A Q5 Initiative cooperative project of:
The Greater Springfield Chamber of Commerce
and
University of Illinois at Springfield
Center for State Policy and Leadership / Center for Entrepreneurship

The Sangamon County Business Economic Outlook Survey
September 2009

The Chamber *and* UIS

About the survey: The Sangamon County Business Economic Outlook Survey is a biannual vehicle to assess the economic outlook of businesses and non-profit organizations in Sangamon County. The survey solicits opinions from a sample of businesses/firms/organizations in Sangamon County with 10 or more employees. Opinions solicited include expectations about the performance of various aspects and sectors of the Sangamon County economy in the next 12 months; expectations for the respondent's own business; and the biggest challenges facing their firm in the local economy over the next 12 months. The most recent results are based on 150 survey responses that were collected during the first half of September 2009. The Outlook Survey began in March 2008 and was also conducted in September 2008 and March 2009.

About the "Intensity Index Score" (IIS): Outlook questions ask respondents whether an economic indicator over the next 12 months will: *decrease quite a bit, decrease a little, stay about the same, increase a little, or increase quite a bit*. For the purpose of tracking responses over time, we developed an "Intensity Index Score" for each of the outlook indicators. The Intensity Index Score is the average of all ratings when the following values are given to each response: decline quite a bit (-100), decline a little (-50), stay about the same (0), increase a little (+50), and increase quite a bit (+100).

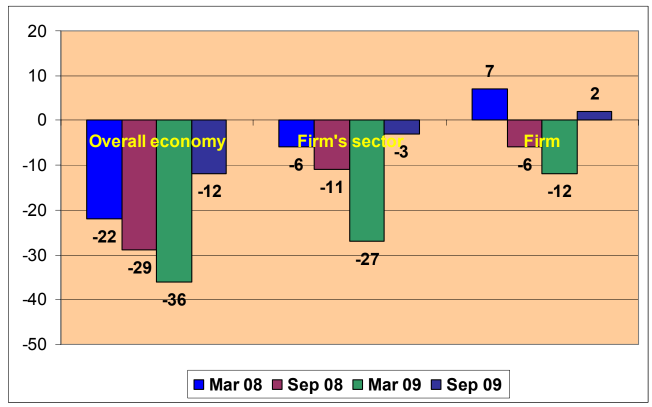
This score can range from a low of -100, meaning every respondent expects the topic to "decline quite a bit" -- to a high of +100, meaning every respondent expects the topic to "increase quite a bit." A score of 0 either indicates that every respondent expects the topic to "stay about the same," or that the increase and decrease responses are evenly balanced.

Highlights of Results

Outlook measures improve from six months ago. The outlook of Sangamon County firms for the next 12 months improved significantly from that of six months ago. For the overall Sangamon County economy, the most recent Intensity Index Score (IIS) is slightly negative (-12), but this reversed a downward trend which reached -36 in March 2009. For their own firm, the IIS is now just above 0 (+2), also reversing a negative trend, from +7 in March 2008 to -12 in March 2009.

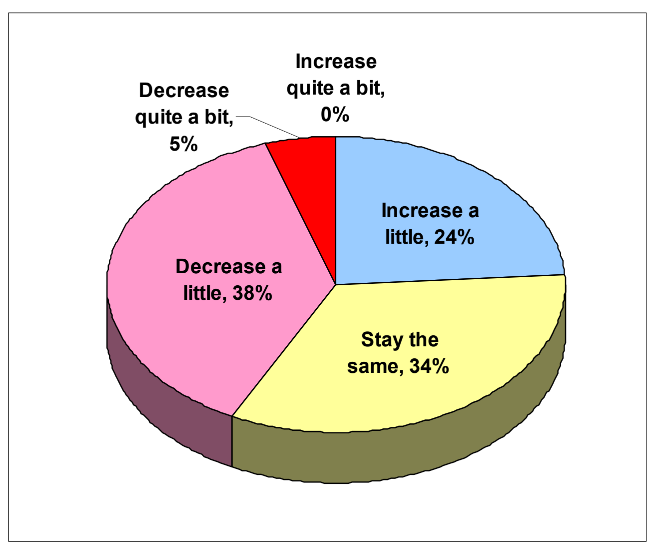
Index scores for the firm's sector in the local economy show the same trend but at levels between outlook for the economy as a whole and for their own firm.

