

MAR 31 – MAY 26

2021

Global Recovery Monitor

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

Period 20 Status Update

June 3, 2021

TreasuryCoalition.com

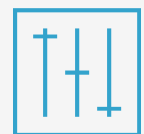


TREASURY
COALITION

THE MONITOR & INSIGHT

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

We have completed 20 periods (61 weeks) of the Global Crisis Monitor (GCM) / Global Recovery Monitor (GRM). This is an amazingly rich repository of data over nearly five quarters. Due to the status of many things from a recovery standpoint, many of our standard questions no longer carry the same type of meaning. We expect to run a final Monitor that covers a few of the relevant longer-term or continuing topics of interest. Please accept our thanks for taking the Monitor repeatedly over these 20 survey periods. Thank you too for *reading* the reports and *listening* to the podcasts. Treasury Coalition members: your work and support here was instrumental in the success of the survey and valuable to the industry, and it is deeply appreciated.



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.



Stay Tuned for the Next Survey

Take the final GRM when it's launched and keep an eye out for future surveys.



Once More. We ask that you respond to a highly modified GRM with a few continuing or developing matters of importance.

Please share the link to download the report on social media and with your colleagues at work.

Thank you for your partnership.

Craig Jeffery

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

GLOBAL RECOVERY MONITOR

FOR 14 MONTHS, 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 effect of sailing
is produced by a
judicious arrangement
of the sails to the
direction of the wind.”**

- William Falconer



THANK YOU! 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.



TREASURY'S RESPONSE TO COVID-19

GOOD NEWS ON INFLECTION POINT & ECONOMIC OPTIMISM

Company outlook on liquidity position continued a long and consistent positive march for most of the last year. The four major sentiment factors all were quite positive, continuing their trend. This Monitor shows the majority of factors staying positive or becoming positive. As always, there are some key points to watch as we continue in the recovery. After more than a year of negative trending, the view of changes in AR from a liquidity perspective were positive over the previous period.



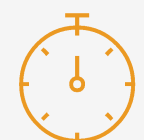
INFLECTION POINT AND PEAK DEATH RATE PAST

Both measures indicate the majority believe that we are past the inflection point of the disease and the peak death rate is behind us.



ORGANIZATIONAL LIQUIDITY NET INCREASINGLY POSITIVE

Company-specific liquidity positivity completed 16 periods (57 weeks) of ongoing improvement (except for period 13, which was 4 weeks).



LENGTHENING IMPACT OF COVID-19 CUTS AGAINST THE GRAIN

The end of COVID-19 as a significant health issue extended past the one-year mark. This is the most negative reading during the life of the Monitor.



ECONOMIC OUTLOOK

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 are sitting on or near record levels during the GRM.



20 PERIODS OF THE MONITOR

The Monitor finished 61 weeks in this last two-month cycle and will now shift to an abbreviated data capture mode focusing on just a few areas.



STAFF CONTRACTION REVERSES

Staff contraction 'in your industry' reversed dramatically from a negative 9% in period 19 to a positive 14% in period 20 (six-month look forward).



ACCESS TO ADEQUATE LIQUIDITY

Access to adequate liquidity was the top concern edging out recession and direct financial impact to the business (the former #1).



TRAVELING IN 2021? YES

Traveling for pleasure is expected by about 3/4ths of respondents in 2021, while only 1/3rd expect to travel for work before 2022. Will this personal sentiment drive faster work travel?

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 20, the highest concern was access to adequate liquidity for its 4th first place finish. Recession concerns took over the 2nd spot, and the direct financial impact to the business fell from 1st to 3rd. The bottom three concerns seem to have settled into a comfortable consistency.

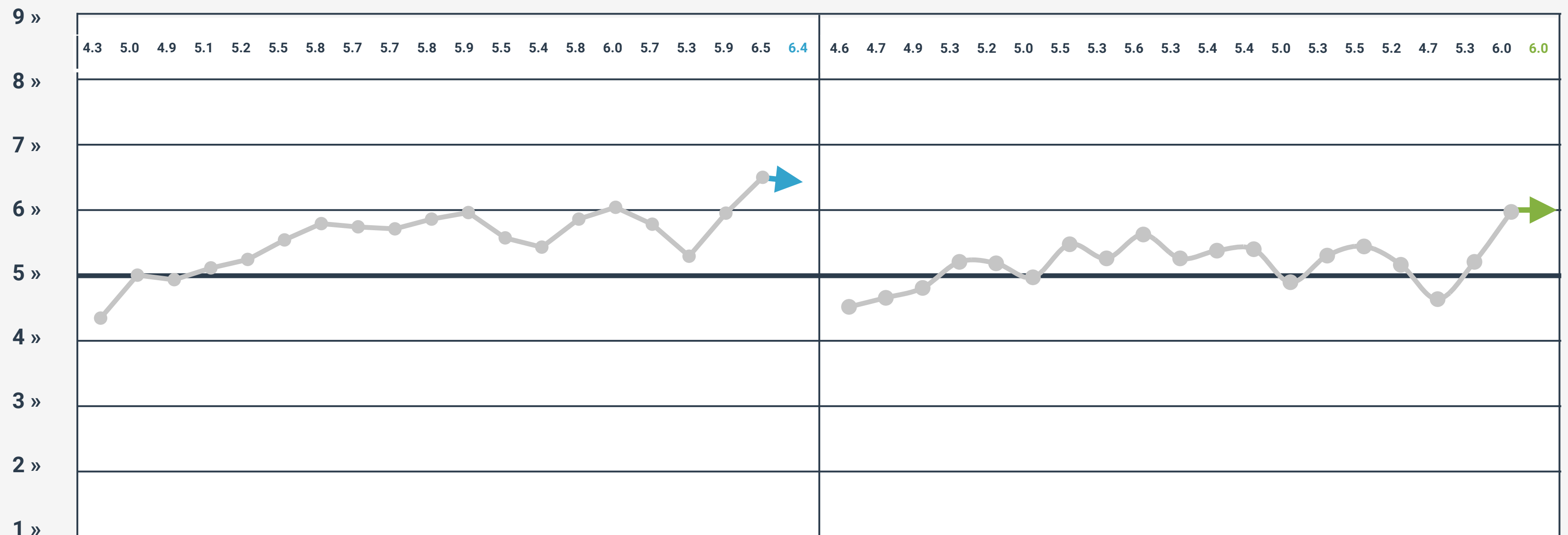
Areas of Inquiry	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Business Continuity Plan Completeness	1st	2nd (tie)	Not Asked	3rd	4th	4th	4th (tie)	5th	6th	6th	6th	6th	6th	7th	6th	6th	6th	6th	6th	6th
Staff Safety Protocols	3rd	4th		6th	6th	5th (tie)	6th	7th	2nd	4th	4th	3rd	1st (tie)	2nd	1st	4th	1st	4 th (tie)	5th	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	4th
Direct Financial Impact to the Business	2nd	1st		1st (tie)	1st	1st	1st	1st	1st	1st	2nd	1st	1st (tie)	1st	2nd (tie)	1st	1st	1st	1st	3rd
Access to Adequate Liquidity	4th	2nd (tie)		1st (tie)	2nd	2nd	2nd	3rd	3rd (tie)	2nd	1st	4th	3rd	3rd	4th	5th	1st	4 th (tie)	3rd	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	2nd	4th	2nd

