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West Michigan Current Business Trends

February 6, 2026

Economy Still Soft, But Still Not Flagging "Recession"

Key Take-Aways from January 2026 Statistics:

- **NEW ORDERS Index remained negative but unchanged.**
- **West Michigan economy remains marginally soft, but should do better later in the year.**
- **National and world economies are modestly improving.**

	Jan.	Dec.
NEW ORDERS Index (business improvement)	- 11	- 11
PRODUCTION Index (aka "output")	- 5	- 17
EMPLOYMENT Index	- 2	- 9
LEAD TIMES Index	+ 4	+ 6

Key Participant Comments for January

"It continues to be a scary environment with tariffs changing daily."

"We've had a surprisingly strong start to 2026."

"Business conditions continue their downward trend."

"We are waiting for the Supreme Court ruling on tariffs."

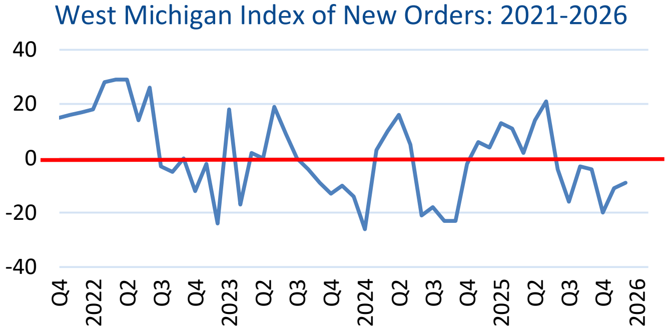
"Our order volume remains solid, but the forecasting is mixed on where we go from here."

"Projects continue to be delayed due to uncertainty."

"We still have very tepid demand."

The Local Economy. Regrettably, 2026 has begun with a third month of sluggish performance. After the holiday season, January is often a back-to-work month and sets the pace for the next few months. At the national level, the January statistics are noticeably positive. However, according to the West Michigan data collected in the last two weeks of January, NEW ORDERS, our index of business improvement, remained unchanged at -11, well below the +0 break-even point. The January PRODUCTION Index, called "Output" by some economists, also remained negative but upticked to -5 from -17. In a similar move, our January index of PURCHASES recovered to -5 from -22, also significantly improved from -33 reported in November. However, this is still not what we might have hoped for starting a new year. It is obvious that some of our cyclical industries have hit soft spots. The office furniture industry is redefining itself, largely because of a market shift. If some of the current research pans out, at least a couple of firms may soon have viable entries in the home office market. In the same light, several of our automotive parts producers should begin picking up new contracts to replace the lost EV business that was vastly overpromised. A third (but smaller) West Michigan cyclical industry, aerospace, is still on a positive footing. However, the mood of many supply chain professionals remains frustrated by the tariff problems and the resulting price increases that have become increasingly difficult to pass along to their customers.

West Michigan Index of New Orders: 2021-2026



The U.S. Economy. For the first time in over a year, the "Report on Businesses" survey conducted by the Institute for Supply Management (ISM) has returned to positive. ISM's index of NEW ORDERS rose sharply to +14 from -13, the biggest jump in over five years. In a similar move, the PRODUCTION Index posted at +10, up from -7. Despite higher tariffs on numerous industrial products, ISM's index of IMPORTS returned to the break-even point of +0, up from -11, and the EXPORTS Index also recovered to +0, up from -7. After months of negativity, the ORDER BACKLOG Index posted a positive reading of +3, up from -9. By concentrating all of the forgoing indices together, ISM's January composite index rose 4.7 percentage points to 52.6, the first positive reading in 26 months.

As a result of a "notable upturn in production," the parallel monthly composite index of U.S. purchasing managers compiled by British-based S&P Global posted at 52.4, fairly close to the ISM index of 52.6. Although NEW ORDERS returned to positive, the survey author lamented that the higher production output probably went into existing inventories rather than to new orders from customers. Despite higher prices for some commodities brought on by tariffs, a few respondents also noted that "reshoring" could be partially credited for sales growth. However, a less optimistic tone was posted by Chris Williamson, the Chief Business Economist at S&P:

