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West Michigan Current Business Trends

April 7, 2025

Economy Modestly Positive, But Far Less Certain

Key Take-Aways from March 2025 Statistics:

- **NEW ORDERS for March Remain Positive, BUT April Looks Iffy.**
- **Tariff Reeking Havic on Business Planners.**
- **Short and Long-Term Business Confidence Drop Significantly.**

		Mar.	Feb.
↓	NEW ORDERS Index (business improvement)	+10	+11
↑	PRODUCTION Index (aka "output")	+ 13	+ 1
↑	EMPLOYMENT Index	- 2	- 8
↑	LEAD TIMES Index	+ 0	- 9

Key Participant Comments for March:

"Our inventories were heavily replenished in anticipation of tariffs. However, due to the lack of stability surrounding this issue, it's very difficult to predict production levels for the next 4-6 months until this policy is solidified into concrete programs."

"March orders improved significantly over February, however; they are in-line with or slightly behind March of 2024. Economic uncertainty seems to be plaguing the construction industry."

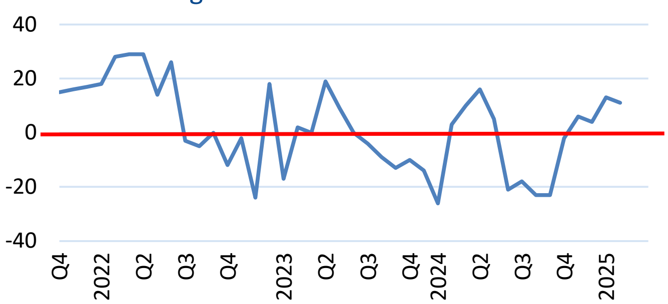
"Tariffs are driving landed costs up substantially with no domestic product options. We're passing along the additional cost to customers."

"The capital equipment market has really tanked."

"Office furniture is soft. Sales and new orders are still occurring but the recent unknowns seem to be slowing things for the moment. We remain optimistic that once tariffs are settled things will return to more 'normal'."

<u>The Local Economy.</u> According to the data collected in the last two weeks of March, the West Michigan economy is currently stable. NEW ORDERS, our index of business improvement, marginally waned to +10 from +11. The PRODUCTION Index, a.k.a. "output," upticked to +10 from +1, but some of the rise can be attributed to sandbagging for the impending tariffs. Probably because of all the potential impending changes in the industrial marketplace, activity in the purchasing offices, the index of PURCHASES, briskly jumped to +4 from -17. Because of the tariff impact on the auto industry, it is worth repeating that the Michigan economy is especially vulnerable to the new Canadian tariffs that have been imposed. Many billions of dollars of auto parts and some fully assembled autos go back and forth at the Detroit/Windsor border crossing every month, and tariffs were simply not part of the original business plans for the industry. Granted, the president is using tariffs to "level the playing field" and as a bargaining tool, and negotiations are hopefully already underway to find a solution. Hence, by next week or next month, most of the problems between the U.S. and Canada MIGHT be resolved, allowing trade to return to a new norm. On the other hand, if the negotiations take many weeks or even months, the Michigan auto industry and other industries will suffer. About half of our survey comments from our participants expressed tariff concerns, even if they were not related to the auto industry. Many business decisions are now being put on hold pending clarification of the new course of the economy.

West Michigan Index of New Orders: 2021-2025



<u>The U.S. Economy.</u> According to the March report from the Institute for Supply Management (ISM), the national economy has continued to soften since our last report. ISM's index of NEW ORDERS eased to -3 from +3. The March PRODUCTION Index modestly backtracked to +0 from +2. Similar to last month, the rate of inventory accumulation accelerated in anticipation of both new import tariffs and higher prices, especially for some of the big-ticket commodities like steel and aluminum. Hence, ISM's index of INVENTORIES posted at +9, up from February's +2 and significantly higher than January's liquidation rate of -8. ISM's ORDER BACKLOG Index for March slipped to -11 from -6. The index of NEW EXPORT ORDERS softened slightly to -1 from +3. When the April survey results are posted, we can expect some significant changes in these indices. After statistical adjustments, ISM's Composite Index, a compilation of all the aforementioned statistics, again slipped below the 50.0 break-even point and registered at 49.0, down from 50.3.

