

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

Results for U.S. firms

	Sept 2005	June 2005	March 2005	Dec. 2004
Weighted Averages for Earnings growth	Expected growth in next 12 months +12.7%	Expected growth in next 12 months +10.1%	Expected growth in next 12 months +10.4%	Expected growth in next 12 months +11.5%
Capital spending	+4.7%	+4.5%	+5.4%	+3.8%
Advertising and marketing spending	+4.8%	+2.9%	+0.9%	+2.3%
Technology spending	+4.7%	+5.8%	+3.8%	+4.9%
Employment	+1.6%	+1.4%	+1.7%	+0.8%
Outsourced Employment	+4.0%	+6.5%	+2.7%	+4.3%
Wages and Salaries	+3.6%	+3.4%	+3.3%	+3.3%
Productivity	+3.2%	+3.6%	+3.0%	+3.9%
Change in prices	+2.8%	+2.1%	+2.0%	+1.7%
Health Care Costs	+8.1%	+8.9%	+9.0%	+8.4%
Dividends	+5.8%	+6.5%	+4.6%	
Cash on balance Sheet	+3.9%			
Inventory	+0.4%			
Mergers and Acquisitions	49.6% increasing 8.4% decreasing	41.7% increasing 11% decreasing		
Business Terrorism Index (out of 100)	Index: 22.6 Hurting Bottom line: 33.3%	Not asked	Index: 18.0 Hurting Bottom line: 34.9%	Index: 19.4 Hurting bottom line: 36.4%

All results except terrorism index are for public firms only.

U.S. BUSINESS OPTIMISM

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	Sept 2005	June 2005	March 2005	Dec. 2004
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	More optimistic: 28.6% Less optimistic: 36.9% No change: 34.5%	More optimistic: 40.1% Less optimistic: 25.9% No change: 34.0%	More optimistic: 46.4% Less optimistic: 17.7% No change: 35.8%	More optimistic: 54.2% Less optimistic: 20.5% No change: 25.3%
Optimism about own company	More optimistic: 51.5% Less optimistic: 27.3% No change: 21.2%	More optimistic: 53.7% Less optimistic: 22.2% No change: 24.2%	More optimistic: 51.9% Less optimistic: 19.8% No change: 28.3%	More optimistic: 61.0% Less optimistic: 16.2% No change: 22.7%

Other Key Results for September 2005 survey

- U.S. Business Optimism at a 4-year low
- 2/3 of U.S. CFOs say that a correction in the housing market would harm their firms
 - 28% say harm would be moderate or great
- U.S. firms responding more to terrorism threat than are European firms
 - Some response taken (62% U.S. vs. 24% Europe)
 - Increased facility security (50% U.S. vs. 14% Europe; 12% in U.K)
 - Redundant operating systems (27% U.S. vs. 5% Europe)
 - Redundant financial systems (19% U.S. vs. 2% Europe)
 - Reduced employee travel (12% U.S. vs. 8% Europe)
 - Change mode of employee travel (5% U.S. vs. 5% Europe)

Top Concerns for U.S. Businesses

- High Fuel Costs
 - first time anything but health care costs has topped list in last two years
 - twice as many CFOs rank fuel costs #1 as rank any other factor #1
 - biggest problem in transportation industry. Followed by retail/wholesale industry. Manufacturing is the industry third most hard hit
 - CFOs say that prices will increase by 2.8% this year, up from 2.1%. Probably reflects higher fuel costs.
 - Firms doing surprisingly little to modify their behavior in response to higher fuel costs.
- Health Care Costs
- Increased Interest Rates
- Reduced Pricing Power
- Fear of Increased Regulation