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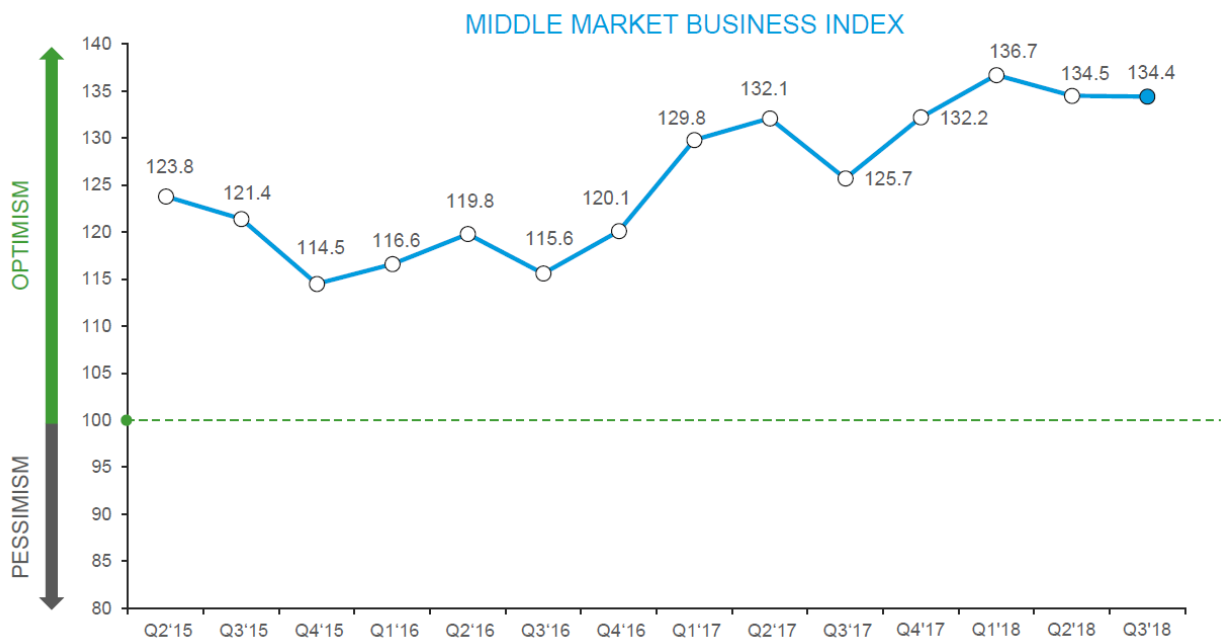
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## Middle Market Performance on a Hot Streak as U.S. Economy Soars

RSM US Middle Market Business Index records third-highest reading on record in Q3 2018

**CHICAGO (September 18, 2018)** –The [RSM US Middle Market Business Index](#) (MMBI), presented by [RSM US LLP](#) (“RSM”) in partnership with the [U.S. Chamber of Commerce](#), remained nearly unchanged in the third quarter of 2018, marking the third consecutive quarter of record-high performance. Executives signaled a continuing robust forecast for the next six months, putting 2018 on pace to be the best year on record since the index launched in 2015.

In the third quarter of 2018, the MMBI posted a composite score of 134.4, a slight 0.1-point decrease from last quarter’s 134.5. (A reading above 100 indicates an expanding middle market.) More than half of the leaders surveyed reported the general economy improved somewhat or substantially over the quarter, and their increasing expectations across revenues, net earnings and compensation imply sustained growth during the final quarter of 2018 and into next year.



“Middle market businesses are flourishing in what is one of the most robust periods of growth during the current business cycle,” said Joe Brusuelas, RSM US LLP chief economist. “Any hint of uncertainty they indicated previously hasn’t prevented companies from expanding in these strong conditions. And not only

that, companies are making employment and compensation increases to set them on track for sustained growth in the year ahead.”

Nearly half of business leaders increased hiring in Q3 2018, and according to the report, 53 percent expect to increase the level of hiring over the next six months. Gross revenues appear strong, with 67 percent of business leaders expect gross revenues to increase in the next 180 days.

“It’s encouraging to see such optimism and continued growth from the middle market, which represents more than one-third of U.S. jobs,” said Neil Bradley, executive vice president and chief policy officer for the U.S. Chamber of Commerce. “Policymakers can support the continued optimism of middle market business leaders by pursuing free, fair, and open trade. Such policies will help our economy, and this vital sector, continue to grow.”

### **Hiring, Capital Expenditures May Slow**

Compared to last quarter, more executives reported hiring levels will decrease over the next six months (10 percent versus 6 percent). Their responses come during a time of incredibly tight labor conditions, with U.S. unemployment remaining steady at 3.9 percent in August. August also marked the 95<sup>th</sup> consecutive month of growth.

“Middle market employers have struggled, like other businesses, to attract qualified talent in this booming economy,” Brusuelas said. “Their plans to slow hiring could indicate they are testing new strategies to make use of their existing employee base – and investing in technology should be a priority to keep pace with the larger organizations that are taking advantage of automation, machine learning and artificial intelligence to increase efficiency.”

Still, the middle market remains sluggish on capital expenditures. Only 41 percent of middle market executives indicated they increased capital expenditures in Q3. Just over half plan to increase capital expenditures in Q4 – down 4 percent from last quarter.

The survey data that informs the index reading was gathered between July 16 and August 3, 2018. To learn more about the middle market and the MMBI, visit the RSM [website](#).

### **About the RSM US Middle Market Business Index**

RSM US LLP and the U.S. Chamber of Commerce have partnered to present the RSM US Middle Market Business Index (MMBI). It is based on research of middle market firms conducted by Harris Poll, which began in the first quarter of 2015. The survey is conducted four times a year, in the first month of each quarter: January, April, July and October. The survey panel consists of 700 middle market executives and is designed to accurately reflect conditions in the middle market.

Built in collaboration with Moody’s Analytics, the MMBI is borne out of the subset of questions in the survey that ask respondents to report the change in a variety of indicators. Respondents are asked a total of 20 questions patterned after those in other qualitative business surveys, such as those from the Institute of Supply Management and National Federation of Independent Businesses.

The 20 questions relate to changes in various measures of their business, such as revenues, profits, capital expenditures, hiring, employee compensation, prices paid, prices received and inventories. There are also questions that pertain to the economy and outlook, as well as to credit availability and borrowing. For 10 of the questions, respondents are asked to report the change from the previous quarter; for the other 10 they are asked to state the likely direction of these same indicators six months ahead.

The responses to each question are reported as diffusion indexes. The MMBI is a composite index computed as an equal weighted sum of the diffusion indexes for 10 survey questions plus 100 to keep the MMBI from becoming negative. A reading above 100 for the MMBI indicates that the middle market is

generally expanding; below 100 indicates that it is generally contracting. The distance from 100 is indicative of the strength of the expansion or contraction.

#### **About The U.S. Chamber of Commerce**

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#### **About RSM US LLP**

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