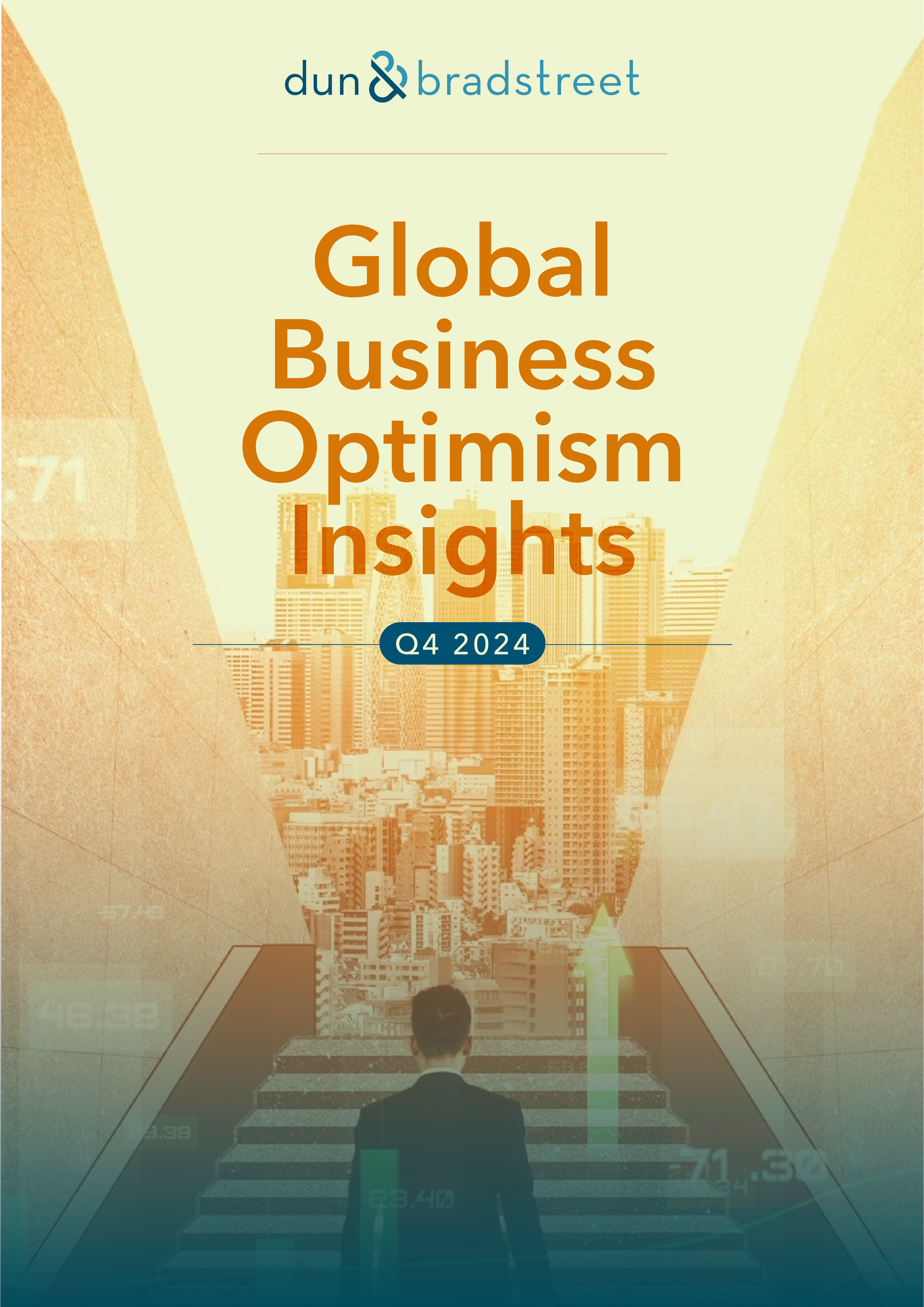
dun & bradstreet

Global Business Optimism Insights

Q4 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. 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.

Key Findings

As 2024 draws to a close, there is increasingly more optimism in the global business environment, driven by favorable borrowing conditions and improving market dynamics. Businesses in both advanced and emerging markets are expressing increased optimism in domestic and export orders, capital expenditures, and financial risk management. However, businesses are simultaneously navigating heightened regulatory demands, especially in compliance, supply chain diversification, and ESG standards. That said, rising participation in sustainability initiatives is shaping a more proactive approach to corporate governance and long-term planning. This combination of easing financial pressures, robust regulatory frameworks, and enhanced sustainability efforts is fostering growth and stability in global markets.

The Global Business Optimism Index has risen by 7.3% for Q4 2024, reflecting enhanced expectations due to a favorable global monetary policy outlook. More than 75% of businesses, especially smaller firms, express strong confidence in sales, as well as domestic and export orders, ahead of the holiday season, led by the hospitality and food manufacturing sectors.

The Global Supply Chain Continuity Index has improved by 6.8% for Q4 2024 on the back of higher optimism across all sectors (except metal manufacturing), as firms have been reducing the burden on their supply chains by adopting nearshoring, using alternative and less-congested routes, and relying on domestic supplies. Firms in advanced economies posted strong growth, with a robust improvement of 9.8%, while those in emerging economies remained sluggish with a 1.8% deterioration in index value.

The Global Business Financial Confidence Index improved 6.3% for Q4 2024. Firms are optimistic that financial conditions are supporting ongoing business operations. Expectations of a change in borrowing costs are very favorable. Globally, businesses report that stricter financial reporting and compliance requirements are a high priority. More than one-third of firms in Australia, Japan, India, and the U.A.E. say this is a top-tier risk. However, businesses do not find increased scrutiny on corporate governance to be a high-priority regulatory risk – only in Russia and Brazil do more than 10% of businesses find this a regulatory risk priority.

The Global Business Investment Confidence Index improved 3.6% for Q4 2024. The reading signals an advance in capital spending optimism centered on growing signs that global monetary policy is becoming more accommodative. Macroeconomic activity indicators are continuing to slowly recover, which is likely to reinforce business investment sentiment, though readings are mixed, uneven, and vary by economies.

The Global Business ESG Index increased by 6.1% in Q3 2024, fueled by businesses' ongoing efforts to comply with regulatory requirements and stricter disclosure mandates, and heightened investor awareness. Companies report higher value generated from their ESG initiatives, particularly in social and governance aspects, highlighting the benefits of proactive sustainability practices in the current regulatory environment.

