https://www.wsj.com/articles/ceos-show-optimism-at-davos-despite-gloomy-data-11579623642

WORLD

CEOs Show Optimism at Davos, Despite Gloomy Data

Executives say U.S.-China trade deal is a sign of more certainty around trade

Corporate executives were bullish about the economy's prospects at the World Economic Forum. **PHOTO:** PIERRE TEYSSOT/MAXPPP/ZUMA PRESS

By Chip Cummins and Marie Beaudette

Jan. 21, 2020 11:20 am ET

DAVOS, Switzerland—Chief executives converged here hopeful that easing trade tensions around the world could give the economy a boost, despite some early dismal forecasts for global growth and business sentiment.

A closely followed survey of CEO sentiment kicked off this year's World Economic Forum on a somber note. Consulting firm PwC found that 53% of those it surveyed predict a slowdown in economic growth in 2020, up sharply from 29% in 2019 and 5% in 2018. It was the highest level of pessimism since 2012, the first year of the survey, PwC said. The OECD predicts global growth of 3% this year, up only slightly from its 2.9% forecast for 2019—the weakest growth rate since the financial crisis.

Still, CEOs of several multinationals greeted President Trump's recent phase-one trade deal with China, which he lauded in his opening speech Tuesday, as a sign of more certainty around trade. France separately agreed to delay the imposition of a digital tax on big tech companies to allow time to work with the U.S., which had threatened steep tariffs in retaliation for the levy.

“From a trade perspective, we feel very good about the agreements that have come together,” Tyson Foods Inc. Chief Executive Noel White said in an interview. He cited the U.S.-China trade deal and passage of a new trade deal with Canada and Mexico, replacing Nafta. Mr. White, chief of the U.S.’s biggest meatpacker, said “the global economy is healthy, not as healthy as a few years ago, but still healthy.”

The Trump administration wasn’t shying away from other trade fronts. Treasury Secretary Steven Mnuchin, in a Journal interview, warned Italy and the U.K. they would face tariffs if they proceeded with their own versions of the French tax. Mr. Trump, also in an interview with the Journal, said he was serious about potential tariffs on German cars amid trade talks with the European Union.

Despite those threats, the China deal has offered some executives reason for optimism. That optimism is tempered by looming questions about how the deals will be implemented and whether, in the case of the U.S. and China, the two sides would continue to make progress in follow-on talks.

“Things have stabilized a bit,” said Tom Palmer, chief executive of Newmont Corp., the world’s largest gold miner by production. “There are question marks in execution,” he said in an interview. Telecom-equipment maker Ericsson AB CEO Börje Ekholm told The Wall Street Journal that “we still need to see how it pans out.”

Organizers of the forum, an annual gathering of world leaders, business executives and celebrity activists, have tried to promote this year’s installment as a chance to discuss sustainability—how to make businesses more responsible for the environmental and social costs of their products—amid heightened investor and consumer scrutiny.

That theme dominated some of the early sessions of the meeting: Several resources companies used the forum to acknowledge the new pressure.

“Investors now won’t put their money in carbon-intensive companies,” said Greg Barker, chairman of EN+ Group PLC, a London-based aluminum and power producer, during a session Tuesday. “We see a shift in the investment community,” agreed Vicki Hollub, chief executive of Occidental Petroleum Corp., on the same stage.

MORE FROM THE WORLD ECONOMIC FORUM

- Trump Lauds U.S. Economy as He Opens World Economic Forum
- Mnuchin Warns U.K., Italy Over Digital-Tax Plans
- France’s Macron Pauses Tech Tax After U.S. Pressure
- Updates From the World Economic Forum

But Mr. Trump’s presence here—after his speech he was scheduled to host a lunch, a dinner and a breakfast before leaving—has kept the focus for many business leaders on trade.

The U.S.-China trade deal should have a “confidence effect,” said JPMorgan Chase & Co. Co-President and Chief

Operating Officer Daniel Pinto. In 2019, the U.S. economy was powered by consumers who borrowed and spent at a healthy pace. Fears of a lengthy trade war, however, made corporate leaders skittish. The trade deal should help, he said.

It's "a good background for the economy to grow in the months to come," Mr. Pinto, who runs JPMorgan's corporate and investment bank, said in an interview. He said that all could translate into a busy year for deals. Mr. Pinto said, though, that the U.S. presidential election could complicate matters. The election "brings a lot of question marks" for the markets, he said.

—Natasha Khan and Parmy Olson contributed to this article.

Write to Chip Cummins at chip.cummins@wsj.com and Marie Beaudette at marie.beaudette@wsj.com