

JUNE 24 – JULY 08

2020

Global Recovery Monitor

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

Period 12 Status Update

July 9, 2020

TreasuryCoalition.com



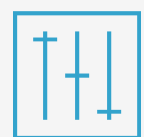
TREASURY
COALITION

LEVERAGE THIS REPORT

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

We have completed 12 periods of the Global Crisis Monitor (GCM) / Global Recovery Monitor (GRM) and see increasing signs of recovery, less pessimism and more optimism over 16 weeks. Still, all is not sunshine and flowers, as you will see in looking through this report. Thank you to those who participate by taking the survey, reading the reports, 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 bi-weekly monitoring cycle will give way to a 4-week survey period. 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 recovery activities and perspectives with a 5-minute investment every 4 weeks by filling out a short survey.

Investing only 5 minutes every four weeks 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.

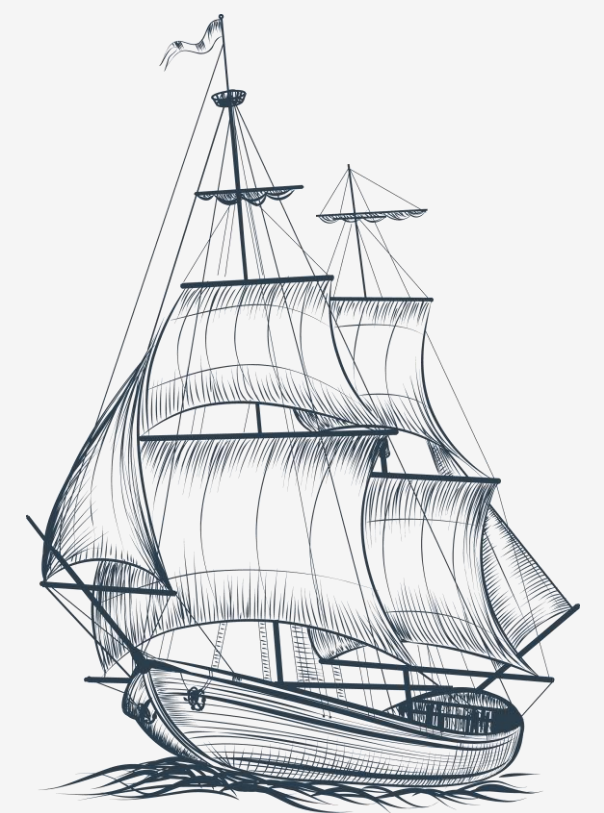
We believe that having information and insights sooner is better than later. As we gain insights over multiple events, we may as an industry gain better leading indicators that let us know when to expect the inflection point and a return to normalcy.

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.

**“I don’t know who
named them swells.
There’s nothing swell
about them. They
should have called
them awfuls.”**

- Hugo Vihlen



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?

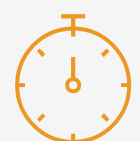
RESULTS SHOW MOSTLY POSITIVE DEVELOPMENTS

Company outlook on liquidity position and the four major sentiment factors continued their positive ways again. Accounts Receivable retook their title as the most negative period over period liquidity concern. The company specific financial return to normalcy showed significant improvement (down to 8 months) and the 3-month and 12-month broader economic outlook's equilibrium extended slightly to 4.5 months. Monitoring sentiment across multiple economic measurements indicates continued cross-currents but ongoing overall optimism.



TRICKLE BACK: 20% ON SITE

A net 20% of firms indicated that more workers were working onsite versus the prior period. Phased and calibrated returns appear quite gradual and may be one mover on our ranked concerns.



HEALTH SERIOUSNESS AND FINANCIAL NORMALCY IMPROVE

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



ACCELERATING COMPANY LIQUIDITY: 8 PERIOD STREAK

Our liquidity positivity continues - and accelerated! The level of positive (43%) organizational liquidity outlook surpassed negative (11%) over the prior period.



GEOPOLITICAL & MILITARY AGGRESSIVENESS CONCERNS

Jumping up four positions on the list of concerns: Geopolitical /Military Aggressiveness.

Dropping three places: Civil Unrest in North America.



ADAPTATION: MONITOR NEW FOUR-WEEK CYCLE

The monitor was run on a weekly basis for 8 weeks. We adjusted to a 2-week cycle for 8 more weeks. The cycle now extends to 4-weeks which helps with survey pacing and allows us to stop using 'fortnightly' to describe the frequency



WFH ISSUES: NEVER-ENDING WORK

Given months of working from home we wanted to see the extent of certain challenges. Pets seeking attention and kids needing to be homeschooled didn't even make the first three spots. Read on.



FORCED RANK CONCERNS – TOP CHOICES

Access to adequate liquidity fell from the top spot to #4 in this period. 1) Direct financial impact, 2) recession in the regions where we operate, followed by 3) the resurfacing staff safety protocols.



AR MOVES BACK TO #1

Fiscal Policy concerns ended Accounts Receivable's previously unbeaten streak last period as "most negative." AR has retaken the title this period.

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.

