

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 3**



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

## Looking Ahead: Executives Still Optimistic and Looking to Hire

Fall ushers in dramatic seasonal change, but Utah's economic forecast remains status quo as many Utah executives anticipate the continued economic growth experienced these past few years. When we began this project to help us better understand executives' perspectives on the economy, few anticipated the valuable insights we would gain in just a few months. Some highlights from this quarter's report:

- **Exceeding Expectations:** 58% of executives believe the economy is somewhat or significantly better than just six months ago. This slightly underperformed expectations from quarter one, where 65% thought it would be somewhat or significantly better, but exceeded the expectations of the 35% who expected the economy to perform on the same level.
- **Positive Outlook:** Very few executives (4%) believe the Utah economy will worsen in the next six months. The overwhelming majority believe the economy will either hold steady (51%) or be somewhat or significantly better (45%).
- **Industry Insights:** Executives continue to be conservative in their optimism for their own industries in the months ahead, with the majority (50%) reporting things will be relatively the same. And while many (45%) believe the Utah economy will improve, only 38% believe their industries will.
- **Competing for Talent:** Utah's job creators expect to do just that by creating more jobs. In our 17-Q2 report, 48% of executives listed workforce as their top challenge for growth. Therefore, it came as no surprise that a majority (58%) are expecting headcounts to increase in the year ahead.

This last quarter, we asked what key strategies executives were using to compete in this increasingly challenging talent market. While many are utilizing a number of strategies, I was disappointed by one result—only 9% reported being engaged with a local university or college on workforce development or curriculum development. While this is a limited window to draw conclusions, it tells me we must do more. The business community can address the talent shortage facing our state and help develop the skilled workers needed by simply getting involved and working with our partners in education.

As we look ahead, I'm excited about the upcoming 2018 Economic Outlook and Policy Summit where we will release the first ever CEO Outlook Confidence Index and fourth-quarter results. This exciting event is scheduled for January 2018 and is attended by over 600 business, policy and academic thought leaders from across the state. I hope you'll join us and utilize this quarter's CEO Outlook to make better-informed decisions in your business.



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

## Headwinds and Tailwinds for Utah's Economy

The Utah economy continues to outperform the nation, but has moderated considerably over the past two months. Year-over job growth rates have declined from 3.4% in June to 2.8% in August (the most recent month available). Despite this softening, CEOs remain optimistic as measured by the CEO Outlook survey.

### Tailwinds

I can think of a variety of reasons for this optimism. Utah's construction industry continues its run as the state's fastest growing industry with a 6.2% rate of job growth from August 2016 to August 2017. The travel and tourism industry keeps setting visitation and spending records and Utah's tech industry continues to impress. A stronger global economy, favorable inflation, low interest rates, and net in-migration help to fuel economic growth.

### Headwinds

Despite these positives, there are headwinds. Rising business costs, a tight labor supply, and a shortage of housing are creating growth challenges. I'm also troubled by the policy paralysis in Washington, D.C. The Utah economy would benefit greatly from federal tax reform and infrastructure investment legislation.

The consensus forecast of state economists predicts moderating – but still healthy – job and wage growth, low unemployment, and continuing net in-migration. CEOs echo this forecast with the majority expecting growth to continue steady or improve and profits to remain strong.

It's a great time to live and work in Utah.

## 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.

QUARTER	CONDUCTED	SAMPLE
Quarter 1	February 2017	28
Quarter 2	May 2017	41
Quarter 3	August-September 2017	45
Quarter 4	November 2017	TBD

# SALT LAKE CHAMBER'S CEO Outlook CONFIDENCE INDEX

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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 "Salt Lake Chamber's CEO Outlook Confidence Index" from the first year of results that will be released in the first-quarter of 2018.



