

CEO Optimism Trends Down for Third Consecutive Quarter, Finds Marcum Survey

New York City, NY – CEO optimism about the general business climate registered its third consecutive quarterly decline, while remaining highly positive overall, according to the latest CEO survey from [Marcum LLP](#), a national accounting and advisory firm.

96.06% rated their business outlook between 5 and 10, as compared to 96.51% in the second quarter and a nearly universal response of 99.17% in the first quarter. A total of 278 CEOs and other C-suite executives in 17 industry categories participated in the [Marcum CEO Survey](#) in the third quarter.

The results in the positive range of the 1-10 scale were impacted by a fall-off at the top rating point, which trended down to 5% from 7% in the second quarter and 8% in the first. At the same time, there were sharp gains in the 8 and 9 rating points (37% and 20%, respectively), which recovered after declining in the second quarter and ultimately exceeded the strong first quarter showing.

CEOs rating their outlook in the lower 1-4 range increased half a percentage point to 3.94% from 3.49% last quarter.

“Middle-market CEOs are clearly maintaining their favorable outlook, even if they are not quite as ebullient as earlier in the year. The slight increase in negativity at the top and bottom registers of the rating scale put more respondents in the safe zone, nearer the middle, but that does not detract from the overall picture of CEO confidence,” said [Jeffrey M. Weiner](#), Marcum’s chairman and chief executive officer. “A positive attitude among America’s chief executives is an important foundation for a strong national economy as major changes including U.S. tax reform and tense international relations, among others, continue to reshape the business landscape.”

The weighted average of all CEO responses across the board was 7.55, a modest rebound from 7.41 in the second quarter, but still lagging 7.77 in the first quarter. Marcum’s third quarter finding compares to a weighted average of 7.62 in Chief Executive Group’s CEO Confidence Index.

The Marcum CEO Survey is a quarterly gauge of middle-market CEOs’ outlook of the current business environment and their priorities for the next 12 months. It is a companion to the monthly CEO Confidence Index, America’s largest monthly survey of chief executives.

Investment Priorities

Talent recruitment (35%) and technology (16%) remained CEOs’ top investment priorities, but both categories registered slight declines from the first two quarters of the year. Physical plant expansion (7%) had its strongest showing as an investment priority thus far in 2018, while inversely, geographic expansion (4%) slid for the first time. This suggests that companies are planning to grow in place. CEOs saying they do not plan to invest in their companies in the next 12 months increased for the third consecutive quarter, doubling to 4% of respondents from 2% in the first quarter.

Most Important Influence

Availability of talent continued to dominate as the prevailing influence on future business planning for CEOs in the third quarter, returning to its Quarter 1 high of 31% after falling in the second quarter. The third quarter emphasis on availability of talent was nearly double the next nearest most important influence - “other” at 16%.

Product & Service Diversification

Overall, CEOs cooled to the importance of product/service diversification in their future planning. Only 24% of CEOs rated diversification a 9 or 10, as compared to 30% in the prior quarter.

CEO Insights

A number of CEOs provided additional insights in optional open-ended comments. The comments elaborated on the reasons for their rating choices, represented by the following:

- “Our employees are highly skilled. Any expansion requires long lead times to develop the talent pool.”
- “Consolidation is driving our decision-making across the business. Scale is critical to drive out the required business efficiencies.”
- “Codes and regulations impact the speed and flexibility our customers have in initiating projects where our products and services are needed.”
- “The velocity of change regarding technology is greater than it ever has been, but the adoption of the various types of technology is highly bifurcated.”

About the Respondents

Of those companies providing revenue information, 251 (91%) had revenues of up to \$1 billion in 2017; 25 (9%) had revenues in excess of \$1 billion.

Participating industries included:

- Advertising/Marketing/PR/Media/Entertainment
- Construction/Engineering/Mining
- Energy/Utility
- Financial Services (Banking, Insurance, Brokerage, Investment)
- Government and Non-Profit
- Health Care (Providers and Payers)
- High Tech/Telecommunications/Information Technology
- Manufacturing (consumer goods)
- Manufacturing (industrial goods)
- Pharmaceuticals & Medical Products
- Professional Services (Legal, Consulting, Accounting, Architecture)
- Real Estate
- Retail Trade
- Transportation (Airlines, Trucking, Rail, Shipping, Logistics)
- Travel and Leisure (Hotels)
- Wholesale Distribution
- Other

For the complete Marcum CEO Survey for the third quarter of 2018, visit www.marcumllp.com.

About Marcum

Marcum LLP is one of the largest independent public accounting and advisory services firms in the nation, with offices in major business markets throughout the U.S., as well as Grand Cayman, China and Ireland. Headquartered in New York City, Marcum provides a full spectrum of traditional tax, accounting and assurance services; advisory, valuation and litigation support; and an extensive range of specialty and niche industry practices. The Firm serves both privately held and publicly traded companies, as well as high net worth individuals, private equity funds and hedge funds, with a focus on middle-market companies and closely held family businesses. Marcum is a member of the Marcum Group, an organization providing a comprehensive array of professional services. For more information, visit