

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

Results for 212 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2018	Sept 2018	Jun 2018	Mar 2018	Dec 2017
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*	4.5%	12.8%	9.5%	8.5%	5.6%
Capital spending	1.0% Median=2.0%	5.7% Median=5.0%	8.3% Median=5%	11.0%	3.2%
Advertising and marketing spending	1.3%	3.6%	1.9%	3.5%	3.0%
Technology spending	4.3%	6.3%	7.2%	9.0%	4.8%
R&D spending	1.4%	2.7%	3.1%	3.0%	3.3%
Employment – full-time	3.6% Median=3.0%	3.9% Median=2.0%	4.5% Median=3.0%	3.0%	3.2%
Wages and Salaries	4.2% Median=3.0%	4.8% Median=3.0%	4.1% Median=3.0%	3.9%	4.4%
Inflation (Chg in prices of own-firm products)	2.7%	3.0%	3.8%	3.0%	2.7%
Health Care Costs	6.0%	7.8%	7.6%	7.2%	8.3%
Revenue	4.9%	7.5%	6.9%	7.0%	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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	Dec 2018	Sept 2018	Jun 2018	Mar 2018	Dec 2017
	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: 16.6% Less opt: 45.0% No chg: 38.4%	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%
U. S. optimism level (0 to 100)	66.4	70.0	71.1	71.2	68.6
Optimism about own company	More opt: 35.1% Less opt: 32.7% No chg: 32.2%	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%
Own company optimism level	68.5	71.4	71.0	70.1	71.3

Other Key Results for December 2018

- Difficulty hiring and retaining qualified employees remains the top concern of US CFOs; however, only 46.7% listed it as a top concern this quarter, down six points from its all-time high of 53% last quarter
- Nearly half (48.6%) of US CFOs believe that the US will be in recession by the end of 2019 and 82% believe that a recession will have begun by the end of 2020. CFOs are even more pessimistic in most other regions of the world:
 - Africa (97% believe that a recession will have begun no later than year-end 2019), Canada (86%), Europe (66.7%), Asia (54%), Latin America (42%)
- US CFOs believe that US real GDP will grow 2.7% in 2019. However, their views are skewed to the downside, with there being a 1-in-10 chance that GDP will grow only 0.6%.
 - In this low GDP growth scenario, capital spending will fall by 1.3% and hiring will increase by only 0.3%
- When choosing their ideal amount of debt to use, most companies use metrics based on Debt/EBIDTA or Debt/Assets.
- Companies are fairly flexible in the amount of debt they use: they consider an upper limit amount of debt they try to stay below but put less emphasis on trying to maintain debt above a pre-set minimum level.
- Debt increases are often tied to specific events like large investment projects or acquisitions.

Top Concerns for U.S. Businesses

- Attracting and retaining qualified employees
- Government policies
- Cost of benefits
- Economic uncertainty
- Rising wages and salaries

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

- Regulatory requirements
- Rising input or commodity price
- Data Security
- Employee productivity
- Access to capital