Grant Thornton

News release

Overall levels of optimism by individual country
Percentage balance ranking

Philippines	84
Georgia	73
United Arab Emirates	64
Mexico	64
Chile	61
Canada	60
India	59
Germany	56
Malaysia	56
South Africa	52
Brazil	50
Hong Kong	42
Thailand	42
Argentina	38
Vietnam	38
Singapore	37
Armenia	36
Botswana	34
New Zealand	32
Turkey	31
Australia	28
Poland	28
Sweden	18
China (mainland)	14
Russia	9
Denmark	4
Belgium	2
Switzerland	0
United States	-2
Netherlands	-8
France	-14
Ireland	-18
Taiwan	-20
Italy	-20
United Kingdom	-22
Spain	-34
Finland	-42
Greece	-52
Japan	-69

Source: Grant Thornton IBR 2011

Businesses struggle against rising uncertainty

New figures showing a pandemic collapse in business optimism during the third quarter of 2011 lay bare the dramatic impact of economic uncertainty and financial instability on the global business community.

The latest research from Grant Thornton's International Business Report (IBR) reveals that net global business optimism has collapsed from 31% to just 3%. Ominously, this uncertainty has also spread to key emerging markets with both China and India seeing net optimism decline by 29 percentage points. The optimism of business owners in mature markets has been hit particularly hard; in North America optimism has dropped from 43% to 3%, and in the EU from 34% to 0%.

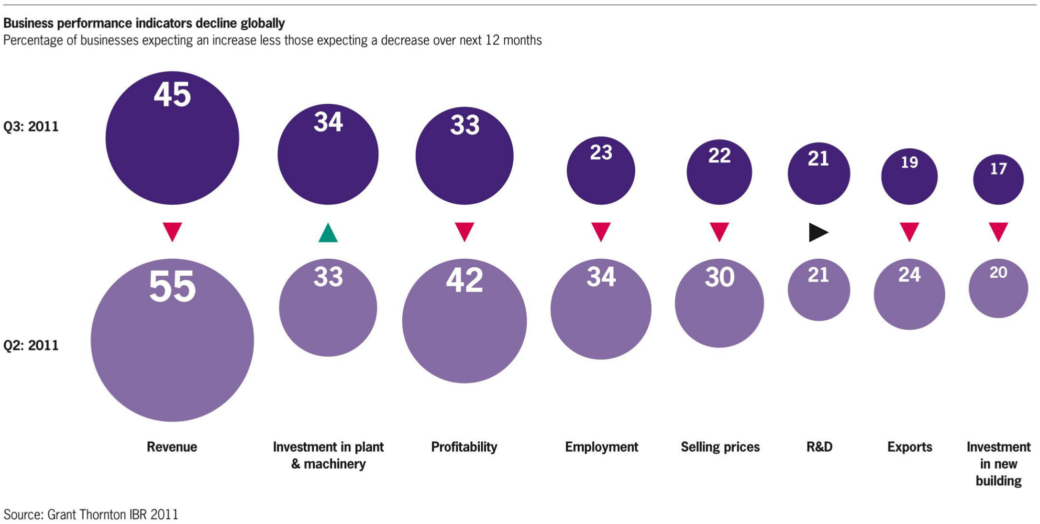
Ed Nusbaum, CEO of Grant Thornton International, said: "These figures are the worst since 2009, when we were in the midst of the global recession. The worrying thing is that negative sentiment about the wider economy is now damaging business growth prospects.

"Businesses are telling us they feel they have no control over how things are going to turn out. There's a perception that attempts to create stability and stimulate growth just haven't worked. An economic outlook that appeared to be improving just three months ago has been replaced with one of total uncertainty."

The prospect of businesses driving growth is being constrained by the on-going uncertainty, especially in many mature markets where governments and consumers are reigning in spending. Globally, business expectations for employment, revenue and profits have fallen by 11, 10 and 9 percentage points respectively. Moreover, a shortage of demand is now the single biggest constraint on growth facing businesses around the world, cited by 32% of businesses in the last quarter. Regionally, rising shortages of demand were reported not just in Europe and North America but also in the BRIC, South East Asian and Asia-Pacific economies.

Ed Nusbaum added: "Two years ago, the feeling was that the emerging markets would underpin the global recovery. Now they are suffering a crisis of confidence too. The problems in Europe, which provides a huge export market for emerging economies, together with the increase in their own domestic problem, particularly rising inflation, begs the question: who will be in a position to lead the global recovery this time?

"The European sovereign debt crisis is a major contributor to the lack of confidence felt in emerging economies. The ECB Governing Council meeting this Thursday therefore assumes even greater importance than usual. Economies will not grow and regain confidence if businesses and consumers remain nervous about spending. Speculation is rife that the ECB will lower interest rates to try and boost spending, but although this will help, in isolation it will not be enough. Agreeing a package of measures to restore both stability and confidence is arguably the single biggest challenge policy makers face."



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Notes to editors
The Grant Thornton International Business Report (IBR) provides insight into the views and expectations of over 11,000 businesses per year across 39 economies. This unique survey draws upon 19 years of trend data for most European participants and nine years for many non-European economies. For more information, please visit: www.internationalbusinessreport.com.

Data collection
The research is carried out primarily by telephone interview lasting approximately 15 minutes with the exception of Japan (postal), Philippines and Armenia (face to face), mainland China and India (mixture of face-to-face and telephone) where cultural differences dictate a tailored approach. Telephone interviews enable Grant Thornton International to conduct the exact number of recommended interviews and to be certain that the most appropriate individuals are interviewed in an organisation which meets the profile criteria.

Data collection is managed by Grant Thornton International's core research partner - Experian. Questionnaires are translated into local languages with each participating country having the option to ask a small number of country specific questions in addition to the core questionnaire. From 2011, fieldwork takes place on a quarterly basis every quarter with fieldwork lasting approximately one month and a half.

Sample

IBR is a survey of medium to large privately held businesses*. The data for this release are drawn from interviews with 2,721 businesses across the globe conducted in August/September 2011.

The target respondents are chief executive officers, managing directors, chairmen or other senior executives (title dependent on what is most appropriate for the individual country) from 39 economies primarily across five sectors: manufacturing (25 per cent), services (25 per cent), retail (15 per cent) and construction (10 per cent) with the remaining 25 per cent spread across all sectors.

Locally, the sample tends to cover the sectors mentioned previously, with some countries being able to have local valid data for specific sectors or regions when the sample size is large enough.

Group/region	Economies included in IBR
Asia-Pacific (APAC)	Australia, Hong Kong, India, Japan, China (mainland), Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam
Association of Southeast Asian Nations (ASEAN)	Malaysia, Philippines, Singapore, Thailand, Vietnam
BRIC	Brazil, Russia, India, China (mainland)
European Union (EU)	Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Spain, Sweden, United Kingdom
G7	Canada, France, Germany, Italy, Japan, United Kingdom, United States of America
Latin America	Argentina, Brazil, Chile, Mexico
Nordic	Denmark, Finland, Sweden
North America	Canada, United States of America
Other	Armenia, Botswana, Georgia, South Africa, Switzerland, Turkey, United Arab Emirates

*some counties may include a small proportion of listed businesses in their sample when reporting locally.