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GLOBAL ECONOMIC CONDITIONS SURVEY REPORT: **Q4, 2024**

Executive summary

Confidence among accountants and finance professionals falls sharply as a highly uncertain 2025 awaits.

Confidence among accountants and chief financial officers (CFOs) falls sharply. The Q4 ACCA and IMA Global Economic Conditions Survey (GECS) of over 1,800 accountancy and finance professionals suggests that global confidence declined markedly at the end of 2024. It is now at its lowest since Q2 2020, albeit only slightly lower than in Q2 2022, after Russia invaded Ukraine. There was also a sharp deterioration in the Employment Index. On a more positive note, there were small gains in the forward-looking New Orders Index and the Capital Expenditure Index (see **Chart 1**). The former is very slightly above its historical average[1], while the latter is modestly below. Confidence among the 131 CFOs surveyed also declined sharply and is at its lowest since Q2 2022. There was, however, a moderate improvement in their perception of new orders, after a sharp deterioration in Q3 (see Chart 15). Overall, CFOs are moderately more pessimistic than the broader panel.

Confidence fell very sharply in Western Europe but rose in the U.S. Confidence in Western Europe is at its third-lowest on record, only having been lower amid the onset of the pandemic and after Russia's invasion of Ukraine. It is particularly depressed in the UK, amid the announcement of large tax rises for employers. The economic recoveries in the euro area and UK appear to be flagging, and the possibility of tariffs on exports to the U.S. adds additional risks. There were also quite material declines in confidence in Asia Pacific and North America (see Chart 2). Confidence in the former has fallen sharply in recent quarters, with a weak Chinese economy and the threat of U.S. tariffs likely weighing on sentiment. The decline in the latter reflected a large deterioration in sentiment among Canadian respondents. Confidence actually rose again in the U.S., as the economy entered 2025 on a firm footing.

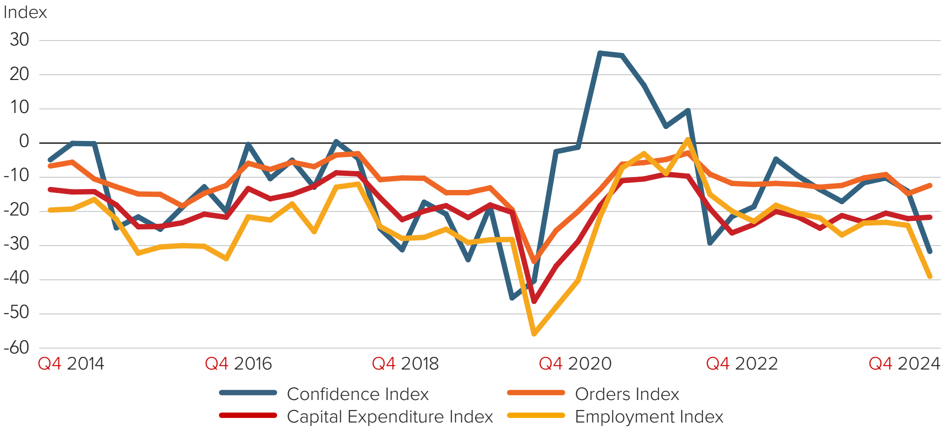
Cost concerns are very elevated in Western Europe, but less so elsewhere. Almost three-quarters of Western European respondents reported increased operating costs, well above the historical average of two-fifths, suggesting that central banks in the region need to be careful not to prematurely declare victory in their battles against inflation. By contrast, cost concerns declined again in North America and are now close to their historical average (see Chart 5).

Accountants identified their top three risk priorities at the end of 2024. Although economic risks remained the highest priority for the second year running, talent scarcity, regulatory change, and cybersecurity ranked much closer to the top than in Q4 2023 (see Chart 17). Responses in Q4 2024 showed noteworthy regional and sectoral nuances. For example, Central and Eastern Europe was the only region to rank cybersecurity as its highest risk priority, while talent scarcity was most important in Asia Pacific and Western Europe. South Asia and North America also stood out for keeping geopolitics in their top three.

The Q4 GECS highlights major downside risks to global growth in 2025. The global economy proved quite resilient in 2024, aided by the strength of the U.S. economy. The greater resilience of the Global New Orders and Capital Expenditure indices would suggest that the global economy is not set to lurch downwards imminently. Nevertheless, while the Global Confidence Index can at times be volatile, its sharp decline attests to the significant nervousness among companies, given the enormous uncertainty at the current juncture. Against such a backdrop, there are significant downside risks to global growth over the coming year.

Confidence among global accountants fell to its lowest since Q2 2020.

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 fell in most regions, but the picture for new orders was less downbeat.

Confidence declined materially in most regions in Q4 (see **Chart 2**). By far, the largest decline occurred in Western Europe, amid big falls in both the UK and the wider region. The UK's economic recovery appears to have lost steam in the second half of 2024, and the large tax increases for employers, and other policy changes, have had a very significant negative impact on business confidence. Together with very elevated cost pressures, this is raising fears about the risk of stagflation. The recovery in the euro area is also flagging, at a time when heightened political uncertainty in France and Germany, and the risk of tariffs on exports to the U.S., are likely further weighing on business confidence.

There was also a noticeable fall in confidence in North America, although this appeared to reflect a large deterioration in sentiment among Canadian respondents.