> "News of the largest rise in factory production since May 2022 is tainted by reports of ongoing subdued sales growth. Production growth consequently significantly outpaced that of new orders at the start of the year, resulting in a further accumulation of unsold warehouse inventory. Over the past three months, the survey indicates that factories have typically produced more goods than they have sold to a degree we have

not previously seen since the global financial crisis back in early 2009. This highly unusual situation is clearly unsustainable, hinting at risks of a production slowdown and a potential knock-on effect on employment, unless demand improves markedly in the coming months. Sluggish sales and order book growth are being commonly linked to customer resistance to high prices, in turn often blamed on tariffs, as well as increased uncertainty over the economic outlook. While just below trend, business growth expectations for the year ahead are, however, holding up as firms anticipate improving demand, thanks in part to lower interest rates, reduced import competition due to tariffs, and more government support. However, political uncertainty remains a key drag on business sentiment."

The World Economy. For January, the Global Manufacturing PMI published monthly by J.P. Morgan rose to a three-month high of 50.9, up from 50.4. Hence, the average among the PMIs of the 40 countries in the survey remains marginally above the all-important 50.0 break-even point. The PMI for India again took the honors for the strongest industrial economy in January, possibly because of some firms moving production from China. The recent trade agreement between India and the European Union is another positive factor promoting growth. Positive PMIs for January also came from Indonesia and Vietnam, which may also be attributed to both the U.S. and Europe reducing purchases from China. Other optimistic PMIs for January were posted by Thailand, Japan, South Korea, Australia, and Greece. The weakest PMIs came from Turkey, Brazil, and Austria. Looking at our major U.S. trading partners, the January index for Mexico came in at 46.3, little changed from 46.1 in December. However, the PMI for Canada returned to positive at 50.4, up from 48.4. For China, our third largest trading partner, the PMI remained marginally positive at 50.3, up from 50.1. Despite losing some business from the U.S. and Europe, sales opportunities for China have come from other parts of the world, especially Africa. Maia Crook, Global Economist at JPM, further commented:

> "The J.P. Morgan global manufacturing output PMI rose 0.9-point to 51.8, suggesting a solid pace of global goods production to start the year. The underlying details were similarly encouraging. The consumer goods output PMI rose to its highest level since January 2025, and business demand continues to look resilient. The new orders PMI also rebounded to approach its recent highs, and the future output and employment indexes each ticked up on the month (albeit to still-low levels). Accompanying these strong activity indicators was a 1.4-point move up in the output price PMI to its highest level since early 2023, though this jump was largely driven by the U.S."

For the third successive month, the January composite PMI of 49.5 for the twenty countries in the eurozone came in marginally below the critical 50.0 break-even point. The report compiled each month by the Hamburg Commercial Bank also noted that the NEW ORDERS Index fell while the OUTPUT Index rose to 50.5. Of the major eurozone economies, positive PMIs were posed by Greece, France, Ireland, and the Netherlands. The PMI for Germany, the eurozone's largest economy, recovered to 49.1 from a 10-month low of 47.0. Negative PMIs were also posted by Italy, Spain, and Austria. Dr. Cyrus de la Rubia, Chief Economist at HCB, further noted:

> "Some progress can be seen in the manufacturing sector, but it's happening at a snail's pace. After dropping in December, production ticked up slightly at the start of the year, essentially continuing the growth path we saw between spring and fall last year. Order intakes haven't been much help, though — they fell again, even if not quite as sharply as at the end of last year. Right now, it's hard to say what might put an end to the ongoing rundown of inventories, which makes a strong short-term upswing rather unlikely. Still, when looking twelve months ahead, companies are feeling a bit more upbeat than last month about expanding their production. All in all, this highly uneven picture across the eurozone is not exactly laying the groundwork for a sustained upswing. The noticeable rise in cost inflation stands out. The sharp increase in natural gas prices in January, and to a slightly lesser extent higher oil prices, likely played a role here. The spike in energy costs could prove temporary, as it seems largely tied to the unusually cold winter in Europe and the U.S. At the same time, a range of industrial metals became more expensive in January compared with the previous month, which, in itself, is not necessarily a bad sign, as it can point to stronger global industrial demand. But for companies relying on metals like copper, aluminium, or nickel, this - together with pricier energy - puts pressure on profit margins. They don't appear to have the ability to raise their selling prices accordingly. In fact, their prices seem to be largely flat.

