

The Composite CFO Optimism Index stands at 104.4, 8.6% higher on a y-o-y basis and 0.7% higher on q-o-q basis.



Optimism among the CFOs in service sector for availability of funds in market has reduced by 11 percentage points in Q1 2024, compared to previous quarter.



Overall optimism for financial performance declined by 2.5% in Q1 2024, compared to previous quarter.



Optimism for overall macroeconomic scenario stands at 119.0 in Q1 2024, highest in 8 quarters.



CFO optimism Index for industrial sector stands at 114.1 in Q1 2024, improving by 14.8% (y-o-y) and 8.6% (q-o-q).



Optimism for macroeconomic scenario among the CFOs in the industrial sector has substantially improved by 24.9% (y-o-y) and 18.3% (q-o-q) in Q1 2024.



Overall optimism among the CFOs in service sector has remain subdued on quarterly basis, registering a decline of 2.2% in Q1 2024.



Optimism for operating margin of the company has increased by 13 percentage points compared to previous quarter, with 59% of CFOs expecting an increase in Q1 2024.



Optimism for domestic macro economic scenario stands at its highest since Q2 2015, with 81% of CFOs anticipating an improvement in Q1 2024.

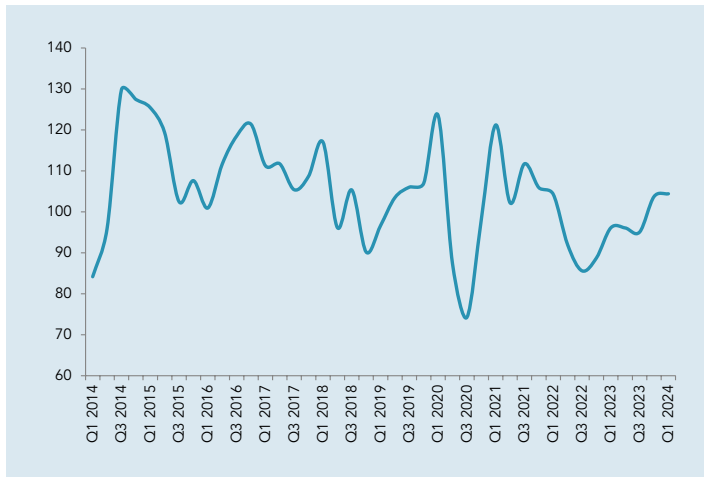


Optimism for the risk appetite in the current scenario stands lowest in 13 quarters, with 22% of CFOs expecting an increase in Q1 2024.



40% of CFOs are optimistic about the need to raise short term funds in Q1 2024, 13 percentage points lower compared to previous quarter.

CFO Optimism Index

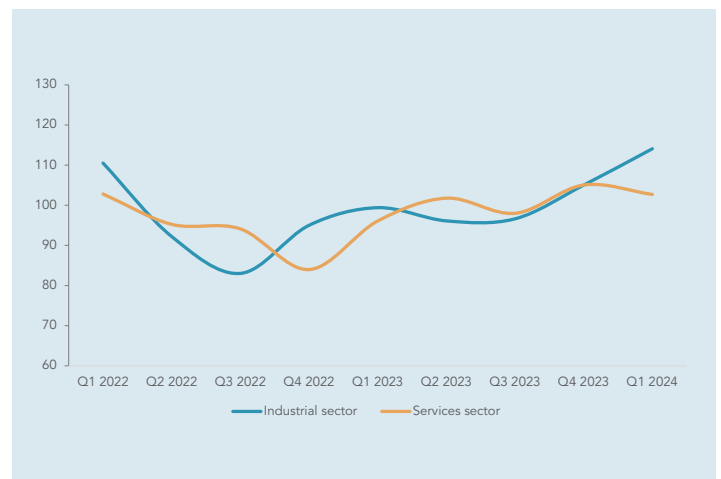


Note: Values represent index level

- The Composite CFO Optimism Index stands at 104.4 in Q1 2024, increasing by 8.6% on y-o-y basis and 0.7% on a q-o-q basis, respectively.
- Optimism level for financial performance of the companies improved by 4.2% on annual basis, while experienced decline by 2.5% on q-o-q basis
- Optimism level for macroeconomic scenario records substantial improvement, increasing by 16.2% on y-o-y basis and by 5.8% on quarterly basis

