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# Asian Business Outlook

*Part of the Global Business Outlook*

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A joint survey effort between  
**Duke University** and **CFO Magazine**

**CFO**

# Top Concerns of Asian CFOs

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1.	Economic uncertainty
2.	Difficulty attracting/retaining qualified employees
3.	Currency risk
4.	Government policies
5.	Access to capital
6.	Regulatory requirement
7.	Employee productivity
8.	Cost of borrowing
9.	Employee morale
10.	Rising input or commodity costs

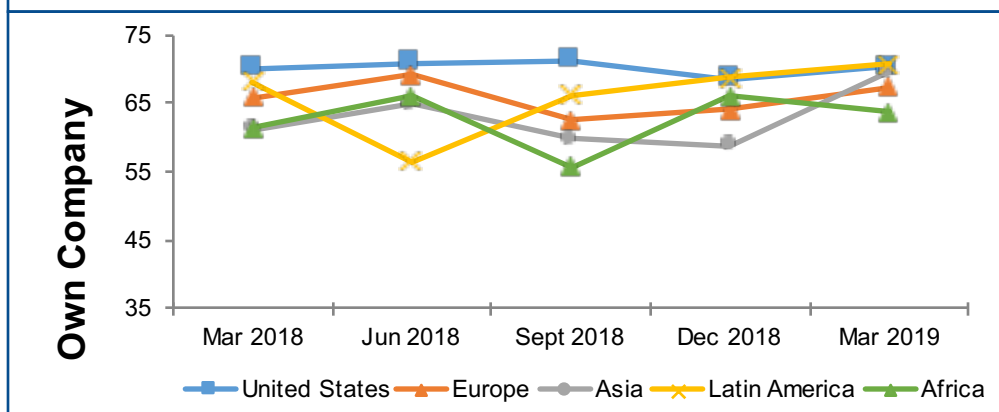
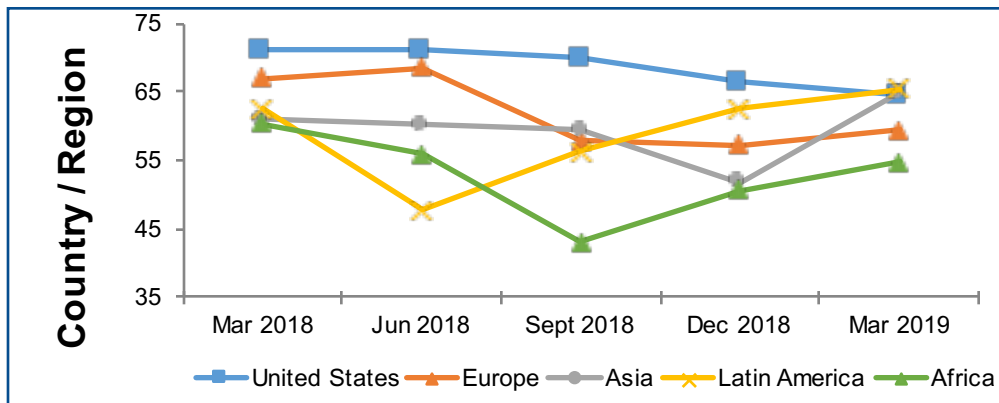
# Business Optimism Index

Both the Asian Country Index and the Own-Firm Index saw an increase relative to the previous quarter, led by an increase in business optimism in China, India and Japan.

