



# Deloitte CFO Signals Report

2024Q3

December 2024

# Contents

## **Survey on the Economic Environment**

Financial environment prospects .....	3
Performance Outlook .....	4
Uncertainty .....	6
Key change factors in the Japanese economy .....	7
Key change factors in the global economy .....	9
<i>What is CFO Program?</i> .....	11

## About Deloitte CFO Signals

Deloitte CFO Signals is a quarterly global survey for investigating the thinking and actions of leading Chief Financial Officers (CFOs). We share the highlights of survey results with analysis from Deloitte Tohmatsu and publish the report as CFOs' Signals.

In Japan, the survey was conducted for the first time in August 2015, making this the 38th edition. In the "Survey on the Economic Environment," we analyse chronological changes in CFOs' thinking as well as the latest forecast at the time of the survey. In addition to these recurring survey questions, we also conducted a macro-level awareness questionnaire regarding risk scenarios in the Japanese economy and global economy.

This CFO Signals 2024Q3 was conducted in November 2024, and we were able to receive responses from 38 CFOs and finance executives.

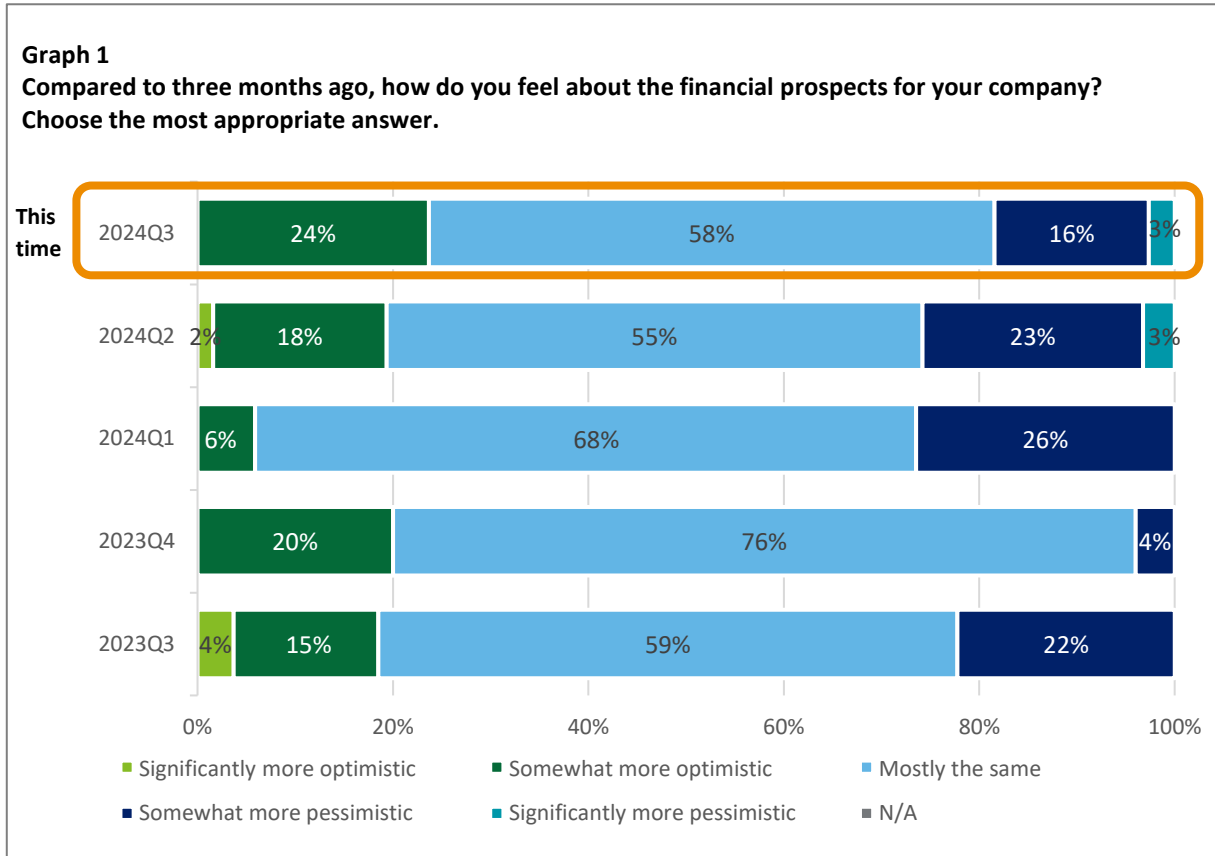
Thank you for your cooperation.

