

Acadiana CFO Roundtable
Moody College of Business Sentiment Index
for the 4th Quarter of 2010

Linus Wilson

Assistant Professor of Finance

University of Louisiana at Lafayette

linuswilson@louisiana.edu

www.linuswilson.com

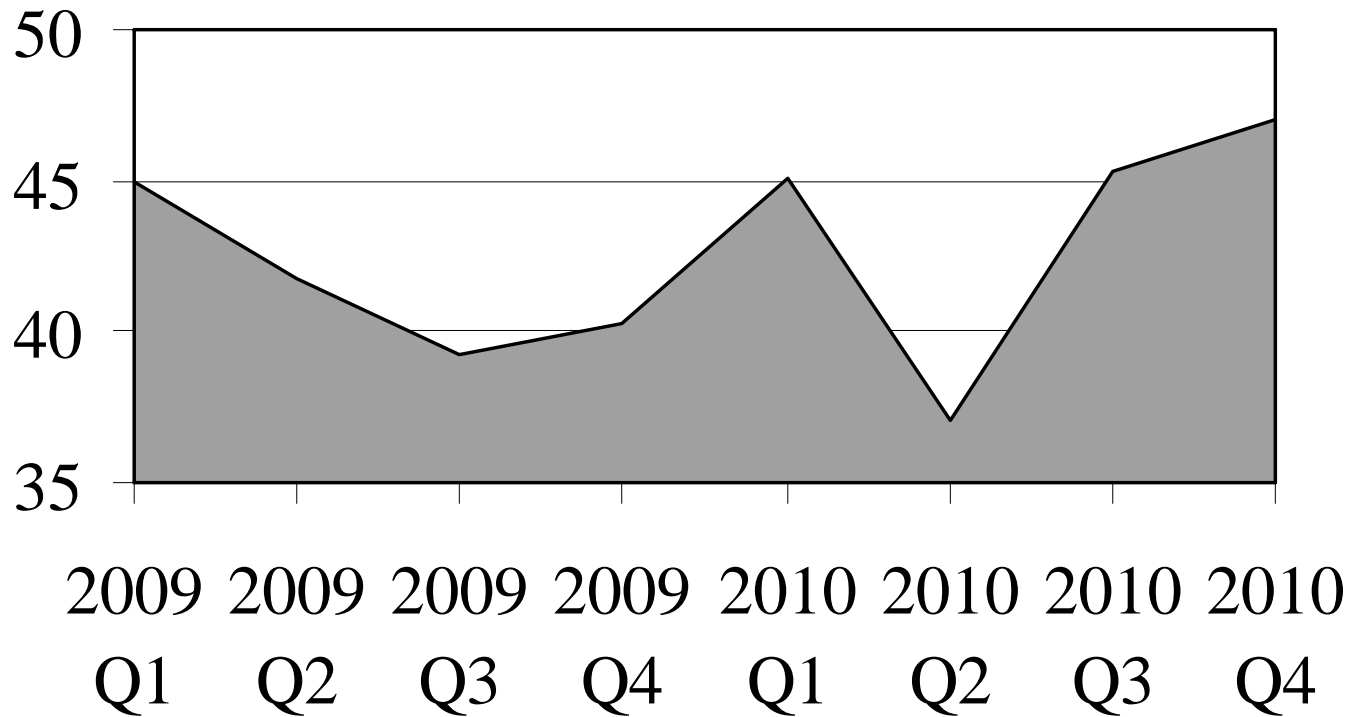
(337) 482-6209

January 2011

Results

- The index reading is **47 out of 100**. This is worse than “normal.” A reading of 50 is supposed to be about normal.
- This is a 1.66 point gain from Q3 2010. This is also the highest reading of the survey. The previous record high reading was 45.36 in Q3 2010.
- There were 16 Acadiana business leaders surveyed. The survey was conducted online in January 2011.

The CFO Roundtable Business Sentiment Index hit a new record high of 47.



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

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 47.01 in Q4 2010, which is a rise from the previous record reading of 45.36 in Q3 2010.

Question 1: Business conditions in Acadiana are improving modestly.

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	25.0%	4	10	2.50
b. staying the same	68.8%	11	5	3.44
c. becoming more challenging	6.3%	1	0	0.00
<i>answered question</i>		16	Total	5.94
<i>skipped question</i>		0	% Max	59.4%

This a small drop from last quarter.

