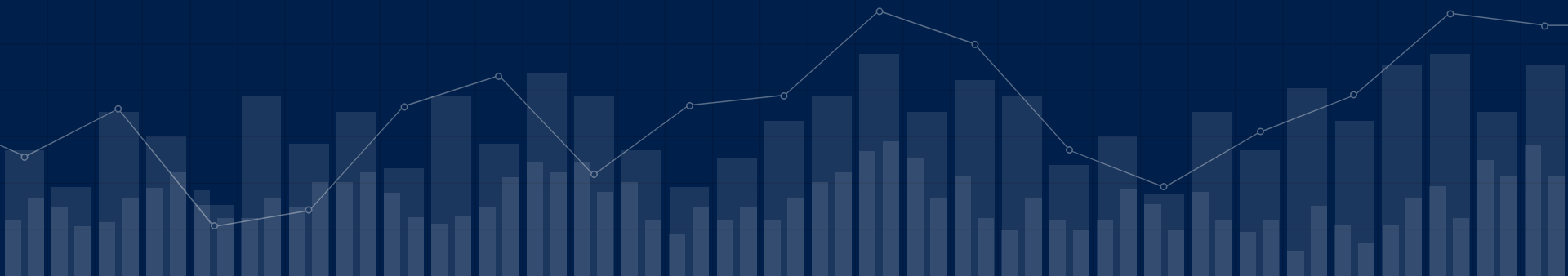


CEO Confidence Index

America's largest monthly survey of chief executives

Chief Executive



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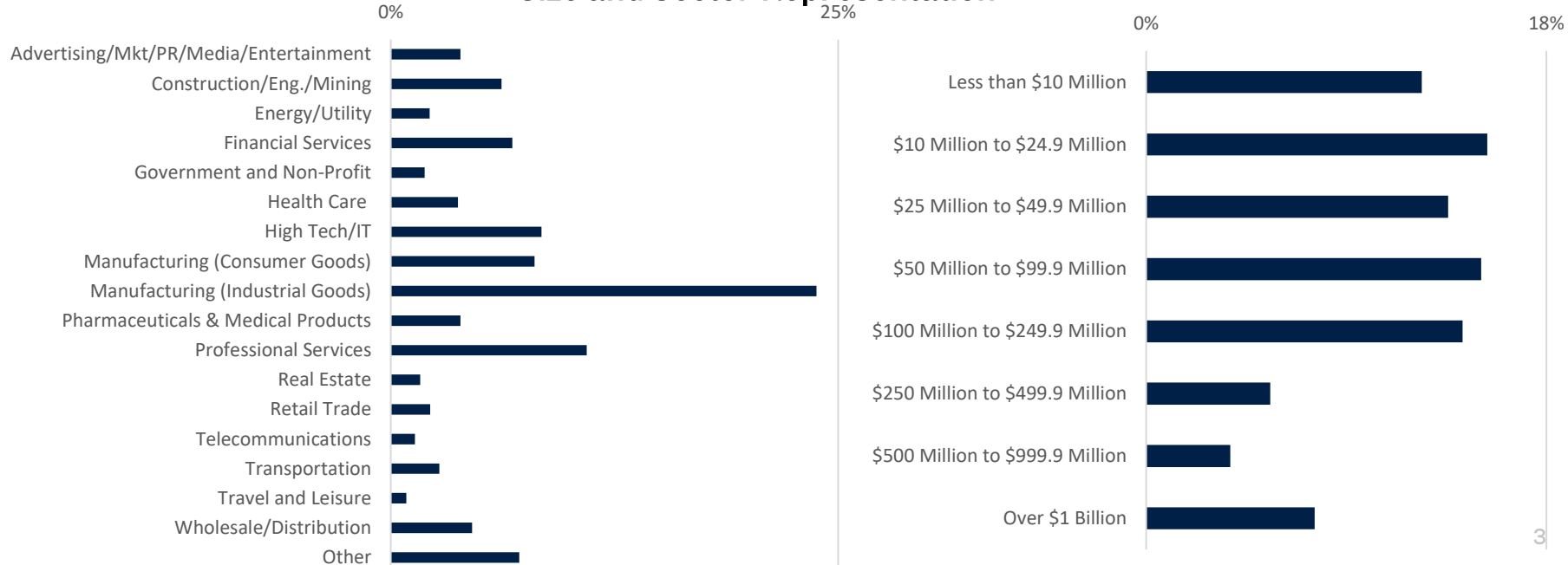
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About this report

