



Association
of International
Certified Professional
Accountants®

The unified voice of AICPA and CIMA

AICPA Business and Industry Economic Outlook Survey

Detailed Survey Results: 2Q 2021

Management Accounting & Finance



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of International
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Accountants®

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Survey Background

- Conducted between April 27 – May 24, 2021
- Quarterly survey
- CPA decision makers
 - primarily CFOs, CEOs and Controllers
- AICPA members in Business & Industry
- 770 qualified responses

Survey Highlights

CPAOI

Overall Index improves from 68 to a level of 78

- US Economy optimism up from 60 to 70
 - All components up between 6 to 14 points
 - Expansion plans, revenue and profit expectations all trending upward
-

Economy Organization & Expansion

Rebound in optimism about the economy, organization and expansion plans continues

- U.S. Economy optimism rebounds from 47% in Q1 to 70% in Q2
 - Organization optimism rebounds an additional 18 points to 76%
 - Global economy outlook also improves another 13 points; now 50% are optimistic
 - Expansion plans also improved to 61% now having plans to expand
-

Employment & Challenges

Overall levels of employment are now expected to be up across all industry sectors, although with some slight easing of projections after the Q1 rebound.

Finding available skilled personnel continued its rise, now topping the list of challenges; with 67% now concerned about inflation, that challenge landed in the 5th slot; cybersecurity concerns makes its first appearance in the top ten list.

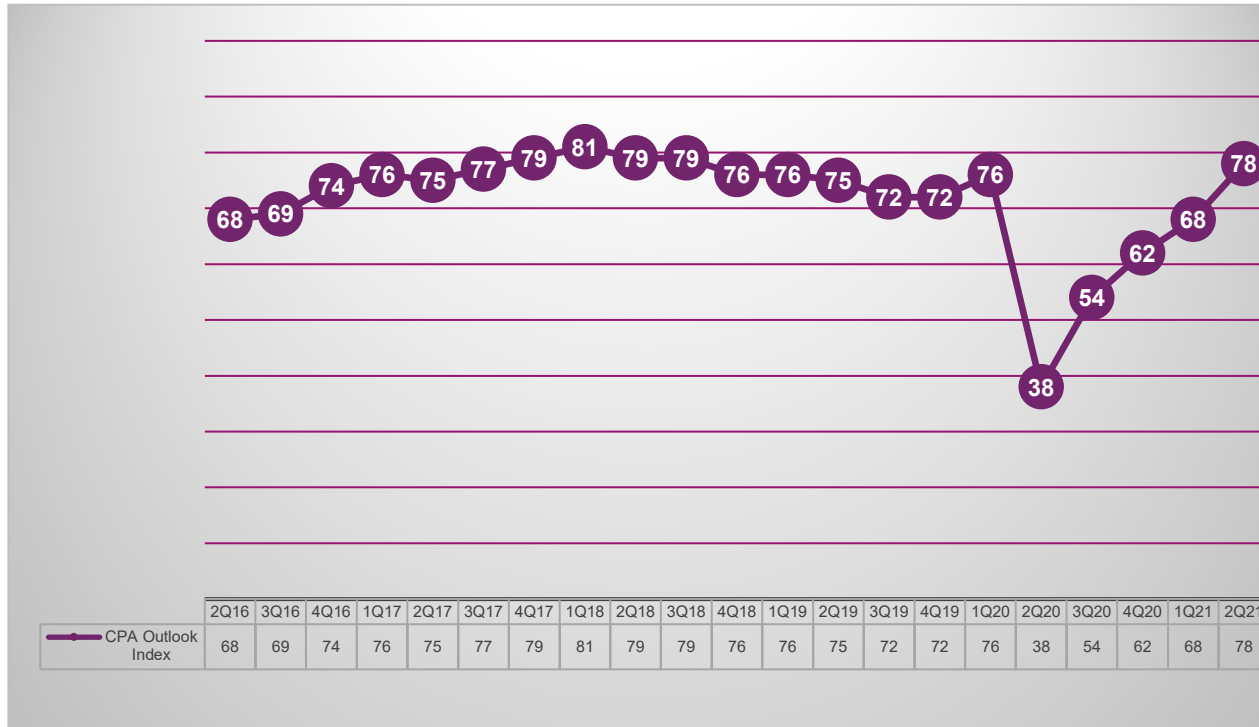
CPA Outlook Index (CPAOI)

The CPA Outlook Index is the composite of the following nine indicators at equal weights:

- U.S. Economy Optimism - Respondent optimism about the U.S. economy
- Organization Optimism - Respondent optimism about prospects for their own organization
- Expansion Plans - Respondent expectations of whether their business will expand over the next 12 months
- Revenue - Expectations for increases or decreases in revenue over the next 12 months
- Profits - Expectations for increases or decreases in profits over the next 12 months
- Employment - Expectations for increases or decreases in headcount over the next 12 months
- IT Spending - Plans for IT spending over the next 12 months
- Other Capital Spending - Plans for capital spending over the next 12 months
- Training & Development - Plans for spending on employee training and development over the next 12 months

The CPA Outlook Index is a robust measure of sentiment about the U.S. economy that is supported by the unique insight and knowledge that CEOs, CFOs, Controllers, and other CPA executives have about the prospects for their own organizations, their expectations for revenues and profits, and their plans for spending and employment.

CPA Outlook Index (CPAOI)



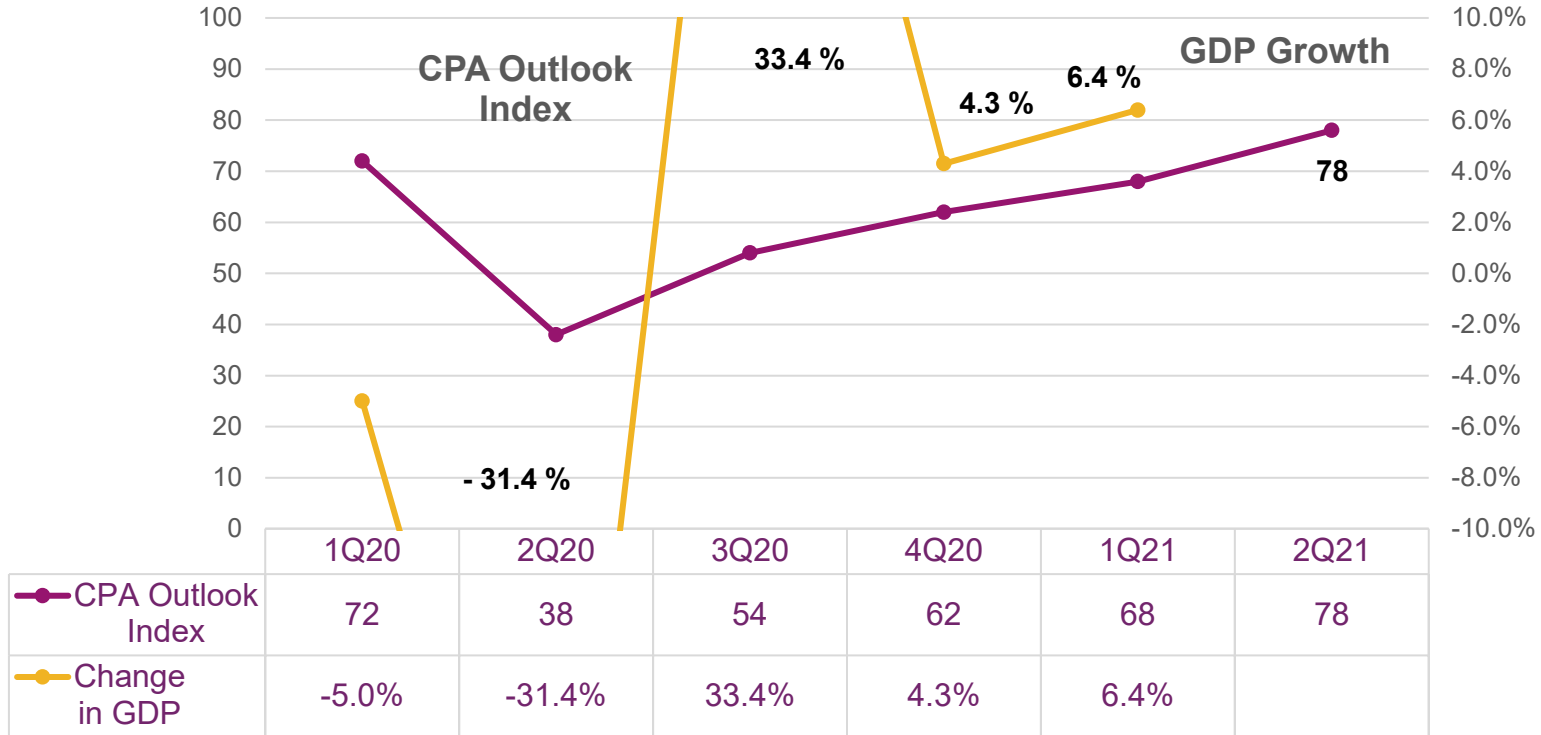
A reading above 50 indicates a generally positive outlook with increasing activity.

A reading below 50 indicates a generally negative outlook with decreasing activity.

