

Economic and Business Outlook Survey

Q4 2024



Contents

Executive Summary

Overview

Economic Outlook

Business Outlook

Appendix



Executive Summary

OVERVIEW

- Eden McCallum's quarterly Economic and Business Outlook Survey was conducted from 15-22 November 2024
- Our survey asked business leaders from across the globe but with a focus on the UK and Netherlands
- Our sample works across a broad range of industries and ownership models

BUSINESS AND ECONOMIC OUTLOOK

- Business leaders remain more optimistic about prospects for their businesses than for the economy as a whole, though economic optimism is also growing
 - Overall, around one-third are optimistic on prospects for the economy, vs two-thirds optimistic for their businesses
- UK leaders are notably more pessimistic about their domestic economy than those in NL and RoW, but while UK pessimists are in the majority, optimism for the UK economic prospects trebled year on year, with a third now optimistic
- In the Netherlands there is also a notable increase in domestic optimism, with the prevailing business optimism continuing to grow
 - 65% are positive on business prospects, and on the economy 42%, a rise from 28% last year
- A wide majority expect Trump's impact to be negative on global and national economies, while a majority expect positive impact on the US economy
- Post- US election, trade barriers became a sharply bigger concern, albeit more so for economies than for our respondents' own businesses:
 - 55% cited it as a top 3 threat to their domestic economy (up from 25% last year), and 19% as a top 3 issue for their businesses (up from 7% last year)
- Whilst most business leaders continue to anticipate declining interest rates, the proportion expecting rate rises has increased over the past six months
- c. 6 in 10 leaders expect inflation to reach target levels in the next 2 years, across geographies
- Leaders view customer demand as the most important external factor impacting performance; geopolitical instability and regulation are also significant
- Internally, talent remains the major issue of concern to business leaders, while optimising use of AI / data has grown in significance since Q4 2023; sustainability and cash flow have fallen in importance

Contents

Executive Summary

Overview

Economic Outlook

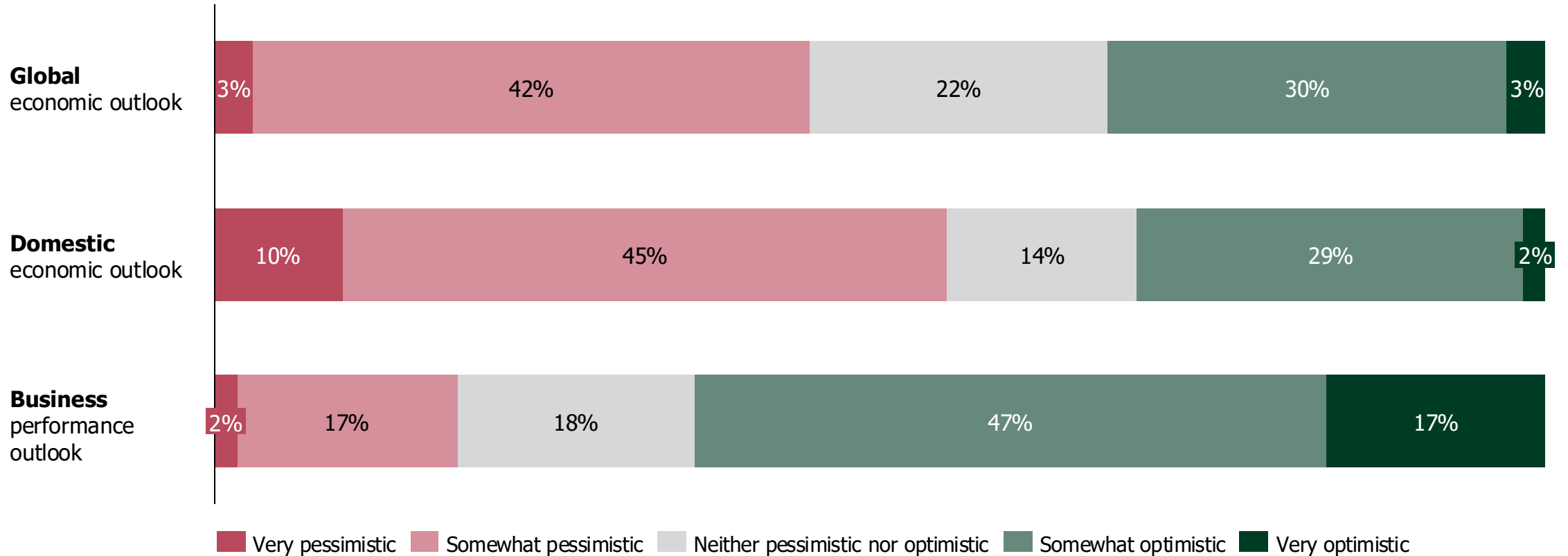
Business Outlook

Appendix



Business leaders' pessimism about the global and their domestic economies contrasts with optimism about their companies' expected performance

ECONOMIC AND BUSINESS OUTLOOK¹ (Q4 '24)



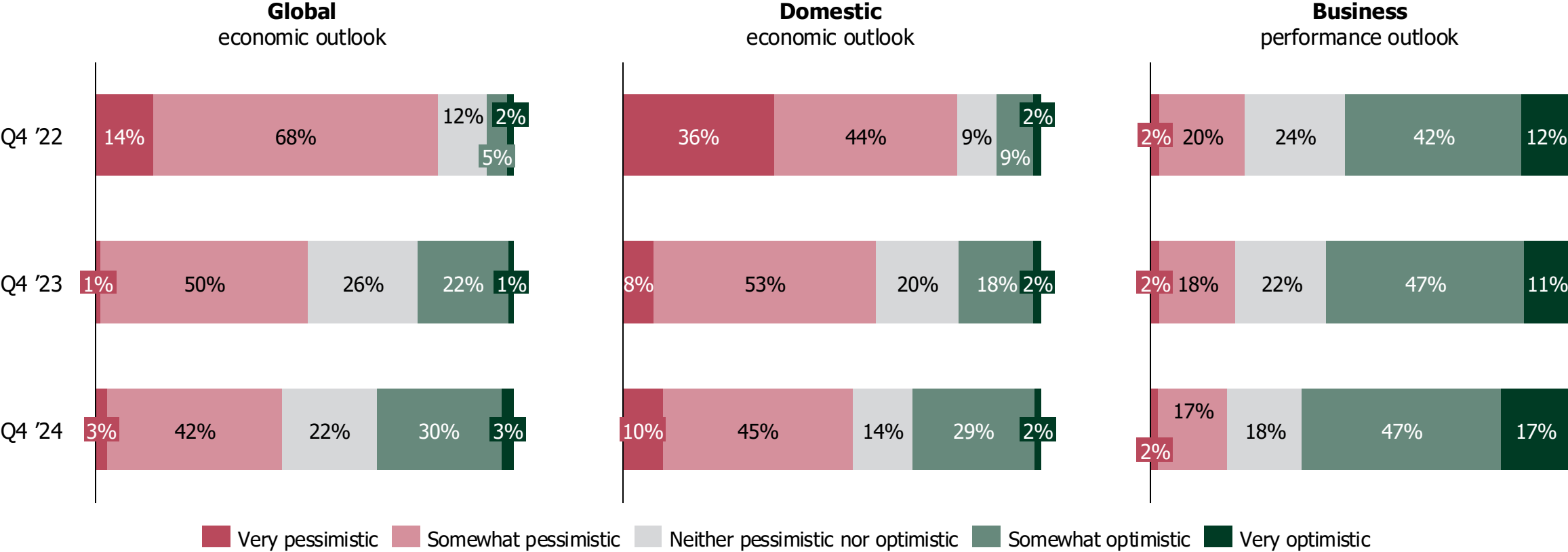
n: 237, 238, 230

Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '24: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

There has been a steady rise in optimism over the past two years

ECONOMIC AND BUSINESS OUTLOOK¹ – ANNUALLY SINCE Q4 '22



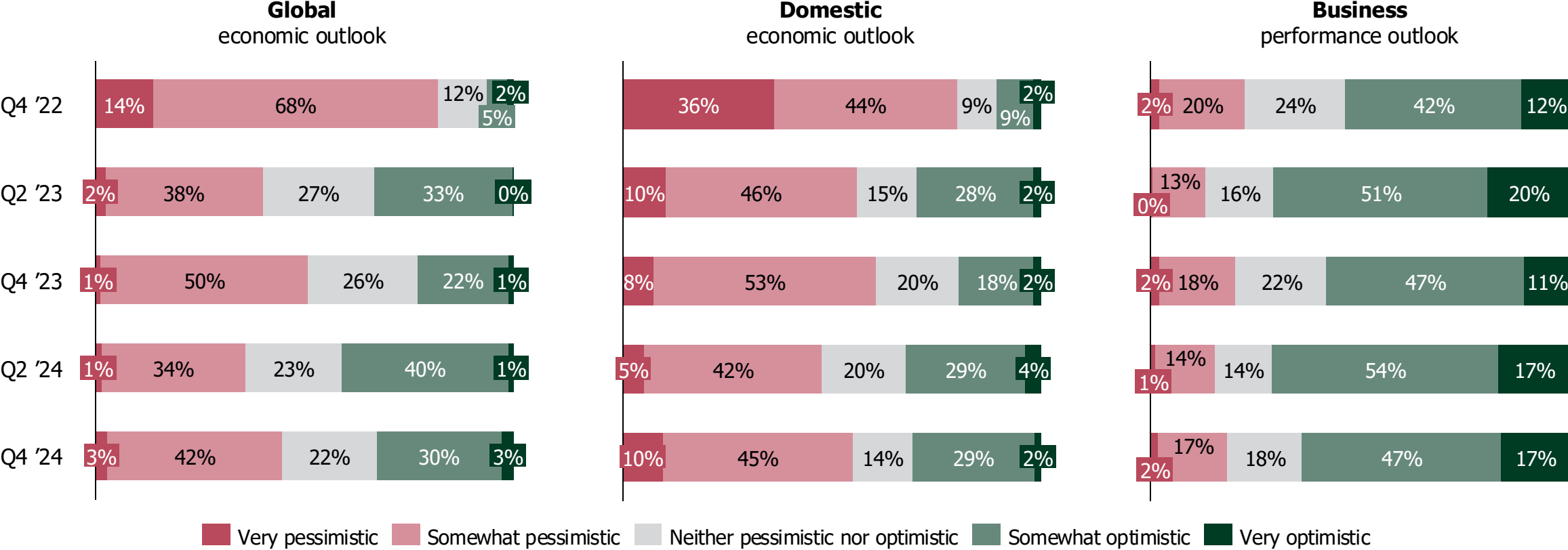
Q4 '22 n: 278; Q4 '23 n: 226, 225, 217; Q4 '24 n: 237, 238, 230

Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '22, Q4 '23, Q4 '24: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

There is a seasonal fluctuation in pessimism, with Q2 being more positive and Q4 more negative; the underlying trend is towards greater optimism

ECONOMIC AND BUSINESS OUTLOOK¹ – SEMI-ANNUALLY SINCE Q4 2022



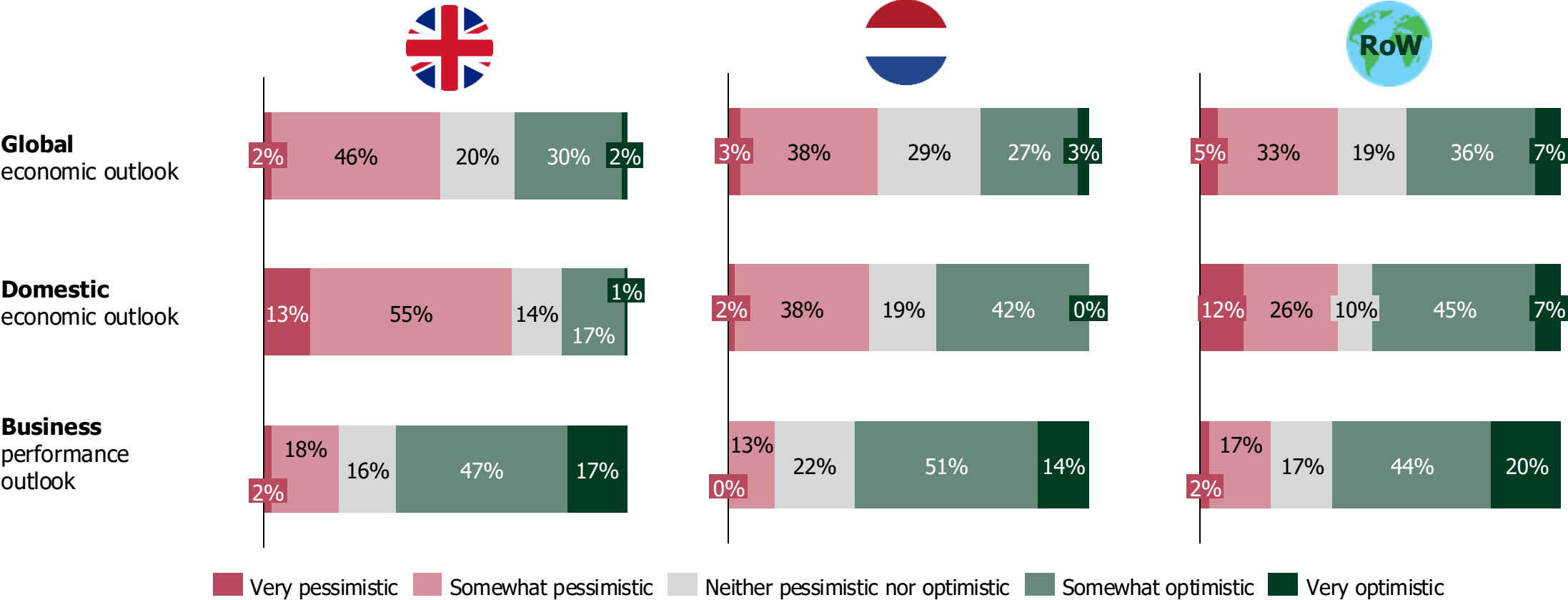
Q4 '22 n: 278; Q2 '23 n: 213, 213, 208; Q4 '23 n: 226, 225, 217; Q2 '24 n: 210, 210, 206, Q4 '24n: 237, 238, 230

Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '22, Q2 '23, Q4 '23, Q2 '24, Q4 '24: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Business leaders in the UK are more pessimistic about their domestic outlook compared to those in the Netherlands and the Rest of the World

ECONOMIC AND BUSINESS OUTLOOK¹ (Q4 '24)

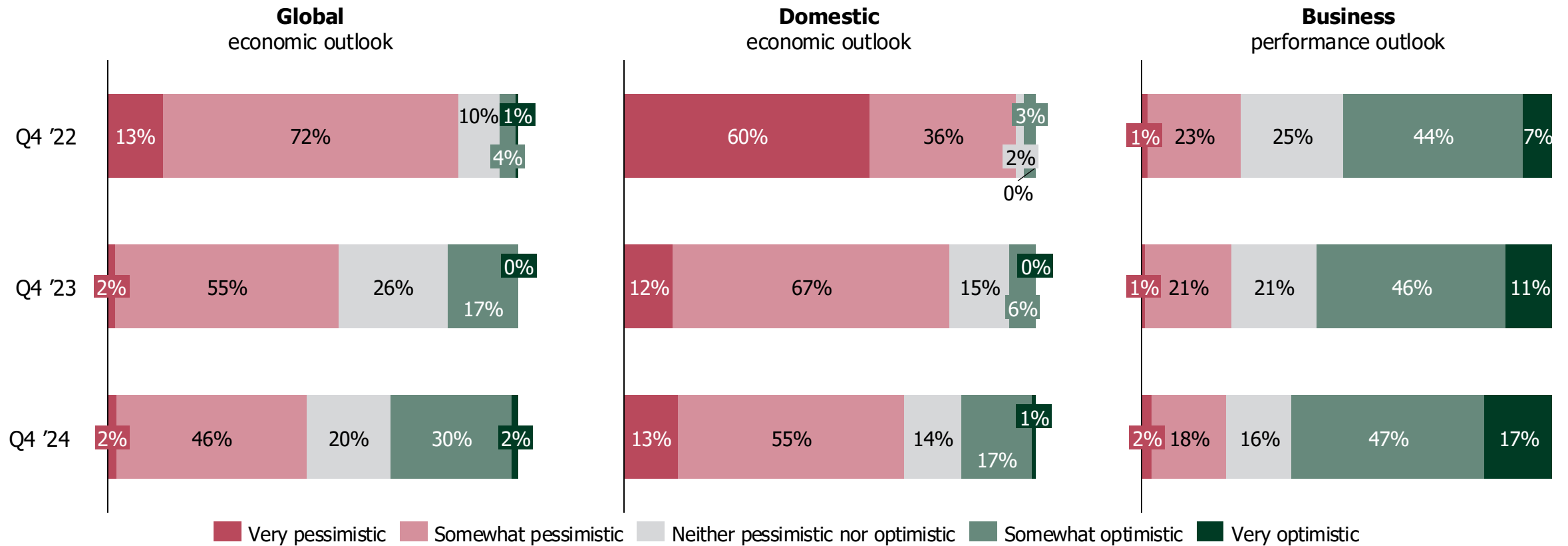


UK n: 132,132,136; NL n: 63,64,63; Rest of World n: 42, 42, 41
 Notes: 1) Don't know responses excluded
 Source: Eden McCallum Business Outlook Survey Q4 '24: Q6 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years? ; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years? ; Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?



Though pessimism on the economy prevails, optimism amongst UK business leaders continues to increase on both the economy and business

ECONOMIC AND BUSINESS OUTLOOK IN THE UK¹ – ANNUALLY SINCE Q4 '22



Q4 '22 n: 149; Q4 '23 n: 110, 110 106; Q4 '24 n: 132,132,136

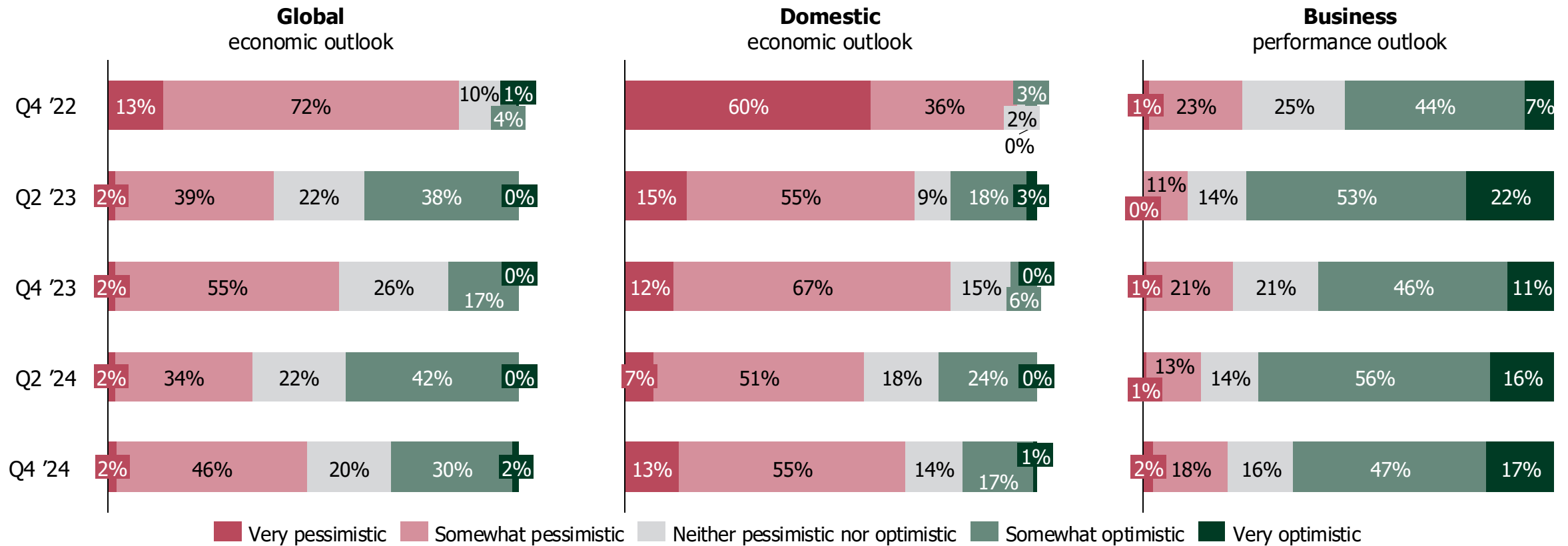
Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '22, Q4 '23, Q4 '24: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?



