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Asian Business Outlook

Part of the Global Business Outlook

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

CFO

Top Concerns of Asian CFOs

1.	Economic uncertainty
2.	Government policies
3.	Weak demand for products/services
4.	Access to capital
5.	Employee productivity
6.	Difficulty attracting/retaining qualified employees
7.	Currency risk
8.	Regulatory requirement
9.	Employee morale
10.	Rising wages and salaries

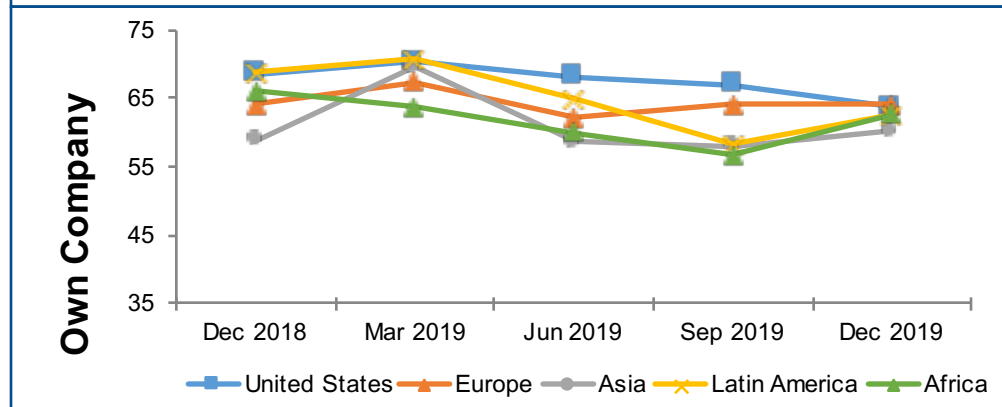
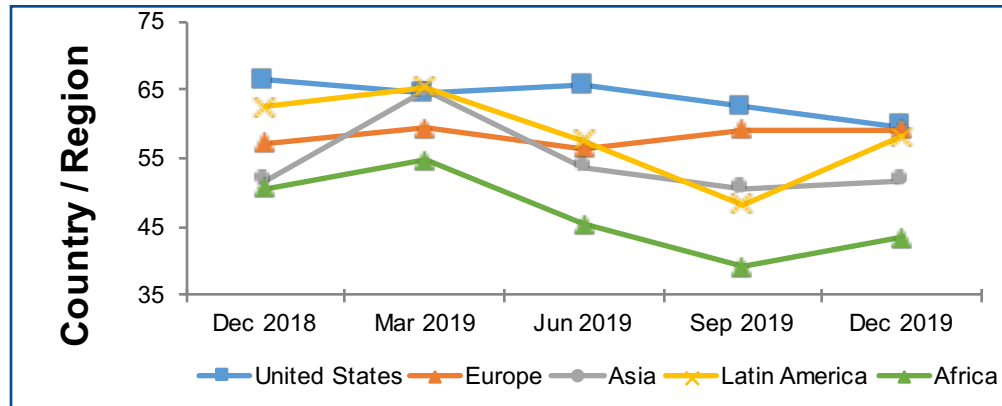
Business Optimism Index

The Asian Country Optimism Index and the Own-Firm Index increased slightly relative to the previous quarter.

