Is a Recession Coming? CFOs Predict 2019 Recession, Majority Expect Pre-2020 Market Crash

BY BENJAMIN FEARNOW ON 12/12/18 AT 10:30 AM
An overwhelming majority of U.S. chief financial officers say the economy will sink into a recession by the end of President Donald Trump's first term in 2020, and about half say it will happen next year.

Almost half of corporate CFOs, 49 percent, say the U.S. economy's decade-long growth streak is set to collide with worsening debt woes, with the country facing a recession by the end of next year. Corporate finance leaders are preparing for the recession to hit within 18 months, and 82 percent of CFOs interviewed in the latest quarterly Duke University/CFO Global Business Outlook survey expect the U.S. to slide into a recession by 2020.

“The end is near for the near-decade-long burst of global economic growth,” said John Graham, a finance professor at Duke University’s Fuqua School of Business and director of the survey, in a statement. “The U.S. outlook has declined; moreover, the outlook is even worse in many other parts of the world, which will lead to softer demand for U.S. goods.”
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The fourth-quarter survey concluded December 7 and gathered responses from more than 500 CFOs, including 226 from North American companies.

Increasingly pessimistic CFOs say that several economic markers have only worsened since the Great Recession a decade ago and that they now predict earnings growth, capital spending, and research and development investment to fall. The CFOs said most growth will occur at the beginning of next year, which still gives the government time to "soften the fall," Graham pointed out.

The CFOs laid out a worst-case scenario in which annual real growth in the U.S. will be only 0.6 percent, capital spending will fall by 1.3 percent and hiring will remain flat. The CFOs said their biggest concern is difficulty in hiring and retaining qualified employees.

The CFOs expect sub-3 percent growth for the U.S. economy in 2019. The founding director of the Duke/CFO survey, Campbell Harvey, reiterated that corporations are bracing for the looming recession. "All of the ingredients are in place: a waning expansion that began in June
2009, almost a decade ago; heightened market volatility; the impact of growth-reducing protectionism; and the ominous flattening of the yield curve, which has predicted recessions accurately over the past 50 years.”

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Economists have repeatedly issued warnings in the past several years about skyrocketing global debt caused by central banks flooding national economies with cheap money. In 2008, global debt was only $177 trillion, compared with $247 trillion today. In the U.S. economy, household debt has dramatically worsened, automobile loans are far exceeding their 2008 peaks, and unpaid credit card balances are just as high as the period preceding the Great Recession.

In September, economist Peter Schiff said that "we won't be able to call it a recession, it's going to be worse than the Great Depression....The U.S. economy is in so much worse shape than it was a decade ago."

Moody's Analytics and a JPMorgan Chase & Co. tracking model both predict an 80 percent chance the U.S. will be hit with an economic downturn within the next three years.
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Low oil prices, Fed may not raise rates, China realizing if they don't buy soybeans from us they don't eat, Korea at peace, Iran ready to default, debt is a problem, other than that we should have a very good year.

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**Darryl Crouch**
China is not depending on the US. They are making deals in South America and Africa. Oil will not be a major factor with a global slow down. If a recession hits the US Trump's low tax rate has left the country little to work with. The debt would need increased taxes to service it. That would not be good in a recession. Cutting taxes would be economic suicide. To maintain profits companies will begin layoffs. The Trump administration could employ a massive debt increasing infrastructure program or not. It could just use the same austerity ideas republicans wanted when Obama took office and watch... See More

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