Intensity Index Scores Over Time
For Sangamon County Economy Overall,
Firm's Sector and Own Firm



Expectations for the performance of the Sangamon County economy as a whole over the next 12 months are slightly negative (Intensity Index Score = -12). Nearly one-quarter of the respondents expect an increase in the performance (0% quite a bit; 24% a little) while just over 40 percent expect some kind of decrease (5% quite a bit; 38% a little). One in three (34%) expect it to stay about the same.

Outlook for Sangamon County Economy
Intensity Index Score = -12



Compared to six months ago, the latest results show fewer expecting a decrease (43% vs. 67% in March) and more expecting an increase (24% vs. 7% in March) and stability (34% vs. 25% in March).

Outlook for sectors. Improvement in outlook as measured by the Intensity Index Scores is seen for all sectors. While only two sectors continue to have positive Index scores (medical/health care at +30, up from an IIS of +21 in March; education at +9, up from an IIS of +7 in March), only the manufacturing sector has a negative Index score that is at all sizeable (-25).

Improvements in the IIS from six months ago are greatest for:

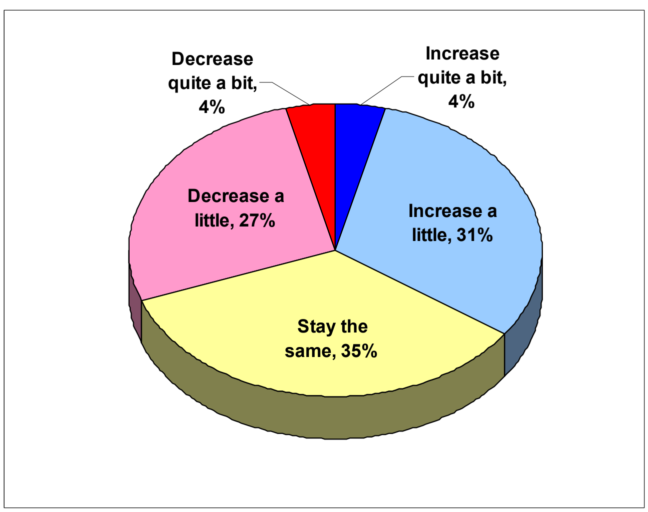
- Construction (+36: -48 to -12)
- Retail trade (+34: -41 to -7)
- Manufacturing (+29: -54 to -25)
- Finance/insurance/real estate (+28: -31 to -3)

Following are improvements for:

- Transportation/warehousing (+23: -31 to -8)
- Wholesale trade (+23: -35 to -12)
- Hotels/food/recreation (+21: -30 to -9)
- Personal services (+18: -26 to -8)
- Business/professional services (+15: -21 to -6)
- Information & communications (+7: -10 to -3)

The overall expectations for "your" firm / business in Sangamon County over the next 12 months are just above neutral (Intensity Index Score = +2). Over one-third expect some kind of increase (4% quite a bit; 31% a little), and just under one-third expect some kind of decrease (4% quite a bit and 27% a little). Just over one-third (35%) gave a rating of "stay about the same."

Outlook for Own Firm: "Overall"
Intensity Index Score = +2

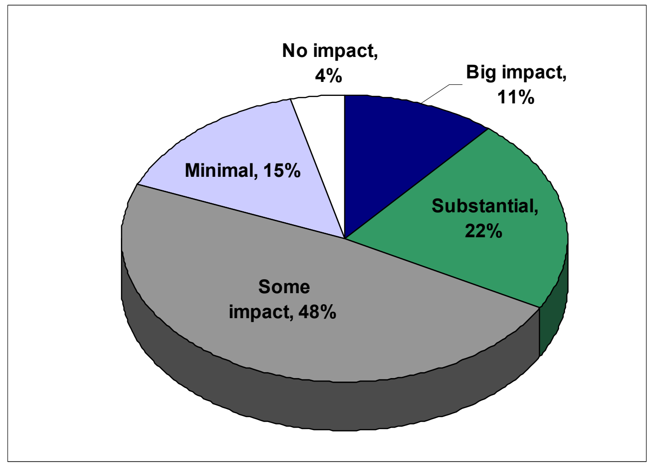


Compared to six months ago, the latest results show somewhat more expecting an increase (35% vs. 23% in March) and fewer expecting a decrease (31% vs. 42% in March). Those expecting stability are about the same in both surveys at just over one-third.