A similar view of the U.S. economy comes from S&P Global, the British-based economic consulting firm which also surveys U.S. purchasing managers. The February report posted an optimistic index of 52.7, up from January's 51.2. However, S&P's March index backtracked to 50.2, a significant drop. S&P's New Orders Index soften, but the Production Index turned negative for the first time since December. In addition, "market uncertainties" brought on by the looming tariff drumbeat in late March weighed in on all of the survey subcomponents. Chris Williamson, Chief Business Economist at S&P, further noted:

"The strong start to the year for U.S. manufacturers has faltered in March. A combination of improved optimism surrounding the new administration and the need to front-run tariffs had buoyed the goods-producing sector in the first two months of the year, but cracks are now starting to appear. Production fell for the first time in three months in March, and order books are becoming increasingly depleted. While business confidence about the outlook remains relatively elevated by standards seen over the past three years, this is based on companies hoping that the near-term disruption caused by tariffs and other policies will be superseded as longer-term benefits from the policies of the new administration accrue. However, March has seen more producers question this belief. Business optimism about the year ahead has deteriorated further from January's near three-year high, and has dropped sharply over the past two months, causing firms to stop raising payroll counts for the first time since October. A key concern among manufacturers is the degree to which heightened uncertainty resulting from government policy changes, notably in relation to tariffs, causes customers to cancel or delay spending, and the extent to which costs are rising and supply chains deteriorating in this environment. Tariffs were the most cited cause of factory input costs rising in March, and at a rate not seen since mid-2022 during the pandemic-related supply shock. Supply chains are also suffering to a degree not seen since October 2022 as delivery delays become more widespread. Data in the coming months will provide important insights into how the inflationary aspects of policies such as tariffs balance out against any benefits to U.S. producers."

The World Economy. According to the March J.P. Morgan (JPM) Worldwide Manufacturing report, the global economy has modestly backtracked from JPM's February declaration of "gathering pace." JPM's composite index came in at 50.3, down from February's 50.6. Although the survey author noted that the March worldwide index was again helped by modest improvement in the eurozone economy, new concerns about the geopolitical situation and potential new tariffs muted the responses of many survey respondents. However, among the larger economies, the index was lifted by the PMIs from India, China, Brazil, and Australia. March's major PMI detractors included Austria, Italy, and the United Kingdom. In addition, the March PMI for Canada, Michigan's most important international trading partner, registered at 46.3 down sharply from 47.8. In a similar move, Mexico's March PMI fell to 46.5 from 47.0. Bucking the trend, the Caixin PMI for China upticked to 51.2 from 50.1, although at least some of the improvement was attributed to the rush to buy merchandise before any potential tariffs were imposed. Bennett Parrish, Global Economist at JPM, further commented:

"Global manufacturing output increased for the third successive month in March, although the rate of growth was the weakest during that sequence. Production rose in the consumer and intermediate goods industries but fell for the ninth time in the past ten months in the investment goods category. Four of the PMI sub-components had either a negative or less positive impact on its level. Along with slower growth of production and new orders, employment and stocks of purchases fell marginally. Supplier *delivery ti*mes provided a slightly stronger positive contribution."

According to the March PMI compiled by the Hamburg Commercial Bank, the PMI for the eurozone remains below the important break-even point of 50.0 but improved for the third consecutive month to 48.6. Although the PMIs for Germany, Italy, and France remain the region's weakest performers, positive PMIs were reported from Greece and Ireland. Because of the dicey nature of the geopolitical economy in Europe, at least some of the uptick in the industrial market can be traced to increases in defense spending by several countries in the zone. Dr. Cyrus de la Rubia, Chief Economist at HCB, further noted:

