



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

*Study conducted for*  
**Utah Quarterly Economic Forecast  
2007 3rd Quarter Summary**

*Study sponsored by*  
**ZIONS BANK®**

*Study conducted by*  
**Dan Jones  
& ASSOCIATES**

Salt Lake City, Utah • 801.322.5722

For more information, visit: [www.UtahEconomicForecast.com](http://www.UtahEconomicForecast.com)  
To join the panel, please contact: [support@UtahEconomicForecast.com](mailto: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, Senior 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, six cycles of the online study have taken place as follows:

<i>Quarter / Year</i>	<i>Dates</i>	<i>Sample Size</i>
2Q06	July 12–21, 2006	387
3Q06	October 2–13, 2006	356
4Q06	January 25–February 2, 2007	320
1Q07	April 2–27, 2007	335
2Q07	July 9–August 3, 2007	336
3Q07	October 1–30, 2007	334

Surveys are completed using a secure Web site. 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), and 86 in the sixth (3Q07).

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.

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

## Executive Summary

Utah executives appear to be more guarded in their optimism about the financial future of their company than they have been during the previous five cycles of this study. With the exception of the fourth quarter of 2006, this continues a trend towards *somewhat optimistic*, rather than *very optimistic*. Even so, four out of five panelists continue to rate their optimism on the positive side of the ten-point scale.

Nearly nine out of ten panelists predict that their companies' economic health will be about the same or better in the upcoming quarter and, likewise, that the size of their workforce will increase or remain the same.

The cost of employee health insurance emerges as the top economic concern this quarter for the first time, followed by finding qualified employees, keeping qualified employees, gasoline prices, and the cost of salaries and wages. Among those top five economic concerns, the cost of employee health insurance is the only one with an increased level of concern compared to the previous quarters of 2007.

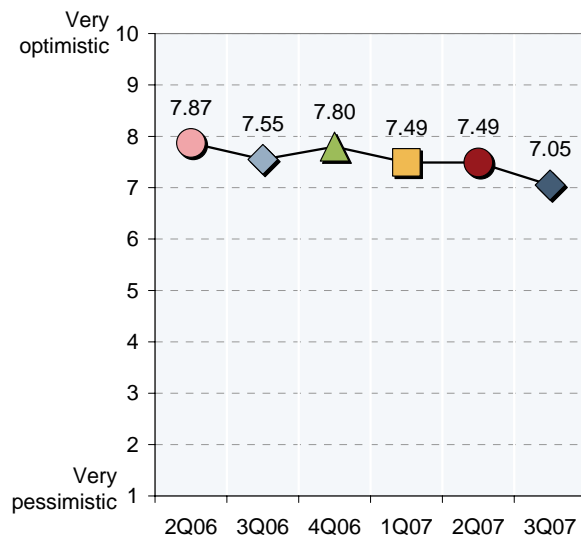
## Optimism

With four out of five Utah business leaders in the current quarter (79%) rating their optimism about their companies' financial future on the positive side of the 1 (very pessimistic) to 10 (very optimistic) scale, Utah's economic outlook appears to be fairly strong. However, when comparing these 6-to-10 ratings with the previous five quarters, it looks as if optimism is more guarded than it has been since the inception of the Utah Quarterly Economic Forecast (2Q06: 90%, 3Q06: 85%, 4Q06: 88%, 1Q07: 87%, 2Q07: 85%, and 3Q07: 79%).

This apparent waning optimism is further evident in the comparative mean scores, beginning at 7.87 (on the 10-point scale) in the second quarter of 2006 and ending with 7.05 in the third quarter of 2007, a decrease of 0.82 points. Moreover, there is a decrease of 0.50 points from the third quarter of 2006 to the third quarter of 2007 (7.55 and 7.05, respectively). After declining for the second and third quarters of 2006, optimism mean scores showed a recovery during the fourth quarter. The next cycle of this study will reveal if the same holds true for 2007.

Further analysis reveals that the shift in optimism has not been from the positive to

*Please rate your level of optimism about the financial future of your company, based on profits/losses during the past three months*



the negative, but rather from the positive end of the scale to the middle range. During the six cycles of this study, ratings of 9 or 10 have decreased from 33% (2Q06) to 21% (3Q07), down 12 percentage points, while ratings of 5 or 6 have increased from 13% (2Q06) to 24% (3Q07), up 11 percentage points.

Statistically, as the age of panelists increases so does the likelihood that they will be more optimistic about the financial future of their company.

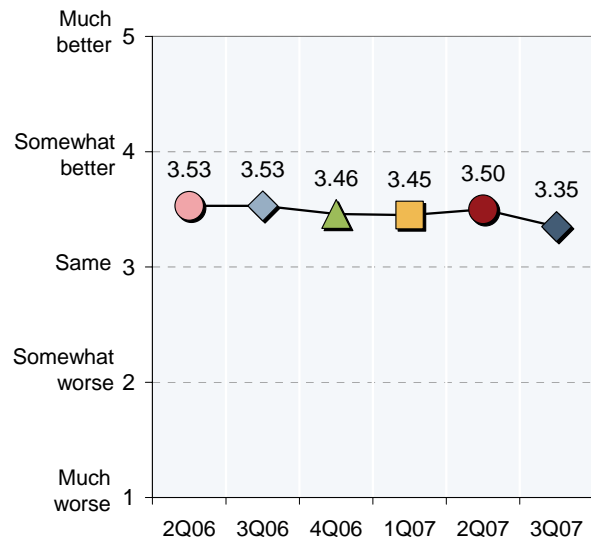
## Economic Health

During the previous five cycles of this study, panelists' forecasts of their companies' economic health in the upcoming quarter remained fairly steady, ranging between 3.45 in the first quarter of 2007 and 3.53 in the second and third quarters of 2006. Scores are based on a 5-point scale where 1 means *much worse* and 5 means *much better*. Results from the sixth cycle (third quarter of 2007: 3.35) show the mean score shifting marginally lower, although it still remains in the *better* range.

Closer inspection reveals that during the previous five cycles of the Utah Economic Forecast, approximately half of the panelists (between 48% and 52%) predicted that their companies' economic health would be somewhat better or much better in the upcoming quarter compared to the just-completed quarter. During this sixth cycle of the study, 39% declare their companies economic health will be somewhat or much better and half (3Q07: 49%) now predict it will remain about the same as the previous quarter.

Executives whose companies have been in business a shorter time period (as years in business decreases, likelihood increases) and those whose businesses are not seasonal are more likely to foresee their companies economic health being better in the next three months.

*In the coming three months, would you predict that your company's economic health will be better, worse, or about the same as the previous three months?*



## Capital Expenditures

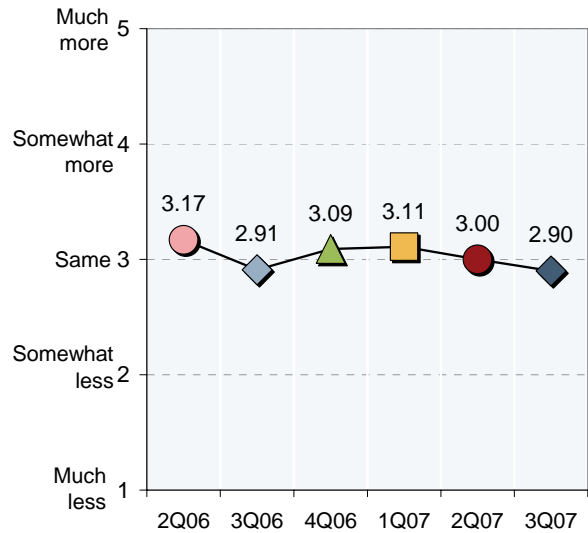
Much like the results in the third quarter of last year, results in the third quarter of 2007 reveal a lower anticipated level of capital spending (3Q06: 2.91 and 3Q07: 2.90) than they did in the preceding quarter (2Q06: 3.17 and 2Q07: 3.00). Mean scores are based on a 1-to-5 scale (much less spending to much more spending). Whether this is a

seasonal consistency or due to fluctuations in Utah’s economy remains to be seen during upcoming cycles of this study.

During all previous quarters, except the second quarter of 2006, the percentage of executives who anticipated spending somewhat or much more on capital expenditures exceeded those who foresaw spending somewhat or much less by an average of 8 percentage points (2Q06: 3.17%). Conversely, during the third quarters of both years, the percentage of those anticipating somewhat or much less spending exceeds those who predict somewhat or much more spending by an average of 8 percentage points.

