

THE SALT LAKE CHAMBER'S

# CEO *Outlook*

TAKING THE ECONOMIC PULSE OF UTAH'S BUSINESS COMMUNITY

UTAH'S QUARTERLY ECONOMIC SURVEY OF BUSINESS EXECUTIVES

**PRE-TEST QUARTER 1 - 2017**



**Lane Beattie**  
*President and CEO*  
Salt Lake Chamber

### **Utah's Economy is Stronger than Ever**

I am so thrilled about this new CEO Outlook project. Often we hear great statistics about Utah's economy that are the outcome of decisions made by our business community. Making sure we present the business perspective on the future of the economy is critical context to these fundamental data points. This pre-test is an example of the great information our business community can share with our peers and policymakers to make better-informed decisions.

As we look at the Utah economy, the most significant trend in my mind is optimism. And it appears that most of our executives agree. The first-quarter showed continue strength for the nation's best economy. Something we were able to celebrate at the 11th annual Governor's Economic Summit. This was also validated by the announcement that for the 10th year in a row, ALEC has ranked Utah #1 in the nation for our economic outlook.

Keeping the momentum moving forward will require using great information like this quarterly survey and making wise decisions about our state's future.

## **ABOUT THE SALT LAKE CHAMBER'S CEO Outlook**

The Salt Lake Chamber 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.



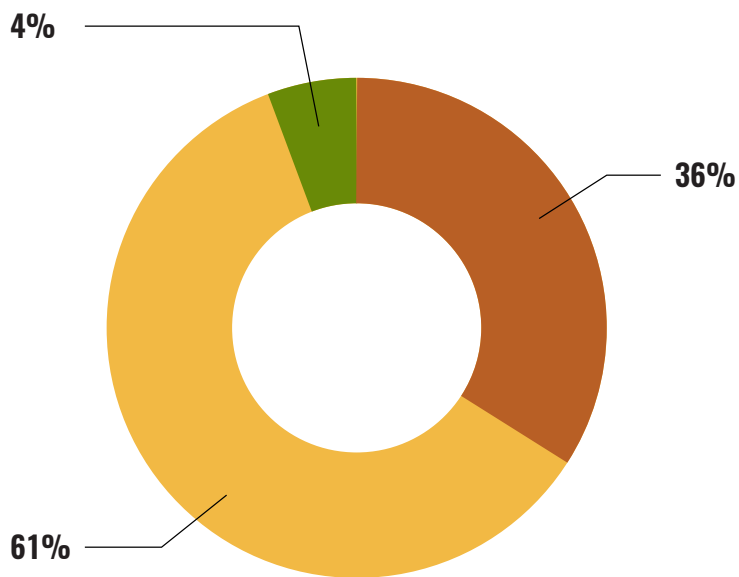
**Natalie Gochnour**  
*Director and Chief Economist*  
Kem C. Gardner and Salt Lake Chamber

### **Three words for Utah's economy: positive, healthy and mindful**

The Utah economy finished the first quarter strong with a February unemployment rate of 3.1 percent and a job growth rate of 3.3 percent. Every major industry except Natural Resources and Information added jobs. The Beehive State's economy also continues to outperform the nation.

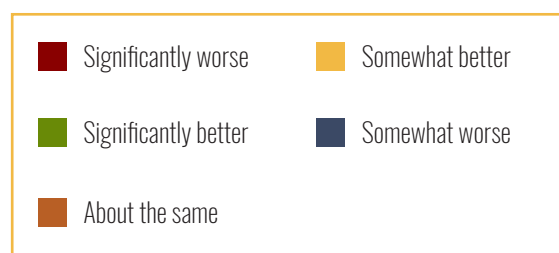
This pre-test of the CEO Outlook survey shows results that affirm these positive conditions and a generally optimistic trajectory. Approximately two-thirds of the executives surveyed view the Utah economy as somewhat or significantly better today than six months ago. They also view the future will be somewhat better. Over the next year, these and other survey results will be tracked and compared to overall economic conditions to assess the predictive power of the outlook.

