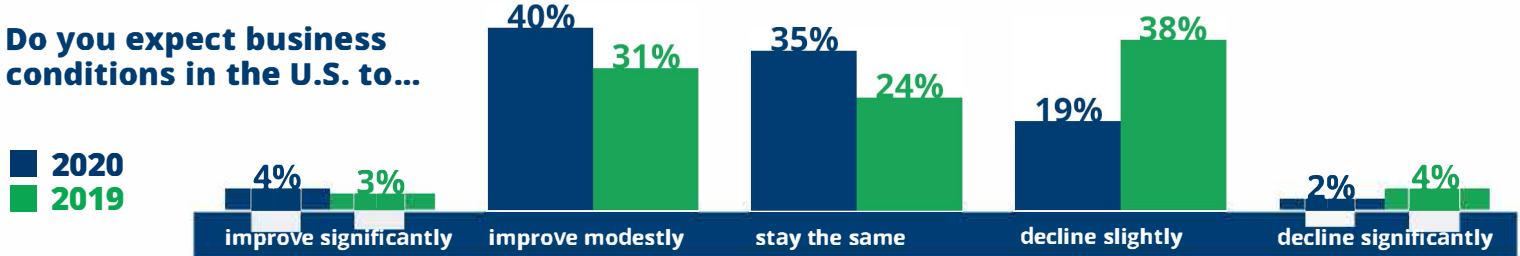


2020 The 10th Annual BUSINESS OUTLOOK SURVEY REPORT

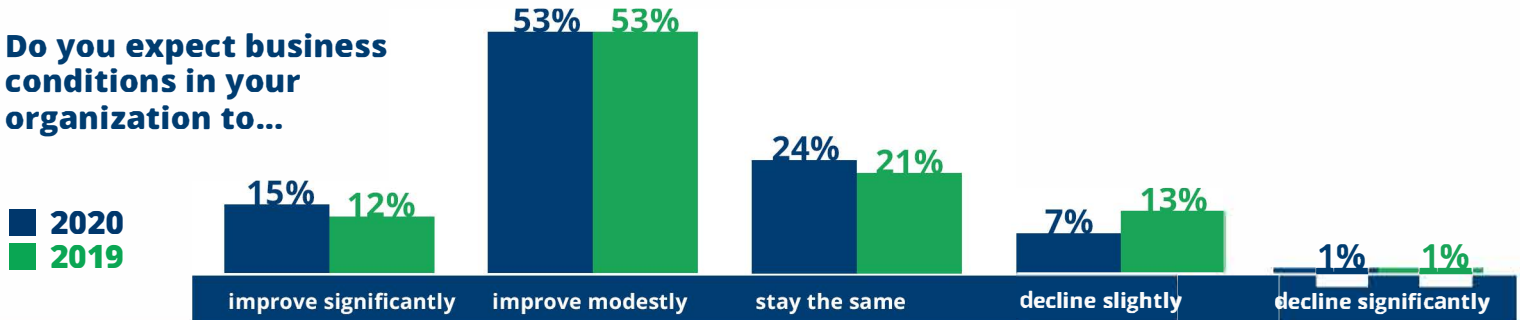
Business executives expect more of the same in 2020

Business conditions in the U.S. will modestly improve or stay the course this year. That's the prediction of 75% of the business executives who responded to the 10th annual McDonald Hopkins Business Outlook Survey. Only 21% expect business conditions to decline. When asked about their own organizations, expectations are similar—77% say business conditions will either improve modestly or stay the same. Despite responses indicating that most expect business conditions to remain stable or modestly improve, many of the comments voice concerns over instability, volatility, and variability. As one respondent wrote, "Even very early in 2020, we have noted caution being displayed by customers, vendors, employment candidates and existing employees... our sense is that more feet will be on brake pedals than on gas pedals."

Do you expect business conditions in the U.S. to...



Do you expect business conditions in your organization to...



Election year

The presidential election is clearly top of mind. When asked how closely they are following the presidential campaign, 78% say they are watching it closely or very closely. A considerable majority of 69% expect the president to be reelected. However, 39% of those only foresee President Trump getting reelected if the economy stays strong.



How closely are you following the presidential election?



- 44% Very closely
- 34% Closely
- 18% Slightly
- 4% Not at all

Top 3 challenges

Out of 13 potential obstacles facing their organizations this year, increasing healthcare costs is ranked as the greatest challenge with stiff competition coming in second and employee issues in third.



- 14% Increasing healthcare costs
- 13% Stiff competition
- 10% Employee issues

Data privacy and cybersecurity

Not surprisingly, 92% of the respondents are concerned about data privacy and cybersecurity threats to their organizations.

"I believe cybersecurity will become the #1 threat to overall consumer confidence in 2020."

92%



As of today, do you believe that President Trump will be reelected?



"I think Trump will be elected and it will be a disaster."

"I think the greatest positive affect on the economy will be the reelection of President Donald J. Trump."



How do you expect the Federal Reserve to handle interest rates?

63% Interest rates will stay the same in 2020.

71% Predicted interest rates would rise in 2019.



Is your organization likely to increase or decrease its number of employees?

56% plan to increase their number of employees in 2020.

49% expected an increase in workforce in 2019.

"Attracting good employees, mostly entry level, is always our biggest challenge."



Is your business planning to invest in capital assets?

50% expect to invest in capital assets in 2020.

60% expected to invest in capital assets in 2019.

Sample comments:

"I have a positive outlook. With every change there is always an opportunity. We will adjust and change as the market conditions change."

"A potential concern is wage inflation harming economic growth. We are in "goldilocks" economy now and unchecked inflation would hurt."

"A year of improvement in the U.S. mostly because of circumstantial measures taken by the government that are impossible to sustain in the long run."

"Congress will need to focus less on Trump and more on the economy, infrastructure and healthcare costs."

"Concerns persist as to an equity bubble and correction. No triggers are evident but how long can this go?"

"With the exception of a potential geo-political event, the economy does not show material signs of weakness."

"I believe the political atmosphere is going to be so negative that it will have an impact on decisions made by many business leaders."

"Assuming there is stability in the world economy, business will continue to grow..."

"The U.S. birth rate is not high enough to sustain our economy at the same time when the population is aging and readying itself for boomers to leave the workforce in droves."

"A lot depends on our erratic foreign policy under Trump. If we end up going to war, all bets are off."

"Business conditions of the U.S. economy are very tenuous right now. Consumer and business sentiment is very muddled and any large external shocks could radically destabilize the entire economy."

"We actually have a feeling of both uncertainty and ambivalence about the U.S. economy."