

BUSINESS INSIDER

The world's CFOs are really bearish on the stock market right now



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The latest [Duke University CFO Global Business Outlook survey](#) has revealed a US stock market that finance experts believe is overvalued and a global markets outlook that continues to fall among top chief financial officers.

The survey concluded on September 4 and was answered by 1,200 CFOs from around the world.

More than half of all surveyed CFOs said they believe the US stock market is still overvalued.

"CFOs are very bearish on the US market," said Fuqua professor Campbell R. Harvey, a founding director of the survey. "Our survey took place during a volatile time where there was a 10% market correction. Even after this drawdown, 55% of CFOs thought the market was overvalued."

CFOs were asked to rate global economic outlook on a scale of zero to 100. Answers were tied directly to CFOs in each region.

The US economy remained the strongest with a score of 60, down from 63 last quarter and 65 in the spring. American CFOs said capital spending is expected to increase only 2.4% at US companies, while earnings will increase by just 3%.

"Finance executives are eager to help their companies start building again," said David W. Owens, editorial director for CFO Research, "but they feel some drag from continuing uncertainties about government actions and consumer reluctance at home, and about economic



Credit: Spencer Platt / Getty Images

Traders work on the floor of the New York Stock Exchange (NYSE) on September 4, 2015 in New York City.

conditions overseas, especially in China."

CFOs mirrored American optimism in Canada by awarding the same score of 60. Finance experts in Canada believe median employment will increase by 1% while capital spending will grow by 5%.

Optimism in Europe has also slipped to 58 out of 100, down from 60 last quarter. The study found that capital spending will increase 5.8% and full-time employment will rise by 4%. Among the top concerns of CFOs in Europe are economic uncertainty, currency risk, and weak demand.

According to the survey, "For the first time in at least a decade, optimism is lower in all emerging regions than in North America and Europe. Asian optimism fell to 56, down from 63 last quarter. Capital spending will be flat in Asia and full-time employment will fall." Wages across Asia are expected to rise by approximately 5% even as the region faces economic uncertainty, weak demand, and currency risk.

CFOs in Africa gave a score of 48 this quarter, up from 43 last quarter. They believe a 1% employment increase will occur in the region, and they expect wages to rise by 8% over the next 12 months. CFOs also believe capital spending will fall. Like many regions around the world, they are also worried about "currency risk, economic uncertainty, government policies, and the reliability and cost of electricity."

In Latin America, optimism plummeted to an averaged score of 43. Brazil remained at 37, while Chile fell to 39. Peru ranked higher with an index score of 55, and Uruguay followed with a 50 out of 100 ranking. CFOs in the region believe full-time employment will contract 1% and median capital spending will not change.

Mexico was the shining star in Latin America as it continues to show positive signs and was assigned a score of 58. Mexican firms expect to increase employment by 2.7% and capital spending by 1.2%. Some 73% of CFOs in Mexico say rapid company expansion has made it hard to fill key positions.

The survey generated responses from 510 CFOs from the US, 64 from Canada, 130 from Asia, 150 from Europe, 303 from Latin America, and 18 from Africa.

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