



## Strong optimism, but trade policy and geopolitics loom large

Last quarter's positive sentiment largely continued this quarter. Although own-company optimism and expectations for the European and Chinese economies faltered a bit, expectations for revenue, earnings, and hiring all rose again. In addition, CFOs' confidence in US equity markets appears to have strengthened, with a comparatively low 63% regarding markets as overvalued (well below the 80%+ levels from late last year).

### Views of the North American and Chinese economies hit new survey highs; Europe declined<sup>2</sup>



**94%** of surveyed CFOs regard North American conditions as good (up from 90%), and 52% expect better conditions in a year

**47%** regard Europe's economy as good (down from 55%), and 36% expect better conditions in a year

**55%** regard China's economy as good (up from 50%), and 31% expect better conditions in a year

### Growth expectations for revenue, earnings, and hiring rose to multi-year highs; Capex for Canada and Mexico weakened<sup>3</sup>



Revenue growth expectations rose from 5.9% last quarter **↑ 6.3%**

Earnings growth expectations rose from last quarter's 9.8% **↑ 10.3%**

Capital spending expectations slid from 11% last quarter **↓ 10.4%**

Domestic hiring growth expectations rose from 3.1% last quarter **↑ 3.2%**

### Own-company optimism declined, but remains very strong.<sup>4</sup>



Net optimism index of **+39.0**, below last quarter's **+54.0**

**48%** of surveyed CFOs express rising optimism, down from **60%** last quarter

**9%** now cite declining optimism, up from last quarter's **6%**

#### Footnotes

- 1 Visit <http://www.deloitte.com/us/cfosignals2018Q2> 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