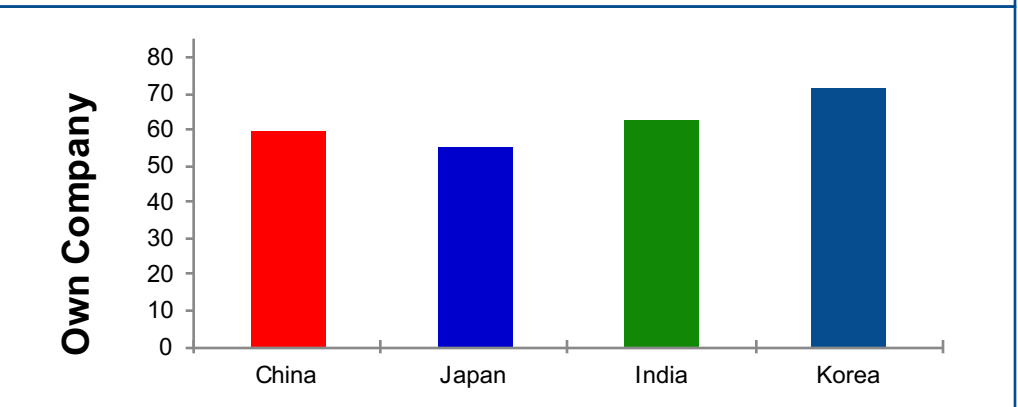
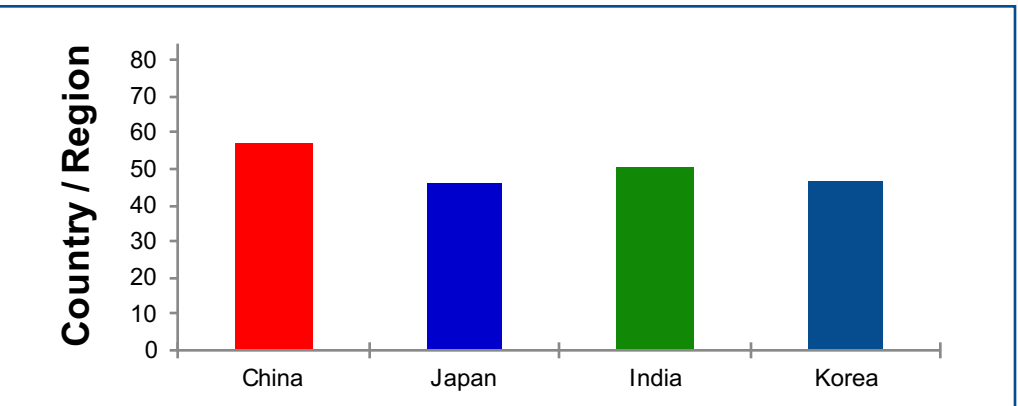
Country Business Optimism Index

Own-Firm Business Optimism Index

Global Trends



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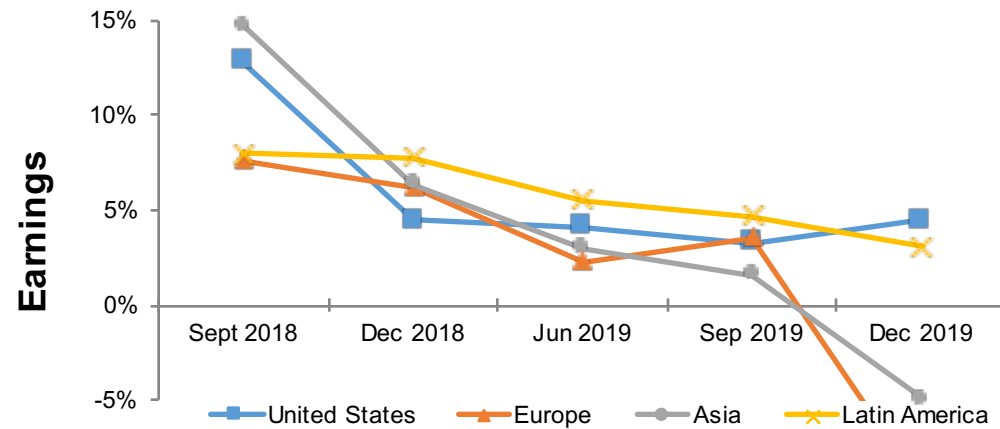


Notes: Presented data are the mean value for each region or country, Scale from 0-100

Expected Change in Earnings

CFOs in Asia, Europe and Latin America expect a decrease in earnings, while those in the USA expect a slight increase in earnings

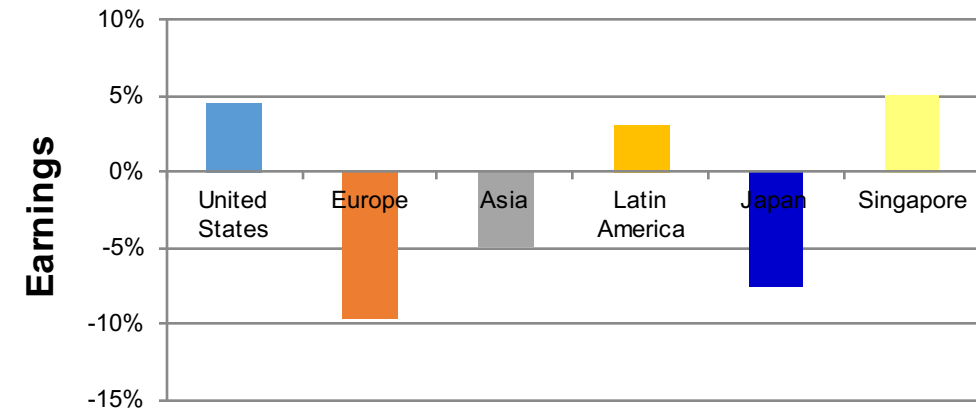
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Earnings expectations have decreased in most regions

