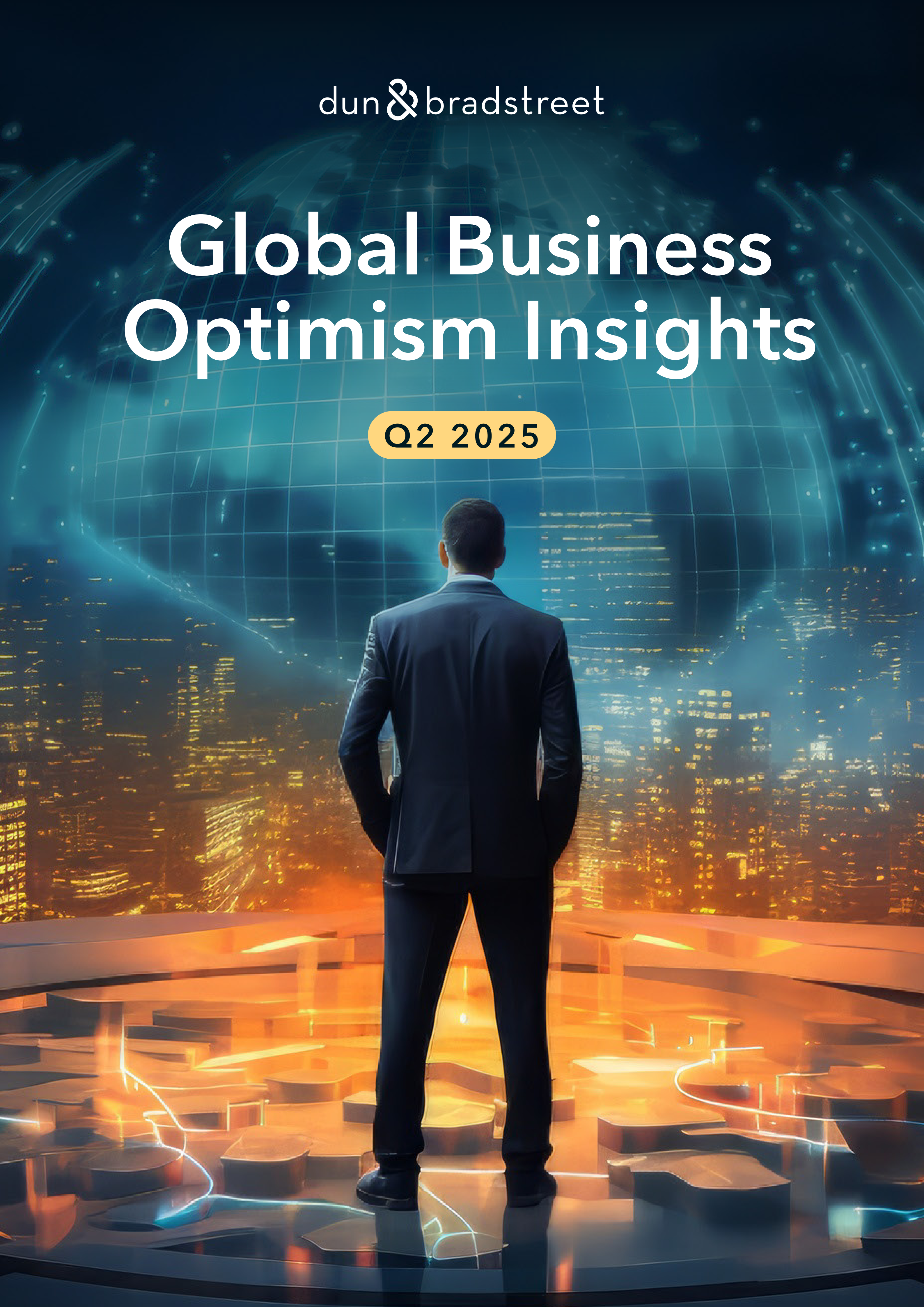
dun & bradstreet

Global Business Optimism Insights

Q2 2025



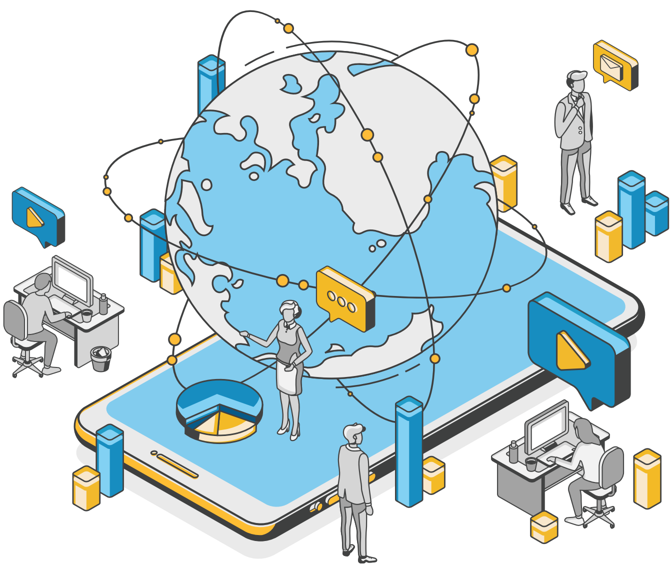
Dun & Bradstreet® Global Business Optimism Insights

Introduction

Dun & Bradstreet's Global Business Optimism Insights (GBOI) is a quarterly report that aims to gauge the optimism levels of businesses globally and provides a unique and comprehensive view into the thinking behind the growth, operational, and investment expectations of business leaders.

The GBOI is an amalgamation of five indices: Global Business Optimism Index, Global Business Supply Chain Continuity Index, Global Business Financial Confidence Index, Global Business Investment Confidence Index, and Global Business ESG Index. The first four indices capture business expectations for the coming quarter, while the ESG index captures the sentiments on key ESG attributes in the current quarter.

All five indices are constructed for 32 economies across 17 sectors and 3 business sizes, synthesized from a survey of approximately 10,000 businesses. The findings from the survey are supplemented with insights from Dun & Bradstreet's proprietary data and economic expertise. An index reading above 100 indicates an improvement in optimism relative to the base year (Q3 2023 to Q2 2024), while an index reading below 100 signifies a deterioration.



Key Findings

Businesses globally reported a further decline in optimism for Q2 2025, as firms continue to grapple with trade-related policy uncertainty and its broader economic implications. Export-driven sectors such as automotive, electricals, and metals saw sharp declines in optimism levels, particularly in the U.S., Mexico, South Korea, and Japan, where rising tariffs and shifting trade policies have fueled cost pressures and created demand volatility. Financial risk perceptions remain elevated as businesses contend with high borrowing costs, persistent inflation expectations, and tightening liquidity conditions, with fewer firms anticipating near-term rate relief.

Despite these pressures, some pockets of resilience emerged, particularly in capital goods and chemicals manufacturing, supported by industrial policy incentives and sustained global demand. Investment sentiment remained cautious, though sectors linked to artificial intelligence (AI) and automation saw heightened optimism, as businesses continue prioritizing efficiency gains and digital transformation. Supply chain concerns have eased slightly, with some firms benefiting from diversification strategies that mitigate trade disruptions. However, cost expectations remain elevated, especially in the economies that are most exposed to tariff hikes.

Meanwhile, corporate priorities around sustainability appear to be shifting, with environmental initiatives maintaining momentum, while focus on social and governance issues has softened. This realignment suggests that businesses may be prioritizing cost competitiveness and operational efficiency over broader ESG commitments, reflecting the evolving corporate response to global economic and policy shifts.

The **Global Business Optimism Index** declined 1.3% q/q for Q2 2025, following a 12.9% drop in Q1, with notable decreases in the U.S. and its major trading partners, including Mexico, South Korea, and Japan. In these countries, sectors such as automotive manufacturing, electrical equipment, and metals experienced significant downturns, largely attributed to recent U.S. trade policies, particularly the expansion of 25% tariffs on imported steel and aluminum products.

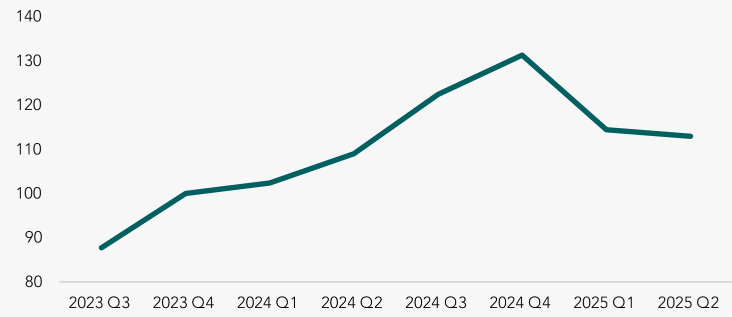
The **Global Business Supply Chain Continuity Index** showed minimal improvement for Q2 2025, increasing by just 0.7% q/q after a sharp decline of 10.7% in Q1. Emerging economies drove this slight recovery with an 8.8% increase, while advanced economies continued their downward trend, falling 1.6% for Q2 after a 9.7% drop in Q1. The prevailing sluggishness in optimism can be attributed to persistent supply chain disruptions, labor shortages, the ongoing challenges of adjusting to evolving global trade dynamics, and heightened tensions around U.S. tariffs.

The **Global Business Financial Confidence Index** deteriorated 8.6% q/q for Q2 2025, reflecting a business landscape clouded by macroeconomic uncertainty, the ongoing high cost of capital, a softening growth outlook, and the reshaping of trade relationships. The headline index worsened in 90% of the economies covered in the index, with aggregate declines across all business sizes in both emerging and advanced economies. At the global level, the overall level of financial risk on business balance sheets has increased, with optimism falling to 64.3 in Q2 2025 from 70.3 in Q1 2025. Heightened uncertainty about global trade policy is significantly raising the risk of insolvency for firms worldwide.

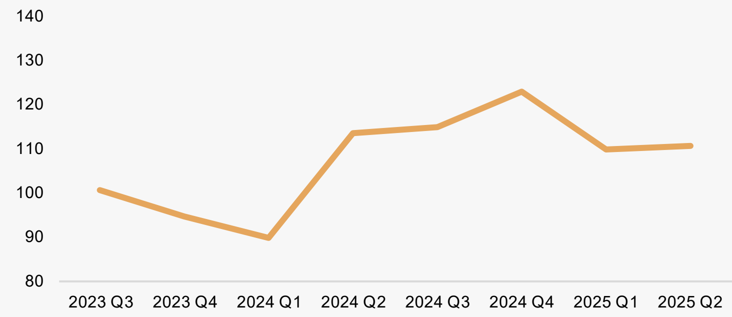
The **Global Business Investment Confidence Index** fell again for Q2 2025, by 0.6% q/q. The tempering of investment optimism reflects increased uncertainty over the pace of rate cuts following a turbulent start to 2025 for global trade and geopolitics. One in five businesses report allocating over 20% of their budget for investments in 2025 to AI, up from fewer than one in ten businesses in 2024.