Assessments of recession impact on firms. One of the "topical questions" in the recent survey asked respondents to assess the impact of the recession on their local firm.

One-third indicated that the recession either had a big (11%) or substantial (22%) impact, and another near-half indicated some impact (48%). About one in five indicated either minimal (15%) or no impact (4%). Across the collective sectors of construction, manufacturing and transportation/warehousing, more than half the firms reported big or substantial impact.

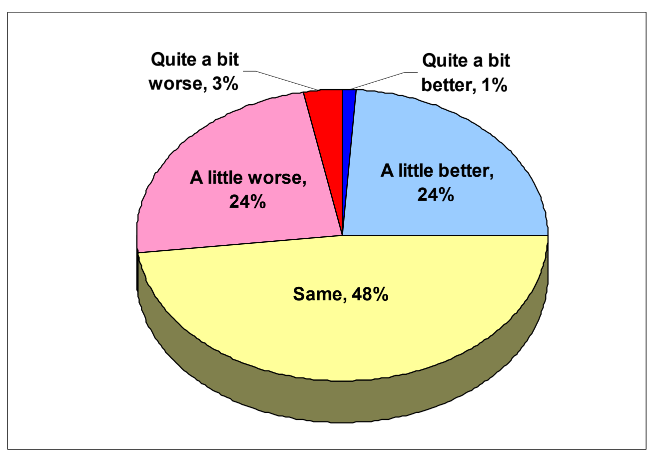
Impact of Recession on Local Firm



Near-term outlook for firm's local economic environment. The other "topical question" in the recent survey asked respondents to rate the local economic environment for firms like theirs, as of the end of the 2009 calendar year.

Here we find that nearly one-half expect the end-of-year economic environment to be about the same as now while the remaining half are basically split between those who think it will be better (25%) and those who think it will be worse (27%).

Local Economic Environment for Firms Like Yours
By End of 2009 Calendar Year



Challenges. When asked to choose the three biggest challenges facing them over the next 12 months, nearly half chose consumer confidence/spending and more than 40 percent selected two other concerns:

- Consumer confidence/spending (48%)
- Employee compensation/benefits (45%)
- Govt regulations/taxes (& policy) (43%)

Percentages surrounding one-third selected two other concerns:

- State govt finances (36%)
- Local/state/national competition (30%)

And, around one in five selected two others:

- Availability of skilled workers (20%)
- Energy prices (19%)

Concern about inflation (15%) and commodity prices (12%) were next, followed by interest rates (6%).

The top three concerns remain the same as six months ago, but concern over consumer confidence/spending declined by 15% while the other two top concerns show increases in level of concern (+7% for employee compensation/benefits and +11% for government regulations/taxes).

