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Asian Business Outlook

Part of the Global Business Outlook

A joint survey effort between
Duke University and **CFO Magazine**

CFO

Top Concerns of Asian CFOs

1.	Economic uncertainty
2.	Weak demand for products/services
3.	Government policies
4.	Employee productivity
5.	Currency risk
6.	Difficulty attracting/retaining qualified employees
7.	Regulatory requirement
8.	Employee morale
9.	Rising wages and salaries
10.	Rising input/commodity costs

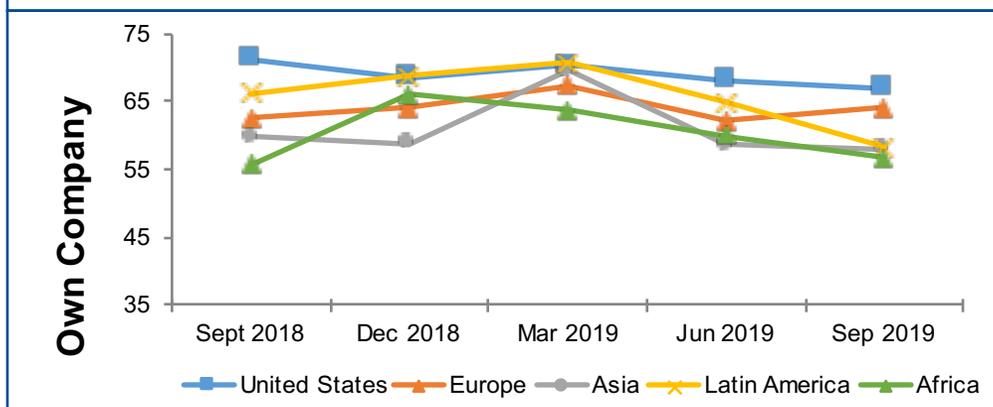
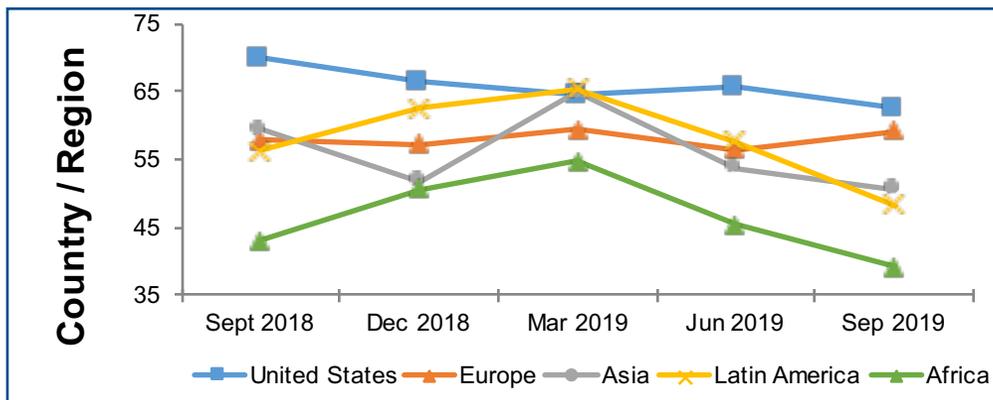
Business Optimism Index

The Asian Country Optimism Index declined slightly while the Own-Firm Index remained relatively stable relative to the previous quarter.

