dun & bradstreet

Global Business Optimism Insights

Q1 2025

Dun & Bradstreet® Global Business Optimism Insights

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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 we step into 2025, the GBOI survey reveals a growing sense of supplier risk, driven by increasing days payable outstanding, which signals that businesses may struggle to secure dependable suppliers. This is further compounded by declining optimism around supplier diversification, as companies are increasingly focusing on localizing their supply chains to counter the challenge of sourcing reliable partners.

Although global central banks, except for the Bank of Japan, have implemented interest rate cuts, businesses' perception is that the cost of capital will remain elevated, indicating heightened credit risk for suppliers. Moreover, waning optimism in sales and export orders reflects broader concerns over global economic weakness, rising geopolitical tensions, and trade policy uncertainty, which are compelling companies to delay their capital expenditure plans.

Cumulatively, these factors indicate a more cautious and uncertain outlook for businesses in Q1 2025, particularly in terms of supply chain stability and investment strategies.

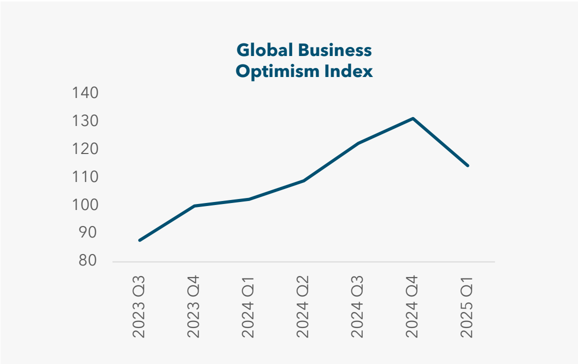
The Global Business Optimism Index declined 12.9% q/q for Q1 2025, its first decline since the series began in 2023, with all 32 surveyed economies seeing a downturn. This reflects concerns over weak global growth, rising geopolitical risks, and trade policy uncertainty. However, the overall trend suggests a correction from high optimism levels, with businesses in most economies still more optimistic than a year ago.

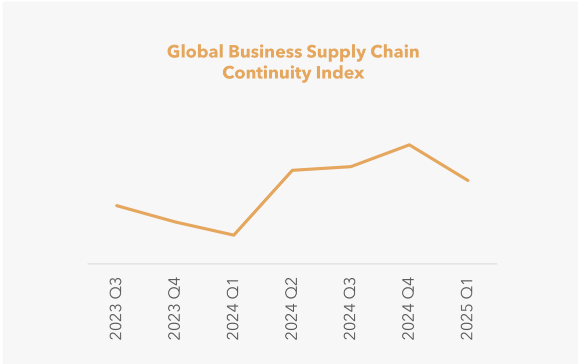
The Global Supply Chain Continuity Index declined 10.4% q/q for Q1 2025, with advanced economies down 9.7% and emerging economies down 12.9%. Medium-sized businesses saw a steep 36% decline, while small businesses declined 3.5%. Large businesses showed resilience with a 10.7% improvement. Key sectors such as utilities, textiles, and chemicals saw the biggest drops in optimism levels. Global supply chains faced challenges such as rising freight rates, container shortages, geopolitical disruptions, and payment delays, especially for small and medium-sized businesses.

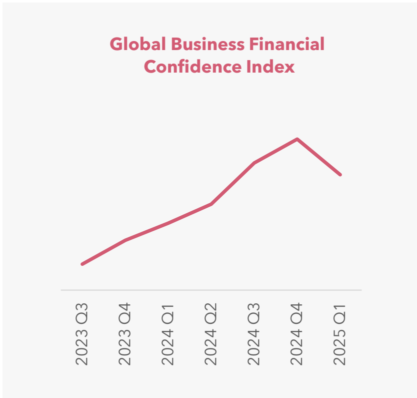
The Global Business Financial Confidence Index declined 8.9% q/q for Q1 2025, driven by the uncertain macroeconomic environment, persistent weak demand, increased balance sheet risk, and declining financial risk appetite, especially for small and medium-sized businesses. The optimism level for large businesses improved 12.7%, exhibiting resilience, while small and medium-sized businesses faced significant declines in optimism levels. Both advanced (-8.8%) and emerging (-9.2%) economies registered declines, with more than half of the economies surveyed posting double-digit deteriorations in the range of 11-27%.

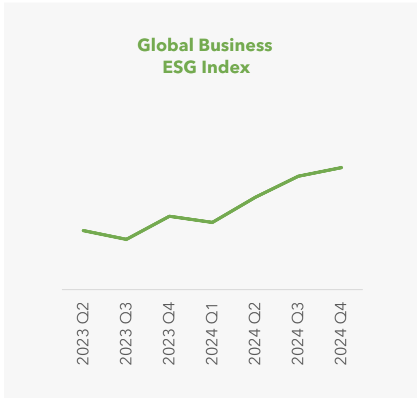
The Global Business Investment Confidence Index declined a modest 4.7% q/q for Q1 2025 but remains significantly above the Q2 2024 index value. Central banks have continued to lower their policy rates in key markets such as the U.S., the EU, and the U.K.; however, optimism around capital spending has been tempered. Many governments are expected to change going into 2025, and businesses are in a 'wait-and-see' mode in case of any sharp changes in policy directives.

The Global Business ESG Index rose 2.4% q/q in Q4 2024, highlighting the focus on sustainability despite challenging economic conditions. Survey data on Q1 2025 budgets for sustainability initiatives shows a sharp contrast in automotive manufacturing spending between the U.S. and the EU, likely due to diverging focuses on sustainability policies contributing to the contrasting budget allocations.









Index	Q2 2024	Q3 2024	Q4 2024	Q1 2025
(A) Global Business Optimism Index	109	122	131	114
(B) Global Business Supply Chain Continuity Index	113	115	123	110
(C) Global Business Financial Confidence Index	107	121	128	117
(D) Global Business Investment Confidence Index	105	130	134	128
(E) Global Business ESG Index	110	116	119	

By Sector

Sector	(A)	(B)	(C)	(D)	(E)
Accommodation and food service activities	111	116	118	125	121
Construction	116	115	117	126	117
Financial and insurance activities	112	111	120	132	120
Information and communication	110	114	120	128	120
Mfg.: automotive	116	111	118	125	123
Mfg.: capital goods	116	106	115	131	118
Mfg.: chemicals, rubber, plastics, and pharma	114	104	113	129	119
Mfg.: electricals, electronics, and hardware	120	110	116	127	117
Mfg.: food, beverages, and tobacco	116	106	117	129	116
Mfg.: metals	119	109	118	128	120
Mfg.: textiles, wood, paper, and leather	121	101	119	130	123
Mining	119	113	117	131	115
Other services – professional and administrative	109	109	120	131	118
Real estate activities	111	108	117	129	121
Transportation and storage	119	110	117	129	122
Utilities	114	107	110	122	119
Wholesale and retail trade	114	112	114	122	118

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 declined 12.9% q/q for Q1 2025 across all 32 surveyed economies – the first drop since the series began in 2023 – reflecting heightened economic uncertainty, geopolitical tensions, and sluggish growth. Anticipation of new U.S. trade policies and lingering supply chain and labor market disruptions likely also contributed to the downturn.
- However, this decline may signal a correction from previously elevated optimism levels rather than a bleak outlook, as 30 out of 32 economies (excluding Spain and Taiwan Region) still show optimism levels comfortably above those seen in Q1 2024.
- Among the 32 economies surveyed, 26 reported a decline in optimism about new export orders, with almost half of them having over 10% trade exposure to either the U.S. or the Chinese Mainland.
- Medium-sized businesses recorded the sharpest decline in optimism (-22.4%), reflecting their heightened sensitivity to economic shifts, while small businesses saw a 13.3% drop, and large businesses experienced a more modest decline of 1.8%.
- Optimism weakened across manufacturing (-11.3%) and services (-13.6%), with manufacturers in chemicals and pharmaceuticals (-14.8%) and automotives (-14.6%) reporting the largest declines. For services, wholesale and retail trade (-16.5%) and real estate activities (-16.1%) led the decline.
- Businesses based in Kenya (-24.8%), Germany (-23.3%), and Egypt (-23.1%) saw the steepest declines in optimism, likely due to domestic economic challenges, while those in Poland (-0.9%), Sweden (-1.7%), and Australia (-3.0%) remained relatively resilient.

