

THE SALT LAKE CHAMBER'S

CEO *Outlook*

TAKING THE ECONOMIC PULSE OF UTAH'S BUSINESS COMMUNITY

UTAH'S QUARTERLY ECONOMIC SURVEY OF BUSINESS EXECUTIVES

2017 PRE-TEST - QUARTER 2



Lane Beattie
President and CEO
Salt Lake Chamber

Optimism, Workforce and Tax Reform

Making sure we present the business perspective on the future of the economy is critical. Last quarter (17-Q1), we launched the CEO Outlook initiative, and I can absolutely say we are already gaining from it. Optimism is the word again this quarter, as Natalie's analysis will show. There are however risks to our economic growth. This quarter, in addition to asking about the direction of the economy, we asked executives the impacts of federal tax reform on their businesses (Q6) and the greatest local barriers preventing their businesses from growing (Q7).

These issues are significant, for example our country — and Utah's economy — is being left behind globally with an antiquated federal tax system. Executives reported that federal tax reform and lowering the corporate tax rate would increase capital spending, hiring, and improve companies' competitiveness globally. However, businesses do need more clarity and policy leadership from Washington on this issue.

In addition to this challenge, it seems that every business is being impacted by our robust economy and a lack of talent in every sector. The majority of executives responded that this is the most significant challenge to further business growth. A significant opportunity exists to help address these issues both in the short and long term. Utah can become more than a national economic powerhouse, we can be a global one if we invest, align and ensure educational achievement. That's why I'm so excited by the potential of the "Talent Ready Utah" initiative and the recent launching of the many career pathway programs programs.

This quarterly survey is already proving to be a powerful tool to understand where Utah's economy is headed and challenges to future growth. We appreciate the support of our participants and hope you'll utilize this to make better-informed decisions in your business.

ABOUT THE SALT LAKE CHAMBER'S CEO Outlook

The Salt Lake Chamber's CEO Outlook is a new statewide economic survey of Utah business executives. Modeled after other national business sentiment surveys, it provides a forward-looking view of the Utah economy. The results of the survey will help business and community leaders make informed decisions about likely future economic conditions. The survey is currently in its "pre-test" stage and will be evaluated over the next year to assess its predictive value.



Natalie Gochnour
Director and Chief Economist
Kern C. Gardner Policy Institute and
Salt Lake Chamber

Stop, Look and Listen

The Utah economy continues to perform well. Unemployment remains well below 4 percent (3.1 percent in April 2017) and the job growth rate of 3.3 percent stands above the long-term average. From April 2016 to April 2017 Utah added 46,700 jobs. Most economists believe Utah is at full employment.

Utah's strong labor market performance begs the question, "When will Utah's healthy economic growth temper?" The results of the second quarter CEO Outlook suggest the Utah economy still has room to run, but sentiment is moderating. Fifty-nine percent of respondents believe the Utah economy is performing "somewhat better" or "significantly better" than six months ago. While this is a slightly lower percentage than the first quarter results, it is still a strong showing. Looking forward, expectations for Utah's economic performance six months from now, however, have tempered notably since the first quarter results. Forty percent of respondents expect economic conditions to improve six months from now. This compares to a solid 64 percent feeling the same way in the first quarter.

I continue to advise business leaders that we are late in the cycle and now is a good time to "stop, look and listen." The information gleaned from this CEO Outlook will help us manage the business cycle in a way that is good for business.

“UTAH CEO Outlook ECONOMIC CONFIDENCE INDEX” - COMING IN 2018

Sponsored By: [Your Company Name Here]

The survey is currently in its “pre-test” stage and will be evaluated over the next year to assess its predictive value. We will be developing the “Utah CEO Outlook Economic Confidence Index” from the first year of results that will be released in the first-quarter of 2018.



