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CFO Signals™

Business Outlook Highlights | 1st Quarter 2019¹



Anticipating a slowdown (but not a recession)

By the end of 2018, CFOs' sentiment and expectations were becoming less optimistic. This quarter's findings continue the downward trend. Nearly three-fourths of respondents said they expect a deceleration of economic activity by the end of 2020, but only 15% expect an extended decline. Those expecting a downturn cited three main factors: US trade policy, length of business and credit cycles, and slowing growth in China and Europe.

Expectations for the North American, **European, and Chinese economies** all declined²



Expectations for revenue, earnings, hiring, and dividends declined while capital spending rose³



from last quarter's 10-quarter low, but it remains at one of its lowest levels in three years4





80% of surveyed CFOs regard North American conditions as good (down from 88%), and 28% expect better conditions in a year (same as 4Q18)



16% regard Europe's economy as good (down from 23%), and 8% expect better conditions in a year (up from 7%)



20% regard China's economy as good (down from 24%), and 16% expect better conditions in a year (up from 12%)

Revenue growth expectations declined

from 5.5% last quarter

Earnings growth expectations declined from last quarter's 7.3%



Capital spending expectations rose from 5.0% last quarter



Domestic hiring growth expectations fell from 3.2% last quarter

Dividend expectations

4.5%

declined from last quarter's



Own-company optimism rebounded





Net optimism index of +16.0, above last quarter's +3.0



32% of surveyed CFOs express rising optimism, up from last quarter's 26%



16% now cite declining optimism, down from last quarter's 23%

- 1 Visit http://www.deloitte.com/us/cfosignals2019Q1 for the full CFO Signals report background and findings
- 2 Percent of CFOs saying economies are good (versus neutral or bad)
- 3 Represents forecasted results for the next 12months
- 4 Represents change in CFO optimism of company prospects over the next 12 months, compared to prior quarter

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