

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

Results for 547 U.S. firms (own-firm changes expected during the next 12 months)

	Mar 2015	Dec 2014	Sept 2014	Jun 2014	Mar 2014
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*	8.2%	9.0%	11.7%	4.1%	7.1%
Capital spending	5.2%	5.9%	7.6%	9.3%	6.8%
Technology spending	3.8%	5.6%	5.2%	7.9%	5.5%
R&D spending	3.6%	2.5%	4.4%	2.3%	2.6%
Advertising and marketing spending	3.2%	3.8%	3.0%	4.0%	4.0%
Employment – full-time	2.4%	2.9%	2.1%	1.9%	1.2%
Employment – temporary	-0.3%	1.1%	0.1%	1.2%	-0.2%
Outsourced Employment	3.2%	3.1%	3.1%	3.7%	3.2%
Wages and Salaries	2.7%	3.4%	2.9%	3.0%	2.7%
Productivity	2.3%	2.7%	3.0%	2.5%	3.1%
Inflation (Chg in prices of own-firm products)	0.8%	2.4%	2.0%	2.6%	2.5%
Health Care Costs	7.2%	7.7%	7.5%	7.9%	8.3%
Dividends*	10.3%	3.2%	5.9%	2.8%	6.1%
Share Repurchases*	1.9%	-0.2%	0.4%	4.6%	3.2%
Cash on balance sheet*	-3.3%	-2.5%	3%	-3.1%	3.8%
Mergers and Acquisitions	26.5% plan to acquire; Foreign targets in 17.6% of acq.	Not asked.	Not asked.	Not asked.	27.3% plan to acquire; Foreign targets in 15.7% of acq.
Revenue	4.2%	6.4%	7.3%	5.7%	5.9%

\* 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 2015	Dec 2014	Sept 2014	Jun 2014	Mar 2014
	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: 46.5% Less opt: 16.5% No chg: 36.9%	More opt: 50.3% Less opt: 16.4% No chg: 33.3%	More opt: 43.0% Less opt: 19.0% No chg: 38.0%	More opt: 37.5% Less opt: 19.0% No chg: 43.5%	More opt: 39.5% Less opt: 22.9% No chg: 37.6%
<b>U. S. optimism level (0 to 100)</b>	64.7	63.7	62.5	61.1	60.0
<b>Optimism about own company</b>	More opt: 48.4% Less opt: 21.3% No chg: 30.3%	More opt: 46.8% Less opt: 25.3% No chg: 27.9%	More opt: 49.5% Less opt: 19.5% No chg: 31.5%	More opt: 46.5% Less opt: 21.0% No chg: 32.5%	More opt: 47.5% Less opt: 25.7% No chg: 26.8%
<b>Own company optimism level</b>	67.5	66.4	68.9	67.1	63.9

### Other Key Results for March 2015

- The 64.7 optimism about the US economy (shown above) is the highest level since 2007.
- 70% of firms expect to increase wages by at least 3%. Wages are expected to grow at least 3% in tech, services and consulting, manufacturing, and health care.
  - Reasons for real wage growth include difficulty hiring and retaining qualified employees, improved corporate financial performance, labor market pressures, and pressures from employees and their representatives.
- Wages should increase less than 2 percent in retail/wholesale, energy, and communications/media.
  - Reasons for lack of real wage growth include poor financial performance at the firm, few if any labor market pressures, and product market competition that limits cost increases.
- M&A activity should be especially strong in communications/media and tech. Europe is the most popular target for foreign acquisitions.
- The stronger US dollar has hurt exporters. One-out-of-four US firms with at least one-fourth of sales in foreign countries have curtailed capital expenditures in response.
- Low oils prices have helped most firms, except those in energy and their suppliers.
- Low interest rates have helped most firms, except those in banking and finance. Fortunately, the threat of higher interest rates should have only modest impact on business spending and hiring plans.

### Top Concerns for U.S. Businesses

- Government policy
- Cost of benefits
- Regulatory requirements
- Economic Uncertainty
- Attracting and retaining qualified employees

(1-5 on left, 6-10 on right)

- Data Security
- Weak demand for product/services
- Employee productivity
- Currency risk
- Access to capital