Automotive. The sales report from the February 4 edition of Automotive News began the year on a cautiously positive note, given that many analysts expect 2026 to be slightly below 2025. For the major auto producers still reporting monthly, sales for the group rose 1.3 percent. Individually, Toyota posted the best year-over-year increase of 8.1 percent. Sales for Hyundai-Kia rose 7.7 percent, and Honda sales improved by 1.9 percent. Sales losers included beleaguered Mazda, falling 14.0 percent, Subaru, down by 9.1 percent, and Ford, losing 5.1 percent. Commenting on the outlook for 2026, Charlie Chesbrough, senior economist at Cox Automotive, opined:

> "The market is slowing due to ongoing concerns about the U.S. economy and persistently high new-vehicle prices. These conditions are expected to be major headwinds for the new market throughout 2026."

Consumer Confidence. On January 27, The Conference Board reported that their preliminary Consumer Confidence Index declined to 84.5 (1985=100), down 4.6 from last month's preliminary report, but falling 9.7 points from CB's final revised estimate. The January index is now the lowest level since May 2014. The deterioration in the index was broad-based among respondents identifying as Democrats, Republicans and Independents, but the sharpest decline was among Independents. Concerns about the economy appear to be fairly universal. Commenting on the latest survey report, Dana Peterson, Chief Economist at The Conference Board noted, "Confidence collapsed in January, as consumer concerns about both the present situation and expectations for the future deepened. All five components of the Index deteriorated, driving the overall index to its lowest level since May 2014 (82.2)—surpassing its COVID-19 pandemic depths."

By sharp contrast, the University of Michigan Consumer Sentiment Index for January edged higher to 56.4, up from 52.9 in December and 51.0 in November. The different outcomes between the two surveys are not a total surprise, given that they ask different questions. Both surveys measure consumer attitudes, but the Consumer Confidence Index is a survey of approximately 5000 households and concentrates on job market conditions, while the University of Michigan survey queries only 500 households and focuses on personal finances, inflation, and buying sentiment.

Business Confidence. Of course, the 24-hour news cycle has a significant impact on business confidence, and despite the ongoing trade wars and rising prices, West Michigan confidence marginally improved in January. Our SHORT-TERM BUSINESS OUTLOOK Index which asks West Michigan firms about their business perceptions for the next three to six months returned to positive at +4 and up nicely from December's -9 reading. In a similar move, the LONG-TERM BUSINESS OUTLOOK Index, which queries the perceptions for the next three to five years, bounced up to +44 from +26. For small U.S. businesses, the January 13 National Federation of Independent Business (NFIB) Small Business Optimism Index rose 0.5 points to 99.5 and continues to run slightly above its 52-year average of 98. The net percent of owners expecting better business conditions in 2026 rose 9 points from November. However, taxes – existing and the threat of new ones – was reported as the most significant problem inhibiting growth. In addition, Bill Dunkelberg, NFIB's Chief Economist, noted, "While Main Street business owners remain concerned about taxes, they anticipate favorable economic conditions in 2026 due to waning cost pressures, easing labor challenges, and an increase in capital investments."

West Michigan Unemployment. The Michigan Department of Technology, Management, and Budget (DTMB) has apparently recovered from the government shut-down and now reports that Michigan's unemployment rate has fallen to 5.0 percent, down from last month's 5.1 percent and also down from October's 5.2 percent. However, the Bureau of Labor Statistics (BLS) still ranks Michigan as having the 45th highest unemployment among the 50 states, although the ranking has improved from 48th in October. Although the unemployment rates for West Michigan as well as the rest of the state had been rising over the past two years, it now appears that the job situation has somewhat stabilized. According to DTMB's January 16 report for November (latest month available), some counties that posted modest improvements last month saw their gains erased a month later. For Kent County, the year-over-year unemployment rate remained unchanged at 3.9 percent. The rate for Barry County upticked to 4.4 from 4.2 percent, Calhoun County unemployment rose modestly to 5.1 from 5.0 percent, and Kalamazoo County and Ottawa County rates upticked by 0.1 percent. Whereas unemployment rates for most of our West Michigan counties are still below Michigan's 5.0 percent rate, it is worth remembering that Ottawa and Kent Counties frequently reported the lowest unemployment rates for the state as little as three years ago. They are now 5th and 6th, respectively.

