

The Composite CFO Optimism Index stands at **103.7**, 9.1 percentage points higher on a q-o-q basis.



Optimism for overall macroeconomic scenario decreased for industrial sector by 6 percentage points (q-o-q).



Overall optimism for financial performance stands at **99.0** in Q4 2023, highest in 8 quarters.



52% of CFOs are optimistic about the requirement for short term funds in Q4 2023, highest since the inception of index.



Optimism for the global macro-economic scenario diminished, with **33%** of respondents expecting it to decrease in Q4 2023, compared to 37% in Q3 2023.



52% of CFOs are optimistic about availability of funds in market in Q4 2023, highest in 11 quarters.



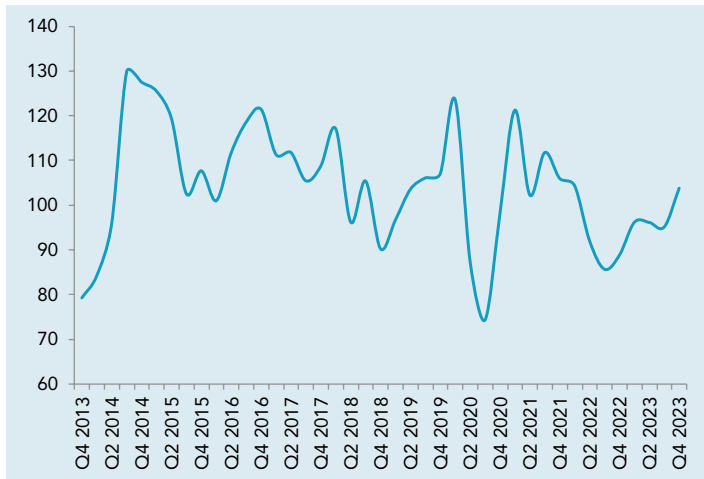
Optimism for need to raise long term funds has increased by 13 percentage points compared to previous quarter, with 51% of CFOs expecting an increase.



42% of CFOs in industrial sector expect operating margin of the company to decrease in Q4 2023, 9 percentage points lower than Q3 2023.



CFO Optimism Index



Note: Values represent index level

- The Composite CFO Optimism Index increased by 9.1%, on a q-o-q basis, to 103.7 for Q4 2023
- Optimism level for financial performance of the companies increased by 16% (q-o-q)
- Optimism level for macroeconomic scenario decreased by 0.6% (q-o-q)

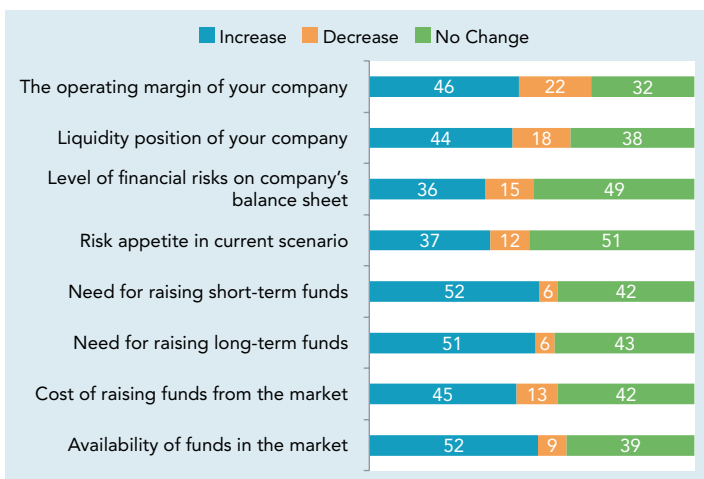
CFO optimism on a sectoral basis

- Optimism level of CFOs increased by 7.2% (q-o-q) in the services and by 8.7% (q-o-q) in the industrial sector
- Optimism level for macroeconomic scenario decreased by 6.2% (q-o-q) in the industrial sector and increased by 2% (q-o-q) in the services sector
- Optimism level for financial performance increased by 21% (q-o-q) industrial sector and 10.6% (y-o-y) for services sector, respectively



