

JULY 8 - AUGUST 5

2020

Global Recovery Monitor

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

Period 13 Status Update

August 6, 2020

TreasuryCoalition.com



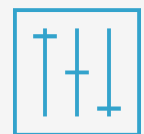
TREASURY
COALITION

USING THE MONITOR

THROUGHOUT THE DISRUPTION & RECOVERY A FREQUENT SURVEY AND REPORT IS RELEASED AND SHARED

We have completed 13 periods (covering 20 weeks) of the Global Crisis Monitor (GCM) / Global Recovery Monitor (GRM). This recent Monitor provided multiple indications of rising pessimism over the past four weeks. We are thankful to all who participate by taking the survey, reading the reports and listening to the podcasts or support this effort by membership in the Treasury Coalition (TC).

This is brought to you by the efforts of treasury and finance professionals from around the world, responding to the Monitor during each survey period. The Monitor is now on a 4-week cycle, capturing the views a month at a time. Please 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 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).



Taking the pulse on the attitudes, actions and perspectives through a 5-minute time investment every 4 weeks by filling out a short survey.

Take just 5 minutes every four weeks, and you will help your organization and our profession. Arm yourself with the most current, necessary information for treasury and finance teams 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.

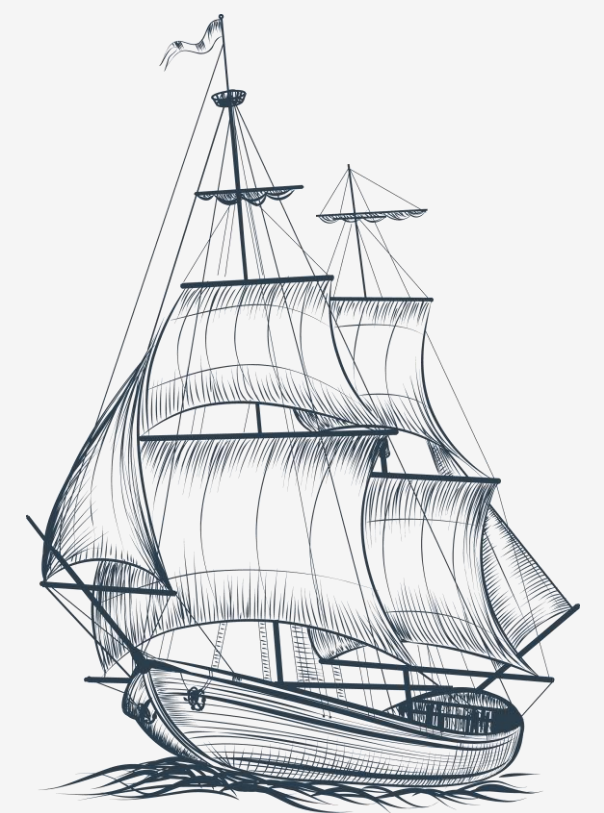
We believe that having information and insights sooner is better than later. As we gain insights over multiple events, we may as an industry gain better leading indicators that let us know when to expect the inflection point and a return to normalcy.

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.

“When all seems to be against you, remember, a ship sometimes has to sail against the current, not with it.”

- Matshona Dhliwayo



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?

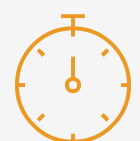
SIGNIFICANT NEGATIVE SHIFT WITH HEALTH AND ECONOMY

Company outlook on liquidity position and three of the four major sentiment factors continued their positive ways again. Accounts Receivable expanded their negative period-over-period liquidity concern lead. The company-specific financial return to normalcy dropped back to 11 months, and the broader economic outlook's equilibrium extended significantly to 7.5 months. Monitoring sentiment across multiple economic measurements indicates continued cross-currents with a notable negative shift this period.



INFLECTION POINT PESSIMISM

This period provided the most negative view of the inflection point at 5 months, more than double the next worst results during the 20 weeks of the Monitor.



HEALTH SERIOUSNESS AND FINANCIAL NORMALCY EXTEND

The timeframe where the 'median' respondent believes COVID-19 will stop being a *serious* health concern and when we reach financial normalcy deteriorate to June/July 2021.



GRINDING THE GEARS. 8 PERIOD STREAK ENDS

Company specific liquidity positivity ended an eight-period streak. You can see other negative aspects of company, industry and overall economic impact throughout the results.



INDUSTRY REVENUE FOR Q4

Estimated revenue by respondent industry for Q4 deteriorated by 14 points, growing to 40% seeing a contraction in that quarter. This moved Q4 from slightly positive to notably negative from the prior period.



FOUR-WEEK CYCLE

The Monitor completed its first four-week cycle and 20 weeks of monitoring. The Monitor's periods were weekly for 8 weeks, bi-weekly for 8 more weeks and now monthly (4 weeks). Take it once a month now.



WFH ISSUES: NEVER-ENDING WORK

Never-ending work mindset impacts the majority of respondents this period as well. Tech issues declined notably over last period. The negative productivity impact with certain individuals grew most dramatically. Read about overall communication effectiveness.



FORCED RANK CONCERNS – THE "FIRST FIRST"

Access to adequate liquidity fell from the top spot to #4 in this period. Staff Safety Protocols and Direct Financial Impact tied for the top spot. This is the first time Staff Safety has hit first place.



DRAMATIC AR DETERIORATION

AR and Fiscal Policy actions are the two negative liquidity concerns.

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. 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.

