



International Business Report (IBR)

Q1 Data report

09 May 2024

**Thank you for joining.
Welcome.**

Agenda

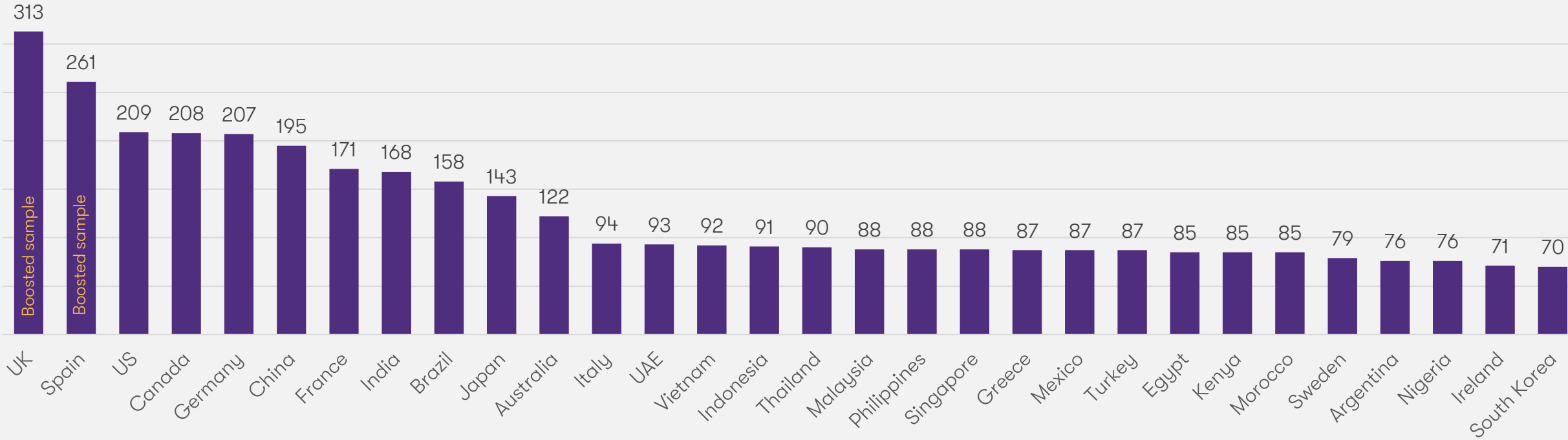
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01 Q1 Respondent profile

Respondent profile

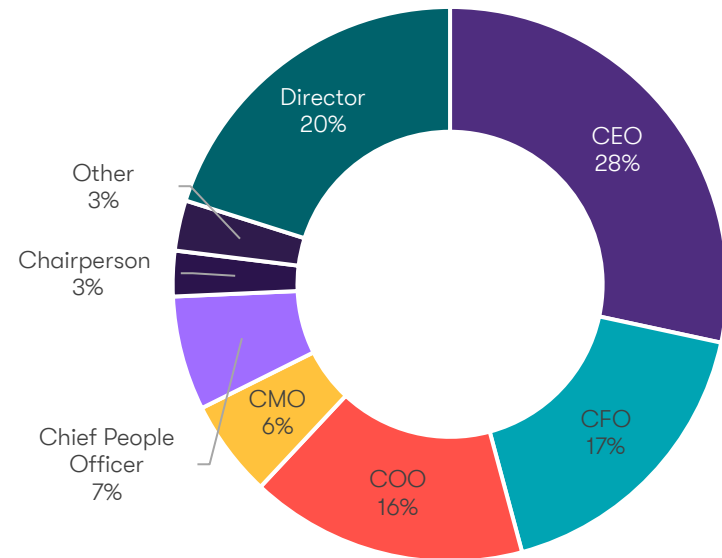
globally, 3,823 completed interviews recorded for Q1 2024.

Sample achieved by country

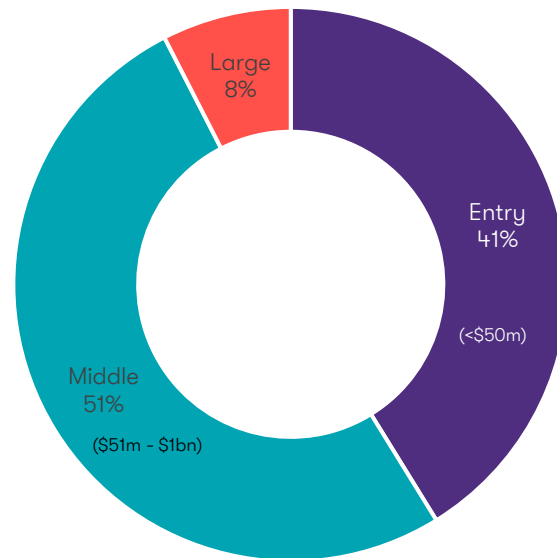


IBR interviews the c-suite exclusively, 28% are CEOs in businesses that record between \$51m and \$1bn with about 50-499 employees.

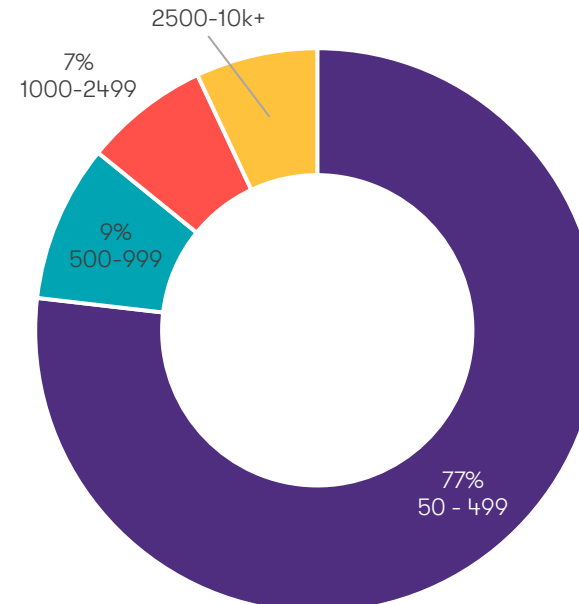
Role



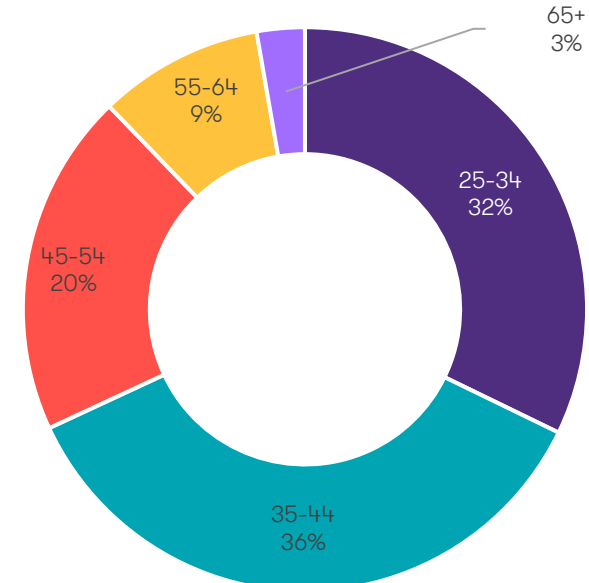
Annual turnover (US\$)