Industrial Inflation. Yes, the tariff wars are driving some industrial commodities higher in price, and the pace appears to be worsening. For our January survey, the index of PRICES again edged higher to +26 from +15. At the national level, the ISM index of PRICES edged up to +18 from +17. Just as last month, anything impacted by the tariff wars was a significant problem. Some of the "big ticket" commodities reporting price increases included aluminum, copper, brass, zinc, steel, and electronics. At the international level, the January Worldwide S&P Price Pressure Index, a compilation of 26 major industrial commodities, rose "sharply" by six basis points to 1.0 from 0.4. Seven of the 26 commodities posted significant price increases, including Semiconductors, Copper, Aluminum, and Electrical Items. By contrast, S&P's monthly Global Supply Shortage Index modestly downticked to 0.5 from 0.6. Usamah Bhatti, Economist at S&P Global Market Intelligence, commented:

> "While supply shortages were broadly unchanged from December, there was an acceleration in price pressures at the start of 2026. In fact, reported price pressures were at the long-run average of 1.0, which marked the highest index reading since last April. By far, the strongest pressures were seen for Semiconductors and Electrical Items. Moreover, above-average increases were signalled for Copper, Aluminium, Stainless Steel and Textiles. By contrast, five of the 26 monitored commodities registered slight falls in price, with the steepest reduction seen for Polyethylene. On the supply front, only three of the 20 monitored commodities signalled above-average reports of supply shortfalls during January. Transport shortages jumped to a four-month high, while Semiconductor and Electrical Items saw reported shortfalls just over the normal level."

Consumer Inflation. On January 13, the Bureau of Labor Statistics (BLS) reported that the "headline" CPI-U inflation rate for December remained unchanged at 2.7 percent. The CPI "core" sub-index, which excludes food and energy, also remained unchanged at 2.6. The sub-index of "SHELTER," a major CPI component, edged up to 3.2 percent from 3.0. Although the current cost of rent and housing are continuing to stabilize, it will still take at least 12 months to be reflected in the current CPI. According to the "Apartment List" website, the national median rent fell 0.2% in January, and now stands at $1,353. This marks the sixth consecutive month that rents have declined, and this is now the fourth consecutive winter with what realtors call a pronounced "off-season dip." Compared to a year ago, average rents nationally are down 1.4%. The year-over-year rent growth has been slightly negative for more than two full years, and the national median rent has now fallen 6.2% from the 2022 peak. For the homeowner side of the market, the latest November Case-Shiller National Home Price NSA Index released on January 28 saw U.S. home prices increase at a 1.4 percent rate, well below the rate of inflation. Average mortgage rates are still high and the price of homes are still out of the reach of many first-time home buyers. Most analysts note that the we have shifted to a buyer's market in many parts of the country. According to Nicholas Godec from Dow Jones Indices:

> "This subdued price growth is less than half of the 3.7% annual price increase notched in November 2024. Consumer inflation cooled to 2.7%, dipping below 3% for the first time since August and aligning with its average pace over the prior 12 months. However, home price growth still trails inflation by roughly 1.3 percentage points, meaning real home values have effectively edged down over the past year."

GDP. On January 22, the Bureau of Economic Analysis (BEA), in what they call a final estimate, reported that the economy grew at a rate of 4.4 percent for the third quarter of 2025, up 0.1 from the previous estimate. The press release emphasized that much of the increase came from an unexpected rise in consumer spending as well as small but significant increases in both government spending and exports. Looking at the probable growth rate for the fourth quarter, which BEA will post on February 20, many forecasters still believe that the Q4 growth rate will come in considerably slower. However, Atlanta Fed's GDPNow Q4 forecasting model, which has recently been fairly accurate, stands at 4.2 percent as of February 5. On the more cautious side, the New York Fed's Nowcast model predicts a more modest Q4 growth rate of 2.7 percent, with a 50 percent probability that 2025's final quarter will post somewhere between 1.6 and 4.0, and an 80% probability of an interval somewhere between 0.6 and 5.1 percent. The Conference Board maintains expectations of slower growth through late 2025, and projects a Q4 growth rate of only 2.2 percent. Historically, the Blue Chip forecast model was hailed to be among the most accurate, and it now projects a Q4 growth of only 1.0. However, the Blue Chip forecast has missed the mark with every forecast in recent months. As of January 17, the Congressional Budget Office continues to forecast a Q4 growth of 1.9 percent. So, the professional prognostications from all of these "reputable" sources are still all over the map. However, unlike a few quarters ago, it is again worth noting that NONE of these forecasts are even close to calling for a recession in the immediate future.

