

Tennessee Business Barometer

Fall 2022 Results



Jones College of Business
Office of Consumer Research

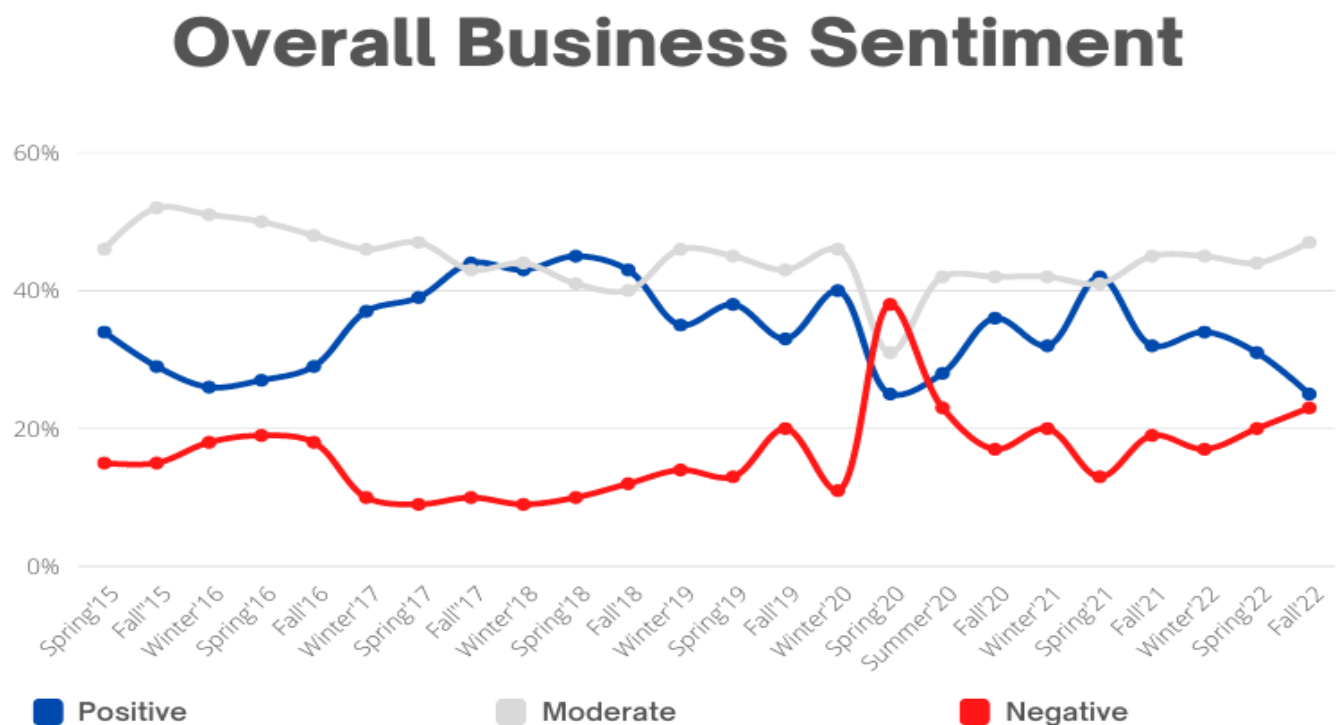
Introduction

We're very excited to have you here! We hope you appreciate the Fall 2022 Tennessee Business Barometer results. In collaboration with the Tennessee Chamber of Commerce & Industry, business leaders from across Tennessee responded to the Jones College of Business, Office of Consumer Research, Business Barometer Survey, providing a business perspective on the current and upcoming outlook of business and the economy.

Tennessee business leaders are bearish on the economy

Tennessee business leaders have become more pessimistic over the last several quarters as negative sentiment has increased again, from 20% to 23%, and positive sentiment has decreased from 31% to 25% (see Figure 1). Positive sentiment is currently the lowest in the history of the Tennessee Business Barometer, and negative sentiment has only been lower in the Spring of 2020.

Figure 1. Business sentiment on economic conditions is increasingly negative



Average positive, moderate, and negative responses across all 17 business barometer questions.

The overall business sentiment reflects a belief that the current conditions are “bad” and future economic conditions will be “worse.” The Overall Index fell for the second

straight time, reflecting consecutive months of decline (see Figure 2). The Overall Index, Future Expectations Index, Business/Firm Performance Index, and Employment Outlook Index are all lower, coming in at 42, -89, 10, and -27, respectively. In addition, the Future Expectations Index is at an all-time low of -89.

