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 2025

Survey top line

Overall Optimism

- U.S. economy optimism dropped further from 67% in Q4, to 47% in Q1 to now only 27%
- Organization optimism similarly fell from 50% in Q1 to now only 37% of executives optimistic about their own company prospects
- Global outlook also dropped 10 points to now only 19% optimistic about the global economy; Global Economic Conditions also returned to the Top Ten Challenge list at #8

Expansion Hiring

- Expansion plans fell from 57% to 43% of executives having expansion plans; those with plans to contract their business increased from 19% in Q1 to 30% in Q2
- Hiring plans eased further from 39% to only 32% of organizations of all sizes now need employees; 18% continue to be hesitant to hire; only 14% have plans to hire

Revenue Profits

- Revenue forecasts dropped two points from a 3.0% projected increase looking forward from Q1, to now only a 1.0% expected increase
- Profitability followed suit, falling from 1.7% projected increase in Q1, to now a -0.3% decline being forecast looking forward from Q2

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Survey background

- Conducted between May 6, 2025 - May 27, 2025
- Quarterly survey
- CPA decision makers
  - primarily CFOs, CEOs and Controllers
- AICPA members in business & industry
- 328 qualified responses

Survey highlights

Outlook Drivers

- Optimists cite pro-business administration – reduced spending, regulations, expected taxes
- Pessimists are concerned about chaos of new policies and potential impact of tariffs
- Deficits, price increases, inflation and interest rates also cited as ongoing concerns

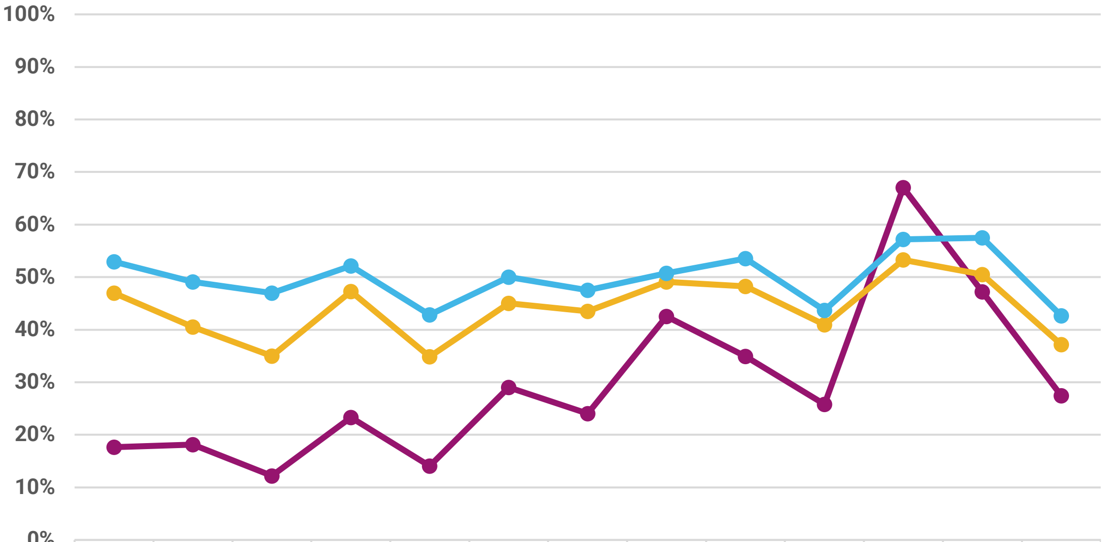
Spending Plans

- The projected IT spending increase eased from 2.7% to now 2,5%
- The expected rate of increased spending for other capital also declined from 2.0% in Q1, to 1.4% looking forward from Q2
- Anticipated spending on training and development dropped another 6 tenths to now 0.7%

Top Challenges

- Domestic economic conditions is now the top challenge moving up three from Q1
- Inflation and materials, supplies and equipment costs followed at 2 & 3. Employee and benefits costs and availability of skilled personnel continue to be major challenges at the 4 & 5 slots.
- Domestic political leadership and regulatory requirements/changes maintained their rankings at 6 & 7.
- Global economic conditions made the top ten for the first time since Q3 2021; stagnant and declining markets also returned, last seen in Q3 2024;

