

Acadiana CFO Roundtable
Moody College of Business Sentiment Index
for Q2, Q3, and Q4 2012

Linus Wilson

Assistant Professor of Finance

University of Louisiana at Lafayette

linuswilson@louisiana.edu

www.linuswilson.com

(337) 482-6209

February 2013

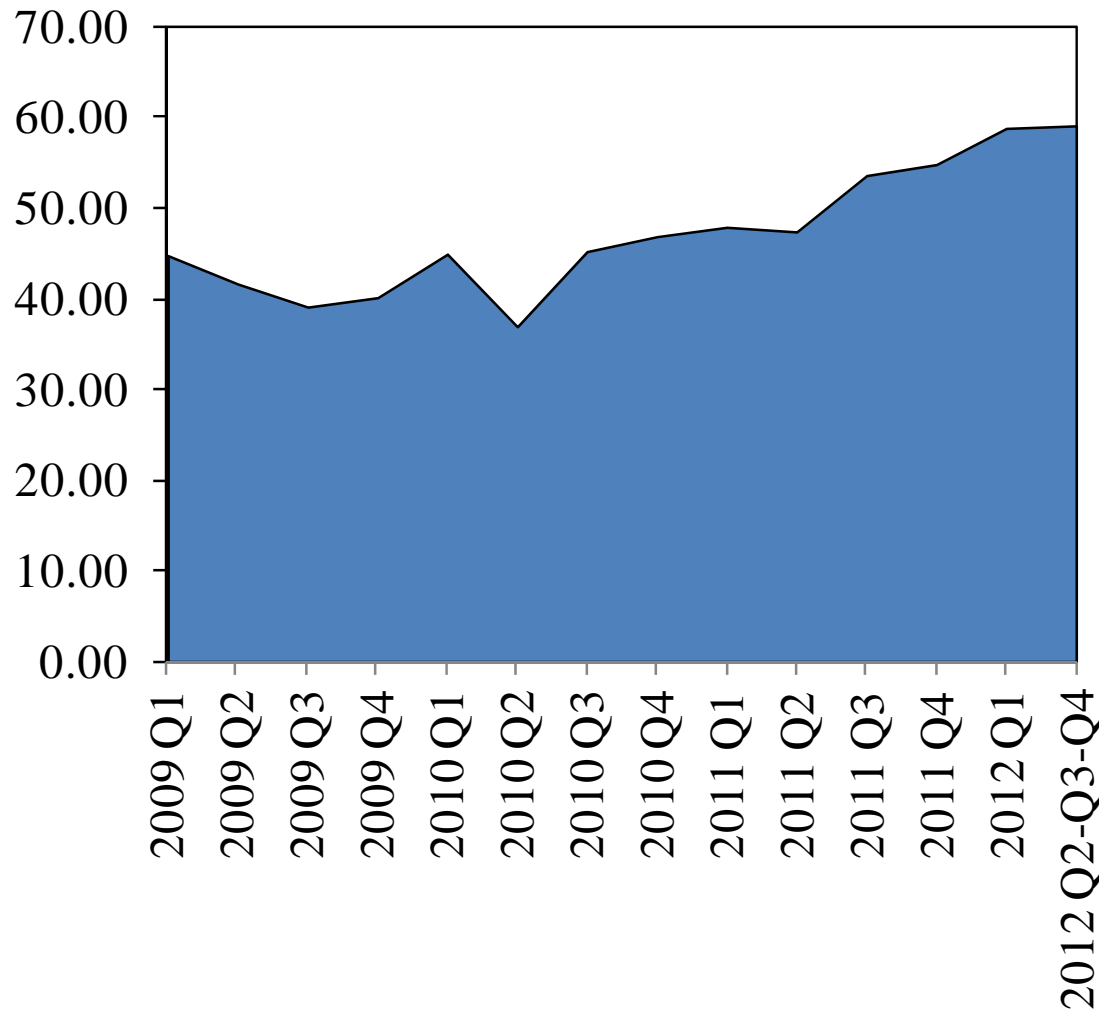
Results

- Index is **59.0 out of 100**. This is better than “normal.” A reading of 50 is supposed to be about normal.
- This is a record high for the index! This is just the fourth time that the sentiment index topped 50.
- There were 13 Acadiana business leaders surveyed. The survey was conducted online in January 2012.

Why does this survey cover three quarters?

- The last survey was conducted in August 2012 and preceded the October 2012 CFO Roundtable meeting, but it was named the Q1 2012 survey.
- Over the last few years, the CFO Roundtable has met three times a year more often than four times a year. Since the survey tracks the meetings, the stated quarter it has covered has lagged the actual dates when the survey was conducted.
- To better track the dates with the survey name, the survey quarters will be all quarters that have passed since the last survey. Thus, if the last survey was named Q1 2012, this survey was named Q2-Q3-Q4 2012.
- In the future, surveys should only cover one or two quarters with this change in nomenclature.

