Top U.S. execs expect good things in 2015

The nation’s chief financial officers are feeling pretty good about their companies’ economic prospects this year. And that could translate into rapid wage growth for skilled employees at their firms.

The Duke University/CFO Magazine Global Business Outlook survey has been conducted for the past 76 quarters, mostly recently generating responses from about 1,000 CFOs in North America, Asia, Europe, Latin America and Africa.

John Graham, a finance professor at Duke’s Fuqua School of Business and the survey’s director, noted that the first years of the post-recession recovery were "jobless" with little increase in employment and that even as job growth stirred back to life last year, wages have remained stagnant.

But now that trend is changing, he said, as wage growth for employees this quarter outstrips inflation and about 70 percent of U.S. companies saying they’ll increase wages by at least 3 percent.

Graham said skilled workers in sectors such as manufacturing, health care, tech, services and consulting are the ones most likely to gain from this trend.

"These are industries where labor market pressures are building to the point where companies feel they have to increase wages enough to attract and retain qualified employees," he noted in a video released by Duke University.

But at the other end of the spectrum Graham expects positions in retail, wholesale, communications media and the energy sector to see wage growth of less than 2 percent, "because again ... the labor market pressure is not there to kind of force the companies to increase wages, and some of these companies haven’t been performing too well financially, so they’re unable to increase wages as much as they might like."

A stronger U.S. dollar is also an important factor for American businesses. The greenback has appreciated significantly over the past year against most major currencies. But the strong dollar hurts American exports, which will soften export growth in the U.S. And according to the survey, nearly one-fourth of the big exporters will reduce their capital spending plans due to the strong dollar.

"We are in a midst of an ugly contest to see whether the eurozone, Japan or Canada can depreciate the most against the U.S. dollar, and China is probably next," Campbell Harvey, a Fuqua professor and founding director of the survey,
said in a press statement. "U.S. exporters are being punished by these competitive depreciations and this will lead to lower profits and less employment."

On the other hand, the historic drop in oil prices has benefited nearly all industries outside of the energy sector and its suppliers.

So overall, the survey found U.S. CFOs are optimistic about this year, giving 2015 a rating of 65, on a scale of 0-to-100. That's the most optimism they've shown for the U.S. economy since 2007.

Tempering those executives' optimism, however, are ongoing concerns over economic uncertainty, government policies and regulations, the cost of benefits, data security and hiring and retaining the right employees.

© 2015 CBS Interactive Inc. All Rights Reserved.
operation that knows exactly how to make money in good times and bad

1 Comments

1 Comment / 2 people listening

SKEEZIX06  March 11, 2015 7:37AM
How could they not expect good things? When things went bad we’ve been forced to bail them out. Their salaries never stopped going up. As far as the higher wages? Maybe, but some of those jobs are quietly being computerized so expect continuing job loss.

LIKE /  REPLY

Moneywatch Spotlight

Top U.S. cities for hipsters

Top 5 kitchen trends of 2015

7 of the most reliable cars you can buy

9 ways to save money when you’re making minimum wage

The 411 on buying and owning a rental property

Stock Watchlist

Mar 16, 2015

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Last</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAPL</td>
<td>124.95</td>
<td>+1.36</td>
<td>+1.10%</td>
</tr>
<tr>
<td>GE</td>
<td>25.45</td>
<td>+0.41</td>
<td>+1.64%</td>
</tr>
<tr>
<td>KO</td>
<td>40.29</td>
<td>+0.38</td>
<td>+0.95%</td>
</tr>
<tr>
<td>WMT</td>
<td>83.29</td>
<td>+1.39</td>
<td>+1.70%</td>
</tr>
<tr>
<td>XOM</td>
<td>84.76</td>
<td>+0.89</td>
<td>+1.08%</td>
</tr>
</tbody>
</table>