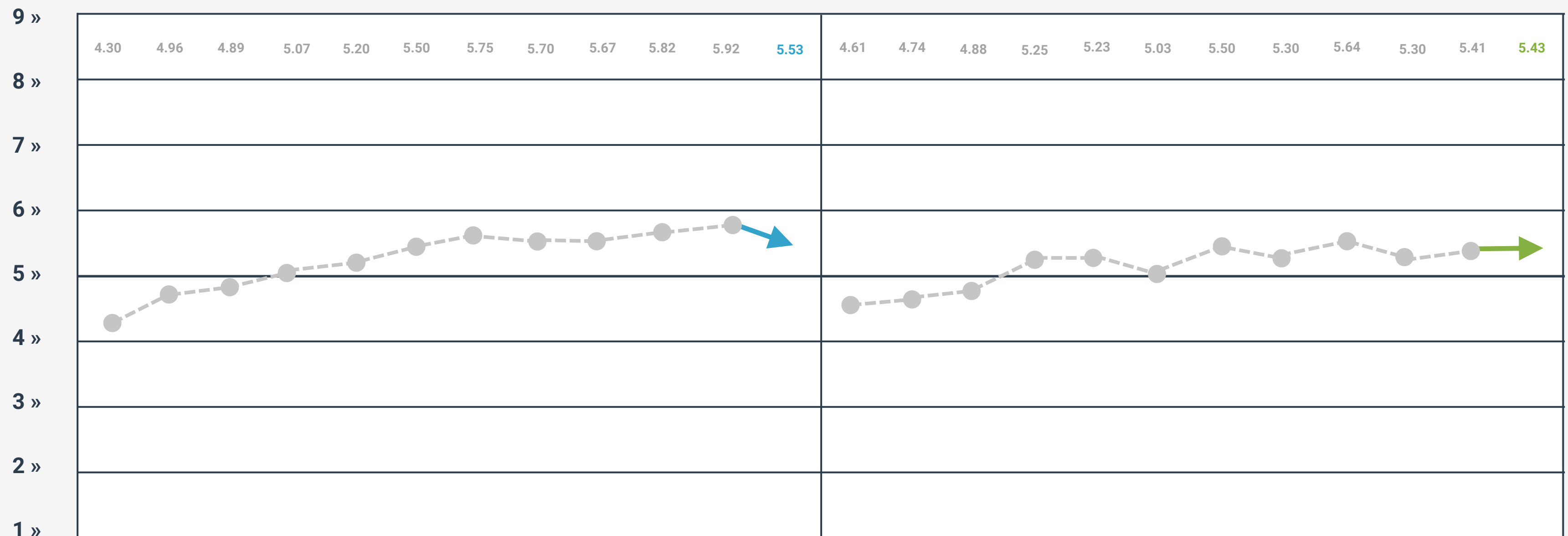
Areas of Inquiry	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Period 9	Period 10	Period 11	Period 12
Business Continuity Plan Completeness	1st	2nd (tie)	Not Asked	3rd	4th	4th	4th (tie)	5th	6th	6th	6th	6th
Staff Safety Protocols	3rd	4th		6th	6th	5th (tie)	6th	7th	2nd	4th	4th	3rd
Staff Awareness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

IMPACT SENTIMENT

ONGOING IMPROVEMENT FOR 9 PERIODS

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 and community show thirteen weeks (nine 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

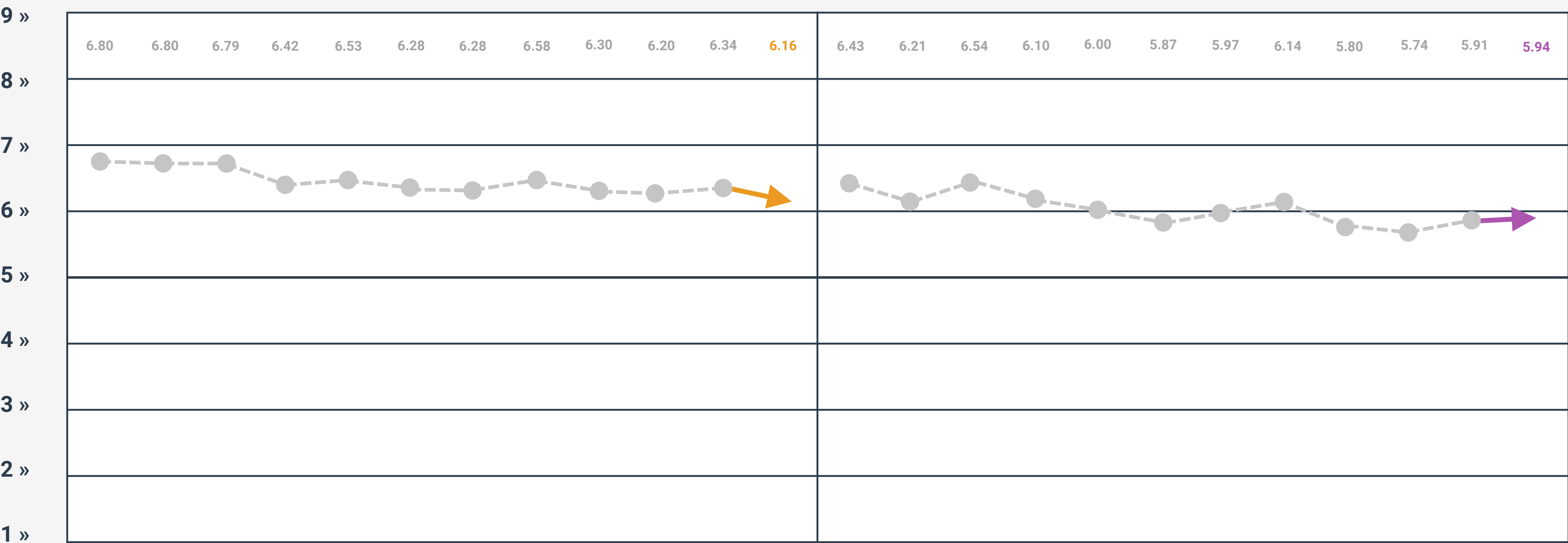
Previous periods' findings Current period's finding

