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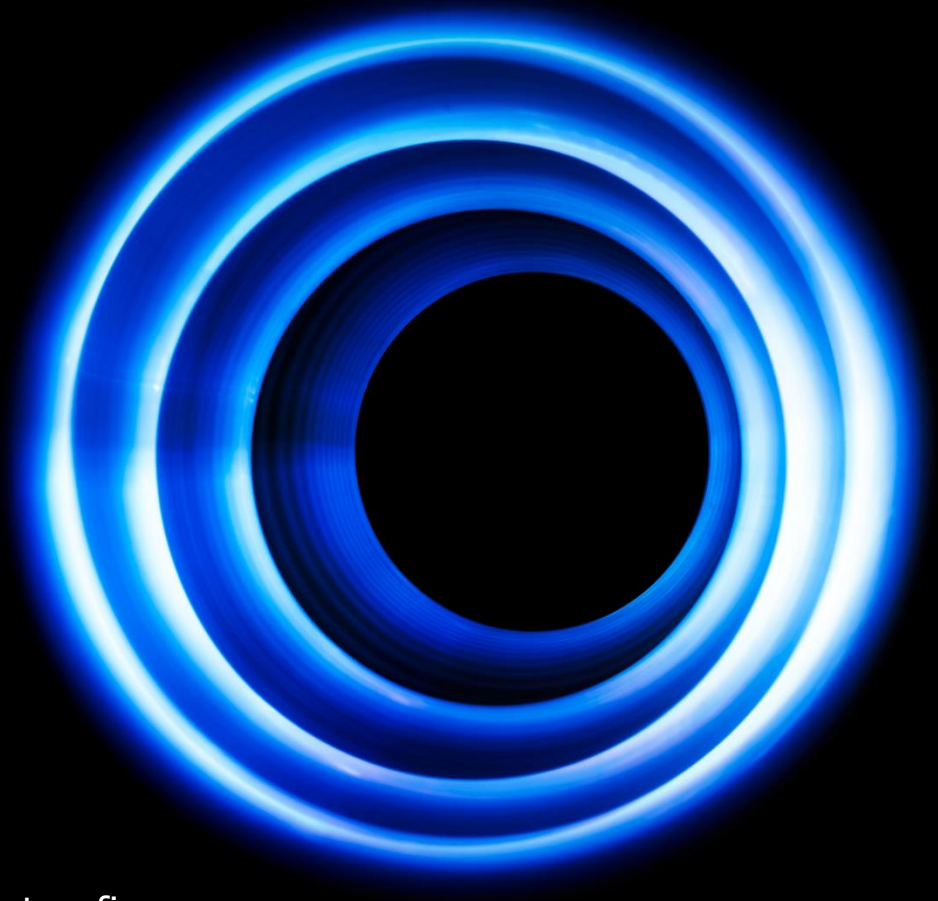

CFO Signals™

What North America's top finance executives are thinking—and doing

3rd quarter 2018

High-level report

This report is a subset of a full report containing analysis and trends specific to industries and geographies. Please contact nacfosurvey@deloitte.com for access to the full report.

CELEBRATING 10 YEARS OF EXCELLENCE
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CFO PROGRAM

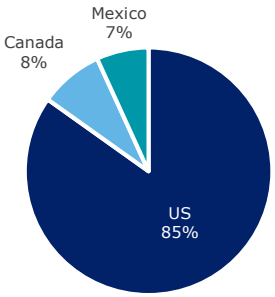
About the survey
Contents and background

About the CFO Signals survey

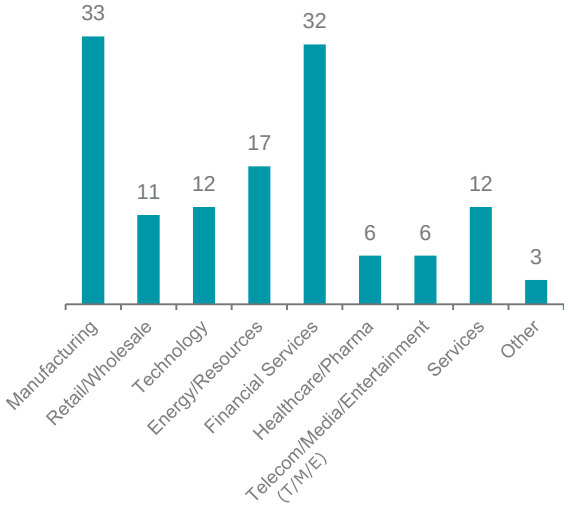
Each quarter (since 2Q10), *CFO Signals* has tracked the thinking and actions of CFOs representing many of North America's largest and most influential companies.

All respondents are CFOs from the US, Canada, and Mexico, and the vast majority are from companies with more than $1 billion in annual revenue. For a summary of this quarter's response demographics, please see the sidebars and charts on this page. For other information about participation and methodology, please contact nacfosurvey@deloitte.com.

Participation by country*



Participation by industry*



* Sample sizes for some charts may not sum to the total because some respondents did not answer all demographic questions.

Contents

Additional findings in full report
(please contact nacfosurvey@deloitte.com)

- Detailed findings (by industry)
- Industry-by-industry trends
- Country-by-country trends

Survey responses

Survey period: 8/6-8/17
Total responses: 132
- CFO proportion: 100%
- Revenue >$1B: 86%
- Public/private: 74%/26%

Survey leaders

Greg Dickinson
Managing Director, *CFO Signals*
Deloitte LLP

Joe Guintu
Senior Manager, *CFO Signals*
Deloitte & Touche LLP

Lori Calabro
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Findings at a glance

Perceptions

How do you regard the current/future status of the North American, European, and Chinese economies? Perceptions of North America declined, with 89% of CFOs rating current conditions as good (down from the survey high of 94% last quarter), and 45% expecting better conditions in a year (down from 52% and lowest in two years). Perceptions of Europe declined significantly to 32% and 23%, from 47% and 36%, respectively, and China declined to 37% and 27% from 55% and 31%. **Page 6.**

What is your perception of the capital markets? Seventy-three percent of CFOs say debt financing is attractive (same as last quarter). Attractiveness of equity financing increased for public company CFOs (from 36% to 42%) and for private company CFOs (from 45% to 53%). Seventy-one percent of CFOs now say US equities are overvalued—up from last quarter's 63%. **Page 7.**

Sentiment

Overall, what risks worry you the most? CFOs express strong external concerns about geopolitical and economic events (especially around trade policy and interest rates). Similar to last quarter, they cite pressures to execute on their growth plans, voicing growing internal concerns about driving initiatives, and finding talent. **Page 8.**

Compared to three months ago, how do you feel about the financial prospects for your company? The net optimism index fell from last quarter's +39 to +36 this quarter. Forty-eight percent of CFOs express rising optimism (same as last quarter), and 12% express declining optimism. **Page 9.**

Expectations

What is your company's business focus for the next year? CFOs indicate a declining bias toward revenue growth over cost reduction (59% vs. 20%) and a slightly lower bias toward investing cash over returning it (56% vs. 19%). The bias toward current offerings over new ones shifted back to current offerings this quarter (43% vs. 37%), and the bias toward current geographies over new ones increased somewhat (67% vs. 16%). **Page 10.**