"Things are looking up. The PMI has increased for the third month in a row and the output index even surpassed the threshold for growth. A significant part of this movement may have to do with the frontloading of orders from the U.S. ahead of the tariffs, which means some backlash is to be expected in the coming months. However, given the geopolitical developments, there is also increasing speculation that the defense sector will expand significantly over the next few years, with direct and indirect positive effects on the industry. Inflation in manufacturing remains subdued. New orders are barely falling anymore, fewer people are being laid off, and input purchasing reductions are happening at a much slower rate than a few months ago. Given the relatively low-capacity utilization in the industry, as shown by official statistics, we would expect any additional public sector spending in the defense sector and adjacent areas to be very effective in generating growth without dramatically increasing inflation. While the PMI has increased in the leading Euro countries Germany and France, Italy has fallen behind and the former poster child Spain is below 50 for the second month in a row. There is some hope that fiscal spending in Germany will not only increase significantly but also spread to other countries, boosting their growth rates as well. This speculation is not unjustified, but most likely to be felt only in 2026 and later."

Automotive. The March quarterly sales tally reported by *Automotive News* is positive but cautious. In fact, the double-digit retail gains for some models are attributed to a "pre-tariff stampede." Total sales for the first quarter rose by 163,000 or 4.5 percent over the first quarter in 2024, although the report cautions that a significant percentage of these sales have probably been "pulled forward" from the expected sales in April and May. Hence, the March SAAR (Seasonally Adjusted Annualized Rate) of 16.8 million units compiled by GlobalData is not expected to be as strong either in April or May. Looking at year-over-year sales gainers for the first three months for the major brands, GM led the way with a 17.0 percent gain, followed by Hyundai-Kia at 10.7 percent, Mazda, up 10.2 percent, Subaru, 9.1 percent, Nissan, 5.7 percent, and Honda, up 5.3 percent. Toyota eked out a small gain of 0.9 percent, but Toyota production cannot seem to catch up with the demand leaving the dealer lots fairly empty. Losers for the 2025 first quarter period included Ford, which lost 1.3 percent because of discontinuing several models. Beleaguered Stellates (Chrysler) reported a sharp 11.9 percent drop, much of which can be attributed to company mismanagement. David Oakley, manager of Americas sales forecasts for GlobalData, commented:

"Until March, it appeared that consumers were largely content to wait on the sidelines and assess what might develop regarding tariffs, rather than rush to make a purchase. That changed last month. While sales appeared to be robust throughout March, there was a notable surge in the final weekend after the picture regarding tariffs became clearer. The concerns that many within the automotive industry have expressed for months now appears to have crossed over into the public consciousness."

Consumer Confidence. With all of the uncertainty now floating around, it is hardly a surprise that March consumer confidence took a hit. The Conference Board's Consumer Confidence Index released on March 25 fell by 7.2 points to 92.9 (1985=100), down from 98.3, and considerably below December's posting of 109.5. According to Stephanie Guichard, a senior economist at the Conference Board, "Views of current business conditions weakened to close to neutral. Consumers' expectations were especially gloomy, with pessimism about future business conditions deepening and confidence about future employment prospects falling to a 12-year low." In a similar light, the University of Michigan Consumer Sentiment Index dropped 11 percent to 57.9, down from 64.7. The report also noted that two-thirds of consumers expect unemployment to rise in the year ahead, the worst this reading has been since 2009.

Business Confidence. At the national level, the result of the most recent Small Business Optimism Index from Bloomburg came in at a four-month low. In addition, Bloomburg's "Uncertainty Index" posted at the second highest level in the history of the index. Even in February, almost none of this pessimism had spilled over to our West Michigan survey. That came to an abrupt end as we tallied our March report. The SHORT-TERM BUSINESS OUTLOOK Index, which asks local firms about their business perceptions for the next three to six months, dropped from +20 to -5, the sharpest decline since the onset of the pandemic. However, the LONG-TERM BUSINESS OUTLOOK Index which queries the perceptions for the next three to five years, also fell, but the size of the drop from February's near-high of +58 to +43 was not nearly as severe.

