

St!Louis Autumn 2007 Business Climate Survey

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130 members of the St. Louis RCGA completed the Autumn edition of the RCGA's St. Louis business climate survey. The results suggest that the region's economy grew during the last three months, and will continue to do so over the next 12 months. Responses were collected between October 30th and November 7th, 2007.

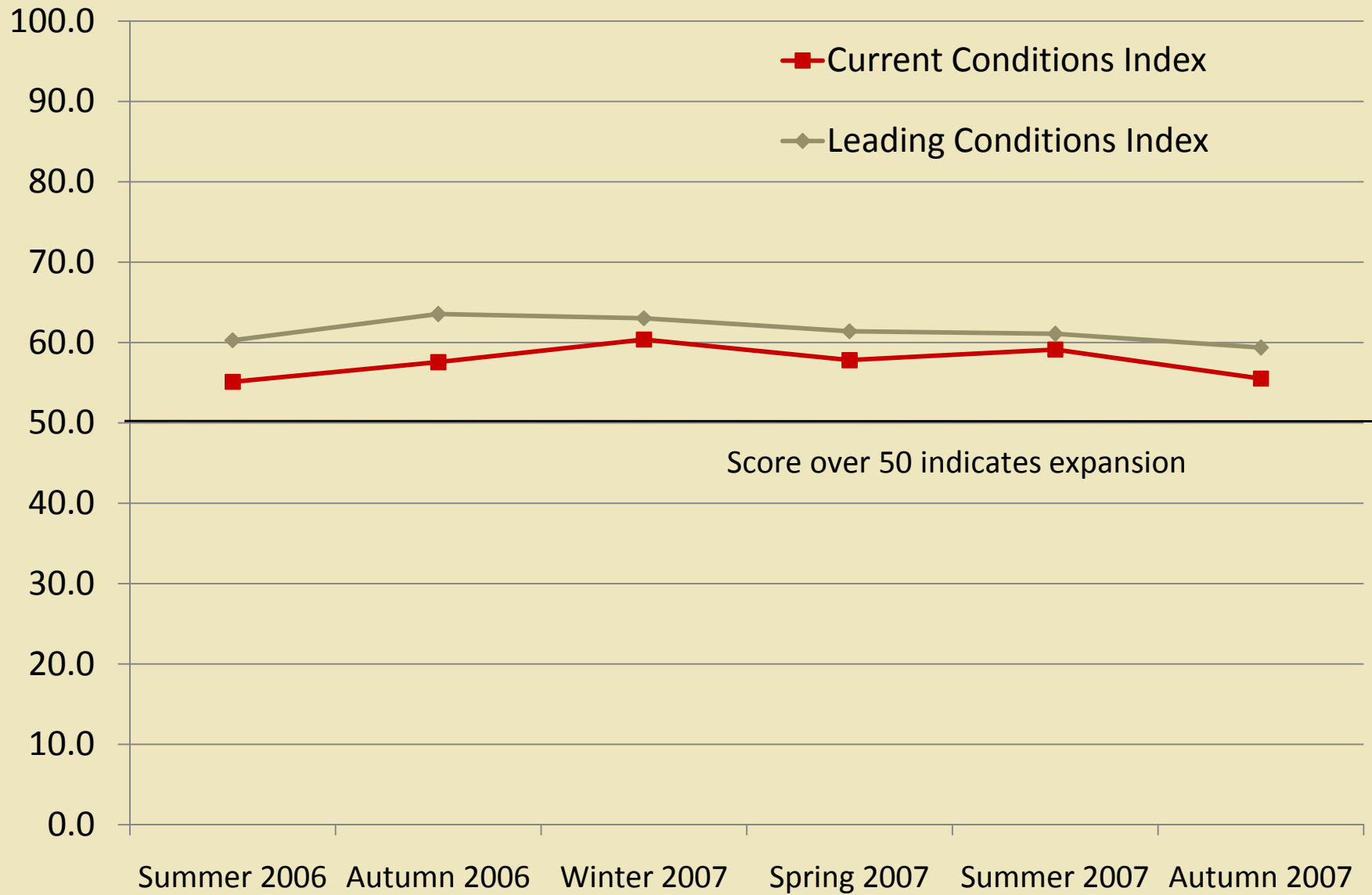
Current Conditions Index at 55.1: The economy of the St. Louis region continued to expand during the fall, but did so at a slower pace than during the summer months. The current conditions index, a measure of overall business conditions during the last three months, fell from a 59.1 reading in August to 55.1. 59% of respondents reported that revenues rose in the last three months against 15% that reported declining revenues.