Executives whose businesses are seasonal are more likely to say they will spend somewhat or much less on capital expenditures in the next three months. Executives in counties with larger populations are more likely to say their companies’ capital expenditures will remain about the same (as county population increases, likelihood increases).

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

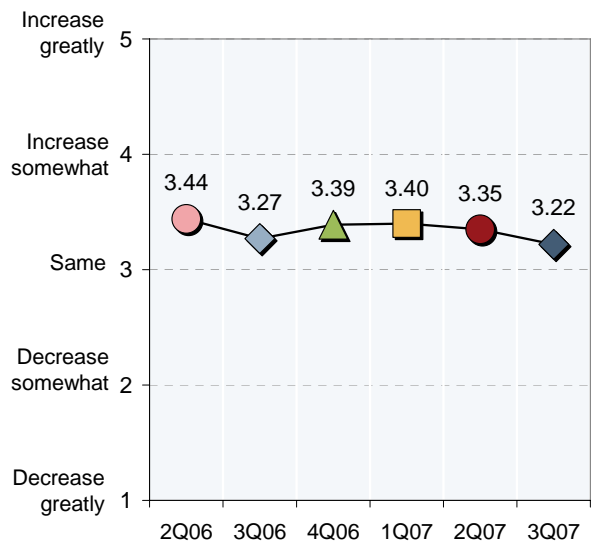


## Workforce

Similar to the previous question about capital expenditures, anticipation for an increased workforce continues to be lower, overall, among Utah executives during the third quarters of 2006 and 2007. Examining the mean scores on the 5-point scale (1 / decrease greatly to 5 / increase greatly) reveals that expectation of somewhat or greatly increasing their workforce was highest in the first cycle of this study (2Q06: 3.44) and is lowest in the current cycle (3Q07: 3.22).

Perhaps even more revealing is a comparison of the percentage of panelists saying they anticipate their workforce will increase with those who feel it will decrease. During the first cycle of this study (2Q06), 51% predicted their workforce would increase and 9% predicted a

*In the coming three months, do you anticipate that your workforce will increase, decrease, or remain the same compared to the last three months?*



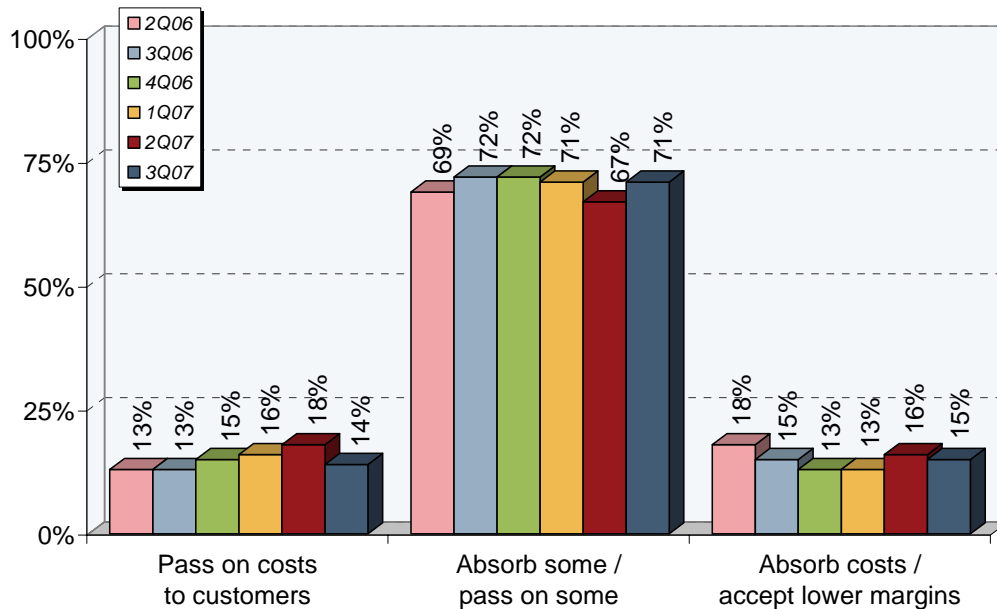
decrease—a difference of 42 percentage points. During this most recent cycle (3Q07), 35% of the panelists anticipate an increase, while 15% anticipate a decrease—a gap of just 20 percentage points. That gap has been cut in half. Moreover, one out of two panelists during the last two cycles (2Q07: 49% and 3Q07: 51%) predicts that the size of their workforce will remain about the same in the coming three months.

There is a greater likelihood among executives in the more populous counties to say they anticipate their companies' workforces will increase over the next three months.

### Absorb Costs or Pass Them On?

A strong majority of Utah business leaders (3Q07: 71%) continue to say that they would absorb some costs and pass on some costs to customers if their budget tightened. During previous survey cycles, it appeared that the executives were becoming more willing to pass on costs, increasing from 13% in the second quarter of 2006 to 18% in the second quarter of 2007. In the current quarter, the percentage of panelists saying they would be more likely to pass on costs to customers has returned to initial study levels (3Q07: 14%).

*If and when your company's budget tightens, which one of the following best describes how you will handle those pressures?*



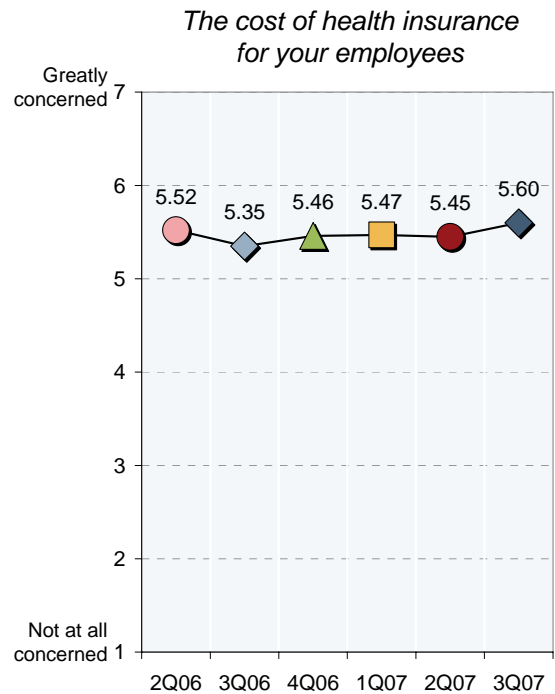
## Economic Concerns

Panelists are asked each quarter to assess their concern for 11 potential economic concerns using a scale of 1 / not at all concerned to 7 / greatly concerned. Generally, mean scores between 5 and 7 are high-level concerns. Mean scores between 3 and 5 are mid-level concerns, and mean scores between 1 and 3 are of little concern. Concerns are presented, in order, from greatest concern to least.

### 1) *The cost of employee health insurance:*

For the first time in the six cycles of Utah Quarterly Economic Forecast, the cost of employee health insurance emerges as the greatest economic concern among Utah executives. During all previous quarters it has been the number two concern. On the 1-to-7 scale, cost of employee health insurance reaches a mean score of 5.60 (3Q07) , up 0.15 points from the second quarter of 2007 (2Q07: 5.45) and 0.25 points from its low in the third quarter of last year (3Q06: 5.35).

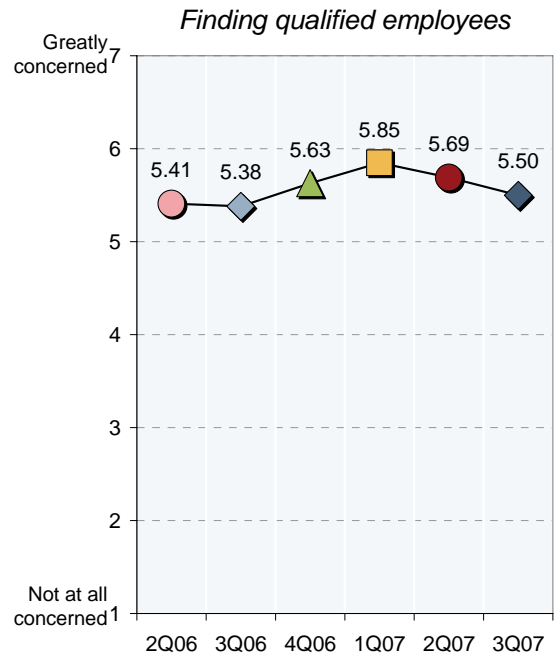
Non-seasonal executives and older executives (as age increases, so does the likelihood) are more likely to say they are greatly concerned about the cost of health insurance for their employees.