Deloitte Tohmatsu Group  
The CFO Program  
December 2024

## Survey on the Economic Environment

### Financial environment prospects

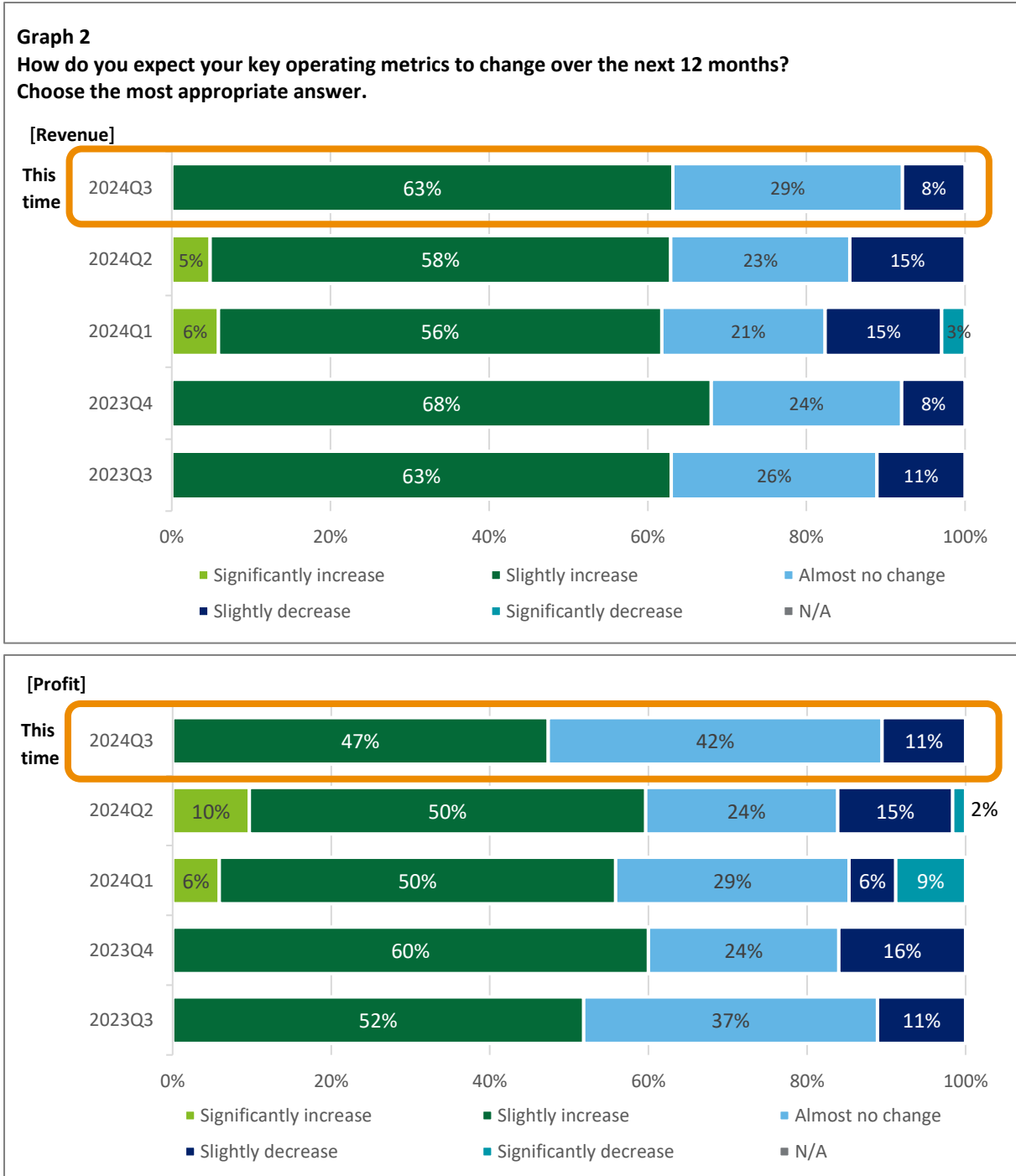
The financial prospects slightly improves



