

Acadiana CFO Roundtable
Moody College of Business Sentiment Index
for the 3rd Quarter of 2010

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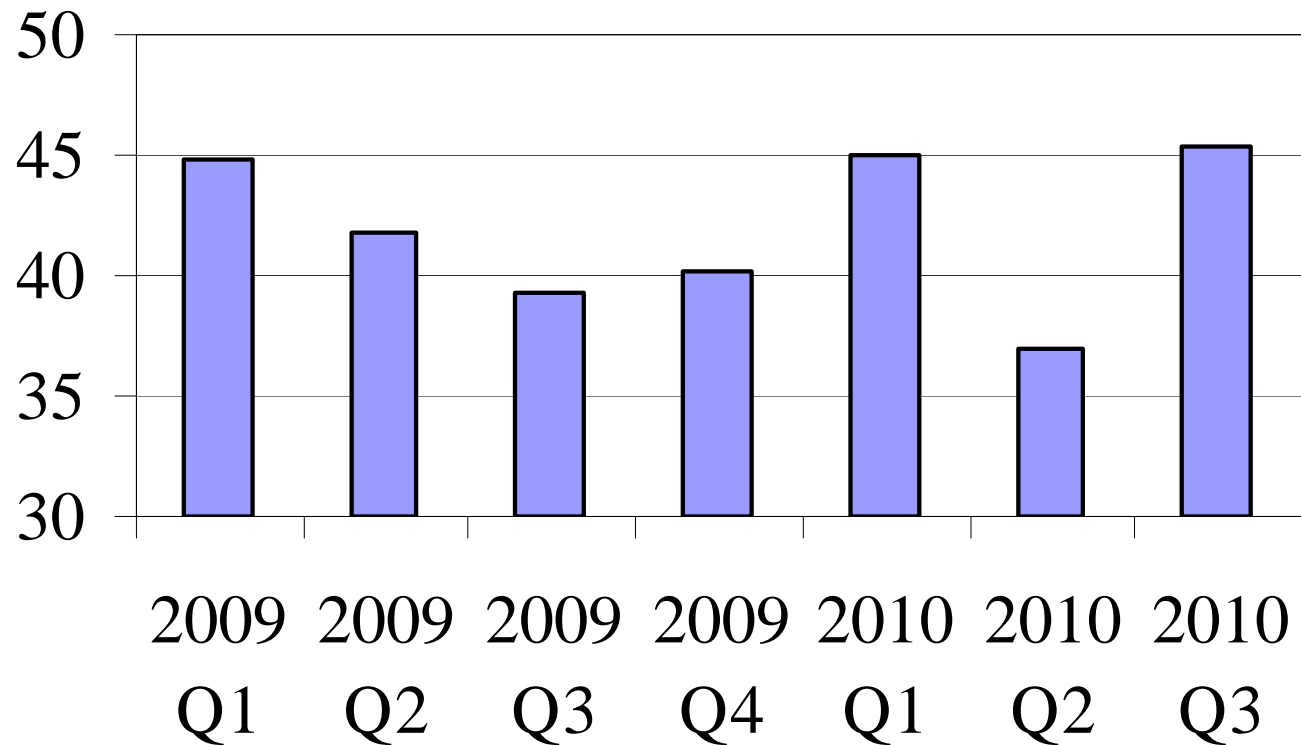
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December 2010

Results

- The index reading is **45 out of 100**. This is worse than “normal.” A reading of 50 is supposed to be about normal.
- The 8.31 point gain is the largest one-quarter gain since the survey began in Q1 2009. This is also the highest reading of the survey. The previous record high reading was 44.91 in Q1 2009.
- There were 14 Acadiana business leaders surveyed. The survey was conducted online in November and December 2010.

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



Old surveys can be accessed online at

http://moody.louisiana.edu/joomla/index.php/college-documents/cat_view/128-acadiana-cfo-roundtable

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 45.36 in Q3 2010, which is a rise from 37.05 in Q2 2010.

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	42.9%	6	10	4.29
b. staying the same	42.9%	6	5	2.14
c. becoming more challenging	14.3%	2	0	0.00
<i>answered question</i>		14	Total	6.43
<i>skipped question</i>		0	% Max	64.3%

This a big rise from the previous quarter's reading of 1.9.