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 12 periods spanning 16 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

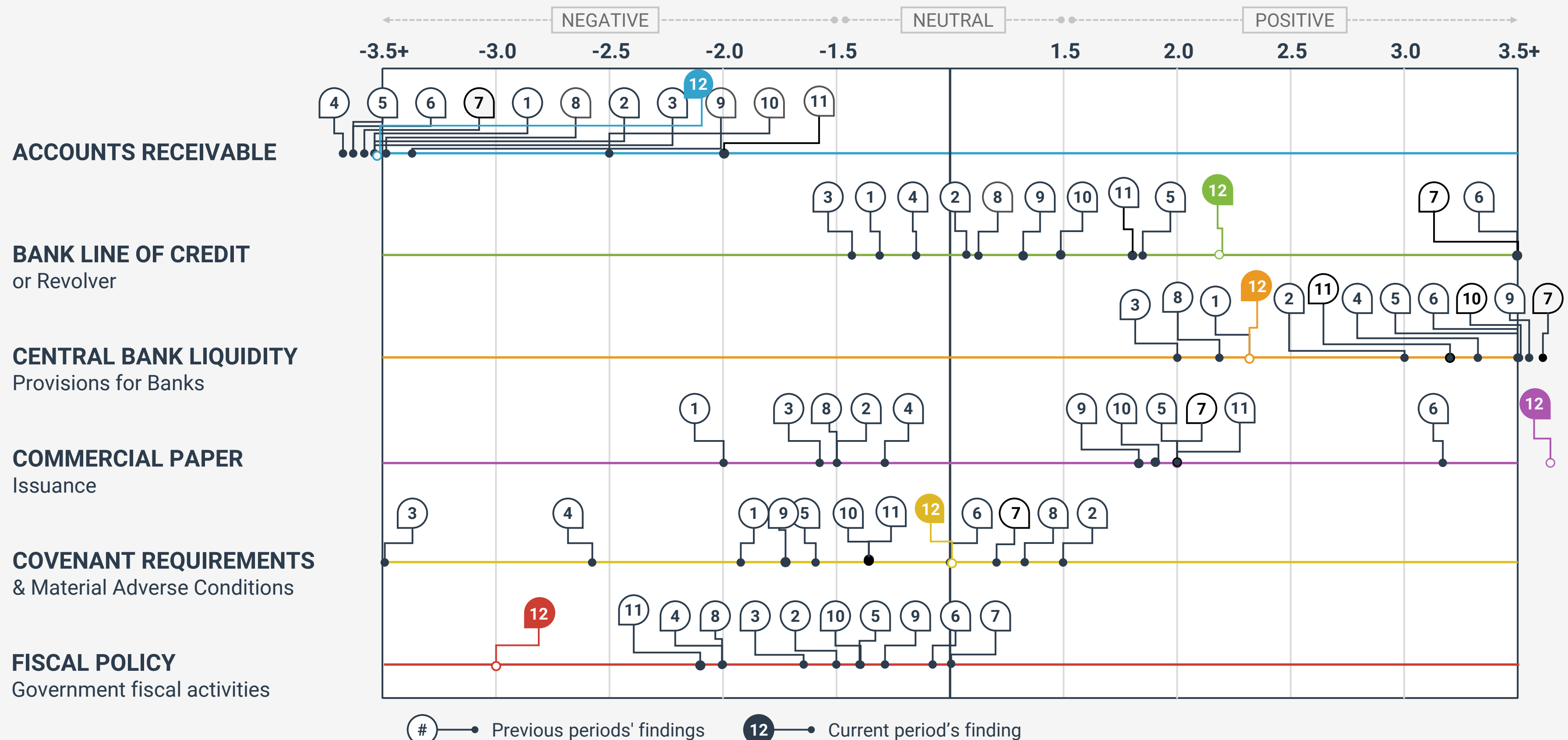
DEBT & LIQUIDITY

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 retakes the lead.

