

Business Economic Outlook Survey Q2 2017

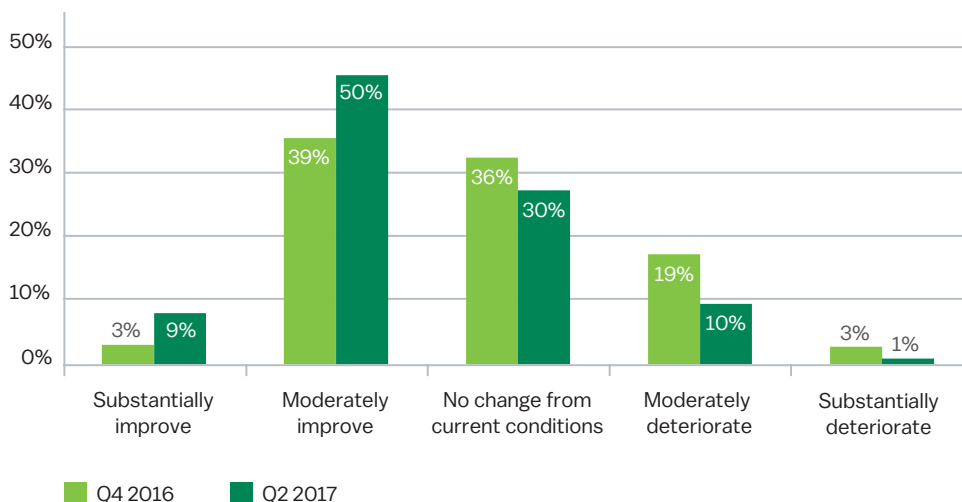
In Q2 2017 we reached out to a group of Business Banking clients to obtain feedback on the current and near-term outlook for their industries and the overall economy. In this edition of the Business Economic Outlook Survey, we'd like to share a summary of those findings.

Key findings:

- Respondents are considerably more optimistic about the economy. 59% see the economy improving in the next six months, compared to 42% in Q4 2016.
- While optimism is still high among business owners, respondents remain cautious as 53% have no plans to change their direct investments in capital expenditures. Additionally, 75% of business owners are experiencing difficulty finding qualified, experienced applicants to fill open positions, similar to 74% six months ago.
- Healthcare and tax reform are the top legislative priorities for business owners, with the cost and complexity associated with them continuing to be their biggest challenge.

Survey highlights

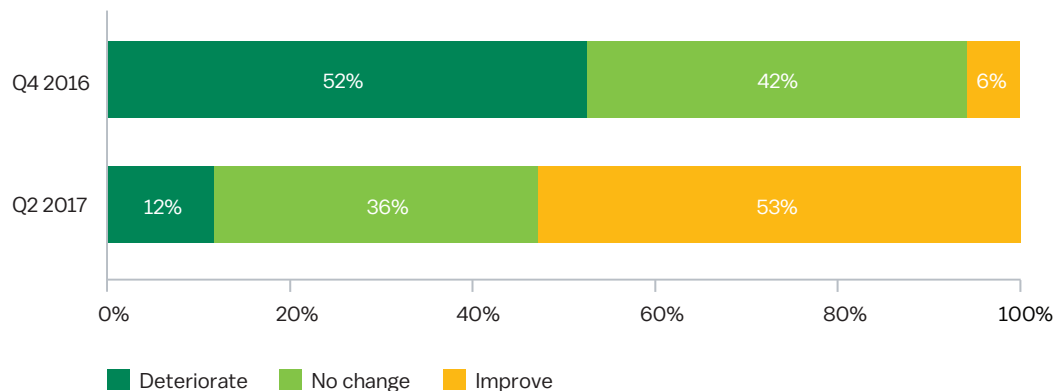
How do you expect the U.S. economy to perform during the next 6 months?



