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outlook over the next 12 months, the third straight quarter it's held at that level since dropping from 79% at the start of 2018. U.S. executives also continue to hold a dim ...

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Concerned about the outlook for both the U.S. and global economies, business executives are less optimistic on a number of categories that impact their companies, according to the second-quarter [AICPA Economic Outlook Survey](#), which polls chief executive officers, chief financial officers, controllers and other certified public accountants in U.S. companies who hold executive and senior management accounting roles.

Some 57 percent of survey takers expressed optimism about the U.S. economy's

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expectations, which slid this quarter from 4.4 percent to 4.2 percent and 3.6 percent to 3.1 percent, respectively.

"While business executives' expectations for their companies and the perceived environment those companies will be operating in over the next year have been tracking downwards, there's been a slight disconnect between these for the past few quarters" said Ash Noah, CPA, CGMA, managing director of CGMA learning, education and development for the Association of International Certified Professional Accountants, the global organization that includes the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA). "In this quarter, we've seen a bit of a reset and the indicators are more closely aligned. With so much uncertainty over trade and other global issues, companies are taking a more conservative stance on their potential performance."

Availability of skilled personnel remains the top challenge for businesses, a position it has occupied since the third quarter of 2017. Two other staffing-related issues are among the top five challenges cited by survey takers this quarter: employee and benefit costs (No. 2) and staff turnover (No. 5).

With a tight labor market, business executives forecast a 2.7 percent increase in salary and benefit costs over the next twelve months, a 0.1 percent increase over last quarter's forecast. Asked for more specifics in a separate question, some 86 percent of respondents said they expected to raise salary and wages in the next 12 months, with most (64 percent) saying they expected those increases to fall between three and five percent. Only eight percent said they didn't expect to raise salaries and wages at all. These numbers track closely with results from the last time the question was asked at the end of 2018.

The AICPA survey is a forward-looking indicator that tracks hiring and business-related expectations for the next 12 months. In comparison, the U.S. Department of

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- The percentage of U.S. executives who expressed optimism about their own company's prospects over the next 12 months fell from 65 percent to 62 percent, quarter over quarter.
- Survey respondents who said they expect their organizations to expand in the coming year also fell three percentage points to 63 percent.
- The number of business executives who said their companies have too few employees and are ready to hire immediately edged up slightly in the quarter from 26 percent to 28 percent. Those who want to hire but are hesitant because of uncertainty also edged up a tick from 15 to 16 percent. This hesitancy to hire was particularly pronounced in the largest companies (those with over \$1 billion in annual revenue), with one-in-four reporting such qualms. That's much higher than other company segments.
- Inflation concerns slipped five percentage spots to 29 percent in the quarter and have dropped from 47 percent a year ago.
- Construction and health care providers were bright spots for positive sector outlooks in the quarter, while retail trade and manufacturing showed sharp drops in optimism.

Small Business

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