



Measuring the health of Utah's economy from the perspective of business leaders throughout the state

Study conducted for
**Utah Quarterly Economic Forecast
2008 1st Quarter Summary**

Study sponsored by
ZIONS BANK®

Study conducted by
**Dan Jones
& ASSOCIATES**

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For more information, visit: www.UtahEconomicForecast.com
To join the panel, please contact: support@UtahEconomicForecast.com

Introduction

Zions Bank commissioned Dan Jones & Associates, Inc., a full-service, independent, public opinion and market research firm in Salt Lake City, Utah, to conduct and compile an online quarterly research study of business executives and key decision makers throughout the state of Utah.

Research Objectives

This research is designed to gauge the health of Utah’s economic landscape and reveal trends in the Utah marketplace. It is designed to be an insider’s view of Utah’s economy, by Utah executives for Utah executives.

Procedures

Dan Jones & Associates developed the questionnaire with Rob Brough, Executive Vice President at Zions Bank. To meet the research objectives, 1,169 Utah business executives and key decision makers were recruited to form the initial study panel.

Sample

Lists of Utah businesses statewide were used to develop the survey universe. During the summer of 2006, executives from randomly selected businesses were asked to join the study panel. Panelists were also recruited from participants of Zions Bank’s International Trade and Business Conference, held in May 2006. Executives were screened to ensure that all participating companies had at least 10 full-time employees.

Fieldwork

To date, eight cycles of the online study have taken place as follows:

<i>Cycle</i>	<i>Dates</i>	<i>Sample Size</i>
2006: 2nd Quarter (2Q06)	July 12–21, 2006	387
2006: 3rd Quarter (3Q06)	October 2–13, 2006	356
2006: 4th Quarter (4Q06)	January 25–February 2, 2007	320
2007: 1st Quarter (1Q07)	April 2–27, 2007	335
2007: 2nd Quarter (2Q07)	July 9–August 3, 2007	336
2007: 3rd Quarter (3Q07)	October 1–30, 2007	334
2007: 4th Quarter (4Q07)	January 1–22, 2008	344
2008: 1st Quarter (1Q08)	April 1–24, 2008	346

Surveys are completed using a secure website. Each executive is provided a unique link to the site via e-mail. To achieve adequate sample levels, panelists who hadn't responded to the email were randomly selected to complete the interview by telephone. Thirty-nine panelists were interviewed by phone in the third cycle (4Q06), 51 in the fourth (1Q07), 68 in the fifth (2Q07), 86 in the sixth (3Q07), 28 in the seventh (4Q07), and 74 in the eighth (1Q08).

Contact information is used by Dan Jones & Associates only to facilitate participation in this study and will never be shared with any other party or used for any other purpose. To assure panelist anonymity, Dan Jones & Associates collects, compiles, analyzes, and tests all data. Results are provided to Zions Bank, panel members, and the media in aggregate form only. Demographic data is collected to determine opinions of subgroups and to tabulate the data.

Where applicable, checkmarks (✓) following each topic highlight statistically significant findings resulting from testing among demographic groups.

Due to rounding, response distribution may not always total 100%.

Executive Summary

The Utah Economic Forecast, now in its eighth quarter, finds the current level of optimism about the financial future of panelists' companies at its lowest point yet. With a mean score of 6.68 on a 10-point scale from very pessimistic (1) to very optimistic (10), the economic outlook of Utah companies' financial future could now be described as moderately optimistic, according to executives on the Utah Quarterly Economic Forecast panel. Furthermore, at 6.68, this is the first time the mean score has dropped below 7.00. Fifteen percent of the panel members rate their level of optimism as a 9 or 10, less than half the amount who did the same (33%) in the second quarter of 2006, when the mean score was 7.87.

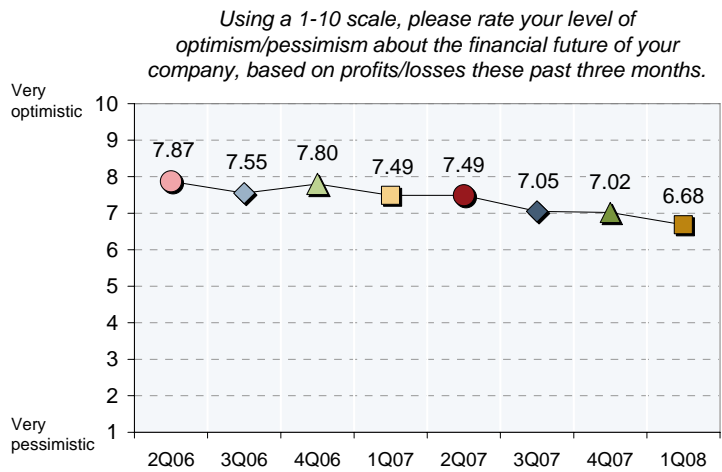
This lowered level of optimism appears to be driven by increasing concern over gasoline prices, the impact of inflation, the cost of inventory and supplies, the ability to compete in the marketplace, and the cost of utilities—all reaching their highest level of concern in the current survey cycle.

Optimism

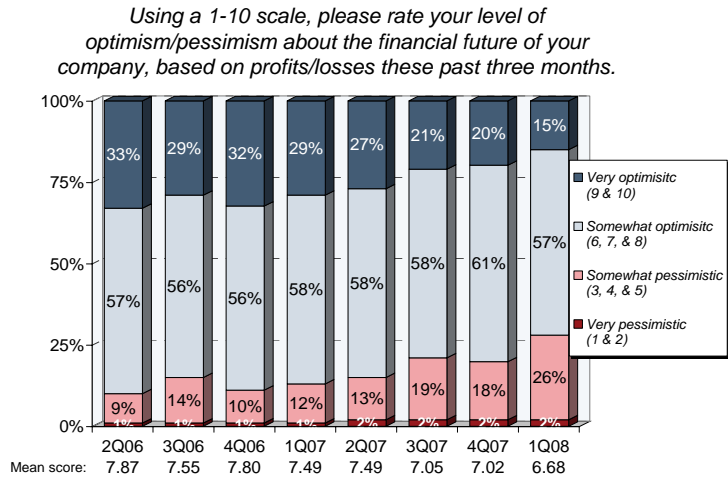
On the 1-to-10 scale (very pessimistic to very optimistic), with a mean score of 6.68, the level of optimism is 1.19 points lower than the high of 7.87 recorded in the second quarter of 2006. Most of that decline in optimism has taken place in the last three quarters, dropping 0.81 points since the second quarter of 2007.

Although the first quarter of 2008 marks the greatest percentage of panelists placing their outlook on the pessimistic side of the scale (ratings of 1–5: 28%), five out of seven (72%) continue to place their outlook on the positive side of the scale (ratings of 6–8).

Even with lowest percentage of panelists (15%) rating their outlook as *very optimistic* (1Q08 ratings of 9 or 10), that's still seven times greater than the percentage rating it *very pessimistic* (1Q08 ratings of 1 or 2: 2%).



By comparison, one-third of all panelists said their outlook was *very optimistic* (2Q06 ratings of 9 or 10: 33%) in the first survey cycle and less than half that amount (1Q08: 15%) say the same in the current cycle. However, on the opposite side of the scale, the percent of Utah executives declaring their outlook is *very pessimistic* has remained virtually unchanged in that same time period (2Q06 ratings of 1 or 2: 1% and 1Q08: 2%). A majority of panelists this quarter (57%), as in all prior cycles, (57% to 61%) continue to rate their level of optimism in the *somewhat optimistic* range (ratings of 6, 7, or 8), while the percent who place their outlook in the *somewhat pessimistic* range has tripled since the initial study cycle to the current one (2Q06 ratings of 3, 4, or 5: 9% and 1Q08: 26%).

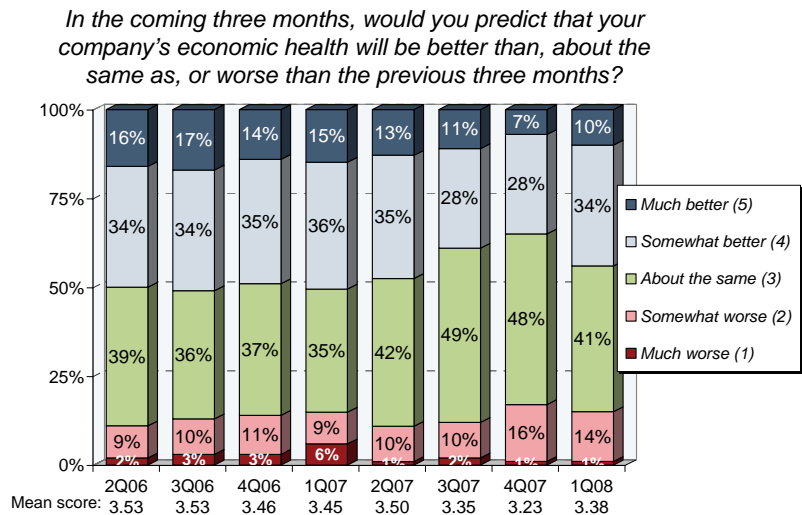


✓ *Females are more likely to say they are optimistic about the financial futures of their companies (ratings of 6 through 10).*

Economic Health

When asked to forecast their companies' economic health in the upcoming quarter, estimates have rebounded marginally from the apparent downward trend of the previous two quarters. Four out of nine (1Q08: 44%) predict their companies' economic health will be *somewhat* or *much better*, nine percentage points more than said the same last quarter (4Q07: 35%). Approximately half of the panelists predicted better economic health during the first five quarters of this study. Additionally, the number predicting their economic health will be *somewhat* or *much worse* (15%) is currently three times greater than the number saying it will be *somewhat* or *much better* (44%) is currently three times greater than the number saying it will be *somewhat* or *much worse* (15%).

