

FEB 03 – MAR 31

2021

Global Recovery Monitor

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

Period 19 Status Update

April 1, 2021

TreasuryCoalition.com



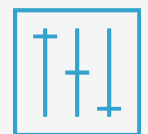
TREASURY
COALITION

THE MONITOR & INSIGHT

SHARING DATA AND INSIGHTS IN THE INDUSTRY THROUGH THE DISRUPTION & RECOVERY FOR OVER A YEAR

With 19 periods (53 weeks) of the Global Crisis Monitor (GCM) / Global Recovery Monitor (GRM) in the data repository, we are sifting through the individual insights and perspectives gained over time. With this survey, we have passed the one-year mark. While we had planned to end the Monitor early in 2021, the overall situation surrounding our work, the virus and the economy compelled the Treasury Coalition to continue through the recovery. The Monitor's 20th period is open for responses. 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 reading the Monitor for the first time, welcome. If you are a return 'customer,' glad you continue to use this material. Please share this report 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 podcast** released on Friday after the period close.
3. **Read the new reports** released on Friday to the public (Thursdays to survey participants).



Stick a reminder in your schedule every two months to make 5 minutes available to take the survey. You'll be glad you did. We will too. Help your organization and profession each month.

- 1) *Take* the 5-minute survey. 2) *Download/read* the report. 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

FOR OVER A YEAR, THE GCM/GRM HAS BEEN PROVIDING IMMEDIATE AND ONGOING DATA ON 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.

**“The pessimist complains
about the wind;
the optimist expects
it to change;
the realist adjusts
the sails.”**

- William Arthur Ward



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?

POSITIVE NEWS ON VACCINE AND ECONOMIC OPTIMISM

Company outlook on liquidity position continued a long and consistent positive march for most of the last 43 weeks. The four major sentiment factors all were quite positive, continuing their trend. This Monitor shows the majority of factors turning positive or increasing their level of positive trends. There are, however, several aspects that indicate concerns or softness that are worth watching.



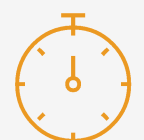
INFLECTION POINT DROPS TO ABOUT TWO MONTHS

The inflection point for the virus receded further. Expectations about when COVID would no longer be a significant health issue stubbornly sit just inside the 1-year mark.



ORGANIZATIONAL LIQUIDITY NET INCREASINGLY POSITIVE

Company-specific liquidity positivity completed 15 periods (49 weeks) of ongoing improvement (except for period 13 / 4 weeks), with a net 20% (vs. 13% last period) indicating positive liquidity.



PEAK DEATH RATE RECEDES SLIGHTLY

The expectations of when the peak death would be reached contracted to the lowest level at just over one month. Information on vaccines impacting back to normal views is quite interesting.



ECONOMIC OUTLOOK SUNNY

Expectations are now that economic equilibrium from pre-COVID days has been reached based upon responses in the monitor. The 3-month and 12-month outlook reached a new high during the life of the Monitor.



THE MONITOR TURNS ONE

The Monitor finished 53 weeks in this last cycle (two months) and completed a year in operation. Thanks to all survey respondents and the Coalition partners for their perseverance.



STAFF CONTRACTION DETERIORATES

Staff contraction 'in your industry' expanded from 4% last period to 9% in period 19. This covers a six-month look forward.



DIRECT FINANCIAL IMPACT TO THE BUSINESS

For 15 of the 19 periods, this was the top concern or tied for first. 13 periods, including this one, it stood atop the concern podium.



PROJECTS ON FOR 2021

Companies are back to working on technology, payment and banking selection projects in 2021. Approximately one quarter of companies are evaluating those types of projects.

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.

In period 19, the highest concern was, again, the direct financial impact to the business. This choice was first or tied for first for 15 of the 19 periods, holding the top position alone for 13 periods.

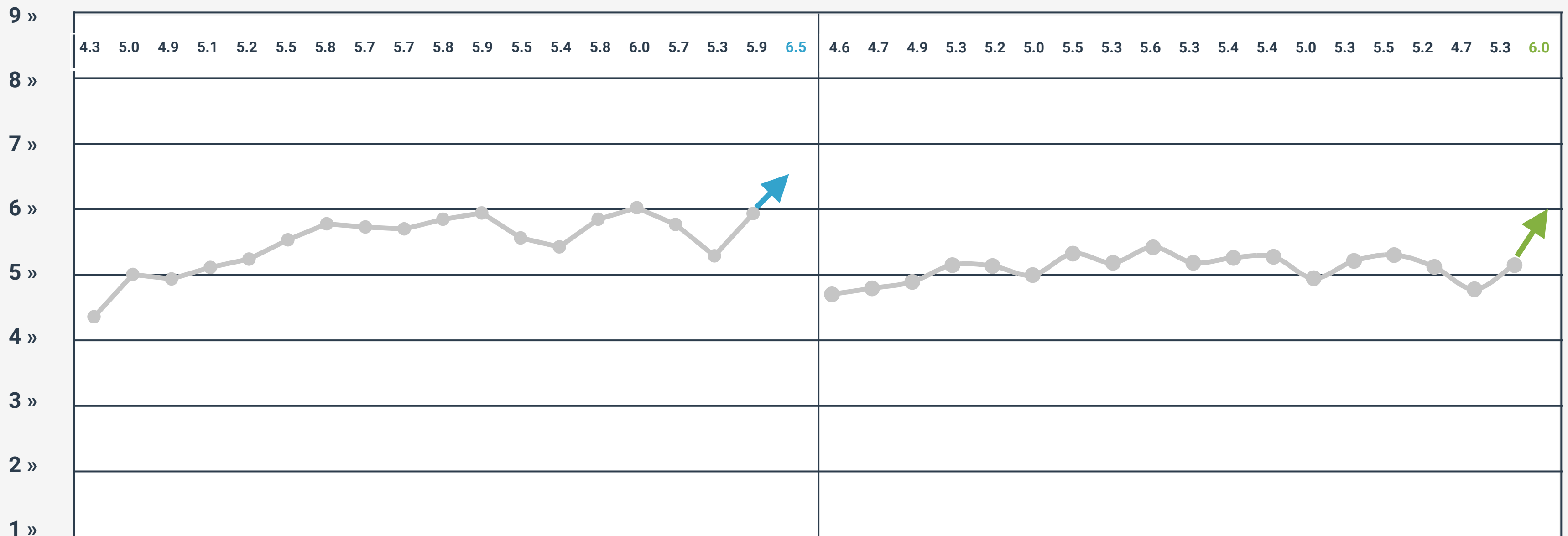
Areas of Inquiry	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Business Continuity Plan Completeness	1st	2nd (tie)	Not Asked	3rd	4th	4th	4th (tie)	5th	6th	6th	6th	6th	6th	7th	6th	6th	6th	6th	6th	
Staff Safety Protocols	3rd	4th		6th	6th	5th (tie)	6th	7th	2nd	4th	4th	3rd	1st (tie)	2nd	1st	4th	1st	4th (tie)	5th	
Staff Awareness of Plans	6th (tie)	5th		7th	7th	7th	7th	6th	7th	7th	7th	7th	7th	6th	7th	7th	7th	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	3rd	2nd	
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	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	4th (tie)	3rd	
Recession in the Regions We Operate In	5th	7th		4th	3rd	3rd	3rd	2nd	3rd (tie)	3rd	3rd	2nd	4th	5th	5th	2nd	4th	2nd	4th	

IMPACT SENTIMENT

COMPANY/ORGANIZATION MORE 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 shows 16 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

