

IBR H2 2022 Global Analysis Final Findings

January 2023

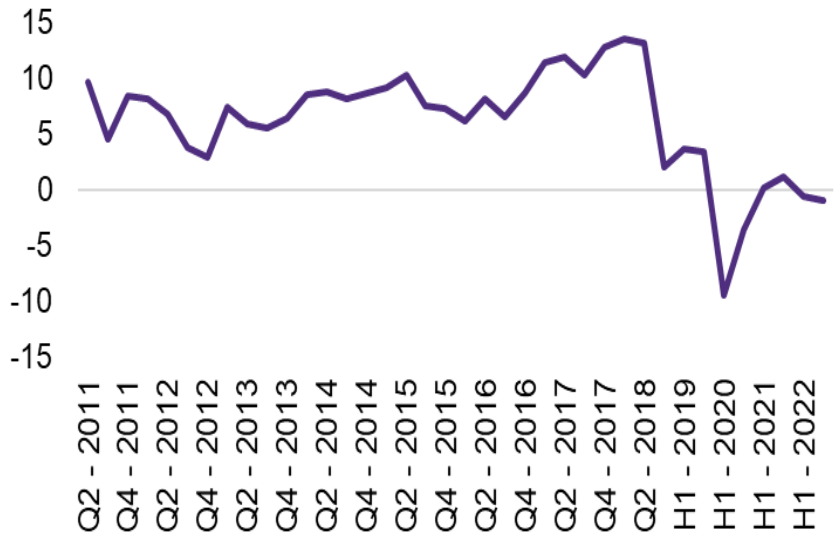
Outline



Overall index, outlook and restrictions

Index

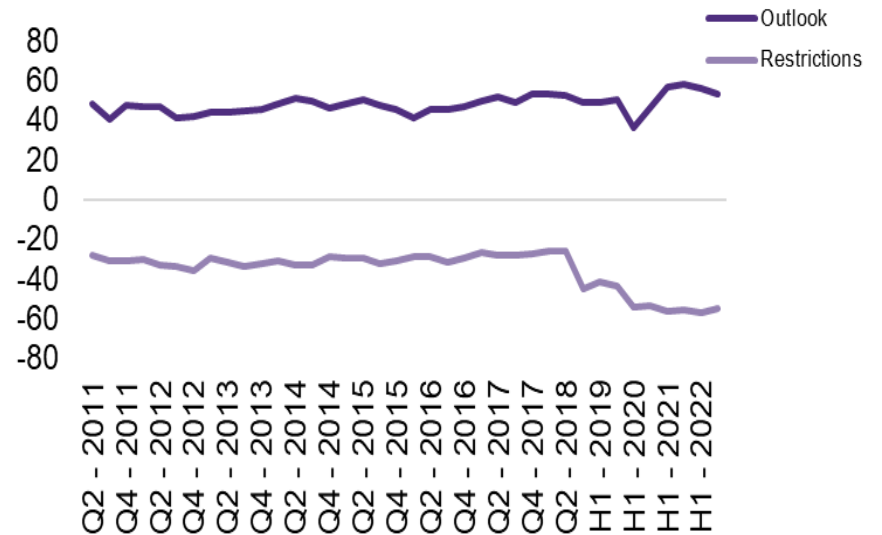
Score



Source: Grant Thornton, Oxford Economics

Outlook and Restrictions

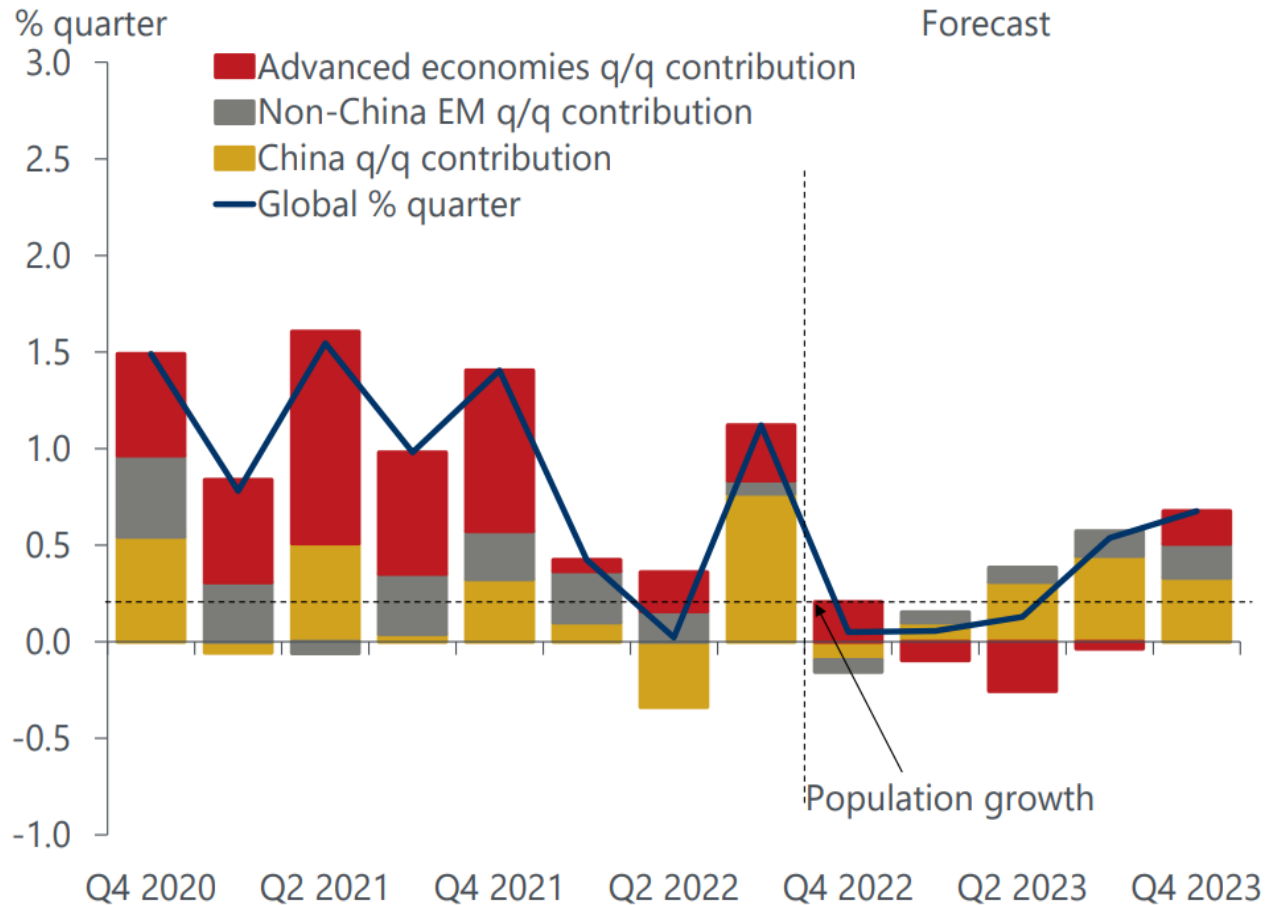
Score



Source: Grant Thornton, Oxford Economics

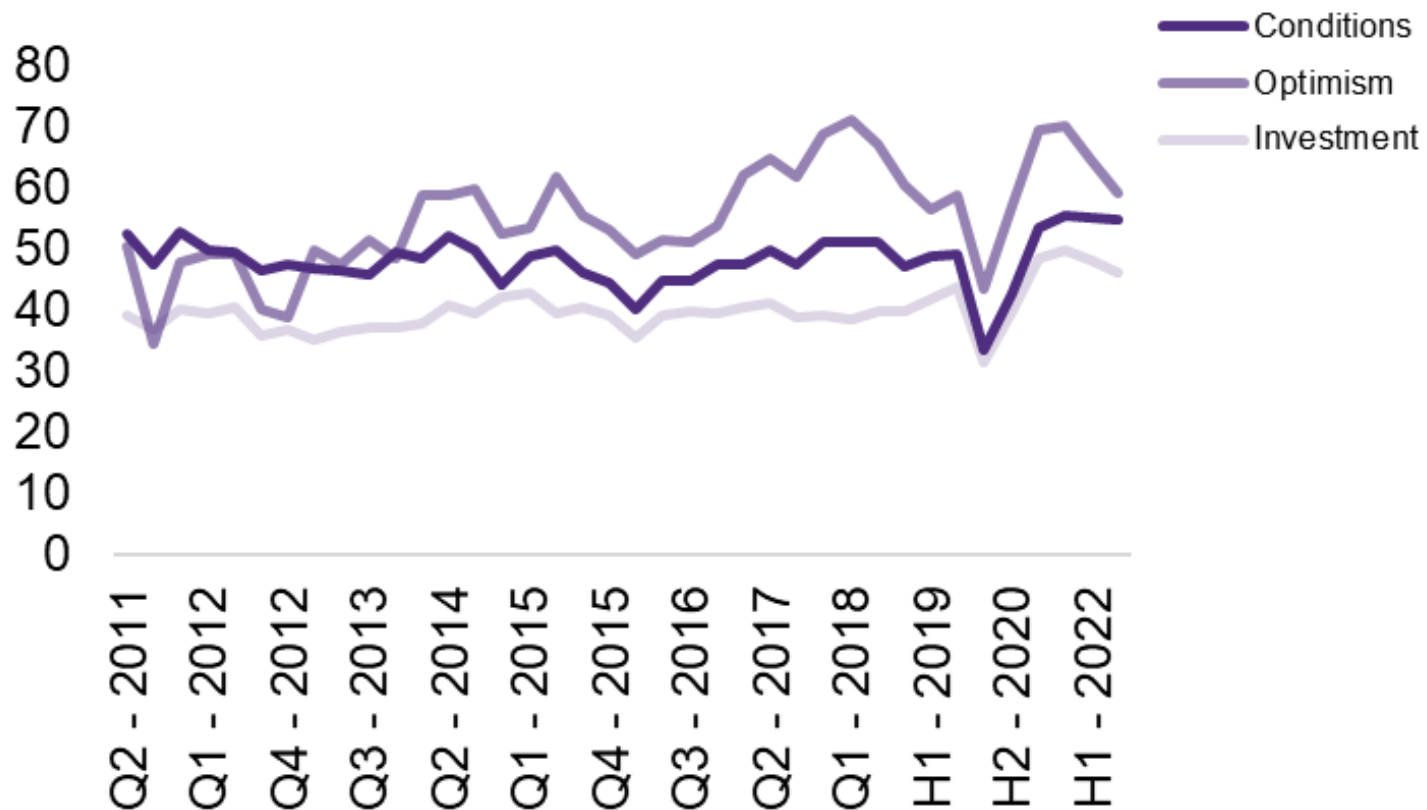
Latest OE forecasts

World: real GDP growth



Outlook index

Conditions, Optimism and Investment Score



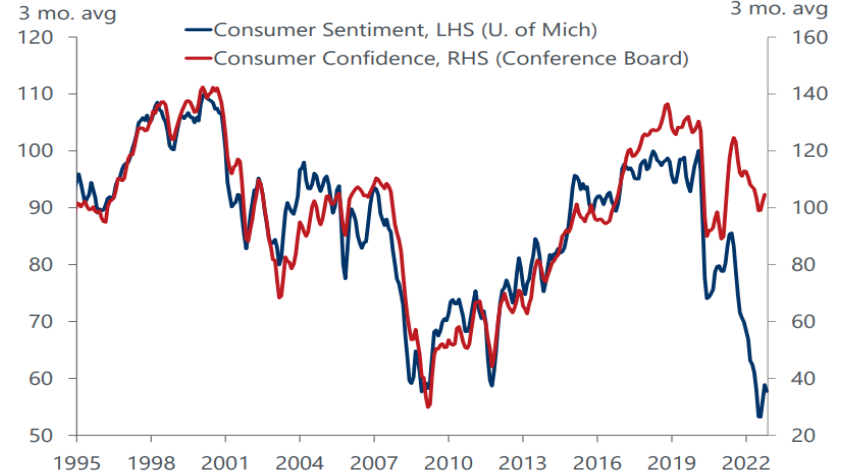
Source: Grant Thornton, Oxford Economics

Broader economy sentiment

Eurozone: Sentix

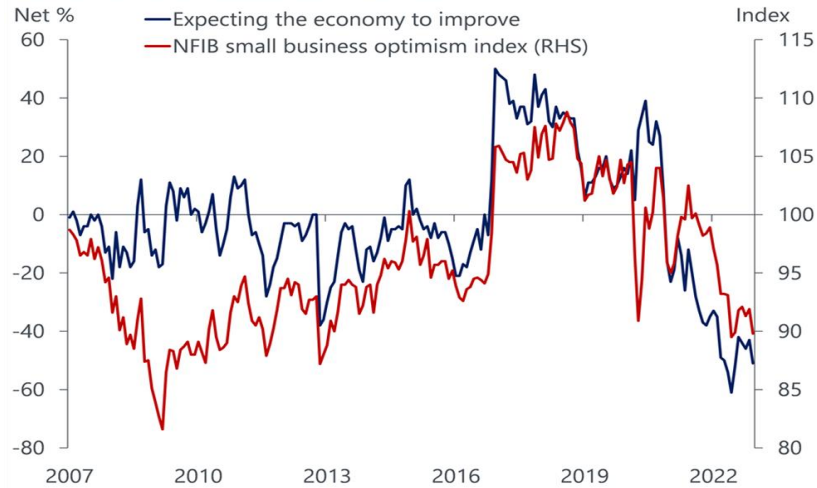


US: Consumer surveys



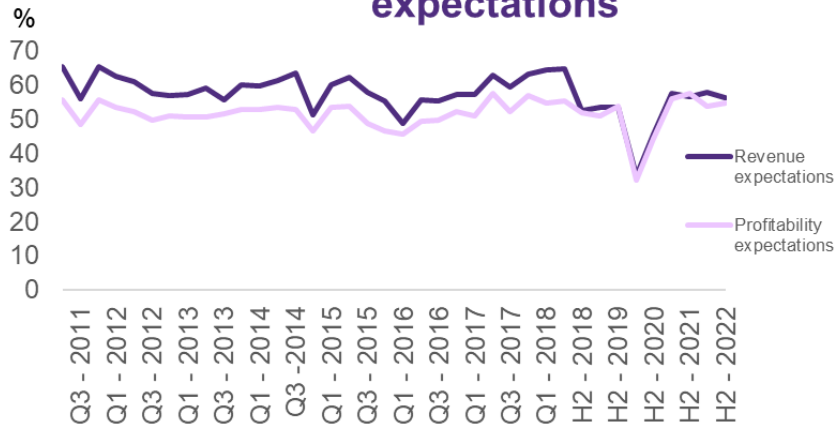
Source: Oxford Economics/Haver Analytics

US: Small businesses confidence

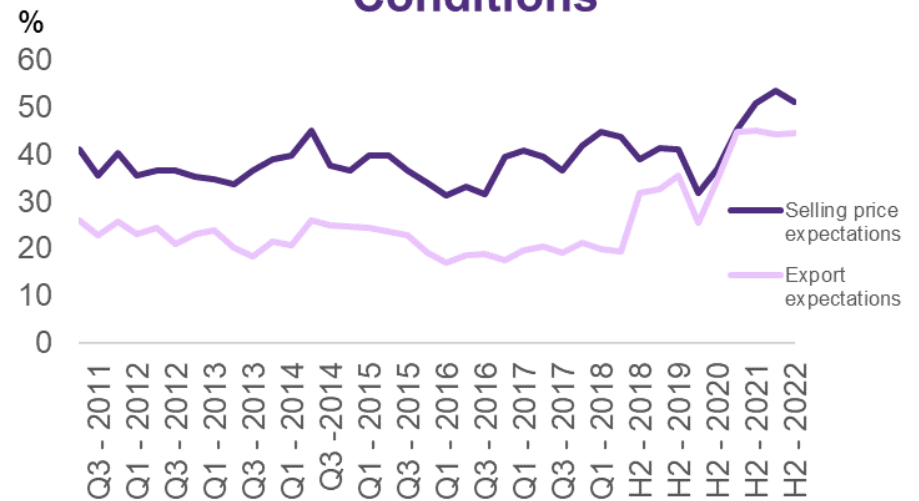


Outlook index: Conditions

Conditions: Business performance expectations

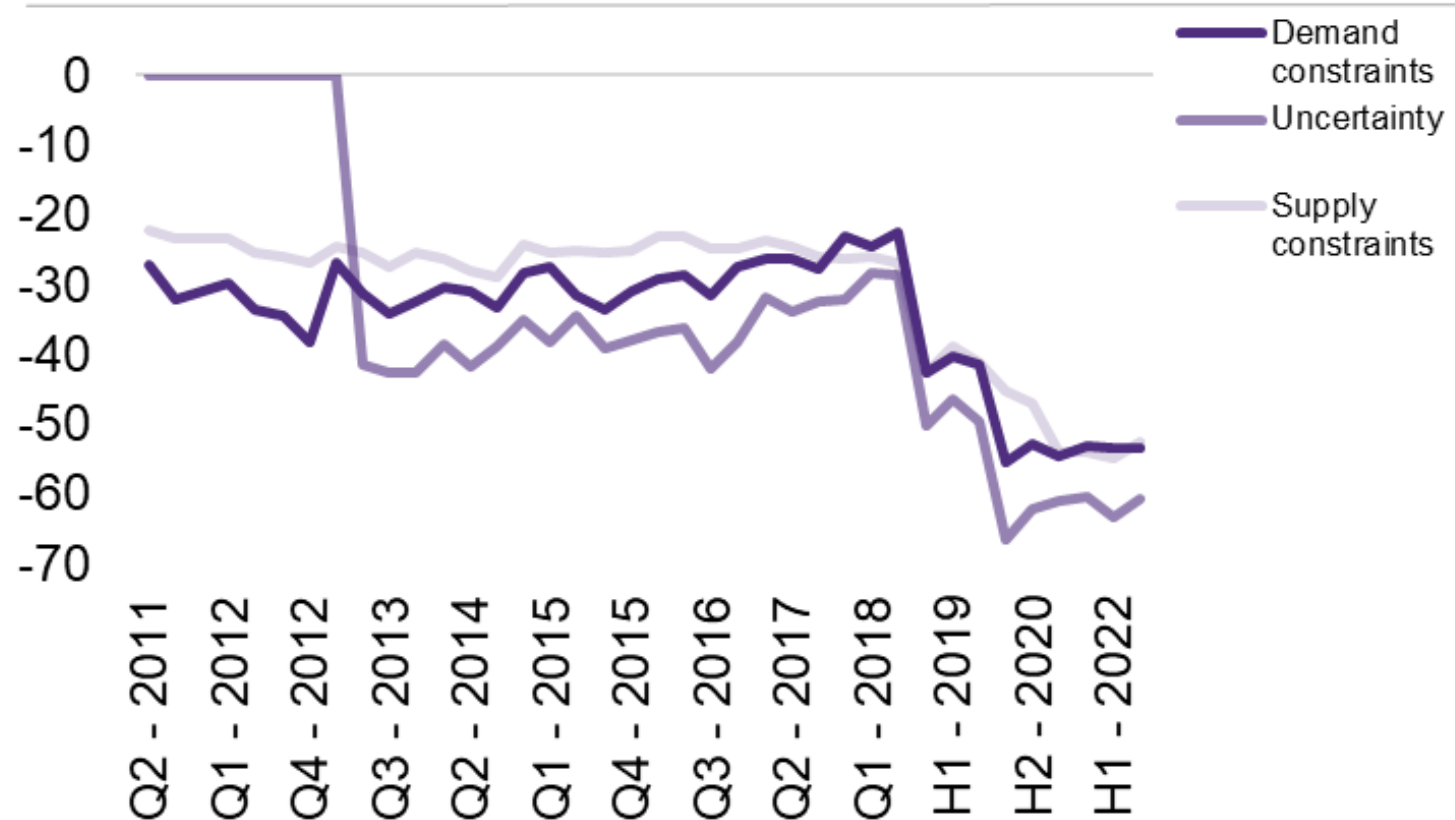


Conditions



Restrictions index

Demand, Uncertainty and Supply Score

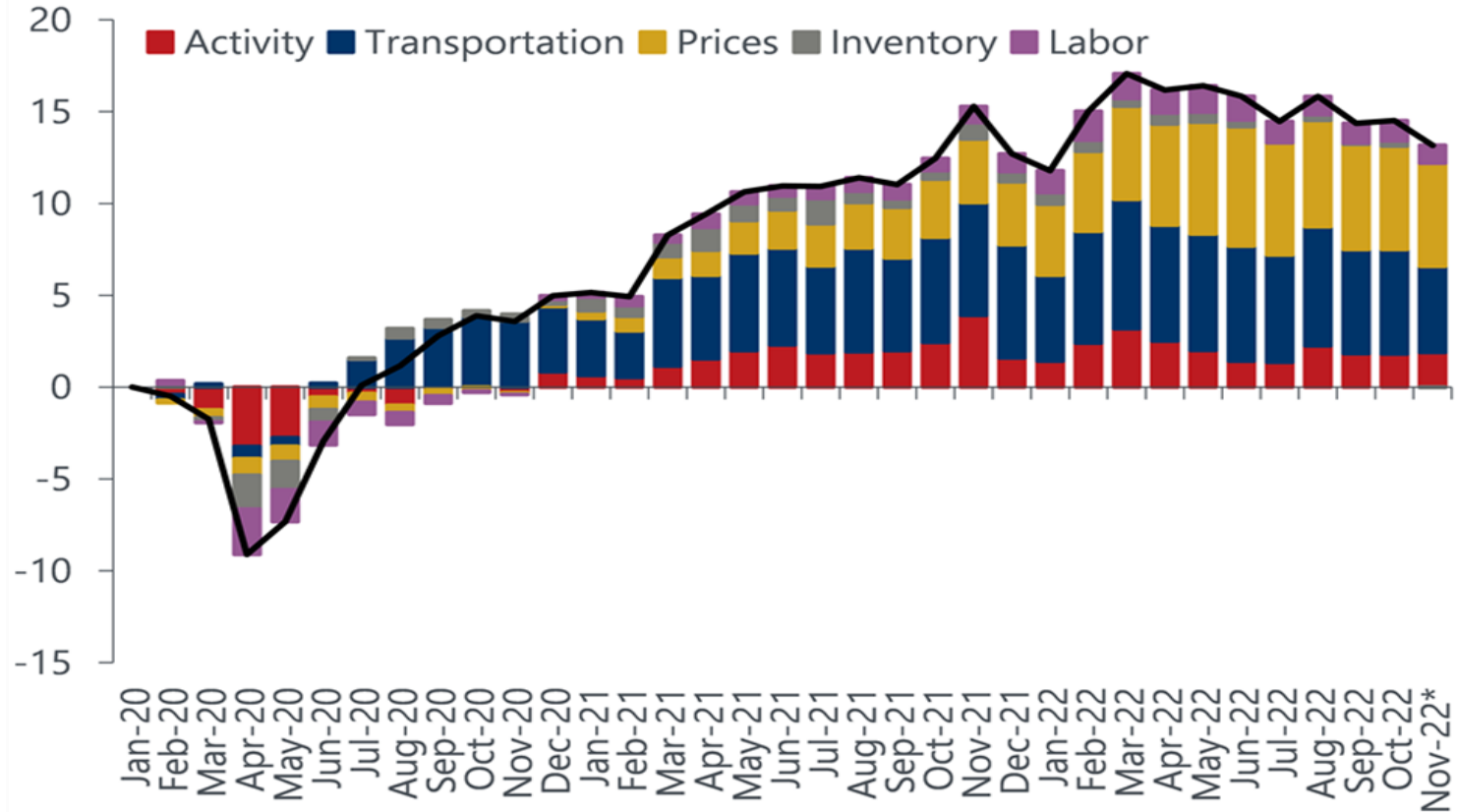


Source: Grant Thornton, Oxford Economics

Supply shocks will ease but won't fade completely

US: Supply chain stress (SCS) tracker

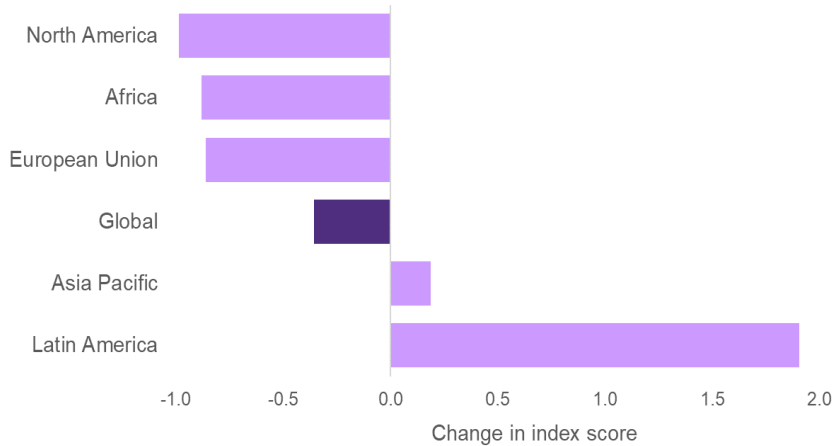
Index; > 0 = heightened stress



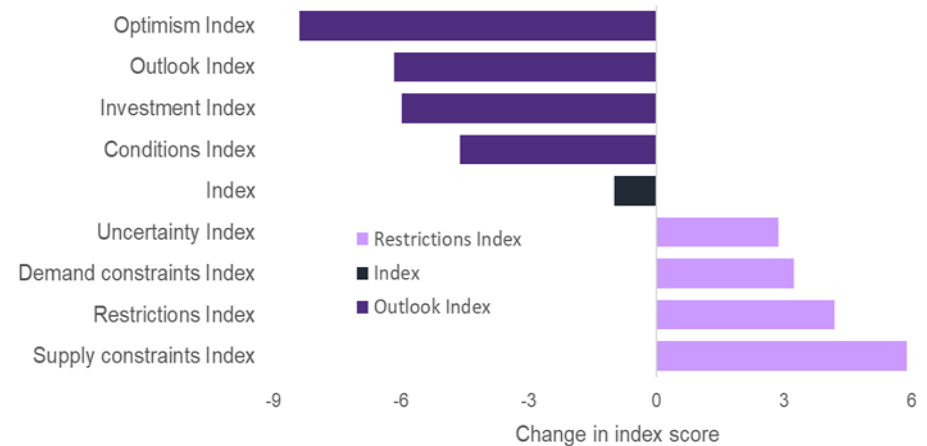
Note: * estimate based on preliminary data and OE estimates

Regional index changes

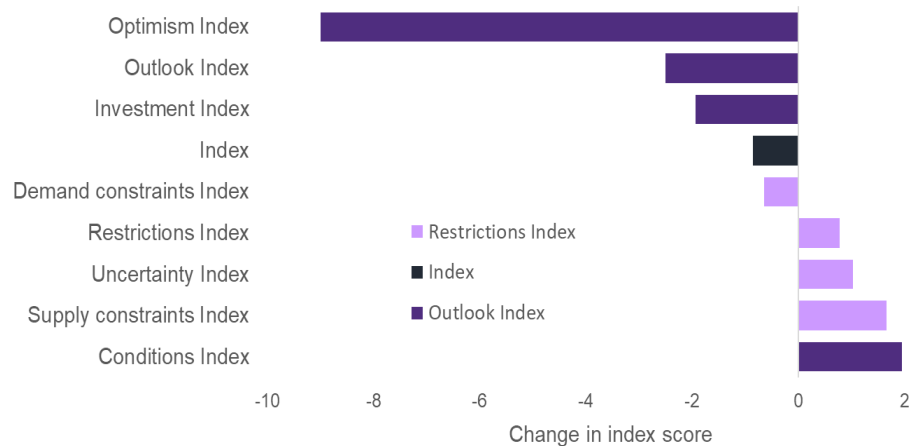
Regions: change in overall index 2022H2-2022H1



North America: All IBR indicators - change in index 2022H2-2022H1

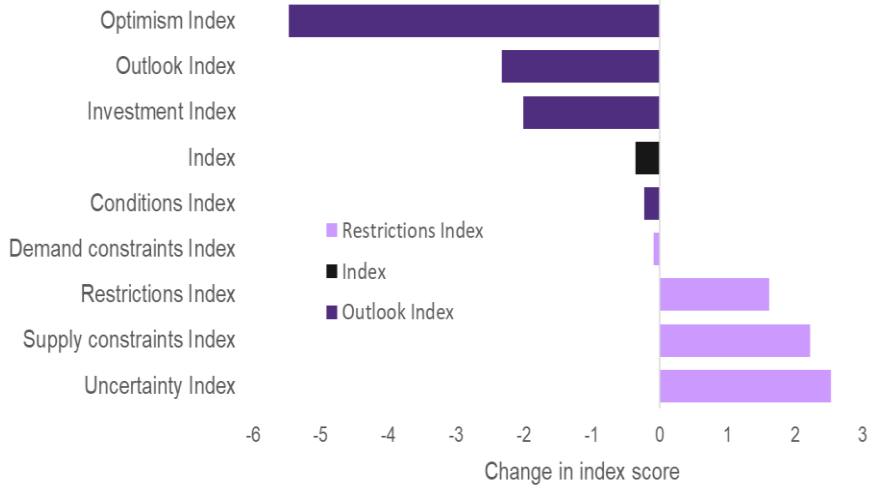


European Union: All IBR indicators - change in index 2022H2-2022H1

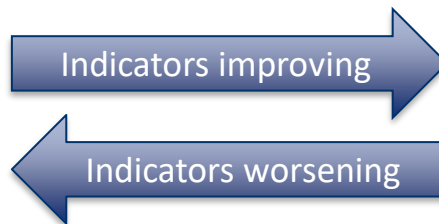
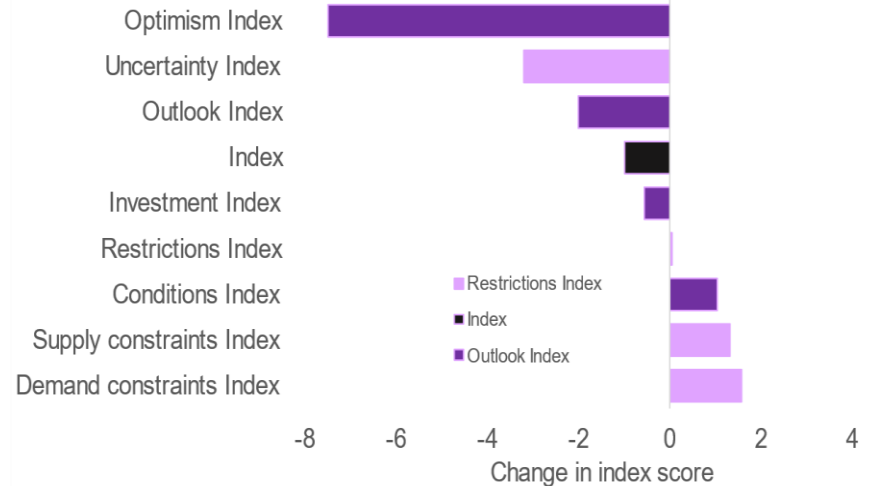


