and their own companies' prospects, according to Deloitte's CFO Signals survey for the first quarter (1Q 2017).

Mar. 29, 2017

CFOs in the U.S. and Canada have increased optimism on macroeconomic conditions and their own companies' prospects, according to Deloitte's *CFO Signals* survey for the first quarter (1Q 2017).

Surveyed CFOs' net optimism spiked to a survey high of +50.0 from last quarter's +23.4, as nearly 60 percent of CFOs said they were more optimistic about their own companies' prospects compared to last quarter, while just 10 percent said they were less optimistic.

"The dramatic increase in positive sentiment and outlook among CFOs surveyed is one of the most pronounced in the seven-year history of this survey," said Sandy Cockrell III, national managing partner of the U.S. CFO Program, Deloitte LLP. "CFOs expressed optimism across a range of measures, from their outlooks on global economies to their expectations for key metrics, such as capital spending and earnings growth. It suggests that CFOs are feeling quite bullish and are prepared to act on that sentiment."

CFOs' assessments of global economies are also overwhelmingly positive. Perceptions of North America's economy hit a four-year high, with 66 percent of CFOs saying conditions are currently good and 62 percent expecting conditions to be better in a year. Regarding Europe, 12 percent of CFOs think conditions are currently good, and 28 percent expect them to be better in a year. Similarly, perceptions on China's economy continued to improve from survey lows recorded in the first quarter of 2016, with 20 percent of CFOs saying conditions are currently good and 19 percent expecting them to be better in a year.

“The rebound in confidence around the world is in line with the strengthening of

percent to 2.1 percent from last quarter, their highest level in nearly two years.

Buoyed by the positive sentiment, surveyed CFOs’ business focus appears to be on offense versus defense over the next year. Nearly 60 percent of CFOs say they are biased toward revenue growth, while only 18 percent say they are biased toward cost reduction. Similarly, 59 percent of CFOs say they are biased toward investing cash — the highest level in more than three years — while only 15 percent say they are biased toward returning cash to shareholders. CFOs also favor focusing on current geographies over new ones (67 percent versus 13 percent), the widest margin in the history of the survey, and organic growth (58 percent) over inorganic growth (21 percent).

“Collective outlook for CFOs has improved significantly since the last survey, with CFOs voicing high hopes for lower taxes, a more business-friendly regulatory environment and better economic growth,” said Greg Dickinson, managing director, Deloitte LLP, who leads the North American *CFO Signals* survey. “As legislative priorities and policy details evolve, it will be interesting to see how companies adapt and how their longer-term expectations and plans change.”

Deloitte’s first-quarter 2017 *CFO Signal’s* survey also provides CFOs’ views on corporate tax and international trade policies as well as detailed findings by industry. To download a copy of the survey, please visit: www.deloitte.com/us/cfosignals2017Q1.

Accounting