18- Q1

18- Q2

18- Q3

18- Q4

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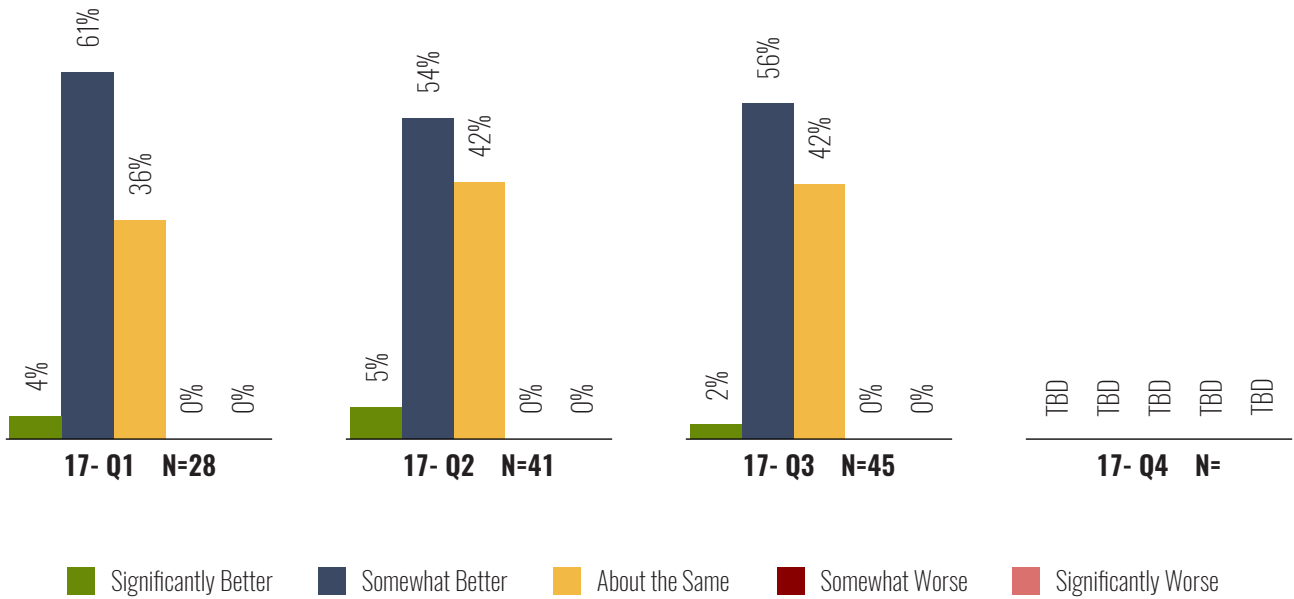
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For more details please contact Michael Parker, Vice President of Public Policy, Salt Lake Chamber ([mmparker@slchamber.com](mailto:mmparker@slchamber.com) | 801-328-5068)

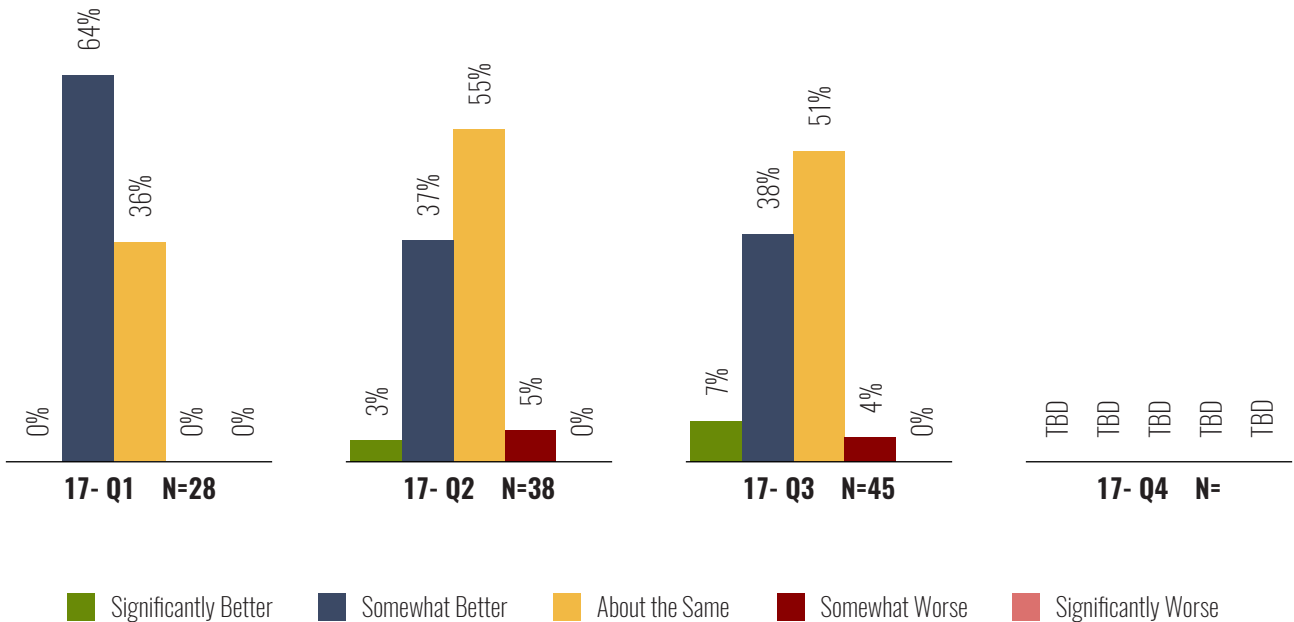
# STRONG ECONOMY: UTAH'S ECONOMY BETTER THAN PREVIOUS SIX MONTHS ACCORDING TO MAJORITY OF EXECUTIVES

