ACCA Think Ahead

ima® The Association of Accountants and Financial Professionals in Business

GLOBAL ECONOMIC CONDITIONS SURVEY REPORT: **Q2, 2020**

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We believe that accountancy is a cornerstone profession of society that supports both public and private sectors. That's why we're committed to the development of a strong global accountancy profession and the many benefits that this brings to society and individuals.

Since 1904 being a force for public good has been embedded in our purpose. And because we're a not-for-profit organisation, we build a sustainable global profession by re-investing our surplus to deliver member value and develop the profession for the next generation.

Through our world leading ACCA Qualification, we offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. And using our respected research, we lead the profession by answering today's questions and preparing us for tomorrow.

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IMA®, named the 2017 and 2018 Professional Body of the Year by *The Accountant/International Accounting Bulletin*, 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) and CSCA® (Certified in Strategy and Competitive Analysis) programs, continuing education, networking and advocacy of the highest ethical business practices. IMA has a global network of more than **125,000** members in **150** countries and **300** professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides localized services through its four global regions: The Americas, Asia/Pacific, Europe, and Middle East/India.

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Introduction

THE GLOBAL ECONOMIC CONDITIONS SURVEY (GECS), IS THE LARGEST REGULAR ECONOMIC SURVEY OF ACCOUNTANTS AROUND THE WORLD.

The Global Economic Conditions Survey (GECS), carried out jointly by ACCA (the Association of Chartered Certified Accountants) and IMA (the Institute of Management Accountants), is the largest regular economic survey of accountants around the world, in terms of 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 Q2 2020 survey took place between 29 May and 12 June 2020 and attracted 1070 responses from ACCA and IMA members, including over 100 CFOs. The COVID-19 questions gathered 805 responses.

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.

Executive summary

THE Q2 GLOBAL ECONOMIC CONDITIONS SURVEY (GECS) REFLECTS THE SCALE OF THE GLOBAL RECESSION NOW UNDER WAY.

The Q2 Global Economic Conditions survey (GECS) reflects the scale of the global recession now under way. Globally orders and employment indices have plummeted to record lows in the latest survey, consistent with the view that this is the most severe recession in decades. By contrast, global confidence recovered slightly from the record low reached in the Q1 survey (Chart 1). This provides some optimism that recovery is in prospect in the second half of the year, notwithstanding the collapse in activity through the first half.

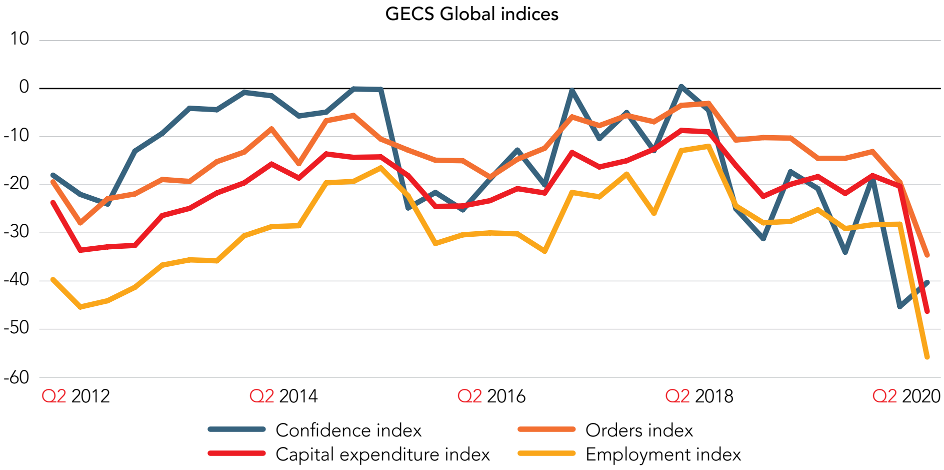
The change in measured concern that customers and suppliers may go out of business underlines the current extremely poor global economic situation. Both these measures had trended sideways at relatively low levels in recent years but shot up to record highs in Q2 – to 23% for suppliers and 47% for customers (Chart 2).

There was only a modest dip in orders in the Asia Pacific region, reflecting the earlier profile of lockdown and subsequent easing this year. The largest falls in orders are in North America and Western Europe – a sign of the collapse in activity in these regions where lockdowns lasted through much of the quarter. Orders also fell markedly in the Middle East, hit by weaker oil prices as well as directly by COVID-19 effects (Chart 3).

The mixed picture on confidence contrasts with the universally gloomy readings on activity indicators such as orders and employment. (Chart 4). Recovery in confidence from Q1 lows can be interpreted as optimism about economic prospects over the second half of the year. This is especially likely in Asia Pacific which emerged first from lockdowns and where confidence has rebounded strongly to its highest level in a year.

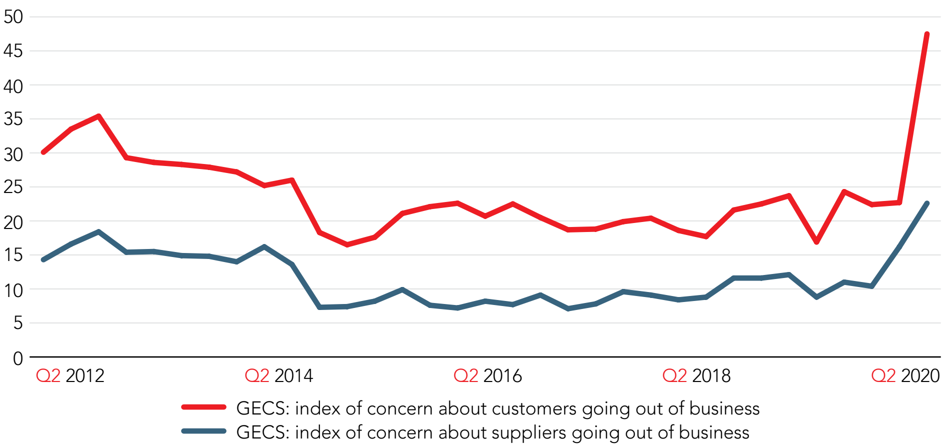
GLOBALLY ORDERS AND EMPLOYMENT INDICES HAVE PLUMMETED TO RECORD LOWS IN THE LATEST SURVEY, CONSISTENT WITH THE VIEW THAT THIS IS THE MOST SEVERE RECESSION IN DECADES.

