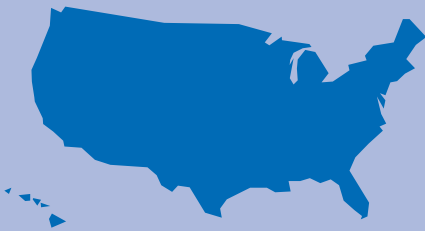


International Business Report 2007

Country focus

Grant Thornton 

US



The Grant Thornton International Business Report (IBR) 2007 examines the attitudes, plans and trends of 7,200 businesses in 32 countries across six continents. IBR builds on data collected in previous surveys* and boasts 15-year trend data for EU countries and 5-year trend data for international participants.

This year's survey reveals that businesses in most countries remain optimistic about economic prospects for the year ahead. For the fourth consecutive year, India tops the league table as the most optimistic country with an optimism/pessimism balance** of +97%, whilst Japan is at the bottom this year with a balance of -5%. Meanwhile, businesses in the UK are significantly more optimistic about 2007 (+43%) than they were about 2006 (+8%).

The US economy grew by over 3% for the third year in a row in 2006, but a sharply weakening housing market resulted in a deceleration in growth in the final months of the year. Fears of lingering inflation - with consumer price increases still running at over 3% - prevented an easing of monetary policy to counter the cooling economy. But consumer demand was sustained by lower oil prices and the economic slowdown was less severe than expected. In the final quarter of the year, GDP growth of 2.2% was recorded, supported by robust consumer spending, up 1% quarter-on-quarter, which helped offset a decline in business investment.

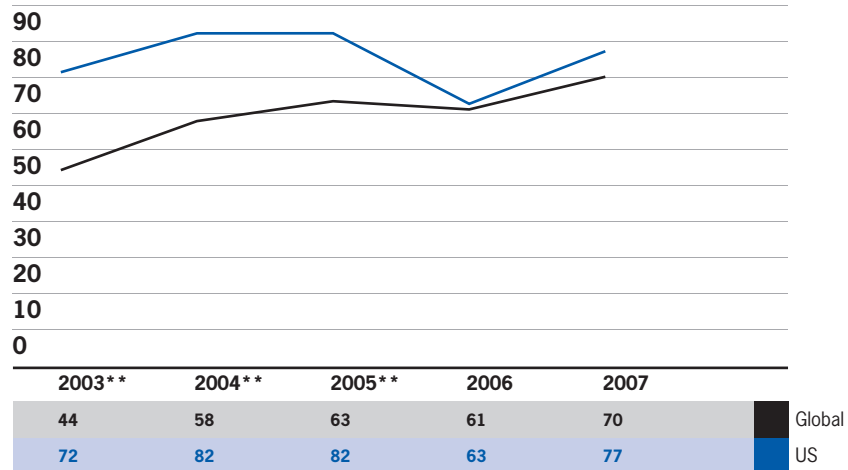
* the European Business Survey (EBS) charted the views and trends of privately held businesses in Europe between 1993 and 2002. This was followed by the International Business Owners Survey (IBOS) which ran from 2003 to 2006.

** the balance is the proportion of companies reporting they are optimistic less those reporting they are pessimistic.

Business expectations/turnover

- This year, US businesses are more optimistic about turnover (revenue) prospects (+77%) than they were in 2006 (+63%).
- Their levels of optimism regarding turnover performance are above the global average (+70%).
- Less than a quarter of US businesses (+23%) expect selling prices to increase next year, below the global average of +32%.

