Global economic conditions survey report: **Q1, 2025**

ACCA

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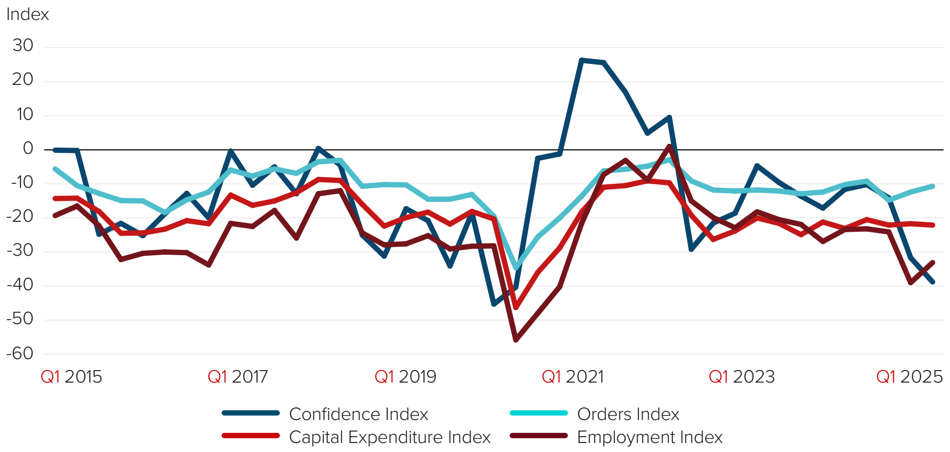
The Association of Accountants and Financial Professionals in Business

Executive summary.

Confidence among global accountants falls further amid a huge decline in the U.S.

Confidence among global accountants remains at its lowest since Q2 2020. The Q1 ACCA and IMA Global Economic Conditions Survey (GECS) suggests that global confidence declined again in early 2025 (see **Chart 1**), although the fall was much less marked than in Q4 2024. More encouragingly, there was another modest rise in the forward-looking New Orders Index, which is slightly above its historical average.[1] The Capital Expenditure Index was largely unchanged again but remains slightly below its average. There was a moderate gain in the Employment Index, although it remains at a low level by the standards of the post-pandemic period. The message coming from chief financial officers (CFOs) was somewhat more encouraging. Confidence rose quite sharply, although it is still moderately below its historical average (see Chart 16). There was also a large improvement in their perception of new orders, which is well above average. Overall, CFOs appear less pessimistic than the broader panel, although the Capital Expenditure and Employment indices point to caution at their firms.

Chart 1 **GECS global indicators**



Source: ACCA/IMA (2015–25)

'Confidence fell again among global accountants, but new orders continued to show resilience.'

1 The median is used to calculate the averages.

Confidence fell markedly in North America amid a huge fall in the U.S. Confidence in North America is at its lowest ever and in the U.S. it is at its second lowest. Commentary from U.S. survey respondents suggests that tariffs have been the key factor weighing on sentiment, as well as cuts in government spending. Expectations for increases in the latter have recently collapsed (see Chart 3). Meanwhile, the U.S. Capital Expenditure and Employment indices both declined and are at very low levels historically. More encouragingly, the New Orders Index rose again and is not too far below its average. Elsewhere, there were decent gains in confidence in Asia Pacific and Western Europe, despite the growing risk to exports from tariffs (see Chart 2). In the former, there was a sharp jump in sentiment in China, likely reflecting further signs of improvement in the economy, increasing policy support, and gains in the stock market. The rise in confidence in Western Europe was driven by the UK, amid some improvement from a record low in Q4.

Cost pressures rose globally and in most regions. They remain very elevated in Western Europe and rose quite materially in North America. This could complicate the job of the U.S. Federal Reserve if slowing growth begins to increase the need for monetary easing (see Chart 6).

Accountants identified their top risk priorities in Q1. Although the economy remained the highest overall risk, responses across sectors stood out. For example, cybersecurity was the highest for financial services and tied in first with talent scarcity for the public and not-for-profit sector. The corporate sector ranked economic woes first and geopolitical instability a tight second. Unsurprisingly, geopolitical risks came in second overall – the first time it was above third – with respondents in the U.S. especially, commenting on the implications of new policy changes and tariffs (see Chart 18).

The Q1 GECS points to growing downside risks to the global economy in 2025. Global growth has generally proved quite resilient over recent quarters, and the resilience of the global New Orders and Capital Expenditure indices provides some encouragement. Nonetheless, the longer that confidence remains depressed, the greater the risk that a self-reinforcing negative cycle could develop, with firms pulling back on orders, capital expenditure and hiring, fuelling a material slowing in global growth. Unfortunately, with global trade tensions stepping up markedly since the survey was completed, and given the large falls in stock markets, the downside risks to the global economy have increased significantly.

1. Global and regional analysis

Confidence among North American accountants falls sharply in Q1.

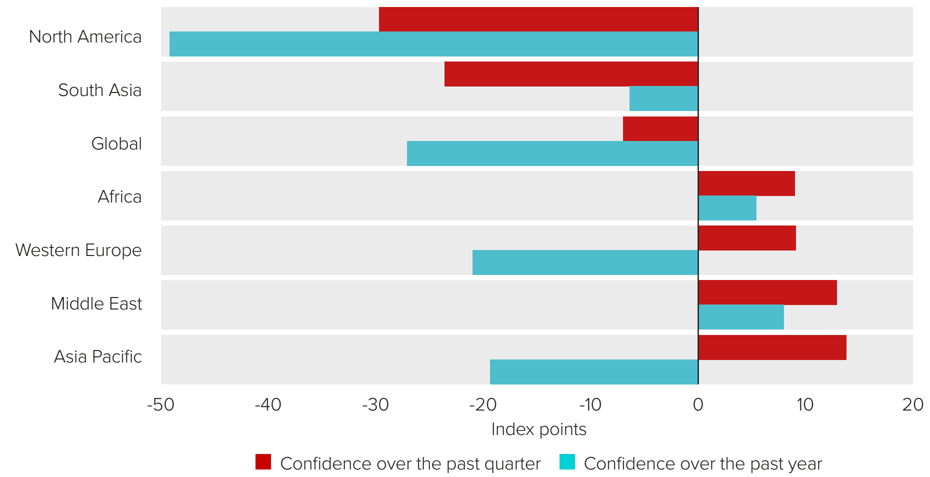
There was another decline in confidence among global accountants in Q1 2025, although there were divergent changes at the regional level (see **Chart 2**). There was a very sharp fall in North America, with confidence among U.S.-based accountants registering the second largest decline in the survey's history. New U.S. policies on trade and government spending, and the uncertainty surrounding them, appear to have had a large negative impact on confidence, while declines in the stock market and signs of slowing in the U.S. economy were likely factors too. There was also a large fall in confidence in South Asia after decent gains in the previous couple of quarters.[2]

By contrast, confidence registered decent gains in Asia Pacific, Western Europe, the Middle East and Africa. The rise in Asia Pacific came after a sharp fall over the past couple of quarters, and there was a very notable improvement in confidence among mainland-China-based respondents. This likely reflects signs of improvement in the Chinese economy, increasing policy support, recent gains in the stock market and growing confidence in the country's technological prospects after the unveiling by DeepSeek of its new generative artificial intelligence (AI) model. The frontloading of exports to the U.S. ahead of tariff increases may have temporarily boosted activity and confidence in Asia Pacific – the sharp rise in U.S. import tariffs on countries in the region is a major downside risk over the coming quarters.