Chart 1: Quadrant Of Optimism – Global Business Optimism Index

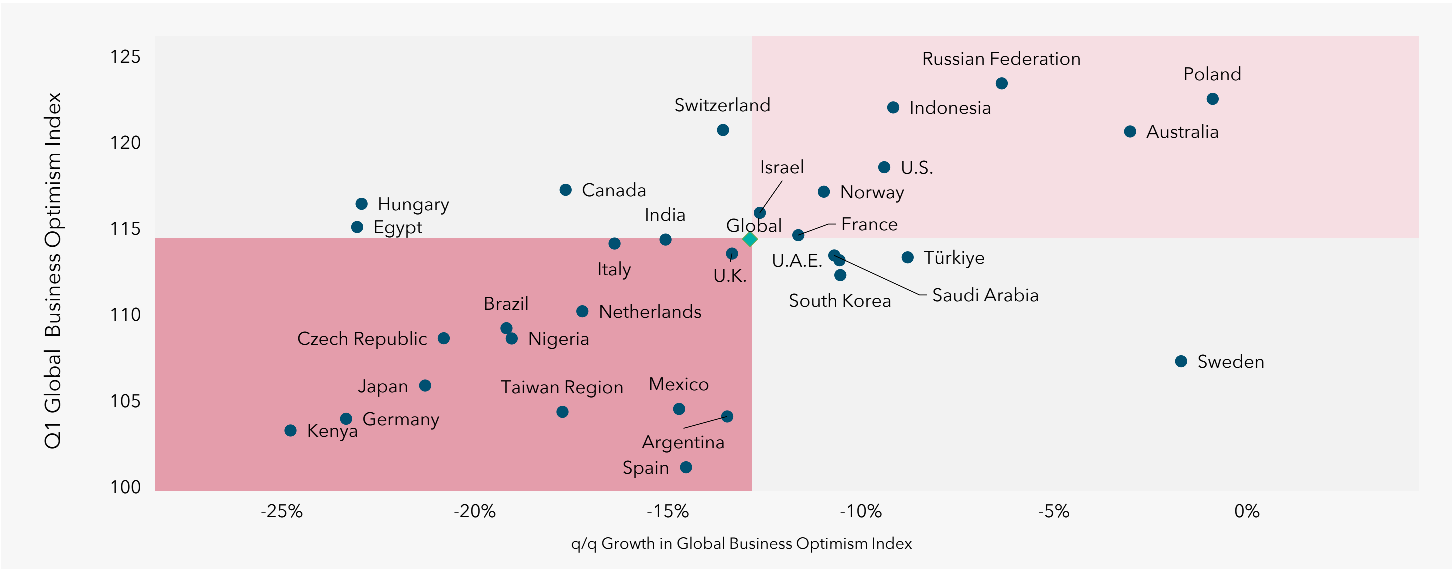


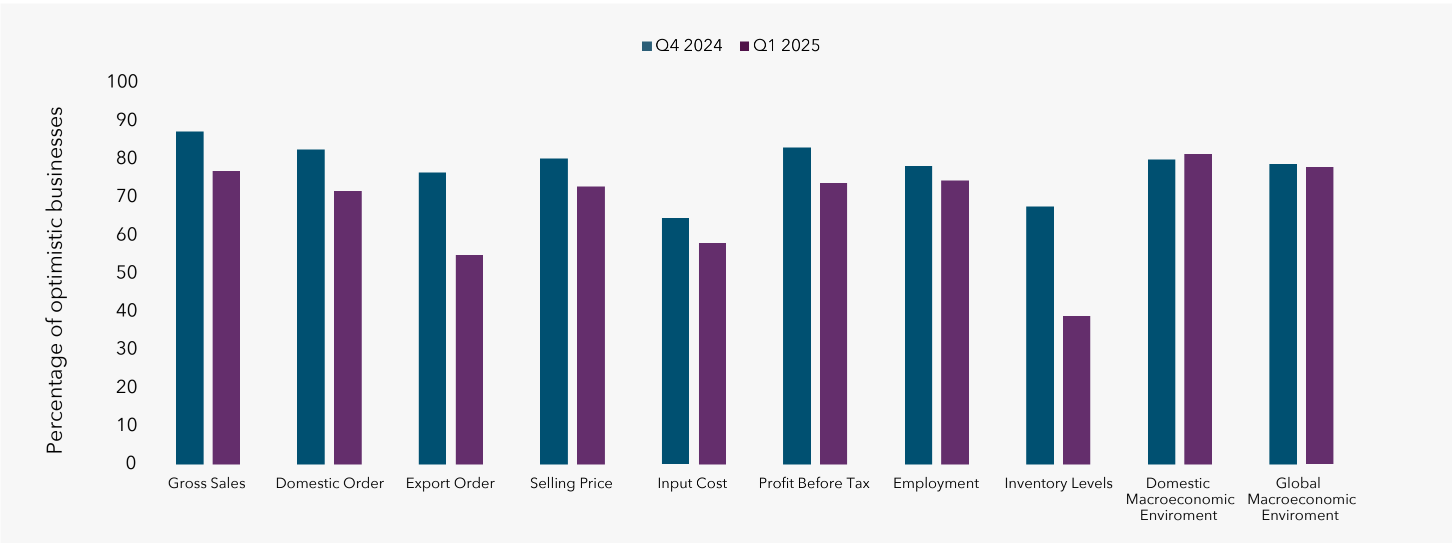
Table 1: Firm-Size – Global Business Optimism Index

Period	Small	Medium	Large
Q2 2024	97.2	111.2	117.9
Q3 2024	132.6	122.1	112.4
Q4 2024	138.5	134.7	120.9
Q1 2025	120.1	104.5	118.7

The widespread decline in global business optimism highlights growing concerns over weak global growth, rising geopolitical risks, and uncertainty surrounding trade policy. Speculation over potential trade policy changes from the new U.S. administration, coupled with ongoing challenges in supply chain recovery and labor market realignments, appears to have further dampened confidence among businesses worldwide. The percentage of businesses reporting optimism for domestic orders fell to 71.6% (-10.9 pps), while expectations for export orders dropped sharply to 54.8% (-21.6 pps), reflecting concerns over sluggish trade activity. Companies anticipate rising inventories (-28.7 pps to 38.8%) due to weaker order inflows, signaling demand constraints that have tempered expectations for raising selling prices (-7.3 pps to 72.8%). Persistent inflationary pressures, such as elevated raw material costs (-6.5 pps to 58.0%) and rising labor expenses (-3.8 pps to 74.4%), are expected to squeeze margins further, resulting in lower profit optimism (-9.3 pps to 73.7%).

While these figures underscore real challenges, the broader trend suggests a correction from previously elevated optimism levels rather than a bleak outlook. In fact, optimism for an overwhelming majority of the economies surveyed remains higher than in Q1 2024. However, optimism related to new export orders and inventory pressures (-12.7 pps and -26.4 pps, respectively) have notably worsened globally. This signals that businesses are adjusting to evolving global trade dynamics, with the effects of nationalist policies becoming increasingly evident.

Chart 2: Sub-Indices– Global Business Optimism Index



The policy direction of the new U.S. administration remains a major factor shaping the global economic narrative. Although the U.S. economy continues to perform strongly, uncertainties about potential shifts in fiscal, trade, and immigration policies loom large. Meanwhile, the Chinese Mainland's growth remains constrained despite stimulus measures, as potential U.S. tariffs may weigh on its exports. These dynamics will disproportionately affect economies with deep trade linkages to the U.S. and the Chinese Mainland. The survey shows that nearly half of the economies reporting reduced optimism for export orders, including Germany, Japan, and Taiwan Region, have substantial trade ties with the U.S. and the Chinese Mainland, where policy-driven disruptions threaten trade-dependent sectors.