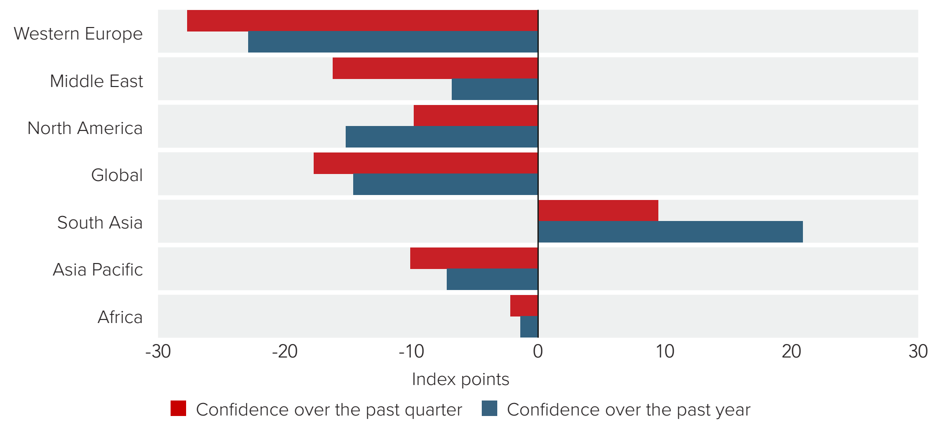
Confidence in the U.S. registered a reasonable gain after a large increase previously and is now slightly above its historical average. This is important, because the U.S. is the only major part of the global economy where activity is showing significant resilience at the present time. Meanwhile, confidence in the Asia Pacific region registered a quite material decline, coming on the back of a very sharp fall in Q3. Fears about the risk of an increase in U.S. import tariffs, as well as concerns about the health of the Chinese economy, have likely weighed down confidence.

Confidence is significantly above its historical average in South Asia, and very modestly so in the Middle East. But it is moderately below average in Africa, and more meaningfully so in Asia Pacific and North America. Confidence is very significantly below average in Western Europe.

In contrast to the sharp fall in confidence, the Global New Orders Index improved modestly in Q4 (see **Chart 3**). It is now very slightly above its average over the survey's history. There were gains in two-thirds of the regions, with solid increases in the Middle East, North America, and South Asia. There was even a small increase in Western Europe, despite the huge fall in confidence over the quarter. By contrast, there was a moderate decline in the New Orders Index in Africa, and to a lesser extent, in Asia Pacific. Compared with historical levels, new orders are well above average in the Middle East and South Asia, moderately higher in Asia Pacific, and slightly above average in Africa. New Orders are moderately below average in Western Europe and slightly lower in North America.

Confidence plunged in Western Europe in Q4 and there were declines in most other regions.

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



Source: ACCA/IMA (2024)

The picture for new orders was more encouraging than for confidence.

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

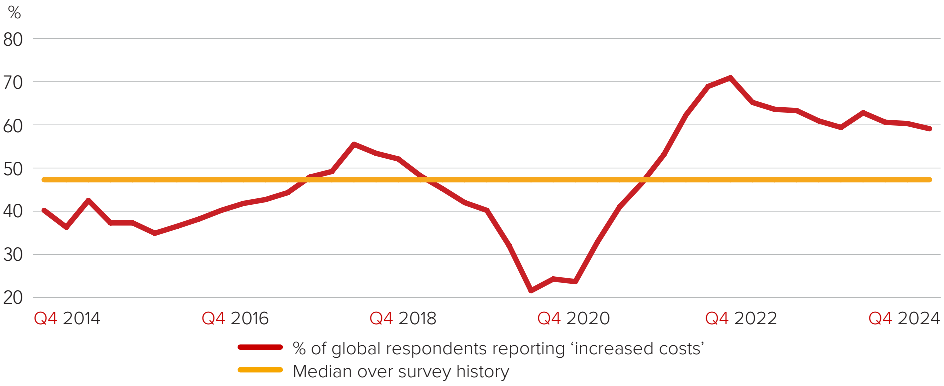
Source: ACCA/IMA (2024)

The proportion of global respondents reporting 'increased costs' eased slightly in Q4 but remained elevated by historical standards (see **Chart 4**). That said, stark differences have emerged at the regional level. The proportion of Western European respondents reporting increased operating costs rose again and, at almost three-quarters of these respondents, remained extremely elevated by historical standards (see **Chart 5**). By contrast, cost concerns eased markedly in Asia Pacific and are now below their historical average. There was also a material easing in cost concerns in North America, which are now very close to their historical average. Cost concerns are moderately above average in the Middle East, and to a lesser extent in Africa. They are moderately below average in South Asia.

Very elevated cost pressures in Western Europe would suggest that both the Bank of England and European Central Bank should be careful not to declare a premature victory in their battles against inflation. On the other hand, the easing cost pressures

The proportion of global accountants reporting increased operating costs eased slightly but remained high by historical standards.

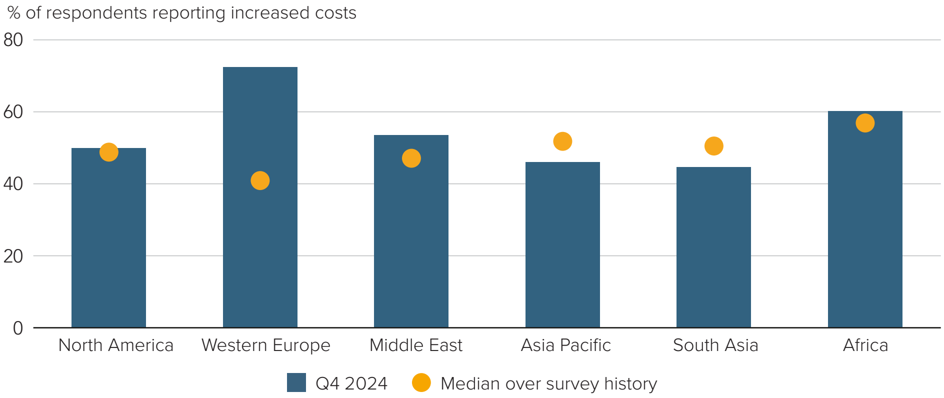
CHART 4: Concerns about increased operating costs



Source: ACCA/IMA (2014–24)

Western Europe is the only region where cost pressures remain very elevated by historical standards.