“Your Company Ad Here”

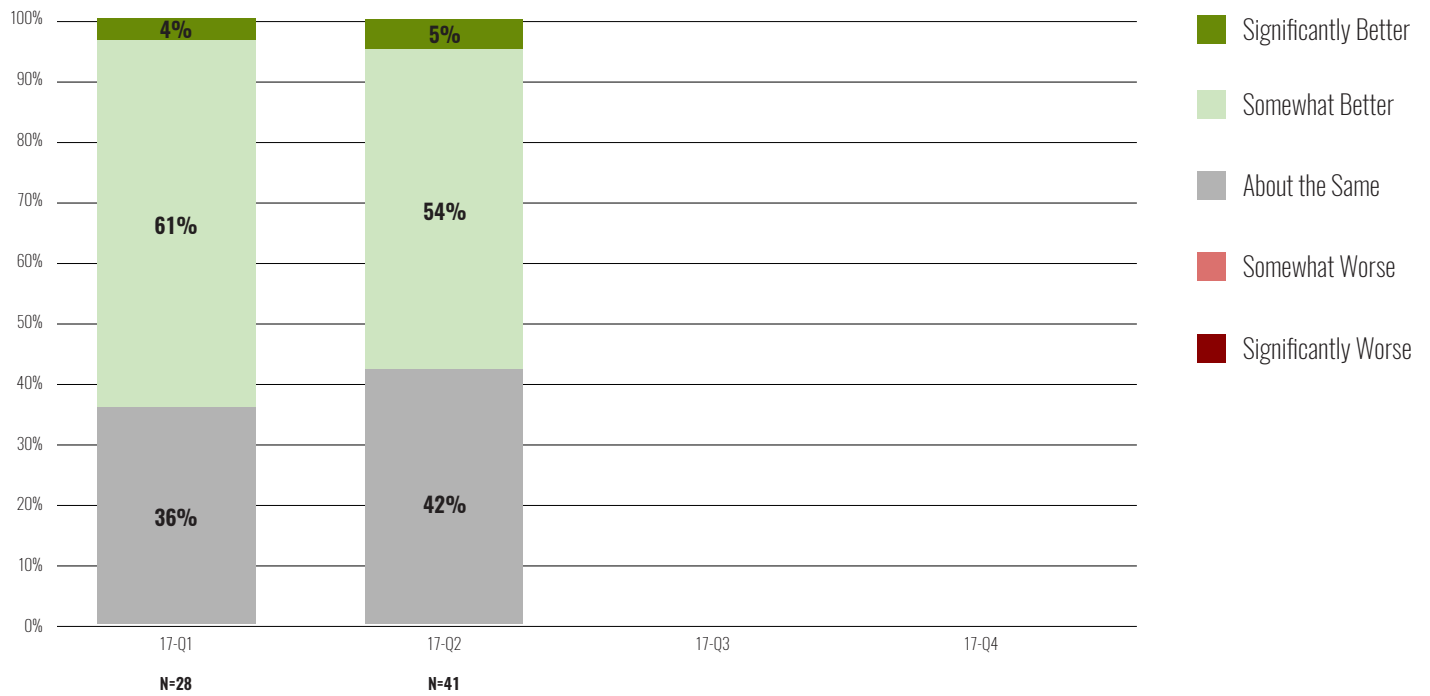
CEO Outlook Sponsorships Available:

- Utah CEO Outlook Economic Confidence Index Sponsor
- CEO Outlook Report Sponsor
- CEO Outlook Economic Roundtable Sponsor

For more details please contact Michael Parker, Vice President of Public Policy, Salt Lake Chamber (mmparker@slchamber.com | 801-328-5068)