**2) Finding qualified employees:**

After peaking in the first quarter of 2007 (1Q07: 5.85), concern over finding qualified employees has subsided to 5.50 (3Q07)—down 0.35 points. It maintained the rank of number one concern for the past four quarters, and still remains a significant concern for Utah executives. Indeed, three out of five panelists in the current quarter (59%) rate finding qualified employees a 6 or 7 on the 7-point scale.

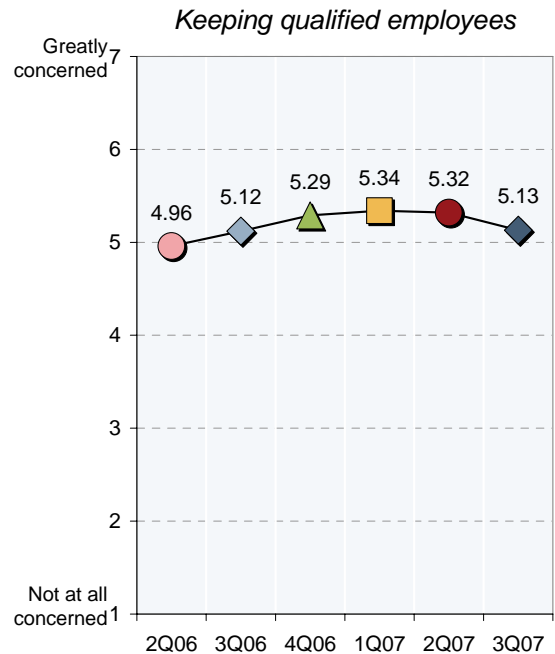
As their number of full-time or part-time employees increases, so does a panelist's concern over finding qualified employees. Concern is also high among panelists whose business is seasonal.



**3) Keeping qualified employees:**

Concern over keeping qualified employees, which ranks third in the current quarter (3Q07: 5.13), has also decreased after peaking in the first quarter of 2007 (1Q07: 5.34)—down 0.21 points. This factor has consistently ranked third or fourth during all six survey cycles.

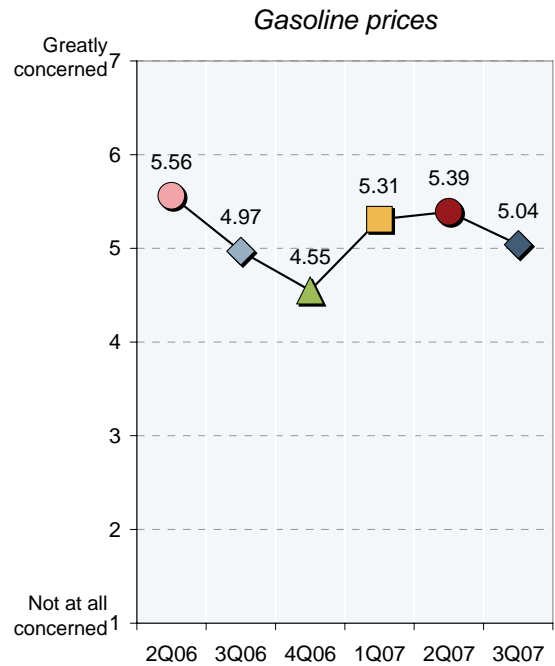
As the number of full-time or part-time employees increases so does a panelist's concern over keeping qualified employees.



**4) Gasoline prices:**

It’s been a roller-coaster for executives’ concern over gasoline prices, which was the number one concern during the first survey cycle (1Q06: 5.58) and has consistently been in the top four. During the current cycle (3Q07: 5.04), concern for gasoline prices declined 0.35 points from the previous quarter (2Q07: 5.39) and 0.52 points from the initial study (2Q06: 5.56). With a mean score of 5.04 points, concern for gasoline prices in this quarter rests midway between the study high in 2Q06 (5.56) and low in 4Q06 (4.97).

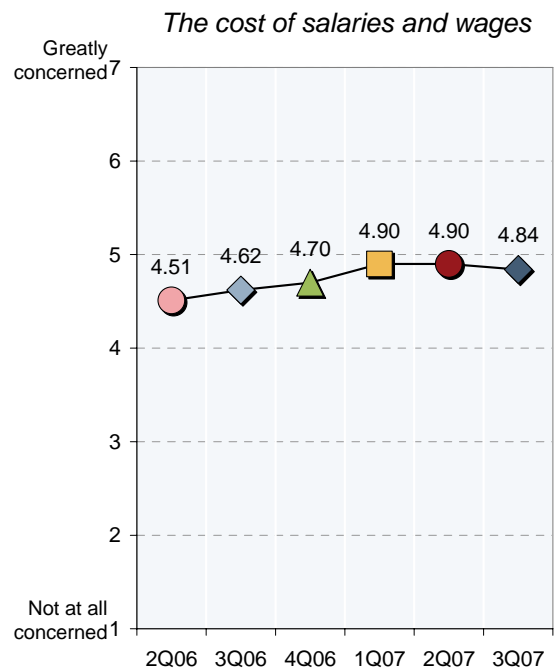
There is greater concern over gasoline prices among panelists with fewer employees (concern increases as the number of employees decreases). Concern also increases among panelists in smaller counties (as county population decreases, concern increases).



**5) The cost of salaries and wages:**

Concern over the cost of salaries and wages has leveled off over the past three quarters after climbing for the preceding three quarters. During all three 2007 cycles of the Utah Economic Forecast, mean scores have fluctuated just 0.06 points (1Q07: 4.90, 2Q07: 4.90, and 3Q07: 4.84). The cost of salaries has consistently ranked about fifth on the list of concerns.

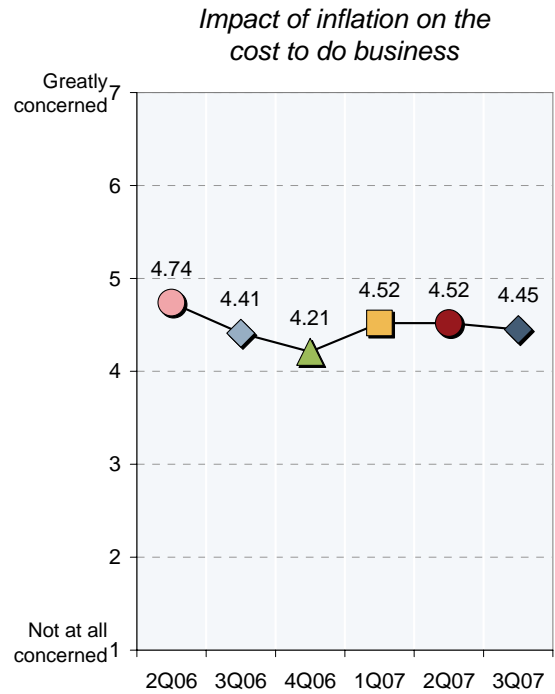
Panelists’ concern over the cost of salaries and wages increases as the number of part-time employees increases.



**6) The impact of inflation on the cost to do business:**

Except for the first cycle of this Utah Economic Forecast, the impact of inflation has ranked sixth out of the 11 potential economic concerns. During 2006, the impact of inflation was trending downward beginning with a mean score of 4.74 (2Q06) and ending with a mean score of 4.21 (4Q06). During the current year, mean scores have held steady, varying just 0.07 points (1Q07: 4.52, 2Q07: 4.52, and 3Q07: 4.45).

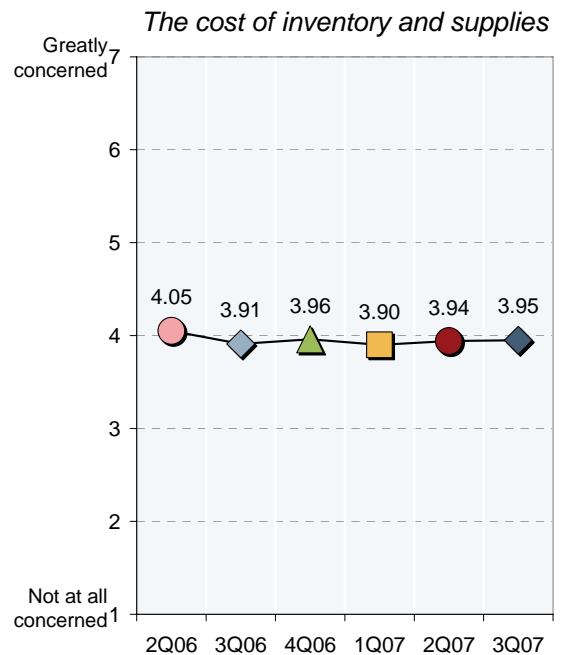
No demographic group was more likely than any other to express greater concern about the impact of inflation.