CHART 1: A grim global picture



Source: ACCA/IMA (2012-20)

CHART 2: Fears that stakeholders may go out of business



Source: ACCA/IMA (2012-20)

In other regions, such as North America and Europe, the recovery in confidence is modest but in stark contrast with the large fall in orders in both regions. Confidence fell further in Africa and the Middle East, in both cases to record lows.

Special COVID-19 related questions in the latest GECS show an overall 50-50 split between those expecting economic recovery in the second half of this year and those not expecting it until some point in 2021. Regionally there is a marked difference between an optimistic North America region and relatively pessimistic Western Europe. For access to finance there is a marked difference between advanced regions such as North America and Western Europe, where government support and guarantees are extensive and generous, and EMs where they are less so.

The World Bank and OECD half-yearly economic updates paint a truly grim picture, with forecast falls in GDP this year much greater than during the Great Recession of 2008–09. The outlook for EMs is especially challenging, given often limited health care capacity and stretched public finances. The World Bank expects around 90 per cent of EMs to suffer falls in income per head this year, with declines in GDP per head of around 8% in Latin America, 6% in the Middle East and North Africa and 5% in Sub-Saharan Africa. As a result, millions of people will fall back into poverty.

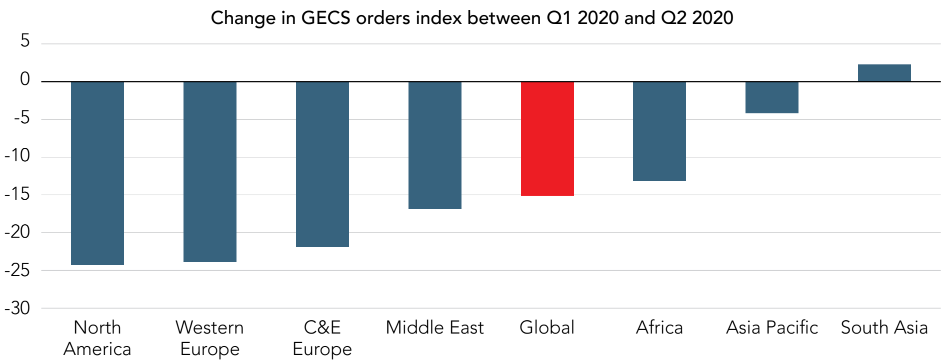
There is now an expectation that the second quarter of this year will see unprecedented falls in GDP, reflecting the period of most severe lockdowns in many countries. But the second half of the year is likely to see an improvement as lockdowns are gradually eased. A temporary surge in output is possible as consumers meet pent up demand for consumer durables. But a sustained and robust increase in consumption and output seems unlikely in the near term. First, social distancing measures are set to remain in some form until treatments or a vaccine are widely available – this will restrict household demand in the consumer facing services sector. More generally, consumer demand is likely to be held back by weak confidence, especially if the inevitable increases in unemployment rates do not fall back quickly.

Central banks have continued to ease policy to support economies – both the European Central Bank and Bank of England increased quantitative easing at policy meetings in June. A shift in focus of fiscal policy is underway, moving from support (a bridge of income) to stimulus (boosting demand). It remains to be seen how successful such measures are – Germany is a first mover in this respect with temporary cuts in the rates of VAT and incentives to buy electric vehicles for example.

Notwithstanding the boost from policy, headwinds against recovery are likely to remain in the coming quarters amid social distancing rules and consumer caution. Earlier expectations of a sharp V-shaped recovery have given way to anticipation of a fairly long period before the pre-crisis level of output will be regained. For EMs, a lot will depend on commodity prices as well as the strength of any recovery in advanced economies. Our view is that for many economies, including the US, UK and eurozone, it will not be until the second half of 2022 at the earliest that the end- 2019 level of output will be reached.

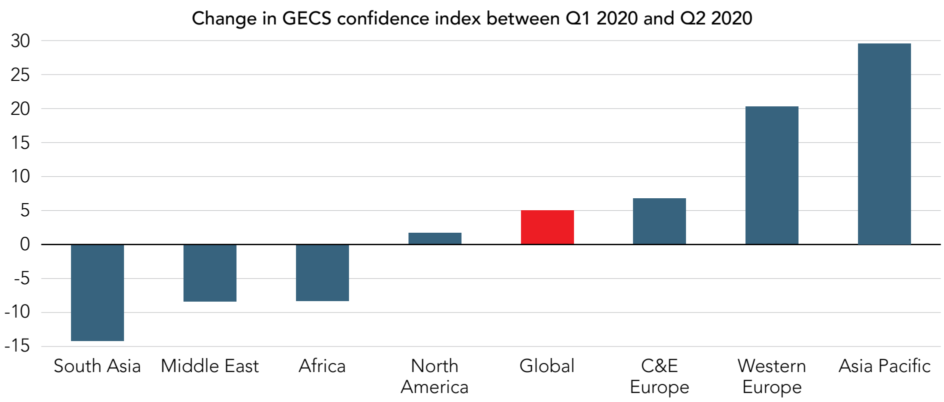
THE LARGEST FALLS IN ORDERS ARE IN NORTH AMERICA AND WESTERN EUROPE – A SIGN OF THE COLLAPSE IN ACTIVITY IN THESE REGIONS WHERE LOCKDOWNS LASTED THROUGH MUCH OF THE QUARTER.

CHART 3: Orders fall in most regions, especially Europe and North America



Source: ACCA/IMA (2012-20)

CHART 4: Mixed picture on confidence



Source: ACCA/IMA (2012-20)

1. Global and regional analysis

THIS GECS CAPTURES THE TRUE SCALE OF THE GLOBAL RECESSION CAUSED BY THE RESPONSE TO THE COVID-19 PANDEMIC.