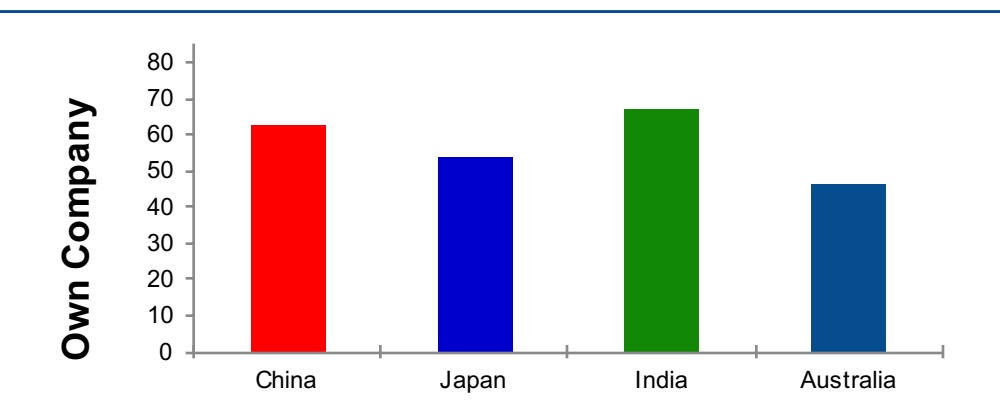
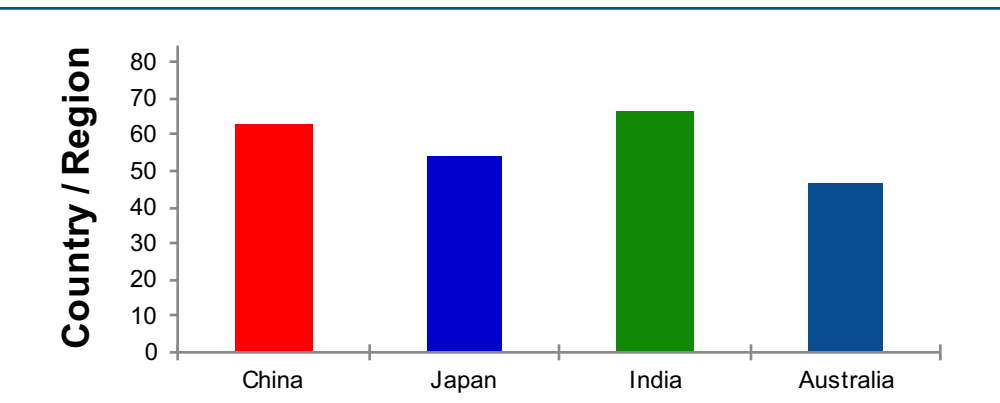
Country Business Optimism Index

Own-Firm Business Optimism Index

Global Trends



March 2019 Outlook

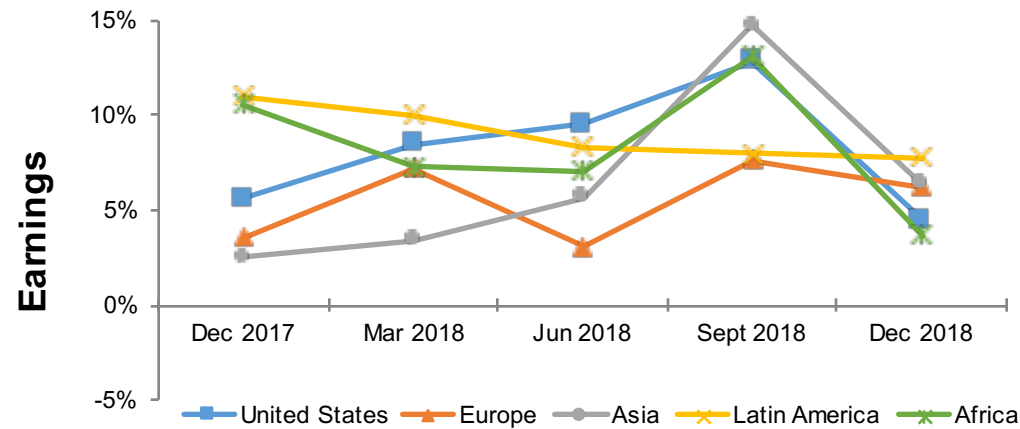


Notes: Presented data are the mean value for each region or country, Scale from 0-100

# Expected Change in Earnings

**CFOs in Asia expect a significant decrease in earnings growth, primarily driven by large declines in expectations for China and Japan**