Launched in the fall of 2002, *Chief Executive's* CEO Confidence Index is America's largest monthly survey of chief executives. Each month, we ask CEOs of companies of all sectors and sizes the same three questions regarding their confidence in current business conditions, their future business outlook and their revenue, profit and investment projections for the next 12 months. The data forms the basis for our leading indicator.

To learn about the Index, please visit ChiefExecutive.net/ceo-confidence-index or write to Research@ChiefExecutiveGroup.com.

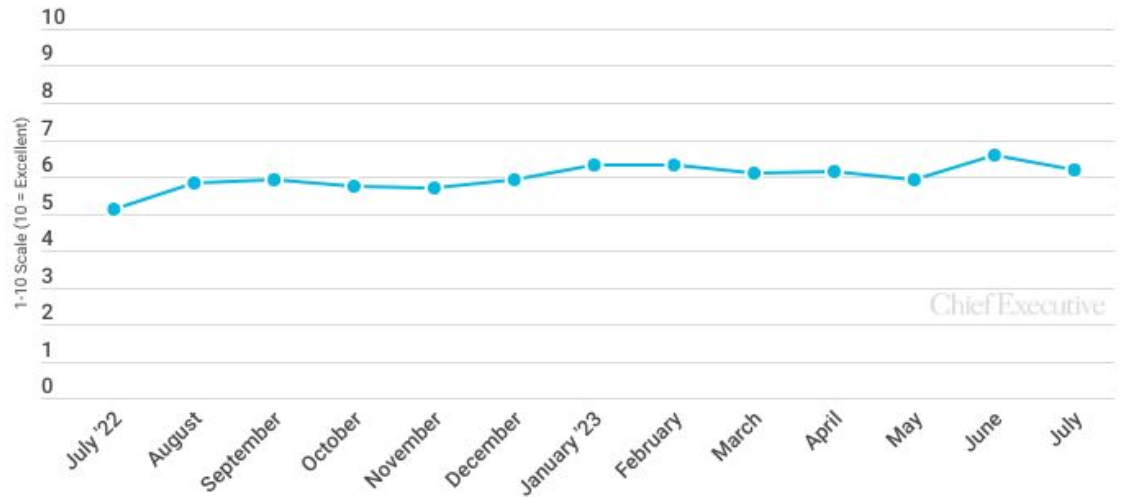
Size and Sector Representation



CEO Rating of Current & Future Business Conditions

- After a 12% gain in June that had propelled it to a 12-month peak, *Chief Executive's* CEO Confidence Index retracted more than 5% in July, falling to 6.2 on a 10-point scale where 10 is Excellent and 1 is Poor.
- CEOs' rating of current business conditions also declined this month, to 5.9 from a 12-month high of 6.7 in June.
- While concerns over a near-term recession seem to waned, it doesn't mean we're in the clear. According to the CEOs polled, there are now concerns over the impact of the Fed's persistence on increasing rates amid otherwise strong economic conditions.