Number of employees

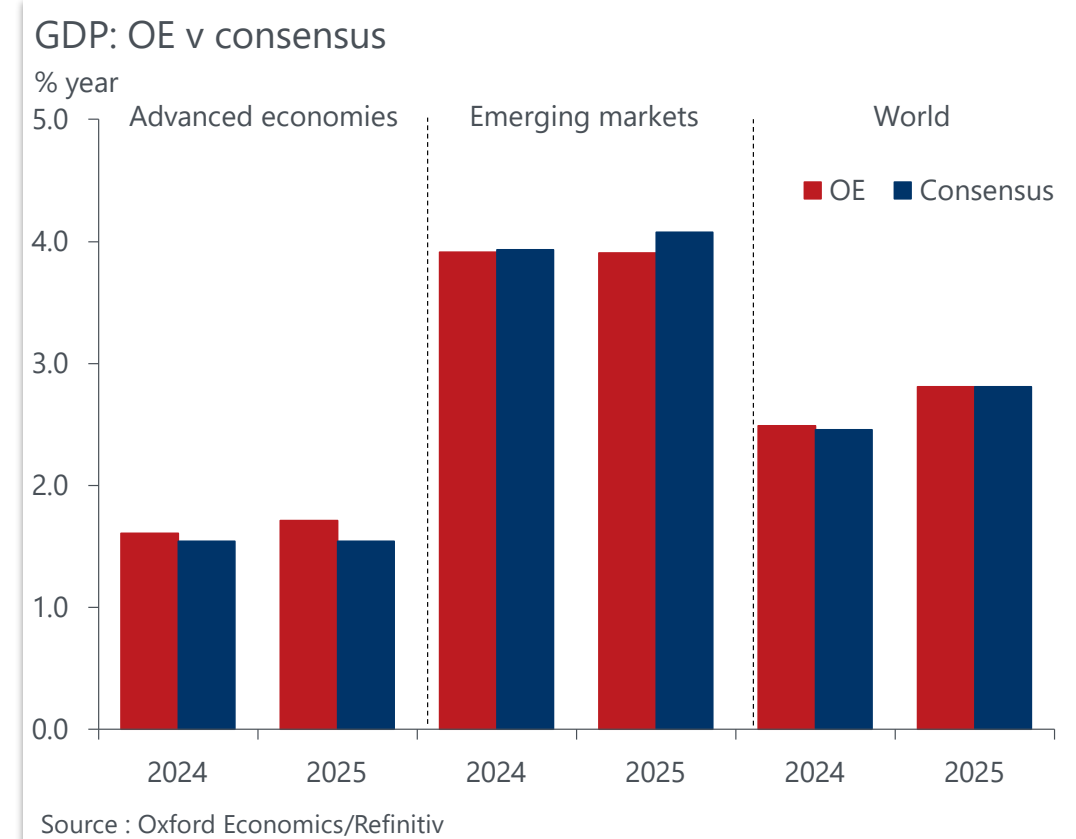
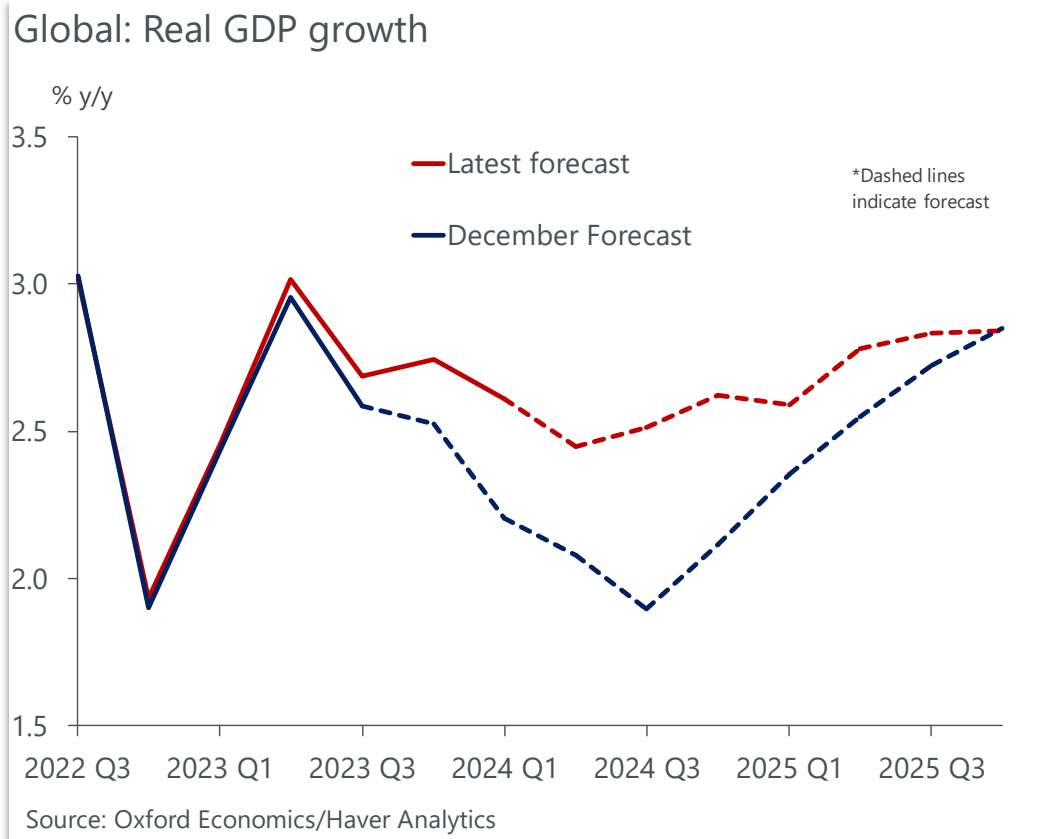


Age

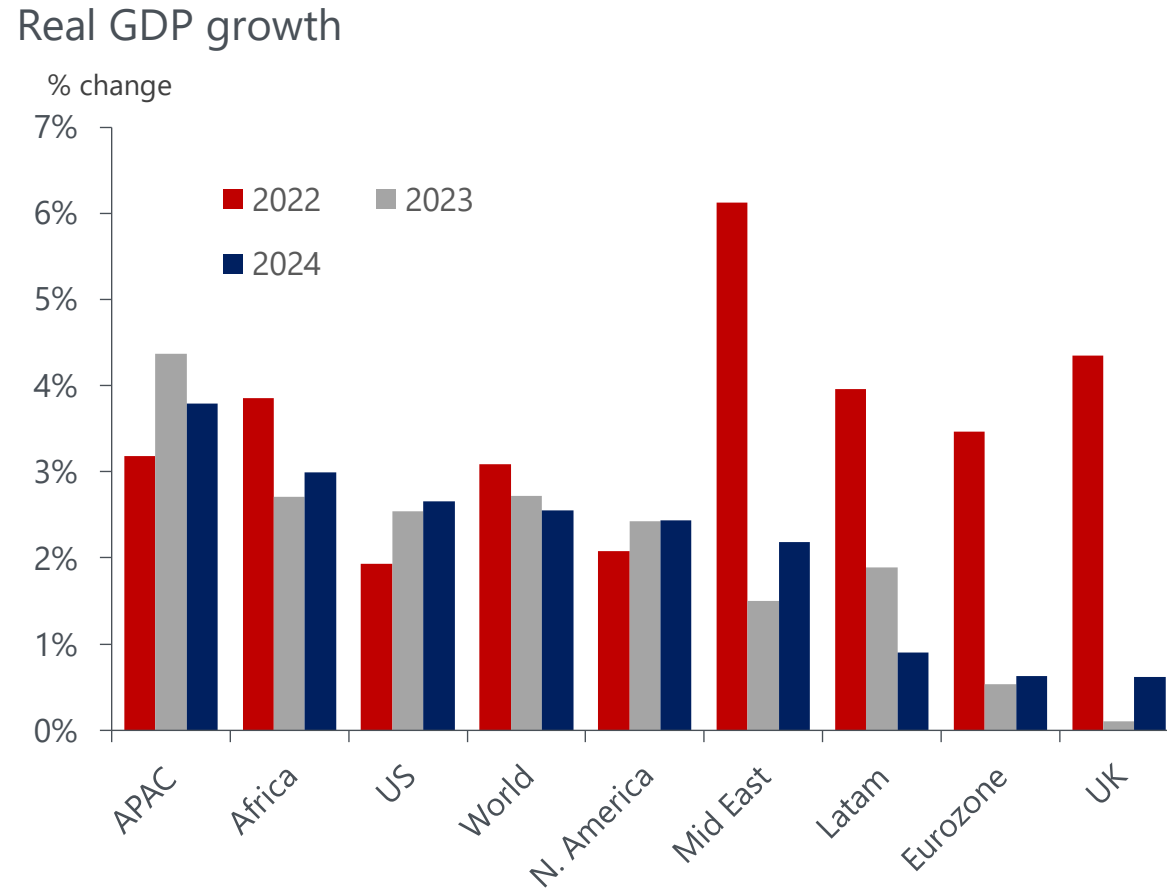


02 **Global economic context**

The economy is steady but slow showing resilience. Growth is expected in 2024.



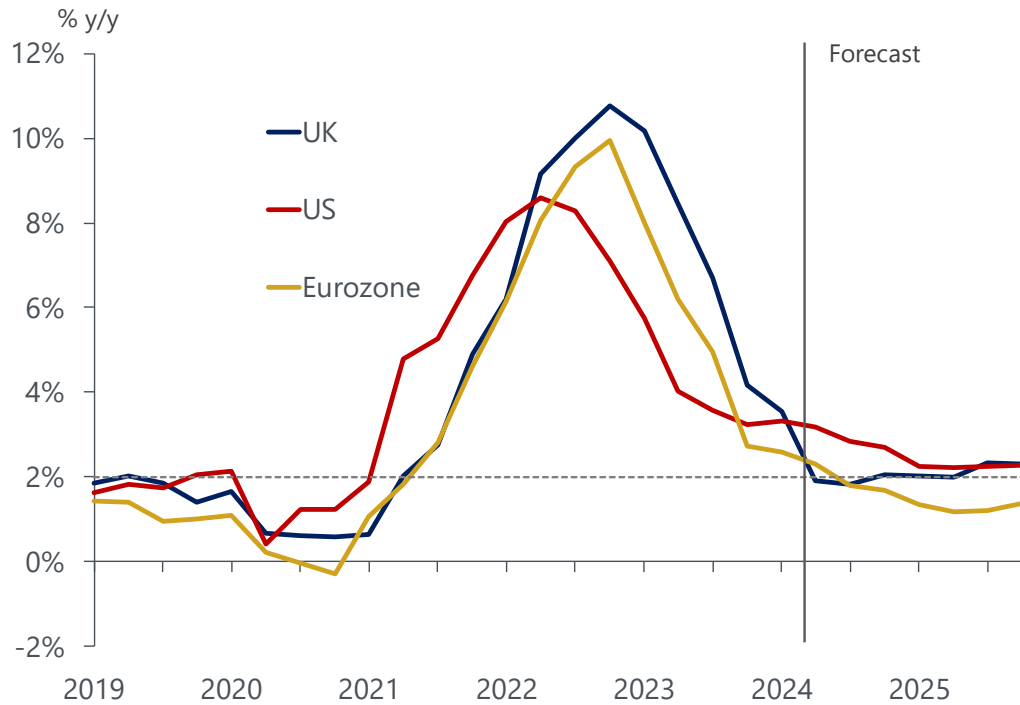
LATAM, UK AND Eurozone expected to lag in 2024 (UK AND Eurozone was also weak in 2023)



