



# International Business Report (IBR) Q2

22 July 2024

**Welcome.  
Thank you for joining.**

# Agenda

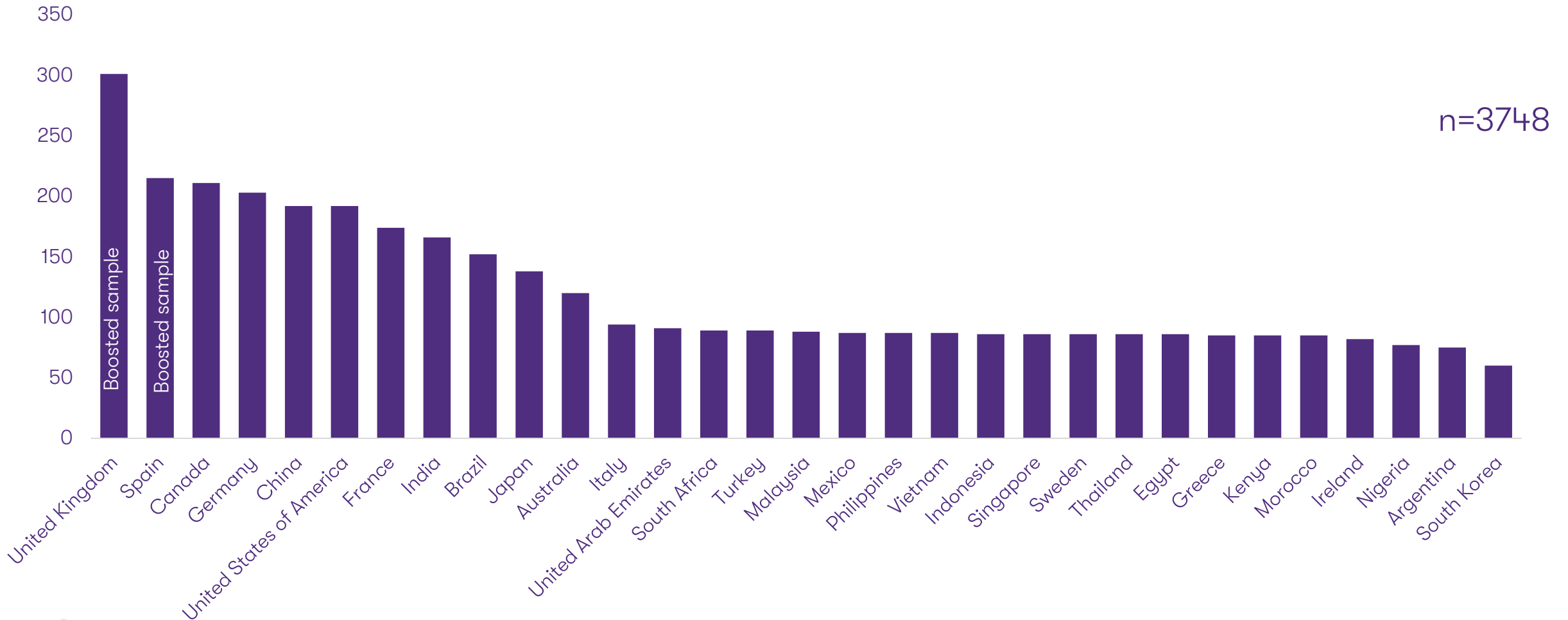
- 01 Q2 respondent profile
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- 03 Optimism
- 04 Business operations
- 05 Global ambitions
- 06 Top 5 investment trends
- 07 Business constraints
- 08 Summary

# 01 Q2 respondent profile

# Q2 Respondent profile

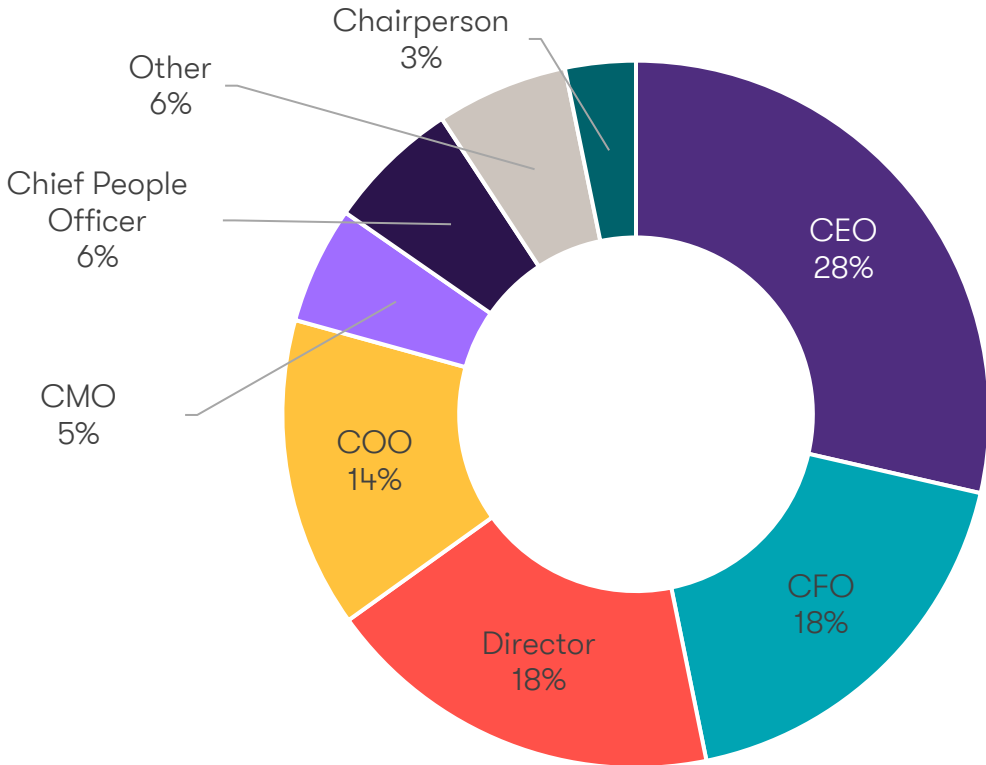
## 3748 respondents in 31 markets.

Fieldwork dates:  
19 April – 31 May 2024

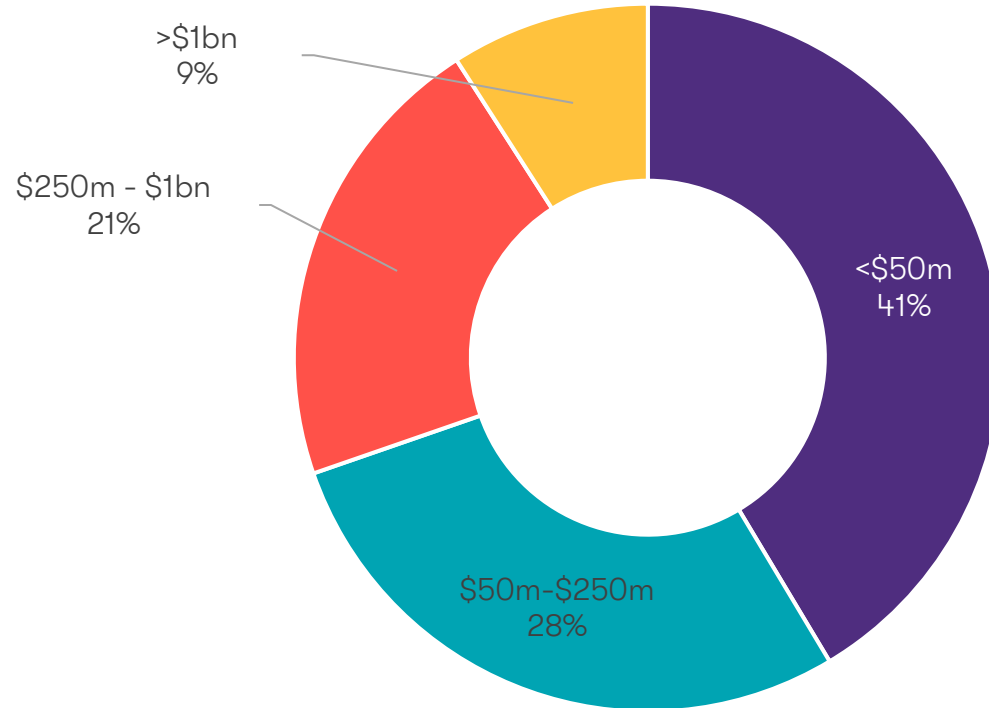


# IBR interviews mid-market business leaders only, majority of which are CEOs in businesses that report below \$250m annually.

## Role of respondents



## Business turnover



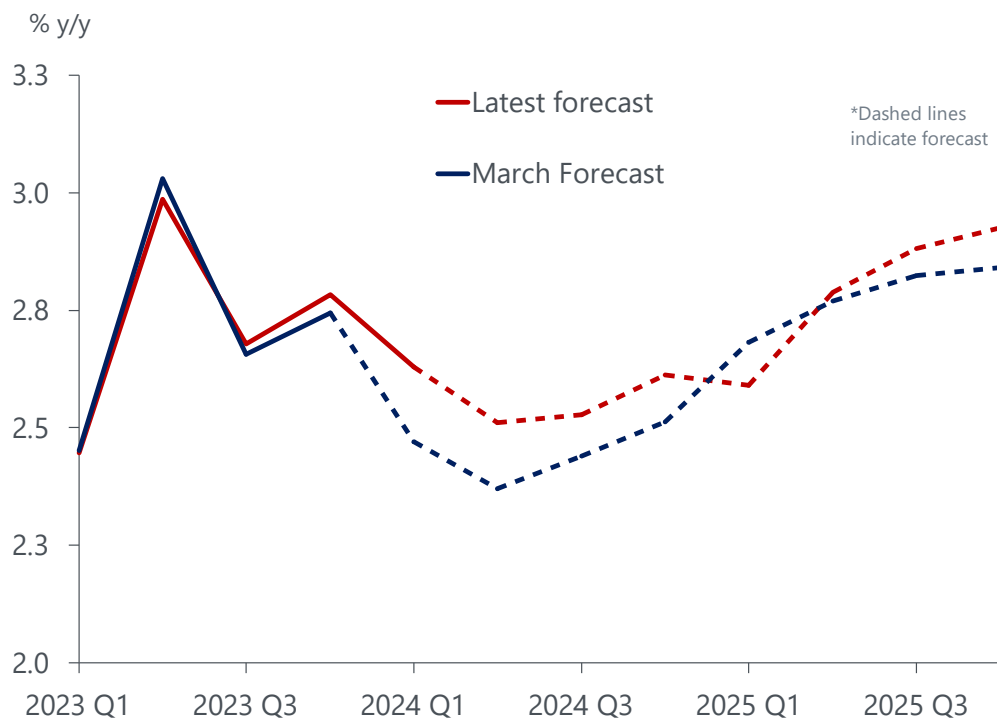
n=3748

Business turnover is aligned to market definition.

# 02 Economic outlook

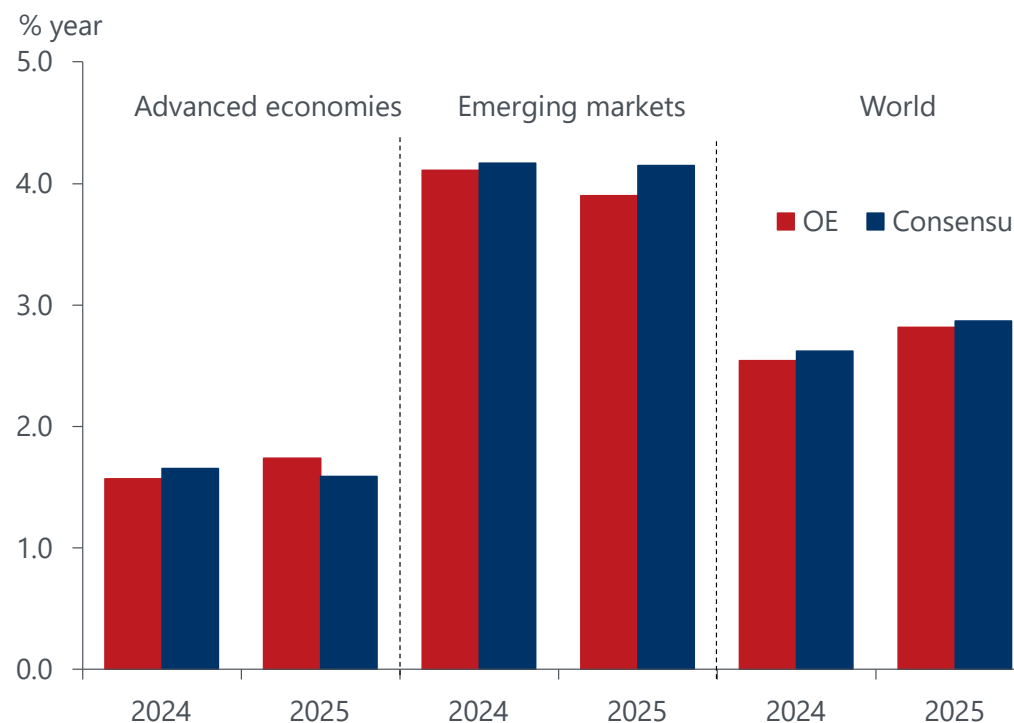
# Steady but unspectacular global growth expected this year, with a marginal upgrade since March.