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

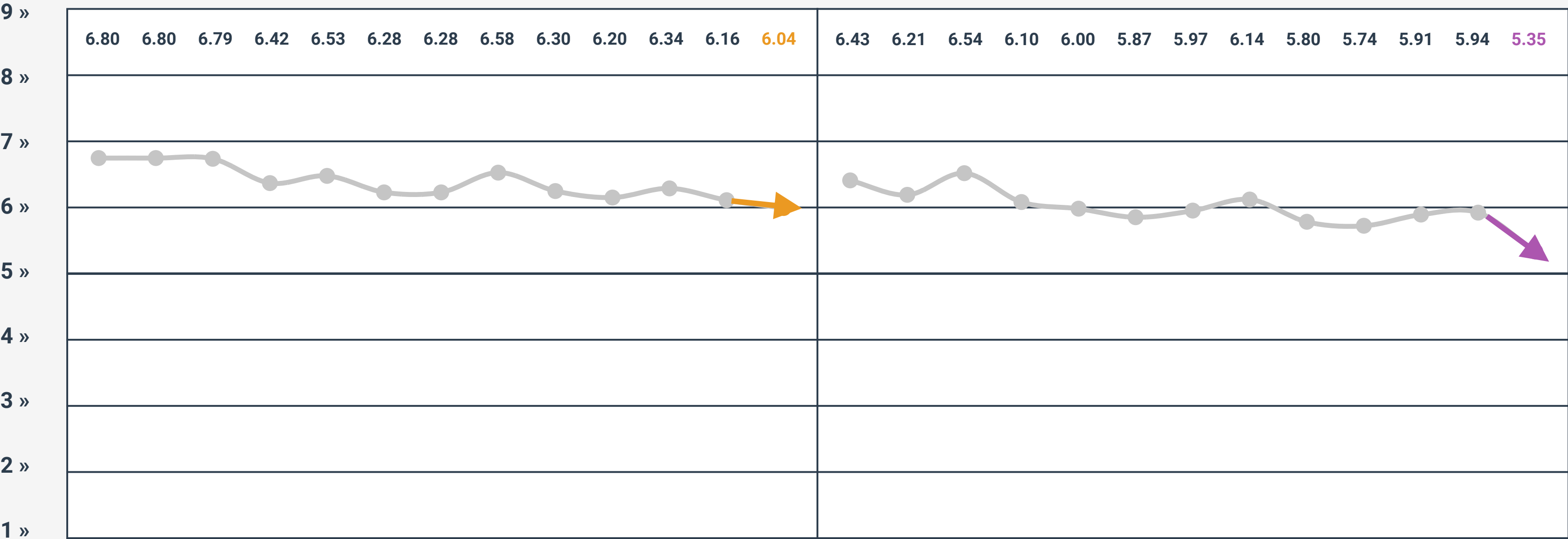
● — Previous periods' findings ● — Current period's finding

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 13 periods spanning 20 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



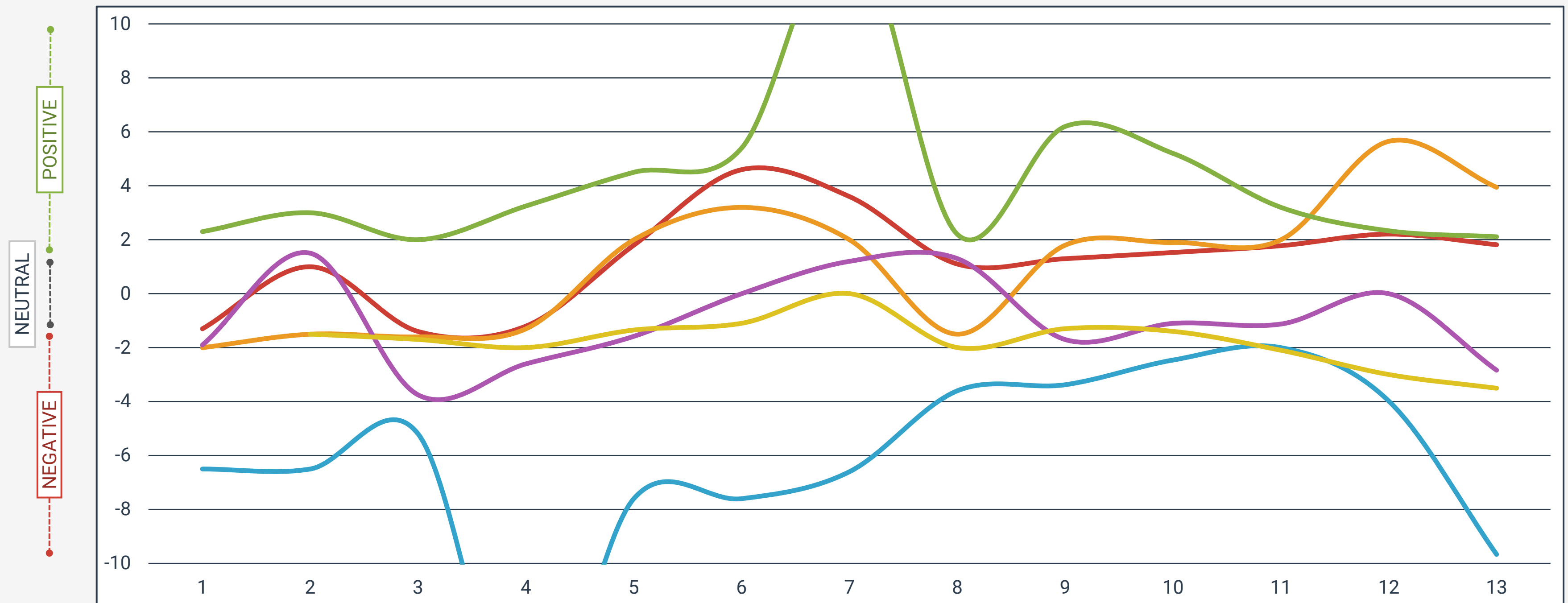
DEBT & LIQUIDITY

WHAT ACCESS DOES TREASURY HAVE?

