

Making Sense

CEO Confidence Trending Positive—Highest Level in Two Years

In [this month's market update](#), we discussed the potential path forward for the Federal Reserve, commercial real estate concerns, and the current economic sentiment among business leaders.

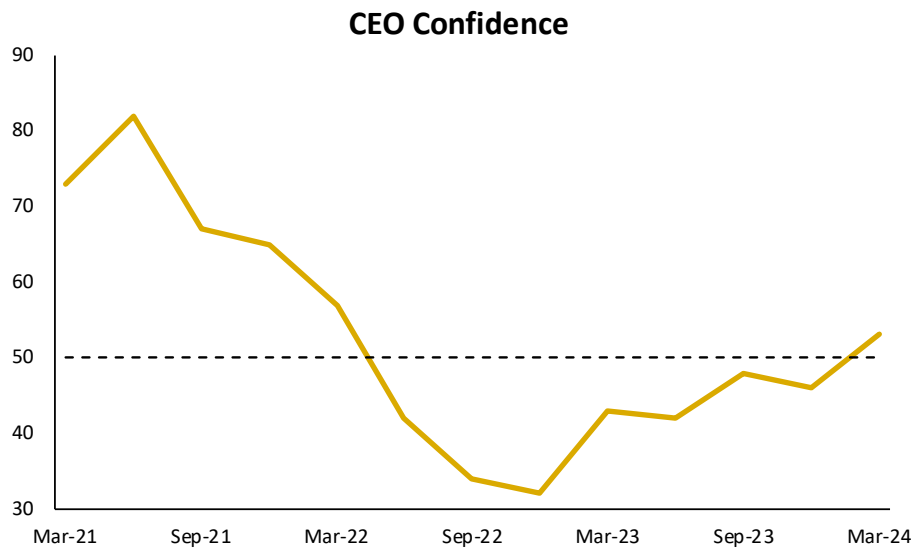
The Conference Board's Measure of CEO Confidence is a less commonly cited indicator of economic sentiment, but we believe it's an important one to consider. This measure is based on a quarterly survey conducted among US chief executives regarding their perceptions of current and expected business and industry conditions. It also gauges expectations about future actions within their respective companies based on four key areas: capital spending, employment, recruiting, and wages. ¹

As shown in Figure 1 below, the CEO confidence meter is on an upward trend and has reached its highest point in two years as of the February 8, 2024 press release.² **Further, the measure saw a marked improvement quarter over quarter—going above the 50 threshold, indicating that business leaders are feeling more positive than negative about the direction of the economy. This view is consistent with analyst expectations for an earnings growth rebound and profit margin improvement in 2024.**

It's important to note that while business leaders may be feeling more confident than they have for a couple years, that does not mean they do not see risks on the horizon. In the same survey, CEOs were asked "What will be the greatest US challenge affecting businesses this year?" The top three responses were political uncertainty ahead of the 2024 election, increased regulation, and high interest rates—all valid concerns.

Nonetheless, it is encouraging to see CEOs confirming what equity markets have priced in recent quarters—an improved macro picture.

Figure 1:



Source: The Conference

¹ The Conference Board website: <www.conference-board.org>

² The Conference Board Press Release, dated 2/8/2024

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