Index	Q1 2024	Q2 2024	Q3 2024	Q4 2024
(A) Global Business Optimism Index	102	109	122	131
(B) Global Business Supply Chain Continuity Index	90	113	115	123
(C) Global Business Financial Confidence Index	101	107	121	128
(D) Global Business Investment Confidence Index	103	105	130	134
(E) Global Business ESG Index	101	110	116	

By Sector

Sector	(A)	(B)	(C)	(D)	(E)
Accommodation and food service activities	132	130	130	136	117
Construction	132	125	127	131	119
Financial and insurance activities	126	120	128	134	118
Information and communication	128	120	129	134	117
Mfg.: automotive	136	128	126	133	116
Mfg.: capital goods	133	122	128	137	115
Mfg.: chemicals, rubber, plastics, and pharma	134	125	129	135	120
Mfg.: electricals, electronics, and hardware	134	122	127	132	119
Mfg.: food, beverages, and tobacco	133	124	128	131	117
Mfg.: metals	131	119	129	136	119
Mfg.: textiles, wood, paper, and leather	134	125	127	133	119
Mining	127	115	125	132	112
Other services – professional and administrative	126	124	128	137	117
Real estate activities	132	122	129	135	116
Transportation and storage	132	116	127	134	113
Utilities	133	131	132	133	104
Wholesale and retail trade	136	124	131	136	116

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

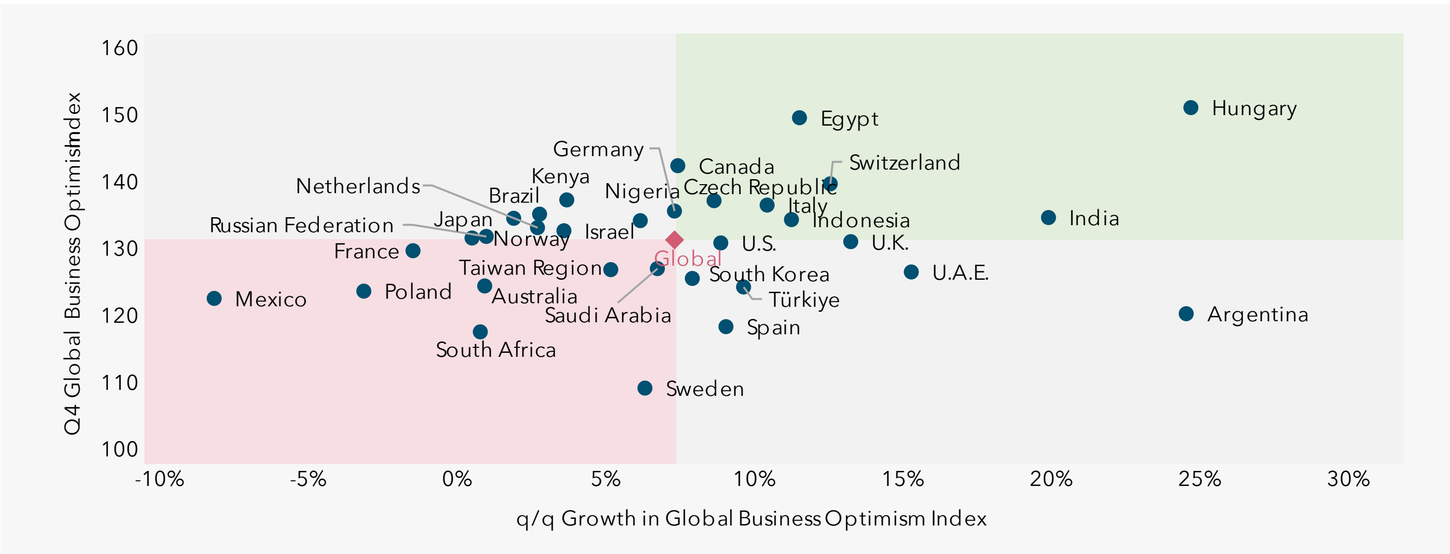
D&B Global Business Optimism Index

D&B Global Business Optimism Index

Key Findings

- The Global Business Optimism Index has increased 7.3% for Q4 2024, showcasing improved expectations in anticipation of a favorable monetary policy environment globally.
- Over 75% of businesses, especially smaller businesses, express strong confidence in sales, as well as domestic and export orders, ahead of the holiday season, led by the hospitality and food manufacturing sectors.
- Medium-sized businesses drove the improvement in optimism for Q4 2024 (10.2%), showcasing their agility and resilience in adapting to economic conditions. Large businesses saw a 7.5% increase, while optimism among small businesses rose 4.4%.
- Optimism increased for both manufacturing and services businesses, with gains of 6.1% and 8.1% respectively, on average. Electricals, electronics, and hardware manufacturing businesses saw their optimism increase 10.2%, while in the services space, real estate activities (12.5%) and utilities (10.4%) saw the highest jumps in optimism levels.
- Businesses in the U.K. (13.2%) and Spain (9.0%) saw rebounds in their optimism levels as their respective central banks initiated monetary easing, and strong services sectors supported domestic growth. Across emerging economies, businesses in Argentina (24.5%) posted healthy gains in optimism levels and so did their counterparts in India (19.9%).
- The survey indicates that industry-specific regulatory concerns are growing worldwide, with 32% of businesses reporting this as a top concern, driven by a rising trend of nationalism, including export restrictions on key technologies and natural resources. To mitigate these risks, a notable proportion of businesses surveyed (23%), on average, are performing thorough risk assessments and audits and have established regulatory compliance strategies and protocols.

Quadrant of Optimism – Global Business Optimism Index

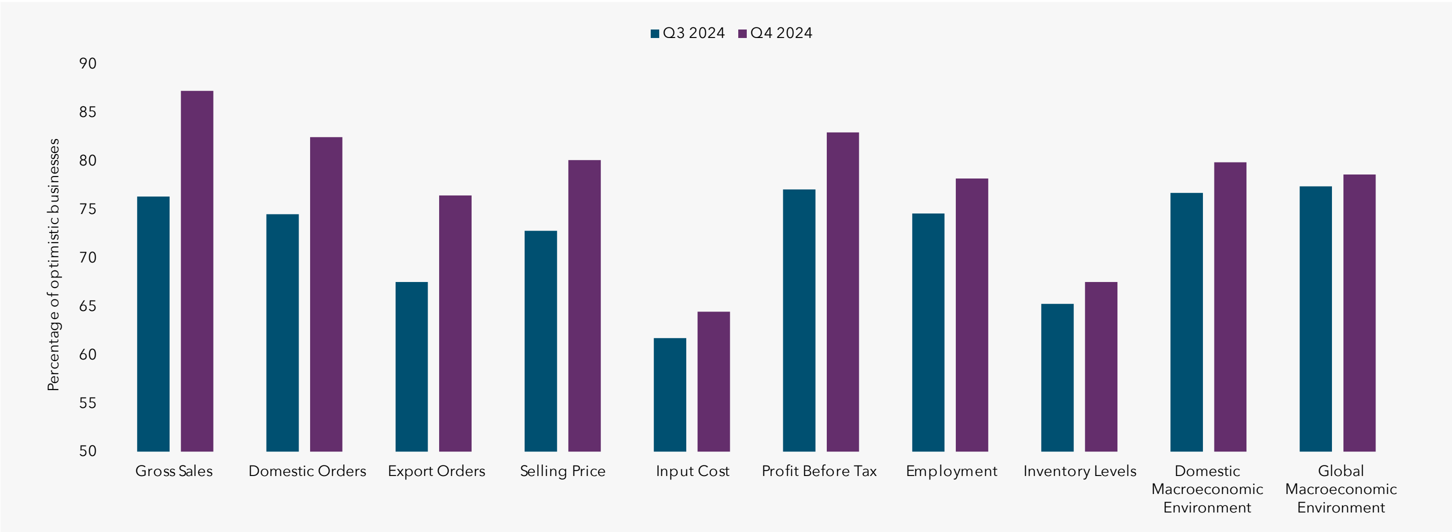


Firm Size – Global Business Optimism Index

Period	Small	Medium	Large
Q1 2024	103.5	98.8	104.9
Q2 2024	97.2	111.2	117.9
Q3 2024	132.6	122.1	112.4
Q4 2024	138.5	134.7	120.9

In Q4 2024, the global business landscape is characterized by optimism, underpinned by a strategic shift in monetary policy. Central banks, notably the U.S. Federal Reserve (the Fed) and the European Central Bank (ECB), have adopted a more accommodative stance, reinforcing the confidence that inflation is moderating after prolonged periods of high interest rates. This easing has provided much-needed relief, with nearly four out of five surveyed businesses across regions indicating confidence in both domestic and global economic conditions. The positive sentiment extends to market conditions as well, with over 75% of businesses expressing strong confidence in sales, as well as domestic and export orders, ahead of the holiday season. Additionally, 80% of businesses expect selling prices to rise in Q4, while a lower percentage of respondents (64%) foresee heightened input cost pressures.

