

The Composite CFO Optimism Index improved by 9.4% (q-o-q) in Q2 2024



Overall optimism for **financial performance** stands at 108.6 in Q2 2024, highest in 13 quarters



Optimism for overall **macroeconomic scenario** stands at nine-quarter high



CFO optimism Index for **service sector** stands at 116.1 in Q2 2024, improving by 13% (q-o-q)



Optimism for macroeconomic scenario in the **industrial sector** has declined by 3.9% in Q2 2024 on quarterly basis



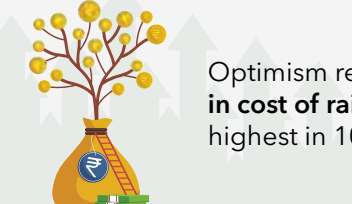
Optimism for **domestic macroeconomic** scenario stands at its highest since Q4 2014



Optimism for the **liquidity position** of the company stands highest in 14 quarters



Optimism for the reduction in level of **financial risks** on the balance sheets of businesses stands eight-quarter high




Optimism regarding the **reduction in cost of raising funds** stands highest in 10 quarters in Q2 2024




Optimism among the CFOs regarding the need to raise **short term funds** stands all-time high



Optimism for the **global macroeconomic** scenario remains stagnated in Q2 2024



Optimism for the scenario of **mergers and acquisitions** has reduced to seven-quarter low in Q2 2024.



Optimism for the availability of funds to businesses in **industrial sector** has reduced by 8 percentage points in Q2 2024 on quarterly basis

CFO Optimism Index

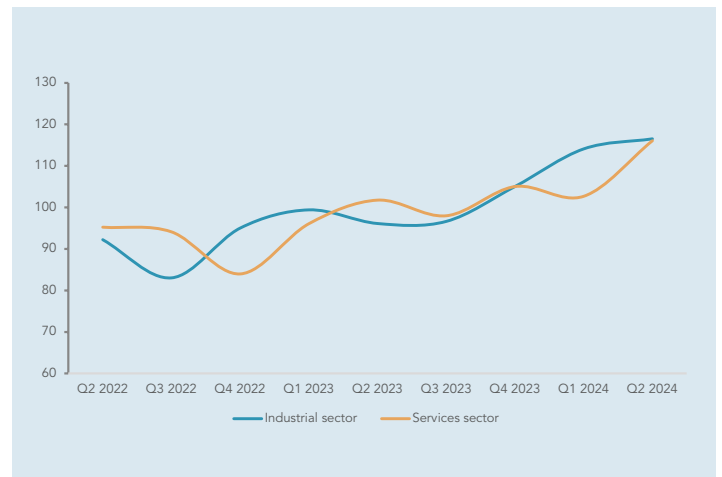


Note: Values represent index level

- The Composite CFO Optimism Index increased by 9.4%, on a q-o-q basis, to 114.2 for Q2 2024
- Optimism level for financial performance of the companies increased by 12.4% (q-o-q)
- Optimism level for macroeconomic scenario improved by 4.7% (q-o-q)

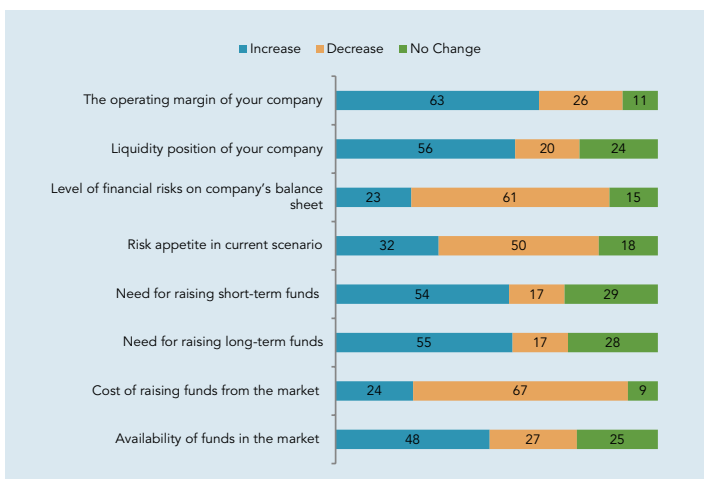
CFO optimism on a sectoral basis

- Optimism level among the CFOs in service sector improved significantly by 13% (q-o-q) and increased by 2.1% (q-o-q) within industrial sector
- Optimism level for macroeconomic scenario increased substantially by 10.6% (q-o-q) in the services sector while declining by 3.9% (q-o-q) for the industrial sector
- Optimism level for financial performance increased by 14.6% (q-o-q) services sector and 6.6% (q-o-q) for industrial sector, respectively