The **Global Business ESG Index** declined 3.3% q/q in Q1 2025, marking the first drop after three consecutive quarters of growth. Businesses have maintained their focus on environmental priorities, with stronger stakeholder participation and decision-making integration, while engagement in social and governance initiatives has declined, signaling a recalibration of sustainability commitments amid evolving regulatory and economic conditions.

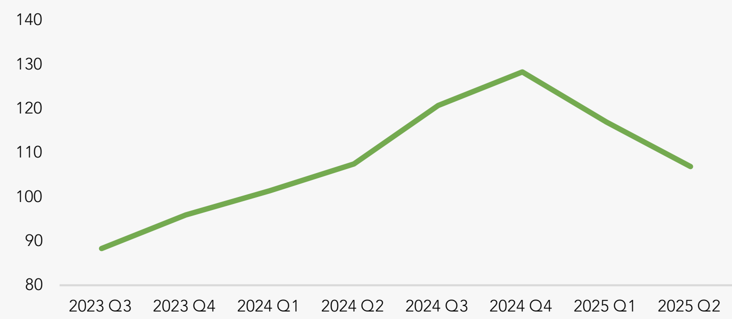
Global Business Optimism Index



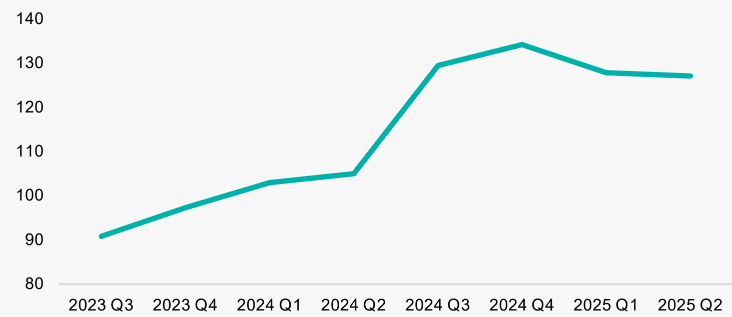
Global Business Supply Chain Continuity Index



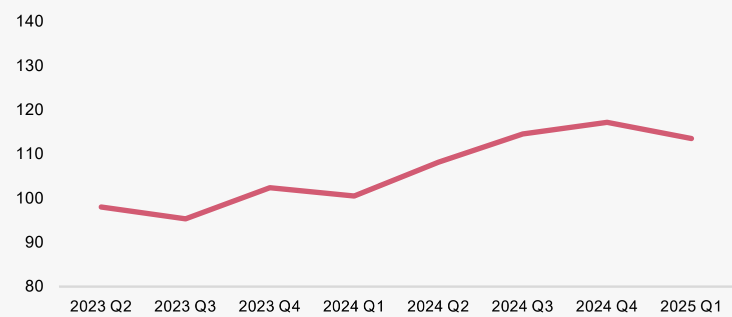
Global Business Financial Confidence Index



Global Business Investment Confidence Index



Global Business ESG Index



By Sector

Sector	(A)	(B)	(C)	(D)	(E)
Accommodation and food service activities	115	111	107	128	115
Construction	117	109	110	130	121
Financial and insurance activities	111	110	106	127	109
Information and communication	112	112	105	129	113
Mfg.: automotive	115	109	107	127	118
Mfg.: capital goods	116	108	108	131	119
Mfg.: chemicals, rubber, plastics, and pharma	117	115	108	121	118
Mfg.: electricals, electronics, and hardware	111	108	102	122	113
Mfg.: food, beverages, and tobacco	114	106	113	133	115
Mfg.: metals	116	103	118	125	122
Mfg.: textiles, wood, paper, and leather	115	114	106	123	118
Mining	109	107	107	123	108
Other services – professional and administrative	109	108	102	126	112
Real estate activities	114	112	109	133	119
Transportation and storage	114	110	107	120	116
Utilities	107	106	110	126	116
Wholesale and retail trade	112	117	107	125	113

Note: (A) Global Business Optimism Index; (B) Global Business Supply Chain Continuity Index; (C) Global Business Financial Confidence Index; (D) Global Business Investment Confidence Index; (E) Global Business ESG Index

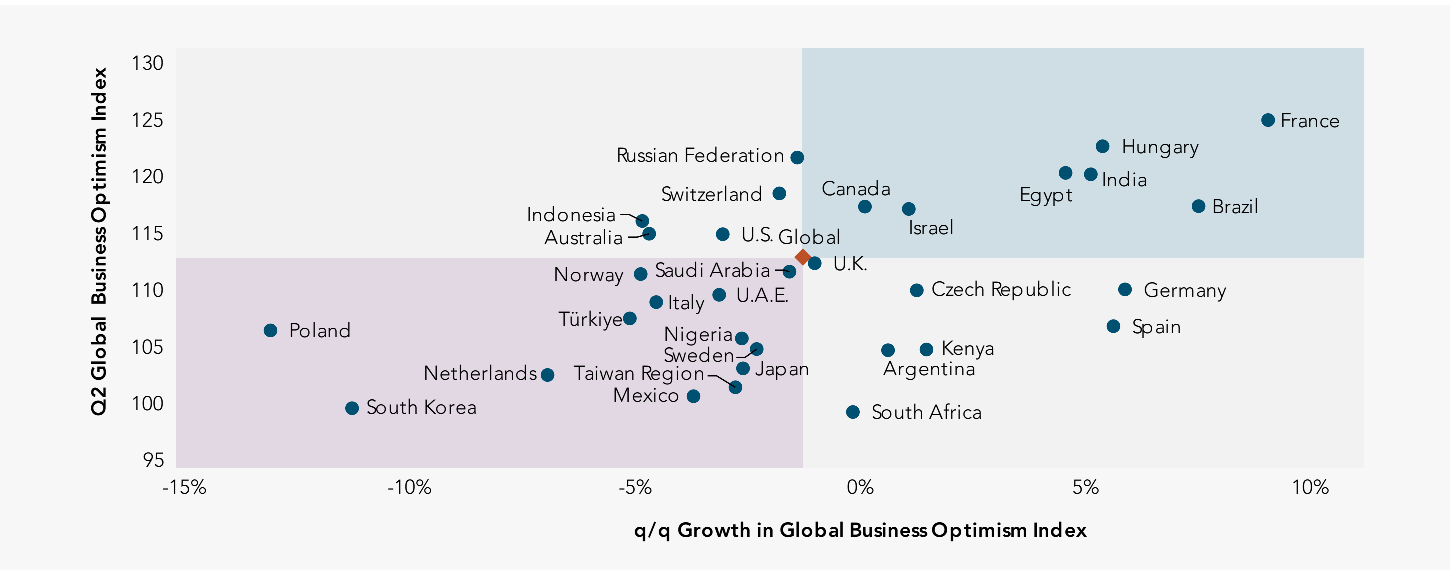
D&B Global Business Optimism Index

D&B Global Business Optimism Index

Key Findings

- The Global Business Optimism Index for Q2 2025 declined 1.3% q/q, following the sharp 12.9% decline in Q1.
- Persistent global economic uncertainty and rising trade protectionism seem to have played a pivotal role in shaping global business sentiment, with the U.S. (-3.1%) and its major trading partners – Mexico (-3.7%), Japan (-2.6%), and South Korea (-11.3%) – experiencing notable downturns amid escalating tariff measures. Optimism among Canadian businesses rose just 0.1%, after registering a considerable 17.7% decline in Q1 2025, highlighting continued uncertainty in the region.
- Sentiment across emerging economies held steady, with the decline driven by advanced economies, where optimism fell 1.7% q/q.
- The sharpest declines in sentiment were seen in Poland (-13.1%), South Korea (-11.3%), and the Netherlands (-7.0%); whereas France (9.0%) and Germany (5.8%) recorded notable improvements, with political stability likely contributing to the increase in optimism.
- Medium-sized businesses reported an increase in optimism (+7.8%), while their small and large counterparts reported declines (-5.4% and -5.2%, respectively). However, small businesses in emerging economies bucked the trend, recording a 1.7% rise, while those in advanced economies witnessed a 7.5% drop in sentiment level.
- Optimism across both manufacturing (-3.1%) and services (-0.2%) businesses weakened, though at a slower pace than in Q1. Optimism among mining businesses (-8.9%) and electrical manufacturers (-8.2%) faced the steepest declines, whereas those involved in chemicals manufacturing (+1.9%) and hospitality services (+3.2%) saw improvements.
- Manufacturing sentiment has largely reversed its gains from late 2024, with most industries – except food and beverages and textiles and leather – reporting weaker confidence on an annual basis. In contrast, optimism levels across services-sector businesses remain above year-earlier levels.
- Tighter domestic monetary policy is seen as a significant risk by businesses worldwide, with 70% considering it highly likely and 83% expecting a strong impact. A resurgence of inflation is viewed as even more disruptive, with 86% believing it would significantly affect operations. However, a relatively fewer 63% of businesses perceive this as a highly probable event.

Quadrant of Optimism – Global Business Optimism Index

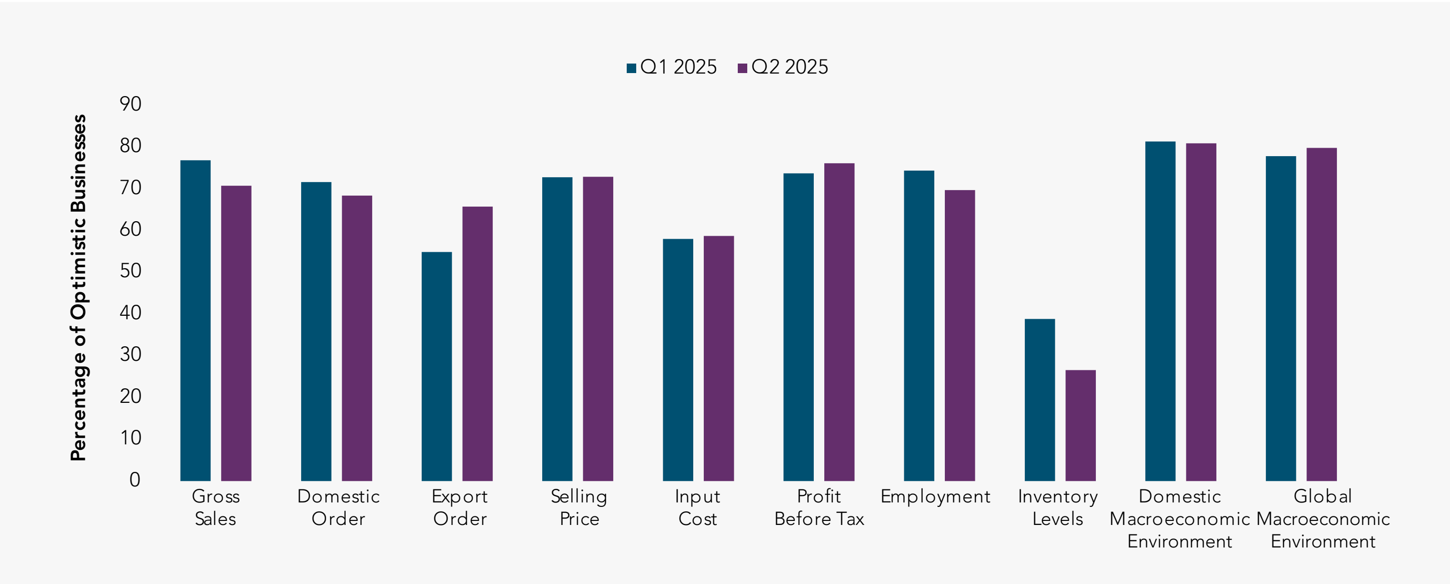


Firm Size – Global Business Optimism Index

Period	Small	Medium	Large
Q3 2024	132.6	122.1	112.4
Q4 2024	138.5	134.7	120.9
Q1 2025	120.1	104.5	118.7
Q2 2025	113.6	112.7	112.5

