

## February 2012 – MSI Global Feelgood Index, Supplementary Information & Commentary

### The Bottom of the ‘Great Recession’ in 2012 – at last?

Further analysis of the findings of the inaugural MSI Global Feelgood Index is provided below by Joe Nellis, Professor of International Management Economics at Cranfield School of Management, a leading international business school based in the UK.

**London, 22 February 2012** - The outlook for the global economy continues to give cause for concern at the start of 2012. A recovery in many of the major Western economies is being hampered by continued strains in the Eurozone to the extent that there has been a downward revision in the latest forecasts for global output. The IMF, in its most recent *World Economic Outlook* report now expects the global economy to grow by 3.25 per cent in 2012 – down significantly from the 4 per cent predicted just a few months ago.

The year ahead will be challenging for many regions and countries across the globe – with the Eurozone economy as a whole expected to go into a mild recession. This will have a direct impact on the major exporting countries, especially China, Japan and Germany. This year is likely to see the bottom of what has become known as the ‘Great Recession’ – but many uncertainties will still pose a threat to the path of recovery thereafter!

The latest survey results from the *MSI Feelgood Index* indicate that there have been some regional variations in terms of business sentiment between the end of 2011 and the start of 2012.

While the composite Global Index has remained more or less static (at **+0.10** compared with **+0.08** in the previous quarter), there has been a notable upturn in the balance of confidence in the North American region (from **+0.04** to **+0.22**). This supports the emerging view that the region, and in particular is near or at the bottom of the economic cycle and that a modest recovery may well be underway there. This view is supported by the latest forecasts from the IMF for the region (with GDP in the USA expected to grow by 1.8% in 2012).

The balance of business confidence in general across Western Europe remains in negative territory (**-0.04**). This is not surprising in the light of the sovereign debt crisis that continues to build momentum in some euro member states – particularly Greece, Spain, Portugal and Italy. In contrast, and unexpectedly, the balance of business confidence in Eastern Europe is positive (at **+0.39**).

Over the last three months there has been a slight downturn in the *MSI Feelgood Index* for the Australia/New Zealand region (from **+0.03** to **-0.03**), more or less matching that of Eastern Asia (**-0.05**) and the Indian region (**-0.01**).

The general level of business confidence remains positive in Latin America, directly in tandem with the **+0.22** balance noted earlier for North America. Finally, the balance of optimism in the Middle East and North Africa as well as Southern Africa regions has dampened, according to the latest MSI Feelgood Index (from **+0.33** to **+0.07** and from **+0.22** to **+0.04** respectively) – but is still in positive territory.

### For more information

For more information, please email MSI's Head of Marketing, Giles Brake ([gbrake@msiglobal.org](mailto:gbrake@msiglobal.org)) or call on +44 20 7583 7000. Alternatively, please visit the MSI website at [www.msiglobal.org](http://www.msiglobal.org) where a blog provides commentary on the survey findings.

### Analysis of MSI Global Feelgood Index Survey Findings by Region (February 2012)

Region	Confidence Index	How do you envisage the following key business indicators will perform over the next 3 months?			In which direction do you anticipate the following key business indicators will go over the next 3 months?			
		Sales pipeline	Profit margins	Cash flow	Spending on investment capital	Staff numbers	Spending on marketing & advertising	Spending on staff welfare & training
Global	+0.10	+0.20	-0.03	+0.06	+0.03	+0.11	+0.19	+0.16
North America	+0.22	+0.35	+0.09	+0.25	+0.2	+0.18	+0.26	+0.18
Western Europe	-0.04	-0.06	-0.17	-0.01	-0.18	+0.07	+0.1	+/-0.00
Eastern Europe	+0.39	+0.64	+0.22	+0.46	+0.18	+0.38	+0.44	+0.42
ANZ	-0.03	+0.1	-0.05	-0.08	-0.13	-0.05	+0.05	-0.03
Eastern Asia	-0.05	+/-0.00	-0.06	-0.02	-0.08	-0.03	+0.03	+0.06
Indian Region	-0.01	+0.14	-0.06	-0.32	+0.09	-0.09	+0.19	-0.05
Latin America	+0.22	+0.37	-0.10	-0.10	+0.26	+0.28	+0.33	+0.49
Middle East & North Africa	+0.07	+0.42	-0.17	+/-0.00	+0.42	+0.07	-0.17	-0.17
Southern Africa	+0.04	+0.08	+0.08	+0.12	-0.12	-0.05	+0.12	+0.01