Understanding the chart: The teardrops replace the barbells and represent the ratio of more-concerned vs less-concerned. Numbers within the teardrop indicate historical positioning, with a 12 representing period 12 of the Monitor. Please note that the chart is bounded at <3.5 and >3.5.



TIMING ESTIMATES

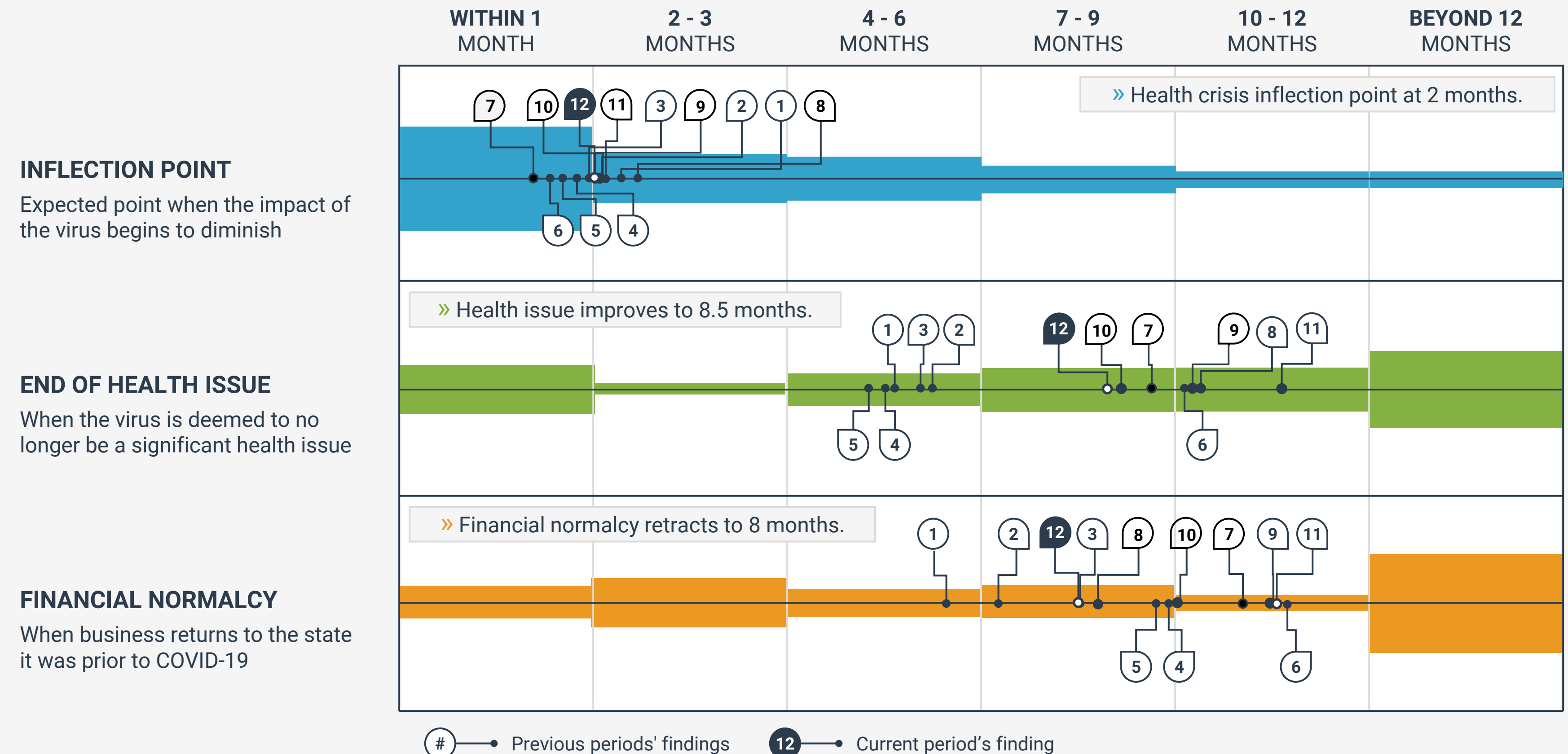
FINANCIAL NORMALCY IN MARCH 2021

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 length of COVID-19 remaining as a significant health issue receded down to 8.5 months, and the expectation of a return to financial normalcy improved dramatically, dropping to 8 months, and now indicates March 2021.

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.



ECONOMIC VIEWS

ECONOMIC EQUILIBRIUM: 4 MONTHS

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

ECONOMIC TURNING POINT PUSHED BACK

The outlooks for economic status in the 3-month and 12-month time domains moved in different directions this period.

