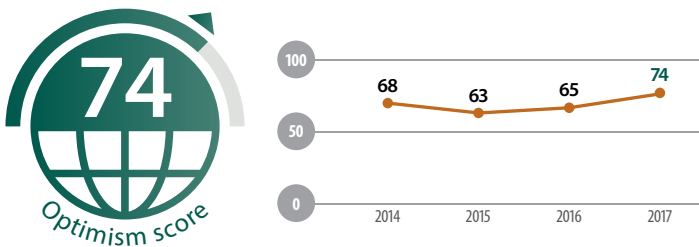


2017 International Business Indicator

Global business optimism surges amid trade uncertainty

The fourth annual Wells Fargo International Business Indicator survey reveals U.S. companies are hopeful about the global economy and emerging market opportunities. As a result, they expect international business growth this year.

Wells Fargo International Business Indicator score



With a score of 74 — the highest since we began surveying global business sentiments — the International Business Indicator shows U.S. companies have heightened optimism about international business. The 2017 score reflects a nine-point increase from 2016.

- Citing a number of macroeconomic factors, including a strong U.S. dollar, 81% of U.S. companies expect a rise in their international business activity during the next 12 months.
- The same number also believes international business will become more vital this year.

We began surveying executives a few days following the 2016 U.S. presidential election and concluded a few days after the inauguration. In an election cycle, businesses typically pay more attention to business and economic issues.

“Although we’re looking at the U.K. as a major location for business growth, we are waiting for the new policies and other rules after Brexit is fully implemented.”
 — Director, energy industry

Future of global trade unclear

We asked respondents if they were concerned about negative attitudes toward trade, and 78% were somewhat or very concerned. A follow-up question asked whether they would be concerned if trade pacts failed. The majority (86%) indicated failed trade pacts would negatively affect their international business.

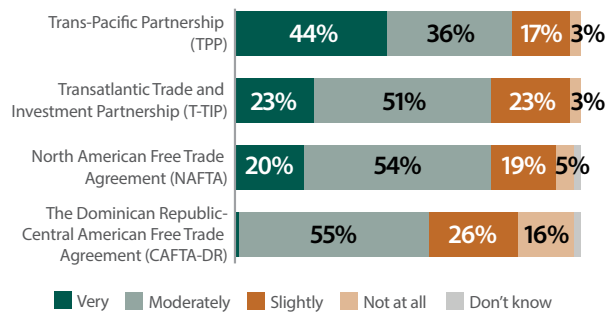
In January 2017, the U.S. withdrew from the Trans-Pacific Partnership. A U.S. political administration has not had such a strong view on trade protection since the Great Depression.

86%
 agree the failure of trade pacts will have a significant effect on international business



How important are trade agreements to U.S. companies’ international business?

Percentage of business leaders surveyed who believe trade agreements are at least moderately important to their international business



Together we’ll go far



External factors shape international business strategies

U.S. companies with an international footprint focus on global expansion to ensure long-term revenue growth. Key components of their international business strategies include foreign exchange and emerging markets.

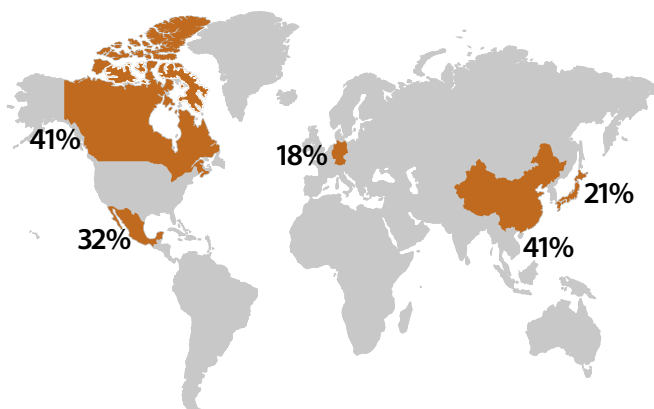
(% somewhat/strongly agree that these external events affect their international business plans)

- 97% – Currency and exchange rates are an important part of international business strategy
- 95% – Emerging markets have the greatest revenue growth opportunity
- 91% – U.S. corporate taxes play a big role in international business decisions
- 86% – The low U.S. interest rate environment has been beneficial

Future growth hot spots

Survey respondents consider China a top hot spot for future growth, followed by Canada, Mexico, Japan, the U.K., and Germany. Japan's move to the top five is likely due to economic growth in late 2016. The top three countries also have the largest trading relationships with the U.S. — equal to \$1.9 trillion in imports and exports.

Where do U.S. companies anticipate future growth?

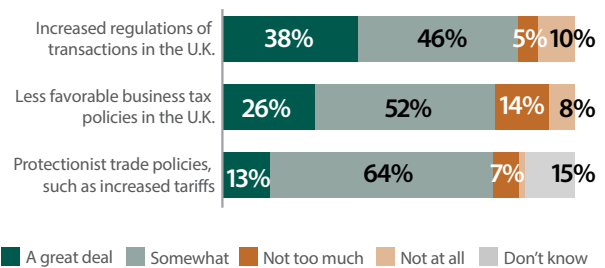


Wait and see with Brexit

About two-thirds of U.S. companies value their U.K. and European business connections. However, only one-third said Brexit — the U.K. leaving the European Union (EU) — would affect their business. Most companies are taking a wait-and-see approach with Brexit, although some plan to work with the U.K. and EU separately to ensure access to those markets.

Brexit-related worries include more regulation, less favorable taxes, and protectionist trade policies.

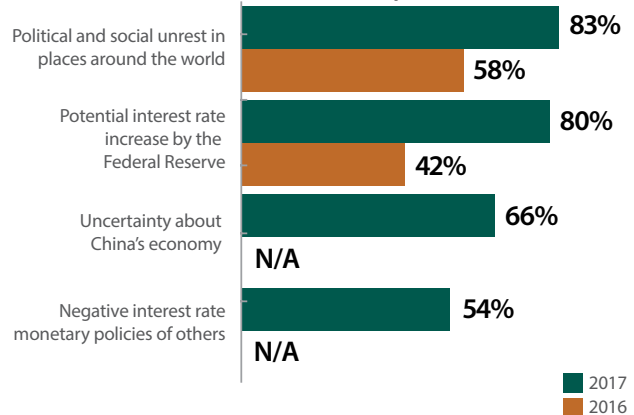
How much will Brexit affect U.S. companies?



Events affecting international business

Companies (91%) cited cyberattacks as a top concern that could affect international business plans. Other news events they are concerned would affect their plans include:

What events would affect U.S. companies' international business?



Get your copy of the complete report

For more results from the International Business Indicator survey, including the full report, visit wellsfargo.com/indicator.

About the survey: On behalf of Wells Fargo, research firm Market Strategies International conducted 281 telephone interviews between Nov. 14, 2016, and Jan. 24, 2017, with executives at U.S. companies that do business internationally and have \$50 million or more in annual revenue. Participants were associate vice president and director level or above, and had either primary responsibility or at least some influence over the company's international business plans or strategies. The margin of error on the total is 6.8% with a 95% confidence level.

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