



# News Release

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## ***Expected Sales Growth in 2011 Drives Overall Economic Outlook Index to New High***

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

**DES MOINES, IOWA (March 1, 2011)** – Growth in sales levels and higher capital spending by many of Iowa's largest employers are reasons for continued improvement in overall optimism expressed by Iowa business leaders for the coming six months. The **2011Q1 Iowa Business Council (IBC) Overall Economic Outlook Survey Index (OSI)** rose to **66.7** – two points higher than three months ago (64.7) and more than 12 points higher than one year ago (54.3). This result establishes a new high for the Overall Survey Index measure, eclipsing the previous OSI mark of 66.3 achieved both in 2007Q4 and 2008Q1. The 2011Q1 survey was completed by 19 of the corporate members of the Iowa Business Council during the second half of February, the results of which were released today.

The **2011Q1 Sales OSI** is **75**, six points higher than last quarter (69) and 17 points above one year ago (58). This result represents a historical high for the survey's Sales indicator, surpassing the previous best of 73 registered in 2008Q1. Ninety-five percent of the CEOs expect steady or increased sales over the next six months – substantially higher (32%), higher (47%), or no change (16%). Five percent of survey respondents expect sales levels to decrease – lower (0%) or substantially lower (5%).

The **2011Q1 Capital Spending OSI** is **63**, which is three points lower than last quarter (66) but eight points higher than the 2010Q1 survey (55). Eighty-four percent of IBC corporate members expect steady or increased capital spending levels through May 2011 – substantially higher (5%), higher (58%), or no change (21%). Sixteen percent of survey respondents expect capital spending, i.e., investments in facilities and equipment, to decrease – lower (11%) or substantially lower (5%).

The **2011Q1 Employment OSI** is **62**, three points higher than three months ago (59) and 12 points ahead of this time last year (50). Ninety percent expect hiring levels for the next six months to remain steady or grow – substantially higher (0%), higher (53%), or no change (37%). Eleven percent expect employment needs to decrease – lower (11%) or substantially lower (0%).

"Expected growth in sales is pushing the IBC Economic Outlook Survey Index to higher levels," said Tom Aller, president of Interstate Power & Light, an Alliant Energy company, and 2010-11 chair of the Iowa Business Council. "First quarter results indicate that many companies continue to anticipate greater consumer purchasing activity this year. Employment projections are on a slow but steady climb, approaching levels seen prior to the economic downturn two years ago. Many variables still affect the world marketplace, but Iowa business leaders remain hopeful and confident about a strong 2011."

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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 generates a numeric measure going forward that attempts to more precisely estimate the economic condition of business activity in Iowa.

### IBC Economic Outlook 2011Q1 Survey Responses

| Quarter  | Substantially Higher |      | Higher |      | No Change |      | Lower |      | Substantially Lower |      |
|--|----------------------|------|--------|------|-----------|------|-------|------|---------------------|------|
|  | 11Q1                 | 10Q4 | 11Q1   | 10Q4 | 11Q1      | 10Q4 | 11Q1  | 10Q4 | 11Q1                | 10Q4 |
| Change in sales in the next six months?            | 32%                  | 19%  | 47%    | 43%  | 16%       | 29%  | 0%    | 10%  | 5%                  | 0%   |
| Change in capital spending in the next six months? | 5%                   | 19%  | 58%    | 38%  | 21%       | 29%  | 11%   | 10%  | 5%                  | 5%   |
| Change in employment in the next six months?       | 0%                   | 5%   | 53%    | 43%  | 37%       | 33%  | 11%   | 19%  | 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

|                                | 11Q1 | 10Q4 | 10Q3 | 10Q2 | 10Q1 | 09Q4 | 09Q3 | 09Q2 | 09Q1 | 08Q4 | 08Q3 | 08Q2 |
|--------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| OVERALL OSI . . . . .          | 66.7 | 64.7 | 61.3 | 62.3 | 54.3 | 47.7 | 48.7 | 38.3 | 35.3 | 43.3 | 63.3 | 64.3 |
| Sales OSI . . . . .            | 75   | 69   | 69   | 67   | 58   | 50   | 54   | 44   | 38   | 51   | 63   | 71   |
| Capital Spending OSI . . . . . | 63   | 66   | 58   | 60   | 55   | 49   | 49   | 33   | 31   | 41   | 65   | 66   |
| Employment OSI . . . . .       | 62   | 59   | 57   | 60   | 50   | 44   | 43   | 38   | 37   | 38   | 62   | 56   |

**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 (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](http://www.iowabusinesscouncil.org).

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