**7) The cost of inventory and supplies:**

Concern about the cost of inventory and supplies has had mean scores consistently around the mid-point on the 1-to-7 scale, and this quarter (3Q07: 3.95) is no exception. Since the third quarter of 2006 through the current quarter, mean scores have fluctuated only 0.06 points. During all six survey cycles, this has ranked as number seven on the list of economic concerns—consistently mid-level.

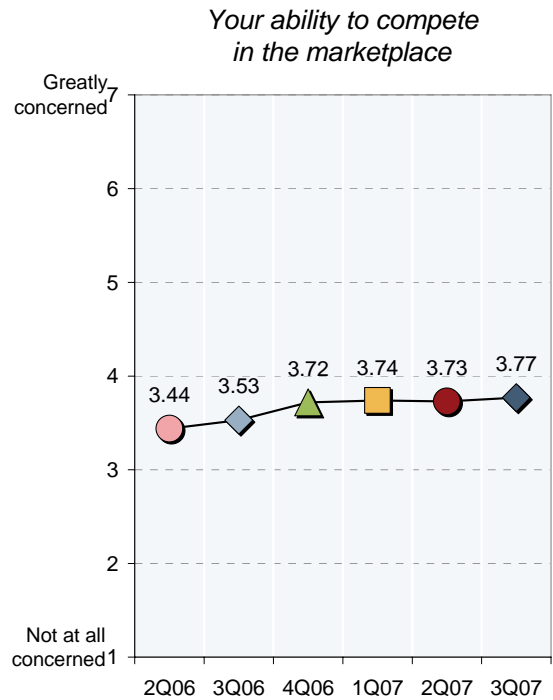
No demographic group was more likely than any other to express greater concern about the cost of inventory and supplies.



**8) The ability to compete in the marketplace:**

During the first two survey cycles, the ability to compete in the marketplace ranked ninth out of the eleven economic concerns. Since then, it has ranked eighth. Concern over the ability to compete steadily increased during the 2006 studies, from 3.44 in the second quarter to 3.72 in the fourth. During 2007, however, concern has leveled off beginning at 3.74 in the first quarter and weighing in at 3.77 in the third.

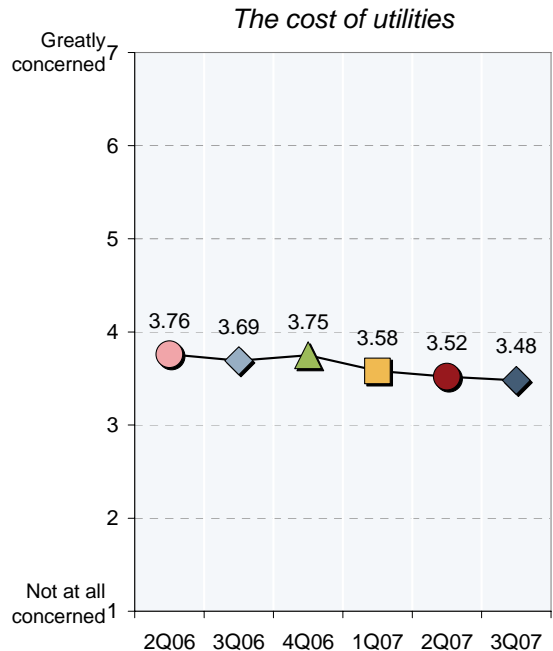
Concern over the ability to compete in the marketplace is greater among female panelists. Concern is lower among companies with 51 to 100 full-time employees and those with less than 10 part-time employees.



**9) Cost of utilities:**

The cost of utilities continues to be a lower mid-level concern for Utah executives and has been steadily declining in intensity, beginning with a mean score of 3.76 in the second quarter of 2006 and ending with 3.48 in the third quarter of 2007, a descent of 0.28 points.

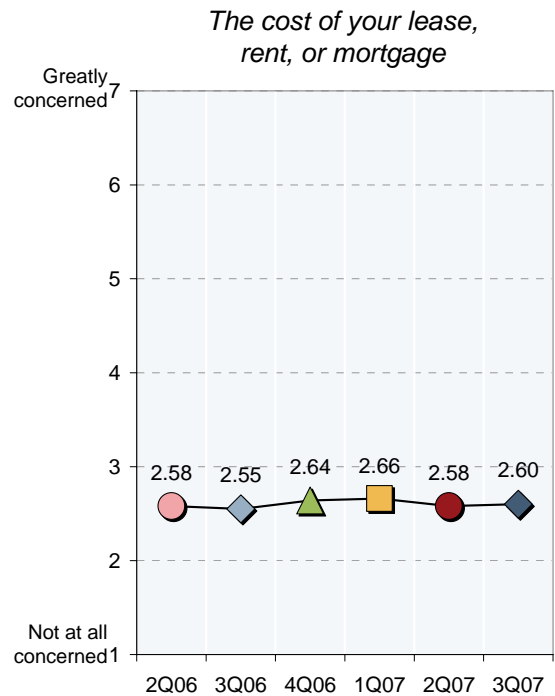
Younger panelists are more likely to say they are not concerned about the cost of utilities (as age decreases, concern decreases).



**10) Cost of your company’s lease, rent, or mortgage:**

Responses remain status quo when it comes to executives’ concerns about keeping a roof over their businesses. The cost of lease, rent, or mortgage has consistently been next to last on the list of concerns throughout all six survey cycles. Fluctuating from 2.55 (3Q06) to 2.66 (1Q07), and with a mean score of 2.60 on the 7-point scale in the current quarter (3Q07). This factor is well within the low-level concern range.

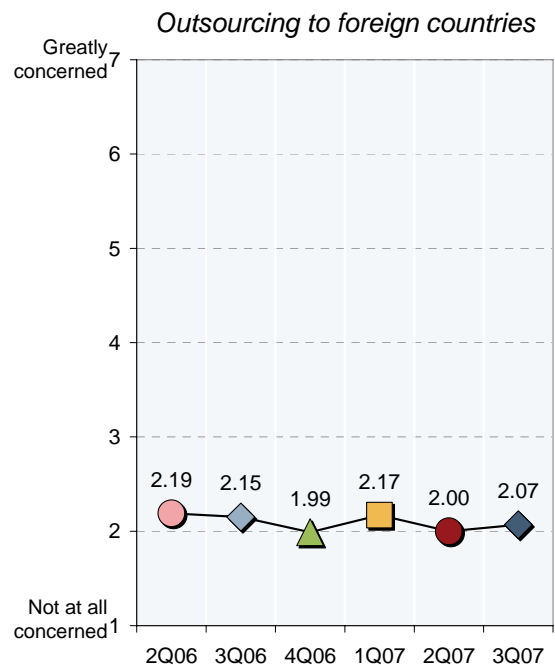
Panelists under age 35 or over age 54 as well as those in less populous counties (with decreased population there is also decreased concern) are more likely to say they are not concerned at all about their companies lease, rent, or mortgage.



