

CFO Signals™

Business Outlook Highlights | 2nd Quarter 2016¹

Less concern about capital markets; more concern about oil and politics

CFOs' assessments of the current North American economy are about even with last quarter, though predictions for a year out rebounded slightly. But equity markets and consumer confidence have improved substantially, and this seems to have fueled a reversal in several of last quarter's downward trends.



LINGERING ECONOMIC CONCERNS PRESENT EVEN BEFORE "BREXIT" VOTE²



40% of surveyed CFOs describe North American conditions as good, and 39% expect better conditions in a year



6% describe Europe's economy as good, and 15% see it improving in a year



9% regard China's economy as good, but only 10% expect improvement



BETTER (BUT NOT GOOD) EXPECTATIONS³

Revenue growth expectations up from 3.3% last quarter **↑ 4.0%**

Earnings growth expectations up from last quarter's 6.0% **↑ 7.7%**

Capital spending growth expectations up from last quarter's 1.7% **↑ 5.4%**

Domestic hiring growth expectations up from last quarter's 0.6% **↑ 1.1%**



SHARP REBOUND IN CFOs' OPTIMISM REGARDING COMPANIES' PROSPECTS⁴



Net optimism of **+30.0%**, a distinct reversal in sentiment from last quarter's +1.7%



49% of surveyed CFOs express rising optimism, compared to 33% in 1Q16



19% of surveyed CFOs now cite declining optimism, falling from last quarter's 31%

Footnotes

¹ Visit <http://www.deloitte.com/us/cfosignals2016Q2> for the full report

² Percent of CFOs saying economies are good (versus neutral or bad)

³ Represents forecasted results

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