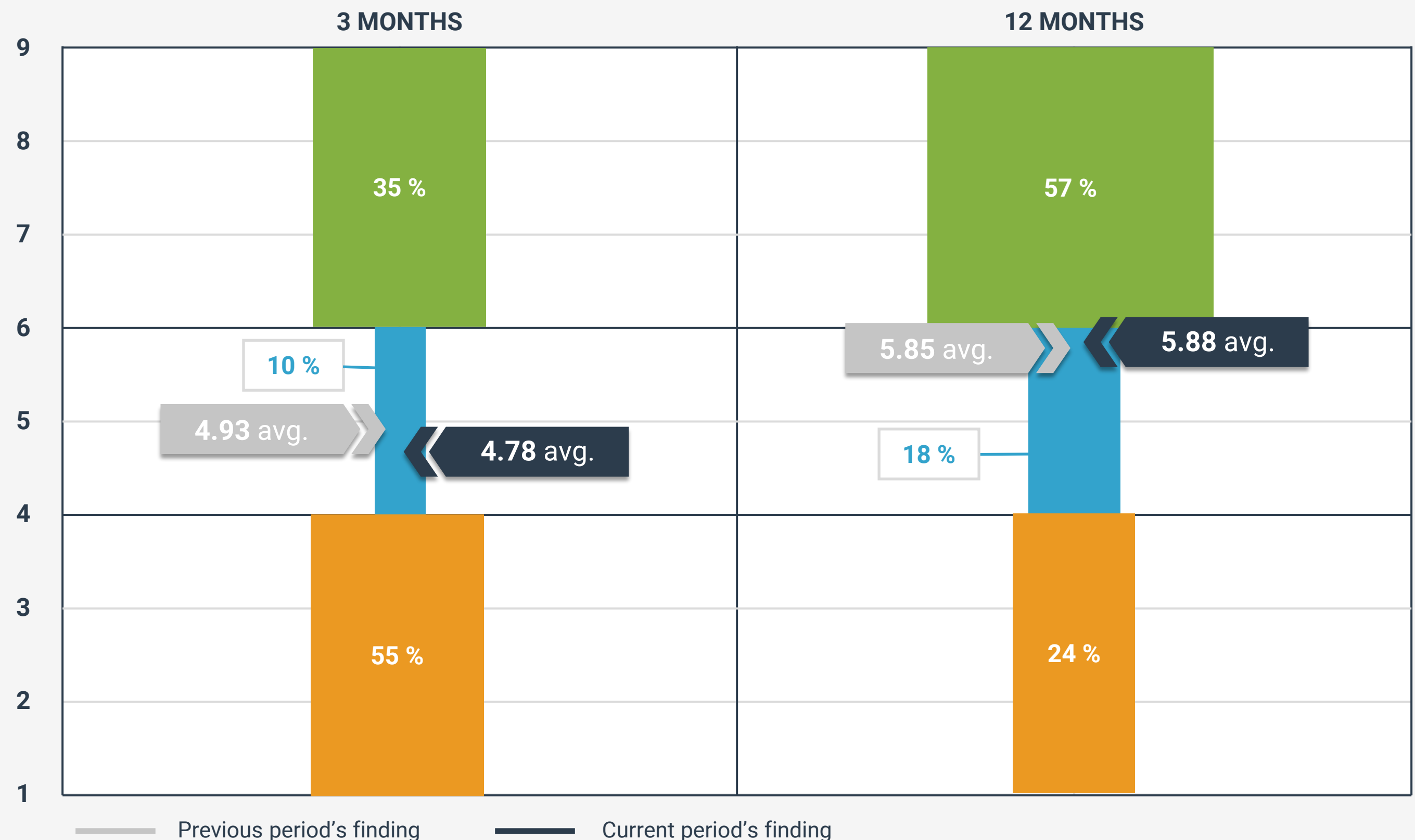
The 3-month outlook has spent many periods in the "3s" and "4s" and now remains just below equilibrium (a "5").

The 12-month outlook hit a new positive level of 5.88.

Extrapolating from these numbers, we see the expectation that the economy achieves 'normal' status in about four and a half months, indicating we should reach equilibrium December 2020.

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 average response from all respondents.

