

OCT 29 – DEC 02

2020

Global Recovery Monitor

A Monthly Survey of **COVID-19** Response and Economic Recovery

Period 17 Status Update

December 3, 2020

TreasuryCoalition.com



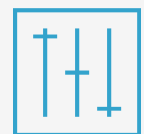
TREASURY
COALITION

THE MONITOR & INSIGHT

SHARING DATA AND INSIGHTS FOR MORE THAN SIX MONTHS THROUGHOUT THE DISRUPTION & RECOVERY

With 17 periods (37 weeks) of the Global Crisis Monitor (GCM) / Global Recovery Monitor (GRM) under our belt we are enjoying the individual insights and perspectives gained over time. The impact of Covid on families and individuals leaving the workforce voluntarily is eye-opening. Concerns about health showed notable deterioration this period. Thank you for *taking* the survey, *reading* the reports and *listening* to the podcasts, or supporting this effort by *membership* in the Treasury Coalition (TC).

If you are new to the Monitor, welcome. The Monitor is moving from a monthly cycle to a two-month one beginning now. Please reference and share this information with your team and peers.



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 so that you may be able to benefit from a larger pool of experience.



Three Important Actions

We ask that you give 5 minutes every month and receive data and insights:

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



In just 5 minutes every 60 days, you can share your voice and understand what your peers are doing to support their organization during the recovery.

Help your organization and profession each month. 1) *Take* the 5-minute survey. 2) *Download/read* the report and share the link. 3) *Share* this most vital information with your team in near real-time.

Thank you for your partnership.

Craig Jeffery

Managing Partner of Strategic Treasurer for the Treasury Coalition and the treasury profession



TAKE SURVEYS » *Wednesdays*



LISTEN TO PODCASTS » *Thursdays*



READ REPORTS » *Fridays*

GLOBAL RECOVERY 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 Recovery 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.

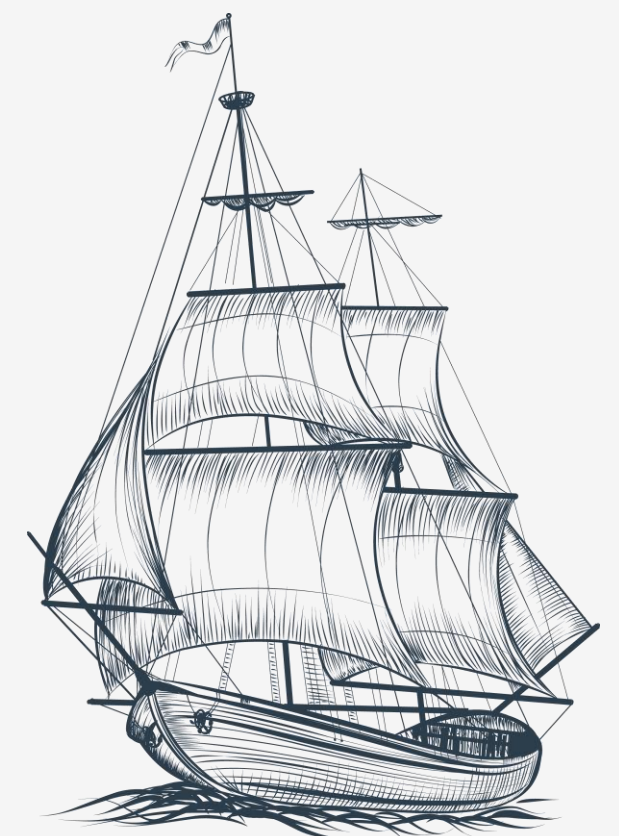
We believe that having information and insights sooner is better than later. As we gain insights over multiple events, we may as an industry gain better leading indicators that let us know when to expect the inflection point and a return to normalcy.

Our thanks to you, the reader and the respondent to these frequent mini-surveys, which allow us to monitor the situation together 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.

**“It is the set of the sails,
not the direction of the
wind that determines
which way we will go.”**

- Jim Rohn



MEET THE TREASURY COALITION MEMBERS

COLLABORATIVE EFFORT FOR THE BENEFIT OF THE TREASURY INDUSTRY
FROM LEADING TREASURY 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 aid our companies, our profession and the economic environment in rebounding 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 in subsequent weeks. If you are a solution provider and want to join forces, please let us know.

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?

CROSS-WINDS ON HEALTH AND THE HUMAN IMPACT

Company outlook on liquidity position continued a long and consistent positive march for most of the last 27 weeks. The four major sentiment factors remained positive except for community and family impact. The company-specific financial return to normalcy hovered at just under one year, while the broader economic outlook's equilibrium deteriorated two months and now indicated 5 months. The concerns about Covid-response was a top concern above: Civil Unrest; Election; Covid-death rate.



INFLECTION POINT EXPANDS OUT TO 5 MONTHS

The inflection point for the virus extended notably and now sits at 5 months. Expectations about when Covid would no longer be a significant health issue sit just inside the 1-year mark.



PEAK DEATH RATE RECEDES

The expectations of when the peak death would be reached contracted back to 2.5 months. This is its lowest level since we began capturing this data in the monitor (3 periods - 13 weeks).



ORGANIZATIONAL LIQUIDITY NET 17% POSITIVE

Company-specific liquidity positivity completed 13 periods (33 weeks) of ongoing improvement (except for period 13 – 4 weeks), with a net 17% (vs 34% last period) indicating positive liquidity.



ECONOMIC OUTLOOK DETERIORATES FROM PERIOD 16

Period 16 indicated economic equilibrium from pre-covid days would be reached in about 3 months. This period the 3 and 12-month outlooks indicate it will take just over five months to reach that point now.



THE MONITOR MOVES TO BI-MONTHLY

The Monitor finished its fifth monthly cycle covering 37 weeks (17 periods in total). We now shift to having each period covering two months.



STAFF DEPARTURES AFFECT 25%+

28% of firms indicated they had staff depart on their own during Covid. Women made up 15% of those departments(net) in period 8 and +46% in period 15 to 53% during this period.



FORCED RANK CONCERNS – LIQUIDITY ACCESS

Access to liquidity tied for the top concern in our forced ranking chart this period with two others. Concerns about recessions in the regions we operate in placed 2nd on average.



LOCKDOWN ASSUMPTIONS GROW

A second lockdown was anticipated by 56% of respondents, up from 48% in period 16.

TOP CONCERNS

FORCE RANKING SEVEN AREAS

Most periods we have asked respondents to rank seven areas. Since we measure this over time, the gauges below show how the industry as a whole is adapting to changes on the ground and how that is alleviating or increasing their concerns relative to the other categories. This chart shows the

most frequent #1 choice. Survey questions are cycled in and out in order to keep the total questions of the Monitor low enough to be completed in 5 minutes.

In period 17 the highest *average* concerns were: 1) direct financial impact and 2)Recessions in the regions we operate in.

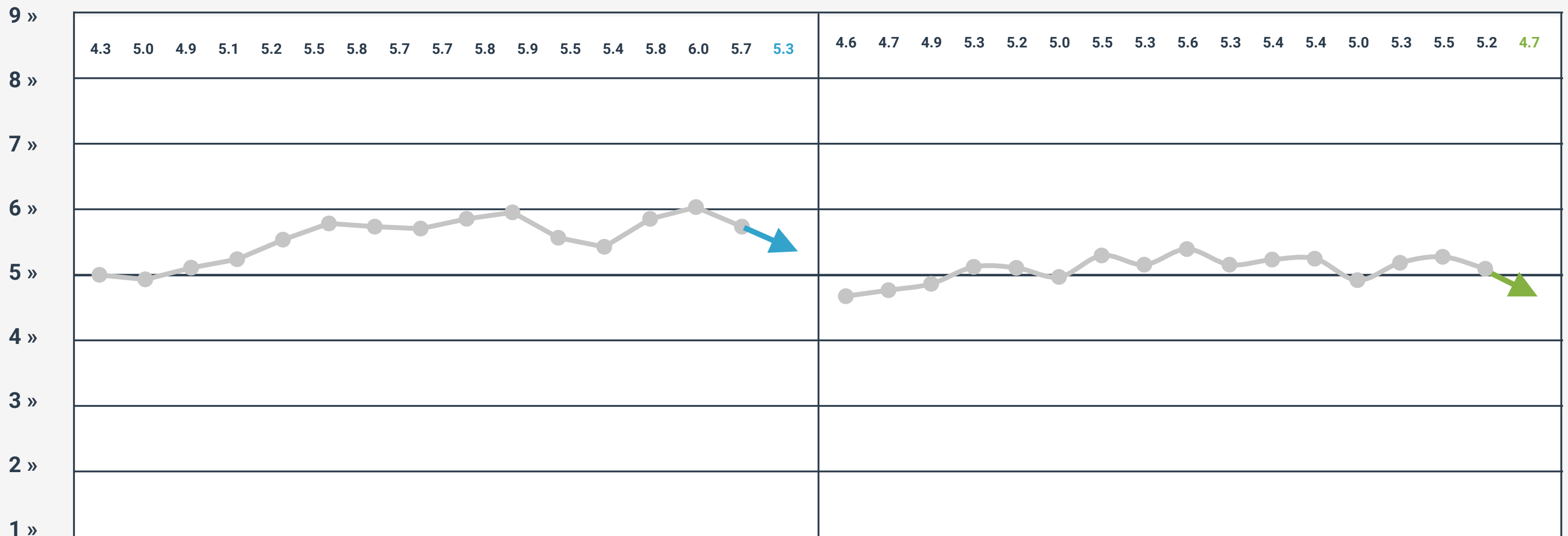
Areas of Inquiry	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Business Continuity Plan Completeness	1st	2nd (tie)	Not Asked	3rd	4th	4th	4th (tie)	5th	6th	6th	6th	6th	6th	7th	6th	6th	6th	
Staff Safety Protocols	3rd	4th		6th	6th	5th (tie)	6th	7th	2nd	4th	4th	3rd	1st (tie)	2nd	1st	4th	1st	
Staff Awareness of Plans	6th (tie)	5th		7th	7th	7th	7th	6th	7th	7th	7th	7th	7th	6th	7th	7th	7th	
Country Preparedness	6th (tie)	6th		5th	5th	5th (tie)	4th (tie)	4th	5th	5th	5th	5th	5th	4th	2nd (tie)	3rd	4th	
Direct Financial Impact to the Business	2nd	1st		1st (tie)	1st	1st	1st	1st	1st	1st	1st	2nd	1st	1st (tie)	1st	2nd (tie)	1st	1st
Access to Adequate Liquidity	4th	2nd (tie)		1st (tie)	2nd	2nd	2nd	3rd	3rd (tie)	2nd	1st	4th	3rd	3rd	4th	5th	1st	
Recession in the Regions We Operate In	5th	7th		4th	3rd	3rd	3rd	2nd	3rd (tie)	3rd	3rd	2nd	4th	5th	5th	2nd	4th	

