Management Accounting & Finance

AICPA & CIMA
Together as the Association of International Certified Professional Accountants®

AICPA Business and Industry Economic Outlook Survey

Detailed survey results: 2Q 2024

Survey top line

Overall Optimism

- U.S. economy optimism gave back some its 1st quarter gains, falling from 43% to now only 35% of respondents being optimistic
- Organization optimism eased a point from 49% in Q1 to now 48% who are optimistic about their own company prospects
- Global outlook gained a point from 21% in Q1, to now 22% optimistic

Expansion Hiring

- Expansion plans gained two points from 51% to 54% having expansion plans; those with plans to contract rose slightly from 19% to 20% of executives indicating plans to contract their businesses
- Hiring plans softened; only 29% of organizations of all sizes need employees; 13% continue to be hesitant to hire; 16% have plans to hire, down from 22% in Q1

Revenue Profits

- Revenue outlook improved another point to 2.9%, up from 2.8% looking forward from Q1
- Profitability also continued its recovery from negative territory in 2023, to now a projection of 1.5% looking forward from Q2

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Survey background

- Conducted between May 7- May 28, 2024
- Quarterly survey
- CPA decision makers
  - primarily CFOs, CEOs and Controllers
- AICPA members in business & industry
- 315 qualified responses

Survey highlights

Outlook Drivers

- Continuing geopolitical issues, election year and political concerns were widely cited as concerns
- Pessimists continued to cite uncertainty about interest rates and ongoing inflation
- Optimists cited possibility of interest rate reduction and economic and market reslliency

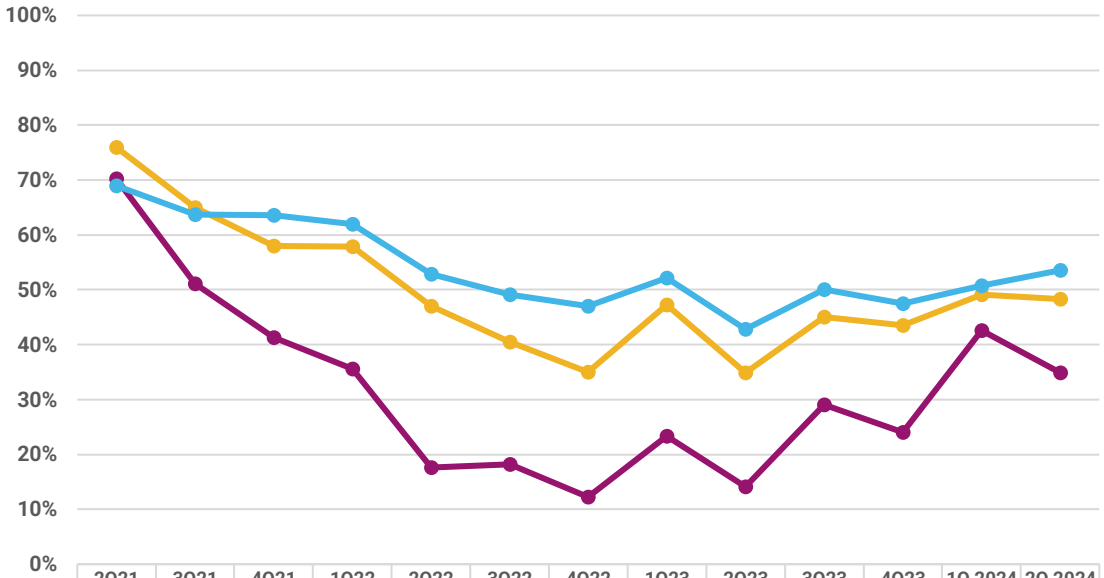
Spending Plans

- IT spending is projected to continue its rebound with an expected increase in spending at 3.8% looking forward from Q2
- The expected rate of increased spending for other capital improved a tenth to 2.2%
- Anticipated spending on training and development eased two points from 1.9% to 1.7%