Sub-indices – Global Business Optimism Index

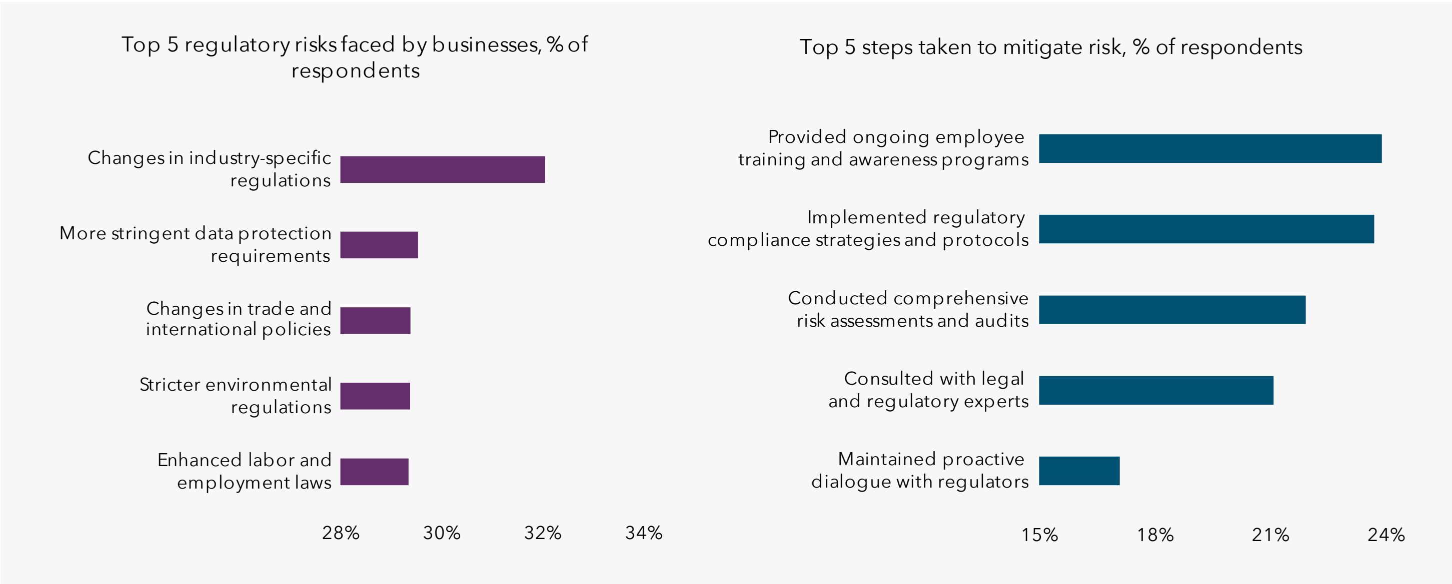


Regionally, advanced economies, particularly the U.S. and those in Europe, are seeing the benefits of this shift in monetary policy. The ECB's decision to ease rates since June has catalyzed consumer spending, which is expected to support growth in the Eurozone's hospitality and real estate sectors. Businesses in Spain and Italy have notably benefited, in part due to stronger tourism, with optimism rising 9.0% and 10.4%, respectively. On the flip side, a 1.5% decline in optimism level among French businesses possibly reflects the uncertainty surrounding the country's post-election political environment. Across the Atlantic, businesses in the U.S. recorded an 8.9% rise in optimism, aided by falling inflation and expectations of further rate cuts, positioning it as a key driver of global growth. Within emerging economies, Argentina's impressive 24.5% surge in optimism can be attributed to declining inflation and hopes for an economic recovery in 2025. Businesses in India stand out with a 19.9% increase in optimism level, supported by strong domestic demand, ongoing structural reforms, and government capital expenditure initiatives. These factors make emerging economies vital players in the global recovery narrative, with businesses increasingly optimistic about their growth potential.

On a sectoral level, the outlook for Q4 is equally encouraging. In manufacturing, the automotive sector posted a 6.0% quarterly rise and an impressive 29.4% y/y increase, driven by recovering demand and government incentives for electric vehicles (EVs). Electronics and hardware saw a significant 10.2% rise, driven by the green tech revolution and the global push to enhance high-tech manufacturing capabilities, particularly in sectors such as semiconductors and defense. In services, optimism in the accommodation and food sectors increased by 9.1%, propelled by a resurgence in tourism. Construction, with a 7.6% increase, has gained momentum from investments in climate-resilient infrastructure. While sectors such as mining, and information and communications have lagged, with growth of 3.5% and 5.8%, respectively, they are adapting to the challenges posed by volatile commodity prices and digitalization demands.

Globally, the regulatory landscape is shifting rapidly, with businesses bracing for heightened compliance demands. For instance, changes in industry-specific regulations – ranked as one of the top risks by 32% of surveyed businesses – have prompted many businesses to enhance their engagement with legal and regulatory experts (21%) and to implement training and awareness programs for their employees (24%). An increase in trade-related restrictions for specific products has also led businesses to diversify their supply chains and markets. This trend is particularly evident in Switzerland and the U.S., where one in four businesses are actively exploring new markets and suppliers to reduce dependency on single sources, aligning with strategies such as the China Plus One approach to mitigate regulatory vulnerabilities.

Regulatory Risk Mitigation, Global Average



Stricter data protection requirements also remain a significant regulatory challenge. In Germany, 35% of companies highlight this concern, reflecting the global trend toward more stringent privacy standards, initiated by frameworks such as the General Data Protection Regulation (GDPR). Similarly, the surge in environmental regulation is felt acutely in countries like the U.S., where 50% of businesses are grappling with the impact of stricter environmental regulations.

These developments mirror the broader international focus on sustainability and corporate responsibility. In response, companies are making significant investments in compliance and risk management infrastructure. The U.S. stands out, with an average of 29% of businesses implementing regulatory compliance strategies and protocols, including upgrading their technology. These investments are essential, as businesses face not only evolving privacy laws like the California Privacy Rights Act that came into force in 2023, but also emerging national frameworks such as the proposed American Privacy Rights Act of 2024. Globally, businesses are also increasingly recognizing the need for comprehensive risk assessments and audits – with 22% of global respondents adopting these measures to stay ahead of regulatory changes. This proactive approach is especially prevalent in Saudi Arabia, India, Spain, and South Korea, where over 30% of companies have embraced extensive audits to navigate complex regulatory ecosystems.

Interestingly, despite the global push for compliance, proactive dialogue with regulators remains underutilized in many regions. Only 17% of global businesses report engaging with regulators to manage risks, though 27% of businesses in India and Italy show stronger efforts in maintaining open communication channels. Given the fast-evolving nature of regulations – particularly in emerging fields such as cryptocurrency, fintech, and artificial intelligence – early engagement with regulators can provide much-needed clarity and potentially influence regulatory decisions.