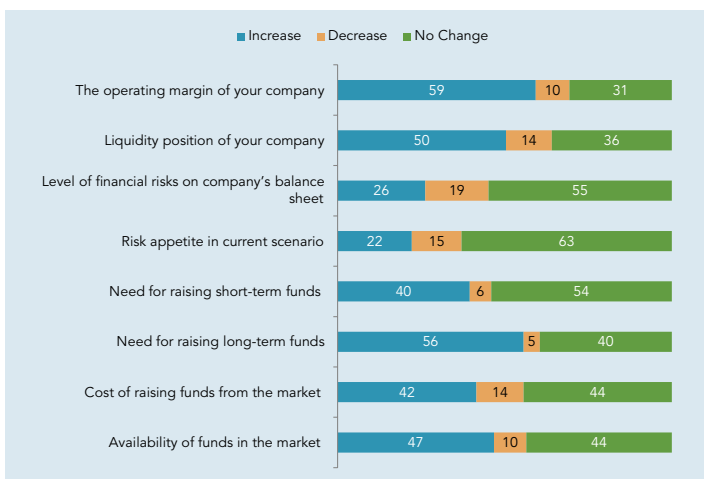
CFO optimism on a sectoral basis

- Optimism level of CFOs in the service sector recorded improvement by 6.9% on annual basis, and experienced decline of 2.2% on q-o-q basis
- Optimism level of CFOs in the industrial sector stands significantly high, with an increase of 14.8% on an annual basis and 8.6% on a quarterly basis
- Optimism level for the industrial sector has improved substantially for macroeconomic scenario with 18.3% (q-o-q) and 24.9% (y-o-y); and noted growth for financial performance with rise of 2.4% (q-o-q) an 8.3% (y-o-y)
- Optimism level for service sector has remain subdued on quarterly basis for both-financial performance and macroeconomic scenario, by 3.3% and 0.5%, respectively, while increased on annual basis by 4.1% and 11.6% respectively



Note: Values represent index level

Optimism at the company level



Note: Values represent % of total responses

- 59% of CFOs expect operating margin of the company to increase in Q1 2024, 13 percentage points higher than Q4 2023.
- 40% of CFOs expect an increase in the need for short term funds for the businesses in Q1 2024, compared to 52% in Q4 2023.
- Only 22% of CFOs in service sector expect the risk appetite of the firms to improve in Q1 2024, 18 percentage points lower than Q4 2023.
- Optimism for availability of funds in the market has reduced to 47% in Q1 2024, 5 percentage points lower than previous quarter.

Optimism at the company level

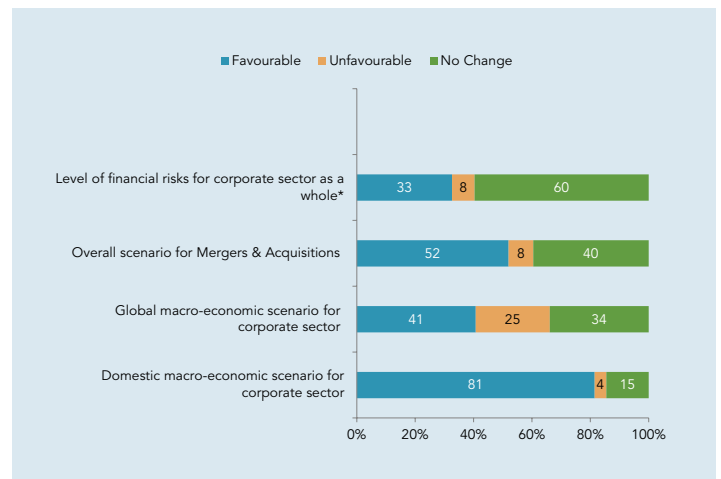


Note: % of CFOs indicating increase for the parameters  
 \*Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- 50% of CFOs are optimistic about the liquidity position of the company in Q1 2024, highest in 9 quarters
- Optimism for availability of funds among the CFOs in the industrial sector stands at 52% in Q1 2024, highest in 12 quarters
- 56% of CFOs are optimistic about the need for long term funds, highest since inception of the index.
- Optimism for risk appetite in current market scenario has decreased among the CFOs to 22% in Q1 2024, lowest in 13 quarters.