Turnover expectations (% balance *)



* the balance is the proportion of companies reporting that they are optimistic less those reporting they are pessimistic

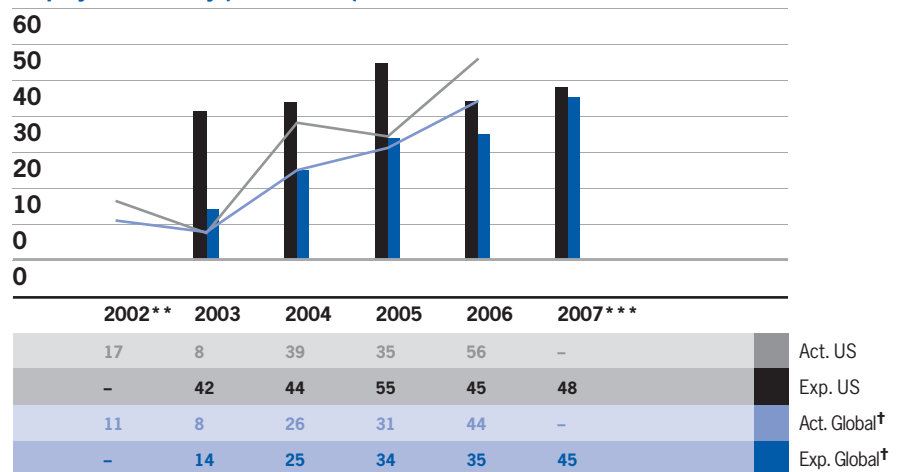
** Global figure excludes mainland China

Source: Grant Thornton International Business Report 2007

Employment

- US businesses expect employment growth to be at a slightly higher level than that expected in 2006.
- Globally companies are also more optimistic about employment growth than in 2006, but are still slightly less optimistic than businesses in the US (+45% compared to +48%).
- In 2006, the proportion of US businesses reporting an increase in employment was higher than expected – a balance of +45% expected employment to increase, whereas a balance of +56% actually observed increased employment in this period.

Employment history (% balance *)



* the balance is the difference between the proportion of businesses indicating an increase and those indicating a decrease

** no data available

*** 2007 data will be documented in IBR 2008

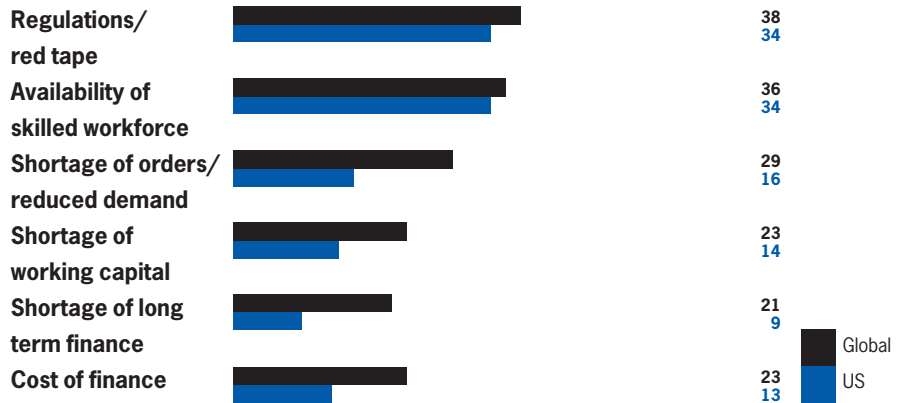
† Global figure excludes mainland China in 2002, 2003 and 2004

Source: Grant Thornton International Business Report 2007

Constraints

- Regulations/red tape and lack of availability of a skilled workforce are cited most by US businesses (34% for both) as a major constraint on expansion.
- All factors are much less of an issue for businesses in the US than they are for businesses globally, especially surrounding the area of finance.

Constraints (%*)



* % companies rating constraint 4 or 5 on a scale of 1 to 5, when 1 is not a constraint and 5 is a major constraint
 Source: Grant Thornton International Business Report 2007

Stress levels

- This year marginally fewer business owners in the US reported an increase in stress levels than in 2006.
- 43% report that they have experienced a rise in stress levels, much less than the global figure of 56%.
- In order to gain insight into how business owners manage stress, we also asked about how many hours they work a week. On average, business owners in the US work 55 hours per week, slightly more than the global average of 53 hours.