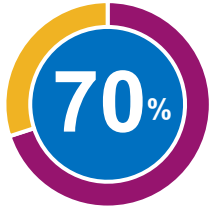
CPA Outlook Index (CPAOI)

Component	2Q20	3Q20	4Q20	1Q21	2Q21	ΔQ to Q	ΔY to Y
U.S. Economic Optimism	29	37	50	60	70	↑10	↑41
Organization Optimism	46	58	66	73	84	↑11	↑38
Expansion Plans	33	54	61	71	80	↑09	↑47
Revenue	27	51	62	71	84	↑13	↑57
Profits	26	47	53	64	78	↑14	↑52
Employment	38	54	63	67	77	↑10	↑39
IT Spending	59	71	76	75	81	↑06	↑22
Other Capital Spending	43	56	66	67	75	↑08	↑32
Training & Development	45	56	63	66	75	↑09	↑30
Total CPAOI	38	54	62	68	78	↑10	↑40

CPA Outlook Index (CPAOI) vs. GDP



U.S. Economy, Organization and Inflation

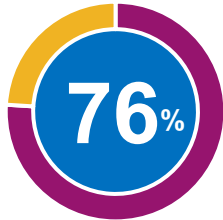


Optimism for U.S. economy gains another 23 points to 70%

Both optimists and pessimists cite the new administration as part of their rationale.

Optimists cite the additional stimulus, vaccine roll-out and pent-up demand.

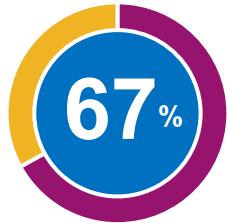
Concerns included potential policy impacts, especially on small business and specific sectors.



Organization optimism improves 18 points from 58% in Q1 to 76% in Q2

Expansion plans rebound from 58% of with plans to expand their business in Q1 to now 69% having plans to expand.

Of the balance, 21% expect to stay the same, 8% expect to contract a little, now only 2% expect to contract a lot.



Concern about inflation jumped from 44% to 67%; concern about deflation dropped to 2%

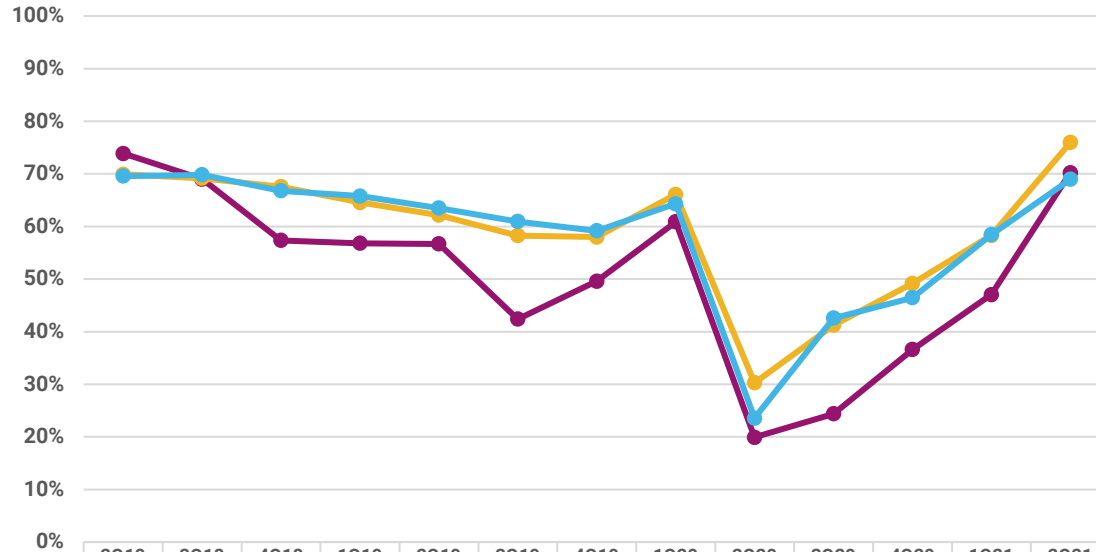
Concern about labor costs declined from 35% to 30%

Raw materials cost concerns ticked up 9% to 41% as most significant

Energy cost concerns decreased further from 15% to 11%

Interest rate concerns inched up 2% to 12%

Optimism & Expansion

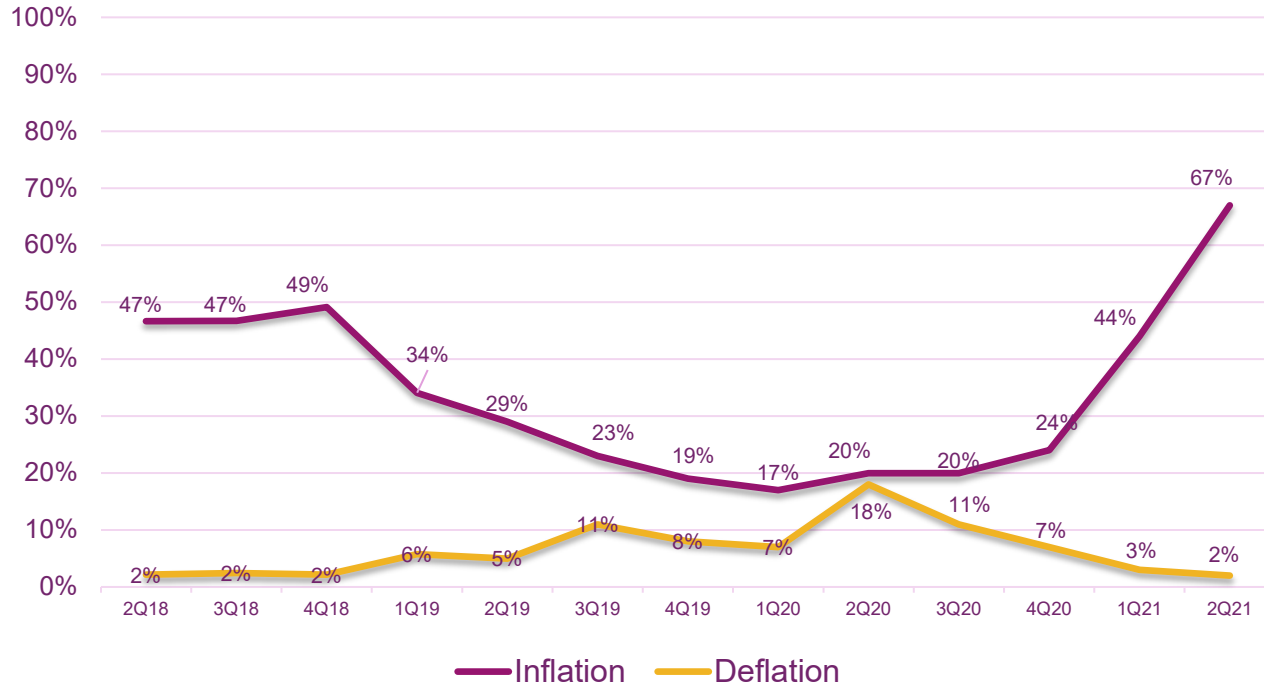


	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
U.S.	74%	69%	57%	57%	57%	42%	50%	61%	20%	24%	37%	47%	70%
Organization	70%	69%	68%	65%	62%	58%	58%	66%	30%	41%	49%	58%	76%
Expansion	70%	70%	67%	66%	63%	61%	59%	64%	24%	43%	46%	58%	69%

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



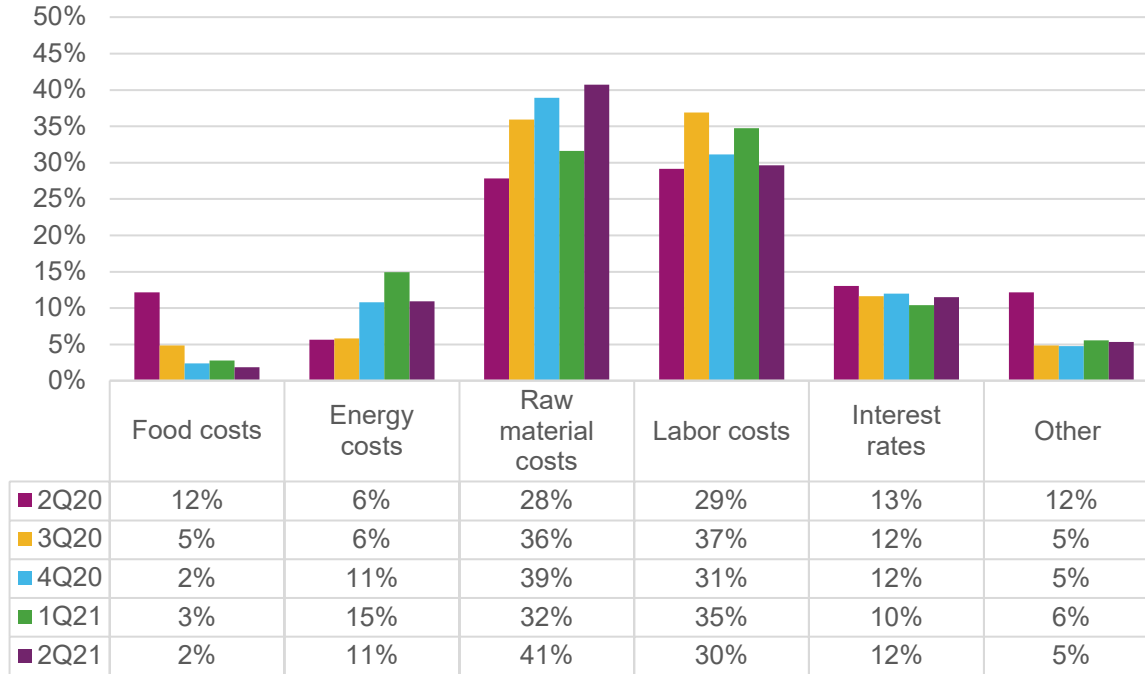
Inflation or Deflation?