The improvement in confidence in Western Europe came after a huge decline in Q4 2024 and was driven by a rise in sentiment among UK-based accountants from an extremely depressed level previously.

Confidence is massively below its average in North America, significantly lower in Western Europe, and moderately below average in South Asia. Confidence is materially above average in the Middle East and slightly higher in Africa and Asia Pacific.

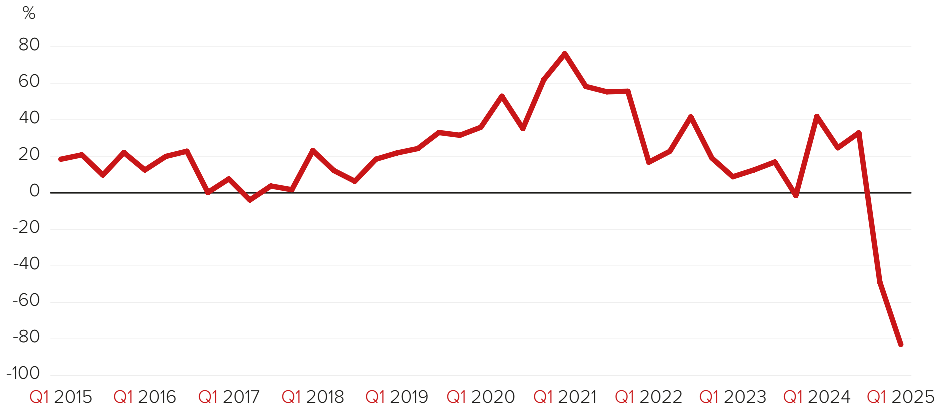
Chart 2 **Confidence – change over the past quarter/year, by region**



Source: ACCA/IMA (2024–25)

'Confidence plunged in North America in Q1 to its lowest on record.'

Chart 3 **US government spending expectations index***



* % of respondents expecting government spending to increase over the next year minus % expecting it to decrease

Source: ACCA/IMA (2015–25)

'Expectations for increases in U.S. government spending over the next year have collapsed in recent quarters.'

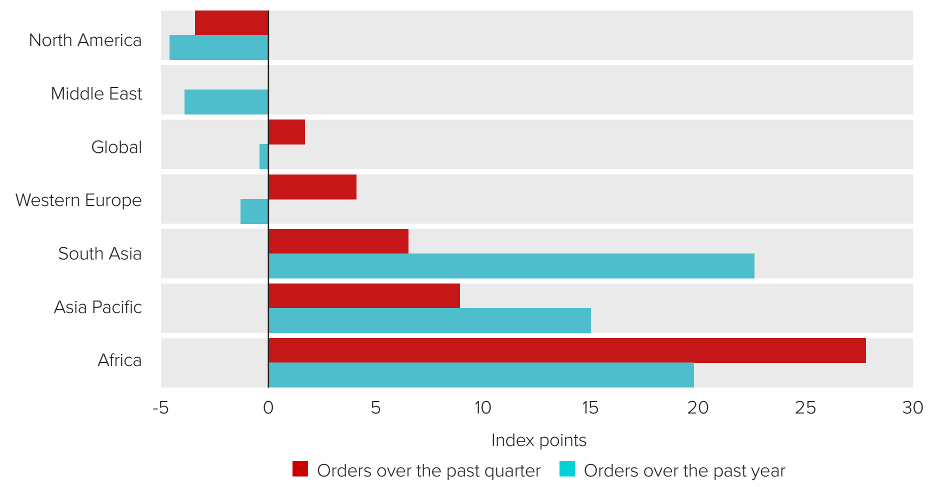
2 Caution should be exhibited with the survey results for the Middle East, South Asia and Africa due to small sample sizes in Q1 2025.

The Global New Orders Index improved modestly for the second consecutive quarter (see **Chart 4**) and is modestly above the average over the survey's history, supporting the view that global growth has been holding up despite the sharp fall in confidence in recent quarters. Encouragingly, there were gains in most regions, with only North America recording a relatively small decline. Compared with their history, new orders are well above average in Africa, South Asia, Asia Pacific and the Middle East. New orders are moderately below average in North America and slightly lower in Western Europe.

In regards to inflation, the proportion of global respondents reporting 'increased costs' rose slightly in Q1 and remains high by historical standards (see **Chart 5**).

There was quite a large rise in the proportion of North American accountants reporting increased operating costs, likely reflecting the impacts of rising import tariffs on some countries and products, and the prospect of additional increases in the future. The proportion of Western European respondents reporting increased operating costs ticked higher and remains extremely elevated historically (see **Chart 6**). By contrast, cost concerns eased very slightly in the other major economic region, Asia Pacific, and remain moderately below their historical average. Elsewhere, cost concerns rose sharply in Africa and the Middle East - and look elevated by historical standards. Cost concerns also rose quite materially in South Asia but are not particularly elevated compared with their historical levels.