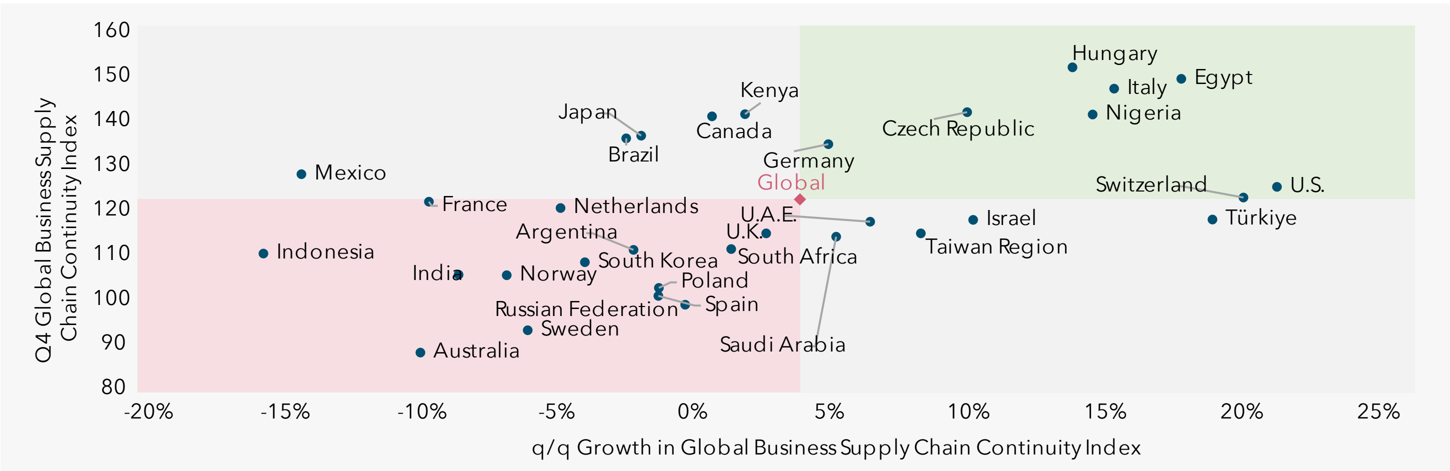
D&B Global Business Supply Chain Continuity Index

D&B Global Business Supply Chain Continuity Index

Key Findings

- The Global Business Supply Chain Continuity Index has seen an improvement of 6.8% for Q4 2024. Advanced economies have shown strong outperformance, growing 9.8%, while emerging economies deteriorated 1.8%.
- Global supply chains continue to improve as businesses have devised ways to safeguard their supplies, such as nearshoring, domestic procurement, increased usage of FTAs, and less-congested routes.
- Medium-sized businesses' optimism has seen a marked improvement (+14.8%) for Q4 2024, followed by small businesses (+4.1%), while large businesses remain vulnerable, with their index value improving 1.9%.
- Among industries, services sector businesses' optimism improved 9.4%, while manufacturing saw an improvement of 2.6% for Q4 2024.
- In services, accommodation and food service businesses were the most optimistic (+15.6%), followed by financial and insurance services (+15.4%), information and communications technology (+11.8%), utilities (+11.3%), real estate (+ 9.4%), and transportation and storage (+7.6%).
- Within manufacturing, optimism is the highest for chemicals, rubber, plastics, and pharmaceuticals (+ 8.2%), followed by automobiles (+6.6%). Although metals' (-2.2%) index number deteriorated, capital goods (+1.2%); mining (+1.1%); and textiles, wood, paper, and leather (+0.4%) showed mild improvements.
- One in four businesses in the U.S., Switzerland, and Spain are considering diversifying supply chains and markets as their preferred strategy to manage their regulatory risk. Similarly, one in five businesses in the Middle East (the U.A.E. Israel, and Saudi Arabia) are considering supply chain diversification as a preferred strategy.

Quadrant of Optimism – Global Business Supply Chain Continuity Index

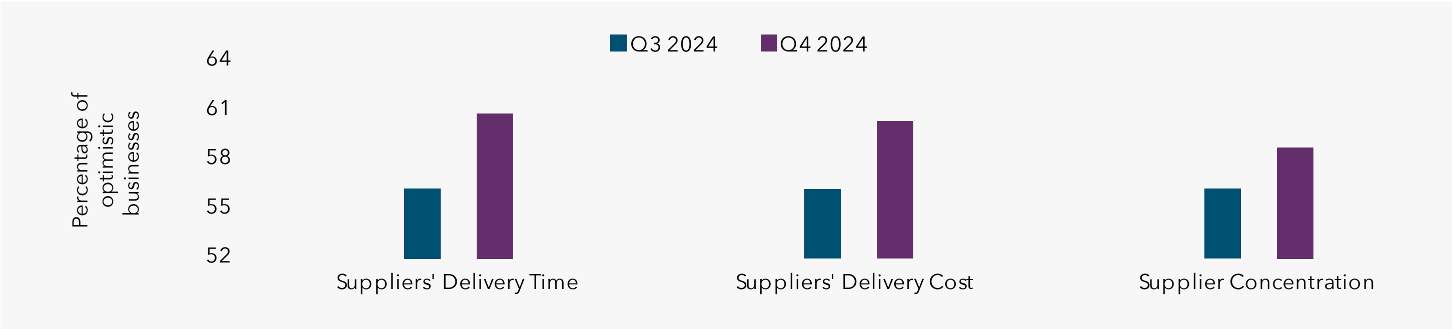


Firm Size – Global Business Supply Chain Continuity Index

Period	Small	Medium	Large
Q1 2024	87.2	97.2	86.5
Q2 2024	102.5	113.1	125.9
Q3 2024	124.9	110.3	109.0
Q4 2024	130.0	126.7	111.1

For Q4 2024, 61% of businesses are optimistic about reduction in delivery time, compared with 56% of businesses in Q3 2024. Similarly, 60% of businesses are optimistic about reduction in delivery costs, compared with 56% in the previous quarter. And when it comes to reasonably managing supplier concentration risk, 59% of businesses said they were confident, compared with 56% in Q3 2024. Small businesses are the most optimistic in all three sub-categories – delivery time, delivery cost, and supplier concentration – as they have the flexibility to shift towards local sourcing and adjust their production bases accordingly. In contrast, large businesses have been less optimistic about managing their delivery time and cost and supplier concentration. Their higher integration with global supply chains and need for many supplies renders them less flexible than small and medium-sized businesses.

Sub-indices – Global Business Supply Chain Continuity Index



The U.S. and Switzerland's Supply Chain Continuity indices have improved significantly for Q4 2024 – the U.S.'s has risen 21.5% and Switzerland's has increased 20.3%. Higher optimism about supply chain continuity has been driven by lower labor and material shortages and moderating transportation costs. The U.S. has also been heavily relying on domestic procurement, nearshoring, and transporting goods using transatlantic sea routes, which are less congested than other routes, such as those in the Red Sea and Suez Canal.

The MENA region's supply chains appear to have adjusted to the new normal as the Middle East conflict continues. Countries such as Türkiye, the U.A.E., and Saudi Arabia have diversified their trade routes to avoid disruptions. The index value for Q4 has improved for all countries in the region: Türkiye (+19.2%), Egypt (+18.0%), Israel (+10.4%), the U.A.E. (+6.7%), and Saudi Arabia (+ 5.4%).