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.

For 10 periods (12 weeks) AR was the most negative of all categories on a period-over-period basis. Period 11 saw Fiscal Policy issues showing a more negative viewpoint, unseating the leader in negativity! In period 12, AR retook the lead and extended that lead in period 13.

Understanding the chart: The teardrop style chart has been replaced with this smoothed line chart to increase the comprehensibility as we continue to add more Monitor periods to the results.



ACCOUNTS RECEIVABLE

CENTRAL BANK LIQUIDITY

COMMERCIAL PAPER

BANK LINE OF CREDIT
or Revolver

Provisions for Banks

Issuance

COVENANT REQUIREMENTS
& Material Adverse Conditions

FISCAL POLICY
Government fiscal activities

TIMING ESTIMATES

FINANCIAL NORMALCY IN JULY 2021

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 inflection point jumped to 5 months, which is the longest yet seen. COVID-19 remaining as a significant health issue reverted to 11 months, and the expectation of a return to financial normalcy popped back to 11, indicating the average expectation of June/July 2021 for a return to financial normalcy.

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

INFLECTION POINT

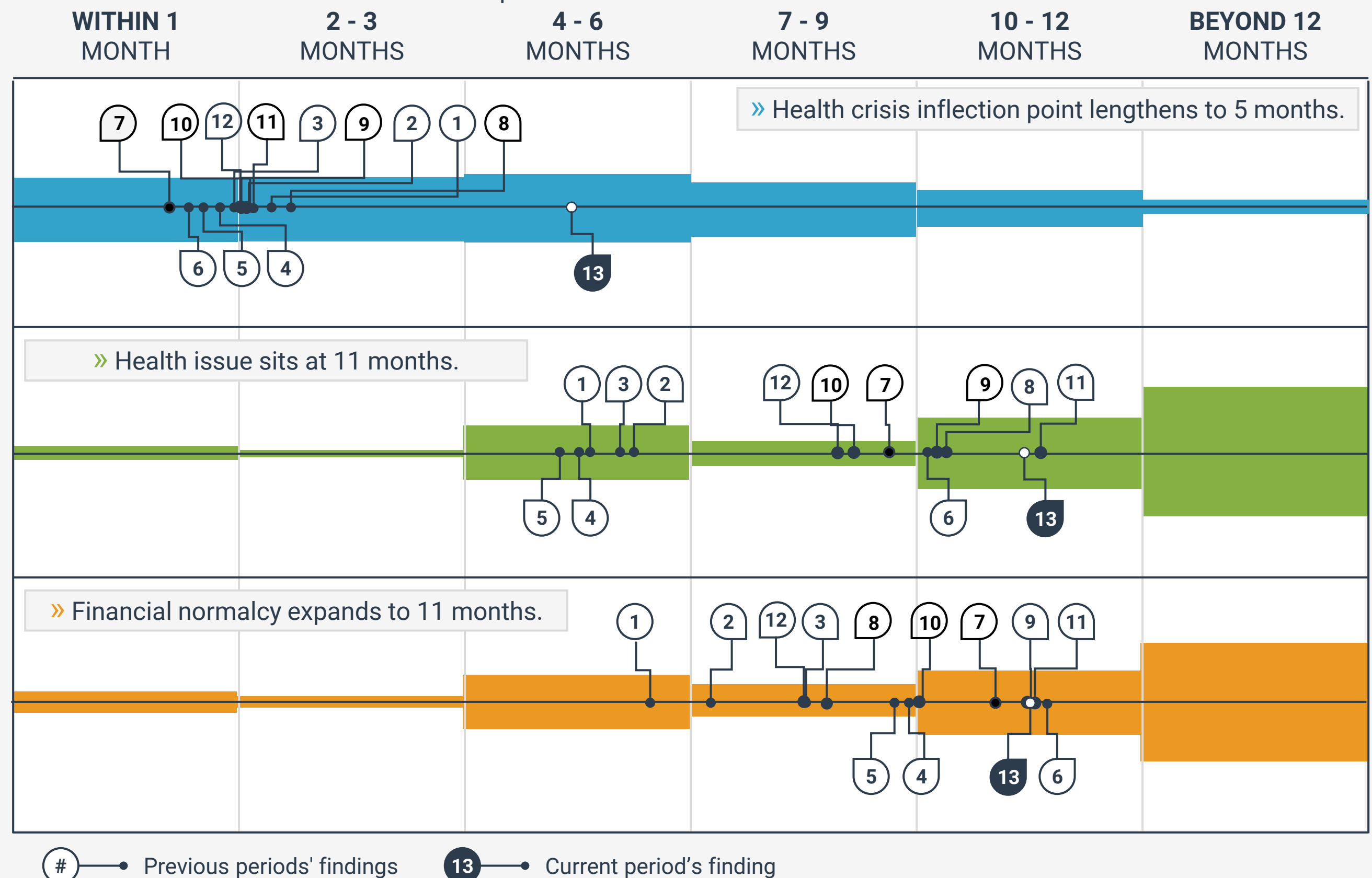
Expected point when the impact of the virus begins to diminish