Rise in stress levels (%*)

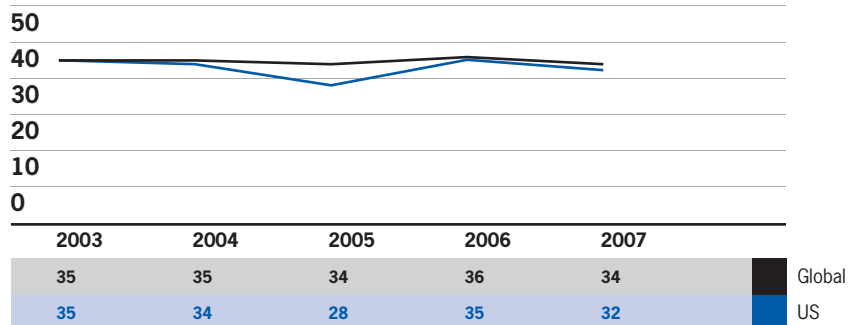


* % of respondents indicating that stress levels had increased or increased significantly over the past year
 ** Global figure excludes mainland China
 Source: Grant Thornton International Business Report 2007

International trade

- The proportion of US businesses that export has fallen since last year.
- 32% of businesses in the US currently export, 3% less than in 2006 (35%).
- Globally the proportion of firms that are exporting has also fallen from 36% to 34% - marginally higher than the proportion of businesses in the US exporting.

Proportion of businesses exporting (%)



Source: Grant Thornton International Business Report 2007

Globalisation

- US businesses are much more likely to see globalisation as an opportunity than a threat to their business.
- 52% of US businesses view globalisation as an opportunity and just 18% view it as a threat.
- Globally 3% more businesses consider globalisation an opportunity than in the US.
- Businesses are just as like to see globalisation as a threat in the US as they are globally on average (18% for both).

Impact of Globalisation (%)



Source: Grant Thornton International Business Report 2007

Impact on cost pressures

- Just under a third of businesses in the US see staff costs (31%), energy costs (32%), raw material costs (31%) and transportation costs (30%) as having a major impact on their cost pressures over the coming year.
- The impact on cost pressures on US businesses is less in all these areas relative to businesses world wide.
- Property costs were cited much less by US businesses (12%) as having a major impact on cost pressures over the coming year.

Biggest impact on cost pressures (%)



Source: Grant Thornton International Business Report 2007

The **US** economy is expected to post growth of little over 2% in 2007, despite sustained expansion at 3.3% in consumer spending amid a strong labour market and steadily rising wages. The sharp downturn in residential construction is the main culprit behind the US slowdown, subtracting 1 percentage point from headline growth. The external contribution is positive as a weaker dollar is helping to support exports and suppress imports, with the trade deficit expected to shrink for the first time in six years. Monetary policy remains on hold for the time being as inflation worries persist, although consumer price rises are easing from the 3% plus rates seen in recent years.

To find out more about the Grant Thornton International Business Report (IBR) and to obtain copies of topical supplements, including focuses on emerging markets, energy and environmental issues and European business, please visit www.internationalbusinessreport.com.

Summaries are also available for each of the 32 participating countries, as well as regional and global summaries. You can also complete the questionnaire online and benchmark your answers against those of businesses around the world.

The IBR representative for the **US** is:

Grant Thornton LLP

Jim Maurer

T +1 312 602 8736

F +1 312 602 8099

Participating countries

Argentina	Ireland	Russia
Armenia	Italy	Singapore
Australia	Japan	South Africa
Botswana	Luxembourg	Spain
Brazil	Mainland China	Sweden
Canada	Malaysia	Taiwan
France	Mexico	Thailand
Germany	The Netherlands	Turkey
Greece	New Zealand	UK
Hong Kong	Philippines	US
India	Poland	

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