IMPACT SENTIMENT

COMPANY/ORGANIZATION SUPER-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 17 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

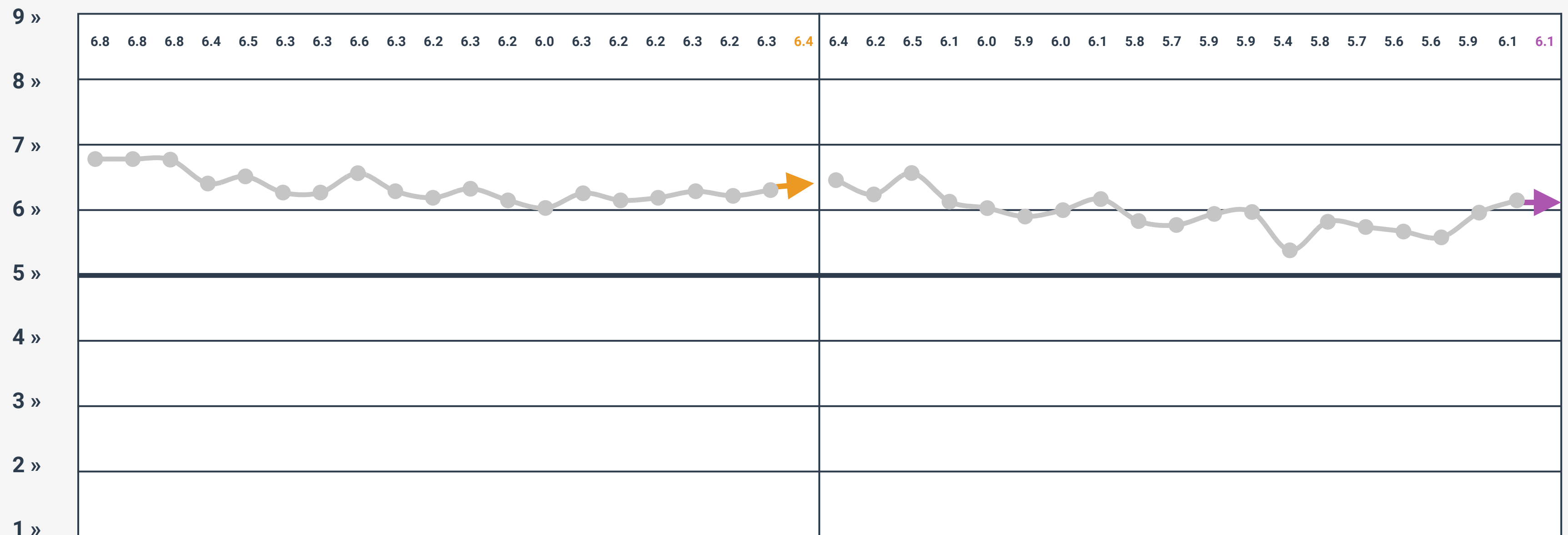
● — — — ● Previous periods' findings ● — — — ● Current period's finding

RESPONSE VIEWS

IMPROVEMENT CRUISES ALONG

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 20 periods spanning 61 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

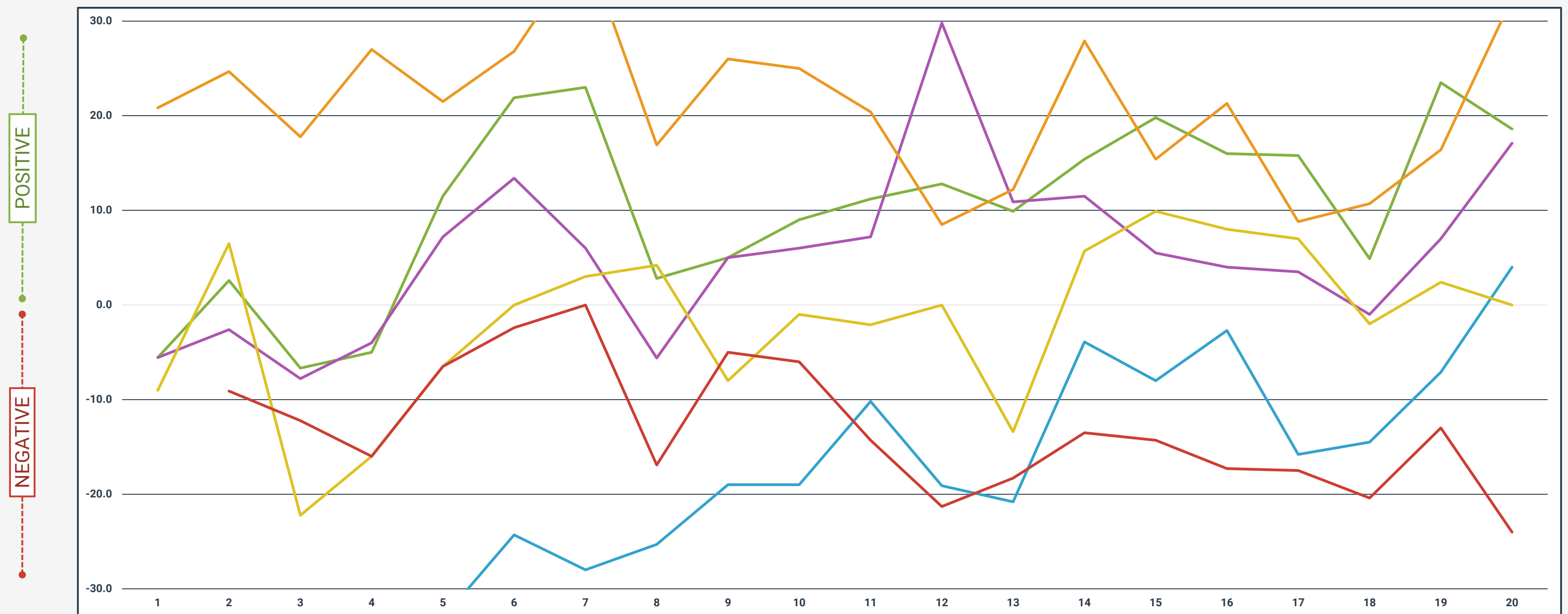


DEBT & LIQUIDITY

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. AR has finally moved into positive territory.



