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Isaac M. O'Bannon • Oct. 22, 2014

Optimism for the nation's economic outlook among U.S. business leaders remained strong at a net balance of 69 percent in third quarter 2014, according to the latest data from the [Grant Thornton International Business Report](#) (IBR), a survey of more than 2,500 business leaders in 34 countries. Conversely, optimism among business executives in Germany plummeted 43 percentage points to just net 36 percent.

U.S. business leaders' optimism declined just 5 percentage points from second quarter 2014, which marked the highest level since 2004. This also reflects a 17 percentage-point increase from the same three-month period one year ago. However, the sharp decline in German business confidence follows a contraction in the German economy in second quarter 2014, amid fears of the impact of the Ukraine crisis on trade and the energy supply. The proportion of German firms citing a lack of demand as a constraint on growth has jumped from just 6 percent to nearly one in four. Expectations for employment in the country have also dropped into negative territory (net -8 percent) for the first time since 2010 — the lowest of all 34 economies surveyed.

“We knew that the economic environment in Germany had worsened in recent months, but the severity of the change in outlook by our nation's largest trade partner within the EU and one of the largest sources of foreign direct investment in the United States has very significant implications for the U.S. economy and businesses,” said Stephen Chipman, chief executive officer of Grant Thornton LLP.

“While optimism among U.S. business leaders remains relatively high — boosted primarily by recent strong employment and economic growth — we will be

watching closely in the coming months to gauge the domestic repercussions of the

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percent, up 10 percentage points from the previous quarter and an 18 percentage-point increase from one year ago. This marks the highest level for both hiring and revenue expectations since 2007. In addition, companies' plans to invest in research and development has continuously increased during the past two years to net 27 percent, up 16 percentage points from third quarter 2012.

Following a 19 percentage-point decrease in second quarter 2014, plans to invest in plants and machinery increased 8 percentage points to net 32 percent.

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