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CFOs: LATIN AMERICAN OUTLOOK BRIGHT FOR 2013

Note to editors: For additional comment, see contact information at the end of this release.
[Watch](#) Professor John Graham talk about the survey results from across the world. You may use this link on your news organization's website.

DURHAM, N.C. – CFOs in Latin America are the most optimistic in the world about economic prospects for 2013. Revenue, capital expenditures, and earnings should all experience robust growth. Latin American companies have some concerns about hiring qualified employees and are planning to increase worker training to address this issue.

These are some of the findings of the most recent [Duke University/Fundação Getúlio Vargas/CFO Magazine Latin America Business Outlook survey](#). The quarterly survey, which concluded December 10, asked 926 CFOs around the world, including 142 from Latin America, about their firm's expectations and the economy. (See end of release for survey methodology.) The Latin American edition is a part of the Global Business Outlook Survey which has been conducted for 67 consecutive quarters. It spans the U.S., Asia, Europe and Latin America, making it the world's longest running and most comprehensive research on senior finance executives. Presented results are for Latin American firms unless otherwise noted.

SUMMARY OF FINDINGS

-- Fifty-eight percent of Latin American CFOs are growing more optimistic about their countries' economies this quarter, compared to 25 percent who are growing more pessimistic.

-- Latin American companies expect to increase their number of fulltime employees by more than three percent over the next 12 months. Many firms in Latin America say they are having difficulty finding employees with the right skill sets. Wages are expected to rise seven percent.

-- Companies say their product prices will rise on average seven percent due to inflation.

-- The interconnectedness of Latin American economies is evident. CFOs indicate that slowing growth in other Latin American countries would hurt their companies.

STRONG GROWTH FUNDAMENTALS IN LATIN AMERICA

Revenues should be strong in Latin America in 2013, averaging more than 13 percent growth. Business spending should also grow a robust 13 percent. Hiring should remain moderately strong, with the number of full-time employees increasing on average by more than three percent in the next year. Wages should rise by nearly seven percent.

"After somewhat slower growth in 2012 in some Latin American countries, boom times are expected to return in most places," said Gledson de Carvalho, a finance professor at Fundação Getúlio Vargas (FGV) in Brazil and co-director of the Latin American Business Outlook survey. "This is evidence of strong fundamentals in Latin America, which now shows signs of sustaining strong growth even when the rest of the world slows slightly."

The self-sustaining nature of Latin American growth is evident in the degree that the economies of the region are interconnected. Approximately 60 percent of firms in Spanish-speaking Latin American countries say that slower Brazilian growth would hurt their companies in 2013, and 70 percent of Brazilian CFOs say that slower growth in the rest of Latin America would hurt their companies.

Eighty-four percent of Latin American companies planned to pay bonuses to employees at year-end in 2012, with one-fourth of these companies saying the bonuses will be bigger than 2011 and 50 percent holding the bonus the same as the previous year.

TOP CONCERNS, INCLUDING SHORTAGE OF SKILLED WORKERS

The greatest concern among CFOs is maintaining profit margins. More than half (56 percent) of Latin American firms report difficulty in attracting and retaining qualified employees, the CFOs' second greatest concern.

"There continues to be somewhat of a mismatch between employee skills and company needs," said Klenio Barbosa, an economics professor at FGV and co-director of the Latin American Business Outlook survey. "Fortunately, Latin American firms show a great willingness to train workers. While three-fourths of companies did reduce training over the past few years, fully 84 percent of these companies plan to increase training back to previous levels or above."

LATIN AMERICAN CFOs OPTIMISTIC

Economic optimism has grown stronger in Latin America. On a scale from 0 to 100, Latin American CFOs rate their optimism in their countries' economies at 66, up from 60 last quarter. In comparison, the United States and Europe is about 52.

CFO optimism is above 75 in Mexico, Chile, and Peru, and is 60 or better in Brazil and Colombia. Argentinian CFOs are least optimistic (49).

"Research indicates that when CFOs are optimistic about the economy, strong economic growth occurs over the next year," said [John Graham](#), a professor of finance at [Duke University's Fuqua School of Business](#) and director of the Global Business Outlook survey.

RESULTS SPECIFIC TO THE U.S., ASIA, AND EUROPE

Please visit www.cfosurvey.org for global results.

For additional comment, contact

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Detailed results, including tabular summaries of the numbers in this release and results from previous surveys are available at www.cfosurvey.org.

About the survey: The Latin American Business Outlook is a quarterly survey of financial executives that is part of the Global Business Outlook survey. The survey concluded December 10, 2012, and generated responses from 926 CFOs, including 411 from the U.S., 252 from Asia (including, for the first time, CFOs from Japan), 121 from Europe, and 142 from Latin America, from which 49 are Brazilian companies. The Global Business Outlook has been conducted 67 consecutive quarters by Duke University and CFO Magazine. Duke, CFO, and Fundação Getúlio Vargas (FGV) jointly conduct the Latin American Business Outlook. This is the third quarter the survey has included Latin America. The survey of European CFOs is conducted jointly with Tilburg University in the Netherlands. Results in this release are for Latin companies, unless otherwise noted.

A wide range of companies (public and private, small and large, many industries, etc.) are polled, with the distribution of responding firm characteristics presented in online tables. Among the industries represented in the survey are retail/wholesale, mining/construction, manufacturing, transportation/energy, communications/media, technology, service/consulting and banking/finance/insurance. The average growth rates are weighted by revenues or number of employees; for example, one \$5 billion company affects an average as much as ten \$500-million firms. Revenue-weighted mean growth rates are provided for earnings, revenues, capital spending, technology spending and prices of products. Employee-weighted mean growth rates are used for health-care costs, productivity, number of employees, and outsourced employment. The earnings, dividends, share repurchases and cash on balance sheet are for public companies only. Unless noted, all other numbers are for all companies, including private companies.

Duke's Fuqua School of Business was founded in 1970. Fuqua's mission is to educate business leaders worldwide and to promote the advancement of business management through research. For more information, visit www.fuqua.duke.edu.

Fundação Getúlio Vargas (FGV) was founded in 1944. FGV is an educational center of quality and excellence that dedicates its forces to the intellectual development in Brazil. Its mission is to push the boundaries of knowledge in social sciences and related fields through the production and dissemination of ideas, data and information, as well as their preservation and systematic organization; to contribute to the country's social and economic development, improving the nation's ethical standards, promoting a responsible and shared government, and inserting the country into the international stage. For more information, visit www.fgv.br.

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