



Iowa Business Council

100 East Grand Avenue, Suite 160, Des Moines, Iowa 50309
Phone: 515.246.1700 Fax: 515.246.1701
Email: ibc@iowabusinesscouncil.org
Web site: www.iowabusinesscouncil.org

FOR IMMEDIATE RELEASE

Contact:

Amy Kline

a.kline@essmanassociates.com

Phone: (515) 282-7145

Business Activity Expected to Cool Mid-Year

Iowa Business Council Releases First Quarter Results

DES MOINES, IOWA – March 1, 2016. The sentiment of Iowa Business Council (IBC) members regarding economic activity in the state for the next six months edged lower from the previous quarter. The **2016Q1 IBC Overall Economic Outlook Survey Index (OSI) is 57** – three points less than last quarter (60) and eight points behind this time last year (65). *Historic high = 68 from 2012Q2 survey; Historic low = 35.3 from 2009Q1.*

The 2016Q1 survey was completed by the corporate members of the Council during the second half of February, the results of which were released today.

The **2016Q1 Sales OSI is 60**, which is two points lower than last quarter (62) and nine points behind a year ago (69). Eighty-five percent of the CEOs expect steady or increased sales over the next six months – substantially higher (5%), higher (45%), or no change (35%). Fifteen percent of the survey respondents expect sales levels to decrease – lower (10%) or substantially lower (5%). *High = 75 from 2011Q1; low = 38 from 2009Q1.*

The **2016Q1 Capital Spending OSI is 57**, which is two points lower than last quarter (59) and five points below the 2015Q1 survey (62). Eighty-five percent of IBC corporate members expect steady or increased capital spending levels through August 2016 – substantially higher (0%), higher (40%), or no change (45%). Fifteen percent of survey respondents expect capital spending, i.e., investments in facilities and equipment, to decrease – lower (15%) or substantially lower (0%). *High = 71 from 2007Q4; low = 31 from 2009Q1.*

The **2016Q1 Employment OSI is 55**, three points lower than three months ago (58) and seven points behind this time last year (62). Eighty percent expect hiring levels for the next six months to remain steady or grow – substantially higher (10%), higher (20%), or no change (50%). Twenty percent expect employment needs to decrease – lower (20%) or substantially lower (0%). *High = 69 from 2015Q2; low = 37 from 2009Q1.*

“Volatility in global markets and currency exchanges is impacting business activity here in this country,” said Mike Wells, President and CEO of Wells Enterprises in Le Mars and 2016 Chair of the Iowa Business Council. “Until commodity prices rise and the U.S. dollar stabilizes, many business segments will be challenged to expand markets and add to their workforce.”

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

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*** = former IBC Chair**

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Executive Director
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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 2016Q1 Survey Responses

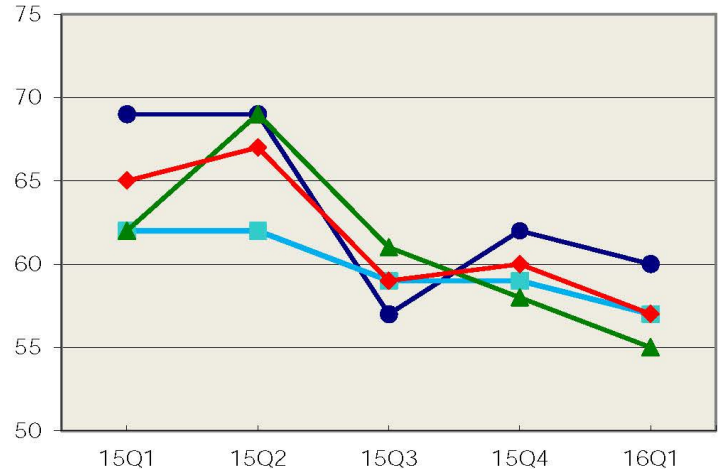
Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	16Q1	15Q4	16Q1	15Q4	16Q1	15Q4	16Q1	15Q4	16Q1	15Q4
Change in SALES over the next six months?	5%	5%	45%	55%	35%	30%	10%	5%	5%	5%
Change in CAPITAL SPENDING over the next six months?	0%	10%	40%	35%	45%	45%	15%	0%	0%	10%
Change in EMPLOYMENT over the next six months?	10%	5%	20%	40%	50%	35%	20%	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 five quarters

	16Q1	15Q4	15Q3	15Q2	15Q1
OVERALL OSI	57	60	59	67	65
Sales OSI	60	62	57	69	69
Capital Spending OSI ..	57	59	59	62	62
Employment OSI	55	58	61	69	62

OSI = 50 indicates business sentiment is moderate; > 50 is positive; < 50 is negative.



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—●— Sales OSI —■— Capital Spending OSI —▲— Employment OSI —◆— OVERALL OSI



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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 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.

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