Global: Real GDP growth



Source: Oxford Economics/Haver Analytics

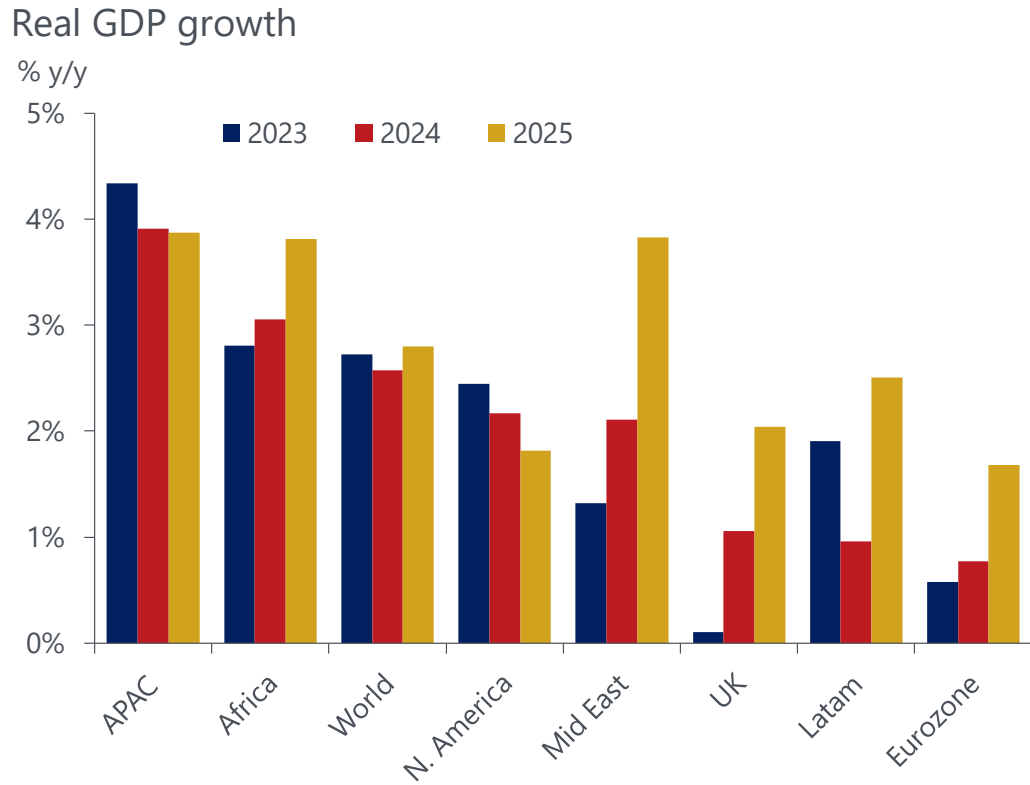
GDP: OE v consensus



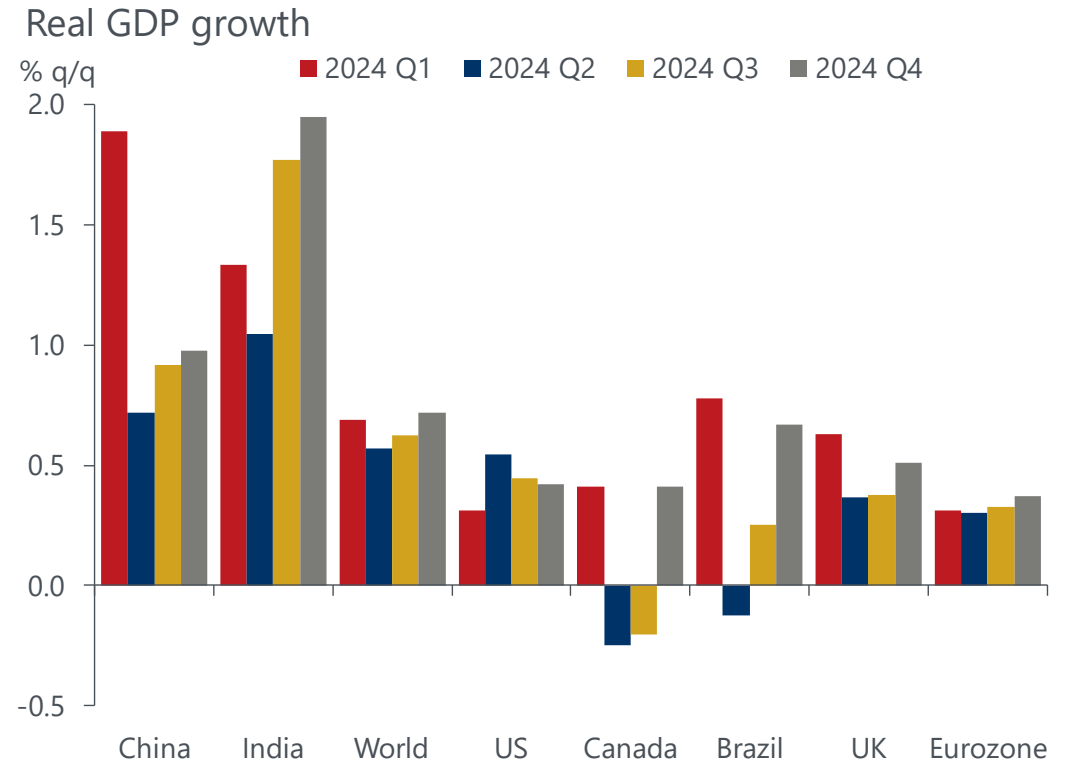
Source : Oxford Economics/Refinitiv



# Weak growth in the UK and Eurozone this year, with stronger growth expected in APAC, Africa, North America, and the Middle East.

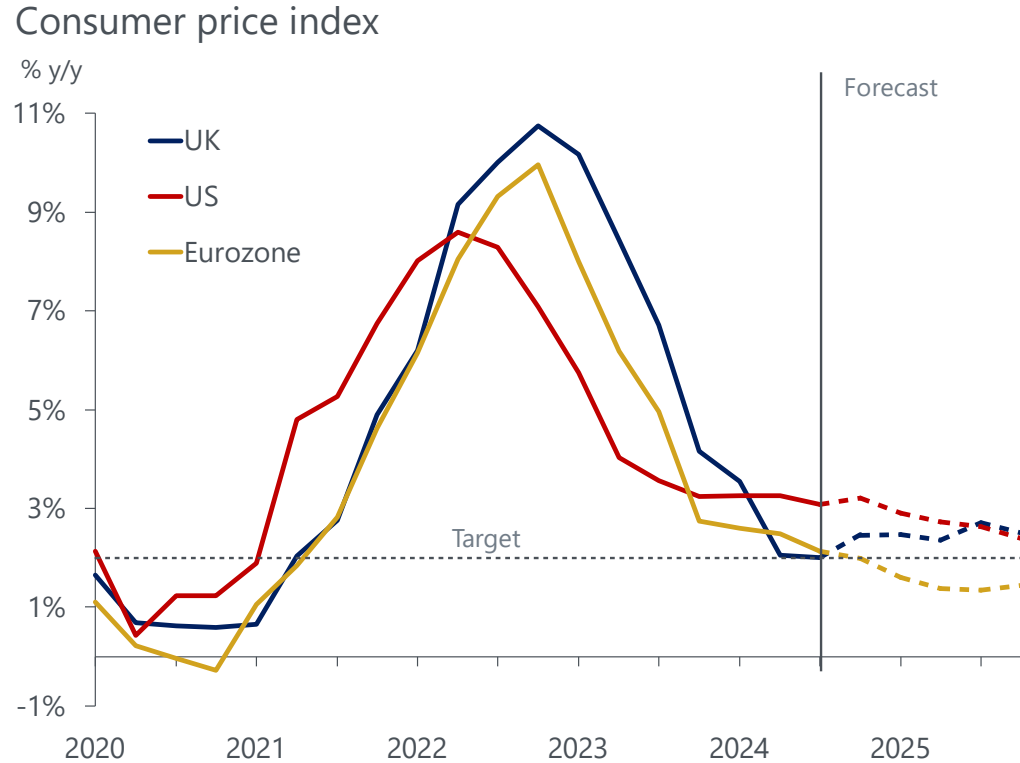


Source: Oxford Economics/Haver Analytics

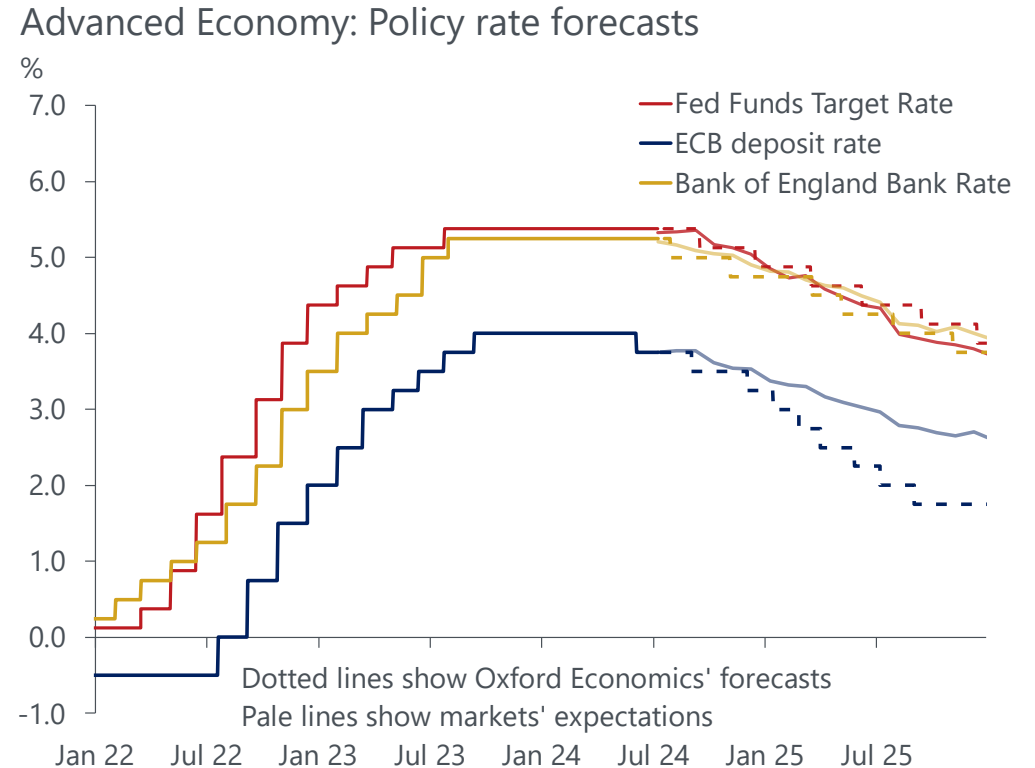


Source: Oxford Economics/Haver Analytics

# Inflation has retreated significantly, with the ECB cutting rates in June, with the Fed and BoE expected to follow later.