**11) Outsourcing to foreign countries:**

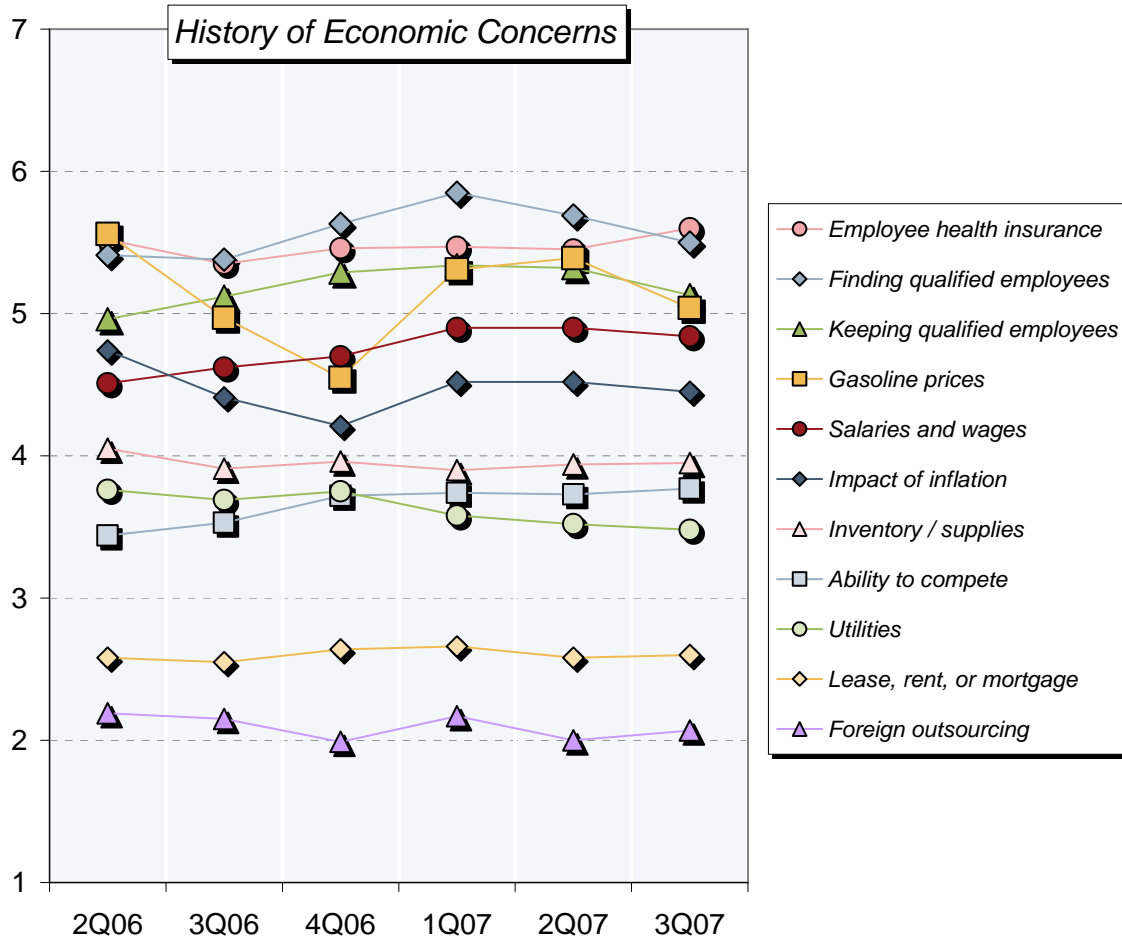
Virtually a non-factor, economically, in the Utah marketplace, outsourcing to foreign countries once again ranks last out of the 11 economic factors, with a mean score close to the second notch on the 7-point scale (3Q07: 2.07). Indeed, three out of four panelists (74%) rate their level of concern about foreign outsourcing as a 1 or a 2.

No demographic group was more likely than any other to express greater concern about outsourcing to foreign countries.



## A Quarterly Comparison of Economic Concerns

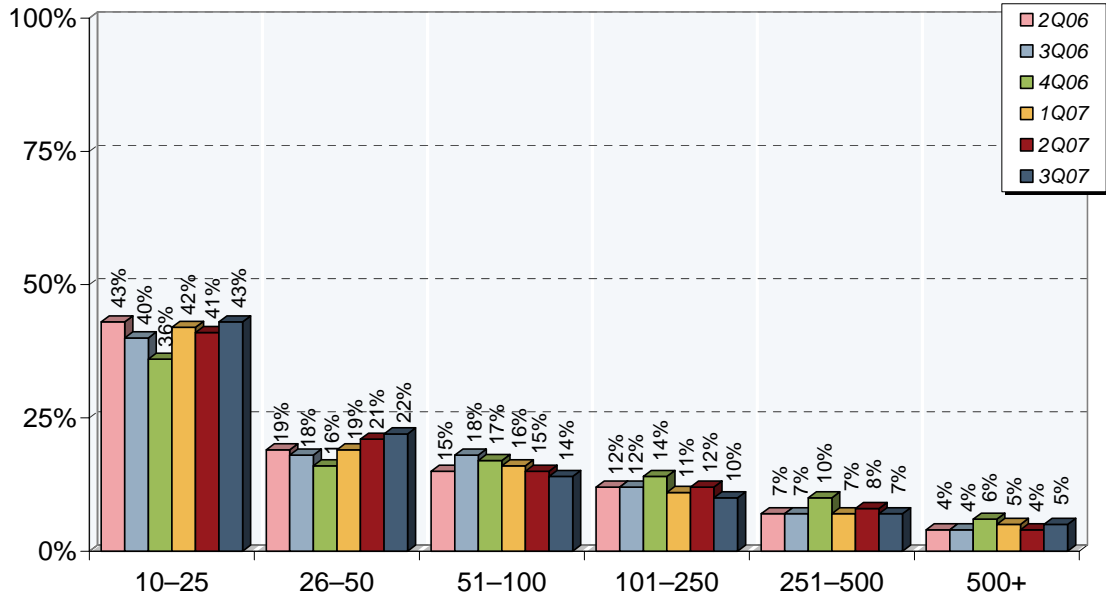
The charts below illustrates all 11 economic factors measured by Utah Economic Forecast panelists. To accommodate all the data, the chart does not contain the mean scores. However, all historic data is listed below the chart.



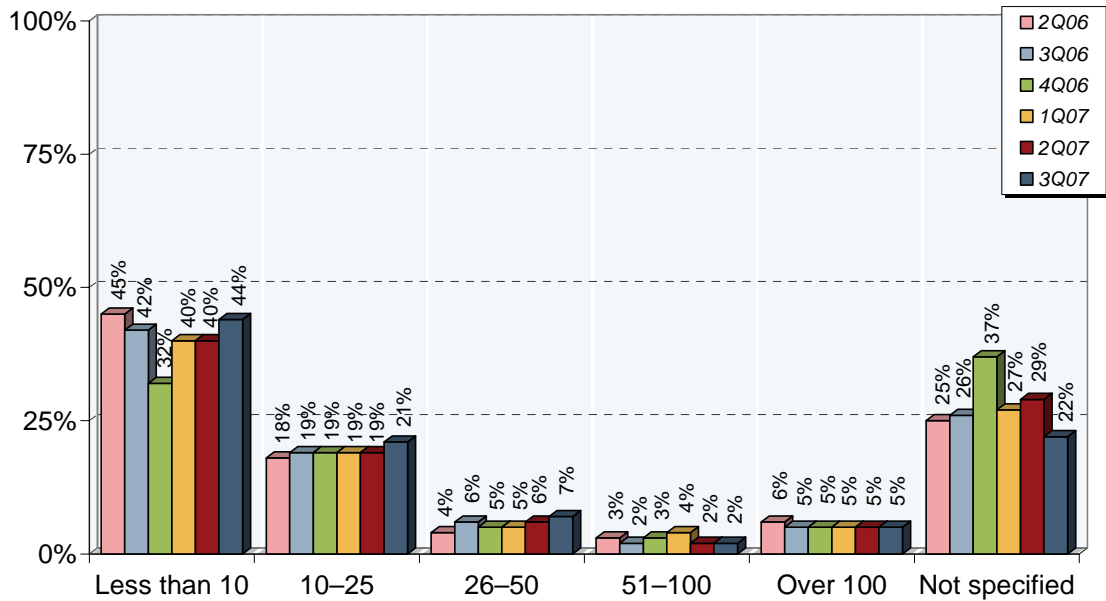
<b>ECONOMIC CONCERNS</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>
1 Cost of employee health insurance	5.52	5.35	5.46	5.47	5.45	5.60
2 Finding qualified employees	5.41	5.38	5.63	5.85	5.69	5.50
3 Keeping qualified employees	4.96	5.12	5.29	5.34	5.32	5.13
4 Gasoline prices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

