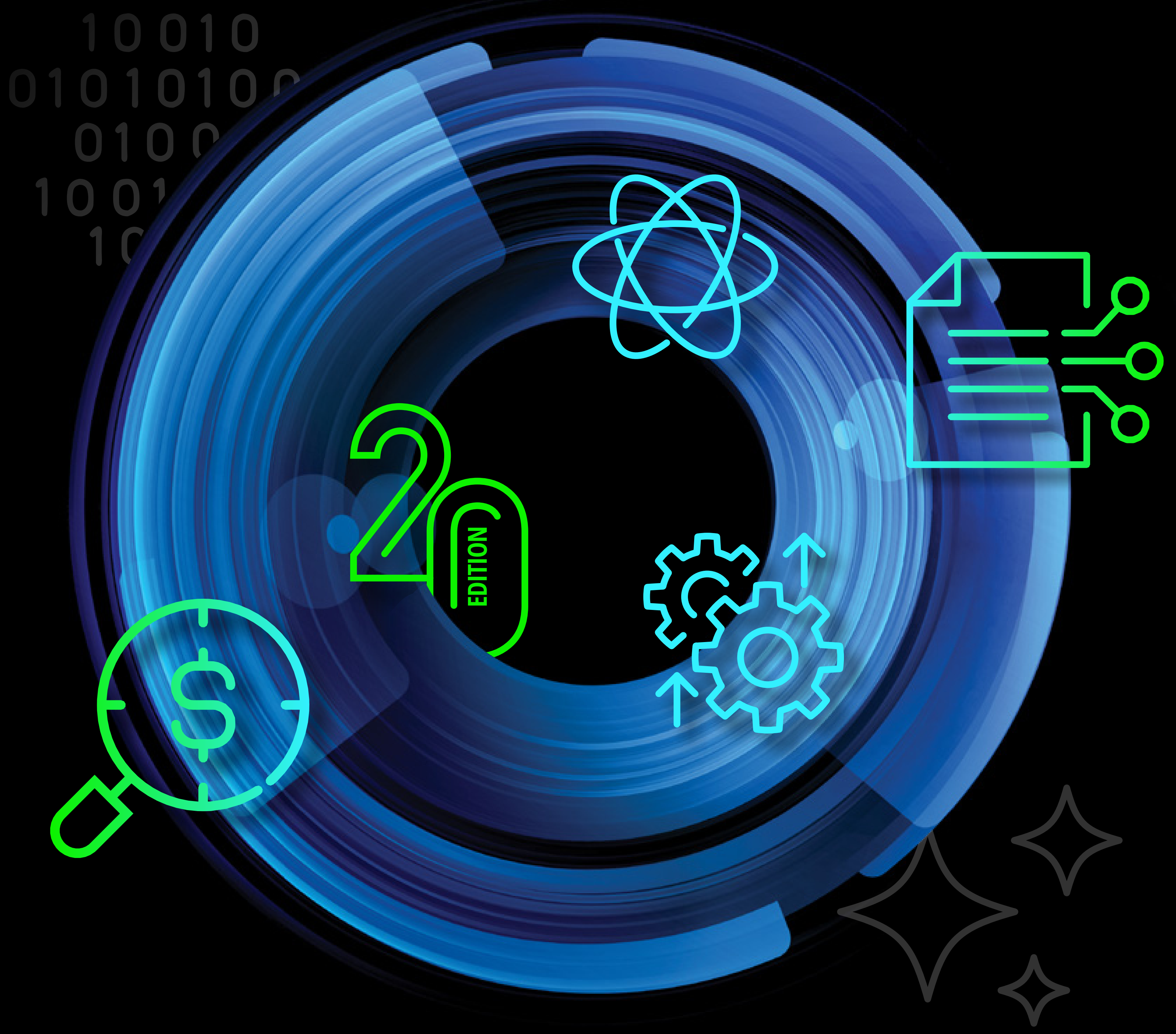
Deloitte.

CFO Sentiment

H2 2025



Confidence up, uncertainty down

Contents

Deloitte has surveyed senior finance executives of major Australian listed companies since 2009. This *CFO Sentiment* survey covers the second half of 2025 and took place between 3 and 17 November 2025. 59 CFOs responded to the survey.

Please note: where graphs do not add up to 100%, respondents were able to select multiple responses. Figures are rounded to the nearest whole number, so combined percentages may appear to differ from chart totals.

Edition highlights

CFO confidence rebounds

Net optimism in own business prospects has improved to 63% – up 14 percentage points from H1 2025.

Economic bumps are flattening out

Confidence in the economy has held steady and remains firmly in positive territory at 22%.

Uncertainty down to pre-pandemic levels

The net uncertainty rating has fallen sharply to 66% – its lowest level in seven years.

Efficiency remains key

Efficient operations remain an imperative, with over 80% of CFOs saying that cost control and operational efficiency is a high priority.

AI drive continues

93% of organisations are now utilising AI, with almost all CFOs believing that it will drive value across all business functions.

Firms wait on digital reporting

Most firms are yet to adopt digital financial reporting, indicating that more needs to be done to encourage uptake.

Executive summary

Clarity brings confidence

After a rocky start to the year, Australian CFOs are feeling positive once more, encouraged by reduced uncertainty and improved economic conditions.

Six months ago, Australian CFOs were feeling less optimistic, concerned that the disruption and uncertainty created by increases in global tariffs would negatively impact their business.

Wind forward to today and CFOs have a renewed sense of confidence. Net optimism about business prospects over the next 12 months has improved to 63% – up 14 percentage points from H1 2025 – in a sign that business leaders are looking forward with positivity once more.

Confidence in the economy has held steady, sitting at 22%. Notably, both optimism and pessimism in the economic outlook have risen, suggesting that CFOs are increasingly polarised in their views on the direction of the economy.

Reduced uncertainty is the key reason for the uptick in business confidence. The net uncertainty rating has plummeted to 66% – down 26 percentage points from six months ago to its lowest level for seven years. CFOs feel they now have a much clearer picture on the business environment they are operating in.

An inability to execute strategies (57%) is still the top risk on CFOs' minds, and there is renewed awareness around the threat posed by the recent uptick in inflation. Focus is also sharpening on risks around data and AI governance.

Even so, falling uncertainty has supported an increase in risk appetite. Some 39% of CFOs say that now is a good time to take on risk, up 13 percentage points from six months ago. However, this is yet to boost investment intentions with expectations for capital expenditure and employment largely unchanged.

Efficient operations remain an imperative for businesses, with over 80% of CFOs saying that cost control and operational efficiency is a high priority. It's been a challenging few years for Australian businesses, and many leaders will understandably be continuing to focus on these areas.

These efficiency goals are being supported by continued growth in AI adoption. Most firms have now integrated AI into both their organisation (93%) and their finance function (75%), with maturity growing steadily. Further, CFOs are confident that AI will drive value across the full range of business functions.

Digital financial reporting is another area that could support firms in their efficiency drive. Chartered Accountants Australia and New Zealand reports that 90% of the world's major economies already use digital reporting to streamline compliance and unlock real-time business insights, yet only 8% of responding CFOs in Australia say their company has adopted it. This indicates that more needs to be done to increase uptake in Australia.

Economic update | Domestic

A steady recovery, but pressures remain

The Australian economic recovery is slowly building momentum. Following the cost-of-living induced economic slowdown seen over 2023 and 2024, GDP growth has been steadily rebuilding through 2025 to reach 2.1% in the year-to September, up from 0.8% a year earlier.

Yet pressures remain. **Inflation** has become a renewed source of concern, and headline CPI rose by 3.8% in the year-to October, above what many forecasters had expected. Underlying inflation also climbed to 3.3% – above the Reserve Bank of Australia's (RBA) target band – signalling that the inflation fight is not yet over.

In response, the RBA has kept the cash rate on hold at 3.6%, citing both the unexpected inflation lift and lingering capacity constraints in the economy. The RBA's updated forecasts suggest inflation may remain above target through to mid 2026.

At the same time, the **labour market** is showing signs of cooling. Even with 42,200 people gaining work in October 2025, job gains for the last six months have totalled just 81,500 workers. This compares to 151,300 people finding work in the six months prior. It is a concerning trend and shows just how steep the slowdown in hiring has been. Meanwhile, the seasonally adjusted unemployment rate has climbed to 4.3%.

Indeed, the combination of the surprise inflation shock and weakening labour market are bringing the RBA's dual mandate of price stability and full employment back into focus. With both inflation and unemployment drifting higher, uncomfortable trade-offs may soon beckon.

Despite this, **consumer spending** has steadily gained steam through 2025. Real consumer spending increased by 2.5% in the year-to September 2025, a healthy rate of growth, supported by easing mortgage pressures and rising real wages. In turn, consumer sentiment has been steadily trending upwards through 2025.

Prior to the recent news on inflation, the outlook from **business** was also improving. According to the NAB Quarterly Business Survey, business conditions were at their best level since mid 2024 in the September quarter. At the same time, business confidence ticked up for the fourth consecutive quarter, with expected conditions over the next three and 12 months reaching multi-year highs.

Improving conditions are supporting stronger **business investment**, which grew by 4.7% in the year-to September – the strongest reading in almost four years. If this momentum continues it will mean more new tools and technologies in the hands of workers, which can boost productivity and potential output.

Data centres in particular are seeing a growing pipeline of investments. Australia now hosts more than 250 data centres with over $37 billion in planned investments, of which $4 billion is already under construction. This surge is driven by the global AI race as demand for data processing rises.

Economic update | Domestic

A persistent challenge for the Australian economy has been low **productivity growth**, though there are signs that this is starting to change. Labour productivity grew by 0.7% in the year-to September, its highest rate since June 2024. Despite this, productivity remains below pre-COVID levels. Further improvement is needed to ensure that gains in real wages, living standards and economic growth are sustained.

