

The report summarises the **Business Conditions** for 10 major economies using macroeconomic and sentiment indicators and aims to provide an update on business-related developments in those countries. The observations include developments on five parameters which are the most relevant for a business and analysis of a wide array of indicators using which we try to come up with a qualitative assessment for the parameters. The commentaries included are indicative of our evaluation, representing any significant development or anecdotal evidence in support of our assessment of the respective parameter.

Demand Conditions: This metric tries to capture the aggregate demand for goods and services in the economy. We use indicators having short and medium impact on consumer demand like GDP, inflation as well as sentiment indicators to gauge the short-term demand environment.

Supply Conditions: This metric tries to capture any disruption to supply of raw materials, intermediate or imported goods as well finished goods for the economy. This makes use of concurrent as well as forward looking indicators like industrial production and business confidence.

Cost Conditions: The cost environment tries to capture the cost of production and operating a business to companies in terms cost of capital, labour as well as borrowing costs.

Credit Conditions: This metric tries to summarise the factors affecting access and flow of credit to the non-financial sector in the economy. It also takes into account availability of credit in the economy using indicators like financial conditions index.

D&B insights: This provides a look into the business conditions of a country using D&B proprietary data which provide unique insights on a firm level. For more information you can check out the official D&B page.

The month of February was dominated initially by inflation before the focus shifted on to tensions brewing in Europe. Earlier in the month, consumer prices in US jumped 7.5% in the 12 months to January, the biggest year-on-year gain since February 1982. Inflation appears to be a more broad-based phenomenon in the US than some other countries, but we have seen strong headwinds to profit margins from input prices on a global scale. The invasion of Ukraine by Russia will lead to a highly uncertain outlook for energy, which implies further upsides for oil and natural gas prices. This will also lead to higher prices for non-oil commodities and agricultural products.

Economic Heat Map

	GDP (% y/y)	Unemployment Rate (%)	Inflation (% y/y)	Industrial Production (% y/y)	Business Confidence (level)	Corporate Credit Growth (% y/y)	Stock Price Indexes (level)
UK	↓	→	↓	↓	↑	↓	↓
US	↑	↑	↓	↓	↓	↓	↓
France	↑	↑	→	↑	↓	↓	↓
Germany	↓	↑	↑	↓	↓	↑	↓
Japan	↓	↓	↓	↑	↓	↓	↓
Canada	↓	↑	↑	↑	↑	↓	↑
Switzerland	↑	↑	↑	↑	↓	↓	↓
Brazil	↓	↑	↓	↑	↓	↓	↑
India	↓	↓	↓	↓	↓	↓	↓
China	↓	↓	↓	↑	↓	↓	↓

Note: Arrows denote an improvement/deterioration in latest monthly/quarterly data from previous published values

UNITED STATES

Demand Conditions



More people ate out during Christmas Weekend compared to 2020, but less compared to 2019, according to OpenTable.

Supply Conditions



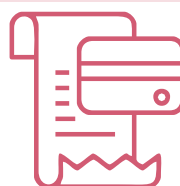
President Biden met with authorities from the Ports of Los Angeles and Long Beach and the International Longshore and Warehouse Union (ILWU) to address delays and congestions across transportation supply chain.

Cost Conditions



High input prices a worry. The Producer Price Index has averaged 11.6% y/y in the second half of 2021.

Credit Conditions



Credit to non-financial corporates finally increased in November after seven monthly declines.

D&B Data Corner

In 2021 the number of commercial bankruptcies fell by 11.9% year over year.

CANADA

Demand Conditions



Canadian job vacancy rate climbed to the highest level on record in Q2 2021, 25.8% higher than Q2 2019.

Supply Conditions



Canadian Real Estate Association reports tight inventory levels in the housing market. Buyers purchased a record 667,000 homes in 2021, 20% more than the previous annual record.

Cost Conditions



Firms surveyed in the Bank of Canada's Business Outlook Survey see labor shortages intensifying and wage pressure increasing.

Credit Conditions



Analysts expect the Bank of Canada to follow the Federal Reserve and hike the policy rate, maybe as early as April.

D&B Data Corner

Our latest trade payment information indicates that businesses have generally recovered strongly from last year's pandemic.

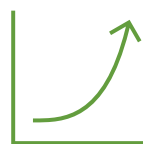
UNITED KINGDOM

Demand Conditions



Consumer confidence improved in November ahead of the holiday season, despite Covid cases ticking up.

Supply Conditions



55% of businesses expect increase in activity over the next 12 months.

Cost Conditions



Producer input prices at the highest since November 2008.

Credit Conditions



Credit to non-financial corporates finally increased in November after seven monthly declines.

D&B Data Corner

Payment delays slightly lengthened in Q3 and Q4 2021, however FX delays are still non-existent.

FRANCE

Demand Conditions



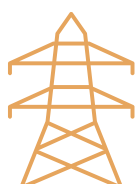
A new law was imposed recently that will ban unvaccinated people from restaurants, sports arenas, and other venues as COVID cases surge.

Supply Conditions



France has plans for 21 new projects worth €4 billion as part of a drive to attract foreign investors. These are expected to generate around 10,000 new jobs.

Cost Conditions



In order limit energy costs, the government will force EDF, the state energy provider, to take an €8.4 billion hit by restricting bill hikes to 4% this year.