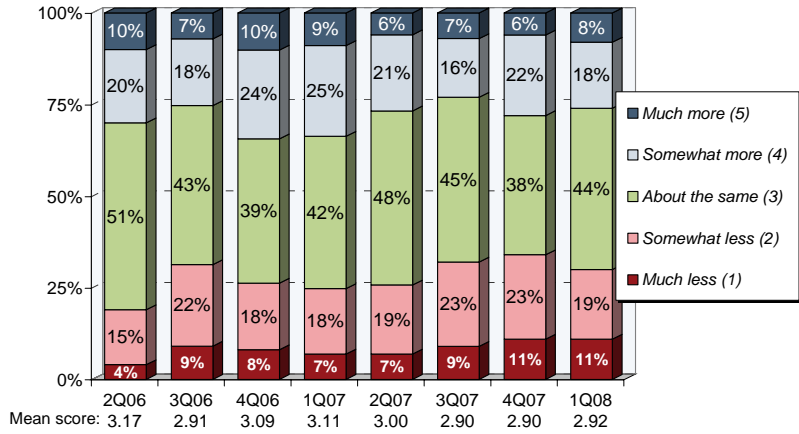
✓ *Seasonal-business panelists and males are more likely to say their economic health will be better in the upcoming quarter. Females are more likely to predict it will remain the same.*



Capital Expenditures

As in all previous quarters, a plurality of panelists expect their companies' capital expenditures to remain about the same over the next three months as they have been in the previous three months. That said, for the three most recent quarters, the percent of panelists saying their capital expenditures will be less than they were in previous quarters (3Q07: 32%, 4Q07: 34%, and 1Q08: 30%) has outweighed those predicting they will be more (3Q07: 23%, 4Q07: 28%, and 1Q08: 26%). In the first quarter of last year, however, a higher percentage of executives predicted more capital spending in the upcoming quarter (1Q07 less: 25% and more: 34%).

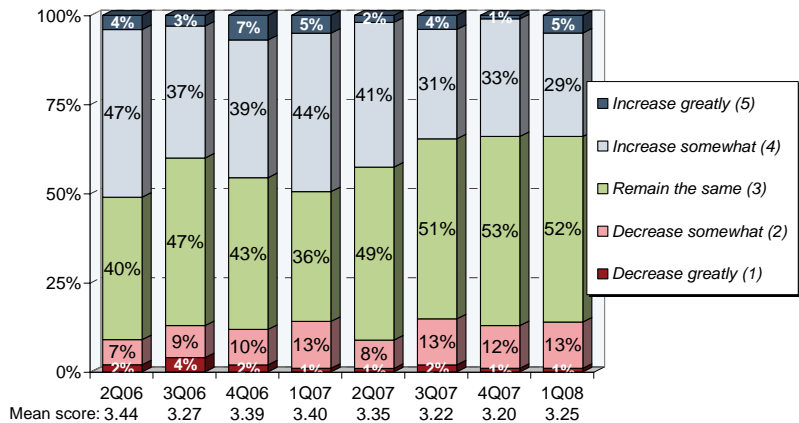
In the coming three months, do you anticipate spending more, about the same, or less on capital expenditures than you have during the past three-month period?



Workforce

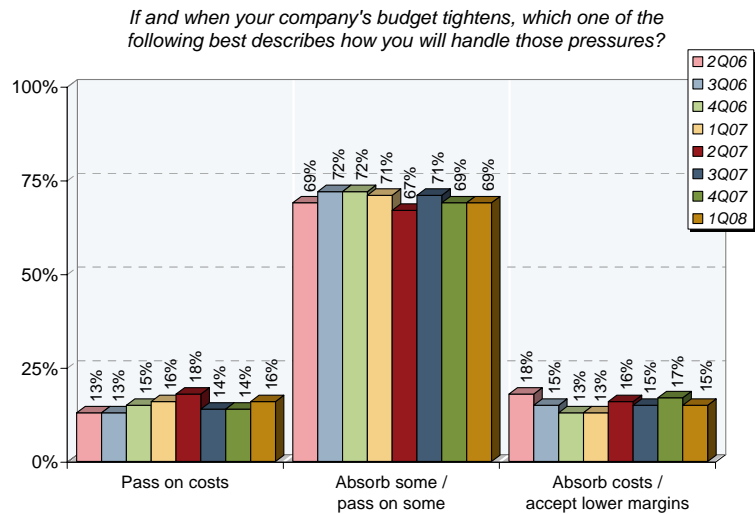
The percent of Utah business leaders anticipating growing their workforce during the upcoming quarter has been steadily declining throughout the eight survey cycles of the Utah Quarterly Economic Forecast. Indeed, in the second quarter of 2006, 51% predicted that their workforce would be increasing during the next quarter (combining responses of increase greatly and increase somewhat). The group predicting the same during the current quarter is now 17 percentage points lower (1Q08: 34%). On the other side of the spectrum, those predicting a decrease in their workforce has been holding steady.

In the coming three months, do you anticipate your workforce will increase (hire or re-hire more employees), decrease, or remain the same compared to the last three months?



Absorb Costs or Pass Them On?

As in previous quarters, seven out of 10 panel members (1Q08: 69%) continue to say they are likely to absorb some costs and pass on some if their budgets were to tighten. The remaining three out of 10 are split between passing on costs (1Q08: 16%) and absorbing costs (1Q08: 15%). Except for the first survey cycle, when there was a five-percentage-point separation between the number who would pass on costs (2Q07: 13%) and those who would absorb them (2Q07: 18%), the gap between the two has never been more than three percentage points.



✓ *Panelists in companies with 25 or more part-time employees are less likely to say they would absorb costs. Panelists in companies with 10 to 25 part-time employees are more likely to say they would absorb costs.*

Economic Concerns

During each survey cycle, panelists are asked to rate their level of concern on how 11 economic factors will affect their companies within the next few months. All are measured on a 1-to-7 scale, where one means *not at all concerned* and 7 means *greatly concerned*. Mean scores are presented here and the response distribution is available in the Questionnaire with Results section.

Generally, mean scores between 5.00 and 7.00 are high-level concerns, between 3.00 and 5.00 are mid-level concerns, and between 1.00 and 3.00 are of little concern. Using those ranges as guidelines, there are four factors that manifest themselves as high-level concerns this quarter: gasoline prices (1Q08: 5.96), the cost of employee health insurance (1Q08: 5.30), the impact of inflation on the cost to do business (1Q08: 5.25), and finding qualified employees (1Q08: 5.07). This quarter marks the first time that impact of inflation has ventured into the high-level concern category.

Five of the 11 factors reach their highest level of concern during the current survey cycle: gasoline prices (5.96), the impact of inflation on the cost to do business (5.25), the cost of inventory and supplies (4.51), the ability to compete in the marketplace (3.90), and the cost of utilities (3.87). Three are at their lowest level so far this quarter (although still relatively high, compared to others): finding qualified employees (5.07), keeping qualified employees (4.72), and the cost of employee health insurance (5.30).

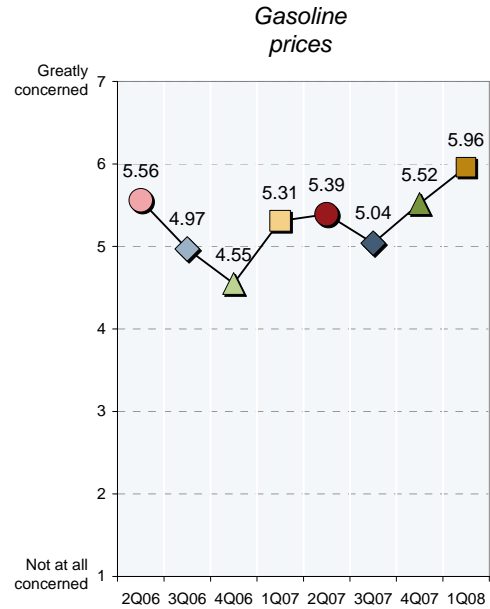
Here, in descending order (from greatest concern to least), are the 11 economic factors:

1) Gasoline prices:

Rank last quarter: 1. Rank one year ago: 4.

Easily the most volatile of the factors, with a mean score of 5.96 on a 1-to-7 scale (not at all concerned to very concerned), the price of gasoline not only registers its greatest degree of concern in the current quarter (1Q08), but also attains the highest level of concern of all 11 factors over all eight survey cycles. Mean scores for gasoline prices have ranged from 4.55 in 4Q06 to the current 5.96, a range of 1.41 points. Furthermore, concern over gasoline prices has risen nearly a full point (+0.92) since the third quarter of 2007 (5.04).

One out of five panelists rate their level of concern over gasoline prices as a 6, while 52% rate it a 7.



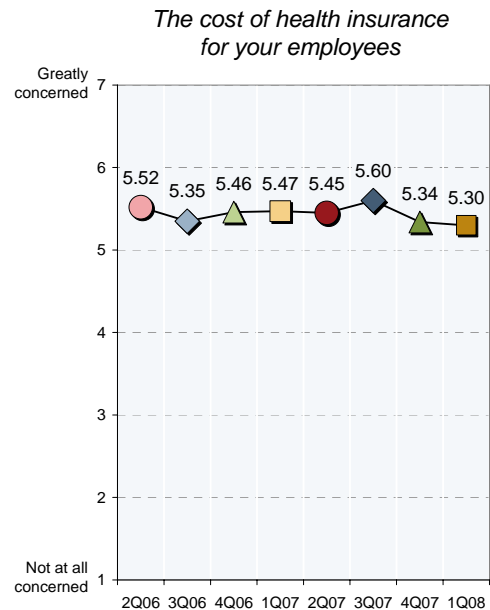
✓ Female panelists and those whose companies have been in business for a longer time (as number of years in business increases so does likelihood) are more likely to express greater concern over gasoline prices (ratings of 6 or 7).

2) The cost of employee health insurance:

Rank last quarter: 2. Rank one year ago: 2.

Although this concern has ranked as the number one or number two concern in all eight survey cycles, panelists' concern over the cost of employee health insurance continues its downward trend for the second consecutive quarter after its mean score peaked at 5.60 in the third quarter of 2007. The mean score currently resides at 5.30—still of moderately high concern—but its lowest of the study.