West Michigan Unemployment. Needless to say, we can expect that the West Michigan unemployment numbers will edge higher over the next few months. Over the past two years, we have seen a few minor layoffs, and a few firms have reduced staff by attrition. Indeed, some firms in our survey are still posting multiple job openings. For the March survey, the index of EMPLOYMENT remained modestly negative but edged higher to -2 from -8. According to the official West Michigan unemployment numbers from the Michigan Department of Technology, Management & Budget (DTMB), local unemployment continues to edge noticeably higher. According to the January data (latest month available), the unemployment rates for almost all cities and counties in West Michigan are 1 to 1.5 percent higher than a year ago, and the pace is increasing. The January year-over-year unemployment rate for Ottawa County posted at 4.5 percent, up sharply from 3.1 percent only 12 months ago. Kent County unemployment posted a similar jump, from 3.2 percent to 4.6 percent. Even Plainfield Township, which boasted an unemployment rate of 2.0 percent 14 months ago, reported a 4.5 percent unemployment rate in January. At the national level, ISM's March index of EMPLOYMENT edged lower to -10 from -5. At the international level, the JPM index of EMPLOYMENT remained slightly below the 50.0 break-even point but improved to 49.2 from February's 49.7.

Industrial Inflation. Unlike the consumer market where inflation remains stubbornly high, industrial inflation WAS considered to be under control. The supply chain disruptions caused by the pandemic had subsided, and the list of commodities rising in price also declined considerably. However, in late March, with the looming threat of tariffs and some the new tariffs already in place, industrial inflation definitely returned. Locally, our index of PRICES, which had been modestly declining only a few months ago, posted at +30 for March, up from February's +25. At the national level, ISM's March index for PRICES jumped to +39 from +25. By contrast, the most recent J.P. Morgan international survey posted the World Price Index at 55.2, down from 55.6. S&P Global, which tracks both worldwide price pressures and supply pressures, reported that the S&P Price Pressure Index for March edged up to 1.2 from 1.0, a 30-month high. However, S&P's March Supply Shortage Index dropped from 0.6 back down to a 61-month low of 0.5. Usamah Bhatti, Economist at S&P Global Market Intelligence, further commented:

> "Pressure on commodity prices at global manufacturing firms gathered momentum in March, with reports of increasing prices rising above the normal level for the first time in two-and-a-half years. The reading was only slightly above the long-run average, but the highest seen since September 2022, with 14 of the 26 monitored commodities recording above-average reports of higher prices. The strongest increase was in Aluminium, where recent tariff announcements by the U.S. and reciprocal action by trading partners resulted in prices rising to the greatest extent since May 2022. This was followed by Electrical Items, where prices reportedly rose at two-and-a-half times the normal speed. By contrast, pressure on supply chains remained subdued at the end of the first quarter, with reports of supplier shortfalls around half the normal level. Only Oil saw above-average reports of shortage."

Consumer Inflation. The monthly press release posted on March 12 by the Bureau of Labor Statistics (BLS) reported that the "headline" CPI inflation rate came in at 2.8 percent, down from 3.0 percent. In addition, the CPI sub-index excluding food and energy also edged lower to 3.1 from 3.3. The "Fed preferred" inflation measure, the Personal Consumption Expenditures Index or PCE released on March 29 by the Bureau of Economic Analysis (BEA) remained unchanged at 2.5. Excluding food and energy, the PCE sub-index rose slightly to 2.8 percent from 2.7 percent. Getting to the Fed's target of 2.0 inflation is turning out to be far more difficult than many people thought.