Graph 1 shows how the financial prospects of the respondents’ businesses have changed over the last three months. In this 2024Q3 survey, the number of “optimistic” responses have increased slightly compared to the previous survey, while the number of “pessimistic” responses have decreased. The market experienced a significant fluctuation from the late July to early August, driven by concerns about a potential recession in the US, which led to some forward-looking uncertainty in the previous survey. However, since then, the US economy has shown steady growth. Additionally, during this survey period, the exchange rate shifted toward yen depreciation, temporarily reducing the risk of a significant decline in profits due to rapid yen appreciation for globally operating companies. Looking at the domestic economy, although manufacturing production activities were temporarily affected by summer typhoons during this 2024Q3 period, personal consumption remained solid with a gradual improvement in income, and the overall economy continued at a moderate recovery trend. Given these developments, the financial outlook of CFOs has improved to a certain extent.

## Performance Outlook

A favorable business performance environment continues, while signs of slowing profit growth emerge

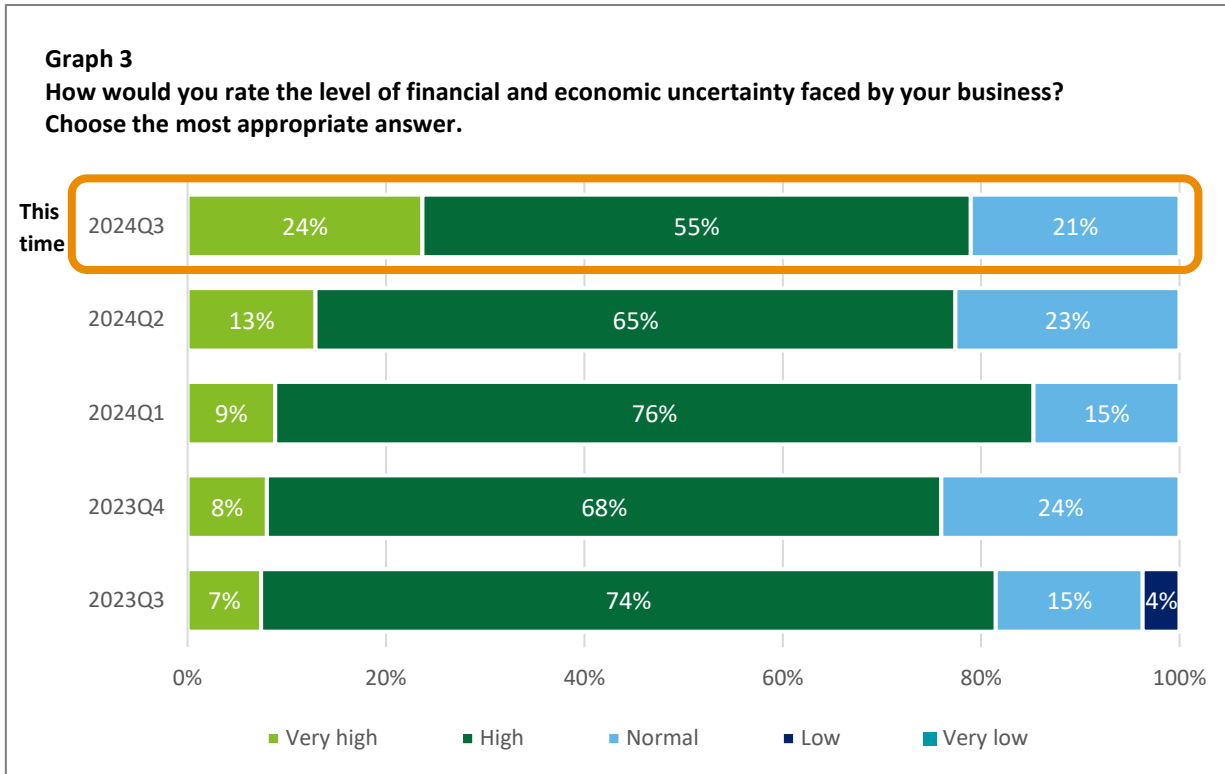


Graph 2 shows the CFOs’ prospects for each company’s financial performance (revenue and profit) for the next 12 months. 63%, more than the majority of respondents, said that their revenue is expected to “Slightly increase.” It can be inferred that companies continue to experience a gradual increase in their revenue. This trend is likely supported by the steady growth of both domestic and international economies, as well as the shifting of exchange rates towards yen depreciation. However, fewer companies are expecting an increase in profit

compared to previous surveys, with more companies responding that profits will remain “Almost no change.” While companies are not expecting a decrease in profits and the business environment does not appear to be getting significantly worse, the pace of profit growth may be beginning to slow down. This may be due to rising wage costs and the ongoing high costs for various raw materials. CFOs will need to carefully follow these trends and future developments with caution.

