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# Global Business Optimism Insights

Q3 2024

## Introduction

Dun & Bradstreet's Global Business Optimism Insights (GBOI) is a quarterly report that aims to gauge the optimism 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 upcoming 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. An index reading above 100 indicates an improvement in optimism relative to the base year (Q3 2023 to Q2 2024), while an index reading below 100 signifies a deterioration in optimism.

## Key Findings

Global businesses are showing resilience amid geopolitical tensions and supply chain disruptions, buoyed by a shift towards accommodative global monetary policies. This optimism extends to improved macroeconomic conditions, with businesses notably upbeat about sales and order growth. Financial as well as investor confidence has surged on expectations of favorable operating conditions and reduced borrowing costs in economies that are easing their monetary policies. Optimism regarding supply chain continuity has seen a turnaround after four consecutive declines, despite persistent vulnerabilities such as elevated shipping costs and climate-related disruptions. Additionally, the rebound in business ESG sentiment underscores renewed commitments to sustainability, with a majority of surveyed businesses reporting an intent to increase their budget for ESG-related activities.







The **Global Business Optimism Index** increased 12.3% for Q3 2024, indicating that businesses have shown resilience so far in 2024, navigating persistent global shocks such as geopolitical events and supply chain disruptions. Nearly two-thirds of surveyed businesses anticipate favorable input costs in the next quarter, reflecting their expectations amid easing inflation trends across the globe.



The **Global Supply Chain Continuity Index** posted a modest improvement of 1.2% for Q3 2024, growing 0.9% in advanced economies and 0.4% in emerging economies. Following multiple quarters of deterioration, the moderate uptick results from expectations that key factors that affect supply chains – geopolitical tensions, climate-related disruptions, and muted demand – appear to have adjusted. Although these challenges continue, businesses seem to have adapted to the new normal.



The **Global Business Financial Confidence Index** improved 12.3% for Q3 2024. Businesses have become increasingly optimistic about operating conditions. Expectations of a change in borrowing costs are very favorable and tend to be the most positive for businesses in economies that have already begun cutting interest rates. Small and medium-sized businesses show higher financial confidence than large businesses.



The **Global Business Investment Confidence Index** improved 23.3% for Q3 2024. The reading signals a meaningful improvement in capital spending optimism centered on growing signs that the global monetary policy is shifting to becoming more accommodative. Despite the difficult environment for raising capital in emerging economies, appetite for capital spending appears to be the strongest in these economies.



The **Global Business ESG Index** rebounded 8.0% for Q2 2024, underscoring a renewed focus on sustainability despite challenges faced in Q1 2024, with 57% of surveyed businesses planning to increase their budget allocations for ESG-related activities in Q3 2024.

Index	Q4 2023	Q1 2024	Q2 2024	Q3 2024
(A) Global Business Optimism Index	100	102	109	122
(B) Global Business Supply Chain Continuity Index	95	90	113	115
(C) Global Business Financial Confidence Index	96	101	107	121
(D) Global Business Investment Confidence Index	97	103	105	130
(E) Global Business ESG Index	103	101	110	

## By Sector

Sector	(A)	(B)	(C)	(D)	(E)
Accommodation and food service activities	121	112	121	129	111
Construction	122	123	119	123	110
Financial and insurance activities	120	104	121	132	115
Information and communication	121	107	123	132	112
Mfg.: automotive	128	120	123	134	124
Mfg.: capital goods	125	121	120	130	107
Mfg.: chemicals, rubber, plastics, and pharma	124	116	121	133	110
Mfg.: electricals, electronics, and hardware	122	117	116	120	108
Mfg.: food, beverages, and tobacco	121	122	116	123	107
Mfg.: metals	127	122	123	134	110
Mfg.: textiles, wood, paper, and leather	131	124	128	135	115
Mining	123	114	120	129	108
Other services – professional and administrative	118	107	121	131	105
Real estate activities	118	111	117	126	106
Transportation and storage	122	108	120	130	103
Utilities	120	118	119	124	102
Wholesale and retail trade	127	121	124	134	113