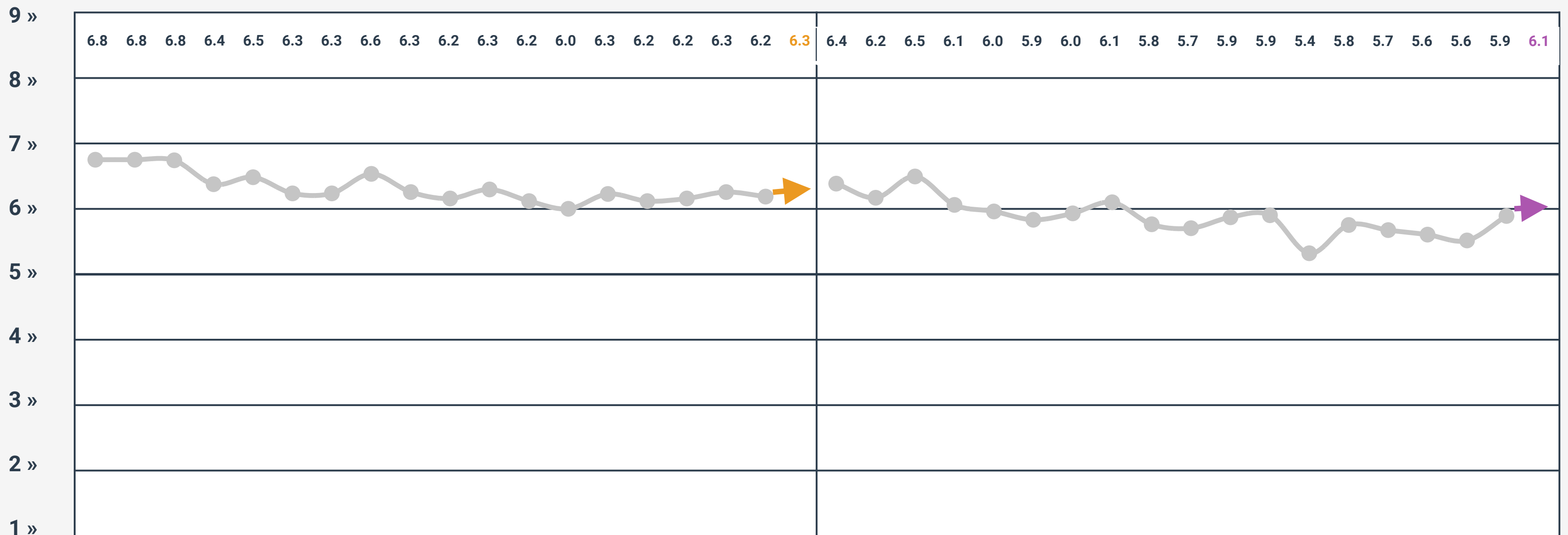
● - - - ● Previous periods' findings ● — ● Current period's finding

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 19 periods spanning 53 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

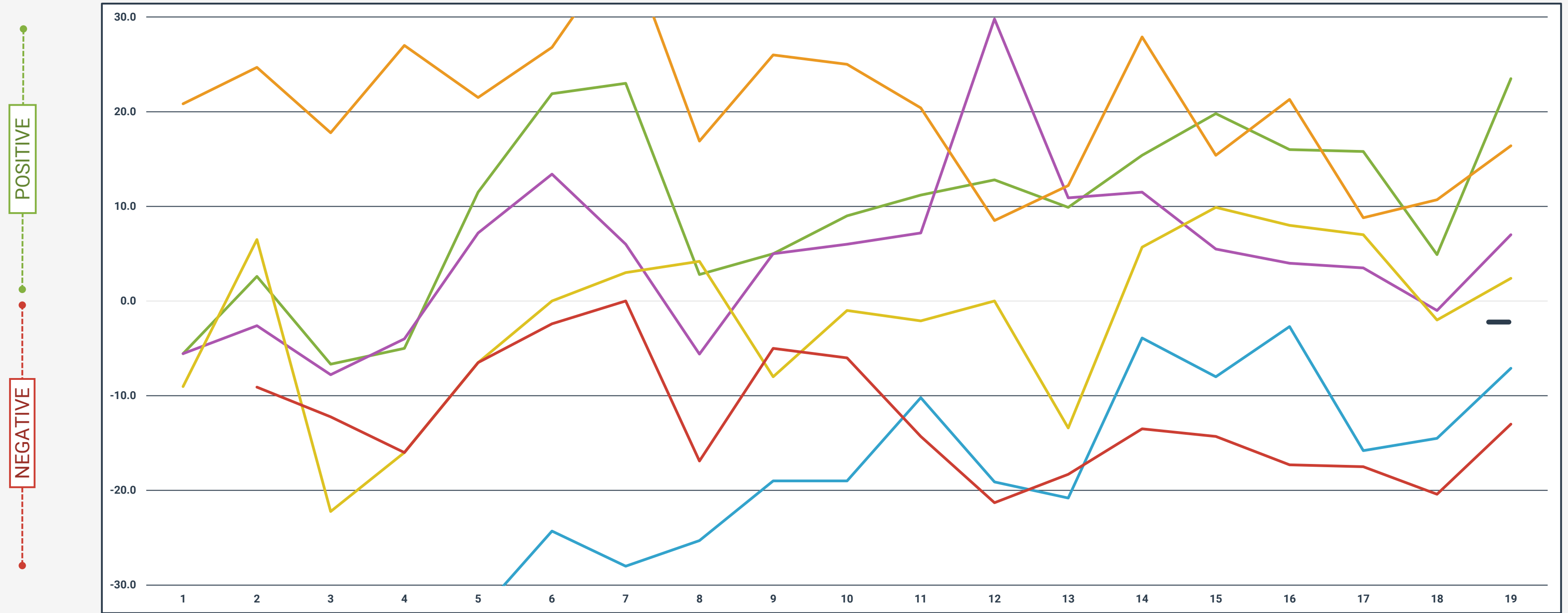
● - - - ● Previous periods' findings ● - - - ● Current period's finding

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

COST OF BORROWING (NEW)

Provisions for Banks

Issuance

BANK LINE OF CREDIT

COVENANT REQUIREMENTS

FISCAL POLICY

or Revolver

& Material Adverse Conditions

Government fiscal activities

TIMING ESTIMATES

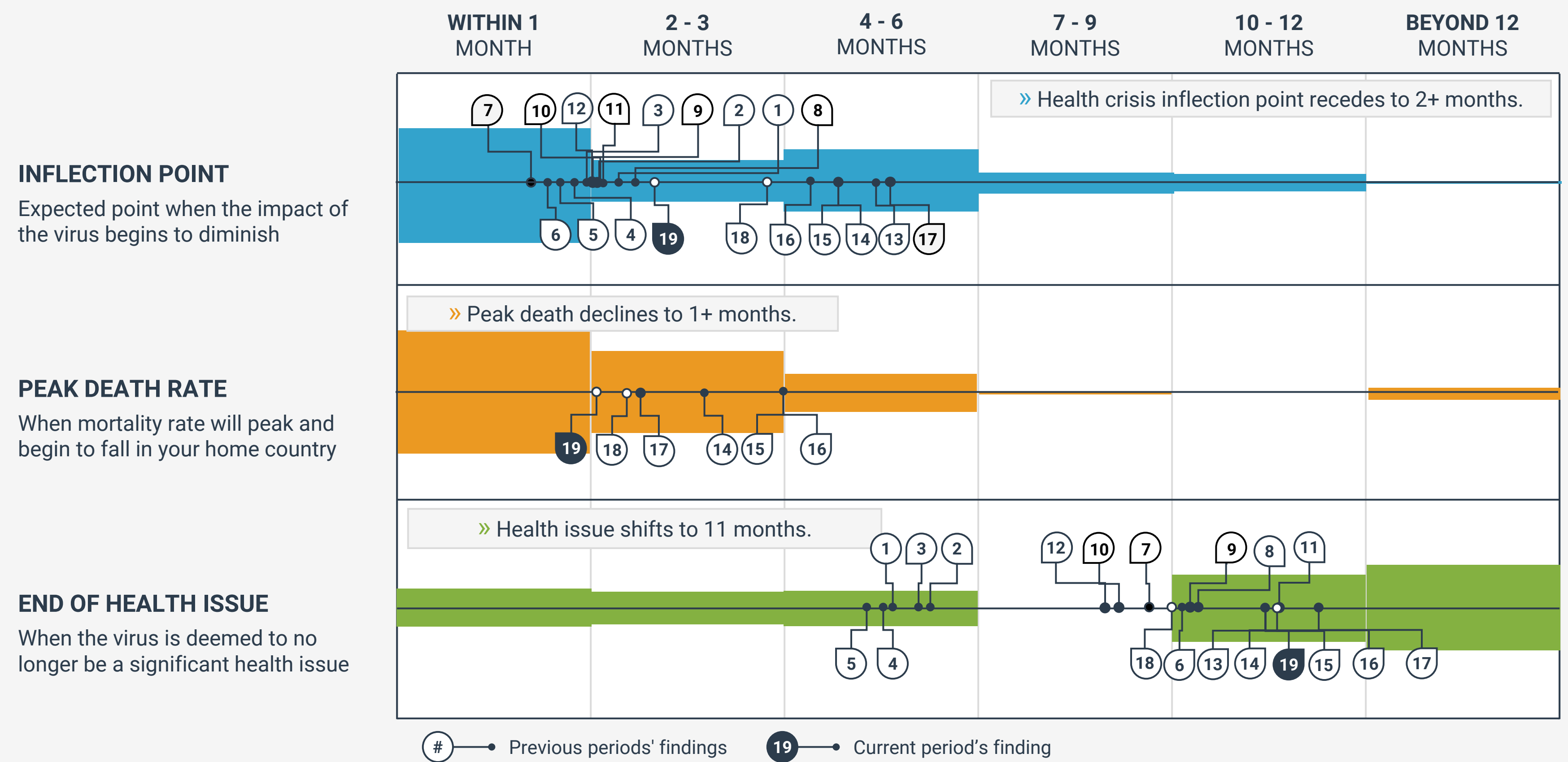
MEDICAL AND MORTALITY MATTERS

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 fell to just over 2 months this period. The peak death rate receded to its lowest level again, falling to just over 1 month. COVID-19 remaining as a significant health issue expanded to 11 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.



ECONOMIC VIEWS

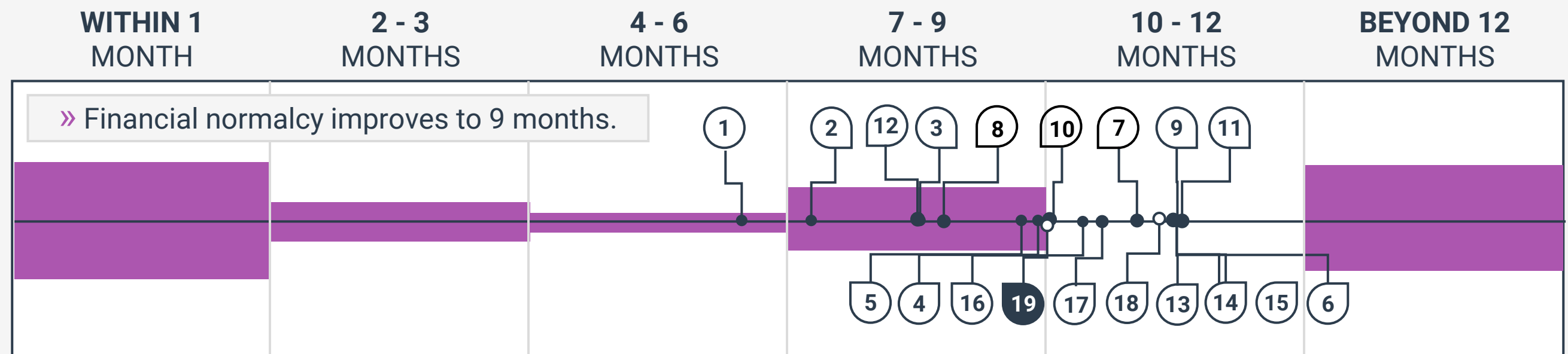
ECONOMIC EQUILIBRIUM: 9 & 0 MONTHS

The top graphic shows the perspectives on the individual respondent's organization (where normalcy sits at 9 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.

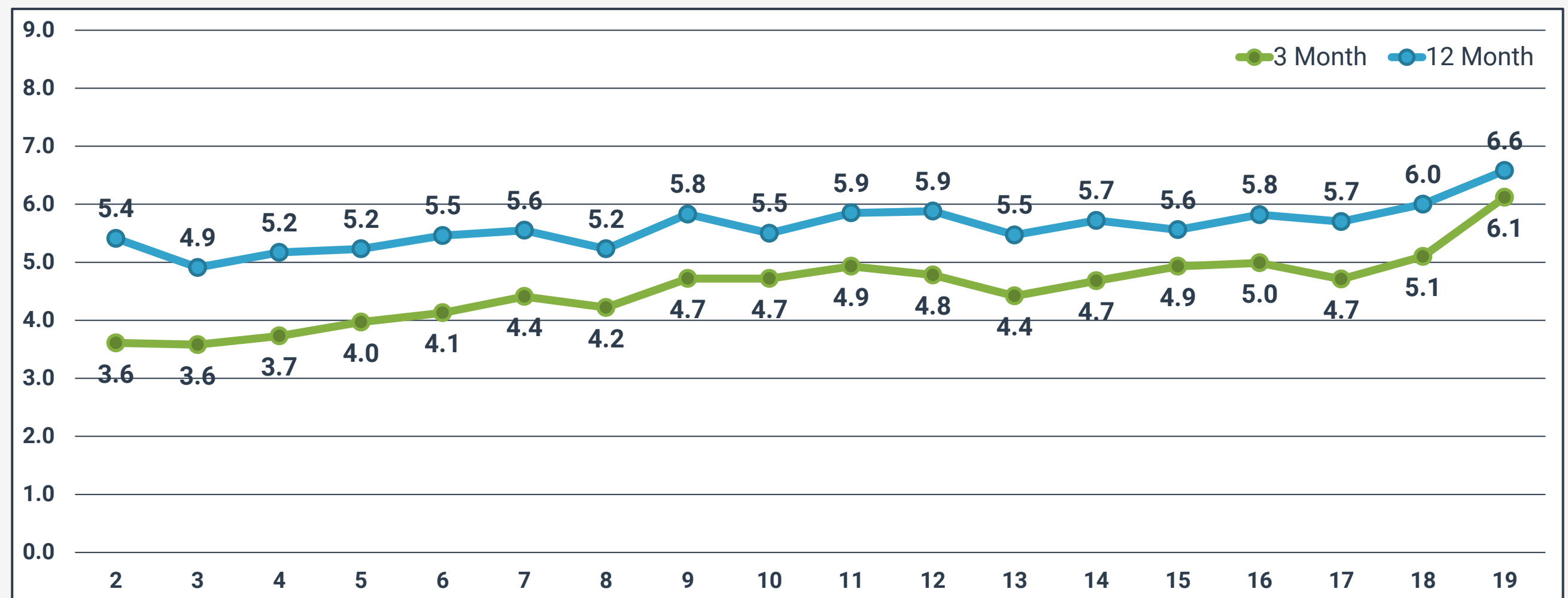


ECONOMIC TURNING POINT PUSHED BACK

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

We no longer need to extrapolate when the economy will achieve 'normal' status on average, as this period's data suggest equilibrium has been reached.

This represents a new peak for both time domains.

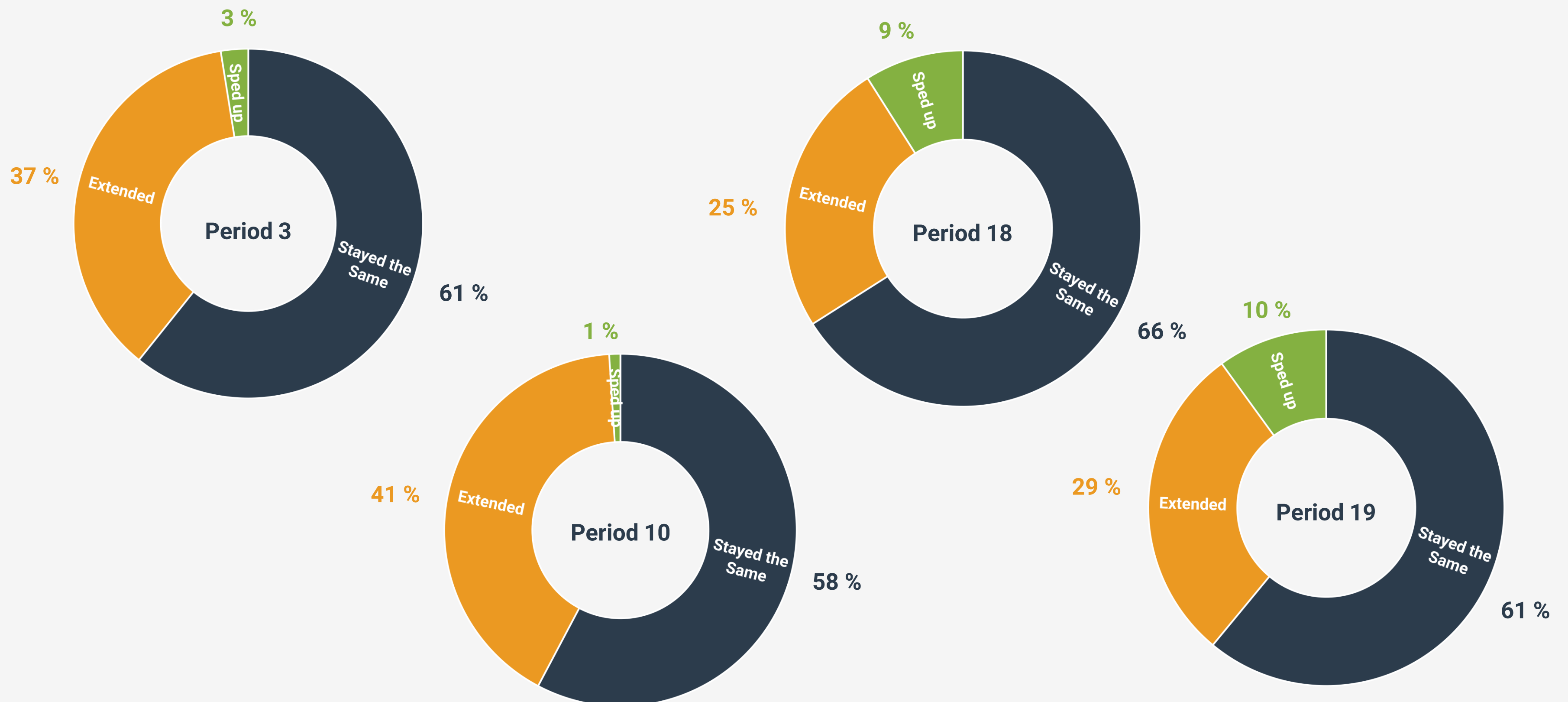


PAYMENTS ARE EXTENDED

EXTENDED? STAYED SAME? SPED UP?

Payments to vendors and suppliers continue to remain extended, with 29% of firms extending payment terms (either broadly or on a selective basis). This appears to indicate two things: 1) there is relatively stable movement back towards normal activity for payments, and 2) there is a good reason to review how the pandemic drove more organizations towards automation.

QUESTION: Compared to typical times, our timing for paying vendors and suppliers has: (Omitting 'I don't know' responses)

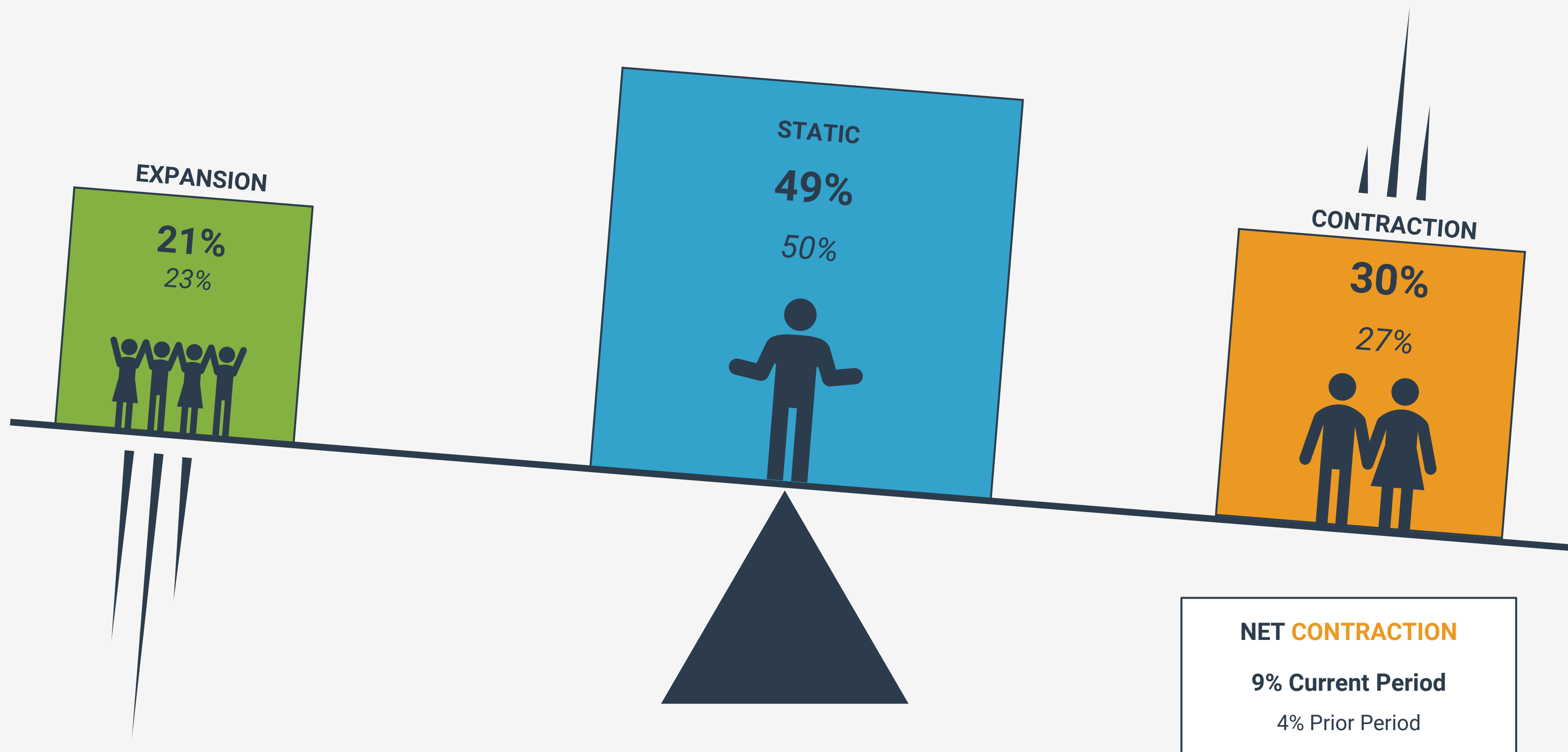


STAFFING DROP IN 2021

ESTIMATED CHANGES IN “YOUR INDUSTRY”

Do you anticipate net expansion/contraction of staffing in your industry by the end of this year? This started off extremely pessimistic but held a trend of less pessimism during each successive Monitor for several months. The decreasing pessimism moderated a bit during this period

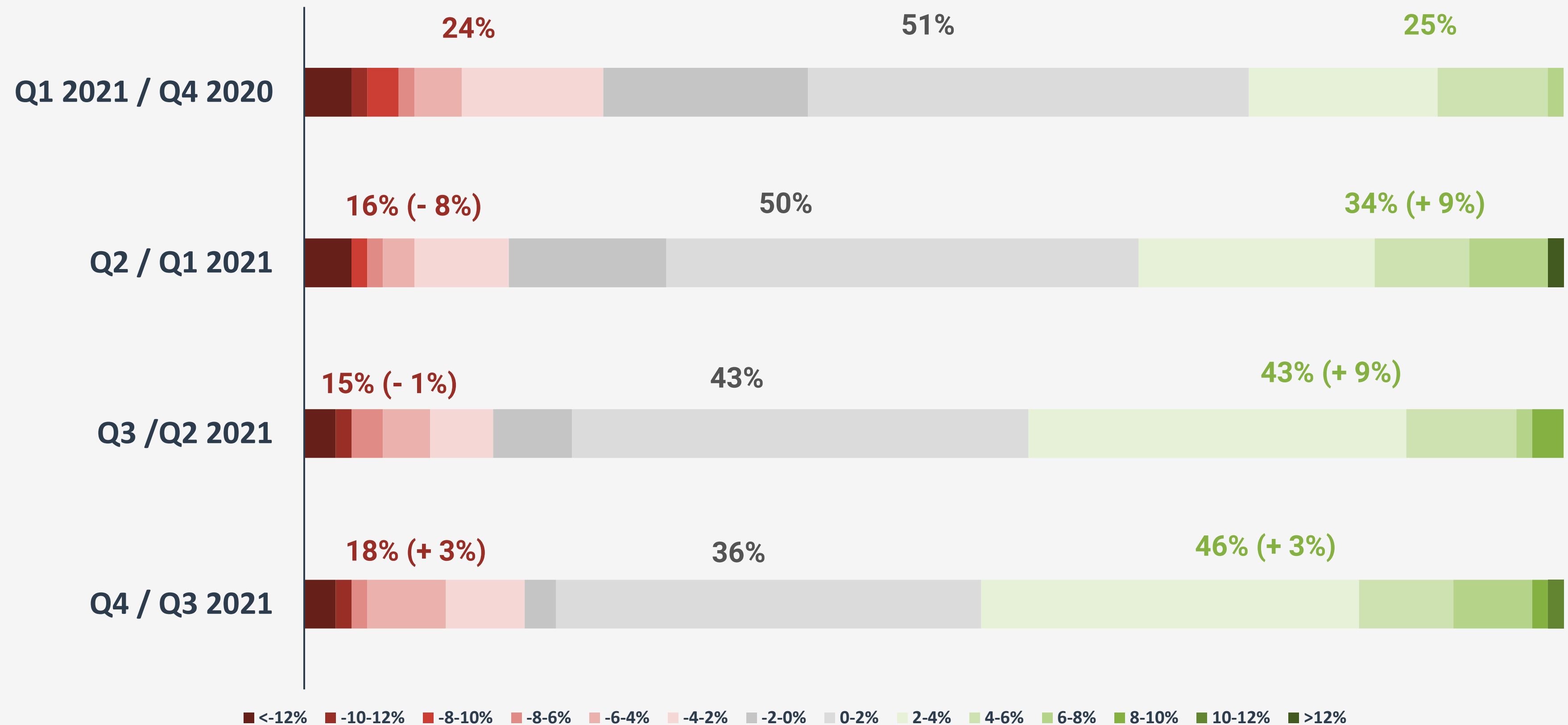
These data points should be considered in light of the 12-month economic outlook, which looks at expectations of the respondent company's performance versus the performance in their industry.



GDP OUTLOOK

EXPECTED CHANGE IN “YOUR COUNTRY”

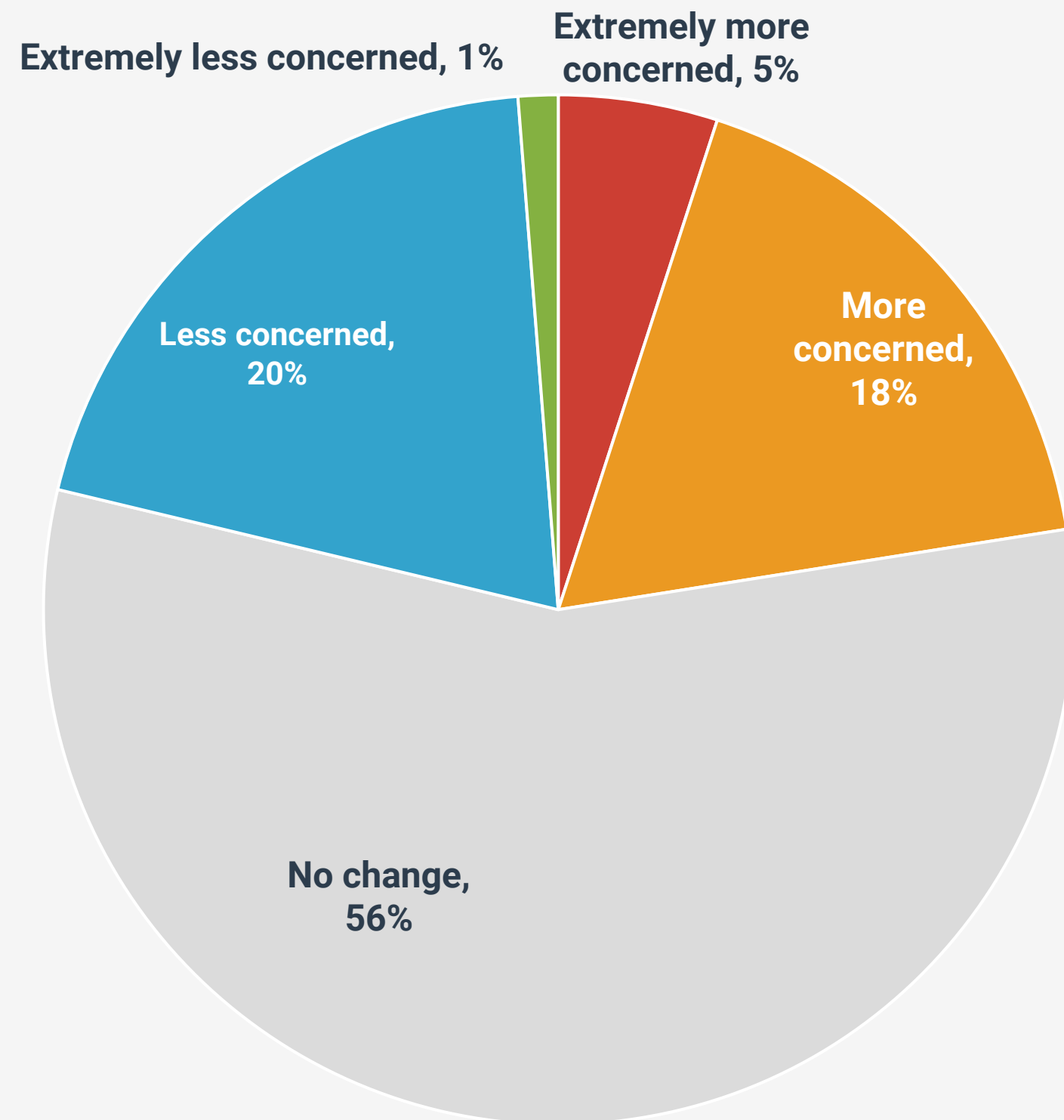
The future looks brighter to most respondents. This is true in two ways. First, the overall view of GDP has improved during each QvQ timeframe from the prior GRM period. Second, the farther out the timeline we look, the higher the level of positivity on a total basis. Numbers in parentheses show the difference from the prior quarter's expectations.



JOB CONCERN

LEVEL COMPARED TO PRE-PANDEMIC

During this period, less than a quarter (23%) of respondents were either More Concerned and Extremely More Concerned about their position. This compares to 21% in the less concerned categories.



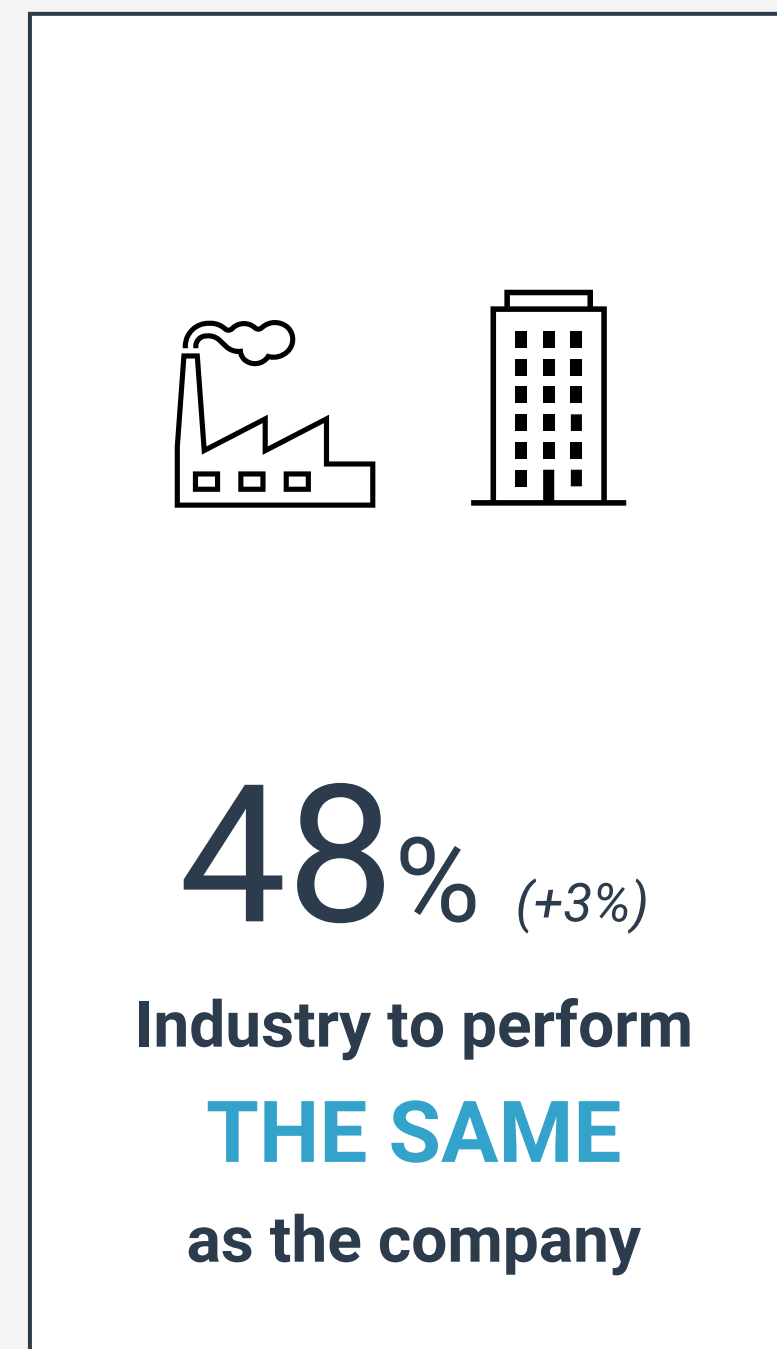
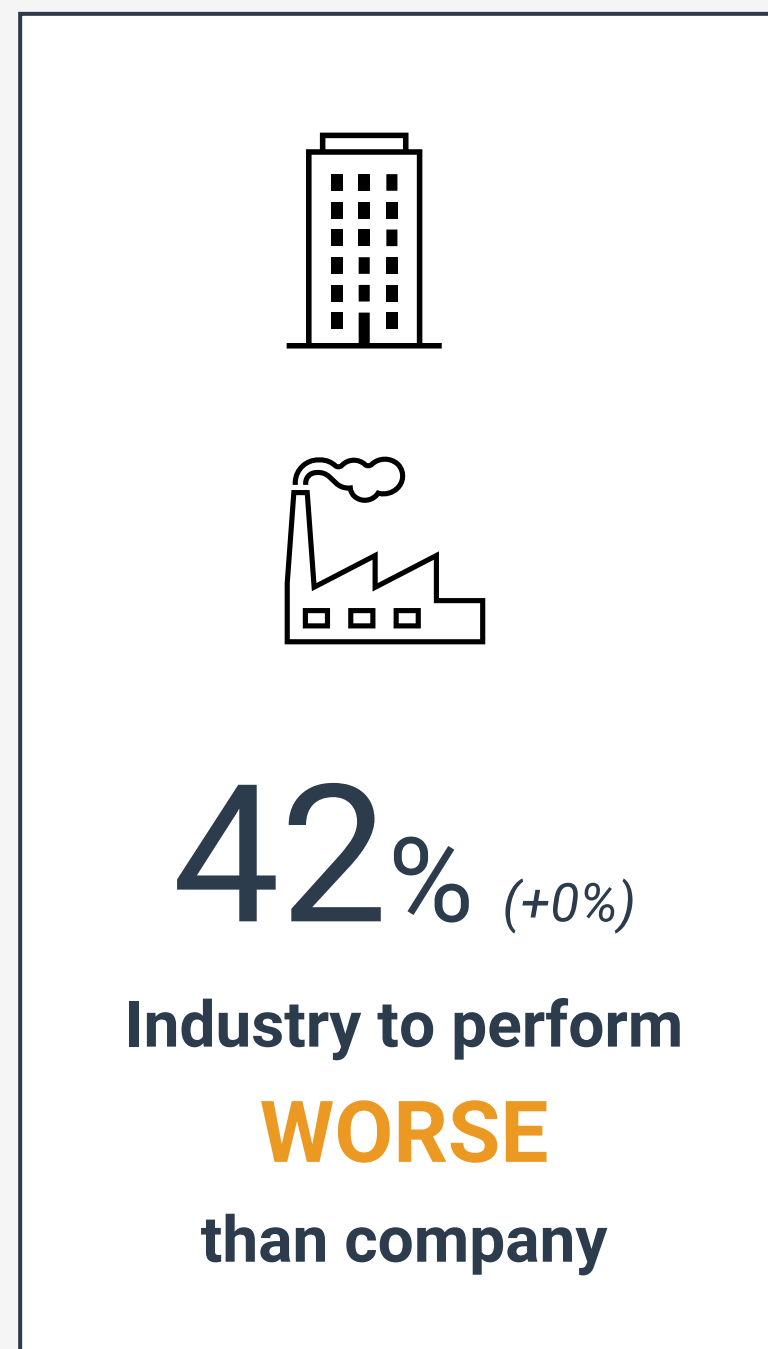
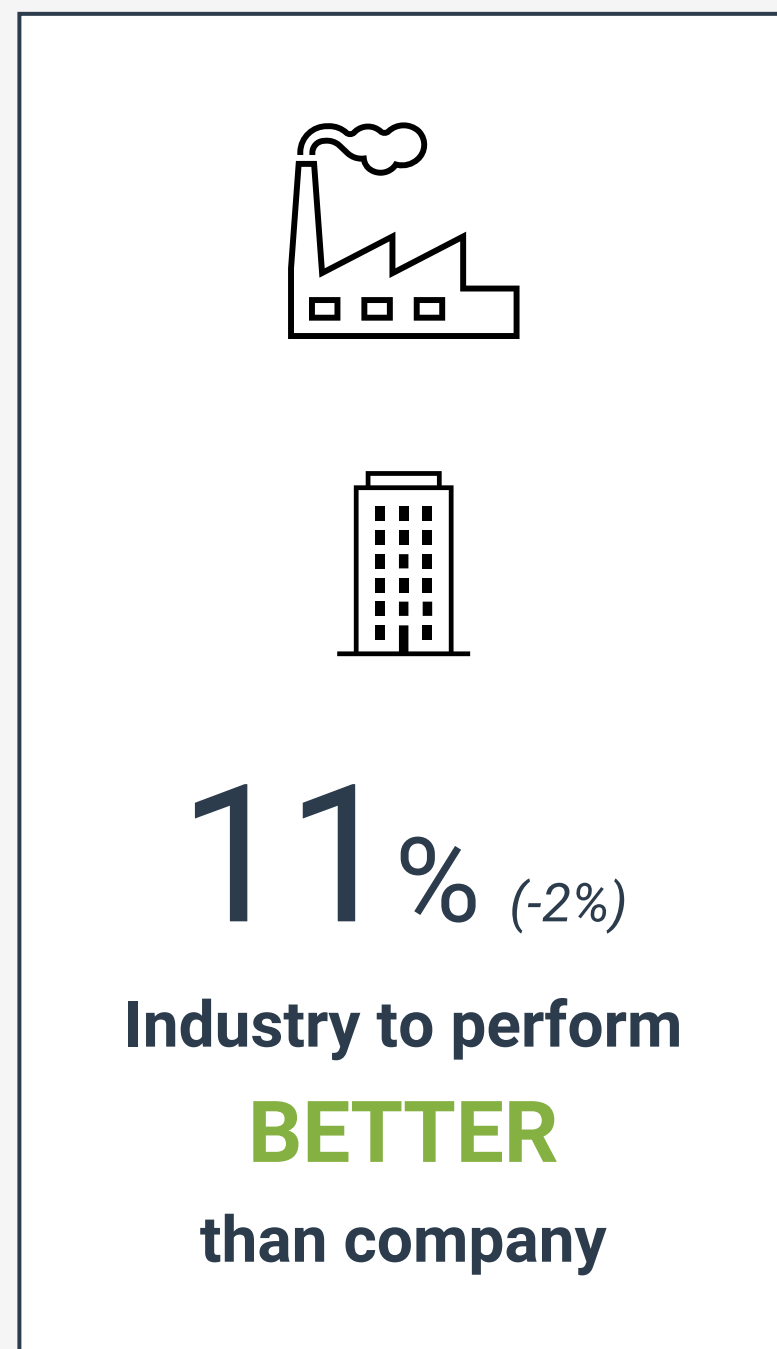
COMPANY OVER INDUSTRY

12-MONTH ECONOMIC OUTLOOK

Expectations about a divergence of performance between the respondent's company and industry are notable. A NET 31% of firms believe their company will outperform their industry (compared to a net 44%, 41% and 29%, chronologically, in prior periods of the Monitor).

Is this based upon myopic optimism? Is it attributable to people being more aware of how their company is adapting to the situation than what others in their industry are doing? What would drive less company-specific optimism this period? Do you have a hypothesis?

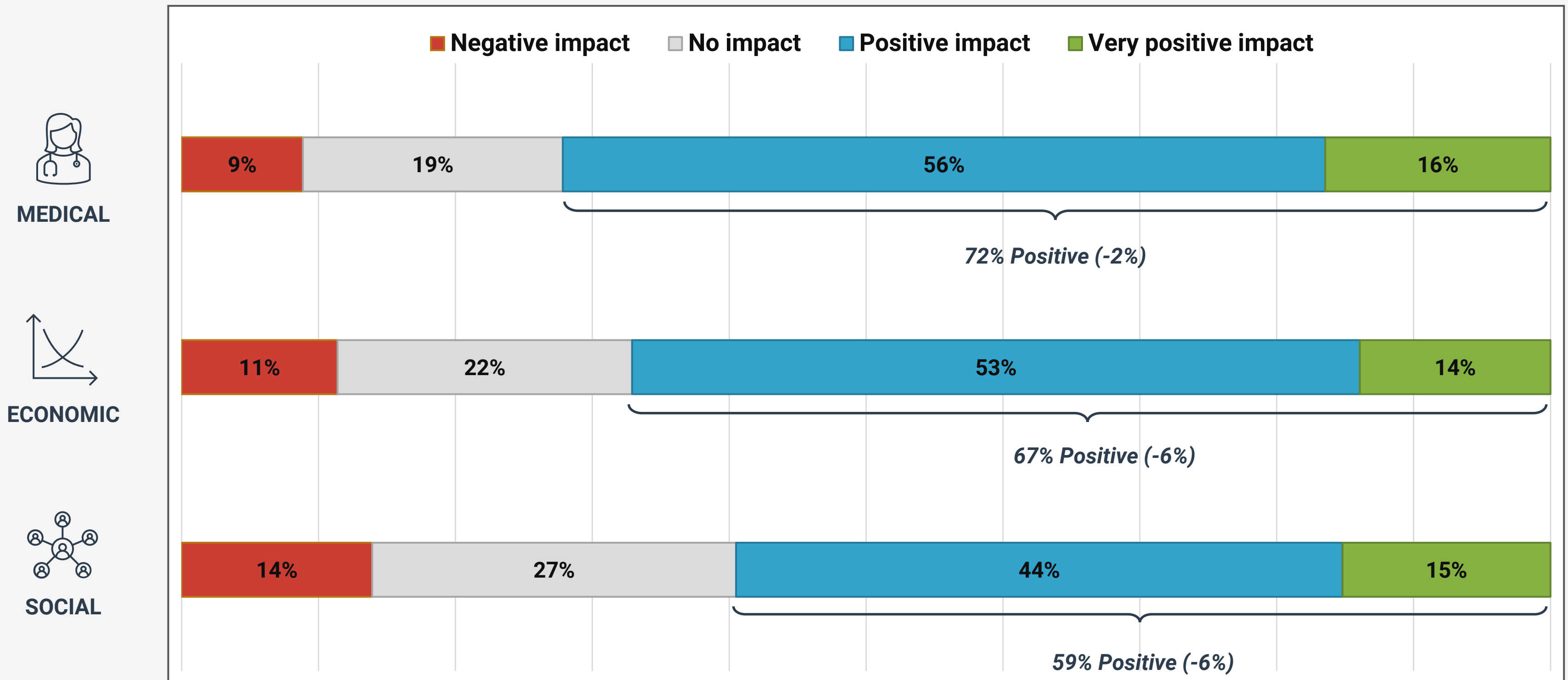
Industry to perform _____ than our company (Better, the same, or worse)



COVID-19 VACCINE IMPACT

HOW WILL IT IMPACT THESE CATEGORIES?

The development and rollout of vaccines is having a notable and understandable impact across the board. Medical tops the list of the positive impact areas. The 9% negative impact there could be related to rollouts happening slower than hoped for, concerns about vaccine repercussions or concerns about other strains. We didn't ask the reasoning behind the responses. In summary, the positive impact areas ranked from medical > economic > social – all in a range of 59% to 72% positive. This shows a moderate decline in the level of positivity.



VACCINATION = RETURN TO NORMAL?

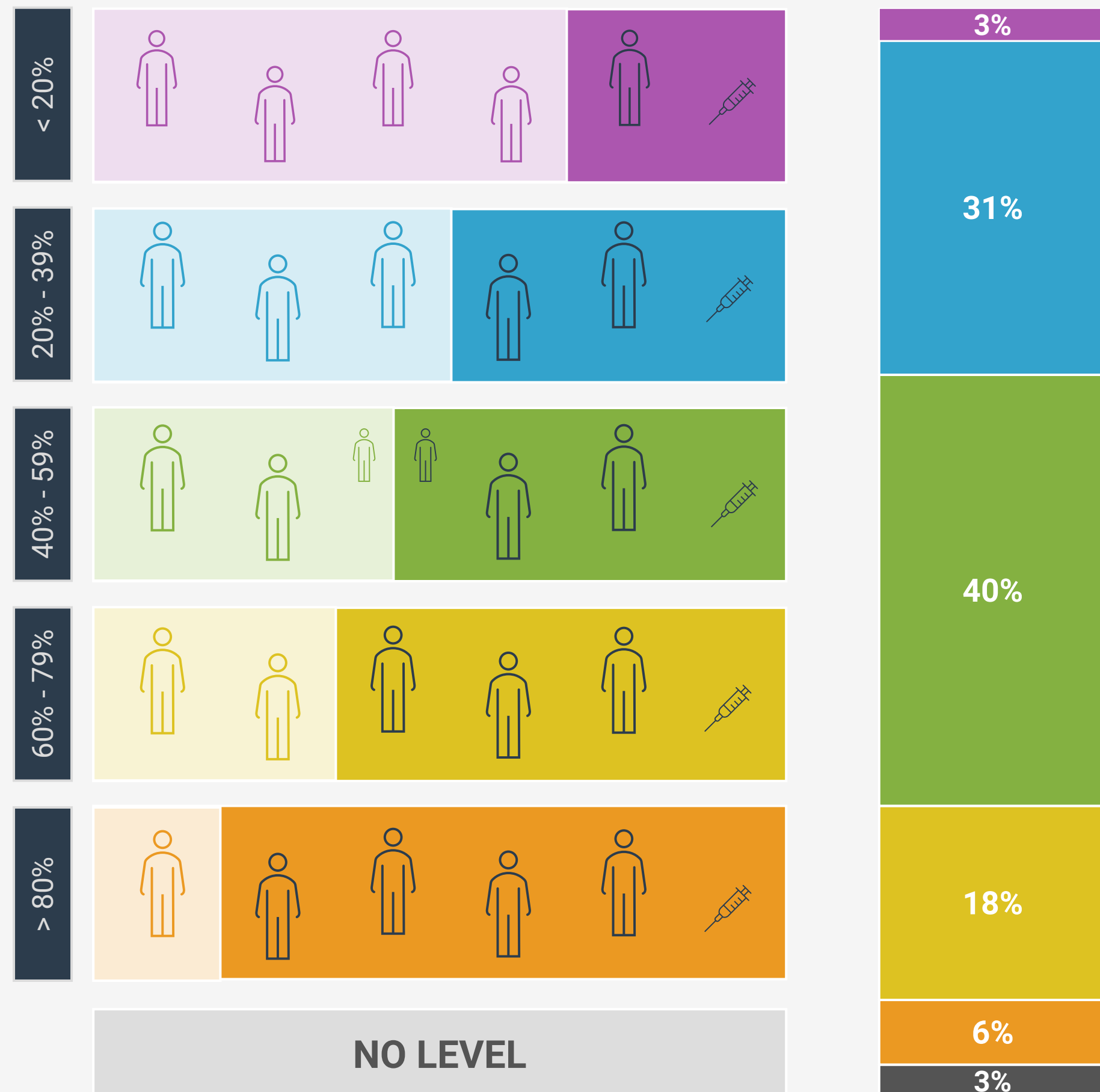
LEVEL OF POPULATION VACCINATED

How will the increase in vaccinated people impact a 'return to normal'? Significantly, it seems.

Three percent of respondents don't believe any level of vaccinations will make a difference. They can be paired off with another 3% who feel that a 20% vaccination rate is sufficient for a return to normal.

When vaccinations reach the 40-60% mark, 74% believe this will allow a return to normal activities. Hitting vaccination levels of 60-80% increases the number to 91%.

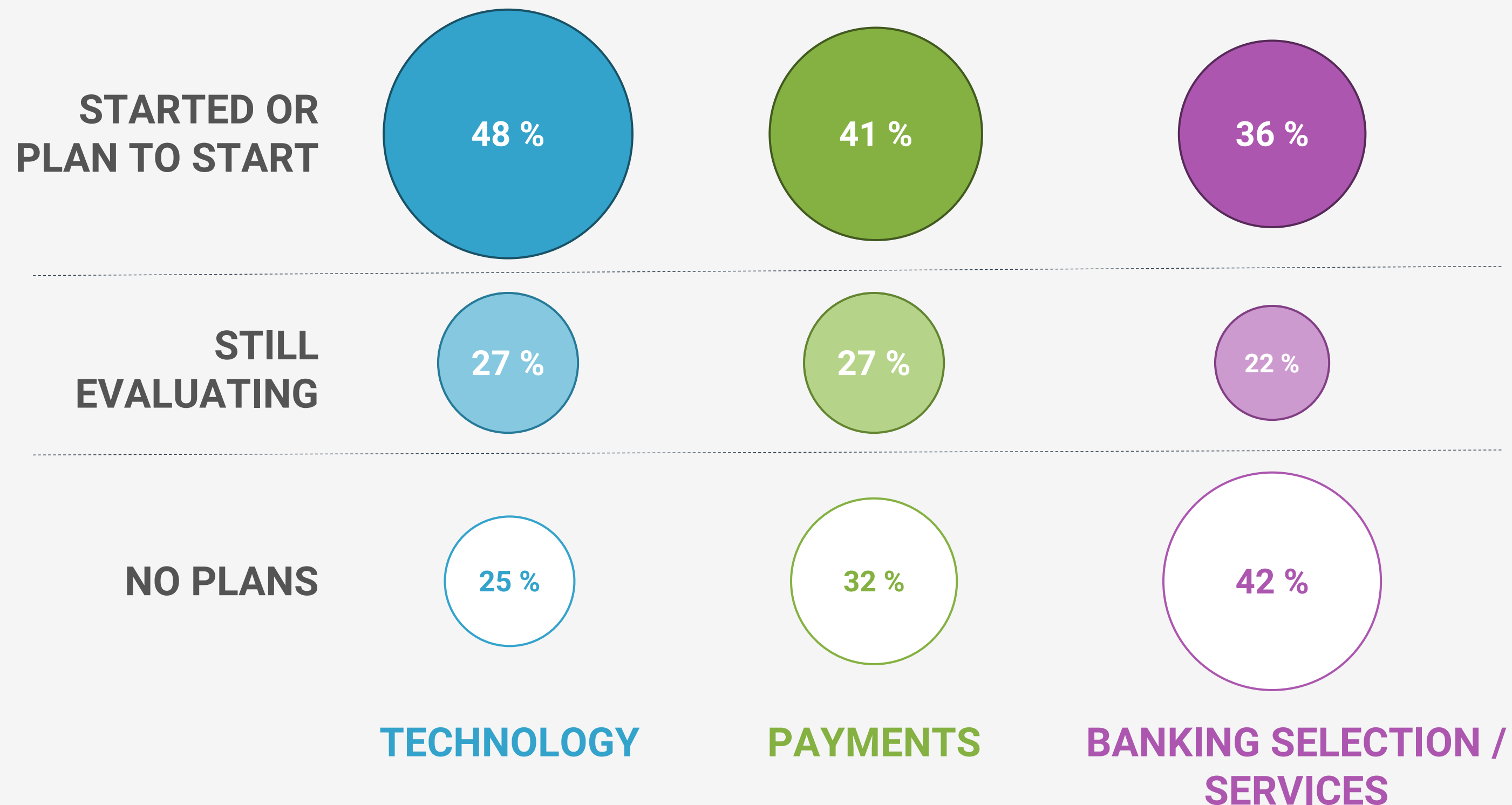
The numbers and the size of the rectangles at the far right of the page show the percent of each answer choice, color-coded to the percent of vaccinations to the left.



PROJECTS IN 2021

STARTED OR PLAN TO START TREASURY/FINANCE PROJECTS?

Projects are back on the table for many organizations. This is welcome news for the banks and vendors who provide these services to see ongoing strength through 2021. At the same time, approximately one quarter of firms appear to be cautious in that they are still evaluating projects in these three areas.



*Percentages omit "Unsure" responses



IMPORTANT BI-MONTHLY ACTIONS

 **TAKE THE SURVEYS**

 **LISTEN TO PODCASTS**

 **READ THE REPORTS**

THANKS TO OUR PARTNERS

 **Actualize Consulting**
actualizeconsulting.com

 **AXLETREE**
axletrees.com

 **Bottomline**
bottomline.com

 **coupa**
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