Top Challenges

- Inflation, employee and benefits costs, and availability of skilled personnel maintained their places in the top three spots on the top ten concerns list.
- Domestic political leadership jumped three places to #4, displacing domestic economic conditions which eased from #4 to #5
- Materials, supplies and equipment costs fell three spots; staff turnover continued its decline; stagnant and declining markets returned to the scene in the #9 slot

Optimism & Expansion

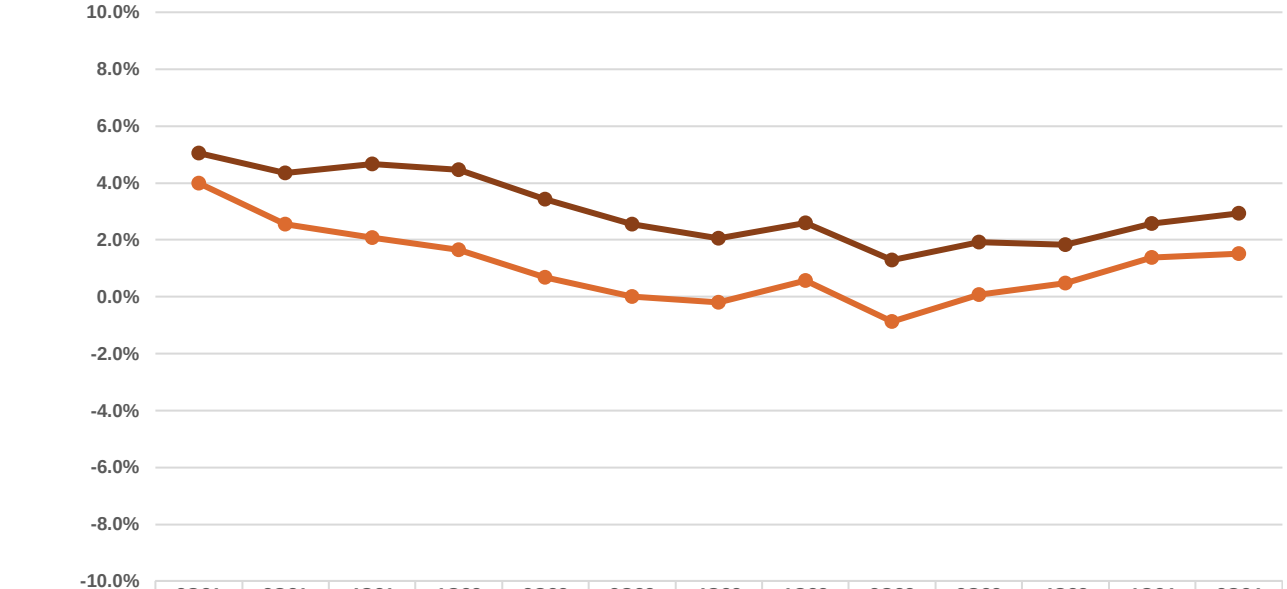


	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q 2024	2Q 2024
U.S.	70%	51%	41%	36%	18%	18%	12%	23%	14%	29%	24%	43%	35%
Organization	76%	65%	58%	58%	47%	41%	35%	47%	35%	45%	43%	49%	48%
Expansion	69%	64%	64%	62%	53%	49%	47%	52%	43%	50%	48%	51%	54%

The economic outlook for the U.S. economy, your organization, and the expansion plans over the next 12 months