The German automotive sector (-17.2%) faces challenges from plateauing demand for electric vehicles (EVs) in the EU and tariff concerns, while its chemicals and metals sectors grapple with reduced demand from the Chinese Mainland and high energy costs. Additionally, ongoing political turmoil within the EU is fanning this uncertainty, further affecting business confidence. In Japan, declining optimism among capital goods manufacturers (-24.8%) reflects reduced orders from both the Chinese Mainland and the U.S., compounded by surging energy import costs that have pressured utilities (-22.5%). Taiwan Region's electronics sector (-17.2%), integral to global semiconductor supply chains, has been hurt by escalating U.S.-Chinese Mainland tech tensions. These economies also face broader challenges, including declining optimism in financial services as tighter global liquidity limits access to capital, with U.S. interest rate cuts over 2025 now expected to be fewer than previously anticipated. Additionally, wholesale and retail trade sectors are struggling amid rising shipping costs and muted global trade flows. The interconnectedness of trade and policy is particularly visible in the tech sector, where U.S. export restrictions on the Chinese Mainland are reshaping supply chains. These measures have caused ripple effects, notably for Germany and Japan, where new export orders in the electronics sector have plunged by 37.5% and 42.5%, respectively. This underscores the far-reaching implications of supply chain decoupling and the challenges of navigating evolving trade policies.

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 deteriorated sharply by 10.4% q/q for Q1 2025, after three quarters of improvement. The fall in optimism is ubiquitous across sectors and regions, with only 7 out of the 32 surveyed economies showing improvement in their supply chain continuity optimism.
- Optimism among advanced economies fell 9.7% and emerging economies witnessed a more pronounced decline of 12.9%.
- Medium-sized businesses have posted the sharpest deterioration in optimism levels, declining by a massive 36%. This is primarily responsible for the decline in overall supply chain optimism. Small businesses also witnessed a moderate decline of 3.5%.
- Almost two-thirds of medium-sized businesses were less optimistic about reducing delivery times, costs, and supplier concentration risks.
- It is evident that medium-sized businesses have not been able to counter the challenges posed by cross-country trade or manage their supplier concentration concerns, while simultaneously facing insufficient local supplies.
- Large businesses, on the contrary, have been surprisingly resilient by leveraging their economies of scale and relying on alternative sourcing, thus showing a remarkable 10.7% improvement in their supply chain continuity index.
- Every business in the services and manufacturing sectors has witnessed a decline in their index performance – services sector businesses' optimism deteriorated by 9.5%, while that across manufacturing dipped 12.1% for Q1 2025.
- In services, utilities were the most affected (-18.4%), followed by other services (-11.7%), real estate (-10.9%), accommodation & food services (-10.5%), wholesale & retail trade (-9.6%), construction (-8.1%), financial & insurance activities (- 7.5%), ICT (-5.3%), and transportation and storage (- 4.9%).
- Within manufacturing, optimism fell most sharply for textiles, wood, paper, and leather (-19.2%), followed by chemicals, rubber, plastics, and pharmaceuticals (-16.8%); food, beverages, and tobacco (-14.1%); capital goods (-13.6%); automobiles (- 13.2%); electricals, electronics, and hardware manufacturing (-9.3%); metals (-8.1%); and mining (-1.3%).

Chart 4: Quadrant Of Optimism – Global Business Supply Chain Continuity Index

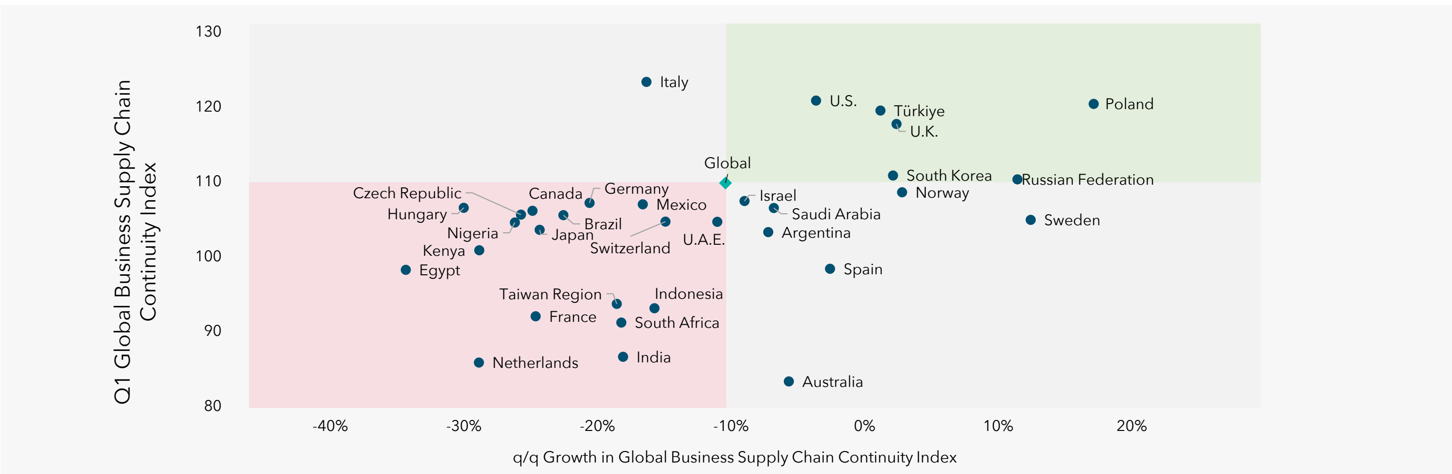
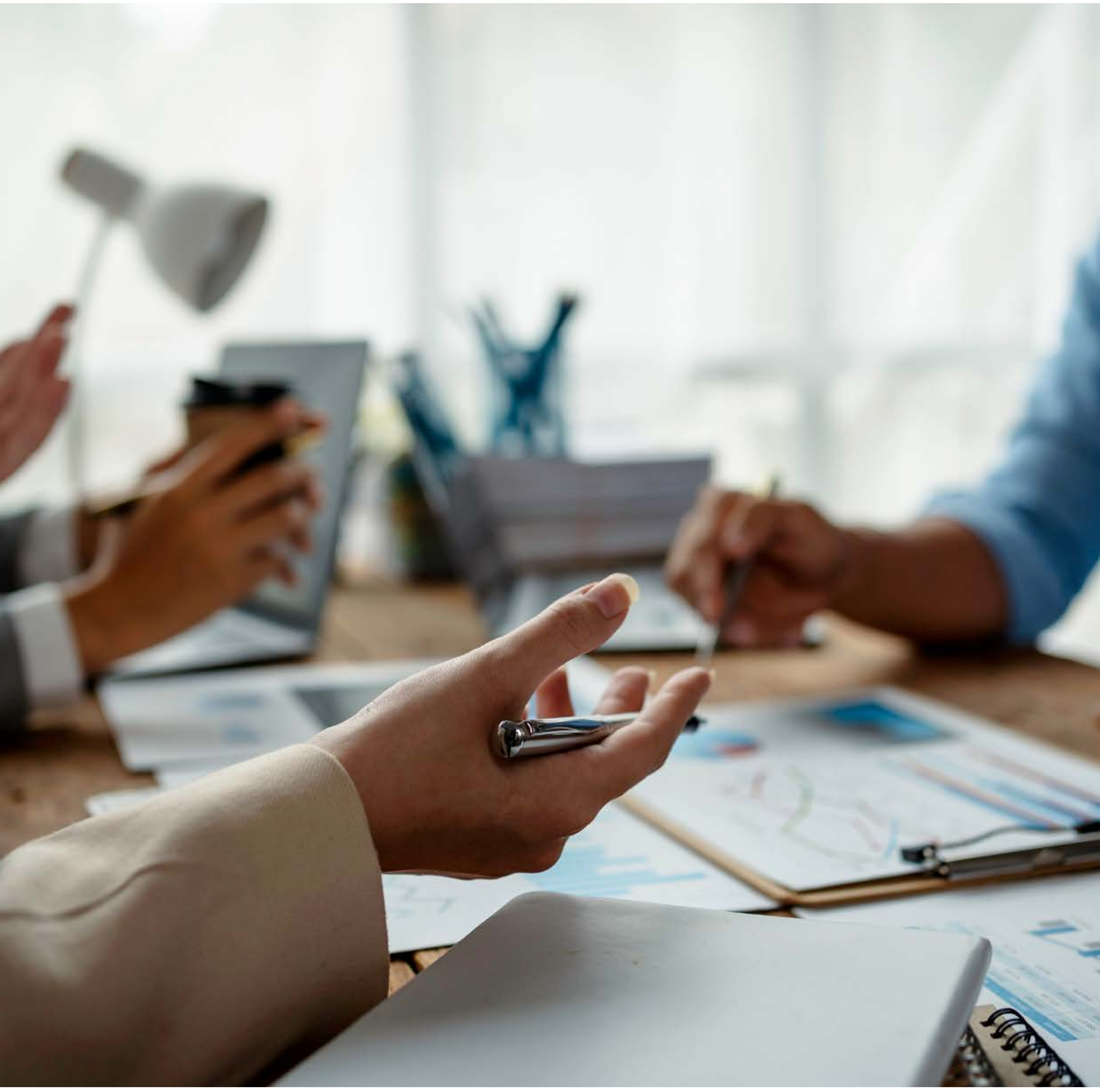


Table 2: Firm-Size – Global Business Supply Chain Continuity Index

Period	Small	Medium	Large
Q2 2024	102.5	113.1	125.9
Q3 2024	124.9	110.3	109.0
Q4 2024	130.0	126.7	111.1
Q1 2025	125.5	81.1	122.9



For Q1 2025, 56% of businesses are optimistic about reducing delivery times, a decline from 61% in Q4 2024. Similarly, 55% expect lower delivery costs, down from 60% in the previous quarter. Confidence in managing supplier concentration risk also fell, with only 51% of businesses expressing confidence, compared with 59% in Q4 2024.

Small businesses stood out as the most optimistic across all three areas – delivery times, delivery costs, and supplier concentration – due to their ability to adopt local sourcing and relocate production bases with agility. Large businesses also showed resilience by capitalizing on economies of scale and diversifying their supply chains globally. Medium-sized businesses, on the other hand, were the least optimistic, with two-thirds indicating low optimism levels in reducing delivery times, costs, and supplier concentration risks. This lags significantly behind small and large businesses, where approximately half of the businesses indicated optimism across these dimensions.

Chart 5: Sub Indices – Global Business Supply Chain Continuity Index

The Global Business Supply Chain Continuity Index for Q1 2025 has deteriorated for most markets and across sectors. Since mid-2024, freight rates across the Chinese Mainland-U.S. West Coast and Europe-U.S. East Coast key shipping routes have been up by 22% and 15%, respectively. Freight rates for a 40-foot container from Asia to Europe have surged 30%, while global freight spot rates have climbed 25%. These issues are also compounded by a global container shortage, especially affecting Southeast Asian manufacturers.

The U.S. also posted a decline in its supply chain continuity index, albeit at a moderate pace of 3.6%. This can be attributed to the fact that U.S. companies have been ramping up imports, stockpiling raw materials, and shifting towards local sourcing in anticipation of potential tariffs and trade disruptions. Positive indicators, including manufacturing growth in the U.S. and increased domestic capital expenditures, have bolstered confidence among U.S. businesses. Canada's supply chain continuity index dropped 24.9%, mainly due to a strike by employees of Canada Post, port labor disputes, and energy supply issues linked to U.S. tariffs. Proposed U.S. tariffs on Canadian imports have intensified concerns about higher costs and trade barriers.

Europe has seen significant declines, particularly in Western and Northern Europe, with Hungary (-30%), the Netherlands (-28.9%), France (-24.6%), Germany (-20.6%), Italy (-16.3%), and Switzerland (-14.9%) leading the decline. Contributing factors include severe port congestion at Rotterdam and Hamburg due to redirected cargo from Suez Canal disruptions, rising import costs from the EU's carbon border adjustment mechanism (CBAM), and concerns over potential U.S. tariffs. Hungary has been particularly affected due to restricted supply of Russian gas and strained EU relations over energy policies. Efforts to boost the economy via investments from Beijing add new dependencies amid geopolitical tensions. However, Poland (+17.1%), Sweden (+12.4%), Russia (+11.4%), the U.K. (+2.4%), and Norway (+2.8%) have seen improvements, driven by factors such as local sourcing and investments in energy security and trade agreements.

Sub-Saharan Africa has seen sharp declines in supply chain continuity, led by Kenya (-28.8%), Nigeria (-26.2%), and South Africa (-18.2%), as the region is grappling with one of the most severe droughts in a century, causing crop failure. This has also damaged supply chains across the continent due to fuel and food shortages, high inflation, and business failures. In the MENA region, Egypt (-34.4%), the UAE (-11%), and Saudi Arabia (-6.8%) are facing continued disruption in their supply chains due to heightened regional geopolitical tensions and logistical bottlenecks, particularly near the Red Sea and Suez Canal, which has extended shipping times by 8-12%.

In Latin America, supply chain continuity has deteriorated, with Brazil (-22.6%), Mexico (-16.6%), and Argentina (-7.2%) leading the decline. Key challenges include droughts in Brazil, Panama Canal delays, labor strikes, and high freight rates, all contributing to increased costs and reduced logistics efficiency.

In the APAC region, most countries experienced declines, led by Japan (-24.3%), Taiwan Region (-18.6%), India (-18.1%), and Indonesia (-15.7%). India is struggling with higher export costs, while Japan and South Korea are contending with high freight costs and internal political tensions, exacerbated by disruptions caused by the Ukraine war and shipping disruption in the Suez Canal and Red Sea.

Global Business Financial Confidence Index

D&B Global Business Financial Confidence Index

Key Findings

- The Global Business Financial Confidence Index deteriorated 8.9% q/q for Q1 2025, reflecting the uncertain macroeconomic landscape mired by a lack of confidence on how much further fiscal stimuluses must run and remain sustainable, dwindling demand outlook, and uncertainty about the monetary policy stances of central banks around the globe.
- Reflecting heightened business risk, the Global Business Financial Confidence Index deteriorated for both advanced (-8.8%) and emerging (-9.2%) economies. Only 3 out of 32 economies surveyed indicated improvements in their financial confidence index – Sweden (+7.0%), Poland (+4.8%), and Russia (+1.8%).
- More than half of the economies surveyed posted double-digit deteriorations in the range of 11-27%, with the largest falls seen in Hungary (-27.2%), Egypt (-24.5%), and Germany (-23.8%). The U.S. also witnessed a deterioration in its financial confidence index, albeit moderately at 2.1%, indicating the relative resilience of U.S. businesses and the relative strength of the U.S. economy more broadly.
- The fall in financial confidence was limited to small (-10.8%) and medium-sized businesses (-24.6%), whereas large businesses remained mostly unaffected and reported a significant improvement of 12.7% in their financial confidence index. The financial confidence index for large businesses has been at its highest level over the past four quarters.
- Small and medium-sized businesses appear to have been facing a liquidity crunch, payment issues, and an increase in days sales outstanding, causing a fall in confidence. In contrast, large businesses appear to have reduced their balance sheet risks and managed their liquidity and cash flows. On average, days payable outstanding for businesses across all sizes is expected to rise to 50.6 days in Q1 2025, from 45.5 days in Q4 2024.
- Three of four large businesses globally are optimistic about managing their liquidity, balance sheet risk, risk appetite, and capex requirements; in contrast, medium-sized businesses are less optimistic across all these dimensions.
- The deterioration of the Global Business Financial Confidence Index has been spread across all sectors, with confidence among businesses in the utilities sector (-16.5%) falling most sharply, followed by wholesale and retail trade; and manufacturers of chemicals, rubber, plastics, and pharmaceuticals, each declining 12.8%.

Chart 6: Quadrant Of Optimism – Global Business Financial Confidence Index

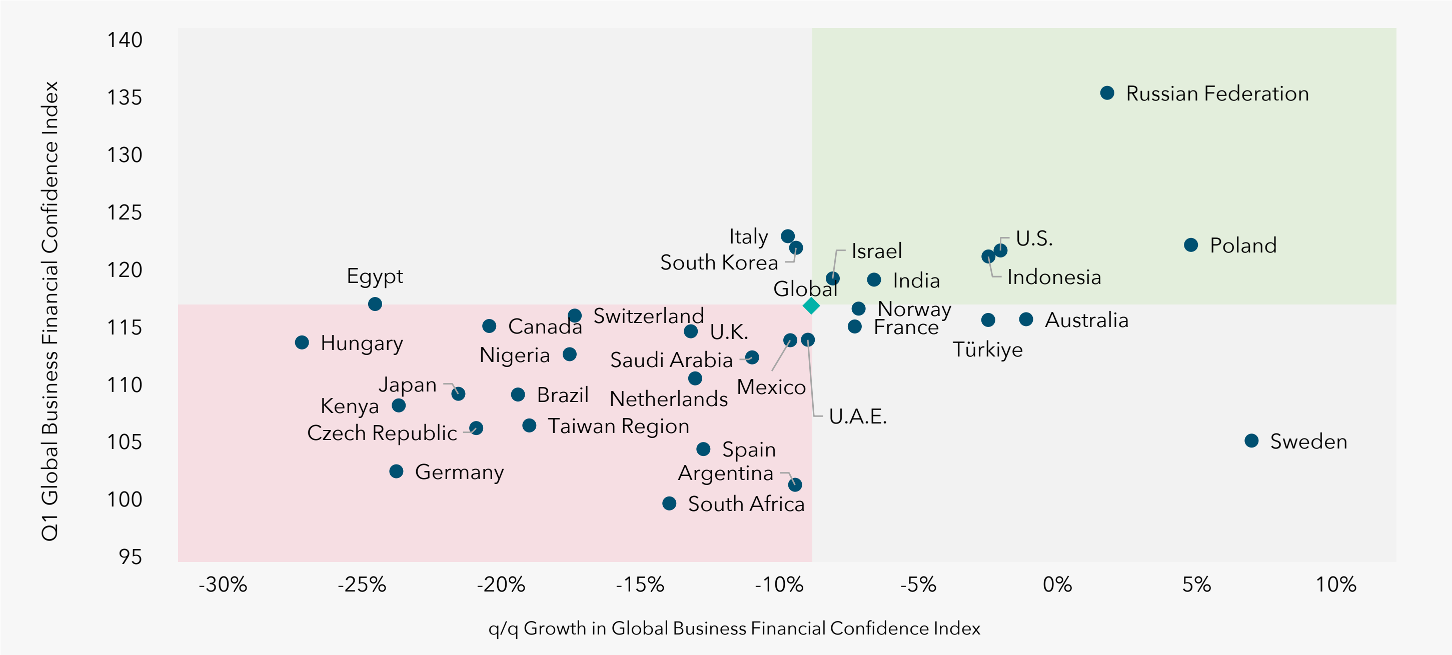


Table 3: Firm-Size – Global Business Financial Confidence Index

Period	Small	Medium	Large
Q2 2024	96.1	107.8	119.1
Q3 2024	133.5	120.3	108.3
Q4 2024	139.6	134.4	110.9
Q1 2025	124.5	101.4	124.9

The Global Business Financial Confidence Index has shown widespread declines across sectors and regions, with small and medium-sized businesses facing the sharpest setbacks. These businesses are struggling with liquidity concerns, stretched payment obligations, and eroded profit margins, which have dampened their optimism regarding balance sheet risks and financial resilience. In contrast, large businesses have maintained stronger financial confidence, leveraging robust supply chains and healthier balance sheets. Globally, three out of four large businesses remain optimistic about managing liquidity, balance sheet risks, capital expenditures, and financial risk appetite, compared with only half of medium-sized businesses.

Deteriorating financial confidence for Q1 2025 is driven by persistent economic challenges, geopolitical risks, and structural factors that have directly impacted key financial metrics. Businesses are less optimistic about raising capital, maintaining liquidity, and managing workforce costs. Additionally, there is growing concern over balance sheet risks and the ability to maintain profit margins, particularly due to rising operational costs such as raw material costs and wages. Businesses in manufacturing, logistics, and utilities are particularly skeptical about eroding operating margins.

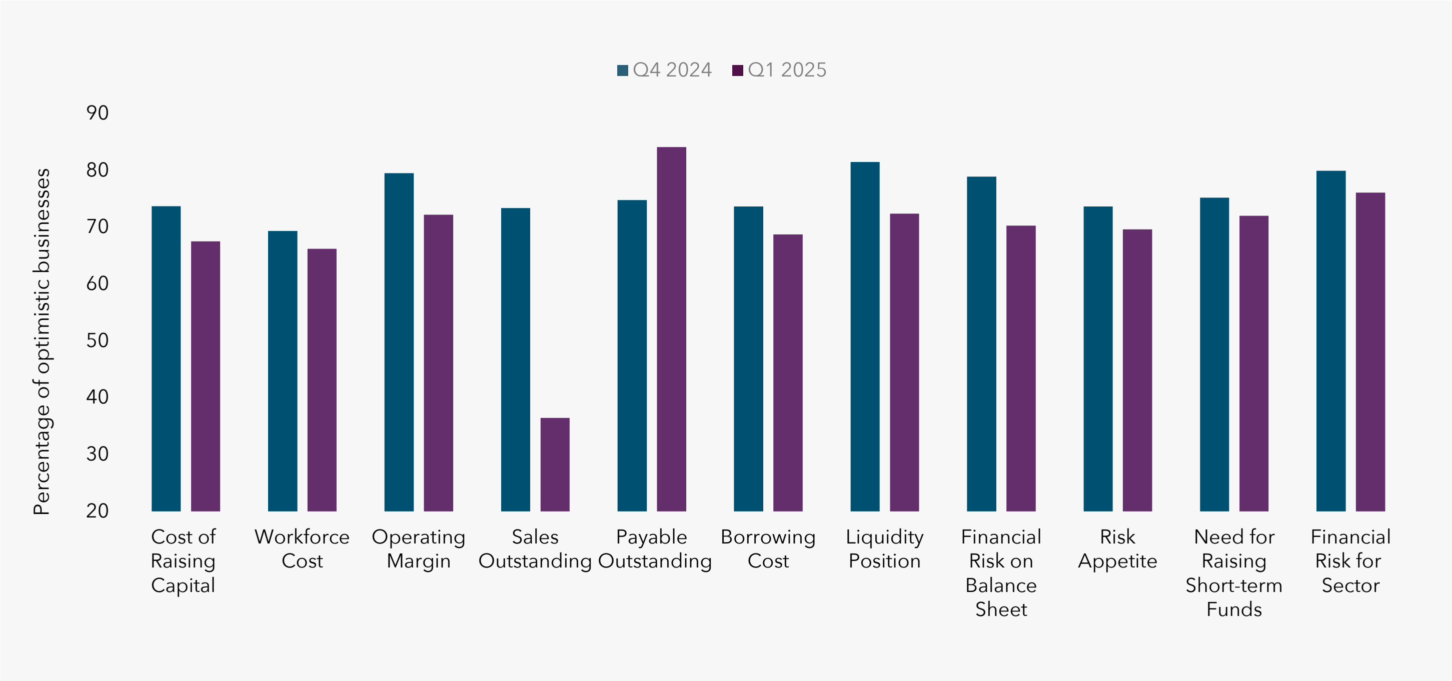
Elevated interest rates across most economies continue to make raising funds challenging, reducing liquidity and increasing debt-servicing burdens. This has squeezed financial flexibility, making it harder for businesses to finance expansion or daily operations. Many businesses expecting lower borrowing costs may have to wait longer, as markets have priced a slower path for interest rate cuts by the U.S. Federal Reserve. With limited optimism about the cost of raising capital, businesses are still finding it difficult to access affordable credit. The combination of high borrowing costs and high corporate debt has diminished financial risk appetite, causing businesses to be more cautious about taking on additional debt.

