

## Small firm confidence falls to 7-year low.

Economic confidence among small firms in the September 2019 survey fell to its lowest level since November 2012, more than six years ago. The WSJ/Vistage Small Business CEO Confidence Index fell to 91.3 in September from last month's 92.9 and last year's 110.9. The proportion of small firms that expect worsening rather than improving conditions in the national economy is greater than any other time since the survey began in June of 2012. Moreover, substantial declines were recorded in planned investments and hiring as well as in expected revenue and profit gains – all declined by 10% or more from last September's survey. At present, however, very few firms anticipated absolute cutbacks in hiring or fixed investments, and few anticipate that revenues or profits would post absolute declines. Tariffs have negatively affected one-third of all small firms, with just over one-in-four firms citing that they were affected by the most recent round of tariffs at the start of September. The two recent cuts in interest rates made by the Fed will ease some concerns, although firms may think the primary reason for the Fed's action was based on counteracting the potential for greater weakness in the economy. Small firms may well conclude that instead of increasing investment spending, the more prudent course is to adopt more cautious investment plans. Overall, the data appears consistent with a slowdown in the pace of economic growth rather than a signal of a forthcoming recession.

### Economy expected to weaken by small firm CEOs.

The current state of the economy was judged much less favorable in September. The proportion that reported overall improvements fell to 22% from last year's 62%. Importantly, just over one-in-four firms judged that the national economy had already begun to decline in September; last year, just one-in-twenty-five held negative views of the economy's performance. When asked about how the economy would fare during the year ahead, a scant 12% expected the economy to improve, and 41% expected continued decline in the economy in the September survey. This was the worst overall assessment of future economic prospects that has been recorded since the survey first began in mid-2012. Since the entire life of this survey is contained within the current expansion, the data is insufficient to predict a recession, but it certainly indicates that small business firms expect a significant slowdown in the pace of economic growth.

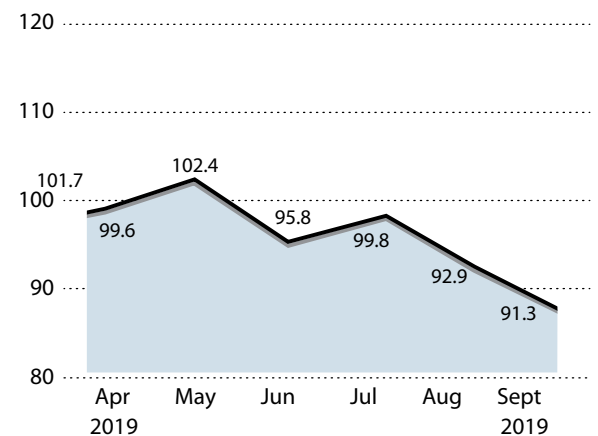
### Revenue and profit expectations post moderate declines from last month.

The number of small firms that expect increases in revenues and profits posted only small declines from last month, although the indexes were down by about 10% compared with a year ago. Increased revenues during the year ahead were anticipated by 62% in September, just below August's 65% but well below last year's 76%. The modest monthly decline was recorded despite 44% of firms who also expected to raise the prices of their products or services. Improved profitability during the year ahead was anticipated by 51%, barely below last month's 52% but well below last year's 63%. Despite the more substantial year-to-year expected declines in revenues and profits, these expectations have declined by much less than their views of the overall national economy.

### Hiring and investment plans remain stable.

Planned net additions to their workforce were anticipated by 59% of all small firms in September, up four points from last month's 55% and a moderate decline from last year's 65%. The data, however, may reveal an uptick in hiring, since 13% of all firms indicated cutbacks in the past 12 months and only 3% anticipate their workforce decreasing in the coming year. In addition, the falloff in new investment spending appears to have ended, at least temporarily. Increases in net investments in plant and equipment were planned by 38% of all firms, unchanged from last month, although still below last year's 50%. Cutbacks in new investment spending were planned by just 12% in September, just below last month's 13%.

### WSJ/Vistage Small Business CEO Confidence Index



The WSJ/Vistage Small Business CEO Confidence Index declined to 91.3 in September 2019, down from 92.9 in August.

Visit [vistageindex.com](http://vistageindex.com) to see the interactive tool and view results from previous months.

Question	Answer	Respondents	
		#	%
<b>1. Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?</b>	Improved	175	22%
	Remained about the same	408	51%
	Worsened	214	27%
	Don't know/No opinion	5	1%
<b>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?</b>	Better	95	12%
	About the same	362	45%
	Worse	329	41%
	Don't know/No opinion	16	2%
<b>3. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?</b>	Increase	496	62%
	Remain the same	223	28%
	Decrease	78	10%
	Don't know/No opinion	5	1%
<b>4. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?</b>	Improve	410	51%
	Remain the same	283	35%
	Worsen	105	13%
	Don't know/No opinion	4	0%
<b>5. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?</b>	Increase	352	44%
	Remain the same	402	50%
	Decrease	45	13%
	Don't know/No opinion	3	0%

Question	Answer	Respondents	
		#	%
<b>6. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?</b>	Increase	301	38%
	Remain the same	392	49%
	Decrease	96	12%
	Don't know/No opinion	13	2%
<b>7. Has your firm's total number of employees increased, remained the same, or decreased during the past 12 months?</b>	Increased	427	53%
	Remained the same	270	34%
	Decreased	105	13%
<b>8. If your wages have increased in the last 12 months, what is the reason for the increase?</b>	Regular cost of living increases	129	16%
	More competitive wages for hiring	276	34%
	Drive employee retention	170	21%
	Performance-based raises	135	17%
	Other, please specify	18	2%
	N/A	73	9%
<b>9. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?</b>	Increase	470	59%
	Remain the same	299	37%
	Decrease	28	3%
	Don't know/no opinion	4	0%

Question	Answer	Respondents	
		#	%
<b>10. How are tariffs impacting your business?</b>	Positively impacting my business	23	3%
	Not impacting on my business	481	60%
	Negatively impacting my business	293	37%
<b>11. Is your business affected by the new U.S. tariffs that took effect September 1, 2019?</b>	Yes	225	28%
	No	569	72%
<b>12. Has your business been impacted by the Supreme Court's Wayfair decision, which gives states the right to charge sales tax on purchases made from out-of-state sellers, even if the seller doesn't have a physical presence in the taxing state?</b>	Yes	137	17%
	No	476	60%
	Don't know/no opinion	183	23%
<b>13. Has your company added any safety measures or taken other steps to protect against potential shootings or other workplace violence?</b>	Yes	164	21%
	No, but we are in the process of developing safety measures and precautions	111	14%
	No	498	63%
	Other	20	3%
<b>14. Has the Trump administration changed prospects for your business?</b>	It has improved prospects for my firm	328	41%
	It has worsened prospects for my firm	193	24%
	It has had no impact on prospects for my firm	276	35%

Question	Answer	Respondents	
		#	%
<b>15. During your company's last fiscal year, what was its total employment?</b>	1-9 employees	80	10%
	10-19 employees	156	19%
	20-49 employees	287	36%
	50-99 employees	193	24%
	100-499 employees	81	10%
	500-999 employees	4	0%
	<b>16. During your company's last fiscal year, what were its total revenues?</b>	1-4 Million	268
5-9 Million		234	29%
10-20 Million		300	37%

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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.

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