ACCOUNTS RECEIVABLE

CENTRAL BANK LIQUIDITY

Provisions for Banks

COMMERCIAL PAPER

Issuance

BANK LINE OF CREDIT

or Revolver

COVENANT REQUIREMENTS

& Material Adverse Conditions

FISCAL POLICY

Government fiscal activities

TIMING ESTIMATES

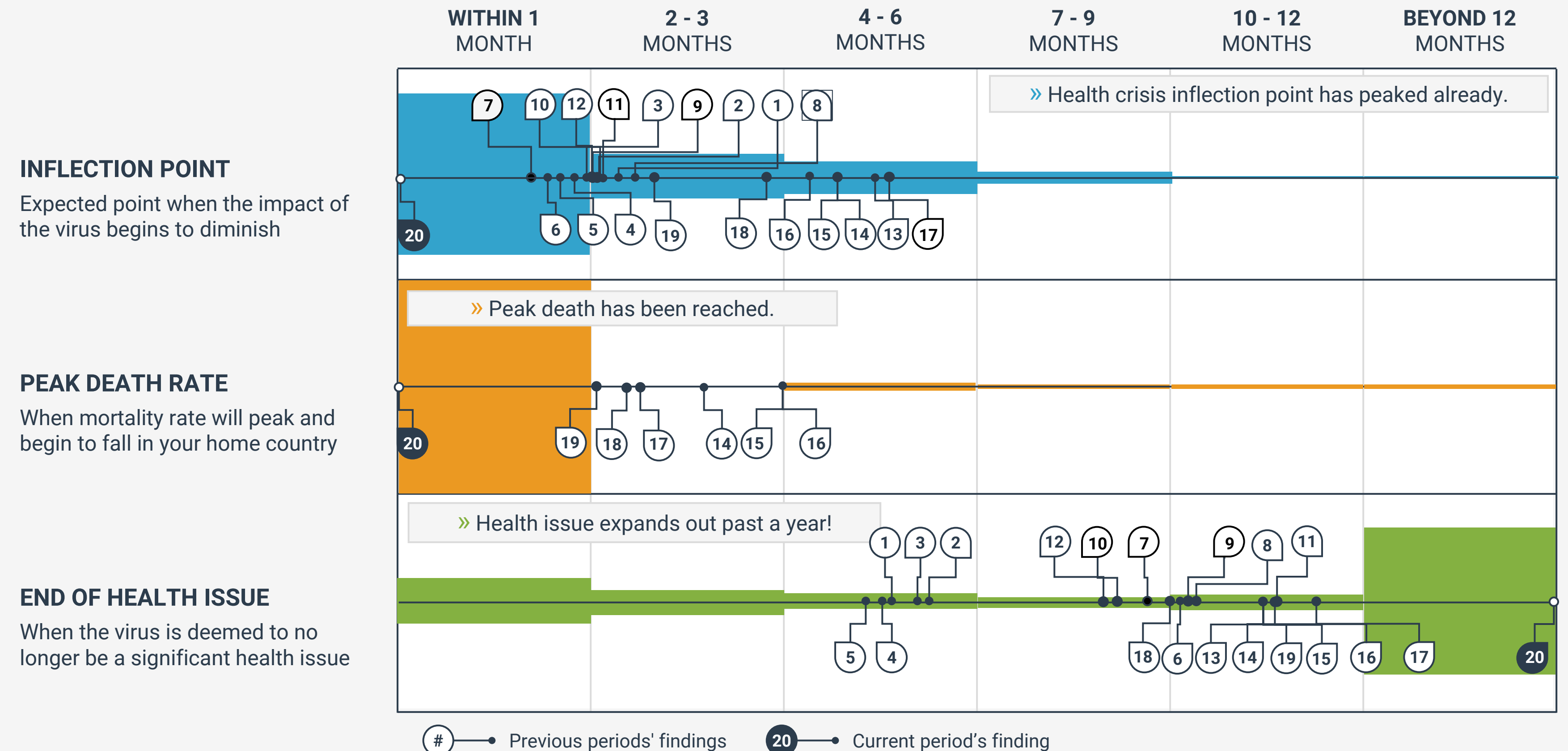
MEDICAL AND MORTALITY MATTERS

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.

Respondents indicated emphatically that the inflection point and peak death rate have already happened (lowest during the Monitor). However, COVID-19 is seen remaining as a significant health issue past a year (longest during the Monitor).

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

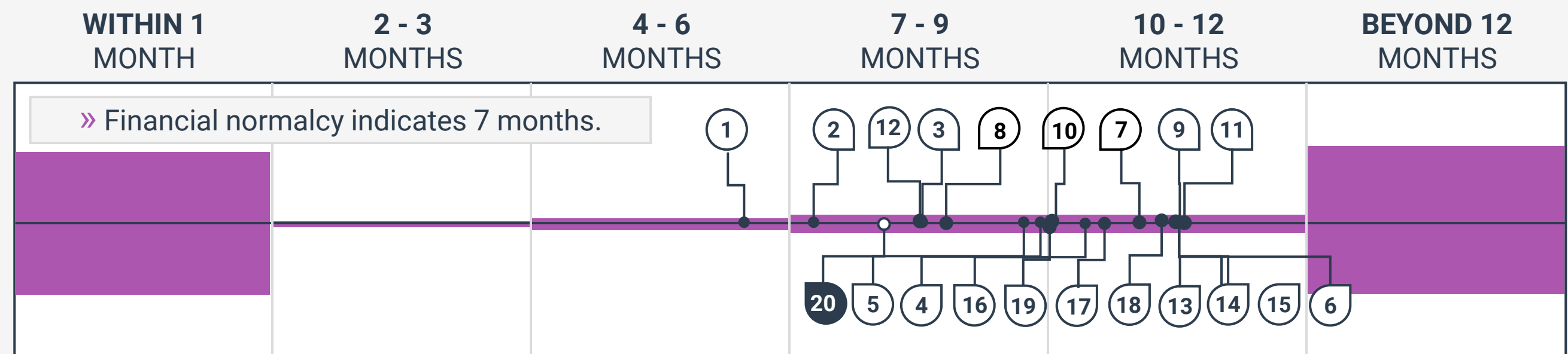
ECONOMIC EQUILIBRIUM: 7 & 0 MONTHS

The top graphic shows the perspectives on the individual respondent's organization (where normalcy sits at 7 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. Note the weighting on the extreme ends.