Index change vs 2022 H1

Global: All IBR indicators - change in index 2022H2-2022H1

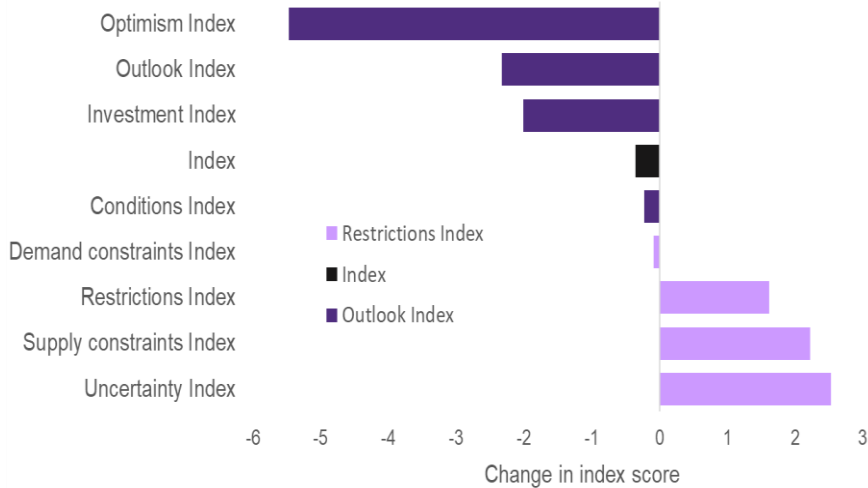


Global: All IBR indicators - change in index 2022H1-2021H2

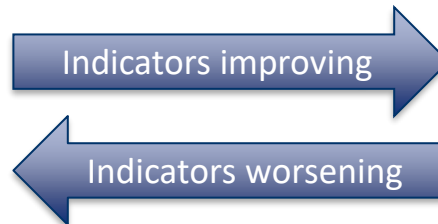
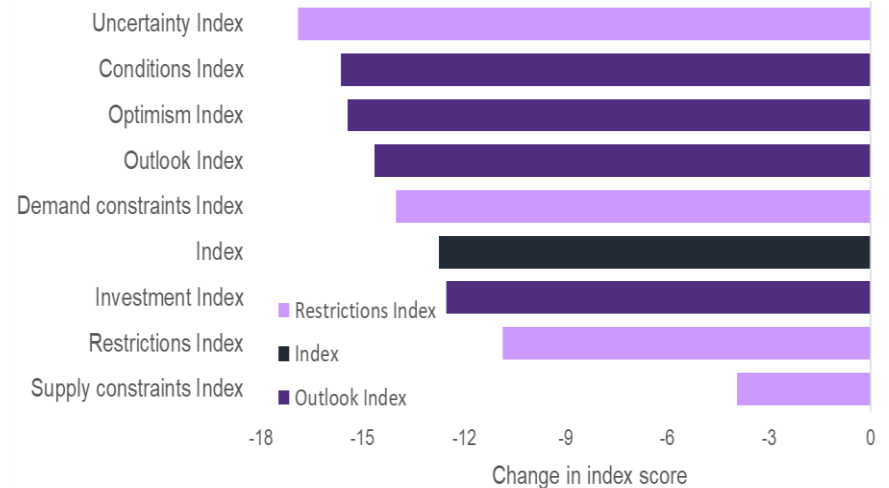


Index change vs pandemic downturn

Global: All IBR indicators - change in index 2022H2-2022H1

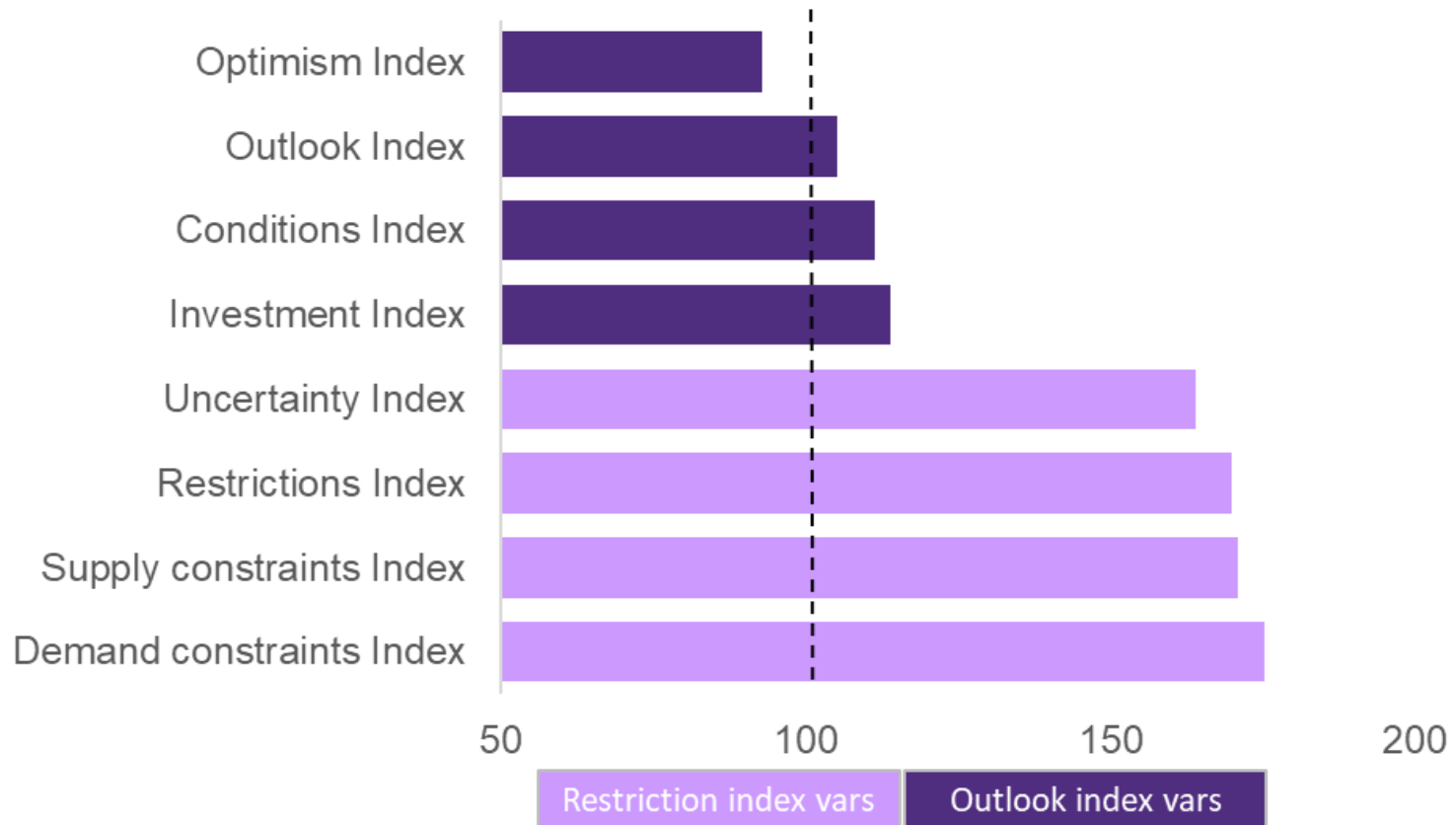


Global: All IBR indicators - change in index 2020H1-2019H2



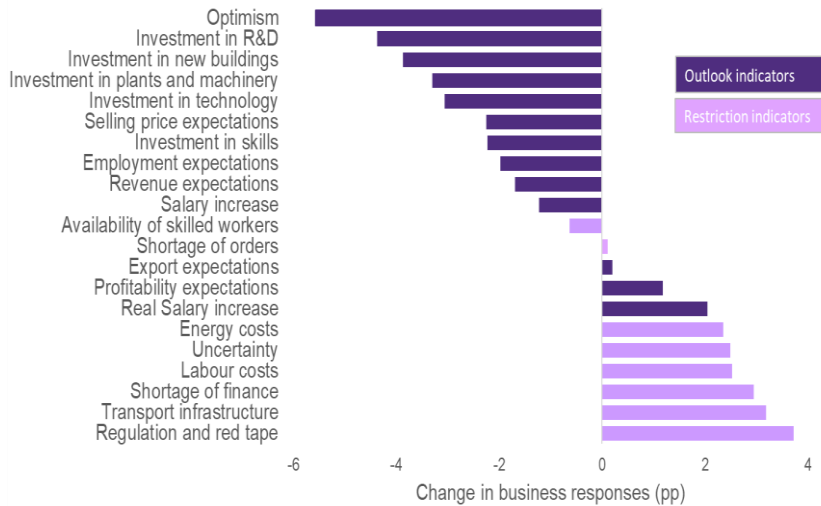
2022H2 index (pre-pandemic long-term average=100)

Global: IBR index - 2022H2 (pre-pandemic long-term average=100)

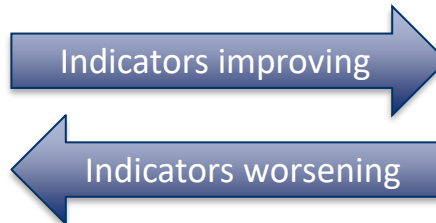
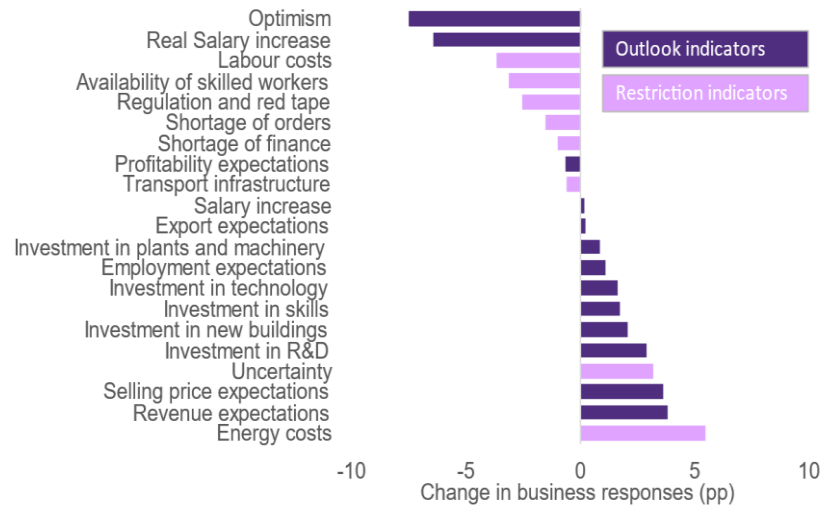


Individual responses change

Global: All IBR indicators - change in business responses 2022H2-2022H1

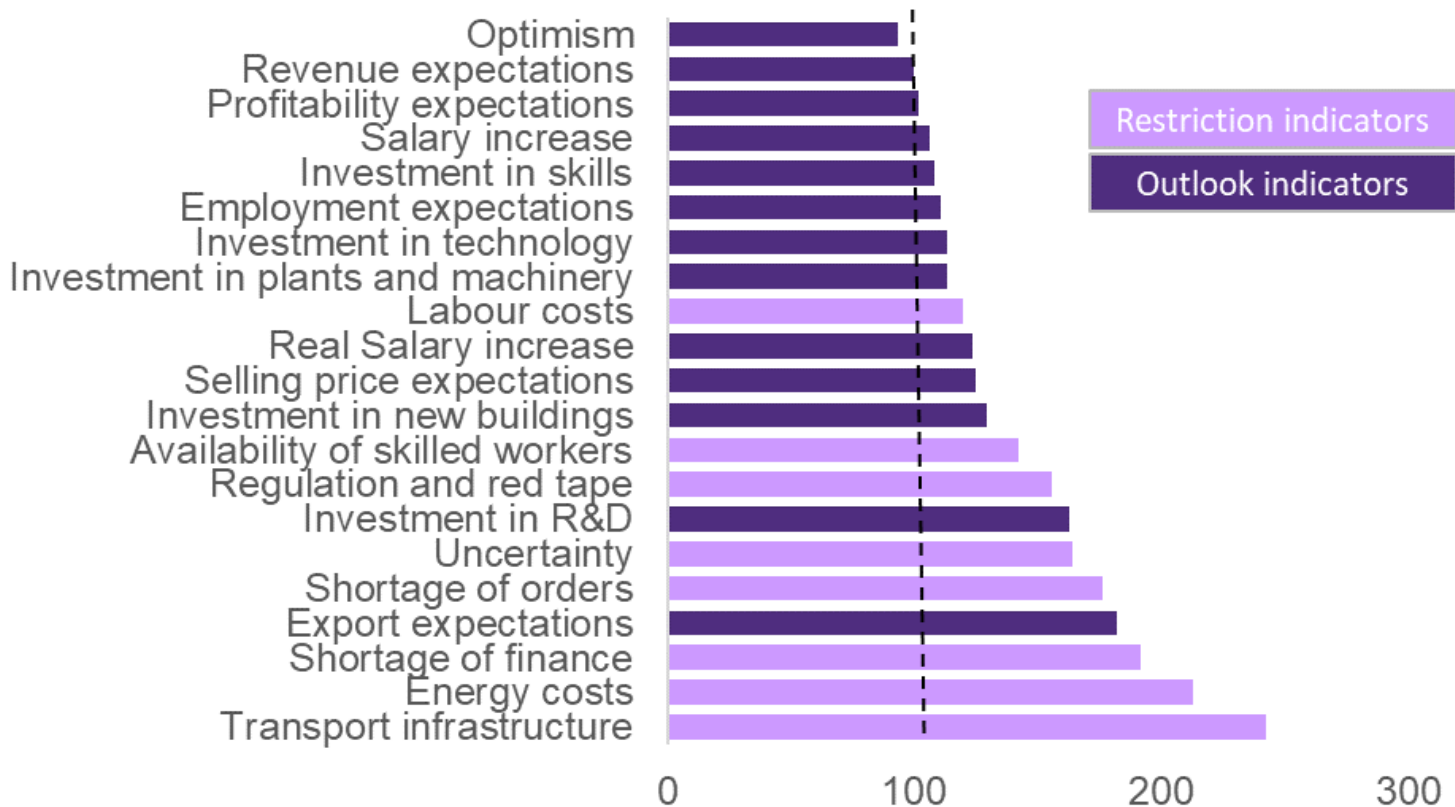


Global: All IBR indicators - change in business responses 2022H1-2021H2



2022H2 responses (pre-pandemic long-term average=100)

Global: All IBR indicators - 2022H2 (pre-pandemic long-term average=100)



Outline

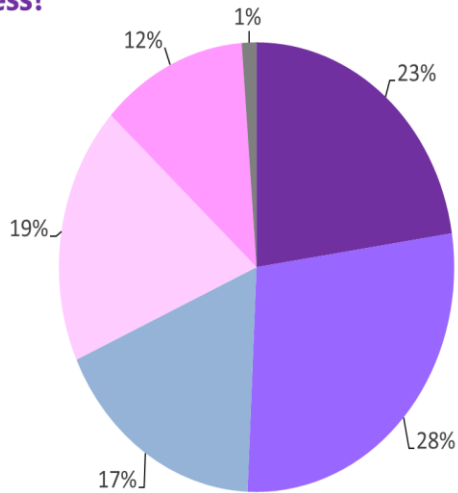




IBR H2 2022 Global Analysis: Inflation Focus

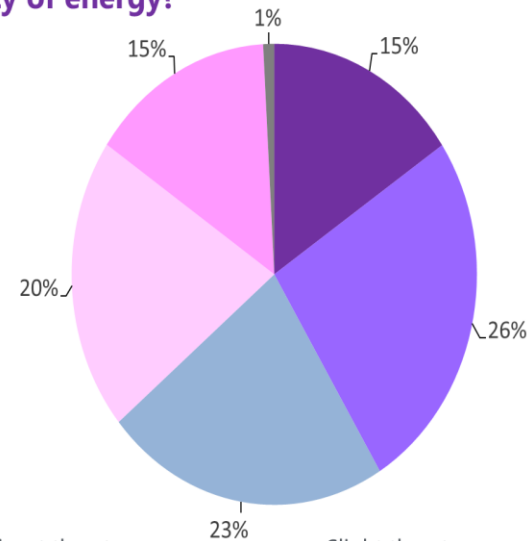
Inflation – How big of a threat?

Global: How big of a threat/opportunity is inflation to your business?



- Significant threat
- Slight threat
- Neither a threat nor an opportunity
- Slight opportunity
- Significant opportunity
- Do not know

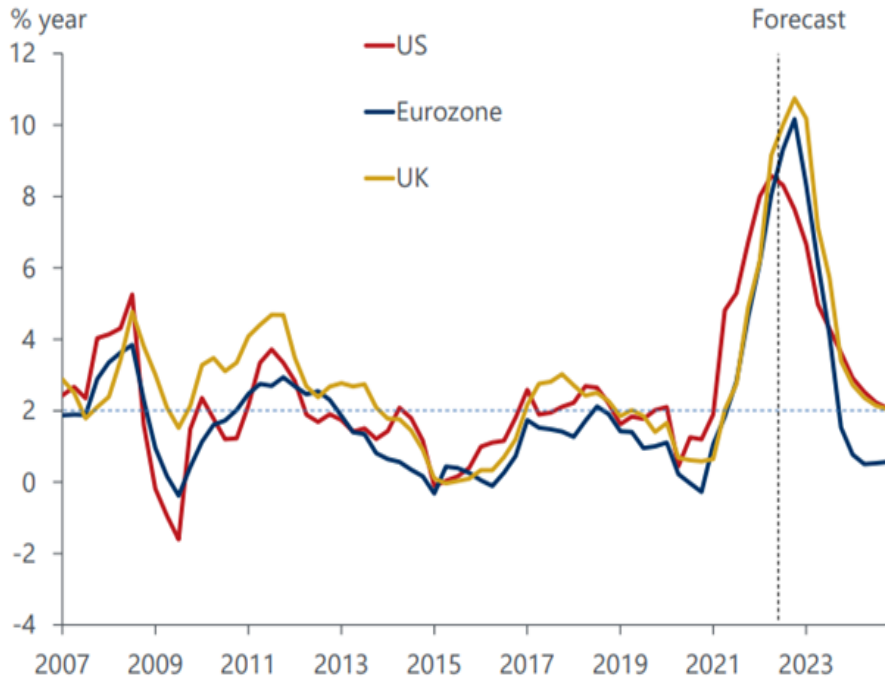
Global: How big of a threat/opportunity is the cost/availability of energy?



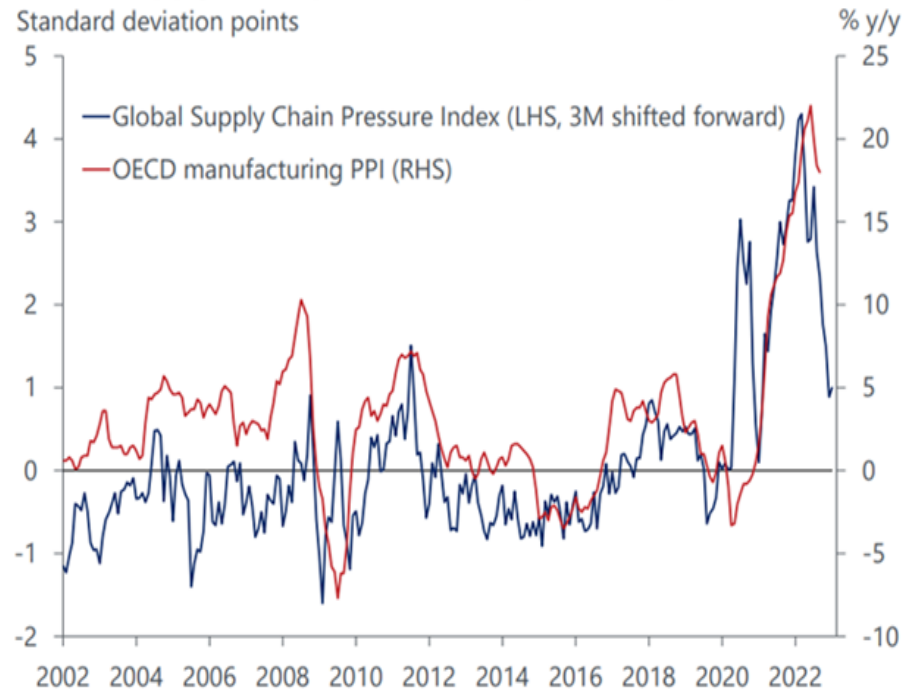
- Significant threat
- Slight threat
- Neither a threat nor an opportunity
- Slight opportunity
- Significant opportunity
- Do not know

Global inflation outlook/pressures

Headline CPI inflation

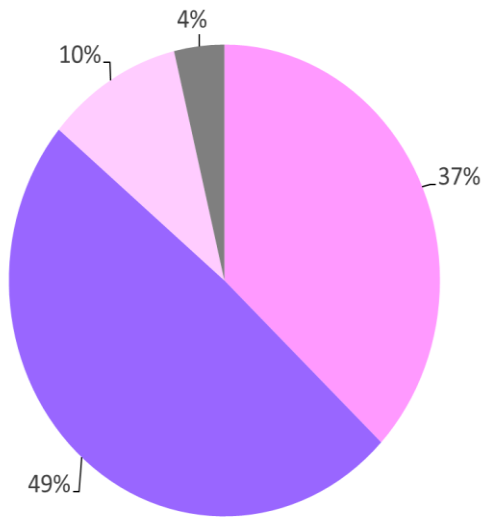


Global supply chain pressures and producer prices



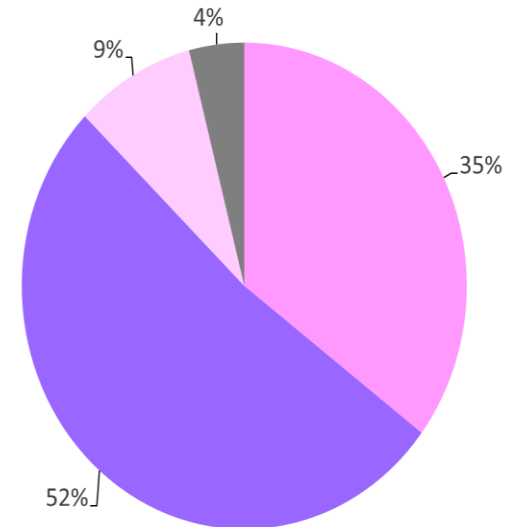
Businesses' pricing strategy changes since H1 2022

H2 2022, Global: How would you describe your pricing strategy at the present time?



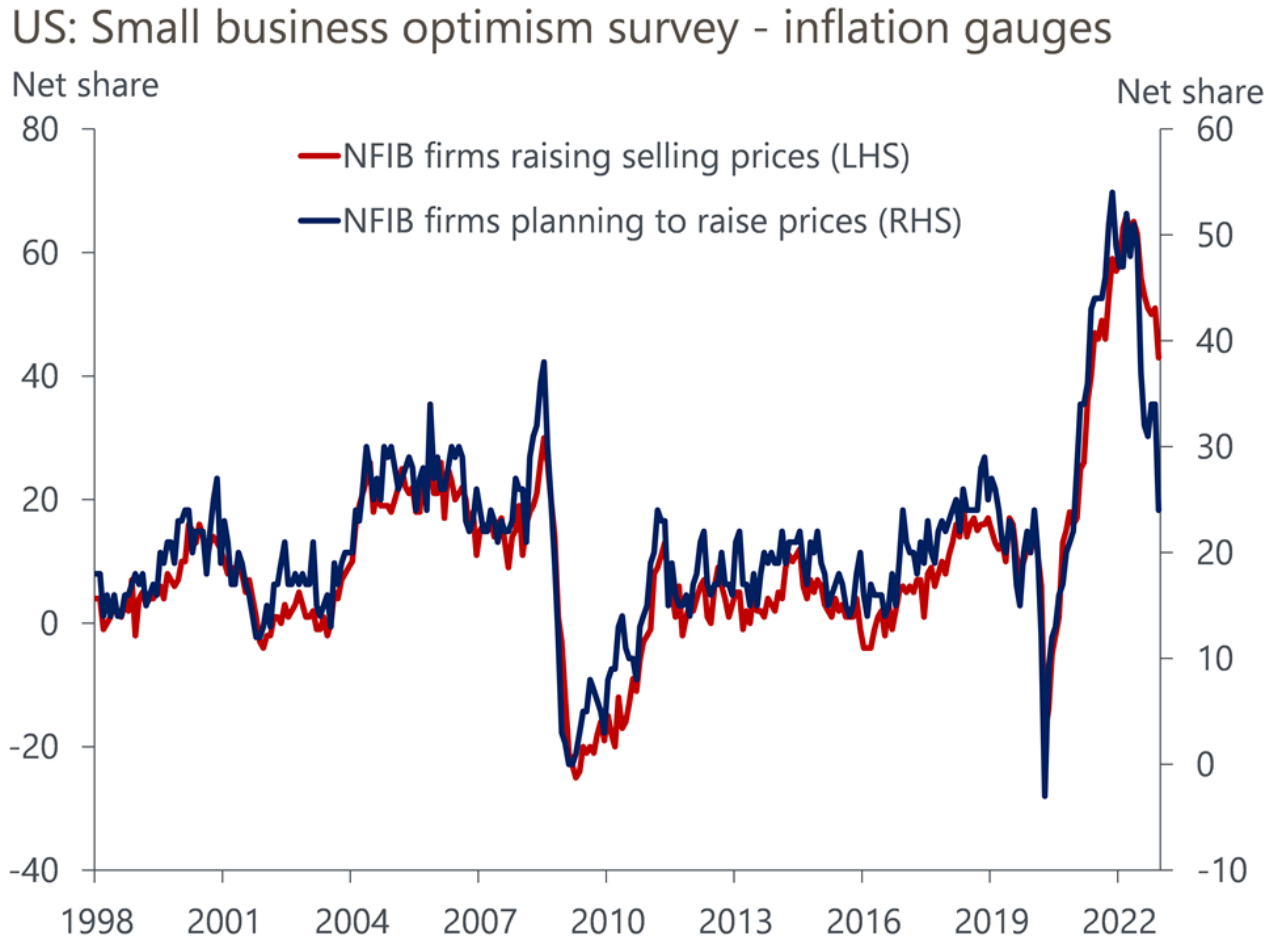
- Margin improvement – we are increasing our prices more than costs
- Margin protection – we are increasing prices exactly in line with costs
- Market share growth – we are increasing our prices less than costs
- Don't know

H1 2022, Global - How would you describe your pricing strategy at the present time?