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



Inflationary Risk Factors



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

Key Performance Indicator Summary



Revenues and Profits

Revenue projections improve; profit expectations rebound

Expected revenue for coming twelve months improve from an expected increase of 3.0% in Q1 to 5.0% looking ahead from Q2

Profit projections also rebounded to a 4.0% expected rate of increase for the coming year, up from the marginal projections of 0.2% in Q4 and 1.9% in Q1

Hiring and Employment

Headcount plans also show additional recovery

Anticipated rate of headcount change improved from 1.5% in Q1 to 2.5% in Q2

Salary and benefit expected costs are now expected to increase at a rate of 2.9%, rather than the 1.9% projected in Q1

Healthcare costs are now expected to increase at a rate of 5.1%, a slight increase from the 4.5% projected in Q1

Spending Plans

Spending plans improve

Expected rate of increase for IT spending increased from 2.8% to 3.5%

Other capital spending now projected to increase by 3.0%, up from 1.9% expected in Q1

Training spend now expected to increase by 2.1%, rather than the 1.0% increase last quarter

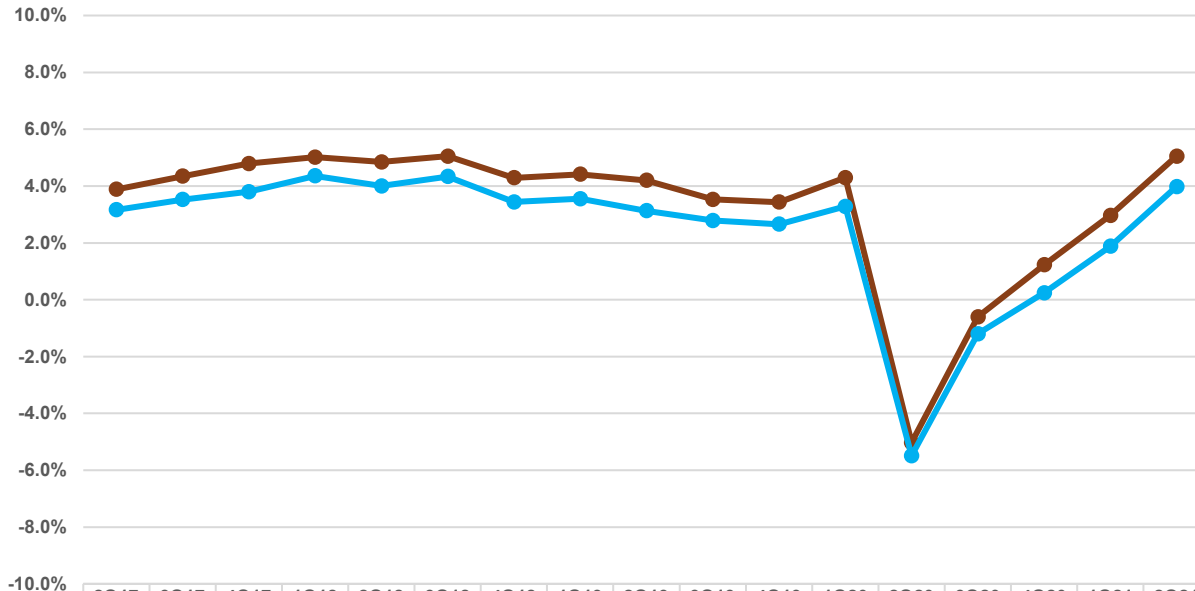
Marketing spending also continues to recover from 1.2% in Q1 to 2.0% in Q2

R&D spending plans also improved, up from 1.0% to 1.7%

Key Performance Indicators



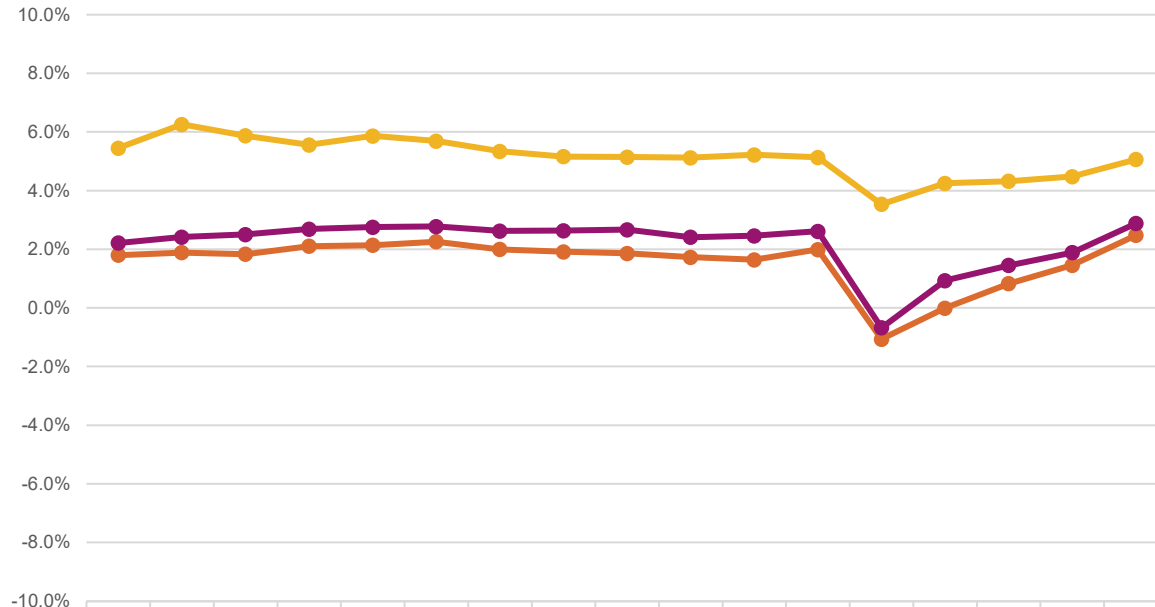
Expected Growth in Revenue and Profits



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

Employees, Salary & Benefits, and Healthcare Costs

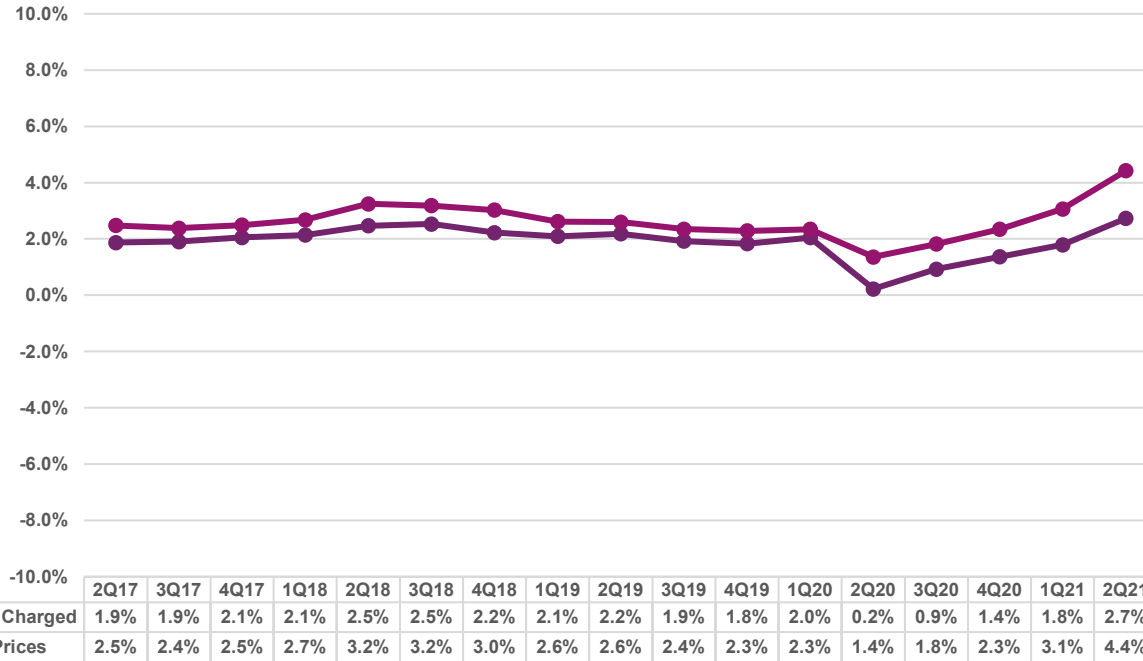


	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Employees	1.8%	1.9%	1.8%	2.1%	2.1%	2.3%	2.0%	1.9%	1.9%	1.7%	1.6%	2.0%	-1.1%	0.0%	0.8%	1.5%	2.5%
Salary & Benefits	2.2%	2.4%	2.5%	2.7%	2.8%	2.8%	2.6%	2.6%	2.7%	2.4%	2.5%	2.6%	-0.7%	0.9%	1.5%	1.9%	2.9%
Healthcare	5.5%	6.3%	5.9%	5.6%	5.9%	5.7%	5.3%	5.2%	5.1%	5.1%	5.2%	5.1%	3.5%	4.3%	4.3%	4.5%	5.1%