Five out of nine panelists (54%) rate the cost of employee health insurance as a 6 or 7.



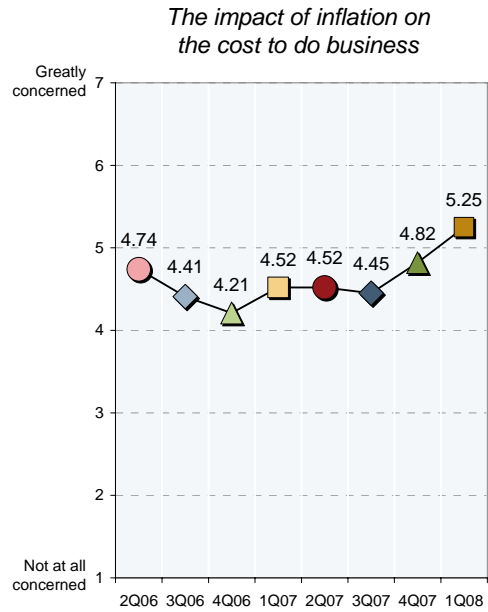
✓ As the number of part-time employees in a panelist's company increases, the level of concern over the cost of employee health insurance also increases. Females are more likely to say they are greatly concerned (rating of 7), while males are more likely to give a rating of 5 or 6.

3) Impact of inflation on the cost to do business:
 Rank last quarter: 6. Rank one year ago: 6.

Reflecting the trend in the mean scores of gasoline prices, executives' concerns over inflation have increased 1.04 points from its lowest point in the fourth quarter of 2006 (4.21) to the survey high of 5.25 in the current quarter. Indeed, most of that increase has happened over the last six months, climbing 0.80 points from 4.45 in 3Q07. Concern over the impact of inflation on the cost to do business has shifted from being a mid-level concern to a moderately-high-level concern (above 5.00).

Four out of nine panelists (46%) rate this factor as a 6 or 7.

- ✓ *Females and panelists with fewer than 26 full-time employees are more likely rate inflation at 7.*
- Panelists in companies of 101 to 250 full-time employees are more likely to rate is at 5 or 6.*

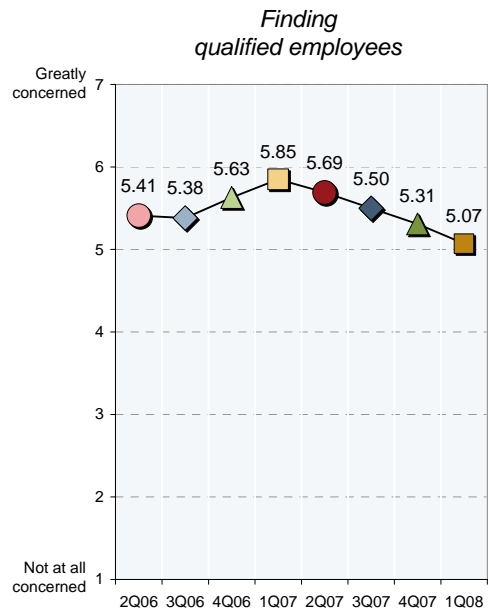


4) Finding qualified employees:
 Rank last quarter: 3. Rank one year ago: 1.

The number one concern for four quarters from 3Q06 through 2Q07 now ranks as the fourth greatest concern on the list of 11 economic factors, with a mean score of 5.07. This factor has the distinction of registering the greatest decline in overall concern—down 0.78 points from its survey high of 5.85 a year ago in the first quarter of 2007. Moreover, with a mean score of 5.07, this factor is at its lowest point for this study.

Four out of nine panelists (45%) rate their concern over finding qualified employees as a 6 or 7. By comparison, 69% rated it as a 6 or 7 one year ago (1Q07).

- ✓ *Females and panelists with less than 26 or 51 to 100 full-time employees in their companies are more likely to rate finding qualified employees a 7.*

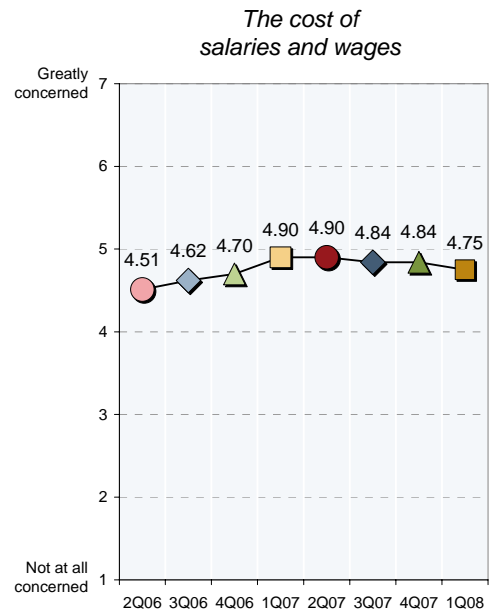


5) The cost of salaries and wages:

Rank last quarter: 5. Rank one year ago: 5.

Concern over the cost of salaries and wages maintains the fifth spot, as it has for six out of the eight survey cycles. (During the second quarter of 2006, it ranked sixth and during the fourth quarter of 2006 it ranked fourth.) After increasing in intensity from 4.51 in the first survey cycle (2Q06) and leveling off during 2007 with mean scores of 4.90 and 4.84, the mean score for the cost of salaries and wages now resides at 4.75—a high mid-level concern.

Currently, 25% of the panelists rate this as a 6 or 7.



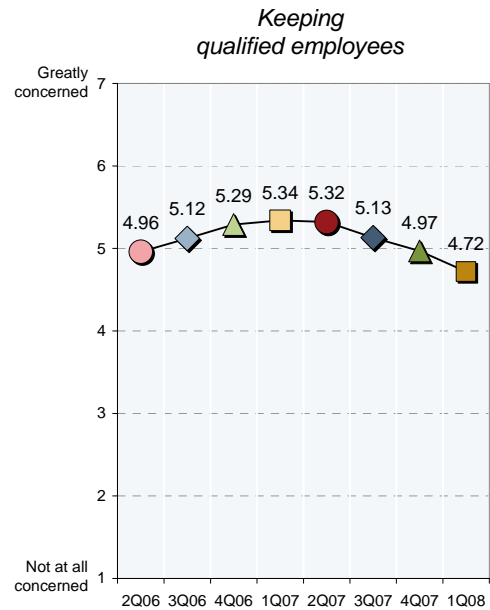
6) Keeping qualified employees:

Rank last quarter: 4. Rank one year ago: 3.

This factor, which has ranked third or fourth in all the previous cycles, now ranks sixth on the list of economic concerns (1Q08: 4.72) and registers its lowest mean score during this current survey cycle. Also, it is down a notable 0.62 points from its survey high of 5.34 in the first quarter of 2007.

One year ago, in the first quarter of 2007, half of all panelists (50%) rated this as a 6 or 7. In the current quarter, 36% say the same.

✓ *Panelists with fewer than 26 full-time employees in their companies and those whose companies are not headquartered along the Wasatch Front are more likely to rate keeping qualified employees as a 7. Those with Wasatch Front headquarters and those with more than 100 full-time employees are more likely to rate it a 6.*



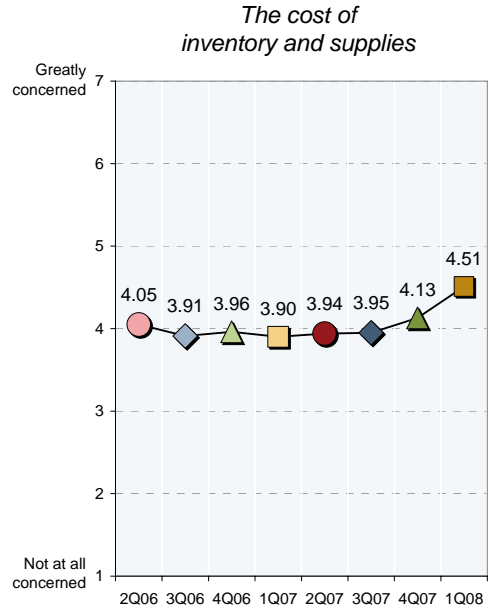
7) The cost of inventory and supplies:

Rank last quarter: 7. Rank one year ago: 7.

Among all the executives on the panel, concern over the cost of inventory and supplies has risen 0.56 points since the third quarter of 2007 (3.95) to the present mean score of 4.51, after having seen very little fluctuation (0.15 point range) during the first six survey cycles. With a mean score of 4.51, concern over the cost of inventory and supplies would still be considered a mid-level concern. However, it is the amount of increase in a short period of time that causes this factor to stand out as it reaches its high point in the current cycle.

One year ago (1Q07), 15% rated the cost of inventory and supplies as a 6 or 7. Currently (1Q08), 28% rate it at 6 or 7.

✓ *Executives in seasonal companies and those with fewer full-time employees are more likely to express greater concern over the cost of inventory and supplies (as number of employees decreases, concern increases).*

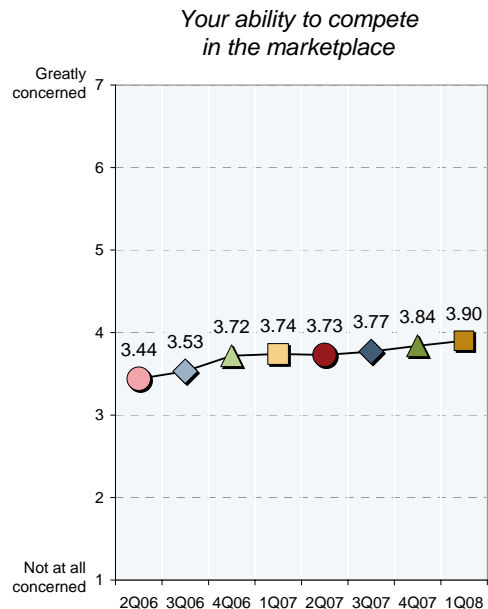


8) The ability to compete in the marketplace:

Rank last quarter: 8. Rank one year ago: 8.