 **Uncertainty**

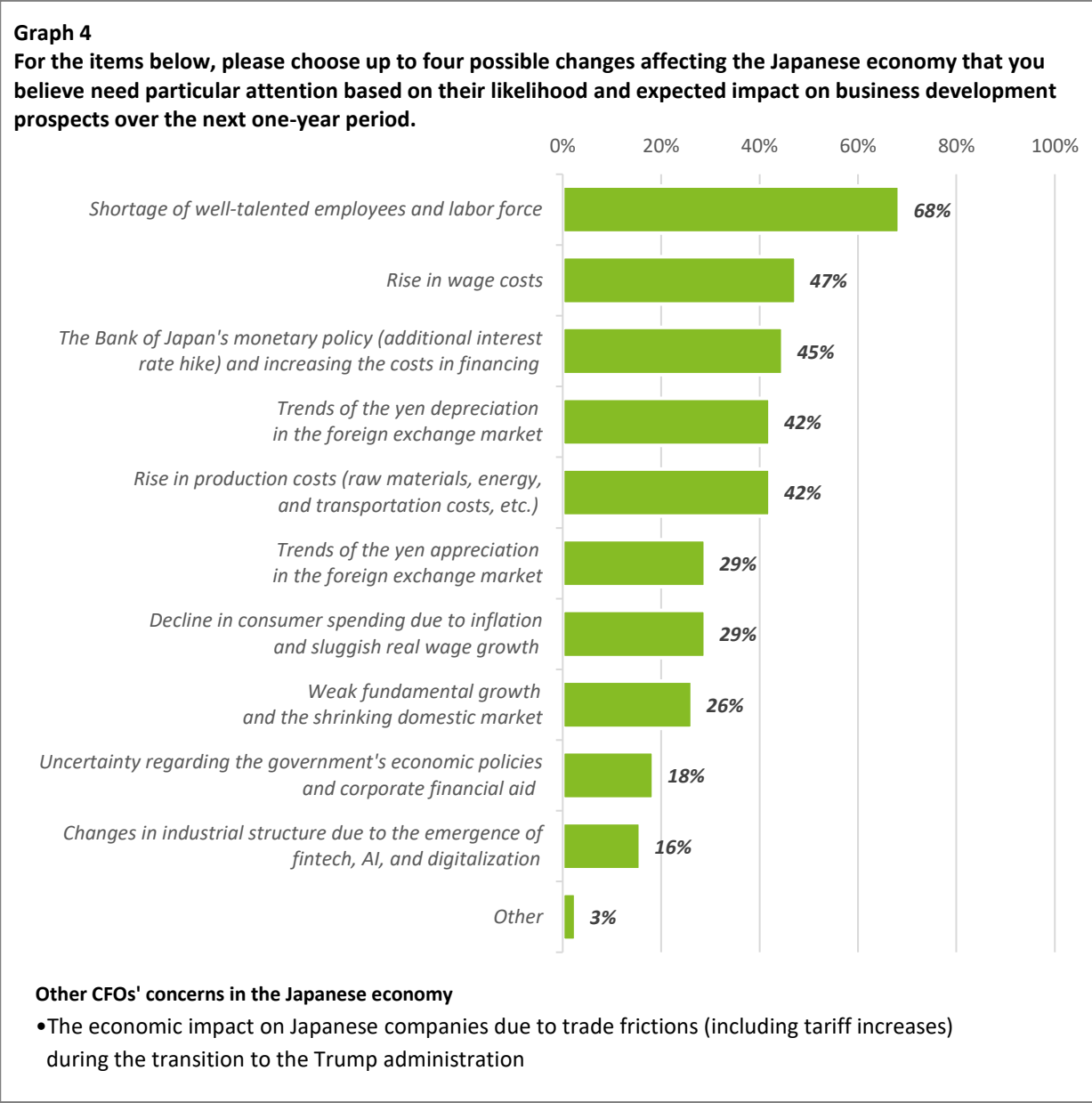
Companies that perceive the level of uncertainty as “Very high” has increased