Note: Values represent index level

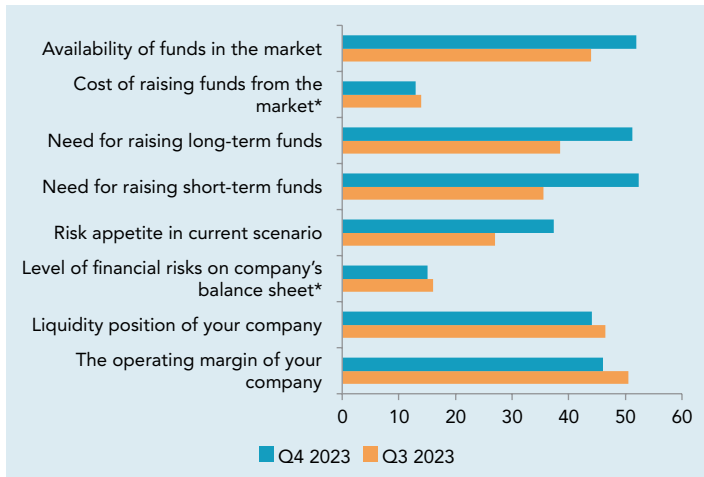
Optimism at the company level



Note: Values represent % of total responses

- 42% of CFOs in industrial sector expect operating margin of the company to increase in Q4 2023, 9 percentage points lower than Q3 2023.
- 45% of CFOs in industrial sector expect liquidity position of the company to improve in Q4 2023, compared to 48% in previous quarter.
- Only 13% of CFOs in service sector expect the level of financial risks on the company's balance sheet to reduce, compared to 21% in Q3 2023.
- Optimism for risk appetite in current scenario has improved to 37% in Q4 2023, 10 percentage points higher than previous quarter.

Optimism at the company level

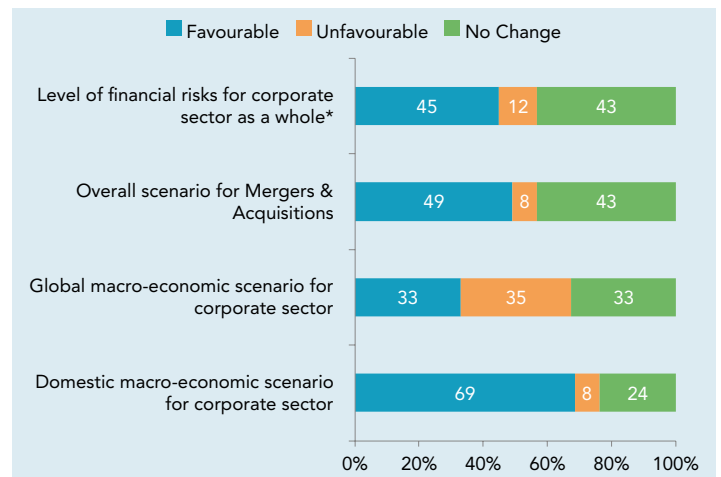


Note: % of CFOs indicating increase for the parameters
 *Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- 52% of CFOs are optimistic about the need for short term funds in Q4 2023, highest since the inception of index
- Optimism for need to raise long term funds to 51% in Q4 2023, 13 percentage points higher than previous quarter
- 52% of CFOs are optimistic about availability of funds in market in Q4 2023, highest in 11 quarters

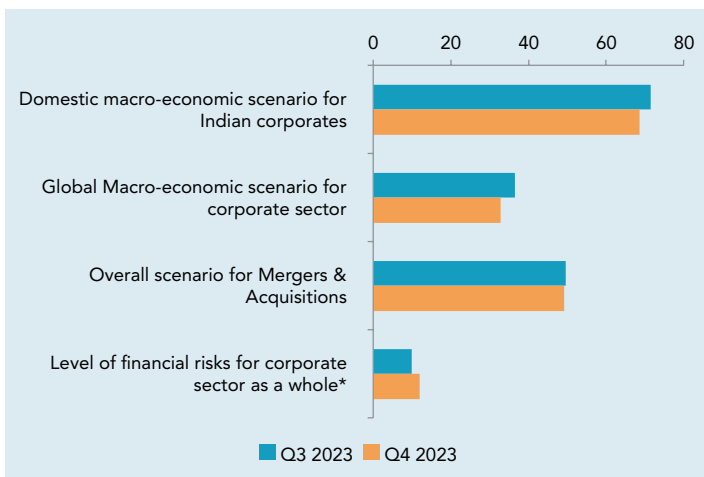
Optimism at the macro level

- Optimism level for domestic macroeconomic scenario for industrial sector stands at 64% in Q4 2023, 8 percentage points lower than Q3 2023.
- Optimism for global macro-economic scenario for industrial sector stands at 30% in Q4 2023, 7 percentage points lower than Q3 2023.
- Optimism for overall scenario of mergers and acquisitions has remain stagnated in Q4 2023 for industrial and service sector at 48% and 50% respectively.