Chart 4 **GECS Orders – change over the past quarter/year, by region**



Source: ACCA/IMA (2024–25)

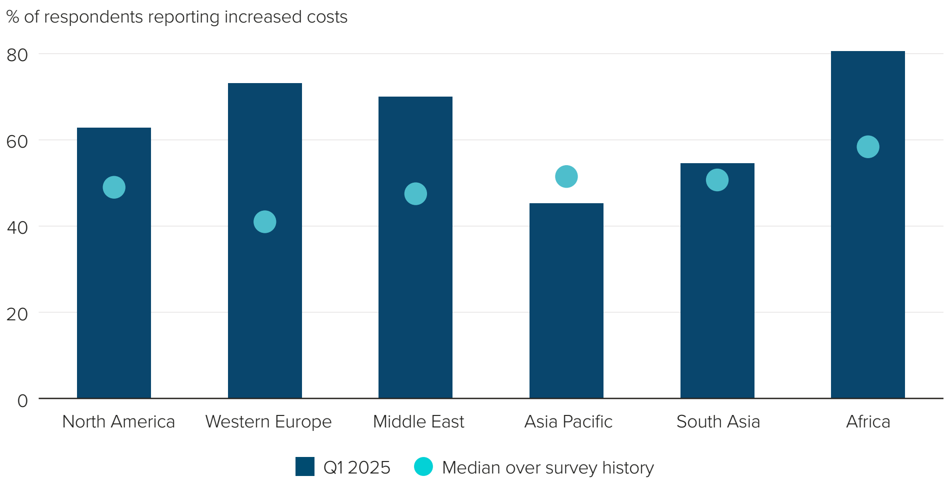
'The New Orders Index improved in most regions, with only a relatively small pullback in North America.'

Chart 5 **Concerns about increased operating costs**

Source: ACCA/IMA (2015–25)

'The proportion of global accountants reporting increased operating costs moved higher again.'

Chart 6 **Concerns about increased operating costs**



Source: ACCA/IMA (2025)

'Cost pressures remain very elevated in Western Europe and are rising again in North America.'

Rising cost pressures in North America could complicate the task of the U.S. Federal Reserve, if slowing economic growth begins to increase the need for a loosening in monetary policy. The Federal Reserve's dot plot chart from March suggested that the median expectation is for just two rate cuts this year, although financial markets currently expect additional easing. Very elevated cost pressures in Western Europe continue to suggest that both the Bank of England and European Central Bank should be careful not to prematurely declare victory in their battles against inflation. Concerns about costs among CFOs rose slightly in Q1 (see **Chart 7**) and remain on the high side, historically.

Concerns globally that customers could go out of business eased very slightly in Q1 but concerns rose that this might happen to suppliers. Neither of our two GECS 'fear' indices look elevated by historical standards at the present time (see **Chart 8**). Meanwhile, global problems accessing finance and securing prompt payment both declined. The former is at its lowest on record, with only 13% of respondents reporting issues accessing finance (see **Chart 9**). That said, there are notable regional differences. Only 7% and 11% of North American and Western European respondents respectively report problems accessing finance, compared with almost 30% in Africa.

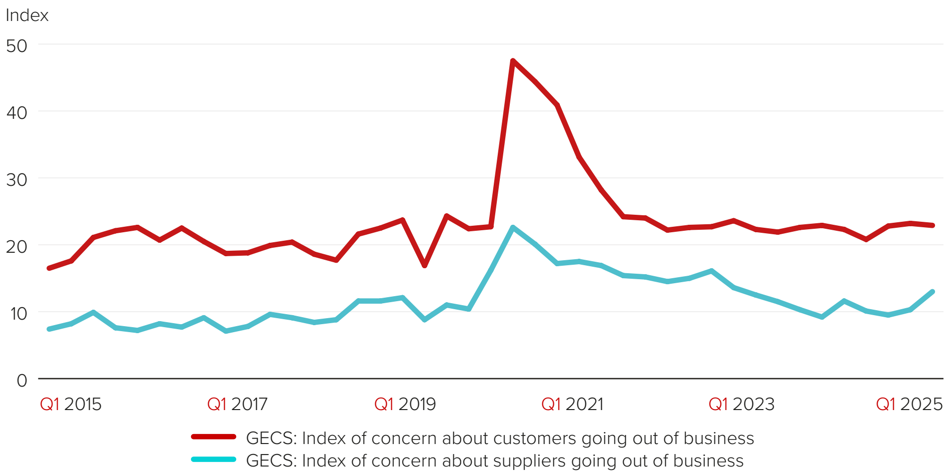
Monetary easing by central banks around the world, and the consequent easing in global financial conditions, was an important tailwind for the global economy in 2024. Nonetheless, unless there is a sharp slowing in growth, interest rate cutting cycles by the major central banks are likely to be quite gradual and cautious over the remainder of 2025, with rates still likely to remain high by the standards of the post-Global Financial Crisis period. Hence, many firms and households that locked in very low interest rates in recent years are likely to experience a rise in borrowing costs when they come to renew their loans.

Chart 7 **Global CFO concerns about increased operating costs**

Source: ACCA/IMA (2015–25)

'Cost pressures are rising again, according to CFOs.'

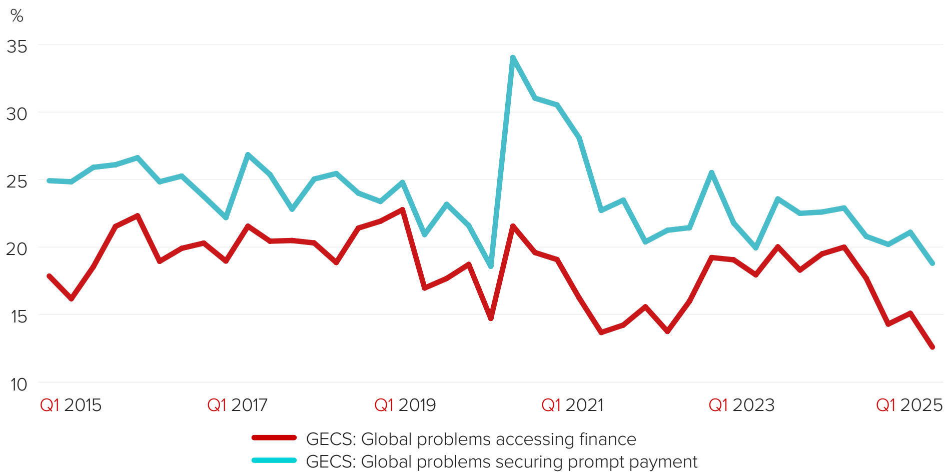
Chart 8 **GECS global 'fear' indices**



Source: ACCA/IMA (2015–25)

'Concerns globally that suppliers could go out of business rose in Q1 but concerns about customers eased slightly.'

Chart 9 **Problems securing prompt payment and accessing finance**



Source: ACCA/IMA (2015–25)

'Global problems accessing finance and securing prompt payment both eased in Q1 and are at very low levels by historical standards.'

North America

Confidence in North America fell to a record low in Q1 (see **Chart 10**) and both the Capital Expenditure and Employment indices are at very low levels historically. More encouragingly, the fall in the New Orders Index was not large, and it is at similar levels to other readings since the aftermath of Russia's invasion of Ukraine. Looking at the U.S., the decline in confidence was huge and expectations for government spending fell sharply again (Chart 3). Moreover, there were declines in the Capital Expenditure and Employment indices, which are at very low levels historically. On a more positive note, the New Orders Index registered a decent gain, but it is below its historical average. Meanwhile, the proportion of U.S.-based accountants reporting increased operating costs rose quite materially. Commentary from respondents suggested that changes in trade policy, in particular, were weighing on confidence, as were government spending cuts. Uncertainty about such policies looks set to weigh on economic growth. While the latter could increase pressure on the Federal Reserve to cut interest rates, rising cost pressures could complicate its job.

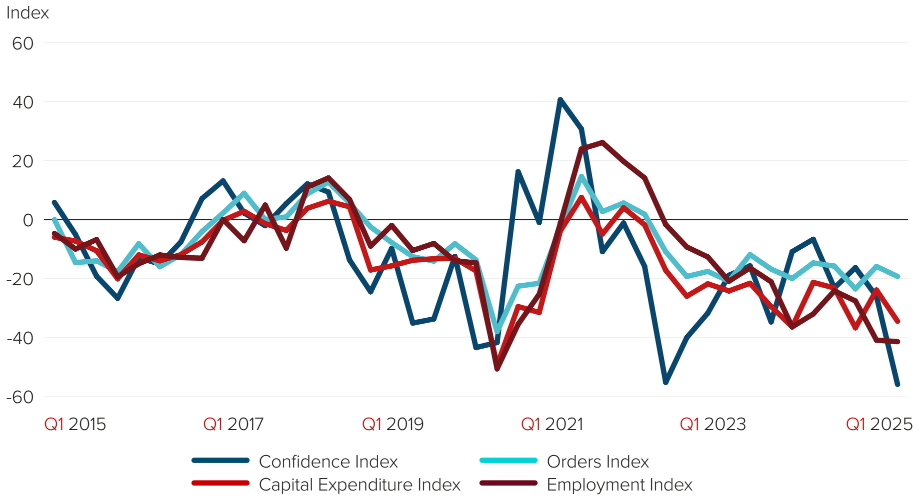
Asia Pacific

Confidence rose quite strongly in Asia Pacific in Q1 (see **Chart 11**) after a massive decline over the past couple of quarters. It is now only modestly below its historical average. There was also a solid gain in the New Orders Index, which is at a very high level by historical standards, potentially boding well for activity over the coming quarters. But the Capital Expenditure and Employment indices provide a contrasting picture. The former fell meaningfully and is significantly below average, while the latter rose strongly and is slightly higher than its historical average. There was a very notable rise in confidence among mainland-China-based accountants, and there has been a large improvement in the New Orders Index since Q3 2024. All in all, the key indicators pointed to some improvement in the economic backdrop in Asia Pacific, with signs of improvement in the Chinese economy likely an important contributing factor. That said, front-loading of exports before U.S. tariff increases may have played a part, and the significant escalation of trade tensions is a major downside risk over the coming quarters.

Western Europe

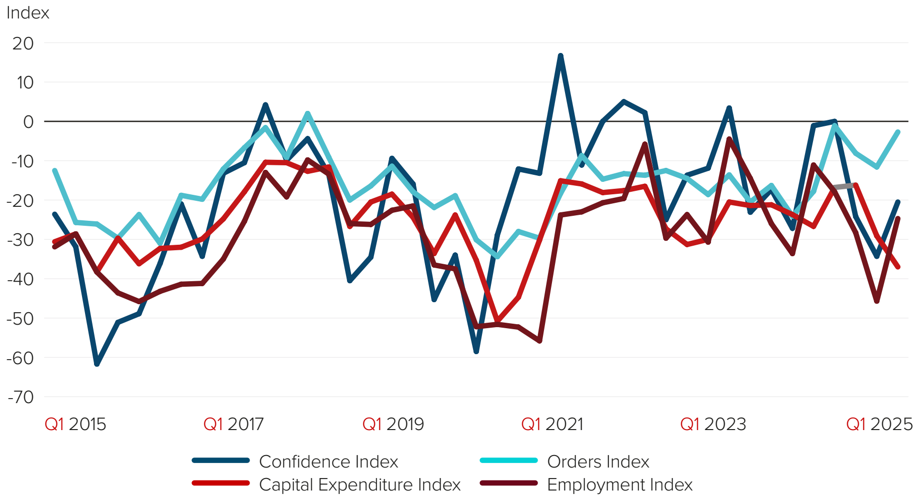
Confidence registered a decent increase in Western Europe, although it remains at a very low level by historical standards (see **Chart 12**). Somewhat encouragingly, there were also improvements (albeit relatively small) in the New Orders, Capital Expenditure and Employment indices. While they all remain below their historical averages, the New Orders Index is only modestly so. Cost pressures remain an issue, with the proportion of respondents reporting increased operating costs remaining very high by historical standards. Some improvement in the UK indices helped boost the regional aggregates, although the key indicators for that country remain below their averages: confidence and employment significantly so. Growth in the euro area and UK is likely to remain slow in 2025 and the rise in U.S. import tariffs creates material downside risks. That said, the reform of the government debt brake in Germany, which will likely lead to significant increases in spending on defense and infrastructure, should be a helpful tailwind for the region in the future.

Chart 10 **North America**



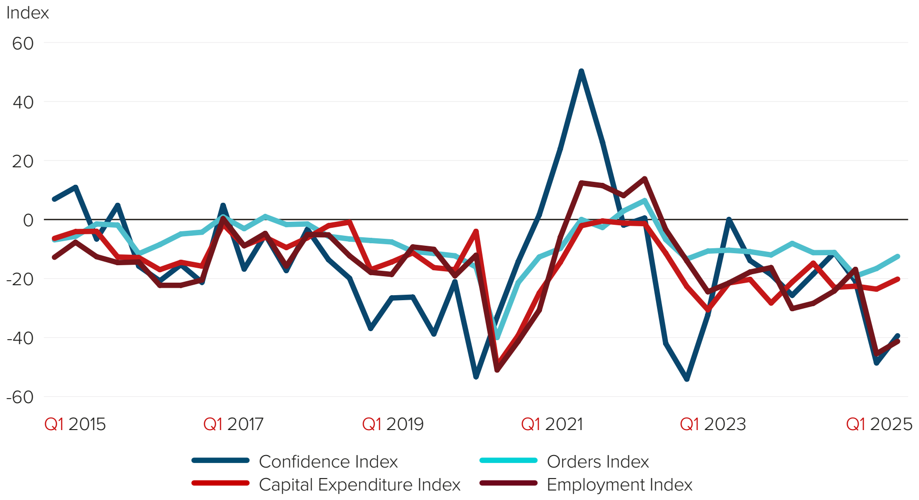
Source: ACCA/IMA (2015–25)

Chart 11 **Asia Pacific**



Source: ACCA/IMA (2015–25)

Chart 12 **Western Europe**



Source: ACCA/IMA (2015–25)

Middle East

There was quite a solid rise in confidence in the Middle East in Q1* and it is now meaningfully above its historical average. There was no change in the New Orders Index, which remains at a high level by historical standards. Meanwhile, the picture is looking encouraging for capital expenditure and employment, amid significant gains in both indices (see **Chart 13**). Less encouragingly, the proportion of respondents reporting increased operating costs rose significantly and is now well above its historical average. Overall, the indices are consistent with a relatively positive picture for the region, despite current geopolitical tensions and the recent easing in oil prices. Growth in the region is likely to be stronger in 2025 than last year, amid continued solid expansions in the non-oil economies in key countries such as Saudi Arabia and the United Arab Emirates, and owing to some pick up in oil production as members of OPEC+ begin to reverse past production cuts.

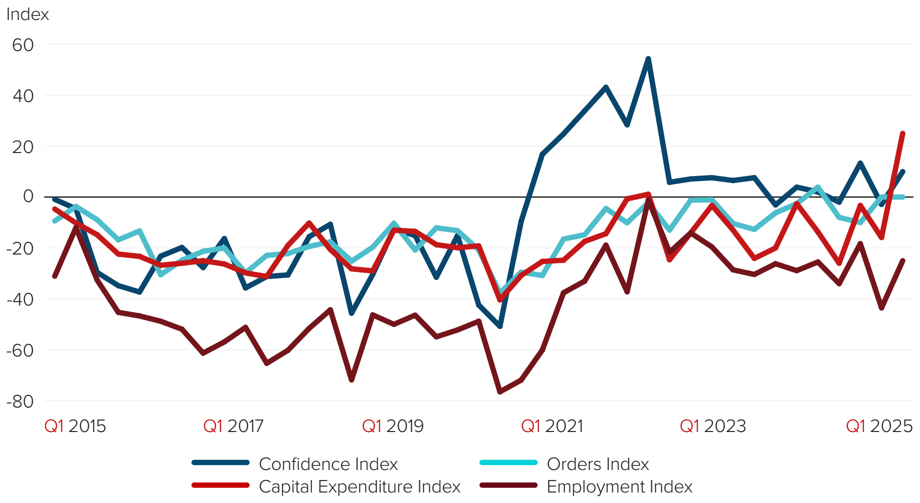
South Asia

There was a very large fall in confidence in the South Asia region in Q1* (see **Chart 14**), coming after two quarters of decent gains, and it is now below its historical average. More encouragingly, there was a moderate gain in the forward-looking New Orders Index, which is at a very high level by historical standards. There were modest declines in the Capital Expenditure and Employment indices, but both remain well above their historical averages. Meanwhile, the proportion of respondents reporting increased operating costs rose quite materially, although it is not that much higher than its historical average. All in all, despite the reduction in confidence, the main indicators are consistent with quite a decent backdrop for the region in early 2025. Indeed, despite some slowing, the region's largest economy, India, should remain the world's fastest-growing major global economy over the coming years. Escalating global trade tensions are a major downside risk for the region though.

Africa

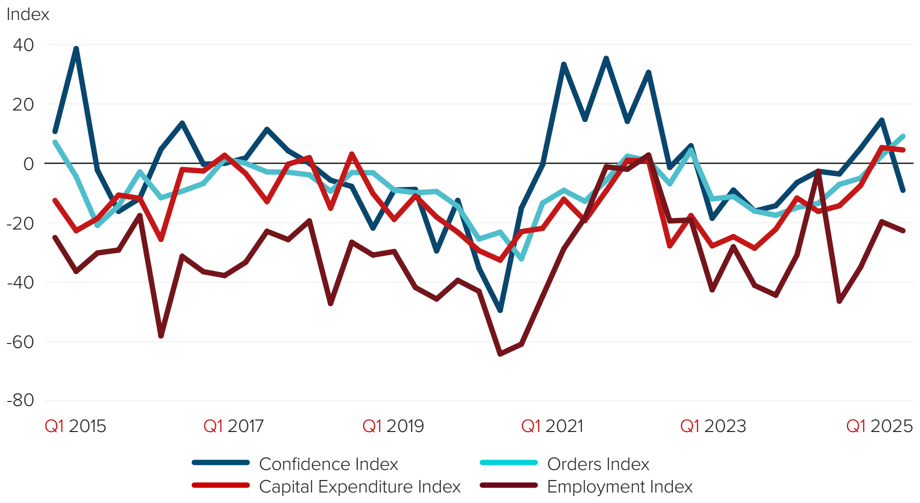
There was quite a decent increase in confidence among accountants in the Africa region in the first quarter* (see **Chart 15**) and it is now slightly higher than its historical average. There was a very marked rise in the forward-looking New Orders Index, which is now at a very high level by historical standards. There were also gains of varying degrees in the Capital Expenditure and Employment indices. The former is slightly above its historical average, while the latter is below it. Less encouragingly, the proportion of survey respondents reporting increased operating costs rose sharply and this is now at a very high level historically. Consumer price inflation remains elevated in some countries but has improved significantly in many others. This has allowed a number of central banks to begin to reduce interest rates, which should help support economic activity over the coming quarters. Signs of improvement in the Chinese economy are a positive for the continent but escalating global trade tensions present important downside risks.

Chart 13 **Middle East**



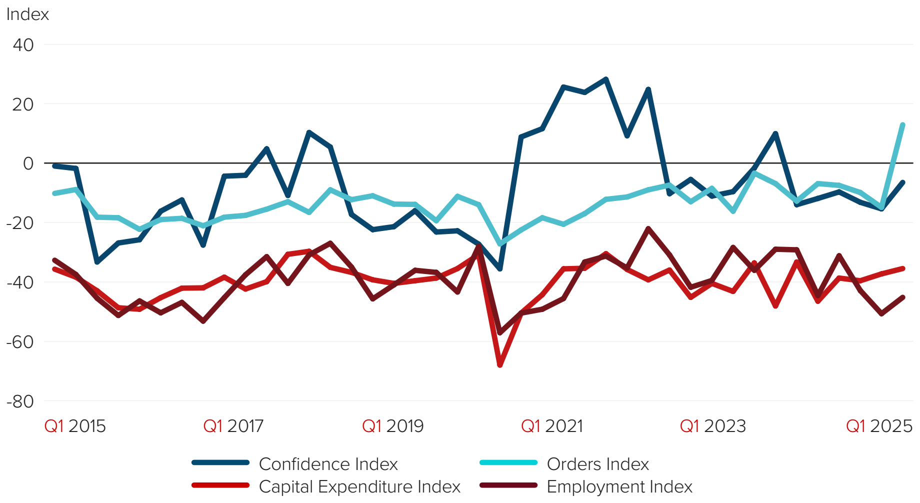
Source: ACCA/IMA (2015–25)

Chart 14 **South Asia**



Source: ACCA/IMA (2015–25)

Chart 15 **Africa**



Source: ACCA/IMA (2015–25)

* Caution should be exhibited with the survey results for the Middle East, South Asia and Africa due to small sample sizes in Q1 2025.

2. Chief Financial Officers (CFOs)

Confidence among CFOs rises sharply, as does their perception of new orders.

The indices reported in this section reflect the survey responses of CFOs who are part of our broader global panel of accountants and finance professionals.

Confidence among CFOs increased sharply in Q1, although it is still meaningfully below its historical average. There was also a marked rise in the New Orders Index, which is now well above average (see **Chart 16**). The Confidence Index for CFOs is significantly higher than that of the broader panel (accountants, auditors, CFOs, etc.), and the New Orders Index is meaningfully higher too.

The Capital Expenditure Index for CFOs declined quite materially in Q1 and is meaningfully below both its historical average and the reading for the broader panel. The Employment Index was largely unchanged and remains significantly lower than its historical average (see **Chart 17**) and below the reading for the broader panel. Meanwhile, the proportion of CFOs experiencing increased operating costs rose and remains somewhat high by historical standards (see Chart 7).

All in all, the sharp improvement in confidence among CFOs and in their perception of new orders is clearly encouraging and lends some support to the view that global growth is not set to lurch downwards despite heightened uncertainty. That said, it is certainly not time to celebrate either, with the Confidence, Capital Expenditure and Employment indices for CFOs all below their historical averages by varying degrees. Moreover, escalating global trade tensions significantly increase the downside risks to the global economy.

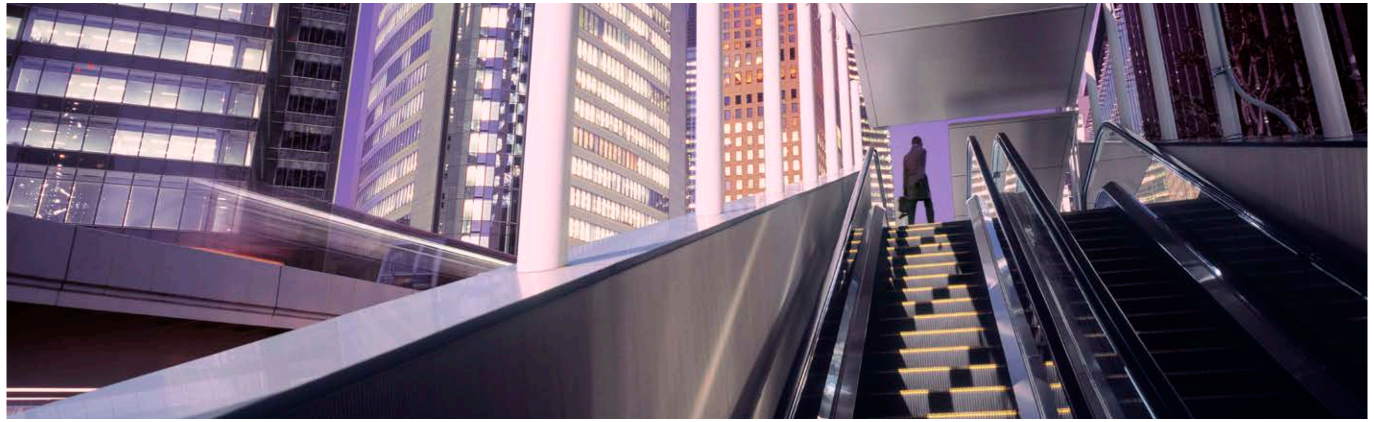
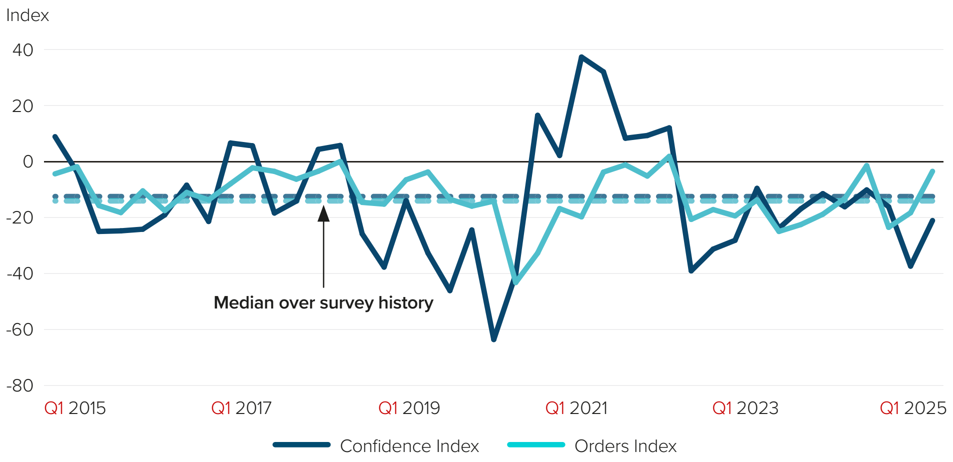


Chart 16 **GECS global indicators – CFOs**



Source: ACCA/IMA (2015–25)

'Confidence among CFOs improved sharply in Q1, as did their perception of new orders.'

Chart 17 **GECS global indicators – CFOs**

Source: ACCA/IMA (2015–25)

'The message from the Capital Expenditure and Employment indices was more downbeat though.'

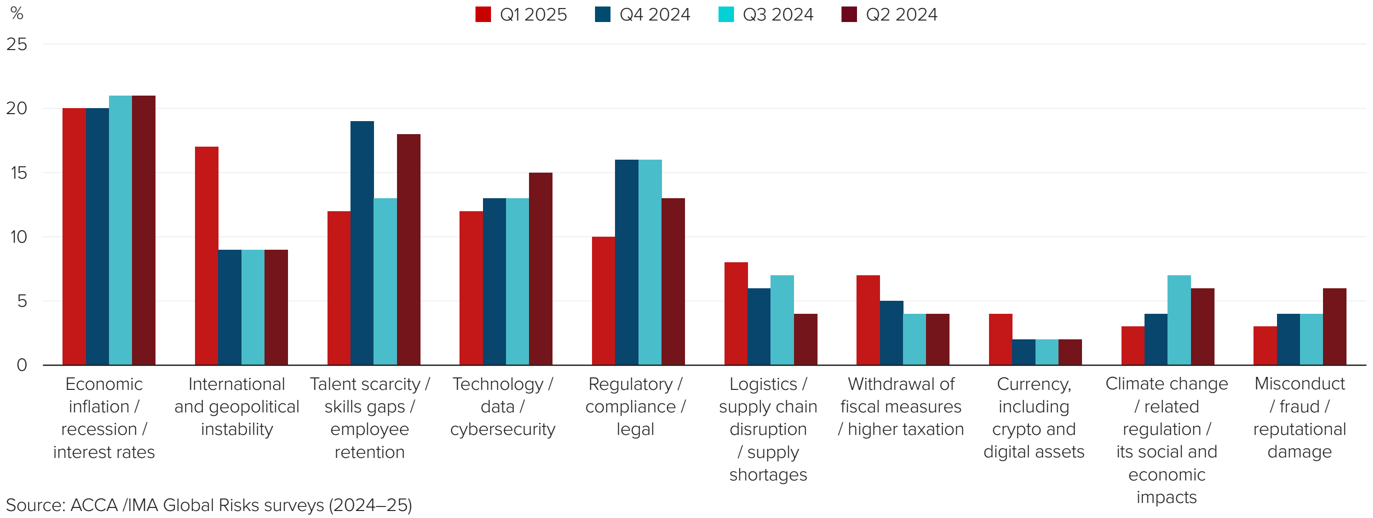
3. Tariff uncertainties become the top concern for accountants around the world

Economic uncertainty remained the highest risk priority overall for the first quarter of 2025, and responses mainly reflected the difficulties financial professionals face in measuring the impact of tariffs and other imbalance of power issues (Chart 18).

Unsurprisingly, geopolitical instability ranked second overall, with respondents in the U.S. especially, commenting on the implications of policy changes and tariff threats.

This is the first time respondents have ranked geopolitical instability above third place since the risk priority question was first asked back in the fourth quarter of 2022.

Chart 18 **Top three risk priorities overall – change over the past year**



Source: ACCA /IMA Global Risks surveys (2024–25)

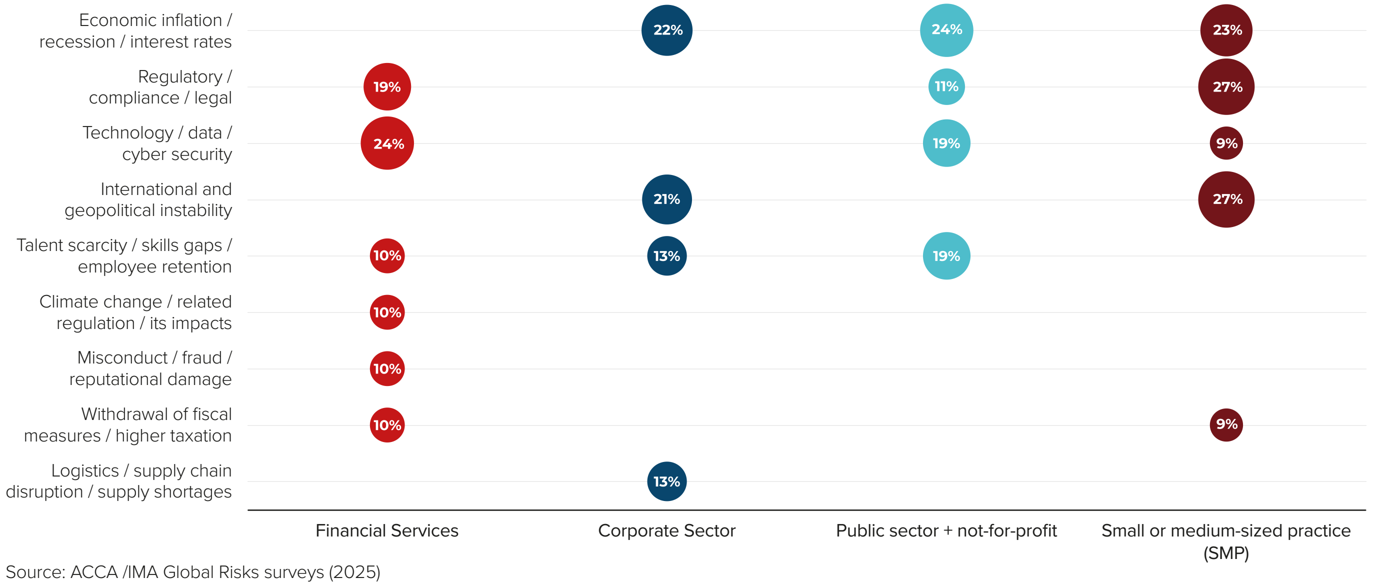
'Tariffs on imported raw materials will be devastating to our business model and drive inflation to levels not seen since the 1970s', replied one accountant working in the manufacturing sector in the U.S., when asked *'what is the most underestimated risk facing your organisation?'*.

A respondent from a healthcare firm in the U.S. said that *'the stopping of scientific studies will wipe out our customer base'*. A financial director from an engineering firm also commented: *'DoD [Department of Defense] delays could ripple into Q2 and Q3, further increasing the uncertainty around our financial forecasts'*.

Respondents across all regions discussed the potentially existential effects that today's geopolitical risk landscape has on businesses and stakeholders and how the questions involve variables never encountered in their careers before. *'The sea change of geopolitical risks means transformational challenges from other forces such as AI and its impact on job displacements are going to be even more difficult to plan for'*, an accountant in the UK asserted.

Cybersecurity was the highest risk priority for financial services in Q1 2025 and, for the first time, tied at the top with talent scarcity for the public and not-for-profit sector (**Chart 19**). Accountants working in financial services around the world put cybersecurity as the most underestimated risk amid intensifying geopolitical tensions and increasing computer power. Threat actors, many state-run, have more available ways for mounting

Chart 19 **Top-ranked risk priorities across sectors, Q1 2025**



Source: ACCA /IMA Global Risks surveys (2025) attacks today, making traditional cyber and third-party risk-management methodologies out of date. Respondents talked about skills gaps but also the lack of cooperation across operations in building immunity against the wider range of inevitable cybercrimes.

Furthermore, we see how firms are attempting to manage cyber-related risks they have never previously assessed, and this includes more mentions about real cases of misinformation and deepfakes. As one accountant in financial services in Canada attested: *'The problem is that people at the top often don't want to talk about it. This is another area where we* [accountancy professionals] *need to be engaging with different teams more and help decision-makers put resources in the right places'.*

An accountant working at a financial services firm in Africa added: *'With the advent of DeepSeek and other tools coming out of the AI race* [between countries and companies]*, I would say there's also more we don't have control of'.*

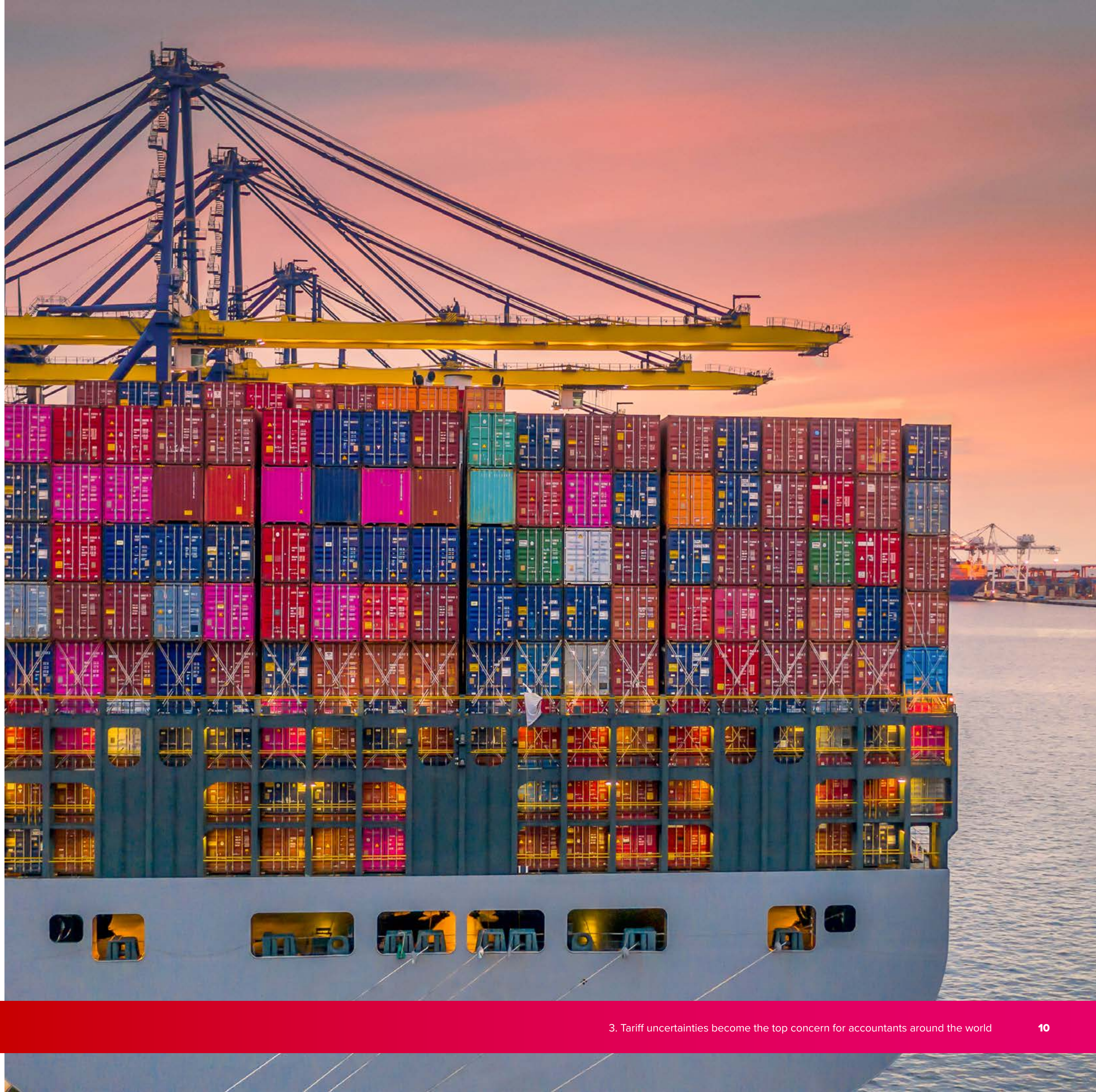
Indeed, accountants from charities and other not-for-profits consistently refer to cybercrimes and the sheer lack of resources to combat this and other material risks.

One respondent working in healthcare said: *'Five years ago, it was about getting the key in the door. Today, it's like they're already in the door and getting people to just hand it* [the sensitive data] *over voluntarily because* [technological capability] *has been supercharged but we're not keeping up'.*

Although corporate sector respondents ranked economic uncertainty first and geopolitical instability a very tight second, their comments about underestimated risks of tariffs ranged from supply chain disruptions and data theft to skills shortage and climate change neglect. The one common thread was understanding where AI applications could help build resilience and take advantage of the opportunities that these risks present.

A respondent from a high-tech firm in the U.S. stated: *'Customers all over the world are already asking what measures we are taking to avoid tariffs. This is going to be a problem for us all'.*

Another accountant from a food manufacturer in Greece said: *'For us, geopolitics has shifted the focus away from sustainability and climate issues, so we are constantly asking ourselves where next? Innovation requires investment and that is being paused by the geopolitics'.*



About this report.

The Global Economic Conditions Survey (GECS), carried out jointly by ACCA (the Association of Chartered Certified Accountants) and IMA (Institute of Management Accountants), is the largest regular economic survey of accountants around the world, in both the number of respondents and the range of economic variables it monitors.

The GECS has been conducted for over 10 years. Its main indices are good lead indicators of economic activity and provide a valuable insight into the views of finance professionals on key variables, such as investment, employment, and costs.

Fieldwork for the 2025 Q1 survey took place between 25 February – 13 March 2025, gathering 516 responses: 259 ACCA members and 257 IMA members.

ACCA and IMA would like to thank all members who took the time to respond to the survey. It is their first-hand insights into the fortunes of companies around the world that make GECS a trusted barometer for the global economy.

Read the previous GECS reports **here**

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(Institute of Management Accountants)

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