CHART 5: Concerns about increased operating costs



Source: ACCA/IMA (2024)

Cost pressures continue to moderate, according to CFOs.

CHART 6: Global CFO concerns about increased operating costs

Source: ACCA/IMA (2014–24)

in North America are encouraging, and suggest that the Federal Reserve should be able to continue cautiously reducing the restrictiveness of monetary policy in 2025. Concerns about costs among CFOs eased further in Q4 (see Chart 6), but almost three-fifths are still reporting increased operating costs compared with a historical average of under half.

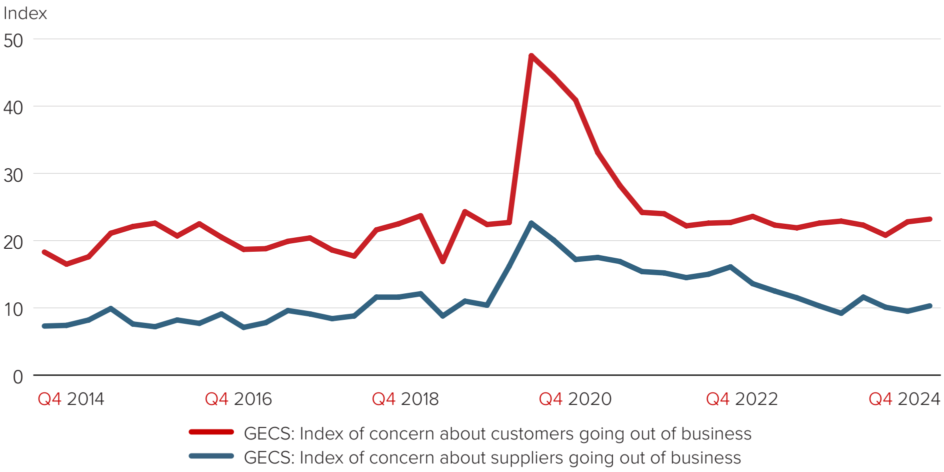
Concerns globally that customers and suppliers could go out of business both ticked up slightly in Q4, but neither of the two GECS 'fear' indices look worrying by historical standards (see **Chart 7**).

Meanwhile, global problems accessing finance and securing prompt payment both edged up, but once again, neither series looks alarming from a historical perspective. Indeed, only 15% of respondents reported issues accessing finance, close to the record low for the series (see **Chart 8**). That said, there are notable regional differences. Only 10% of respondents in Western Europe report problems accessing finance, compared with almost one-third of respondents from Africa.

The easing in global financial conditions since the autumn of 2023 has been a helpful tailwind for the global economy, and monetary easing by central banks, particularly the U.S. Federal Reserve, has clearly been very beneficial. Nevertheless, absent a sharp slowing in growth, interest rate cutting cycles by the major central banks are likely to be quite gradual and cautious in 2025, with rates still likely to remain high by the standards of the post-Global Financial Crisis period. Hence, many firms and households that locked in very low interest rates in recent years are likely to experience a rise in borrowing costs when they come to renew their loans.

Concerns globally that customers and suppliers could go out of business both ticked up in Q4, but neither series looks alarming by historical standards.

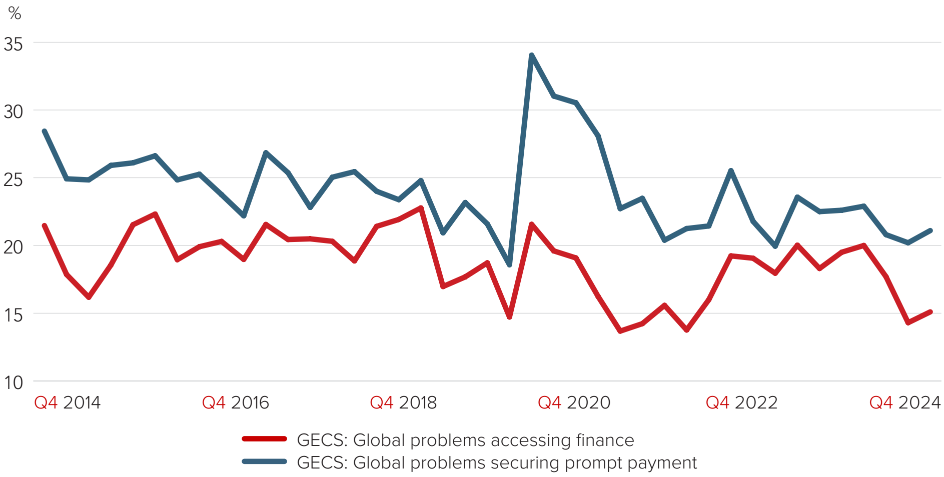
CHART 7: **GECS global 'fear' indices**



Source: ACCA/IMA (2014–24)

Global problems accessing finance and securing prompt payment remain at low levels by historical standards.