Graph 3 shows the outlook for financial and economic uncertainty. The combined total of respondents that perceive uncertainty as “Very high” and “High” remained at nearly 80%. While this is still a high level, it is the same level as in the previous survey; however, the number of respondents with “Very high” uncertainty has clearly increased compared to the previous survey. Considering that the situation in real economy and financial capital markets in Japan and the rest of the world have been relatively stable during this survey period, it can be inferred that this uncertainty reflects the fact that many companies are conscious of the major policy shifts following the outcome of the US presidential election, and the potential impact on their business strategies and performance.

## Key change factors in the Japanese economy

High concerns towards labor shortage



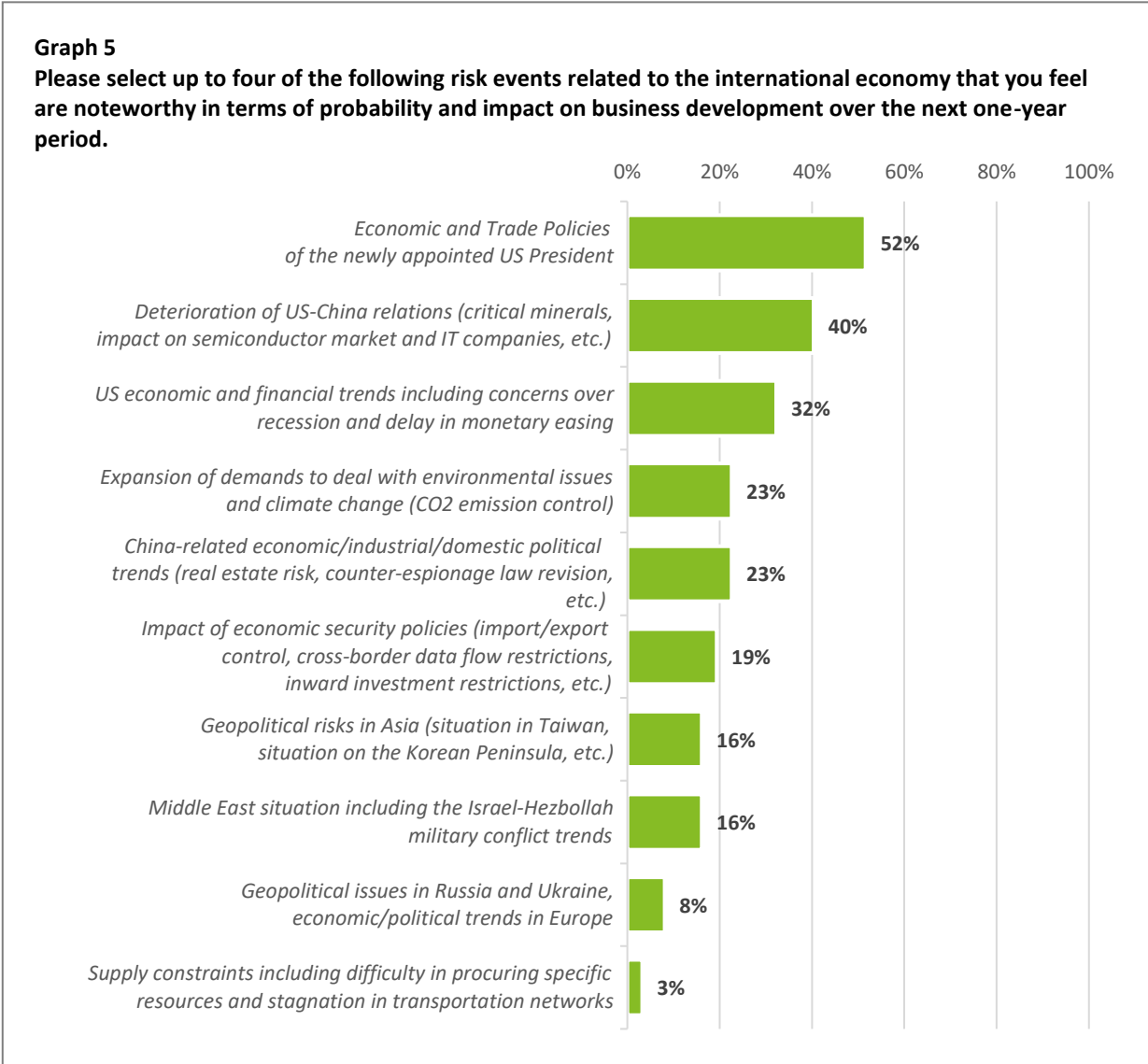
Graph 4 shows key factors in the Japanese economy that CFOs will most closely watch when preparing business plans over the next year. In this survey, “Shortage of well-talented employees and labor force” ranked first, up from third place in the previous survey, while “Rise in wage costs” moved up to second place. Given the structural labor shortage, the upward trend in wages will be likely to continue. While this is a favorable development for the Japanese economy's gradual recovery, primarily driven by consumer spending, companies are facing the challenge of securing well-talented employees and managing the continuous increase in labor costs. In addition, “Trends of the yen depreciation” received more attention than in the previous survey. The exchange rate shifted towards yen depreciation during this survey period, influenced by the rise in long-term interest rates in the US. With the continuous focus on “Rise in production costs,” there is a growing sense of caution among CFOs regarding the acceleration



