

2Q 2009 Economic Outlook Survey

For the first time in almost 2 years, the number of respondents expressing an optimistic outlook for the US economy has increased quarter to quarter, growing from 5% in 1Q 2009 to 20% now. While pessimists still dominate, outnumbering optimists by more than 2 to 1, the total number of pessimists dropped from 83% in 1Q 2009 to 53% this quarter. Most respondents still believe that it will be some time before the economy recovers as a majority of respondents still don't expect the economy to begin to improve until at least the second half of 2010.

Outlook for Organizations

Optimism for respondents own organizations also rebounded this quarter with the number optimists and pessimists now almost equal at about 35%. Continuing the trend of previous surveys respondents are more optimistic about their own organizations than about the US economy. The number of respondents who expect their organizations to expand has also increased this quarter although those expectations are somewhat muted as the percentage of respondents who expect their organizations to "expand a lot" remains unchanged. Expectations for when their organizations will improve are somewhat dispersed. Twenty-five percent never saw a downturn or are improving now while another 25% don't expect improvement until the second half of 2010 or later. Optimism also varies notably across industries with respondents from the technology and professional services industries expressing the most optimism. Respondents from the real estate industry were most pessimistic expressing both high pessimism and low optimism. Construction industry respondents were split with high levels of both optimism and pessimism. Almost half of respondents are not concerned about either inflation or deflation in the next 6 months.

While the number of organizations expecting increased revenue and profits has increased slightly, organizations plans for hiring and spending remain unchanged with those expecting decreases still outnumbering those expecting increases. This would seem to indicate that while respondents may feel that the economy has hit bottom, they are not yet confident enough of improvement to begin to spend and invest again.

Responding to Current Economic Conditions

The number of respondents taking actions in response to current economic conditions increased slightly again this quarter. The most frequently actions being taken by respondents are compensation freezes, layoffs and capital spending cuts. Each of these actions is being taken by about half the respondents. In addition this quarter the other category almost doubled from 9% to 17% with a majority of those commenting indicating that their companies had instituted compensation reductions or furloughs. About 20% of respondents indicated that they were going to be involved in a merger, acquisition or divestiture transaction in the next 12 months. Fifty-four percent of those involved in an M&A transaction said that their involvement was related to the current economic conditions while 43% indicated that their involvement was part of normal business strategy.

Survey Background

The survey was conducted of AICPA Business & Industry members between April 22, 2009 and May 6, 2009 and had 995 qualified respondents. Fifty-eight percent of respondents were CFOs, 29% were Controllers and 3% were CEOs or COOs. Sixty-five percent of respondents came from privately owned entities, 14% from public companies, 12% from government, education and not-for-profits and 6% from foreign owned companies. Eight percent came from organizations with annual revenues of 1 billion or more, 24% from organizations with \$100 million to under \$1 billion in annual revenues, 49% from organizations with \$10 million to \$100 million and 19% from organizations with under \$10 million in revenues.

[2Q 2009 Economic Survey Charts](#)