- Margin improvement – we are increasing our prices more than costs
- Margin protection – we are increasing prices exactly in line with costs
- Market share growth – we are increasing our prices less than costs
- Don't know

Small business price rises are tailing off

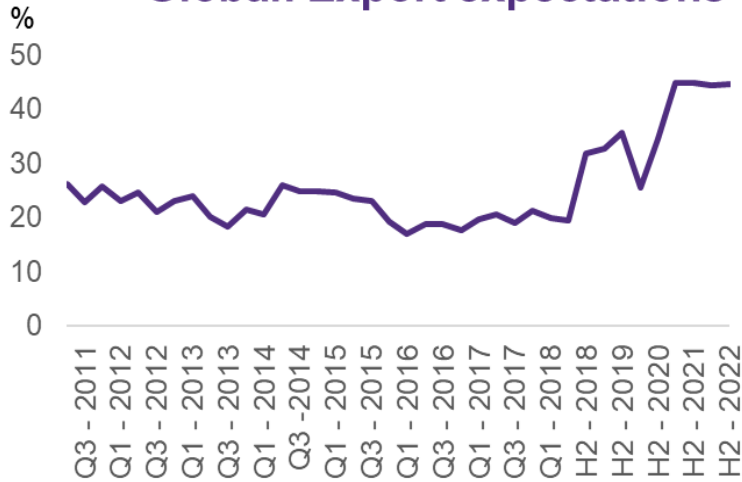




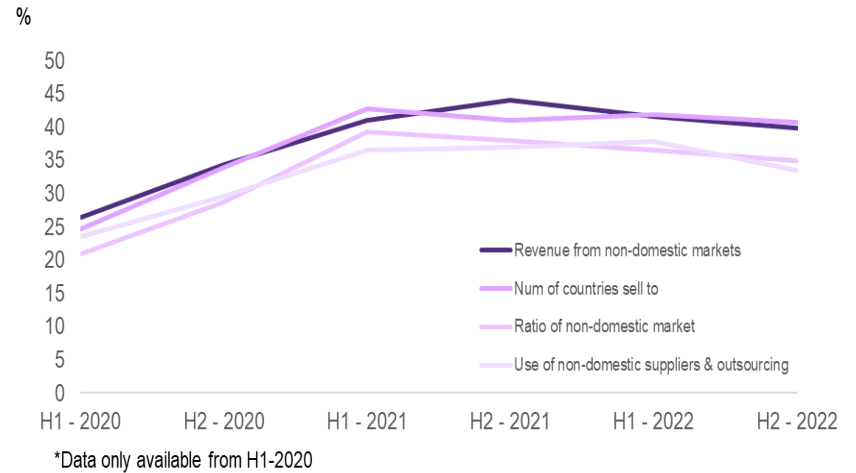
IBR H2 2022 Global Analysis: Trade Focus

Trade: Export expectations and use of non-domestic markets

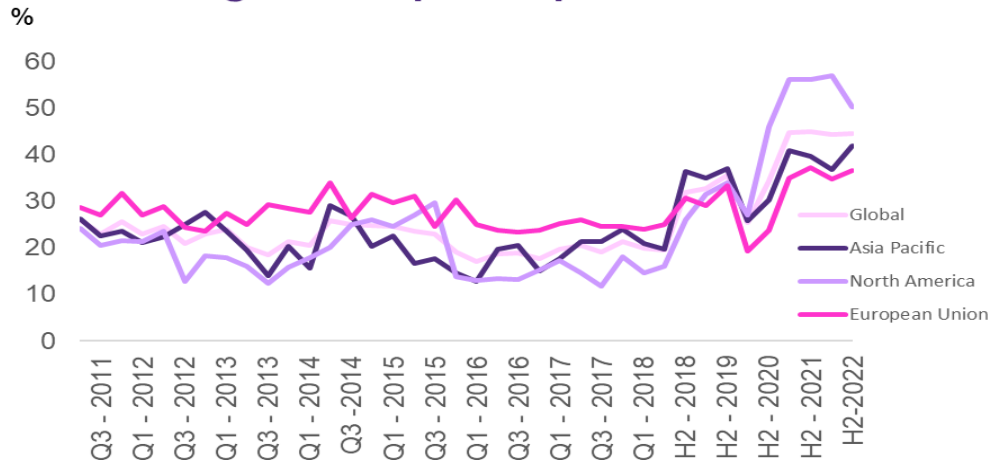
Global: Export expectations



Global trade: use of non-domestic markets

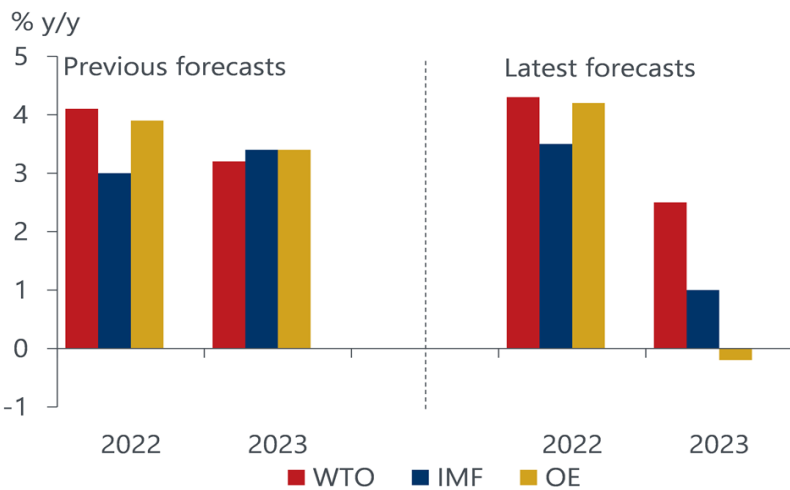


Regions: Export expectations

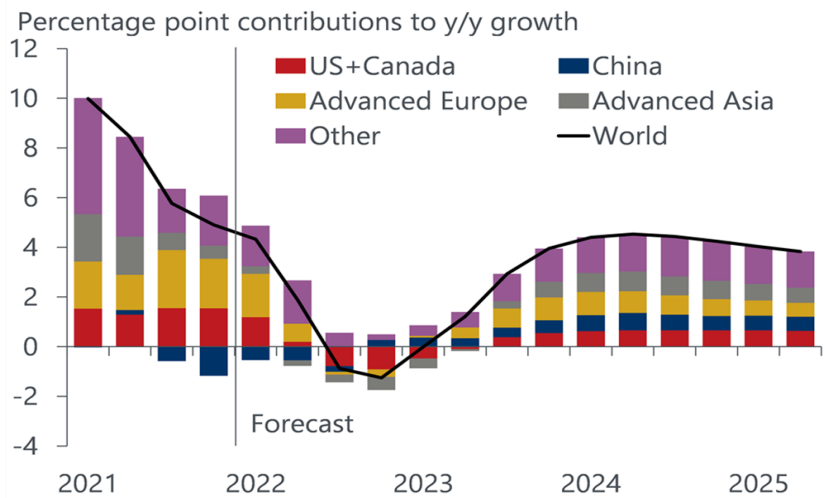


Global: World Trade

World: Goods trade forecasts



World: Goods trade volumes

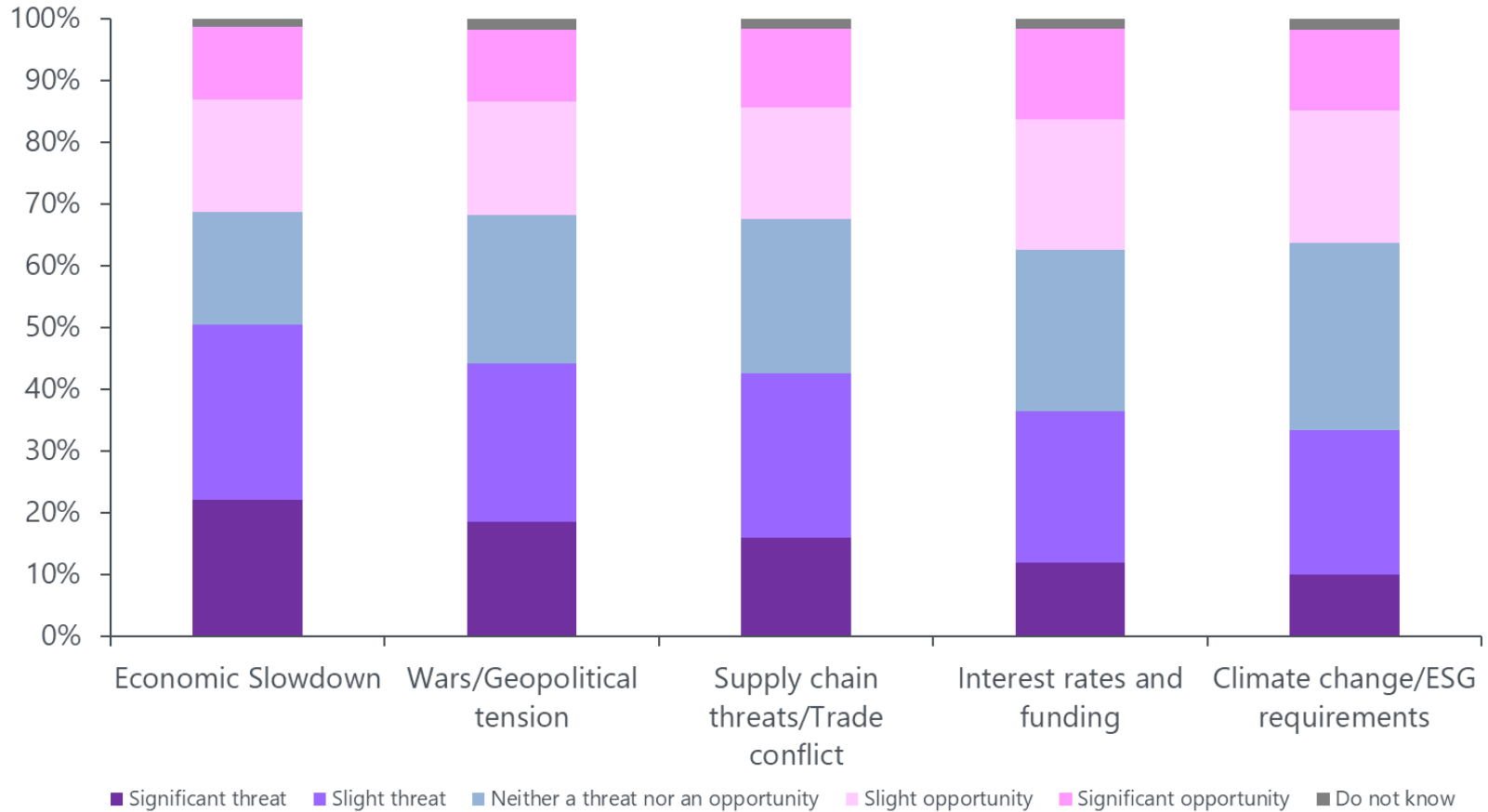




IBR H2 2022
Global Analysis:
Key international risks

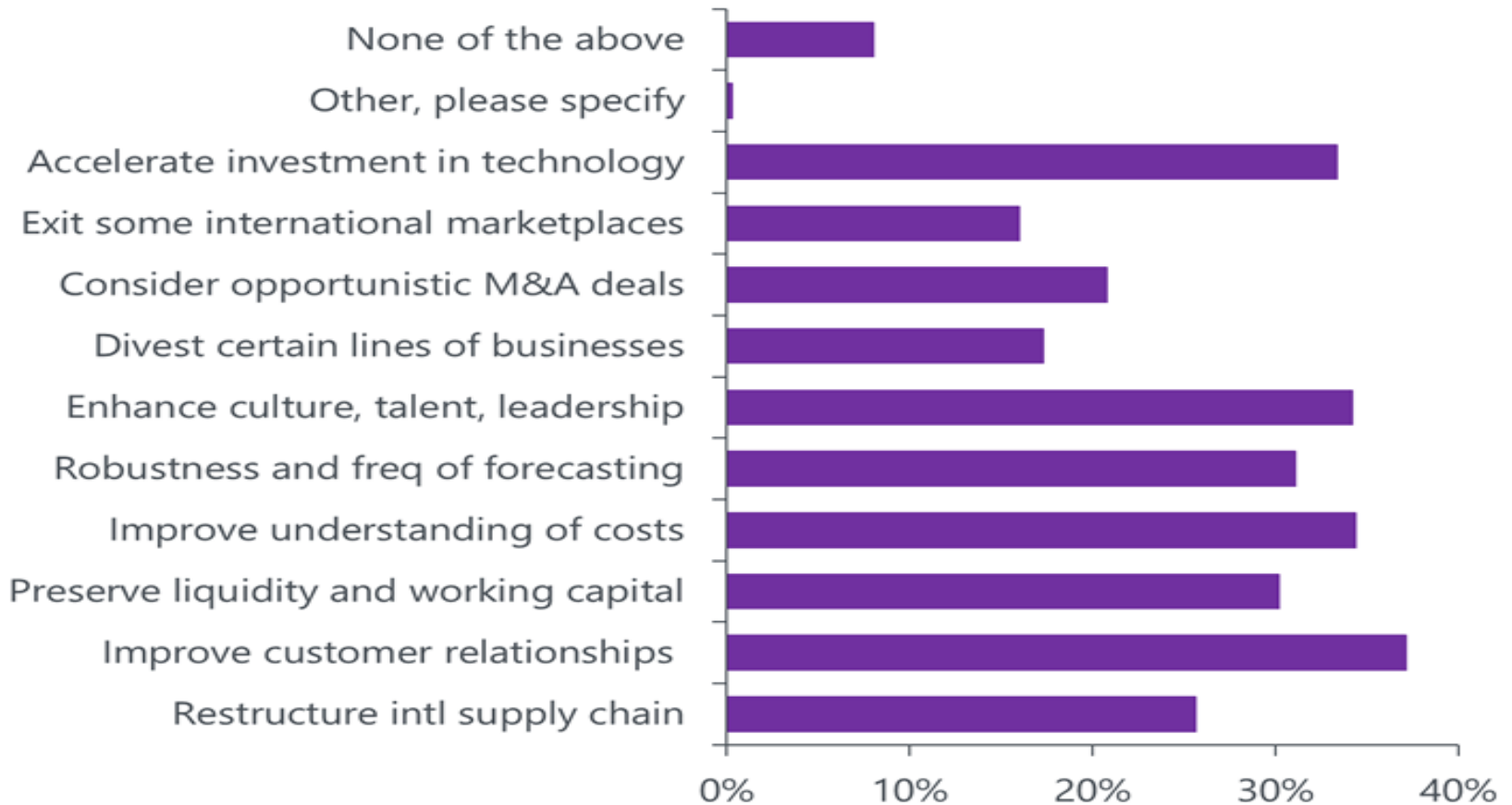
Global threats to businesses

Global: What are the biggest international threats/opportunities to your business?



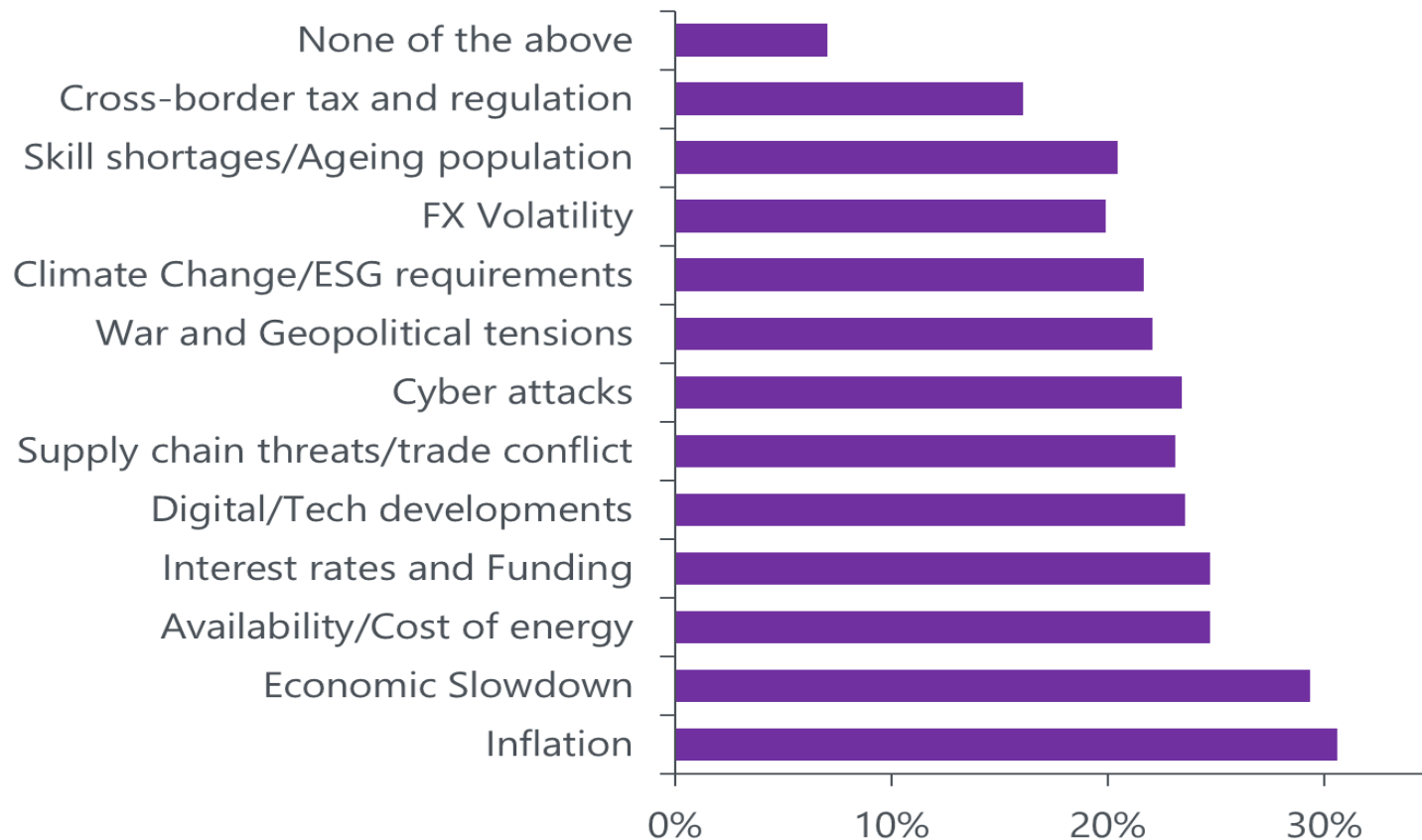
Businesses taking actions to mitigate threats – H2 2022

Global: What are businesses doing to mitigate threats?

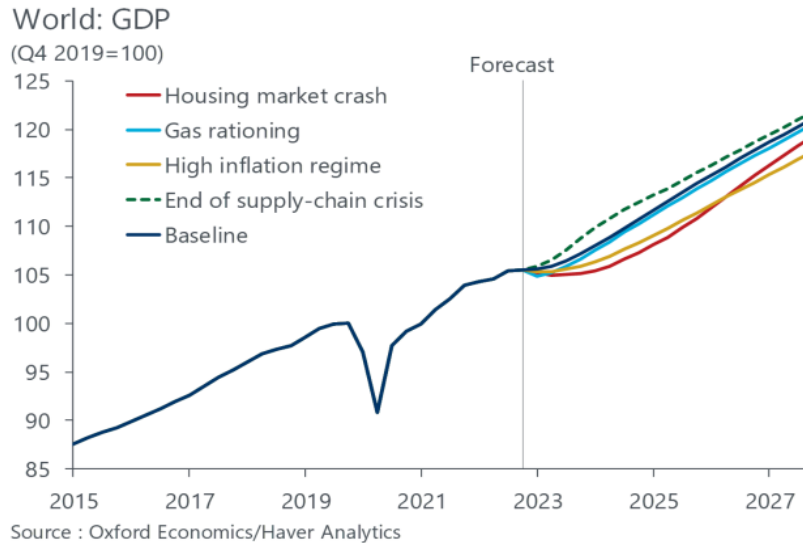


What threats/opportunities are businesses doing scenario planning for?

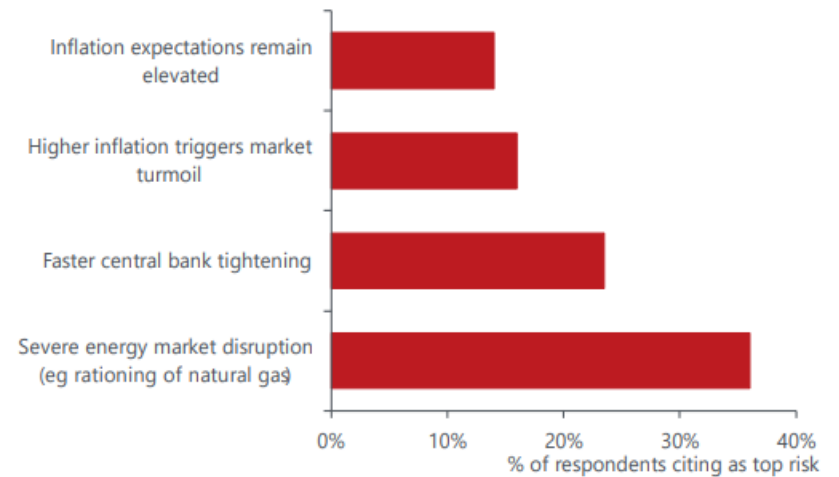
Global: Which, if any, of these threats/opportunities have you done scenario planning on in the last 12 months?



Key OE global economy risks

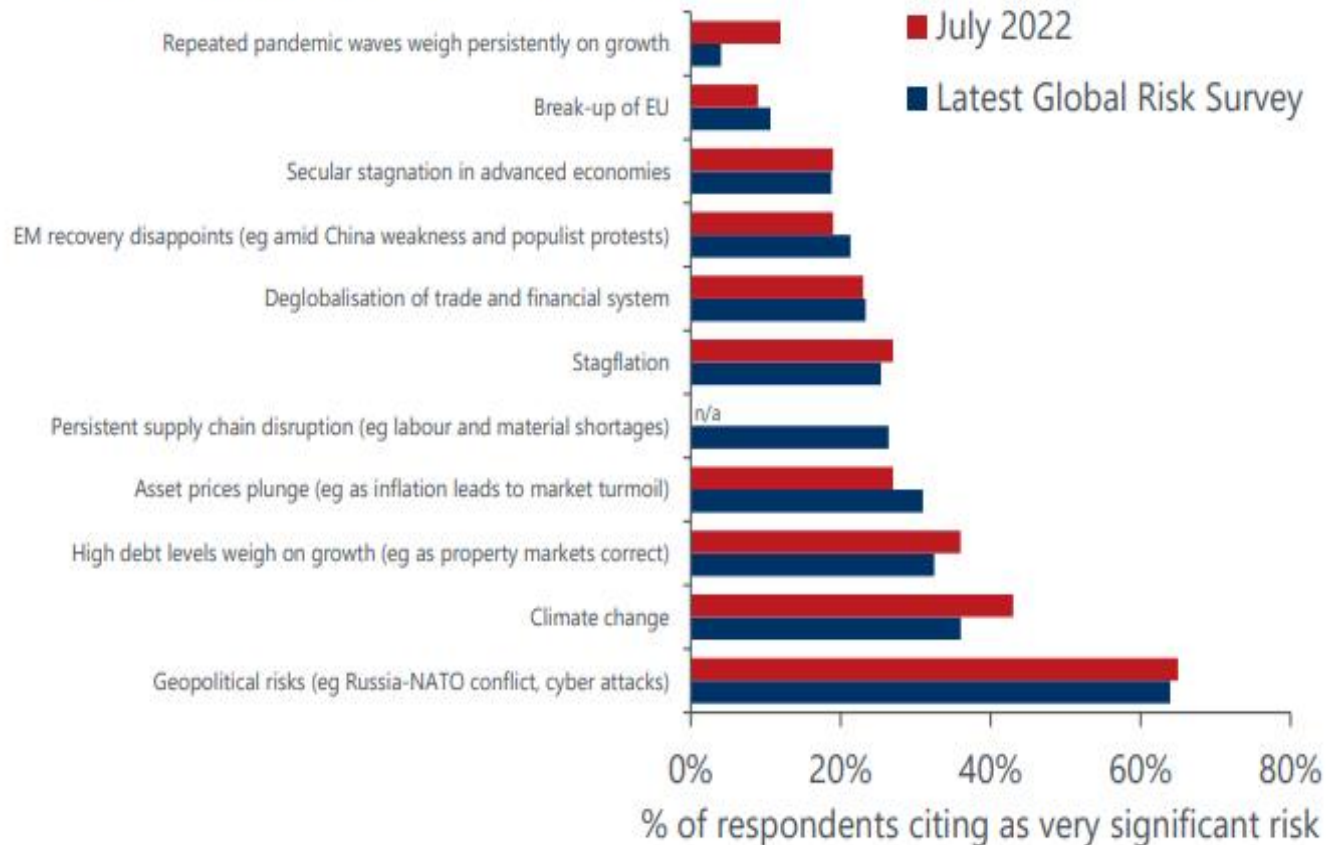


Global Risk Survey: near-term downside risks



Key OE global economy risks

Looking ahead to the next five years, how serious are the following medium-term global economic risks?





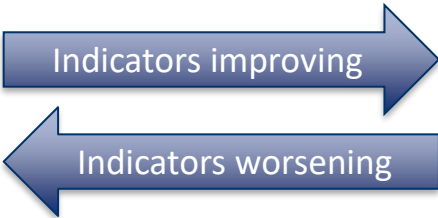
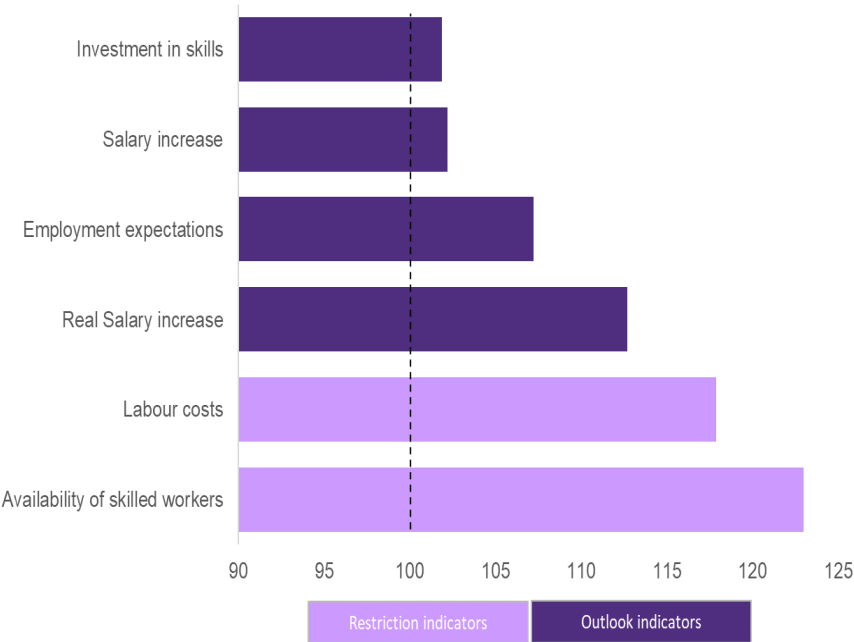
IBR H2 2022 Global Analysis: Talent Focus

2022H2 Talent indicators

Global: Talent indicators - change in business responses
2022H2-2022H1

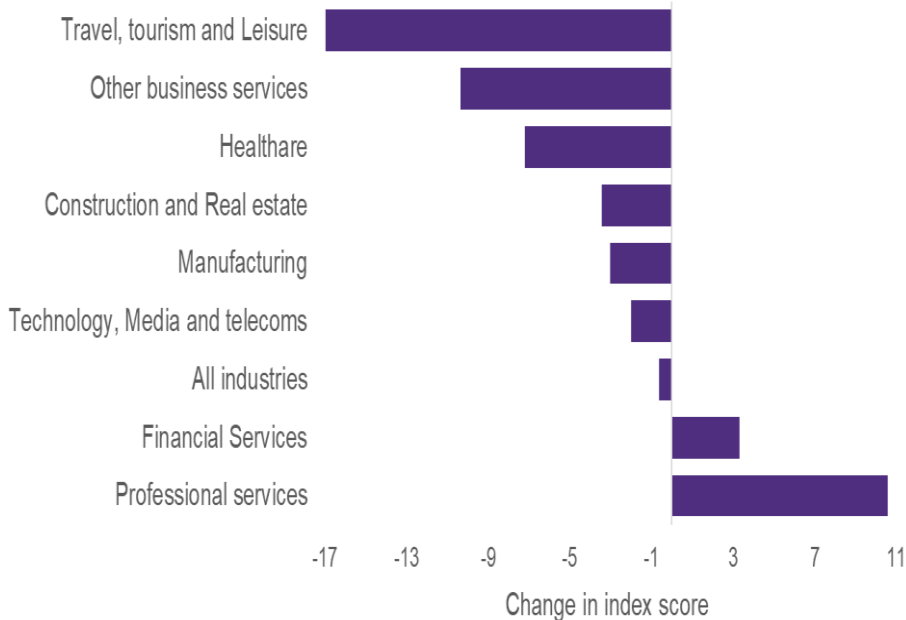


Global: Talent indicators - 2022H2 (pre-pandemic=100)

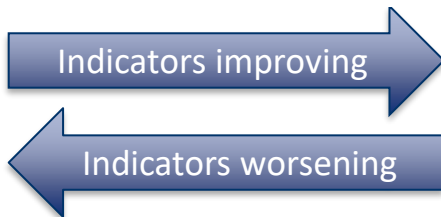
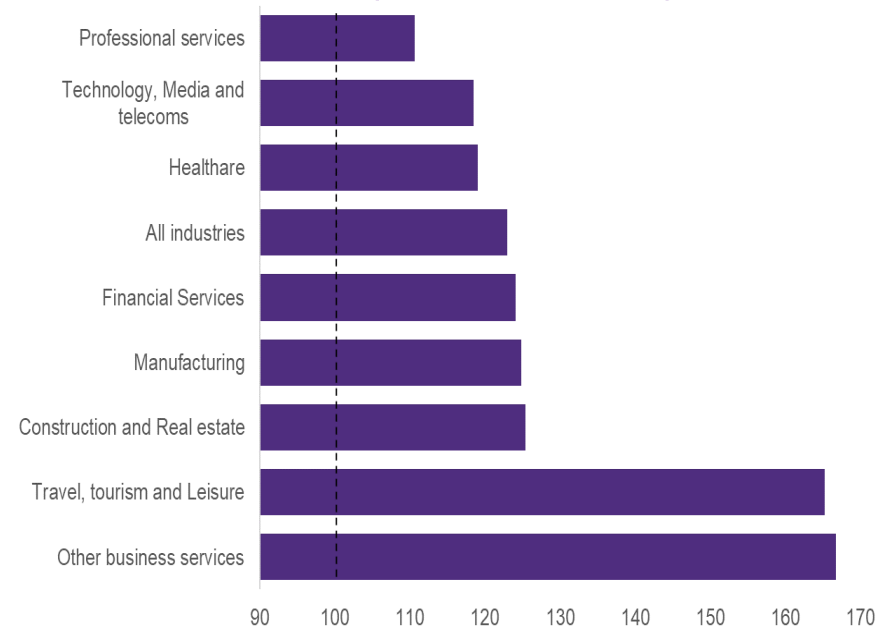


Sectors: 2022H2 availability of skilled workers

Sectors: Change in availability of skilled workers 2022H2-2022H1

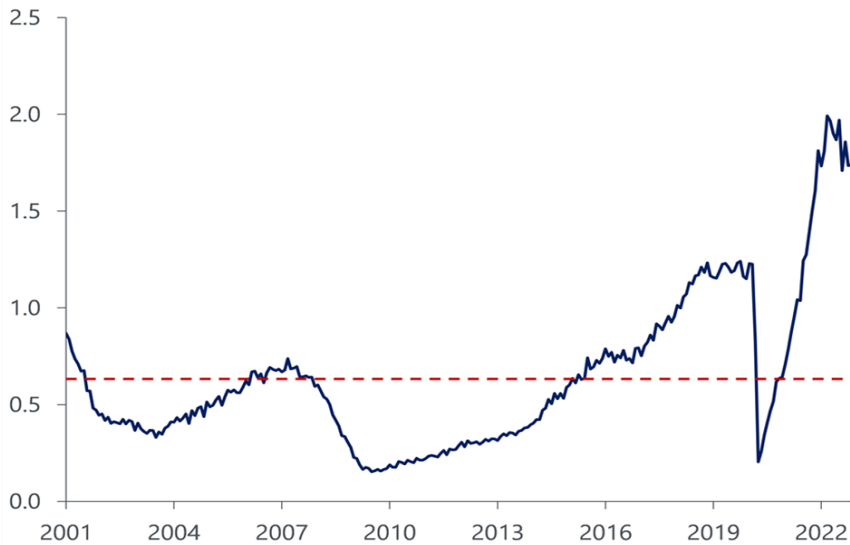


Sectors: Availability of skilled workers - 2022H2 (pre-pandemic=100)