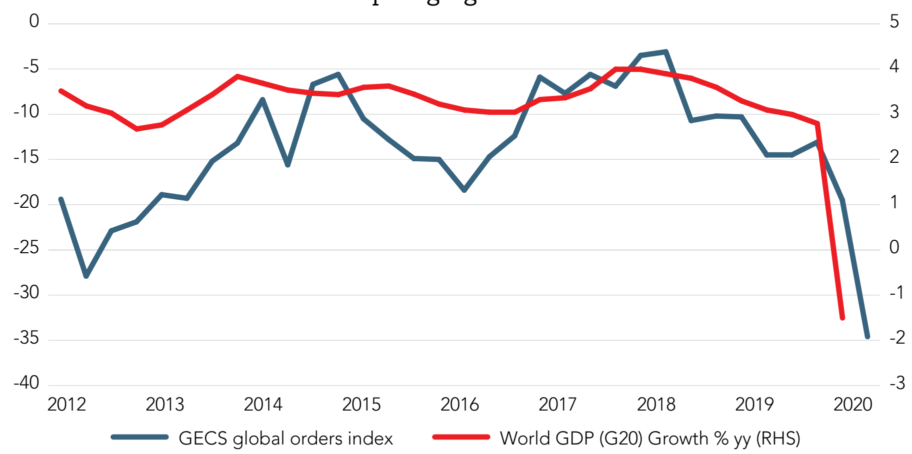
This GECS captures the true scale of the global recession caused by the response to the COVID-19 pandemic. Activity indicators covering orders, capital spending and employment are at or close to record lows in most regions. The global orders balance fell by 15 points, around twice its previous biggest quarterly drop (Chart 5). Other global measures of extreme weakness include employment indices and concern that customers and suppliers may go out of business. In the G20 – the Group of Twenty largest economies that account for 85% of world GDP – output is 1.5% lower in Q1 than a year earlier. But the Q2 data will show a much bigger decline in global economic activity.

Confidence in Q2 presented a mixed picture and globally there was a modest bounce from the record low seen in Q1.

This unusual combination of very weak orders but slightly better confidence can be interpreted as expectations of a turning point – an unprecedented collapse in activity in the first half of the year, to be followed by some degree of recovery in the second half.

The near-term effects of the global recession are very disinflationary – the GECS index of concern about operating costs fell by a record amount to a new all-time low in Q2. (See Chart 6). Lower commodity prices, especially for oil and industrial metals, have already pushed headline inflation rates lower in many countries. A more persistent disinflationary effect is the demand shock caused by COVID-19 and the measures introduced in an attempt to mitigate it.

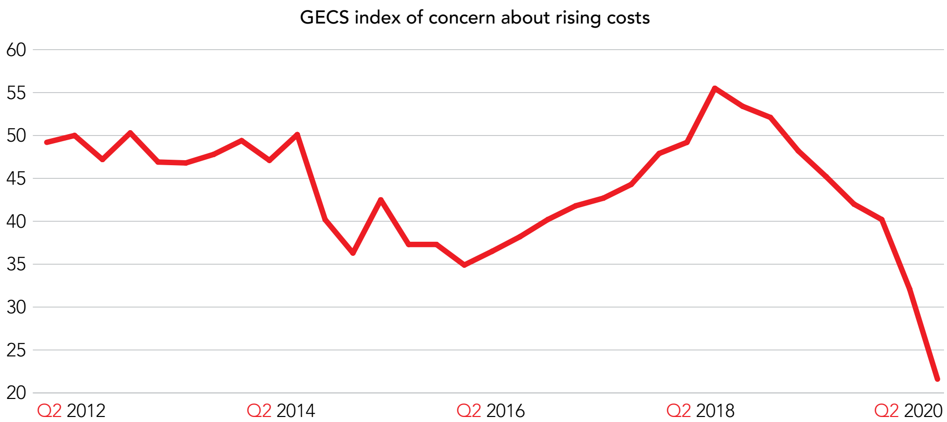
CHART 5: Global orders indicate plunging world GDP



Source: OECD June 2020, ACCA/IMA (2012–20)

THE NEAR-TERM EFFECTS OF THE GLOBAL RECESSION ARE VERY DISINFLATIONARY – THE GECS INDEX OF CONCERN ABOUT OPERATING COSTS FELL BY A RECORD AMOUNT TO A NEW ALL-TIME LOW IN Q2.

CHART 6: Global inflation concerns disappear



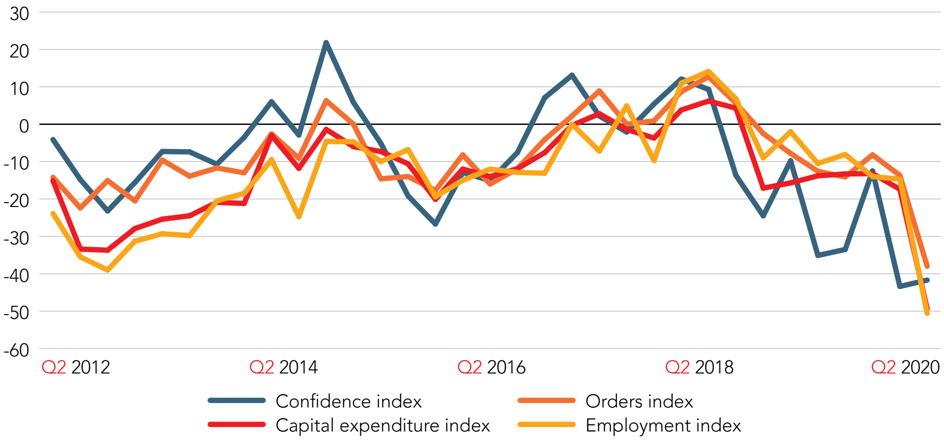
Source: ACCA/IMA (2012-20)

Regional picture

NORTH AMERICA

The orders balance plunged to a record low in Q2, consistent with severe recession in the region. In its latest Economic Outlook, the OECD forecast contractions in GDP of around 13% over the first half of 2020 in both the US and Canada, followed by modest recovery in the second half as lockdowns are eased. The plunge in the GECS employment index reflects the dramatic surge in unemployment, especially in the US, and this is a downside risk to sustained recovery. Confidence ticked up slightly from a record low in Q1, hinting at a slightly brighter outlook.