Key Performance Indicators

Expected growth in Revenue and Profits

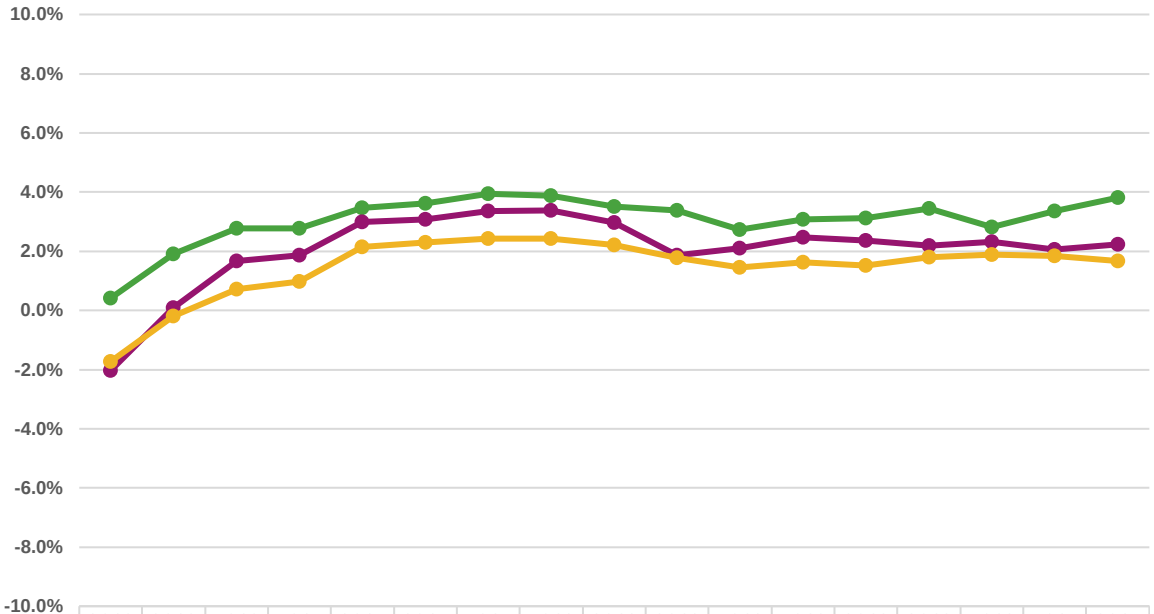


	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Revenue	5.0%	4.3%	4.7%	4.5%	3.4%	2.6%	2.1%	2.6%	1.3%	1.9%	1.8%	2.6%	2.9%
Profit	4.0%	2.5%	2.1%	1.6%	0.7%	0.0%	-0.2%	0.6%	-0.9%	0.1%	0.5%	1.4%	1.5%

Thinking about the coming 12 months, please comment on the probable change for your organization for each of the following key performance indicators

Key Performance Indicators

Spending Plans - IT, Other Capital & Training



	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
IT	0.4%	1.9%	2.8%	2.8%	3.5%	3.6%	3.9%	3.9%	3.5%	3.4%	2.7%	3.1%	3.1%	3.4%	2.8%	3.4%	3.8%
Other Capital	-2.0%	0.1%	1.7%	1.9%	3.0%	3.1%	3.4%	3.4%	3.0%	1.9%	2.1%	2.5%	2.4%	2.2%	2.3%	2.1%	2.2%
Training	-1.7%	-0.2%	0.7%	1.0%	2.1%	2.3%	2.4%	2.4%	2.2%	1.8%	1.5%	1.6%	1.5%	1.8%	1.9%	1.9%	1.7%

Thinking about the coming 12 months, please comment on the probable change for your organization for each of the following key performance indicators

Key KPIs by Company Size

Revenues	Employees	Expectations for Expansion
$1 billion+	Only 2% have excess employees, 24% have too few; 10% remain hesitant while 14% are planning to hire	Eased 5 points from Q1 with now 62% with plans to expand
$100 million - $1 billion	41% have too few employees; 20% are hesitant; 21% are hiring	Improved another 6 points to now 61% having plans to expand
$10 - $100 million	27% have too few employees; 11% are hesitant; 16% are hiring	Eased another 8 points to now only 35% with plans to expand
< $10 million	25% have too few employees; 11% are hesitant, 14% are hiring	Declined another 2 points with now 29% with plans to expand