# Demographic Characteristics of Panelists

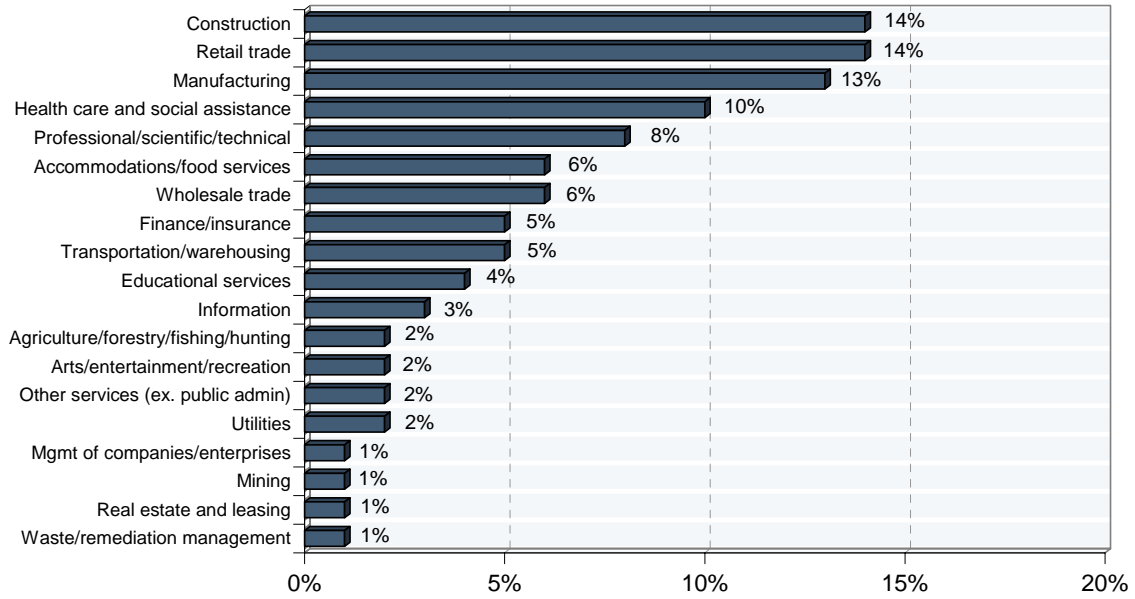
*Number of full-time employees*



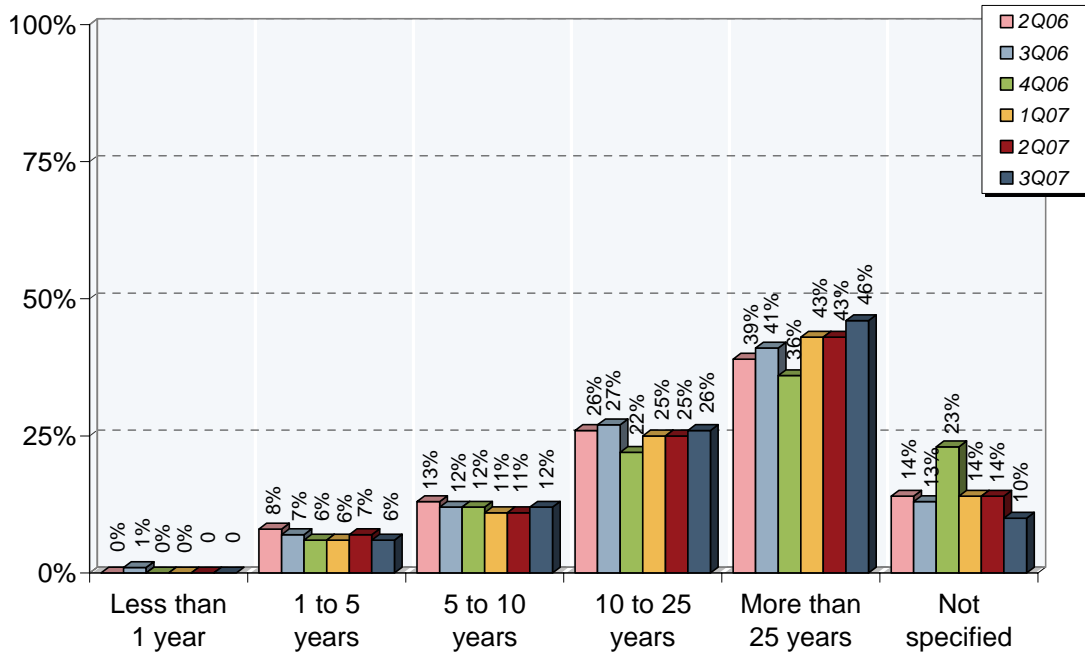
*Number of part-time employees*



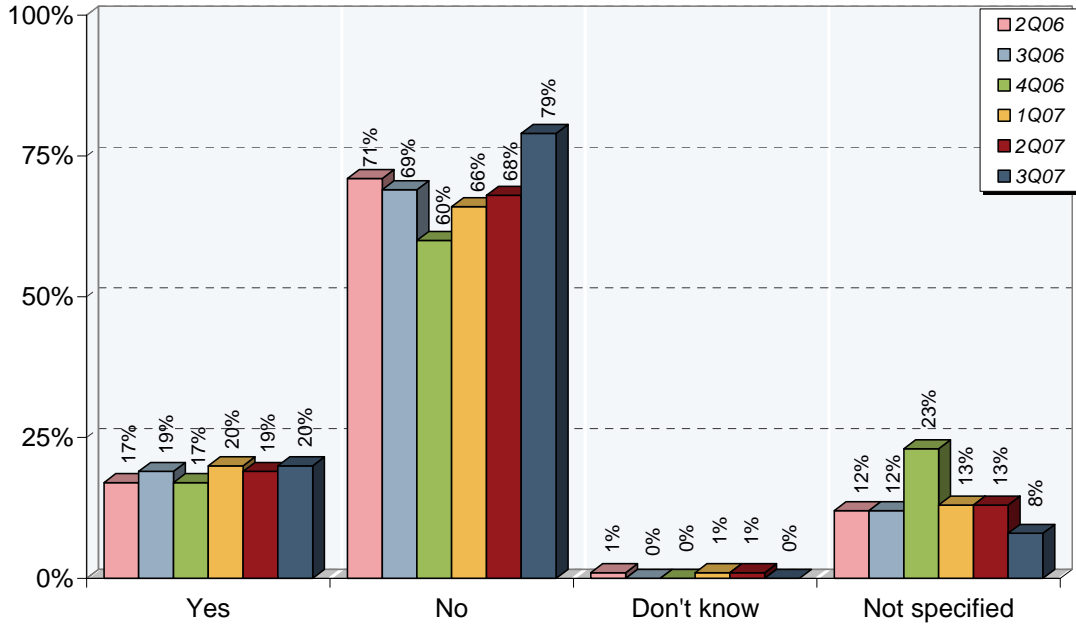
### Industry (3Q07 only)



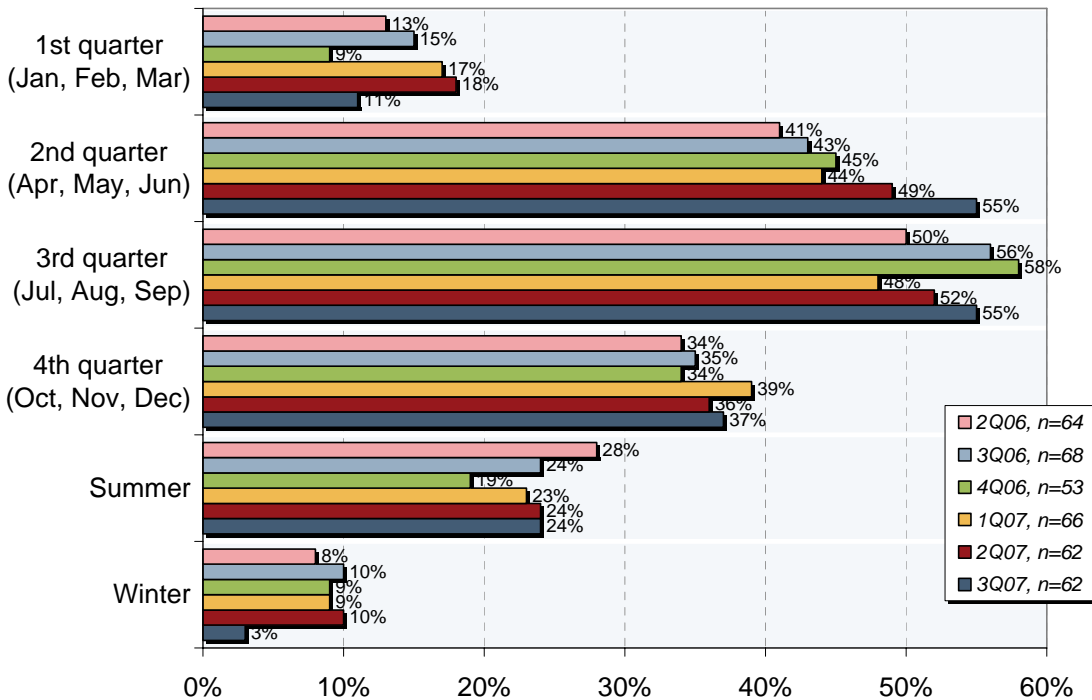
### How long has your company been doing business?