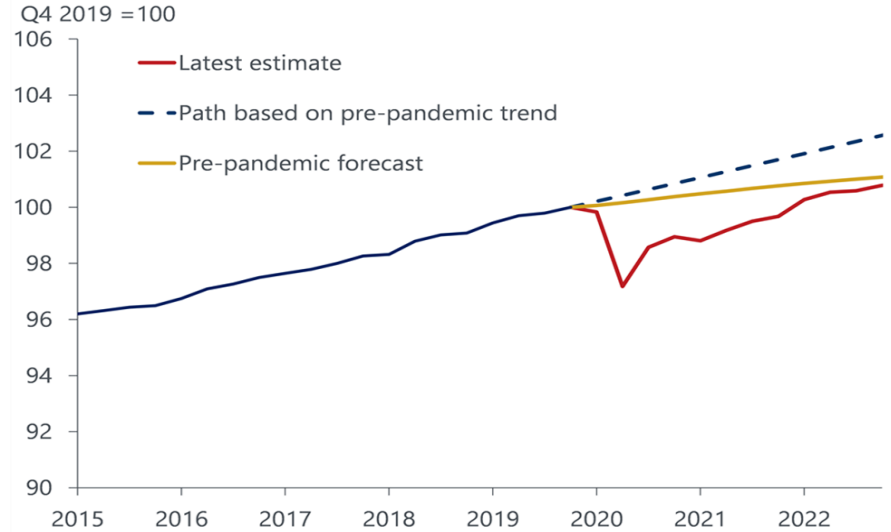


Global: Weak growth in labour supply

US: Number of job openings per unemployed



Major advanced economies' labour supply

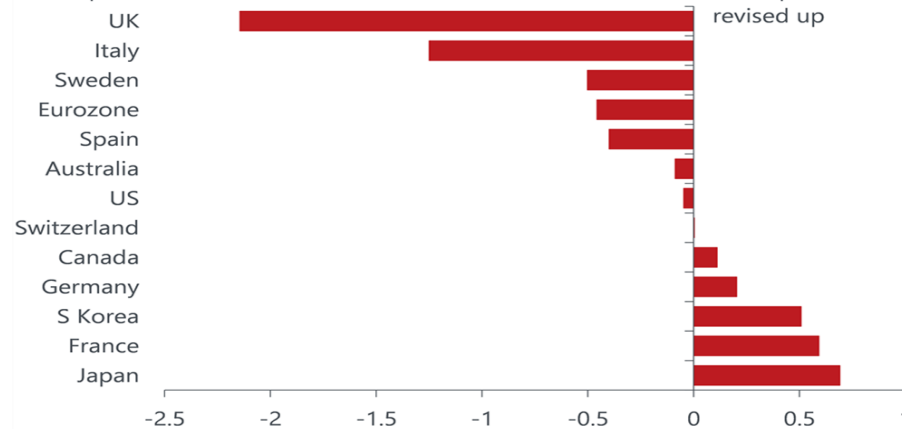


Revisions to the participation rate

PP difference between Dec. 2022 forecast for Q4 2022 and the Jan 2020 estimate

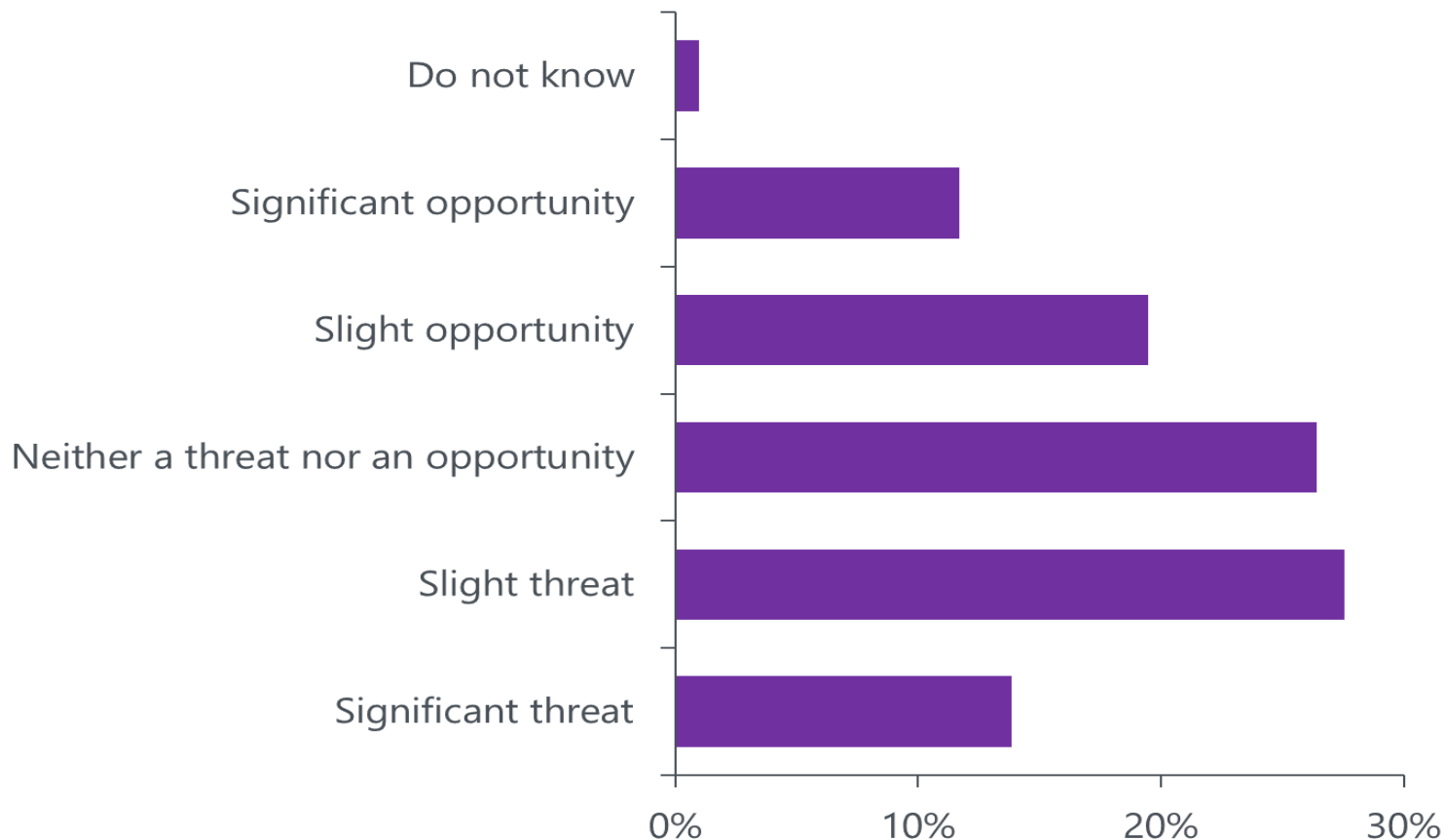
Participation rate revised down

Participation rate revised up



Global: Skill shortages and ageing populations

Global: How big of a threat/opportunity are skill shortages and/or ageing populations to your business?

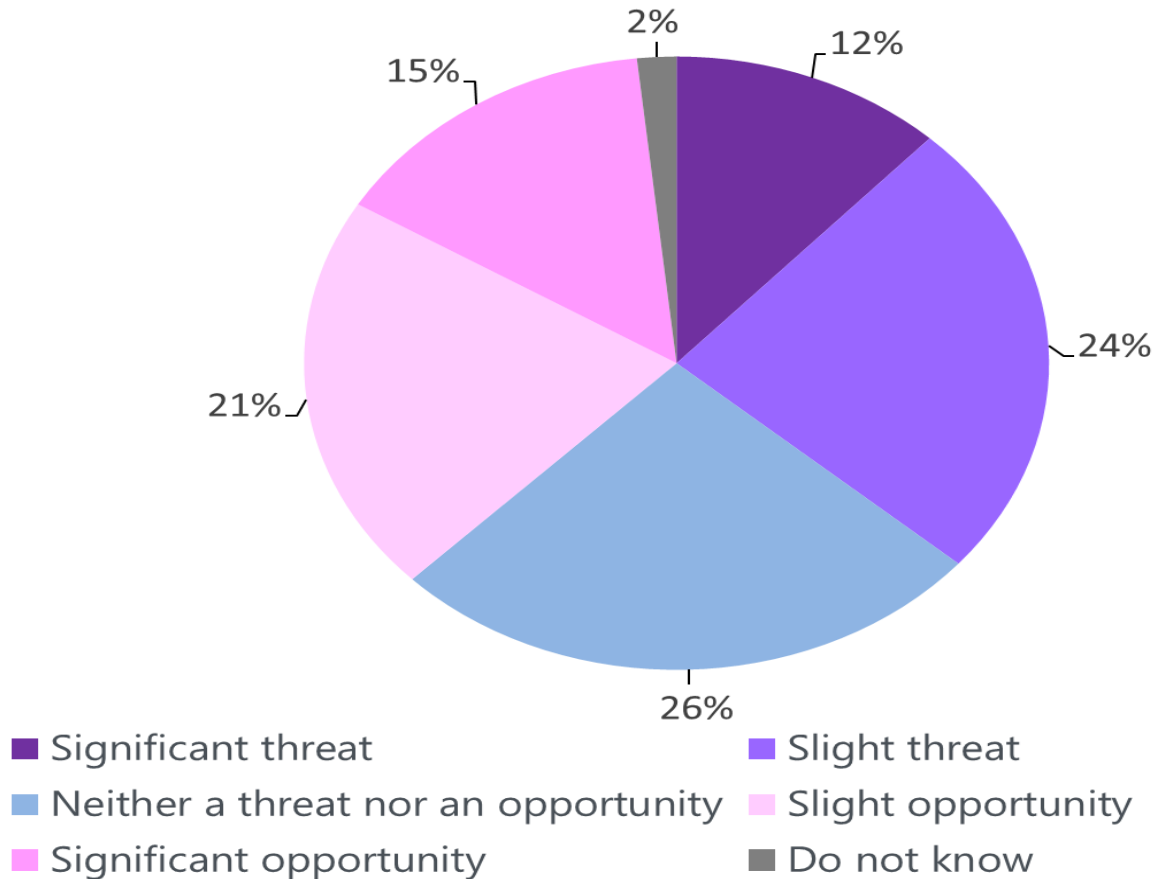




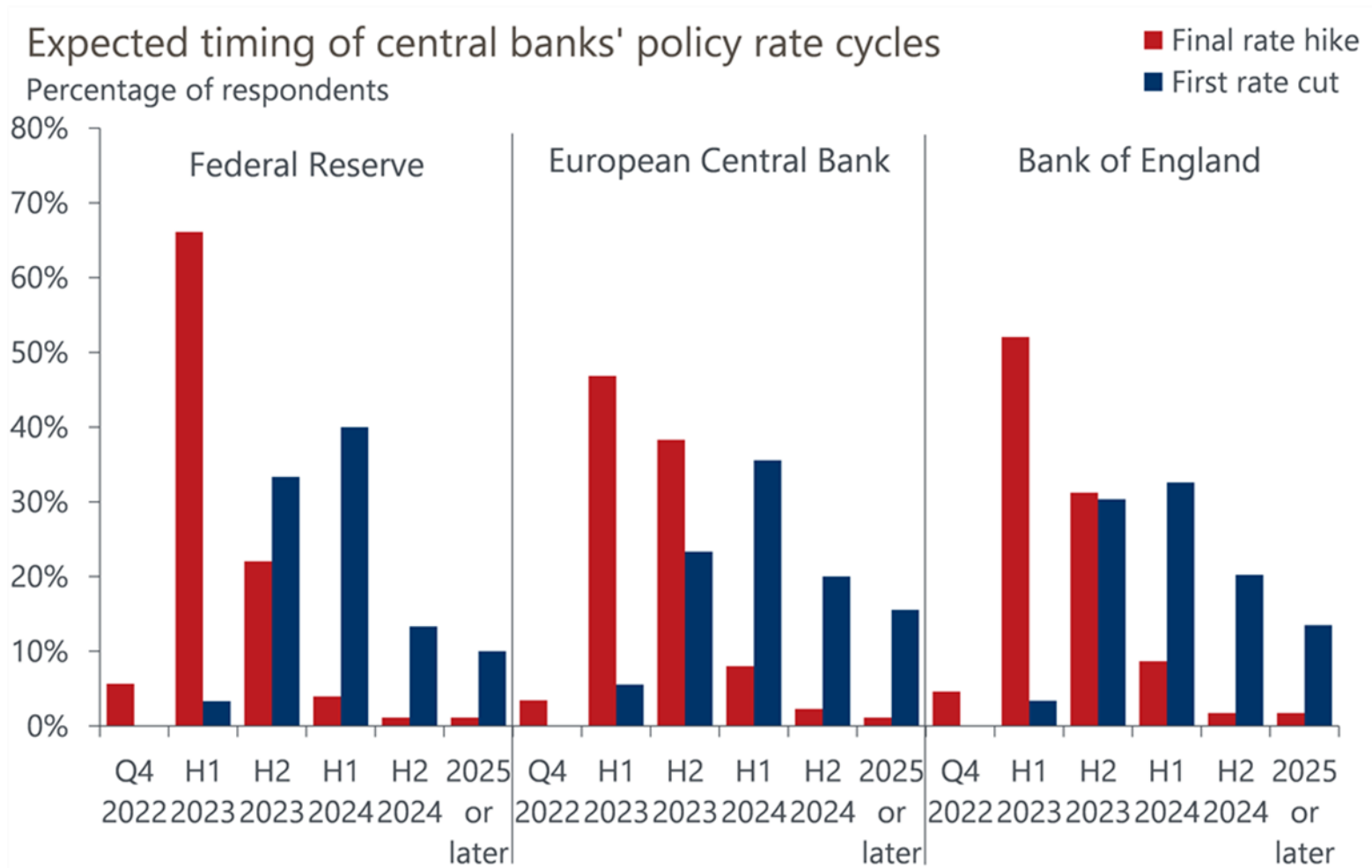
IBR H2 2022
Global Analysis:
Interest rates and Tax

Interest rates and funding costs – Threat or opportunity?

Global: How big of a threat/opportunity are interest rates and funding to your business?

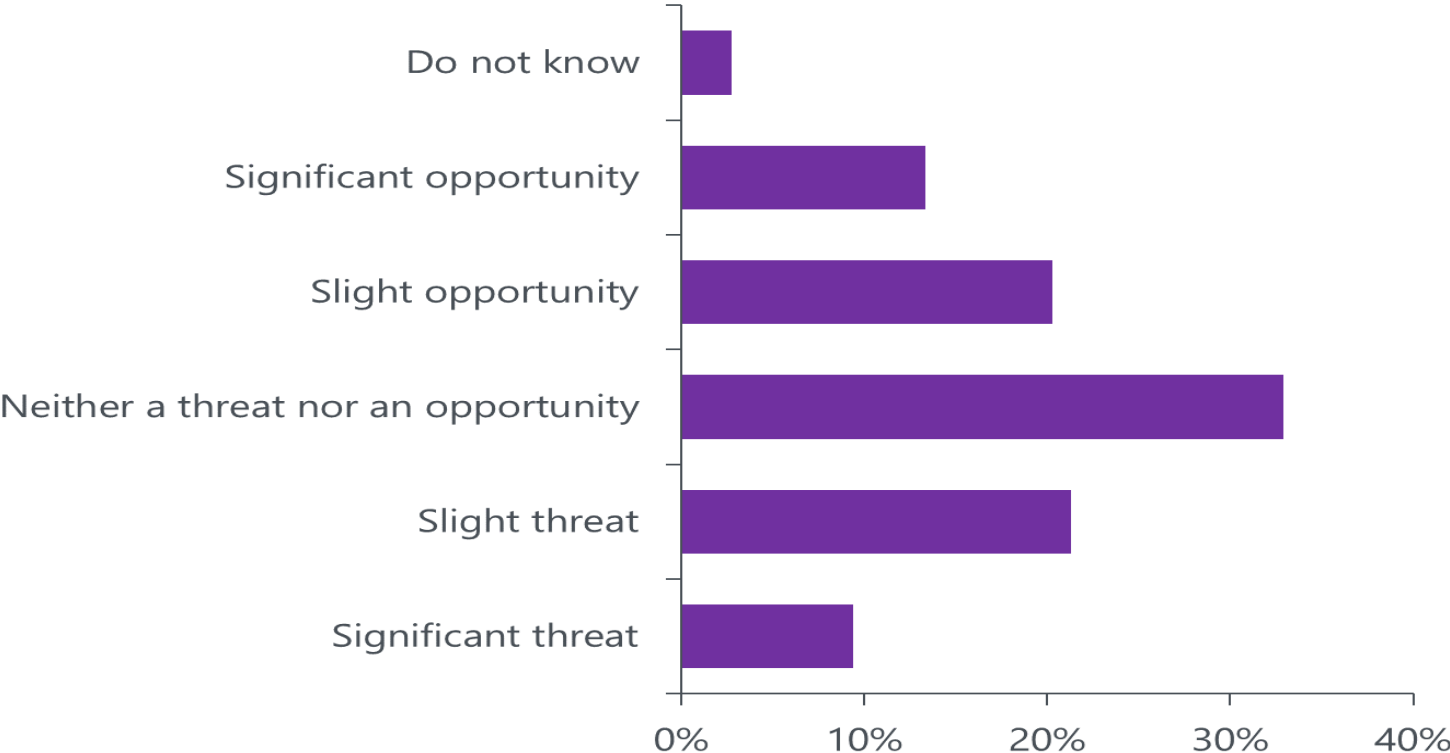


Global: Businesses hoping for an early end to rate hikes

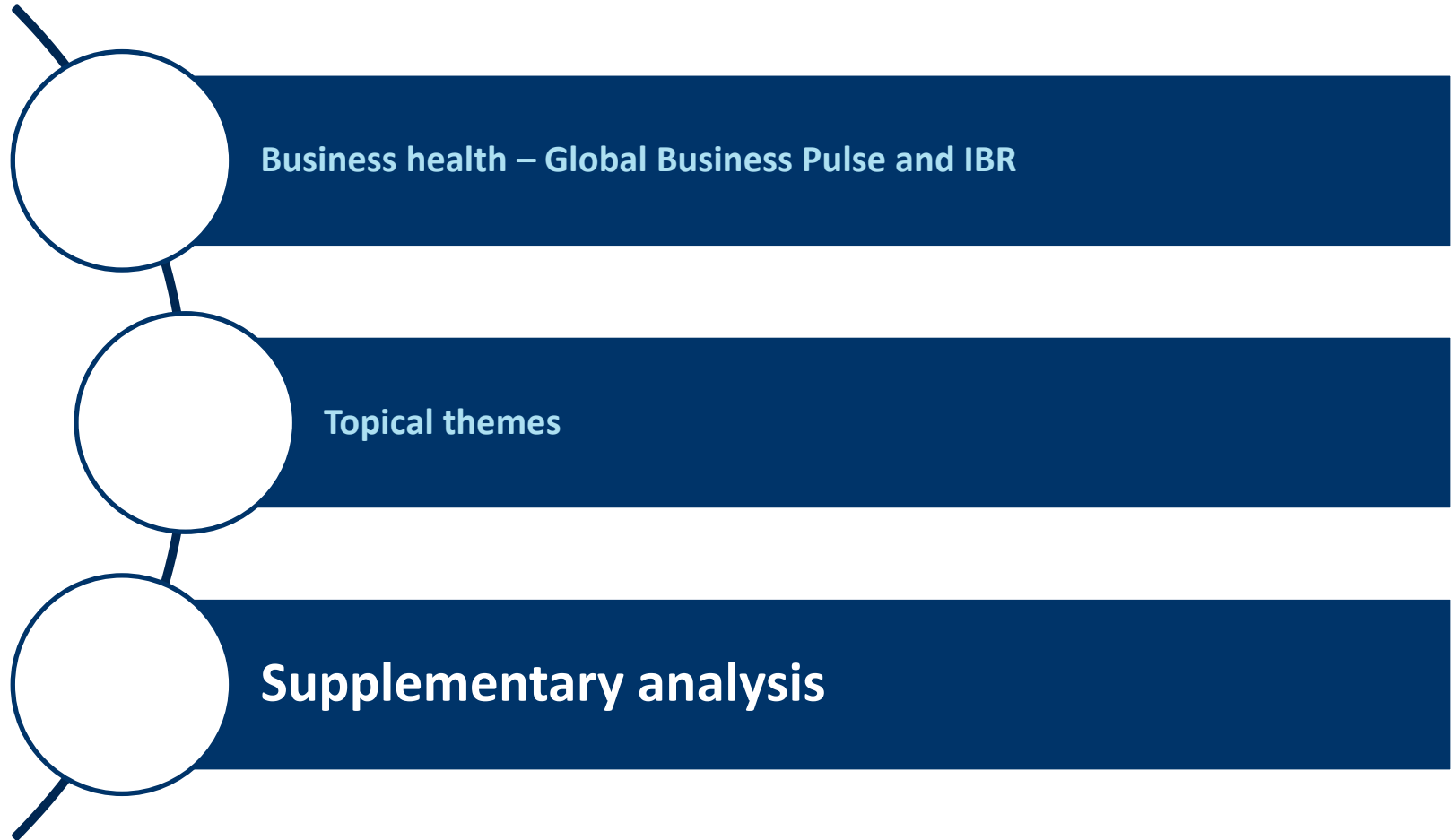


Tax and regulation – Threat or opportunity?

Global: How big of a threat/opportunity is cross border tax and regulation to your business?



Outline



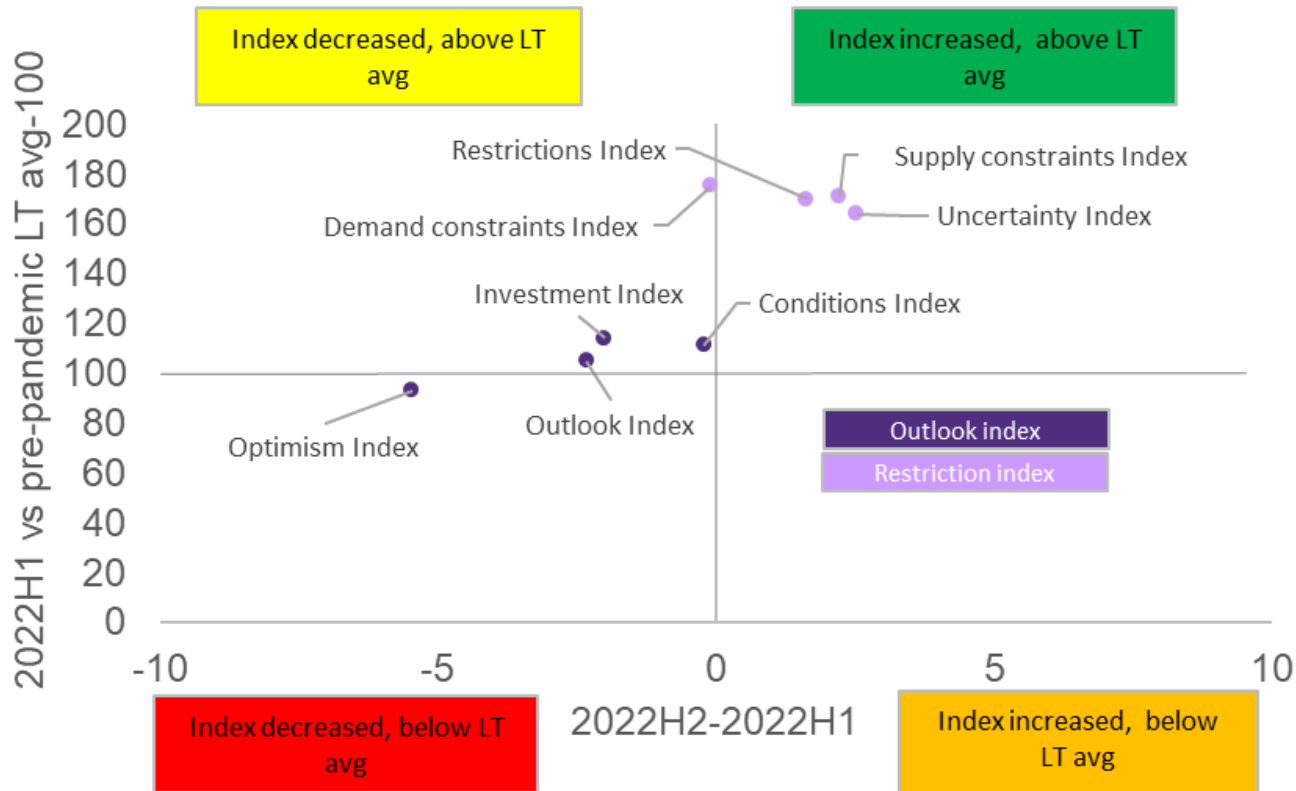


IBR H2 2022
Global Analysis
Indices and business responses

January 2023

Change in index score from 2022H1 vs 2022H2 (pre-pandemic LT average=100)

Global: IBR indexes - change in index vs 2022H1 (pre-pandemic long term avg=100)



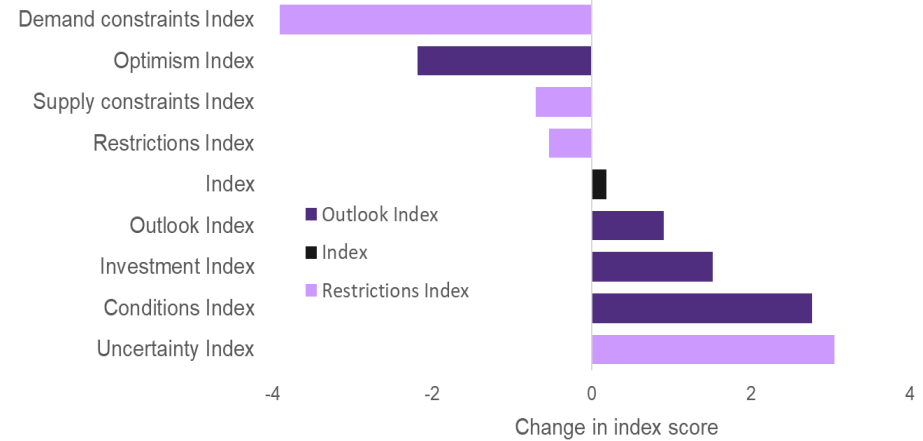
Top half/ Bottom Half: Above LT average/ Below LT average
LHS/RHS: Index decreased/Index increased

Regional index changes (2022H2-2022H1)

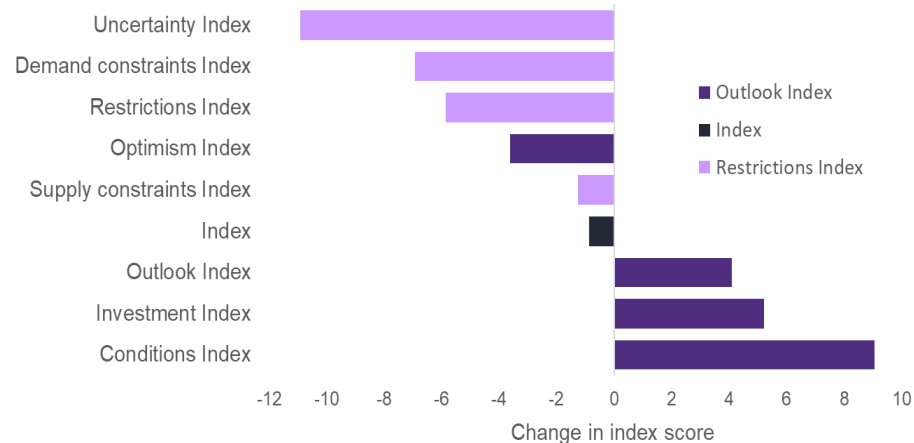
Latin America: All IBR indicators - change in index 2022H2-2022H1



Asia Pacific: All IBR indicators - change in index 2022H2-2022H1

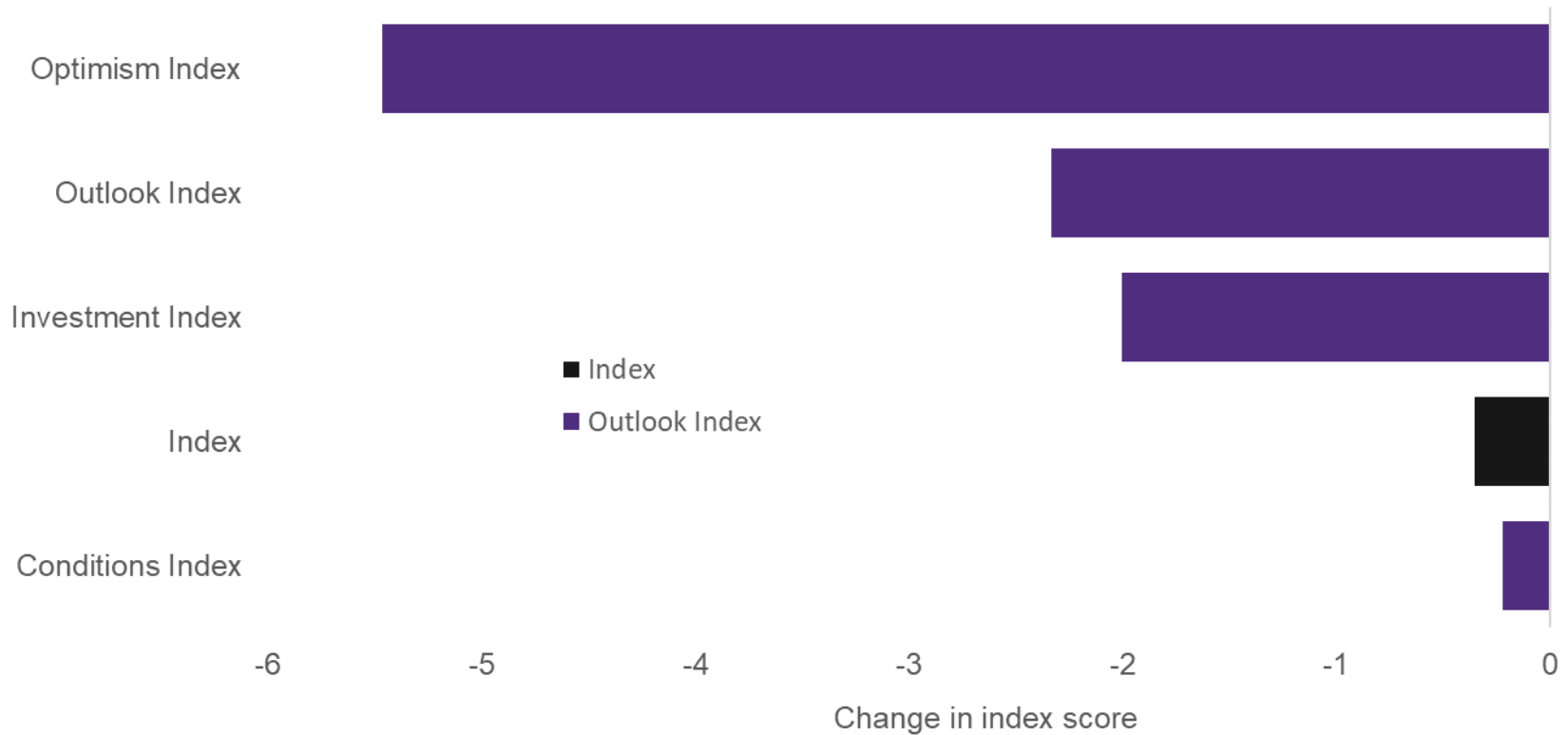


Africa: All IBR indicators - change in index 2022H2-2022H1



Outlook change (2022H2-2022H1)

