



## Sacramento Region Business Confidence Index, First Quarter 2009

The Sacramento Regional Research Institute (SRRI) and Sacramento Business Journal have initiated a business confidence index to measure perceptions of economic conditions in the six-county Sacramento Region. The results for the first quarter of 2009 are based on a survey of public and private sector representatives conducted between March 7 and April 3, 2009.<sup>1</sup> Participants were asked to provide their assessment of the Region's business climate and their industry for the previous and upcoming six months.

The Sacramento Region Business Confidence Index for the first quarter of 2009 measured **37**. This number summarizes the survey findings on a 0 to 100 scale—a score above 50 signals positive perceptions and expectations while a score below 50 indicates negative perceptions of economic conditions.<sup>2</sup> **The results demonstrate that business confidence in the Sacramento Region is rather low and suggest that weak economic conditions could persist in the short-term.**

**Seventy-five percent of respondents felt that current conditions in their industry are worse than they were six months ago.** Nearly 16 percent of participants stated that their industry is facing the same conditions it was six months ago. **In the coming six months, 60 percent of respondents believe that conditions in their industry will either stay the same or become worse.** The remaining 40 percent expect a "leveling-off" in their industry with conditions improving in the next six months. Overall, respondents' perceptions of their own industry sectors are not very rosy with the majority noting worsening conditions in the past and moving forward.

**Eighty-two percent of respondents indicated that the Sacramento Region's business climate has deteriorated in the past six months with another 11 percent stating that the climate is the same as it was six months ago. Nearly two-thirds of respondents expect the business climate to remain the same or further deteriorate in the next six months.** About 36 percent provided an optimistic view for the coming six months, expecting the business climate to improve. In general, respondents' views of the Sacramento Region business climate are rather negative with the majority recognizing the weakening business climate and anticipating poor conditions in the next six months.

The SRRI-Sacramento Business Journal Business Confidence Index was established with the goal of publishing a quarterly survey that can track the business sentiment in the Sacramento Region. The survey is posted online the last month of each quarter by the Sacramento Business Journal, and a list of more than 13,000 subscribers are invited to respond anonymously with screening to reduce the likelihood of multiple individual responses. SRRI analyzes the responses and creates and monitors the index score. Results from the index survey will be released quarterly in the Sacramento Business Journal in addition to the Quarterly Economic Report, a publication produced by SRRI and the Sacramento Area Commerce and Trade Organization (SACTO).

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<sup>1</sup> Responses from 244 participants were analyzed for the first quarter of 2009.

<sup>2</sup> Responses to the questions are scaled from 0 to 100 in the following manner: Substantially Better = 100; Moderately Better = 75; Same = 50; Moderately Worse = 25; Substantially Worse = 0.

**SRRI-SACRAMENTO BUSINESS JOURNAL SACRAMENTO  
 REGION BUSINESS CONFIDENCE INDEX RESULTS  
 FIRST QUARTER 2009**

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| <i>Business Confidence Index Question</i>                                | <i>Percent of Respondents</i> | <i>Index Score</i> |
|--|-------------------------------|--------------------|
| Conditions in your industry vs. 6 months ago                             |                               | 26                 |
| Substantially better   | 1.2%                          |                    |
| Moderately better  | 8.2%                          |                    |
| Same   | 15.6%                         |                    |
| Moderately worse   | 42.2%                         |                    |
| Substantially worse  | 32.8%                         |                    |
| Expectations for your industry 6 months from now                         |                               | 51                 |
| Substantially better   | 4.5%                          |                    |
| Moderately better  | 35.2%                         |                    |
| Same   | 28.7%                         |                    |
| Moderately worse   | 22.5%                         |                    |
| Substantially worse  | 9.0%                          |                    |
| Sacramento Region economic conditions vs. 6 months ago                   |                               | 23                 |
| Substantially better   | 1.2%                          |                    |
| Moderately better  | 5.7%                          |                    |
| Same   | 11.1%                         |                    |
| Moderately worse   | 47.5%                         |                    |
| Substantially worse  | 34.4%                         |                    |
| Expectations for Sacramento Region economic conditions 6 months from now |                               | 49                 |
| Substantially better   | 4.1%                          |                    |
| Moderately better  | 31.6%                         |                    |
| Same   | 29.9%                         |                    |
| Moderately worse   | 25.4%                         |                    |
| Substantially worse  | 9.0%                          |                    |
| <b>BUSINESS CONFIDENCE INDEX</b>   |                               | <b>37</b>          |

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