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

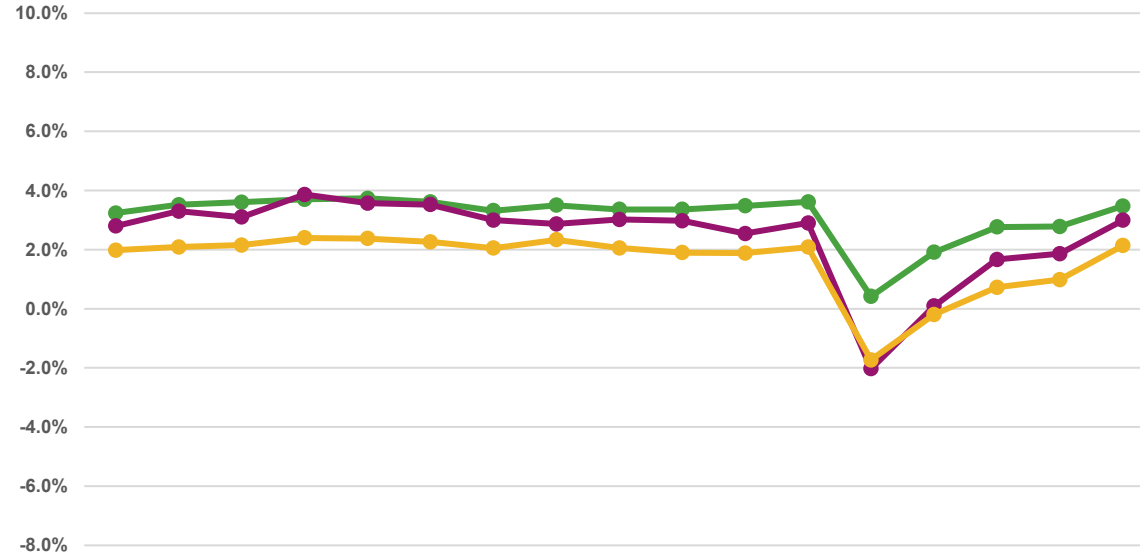
Pricing & Other Costs Average Change Expected



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

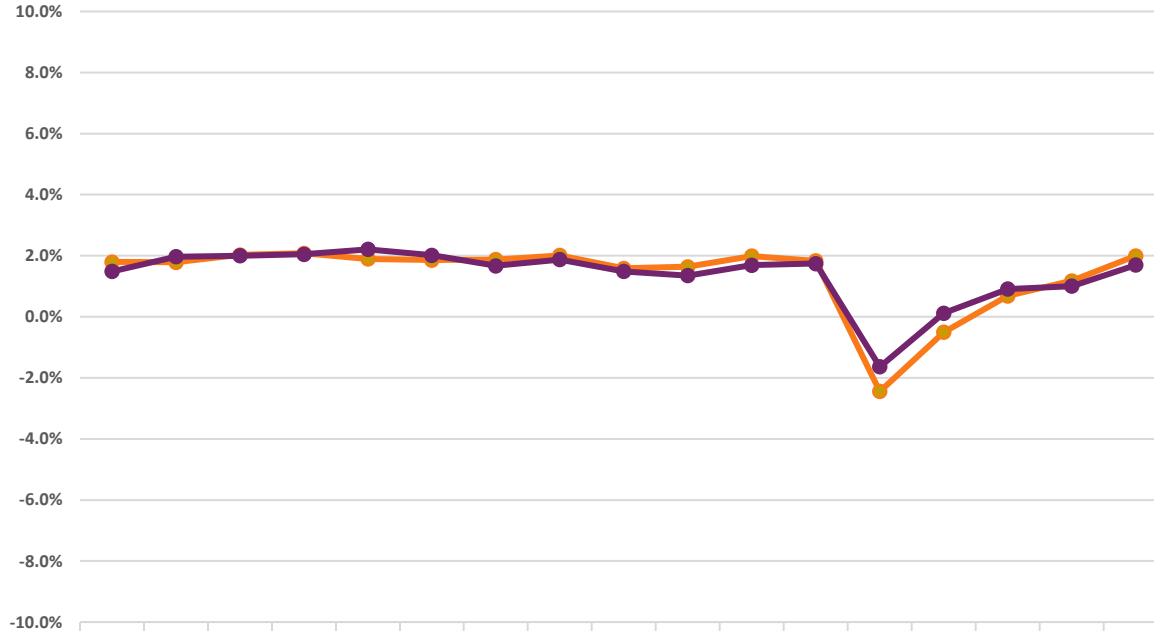


	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
IT	3.2%	3.5%	3.6%	3.7%	3.7%	3.6%	3.3%	3.5%	3.4%	3.4%	3.5%	3.6%	0.4%	1.9%	2.8%	2.8%	3.5%
Other Capital	2.8%	3.3%	3.1%	3.9%	3.6%	3.5%	3.0%	2.9%	3.0%	3.0%	2.5%	2.9%	-2.0%	0.1%	1.7%	1.9%	3.0%
Training	2.0%	2.1%	2.2%	2.4%	2.4%	2.3%	2.0%	2.3%	2.1%	1.9%	1.9%	2.1%	-1.7%	-0.2%	0.7%	1.0%	2.1%

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 Marketing & R&D



	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Marketing	1.8%	1.8%	2.0%	2.1%	1.9%	1.9%	1.9%	2.0%	1.6%	1.6%	2.0%	1.8%	-2.4%	-0.5%	0.7%	1.2%	2.0%
R&D	1.5%	2.0%	2.0%	2.0%	2.2%	2.0%	1.7%	1.9%	1.5%	1.4%	1.7%	1.7%	-1.6%	0.1%	0.9%	1.0%	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

Hiring Plans Summary

Remain relatively strong



Top 10 Challenges Facing Organizations

- Availability of skilled personnel moves up as the #1 challenge
- Materials/supplies/equipment costs move from #6 to #2
- Domestic political leadership moves up 1 spot to #3
- Domestic economic conditions move down 3 spots to #4
- Regulatory requirements dropped 2 spots to #5
- Inflation comes onto the chart at #6
- Employee and benefit costs drop 2 slots to the #7 slot
- Staff turnover moved up 1 slot to #8
- Domestic competition dropped 2 slots to #9
- Cyber security concerns are the 10th position

Indication of
the top three
challenges for
your organization

10 Challenges YTD

Top

	2Q20	3Q20	4Q20	1Q21	2Q21
1	Domestic economic conditions	Domestic economic conditions	Domestic economic conditions	Domestic economic conditions	Availability of skilled personnel
2	Stagnant/declining markets	Domestic political leadership	Domestic political leadership	Availability of skilled personnel	Materials/supplies/ equipment costs
3	Liquidity	Employee and benefits costs	Availability of skilled personnel	Regulatory requirements/changes	Domestic political leadership
4	Global economic conditions	Availability of skilled personnel	Regulatory requirements/changes	Domestic political leadership	Domestic economic conditions
5	Regulatory requirements/changes	Stagnant/declining markets	Stagnant/declining markets	Employee and benefits costs	Regulatory requirements/changes
6	Domestic political leadership	Regulatory requirements/changes	Global economic conditions	Materials/supplies/ equipment costs	Inflation
7	Financing (access/cost of capital)	Global economic conditions	Domestic competition	Domestic competition	Employee and benefits costs
8	Availability of skilled personnel	Changing customer preferences	Developing new products/services/markets	Stagnant/declining markets	Staff Turnover
9	Employee and benefits costs	Domestic competition	Employee and benefits costs	Staff Turnover	Domestic competition
10	Changing customer preferences	Materials/supplies/ equipment costs	Materials/supplies/ equipment costs	Developing new products/services/markets	Cyber security concerns

Industry Sector Outlook



Retail improves;

Retail trade optimism improved further from 63% to 75%

Retail hiring topped the chart in Q1 at an expected increase of 3.8% is now expecting a more moderate rate of increase of 2.9% going forward from Q2



Wholesale trade rebounds

Wholesale trade rebounded from only 41% optimistic to now 81%



Manufacturing jumps;

Manufacturing optimism jumps from 58% to 82% optimistic

Manufacturing hiring plans also improved from an expected increase of 2.4% in Q1 to 3.4% in Q2



Technology rebounds

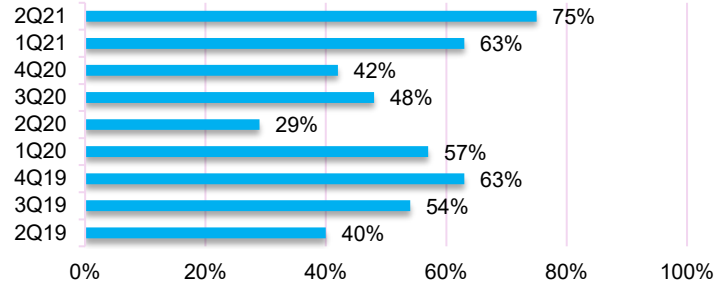
Technology rebounded; while a small number responded, 100% expressed optimism