Global: Outlook IBR indicators - change in index 2022H2-2022H1



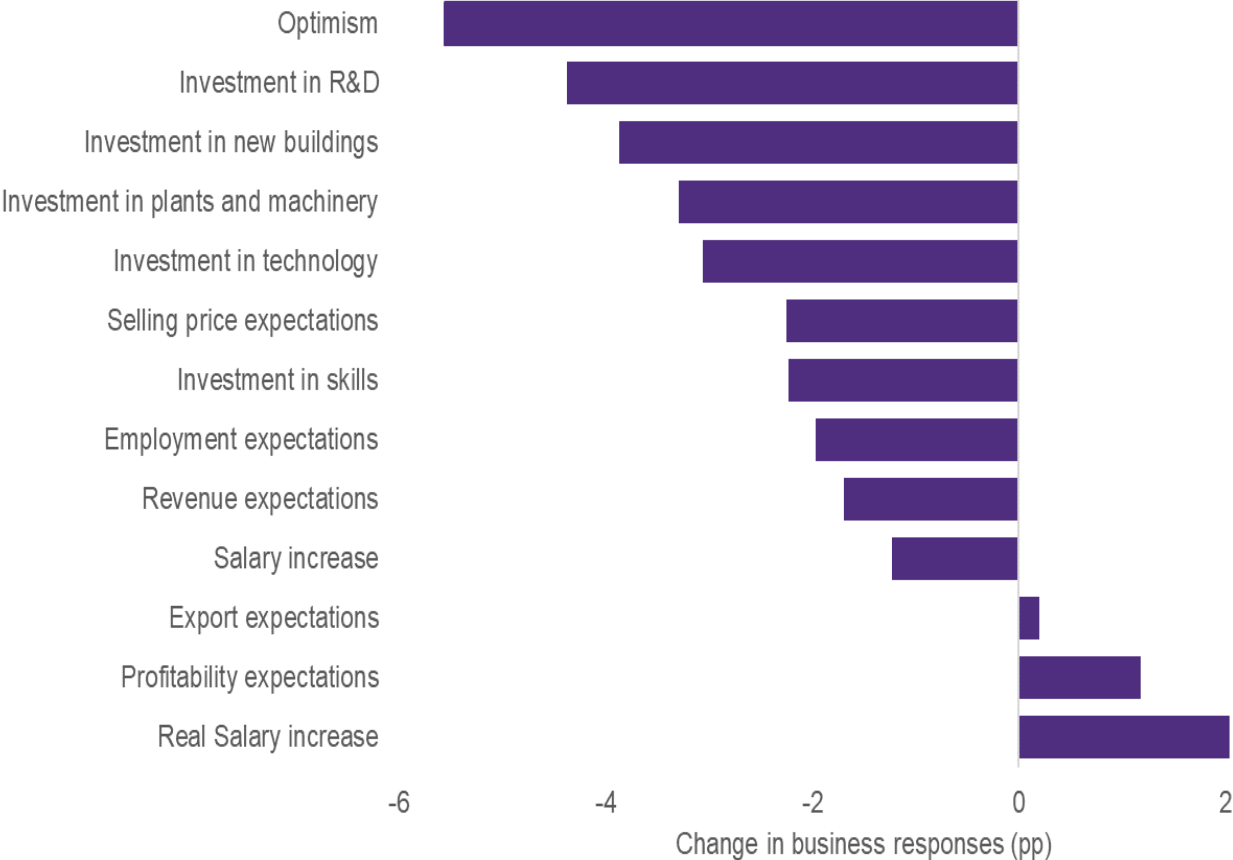
Restrictions change (2022H2-2022H1)

Global: Restrictions IBR indicators - change in index
2022H2-2022H1



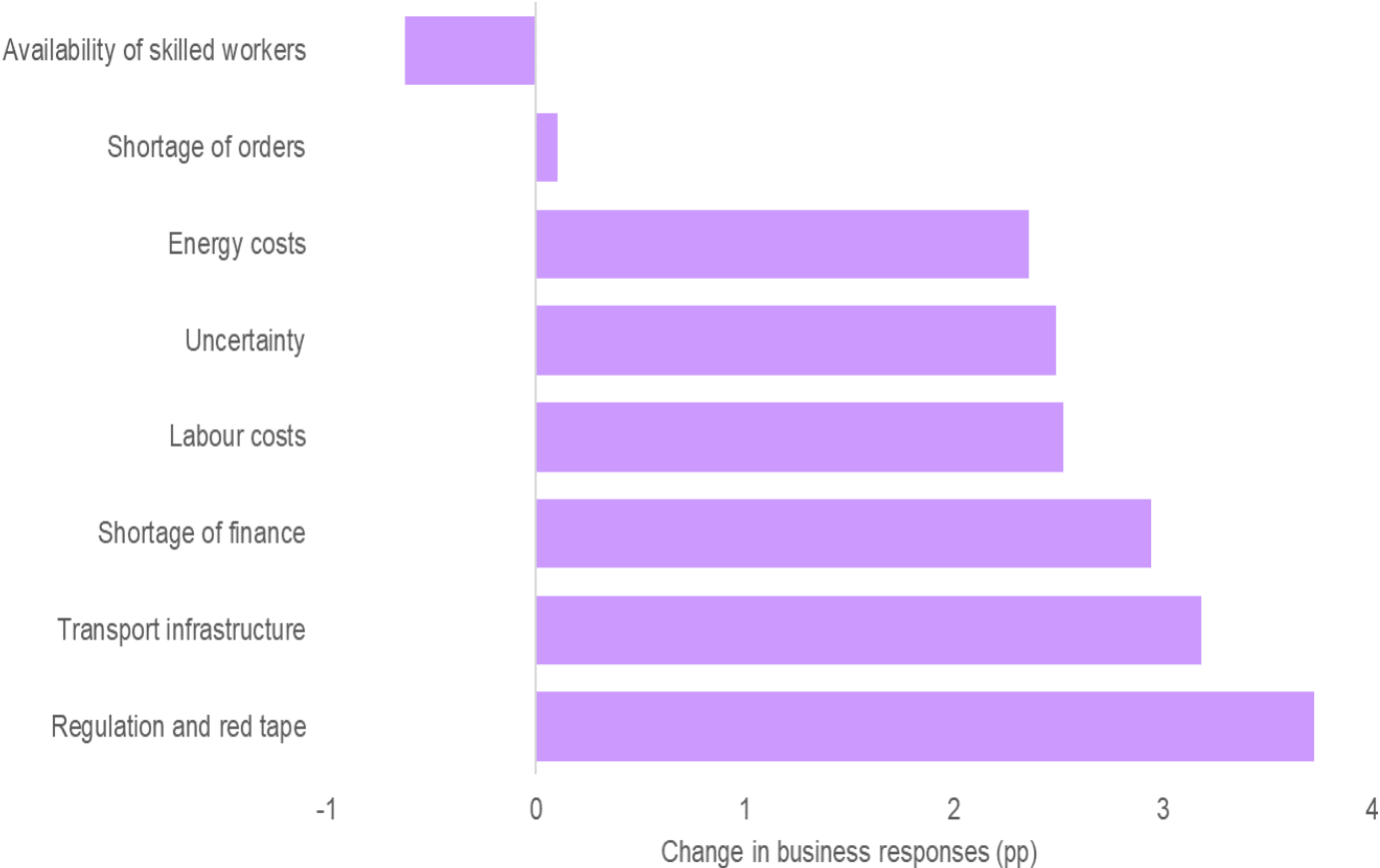
Outlook responses change (2022H2-2022H1)

Global: Outlook IBR indicators - change in business responses 2022H2-2022H1



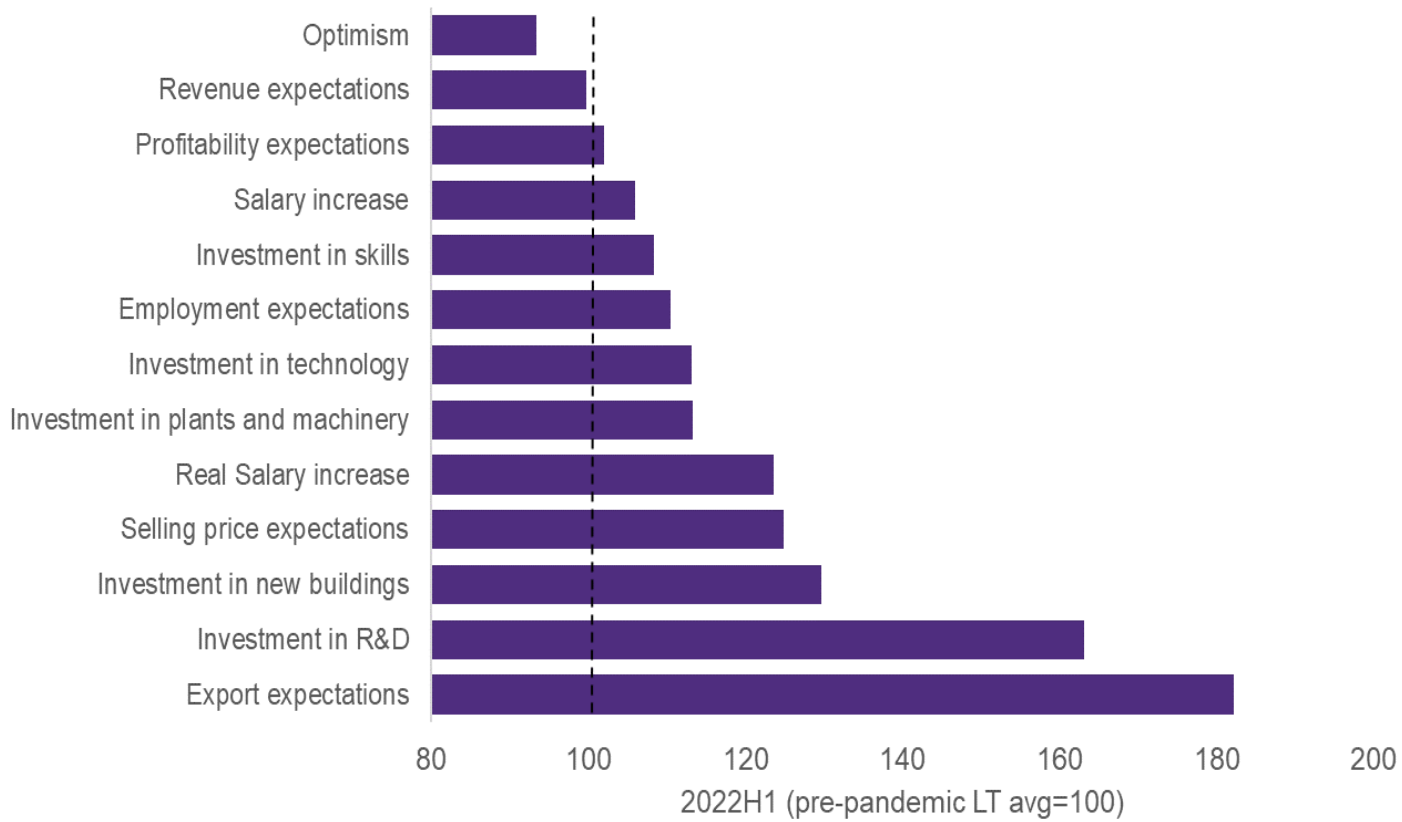
Restrictions responses change (2022H2-2022H1)

Global: Restrictions IBR indicators - change in business responses 2022H2-2022H1



2022H2 outlook responses (pre-pandemic long-term average=100)

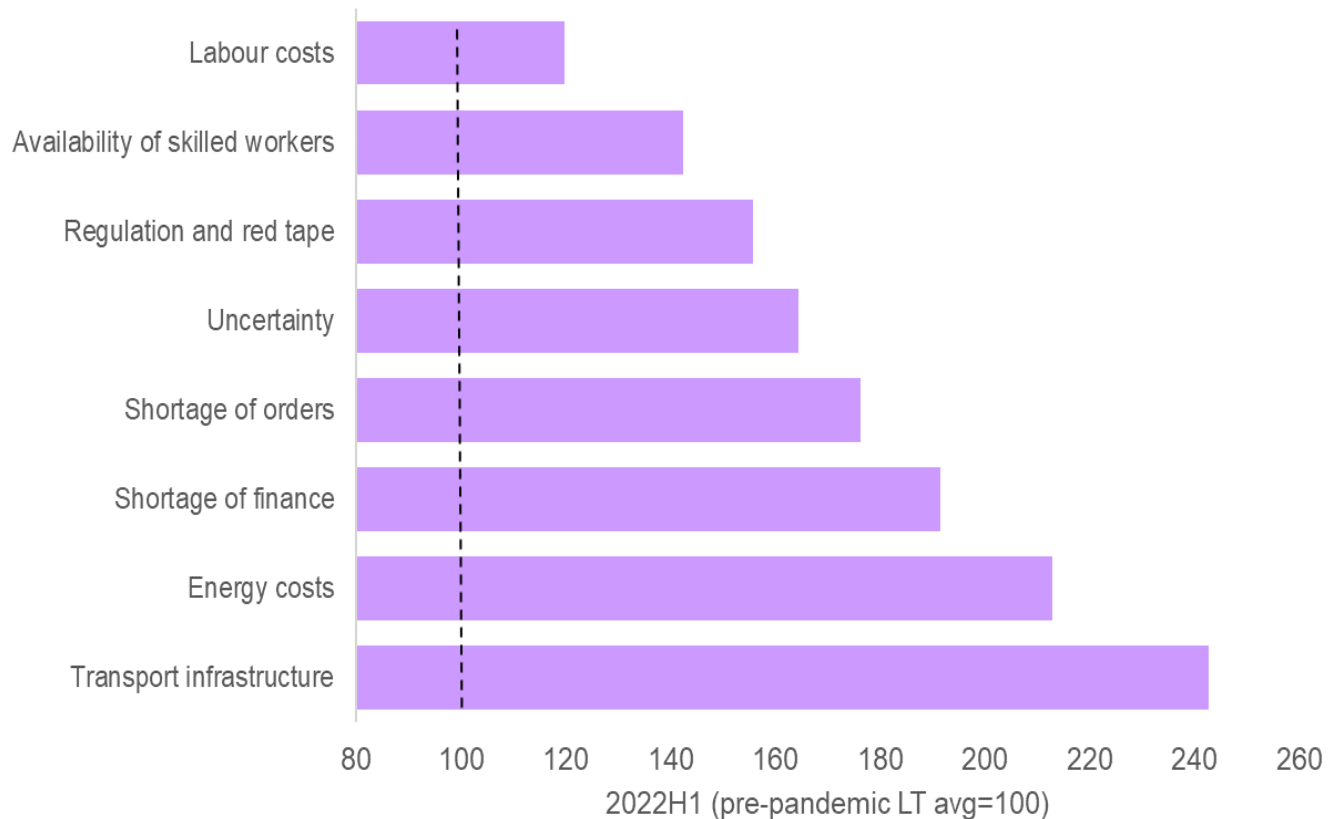
Global: Outlook IBR indicators - 2022H2 (pre-pandemic long-term average=100)



2022H2 restrictions responses (pre-pandemic long-term average=100)

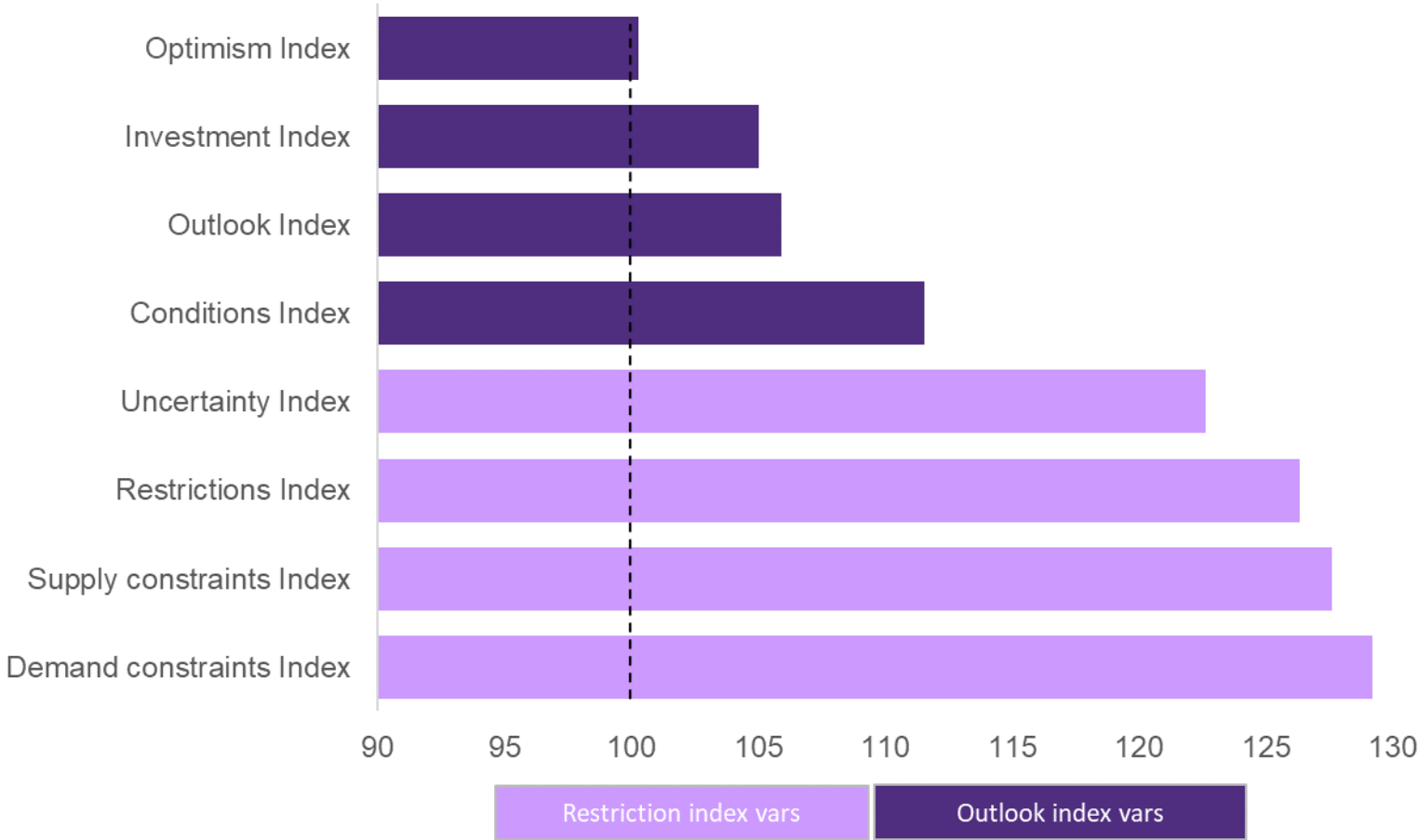
Business response indicators, no indexes included

Global: Restrictions IBR indicators - 2022H2 (pre-pandemic long-term average=100)



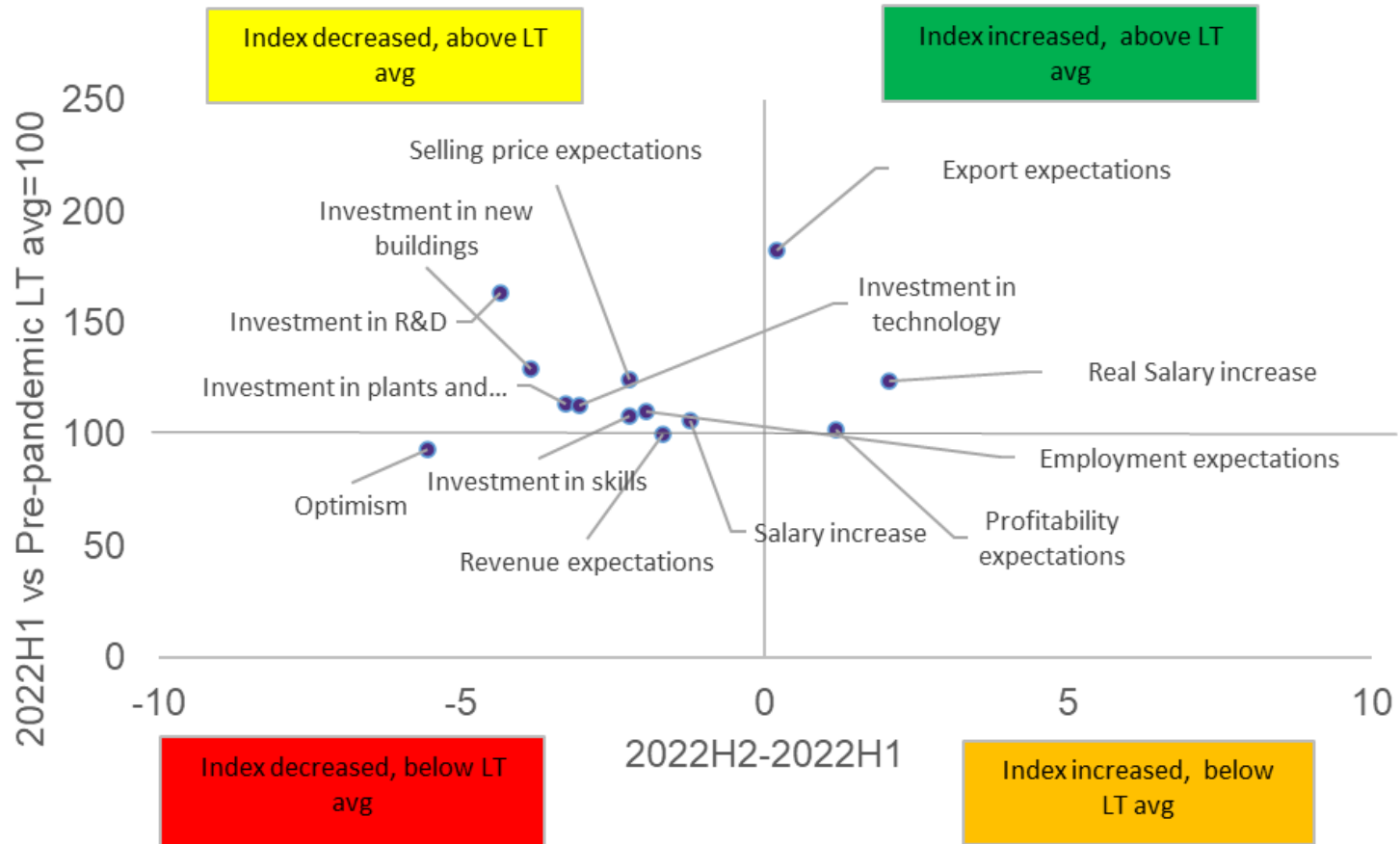
2022H2 index (pre-pandemic=100)

Global: IBR index - 2022H2 (pre-pandemic=100)



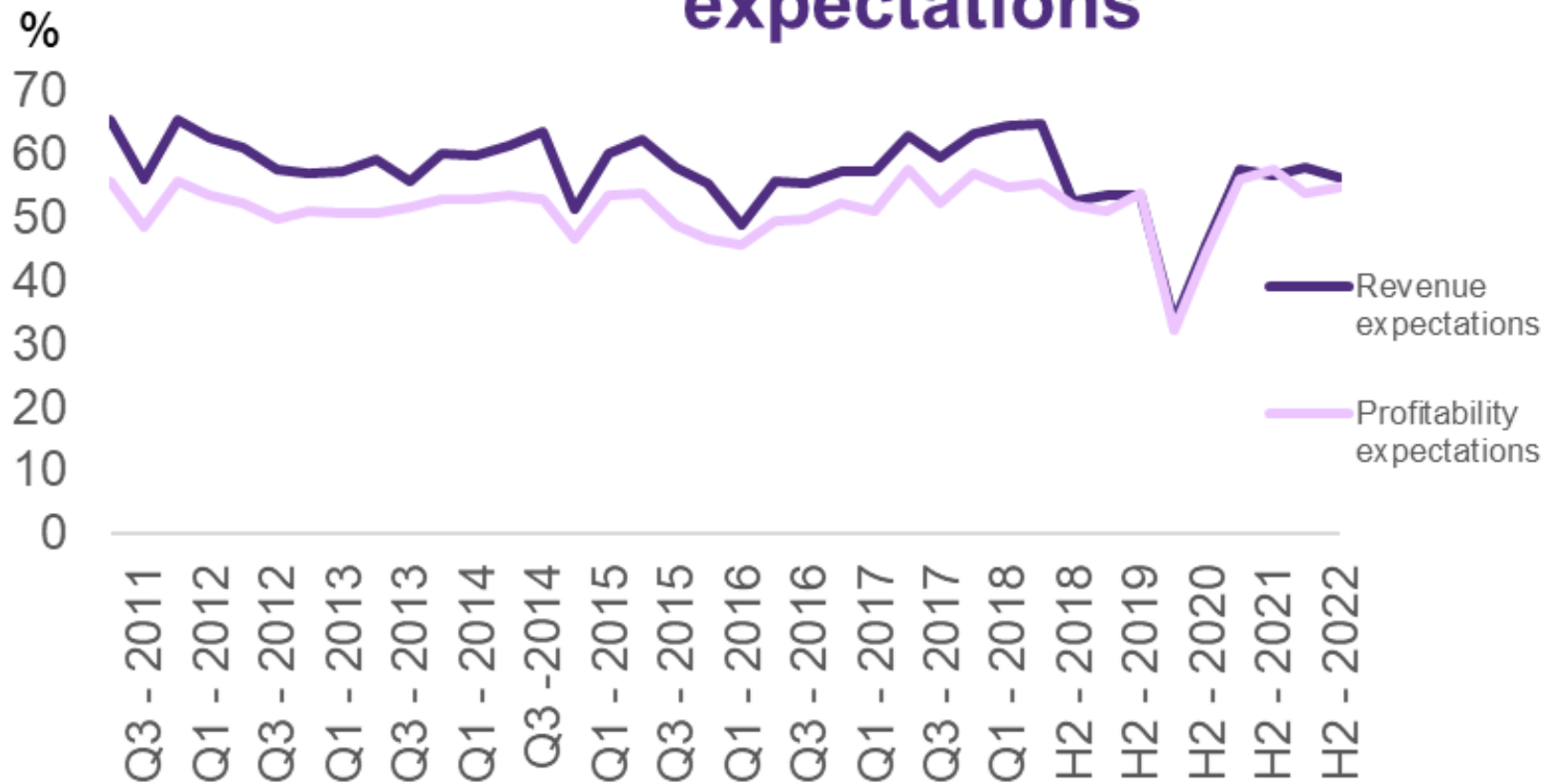
Change in responses from 2022H1 vs 2022H2 (pre-pandemic LT average=100)

Global: IBR indicators - change in index vs 2022H1 (pre-pandemic long term avg=100)

