

## Business Economic Outlook Survey Q4 2016

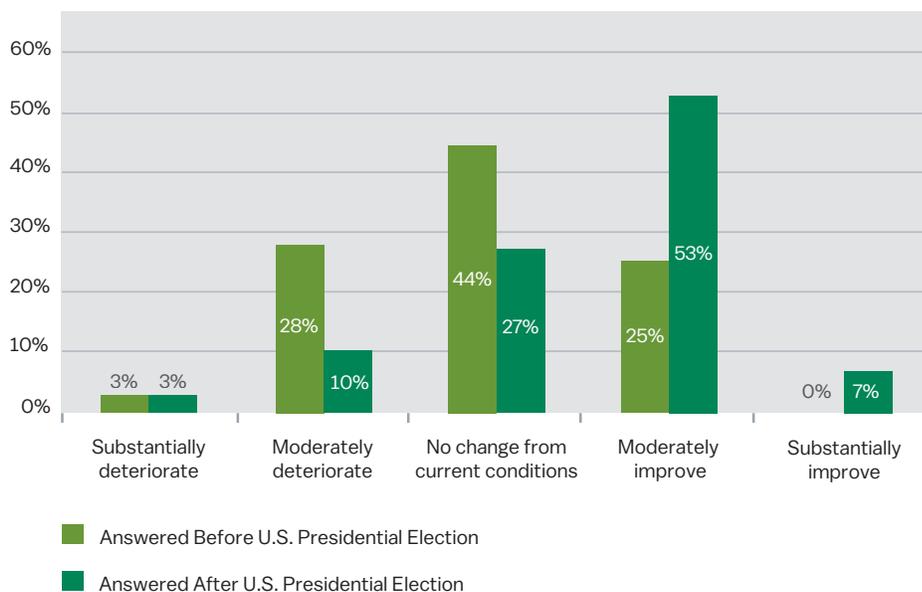
In Q4 2016 we reached out to a group of Business Banking clients to obtain feedback on the current and near-term outlook for their industries and the overall economy. In this edition of the Business Economic Outlook Survey, we'd like to share a summary of those findings.

### Key findings:

- 39% of respondents see the economy improving moderately over the next six months, while 36% see it remaining stable.
- 41% of businesses plan to hire additional workers or increase the work hours of their current workforce.
- However, many remain cautious about changes to minimum wage laws and overtime standards with 2 out of 5 businesses considering a reduction in capital investments or workforce as a response.
- The biggest challenges identified by business owners include the cost of healthcare and other benefits and complying with government regulations.

### Survey highlights

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



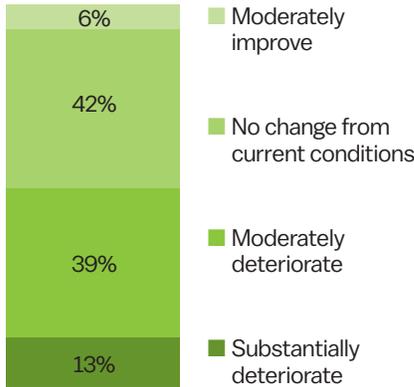
**39%**  
of respondents see the **economy moderately improving** over the next six months

**41%**  
**expect to increase capital expenditures** over the next six months

**74%**  
of businesses are having **difficulty in finding qualified experienced applicants**

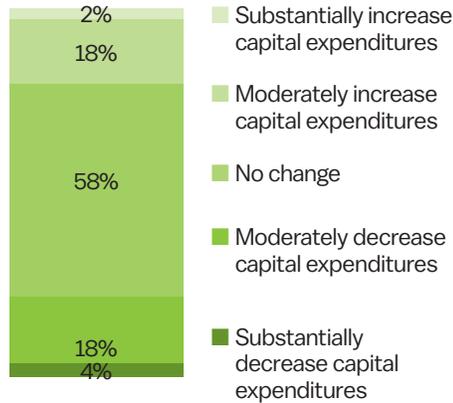
## Growth

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



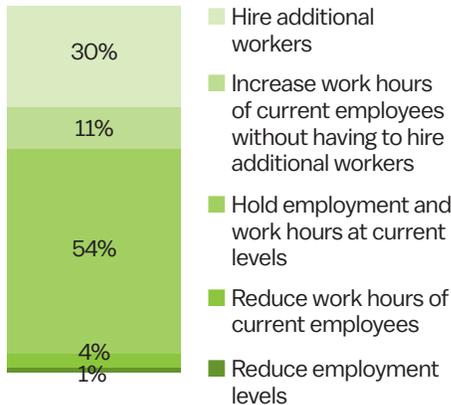
## Interest Rates

If you thought interest rates were going to increase over the next several years, how would it affect your capital expenditure plans in the near term?



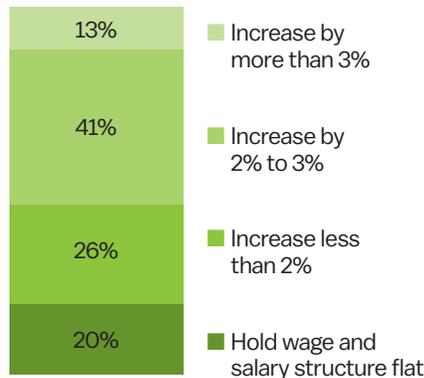
## Employment

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



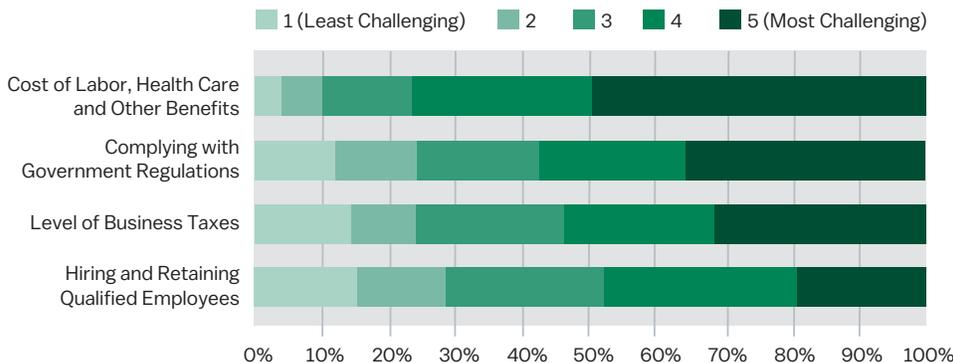
## Wages

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



## Challenges

How significant are the following challenges for your business today?



**45%** would consider reducing workforce, hiring or new capital investments in response to increases in minimum wage

**40%** would consider reducing workforce, hiring or new capital investments in response to changes to overtime standards

**M&T Bank**

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**SURVEY METHODOLOGY:** An Internet survey was conducted by M&T during November 2016 among senior managers and owners of small businesses located throughout the Bank's geographic footprint. A total of 299 responses were received, consisting mostly of enterprises with annual sales of \$10 million and below.

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