Source: Oxford Economics/Haver Analytics

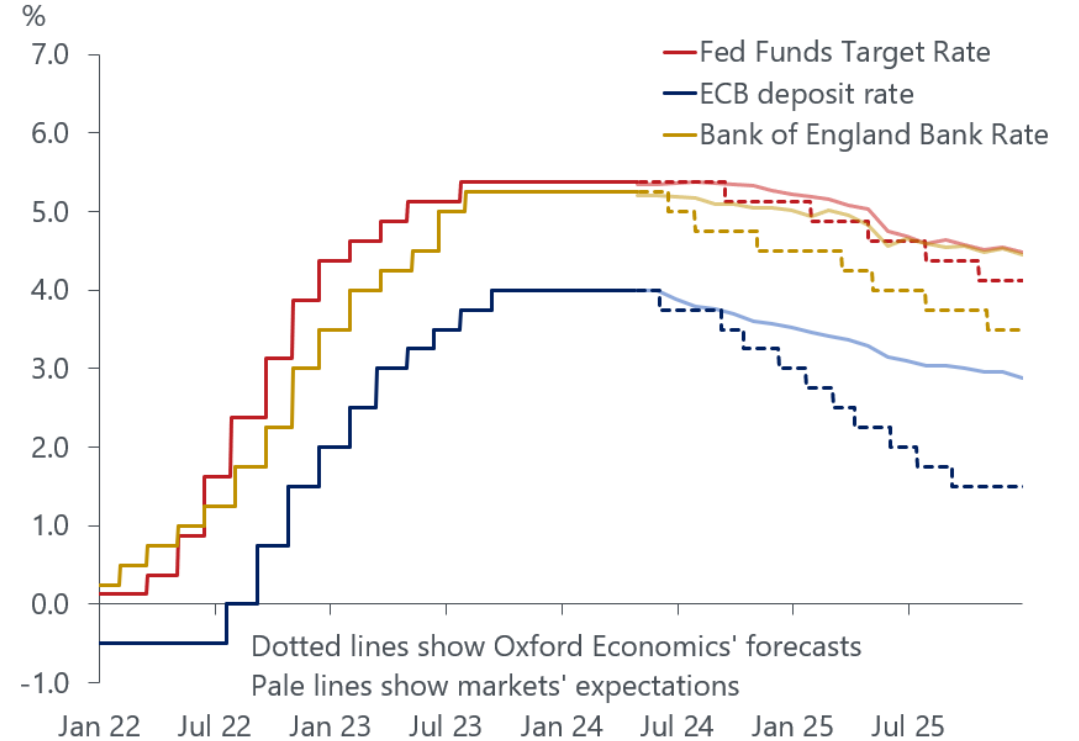
Inflation is falling but interest rate reductions will be gradual

Consumer price index



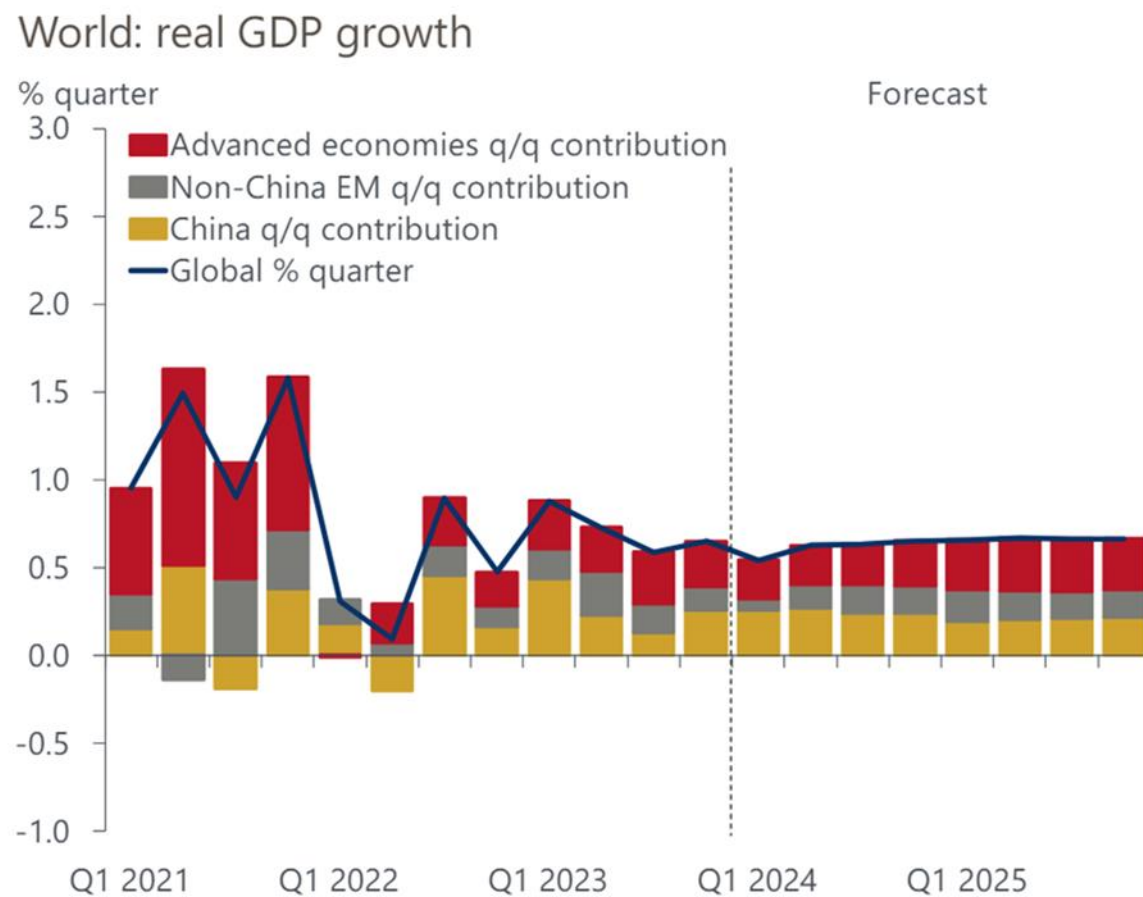
Source: Oxford Economics/Haver Analytics

Advanced Economy: Policy rate forecasts



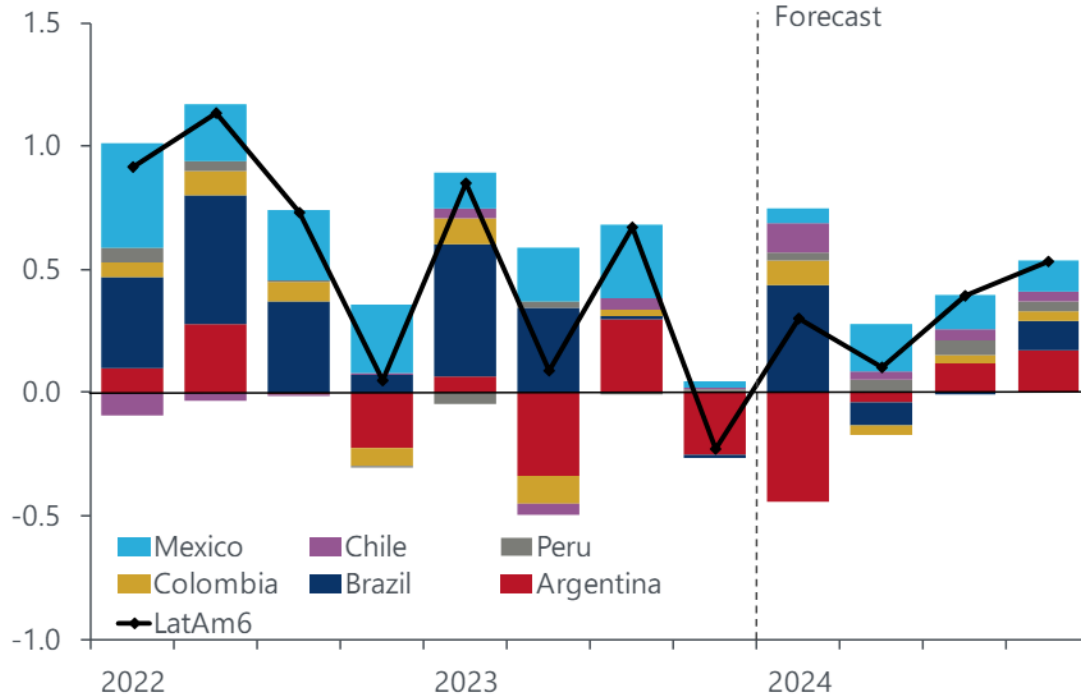
Source : Oxford Economics/Haver Analytics

Recent data support our view that the worst has passed for the global economy.