CHART 8: **Problems securing prompt payment and accessing finance**

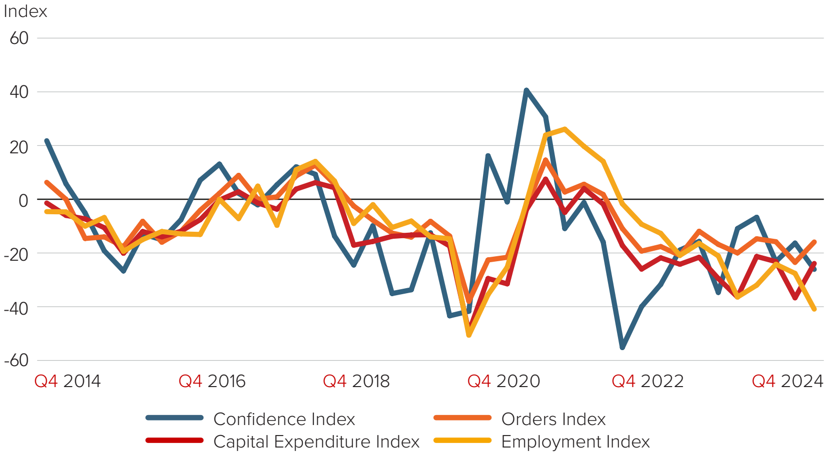


Source: ACCA/IMA (2014–24)

NORTH AMERICA

Confidence in North America fell quite materially in Q4, as did the Employment Index (see **Chart 9**). That said, there was a meaningful rise in the forward-looking New Orders Index, and to a greater extent, the Capital Expenditure Index. Increased pessimism among Canadian respondents generally weighed on the regional aggregates. By contrast, all the key indicators for the U.S. improved by varying degrees, although only confidence is above its historical average. Encouragingly, the proportion of respondents reporting increased costs declined to its lowest since Q1 2021. Overall, the U.S. economy enters 2025 with strong momentum, likely having grown by around 3% for the third consecutive quarter in Q4 2024. There remains significant uncertainty however, about the timing and extent of initiatives from the new administration, with major attention internationally on trade and foreign policies.

CHART 9: North America

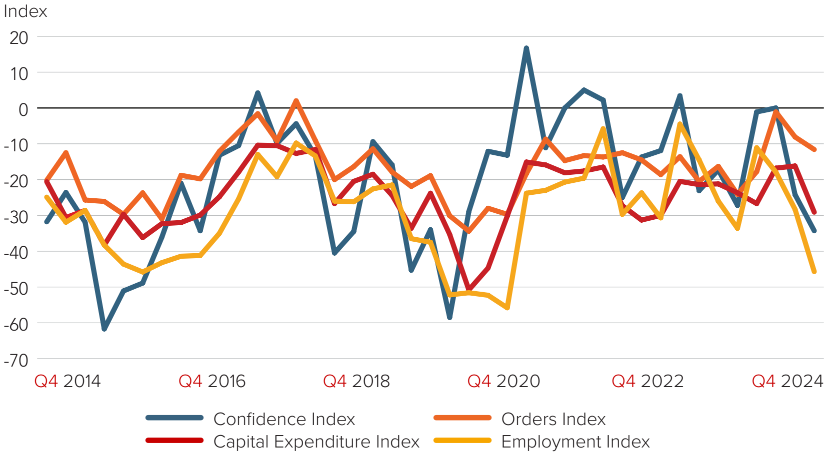


Source: ACCA/IMA (2014–24)

ASIA PACIFIC

Confidence fell quite materially in Q4 (see **Chart 10**), and is now at its lowest since Q1 2020. There were also large falls in the Capital Expenditure and Employment indices, which are now at their lowest since Q4 2022 and Q4 2020. On a more encouraging note, there was only a small decline in the New Orders Index, which remains above its historical average. In addition, the proportion of respondents reporting increased operating costs fell sharply. All in all, the key indicators have pointed to a deterioration in the economic backdrop in Asia Pacific over the past couple of quarters, although the more modest retreat in the forward-looking New Orders Index suggests that any weakening in activity may be less than implied by the more volatile Confidence Index. The threat of U.S. tariffs has likely weighed on sentiment and is a key downside risk in 2025. The weak recovery in China has also likely been a drag, although the pivot to more aggressive policy easing by the authorities should prove beneficial.

CHART 10: Asia Pacific

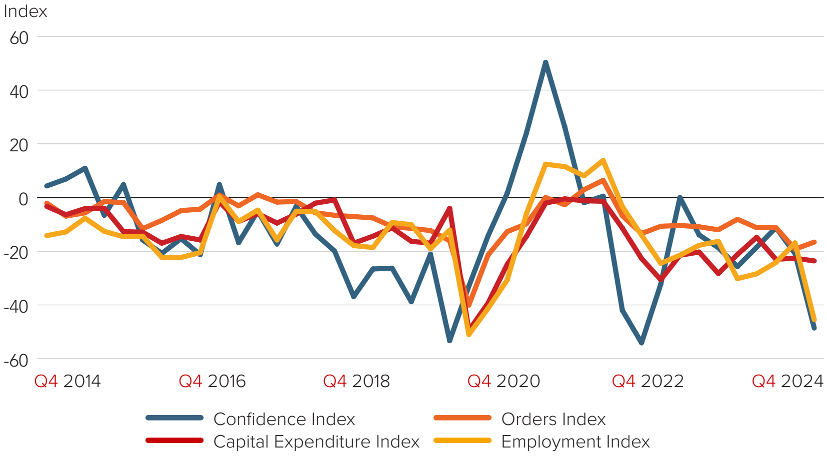


Source: ACCA/IMA (2014–24)

WESTERN EUROPE

Confidence fell extremely sharply in Western Europe in Q4 (see **Chart 11**) and is at its weakest since Q3 2022. There was also a significant decline in the Employment Index, which is at its lowest since Q2 2020. Encouragingly, however, there was only a minor decline in the Capital Expenditure Index, and a small rise in the forward-looking New Orders Index. That said, the proportion of respondents reporting increased operating costs is very high by historical standards. A sharp deterioration in sentiment in the UK has weighed on the regional aggregates, with the Confidence and Employment indices at record lows, amid large tax rises for businesses in the recent Budget. Looking at 2025, rather modest expansions seem likely in the euro area and UK economies amid easing monetary policy and positive real income growth. Nonetheless, downside risks predominate with recoveries in both economies appearing to flag recently. Political uncertainty could further weigh on the euro area economy, and an increase in U.S. tariffs would clearly be negative for both.

