

Business Economic Outlook Survey Q2 2018

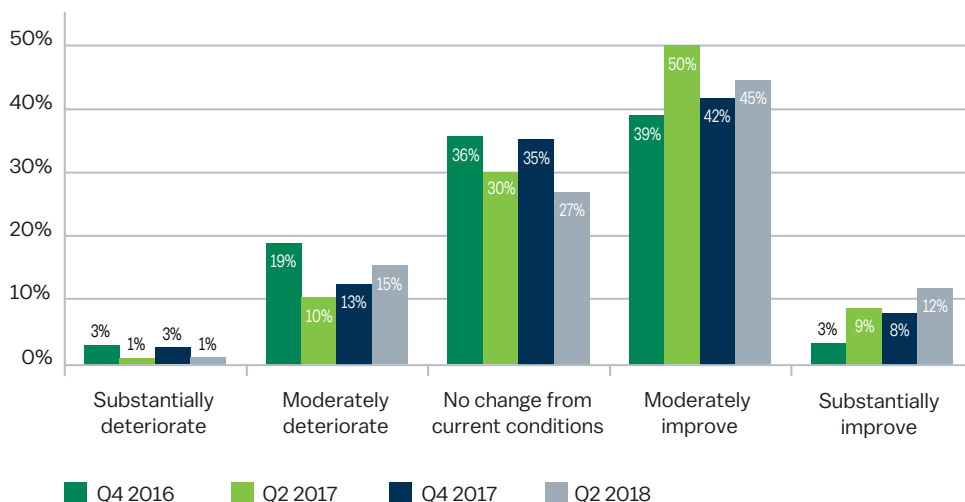
In May 2018, we reached out to a group of Business Banking clients to obtain feedback on the current and near-term outlook for their industries and the overall economy. In this edition of the Business Economic Outlook Survey, we are happy to share a summary of those findings.

Key findings:

- The cost of labor (including hiring, healthcare, and wage growth) is the top concern of business owners. 47% of businesses ranked cost of labor as the number one challenge to their business today.
 - 69% noted encountering at least some difficulty when finding qualified, experienced applicants to fill open positions. About half of these respondents cited that applicants don't have the necessary experience or skills required.¹
 - Also, 36% of business owners plan to hire additional workers in the next six months, compared to 26% in Q4 2017. 72% plan to increase wages and salaries over the next year as well.
- Confidence has risen as 57% of respondents expect the U.S. economy to improve in the next six months, climbing from 50% in Q4 2017.
 - Additionally, as a result of the recently passed tax reform law, 32% of business owners increased their expectations for sales (revenue) for 2018.¹

Survey highlights

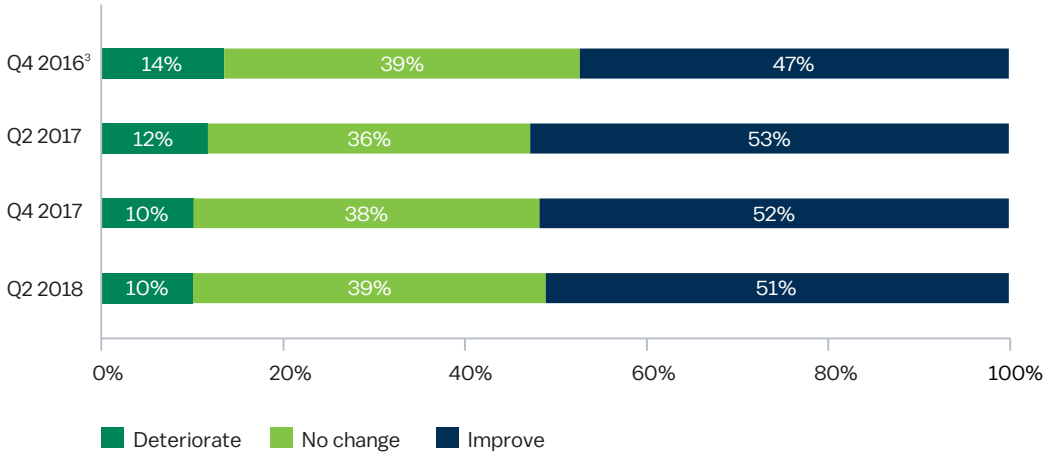
How do you expect the U.S. economy to perform during the next six months?