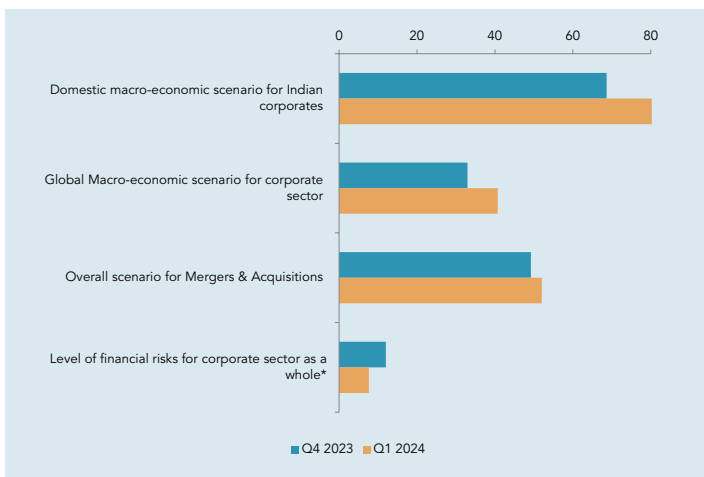
Optimism at the macro level

- Optimism level for domestic macroeconomic scenario for industrial sector stands at 84% in Q1 2024, 20 percentage points higher than Q4 2023.
- Optimism for global macro-economic scenario stands at 41% in Q1 2024, 8 percentage points higher than Q4 2023.
- Optimism among the CFOs or overall mergers and acquisitions remain stagnated in service sector at 51% in Q1 2024



Note: Values represent % of total responses.  
 \*For level of financial risks for the corporate sector as a whole, unfavourable means increase

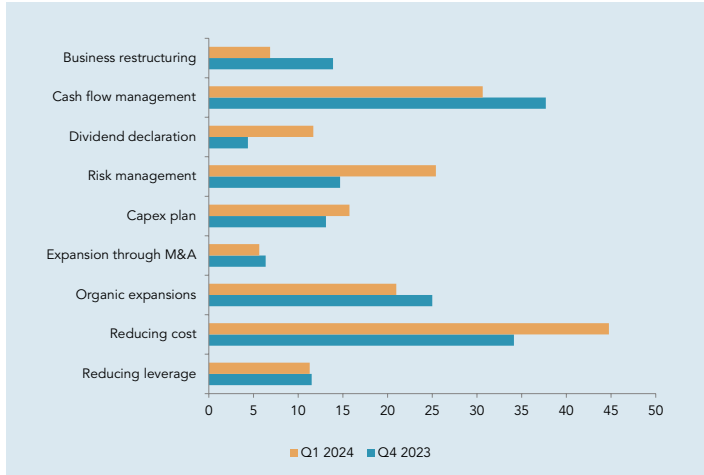
Optimism at the macro level



Note: % of CFOs indicating favourable for the parameters  
 \*Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- Optimism for the global macro-economic scenario increased to 41% in Q1 2024, highest in 8 quarters
- Optimism for the domestic macro-economic scenario stands at 81% in Q1 2024, highest since Q2 2015
- Only 8% of CFOs are optimistic about the decrease in level of financial risks to the entire corporate sector in Q1 2024, lowest since Q4 2018

