

## Small business optimism stable

CEOs maintained their optimism about their firms' business prospects in the latest survey, despite their recognition that the pace of growth in the overall economy would moderate from the 3.0% pace in the Q2. The Vistage CEO Confidence Index was 103.0 in the Q3 2017 survey, virtually equal to the Q2's Index of 103.1 and well above last year's 91.4.

Offsetting CEOs' expected moderation in the pace of growth in the economy, they anticipated somewhat stronger growth in their revenues and profits. Importantly, planned investments and the expansion of employment remained at very high levels throughout the past year. While Trump's victory may have jump-started the rise in optimism, the data now suggest that small firms have placed greater weight on ongoing changes in the economy rather than prospective changes in tax and infrastructure policies.

While regulatory reform is welcome, especially given the burdens on small firms, the more important development is that firms have again emphasized economic rather than political factors in charting their future course. The major uncertainties, however, remain political rather than economic.

Trends in the Vistage CEO Confidence Index show a close correspondence with year-to-year changes in real GDP published by the U. S. Bureau of Economic Analysis. The Vistage CEO Confidence Index has about a six-month lead and currently indicates a continued expansion with an uptick in the average rate of GDP growth during 2017 and early 2018.

### Pace of economic growth moderating

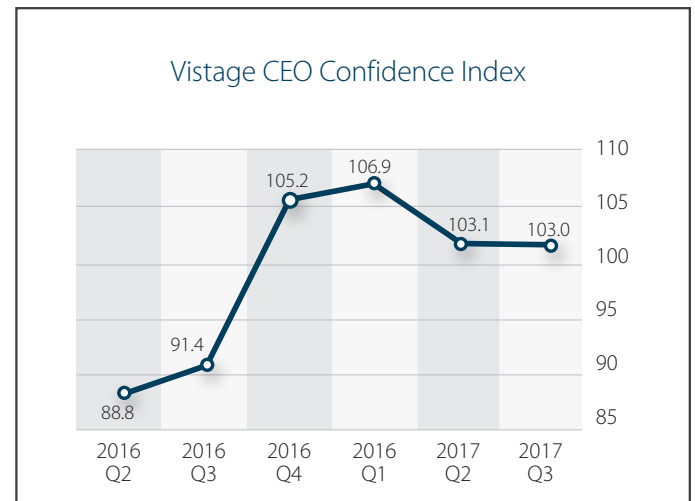
The majority of CEOs reported that economy had recently improved in the Q3 2017 survey, twice as many as in last year's Q3 (52% versus 25%). That rapid pace of recent economic gains, however, has significantly moderated. In Q3 2017, just 32% expected the pace of growth to be better in the year ahead. Although not much below last quarter's 38%, it was well below the seven year peak of 58% recorded immediately following Trump's election. While small firms still anticipated that the economy would improve in the year ahead, those expected gains are now much less dependent on the enactment of Trump's economic agenda. Although uncertainty about the eventual passage of new economic policies remains a top concern, small firms now believe that they can profit through continued modest economic growth.

### Robust sales growth

When asked to report last fiscal year's percentage growth rate in revenues, 33% reported growth rates of 10% or more, and another 40% reported 1-10% growth rates. Just 15% reported flat revenues and another 11% reported sales declines. When asked to project revenue increases during the current fiscal year, the estimates were slightly higher: 36% expected gains of 10% or more, 48% expected revenue gains between 1% and 10%, unchanged revenues were anticipated by 11%, and just 6% expected declines. These data are consistent with revenue estimates from the longstanding survey questions that asked about expected changes in revenues. In the Q3 quarter survey, 77% anticipated increases, 18% were unchanged, and just 5% expected declines. Note that the "same" response in the qualitative question includes estimates that have traditionally encompassed a wider response band around zero than for the quantitative question. Profit expectations were unchanged, with 62% expecting higher profits in Q3, remaining in the narrow range of 60-64% in the past four quarters.

### Strong investment and hiring plans

CEOs' intentions to increase investments in new plant and equipment and to expand their workforces remained unchanged at very favorable levels. Increased investment spending was planned by 47% in Q3, an intention that has remained in the tight range of 47-48% for the past four quarters. Increasing the size of their workforce was planned by 62% in Q3, also remaining in a tight range from 60-62% in the past four quarters.



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**VISTAGE** Q3 2017 Vistage CEO Confidence Index  
 CEO Confidence Index Northeast

Northeast Survey Highlights

**34%** of CEOs expect the economy to improve in the year ahead (vs. **32%** nationally)

**44%** of CEOs expect to increase investments in the year ahead (vs. **47%** nationally)

**78%** of CEOs expect to increase revenue in the year ahead (vs. **77%** nationally)

**52%** of CEOs plan to expand their workforce in the next year (vs. **62%** nationally)

**50%** of CEOs thought the national economy had improved in the past year (vs. **52%** nationally)

**62%** of CEOs expect rising profits in the year ahead (vs. **62%** nationally)

**National Economic Outlook by Industry**

% of CEOs who expect the economy to improve in the year ahead (includes industries with at least 25 responses). Response count in parentheses.