Just as last month, the cost of housing or "shelter," the most troublesome component of both the CPI and the PCE, continues to moderate. The latest Shelter CPI from the BLS posted at 4.2 percent, down from 4.4 percent in the prior report. The Rent Index Report posted on March 19 by Realtor.com posted a year-over-year decline of 0.9 percent. Unfortunately, the latest Case-Shiller Index tallied home prices to be rising at a 4.1 percent rate, up from 3.9 percent. The cost of shelter is generally beginning to normalize, but the RATE of decline continues to be painfully slow. Assessing the housing market, Danielle Hale, Chief Economist at Realtor.com commented:

> "In welcome news for homeowners braving a volatile housing market, home equity in the U.S.—the share of your property you actually own—reached the third-highest level on record at the end of last year, rising by more than $3 trillion. The total value of owner-occupied real estate registered at a massive $48.1 trillion, making it the third-highest value on record, according to the Federal Reserve's Flow of Funds data for the fourth quarter of 2024. Home equity followed a similar trajectory, also reaching the third-highest value at $34.7 trillion—and offering homeowners some relief amid growing economic uncertainty, coupled with stubbornly high mortgage rates in the high 6% range. While not a record, today's high home equity is an important cushion for homeowners and the economy."

GDP. As of March 27, the BEA's third and final growth estimate for the last quarter of 2024 recorded a modest uptick to 2.4 percent, up from 2.3 percent. The Fed's preliminary tally for the now-completed first quarter of 2025 is scheduled to be posted on April 27. However, the various forms of economic uncertainty are now causing many Q1 forecasts to predict a much slower first quarter. As of April 1, a very pessimistic projection came from the Atlanta Fed's GDPNow model, which has turned sharply negative at -3.7 percent, a further drop from the forecast of -2.7 percent in early March. Despite the accuracy of this model in the past, the Atlanta Fed is quick to point out that the projection is "…based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model." In short, the Atlanta Fed doesn't think the forecast is necessarily accurate because of the uncharted nature of our present economy. Another somewhat less pessimistic forecast comes from CNBC's survey of 14 economists which estimates first quarter growth to be only 0.3 percent. However, a more accurate first quarter forecast of 1.6 percent growth can be attributed to the March Blue Chip GDP Realtime model. In summary, just like previous periods of uncertainty, we are seeing a wide range of forecasts from highly trained economists, none of whom may be accurate.

Looking Forward. Numerous variables cloud the future direction of the economy for the next few months. In fact, with the rules changing on a daily basis, it is nearly impossible to make an accurate assessment of where our economy is going. The only thing that seems certain is that the economy will never be the same, and that the economic rules and principles that we used in the past may seldom work again. Yes, the chances of a recession have greatly increased as a result of what may be our first major trade war in over 90 years. And yes, the probability of the Fed cutting interest rates sooner rather than later has increased. However, it is obvious from all the rhetoric that tariffs may cause inflation to edge higher, thwarting the Fed's goal of bringing inflation down to the 2.0 percent target rate. If inflation turns in the wrong direction, the Fed will most likely feel compelled to wait until there is evidence that we have actually entered a recession before cutting rates. We might have to resurrect a term from 50 years ago that we called "stagflation."

March 2025 Survey Statistics

	UP	SAME	DOWN	N/A	Mar. Index	Feb. Index	Jan. Index	25 Year Average
Sales (New Orders)	38%	35%	27%	0%	+10	+11	+13	+14
Production (Gross Output)	28%	35%	27%	7%	+13	+ 1	+ 1	+14
Employment	15%	62%	23%	0%	- 2	- 8	- 2	+ 8
Purchases	15%	53%	32%	0	+ 4	-17	- 12	+ 7
Prices Paid (major commodities)	30%	65%	5%	0%	+30	+25	+10	+15
Lead Times (from suppliers)	3%	83%	12%	2%	+ 0	- 9	- 7	+11
Purchased Materials Inv. (Raw materials & supplies)	32%	35%	20%	13%	+ 6	- 4	- 4	- 4
Finished Goods Inventory	20%	47%	25%	8%	- 3	- 5	- 7	- 2
Short Term Business Outlook (Next 3-6 months)	35%	53%	15%	0%	- 5	+20	+19	-
Long Term Business Outlook (Next 3-5 years)	58%	40%	0%	2%	+43	+58	+57	-

Items in short supply:

Steel (due to tariff concerns and hedging), some freight, eggs, organic milk, hemp, qualified people.