CHART 11: Western Europe

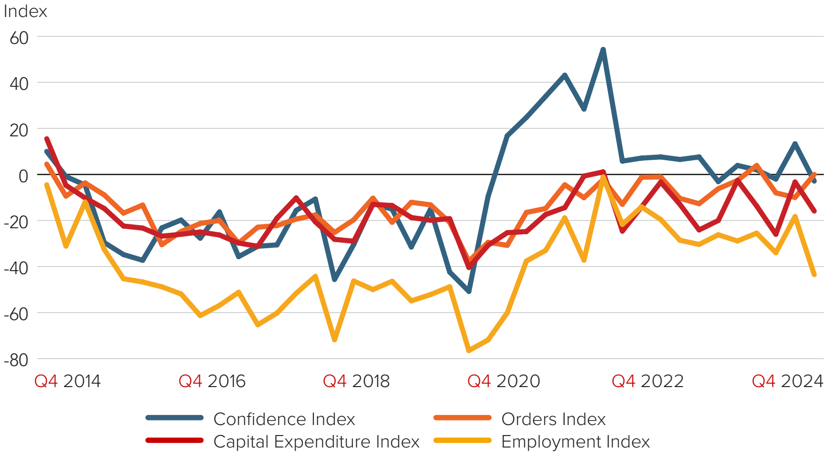


Source: ACCA/IMA (2014–24)

MIDDLE EAST

Confidence declined quite sharply in Q4, more than erasing its Q3 gain. That said, it is around its historical average and much higher than in the other regions, apart from South Asia. There was also quite a large rise in the forward-looking New Orders Index, which is well above its historical average. Less encouragingly, there were large declines in the Capital Expenditure and Employment indices (see **Chart 12**). The former is just below its historical average, while the latter is meaningfully lower. Overall, the indices are consistent with a broadly reasonable picture for the region, despite current geopolitical issues. Growth in the region is likely to be stronger in 2025 than 2024, amid continued solid expansions in the non-oil economies in key countries such as Saudi Arabia and the United Arab Emirates, and some likely increase in oil production. Meanwhile, some further reductions in Federal Reserve interest rates will be helpful, given that most of the region's currencies are pegged to the U.S. dollar and, hence, will mirror U.S. interest rate cuts.

CHART 12: Middle East

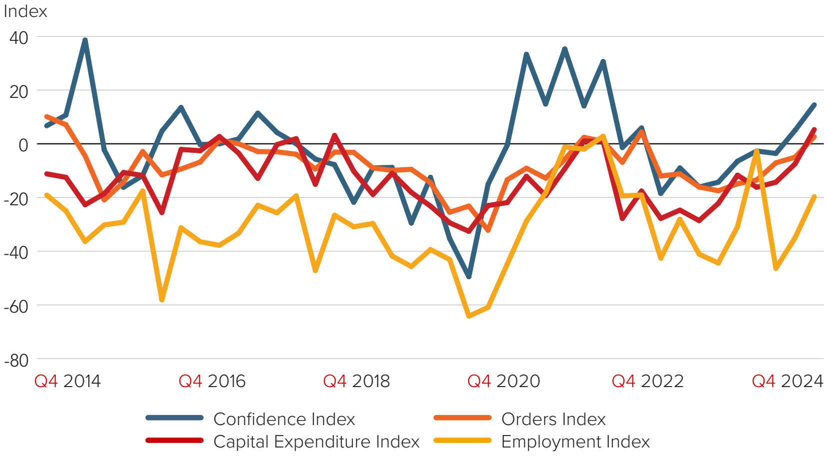


Source: ACCA/IMA (2014–24)

SOUTH ASIA

There was a second consecutive solid increase in confidence in South Asia in Q4 (see **Chart 13**). It is now at its highest since Q1 2022 and well above that of other regions. There were also gains of varying degrees in the other key indicators, all of which are well above their long-term averages. Meanwhile, the proportion of respondents reporting increased operating costs declined again and is below its historical average. All in all, the main indicators are consistent with quite an upbeat backdrop for the region as it enters 2025. Despite a surprising slowing in growth in the region's largest economy, India, in the latest quarter, its prospects remain pretty upbeat, and it is likely to be the fastest-growing major global economy over the coming years. There has also been an improvement in the economic performance of Pakistan after the difficulties of recent years. Both inflation and central bank interest rates have fallen sharply, and the economy expanded by over 3% on an annual basis in the March–June quarter.

CHART 13: South Asia

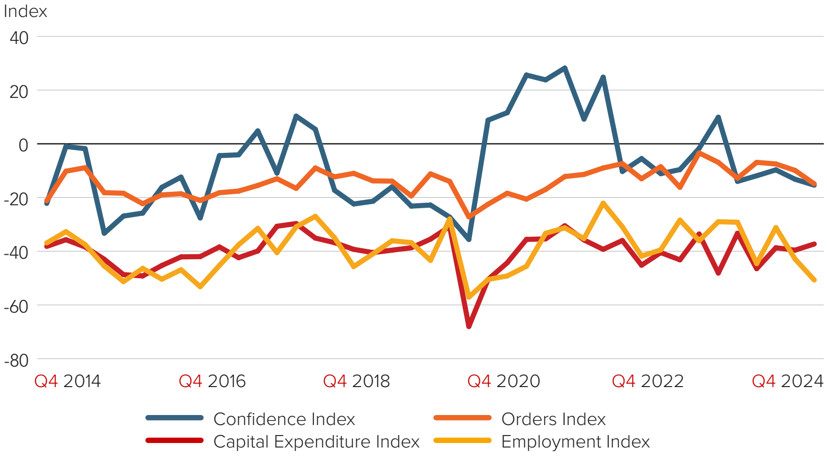


Source: ACCA/IMA (2014–24)