Activity in Latin America rebounded in Q1 following H2 2023 weakness and we expect momentum to build in H2

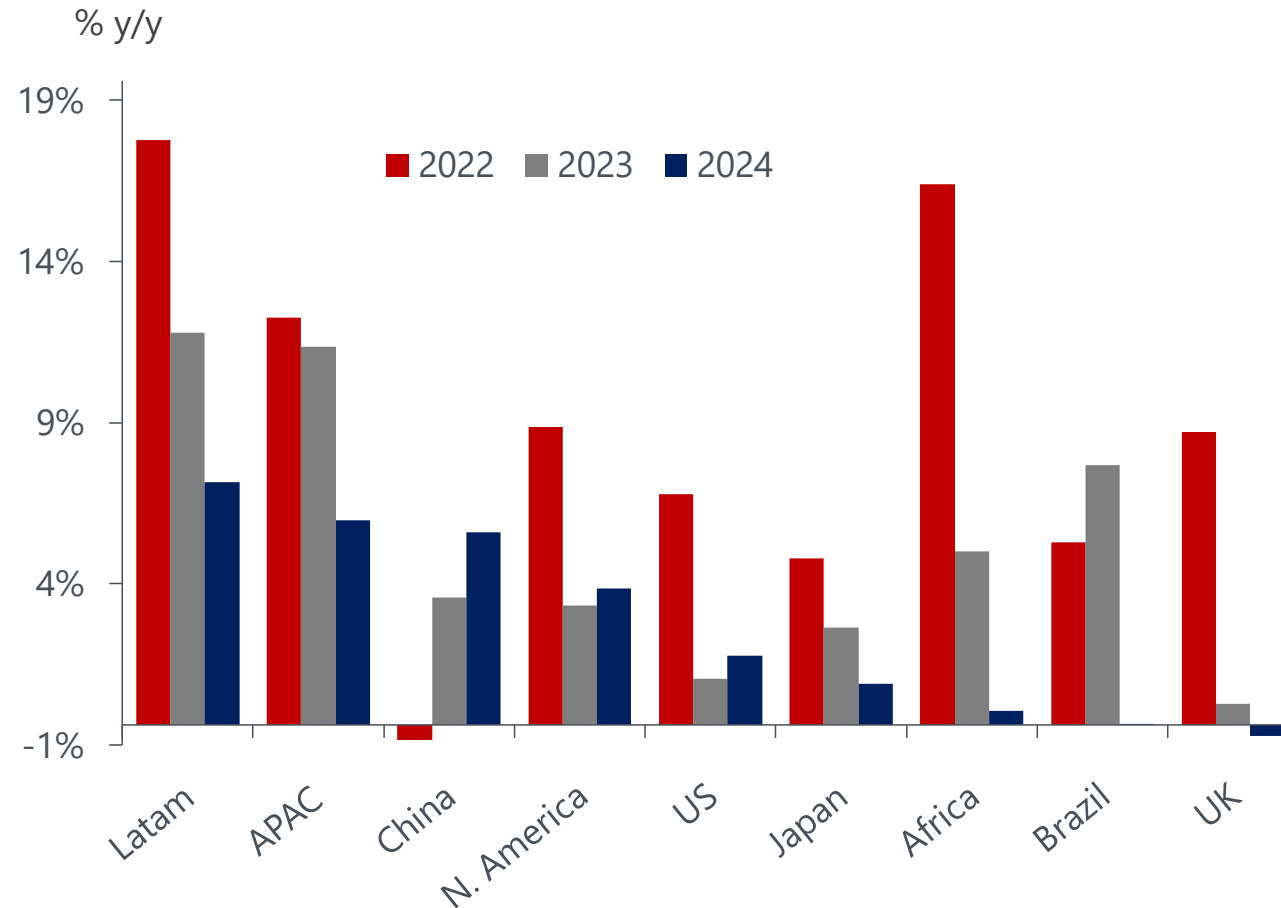
LatAm6: Growth decomposition
ppt contributions to q/q growth (%)



- Sticky services inflation remains a source of concern in the region, but the disinflationary process continues on the back of slowing prices for goods.
- Agriculture in the region rebounded in Q1, but the regional print will be dragged down by an ongoing domestic demand correction in Argentina, which will cause real GDP to contract this year.
- The medium-term outlook for the region is still positive but growth is capped by low investment and significant political risk.

Forecast: weak trade growth across US, Africa, Japan and the UK in 2024

Real export growth (excluding oil)



Source: Oxford Economics/Haver Analytics

In summary...

1

Economic activity has continued to outperform expectations but remains subdued. We expect momentum to build in H2 2024.

2

Regional differences remain. Growth in APAC, Africa and the US is set to outperform the world economy this year, while Latam and Europe will lag.

3

Global inflation is expected to continue its decent from its 2022 peak, but sticky services inflation remains a concern in many economies.

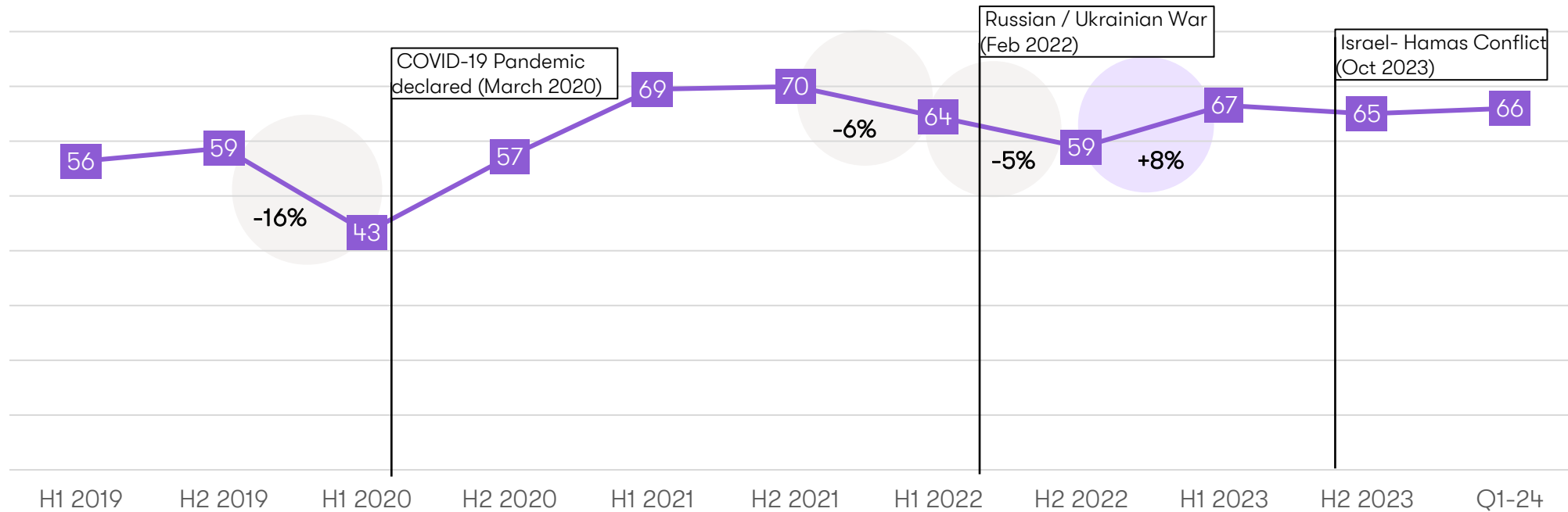
4

Growth is beginning to regain momentum. Since December, we've raised our global GDP growth forecast for 2024 by 0.4ppts to 2.5%.