of various cost increases. In a similar vein, the attention also remains high on “The BOJ's monetary policy and increasing the cost of financing.”

€ **Key change factors in the global economy**

The policy conduct by the new US administration is the largest key change factor



Graph 5 shows what key factors in the global economy CFOs will most closely watch when preparing their business plans over the next year. In this 2024Q3 survey, “Economic and Trade Policies of the newly appointed US President” emerged to first place. With the inauguration of President Trump in the US, there is a heightened possibility of substantial changes in the conduct of macroeconomic policy, industrial policy, and trade policy. There is a high degree of uncertainty over what policies, including the proposed tariff increases, will be implemented and the timing thereof. It is critical for globally operating companies to be equipped with accurate information, prepare for different scenarios, and take the necessary actions accordingly. “Deterioration of US-China relations,” which ranked second, is also a major focus, as it could significantly impact the direction of China-related business and the structure of supply chains. Strong attention will continue to be focused on how the new US administration's policies will affect geopolitical risks in the Middle East, Ukraine, and other regions, as well as how national security policies of various countries will change, and how the strengthening of alliances within

the Global South will progress. Going forward, international affairs will remain a key area for CFOs to follow closely.

## **What is CFO Program?**

*The Deloitte Tohmatsu Group's CFO Program is a comprehensive program to revitalize the Japanese economy by supporting the CFOs of companies that it rests on and contributing to improving the capabilities of CFO organizations. As a Trusted Advisor, we bring together professionals from all walks of life to help CFOs solve challenges. In addition, we aim to improve the competitiveness of Japanese companies by providing the latest information, including global trends, and CFO-networking beyond corporate and industry boundaries.*

### **Deloitte Tohmatsu Group**

#### **The CFO Program**

**Marunouchi Nijubashi Building, 3-2-3 Marunouchi Chiyoda-ku, Tokyo, 100-0005**

Deloitte Tohmatsu Group (Deloitte Japan) is a collective term that refers to Deloitte Tohmatsu LLC, which is the Member of Deloitte Asia Pacific Limited and of the Deloitte Network in Japan, and firms affiliated with Deloitte Tohmatsu LLC that include Deloitte Touche Tohmatsu LLC, Deloitte Tohmatsu Risk Advisory LLC, Deloitte Tohmatsu Consulting LLC, Deloitte Tohmatsu Financial Advisory LLC, Deloitte Tohmatsu Tax Co., DT Legal Japan, and Deloitte Tohmatsu Group LLC. Deloitte Tohmatsu Group is known as one of the largest professional services groups in Japan. Through the firms in the Group, Deloitte Tohmatsu Group provides audit & assurance, risk advisory, consulting, financial advisory, tax, legal and related services in accordance with applicable laws and regulations. With approximately 20,000 people in about 30 cities throughout Japan, Deloitte Tohmatsu Group serves a number of clients including multinational enterprises and major Japanese businesses. For more information, please visit the Group's website at [www.deloitte.com/jp/en](http://www.deloitte.com/jp/en).

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's more than 450,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com)

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

Member of  
**Deloitte Touche Tohmatsu Limited**