Compared to the past 12 months, how do you expect your key operating metrics to change over the next 12 months? Revenue growth expectations declined from 6.3% to 6.1%. Earnings growth declined from 10.3% to 8.1%. Capital investment slid from 10.4% to 9.4%. Domestic hiring fell from 3.2% to 2.7%. Dividend growth rose sharply from 4.8% to 7.4% (highest level in eight years). **Page 11.**

Special topic: Future of finance work, workforces, & workplaces: Finance operations

What changes in the finance workplace operations are projected to occur in the next three years? CFOs expect a shift in finance function responsibilities that may influence where and how finance teams operate and interact, including a technology-enabled workforce that may operate with more shared service centers of excellence. **Page 12.**

3Q18 Survey Highlights

- Optimism regarding the health and trajectory of the North American, European, and Chinese economies declined.
- With US equity markets hitting new highs, 71% of CFOs say equities are overvalued.
- Own-company optimism declined, largely due to increased pessimism in the US and Canada.
- Growth expectations for revenue, earnings, capex, and hiring declined; dividend expectations hit highest level in eight years.
- CFOs expect finance function responsibilities to change, envisioning a technology-enabled workforce that may shift more operations to shared service centers of excellence.
- Relative to today's state, CFOs foresee a large increase in the gig economy, shared service centers, and offshore finance operations, along with a rising need to address evolving talent requirements.
- The key skills organizations need to develop/further develop to support the finance function will likely be related to analytical skills, digital technologies/automation, and core business skills.

Special topic: Future of finance work, workforces, & workplaces: Finance workforce

How will the composition of the finance workforce in three years compare to today? CFOs expect a large relative increase in the gig economy, shared service centers, and offshore finance operations, overlaid with the growing need to address the evolving talent requirements. **Page 13.**

Special topic: Future of finance work, workforces, & workplaces: Skills for the finance organization of the future

What are the top skills organizations need to develop/further develop to effectively deliver finance three years from now? Greater than two-thirds of CFOs indicated that the key skills to develop/further develop to support the finance function in three years will be related to analytical skills, digital technologies/automation, and core business skills. **Page 14.**

Summary and context

Fading optimism, led by trade, tariffs, and talent concerns

At the start of the year, CFO optimism hit a new survey high in the wake of tax reform and continuing positive global economic news; several growth metrics also reached multi-year highs. Last quarter, optimism tapered a bit, but expectations for revenues, earnings, and hiring rose again.

This quarter, however, CFO optimism, while still strong, appears to be on the retreat, amid concerns around global trade and interest rates, combined with the evolving challenge to both identify finance talent and equip teams with the analytical skills they need.

Their assessments of the current North American economy declined slightly this quarter—from 94% to 89%—but perceptions of conditions in both Europe and China declined markedly (although they still remain higher than their two-year averages). In addition, expectations for economic strength in a year were below the two-year average in each region. Own-company optimism also fell for the second straight quarter and now sits below its two-year average.

In fact, net optimism fell to +36 from +39, reaching its lowest level since 3Q17. In addition, there was a spike in CFOs' views that the equities markets are overvalued, with 71% of surveyed finance chiefs saying the markets are too high—up from last quarter's 63% (but still below the above-80% levels of late 2017).

Growth expectations also took a hit with revenue, earnings, capital spending, domestic personnel, and domestic wages expectations all decreasing from last quarter. Still, they all remain above their two-year averages (except earnings, which sits just 0.3% lower).

On the other hand, dividend growth expectations rose sharply, to its highest level in eight years. Interestingly, more CFOs indicated in the 1Q18 survey that US tax reform would likely lead to higher spending on domestic operations (46%) and higher wages (38%) than to fund dividends (31%).

When asked about their most worrisome risks, trade policy topped the list of external concerns, with CFOs increasingly citing the possibility of additional tariffs and escalating trade tensions as having negative effects on corporate performance. It should be noted, however, that for the first time in 2018, CFOs viewed internal risks (40%) as more constraining to company performance than external risks (37%).

With finance talent continuing to be the top constraining internal risk, the survey asked CFOs this quarter about the mechanisms in place and projected dynamics related to the evolving finance workforce, workplace, and skills.

The majority of CFOs foresee a shift beyond accounting, reporting, and compliance to finance staff more adept in analysis, prediction, and decision support. Accompanying that shift will likely be new accountabilities supplemented by technology.

To address the evolving talent requirements, CFOs indicated an intention to shift the composition and locale of the workforce, including increased utilization of outsourced, contingent, or gig workers, and higher utilization of shared services or offshore personnel over the next three years. They do indicate, however, that the nearshore workforce would still comprise the bulk of the finance department.

Finally, to gain insight into where the biggest gaps in skills exist in current finance functions, CFOs were asked where they saw the need for most development. There was a great variation of responses, but greater than two-thirds agreed that three specific skills needed the most development: analytical skills, digital technologies/automation, and core business skills.

Key developments since the 2Q18 survey

- The US economy grew 4.2% in the second quarter, its fastest rate since 2014. Consumer and business spending, along with increases in exports and government expenditure contributed to the growth.
- US inflation hit a six-year high of 2.9% in July; unemployment continued its 18-year low and fell further to 3.9%; however, wages continued to stagnate.
- The US 10-year bond yield remained relatively unchanged; 10-year/2-year spread narrowed to its tightest level since 2007.
- US equities increased from last quarter's survey.
- Oil prices continued to rally after reaching their highest levels since 2014 in May.
- US trade tensions with China continued; Trump Administration imposed 25% tariffs on second wave of goods worth $16B.
- Canada's job market remained relatively unchanged; Bank of Canada raised interest rates to 1.5%.
- Mexico elected a new president, Andrés Manuel López Obrador, on July 1.

Summary of CFO sentiment and expectations

	This quarter	Last quarter	2 yr. avg.
Economy optimism—North America (Index)	**43.9**	50.6	44.5
Economy optimism—Europe (Index)	**11.5**	26.6	17.3
Economy optimism—China (Index)	**20.9**	26.6	21.1
Own-company optimism (Net)	**+36.4**	+39.2	+40.3
Revenue growth (YOY)	**6.1%**	6.3%	5.3%
Earnings growth (YOY)	**8.1%**	10.3%	8.4%
Capital investment growth (YOY)	**9.4%**	10.4%	8.5%
Domestic personnel growth (YOY)	**2.7%**	3.2%	2.4%
Percent of CFOs saying US equity markets overvalued	**71%**	63%	76%

Well below two-year average — Well above two-year average
Well below last quarter — Well above last quarter

Topical findings

Perceptions
Assessments of regional economies

Surveyed CFOs' assessments of the North American, European, and Chinese current and future economies declined from last quarter. Their sentiments toward current conditions in each region, however, remained higher than their two-year averages, whereas expectations for economic strength in a year was below the two-year average in each region.