IMPACT SENTIMENT

COMPANY/ORGANIZATION STILL POSITIVE

Vital signs give us a quick indication of what is happening. This chart measures several vital signs in the form of changing perspectives. The perception of the impact to the company showed twenty-nine weeks (thirteen Monitor periods) of improving sentiment (>5.00).

The line at 5 represents an unchanged view from the prior period. If the arrowhead is placed above the line, the perception has improved since the last period. Below the mid-point indicates a deterioration since the prior period. These scores are the average of all respondents on a 1-9 scale.



COMPANY/ORGANIZATION

Impact of COVID-19 on my company over the past week

COMMUNITY & FAMILY

Change in my level of concern over impact on my community & family

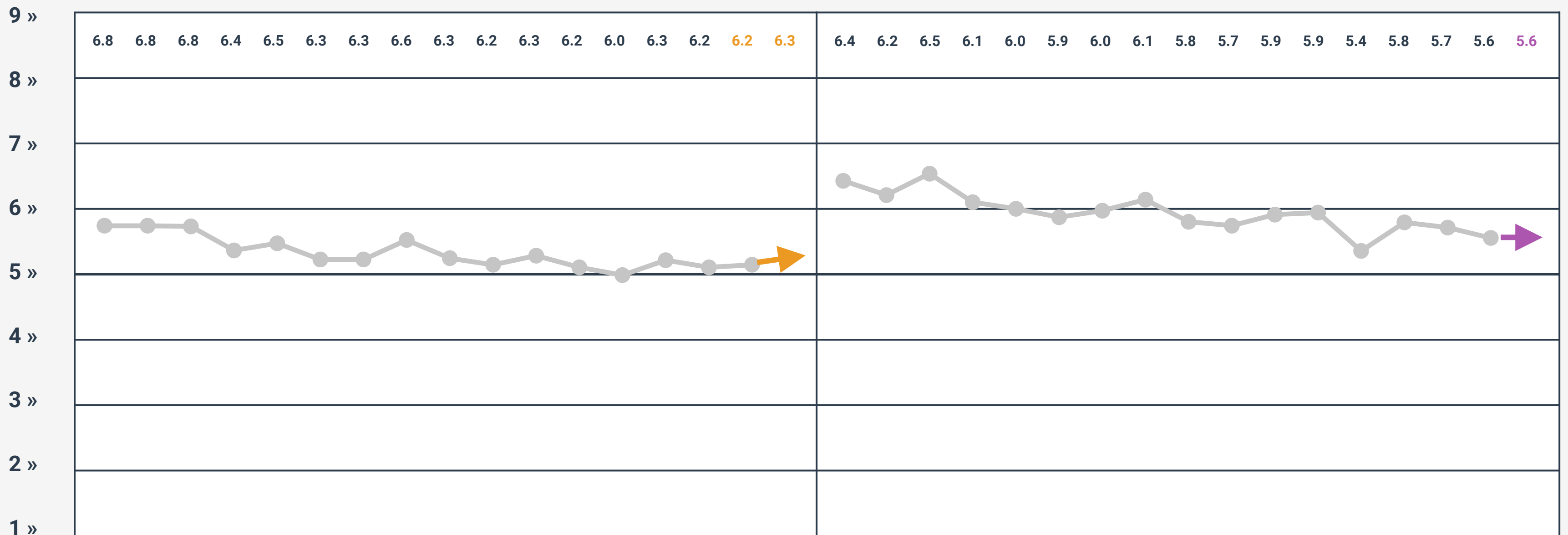
● - - - ● Previous periods' findings ● — ● Current period's finding

RESPONSE VIEWS

UNBROKEN ONGOING IMPROVEMENT

The perception of responses by organizations and HQ Country have an unblemished track record of consistent improvements over the prior period. This positivity covers the 16 periods spanning 32 weeks.

The line at 5 represents an unchanged view from the prior week. If the arrowhead is placed above the line, the perception has improved since the last period. Below the mid-point indicates a deterioration since the prior period. These scores are the average of all respondents on a 1-9 scale.



ORGANIZATIONAL RESPONSE

Change in view over prior week of response by my organization

COUNTRY RESPONSE

Change in view over prior week of response by my HQ country

● - - - ● Previous periods' findings ● - - - ● Current period's finding

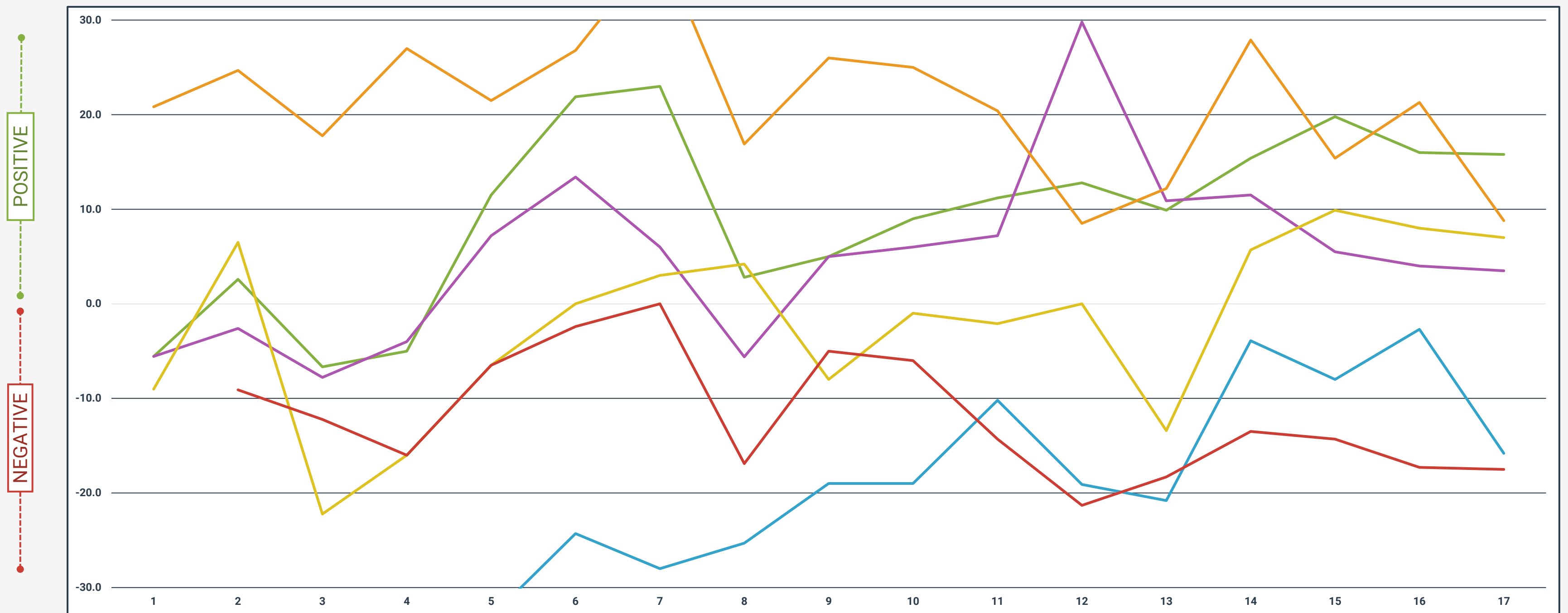


DEBT & LIQUIDITY

TREASURY'S ACCESS TO LIQUIDITY

Liquidity is vital and cash is the king. In times of disruption and crisis, much attention is paid to the royals. This graphic measures a select handful of elements that add to or detract from an organization's liquidity. We monitor this on a period-over-period basis.

