

APR 1 - 8
2020

Global Crisis Monitor

An Immediate & Ongoing Survey of **COVID-19** Impact & Response

Weekly Status Update

April 9, 2020

TreasuryCoalition.com



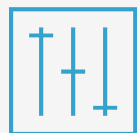
TREASURY
COALITION

LEVERAGE THIS REPORT

THROUGHOUT THE DISRUPTION CAUSED BY COVID-19
A WEEKLY SURVEY AND REPORT WILL BE RELEASED

This is the 3rd weekly Global Crisis Monitor (GCM) report, brought to you by the Treasury Coalition (TC) and the nearly 400 companies from around the world who have participated in this survey series. Read more about the GCM and the TC below and join your treasury colleagues in adding your voice and insights into the broader community to help each of us succeed.

Changes: We added a question about payables to complement the concerns about receivables noted during the first two weeks. For week four we are adding French to our language options for taking the survey. These weekly reports will continue to be offered in English.



Treasury Vitals Measurements

You'll want to monitor the key 'vitals' (measurements) of attitudes, situation and responses of organizations, banks and government across multiple dimensions including: liquidity, employee care, customer status. As we move through successive time blocks we'll be able to track positive and negative movements in both results and attitudes.



Relevant and Timely Advice

Instead of waiting until the end of the disruptive situation (health and economic impact in this case) we want to capture and share techniques and actions of others that you may be able to benefit from a larger pool of experience.



Three Important Actions

We ask that you give 5 minutes each week and get twice as much as you give:

1. **Take the new surveys** launched Wednesday mornings.
2. **Listen to the new podcasts** released Thursdays at noon (EDT).
3. **Read the new reports** released Fridays to the public (Thursdays to survey participants).



Take the survey weekly and share the results.

Craig Jeffery

Managing Partner of Strategic Treasurer for the Treasury Coalition and the Treasury Profession

treasurycoalition.com



TAKE SURVEYS » *Wednesdays*



LISTEN TO PODCASTS » *Thursdays*



READ REPORTS » *Fridays*

GLOBAL CRISIS MONITOR

IMMEDIATE AND ONGOING SURVEY OF THE IMPACT OF AND RESPONSE TO SIGNIFICANT GLOBALLY DISRUPTIVE EVENTS

Everyone loves dissecting an event after the fact: Seeing the start and then escalation of an event, watching awareness grow, seeing responses and reaching the inflection point. Then we note how the economy, company or global business environment recovers to a state of normalcy and then, perhaps, to accelerate out of the crisis or problem.

The finance profession generally and treasury specifically are a reasoning, pragmatic and unemotional bunch. They like to know facts, understand risks and communicate clearly. They are not distracted too easily by loud noises or major shifts. Nonetheless, from time to time there are events or disruptions that leave the profession wanting more information and seeing insights from a large number of their peers - and they want those insights and data quickly.

Hindsight is often closer to 20/20, but it arrives too late, like the response of 'watch your head' after you have bumped on the overhead bin. We think that it would be far more helpful to see what others are doing, learning and thinking more rapidly, to get closer to real-time when mid-course adjustments are in order, or simply to know that you are following what many leaders are doing for good reason.

The intent of this Treasury Coalition survey, the Global Crisis Monitor, is to provide rapid exploration and responsive reporting on major factors impacting the profession in collaboration with other leading treasury organizations. The coalition aspect is designed to find common points of concern, with multiple leading treasury organizations leveraging their networks to ensure the most rapid and comprehensive results for the good of the profession.

As we believe that having information and insights sooner is better than later. And, as we gain insights over multiple events, we may as an industry gain better leading indicators that let us know when to expect the inflection point and a return to normalcy.

Our thanks to you, the reader and the respondent to these frequent mini-surveys, which allows us to monitor together the situation and respond in a more prepared manner. You help yourself, your company and the industry. We appreciate the teamwork.

Organizational survey response details remain strictly confidential and are not shared or used for any other purpose than the survey itself.



**I can't change the direction
of the wind, but I can
adjust my sails to always
reach my destination.**

- Jimmy Dean

TREASURY COALITION EXPANDS TO 16

COLLECTIVE EFFORT AIMED TO BENEFIT THE GREATER TREASURY INDUSTRY
FROM LEADING SOLUTION PROVIDERS

When a global challenge or crisis confronts us or our profession, we want to push back and join forces. The Treasury Coalition is a group of treasury organizations who want to assist the industry in understanding what is going on and how others are viewing the situation.