03 Q1 IBR findings – Optimism

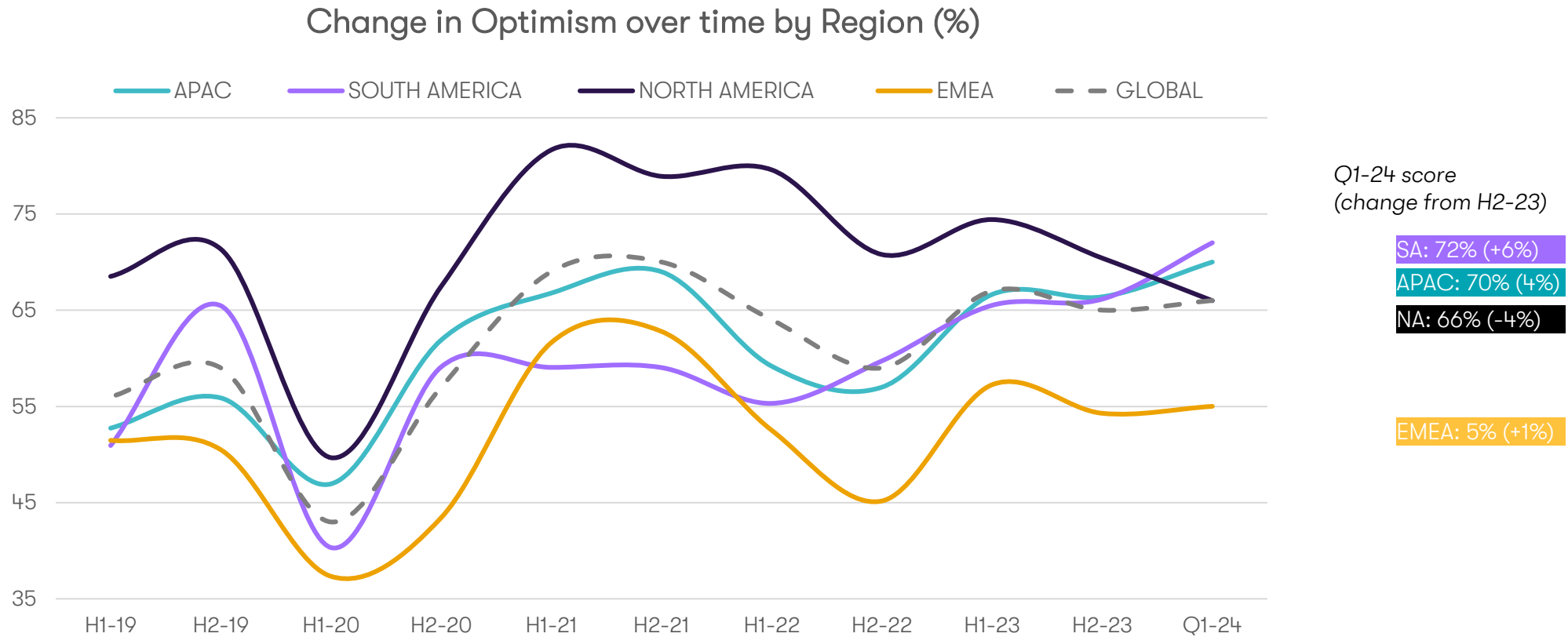
Optimism holds steady over 3 consecutive periods

As was evident over 2023, two-thirds 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

South America leads with 72% of businesses in the region optimistic for their economy, its highest scores since 2012. APAC achieves a record high for the region with an optimism score of 70%



Optimism at country level

Country	Q1 - 2024	H2 - 2023	H1 - 2023	H2 - 2022	H1 - 2022	H2 - 2021	H1 - 2021	H2 - 2020	H1 - 2020	H2 - 2019	H1 - 2019
Indonesia	89	84	75	76	76	78	78	79	56	78	76
India	83	80	78	56	75	77	74	71	63	69	79
China	79	77	73	73	67	83	86	83	65	74	63
Vietnam	76	68	63	75	88	80	58	50	65	82	78
Morocco	75										
Mexico	74	81	72	63	64	63	59	61	41	67	54
Ireland	73	72	78	56	62	85	76	61	39	57	78
Brazil	72	60	72	67	57	62	66	61	40	69	54
United Arab Emirates	72	77	76	74	71	71	63	60	69	77	60
Egypt	72										
Singapore	69	58	64	54	65	72	58	62	33	38	48
United States of America	68	72	75	72	81	80	83	69	50	73	69
Argentina	67	48	24	25	25	39	30	47	41	52	35
Spain	64	50	56	36	49	57	60	29	24	40	39
Malaysia	61	51	63	60	73	63	59	39	45	33	37
Philippines	61	54	71	65	74	80	66	49	54	67	84
Nigeria	61	56	69	53	56	47	51	63	64	58	74
United Kingdom	59	64	53	46	59	69	68	39	31	46	47
Australia	57	62	61	66	83	74	73	65	47	55	59
Turkey	55	49	41	43	46	55	67	45	40	48	34
Kenya	54										
Germany	53	56	60	50	53	64	67	41	31	45	58
Canada	52	48	71	54	63	64	62	49	44	56	61
Greece	51	52	58	30	43	52	54	47	37	68	44
France	50	49	59	39	62	67	62	32	35	53	50
South Africa	48	53	44	52	56	45	49	42	47	57	51
Italy	48	43	46	47	48	63	53	33	23	33	37
Thailand	46	55	72	56	58	60	47	33	24	33	40
Sweden	38	27	30	13	19	71	75	31	13	20	28
Japan	38	32	52	17	23	34	17	15	6	16	16
South Korea	35	18	20	8	35	22	38	17	10	16	21
Global	66	65	67	59	64	70	69	57	43	59	56



13 countries note optimism levels above the Global average of 66%, up from **8** countries in H2-23, with new countries reaching this benchmark in Q1-24:

1. Brazil
2. Singapore
3. Argentina

And 2 newly added countries:

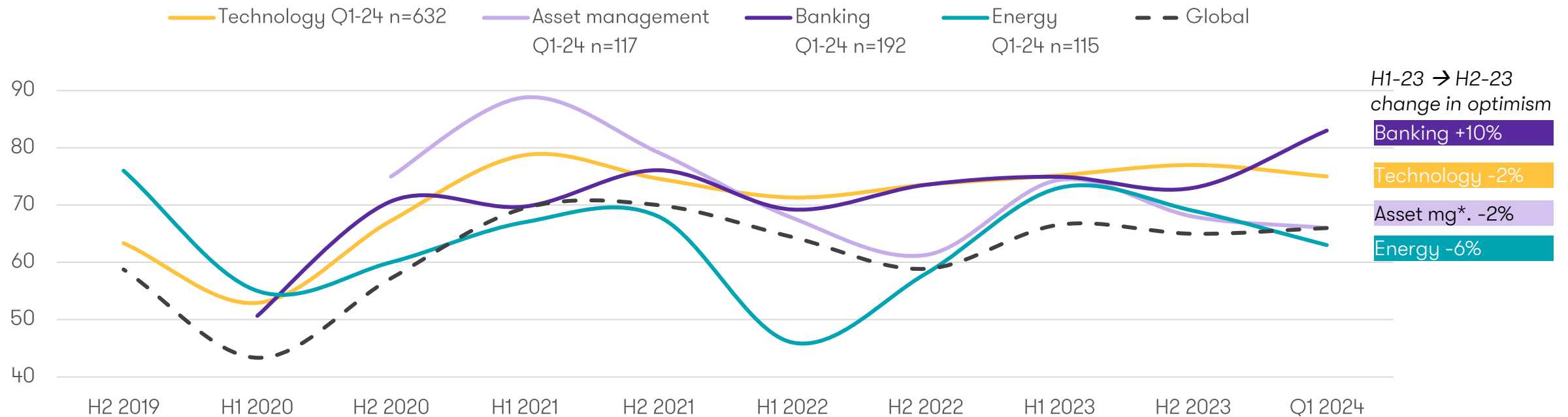
4. Morocco
5. Egypt

- Three countries continue to express optimism, with scores above the global average since 2019: **China, Indonesia and the USA.**

Optimism by Industry

Banking notes a significant gain in optimism in Q1-24 (+10%), with Energy noting the largest decline (-6%). Other industries maintain H2-23's optimism scores.

