Business Owners Remain Optimistic About Economy, According to PNC Survey

- 56% of small and mid-sized business owners surveyed are optimistic about the national economy – up significantly from 34% a year ago.
- 76% are highly optimistic about the prospects of their own business.
- 64% of business owners expect an increase in demand in the next six months.

PITTSBURGH, Sept. 4, 2024 /PRNewswire/ -- PNC's latest semi-annual survey of small and mid-sized businesses, which concluded Aug. 6, indicates that business owner optimism remains high, lending support to PNC's forecast of a soft landing for the U.S. economy.

A majority (56%) of business owners are highly optimistic about the national economy, inching above the 55% of last spring and up significantly from 34% a year ago. Six in 10 (62%) are optimistic about their local economy. Global economic optimism (39%) is little changed from four in 10 last spring.

In the latest wave of the survey, now in its 22nd year, three-quarters (76%) are optimistic about the prospects for their own business, consistent with the measure six months (79%) and a year ago (77%) but remains significantly higher than the survey's historical average optimism of 39%. And while recession concerns have crept into the economic rhetoric, only-one third (33%) of business owners think the impact of the U.S. economy on their own business is major, with the majority feeling the impact is either minor (43%) or of little or no impact (24%). There are no significant differences in the level of recession concern by region or across revenue or industry categories.

"These findings are consistent with PNC's forecast for continued economic expansion through the rest of 2024 and in 2025," said PNC Chief Economist Gus Faucher. "While there's increased uncertainty around the economy, positive sentiment like this demonstrates that the fundamentals remain solid. With small- and mid-sized business owners feeling very optimistic and the labor market remaining solid, recession concerns in the fall of 2024 are overstated."

There's a growing appetite amongst business owners for financing and new loans. A survey high 29% of business owners anticipate requesting a new loan or line of credit in the next six months. Three in 10 expect capital spending to increase in the next six months, a significant jump from last spring (21%). Top areas for planned investments or improvements are human resource practices, products/services and technology.

"We're seeing businesses act based on their optimism. They're anticipating an increase in demand, making investments and boosting inventories, both positive signs for the economy," Faucher said.

Nearly two-thirds (64%) of businesses expect an increase in demand for their products or services in the next six months, up sharply from 56% last spring and matching expectations from a year ago. To meet demand, a survey-high of four in 10 (41%) owners expect the level of inventory to increase in the next six

months.

The number of businesses planning to raise prices in the next six months (61%) increased significantly from spring (47%), second only to the survey high recorded in Spring 2018. Among businesses expecting to increase customer prices, 38% expect to raise them by 5% or more, the highest reading since 2010.

Other findings in the survey include:

- **Workforce Woes:** Nearly two in 10 (18%) business owners expect to increase the number of full-time employees in the next six months. But more than a third (35%) of businesses that regularly hire employees are finding it is harder to hire qualified candidates, a return to 2023 levels following a respite last spring.
- **Rebounding Inflation Fears:** Over four in 10 (42%) owners expect U.S. consumer prices to increase by 5% or more in the next year, a record high for the survey. Inflationary factors also dominate concerns when it comes to risks to the business for the next six months. A majority of businesses are feeling the impact of inflation in supplier prices, while nearly half are experiencing inflationary pressures from employee compensation.
- **Concern About Political Uncertainty on the Rise as the Election Looms:** As the 2024 U.S. Presidential Election draws closer, concern about the impact on business is building. More than two-thirds (68%) of owners are at least moderately concerned about the risk U.S. political uncertainty poses to their business, up significantly from six months ago (45%).

Full national and regional survey results are available at pnc.mediaroom.com.

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Methodology
The PNC Economic Outlook survey was conducted by telephone from 71/2024 to 8/6/2024, among small and mid-sized business owners/leaders with self-reported revenue of $100,000 to $250 million. 500 interviews were conducted nationally. Sampling error for the nationwide results is +/- 4.4% at the 95% confidence level. The survey was conducted by Artemis Strategy Group (www.ArtemisSG.com), a communications strategy research firm specializing in brand positioning and policy issues. The women-owned firm provides communications research and consulting to a range of public and private sector clients.

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NOTE: The sum of percentages may not add to the total due to rounding.

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