

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

Results for 293 Chinese firms (own-firm changes expected during the next 12 months)

	May 2009	Feb 2009	Dec 2008	Sept 2008
Weighted Averages for Earnings growth*	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
Capital spending	0.2%	-7.0%	-4.0%	+1.2%
Technology spending	0.7%	3.4%	+1.4%	+5.5%
R&D spending	3.2%	Not asked.	Not asked.	Not asked.
Advertising and marketing spending	-3.5%	-1.2%	+1.3%	+6.1%
Employment	-1.1%	-1.1%	-1.4%	+7.5%
Outsourced Employment	1.2%	0.7%	-2.9%	+0.9%
Wages and Salaries	-0.2%	-0.1%	+2.0%	+7.8%
Productivity	1.8%	0.6%	-0.2%	+4.5%
Inflation (Chg in prices of own-firm products)	-3.4%	-2.0%	-1.9%	0.0%
Health Care Costs	1.0%	1.8%	+2.7%	+4.6%
Dividends*	2.3%	-1.1%	+0.5%	-3.6%
Share Repurchases*	0.5%	0.9%	+1.0%	0.0%
Cash on balance sheet*	1.0%	-1.7%	-1.3%	-1.5%
Mergers and Acquisitions	Not asked.	12.2% plan to acquire. 22.5% plan to sell part or all of firm.	Not asked.	24.5% plan to acquire. 16.4% plan to sell part or all of firm.

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

Chinese BUSINESS OPTIMISM
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	May 2009	Feb 2009	Dec 2008	Sept 2008
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the country's economy	More optimistic: 47.4%	More optimistic: 19.8%	More optimistic: 5.8%	More optimistic: 12.8%
	Less optimistic: 34.3%	Less optimistic: 63.9%	Less optimistic: 78.4%	Less optimistic: 67.4%
	No change: 18.3%	No change: 16.3%	No change: 15.8%	No change: 19.9%
Optimism about own company	More optimistic: 43.8%	More optimistic: 20.8%	More optimistic: 8.9%	More optimistic: 23.1%
	Less optimistic: 35.8%	Less optimistic: 57.6%	Less optimistic: 65.1%	Less optimistic: 47.9%
	No change: 20.5%	No change: 21.6%	No change: 26.0%	No change: 29.0%

Top Concerns for Chinese Businesses

MACRO CONCERNS

- Consumer Demand
- Credit Markets / Interest Rates
- Cost of Non-Fuel Commodities
- Currency Risk

INTERNAL TO OWN FIRM

- Attracting and Retaining Qualified Employees
- Maintaining Morale / Productivity During Economic Downturn
- Ability to Forecast Results
- Working Capital Management