Although the ability to compete in the marketplace has ranked eighth for the five most recent survey cycles (1Q07 through 1Q08) and ninth prior to that, it has been steadily creeping its way up in intensity of concern from a mean score of 3.44 (2Q06) to its current survey high, a mean score of 3.90, and an overall increase of 0.46 points.

This shift is further noted in the fact that 13% rated this as a 6 or 7 in the second quarter of 2006 and 34% as a 1 or 2. In the current quarter (1Q08), 17% rate it as a 6 or 7 and 22% as a 1 or 2.

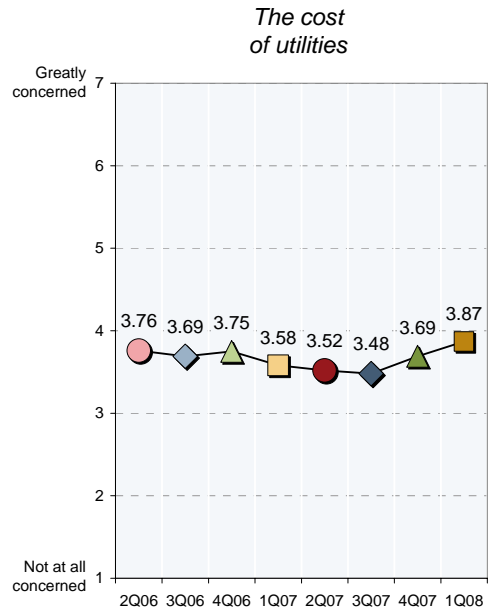


9) The cost of utilities:

Rank last quarter: 9. Rank one year ago: 9.

This factor, after trending marginally downward for the first six survey cycles, has a mean score which has climbed 0.39 points since the third quarter of 2007 when its mean score was 3.48 (its lowest during the study) to 3.87 in the current quarter (its highest mean score).

One out of six panelists (18%) rate this factor as a 6 or 7, while 24% say it's a 1 or 2.



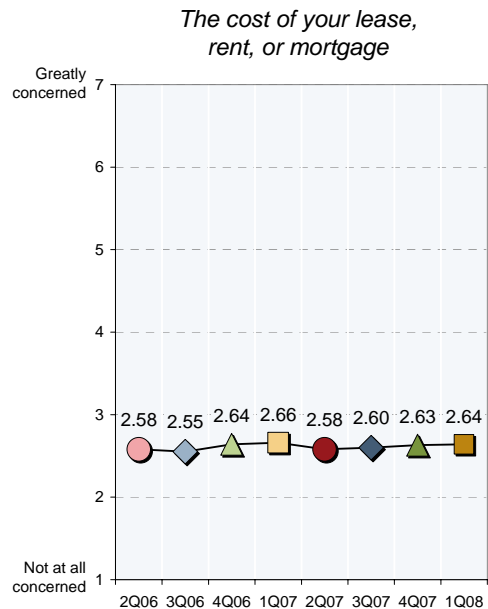
10) The cost of your company's lease, rent, or mortgage:

Rank last quarter: 10. Rank one year ago: 10.

With just 0.11 points separating its survey high mean score of 2.66 in the first quarter of 2007 and its low of 2.55 in the third quarter of 2006, the cost of their companies' leases, rents or mortgages has the distinction of being the most static of all 11 economic factors measured in this study of Utah business leaders. This quarter (1Q08) is no exception with its current mean score of 2.64.

Just 7% rate lease, rent, or mortgage, as a 6 or 7, while 54% say it's a 1 or 2.

✓ Executives whose business is not headquartered along the Wasatch Front are more likely to say they are not at all concerned about their companies' leases, rents or mortgages (ratings of 1 or 2).

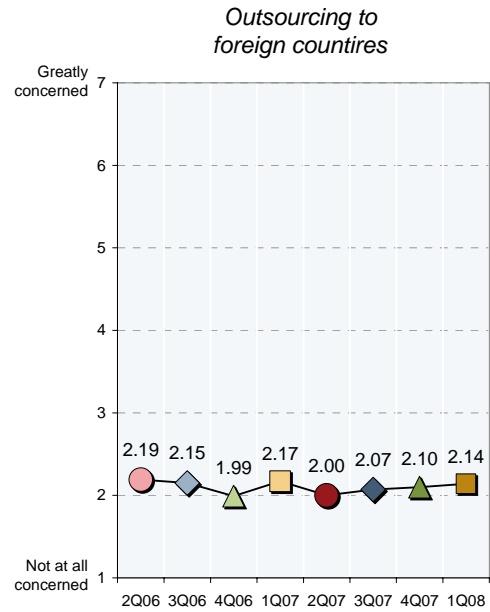


11) Outsourcing to foreign countries:

Rank last quarter: 11. Rank one year ago: 11.

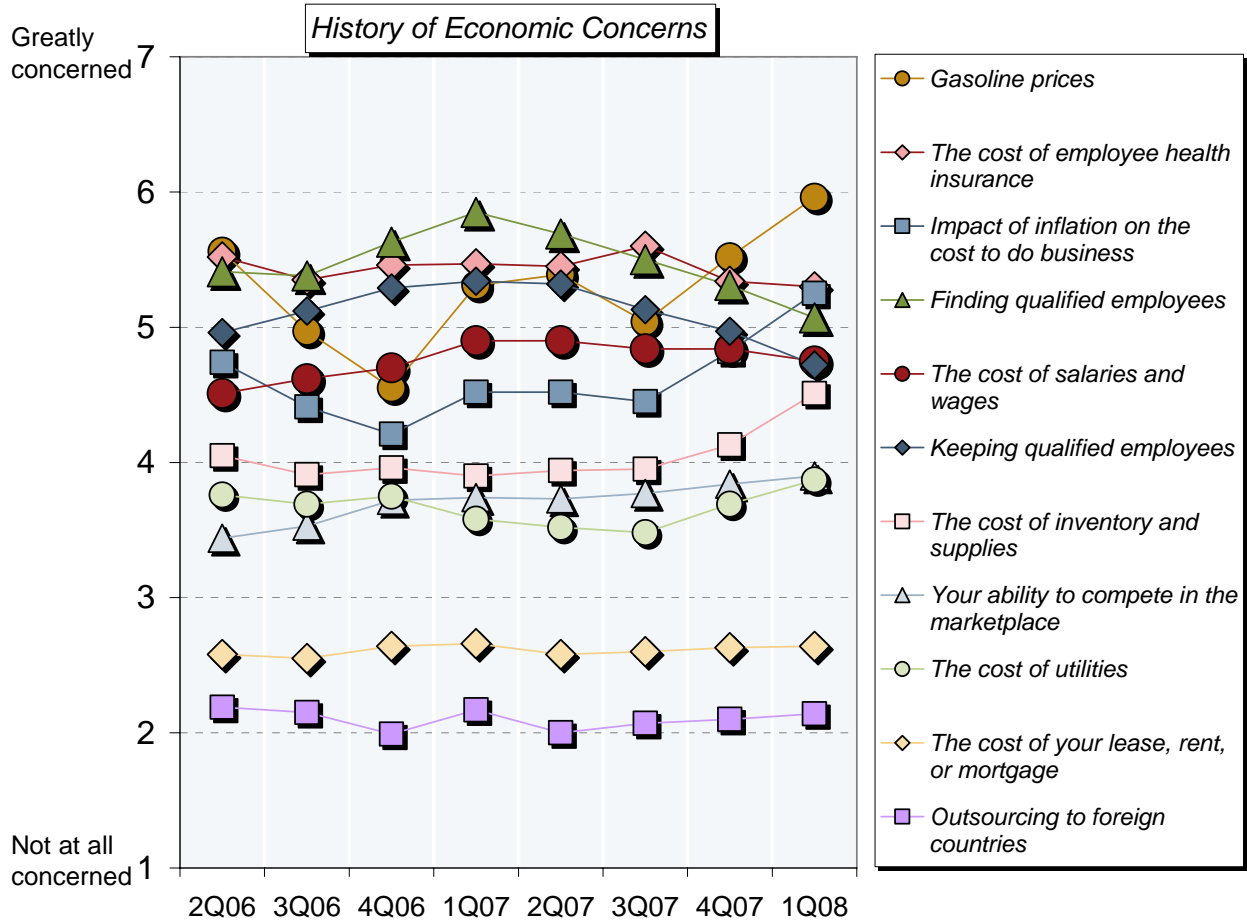
Perhaps revealing that Utah’s economy is relatively sheltered from some of the global vulnerabilities of some of the other states, outsourcing to foreign countries once again ranks 11th out of the 11 economic factors. With a current mean score of 2.14, outsourcing is slowly getting closer to its survey high of 2.19 in the second quarter of 2006 and further from its low of 1.99 in the fourth quarter of 2006.

A mere 7% rate this as a 6 or 7, but 54% rate it as a 1 or 2.