There is a pronounced seasonal fluctuation in UK sentiment, with Q2 more positive and Q4 more negative – possibly prompted by autumn budgets

ECONOMIC AND BUSINESS OUTLOOK IN THE UK¹ – SEMI-ANNUALLY SINCE Q4 2022



Q4 '22 n: 149; Q2 '23 n: 114, 114, 111; Q4 '23 n: 110, 110 106; Q2 '24 n: 116, 117, 114, Q4 '24 n: 132,132,136

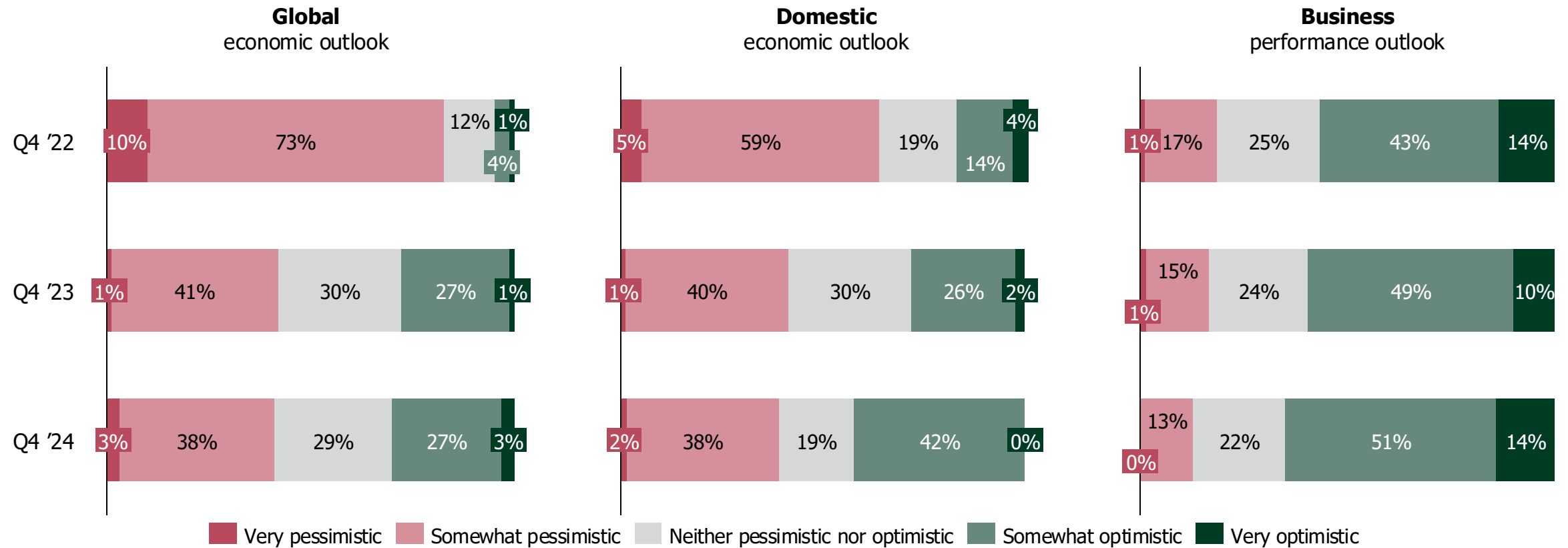
Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '22, Q2 '23, Q4 '23, Q2 '24, Q4 '24: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?



In the Netherlands, sentiment has improved most notably on the economy; business optimism has steadily increased

ECONOMIC AND BUSINESS OUTLOOK IN NL¹— ANNUALLY SINCE Q4 '22



Q4 '22 n: 81; Q4 '23 n: 83, 82, 79; Q4 '24: 63,64,63

Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '22, Q4 '23, Q4 '24: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Contents

Executive Summary

Overview

Economic Outlook

Business Outlook

Appendix



Key challenges faced by organizations after commencing HR transformation



Key challenges

encountered any

activity & performance

management & analysis

Leaders

Classification of Workforce & Risk Management

Attrition

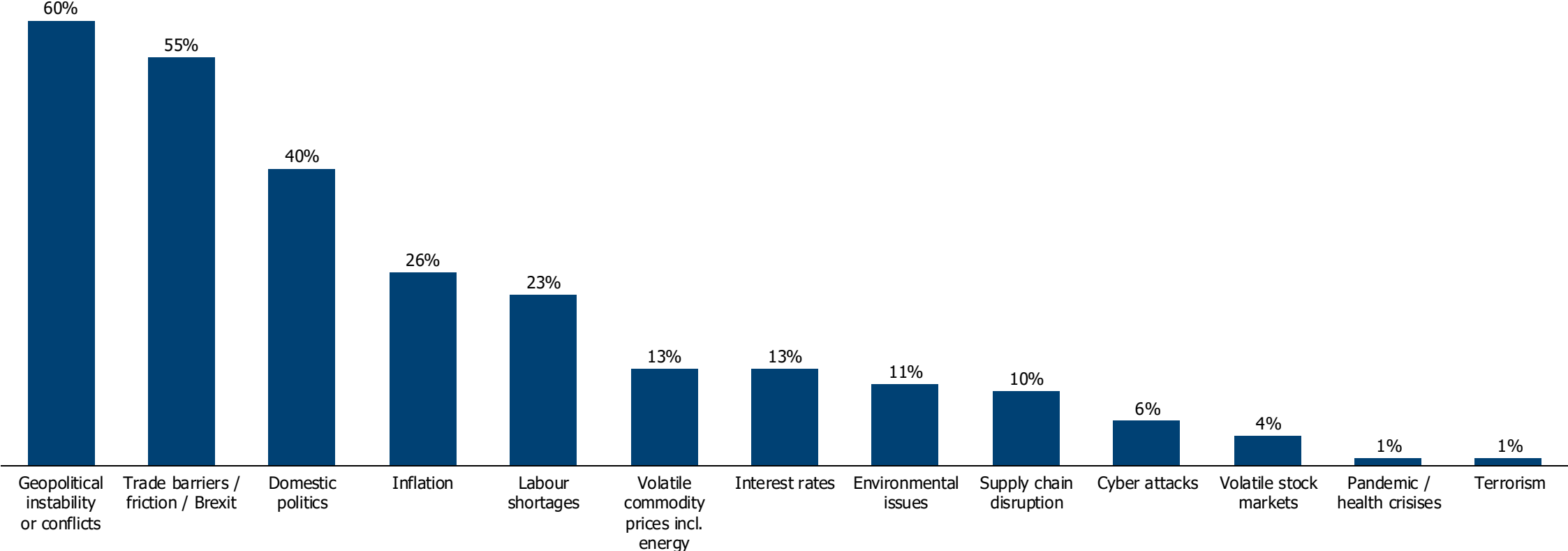
Management & Analysis

Learning & Development

Classification of Workforce & Risk Management

Geopolitical instability and trade barriers are seen as the greatest threats to domestic economies

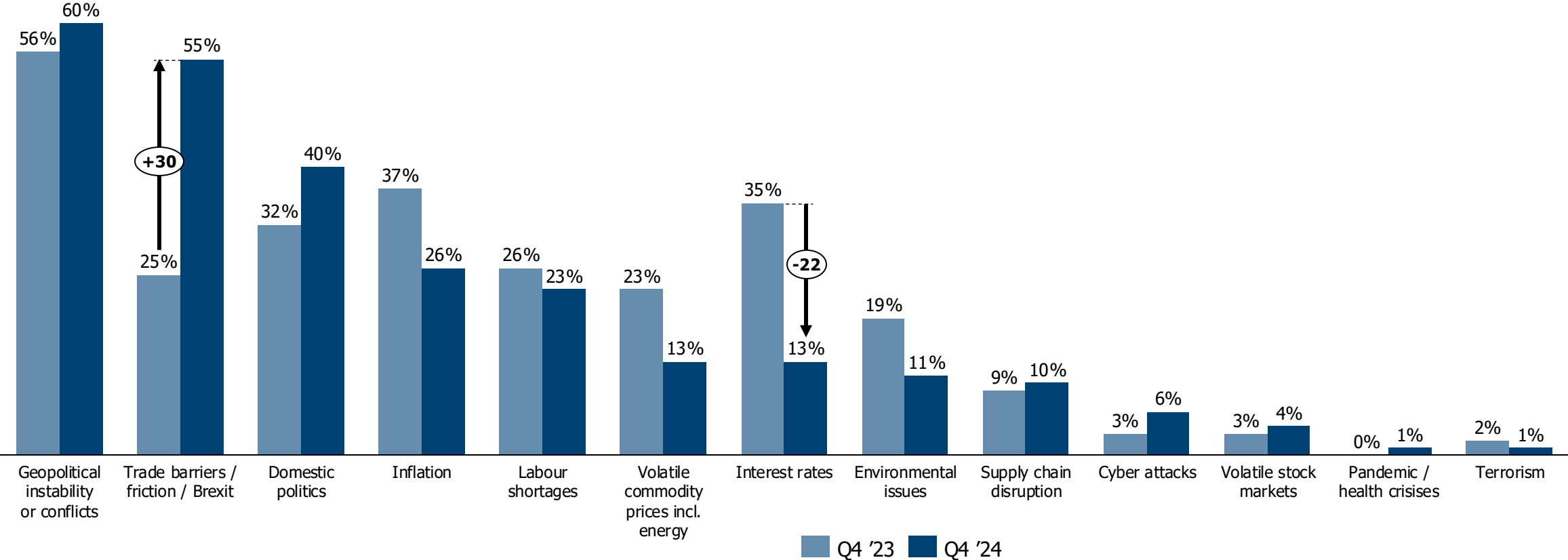
PERCEIVED THREATS TO DOMESTIC ECONOMY¹ (Q4 '24)



n: 235
Notes: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded
Source: Eden McCallum Business Outlook Survey Q4 '24: Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