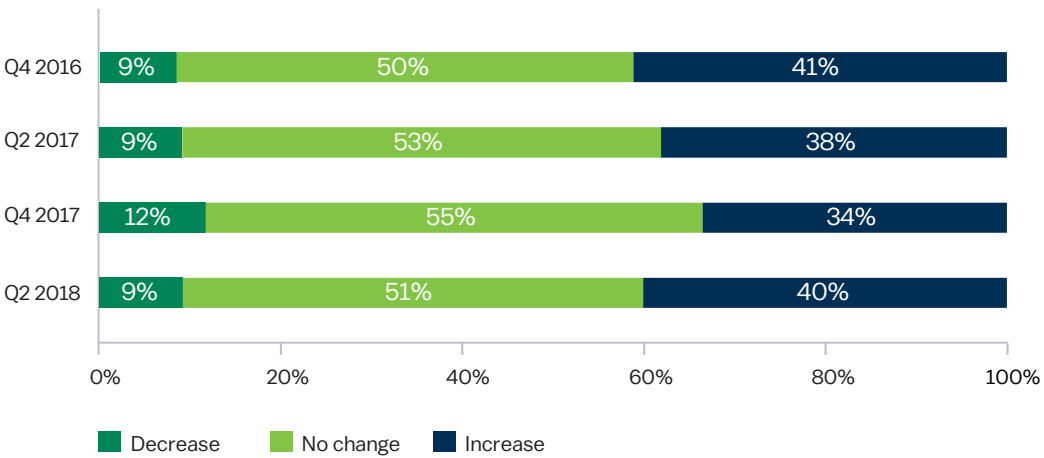
51%
of business owners **expect their industry to improve over the next six months, similar to 52% in Q4 2017**

40%
of business owners **expect to increase capital expenditures in the next six months, up from 34% in Q4 2017**

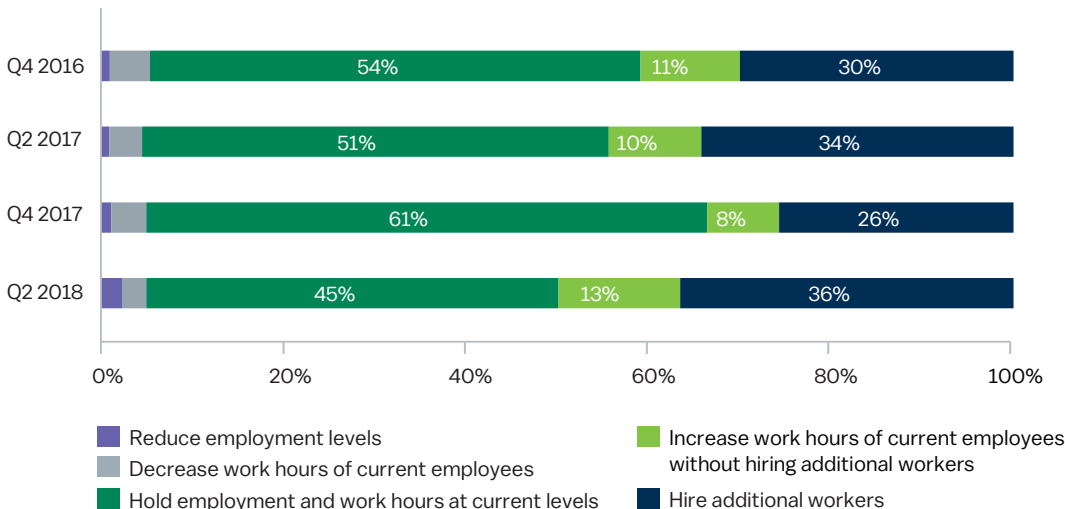
What are your expectations for your own industry over the next six months?



What are your plans for capital expenditures over the next six months?



Which of the following best describes your company's employment plans for the next six months?



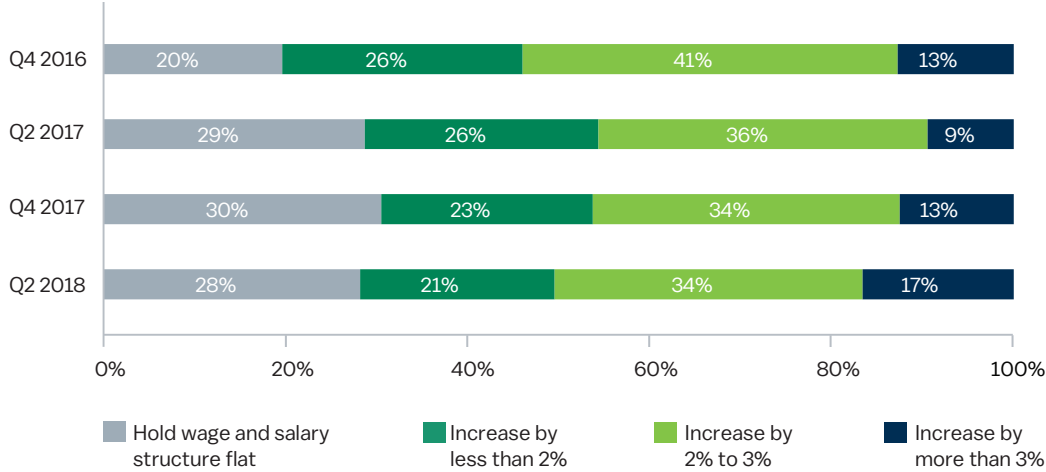
45%

of business owners plan to hold employment and work hours at current levels, down from 61% in Q4 2017