Technology hiring expectations improved from 2.3% in Q1 to 3.8% in Q2

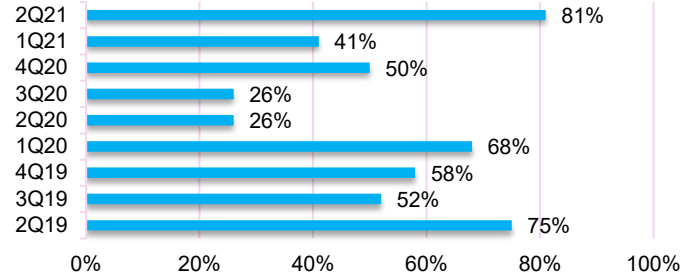
Organization Optimism by Industry



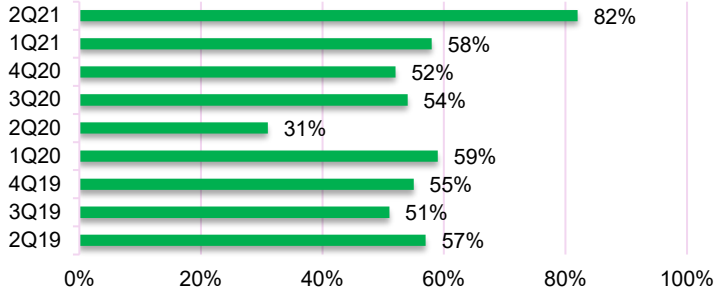
Retail Trade



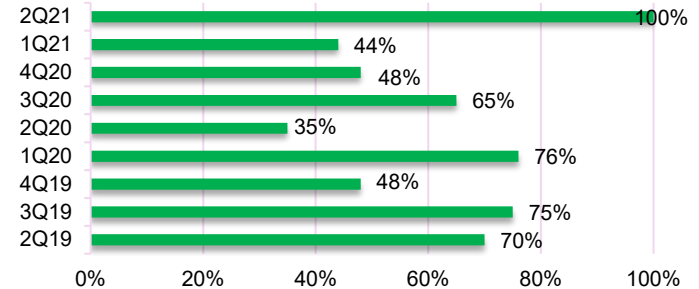
Wholesale Trade



Manufacturing



Technology



Industry Sector Outlook



Construction rebounds;

Construction optimism rebounded to 70% after declining from 52% in Q4 to only 44% optimistic in Q1

Construction hiring plans also ticked up, now expected to increase at 2.4% rather than the 2.2% projecting in Q1



Real estate also recovers

Real Estate and Property also recovered to 72% after falling from 45% to only 32% optimistic in Q1

Real Estate hiring expectations eased slightly from 1.3% to a 1.2% rate of increase



Finance & Insurance rebounds;

Finance and Insurance optimism rebounded to 81% optimistic from 53% in Q1

Finance and insurance hiring is expected to improve from 1.6% in Q1 to 2.2% going forward from Q2



Professional Services improves

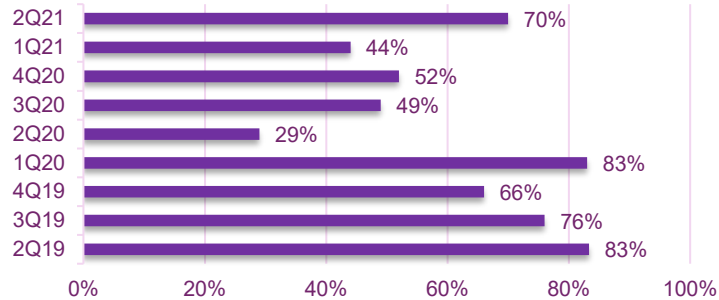
Professional Services also continued its recovery to now 77% optimistic

Professional services hiring is now expected to increase at a rate of 1.4%, up slightly from 1.0% at Q1

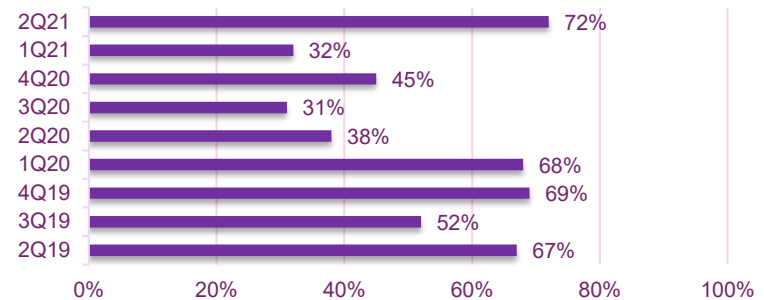
Organization Optimism by Industry



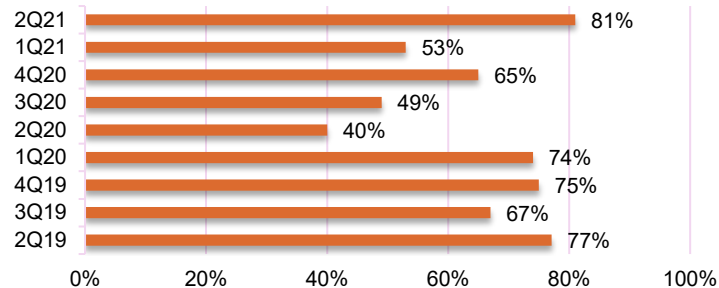
Construction



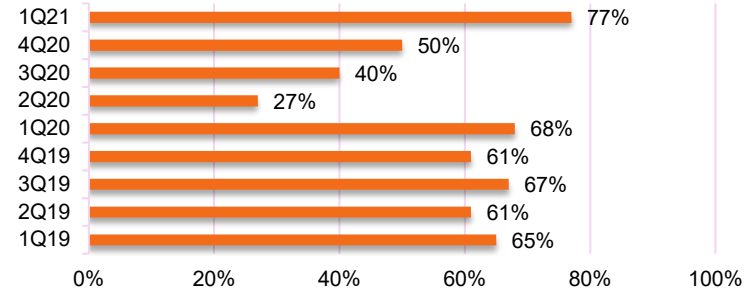
Real Estate & Property



Finance & Insurance



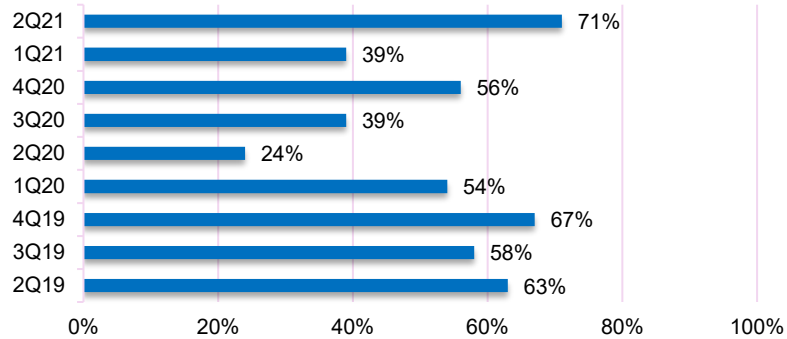
Professional Service



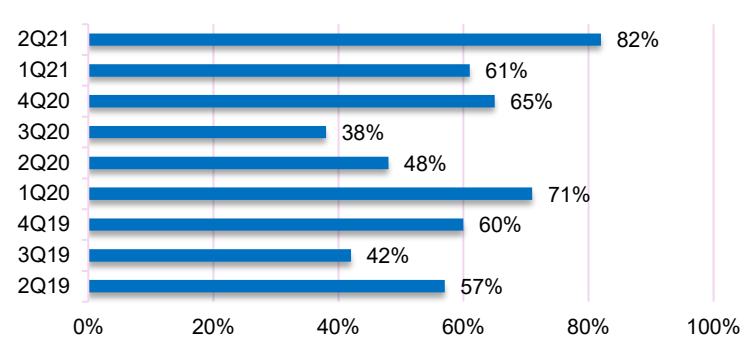
Organization Optimism by Industry



Health Care Provider



Health Care - Other



Healthcare-providers optimism rebounds;

Healthcare provider optimism rebounded to 71% optimistic after falling from 56% in Q4 to only 39% in Q1

Expected hiring by Healthcare providers, is now expected to increase by 1.4%, up slightly from 1.3% in Q1