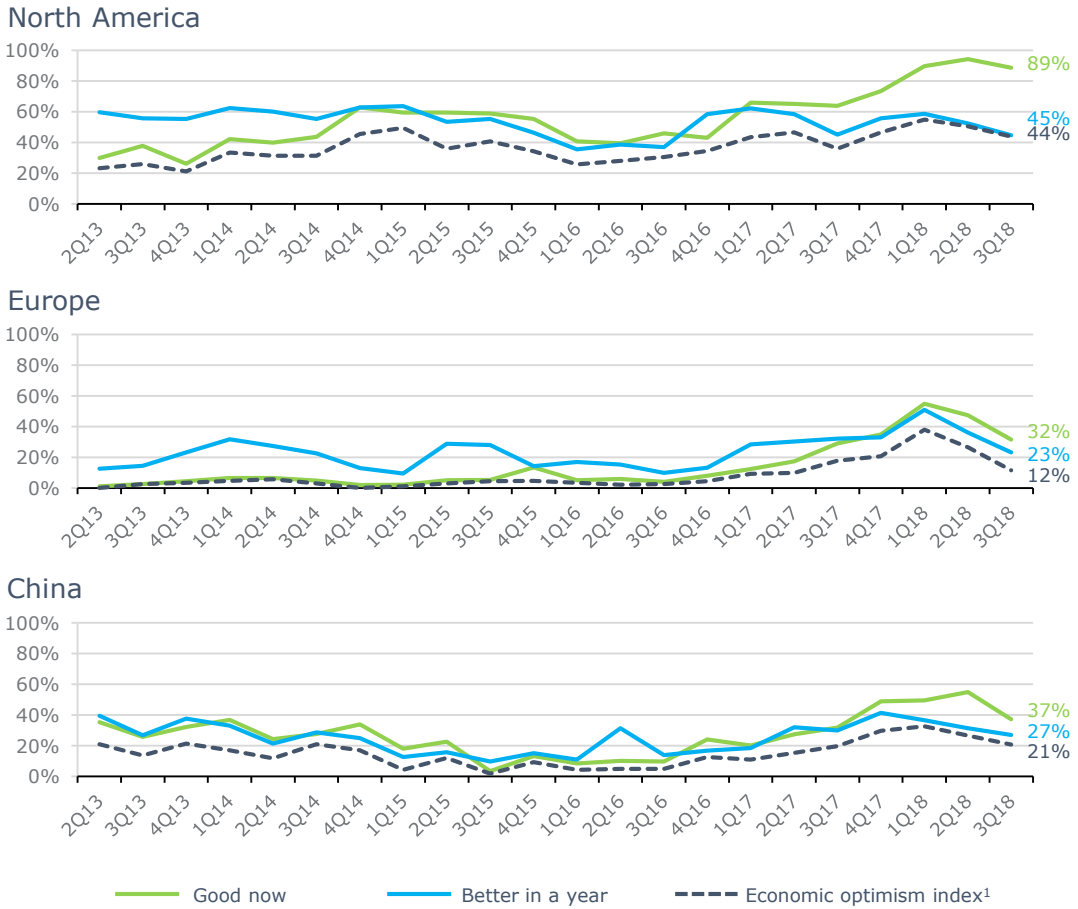
Surveyed CFOs' optimism about the North American economy declined, but stayed strong, with 89% of CFOs rating current conditions as good (down from survey high 94%). Forty-five percent expect better conditions in a year (down from 52% and lowest in two years), and the region's optimism index[1] declined to +44—down from last quarter's +51, but still strong.

Perceptions of Europe's current state receded significantly over the last two quarters after hitting a new survey high at the beginning of the year. Thirty-two percent of CFOs now say current conditions are good, and 23% expect better conditions in a year—both metrics down from last quarter's results of 47% and 36%, respectively. The optimism index[1] declined from last quarter's +27 to +12.

Perceptions of China's economy also receded significantly this quarter after rising to new survey highs over the last three quarters. Thirty-seven percent of CFOs say current conditions are good (a sharp decline from 55%), and 27% expect better conditions in a year (down from 31%). The optimism index[1] declined from last quarter's +27 to +21.

Economic optimism

How do you regard the North American, European, and Chinese economies? Percent of CFOs saying current conditions are good or very good, percent saying conditions next year will be better or much better, and percent saying both (dotted line).

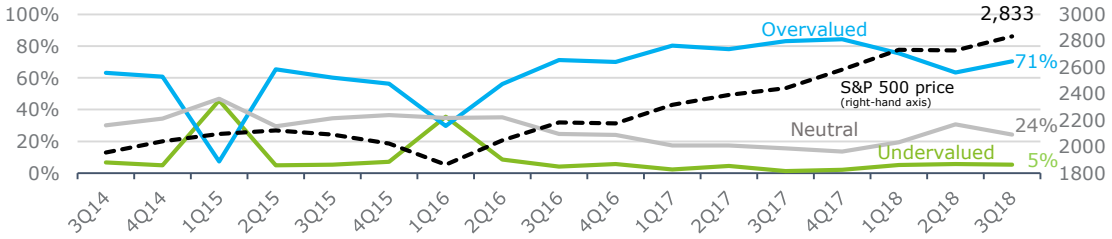


[1] Indexes reflect the percentage of respondents who rate current economic conditions as "good" or "very good" and who also expect "better" or "much better" conditions in a year. Please note that the calculation of this index changed in 1Q18 and all values from prior quarters have been recalculated based on the new methodology.

Perceptions
Assessments of markets and risk

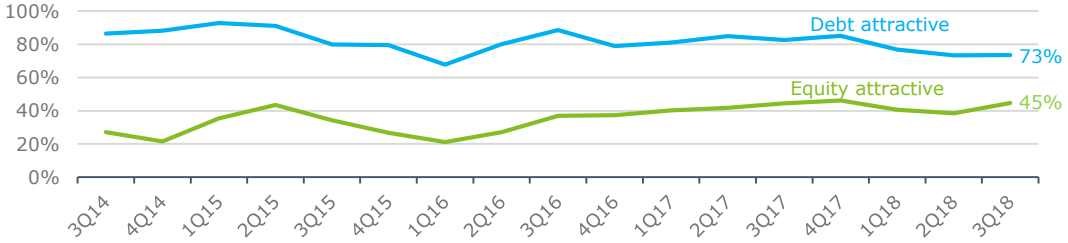
Equities remain overvalued, but more so
As we ride one of the longest bull markets in US history, surveyed CFOs are now more likely to say markets are overvalued, reversing their trend from the last two quarters. This quarter, 71% of surveyed CFOs say US equity markets are overvalued—up from last quarter's 63%, but still below the above-80% levels of late 2017.

Equity market valuations
How do you regard US equity market valuations? Percent of CFOs saying markets are overvalued, undervalued, or neither (compared to S&P 500 price at survey midpoint)



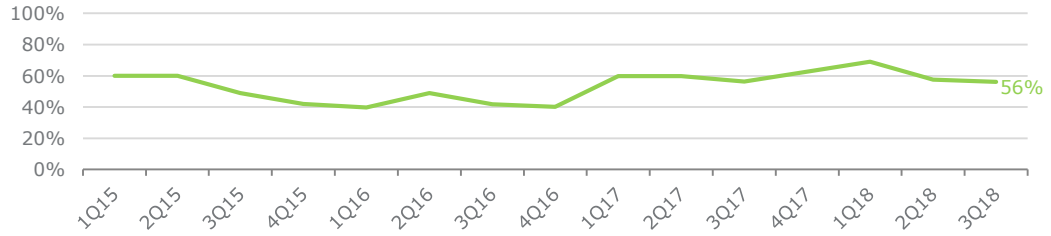
Debt remains attractive; equity attractiveness increasing
Seventy-three percent of surveyed CFOs say debt financing is attractive, on par with last quarter and at its lowest level in more than two years. Attractiveness of equity financing increased for both public company CFOs (from 36% to 42%) and private company CFOs (from 45% to 53%).

