

2016 CFO Outlook

STRATEGIES IN MOTION

Confidence continues to rise among U.S. business leaders. For the fifth straight year, respondents to our annual CFO Outlook survey have boosted their expectations for U.S. economic growth, while sharply reducing many economic concerns. CFOs also remain committed to doing business internationally, with 34% seeing growth opportunities outside of the U.S. Heading into 2016, CFOs are closely monitoring the U.S. elections, interest rates and labor costs for potential business impacts.

U.S. AND WORLD ECONOMIES

Most CFOs anticipate ongoing, steady growth for the U.S. economy. U.S. economic ratings are the highest since 2008, and have risen 28% since 2012. Global ratings are

KEY TAKEAWAYS

Confidence in the U.S. economy continues to grow. Respondents to our annual CFO Outlook survey see more opportunities than at any point since 2008

down slightly, due to the possibility of slowing growth in China and Europe. While most economic concerns continue to shrink - some by nearly 20% compared to just two years ago - a majority of CFOs feel the 2016 elections may introduce new uncertainties, including new regulations and changes to minimum wage. Rising interest rates and a stronger U.S. dollar may impede exports, while creating attractive, lower-cost acquisition opportunities overseas.

About 90% of CFOs expect to grow sales, and more than half plan to hire new full-time employees

Proactive strategies - such as upgrading technology, optimizing the balance sheet and pursuing M&A deals - can help drive growth in 2016

Positive U.S. economic and business sentiment is prompting more companies to implement multiple growth strategies and hire new full-time employees to help achieve them. A stronger economic environment can also drive other proactive approaches, such as upgrading technology and infrastructure, optimizing debt, equity and risk ratios, and pursuing M&A deals.

TAKING ACTION

While overall sentiment continues to improve, economic challenges and uncertainties may lie ahead. Here are some considerations to help you maximize your opportunities in the coming year.

1. Think proactively about boosting production, launching new products or buying a competitor.
2. Lean toward growth strategies that you can execute with a responsible leverage profile.
3. Look for attractive acquisition opportunities overseas as the U.S. dollar strengthens.
4. Invest in your systems to gain process efficiencies, prevent fraud, and expand your customer base through new channels.
5. Evaluate your exposure to fluctuating commodity prices and consider new hedging strategies.
6. Head off M&A pricing challenges by incorporating synergies - such as increased operational efficiency and purchasing power - into your valuation assumptions.

ABOUT THE SURVEY

The 2016 CFO Outlook Survey reflects insights gathered by Granite Research Consulting, which conducted 500 interviews with U.S. financial executives - primarily CFOs -

between September 16, 2015 and November 3, 2015.
Survey participants represent a broad cross section of
American companies and regions.

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