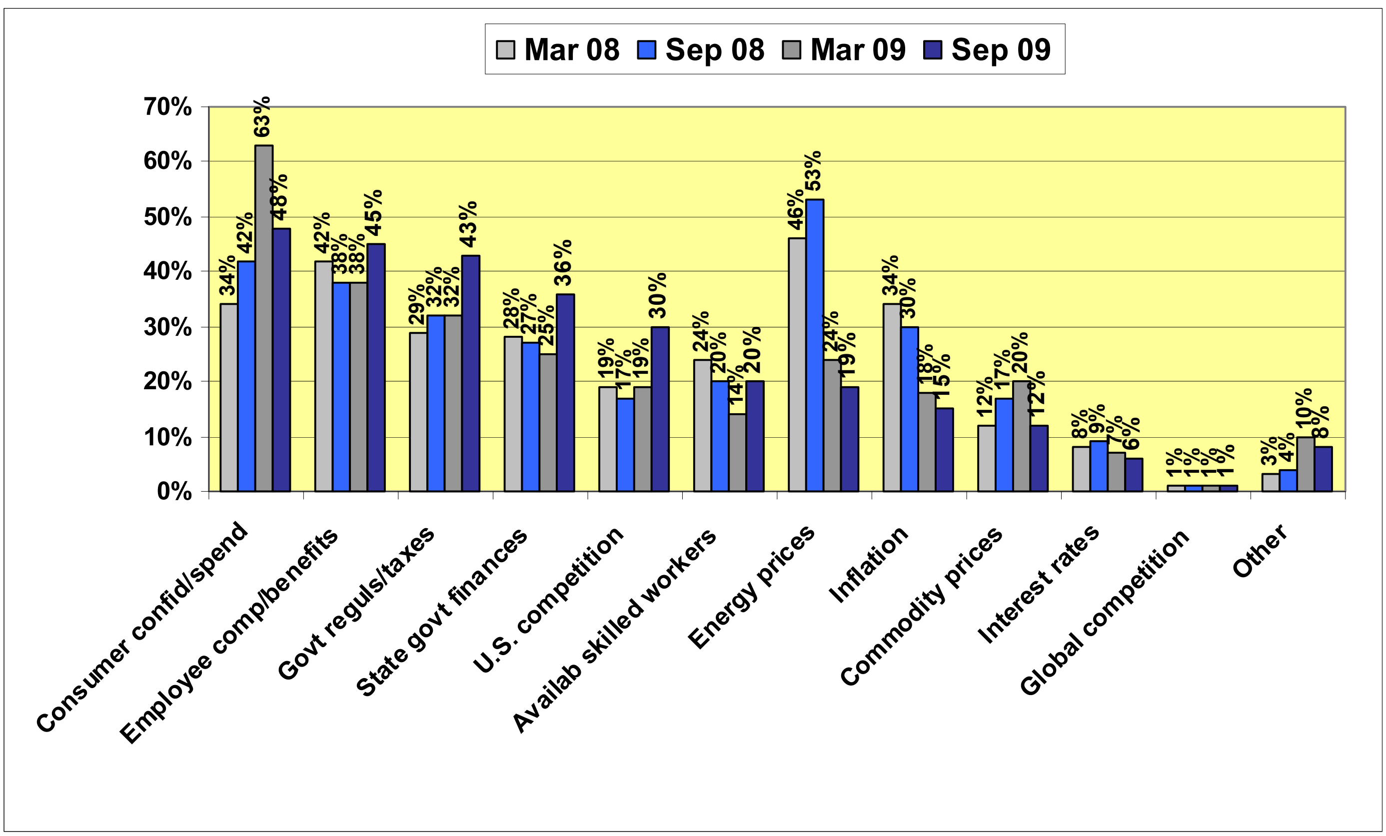
Other increases in concern are found for:

- State govt finances (+11%)
- Local/state/national competition (+11%)
- Availability of skilled workers (+6%)

In addition to consumer confidence/spending, decreases are found for commodity prices (-8%) and, to a lesser extent, energy prices (-5%) and inflation (-3%).

More detailed results are presented below.

What are the Three Biggest Challenges Facing Your Firm in the Local Economy over the Next 12 Months?



Over the Next 12 Months, What are your Expectations for Sangamon County Economy?

(figures show % of respondents by category)

Sangamon County	September 09 Results: DECREASE quite a bit	DECREASE a little	SAME	INCREASE a little	INCREASE quite a bit	Sept 09 Intensity Index Score (IIS)	*Recent Mar 09 to Sept 09 change in IIS*	*Sept 08 to Sept 09 change in IIS*
Overall economy …………….	5%	38%	34%	24%	0%	-12	*+24*	*+17*
Gross sales / revenue ………	11	28	30	28	2	-9	*+23*	*+12*
Capital investment …………..	10	36	28	23	4	-12	*+24*	*+14*
Overall employment …………	10	36	33	20	1	-17	*+18*	*+14*
Contributions to non-profits …	16	41	34	8	1	-31	*+12*	*+2*
Interest rates …………………	0	8	45	38	9	+24	*+31*	*-12*
Inflation/prices ……………….	0	7	33	48	12	+32	*+4*	*-26*

Over the Next 12 Months, What are your Expectations for Your Firm?

(figures show % of respondents by category)

Own Firm	September 09 Results: DECREASE quite a bit	DECREASE a little	SAME	INCREASE a little	INCREASE quite a bit	Sept 09 Intensity Index Score (IIS)	*Recent Mar 09 to Sept 09 change in IIS*	*Sept 08 to Sept 09 change in IIS*
Overall ……………………..…	4%	27%	35%	31%	4%	+2	*+14*	*+8*
Gross revenue / sales ……..	6	26	30	33	5	+3	*+15*	*+3*
Capital investment …………	7	15	50	23	4	+1	*+16*	*+3*
Profitability ………………….	6	29	31	30	4	-1	*+14*	*+9*
Number of employees …….	3	22	52	22	1	-3	*+7*	*+3*

