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CFO Signals[™]

Business outlook highlights: 2nd Quarter 2019¹

Investing through an expected (mild) downturn

After riding high through 2017, CFOs' sentiment and expectations began to decline in early 2018 as expectations of an economic downturn began to rise. The decline continued this quarter, but there was a silver lining: about 80% of CFOs said they expect any downturn to be mild, and about half of those said they expect a short duration (less than 5% expect a sharp, prolonged downturn). These expectations may help explain why, even as CFOs' expectations for revenue, earnings, and hiring growth continued to decline this quarter, expectations for capital spending continued to rise.

Expectations for the future of the North American, European, and Chinese economies remain among their lowest levels in the last several years.²



26% regard China's economy as good (up North from 20%), and 10% **America** expect better conditions in a year Europe (down from 16%) 79% 10% 26% **79%** of surveyed CFOs regard North American conditions as good (down from 80%), 10% regard Europe's economy and 24% expect better as good (down from 16%), and conditions in a year 4% expect better conditions in (down from 28%) a year (down from 8%)

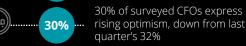
Own-company optimism continues to sit among its lowest levels in the last three years.⁴





Net optimism index of +9.0, A retreat from last quarter's +16.0









21% now cite declining optimism, up from last quarter's 16%



Footnotes

- 1 Visit http://www.deloitte.com/us/cfosignals2019Q2 for the high-level 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

Growth expectations for revenue, earnings, domestic hiring, and dividends declined; capital spending growth expectations rose³



3.8%

Revenue growth expectations declined from 4.8% last quarter



6.1%

Earnings growth expectations declined from last quarter's 7.1%



7.7%

Capital spending growth rose substantially from 5.9% last quarter



1.9%

Domestic hiring growth expectations slid from 2.1% last quarter



3.7%

Dividend expectations declined

from last quarter's 3.9%

The **CFO** Program

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