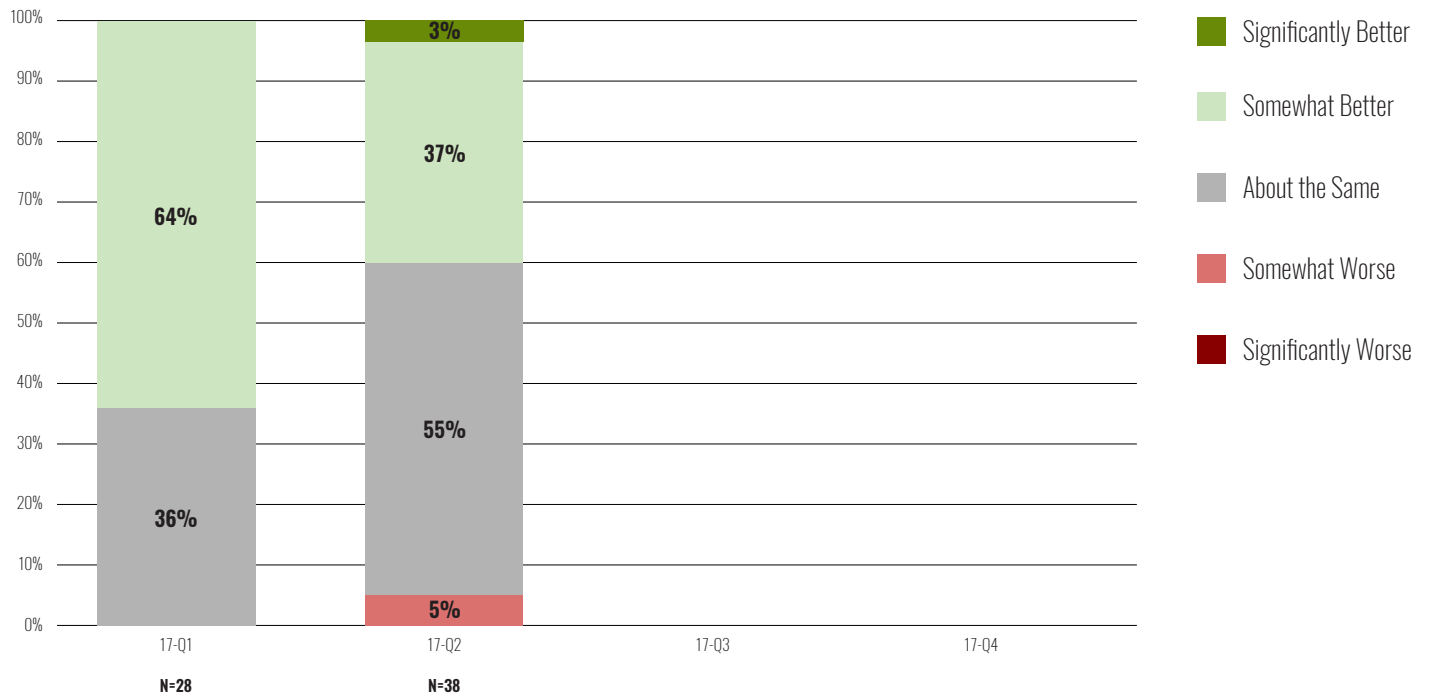
MAJORITY OF EXECUTIVES REPORT ECONOMY STILL BETTER THAN PREVIOUS SIX MONTHS

1 - How would you describe the current economic conditions in Utah compared to six months ago?