Europe's Supply Chain Continuity Index is witnessing variations. Central and Eastern European countries, such as Switzerland (+20.3%), Italy (+15.6%), Hungary (+14.1%), and the Czech Republic (+10.2%), are showing improved index values due to lower energy and electricity costs and an easing burden on road transportation. Germany and the U.K.'s indices have moderately risen, primarily as economic recovery prospects have led to higher availability of input materials and industrial supplies, improved electricity generation, and increased mining activities in Europe. Moreover, moderating road freight rates have also supported higher optimism. France, however, witnessed the steepest deterioration in its index value, dropping 9.5%, due to ongoing internal political and social unrest. Index values also deteriorated in the Nordics. Norway (-6.6%) and Sweden (-5.8%) both witnessed reduced optimism due to issues on the Nordics-Russia borders that are affecting supply chains; extensive border controls at all checkpoints; and disruptions to seaborne trade near Russian waters, as well as across routes through the Suez Canal and the Strait of Hormuz. These countries are also facing a significant number of cyberattacks, allegedly by Russian agencies, causing disruption to their supply chains.

Except Taiwan Region (+8.5%), most countries in Asia are also seeing a deterioration in their Supply Chain Continuity Index values, mainly because shipping costs have recently increased and as there is an acute shortage of containers. Index values dropped for Australia (-9.8%), India (-8.4%), South Korea (-3.8%), and Japan (-1.7%). Rising ocean and air freight rates, overbooked cargo vessels, and recent port congestion are driving this dip in optimism.

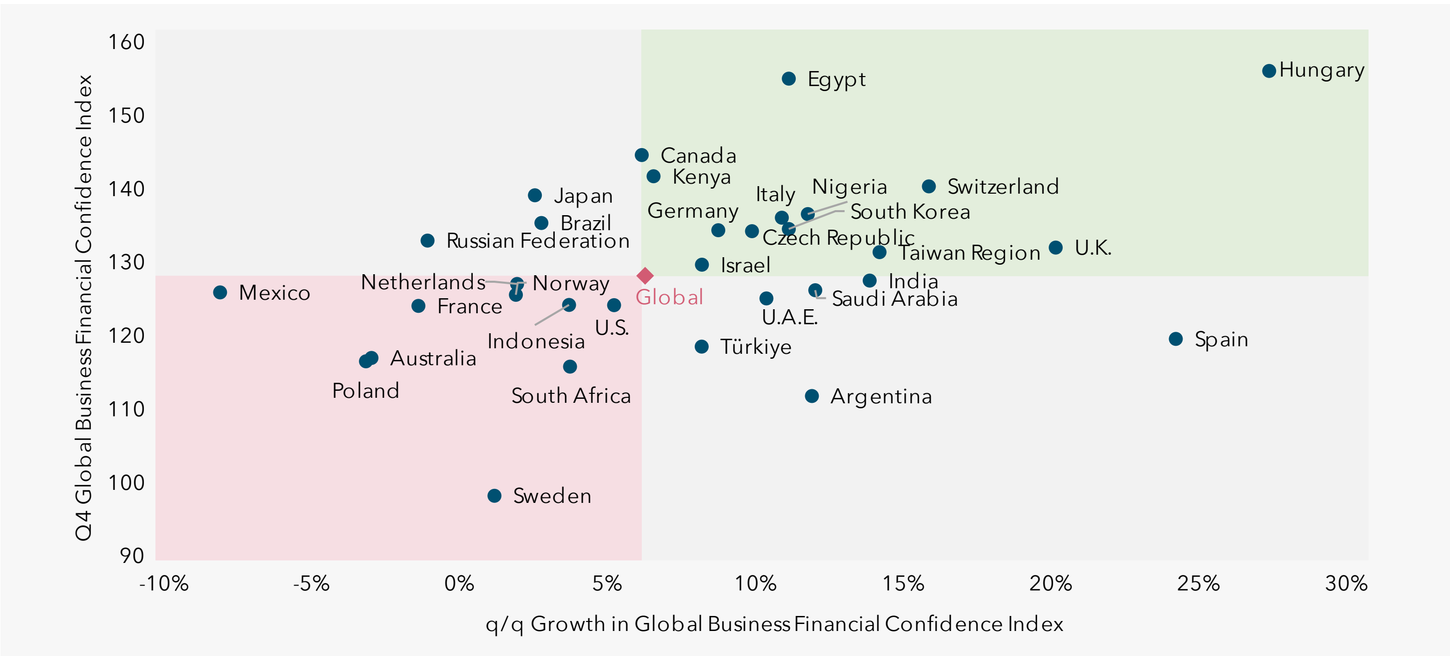
Global Business Financial Confidence Index

D&B Global Business Financial Confidence Index

Key Findings

- The Global Business Financial Confidence Index improved 6.3% for Q4 2024. Firms are optimistic that financial conditions are supporting ongoing business operations. Financial confidence improved across both advanced (+6.4%) and emerging (+5.9%) economies. Globally, businesses report that stricter financial reporting and compliance requirements are high priorities.
- Among advanced economies, Spain (+24.3%) and the U.K. (+20.2%) saw the largest improvements in optimism, following broadly slowing inflation and the start of interest rate cuts. Optimism in Germany (+8.8%), Italy (+10.9%), and the Netherlands (+2.0%) also improved for Q4 2024 as the ECB began reducing interest rates.
- The U.S. (+5.2%) and South Korea (+11.2%) also improved on growing signs that central banks are pivoting towards looser monetary policy. Among emerging economies, Hungary (+27.4%), India (+13.9%), and Saudi Arabia (+12.0%) recorded the strongest improvements.
- Among service-oriented firms, businesses in Spain (+29.6%) and Hungary (+27.1%) have recorded the largest improvement in expected optimism. At a sectoral level, Hungarian businesses providing accommodation and food services and manufacturers of metals were among the most optimistic firms for Q4 2024.
- Globally, small (+4.6%) and medium-sized (+11.8%) enterprises recorded a larger improvement in financial confidence expectations than large firms (+2.4%).

Quadrant of Optimism – Global Business Financial Confidence Index



Firm Size – Global Business Financial Confidence Index

Period	Small	Medium	Large
Q1 2024	104.4	93.6	106.2
Q2 2024	96.1	107.8	119.1
Q3 2024	133.5	120.3	108.3
Q4 2024	139.6	134.4	110.9

