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## Study: CFOs foresee job cuts and credit woes through '09

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Don't be fooled by the rising levels of consumer confidence reported in recent weeks. Chief financial officers polled by Duke University and CFO magazine say that more reliable economic indicators – such as mounting job losses and worsening credit conditions – point to the recession lasting through the end of 2009.

The quarterly Duke University/CFO Magazine Global Business Outlook Survey asked 1,309 CFOs worldwide about their expectations for the economy. Their answers paint a gloomy picture for the rest of the year.

\* CFOs in the U.S. and Europe expected employment to shrink by 5.5 percent, with the unemployment rate in the U.S. seen rising to perhaps as high as 12 percent in the next 12 months. Employment in Asia is expected to recede by 1.2 percent.

"Presumably, government programs will offset some of these losses, but even the most optimistic government forecasts would reduce the losses by only 2 million," said Campbell Harvey, founding director of the survey and international business professor at Duke's Fuqua School of Business. "We're facing the possibility of another 4 million lost jobs."

\* U.S. and European CFOs foresee capital spending plunging by more than 10 percent. In Asia, CFOs anticipate a 3 percent decline.

\* Six in 10 U.S. companies covered by the survey reported having trouble finding credit or acquiring credit at a reasonable rate. Among those firms encountering credit impediments, 42 percent say the credit markets have gotten worse this year, while 23 percent say conditions have improved.

\* Weak consumer demand and the credit markets ranked as the top two external concerns among U.S. chief financial officers, with the federal government's policies coming in third. Among internal concerns, CFOs are losing the most sleep over their inability to plan due to economic uncertainty, managing their companies' capital and liquidity, and maintaining employee morale.

Despite all the negative indicators, a majority of the CFOs in the United States and Asia reported being more optimistic this quarter than they were the previous quarter. That was not the case in Europe, where only 30 percent of the CFOs said they were more optimistic, compared to the 31 percent who said they were less optimistic.

"Our survey carries an important message: Don't put too much weight on the 'soft' data like consumer confidence. Recovery requires sustained confidence, and such confidence is forged by stronger economic fundamentals," Harvey said. "The economic fundamentals -- employment, capital spending, the cost of credit -- are still fundamentally troubling."

To see the complete survey results, go to the official Web site, [www.cfosurvey.org](http://www.cfosurvey.org).

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