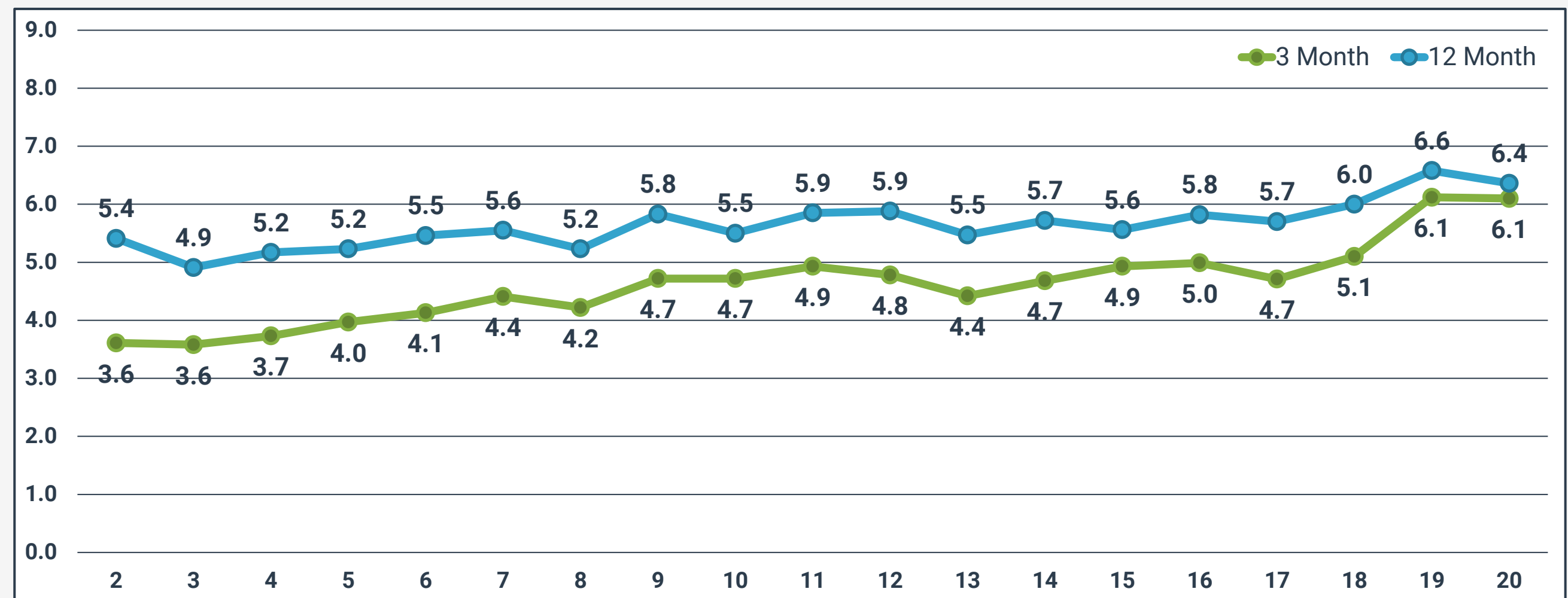


ECONOMIC TURNING POINT REACHED

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 leveling at or near the top for both time domains.

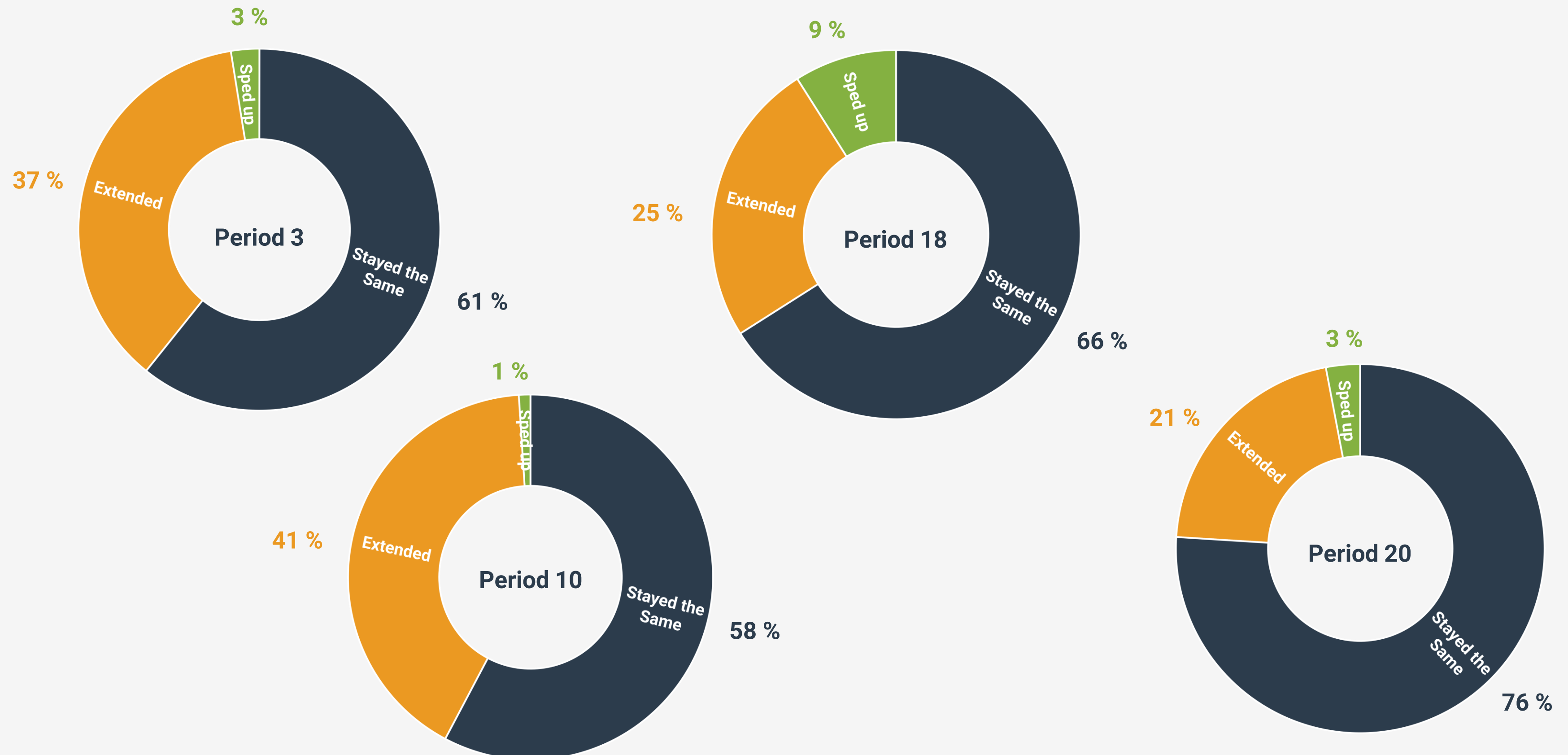


PAYMENTS ARE EXTENDED

BUT MORE MODERATED. IMPACT ON AR POSITIVITY.