Change in Optimism over time by Industry



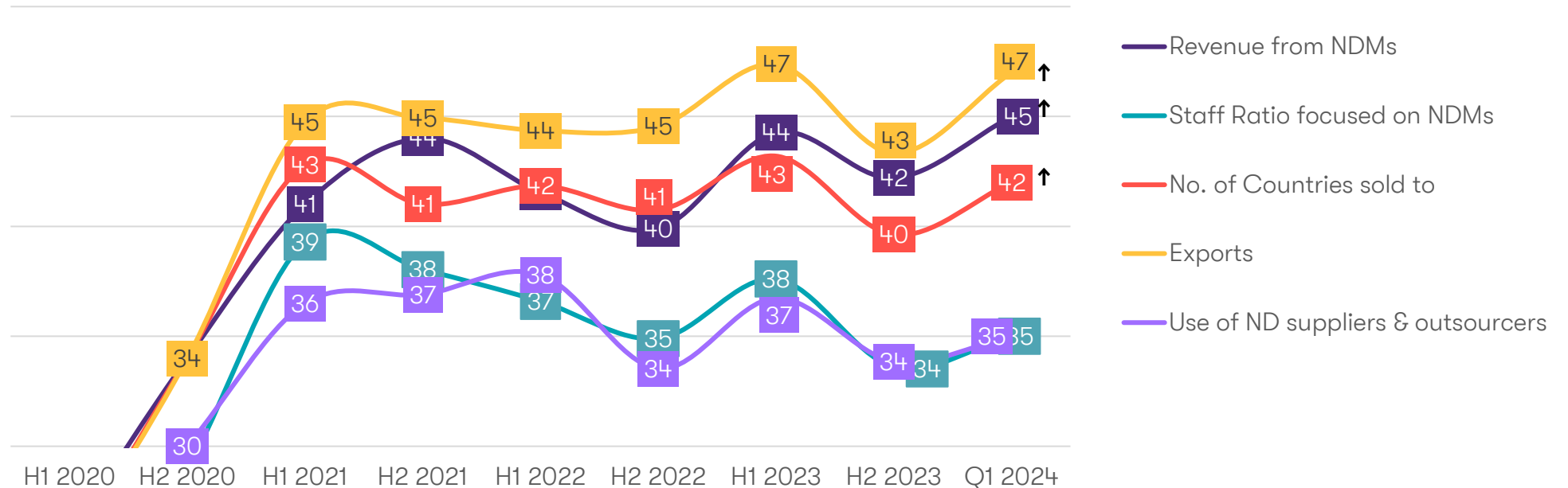
* Pre-Covid data not collected

04 Q1 IBR findings – Global ambitions

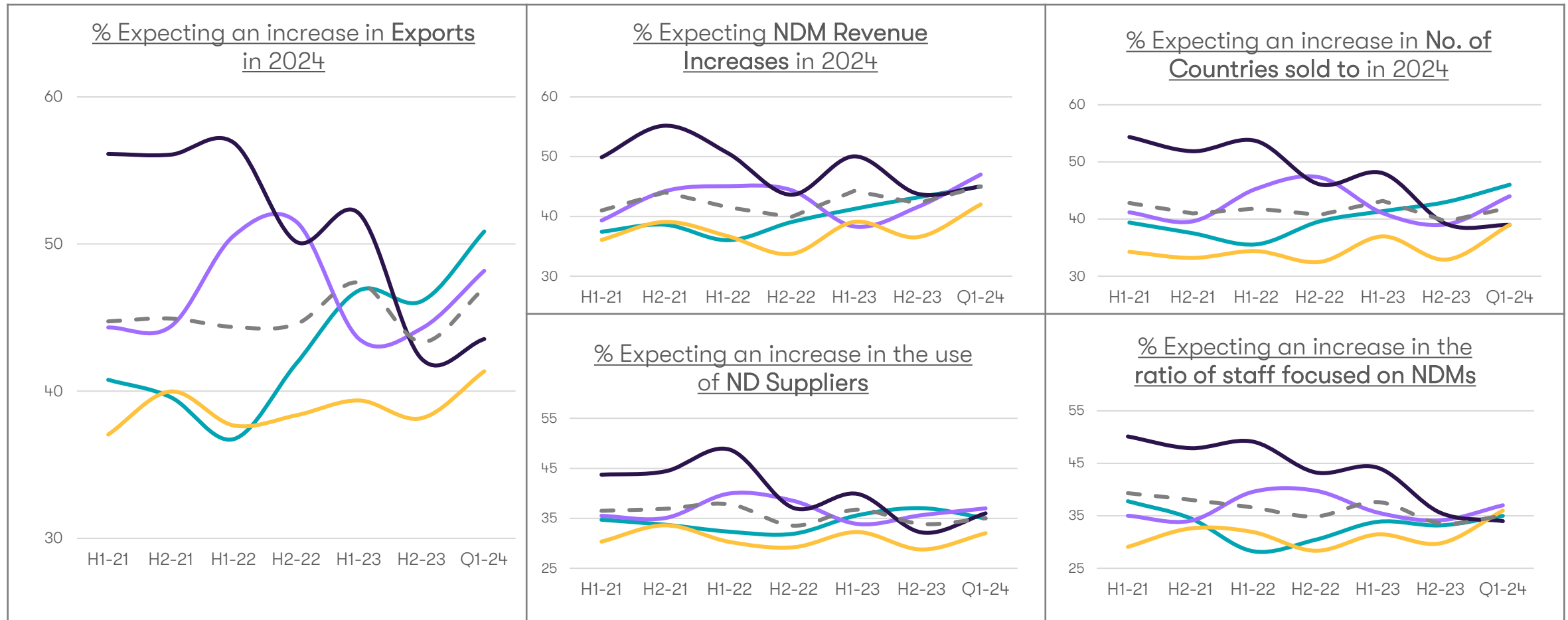
Non-domestic market expansion increases in Q1-24 after H2-23's decline, returning to 2021 and 2022 levels.

Notably, expectations for increased exports, NDM revenue and the number of countries sold to are significantly up from H2 2023.

% Expecting an increase: Trended



All regions expect increased NDM expansion in Q1-24, particularly APAC, EMEA and South America. North America's expectations improve from H2-23 but remain relatively modest relative to the region's historical figures.



Globally ambitious Regions & Countries Q1-24

Q1 2024	Exports	Rev from NDMs	No. of countries sold to	Use of ND suppliers	Ratio of staff focused on NDM
India	75	68	74	54	63
Turkey	74	69	64	55	54
Nigeria	70	55	70	42	45
South Africa	69	45	69	44	51
Indonesia	63	67	65	48	42
Vietnam	63	58	53	32	23
Brazil	61	61	59	51	53
Philippines	60	60	68	51	52
China	55	45	49	35	34
Thailand	54	47	42	33	29
Malaysia	49	44	34	40	38
Singapore	49	41	49	41	38
United Kingdom	48	43	42	36	35
Spain	48	43	41	31	35
United States of America	44	45	39	37	35
United Arab Emirates	43	34	34	29	28
Mexico	43	41	38	31	30
Italy	40	37	48	32	47
France	40	45	32	32	30
Australia	38	30	33	25	30
Canada	36	43	34	28	27
Egypt	35	28	39	22	31
Germany	33	44	32	30	37
Sweden	30	30	42	24	27
Greece	30	39	20	21	15
South Korea	30	35	22	26	19
Kenya	27	28	25	21	12
Ireland	24	24	22	11	19
Japan	22	31	19	23	17
Argentina	21	17	11	8	8
Morocco	15	19	14	31	6
Global	46	45	42	35	35

7

Globally ambitious countries in Q1-24 across at least 4 of the 5 NDM expansion markers. These include:

1. India
2. Turkey
3. Nigeria
4. South Africa
5. Indonesia
6. Brazil
7. Philippines

South America demonstrate the strongest ambitions for Non-Domestic Market expansion in Q1-24

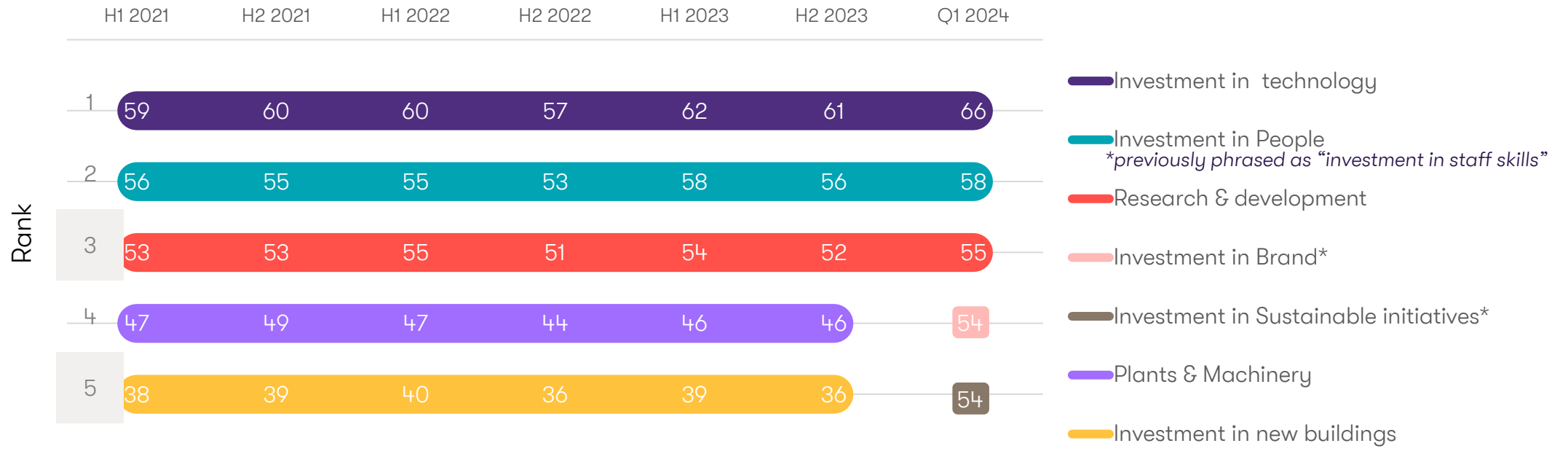
Regions	Exports	Rev from NDMs	No. of countries sold to	Use of ND suppliers	Ratio of staff focused on NDM
APAC	51	45	46	35	35
EMEA	41	42	39	32	36
South America	48	47	44	37	37
North America	44	45	39	36	34
Global	46	45	42	35	35

05 Q1 IBR findings – Expected business trends

Top 5 Investment Trends expected to increase tracked over time

Over the last three years, businesses have consistently anticipated increased investment in Technology, People and R&D. Business outlook for 2024 also includes expectations for increased investment in brand and sustainable initiatives, to replace historical expectations of investments in plants & machinery and new buildings.

