Chief executives and chief financial officers are increasingly worrying about the economy, two separate surveys found.

The CEO Economic Outlook Index, released by the Business Roundtable, found that plans for capital spending, hiring and sales expectations over the next six months “waned” this quarter, due in part to trade policies and slowing global economic growth.

The Index decreased 10.3 points from last quarter, to 79.2, which falls below the Index's historical average of 82.7

“The U.S. needs strong, sustained long term economic growth in order to remain globally competitive and expand opportunity for more Americans,” said Jamie Dimon, Chairman and Chief Executive Officer of JPMorgan Chase & Co. and Chairman of Business Roundtable.

Dimon says he and his fellow CEOs at the Business Roundtable “stand ready to work with policymakers to address our nation’s biggest challenges to create conditions for inclusive growth, investment and job creation here in America.”
While the CEO index survey is forward-looking, there was a bit of reflection in the results, too. More than half of them reported that, over the past twelve months, U.S. trade policy and retaliation from foreign nations had “somewhat or very negative impact on sales,” and a third of them reported a similar impact on hiring.

Meanwhile, down the hall, chief financial officers are feeling their optimism drop to its lowest level in three years, and most of them believe that a recession in the U.S. will have begun by the time voters cast their ballots for president next year, according to the Duke University/CFO Global Business Outlook survey.

“Trade wars and broad economic uncertainty are hurting economic outlooks worldwide,” said John Graham, a finance professor at Duke University’s Fuqua School of Business and director of the survey.

The CFO survey, which polled 225 U.S. firms, found that more than half, or 53 percent, of U.S. CFOs believe the American economy will be in a recession by the third quarter of next year, and an even greater number of those surveyed, or 67 percent, believe a recession will at least have begun by the end of 2020.

The study’s CFO Optimism Index found that 55 percent of chief financial officers have become more pessimistic since the second quarter of this year, compared to just 12 percent who became more optimistic.

“Optimism is low in all regions of the world, which exacerbates any slowdown occurring in the U.S.,” added Graham.

An indication of growing pessimism can be found in FedEx’s earnings, which lowered its fiscal 2020 forecast, noting in its quarterly filings the company’s revenue outlook “has been reduced due to increased trade tensions and additional weakening of global economic conditions since the company’s initial fiscal 2020 forecast in June.”

The results also come ahead of the all-important Fed policy decision, which is expected to further cut interest rates by 25 basis points. It’s a decision that seems to have some of the CFOs concerned, 36 percent of them think that continued low interest rates are having negative effects on businesses, pointing to an investors’ inability to earn a reasonable return and firms taking on too much debt.

Over the past couple of years, CFOs put hiring concerns at a top priority, according to the survey. But the results for the most recent quarter show that economic uncertainty has now dethroned that concern.

“There are plenty of warning signs and now is the time to be prudent,” said Campbell Harvey, a founding director of the survey and Fuqua finance professor, in a statement. “Who wants to put their firm at risk by increasing borrowing to fund a major new project when a recession could be on the horizon?”