In turn, productivity has become an increasingly central issue in the national policy debate. The government-convened Economic Reform Roundtable has sharpened focus on reform priorities. Discussions included calls to reform tax settings, reduce red tape and encourage business to invest in innovation – all areas with potential to improve efficiency and long-term growth.

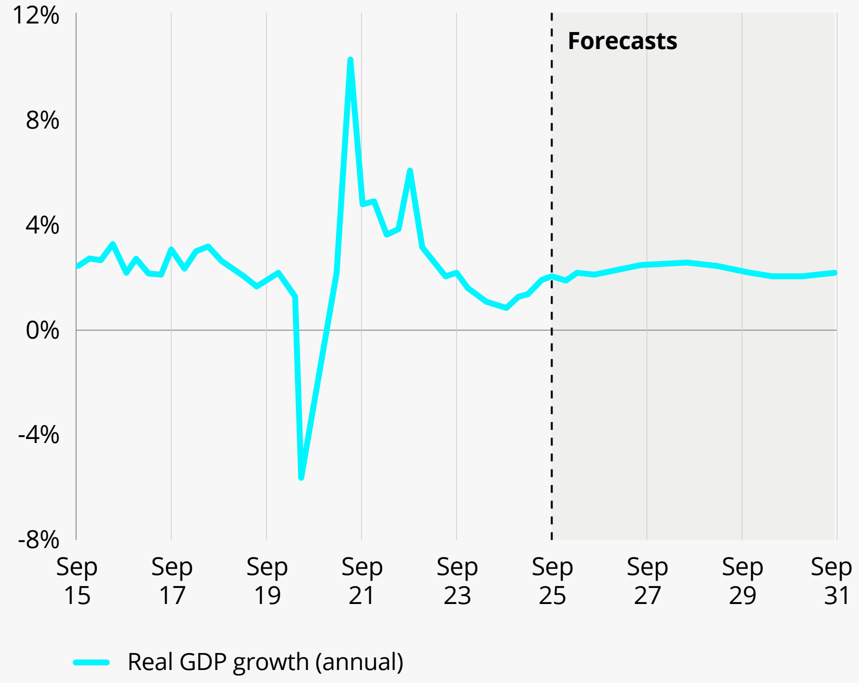
While immediate policy wins from the Roundtable were modest, it has helped rebuild momentum in national conversations about reform and the importance of generating productivity growth.

Housing also remains a key policy priority. While population growth has moderated from post-pandemic highs, falling average household sizes mean that demand remains strong. Meanwhile, supply continues to lag as the construction industry faces a raft of challenges, including rising cost pressures, low productivity growth and skills shortages.

The result is a housing market where prices are rising again, feeding affordability pressures for lower- and middle-income households. This tension complicates the outlook: the RBA must balance containing inflation without choking off economic activity, while governments must find ways to accelerate productivity growth and housing delivery.

Chart 1: Australian economic growth forecast

Annual change in real GDP



Source: Deloitte Access Economics.

Economic update | Global

A fragile global outlook

It's been a turbulent year for the world economy as investment in technology and uncertainty around global trade have shaped the economic landscape. These trends look set to continue into 2026.

Nowhere have these issues been more pronounced than in the **United States**. Since returning to office at the start of this year, President Trump's administration has implemented widespread tariffs on a range of imported products.

As a result, inflation has edged up, though not by as much as had been feared. Prices rose by 3.0% in the year-to September, but a weaker labour market has prompted the Federal Reserve to implement two rate cuts to support the economy. Following a fall in the March quarter, GDP growth has stabilised to be 2.1% higher over the year-to June 2025.

Even as tariffs weigh on selected sectors, the US economy has been buoyed by substantial investment in digital infrastructure. The ongoing build-out of AI technologies has accounted for a significant share of the economic growth seen in 2025, which holds the promise of a significant shift up in productivity and therefore living standards. However, there is nervousness in financial markets about the potential emergence of an "AI bubble", with valuations of tech stocks stretched.

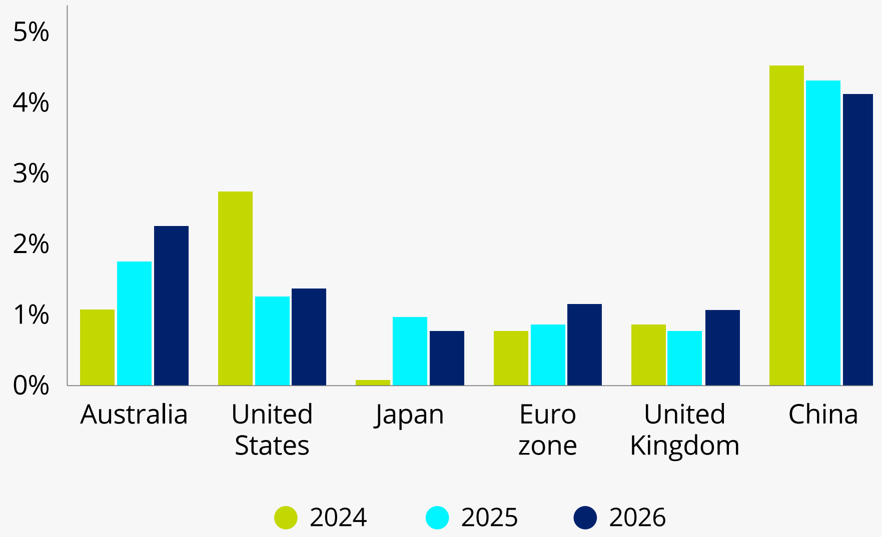
Elsewhere, the **Eurozone's** recovery remains slow, with the European Commission projecting real GDP growth of 1.4% in 2025. Structural challenges – most prominently those facing German manufacturing – and renewed political tensions in France continue to weigh on continental growth.

Meanwhile, **China's** economy is also showing some signs of weakness, with GDP growth moderating to 4.8% in the year-to September 2025. While this is still a healthy rate of advancement, there are challenges as the economy struggles amidst trade headwinds and challenges in domestic economic rebalancing.

For Australia, a key concern is the potential for reduced Chinese demand for Australian exports should this slowdown continue or trade barriers between the US and China become more entrenched. China is the destination for nearly 30% of Australian goods exports, and a deceleration in Chinese growth would likely translate to softer demand for key commodity exports.

Chart 2: Forecast economic growth in Australia and major economies

Annual change in real GDP



Source: Deloitte Access Economics, International Monetary Fund.

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“After a tricky spell, Australia’s economic recovery is starting to gain traction. Challenges remain though, with the recent uptick in inflation providing an unwanted early Christmas present for the Reserve Bank.”

David Rumbens
Partner, Deloitte Access Economics
Deloitte Australia

Optimism on the up

Clearer skies, confidence high

CFOs are entering 2026 with renewed optimism. Sentiment improved in the second half of 2025, with **net optimism in respondents' own businesses rising 14 percentage points to 63%**.

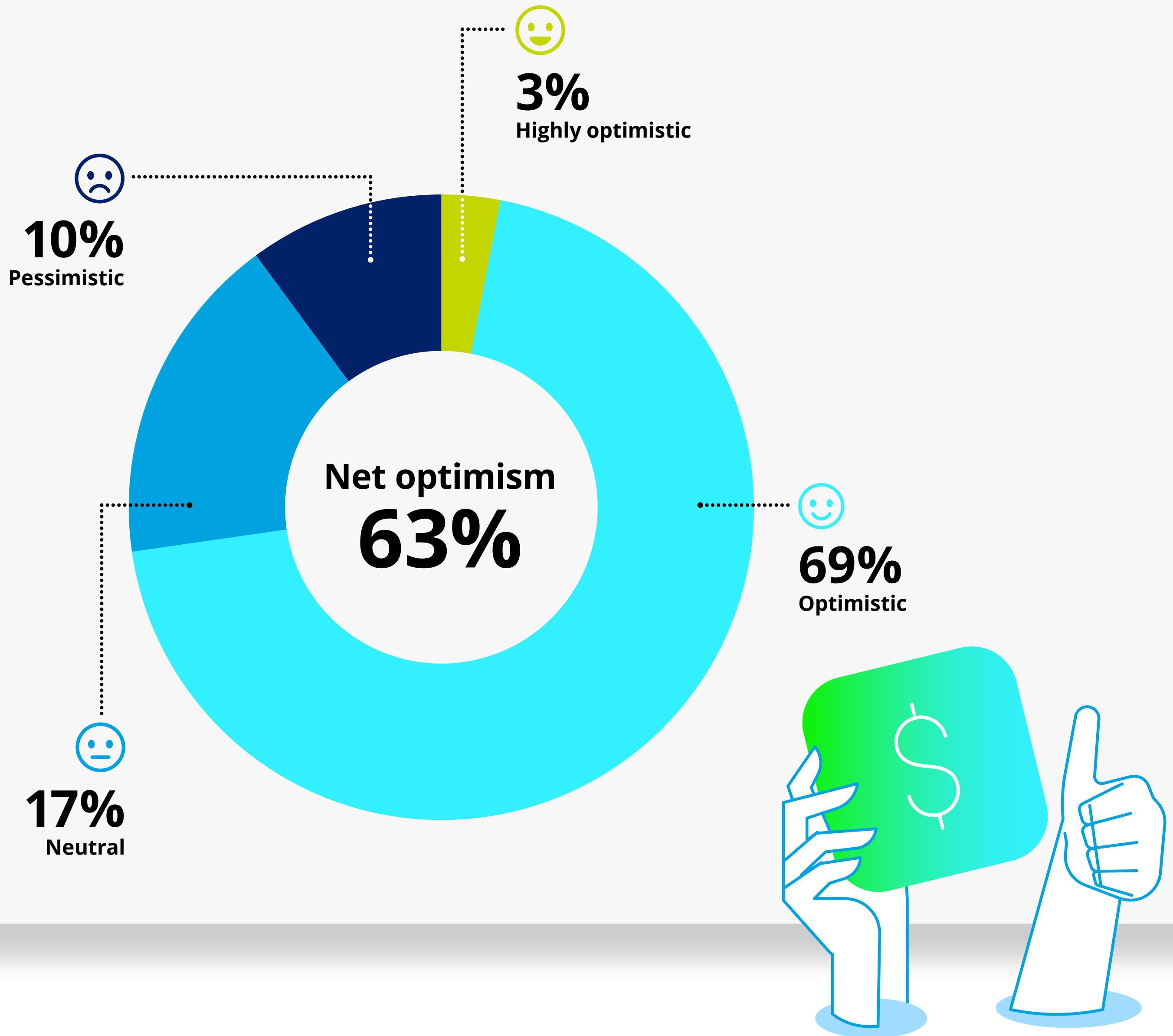
This rebound recovered most of the lost ground from six months ago, when uncertainty around global tariffs had clouded the outlook. Conditions have since steadied and **CFOs are looking ahead with greater confidence**.