Optimism & Expansion



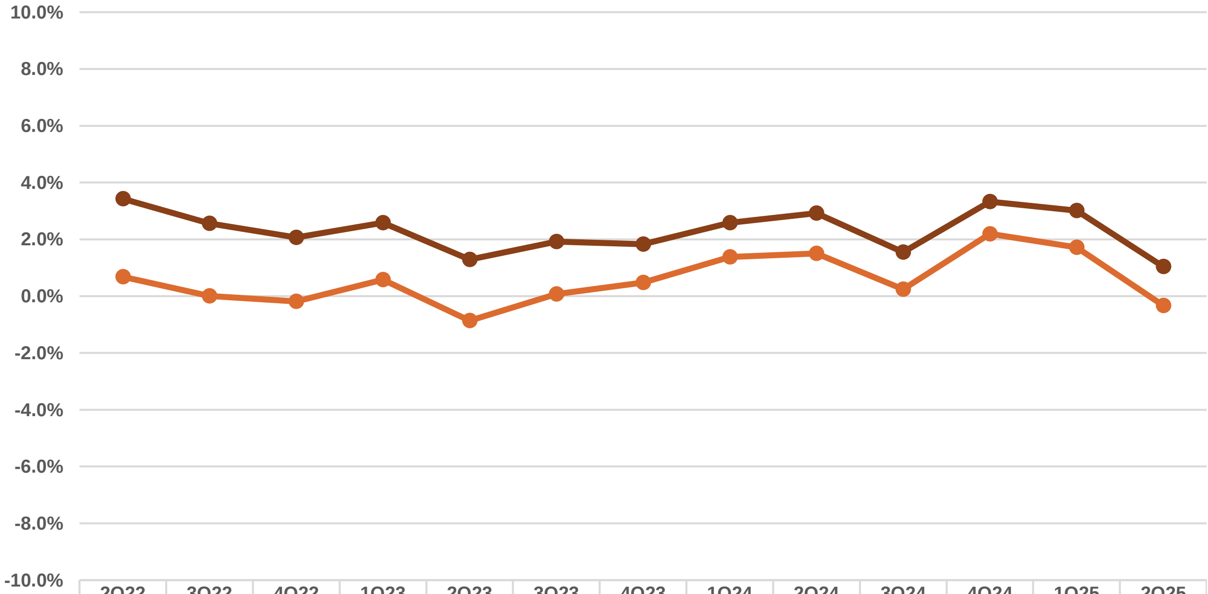
	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q 24	2Q 24	3Q 24	4Q 24	1Q 25	2Q 25
U.S.	18%	18%	12%	23%	14%	29%	24%	43%	35%	26%	67%	47%	27%
Organization	47%	41%	35%	47%	35%	45%	43%	49%	48%	41%	53%	50%	37%
Expansion	53%	49%	47%	52%	43%	50%	48%	51%	54%	44%	57%	57%	43%

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

2Q 2025 economic outlook survey

Key Performance Indicators

Expected growth in Revenue and Profits

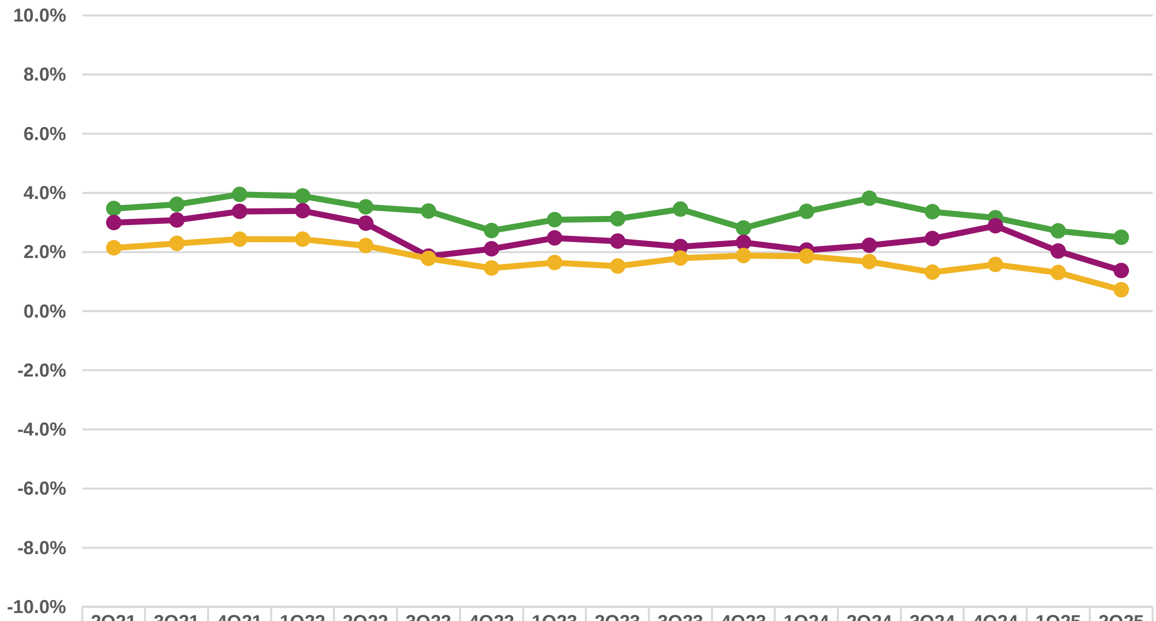


	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Revenue	3.4%	2.6%	2.1%	2.6%	1.3%	1.9%	1.8%	2.6%	2.9%	1.5%	3.3%	3.0%	1.0%
Profit	0.7%	0.0%	-0.2%	0.6%	-0.9%	0.1%	0.5%	1.4%	1.5%	0.2%	2.2%	1.7%	-0.3%

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



	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
IT	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%	3.4%	3.2%	2.7%	2.5%
Other Capital	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%	2.4%	2.9%	2.0%	1.4%
Training	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%	1.3%	1.6%	1.3%	0.7%

