

CPAs much more pessimistic about economy

Senior level CPAs have turned much more pessimistic about the economy. And somewhat surprisingly, they are partly concerned about deflation.

Just 21 percent of CPAs serving as C-suite executives said they are optimistic about the US economy, way down from 40 percent who were optimistic in May and the lowest level since April 2009, according to the American Institute of Certified Public Accountants and the University of North Carolina's Kenan-Flagler Business School's latest Quarterly Economic Outlook Survey. What's more, pessimists outnumbered optimists by a two-to-one margin.

Even more worrisome, 78 percent believe US business conditions will not return to pre-recession levels until 2012 or later.

This sentiment seems to parallel a number of recent economic and corporate reports.

Altogether, 40 percent were pessimistic about the economy, up from 25 percent in the last quarter.

"Our survey signals the nascent economic recovery that buoyed expectations last quarter is stalling," said AICPA Vice President for Business, Industry and Government Carol Scott, in a press release accompanying the survey's findings.

What are these numbers crunchers worried about? Unemployment and a tight credit market, to name two.

The survey found that CPAs are much less concerned about inflation these days. This is not surprising, given the economy's lackluster pace, the high unemployment rate and the inability of companies to raise prices.

Interestingly, 20 percent are now concerned their organizations will be impacted by deflation in the next six months.

This is further proof that deflationary fears are not just coming from a fringe group of radical thinkers, but are now entering the mainstream.

One silver lining from the survey: Nearly one-quarter of the survey participants are upbeat about the prospects for their own organizations. Still 55 percent of survey respondents do not anticipate their organizations' employment levels returning to pre-recession levels in the next year, compared with seven percent who anticipate staffing levels returning to normal in the next year.