

April 4, 2013



Wary Small Business Owners To Delay Hiring

- Three out of four to hold off hiring during next six months
- Cautious optimism revealed in aftermath of U.S. government actions
- PNC forecasts moderate growth will persist in 2013

PITTSBURGH, April 4, 2013 /PRNewswire/ -- U.S. small and mid-sized business owners plan to delay hiring new employees or seek new loans amid cautious optimism about the economy, according to the latest findings of the PNC Economic Outlook survey.

The spring findings of PNC's biannual survey, which began in 2003, reveals about one in four are highly optimistic about their own company's prospects during the next six months, up from 23 percent last fall. Nearly half expect sales to increase during the next six months – on par with the previous 46 percent.

Their outlook has brightened about the U.S. economy during the next six months as 58 percent are optimistic and 41 percent are pessimistic in a turnaround from fall's 42 percent and 57 percent, respectively. Regarding their local economies, 71 percent are optimistic and 28 percent are pessimistic – improved from 59 percent and 39 percent last fall.

"The powerful engine of the U.S. economy is not firing on all cylinders, but there are sparks of optimism related to sales, profits and housing prices," said Stuart Hoffman, chief economist at PNC. "These findings support our baseline forecast that the moderate U.S. economic and jobs expansion will persist in 2013."

Hoffman added that three factors are holding back the economy: Continued uncertainty about federal spending, tax and deficit actions; hiring freezes and ongoing layoffs, particularly at the federal level; and continued limits on U.S. exports to Europe.

Highlights: Waiting to Hire, Seek Loans

Three out of four small and mid-sized businesses expect their staffing to remain unchanged for the next six months. Asked for reasons, nearly one out of three say they will choose to do more work with fewer employees. Only 41 percent think the federal government could take actions that would positively influence their hiring plans, most notably fewer business regulations.

Other findings about the next six months include:

- **Little Demand for New Loans:** Only 18 percent will probably/definitely take out a new loan or line of credit compared to 15 percent one year ago. More than half (58 percent)

plan to spend on capital investments, the same in the fall but down from 70 percent a year ago. Technology equipment remains the top priority.

- **Housing Rebound to Continue:** Building on the dramatic turnaround first seen in PNC's fall survey, 48 percent expect home prices in their local markets will rise over the coming year compared to 26 percent one year ago. This expected house price rebound is reinforced by sizable house price gains in 2012.
- **Consumer Spending Supports Price Hikes:** One-third plan to raise their selling prices and only five percent intend to cut their prices, signaling potential pricing pressures.

An online media kit containing national and regional survey results is available on PNC's website at www.pnc.com/pncpresskits.

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Methodology

The PNC Economic Outlook survey was conducted between Jan. 23 to Feb. 15, 2013, by telephone within the United States among 1,718 owners or senior decision-makers of small and mid-sized businesses with annual revenues of \$100,000 to \$250 million. The results given in this release are based on interviews with 509 businesses nationally, while the remaining interviews were conducted among businesses within the states of Alabama, Florida, Georgia, Illinois, Indiana, Michigan, North Carolina, Ohio and Pennsylvania. Sampling error for the national results is +/- 4.3 percent at the 95 percent confidence level. The survey was conducted by Artemis Strategy Group (www.ArtemisSG.com), a communications strategy research firm specializing in brand positioning and policy issues. The firm, headquartered in Washington D.C., provides communications research and consulting to a range of public and private sector clients.

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