Employment projections and expansion plans by company size

Expansion plans by business size



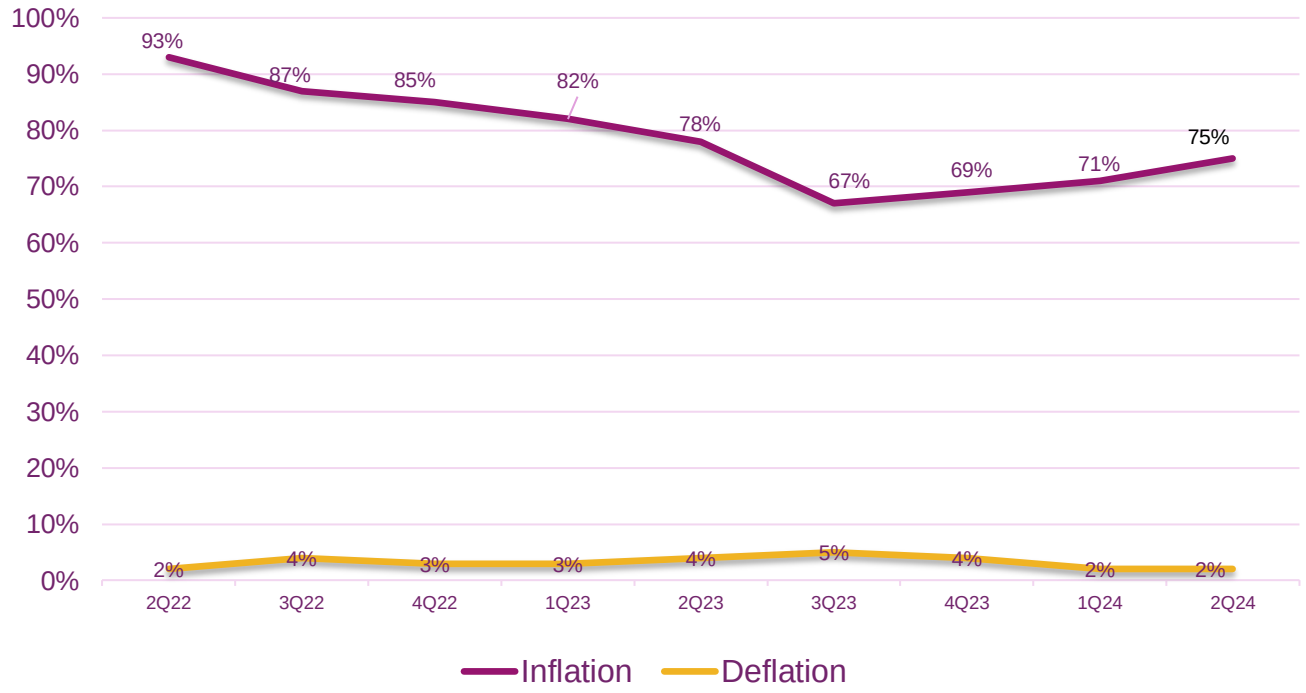
	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
< $10 million	52%	39%	47%	47%	48%	45%	51%	31%	29%
$10 to <$100 million	47%	47%	46%	50%	38%	49%	46%	43%	35%
$100 million to <$1 billion	61%	53%	51%	51%	42%	47%	51%	55%	61%
> $1 billion	56%	47%	51%	68%	52%	57%	46%	67%	62%

Indicate whether you expect your business to expand or contract over the next 12 months

Hiring plans summary



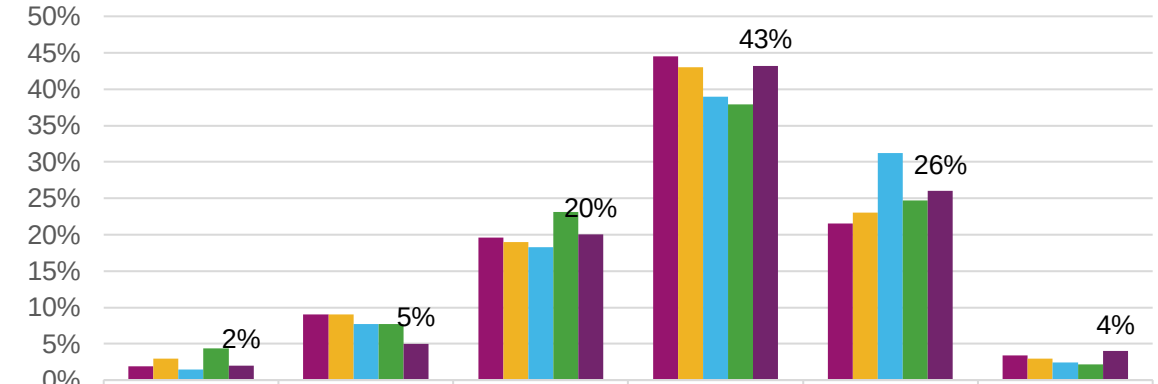
Inflation or Deflation?