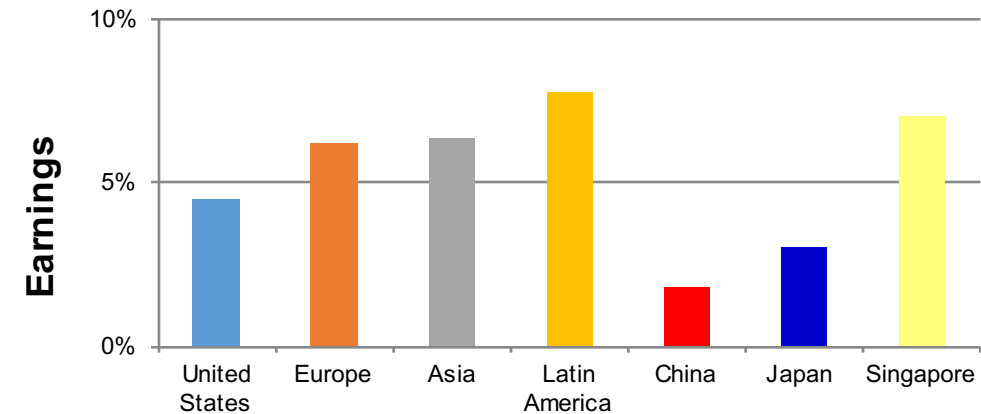
## Global Trends



**Earnings expectations have generally decreased or remained stable in all regions**

- CFOs in Asia, Africa, and the US reported significant declines in earnings growth outlook, following the increases observed in the previous quarter

## December 2018 Outlook



**The significant decrease in earnings expectations for Asia is largely driven by the low expectations reported by CFOs in China and Japan**

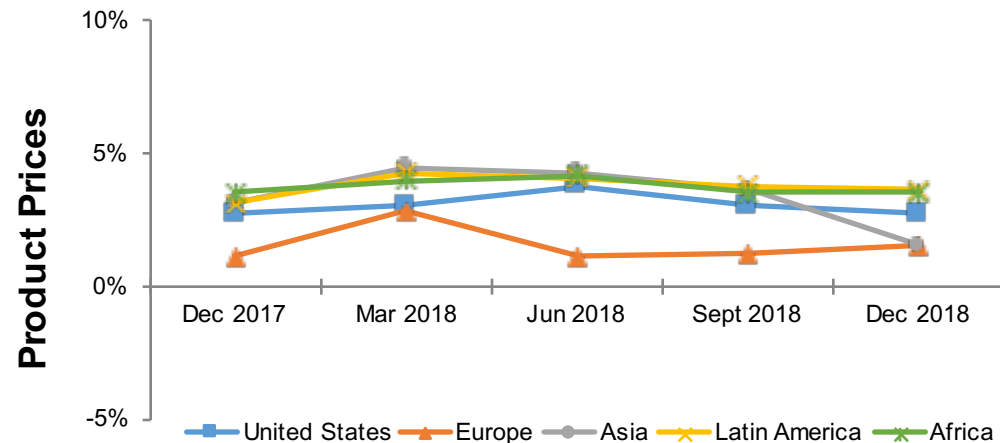
- In contrast, CFOs in Singapore reported a significant increase in expected earnings growth

2018 December

# Expected Product Price Inflation

The Asian inflation outlook saw a significant decrease from the previous quarter in contrast to the stable numbers observed for Africa, Latin America and the United States

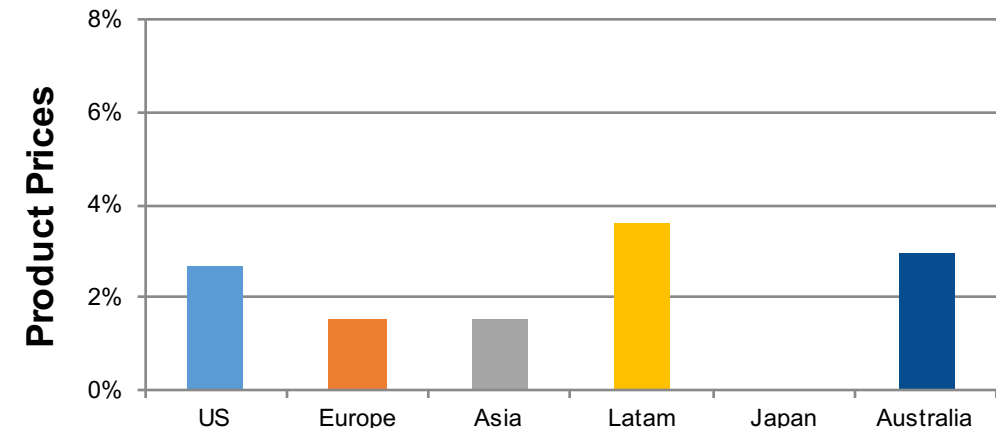
## Global Trends



**Inflation expectations continue to be stable for most regions except Asia**

- Asia's inflation outlook declined to 2%, while inflation expectations for Africa and Latin America continue to be greater than 3%