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



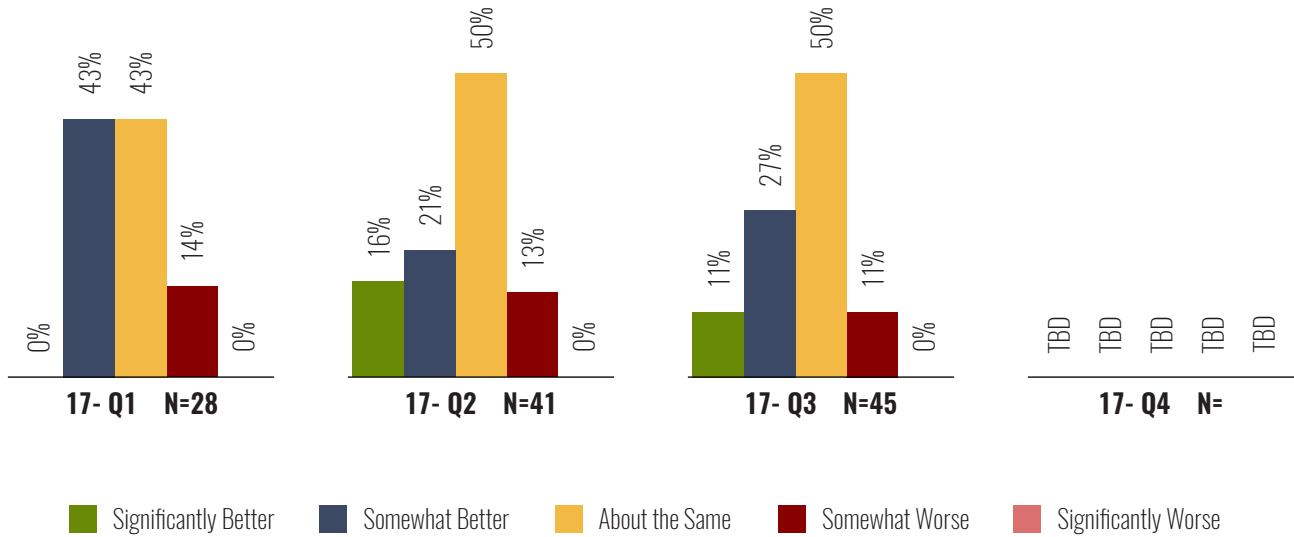
# OPTIMISM CONTINUES: UTAH'S STRONG ECONOMY WILL EITHER HOLD STEADY OR IMPROVE ACCORDING TO THE MAJORITY OF EXECUTIVES