- CFOs in Asia, Europe and Latin America continue to report declines in expected earnings growth; Asia and Europe expect negative growth at -4.9% and -9.7% respectively

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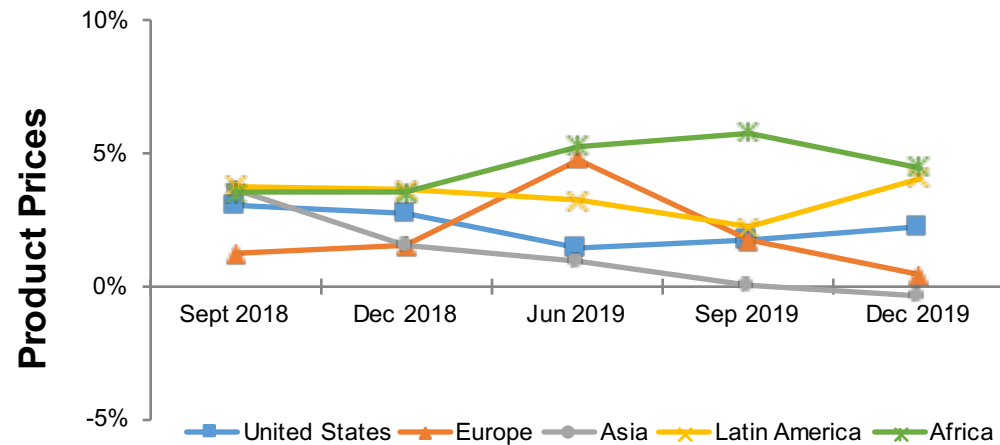


The decrease in earnings expectations for Asia is driven by the low expectations reported by Japanese CFOs of - 7.7%)

Expected Product Price Inflation

The inflation outlook for Asia, Africa and Europe has fallen from the previous quarter, in contrast to an increase observed for the United States and Latin America

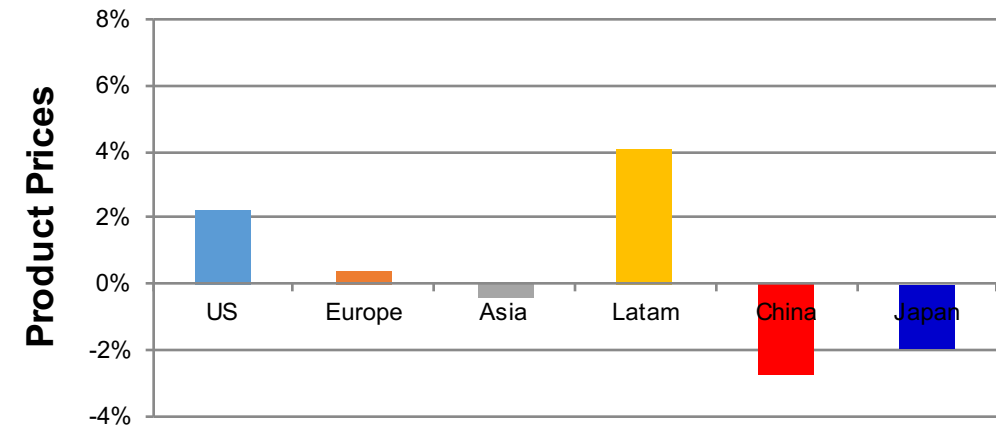
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Inflation expectations have declined for Asia, Africa and Europe

- Asia saw a decline in inflation expectations to an annual low of -0.4%, while inflation expectations for Latin America increased to 4.1%