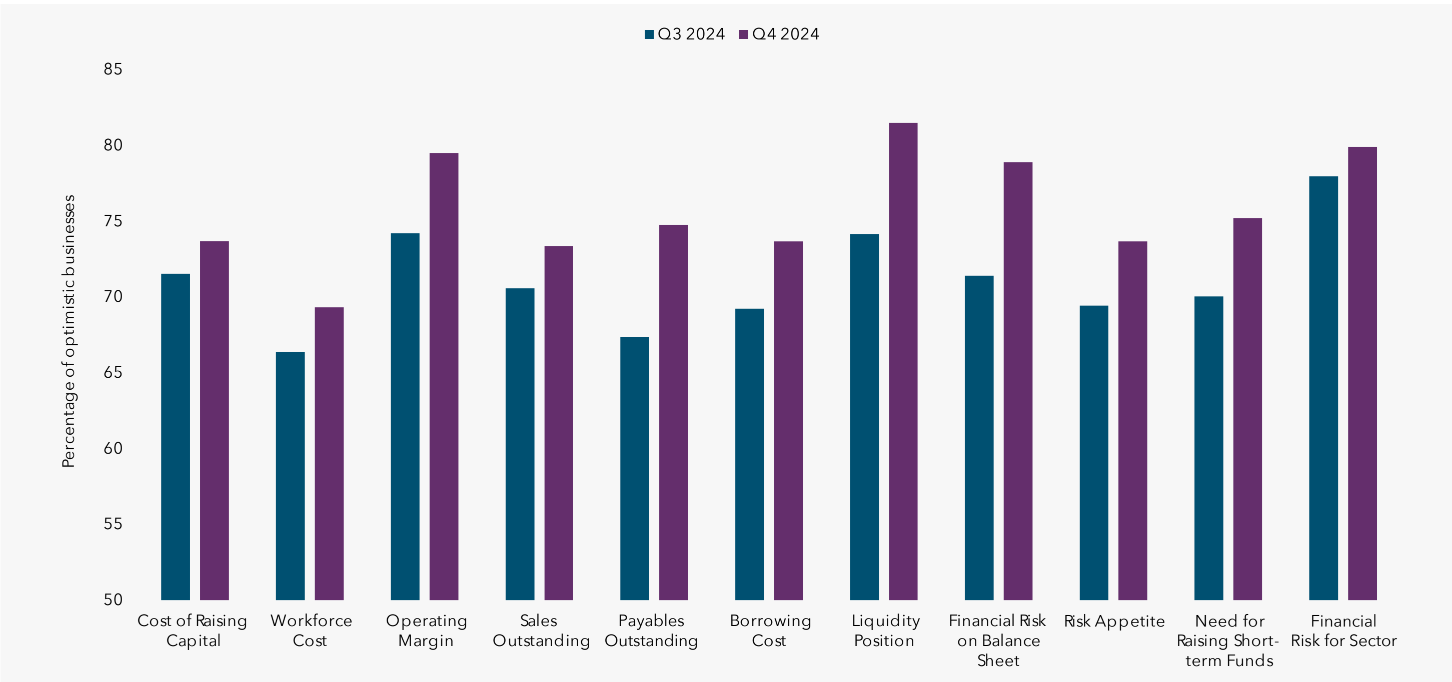
Expectations of lower borrowing costs are very favorable in many economies that have cut interest rates several times already in 2024, such as Brazil, Canada, and the Czech Republic. Expectations of lower borrowing costs are also encouraging in the U.S., the Eurozone, and the U.K., reflecting outlooks that slowing inflation will stimulate further rate cuts by all three major central banks. In the U.S., core inflation has moderated more slowly than the headline measure, which caused the Fed to delay its shift to looser policy. Inflation in the U.K. has proved similarly stubborn but continues to trend sufficiently lower for the Bank of England (BoE) to begin lowering borrowing costs.

The level of financial risk on companies' balance sheets (including credit, market, and liquidity risks) varies across economies. Generally, businesses in advanced economies (79.9) are more confident about managing financial risks than emerging economies (75.7). Optimism about financial risk in the Netherlands (88.1), Japan (88.4), and the U.K. (83.3) is high.

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 Germany (87.3), Canada (82.7), and Switzerland (85.9) are particularly optimistic about receiving timely payments, while businesses in Sweden (64.5) and Spain (73.1) 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 wide variation: businesses in Hungary (94.9), Brazil (82.9), and the Czech Republic (87.8) have generally high expectations that obligations will be paid on time, whereas firms in Argentina (66.7) and the U.A.E. (73.9) expect transactions to take longer. At a global sectoral level, firms in wholesale and retail trade and in financial and insurance activities are highly optimistic about receiving payments on time, whereas manufacturers of electricals and electronics are the least optimistic.

Liquidity risk – the extent to which firms can meet short-term financial obligations as they become owed – is linked to receivables. Businesses in advanced (81.2) and emerging (82.5) economies are almost equally optimistic about managing their liquidity risk and optimism is highest in Indonesia (94.3), Australia (93.1), and the Netherlands (98.0). Across sectors at the global level, manufacturers of capital goods (84.3) and those in wholesale and retail trade (83.2) are highly optimistic about expected liquidity. Smaller firms, which may previously have been relatively constrained in their approach to liquidity risk management, are now more optimistic about cash flow management given expectations of falling borrowing costs.

Sub-indices – Global Business Financial Confidence Index



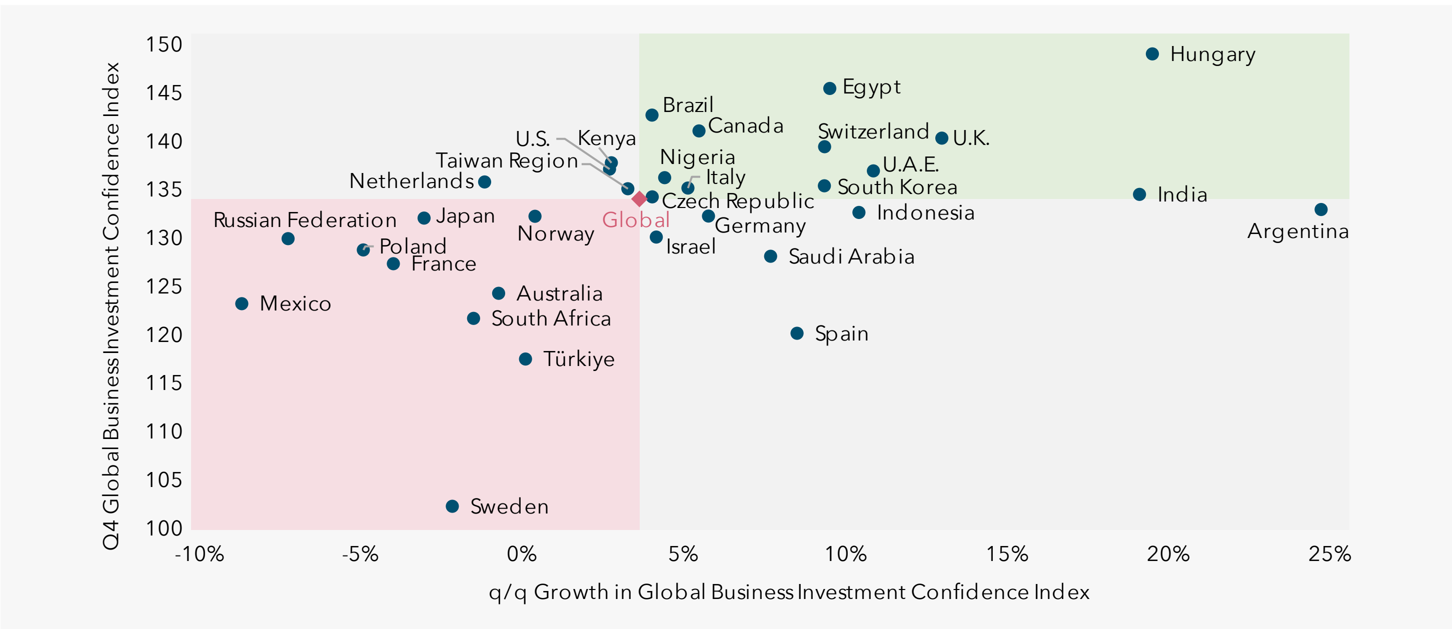
D&B Global Business Investment Confidence Index

