

The Composite CFO Optimism Index increased by 9.3% (q-o-q) to 111.7

Optimism levels for **financial performance of the company** and **macroeconomic scenario** increased by 1.3% (q-o-q) and 23.3% (q-o-q), respectively



4/8

Four of the eight parameters under the **financial performance sub index** improved in Q3 2021 on a q-o-q basis



41%

of CFOs in the **services sector** expect an **improvement** in the **liquidity position** of their company in Q3 2021, up from only 22% in Q2 2021



29%

of CFOs expect the **level of financial risks** on company's balance sheet to **reduce** in Q3 2021 **highest since Q3 2020**



49%

of CFOs expect overall **domestic macro-economic scenario** for corporates to be **favourable** during Q3 2021, up from 43% in Q2 2021

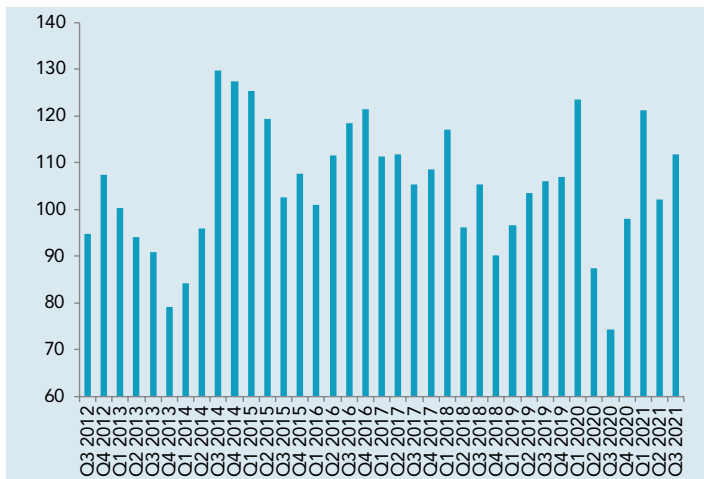


59%

of CFOs have stated **effective recovery system** to be their **priority** in the next six months



CFO Optimism Index

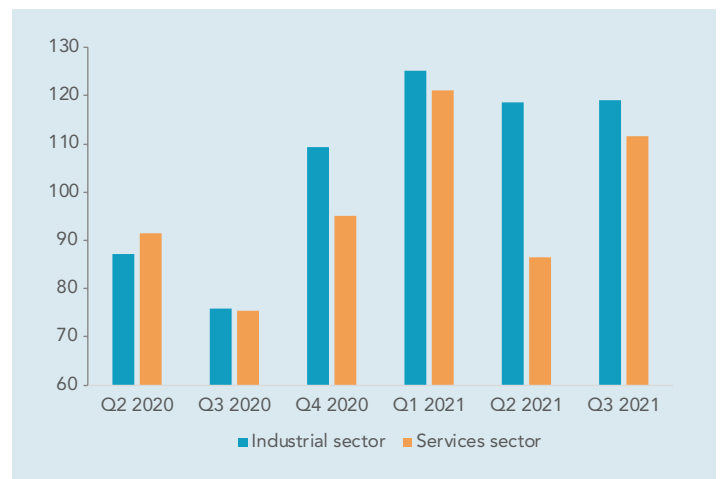


Note: Values represent index level

- The Composite CFO Optimism Index declined by 9.3%, on a q-o-q basis, to 111.7 during Q3 2021
- Optimism level for financial performance of the company increased by 1.3% (q-o-q)
- Optimism level for macroeconomic scenario increased by 23.3% (q-o-q)

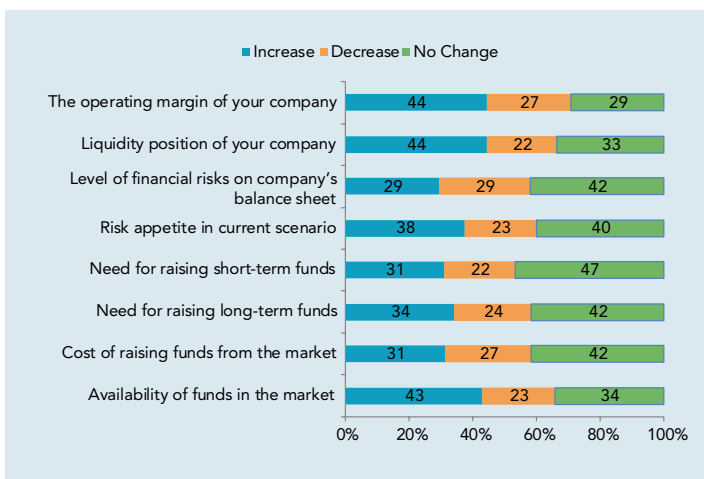
CFO optimism on a sectoral basis

- Optimism level improved by 0.4% (q-o-q) in the industrial sector and by 29.2% (q-o-q) in the services sector
- Optimism level for macroeconomic scenario increased by 11.2% (q-o-q) in the industrial sector and by 51.4% (q-o-q) in the services sector
- Optimism level for financial performance declined by 6.9% (q-o-q) in the industrial sector and improved by 17.7% (q-o-q) in the services sector



