



NEWS RELEASE

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Business Roundtable CEO Economic Outlook Index Decreases in Q3

*CEO Economic Outlook Wanes Due in Part to Geopolitical and
Trade Uncertainty*

Washington – Business Roundtable today released its Q3 2019 CEO Economic Outlook Index – a composite of CEO plans for capital spending and hiring and expectations for sales over the next six months. This quarter, CEO plans waned likely due in part to growing geopolitical uncertainty, including U.S. trade policy and retaliation, and slowing global economic growth.

The CEO Economic Outlook Index decreased 10.3 points from last quarter to a value of 79.2, which falls below the Index's historical average of 82.7. While the lower index reading suggests some moderation in the pace of economic growth going forward, the Index remains within growth territory.

All three components of the Index decreased in the third quarter:

- **CEO plans for hiring** decreased 2.6 points to 72.6, which is higher than the employment sub-index's historical average of 58.5.
- **CEO plans for capital investment** decreased 14.7 points to 73.4, which is lower than the capital investment sub-index's historical average of 76.7.
- **CEO expectations for sales** decreased 13.5 points to 91.6, which is lower than the sales sub-index's historical average of 112.9.

In their fourth estimate of 2019 U.S. GDP growth, CEOs projected 2.3 percent growth for the year, which dropped 0.3 percentage point from last quarter's estimate of 2.6 percent.

Jamie Dimon, Chairman and Chief Executive Officer of JPMorgan Chase & Co. and Chairman of Business Roundtable said: "The U.S. needs strong, sustained long term economic growth in order to remain globally competitive and expand opportunity for more Americans. Business Roundtable CEOs stand ready to work with policymakers

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to address our nation's biggest challenges to create conditions for inclusive growth, investment and job creation here in America."

Joshua Bolten, Business Roundtable President & CEO added: "This quarter's survey shows American businesses now have their foot poised above the brake, and they're tapping the brake periodically. Uncertainty is preventing the full potential of the economy from being unleashed, limiting growth and investment here in the U.S. Opening markets and promoting rules-based trade remains vital to U.S. economic prosperity. Congress and the Administration have the immediate opportunity to come together and provide stability and growth to our economy by enacting the U.S.-Mexico-Canada Agreement."

While the Index looks at expectations for the next six months, Business Roundtable posed a special question this quarter asking CEOs to look back at the last twelve months and report how U.S. trade policy and retaliation from foreign nations has affected their businesses. Almost no CEOs reported a positive impact on their business.

- More than half of CEOs reported a somewhat or very negative impact on sales.
- One-third of CEOs reported a somewhat or very negative impact on hiring.
- One-fourth of all CEOs – and 40% of CEOs within the manufacturing sector – reported a somewhat or very negative effect on capex.

Survey Results

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

CEO Survey Results & Sub-Indices	2019 Q2				2019 Q3				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 <u>sales</u> to change in the next six months?</i>	65%	26%	9%	105.1	61%	19%	20%	91.6	-13.5
<i>How do you expect your company's U.S. <u>capital spending</u> to change in the next six months?</i>	48%	43%	10%	88.1	36%	50%	13%	73.4	-14.7
<i>How do you expect your company's U.S. <u>employment</u> to change in the next six months?</i>	41%	43%	16%	75.2	43%	36%	20%	72.6	-2.6



*Note: Totals may not sum to 100% due to rounding.

About the Business Roundtable CEO Economic Outlook Survey

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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 third quarter 2019 survey was conducted between August 23 and September 9, 2019. Overall, 138 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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