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CFOs see light on horizon

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First, the good news:

The economy will begin to recover by mid-2009, according to a survey of corporate chief financial officers due today.

Now the bad: Companies will cut their payrolls and make few new investments during the next year -- decisions that hurt workers.

Duke University and CFO Magazine today will release their quarterly business outlook survey that includes those and other insights. The university and magazine surveyed 1,299 CFOs at public and private companies to gauge expectations for the world economy.

Here's what it shows:

ON INVESTMENT AND HIRING: Finance officers expect to boost capital spending an anemic 0.6 percent during the next 12 months, according to the CFO survey. They expect U.S. employment to fall 1.6 percent in that period.

ON AN ECONOMIC REBOUND: Half the CFOs surveyed said they expected a recovery to start by the middle of next year.

But they remain worried about weak consumer demand, inflation and tight credit markets.

"Pessimistic CFOs outnumber optimists," said John R. Graham, the survey's director and professor of finance at Duke's Fuqua School of Business. "However, there are signs that the economy will not deteriorate further. The ratio of optimists to pessimists has improved."

Campbell Harvey, a Duke international business professor and founding director of the survey, added: "Our results are consistent with a business cycle shaped like a bathtub, with a gradual slide into an extended slowdown followed by a gradual slope upward."

ON THE GLOBAL PICTURE: Overseas companies are becoming more pessimistic, which might not bode well for U.S. exports that have helped prop up the economy amid difficulties in other areas. Optimism is at a four-year low in Europe, the survey found.

Pessimists outnumber optimists by 2 to 1 in Asia.

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