Note: Values represent index level

Optimism at the company level



Note: Values represent % of total responses

- 63% of CFOs expect operating margin of the company to increase in Q2 2024, improving by 5 percentage points on quarterly basis.
- 32% of CFOs expect the risk appetite of the firms to improve in Q2 2024, 10 percentage points higher than Q1 2024.
- Optimism regarding the need to raise long-term funds has moderated, yet remaining at an all-time high in Q2 2024, with 55% of respondents expecting an increase.
- Optimism regarding the availability of funds in the market has improved by 4 percentage points for the service sector, while decreasing by 8 percentage points for the industrial sector on quarterly basis in Q2 2024.

Optimism at the company level

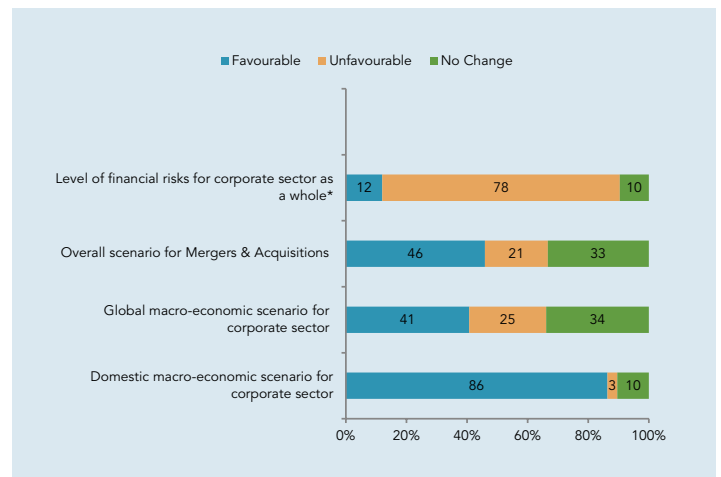


Note: % of CFOs indicating increase for the parameters
 *Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- 24% of CFOs are optimistic about the cost of raising funds in the market in Q2 2024, highest since Q1 2022
- Optimism for need to raise short term funds among the CFOs stands all-time high, with 54% of respondents expecting an increase in Q2 2024
- 23% of CFOs expect the level of financial risks on balance sheet to reduce in Q2 2024, highest in 8 quarters.
- 56% of CFOs expect the liquidity position of the company to improve in Q2 2024, highest in 14 quarters.

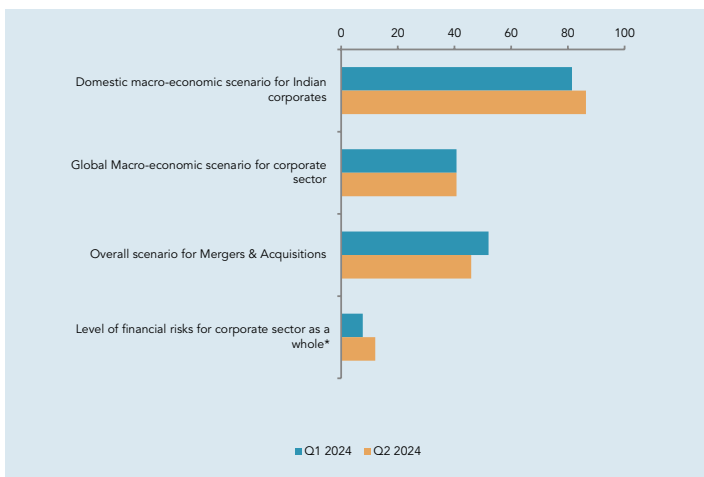
Optimism at the macro level

- 86% of CFOs expect optimism level for domestic macroeconomic scenario to improve in Q2 2024, 5 percentage points higher than previous quarter; with significant increase in service sector
- Optimism for overall scenario of mergers and acquisitions has declined by 6 percentage points, with to 57% of CFOs expecting an improvement in Q2 2024
- Optimism for the scenario of mergers and acquisitions has reduced to seven-quarter low, with 46% of CFOs expecting an increase in Q2 2024