Prices on the UP side:

Anything with a tariff, anything from China, steel, aluminum, paint, packaging, copper, brass, ferrosilicon, hemp, paper, polypropylene, ABS plastics, resins.

Prices on the DOWN side:

PA6 resin, Asian steel *, some freight charges*, HDPE plastic items, petroleum-based goods, paving services, capital equipment, electronic components*.

*Item reported as both up AND down in price.

Latest Unemployment Reports:

January data, except as noted.
Except as noted, data are NOT seasonally adjusted.

	Jan. 2025	Jan. 2023	Aug. 2009*	25-Year Low
State of Michigan (Feb.)	5.4%	4.0%	14.6%	3.2%
State of Michigan (Unadj.)	6.0%	4.5%	14.1%	2.9%
Kent County	4.6%	3.2%	11.9%	2.1%
Kalamazoo County	4.9%	3.4%	11.1%	2.1%
Calhoun County	6.2%	4.5%	12.8%	2.7%
Ottawa County	4.5%	3.1%	13.3%	1.8%
Barry County	5.6%	4.0%	10.9%	2.2%
Kalamazoo City	5.9%	4.2%	15.2%	3.2%
Portage City	4.3%	3.0%	8.7%	1.3%
Grand Rapids City	5.5%	3.8%	16.1%	3.0%
Kentwood City	5.3%	3.7%	10.7%	1.4%
Plainfield Twp.	4.5%	3.1%	8.0%	1.4%
U.S. Official Rate (Mar.)	4.2%	3.9%	9.6%	3.4%
U.S. Rate (Unadjusted)	4.2%	3.9%	9.6%	3.1%
U.S. U-6 Rate (Mar.)**	7.9%	7.3%	22.9%	6.7%

** August 2009 = low point of the Great Recession*

***U-6 for Michigan = 8.5% for the previous four quarters*

MARCH COMMENTS FROM SURVEY PARTICIPANTS

"Demand is up, some of it is organic growth but a lot of it is worry about tariffs creating material shortages and higher prices in the coming months.

"More than a few projects/quotes have been stalled due to tariff analysis and strategy development within our customers' supply chain/purchasing teams. Just when we thought we had all the details of the tariff applications flushed out, we now have a new pronouncement of tariffs against any country that imports Venezuelan oil (aka China, India, Spain and others)."

"The uncertainty of tariffs makes planning difficult.

"We are now seeing softening in the housing market."

"Solid sales. We're hitting or exceeding goals YTD. Potential tariffs and the effects on inputs and demand are major unknown."

"Tariffs are starting to have impact on pricing."

"Q1 is looking solid. Tariffs are causing confusion and concerns with half of our critical suppliers who want to increase prices or take inventory positions."

"Order levels remain low and the uncertainty of the tariffs is not helping."

"The capital equipment market has really tanked."

"We continue to see soft sales. Sales YTD are under forecasted."

"The uncertainty in the market is driving less activity."

"There is still a lot of uncertainty in the U.S. economy with tariffs looming."

"Tariff whirlwinds continue to make daily changes. We believe this will ultimately help the economy once the deals are made and this is behind us."

"Tariffs are driving landed costs up substantially with no domestic product options. We're passing along the additional cost to customers."

"It will be a busy month, rushing out some Canada orders ahead of tariffs. We see lots of uncertainty around the tariffs and how it will impact us."

"Our inventories were heavily replenished in anticipation of tariffs. However, due to the lack of stability surrounding this issue, it's very difficult to predict production levels for the next 4-6 months until this policy is solidified into concrete programs.

"Hemp continues to struggle with regulations. CBD from hemp is in high demand yet farms continue to leave the industry because of all the wrong regulations."

"Because of low inventories and a lack of supply, pricing has suffered, with some sources taking advantage of supply shortages to charge higher costs."

"We are still seeing aggressive discounting from our competition in the machine tool capital goods market. Some companies still have large inventories from their overseas factories and are offering up to 30% off list price.

"Very scary future...I get the new tariffs for matching what they put on American goods, but don't get the additional tariffs."