CHART 7: North America

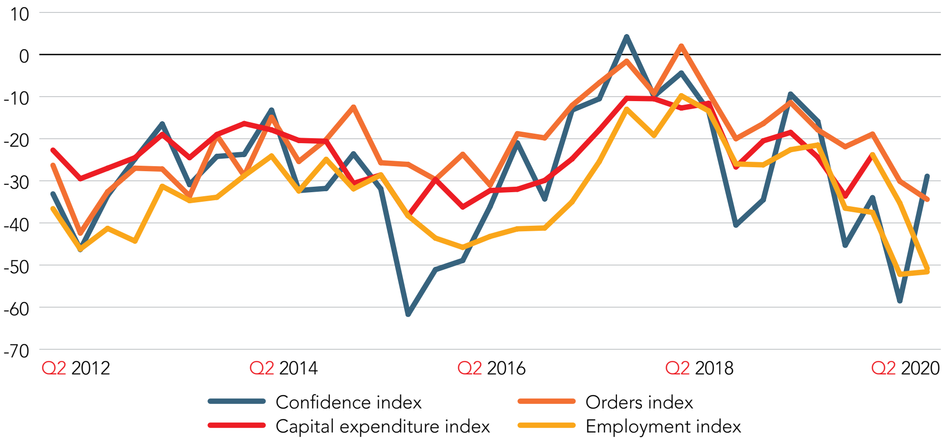


Source: ACCA/IMA (2012-20)

ASIA-PACIFIC

Confidence in Asia–Pacific rebounded strongly, to a one-year high after its collapse in Q1. But for now, activity indicators remain weak: orders fell slightly and capital expenditure by much more, while the employment index was steady at a record low. The Asia–Pacific GECS is the least negative of all regions this quarter, reflecting that lockdowns had been substantially eased by early June. But Asia Pacific is also reliant on exports for growth so that economic prospects will continue to be hampered while the rest of the global economy is in recession.

CHART 8: Asia Pacific

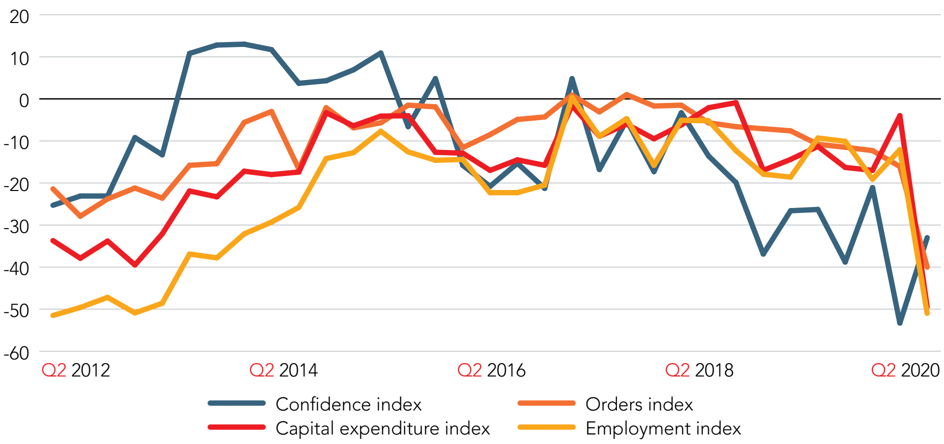


Source: ACCA/IMA (2012-20)

WESTERN EUROPE

Western Europe recorded a bounce in confidence in Q2, indicating a degree of optimism about future prospects. But the activity indicators point to a very severe recession with orders, employment and capital spending indices plunging to record lows. The UK and euro area are expected to suffer the most severe GDP falls this year (see Section 2). The GECS Q2 results are consistent with this. Of particular concern is the employment index, which suggests that despite the extensive use of furlough schemes, intended to avoid large scale redundancies, unemployment is likely to rise significantly.

CHART 9: Western Europe

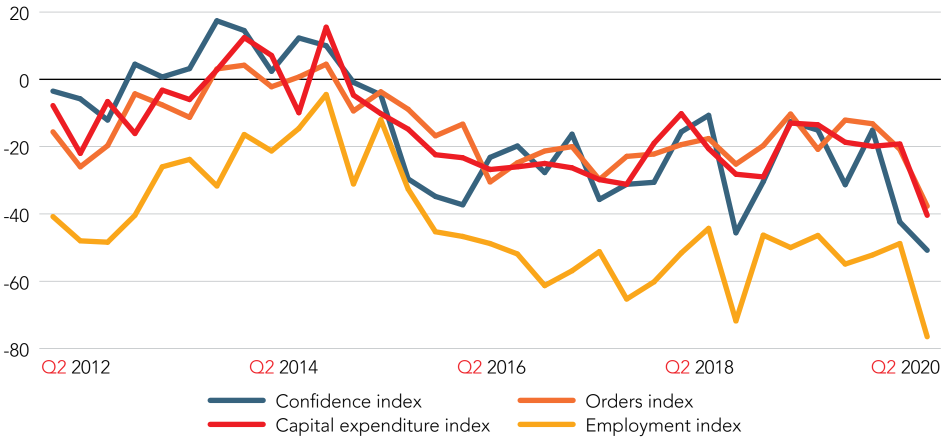


Source: ACCA/IMA (2012-20)

MIDDLE EAST

The Middle East is one of only two regions where confidence fell in Q2 and it now has the lowest confidence level of all regions. Activity indicators also declined, less precipitously than in most other regions, but still pointing to extreme economic weakness. Oil exporters in OPEC are cutting production in an attempt to shore up prices which collapsed along with the global economy. Despite a recent recovery, oil prices are still well below levels at the start of the year and this is putting pressure on government budgets.

CHART 10: Middle East

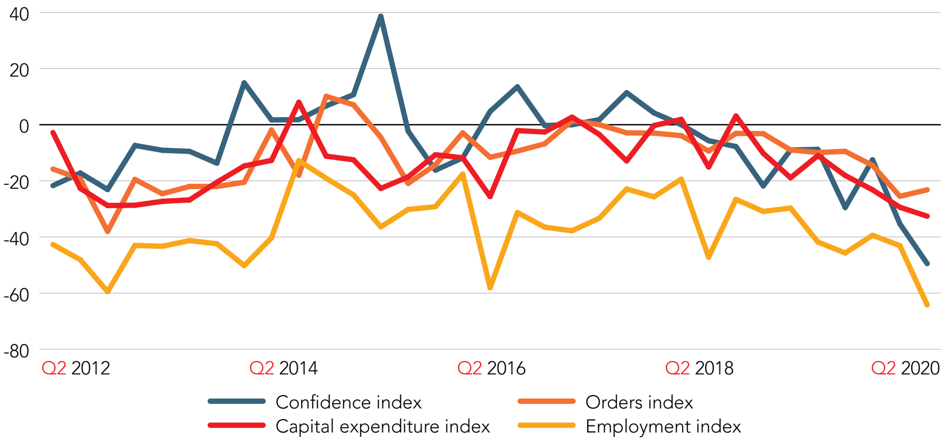


Source: ACCA/IMA (2012-20)

SOUTH ASIA

Confidence in South Asia fell further in Q2, possibly because the region was late to see the spread of COVID-19. Activity indicators also remain weak, despite a slight improvement in the orders balance (the only region to show this). Both India and Pakistan are heading for economic contraction this year as pandemic mitigation measures hurt domestic demand and the global recession hits exports. Remittances and tourism have been hit badly and both are important in South Asia. But the inflation-prone region has seen a dramatic fall in inflationary pressures – inflation concerns index fell by 25 points to just 20 in the Q2 survey – the long run average is 51.

