



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

Last quarter, optimism declined from the previous survey high, but expectations for revenues, earnings, and hiring rose. This quarter, however, CFO optimism, while still strong, appears to be on the retreat, amid concerns around global trade and the evolving challenge to both identify finance talent and equip teams with the analytical skills they need. Growth expectations also took a hit with revenue, earnings, capital spending, domestic personnel, and domestic wages expectations all decreasing from last quarter.

Views of the North American economy declined slightly; Chinese and European economies declined markedly<sup>2</sup>



**89%** of surveyed CFOs regard North American conditions as good (down from 94%), and 45% expect better conditions in a year (down from 52%)



**32%** regard Europe's economy as good (down from 47%), and 23% expect better conditions in a year (down from 36%)



**37%** regard China's economy as good (down from 55%), and 27% expect better conditions in a year (down from 31%)

Growth expectations for revenue, earnings, capex, and hiring declined, but remained strong; Capex for Canada and Mexico rose sharply<sup>3</sup>



Revenue growth expectations declined from 6.3% last quarter **↓ 6.1%**

Earnings growth expectations declined from last quarter's 10.3% **↓ 8.1%**

Capital spending expectations slid from 10.4% last quarter **↓ 9.4%**

Domestic hiring growth expectations declined from 3.2% last quarter **↓ 2.7%**

Dividend expectations rose to the highest level in eight years from 4.8% last quarter **↑ 7.4%**

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



Net optimism index of **+36**, below last quarter's **+39**



**48%** of surveyed CFOs express rising optimism, same as last quarter



**12%** now cite declining optimism, up from last quarter's **9%**

### Footnotes

1 Visit <http://www.deloitte.com/us/cfosignals2018Q3> for the CFO Signals report background and findings

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

3 Represents CFO 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