Given an increasing number of stable responses over the life of the Monitor, we needed to shift to a different style of chart. This new chart shows the NET positive or negative, which will eliminate the trough between +/- 1 and enable us to see the relative volatility shifts too.



ACCOUNTS RECEIVABLE

CENTRAL BANK LIQUIDITY

COMMERCIAL PAPER

BANK LINE OF CREDIT or Revolver

COVENANT REQUIREMENTS & Material Adverse Conditions

FISCAL POLICY Government fiscal activities

Provisions for Banks

Issuance

TIMING ESTIMATES

MEDICAL AND MORTALITY MATTERS

These three graphics represent key milestones in the recovery and return to normal times medically. 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 inflection point expanded to 5 months this period. The peak death rate receded to its lowest level 2.5 months. COVID-19 remaining as a significant health issue stretched out slightly to 11.5 months.

The rectangles below represent the proportionate number of responses in each time domain. The tear drops represent the median response from all respondents. The numbers indicate the period of the Monitor.

INFLECTION POINT

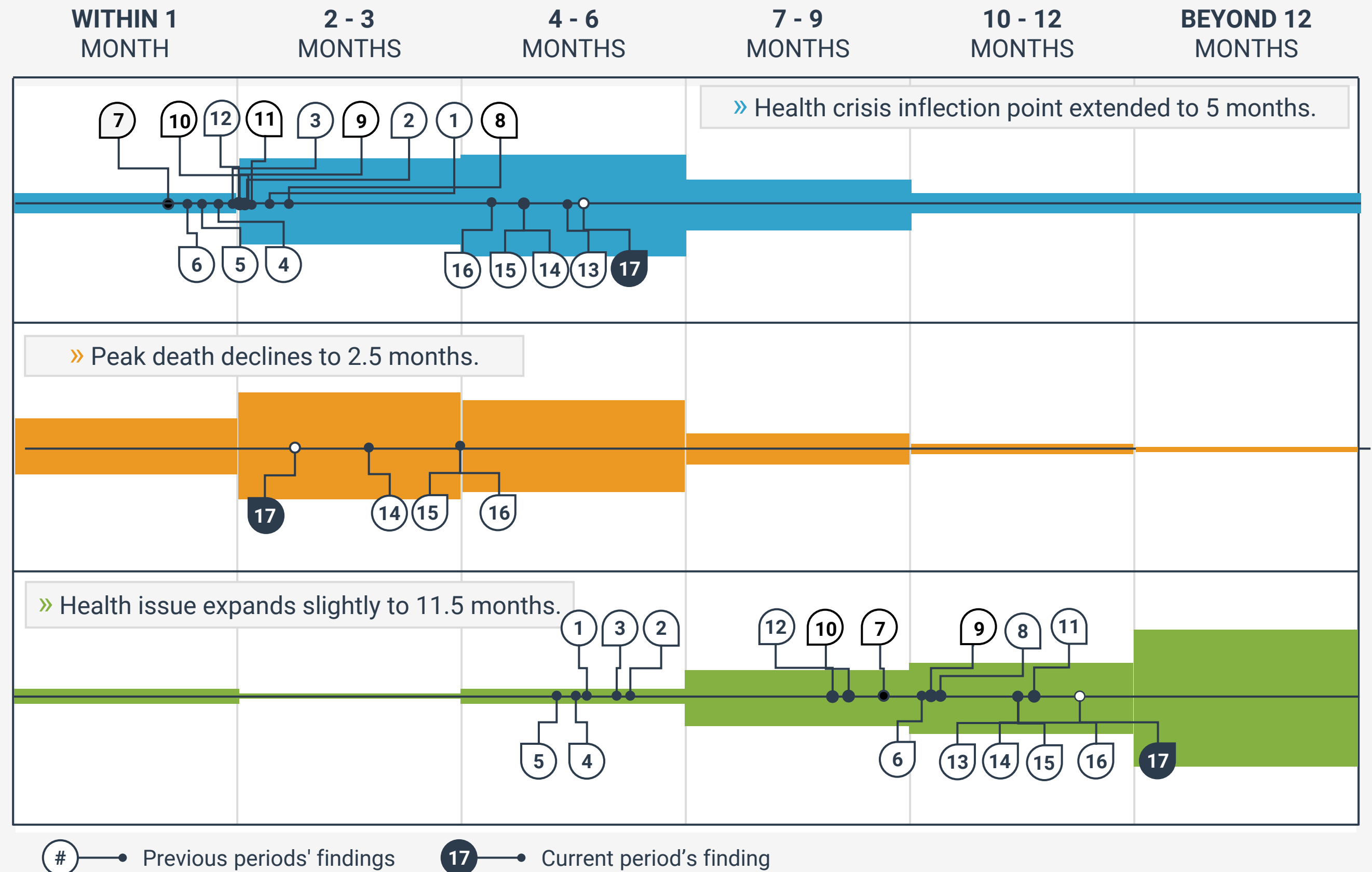
Expected point when the impact of the virus begins to diminish

PEAK DEATH RATE

When mortality rate will peak and begin to fall in your home country

END OF HEALTH ISSUE

When the virus is deemed to no longer be a significant health issue



» Health crisis inflection point extended to 5 months.

» Peak death declines to 2.5 months.

» Health issue expands slightly to 11.5 months.

ECONOMIC VIEWS

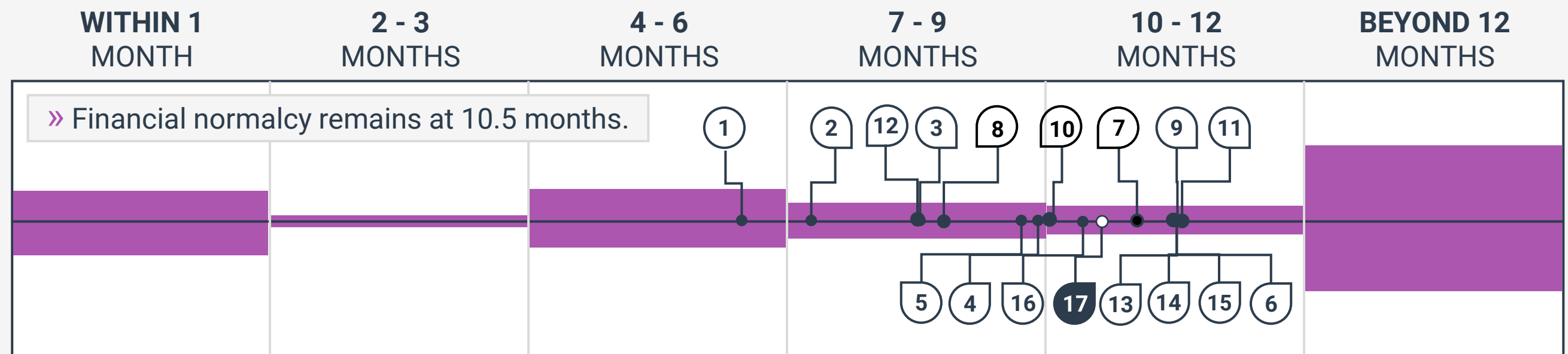
ECONOMIC EQUILIBRIUM: 10.5 & 3 MONTHS

The top graphic shows the perspectives on the individual respondent's organization (where normalcy sits at 10.5 months). The bottom graphic shows the overall economy across two-time domains: 3 and 12 months. A '5' represents a neutral view. Below 5 is pessimistic.

The blue in the bottom graphic indicates the 12-month outlook, while the green shows the view out 3 months.

FINANCIAL NORMALCY

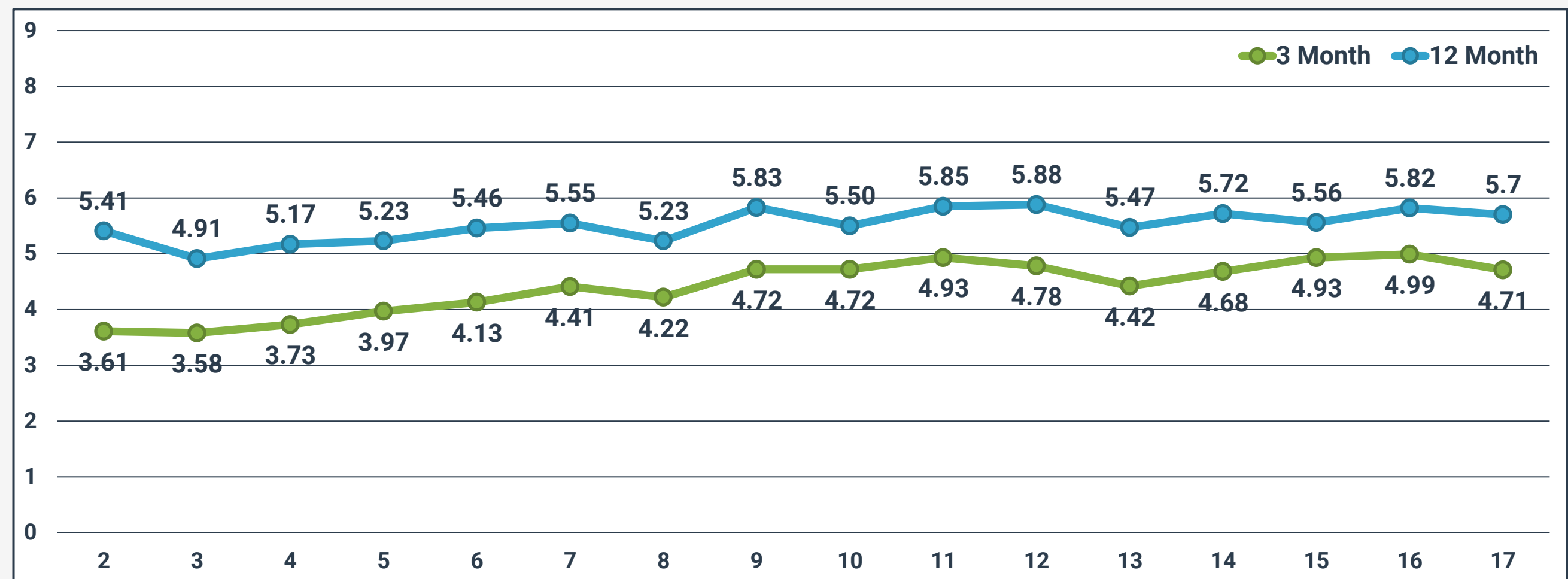
When business returns to the state it was prior to COVID-19.