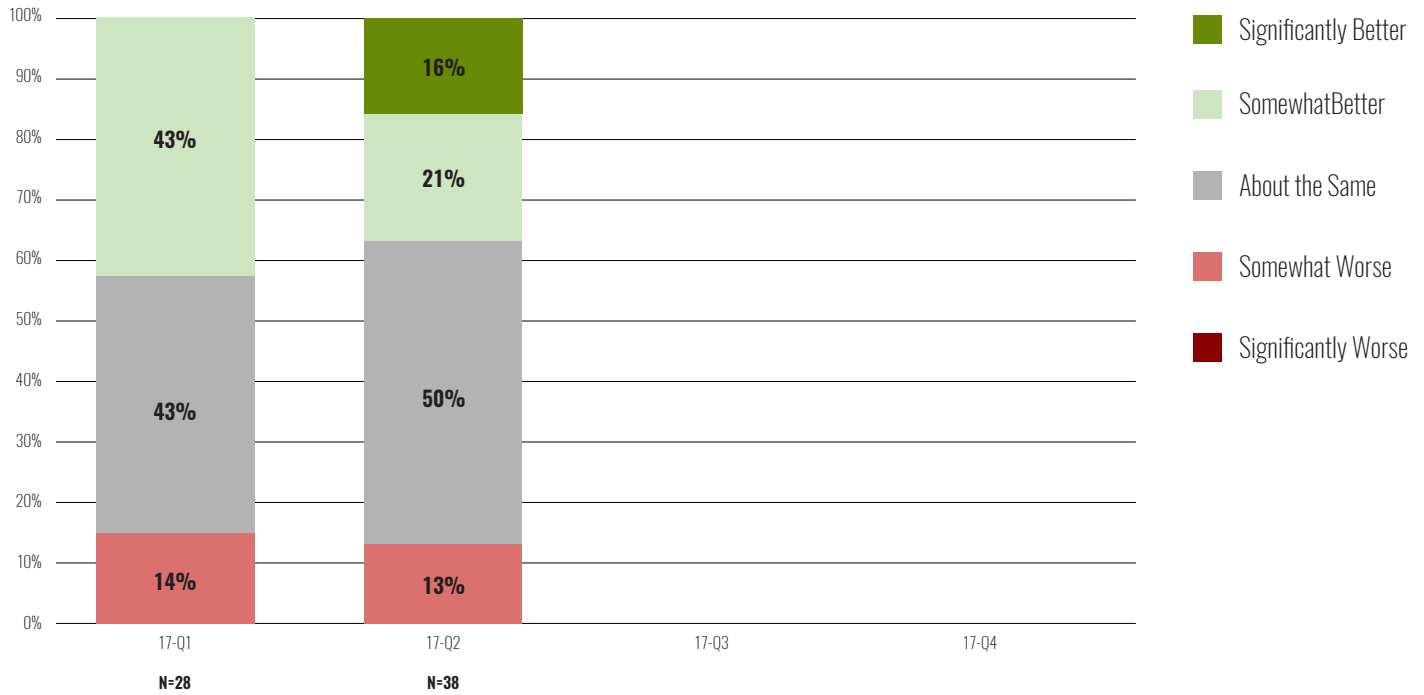
MAJORITY OF EXECUTIVES REPORT MODERATING OPTIMISM FOR UTAH'S ECONOMY COMPARED TO THE FIRST QUARTER

2 - What is your expectation for economic conditions in Utah six months from now?