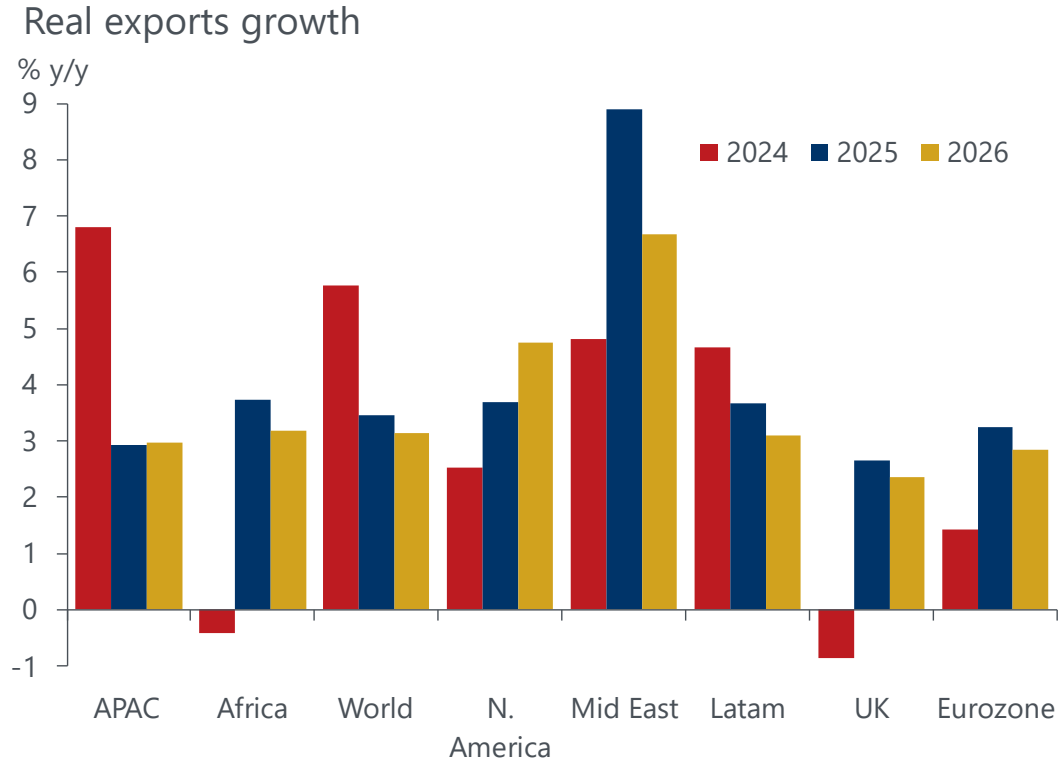


Source: Oxford Economics/Haver Analytics

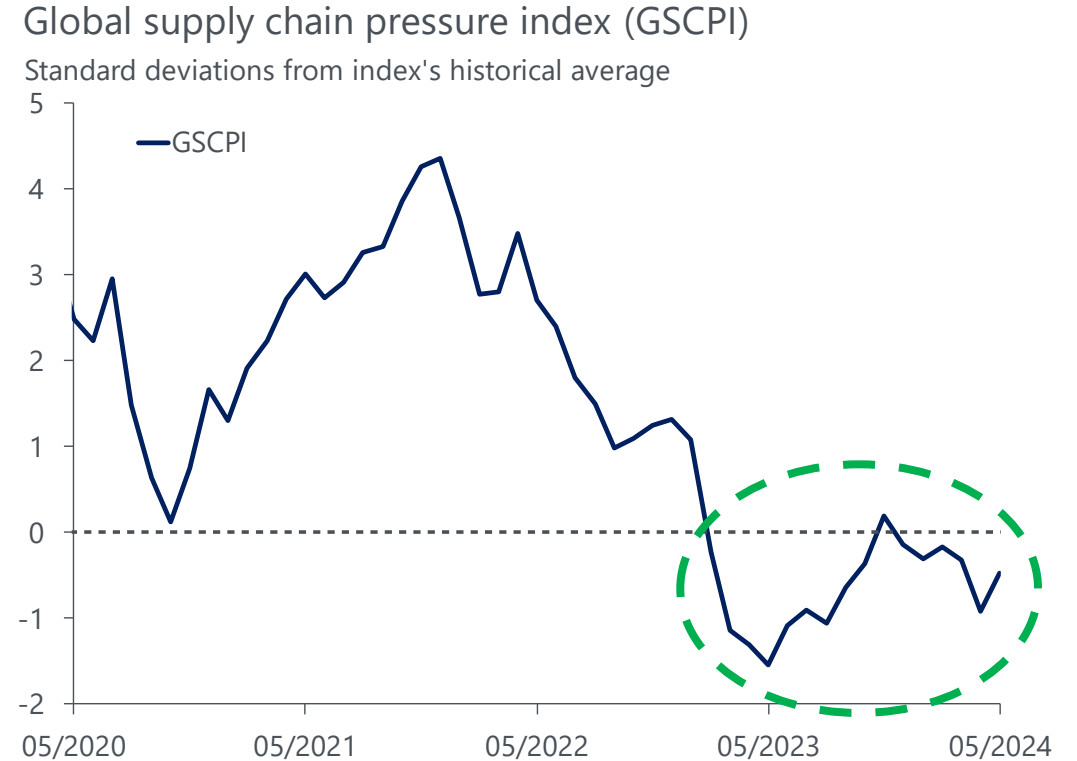


Source : Oxford Economics/Haver Analytics/Refinitiv

# Global trade is expected to pick-up this year, with supply chain pressures remaining below historical average levels.

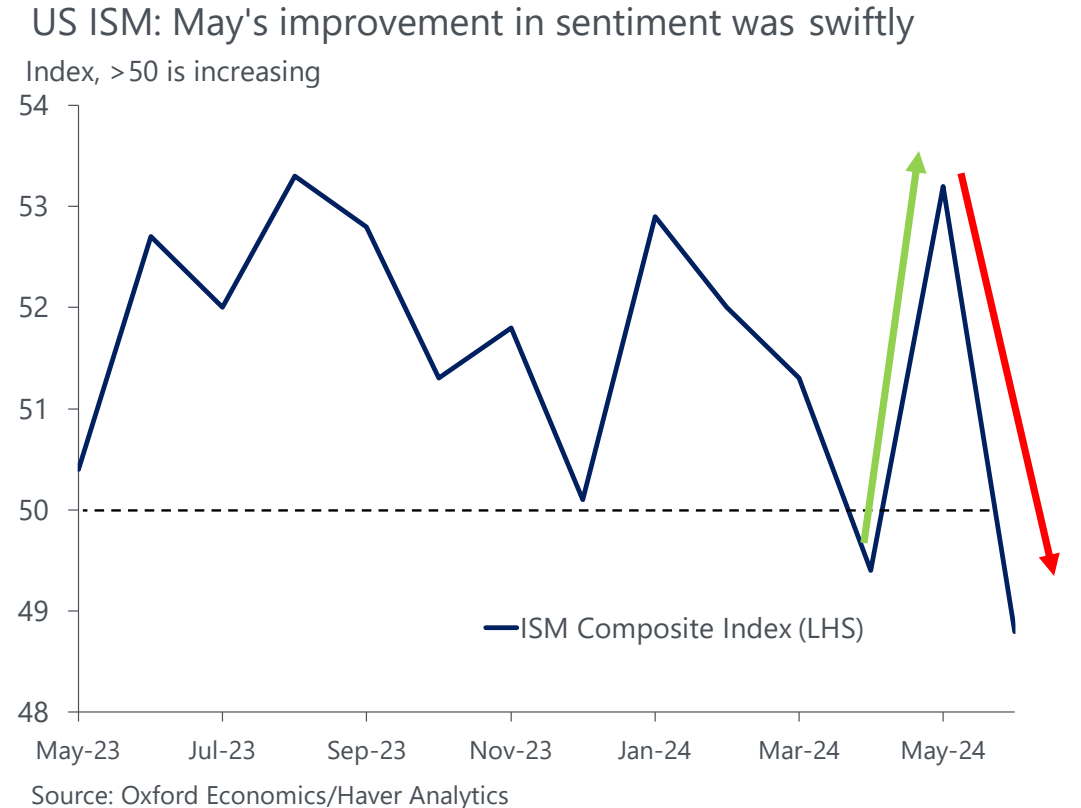
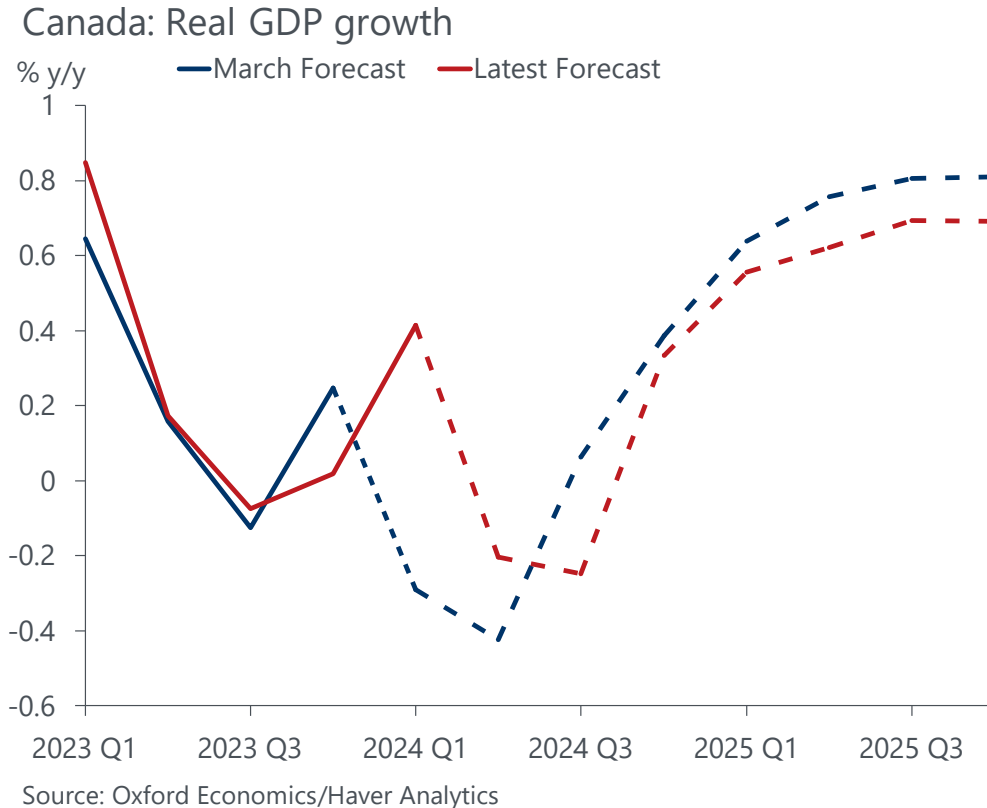


Source: Oxford Economics/Haver Analytics



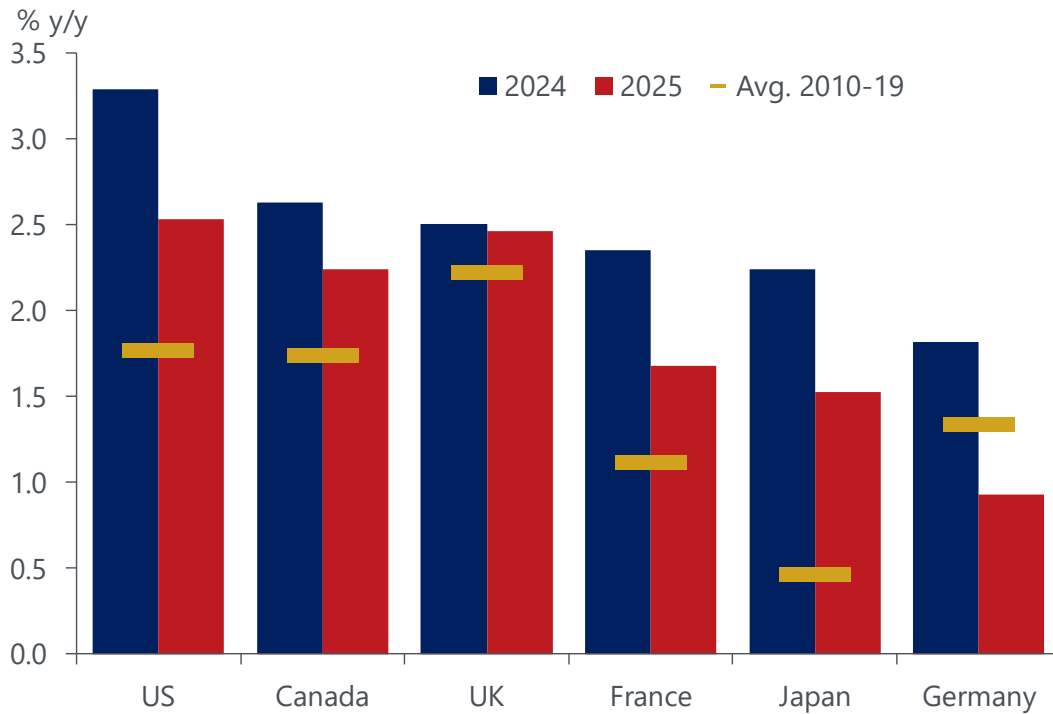
Source: Oxford Economics, Federal Reserve Bank of New York

# Upgraded outlook for Canadian growth, but May's major improvement in US sentiment was reversed in June



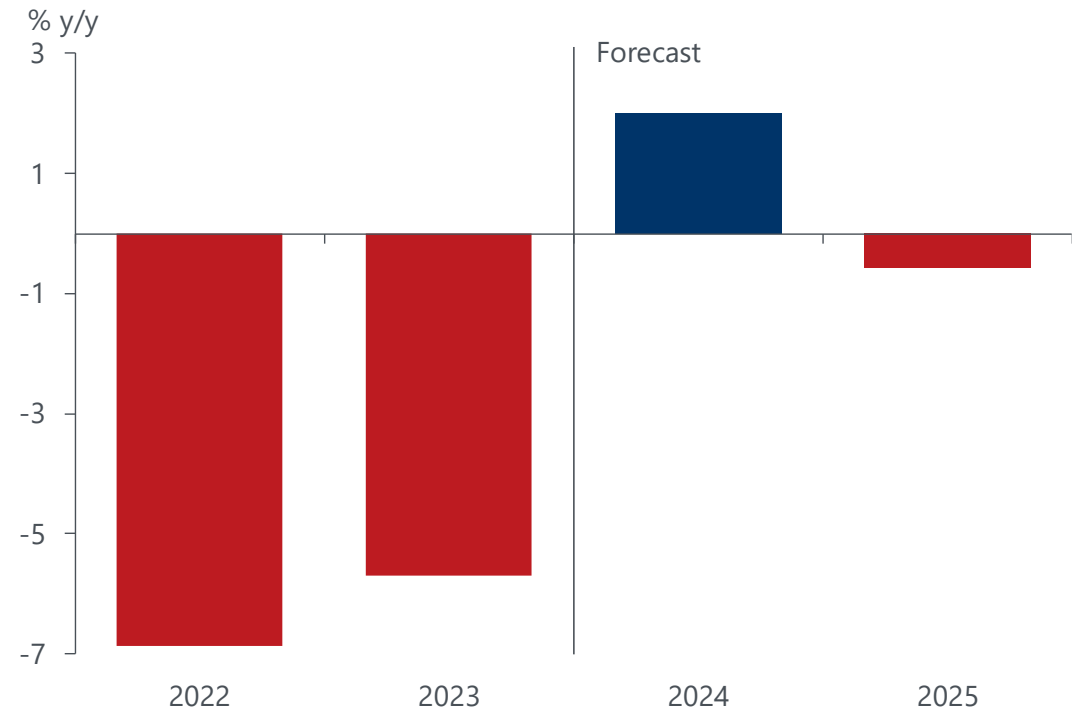
# Although inflation has slowed, prices are still expected to rise, with raw material price rises impacting firms.