Some 73% of CFOs are either optimistic or highly optimistic about their company's financial prospects going forward, up from 59% six months ago. Meanwhile, the share of neutral respondents has fallen 14 percentage points to 17%.

The improvement in sentiment is supported by improved assurance about the business environment. CFOs have had some time to see how changes to the global trade environment might impact their business operations, while domestically the Australian economy is starting to show signs of life. With fewer unknowns, CFOs can head into the new year with renewed positivity.

Chart 3: Optimism about own business

How do you feel about the financial prospects of your company going forward?

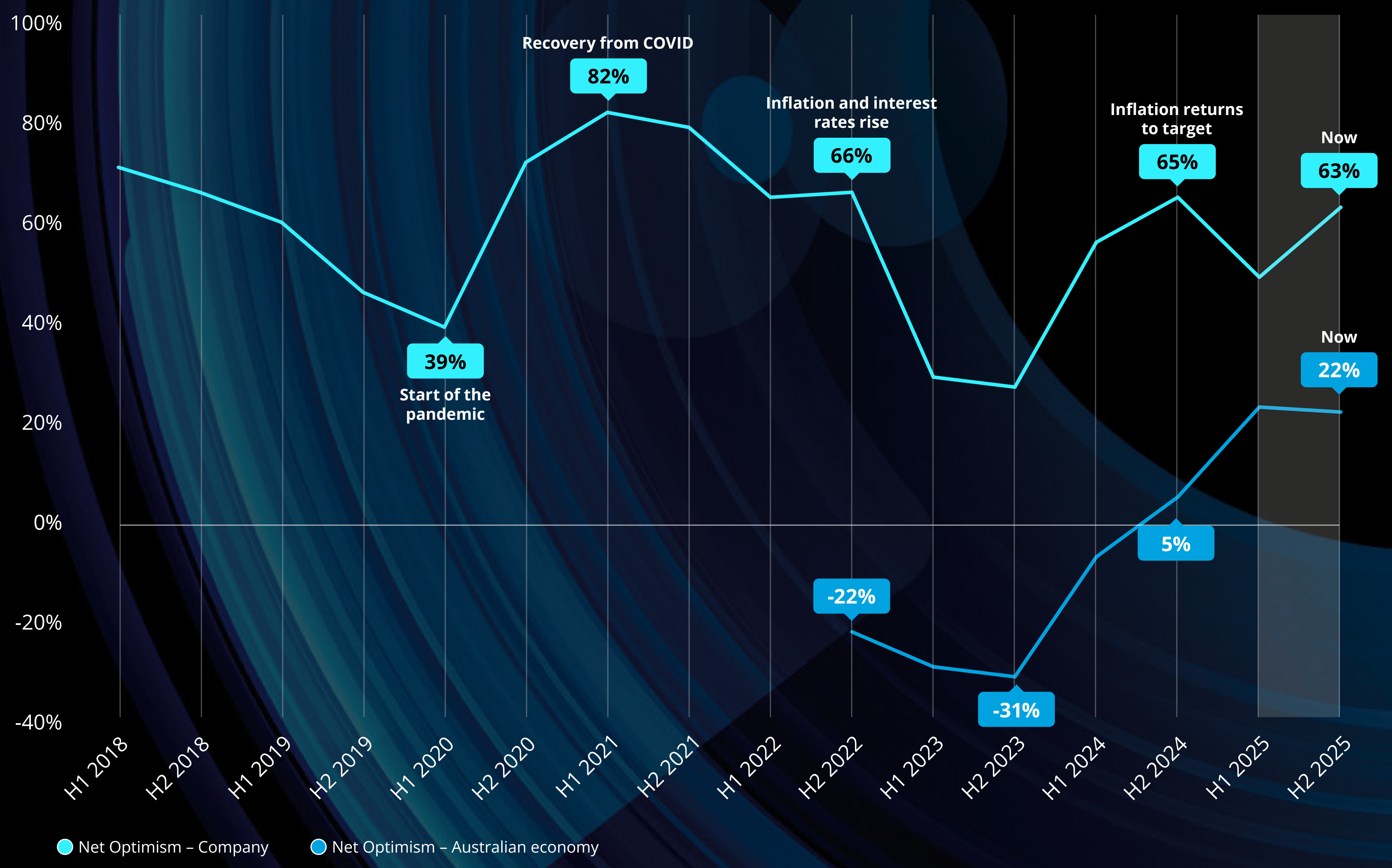


Optimism on the up

Chart 4: Net business confidence over time

How do you feel about the financial prospects of your company and the Australian economy going forward? (Net optimism)

Note: Net optimism about Australia's economy only measured from H2 2022.



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Optimism on the up

An economy tracking steady

While CFOs' confidence in their own company is rising, their **optimism about the Australian economy has remained steady**. Net optimism sits at 22% – broadly in line with the last edition.

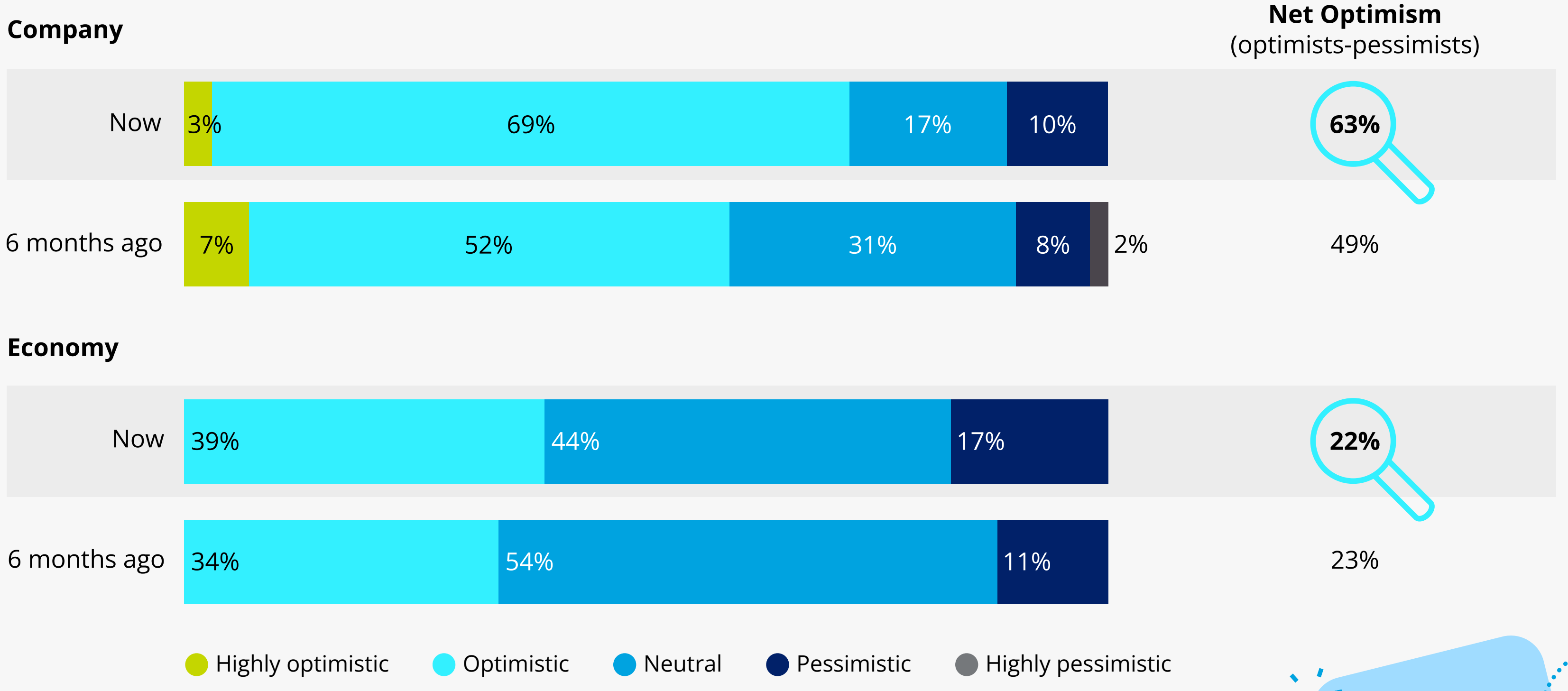
Although sentiment about the economy hasn't improved, it remains in positive territory and close to its highest level since CFOs were first asked this question in H2 2022.

