using Dun & Bradstreet Data and Expertise

Dun & Bradstreet's Country Insight solutions deliver country- and region-specific insight and data-driven analysis, helping businesses in various industries and sectors globally minimize current risks. Our solutions allow you to identify emerging challenges and explore opportunities for market expansion and longer-term investment. Our analysis covers economies accounting for 99% of global GDP.

Our experienced country-intelligence specialists use Dun & Bradstreet's proprietary data, supplemented by secondary data from the International Monetary Fund, World Bank and other multilateral organizations, to provide unique analysis to drive sound business decisions.

Updated frequently – and monthly for our most requested countries – our data and analysis are presented in a format that facilitates the comparison of economic, political and commercial conditions on a country, regional and global level.

Find us Here

For more information relating to D&B's Country Insight Services, please contact us below:

UK
Telephone: 01628 492 000 Email: ukcs@dnb.com

USA
Telephone: 1 (808) 239 8944 Email: CustomerService@dnb.com
Rest of World

dun & bradstreet

The Point
North Wharf Road London W2 1AF

About Dun & Bradstreet

Dun & Bradstreet, a leading global provider of data and analytics, enables companies around the world to improve decision-making and business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity.