



Think Ahead



The Association of
Accountants and
Financial Professionals
in Business



GLOBAL ECONOMIC CONDITIONS SURVEY REPORT: **Q2, 2024**

About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over 247,000 members and 526,000 future members in 181 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at www.accaglobal.com

About IMA® (Institute of Management Accountants)

IMA® is one of the largest and most respected associations focused exclusively on advancing the management accounting profession.

Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant), CSCA® (Certified in Strategy and Competitive Analysis), and FMAA™ (Financial and Managerial Accounting Associate) certification programs, continuing education, networking, and advocacy of the highest ethical business practices. Twice named Professional Body of the Year by *The Accountant/International Accounting Bulletin*, IMA has a global network of about 140,000 members in 150 countries and 350 professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides localized services through its six global regions: The Americas, China, Europe, Middle East/North Africa, India, and Asia Pacific.

For more information about IMA, please visit: www.imanet.org

About this report

The Global Economic Conditions Survey (GECS), carried out jointly by ACCA (the Association of Chartered Certified Accountants) and IMA (Institute of Management Accountants), is the largest regular economic survey of accountants around the world, in both the number of respondents and the range of economic variables it monitors.

The GECS has been conducted for over 10 years. Its main indices are good lead indicators of economic activity and provide a valuable insight into the views of finance professionals on key variables, such as investment, employment, and costs.

Fieldwork for the 2024 Q2 survey took place between 4 and 20 June 2024, and gathered 665 responses: 463 from ACCA members and 202 from IMA members.

ACCA and IMA would like to thank all members who took the time to respond to the survey. It is their first-hand insights into the fortunes of companies around the world that make GECS a trusted barometer for the global economy.

Contacts

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Executive summary

**CONFIDENCE
AMONG GLOBAL
ACCOUNTANTS
AND FINANCIAL
PROFESSIONALS
IMPROVED AGAIN
IN Q2 2024,
DESPITE A BIG FALL
IN NORTH AMERICA.**

The ACCA and IMA Global Economic Conditions Survey (GECS) suggests that global confidence among accountants and finance professionals improved slightly in Q2 2024 and is just above its historical average.¹ There were also small gains in the Capital Expenditure, Employment, and New Orders indices (see **Chart 1**). The first of these is slightly below its average, while the other two are slightly above average. The key global indicators for chief financial officers (CFOs) all rose, with sharp gains in the New Orders and Capital Expenditure indices (see **Charts 15 and 16**).

There was some notable divergence at the regional level (see **Chart 2**). Confidence among accountants registered another decent increase in Western Europe, consistent with continued recovery in the euro area and UK economies. There was a small rise in confidence in Asia Pacific, which came after a huge gain previously, and a marked increase in the New Orders Index. The region is benefiting from improvements in the global economy, including the manufacturing sector and technology cycle. By contrast, there was a large fall in confidence in North America, which was even more pronounced for the U.S. The U.S. economy has slowed from the heady pace of expansion in the second half of 2023, and the latest results raise the risk of some further moderation over coming quarters. The probability that the U.S. Federal Reserve will begin easing monetary policy after the summer has increased, although inflation developments over coming months will be crucial.

Our global ‘fear’ indices, which reflect respondents’ concerns that customers and/or suppliers may go out of business, both eased in the latest quarter and don’t look particularly worrying by historical standards (see **Chart 7**). A similar story is evident for global problems accessing finance and securing prompt payment (see **Chart 8**). Global concerns about operating costs eased slightly but remain elevated by historical standards (see **Chart 4**).

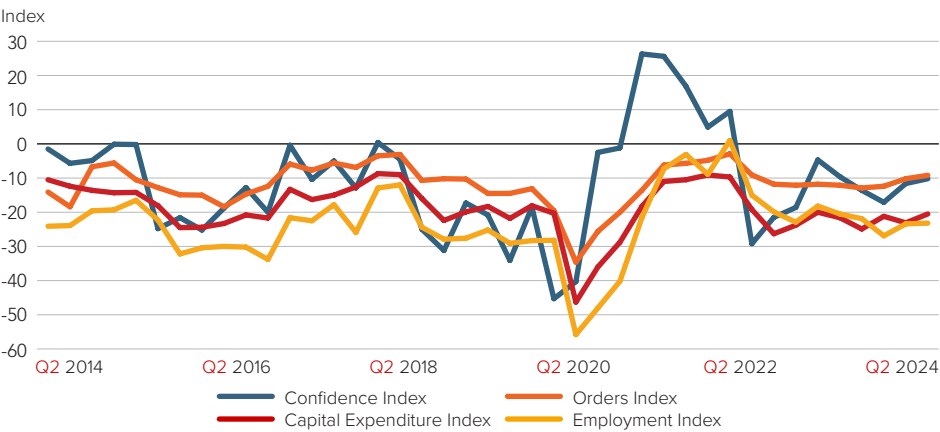
We also asked accountants to rank their top three risk priorities and, for the first time in a year, the economy is not the top concern for respondents working in financial services, although it is close to the highest it has ever been for those in the corporate sector. Responses to the question, ‘what is the most underestimated risk?’, suggest leaders are increasingly struggling to steer their enterprises through the accumulating waves of uncertainty this year, particularly as regards cybersecurity, which ranks as the third-highest risk priority for all sectors combined.

All in all, the GECS points to some further improvement in the global economy in Q2. Further signs of a pickup in the important Western European and Asia Pacific regions are encouraging, although the decline in the North American and U.S. indices bear watching closely. Meanwhile, despite the resilience of the global economy so far in 2024, many important downside risks and challenges remain. Sticky inflation could limit central banks’ scope for monetary easing, while geopolitical and domestic political risks remain very elevated and will continue to create significant uncertainty.

Confidence among global accountants improved again in the second quarter, and there were also small gains in the other key indicators.

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CHART 1: GECS global indicators



Source: ACCA/IMA (2014–24)

¹ The median is used to calculate the averages.

1. Global and regional analysis

**CONFIDENCE
ROSE THE MOST IN
WESTERN EUROPE,
BUT FELL SHARPLY
IN NORTH AMERICA.**

There was some notable divergence in the regional changes in confidence in Q2 (see **Chart 2**). The largest gain was in Western Europe, which followed a decent rise in Q1. This is consistent with continuing recovery in the euro area and UK economies after the weakness in the second half of 2023. The increase in confidence in Asia Pacific was small but notable, because it came after a huge rise previously. The improvement in the global economy and manufacturing and semiconductor sectors is likely an important contributor to rising confidence in the region. By far the largest decline in confidence occurred in North America, erasing almost three-fifths of the gains made over the previous two quarters. The decline in confidence was even more pronounced in the U.S., pointing to some slowing in economic growth. Confidence is significantly higher than its historical average in Asia Pacific, slightly above in the Middle East and Western Europe, at its average in South Asia, slightly below average in Africa, and well below average in North America.

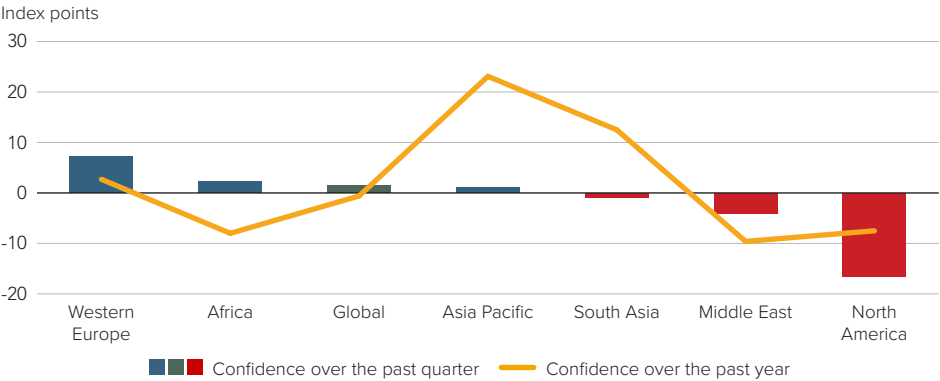
The GECS Global New Orders Index increased modestly again in the latest quarter (see **Chart 3**) and remains slightly above its average over the survey's history. There was quite a bit of divergence at the regional level. There was a very sharp increase in the New Orders Index in Asia Pacific, which is now significantly above its historical average. The largest fall was in the Middle East, although the index here remains meaningfully above its average. Among the other regions, compared with their history, new orders are comfortably above average in Africa and to a much lesser extent South Asia, and slightly below average in North America and Western Europe.

The proportion of global respondents reporting 'increased costs' eased in Q2, after rising in the previous quarter. As [Chart 4](#) shows, while cost pressures are down from their peak, they remain elevated by historical standards. At the regional level, cost pressures eased somewhat in Western Europe, but were largely unchanged in Asia Pacific, North America, and the Middle East.

Confidence rose globally in the second quarter but there was some interesting regional divergence. There was another decent gain in Western Europe but a sharp fall in North America.

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CHART 2: Confidence – change over the past quarter / year, by region

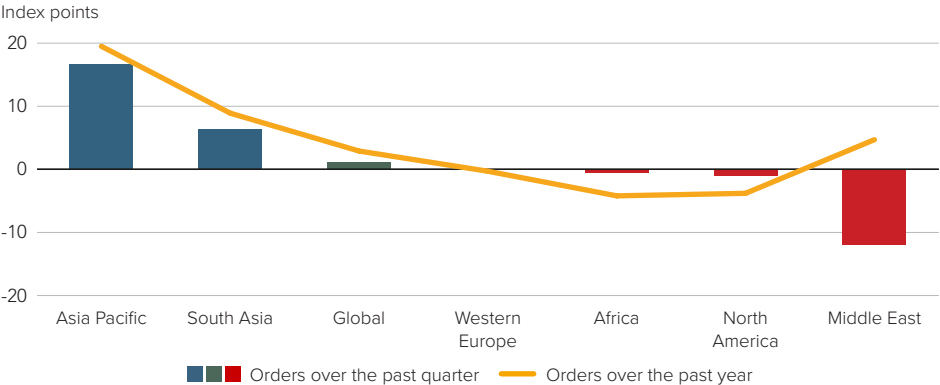


Source: ACCA/IMA (2014–24)

The Global New Orders Index rose modestly in the second quarter, but there was a very large gain in Asia Pacific.

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CHART 3: GECS Orders – change over the past quarter / year, by region



Source: ACCA/IMA (2014–24)

Cost pressures rose again in South Asia, and to a lesser extent Africa.

Cost pressures remain elevated by historical standards in all regions except the Middle East (see **Chart 5**), suggesting that those central banks enacting, or

contemplating, monetary easing should tread very carefully. Concerns about costs among CFOs were largely unchanged since the previous quarter (see **Chart 6**), with over 70% currently experiencing increased operating costs compared with a historical average of under 50%.

Concerns globally that customers and suppliers might go out of business eased in Q2. Neither of our two GECS 'fear' indices look alarming by historical standards (see **Chart 7**). Digging below the global level, Asia Pacific and South Asia are the only regions where concerns about customers going

Concerns about 'increased costs' eased slightly in the second quarter but remain elevated by historical standards.

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CHART 4: Concerns about increased operating costs

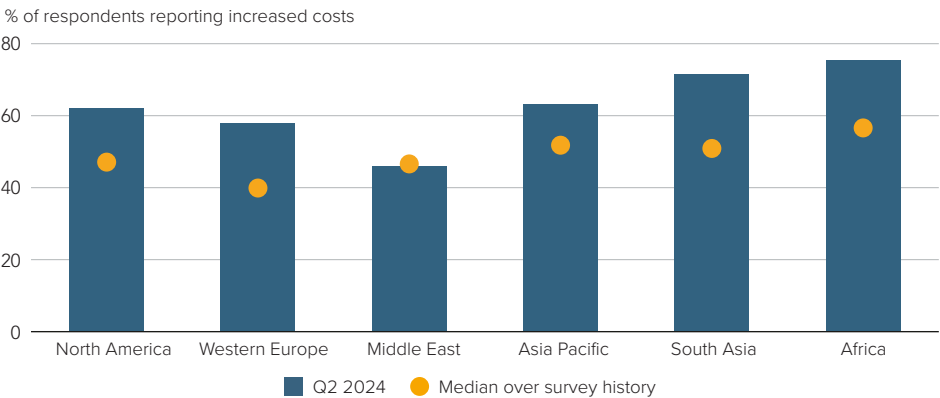


Source: ACCA/IMA (2014–24)

Cost pressures remain elevated in most regions, including North America and Western Europe.

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CHART 5: Concerns about increased operating costs

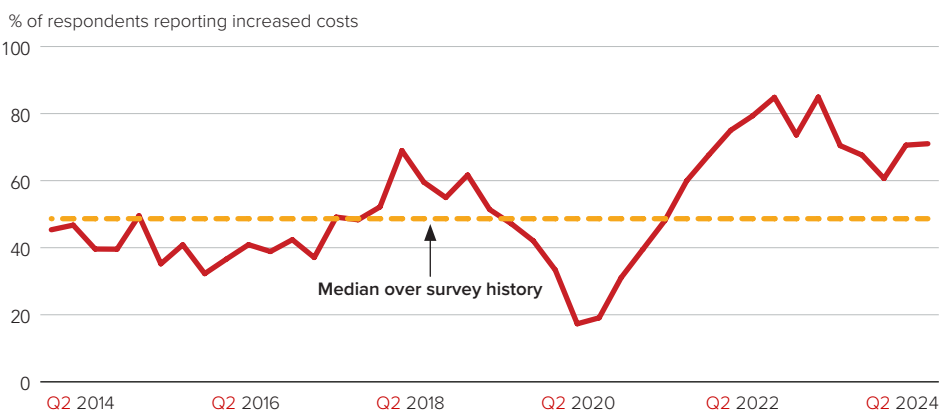


Source: ACCA/IMA (2024)

The proportion of CFOs experiencing increased operating costs was largely unchanged in Q2 and remains elevated by historical standards.

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CHART 6: Global CFO concerns about increased operating costs



Source: ACCA/IMA (2014–24)

out of business are above average, albeit not materially so. Concerns about suppliers going out of business are at their average in Asia Pacific, but below average elsewhere.

Meanwhile, global problems with accessing finance and securing prompt payment declined in the latest quarter (see **Chart 8**), and both series are below their historical averages. In none of the major regions do problems accessing finance appear to

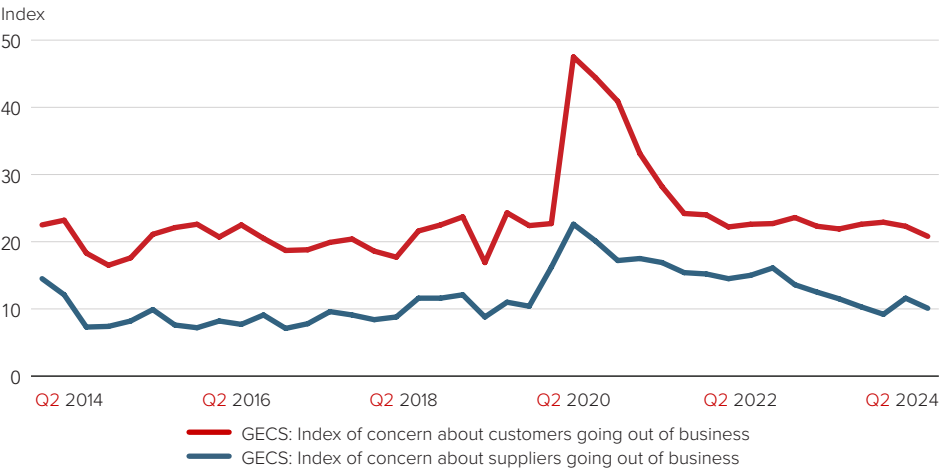
be a particular issue, with only the series for Western Europe and South Asia being slightly above their averages. A similar story was largely evident in problems securing prompt payment, with only Western Europe and South Asia being modestly above their averages.

The lagged impact of global monetary tightening is likely to affect countries, sectors, and firms to varying degrees

over the coming quarters and years. The easing in global financial conditions since last autumn has been a helpful tailwind for the global economy, and the expected monetary easing by the major central banks, particularly the U.S. Federal Reserve, over coming quarters, will clearly be beneficial. Nevertheless, interest rates are still likely to remain high by the standards of the post-Global Financial Crisis period.

Concerns globally that customers or suppliers could go out of business eased in the latest quarter and don't look alarming by historical standards.

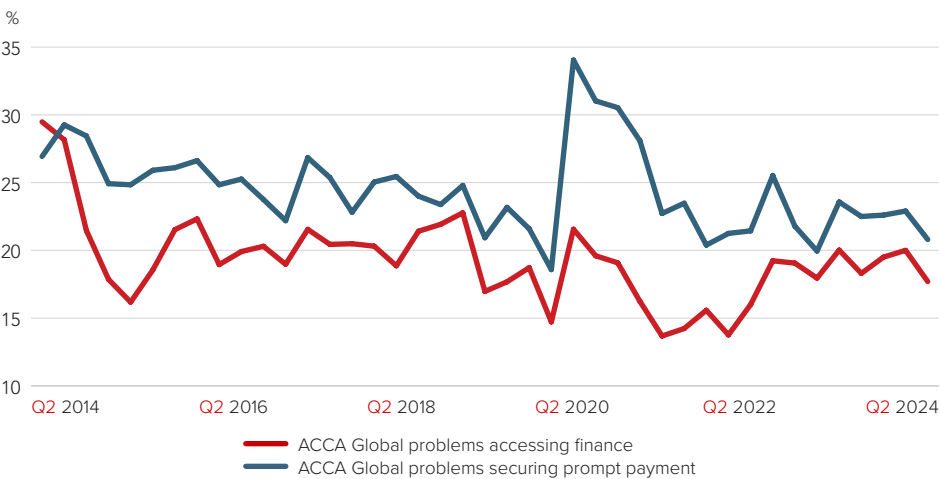
CHART 7: GECS global 'fear' indices



Source: ACCA/IMA (2014–24)

Global problems accessing finance and securing prompt payment declined and are below their historical averages.

CHART 8: Problems securing prompt payment and accessing finance



Source: ACCA/IMA (2014–24)

NORTH AMERICA

Confidence fell sharply in Q2 in North America (see **Chart 9**) and is now well below its historical average. There were also small declines in the New Orders and Capital Expenditure indices, although there was a decent increase in the Employment Index. All three indices are below their historical averages, employment and capital expenditure quite materially so. The results for the U.S. were much worse than for the continent as a whole, including a fall in confidence of 28 points, a large decline in the Capital Expenditure Index, and a small fall in the Employment Index. After the extremely robust expansion in the second half of 2023, U.S. economic growth slowed in the first half of 2024. The fall in our U.S. indicators reflects this and may augur some further moderation in growth. The probability is increasing that the Federal Reserve begins to ease monetary policy after the summer. Inflation developments over coming months will be key.

ASIA PACIFIC

Confidence rose very modestly in Q2, after a huge gain previously, and remains significantly above its historical average. There was also a very large increase in the forward-looking New Orders Index (see **Chart 10**), which is at its second highest on record. Meanwhile, there was quite a large rise in the Capital Expenditure Index, which is now above its historical average. The Employment Index declined, however, although it remains well above average. All in all, the key indicators point to an increasingly positive backdrop for Asia Pacific. The export-oriented region is benefiting from the improving global economy, including the pickup in the manufacturing sector and global technology cycle. The sharp improvement has occurred despite the rather tentative recovery of China's economy amid continuing problems in its housing market. Key risks for the region are a more pronounced than expected slowing in the U.S. economy and rising protectionism.

WESTERN EUROPE

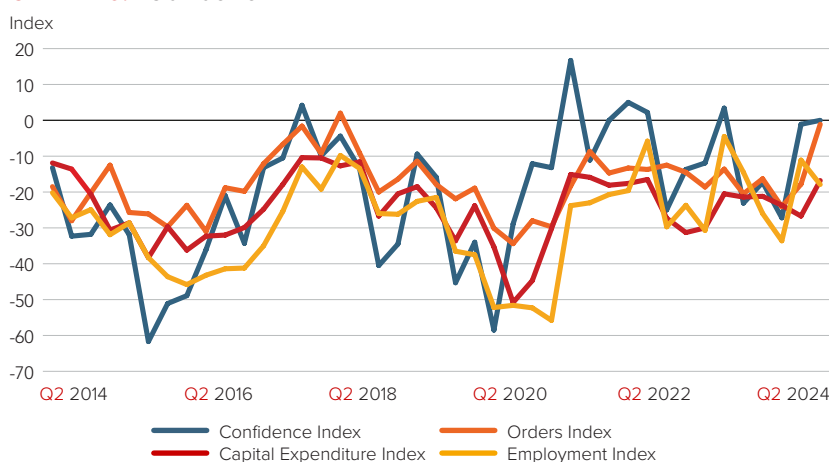
Confidence rose moderately for the second consecutive quarter in Q2 and is now at its highest since Q1 2023 and slightly above its historical average. Nonetheless, the picture for the other key indicators was mixed. The New Orders Index was largely unchanged and remains slightly below its average. The Capital Expenditure Index fell quite materially, while employment rose – both are below their historical averages. Overall, the continued rise in confidence is consistent with a recovery in the economy of Western Europe, although the key indicators do not suggest a particularly robust expansion (see **Chart 11**). The euro area and UK economies are benefiting from improving real incomes among households amid the sharp fall in inflation and strong pay growth. Monetary policy is also beginning to become somewhat less restrictive. The European Central Bank cut interest rates in June and the Bank of England may follow suit over coming months. Nevertheless, monetary easing is likely to be cautious and gradual.

CHART 9: North America



Source: ACCA/IMA (2014–24)

CHART 10: Asia Pacific



Source: ACCA/IMA (2014–24)

CHART 11: Western Europe



Source: ACCA/IMA (2014–24)

MIDDLE EAST

Confidence declined somewhat in Q2 but remained slightly above its historical average. There were also reasonably large falls in the New Orders, Capital Expenditure and Employment indices (see **Chart 12**). The New Orders Index remains meaningfully above its historical average, the Employment Index is around its average, while the Capital Expenditure Index is well below average. Survey respondents have become noticeably less optimistic on the prospects for increases in government spending over the next year. All in all, the latest results were disappointing and paint a somewhat mixed picture for the region. The purchasing managers' surveys have also recently pointed to some slowing in the non-oil private sectors in Saudi Arabia and the United Arab Emirates, although they remain consistent with solid growth. The beginning of rate cuts by the U.S. Federal Reserve should be helpful for the region, but geopolitical risks remain.

SOUTH ASIA

Confidence in South Asia declined very slightly in Q2 and is currently at its historical average (see **Chart 13**). The New Orders Index improved and is at its highest since Q3 2022 and above its average. There was also a small improvement in the Capital Expenditure Index, which is now at its historical average. Less encouragingly, there was a huge fall in the Employment Index, which lost its very large gains over the previous two quarters. It is now materially below its historical average, although its current level is certainly not unprecedented by historical standards and this can be a volatile index. Overall, the key indicators (save employment) remain consistent with a broadly reasonable backdrop for South Asia. The region's largest economy, India, should continue to be the fastest-growing major global economy over coming years: the International Monetary Fund (IMF) forecasts annual growth in excess of 6% through the end of the decade.

AFRICA

Confidence improved slightly again in Q2 (see **Chart 14**) but remains just below its historical average. The New Orders Index declined modestly but remains meaningfully above average. There were decent increases in both the Capital Expenditure and Employment indices after sharp falls previously. The former is slightly below average, while the latter is above it. High inflation remains a major issue in the region. Concerns about increased operating costs rose again and remain elevated by historical standards, while 73% of survey respondents expect the rate of inflation to rise over the next three months in the country where they work, while only 14% expect a decline. Against such a backdrop, 51% of respondents expect an increase in interest rates over the next three months in the country where they work, while only 14% expect a decline. The beginning of monetary easing by the U.S. Federal Reserve would be very helpful for the region, but geopolitical developments remain a major risk.