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



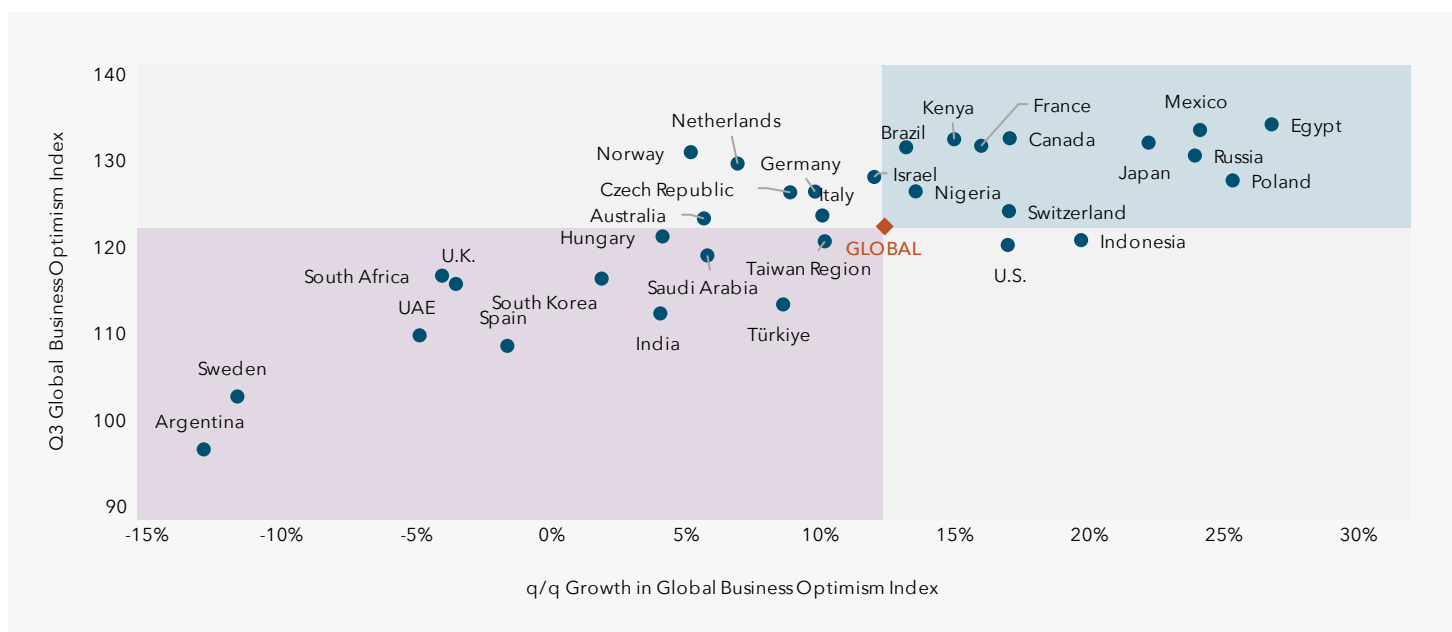
D&B Global Business Optimism Index

# D&B Global Business Optimism Index

## Key Findings

- The Global Business Optimism Index increased 12.3% for Q3 2024, indicating that businesses have shown resilience so far in 2024, successfully navigating persistent global shocks such as geopolitical events and supply chain disruptions.
- The optimistic outlook stems from anticipated growth in sales, domestic orders, and export orders in the upcoming quarter. Although optimism regarding prevailing input costs remained unchanged for Q2 2024, nearly two-thirds of surveyed businesses expect input costs to be more favorable in Q3 2024.
- Small businesses drove the improvement in optimism for Q3 2024 (+36.4%), showcasing their agility and resilience in adapting to economic conditions. Medium-sized businesses saw a 9.9% increase, while large businesses experienced a 4.7% decline.
- Global optimism among manufacturing businesses rose by an average of 8.1% in Q3 2024, with the highest increase observed in textiles, wood, paper, and leather at 19.6%. This was surpassed by the services sector worldwide, where optimism increased by an average of 15.3%.
- In the U.S., optimism rebounded by 16.9% for Q3 2024, following a 3.2% decline for Q2. The information and communication technology (ICT) sector saw a substantial 50.9% increase in optimism, while transportation rose 27.8%, significantly lifting sentiment within the services sector.
- Germany saw a notable uptick (+9.7%) in optimism, which contributed positively to overall European economic sentiment. On the other hand, the U.K. experienced a dip of 3.6%.

## Quadrant of Optimism – Global Business Optimism Index



## Firm Size – Global Business Optimism Index

Period	Small	Medium	Large
<b>Q4 2023</b>	101.5	99.3	99.3
<b>Q1 2024</b>	103.5	98.8	104.9
<b>Q2 2024</b>	97.2	111.2	117.9
<b>Q3 2024</b>	132.6	122.1	112.4



The Global Business Optimism Index has shown a consistent upward trend over the year, increasing 7.0% on average for the first three quarters of 2024. This rise in optimism suggests that businesses have adapted well to a challenging 2024, successfully navigating global shocks, including geopolitical events and supply chain disruptions. Businesses' assessments of current macroeconomic conditions, both domestically and globally, remained stable from Q1 to Q2 2024. However, respondents expressed much greater optimism for Q3 2024, with 77.4% expecting an improved macroeconomic

environment globally, driven by growing signs that monetary policy is shifting to becoming more accommodative. This positive outlook is also fueled by expectations for increased sales, domestic orders, and export orders in Q3 2024. Global inflation has been easing at a slower pace than initially anticipated, and businesses appear to have adjusted their expectations accordingly. While assessment of prevailing input costs remained unchanged in Q2 2024, nearly two-thirds of businesses anticipate more favorable input costs in the third quarter.

Sub-indices – Global Business Optimism Index



Both emerging and advanced economies exhibited positive trends over the past year, indicating widespread optimism. Significant improvements in optimism were observed in service-oriented businesses, particularly in the ICT sector. The OECD also notes that the ICT sector showed strong performance in 2023 in member countries, partly due to substantial investments in generative AI, with major businesses launching their versions of large language models over 2023.

The ICT sector drove optimism in the U.S., which maintains its position as a global leader in software and technology services. Facing the challenges of increasingly restricted trade with the Chinese Mainland and resultant supply chain disruption, the U.S. government is making substantial investments in IT systems, cybersecurity, and workforce development. Meanwhile, advances in automation, digitization, the internet of things (IoT), AI, and

autonomous vehicles are also driving efficiency in the transportation and logistics sector, further boosting positive sentiment. In Europe, Germany showed strong momentum with rebounds in both manufacturing (+5.5%) and services (+12.4%), contrasting with the U.K.'s decline in optimism – which is likely influenced by election-related uncertainty. The Asia-Pacific region saw notable increases, particularly in Indonesia (+19.6%) and Japan (+22.1%). Japan's significant rise can be attributed to major businesses planning substantial pay increases – the highest since 1991 – which is expected to stimulate consumption. Consequently, optimism among businesses in wholesale and retail trade rebounded (+42.9%) from a slump (-12.7%) in Q2 2024. Among emerging economies, businesses in Egypt showed notable growth in optimism of 26.7% for Q3 2024, bolstered by recent IMF agreements and the government's pro-liberalization stance.