Figure 2. The Business Barometer signals caution

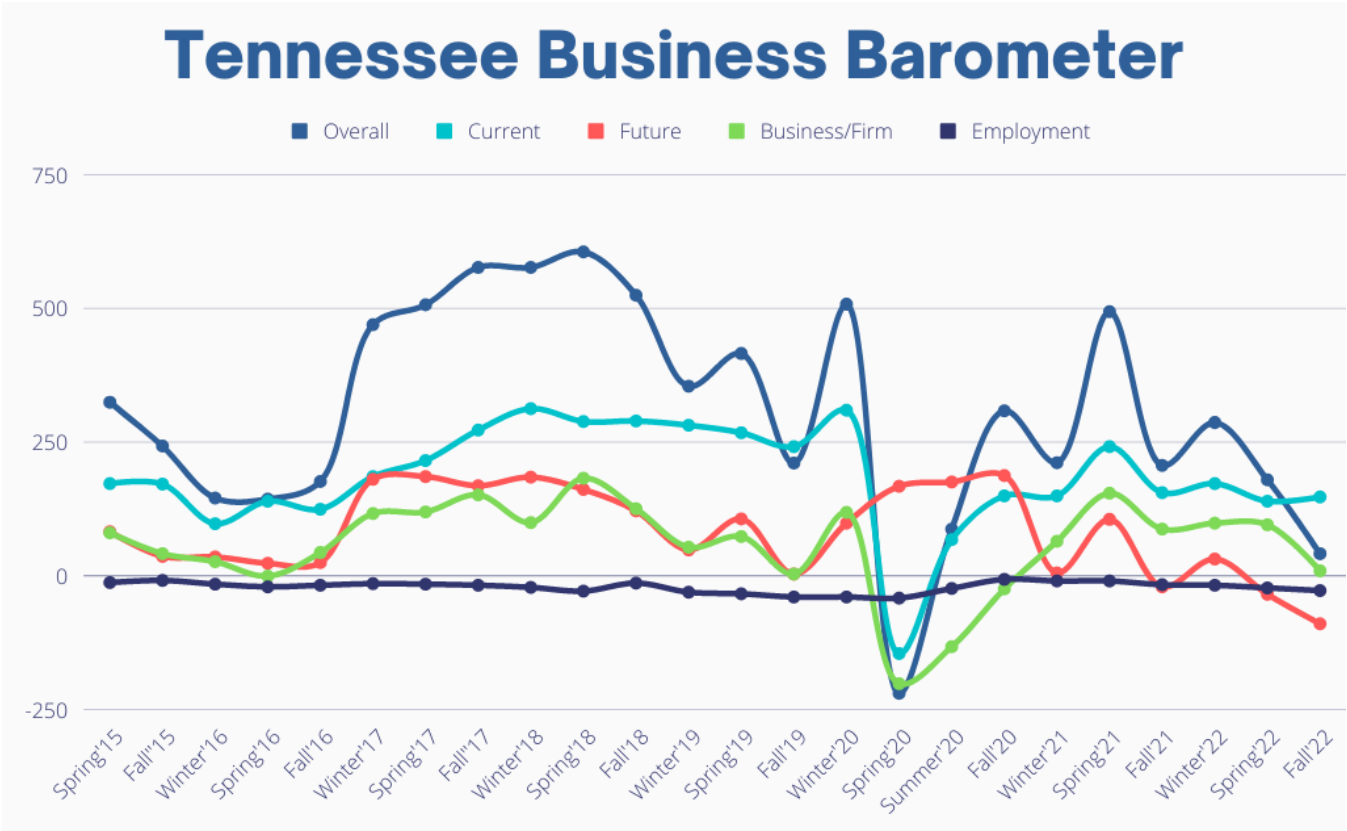


Table 1 provides more context to the trend lines found in Figure 2. Over the past year, business leaders have increasingly become more concerned about the uncertainty surrounding the economy and business environment.

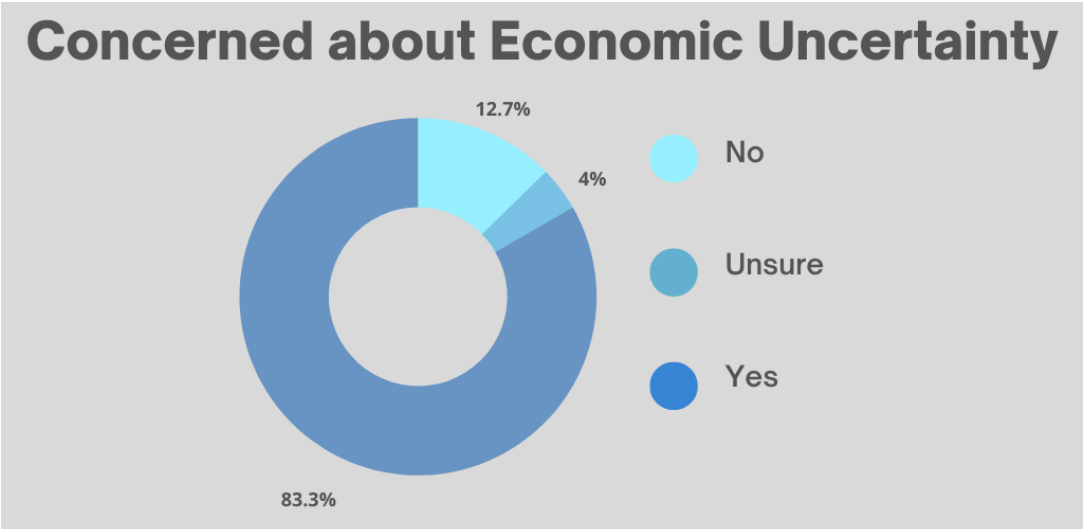
Table1. Current results and changes in the Business Barometer Indexes