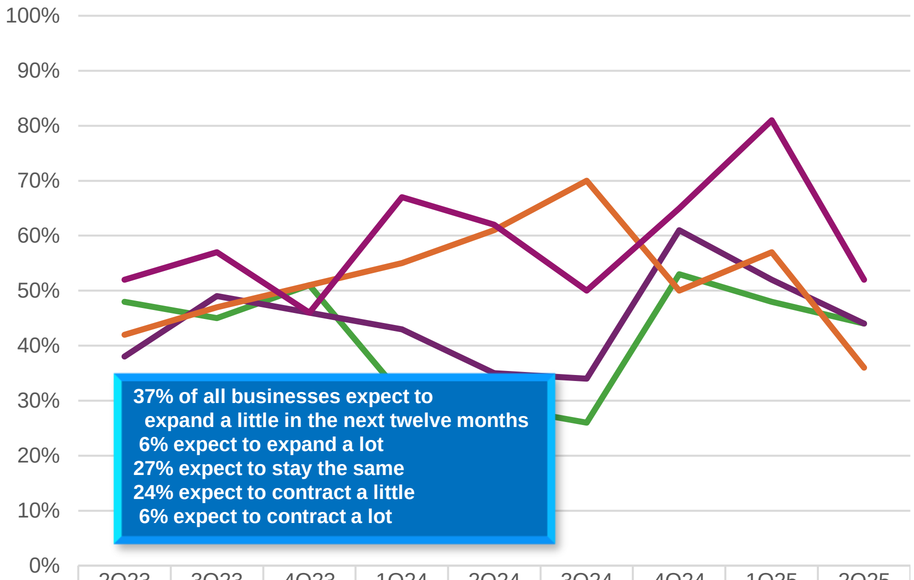
Thinking about the coming 12 months, please comment on the probable change for your organization for each of the following key performance indicators

Key KPIs by Company Size

Revenues	Employees	Expectations for Expansion
$1 billion+	At Q2, 10% have excess employees, 42% have too few; 26% remain hesitant, while 16% are planning to hire	Still 52% have plans to expand, down from jump to 81% in Q1
$100 million - $1 billion	33% have too few employees; 15% are hesitant; 18% are hiring	Fell from 57% to 36% having expansion plans
$10 - $100 million	28% have too few employees; 15% are hesitant; 13% are hiring	Eased further from 52% to 44% planning to expand their business
< $10 million	29% have too few employees; 19% are hesitant, 10% are hiring	Also eased further from 48% to now 44% with plans to expand

Employment projections and expansion plans by company size

Expansion plans by business size

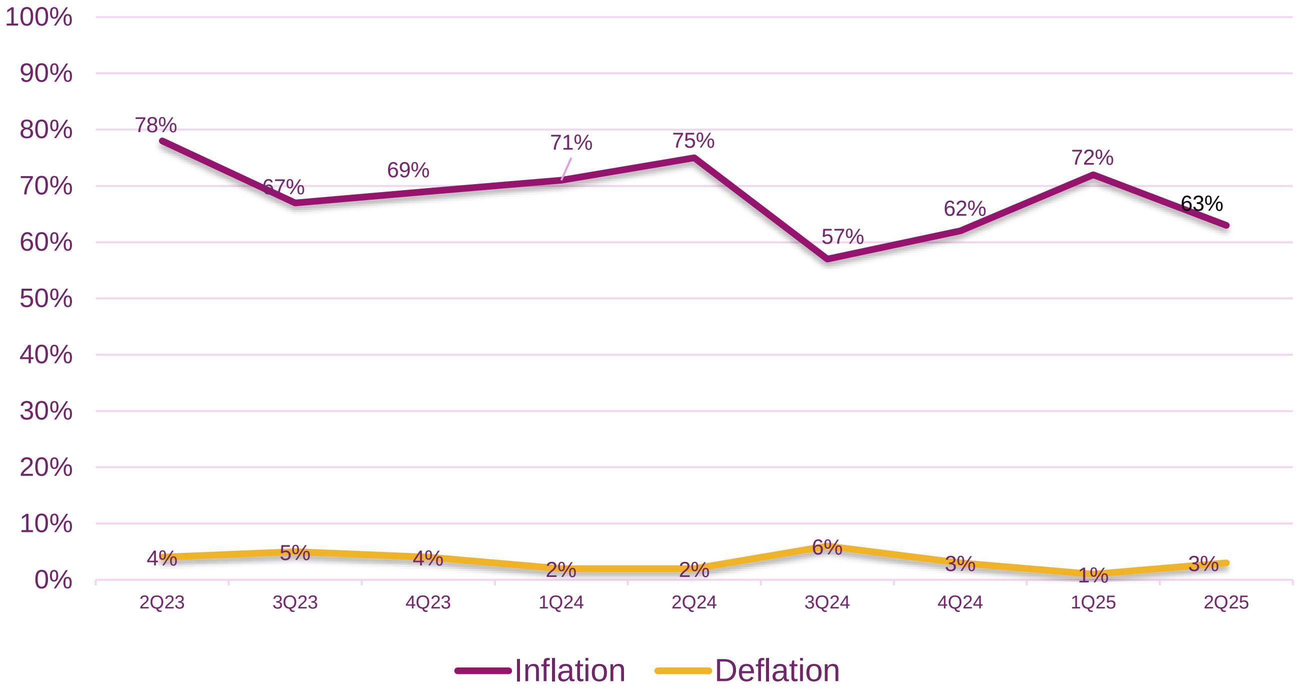


	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
< $10 million	48%	45%	51%	31%	29%	26%	53%	48%	44%
$10 to <$100 million	38%	49%	46%	43%	35%	34%	61%	52%	44%
$100 million to <$1 billion	42%	47%	51%	55%	61%	70%	50%	57%	36%
> $1 billion	52%	57%	46%	67%	62%	50%	65%	81%	52%