## CEO'S REPORT ECONOMY BETTER THAN PREVIOUS SIX MONTHS

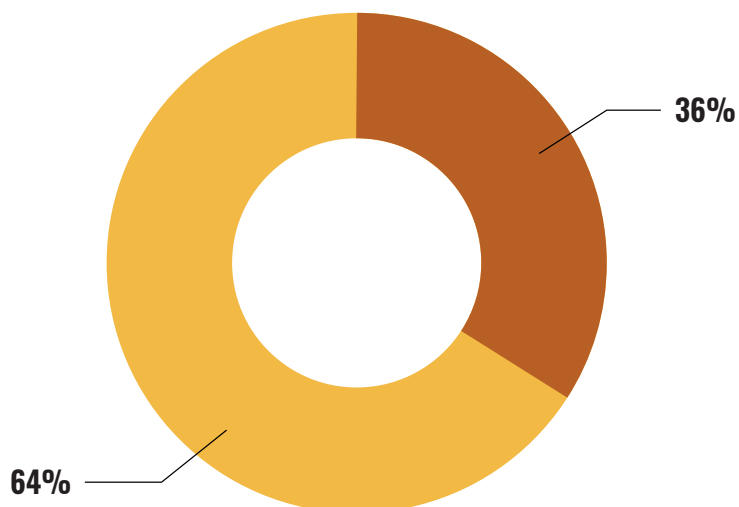


1 - How would you describe the current economic conditions in Utah compared to six months ago?

0%	Significantly worse
0%	Somewhat worse
36%	About the same (10 respondents)
61%	Somewhat better (17 respondents)
4%	Significantly better (1 respondent)

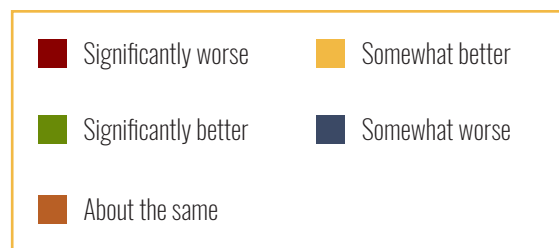


## CEO'S OPTIMISTIC ABOUT NEXT SIX MONTHS

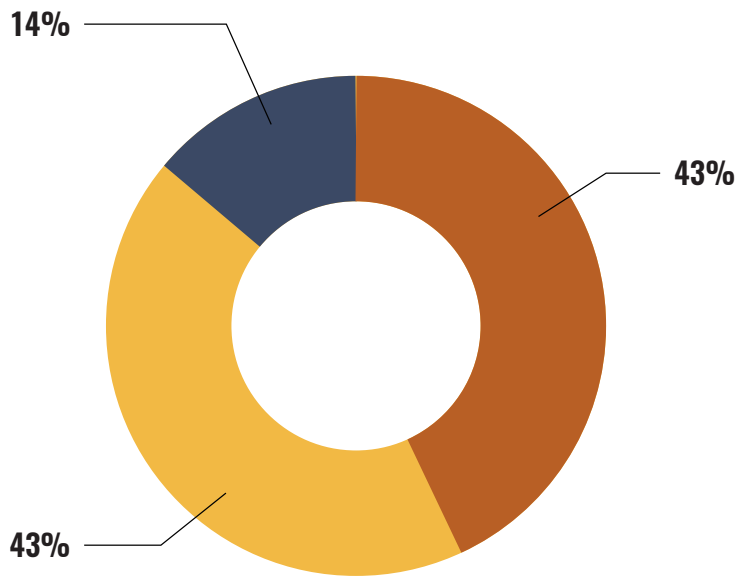


2 - What is your expectation for economic conditions in Utah six months from now?

0%	Significantly worse
0%	Somewhat worse
36%	About the same (10 respondents)
64%	Somewhat better (18 respondents)
0%	Significantly better