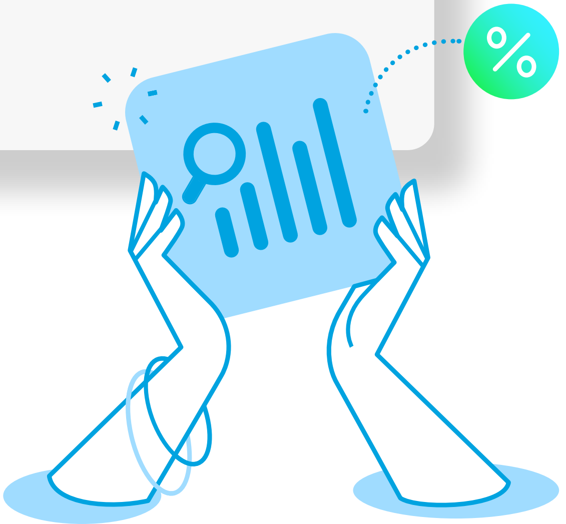
Notably, both optimism and pessimism in the economic outlook have risen, while the share of CFOs with a neutral outlook has fallen by 10 percentage points. This suggests CFOs are moving to more polarised views about the direction of the economy – both positive and negative.

The fact that nearly one in five CFOs (17%) remain pessimistic about the economic outlook points to a two-track economy, with some firms still facing a very difficult environment. In some cases, this may be an overhang from the significant drop in living standards seen in Australia in recent years through the cost-of-living crisis.

Chart 5: Optimism about own business and the Australian economy (compared to 6 months ago)

How do you feel about the financial prospects of your company and the Australian economy going forward?





Uncertainty dips

Uncertainty dips to pre-COVID levels

Net uncertainty has fallen sharply over the past six months. It now sits at 66% – down 26 percentage points on the last edition – its lowest level in seven years.

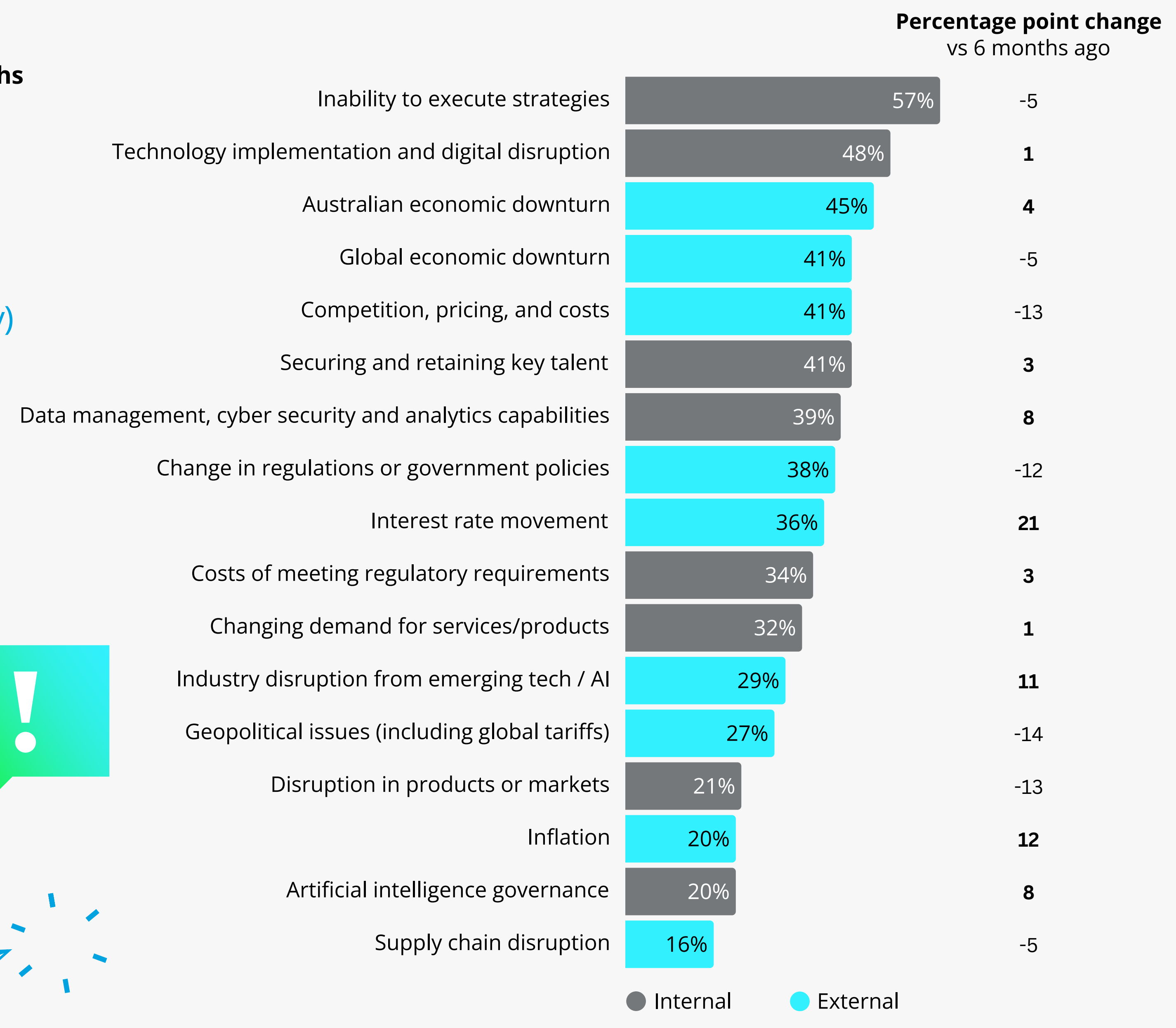
This has supported an increase in risk appetite, which has risen by 13 percentage points to 39%. But risk appetite remains below pre-COVID levels, suggesting that while CFOs feel more certain about the business environment, this has not yet fully translated into increased risk taking.

The risks of most concern to CFOs have not changed significantly over the past six months, with the inability to execute strategies remaining the top risk (57%).

However, there has been some movement lower down the order. Concerns around interest rate movements and inflation have risen again, likely driven by the hotter-than-expected September quarter inflation print. Risks around technology, AI and data governance have also increased as the use of technology has become more widespread, bringing these challenges into greater focus.

Chart 6: Risks of most concern to CFOs over the next 12 months

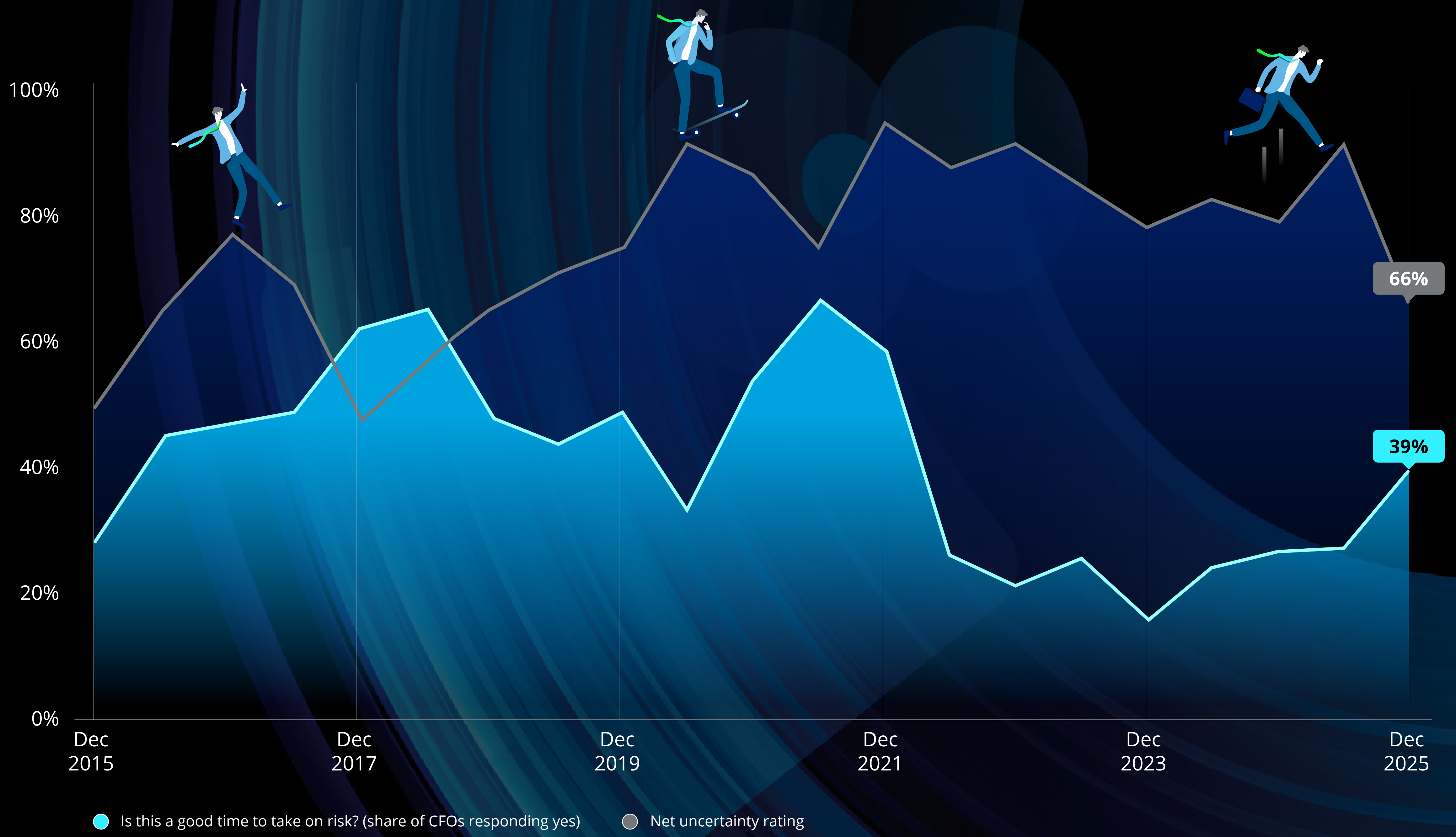
Which of the following factors is most likely to pose a significant risk to your business over the next 12 months? (internally and externally)



Uncertainty dips

Chart 7: Balance sheet risk and uncertainty

How would you rate the general level of external financial and economic uncertainty facing your company?