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

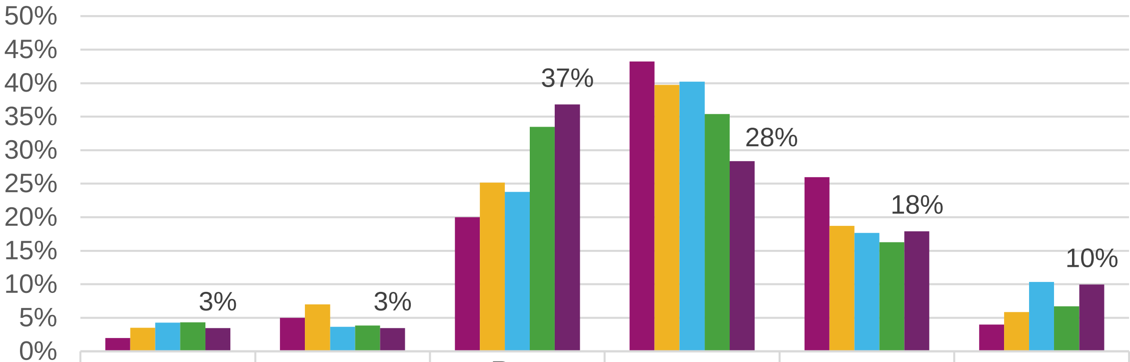
Hiring plans summary

Inflation or Deflation?



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

Inflationary risk factors



	Food costs	Energy costs	Raw material costs	Labor costs	Interest rates	Other
2Q24	2%	5%	20%	43%	26%	4%
3Q24	4%	7%	25%	40%	19%	6%
4Q24	4%	4%	24%	40%	18%	10%
1Q25	4%	4%	33%	35%	16%	7%
2Q25	3%	3%	37%	28%	18%	10%

*Increase in "other" in recent quarters due primarily to respondents expressing concern about tariffs.

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

Top 10 Challenges facing organizations

- Domestic economic conditions is now the top challenge moving up three from Q1.
- Inflation and materials, supplies and equipment costs followed suit.
- Employee and benefits costs and availability of skilled personnel each dropped two positions but continue to be major challenges at the 4 & 5 slots.
- Domestic political leadership and regulatory requirements/changes maintained their rankings at 6 & 7.
- Global economic conditions made the top ten for the first time since Q3 2021.
- Stagnant and declining markets also returned, last seen in Q3 2024.
- Staff turnover also continues to be a challenge, maintaining its position in the #10 slot.

Top 10 Challenges YTD

	2Q24	3Q24	4Q24	1Q25	2Q25
1	Inflation	Employee and benefits costs	Inflation	Inflation	Domestic economic conditions
2	Employee and benefits costs	Inflation	Employee and benefits costs	Employee and benefits costs	Inflation
3	Availability of skilled personnel	Domestic economic conditions	Availability of skilled personnel	Availability of skilled personnel	Materials/supplies/equipment costs
4	Domestic political leadership	Availability of skilled personnel	Materials/supplies/equipment costs	Domestic economic conditions	Employee and benefits costs
5	Domestic economic conditions	Materials/supplies/equipment costs	Domestic economic conditions	Materials/supplies/equipment costs	Availability of skilled personnel
6	Regulatory requirements/changes	Domestic political leadership	Regulatory requirements/changes	Domestic political leadership	Domestic political leadership
7	Financing (access/cost of capital)	Regulatory requirements/changes	Domestic competition	Regulatory requirements/changes	Regulatory requirements/changes
8	Materials/supplies/equipment costs	Staff Turnover	Staff Turnover	Domestic competition	Global economic conditions
9	Stagnant/declining markets	Financing (access/cost of capital)	Financing (access/cost of capital)	Cybersecurity Concerns	Stagnant/declining markets
10	Staff Turnover	Stagnant/declining markets	Cybersecurity Concerns	Staff Turnover	Staff Turnover

