

New Survey Reveals Impact of Election on Economy

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Small Public Company CEOs Evaluate Impact of Election On Economy, Stock Markets, Investors, Business Profits and International Trade

œ Small Cap, Micro-Cap and Pink Sheet CEOs Pessimistic About Market and Economy, Fearing Flat-Line or Fall-Off

œ But Bullish About Their Own Businesses' Profits

œ CEOs Also Believe - After Mid-Term Election - That American Business Are Now Less Able To Compete Internationally

As initial lackluster holiday sales reports send waves of concern through the retail industry, a post-election survey of 7,000 public company CEOs - conducted in the immediate post-election period by the Investor Relations Division at The Attention Group - identified a growing concern about the 2007 performance of both the U.S. economy and the U.S. stock market. These CEOs expressed concern over the economy even while demonstrating continuing confidence in the profitability and growth-potential of their own companies.

In the most startling finding of this study, these small public company CEOs also feel - perhaps counter-intuitively - that the election's results will significantly degrade American businesses' abilities to compete in the international business marketplace. This unexpected finding may prove to be in line with the no-headlines results of President Bush's recent East Asian trip, intended to boost trade between the U.S. and Pacific Rim nations but failing to generate media interest, let alone solid trade deals between America and these important Asian nation trading partners.

"Based on our long-term experience monitoring stock market performance trends after major elections," Attention Group CEO Daryl Toor explained, "we felt that this election would be a watershed. Because of the polarized electorate, we projected that this election would impact the stock market - especially small-cap, micro-cap and pink-sheet stock markets serving smaller public companies - and in this, we were not disappointed. The results were clear and unambiguous - and, in more than one case - startling," Toor said.

The study determined that 72 % of participating CEOs felt that, in 2007, the various stock markets would flat-line or actually drop off. Only 28 % thought these markets would improve during the next 12 months.

Participating small public company CEOs were even more pessimistic about the U.S. economy over the next year. Sixty-two percent expect a minor-to-mild drop-off in the U.S. economy in the coming year, while 26 percent expect the economy to flat-line, remaining the same in 2007 as it has been in 2006.

This same lack of confidence in continued marketplace growth was reflected in responses concerning their own particular segments of the business market. Roughly two-thirds - 64 % - of these CEOs also think that growth in their own business's market niches will remain flat in 2007. Only 27 % of these CEOs think their segments of the business market will actually grow during the coming year.

In perhaps the most surprising result of this study, participating CEOs indicated that, as a direct result of the election, they expect American businesses' ability to compete in the international market will be sharply degraded in the coming year. Sixty-eight percent of those CEOs said they expect to see American businesses' international competitive positions will fall off, and nearly half of those expect this drop-off to be both significant and dramatic. Another 19 % of those CEOs expect no change in American companies' ability to compete overseas, while just 10 % expect American companies' competitive positions to improve.

"Political conventional wisdom, reflected in the nightly news and a variety of international public opinion studies, suggested that the Bush Administration's standing overseas hurt American businesses," Attention Group's West Coast Partner, Ned Barnett, pointed out. "More than a few political commentators suggested that a Democratic resurgence would improve America's popularity overseas - and that this popularity would improve our companies' business opportunities. However, our survey panel apparently does not buy this political conventional wisdom - they expect American companies' international competitive position to degrade, perhaps significantly, over the next 12 months."

Again counter-intuitively, the Attention Group study found that, in the wake of the latest election, 67 % of CEOs who project a flat business market in their area of specialization nonetheless feel that their own businesses will experience enhanced profitability in 2007. In spite of these CEOs' expectation of a lackluster performance in both the U.S. economy and stock market over the next 12 months - as well as their projected downturn in America's international competitive position - only 12 % of CEOs expect a fall-off of their own business, with a further 21 % projecting no significant profitability change in the coming year.

"From this," Toor explained, "we have determined that those who participated in our study expect to out-perform both the stock market and their own business market niches. Because we confined our survey to CEOs at small-cap, micro-cap and pink-sheet companies, we believe this reflects an entrepreneur's natural optimism, as well as their confidence in their personal ability to beat the odds. This self-confidence is at the very heart of the small public company experience, and is

confirmed by our study."

This six-question survey was conducted in the week immediately following the election by the Investor Relations Division of The Attention Group. The study was conducted an online, opt-in survey; 7,000 small-cap, micro-cap and pink-sheet public company CEOs were invited to participate.

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