B2B Economy Bulletin

A Quarterly Look at Business Spending & Sentiment

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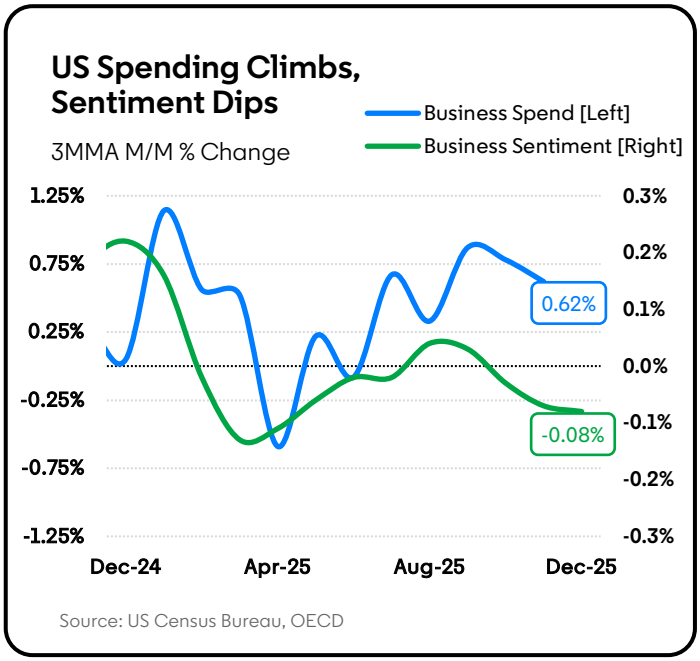


Source: US Census Bureau, OECD

BUSINESS SPENDING SOLID AS SENTIMENT SOFTENS

- US capital goods orders remained above pre-pandemic trends through the end of 2025, while business sentiment weakened late in the year, revealing executive caution amid continued strong spending.
- US and EU business confidence converged slightly below long-run levels in December, suggesting both regions have shifted into a wait-and-see stance as policy uncertainty lingers.
- Marketing budgets remain constrained. Sales hiring has recovered, yet marketing roles lag sales hiring by 15% in both the US and Germany.
- Small business health improved in January, with sales expectations showing notable gain and capital outlays hitting a two-year high, even as forward investment plans remain historically weak.
- 41 percent of US executives expect the economy to improve next year—down 12 percentage points year-over-year—and their hiring intent weakened across every job category, pointing to constrained business spending in 2026.

KEY DEVELOPMENTS

- US and EU business confidence indices have converged, according to the OECD, while US confidence slipped at the end of 2025. LinkedIn's Executive Confidence Index held steady in the US and UK, but forward-looking expectations fell sharply: only 41% of US executives and 32% of UK executives expect the economy to improve over the next year. Those shares mark a 12-point annual drop in the US and an 8-point drop in the UK, reflecting uncertainty built around fiscal and trade policy and persistently high inflation in 2025. US executives also report declining hiring plans across all employee categories, with the largest quarterly cuts in middle management and entry level roles.

- US capital-goods orders—a leading indicator of business spending—have continued to rise since April 2025 and now sit above pre-pandemic levels. That resilience mirrors a broader disconnect in consumer behavior, where confidence surveys still point to caution.
- Recent estimates from the Federal Reserve Bank of St. Louis show that AI related capital spending drove about 40% of US GDP growth in 2025, with a similar boost expected in 2026. Census Bureau data reports that about 18% of US firms use AI today, a share projected to reach 22% within six months. Adoption varies widely by sector—about 35% in information technology and 13% in manufacturing—suggesting substantial remaining runway for technology driven investment-related capital spending.
- Financial conditions eased in 2025, with the Chicago Fed's index falling, signaling support for investment. The Federal Reserve cut rates twice in Q4, bringing the funds rate to 3.50%–3.75%, and ended quantitative tightening in December. But credit access tells a different story for middle-market firms. The Senior Loan Officer Survey showed ongoing tightening in commercial and industrial loans amid uncertainty and weaker risk appetite. This development has created a two-tiered landscape: large firms with market access enjoy easy conditions, while middle-market and smaller firms face tighter bank credit. For B2B companies, deal structures and payment terms may vary widely by customer size.
- According to the National Federal of Independent Business (NFIB), small business health improved in January, with sales expectations showing notable gain and capital outlays hitting a two-year high, even as forward investment plans remain historically weak. More small businesses continue to expect to face tougher credit than easier conditions.
- The Eurozone ended 2025 with its strongest quarterly expansion since Q2 2023, but that strength sits almost entirely in services, which reached a 30-month high in November and now mask a worsening manufacturing slump. The HCOB Manufacturing PMI dropped to a 9-month low of 48.8, driven by a sharp fall in new orders and the first contraction in production since February. The strain is most evident in Germany, which fell to a 10-month low of 47.0, while France moved in the opposite direction, reaching a 42-month high of 50.7.
- LinkedIn's Economic Graph shows that the hiring gap between marketing and sales that opened in 2023 persisted through 2025 Q4. Sales hiring has recovered to track the overall rate, while marketing still lags. The pattern suggests businesses are preserving revenue producing capacity while holding back on top of funnel investment.
- Business uncertainty remains high. The Atlanta Fed's Survey of Business Uncertainty shows employment uncertainty (4.3%) still far outpacing actual growth expectations (2.1%) in the US. That gap helps explain the B2B paradox: firms expect sales to grow 5.2% yet remain reluctant to add headcount as legal and trade conditions remain unsettled.