D&B Global Business Supply Chain Continuity Index

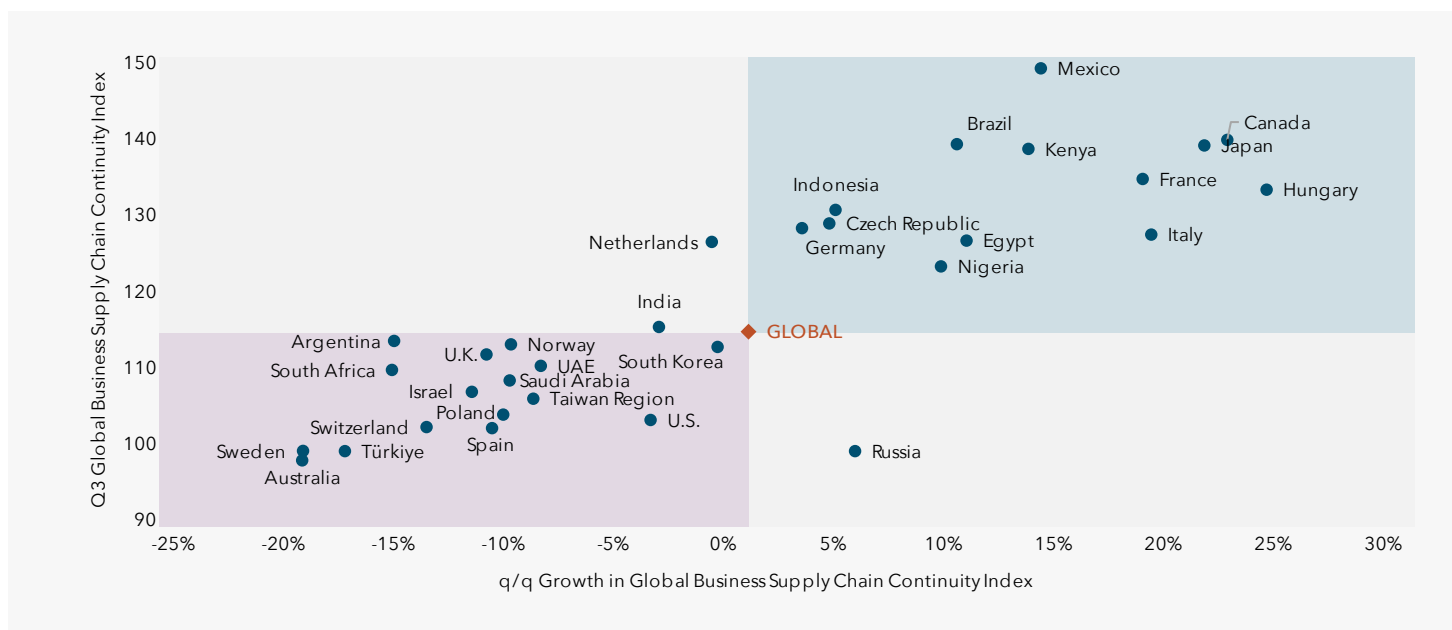


# D&B Global Business Supply Chain Continuity Index

## Key Findings

- The Global Business Supply Chain Continuity Index improved 1.2% for Q3 2024. This modest improvement is consistent across both emerging (+0.4%) and advanced economies (+0.9%).
- The modest uptick in optimism has come on the heels of multiple quarters of deterioration, as businesses seem to have adjusted to the new supply chain environment, where the main causes of disruption – geopolitical tensions, climate-related disruptions, and muted demand – persist.
- Optimism among small businesses has seen a marked improvement (+21.8%) for Q3 2024, supported by their ability to source locally. On the other hand, large and medium-sized businesses are still showing signs of concern. The index value dropped 2.4% for medium-sized businesses and a significant 13.4% for large businesses.
- At a sectoral level, optimism among services sector businesses improved 6.5%, while manufacturing saw a deterioration of 7.3% for Q3 2024. Except utilities (-1.4%), all services have shown an improvement in their index value, led by ICT (+15.1%), real estate (+12.7%), and accommodation and food services (+12.8%).
- Within manufacturing, the largest declines in optimism were in automotives (-10.4%); chemicals, rubber, plastics, and pharmaceuticals (-10.1%); capital goods (-9.5%); and metals (-7.8%).

## Quadrant of Optimism – Global Business Supply Chain Continuity Index



## Firm Size – Global Business Supply Chain Continuity Index

Period	Small	Medium	Large
Q4 2023	96.1	95.4	93.6
Q1 2024	87.2	97.2	86.5
Q2 2024	102.5	113.1	125.9
Q3 2024	124.9	110.3	109.0

Optimism about supplier delivery time and supplier delivery cost has remained unchanged for Q3 2024 q/q. Optimism for supplier concentration only registered a modest improvement of 1.9%. However, there is a sharp contrast between large and medium-sized businesses and small businesses. Optimism among large businesses has significantly deteriorated: supplier delivery time (-13.0%), supplier delivery cost (-13.8%), and supplier concentration (-12.1%). Similarly, for medium-sized businesses, optimism has deteriorated: supplier delivery time (-4.7%), supplier delivery

cost (-2.9%), and supplier concentration (-0.9%). These businesses are linked to global supply chain networks and sources across geographies, meaning they are more exposed to the vagaries of higher shipping charges, congestion across routes, and lengthier routes. Small businesses appear to be benefiting from their ability to source locally and thus have higher optimism levels, with their optimism for supplier delivery time rising 20.9%, supplier delivery cost increasing 21.2%, and supplier concentration rising 22.1%.

Sub-indices – Global Business Supply Chain Continuity Index



Businesses worldwide anticipate that supply chain risks will remain at current elevated levels and have adapted to this new environment. The main challenges to supply chain continuity include: geopolitical tensions; high shipping and freight charges; insecure trade routes; extended delivery times; unavailability of containers; and congestion across various transshipment ports. Moreover, labor issues, industry action, and increased threat of cyberattacks are compounding the concerns.

The Supply Chain Continuity Index for Q3 2024 shows inter- and intra-regional variations. Within Europe, Hungary (+24.7%), France (+19.1%), Italy (+19.5%), the Czech Republic (+4.8%), and Germany (+3.6%) have shown improvements in their index values. Economic recovery backed by declining energy prices and modest improvements in transport routes have led businesses to feel relatively more confident about managing their supply chain issues. On the other hand, businesses in countries such as Switzerland (-13.5%), the U.K. (-10.8%), Spain (-10.5%), and Poland (-10.0%) are less confident about their supply chain continuity.

While Switzerland and Poland are facing climate-crisis-related disruptions, the U.K. is still facing shortages in areas such as land transportation and lorry drivers. Sweden (-19.4%) and Norway (-9.1%) have also seen deterioration in their index values, related to higher geopolitical tensions in the Nordic Sea and with Russia, with international land border posts closed and the threat of cyberattacks increasing.

Within Latin America, optimism in Brazil (+10.6%) and Mexico (+14.4%) has improved due to nearshoring, continued improvement in trade routes with the U.S., and rising water levels in Panama (which is supporting increased vessel movement). Meanwhile, Argentina (-15.0%) has witnessed underperformance due to domestic supply chain issues. Middle Eastern countries such as Saudi Arabia (-9.7%), the UAE (-8.3%), and Israel (-11.4%) are still facing escalating geopolitical tensions, with multiple non-state actors entering an already challenging geopolitical landscape. The movement of shipping across the Suez Canal, the Gulf of Aden, and the Strait of Hormuz continues to be a cause of concern.