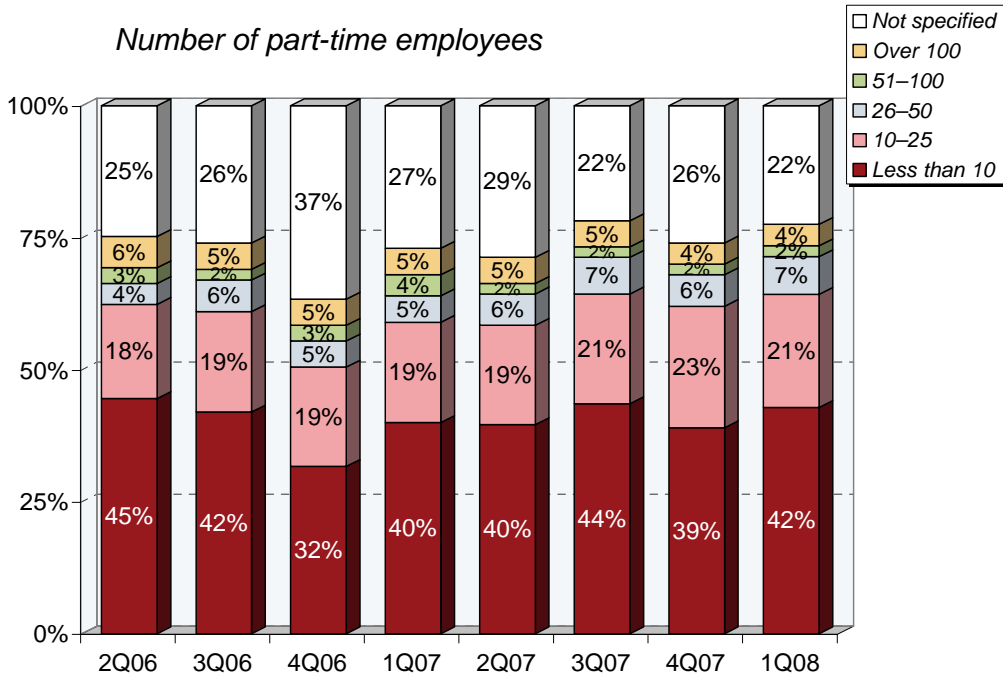
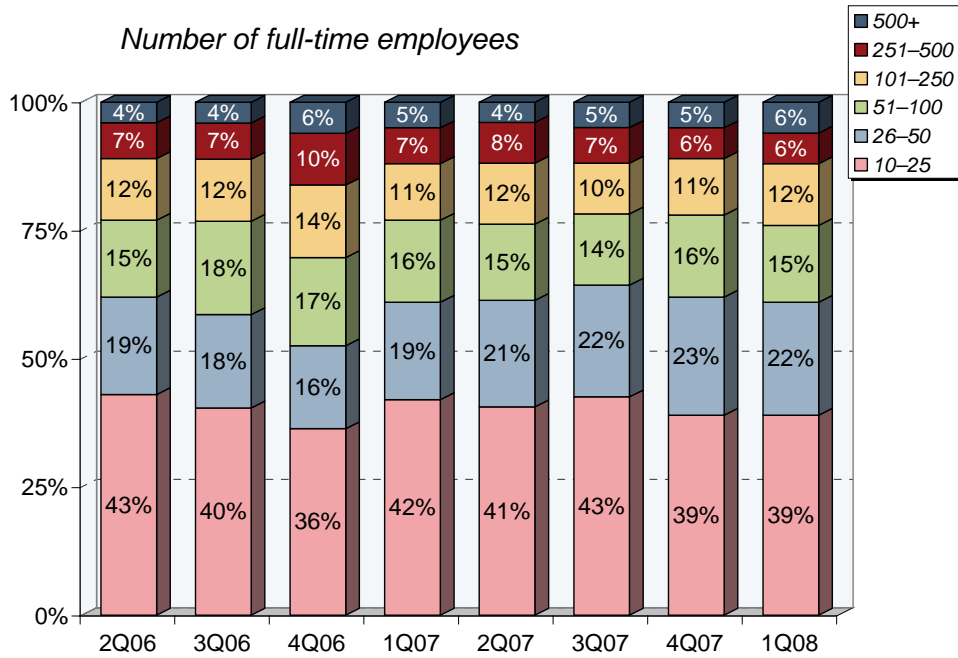
A Quarterly Comparison of Economic Concerns

The chart below illustrates all 11 economic factors measured by Utah Economic Forecast panelists. To accommodate all the data, the chart does not list the mean scores. However, all historic data is listed in the table below the chart.

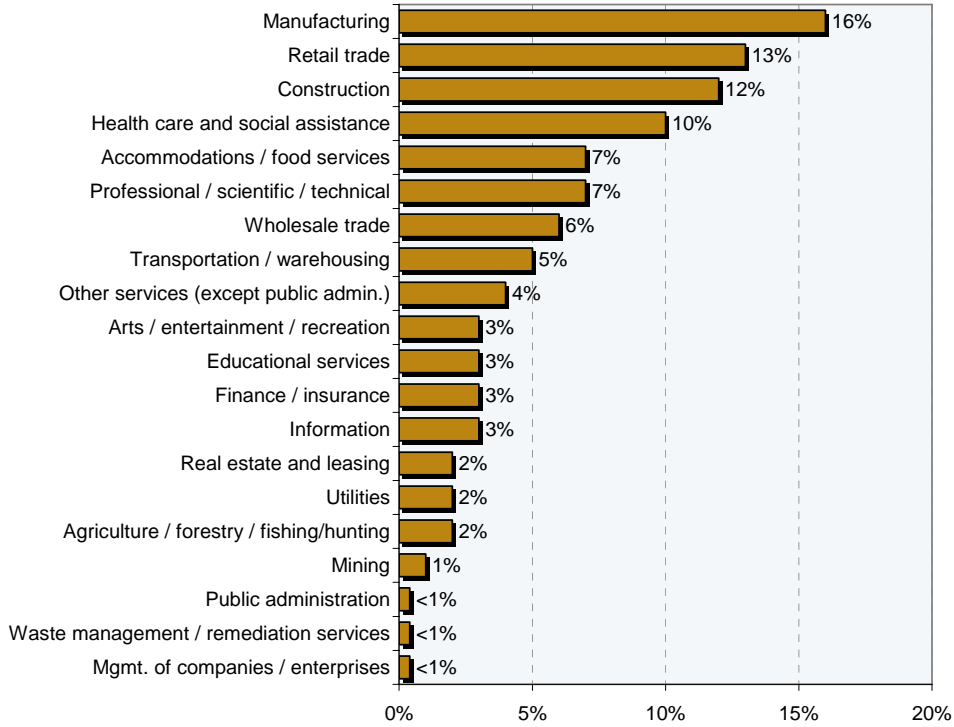


Current Rank	ECONOMIC CONCERNS	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08
1	Gasoline prices	5.56	4.97	4.55	5.31	5.39	5.04	5.52	5.96
2	Cost of employee health insurance	5.52	5.35	5.46	5.47	5.45	5.60	5.34	5.30
3	Impact of inflation on cost to do business	4.74	4.41	4.21	4.52	4.52	4.45	4.82	5.25
4	Finding qualified employees	5.41	5.38	5.63	5.85	5.69	5.50	5.31	5.07
5	Cost of salaries and wages	4.51	4.62	4.70	4.90	4.90	4.84	4.84	4.75
6	Keeping qualified employees	4.96	5.12	5.29	5.34	5.32	5.13	4.97	4.72
7	Cost of inventory and supplies	4.05	3.91	3.96	3.90	3.94	3.95	4.13	4.51
8	Ability to compete in the marketplace	3.44	3.53	3.72	3.74	3.73	3.77	3.84	3.90
9	Cost of utilities	3.76	3.69	3.75	3.58	3.52	3.48	3.69	3.87
10	Cost of lease, rent, or mortgage	2.58	2.55	2.64	2.66	2.58	2.60	2.63	2.64
11	Outsourcing to foreign countries	2.19	2.15	1.99	2.17	2.00	2.07	2.10	2.14
	OVERALL	4.25	4.15	4.17	4.31	4.28	4.22	4.29	4.37

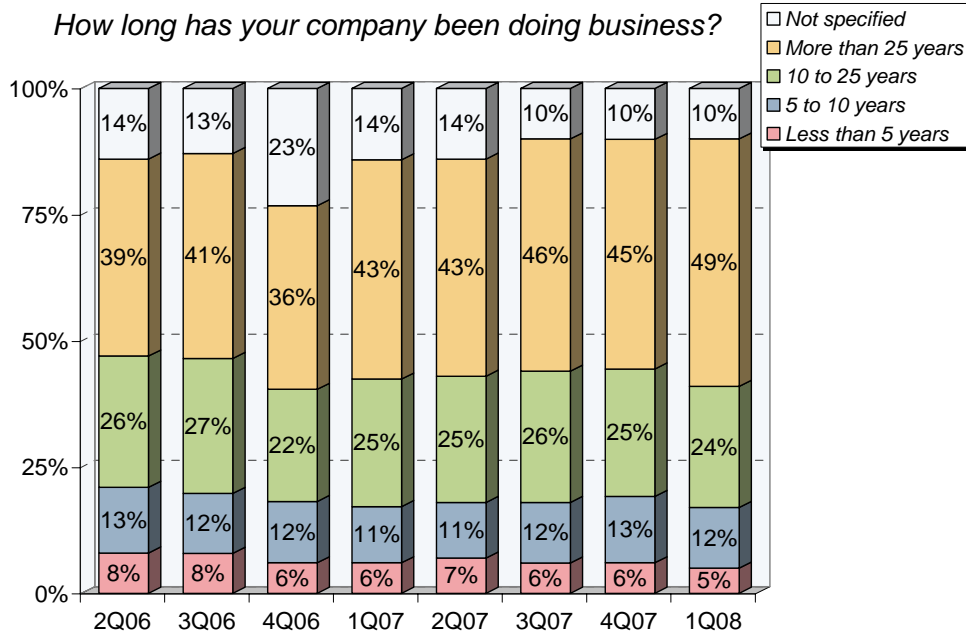
Demographic Characteristics of Panelists