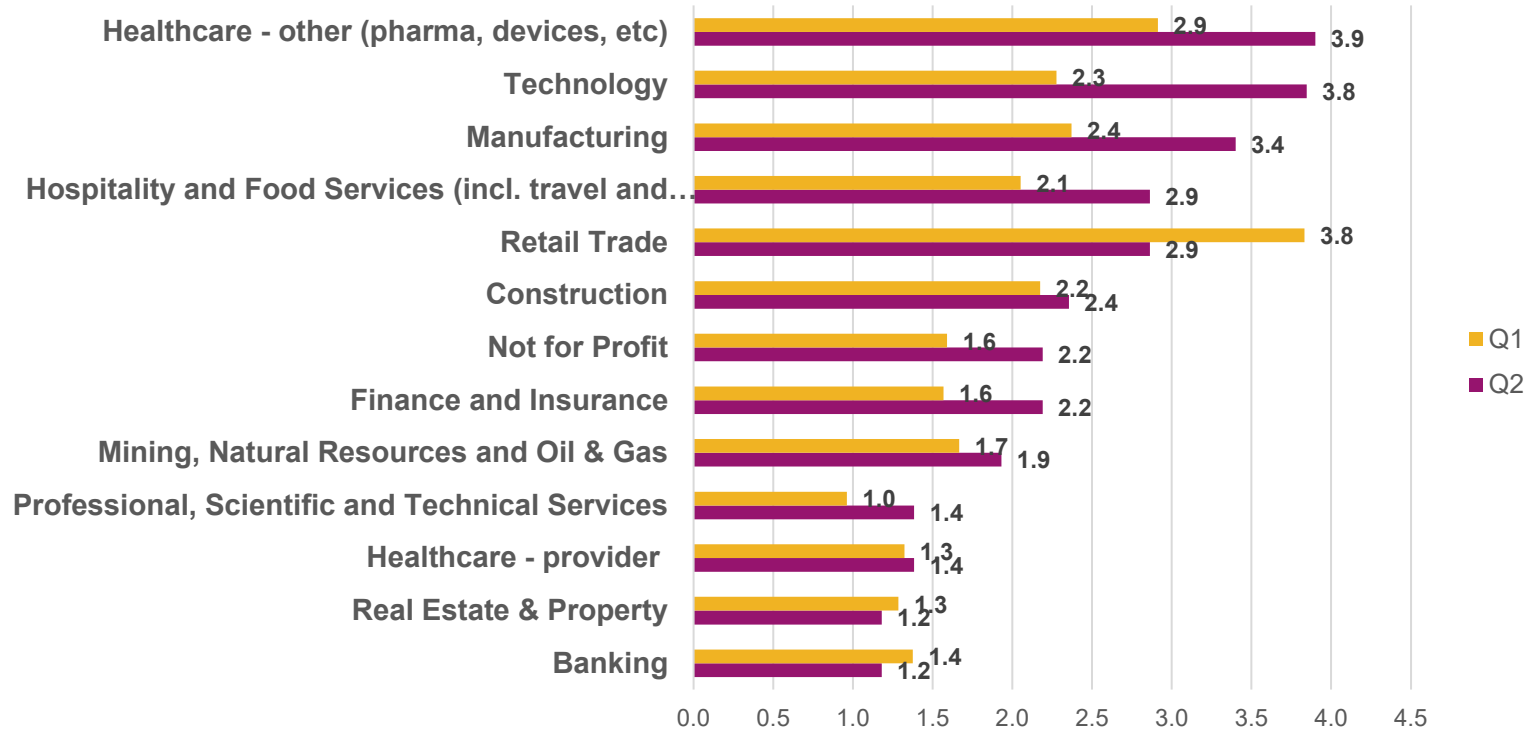


Healthcare –others optimism improves

Healthcare–other also improved further to 82% optimistic, up from 61% in Q1

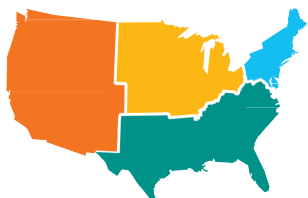
Healthcare – other hiring is now expected to increase at a rate of 3.9%, up from 2.9% in Q1

Expected Employment Change by Industry



Thinking about the coming 12 months, please comment on the probable change for your organization for number of employees

Region and Business-size Outlook



Northeast – optimism improved 26 points to 85%

South – improved 20 points from 58% to 78% optimistic

Midwest – optimism ticked up from 62% to 69%

West – rebounded from 59% to 80% optimistic

For employers with > \$1 billion in revenues, only 7% have excess employees, while 50% have too few. Of those with too few employees, 17% remain hesitant while 33% are planning to hire.

Of those in the \$100 million to \$1 billion category, 51% say they have too few employees; 10% are hesitant; while 41% are hiring.

In the \$10 - \$100 million range, 48% now have too few employees; of those with too few, 13% are hesitant; 35% are hiring.

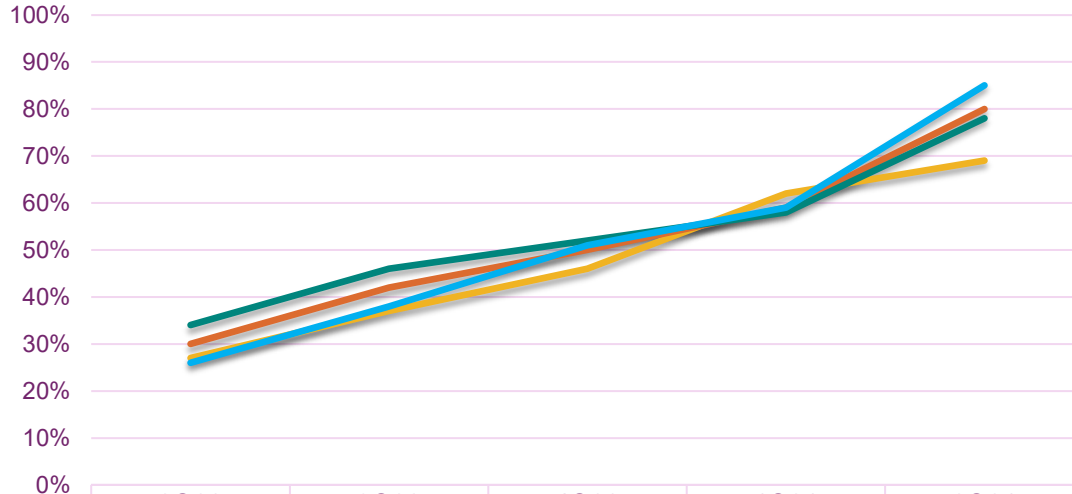
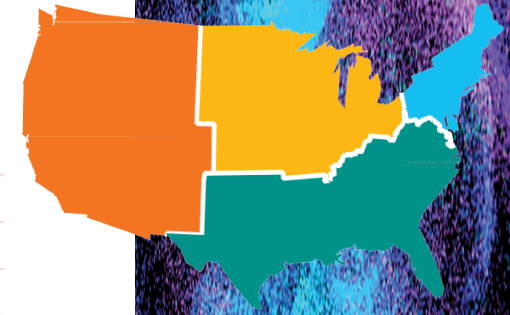
Of employers with revenues < \$10 million 43% have too few employees; 17% are hesitant; 26% are hiring.

Expectations for expansion by businesses with revenues < \$10 million improved from 48% to 63%. Plans for companies in the \$10 - \$100 million category added 4 points to 69%. Companies in the \$100 million to \$1 billion range improved 15 points to 73%; those with revenues in excess of \$1 billion gained jumped 19 points to now 80% having plans to expand.

Organization
optimism by
region

Employment
projections
and
expansion
plans by
company size

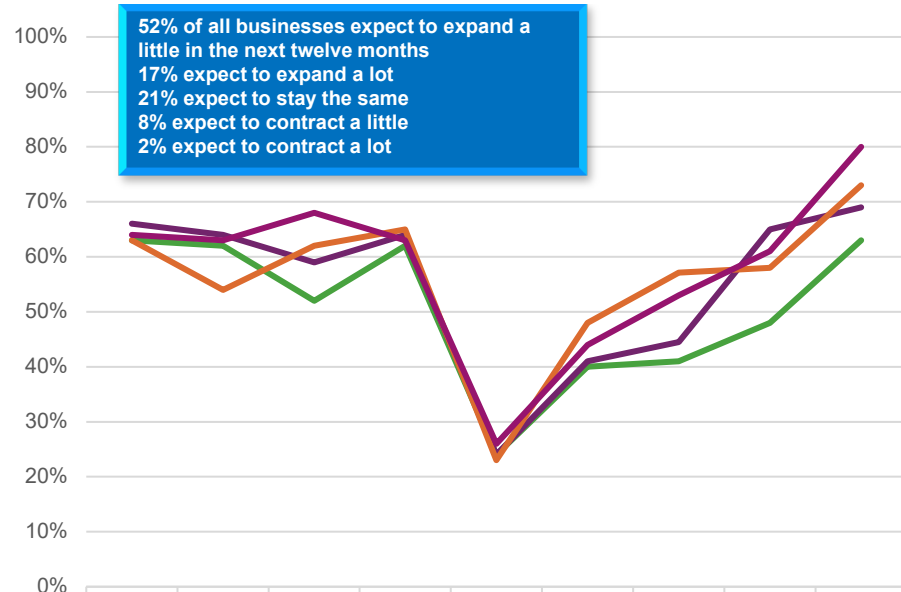
Organization Optimism by Region



	2Q20	3Q20	4Q20	1Q21	2Q21
Midwest	27%	37%	46%	62%	69%
West	30%	42%	50%	59%	80%
South	34%	46%	52%	58%	78%
Northeast	26%	38%	51%	59%	85%

The rating that best describes your view for the economic outlook for your own organization for the next 12 months.

