VBR and EPR
Business Conditions Survey and Index

2nd Quarter of 2017 Outlook

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VERMONT BUSINESS ROUNDTABLE

- **Tool for tracking business conditions and forecasting future of Vermont's economy.**

- **Weighted for representativeness by employment.**

- **Insight into business sentiments and trends—with missing data accounted for going forward.**

Survey Results
The Raw Data*: Response Rate per VBR Sector

Sector	Percent of VBR Sector
22 – Utilities	67%
23 – Construction	50%
31-33 – Manu.	80%
51 – Information	50%
52 – Finance	75%
53 – Real Estate	100%

Sector	Percent of VBR Sector
54 – Prof./Tech.	79%
56 – Administrative	50%
61 – Education	50%
62 – Health	56%
72 – Accommodation	86%
81 – Other	50%

*Note: "Raw Data" refers to data that come directly from SurveyMonkey, and has not been subject to weighting or other statistical methods.

*No respondents from retail or arts/entertainment.

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Survey Results
The Raw Data: Unweighted Survey Response

Survey Q4 2016/Q1 2017	Pos.	Neut.	Neg.
1. Optimism about Business Climate	24.3%	54.6%	21.2%
2. Demand, past 3 months	50.0%	36.4%	13.6%
3. Expected Demand, next 3 months	43.9%	40.9%	15.2%
4. Capital spending, past 3 months	41.2%	40.0%	18.5%
5. Expected cap. spending, next 3 months	40.0%	40.0%	20.0%
6. Employment change, past 3 months	27.7%	56.9%	15.4%
7. Employment change, next 3 months	27.7%	56.9%	15.4%
8. Ease of hiring	4.6%	21.5%	73.9%

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Q1: Are you more or less optimistic about the general business climate in your sector compared to three months ago?

* Excludes sectors with less than 3 respondents.

The most optimistic sector:

Information (67% optimistic, 33% neutral)

The most pessimistic sector:

Healthcare (60% pessimistic, 20% neutral, 20% optimistic)

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Survey Results, Outlook
The Raw Data: Question 1

Are you more or less optimistic about the general business climate in your sector compared to three months ago?*

Utilities: 100% neutral	**Construction:** 50% neutral, 50% pessimistic	**Manufacturing:** 25% optimistic, 50% neutral, 25% pessimistic	**Information:** 67% optimistic, 33% neutral
Finance & Insurance: 27% optimistic, 60% neutral, 13% pessimistic	**Real Estate:** 28% optimistic, 57% neutral, 14% pessimistic	**Prof. & Tech. Services:** 27% optimistic, 45% neutral, 27% pessimistic	**Education:** 75% neutral, 25% pessimistic
Health: 20% optimistic, 20% neutral, 60% pessimistic	**Accommodations:** 29% optimistic, 57% neutral, 14% pessimistic		

* Results from industries with one respondent are not included in the presentation for anonymity.

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Survey Results, The Last Three Months

The next three slides present the results of the following three questions:

Were your products or services more in demand or less in demand in the first quarter of 2017 compared to the same period last year?

How did your company's capital spending (including purchases of new software, equipment, supplies, or office space) change in the first quarter of 2017 compared to the same period last year?

How did your company's employment change in the first quarter of 2017?

Survey Results, The Last Three Months
The Raw Data: Construction, Utilities, and Manufacturing

	Utilities	Construction	Manufacturing
Demand	50% positive, 50% neutral	50% positive, 50% neutral	87% positive, 13% neutral
Capital Spending	50% positive, 50% negative	50% positive, 50% neutral	50% positive, 37% neutral, 13% negative
Employment	50% neutral, 50% negative	100% neutral	38% positive, 38% neutral, 25% negative

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Survey Results, The Last Three Months
The Raw Data: Information, Finance, Real Estate, and Prof/Tech Services

	Information	Finance and Insurance	Real Estate	Prof/Tech Services
Demand	33% positive, 67% negative	53% positive, 40% neutral, 7% negative	43% positive, 43% neutral, 14% negative	36% positive, 36% neutral, 27% negative
Capital Spending	33% positive, 33% neutral, 33% negative	47% positive, 40% neutral, 13% negative	14% positive, 86% neutral	18% positive, 45% neutral, 36% negative
Employment	67% neutral, 33% negative	33% positive, 60% neutral, 7% negative	43% positive, 57% neutral	27% positive, 55% neutral, 18% negative