ECONOMIC TURNING POINT PUSHED BACK

The outlooks for economic status in the 3-month and 12-month time domains continued in a positive direction this period.

Extrapolating from these numbers, the expectation is that the economy achieves 'normal' status in six months. This indicates a new expectation of equilibrium in early June 2021.



WFH INTO 2021

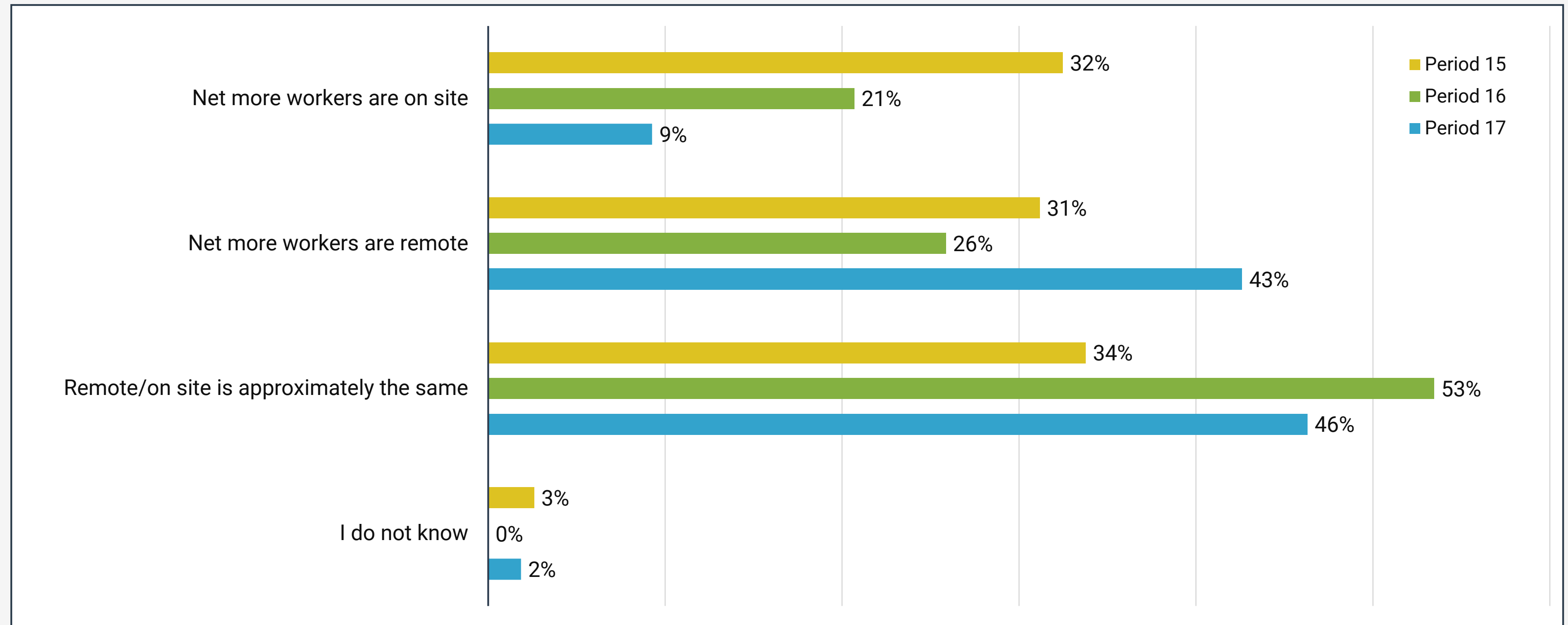
STAFF WORK LOCATION: TWO STEPS FORWARD TWO STEPS HOME

The current situation shows that most organizations are majority work from home (WFH) companies. During period 15, the expectation was that by January, location would be roughly balanced between in-office (33%) and WFH (39%). During period 16 those numbers were 35% in office (+2) and 56% WFH (+15%). By Q3 50% of firms expected to have the majority of their staff back in the office.

During period 17 we saw more respondents indicated more workers, on a net basis, were working remotely.

Last period we suggested it may be time to spend money on the better office chair for your home office. We repeat that suggestion now.

In the past month, the location of our working staff has:

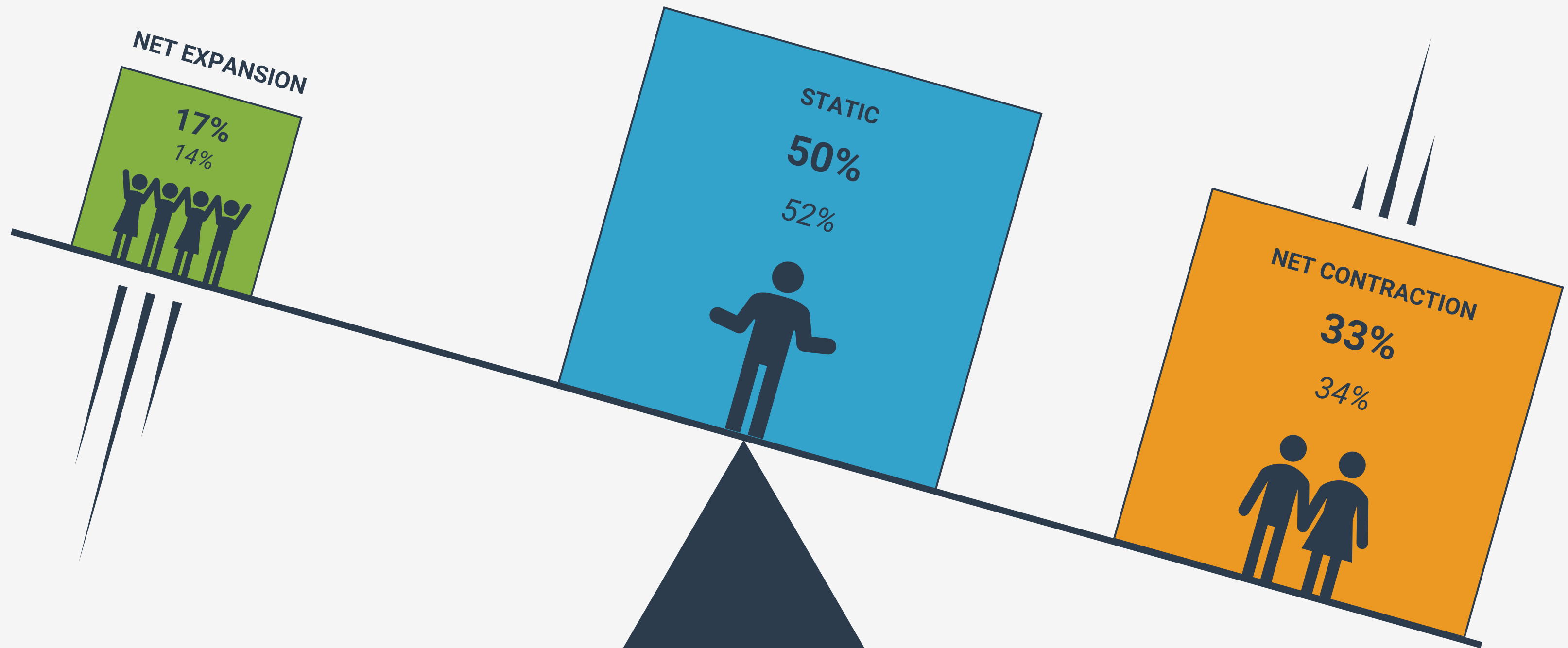


STAFFING DROP IN 2020

ESTIMATED CHANGES IN “YOUR INDUSTRY”

Do you anticipate net expansion/contraction of staffing in your industry by the end of this year? This has been extremely pessimistic for many months but continues to show less pessimism during each successive monitor.

These data points should be considered in light of the 12-month economic outlook, which looks at expectations of the respondent company's performance versus the performance in their industry.