Global Business Financial Confidence Index

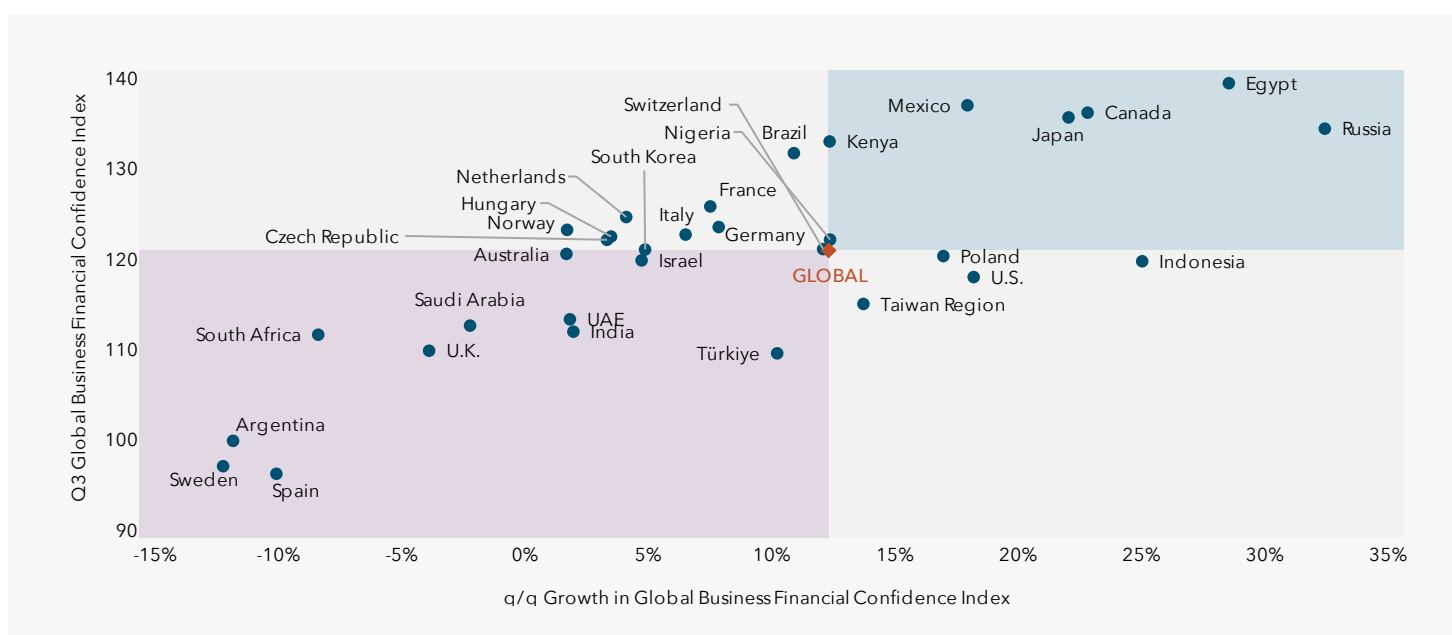


# D&B Global Business Financial Confidence Index

## Key Findings

- The Global Business Financial Confidence Index improved 12.3% for Q3 2024. Businesses have become increasingly optimistic about operating conditions supporting balance sheets. Financial confidence improved across both advanced (+12.4%) and emerging (+11.3%) economies.
- Among advanced economies, Canada (+22.8%), Japan (+22.0%), and the U.S. (+18.2%) saw the largest improvements in optimism, following broadly slowing inflation and, in Canada, interest rate cuts. Optimism in France (+7.5%), Germany (+7.9%), and Italy (+6.5%) also improved for Q3 2024 on the back of the first reduction in lending rates in five years by the European Central Bank (ECB). Among emerging economies, Russia (+32.4%), Egypt (+28.5%), and Indonesia (+25.0%) recorded the strongest improvements.
- Among manufacturers, Egypt and Russia have recorded the highest expected optimism. At a sectoral level, Egyptian manufacturers of automobiles and chemicals were the most optimistic for Q3 2024, together with Russian manufacturers of electricals & electronics and textiles. Globally, small and medium-sized businesses (SMBs) recorded better financial confidence expectations than large businesses. Among SMBs in emerging economies, those in Egypt, India, Mexico, and Indonesia were the most optimistic. In advanced economies, expectations of financial confidence in SMBs are the strongest in France, Italy, and Japan.

## Quadrant of Optimism - Global Business Financial Confidence Index



## Firm Size - Global Business Financial Confidence Index

Period	Small	Medium	Large
Q4 2023	102.2	91.3	94.3
Q1 2024	104.4	93.6	106.2
Q2 2024	96.1	107.8	119.1
Q3 2024	133.5	120.3	108.3

Across economies, expectations of a change in borrowing costs are very favorable in economies that have already begun to loosen their monetary policies, such as Germany and France. Optimism for borrowing costs is also favorable in some emerging economies that have moved ahead of the U.S. Federal Reserve (Fed) and begun to reduce policy rates, as in Mexico and Brazil, which have already started easing cycles, though rates in both countries remain relatively high. Easing of monetary policy is likely to continue to support this parameter. Expectations of changing borrowing costs are also encouraging in the U.S. and the U.K., reflecting prospects that slowing inflation will ultimately translate into interest rate cuts by the Fed and the Bank of England (BoE). In the U.S., underlying inflation momentum has moderated more slowly than expected and, together with a tight labor market, triggered the Fed to announce that there had been a lack of further progress in bringing inflation to target and as a result that rates would remain elevated for longer. Inflation in the U.K. has proved similarly stubborn but continues to trend sufficiently lower for the BoE to soon consider lowering borrowing costs.

The level of financial risk on businesses' balance sheets (including credit, market, and liquidity risks) varies across economies. Generally, businesses in advanced economies are more confident about managing financial risks on their balance sheets. Optimism in the Netherlands and Norway is high, particularly among manufacturers.

The average time it takes for a business to receive payment for sales is a critical indicator of business survival. The longer the delay, the more likely a business will experience cash flow problems that could jeopardize business viability. In advanced economies, businesses in Japan and the Netherlands are particularly optimistic about receiving timely payments, while businesses in Spain and Sweden registered relatively low levels of optimism, implying that businesses in these countries are at greater risk of delays in receivables. Similarly, across major emerging economies, there is a wide variation: businesses in Brazil and Mexico have generally high expectations that obligations will be paid for on time, whereas businesses in Argentina and Türkiye expect transactions to take longer. At a global sectoral level, businesses in accommodation and food, and wholesale and retail trade are the most optimistic about receiving payments on time, whereas manufacturers of capital goods and chemicals are the least optimistic.