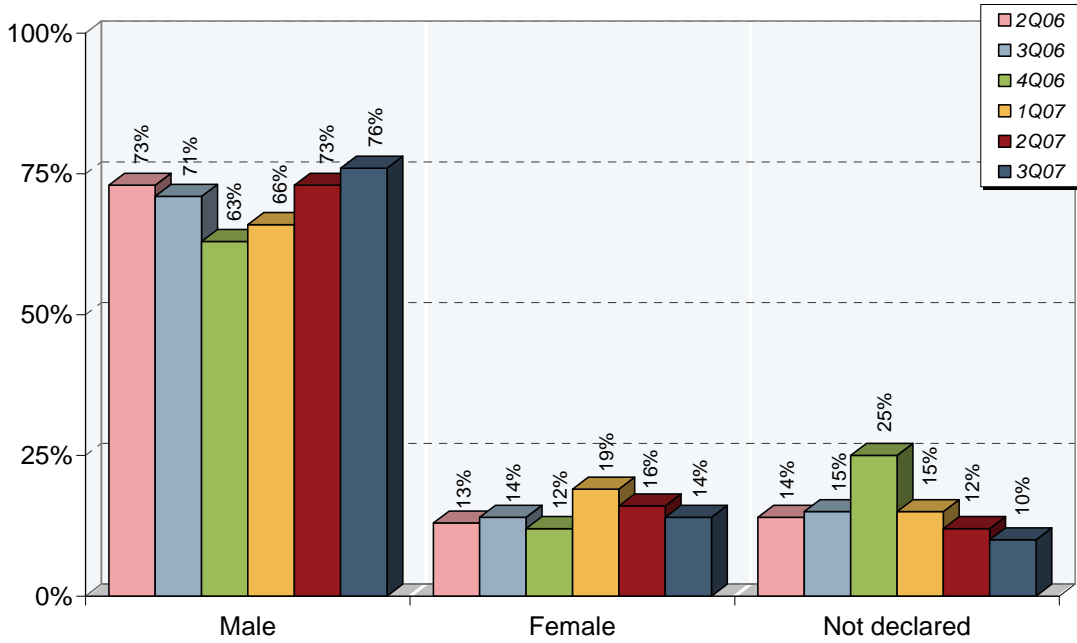
*Do you consider your business to be seasonal?*



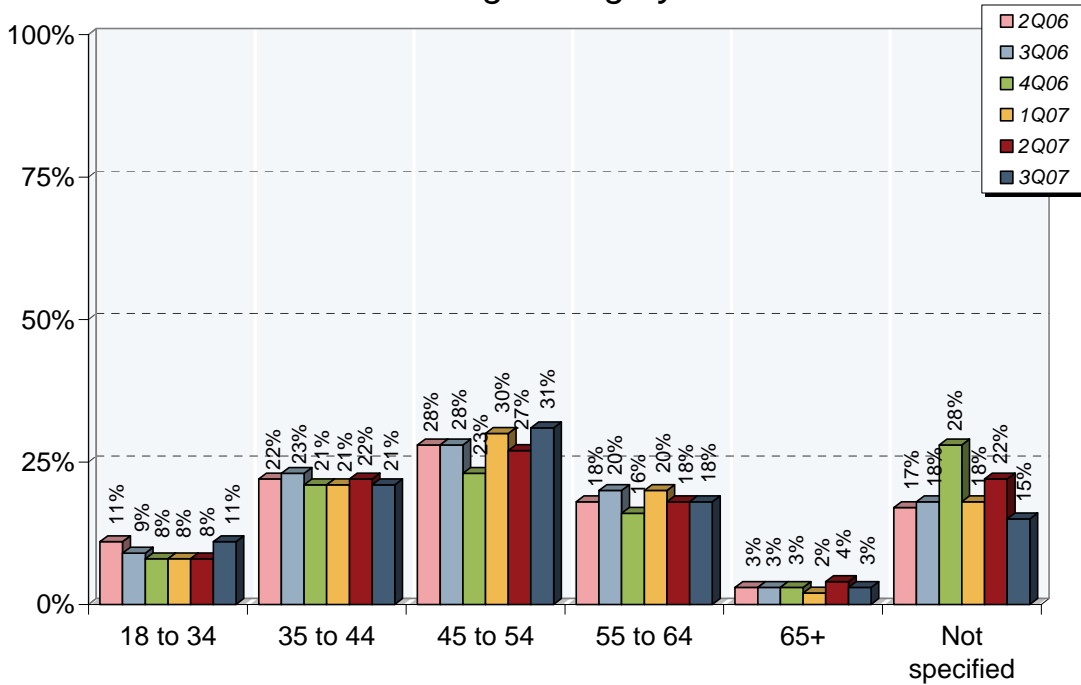
*[IF SEASONAL] In which quarter is the majority of your business conducted?*

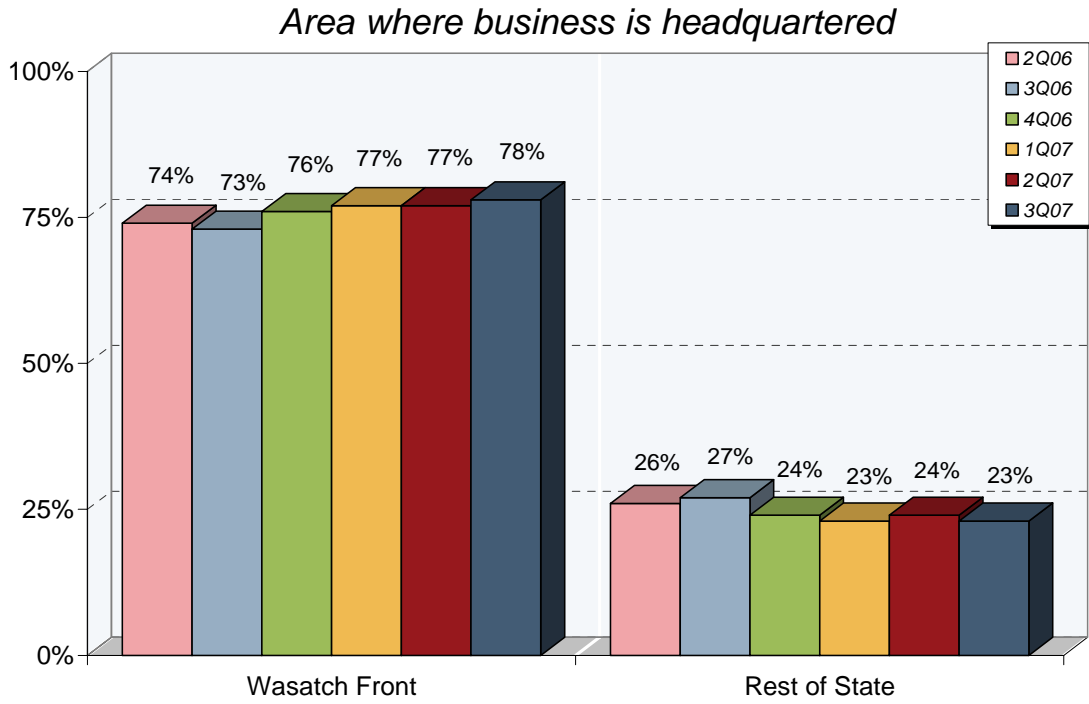


### Gender



### Age category





## Zions Bank Utah Quarterly Economic Forecast Third Quarter 2007 (3Q07) – Questionnaire with Results

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>
Field dates:	Jul 12–21	Oct 2–13	Jan 25–Feb 2	Apr 2–27	Jul 9–Aug 3	Oct 1–30
Sample size:	387	356	320	335	336	334

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

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>
Much worse (1)	2%	3%	3%	6%	1%	2%
Somewhat worse (2)	9%	10%	11%	9%	10%	10%
About the same (3)	39%	36%	37%	35%	42%	49%
Somewhat better (4)	34%	34%	35%	36%	35%	28%
Much better (5)	16%	17%	14%	15%	13%	11%
Mean score	3.53	3.53	3.46	3.45	3.50	3.35