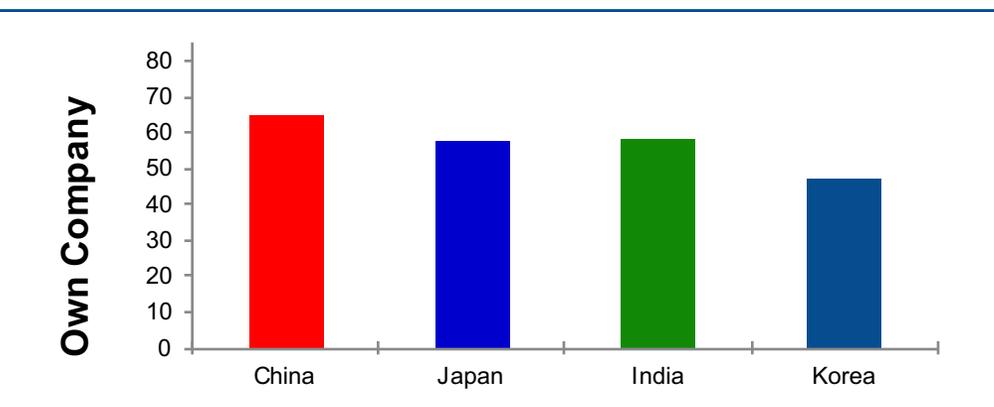
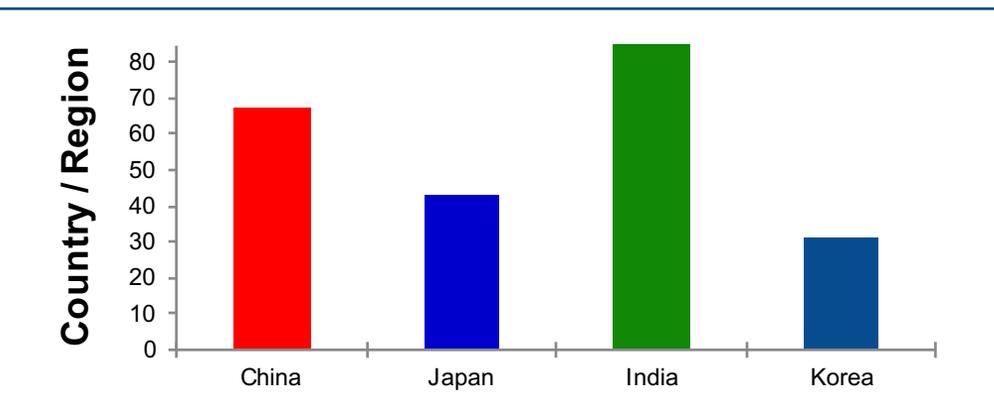
Country Business Optimism Index

Own-Firm Business Optimism Index

Global Trends



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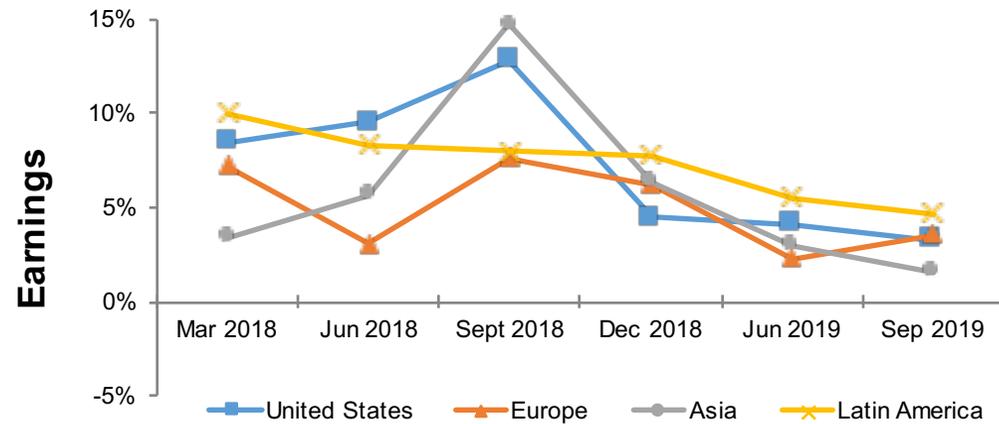


Notes: Presented data are the mean value for each region or country, Scale from 0-100

Expected Change in Earnings

CFOs in Asia, the United States and Latin America expect a decrease in earnings growth, driven by declines in expectations for Japan and Singapore.