Post-US election, trade barriers have shot up as a threat to domestic economies; geopolitical instability remains high, while interest rate concerns have fallen sharply

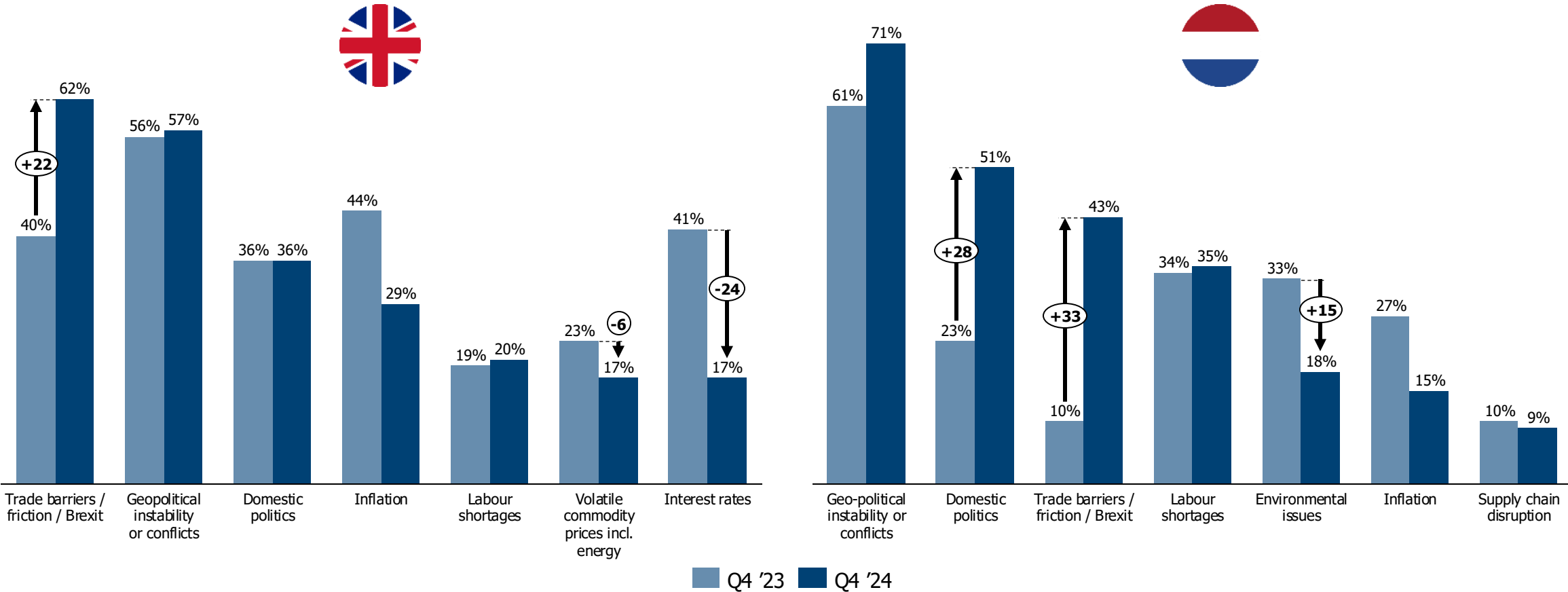
PERCEIVED THREATS TO DOMESTIC ECONOMY¹ (Q4 '23 vs Q4 '24)



Q4 '23 n: 228; Q4 '24: 235
 Notes: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded
 Source: Eden McCallum Business Outlook Survey Q4 '23, Q4 '24: Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

Trade barriers are now the number one concern in the UK, and a sharply increased threat in the Netherlands alongside domestic politics; geopolitical instability worries remain high in both countries

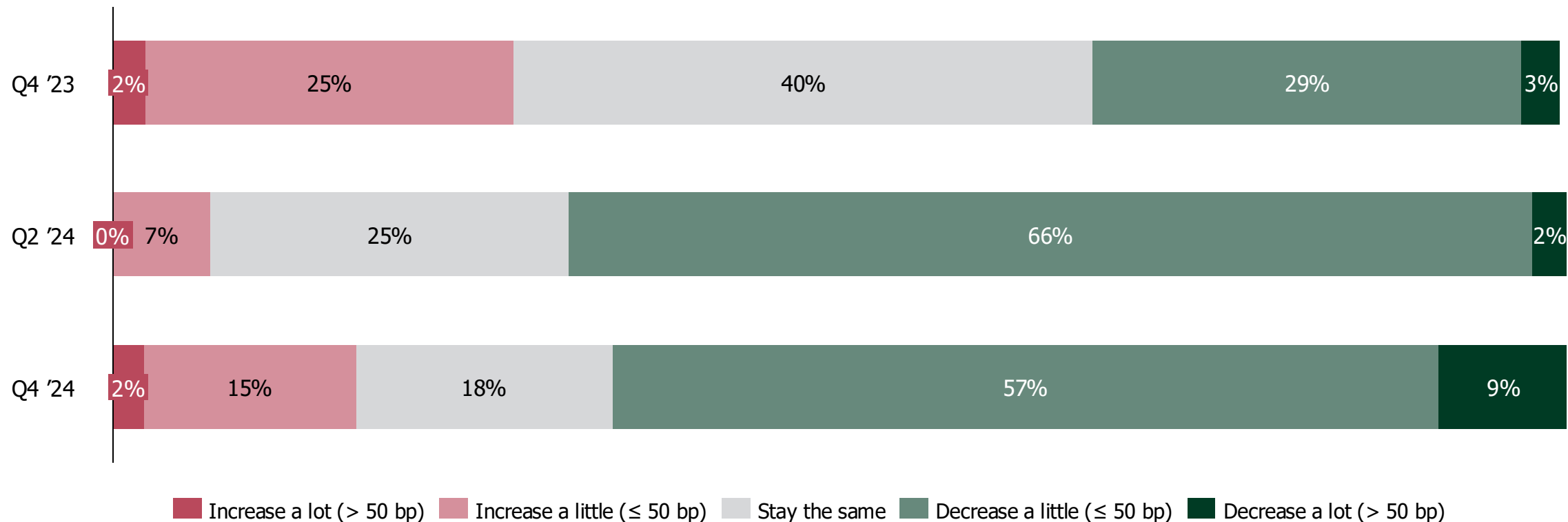
PERCEIVED THREATS TO DOMESTIC ECONOMY^{1,2} (Q4 '23 vs Q4 '24)



Q4 '23: UK n: 111, NL n: 83; Q4 '24: UK n 130, NL n: 64
 Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 7 threats per country
 Source: Eden McCallum Business Outlook Survey Q4 '23, Q4'24: Q8- What do you see as the greatest threats to your country's economy over the next 1-2 years?

Whilst most business leaders continue to anticipate declining interest rates, the proportion expecting rate rises has increased over the past six months...

EXPECTED CENTRAL BANK INTEREST RATE CHANGES BY END OF 2024 (Q4 '23 vs Q2 '24 vs Q4 '24)



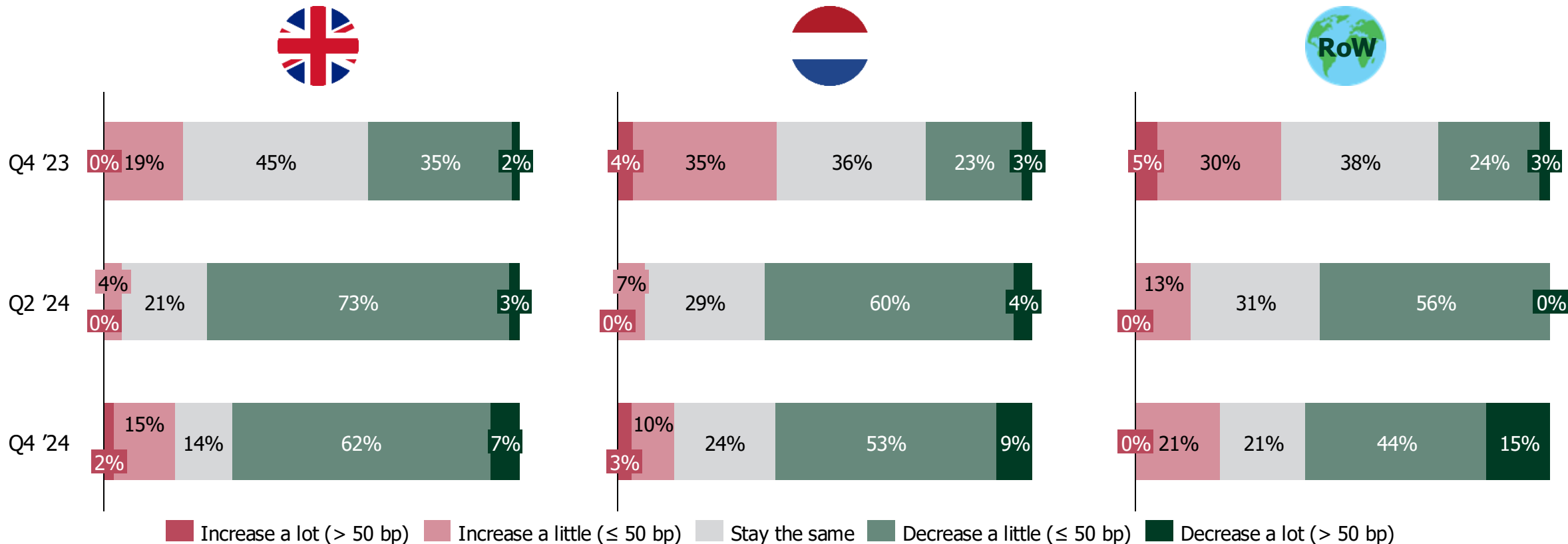
Q4 '23 n: 221; Q2 '24 n: 207; Q4 '24 n: 227

Note: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '23 and Q4 '24: Q9 – Over the next year, what do you think will happen to central bank interest rates in your country / economic zone? Q2 '24: Q9 – By the end of 2024, what do you think will happen to central bank interest rates in your country / economic zone?

