

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

Results for 464 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2015	Sept 2015	Jun 2015	Mar 2015	Dec 2014
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*	9.5%	3.0%	7.6%	8.2%	9.0%
Capital spending	2.6%	2.4%	5.8%	5.2%	5.9%
Technology spending	6.0%	4.3%	3.5%	3.8%	5.6%
R&D spending	3.3%	1.6%	2.7%	3.6%	2.5%
Advertising and marketing spending	3.7%	3.6%	4.3%	3.2%	3.8%
Employment – full-time	2.4%	1.4%	2.4%	2.4%	2.9%
Employment – temporary	0.8%	-1.0%	0.5%	-0.3%	1.1%
Outsourced Employment	2.3%	0.5%	1.1%	3.2%	3.1%
Wages and Salaries	2.9%	3.3%	3.3%	2.7%	3.4%
Productivity	2.6%	3.2%	2.3%	2.3%	2.7%
Inflation (Chg in prices of own-firm products)	0.8%	0.9%	1.3%	0.8%	2.4%
Health Care Costs	7.1%	7.5%	7.7%	7.2%	7.7%
Dividends*	5.4%	3.5%	3.9%	10.3%	3.2%
Share Repurchases*	0.0%	2.2%	1.5%	1.9%	-0.2%
Cash on balance sheet*	6.3%	0.3%	-6.3%	-3.3%	-2.5%
Mergers and Acquisitions	Not asked.	26.1% plan to acquire. To improve industry position&product diversification.	Not asked.	26.5% plan to acquire; Foreign targets in 17.6% of acq.	Not asked.
Revenue	4.2%	3.5%	4.2%	4.2%	6.4%

* indicates public firms only. All other numbers are for all survey respondents (including private). The reported averages are weighted by revenue or number of employees, so that large firms are weighted more heavily.

U.S. BUSINESS OPTIMISM

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	Dec 2015	Sept 2015	Jun 2015	Mar 2015	Dec 2014
	Compared to last qtr.				
Optimism about the U.S. economy	More opt: 26.1% Less opt: 40.9% No chg: 33.0%	More opt: 23.1% Less opt: 41.6% No chg: 35.3%	More opt: 37.0% Less opt: 22.1% No chg: 40.9%	More opt: 46.5% Less opt: 16.5% No chg: 36.9%	More opt: 50.3% Less opt: 16.4% No chg: 33.3%
U. S. optimism level (0 to 100)	60.3	60.0	62.9	64.7	63.7
Optimism about own company	More opt: 41.0% Less opt: 30.4% No chg: 28.6%	More opt: 39.3% Less opt: 32.4% No chg: 28.3%	More opt: 46.3% Less opt: 25.0% No chg: 28.7%	More opt: 48.4% Less opt: 21.3% No chg: 30.3%	More opt: 46.8% Less opt: 25.3% No chg: 27.9%
Own company optimism level	65.9	65.8	67.5	67.5	66.4

Other Key Results for December 2015

- 2 of 3 US firms say will increase employees in 2016 (vs. 16% that will reduce workforce)
- Employment / wage growth will be strongest in services/consulting, retail/wholesale, and construction. Manufacturing firms will reduce fulltime employment in 2016.
- Given only 2.6% expected increase in business spending, assets in place will age, and 40% of firms with aging assets think that this will hurt productivity.
 - Energy firms will cut CapX by 35%; no increase in services/consulting, transportation, and tech.
 - Low energy prices and a slowdown in China will curtail CapX by US firms. The strong dollar will hurt CapX by exporters. 32% of firms will increase CapX due to new regulatory requirements vs. 25% that will cut spending due to new regulations
 - Few CFOs say that excessive payout is curtailing CapX.
- Among firms increasing CapX going forward, most say this will be due to repositioning their firms, modernizing assets and technology, or due to expansion

Top Concerns for U.S. Businesses

- Economic Uncertainty
- Cost of benefits
- Attracting and retaining qualified employees
- Regulatory requirements
- Government policy

(1-5 on left, 6-10 on right)

- Weak demand for product/services
- Data Security
- Employee productivity
- Employee morale
- Access to capital