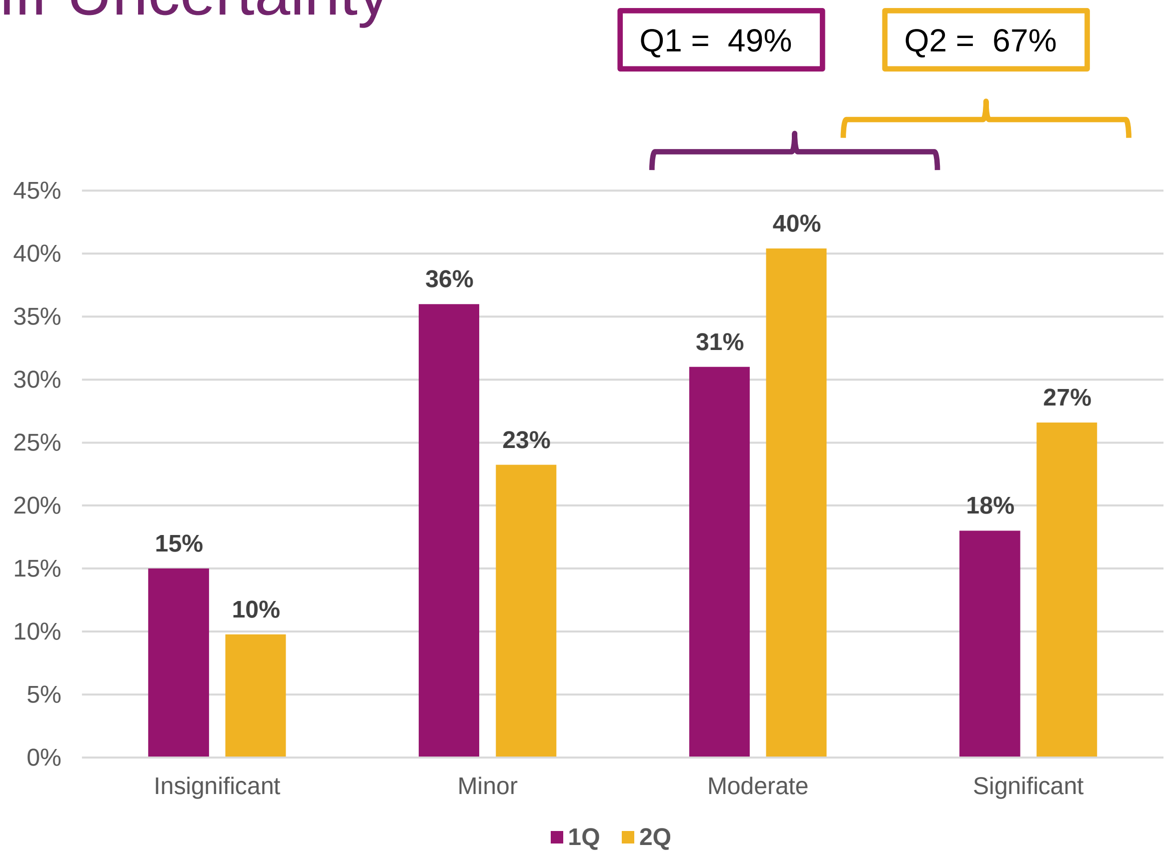
AICPA Economic Outlook Survey

Survey within a Survey

Current topics

Q2 2025

Tariff Uncertainty



How would you characterize the level of uncertainty in your business plans created by the current tariff environment?

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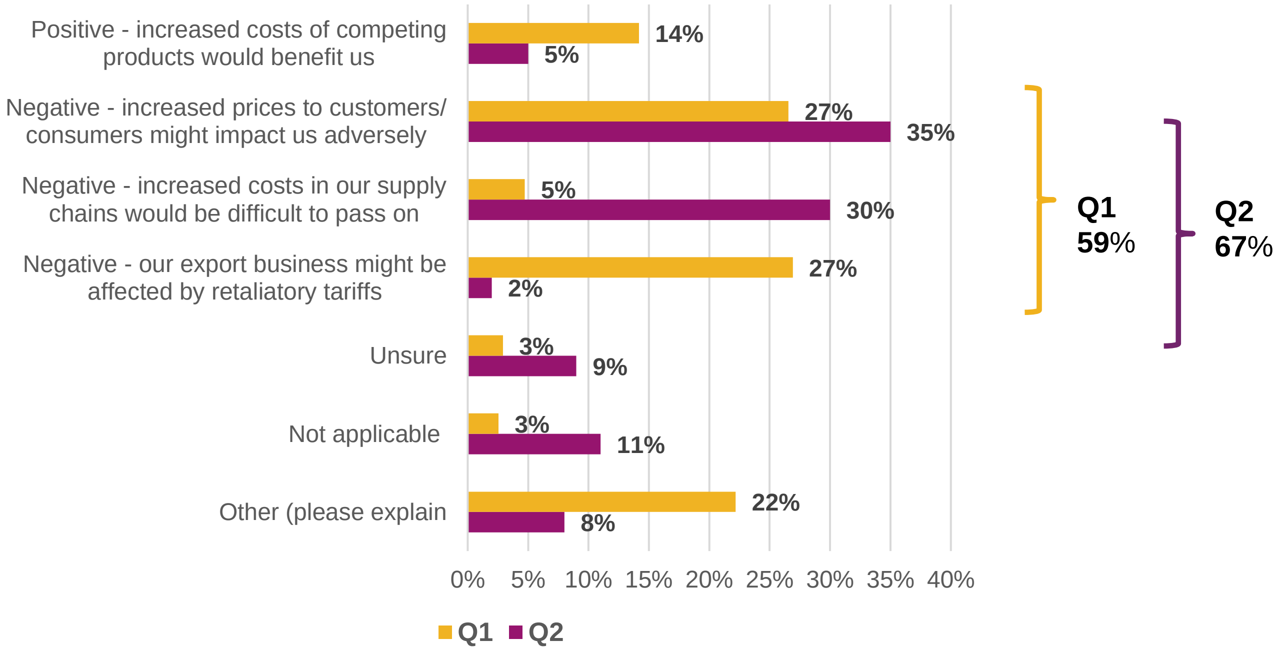
Primary tariff impact



