

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

Results for 569 U.S. firms (own-firm changes expected during the next 12 months)

	Sep 2010	Jun 2010	Feb 2010	Dec 2009	Sep 2009
Weighted Averages for Earnings growth*	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*	11.8%	12.1%	14.3%	8.0%	3.1%
Capital spending	6.6%	9.0%	8.9%	1.5%	-3.2%
Technology spending	4.1%	5.9%	4.1%	0.1%	-0.4%
R&D spending	3.8%	3.9%	3.7%	1.3%	0.4%
Advertising and marketing spending	3.3%	4.0%	3.4%	1.4%	0.6%
Employment – full-time	0.7%	0.7%	0.2%	-1.4%	-3.2%
Employment – temporary	0.8%	-0.2%	0.5%	-1.5%	Not asked.
Outsourced Employment	3.1%	5.5%	4.0%	2.6%	2.6%
Wages and Salaries	2.4%	2.6%	2.6%	1.9%	0.9%
Productivity	3.6%	3.7%	3.2%	3.6%	2.5%
Inflation (Chg in prices of own-firm products)	1.4%	1.5%	1.1%	0.3%	0.6%
Health Care Costs	9.6%	8.0%	7.4%	6.8%	6.0%
Dividends*	4.9%	2.8%	6.3%	1.2%	-1.7%
Share Repurchases*	4.4%	1.4%	6.1%	2.4%	0.2%
Cash on balance sheet*	5.9%	2.1%	6.5%	4.3%	4.5%
Mergers and Acquisitions	Not asked.	Not asked.	31.0% plan to acquire. 11.0% plan to sell part or all of firm.	Not asked.	Not asked.

* indicates public firms only. All other numbers for all survey respondents (including private)

U.S. BUSINESS OPTIMISM

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	Sep 2010	Jun 2010	Feb 2010	Dec 2009	Sep 2009
	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 optimistic: 14.2% Less optimistic: 52.5% No change: 33.2%	More optimistic: 40.4% Less optimistic: 25.0% No change: 34.6%	More optimistic: 47.3% Less optimistic: 14.1% No change: 38.6%	More optimistic: 48.4% Less optimistic: 17.7% No change: 33.9%	More optimistic: 57.7% Less optimistic: 13.4% No change: 28.9%
Optimism about own company	More optimistic: 34.0% Less optimistic: 34.4% No change: 31.6%	More optimistic: 45.7% Less optimistic: 24.2% No change: 30.1%	More optimistic: 52.3% Less optimistic: 17.3% No change: 30.5%	More optimistic: 46.8% Less optimistic: 22.3% No change: 30.9%	More optimistic: 47.8% Less optimistic: 20.5% No change: 31.8%

Other Key Results from September 2010 survey

- Half of U.S. firms will continue to accumulate cash, the other half will begin to spend.
 - Among those continuing to accumulate cash, 43% say it is to buffer liquidity needs, 40% say due to economic uncertainty, 38% say they do not have “excess” cash to spend, and 25% say they have no attractive investments
 - Among those that will start to spend cash, 56% say they will use cash on capital spending, 34% to pay down debt, 30% percent to make acquisitions, 18% to purchase inventory, and 17% to pay dividends or repurchase shares.
- Only 5% of CFOs say financial reform will benefit their firms, and 50% say it will hurt
 - Increased compliance costs, higher bank fees, and reduced lending lead the list of negative effects.
- Without improvement in the overall economy, about half of CFOs say they can maintain current capital spending and earnings growth for only 6 months, and another one-fourth say only for only one year.
- 30% of CFOs, and half of the smallest firms, say that borrowing conditions are worse now than in Fall 2009
- 22.6% of recent hiring has been of contract or part-time workers
- 36.3% of CFOs say that strict enforcement of immigration laws would hurt economy

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Federal Govt Agenda/Policies
- Consumer Demand
- Price Pressure from Competitors
- National Employment Outlook

INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Cost of Health Care
- Maintaining Morale/Productivity
- Working Capital Management