Survey Results, The Last Three Months
The Raw Data: Education, Health, Arts and Recreation, Accommodation and Food Services

	Education	Health	Accommodation and Food
Demand	25% positive, 25% neutral, 50% negative	60% positive, 20% neutral, 20% negative	57% positive, 29% neutral, 14% negative
Capital Spending	25% positive, 50% neutral, 25% negative	60% positive, 20% neutral, 20% negative	71% positive, 14% neutral, 14% negative
Employment	75% neutral, 25% negative	40% neutral, 60% negative	28% positive, 57% neutral, 14% negative

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Survey Results, Outlook
The Raw Data

The next three slides present the results of the following three questions:

Do you expect your products and services to be more in demand or less in demand in the second quarter of 2017 compared to the same period last year?

How do you expect your company's capital spending (including purchases of new software, equipment, supplies, or office space) to change in the second quarter of 2017 compared to the same period last year?

How do you expect your company's employment to change in second quarter of 2017?

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Survey Results, Outlook
The Raw Data: Construction, Utilities, and Manufacturing

	Utilities	Construction	Manufacturing
Expected Demand	100% neutral	50% neutral, 50% negative	25% positive, 63% neutral, 13% negative
Expected Capital Spending	50% positive, 50% negative	50% positive, 50% neutral	50% positive, 13% neutral, 37% negative
Expected Employment	50% neutral, 50% negative	50% positive, 50% neutral	37% positive, 50% neutral, 13% negative

Survey Results, Outlook
The Raw Data: Information, Finance, Real Estate, and Prof/Tech Services

	Information	Finance and Insurance	Real Estate	Prof/Tech Services
Expected Demand	33% positive, 33% neutral, 33% negative	60% positive, 27% neutral, 13% negative	57% positive, 29% neutral, 14% negative	45% positive, 45% neutral, 9% negative
Expected Capital Spending	33% positive, 33% neutral, 33% negative	53% positive, 33% neutral, 13% negative	29% positive, 71% neutral	9% positive, 64% neutral, 43% negative
Expected Employment	33% positive, 67% neutral	27% positive, 53% neutral, 20% negative	43% positive, 57% neutral	45% positive, 55% neutral

Survey Results, Outlook
The Raw Data: Education, Health, Accommodation and Food Services

	Education	Health	Accommodation and Food
Expected Demand	75% neutral, 25% negative	80% positive, 20% negative	29% positive, 57% neutral, 14% negative
Expected Capital Spending	25% positive, 50% neutral, 25% negative	40% positive, 60% neutral	29% positive, 57% neutral, 14% negative
Expected Employment	75% neutral, 25% negative	40% neutral, 60% negative	14% positive, 71% neutral, 14% negative

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- **Business Roundtable (BRT)**

    - **210 CEOs representing businesses nationwide.**

    - **16 million employees, $7.3 trillion in annual revenues.**

    - **Invest $150 billion annually in R&D, generate $500 billion in sales for small/medium businesses annually**

