

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

Results for 337 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2016	Sept 2016	Jun 2016	Mar 2016	Dec 2015
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*	8.4%	7.3%	4.3%	1.6%	9.5%
Capital spending	1.4%	-0.4% Median=0%	1.1%	2.0%	2.6%
Technology spending	3.5%	4.8%	3.7%	4.3%	6.0%
R&D spending	0.9%	1.4%	1.8%	1.2%	3.3%
Advertising and marketing spending	1.9%	2.5%	3.0%	2.8%	3.7%
Employment – full-time	2.2%	1.4%	1.7%	2.0%	2.4%
Wages and Salaries	3.2%	2.9%	3.2%	3.2%	2.9%
Inflation (Chg in prices of own-firm products)	1.7%	1.6%	1.5%	0.8%	0.8%
Health Care Costs	6.8%	6.8%	7.0%	7.1%	7.1%
Revenue	4.4%	4.4%	4.8%	3.7%	4.2%

* 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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	Dec 2016	Sept 2016	Jun 2016	Mar 2016	Dec 2015
	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: 64.1% Less opt: 16.3% No chg: 19.6%	More opt: 26.7% Less opt: 33.3% No chg: 40.0%	More opt: 26.7% Less opt: 35.9% No chg: 37.5%	More opt: 22.8% Less opt: 47.3% No chg: 29.9%	More opt: 26.1% Less opt: 40.9% No chg: 33.0%
U. S. optimism level (0 to 100)	66.5	60.6	59.4	58.6	60.3
Optimism about own company	More opt: 51.1% Less opt: 18.3% No chg: 30.6%	More opt: 40.2% Less opt: 31.2% No chg: 28.7%	More opt: 40.7% Less opt: 28.6% No chg: 30.7%	More opt: 41.8% Less opt: 30.2% No chg: 28.0%	More opt: 41.0% Less opt: 30.4% No chg: 28.6%
Own company optimism level	67.4	65.3	66.3	66.0	65.9

Other Key Results for December 2016

- The large increase in optimism about the US economy to 66.5, nearly equal to own-firm optimism of 67.4, represents a “Trump Bump”, wherein CFOs are hopeful for business-friendly changes in 2017. In particular, CFOs are hopeful for
 - Regulatory reform: nearly 20% say that their hiring and spending plans are higher due to anticipated reform
 - Corporate tax reform: 16% of firms say spending plans have increased in response to anticipated tax reform
- US CFOs support the FED raising interest rates. At the same time, they expect that their own borrowing costs will increase by less than 50 basis points in 2017.
- Over the past five years, the typical manufacturing firm has increased its debt-to-capital ratio from 18% to 25% and they typical energy firm from 18% to 30%. 39% of US CFOs say that increased indebtedness has put their industry at more financial risk than normal. 64% say that high current debt burdens will restrict future investment.
 - About 1-in-4 firms say that excessive share repurchases will restrict business spending.
- CFOs assign a 1-in-5 chance that they will become a CEO within five years. Two-thirds say that their current job tasks adequately prepare them to become CEO. Additional operational and product experience, leadership training, broad economic vision, and sales, marketing and strategy experience would also help prepare them for the CEO job.

Top Concerns for U.S. Businesses

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

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

- Weak demand for product/services
- Data Security
- Access to capital
- Rising wages and salaries
- Employee morale