Over the past few months, the global business landscape has been dominated by trade-related policy announcements, which is likely to be the cause for the moderation in global optimism. The Global Business Optimism Index recorded a 1.3% decline for Q2 2025, easing from the sharper 12.9% drop in Q1. This decline was largely driven by the U.S., where optimism fell 3.1% q/q. Excluding the U.S., the index fell just 0.2%, suggesting that the deterioration in sentiment was not uniform across the world. After a considerable dip in optimism for Q1, the percentage of businesses expressing optimism about export orders rebounded by 10.9pps to 65.7%. This increase is likely due to the frontloading of orders in anticipation of further trade restrictions and tariffs as businesses seek to mitigate the risks of escalating trade tensions. However, this short-term boost in export optimism has not translated into a broader improvement in sentiment, as businesses remain wary of sustained geopolitical uncertainty.

Sub-indices – Global Business Optimism Index



U.S. business confidence has undergone a sharp correction over the past two quarters. Although optimism remains 11.7% higher than a year ago, it has declined 12.2% from its Q4 2024 peak, with its impact varying across business sizes. Medium-sized businesses saw a notable 16.2% increase in optimism, while large and small businesses experienced steep declines of 6.9% and 14.5%, respectively — a pattern reflected in other advanced economies. While medium-sized businesses have found opportunities in shifting supply chains, their large and small counterparts continue to struggle with trade disruptions. Geopolitical polarization is a key concern, ranking among the top four risks for both large and small businesses, with small businesses citing it as their most pressing challenge. The unpredictability of trade policies, particularly fluctuating tariffs, has amplified uncertainty, making it difficult for large corporations to manage complex international operations and for small enterprises to adapt quickly. Rising inflation expectations and economic uncertainty have also dampened discretionary spending. Large retailers have already felt the impact, with foot traffic estimated to have fallen 4.3% y/y in early March. This slowdown in demand is reflected in a sharp decline in sales optimism, which dropped 13.0pps to 65.3%, while domestic order expectations fell 5.9pps to 66.9%. At the same time, businesses are bracing for higher input costs as continued tariff announcements disrupt supply chains. Optimism regarding raw material costs has slipped 2.0pps to 57.4%, aligning with broader inflationary pressures. The University of Michigan's one-year inflation expectation climbed to 4.9% in March 2025 from 2.8% in December 2024, reinforcing concerns that inflation will remain elevated. As a result, businesses increasingly cite tighter domestic monetary policy as a key risk, further contributing to the cautious outlook.

Beyond the U.S., geopolitical risks continue to shape business sentiment. Among the countries most affected by U.S. tariffs, Mexico's optimism level declined 3.7% for Q2, following a sharp 14.7% drop in Q1. The decline was largely driven by falling optimism in the chemicals; rubber and pharmaceuticals; electricals; food and beverages; metals; and textiles and leather sectors, some of which received exemptions under the United States-Mexico-Canada Agreement (USMCA) in early March. However, automotive manufacturers in Mexico reported a modest 1.0% increase in optimism, rebounding from a steep 21.2% decline in Q1. This recovery likely reflects the integrated nature of the North American automotive supply chain, which may prompt policymakers to exclude tariffs on autos to prevent disruptions in the industry. Conversely, Canada's automotive sector saw a sharp 14.0% decline in optimism, with additional weakness in electrical manufacturing (-12.0%). Inflationary pressures stemming from tariffs and retaliatory measures might have compounded challenges for Canadian manufacturers, with higher input costs driven by tariffs and a strong U.S. dollar accelerating input cost inflation. The optimism regarding input costs declined comparatively more in Canada (-6.1pps to 56.3%) than in Mexico (-1.1pps to 61.0%), highlighting the relative severity of cost pressures. Globally, automotive sentiment remained under pressure, declining 1.3% in Q2, reflecting broader concerns about supply chain stability and demand fluctuations.

Other major U.S. trade partners also experienced declines in automotive sector optimism. In South Korea, automotive manufacturers saw a sharp 14.7% drop in sentiment, alongside steep declines in electricals, including semiconductors (-17.9%), and metals such as steel and aluminum (-13.8%). These industries, which form a significant share of South Korea's exports to the U.S., appear increasingly vulnerable to trade uncertainties and shifting supply chain dynamics. A similar pattern emerged in Japan, where optimism among automotive manufacturers fell 4.8%, while electrical manufacturing (-13.3%) and metals (-4.6%) also saw declines.

Despite these headwinds, some markets are benefiting from evolving trade dynamics. Countries with high tariff differentials face risks of reciprocal trade measures, but others are positioning themselves as alternative supply chain hubs. India, for instance, recorded a 5.1% increase in business optimism, supported by favorable domestic conditions and growing interest from companies seeking to diversify their supply chains. As global trade patterns continue to shift, businesses that can adapt to the changing landscape may find new opportunities despite the broader economic uncertainty.

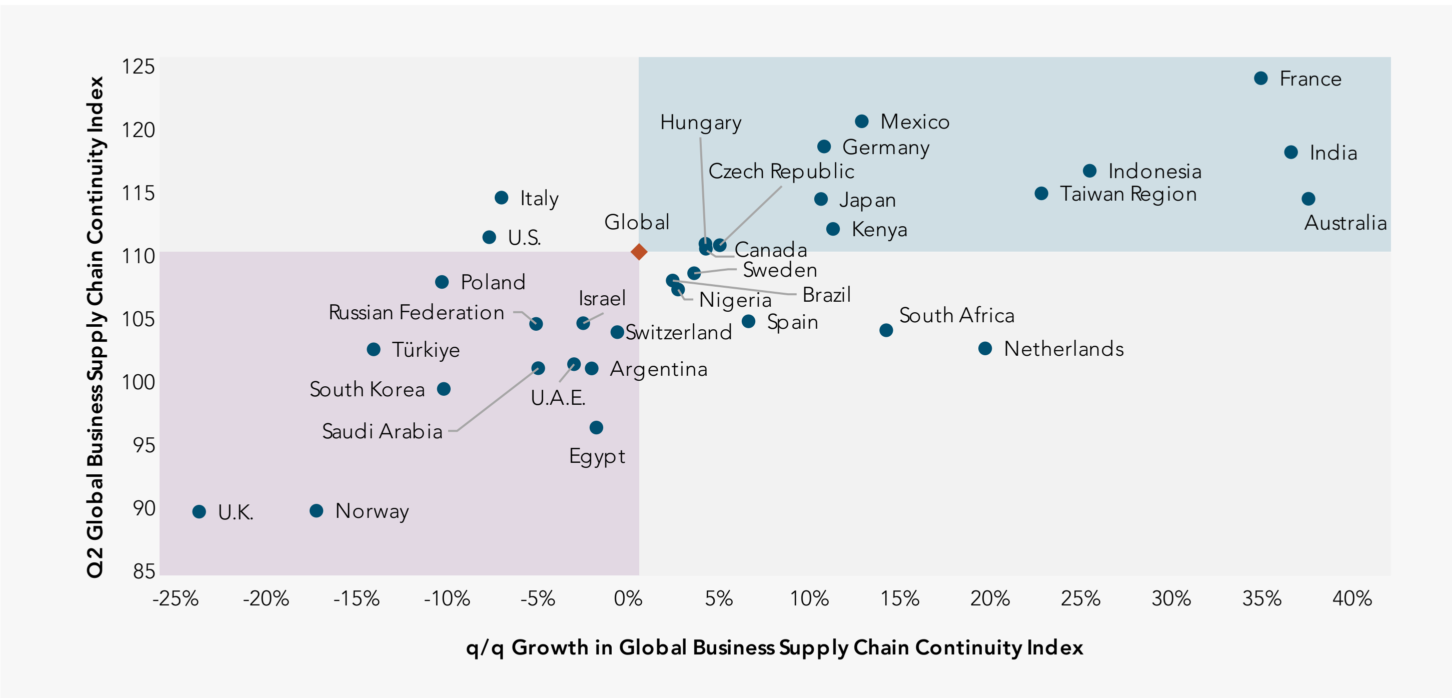
D&B Global Business Supply Chain Continuity Index

D&B Global Business Supply Chain Continuity Index

Key Findings

- Following a sharp drop of 10.4% in Q1 2025, the Global Business Supply Chain Continuity Index showed a marginal improvement for Q2, increasing 0.7%. Cumulatively, the overall decline remains significant at 9.7% over Q1-Q2 2025.
- The index for Q2 suggests a fair degree of heterogeneity between advanced and emerging economies, with the likes of the U.K. (-23.7%), Norway (-17.2%), South Korea (-10.2), and the U.S. (-7.7%) anticipating a greater negative impact on their supply chain continuity than India (+36.6%), Indonesia (+25.5%), and Taiwan Region (+22.8%).
- Optimism across advanced economies continued to decline in Q2, with a 1.6% drop. In contrast, emerging economies posted an 8.8% improvement, showcasing their capacity for rapid recovery and adaptability.
- Large businesses are experiencing challenges in managing their complex, globalized supply chains, leading to a 4.2% decline in optimism for Q2. Small businesses also reflect a similar situation, with optimism declining 4.4% for Q2, as they often have less resilience or flexibility to absorb shocks.
- However, medium-sized businesses appear to be outperforming both large and small businesses, posting an impressive 16.1% improvement in optimism for Q2.
- Globally, there is a noticeable drop of 7.8% in optimism about delivery lead time for Q2 compared with Q1. This decline is a little higher at 9.5% for advanced economies, likely reflecting the ongoing concerns surrounding U.S. tariff policies and escalating geopolitical tensions.
- Interestingly, although supply chain continuity optimism in the U.S. reflects caution, falling 7.7% q/q for Q2, the country's key trading partners demonstrate resilience. Mexico saw an improvement of 12.9%, Germany posted a 10.8% increase, Japan showed a similar positive trend with a 10.6% gain, and Canada recorded a 4.3% rise.