AFRICA

Confidence registered a modest decline in Africa for the second consecutive quarter (see **Chart 14**) and remains below its historical average. There was also a moderate decline in the forward-looking New Orders Index, but it remains slightly above average. There was a small rise in the Capital Expenditure Index, and a decent decline in the Employment Index. The former is at its historical average, while the latter is well below. Meanwhile, the proportion of respondents reporting increased operating costs fell quite sharply – it is now at its lowest since Q4 2021 and only slightly above its historical average. Inflation remains high in some countries but has reduced significantly in many others. This has allowed a number of central banks to begin to reduce interest rates, which should help support economic activity over coming quarters. Risks remain elevated, however, including geopolitics, global financial conditions, and climate-related events.

CHART 14: Africa



Source: ACCA/IMA (2014–24)

2. Chief Financial Officers (CFOs)

Confidence among CFOs falls sharply, but new orders improve.

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

Confidence among CFOs declined sharply in Q4 and is now significantly below its historical average. By contrast, the New Orders Index improved moderately but remains below average (see **Chart 15**). Both the Confidence and New Orders indices for CFOs are moderately lower than that of the broader panel (accountants, auditors, CFOs, etc.)

The Capital Expenditure Index for CFOs rose somewhat in Q4. It remains slightly below its historical average, although it is towards the top end of the range it has occupied since Russia invaded Ukraine. It remains slightly lower than that for the broader panel. The Employment Index fell very sharply and is now significantly below its average (see **Chart 16**) and slightly below that of the broader panel. Meanwhile, the proportion of CFOs experiencing increased operating costs declined but remains elevated by historical standards (see Chart 6).

All in all, the sharp decline in the Confidence and Employment indices among CFOs point to significant caution and nervousness amid the very high levels of uncertainty facing businesses in 2025. That said, the modest improvement in the Capital Expenditure and New Orders indices offers some encouragement, as does the continued moderation of cost concerns among CFOs. Overall, CFOs are moderately more pessimistic than the broader panel at the current juncture.

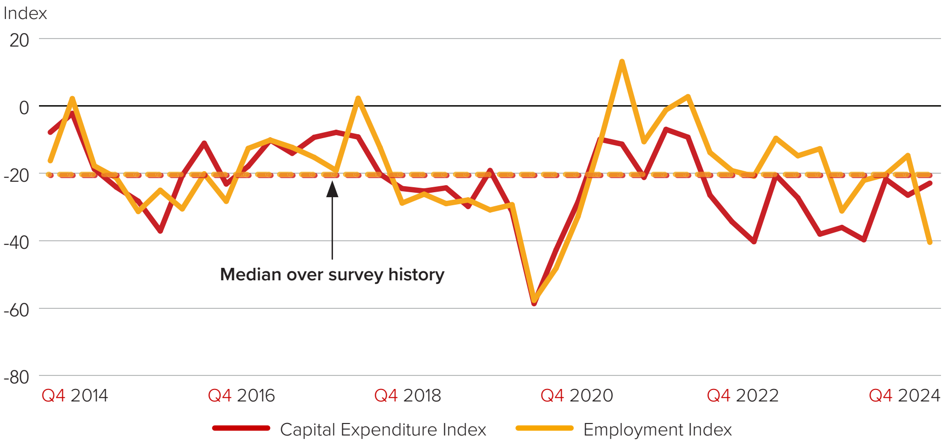
Confidence among CFOs fell sharply in Q4, but there was a moderate improvement in the New Orders Index.

CHART 15: GECS global indicators – CFOs

Source: ACCA/IMA (2014–24)

The message from the Capital Expenditure and Employment indices was somewhat mixed, with the former increasing and the latter falling sharply.

CHART 16: GECS global indicators – CFOs



Source: ACCA/IMA (2014–24)

3. Prioritising in the 'polycrisis' new norm

The economy remained the highest risk priority overall for the second year running, however, talent scarcity, regulatory change, and cybersecurity ranked closer than ever in the fourth quarter of 2024.

As the new administration takes over in the U.S. and different trade and political uncertainties continue to dampen confidence around the world, responses to the risk section of the fourth quarter 2024 (Q4 2024) survey reveal how financial professionals are coping with today's economic twists and turns.