Payments to vendors and suppliers remain extended, with 21% of firms extending payment terms (either broadly or on a selective basis). At the same time, 76% of companies are paying as they normally would. This represents the highest rate during the life of the Monitor and provides some obvious correlations with the first positive outlook on corporate liquidity when looking through the AR lens.

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

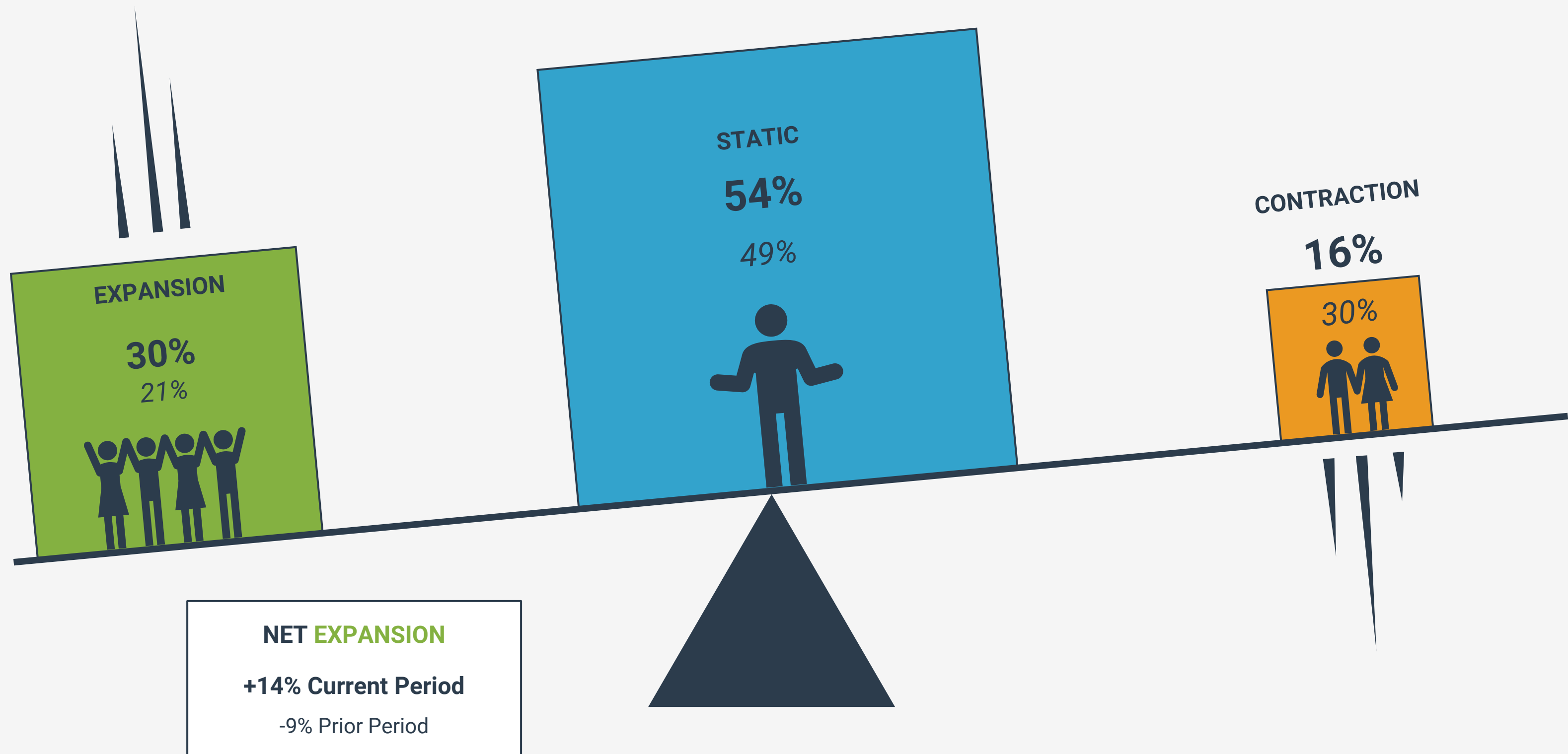


STAFFING GROWTH?

ESTIMATED CHANGES IN “YOUR INDUSTRY”

Do you anticipate net expansion/contraction of staffing in your industry in the next six months? 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 last period.

In period 20, the pessimism flipped to a positive outlook by a net 14%. This was a 23% swing from the prior two months. 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.

