

Duke's Fuqua School of Business / CFO Magazine Business Outlook

Results for 573 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2007	Sep 2007	June 2007	March 2007
Weighted Averages for	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
Earnings growth*	+6.7%	+8.8%	+8.6%	+7.4%
Capital spending	+4.1%	+3.2%	+5.2%	+6.7%
Technology spending	+5.4%	+4.1%	+3.9%	+5.2%
Advertising and marketing spending	+3.3%	+2.5%	+2.7%	+3.4%
Employment	+0.5%	0.0%	+0.4%	+1.6%
Outsourced Employment	+5.6%	+5.9%	+7.1%	+4.0%
Wages and Salaries	+3.6%	+3.2%	+4.2%	+3.7%
Productivity	+2.8%	+3.1%	+3.6%	+3.2%
Inflation (Chg in prices of own-firm products)	+2.8%	+2.0%	+2.3%	+1.7%
Health Care Costs	+7.0%	+6.5%	+7.3%	+6.6%
Dividends*	+5.1%	+3.8%	+4.9%	+4.4%
Share Repurchases*	+2.2%	+5.8%	+5.7%	Not asked
Cash on balance sheet*	+0.7%	+1.1%	+2.9%	+0.5%
Inventory	+0.8%	-0.2%	-0.6%	+0.5%
Mergers and Acquisitions	39.8% will acquire. 15.8% will sell part or all of firm.	Not comparable	Not comparable	Not comparable
Business Terrorism Index (out of 100)	Not asked	Index: 16.5 Hurting bottom line: 17.8	Not asked	Not asked

* indicates public firms only. All other numbers for all survey respondents (including private)

U.S. BUSINESS OPTIMISM

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	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	More optimistic: 8.9% Less optimistic: 72.0% No change: 19.1%	More optimistic: 13.6% Less optimistic: 61.7% No change: 24.7%	More optimistic: 26.3% Less optimistic: 29.8% No change: 44.0%	More optimistic: 35.0% Less optimistic: 27.4% No change: 37.6%
Optimism about own company	More optimistic: 34.3% Less optimistic: 36.6% No change: 29.2%	More optimistic: 39.5% Less optimistic: 30.1% No change: 30.4%	More optimistic: 44.1% Less optimistic: 24.5% No change: 31.4%	More optimistic: 48.5% Less optimistic: 21.5% No change: 30.1%

Other Key Results from Year-End 2007 survey

- Credit market turmoil has directly, negatively affected 1/3 of companies
 - 19% of AAA-rated firms, 38% of AA or A firms, about half of BBB or lower rated firms have been affected.
 - About half of those affected experienced reduced availability of credit and about half a higher cost of credit
 - 1/3 will reduce CapX in response, and 1/4 will reduce hiring
- 76% say Fed's interest rate cuts have not helped their firms
- Among firms with at least 25% of sales from foreign operations, nearly half say the depreciated US dollar has helped their firms' exports and competitive position abroad.
 - 80% of US multinationals say foreign subsidiaries are contributing more than in previous US slowdowns. 36% say contribution moderate or large.
 - Offsetting the benefits of a weaker dollar, about 1/3 of US firms say that higher raw material costs are hurting their firms.
- 70% of US CFOs think the depreciation of the US dollar is temporary (contrasted with most foreign CFO's thinking the depreciation in the dollar is permanent).
- About 40% of US firms plan to be active in the M&A market this year

Top Concerns for U.S. Businesses

- Consumer Demand
- Cost of Labor (Wages, Salaries, Bonuses)
- Credit Markets/Interest Rates
- Cost of Fuel
- Cost of Health Care
- Housing Market Fallout