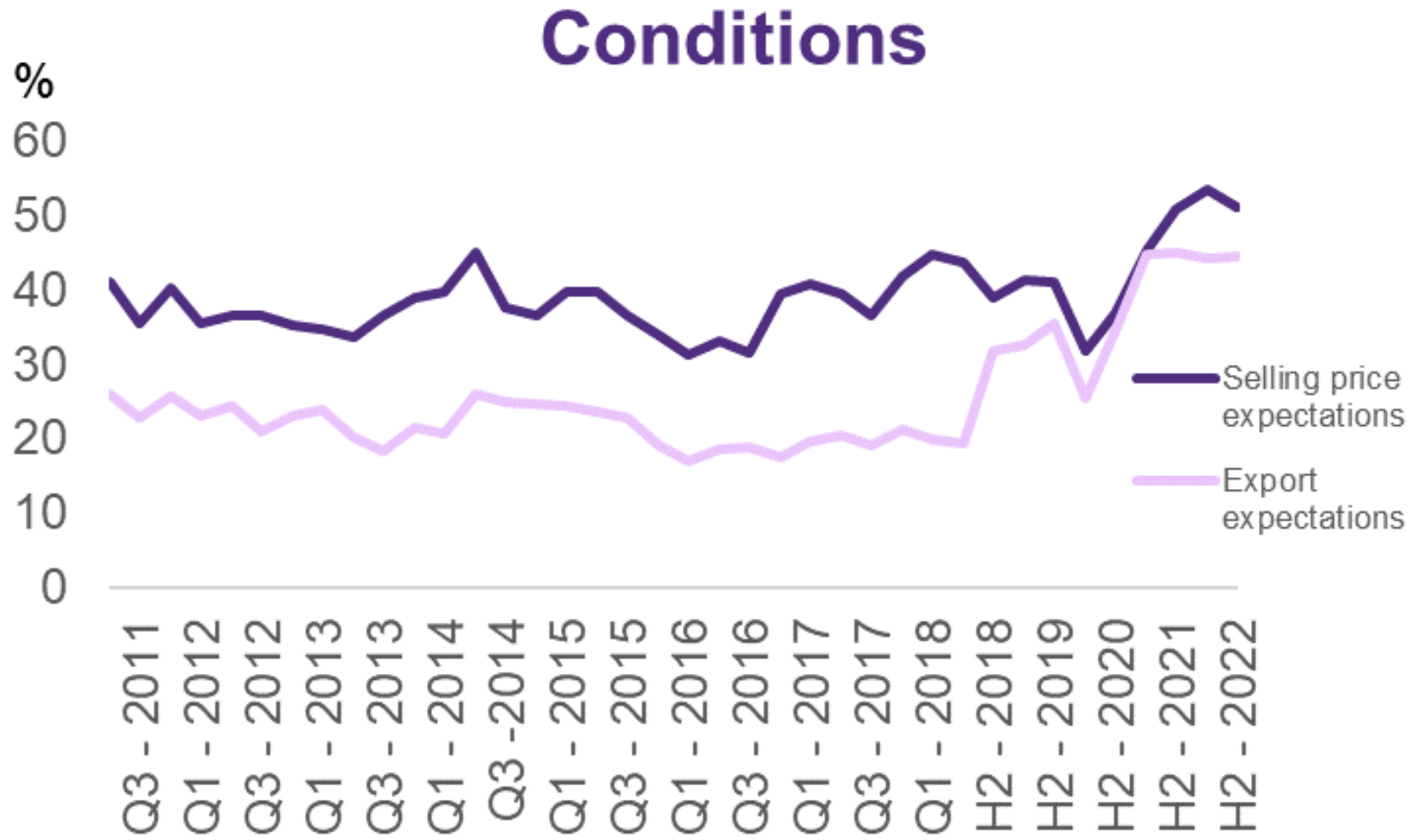


Outlook - Conditions: Business performance expectations

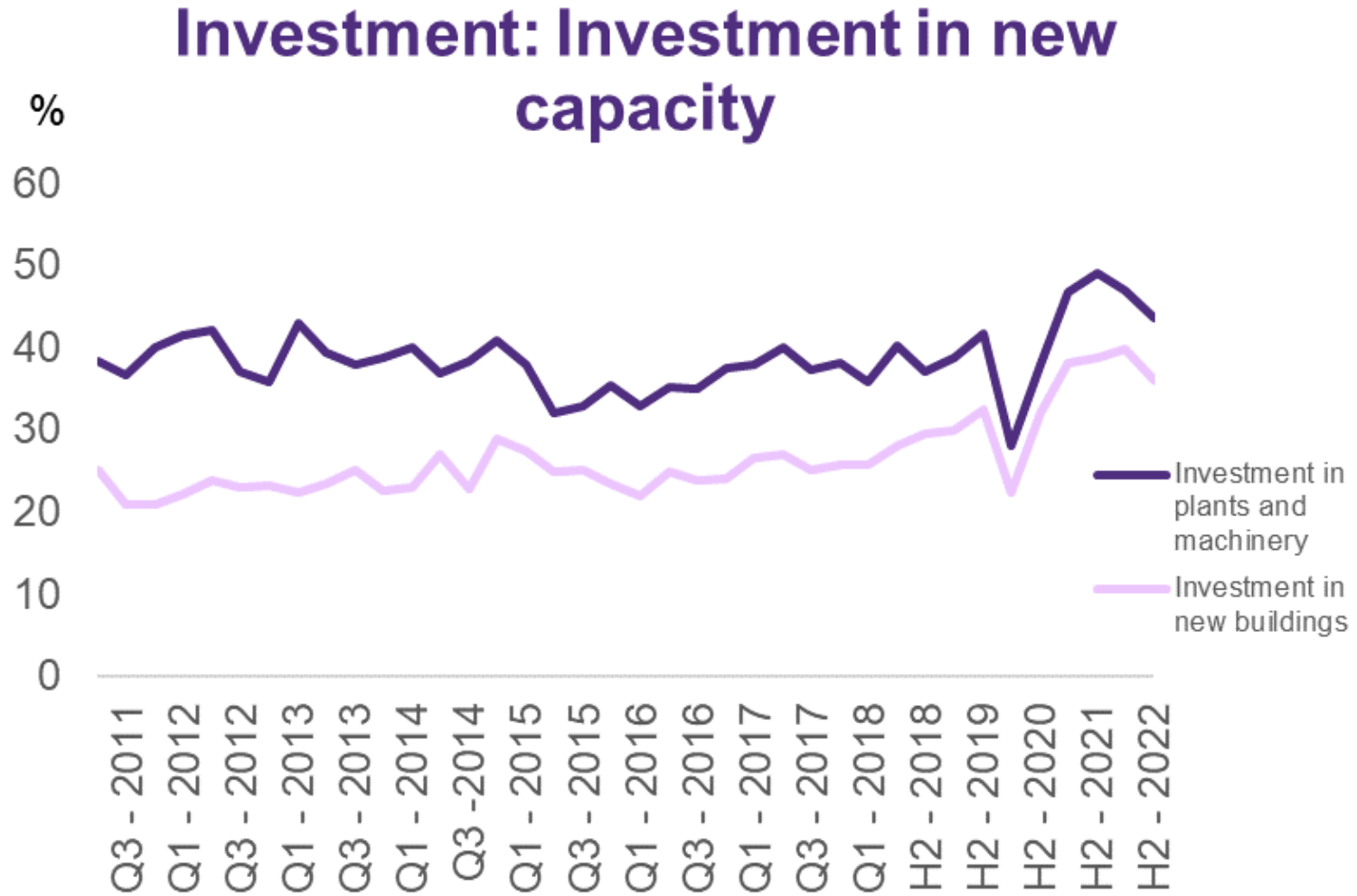
Conditions: Business performance expectations



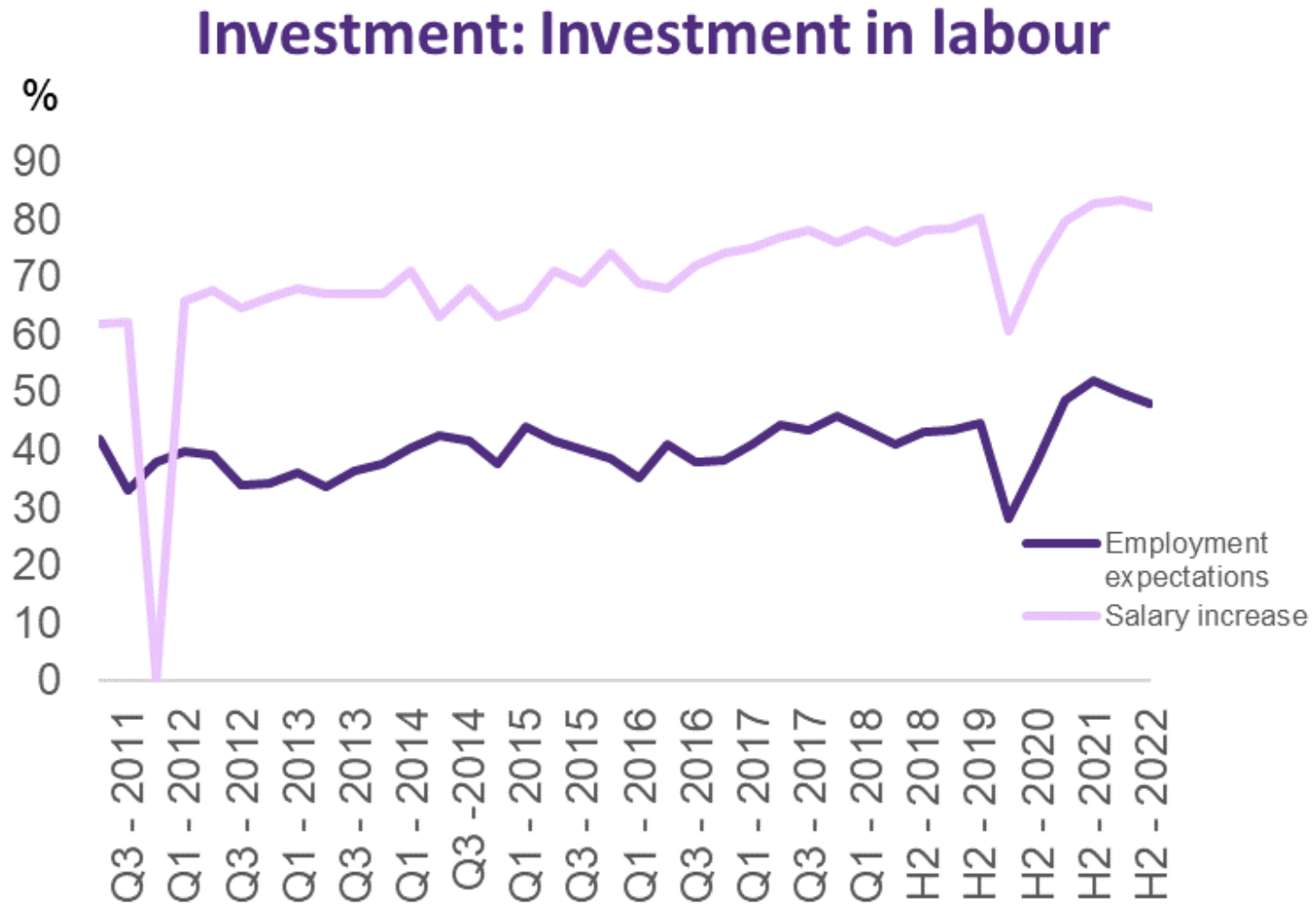
Outlook - Conditions: Selling price and export expectations



Outlook - Investment: Investment in new capacity



Outlook - Investment: Investment in labour

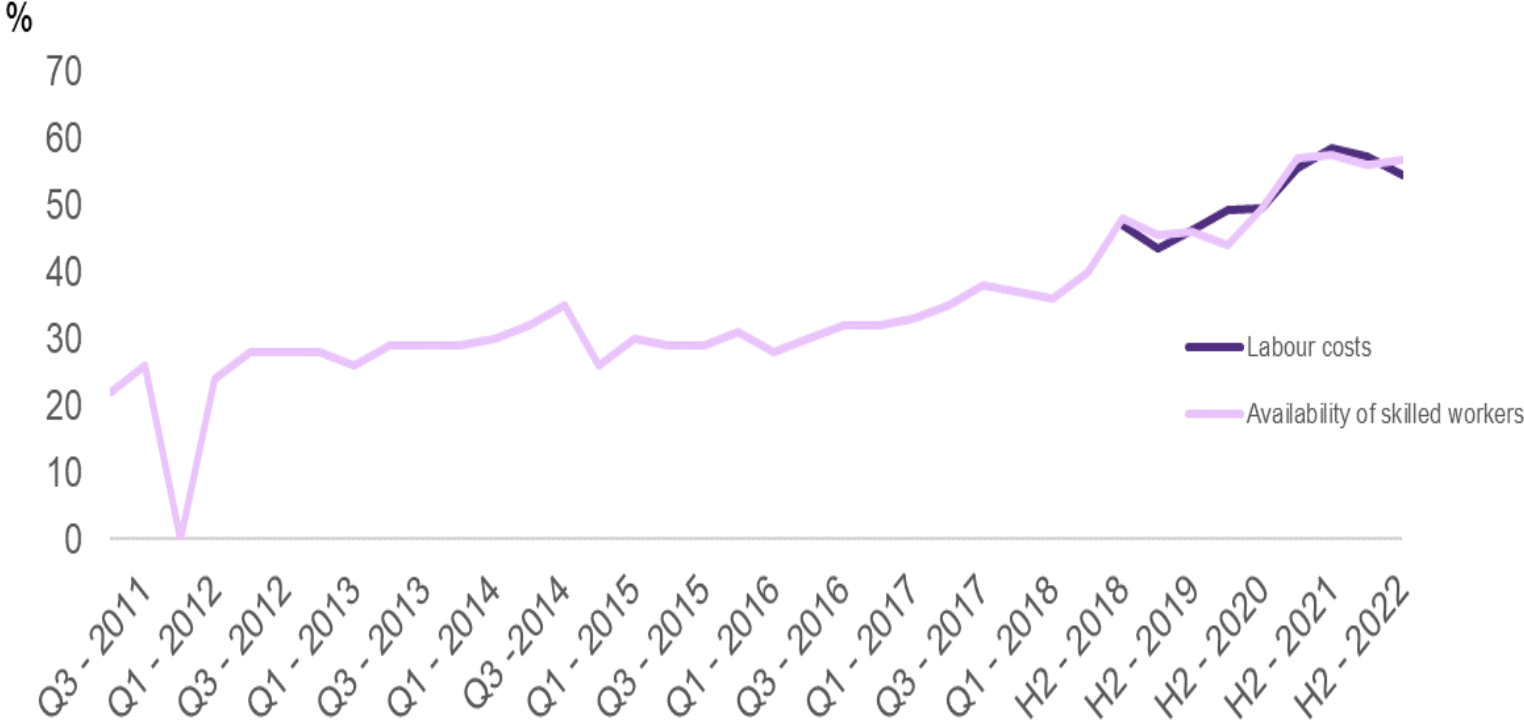


Investment: Investment in productivity



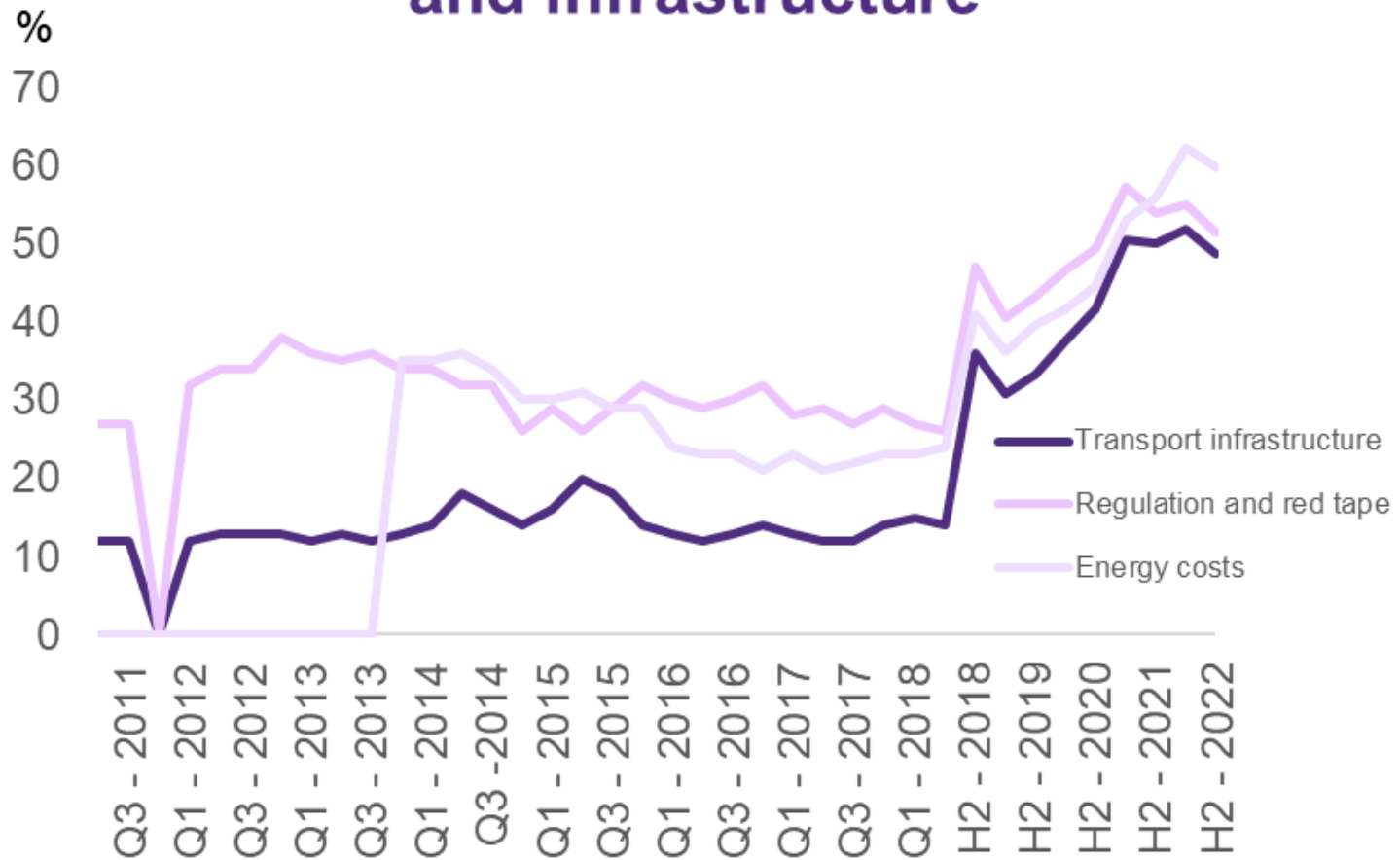
Restrictions - Supply constraints: Labour constraints responses

Supply constraints: Labour constraints

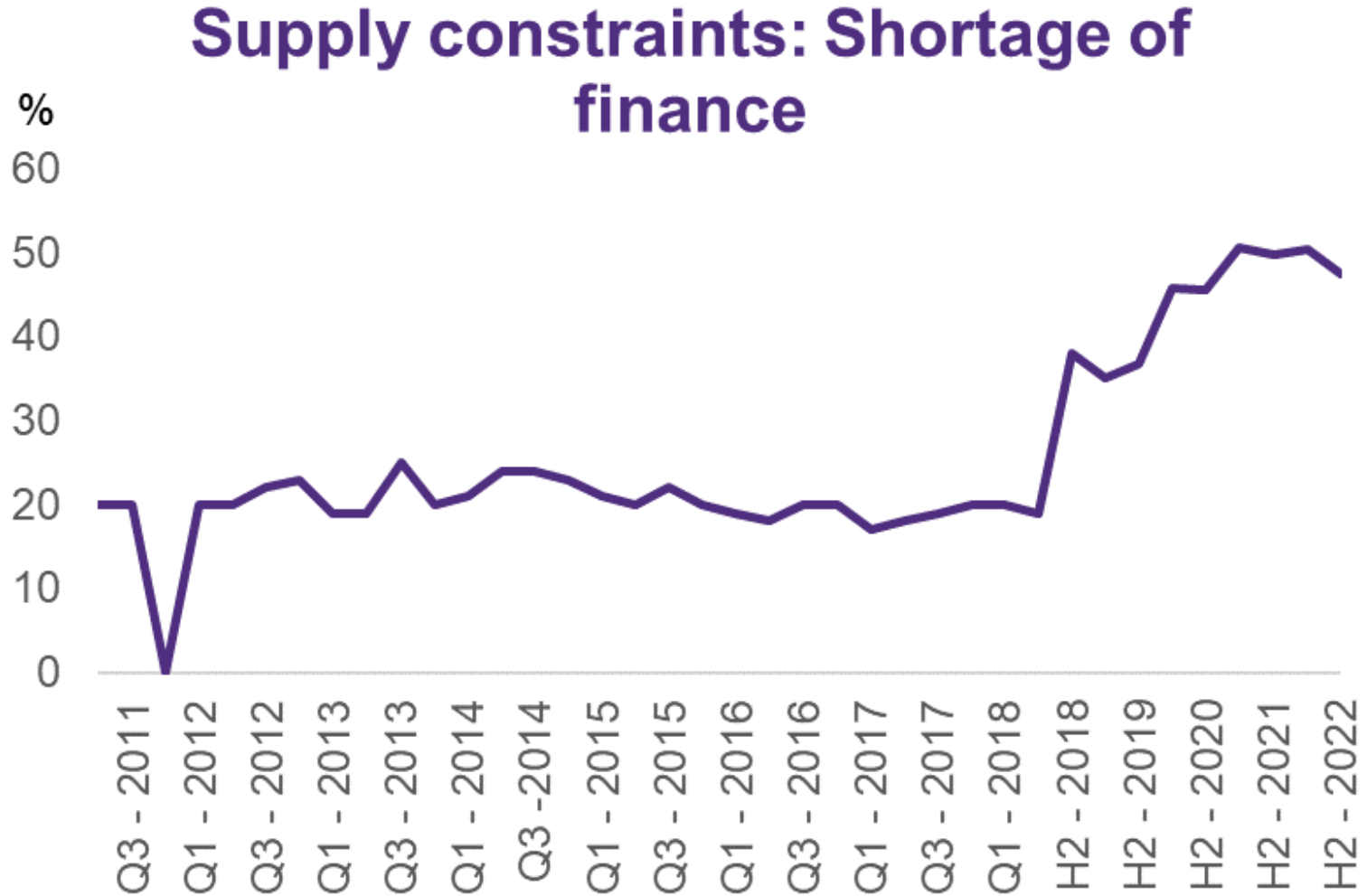


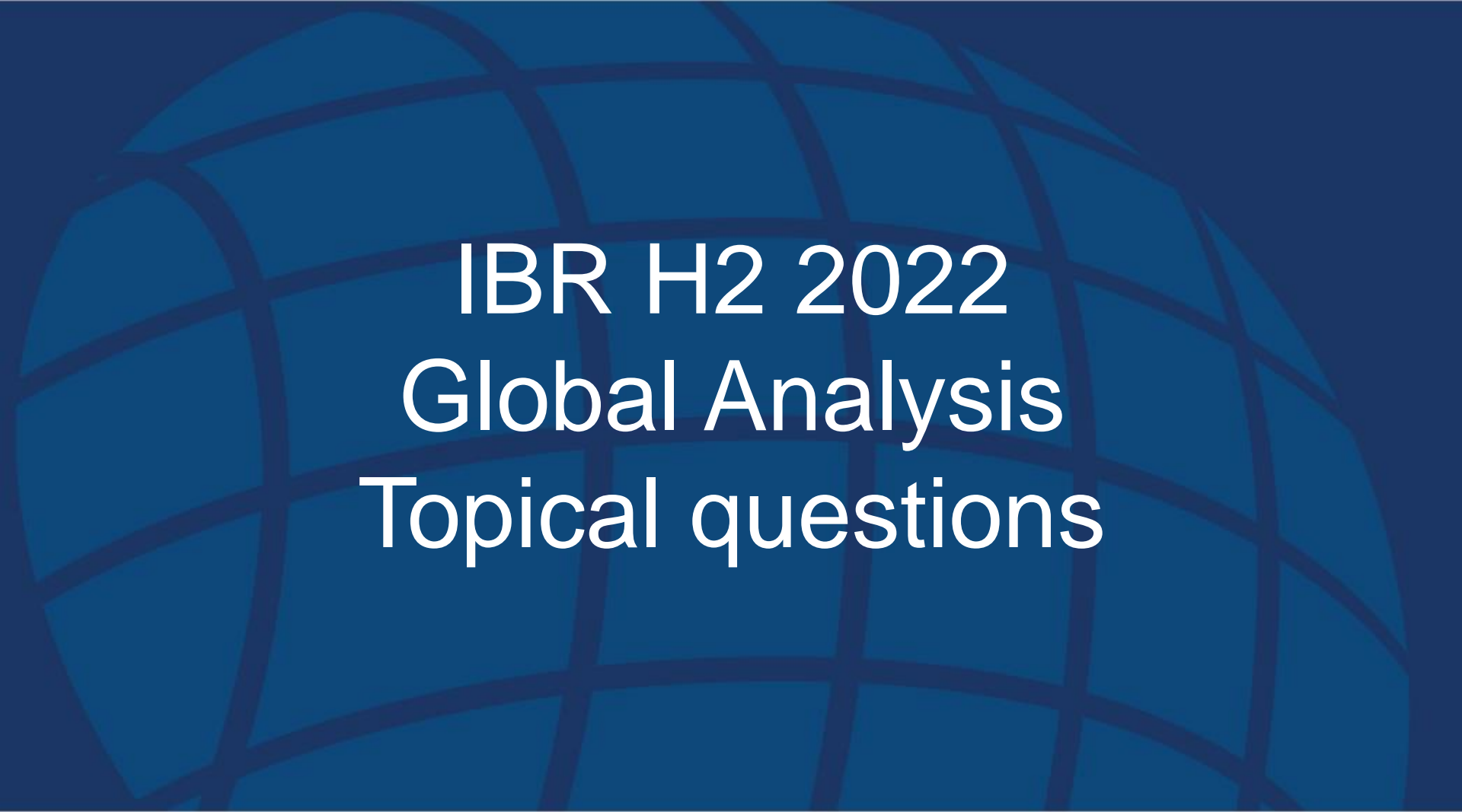
Restrictions - Supply constraints: Regulation and infrastructure responses

Supply constraints: Regulation and infrastructure



Restrictions - Supply constraints: Shortage of finance responses





IBR H2 2022 Global Analysis Topical questions

January 2023

Highest revenue growth export markets

B3a: 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?

What country do you expect to see the highest revenue growth over the coming year?				
	Highest revenue growth export market			
Respondent Country	H2 - 2022	H1 - 2022	H2 - 2021	H1 - 2021
Australia	New Zealand	Canada	New Zealand	China
China	Australia	Russia	United States	Germany
Germany	France; China	France	France	France
Russia	-	-	Kazakhstan	Kazakhstan
UK	United States	United States	United States	United States
US	United Kingdom	United Kingdom	United Kingdom	United Kingdom

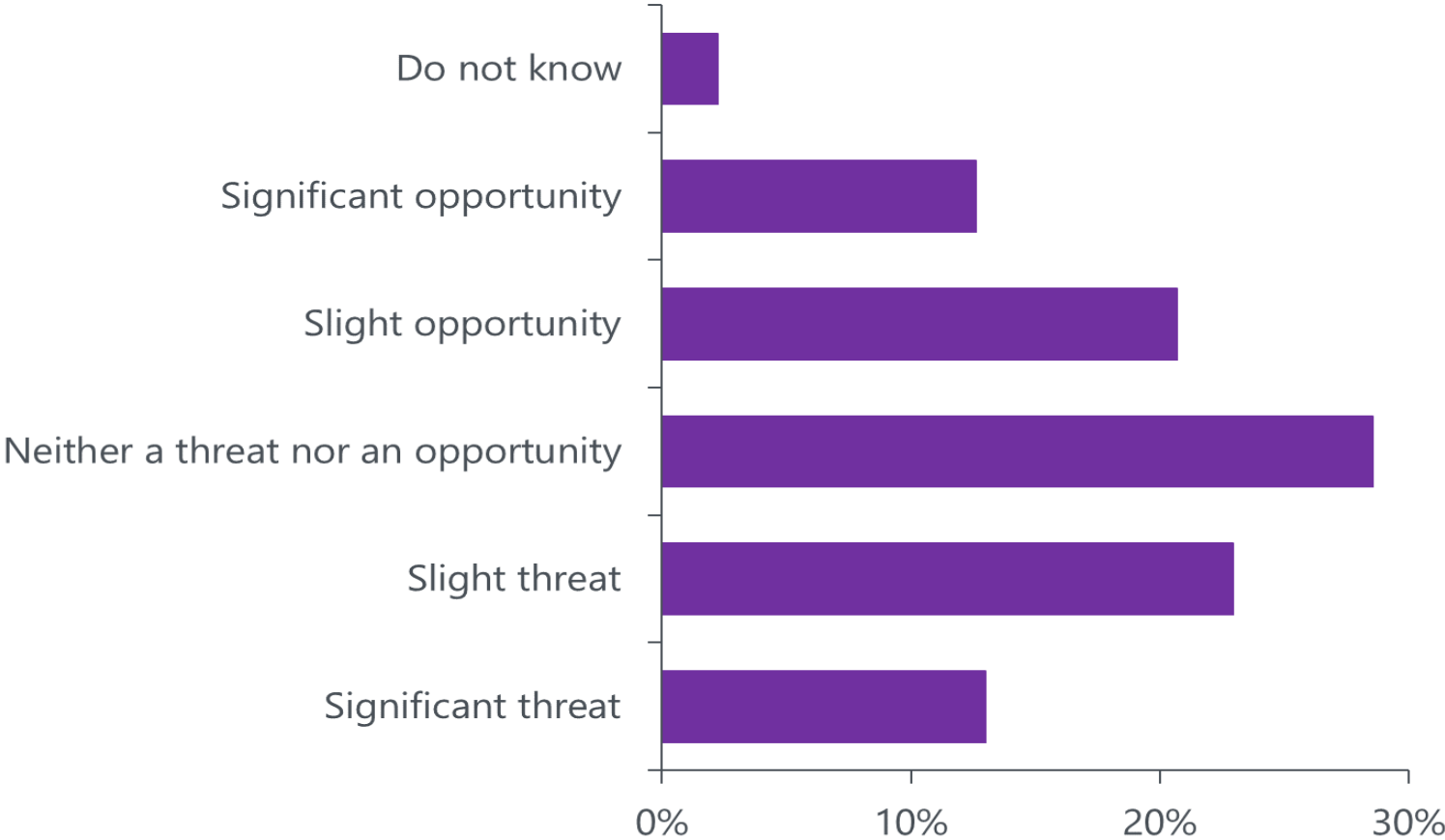
Prioritised market for suppliers and outsourcing

B3c: You mentioned you are planning to maintain or increase your use of non-domestic suppliers and outsourcers. In which country are the suppliers and outsourcers that you are prioritising the most this year?