Looking Forward. It seems to have gone almost unnoticed that talks for ending the trade war between the U.S. and Canada quietly resumed in mid-January. For the Michigan auto industry, these talks are critical, largely because of the large volume of Michigan's cross-border business with Ontario. Yes, our West Michigan Foreign Trade Zones, like those in Grand Rapids (FTZ-189) and Battle Creek (FTZ-43) can sometimes be used to mitigate tariff problems, but the hindrance for the auto industry is much larger. After the successful passage and implementation of NAFTA, cross-border business has been conducted assuming there would no longer be tariff problems of this nature. Yes, the Supreme Court could soon rule that the president overreached with tariffs and the tariff problem could be gone. If so, the president has indicated that he still has other "tools" at his disposal. If tariffs are ruled unconstitutional, one survey respondent noted, "… one has to imagine that will just be the beginning of a different conversation and not the end to this nightmare." Either way, negotiating some of the new tariff agreements has taken FAR longer than the president apparently imagined, and continues to be a drag on the Michigan economy.

Housing costs, which may be rent for some and home ownership for others, should continue to fall. According to the latest report from the Case-Shiller Index, home prices are stabilizing, and as mentioned earlier, we are gradually entering a buyer's market in many parts of the country. For renters, the average rent continues to edge lower in many markets, although January year-over-year rents in Kent County have been reported 2.3 percent higher by the "Apartment List" website. By contrast, the year-over-year rent for January in Kalamazoo County fell 2.1%.

Joseph Chamberlain, a 19th century British politician, is credited with popularizing an old Chinese proverb, "May you live in interesting times." With so many activities happening daily at home and around the globe, we may one day look at 2026 as a year the world changed -- hopefully for the better.

January 2026 Survey Statistics

	UP	SAME	DOWN	N/A	Jan. Index	Dec. Index	Nov. Index	25 Year Average
Sales (New Orders)	24%	41%	35%	0%	-11	-11	-20	+14
Production (Gross Output)	17%	54%	22%	7%	- 5	-17	-23	+14
Employment	13%	72%	15%	0%	- 2	- 9	-22	+ 8
Purchases	17%	57%	22%	4%	- 5	-22	-33	+ 7
Prices Paid (major commodities)	30%	66%	4%	0%	+26	+15	+ 8	+15
Lead Times (from suppliers)	11%	80%	7%	2%	+ 4	+ 6	+ 4	+11
Purchased Materials Inv. (Raw materials & supplies)	13%	54%	20%	13%	- 7	- 7	- 6	- 4
Finished Goods Inventory	24%	48%	17%	11%	+ 7	- 7	+ 2	- 2
Short Term Business Outlook (Next 3-6 months)	30%	44%	26%	0%	+ 4	- 9	-13	-
Long Term Business Outlook (Next 3-5 years)	48%	46%	4%	2%	+44	+26	+33	-

Items in short supply:

Unique engineering components, drivers, some aluminum grades, imported supply items, engineers, assembly techs.

Prices on the UP side:

Aluminum, aluminum coils, steel, steel coils, copper, electronics, ferrous and non-ferrous metals, tariffs, including those applied by Mexico and Canada, copper, brass, any product coming from Canada.

Prices on the DOWN side:

Polypropylene, PA6 plastics, resins, paper products, fuel, butterfat.

Latest Unemployment Reports:

The data from the government shut-down from Michigan's DTMB have now been updated. The data are NOT seasonally adjusted, except as noted.

	Nov. 2025	Nov. 2024	Aug. 2009*	25-Year Low
State of Michigan (Dec.)	5.0%	5.2%	14.6%	3.2%
State of Michigan (Unadj.)	4.8%	5.0%	14.1%	2.9%
Kent County	3.9%	3.9%	11.9%	2.1%
Kalamazoo County	4.2%	4.1%	11.1%	2.1%
Calhoun County	5.1%	5.0%	12.8%	2.7%
Ottawa County	3.9%	3.7%	13.3%	1.8%
Barry County	4.4%	4.3%	10.9%	2.2%
Kalamazoo City	5.1%	5.1%	15.2%	3.2%
Portage City	3.7%	3.7%	8.7%	1.3%
Grand Rapids City	4.7%	4.7%	16.1%	3.0%
Kentwood City	4.5%	4.5%	10.7%	1.4%
Plainfield Twp.	3.8%	4.0%	8.0%	1.4%
U.S. Official Rate (Dec.)	4.4%	4.1%	9.6%	3.4%
U.S. Rate (Unadjusted)	4.3%	4.0%	9.6%	3.1%
U.S. U-6 Rate (Dec.)**	8.4%	8.2%	22.9%	6.7%