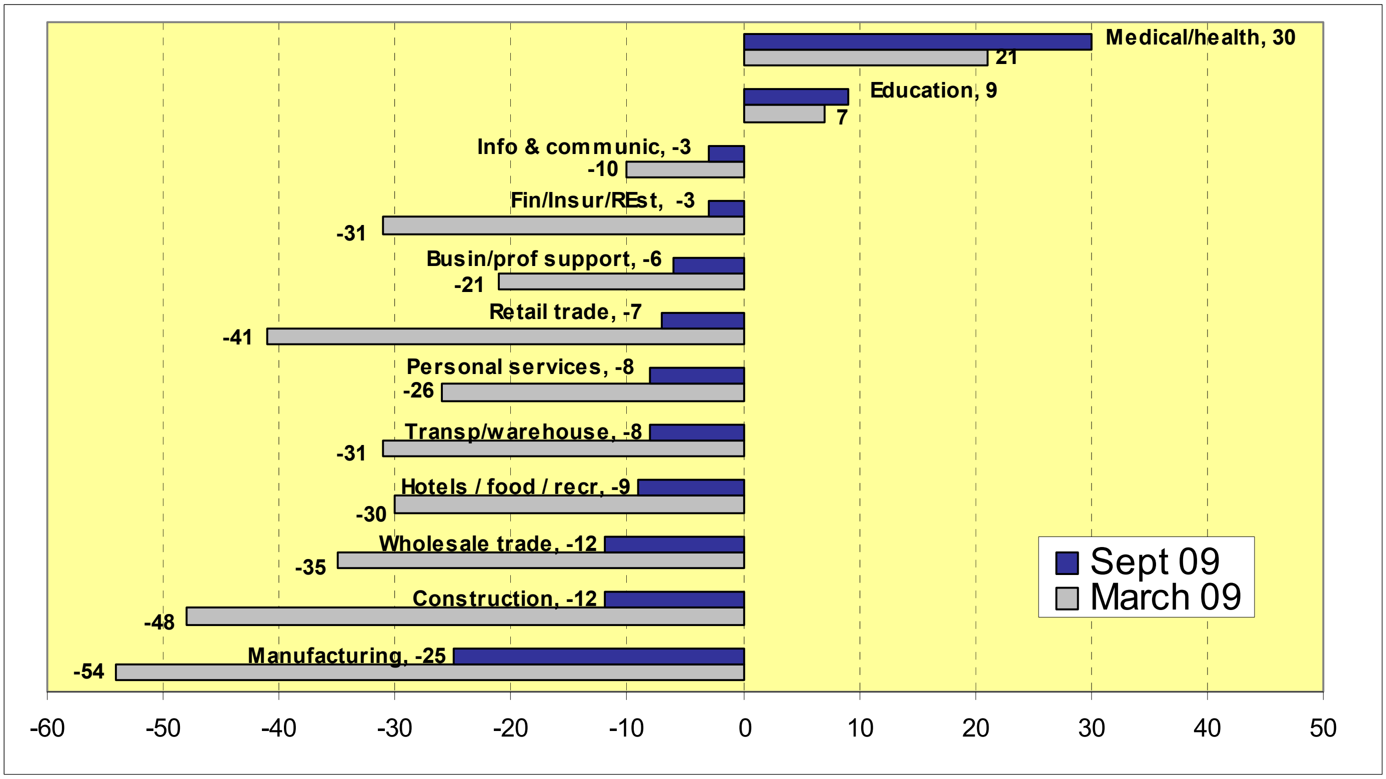
Over the Next 12 Months, What are your Expectations for Your Firm's Economic Sector?

(based on ratings of expectations for sector respondent selects as primary sector; figures show % of respondents by category)

Firm's Sector	September 09 Results: DECREASE quite a bit	DECREASE a little	SAME	INCREASE a little	INCREASE quite a bit	Sept 09 Intensity Index Score (IIS)	*Recent Mar 09 to Sept 09 change in IIS*	*Sept 08 to Sept 09 change in IIS*
Firm's Sector ……………..…	10%	26%	30%	31%	4%	-3	*+14*	*+8*

Intensity Index Scores for Economic Sectors on next page

Intensity Index Scores for Economic Sectors, Current and Six Months Ago



More results as well as updates and additional analyses of the results are/will be posted at:
http://url.uis.edu/SCBusinessOutlookSurveyResults