"It's tough to find good quality skilled employees who want to work and put in a "full day." Many of the younger workers find it difficult to show up to work on time and are ready to leave prior to the end of the shift."

"I agree with the tariff strategy but it is creating a lot of ambiguity right now."

"March orders improved significantly over February, however; they are in-line with or slightly behind March of 2024. Economic uncertainty seems to be plaguing the construction industry."

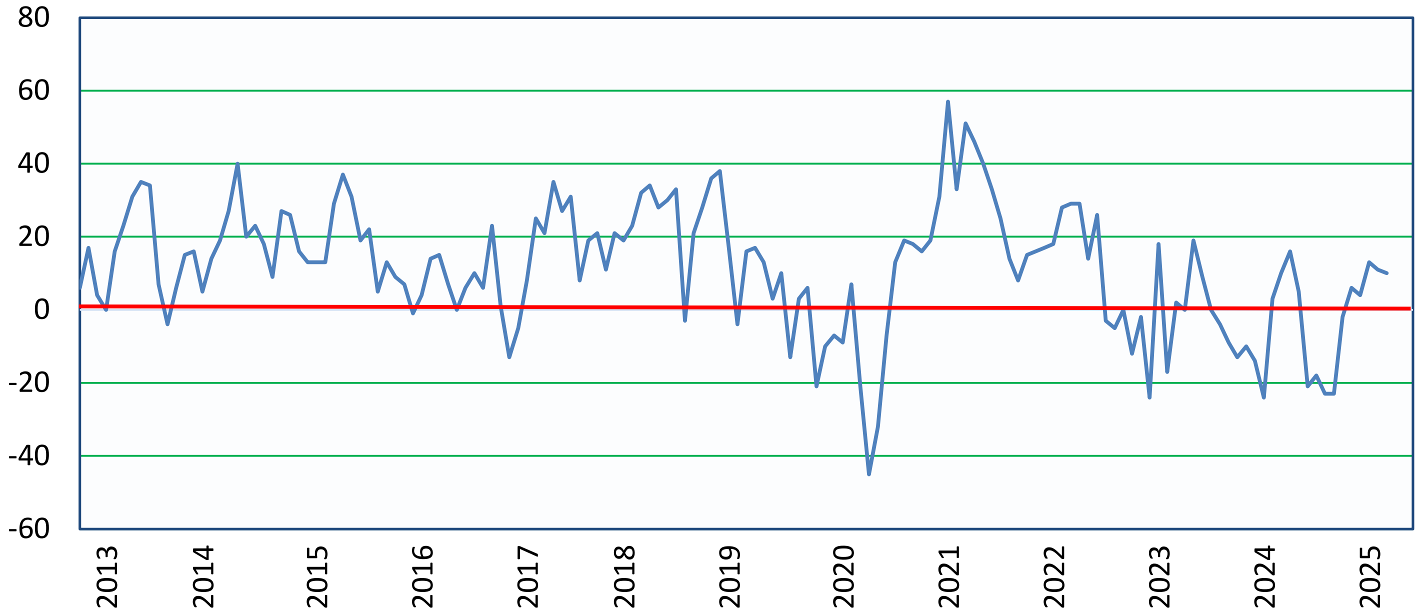
"We continue to worry about how the tariffs will negatively affect the automotive industry."

"Tariffs..... unknown."

"Office furniture is soft. Sales and new orders are still occurring but the recent unknowns seem to be slowing things for the moment. We remain optimistic that once tariffs are settled things will return to more 'normal'."