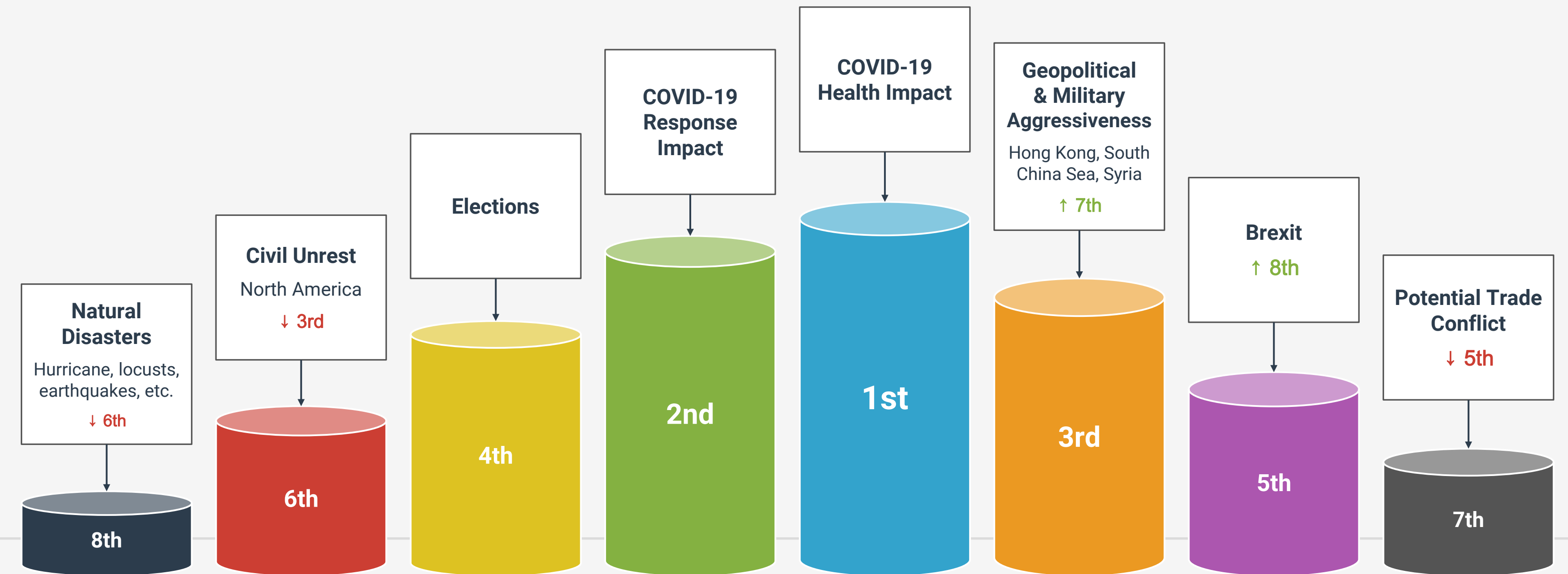


TOP CONCERNS

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 this cycle. Concerns about civil unrest in North America dropped back significantly (from 3rd to 6th place). COVID-19 health and response impacts maintained their grip on the top two spots on the ‘concern podium.’

The most significant change was Geopolitical & Military Aggressiveness. This concern was 7th last period and now sits immediately behind the two COVID-19 options. This four-position move in a single two-week period indicates finance professionals are likely to monitor these activities closely in the coming months.

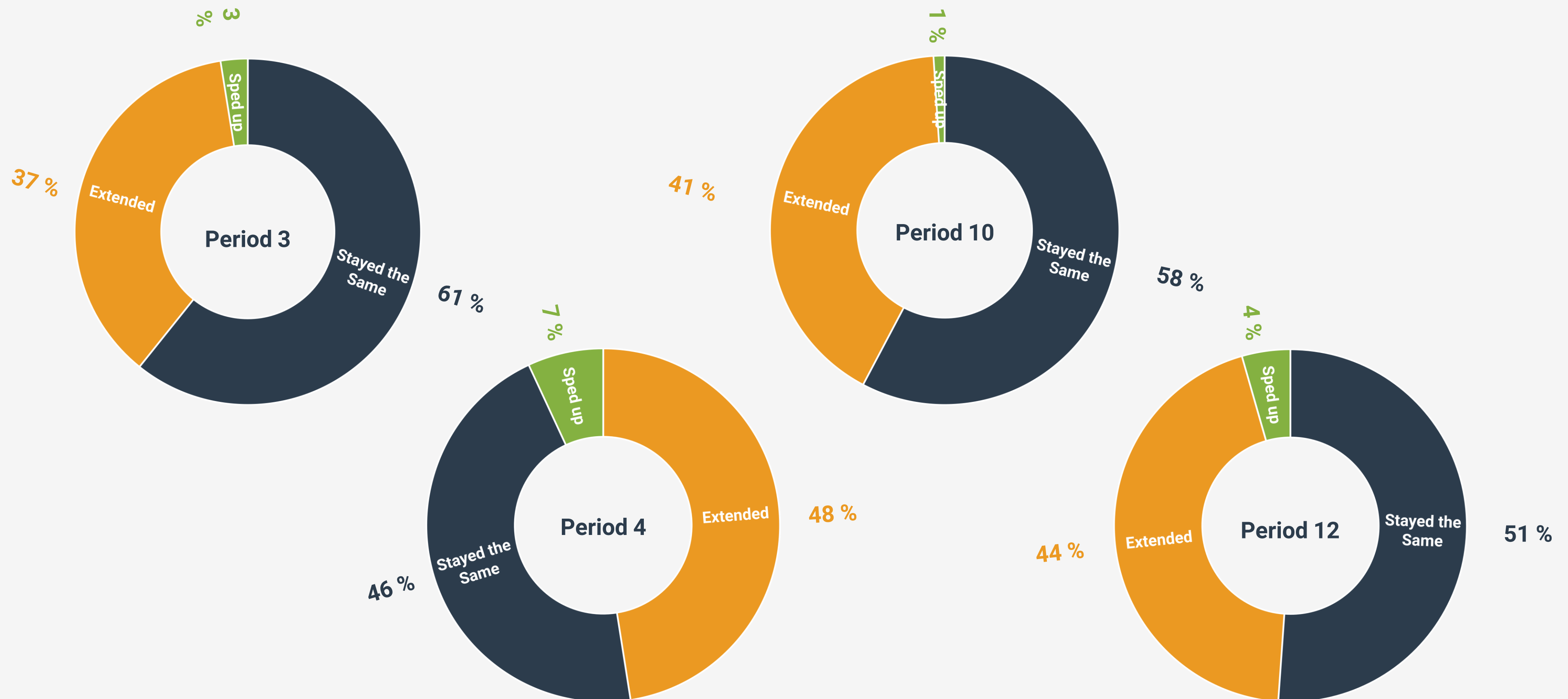


PAYMENTS ARE EXTENDED

EXTENDED? STAYED SAME? SPED UP?