Debt/equity attractiveness
How do you regard debt/equity financing attractiveness? Percent of CFOs citing debt and equity attractiveness (both public and private companies)



Decreasing appetite for risk-taking
Fifty-six percent of surveyed CFOs say now is a good time to be taking greater risk—down slightly from last quarter's 58% and in line with the two-year average.

Risk appetite
Is this a good time to be taking greater risk? Percent of CFOs saying it is a good time to be taking greater risk



Sentiment
Most worrisome risks

CFOs viewed internal risks (especially talent) as more constraining to company performance than external risks for the first time in 2018. Still, they continue to express strong external concerns around politics (especially trade policy).

Prior to 2017, CFOs' top external risks centered heavily on slow economic growth. With global economic performance continuing to improve over the last several quarters, CFOs' worries are now focused on how to deal with geopolitical and economic events.

This quarter, CFOs were overwhelmingly worried about trade policy and tariffs, coupled with uncertainty within the political and regulatory landscape. Their worries around economic growth and interest rates continued.

When it comes to internal risks, the worries remained relatively static from the previous quarter, with talent (including retaining top talent and acquiring talent with specialized skills) being the main concern. Related were worries about organizations' ability to focus and execute, supporting growth and change.

For the first time in 2018, however, CFOs viewed internal risks (40%) as more constraining to company performance than external risks (37%).

Please see the full report for specific CFO comments by industry.

Most worrisome risks

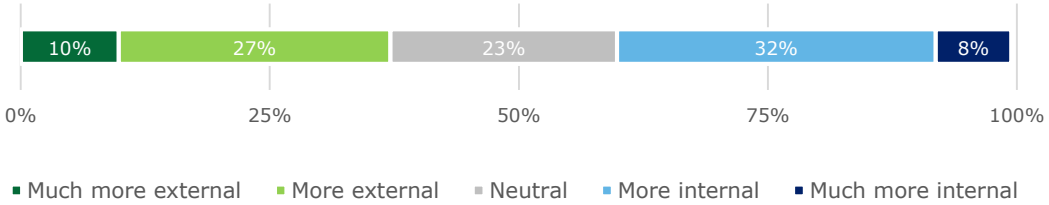
What external and internal risk worries you the most? Paraphrasing and normalization of CFOs' most common free-form comments

External risks

Internal risks

Growth constraints

Which factors (external or internal) are most constraining your company's performance?



Sentiment
Optimism regarding own-company prospects

After hitting a new survey high in 1Q18, net optimism fell for the second consecutive quarter—despite a sharp increase in optimism in Mexico; Services and Healthcare/Pharma improved, and Technology declined sharply.

Net optimism declined for the second straight quarter after hitting a new high in 1Q18. This quarter's net optimism declined to +36 from +39, reaching its lowest level since 3Q17. CFOs expressing rising optimism remained unchanged from last quarter (48%), while CFOs citing pessimism increased to 12% (up from 9%).

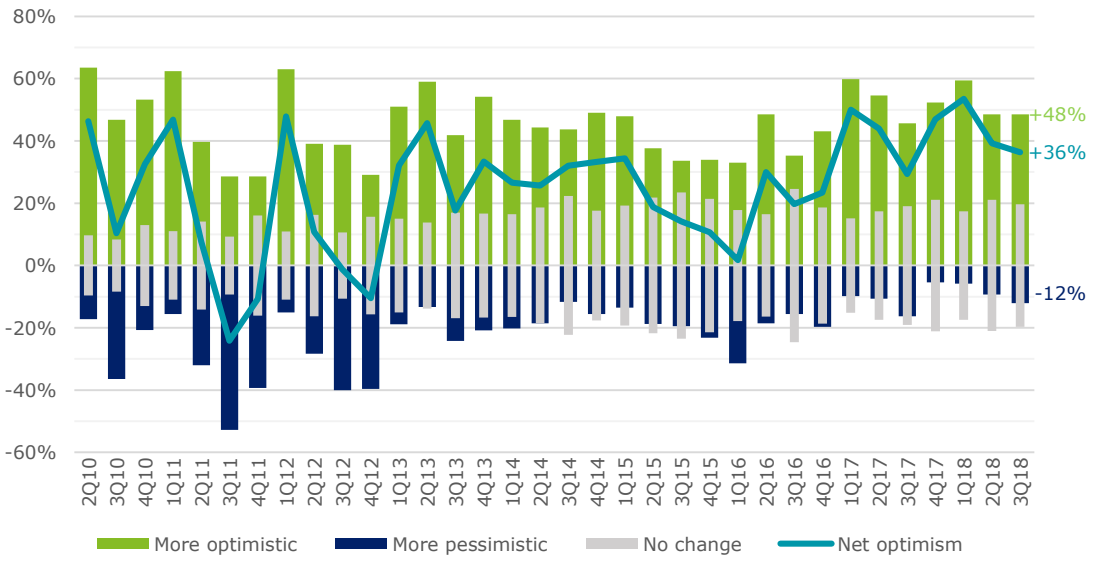
Net optimism for the US declined from +42 last quarter to +35 this quarter, below the two-year average. Canada declined from +33 to +27, while Mexico rose sharply from zero to +67—the highest level in four years.

Sentiment was particularly strong in Services (+75, a new high) and T/M/E (+50). Healthcare/Pharma rose sharply from -33 to +33, while Technology declined sharply from +52 to +17.

Please see the full report for charts specific to individual industries and countries.

Own-company optimism

How does your optimism regarding your company's prospects compare to last quarter? Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (line) is difference between the green and blue bars



Net optimism by country and industry (3Q18)

Total	US	Mexico	Canada	Manufacturing	Retail/ Wholesale	Technology	Energy/ Resources	Financial Services	Healthcare/ Pharma	T/M/E	Services
+36.4	+34.8	+66.7	+27.3	+33.3	+45.5	+16.7	+41.2	+28.1	+33.3	+50.0	+75.0

Red = relative lows
Green = relative highs

Expectations
Business focus for next year

Nearly all trends seen last quarter continued, with increased biases toward current geographies, current offerings, and organic growth (which has a new survey high).

Approximately 59% of surveyed CFOs say they are biased toward revenue growth (near the two-year average), and 20% claim a bias toward cost reduction for a net value of +39%—a slight shift toward cost reduction from the previous quarter. The bias toward investing cash over returning it to shareholders (56% versus 19%) decreased slightly (to +37%), but remains near the high levels we have seen over the past two years.

CFOs' bias toward current versus new product/service offerings shifted back to current offerings this quarter (43% versus 37%, for a net of -6%). The bias toward current geographies over new ones increased somewhat (67% versus 16%, for a net of -51%), continuing the trend seen last quarter.

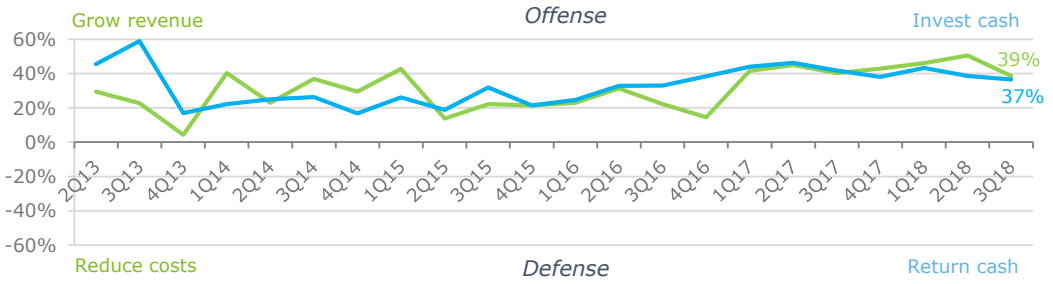
The recent strong bias toward organic growth over inorganic growth continued this quarter and reached another survey high (72% versus 15%, for a net of -57%).