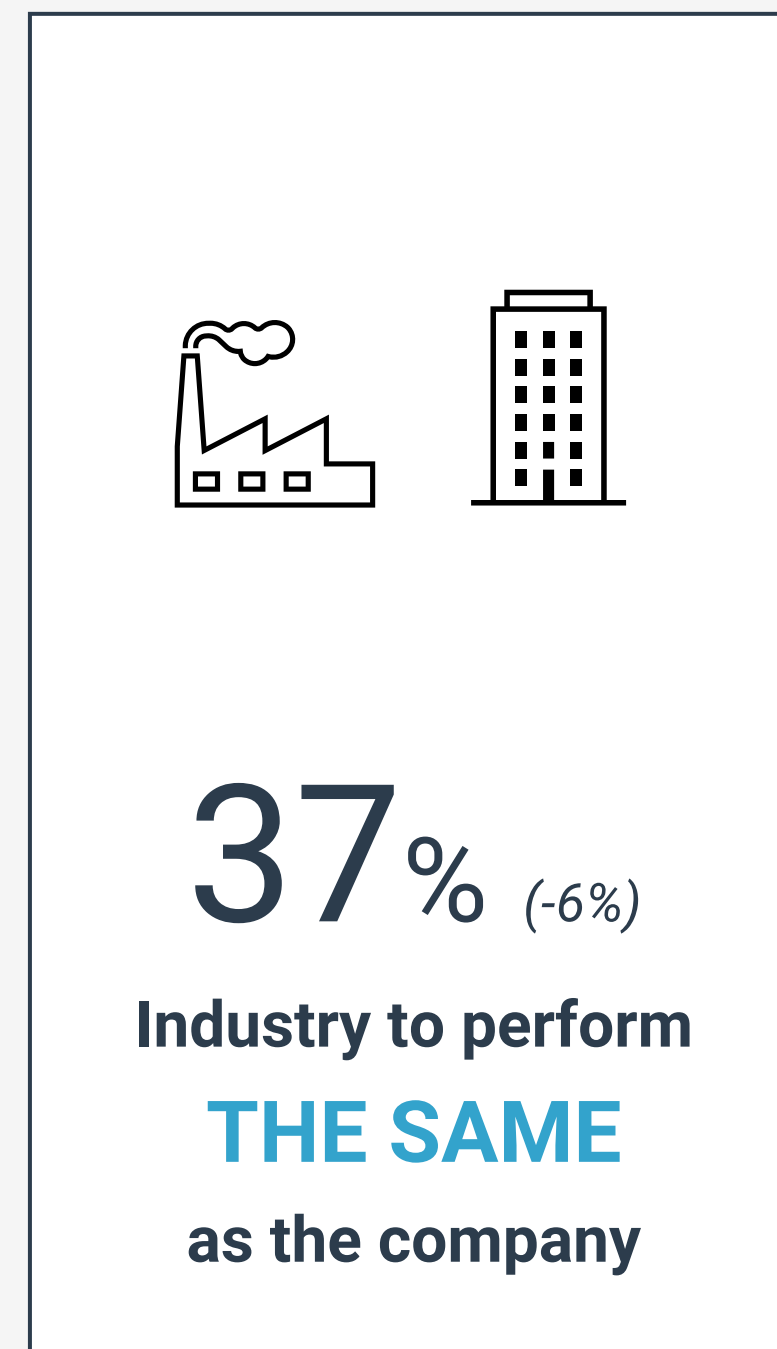
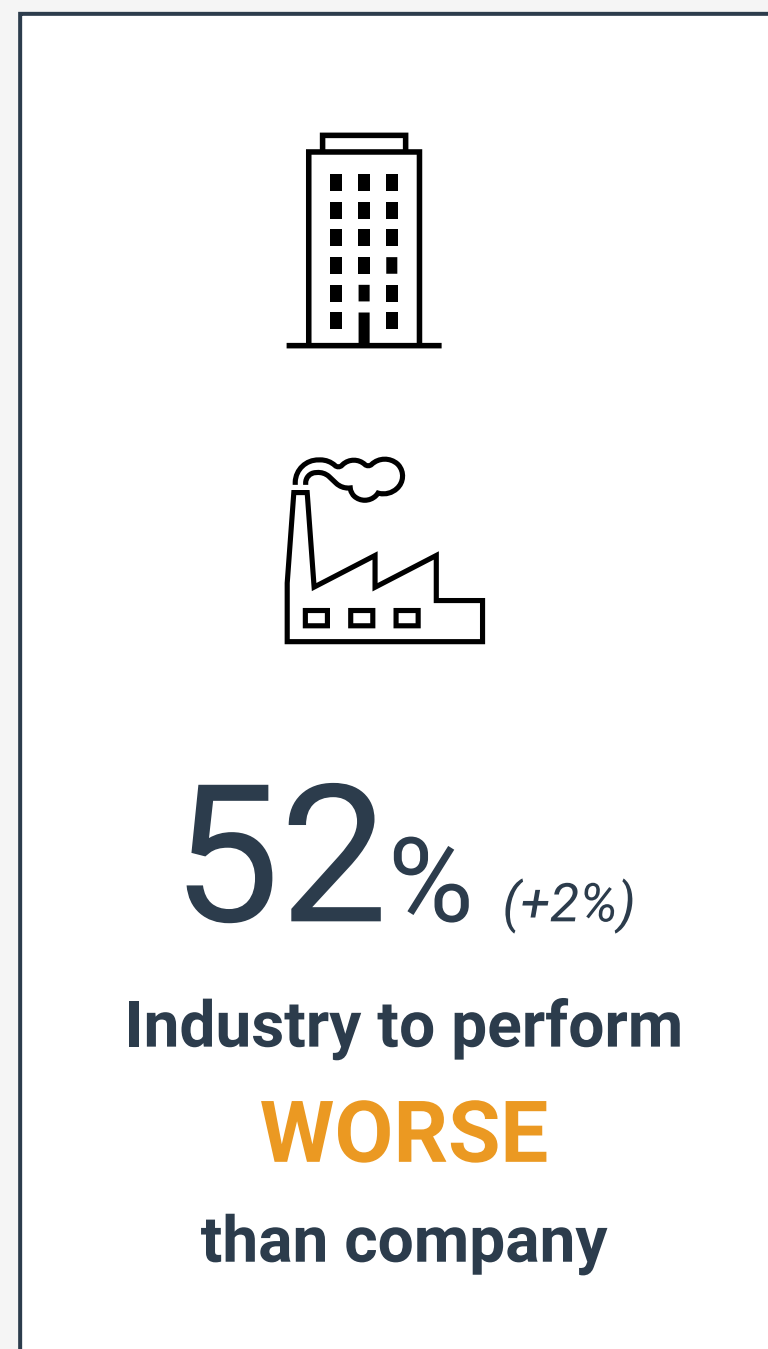
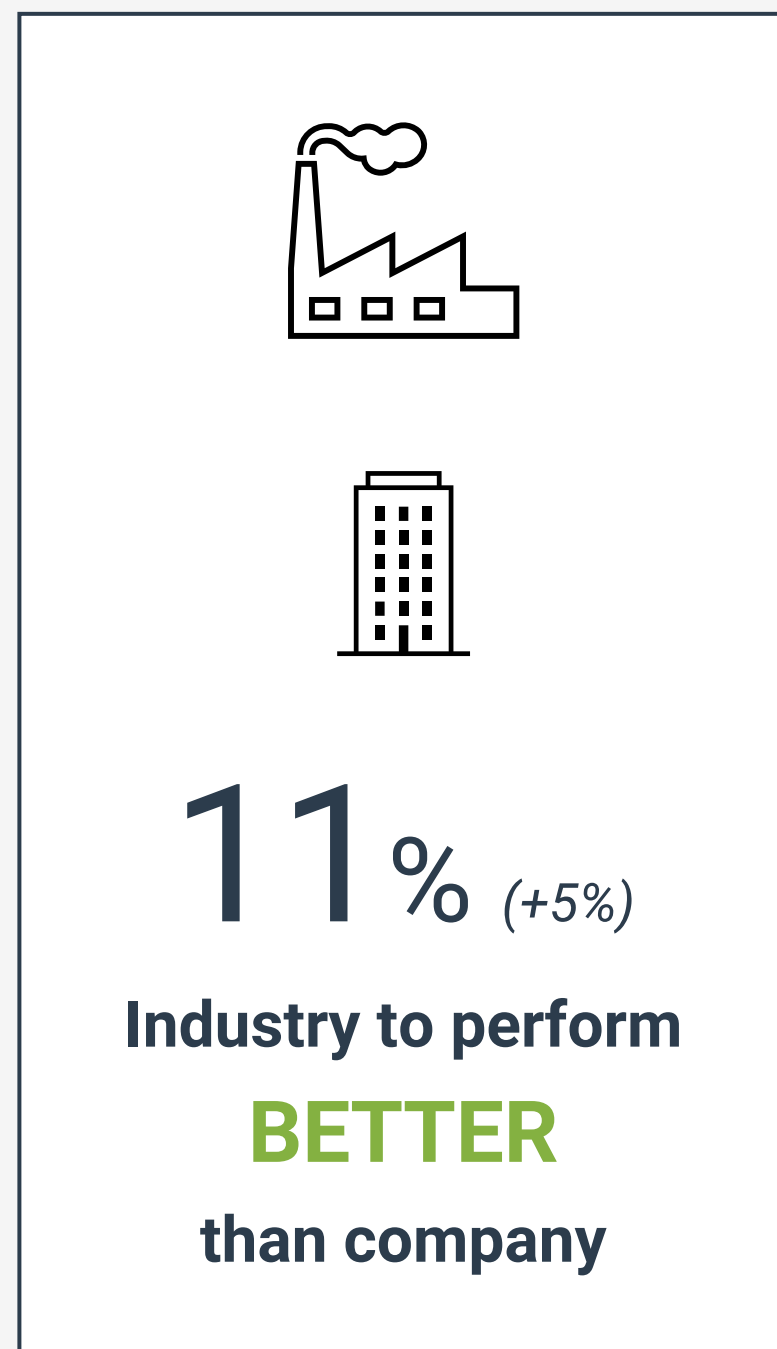
COMPANY OVER INDUSTRY

12 MONTH ECONOMIC OUTLOOK

Expectations about a divergence of performance of the respondent's industry is notable. A NET 41% of firms believe their company will outperform their industry (compared to a net 44% last period).