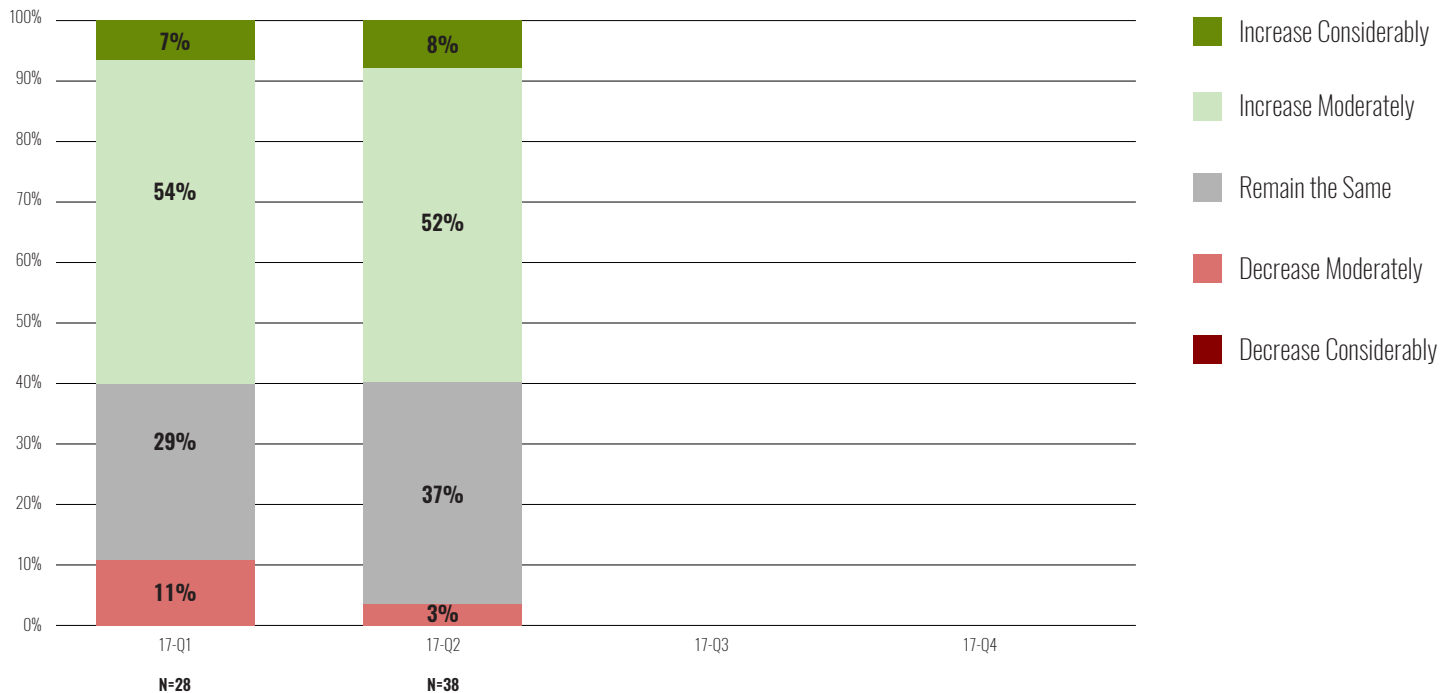
MAJORITY OF EXECUTIVES REPORT THEIR OWN INDUSTRY WILL HOLD STEADY

3 - What is your expectation for your own industry six months from now?



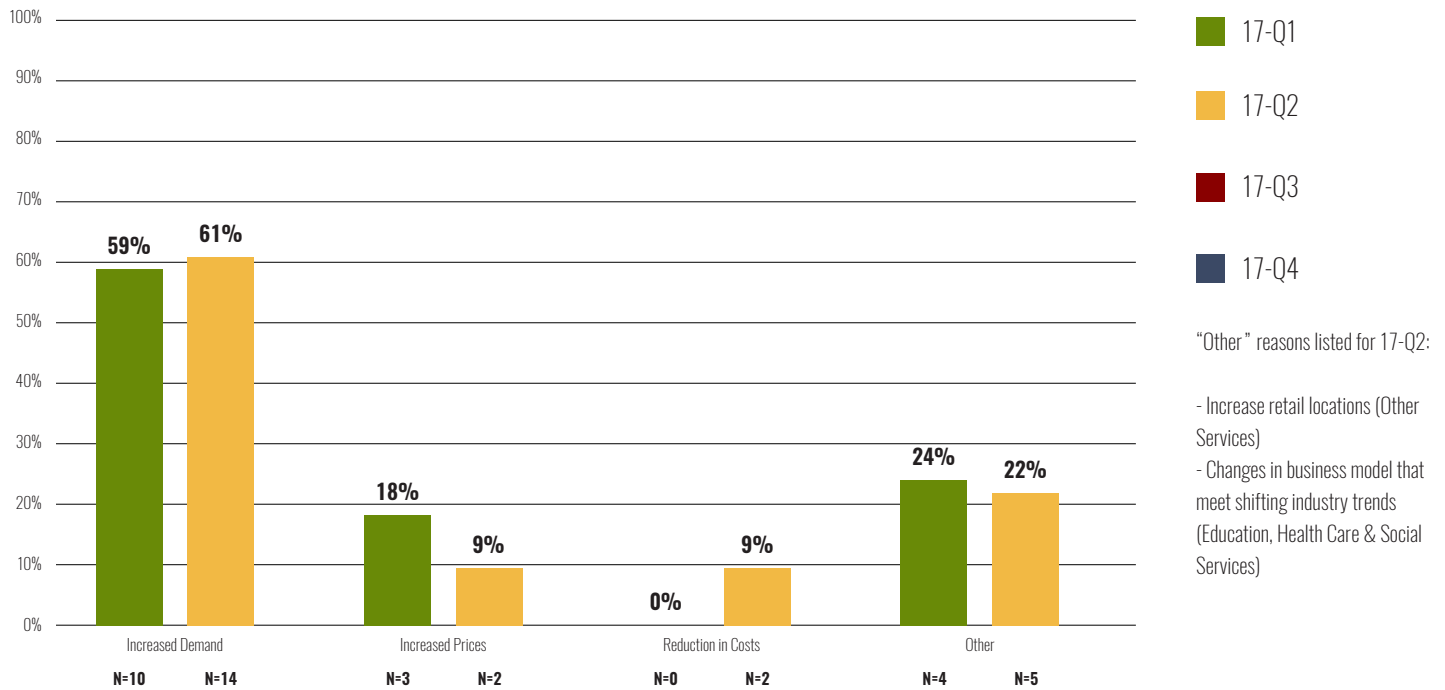
MAJORITY OF EXECUTIVES REPORT STRONG POTENTIAL FOR PROFIT GROWTH IN THE NEXT YEAR