59%
of business owners **see the economy improving** in the next six months, compared to 42% in Q4 2016

75%
continue to experience **difficulty finding qualified, experienced applicants** to fill open positions, compared to 74% six months ago

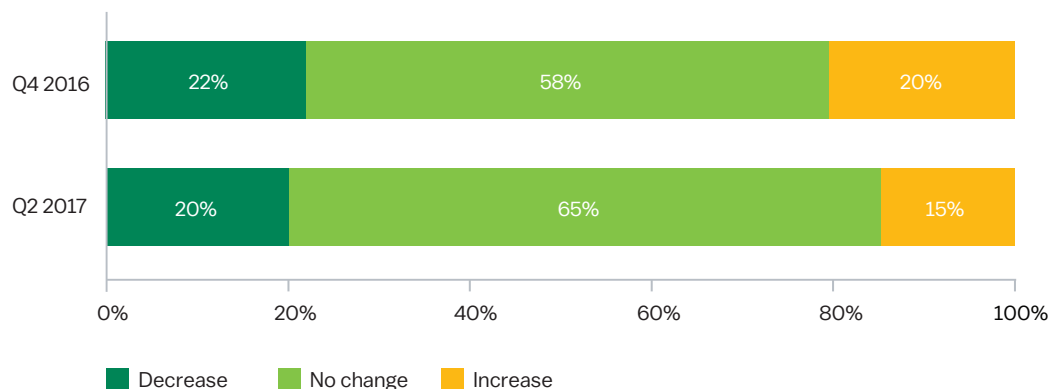
What are your expectations for your own industry over the next six months?



53%

see their industry improving over the next six months vs. only 6% in Q4 2016

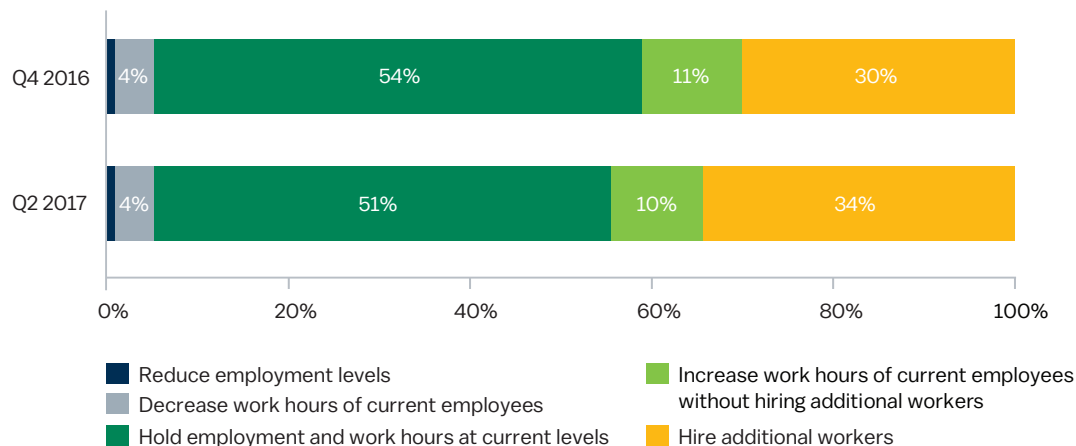
To what extent do you expect the rising interest rate environment to affect your capital expenditures?



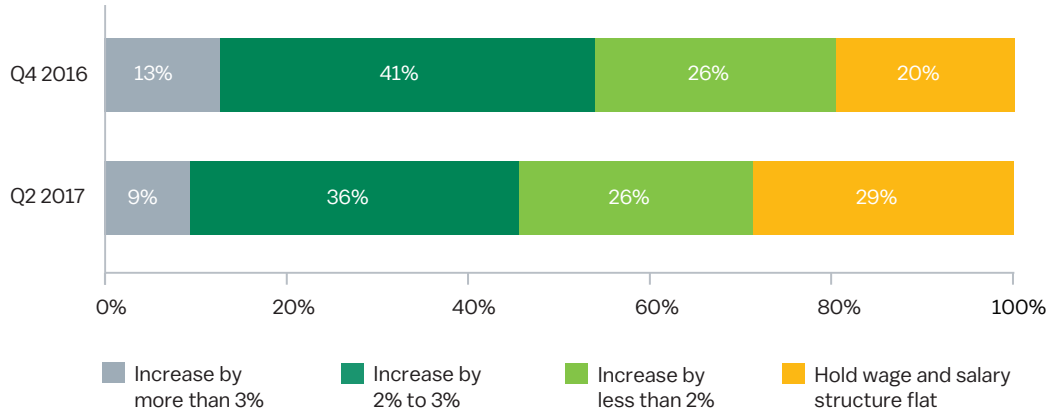
65%

expect no change to their capital expenditures with the rising rate environment, compared to 58% in Q4 2016