Quadrant of Optimism – Global Business Supply Chain Continuity Index



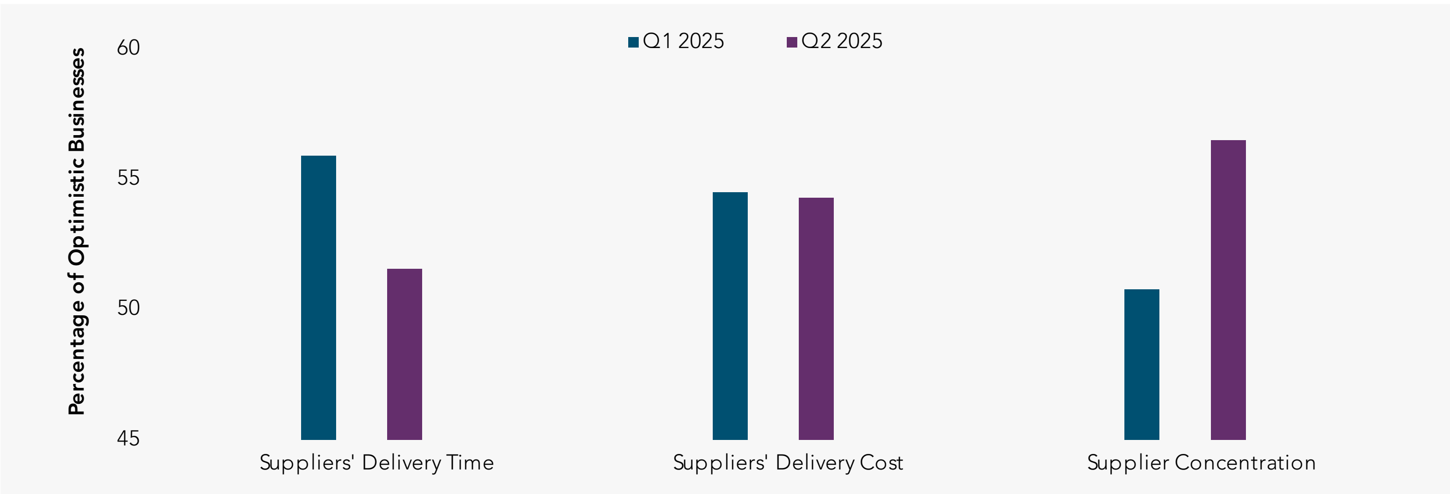
Firm Size – Global Business Supply Chain Continuity Index

Period	Small	Medium	Large
Q3 2024	124.9	110.3	109.0
Q4 2024	130.0	126.7	111.1
Q1 2025	125.5	81.1	122.9
Q2 2025	120.0	94.1	117.7

The cumulative sentiment in the Global Business Supply Chain Continuity Index Chain Continuity Index is negative for Q1 and Q2 2025 (a 9.7% decline), weighed down by current geopolitical tensions disrupting global supply chain stability and economic recovery efforts. However, the Q2 2025 Global Business Supply Chain Continuity Index highlights a notable divergence between advanced and emerging economies. Many advanced economies continue to grapple with deep-rooted issues that hinder their recovery. This is noticeable for economies such as the U.K. (-23.7%), the U.S. (-7.7%), Norway (-17.2%), and South Korea (-10.2%). On the other hand, an emerging economy such as India has stood out with a remarkable 36.6% surge in optimism for Q2, driven by its robust internal market, improved logistics, and expanding manufacturing sector. Similarly, Indonesia saw a solid 25.5% improvement. Taiwan Region and South Africa also experienced substantial growth, with increases of 22.8% and 14.2%, respectively. This upward trend in emerging economies reflects their strategic diversification, better infrastructure, and ability to adjust to shifting global dynamics, making them increasingly resilient in the face of disruptions. Despite challenges, some advanced economies have shown positive trends. Australia and France, for example, recorded impressive increases of 37.5% and 34.9%, respectively, reflecting their strong recovery efforts. Germany and Japan are seeing more moderate but steadier recoveries, with increases of 10.8% and 10.6%, respectively. In contrast, economies such as Italy and Switzerland are still struggling with stagnation, with minimal changes in their supply chain continuity indices.

In terms of size, large businesses have seen a 4.2% decline in optimism for Q2, reflecting the challenges inherent in managing complex, globalized supply chains. Geopolitical tensions, such as the Russia-Ukraine conflict; tariff disputes; and the overall complexity of coordinating large-scale networks have dampened confidence. Small businesses, which are often less resilient to external shocks, have shown a similar decline of 4.4%, mainly due to their limited flexibility, fewer resources to manage risks, and heavy reliance on a limited number of suppliers. Medium-sized businesses, however, are outperforming their large and small counterparts, with an impressive 16.1% improvement in optimism. Their ability to adapt quickly, build strong supplier relationships, and focus on more localized or diversified supply chains has allowed them to navigate the current disruptions more effectively.

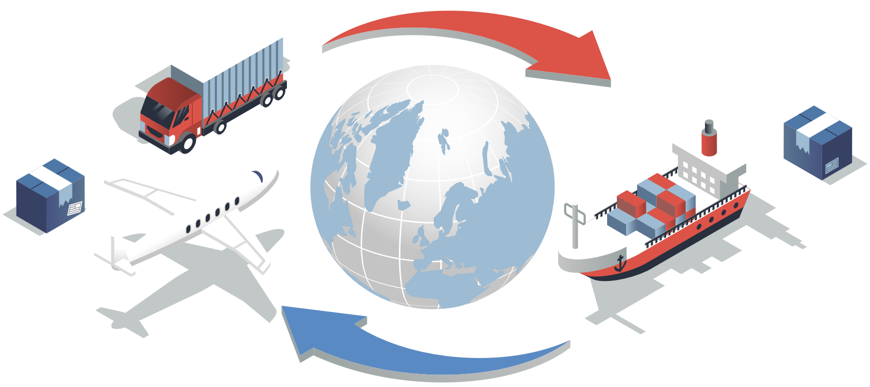
Sub-indices – Global Business Supply Chain Continuity Index



When analyzing optimism across different aspects of the global supply chain, distinct patterns emerge. Globally, businesses exhibit balanced optimism regarding delivery lead time, supplier cost, and concentration for Q2. Half of them feel positive about lead times and supplier costs, while nearly six in ten are confident about concentration. However, there was a noticeable 7.8% drop in optimism about delivery lead time in Q2 over Q1. At 9.5%, this dip was slightly higher across advanced economies, likely reflecting the ongoing concerns surrounding U.S. tariff policies and escalating geopolitical tensions. The optimism around supplier cost reveals contrasting trends across different sectors and economies. While emerging economies exhibited a significant 11.6% increase in optimism regarding supplier costs, reflecting better cost management and favorable trade deals, advanced economies faced a 3.9% decline. This divergence indicates the impact of inflationary pressures and increased tariffs in developed regions, which are challenging the cost structures of businesses. Optimism in supplier concentration showcased some of the most remarkable changes, highlighting shifts in business strategies and market dynamics. Medium-sized businesses experienced an impressive 46.0% surge in optimism, suggesting a strategic shift towards diversifying supplier bases to mitigate risks and ensure continuity. The services sector also reported an 18.9% increase in optimism about supplier concentration, driven by efforts to enhance supplier diversity and reduce dependency on single suppliers.

Optimism about supply chain continuity varies across regions, shaped by economic pressures, geopolitical tensions, and critical trade route disruptions. In North America, the U.S. (-7.7%) remains cautious, likely due to inflationary pressures, labor shortages, and trade disputes with the Chinese Mainland, while Canada (4.3%) is slightly optimistic. Europe presents stark contrasts – certain Western European economies such as France (34.9%), Germany (10.8%), and the Netherlands (19.7%) remain positive, probably due to their industrial resilience and supply chain diversification, whereas the U.K. (-23.7%), Türkiye (-14.1%), and Poland (-10.3%) struggle with economic slowdowns and trade disruptions. The Nordics follow a similar pattern, with Norway (-17.2%) possibly feeling the impact of energy market volatility, while Sweden (3.6%) remains mildly optimistic. Latin America is largely stable, with Mexico (12.9%) benefiting from nearshoring trends, while Argentina (-2.1%) and Brazil (2.4%) remain neutral amid economic challenges.

Asia Pacific leads in optimism, with Australia (37.5%), India (36.6%), and Indonesia (25.5%) reflecting strong economic growth and supply chain shifts, while South Korea (-10.2%) remains pessimistic, possibly due to fluctuations in the semiconductor market. A major factor impacting global supply chains is the ongoing Red Sea and Suez Canal disruptions, where attacks on cargo ships have forced vessels to reroute around Africa, leading to increased shipping costs and delays – particularly affecting European and Asian trade flows. This is likely contributing to supply chain pessimism in regions heavily reliant on these routes, such as the U.K., Türkiye, and South Korea, while also prompting supply chain diversification efforts that may be fueling optimism in India and Southeast Asia. The Middle East and North Africa region remains neutral to slightly negative, with Saudi Arabia (-5.0%), the U.A.E. (-3.0%), and Israel (-2.5%) managing supply chain pressures amid shifting trade alliances. Sub-Saharan Africa, particularly South Africa (14.2%) and Kenya (11.3%), remains optimistic, possibly due to increasing regional trade and infrastructure development.