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	21.4%	3	6	1.29
c. worse than normal	78.6%	11	0	0.00
<i>answered question</i>		14	Total	1.29
<i>skipped question</i>		0	% Max	10.7%

This is only slightly higher than the previous quarter.

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	0.0%	0	10	0.00
b. staying the same	21.4%	3	5	1.07
c. becoming more challenging	78.6%	11	0	0.00
<i>answered question</i>		14	Total	1.07
<i>skipped question</i>		0	% Max	10.7%

This is a 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	7.1%	1	12	0.86
b. normal	50.0%	7	6	3.00
c. worse than normal	42.9%	6	0	0.00
<i>answered question</i>		14	Total	3.86
<i>skipped question</i>		0	% Max	32.1%

This slightly improved from the previous quarter's reading.

Question 5: Intermediate goods prices are rising slowly.

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.	7.7%	1	1	0.08
c. increasing by more than 1 percent per year but less than 5 percent per year.	53.8%	7	2	1.08
d. increasing by less than 1 percent per year or are decreasing in price.	38.5%	5	3	1.15
<i>answered question</i>		13	Total	2.31
<i>skipped question</i>		1	% Max	76.9%

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.	7.7%	1	0	0.00
b. is no more or less difficult to find the suppliers of the goods and services essential to my business.	69.2%	9	1	0.69
c. is easier to find the suppliers of the goods and services essential to my business.	23.1%	3	2	0.46
<i>answered question</i>		13	Total	1.15
<i>skipped question</i>		1	% Max	57.7%

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	0.0%	0	12	0.00
b. steady	61.5%	8	6	3.69
c. decreasing	36.0%	5	0	0.00
<i>answered question</i>		13	Total	3.69
<i>skipped question</i>		1	% Max	30.8%

Question 8: Inventories are falling.

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.	20.0%	1	0	0.00
b. Inventory levels are steady.	40.0%	2	6	2.40
c. Inventory levels are declining.	40.0%	2	12	4.80
d. This statement is not applicable to my firm.	0.0%	8	0	0.00
<i>answered question</i>		13	Total	7.20
<i>skipped question</i>		1	% Max	60.0%

- This is higher 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	0.0%	0	0	0.00
b. False	100.0%	13	11	11.00
<i>answered question</i>		13	Total	11.00
<i>skipped question</i>		1	% Max	100.0%

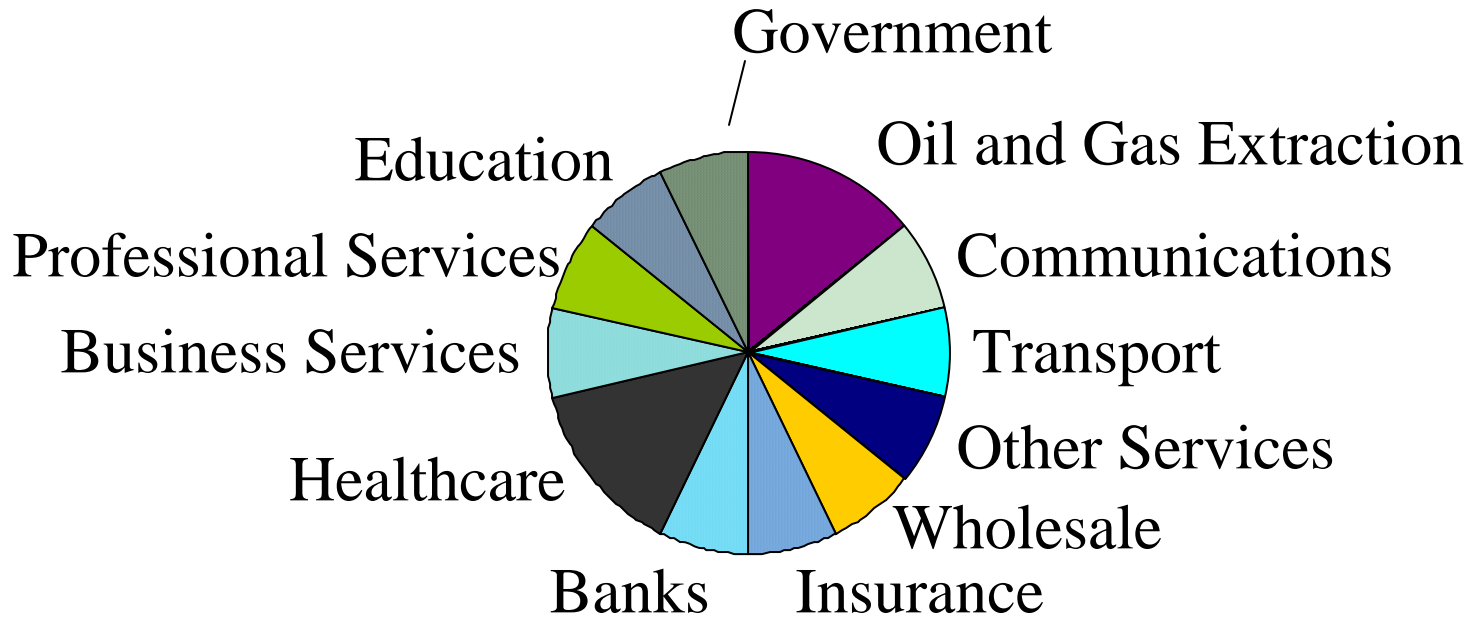
This is a higher score than the Q2 2010 reading, indicating that credit may be easier to access for more firms than last quarter.

