FRONTLINES: EARNINGS: CFOS SLOWLY LOSE THEIR OPTIMISM

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Posted: February 17, 1997, 12:01 AM ET

The majority of America’s chief financial officers expect an increase in first quarter corporate earnings over the previous quarter, but a growing number are becoming less optimistic.

Sixty-four percent of the 437 CFOs surveyed by the Financial Executives Institute and the Duke-Fuqua School of Business say they expect their company’s earnings to increase this quarter. But that is down from 68% in the fourth quarter of 1996, and 73% in the third quarter.

"There has been a softening in earnings growth expectations over the last three quarters,” said Campbell R. Harvey, co-director of the survey and professor at the school. This trend is reflected in the survey’s earnings index, which dropped 35% from July.

Even though the survey indicates fewer CFOs expect growth in earnings during the first quarter, the outlook for the full year is positive. Seventy-eight percent say they anticipate earnings will be higher this year than in 1996. Only 9% expect a decrease.

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