Tighter credit conditions, driven by a high risk of a liquidity crunch, have led banks to adopt risk-averse lending practices. Rising payables, strained supply chains, and uncertain revenue flows further undermine cash flow confidence, increasing the risk of insolvency for businesses reliant on timely payments. Supply chain disruptions and delays in trade routes, exacerbated by regional conflicts and geopolitical instability, have added to operational strain, causing production delays and increased costs. These conditions have led businesses to adopt a cautious investment approach, prioritizing cost-cutting over expansion.

The U.S. also witnessed deterioration in its financial confidence index, albeit moderately at 2.1%, indicating the relative resilience of U.S. businesses and the relative strength of the U.S. economy more broadly. In contrast, financial confidence among European businesses declined for Q1 2025, with drops of 7-27% across major markets, except Sweden (+7%), Poland (+4.8%), and Russia (+1.8%). In Europe, core inflation remained high, energy costs posed risks, and the 50 bps rate cuts of the European Central Bank (ECB) since mid-2024 failed to avert stagnation. Weak consumer demand, high corporate debt, rising bankruptcies, and supply chain disruptions from the Ukraine war and Suez Canal delays severely impacted sectors such as manufacturing and energy. Key economies, including Hungary (-27.2%), Germany (-23.8%), the Czech Republic (-20.9%), Switzerland (-17.4%), Spain (-12.7%), and Italy (-9.7%), faced export slowdowns and rising labor costs.

In APAC, Japan (-21.5%) saw the sharpest deterioration in its financial confidence, followed by Taiwan Region (-19.0%) and South Korea (-9.4%). In Japan, rising import costs have squeezed margins, while the yen's depreciation increased the cost of imports. Economic stagnation, high corporate debt, and supply chain disruptions added financial pressure. For sub-Saharan Africa, declines in the index for Kenya (-23.7%), Nigeria (-17.5%), and South Africa (-14%) reflect restricted access to global financial institutions for these economies due to tighter credit conditions. In MENA, Egypt (-24.5%), Saudi Arabia (-11.0%), and UAE (-9.0%) are witnessing a deterioration in financial confidence owing to declining oil prices and slower growth in non-oil sectors.

Chart 7: 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 fell a modest 4.7% q/q for Q1 2025. Despite this setback, the index value is 29.1% above the Q3 2023–Q2 2024 average. Overall, businesses are still optimistic about investment, reflecting the commitments by many central banks to lower their policy rates.
- Unlocking new capital expenditure is essential to accelerating economic growth. Governments will be hoping that confidence remains elevated to keep increasing investment projects. Many economies have struggled to speed up growth this year; in the first three quarters of 2024, only 6 out of 32 economies registered GDP growth that exceeded their respective 2023 average growth rates.
- Election results in 2024 have heightened political uncertainty, prompting businesses to delay investments amid potential policy shifts. With U.S. President-elect Donald Trump likely to introduce business-friendly reforms and significant political changes in other major economies, the global investment landscape is poised for change in 2025.
- Out of the 32 economies surveyed, 23 recorded a decline in investment confidence compared with Q4 2024, but optimism for all economies remains above their Q3 2023–Q2 2024 average. Germany, the industrial heart of Europe, saw a 16.9% q/q decline in investment confidence as all sectors became less confident in the macroeconomic environment. Factory closures by major industrial companies such as Volkswagen and Bosch illustrate the lack of appetite to invest in Germany right now.
- Australia was one of the nine surveyed economies to report an increase in investment confidence for Q1 2025 (+9.3% q/q), despite the Reserve Bank of Australia (RBA, Australia's central bank) not lowering its key monetary policy rate since tightening policy between 2022 and 2023. In addition, Australia is scheduled to have an election by May 2025, which will likely see the incumbent government lose its majority according to latest polling. However, businesses can look through these two factors when making investment decisions, as there is bipartisan backing for business-friendly policies and support for the private sector, especially where significant R&D spending is involved.
- M&A activity for Q1 2025 remains a bright spot, with 77.6% of businesses anticipating a conducive environment for M&A, only down slightly from 78.1% in Q4 2024.
- The services sector recorded a larger drop in investment optimism for Q1 2025, at -5.4%, compared with -3.6% for the manufacturing sector. Wholesale and retail trade (-10.7%), utilities (-8.5%), and accommodation and food service activities (-8.1%) experienced the largest drops in optimism levels. However, optimism levels for all sectors are at least 22% above their Q3 2023–Q2 2024 average.

Chart 8: Quadrant Of Optimism – Global Business Investment Confidence Index

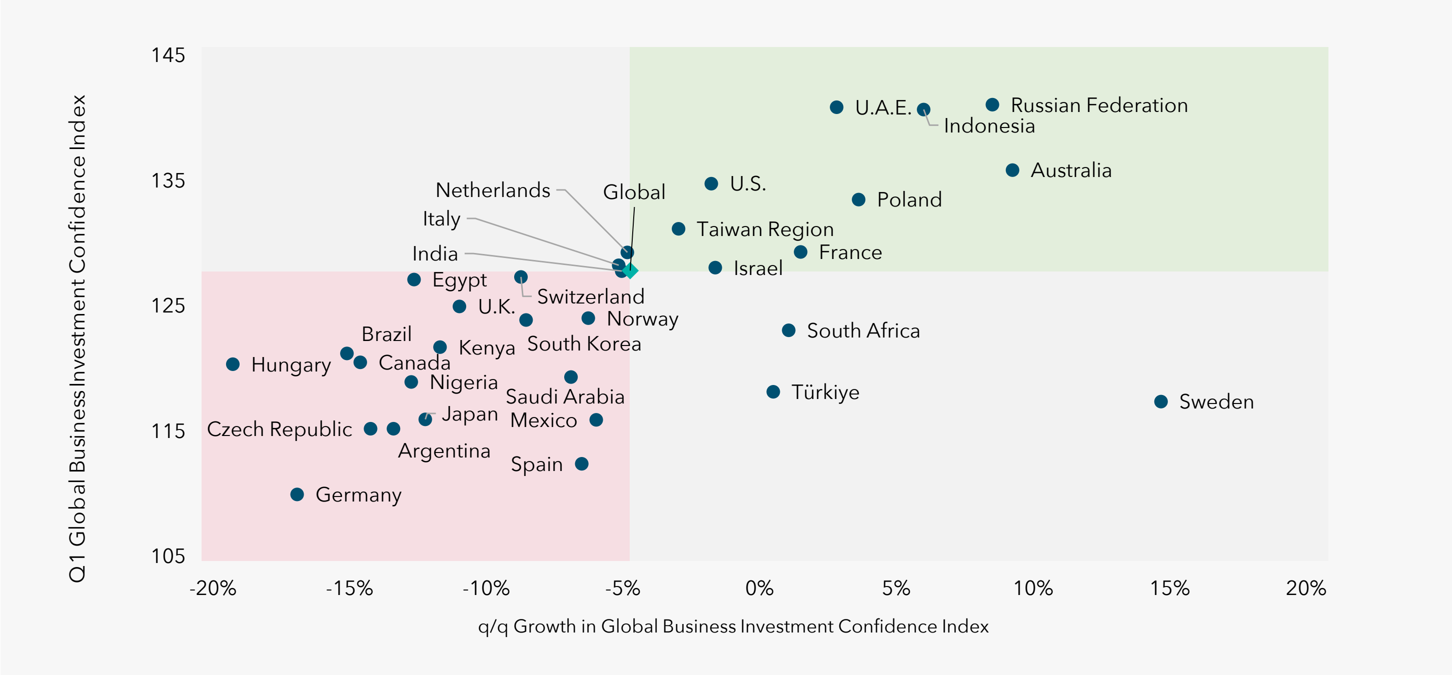


Table 4: Firm-Size – Global Business Investment Confidence Index

Period	Small	Medium	Large
Q2 2024	93.8	105.3	116.1
Q3 2024	141.1	129.2	118.2
Q4 2024	144.2	138.4	120.1
Q1 2025	139.2	103.9	140.5