Please see the full report for charts specific to individual industries.

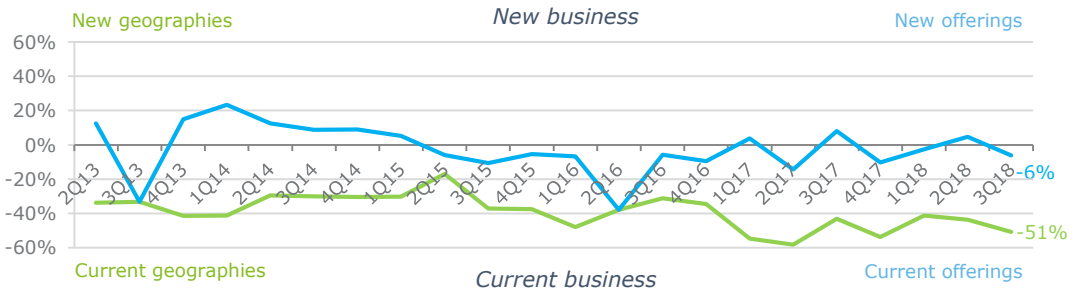
Business focus

What is your company's business focus for the next year? Net percent of CFOs citing a stronger focus on the top choice than on the bottom choice (e.g., grow revenue vs. reduce costs)

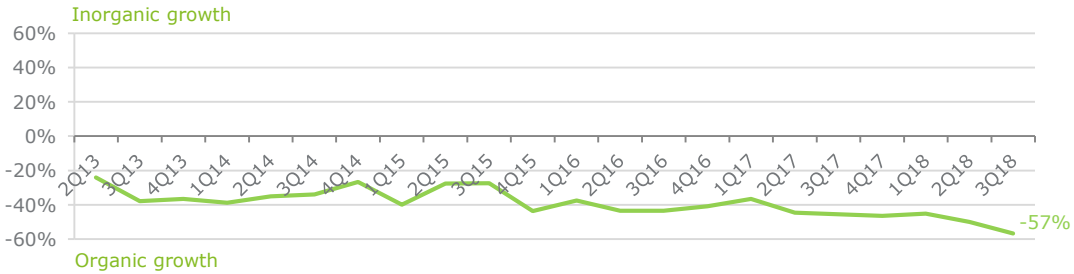
Offense vs. defense



New business vs. current business



Inorganic growth vs. organic growth



Expectations
Growth in key metrics, year-over-year

Coming off multi-year highs, most key growth metrics declined, but remained strong. Mexico led growth expectations (similar to last quarter), and Canada lagged. Dividends rose sharply, driven largely by Retail/Wholesale and Energy/Resources.

Revenue growth declined from 6.3% to 6.1%, but remains at one of the highest levels in the last four years.

Earnings growth declined from 10.3% to 8.1%, the lowest level this year. The US declined, falling below its two-year average. Canada fell sharply to its lowest this year; Mexico also fell sharply, in line with its three-year average. Technology and Retail/Wholesale are highest; Energy/Resources and Services are lowest.

Capital investment declined from 10.4% to 9.4%, the second consecutive decline, but remains above the two-year average. The US fell from recent highs, but remains above its two-year average. Canada rose sharply and is above its two-year average; Mexico rose sharply to its third highest level in the last six years. Energy/Resources and Retail/Wholesale are highest, Healthcare/Pharma and T/M/E are lowest.

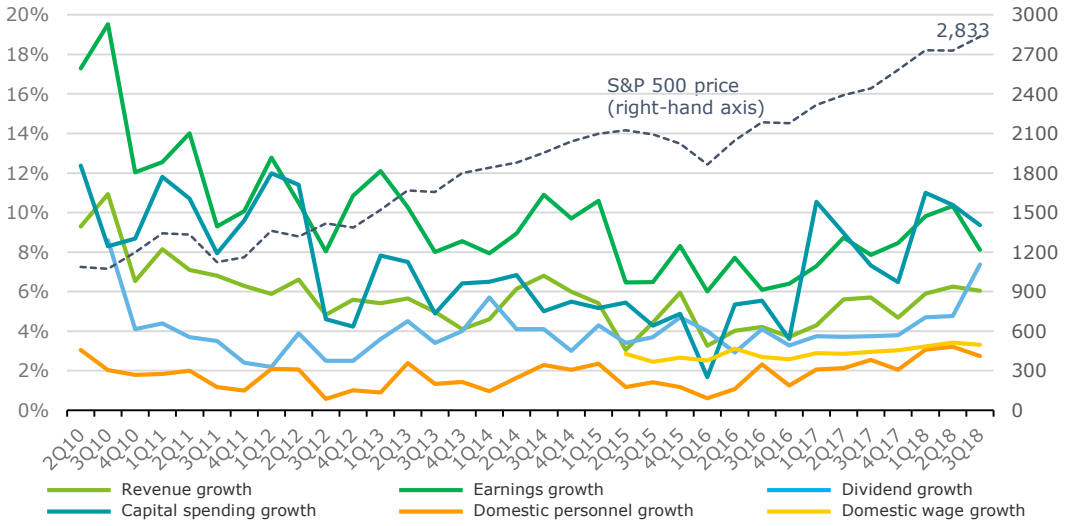
Domestic personnel growth fell from 3.2% to 2.7%, but remains above its two-year average.

Dividend growth rose sharply from 4.8% to 7.4%, the highest level in eight years. The US rose to an eight-year high; Mexico rose to a four-year high; and Canada remained the same. Retail/Wholesale and Energy/Resources lead; Technology and T/M/E trail.

Please see the full report for charts specific to individual industries and countries.

Growth expectations

Compared to the past 12 months, how do you expect the following metrics to change over the next 12 months? CFOs' expected year-over-year company growth in key metrics (compared to the value of the S&P 500 index at the survey midpoint)



YOY growth expectations by country and industry (3Q18)

	Total	US	Mexico	Canada	Manufacturing	Retail/ Wholesale	Technology	Energy/ Resources	Financial Services	Healthcare/ Pharma	T/M/E	Services
Revenue	**6.1%**	5.9%	9.2%	5.1%	5.1%	7.9%	10.5%	6.1%	5.8%	6.8%	3.2%	4.6%
Earnings	**8.1%**	8.4%	7.1%	5.6%	8.3%	9.5%	12.5%	5.6%	7.8%	9.3%	8.3%	6.1%
Capital spending	**9.4%**	8.3%	19.1%	11.6%	9.7%	13.6%	6.4%	15.8%	6.6%	4.0%	5.3%	8.3%
Domestic personnel	**2.7%**	2.5%	5.9%	2.1%	2.4%	4.0%	6.3%	2.2%	2.6%	2.7%	0.0%	1.7%
Dividends	**7.4%**	7.3%	12.2%	3.4%	7.6%	14.4%	0.0%	12.1%	6.0%	3.3%	2.8%	8.0%
Domestic wages	**3.3%**	3.2%	5.0%	2.8%	3.3%	4.0%	3.7%	3.3%	3.1%	3.1%	4.3%	2.8%

Red = relative lows
Green = relative highs

Special topic: Future of finance work, workforces, & workplaces

Projected finance operations in three years

Surveyed CFOs expect the responsibilities of their finance function to shift beyond accounting, reporting, and compliance, and are confident that their talent roadmap can support a technology-enabled workforce in three years. Many also believe that more work will likely move to "shared service centers of excellence," but CFOs are somewhat split on what is to come for telework.