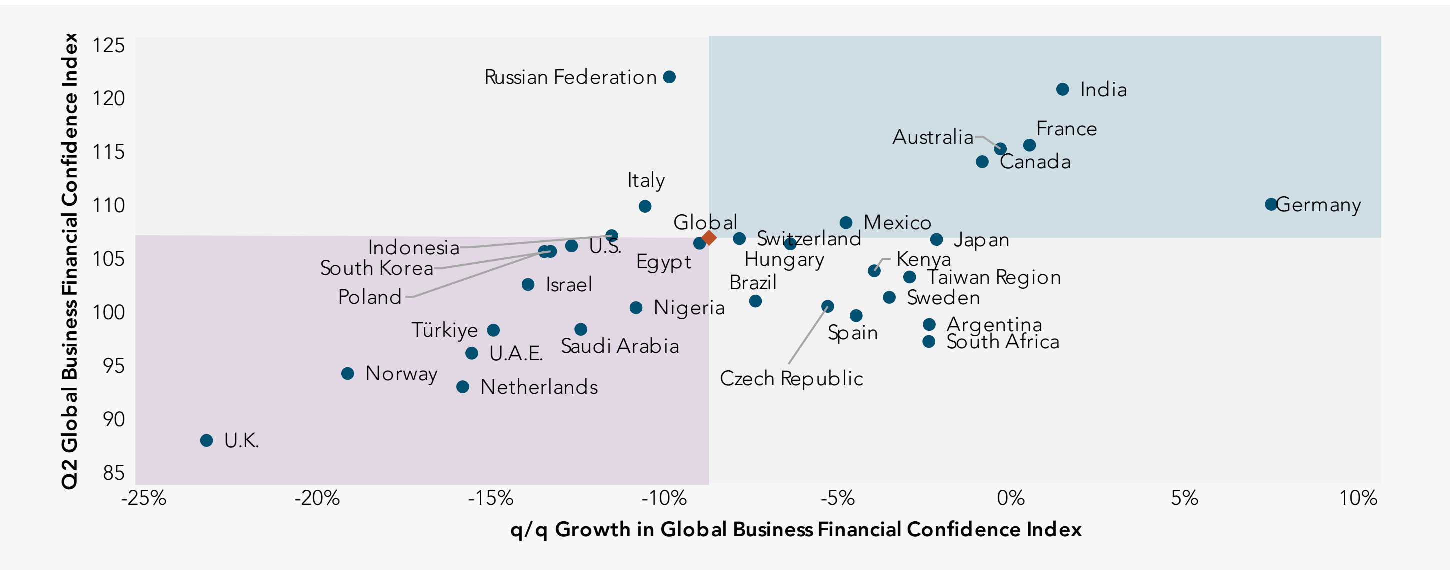
Global Business Financial Confidence Index

D&B Global Business Financial Confidence Index

Key Findings

- The Global Business Financial Confidence Index deteriorated 8.6% q/q for Q2 2025, reflecting a business landscape clouded by macroeconomic uncertainty, the ongoing high cost of capital, the softening growth outlook, and the reshaping of trade relationships.
- The Global Business Financial Confidence Index deteriorated for both advanced (-9.2%) and emerging (-6.8%) economies, pointing towards heightened business risk. Only 3 out of 32 economies surveyed indicated improvements in financial confidence: Germany (+7.5%), India (+1.5%), and France (+0.5%).
- Of the economies surveyed, approximately 50% experienced a double-digit deterioration in financial confidence in the 11-23% range, with the largest falls in the U.K. (-23.2%) and Norway (-19.1%). Among emerging economies, Türkiye (-14.9%) recorded the largest deterioration, followed by Poland (-13.4%).
- Globally, businesses of all sizes saw a dip in financial confidence, but the greatest deterioration was among large businesses (-12.4%), compared with small (-7.7%) and medium-sized businesses (-5.1%). Small businesses in advanced economies (-9.2%) fared worse than firms of the same size in emerging economies (-2.8%).
- The deterioration of the Global Business Financial Confidence Index has been spread across all sectors. The sharpest dip in confidence was among businesses in the other professional/administrative services sector (-14.8%), followed by information and communications (-12.1%), and financial and insurance activities (-11.2%).
- Globally, optimism about liquidity and financial risk among businesses fell from 72% and 70%, respectively in Q1, to 64% for both risk measures in Q2. The largest drop in optimism for liquidity risk for Q2 2025 was among businesses in Egypt (49.5), despite foreign exchange reserves receiving a boost from multilaterals such as the IMF and the World Bank.
- While expectations for borrowing costs remain positive, they have remained virtually unchanged at the global level this quarter. However, optimism is rising among businesses in emerging economies, with 70.4% expecting borrowing costs to turn favorable for Q2 2025, up from 64.4% in Q1 2025.
- In the U.S., businesses cite the potential impact of a resurgence of inflation and tighter domestic monetary policy as top risks, implying that expectations of higher borrowing costs may not have improved sufficiently to reduce the recently elevated rate of bankruptcies.

Quadrant of Optimism – Global Business Financial Confidence Index



Firm Size – Global Business Financial Confidence Index

Period	Small	Medium	Large
Q3 2024	133.5	120.3	108.3
Q4 2024	139.6	134.4	110.9
Q1 2025	124.5	101.4	124.9
Q2 2025	114.9	96.2	109.4

The Global Business Financial Confidence Index deteriorated for Q2 2025 in 90% of the economies covered, with aggregate declines across all business sizes in both emerging and advanced economies. At the global level and especially in the U.K. (49.3), Norway (50.3), and Switzerland (55.2), the overall level of financial risk – including credit-risk, market risk, and liquidity risk – on business balance sheets has increased for Q2 2025, compared with Q1. Businesses globally are facing common challenges – liquidity concerns, weaker consumer demand, high interest rates, inflationary pressures, and geopolitical and policy uncertainty – that are restraining recoveries and weighing on financial resilience. Large businesses reported a greater deterioration in financial confidence, both at the global level and within emerging and advanced economies, than smaller and more agile companies. This can be attributed to their relatively high debt loads at cheap rates, which must now be refinanced at much higher rates; their comparatively more rigid structures and complex supply chains; and the longer timeframe involved in cutting costs and pivoting their business models.

Unpredictable tariff implementation, geopolitical tension, and fluctuating economic policies are leading to several critical challenges for businesses, including creating supply chain inefficiencies and elevating the risk of insolvency. However, for Q2 2025, 71% of large companies (compared with 78% in Q1 2025) reported a higher optimism level for increased operating margins. That said, at a sectoral level globally, businesses in mining (-9.4% vs. Q1 2025), accommodation and food service activities (-6.1%), and information and communication service providers (-5.3%) are growing more skeptical about operating margins in Q2 than they were in the previous quarter.

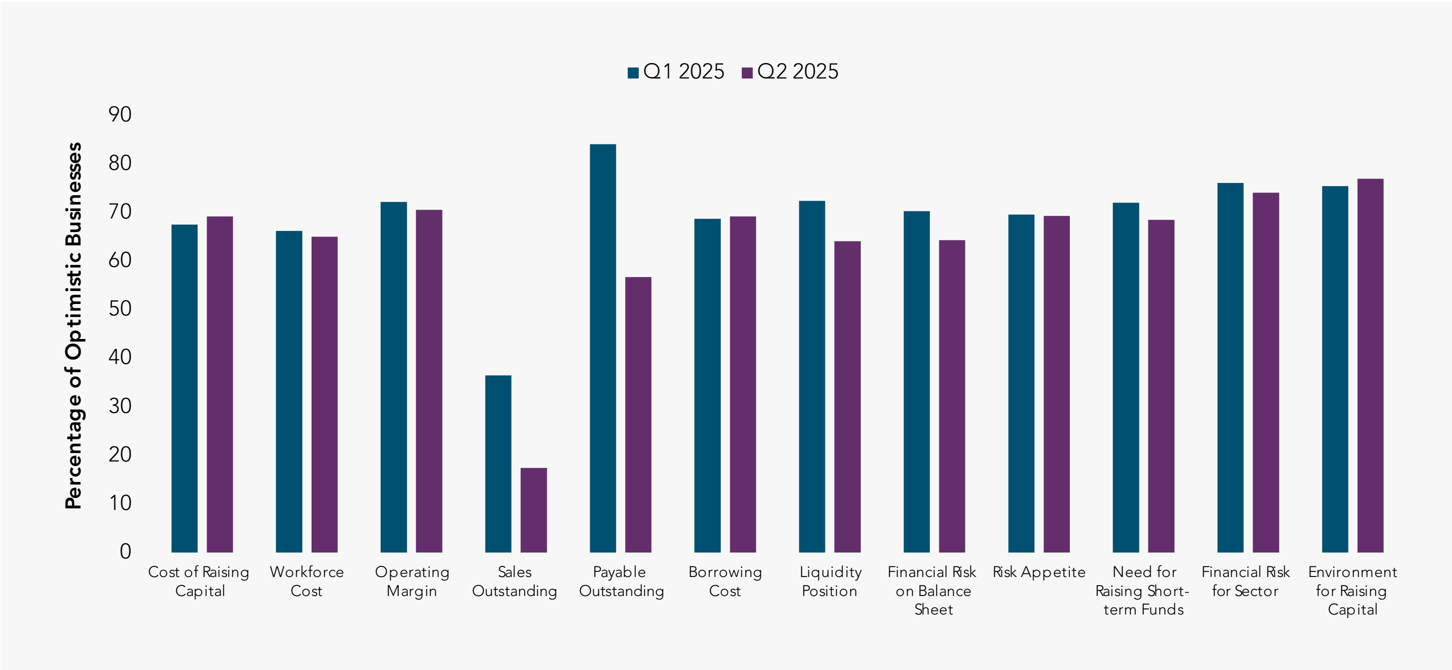
The need to raise financing to cover immediate expenses and manage cash flow gaps is important for many businesses globally, with 68% of businesses reporting expectations for the need to raise short-term funds. Tight lending conditions, driven by risk-averse lending practices across most economies, continue to make raising funds challenging. That said, in some regions, lower benchmark interest rates may make borrowing costs cheaper over time. In the current easing cycle, there is a growing interest rate differential between the policy rates at the European Central Bank, which has lowered rates by an average 175bps across its three key interest rates, compared with the U.S. Federal Reserve, which has lowered the federal funds rate to the tune of 100bps. At a regional level, expectations of lower borrowing costs are more optimistic in parts of Europe, such as in Germany (73.9) and France (76.6), where interest rates are being lowered relatively quickly, compared with in the U.S. (67.4), where interest rates are being lowered slowly, and Japan (66.8), where interest rates are being raised. Progressively lower interest rates through 2025 may offer some relief to businesses because of reduced borrowing costs and improved cash flows and profitability, but this may not fully address the financial challenges facing businesses worldwide. U.S. businesses have earmarked tight domestic monetary policy as their third-largest risk this year, in terms of likelihood and impact, but cross-country relations and supply chain disruptions are ranked as larger concerns.

