

May 2012 – MSI Global Feelgood Index, Supplementary Information & Commentary

Light at the End of the Tunnel?

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, 23 May 2012 - Slowly, but surely, prospects are beginning to improve for the global economy. At last, there is a hint of light at the end of the tunnel for some – but not for all.

Growth in global output is expected to be around 3.5% in 2012 according to the latest forecasts from the IMF. Economic activity has picked up noticeably in recent months in the USA, pulling along with it a number of its major trading partners.

The Eurozone area, in sharp contrast, is still plagued by a sovereign debt crisis and a banking sector that continues to deleverage. At the same time, fiscal austerity measures are now in full swing, putting downward pressure on domestic demand in many areas. Several EU countries are now, officially, in a (mild) double-dip recession. This situation, however, should start to ease gradually from mid-2012 onwards.

Overall, the advanced economies are expected to grow by only around 1.5% in 2012 with momentum picking up in 2013. However, job creation in the struggling European economies will be sluggish for the foreseeable future where, in March, unemployment reached its highest rate in 15 years. The emerging markets and developing nations will continue to forge ahead in 2012 – the IMF is expecting them to grow by at least 6% this year with India and China doing particularly well.

The hint of light at the end of the tunnel, especially for the advanced countries, will strengthen in the months ahead – although there is still a need for caution. The latest survey results from the MSI Global Feelgood Index indicate that a majority of regions are reporting an increase in overall business sentiment – pulling the composite Global Index up from **+0.10** to **+0.16** over the last three months. The biggest improvements in confidence have been reported in Eastern Asia (up from **-0.05** to **+0.24**) and the Indian Region (up from **-0.01** to **+0.23**) bolstered by the improving economic conditions. Southern Africa has also reported a marked improvement in confidence over the same period, up from **+0.04** to **+0.15**.

The North American Region has also reported a steady improvement in business confidence, in line with the more optimistic economic outlook being reported by many organisations. But, as expected, the balance of confidence has fallen yet again across Western Europe as a whole – dropping from **-0.04** to **-0.06**. The situation in Europe is likely to be fragile for several months ahead while economic uncertainty hangs over a number of countries.

The balance of confidence in the Middle East & North Africa Region has now moved into negative territory for the first time since the launch of the MSI Global Feelgood Index, going from **+0.07** to **-0.01**.

For more information

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

Analysis of MSI Global Feelgood Index Survey Findings by Region (May 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	+0.16	+0.29	-0.02	-0.05	+0.07	+0.29	+0.29	+0.28
North America	+0.24	+0.41	+0.11	+0.21	+0.26	+0.23	+0.19	+0.26
Western Europe	-0.06	-0.01	-0.27	-0.20	-0.12	+0.14	+0.08	-0.06
Eastern Europe	+0.18	+0.16	+0.04	-0.04	+0.13	+0.23	+0.55	+0.17
ANZ	-0.01	+0.07	-0.08	-0.02	-0.19	+0.01	+0.15	+0.02
Eastern Asia	+0.24	+0.44	+0.03	-0.20	-0.02	+0.51	+0.44	+0.48
Indian Region	+0.23	+0.36	-0.12	-0.27	+0.27	+0.24	+0.53	+0.61
Latin America	+0.18	+0.22	+0.04	+0.11	+0.06	+0.24	+0.19	+0.42
Middle East & North Africa	-0.01	+0.08	+0.08	-0.35	-0.06	+0.08	+0.08	+0.00
Southern Africa	+0.15	+0.34	+0.13	+0.13	-0.09	+0.34	+0.07	+0.13

MSI Global Feelgood Index (May 2012)

Levels of optimism among businesses by world region