END OF HEALTH ISSUE

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

FINANCIAL NORMALCY

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



ECONOMIC VIEWS

ECONOMIC EQUILIBRIUM: 7.5 MONTHS

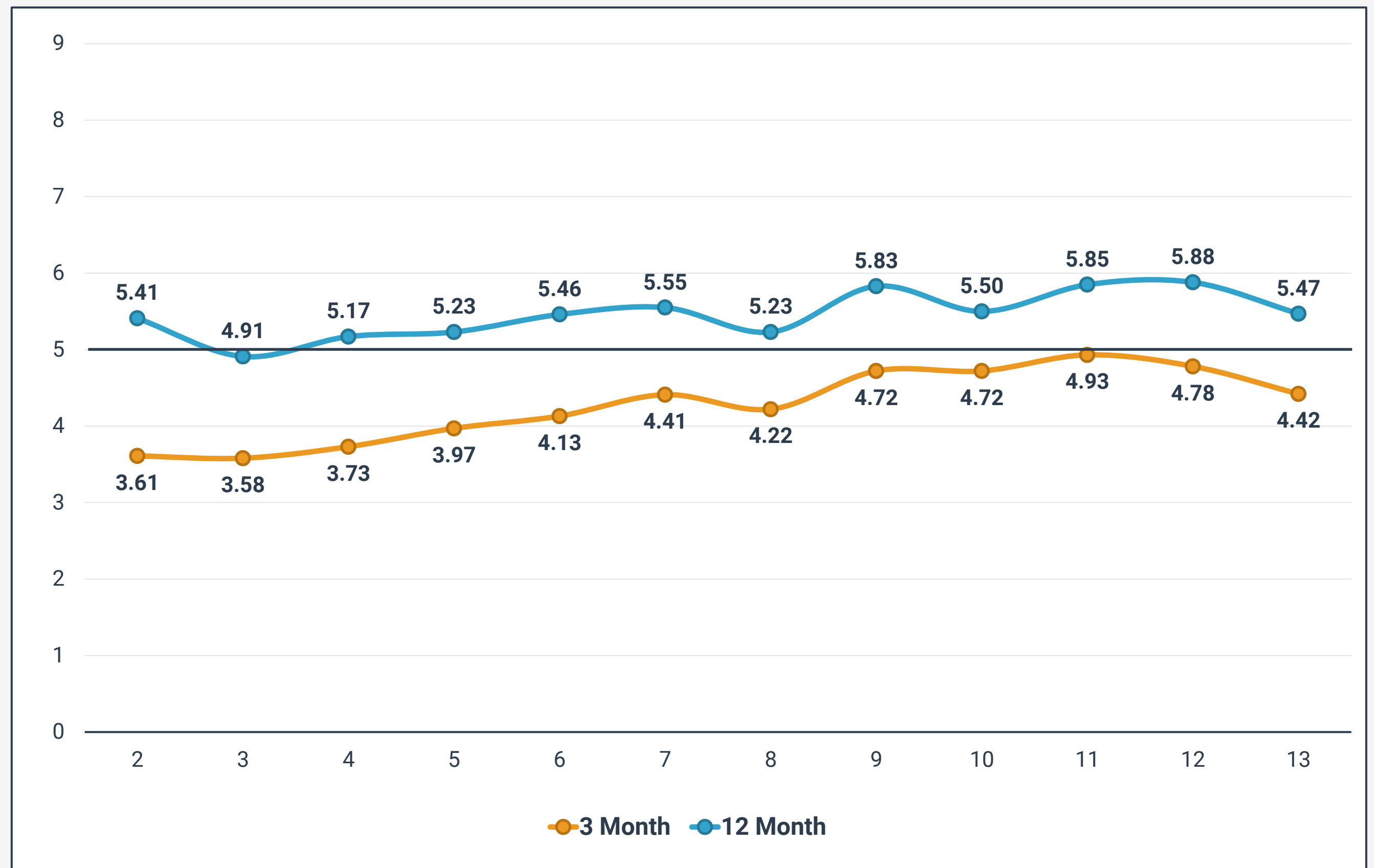
This graphic shows the perspectives on the overall economy across two time-domains: 3 and 12 months. We have shifted the modeling from the barbell style graphs to one that better captures the time-element of these shifts. A '5' represents a neutral view. Below 5 is pessimistic.

The rectangles represent the outlook on the economy, and their size and number reflect the proportion of the views for each time domain. The blue indicates the 12-month outlook, while the orange shows the view out 3 months.

ECONOMIC TURNING POINT PUSHED BACK

The outlooks for economic status in the 3-month and 12-month time domains moved in a decidedly negative direction this period.

Extrapolating from these numbers, we see the expectation that the economy achieves 'normal' status in about seven and a half months, indicating we should reach equilibrium during March 2021. This represents a 3-month extension.

