

Duke University/CFO Global Business Outlook - Q3 2019

Results for 225 U.S. firms (own-firm changes expected during the next 12 months)

	Sept 2019	Jun 2019	Mar 2019	Dec 2018	Sept 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*	3.3% Median=5.0%	4.1% Median=5.0%		4.5%	12.8%
Capital spending	0.6% Median=2.0%	3.4% Median=2.0%	8.2% Median=5.0%	1.0% Median=2.0%	5.7% Median=5.0%
Advertising and marketing spending	1.6% Median=1.0%	2.8% Median=2.0%		1.3%	3.6%
Technology spending	5.0% Median=3.0%	4.8% Median=2.0%		4.3%	6.3%
R&D spending	0.6% Median=0.0%	2.1% Median=1.0%		1.4%	2.7%
Employment – full-time	2.1% Median=1.0%	3.4% Median=2.0%	4.6% Median=2.0%	3.6% Median=3.0%	3.9% Median=2.0%
Wages and Salaries	3.9% Median=3.0%	3.8% Median=3.0%	5.1% Median=3.0%	4.2% Median=3.0%	4.8% Median=3.0%
Inflation (Chg in prices of own-firm products)	1.7% Median=2.0%	1.4% Median=1.0%		2.7%	3.0%
Health Care Costs	6.1% Median=5.0%	6.2% Median=5.0%		6.0%	7.8%
Revenue	4.8% Median=3.0%	5.1% Median=4.0%	6.3% Median=5.0%	4.9%	7.5%

* indicates public firms only; all other numbers are for all survey respondents (including private).
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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	Sept 2019	Jun 2019	Mar 2019	Dec 2018	Sept 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: 11.8% Less opt: 55.2% No chg: 33.0%	More opt: 19.8% Less opt: 40.1% No chg: 40.1%	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%
U. S. optimism level (0 to 100)	62.6	65.7	64.6	66.4	70.0
Optimism about own company	More opt: 32.4% Less opt: 36.0% No chg: 31.5%	More opt: 44.3% Less opt: 27.0% No chg: 28.7%	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%
Own company optimism level	67.1	68.1	70.4	68.5	71.4

Other Key Results for September 2019

- Economic uncertainty is a top CFO concern, pushing difficulty hiring and retaining qualified employees to the second biggest concern. Hiring concerns had topped the list for several years.
- CFOs in many industries list shortages in engineering, information technology, software programming and sales. Manufacturing and mining companies are looking to hire machine operators, mechanics, technicians and drivers. Medical technicians are also in short supply, according to the survey.
- More than half (53%) of US CFOs believe that the US will be in recession by the 3rd quarter of 2020 and 67% believe that a recession will have begun by the end of 2020.
 - CFOs are even more pessimistic in most other regions of the world:
 - 81% of African CFOs believe that a recession will have begun in their countries no later than Q3 of 2020, as do the majority in Canada (68%), Europe (69%), Asia (72%), and Latin America (65%)
- 36% of U.S. CFOs indicate that there are negative effects of continued low interest rates.
 - Negative effects include inability of investors to earn a reasonable return, high present value of liabilities due to low discount rates, and firms taking on too much debt.