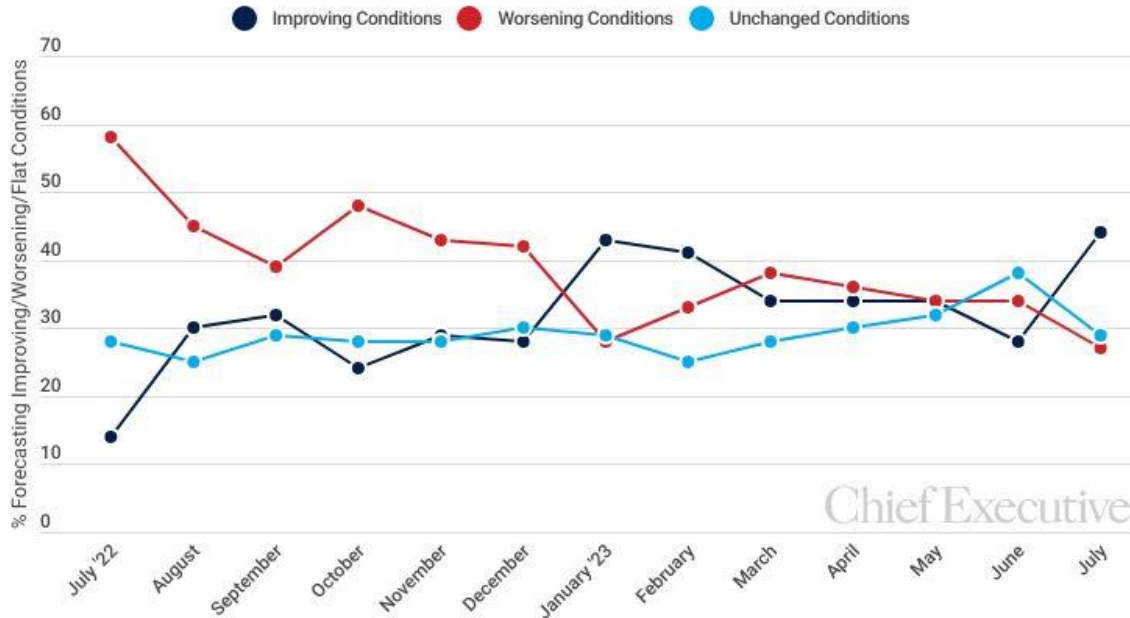
CEO Forecast of Business Conditions 12 Months from Now



Source: [CEO Confidence Index](#), Chief Executive Group

CEO Forecast Split for Business 12 Months from Now

CEO Forecast for Business 12 Months From Now



Source: [CEO Confidence Index, ChiefExecutive.net](https://www.chiefexecutive.net)

- Still, not all of this is gloomy. At its July level, the Index, which measures CEOs' forecasts for business conditions 12 months out as well as their assessment of the current environment, remains well within "Good" territory.
- That's because despite concerns over the impact of further rate hikes, CEOs say demand and pipelines are healthy, and costs and supply chains are normalizing.
- Overall, nearly half of the CEOs polled in July expect conditions to show improvement by Q3 of 2024. That is a significant jump from the month prior, when less than a third had projected things to improve over the same time period.

What CEOs Are Saying

Chief Executive

“Cost of capital is an issue for many mid-size companies... the industrial sector as a whole is losing traction.”

— **Bob Messaros, CEO, Commercial Metal Forming**

“Economy still seems to be OK overall despite interest hikes. I would expect a bit of a slowdown in the coming months, and a year from now seeing us in recovery as inflation declines and interest rates begin to drop.”

— **Bruce Levitt, President, Levitt-Safety**

“Housing availability should slightly improve if interest rates are stabilized. Concerns include continued cost from suppliers and lack of available resources at reasonable wage structure. Lending has not curtailed as much as in 2008 crisis allowing for some flexibility for business owners and consumers.”

— **Andy Hopkins, CEO & President, Terrace Finance Corp**

“The industry as a whole has worked through the media rhetoric of a deep recession, and we are seeing projects put back on the table that had been previously delayed.”