Sub-indices – Global Business Financial Confidence Index



Liquidity risk – the extent to which businesses can meet short-term financial obligations as they become owed – is linked to receivables. Businesses in advanced and emerging economies are almost equally optimistic about managing their liquidity risk. Across industries at the global level, businesses in real estate are the least optimistic about

expected liquidity, with businesses in wholesale and retail being the most optimistic. Smaller businesses, which may previously have been relatively constrained in their approach to liquidity risk management, are now more optimistic about cash flow management, given the growing expectations of falling borrowing costs.



D&B Global Business Investment Confidence Index

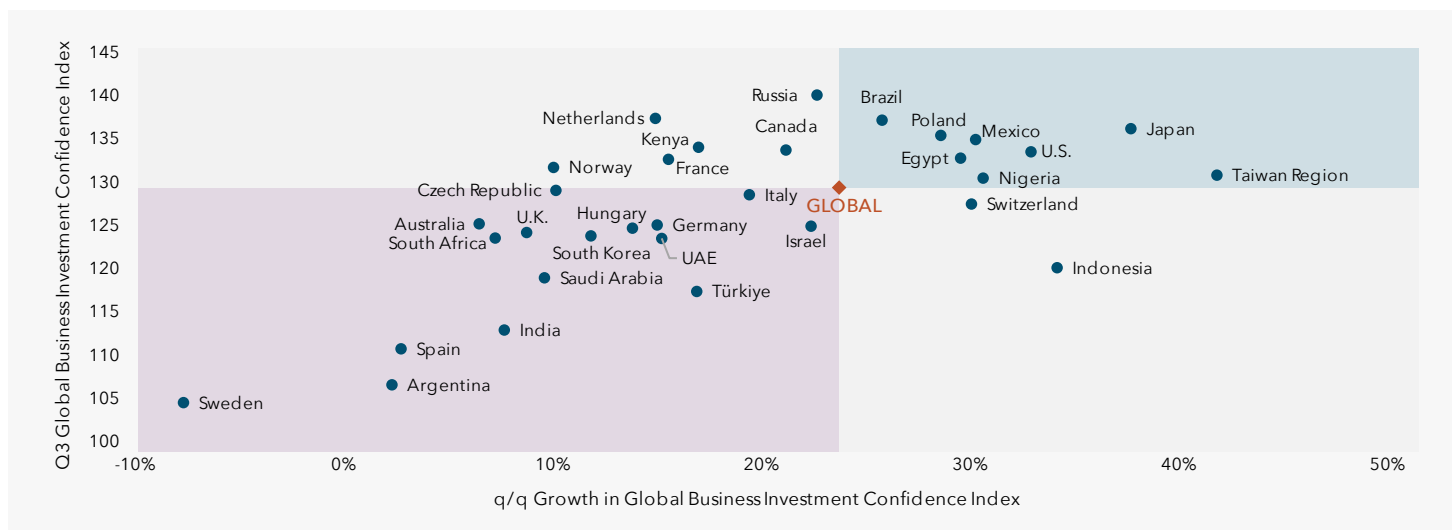


# D&B Global Business Investment Confidence Index

## Key Findings

- The Global Business Investment Confidence Index improved 23.3% for Q3 2024. The reading signals a meaningful advance in optimism regarding capital spending, centered on growing signs that the global monetary policy is shifting to become more accommodative.
- The increase in business investment confidence reflects that a period of relatively lower borrowing costs is drawing steadily closer, even though inflation has fallen more slowly than was expected at the start of the year. Macroeconomic activity indicators are continuing to slowly recover, which is likely to reinforce business investment sentiment, though readings are mixed and vary by economies.
- Several large emerging economies across Latin America, Asia-Pacific, and Eastern Europe recorded a sharp improvement in investment confidence for Q3 2024. Optimism improved among businesses in Brazil (+25.8%), Mexico (+30.3%), Indonesia (+34.2%), Taiwan Region (+41.8%), and Poland (+28.6%). In advanced economies, growth of investment confidence in Q3 2024 was the strongest in Japan (+37.7%), the U.S. (+32.9%), and Switzerland (+30.1%).
- In Japan, growing confidence that the economy may be able to support sustainable inflation and is on the cusp of a transformation is stimulating investment activity. In Brazil and Switzerland, the central banks will continue to lower interest rates this year, making borrowing cheaper and encouraging business investment.
- In terms of business size, the largest increase in investment confidence at the global level was among small businesses. Across sectors globally, levels of investment confidence were the highest among businesses in ICT and wholesale & retail trade. Businesses less confident about making investments were in electricals, reflecting still-high, long-term interest rates and the long-term nature of asset expenditure in this sector, such as capital spending on new large-scale plant and machinery.