D&B Global Business Investment Confidence Index

Key Findings

- The Global Business Investment Confidence Index improved 3.6% for Q4 2024. The reading signals continued momentum in optimism regarding capital spending, centered around growing signs that global monetary policy is becoming more accommodative.
- The increase in business investment confidence reflects that a period of relatively lower global borrowing costs is drawing steadily closer, with major central banks, except Japan and Australia, having already started easing cycles. Macroeconomic activity indicators are continuing to slowly recover.
- Several large emerging economies across Eastern Europe, Asia Pacific, and Latin America recorded improvements in investment confidence for Q4 2024. Optimism improved among businesses in Hungary (+19.6%), India (+19.2%), and Argentina (+24.8%). In advanced economies, growth of investment confidence for Q4 2024 was strongest in the U.K. (+13.1%), Switzerland (+9.4%), and Spain (+8.6%).
- In the U.S., growth of investment confidence has been particularly strong over the past year, supported by positive market sentiment and a strong economy. However, this has waned as the economy more broadly slows and softer growth in investment confidence for Q4 2024 (+2.8%) reflects gradually slowing domestic demand in the economy. Across several Euro-zone economies, optimism regarding business investment has improved on the back of rate cuts by the ECB.
- In terms of business size, investment confidence at the global level was highest among small (+2.2%) and medium-sized (+7.1%) businesses. Across sectors globally, levels of investment confidence were high among manufacturers in emerging economies (+5.2%), particularly manufacturers of metals, capital goods, and chemicals. Automotive businesses were less confident about making investments, reflecting elevated levels of uncertainty around demand for EVs.
- Regulatory risks can be a hurdle to making investments, and globally, firms cite enhanced labor and employment laws and more stringent data protection requirements as high priorities. Businesses worldwide have managed regulatory risks by conducting comprehensive risk assessments and audits.

Quadrant of Optimism – Global Business Investment Confidence Index



Firm Size – Global Business Investment Confidence Index

Period	Small	Medium	Large
Q1 2024	101.8	99.2	107.9
Q2 2024	93.8	105.3	116.1
Q3 2024	141.1	129.2	118.2
Q4 2024	144.2	138.4	120.1

Almost all major advanced-economy central banks, except Japan, have begun to loosen their monetary policies. The start of highly anticipated interest rate cuts by the Fed, the ECB, the BoE, and others, implies that globally central banks are heading for a more synchronized easing cycle towards lower borrowing costs. Future interest rate decisions remain unclear. Businesses are considering the extent to which rate reductions made so far herald the beginning of a deeper easing cycle that may not only remove tight conditions in major economies, but also begin to actively stimulate economies. Globally, businesses' optimism regarding the environment for attracting finance is high, especially for providers of services such as financial and insurance activities, transportation and storage, and retail trade. Confidence about the environment for raising capital was highest in the U.K. (90.6), where mature capital markets and a clearing of some political uncertainty following the general election in July have boosted optimism for attracting finance.

As the environment for raising capital becomes more favorable, so does the appetite for capital expenditure. Globally, expectations of business investment are highest for manufacturers of capital goods (88.7). Optimism about investment in fixed assets such as land, heavy machinery, and property was highest in advanced economies such as Canada (85.9), Germany (88.8), the Netherlands (95.9), and Switzerland (87.5), as market rates fall. Businesses were more optimistic about spending on plant and equipment in Japan (88.9), driven by manufacturers of food, electricals, and metals. Capital spending optimism tends to be relatively low in Türkiye (69.6), reflecting that it may take time for businesses to become more confident about the country's pivot to more credible economic policies.

Sub-indices – Global Business Investment Confidence Index

Globally, optimism in M&A activity is higher in advanced economies (78.6) than emerging economies (76.7) as the cost of debt falls and stock markets rally, though deals in some countries are likely held back by continued high interest rates and political uncertainty. The survey suggests that businesses are more optimistic about the environment for M&A activity in advanced economies, especially in parts of Europe such as the Netherlands, Norway, the U.K., and Italy. In emerging economies, optimism about the environment for M&A activity was highest in Hungary, Brazil, and the U.A.E. Globally, SMEs were relatively more confident about the environment for M&A activity than large firms. This likely reflects that as the appetite for business transactions picks up, some SMEs may seek opportunities to scale up, particularly during challenging growth periods. Inorganic growth may be viewed by some businesses as a way to boost revenue given the recent tough macroeconomic environment.

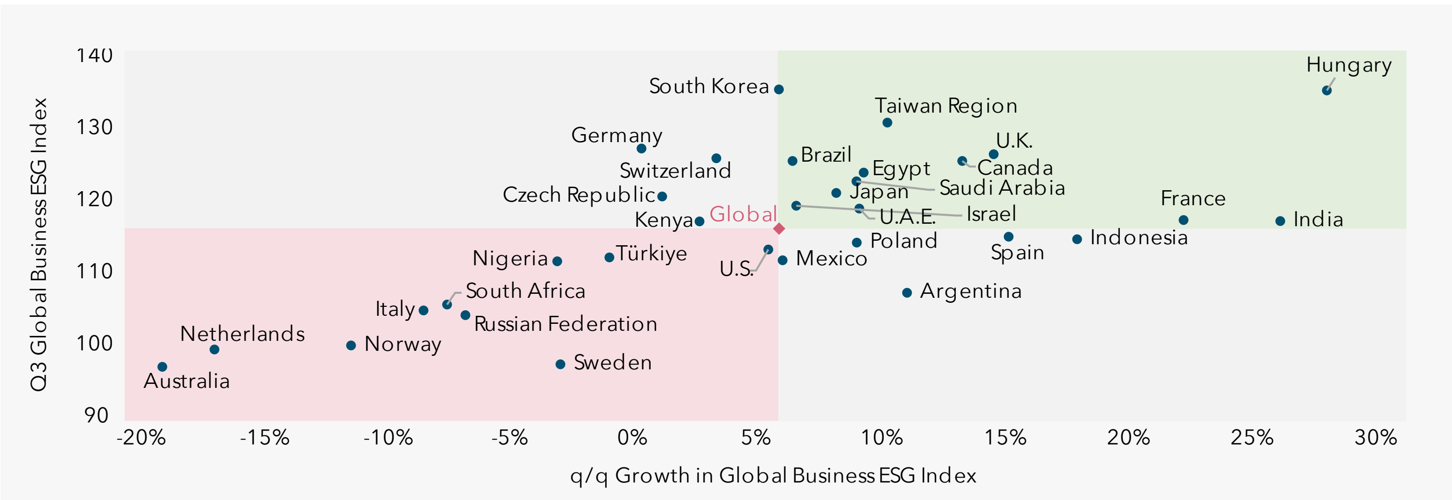

D&B Global Business ESG Index

D&B Global Business ESG Index

Key Findings

- The Global Business ESG Index rose 6.1% in Q3 2024, driven by businesses' continued efforts to meet regulatory requirements, tighter disclosure mandates, and increased investor awareness.
- Globally, 72% of businesses reported increased stakeholder engagement in leadership and governance initiatives in Q3 2024, up 4 percentage points from Q2, and 68% of businesses reported a rise in stakeholder engagement in social developments (also up 4pps.).
- Optimism among large businesses rebounded 5.5% in Q3, whereas optimism for small and medium-sized businesses grew at a slower pace than in Q2, increasing 4.5% and 8.4%, respectively.
- Optimism in the automotive manufacturing sector experienced its first contraction in over a year, down 6.1%, although it was up 17.3% y/y; in contrast, the electronics and food manufacturing sectors saw significant quarterly gains of 9.8% and 9.4%, respectively.
- The performance across Europe was mixed in Q3 2024, with significant regional variations. In Western Europe, France led with a 22.5% increase in ESG optimism, followed by Spain at 15.4%, while Germany saw a modest rise of 0.6%. However, declines were recorded in Italy (-8.3%) and the Netherlands (-16.7%). In the Nordic region, optimism fell sharply, with Norway down 11.2% and Sweden declining 2.7%. Eastern Europe also faced challenges, with Russia experiencing a 6.6% drop and Türkiye a slight decrease of 0.7%.
- Globally, stricter environmental regulations are one of the top concerns for 29% of businesses, reflecting the increasing emphasis on ESG reporting and sustainability. To mitigate these risks, almost one in four businesses are either conducting comprehensive risk assessments and audits or have already implemented regulatory compliance strategies.