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

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>
Decrease greatly (1)	2%	4%	2%	1%	1%	2%
Decrease somewhat (2)	7%	9%	10%	13%	8%	13%
Remain the same (3)	40%	47%	43%	36%	49%	51%
Increase somewhat (4)	47%	37%	39%	44%	41%	31%
Increase greatly (5)	4%	3%	7%	5%	2%	4%
Mean score	3.44	3.27	3.39	3.40	3.35	3.22

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>
1 / Not concerned at all	5%	6%	6%	6%	5%	5%
2	2%	3%	2%	2%	2%	2%
3	5%	4%	4%	6%	6%	6%
4	9%	13%	10%	8%	9%	8%
5	19%	21%	21%	20%	22%	16%
6	19%	16%	22%	20%	21%	22%
7 / Greatly concerned	40%	37%	36%	38%	35%	41%
Mean score	5.52	5.35	5.46	5.47	5.45	5.60

6. Gasoline prices

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

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>
1 / Not concerned at all	2%	3%	3%	2%	2%	2%
2	4%	3%	4%	2%	3%	4%
3	16%	12%	12%	11%	10%	11%
4	27%	26%	23%	22%	19%	23%
5	31%	32%	29%	27%	32%	30%
6	13%	14%	19%	23%	20%	17%
7 / Greatly concerned	8%	10%	10%	13%	14%	14%
Mean score	4.51	4.62	4.70	4.90	4.90	4.84

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

## 9. Outsourcing to foreign countries

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

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

## 11. The cost of utilities

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

(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*:

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

13. Finding qualified employees

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

14. Keeping qualified employees

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

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

**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>
5. <i>The cost of employee health insurance</i>	5.52	5.35	5.46	5.47	5.45	5.60
6. <i>Gasoline prices</i>	5.56	4.97	4.55	5.31	5.39	5.04
7. <i>The cost of salaries and wages</i>	4.51	4.62	4.70	4.90	4.90	4.84
8. <i>Your ability to compete in the marketplace</i>	3.44	3.53	3.72	3.74	3.73	3.77
9. <i>Outsourcing to foreign countries</i>	2.19	2.15	1.99	2.17	2.00	2.07
10. <i>The cost of your lease, rent, or mortgage</i>	2.58	2.55	2.64	2.66	2.58	2.60
11. <i>The cost of utilities</i>	3.76	3.69	3.75	3.58	3.52	3.48
12. <i>The cost of inventory and supplies</i>	4.05	3.91	3.96	3.90	3.94	3.95
13. <i>Finding qualified employees</i>	5.41	5.38	5.63	5.85	5.69	5.50
14. <i>Keeping qualified employees</i>	4.96	5.12	5.29	5.34	5.32	5.13
15. <i>Impact of inflation on the cost to do business</i>	4.74	4.41	4.21	4.52	4.52	4.45

16. ***If and when your company's budget tightens***, which ONE of the following ***best*** 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>
Pass on costs	13%	13%	15%	16%	18%	14%
Absorb costs/accept lower margins	18%	15%	13%	13%	16%	15%
A combination of the above	69%	72%	72%	71%	67%	71%

**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>
500+	4%	4%	6%	5%	4%	5%
251–500	7%	7%	10%	7%	8%	7%
101–250	12%	12%	14%	11%	12%	10%
51–100	15%	18%	17%	16%	15%	14%
26–50	19%	18%	16%	19%	21%	22%
10–25	43%	40%	36%	42%	41%	43%

18. Number of part-time employees

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

19. Gender

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>
Male	73%	71%	63%	66%	73%	76%
Female	13%	14%	12%	19%	16%	14%
Not declared	14%	15%	25%	15%	12%	10%

20. Industry

	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>	<u>1Q07</u>	<u>2Q07</u>	<u>3Q07</u>
Agriculture/forestry/fishing/hunting	2%	2%	2%	2%	2%	2%
Mining	<1%	1%	1%	<1%	<1%	1%
Utilities	2%	2%	2%	1%	2%	2%
Construction	12%	12%	12%	13%	11%	14%
Manufacturing	16%	17%	14%	16%	15%	13%
Wholesale trade	6%	6%	7%	6%	7%	6%
Retail trade	11%	10%	10%	9%	12%	14%
Transportation/warehousing	4%	5%	5%	5%	5%	5%
Information	3%	4%	4%	3%	4%	3%
Finance/insurance	6%	6%	5%	4%	6%	5%
Real estate and leasing	1%	1%	2%	1%	1%	1%
Professional/scientific/technical	8%	8%	9%	10%	7%	8%
Management of companies/enterprises	<1%	1%	<1%	<1%	1%	1%
Waste management/remediation services	0%	0%	0%	1%	<1%	1%
Educational services	4%	4%	4%	2%	3%	4%
Health care and social assistance	12%	10%	11%	13%	10%	10%
Arts/entertainment/recreation	2%	4%	4%	3%	3%	2%
Accommodations/food services	5%	6%	6%	6%	6%	6%
Other services (except public admin)	3%	2%	3%	3%	3%	2%
Public administration	<1%	0%	0%	0%	0%	0%
Other	1%	0%	0%	<1%	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>
Less than 1 year	0%	1%	0%	0%	<1%	<1%
1 to 5 years	8%	7%	6%	6%	7%	6%
5 to 10 years	13%	12%	12%	11%	11%	12%
10 to 25 years	26%	27%	22%	25%	25%	26%
More than 25 years	39%	41%	36%	43%	43%	46%
Refuse	2%	1%	0%	1%	1%	2%
Not specified	12%	12%	23%	13%	13%	8%

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>
Yes	17%	19%	17%	20%	19%	20%
No	71%	69%	60%	66%	68%	79%
Don't know	1%	0%	0%	1%	1%	0%
Not specified	12%	12%	23%	13%	13%	8%

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>
<i>Number responding</i>	<i>64</i>	<i>68</i>	<i>53</i>	<i>66</i>	<i>62</i>	<i>62</i>
1st quarter (Jan, Feb, Mar)	13%	15%	9%	17%	18%	11%
2nd quarter (Apr, May, Jun)	41%	43%	45%	44%	49%	55%
3rd quarter (Jul, Aug, Sep)	50%	56%	58%	48%	52%	55%
4th quarter (Oct, Nov, Dec)	34%	35%	34%	39%	36%	37%
Summer	28%	24%	19%	23%	24%	24%
Winter	8%	10%	9%	9%	10%	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>
18 to 24	0%	0%	0%	0%	0%	0%
25 to 34	11%	9%	8%	8%	8%	11%
35 to 44	22%	23%	21%	21%	22%	21%
45 to 54	28%	28%	23%	30%	27%	31%
55 to 64	18%	20%	16%	20%	18%	18%
65+	3%	3%	3%	2%	4%	3%
Refuse	3%	3%	3%	3%	4%	3%
Not specified	14%	15%	25%	15%	18%	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>
Beaver	<1%	<1%	<1%	0%	0%	0%
Box Elder	2%	3%	2%	2%	2%	3%
Cache	6%	7%	6%	5%	6%	6%
Carbon	0%	1%	0%	<1%	<1%	<1%
Daggett	0%	0%	0%	0%	<1%	<1%
Davis	7%	5%	7%	8%	6%	7%
Duchesne	1%	1%	<1%	0%	1%	0%
Emery	<1%	1%	<1%	<1%	1%	1%
Garfield	0%	<1%	0%	0%	0%	0%
Grand	1%	1%	1%	1%	2%	2%
Iron	1%	1%	2%	2%	3%	1%
Juab	1%	1%	1%	<1%	1%	1%
Kane	<1%	<1%	<1%	0%	0%	0%
Millard	1%	1%	<1%	1%	1%	1%
Morgan	0%	0%	0%	0%	0%	0%
Piute	<1%	<1%	<1%	0%	0%	<1%
Rich	0%	0%	0%	0%	0%	0%
Salt Lake	50%	49%	52%	51%	55%	51%
San Juan	1%	1%	1%	1%	0%	1%
Sanpete	1%	1%	1%	2%	2%	1%
Sevier	1%	1%	1%	<1%	1%	1%
Summit	2%	2%	1%	2%	1%	1%
Tooele	<1%	1%	<1%	<1%	0%	0%
Uintah	1%	1%	2%	1%	1%	1%
Utah	12%	12%	12%	12%	11%	15%
Wasatch	1%	1%	<1%	1%	0%	1%
Washington	5%	4%	4%	4%	3%	3%
Wayne	<1%	0%	0%	<1%	0%	<1%
Weber	5%	6%	5%	6%	5%	5%
Other	1%	1%	0%	<1%	<1%	<1%

## 26. Area

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

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

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