

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

Results for 469 U.S. firms (own-firm changes expected during the next 12 months)

	Mar 2019	Dec 2018	Sept 2018	Jun 2018	Mar 2018
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*		4.5%	12.8%	9.5%	8.5%
Capital spending	8.2% Median=5.0%	1.0% Median=2.0%	5.7% Median=5.0%	8.3% Median=5%	11.0%
Advertising and marketing spending		1.3%	3.6%	1.9%	3.5%
Technology spending		4.3%	6.3%	7.2%	9.0%
R&D spending		1.4%	2.7%	3.1%	3.0%
Employment – full-time	4.6% Median=2.0%	3.6% Median=3.0%	3.9% Median=2.0%	4.5% Median=3.0%	3.0%
Wages and Salaries	5.1% Median=3.0%	4.2% Median=3.0%	4.8% Median=3.0%	4.1% Median=3.0%	3.9%
Inflation (Chg in prices of own-firm products)		2.7%	3.0%	3.8%	3.0%
Health Care Costs		6.0%	7.8%	7.6%	7.2%
Revenue	6.3% Median=5.0%	4.9%	7.5%	6.9%	7.0%

* 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 2019	Dec 2018	Sept 2018	Jun 2018	Mar 2018
	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: 24.1% Less opt: 36.8% No chg: 39.1%	More opt: 16.6% Less opt: 45.0% No chg: 38.4%	More opt: 43.6% Less opt: 23.0% No chg: 33.3%	More opt: 47.1% Less opt: 21.3% No chg: 31.6%	More opt: 53.3% Less opt: 16.4% No chg: 30.3%
U. S. optimism level (0 to 100)	64.6	66.4	70.0	71.1	71.2
Optimism about own company	More opt: 48.3% Less opt: 21.9% No chg: 29.9%	More opt: 35.1% Less opt: 32.7% No chg: 32.2%	More opt: 48.6% Less opt: 21.4% No chg: 30.0%	More opt: 54.0% Less opt: 17.3% No chg: 28.8%	More opt: 55.9% Less opt: 16.3% No chg: 27.8%
Own company optimism level	70.4	68.5	71.4	71.0	70.1

Other Key Results for March 2019

- 38% of U.S. CFOs believe that the U.S. will be in recession by the first quarter of 2020.
- 67% of U.S. CFOs believe that the U.S. will be in recession by the third quarter of 2020, and 84% believe that a recession will have begun by the first quarter of 2021.
- CFOs listed the economic variables will provide the most accurate indication that their own firms are experiencing a slow-down.
 - 47% of CFOs said they consider GDP growth one of the three most important indicators of their own firm's fortunes.
 - Consumer spending (39%), commodity prices (31%) and interest rates (29%) were the next highest-ranked indicators.

CFOs in the United States tell us that they expect moderate economic growth to continue for the rest of this year, with capital spending expected to grow 5% and employment by 2%.

However, with each passing quarter, the probability increases that an economic recession will have begun.

By the first quarter of 2020, 38% of CFOs believe a recession will have begun, and by the beginning of the year after that, 84% believe that a recession will have begun.

So, it appears that we may be in the final stages of this long period of economic growth.

To end on a positive note, CFO optimism has increased in Asia and in Latin America, which bodes well for these regions in the near-term.

Top Concerns for U.S. Businesses (December 2018)

- Attracting and retaining qualified employees
 - Government policies
 - Cost of benefits
 - Economic uncertainty
 - Rising wages and salaries
- (1-5 on left, 6-10 on right)
- Regulatory requirements
 - Rising input or commodity price
 - Data Security
 - Employee productivity
 - Access to capital