— **Brad Rutherford, President, Rutherford CO., Inc.**

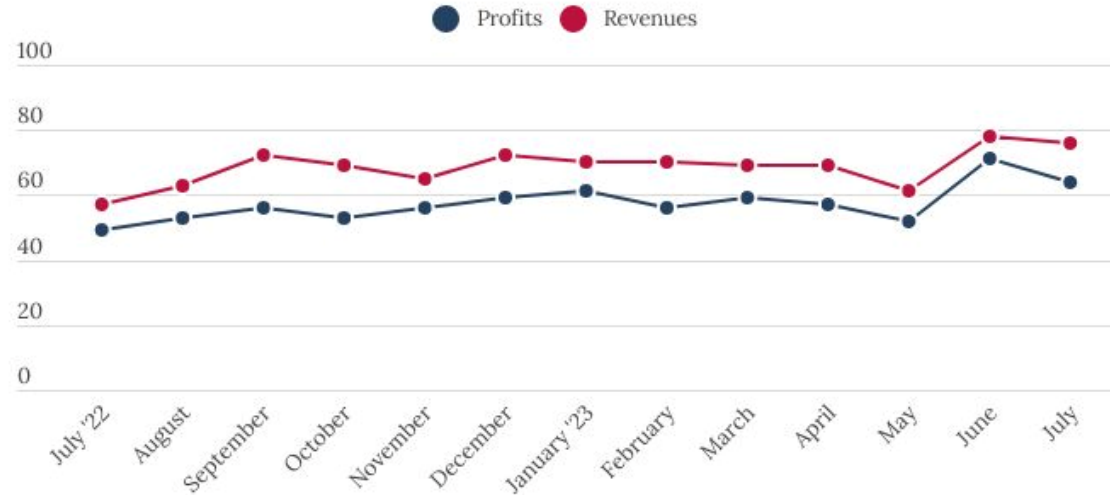
“While there are some clouds on the horizon the underlying strength of the U.S. economy continues, driven in large part by a combination of continued growth and a tight labor market.”

— **Terry Keating, CEO, Access Capital**

The Year Ahead

- Despite expectations of slowing demand, 76% of CEOs said they expect revenues to still be up by this time next year (vs. 78% in June). After the high reached last month, this proportion is the highest on record since March 2022, when it topped 80%.
- But when it comes to profitability, only 65% expect profits to follow the same uptrend (down 7 points from 71% in June). A renewed uptick in prices is the main factor affecting this forecast.
- Once again, putting that number in perspective is important, and the last time the Index returned that high of a proportion forecasting an increase in profits (other than June) was also in March 2022.

Proportion of CEOs Projecting Increases in Profits and Revenues Over the Next 12 Months



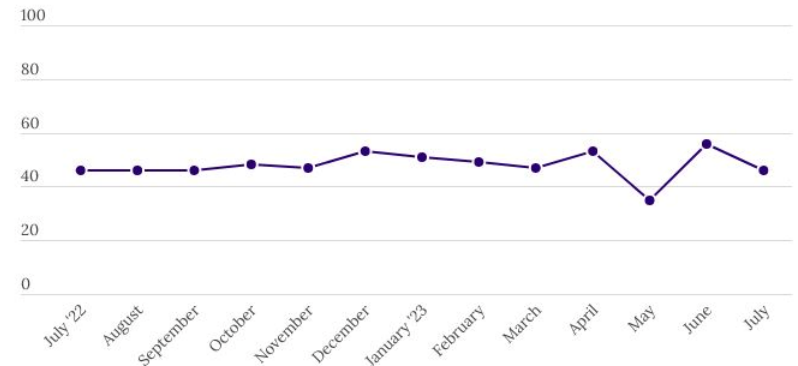
The Year Ahead

- Where we do observe a fraying is in the proportion of CEOs planning to increase hiring and capital expenditures over the next 12 months.
- Only 47% said they intend to add to their headcount (down from 56% last month), and 45% said the same of capex (vs. 50% last month).
- The good news in all this, perhaps, is that the balance doesn't expect to cut jobs or decrease expenditures either; rather, the forecast is for the status quo for the time being..

