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Business Roundtable CEO Economic Outlook Index Decreases in Q2

CEO Economic Outlook Healthy; Unease About Trade Policy Mutes Enthusiasm

Washington - Business Roundtable today released its Q2 2019 CEO Economic Outlook Index - a composite of CEO expectations for sales and plans for capital spending and hiring over the next six months. This quarter, CEO plans remained healthy but decreased, likely reflecting unease about the direction of U.S. trade policy and uncertain prospects for global growth.

The CEO Economic Outlook Index decreased 5.7 points in the second quarter to a value of 89.5, which exceeds the Index's historical average of 82.6 and signals a continued positive direction for the U.S. economy. The Index has now exceeded its historical average for 10 consecutive quarters and remains well above the 50-point threshold that historically has indicated the onset of recession.

All three components of the Index decreased in the second quarter, though plans for hiring and capital spending both remain above their historical averages:

- CEO plans for hiring decreased 5.2 points to 75.2, which is more than 15 points higher than the employment sub-index's historical average of 58.3.

- Plans for capital investment decreased 2.9 points to 88.1, which is more than 10 points higher than the capital spending sub-index's historical average of 76.5.
- Expectations for sales decreased 8.9 points to 105.1.

In their third estimate of 2019 U.S. GDP growth, CEOs projected 2.6 percent growth for the year, up from their 2.5 percent estimate in the previous quarter.

Jamie Dimon, Chairman and Chief Executive Officer of JPMorgan Chase & Co. and Chairman of Business Roundtable said, *“CEO plans for hiring and capital investment remain healthy, but uncertainty about U.S. trade policy, softening global growth conditions and inaction on other pressing public policy issues are a concern. It is crucial for Congress and the Administration to work together to enact policies that will encourage inclusive growth, innovation and opportunity in the United States. That includes investing in infrastructure and workforce training, reforming our immigration system and expanding free and fair trade. Business Roundtable members stand ready to collaborate on solutions that will benefit all Americans.”*

Joshua Bolten, Business Roundtable President & CEO, added, *“The second quarter CEO survey was in the field during a turbulent few weeks for U.S. trade relations with China and Mexico. Business leaders are ready and eager to invest and hire in the United States. Yet, the uncertainty over trade policy is making it more difficult for companies to invest and operate confidently. The Administration and Congress can remove trade uncertainty by working together on policies - such as enacting the USMCA - that will fortify U.S. trading relationships and expand international commerce for the benefit of America's workers, families and communities.”*

Survey Results

The survey's key findings from this quarter and the first quarter of 2019 include:

CEO Survey Results & Sub-Indices	2019 Q1				2019 Q2				Quarter-Quarter Change in Sub-Index
	Increase	No Change	Decrease	Sub-Index	Increase	No Change	Decrease	Sub-Index	
<i>How do you expect your company's sales to change in the next six months?</i>	73%	17%	9%	114.0	65%	26%	9%	105.1	-8.9
<i>How do you expect your company's U.S. capital spending to change in the next six months?</i>	48%	45%	7%	91.0	48%	43%	10%	88.1	-2.9
<i>How do you expect your company's U.S. employment to change in the next six months?</i>	46%	38%	16%	80.4	41%	43%	16%	75.2	-5.2

Note: Totals may not sum to 100 percent due to rounding.

About the Business Roundtable CEO Economic Outlook Survey

The Business Roundtable CEO Economic Outlook Survey, conducted quarterly since the fourth quarter of 2002, provides a forward-looking view of the economy by Business Roundtable member CEOs. The survey is designed to provide a picture of the future direction of the U.S. economy by asking CEOs to report their company's expectations for sales and plans for capital spending and hiring over the next six months. The data are used to create the Business Roundtable CEO Economic Outlook Index and sub-indices for sales, capex and hiring expectations. These indices are diffusion indices that range between -50 and 150 – where readings at 50 or above indicate an economic expansion, and readings below 50 indicate an economic contraction. A diffusion index is defined as the percentage of respondents who report that a measure will increase, minus the percentage who report that the measure will decrease.

The second quarter 2019 survey was conducted between May 16 and June 3, 2019. Overall, 127 CEOs completed the survey. Results of this and all previous surveys are available at brt.org/resources/ceo-survey.

Business Roundtable CEO members lead companies with more than 15 million employees and \$7.5 trillion in revenues. The combined market capitalization of Business Roundtable member companies is the equivalent of over 27 percent of total U.S. stock market capitalization, and Business Roundtable members invest nearly \$147 billion in research and development - equal to over 40 percent of total U.S. private R&D spending. Our companies pay \$296 billion in dividends to shareholders and generate \$488 billion in revenues for small and medium-sized businesses. Business Roundtable companies also make more than \$8 billion in charitable contributions.

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