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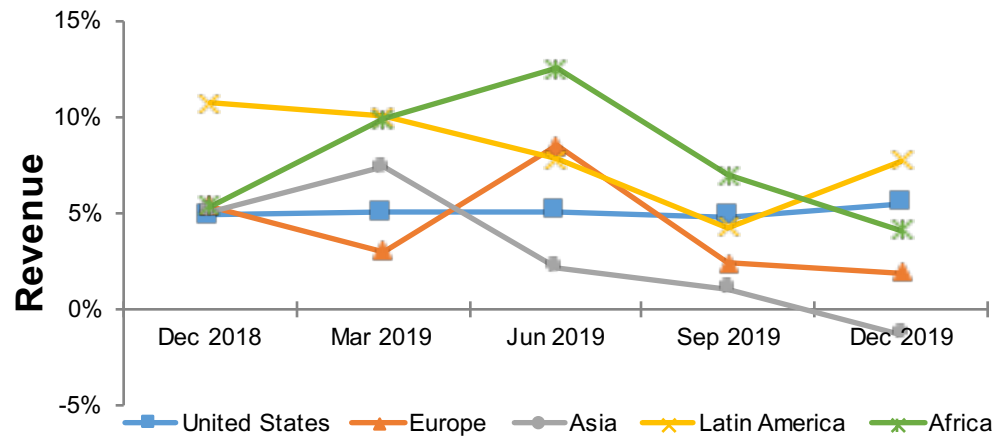
Price expectations declined for the products produced by Asian companies over the next year

- Inflation expectations in Japan are at -2% while for China are at -2.7%.

Expected Growth in Sales Revenue

The revenue growth outlook for Asia, Europe and Africa declined since the last quarter; In contrast Latin American CFOs expect a 7.7% increase in revenues

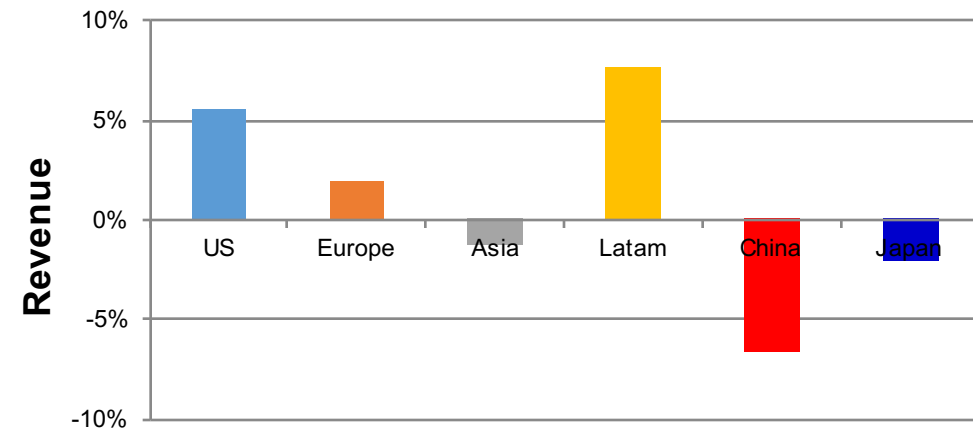
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Asia and Africa expect softer earnings, Latin America's earnings outlook grows stronger

- Except Latin America and United States, the revenue growth outlook for all economies is at its lowest point in the past year

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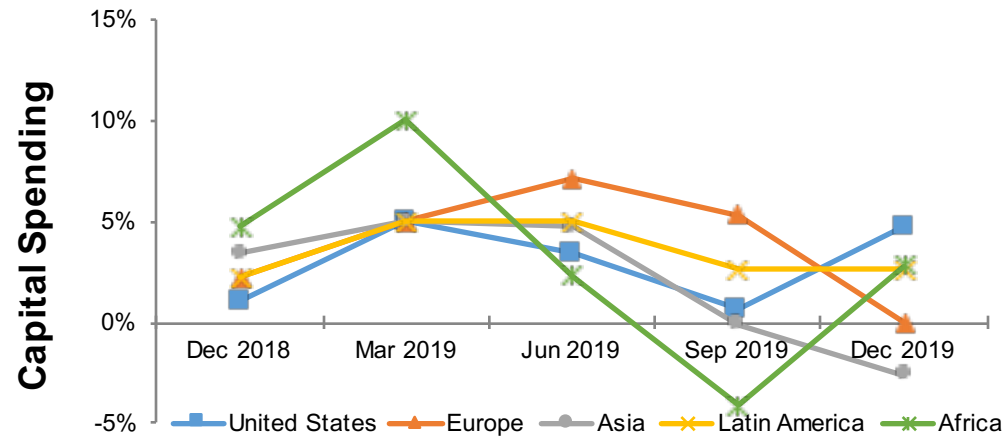
China's revenue outlook has decreased from 16.4% last quarter to 6.7% in the current quarter