Top 5 Expected Trends 2021 → Q1-24 (Ranked)

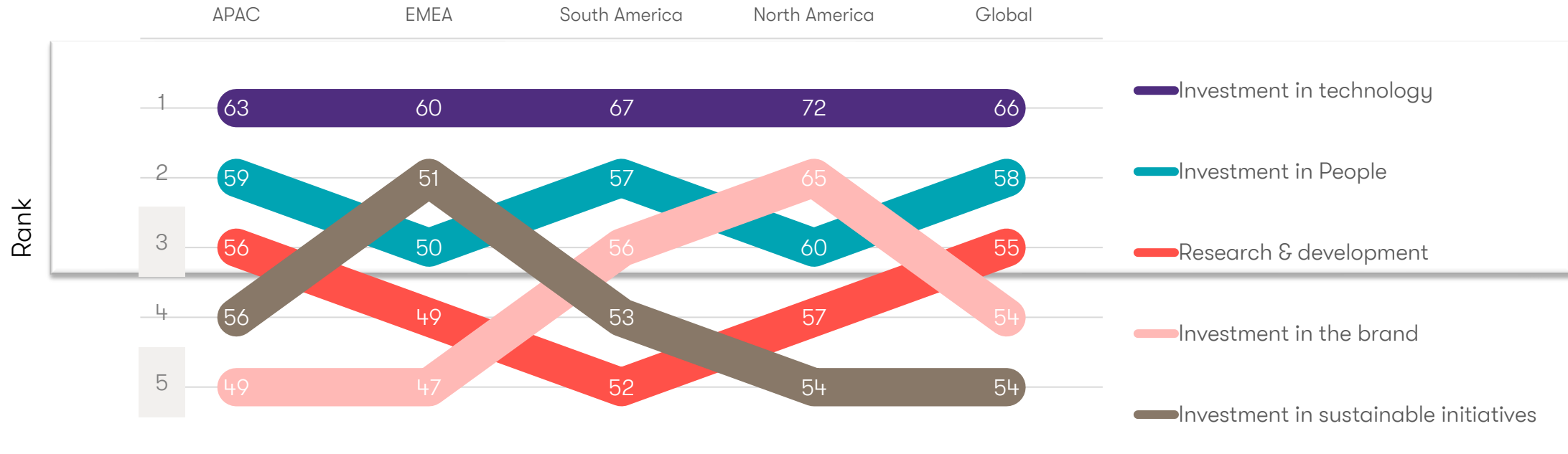


B3r: Please indicate the trend you expect for your business over the coming year, that is, whether you expect it to increase, decrease or remain the same, in the following areas: Q1-24 n=3823

**introduced in 2024*

Top 5 trends by Region

Top 5 Expected Trends By Region Q1 2024 (Ranked)



- Investment in Technology remains a highly anticipated trend across all regions, as does investment in People, particularly in APAC and South America.
- Sustainability initiatives are expected to rise to the fore in EMEA and to a lesser extent in APAC and South America.
- North America drives expectations for higher investment in Brand, while APAC anticipates R&D increases

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: Q1-24 n=3823

Trends by Industry

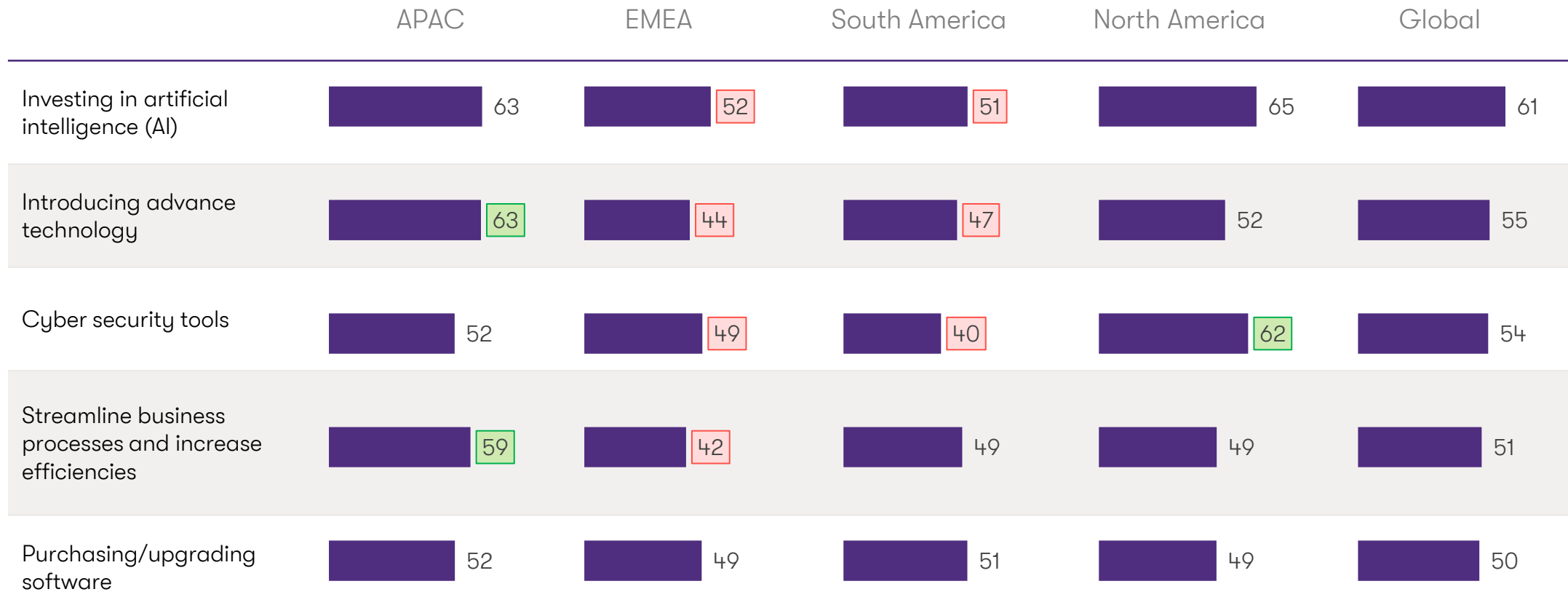
Investment in Technology is the most common expectation for Tech and Energy Industries. Asset Management anticipate greater investment in People, while Banking is looking to increase investment in Sustainable Initiatives.

rank	Technology	Asset Management	Banking	Energy
1	Investment in Technology (76%)	Investment in People (66%)	Investment in Sustainable Initiatives (71%)	Investment in Technology (66%)
2	Investment in the Brand (68%)	Investment in Technology (65%)	Investment in the brand (70%)	Investment in plant and machinery (55%)
3	Investment in R&D (67%)	Investment in Sustainable Initiatives (57%)	Investment in Technology (70%)	Investment in the brand (51%)
4	Investment in Sustainable Initiatives (65%)	Investment in the Brand (56%)	Investment in People (69%)	Investment in R&D (51%)
5	Investment in People (63%)	Investment in R&D (54%)	Investment in R&D (62%)	Investment in Sustainable Initiatives (50%)

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: Q1-24 n=3823

Globally, AI is the most anticipated technological investment.

North America drives expectations for increased investment in Cyber Security, while APAC anticipates using technological investments to introduce more advanced tech and streamline business process to increase efficiencies.

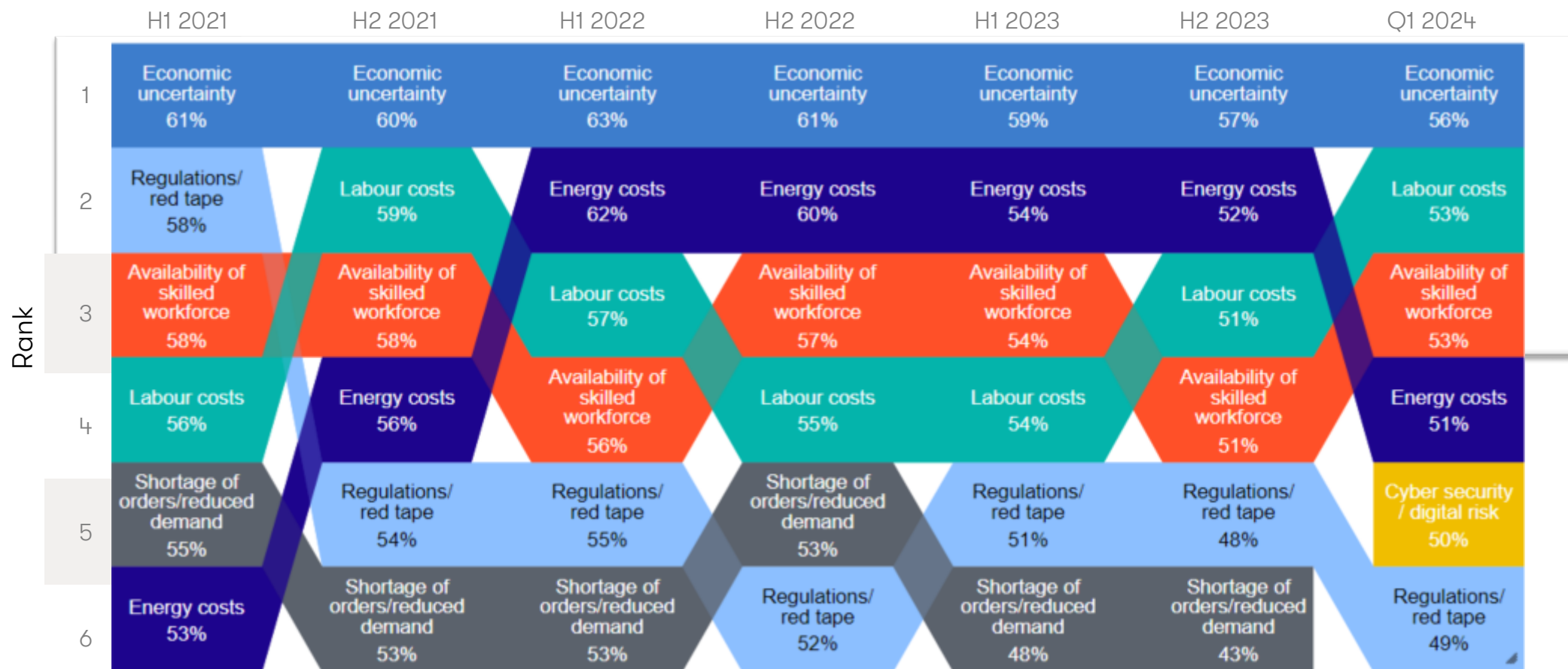


06 Q1 IBR findings – Expected business constraints

Both the cost and availability of labour costs become increasingly challenging for businesses in Q1-24

Energy costs fall to the 4th most cited business constraint and Cyber security and digital risk (newly tracked) ranks 5th on businesses' list of concerns.