Payments to vendors and suppliers continue to remain extended, with more than 40% of firms either broadly or on a selective basis. No improvements for four months of monitoring AP provides a reasonable basis for the negative outlook in Accounts Receivable.

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

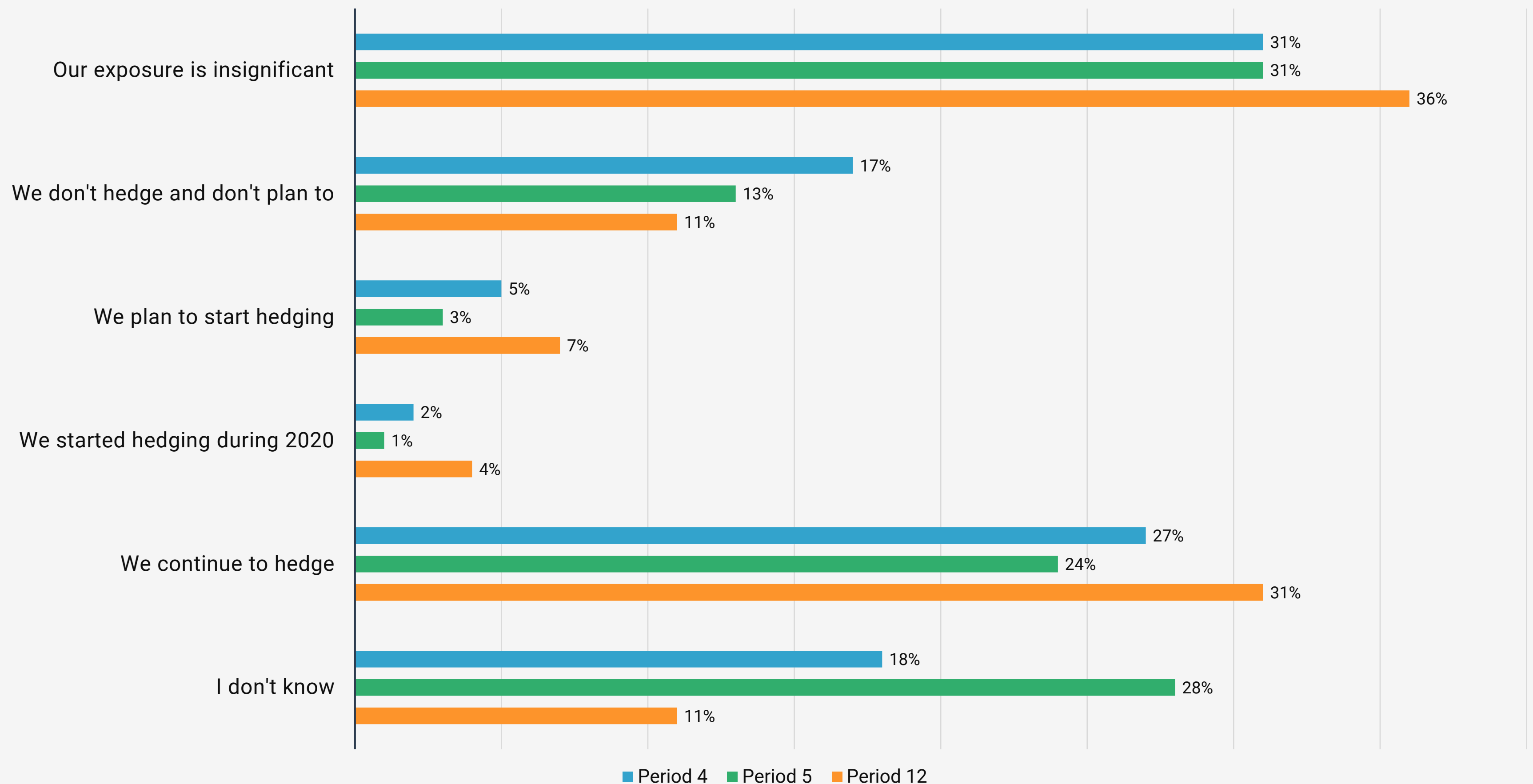


FOREIGN CURRENCY

EXPOSURE & HEDGING

More than 42% of organizations already hedge FX (31%) with an additional 1 in 9 (11%) expecting to hedge/started hedging in 2020.

Significant fluctuations in business activity and cashflows increases the challenge of hedging effectively and increases the demands on forecasting accuracy.