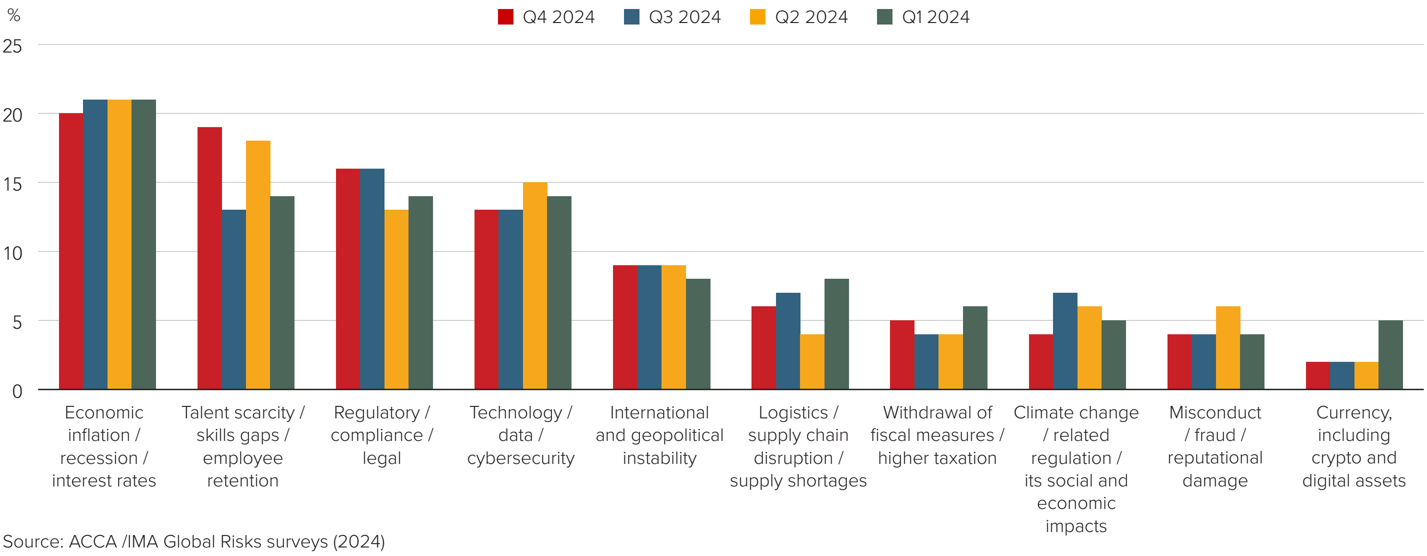
'There may be further fallout from all the geopolitical turbulence, for example, with higher energy and commodity prices, and we should not underestimate how Trump's second term may impact the Irish and EU economies', said one respondent in Ireland when asked *'what is the most underestimated risk facing your organisation?'*

Respondents working in the corporate sector put the economy as the top risk priority for the sixth consecutive quarter, with several referring to the current 'polycrisis' environment making it more difficult to prioritise risks.

'We have faced freight challenges due to fast fashion and other suppliers from the East offering better rates and therefore taking over capacity. But we also face issues due to global warming and extreme weather, and with increasing unrest in some African countries, where my company operates, the socioeconomic threats have been increasing from every angle this year. It's not just the obvious risks like inflation and FX anymore', commented another respondent working in the food and agriculture sector.

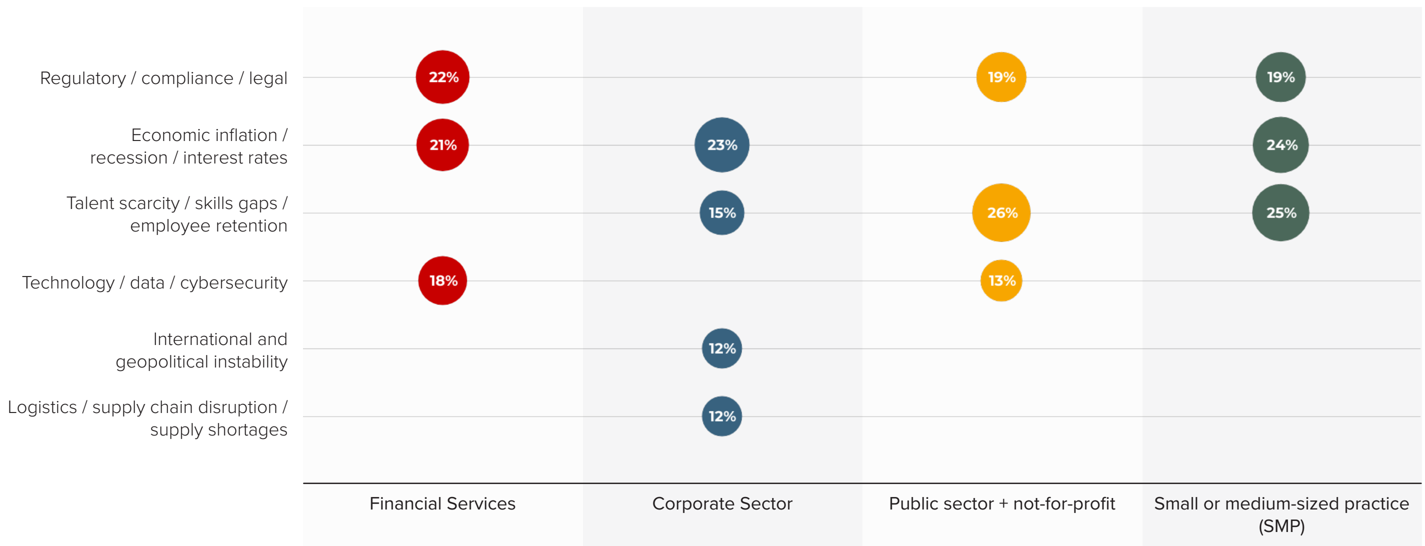
Respondents spoke more about staff retention and a *'tight market for relevant skills'* in Q4 2024. Responses to the open-ended question on 'the most underestimated risk' unveiled a range of concerns, from negotiating enterprise bargaining agreements to assessing cultural risks.

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



Source: ACCA /IMA Global Risks surveys (2024)

CHART 18: Top ranked risk priorities in Q4 2024 – **Financial Services** vs **Corporate Sector** vs **Public sector + not-for-profit** vs **SMPs**



Source: ACCA /IMA Global Risks surveys (2024)

'Changes in staff attitudes and expectations, especially with Gen Z, are not considered enough. This is coupled with the need for offshoring to overcome costs in the face of a difficult pricing environment. The main issue in the long-term will be how we develop, motivate and retain staff so they could become leaders of the future', a respondent from a Big Four accountancy firm explained.

'Many companies overlook the impact of having under-skilled individuals in decision-making positions. Therefore, in the long-run the company has to deal with many risks that could have been avoided and it has to deal with the backlash because the persons selected to hold skilled positions throughout the organisation are persons without the [necessary] skill set, experience or foresight', said a financial director from Singapore.