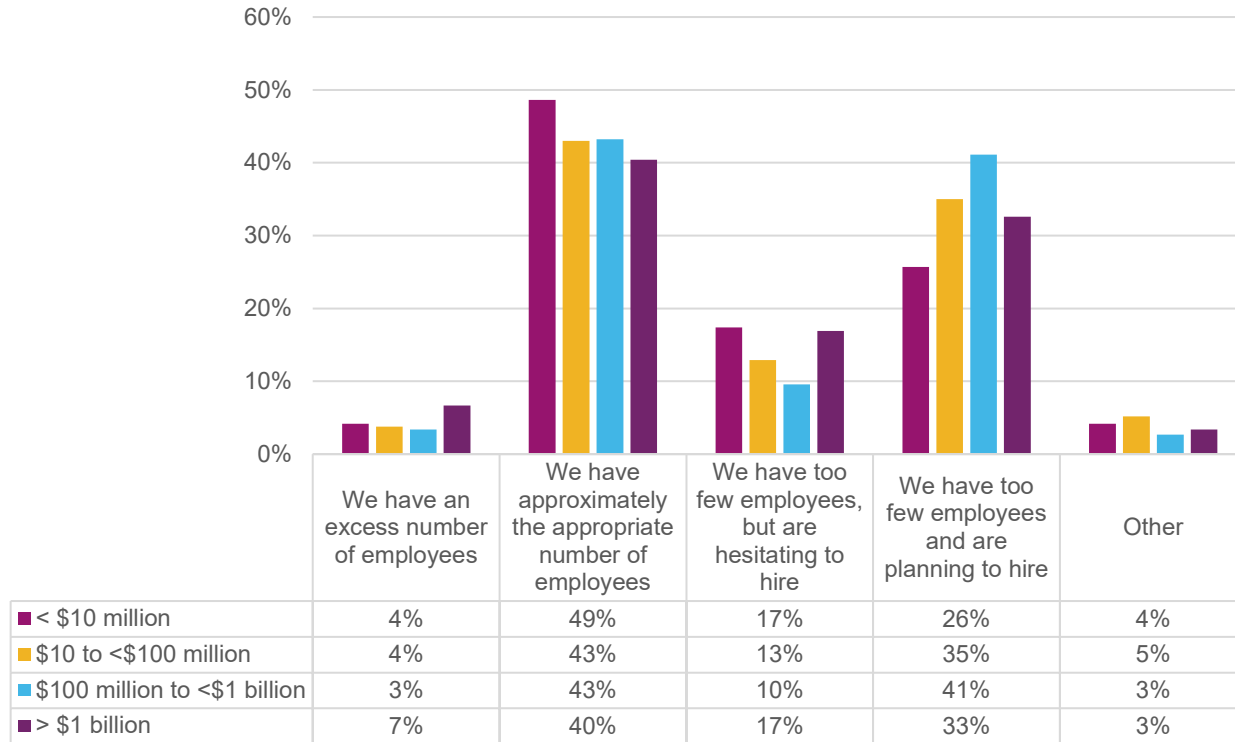
Expansion Plans by Business Size



	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
< \$10 million	63%	62%	52%	62%	24%	40%	41%	48%	63%
\$10 to <\$100 million	66%	64%	59%	64%	24%	41%	44%	65%	69%
\$100 million to <\$1 billion	63%	54%	62%	65%	23%	48%	57%	58%	73%
> \$1 billion	64%	63%	68%	63%	26%	44%	53%	61%	80%

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

Hiring Plans by Business Size



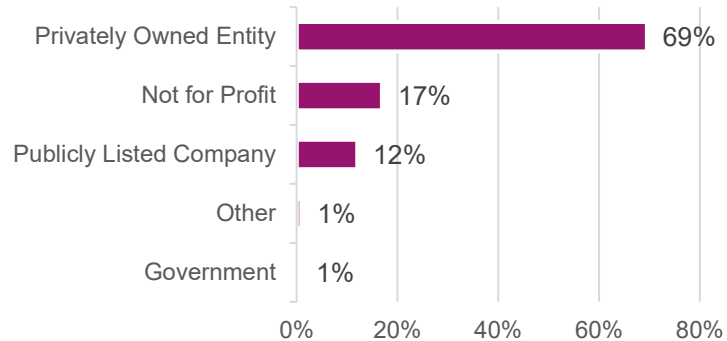
Given current conditions, how would you characterize your overall staffing situation relative to your needs?

(i.e., do you have excess capacity or are employees stretched)