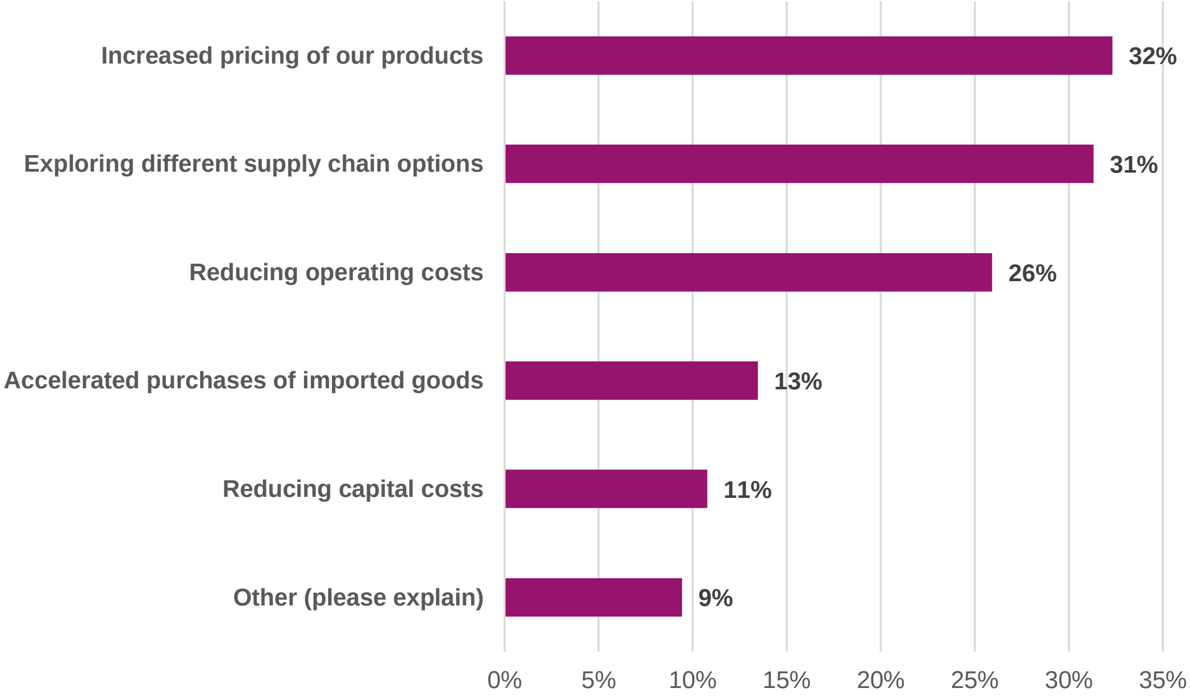
What is the primary impact of tariffs on your business?

Primary Tariff Impact (Other)

Other
Neutral over long term. Short term transition could have a small financial burden.
Businesses front loading to get a head of the tariffs is a positive for our business.
Negative - cost of goods we need to purchase.
Increased costs will limit ability to serve the community.
Increased costs to our customers may affect their ability to repay. Collections risk.
Lifelong customers are finding new suppliers not located in the US and relations are permanently damaged.
Uncertainty causing some customers to delay investment.
Tariffs may fund tax reductions, which puts more money in the pockets of consumers, who may buy more of our services.
These tactics are negotiations only and, in the end will create fairer trade competition.
Tariffs impact growth more than prices in the medium to longer term so that could lead to lower interest rates which would help us, but reduced consumer spending will hurt us.

What is the primary impact of tariffs on your business?

Tariff Response



What is your current approach to addressing tariffs in your business? (all that apply)

