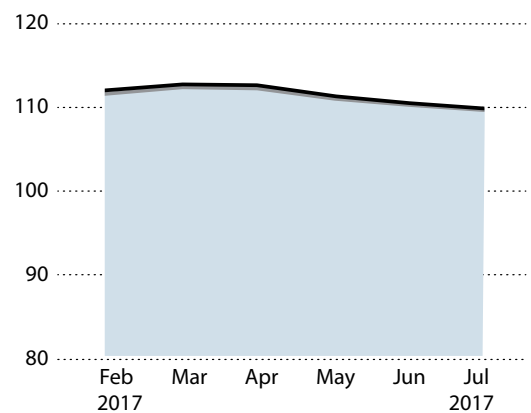


Gradual falloff in confidence.

There has been a very gradual erosion in confidence since the start of 2017, as small business firms have increasingly concluded that the pace of economic growth will not be as fast as they initially expected under the Trump administration. The WSJ-Vistage Small Business Confidence Index slipped to 110.0 in July, down marginally from 110.4 in June and a small cumulative drop from the recent peak of 113.5 in January. While all other components were as favorable in July as in January, the falloff in the overall confidence index was mainly due to downward revisions in the anticipated pace of economic growth. When directly asked how the Trump administration has changed the outlook for their business, the proportion that reported more favorable prospects dropped to 34% in July, from a peak of 48% in January. The data suggest that the overall declines in confidence have been due to disappointment in the Trump administration; these declines, however, have been largely offset by the expectation of continued growth in their firm's revenues and profits. Importantly, profit margins remained robust, despite the fact that half of all small firms offered larger pay increases than in past years. The failure of healthcare legislation was reflected by the wide range of conflicting reforms favored by small firms: lower costs for older (54%) as well as younger (41%) workers, eliminate mandates for employers (37%) and individuals (27%) while keeping the healthcare exchanges (23%), require plans to cover existing conditions (57%) and provide plans that offered less comprehensive coverage (35%). Luckily, small business confidence has become more dependent on the underlying strength in the economy and less dependent on prospects for prompt changes in policies and regulations. Following the repeated failure of healthcare reform, it is unlikely that tax reform or infrastructure spending will generate a positive economic impact anytime in 2017.

– Analysis provided by Dr. Richard Curtin, University of Michigan

WSJ/Vistage Small Business CEO Confidence Index



Visit vistageindex.com to see the interactive tool and view results from previous months.

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same or worsened?	Improved	389	53%
	Remained about the same	306	41%
	Worsened	38	5%
	Don't know/No opinion	7	1%
2. During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same or worse than now?	Better	265	36%
	About the same	366	49%
	Worse	85	11%
	Don't know/No opinion	24	3%

Question	Answer	Respondents	
		#	%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same or decrease during the next 12 months?	Increase	351	47%
	Remain the same	334	45%
	Decrease	48	6%
	Don't know/No opinion	7	1%
4. Do you anticipate that your firm's sales revenues will increase, remain about the same or decrease during the next 12 months?	Increase	552	75%
	Remain the same	149	20%
	Decrease	34	5%
	Don't know/No opinion	5	1%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	438	59%
	Remain the same	237	32%
	Worsen	61	8%
	Don't know/No opinion	4	1%
6. Do you expect your firm's total number of employees will increase, remain about the same or decrease during the next 12 months?	Increase	429	59%
	Remain the same	263	36%
	Decrease	37	5%
	Don't know/No opinion	4	1%
7. Are you providing workers with larger pay increases than were typical three or four years ago?	Yes	357	49%
	No	376	51%
8. Please explain why larger pay increases are necessary.	Need to boost pay to keep workers from moving elsewhere	257	52%
	Business conditions have improved	144	29%
	Higher pay reflects increased overtime	42	9%
9. Has the proportion of employees ages 55 and older increased over the last four years?	Yes	195	27%
	No	534	73%

Question	Answer	Respondents	
		#	%
10. If there was an increasing proportion of employees ages 55 and older increased over the last four years, does this increase reflect:	Aging of existing workforce	118	60%
	New hires of older workers	28	14%
	Both	50	26%
11. As the Senate considers healthcare reform, which of these are important to you?	Eliminating the employer mandate	275	13%
	Eliminating the individual mandate	199	9%
	Maintaining the individual health care exchanges	170	8%
	Requiring insurers to continue to sell policies to people with preexisting conditions	424	20%
	Reducing costs for firms with younger workers	300	14%
	Keeping costs from rising more for firms with older workers	401	19%
	Allow insurers to offer — and employers to provide — less comprehensive health care benefits	259	12%
	Limiting funding for Medicaid	100	5%
12. Has the new Trump administration changed prospects for your business?	It has improved prospects for my firm.	248	34%
	It has worsened prospects for my firm.	119	16%
	It has had no impact on prospects for my firm.	370	50%
15. During your company's last fiscal year, what was its total employment?*	1-9 employees	62	8%
	10-19 employees	130	18%
	20-49 employees	272	37%
	50-99 employees	184	25%
	100-499 employees	84	11%
	500-999 employees	8	1%

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Small Business CEO Survey

A monthly survey measuring the sentiment of U.S. small business CEOs and owners about the economy.

Visit vistageindex.com to view an interactive tool with full results from previous months.