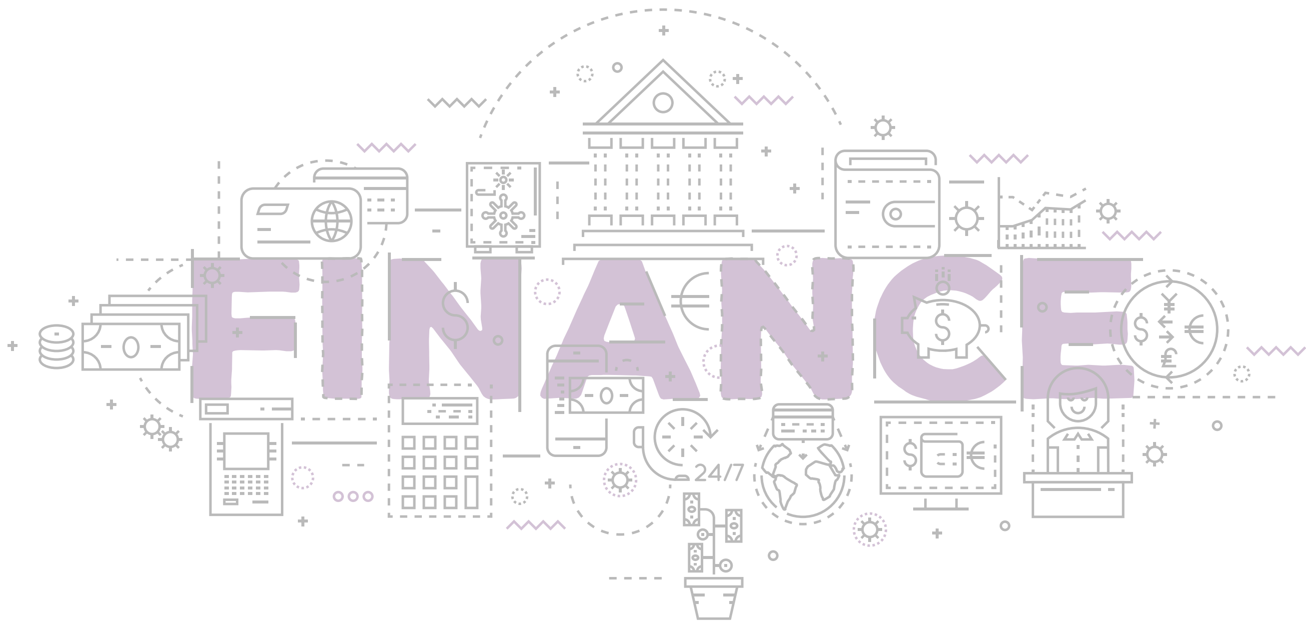
The time lag between receiving revenue from sales and paying expenses is a critical determinant of business solvency. For Q2 2025, services and manufacturing businesses globally report a sizable drop in optimism that timely payment will be received for goods and services delivered or invoiced, increasing the risk of insolvency. Some 84% of service providers and 81% of manufacturers are pessimistic about timely payments, compared with 60% and 59%, respectively, in Q1 2025.

A business's capacity to pay wages on time is directly linked to how promptly it receives payments from customers, lenders, and other sources of cash flow. If a business experiences delays in receiving payments, it can struggle with payroll obligations. As resurgent inflation expectations begin to gather in regions, 60% of sectors we survey reported an expected increase in the cost of the workforce for Q2 2025, compared with Q1 2025. Additional wages and benefits for staff, together with stretched cash flows into the business, increase financial stress and the likelihood of insolvency. This effect is particularly acute across large businesses, where the headcount and staffing cost will be higher than for small and medium-sized businesses.

We expect corporate bankruptcies to remain on an upward trajectory throughout 2025. While economic conditions are expected to improve modestly in some regions, the impact on corporate solvency will be delayed, and risks remain skewed to the downside.

Sub-indices – Global Business Financial Confidence Index





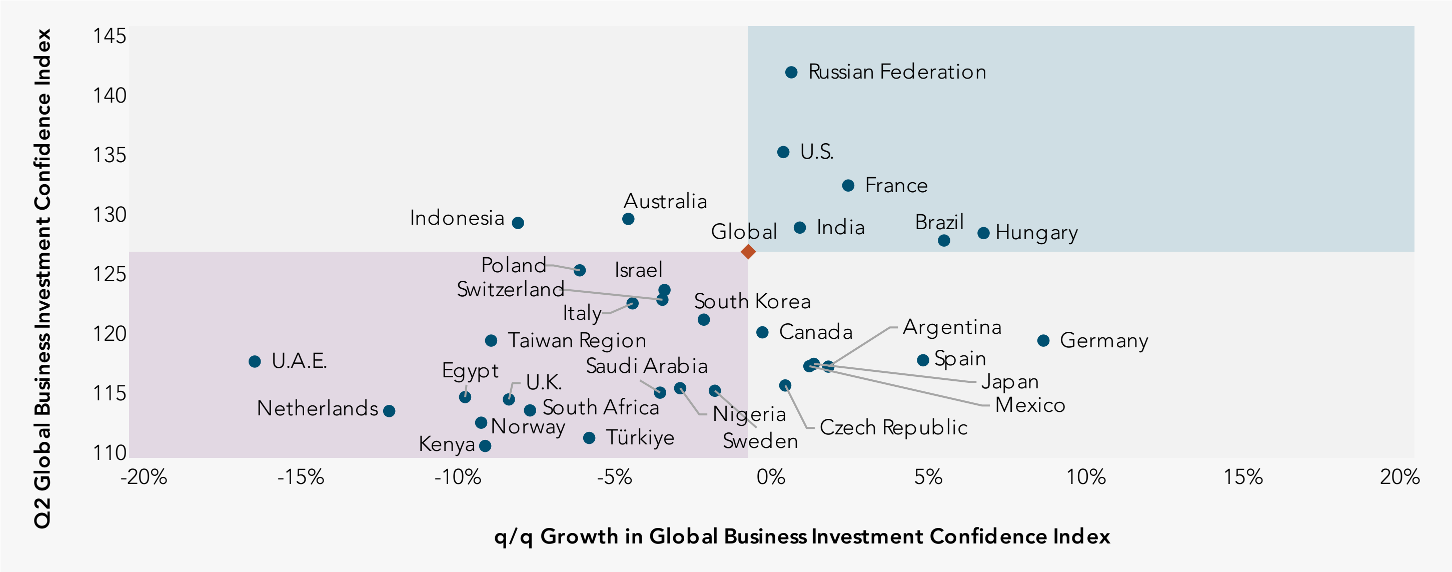
D&B Global Business Investment Confidence Index

D&B Global Business Investment Confidence Index

Key Findings

- The Global Business Investment Confidence Index fell 0.6% q/q for Q2 2025, a slower contraction than in Q1. The prospect of a resurgence of inflation due to higher import tariffs has tempered expectations for the scale of interest rate cuts, which is damaging for business investment. Although we still anticipate greater capital expenditure this year than in 2024, due to falling borrowing costs, the positive sentiment has been dented by trade and geopolitical uncertainties.
- The index for Q2 2025 is 21.1% higher than it was in Q2 2024, indicating resilience regarding capital expenditure, which typically involves strategic planning and is contingent on expectations about the long-term health of the economy. When making capital expenditure decisions, businesses can look past short-term disruptions – as demonstrated in the survey, where investment confidence is higher than overall business confidence in all economies surveyed, except Egypt.
- Rising trade tensions between the U.S., Canada, Mexico, the EU, and the Chinese Mainland will continue to cause short-term disruption to trade patterns, but businesses are unlikely to significantly shift existing investment plans. In the longer term, businesses may transition investment away from the U.S. due to policy uncertainty, but this is unlikely to become apparent immediately.
- There is a huge appetite for AI and clear easy-win investment strategies for most businesses to put in place. In 2025, 20.2% of businesses reported committing at least 21.0% of their budget to AI technologies, an increase from just 8.4% of businesses last year. The information and communication technology sector is expected to invest the most in these technologies, with 51.4% of businesses surveyed anticipating spending over 21.0% of their budget on AI this year. Among large businesses, 36.8% expect to spend over 21.0% of their budget on AI in 2025, compared with 9.6% of medium-sized businesses and 12.9% of small businesses.
- The manufacturing sector recorded a larger drop (-1.3%) in investment optimism than the services sector (-0.2%) for Q2 2025. However, there was significant variation across subsectors; of the 17 subsectors surveyed, 9 recorded increased confidence and 8 reported lower confidence than in Q1 2025. Transportation and storage (-6.9%) reported the largest decline, while real estate activities reported the largest increase (+3.6%). Despite the downturn in optimism for some, all subsectors reported at least 10.0% higher confidence than in Q2 2024.
- For Q2 2025, businesses reported an expected capacity utilization of 66.1% for the services sector and 65.9% for the manufacturing sector, a decrease from 69.4% and 69.5%, respectively, for Q1 2025. This implies that the need for businesses to invest is falling, as they are not utilizing their existing capital stock.

Quadrant of Optimism – Global Business Investment Confidence Index



Firm Size – Global Business Investment Confidence Index

Period	Small	Medium	Large
Q3 2024	141.1	129.2	118.2
Q4 2024	144.2	138.4	120.1
Q1 2025	139.2	103.9	140.5
Q2 2025	137.6	108.9	134.7

In Q2 2025, U.S. businesses reported a 34.8% higher y/y investment confidence, despite the increased uncertainty created by international trade disagreements. This is the second-highest y/y improvement in optimism level, behind Indonesia (+44.6%). Global investment confidence is 21.1% higher than in Q2 2024, a growth rate significantly higher than the other indices (GBOI: +3.6% y/y; GFCI: -0.6% y/y; and GSCI: -2.5% y/y). This reflects the nature of capital expenditure, which is affected more by long-term predictions for economic growth than short-term disruptions to trade or politics.

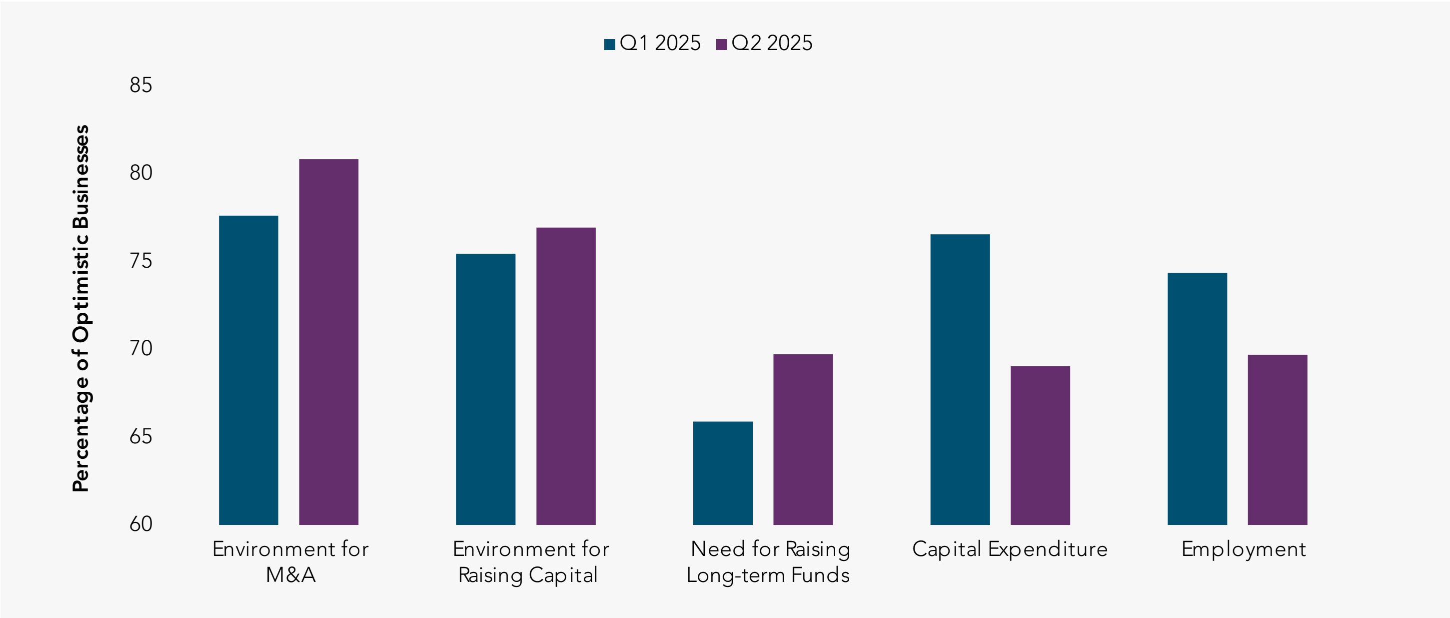
Of the 32 economies surveyed, German businesses reported the largest q/q increase in investment confidence, with +8.7%. Since the federal election on February 23, there has been renewed optimism for the German economy and businesses. The likely new Chancellor has proposed substantial pro-business reforms and a transformation of the fiscal debt brake to unlock EUR500bn for large infrastructure projects. We expect capital expenditures to increase through 2025 as the economy recovers from two years of contraction.