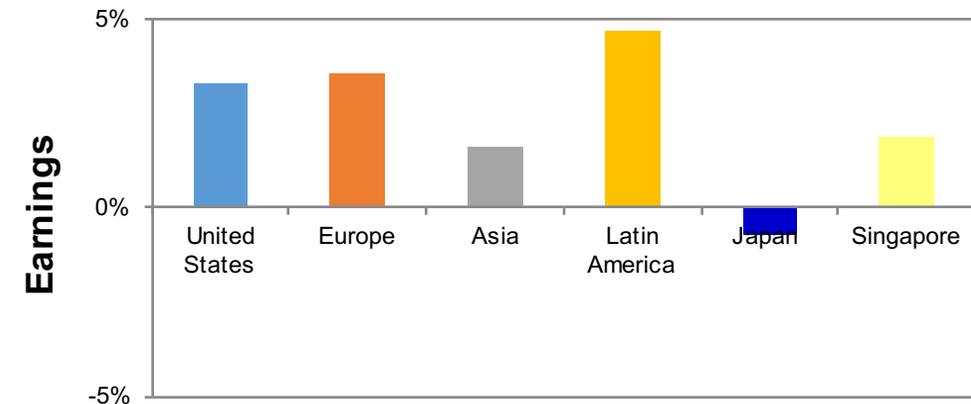
Global Trends



Earnings expectations have generally decreased in most regions

- CFOs in Asia, the United States and Latin America continue to report declines in expected earnings growth, while Europe expects an uptick in earnings growth.

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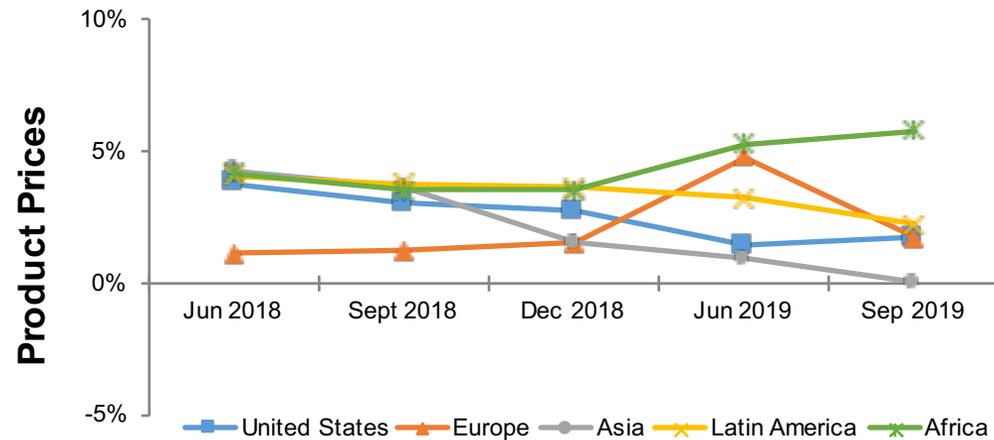


The decrease in earnings expectations for Asia is driven by the low expectations reported by CFOs for Japan (-0.7%) and Singapore (1.9%)

Expected Product Price Inflation

The inflation outlook for Asia, Latin America and Europe has fallen from the previous quarter, in contrast to a small increase observed for United States and Africa

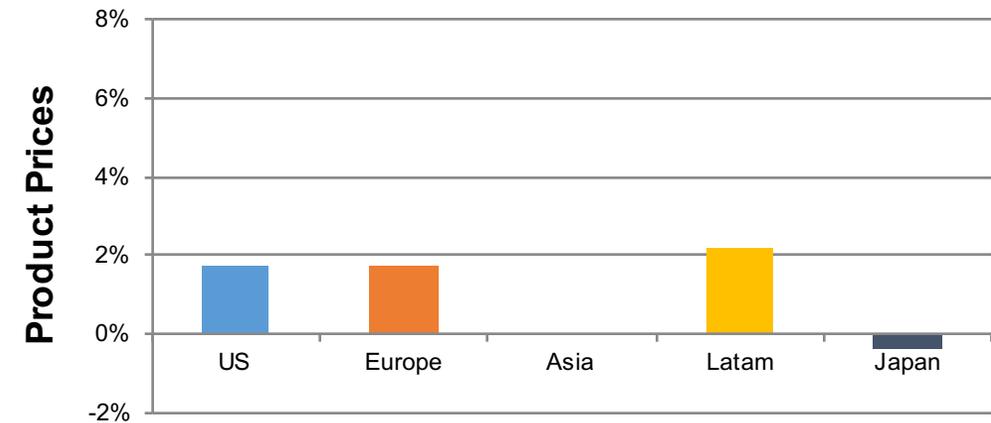
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Inflation expectations have declined for Asia, Latin America and Europe

- Europe saw a sharp decline in inflation expectations to below 2%, while inflation expectations for Africa increased to a 5.8% increase in prices over the next year

