

## Acadiana CFO Roundtable Moody College of Business Sentiment Index for the 2nd Quarter of 2010

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July 2010

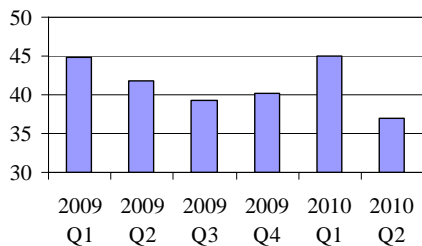
1

## Results

- Index is **37 out of 100**. This is worse than “normal.” A reading of 50 is supposed to be about normal.
- The 8.02 point drop is the largest one-quarter drop since the survey began in Q1 2009. This is also the lowest reading of the survey. The previous record low reading was 39 in Q3 2009.
- The Deepwater Horizon oil spill and the proposed federal drilling moratorium, both of which emerged in Q2 2010, have both likely contributed to a steep fall in business sentiment in Acadiana.
- There were 21 Acadiana business leaders surveyed. The survey was conducted online in July 2010.

2

## The CFO Roundtable Business Sentiment Index fell 8 points from last quarter.



Old surveys can be accessed online at  
<http://www.moody.louisiana.edu/joomla/index.php/cfo-roundtable/211-acadiana-cfo-roundtable-survey-results>

3

## 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...*

4

## 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 37.05 in Q2 2010, which is a fall from 45.07 in Q1 2010.

5

## Question 1: Business conditions in Acadiana are deteriorating.

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	9.5%	2	10	0.95
b. staying the same	19.0%	4	5	0.95
c. becoming more challenging	71.4%	15	0	0.00
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>1.90</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>19.0%</b>

This is a big fall from the previous quarter's reading of 4.5.

6

**Question 2: Business conditions in Acadiana are currently very challenging.**

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	0.0%	0	12	0.00
b. normal	19.0%	4	6	1.14
c. worse than normal	81.0%	17	0	0.00
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>1.14</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>9.5%</b>

This is a fall from the previous quarter's low reading.

**Question 3: Respondents' firms face worsening business conditions.**

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	23.8%	5	10	2.38
b. staying the same	9.5%	2	5	0.48
c. becoming more challenging	66.7%	14	0	0.00
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>2.86</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>28.6%</b>

This is a substantial drop from the previous quarter's reading.

**Question 4: Current business conditions are challenging at 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	9.5%	2	12	1.14
b. normal	42.9%	9	6	2.57
c. worse than normal	47.6%	10	0	0.00
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>3.71</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>31.0%</b>

This slightly improved from the previous quarter's reading. Comparing this question to question 2, it appears that respondents believe that their firms are doing better than the Acadiana economy as a whole.

**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.	4.8%	1	0	0.00
b. increasing by 5-to-10 percent per year.	19.0%	4	1	0.19
c. increasing by more than 1 percent per year but less than 5 percent per year.	57.1%	12	2	1.14
d. increasing by less than 1 percent per year or are decreasing in price.	19.0%	4	3	0.57
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>1.90</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>63.5%</b>

**Question 6: Suppliers are available.**

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.	9.5%	2	0	0.00
b. is no more or less difficult to find the suppliers of the goods and services essential to my business.	76.2%	16	1	0.76
c. is easier to find the suppliers of the goods and services essential to my business.	14.3%	3	2	0.29
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>1.05</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>52.4%</b>

**Question 7: Markups of price above cost are shrinking.**

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	10.0%	2	12	1.20
b. steady	40.0%	8	6	2.40
c. decreasing	36.0%	10	0	0.00
<i>answered question</i>		<b>20</b>	<b>Total</b>	<b>3.60</b>
<i>skipped question</i>		<b>1</b>	<b>% Max</b>	<b>30.0%</b>

**Question 8: Inventories are rising somewhat.**

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%	4	0	0.00
b. Inventory levels are steady.	30.0%	3	6	1.80
c. Inventory levels are declining.	30.0%	3	12	3.60
d. This statement is not applicable to my firm.	0.0%	10	0	0.00
<i>answered question</i>		<b>20</b>	<b>Total</b>	<b>5.40</b>
<i>skipped question</i>		<b>1</b>	<b>% Max</b>	<b>45.0%</b>

- This is a slightly lower than last quarter's reading.
- Not applicable responses do not contribute to the index.

**Question 9: It is no harder for most firms to borrow.**

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	28.6%	6	0	0.00
b. False	71.4%	15	11	7.86
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>7.86</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>71.4%</b>

This is a slightly lower score than the Q1 2010 reading, indicating that credit may be harder to access for more firms than last quarter.

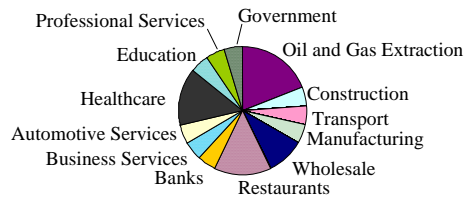
**Question 10: Borrowing costs are steady.**

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	9.5%	2	0	0.00
b. increased by & 0.5-to-2 percent	9.5%	2	4	0.38
c. not increased or decreased by more than & 0.5 percent	47.6%	10	8	3.81
d. decreased by & 0.5-to-2 percent	33.3%	7	12	4.00
e. decreased by more than 2 percent	0.0%	0	16	0.00
<i>answered question</i>		<b>21</b>	<b>Total</b>	<b>8.19</b>
<i>skipped question</i>		<b>0</b>	<b>% Max</b>	<b>51.2%</b>

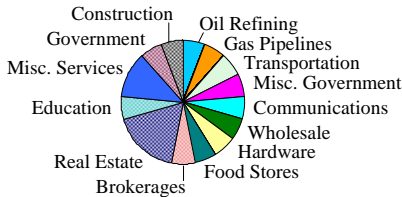
This is very similar to last quarter's reading.

**Question 11: Primary line of business of respondents**



There were 21 responses to this question.

**Question 12: Secondary line of business of respondents**



There were 17 responses to this question.