4 - What are your expectations for your firm's profits in the next 12 months?



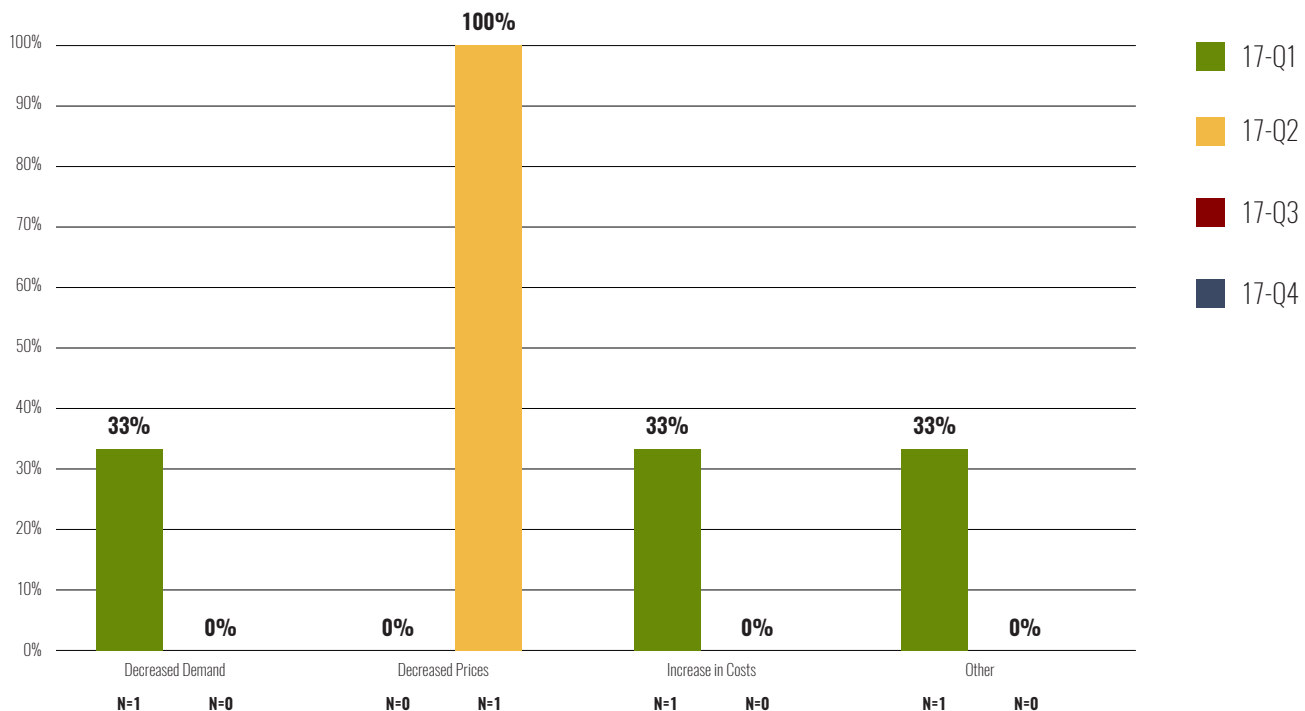
MAJORITY OF EXECUTIVES REPORT STRONG DEMAND STILL DRIVING POTENTIAL PROFIT GROWTH

5 - Which factor do you anticipate will be the primary driver for increasing profits over the next 12 months?



