



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



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%)

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



Revenue growth expectations declined from 5.5% last quarter **↓** **4.8%**

Earnings growth expectations declined from last quarter's 7.3% **↓** **7.1%**

Capital spending expectations rose from 5.0% last quarter **↑** **5.9%**

Domestic hiring growth expectations fell from 3.2% last quarter **↓** **2.1%**

Dividend expectations declined from last quarter's 4.5% **↓** **3.9%**

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



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%**

Footnotes

- 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 12 months
- 4 Represents change in CFO optimism of company prospects over the next 12 months, compared to prior quarter