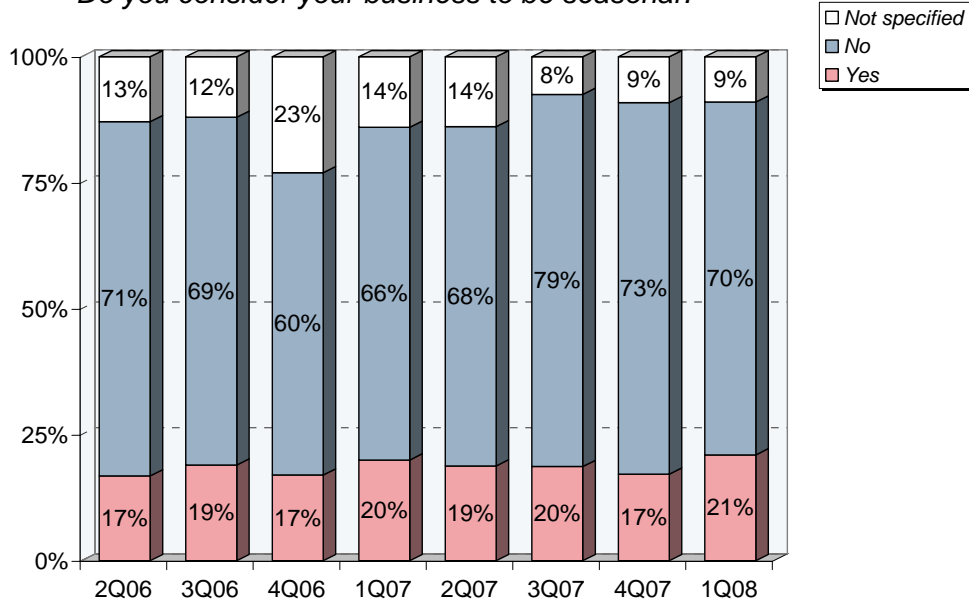
Industry (1Q08 only)



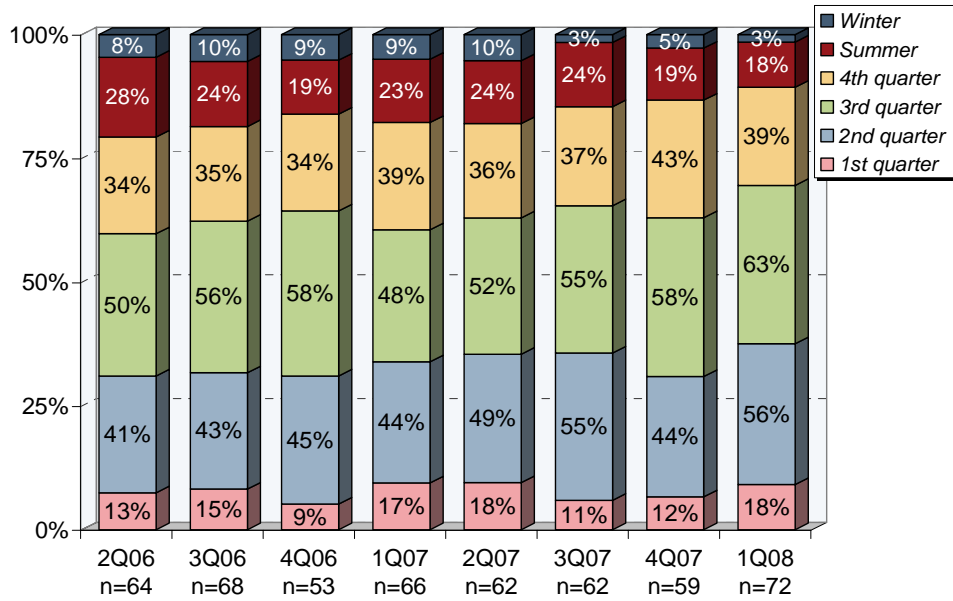
How long has your company been doing business?



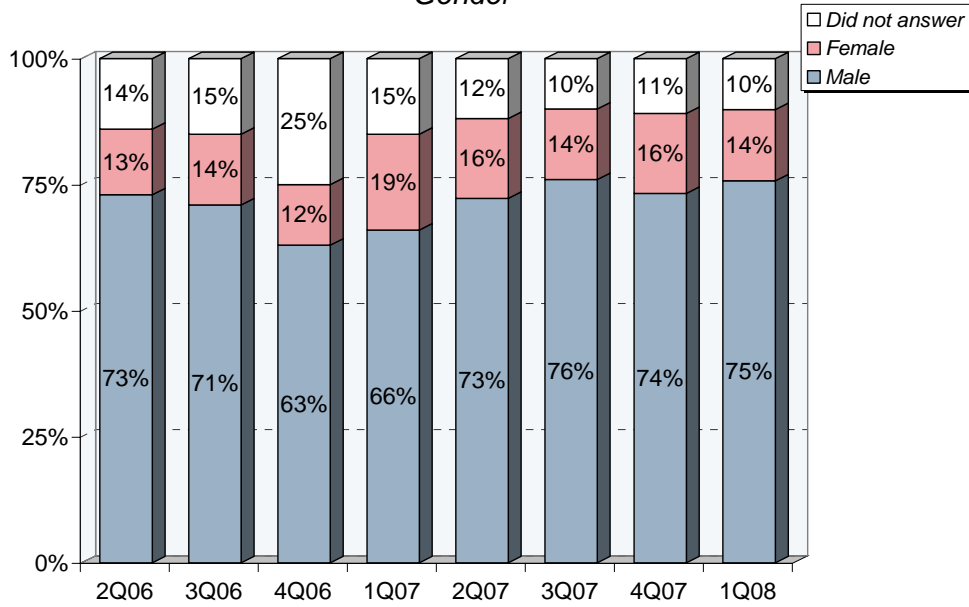
Do you consider your business to be seasonal?



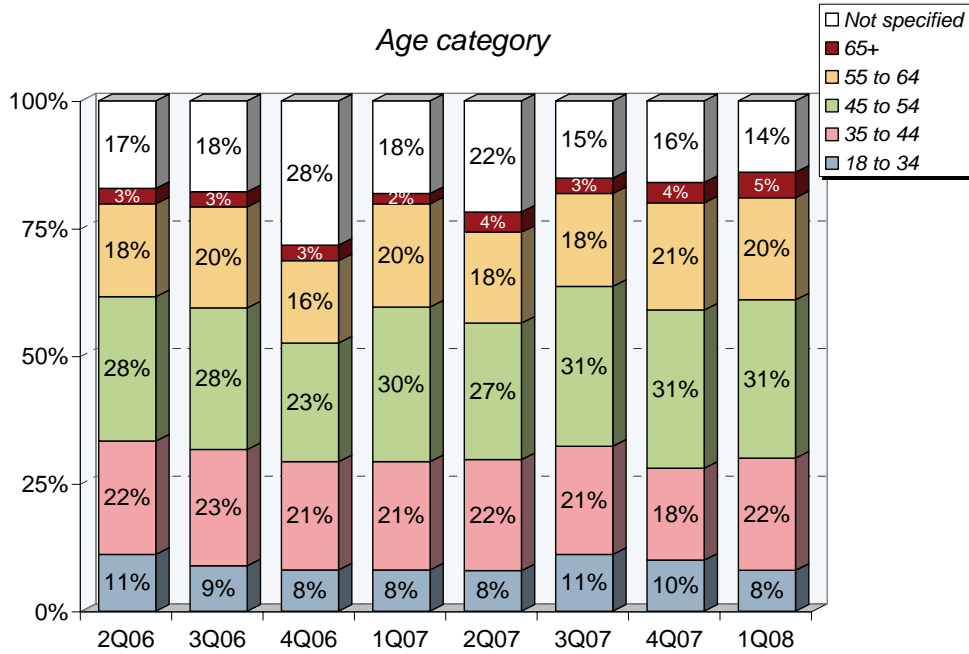
[IF SEASONAL] In which quarter is the majority of your business conducted?



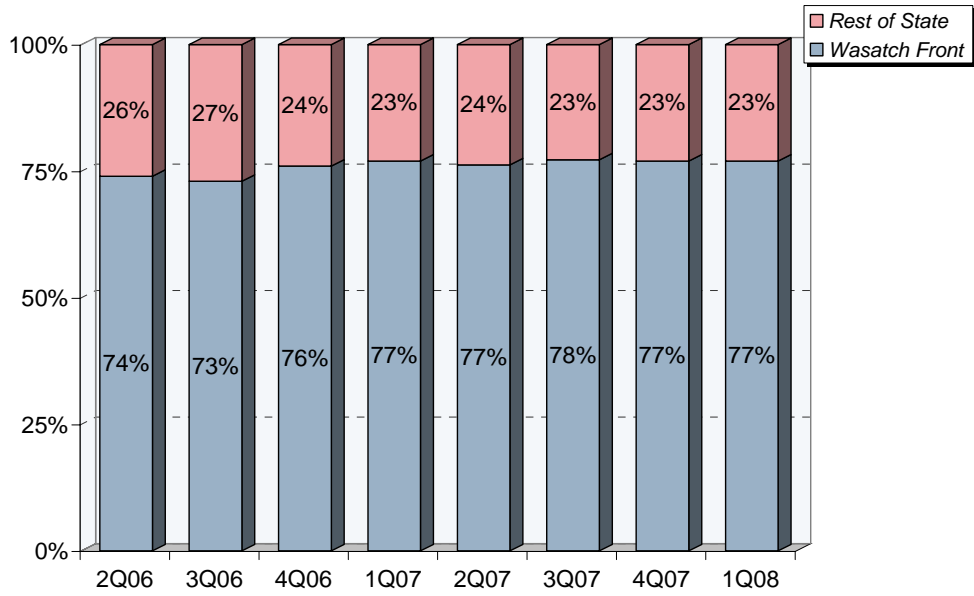
Gender



Age category



Area where business is headquartered



Zions Bank Utah Quarterly Economic Forecast First Quarter 2008 (1Q08) – Questionnaire with Results

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Field dates:	Jul 12–21	Oct 2–13	Jan 25–Feb 2	Apr 2–27	Jul 9–Aug 3	Oct 1–30	Jan 1–22	April 1–24
Sample size:	387	356	320	335	336	334	344	346
Universe:	Utah statewide – business leaders and key decision makers							
Methodology:	Online panel							

Thank you for taking a few minutes to answer some questions about your company’s economic standing during the last three months and your projections about the next three months.