CHART 11: South Asia

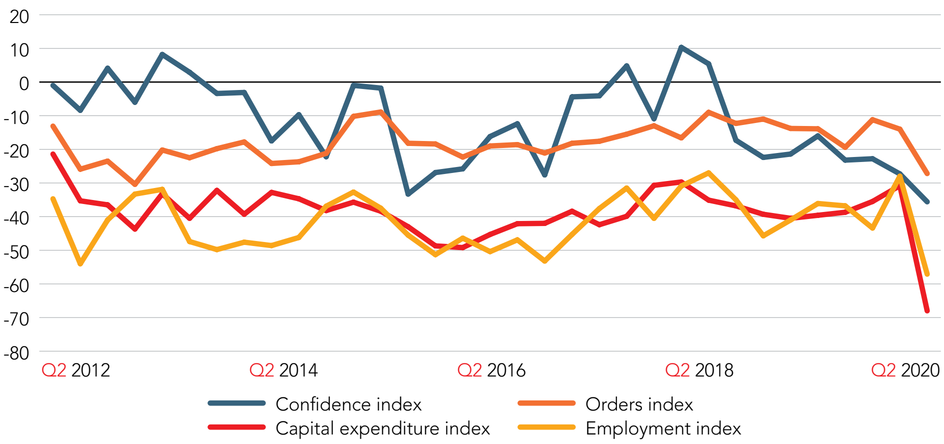


Source: ACCA/IMA (2012-20)

AFRICA

Both confidence and activity indicators fell in the Q2 survey, underlining the extremely weak economic outlook in the region. Nigeria and South Africa will both see economic contraction this year. Commodity exporters are suffering from both lower prices and demand and tourist arrivals have vanished. Fiscal policy support to offset the effects of social distancing and lockdowns is severely limited by poor public finances and inadequate health care systems. Falling GDP per capita across the region will increase extreme poverty significantly.

CHART 12: Africa



Source: ACCA/IMA (2012-20)

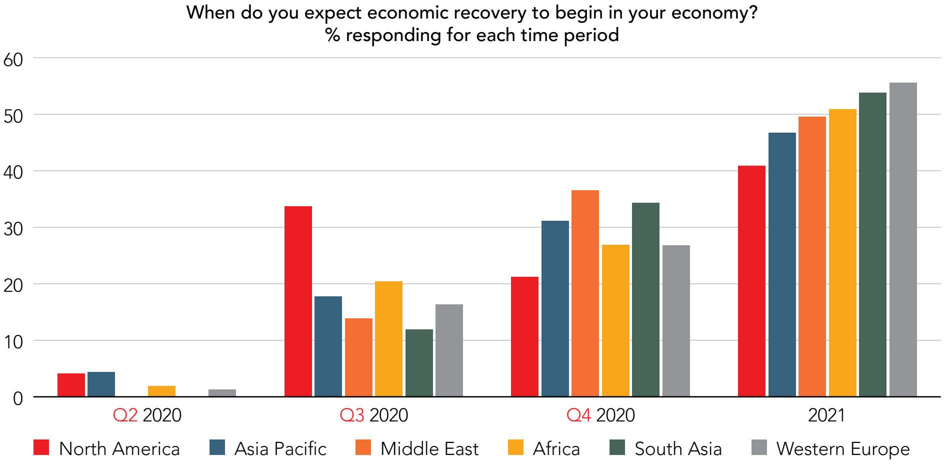
GECS COVID-19 Questions

As part of this GECS respondents were asked a few questions relating specifically about COVID-19. The regional responses are summarized here.

TIMING OF ECONOMIC RECOVERY

The North America region is the most optimistic about imminent recovery with over one-third of respondents expecting recovery in the July to September period. This is even more than in the Asia–Pacific region, which emerged from lockdown ahead of all other regions. Western Europe has the highest proportion of respondents anticipating that recovery will be delayed until 2021 but slightly more than half of respondents in Africa and South Asia are of a similar opinion.

CHART 13: Expectations of economic recovery

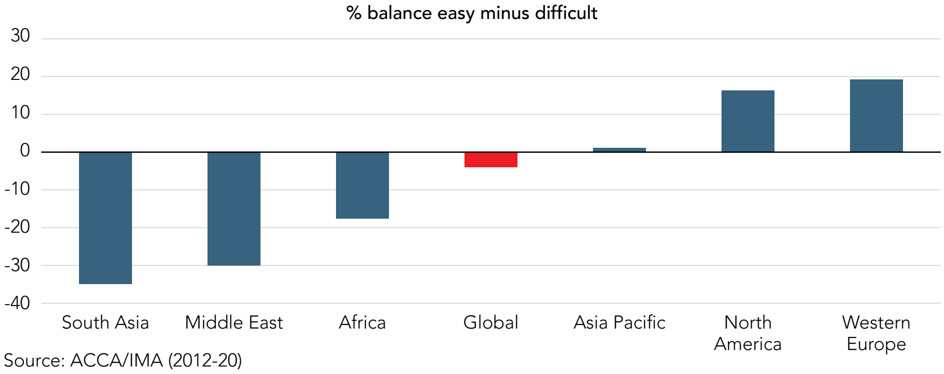


Source: ACCA/IMA (2012-20)

ACCESS TO FINANCE

Access to finance is crucial in the current downturn. There is a clear regional pattern with the strongest access to finance in the developed markets of North America and Europe, and the weakest in EMs. The survey's access to finance question explicitly asked about the availability of government support schemes and these are much more generous in advanced economies than in EMs.