** August 2009 = low point before the Great Recession*

***U-6 for Michigan = 9.2% for the previous four quarters*

JANUARY COMMENTS FROM SURVEY PARTICIPANTS

"It continues to be a scary environment with tariffs changing daily."

"We've had a surprisingly strong start to 2026."

"Throughout 2024 and early 2025, butterfat frequently fetched between $2.91 and $3.61 per pound. As of late, U.S. butterfat prices have seen significant fluctuations, with Class II butterfat dropping from highs above $3.00/lb. earlier in the year to around $1.57-$1.58 per pound in December 2025."."

"Our order volume remains solid, but the forecasting is mixed on where we go from here."

"2026 is starting out soft with the continued unknowns for sales, geopolitical changes, tariffs, etc."

"Business conditions continue their downward trend."

"Whey powder and high-protein whey (WPC80/WPI) are in severe short supply, with U.S. inventories falling to 2012 lows and prices reaching record highs. U.S. WPI and WPC80 are experiencing unprecedented price surges due to scarcity. Increased consumer health awareness and, in some cases, demand related to GLP-1 prescriptions have fueled the high demand."

"Customers are in short supply. I have talked to several different retail business owners in my area and they are all saying the same thing. Sales are down and a lot less customers are shopping in locally owned retail spaces."

"We basically cannot get a price increase, even as our health insurance went up 7.5%."

"Projects continue to be delayed due to uncertainty."

"Our sales are up this month mainly due to reps ordering ahead of a price increase in February."

"One of our suppliers buried the cost of tariffs into the price of the machine and increased the price."

"We still have very tepid demand."

"The new business quotes and feedback on how high we compare to our competition is astonishing. Some competitor prices can only be justified in the sense that they could have equipment sitting and they think they can lose three bits with them sitting and breakeven or make one bit, maybe, if they price this way. So, they roll the dice for the one bit, dreaming they can get more, later."

"Sales are steady"

"Projects continue to be bid and are in pipeline, but start delays continue to be an issue. Winter weather is not helping either."

"We are waiting for the Supreme Court ruling on tariffs."

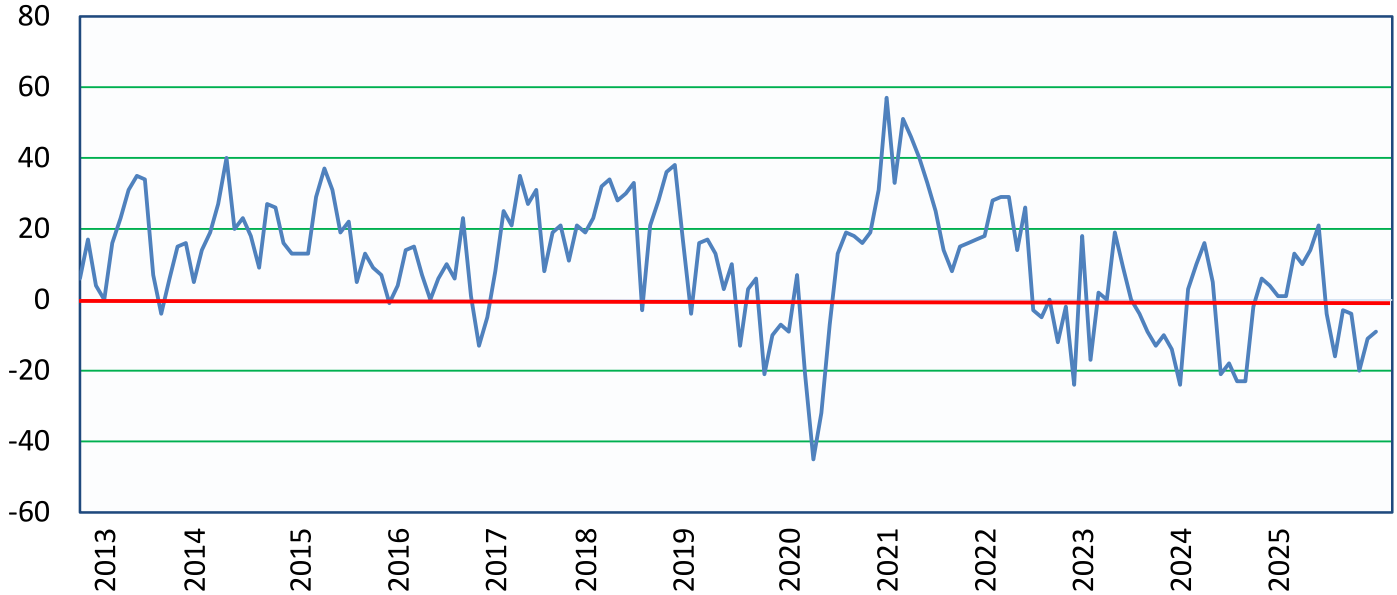
"The time has come, and we are waiting with bated breath to see what the Supreme Court will rule on tariffs. It seems most likely at this point that the court will rule against the administration, but one has to imagine that will just be the beginning of a different conversation and not the end to this nightmare."