- **BRT CEO Survey**

    - **Expected sales, capital spending, and employment (next six months).**

    - **Data constructed into diffusion index.**

Survey Results
The Raw Data: Unweighted Survey Response, Comparison Between National Business Roundtable (BRT) and VBR
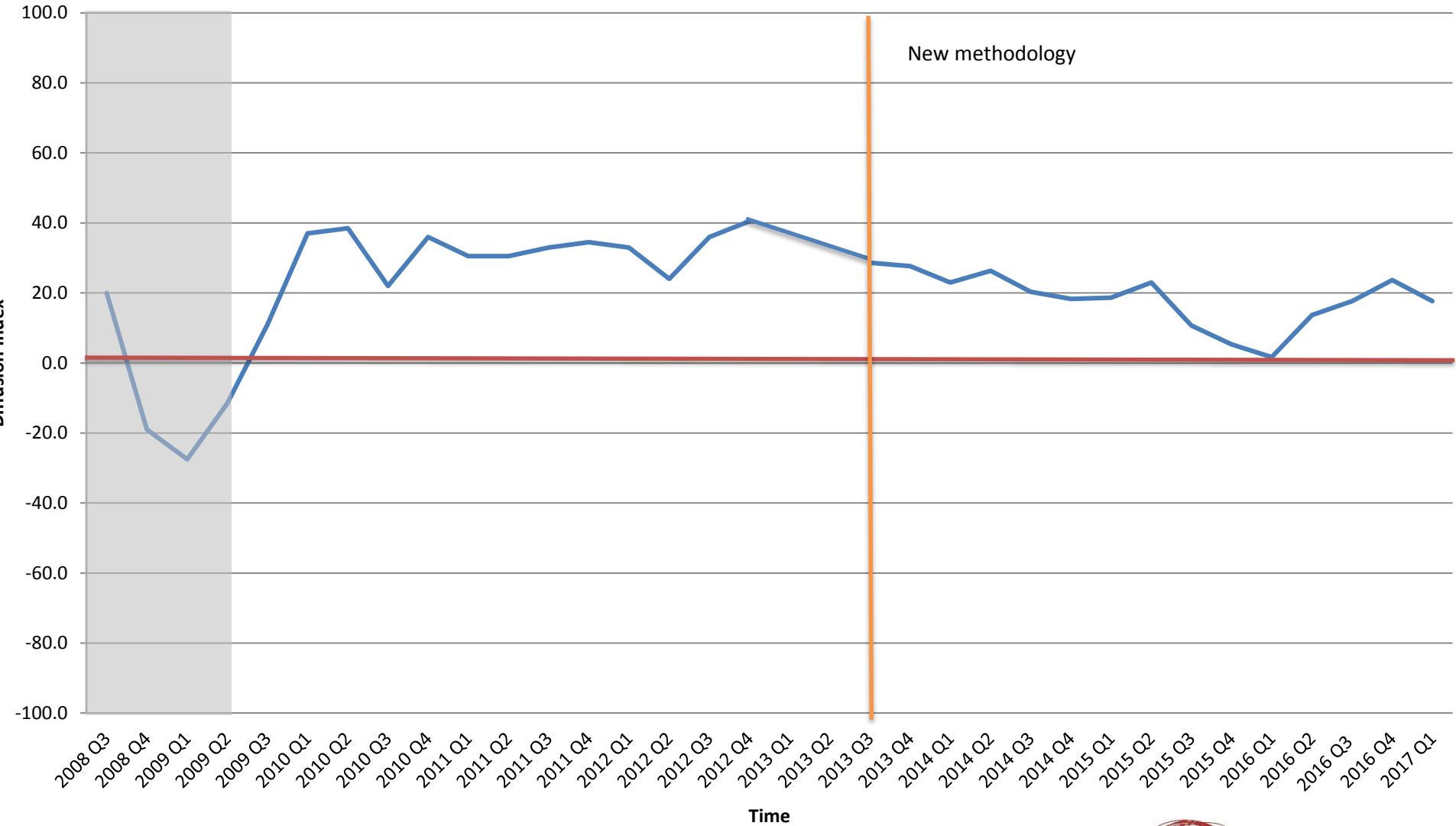
Next Three Months	BRT	VBR
Capital, increase	46%	40%
Capital, decrease	13%	20%
Capital, neutral	40%	40%
Employment, increase	41%	28%
Employment, decrease	18%	15%
Employment, neutral	41%	57%

Survey Results
Weighted Index Data: Diffusion Index Number

Survey Q4 2016/ Q1 2017 Outlook	Diffusion Index	Survey Q1/ Q2 2017 Outlook	Diffusion Index
Business Climate	23	Business Climate	3
Demand, past	33	Demand, past	19
Demand, future	25	Demand, future	8
K spending, past	22	K spending, past	24
K spending, future	17	K spending, future	18
Employ. past	16	Employ. past	10
Employ. future	22	Employ. future	8
Ease of Employ., past	-37	Ease of Employ., past	-39

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Composite Index of Demand, Capital Spending & Employment
Last Three Months

New methodology

Note: Data missing from Q1 2009 to Q1 2010 and Q1/Q2 2013. Shaded area indicates recession.