	Current Results Fall 2022	Change from Spring 2022	Change from Winter 2022
Overall Business Barometer	42	-138	-245
Current Economic Situation Index	148	8	-25
Future Expectations Index	-89	-55	-121
Business/Firm Performance Index	10	-86	-89
Employment Outlook Index	-27	-5	-10

Key indicators provide an unclear picture of the future

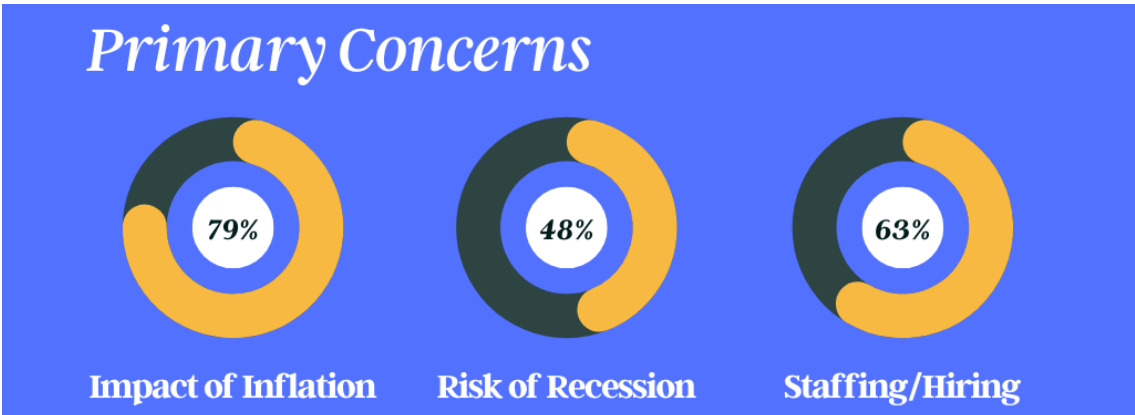
Tennessee business leaders also provided feedback on many key indicators for predicting economic growth related to economic uncertainty, inflation, staffing, etc. As shown in Figure 3, business leaders are concerned about economic uncertainty (a change of +16%).

Figure 3. Business leaders are uncertain about the near future



However, though economic uncertainty is increasing among business leaders, many of their concerns are slowly trending in a positive direction. As shown in Figure 4, concerns about the impact of inflation (79%, a change of -14%), the risks associated with a recession (48%, a change of -10%), and the challenges of staffing/hiring (63%, a change of -17%) have all decreased over the past few months. Instead, many business leaders are increasingly unsure of what to predict for the near future regarding the business environment and economy.

Figure 4. Business leader’s primary concerns



The current results reflect deteriorating views of the business environment, uncertainty and pessimistic expectations for the future of the economy, and waning beliefs that now

is a good time to increase business investments. As business leaders navigate concerns about rising costs, the risk of recession, and decisions on expanding or contracting their staff, these challenges make it difficult to forecast sales and plan for future demand.

Collaborate with us

The Office of Consumer Research (OCR), in collaboration with the Tennessee Chamber of Commerce & Industry, collects data throughout the year to measure Business Leaders' (Tennessee Business Barometer¹) and Tennessee consumers' (Tennessee Consumer Outlook Index) perceptions of the economy. We welcome your comments, questions, and suggestions. Please contact Dr. Michael Peasley for more information.

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¹ The Tennessee Business Barometer scores are based on business leaders' responses to 17 questions measuring their perceptions of the current economy, the future economy, regulatory conditions, economic conditions related to their firm and business industry, and staffing/hiring decisions. Five questions make up the Current Economic Situation Index, five questions make up the Future Expectations Index, five questions make up the firm performance index, and two questions make up the Employment Outlook Index. The Overall Outlook Index is based on all 17 questions combined.

The scores for each index are computed by adding the percentage of favorable responses to each question and subtracting the percentage of negative responses to each question. A net score of zero indicates the percentage of business leaders who hold negative views of the economy is equal to the percentage who hold positive views of the economy. A net positive score indicates business leaders who hold positive views of the economy outnumber those who hold negative views of the economy (vice versa for a net negative score).