## December 2018 Outlook



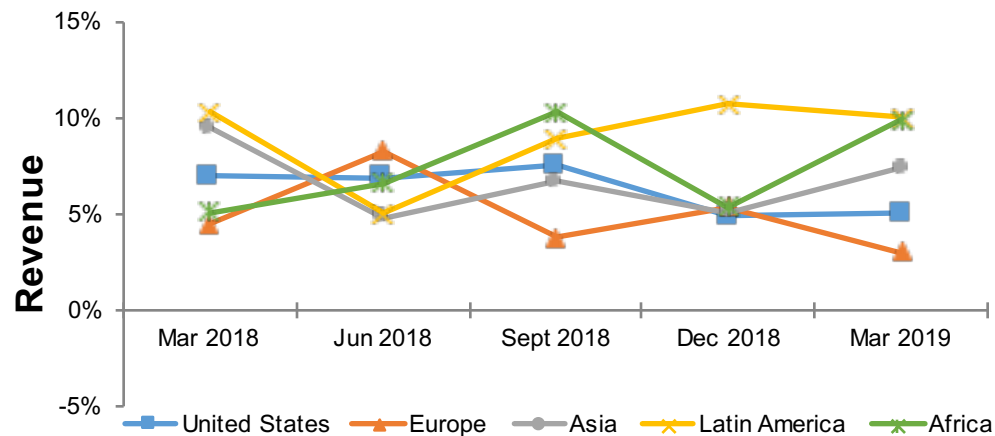
**Inflation expectation for most regions (except Latin America) is hovering around 1.5-3%**

- For CFOs in Australia, inflation expectation for product price is somewhat higher than that for Asia

# Expected Growth in Sales Revenue

The Asian revenue growth outlook increased to 7.4% but still lags behind revenue growth in Latin America and Africa, at 10% and 9.9% respectively

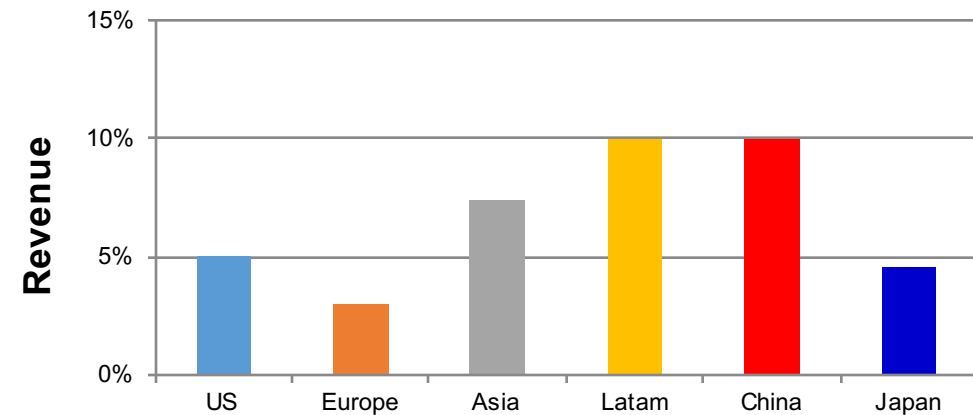
## Global Trends



**Except Europe and Latin America, which saw decreases, revenue growth expectations have increased for other regions**

- African CFOs' revenue growth increased by 4.5% to 9.9%, but still below the 2018Q3 high of 10.3%

## March 2019 Outlook



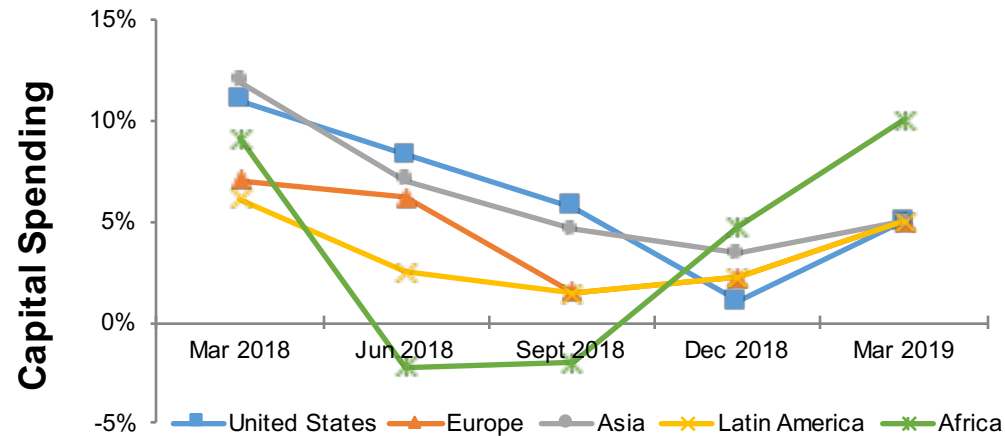
**Latin American economies anticipate similar revenue growth as China at 10%**

