

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

Results for 46 Japanese firms (own-firm changes expected during the next 12 months)

	Jun 2014	Mar 2014	Dec 2013	Sept 2013	Jun 2013
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*	7.6%	8.3%	28.1%	14.4%	26.3%
Capital spending	10.7%	7.8%	3.0%	23.2%	23.8%
Technology spending	9.7%	3.8%	2.8%	0%	5.3%
R&D spending	5.6%	5.3%	5.4%	6.5%	5.1%
Advertising and marketing spending	8.3%	2.3%	1.6%	0.8%	1.0%
Employment – full-time	0.5%	2.4%	0.2%	0.6%	-0.3%
Employment – temporary	-0.5%	1.7%	-3.7%	-6.6%	0.5%
Outsourced Employment	4.8%	1.7%	7.6%	2.4%	7.0%
Wages and Salaries	2.2%	1.8%	2.5%	2.3%	1.6%
Productivity	3.4%	3.0%	4.4%	1.1%	6.6%
Inflation (Chg in prices of own-firm products)	0.3%	1.9%	2.5%	0.6%	-2.4%
Dividends*	19.9%	7.9%	10.4%	4.6%	8.5%
Share Repurchases*	0.0%	-13.5%	0.6%	0%	0.0%
Cash on balance sheet*	6.2%	-1.6%	4.2%	-8.6%	3.1%
Revenue	3.6%	4.4%	6.4%	6.9%	6.2%
Mergers and Acquisitions	Not asked.	47.8% plan to acquire; Foreign targets in 43.9% of acq. 18.5% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.

\* 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.

**Japanese BUSINESS OPTIMISM**  
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	<b>Jun 2014</b>	<b>Mar 2014</b>	<b>Dec 2013</b>	<b>Sept 2013</b>	<b>Jun 2013</b>
	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>
<b>Optimism about the country's economy</b>	More opt: 47.8% Less opt: 6.5% No chg: 45.7%	More opt: 56.9% Less opt: 13.7% No chg: 29.4%	More opt: 64.5% Less opt: 3.9% No chg: 31.6%	More opt: 45.7% Less opt: 10.9% No chg: 43.5%	More opt: 67.6% Less opt: 1.4% No chg: 31.1%
<b>Country optimism level</b>	62.7	61.3	63.6	57.5	62.9
<b>Optimism about own company</b>	More opt: 34.8% Less opt: 17.4% No chg: 47.8%	More opt: 44.0% Less opt: 16.0% No chg: 40.0%	More opt: 48.7% Less opt: 13.2% No chg: 38.2%	More opt: 31.1% Less opt: 13.3% No chg: 55.6%	More opt: 40.5% Less opt: 13.5% No chg: 45.9%
<b>Own company optimism level</b>	59.3	61.0	60.2	56.3	55.3

Top Concerns for Japanese Businesses

- Economic Uncertainty
- Currency risk
- Attracting and retaining qualified employees
- Government policy
- Employee morale and productivity
- Underlying demand for your product/services
- Corporate tax code
- Input or commodity costs
- Wages and salaries
- Inflation