

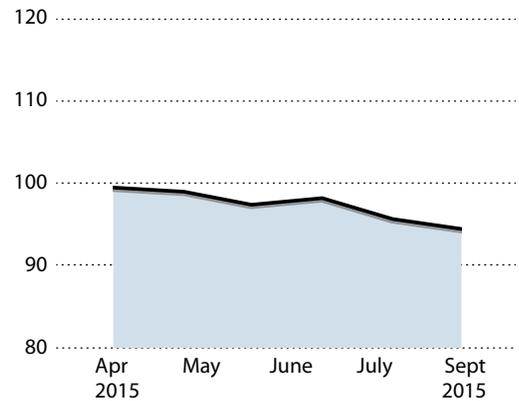
CEOs limiting investments and hiring as economic confidence continues to fall.

The economic confidence expressed by small firms has slowly declined since the start of 2015, falling to its lowest level in nearly two years, according to an October 12-21, 2015, survey of 644 small business CEOs and business owners. The WSJ/Vistage Small Business CEO Confidence Index was 101.9 in October, down from 103.7 in September and the peak of 115.5 at the start of 2015. While it may seem clear that a peak was recorded at the start of 2015, the key question is whether it will also constitute a cyclical peak. Even given the atypical nature of the expansion, the data only indicate a slower, but still positive, rate of economic growth.

The primary reason for the erosion of confidence has been the continued weakness in the economy. This has diminished the willingness of small firms to make investments in new plant and equipment as well as expand their workforce. To be sure, very few firms expected the economy to fall into recession, as just one-in-seven anticipated that the economy would actually worsen. The majority of small firms expected economic growth to remain on the same uneven path as at present, with a below average quarterly growth rate in the current quarter to be followed by above average growth. Importantly, despite the lackluster performance of the economy, the majority of firms anticipate continued growth in their own revenues and profits. It is nonetheless of some concern that small firms have begun to limit investments and hiring due to uncertain prospects for the economy as well as uncertainty about monetary policy.

Analysis 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	213	33%
	About the same	335	52%
	Worsened	92	14%
	Don't know/No opinion	4	1%

Question	Answer	Respondents	
		#	%
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	182	28%
	About the same	360	56%
	Worse	97	15%
	Don't know/No opinion	5	1%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	270	42%
	About the same	289	45%
	Decrease	81	13%
	Don't know/No opinion	4	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	462	72%
	About the same	138	21%
	Decrease	39	6%
	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	370	57%
	About the same	210	33%
	Worsen	59	9%
	Don't know/No opinion	5	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	354	55%
	About the same	243	38%
	Decrease	45	7%
	Don't know/No opinion	2	0%

Question	Answer	Respondents	
		#	%
7. During your company's last fiscal year, what was its total employment?	1-9 employees	48	7%
	10-19 employees	125	19%
	20-49 employees	246	38%
	50-99 employees	136	21%
	100-499 employees	81	13%
	500-999 employees	5	1%
	5000-9999 employees	2	0%
	None	1	0%

WSJ | VISTAGE

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.