"Soft ice cream sales are facing some near-term pressure driven by broader macro and consumer health trends. The growing adoption of GLP-1 medications is influencing eating habits, particularly reducing impulse and indulgent consumption, which can impact traditional dessert categories. At the same time, ongoing economic uncertainty and value sensitivity are causing consumers to be more selective with discretionary spending."

"We've been hanging on by a thread for the last 13 months, and have cut back on all spending just to stay afloat. The next steps would be to close the retail store and just sell online."

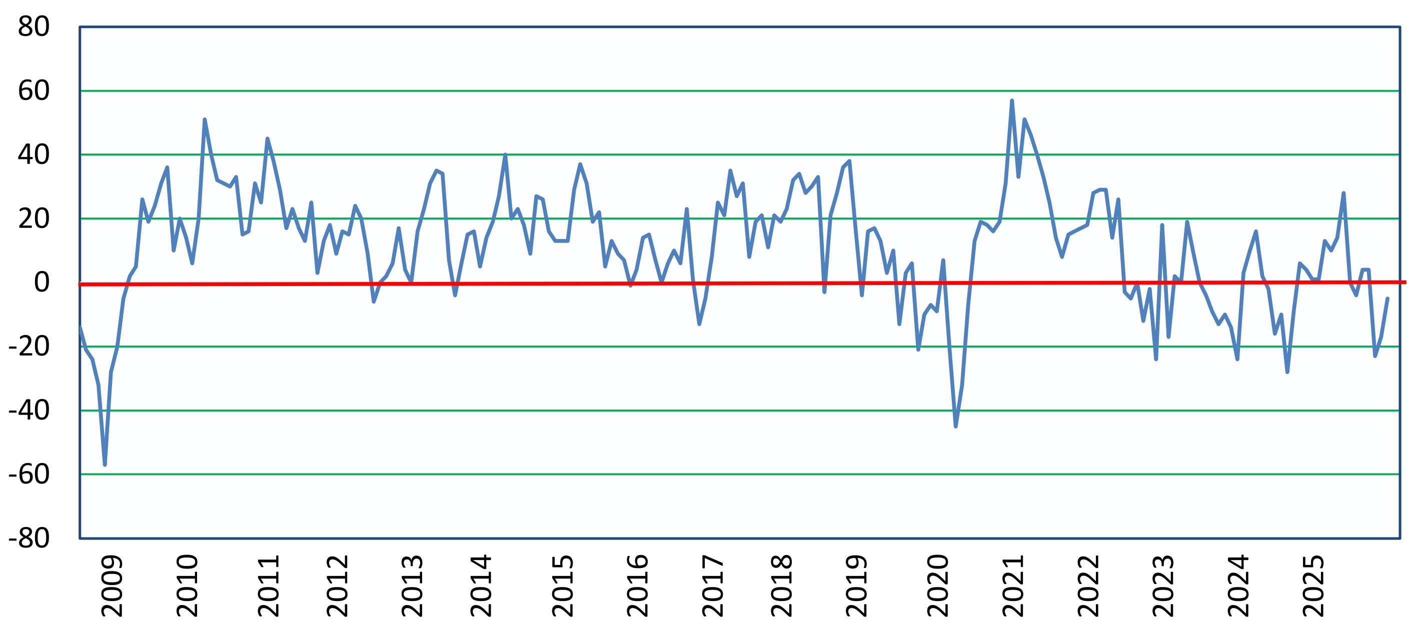
West Michigan Index of New Orders: 2013-2026