Question 2: Business conditions in Acadiana are currently 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	56.3%	9	6	3.38
c. worse than normal	43.8%	7	0	0.00
<i>answered question</i>		16	Total	3.38
<i>skipped question</i>		0	% Max	28.1%

This is higher than the previous quarter.

Question 3: Respondents' firms face steady 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	31.3%	5	10	3.13
b. staying the same	37.5%	6	5	1.88
c. becoming more challenging	31.3%	5	0	0.00
<i>answered question</i>		16	Total	5.00
<i>skipped question</i>		0	% Max	50.0%

This is a big rise from the previous quarter.

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	6.3%	1	12	0.75
b. normal	56.3%	9	6	3.38
c. worse than normal	37.5%	6	0	0.00
<i>answered question</i>		16	Total	4.13
<i>skipped question</i>		0	% Max	34.4%

This about the same as 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.	6.3%	1	1	0.06
c. increasing by more than 1 percent per year but less than 5 percent per year.	81.3%	13	2	1.63
d. increasing by less than 1 percent per year or are decreasing in price.	12.5%	2	3	0.38
<i>answered question</i>		16	Total	2.06
<i>skipped question</i>		0	% Max	68.8%

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.	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.	87.5%	14	1	0.88
c. is easier to find the suppliers of the goods and services essential to my business.	12.5%	2	2	0.25
<i>answered question</i>		16	Total	1.13
<i>skipped question</i>		0	% Max	56.3%

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	60.0%	9	6	3.60
c. decreasing	36.0%	6	0	0.00
<i>answered question</i>		15	Total	3.60
<i>skipped question</i>		1	% Max	30.0%

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%	11	0	0.00
<i>answered question</i>		16	Total	7.20
<i>skipped question</i>		0	% Max	60.0%

- This is the same as last quarter's reading.
- Not applicable responses do not contribute to the index.

Question 9: Most firms have no trouble borrowing what they need.

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%	4	0	0.00
b. False	71.4%	10	11	7.86
<i>answered question</i>		14	Total	7.86
<i>skipped question</i>		2	% Max	71.4%

This is a lower score than the Q3 2010 reading, indicating that credit may be harder to access for more firms than last quarter.

Question 10: Borrowing costs are steady.

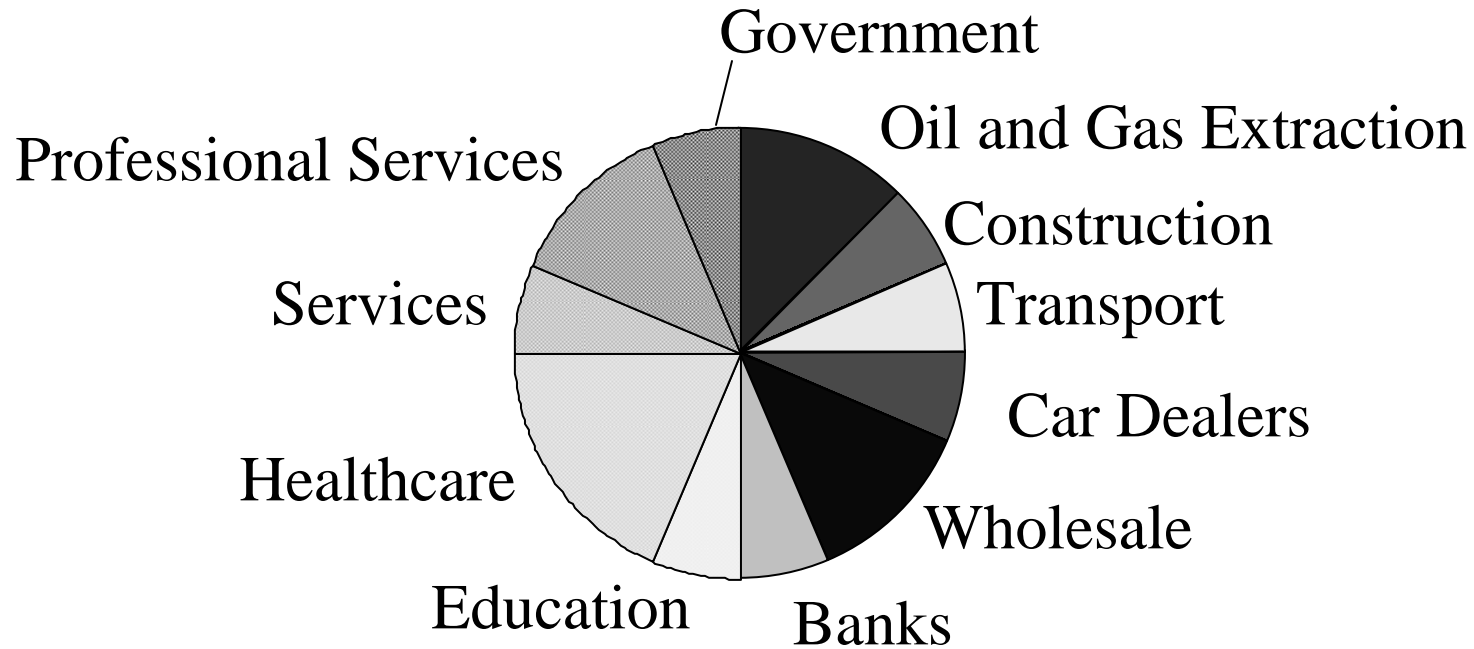
The interest rate on new borrowing over the last twelve months for my firm has