In which country are the suppliers and outsourcers that you are prioritising the most this year?				
	Highest priority market for suppliers and outsourcers			
Respondent Country	H2 - 2022	H1 - 2022	H2 - 2021	H1 - 2021
Australia	New Zealand	Canada	New Zealand	China
China	Germany	Germany	Germany	United States
Germany	France; China	United States	France	France
Russia	-	-	China	China
UK	United States	United States	United States	United States
US	United Kingdom	United Kingdom	United Kingdom	United Kingdom

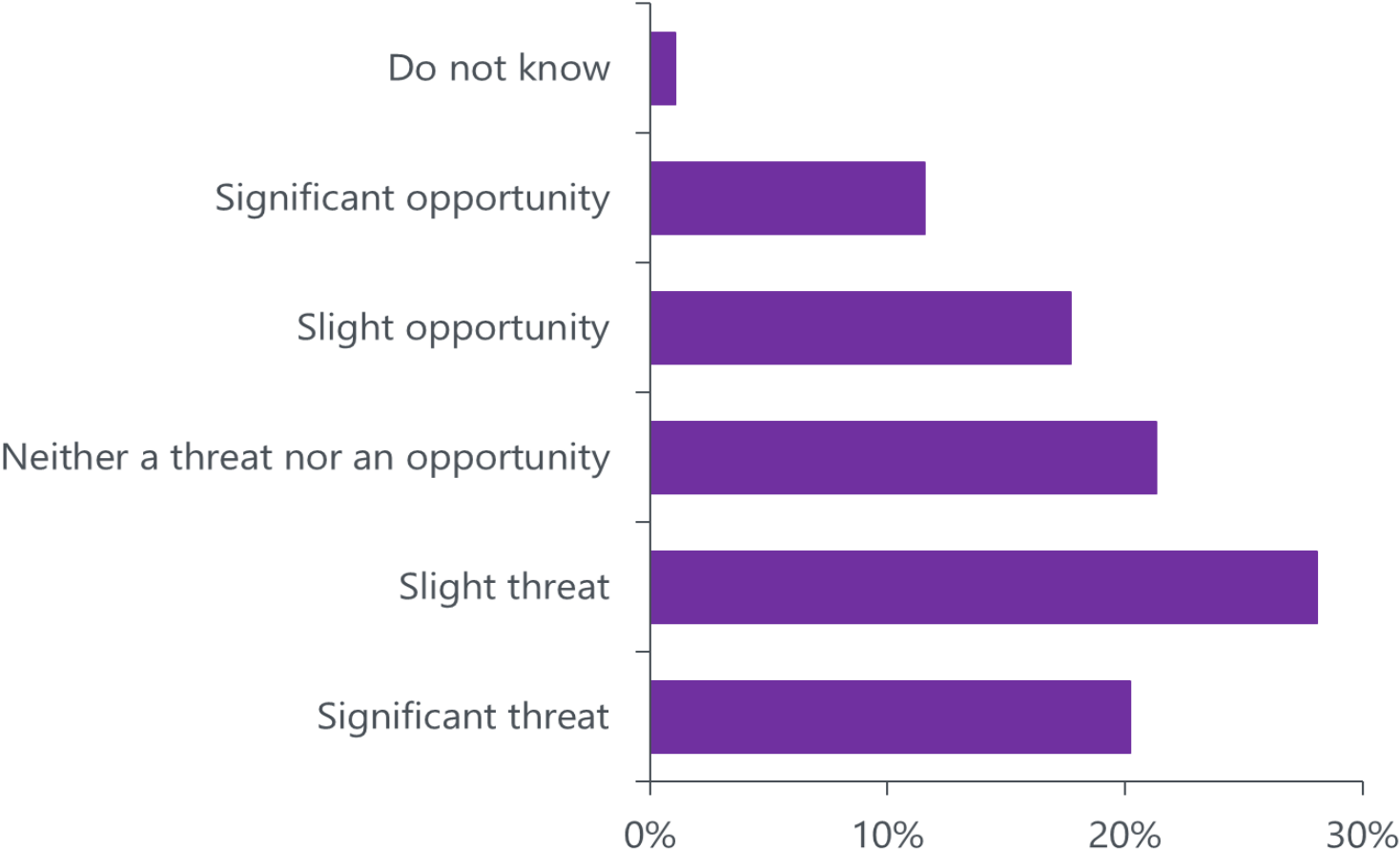
Global: FX Volatility

Global: How big of a threat/opportunity is FX volatility to your business?



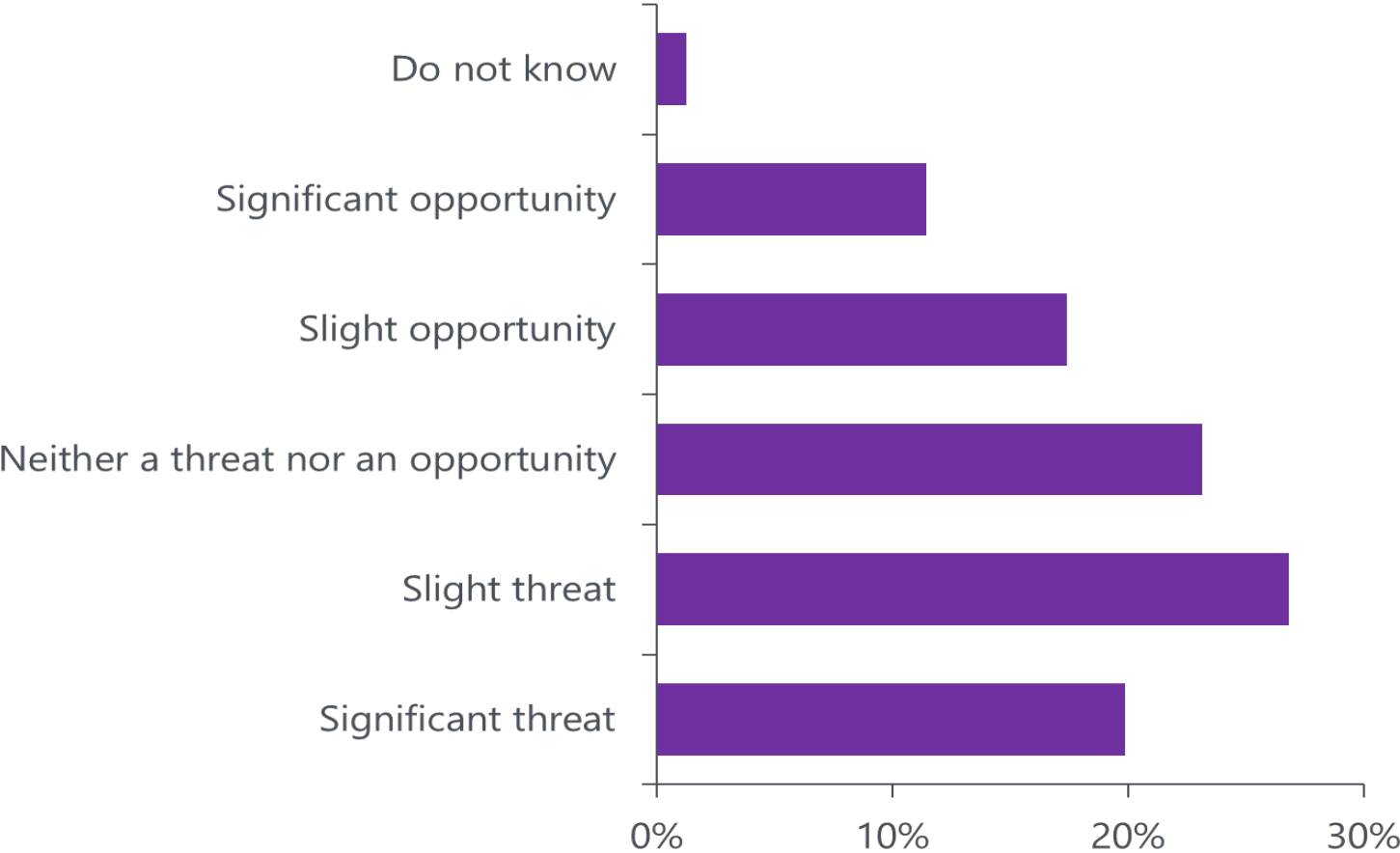
Global: COVID

Global: How big of a threat/opportunity is COVID to your business?



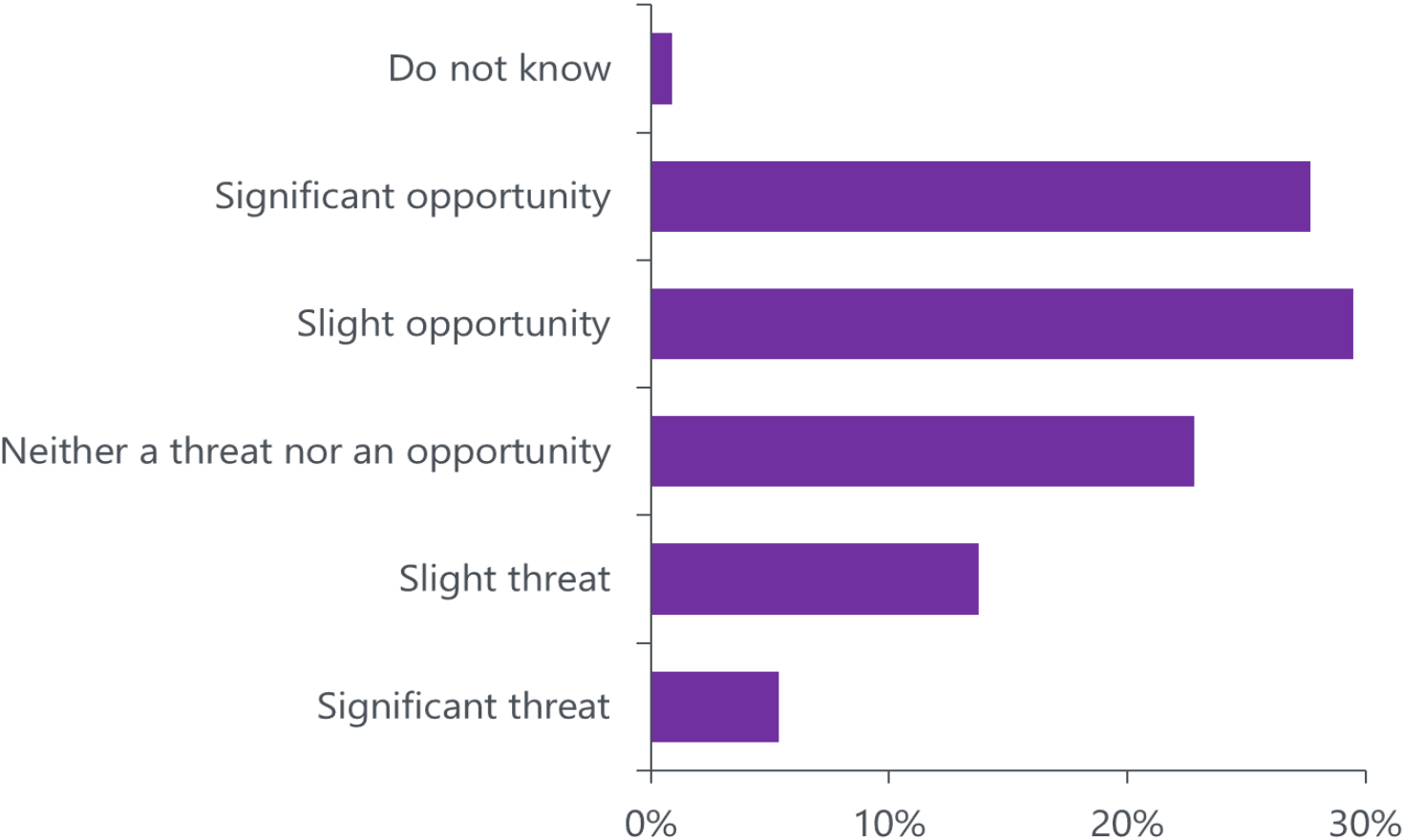
Global: Cyber attacks

Global: How big of a threat/opportunity are cyber attacks to your business?



Global: Digital and Tech Developments

Global: How big of a threat/opportunity are digital/technological developments to your business?



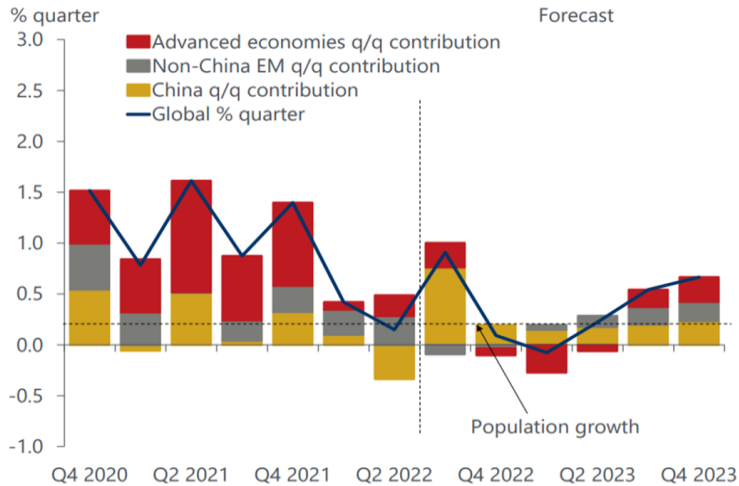


IBR H2 2022 OE Macro Analysis

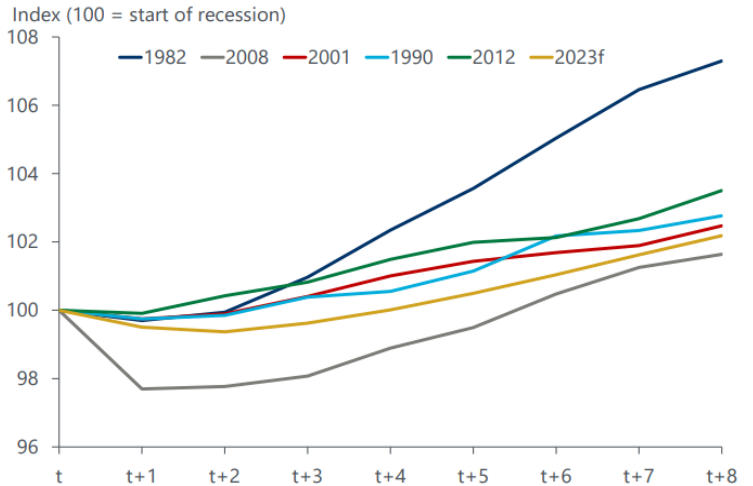
January 2023

Global: Global economy to fall into a recession

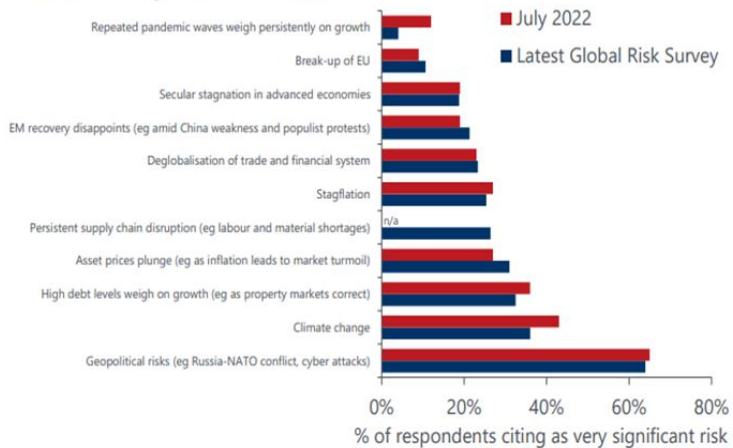
World: GDP



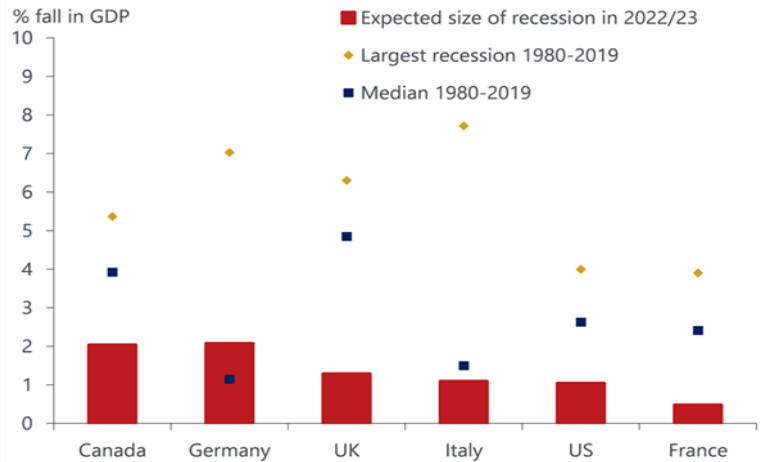
Advanced Economies: recession and recovery



Looking ahead to the next five years, how serious are the following medium-term global economic risks?

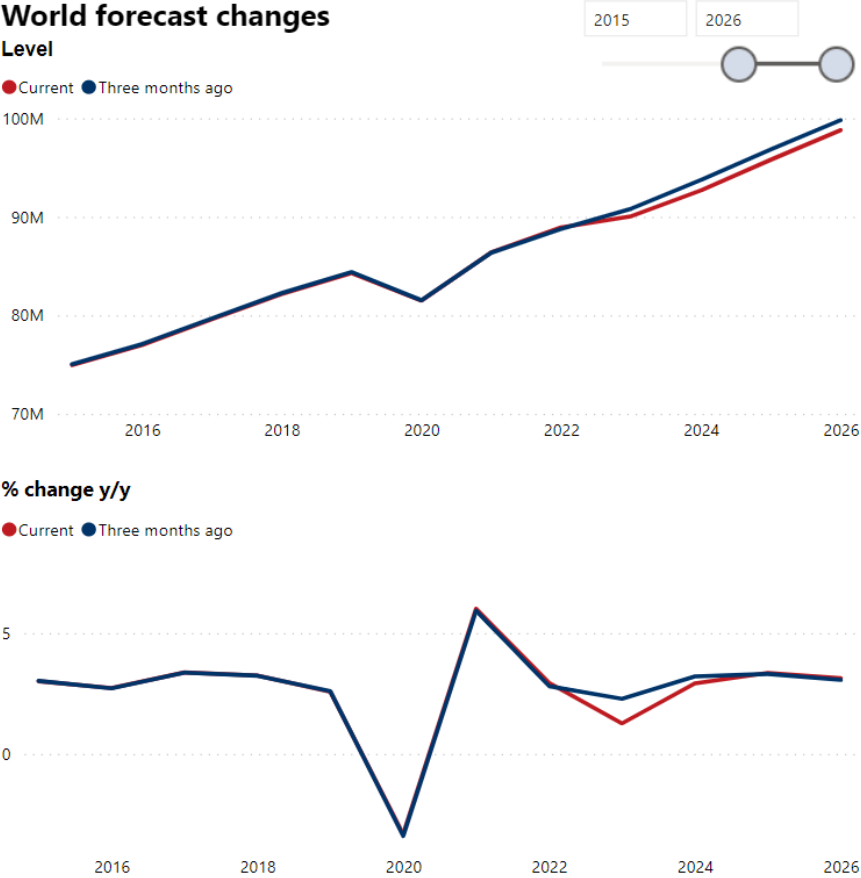


G7 recession size



Global: Forecast revisions in the last three months

Global Forecast Evolution

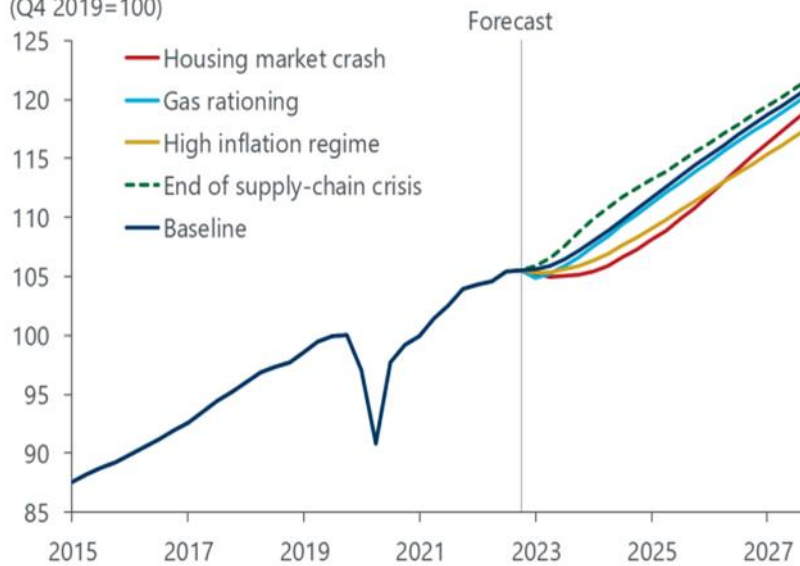


Source: Oxford Economics

Global: Risks to the outlook

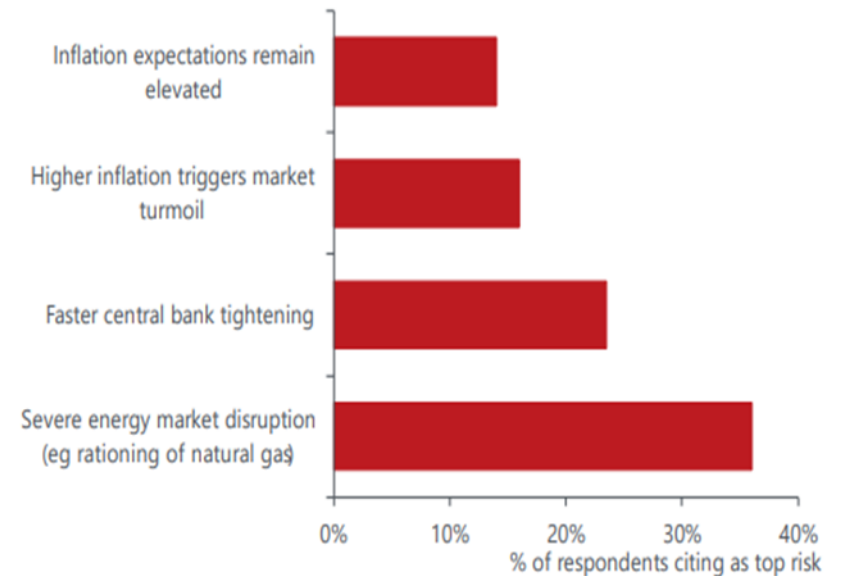
World: GDP

(Q4 2019=100)



Source : Oxford Economics/Haver Analytics

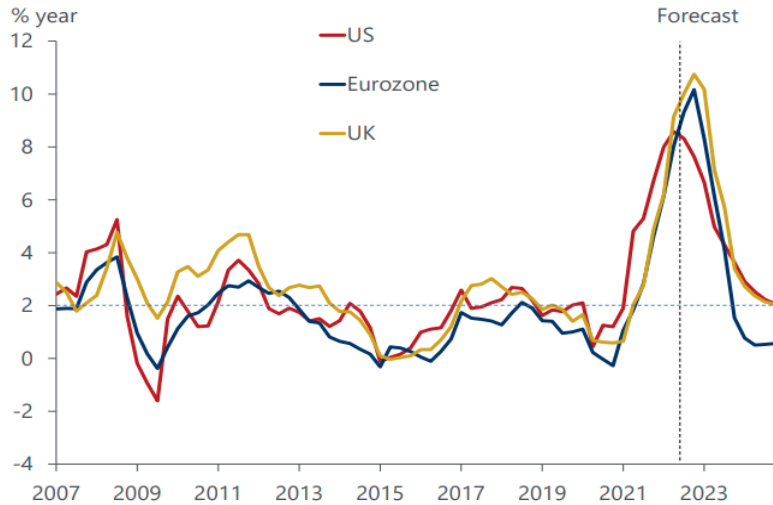
Global Risk Survey: near-term downside risks