The CFO Roundtable Business Sentiment Index has trended upward.



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 58.98 in Q1 2012. The latest index reading was 59.26.

Question 1: Business conditions in Acadiana are improving.

<p>Select the choice that best describes your expectations regarding the trend in business conditions facing the Acadiana economy. Economic conditions in Acadiana are _____.</p>				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. improving	53.8%	7	10	5.38
b. staying the same	46.2%	6	5	2.31
c. becoming more challenging	0.0%	0	0	0.00
<i>answered question</i>		13	Total	7.69
<i>skipped question</i>		0	% Max	76.9%

Question 2: Business conditions in Acadiana are better 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	46.2%	6	12	5.54
b. normal	53.8%	7	6	3.23
c. worse than normal	0.0%	0	0	0.00
<i>answered question</i>		13	Total	8.77
<i>skipped question</i>		0	% Max	73.1%

Question 3: Most persons surveyed see conditions for their firms as steady or improving.

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	38.5%	5	10	3.85
b. staying the same	38.5%	5	5	1.92
c. becoming more challenging	23.1%	3	0	0.00
<i>answered question</i>		13	Total	5.77
<i>skipped question</i>		0	% Max	57.7%

Question 4: Current business conditions are below normal for some 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	7.7%	1	12	0.92
b. normal	69.2%	9	6	4.15
c. worse than normal	23.1%	3	0	0.00
<i>answered question</i>		13	Total	5.08
<i>skipped question</i>		0	% Max	42.3%

Question 5: Intermediate goods prices are rising rapidly.

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.	0.0%	0	0	0.00
b. increasing by 5-to-10 percent per year.	15.4%	2	1	0.15
c. increasing by more than 1 percent per year but less than 5 percent per year.	76.9%	10	2	1.54
d. increasing by less than 1 percent per year or are decreasing in price.	7.7%	1	3	0.23
<i>answered question</i>		13	Total	1.92
<i>skipped question</i>		0	% Max	64.1%

Question 6: Suppliers are no tougher to find for most 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.	0.0%	0	0	0.00
b. is no more or less difficult to find the suppliers of the goods and services essential to my business.	92.3%	12	1	0.92
c. is easier to find the suppliers of the goods and services essential to my business.	7.7%	1	2	0.15
<i>answered question</i>		13	Total	1.08
<i>skipped question</i>		0	% Max	53.8%

Question 7: Margins are shrinking for half the respondent's 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	8.3%	1	12	1.00
b. steady	41.7%	5	6	2.50
c. decreasing	50.0%	6	0	0.00
<i>answered question</i>		12	Total	3.50
<i>skipped question</i>		1	% Max	29.2%

Question 8: Inventories are falling or steady for most firms.

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.	25.0%	1	0	0.00
b. Inventory levels are steady.	50.0%	2	6	3.00
c. Inventory levels are declining.	25.0%	1	12	3.00
d. This statement is not applicable to my firm.	0.0%	8	0	0.00
<i>answered question</i>		12	Total	6.00
<i>skipped question</i>		1	% Max	50.0%

Not applicable responses do not contribute to the index.

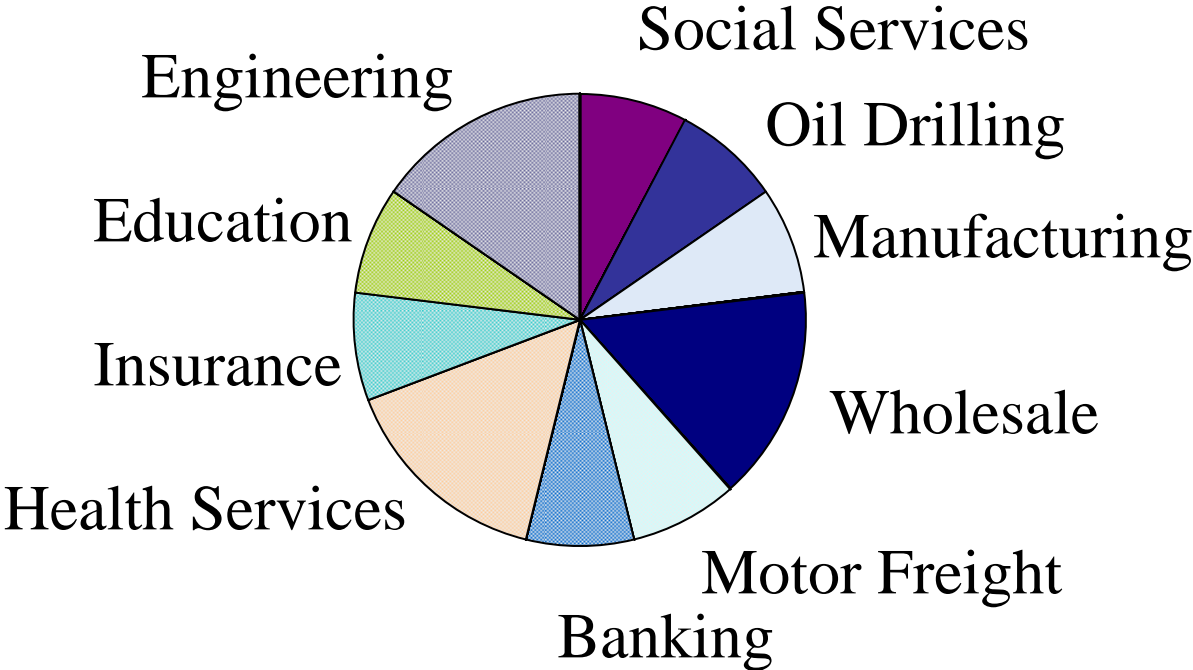
Question 9: Credit is widely available.

