



# News Release

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## ***Strong Sales and Capital Spending Drive Improvement in Economic Indicators***

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

**DES MOINES, IOWA (December 1, 2010)** – Sustained strong sales levels and higher capital spending by many of Iowa's largest employers were two reasons for improvement in overall optimism expressed by business leaders for the coming six months. The **2010Q4 Iowa Business Council (IBC) Overall Economic Outlook Survey Index (OSI)** rose to **64.7** – over three points higher than three months ago (61.3) and 17.0 points higher than one year ago (47.7). The survey was completed by the 21 corporate members of the Iowa Business Council during the second half of November, the results of which were released today.

The **2010Q4 Sales OSI** is **69**, the same level as last quarter (69) and 19 points above one year ago (50). Ninety-one percent of the 21 CEOs expect steady or increased sales over the next six months – substantially higher (19%), higher (43%), or no change (29%). Ten percent of survey respondents expect sales levels to decrease – lower (10%) or substantially lower (0%).

The **2010Q4 Capital Spending OSI** is **66**, which is eight points ahead of last quarter (58) and 17 points higher than the 2009Q4 survey (49). Eighty-six percent of IBC corporate members expect steady or increased capital spending levels through May 2011 – substantially higher (19%), higher (38%), or no change (29%). Fifteen percent of survey respondents expect capital spending, i.e., investments in facilities and equipment, to decrease – lower (10%) or substantially lower (5%).

The **2010Q4 Employment OSI** is **59**, two points higher than three months ago (57) and 15 points ahead of this time last year (44). Eighty-one percent expect hiring levels for the next six months to remain steady or grow – substantially higher (5%), higher (43%), or no change (33%). Nineteen percent expect employment needs to decrease – lower (19%) or substantially lower (0%).

"This quarter's survey results indicate that many companies are expanding their operations, possibly anticipating greater consumer purchasing activity in 2011," said Tom Aller, president of Interstate Power & Light, an Alliant Energy company, and 2010-11 chair of the Iowa Business Council. "We're still cautious, however, in our employment projections. Given the tough economy that business has dealt with over the last few years, attaining levels of steady long-term growth within the many different industry and service sectors represented on the Council remains the goal."

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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 2010Q4 Survey Responses

Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	10Q4	10Q3	10Q4	10Q3	10Q4	10Q3	10Q4	10Q3	10Q4	10Q3
Change in sales in the next six months?	19%	15%	43%	55%	29%	20%	10%	10%	0%	0%
Change in capital spending in the next six months?	19%	5%	38%	40%	29%	40%	10%	10%	5%	5%
Change in employment in the next six months?	5%	0%	43%	45%	33%	35%	19%	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 twelve quarters

	10Q4	10Q3	10Q2	10Q1	09Q4	09Q3	09Q2	09Q1	08Q4	08Q3	08Q2	08Q1
OVERALL OSI . . . . .	64.7	61.3	62.3	54.3	47.7	48.7	38.3	35.3	43.3	63.3	64.3	66.3
Sales OSI . . . . .	69	69	67	58	50	54	44	38	51	63	71	73
Capital Spending OSI . . . . .	66	58	60	55	49	49	33	31	41	65	66	63
Employment OSI . . . . .	59	57	60	50	44	43	38	37	38	62	56	63

**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 25 members are the top executives of 21 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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