We want to help find ways of gathering data and sharing insights that help our companies, our profession and the economic environment rebound effectively.

As the COVID-19 virus continued to spread and impact more countries with greater severity, Strategic Treasurer, a treasury consulting and research firm, decided to form the Treasury Coalition by inviting other treasury-focused organizations to join them.

Even in the midst of responding to rapidly changing events, two organizations joined within 24 hours of being invited. Others followed suit over the next few days. More have been added during each week of the survey.

The intent is to share several things together, namely:

- Distribute the offer to take the survey broadly across all geographies by leveraging our client networks.
- Share the insights to the industry at large and to particular groups.

As always, we welcome your ideas.



HOW HAS COVID-19 IMPACTED TREASURY?

ONE-YEAR OUTLOOK SHIFTS NEGATIVE

The 3-month and 2020 fiscal year outlook continues to be pessimistic. This week's monitor showed the 1-year economic outlook shift from moderately positive to moderately negative, indicating an expanding timeframe for recovery is expected.

Concerns about future liquidity of respondents' organizations took another hit this week. A net of 35+% noted their view of a deteriorating liquidity outlook for their firms over the past week. Central bank provided liquidity was again significantly positive on a week over week basis.



FINANCIAL NORMALCY GROWS TO 8+ MONTHS

Each week the timeframe to reach financial normalcy has grown, and the median estimate now sits at 8 months plus.



WORK FROM HOME (WFH): MANAGING & IT TOP ISSUE LIST

The migration to a WFH continues. The top two issues with the WFH environment: 1) managing newly remote staff 2) access to all systems and data.



HEALTH AND ECONOMIC RECOVERY: STABLE VIEW

The inflection point for the virus and timing for COVID-19 to reach a minimal health impact both closely mirrored the monitor results from last week.



LOAN COVENANTS & MAC CLAUSE ESCALATING CONCERNS

By a 4 to 1 ratio, more organizations indicated an increased level of concern regarding their loan covenants and MAC clauses over the past week. 45% indicated no change in concerns.



APPROACHING 400 GLOBAL RESPONDENTS

Just under 400 unique global respondents have taken the weekly survey with participants from all populated continents (apologies to Antarctica).



ACCOUNTS PAYABLE DELAYS

3 primary reasons were given by the ~1/3rd of orgs who extended their payables (32.6%). Just over 2% of firms sped up payments to support key suppliers.



WFH – I CAN'T MANAGE REMOTELY

A net 62+% of firms report more staff is WFH this week versus last. Effectively managing teams who are newly remote topped the list of WFH challenges.



LEAST SURPRISING: THREE-PEAT- A/R

Again by a factor **5X+**, organizations reported a negative outlook for liquidity on receivables. Minimal improvements over the prior two weeks.

