

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

Results for 244 U.S. firms (own-firm changes expected during the next 12 months)

	Sept 2018	Jun 2018	Mar 2018	Dec 2017	Sept 2017
Weighted Averages for	Expected growth in next 12 months				
Earnings growth*	12.8%	9.5%	8.5%	5.6%	4.6%
Capital spending	5.7% Median=5.0%	8.3% Median=5%	11.0%	3.2%	4.2%
Advertising and marketing spending	3.6%	1.9%	3.5%	3.0%	1.7%
Technology spending	6.3%	7.2%	9.0%	4.8%	5.2%
R&D spending	2.7%	3.1%	3.0%	3.3%	1.3%
Employment – full-time	3.9% Median=2.0%	4.5% Median=3.0%	3.0%	3.2%	3.4%
Wages and Salaries	4.8% Median=3.0%	4.1% Median=3.0%	3.9%	4.4%	3.9%
Inflation (Chg in prices of own-firm products)	3.0%	3.8%	3.0%	2.7%	1.2%
Health Care Costs	7.8%	7.6%	7.2%	8.3%	8.6%
Revenue	7.5%	6.9%	7.0%	5.9%	4.3%

\* 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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	Sept 2018	Jun 2018	Mar 2018	Dec 2017	Sept 2017
	Compared to last qtr.				
<b>Optimism about the U.S. economy</b>	More opt: 43.6% Less opt: 23.0% No chg: 33.3%	More opt: 47.1% Less opt: 21.3% No chg: 31.6%	More opt: 53.3% Less opt: 16.4% No chg: 30.3%	More opt: 49.4% Less opt: 17.8% No chg: 32.8%	More opt: 32.7% Less opt: 29.2% No chg: 38.1%
<b>U. S. optimism level (0 to 100)</b>	70.0	71.1	71.2	68.6	65.9
<b>Optimism about own company</b>	More opt: 48.6% Less opt: 21.4% No chg: 30.0%	More opt: 54.0% Less opt: 17.3% No chg: 28.8%	More opt: 55.9% Less opt: 16.3% No chg: 27.8%	More opt: 53.9% Less opt: 16.3% No chg: 29.8%	More opt: 47.7% Less opt: 22.2% No chg: 30.1%
<b>Own company optimism level</b>	71.4	71.0	70.1	71.3	70.2

### Other Key Results for September 2018

- At 71.4, own-firm optimism among US CFOs is at its highest level since 2007.
- Difficulty hiring and retaining qualified employees is at an all-time high, with 53 percent of CFOs calling it a top four concern
- Employee turnover continues to rise, with companies having to replace 14% of workers over the past 12 months), compared to 13% turnover the year before.
- CFOs believe that the U.S. should make significant changes to immigration policy, particularly to attract STEM (Science, Technology, Engineering, Math) workers
  - 78% believe that the US should drop the 'lottery system' and adopt a merit-based immigration policy
  - 82% think that foreign undergraduate students acquiring STEM degrees should have easy access to routine (H1B) work permits.
  - 77% think that STEM foreign graduate students should have easy access to Green Cards
- US companies are split as to the effects of the trade wars and tariffs, with an equal number saying trade conditions will help vs. hurt them.
  - Among firms that say they have been negatively affected by trade wars and tariffs, they plan to reduce their capital spending by 6%
- The fast pace of technological change, combined with the current economic environment and geopolitical conditions, is hampering the ability of companies to plan for the future.
  - Companies say that in 2013 they could effectively plan 3.5 years into the future. In the current environment, they say they can only plan 2.3 years out.
  - Coincident with this shorter planning horizon, CFOs indicate that the projects they adopt now have an expected life of 4.6 years, compared to a 6.2-year life for projects they initiated in 2013

### Top Concerns for U.S. Businesses

- Attracting and retaining qualified employees
- Government policies
- Rising wages and salaries
- Cost of benefits
- Regulatory requirements

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

- Data Security
- Rising input or commodity price
- Economic uncertainty
- Employee productivity
- Employee morale