Credit Conditions



Credit to non-financial corporates increased the most in one and a half years over November.

D&B Data Corner

The number of commercial bankruptcies fell by 15% year-on over-year in Jan-Oct 2021 at 22,767 compared to same period in 2020. There has been consistent improvement over the last 8 years in the reduction of business failures.

GERMANY

Demand Conditions



German statistics agency Destatis estimates that output fell 0.5% to 1.0% q/q in the fourth quarter, a direct fallout of supply bottlenecks and increasing Covid cases.

Supply Conditions



The Federation of German Industries (BDI) notes, "Order books are full, but production is not keeping pace with demand. Pandemic-related restrictions and supply bottlenecks are affecting large parts of the economy."

Cost Conditions



German energy prices in December were 18.3% higher than a year earlier. The headline harmonized CPI increased 5.7% y/y.

Credit Conditions



NY Times reports that utility companies in Germany are scrambling to secure millions of euros in extra liquidity to ensure they can meet future contracts on the back of soaring natural gas prices.

D&B Data Corner

Germany has a good payments record: data from Dun & Bradstreet's Worldwide Network partner, Informa, shows that firms paid their bills 6.6 days late on average in Q1-Q4 2021, remaining essentially stable with respect to 2020.

SWITZERLAND

Demand Conditions



The State Secretariat for Economic Affairs (SECO) forecasts 3% GDP growth in 2022.

Supply Conditions



According to a private report, Swiss entrepreneurs defied the pandemic and set up 50,545 new companies in 2021, an increase of 7.9% compared to the previous year.

Cost Conditions



The Swiss government intends to implement a minimum tax rate of 15% for multinationals as of January 2024.

Credit Conditions



In a bid to make credit payments systems more efficient, the Swiss National Bank used digital currency to settle transactions involving five commercial banks^{002E}

D&B Data Corner

D&B data shows that corporate bankruptcies in Switzerland have increased by 9% to 6082 in 2021 to compared to 2020.

JAPAN

Demand Conditions



Japan 'economy watcher' sentiment for current conditions climbs above pre-pandemic level in December, though future sentiment falls.

Supply Conditions



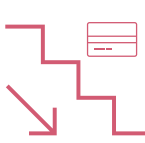
Japan's core machinery orders—an indicator for capital spending—rose for a second straight month in November to the highest in two years.

Cost Conditions



The Bank of Japan upgraded its inflation forecasts and flagged heightening chances the recent commodity-driven price hikes will broaden.

Credit Conditions



Despite the ultra-dovish stance of Bank of Japan, credit growth to corporates has averaged a negative 0.1% m/m over the past six months.

D&B Data Corner

D&B data shows that business failures in Japan has declined consistently year-on-year since 2013.

CHINA

Demand Conditions



China's economy grew 4% in the final quarter of 2021 to expand 8.1% y/y. Though higher than consensus, the Q4 figure is the weakest growth in a year and a half.

Supply Conditions



The industrial capacity utilization rate came in at 77.5% in 2021, up 3 percentage points from the previous year, according to the National Bureau of Statistics.

Cost Conditions



China's Personal Information Protection Law is a challenge for internet-based businesses operating in the country and altering the cost-benefit analysis.

Credit Conditions



Credit is going to become cheaper—following the RRR (-50bps) and 1Y loan prime rate (-5bps) in Dec 2021, the People's Bank of China cut its 1Y policy loans rate by 10bps (from 2.95% to 2.85%).

D&B Data Corner

Data from Dun & Bradstreet's Worldwide Network partner, Huaxia Dun & Bradstreet, shows that between January and November of 2021, the number of business insolvencies in China decreased by 27% against the same 11-month period in 2020

BRAZIL

Demand Conditions



CEOs in Brazil are less optimistic about growth rates than they were a year ago, and just 55% are optimistic about their own companies.

Supply Conditions



Online Brazil's successful auction of deep-sea oil prospects in December was hailed as a sign of oil majors' appetite for crude.

Cost Conditions



Prices increased 10.06% in December from a year ago, above the 9.96%, due to costlier fuel, kinks in global supply chains and a series of extreme weather events.

Credit Conditions



Banco Central do Brazil noted a sharper expansion in discount of receivables and revolving credit lines in the corporate segment in the Q4 Quarterly Inflation Report.

D&B Data Corner

The average of SSI scores for firms in Brazil for whom D&B has data register a high risk of bankruptcy with a score of 11.6.

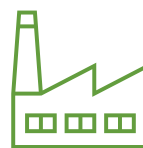
INDIA

Demand Conditions



The PwC Annual Global CEO Survey found that 99% CEOs in India are optimistic about India's economic growth in the coming year.

Supply Conditions



Industrial production growth remained subdued for the third straight month and expanded by 1.4% in November, mainly due to the waning low base effect, while the mining sector showed good performance.

Cost Conditions



The Economic Times reports that India's top IT services firms have begun pricing their clients higher on digital deals, reflecting higher cost of retaining and hiring talent.

Credit Conditions



The Reserve Bank of India stated in its December monthly bulletin monetary and credit conditions are improving with bank credit picking up in a gradual but sustained manner.

D&B Data Corner

In the run up to the pandemic, the health of the Indian corporate sector was already showing signs of stress. Gross non-performing assets (GNPA) ratio in the banking sector remained high: 9% in March 2019 and 8.2% in March 2020