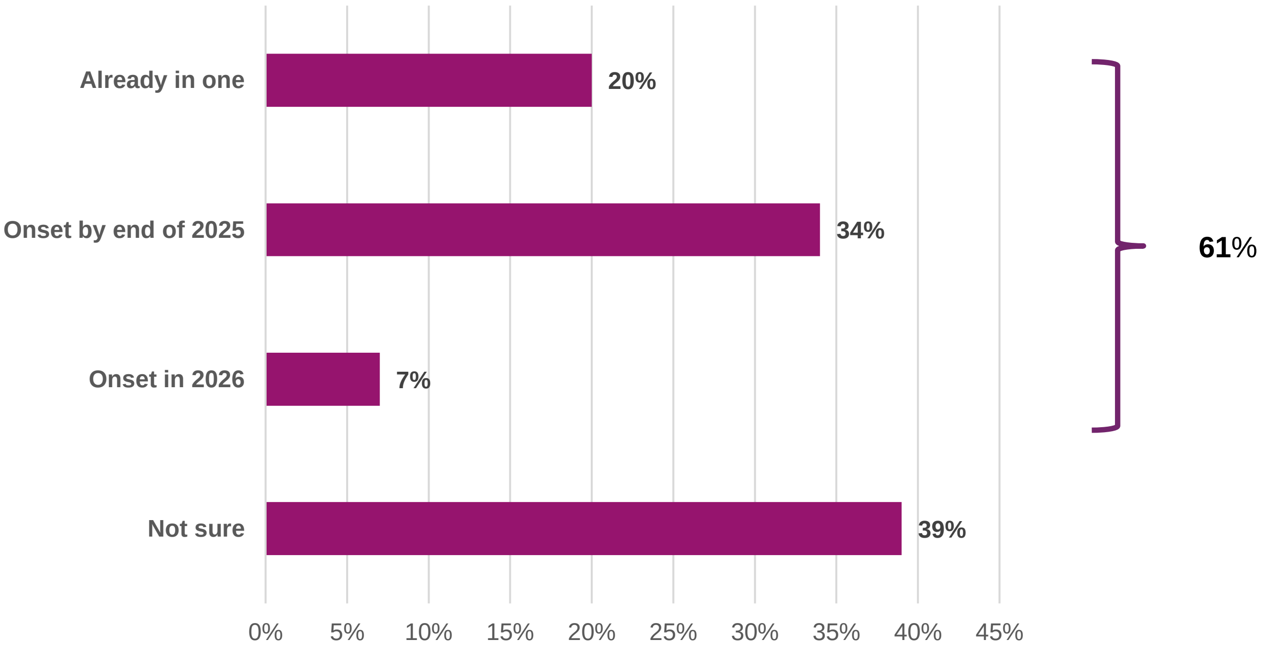
Percentages > 100% - check all that apply

Tariff Response (Other)

Other
Reworking Canadian labeled product for domestic sales.
Migrating country of origin products; exploring domestic production, first sale and other shipping methods to reduce tariffs.
Absorbing tariffs for key customers.
Working with customers to optimize logistics.
Cutting staff.
Increase labor to repair instead of replacing parts.
Accelerated purchase of raw materials.
Delaying purchases and potentially forgoing the tariffed purchases altogether.
Reducing investment risk.

What is your current approach to addressing tariffs in your business? (all that apply)

Recession Expectations



What are your expectations for the possibility of a recession?

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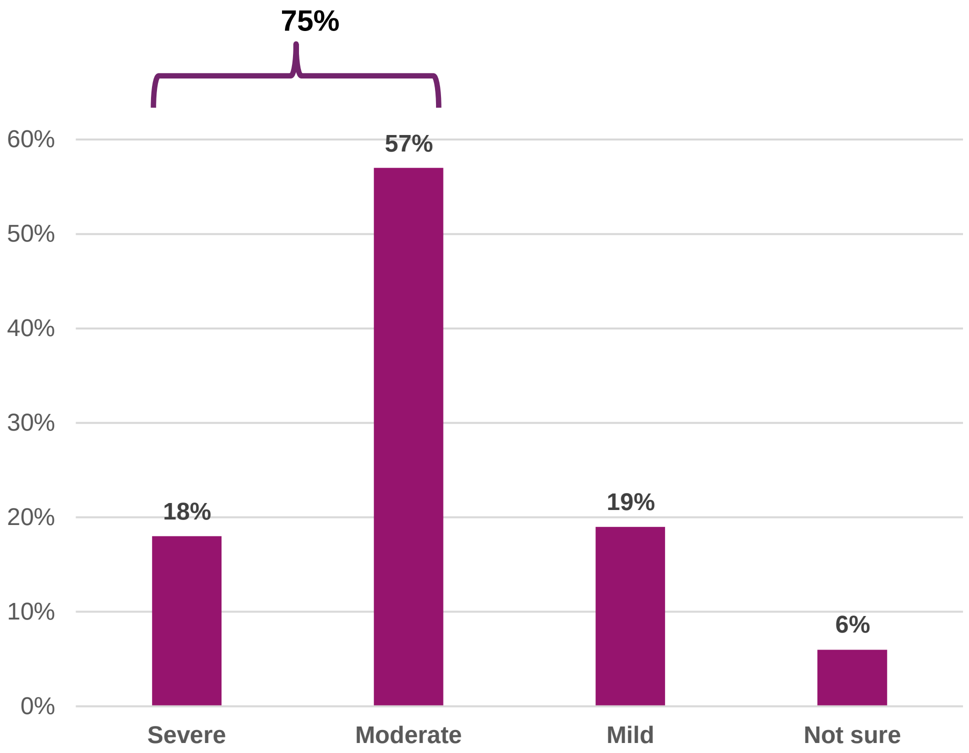
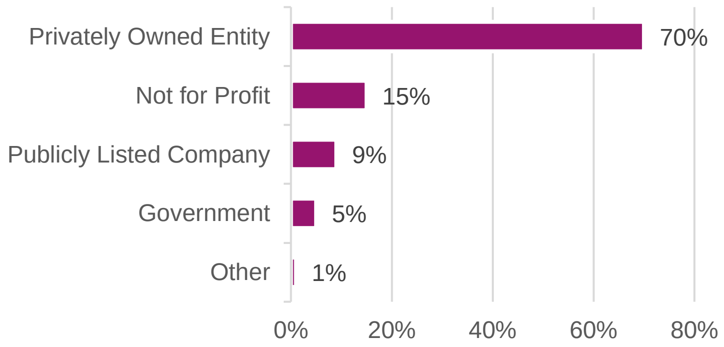
Recession Extent (for those expecting recession)