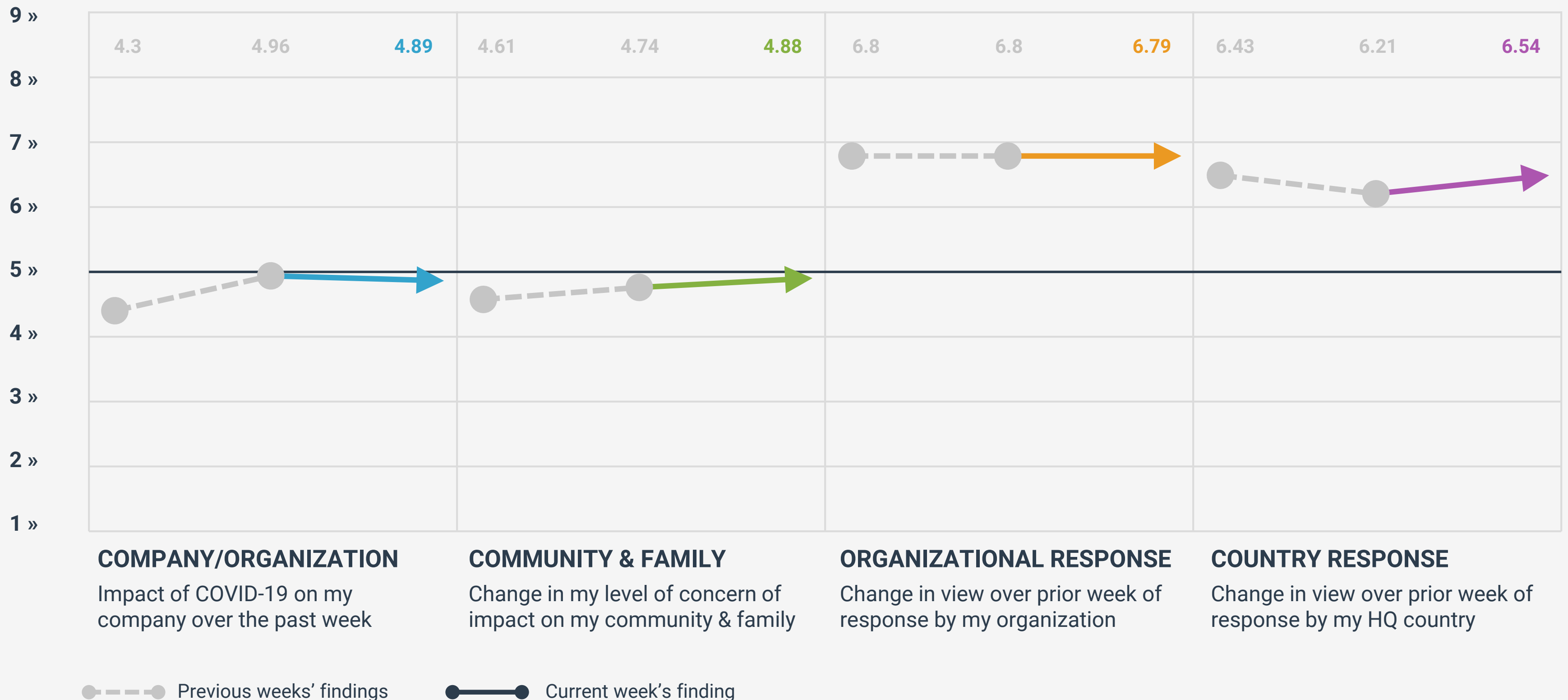
PERSPECTIVES

WHAT CHANGED IN SENTIMENT THIS WEEK?

Vital signs give us a quick indication of what is happening. This chart measures several vital signs in the form of changing perspectives. Improvements with the HQ Country response to handling the pandemic and diminishing concerns for community and family should be noted.

The other two dimensions we measured, company impact and organizational response rendered approximately the same as results from the prior week with company showing ongoing strength in a week over week comparison and community/family reaching effective equilibrium.

If the bar extends to the left side, it indicates a deterioration in the respondent's view over the past week of the various items identified on the y-axis. This uses the mean score. A -1X indicates a mean of 4, indicating a deterioration over the past of a full point on the 1-9 scale. A +2 indicates a mean of 7, indicating a very significant improvement in the perspective.