CHART 14: Access to finance

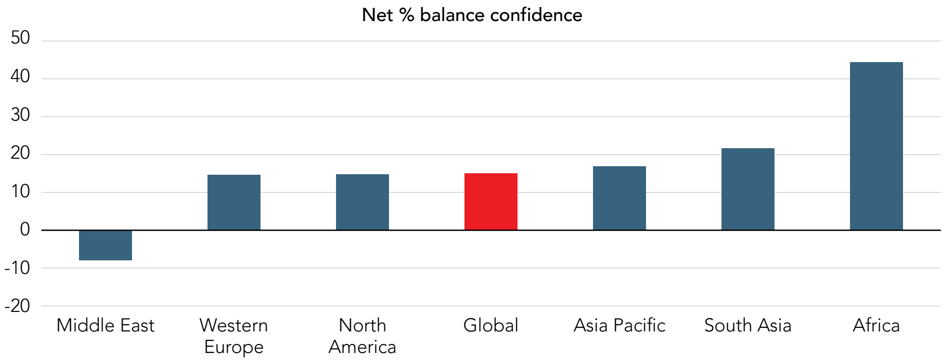


Source: ACCA/IMA (2012-20)

CONFIDENCE POST-CRISIS

For confidence in improvement once the crisis is over, the Africa region recorded by far the highest degree of optimism. Most other regions clustered fairly closely together with modest net positive balances showing confidence. The Middle East is the least positive with a net negative balance of respondents confident about their post-crisis outlook – this result is in line with other regional scores from the main GECS.

CHART 15: Confidence



Source: ACCA/IMA (2012-20)

2. Thematic analysis

THE YEAR 2020 IS GOING TO BE THE WORST FOR THE GLOBAL ECONOMY SINCE AT LEAST THE SECOND WORLD WAR.

The global economy – a long recovery road ahead

The year 2020 is going to be the worst for the global economy since at least the Second World War. In its June *Global Economic Prospects* report the World Bank forecasts that global GDP will fall by 5.2% this year with declines of around 6% in the US and Japan, 9% In the euro area and positive growth of just 1% in China. For Emerging Markets (EMs) a contraction of 2.5% is expected, the worst since at least 1960 when comparable statistics began. Meanwhile the OECD in its June *Economic Outlook* is more pessimistic, forecasting a 6% fall in world GDP this year, including declines of 7.3% in the US, 9.1% in the euro area and 11.5% in the UK (Table 2).

One of the most striking features of this recession is that it is the services sector that has suffered the biggest contraction, whereas it is the manufacturing sector that historically falls furthest as excess inventories trigger sharp cuts in production. By contrast, the lockdowns of 2020 shut down large sections of the service sector, especially consumer facing ones, such as hospitality, travel and tourism (Chart 16). The significance of the services sector in an economy is a key factor determining the severity of that country's recession.

Advanced economies

Whole–year forecasts for 2020 mask a truly awful first half featuring precipitous falls in GDP, followed by some degree of recovery in the second half. The April to June quarter will show the biggest quarterly falls in GDP across most economies for many decades. For example, the US Congressional Budget Office (CBO, 2020) projects a 12.25% fall in US GDP over the first half of this year with the vast majority (11.6 percentage points) coming in the second quarter. Official monthly GDP data in the UK showed a 20.4% collapse in activity in April; the economy is now fully one-quarter smaller than at the end of 2019. Over the second half of the year recovery in advanced economies is likely as lockdowns are gradually lifted. (The US CBO has pencilled in a rebound of 7.5%). Extreme intra-year volatility is unprecedented in economic history.

As we move into the second half of the year, are there signs of a return to growth? Official and survey data for May tend to show continued contraction in activity but at a more moderate pace than in April. For example, the purchasing managers indices (PMIs) in the US, UK and euro-zone all remained at levels consistent with falling output in both manufacturing and services in May. But in all cases the latest monthly readings were above the record lows

THE SERVICES SECTOR HAS SUFFERED THE BIGGEST CONTRACTION, WHEREAS IT IS THE MANUFACTURING SECTOR THAT HISTORICALLY FALLS FURTHEST AS EXCESS INVENTORIES TRIGGER SHARP CUTS IN PRODUCTION.

Chart 16: Service sector activity plunges more than manufacturing

Source: World Bank June 2020 (Chart 1.7 D) reported for April. A similar pattern has emerged for retail sales in the US and the UK, both of which recorded strong rises in sales in May. High frequency data, such as debit and credit card transactions, Google mobility data, and road traffic flows have shown a continued upward trend through June. The easing of lockdowns, which began in May and has since gathered momentum, points to a recovery in economic activity in the second half of the year. Pent up demand in certain areas, for example for consumer durables, will give growth an initial burst – third–quarter growth may see quite a strong rebound in activity in many economies.

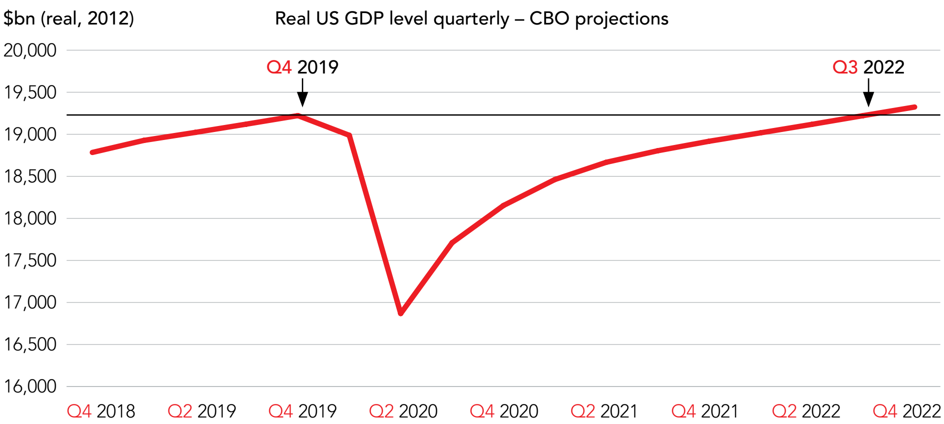
However, beyond the third quarter the picture is less clear. Generous fiscal measures designed to support incomes through lockdowns will be increasingly withdrawn as those lockdowns are eased. It is at this point that the sustainability or otherwise of economic recoveries will become apparent. It is highly likely that policy stimulus – mainly fiscal – to sustain recovery will be necessary. The economic shock of the COVID-19 crisis is shifting unemployment rates from close to record lows late last year to extreme highs in the space of a few months. In the US the unemployment rate has risen to 13.3% in May from below 4% at the start of this year. Elsewhere, the more widespread use of furlough schemes in Europe has so far prevented similar steep rises in unemployment. But as these schemes are withdrawn in coming months big rises in unemployment look inevitable. In its latest Economic Outlook in June the OECD forecasts that the euro are unemployment rate will rise to 11% by the end of this year, from around 7% a year earlier.