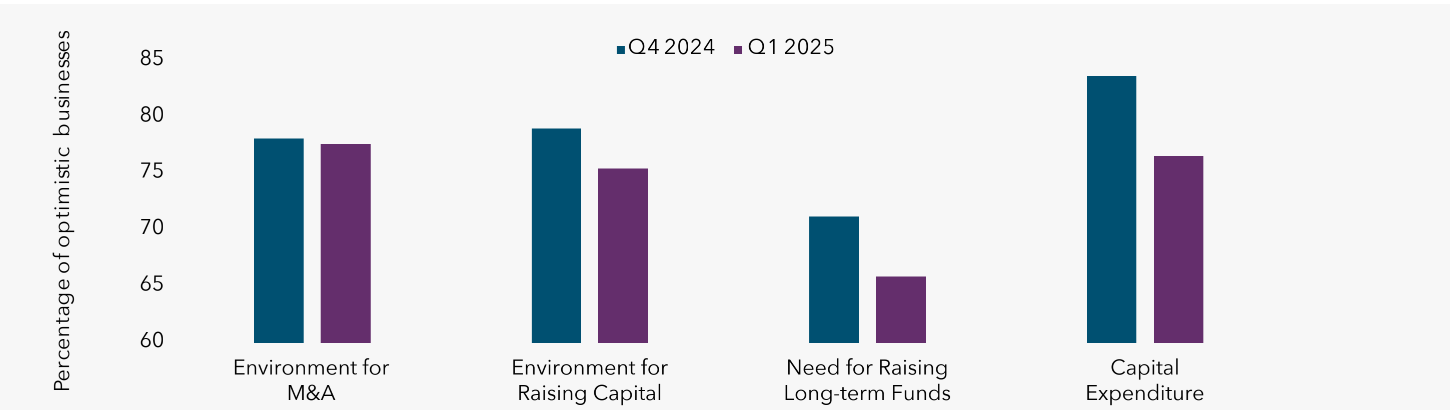
Since the ECB and the Bank of Canada (BoC) kicked off monetary policy easing by major central banks in June 2024, most other major central banks have followed suit, except the Bank of Japan and the RBA. The prospect of lower borrowing costs appeared to initially encourage a wave of optimism for business investment, particularly in Q3 2024 when the Global Business Investment Confidence Index rose 23.3%. However, a disconnect between lower policy rates and planned capital expenditure has emerged, as growing uncertainty around government policy is dominating business decision-making. This disconnect is no more evident than in Canada, where the BoC has moved the most aggressively to ease monetary policy this year, with cumulative cuts to the tune of 175bps. However, despite this stimulus, Canada's investment confidence index score is 120.5, well below the global average of 127.9 and contracting at a faster pace than the global average (-14.6% compared with -4.7%).

The electoral calendar was particularly busy across the globe in 2024, with voters making many incumbent governments pay the price of high inflation – which damaged household incomes – by voting them out. When making investment decisions political stability matters, as the decision to invest must factor in long-term returns based upon future government policy. Uncertainty over the future path of corporate tax rates, business regulation or government spending will incentivize businesses to postpone capital expenditure projects.

Since the November U.S. Presidential election, markets have pared back the pace of interest rate cuts on the back of what is expected to be broadly inflationary policies from the incoming U.S. administration. It is likely that the new administration will target business-friendly reforms to stimulate investment, such as lower corporate income tax rates. A potential shift in policy will dissuade businesses from committing to investment plans. Furthermore, a government reshuffle in France, an upcoming election in Germany, a political shift to the left in the U.K., and huge setbacks for incumbents in Japan, South Africa, and India will bring about policy shifts that impact businesses.

Globally, for Q1 2025, 65.9% of businesses reported a positive expectation for needing to raise long-term funds, a significant decline from 71.2% in Q4 2024. The decline in expectations was particularly severe for the accommodation and food service activities (57.3% from 74.0% in Q4 2024) and utilities (61.7% from 74.2%) sectors. Among economies, the biggest declines in optimism are for Egypt (63.0% from 90.9%), Hungary (61.2% from 86.7%), and Kenya (63.0% from 87.2%).

Chart 9: Sub-Indices– Global Business Investment Confidence Index



More positively, the expected environment for M&A activity remains resilient for Q1 2025, particularly in advanced economies, with 78.0% of businesses reporting optimism for a conducive environment for M&A. Businesses in emerging economies reported a slightly lower figure of 76.5%, as borrowing costs are expected to remain higher, but the overall picture is still positive for M&A. The resolute appetite for M&A in the face of falling demand for capital expenditure further underscores the assessment that businesses are increasingly cautious of committing to long-term investments, given political uncertainty, but are willing to diversify into ready-made businesses.

D&B Global Business ESG Index

D&B Global Business ESG Index

Key Findings

- The Global Business ESG Index rose 2.4% q/q in Q4 2024, highlighting the focus on sustainability despite challenging economic conditions.
- The USD300bn annual climate finance pledge by developed economies at COP29 should boost ESG optimism in developing economies though the full impact on the private sector may take time. Meanwhile, sectors in industrialized economies benefit from emissions-offset opportunities via Article 6 carbon market mechanisms.
- Emerging economies displayed slower momentum overall (+1.4%), while the optimism level for advanced economies rose 2.7%, highlighting the disparities in global business ESG optimism.
- Headline optimism was driven exclusively by large businesses, which increased by 34.0%. Optimism for medium-sized and small businesses fell 15.7% and 4.2% respectively.
- The ESG index for the automotive manufacturing sector increased by 5.4%, marking a recovery after prior contraction, while other manufacturing sectors such as chemicals (-1.1%) and electronics (-1.2%) saw modest declines.
- Businesses in the Asia Pacific region reported robust improvement in Q4 2024, led by Australia (+26.1%) and India (+16.7%), while Japan (-11.8%) and Taiwan Region (-12.4%) reported pessimism. Western Europe showed mixed results, with notable gains in the Netherlands (+23.9%) and Italy (+18.9%) contrasting with steep declines in Germany (-15.0%) and Spain (-4.5%). Norway (+18.1%) stood out in the Nordic region, while Sweden posted a modest recovery (+6.8%), both after two consecutive quarters of decline.
- The survey responses on businesses' plans to increase budgets for sustainability initiatives in Q1 2025 reveal a notable contrast in automotive manufacturing spending between the U.S. and the EU. This divergence is likely due to differing focuses on sustainability policies, with the uncertainty surrounding these policies contributing to the contrasting budget allocations.