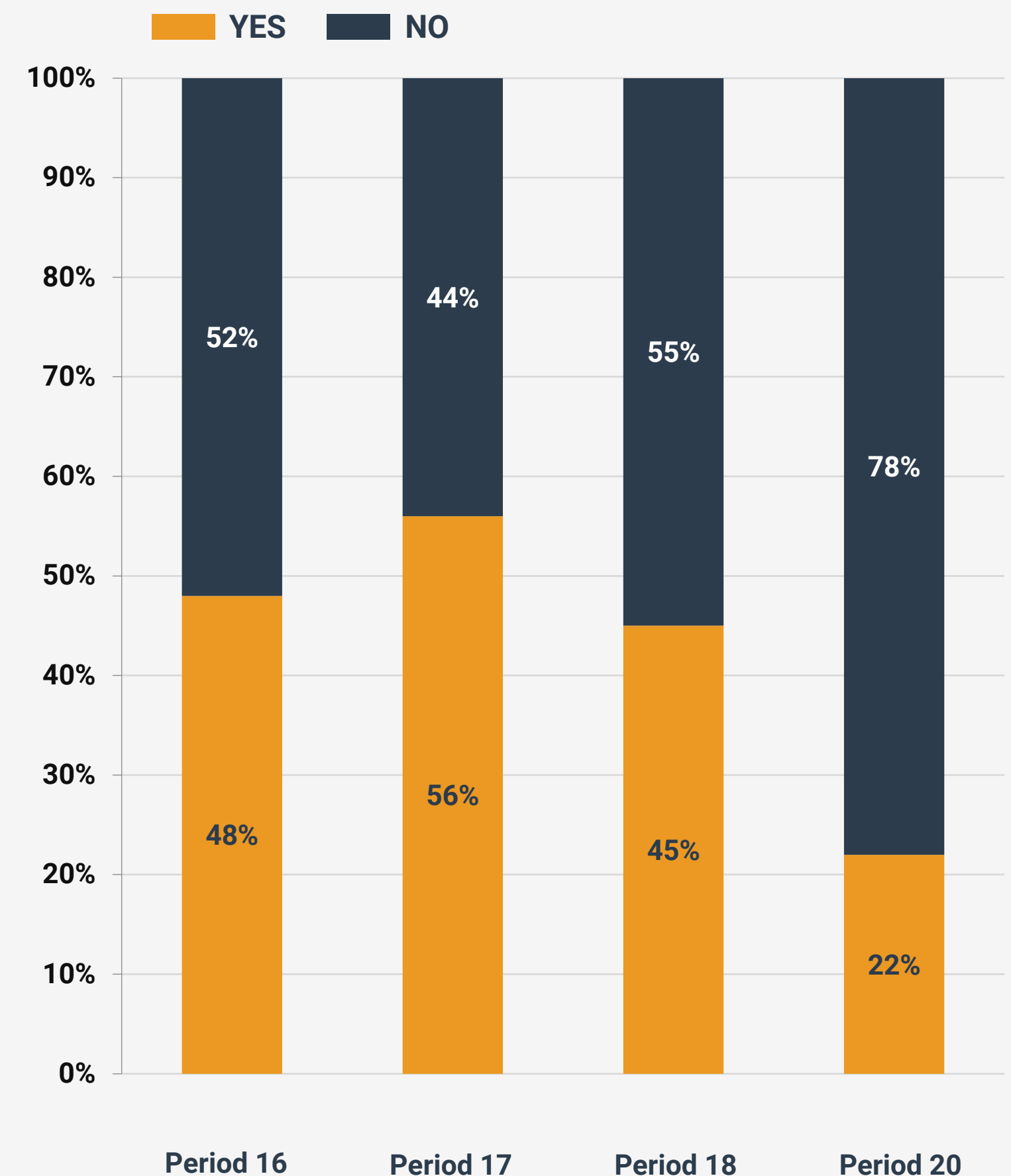


LOCKDOWN: LIMITED/LOCALIZED

DO YOU PREDICT ANOTHER LOCKDOWN IN YOUR AREA before June 30th?

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. Spikes in infections over time brought us a second or third wave in the US and Europe. During this last period, our colleagues in India and some other countries suffered more heavily and experienced lockdown measures.

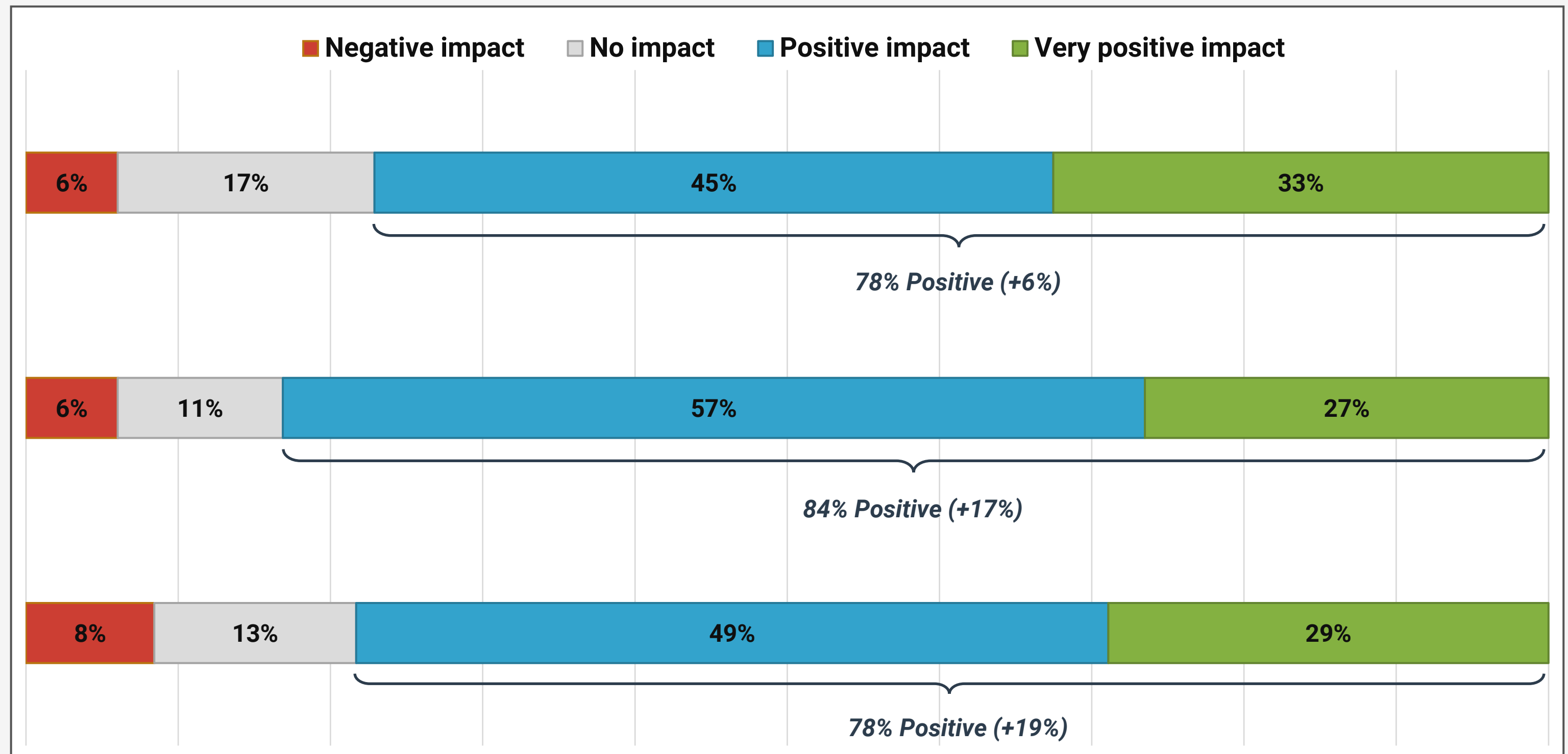
Overall, the expectations of another lockdown by the end of H1 dropped to 22%, which is about half of period 18 (not surveyed during the two-month period 19).



COVID-19 VACCINE IMPACT

HOW WILL IT IMPACT THESE CATEGORIES? POSITIVELY!

The development and rollout of vaccines is having a notable and understandable impact across the board. Medical topped the list of the positive impact areas last period, while the economic impact led during period 20. The positive impact areas ranked from medical > economic > social in the last period and economic > medical > social during period 20, with the net positives ranging from 70% to 82%.