High unemployment rates, along with continued social distancing restrictions, are likely to contribute to consumer caution and subdued spending. True, household savings rates have shot up during the crisis, as spending has fallen more than disposable incomes. (Monthly data show the US personal savings rate at 33% in April). But beyond a reduction to meet pent up spending it is not clear how far savings rates will fall – and therefore by how much consumer spending will rise – back towards pre-crisis rates. Businesses are unlikely to boost their spending in this highly uncertain climate: cost cutting and reducing debt are likely to take priority over increased investment. Hence the need for policy stimulus. Despite the huge cost of fiscal support measures during lockdowns, advanced economies do have the policy leeway to provide a fiscal boost, especially with government bond yields at such low levels. (Germany has already announced a stimulus, including a temporary reduction in the rates of VAT and incentives to buy electric cars). Stimulus packages are likely in the US, the UK and the European Union in the second half of the year. Central bank policy will continue to be exceptionally easy: interest rates close to zero or even negative combined with aggressive quantitative easing (QE). The European Central Bank and Bank of England both increased their planned QE totals at their June policy meetings.

Chart 17 illustrates a possible scenario of recovery in advanced economies. (The data are from the CBO projections for the level of US real GDP). The key message is that, after an initial strong rebound, the pace of recovery slows and pre-crisis levels of GDP will not be reached until the second half of 2022.

THE KEY MESSAGE IS THAT, AFTER AN INITIAL STRONG REBOUND, THE PACE OF RECOVERY SLOWS AND PRE-CRISIS LEVELS OF GDP WILL NOT BE REACHED UNTIL THE SECOND HALF OF 2022.

Chart 17: A possible recovery scenario



Source: CBO May 2020

China

China is in a slightly different economic situation, being the first country to lockdown in January and then to start relaxing measures from March onwards. Reflecting this, China's GDP fell by 6.8% in the first quarter of 2020, but second quarter data is likely to show some recovery. The manufacturing PMI for China is signalling expansion in May, in contrast to all advanced economies that have such surveys. Retail sales data show a 2.8% fall over the 12 months to May, but this is well above the 20% annual declines recorded over January and February. Indeed, some categories, such as personal care and telecoms, are showing positive annual growth rates in spending. Nevertheless, GDP growth this year will be the weakest in 40 years at around 1% according to the World Bank (2020): some restrictions remain in place, disrupting workplace supply, and exports will be a drag on growth given the parlous state of the rest of the global economy.

Emerging Markets

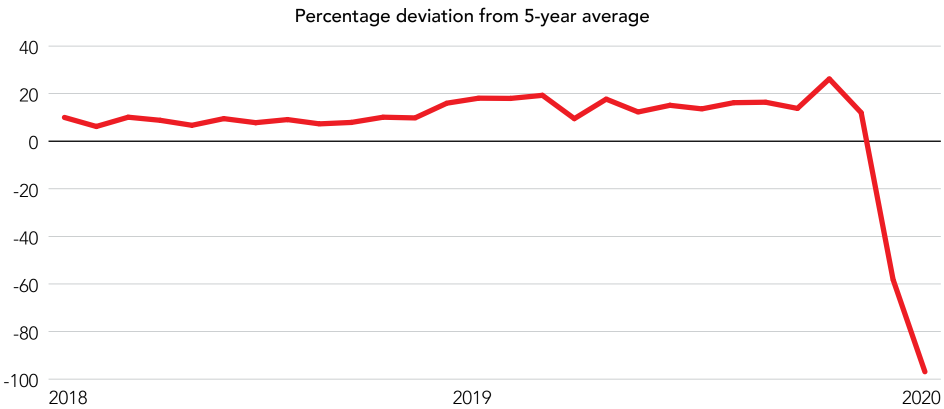
EMs are being hit especially hard by the COVID-19 crisis. Like all advanced economies, they are suffering the domestic demand impact of efforts to contain the spread of the virus. But most EMs lack the fiscal capacity to provide significant support to their households and businesses. The International Monetary Fund (IMF) estimate that non-health fiscal measures among EMs have averaged 2.5% of GDP compared with 7.7% of GDP in advanced economies.

Moreover, there are several additional channels through which economic harm is being transmitted to EMs. These additional sources are likely to persist into next year as they will require sustained recovery in advanced economies before their effects lose potency. First, many EMs are heavily reliant on exports to advanced economies or of commodities, where demand and prices have fallen significantly as the global economy has entered recession. In addition, overseas tourism accounts for a significant proportion of GDP in many EMs, so the near-ending of overseas visits is having a material effect on these countries. Other economies rely on remittances from migrant workers overseas to support domestic activity but the value of remittances has fallen significantly as those workers have lost their jobs or been furloughed in their host country.

Financial market developments were initially very difficult for EMs, reflecting a sharp increase in risk aversion as the crisis developed. Portfolio outflows, higher borrowing costs and weaker currencies against the US dollar all contributed to much tighter financial conditions. Recently however, conditions have eased although they remain tighter than before the crisis – extensive QE from central banks in both advanced and some EM economies have contributed to this improvement.

OVERSEAS TOURISM ACCOUNTS FOR A SIGNIFICANT PROPORTION OF GDP IN MANY EMERGING MARKETS, SO THE NEAR-ENDING OF OVERSEAS VISITS IS HAVING A MATERIAL EFFECT ON THESE COUNTRIES.

