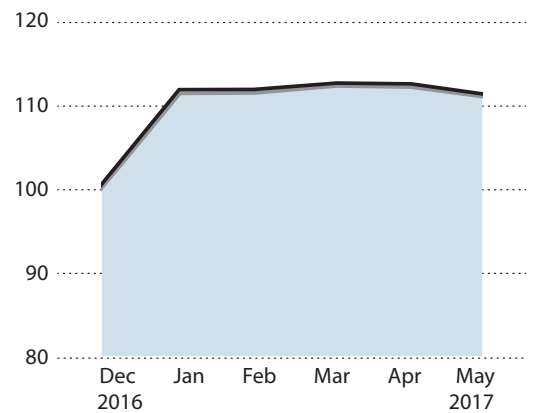


CEO confidence sees 6-month positive trend.

Economic confidence among small businesses has remained largely unchanged at very positive levels for the past six months. The WSJ/Vistage Small Business CEO Confidence Index stood at 110.9 in May, nearly identical with the average of 110.8 for the prior six months. Although small firms have become a bit less optimistic since the start of 2017, the falloff has been very minor. Most of the small May decline was in evaluations of the national economy, which is not surprising given the dismal first quarter GDP data. Perhaps more surprising is the strength that has been maintained in plans for future increases in their workforce, fixed investments, revenues and profits. The tax plan recently outlined has acted to reinforce CEOs' favorable expectations of Trump's economic policies. While the tax plan confirms their prior positive expectations, it did not cause an additional increase in optimism. Overall, the data suggests that small firms have begun their active planning in anticipation of an improved economy, lower tax rates and a reduced regulatory burden. While it is anticipated that the pace of economic growth will bounce back in the second quarter, Trump's tax reforms are unlikely be passed anytime soon. The survival of small firms depends on avoiding excessive risks on new investments and additional employees. An improving economy in the balance of 2017, even if not boosted by tax reform, will extend Trump's honeymoon with small businesses. Performance not promise, however, is the unavoidable yardstick of small firms.

– 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 | 390 | 52% |
| | About the same | 290 | 39% |
| | Worsened | 56 | 8% |
| | Don't know/No opinion | 8 | 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 | 350 | 47% |
| | About the same | 292 | 39% |
| | Worse | 82 | 11% |
| | Don't know/No opinion | 20 | 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 | 350 | 47% |
| | About the same | 320 | 43% |
| | Decrease | 67 | 9% |
| | 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 for the next 12 months? | Increase | 556 | 75% |
| | About the same | 138 | 19% |
| | Decrease | 45 | 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 | 464 | 62% |
| | About the same | 205 | 28% |
| | Worsen | 72 | 10% |
| | Don't know/No opinion | 3 | 0% |
| 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 | 459 | 62% |
| | About the same | 243 | 33% |
| | Decrease | 38 | 5% |
| | Don't know/No opinion | 4 | 1% |
| 7. Has the new Trump administration changed prospects for your business? | It has improved prospects for my firm. | 308 | 42% |
| | It has worsened prospects for my firm. | 117 | 16% |
| | It has had no impact on prospects for my firm. | 315 | 43% |

| Question | Answer | Respondents | |
|---|--|-------------|-----|
| | | # | % |
| 8. Which part of President Trump's proposed tax plan would be most important to your business? | Reducing the maximum tax rate to 15% for businesses, regardless of how they are structured. | 539 | 75% |
| | Repealing the estate tax. | 22 | 3% |
| | Reducing the number of individual tax brackets to 3 from 7 and setting the maximum individual rate at 35%. | 85 | 12% |
| | Repealing the alternative minimum tax. | 39 | 5% |
| | Repealing the 3.8% health care surcharge. | 38 | 5% |
| 9. What would a lower business income tax rate change about how you operated your business? | I would increase investment. | 343 | 47% |
| | I would add more employees. | 144 | 20% |
| | It would have no impact. | 184 | 25% |
| | Other. | 66 | 9% |
| 10. What would the elimination of the estate tax mean for your business? | I would increase investment. | 104 | 15% |
| | I would add more employees. | 16 | 2% |
| | I would change my long-term plans for the business. | 272 | 39% |
| | I would change how ownership of the business is structured. | 95 | 14% |
| | Other. | 214 | 31% |
| 11. During your company's last fiscal year, what was its total employment? | 1-9 employees | 49 | 7% |
| | 10-19 employees | 143 | 19% |
| | 20-49 employees | 291 | 39% |
| | 50-99 employees | 165 | 22% |
| | 100-499 employees | 82 | 11% |
| | 500-999 employees | 8 | 1% |
| | 1000-4999 employees | 4 | 1% |
| | 5000-9999 employees | 1 | 0% |
| | 10000+ employees | 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.