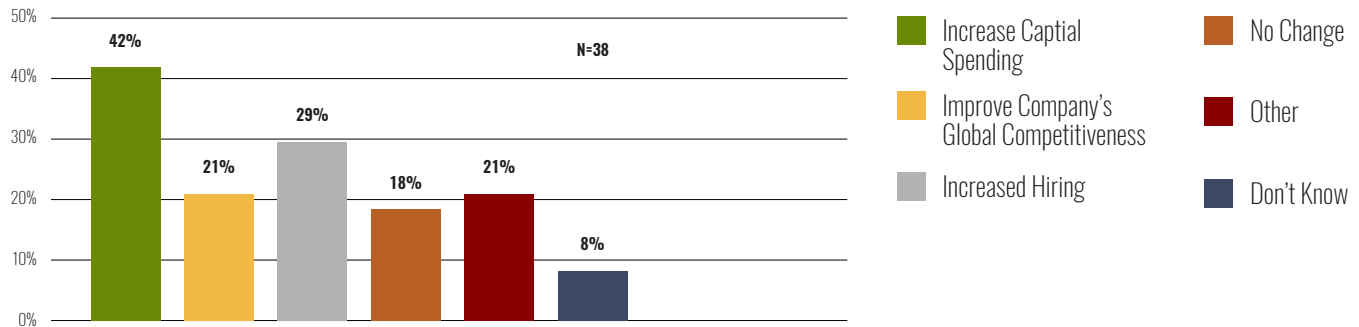
ONLY ONE RESPONDENT CONCERNED ABOUT DECLINING PRICES IMPACTING PROFITS

6 - Which factor do you anticipate will be the primary driver in decreasing profits over the next 12 months?



MAJORITY OF EXECUTIVES REPORT POSITIVE IMPACTS OF REDUCING CORPORATE RATE, SOME CAUTION UNTIL MORE DETAILS ARE KNOWN

7 - For your company, federal tax reform reducing the corporate rate would lead to: (respondents allowed to select all that applied)

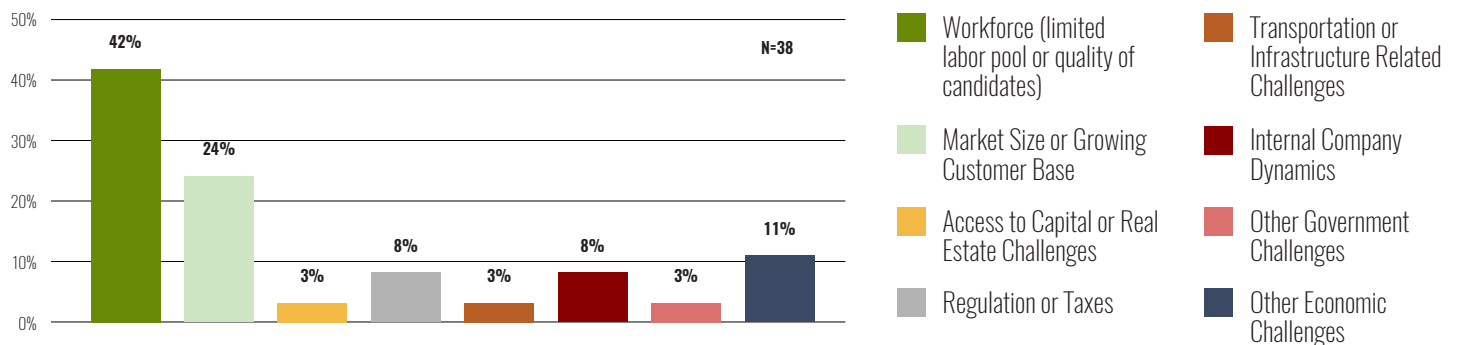


"Other" reasons listed:

- We are really concerned about the Border Adjustment Tax proposal. It would have a significant impact on our business (Wholesale Trade)
- If they address sole proprietorships it would be significant for profits (Other Services)
- Reduced customer rates and less competitive clean energy (Utilities)
- More optimism (Finance, Insurance Real Estate, Rental & Leasing)
- Increasing interest rates decrease profit/ROR (Finance, Insurance Real Estate, Rental & Leasing)
- Increased ability to invest in next-generation product and service development and deployment (Education, Health Care & Social Services)
- Raise wages (Transportation & Warehousing)

MAJORITY OF EXECUTIVES OVERWHELMINGLY REPORT WORKFORCE AS SINGLE GREATEST CHALLENGE TO BUSINESS GROWTH

8 - For your company, what is the single greatest challenge to growth within the state of Utah?



