

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

Results for 887 U.S. firms (own-firm changes expected during the next 12 months)

	Sept 2012	Jun 2012	Mar 2012	Dec 2011	Sept 2011
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*	6.0%	10.9%	7.5%	7.7%	9.4%
Capital spending	3.7%	4.9%	7.3%	7.8%	4.5%
Technology spending	4.2%	8.0%	6.0%	6.0%	4.3%
R&D spending	2.6%	3.1%	3.4%	2.9%	2.8%
Advertising and marketing spending	3.2%	3.3%	3.3%	2.3%	2.1%
Employment – full-time	1.5%	2.5%	2.1%	1.5%	0.9%
Employment – temporary	0.9%	0.6%	1.0%	0.2%	-0.4%
Outsourced Employment	2.9%	3.8%	3.0%	1.8%	2.2%
Wages and Salaries	2.6%	2.6%	2.9%	2.4%	2.3%
Productivity	2.9%	3.2%	3.4%	2.7%	3.0%
Inflation (Chg in prices of own-firm products)	2.1%	1.8%	2.5%	1.8%	2.5%
Health Care Costs	7.3%	7.0%	6.1%	8.2%	7.8%
Dividends*	2.0%	5.5%	3.2%	3.6%	12.4%
Share Repurchases*	5.3%	3.9%	0.8%	9.0%	3.4%
Cash on balance sheet*	1.6%	8.8%	2.2%	4.4%	-1.8%
Mergers and Acquisitions	Not asked.	Not asked.	38.9% plan to acquire. 13.6% plan to sell part or all of firm.	Not asked.	Not asked.
Revenue	6.1%	6.3%	6.6%	5.5%	5.8%

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

## U.S. BUSINESS OPTIMISM

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	Sept 2012	Jun 2012	Mar 2012	Dec 2011	Sept 2011
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the U.S. economy</b>	More opt: 22.1% Less opt: 43.5% No chg: 34.4%	More opt: 25.1% Less opt: 34.8% No chg: 40.2%	More opt: 53.5% Less opt: 15.3% No chg: 31.2%	More opt: 34.4% Less opt: 31.6% No chg: 34.0%	More opt: 12.2% Less opt: 64.8% No chg: 23.0%
<b>U. S. optimism level (0 to 100)</b>	52.1	55.7	59.2	53.3	49.4
<b>Optimism about own company</b>	More opt: 36.6% Less opt: 34.5 % No chg: 28.9%	More opt: 37.5% Less opt: 28.9 % No chg: 33.6%	More opt: 48.2% Less opt: 18.0% No chg: 33.8%	More opt: 38.5% Less opt: 28.0% No chg: 33.5%	More opt: 29.4% Less opt: 36.4% No chg: 34.2%
<b>Own company optimism level</b>	62.0	64.1	66.8	63.1	63.1

#### Other Key Results from Sept 2012 survey

- 29.6% of CFOs report that slowing growth in Asia is negatively impacting their firms, while 49.9% report that the current economic climate in Europe is causing a negative effect.
  - If the Eurozone were to unravel, 63.2% of the firms say that it would negatively impact their firms.
- CFOs believe that a monetary action like QE3 by the Fed would not be effective. 91% of firms say that they would not change their investment plans even if interest rates dropped by 1%, and 84% say they would not change investment plans if interest rates dropped by 2%.
- 69% (79%) of firms are delaying or being extremely cautious about hiring (spending) in the current economic climate.
  - Top reasons for holding back include weak demand for their products (58% of firms list this as a reason for being cautious or extremely cautious), unemployment (52%), budget deficits (51%), the U.S. presidential election (51%), potential changes to U.S. tax policy (45%), the regulatory environment (35%), and global economic turmoil. (33%).

#### Top Concerns for U.S. Businesses

##### MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price pressure from competitors
- Global financial instability

##### INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Cost of health care
- Attracting and retaining qualified employees
- Ability to forecast results