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	9.1%	1	0	0.00
b. False	90.9%	10	11	10.00
<i>answered question</i>		11	Total	10.00
<i>skipped question</i>		2	% Max	90.9%

Question 10: Borrowing costs are steady or declining.

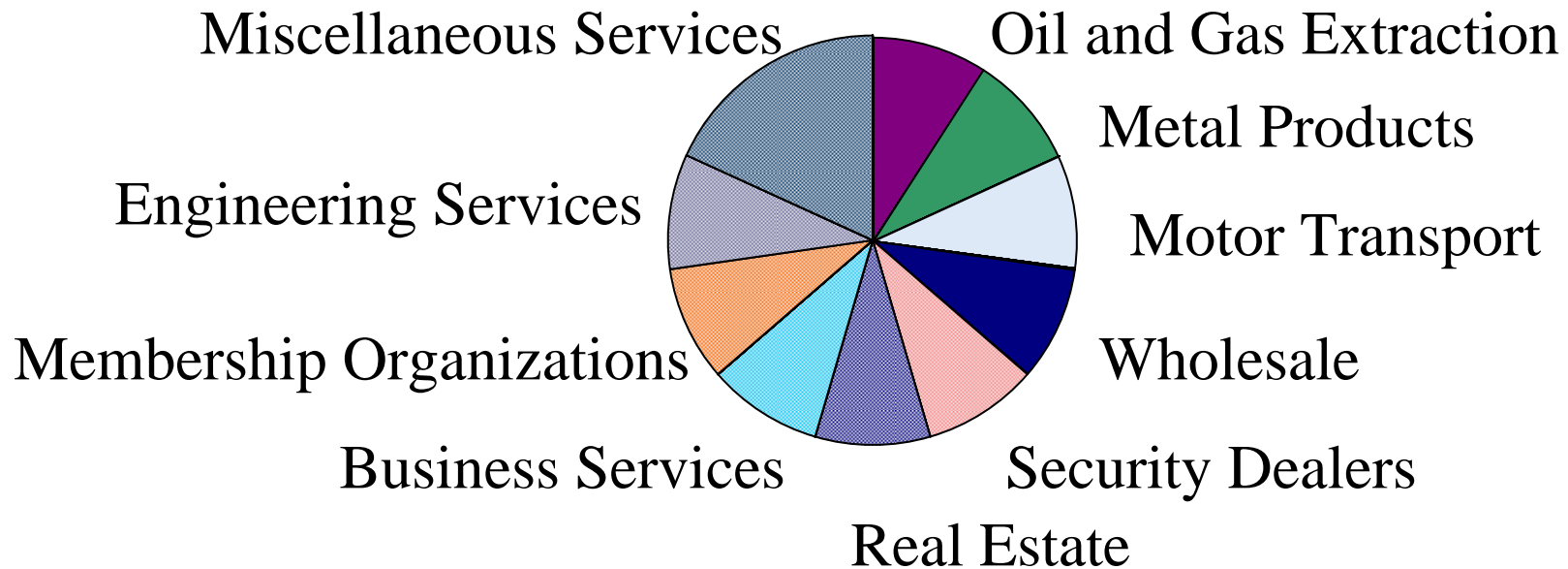
The interest rate on new borrowing over the last twelve months for my firm has _____.				
Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. increased by more than 2 percent	0.0%	0	0	0.00
b. increased by & 0.5-to-2 percent	0.0%	0	4	0.00
c. not increased or decreased by more than & 0.5 percent	63.6%	7	8	5.09
d. decreased by & 0.5-to-2 percent	36.4%	4	12	4.36
e. decreased by more than 2 percent	0.0%	0	16	0.00
<i>answered question</i>		11	Total	9.45
<i>skipped question</i>		2	% Max	59.1%

Question 11: Primary line of business of respondents



There were 13 responses to this question.

Question 12: Secondary line of business of respondents



There were 11 responses to this question.