Proportion of CEOs Projecting Increases in Capital Expenditures Over the Next 12 Months



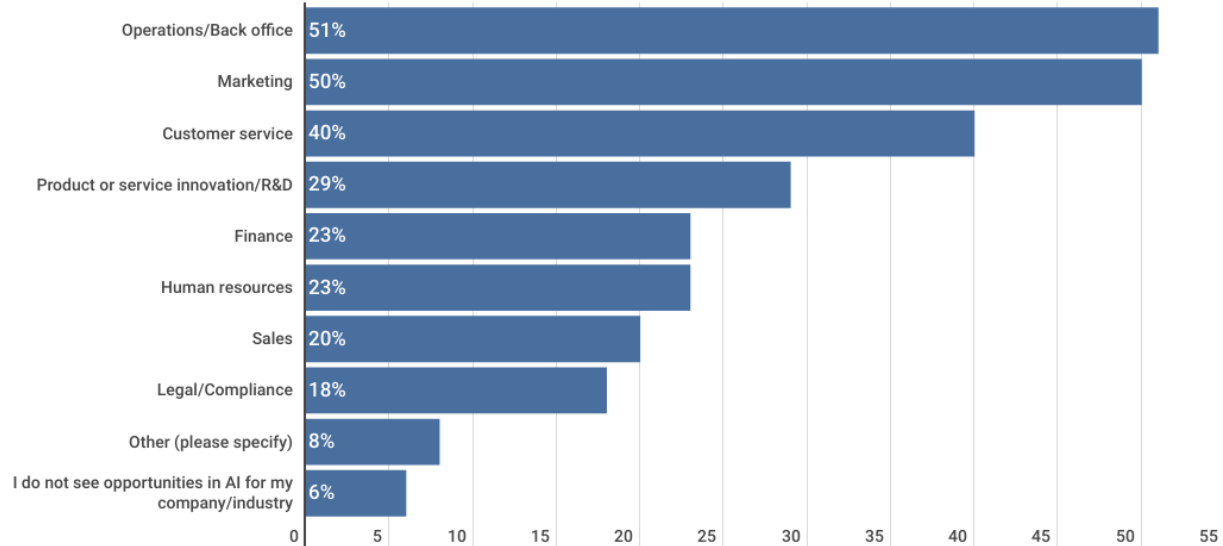
Proportion of CEOs Projecting Increases in Hiring Over the Next 12 Months



AI Perspectives

- This month, CEOs were also asked to share their thoughts on AI and the technology's potential for business.
- Back office operations, marketing and customer service are the three areas where most said they could see upside to AI in support of the business.
- Finance, compliance and sales ranked last on the list of potential areas to implement AI.

When thinking about AI capabilities, in which function areas do you see the greatest opportunities for your company or industry?

