Fewer U.S. CEOs Expect Hiring Dip Over Next 6 Months

The Associated Press

WASHINGTON (AP) — A survey of U.S. chief executives shows the number of large companies that plan to add jobs or hire more workers is essentially unchanged versus three months ago, although fewer expect hiring to decrease.

The Business Roundtable said Wednesday that 29 percent of its member CEOs plan to increase hiring over the next six months, the same as in September when the group released its previous quarterly survey.

But only 29 percent expect hiring to decrease versus 34 percent in the previous report.

CEOs are slightly more pessimistic about their future sales, capital spending and the overall U.S. economy, amid uncertainty over the impact of budget cuts and tax increases that are set to take effect at the start of next year.

CEOs are worried about the pending U.S. budget changes, known as the "fiscal cliff."

"The past quarter's survey results reflect continued uncertainty of business leaders surrounding the ability of our political leaders to reach a principled compromise for resolving the fiscal cliff and related deficit and debt issues," Jim McNerney, chairman of the Roundtable and CEO of The Boeing Co., said during a conference call with reporters.

"We will grow faster next year and the year after if we resolve this thing than we will if we don't," he added.

Earlier this month, all the Roundtable members delivered letters to the White House and to congressional leaders urging a compromise that includes more revenue, even if it means raising tax rates, and structural and benefit changes to social programs.

In the latest survey, 35 percent of the chief executives identified regulations as the greatest cost pressure concern that their companies face over the next six months, followed by labor and health care costs. A year ago, material costs topped the list of CEOs' concerns.

Some 58 percent of CEOs expect their companies' sales will increase over the next six months, unchanged from the previous quarter. The share of executives expecting sales to decline edged higher to 17 percent from 15 percent.

Only 30 percent of CEOs anticipate they will increase their investment in capital goods such as machinery, computers or other equipment. That's unchanged from the third quarter's survey, while 23 percent project a decline in capital investment, up from 19 percent in the previous quarter. Companies usually make capital investment when they are expanding.

The Roundtable combines CEOs' survey responses on sales, capital spending and hiring into an index gauging the executives' overall economic outlook. The latest index was 65.6, a slight dip from 66.0 in the third quarter, but down sharply from 89.1 in the second quarter.

An index reading lower than 50 is consistent with a shrinking economy, while a reading above 50 indicates the economy is expanding.

Even so, McNerney noted that the latest reading is at its lowest level since the third quarter of 2009, when the economy was just emerging from recession.

The Business Roundtable represents the CEOs of the 200 largest U.S. corporations. The survey results are based on 143 responses received between Nov. 12 and Nov. 30.

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