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Overall

Some 43 percent of survey respondents said their companies plan to expand in the next 12 months, up from 24 percent last quarter. Business executives' optimism about their own companies' prospects saw a similar rise from ...

Sep. 03, 2020



U.S. business executives are feeling more optimistic about expansion plans and the outlook for their own companies over the next 12 months, yet still harbor deep concerns about the strength of the U.S. and global economies in the midst of a worldwide pandemic

That's according to the third-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

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next 12 months, up from 24 percent last quarter. Business executives' optimism about their own companies' prospects saw a similar rise from 30 percent to 41 percent, quarter over quarter. For perspective, however, the latter number stood at 61 percent a year ago.

"This has been the worst economic and humanitarian crisis on a global scale in our lives, one that will have a long-lasting impact on almost every aspect of life, from where we live, work and shop to how we travel and vacation," said Ash Noah, CPA, CGMA, managing director of CGMA learning, education and development for the Association of International Certified Professional Accountants. "In the midst of most trends being upended, we're seeing improvement in a number of categories this quarter but it's worth remembering we're digging out of a very deep hole of pessimism. Comparisons are still tracking with the years immediately following the Great Recession. We're also seeing the usual uncertainty over the outcome of the presidential election, which – given our current state of political polarization — adds to businesses' sense of unease and volatility."

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 August 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—rebounded into positive territory. It now stands at 54, up from 38 last quarter (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 higher numbers signifying positive sentiment.

Other key findings of the survey:

- Revenue and profit expectations have stabilized somewhat. Last quarter, business

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- 2019, or 11.4 percent.
- “Domestic economic conditions” remain the top challenge for businesses but “domestic political leadership” jumped four spots from last quarter to No. 2, as more focus comes to bear on 2020 elections. “Employee and benefit costs” jumped six spots to take the No 3 spot.
 - Last quarter, only one employment sector was expected to show growth over the next 12 months. This quarter, it’s seven sectors, led by technology (1.5 percent anticipated growth). On the other end of the spectrum, hospitality and food services (which includes travel and leisure) is expected to shrink 3.6 percent.
 - Fourteen percent of companies said their current cash position is either dire or concerning, while 85 percent said their position is either strong or acceptable. Sixty percent of business executives said they had at least some concern about liquidity in the coming year, with 10 percent reporting they had significant concern.

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