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



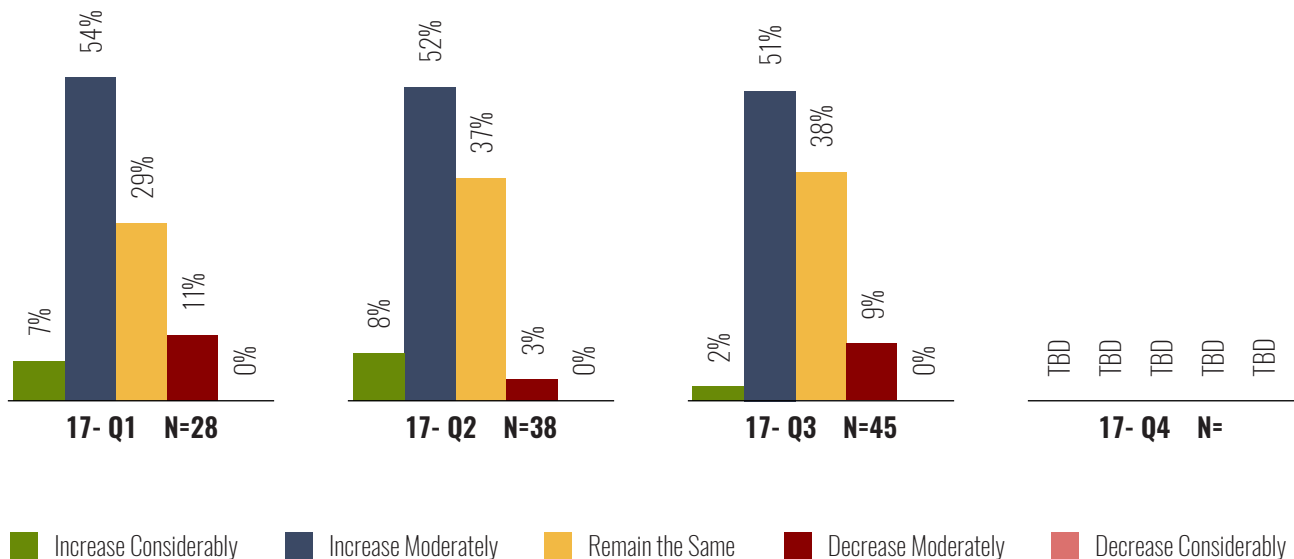
## STEADY AS WE GO: MAJORITY OF EXECUTIVES REPORT OWN INDUSTRIES WILL HOLD STEADY

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



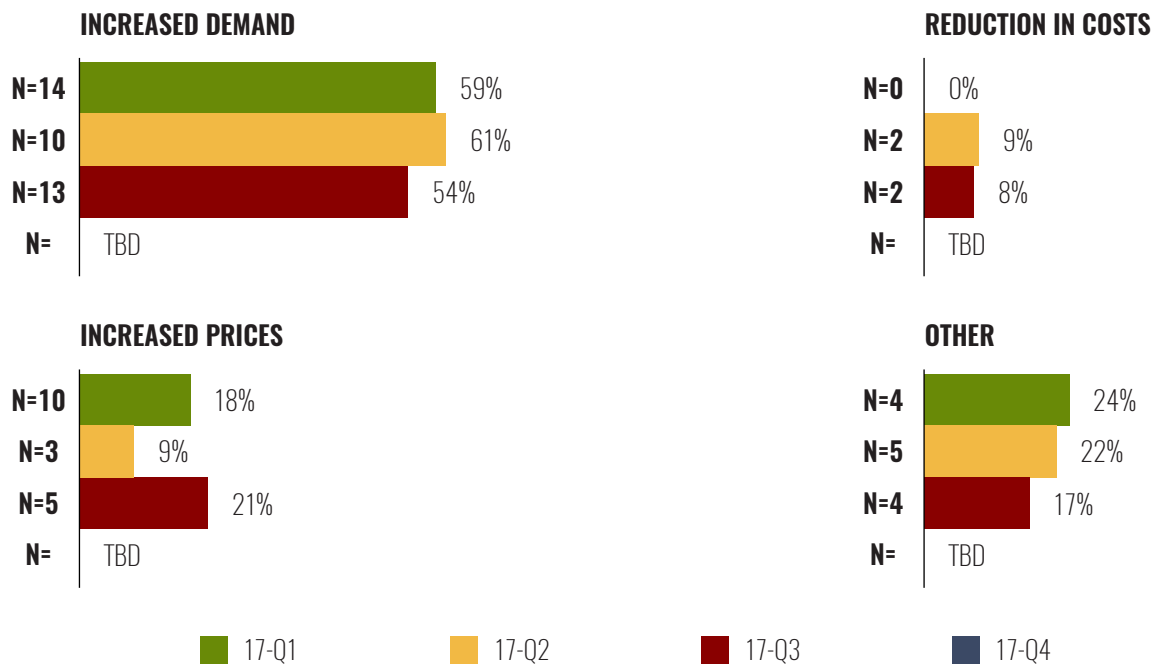
## STRONG PROFIT GROWTH: MAJORITY OF EXECUTIVES REPORT PROFITS STILL HAVE ROOM TO GROW