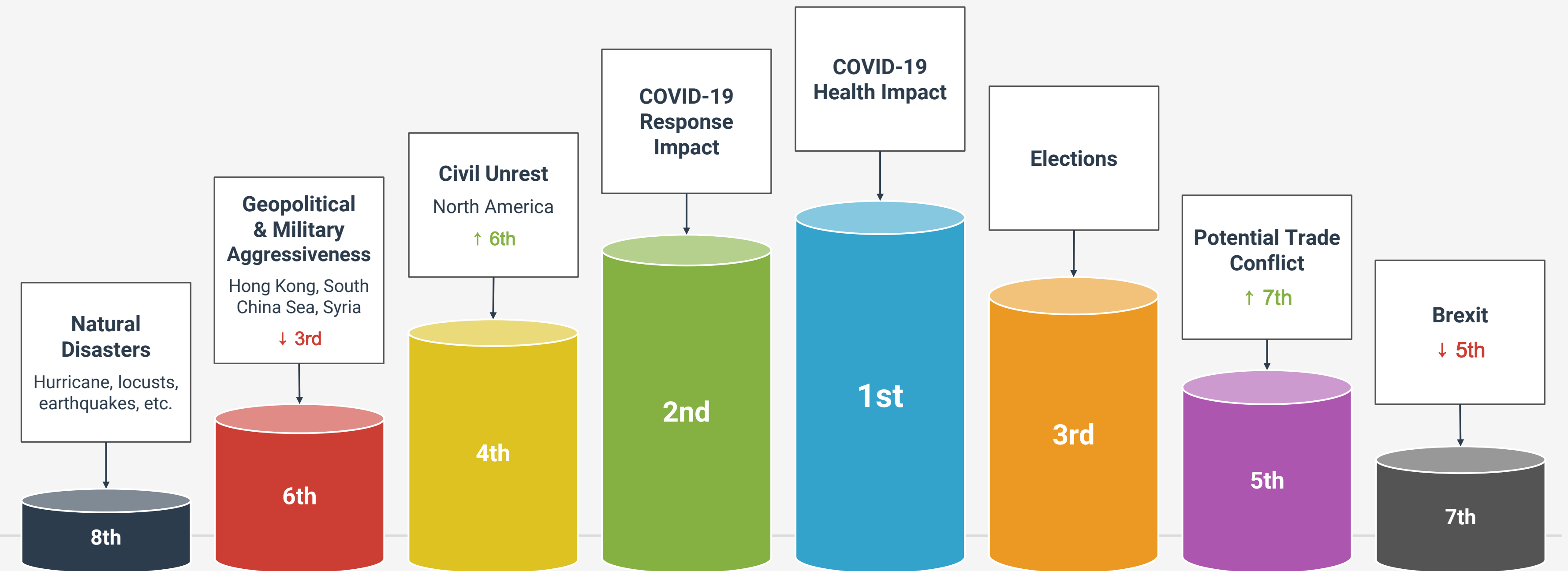


TOP CONCERNS

FORCE RANKING EIGHT AREAS

The popularity of the forced ranking question encouraged us to add a second forced ranking chart in the 11th period and continue it during several additional cycles. COVID-19 health and response impacts maintained their grip on the top two spots on the 'concern podium' again, and Elections held onto the number 3 slot.

Geopolitical & Military Aggressiveness has been the most active (7th, 3rd, 6th) mover in the mix.

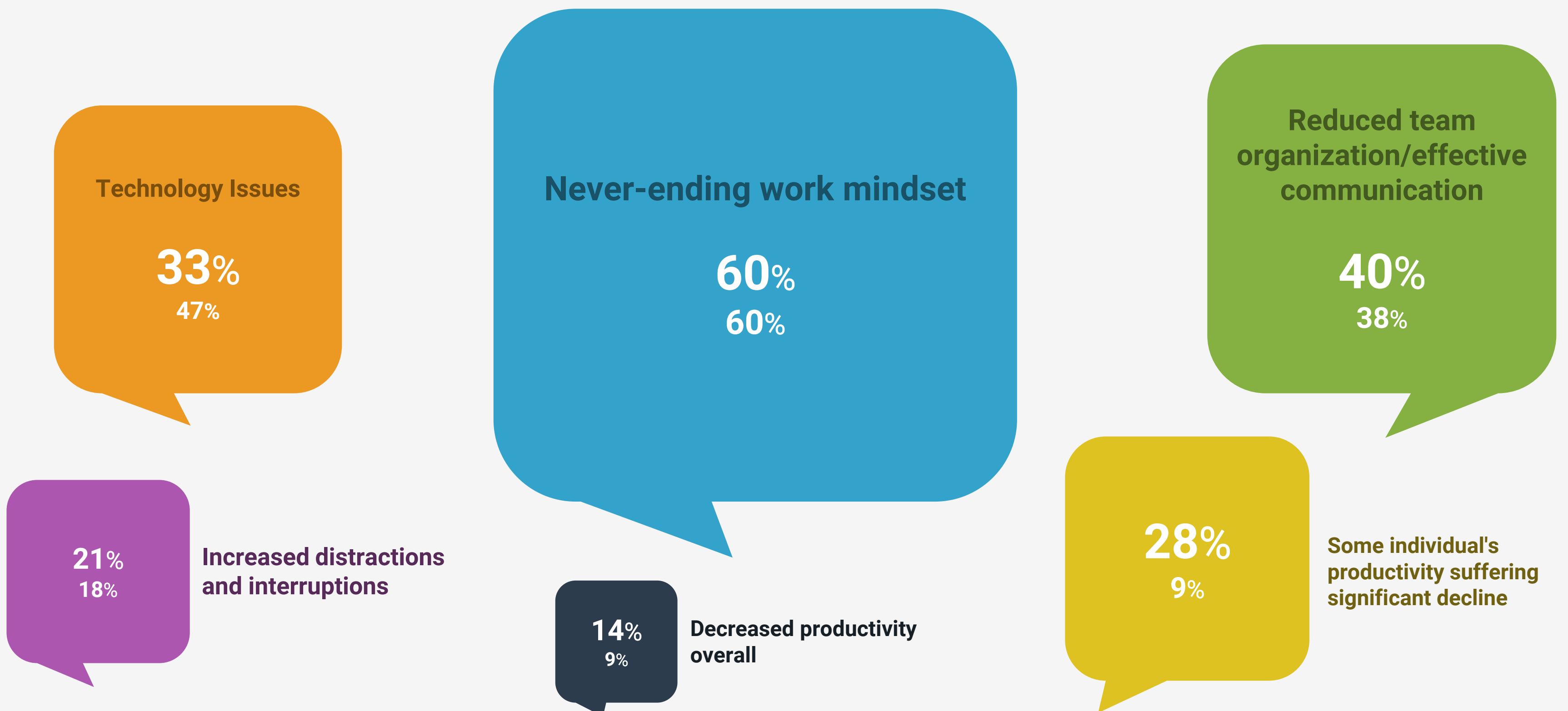


WFH WOES

WHAT HAS WORKED POORLY?