Financial services respondents ranked regulatory change as their top risk priority for the fourth consecutive quarter, though the economy, cybersecurity and talent scarcity were in tight second, third and fourth places, respectively. Responses for Q4 2024 showed that financial professionals globally are increasingly concerned about identifying and preventing fraud, cyber risks and other corrupt practices.

'It's no longer about being compliant', one respondent in Europe emphasised. *'The most underestimated risk is the sheer lack of commonsense leadership. It's hard to find structure or proper planning anywhere and organisations are going to find it harder to recover in a faster-changing world because of that',* a respondent in the UK noted.

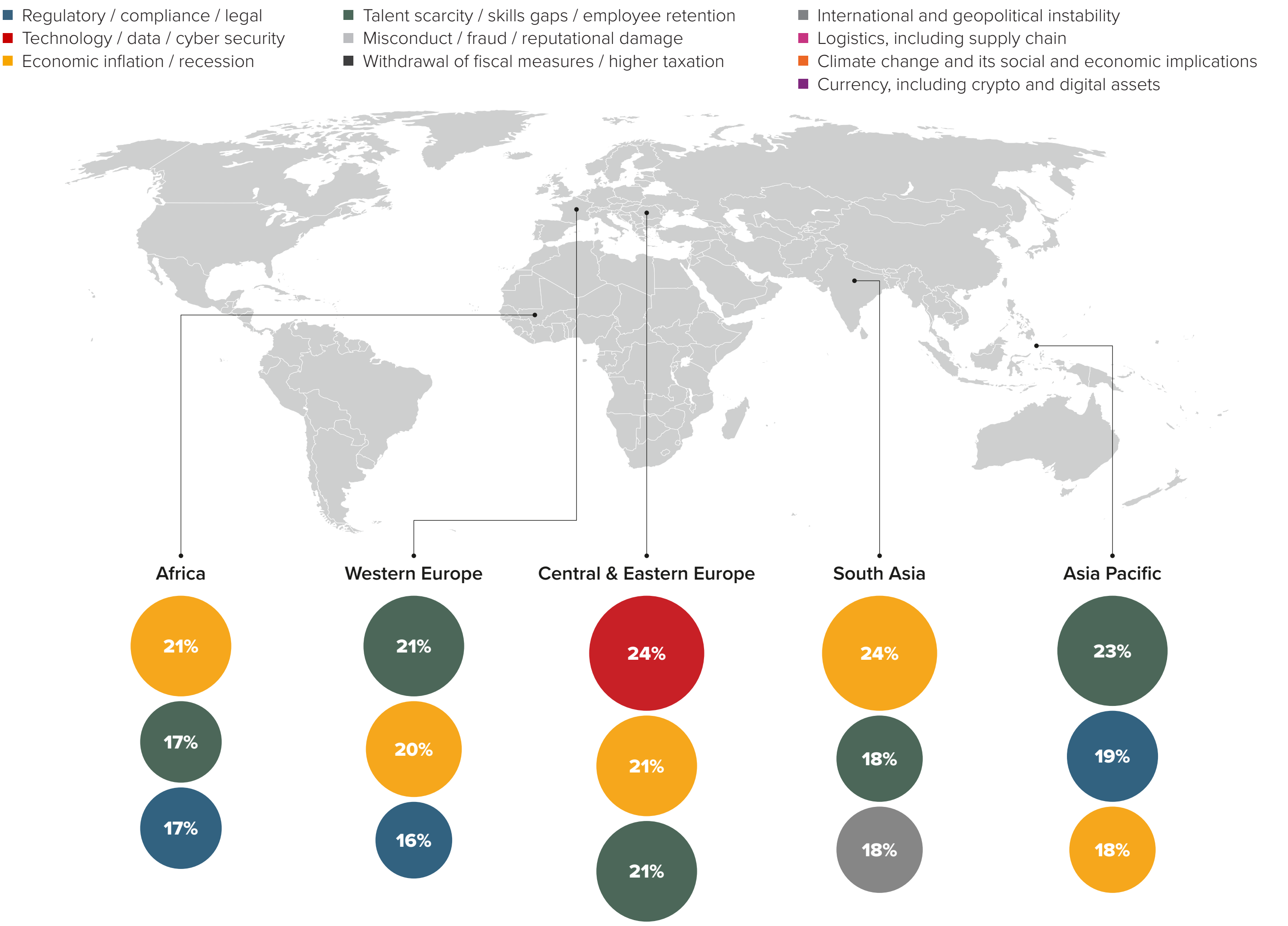
Scarcity of skills and talent was mentioned as a top risk priority across all sectors and regions. *'All entities are facing labour issues and the risks have never been as prevalent in Mauritius as [they are] today. Unfortunately, we see a brain drain, especially with financial professionals',* another respondent commented.

Responses in Q4 2024 also showed noteworthy regional nuances. For example, Central and Eastern Europe was the only region to rank cybersecurity as its highest risk priority, while Asia Pacific and Western Europe ranked talent scarcity highest. South Asia and North America also stood out for keeping geopolitics in their top three spots.

'A lot of small-to-medium-sized firms are not aware of or "up to speed" on technological risks and opportunities or how important it is for them to upgrade themselves before they are pushed out of the market', said a respondent in Malaysia.

'With the geo-political environment, we cannot ignore the impacts of cyber risks. The state players are posing greater threats on the global stage and most companies are not prepared', a respondent in Africa stressed.

CHART 19: Top three risk priorities around the world – Q4 2024



Source: ACCA/IMA Global Risks survey (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 200+ 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 Q4 survey took place between 27 November – 13 December 2024, gathering 1,837 responses: 1,752 ACCA members and 85 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.

Read the previous GECS reports **here**

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