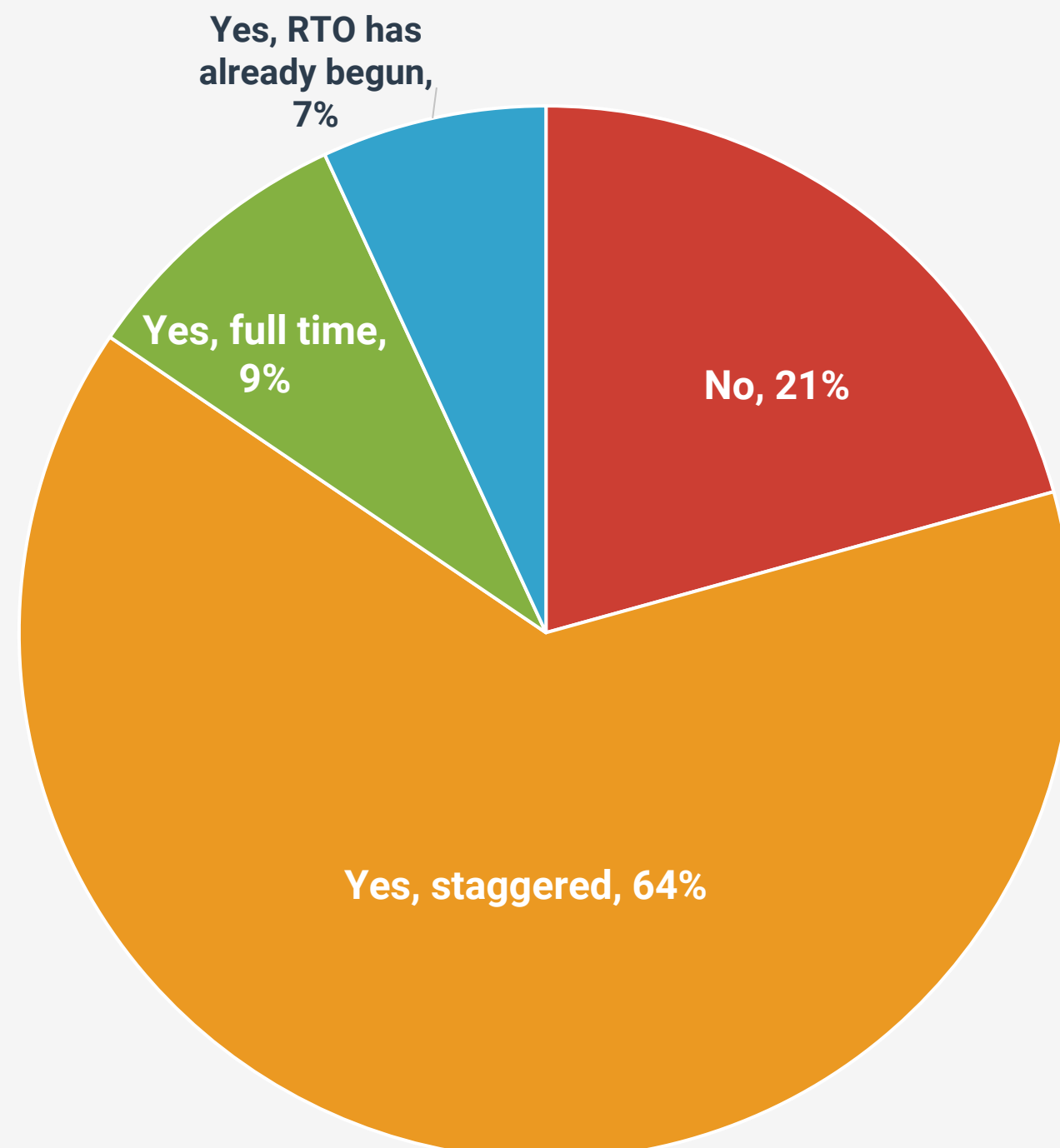


ARE WE GETTING OUT MORE?

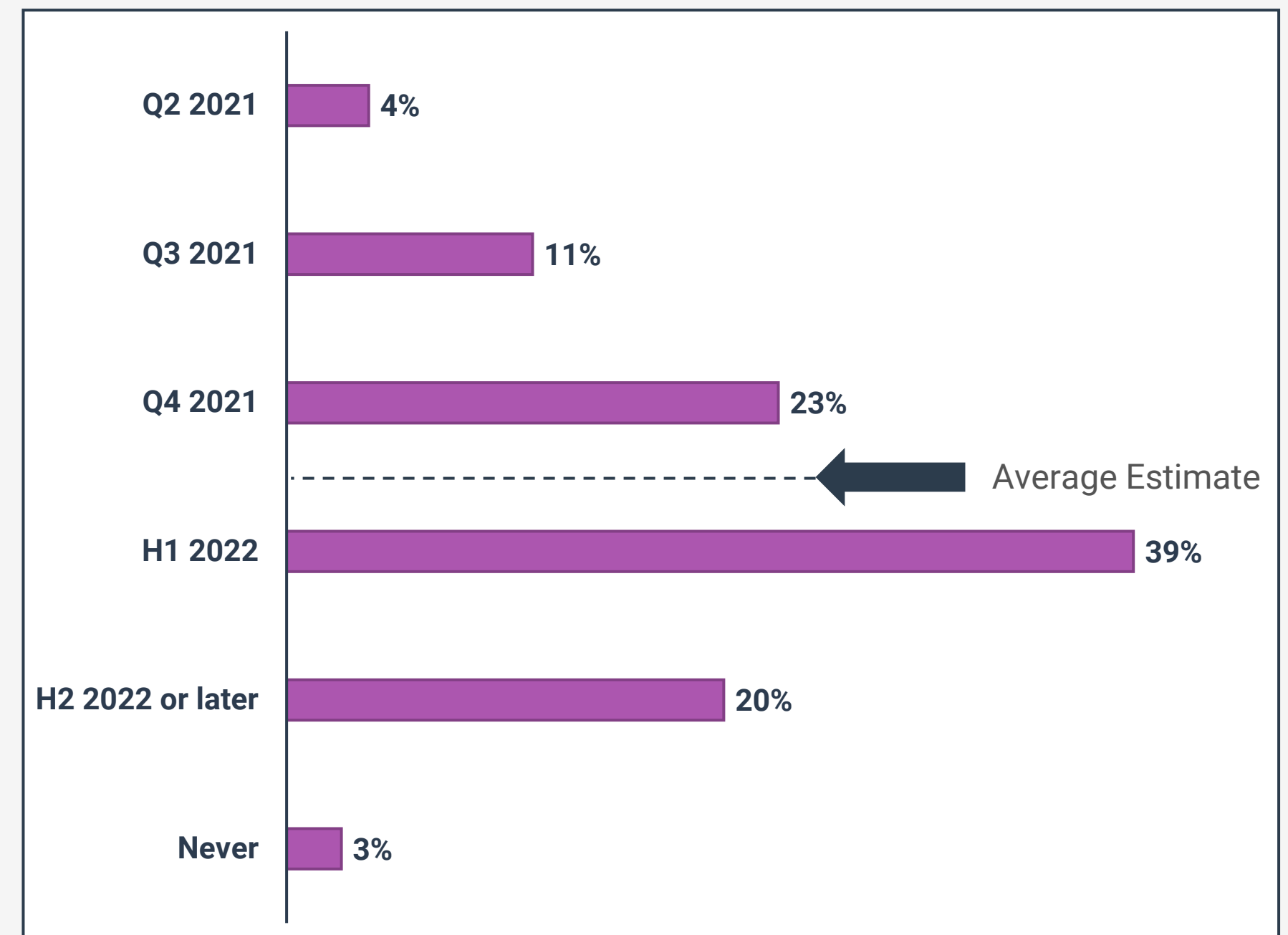
RETURN TO OFFICE (RTO) & IN-PERSON CONFERENCES