Working from Home (WFH) has become commonplace for five months in many localities due to the spread of COVID-19. The Coalition was interested in learning about the extent of some of the challenges finance professionals were experiencing over time.

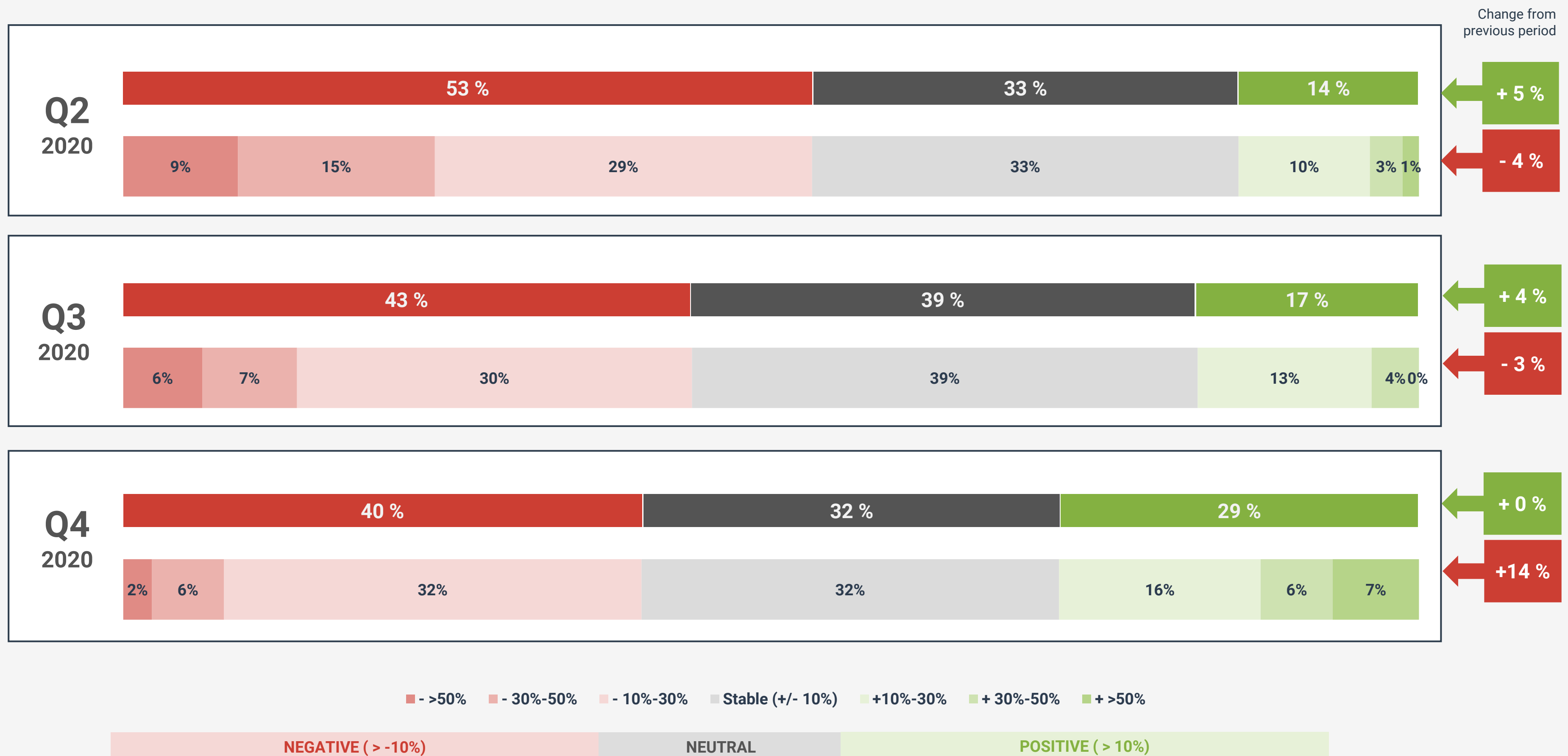
The 'never-ending work mindset' again impacted three out of five respondents. Technology issues dropped from nearly half to one-third. Reduced communication effectiveness impacts four out of ten. Some individuals' productivity drop was significant, and this number rose from 9% to 28% of responding organizations.



REVENUE LEVELS

ESTIMATED LEVELS IN “YOUR INDUSTRY”

The industry-level outlook for revenue turned massively pessimistic for Q4 2020. This represents a full 14 point negative shift for the end of 2020 from period 11. Q2 was completed during the beginning of this period.



ENCOURAGING DATA POINTS

PICK THREE OF THE MOST ENCOURAGING DATA POINTS

In a period where health and finances turned notably more negative, there were several bright spots. Two economy-related items and one health-related item were seen by the majority of respondents as reason for encouragement. Businesses reopening (74%) from the lockdown topped the list, and the correlated increasing employment numbers (improving jobless 58%) came in third. The 2nd most encouraging data point was the decline in COVID-19 deaths.