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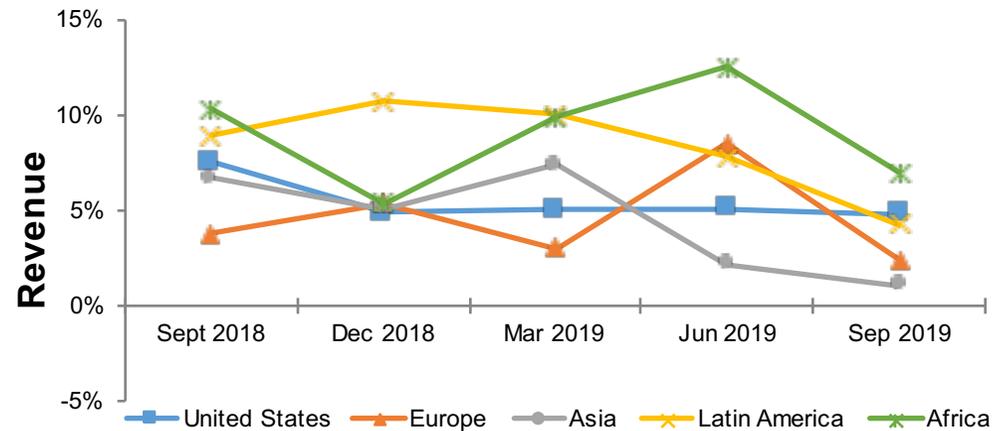
Price expectations are flat for the products produced by Asian companies over the next year

- Inflation expectations in Japan are at -0.34% while those for other Asian countries are at 0%.

Expected Growth in Sales Revenue

The revenue growth outlook for all economies declined since the last quarter; Europe and Africa expect declines of more than 5%

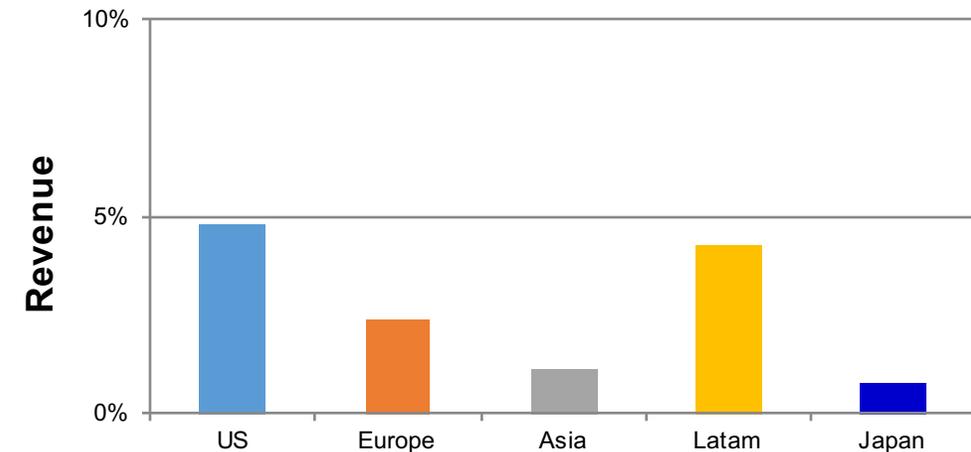
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Europe and Africa expect declines of 6.1% and 5.5% respectively, while Latin America's outlook declined by 3.5%

- Except Africa, the revenue growth outlook for all economies is at its lowest in the past year

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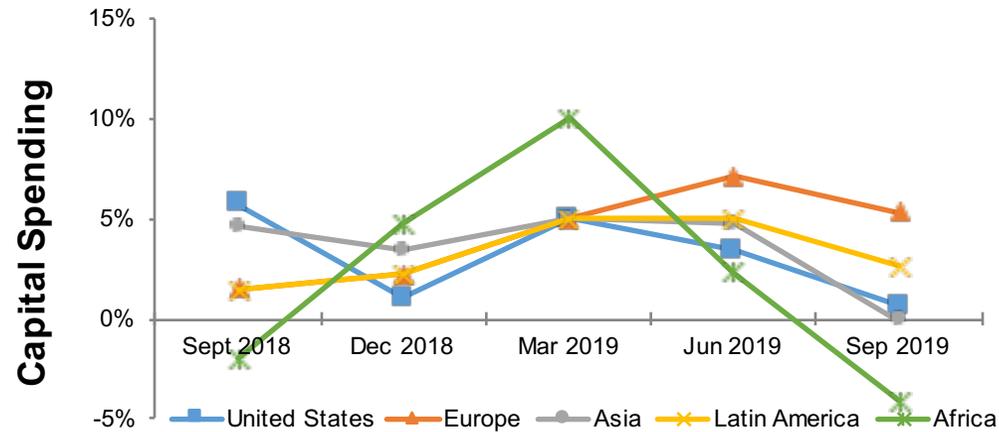
Japan's revenue outlook has increased from -1.9% last quarter to 0.8% in the current quarter

