



Euro currency crisis dents confidence among CFOs

Thirty percent of all European Chief Financial Officers (CFOs) favour expelling Greece from the European single currency. A substantial majority also view Greece, Spain and Italy as a serious threat to the financial stability of Europe. These are the findings of the latest CFO survey carried out by Tilburg University and Duke University. CFOs anticipate a rise in profits. They also expect to be able to invest significantly and create more jobs. But despite this, economic optimism about their own countries has declined.

CFOs are rather more pessimistic about the prospects for the European economy as a whole than those of their own company. Eighty percent of them view the situation in southern Europe as a serious threat to financial stability in Europe and around 70% of European companies expect to suffer negative consequences if the financial position of Spain and Italy deteriorates in the next few months. However, the same proportion of CFOs also expect the emergency measures announced by European leaders and the major central banks to have a favourable effect on the European economy and the euro.

The prospects for 2010

European companies anticipate that profits will rise by 13% compared to last year, while investment will be up by 7% and dividend pay-outs will rise by 6%. The number of permanent employees will remain fairly stable, but the number of employees on temporary contracts will rise by 2%. Three months ago, CFOs were still expecting the average number of employees to fall. The anticipated rise in profit figures and the increase in job creation are very positive signals for the economy as a whole. Ninety percent of CFOs expect a positive overall result for their business in 2010. Yet despite all of this, economic optimism among European CFOs has fallen clearly compared to the last quarter.

The euro

Opinion remains divided on the euro. Sixty-six percent of CFOs think that the euro has brought greater prosperity to Europe, while 16% disagree. Remarkably, 30% of CFOs believe that Greece should be expelled from the euro, and fully 9% believe that not only Greece but Spain and Italy too should now be made to exchange the euro for national currency units. A slide in the value of the euro would be bad for 31% of companies, but would actually have a positive effect on 47%. Fourteen percent of CFOs believe, by contrast, that the single European currency has been a mistake and that European countries should have kept their own national currencies.

About the CFO survey

All the figures quoted above are taken from the CFO Survey Europe for the second quarter of 2010. Every quarter, CFOs in Europe, the US, Asia and China are questioned about their economic expectations. The CFO Survey is carried out by Tilburg University, Duke University (Durham, North Carolina) and CFO Magazine. Kees Koedijk, dean of the Tilburg School of Economics and Management at Tilburg University, set up the European arm of this worldwide survey.

Note for the press

It is possible to view the full results and topline tables for this CFO survey, and past surveys, on www.cfosurveyeurope.org. For more information, please contact Reggy Peters at the Tilburg School of Economics and Management. Telephone (+31) 13 466 8923, e-mail r.p.peters@uvt.nl.