**CFO Priority during the next six months**

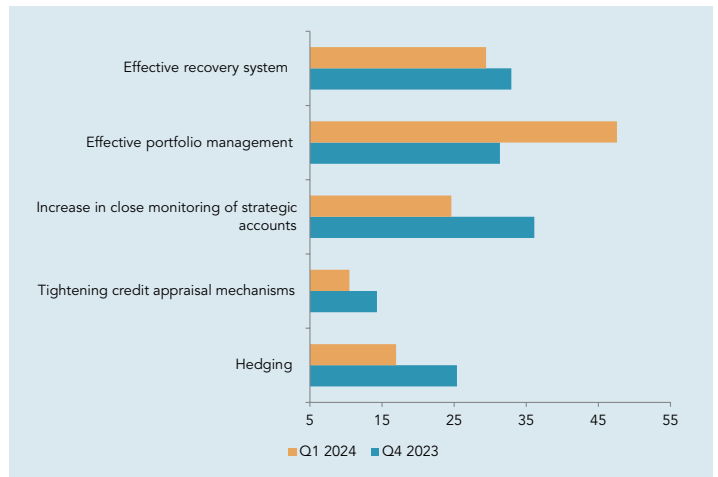


- 45% of CFOs expect reduction of cost to be the leading priority for businesses in next 6 months
- 31% of CFOs expect cash flow management to be the top priority in next 6 months, 7 percentage points lower than previous quarter
- 25% of CFOs expect risk management as one of the leading priorities for next 6 months in Q1 2024, 11 percentage points higher than previous quarter
- 12% of CFOs expect dividend declaration to be to be their priority in the next six months in Q1 2024, 7 percentage points higher than Q4 2023

Note: % of CFOs who rated each of the parameters as their strong priority

**Risk management tool to be adopted during the next six months**

- 48% of CFOs expect effective portfolio management to be their leading risk management tool in the next six months, 17 percentage points higher than Q4 2023
- 29% of CFOs expect effective recovery system as a major risk management tool to be adopted during the next six months, 4 percentage points lower than previous quarter
- 17% of CFOs in Q4 2023 expect hedging as the leading risk management tool to be adopted in next six months, 8 percentage points lower than Q4 2023



Note: % of CFOs who stated each of the risk management tools to be adopted

**Research Team: Dr. Arun Singh | Annie Mahajan | Raj Kiran**

The D&B CFO Optimism Index is arrived at on the basis of a quarterly survey of CFO expectations regarding the financial state of their company as well as overall macroeconomic scenario.

**Methodology**

For the purpose of conducting the survey, a sample of companies belonging to basic goods, capital goods, intermediate goods, consumer durables, consumer non-durables and the services sector is selected randomly from Dun & Bradstreet’s commercial credit information file. The sample selected is a microcosmic representation of India’s business community. All the respondents in the survey are asked a set of questions regarding the financial performance of their companies and the overall macroeconomic scenario for the forthcoming period. The CFOs are asked to state their expectations as to whether the specified parameters pertaining to their respective companies and the overall macroeconomic scenario will register an increase, decrease or show no change in the ensuing quarter as compared to the same quarter in the previous year. Two broad indices, optimism at the company level and optimism at the macroeconomic level, each consisting of 8 and 4 sub-parameters respectively, are then designed.

**CFO Optimism Index**

Dun & Bradstreet introduced the Composite CFO Optimism Index from Q3 2013. The purpose of the Composite CFO Optimism Index is to capture the aggregate behaviour of the two broad indices. Each of the 12 parameters under the two broad indices has a weight assigned to it. For calculating the Composite CFO Optimism Index, the positive responses for each of these parameters for the period under review are expressed as a proportion of positive responses in the base period (Q2 2012). The parameter weights are then applied to these ratios and the results aggregated to arrive at the Composite CFO Optimism Index. For the purpose of the survey, Q1 is the period between January and March, Q2 is the period between April and June, Q3 is the period between July and September and Q4 is the period between October and December each year. We trust that you will find the D&B CFO Optimism Index as a useful tool in your day-to-day decision making.

Please send your feedback to Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet  
 Dun & Bradstreet Information Services India Pvt. Ltd., Chemtex House Main Street, Hiranandani Gardens, Powai, Mumbai 400 076.  
 CIN - U74140MH1997PTC107813 Tel: 91-22-4941 6666 | Email: SinghArun@DNB.com, India@DNB.com | www.dnb.co.in