



News Release

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Overall Business Sentiment Among Large Employers Shows Little Movement

Iowa Business Council Releases Fourth Quarter Results

DES MOINES, IOWA – (December 1, 2009) Indicators used to measure economic activity among large employers in the state for the coming six months showed little movement over the previous quarter, as the **2009Q4 Iowa Business Council (IBC) Overall Economic Outlook Survey Index (OSI) is 47.7**. This is one point lower than the 2009Q3 Overall OSI of 48.7 reported in September, but over four points higher than the Overall OSI of 43.3 from one year ago. The survey was completed by the 20 corporate members of the Iowa Business Council during the second half of November, the results of which were released today.

The **2009Q4 Sales OSI is 50**, four points lower than last quarter and one point less than one year ago. Sixty-five percent of the CEOs predict steady or increased business activity over the next six months – substantially higher (5%), higher (35%), or no change (25%). However, thirty-five percent of survey respondents expect sales levels to decrease – lower (25%) or substantially lower (10%).

The **2009Q4 Capital Spending OSI is 49**, which has not changed from last quarter but is eight points higher than the 2008Q4 survey. Sixty-five percent of IBC corporate members expect capital spending levels to be substantially higher (10%), higher (10%), or remain the same (45%) through May 2010. Thirty-five percent of survey respondents expect capital spending – investments in facilities and equipment – to be lower (30%) or substantially lower (5%).

The **2009Q4 Employment OSI is 44**, one point higher than three months ago and six points ahead of this same time last year. Seventy percent expect hiring to be higher (15%) or the same (55%) for the next six months, while thirty percent expect lower (20%) or substantially lower (10%) employment levels.

“It’s important to remember that business activity in Iowa, in several different sectors, is rebounding off of historic lows,” said Mel Haight, recently retired president and CEO of Pella Corporation and chair of the Iowa Business Council. “With index numbers hovering around the positive/negative sentiment breakpoint, enthusiasm for the state’s economic recovery remains fragile with sustainability still an issue. Consumers and businesses continue to be cautious on spending and investment. Along with maintaining a world-class education and workforce development system, the most important thing policymakers can do to foster economic growth is to incent innovation and commercialization, spur and nurture an entrepreneurial spirit, aggressively seek capital investment, offer attractive research and development incentives, and promote an overall reasonable cost of doing business.”

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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 2009Q4 Survey Responses

Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	09Q4	09Q3	09Q4	09Q3	09Q4	09Q3	09Q4	09Q3	09Q4	09Q3
Change in sales in the next six months?	5%	5%	35%	40%	25%	25%	25%	25%	10%	5%
Change in capital spending in the next six months?	10%	5%	10%	10%	45%	65%	30%	10%	5%	10%
Change in employment in the next six months?	0%	0%	15%	15%	55%	45%	20%	35%	10%	5%

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

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

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

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

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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 is a nonpartisan, 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 major economic issues, evaluate options, and assist in implementing solutions through collaborative public/private partnerships. **Collectively**, IBC companies and institutions employ more than 210,000 Iowans and, in just the last 10 years, have invested over \$15 billion worth of capital in the state. **Annually**, the Business Council represents more than \$300 million in financial contributions and volunteer hours given to numerous charitable causes around Iowa. Council member companies and institutions are leaders in technology innovation with over \$3.0 billion in spending and procured grants for research and development. For more information, please visit the IBC Web site at www.iowabusinesscouncil.org.

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Iowa Business Council Economic Outlook Survey

Historical Perspective (pre-OSI) of Survey Results: 2004/Q3 – 2007/Q2

	<u># of Respondents</u>	<u>Expected Sales</u>		
		<u>Higher</u>	<u>No Change</u>	<u>Lower</u>
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

	<u># of Respondents</u>	<u>Expected Capital Spending</u>		
		<u>Higher</u>	<u>No Change</u>	<u>Lower</u>
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

	<u># of Respondents</u>	<u>Expected Iowa Employment</u>		
		<u>Higher</u>	<u>No Change</u>	<u>Lower</u>
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