CHART 12: Middle East

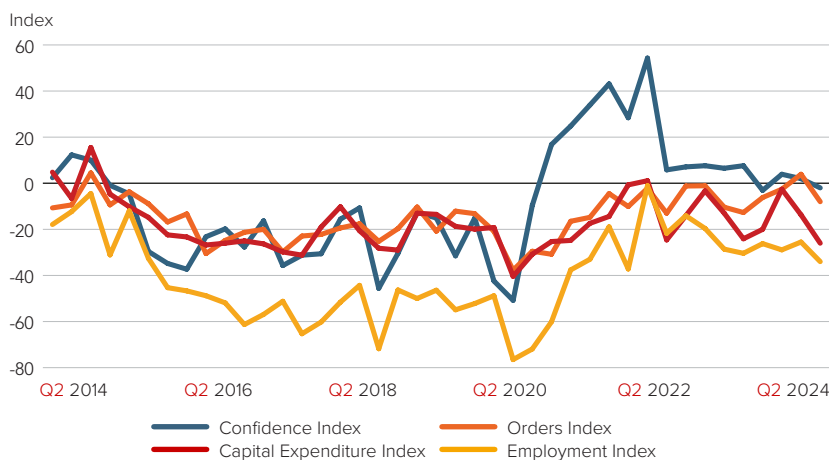


CHART 13: South Asia

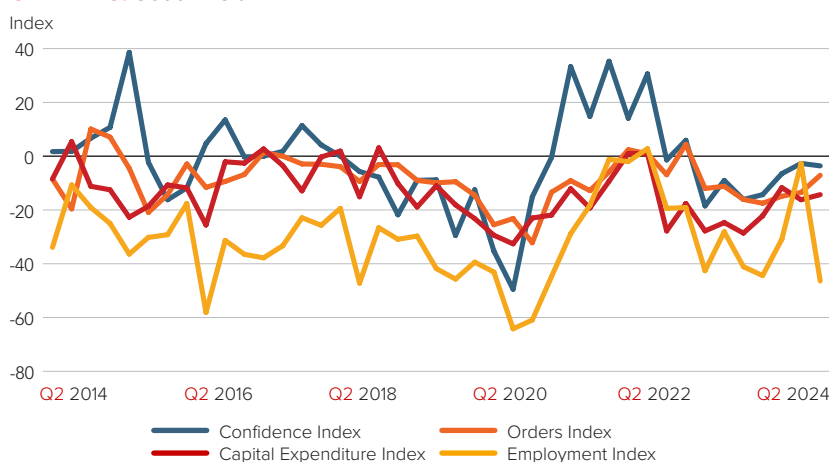
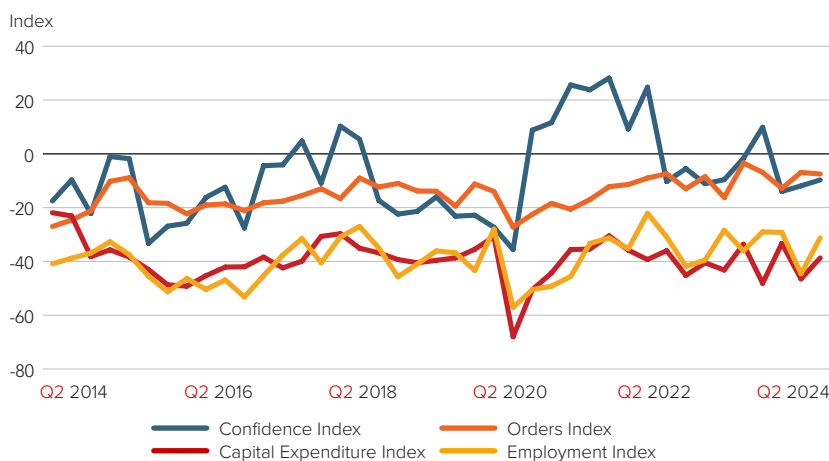


CHART 14: Africa



Chief Financial Officers

KEY INDICES POINT TO GROWING OPTIMISM AMONG CFOS, BUT COST CONCERNS REMAIN ELEVATED.

The indices reported in this section reflect the survey responses of the CFOs who are part of our broader global panel of accountants and other finance professionals.

Confidence among CFOs recorded a decent increase in Q2 and is now slightly above its historical average. New orders improved sharply and are well above average (see [Chart 15](#)). The Confidence Index for CFOs is almost equal to that of the broader panel (accountants, auditors, CFOs, etc.), while the New Orders Index is materially higher than that for the broader panel.

The Capital Expenditure Index for CFOs registered its third-largest gain on record and is now just below its historical average.

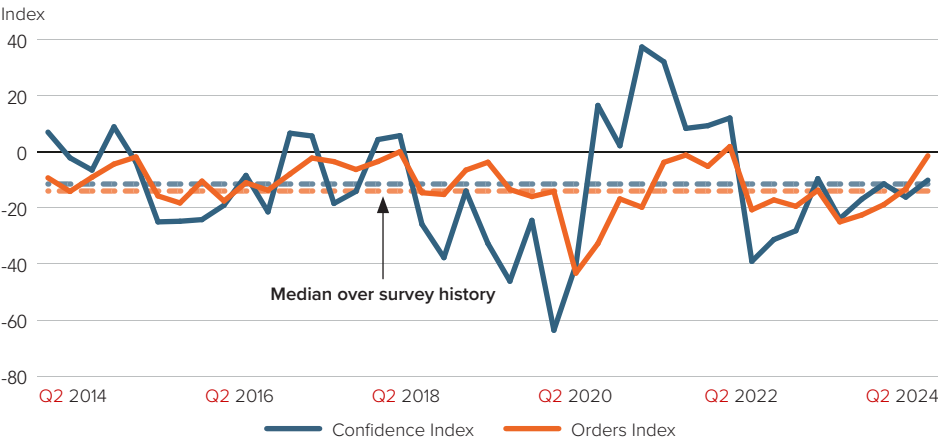
It is now only slightly lower than that for the broader panel, after being significantly below in previous quarters. The CFOs' Employment Index increased modestly and is now at its average (see [Chart 16](#)). It remains slightly higher than that of the broader panel. Meanwhile, the proportion of CFOs experiencing increased operating costs remains elevated by historical standards (see [Chart 6](#)).