Planning ahead

Profit outlook improves

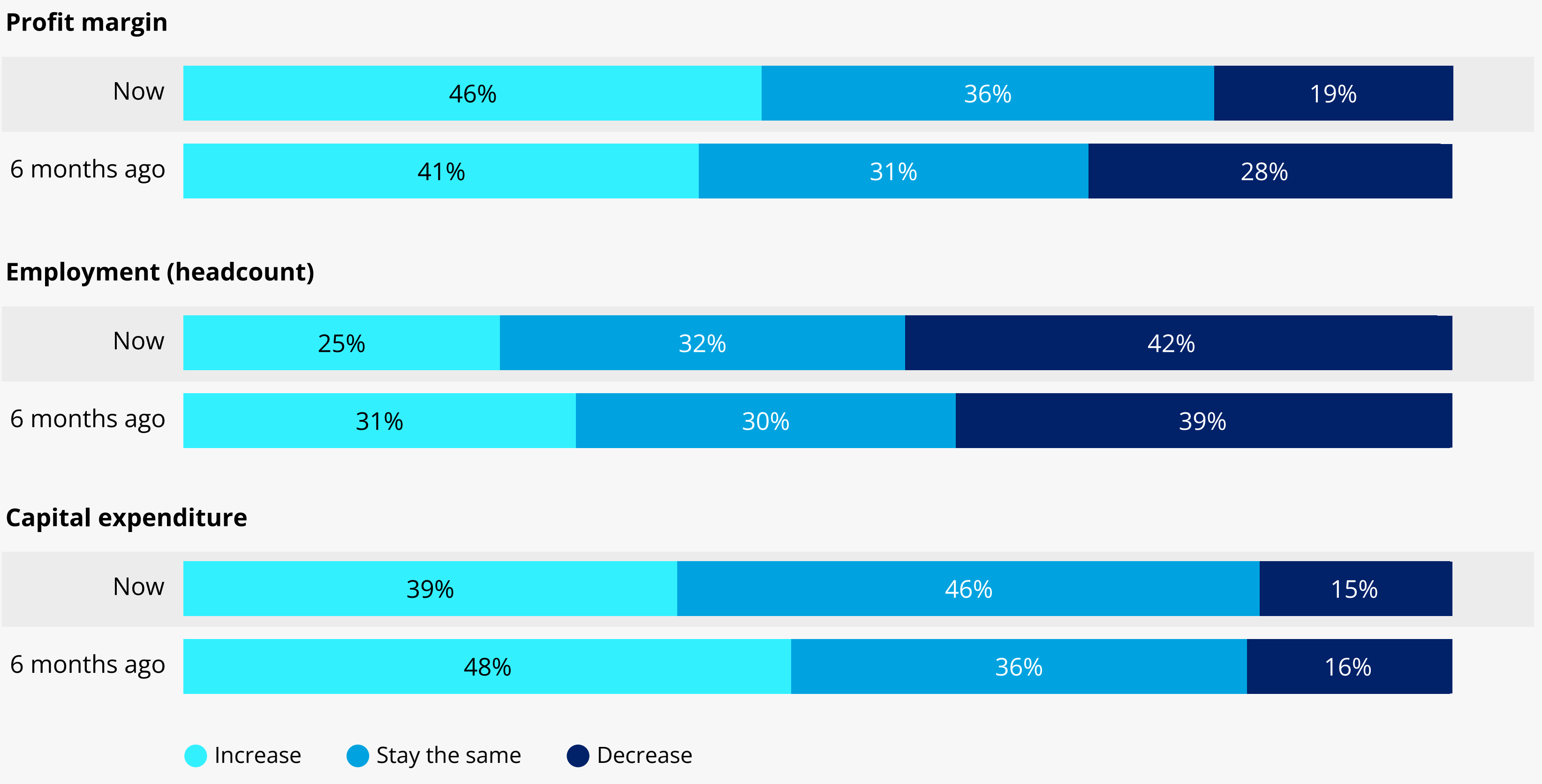
The outlook for profit has strengthened with 46% of CFOs expecting margins to improve over the next 12 months (up from 41% six months ago). This improvement has been supported by the positive revenue outlook: 75% of CFOs expect revenue to increase over the next year, up 11 percentage points on the last edition.

However, the improving profit outlook has not fed through to expectations for increases in capital expenditure and employment. This suggests that lower uncertainty and a higher risk tolerance are not yet translating into significantly higher investment for the firms surveyed. However, a broader uplift in business investment across the economy points to emerging pockets of momentum.

Many CFOs still cite geopolitical uncertainty as a key factor tempering their optimism, which may be delaying capital spending decisions. Interest rate cuts in 2026 are now less likely too, meaning that financing costs may be higher than previously thought.

Chart 8: Change in outlook for employment, capital expenditure and profit margins

Compared to the past 12 months, how do you expect employment/ capital expenditure/profit margins to change over the next 12 months?



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“It’s pleasing to see some genuinely positive signs emerge this half – confidence up, uncertainty down, risk appetite on the rise. While challenges remain, there is definitely an air of optimism in the CFO community.”

Stephen Gustafson
CFO Program Leader
Deloitte Australia

Efficiency remains key

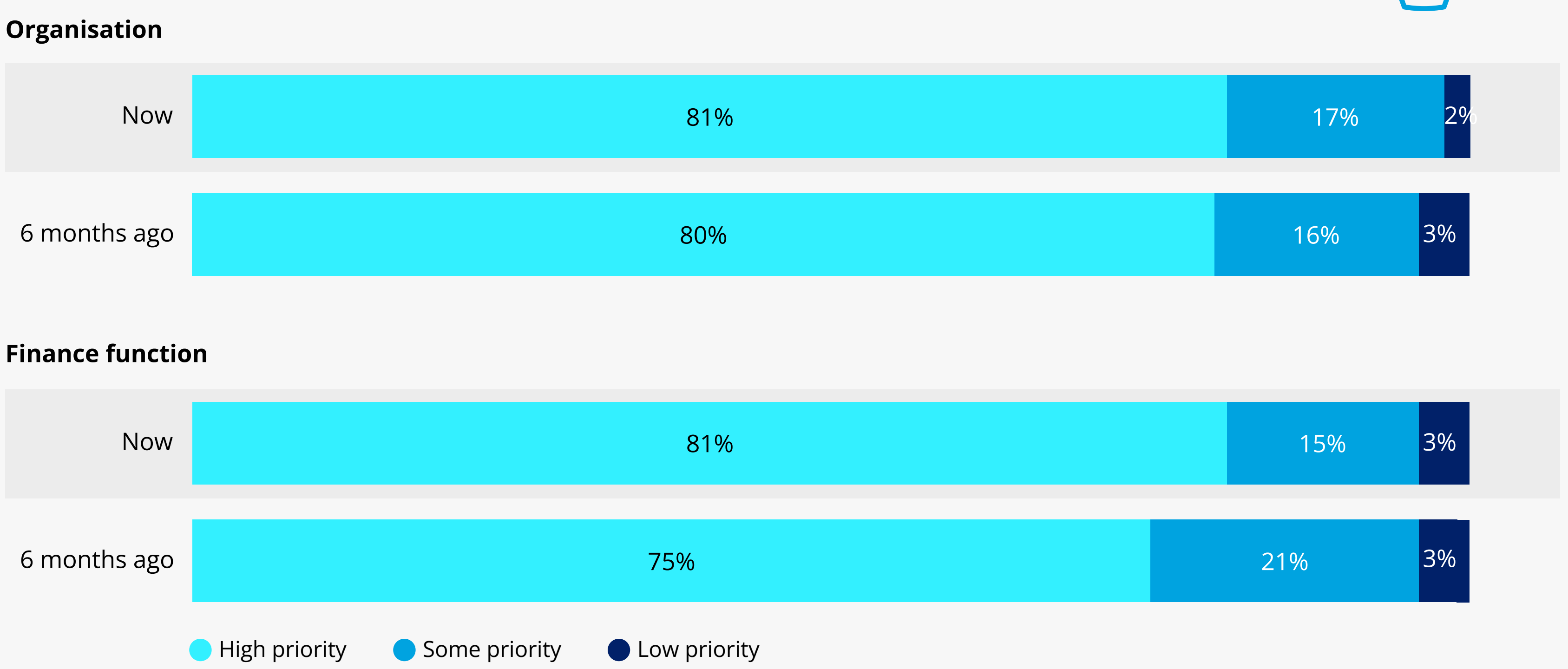
Efficiency remains an imperative

Cost control and operational efficiency remain front of mind for finance leaders. Some 81% of CFOs say this is a high priority at the organisational level (up from 80% six months ago) and 81% say the same of their finance function (up from 75%), bringing these results in line.

Despite the recent improvement in economic conditions, it has been a challenging few years for Australian businesses that have faced persistent pressures from rising costs and tight margins. As a result, efficient operations understandably remain an imperative and many leaders are likely to continue to focus on stronger efficiency in the short-term rather than shifting quickly toward higher spending.

Chart 9: Cost control and operational efficiency, now vs 6 months ago

To what extent is cost control and operational efficiency a priority to your organisation and finance function currently?