- Asia's CFOs' revenue growth outlook decreased to -1.3%, partially in reflection of low Asian inflation

Capital Spending Plans

Capital spending plans among Asian CFOs have decreased significantly, falling further from last quarter

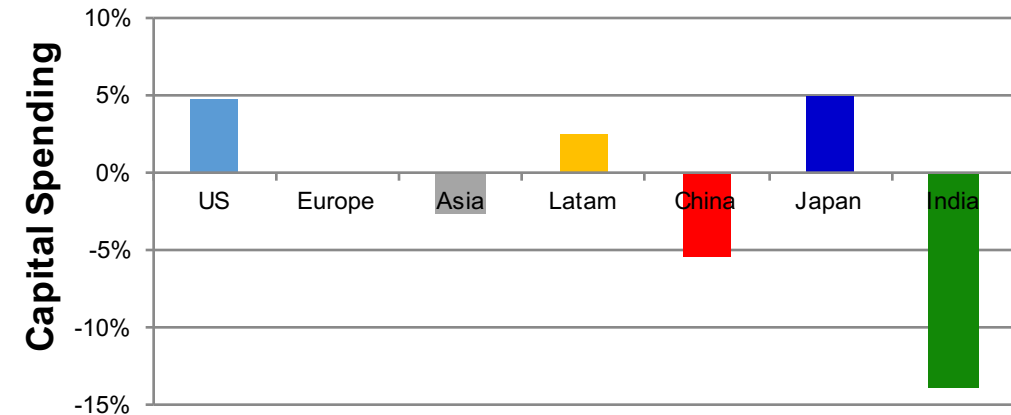
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Capital spending plans in Asia and Europe continue to decline while the rest of the world have remained the same or improved

- Asian CFOs expect capital spending to fall in 2020
- The US and Africa retain positive expectations of capital spending growth, significantly higher compared to the previous quarter

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Capital spending plans soften for most major Asian economies

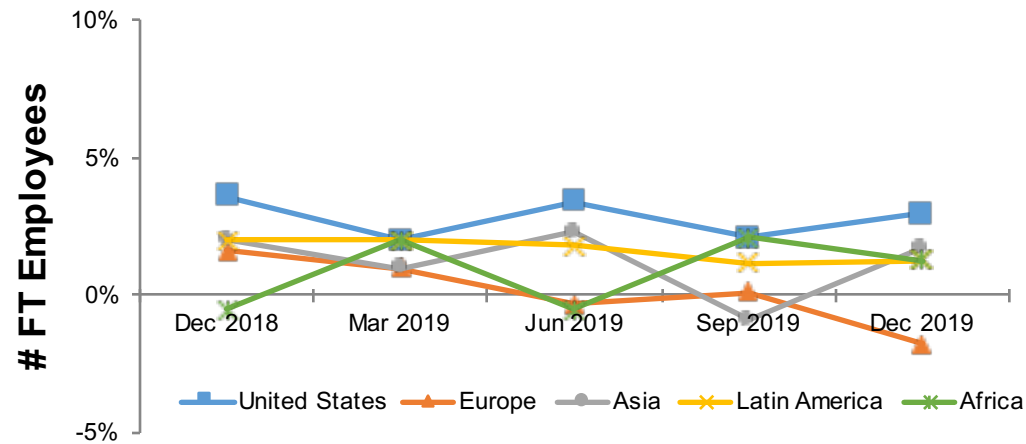
- The overall outlook for Asia is lower than expectations of CFOs of other regions, such as Europe, Latin America, and the US
- In Asia, Japan's positive capital spending outlook is offset by the outlook of two other Asia's major economies, China and India, which are anticipating capital spending to fall in 2020 by 5% and 14% respectively

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

Fulltime Employment Outlook

Asia's employment outlook has improved, while the outlooks for other regions except for the US remain weak but positive