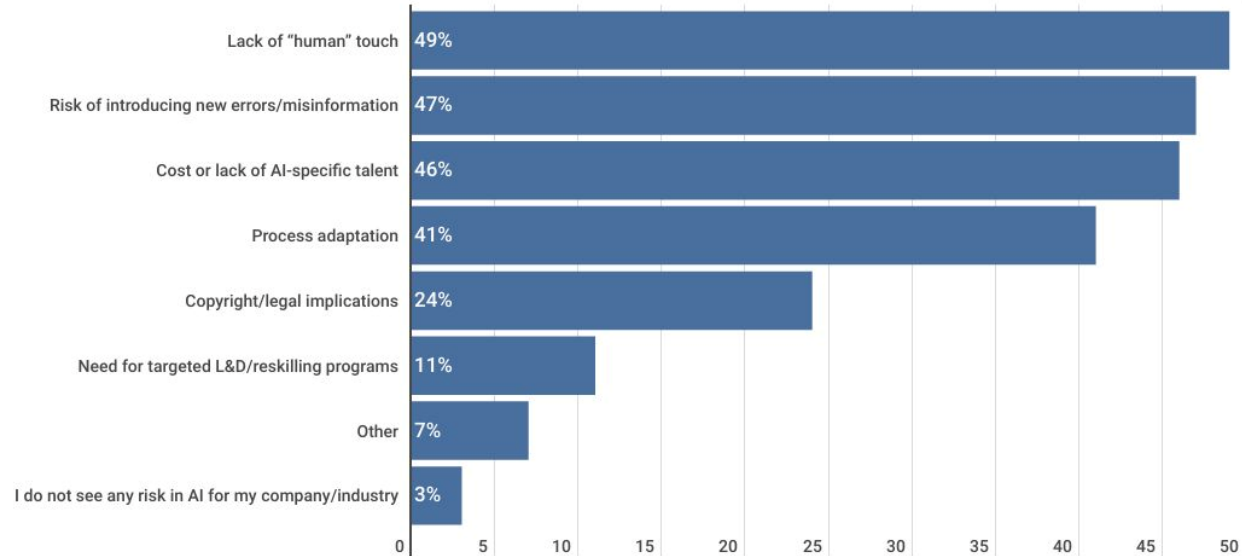


Source: CEO Confidence Index, ChiefExecutive.net

AI Perspectives

- CEOs say the primary risks at this point is a lack of “human” touch and the introduction of errors or misinformation into the data.
- Cost of implementation and acquiring skilled talent in the field was next on the list of concerns.
- The overall sentiment: it’s still early and while there is potential for business, few are willing to be first to take the risk.

When thinking about AI capabilities, what do you see as the greatest risks for your company or industry?



Source: CEO Confidence Index, ChiefExecutive.net

What CEOs Are Saying

Chief Executive

“AI is potentially game-changing, but the proof is still some time out (in my opinion).”

— **Chris Mangum, Founder / CEO, Servato Corp.**

“AI with editorial oversight is transforming our content development but is requiring more hands-on management and supervision than we originally thought it would. So it is an extremely helpful tool but not a panacea..”

— **Bob Green, President, The Verdi Group, Inc.**

“AI is overhyped and quite a broad term that encompasses a lot of technologies and disciplines. The current state of AI is mostly just large language models vs true artificial intelligence. It will continue to be a burgeoning vertical, although practical business value using AI and the associated revenue growth from it is still in question.”

— **Timothy Doll, CEO, Precocity LLC**

“I am excited about the prospect of AI, allowing our knowledge workers to free up time to upskill, build deeper relationships with clients and add more value in their role and life.”

— **Ben Harris, President, Production Solutions, Inc.**

“Like many technologies that have come before this will continue to reshape our economy and bring as many opportunities and jobs as it consumes.”

— **Terry Keating, CEO, Access Capital**

“When properly calibrated, it has brought significant upside - not using it is slow suicide.”

— **Tim Strauss, Amerijet, CEO**

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About the CEO Confidence Index

The CEO Confidence Index is America's largest monthly survey of chief executives. Each month, *Chief Executive* surveys CEOs across America, at organizations of all types and sizes, to compile our CEO Confidence Index data. The Index tracks confidence in current and future business environments, based on CEOs' observations of various economic and business components. For additional information about the Index and prior months data, visit ChiefExecutive.net/CEO-Confidence-Index

About Chief Executive Group

Chief Executive Group, the leading community for business leaders worldwide, publishes *Chief Executive* magazine (since 1977), ChiefExecutive.net, *Corporate Board Member* magazine, BoardMember.com, StrategicCFO360.com, StrategicCIO360.com and StrategicCHRO360.com, as well as produces conferences and roundtables that enable CEOs and senior executives to discuss key subjects and share their experiences with their peers.

The Group also runs the Chief Executive Network, the leading CEO membership organization arranged by industry, and the [Senior Executive Network](#), an equivalent for senior executives across the country, and facilitates the annual "[CEO of the Year](#)," a prestigious honor bestowed upon an outstanding corporate leader, nominated and selected by a group of peers.

Visit ChiefExecutiveGroup.com for more information.