CHART 18: Emerging markets lose virtually all tourists



Source: World Bank June 2020 (Chart 1.17 E)

TABLE 1: World Bank emerging market GDP forecasts

% CHANGE ON A YEAR EARLIER	2019	2020	2021
Emerging and developing economies	3.5	-2.5	4.6
East Asia and Pacific	5.9	0.5	6.6
China	6.1	1.0	6.9
South Asia	4.7	-2.7	2.8
India	4.2	-3.2	3.1
Pakistan	1.9	-2.6	-0.2
Middle East and North Africa	-0.2	-4.2	2.3
Sub-Saharan Africa	2.2	-2.8	3.1
Nigeria	2.2	-3.2	1.7
Latin America and the Caribbean	0.8	-7.2	2.8

Source: World Bank June 2020

Table 1 shows World Bank GDP forecasts for EM regions and selected countries. There will also be declines in GDP per head across most regions. For example, falls in GDP per head of around 8% in Latin America, 6% in the Middle East and North Africa and 5% in Sub-Saharan Africa are expected. The consequence will be millions of people falling back into poverty.

The Global Outlook in 2021

Our base case is that there is no significant second wave of virus infections leading to renewed lockdown measures and an inevitable return to recession. On this assumption we expect the global economy to recover in the second half of this year and through 2021. But the pace of expansion in 2021 is highly uncertain and will depend on developments in the response to the virus, such as treatments or a vaccine, as well as on economic factors such as policy and consumer and business confidence. More generally the degree of so-called 'scarring' will become apparent in coming quarters; how much permanent damage has been done to economies and certain sectors such as aviation, hospitality, and tourism – and crucially how far and fast is unemployment falling across economies. Our view is that growth will not be sufficient to lift the level of economic activity to its pre-crisis level by the end of next year. Indeed, most advanced economies are not likely to reach end-2019 levels of output until at least the second half of 2022.

The second wave scenario

An increasing number of infections in Europe, South America and many US states has raised fears of a second wave of the pandemic that leads to renewed lockdowns in a significant proportion of the world. The implications of this scenario are dire for the global economy. The June OECD Economic Outlook contains two forecast scenarios, considered to be equally likely. The second of these – termed 'double-hit' involves renewed virus outbreaks in all economies in the second half of this year. The effect is to add a further 1.6 percentage points to this year's global GDP contraction, taking it to 7.6% with GDP falls of 14% in the UK, 11.5% in the euro area and 8.5% in the US.

OUR VIEW IS THAT GROWTH WILL NOT BE SUFFICIENT TO LIFT THE LEVEL OF ECONOMIC ACTIVITY TO ITS PRE-CRISIS LEVEL BY THE END OF NEXT YEAR.

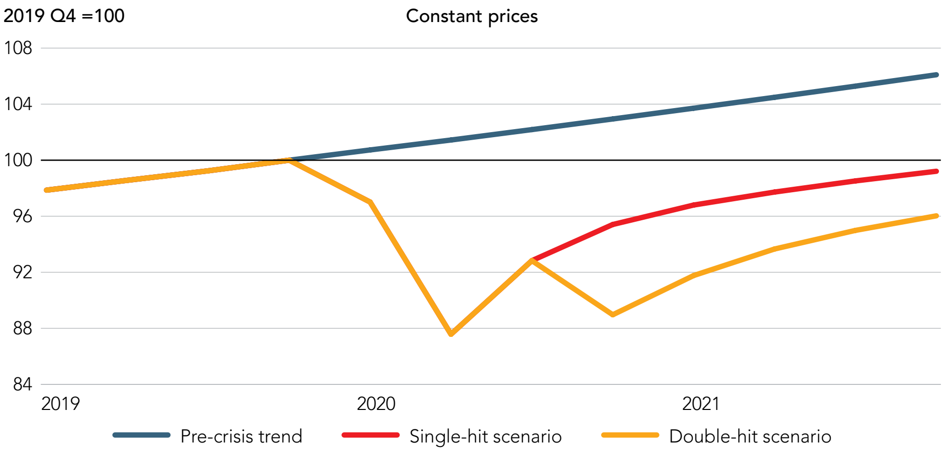
TABLE 2: OECD advanced economy GDP Forecasts

% CHANGE ON A YEAR EARLIER*	2019	2020	2021
World	2.7	-6.0	5.2
United States	2.3	-7.3	4.1
Euro Area	1.3	-9.1	6.5
Germany	0.6	-6.6	5.8
France	1.5	-11.4	7.7
Italy	0.3	-11.3	7.7
Spain	2.0	-11.1	7.5
United Kingdom	1.4	-11.5	9.0
Canada	1.7	-8.0	3.9
Japan	0.7	-6.0	2.1

* Forecasts are for a single hit to GDP i.e. no second wave of infections.

Source: OECD Economic Outlook June 2020

CHART 19: OECD GDP forecast scenarios



Source: OECD Economic Outlook June 2020

Appendix I:
Economies covered by Q2 survey responses

NORTH AMERICA	MIDDLE EAST	ASIA PACIFIC	CENTRAL & EASTERN EUROPE	SOUTH ASIA	WESTERN EUROPE	AFRICA	CARIBBEAN	CENTRAL & SOUTH AMERICA
Canada	Bahrain	Australia	Bulgaria	Afghanistan	Cyprus	Cameroon	Barbados	Belize
Mexico	Egypt	Mainland China	Czech Republic	Bangladesh	Finland	Ethiopia	Bermuda	Brazil
USA	Iraq	Hong Kong SAR	Hungary	India	Germany	Ghana	Grenada	Columbia
	Israel	Indonesia	Moldova	Kazakhstan	Greece	Ivory Coast	Guyana	Costa Rica
	Jordan	Japan	Poland	Maldives	Ireland, Republic of	Kenya	Jamaica	
	Kuwait	Korea, Republic of	Romania	Nepal	Italy	Liberia	Puerto Rico	
	Lebanon	Malaysia	Russia	Pakistan	Luxembourg	Malawi	St Vincent	
	Oman	New Zealand	Slovakia		Malta	Mauritius	Trinidad & Tobago	
	Palestine	Philippines	Ukraine		Netherlands	Namibia		
	Qatar	Singapore			Spain	Nigeria		
	Saudi Arabia	Vietnam			Switzerland	Sierra Leone		
	United Arab Emirates				Turkey	South Africa		
					UK	Sudan		
						Tanzania		
						Uganda		
						Zambia		
						Zimbabwe		

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ACCA, IMA and the global economy

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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.

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