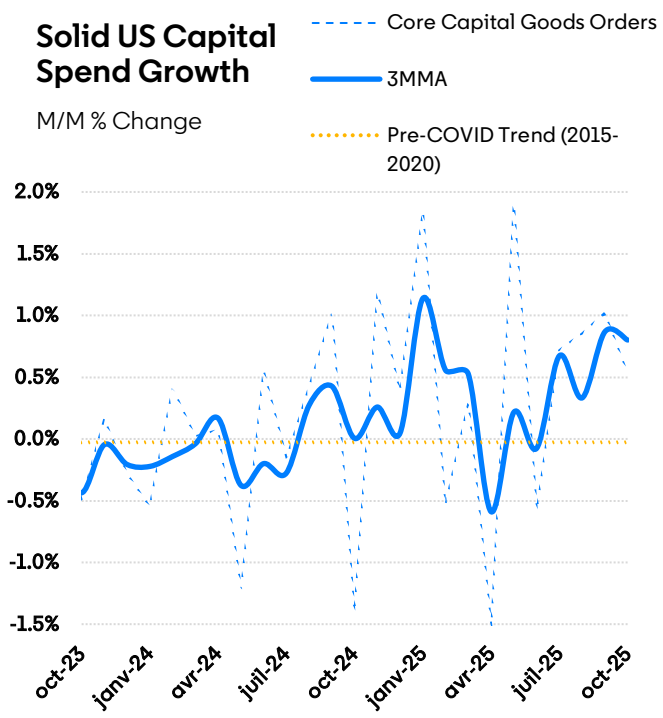
THE OUTLOOK

The defining feature of late 2025 is a widening disconnect between executive sentiment and spending. Only four in ten US executives expect improvement, yet capital-goods orders remain firm–a pattern mirrored on the consumer side. Demand may prove more durable than surveys suggest, but procurement decisions will face heightened scrutiny, and marketing budgets will stay under pressure until forward-looking sentiment improves.

Structural tailwinds persist: AI-related capital expenditures continue to support business spending, financial conditions remain accommodative for firms with capital market access, and consensus GDP forecasts cluster around 2.0–2.3% for the US. Small businesses offer a nuanced signal: current outlays hit a two-year high, yet forward-looking investment plans remain historically weak, a "spend now, plan cautiously" posture that captures the broader B2B mood heading into 2026.

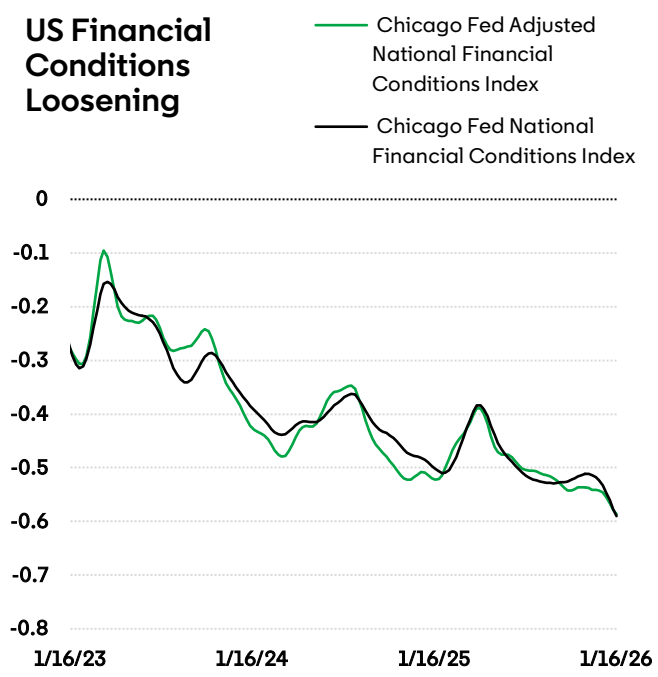
Solid US Capital Spend Growth

M/M % Change



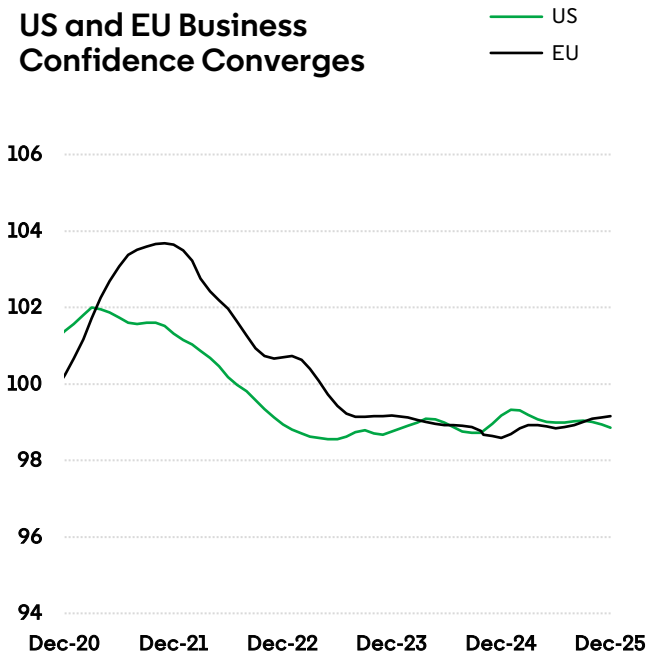
Source: US Census Bureau

US Financial Conditions Loosening



Source: Federal Reserve Bank of Chicago

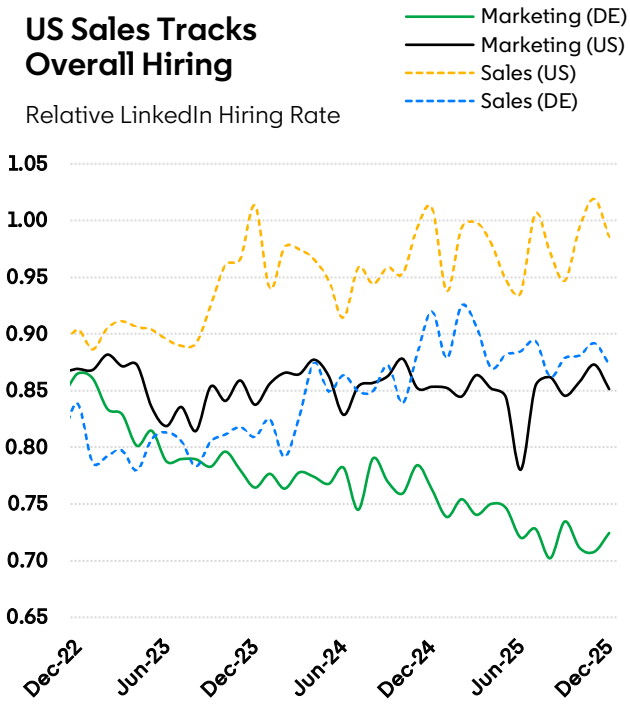
US and EU Business Confidence Converges



Source: OECD

US Sales Tracks Overall Hiring

Relative LinkedIn Hiring Rate



Source: LinkedIn

ABOUT THIS BULLETIN

The LinkedIn Economic Graph's B2B Economy bulletin provides a quarterly look at key developments in business sentiment and spending.

Why business spending matters. Spending on assets like machinery, buildings, equipment, intellectual property, and technology accounts for about 10% of GDP in both the US and EU. Economists call such expenditures "fixed investment." It serves as one of the broadest measures of the size of the B2B economy and plays an immense role in driving business cycles.

Why business sentiment matters. Business confidence can provide an early signal on near-term economic developments and turning points in business cycles. Improving confidence is often correlated with improvements in the economic outlook and may be indicative of changes in sales targets, deal cycles, and marketing budgets.

GLOSSARY

3MMA. 3-month moving average.

M/M % Change. Month-over-month percent change.

Fixed Investment. Fixed investment by businesses, also known as "nonresidential investment", includes spending by businesses on structures, equipment, and intellectual property products (including but not limited to software). It accounts for 10% to 12% of GDP in the US and EU. A major category of business spending that is not included is inventories (stock-building). It also excludes spending on residential structures, whether single-family homes or apartment buildings. Business fixed investment plus residential fixed investment tallies up to about 20% of GDP in the US and EU.

LinkedIn Hiring Rate. The count of hires (LinkedIn members in who added a new employer to their profile in the same month the new job began), divided by the total number of LinkedIn members in the U.S. By only analyzing the timeliest data, we can make accurate month-to-month comparisons and account for any potential lags in members updating their profiles. This number is indexed to the average month in 2016; for example, an index of 1.05 indicates a hiring rate that is 5% higher than the average month in 2016.

Relative LinkedIn Hiring Rate. The LinkedIn Hiring Rate for a subnational group indexed to the national LinkedIn Hiring Rate. For example, an index of 1.05 indicates a hiring rate that is 5% higher than the national hiring rate.