Finance and Insurance	40% (43)
Wholesale Trade	39% (77)
Architectural, Engineering, and Related Services	36% (25)
Consulting Services	36% (50)
Construction	35% (111)
Computer Systems Design and Related Services	33% (27)
Retail Trade	33% (27)
Other	32% (607)
Other Services	31% (36)
Other Professional Services	29% (28)
Manufacturing	27% (171)
Health Care	16% (31)

**National Employment Outlook by Industry**

% of CEOs who plan to expand their workforce in the next year (includes industries with at least 25 responses). Response count in parentheses.

Computer Systems Design and Related Services	81% (27)
Architectural, Engineering, and Related Services	80% (25)
Construction	70% (111)
Consulting Services	70% (50)
Other	63% (607)
Other Services	58% (36)
Health Care	58% (31)
Other Professional Services	57% (28)
Finance and Insurance	56% (43)
Manufacturing	53% (171)
Wholesale Trade	51% (77)
Retail Trade	48% (27)



Q3 2017 Vistage CEO Confidence Index  
Northeast

Number of respondents in (blue)

		Northeast	National
1	Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?	Improved  50% (25)	52% (720)
		Remained about the same  46% (23)	42% (577)
		Worsened  4% (2)	6% (77)
		Don't know/No opinion  0% (0)	1% (9)
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  34% (17)	32% (441)
		About the same  52% (26)	52% (715)
		Worse  10% (5)	14% (195)
		Don't know/No opinion  4% (2)	2% (32)
3	Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase  44% (22)	47% (654)
		Remain the same  50% (25)	44% (615)
		Decrease  4% (2)	8% (104)
		Don't know/No opinion  2% (1)	1% (10)
4	Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase  78% (39)	77% (1,059)
		Remain the same  20% (10)	18% (254)
		Decrease  2% (1)	5% (68)
		Don't know/No opinion  0% (0)	0% (2)
5	Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve  62% (31)	62% (856)
		Remain the same  36% (18)	30% (421)
		Worsen  0% (0)	7% (102)
		Don't know/No opinion  2% (1)	0% (4)
6	Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase  32% (16)	42% (583)
		About the same  64% (32)	53% (734)
		Decrease  4% (2)	4% (60)
		Don't know/No opinion  0% (0)	0% (6)
7	Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase  52% (26)	62% (858)
		Remain the same  44% (22)	32% (449)
		Decrease  2% (1)	5% (71)
		Don't know/No opinion  2% (1)	0% (5)
8	When do you plan to increase your firm's total number of employees over the next 12 months?	Q4 2017  6% (3)	13% (186)
		Q1 2018  6% (3)	12% (165)
		Q2 2018  10% (5)	9% (127)
		Q3 2018  0% (0)	2% (29)
		Steadily throughout the next 12 months.  36% (18)	36% (492)
9	Has the Trump administration changed prospects for your business?	I do not plan to increase staff in the next 12 months.  42% (21)	28% (384)
		It has improved prospects for my firm.  12% (6)	33% (447)
		It has worsened prospects for my firm.  12% (6)	16% (222)
		It has had no impact on prospects for my firm.  76% (37)	51% (703)
17	What was your sales growth rate in the past fiscal year?	Increase 10+  14% (7)	33% (463)
		Increase 6-10%  14% (7)	20% (276)
		Increase 1-5%  36% (18)	20% (281)
		Flat  20% (10)	15% (203)
		Decline 1-5%  10% (5)	5% (75)
		Decline 6-10%  2% (1)	3% (48)
		Decline 10+  4% (2)	3% (37)
		Increase 10+  16% (8)	36% (493)
18	What is your projection for growth for this current fiscal year?	Increase 6-10%  36% (18)	24% (329)
		Increase 1-5%  34% (17)	24% (327)
		Flat  12% (6)	11% (157)
		Decline 1-5%  0% (0)	3% (37)
		Decline 6-10%  2% (1)	2% (21)
		Decline 10+  0% (0)	1% (19)
		Less than 500k  2% (1)	2% (21)
		500-999k  2% (1)	2% (25)
19	During your company's last fiscal year, what were its total revenues?	1-4 Million  10% (5)	17% (237)
		5-9 Million  22% (11)	17% (241)
		10-20 Million  18% (9)	20% (280)
		21-49 Million  26% (13)	19% (265)
		50-99 Million  12% (6)	12% (164)
		100-249 Million  4% (2)	7% (100)
		250-499 Million  2% (1)	2% (31)
		500-999 Million  0% (0)	1% (13)
		1+ Billion  2% (1)	0% (6)