Sixty-three percent of CFOs projected that the time allocation of the finance workforce in three years will likely shift toward analysis, prediction, and decision support. Sixty-six percent of CFOs expect that technology will likely enable productivity.

While 45% of CFOs reported that most finance work would likely be via shared service centers, nearly half disagreed that office space for finance workers would be significantly reduced (including 92% in Technology). More than one-quarter believe there will likely be significant office space reduction (including 67% of Healthcare/Pharma and 50% of Services).

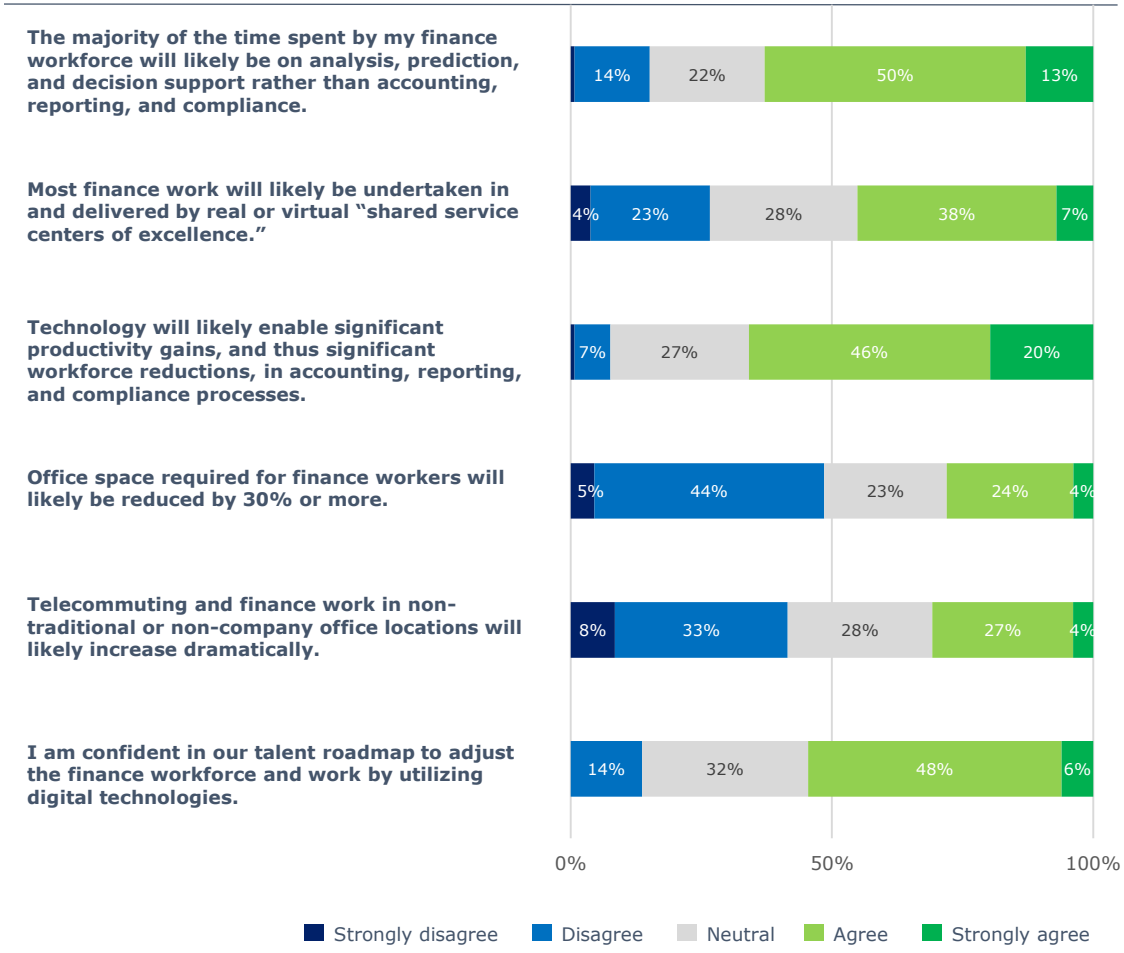
CFOs were most divided on the future of telecommuting for finance work. While 41% believe that telework is not likely to increase dramatically, 31% believe that it will.

Fifty-four percent of CFOs feel confident in their finance talent roadmap, although at least 25% of Retail/Wholesale and Technology CFOs do not.

Please see the full report for charts specific to individual industries.

Finance work expectations in three years

Please note your level of agreement with the following statements about your finance team's operations three years from now. Percent of CFOs selecting each level of agreement for each statement



Special topic: Future of finance work, workforces, & workplaces

Projected finance workforce dynamics

CFOs expect their companies' participation in the gig economy to grow by 88% in the next three years, with the bulk of the workforce remaining nearshore. The finance talent gap is expected to continue to grow.

CFOs reported that 8.3% of their finance workforce consisted of outsourced, contingent, contract, or gig workers, and that will likely nearly double in three years. Services anticipated the biggest change (12.2%) while T/M/E expected the smallest (1.7%).

The distribution of CFOs' finance workforce in real or virtual shared services is presumed to rise significantly, from 19.3% to 31.9%.