Discussions related to RTO seem to show actions or plans that are mostly 'hybrid.' Only 21% now believe RTO is not more likely. Attending work conferences in the future is a notable 'yes.' Timing indicates Q4 this year to early 2022. Note personal travel sentiment responses next!

In the last 2 months, does the RTO seem more likely?



When do you think you will be able to attend in-person work conferences?



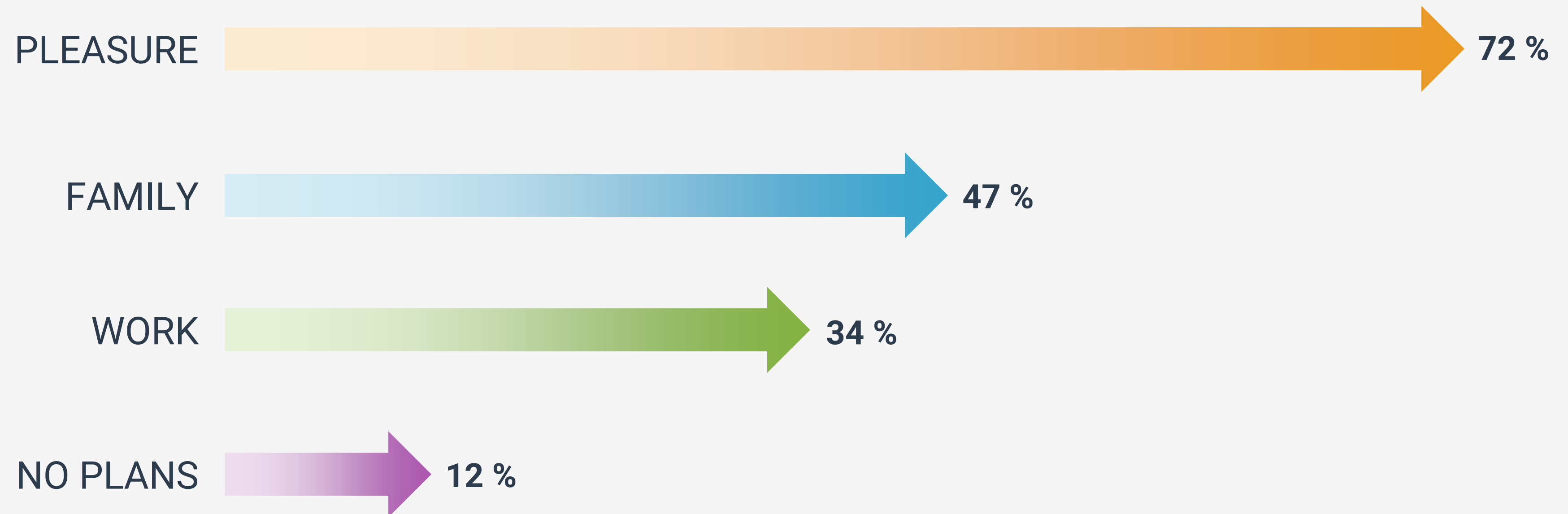
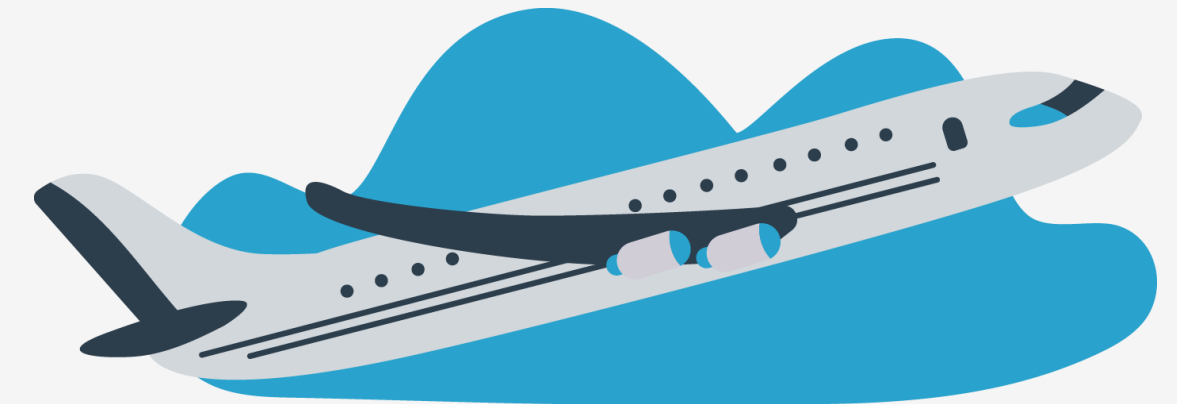
*Does not include those who selected "I do not attend conferences" (5% of total) – percentages adjusted

TRAVEL TAKING OFF?

BY END OF 2021

(Question: I plan to travel by the end of 2021. (Select all that apply))

Pleasure travel and travel for family reasons are expected to occur for 50% of respondents by the end of 2021. Travel for work sits at one-third. 'No plans' is about 1/8th of the population. This seems to indicate a far greater willingness to travel by individuals. Will this drive more businesses to push forward on resuming work travel, as the majority of employees appear to have a higher comfort level?



HOW YOU CAN GET INVOLVED



TAKE THE SURVEYS



LISTEN TO PODCASTS



READ THE REPORTS

THANKS TO OUR PARTNERS



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