CPI: Pre-Covid average and forecasts



Source: Oxford Economics/Haver Analytics

World: Raw materials price index



Source: Oxford Economics

# Elections around the globe this year add political uncertainty to the mix.



The opposition Labour party won the general election on July 4 with a large majority. Labour's manifesto pledged to keep the existing net debt rule and its policy changes were fiscally neutral and small in scale, so the new government has implicitly acknowledged it will implement the bulk of the planned consolidation. **Tighter fiscal policy will exert a significant drag on the pace of the economy's recovery over the next few years.** However, if the new government can deliver on its plans to reform the planning system, this could trigger a stronger supply-side performance.



The European Parliament election results were broadly as expected and confirmed the advance of right-wing parties, particularly in France and Germany. French President Emmanuel Macron was dealt a blow as his party came in well behind the far right. The results prompted Macron to immediately dissolve the French Parliament and call a snap election.



Latest polls have Trump marginally ahead of Biden, ahead of the Presidential election in November. Tax cuts, higher public spending, curbs on immigration, and the imposition of higher tariffs on major trading partners would likely form key parts of a second Trump presidency. Trump would also likely try to repeal Biden's Inflation Reduction Act (IRA), which would negatively impact US manufacturing.



Modi is set for his third term as India's Prime Minister, but with a weakened position after he failed to achieve **outright parliamentary majority.** OE anticipates a broad continuity of policy, with a focus on infrastructure spending in the 2024/25 budget. However, passing legislation will become considerably trickier in the context of a coalition government.



For the first time since the country's first democratic elections in 1994, the **African National Congress party received less than 50% of the vote in the May election.** Ramaphosa will continue as the country's President following a landmark coalition deal between the ANC and opposition parties, but uncertainty is high given the unprecedented change in the political landscape.

# In summary...

1

OE has marginally upgraded its global economic growth projection for 2024 since March, now expecting growth of 2.6%, up from 2.4% four months ago.

2

The ECB cut its main interest rate in early June, with the BoE and Fed expected to follow a little later, in August/September of this year as services inflation remains sticky.

3

Global supply chain pressures have reduced significantly and are back at long-term average levels, which should provide a solid footing for further easing of inflationary pressures and trade growth.

4

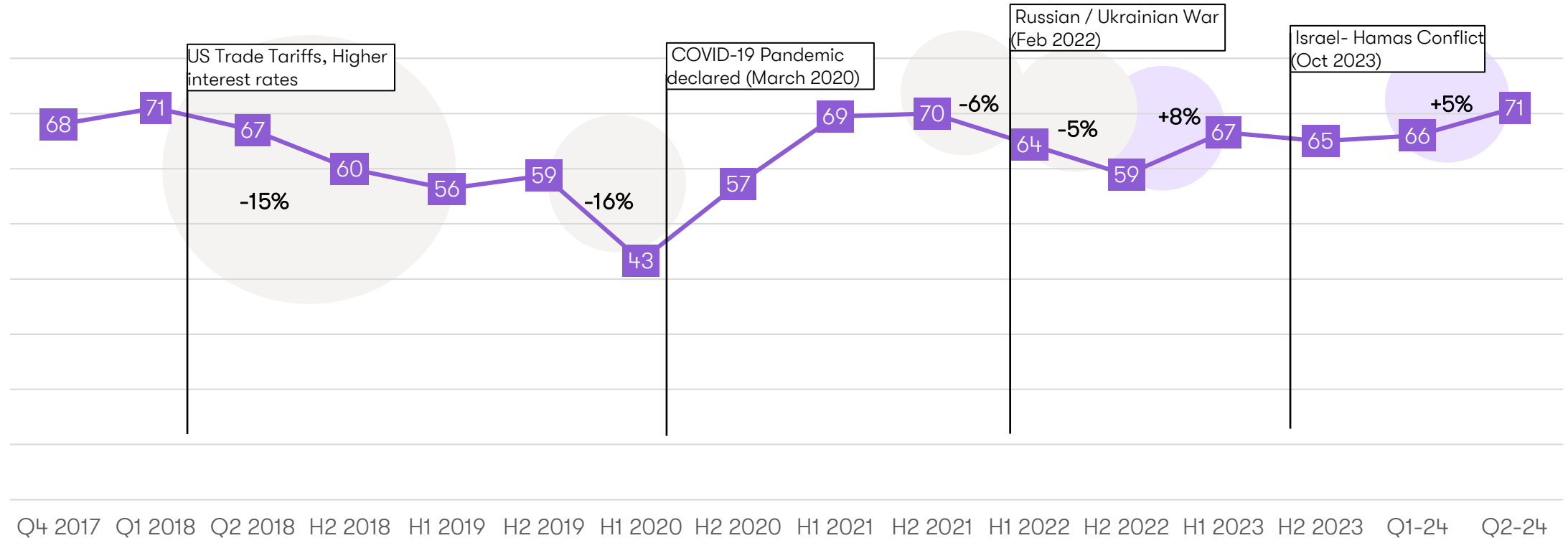
2024 is a significant year for elections around the globe, which adds political and fiscal policy uncertainty into an already complex range of factors impacting the global economy.

# 03 Optimism



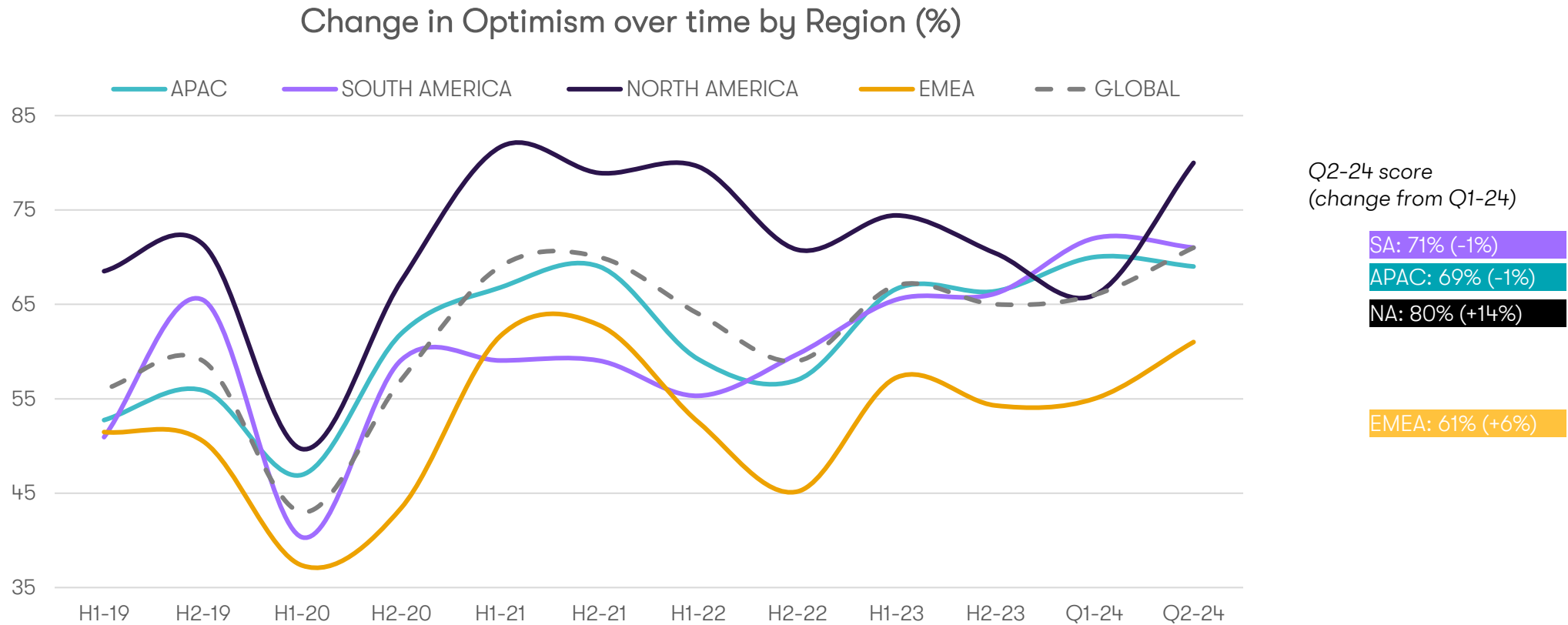
# A significant 5pp increase in Q2 Optimism noted.

Optimism trends back to its 2018 Q1 peak level. 7 in 10 of businesses express optimism regarding the economic outlook of their respective countries.



B2. How optimistic are you for the outlook of your country's economy over the next 12 months? Q1-24 n=3823  
Each wave n~4610

# North America drives increased Optimism, with a 14%-point recovery from Q1-24. South America and APAC hold steady, while EMEA lags slightly but does note a 5%-point increase.



# Optimism at country level

Country	Q2 - 24	Q1 - 24	H2 - 23	H1 - 23	H2 - 22	H1 - 22	H2 - 21	H1 - 21	H2 - 20	H1 - 20	H2 - 19	H1 - 19
Indonesia	90	89	84	75	76	76	78	78	79	56	78	76
China	82	79	77	73	73	67	83	86	83	65	74	63
United States of America	82	68	72	75	72	81	80	83	69	50	73	69
United Arab Emirates	81	72	77	76	74	71	71	63	60	69	77	60
Morocco	79	75										
India	78	83	80	78	56	75	77	74	71	63	69	79
Vietnam	77	76	68	63	75	88	80	58	50	65	82	78
Mexico	77	74	81	72	63	64	63	59	61	41	67	54
Ireland	73	73	72	78	56	62	85	76	61	39	57	78
Kenya	72	54										
Argentina	69	67	48	24	25	25	39	30	47	41	52	35
Germany	67	53	56	60	50	53	64	67	41	31	45	58
Australia	67	57	62	61	66	83	74	73	65	47	55	59
Brazil	66	72	60	72	67	57	62	66	61	40	69	54
Nigeria	66	61	56	69	53	56	47	51	63	64	58	74
Philippines	66	61	54	71	65	74	80	66	49	54	67	84
United Kingdom	65	59	64	53	46	59	69	68	39	31	46	47
Spain	65	64	50	56	36	49	57	60	29	24	40	39
Singapore	64	69	58	64	54	65	72	58	62	33	38	48
Malaysia	64	61	51	63	60	73	63	59	39	45	33	37
Canada	64	52	48	71	54	63	64	62	49	44	56	61
Egypt	62	72										
Thailand	53	46	55	72	56	58	60	47	33	24	33	40
France	53	50	49	59	39	62	67	62	32	35	53	50
South Africa	53	48	53	44	52	56	45	49	42	47	57	51
Turkey	48	55	49	41	43	46	55	67	45	40	48	34
Greece	48	51	52	58	30	43	52	54	47	37	68	44
Italy	48	48	43	46	47	48	63	53	33	23	33	37
Sweden	44	38	27	30	13	19	71	75	31	13	20	28
Japan	25	38	32	52	17	23	34	17	15	6	16	16
South Korea	23	35	18	20	8	35	22	38	17	10	16	21
Global	71	66	65	67	59	64	70	69	57	43	59	56

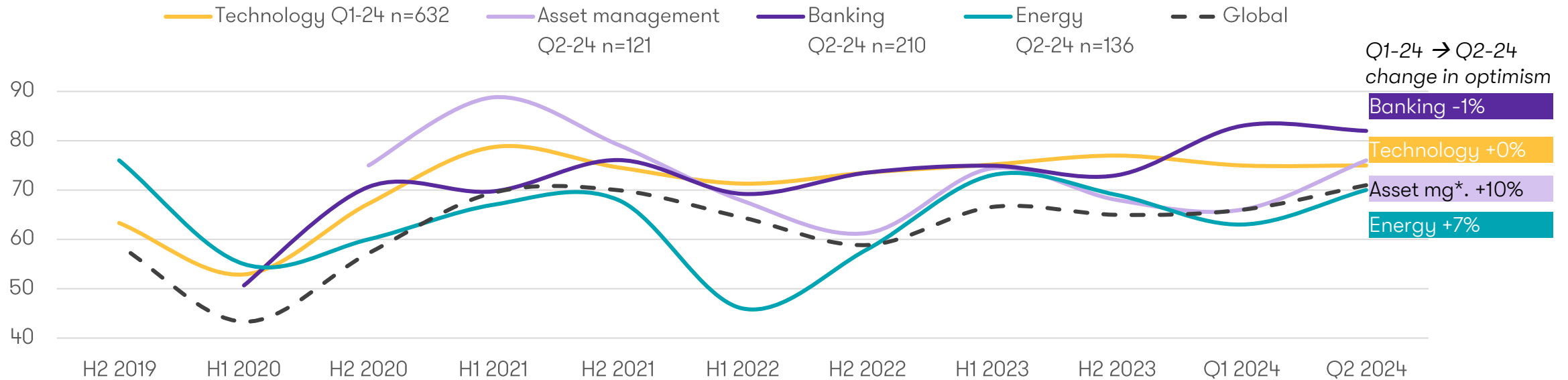
10 countries note optimism levels above the Global average of 71%, down from 13 countries in Q1-24 (albeit with Q1-24's lower global optimism percentage of 66%).