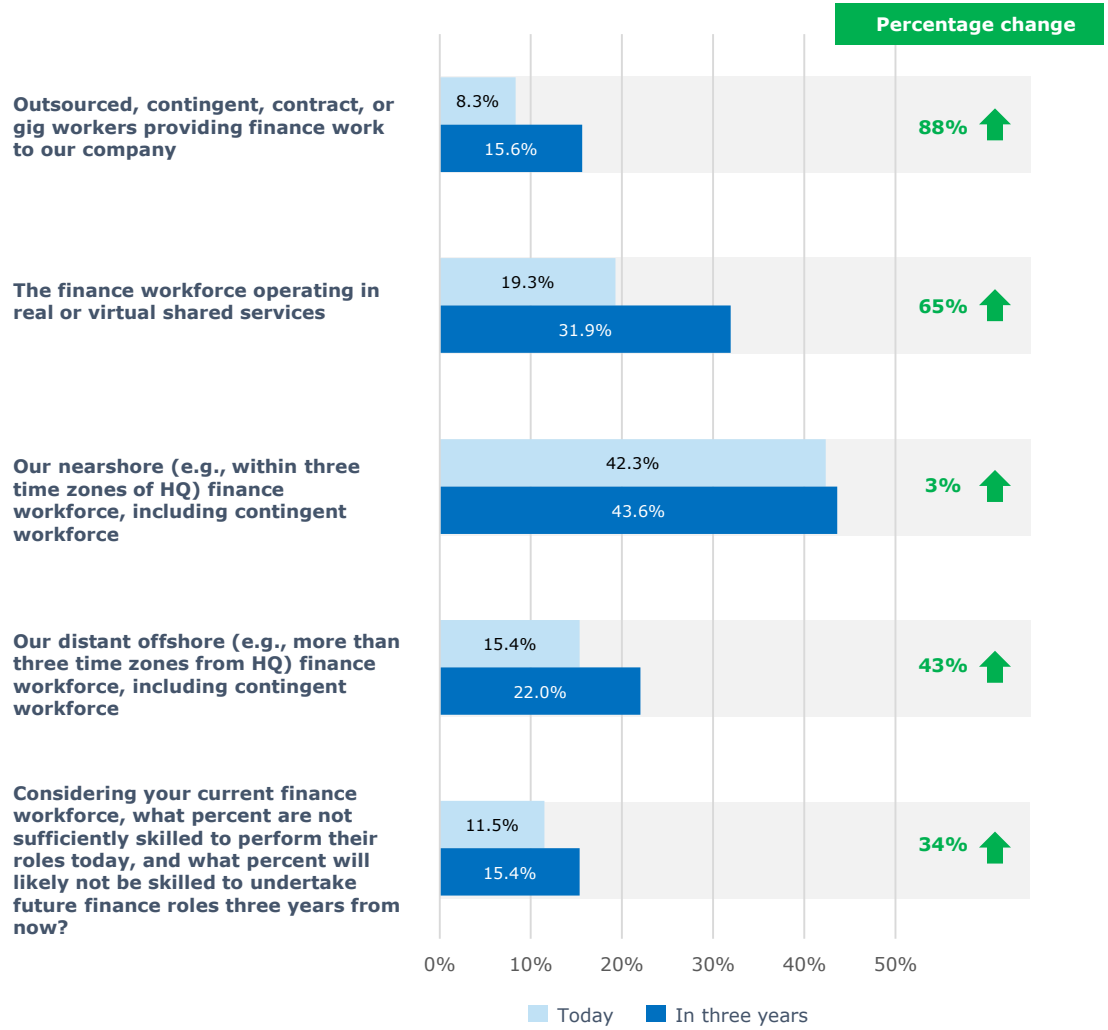
Nearshore is a significant portion of CFOs' finance workers (42.3%), and this is estimated to remain almost unchanged (43.6%), although Technology and Healthcare/Pharma noted a decrease in nearshore in three years. The distant offshore workforce was estimated to climb from 15.4% to 22.0% in three years. Energy/Resources is anticipating a large relative change (from 1.9% to 5.9%) although the largest expected absolute change is within Services from 8.9% to 21.5%.

CFOs noted that 11.5% of their workforce does not have the necessary skills for today's finance function, and that would likely continue to increase. Healthcare/Pharma had the highest levels (30% now and 33.8% in three years), while Energy/Resources was the only industry with a decrease (-2%).

Please see the full report for charts specific to individual industries.

CFOs' workforce expectations

Please provide your best percentage estimates of the following regarding estimated percentage of finance workforce: Workforce percentages today and in three years



Special topic: Future of finance work, workforces, & workplaces

Top skills for the finance organization of the future

Over two-thirds of surveyed CFO responses ranked analytical skills, digital technologies/automation, and core business skills as the most important skills an organization needs to develop/further develop to effectively deliver finance in three years.

Analytical skills is the most common skill to develop/further develop. CFOs specifically listed data management, data analysis, data science, analytical insights, budgeting and forecasting, predictive analytics, and statistical/trend analysis. Services and Technology listed this most, while Energy/Resources listed this least.

Another skill mentioned is digital technologies/automation. In particular, respondents were focused on artificial intelligence, blockchain, digital literacy, ERP work processes, process automation, and robotics. Energy/Resources listed this most (32%, only industry that listed this more often than analytical skills).

CFOs' third highest competency is core business skills. Responses ranged from business partnership and communication to strategic thinking and decision-making. Manufacturing and Retail/Wholesale rated this higher than digital technologies/automation.

The "Other" category included a range of skills, including talent, continuous improvement, agility, and leadership.

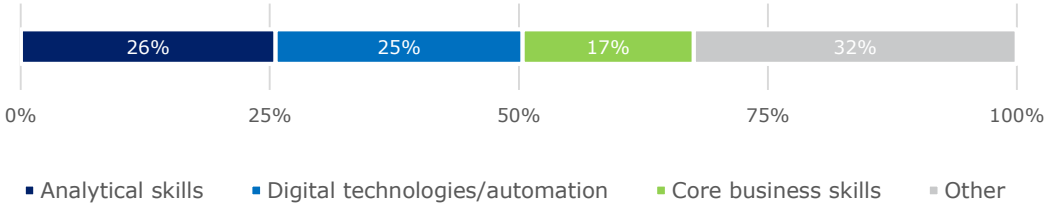
Please see the full report for charts specific to individual industries.

Top skills to develop in finance organizations

What are the top three skills your organization needs to develop/further develop to effectively deliver finance three years from now? Paraphrasing and normalization of CFOs' most common free-form comments

Top skills responses

Targeted skills to develop for finance departments



Appendix

Longitudinal data and survey background

Longitudinal trends

Cross-industry expectations and sentiment (last 24 quarters)

CFOs' year-over-year expectations[1]

(Mean growth rate, median growth rate, percent of CFOs who expect gains, and standard deviation of responses[2])

