

- Real Time Economics - <http://blogs.wsj.com/economics> -



CFOs See Recession Lasting 14 More Months

Posted By [WSJ Staff](#) On March 4, 2009 @ 10:57 am In [Business Cycles](#), [Consumption](#), [Credit Crisis](#), [Employment](#), [Stimulus](#) | [9 Comments](#)

Chief financial officers at U.S. companies expect the recession to persist for another 14 months as they expressed record pessimism and anticipate weaker results this year, according to a quarterly survey released Wednesday.

The 1,268 CFOs polled also are concerned about the actions of the Obama administration and Congress, and only one-third feel federal efforts to stimulate the economy have helped. A similar amount feel the economy is worse off.

The latest results of the **Duke University/CFO Magazine Global Business Outlook** are especially gloomy, with more than two-thirds of the respondents saying they felt "more pessimistic" about the economy during the last quarter.

"This is very troubling," said **Kate O'Sullivan**, senior writer at **CFO Magazine**. "Throughout the history of our survey, CFOs have shown a remarkable ability to predict future economic conditions."

Only 35% of respondents expect the economy to begin recovering in 2009, with most expecting a rebound to begin in 14 months. On a scale of 0 to 100, the CFOs rated the economic outlook at an all-time low of 40, the survey said. European and Asian CFOs are also pessimistic, rating their economies at 43 and 47, respectively.

According to the survey, employment is expected to fall 5.6% in the U.S., 7.6% in Europe and 3.2% in Asia in the next year. Domestically, "this represents a staggering 7.6 million job losses," said international-finance professor and survey founder **Campbell Harvey**.

Weak consumer demand and financial market woes are major external concerns for CFOs. Working capital management is a primary internal concern.

The credit crunch is still buffeting companies, the survey found, with some 40% of AAA- or AA-rated companies saying credit-market conditions are hurting their firms. Among companies with junk-territory ratings of B or lower, 77% said yes.

Finally, 53% of CFOs say their companies would be worse off with a national health care system, compared to only 19% who say their businesses would be better off. *—Mike Barris*

Article printed from Real Time Economics: <http://blogs.wsj.com/economics>

URL to article: <http://blogs.wsj.com/economics/2009/03/04/cfos-see-recession-lasting-14-more-months/>