- Kenya (added in Q1-24) reaches above global optimism levels for the first time.
- Three countries continue to express optimism, with scores above the global average since 2019: **Indonesia, China and the USA.**

# Optimism by Industry

Banking holds Q1-24's gain in optimism into Q2-24, with Energy recovering from Q1-24's decline. Asset management notes the most significant gain this quarter, with a 10% increase, while Technology holds steady.

Change in Optimism over time by Industry

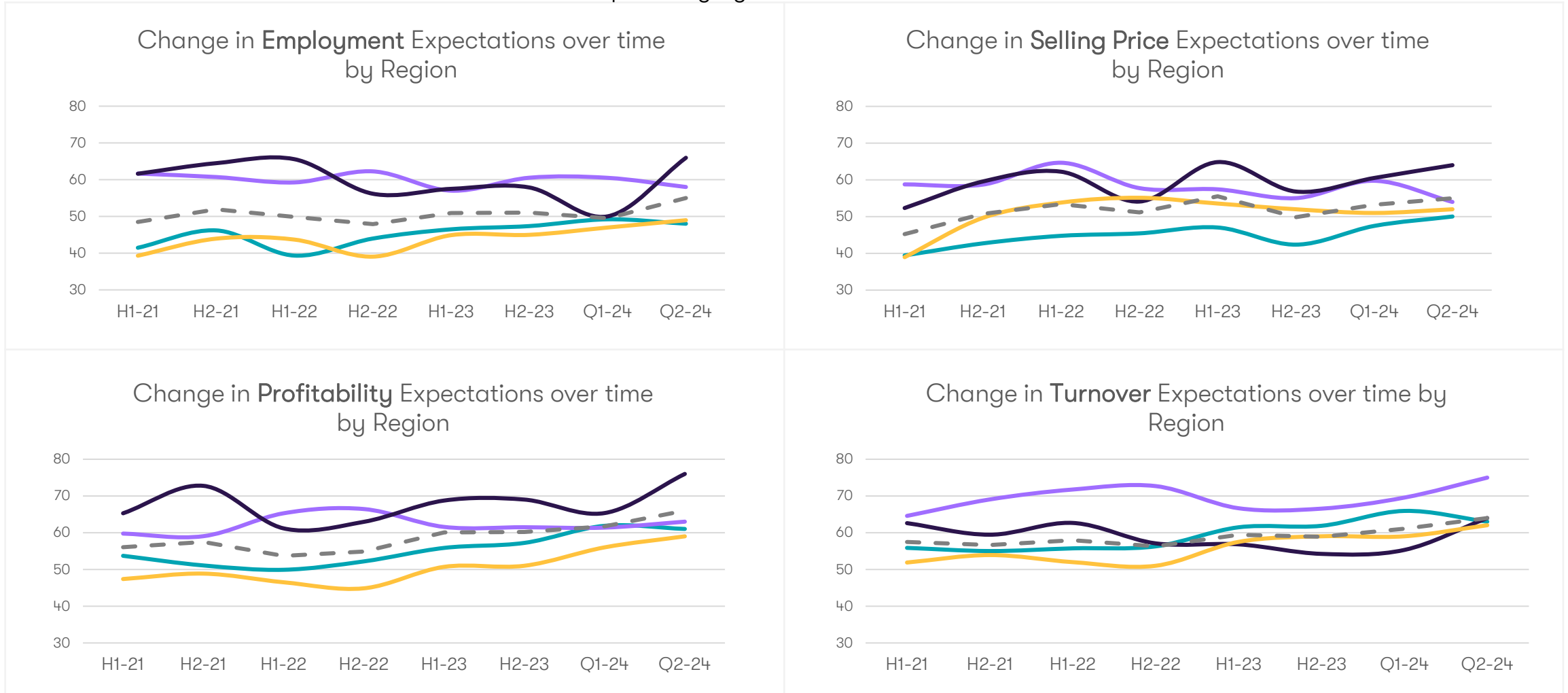


\* Pre-Covid data not collected

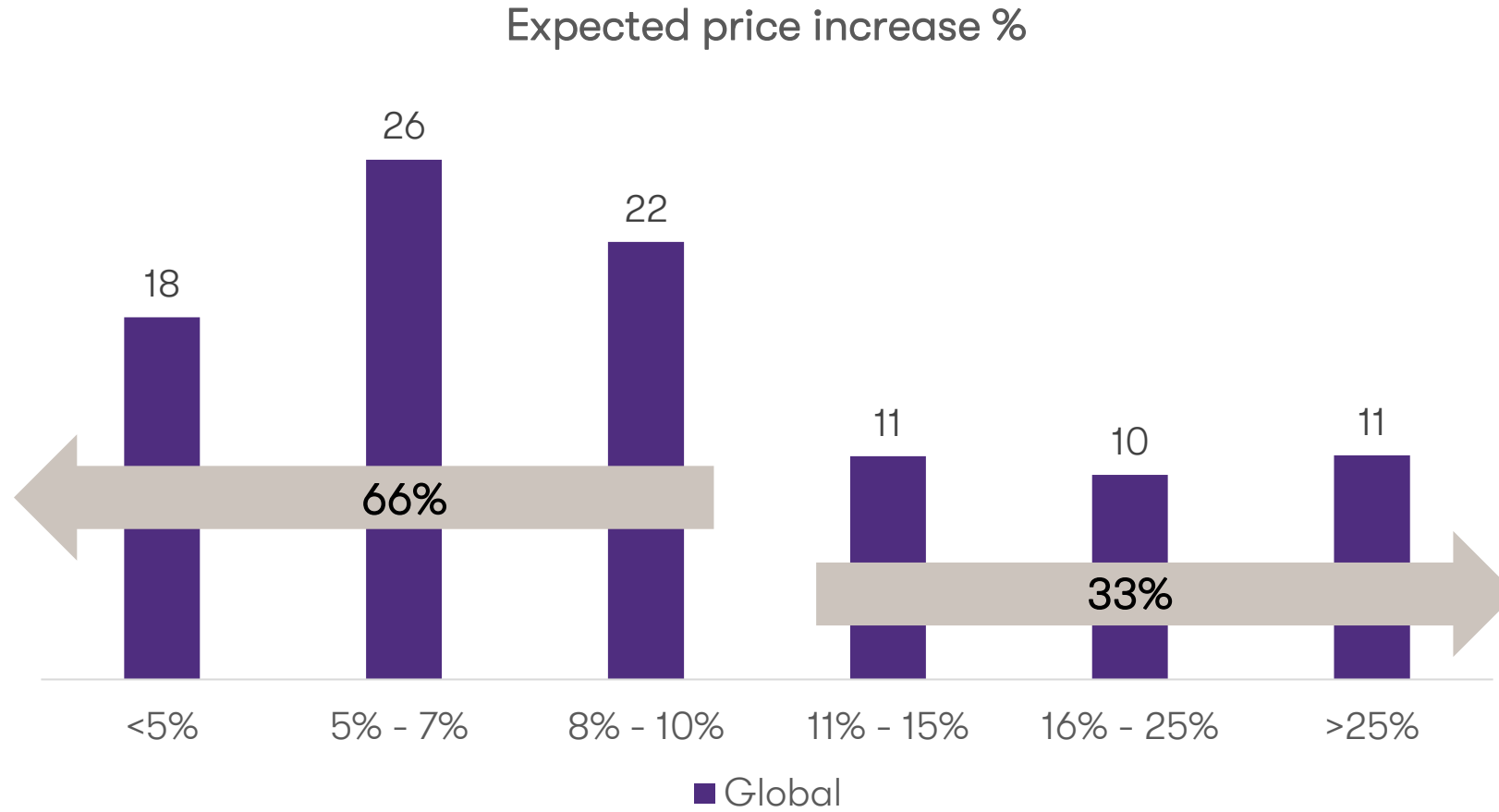
# 04 Business operations

# Operational Outlook Indicators by region

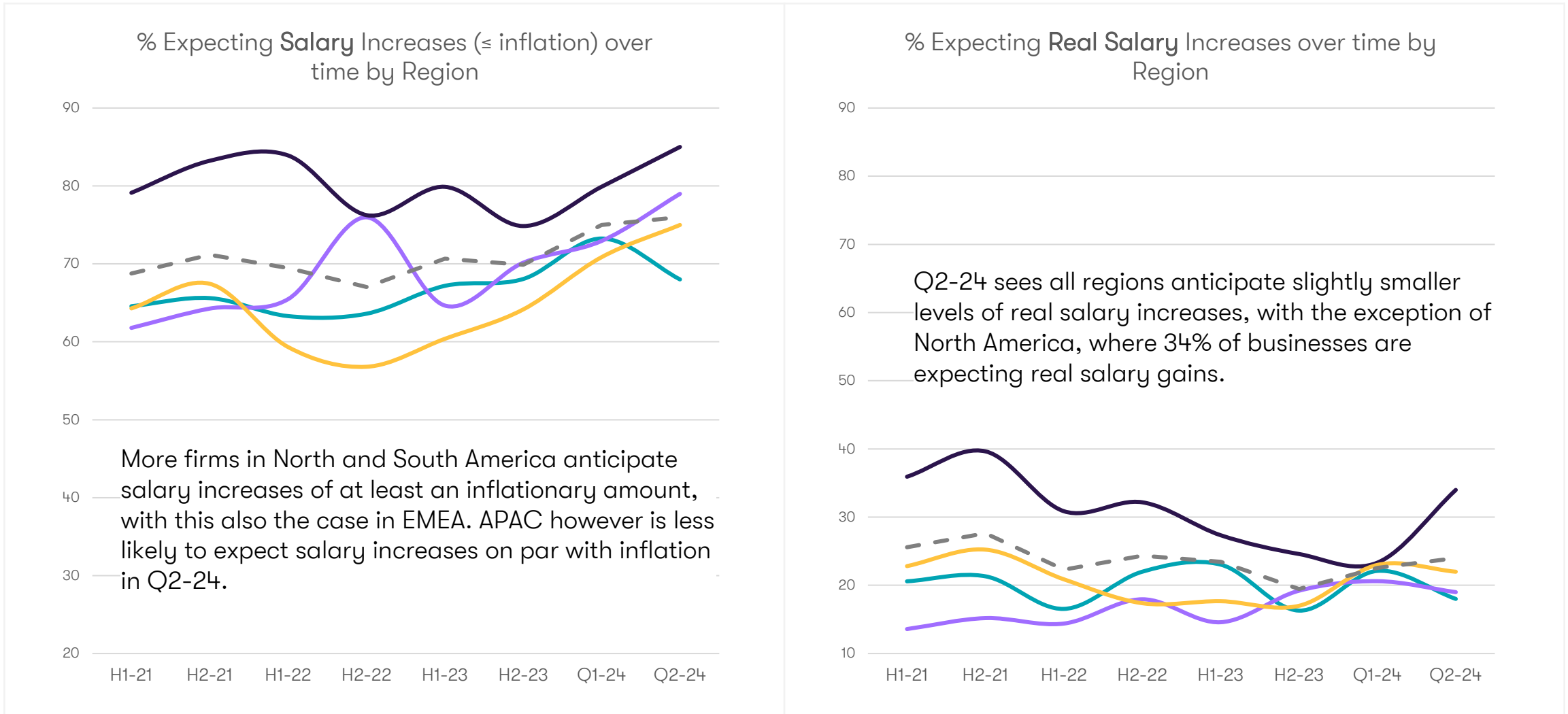
Profitability expectations continue to grow with selling prices reaching record high levels. Businesses are also expecting to increase their labour force, with these trends driven primarily by North America.