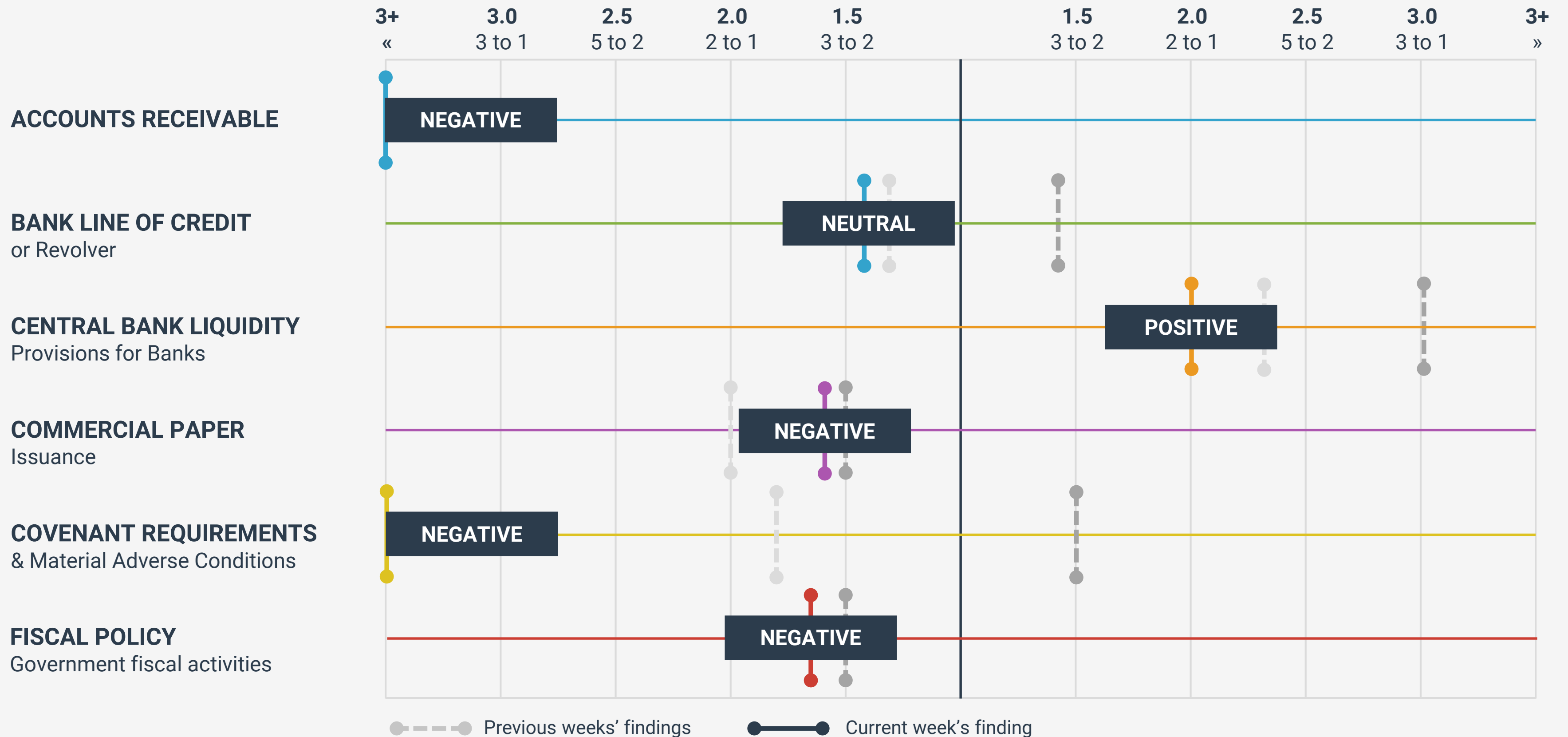
DEBT & LIQUIDITY

WHAT ACCESS DOES TREASURY HAVE?

Cash is king is true and easy to repeat. In times of disruption and crisis, much attention is paid to the king. This graphic measures a handful of elements that add to or detract from an organization's liquidity.

Accounts Receivable remains pinned on the negative border again (at about 5x). Covenant Requirements & MAC clauses flipped from slightly positive to highly negative this week. Moves by central banks to provide liquidity continued in the positive vein albeit not nearly as positive as the prior two periods. The view of fiscal policy activities were viewed as slightly more negative this week.

Understanding the chart: The vertical barbells represent the ratio of more-concerned vs less-concerned. Lighter bars indicate historical positioning. Please note that the chart is bounded at <3 and >3.



