

Acadiana CFO Roundtable
Moody College of Business Sentiment Index
for the 2nd Quarter of 2011

Linus Wilson

Assistant Professor of Finance

University of Louisiana at Lafayette

linuswilson@louisiana.edu

www.linuswilson.com

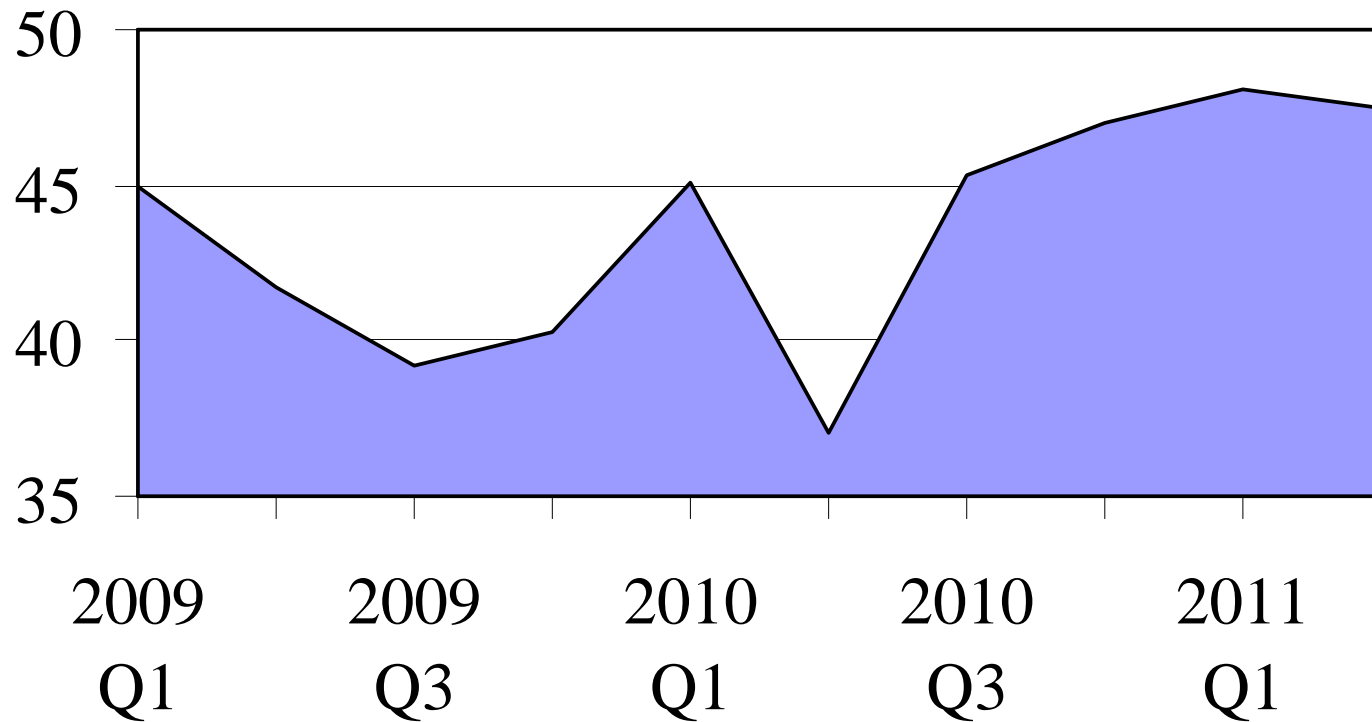
(337) 482-6209

September 2011

Results

- Index is **47.5 out of 100**. This is worse than “normal.” A reading of 50 is supposed to be about normal.
- The reading of is slightly lower than the record high in Q1 2011.
- There were 17 Acadiana business leaders surveyed. The survey was conducted online in July 2011 and August 2011.

The CFO Roundtable Business Sentiment Index has leveled off.



12-Question CFO Roundtable Survey

- Business conditions in Acadiana (2 questions)
- Business conditions for one's firm (2 questions)
- Costs and suppliers (2 questions)
- Price v. cost margins (1 question)
- Inventories (1 question)
- Availability and the cost of borrowing (2 questions)
- Firm description (2 questions)

The responses to the first 10 questions are used to calculate the Business Sentiment Index...

First 10 questions make up the Business Sentiment Index.

- 0-to-100 scale.
 - 100 = high level of economic activity (boom)
 - 0 = the economy goes bust!
- 50 is a “typical” reading...If all possible responses are evenly distributed among the choices, you will get a reading of 50.
- A 50 is normal.
- The points are based on the percent of responses to a particular question choice.
- The index was 47.53 in Q2 2011, which is a slight drop from 48.03 in Q1 2011.

Question 1: Business conditions in Acadiana are improving.

Select the choice that best describes your expectations regarding the trend in business conditions facing the Acadiana economy. Economic conditions in Acadiana are _____.

Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. improving	41.2%	7	10	4.12
b. staying the same	52.9%	9	5	2.65
c. becoming more challenging	5.9%	1	0	0.00
<i>answered question</i>		17	Total	6.76
<i>skipped question</i>		0	% Max	67.6%

Question 2: Business conditions in Acadiana are worse than normal.

Select the choice that best describes the current state of economic conditions facing the Acadiana economy. Economic conditions for Acadiana are _____.

Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. better than normal	5.9%	1	12	0.71
b. normal	58.8%	10	6	3.53
c. worse than normal	35.3%	6	0	0.00
<i>answered question</i>		17	Total	4.24
<i>skipped question</i>		0	% Max	35.3%

Question 3: Respondents are divided about whether conditions for their firms are improving or worsening.

Select the choice that best describes your expectations regarding the trend in business conditions facing your firm. Business conditions for my firm are _____.				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. Improving	37.5%	6	10	3.75
b. staying the same	25.0%	4	5	1.25
c. becoming more challenging	37.5%	6	0	0.00
<i>answered question</i>		16	Total	5.00
<i>skipped question</i>		1	% Max	50.0%

Question 4: Current business conditions are normal or worse than normal at most respondents' firms.

Select the choice that best describes the current state of business conditions facing your firm. Business conditions for my firm are _____.				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. better than normal	17.6%	3	12	2.12
b. normal	47.1%	8	6	2.82
c. worse than normal	35.3%	6	0	0.00
<i>answered question</i>		17	Total	4.94
<i>skipped question</i>		0	% Max	41.2%

Question 5: Intermediate goods prices are rising.

The prices of the goods and services my firm buys are				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. increasing by more than 10 percent per year.	5.9%	1	0	0.00
b. increasing by 5-to-10 percent per year.	29.4%	5	1	0.29
c. increasing by more than 1 percent per year but less than 5 percent per year.	52.9%	9	2	1.06
d. increasing by less than 1 percent per year or are decreasing in price.	11.8%	2	3	0.35
<i>answered question</i>		17	Total	1.71
<i>skipped question</i>		0	% Max	56.9%

Question 6: Suppliers are tougher to find for many firms.

Complete the following statement. Over the last year it				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. has become more difficult to find the suppliers of the goods and services essential to my business.	31.3%	5	0	0.00
b. is no more or less difficult to find the suppliers of the goods and services essential to my business.	68.8%	11	1	0.69
c. is easier to find the suppliers of the goods and services essential to my business.	0.0%	0	2	0.00
<i>answered question</i>		16	Total	0.69
<i>skipped question</i>		1	% Max	34.4%

Question 7: Margins are shrinking for many firms.

The margin between the prices of the goods or services we sell and the costs of producing those goods or services are for the most part _____.

Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. increasing	13.3%	2	12	1.60
b. steady	53.3%	8	6	3.20
c. decreasing	36.0%	5	0	0.00
<i>answered question</i>		15	Total	4.80
<i>skipped question</i>		2	% Max	40.0%

Question 8: Inventories for many firms are rising.

Due to unexpected changes in demand for my firm's products, the following best describes the change in inventories at my firm.				
Answer Options	Percent Contribution	Response Count	Index Points	Contribution to the Index
a. Inventory levels are increasing.	40.0%	2	0	0.00
b. Inventory levels are steady.	40.0%	2	6	2.40
c. Inventory levels are declining.	20.0%	1	12	2.40
d. This statement is not applicable to my firm.	0.0%	11	0	0.00
<i>answered question</i>		16	Total	4.80
<i>skipped question</i>		1	% Max	40.0%

Not applicable responses do not contribute to the index.

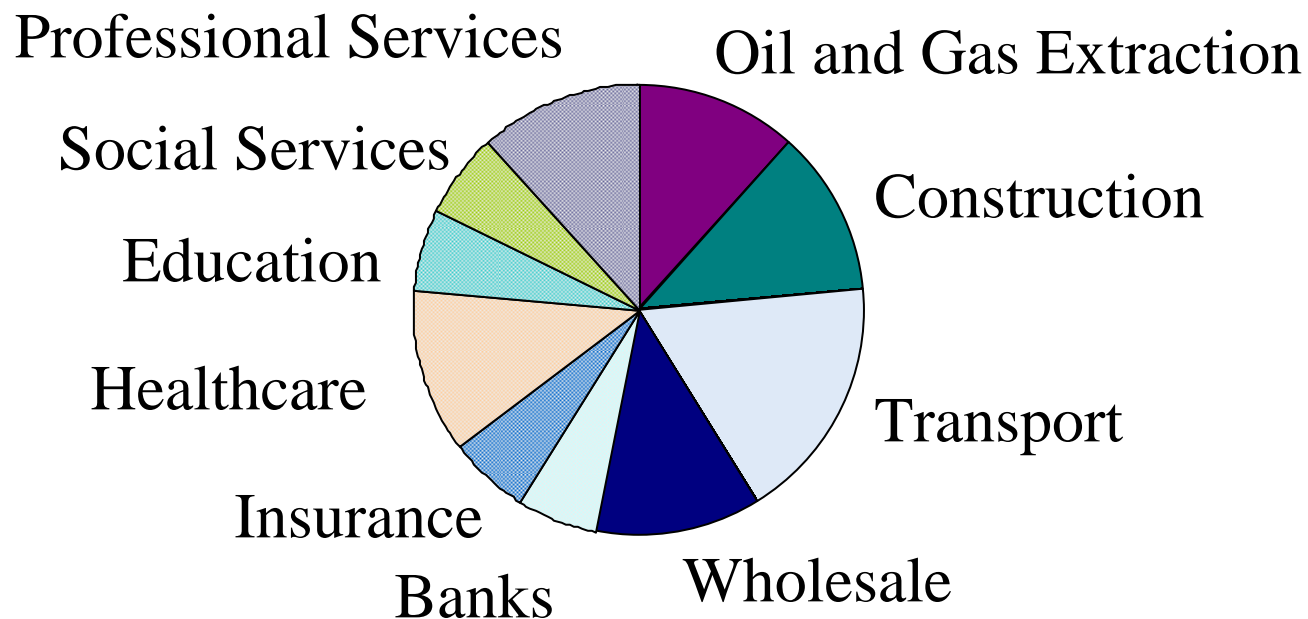
Question 9: Borrowing has become more difficult for some firms.