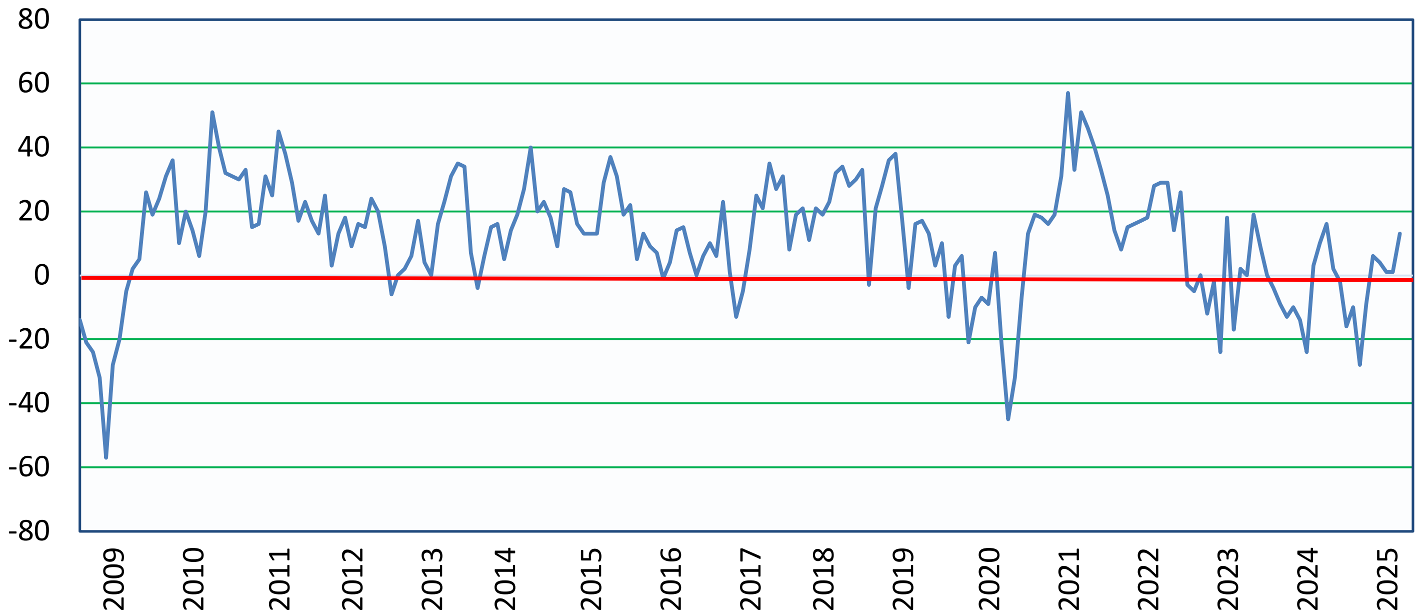
West Michigan Index of New Orders: 2013-2025

As the name implies, the NEW ORDERS index measures new business coming into the firm and signifies business improvement or business decline. When this index is positive for an extended period of time, it implies that the firm or organization will soon need to purchase more raw materials and services, hire more people, or possibly expand facilities. Since New Orders are often received weeks or even months before any money is actually paid, this index is our best view of the future.



West Michigan Index of Production (Output): 2008-2025

As new orders come in and materials arrive at the loading dock, production schedules are posted to meet the customer's needs. Although production schedules respond to demand, they also respond to seasonal factors such as holidays as well as bad weather, materials shortages, or other external influences.



West Michigan Index of Employment: 2017-2025

The index of EMPLOYMENT measures the firm's increases and decreases in staffing, including permanent workers and temps. After economic downturns, it measures new hires as well as previous workers called back to work. When this index is positive for an extended period of time, it almost always signals a reduction in industrial unemployment for West Michigan. Normally, there is about a month or two in lag time between this report and the payroll numbers being reflected by the government statistics. However, almost all employment indexes are laggards, meaning that firms often wait until upticks in orders are confirmed before adding staff, and conversely laying off staff only after a downturn in orders appears to be certain for the foreseeable future.

West Michigan Future Business Outlook: 2013-2025

The indexes of LONG-TERM BUSINESS OUTLOOK and SHORT-TERM BUSINESS OUTLOOK provide a glimpse at current and future attitudes of the business community. Traditionally, most businesses are more optimistic about the long term, although current event can result in perceptions changing very rapidly. Both short and long-term attitudes reflect current business conditions, and are usually higher when sales, production, and employment are positive.