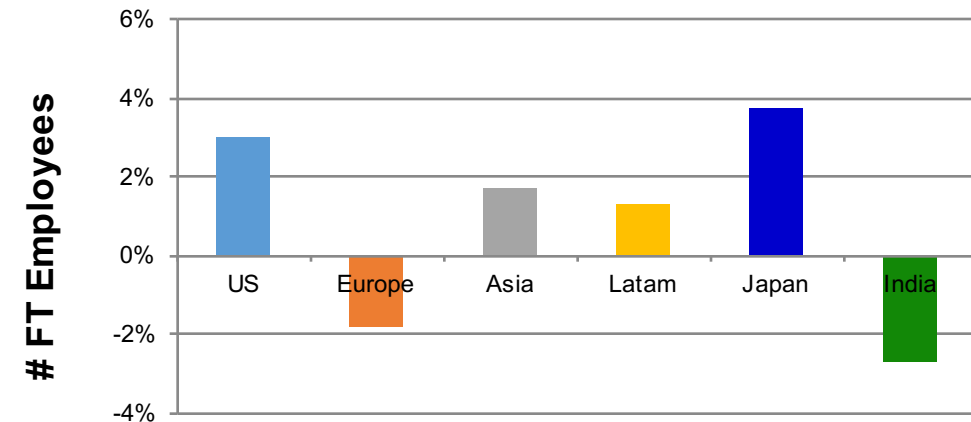
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Employment growth expected to be below 2% for all regions except the US

- The U.S. outlook remained stable at the 3% range
- Asia expects a 1.7% increase in employment over the next year, while the European outlooks have declined

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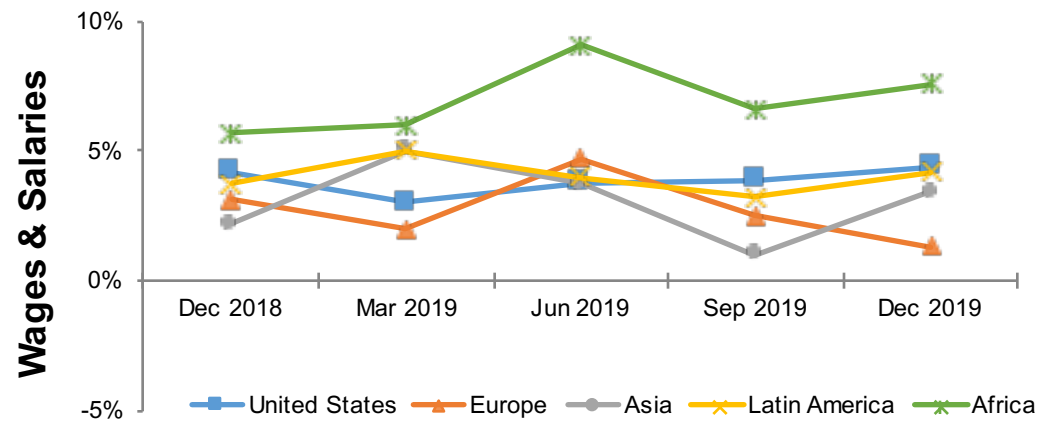


The Asian employment outlook has overall increased despite a decline in India's employment outlook

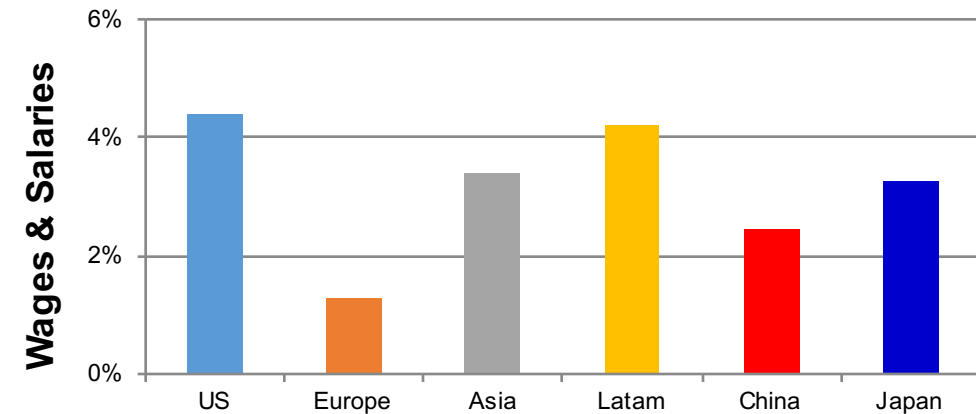
Expected Wage and Salary Decreases

Apart from the declining European wage outlook, wage growth expectations have increased around the world. Asian CFOs expect higher wage and salary growth