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Efficiency remains key

Processes a priority

Delivering on efficiency targets involves more than simple budget cuts, and **CFOs are implementing a range of cost management practices to meet their targets**.

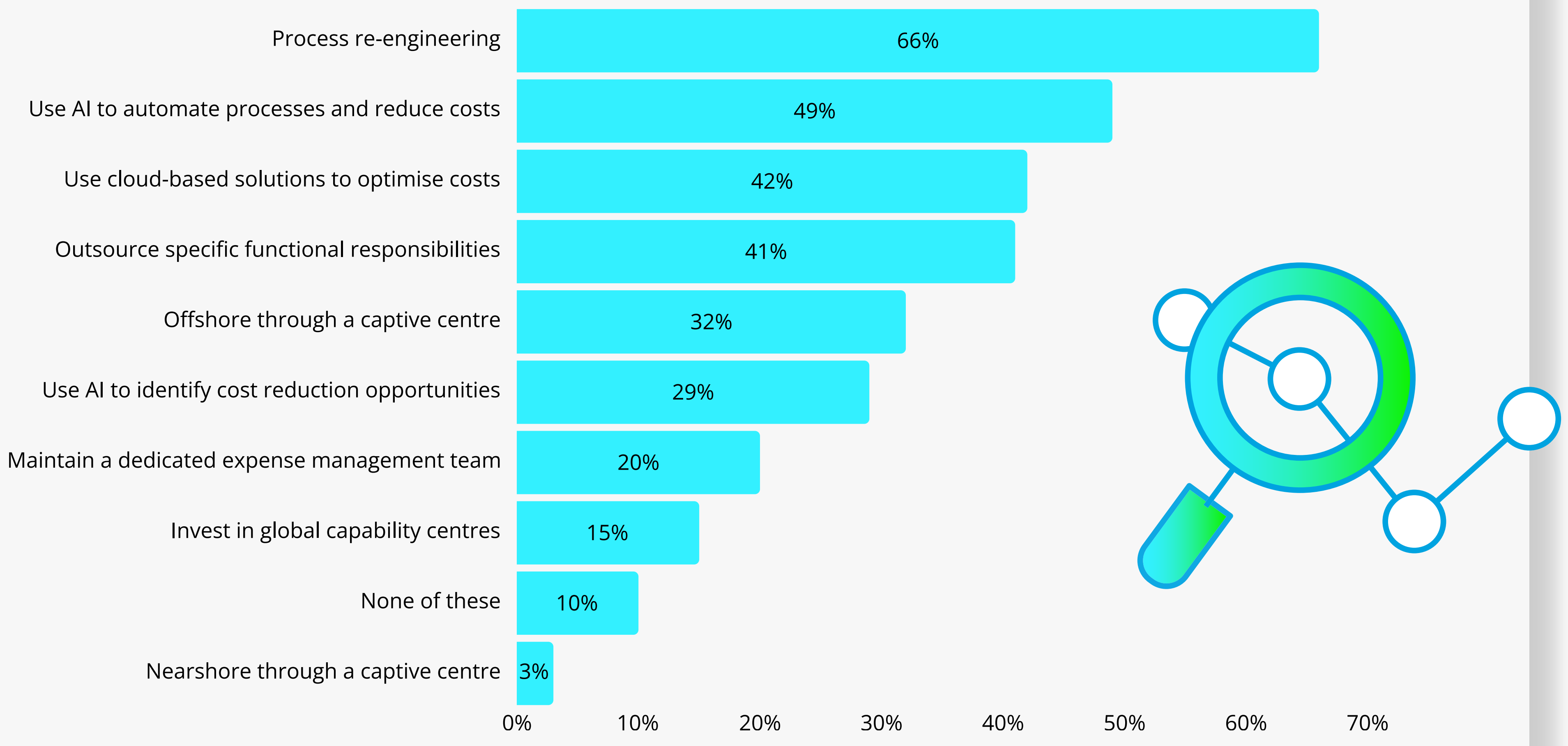
The leading strategy involves re-engineering business processes, selected by two-thirds of CFOs. This structural change links closely with digital adoption, with CFOs identifying a range of technological tools that are also helping them optimise their operations. Almost half (49%) of respondents use AI to automate tasks and reduce costs, and 42% use cloud-based solutions to optimise spending.

Outsourcing certain activities is another common approach, with 41% delegating specific functional responsibilities and 32% offshoring activities to captive centres.

These initiatives are helping CFOs make headway with their organisations' cost management targets. Some 45% of CFOs say that their cost targets have been met, while a further 42% report clear progress.

Chart 10: Cost management practices

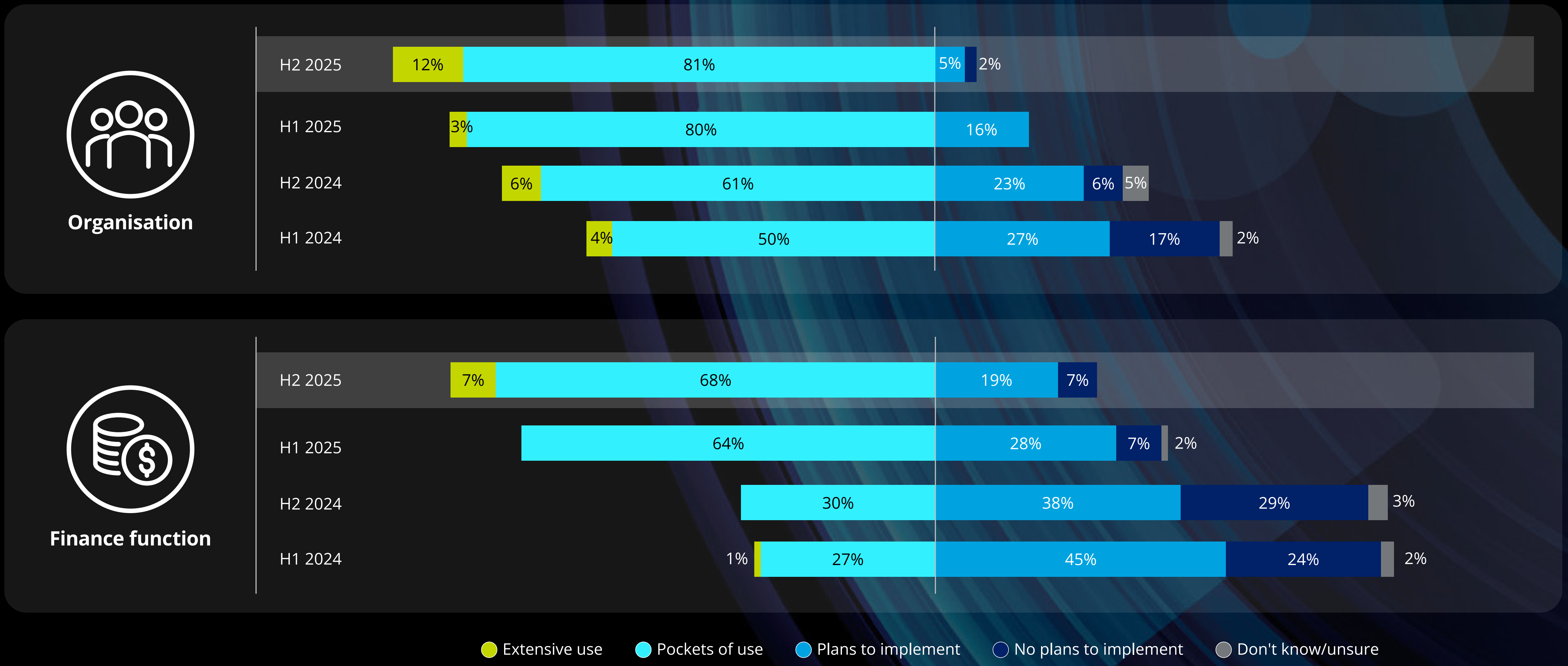
Which of the following cost management practices does your organisation currently use? Select all that apply from the list.



AI drive continues

Chart 11: AI adoption level over time

What is your current adoption level of AI/generative AI across the organisation and in the finance function?



AI drive continues

AI use in finance is gaining traction

AI adoption continues to grow. Most firms have now integrated AI into both their organisation (93%) and their finance function (75%), with maturity progressing steadily over the past two years.