## Quadrant of Optimism – Global Business Investment Confidence Index



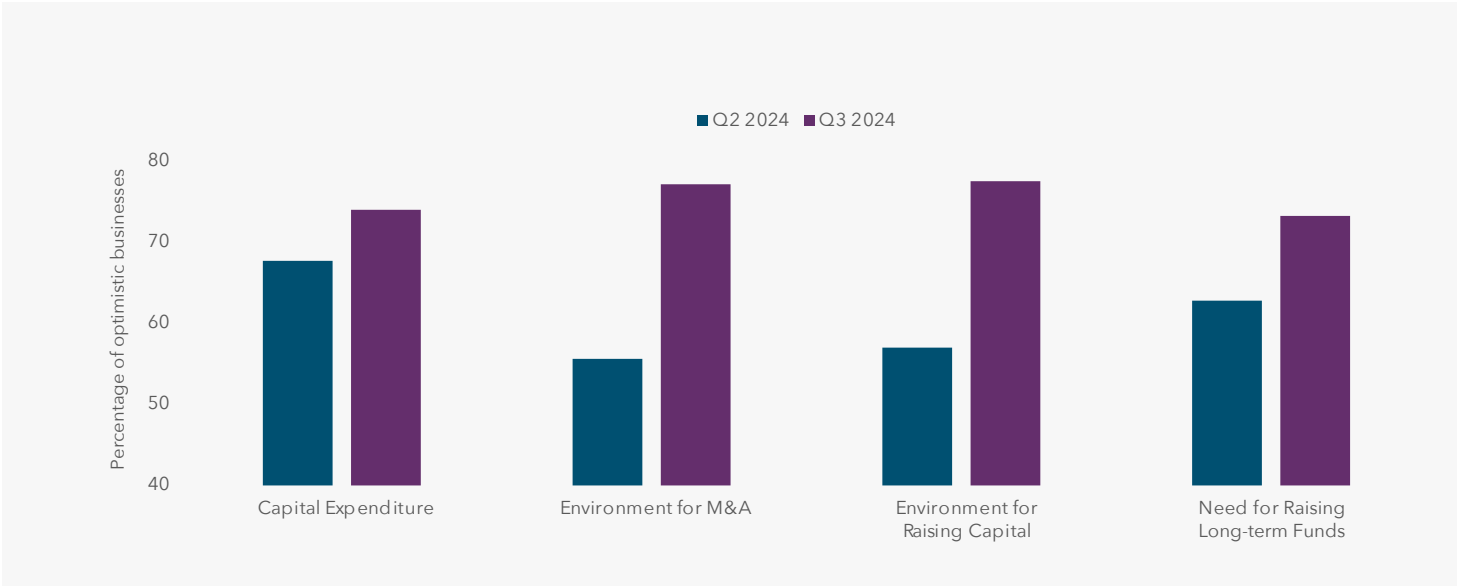
## Firm Size – Global Business Investment Confidence Index

Period	Small	Medium	Large
Q4 2023	102.2	91.3	94.3
Q1 2024	104.4	93.6	106.2
Q2 2024	96.1	107.8	119.1
Q3 2024	133.5	120.3	108.3

The ECB and the Bank of Canada have begun to loosen their monetary policies, in a sign that major central banks are beginning to recognize the demand for stimulus as price pressures subside. Future interest rate decision-making remains unclear for the Fed and the BoE, which are yet to fully commit to the likely course of interest rate normalization. Globally, businesses' optimism for fundraising is high, particularly among chemical and automobile manufacturers. Confidence about the environment for raising capital was lower for Q3 2024 in emerging economies, particularly in parts of Asia such as India and Indonesia, than advanced economies, such as those in Europe, including the Netherlands, the Czech Republic, and the U.K. As the environment for raising capital becomes

generally more favorable, so does the appetite for capital expenditure. Expected spending on capital outlays such as property, equipment, and land was the highest in key emerging economies such as Mexico and Brazil as market rates fall. Expected spending on plant and equipment was also strong in Japan, driven by manufacturers of automobiles, electrical equipment, and metals. Capital expenditure plans tend to be relatively low in South Africa, reflecting uncertainties at the time of our survey regarding the priorities of the new government and ongoing energy supply issues.

### Sub-indices - Global Business Investment Confidence Index



Globally, M&A activity is set to accelerate as the cost of debt falls and stock markets rally, leading to diminishing fears of a global recession. The survey suggests that businesses are more optimistic about the environment for M&A activity in advanced economies, especially in large European economies such as Switzerland, where prospects look to have improved, and where we have recently upgraded the short-term economic outlook in our latest Dun & Bradstreet Country Insight Report. Compared with the previous quarter, optimism about the

environment for M&A activity in emerging economies has improved and was the highest in the Czech Republic and Poland on the back of accelerating economic activity. Globally, SMBs were relatively more confident about the environment for M&A activity than large businesses. This likely reflects that as appetite for business transactions picks up, some SMBs may position themselves as potentially attractive opportunities for acquisition, particularly so for promising startups in the digital, fintech, and AI space.