... and this is true across geographies

EXPECTED CENTRAL BANK INTEREST RATE CHANGES BY END OF 2024 (Q4 '23 vs Q2 '24 vs Q4 '24)



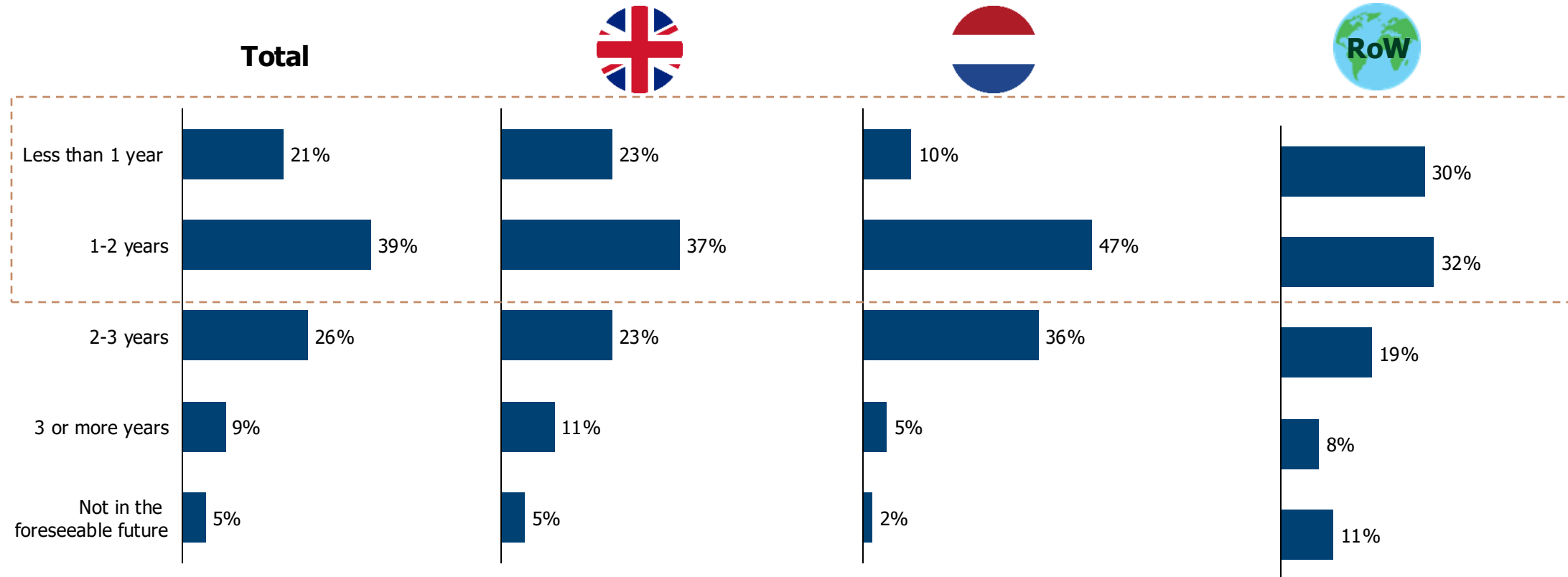
Q4 '23 UK n: 110, NL: 78, RoW 37; Q2 '24 UK n: 117; NL n: 48; RoW 45, Q4 '24 UK n: 130, NL n: 58, RoW n: 39
 March 2024 Inflation rates - UK 3.2%, NL 3.1%, NA 3.5%. March 2024 Interest rates – UK 5.3%, NL, 4.5%, NA 5.5%

Note: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q4 '23: Q9 – Over the next year, what do you think will happen to central bank interest rates in your country/economic zone?; Q2 '24: Q9 – By the end of 2024, what do you think will happen to central bank interest rates in your country / economic zone?

c. 6 in 10 leaders expect inflation to reach target levels in the next 2 years, across geographies

EXPECTED TIME FOR INFLATION TO REACH TARGET LEVELS¹ (Q4 '24)



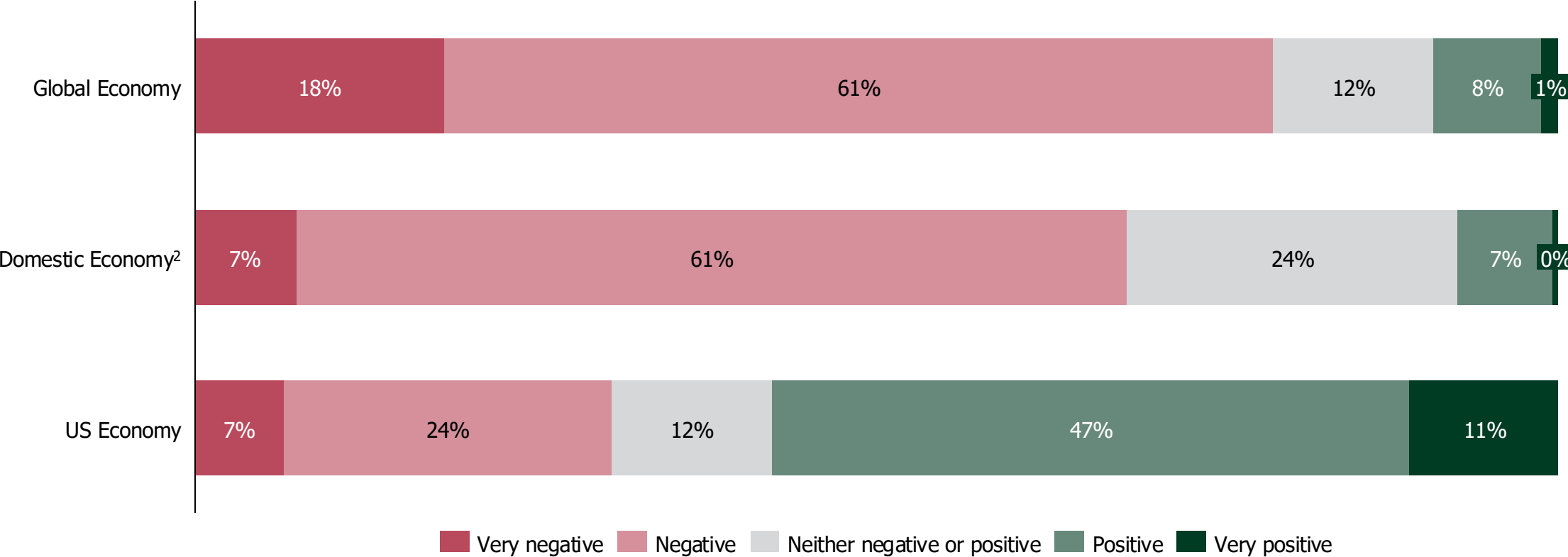
Q4 '24 Total n: 219; UK n: 124; NL n: 58; RoW: 37

Note: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey Q2 '24: Q10- How long do you think it will take for inflation to reach target levels (c. 2%) in your country / economic zone?, Trading Economics, World Government Bonds

Business leaders expect Trump’s presidency to be negative for the global and their national economies, while 6 in 10 anticipate positive economic impact in the US

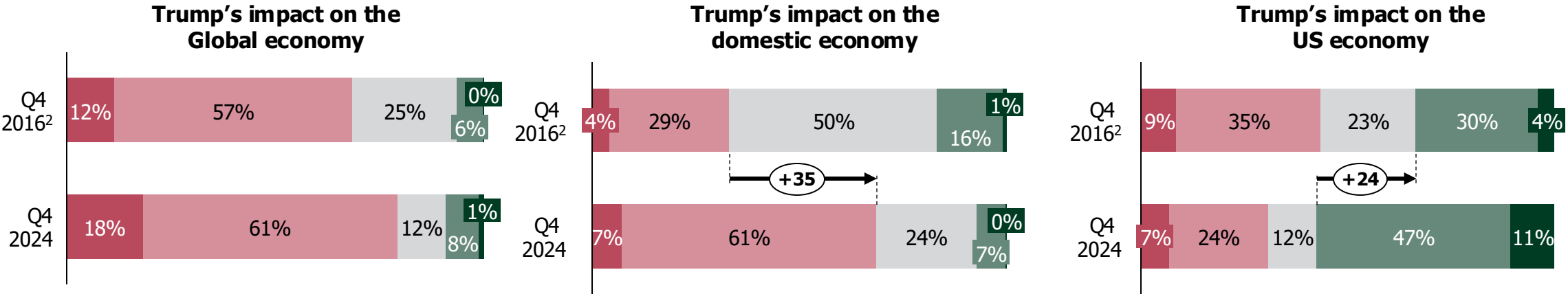
EXPECTED IMPACT OF US PRESIDENT DONALD TRUMP ON MARKETS (Q4 '24)



n: 229, 229, 216
 Notes: 1) Don't know / no opinion responses excluded. 2) Domestic economy excludes US respondents
 Source: Eden McCallum Business Outlook Survey Q4 '24: Q11 – Do you think US President Donald Trump will be positive or negative for the... global economy? US economy? domestic economy?