STAFF LOCATION

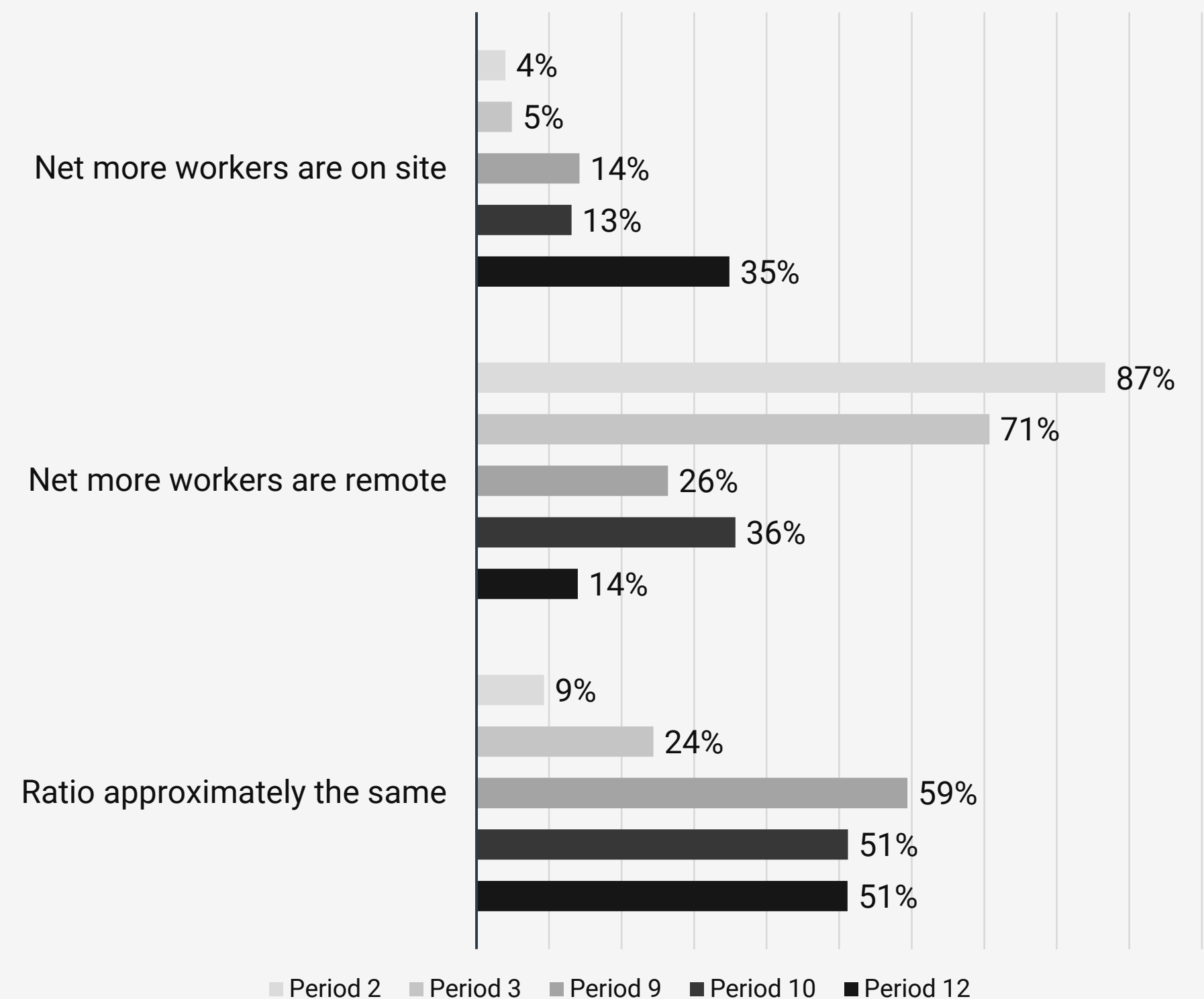
WHERE ARE THEY NOW? TRICKLING BACK IN

The frequent monitoring of the GCM/GRM allows us to see the rapid flow of workers moving home initially and now trickling back on site. A net 20% of firms indicated that more workers were onsite compared to the previous period for the first time during the four months of the Monitor. Fully half of those answering the survey indicated no significant change in WFH or work from the office.

This rapid move to a WFH and a rather gradual move back to the office indicates WFH will likely continue for many for some time. This leads us naturally to explore some of the WFH Challenges.



In the past week, the location of where our staff is working has:



WFH WOES

WHAT HAS WORKED POORLY?

Working from Home (WFH) has become commonplace for four to 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.

The 'never-ending work mindset' impacted three out of five respondents. Technology issues were identified by nearly half, which may indicate that tech challenges reach beyond simply scaling up VPN capacity. Reduced communication effectiveness impacts more than one-third.

Technology Issues

47 %

Never-ending work mindset

60 %

Reduced team organization/effective communication

38 %

9 %

Decreased productivity overall

18 %

Increased distractions and interruptions

9 %

Some individual's productivity suffering significant decline

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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