D&B Global Business ESG Index

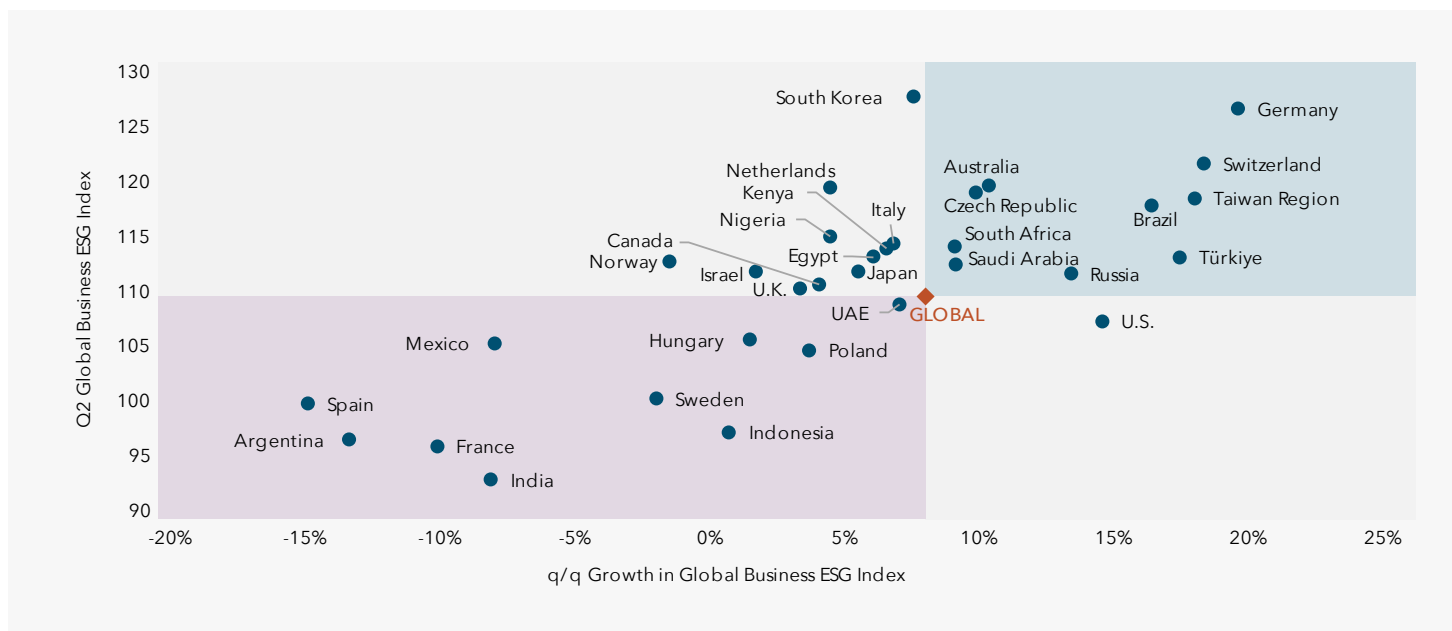


# D&B Global Business ESG Index

## Key Findings

- The Global Business ESG Index rebounded 8.0% for Q2 2024, underscoring a renewed focus on sustainability despite challenges faced in Q1.
- The survey reported a significant uptick in budget allocations for ESG-related activities in Q3 2024, with 57.0% of businesses planning to increase their budgets.
- Stakeholder engagement in environment- and governance-related sustainability efforts increased notably in Q2 2024, following a slight dip in the previous quarter, reflecting growing awareness and commitment to environmental initiatives in business decision-making.
- Large businesses saw a decline of 18.7% in the Global Business ESG Index, contrasting with significant gains among small (+31.4%) and medium-sized businesses (+16.2%).
- The automotive manufacturing sector experienced a robust 11.8% increase in the index, driven by shifting regulatory landscapes around the world, such as the EU's ambitious carbon reduction targets, which are accelerating the adoption of electric vehicles and reshaping industry dynamics.
- The U.S. experienced a strong bounce back with a 14.5% rise in the Business ESG Index in Q2 2024, following a 10.2% decline in the previous quarter, driven by significant regulatory developments and heightened focus on sustainability disclosures. Europe, however, exhibited mixed performance, with gains recorded in the U.K., Italy, and the Netherlands, albeit at a slower pace than the previous quarter, while France, Norway, and Sweden saw declines in their ESG indices.

## Quadrant of Optimism – Global Business ESG Index



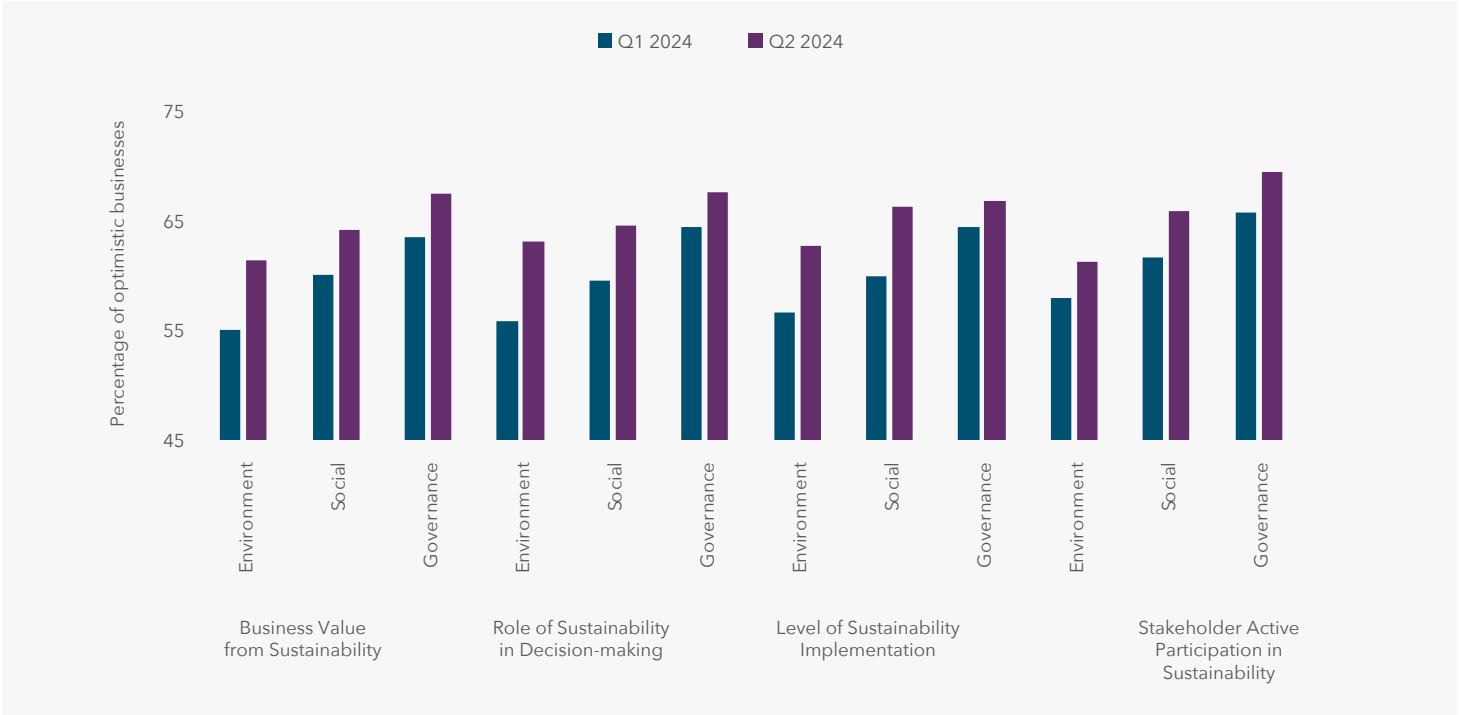
## Firm Size – Global Business ESG Index

Period	Small	Medium	Large
Q3 2023	102.1	91.1	95.0
Q4 2023	106.7	95.9	107.8
Q1 2024	93.2	98.3	113.2
Q2 2024	122.4	114.2	92.1

As highlighted in our previous Global Business Optimism Insights report, the onset of new regulations suggests that 2024 will see increased engagement and a shift towards sustainability initiatives. In Q2 2024, there was increased involvement from businesses' management and investors in environmental and governance-related sustainability efforts, marking a recovery from a slight downturn in the previous quarter.

Additionally, a higher number of businesses reported a heightened focus on integrating environmental considerations into their business decisions. However, skepticism appears to persist regarding the tangible value generated by adopting ESG measures, as the increase in sentiment was relatively modest compared with questions related to participation and implementation.