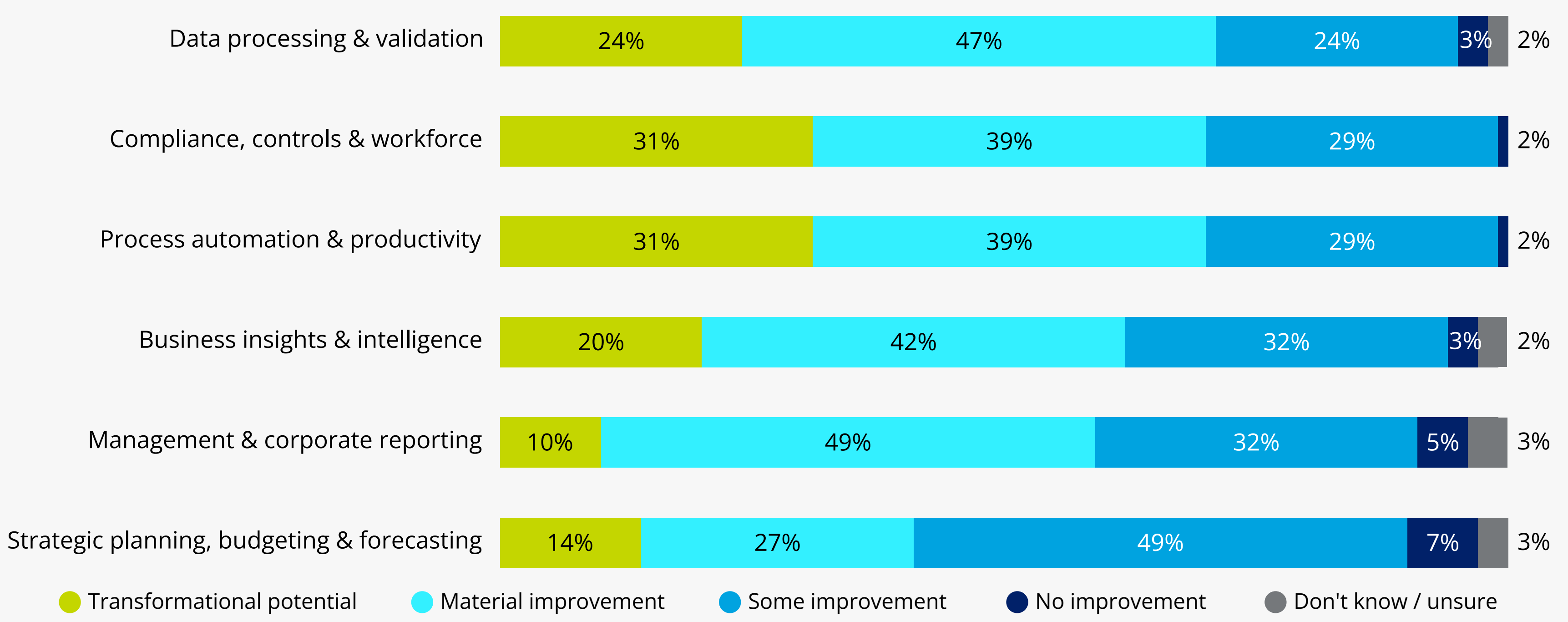
CFOs view AI as a driver of value across their business. Across all areas identified, at least 90% of CFOs are expecting an improvement in enterprise value. This shows a broad organisational belief that AI will play a meaningful role in enhancing business practices.

There are particularly high expectations around simpler, structured tasks. Some 71% of respondents anticipate either transformational or material improvement in data processing and validation, while 70% expect similar gains around compliance, controls and workforce, and process automation and productivity.

Perceptions are more moderate when it comes to higher-judgement areas such as management and corporate reporting, and strategic planning, budgeting and forecasting. This indicates a degree of hesitancy about relying on AI for complex decision-making, where human oversight and strategic nuance remain critical.

Chart 12: Creation of enterprise value

To what extent do you believe AI can create tangible business value in the following areas?



AI drive continues

Firms still building capability

Most organisations are progressing in their AI adoption journey, but maturity remains uneven, with only a small minority reaching a fully embedded and optimised state. The majority continue to build capability, particularly across organisational (58%), data (61%) and technology (63%) readiness.

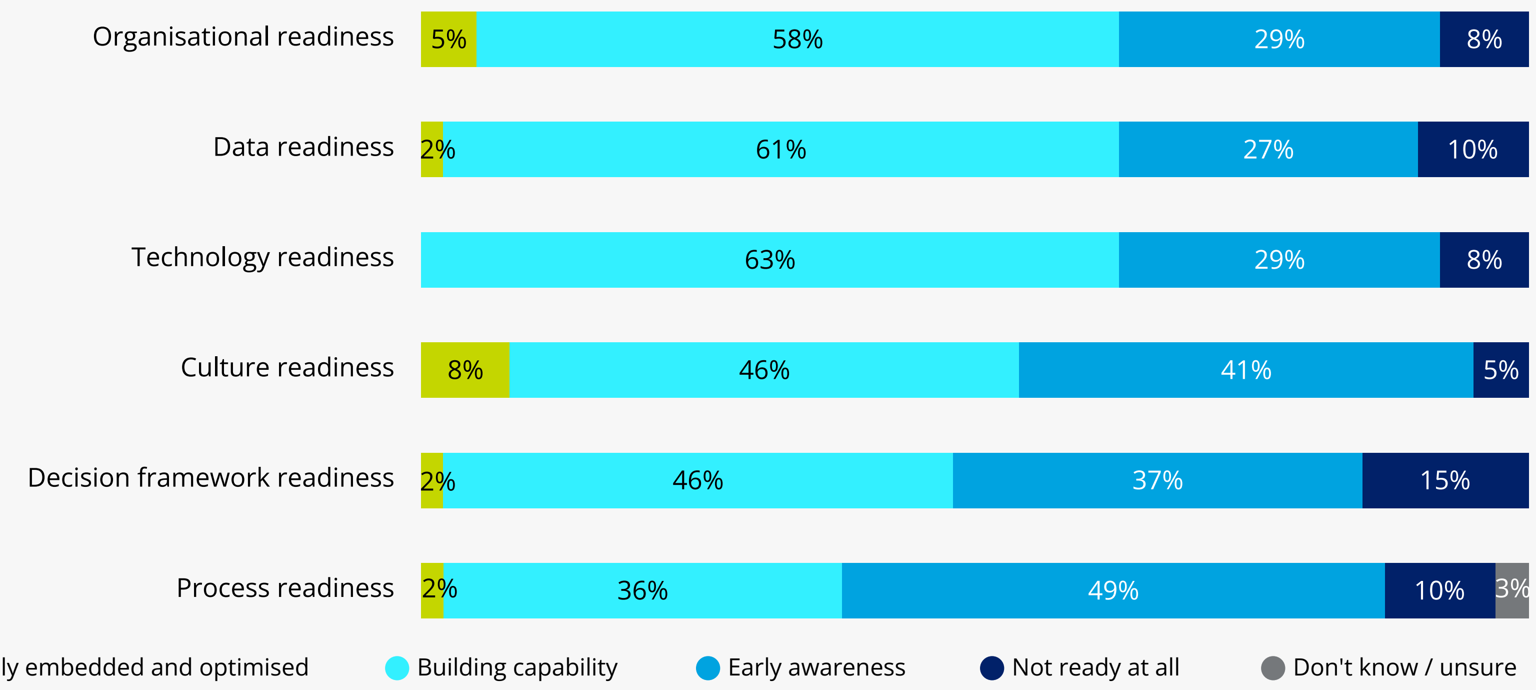
In contrast, culture and process readiness are lagging, with more organisations remaining at an early awareness stage. This reflects gaps in workforce preparedness, change management and cross-functional alignment – all of which are critical for scaling AI beyond initial use cases.

Decision-making frameworks also face issues, with 52% of organisations feeling limited readiness. This highlights that there is still progress to be made before AI is fully trusted to support business decision-making.

These findings suggest that although organisations are investing in AI, true maturity will depend on strengthening people, processes and governance, not just technology.

Chart 13: Organisational readiness for AI adoption

For each of the following areas, please rate your organisation's current level of AI adoption readiness.



"The scale and rate of adoption of AI continues to expand with strong conviction of the opportunity to enhance enterprise value through a range of functional use cases. Momentum is definitely building for AI initiatives that will drive greater efficiency, greater insight and stronger decision support."

Geoff Lamont
CFO Program Partner
Deloitte Australia

Firms wait on digital reporting

CFOs unsure on digital reporting

As Australian CFOs intensify their focus on boosting productivity, one practical, high-impact solution presents an easy win: digital financial reporting.

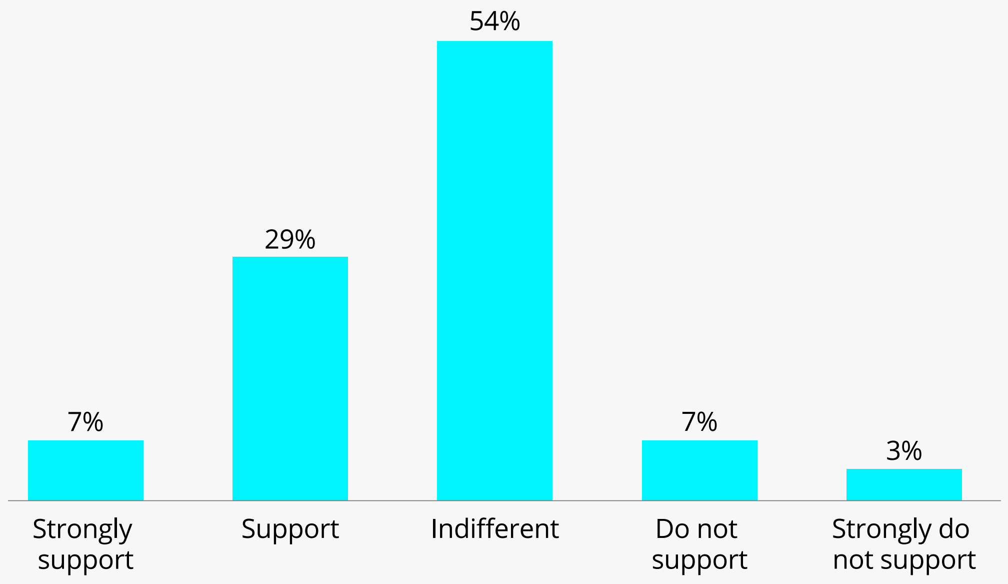
Digital reporting refers to companies lodging financial reports in structured, globally standard data formats like eXtensible Business Reporting Language (XBRL) that make financial data machine-readable, comparable and more accessible.

Some 90% of the world's major economies already utilise digital reporting, while the Productivity Commission recently recommended introducing mandatory digital reporting for disclosing entities in Australia. However, approximately 64% of CFOs say they are not aware of that recommendation.

When asked about a potential mandate, 54% of CFOs were indifferent, perhaps pointing to **a lack of mainstream awareness of the potential benefits of digital reporting**. However, among CFOs that expressed a preference, the majority were in favour, with 29% supporting the move and 7% strongly supportive.

Chart 14: Support for mandatory digital financial reporting

To what extent do you support calls for Australia to implement mandatory digital financial reporting for disclosing entities?



