

## Job surveys: Is the worst over for economy in Utah, the West?

Upbeat Forecasts » But limited job growth causes concerns

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The Salt Lake Tribune

Salt Lake Tribune

Updated:

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Two new surveys point to increasing optimism about economic conditions in Utah and the Intermountain West -- although both caution that risks to recovery still loom.

In the Zions Bank Utah Quarterly Economic Forecast, two-thirds of Utah business leaders said the state's economy is doing better than the rest of the nation, including 8 percent who believe it is "much better" off.

Meanwhile, the Creighton University-based Goss Institute for Economic Research, said the "Business Conditions Index" for Utah, Colorado and Wyoming during February was above a "growth neutral" 50.0 reading for the fifth straight month.

Utah's index number (55.8) was not as high as Colorado (58.8) or Wyoming (65.0), but it was higher than January's reading by 3.1 points. The index, which has been used in various forms since 1931, gauges business conditions by tracking new orders, production or sales, delivery lead time, inventories and employment.

A mediocre jobs outlook was one of the cautionary areas cited by Ernie Goss, the institute's namesake and an economics professor at Creighton, which is in Omaha. While noting that 20 percent of the firms he surveyed added employees last month and only 7 percent had reductions, Goss said "the regional labor market remains fragile with any upturn in hiring susceptible to national and global economic slumps. ... I continue to expect job growth to be subdued, especially for rural areas of the three-state region."

Addressing Utah specifically, Goss noted that manufacturing firms cut 11,000 jobs in the past year. "I expect slight manufacturing gains and flat overall job growth for the second quarter of 2010."

His other concern is the dollar's growing value against other currencies, particularly the Euro, because of economic problems in Europe. "This [Western] part of the nation depends heavily on exports and commodity prices which suffer from a 'too strong' dollar," Goss said. "However, the likelihood of the regional economy dipping back into recessionary territory has diminished significantly."

The Zions Bank forecast, conducted by Dan Jones & Associates, also reflected that back-and-forth feeling.

On a positive note, predictions of work-force increases are at their highest level since early 2008 and 60 percent of executives said they have seen examples of an economic turnaround within their own company. "We are increasing capital expenditures, advertising and staffing," said one respondent. Added another: "We see increased interest in products that haven't been popular since the recession started."

On the other hand, surveyor Pat Jones said most Utah executives "do not concede that the current economic crisis is over for their company."

Together, sentiments added up to a 6.36 score on a 10-point scale, with 1 indicating "very pessimistic" and 10 "very optimistic." Jones characterized 6.36 as "slightly optimistic."

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Zions Bank economic forecast

The 40-page report said that in the fourth quarter of 2009:

- » 37 percent of Utah business leaders expect their company's economic health to improve in the first three months of 2010; 21 percent predict it will be worse
- » 29 percent expect to hire more workers; 21 percent foresee cutbacks; 50 percent are likely to stay the same
- » 36 percent of executives say that if budget cuts become necessary, laying off low-level employees is their first option; 25 percent would reduce salaries first; 25 percent would cut benefits first
- » The cost of employee health insurance is the top concern of executives, followed by the impacts of inflation, cost of salaries and wages, and gasoline prices

Source: <https://utaheconomicforecast.com>

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