

2Q17 Highlights: Growing concerns about political and policy uncertainty

- Perceptions of the North American economy remain strong; perceptions of Europe and China rose to multi-year highs.
- Own-company optimism declined, but remains very high.
- Year-over-year expectations for capital investment remain very strong; expectations for revenue and earnings up again.
- The focus on offense over defense hit another survey high.
- 78% of CFOs say US equity markets are overvalued.
- CFOs are spending more time staying abreast of global economic and policy developments than they used to.
- Less than 25% of CFOs say they have an on-staff economist.
- Major news outlets are CFOs' primary source of news, but there is rising reliance on external experts for specific insights.
- There are age-related differences in the news channels CFOs use, in preferred devices, and in social media use.

How do you regard the current/future status of the [North American, Chinese, and European economies](#)?

Perceptions of North America declined slightly, with 65% of CFOs rating current conditions as good (near the four-year high) and 58% expecting better conditions in a year. Perceptions of Europe improved to 17% and 30%, while China rose strongly to 28% and 32%.

What is your perception of the [capital markets](#)? Eighty-five percent of CFOs say debt financing is attractive (up from 81% last quarter), while attractiveness of equity financing held steady for public company CFOs (at 42%) and rose for private company CFOs (from 38% to 46%). Seventy-eight percent of CFOs now say US equities are overvalued—just below last quarter's survey high.

Overall, what [internal and external risks](#) worry you the most? CFOs voice growing concerns about political and policy uncertainty, and also about geopolitical conflict; talent shortages are the dominant and growing internal worry.

Compared to three months ago, how do you feel about the [financial prospects for your company](#)? Net optimism declined slightly from last quarter's survey-high +50.0 to +44.0 this quarter. About 55% of CFOs express rising optimism (down from 60%), and those citing declining optimism rose slightly from 10% to 11%.

What is your company's [business focus for the next year](#)? CFOs indicate a strong bias toward revenue growth over cost reduction (63% vs. 18%), and investing cash over returning it (62% vs. 16%). They shifted back to a bias toward existing offerings over new ones (46% vs. 32%), and again increased their bias toward current geographies over new ones (72% vs. 14%).

Compared to the past 12 months, how do you expect your [key operating metrics](#) to change over the next 12 months?* Revenue growth expectations rose from 4.3% to 5.6% and are above their two-year average. Earnings growth rose to 8.7%, up from 7.3% and well above the two-year average. Capital spending growth, which skyrocketed last quarter, slipped from 10.5% to a still-high 9.0%. Domestic hiring growth held steady at 2.1%.

How do you stay informed about [macroeconomics and geopolitics](#)? CFOs focus mostly on their home country, China, and Europe—mostly through their own research and briefings from external specialists. A few major publications are their go-to sources. Just 23% of CFOs say their company employs at least one economist (with significant industry differences).

How do you stay informed about [US government policy](#)? CFOs focus mostly on tax, fiscal, and monetary policy with heavy reliance on external specialists; thought leaders and gatherings also play a relatively large role.

How do you stay informed about [capital, commodity, and real estate markets](#)? CFOs focus mostly on debt and equity markets, relying heavily on briefings from both internal and external specialists; investment banks play a large role.

How do you stay informed about [industry trends](#)? Industry trends are the area where CFOs report higher reliance on internal than external briefings; finance teams are major insight providers around demand, competition, pricing, and M&A.

How do you stay informed about [executive management trends](#)? CFOs focus their own research on finance management, general management, and career management; they rely on internal specialists for insights around HR, IT, risk, and regulatory management.

How do you get most of your [daily news](#)? CFOs' daily news sources are highly varied, with none named in the top three by more than 40% of CFOs; different preferences among age groups appear to be a factor.

What percentage of your news consumption is conducted on your various [devices](#)? Laptop/desktop use is highest overall; phones are relatively popular with younger CFOs, while tablets are more popular with older CFOs.

How do you use [social media](#) in your CFO role? More than half of surveyed CFOs use LinkedIn, with use of Twitter and Google+ also significant; social media use is highest for younger CFOs, but the differences are not stark.

*Averages have been adjusted to eliminate the effects of stark outliers.

This publication contains general information only, and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, tax, legal, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decisions that may impact your business, you should consult a qualified professional advisor. Please see the full survey report for details about the survey methodology.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (DTTL), its network of member firms, and their related entities. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2017 Deloitte Development LLC. All rights reserved. Member of Deloitte Touche Tohmatsu Limited.