Leading Conditions Index at 59.4: The economy of the St. Louis region should continue to expand over the next 12 months. At 59.4, the leading conditions index dipped slightly from the 61.1 reading in August, but still signals expansion. As has been the case for the last year, the fact that the leading conditions index is higher than the current conditions index suggests that respondents are slightly more optimistic about the next year than they are about the last quarter.

Special survey question on mortgage and financial market turmoil: This quarter the survey's open ended question asked respondents if their outlook for the next year has been affected by recent turmoil in mortgage and financial markets. 20 respondents, 15% of the total, did not answer the question. Among the 110 respondents that did answer the question, 45, or 41%, answered yes and 65, or 59%, answered no.

The St. Louis RCGA's Business Climate Survey is a quarterly survey of RCGA members that measures current and expected business conditions in the St. Louis region. A score of 50 or above on the Current Conditions Index indicates that the St. Louis economy has expanded during the last 3 months; a score of 50 or above on the Leading Conditions Index indicates that the St. Louis economy will likely expand over the next 12 months. For more information, please contact RCGA Chief Economist Bryan Bezold at bbezold@stlrcga.org.

Current & Leading Conditions in Positive Territory



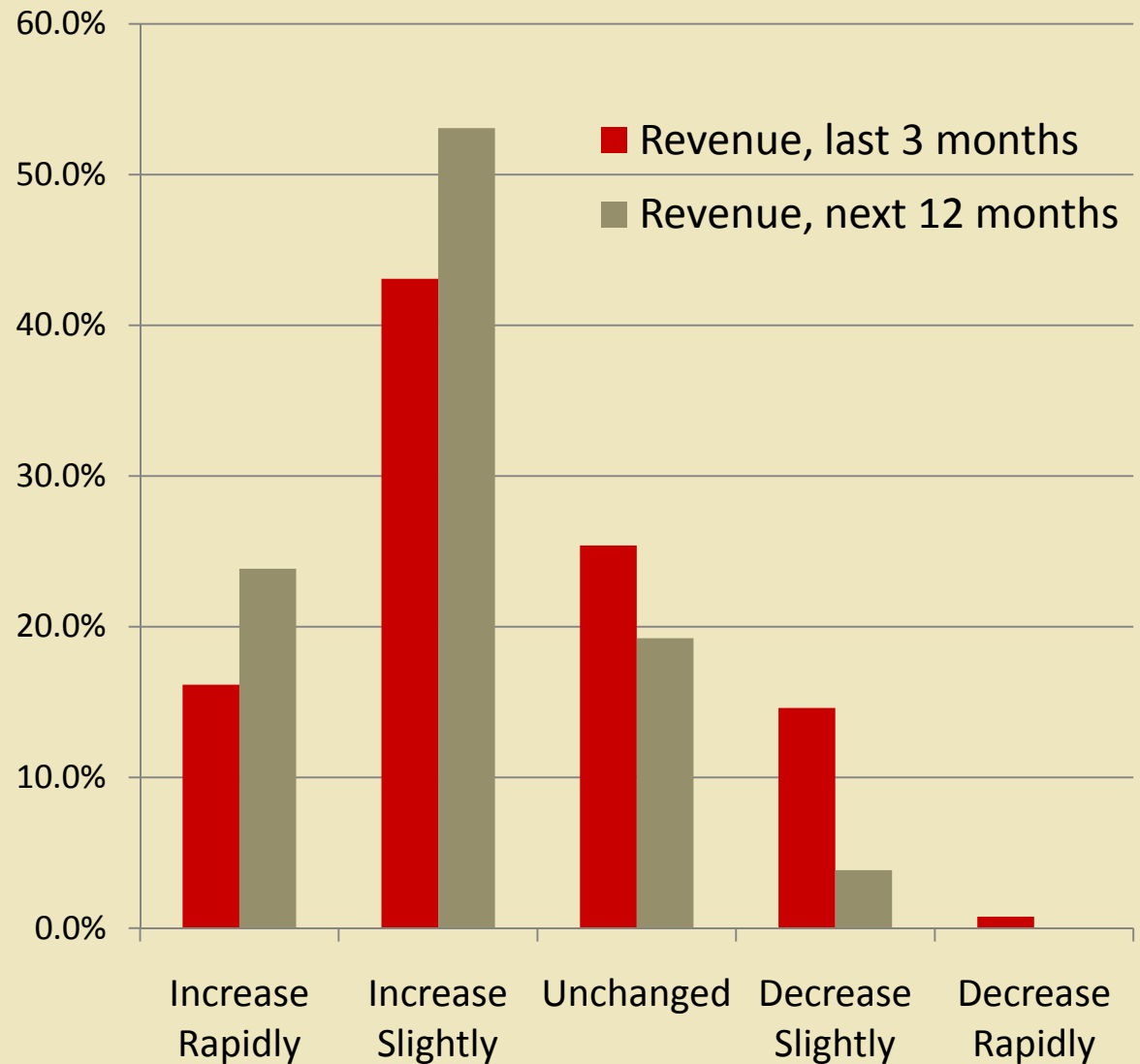
- 50% of respondents reported that they added workers during the last three months against just 9% who reported laying off workers. 41% respondents reported no change in hiring.
- Respondents are slightly more optimistic about the next 12 months. 56% plan to hire more workers over the next year compared with 2% that plan to lay off workers or otherwise reduce their workforce.