Is this based upon myopic optimism? Is it attributable to people being more aware of how their company is adapting to the situation that what others in their industry are doing? We'd love to hear your thoughts and anecdotes.

Industry to perform _____ than our company (Better, the same, or worse)

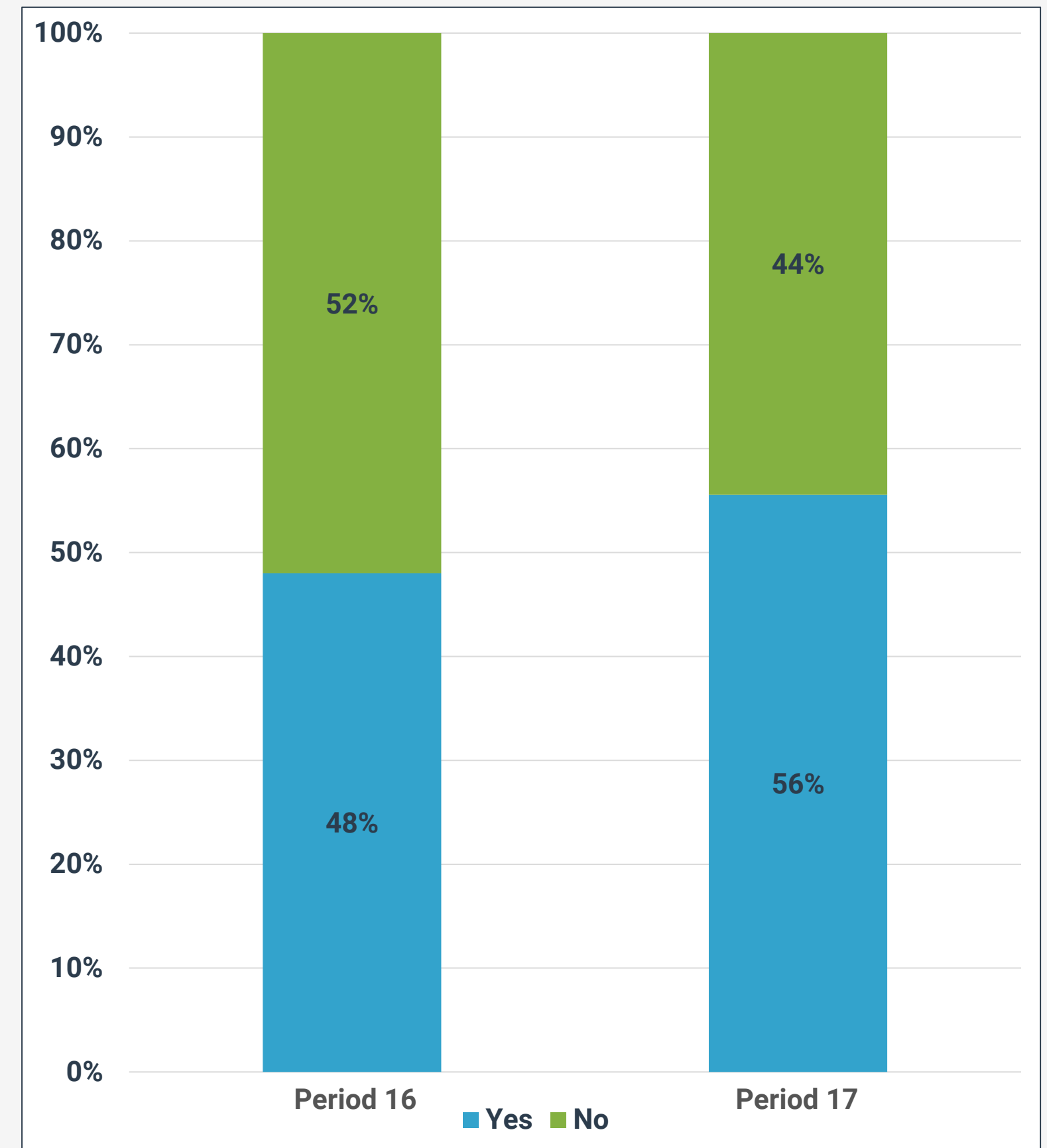


LOCKDOWN LIKELIHOOD

DO YOU PREDICT ANOTHER LOCKDOWN IN YOUR AREA?

Epidemiologists indicated in the early stages of the virus spread that we would be unable to stop the spread of the virus. They indicated we would be able to slow its spread and flatten the top of the curve. A rise in infections in early June indicated the second wave in the US, and Europe and other regions found their numbers rising in September.

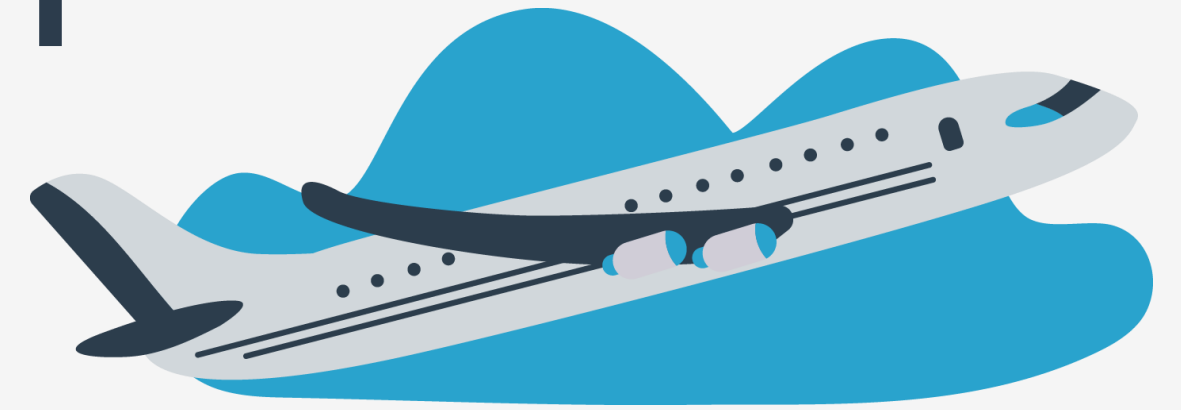
Nearly half of survey respondents believed their region or country would undergo a second lockdown. Multiple Western European countries were in various stages of a second lockdown during period 16. An additional 8% (5 out of 9) expect a lockdown in this period.



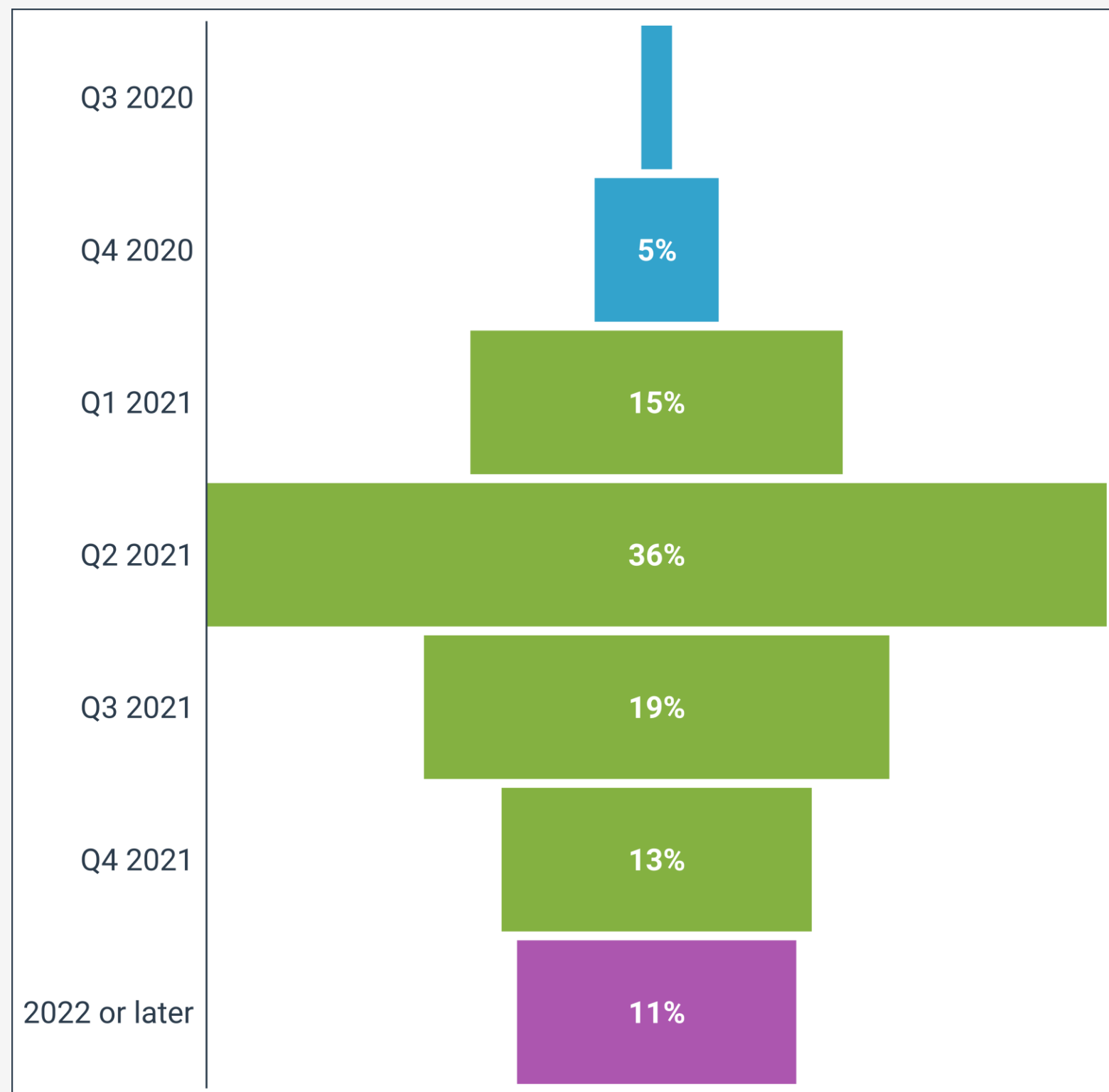
BUSINESS TRAVEL NOT IN 2021

RETURN TO 50% OF HISTORICAL NORMS

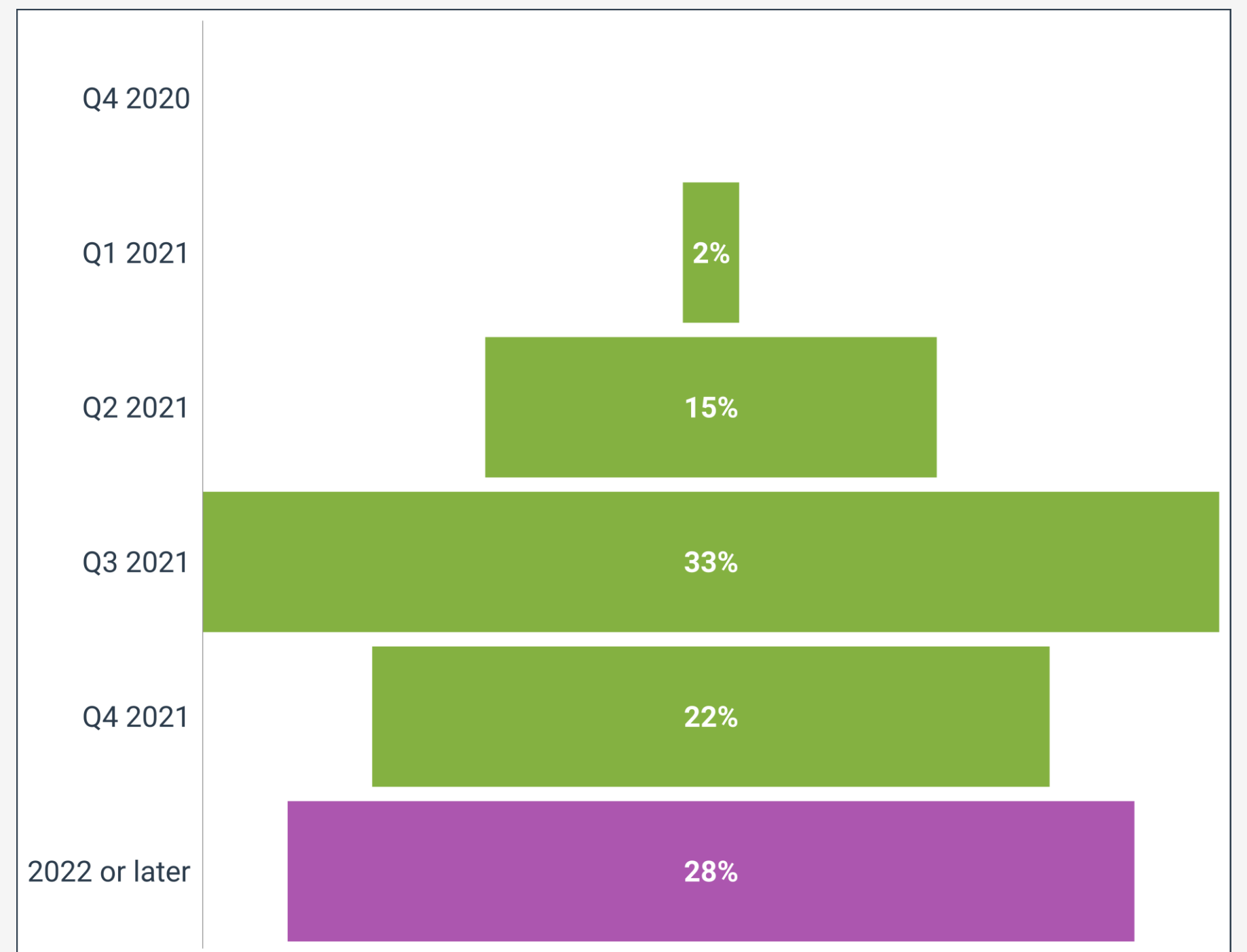
Business travel, based upon respondents to the Monitor, seems destined for a lengthy period of recovering to where things stood before the rapid shift in March. In the summer period of the monitor, the 2nd quarter of 2021 represented the median response for when business travel returns to just 50% of historical norms. Now, the median response is on the border of Q3/Q4.



Period 13: August 6



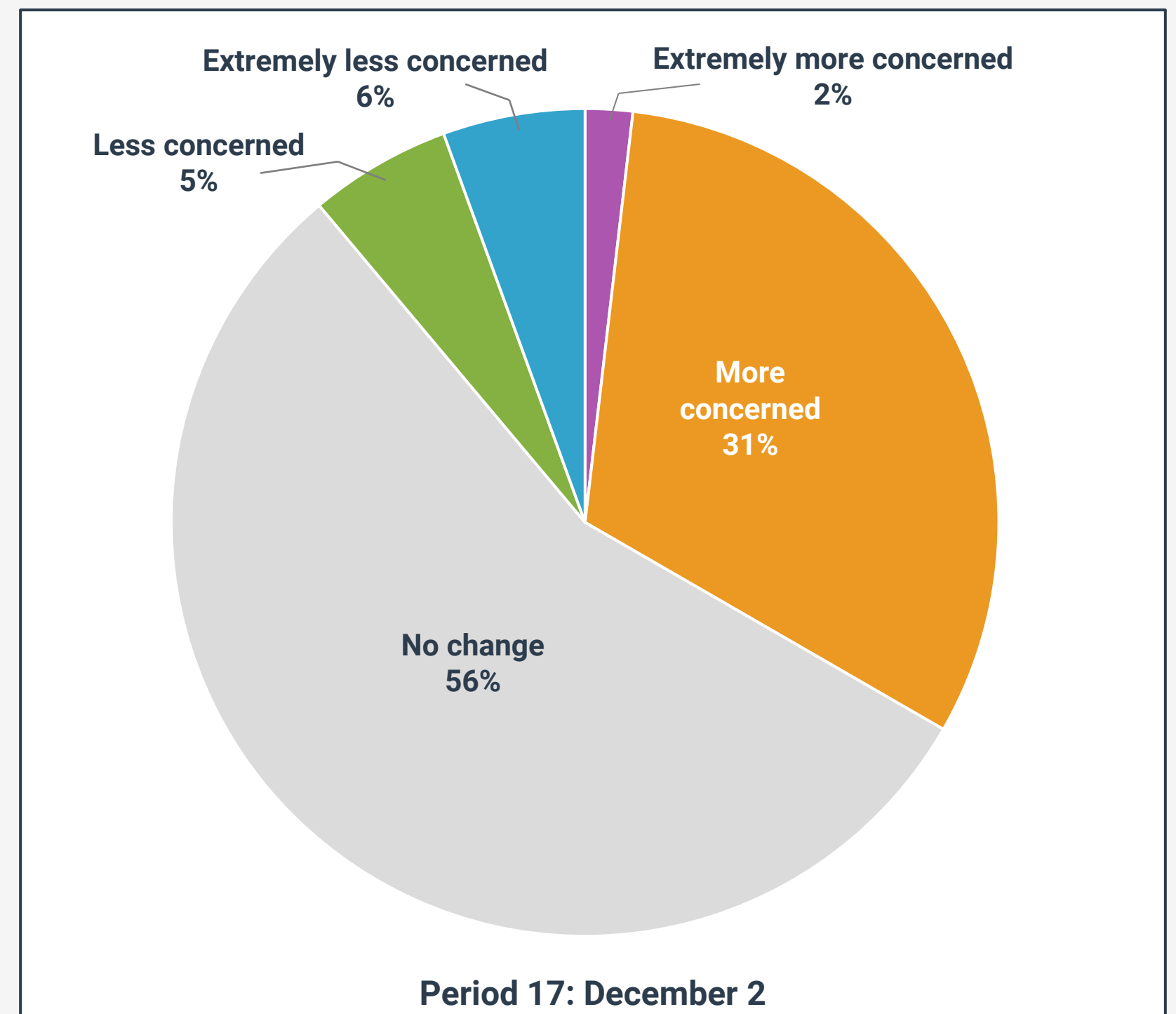
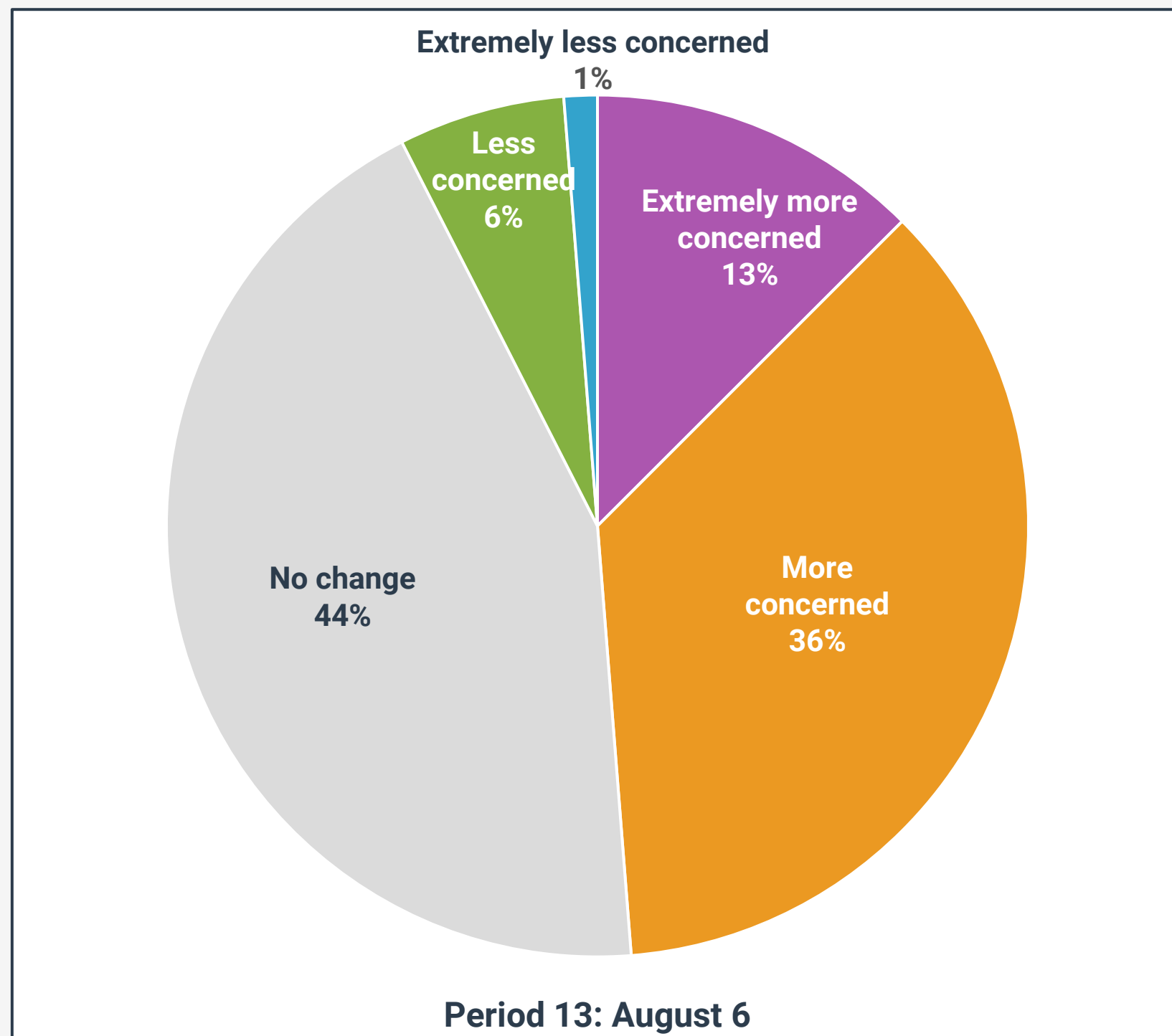
Period 17: December 2



JOB CONCERNS RECEDE

LEVEL COMPARED TO PRE-PANDEMIC

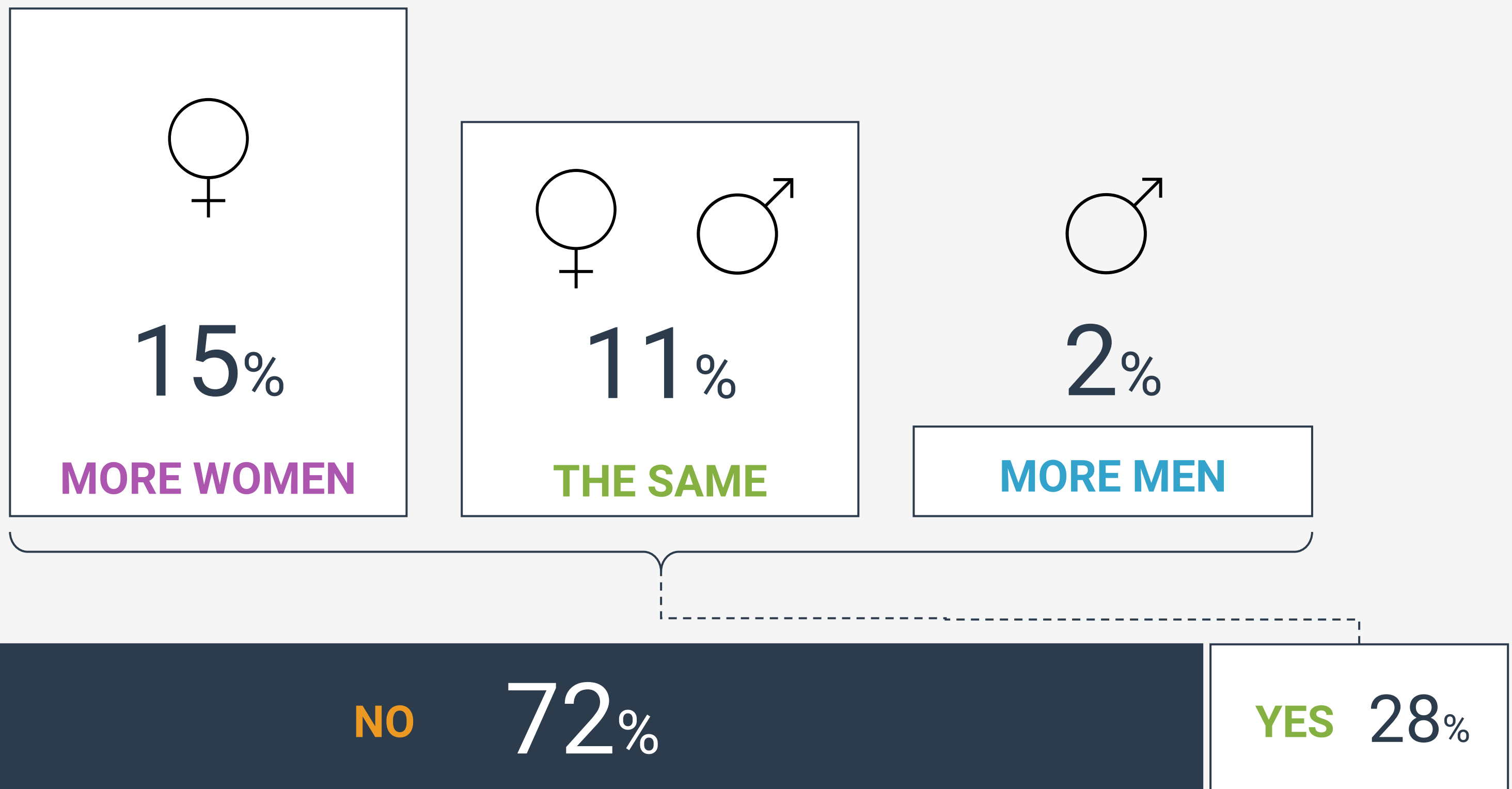
During this period one third (33%) of respondents were either More Concerned and Extremely More Concerned about their position than before the pandemic. This is notably lower than during the summer months when 49% were in this category.



VOLUNTARY DEPARTURES

LEVEL OF STAFF LEAVING OR REDUCING HOURS

More than one-quarter of respondents indicated their organizations had seen voluntary departures in the COVID era. Fully 15% of all firms indicated more women departed voluntarily during this time vs. Less than 2% that saw more men than women depart in this manner.



IMPORTANT MONTHLY ACTIONS



TAKE THE SURVEYS



LISTEN TO PODCASTS



READ THE REPORTS

THANKS TO OUR PARTNERS



actualizeconsulting.com



axletrees.com



bellin.com



bottomline.com



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