- Asia's CFOs' revenue growth outlook decreased to 1.1%, partially in reflection of low Asian inflation

Capital Spending Plans

Capital spending plans among Asian CFOs have decreased significantly, falling from last quarter

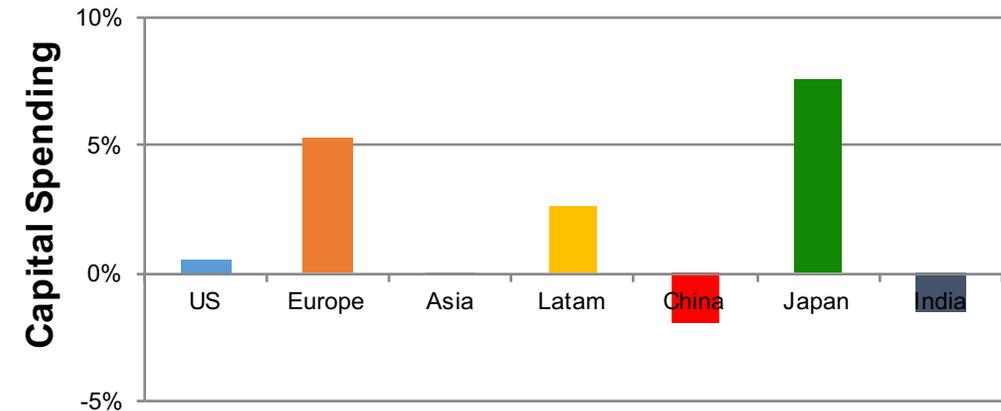
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Capital spending plans are flat or negative around the world

- Capital spending plans have either softened or declined in all regions
- Europe's and Latin America's capital spending plans have remained positive, though slower compared to the previous quarter

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Capital spending plans soften for most major Asian economies

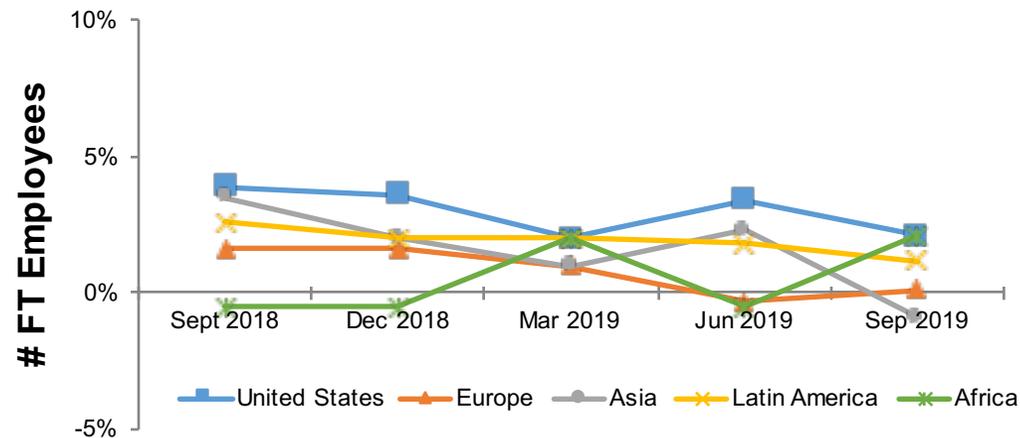
- The overall outlook for Asia is lower than expectations of CFOs of other regions, such as Europe, Latin America, US
- In Asia, Japan's positive capital spending outlook is offset by the outlook of two other Asia's major economies, China and India, which both are anticipating capital spending to fall by 2%

Notes: Presented data are the mean or median values for each region or country.