- The overall revenue growth outlook for Asian CFOs (7.4%) has increased due to increased CFO optimism in both China and Japan

# Capital Spending Plans

Capital spending outlook among CFOs in Asia has increased after a steady decline over the past three quarters

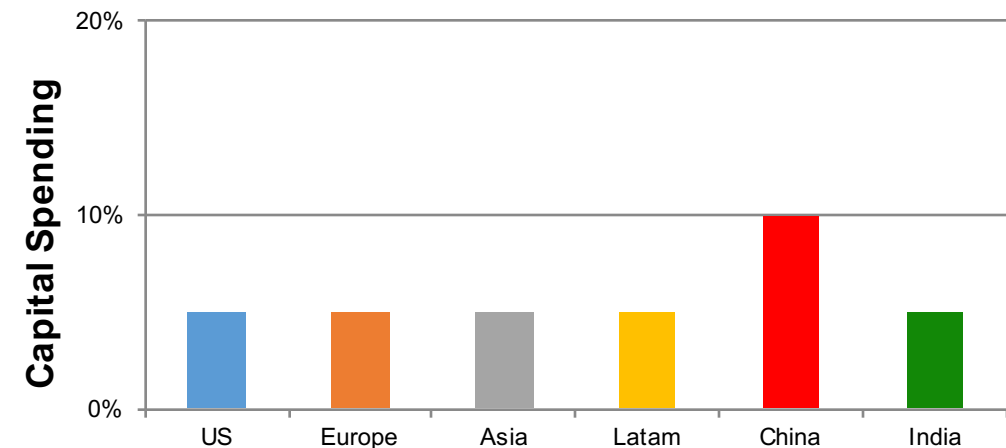
## Global Trends



### Capital spending plans increased for all regions

- Capital spending plans in Africa more than doubled (to 10%) from the previous quarter; the outlooks for other regions increased as well
- Capital spending for Asia, US, Europe and Latam are currently at 5%

## March 2019 Outlook



### Capital spending outlook has increased for most major Asian economies

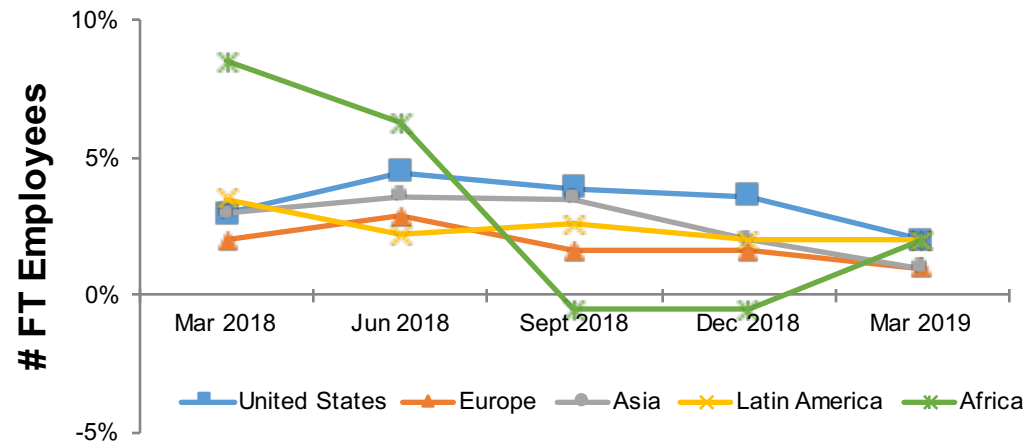
- The overall outlook for Asia is in line with country-level expectations of CFOs in US, Europe and Latam
- Except for CFOs in China, CFOs in most other regions anticipate capital spending of 5%

Notes: Presented data are the mean or median values for each region or country.