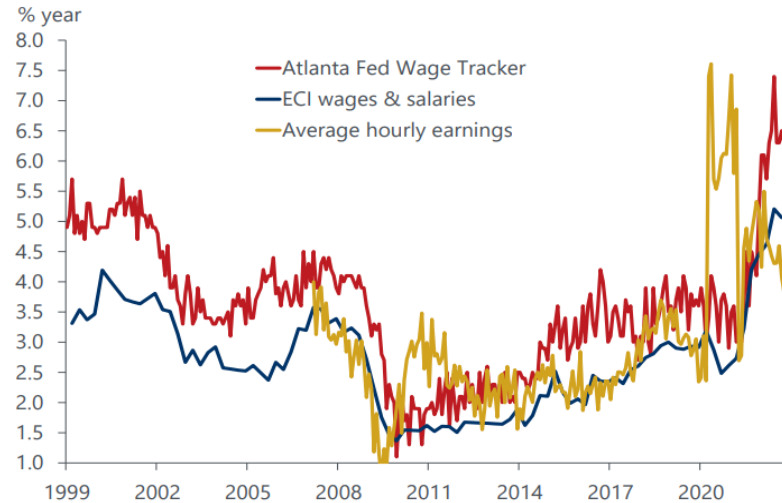
Source : Oxford Economics

Global: Inflation outlook/ pressures

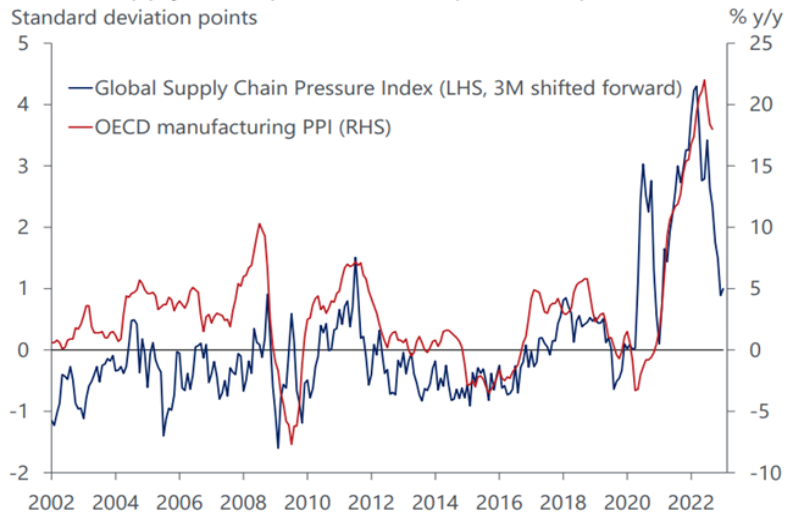
Headline CPI inflation



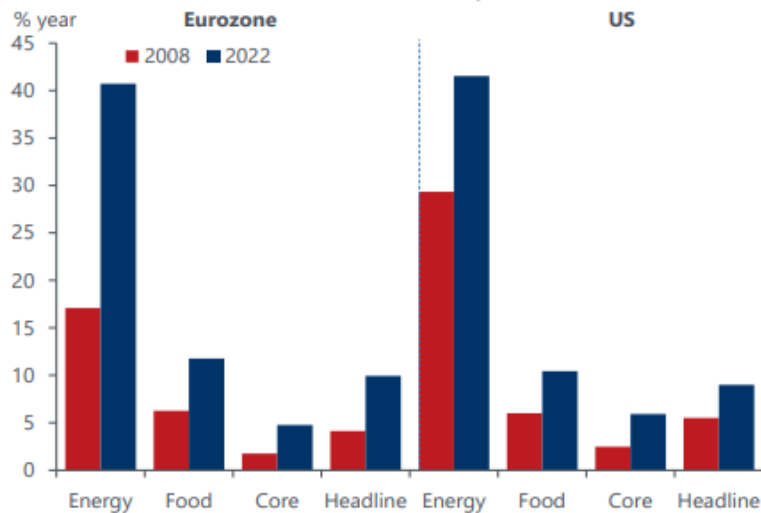
US: Wage growth indicators



Global supply chain pressures and producer prices

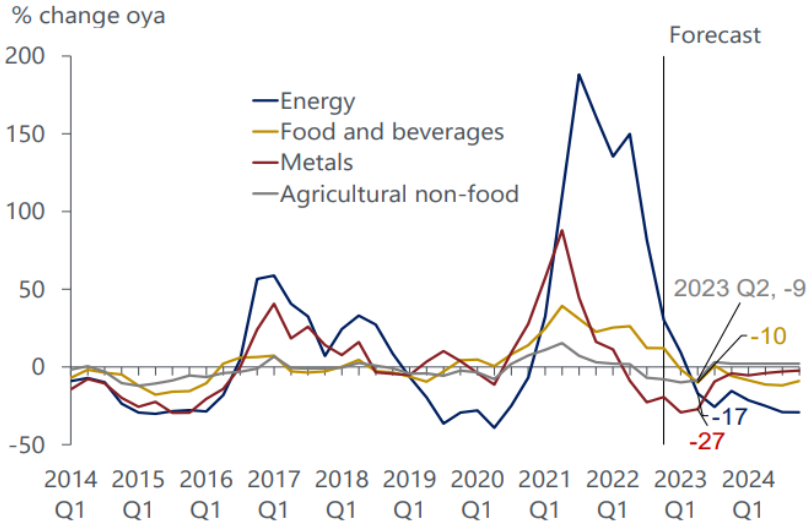


Inflation breakdown: 2008 and 2022 peaks

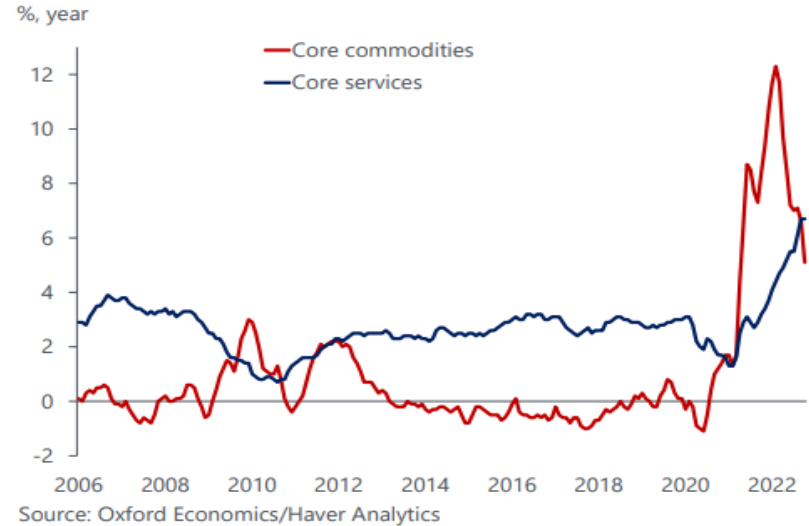


Global: Commodity prices

Commodity prices including OE forecasts

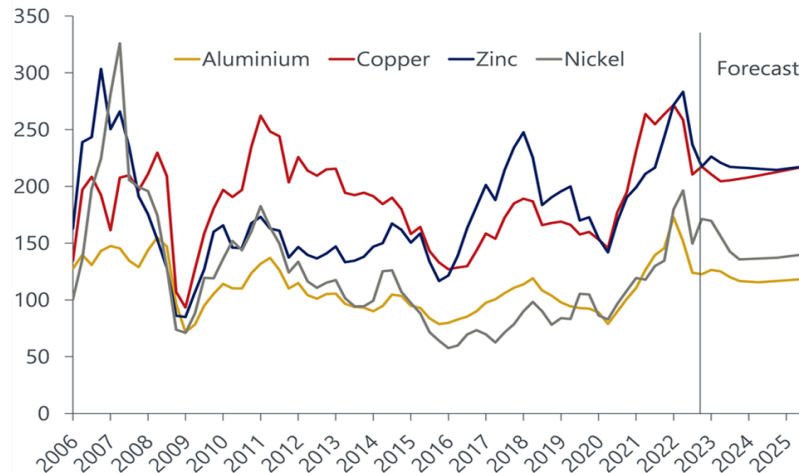


US: Core CPI commodity and services inflation



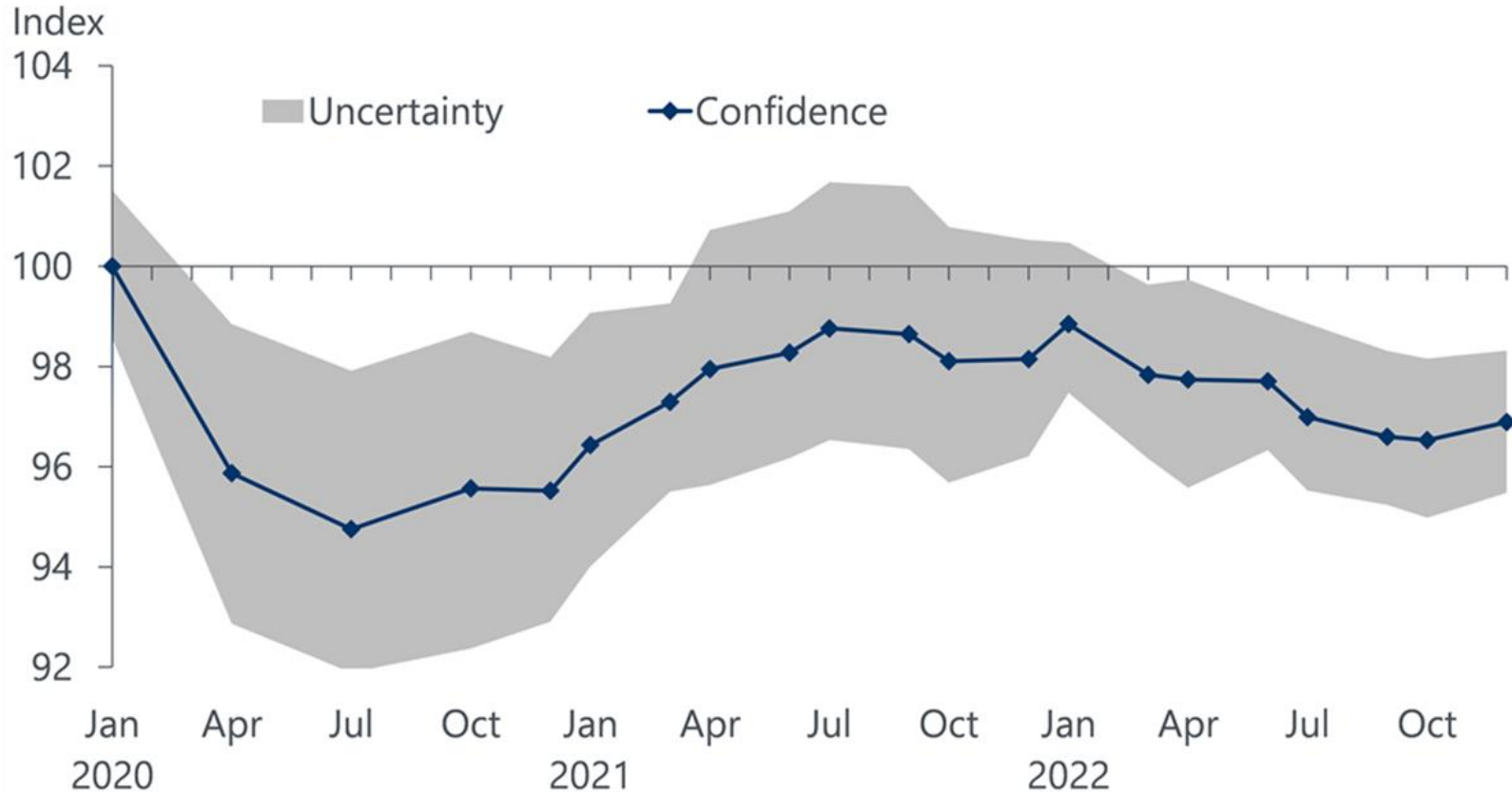
Base metals price forecast

Price Index 2005 = 100



Global: Business sentiment picking up

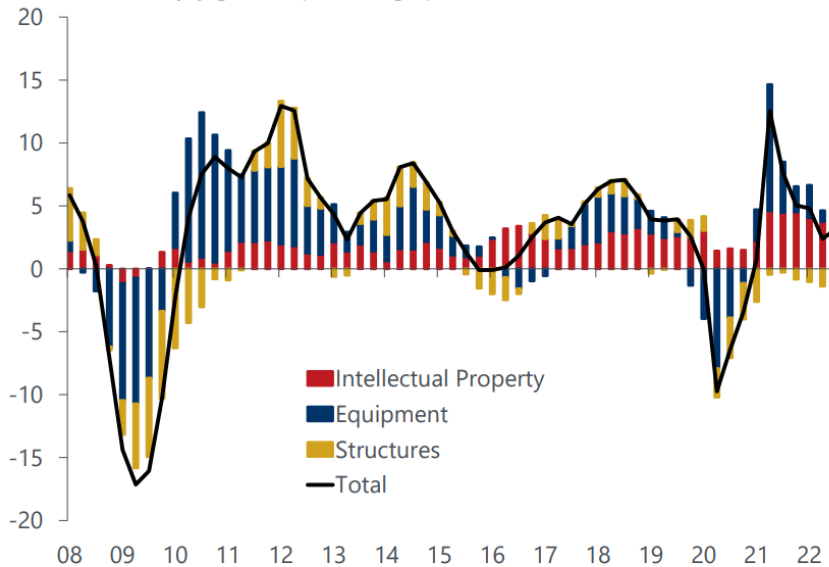
Global Business Sentiment Index*



US: Business investment & supply chain stress tracker

US: Real business investment

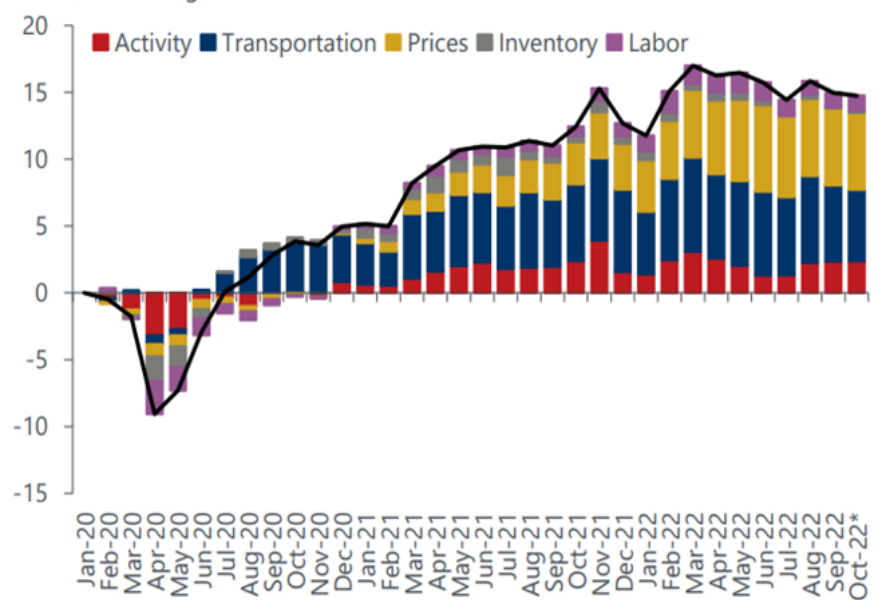
Contribution to y/y growth, percentage points



Source: Oxford Economics/Haver Analytics

US: Supply chain stress tracker

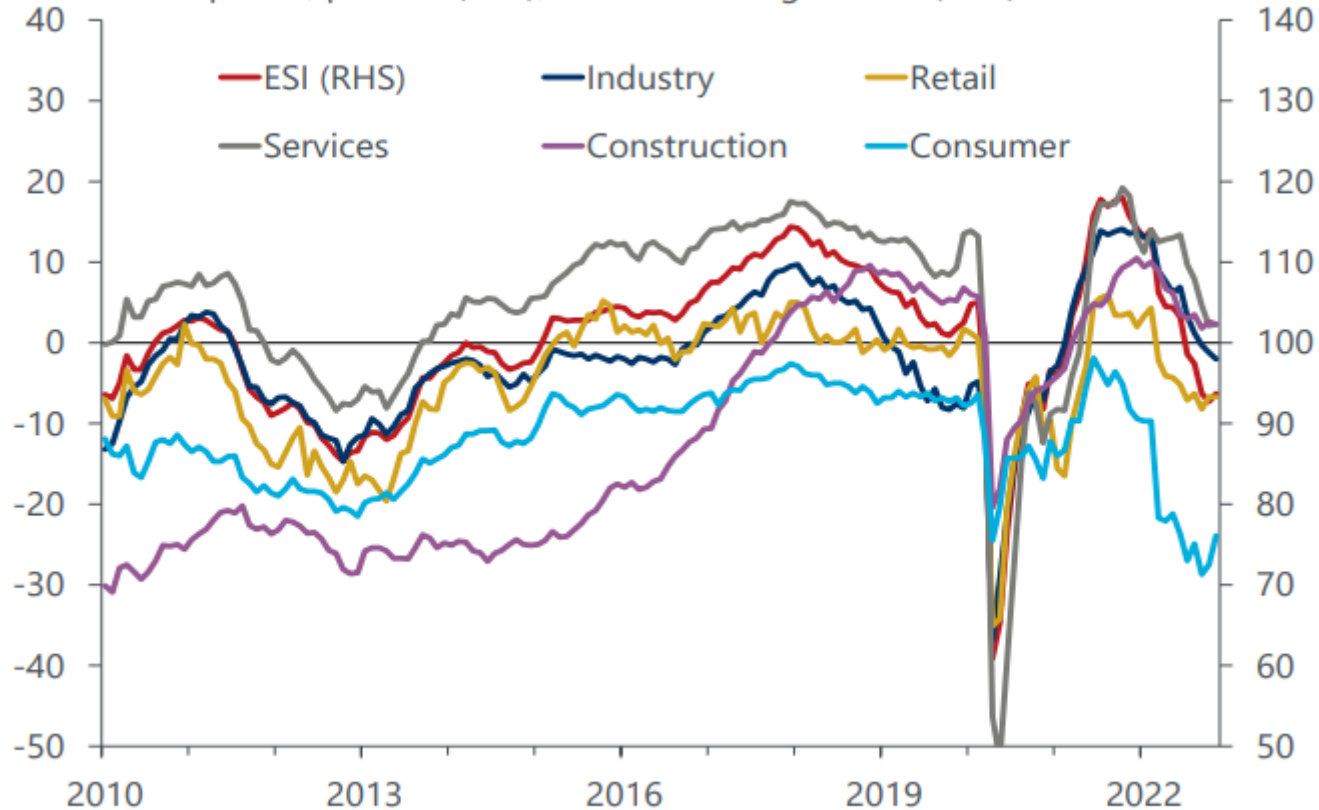
Index; > 0 = heightened stress



Eurozone: ESI and components

Eurozone: ESI and components

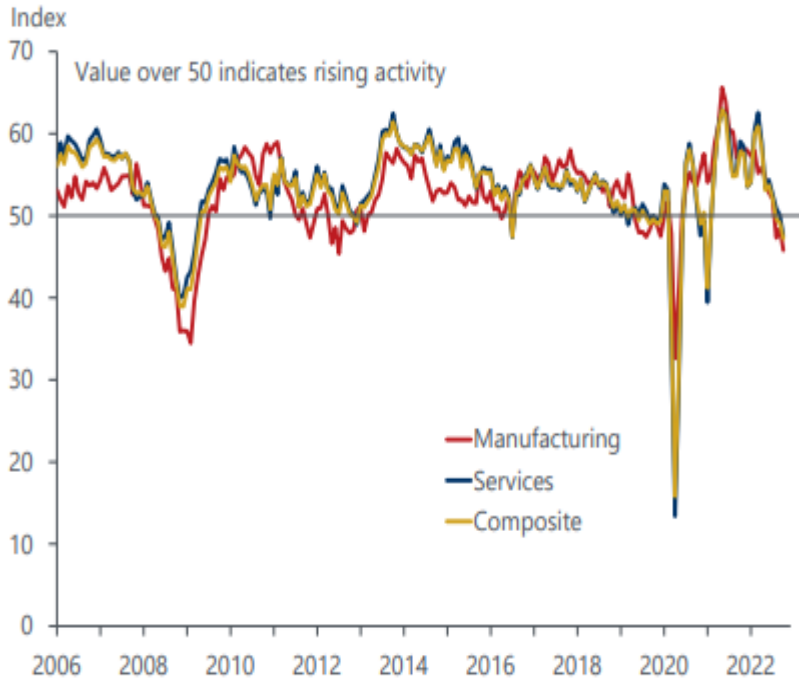
Balance of opinion, percent (LHS), Index LT average = 100 (RHS)



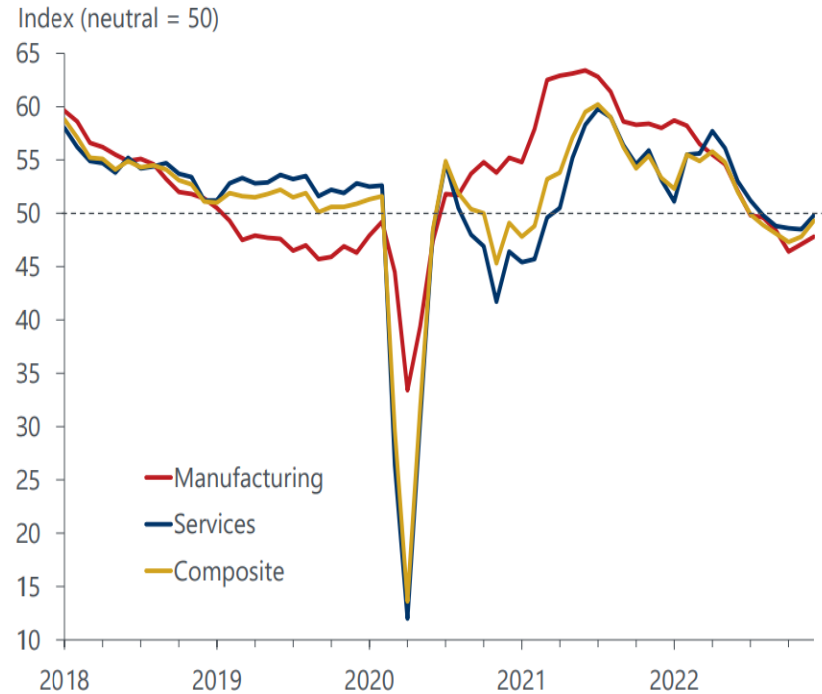
Source: Oxford Economics/Haver Analytics

UK and Eurozone: PMI survey results

UK: IHS Markit/CIPS surveys

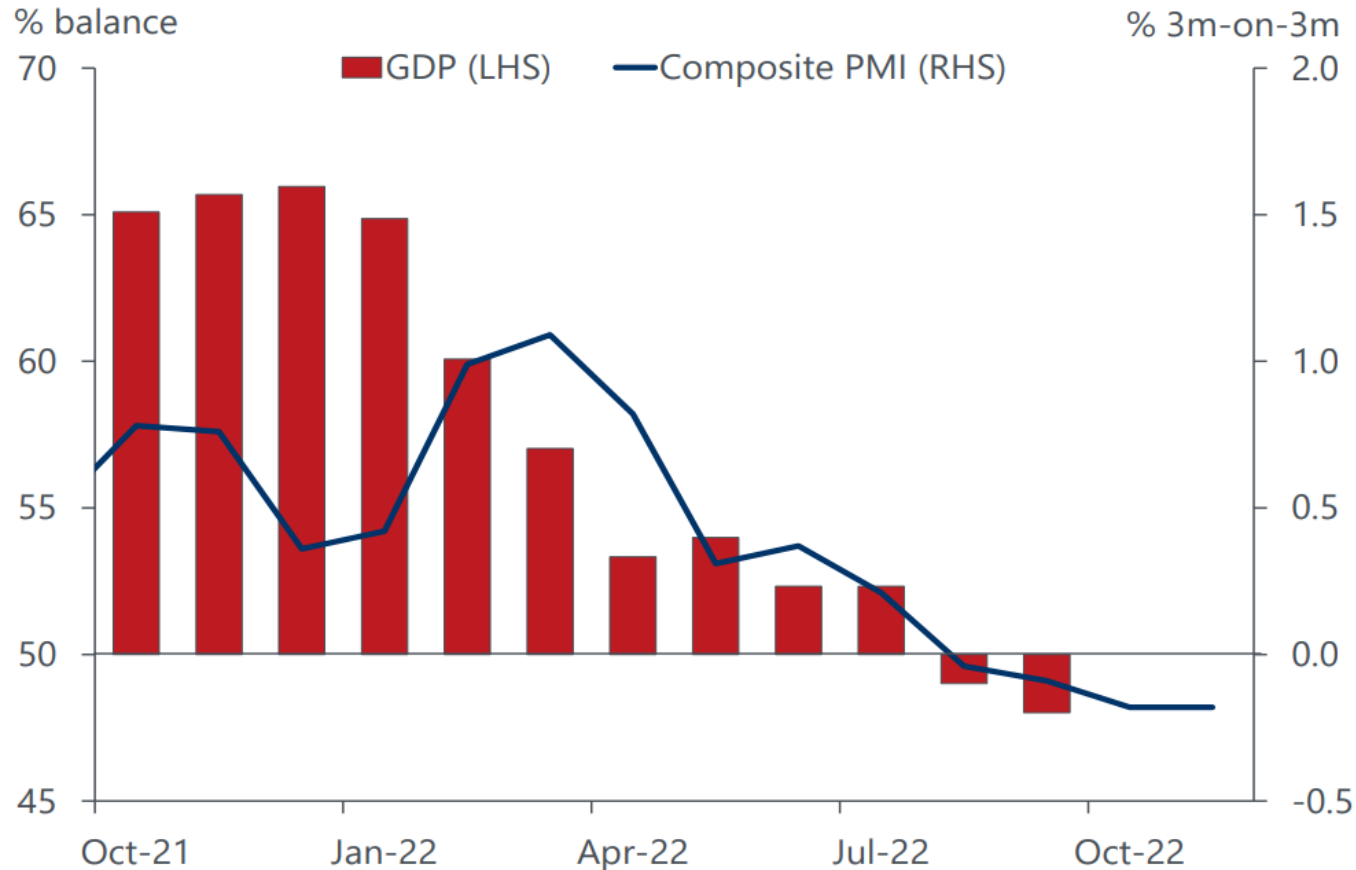


Eurozone: PMIs



UK: Economy drifting into recession

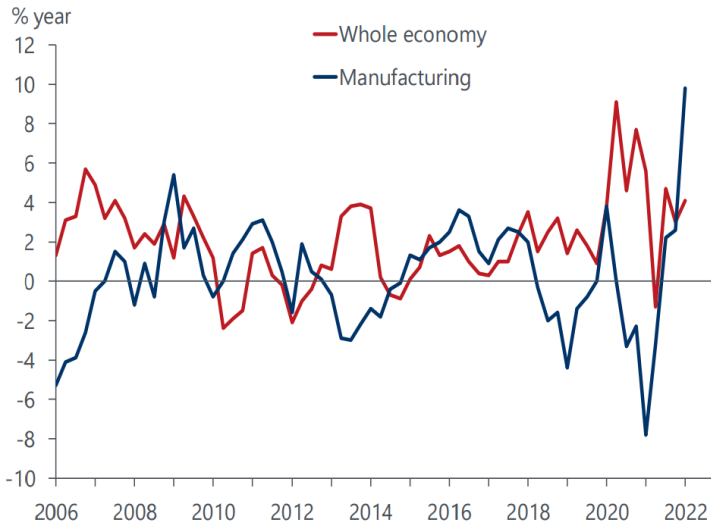
UK: GDP vs composite PMI



Sources: ONS, CIPS, S&P Global

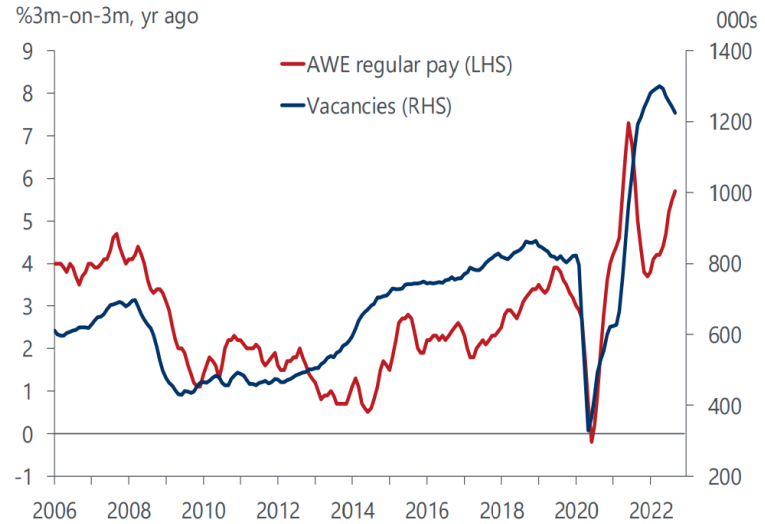
UK: Labour market remains tight

UK: Unit wage costs



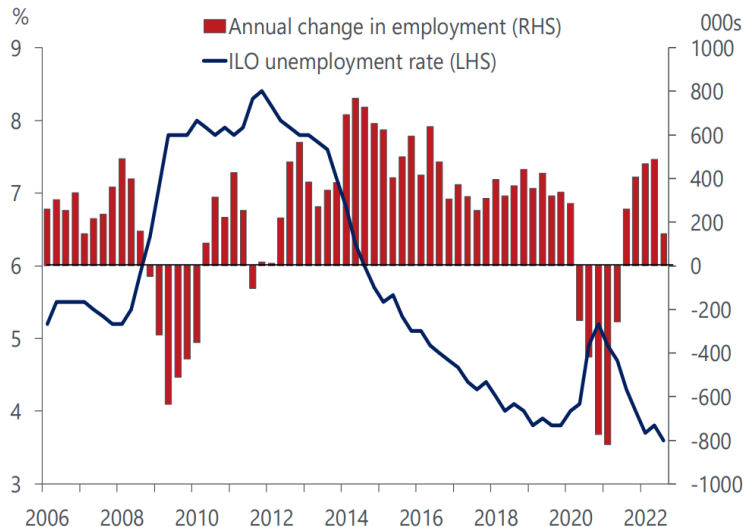
Source: Haver Analytics

UK: Earnings growth & job vacancies



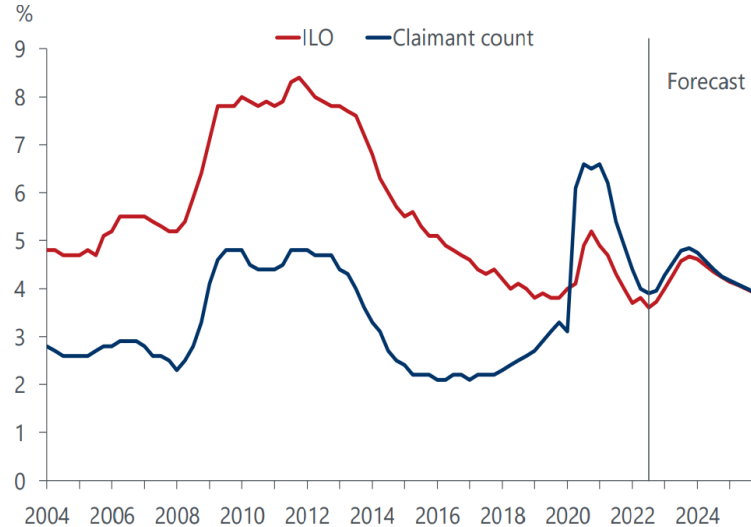
Source: Haver Analytics

UK: Labour market indicators



Source: Haver Analytics

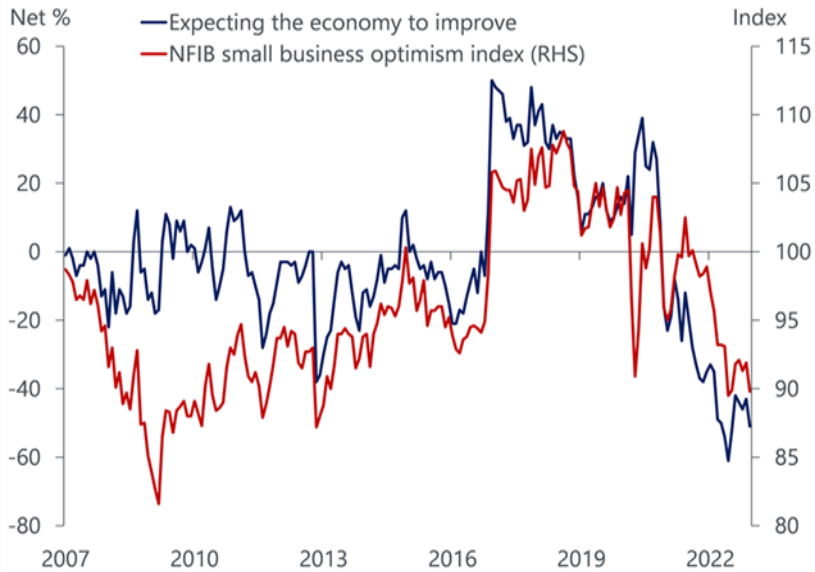
UK: Unemployment rate



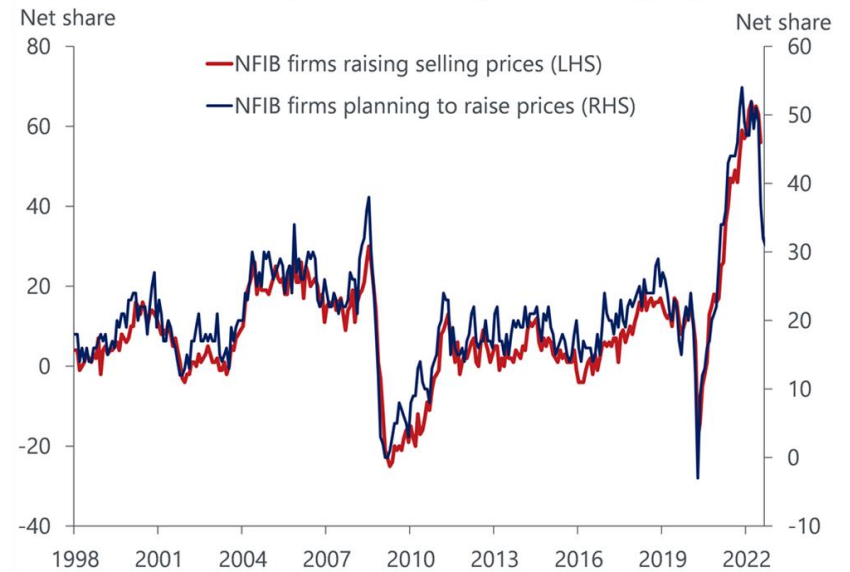
Sources: Oxford Economics/Haver Analytics

US: Small business optimism remains historically low

US: Small businesses confidence

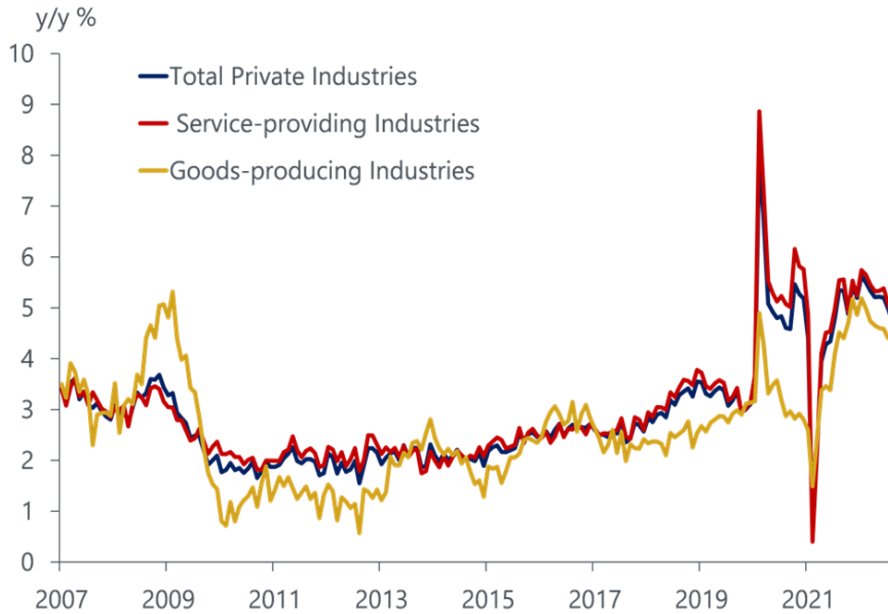


US: Small business optimism survey - inflation gauges



US: Wage growth and employment recovery are slowing

US: Total private average hourly earnings



US: Employment recovery

Peak pre-recession employment = 100