Fulltime Employment Outlook

For the first time in the last six quarters, Asia has a negative employment outlook, while the outlooks for other regions remain weak but positive

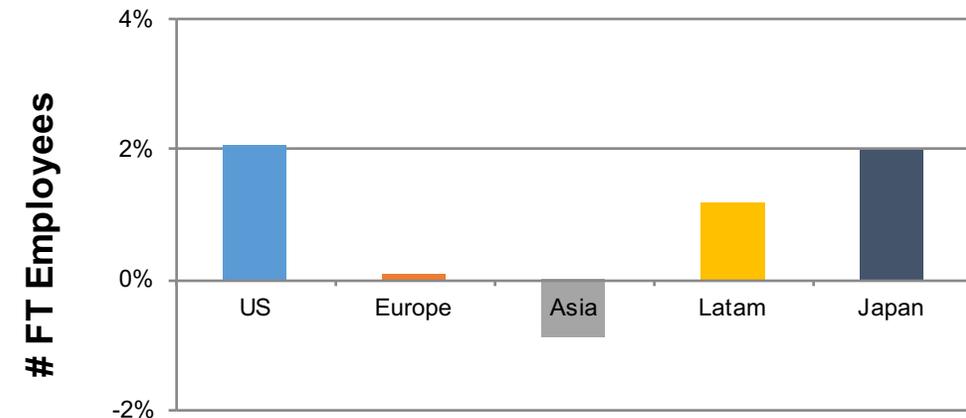
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Employment growth expected to be below 2% for all regions

- The U.S. outlook remained stable at the 2% range, but is still lower than several quarters ago
- Asia expects a 1% decline in employment over the next year, while the European and Africa outlooks have improved

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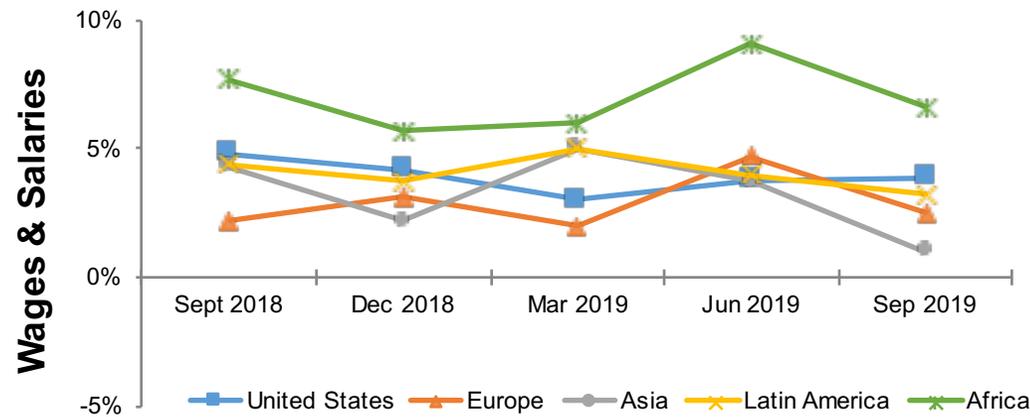


The Asian employment outlook has overall decreased despite an improvement in Japan's employment outlook

Expected Wage and Salary Decreases

Apart from the flat US outlook, wage growth expectations have declined around the world. Asian CFOs expect low wage and salary growth

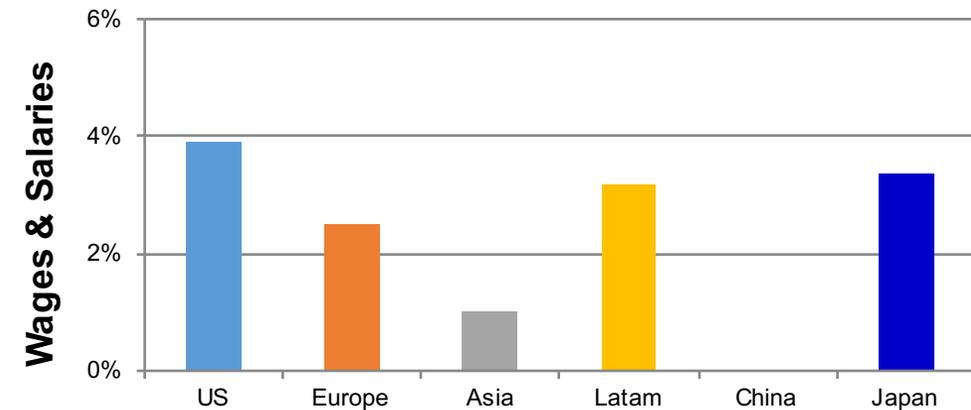
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Wage growth outlook mostly consistent across regions