1. Using a 1–10 scale, please rate your level of optimism/pessimism about the financial future of your company, **based on profits/losses these past three months:**

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Very pessimistic	1%	1%	1%	0%	1%	0%	1%	1%
2	0%	0%	0%	1%	1%	2%	1%	1%
3	1%	3%	1%	2%	2%	4%	4%	8%
4	2%	3%	3%	4%	4%	3%	4%	4%
5	6%	8%	6%	6%	7%	12%	10%	14%
6	7%	9%	6%	10%	9%	12%	12%	12%
7	21%	16%	15%	21%	16%	21%	24%	22%
8	29%	31%	35%	27%	33%	25%	25%	23%
9	11%	13%	13%	15%	13%	12%	12%	7%
10 / Very optimistic	22%	16%	19%	14%	14%	9%	8%	8%
Mean score	7.87	7.55	7.80	7.49	7.49	7.05	7.02	6.68

2. In the **coming three months**, would you predict that your company's economic health will be **better** than the prior three-month period, **about the same** as the previous three months, or **worse** than the previous three months?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Much worse (1)	2%	3%	3%	6%	1%	2%	1%	1%
Somewhat worse (2)	9%	10%	11%	9%	10%	10%	16%	14%
About the same (3)	39%	36%	37%	35%	42%	49%	48%	41%
Somewhat better (4)	34%	34%	35%	36%	35%	28%	28%	34%
Much better (5)	16%	17%	14%	15%	13%	11%	7%	10%
Mean score	3.53	3.53	3.46	3.45	3.50	3.35	3.23	3.38

3. In the **coming three months**, do you anticipate spending **more**, about the **same**, or **less** on **capital expenditures** than you have during the past three-month period?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Much less (1)	4%	9%	8%	7%	7%	9%	11%	11%
Somewhat less (2)	15%	22%	18%	18%	19%	23%	23%	19%
About the same (3)	51%	43%	39%	42%	48%	45%	38%	44%
Somewhat more (4)	20%	18%	24%	25%	21%	16%	22%	18%
Much more (5)	10%	7%	10%	9%	6%	7%	6%	8%
Mean score	3.17	2.91	3.09	3.11	3.00	2.90	2.90	2.92

4. In the **coming three months**, do you anticipate that your workforce will increase (hire or re-hire more employees), decrease, or remain the same compared to the last three months? (This would include full-time, part-time, consultants, and contract/staffing agency employees.)

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Decrease greatly (1)	2%	4%	2%	1%	1%	2%	1%	1%
Decrease somewhat (2)	7%	9%	10%	13%	8%	13%	12%	13%
Remain the same (3)	40%	47%	43%	36%	49%	51%	53%	52%
Increase somewhat (4)	47%	37%	39%	44%	41%	31%	33%	29%
Increase greatly (5)	4%	3%	7%	5%	2%	4%	1%	5%
Mean score	3.44	3.27	3.39	3.40	3.35	3.22	3.20	3.25

Please **rate your level of concern** about the following items as they affect your company **within the next few months**. Use a 1–7 scale, with one meaning *not concerned at all* and seven meaning you are *greatly concerned*:

5. The cost of health insurance for your employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	5%	6%	6%	6%	5%	5%	5%	7%
2	2%	3%	2%	2%	2%	2%	3%	2%
3	5%	4%	4%	6%	6%	6%	6%	6%
4	9%	13%	10%	8%	9%	8%	10%	12%
5	19%	21%	21%	20%	22%	16%	20%	19%
6	19%	16%	22%	20%	21%	22%	24%	20%
7 / Greatly concerned	40%	37%	36%	38%	35%	41%	31%	34%
Mean score	5.52	5.35	5.46	5.47	5.45	5.60	5.34	5.30

6. Gasoline prices

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	1%	4%	5%	3%	2%	3%	1%	2%
2	4%	6%	5%	3%	2%	5%	3%	2%
3	7%	9%	15%	7%	9%	8%	6%	3%
4	8%	17%	21%	13%	12%	14%	11%	5%
5	25%	24%	27%	26%	25%	31%	25%	15%
6	15%	13%	14%	20%	20%	18%	21%	20%
7 / Greatly concerned	40%	26%	13%	28%	31%	21%	33%	52%
Mean score	5.56	4.97	4.55	5.31	5.39	5.04	5.52	5.96

7. The cost of salaries and wages

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	2%	3%	3%	2%	2%	2%	1%	2%
2	4%	3%	4%	2%	3%	4%	3%	3%
3	16%	12%	12%	11%	10%	11%	10%	11%
4	27%	26%	23%	22%	19%	23%	24%	21%
5	31%	32%	29%	27%	32%	30%	33%	37%
6	13%	14%	19%	23%	20%	17%	17%	15%
7 / Greatly concerned	8%	10%	10%	13%	14%	14%	12%	10%
Mean score	4.51	4.62	4.70	4.90	4.90	4.84	4.84	4.75

(Continued) Please **rate your level of concern** about the following items as they affect your company **within the next few months**. Use a 1–7 scale, with one meaning *not concerned at all* and seven meaning you are *greatly concerned*:

8. Your ability to compete in the marketplace

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	14%	10%	12%	10%	10%	8%	8%	10%
2	20%	19%	15%	18%	16%	17%	17%	12%
3	22%	24%	22%	19%	20%	22%	18%	20%
4	17%	15%	17%	23%	18%	20%	22%	20%
5	14%	20%	18%	15%	21%	18%	20%	21%
6	7%	7%	10%	8%	10%	8%	10%	11%
7 / Greatly concerned	6%	4%	7%	9%	5%	8%	6%	6%
Mean score	3.44	3.53	3.72	3.74	3.73	3.77	3.84	3.90

9. Outsourcing to foreign countries

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	60%	59%	61%	57%	62%	62%	60%	61%
2	11%	12%	14%	14%	13%	12%	11%	10%
3	7%	9%	8%	9%	9%	7%	10%	9%
4	8%	8%	7%	7%	6%	5%	8%	7%
5	6%	5%	5%	6%	5%	8%	3%	7%
6	4%	3%	2%	4%	2%	3%	3%	2%
7 / Greatly concerned	4%	5%	3%	4%	4%	3%	5%	5%
Mean score	2.19	2.15	1.99	2.17	2.00	2.07	2.10	2.14

10. The cost of your company's lease, rent, or mortgage

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	34%	36%	34%	33%	39%	36%	36%	36%
2	20%	23%	18%	18%	16%	18%	17%	18%
3	19%	14%	17%	19%	18%	18%	19%	18%
4	13%	12%	16%	15%	12%	14%	13%	12%
5	9%	10%	9%	12%	9%	10%	9%	9%
6	3%	3%	3%	2%	3%	2%	4%	5%
7 / Greatly concerned	2%	3%	2%	1%	3%	2%	2%	2%
Mean score	2.58	2.55	2.64	2.66	2.58	2.60	2.63	2.64

(Continued) Please **rate your level of concern** about the following items as they affect your company **within the next few months**. Use a 1–7 scale, with one meaning *not concerned at all* and seven meaning you are *greatly concerned*:

11. The cost of utilities

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	8%	12%	9%	8%	14%	13%	11%	10%
2	18%	16%	14%	18%	13%	17%	15%	14%
3	19%	19%	19%	23%	21%	23%	21%	19%
4	19%	19%	27%	23%	23%	19%	20%	20%
5	20%	19%	20%	16%	20%	20%	19%	21%
6	9%	10%	8%	7%	4%	4%	6%	10%
7 / Greatly concerned	6%	5%	5%	4%	4%	5%	8%	8%
Mean score	3.76	3.69	3.75	3.58	3.52	3.48	3.69	3.87

12. The cost of inventory and supplies

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	7%	7%	7%	8%	11%	8%	8%	6%
2	13%	14%	12%	14%	9%	13%	8%	8%
3	16%	20%	16%	17%	14%	15%	15%	12%
4	22%	21%	28%	21%	28%	26%	25%	17%
5	23%	24%	22%	24%	21%	22%	24%	30%
6	13%	9%	12%	10%	13%	11%	12%	16%
7 / Greatly concerned	6%	6%	3%	5%	4%	5%	7%	12%
Mean score	4.05	3.91	3.96	3.90	3.94	3.95	4.13	4.51

13. Finding qualified employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	3%	4%	3%	1%	3%	3%	4%	5%
2	3%	5%	2%	3%	2%	4%	3%	3%
3	7%	7%	7%	4%	6%	6%	6%	10%
4	10%	10%	7%	7%	7%	9%	12%	13%
5	23%	15%	18%	16%	18%	20%	22%	23%
6	19%	23%	25%	24%	23%	25%	26%	22%
7 / Greatly concerned	35%	35%	38%	45%	42%	34%	27%	23%
Mean score	5.41	5.38	5.63	5.85	5.69	5.50	5.31	5.07

(Continued) Please **rate your level of concern** about the following items as they affect your company **within the next few months**. Use a 1–7 scale, with one meaning *not concerned at all* and seven meaning you are *greatly concerned*:

14. Keeping qualified employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	4%	3%	2%	1%	3%	3%	3%	4%
2	5%	6%	5%	4%	5%	5%	8%	8%
3	12%	10%	11%	8%	6%	9%	7%	10%
4	14%	11%	8%	11%	13%	11%	17%	20%
5	22%	23%	22%	26%	22%	23%	22%	21%
6	19%	23%	26%	23%	21%	24%	24%	21%
7 / Greatly concerned	24%	24%	27%	27%	30%	24%	19%	15%
Mean score	4.96	5.12	5.29	5.34	5.32	5.13	4.97	4.72

15. The impact of inflation on the cost to do business

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
1 / Not concerned at all	1%	3%	2%	1%	2%	3%	1%	1%
2	6%	10%	9%	7%	5%	8%	5%	2%
3	12%	16%	20%	15%	15%	14%	10%	8%
4	21%	21%	25%	24%	24%	24%	22%	14%
5	31%	26%	28%	32%	32%	29%	29%	29%
6	15%	14%	10%	13%	16%	13%	17%	25%
7 / Greatly concerned	13%	10%	6%	9%	7%	9%	15%	21%
Mean score	4.74	4.41	4.21	4.52	4.52	4.45	4.82	5.25

