

## CFO Signals™

Business Outlook Highlights | 3rd Quarter 2016<sup>1</sup>

### Tenor of worldwide geopolitics creating concerns

CFOs have faced a barrage of domestic and global developments that have understandably led to decidedly mixed assessments this quarter. Against this tumultuous backdrop, CFOs' sentiment and expectations seem reasonably optimistic this quarter—despite expectations for sales and earnings that are still near their survey lows.



#### ASSESSMENTS RESTRAINED FOR NORTH AMERICAN ECONOMY, WORSE FOR EUROPE, AND BETTER FOR CHINA<sup>2</sup>



**46%** of surveyed CFOs describe North American conditions as good, and 37% expect better conditions in a year



**4%** describe Europe's economy as good, and just 10% see it improving in a year



**10%** regard China's economy as good, and 14% expect improvement in a year



#### SALES AND EARNINGS EXPECTATIONS RELATIVELY WEAK; CAPITAL SPENDING AND DOMESTIC HIRING BETTER<sup>3</sup>

Revenue growth expectations up from **4.0%** last quarter **↑ 4.2%**

Earnings growth expectations down from last quarter's 7.7% **↓ 6.1%**

Capital spending growth expectations up from last quarter's 5.4% **↑ 5.6%**

Domestic hiring growth expectations up significantly from last quarter's 1.1% **↑ 2.3%**



#### CONTINUING CFO OPTIMISM REGARDING THEIR COMPANIES' PROSPECTS<sup>4</sup>



Net optimism fell to **+19.7%** from last quarter's +30.0%



**35%** of surveyed CFOs express rising optimism, down from 49% in 2Q16



**16%** of surveyed CFOs now cite declining optimism, falling from last quarter's 19%

#### Footnotes

<sup>1</sup> Visit <http://www.deloitte.com/us/cfosignals2016Q3> for the full report

<sup>2</sup> Percent of CFOs saying economies are good (versus neutral or bad)

<sup>3</sup> Represents forecasted results

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