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



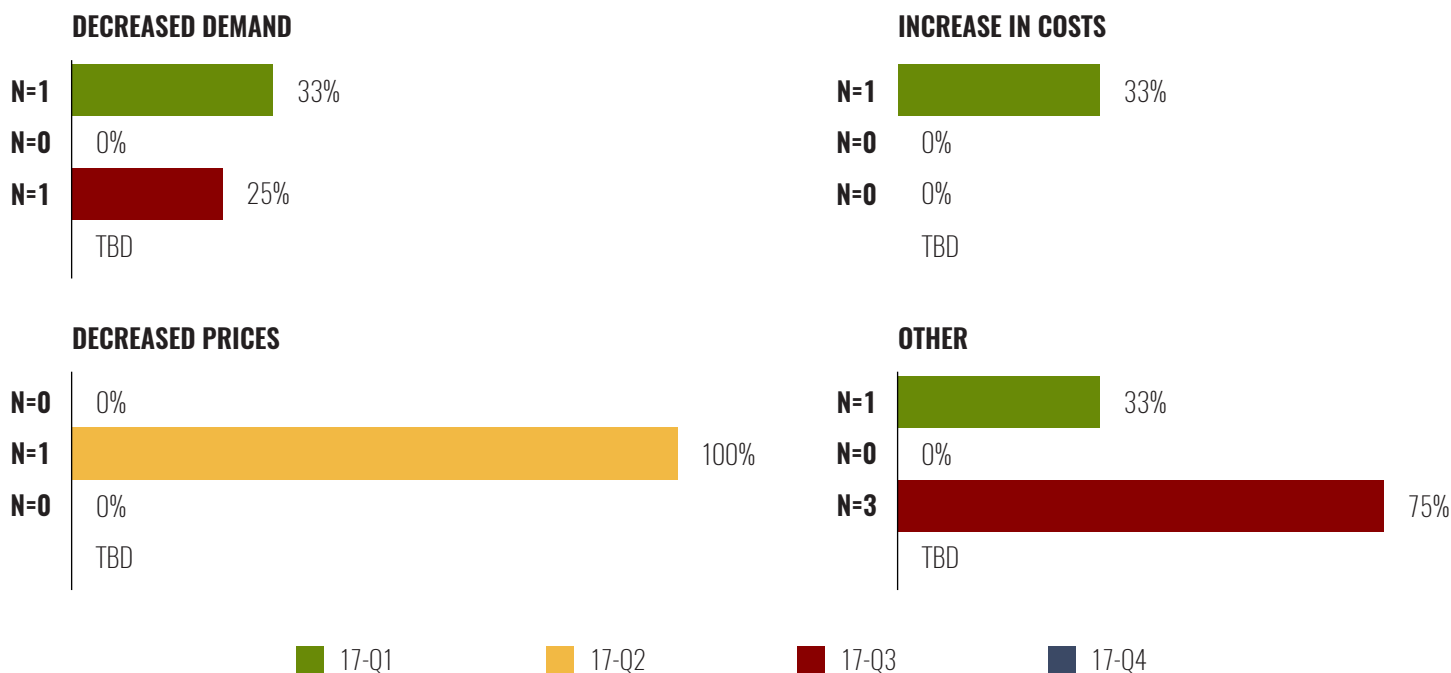
**DEMAND UP AND COSTS DOWN: MAJORITY OF EXECUTIVES REPORT STRONG DEMAND DRIVING MAJORITY OF PROFIT GROWTH, WHILE SEEING AN INCREASE IN COST SAVINGS OVER LAST QUARTER**

