Survey: More than Half of US CFOs See Recession in 2020, 76% Say By Mid-2021

While we keep seeing reports of a strong economy, about 52% of U.S. corporate chief financial officers see a recession hitting in 2020, while another 24% expect one by mid-2021, according to the latest Duke University/CFO Global Business Outlook survey.

“Business leaders continue to expect an economic slowdown in the U.S. before or concurrent with the presidential election,” Duke University finance professor and survey director John Graham said. “I'd expect uncertainty about the election itself to cause firms to slow expansion in the summer and fall of 2020.”

Graham went on to tell Forbes that with the previous recession more than a decade ago, most CFOs see another one as “kind of inevitable.”

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“Much of the pressure on a U.S. recession is coming from outside the U.S. that is slowing economies around the world and there’s nothing U.S. policy makers can do about that,” Graham said, according to Forbes. “I don’t think lowering interest rates is going to help all that much because investment isn’t that sensitive at these low interest rates.”

What could fend off a potential recession? The removal of tariffs employed by U.S. President Donald Trump, which could end up working itself out by the 2020 election, Graham said.
More than half of U.S. companies have already begun preparing for the next inevitable downturn. About 59% are strengthening their balance sheets, 58% are cutting costs, 49% are increasing liquidity and 31% are scaling back or delaying investments.

“Although recessions are not controlled by CFOs, the impact on their firm is, to a large degree, managed by the CFO,” Fuqua finance professor and survey founding director Campbell Harvey said in a statement. “This time around, CFOs will be judged by their preparations.

“Hoarding cash and reducing debt are the most obvious tactics to dull the blow of a recession.”

**CFOs Around the Globe**

Even with more than half of U.S. CFOs predicting a recession by next year, they're far more optimistic than their counterparts around the world.
About 79% of CFOs in Asia see recession by October. That number falls to 77% in Africa, 67% in Canada and 55% in Latin America. About 49% of European CFOs see a recession by the end of 2020.

- This survey has been conducted ended on Dec. 6, generating responses from more than 800 U.S. CFOs, including nearly 500 in North America, 87 from both Asia and Europe, 139 from Latin America and 40 from Africa.

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