# Fulltime Employment Outlook

While the Asian, American, and European employment outlooks declined moderately, the outlook for Latin America is comparable to the previous quarter

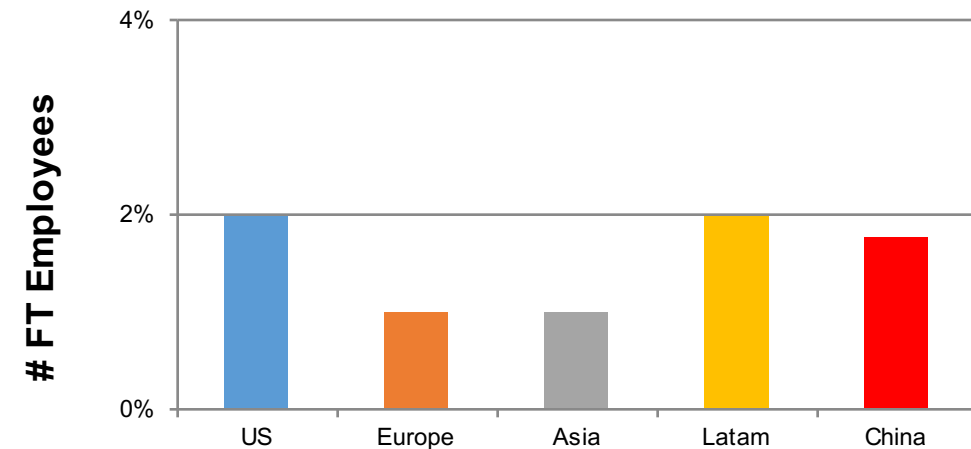
## Global Trends



### Employment growth of 1-2% expected for all regions

- Outlook in Africa rose to 2% from the previous quarter's negative outlook, but is still lower than Q1 of last year
- Similar to the US and Europe, Asia witnessed a modest decline in employment outlook, while the Latin American outlook remained stable

## March 2019 Outlook



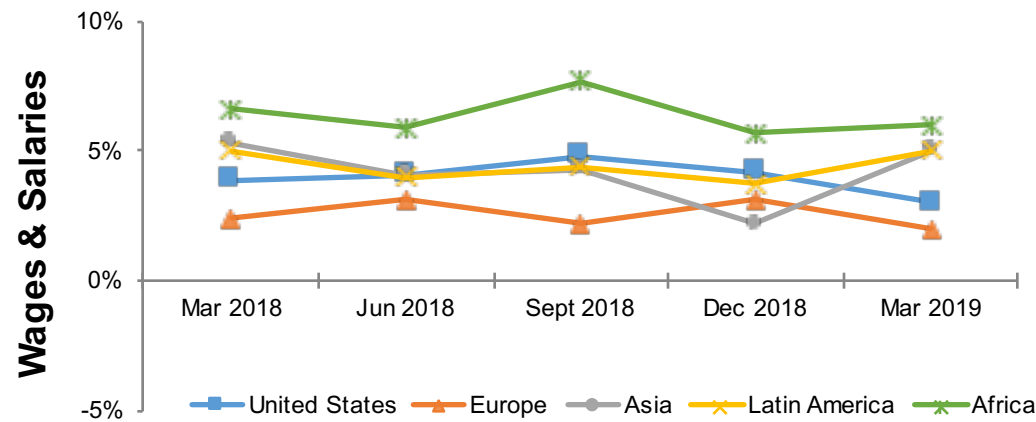
The Asian employment outlook has declined despite the Chinese employment outlook holding steady compared to the previous quarter



# Expected Wage and Salary Increases

Apart from the US and Europe, wage expectations have risen around the world. Asian CFOs expect an increase in wage and salary growth.