All in all, the across-the-board gains in the Confidence, New Orders, Capital Expenditure and Employment indices among CFOs are clearly encouraging, with the key indicators currently indicative of a broadly decent global economic backdrop. That said, continued elevated concerns about operating costs add a note of caution.

Confidence among CFOs improved in Q2, and there was a large rise in the New Orders Index.



CHART 15: GECS global indicators – CFOs

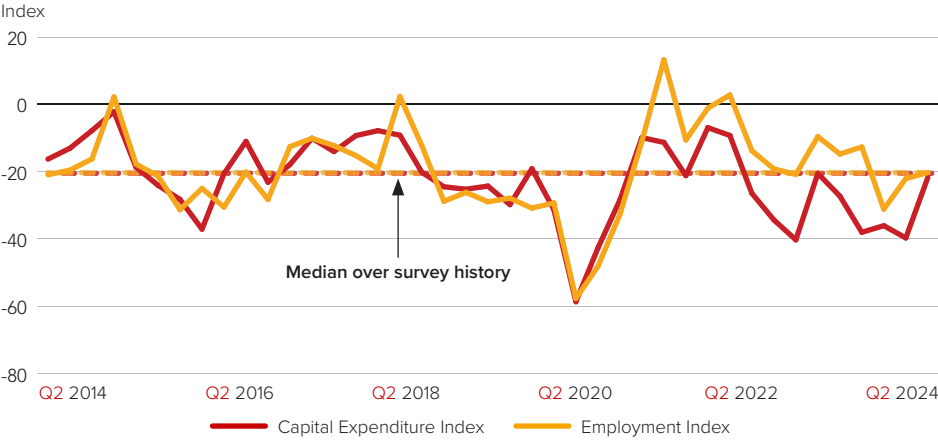


Source: ACCA/IMA (2014–24)

The CFOs' Employment Index improved slightly in Q2, while the Capital Expenditure Index increased sharply.



CHART 16: GECS global indicators – CFOs



Source: ACCA/IMA (2014–24)

2. The uncertainties keeping accountants up at night

For the first time in a year, the economy is not the top risk priority for respondents working in financial services, although it is close to the highest it has ever been since the global risks survey was first carried out among accountants in the corporate sector.

The global risks survey, initiated in November 2022 as part of ACCA's research series on ['Risk Culture: Building Resilience and Seizing Opportunities'](#), was added as a new section in ACCA-IMA's GECS in 2023's Q2 report. One year on, it continues to shed light on the risk perspectives of financial professionals around the world and findings from the second quarter of 2024 (Q2 2024) are particularly telling about the increasing lack of foresight among, and eroding trust in, business leaders.

While 'economic inflation, recession, interest rates' remained the top risk priority overall, its lead narrowed because fewer respondents from financial services ranked it in their top three and instead ranked 'regulatory, compliance, legal' issues higher for the first time since Q4 2022. On the other hand, the corporate sector kept 'economic inflation, recession, interest rates' as an even stronger first priority and put 'international and geopolitical instability' back into the top three after dropping it down to fourth place in Q1 2024.

We also continue to see how risk concerns vary across industries, quarter-to-quarter. For example, accountants in financial services put 'misconduct, fraud, reputational damage' into the top three for the first time.

This is interesting since, as discussed in previous reports, we found it to be a big blind spot, having consistently ranked at the bottom overall despite the rising number of fraud cases in both financial services and the corporate sector. Indeed, it was ranked as the lowest priority of all one year ago and is still the lowest-ranking priority for respondents in the corporate sector.

The open-ended question, 'what do you believe is the most underestimated risk facing your organisation?', helps put all this into context. 'Certain key functions are exclusively in the hands of third parties, for example, our money transfer application. Various fraud incidents have been investigated, but controls are still not fully implemented', a respondent from Sierra Leone commented.

From new monetary and fiscal policies to the perils and promises of artificial intelligence (AI) and intensifying impacts of climate change, respondents in Q2 2024 didn't hold back about the challenges they face given the unprecedented number of elections this year on top of already accelerating green and digital transformations.

'While cybersecurity has been a concern for financial institutions for years, the sophistication and frequency of cyberattacks, many state-run, continue to evolve and no one really understands the consequences or how to account for them', a respondent in the U.S. said.

