

# News Release

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## S&P Global Business Outlook

### Weakest employment expectations since COVID-19 pandemic

#### Key findings

Subdued hiring and investment plans in February

Confidence around business activity ticks higher

Manufacturers globally most optimistic for two years

Sentiment improves in Eurozone and US, but falls in UK

Expectations on prices little-changed

The S&P Global Business Outlook Survey – based on responses from a panel of 12,000 companies between February 06-26 – signalled a slight improvement in business confidence at the global level early in 2025. That said, firms were increasingly wary of committing to hiring and investment, with planned job creation the weakest since the COVID-19 pandemic. Meanwhile, inflationary pressures are set to remain broadly stable, albeit at an elevated level by pre-pandemic standards.

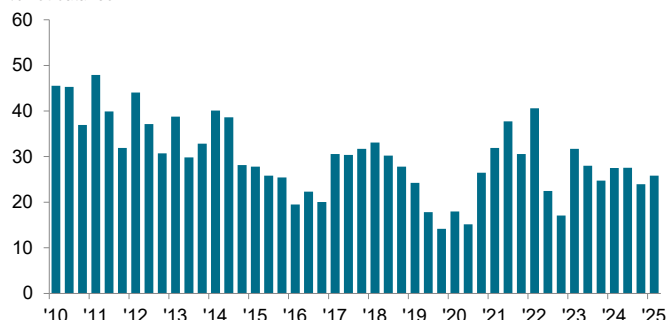
The net balance of companies worldwide predicting a rise in business activity over the coming year rose slightly to +26% in February from +24% in October and continued the pattern of broad stability in expectations seen since mid-2023.

The slight strengthening of global business confidence masked differing trends in some of the economies covered by the outlook survey. Optimism strengthened in the US and Eurozone, most notably among manufacturers, as well as mainland China and Japan. On the other hand, a sharp downgrade in sentiment was seen in the UK as companies scaled back expectations following the government's Autumn Budget. Lower expectations were also recorded in India and Russia.

At the global level, confidence was similar across the manufacturing and services sectors. At +25%, the net balance at manufacturers was the highest for two years, while sentiment also ticked up in the service sector to register a net balance of +26%.

Global Business Activity expectations

% net balance



Source: S&P Global PMI.

Data were collected 06-26 February 2025.

#### Comment

Commenting on the Global Business Outlook survey data, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

*“Companies around the world are increasingly taking a 'wait-and-see' approach to hiring and investment plans amid a range of uncertainties surrounding geopolitics and global trade. Projections for employment, capital expenditure and R&D investment were all scaled back in February relative to the position in October last year, revealing a belt-tightening approach to survival in uncertain times.*

*“Muted hiring and investment expectations were recorded despite a slightly stronger outlook for business activity, with notable upgrades in the US and Eurozone. If these output improvements come to pass, we will hopefully see more companies looking to invest later in the year.*

*“With inflation expectations little changed, it appears that the aforementioned global uncertainties have been key in limiting confidence at the start of 2025. By the time of the next Business Outlook survey in June we should have a clearer picture as to how these will play out and the response from companies around the world.”*

### Weakest hiring plans since COVID-19 pandemic

Although confidence in the outlook for business activity ticked up slightly in February, firms globally downgraded their hiring plans. In fact, at just +8%, the net balance for employment intentions was the lowest since mid-2020 when the COVID-19 pandemic was at its height. There were even predictions of net job shedding in the UK, Germany, France and mainland China.

Sentiment regarding business investment also became more subdued in February. The net balance for capital expenditure dropped to +6%, the lowest since June 2020. Meanwhile, the R&D net balance was the weakest since October 2022 and only just in positive territory at +3%.

### Little change in inflation expectations

Forecasts around prices were generally in line with those seen last October, with the exception of staff costs which are projected to rise less quickly. Similar degrees of inflation expectations were registered in the manufacturing and services sectors, and in both cases inflation expectations were above pre-pandemic averages to similar marked degrees.

The net balance for selling prices was up fractionally to +23% in February, and has been broadly stable since mid-2023. The economies with the highest expectations for output prices were Russia (+56%), the UK (+46%) and Ireland (+46%).

In terms of costs, the non-staff costs net balance ticked up globally to +26% in February. Marked upward revisions to non-staff inflation expectations in the UK and Ireland were largely cancelled out by reduced expectations in India, Russia and France.

Meanwhile, the staff costs net balance dropped to a four-year low of +32%, with the most notable downgrades to expectations seen in India, France and the US.

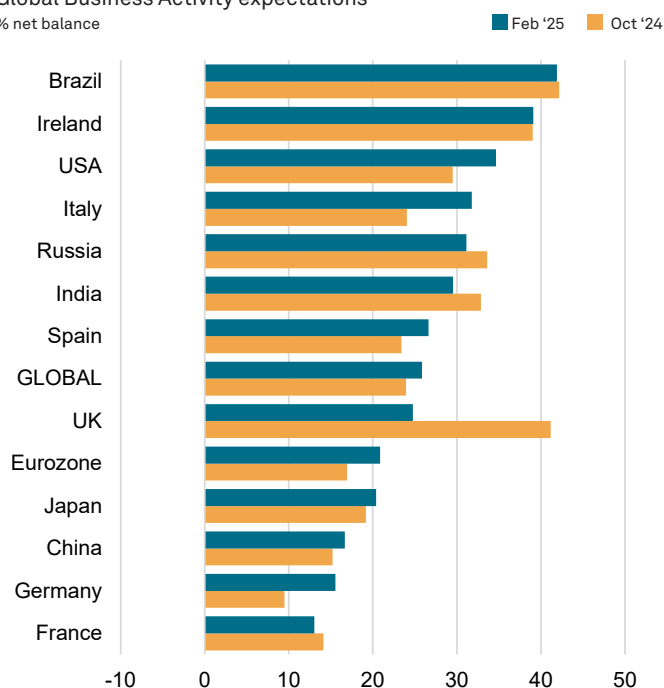
### Stable sentiment around profitability

In line with the broadly stable picture around inflation, there was no change in expectations regarding profits among firms globally in February. The profits net balance was at +11% for the third outlook survey running.

Continuing the recent trends, service providers were more optimistic around profitability than their manufacturing counterparts (+11% versus +8%).

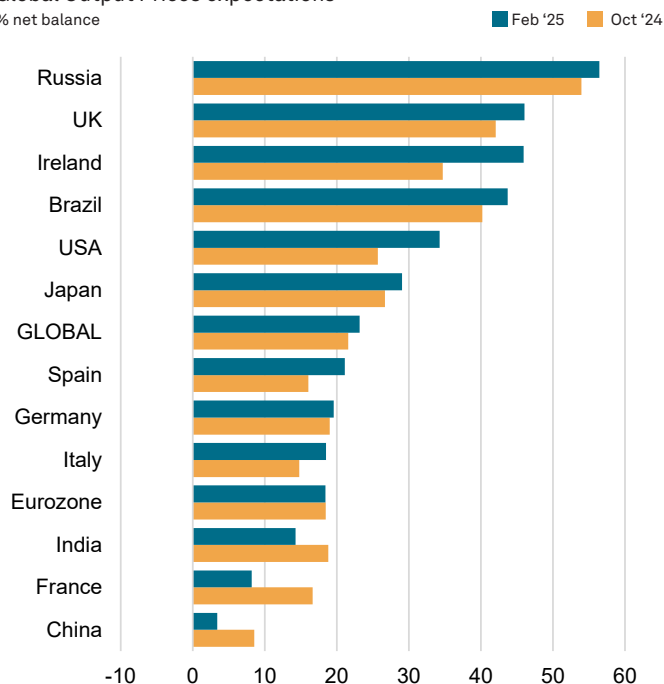
The US reported the highest profits expectations of the developed economies bar Ireland, though the Eurozone posted a positive outlook for profits for the first time in three years, albeit at +2% optimism was only marginal. Positive sentiment was recorded despite pessimism among the two largest economies in the euro area – Germany and France. Meanwhile, the UK also posted a negative outlook for profitability, the

Global Business Activity expectations  
% net balance



Source: S&P Global PMI.

Global Output Prices expectations  
% net balance



Source: S&P Global PMI.

Full data available on request from [economics@spglobal.com](mailto:economics@spglobal.com).

first time this has been the case since October 2022.

## Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0 signalling a neutral outlook for the coming 12 months. Values above 0 indicate optimism amongst companies regarding the outlook for the coming 12 months while values below 0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy\*. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 8,000 firms.

\* The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.

## Contact

Andrew Harker  
Economics Director  
T: +44 149 146 1016  
E: [andrew.harker@spglobal.com](mailto:andrew.harker@spglobal.com)

Katherine Smith  
Public Relations  
T: +1 781 301 9311  
[katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com)  
[press.mi@spglobal.com](mailto:press.mi@spglobal.com)

Chris Williamson  
Chief Business Economist  
T: +44-20-7260-2329  
M: +44-779-5555-061  
E: [chris.williamson@spglobal.com](mailto:chris.williamson@spglobal.com)

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