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# Diffusion Index: A Forward Looking Indicator
Are you more or less optimistic about the general business climate in your sector compared to three months ago?

New methodology
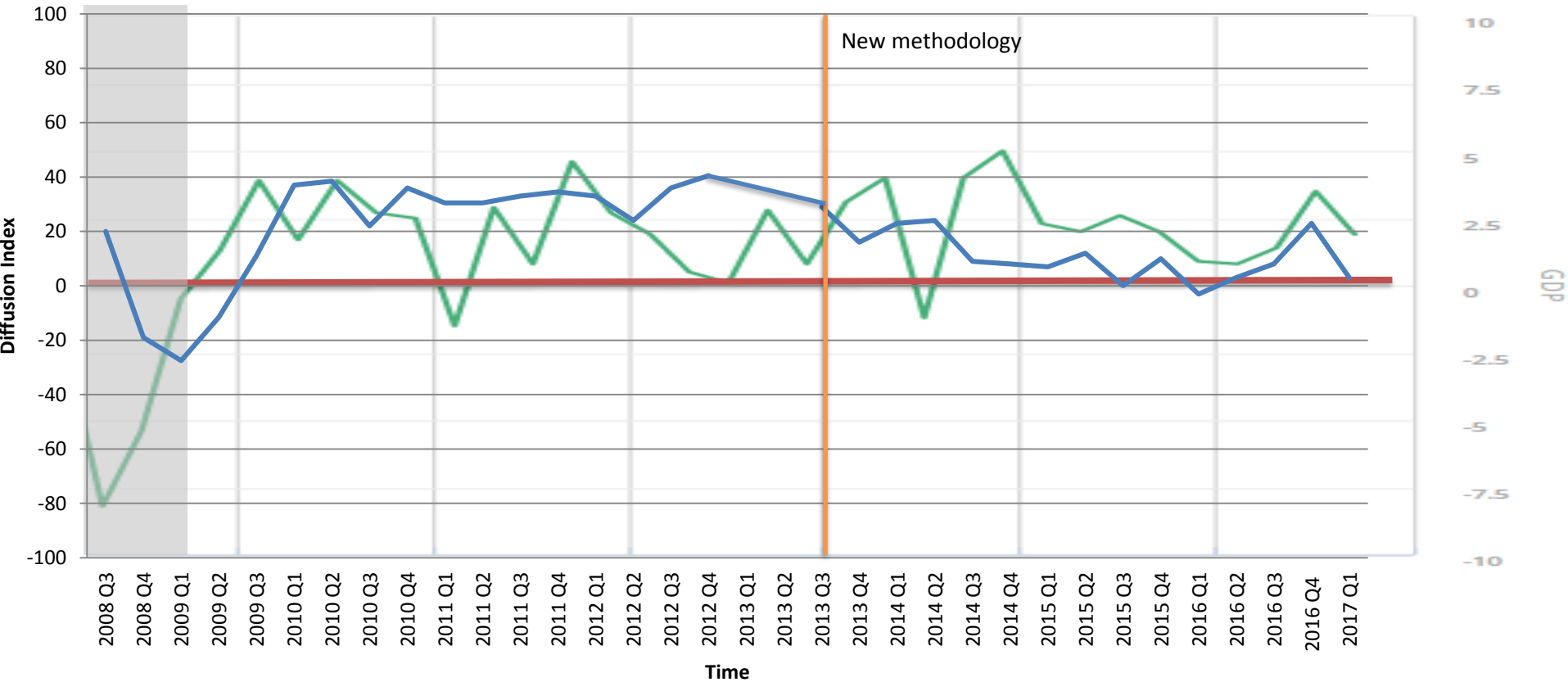
Note: Data missing from Q1 2009 to Q1 2010 and Q1/Q2 2013. Shaded area indicates recession.
The blue line is the diffusion index. The green line is the % change in quarterly GDP annualized (Bil 2009$).