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

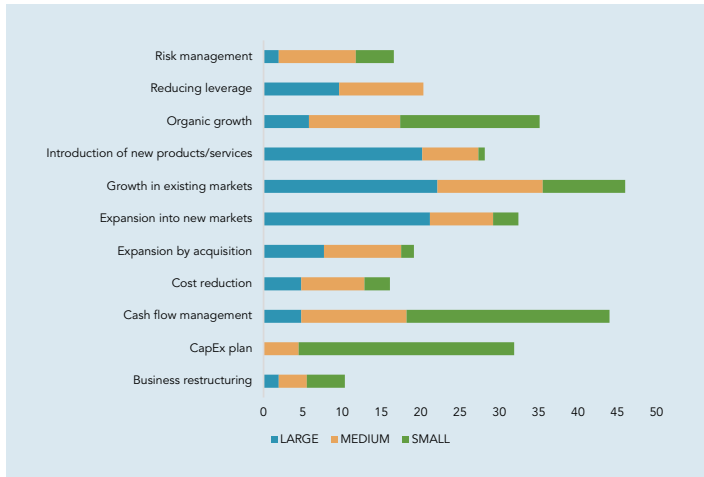
Optimism at the macro level



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

- Optimism for the domestic macro-economic scenario stands at 86% in Q2 2024, highest since Q4 2014
- Optimism for the reduction in level of financial risks to the businesses within service sector stands highest in 9 quarters with 14% of CFOs expecting risks to reduce in Q2 2024
- Optimism for the global macro-economic scenario remains at nine-quarter high in Q2 2024, with 41% CFOs expecting an improvement in scenario

CFO Priority during the next six months

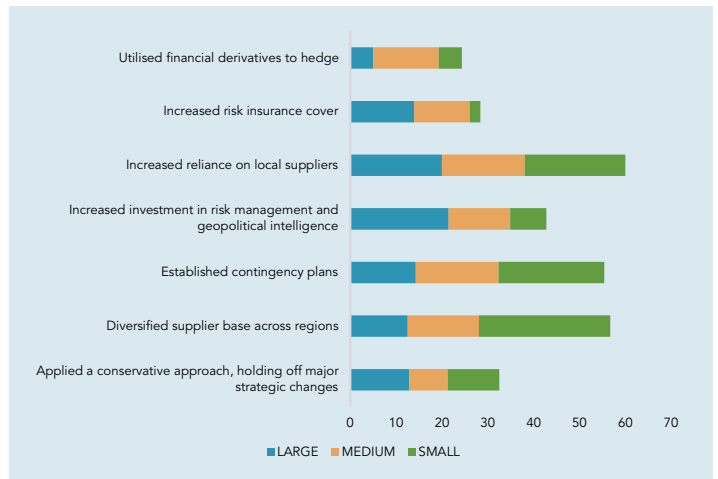


Note: % of CFOs who rated each of the parameters as their strong priority

- 15% of CFOs expect cash flow management to be the leading priority for businesses in next 6 months, mainly among the small and medium markets
- 27% of the CFOs engaged in large businesses believe growth in the existing markets to be the leading priority for businesses in next 6 months.
- One in four CFOs within the small markets believe Capex expansion to be the leading priority in Q2 2024

Risk management tool to be adopted during the next six months

- One in five CFOs expect increasing reliance on the local suppliers is expected to be the leading risk management tool in the next six months
- 21% of CFOs within large markets believe increased investment in risk management and geopolitical intelligence as major risk management tool to be adopted during the next six months
- One in three CFOs within the small markets expect diversification of supplier base across regions as the leading risk management tool to be adopted in next 6 months
- 18% of CFOs believe established contingency plans can be a leading risk management tool to be adopted in next six months



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

Research Team: Economic Research Team

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
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