"Other" government challenges listed:

- In banking- the current regulatory environment provides the most challenge (Finance, Insurance Real Estate, Rental & Leasing)

"Other" economic challenges listed:

- Impacts from new administration and customer perception, and key business lines/markets are slowing (Wholesale Trade)
- Competitive challenges, low margins (Finance, Insurance Real Estate, Rental & Leasing)
- Market conditions (Mining)

KEY ECONOMIC FIGURES FROM QUARTER 1 - 2017

	JANUARY	FEBRUARY	MARCH
Salt Lake Chamber's CEO Outlook Confidence Index	TBD	TBD	TBD
Utah - Unemployment Rate (Y/Y Change)	3.2%	3.1%	3.1%
Utah - Job Growth Rate (Y/Y Change)	3.1%	3.3%	3.2%
Zions Bank Utah Consumer Attitude Index	117.5	114.7	123.5
Zions Bank Wasatch Front Consumer Price Index (Y/Y Change)	2.6 %	3.2%	(Y/Y) N/A

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ABOUT THE SALT LAKE CHAMBER

The Salt Lake Chamber is Utah's largest and longest-standing business association. A statewide chamber of commerce with members in all 29 Utah counties, the Chamber represents the broad interests of the state's 63,000-plus employers, which employ more than 1.4 million Utahns. This includes thousands of members and their employees.

ABOUT THE KEM C. GARDNER POLICY INSTITUTE

The Kem C. Gardner Policy Institute at the University of Utah develops and shares economic, demographic and public policy data and research that help individuals and the community make informed decisions. Housed in the David Eccles School of Business, the Institute seeks to be a vital gathering place and center for independent economic, demographic and public policy thought leadership that helps the Utah economy to prosper. The Institute is a strategic partner with the Salt Lake Chamber in serving Utah.

RESPONDENT INDUSTRY MAKE UP

SECTOR	NUMBER RESPONDING		TOTAL POSSIBLE	3-YEAR CONTRIBUTION TO GDP
	Q1	Q2		
Finance, Insurance Real Estate, Rental & Leasing	10	11	12	25%
Professional & Business Services	4	6	6	12%
Manufacturing	3	5	7	14%
Retail Trade	2	3	4	8%
Information	1	2	2	5%
Mining	1	2	2	4%
Other	1	2	2	3%
Arts Entertainment, Recreation, Accommodation	1	1	2	4%
Construction	1	3	3	6%
Education, Health Care & Social Services	1	1	4	8%
Transportation & Warehousing	1	1	2	4%
Utilities	1	1	1	>1%
Wholesale Trade	1	2	3	6%
Agriculture, forestry, fishing, and hunting	0	0	0	<1%

*Sample attempts to proportionally represent Utah's business sectors. Sectors are determined by Department of Workforce Services FirmFinder.

METHODOLOGY

The Salt Lake Chamber partners with the Kem C. Gardner Policy Institute at the University of Utah to design, tabulate and analyze the survey. Fifty business executives from Utah's fourteen major industries are asked 4-6 questions, depending on their responses, about their company and Utah's economic performance. Respondents are selected by each industry's contribution to the Utah economy. Panelists come from a range of firm sizes and locations within Utah.

FOR MORE INFORMATION

Michael Parker
Vice President of Public Policy
 Salt Lake Chamber
 801-328-5068
 mmparker@slchamber.com

Natalie Gochnour
Director and Chief Economist
 Kem C. Gardner Policy Institute and Salt Lake Chamber
 801-585-5618
 natalie.gochnour@eccles.utah.edu

Dianne Meppen
Director of Survey Research
 Kem C. Gardner Policy Institute
 801-585-5618
 dianne.meppen@utah.edu



130TH ANNIVERSARY

SALT LAKE

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CHAMBER

UTAH'S BUSINESS LEADER