



Iowa Business Council

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FOR IMMEDIATE RELEASE

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Economic Outlook Sees Strong Move in Sales – Regulatory Compliance has ‘Increased Substantially’ for Most Iowa Business Council Releases Fourth Quarter Results

DES MOINES, IOWA – December 1, 2016. The sentiment of Iowa Business Council (IBC) members regarding economic activity in the state for the next six months generally returned to more positive measures from the previous quarter. The **2016Q4 IBC Overall Economic Outlook Survey Index (OSI)** is **59** – two points ahead of last quarter (57) but one point lower than this time last year (60). *Historic high = 68 from 2012Q2 survey; Historic low = 35.3 from 2009Q1.*

The 2016Q4 survey was completed by the corporate members of the Council during the second half of November, the results of which were released today.

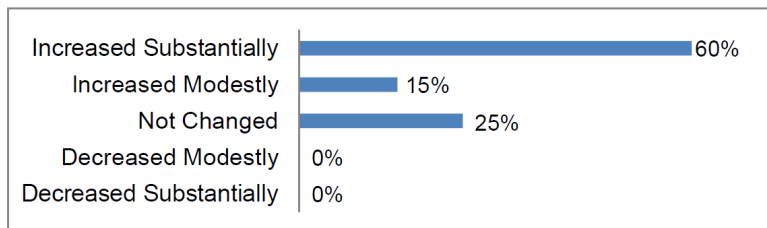
The **2016Q4 Sales OSI** is **66**, which is seven points higher than last quarter (59) and four points ahead of a year ago (62). Ninety percent of the CEOs expect steady or increased sales over the next six months – substantially higher (10%), higher (50%), or no change (30%). Ten percent of the survey respondents expect sales levels to decrease – lower (10%) or substantially lower (0%). *High = 75 from 2011Q1; low = 38 from 2009Q1.*

The **2016Q4 Capital Spending OSI** is **55**, which is one point behind last quarter (56) and four points lower than the 2015Q4 survey (59). Eighty percent of IBC corporate members expect steady or increased capital spending levels through May 2017 – substantially higher (0%), higher (40%), or no change (40%). Twenty percent of survey respondents expect capital spending, i.e., investments in facilities and equipment, to decrease – lower (20%) or substantially lower (0%). *High = 71 from 2007Q4; low = 31 from 2009Q1.*

The **2016Q4 Employment OSI** is **56**, the same result as three months ago (56) and two points behind this time last year (58). Eighty percent expect hiring levels for the next six months to remain steady or grow – substantially higher (0%), higher (40%), or no change (40%). Twenty percent expect employment needs to decrease – lower (20%) or substantially lower (0%). *High = 69 from 2015Q2; low = 37 from 2009Q1.*

Additionally, in this survey each respondent was asked to respond to the following question: “How has your company’s total spending on State and Federal Regulatory Compliance changed over the past few years?” The results follow:

State & Federal Regulatory Compliance



- more -

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Ruan Transportation Management Systems
Vice Chair

John K. Sorensen
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Iowa Bankers Association
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Vermeer Corporation

***Stan A. Askren**
Chairman, President & CEO
HNI Corporation

Reynolds W. Cramer
Chief Executive Officer
Fareway Stores, Inc.

Randy Edeker
Chairman, President, & CEO
Hy-Vee Inc.

William J. Fehrman
President & CEO
MidAmerican Energy Company

***John D. Forsyth**
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Wellmark Blue Cross Blue Shield of Iowa

Terry Handley
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The Weitz Company

R.K. (Kelly) Ortberg
Chairman, President, & CEO
Rockwell Collins, Inc.

Donald J. Pearson
Regional President, Great Plains Region
Wells Fargo & Company

Cory J. Reed
Senior V.P., Intelligent Solutions Group
Deere & Company

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University of Iowa Hospitals & Clinics

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DuPont Pioneer

David H. Vellinga
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Mercy Health Network

Kevin E. Vermeer
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UnityPoint Health

Jim Wohlpart
Interim President
University of Northern Iowa

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*** = former IBC Chair**

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“Iowa’s resilient economy is poised to enter the New Year in a promising position,” said Mike Wells, President and CEO of Wells Enterprises in Le Mars and 2016 Chair of the Iowa Business Council. “Sales levels often serve as a leading indicator for capital spending and employment activity to come, so business leaders see some hope for the start of 2017.”

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

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 regarding business activity looking six months forward. An Outlook Survey Index (OSI) of 50 indicates that business sentiment of all survey participants is average; an OSI above 50, the sentiment is positive; below 50, the sentiment is negative. The index generates a numeric measure going forward that attempts to more precisely estimate the economic condition of business activity in Iowa.

IBC Economic Outlook 2016Q4 Survey Responses

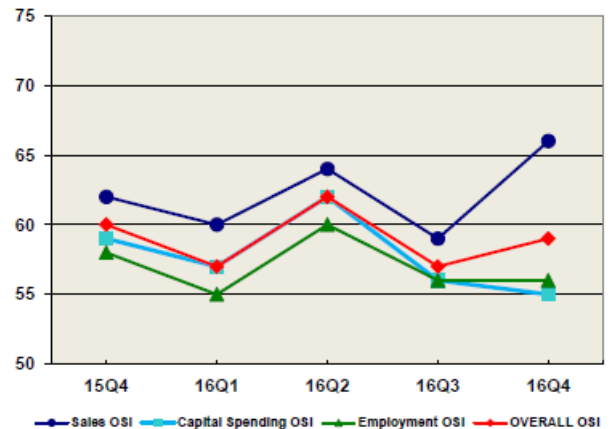
Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	16Q4	16Q3	16Q4	16Q3	16Q4	16Q3	16Q4	16Q3	16Q4	16Q3
Change in SALES over the next six months?	10%	0%	50%	43%	30%	48%	10%	10%	0%	0%
Change in CAPITAL SPENDING over the next six months?	0%	5%	40%	29%	40%	48%	20%	19%	0%	0%
Change in EMPLOYMENT over the next six months?	5%	0%	35%	38%	40%	43%	20%	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 five quarters

	16Q4	16Q3	16Q2	16Q1	15Q4
OVERALL OSI	59	57	62	57	60
Sales OSI	66	59	64	60	62
Capital Spending OSI	55	56	62	57	59
Employment OSI	56	56	60	55	58

OSI = 50 indicates business sentiment is moderate; > 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 organization whose members are the top executives of the largest businesses in the state, the three Regent university presidents, and the Iowa 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**, IBC companies and institutions impact the livelihoods of one in six Iowans, directly employing a quarter million citizens. The combined payroll of these entities is in excess of \$11 billion, and they 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 on 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.

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