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Firms wait on digital reporting

Change requires a push

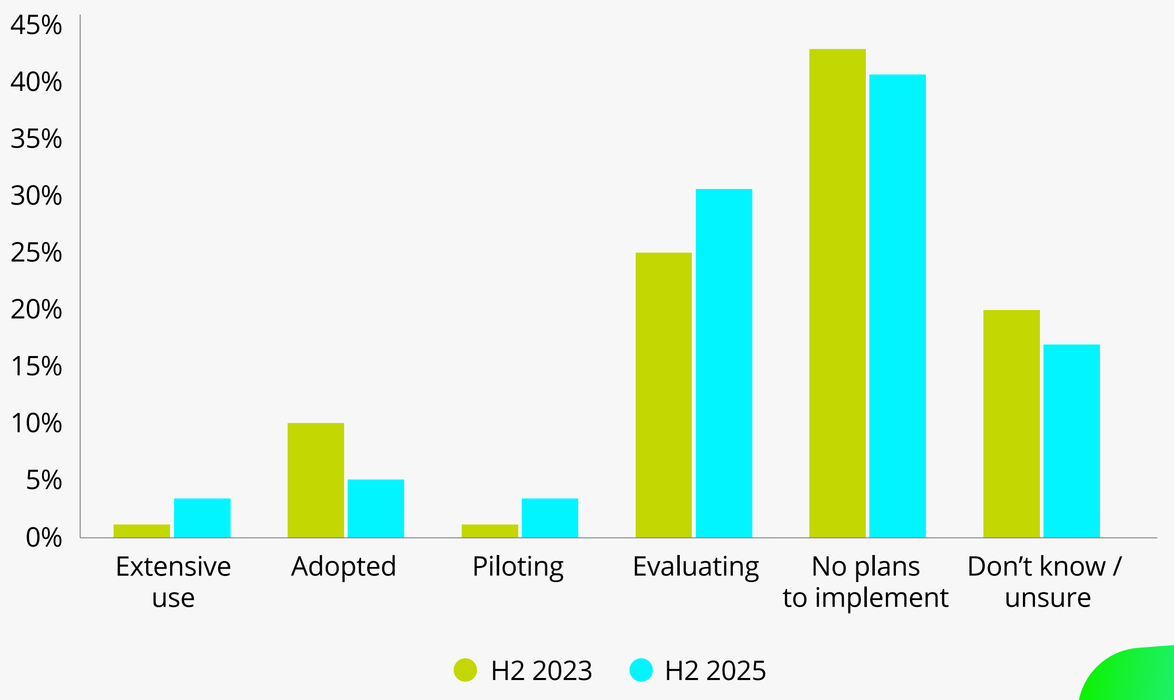
Adoption of digital financial reporting remains low, with only 3% of CFOs reporting extensive use and 5% reporting full adoption. In contrast, 31% are evaluating options, 41% have no plans to implement digital reporting and 17% remain unsure.

These results are broadly in line with those seen two years ago, indicating that more needs to be done to increase uptake of digital reporting in Australia. This includes improved guidance for firms and a stronger case being made around the potential benefits of digital reporting, such as increased access to international capital and the potential efficiency gains from having consistent, machine-readable reporting products.

More broadly, the low levels of adoption indicate that most organisations currently lack production-ready capability and would face compliance pressure if a mandate were introduced with limited lead time.

Chart 15: Digital financial reporting implementation

To what extent are you embracing digital financial reporting?



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Looking forward

An evolving risk landscape

CFOs are showing increased optimism for the months ahead, reflecting expectations of improving economic conditions following a challenging trading environment over the past two years. While business prospects are trending positively, the remaining uncertainties will shape decision-making in the near term.

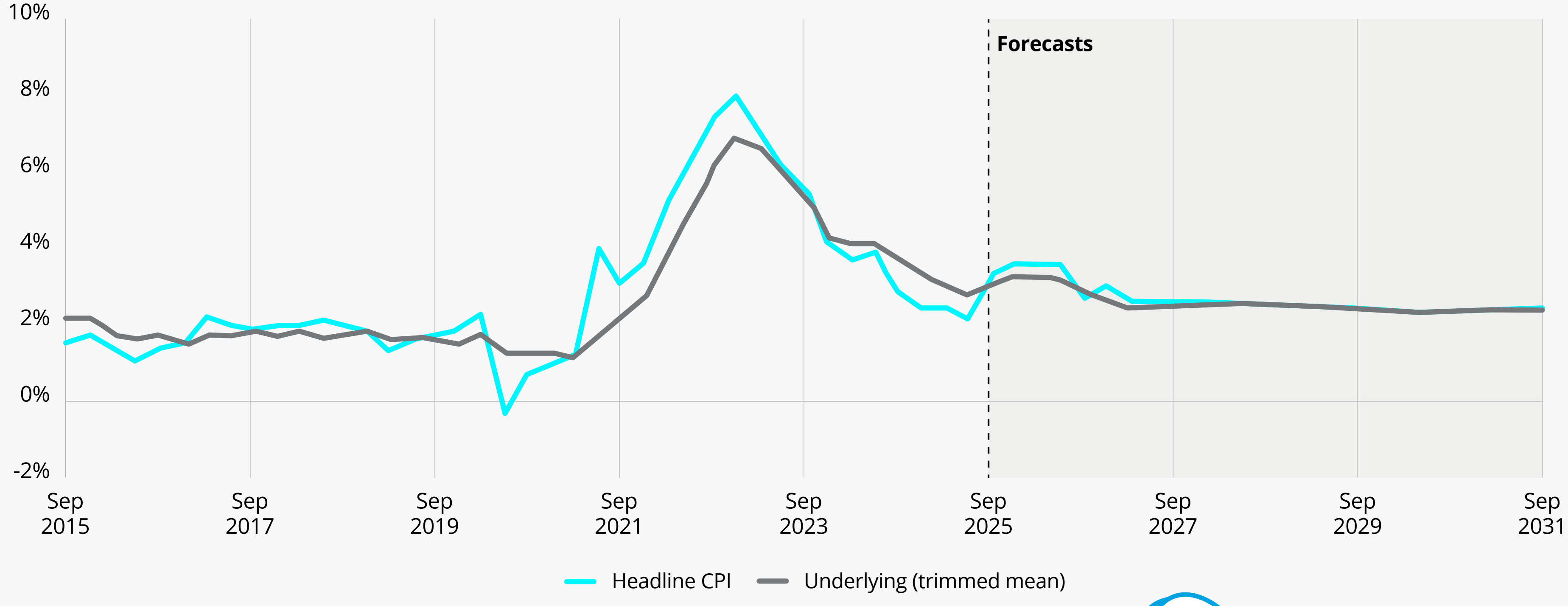
A key risk is the trajectory of inflation. Although headline inflation has eased from pandemic highs, underlying inflation is now back above the RBA's target range. Some 53% of CFOs now expect inflation to be at 3–4% in twelve months' time (up from 16% six months ago), indicating rising concern that inflation could stay higher for longer.

Despite this, over half (53%) of CFOs expect interest rates to be around the same level in a year's time, while a further 34% expect them to be lower. Notably, the survey was undertaken before the high monthly inflation data for October was released.

External developments, particularly the potential for further policy shifts in the United States, add further complexity. In turn, maintaining flexibility in investment decisions will be crucial for firms to navigate the evolving risk landscape.

Chart 16: Inflation forecasts

Annual change in inflation



Source: Australian Bureau of Statistics, Deloitte Access Economics.

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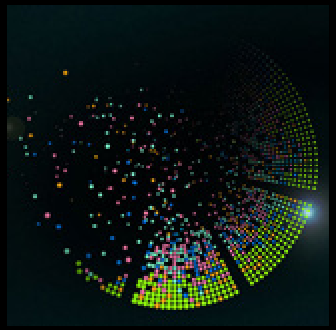
More publications for Australian CFOs



Unlocking an expanded scope of finance

In our inaugural Finance Trends report, we surveyed more than 1,300 global finance leaders across industries to help explore why today's leading CFOs are often thinking differently, operating differently, and hiring differently – and how some are doing it within a complex growth environment.

Prepare for a new era of innovation and collaboration

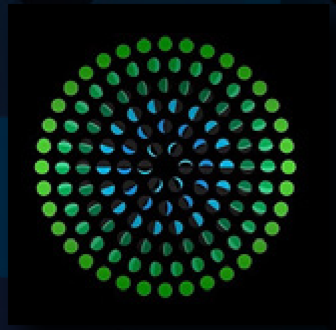
Finance in 2030 will require a new mindset and an elevated view of the role of finance. Explore how you can embrace what's possible for your finance function so it can help shape what's next for your entire organisation.

Embracing the power of digital corporate reporting

Every year, businesses spend hundreds of hours on reporting, planning, data gathering, fact checking, writing, editing, error fixing and the list goes on. It's a mammoth task not only for those producing, but also for the investors, auditors and regulators sifting through countless pages for key information. It is clear that change is essential, and the time is now for digital financial reporting to be standard practice.

Australia's Youth Agenda: Economic and policy imperatives

Australia has long prided itself on the promise of intergenerational equity, where the next generation can benefit from greater opportunities than the last. Yet this promise is at risk of being broken. With mounting economic and social challenges facing younger Australians, there is a need to embed a youth lens in policymaking.



Deloitte Access Economics Business Outlook: Green shoots in a world of worry

Green shoots are appearing in the Australian economy, with falling inflation, real wage gains and stronger household spending hinting at a long-awaited recovery. But an economic spring is far from guaranteed. To preserve living standards in an increasingly turbulent global environment, Australia must double down on reform, beginning with turning the Economic Reform Roundtable into an annual fixture.

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