For your business, over the next 6 months, which are you more concerned about? Inflation or deflation?

2Q 2024 economic outlook survey

Inflationary risk factors



	Food costs	Energy costs	Raw material costs	Labor costs	Interest rates	Other
2Q23	2%	9%	20%	45%	22%	3%
3Q23	3%	9%	19%	43%	23%	3%
4Q23	1%	8%	18%	39%	31%	2%
1Q24	4%	8%	23%	38%	25%	2%
2Q24	2%	5%	20%	43%	26%	4%

Which of the following potential inflationary factors represents the most significant risk to your business?

Top 10 Challenges facing organizations

- Inflation, employee and benefits costs, and availability of skilled personnel maintained their places in the top three spots on the top ten concerns list.
- Domestic political leadership jumped three places to #4, displacing domestic economic conditions which eased from #4 to #5
- Regulatory requirements/changes maintained its #6 ranking
- Financing (access/cost of capital) recovered a spot to #7
- Materials, supplies and equipment costs fell three spots to #8
- Staff turnover, continued its decline to the bottom of the top ten
- Stagnant and declining markets returned to the scene in the #9 slot, while
- Domestic competition which made a brief recurrence last quarter fell from the top this quarter

Indication of the top three challenges for your organization

Top 10 Challenges YTD

	2Q23	3Q23	4Q23	1Q24	2Q24
1	Inflation	Availability of skilled personnel	Inflation	Inflation	Inflation
2	Domestic economic conditions	Inflation	Domestic economic conditions	Employee and benefits costs	Employee and benefits costs
3	Employee and benefits costs	Domestic economic conditions	Employee and benefits costs	Availability of skilled personnel	Availability of skilled personnel
4	Availability of skilled personnel	Employee and benefits costs	Availability of skilled personnel	Domestic economic conditions	Domestic political leadership
5	Materials/supplies/equipment costs	Staff Turnover	Domestic competition	Materials/supplies/equipment costs	Domestic economic conditions
6	Domestic political leadership	Materials/supplies/equipment costs	Financing (access/cost of capital)	Regulatory requirements/changes	Regulatory requirements/changes
7	Regulatory requirements/changes	Regulatory requirements/changes	Stagnant/declining markets	Domestic political leadership	Financing (access/cost of capital)
8	Staff Turnover	Domestic political leadership	Staff Turnover	Financing (access/cost of capital)	Materials/supplies/equipment costs
9	Financing (access/cost of capital)	Financing (access/cost of capital)	Developing new products/services/markets	Staff Turnover	Stagnant/declining markets
10	Liquidity	Stagnant/declining markets	Liquidity	Domestic competition	Staff Turnover