Chart 10: Quadrant Of Optimism – Global Business ESG Index

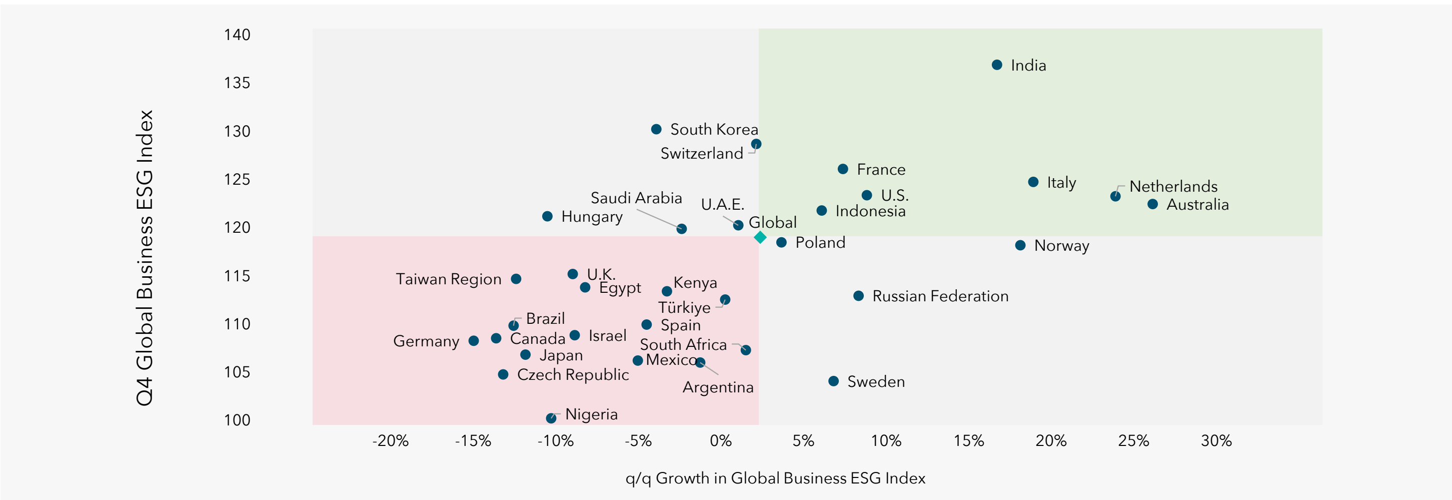
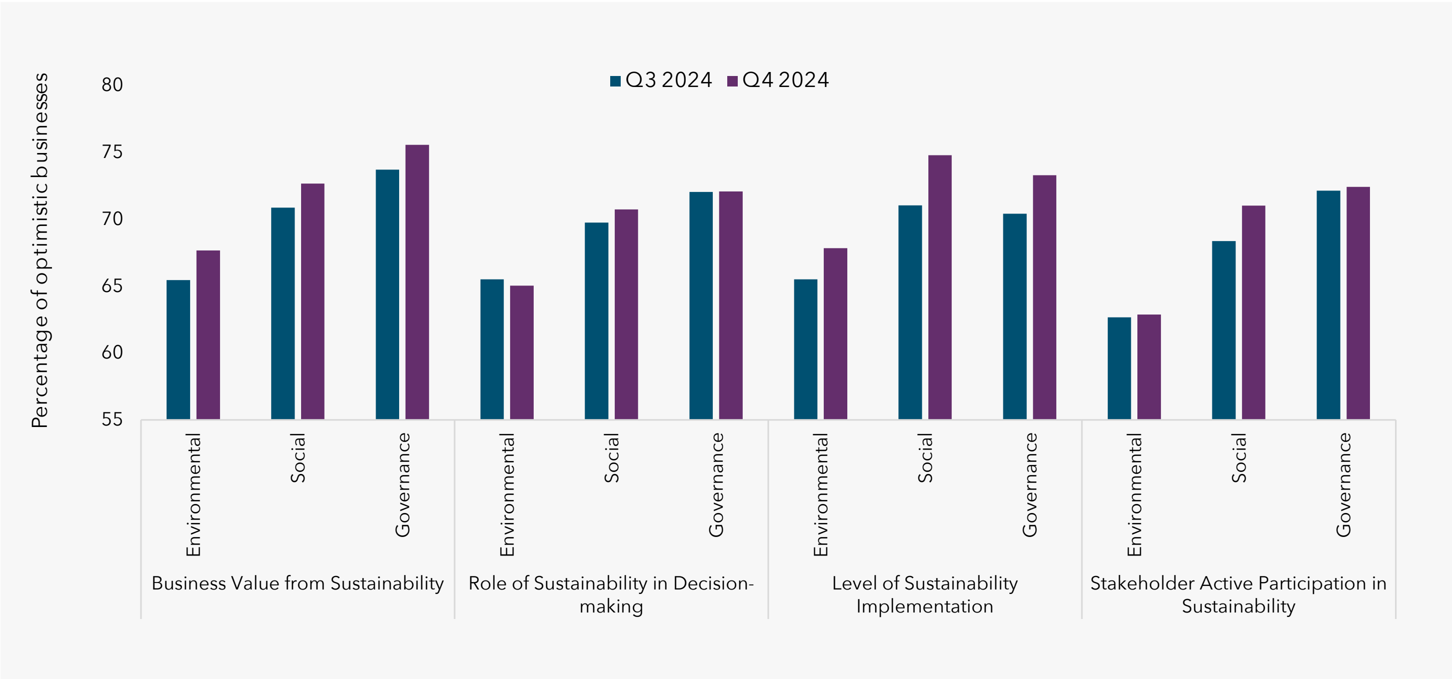


Table 5: Firm-Size – Global Business ESG Index

Period	Small	Medium	Large
Q1 2024	93.2	98.3	113.2
Q2 2024	122.4	114.2	92.1
Q3 2024	127.9	123.8	97.1
Q4 2024	122.6	104.4	130.1

The Global Business ESG index for Q4 2024 reveals a steady commitment to sustainability across various dimensions, with steady stakeholder participation and integration of sustainability in decision-making processes. Stakeholders are becoming more involved in both social and environmental sustainability efforts, with stakeholder participation in social initiatives seeing a particularly strong rise (+2.6 pps to 71.0%). This suggests that businesses are increasingly recognizing the importance of social responsibility alongside environmental concerns. Sustainability considerations in decision-making have maintained their significance, albeit environmental concerns saw a slight dip (-0.5 pps to 65.0%). However, the focus on social and governance aspects remains stable (70.7% and 72.1%, respectively), even in the face of economic uncertainty. The implementation of sustainability risk-mitigation strategies has been a clear area of progress, particularly in the social (74.8%) and governance (73.3%) domains. Moreover, the business value derived from sustainability measures has shown noticeable improvement, especially in social (72.7%) and governance (75.6%) areas. As businesses continue to align sustainability with business objectives, they are likely to see both tangible and intangible benefits, ranging from cost savings to enhanced brand loyalty and investor confidence.

Chart 11: Sub-Indices– Global Business ESG Index



One of the key drivers of optimism in Q4 2024 globally was the climate finance pledge made by developed economies at COP29 in November 2024, committing USD300bn annually to support climate initiatives in developing economies. This commitment should be a source of optimism for businesses in emerging economies, where ESG optimism has historically lagged that of advanced economies. In 2024, ESG optimism in emerging economies rose by an average of 3.4%, slightly behind the 3.7% increase in advanced economies, suggesting that while the financial backing from developed economies is important, it may take time for the effects to fully materialize in the private sector. Advances in Article 6 carbon market mechanisms agreed upon at the summit will create opportunities for industrialized nations to offset emissions, driving growth in sectors such as metals manufacturing (+10.9%) and capital goods (+10.6%) in the U.S., where efforts towards industrial decarbonization are a key priority. In the financial services sector, optimism grew 2.0%, driven by increased commitments to mobilize funds for sustainable projects. However, the long-term success of green finance institutions depends on sustained policy action and transparent fund allocation.

In Q4 2024, the Asia Pacific region experienced a notable increase in optimism (+2.2%), particularly in sectors such as food manufacturing (+3.7%) and wood and leather products (+1.5%). This was especially true for major agricultural commodity exporters such as Indonesia, where optimism in these sectors surged by 5.7% and 13.3%, respectively. The European Commission's decision to extend the implementation timeline of its Deforestation Regulation, which initially caused concern for businesses exporting to the EU, has given companies more time to adapt, likely fueling this optimism.

The survey response to whether businesses are looking to increase budget on sustainability-related activities reveals a noticeable contrast in automotive manufacturing budgets, particularly between the U.S. and the EU, influenced by shifting policies on EVs. While the U.S. shows lower optimism for automotive manufacturing at 16.7%, driven by broader policy uncertainty, European countries such as Germany (29.6%), France (50%), and the Netherlands (28.6%) exhibit relatively higher levels. Within the EU, countries such as Hungary (55.6%) and France (50%), with stronger EV manufacturing capacity, are showing more optimism, reflecting the EU's aggressive push towards green technologies. This divergence highlights how regional policies shape manufacturing expectations, with stronger EV focus translating into higher budget increases in some European nations.

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.

Dun & Bradstreet Global Business Optimism Insights: 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 bottle-necks, 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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