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	0.0%	0	0	0.00
b. increased by & 0.5-to-2 percent	16.7%	2	4	0.67
c. not increased or decreased by more than & 0.5 percent	50.0%	6	8	4.00
d. decreased by & 0.5-to-2 percent	33.3%	4	12	4.00
e. decreased by more than 2 percent	0.0%	0	16	0.00
<i>answered question</i>		12	Total	8.67
<i>skipped question</i>		2	% Max	54.2%

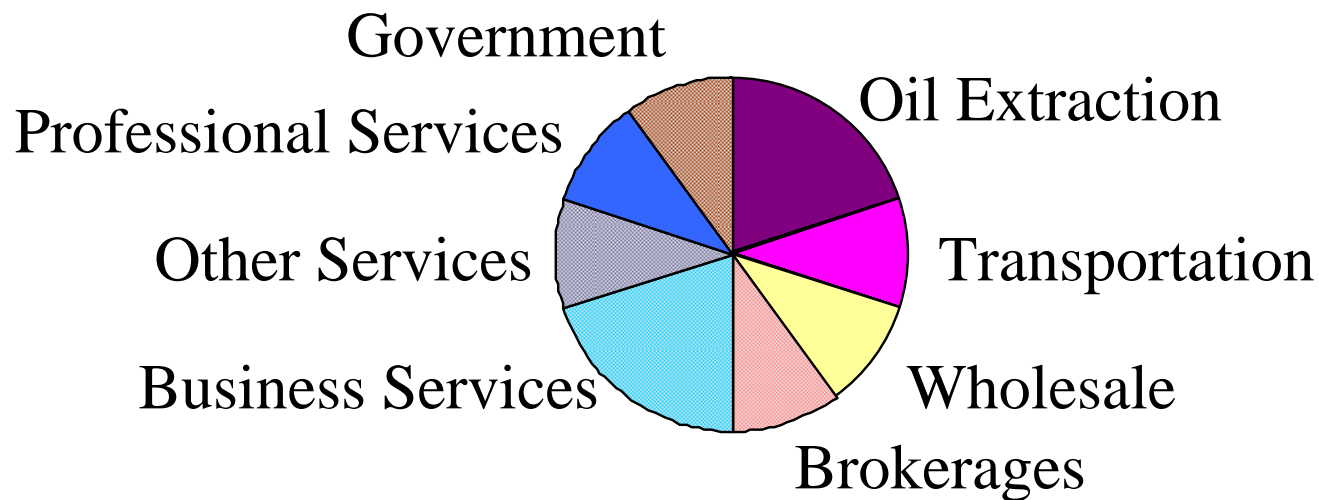
This is very similar to last quarter's reading.

Question 11: Primary line of business of respondents



There were 14 responses to this question.

Question 12: Secondary line of business of respondents



There were 10 responses to this question.