TIMING ESTIMATES

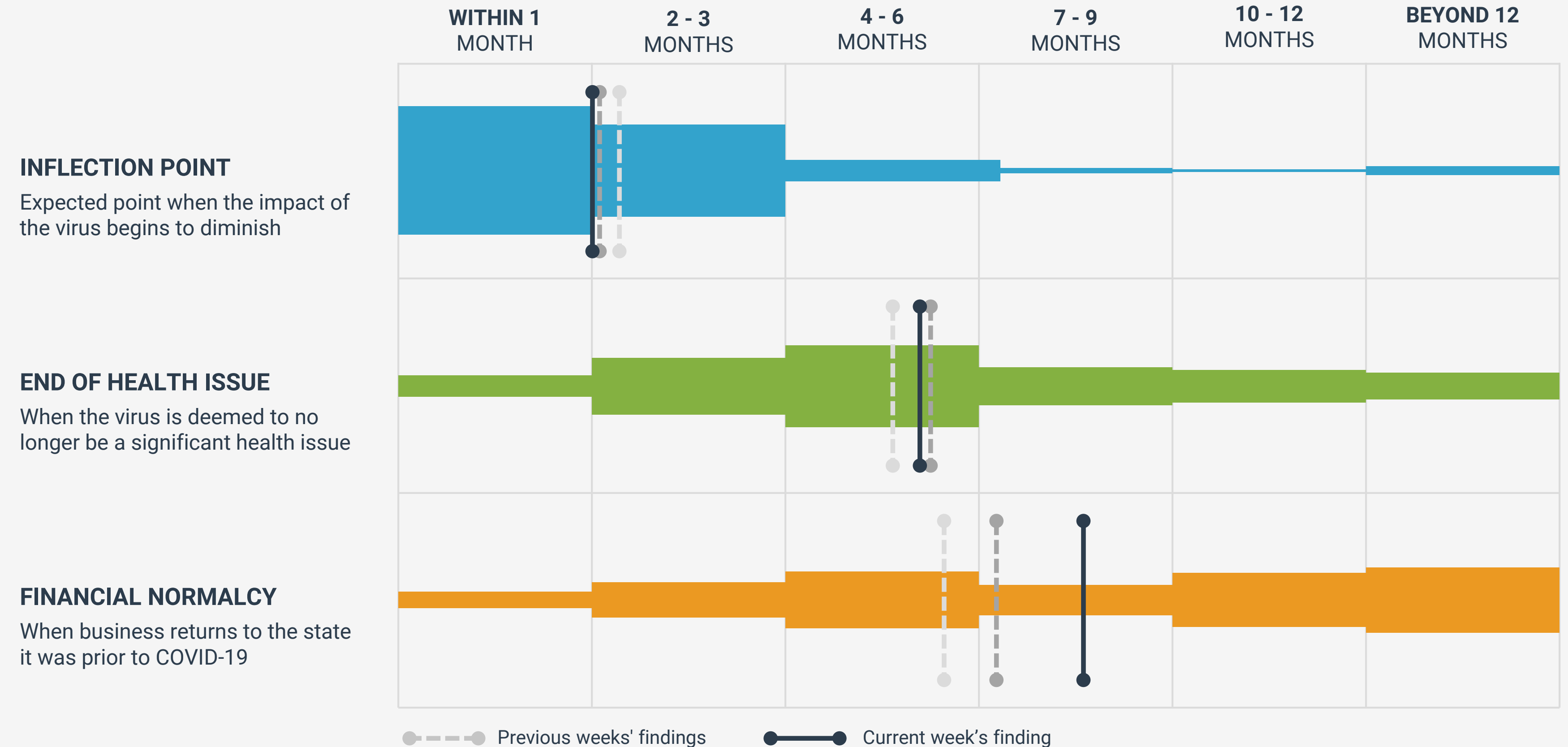
ADD A MONTH FOR FINANCIAL NORMALCY

These three graphics represent key milestones in the recovery and return to normal times medically and financially. We believe it useful to see others' expectations on the timing of these milestone events for the current disruption. We also expect this may help gauge the level of

pessimism or optimism of treasury/finance professionals and assist us even more with future events as we understand any collective bias.

The views for financial normalcy added about one month to the expected length of the COVID-19 winter since the last week.

Understanding the rectangles and the barbells: The rectangles represent the proportionate amount of respondents in each time domain. The bars represent the median response from all respondents. Over time the bars should move to the left as we move forward in time.



ECONOMIC VIEWS

WHEN DOES ECONOMIC RECOVERY OCCUR?

This graphic shows the perspectives on the overall economic across two time domains: 3 and 12 months. There are three separate rectangles from top to bottom showing positive, neutral and negative economic outlook.