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Composite Index of Demand, Capital Spending & Employment
Next Three Months
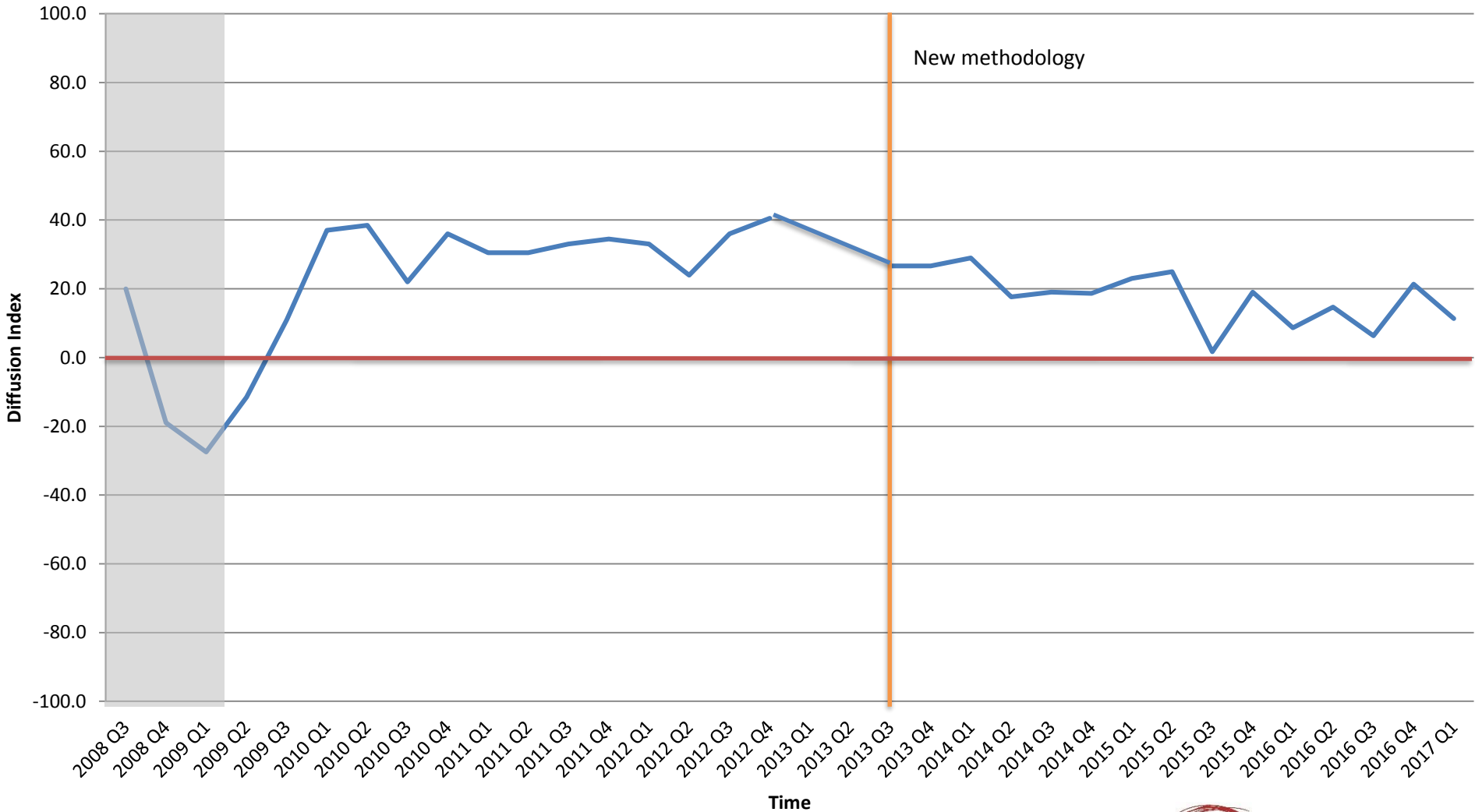
Note: Data missing from Q1 2009 to Q1 2019 and Q1/Q2 2013. Shaded area indicates recession.

- **24 comments**

- **Most prominent issues:**

  o **Finding qualified employees/workforce;**

  o **Affordability of Vermont, especially housing/taxes;**

  o **Healthcare uncertainty.**

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