Businesses reopening
74%



Improving jobless numbers
58%



Energy price levels
14%



Decline in COVID-19 deaths
65%



Stock market valuation
31%

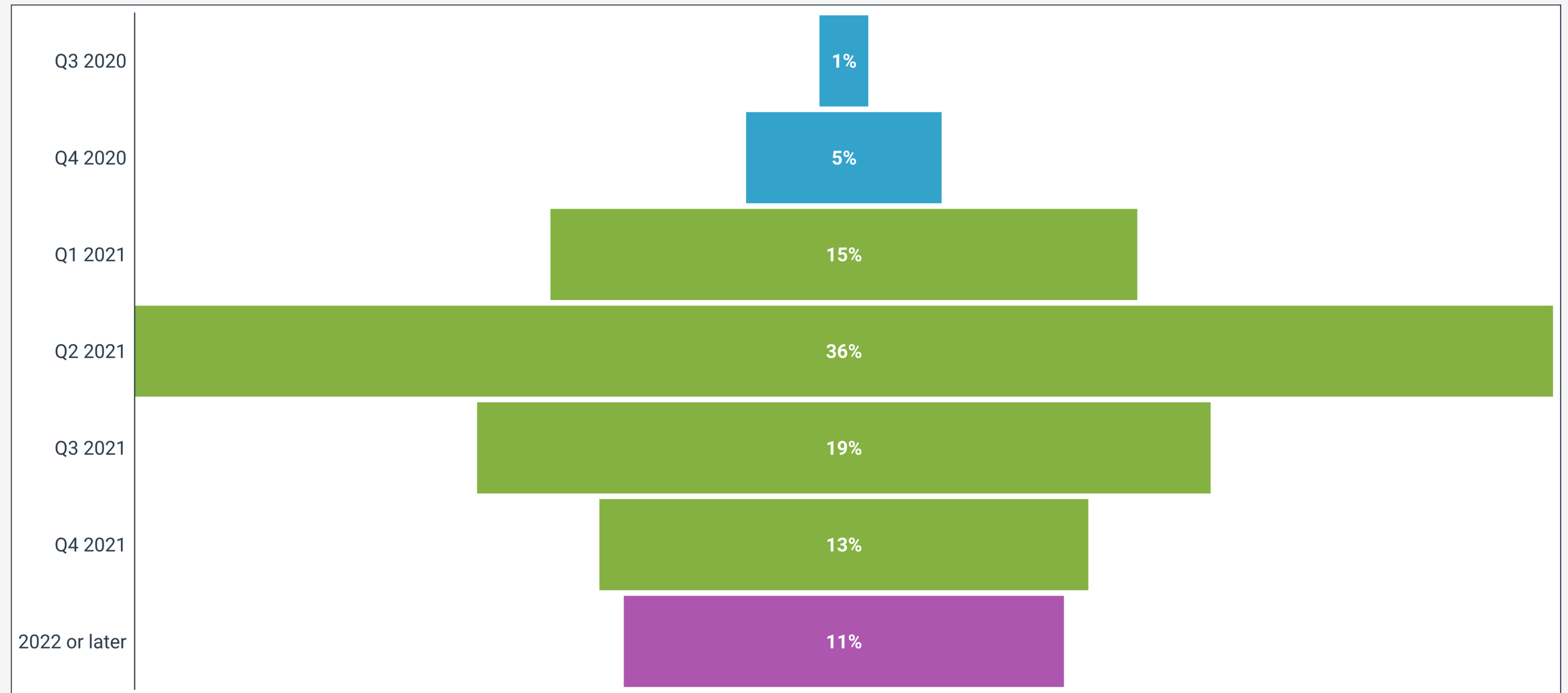
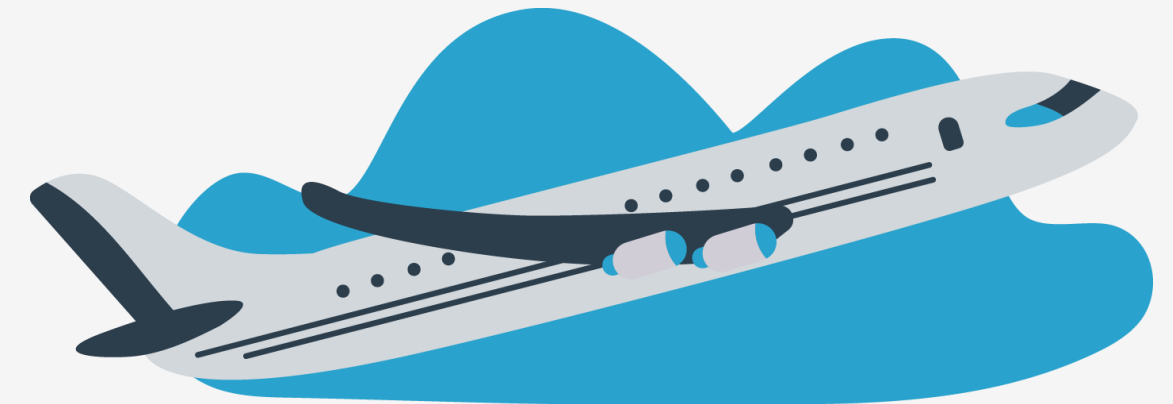