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

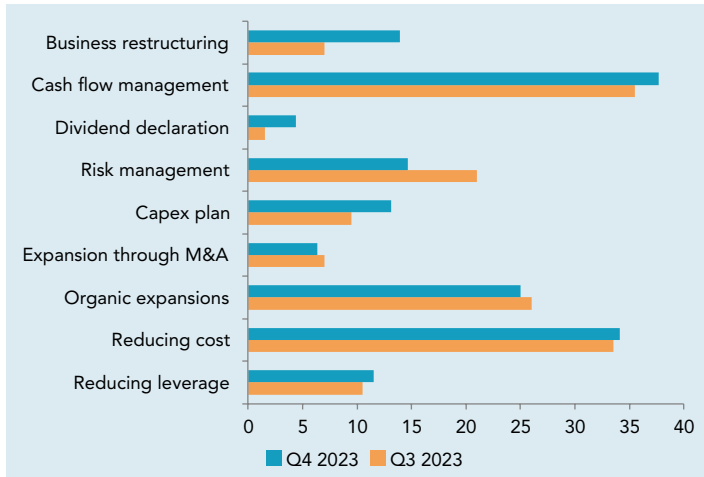
Optimism at the macro level



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 subdued to 33% in Q4 2023, compared to 37% in Q3 2023
- Optimism for the domestic macro-economic scenario stands at 69% in Q4 2023, one of the highest values in 11 quarters.
- Optimism for level of financial risks to the entire corporate sector stands at 12% in Q4 2023, compared to 10% in Q3 2023.

CFO Priority during the next six months

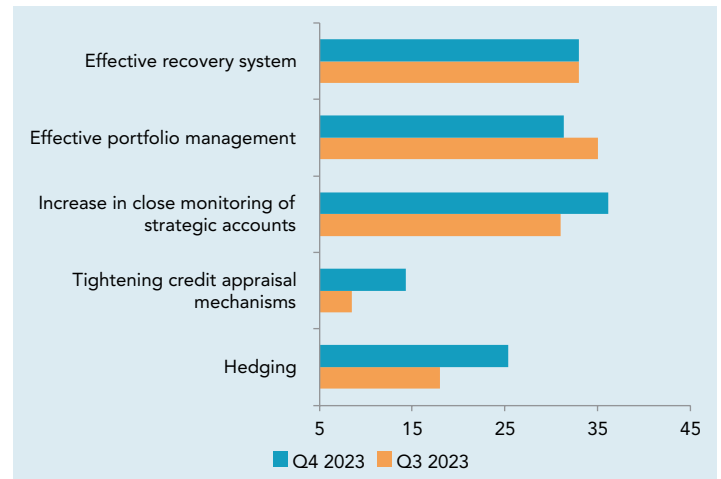


Note: % of CFOs who rated each of the parameters as their strong priority

- 38% of CFOs expect cash flow management to be the leading priority for businesses in next 6 months
- 34% of CFOs expect reduction of cost to remain as one of the leading priorities for next 6 months in Q4 2023
- 14% of CFOs expect business restructuring to be their priority in the next six months in Q4 2023, 7 percentage points higher than Q3 2023
- Only 15% of CFOs expect risk management to be the top priority in next 6 months, compared to 21% in Q3 2023.

Risk management tool to be adopted during the next six months

- 36% of CFOs expect increase in close monitoring of strategic accounts to be their leading risk management tool in the next six months, compared to 31% in Q3 2023
- 25% of CFOs have stated that hedging as a major risk management tool to be adopted during the next six months, compared to 18% in Q3 2023
- 14% of CFOs in Q4 2023 expect to adopt tightening in credit appraisal mechanism as the risk management tool, compared to 9% in Q3 2023



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

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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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