Sub-indices - Global Business ESG Index



The automotive manufacturing sector again led the charge in the second quarter, supported by improving optimism in retail and wholesale trade (+21.0%) within the services sector. The EU's stringent carbon reduction targets for vehicles and plans to phase out petrol and diesel cars have influenced sentiment in the automotive sector. Additionally, there is growing attention in the retail and wholesale industry towards environmentally friendly packaging practices, particularly in light of the Global Plastics Treaty, which aims to establish binding rules for plastic production, reuse, and disposal, potentially taking effect by the end of 2024.

The rebound in the U.S. was influenced by regulatory developments such as the upcoming Securities and Exchange Commission (SEC) climate-related disclosure requirements and California's Climate Corporate Data Accountability Act. These are set to reshape corporate reporting and accountability in the region, influencing over 5,000 large businesses. Europe showed a mixed performance, with gains recorded in the U.K., Italy, and the Netherlands, albeit at a slower pace than the previous quarter. Conversely, France, Norway, and Sweden saw declines in their ESG indices. The EU's forthcoming social taxonomy and deforestation laws aim to strengthen

sustainability standards and environmental protections, setting new benchmarks for businesses operating in the region. Notably, Germany saw a 19.5% increase in its Business ESG Index, bolstered by stringent corporate due diligence obligations in global supply chains, the scope of which was expanded in January 2024 to include smaller businesses. Meanwhile, Latin America presented contrasting scenarios, with Argentina facing a 13.5% decline, driven by a shift in priorities, and Brazil witnessing a 16.3% increase due to a proactive environmental agenda marked by significant ESG bond issuances and pledges to combat deforestation.

The survey indicates a significant increase in budget allocations for ESG-related activities in Q3 2024, with 57% of businesses planning to boost their budgets. This trend highlights a growing

commitment to sustainability efforts globally. Countries such as Canada (79.3%), France (77.1%), and Mexico (74.6%) had a notable share of respondents intending to increase their budgets, emphasizing an increased prioritization of ESG initiatives. In contrast, Spain (43.8%) and Sweden (42.3%) showed relatively modest intentions, reflecting a slower pace in expanding sustainability investments. Among sectors, the manufacturers of food, beverages, and tobacco (62.6%), as well as chemicals, rubber, plastics, and pharmaceuticals (60.6%), reported the highest inclination to increase their budgets. Meanwhile, utilities (51.3%) and transportation (54.1%) had the lowest intent.





# 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 (when countries move supply chain networks to 'friendly' nations and away from geopolitical rivals) 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 the 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.



# 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 and normalized against base year values (Q3 2023 to Q2 2024). An index reading above 100 indicates an improvement in optimism

relative to the base year, while an index reading below 100 signifies a deterioration. 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 (U.K.)
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, in addition to supplier concentration. 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.

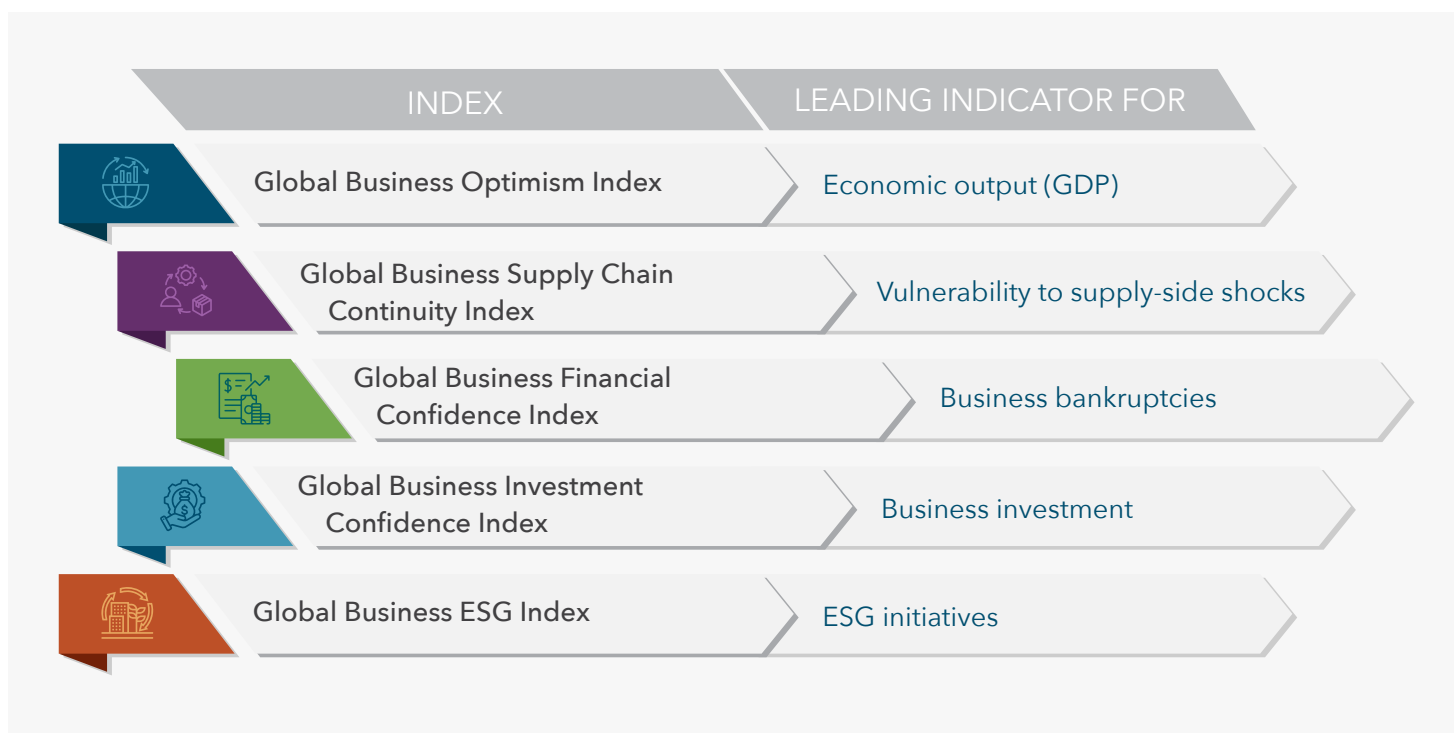


**Dun & Bradstreet Global Business Investment Confidence Index** provides vital cues about investment rates across different industries and regions. By tracking this index, stakeholders can gain insights on the sentiments and willingness of businesses to invest in new projects, expand operations, and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



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## The Indices





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