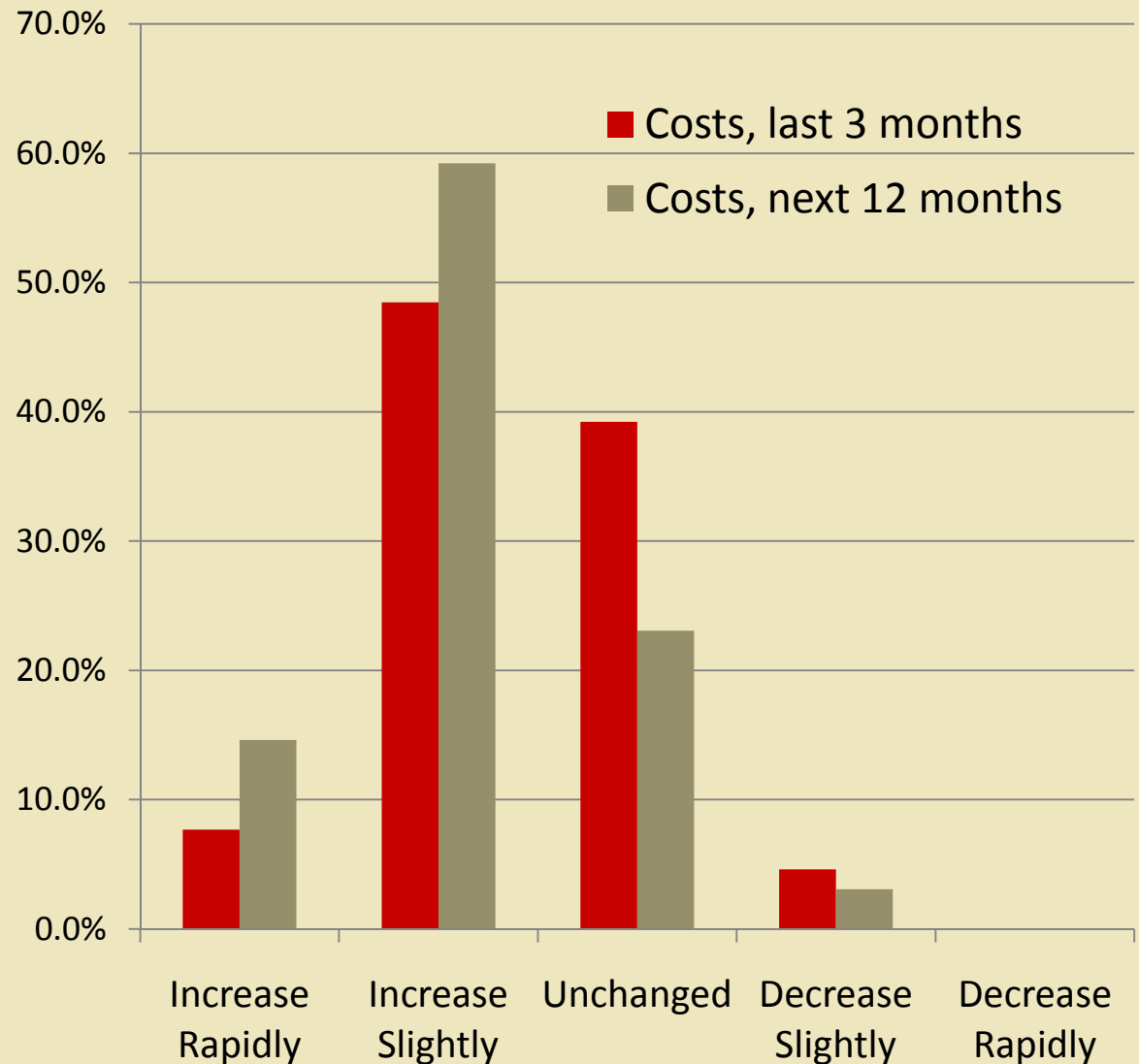
Autumn 2007 RCGA Business Climate Survey: Revenues

- 59% of respondents reported that their organization's revenue increased or increased rapidly during the last three months; 15% reported declining revenue. The share that reported rapidly increasing revenue, 16%, fell slightly from the Summer survey's 23%.

- Respondents expect better revenue performance over the next 12 months. 77% expect revenue to rise or rise rapidly over the next 12 months. 3% expect revenue to decline over the next 12 months.



- A majority of respondents reported increasing costs at their organization. 8% reported that costs rose rapidly and 48% reported that costs rose slightly. 39% reported no appreciable change in costs.
- 74% of respondents expect costs to increase or increase rapidly over the next 12 months, and the share expecting “rapid” cost increases is 15%, up from the 8% that reported “rapid” cost increases during the last 3 months.
- 23% of respondents do not expect their costs to change appreciably over the next 12 months.



Summer 2007 RCGA Business Climate Survey: Concern about mortgage/financial markets?

- Half of all respondents to the survey reported that recent turmoil in mortgage markets has not affected the outlook for their business or the economy over the next 12 months. Slightly more than a third, 34.6%, indicated that the mortgage and financial turmoil has affected their outlook.

- Excluding those that left the question blank, 59% said no and 41% said yes.

- On an industry basis, there was some variation. 67% of respondents from the finance sector did report that the mortgage and credit market turmoil affected their outlook, as did 47% of respondents from the construction sector.

Over the past three months, there has been considerable volatility in financial markets related to a slowdown in housing and mortgage markets. Has this affected your business or your expectations about the economy over the next 12 months?