Quadrant of Optimism – Global Business ESG Index



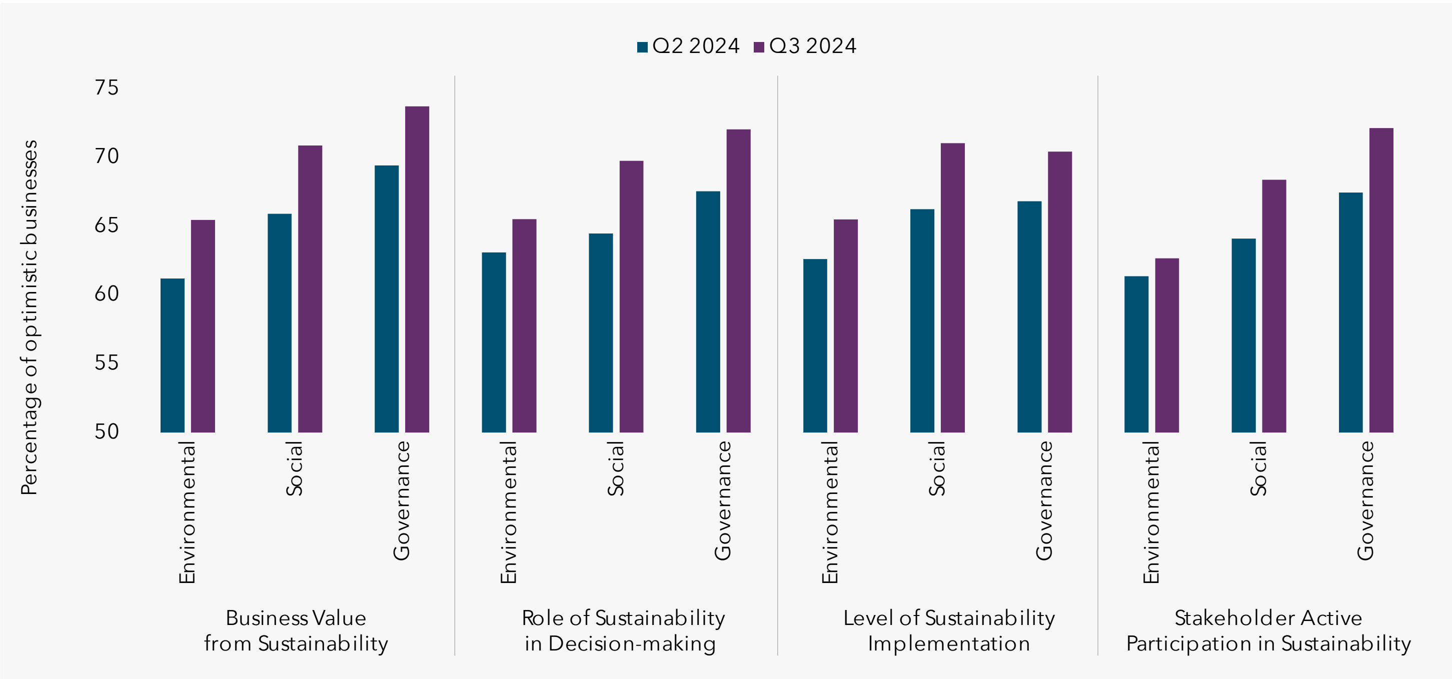
Firm Size – Global Business ESG Index

Period	Small	Medium	Large
Q4 2023	106.7	95.9	107.8
Q1 2024	93.2	98.3	113.2
Q2 2024	122.4	114.2	92.1
Q3 2024	127.9	123.8	97.1

The global landscape of ESG practices is evolving rapidly, with businesses adapting to regulatory changes and shifting market dynamics. The Global Business ESG Index for Q3 2024 highlights this transformation, rising 6.1% over the quarter. Stakeholder participation in sustainability efforts has risen significantly: 72% of businesses globally reported increased stakeholder participation in leadership and governance initiatives, while 68% of businesses reported a rise in participation related to social developments. Key drivers include regulatory developments such as the European Union's carbon border adjustment mechanism (CBAM) and the German Supply Chain Due Diligence Act. These frameworks enforce stricter compliance on carbon emissions and human rights considerations, pushing businesses to adopt stronger ESG practices.

The improvement in the percentage of businesses reporting a rise in consideration of social matters in sustainability-related decision-making (to 70%) and in consideration of governance in sustainability decision-making (to 72%) aligns with ongoing efforts to integrate ESG factors into strategic planning. Implementation of ESG initiatives also saw significant improvements, with environmental implementation rising to 65.5%, bolstered by policies such as the EU's Corporate Sustainability Reporting Directive (CSRD). These global legislative trends have helped businesses extract more value from their ESG efforts, as reflected in the rise in social (71%) and governance (74%) value creation, showcasing the tangible benefits of proactive sustainability efforts in today's regulatory landscape.

Sub-indices – Global Business ESG Index



Germany and South Korea stand out for their ESG progress, reflected by their high index values. German businesses' optimism has increased by an average of 7.1% over 2024, linked to the continued enforcement of its Supply Chain Due Diligence Act (which compels businesses to monitor ESG risks within their supply chains), which expanded at the start of 2024 to apply to businesses with 1,000 employees or more. Meanwhile, South Korean businesses, which have seen a considerable improvement in ESG optimism over 2024, saw a 6.1% increase in Q3. This rise reflects increased investments in renewable energy, propelled by developments under the country's Green New Deal, which aims for carbon neutrality by 2050. Brazil, meanwhile, posted a 6.7% increase, supported by reforestation projects and advances in wind and solar energy. However, not all regions are progressing uniformly. Australia saw an 18.8% drop, primarily due to delays in transitioning from coal to renewables, despite ambitious earlier targets.

Across sectors, these regulatory changes have translated into varying impacts on business optimism. In Q3 2024, the manufacturers of automotives saw a 6.1% decline in quarterly optimism despite impressive 17.3% y/y growth. This dip is possibly due to stricter emissions standards, such as the EU's Euro 7 regulation introduced in April, which will impose costly retrofitting and compliance obligations on automotive manufacturers. The chemicals, rubber, and plastics sector grew 8.9% in the same period as companies adapted to the CBAM framework, innovating in low-carbon material production. For industries such as food, beverages, and tobacco, a 9.4% rise in optimism is probably linked to the growing shift towards sustainable sourcing and eco-friendly packaging, further supported by evolving consumer expectations and regulatory requirements. The financial and insurance activities sector showed a modest 2.9% increase in optimism, largely fueled by tighter disclosure mandates and growing investor awareness.

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 friend shoring 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 (U.A.E.)	

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.

Dun & Bradstreet Global Business ESG Index provides a comprehensive assessment of businesses' 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	LEADING INDICATOR FOR
Global Business Optimism Index	Economic output (GDP)
Global Business Supply Chain Continuity Index	Time and cost of supplier deliveries
Global Business Financial Confidence Index	Business bankruptcies
Global Business Investment Confidence Index	Business investment
Global Business ESG Index	ESG initiatives

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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.

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