

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

Results for 363 U.S. firms (own-firm changes expected during the next 12 months)

	Mar 2017	Dec 2016	Sept 2016	Jun 2016	Mar 2016
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*	8.6%	8.4%	7.3%	4.3%	1.6%
Capital spending	5.8%	1.4%	-0.4% Median=0%	1.1%	2.0%
Advertising and marketing spending	3.8%	1.9%	2.5%	3.0%	2.8%
Technology spending	5.3%	3.5%	4.8%	3.7%	4.3%
R&D spending	4.0%	0.9%	1.4%	1.8%	1.2%
Employment – full-time	3.5%	2.2%	1.4%	1.7%	2.0%
Wages and Salaries	3.9%	3.2%	2.9%	3.2%	3.2%
Inflation (Chg in prices of own-firm products)	3.0%	1.7%	1.6%	1.5%	0.8%
Health Care Costs	6.8%	6.8%	6.8%	7.0%	7.1%
Revenue	8.1%	4.4%	4.4%	4.8%	3.7%

* 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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	Mar 2017	Dec 2016	Sept 2016	Jun 2016	Mar 2016
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	More opt: 62.0% Less opt: 15.0% No chg: 23.0%	More opt: 64.1% Less opt: 16.3% No chg: 19.6%	More opt: 26.7% Less opt: 33.3% No chg: 40.0%	More opt: 26.7% Less opt: 35.9% No chg: 37.5%	More opt: 22.8% Less opt: 47.3% No chg: 29.9%
U. S. optimism level (0 to 100)	68.5	66.5	60.6	59.4	58.6
Optimism about own company	More opt: 58.1% Less opt: 17.9% No chg: 24.0%	More opt: 51.1% Less opt: 18.3% No chg: 30.6%	More opt: 40.2% Less opt: 31.2% No chg: 28.7%	More opt: 40.7% Less opt: 28.6% No chg: 30.7%	More opt: 41.8% Less opt: 30.2% No chg: 28.0%
Own company optimism level	69.0	67.4	65.3	66.3	66.0

Other Key Results for March 2017

- The Business Optimism Index ranking of 69 is the highest value since 2003
- 47% of CFOs say that lack of public trust in business and government is bad or very bad for the business environment

CFO advice for President Trump to improve the business climate:

- 67%: stop using Twitter;
- 70%: stick to prepared remarks during speeches;
- 85% oppose reducing H1-B visas for highly skilled workers;
- 64% are against building a wall along the Mexican border;
- 68% favor retaining the current leadership at the Federal Reserve Bank;
- 58% support the president's plan to restrict immigration from specific countries.

Percent of CFOs who say the following tax reform items would be good or very good for economy:

- Reduce corporate income tax rate to as low as 20 percent: 86%
- Easing the repatriation of foreign profits: 75%
- Reduce top personal income tax rate to 30 percent: 75%
- Immediately deduct new investment: 75%

Percent of CFOs who say the following tax reform items would be bad or very bad for economy:

- Substantial tariff on Chinese and Mexican goods: 57%
 - 75% of Mexican CFOs think their government should retaliate or resist US proposals
- Elimination of debt interest deduction: 58%
- Imposing border tax: 55%
 - 85% of those directly affected by border tax believe it will hurt their bottom line

Top Concerns for U.S. Businesses

- | | |
|--|------------------------------------|
| • Government policies | (1-5 on left, 6-10 on right) |
| • Economic Uncertainty | • Data Security |
| • Attracting and retaining qualified employees | • Weak demand for product/services |
| • Cost of benefits | • Employee productivity |
| • Regulatory requirements | • Corporate tax code |
| | • Rising wages and salaries |