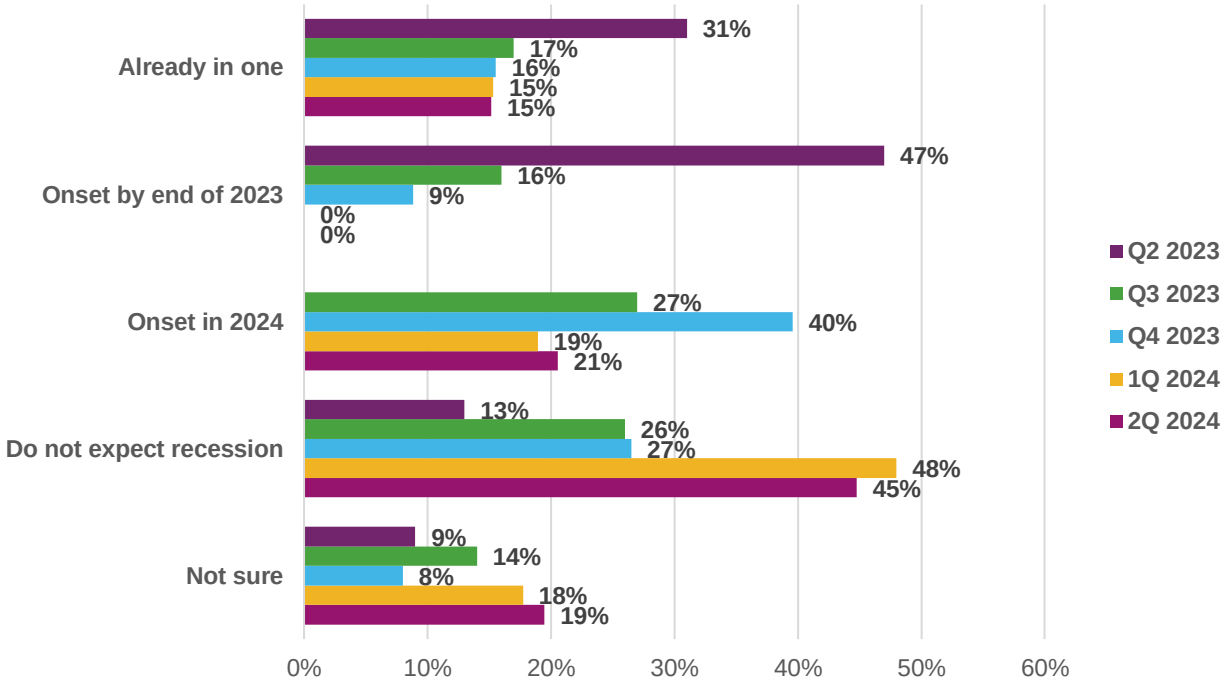
AICPA Economic Outlook Survey

Survey within a Survey

Recession Expectations and Sustainability Activities

Q2 2024

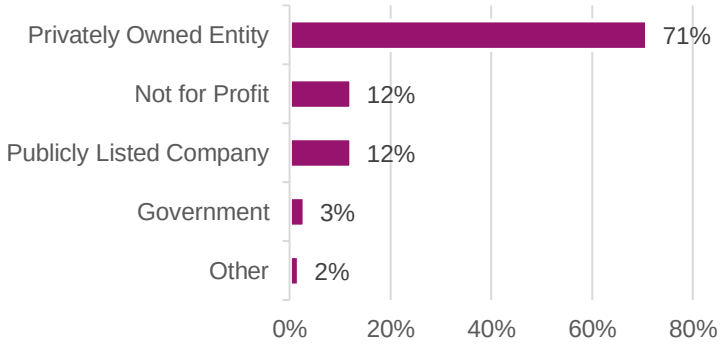
Recession Expectations



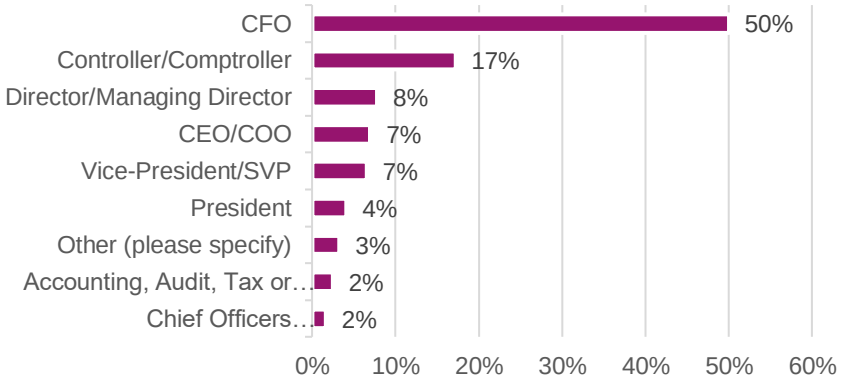
What are your views regarding the potential for a recession in the U.S. Economy?