The U.A.E. reported the largest contraction in investment confidence (-16.4% q/q) for Q2 2025. This is likely due to the implementation of the global minimum tax rate of 15% in January 2025, which affects multinational enterprises generating more than EUR750m in annual revenue. Large and medium-sized businesses reported the sharpest falls in investment confidence, of -19.3% and -19.0%, respectively, compared with an 8.6% decline for small enterprises. However, U.S. President Donald Trump has threated to withdraw from the OECD global tax agreement and use tariff measures against economies that impose the global minimum tax on U.S.-based companies. As a result, businesses may enjoy a longer period of lower taxes than anticipated, which could stimulate greater capital expenditure.

In Q2 2025, 69.0% of businesses reported optimism for capital expenditure, a fall from 76.6% and 83.7% for Q1 2025 and Q4 2024, respectively. This drop in confidence is largest for the metals and mining manufacturing sectors, which are the most exposed to the U.S. aluminum and steel tariffs.

M&A activity remains a bright spot for businesses, with 80.9% reporting optimism for Q2 2025, up from 77.6% for Q1 2025. This is highest in the U.S. at 87.2%, a huge recovery from 79.4% for Q1, as President Trump's pro-domestic business agenda outweighs the uncertainty caused by foreign policy changes. Meanwhile, optimism among businesses in Canada (67.4%), Egypt (70.1%), and the U.A.E. (70.6%) for M&A activity is the weakest of the 32 economies surveyed. The real estate (87.4%) and information and communications technology (84.5%) sectors are the most optimistic on the environment for M&A activity for Q2 2025, particularly in the U.S.

Sub-indices – Global Business Investment Confidence Index



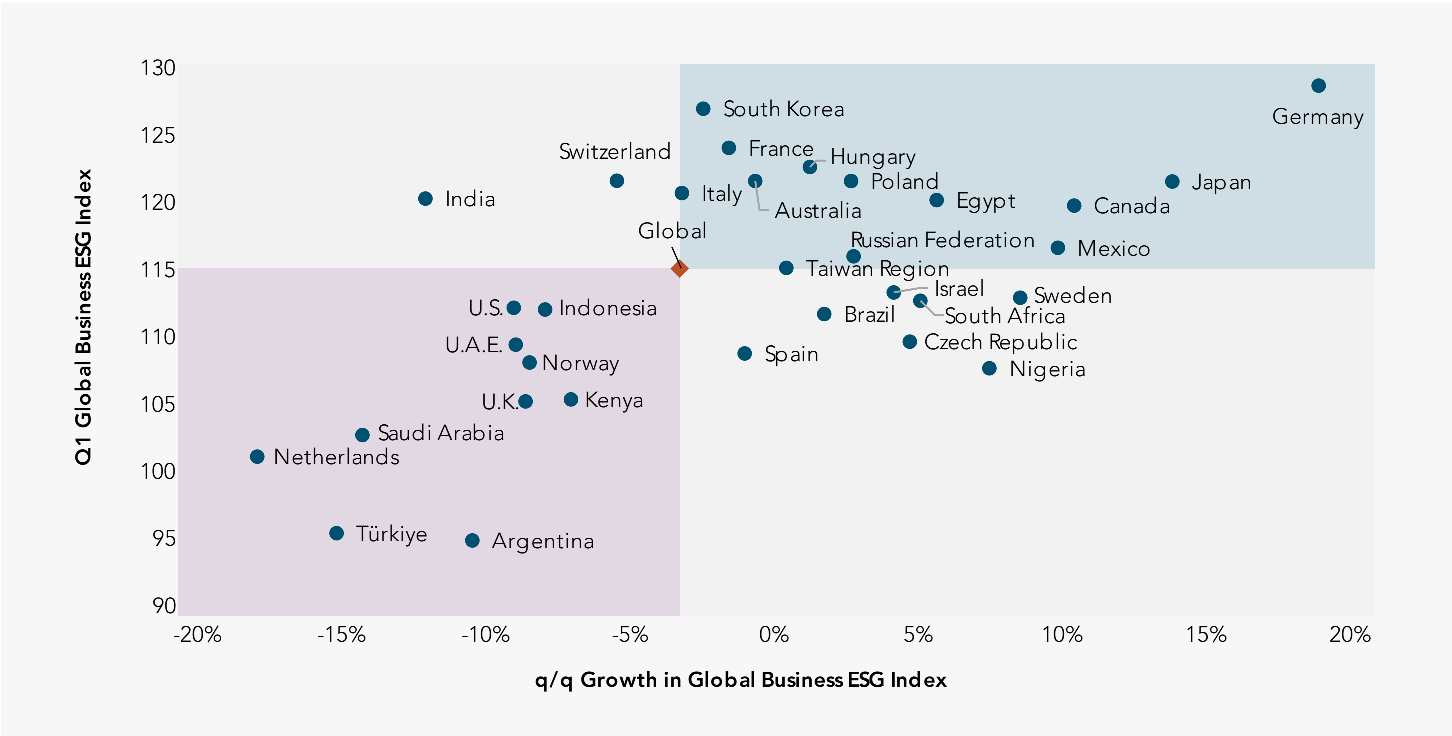
D&B Global Business ESG Index

D&B Global Business ESG Index

Key Findings

- The Global Business ESG Index declined 3.3% q/q in Q1 2025, the first drop after three consecutive quarters of growth.
- The survey reflects sustained focus on environmental priorities, with stronger stakeholder participation (64.4%) and decision-making integration (67.9%), whereas engagement in social (65.5%) and governance (69.8%) initiatives declined, signaling a recalibration of sustainability commitments amid evolving regulatory and economic conditions.
- While concerns over a global economic slowdown (85%) and tighter monetary policies (83%) have become more dominant in corporate risk assessments, businesses perceive climate change and environmental risks as relatively less pressing, with only 77% assessing them as high impact.
- Both emerging (-3.9%) and advanced (-3.0%) economies experienced a decline in ESG initiatives, reflecting a shift in priorities as businesses grapple with economic uncertainties, reducing their focus on environmental concerns.
- Small businesses are the only segment driving positive momentum, with a 4.1% increase in ESG initiatives, while large (-5.4%) and medium-sized (-9.2%) businesses saw sharp declines.
- ESG activities weakened across both the manufacturing (-1.9%) and services (-4.0%) sectors. In manufacturing, the steepest declines were recorded in mining (-5.6%); textiles and leather (-4.1%); automotives (-3.4%); and electricals (-3.4%), while in services, financial and insurance (-9.3%), and information and communications technology (-6.1%) led the decline.
- Regional performance remains highly uneven, with sharp drops in the Netherlands (-18.0%), Türkiye (-15.2%), and Saudi Arabia (-14.3%), while Germany (+18.9%) and Japan (+13.8%) posted notable gains.

Quadrant of Optimism – Global Business ESG Index

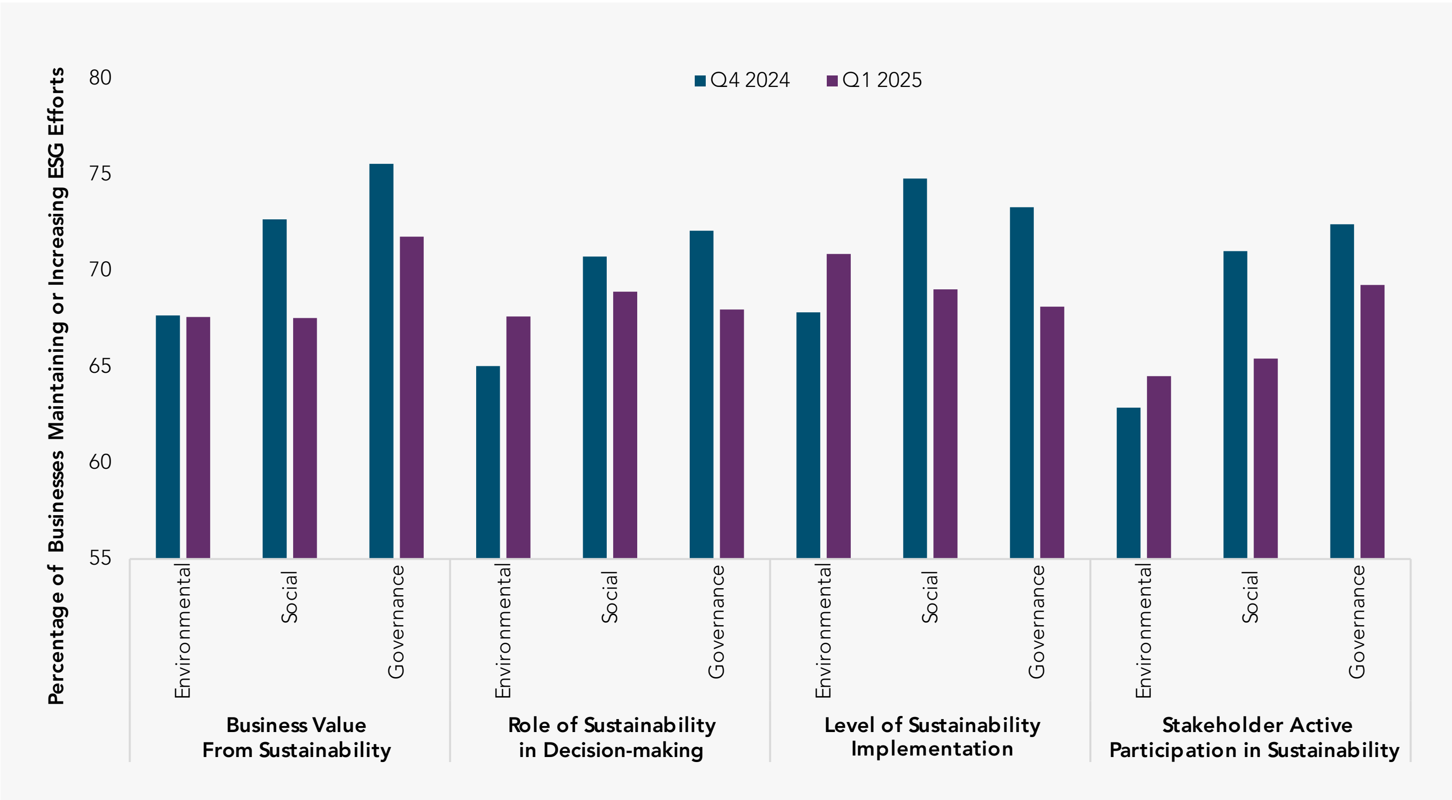


Firm Size – Global Business ESG Index

Period	Small	Medium	Large
Q2 2024	122.4	114.2	92.1
Q3 2024	127.9	123.8	97.1
Q4 2024	122.6	104.4	130.1
Q1 2025	127.6	94.8	123.1