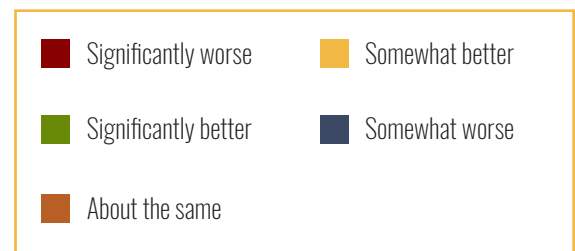


## CEO'S LESS OPTIMISTIC ABOUT OWN INDUSTRY IN NEXT SIX MONTHS

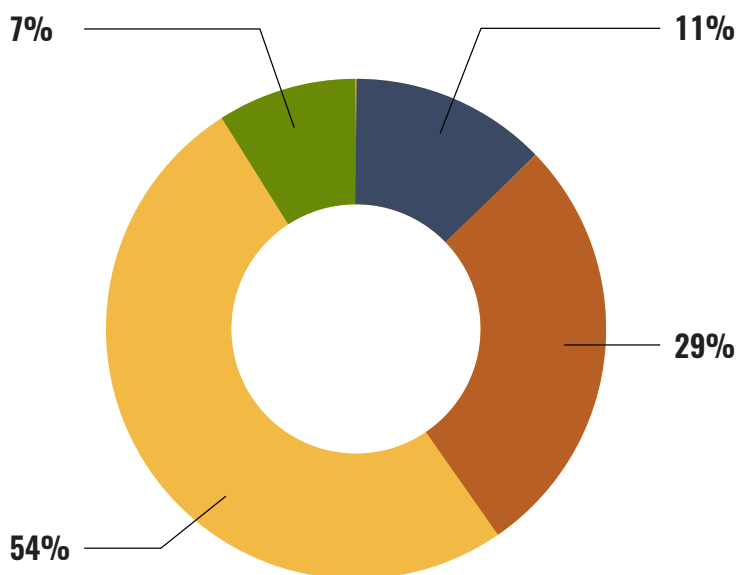


3 - What is your expectation for your own industry six months from now?

0%	Significantly worse
0%	Somewhat worse
43%	About the same (12 respondents)
43%	Somewhat better (12 respondents)
14%	Significantly better (4 respondents)

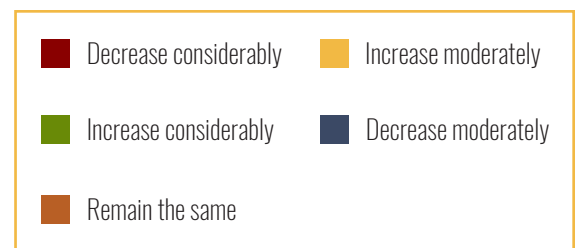


## CEO'S EXPECTING LARGER PROFITS OVER NEXT YEAR



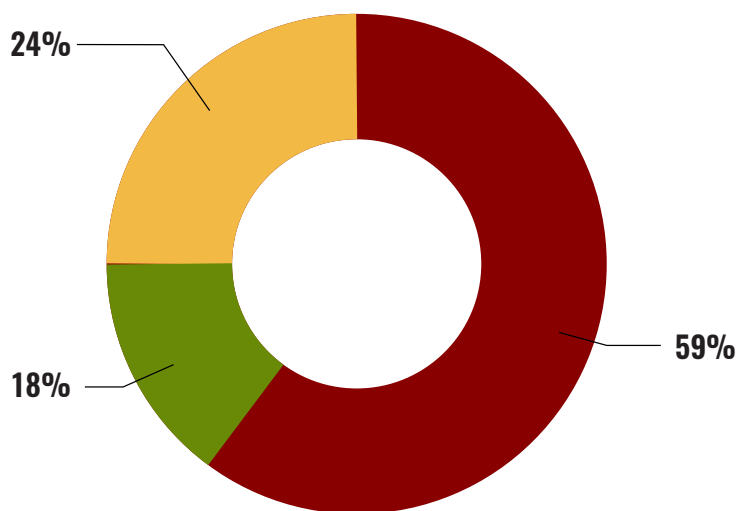
4 - What are your expectations for your firm's profits in the next 12 months?