Business leaders' negativity about Trump's impact on the global and their national economies is greater vs 2016; but the majority now expect a positive impact on the US

EXPECTED IMPACT OF US PRESIDENT DONALD TRUMP ON MARKETS (Q4 '16 V Q4 '24)



Survey comments 2024:

"Tariffs will likely **stifle trade globally**, creating uncertainty and volatility"

"Protectionism works in the very short term but is negative in the long term. He will drive the world to **de-globalization**"

"We have a good relationship with the US, so if we can **sign a good trade deal** minimizing tariffs, it will be positive for our economy

"**Short-term US economic growth** will benefit from deregulation, tax cuts, more debt, and policies like on-shoring manufacturing and increasing energy production"

"His **view on climate** and likely decision to **exit the Paris Accord** will derail the global focus on the massive investment needed to tackle climate change."

"His protectionist policies are going to majorly harm **export driven economies** and **global supply chains** in general"

"Protectionist policies, **particularly tariffs**, will disrupt trade, raise costs, and **drive inflation domestically and globally**"

"He is setting up extreme future **instability**"

"Animal spirits that **prioritise domestic economic growth** with policies that favour US industries"

"In the US tariffs will drive inflation on the price of goods, and loss of cheap immigrant labour will drive up input costs"

Very negative Negative Neither negative or positive Positive Very positive

2016 n: 411, 414, 412; Q4 '24 n: 229, 229, 215. Q4 '24 n comments: 67
 Notes: 1) Don't know / no opinion responses excluded, 2) 2016 sample of ~412 respondents is 74% UK, 13% NL, 13% CH
 Source: Eden McCallum Economic Outlook Survey Q4 '16, Q11: Do you think US President Donald Trump will a good thing or bad thing for the... global economy? US economy? domestic economy Eden McCallum Business Outlook Survey Q4 '24: Q11 - Do you think US President Donald Trump will be positive or negative for the.. global economy? US economy? domestic economy?

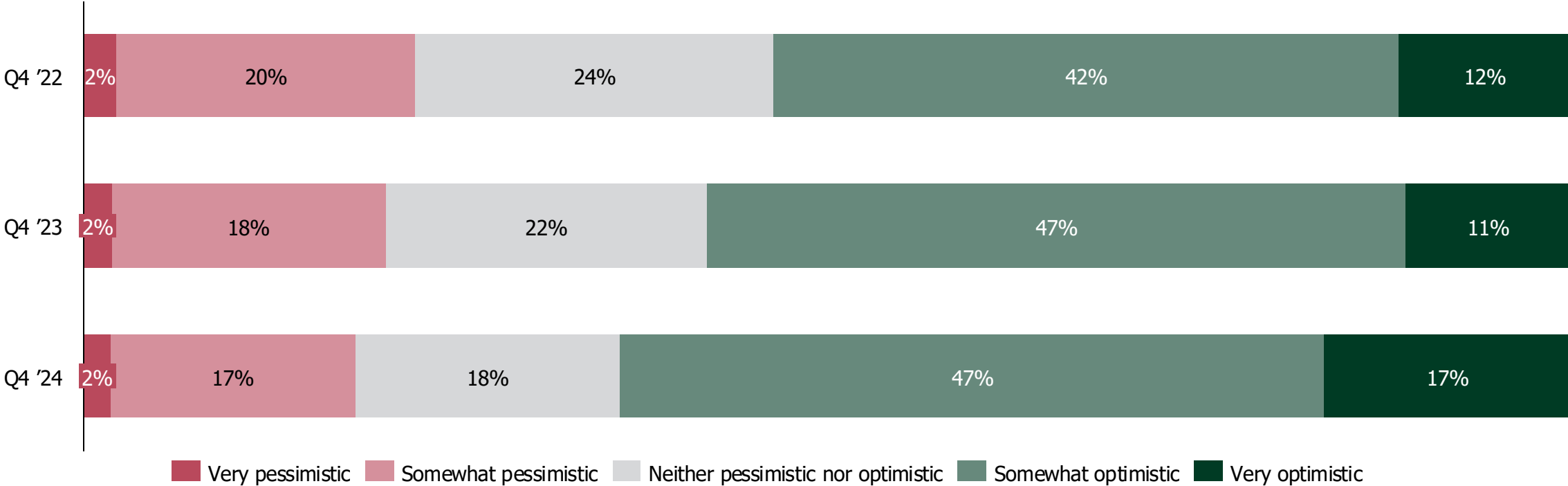
Contents

- Executive Summary
- Overview
- Economic Outlook
- Business Outlook**
- Appendix



There has been a steady increase in optimism regarding business performance outlook over the past three years

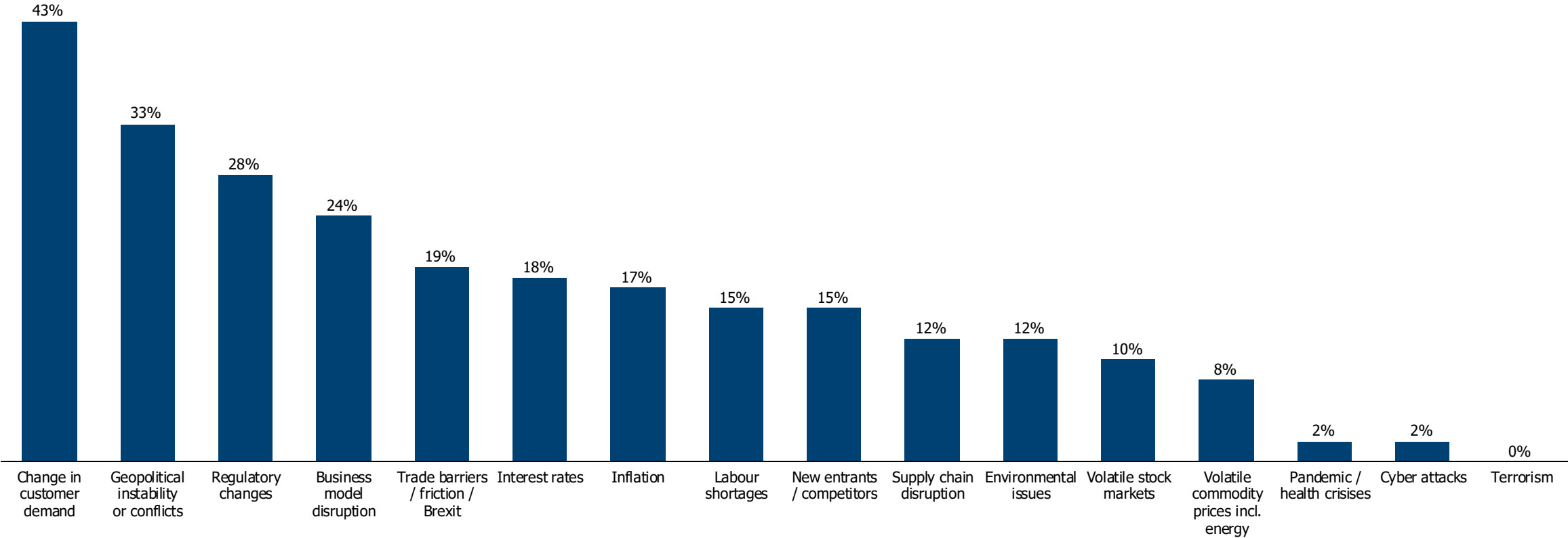
BUSINESS PERFORMANCE OUTLOOK¹ – ANNUALLY SINCE Q4 '22



Q4 '22 n: 278; Q4 '23 n: 217; Q4 '24 n: 230
Notes: 1) Don't know responses excluded
Source: Eden McCallum Business Outlook Survey Q4 '22, Q4 '23, Q4 '24: Q12 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Leaders view customer demand as the most important external factor likely to impact company performance; geopolitical instability and regulation are also significant

