Survey: 52% of finance execs expect recession in 2020

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DURHAM – More than half of US financial executives expect a recession to begin in 2020, and even more see an economic slowdown coming in 2021.

That's according to the new quarterly Duke University-CFO Global Business Outlook survey published Wednesday.

Expectations for a 2020 recession actually declined a percentage point from the September outlook. But expectations for a 2021 slowdown rose nine points – to 76 percent from 67 percent – from the previous quarter.
The survey’s results come as Gross Domestic Product growth in the US has slowed, a trade war drags on with China and political turmoil grips Washington amidst impeachment hearings and the 2020 presidential election.

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

In a video, Graham noted that during past presidential election cycles firms have tended to “take the foot off the gas” and thus impact economic activity.

Concerns have grown to the point that 56 percent of executives polled say their companies are already putting in place measures to deal with a slowdown.

Those include:

- Cutting costs
- Increasing liquidity
- Slashing back or delaying investment
- Strengthening balance sheets
Duke finance professor Campbell Harvey, a founder of the survey that has been conducted for nearly 25 years, says CFOs should not be surprised if a recession hits.

"Hoarding cash and reducing debt are the most obvious tactics to dull the blow of a recession," Harvey said.

"During the last recession, CFOs could genuinely say that their lack of planning was a result of a sharp downturn that was a surprise to most. However, it would be foolhardy to claim that the recession in 2020 or 2021 was a surprise."

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Boom times over? NC to add fewer jobs in 2020 as economy slows, forecast says

The New Year of 2020 will not be a booming year economically for North Carolina after recent years of more robust growth, says North Carolina State University economist Dr. Mike Walden.