

Irish CFO's outlook is upbeat and positive - according to a recent Deloitte business sentiments survey

The number of chief financial officers (CFOs) in Ireland who are predicting a return to growth in their companies as early as the second half of 2010 has more than doubled, according to a new survey from Deloitte.

The Deloitte CFO Survey covering the second quarter of 2010 showed that 65pc of respondents now believe their firms will see a return to growth in 2010, a significant increase on last quarter's figure of 32pc.

Almost two-thirds of CFOs also see profits growing before the end of this year. This is the highest reading since the survey began last summer, compared with 42pc in the first quarter.

However, the majority of respondents (66pc) don't expect to see a significant macroeconomic recovery in Ireland generally until 2011. Just 34pc think there will be a return to growth this year despite an increase of 2.7pc in GDP for the first quarter of the year.

In the wake of the government announcement that VHI is to be privatised, respondents to the survey believe that further privatisations are on the cards, the Deloitte survey showed – 87pc of CFOs expect this to continue across semi-state bodies. This may gain further momentum following the recent announcement of the Government-appointed Review Group on State Assets, which is chaired by An Bord Snip Nua author Colm McCarthy and is tasked with looking into the possible sale of state assets, such as the ESB, airports and An Post, to raise badly needed cash for the Exchequer.

The survey also showed that a large majority of Irish CFOs (63pc) believe that the ISEQ has bottomed out and will increase over the next 12 months.

"CFOs are now predicting a faster than expected rebound in their company fortunes during the second half of 2010, and are now more optimistic than at any time since our survey began. While the overall outlook of CFOs on their individual companies' fortunes is generally positive, thanks largely to exports, there is a definite perception amongst them that the general economy may lag significantly in returning to growth," said Shane Mohan, partner in Deloitte.

In terms of the National Asset Management Agency (NAMA), while Irish CFOs believe it will ultimately be effective, they have yet to feel its effects, the survey indicated. Some 77pc of respondents said new credit is harder to get from national banks compared with six months ago, up from 65pc in the first quarter of 2010. Similarly, 66pc rate the cost of credit as high. However, the CFOs indicated they do expect the supply of credit, if not the cost, to improve into 2011 and that NAMA (66pc) will be effective in improving the availability of credit to business.

The survey also provided an insight into the view of Irish CFOs on the European Central Bank (ECB), following the announcement of the €110bn joint IMF/Eurozone bailout package for Greece. Some 54pc of Irish CFOs believe the ECB has been ineffective in managing confidence in the eurozone. However, despite this negative view, 82pc of

respondents would be against a return to the Irish punt as a means of solving the financial crisis in Ireland.

The Deloitte CFO survey takes soundings from CFOs of listed firms, large private companies and Irish subsidiaries of overseas multinationals.