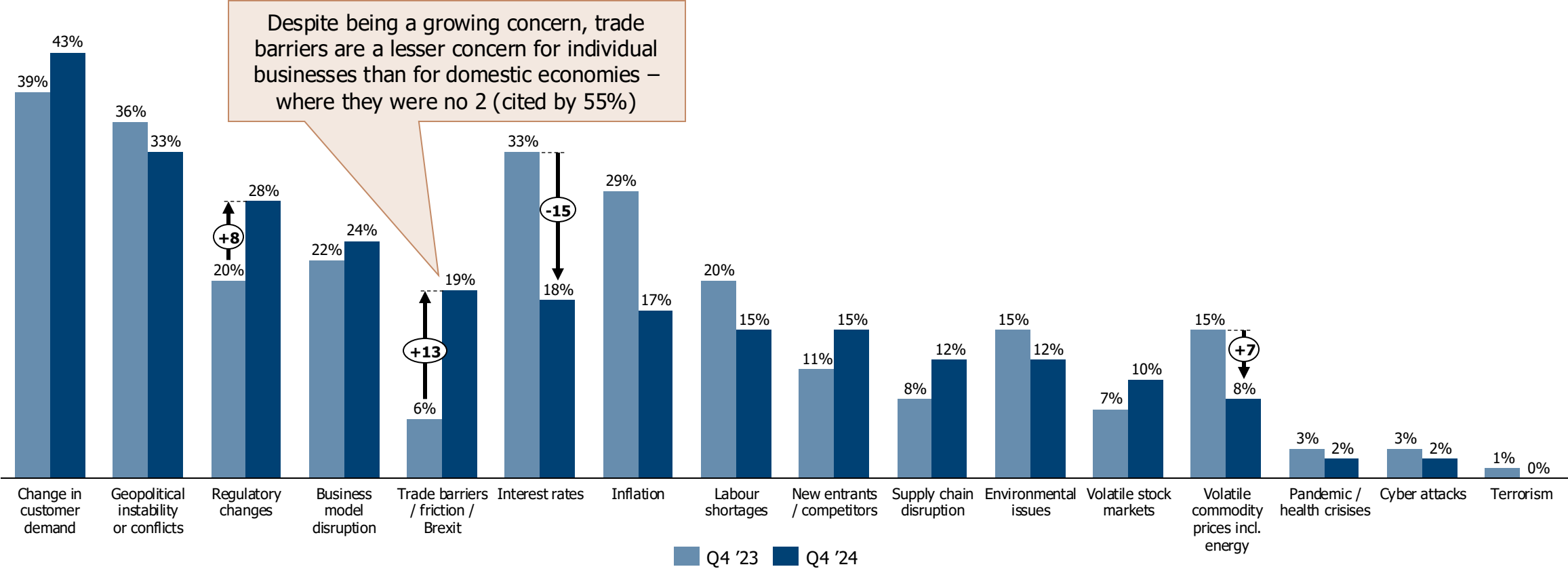
EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE¹ (Q4 '24)



n: 224
 Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded
 Source: Eden McCallum Business Outlook Survey Q4 '24: Q13 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Trade barriers saw the sharpest increase in concern in the past year, while concern around interest rates saw the greatest decrease

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE¹ (Q4 '23 vs Q4 '24)



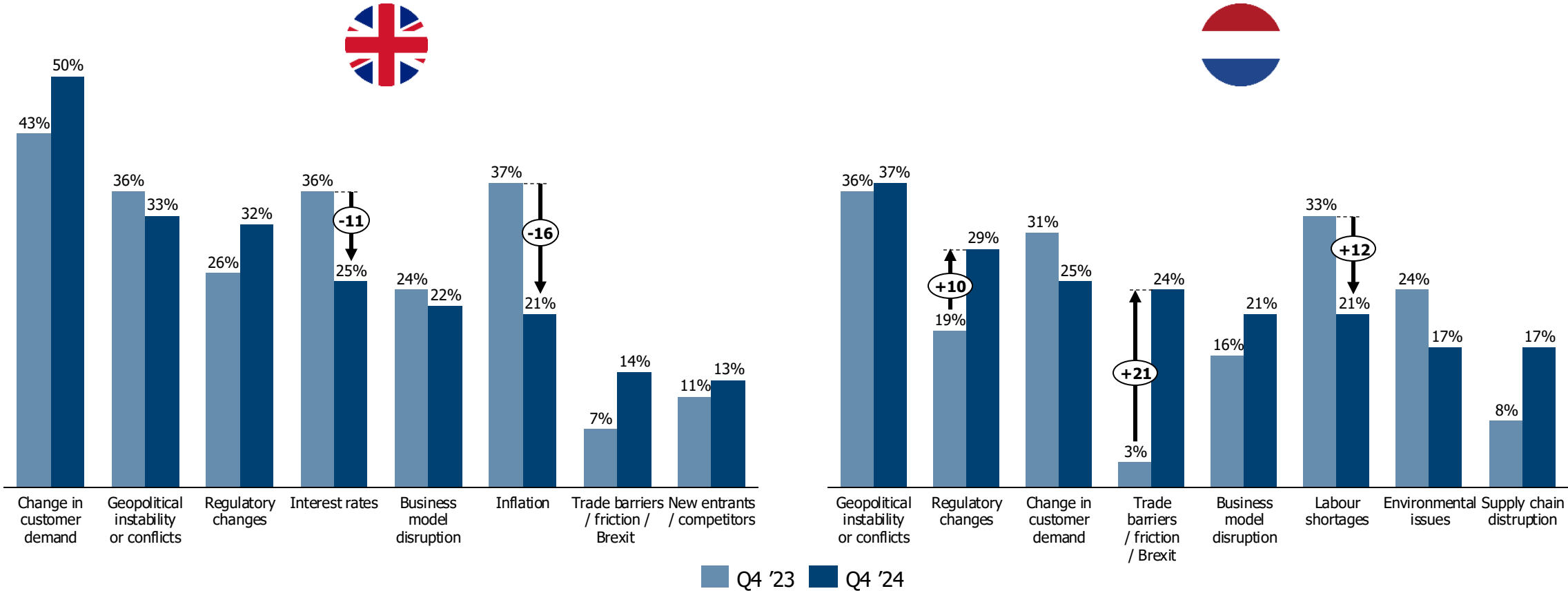
Q4 '23 n: 220; Q4 '24 n: 224

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q4 '23, Q4 '24: Q13- What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Since Q4 2023, concern about the impact on businesses of interest rates and inflation has decreased in the UK; trade barrier concerns have risen most sharply in NL

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE^{1,2} (Q4 '23 vs Q4 '24)



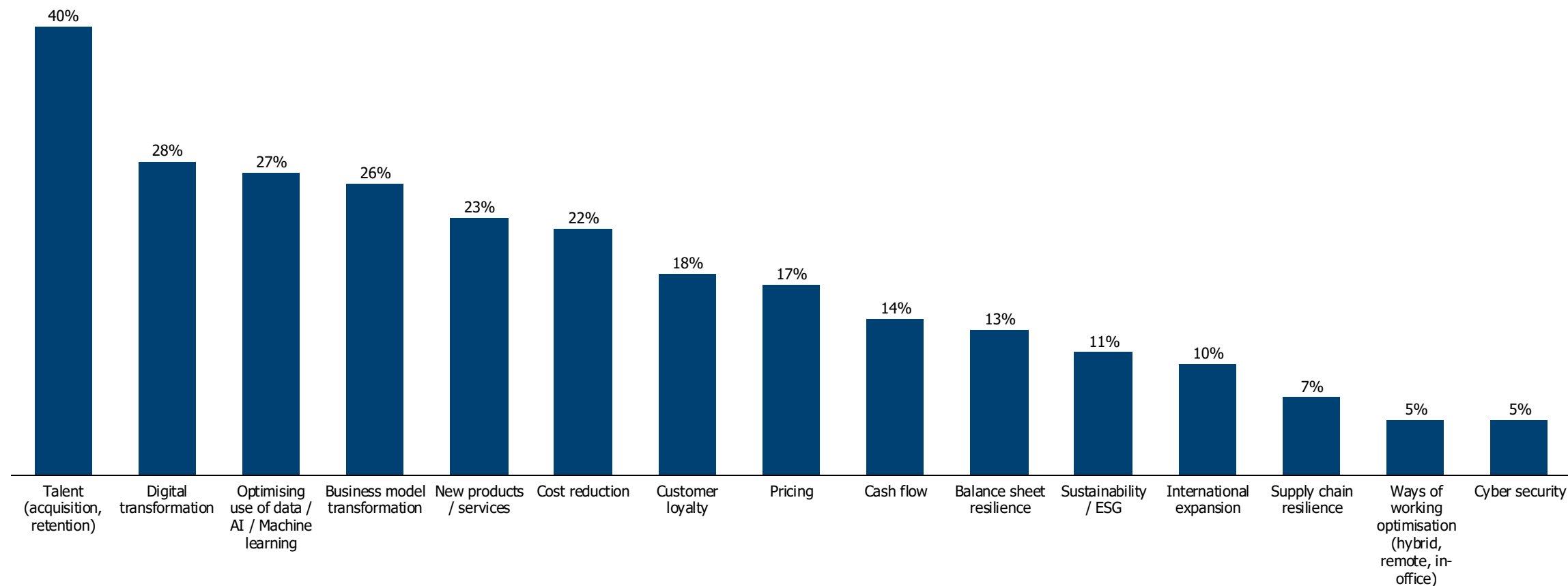
Q4 '23 UK n: 114, NL n: 47; Q4 '24 UK n: 123, NL n: 62

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 8 factors per country

Source: Eden McCallum Business Outlook Survey Q4 '23, Q4 '24: Q13 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Talent remains the most important internal issue for business leaders

MOST IMPORTANT INTERNAL ISSUES FOR BUSINESSES¹ (Q4 '24)



