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March 13, 2008, 7:18 pm

CFO's Grow Glummer

That a recession is under way has become conventional wisdom, even if many economists still do not have one in their forecasts.

The argument is over the length and depth of a downturn.

Today, the first quarter 2008 Duke University/CFO Magazine Global Business Outlook [survey](#) came out. Put the CFO's in the glum group.

The two most recent recessions in this country, in 1990-'91 and 2001, lasted for about eight months each, pointed out Campbell Harvey, the Duke professor in charge of the survey. "In contrast, 90 percent of the CFOs do not believe the economy will turn the corner in 2008. Indeed, many of them believe it will be late 2009 before a recovery takes hold."

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12 comments so far...

- March 13th, 2008 7:49 pm

I don't see anyway things can get better before 2009 if not beyond, I believe we are still off of a potential bottom in home prices and I still believe that there will be issues with municipal bonds—the depth of which is still unclear—however, I would like to note that Mayor Daley in the City of Chicago announced budget cuts earlier today and Cook County, where Chicago is located, has been in financial turmoil now for going on a year. Local governments, at least here in Illinois, are dependent upon property values for their tax revenue and borrowing power, the downward pressure on real estate prices is sure to affect the municipal bond market, again, to what extent no one can be certain. And if you thing mortgage lenders have been the only lenders abusing the cheap dollar the past decade or so, don't look now but municipal bond underwriters and their legal counsel have been drinking from the same water fountain. Another big problem in munis is the difficulty in quantifying exactly what the real indebtedness of a local community actually is. Something tells me we will be finding out real soon.

— Posted by John Samuel Cook

- March 13th, 2008 10:01 pm

The survey sounds pretty negative to say the least.... However, per the statistics compilled by the NY Times, S&P Industrial Companies are flushed with cash, some \$600 Billion or so, the largest in their history! So my question to all the honorable teary eyed CFOs is; how we can take on the challenge of using that cash to build "sustainable production capacity in the US".... Now with the weak US dollar, they can not go on a shopping spree overseas, and, Floyd, hope Secretary Paulson is reading your column and that he knows that he is in the best position to encourage all these depressed CFOs to let him know what tax treatments are going to get them to start investing in "capital projects" in the US again....

Some pundits argue that everyone is waiting to see when the Fed is going to signal that no more interest rate cuts are coming; so Ben Bernanke should start thinking in that direction and get the ball rolling....

Rebuilding manufacturing base on the side of the private sector, and infrastructure on the side of the governments can do wonders and will get the economy out of this gloom and doom.

— Posted by Hassan Azarm

- March 14th, 2008 12:38 am

....just wait - you ain't seen nuttin' yet! How is it that almost no one has recognized what is happening? Perhaps because it's finally come to be a terminal problem.

Look at the symptoms of systemic failure: ever increasing poverty; growing gulf between those who have and those who have not; moral myopia; growth and acceptance of violence, tortue and lies about all

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About Floyd Norris

Floyd Norris, the chief financial correspondent of The New York Times and The International Herald Tribune, covers the world of finance and economics.

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Quick Opening Reactions
Santa Fe, N.M.
10:10 am Monday
J.P. Morgan stock is up today, which is a sign of some confidence in the system, and may be one reason that the overall market is well above its opening lows.
Of the other 91 stocks in the S.&P. 500 financials index, 90 are down. (Aflac, the insurance company with the duck, [...])
- March 16
58 comments

Case of the Vanishing Bear
Santa Fe, N.M.
A few figures on Bear Stearns:
Number of years in which annual loss was reported: 0
Book value per share at the end of fiscal 2007 (Nov. 30): \$84.09
Price at which the company agreed to be acquired by J.P. Morgan: \$2 per share
Days Bear survived after announcement of the bailout by the Federal [...]
- March 14
8 comments

More on Bear, and Bye Bye
I'm on Charlie Rose's show on PBS tonight, talking about Bear Stearns.
And then I'm off on vacation for a week. This blog will be quiet — unless I really feel like commenting, which I probably will.
- March 14

Bear Raid