Most American CFOs expect a recession by the 2020 election

Duke University has released its report on business optimism for the third quarter of 2019, and the results make for gloomy reading.

The CFO Global Business Outlook survey found that business optimism was at its lowest level in three years and that respondents largely thought a recession before the 2020 election seemed likely.

The survey has been going for 94 consecutive quarters and is viewed as a good barometer of the overall health of the economy, as it gives insight into what corporate financial planners are thinking. Duke boasts that it has historically been an accurate indicator of hiring and gross-domestic-product growth, which both fell in the third quarter.

The survey found pessimism was rising, as 55% of CFOs had become more pessimistic than in the second quarter, while only 12% were still optimistic.

“The CFOs’ views are consistent with other important indicators, such as the inversion of the yield curve,” said Campbell Harvey, a Fuqua finance professor who was a founding director of the survey.

“Executives don’t want to be caught unprepared for the next recession, like they were in the global financial crisis,” he added.

Duke said economic uncertainty was to blame, adding that these concerns were similar worldwide.

“Business spending is often weak in the face of economic uncertainty, which is what the survey finds in the US, with a less than 1% increase in capital spending expected over the next 12 months,” the survey said.

“Optimism is low in all regions of the world, which exacerbates any slowdown occurring in the US,” Graham added.

More worryingly, 53% of American CFOs believed that there would be a recession by the 2020 election and two-thirds saw one coming by the end of 2020.

“This is the lowest growth since September 2016, and the second-lowest growth since December 2009,” it added.

Source: Markets Insider (09/18/19)
### SEPTEMBER 2019

#### REGIONAL LAYOFF ACTIVITY

**Labor Force by NOVA Jurisdiction — Santa Clara County (partial) + San Mateo County (complete)**

<table>
<thead>
<tr>
<th>Region</th>
<th>August 2018</th>
<th>August 2019</th>
<th>Change</th>
<th>August 2018</th>
<th>August 2019</th>
<th>Change</th>
<th>August 2018</th>
<th>August 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose–Sunnyvale MSA</td>
<td>456,700</td>
<td>463,500</td>
<td>+ 1.5%</td>
<td>10,600</td>
<td>10,000</td>
<td>– 5.7%</td>
<td>2.3%</td>
<td>2.1%</td>
<td>– 0.2%</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td>1,050,400</td>
<td>1,063,100</td>
<td>+ 1.2%</td>
<td>28,500</td>
<td>27,900</td>
<td>– 2.1%</td>
<td>2.7%</td>
<td>2.6%</td>
<td>– 0.1%</td>
</tr>
<tr>
<td>Cupertino</td>
<td>30,000</td>
<td>30,300</td>
<td>+ 1.0%</td>
<td>800</td>
<td>800</td>
<td>0.0%</td>
<td>2.8%</td>
<td>2.5%</td>
<td>– 0.3%</td>
</tr>
<tr>
<td>Los Altos</td>
<td>14,900</td>
<td>15,100</td>
<td>+ 1.3%</td>
<td>400</td>
<td>400</td>
<td>0.0%</td>
<td>2.5%</td>
<td>2.6%</td>
<td>+ 0.1%</td>
</tr>
<tr>
<td>Milpitas</td>
<td>41,800</td>
<td>42,300</td>
<td>+ 1.2%</td>
<td>1,200</td>
<td>1,200</td>
<td>0.0%</td>
<td>2.9%</td>
<td>2.9%</td>
<td>0.0%</td>
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<tr>
<td>Mountain View</td>
<td>51,500</td>
<td>52,200</td>
<td>+ 1.4%</td>
<td>1,000</td>
<td>1,000</td>
<td>0.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>36,100</td>
<td>36,400</td>
<td>+ 0.8%</td>
<td>900</td>
<td>700</td>
<td>– 22.2%</td>
<td>2.4%</td>
<td>2.0%</td>
<td>– 0.4%</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>70,300</td>
<td>71,200</td>
<td>+ 1.3%</td>
<td>1,800</td>
<td>1,700</td>
<td>– 5.6%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>88,000</td>
<td>89,000</td>
<td>+ 1.1%</td>
<td>2,000</td>
<td>1,900</td>
<td>– 5.0%</td>
<td>2.3%</td>
<td>2.1%</td>
<td>– 0.2%</td>
</tr>
<tr>
<td>NOVA Region</td>
<td>789,300</td>
<td>800,000</td>
<td>+ 1.4%</td>
<td>18,700</td>
<td>17,700</td>
<td>– 5.3%</td>
<td>2.4%</td>
<td>2.2%</td>
<td>– 0.2%</td>
</tr>
</tbody>
</table>

#### WARN SUMMARY

**Events YTD**: 15

**Individuals Affected YTD**: 855

**Individuals Previous YTD**: 558

* WARN: Worker Adjustment and Retraining Notification (notice of mass layoff or closure)

† YTD: Year to Date

‡ Previous YTD: (Same date range as YTD, one year prior)

#### Note:

- Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database

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**Note:**

- NOVA Region consists of seven cities in Northern Santa Clara County and the entirety of San Mateo County
- Source: California Employment Development Department, LMID