- Asian, European, Latin American, and African regions are expecting slower wage growth
- Wage growth continues to be the highest among African CFOs, reflecting in part higher price inflation
- Employment in the US is expected to remain stable at about 3%, while Asian employment growth is expected to be only 1%

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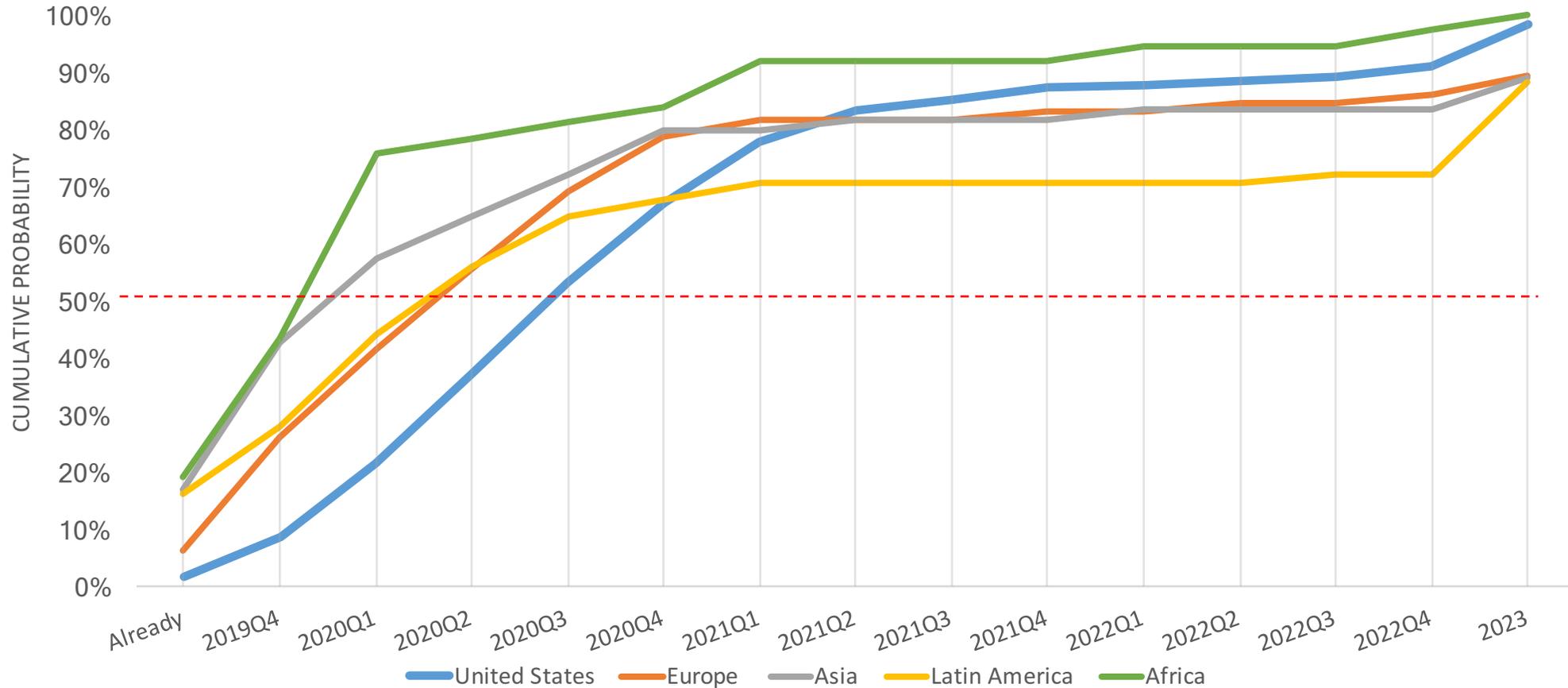
Asian CFOs have less optimistic wage expectations

- CFOs in China have lower wage expectations than the overall Asian region
- Meanwhile, CFOs in Japan have increased their wage expectations of roughly 3% growth, boosting the outlook of the Asian region

Notes: Presented data are the mean or median values for each region or country.

When Will a Recession Occur?

For your country: In which quarter do you expect a downturn (recession) will occur? A majority of CFOs in all regions expect a recession to start within one year.



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