Iowa **Business** Council
100 East Grand Avenue, Suite 160, Des Moines, Iowa 50309
Phone: 515-246-1700
Fax: 515-246-1701
E-mail: ibc@iowabusinesscouncil.org

News Release

Contact:
Denise Essman
d.essman@essmanassociates.com
Phone: (515) 282-7145

Elyse Novak
e.novak@essmanassociates.com
Phone: (515) 282-7145

Economic Outlook Indicators Project Strong Upward Movement

Iowa Business Council Releases Second Quarter Results

DES MOINES, IOWA – (June 1, 2010) Activity in the three areas measured by large employers to gauge the strength of business – sales, capital spending, and employment – is markedly higher for the coming six months. The **2010Q2 Iowa Business Council (IBC) Overall Economic Outlook Survey Index (OSI)** rose to **62.3** – eight points higher than three months ago (54.3) and 24 points higher from one year ago (38.3). The survey was completed by the 20 corporate members of the Iowa Business Council during the second half of May, the results of which were released today.

The **2010Q2 Sales OSI** is **67**, nine points higher than last quarter and 23 points ahead of one year ago. Ninety percent of the CEOs expect steady or increased business activity over the next six months – substantially higher (10%), higher (55%), or no change (25%). Ten percent of survey respondents expect sales levels to decrease – lower (10%) or substantially lower (0%).

The **2010Q2 Capital Spending OSI** is **60**, which is five points above last quarter and 27 points higher than the 2009Q2 survey. Ninety-five percent of IBC corporate members expect steady or increased capital spending levels through November 2010 – substantially higher (10%), higher (25%), or no change (60%). Five percent of survey respondents expect capital spending, i.e., investments in facilities and equipment, to decrease – lower (5%) or substantially lower (0%).

The **2010Q2 Employment OSI** is **60**, ten points higher than three months ago and 22 points ahead of this same time last year. Eighty-five percent expect hiring levels for the next six months to remain steady or grow – substantially higher (0%), higher (50%), or no change (35%). Fifteen percent expect employment needs to decrease – lower (15%) or substantially lower (0%).

“These survey results provide evidence of a growing confidence by business leaders in the long-term prospects for the markets they serve,” said Tom Aller, president of Interstate Power & Light – an Alliant Energy company – and 2010 chair of the Iowa Business Council. “The depth and extent of the recovery continues to hinge on whether business reforms coming out of Washington, D.C., will have a limiting affect on our economy. The growing magnitude of budget issues in Europe may have an impact, as well. However, the IBC Economic Outlook sales index indicator has moved noticeably higher after bottoming back in 2009Q1. This suggests companies of all sizes in Iowa are beginning to adjust production levels and inventories in anticipation of increased business activity. The Iowa economy often is quite resilient in the face of challenging times, and these improved survey numbers are proof of that.”

- more -

Iowa **Business** Council

100 East Grand Avenue, Suite 160, Des Moines, Iowa 50309

Phone: 515-246-1700
Fax: 515-246-1701

E-mail: ibc@iowabusinesscouncil.org

* * * * * * * * * *

The quarterly Iowa Business Council Economic Outlook Survey incorporates a diffusion index, wherein each survey response falls on a 100-point scale. Using weighted averages, an index number is then calculated that measures the sentiment of IBC executives projecting business activity six months into the future. An Outlook Survey Index (OSI) of 50 indicates that the business sentiment of all survey participants is average; an OSI above 50, the sentiment is positive; below 50, the sentiment is negative. This index will generate a numeric measure going forward that attempts to more precisely estimate the economic condition of business activity in Iowa.

IBC Economic Outlook 2010Q2 Survey Responses

	Substantially Higher		**Higher**		**No Change**		**Lower**		**Substantially Lower**	
Quarter	**10Q2**	10Q1	**10Q2**	10Q1	**10Q2**	10Q1	**10Q2**	10Q1	**10Q2**	10Q1
Change in sales in the next six months?	**10%**	5%	**55%**	45%	**25%**	30%	**10%**	15%	**0%**	5%
Change in capital spending in the next six months?	**10%**	15%	**25%**	15%	**60%**	50%	**5%**	15%	**0%**	5%
Change in employment in the next six months?	**0%**	0%	**50%**	20%	**35%**	60%	**15%**	20%	**0%**	0%

Rounding may cause the addition of percentages in a measure to equal more or less than 100%.

IBC Economic Outlook Survey Index (OSI) – last twelve quarters

	10Q2	**10Q1**	**09Q4**	**09Q3**	**09Q2**	**09Q1**	**08Q4**	**08Q3**	**08Q2**	**08Q1**	**07Q4**	**07Q3**
OVERALL OSI	**62.3**	**54.3**	**47.7**	**48.7**	**38.3**	**35.3**	**43.3**	**63.3**	**64.3**	**66.3**	**66.3**	**64.7**
Sales OSI	**67**	**58**	**50**	**54**	**44**	**38**	**51**	**63**	**71**	**73**	**68**	**69**
Capital Spending OSI . .	**60**	**55**	**49**	**49**	**33**	**31**	**41**	**65**	**66**	**63**	**71**	**65**
Employment OSI	**60**	**50**	**44**	**43**	**38**	**37**	**38**	**62**	**56**	**63**	**60**	**60**

OSI = 50 means business sentiment is average; > 50 is positive; < 50 is negative.

- more -

Iowa **Business** Council

100 East Grand Avenue, Suite 160, Des Moines, Iowa 50309

Phone: 515-246-1700
Fax: 515-246-1701

E-mail: ibc@iowabusinesscouncil.org

The Economic Outlook Survey is conducted quarterly by the Iowa Business Council to inform Iowa businesses and Iowans about projected trends in the state's economy, which may prove useful for business and economic planning purposes.

The Iowa Business Council (IBC) is a nonpartisan, nonprofit, self-funded organization whose 24 members are the top executives of 20 of the largest businesses in the state, the three Regent university presidents, and Iowa's largest banking association. Founded in 1985, the Council's purpose is to focus the personal commitment of its members in active leadership roles on major initiatives that offer opportunity to enhance Iowa's economic vitality and improve the lives of Iowans. Council members identify economic issues, evaluate options, and assist in implementing solutions through collaborative public/private partnerships. ***Collectively***, these companies and institutions employ nearly a quarter million Iowans and have committed billions of dollars in capital investment to the state. ***On an annual basis,*** several hundred million dollars in financial contributions and thousands of volunteer hours are directed to numerous charitable causes around Iowa. IBC members also lead in technology innovation with billions of dollars spent and grants procured for research and development. The Business Council focuses its efforts primarily in areas related to advanced technology, continuous process improvement, economic and workforce development, education excellence, health care and wellness, and operations continuity and security. Its representation reaches across the state – from borders north and south to rivers east and west. For more information, please visit the IBC Web site at **www.iowabusinesscouncil.org**.

# # #

Iowa **Business** Council
100 East Grand Avenue, Suite 160, Des Moines, Iowa 50309
Phone: 515-246-1700
Fax: 515-246-1701
E-mail: ibc@iowabusinesscouncil.org

Iowa Business Council
Economic Outlook Survey
Historical Perspective (pre-OSI) of Survey Results: 2004/Q3 – 2007/Q2

Expected Sales

	# of Respondents	Higher	No Change	Lower
2007 Q2	19	84%	16%	0%
2007 Q1	20	95	5	0
2006 Q4	20	55	35	10
2006 Q3	20	90	10	0
2006 Q2	19	95	5	0
2006 Q1	20	85	15	0
2005 Q4	20	90	10	0
2005 Q3	19	84	16	0
2005 Q2	19	89	6	6
2005 Q1	19	78	22	0
2004 Q4	17	79	14	7
2004 Q3	18	78	17	5

Expected Capital Spending

	# of Respondents	Higher	No Change	Lower
2007 Q2	19	58%	32%	10%
2007 Q1	20	50	45	5
2006 Q4	20	40	50	10
2006 Q3	20	60	35	5
2006 Q2	19	58	42	0
2006 Q1	20	60	40	0
2005 Q4	20	60	35	5
2005 Q3	19	74	21	5
2005 Q2	19	50	44	6
2005 Q1	19	53	47	0
2004 Q4	17	64	29	7
2004 Q3	18	39	56	5

Expected Iowa Employment

	# of Respondents	Higher	No Change	Lower
2007 Q2	19	53%	47%	0%
2007 Q1	20	55	45	0
2006 Q4	20	45	55	0
2006 Q3	20	55	45	0
2006 Q2	19	58	42	0
2006 Q1	20	65	35	0
2005 Q4	20	50	45	5
2005 Q3	19	53	32	15
2005 Q2	19	50	44	6
2005 Q1	19	68	26	6
2004 Q4	17	64	22	14
2004 Q3	18	50	28	22