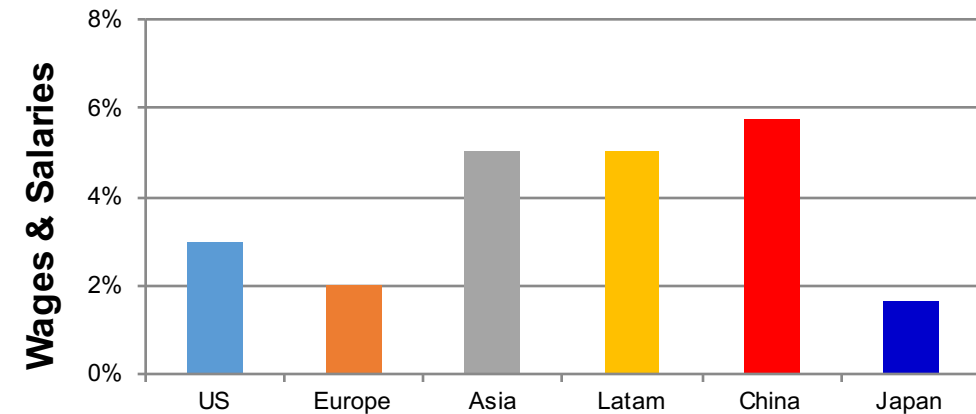
## Global Trends



### Wage growth outlook differs by region

- Wage growth continues to be the highest among African CFOs with a small increase over the previous quarter
- Employment should grow in the US and in Europe at around 2-3%
- Expected Asian wage growth rose from last quarter and is almost comparable the forecast from Q1 of last year

## March 2019 Outlook



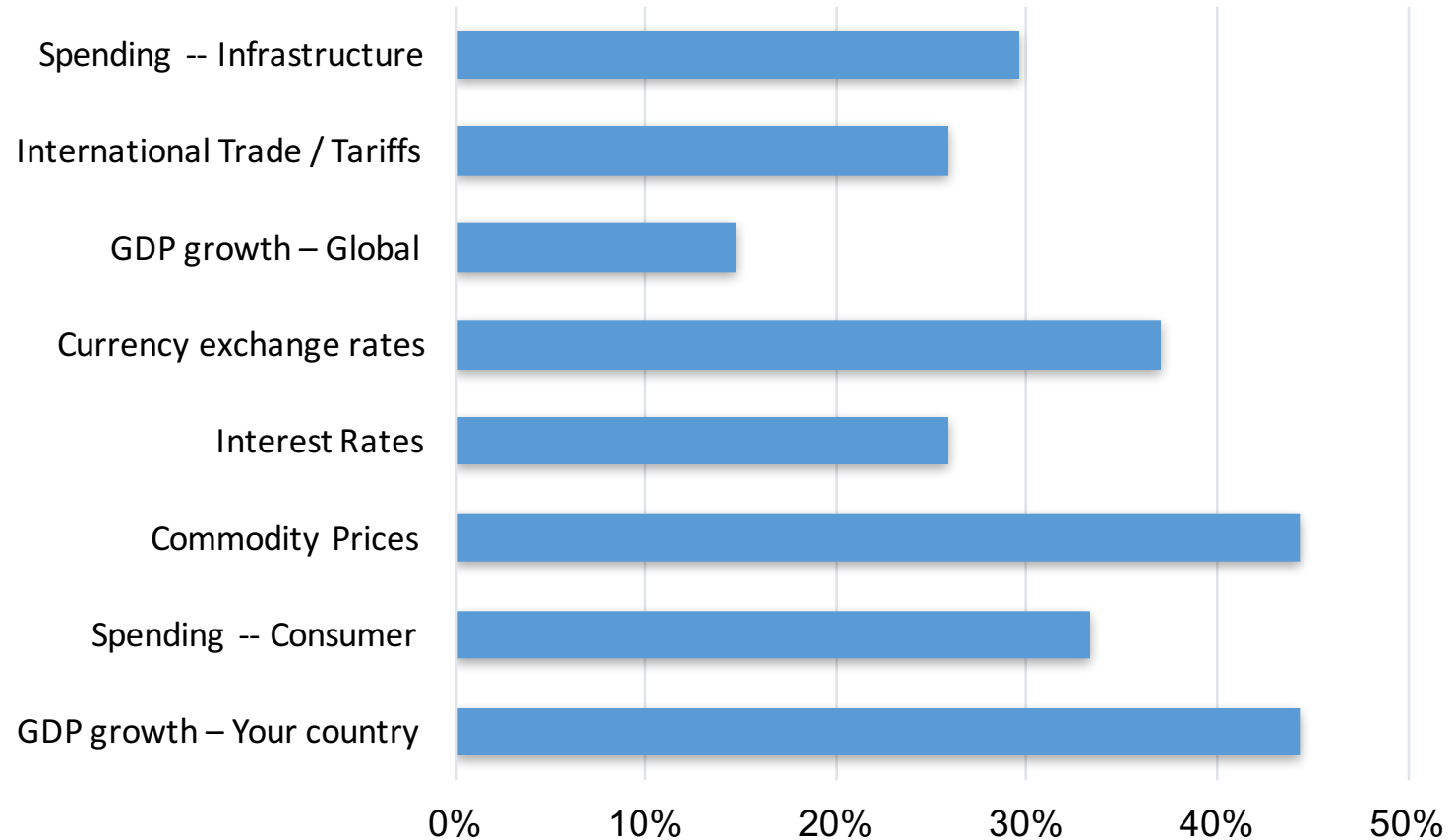
### Asian and Latin American CFOs are optimistic about wage outlook