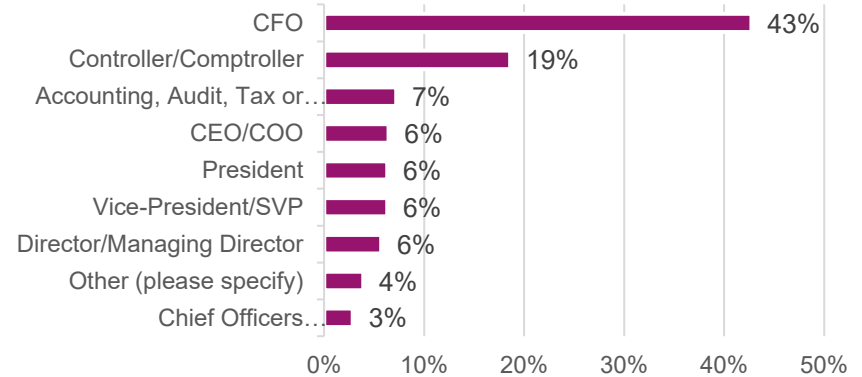
Demographics



Type of Organization



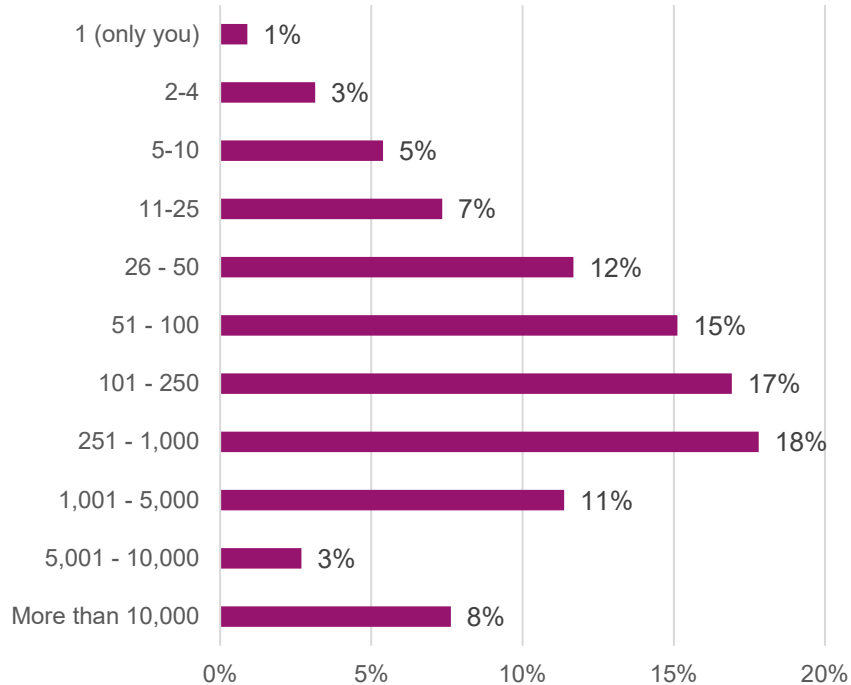
Position



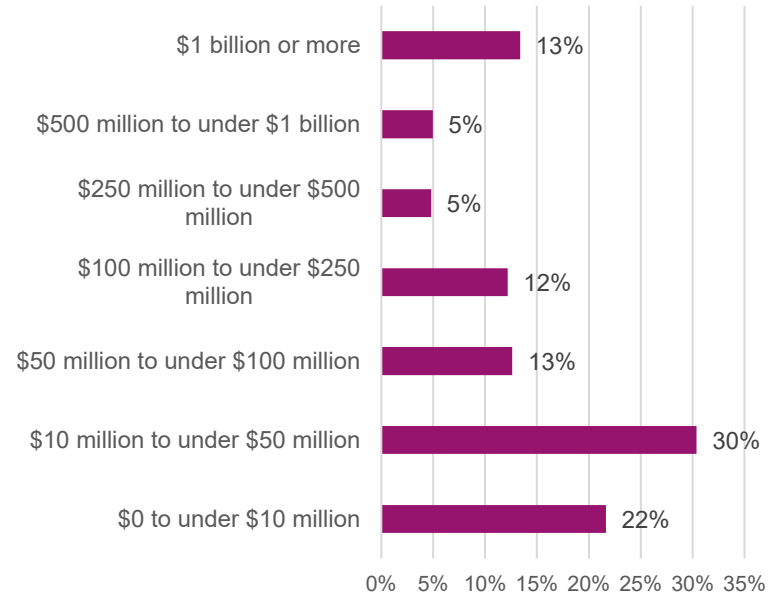
Demographics



Individuals working for organization



Size of Organization



AICPA Economic Outlook Survey

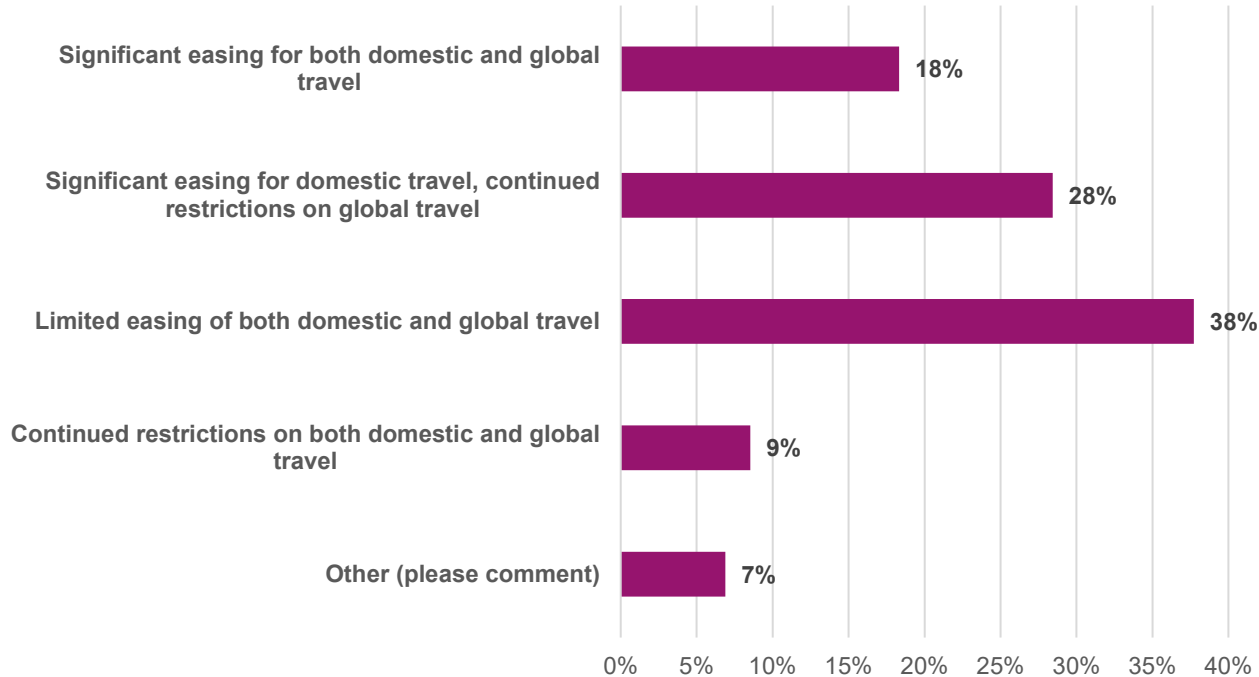
Survey within a Survey

Pandemic travel restrictions and return plans

Q2 2021

Pandemic travel restrictions – return plans

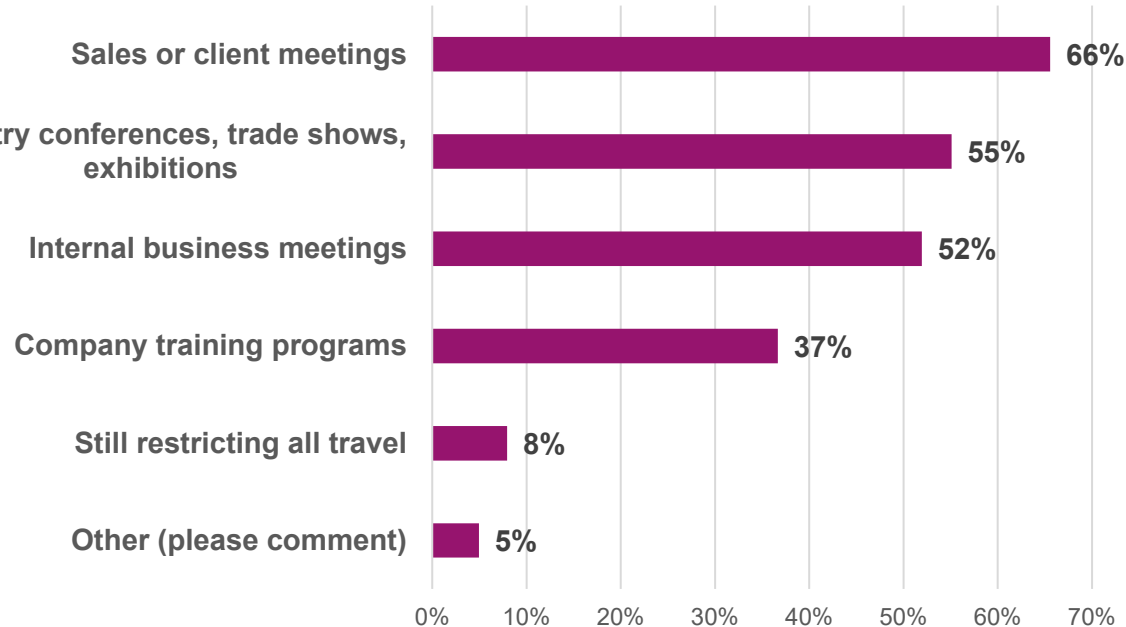
Second half of 2021



With vaccinations on the rise, which of the following best describes your organization's plan with respect to business travel restrictions in the second half of 2021?

Pandemic travel return plans

Types of activities allowed

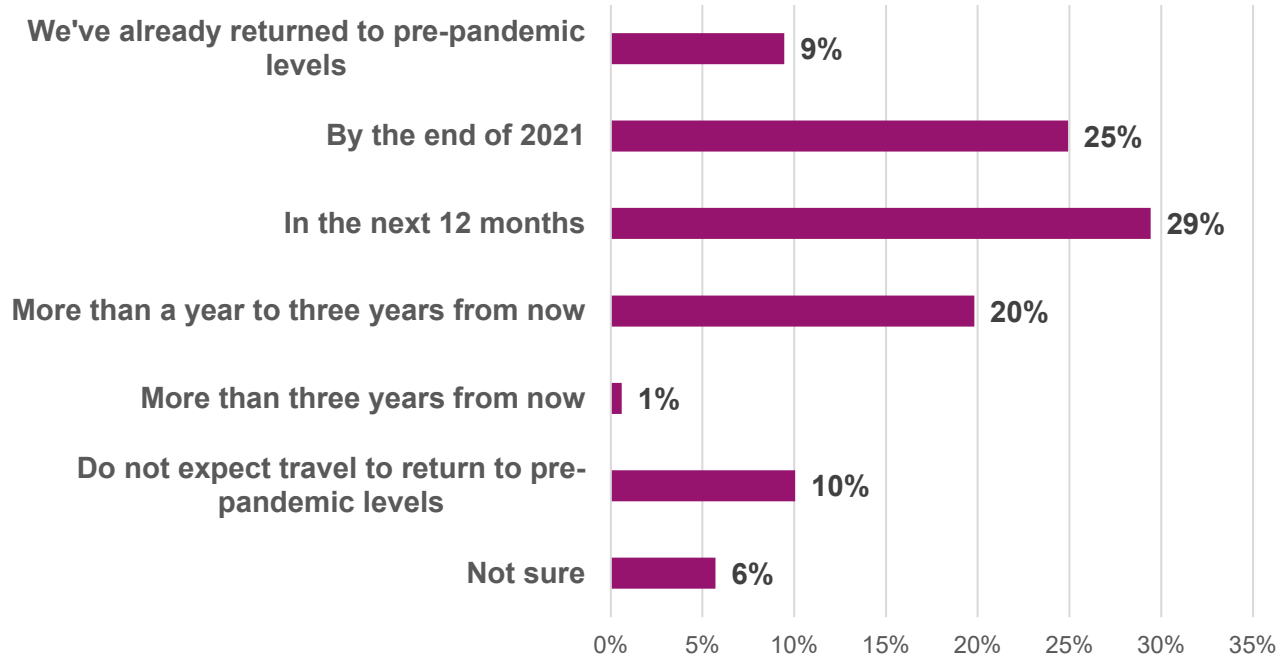


If you plan to ease travel restrictions in the second half of 2021 which of the following types of activities will be allowed?

(check all that apply)

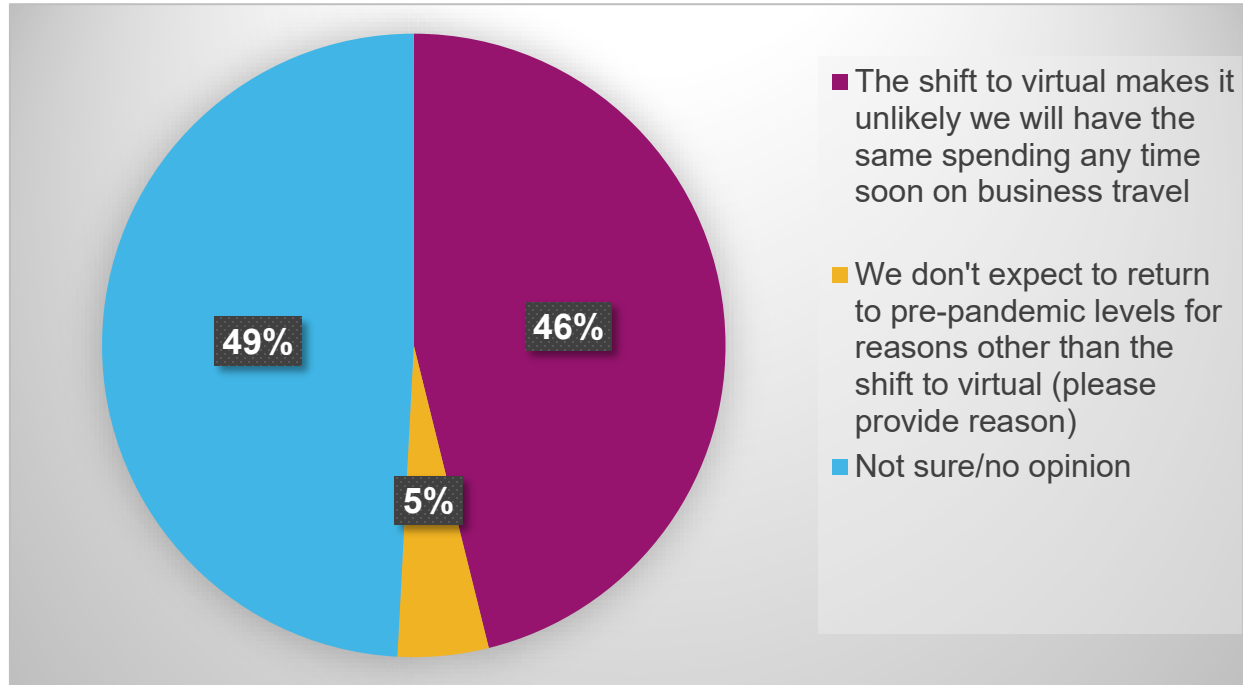
Pandemic travel return plans

Estimated timing to pre-pandemic levels



In what time frame to you expect your organization's business travel to return to pre-pandemic levels?

Pandemic travel return plans – Reasons for not returning to pre-pandemic levels



If you don't expect your business travel spending to return to pre-pandemic levels, what is the primary reason?

Pandemic travel return plans – Other reasons for not returning to pre-pandemic levels

Employee safety

Customer restrictions / Customer preferences

We are waiting to see the full results of the vaccinations

Increased unease with public health, coupled with real estate 'bubble' exacerbated by the pandemic.

Fewer locations - had to close/sell some locations

More scrutiny on travel needs

Travel will be restricted to higher value more mission critical instances

The cost savings are immense to not have people travelling as much. This has been a big plus for our business.

We don't expect to return to pre-pandemic levels for reasons other than the...



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Thank you!

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