Demographics

Type of organization

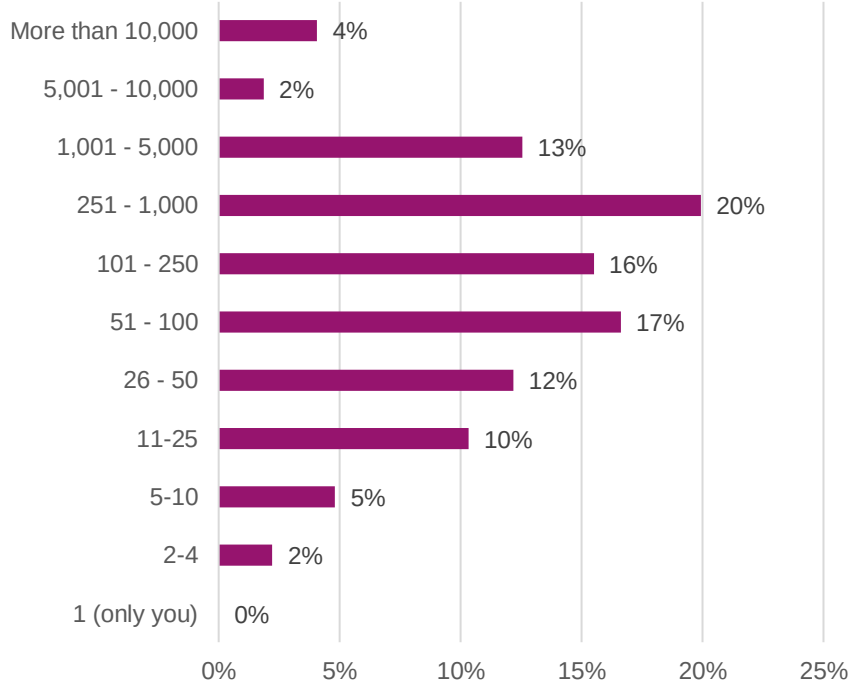


Position

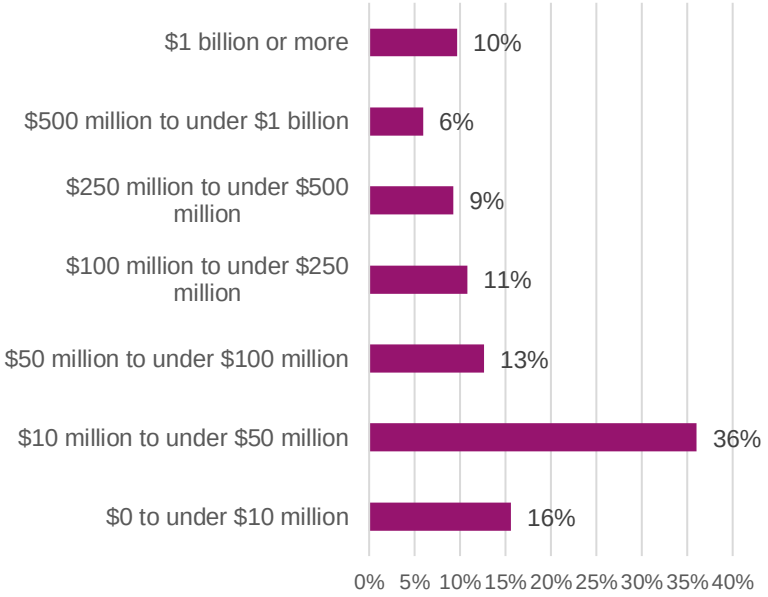


Demographics

Individuals working for organization



Size of organization



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Thank you!

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