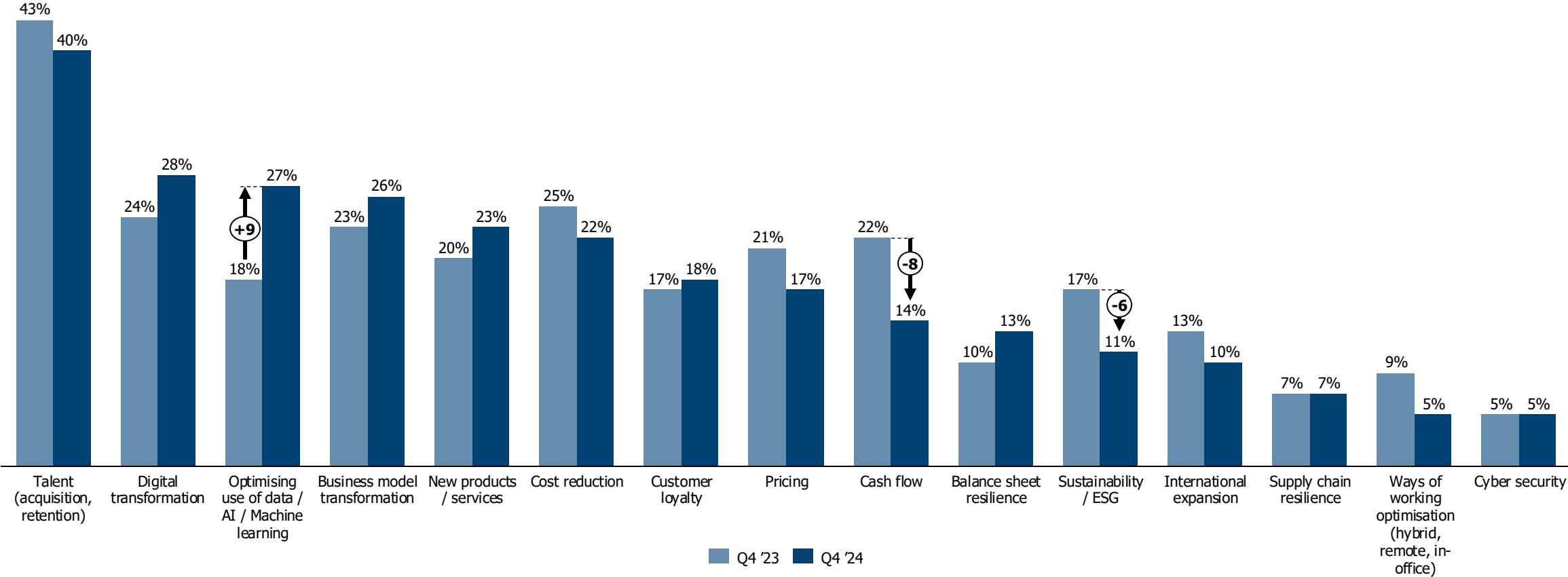
n: 227

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey Q4 '24: Q14- What are the most important internal issues for your company over the next 1-2 years?

Optimising use of AI/ data has grown in significance since Q4 2023, whilst sustainability and cash flow have decreased in importance

MOST IMPORTANT INTERNAL ISSUES FOR BUSINESSES¹ (Q4 '23 vs Q4 '24)



Q4 '23 n: 220; Q4 '24 n: 227
 Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded
 Source: Eden McCallum Business Outlook Survey Q4 '23, Q4 '24: Q14- What are the most important internal issues for your company over the next 1-2 years?

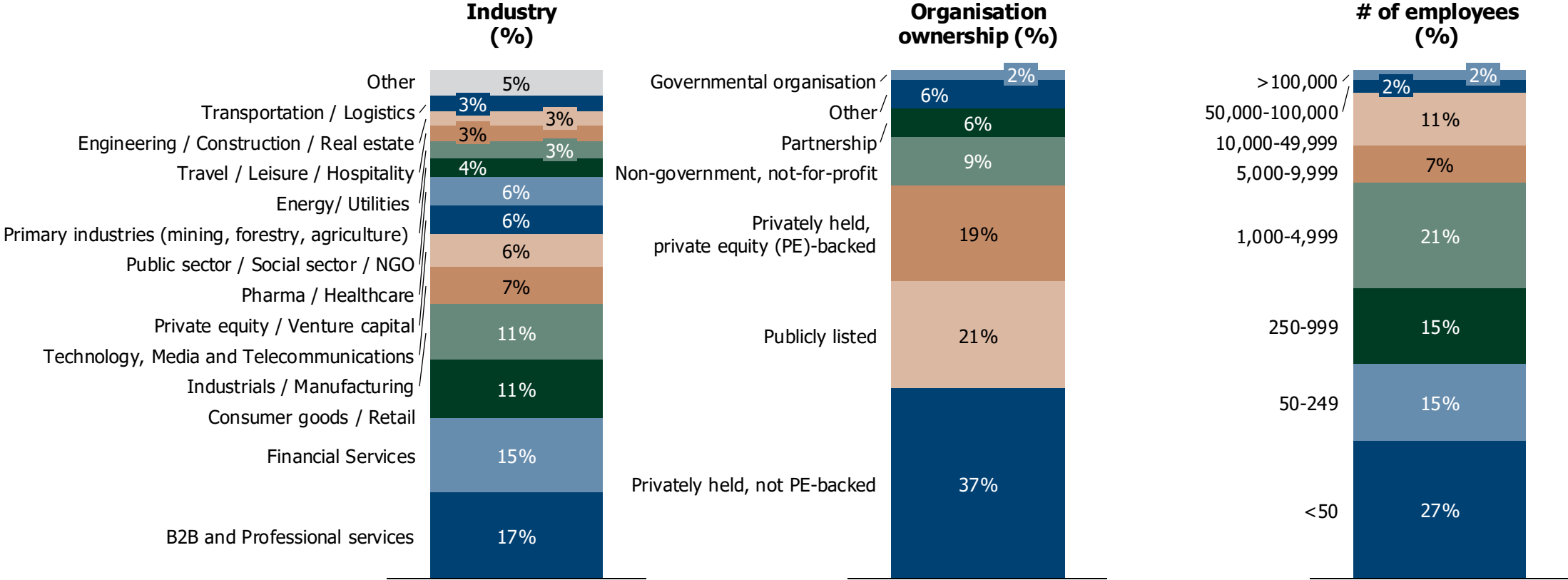
Contents

- Executive Summary
- Overview
- Economic Outlook
- Business Outlook
- Appendix**



Survey sample information [1 of 2]

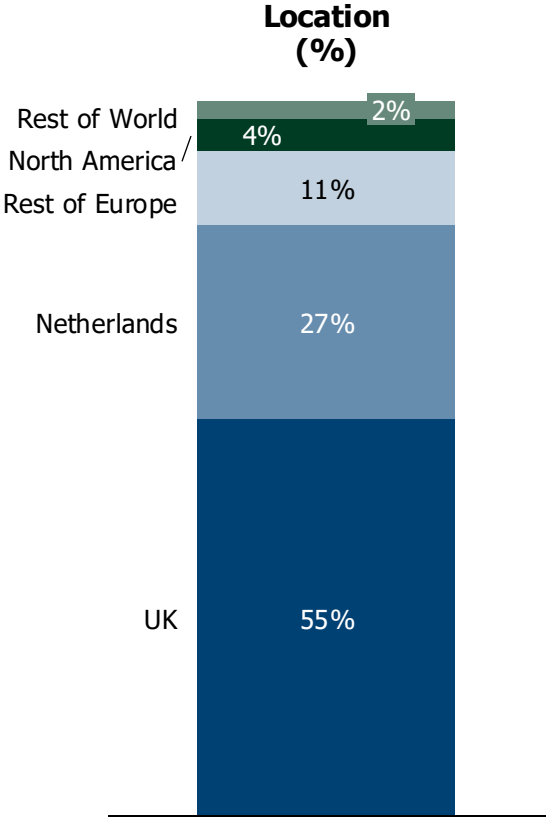
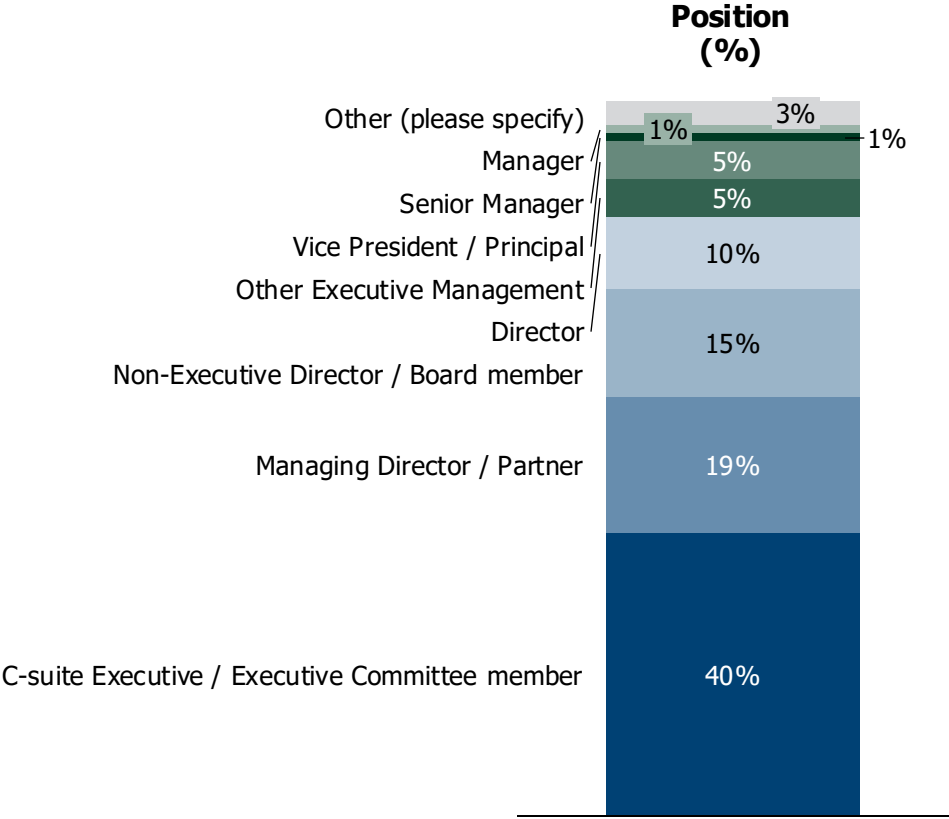
KEY FACTS ABOUT THE SAMPLE SURVEY RESPONDENTS' ORGANISATIONS



n: 247
 Source: Eden McCallum Business Outlook Survey Q4 '24: Q1 - What industry is your company / organisation in? ; Q4 - How would you best describe your organisation? Please select one.. ; Q2 - How many people does your company / organisation employ in total?

Survey sample information [2 of 2]

KEY FACTS ABOUT THE SAMPLE SURVEY RESPONDENTS



n: 247
 Source: Eden McCallum Business Outlook Survey Q4 '24: Q5 - Which of the following best describes your role within your organisation?; Q3 - In which country do you live?