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

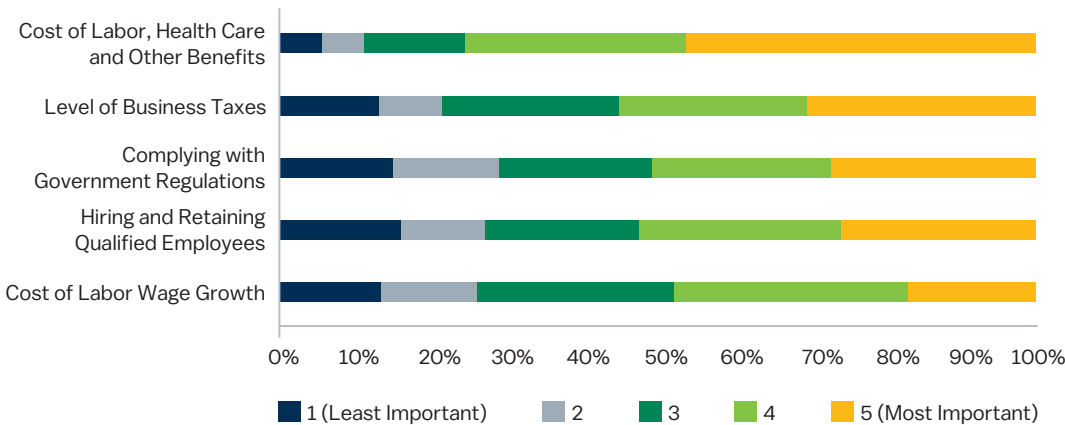


In general, what are your plans for managing employee wage and salary increases over the next year?

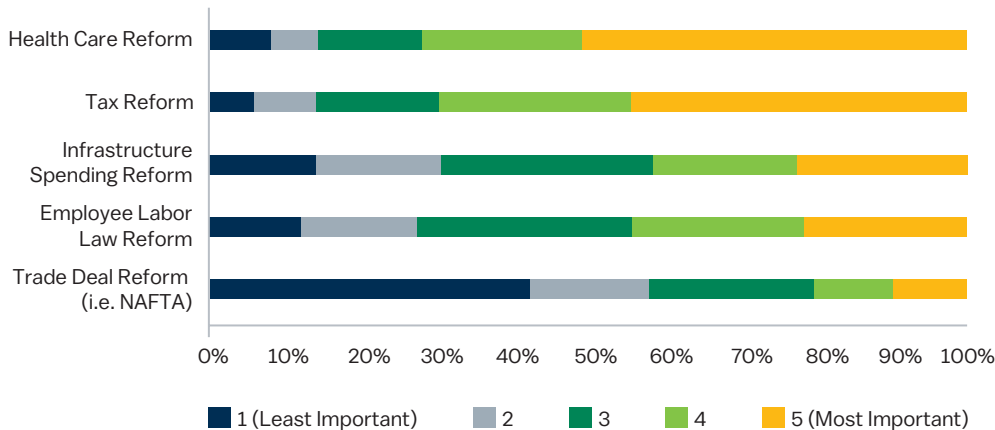


29%
plan to hold wage and salary structure flat, up from 20% in Q4 2016"

How significant are the following challenges for your business today?



How important are the following legislative priorities for your business?



51%
of businesses rank "Healthcare Reform" as the most important legislative priority for their businesses



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SURVEY METHODOLOGY: An Internet survey was conducted by M&T during May 2017 among senior managers and owners of small to mid-sized businesses located throughout the Bank's geographic footprint. A total of 307 responses were received.

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