Coronavirus pandemic pushes CFO optimism to lowest level since 2008 recession

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The coronavirus pandemic has driven optimism among most American CFOs to the lowest level since the 2008 financial crisis, according to a new survey released Wednesday.

The Duke University and CFO Global Business Outlook found that business optimism among CFO plummeted during the two weeks ending April 3. During that same period, more than 12 million Americans filed for first-time unemployment benefits, a stunning sign of the economic calamity inflicted by the virus outbreak.
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42, the worst level since the Great Recession more than a decade ago. Before cities and states implemented strict stay-at-home measures and directed businesses deemed nonessential to close the index was at 58.

“The index has proven to be a good predictor of future GDP and unemployment, anticipating that the economy will perform as poorly in 2020 than during the Great Recession,” said John Graham, a finance professor at Duke University and director of the survey.

Before March 15, American businesses said they intended to increase payrolls by more than 4 percent and up spending by about 5 percent over the next year. But in the latter half of the month, employers reversed course, saying they expected to reduce employment by 1.2 percent and lower spending by percent.

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“We have already seen a bigger jump in unemployment in the past three weeks than during entire Great Recession, so there is good reason optimism has fallen,” said Campbell Harvey, a founding director of the survey and Duke finance professor. “CFOs are fighting their own war for the survival of their companies.”

Graham cautioned the outlook could darken: Only one-third of U.S. firms believe that the virus poses a large financial risk. About half of respondents said they faced a medium risk from the outbreak.

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The CFOs of the companies surveyed expressed more pessimism about the economic situation, according to the study. But under the best-case scenario, CFOs said sales revenue could increase 4 percent.

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