



# News Release

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## ***Employment Levels Projected to Grow, Business Sentiment Slightly Lower Overall***

### ***Iowa Business Council Releases Third Quarter Results***

DES MOINES, IOWA – (September 2, 2008) Business leaders of Iowa's largest companies expect hiring activity to increase, capital spending to moderate, and sales levels to decrease slightly during the next six months, moving the **2008Q3 Iowa Business Council (IBC) Overall Economic Outlook Survey Index (OSI) to 63.3**. This is one point lower than the 2008Q2 Overall OSI of 64.3 reported in June and down from the Overall OSI of 64.7 one year ago. The IBC Economic Outlook Survey was completed by the 19 corporate members of the Iowa Business Council during the second and third weeks of August, the results of which were released today.

The **2008Q3 Sales OSI is 63**, eight points lower than last quarter (71) and six points behind the 2007Q3 projection (69). Seventy-four percent of survey respondents expect sales to move higher (58%) or remain the same (16%) over the next six months, while 26% expect sales levels to be lower, compared to 6% projected in 2008Q2.

The **2008Q3 Capital Spending OSI is 65**, a decrease of one point from 2008Q2 (66) and the same as recorded one year ago (65). Ninety percent of IBC corporate members expect to increase (53%) or maintain (37%) capital spending levels through the first quarter of next year. Eleven percent project lower levels of spending compared to 6% reported in the previous quarter. (Note: Rounding may cause the addition of percentages to equal more or less than 100%.)

The **2008Q3 Employment OSI is 62**, six points higher than three months ago (56) and two points ahead of last year (60). While 90% of IBC corporate members expect their companies to increase (53%) or maintain (37%) current employment levels, 11% foresee lower hiring activity which is consistent with last quarter.

"The news from the survey this quarter is that while sales and capital spending indicators are lower, many large corporate employers still expect to maintain or increase hiring levels as we start anticipating business activity in 2009," said Max Phillips, IBC chair and president of Qwest-Iowa & South Dakota. "These projections are significant considering the year commerce in Iowa has experienced so far. Most business plans for 2008 did not anticipate the considerable operational and, in some instances, re-building challenges brought on by this spring's tornadoes

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and floods. Iowans have shown true resiliency during the recovery efforts. It will be the same spirit and fortitude that produces an even stronger business climate in Iowa moving forward. Business leaders are committed to vibrant growth, meaningful careers options, and life-long learning opportunities delivered by an education system continually striving for excellence.”

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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 2008Q3 Survey Responses

Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	08Q3	08Q2	08Q3	08Q2	08Q3	08Q2	08Q3	08Q2	08Q3	08Q2
Change in sales in the next six months?	16%	17%	42%	50%	16%	28%	26%	6%	0%	0%
Change in capital spending in the next six months?	11%	22%	42%	22%	37%	50%	11%	6%	0%	0%
Change in employment in the next six months?	0%	0%	53%	33%	37%	56%	11%	11%	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) – previous five quarters

	<u>08Q3</u>	<u>08Q2</u>	<u>08Q1</u>	<u>07Q4</u>	<u>07Q3</u>
<b>OVERALL OSI</b> . . . . .	<b>63.3</b>	<b>64.3</b>	<b>66.3</b>	<b>66.3</b>	<b>64.7</b>
Sales OSI . . . . .	63	71	73	68	69
Capital Spending OSI . . . . .	65	66	63	71	65
Employment OSI . . . . .	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 nonprofit, nonpartisan, self-funded organization whose 23 members are the top executives of 19 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 203,000 Iowans and, in just the last 10 years, have invested over \$13 billion worth of capital in the state. Annually, the Business Council represents more than \$250 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 \$2.1 billion in spending and procured grants for research and development. For more information, please visit the IBC Web site at [www.iowabusinesscouncil.org](http://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