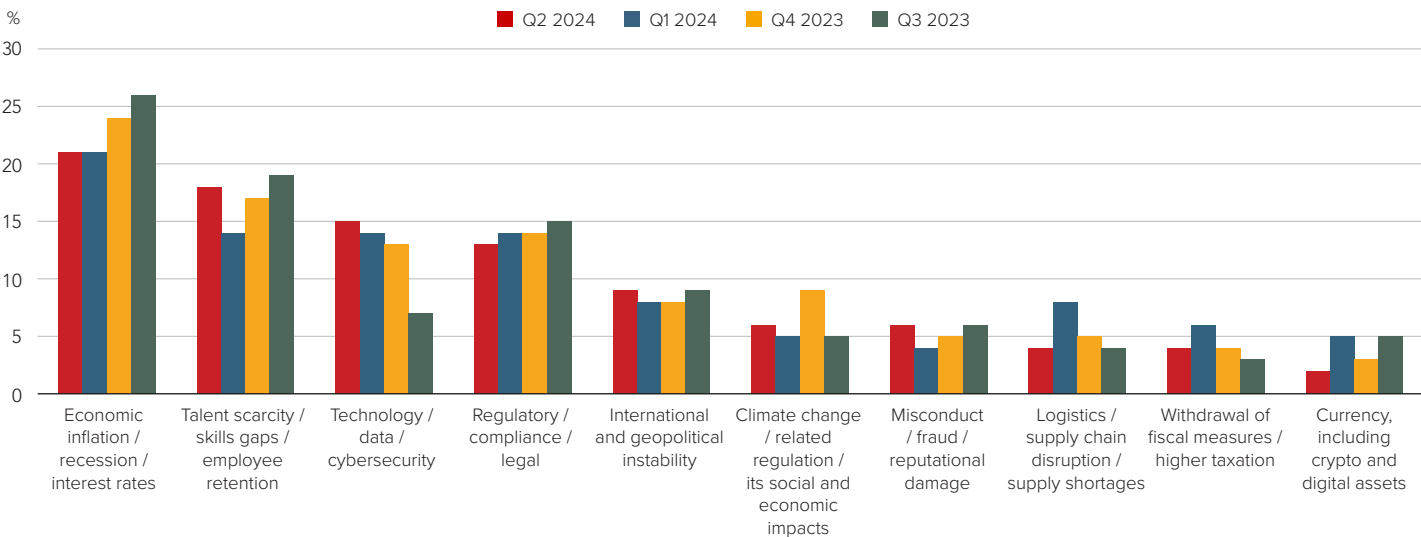
Another in India explained: 'Climate change, poor state of finances of local governments and increased taxes are all factors that need to be considered, but the most difficult problem is customer confidence in the economy and their own capacity to invest in things like housing'.

As 'talent scarcity, skills gaps, employee retention' continues to fall down the ranks of concerns in financial services, our findings show that they are becoming ever more challenging for the corporate sector, with many respondents saying staff turnover is the biggest underestimated risk. Big or small, corporates are also naturally concerned with 'logistics, supply chain disruption, supply shortages' and we see a growing lack of confidence in how boards and senior management tackle the interconnectedness of all these issues.

'The company is good at increasing prices of our products instead of finding ways to increase volumes', said one ACCA member. 'Senior management's drive to change for the sake of shareholder narrative, rather than true growth and exploitation of opportunities, is wasting capital on non-value-add[ing] paths', added another.

Additionally, as a respondent in Australia noted, 'My organisation has outdated technology that will limit progress going forward'. Another, in the U.S., concluded, 'We are at a high risk of being unable to bring in new business [owing] to changing buying habits; the question is, what are we doing about it?'.

CHART 17: Top ranked risk priorities – change over the past year



Source: ACCA /IMA Global Risks surveys (2023–24)

Links to previous Global Economic Conditions Survey (GECS) reports:

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ACCA, IMA and the global economy

Global economic conditions continue to dominate business and political life. News and debates on economic issues are almost constantly the focus of media attention. While most national economies are now growing once again, it is far from clear how sustainable this growth is or how long it will be before a sense of normalcy returns to the global economy.

ACCA and IMA have been prominent voices on what the accounting profession can do to help turn the global economy around. Both bodies have published extensively on a range of topics, from the regulation of financial markets or the prevention of fraud and money laundering, to fair value or the role of international accounting standards, to talent management and the development of an ethical business culture.

ACCA and IMA aim to demonstrate how an effective global accountancy profession contributes to sustainable global economic development; to champion the role of accountants as agents of value in business; and to support their members in challenging times. Both professional bodies believe that accountants add considerable value to business, and never more so than in the current environment.

Accountants are particularly instrumental in supporting the small business sector. Small and medium-sized enterprises (SMEs) account for more than half of the world's private sector output and about two-thirds of all employment.

Both ACCA and IMA focus much of their research and advocacy efforts on articulating the benefits to SMEs of solid financial management and reliable financial information.

WHERE NEXT?

As countries around the world continue to consider strategies to promote stability and stimulate growth, the interconnectedness of national economies, and how they are managed and regulated, is now under close scrutiny. The development of the global accountancy profession has benefited from, and in turn contributed greatly to, the development of the interconnected global economy. The fortunes of the two are tied. ACCA and IMA will, therefore, continue to consider the challenges ahead for the global economy, and focus on equipping professional accountants for the uncertain future.

GECS-Q2-2024

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