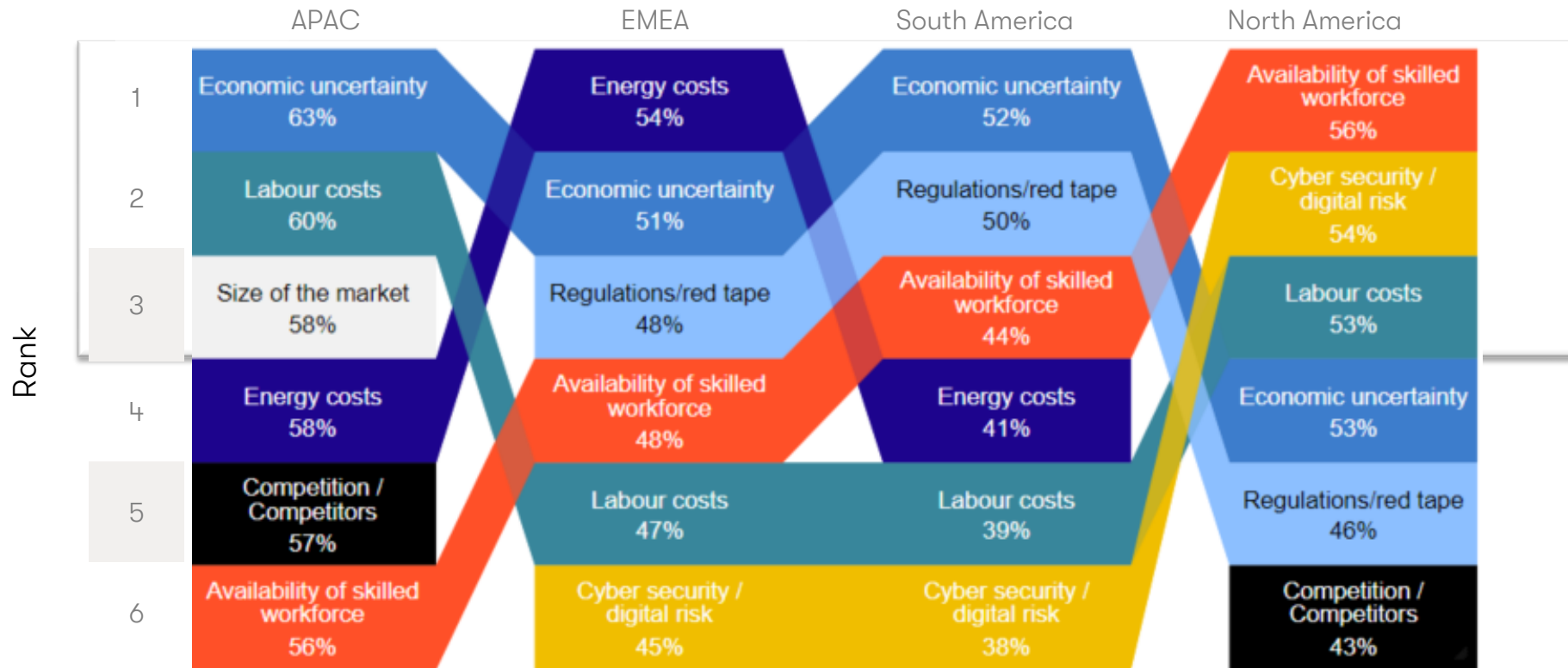
Barriers to Business Growth 2021 → Q1-24 (Ranked)



Region specific challenges continue in Q1-24

- APAC notes the size of the market and competition as key business constraints which speaks to a highly competitive market in the region.
- North America is another region noting competition as a challenge, but primarily faces barriers relating to workforce cost and skill levels. The region is also the most challenged by Cyber risk.
- Business in EMEA is most hindered by Energy Costs, with Red tape also an obstacle. Regulatory barriers however remain most prominent in South America, one of the region's core business constraints.

Barriers to Business Growth 2021 → Q1-24 (Ranked)

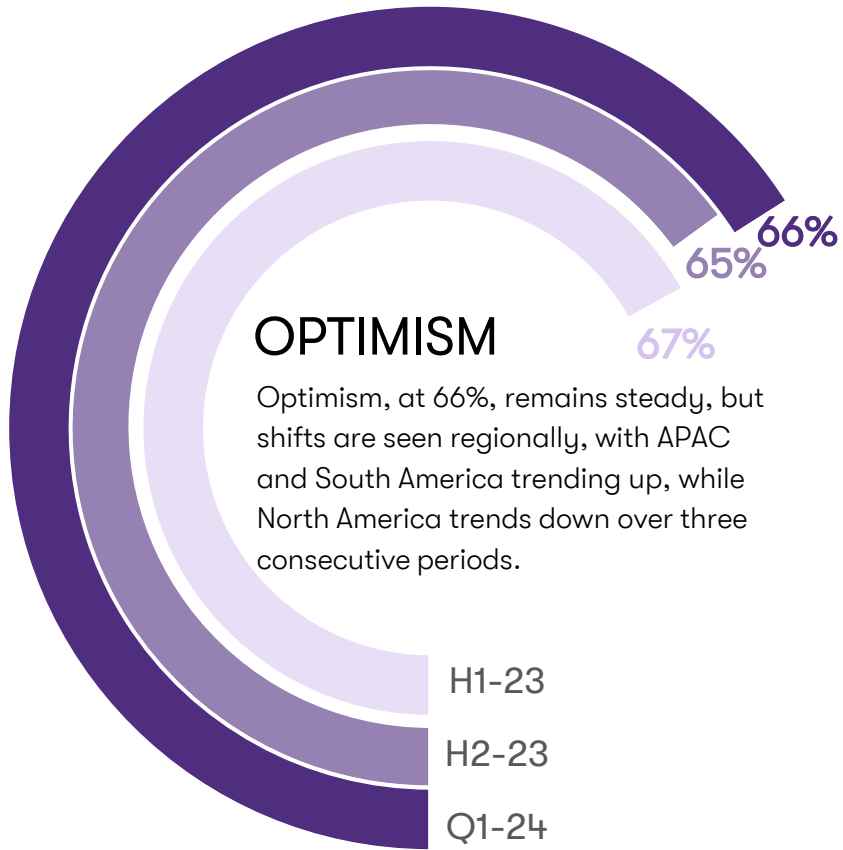


Industry specific challenges occur with Economic uncertainty a common constraint, but Technology more limited by Cyber risk and Banking by Red Tape and the lack of skill available in the workforce.

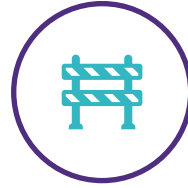
rank	Technology	Asset Management	Banking	Energy
1	Cyber security / digital risk (56%)	Economic Uncertainty (58%)	Regulations / Red Tape (68%)	Economic Uncertainty (58%)
2	Economic Uncertainty (55%)	Cyber security / digital risk (51%)	Availability of Skilled Workforce (66%)	Supply chains & complex procurement systems (55%)
3	Competitors / Competition (54%)	Availability of Skilled Workforce (49%)	Labour Costs (65%)	Competitors / Competition (54%)
4	Size of the Market (53%)	Regulations / Red Tape (46%)	Economic Uncertainty (63%)	Cyber security / digital risk (53%)
5	Labour Costs (52%)	Size of the Market (45%)	Competitors / Competition (63%)	Labour Costs (52%)
6	Availability of Skilled Workforce (52%)	Competitors / Competition (45%)	Supply chains & complex procurement systems (62%)	Regulations / Red Tape (50%)

07 Summary

Summary as at Q1-24



CONSTRAINTS, GLOBAL
AMBITIONS & FUTURE
TRENDS



Economic uncertainty remains the core constraint to business globally, with both the availability and cost of labour noted as a greater business challenge in Q1-24. APAC is limited by the size of the market, and Latin America continues to contend with regulatory barriers, while North America is most constrained by the lack of skill in the workforce.



While H2-23 saw business approach international growth strategies more cautiously, the beginning of 2024 notes higher ambitions for non-domestic market growth globally, with all regions expecting exports to increase this year. North America's ambitions for expansion abroad continue to be softer than historical levels, while appetite for non-domestic expansion continues to grow in APAC, EMEA and South America.



Investments in Technology continue to be highly anticipated globally, specifically investments in AI. Businesses also foresee continue investment in both people and R&D, with business outlook anticipating investments in brand and initiatives that contribute to sustainable development.



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