It has become harder for my firm to borrow money over the last twelve months.				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. True	33.3%	5	0	0.00
b. False	66.7%	10	11	7.33
<i>answered question</i>		15	Total	7.33
<i>skipped question</i>		2	% Max	66.7%

Question 10: Borrowing costs are steady.

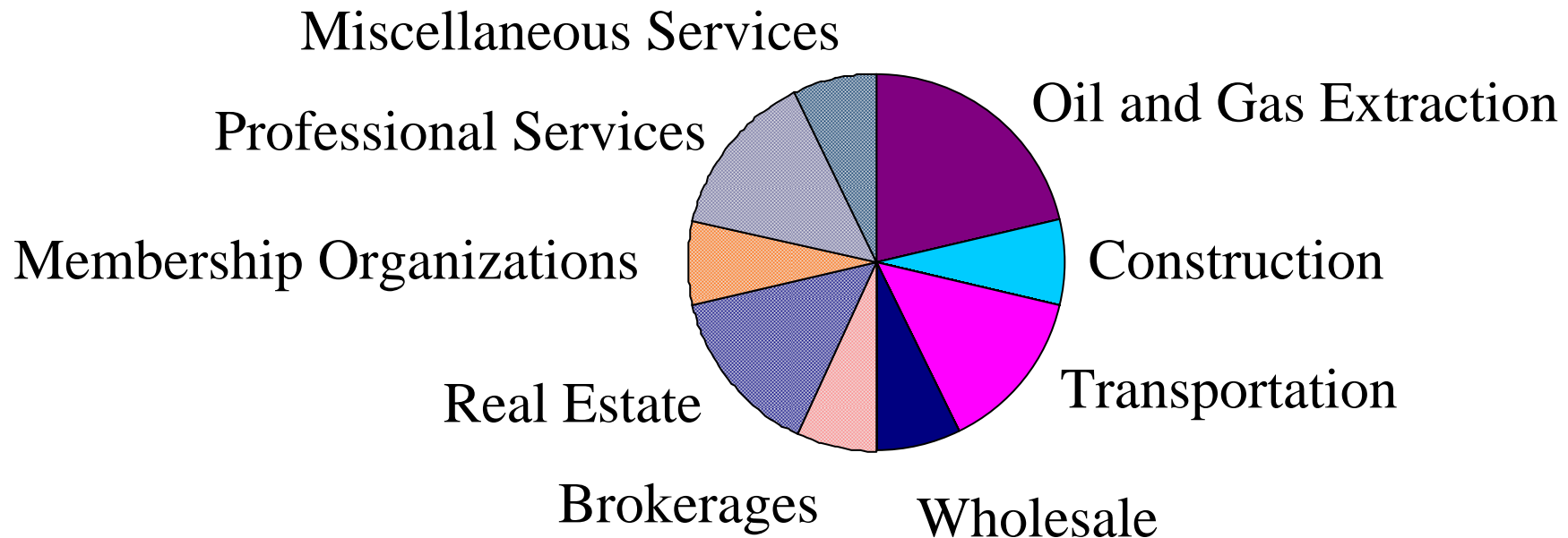
The interest rate on new borrowing over the last twelve months for my firm has _____.				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. increased by more than 2 percent	0.0%	0	0	0.00
b. increased by & 0.5-to-2 percent	14.3%	2	4	0.57
c. not increased or decreased by more than & 0.5 percent	71.4%	10	8	5.71
d. decreased by & 0.5-to-2 percent	14.3%	2	12	1.71
e. decreased by more than 2 percent	0.0%	0	16	0.00
<i>answered question</i>		14	Total	8.00
<i>skipped question</i>		3	% Max	50.0%

Question 11: Primary line of business of respondents



There were 17 responses to this question.

Question 12: Secondary line of business of respondents



There were 14 responses to this question.