# 66% of the businesses are looking to increasing their selling prices below the 10% range.



# Salary expectations over time by region

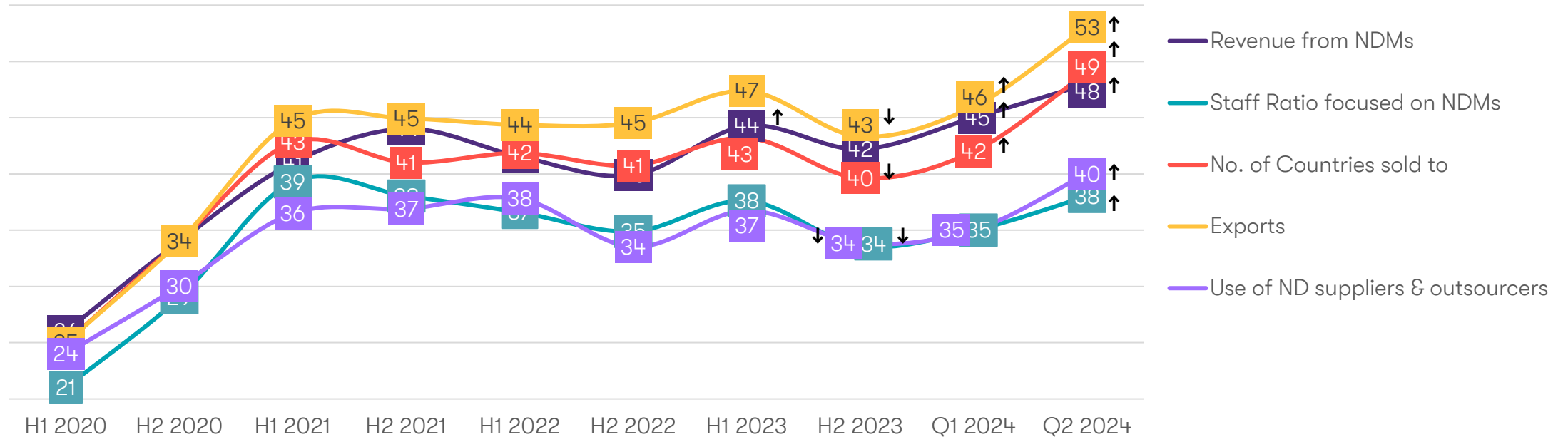




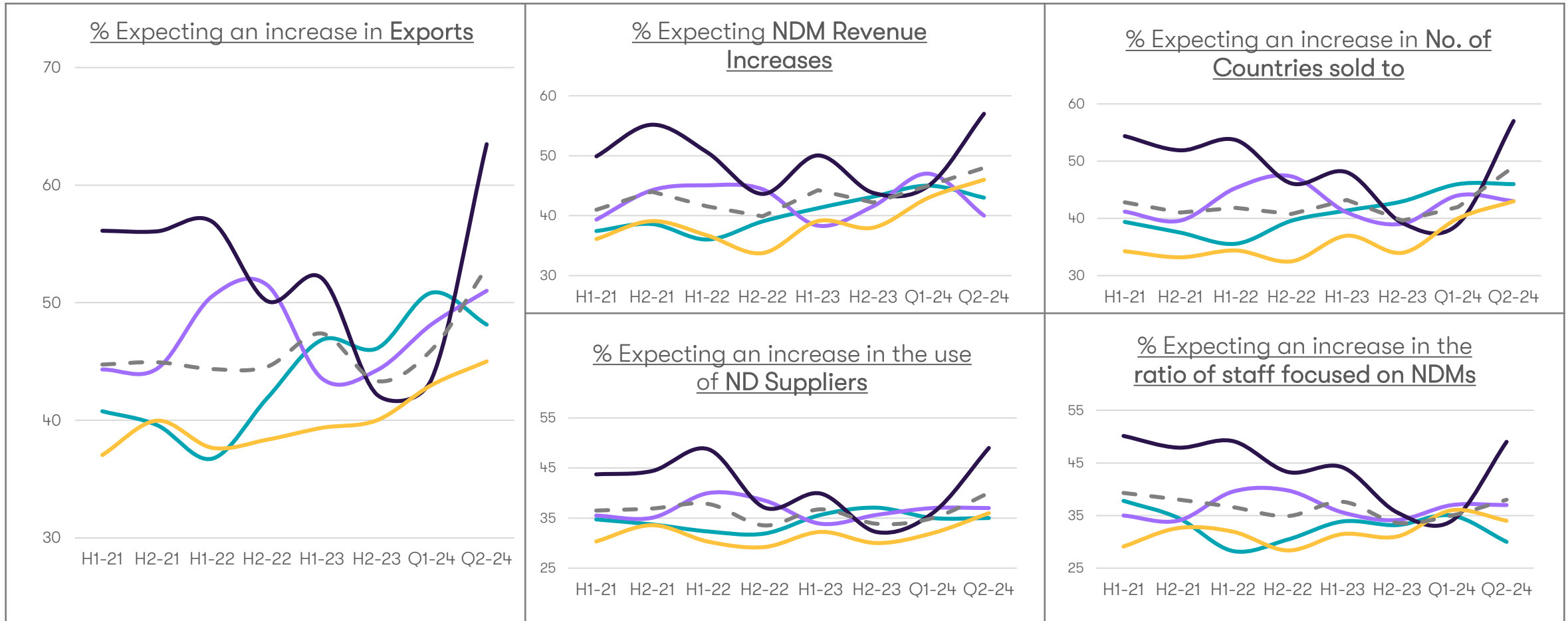
# 05 Global ambitions

# Record high levels reached on all global ambition indicators demonstrating high international business intentions for the rest of 2024 and the beginning of 2025.

% Expecting an increase: Trended



# North America drives increased ambitions for non-domestic market expansion, with strong expectations across all markers of non-domestic trade growth.



— APAC — SOUTH AMERICA — NORTH AMERICA — EMEA - - GLOBAL

# Globally ambitious Regions & Countries Q2-24

Q2 2024	Exports	Rev from NDMs	No. of countries sold to	Use of ND suppliers	Ratio of staff focused on NDM
Indonesia	81	67	78	49	53
India	72	61	69	55	55
Turkey	69	76	71	54	58
Philippines	67	52	72	49	39
Vietnam	66	62	63	41	39
Nigeria	65	48	65	36	30
United States of America	65	58	58	51	50
Brazil	59	52	55	54	45
South Africa	54	51	70	47	47
United Kingdom	53	51	51	35	33
Mexico	53	34	39	26	37
Canada	50	45	40	33	33
China	49	43	48	28	34
Thailand	49	44	43	29	28
Spain	47	52	47	41	40
United Arab Emirates	47	48	40	40	41
Italy	47	45	40	28	32
Germany	46	47	40	44	43
Singapore	42	44	43	29	38
Malaysia	41	44	39	23	35
Greece	40	32	39	15	26
France	39	39	36	25	35
Australia	37	39	31	31	28
Sweden	29	34	34	24	22
South Korea	28	26	26	13	26
Japan	23	27	16	17	27
Argentina	21	16	12	11	13
Morocco	20	21	16	0	20
Ireland	17	28	13	13	21
Kenya	16	19	13	9	20
Egypt	12	12	23	10	9
Global	53	48	49	40	38

# 8

Globally ambitious countries in Q2-24 across at least 4 of the 5 NDM expansion markers. These include:

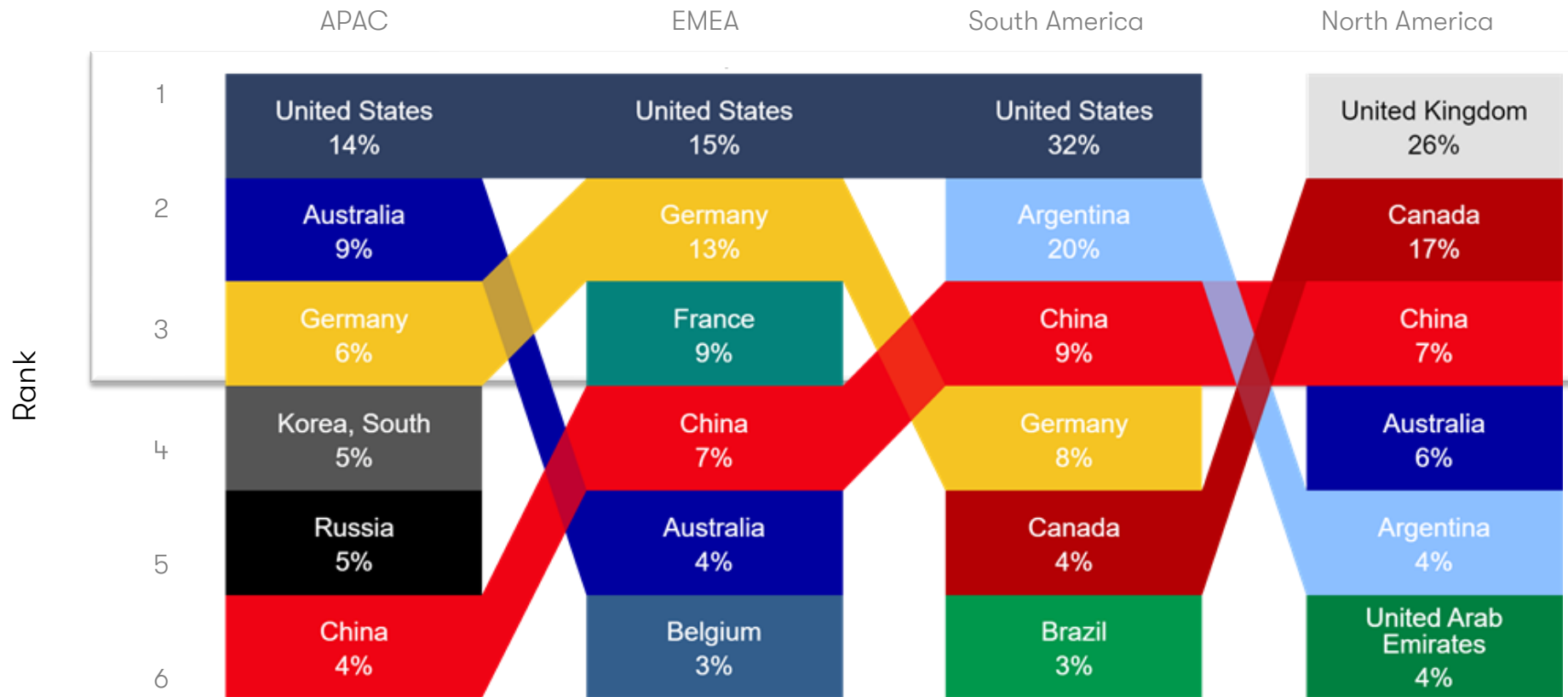
1. Indonesia
2. India
3. Turkey
4. Philippines
5. Vietnam
6. USA
7. Brazil
8. South Africa

North America leads global expansion ambitions in Q2-24, driving global levels.

Q2 2024	Exports	Rev from NDMs	No. of countries sold to	Use of ND suppliers	Ratio of staff focused on NDM
APAC	48	43	46	35	30
EMEA	45	46	43	36	34
South America	51	40	43	37	37
North America	63	57	57	49	49
Global	53	48	49	40	38

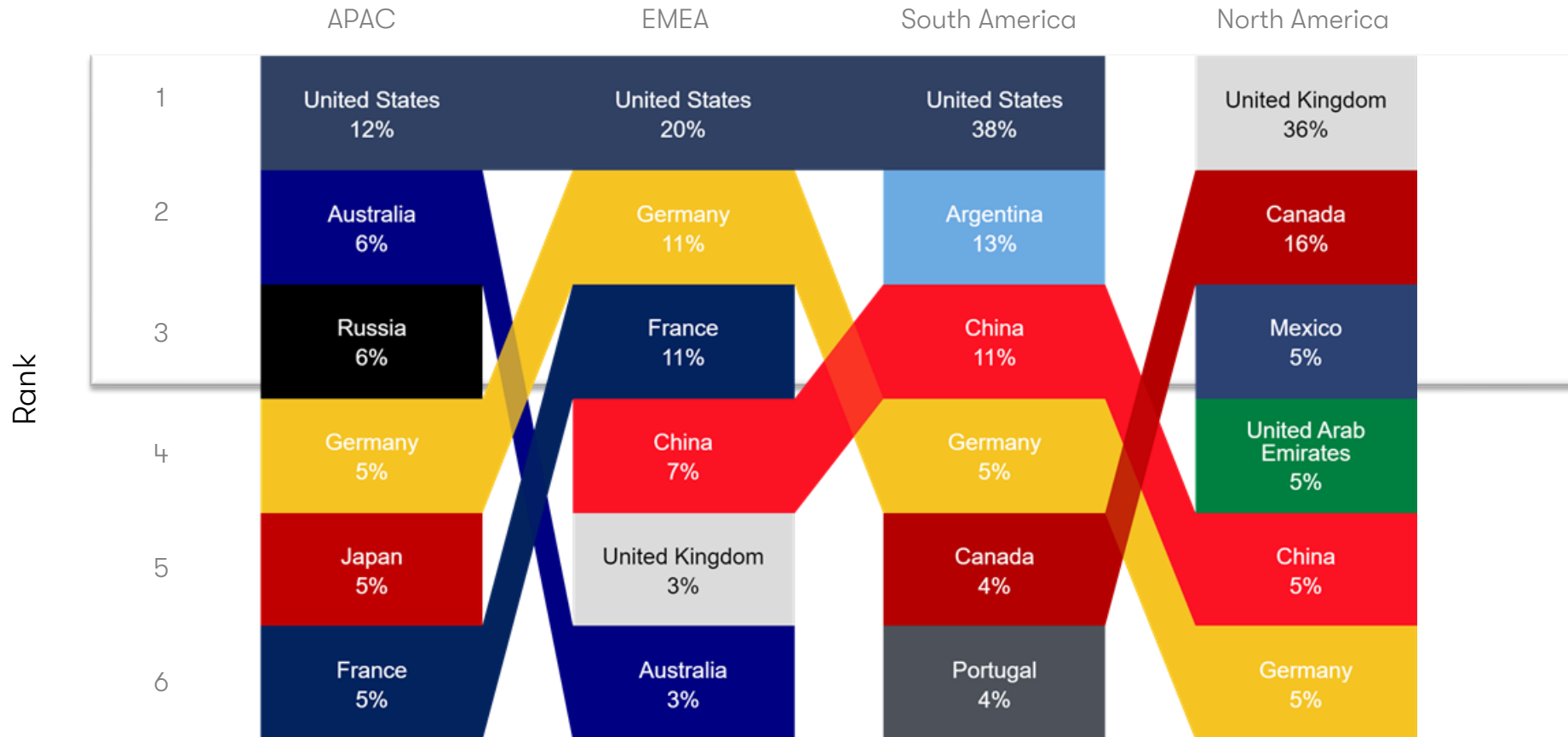
# The US is the most appealing export destination, with North America finding export opportunity in the UK.

