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at-home restrictions and other pandemic-related impacts. Business executives now expect revenue to shrink five percent over the next 12 months, a swing from ...

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With most businesses feeling the effects of the COVID-19 pandemic, U.S. executives hold the most pessimistic view of the U.S. economy since the end of 2011, when the nation was still emerging from the lingering impact of the Great Recession, according to the second-quarter [AICPA Economic Outlook Survey](#). The survey 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.

Only 20 percent of survey takers expressed optimism about the U.S. economy's

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anticipated 4.3 percent growth rate last quarter. Profit expectations, meanwhile, have been adjusted to reflect a drop of 5.5 percent, down from an anticipated 3.3 percent growth rate. As of the first-quarter survey, less than eight percent of business executives said their companies had made downward adjustments to their forecasts due to the pandemic. For this quarter, 81 percent said their organizations had done so.

“Not surprisingly, this quarter’s survey documents the severe impact the pandemic has had on the outlook for U.S. businesses,” said Ash Noah, CPA, CGMA, managing director of CGMA learning, education and development for the Association of International Certified Professional Accountants. “Moving forward, the reopening or ramping up phases in different states will be critical but the rise of liquidity concerns and the uncertain social and economic environment, including potential second-wave infections and prospects of additional layoffs, continue to present an extremely challenging environment for businesses.”

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 Labor’s May employment report, scheduled for release tomorrow, looks back on the previous month’s hiring trends.

The CPA Outlook Index—a comprehensive gauge of executive sentiment within the AICPA survey—fell 50 percent since last quarter and now stands at 38, its lowest level since early 2009. The index is a composite of nine, equally weighted survey measures set on a scale of 0 to 100, with 50 considered neutral and lower numbers signifying negative sentiment.

Other key findings of the survey:

- Some 51 percent of businesses executives said their companies have the right

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listed in the top ten concerns in the survey since the second quarter of 2016.

- For top pandemic-specific concerns, business executives listed 1) customer demand/ability to pay, 2) safety of employees and 3) cash, financing and capital challenges.
- The percentage of U.S. executives who expressed optimism about their own company's prospects over the next 12 months fell from 66 percent to 30 percent, quarter over quarter.
- Survey respondents who said they expect their organizations to expand in the coming year dropped from 64 percent last quarter to 24 percent.
- IT is the only sector tracked in the survey to not show an anticipated decline in spending over the next 12 months, but it is only expected to post an 0.4 percent growth rate. IT employment, on the other hand, is expected to decline by one percent.

Small Business

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