0%	Decrease considerably
11%	Decrease moderately (3 respondents)
29%	Remain the same (8 respondents)
54%	Increase moderately (15 respondents)
7%	Increase considerably (2 respondents)



# POLICY CHANGES AND STRONG ECONOMY EXPECT TO DRIVE NEW PROFITS

For those that chose a considerable or moderate increase in their firm's profits:  
 5 - Which factor do you anticipate will be the primary driver for increasing profits over the next 12 months? N=17



- 59% Increased demand (10 respondents)
- 18% Increased prices (3 respondents)
- 0% Reduction in costs
- 24% Other (4 respondents)

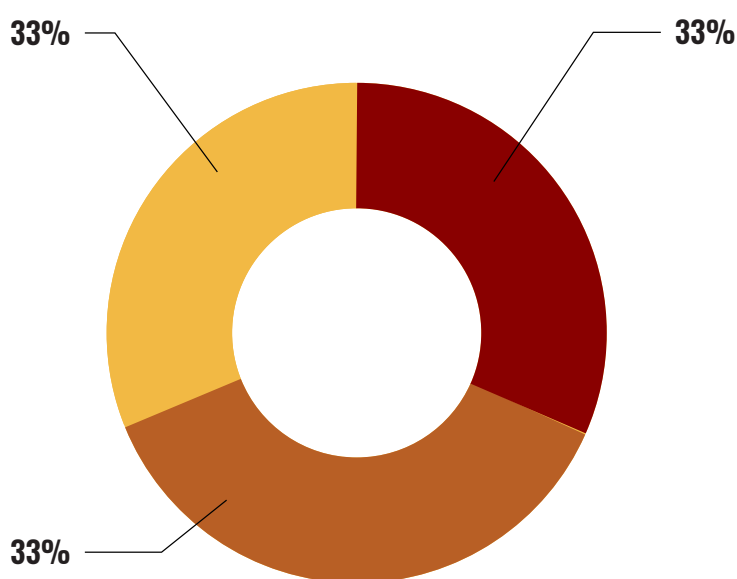
“Other” reasons given:

- Federal regulatory reform (Finance, Insurance Real Estate, Rental & Leasing)
- Adoption of new, disruptive technology (Wholesale Trade)
- Increased revenues with modest price increases (Professional & Business Services)
- Improving economy (Finance, Insurance Real Estate, Rental & Leasing)



# SOME RESPONDENTS ARE CONCERNED ABOUT A SLOWING ECONOMY

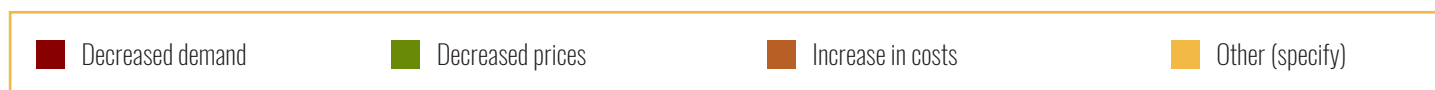
6 - Which factor do you anticipate will be the primary driver in decreasing profits over the next 12 months?  
 For those that chose “Decrease moderately” or “Decrease considerably” (N=3) on Q4:



- 33% Decreased demand (1 respondent)
- 0% Decreased prices
- 33% Increase in costs (1 respondent)
- 33% Other (1 respondent)

“Other” reason given:

- Slower economy (Finance, Insurance Real Estate, Rental & Leasing)



# KEY ECONOMIC FIGURES FROM QUARTER 1 - 2017

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

## HEADWINDS THAT CREATE RISK FOR THE UTAH ECONOMY

- Labor shortages
- Monetary policy
- Geopolitical tensions
- Globalization on trial
- Structural changes

## TAILWINDS THAT PROPEL THE UTAH ECONOMY

- Strong footing 2015 and 2016
- Potential fiscal policy
- Diverse and strong job growth
- Improving wages
- Favorable mortgage rates

### 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 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
Finance, Insurance Real Estate, Rental & Leasing	10	12	25%
Professional & Business Services	4	6	12%
Manufacturing	3	7	14%
Retail Trade	2	4	8%
Information	1	2	5%
Mining	1	2	4%
Other	1	2	3%
Arts Entertainment, Recreation, Accommodation	1	2	4%
Construction	1	3	6%
Education, Health Care & Social Services	1	4	8%
Transportation & Warehousing	1	2	4%
Utilities	1	1	>1%
Wholesale Trade	1	3	6%
Agriculture, forestry, fishing, and hunting	0	0	<1%

## 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. Responses are weighted by each industry's contribution to the Utah economy. Panelists come from a range of firm sizes and locations within Utah.

## FOR MORE INFORMATION

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