- CFOs in China have higher wage expectations than the overall Asian region
- Meanwhile, CFOs in Japan have low wage expectations of 1-2%, offsetting the bullish outlook of the Asian region

Notes: Presented data are the mean or median values for each region or country.

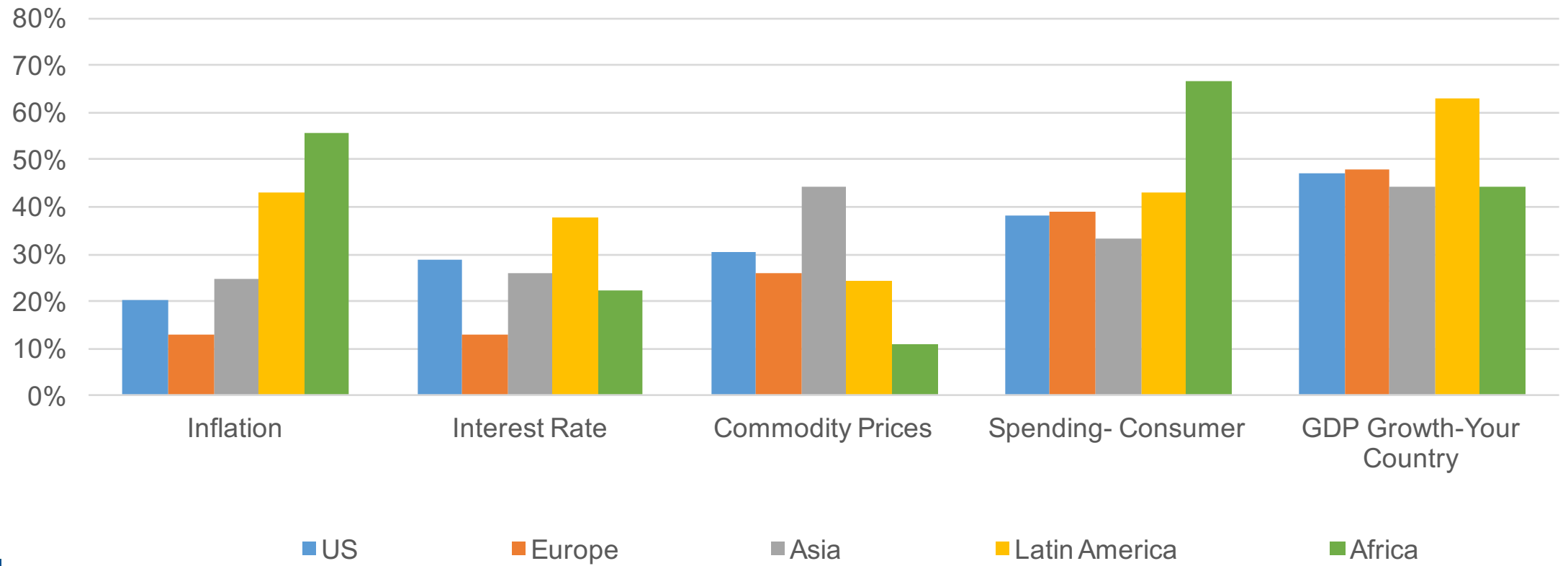
# Economic Indicators

*Which economic indicators do you consider most important in causing your firm to actually experience a downside, base case, or upside outcome? (pick up to 3)*



# Important Economic Indicators

## Important Economic Indicators – By Region



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