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## ECONOMIC OUTLOOK

Last quarter's modest lift in business executives' view of the U.S. economy proved short-lived, with a majority now expressing pessimism about the next 12 months

**Isaac M. O'Bannon** • Jun. 01, 2023



Last quarter's modest lift in business executives' view of the U.S. economy proved short-lived, with a majority now expressing pessimism about the next 12 months, according to the second-quarter [AICPA & CIMA 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 14% of business executives expressed optimism in the U.S. economy's prospects

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recession worries, concern about a potential U.S. default,” said Tom Hood, the AICPA & CIMA’s executive vice president for business engagement and growth. “Hiring demand is still strong but we’re starting to see companies holding back on filling positions, essentially taking a wait-and-see attitude until economic conditions become clearer.”

Some 43% of business executives said their company had too few employees, essentially the same as last quarter. But 17% said they were hesitant to hire because of economic uncertainty, up six percent from last quarter.

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.

Other key findings of the survey:

- Expansion plans decreased from 52% to 43%, and those who expect their businesses to contract increased from 20% to 31%, which is higher than previous periods aside from those impacted by the pandemic.
- 12-month revenue projections dropped from 2.6% last quarter to only 1.3%. Profit expectations, meanwhile, now show a -0.9% decline, down from 0.6% forecast last quarter.
- Business executives are more pessimistic about their own company’s prospects over the next 12 months (35% vs. 47% last quarter), but still see brighter prospects for their organizations than the economy as a whole.
- Inflation remained the No. 1 concern of survey takers, followed by domestic economic conditions, which jumped three slots since last quarter. Employee and benefit costs stayed at the No. 3 slot. Liquidity concerns jumped in to the top 10 concerns.

- Sixty-eight percent of business executives said their companies hadn't experienced

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