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



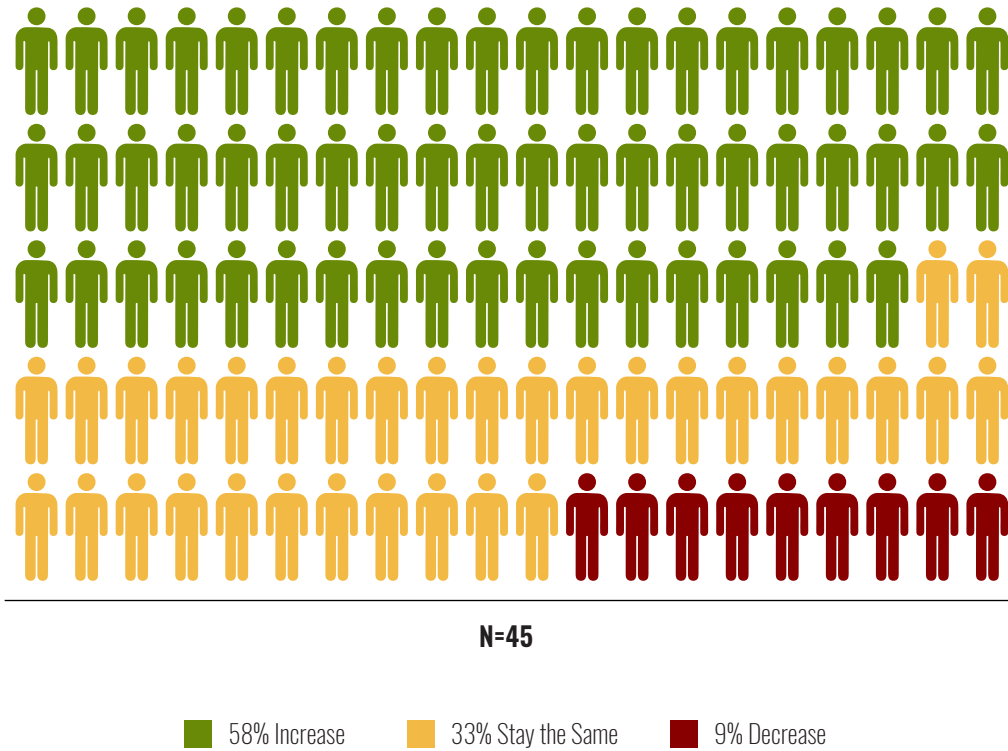
**FEW EXECUTIVES REPORT DECREASING PROFITS, OF THOSE, REGULATORY DECISIONS, POLITICAL AND TRADE UNCERTAINTY AND DISRUPTIONS LEADING CAUSES**

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



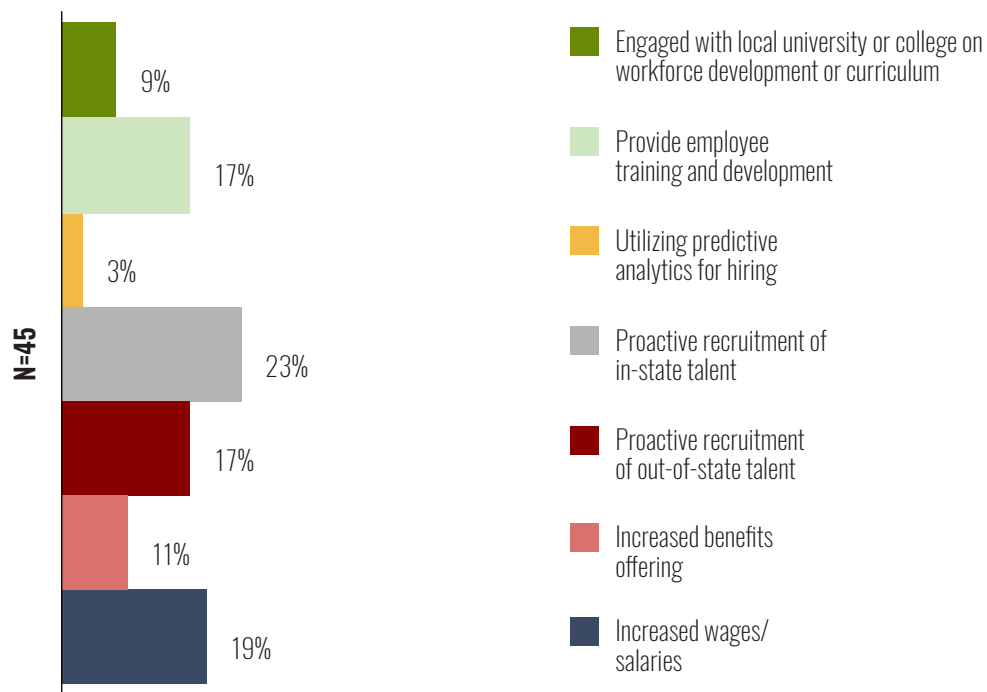
## HELP WANTED: MAJORITY OF EXECUTIVES REPORT THAT HEADCOUNTS WILL RISE IN YEAR AHEAD