Note: Values represent index level

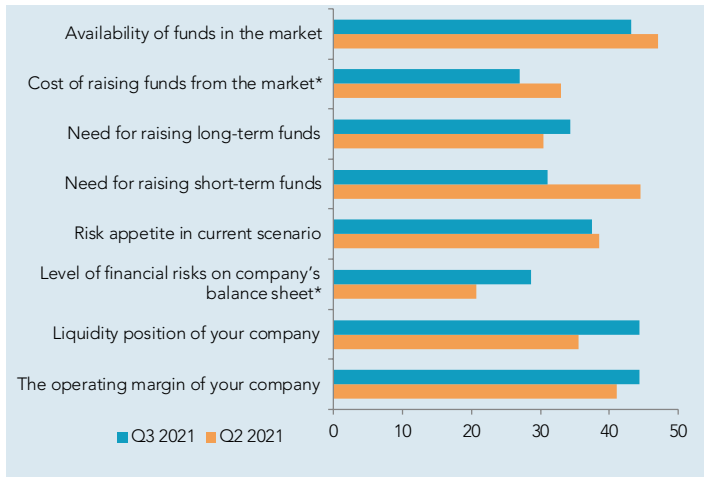
Optimism at the company level



Note: Values represent % of total responses

- Four of the eight parameters under the financial performance sub-index improved in Q3 2021 on a q-o-q basis
- Percentage of CFO's who have indicated an increase in the need for raising short term funds (31%) and availability of funds in the market (43%) is the lowest in three quarters
- 29% of the CFO's are optimistic about decrease in level of financial risks on company's balance sheet, highest since Q2 2020

Optimism at the company level

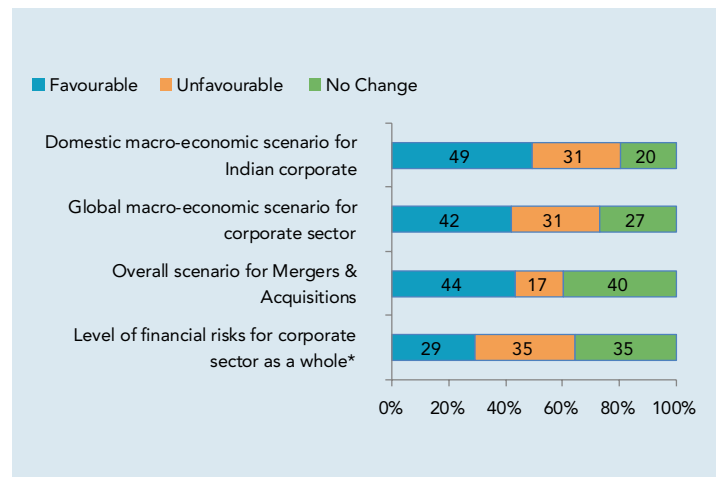


Note: % of CFOs indicating increase for the parameters
 *Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- 38% of CFOs in the industrial sector expect their risk appetite in the current scenario to increase in Q3 2021, a seven-quarter high
- 28% of CFOs in the services sector expect the need for raising short term funds in Q3 2021, lowest in three quarters
- 34% of CFOs in the services sector expect the level of financial risk on company's balance sheet to decrease in Q3 2021 compared to 19 in Q3 2020

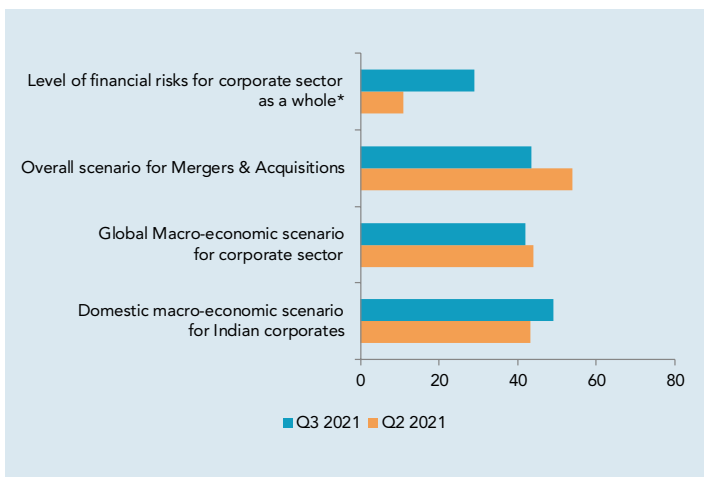
Optimism at the macro level

- 49% of CFOs expect domestic macro-economic scenario to be favourable during Q3 2021, up from 43% in Q2 2021
- 42% of CFOs expect global macro-economic scenario to be favourable during Q3 2021, down from 44% in Q2 2021
- 44% of CFOs expect the overall scenario for mergers & acquisitions to be favourable during Q3 2021, a three-quarter low
- 29% of CFOs expect the level of financial risk for the corporate sector as whole to be favourable during Q3 2021, highest since Q4 2012



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

- 28% of CFOs in the services sector expect the level of financial risks for corporate sector as a whole to decrease during Q3 2021, highest since Q4 2012
- 42% of CFOs in the services sector expect the domestic macro-economic scenario to be favorable during Q3 2021, up from 28% in Q2 2021
- 46% of CFOs in the industrial sector expect the global macro-economic scenario to be favourable during Q3 2021, lowest in three quarters

CFO Priority during the next six months



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

- 56% of CFOs have stated cash flow management to be their priority in the next six months
- 42% of CFOs have stated reducing cost be their priority in the next six months
- 35% of CFOs have stated risk management to be their priority in the next six months, lowest since Q3 2020

Risk management tool to be adopted during the next six months

- 59% of CFOs in the services sector have stated effective recovery system to be their risk management tool in the next six months
- 47% of CFOs in the industrial sector have stated increase in close monitoring of strategic accounts to be their risk management tool in the next six months
- 30% of CFOs in the industrial sector have hedging to be their risk management tool in the next six months, highest since Q4 2019



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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