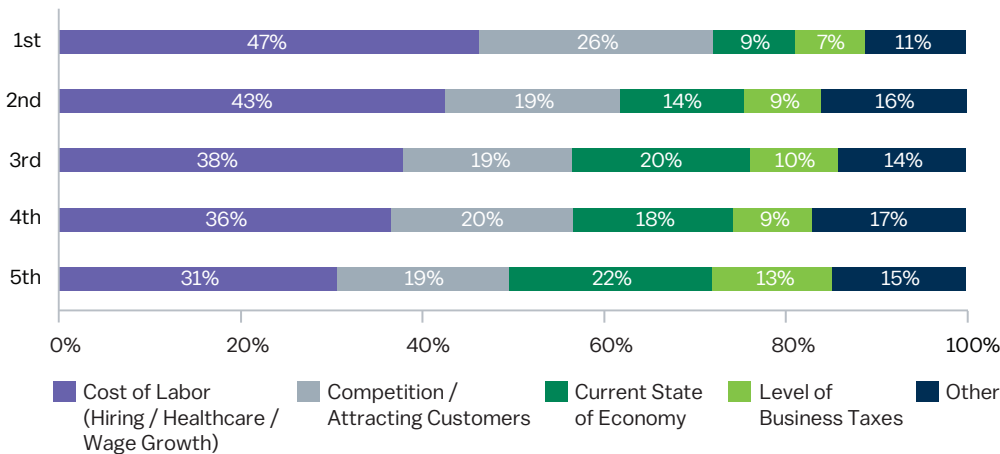
17%

of business owners plan to increase wages and salary by more than 3%, compared to 13% in Q4 2017

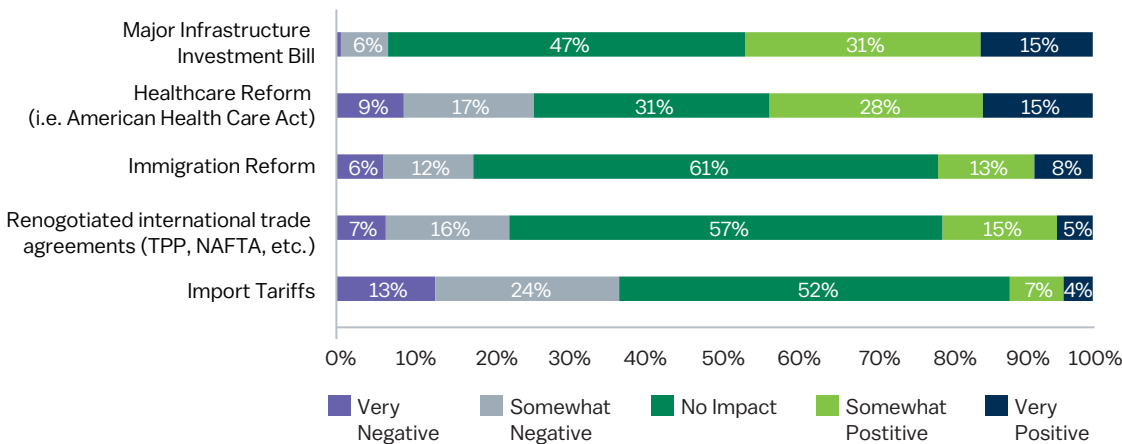
In general, what are your plans for managing employee wage and salary increases over the next year?



Please rank the top 5 challenges facing your business today.²



If the following legislative changes are enacted within the next 12-18 months, what impact do you believe it will have on your business performance?



Only **7%** of business owners ranked business taxes as the #1 challenge to their business

46% of businesses believe that the Major Infrastructure Investment Bill will have a positive impact on their business

Equal Housing Lender.

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SURVEY METHODOLOGY: An Internet survey was conducted by M&T during May 2018 among senior managers and owners of small to mid-sized businesses located throughout the Bank's geographic footprint. A total of 337 responses were received.

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Please note that in Q4 2017, the survey population expanded to include additional clients. Responses did not vary by customer type. ©2018 M&T Bank. Member FDIC. 2541 (6/18) mtb.com

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