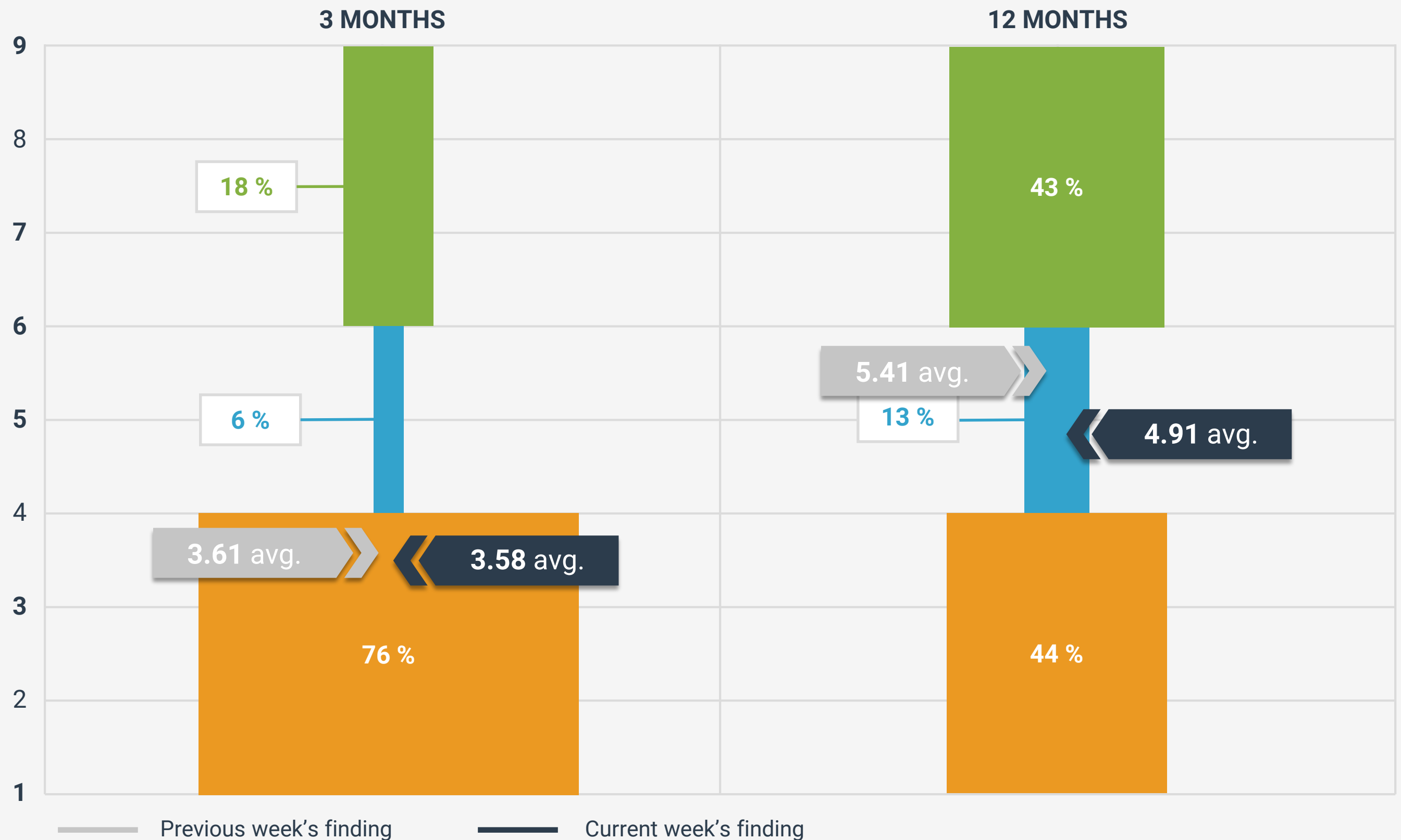
The numbers in the middle of the chart show the average selection. A 5 represents neutral view. Below 5 is pessimistic, and numbers above 5 show optimism.

The rectangles represent the outlook on the economy, and their size and number reflect the proportion of the views for each time domain. The green is the optimistic viewpoint (6-9 from the survey). Orange are pessimistic viewpoints (options 1-4) and the blue show the neutral. The dark arrow blocks show the median response from all respondents.

ECONOMIC TURNING POINT

The inflection point from negative to positives for the combined set of responses now extends out past a year and into 2021. This is a shift from seven months just last week.

The three-month outlook is substantially negative while the one-year view shows the economic outlook not quite reaching neutrality.



WFH ISSUES GAIN MINDSHARE

WORK FROM HOME ISSUES REQUIRE SIGNIFICANT EFFORT

Each week we ask about a range of issues that are occupying the mind of the survey respondent. We ask these questions in various forms: free form, forced ranking or select all that apply formats.

The dislocations caused by preventative measures seem to point to a story or progression as most countries are at various stages of lock-down with an increasing number of employees working from home (WFH).

- **WFH Issues [week 3].** This week the managing staff responsibilities in the WFH environment and accessing all necessary IT applications from home were the two largest challenges to maintaining normal treasury operations. These were identified by fully half of the respondents.
- **Cross-Training [week 2].** More organizations had another week under their belt at home and the top concern became cross-training. We suspected it moved up in concern and emphasis as teams considered the impact of multiple team members were out sick or out caring for other family members. Deepening the bench strength is a rational move given those potentialities.
- **Business Continuity Plans [week 1].** Our first week's survey reflected an emphasis and concern about the completeness of the BCP programs in place given the move to WFH and new processes.

We've brought back the forced-ranking question about top concerns and will let you know of any significant shifts.



IMPORTANT WEEKLY ACTIONS



TAKE THE SURVEYS



LISTEN TO PODCASTS



READ THE REPORTS

THANKS TO OUR PARTNERS



axletrees.com



bellin.com



bottomline.com



fides.ch



gpsfx.com



gtreasury.com



highradius.com



icdportal.com



iongroup.com



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