The Global Business ESG Index for Q1 2025 highlights a shifting corporate approach to sustainability, with a stronger commitment to environmental goals but a declining focus on social and governance initiatives. Stakeholder participation in environmental efforts rose to 64.4%, and integration in decision-making improved to 67.9%. In contrast, engagement in social and governance issues declined, with participation falling to 65.5% and 69.8%, respectively. The perceived business value of environmental initiatives remained steady at 67.8%, but confidence in social and governance efforts dropped to 67.1% and 71.7%, respectively, signaling a recalibration of priorities amid evolving regulatory and economic conditions.

Sub-indices – Global Business ESG Index



This recalibration of corporate priorities is unfolding against a backdrop of evolving legal, economic, and geopolitical considerations. In the U.S., where ESG initiatives trailed the global average, all parameters declined except for an increase in the implementation of environmental measures (+1.5pps to 73.5%). The largest declines were observed in mining (-19.0%); other professional/administrative services (-15.9%); textiles, wood, paper, and leather manufacturing (-15.0%); and real estate (-11.4%). However, despite the q/q pullback, sustainability-related activities remain elevated, compared with a year ago, particularly in services, where levels are nearly 20% higher on average. Still, signs point to a gradual weakening over the course of the year, reflecting broader corporate shifts.

Surveys indicate a declining emphasis on sustainability at the executive level, with CEOs prioritizing AI, inflation, and geopolitical risks. Similarly, investments in diversity, equity, and inclusion (DEI) initiatives have been scaled back, mirroring recent corporate actions that reduce or restructure such programs. These developments reinforce the view that both sustainability and DEI programs may continue to face headwinds in the near term.

A similar trend is evident in Europe, though with pockets of resilience. Germany (+18.9%) and the Czech Republic (+4.7%) stand out as outliers in ESG initiatives, driven in part by ambitious government spending plans. In Germany, ESG activities have likely received a boost in anticipation of a significant rise in environment-related public investment. This survey concluded in early March and a couple of weeks later, the German parliament approved an infrastructure investment plan allocating EUR100bn to the Climate and Transformation Fund (KTF), the government's primary tool for energy transition investments. The fund will support major initiatives, including renewable energy expansion, railway infrastructure, and public transport development. However, on a broader scale, Europe has seen a rollback of some of its green commitments, raising concerns about the long-term trajectory of its climate agenda. The Clean Industrial Deal, designed to provide relief to energy-intensive industries and clean-tech sectors while maintaining nominal EU green targets, was released in February 2025 and signals a shift in policy balance. Shortly afterwards, the European Commission eased CO_2 emission rules for combustion-engine vehicles, postponing strict enforcement until 2027. This shifting regulatory landscape is reflected in declining ESG initiatives in key industries in the West European economies covered in our survey: automotive manufacturing (-1.4%); electricals, electronics, and hardware (-5.8%); chemicals and pharmaceuticals (-2.5%); utilities (-1.2%); and transportation (-6.6%).

Nordic countries reflect this broader European shift, with diverging ESG momentum. Norway's ESG index fell 8.5% q/q in Q1 2025, reversing strong gains in the previous quarter. This downturn may be linked to contentious policy decisions, such as the government's move to permit hydropower projects on previously protected rivers. Additionally, the suspension of deep-sea mining plans in the Arctic, following environmental concerns and political negotiations, may have contributed to uncertainty in the nation's ESG landscape. In contrast, Sweden's ESG index surged 8.5%, its strongest quarterly increase in a year. This aligns with Sweden's growing push for decarbonization, including GreenIron's recent collaboration with a major mining firm to reduce industrial emissions. The country's leadership in sustainable steel production continues to drive ESG investment, reinforcing its role as a green manufacturing hub. These trends highlight a broader recalibration of corporate priorities across Europe, where regulatory shifts are shaping ESG sentiment.

Perhaps unsurprisingly, topics such as geopolitical risks and monetary policy tightening dominate firms' risk perception, with a relatively lower 77% of businesses surveyed citing climate change and environmental risks as a high-impact event, with an even lower 58% of respondents assigning a high likelihood of occurrence. This suggests that although environmental initiatives continue to command attention, they are increasingly viewed through a pragmatic lens, with businesses adapting to a regulatory environment that appears more flexible, particularly in Europe. Meanwhile, social and governance considerations are facing a clear retreat, driven by legal uncertainty, cost concerns, and shifting corporate priorities.

Key Recommendations

Businesses should exercise caution and revisit their growth strategies, such as enhancing client coverage across high-growth economies. Economic growth will be asymmetric, posing risks and presenting pockets of opportunity. Even businesses operating in economies experiencing slowdown may be partially immune if most of their corporate family tree (subsidiaries, joint ventures, and affiliates) is operating in economies experiencing expansion and vice versa. The impact of the economic cycle will be amplified by the depth of corporate linkages, including suppliers, vendors, and customers, spread across other regions.

Businesses need to consider supply chain linkages to have a comprehensive view of their upstream and downstream risks. Given the economic uncertainty and regulations, it is advisable to review supply chain resilience and look for opportunities presented by reshoring, nearshoring, and friend shoring trends.

Strengthening of climate and emission regulations has enhanced the need for supplier evaluation and benchmarking of sustainability practices against industry and economy practices. ESG practices vary across the operational value chain, so businesses must trace sustainability practices at all stages to ensure compliance.

Getting back to the basics with the 5Cs of credit management – Capacity, Capital, Character, Collateral, and Conditions – is vital during these volatile times. Businesses must recognize that the current economic landscape necessitates a more proactive approach to credit risk mitigation. Having visibility into the credit risk across the entire global portfolio can help inform treatment strategies and prioritize collections.

By working with trusted analytics experts, businesses have access to dynamic data that can be used to answer questions such as financial capacity to pay vendors and track record, present capital structure and changes over time, and available collateral for liquidation in case of bankruptcy.

Dun & Bradstreet Global Business Optimism Index: Appendix

Dun & Bradstreet conducted a survey of business leaders in their operating markets. The survey was conducted on a stratified random sample of around 10,000 respondents, from varying sector and size segments. Responses pertain to respondents' own operating markets. A diffusion index is calculated for each parameter and normalized against base year values (Q3 2023 to Q2 2024). An index reading above 100 indicates an improvement in optimism relative to the base year, while an index reading below 100 signifies a deterioration. The composite index at size and sector level is calculated using factor-weighted averages of the parameter-level indices. Economy-level indices are weighted averages of sector-level indices by their contribution to GDP. Global indices are weighted averages of economy-level indices with their GDP weights.

Economies covered in the survey			
Argentina	Indonesia	Russia	United Kingdom (U.K.)
Australia	Israel	Saudi Arabia	United States of America (U.S.)
Brazil	Italy	South Africa	
Canada	Japan	South Korea	
Czech Republic	Kenya	Spain	
Egypt	Mexico	Sweden	
France	Netherlands	Switzerland	
Germany	Nigeria	Taiwan Region	
Hungary	Norway	Türkiye	
India	Poland	United Arab Emirates (U.A.E.)	

The Indices

INDEX	LEADING INDICATOR FOR
Global Business Optimism Index	Economic output (GDP)
Global Business Supply Chain Continuity Index	Time and cost of supplier deliveries
Global Business Financial Confidence Index	Business bankruptcies
Global Business Investment Confidence Index	Business investment
Global Business ESG Index	ESG initiatives

Indices Explained

Dun & Bradstreet Global Business Optimism Index provides valuable insights on the global growth cycle. It serves as a tool to identify turning points in the global economy.

Dun & Bradstreet Global Business Supply Chain Continuity Index monitors the efficiency of suppliers' deliveries in terms of both time and cost. The index enables businesses to optimize their supply chain management by identifying potential bottlenecks, streamlining operations, and mitigating risks.

Dun & Bradstreet Global Business Financial Confidence Index serves as an early warning signal for bankruptcies, enabling stakeholders to anticipate financial distress in various sectors of the economy.

Dun & Bradstreet Global Business Investment Confidence Index provides vital cues about investment rates across different industries and regions. By tracking this index, stakeholders can gain insights on the sentiments and willingness of businesses to invest in new projects, expand operations, and drive growth.

Dun & Bradstreet Global Business ESG Index provides a comprehensive assessment of companies' performance in implementing ESG initiatives. By tracking the ESG index, investors, regulators, and the public can evaluate the sustainability efforts of organizations, encourage responsible business practices, and promote transparency and accountability.

Disclaimer

Legal and Copyright Notice

Delivered Using Dun & Bradstreet Data and Expertise

Dun & Bradstreet's Country Insight solutions deliver country- and region-specific insight and data-driven analysis, helping businesses in various industries and sectors globally minimize current risks. Our solutions allow you to identify emerging challenges and explore opportunities for market expansion and longer-term investment. Our analysis covers economies accounting for 99% of global GDP.

Our experienced country-intelligence specialists use Dun & Bradstreet's proprietary data, supplemented by secondary data from the International Monetary Fund, World Bank and other multilateral organizations, to provide unique analysis to drive sound business decisions.

Updated frequently – and monthly for our most requested countries – our data and analysis are presented in a format that facilitates the comparison of economic, political and commercial conditions on a country, regional and global level.

Find us Here

For more information relating to D&B's Country Insight Services, please contact us below:

UK
Telephone: 01628 492 000 Email: ukcs@dnb.com

USA
Telephone: 1 (808) 239 8944 Email: CustomerService@dnb.com Rest of World

dun & bradstreet

The Point
North Wharf Road London W2 1AF

About Dun & Bradstreet

Dun & Bradstreet, a leading global provider of data and analytics, enables companies around the world to improve decision-making and business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity.