BUSINESS CONFIDENCE HIGHEST IN THREE YEARS

- In a context of continued low interest rates and stimulus programs in key markets around the world, CEO confidence lifted to 64.0 in the second quarter of 2014, marking its highest level in more than three years and its third rise in the past 12 months. Rosier outlooks in every region except Latin America contributed to the increase.

- For the first time since October 2011, Asia is the world’s most optimistic region with a confidence index level of 67.3. Narendra Modi’s election in India, tempered violence in Thailand and approval of Prime Minister Abe’s “third arrow” of reforms in Japan served as a backdrop to the uplift in sentiment. Confidence in China remained largely unchanged at a lofty level. Asia as a region is the world’s most bullish on fixed investment for the first time in more than two years.

- Business sentiment in the United States rose 1.1 points to 64.8, its second-highest level in the five-year history of the survey, on the back of strong second-quarter economic data and a faster pace of job creation. Hiring confidence in the United States is the highest in the world.

- After surging 3.0 points in January, optimism in the European Union has held steady, inching up a third of a point in July to 62.5, its highest level in the history of the survey. In the first quarter of 2014, less than two years after bailouts of Greece and Spain and the financial shock in Cyprus, the debt-laden eurozone periphery economies as a group became significantly more optimistic than the core economies for the first time in five years, a phenomenon that continued into the second quarter.

- Economic optimism in Canada surged 4.4 points to 66.6, a record for this series that ranks it as the world’s second-most optimistic region after Asia.

- Confidence in Brazil sank 4.0 points to 51.2 amidst uncertainty surrounding the upcoming general elections in October. Meanwhile, sentiment in neighboring Argentina fell to 59.2 on the back of uncertainty around a possible sovereign-debt default (since materialized). The Latin American regional composite index stands at 56.3, the lowest in the world.

- Elsewhere, the confidence index for Africa remained largely unchanged in the second quarter, edging up one-tenth of a point to 61.9. Sentiment in Australasia (Australia plus New Zealand) rose 1.7 points to 61.6, slightly higher than its five-year average level. The Middle East and North Africa (MENA) index rose 1.5 points to 64.4 – higher than last quarter but lower than six months ago – mostly on the back of increased optimism in Saudi Arabia and United Arab Emirates, which have the highest weightings in the index.