			4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	Survey mean	2-year mean
Operating results	Revenue	*mean*	5.6%	5.4%	5.7%	5.0%	4.1%	4.6%	6.1%	6.8%	6.0%	5.4%	3.1%	4.4%	5.9%	3.3%	4.0%	4.2%	3.7%	4.3%	5.6%	5.7%	4.7%	5.9%	6.3%	6.1%	*5.7%*	*5.3%*
		median	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%	5.0%	3.0%	4.0%	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	*5.0%*	*4.8%*
		%>0	83%	81%	84%	78%	82%	90%	90%	89%	90%	86%	78%	79%	82%	78%	72%	83%	82%	85%	89%	92%	87%	91%	92%	91%	*85%*	*89%*
		standard deviation	6.3%	5.9%	4.5%	5.1%	4.9%	3.9%	4.5%	5.9%	4.0%	6.4%	6.3%	5.4%	6.8%	5.1%	6.7%	4.8%	3.9%	3.7%	4.4%	3.9%	4.0%	4.1%	4.6%	5.0%	*5.6%*	*4.2%*
	Earnings		10.9%	12.1%	10.3%	8.0%	8.6%	7.9%	8.9%	10.9%	9.7%	10.6%	6.5%	6.5%	8.3%	6.0%	7.7%	6.1%	6.4%	7.3%	8.7%	7.9%	8.4%	9.8%	10.3%	8.1%	*9.8%*	*8.4%*
			7.0%	10.0%	10.0%	9.0%	8.0%	7.0%	8.0%	8.0%	8.0%	8.0%	5.0%	8.0%	7.0%	5.0%	7.0%	5.0%	6.0%	8.0%	8.0%	7.5%	8.0%	8.0%	10.0%	8.0%	*7.9%*	*7.9%*
			76%	84%	83%	82%	82%	84%	83%	90%	86%	79%	79%	79%	82%	79%	76%	81%	81%	89%	88%	90%	86%	88%	94%	89%	*84%*	*88%*
			16.8%	14.1%	9.6%	8.1%	9.3%	7.5%	9.8%	8.6%	6.9%	17.1%	11.6%	11.0%	10.5%	9.1%	13.5%	7.0%	7.1%	5.6%	8.6%	5.7%	7.5%	7.7%	7.0%	5.8%	*11%*	*7%*
Investment	Dividends		2.5%	3.6%	4.5%	3.4%	4.0%	5.7%	4.1%	4.1%	3.0%	4.3%	3.4%	3.7%	4.7%	4.0%	2.9%	4.1%	3.3%	3.8%	3.7%	3.8%	3.8%	4.7%	4.8%	7.4%	*4.1%*	*4.4%*
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	*0.1%*	*0.3%*
			29%	38%	40%	39%	37%	47%	45%	45%	44%	47%	43%	45%	45%	46%	42%	43%	43%	43%	46%	43%	45%	49%	47%	51%	*41%*	*45.9%*
			5.3%	5.7%	5.8%	4.7%	6.7%	7.3%	6.1%	4.8%	3.8%	5.9%	5.3%	4.7%	7.0%	6.0%	4.7%	7.6%	3.9%	4.7%	5.5%	6.0%	5.8%	6.6%	6.3%	12.8%	*6%*	*6.4%*
	Capital spending		4.2%	7.8%	7.5%	4.9%	6.4%	6.5%	6.8%	5.0%	5.5%	5.2%	5.4%	4.3%	4.9%	1.7%	5.4%	5.6%	3.6%	10.5%	9.0%	7.3%	6.5%	11.0%	10.4%	9.4%	*7.4%*	*8.5%*
			0.0%	0.0%	3.5%	2.4%	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	2.0%	5.0%	0.0%	4.0%	2.0%	3.0%	5.0%	5.0%	4.5%	3.0%	5.0%	5.0%	5.0%	*4.2%*	*4.4%*
			43%	57%	57%	54%	59%	57%	64%	60%	62%	63%	59%	53%	59%	50%	61%	58%	57%	66%	66%	61%	59%	70%	73%	70%	*60%*	*65%*
			15.3%	17.6%	11.7%	9.0%	11.2%	13.2%	12.1%	8.9%	10.9%	12.7%	16.5%	11.5%	12.4%	11.2%	16.0%	10.7%	11.4%	20.9%	17.8%	14.2%	12.2%	14.9%	12.2%	14.3%	*14%*	*15%*
Talent	Number of domestic personnel		1.0%	0.9%	2.4%	1.3%	1.4%	1.0%	1.6%	2.3%	2.1%	2.4%	1.2%	1.4%	1.2%	0.6%	1.1%	2.3%	1.3%	2.1%	2.1%	2.6%	2.0%	3.1%	3.2%	2.7%	*1.8%*	*2.4%*
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	0.0%	1.5%	0.0%	0.0%	1.0%	1.0%	0.0%	1.0%	2.0%	2.0%	1.0%	2.0%	2.0%	2.0%	*0.9%*	*1.5%*
			40%	43%	46%	47%	48%	42%	58%	58%	60%	58%	49%	57%	50%	47%	55%	53%	48%	57%	62%	59%	54%	66%	65%	66%	*53%*	*59.6%*
			3.9%	4.9%	9.6%	5.6%	4.4%	4.9%	3.9%	4.5%	3.6%	3.1%	4.5%	4.8%	3.6%	3.0%	3.8%	3.1%	2.3%	1.9%	2.7%	3.8%	3.3%	4.4%	4.4%	3.7%	*4.6%*	*3.3%*

CFOs' own-company optimism[3] and equity market performance

		4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	Survey mean	2-year mean
Optimism	Optimism (% more optimistic)	29.1%	51.0%	59.0%	41.9%	54.2%	46.8%	44.3%	43.7%	49.0%	47.9%	37.6%	33.6%	33.9%	33.1%	48.6%	35.2%	43.1%	59.9%	54.6%	45.6%	52.4%	59.4%	48.5%	48.5%	*46.0%*	*51.5%*
	Neutrality (% no change)	31.3%	30.1%	27.7%	33.9%	33.4%	33.0%	37.2%	44.6%	35.3%	38.5%	43.6%	46.9%	42.9%	35.6%	32.9%	49.2%	37.2%	30.3%	34.8%	38.1%	42.2%	34.8%	42.1%	39.4%	33.3%	37.4%
	Pessimism (% less optimistic)	39.6%	18.9%	13.3%	24.2%	20.8%	20.2%	18.6%	11.7%	15.6%	13.5%	18.8%	19.5%	23.2%	31.4%	18.6%	15.6%	19.7%	9.9%	10.6%	16.3%	5.4%	5.8%	9.4%	12.1%	*20.9%*	*11.1%*
	Net optimism (% more minus % less optimistic)	-10.5%	32.1%	45.7%	17.7%	33.4%	26.6%	25.7%	32.0%	33.3%	34.4%	18.8%	14.2%	10.7%	1.7%	30.0%	19.7%	23.4%	50.0%	43.9%	29.4%	46.9%	53.5%	39.2%	36.4%	25.1%	40.3%
Equities	S&P 500 price at survey period midpoint	1,387	1,520	1,667	1,656	1,798	1,839	1,878	1,955	2,040	2,097	2,123	2,092	2,023	1,865	2,047	2,184	2,177	2,316	2,391	2,441	2,582	2,732	2,728	2,833	*1846.68*	*2525.00*
	S&P gain/loss QoQ	-2.2%	9.6%	9.7%	-0.7%	8.6%	2.3%	2.1%	4.1%	4.3%	2.8%	1.2%	-1.5%	-3.3%	-7.8%	9.8%	6.7%	-0.3%	6.4%	3.2%	2.1%	5.8%	5.8%	-0.1%	3.8%	3.1%	3.3%
	US equity valuations (% who say overvalued)											65.4%	60.2%	56.3%	29.7%	56.1%	71.3%	70.1%	80.3%	78.0%	83.1%	84.4%	75.5%	63.4%	70.5%	*67.4%*	*75.6%*

[1] All means have been adjusted to eliminate the effects of stark outliers. The "Survey mean" column contains arithmetic means since 2Q10.
[2] Standard deviation of data winsorized to 5th/95th percentiles.
[3] Averages for optimism numbers may not add to 100% due to rounding.

Please contact nacfosurvey@deloitte.com for data as far back as 2Q10.

About the survey

Background

The Deloitte North American CFO Survey is a quarterly survey of CFOs from large, influential companies across North America. The purpose of the survey is to provide these CFOs with quarterly information regarding the perspectives and actions of their CFO peers across four areas: business environment, company priorities and expectations, finance priorities, and CFOs' personal priorities.

Participation

This survey seeks responses from client CFOs across the United States, Canada, and Mexico. The sample includes CFOs from public and private companies that are predominantly over $3B in annual revenue. Respondents are nearly exclusively CFOs. Participation is open to all industries except for public sector entities.

Survey execution

At the opening of each survey period, CFOs receive an email containing a link to an online survey hosted by a third-party service provider. The response period is typically two weeks, and CFOs receive a summary report approximately two weeks after the survey closes. Only current and frequent responders receive the summary report for the first two weeks after the report is released.

Nature of results

This survey is a "pulse survey" intended to provide CFOs with information regarding their CFO peers' thinking across a variety of topics; it is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population, but does not necessarily indicate economy- or industry-wide perceptions or trends.

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IMPORTANT NOTES ABOUT THIS SURVEY REPORT:

Participating CFOs have agreed to have their responses aggregated and presented.

This is a "pulse survey" intended to provide CFOs with quarterly information regarding their CFO peers' thinking across a variety of topics. It is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population but does not necessarily indicate economy- or industry-wide perceptions or trends.

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