“Which country will provide the greatest export opportunity for you?”



# Regions rely on the US to drive NDM revenue growth, while North America relies on the UK

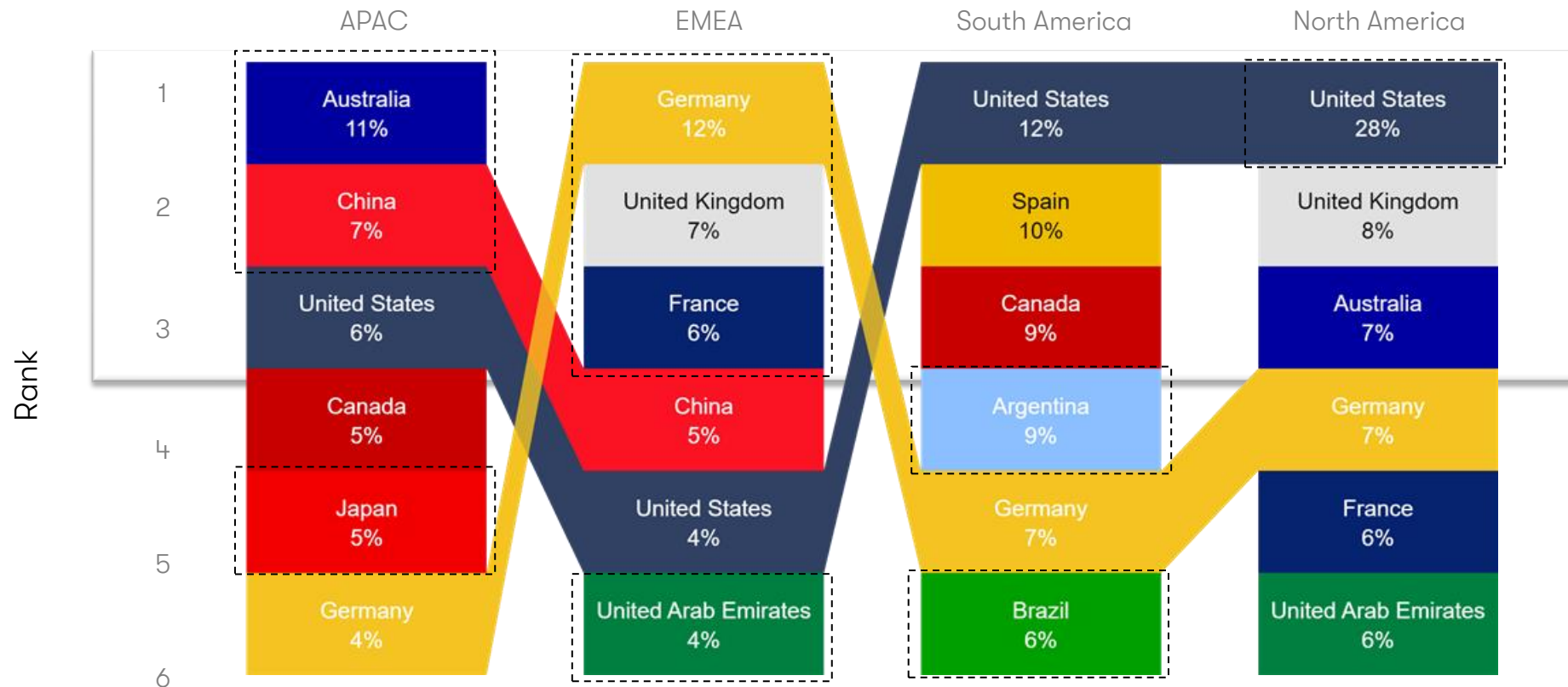
“Thinking about your non-domestic markets into which you currently sell, in what country do you expect to see the highest revenue growth over the coming year?”



# All regions identify new market opportunities in the US, with APAC primarily planning to add Australia to their NDM sales, and EMEA's focus on Germany

Focus turns inward, with planned expansion into neighbouring markets within regional blocks. This is particularly the case within APAC and EMEA, with South and North America slightly more outward focused.

“What **new** country do you think presents the greatest market opportunity for your business?”



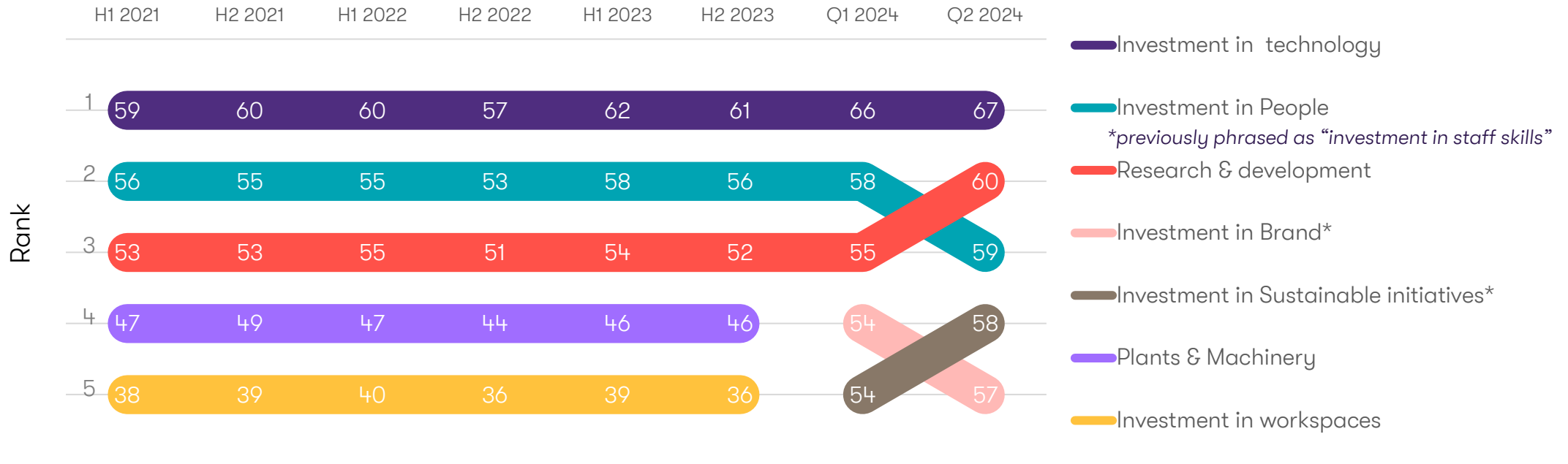
# 06 Top 5 investment trends



# Top 5 Investment Trends expected to increase tracked over time

Technology continues to be the top-most expected trend, while investments in R&D increase to 2<sup>nd</sup> position, just overtaking investment in People, now placed 3<sup>rd</sup>. Business outlook for the rest of 2024 and beginning of 2025 continues to include expectations for increased investment in brand and sustainable initiatives, with sustainability more of a global priority than Brand in Q2-24.

Top 6 Expected Trends 2021 → Q2-24 (Ranked)

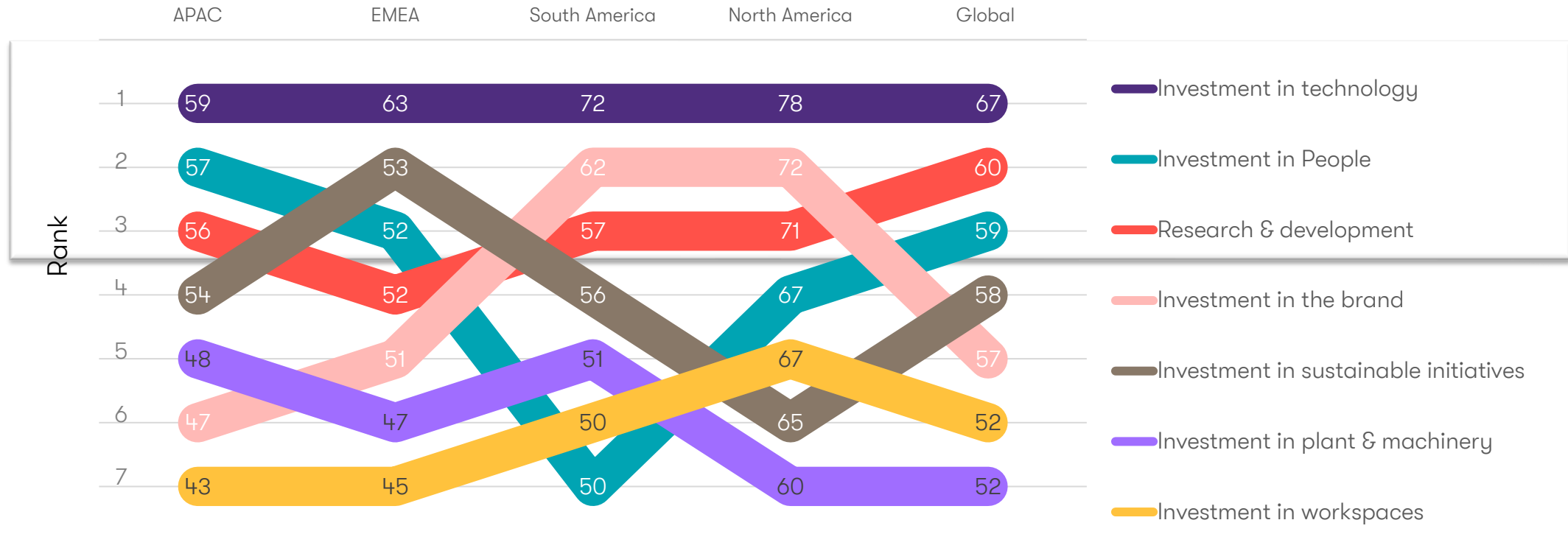


B3r: Please indicate the trend you expect for your business over the coming year, that is, whether you expect it to increase, decrease or remain the same, in the following areas: Q2-24 n=3748

\*introduced in 2024

# Top trends by Region

Top Expected Trends By Region Q2 2024 (Ranked)



- Investment in Technology remains a highly anticipated trend across all regions, as does investment in R&D (although relatively less so for EMEA). Most regions expect to invest in People, with the exception of South America who places greater emphasis on plant, machinery and building expenditure.
- Sustainability initiatives continue to be a priority in EMEA and to a lesser extent in APAC and South America.
- Both South and North America drives expectations for higher investment in Brand.

# Trends by Industry

Investment in Technology is a common expectation across all industries as is R&D, particularly for Asset Management. Banking is looking to invest in workspaces, while people is a top 3 investment expectation for Asset management, Banking and Energy.

rank	Technology	Asset Management	Banking	Energy
1	Investment in Technology (72%)	Investment in R&D (71%)	Investment in Technology (71%)	Investment in Technology (68%)
2	Investment in R&D (67%)	Investment in Technology (71%)	Investment in Workspaces (69%)	Investment in People (60%)
3	Investment in the Brand (64%)	Investment in People (69%)	Investment in People (65%)	Investment in R&D (58%)
4	Investment in Sustainable Initiatives (63%)	Investment in Sustainable Initiatives (64%)	Investment in R&D (64%)	Investment in the Brand (56%)
5	Investment in People (58%)	Investment in the Brand (61%)	Investment in Sustainable Initiatives (63%)	Investment in plant & machinery (53%)

# Renewable energy is a priority for all regions, particularly for South America

Recycled content is more of a focus in EMEA and South America, while APAC looks to invest in D&I and digitalisation. North America places a strong emphasis on social impact and sustainability reporting.

		APAC	EMEA	South America	North America	Global
1	Renewable energy	37	46	56	44	42
2	New sustainable product development	39	30	31	40	37
3	Sustainable procurement/supply chain reform	41	28	29	38	37
4	Waste management and reduction	36	34	37	38	36
5	Digitalisation to drive efficiency	41	32	21	33	35
6	Sustainability reporting	31	25	23	38	32
7	Diversity and inclusion	34	25	29	30	31
8	Social impact/ supporting communities	26	21	18	42	30
9	Carbon reduction	26	33	31	30	29
10	Recycled content	27	30	36	26	28
11	Set sustainability goals or KPIs	29	24	24	28	28
12	Carbon offsetting	24	26	21	25	24
13	Bio-diversity	21	19	24	25	22
14	Clean water	16	22	30	26	21

# Technology and Banking focus on sustainable product development, while Asset management invests in D&I and Energy in renewable energy

Renewables remain a priority within all below sectors, but less so in Asset Management. Banking looks to invest in social impact, as does Technology, although to a lesser extent.

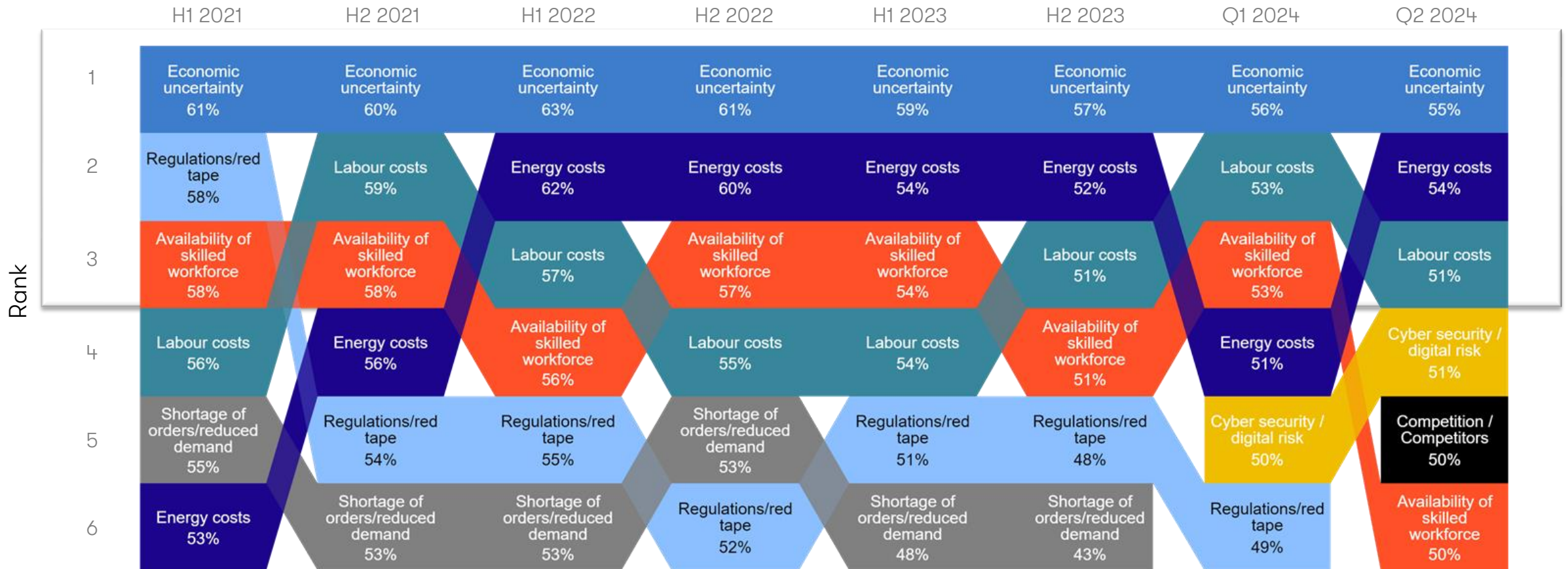
	Technology	Asset management	Banking	Energy and natural resources	Global
1	Renewable energy	31	37	47	42
2	New sustainable product development	30	45	38	37
3	Sustainable procurement/supply chain reform	26	42	41	37
4	Waste management and reduction	21	40	32	36
5	Digitalisation to drive efficiency	36	28	35	35
6	Sustainability reporting	24	38	31	32
7	Diversity and inclusion	43	27	34	31
8	Social impact/ supporting communities	26	44	24	30
9	Carbon reduction	19	27	25	29
10	Recycled content	16	29	31	28
11	Set sustainability goals or KPIs	26	32	23	28
12	Carbon offsetting	18	29	22	24
13	Bio-diversity	20	29	27	22
14	Clean water	23	26	13	21

# 07 Business constraints

# Similar business constraint levels are noted, but the challenge of Energy Costs increases as the concern of labour availability falls

Cyber security & digital risk and Competition (tracked from Q1-24) earn positions in the list of top business constraints in Q2-24.

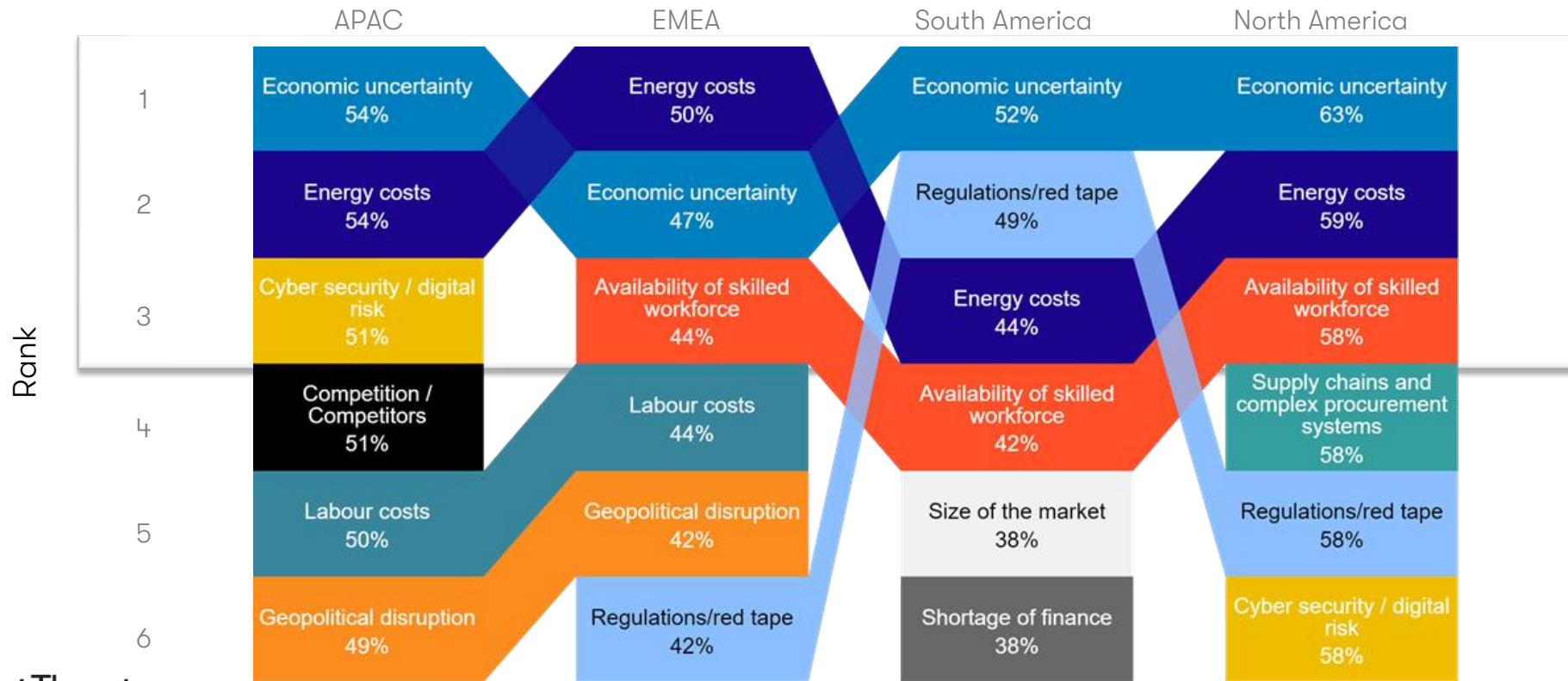
**Barriers to Business Growth 2021 → Q2-24 (Ranked)**



# Region specific challenges continue in Q2-24

- Economic Uncertainty and Energy costs rank in the top 3 constraints across all regions.
- APAC notes increased business challenges this quarter relating to cyber security and geopolitical disruptions
- EMEA also faces geopolitical challenges, with Labour costs and availability constraining business in the region.
- South America continues to be challenged by red tape, with the size of the market and finance availability concerning for the region
- North America experiences the unique constraint of complex procurement systems, potentially as the region looks to grow NDM expansion

**Barriers to Business Growth 2021 → Q2-24 (Ranked)**





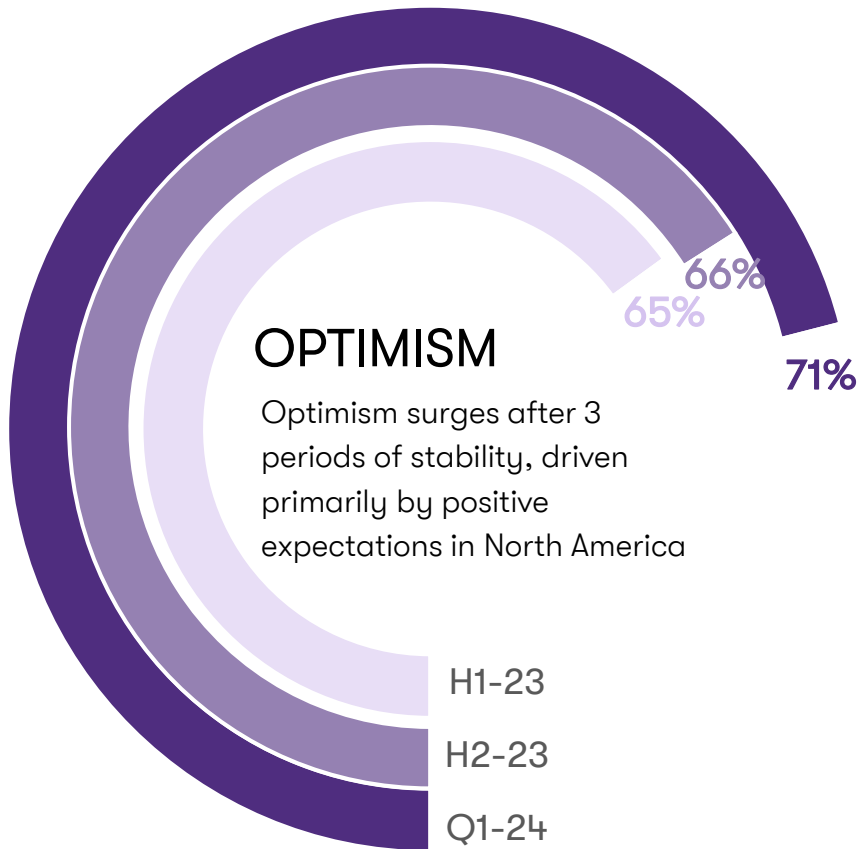
# Industry specific challenges are evident, with Economic Uncertainty prevalent for all

Energy and Banking both note the concern of Geopolitical Disruption, with Cyber Security risks noted in the top-3 list of concerns for all industries bar Banking. Asset management faces the unique challenge of Environmental constraints, while Technology is limited by Competition

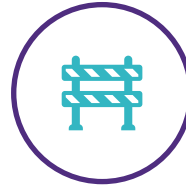
rank	Technology	Asset Management	Banking	Energy
1	Supply chains & complex procurement systems (↑62%)	Economic Uncertainty (69%)	Economic Uncertainty (65%)	Geopolitical Disruption (62%)
2	Economic Uncertainty (61%)	Size of the Market (63%)	Geopolitical Disruption (62%)	Cyber security / digital risk (60%)
3	Cyber security / digital risk (59%)	Cyber security / digital risk (57%)	Energy Costs (59%)	Energy Costs (53%)
4	Regulations / Red Tape (57%)	Environmental constraints/ scarcity of natural resources (↑55%)	Regulations / Red Tape (59%)	Economic Uncertainty (50%)
5	Competitors / Competition (57%)	Geopolitical Disruption (54%)	Size of the Market (59%)	Regulations / Red Tape (48%)
6	Labour Costs (56%)	Labour Costs (52%)	Availability of skilled workforce (59%)	Supply chains & complex procurement systems (47%)

# 08 Summary

# Summary as at Q2-24



CONSTRAINTS, GLOBAL  
AMBITIONS & FUTURE  
TRENDS



Economic uncertainty remains the core constraint to business globally, with Energy cost concerns overtaking the challenge of labour cost and availability, and businesses noting concerns about cyber security. EMEA, South and North America experience red tape and a shortage of skilled labour as constraints to business, with APAC limited by competition in the market.



While H2-23 saw companies adopt a more cautious stance on international expansion strategies, Q2-24 marks a significant turnaround with record-high levels in global ambitions indicators, demonstrating strong international business intentions for the rest of 2024 and beginning of 2025. This surge is driven by high expectations for growth in North America, which, having previously experienced declining ambitions for expansion, has now fully recovered to reach strong historical levels.



Businesses continue to expect investments in Technology, specifically in AI. They also foresee ongoing investment in both R&D and People. Business outlook for Q2-24 anticipates greater investment in sustainability initiatives in Q2-24, particularly in renewable energy, with investments in brand still an investment focus.

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