

# News Release

Embargoed until 2301 UTC 09 July 2025

## S&P Global US Business Outlook

### Business outlook softens but firms signal intention to raise selling prices at faster pace

#### Key findings

Weaker outlook for activity and profits reported by firms in June

Trade policies remain dominant theme in latest outlook survey

Output price expectations at highest since October 2022

Latest Business Outlook survey data from S&P Global signaled a slight softening of confidence amongst US private sector companies in June as the unpredictable impact of tariff and trade policies continued to dominate the outlook. Although business activity is expected to rise over the coming 12 months, it is likely to do so at a below trend pace, whilst profits growth is set to be the weakest since October 2023.

On the price front, non-staff costs are anticipated to rise at a slower pace, but labor expenses are seen as increasing to a stronger degree. Selling price inflation is also likely to pick up, with expectations their highest in nearly three years.

The headline net balance from the survey, which measures firms' expectations for business activity in the year ahead, recorded +33% in June. That was down from +35% in February and still below its long-term trend level.

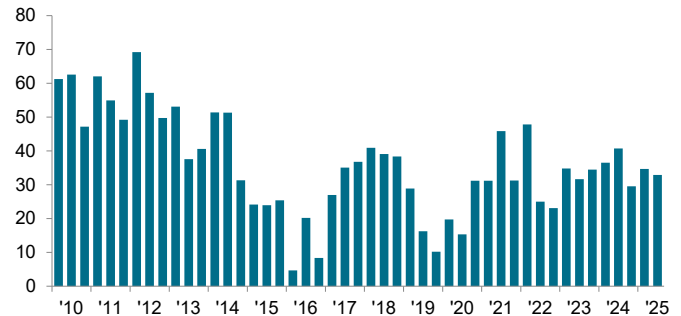
Latest data showed that manufacturers (+42%) were more upbeat than their service sector counterparts (+31%). This divergence in part reflected optimism among some goods producers that the longer-term impact of trade protectionism will help to stimulate reshoring and a domestic-driven upturn in industrial activity.

However, the business outlook remains unusually uncertain, most notably in the near-term. This mainly reflects the hard to read direction of trade policies and tariffs, with the profound uncertainty complicating investment decisions, purchasing strategies and operational planning. Supply chain disruption, difficulties in sourcing critical materials and higher business expenses are all expected.

More broadly, companies across the private sector are nonetheless hopeful of stronger economic growth at home in the year ahead, with product development and

US Business Activity expectations

% net balance



Source: S&P Global PMI.

Data were collected 10-26 June 2025.

#### Comment

Commenting on the US Business Outlook survey data, Paul Smith, Economics Director at S&P Global Market Intelligence, said:

*“Tariffs continued to dominate the business environment in June, with their unpredictable application by the Federal government resulting in an unusually uncertain outlook for private sector companies.*

*“On the one hand, firms, especially those based in the manufacturing sector, see the opportunities that trade protectionism could bring, most notably in the reshoring of goods production back to the United States and the stimulation of domestic led industrial growth.*

*“However, those with strong international trade links remain concerned about the possibility of price rises and supply-side disruption, as well as the possibility of a weaker global economy in the coming months.*

*“This all added up to a continuation of a historically subdued outlook for activity and profits in the year ahead. Although these are both expected to rise, they are likely to do so at below trend rates.*

*“Just as concerning is that firms anticipate increasing their selling prices to a stronger degree, providing a notable headache for policymakers if such plans are translated through to higher consumer price inflation in the months ahead.”*

the use of new digital technologies seen as opportunities to bolster business performance.

### Inflation and profits

Despite concerns over the inflationary impact of tariffs and associated supply-side disruption, non-staff input costs are generally viewed as rising at a slower pace. The respective net balance dropped to +24% in June, down from +29% and a two-year low. Given their reduced direct exposure to tariffs, service providers (+23%) signaled weaker expectations than goods producers (+31%).

Staff costs are in contrast are forecast to increase to a greater degree than earlier in the year, with the respective net balance rising to +42% (February: +35%). Firms pointed to challenges in the labor market, with some worried about finding staff, especially those suitably qualified, to fill positions at their companies.

Selling prices are also anticipated to rise at a quicker rate. The net balance rose to +41% in June, up from +34% and its highest level since October 2022. Both service providers and manufacturers are anticipating increasing their output charges to a stronger degree as they seek to pass on cost increases to clients. That's despite worries over ongoing competitive pressures in product markets.

Higher selling prices should support profitability growth over the next 12 months, with expectations remaining in positive territory. Profits growth is however likely to be slower than previously predicted, with the respective net balance dropping to +15%, from +18% in February. That was the lowest reading since October 2023. Several firms highlighted the adverse impact on profitability of tariffs, linked to concerns of reduced customer demand and having to accept reduced margins.

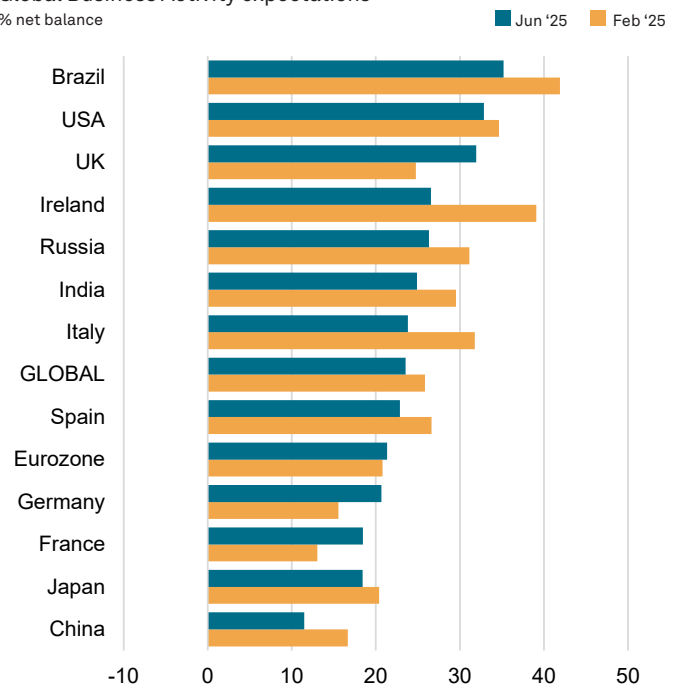
### Employment and investment

Labor shortages and challenges in finding suitably qualified staff helped to explain the continuation of below trend expectations for employment in the year ahead. Overall, the net balance was +14%, slightly softer than February's +15%. Service providers (+13%) remained less optimistic than manufacturers (+19%).

Expectations for capital expenditure meanwhile improved, with the respective net balance improving to +11%, up from February's eight-year low of +4% and broadly in line with the survey's trend level.

A less optimistic tone was struck when it came to R&D spending, which is forecast to increase only slightly in the year ahead. The net balance for R&D did however improve on February's -4% to a level of +2% in June.

Global Business Activity expectations  
% net balance



Source: S&P Global PMI.

Global Output Prices expectations  
% net balance



Source: S&P Global PMI.

Full data available on request from [economics@spglobal.com](mailto:economics@spglobal.com).

## Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 8,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0 signalling a neutral outlook for the coming 12 months. Values above 0 indicate optimism amongst companies regarding the outlook for the coming 12 months while values below 0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy\*. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 7,600 firms.

\* The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.

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