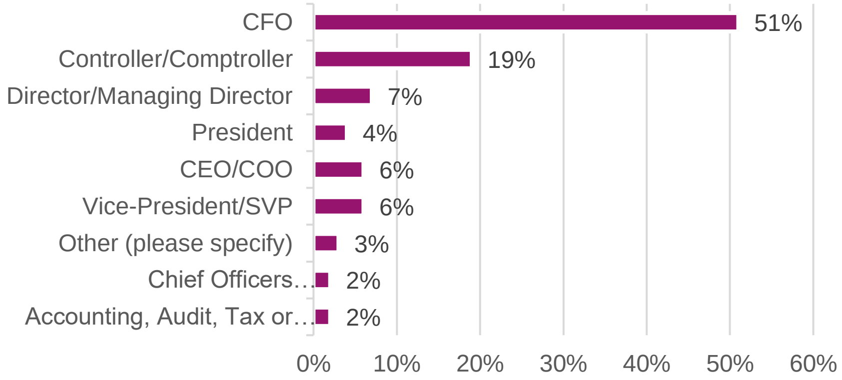
What are your expectations about the extent of a potential recession?

Demographics

Type of organization

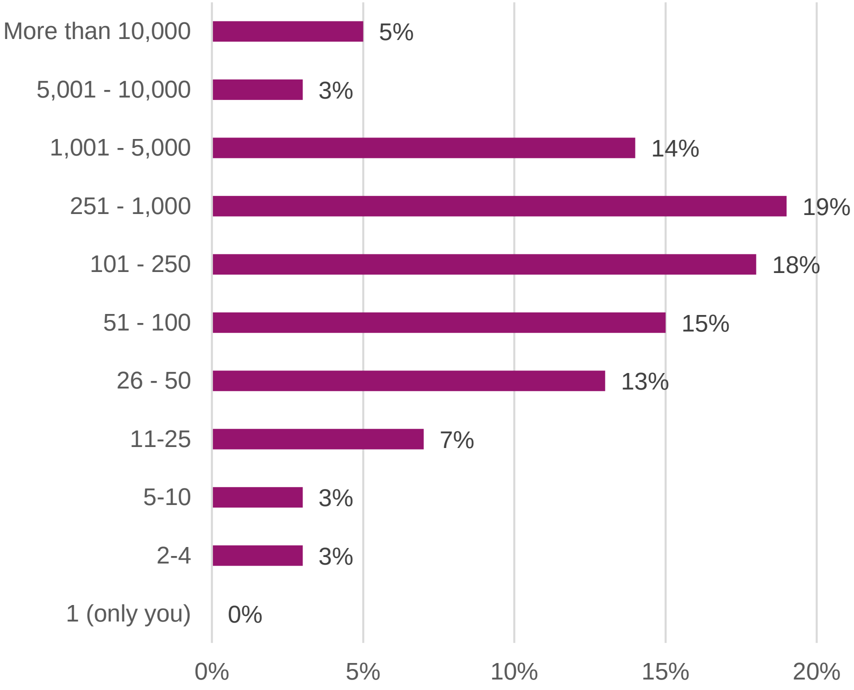


Position

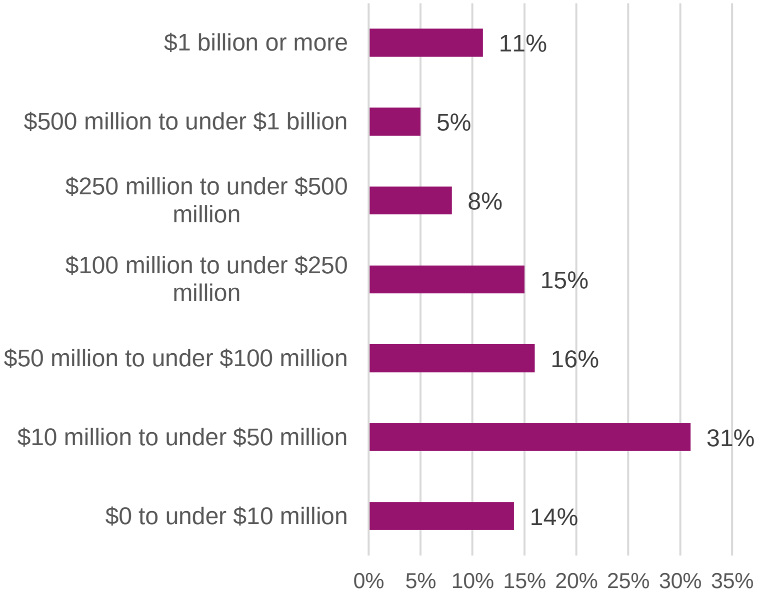


Demographics

Individuals working for organization



Size of organization



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Thank you!

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