

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

Results for 411 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2012	Sept 2012	Jun 2012	Mar 2012	Dec 2011
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	Expected growth in next 12 months
Earnings growth*	8.8%	6.0%	10.9%	7.5%	7.7%
Capital spending	2.5%	3.7%	4.9%	7.3%	7.8%
Technology spending	2.3%	4.2%	8.0%	6.0%	6.0%
R&D spending	-0.8%	2.6%	3.1%	3.4%	2.9%
Advertising and marketing spending	2.2%	3.2%	3.3%	3.3%	2.3%
Employment – full-time	0.1%	1.5%	2.5%	2.1%	1.5%
Employment – temporary	-1.6%	0.9%	0.6%	1.0%	0.2%
Outsourced Employment	0.5%	2.9%	3.8%	3.0%	1.8%
Wages and Salaries	2.6%	2.6%	2.6%	2.9%	2.4%
Productivity	2.5%	2.9%	3.2%	3.4%	2.7%
Inflation (Chg in prices of own-firm products)	1.9%	2.1%	1.8%	2.5%	1.8%
Health Care Costs	7.7%	7.3%	7.0%	6.1%	8.2%
Dividends*	11.9%	2.0%	5.5%	3.2%	3.6%
Share Repurchases*	-3.5%	5.3%	3.9%	0.8%	9.0%
Cash on balance sheet*	0.6%	1.6%	8.8%	2.2%	4.4%
Mergers and Acquisitions	Not asked.	Not asked.	Not asked.	38.9% plan to acquire. 13.6% plan to sell part or all of firm.	Not asked.
Revenue	3.6%	6.1%	6.3%	6.6%	5.5%

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

## U.S. BUSINESS OPTIMISM

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	Dec 2012	Sept 2012	Jun 2012	Mar 2012	Dec 2011
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the U.S. economy</b>	More opt: 21.2% Less opt: 52.0% No chg: 26.8%	More opt: 22.1% Less opt: 43.5% No chg: 34.4%	More opt: 25.1% Less opt: 34.8% No chg: 40.2%	More opt: 53.5% Less opt: 15.3% No chg: 31.2%	More opt: 34.4% Less opt: 31.6% No chg: 34.0%
<b>U. S. optimism level (0 to 100)</b>	50.7	52.1	55.7	59.2	53.3
<b>Optimism about own company</b>	More opt: 27.7% Less opt: 38.7% No chg: 33.6%	More opt: 36.6% Less opt: 34.5% No chg: 28.9%	More opt: 37.5% Less opt: 28.9% No chg: 33.6%	More opt: 48.2% Less opt: 18.0% No chg: 33.8%	More opt: 38.5% Less opt: 28.0% No chg: 33.5%
<b>Own company optimism level</b>	63.0	62.0	64.1	66.8	63.1

### Other Key Results from Dec 2012 survey

- CFOs are quite worried about the fiscal cliff scenario, which would entail automatic government spending cuts and tax rate increases.
  - 67.0% say their firm will be harmed if the U.S. goes over the fiscal cliff, with 11% saying that they will much worse off.
- If fiscal cliff happens, 2/3 of U.S. companies will cut capital investment and 70% will reduce hiring.
- 63% of CFOs would like to see a Bowles-Simpson type of solution, which combines \$2 of spending cuts paired with \$1 in tax hikes. Another 13% would prefer an even more aggressive plan.
- Many companies cut spending on employee benefits and training during the recession, and few are restoring spending to pre-recession levels.
  - 84% say they will not restore health care spending to pre-recession levels, nor will 74% fully restore the company contribution to retirement, nor will 58% towards 401(k) contributions.
  - 57% will not restore employee training to previous levels, and 41% still have employees working fewer hours per week compared to prior to the recession.
- Among bonus-paying firms (82.7%), nearly 40 will cut bonuses, while another 40% will hold steady with last year.
- The slowdown of China negatively affects 45% of multinational firms that do business in China, and the slowdown of Latin America hurts 42%.

### Top Concerns for U.S. Businesses

#### MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Fiscal cliff
- Price pressure from competitors

#### INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Cost of health care
- Attracting and retaining qualified employees
- Ability to forecast results