7 - Do you expect the overall headcount at your company to increase, decrease or stay the same over the next 12 months?



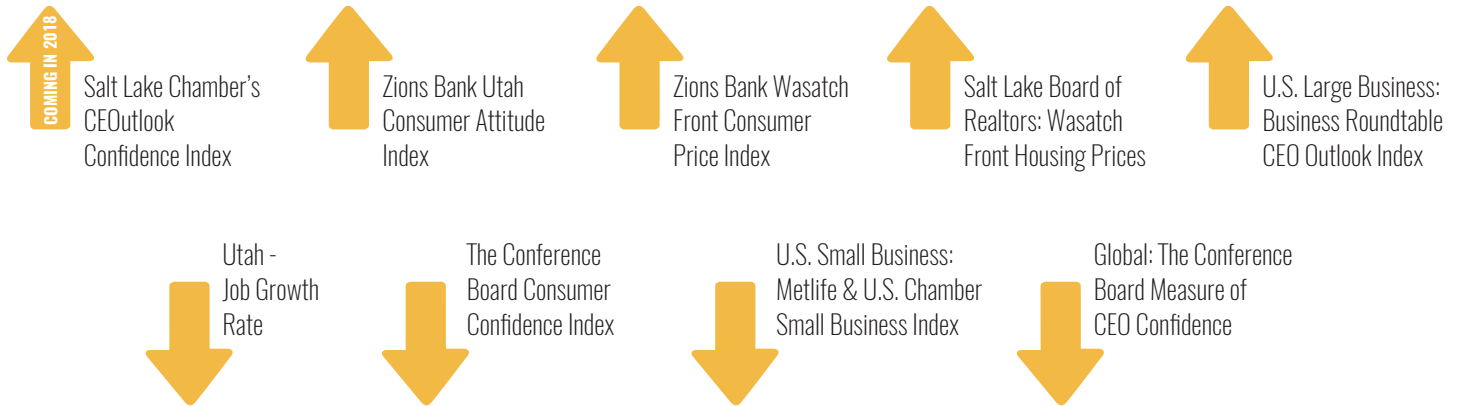
## GETTING CREATIVE: EXECUTIVES UTILIZING MANY APPROACHES TO ATTRACTING TALENT

8 – In the past six months, which of the following strategies has your company utilized to compete for talent? Choose all that apply.



# KEY ECONOMIC INDICATORS FOR BUSINESS LEADERS

## QUARTER 3 AVERAGES



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

## 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	Q3	Q4		
Finance, Insurance Real Estate, Rental & Leasing	10	11	10		15	25%
Manufacturing	3	5	8		8	14%
Professional & Business Services	4	6	5		7	12%
Retail Trade	2	3	3		5	8%
Education, Health Care & Social Services	1	1	3		5	8%
Construction	1	3	4		4	6%
Wholesale Trade	1	2	1		3	6%
Information	1	2	2		3	5%
Mining	1	2	2		2	4%
Arts, Entertainment, Recreation & Accommodation	1	1	2		2	4%
Transportation & Warehousing	1	1	2		2	4%
Other	1	2	2		2	3%
Utilities	1	1	1		1	>1%
Agriculture, Forestry, Fishing & Hunting	0	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 6-8 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

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