



NEWS RELEASE

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CEO Economic Outlook Suggests Continued Concerns Over Flat Economy

Washington — CEOs report lower expectations for sales, roughly unchanged plans for hiring and nearly flat plans for capital spending in the third quarter of 2016. Overall, the results suggest that the American economy is likely to continue to experience lackluster growth.

The Business Roundtable CEO Economic Outlook Index — a composite of CEO projections for sales and plans for capital spending and hiring over the next six months — declined by 3.9 points, from 73.5 in the second quarter to 69.6 in the third quarter. The Index remains below its historical average of 79.6. It remains well above 50, indicating continued economic expansion — although well below the full potential of U.S. economic growth.

According to the [Business Roundtable](#) third quarter 2016 CEO Economic Outlook Survey, CEO expectations for sales over the next six months declined by 9.3 points, while expectations for hiring declined by 3.4 points from last quarter. CEO plans for capital expenditures ticked up slightly by 0.8 point relative to last quarter.

In their fourth estimate of real GDP growth for 2016, CEOs expect 2.2 percent growth, a slight tick upward from their 2.1 percent estimate in the second quarter of 2016 and roughly in line with other well-regarded estimates.

“To increase investment and opportunity, Roundtable members continue to think Washington can better support our economy through measures that create growth,” said Doug Oberhelman, Chairman & CEO of Caterpillar Inc. and Chairman of Business Roundtable. “For the past year, the Business Roundtable CEO Economic Outlook has consistently remained below its long-term average. This reflects the unfortunate

new normal – where the U.S. economy is pretty much stuck in neutral rather than moving forward. The continued lack of action on an aggressive pro-growth policy agenda that includes tax reform, trade expansion and a smarter approach to federal regulation contributes to an economy that continues to perform below its potential.”

Survey Results

The survey’s key findings from this quarter and the second quarter of 2016 include:

CEO Survey Results & Sub-Indices	2016 Q2				2016 Q3				Quarter-Quarter Change in Sub-Index
	Increase	No Change	Decrease	Sub-Index	Increase	No Change	Decrease	Sub-Index	
How do you expect your company’s <u>sales</u> to change in the next six months?	68%	22%	10%	107.6	59%	29%	11%	98.3	-9.3
How do you expect your company’s U.S. <u>capital spending</u> to change in the next six months?	37%	45%	18%	68.8	38%	43%	19%	69.6	0.8
How do you expect your company’s U.S. <u>employment</u> to change in the next six months?	29%	35%	35%	44.2	27%	37%	36%	40.8	-3.4

Third Quarter 2016 Business Roundtable CEO Economic Outlook Index

The Business Roundtable CEO Economic Outlook Index – a composite index of CEO plans for the next six months of sales, capital spending and employment – decreased from 73.5 in the second quarter of 2016 to 69.6 in the third quarter of 2016. The long-term average of the Index is 79.6.

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 plans for their company’s sales, capex and employment in 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. All of 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 2016 survey was conducted between August 3 and August 24, 2016. Responses were received from 144 member CEOs. The percentages in some categories may not equal 100 due to rounding. Results of this and all previous surveys can be found at brt.org/resources/ceo-survey.





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Business Roundtable CEO members lead companies with \$7 trillion in annual revenues and nearly 16 million employees. Business Roundtable member companies have a combined stock market capitalization of \$7.9 trillion and invest \$129 billion annually in research and development. Our companies pay more than \$222 billion in dividends to shareholders and generate more than \$495 billion in sales for small and medium-sized businesses annually. Business Roundtable companies also make nearly \$8 billion a year in charitable contributions.

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