As the name implies, the NEW ORDERS index measures new business coming into the firm and signifies business improvement or business decline. When this index is positive for an extended period of time, it implies that the firm or organization will soon need to purchase more raw materials and services, hire more people, or possibly expand facilities. Since New Orders are often received weeks or even months before any money is actually paid, this index is our best view of the future.



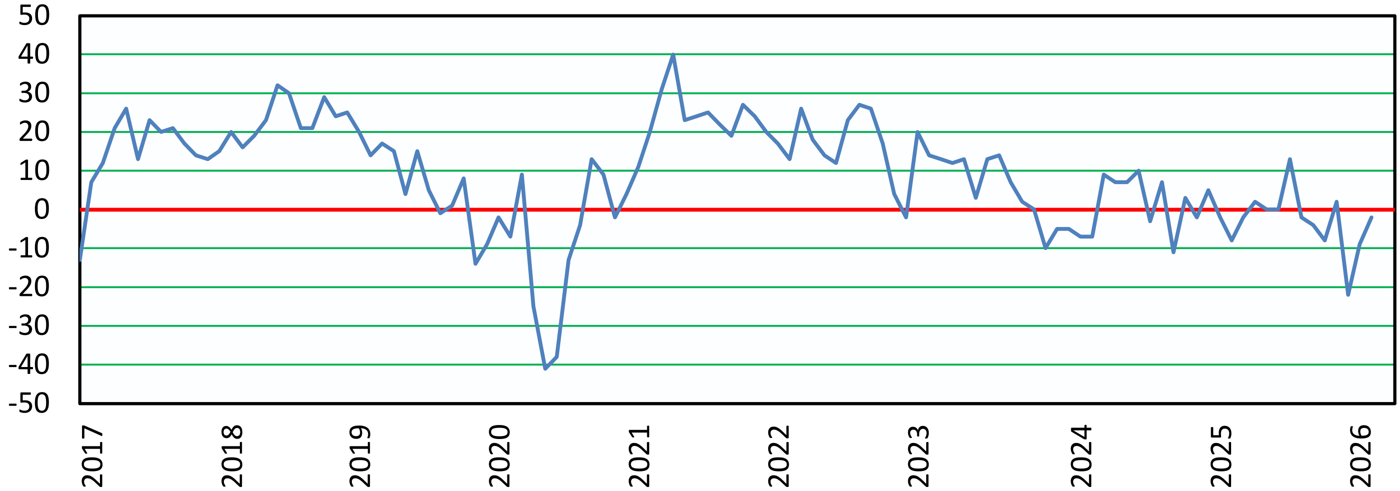
West Michigan Index of Production (Output): 2008-2026

As new orders come in and materials arrive at the loading dock, production schedules are posted to meet the customer's needs. Although production schedules respond to demand, they also respond to seasonal factors such as holidays as well as bad weather, materials shortages, or other external influences.



West Michigan Index of Employment: 2017-2026

The index of EMPLOYMENT measures the firm's increases and decreases in staffing, including permanent workers and temps. After economic downturns, it measures new hires as well as previous workers called back to work. When this index is positive for an extended period of time, it almost always signals a reduction in industrial unemployment for West Michigan. Normally, there is about a month or two in lag time between this report and the payroll numbers being reflected by the government statistics. However, almost all employment indexes are laggards, meaning that firms often wait until upticks in orders are confirmed before adding staff, and conversely laying off staff only after a downturn in orders appears to be certain for the foreseeable future.



West Michigan Future Business Outlook: 2013-2025

The indexes of LONG-TERM BUSINESS OUTLOOK and SHORT-TERM BUSINESS OUTLOOK provide a glimpse at current and future attitudes of the business community. Traditionally, most businesses are more optimistic about the long term, although current event can result in perceptions changing very rapidly. Both short and long-term attitudes reflect current business conditions, and are usually higher when sales, production, and employment are positive.