_____.

Answer Options	Response Frequency	Response Count	Index Points	Contribution to the Index
a. increased by more than 2 percent	0.0%	0	0	0.00
b. increased by & 0.5-to-2 percent	23.1%	3	4	0.92
c. not increased or decreased by more than & 0.5 percent	61.5%	8	8	4.92
d. decreased by & 0.5-to-2 percent	15.4%	2	12	1.85
e. decreased by more than 2 percent	0.0%	0	16	0.00
<i>answered question</i>		13	Total	7.69
<i>skipped question</i>		3	% Max	48.1%

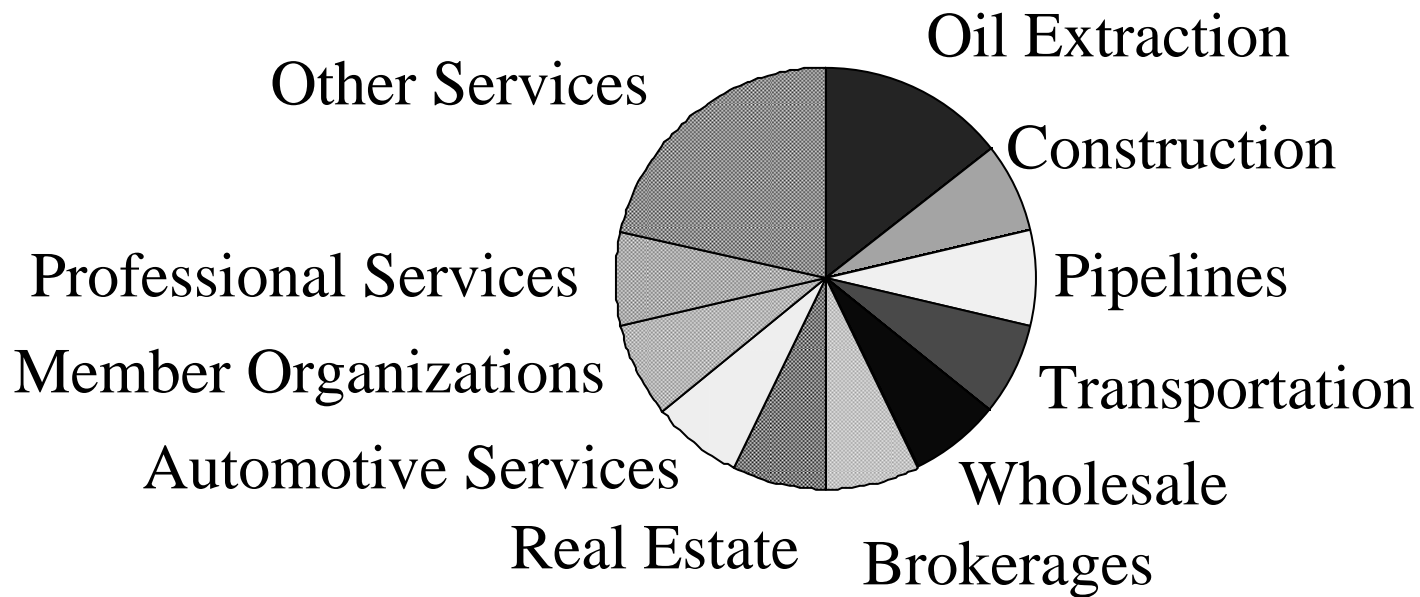
This is slightly lower than last quarter's reading.

Question 11: Primary line of business of respondents



There were 16 responses to this question.

Question 12: Secondary line of business of respondents



There were 14 responses to this question.