

## Press release

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# Double-dip recession tops executives' concerns for global economic outlook

The risk that some of the world's major economies may fall back into recession is foremost among executives' concerns for the second half of 2010, according to new research conducted by the Economist Intelligence Unit. When presented with a series of 11 potential risks to the economy over the next six months, almost one-third of the 680 respondents to a global survey point to double-dip recession as the biggest, ahead of sovereign debt default (20%), market volatility (10%) and weak governance (9%).

North American and Asia-Pacific respondents are most concerned about the possibility that the economy will once again slip into recession—43% and 40%, respectively, list it as their main concern, against 29% from western Europe. The North American sentiment seems to echo US Federal Reserve chairman Ben Bernanke's warning of last week, that the US economy faced "uncertain prospects".

With the nascent recovery so fragile, it is not surprising that weak demand is seen by executives as the foremost risk to their business over the next six months. More than one-third (36%) of respondents cited this concern, ahead of worries about volatility in financial markets (19%), difficulty in raising finance (18%) and general market volatility (16%).

Respondents from the manufacturing, automotive, mining and related sectors also see other factors—including the volatile price of raw materials, exchange rate fluctuations and instability in their major markets—as significant risks.

Other findings include the following:

- Despite economic uncertainty, 86% of executives express confidence in their organisation's ability to navigate risk over the next six months.
- Concerns about the break-up of the Eurozone, prompted by the recent meltdown of the Greek economy, appear to have abated—only 5% of European respondents consider it a risk.
- A significant number of respondents—13%—say they are concerned about a skills shortage affecting their business, suggesting that many organisations are expecting to grow their business in the coming months.

"The Economist Intelligence Unit's own global forecast plays down the risk of double-dip recession," said Iain Scott, a senior editor at the Economist Intelligence Unit's business research division in London. "We do, however, expect a sustained period of slow growth, exacerbated by the fiscal austerity measures being introduced in many major economies. But if all goes well, we expect that structural reforms, combined with some productive allocation of spending, will boost growth in the long term."

The survey of 680 executives, representing a range of industries around the world, forms part of a major new research programme on risk, sponsored by ACE and KPMG, which will culminate in the 2010 Risk Summit in London on November 18th.

*To keep up with the Economist Intelligence Unit's 2010 Risk programme,  
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**About the Economist Intelligence Unit**

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