Other
9%

BUSINESS TRAVEL

RETURN TO 50% OF HISTORICAL NORMS

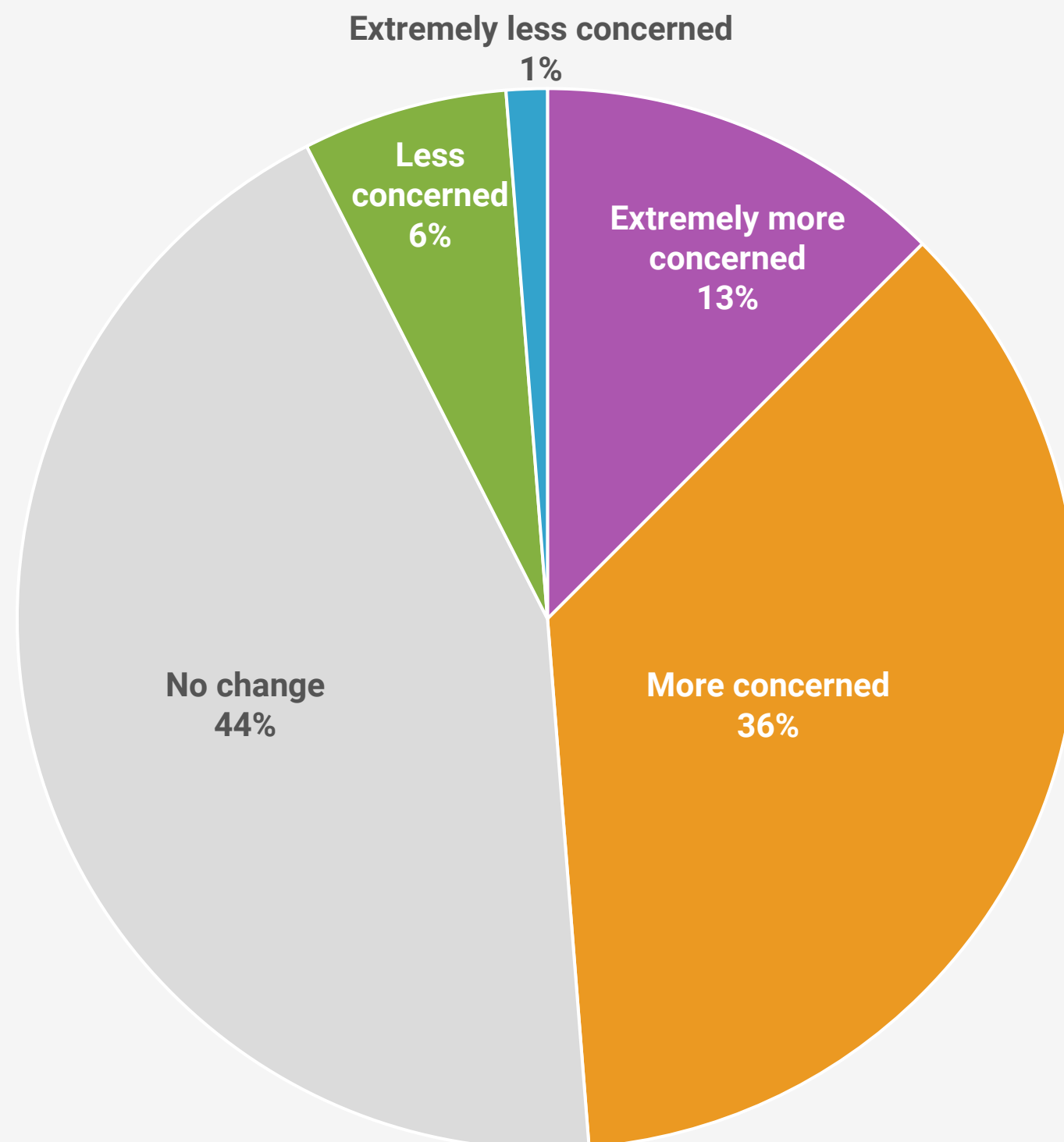
Business travel, based upon respondents to the Monitor, seems destined for a lengthy period of recovering to where things stood before the rapid shift in March. The 2nd quarter of 2021 represents the median response for when business travel returns to just 50% of historical norms. Only one in five estimate that the 50% mark will be achieved during 2021 Q1.



JOB CONCERN

LEVEL COMPARED TO PRE-PANDEMIC

During this period nearly half (49%) of respondents were either More Concerned and Extremely More Concerned about their position.



WHAT TO READ

PEER BOOK RECOMMENDATIONS

Respondents are reading, listening to and watching many things during the pandemic. The following represent a sampling of the books people are reading and recommend.

- **Great People Decisions** by Claudio Fernández-Aráoz
- **Bank to the Future** by Simon Dixon
- **Extreme Ownership** by Jocko Willink and Leif Babin
- **Game of Numbers** by Jérôme Bloch
- **Good Economics for Hard Times** by Abhijit V. Banerjee and Esther Duflo
- **Manias, Panics and Crashes** by Robert Z. Aliber and Charles P. Kindleberger
- **Spark** by Angie Morgan
- **The Checklist Manifesto** by Atul Gawande
- **The Rise of Carry** by Jamie Lee, Kevin Coldiron, and Tim Lee
- **The Speed of Trust** by Stephen M. R. Covey



IMPORTANT MONTHLY ACTIONS



TAKE THE SURVEYS



LISTEN TO PODCASTS



READ THE REPORTS

THANKS TO OUR PARTNERS



actualizeconsulting.com



axletrees.com



bellin.com



bottomline.com



fides.ch



fiserv.com



gpsfx.com



gtreasury.com



highradius.com



icdportal.com



iongroup.com



kantox.com



kyriba.com



nctma.org



phoenixhecht.com



strategictreasurer.com



thecarfanggroup.com



tis.biz



3vfinance.com



tmany.org



treasury-webinars.com



treasuryxpress.com