Level of Concern – Synopsis of Mean Scores

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
5. <i>The cost of employee health insurance</i>	5.52	5.35	5.46	5.47	5.45	5.60	5.34	5.30
6. <i>Gasoline prices</i>	5.56	4.97	4.55	5.31	5.39	5.04	5.52	5.96
7. <i>The cost of salaries and wages</i>	4.51	4.62	4.70	4.90	4.90	4.84	4.84	4.75
8. <i>Your ability to compete in the marketplace</i>	3.44	3.53	3.72	3.74	3.73	3.77	3.84	3.90
9. <i>Outsourcing to foreign countries</i>	2.19	2.15	1.99	2.17	2.00	2.07	2.10	2.14
10. <i>The cost of your lease, rent, or mortgage</i>	2.58	2.55	2.64	2.66	2.58	2.60	2.63	2.64
11. <i>The cost of utilities</i>	3.76	3.69	3.75	3.58	3.52	3.48	3.69	3.87
12. <i>The cost of inventory and supplies</i>	4.05	3.91	3.96	3.90	3.94	3.95	4.13	4.51
13. <i>Finding qualified employees</i>	5.41	5.38	5.63	5.85	5.69	5.50	5.31	5.07
14. <i>Keeping qualified employees</i>	4.96	5.12	5.29	5.34	5.32	5.13	4.97	4.72
15. <i>Impact of inflation on the cost to do business</i>	4.74	4.41	4.21	4.52	4.52	4.45	4.82	5.25
16. <i>If and when your company's budget tightens</i> , which ONE of the following <i>best</i> describes how you will handle those pressures?								
	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Pass on costs	13%	13%	15%	16%	18%	14%	14%	16%
Absorb costs / accept lower margins	18%	15%	13%	13%	16%	15%	17%	15%
A combination of the above	69%	72%	72%	71%	67%	71%	69%	69%

Demographic Data

17. Number of full-time employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
500+	4%	4%	6%	5%	4%	5%	5%	6%
251–500	7%	7%	10%	7%	8%	7%	6%	6%
101–250	12%	12%	14%	11%	12%	10%	11%	12%
51–100	15%	18%	17%	16%	15%	14%	16%	15%
26–50	19%	18%	16%	19%	21%	22%	23%	22%
10–25	43%	40%	36%	42%	41%	43%	39%	39%

18. Number of part-time employees

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
500+	1%	1%	1%	2%	1%	2%	2%	2%
251–500	2%	2%	2%	2%	2%	1%	1%	1%
101–250	3%	2%	2%	1%	2%	2%	1%	1%
51–100	3%	2%	3%	4%	2%	2%	2%	2%
26–50	4%	6%	5%	5%	6%	7%	6%	7%
10–25	18%	19%	19%	19%	19%	21%	23%	21%
Less than 10	45%	42%	32%	40%	40%	44%	39%	42%
Refuse	3%	3%	2%	2%	2%	2%	2%	1%
Not specified	22%	23%	35%	25%	27%	20%	24%	21%

19. Gender

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Male	73%	71%	63%	66%	73%	76%	74%	75%
Female	13%	14%	12%	19%	16%	14%	16%	14%
Did not answer	14%	15%	25%	15%	12%	10%	11%	10%

20. Industry

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Agriculture / forestry / fishing/hunting	2%	2%	2%	2%	2%	2%	2%	2%
Mining	<1%	1%	1%	<1%	<1%	1%	1%	1%
Utilities	2%	2%	2%	1%	2%	2%	2%	2%
Construction	12%	12%	12%	13%	11%	14%	12%	12%
Manufacturing	16%	17%	14%	16%	15%	13%	14%	16%
Wholesale trade	6%	6%	7%	6%	7%	6%	6%	6%
Retail trade	11%	10%	10%	9%	12%	14%	14%	13%
Transportation / warehousing	4%	5%	5%	5%	5%	5%	6%	5%
Information	3%	4%	4%	3%	4%	3%	4%	3%
Finance / insurance	6%	6%	5%	4%	6%	5%	4%	3%
Real estate and leasing	1%	1%	2%	1%	1%	1%	2%	2%
Professional / scientific / technical	8%	8%	9%	10%	7%	8%	7%	7%
Mgmt. of companies / enterprises	<1%	1%	<1%	<1%	1%	1%	<1%	<1%
Waste management / remediation services	0%	0%	0%	1%	<1%	1%	1%	<1%
Educational services	4%	4%	4%	2%	3%	4%	3%	3%
Health care and social assistance	12%	10%	11%	13%	10%	10%	11%	10%
Arts / entertainment / recreation	2%	4%	4%	3%	3%	2%	3%	3%
Accommodations / food services	5%	6%	6%	6%	6%	6%	7%	7%
Other services (except public admin)	3%	2%	3%	3%	3%	2%	3%	4%
Public administration	<1%	0%	0%	0%	0%	0%	0%	<1%
Other	1%	0%	0%	<1%	0%	0%	0%	0%

21. How long has your company been doing business?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Less than 1 year	0%	1%	0%	0%	<1%	<1%	<1%	<1%
1 to 5 years	8%	7%	6%	6%	7%	6%	6%	5%
5 to 10 years	13%	12%	12%	11%	11%	12%	13%	12%
10 to 25 years	26%	27%	22%	25%	25%	26%	25%	24%
More than 25 years	39%	41%	36%	43%	43%	46%	45%	49%
Refuse	2%	1%	0%	1%	1%	2%	1%	1%
Not specified	12%	12%	23%	13%	13%	8%	9%	9%

22. Do you consider your business to be seasonal?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Yes	17%	19%	17%	20%	19%	20%	17%	21%
No	71%	69%	60%	66%	68%	79%	73%	70%
Don't know	1%	0%	0%	1%	1%	0%	<1%	0%
Not specified	12%	12%	23%	13%	13%	8%	9%	9%

23. [IF SEASONAL] In which quarter(s) is the majority of your business conducted? (PERCENT MENTIONED)

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Number responding	64	68	53	66	62	62	59	72
1st quarter (Jan, Feb, Mar)	13%	15%	9%	17%	18%	11%	12%	18%
2nd quarter (Apr, May, Jun)	41%	43%	45%	44%	49%	55%	44%	56%
3rd quarter (Jul, Aug, Sep)	50%	56%	58%	48%	52%	55%	58%	63%
4th quarter (Oct, Nov, Dec)	34%	35%	34%	39%	36%	37%	43%	39%
Summer	28%	24%	19%	23%	24%	24%	19%	18%
Winter	8%	10%	9%	9%	10%	3%	5%	3%

24. What is your age category?

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
18 to 24	0%	0%	0%	0%	0%	0%	0%	0%
25 to 34	11%	9%	8%	8%	8%	11%	10%	8%
35 to 44	22%	23%	21%	21%	22%	21%	18%	22%
45 to 54	28%	28%	23%	30%	27%	31%	31%	31%
55 to 64	18%	20%	16%	20%	18%	18%	21%	20%
65+	3%	3%	3%	2%	4%	3%	4%	5%
Refuse	3%	3%	3%	3%	4%	3%	3%	2%
Not specified	14%	15%	25%	15%	18%	12%	13%	12%

25. County where your business is headquartered:

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Beaver	<1%	<1%	<1%	0%	0%	0%	0%	<1%
Box Elder	2%	3%	2%	2%	2%	3%	2%	1%
Cache	6%	7%	6%	5%	6%	6%	6%	5%
Carbon	0%	1%	0%	<1%	<1%	<1%	1%	1%
Daggett	0%	0%	0%	0%	<1%	<1%	0%	<1%
Davis	7%	5%	7%	8%	6%	7%	6%	7%
Duchesne	1%	1%	<1%	0%	1%	0%	<1%	<1%
Emery	<1%	1%	<1%	<1%	1%	1%	<1%	1%
Garfield	0%	<1%	0%	0%	0%	0%	0%	<1%
Grand	1%	1%	1%	1%	2%	2%	1%	1%
Iron	1%	1%	2%	2%	3%	1%	1%	1%
Juab	1%	1%	1%	<1%	1%	1%	1%	1%
Kane	<1%	<1%	<1%	0%	0%	0%	1%	0%
Millard	1%	1%	<1%	1%	1%	1%	1%	1%
Morgan	0%	0%	0%	0%	0%	0%	0%	0%
Piute	<1%	<1%	<1%	0%	0%	<1%	0%	0%
Rich	0%	0%	0%	0%	0%	0%	0%	0%
Salt Lake	50%	49%	52%	51%	55%	51%	54%	52%
San Juan	1%	1%	1%	1%	0%	1%	1%	<1%
Sanpete	1%	1%	1%	2%	2%	1%	1%	1%
Sevier	1%	1%	1%	<1%	1%	1%	<1%	1%
Summit	2%	2%	1%	2%	1%	1%	1%	1%
Tooele	<1%	1%	<1%	<1%	0%	0%	0%	0%
Uintah	1%	1%	2%	1%	1%	1%	2%	1%
Utah	12%	12%	12%	12%	11%	15%	12%	12%
Wasatch	1%	1%	<1%	1%	0%	1%	<1%	1%
Washington	5%	4%	4%	4%	3%	3%	3%	2%
Wayne	<1%	0%	0%	<1%	0%	<1%	0%	<1%
Weber	5%	6%	5%	6%	5%	5%	5%	6%
Other	1%	1%	0%	<1%	<1%	<1%	<1%	<1%

26. Area	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>
Wasatch Front	74%	73%	76%	77%	77%	78%	77%	77%
Rest of State	26%	27%	24%	23%	24%	23%	23%	23%

Thank you for completing the Utah Quarterly Economic Forecast. We appreciate your participation.