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Wage growth outlook mostly consistent across regions

- Asian, US, Latin American, and African regions are expecting faster wage growth than the previous quarter
- Wage growth continues to be the highest among African CFOs at roughly 8%, reflecting in part higher price inflation
- Employment growth in the US is expected to remain stable at more than 3%, while Asian employment growth is expected to be at roughly 3%

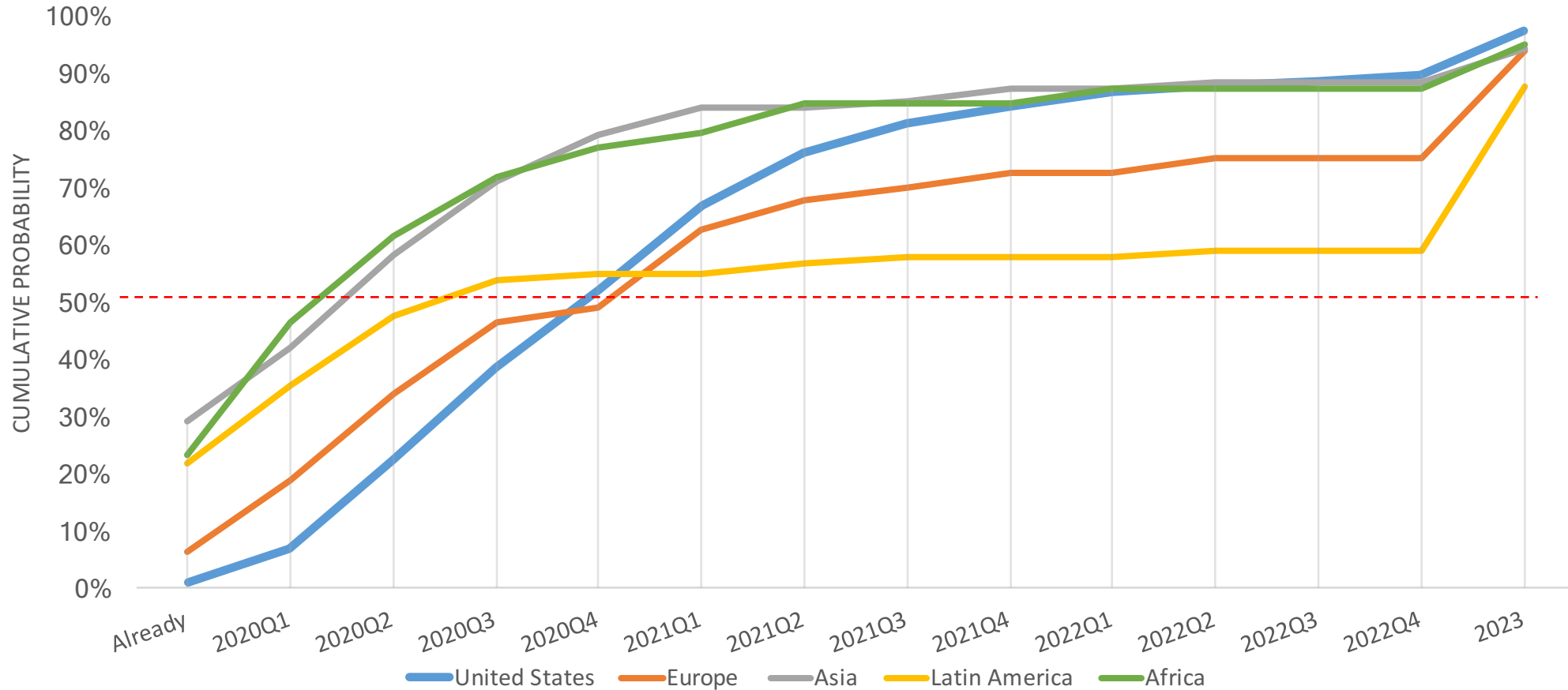
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Asian CFOs have moderately optimistic wage expectations

- CFOs in China have relatively lower wage expectations than the overall Asian region
- Meanwhile, CFOs in Japan have sustained their wage expectations of roughly 3% growth, boosting the outlook of the Asian region

When Will a Recession Occur?

For your country: In which quarter do you expect a downturn (recession) will occur? A majority of CFOs in all regions expect a recession to start within one year.



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